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Deanna D. Ball
Operator's Signature

10/21/03
Date

2003 SENATE NATURAL RESOURCES

SB 2258

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10/21/03
Date

2003 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. 2258

Senate Natural Resources Committee

☐ Conference Committee

Hearing Date 2-7-03

Tape Number	Side A	Side B	Meter #
1	X		0.2 - 32.9
Committee Clerk Signature <i>Janet Jansen</i>			

Minutes:

Senator Thomas Fischer, Chairman of the Senate Natural Resources Committee opened the hearing on SB 2258 to provide for creation of the Lake Agassiz water authority.

Attendance was taken indicating all members of the committee were present.

Senator Joel Heitkamp of District 26 introduced SB 2258. He stated after much discussion within the water community this bill sets in place a mechanism that will supply water to the eastern part of the state which includes 13 counties.

Rep. Lois Delmore of District 43 cosponsored SB 2258 stated this is land mark legislation and there needs to be a plan to provide a water resource to the eastern part of the state.

Rep. Willie Arrsvold of District 20 cosponsor of SB 2258 stated this plan is necessary to supply water to the area of his district but expressed a concern about the boundary cutting through election districts.

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Senate Natural Resources Committee
Bill/Resolution Number SB 2258
Hearing Date 2-7-03

Dave Koland Manager (3.8) of the Garrison Diversion Conservancy District testified in support of SB 2258 (See attached testimony). He also presented the 2001 Annual Report from the Garrison Diversion (Attached) and submitted an amendment (attached).

Senator John Traynor questioned if there was similar method in the bill like that of the Garrison Project that allowed counties to join or leave the district.

Dave Koland respond that there was not.

Senator Traynor asked if there is some agreement with the counties that are included in the 13 county district.

Dave Koland answered that the amendment clarifies that it is not the counties that involved in the authority but the water systems within those counties that will. The county boundaries will be the boundary lines that are required.

Senator Ben Tollefson asked what the implications of including Minnesota areas in the project.

Dave Koland explained the that Moorhead has expressed an extreme desire to be included in the project and although the Bureau of Reclamation has the mandate that they cannot extend into Minnesota, the Dakota Water Resource Pack allows them to consider their needs and participate in the process. Minnesota has been invited to give input to the project but will not at this point be given any voting rights.

Jerry Blomeke, the General Manager of the Cass Rural Water District testified in support of SB 2258 (See attached testimony).

Rick Duquette, Administrative Coordinator of the City of Grand Forks testified on behalf of Grand Forks Mayor, (17.6) Michael Brown in support of SB 2258 (See attached testimony). he

Deanna D. Smith
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10/21/03
Date

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Senate Natural Resources Committee
Bill/Resolution Number SB 2258
Hearing Date 2-7-03

also submitted written testimony on behalf of Connie Sprynczynatyk, Executive Director of the North Dakota League of Cities (See attached testimony).

Dale Frink, (19.6) State Engineer and Secretary to the State Water Authority testified in support of SB 2258 (See attached testimony).

Pat Zavoral, (20.4) Fargo City Administrator testified in support of SB 2258 (See attached testimony).

Joe Belford testified that he would like to include Ramsey County and Devils Lake in the project because of their need for water. He also thought there should be a study of the Red River Basin.

Mike Dwyer (26.4) of the North Dakota Water Users Association presented a flyer from the North Dakota Water Coalition 2003-2005 "Meeting the Challenge III" (attached). This flyer showed the needs that are on going. He testified in support of SB 2258 because it is one step in the foundation to be prepared to provide a water supply to eastern North Dakota

Senator Fischer asked for opposing and neutral testimony of SB 2258.

Senator Traynor asked Dave Koland about an amendment to add counties to the project.

Dave Koland answered there would need to be consultation with the water systems involved and perhaps a process needs to be incorporated so they could join the authority. He said it would need to parallel the study that is under way. That determination is a ways down the road. What would be the value of having those counties in the project if they are not in the study area. he would caution the legislature of making any decisions until the environmental study is complete.

Senator Traynor felt something should be included in the law and have an amendment.

Senator Fischer closed the hearing on SB 2258.

Deanna Ball
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10/21/03
Date

2003 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2258

Senate Natural Resources Committee

☐ Conference Committee

Hearing Date 2-12-03 Discussion and action

Tape Number	Side A	Side B	Meter #
1	X		5.4 - 9.9
Committee Clerk Signature <i>Jant James</i>			

Minutes:

Senator Thomas Fischer, Chairman of the Senate Natural Resources opened the discussion on SB 2258.

All member of the committee were present except Senator John Traynor and Senator Layton Freborg .

Senator Joel Heitkamp stated he has an amendment to the bill that does is allows the Garrison Conservancy District to pay themselves up to whatever the rate legislatures interim committee pay themselves.

Senator Heitkamp made a motion to accept the amendment.

Senator Michael Every second the motion

Roll call vote #1 was taken indicating 5 YEAS, 0 NAYS AND 2 ABSENT OR NOT VOTING.

Senator Fischer introduced the Koland (30213.0201) amendment to clean up the bill.

Senator Heitkamp made a motion to accept the Koland amendment.

Deanna Waller
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10/21/03
Date

Page 2
Senate Natural Resources Committee
Bill/Resolution Number SB 2258
Hearing Date 2-12-03

Senator Every second the motion.

Roll call vote #2 was taken indicating 5 YEAS, 0 NAYS AND 2 ABSENT OR NOT VOTING.

Senator Heitkamp made a motion for Do Pass as Amended of SB 2258.

Senator Stanley Lyson second the motion.

Roll call vote #3 was taken indicating 5 YEAS, 0 NAYS AND 2 ABSENT.

Senator Heitkamp will carry SB 2258.

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Operator's Signature

10/21/03
Date

PROPOSED AMENDMENTS TO _____ BILL NO. _____

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to amend and reenact sections 61-24-04 and 61-24.5-04 of the North Dakota Century Code, relating to compensation of the members of the board of directors of the Garrison Diversion Conservancy District and the southwest water authority.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Section 61-24-04 of the North Dakota Century Code is amended and reenacted as follows:

61-24-04. Compensation of directors. Each member of the board of directors of the district is entitled to receive as compensation from the district ~~sixty-two dollars and fifty cents~~ an amount determined by the board of directors not to exceed the amount provided for members of the legislative council under section 54-35-10 per day and must be reimbursed for the member's expenses in the amounts provided in sections 44-08-04 and 54-06-09 while attending meetings of the board or otherwise engaged in the official business of the district.

SECTION 2. AMENDMENT. Section ~~61-24.5-04~~ of the North Dakota Century Code is amended and reenacted as follows:

~~61-24.5-04. Board of Directors - Officers - Meetings - Compensation.~~ The authority must be governed by a board of directors who must be chosen in accordance with this chapter. One director must be elected from each county within the authority, and two directors must be elected in the city of Dickinson. The director from Stark County may not be a resident of the city of Dickinson. The board shall elect from the directors a chairman, vice chairman, and secretary. A majority of the directors constitutes a quorum for the purpose of conducting the business of the board. The board shall meet at the time and place designated by the secretary. Board members are entitled to receive compensation in the amount determined by the board of directors not to exceed sixty-two dollars and fifty cents the amount provided for members of the legislative council under section 54-35-10 per day and must be reimbursed for their mileage and expenses in the amount provided for by sections 44-08-04 and 54-06-09."

Renumber accordingly

30213.0203
Title.0300

Adopted by the Natural Resources
Committee

February 12, 2003

JS
2-17-03
1044

PROPOSED AMENDMENTS TO SENATE BILL NO. 2258

Page 1, line 1 after "A BILL" replace the remainder of the bill with "for an Act to provide for creation of the Lake Agassiz water authority; and to amend and reenact section 61-24-04 of the North Dakota Century Code, relating to compensation of the members of the board of directors of the Garrison Diversion Conservancy District.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Section 61-24-04 of the North Dakota Century Code is amended and reenacted as follows:

61-24-04. Compensation of directors. Each member of the board of directors of the district is entitled to receive as compensation from the district sixty-two dollars and fifty cents compensation an amount determined by the board of directors not to exceed the amount provided for members of the legislative council under section 54-35-10 per day and must be reimbursed for the member's expenses in the amounts provided in sections 44-08-04 and 54-06-09 while attending meetings of the board or otherwise engaged in the official business of the district.

SECTION 2. Findings and declaration of policy. The legislative assembly declares that many areas and localities in eastern North Dakota do not enjoy adequate quantities of high-quality drinking water; that other areas and localities in eastern North Dakota do not have sufficient quantities of water to ensure a dependable, long-term supply; that greater economic security and the protection of health and property benefits the land and water resources of this state; and that the promotion of the prosperity and general welfare of all of the people of this state depend on the effective development and utilization of the land and water resources of this state and necessitates and requires the exercise of the sovereign powers of this state and concern a public purpose. To accomplish this public purpose, it is declared necessary that a water authority to store and distribute water to eastern North Dakota be established to provide for the supply and distribution of water to the people of eastern North Dakota for purposes, including domestic, rural water, municipal, livestock, light industrial, and other uses, with primary emphasis on domestic, rural water, and municipal uses; and provide for the future economic welfare and prosperity of the people of this state, and particularly the people of eastern North Dakota, by the bulk purchase of water from the Garrison Diversion Conservancy District delivered by the Red River valley water supply project for beneficial and public uses.

In furtherance of this public purpose, the state water commission may provide for the issuance of bonds in accordance with chapter 61-02 to finance the costs of any project to deliver water to eastern North Dakota. Sections 2 through 6 of this Act do not abrogate or limit the rights, powers, duties, and functions of the state water commission or state engineer, but is supplementary to those rights, powers, duties, and functions.

SECTION 3. Lake Agassiz water authority created. The Lake Agassiz water authority consists of cities and water districts located in that part of the state which is included within the boundaries of: Cavalier, Pembina, Walsh, Nelson, Grand Forks, Griggs, Steele, Traill, Barnes, Cass, Ransom, Sargent, and Richland Counties and that pay dues to the authority. The authority is a governmental agency, body politic and corporate with the authority to exercise the power specified in sections 2 through 6 of this Act, or which may be reasonably implied. Cities and water districts may pay dues to the authority as determined by the authority.

Deanna Walsh
Operator's Signature

10/21/03
Date

2 of 4

SECTION 4. Lake Agassiz water authority - Board of directors. The authority must be governed by a board of directors selected as follows:

1. One member from a city with a population greater than forty thousand located east of state highway 1 and north of state highway 200.
2. One member from a city with a population greater than forty thousand located east of state highway 1 and south of state highway 200.
3. One member from a city with a population of five thousand but not more than forty thousand located east of state highway 1.
4. One member from a city with a population of less than five thousand located east of state highway 1.
5. Two members from water districts located east of state highway 1 and north of state highway 200.
6. Two members from water districts located east of state highway 1 and south of state highway 200.
7. One member from water districts located east of state highway 1.

City members must be selected for two-year terms by election by cities located east of state highway 1 during the annual meeting of the North Dakota league of cities in every odd-numbered year beginning in 2003. Water district members must be selected for two-year terms by election by water districts located east of state highway 1 during the annual meeting of the North Dakota rural water systems association in every even-numbered year beginning in 2004. The initial selection of members must be at a meeting held by the board of directors of the North Dakota league of cities and by the board of directors of the North Dakota rural water systems association. The initial city members shall serve until the annual meeting of the North Dakota league of cities in 2003 and the initial water district members shall serve until the annual meeting of the North Dakota rural water systems association in 2004. A member may designate an alternate to attend meetings and to act on the member's behalf. The board of directors may designate associate members who are nonvoting members of the board. Notwithstanding the provisions of this section, within two years of the first delivery of water by the Red River valley water supply project, board members must be from a city or water district that has entered a water service contract with the Garrison Diversion Conservancy District.

SECTION 5. Board of directors - Officers - Meetings. The board of directors may adopt such rules and bylaws for the conduct of the business affairs of the authority as it determines necessary, including the time and place of regular meetings of the board and a dues structure for membership in the authority. The board shall elect from its members a chairman and a vice chairman. The board shall also elect a secretary and a treasurer, which offices may be held by the same individual, and either or both offices may be held by an individual who is not a member of the board. Special meetings of the board may be called by the secretary on order of the chairman or upon written request of a majority of the qualified members of the board. Notice of a special meeting must be mailed to each member of the board at least six days before the meeting, provided that a special meeting may be held at any time when all members of the board are present or consent in writing. The Garrison Diversion Conservancy District shall provide administrative, technical, and legal support for the authority.

SECTION 6. Authority of the district. The board of directors of the Lake Agassiz water authority may:

1. Sue and be sued in the name of the authority.

- 3 of 4
2. Exercise the power of eminent domain in the manner provided by title 32 for the purpose of acquiring and securing any rights, titles, interests, estates, or easements necessary or proper to carry out the duties imposed by sections 2 through 6 of this Act, and particularly to acquire the necessary rights in land for the construction of pipelines, reservoirs, connections, valves, pumping installations, or other facilities for the storage, transportation, or utilization of water and all other appurtenant facilities used in connection with the authority, or any part thereof.
 3. Accept funds, property, and services or other assistance, financial or otherwise, from federal, state, and other public or private sources for the purpose of aiding and promoting the construction, maintenance, and operation of the authority.
 4. Cooperate and contract with the state, its agencies, or its political subdivisions in research and investigation or other activities promoting the establishment, construction, development, or operation of the authority.
 5. Appoint and fix the compensation and reimbursement of expenses of such employees as the board deems necessary to conduct the business and affairs of the authority and to procure the services of engineers and other technical experts, and to retain attorneys to assist, advise, and act for the authority in its proceedings.
 6. Operate and manage the authority to distribute water throughout eastern North Dakota within or outside the territorial boundaries of the authority.
 7. Sell or exchange any and all real property purchased or acquired by the authority. All money received from any such sale or exchange must be deposited to the credit of the authority and may be used to pay expenses of the authority.
 8. Enter a contract for a supply of water from the Garrison Diversion Conservancy District and to sell, lease, and otherwise contract to furnish any such water for beneficial use to persons or entities within or outside the authority.
 9. Borrow money as provided in sections 2 through 6 of this Act.
 10. Issue and sell bonds in an amount or amounts determined by the board, including an amount or amounts for costs of issuance and financing, and any necessary reserve funds, for the purpose of financing the cost of a project.
 11. Refund and refinance its bonds from time to time as often as it is advantageous and in the interest of the authority.
 12. Pledge any and all income, profits, and revenues received by the authority in connection with the operation, lease, sale, or other disposition of all or any part of a project to secure the payment of bonds issued and sold to finance the project.
 13. Prescribe, revise, and collect rates, fees, tolls, or charges for the services, facilities, or commodities furnished by the authority, and in anticipation of the collection of the revenues of the authority, issue revenue bonds to finance all or part of the costs of the acquisition, construction, reconstruction, improvement, betterment, or extension of a project.
 14. Pledge revenues of the authority to the punctual payment of principal and interest on bonds. A pledge under this subsection applies to the revenues

4244
of improvements, betterments, or extensions of the authority which may be constructed or acquired after the issuance of bonds as well as the revenues of existing systems, plants, works, instrumentalities, and properties of any part of the authority improved, bettered, or extended.

15. Make all contracts, execute all instruments, and do all things necessary or convenient in the exercise of its powers or in the performance of its covenants or duties or in order to secure the payment of its bonds, but an encumbrance, mortgage, or other pledge of property of the authority may not be created by any such contract or instrument.
16. Accept from any authorized federal agency loans or grants for the planning, construction, acquisition, lease, or other provision of a project, and to enter into agreements with the agency respecting the loan or grants.
17. Contract debts and borrow money, pledge property of the authority for repayment of indebtedness other than bonded indebtedness, and provide for payment of debts and expenses of the authority.

Property of the authority may not be liable to be forfeited or taken in payment of any bonds issued under sections 2 through 6 of this Act, and debt on the general credit of the authority may not be incurred in any manner for payment of bonds under sections 2 through 6 of this Act."

Renumber accordingly

Deanna D. Smith
Operator's Signature

10/21/03
Date

Date: 2-7
Roll Call Vote #: 1

2003 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2258

Senate Senate Natural Resources Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken Mendota Diet

Motion Made By Heitkamp Seconded By Gray

Senators	Yes	No	Senators	Yes	No
Senator Thomas Fischer	✓		Senator Michael A. Every	✓	
Senator Ben Tollefson	✓		Senator Joel C. Heitkamp	✓	
Senator Layton Freborg					
Senator Stanley W. Lyson	✓				
Senator John T. Traynor					

Total (Yes) 5 No 0

Absent 2

Floor Assignment _____

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

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10/21/03
Date

30213.0201
Title.

Kolond

Prepared by the Legislative Council staff for
Senator Fischer
February 5, 2003

213.0201

PROPOSED AMENDMENTS TO SENATE BILL NO. 2258

Page 2, line 2, after the first "of" insert "cities and water districts located in"

Page 2, line 4, after "Counties" insert "and that pay dues to the authority"

Page 2, line 6, after the period insert "Cities and water districts may pay dues to the authority
as determined by the authority."

Page 2, line 22, after "selected" insert "for two-year terms"

Page 2, line 24, after "selected" insert "for two-year terms"

Page 2, line 28, after the period insert "The initial city members serve until the annual meeting
of the North Dakota league of cities in 2003 and the initial water district members serve
until the annual meeting of the North Dakota rural water systems association in 2004."

Page 4, remove lines 22 through 24

Page 4, line 25, replace "14." with "13."

Page 4, line 30, replace "15." with "14."

Page 5, line 5, replace "16." with "15."

Page 5, line 10, replace "17." with "16."

Page 5, line 13, replace "18." with "17."

Renumber accordingly

Page No. 1

30213.0201

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10/21/03
Date

Date: 6-2-7
Roll Call Vote #: 2

2003 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO.

Senate Senate Natural Resources Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number 213.0201

Action Taken Kolant amendment 213.0201

Motion Made By Heitkamp Seconded By Lyson

Senators	Yes	No	Senators	Yes	No
Senator Thomas Fischer	✓		Senator Michael A. Every	✓	
Senator Ben Tollefson	✓		Senator Joel C. Heitkamp	✓	
Senator Layton Freborg					
Senator Stanley W. Lyson	✓				
Senator John T. Traynor					

Total (Yes) 5 No 0

Absent 2

Floor Assignment _____

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

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Deanna Wallis 10/21/03
Operator's signature Date

Date: 3-7-03
Roll Call Vote #: 3

2003 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2258

Senate Senate Natural Resources Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Pass as Amended

Motion Made By Heitkamp Seconded By Every

Senators	Yes	No	Senators	Yes	No
Senator Thomas Fischer	✓		Senator Michael A. Every	✓	
Senator Ben Tollefson	✓		Senator Joel C. Heitkamp	✓	
Senator Layton Freborg					
Senator Stanley W. Lyson	✓				
Senator John T. Traynor					

Total (Yes) 5 No 0

Absent 2

Floor Assignment Heitkamp

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

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Operator's Signature Date

REPORT OF STANDING COMMITTEE (410)
February 17, 2003 4:36 p.m.

Module No: SR-30-2985
Carrier: Heltkamp
Insert LC: 30213.0203 Title: .0300

REPORT OF STANDING COMMITTEE

SB 2258: Natural Resources Committee (Sen. Fischer, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (5 YEAS, 0 NAYS, 2 ABSENT AND NOT VOTING). SB 2258 was placed on the Sixth order on the calendar.

Page 1, line 1 after "A BILL" replace the remainder of the bill with "for an Act to provide for creation of the Lake Agassiz water authority; and to amend and reenact section 61-24-04 of the North Dakota Century Code, relating to compensation of the members of the board of directors of the Garrison Diversion Conservancy District.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Section 61-24-04 of the North Dakota Century Code is amended and reenacted as follows:

61-24-04. Compensation of directors. Each member of the board of directors of the district is entitled to receive as compensation from the district ~~sixty-two dollars and fifty cents compensation~~ an amount determined by the board of directors not to exceed the amount provided for members of the legislative council under section 54-35-10 per day and must be reimbursed for the member's expenses in the amounts provided in sections 44-08-04 and 54-06-09 while attending meetings of the board or otherwise engaged in the official business of the district.

SECTION 2. Findings and declaration of policy. The legislative assembly declares that many areas and localities in eastern North Dakota do not enjoy adequate quantities of high-quality drinking water; that other areas and localities in eastern North Dakota do not have sufficient quantities of water to ensure a dependable, long-term supply; that greater economic security and the protection of health and property benefits the land and water resources of this state; and that the promotion of the prosperity and general welfare of all of the people of this state depend on the effective development and utilization of the land and water resources of this state and necessitates and requires the exercise of the sovereign powers of this state and concern a public purpose. To accomplish this public purpose, it is declared necessary that a water authority to store and distribute water to eastern North Dakota be established to provide for the supply and distribution of water to the people of eastern North Dakota for purposes, including domestic, rural water, municipal, livestock, light industrial, and other uses, with primary emphasis on domestic, rural water, and municipal uses; and provide for the future economic welfare and prosperity of the people of this state, and particularly the people of eastern North Dakota, by the bulk purchase of water from the Garrison Diversion Conservancy District delivered by the Red River valley water supply project for beneficial and public uses.

In furtherance of this public purpose, the state water commission may provide for the issuance of bonds in accordance with chapter 61-02 to finance the costs of any project to deliver water to eastern North Dakota. Sections 2 through 6 of this Act do not abrogate or limit the rights, powers, duties, and functions of the state water commission or state engineer, but is supplementary to those rights, powers, duties, and functions.

SECTION 3. Lake Agassiz water authority created. The Lake Agassiz water authority consists of cities and water districts located in that part of the state which is included within the boundaries of: Cavalier, Pembina, Walsh, Nelson, Grand Forks, Griggs, Steele, Traill, Barnes, Cass, Ransom, Sargent, and Richland Counties and that pay dues to the authority. The authority is a governmental agency, body politic and corporate with the authority to exercise the power specified in sections 2 through 6 of

Deanna Walsh
Operator's Signature

10/21/03
Date

this Act, or which may be reasonably implied. Cities and water districts may pay dues to the authority as determined by the authority.

SECTION 4. Lake Agassiz water authority - Board of directors. The authority must be governed by a board of directors selected as follows:

1. One member from a city with a population greater than forty thousand located east of state highway 1 and north of state highway 200.
2. One member from a city with a population greater than forty thousand located east of state highway 1 and south of state highway 200.
3. One member from a city with a population of five thousand but not more than forty thousand located east of state highway 1.
4. One member from a city with a population of less than five thousand located east of state highway 1.
5. Two members from water districts located east of state highway 1 and north of state highway 200.
6. Two members from water districts located east of state highway 1 and south of state highway 200.
7. One member from water districts located east of state highway 1.

City members must be selected for two-year terms by election by cities located east of state highway 1 during the annual meeting of the North Dakota league of cities in every odd-numbered year beginning in 2003. Water district members must be selected for two-year terms by election by water districts located east of state highway 1 during the annual meeting of the North Dakota rural water systems association in every even-numbered year beginning in 2004. The initial selection of members must be at a meeting held by the board of directors of the North Dakota league of cities and by the board of directors of the North Dakota rural water systems association. The initial city members shall serve until the annual meeting of the North Dakota league of cities in 2003 and the initial water district members shall serve until the annual meeting of the North Dakota rural water systems association in 2004. A member may designate an alternate to attend meetings and to act on the member's behalf. The board of directors may designate associate members who are nonvoting members of the board. Notwithstanding the provisions of this section, within two years of the first delivery of water by the Red River valley water supply project, board members must be from a city or water district that has entered a water service contract with the Garrison Diversion Conservancy District.

SECTION 5. Board of directors - Officers - Meetings. The board of directors may adopt such rules and bylaws for the conduct of the business affairs of the authority as it determines necessary, including the time and place of regular meetings of the board and a dues structure for membership in the authority. The board shall elect from its members a chairman and a vice chairman. The board shall also elect a secretary and a treasurer, which offices may be held by the same individual, and either or both offices may be held by an individual who is not a member of the board. Special meetings of the board may be called by the secretary on order of the chairman or upon written request of a majority of the qualified members of the board. Notice of a special meeting must be mailed to each member of the board at least six days before the meeting, provided that a special meeting may be held at any time when all members of the board are present or consent in writing. The Garrison Diversion Conservancy District shall provide administrative, technical, and legal support for the authority.

SECTION 6. Authority of the district. The board of directors of the Lake Agassiz water authority may:

1. Sue and be sued in the name of the authority.
2. Exercise the power of eminent domain in the manner provided by title 32 for the purpose of acquiring and securing any rights, titles, interests, estates, or easements necessary or proper to carry out the duties imposed by sections 2 through 6 of this Act, and particularly to acquire the necessary rights in land for the construction of pipelines, reservoirs, connections, valves, pumping installations, or other facilities for the storage, transportation, or utilization of water and all other appurtenant facilities used in connection with the authority, or any part thereof.
3. Accept funds, property, and services or other assistance, financial or otherwise, from federal, state, and other public or private sources for the purpose of aiding and promoting the construction, maintenance, and operation of the authority.
4. Cooperate and contract with the state, its agencies, or its political subdivisions in research and investigation or other activities promoting the establishment, construction, development, or operation of the authority.
5. Appoint and fix the compensation and reimbursement of expenses of such employees as the board deems necessary to conduct the business and affairs of the authority and to procure the services of engineers and other technical experts, and to retain attorneys to assist, advise, and act for the authority in its proceedings.
6. Operate and manage the authority to distribute water throughout eastern North Dakota within or outside the territorial boundaries of the authority.
7. Sell or exchange any and all real property purchased or acquired by the authority. All money received from any such sale or exchange must be deposited to the credit of the authority and may be used to pay expenses of the authority.
8. Enter a contract for a supply of water from the Garrison Diversion Conservancy District and to sell, lease, and otherwise contract to furnish any such water for beneficial use to persons or entities within or outside the authority.
9. Borrow money as provided in sections 2 through 6 of this Act.
10. Issue and sell bonds in an amount or amounts determined by the board, including an amount or amounts for costs of issuance and financing, and any necessary reserve funds, for the purpose of financing the cost of a project.
11. Refund and refinance its bonds from time to time as often as it is advantageous and in the interest of the authority.
12. Pledge any and all income, profits, and revenues received by the authority in connection with the operation, lease, sale, or other disposition of all or any part of a project to secure the payment of bonds issued and sold to finance the project.

13. Prescribe, revise, and collect rates, fees, tolls, or charges for the services, facilities, or commodities furnished by the authority, and in anticipation of the collection of the revenues of the authority, issue revenue bonds to finance all or part of the costs of the acquisition, construction, reconstruction, improvement, betterment, or extension of a project.
14. Pledge revenues of the authority to the punctual payment of principal and interest on bonds. A pledge under this subsection applies to the revenues of improvements, betterments, or extensions of the authority which may be constructed or acquired after the issuance of bonds as well as the revenues of existing systems, plants, works, instrumentalities, and properties of any part of the authority improved, bettered, or extended.
15. Make all contracts, execute all instruments, and do all things necessary or convenient in the exercise of its powers or in the performance of its covenants or duties or in order to secure the payment of its bonds, but an encumbrance, mortgage, or other pledge of property of the authority may not be created by any such contract or instrument.
16. Accept from any authorized federal agency loans or grants for the planning, construction, acquisition, lease, or other provision of a project, and to enter into agreements with the agency respecting the loan or grants.
17. Contract debts and borrow money, pledge property of the authority for repayment of indebtedness other than bonded indebtedness, and provide for payment of debts and expenses of the authority.

Property of the authority may not be liable to be forfeited or taken in payment of any bonds issued under sections 2 through 6 of this Act, and debt on the general credit of the authority may not be incurred in any manner for payment of bonds under sections 2 through 6 of this Act."

Renumber accordingly

2003 HOUSE NATURAL RESOURCES

SB 2258

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Operator's Signature

12/21/03
Date

2003 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. 2258

House Natural Resources Committee

☐ Conference Committee

Hearing Date March 14, 2003

Tape Number	Side A	Side B	Meter #
1	xx		2150-end
2		xx	0-85
Committee Clerk Signature <i>Gai My</i>			

Minutes:

Chair Nelson called the hearing on SB 2258 relating to compensation of the members of the board of directors of the Garrison Diversion Conservancy District to order.

Sen. Fischer: Introduced SB 2258. Creates Lake Agassiz water authority to receive water from whatever source the eastern North Dakota can find to bring into our area.

Rep. Delmore: Introduced SB 2258. I am excited to be a sponsor of this bill. I believe this is landmark legislation. The good news is there is no fiscal note on it. We need a dependable plan for a source of water. I believe this is a wonderful plan to do it. It will provide some stability for us. This will unite people who can be a lot stronger when looking for a source of water. It creates a mechanism to receive and buy water. I would urge your support.

Rep. Aarsvold: We were pleased to have our turn come with regard to Garrison water. We as legislators representing the valley realize the projects such as southwest pipeline, NAWIS project,

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Page 2
House Natural Resources Committee
Bill/Resolution Number 2258
Hearing Date March 14, 2003

Nesson Valley Irrigation Project were priorities. Now it is time that the Lake Agassiz authority be put in place.

Joel Heitkamp: Testified in support of SB 2258. This bill is as a result of lessons learned from the Southwest Water Authority and NAWS on how important partnerships are. Lake Agassiz water authority stems from the Eastern Dakota Water Users Group that was put together by the organization of the city of Fargo. Pat Zavoral did play a key role in bringing all these different groups together. There will be a role for the Garrison Conservancy District in this. Imagine a pipe corridor. Who will manage it? How do you pay for it? How do you sell the water at the end? This will be staffed by the Garrison Conservancy District. This board will not have taxing authority. The membership dues the water district and the cities have been good at coming up with this.

Dave Koland: Manager, Garrison Conservancy District. Testified in support of SB 2258. (See Attached Testimony).

Rep. Kelsh: Can you clarify how the board members are selected?

Dave Koland: They are the elected officials from the political subdivisions.

Rep. Porter: All of Barnes county is included. What happens to an individual that lives on the west side of Highway 1 that can't ever be the representative on the board.

Dave Koland: The intent was to have the president of what ever water district that was included.

The idea was to set up the guidelines without naming the districts. Because those can change.

Chair Nelson: What about other counties?

Page 3
House Natural Resources Committee
Bill/Resolution Number 2258
Hearing Date March 14, 2003

Dave Koland: The definition of the study area is the reason they included in the definition of the Red River Valley.

Rep. Hunsakor: Walk me through how the water will get there.

Dave Koland: Testified on a series of possibilities on how to move water to the east. Pat Zavoral of the City of Fargo could not be here today. I do have his written testimony. (See Attached Testimony)

Dale Frink: State Water Commission. Testified in support of SB 2258.

Mike Dwyer: North Dakota Water Users Association. Testified in support of SB 2258.

Rep. Porter: At some point in time this will require money. I was not here when South West was developed. There are certainly bones of contention today. How this authority will be given taxing authority in the future.

Dave Koland: In this case the Garrison Conservancy will be providing financial support for this entity. At some point this will have to be discussed by the legislature.

Rep. Porter: When that next step would happen. Was that put in place by a vote of each county or was it done here.

Dave Koland: Legislative decision.

Rick Duquette: City of Grand Forks. (See Attached Testimony)

Stuart Carlson: ND Rural Water Systems. Testified in support of SB 2258. Testified that this will strengthen the partnership between urban and rural water groups.

Chair Nelson closes the hearing on SB 2258.

Rep. Clark moved a **Do Pass** on SB 2258 seconded by **Rep. Nottestad**. The motion carried by a vote of 10-0-4. **Rep. Clark** will carry.

Deanna D. Smith
Operator's Signature

10/21/03
Date

Date:
Roll Call Vote #:

2003 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2258

House House Natural Resources Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Pass

Motion Made By Clark Seconded By Nottestad

Representatives	Yes	No	Representatives	Yes	No
Chairman Jon O. Nelson	✓				
Vice-Chairman Todd Porter	✓				
Rep. Byron Clark	✓				
Rep. Duane DeKrey	A	A			
Rep. David Drovdal	A	A			
Rep. Lyle Hanson	✓				
Rep. Bob Hunsakor	✓				
Rep. Dennis Johnson	✓				
Rep. George Keiser	✓				
Rep. Scott Kelsh	A	A			
Rep. Frank Klein	✓				
Rep. Mike Norland	✓				
Rep. Darrell Nottestad	✓				
Rep. Dorvan Solberg	A	A			

Total (Yes) 10 No 0

Absent 4

Floor Assignment Clark

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

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10/21/03
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REPORT OF STANDING COMMITTEE (410)
March 14, 2003 10:32 a.m.

Module No: HR-46-4778
Carrier: Clark
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE
SB 2258, as engrossed: Natural Resources Committee (Rep. Nelson, Chairman)
recommends DO PASS (10 YEAS, 0 NAYS, 4 ABSENT AND NOT VOTING).
Engrossed SB 2258 was placed on the Fourteenth order on the calendar.

(2) DESK, (3) COMM

Page No. 1

HR-46-4778

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2003 TESTIMONY

SB 2258

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Testimony by Dave Koland, Manager
Garrison Diversion Conservancy District

To the

Senate Natural Resources Committee Hearing on SB 2258

Bismarck, North Dakota
February 7, 2003

Mr. Chairman, members of the committee; my name is Dave Koland. I serve as the Manager of Garrison Diversion Conservancy District. Garrison Diversion is a political subdivision of the state created in 1955 to construct the Garrison Diversion Unit of the Missouri River Basin Project as authorized by Congress on December 22, 1944. Amendments in 1986 and 2000 have changed Garrison Diversion from a million acre irrigation project into a multipurpose project with an emphasis on the development and delivery of municipal and rural water supplies. The Dakota Water Resources Act of 2000 (an amendment to the Garrison Diversion Reformulation Act of 1986) authorizes \$200 million for construction of the Red River Valley Water Supply Project to meet the needs of the Red River Valley. Senate Bill 2258 will establish an authority governed by locally elected or appointed officials to oversee the delivery of water provided by the Red River Valley Water Supply Project to their constituents.

Section 1 of the bill sets out the public purpose of providing water to eastern North Dakota, with the primary emphasis on domestic, rural water, and

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Dave Koland
Operator's Signature

10/21/03
Date

municipal uses. The water will be purchased in bulk from the Garrison Diversion Conservancy District and delivered by the Red River Valley Water Supply Project. Section 1 also provides that the State Water Commission may provide for the issuance of bonds to finance the costs of any project to deliver water to eastern North Dakota.

Section 2 defines the physical area of the authority as the 13 eastern most counties in the state. Amendments will clarify that the Lake Agassiz Water Authority consists of the cities and water districts located within these counties and not the counties themselves.

Section 3 sets out the makeup of the board of directors. Subsection 1 provides a seat for the City of Grand Forks. Subsection 2 provides a seat for the City of Fargo. Subsection 3 provides a seat for Grafton, West Fargo, or Wahpeton. Subsection 4 provides one seat for cities with a population less than 5,000. Subsection 5 provides two seats for water districts located east of state highway 1 and north of state highway 200. Subsection 6 provides two seats for water districts east of highway 1 and south of highway 200. Subsection 7 provides one seat for a water district east of highway 1. Section 3 also provides that the city members will be selected at the annual meeting of the League of Cities and the water district members at the annual meeting of North Dakota Rural Water Systems Association. There is a provision that will allow the board to designate associate members as nonvoting members of the board. This provision will provide a means of giving representation on the board to

Minnesota cities. The final three lines of this section provide that within two years of the first delivery of water by the Red River Valley Water Supply Project, board members must be from a city or water district that has entered into a water service contract with Garrison Diversion Conservancy District.

Section 4 provides for the board of directors to adopt bylaws, establish a dues structure, and elect a chairman, vice chairman, secretary and a treasurer. The Garrison Diversion Conservancy District will provide administrative, technical, and legal support for the Lake Agassiz Water Authority.

Section 5 sets out the powers of the authority. It has the power of eminent domain in the manner provided in Chapter 32-15. It can accept funds, enter into contracts, hire employees, distribute water within or outside the territorial boundaries of the authority, sell real property, contract with Garrison Diversion Conservancy District for water, borrow money, issue bonds, refinance bonds, pledge revenue for the payment of bonds, set water rates, accept loans or grants, pledge property for debts other than bonded debt. The Lake Agassiz Water Authority has no taxing authority.

Mr. Chairman, members of the committee; this is an important piece of legislation for the people of North Dakota. Forty two per cent of our population resides in these 13 counties. Providing a reliable, high quality and affordable water supply to the Red River Valley will benefit all the people of North Dakota.

Deanna D. Smith
Operator's Signature

10/21/03
Date

TESTIMONY

Supporting SB 2258

My name is Jerry Blomeke and I am the General Manager of Cass Rural Water District headquartered in Kindred, North Dakota. Cass Rural Water District provides water to nearly 3,000 households in Cass County as well as 24 cities and towns including Casselton, Mapleton, Buffalo, Hunter, Kindred, Tower City and Argusville.

Our support for the establishment of the Lake Agassiz Water Authority is to obtain a reliable long term water supply for Cass Rural Water District as well as the other water users in eastern North Dakota. Cass Rural Water District obtains nearly ½ of our water supply from a ground water source known as the West Fargo Aquifer. In addition to Cass Rural Water District the towns of Harwood, Horace and West Fargo rely on this aquifer for their primary source of water. In the year 2000 a study of the West Fargo Aquifer was completed by the North Dakota State Water Commission. One of the conclusions of this study was that the withdrawal rate on the aquifer was far in excess of the recharge rate. This manifests itself through observation well data that shows that the static level of the aquifer is declining at the rate of two feet per year. If that rate continues this water source will be exhausted in the next 20 to 30 years.

We also support this legislation because it provides a process and an organizational structure so that elected officials from these water systems can work together and decide the critical water issues facing eastern North Dakota. These issues of course include determining the best water supply alternative but also the manner in which the costs of the project will be paid.

I want to thank the committee for the opportunity to testify today and would strongly urge you to adopt SB 2258.

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Dennis D. Blomeke
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Senate Bill 2258
Senate Natural Resources Committee
Statement of Support from Grand Forks Mayor Michael R. Brown
February 7, 2003

Chairman Fischer, Members of the Committee:

My name is Rick Duquette, I am the Administrative Coordinator for the City of Grand Forks, and am here testifying on behalf of Grand Forks Mayor Michael Brown in support of Senate Bill 2258.

Historically, the City of Grand Forks, like many Eastern North Dakota communities, has taken much of its water supply from the Red River. Unlike many of the other communities, Grand Forks also has the option of using water from the Red Lake River. We have some serious concerns about the continued reliance on the Red River, not only for our own city, but for all the water users up and down the Red River Valley.

Although the Red River Basin is currently enjoying sufficient flow to provide water to all of its users, that could change very quickly. Other areas in the state are already facing some of the most severe drought conditions this century. The Red River Valley could easily see a similar weather pattern. If that were to happen, it is likely that the water supply throughout the Red River Basin would at best be compromised, and at worst dry up completely. In fact, Grand Forks experienced zero flow in the Red River in 1910. Currently, eastern North Dakota does not have another available supply of water. Senate Bill 2258 would provide a vehicle for water users in the region to address these water supply issues.

The City of Grand Forks has continually supported exploring basin-wide solutions to water problems along the Red River. Senate Bill 2258 provides for a basin-wide water authority that can address the particular difficulties faced by all the users of Red River water, including municipal, rural and industrial users. Cities, towns and rural water districts can not address these problems independently, they're just too large for us to handle on our own. That's why water users all up and down the Red River Valley are coming together to support the formation of the Lake Agassiz water authority. This bill would allow the water users to come together as a governing body, and work on providing long-term solutions to the area's water quality and quantity problems.

Creating the Lake Agassiz water authority has no fiscal impact on the state at this time, but the advantages it could provide to our region are immeasurable. Senate Bill 2258 would allow Red River water users to react quickly to opportunities provided in the Dakota Water Resources Act. Under that act, the Red River Basin study will identify various options to provide an adequate water supply to the Red River Basin, and having the Lake Agassiz water authority in place will allow implementation of the best options in the most timely manner.

On behalf of Grand Forks Mayor Michael Brown, I strongly encourage your support of Senate Bill 2258. Thank you.

Deanna Waller
Operator's Signature

10/21/03
Date



NORTH DAKOTA
LEAGUE of CITIES
Founded in 1912

*Service, Advocacy, Leadership,
Education & Support*

Senate Bill 2258
Senate Committee on Natural Resources
February 7, 2003

Senator Fischer and Committee Members,
The North Dakota League of Cities supports SB 2258, an Act to create the Lake Agassiz Water Authority. The League has a history of supporting projects that can meet water needs across the state.

The following standing resolution was affirmed at our business meeting on September 28, 2002, and best expresses our commitment to see water made available from west to east, from north to south:

Whereas, the citizens of North Dakota need an abundant supply of water for residents and visitors, for business and recreation, for wildlife and aesthetics; and

Whereas, the Garrison Diversion Project was designed to carry Missouri River water across the state of North Dakota for the benefit of all the state's citizens; and

Whereas, the Dakota Water Resources Act will provide funds to complete rural and community water supply projects such as the Southwest Pipeline Project and the Northwest Area Water Supply Project, as well as water for the Red River Valley; and

Whereas, the Dakota Water Resources Act will allow completion of the Garrison Diversion facilities in a manner both economically feasible and environmentally sound; and

Whereas, completion of the Garrison project will benefit the future of North Dakota communities;

Now, therefore, be it resolved that the North Dakota League of Cities supports full implementation of the Dakota Water Resources Act.

The North Dakota League of Cities urges a "do pass" recommendation on SB 2258.

Connie Sprynczynatyk
Executive Director

410 East Front Avenue ■ Bismarck, ND 58504-5641

Phone: 701-223-3518 ■ Toll Free (in state): 1-800-472-2692 ■ Fax: 701-223-5174 ■ Web: www.ndlc.org

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TESTIMONY ON SENATE BILL 2258

Senate Natural Resources Committee

**Dale L. Frink, State Engineer and Secretary to the
State Water Commission**

February 7, 2003

Mr. Chairman and Members of the Senate Natural Resources Committee, I am Dale Frink, State Engineer and Secretary to the State Water Commission. I am here in support of Senate Bill 2258.

Senate Bill 2258 creates the Lake Agassiz Water Authority consisting of 13 counties in eastern North Dakota. This bill would allow the Water Authority to store and distribute water to eastern North Dakota for municipal, rural and industrial uses.

The Red River Valley Water Supply Study is currently underway to define a project capable of meeting the long-term needs of eastern North Dakota. Ultimately, the Lake Agassiz Water Authority would be the local entity responsible for the operation and maintenance of the project. The Southwest Pipeline Water Authority operates in a similar capacity although there could be significant differences due to project ownership and the relationships between entities at the local, state, and federal levels.

Overall, I certainly support the creation of the Lake Agassiz Water Authority. Project operations, including water rates, should be controlled at the local level and by the individual water users.

I ask your favorable consideration of this bill. Thank you.

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Dale L. Frink
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Date

TESTIMONY

Supporting SB 2258

My name is Pat Zavoral, City Administrator for the City of Fargo. I am here today not only representing the City of Fargo and its support for Senate Bill 2258, but also as chairman of the Eastern Dakota Water Users, an organization made up staff persons from almost all water providers in the Red River Valley. This organization includes both large and small cities and large and small rural water systems. It has been in existence since 1995 with the purpose of ensuring that a safe, affordable supply of drinking water is available to all residents in the Red River Valley. Our members include rural systems that serve customers from the South Dakota border to the Manitoba boundary, as well as the major cities of Fargo, Grand Forks, and Valley City. Smaller city participation includes Enderlin, Grafton, and Pembina and those cities that are served by rural systems.

As you can see there is a large cross section of participation in the Red River Basin, with a history of studying the issues of delivering water to its residents. As staff persons responsible for the day-to-day operations of the water supply systems in this large area of North Dakota, we understand our limitations when it comes to decision-making affecting the broader picture of water development. It is for this reason we are supporting the creation of the Lake Agassiz Water Authority, through Senate Bill 2258. We have seen what the elected and appointed authorities, such as the Southwest Pipeline Authority, and the NAWs have done to further water development in their parts of the state.

The first reason for supporting SB 2258 include is to provide a process and vehicle by which elected or appointed officials are involved in deciding the best methods for water developments and delivery. Presently these decisions are made through individual discussions with affected systems. For example, Fargo and Cass Rural water just established an agreement as to how best deliver water in those areas surrounding Fargo. This agreement works well when there is water in the Sheyenne or Red River; however, if those two raw water supply systems run dry then these two systems must look elsewhere and must include other entities to secure additional water. An Authority like Lake Agassiz Water would go along way in assisting these water suppliers with alternative water resources.

A second reason for supporting SB 2258 is the need to have a basin wide organization made up of decision makers to determine the best way to share the cost of water delivery and development. As you know, the Dakota Water Resource Act provided \$ 200 million for the development of water to and in the Red River Basin. These funds have been identified as a loan to the state for this part of the Act. Therefore, methods of repayment must be developed once the Bureau of Reclamation completes the Report on Red River Valley Water Needs and Options and implementation is undertaken. Developing basin wide consensus on how to repay the federal loan will be key to having a successful water delivery system in the Basin. Having a single entity deciding this matter is the only way this part of DWRA will be successful. If the Lake Agassiz Water Authority is not

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established we are very worried that all affected water systems acting on their own will not achieve the expected results.

Finally, creation of a water authority in the Red River Basin that has a working relationship with the Garrison Conservancy District will allow the State of North Dakota to avoid funding the start up and staffing of such an organization.

I thank you for your interest in water development in the state and encourage you to adopt Senate Bill 2258.

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Meeting the

North Dakota continues to face water challenges

for two simple reasons, too much of it where there shouldn't be, and not enough of it where it's needed.

Since the nineties and beyond, our state has battled forces with many natural disasters, and in the wake of their path the resources and funding needs are significant.

Inside is a glimpse of the water projects and needs in North Dakota, highlighting the four major water projects with largest state funding needs: Fargo, Devils Lake, Grand Forks and the Southwest Water Pipeline Project.

It is clear that if we are to "Meet the Challenge" of North Dakota's water priorities, adequate resources must be available.

Completing these critical projects will save millions in local, state and federal dollars, and will achieve economic growth and quality of life for us all.

—Dennis Hill, Chairman
North Dakota Water Coalition

*"Water is a very good servant,
but it is a cruel master."*

—C.G.D. Roberts,
Adrift in America, 1891.

**THE NORTH DAKOTA WATER
COALITION 2003-2005**

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Meeting Our Biggest Challenges



Grand Forks Flood Protection: Opportunity for Completion

The Grand Forks/East Grand Forks Corps of Engineers Flood Damage Reduction (FDR) Project was authorized by the federal government in December 1998. It is designed to protect both cities from floods of a similar magnitude to the 1997 flood disaster, which caused billions of dollars in damage and forced the evacuation of nearly 60,000 residents. Construction on the project began in 2000 and is scheduled for completion in December 2004.

Community officials continue costly flood fights every year. The 2001 flood fight and cleanup cost an estimated \$3 million for the two communities. The psychological effects on the community cannot be underestimated. Flood protection is crucial in re-establishing a sense of security for the people of Grand Forks.

Cost of the total project is estimated to cost \$397 million. The state share of that total is estimated at \$131 million, which includes the previously allocated \$62 million.

Southwest Pipeline Project: Medora to Beach

Small communities continue to struggle with poor quality water trying to meet current state and the Environmental Protection Agency (EPA) standard requirements. Many rural customers have discolored water high in sulfates, sodium, fluorides, total dissolved solids and nitrates. Local officials at Beach are very concerned with failing wells, and the estimated cost for drilling a new well is \$130,000.

Hopes of economic development in southwest North Dakota are directly related to providing an adequate quantity of quality water. Proposed economic development by the Theodore Roosevelt Medora Foundation, including a golf course and housing development south of Medora, is contingent upon receiving pipeline water.

To complete the Medora-Beach Phase of the project it is estimated to cost \$22.5 million, including \$4.5 million to provide service to areas in Morton County.



Fargo Flood Control: Close to a Crisis

During the 1997 record spring flood, the south side of Fargo experienced major new flood threats from two sources: overland flooding from the Wild Rice River and Red River floodwater backing through Rose Coulee. Fargo constructed emergency levees to prevent these floodwaters from flowing north through Fargo, however properties and neighborhoods south of the emergency levees sustained severe flood damage. The Southside Flood Protection Project, designed to eliminate these flood threats, is nearing completion of the planning/development phase with construction scheduled to begin in 2003.

The Red River is also a severe flood threat. Prior to 1997, the city managed this threat with emergency and permanent levees. During the 1997 flood, some of the permanent levees were raised to prevent flooding. Following the flood, Fargo re-evaluated its permanent levees. Ridgewood Levee, the first levee system nearing reconstruction in north Fargo, provides flood protection to the Veterans Administration Hospital and the surrounding area. This project is expected to receive a federal appropriation to begin construction in federal fiscal year 2003.

The total estimated cost for both projects is \$48.4 million. The state share of that total is \$16.3 million.

Devils Lake Solutions: Federal Project

The State of North Dakota is pursuing a temporary emergency phased implementation outlet project out of West Bay to the Sheyenne River. The first phase of the project is 100 cfs, and the next phases include the capability of expanding the outlet project to 200 or 300 cfs, if necessary. The estimated cost for the State's outlet is \$20 to \$25 million.

The Corps of Engineers is designing a permanent 300 cfs outlet from Pelican Lake to the Sheyenne River. Presently, the Corps is finishing up the Environmental Impact Statement (EIS). After a disappointing delay in August, the Corps is scheduled to release a Final EIS in January 2003, at the earliest, and have a Record of Decision (ROD) completed shortly thereafter. If the ROD supports an outlet project, flooding conditions still exist, and additional funding is made available, the Corps may initiate the bid process on the Pelican Lake Outlet Project sometime in 2003.

The total cost of the Corps project is approximately \$127 million, including downstream mitigation. The state cost share would be 35 percent or approximately \$45 million.



North Dakota Water Coalition—Ongoing Projects



Eastern Dakota Water Supply

The Red River Valley study and environmental analysis will include a comprehensive analysis of all the reasonable alternatives for determining the best way to meet the water supply needs of the Valley. Each alternative will be studied on an in depth basis. As a minimum, three alternatives will be evaluated.

Flood Control

In addition to the flood control projects for Fargo, Grand Forks and Devils Lake, several other Red River flood control projects are needed, including Wahpeton, Grafton, and Maple River and Baldhill Dam protection.

General Water Management

Every North Dakota region and county has projects included in the State Water Management Plan. The State Water Commission provides support for these water management and development projects, which require cost-sharing with local entities, primarily water resource districts. Joint water boards are playing a key role in these local water management projects.

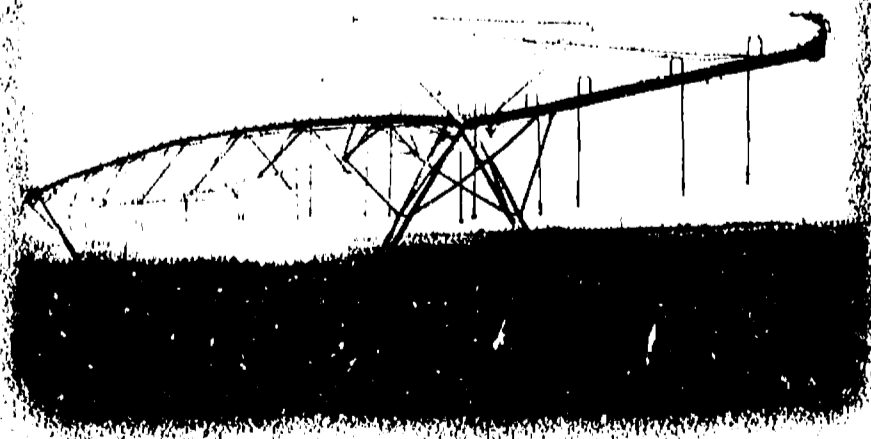


Indian MR&I

An additional \$200 million from the Dakota Water Resources Act has been authorized for Indian MR&I projects. These funds would be applied toward the Standing Rock Sioux Tribe, Three Affiliated Tribes, Spirit Lake Nation and the Turtle Mountain Band of Chippewa Indian Reservations.

Irrigation

North Dakota, which ranks last among the 17 west-states in terms of total irrigation, has exciting potential to strengthen and expand irrigation to build and diversify North Dakota's economy. The state, along with local entities and private businesses will have to provide the needed capital and infrastructure requirements to develop significant Missouri River irrigation opportunities.



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Missouri River Management

The Missouri River Coordinated Resource Management Program is underway to address critical Missouri River issues, including bank stabilization, fishing, recreation, water management, endangered species, land use, natural resources and water quality.

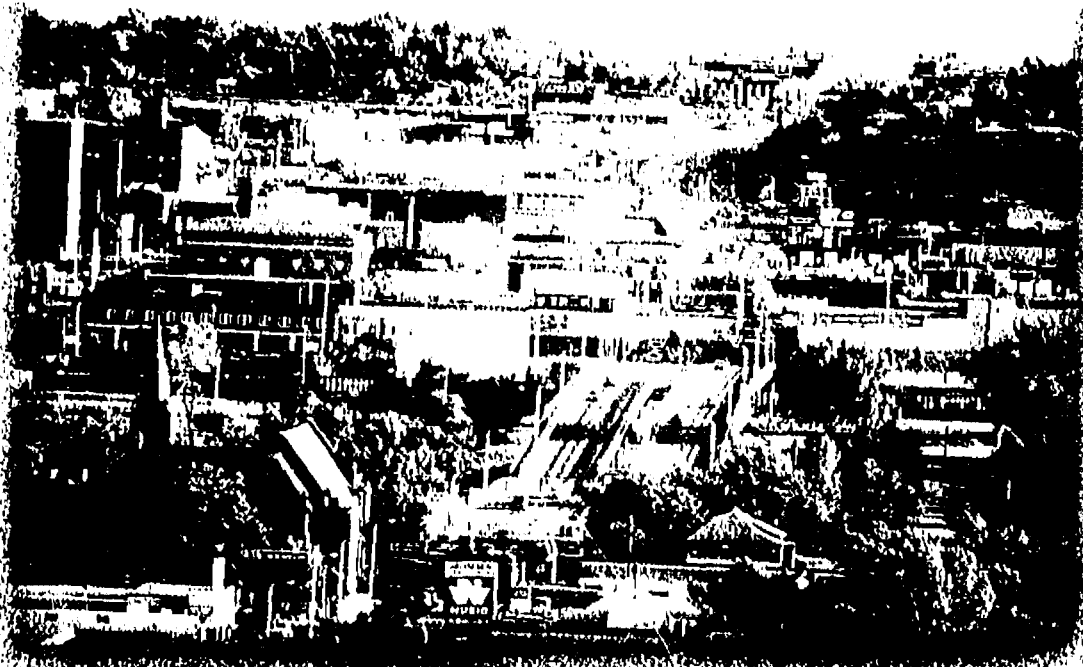
Municipal, Rural and Industrial

The Municipal, Rural and Industrial (MR&I) water supply program helps North Dakota communities bring a clean, reliable supply of water to their residents, farms, schools, hospitals and industries. The needs continue to grow. The challenging work of encouraging and evaluating municipal, rural and industrial water supply projects is shared by the Garrison Diversion Conservancy District and the State Water Commission.



Northwest Area Water Supply

Construction began in April 2002 for the regional water system for northwestern and north central North Dakota. The estimated cost for the project is \$165 million which will provide Missouri River water for municipal, rural and industrial (MR&I) purposes. Current design serves 15 cities, including the city of Minot, plus three existing and four proposed rural water systems, serving a total population of approximately 75,000 people.



Weather Modification

Operational cloud seeding is presently employed annually by five North Dakota counties and portions of a sixth. Annual cost of the program is about \$590,000, two-thirds of which is raised by the participating counties through local taxes up to 7 mills. The remaining third is cost-shared by the state. Economic impacts were recently assessed and are estimated at \$24.7 million in the target areas in increased crop production alone.

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NORTH DAKOTA WATER COALITION

Members

Associated General Contractors
North Dakota

BOMMM Joint Water
Resource Board

Cass County Joint Water Board

City of Bismarck

City of Devils Lake

City of Dickinson

City of Fargo

City of Grand Forks

City of Minot

City of Williston/Upper Missouri
Lake Sakakawea Planning Council

Devils Lake Basin Joint Board

Eastern Dakota Water Users

Economic Development
Association of North Dakota

Garrison Diversion Conservancy District

Greater North Dakota Association

ND County Commissioners Association

ND Association of Rural Electric
Cooperatives

ND Atmospheric Resource Board

ND Education Association

ND Farm Bureau

ND Farmers Union

ND Irrigation Caucus

ND League of Cities

ND Municipal Bond Bank

ND Rural Water Systems Association

ND State Water Commission

ND Water Resource Districts Association

ND Water Users Association

ND Weather Modification Association

Red River Joint Water Board

Souris River Joint Water Resource Board

Spirit Lake Tribe Water Resource
Program

Southwest Water Authority

Turtle Mountain Band of Chippewa

Three Affiliated Tribes

West River Joint Water Board

North Dakota Water Coalition

The mission of the North Dakota Water Coalition is to complete North Dakota's water infrastructure for economic growth and quality of life.

North Dakota Water Coalition Membership

The North Dakota Water Coalition is made up of 36 statewide organizations, regional entities, municipalities, and other groups from across North Dakota.

North Dakota Water Coalition Goals

1. To provide an adequate water supply across North Dakota for manufacturing, industrial, energy by-product utilization, agriculture, agricultural processing, recreation, wildlife, municipalities and rural water systems which have inadequate supply or quality of water.
 - Complete a workable and achievable Garrison Diversion Project through passage of the Dakota Water Resources Act to provide an affordable multiple-use water supply to central and eastern North Dakota, including the James, Sheyenne and Red Rivers.
 - Complete the Southwest Pipeline and Northwest Area Water Supply Projects.
 - Stabilize Devils Lake.
 - Secure adequate funding for the MR&I Program.
 - Develop multi-use statewide water impoundments for recreation, wildlife and fishing.
 - Secure funding for irrigation development.
2. To complete projects to control and alleviate flood waters and damages, including Grand Forks, Devils Lake and Fargo flood control, bank protection, and increasing the flood control capacities of the Baldhill Dam and Reservoir, the Maple River Dam and others.

North Dakota
WATER
COALITION

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North Dakota Critical Water Needs—Project Funding

Revenues

	Carryover and New Revenues 2001-2003	Proposed New Revenues 2003-2005
Resources Trust Fund	25,425,000	10,500,000
Water Development Trust Fund	47,700,000	20,600,000
REVENUE SUBTOTALS	\$73,125,000	\$31,100,000
Bonding	9,263,860	60,000,000
REVENUE TOTALS	\$82,388,860	\$91,100,000

Anticipated Revenues

2005-2007	
Resources Trust Fund	10,500,000
Water Development Trust	20,600,000
REVENUE TOTAL	\$31,100,000

Tentative Obligations

2005-2007	
Bond Payments	17,970,000
SWC Operations	10,070,000
OBLIGATIONS TOTAL	\$28,040,000

2005-2007 Balance \$3,060,000

Critical water needs in

2005-2007

Continuing Projects	
Devils Lake	
Southwest Pipeline:	15.
(Medora/Beach/Morton)	
Fargo: Complete	5 mill
Maple River Dam: Complete	2 mill
Irrigation/General Water	5 mill
MR&I (Williams)	10 mill
TOTAL	\$62.7 million

Other critical water needs

Red River Valley Water Supply
So. Central Regional Water
No. Central Water Consortium
Devils Lake Water Supply

Allocations

	2001-2003 Expenditures	Authorized and Proposed Expenditures 2003-2005
Devils Lake		
Outlet	1,500,000	25,000,000
Basin Development	1,000,000	2,000,000
Dike	2,200,000	2,000,000
Eastern Dakota Water Supply	150,000	150,000
Flood Control		
Grand Forks	19,500,000	18,507,000
Wahpeton	600,000	2,298,000
Grafton	250,000	500,000
Maple River Dam	500,000	7,700,000
Bald Hill Dam	1,000,000	0
Fargo	500,000	10,500,000
General Water Management	4,500,000	6,500,000
Irrigation	500,000	6,600,000
Missouri River Management	0	100,000
MR&I	5,000,000	10,000,000
Northwest Area Water Supply	400,000	2,400,000
Weather Modification	350,000	350,000
Southwest Pipeline	8,444,000	6,800,000
PROJECT TOTALS	\$46,394,000	\$101,405,000
Bond Payments	5,400,000	8,970,000
SWC Operations (WDTF transfer)	9,733,820	10,070,000
Flood Emergency Deficiency		11,000,000
SUBTOTALS	\$15,133,820	\$30,040,000
TOTALS	\$61,527,820	\$131,455,000
		-20,861,040
		-91,100,000
UNED BALANCE	\$20,861,040	(\$19,493,960)

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Testimony by Dave Koland, Manager
Garrison Diversion Conservancy District

To the

House Natural Resources Committee Hearing on SB 2258

Bismarck, North Dakota
March 14, 2003

Mr. Chairman, members of the committee; my name is Dave Koland. I serve as the Manager of Garrison Diversion Conservancy District. Garrison Diversion is a political subdivision of the state created in 1955 to construct the Garrison Diversion Unit of the Missouri River Basin Project as authorized by Congress on December 22, 1944. The District is governed by a 26-member board of directors. Each county in the District is represented by one director elected every four years. Amendments in 1986 and 2000 have changed Garrison Diversion from a million acre irrigation project into a multipurpose project with an emphasis on the development and delivery of municipal and rural water supplies. The Dakota Water Resources Act of 2000 (an amendment to the Garrison Diversion Reformulation Act of 1986) authorizes \$200 million for construction of the Red River Valley Water Supply Project to meet the needs of the Red River Valley. Senate Bill 2258 will establish an authority governed by locally elected or appointed officials to oversee the delivery of water provided by the Red River Valley Water Supply Project to their constituents. The bill also

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provides for an increase in per diem for the directors of the Garrison Diversion Conservancy District.

Section 1 of the bill changes the compensation for directors of the Garrison Diversion Conservancy District from \$62.50/day to "an amount determined by the board of directors not to exceed the amount provided for members of the legislative council under section 54-35-10" that amount is currently set at \$100.00/day. The chairman of the District, Richard Fugleberg, Portland, is here to answer any questions you may have on the per diem issue.

Section 2 of the bill sets out the public purpose of providing water to eastern North Dakota, with the primary emphasis on domestic, rural water, and municipal uses. The water will be purchased in bulk from the Garrison Diversion Conservancy District and delivered by the Red River Valley Water Supply Project. Section 1 also provides that the State Water Commission may provide for the issuance of bonds to finance the costs of any project to deliver water to eastern North Dakota.

Section 3 defines the Lake Agassiz Water Authority as the cities and water districts located within the 13 eastern most counties of the state that pay dues to the authority. The Dakota Water Resources Act directs the Secretary of Interior to conduct a comprehensive study of the water quality and quantity needs of the Red River Valley in North Dakota and possible options for meeting those needs. These 13 counties comprised the water needs assessment study area for the Red River Valley Water Needs Assessment Study Phase II Report

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and the area selected for study in the Red River Valley Water Supply Project Needs and Options Report currently underway by the Bureau of Reclamation.

Section 4 sets out the makeup of the board of directors. Subsection 1 provides a seat for the City of Grand Forks. Subsection 2 provides a seat for the City of Fargo. Subsection 3 provides a seat for Grafton, West Fargo, or Wahpeton. Subsection 4 provides one seat for cities with a population less than 5,000. Subsection 5 provides two seats for water districts located east of state Highway 1 and north of state Highway 200. Subsection 6 provides two seats for water districts east of Highway 1 and south of Highway 200. Subsection 7 provides one seat for a water district east of Highway 1. Section 3 also provides that the city members will be selected at the annual meeting of the League of Cities and the water district members at the annual meeting of North Dakota Rural Water Systems Association. Board members will serve two-year terms. There is a provision that will allow the board to designate associate members as nonvoting members of the board. This provision will provide a means of giving representation on the board to Minnesota cities. The final three lines of this section provide that within two years of the first delivery of water by the Red River Valley Water Supply Project, board members must be from a city or water district that has entered into a water service contract with Garrison Diversion Conservancy District.

Section 5 provides for the board of directors to adopt bylaws, establish a dues structure, and elect a chairman, vice chairman, secretary and a treasurer.

The Garrison Diversion Conservancy District will provide administrative, technical, and legal support for the Lake Agassiz Water Authority.

Section 6 sets out the powers of the authority. It has the power of eminent domain in the manner provided in Chapter 32-15. It can accept funds, enter into contracts, hire employees, distribute water within or outside the territorial boundaries of the authority, sell real property, contract with Garrison Diversion Conservancy District for water, borrow money, issue bonds, refinance bonds, pledge revenue for the payment of bonds, set water rates, accept loans or grants, pledge property for debts other than bonded debt. The Lake Agassiz Water Authority has no taxing authority.

Mr. Chairman, members of the committee; this is an important piece of legislation for the people of North Dakota. Forty-two per cent of our population resides in these 13 counties. Providing a reliable, high quality and affordable water supply to the Red River Valley will benefit all the people of North Dakota.

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TESTIMONY

Supporting SB 2258

My name is Pat Zavoral, City Administrator for the city of Fargo. I am here today not only representing the city of Fargo and its support for Senate Bill 2258, but also as chairman of the Eastern Dakota Water Users, an organization made up of staff persons from almost all water providers in the Red River Valley. This organization includes both large and small cities and large and small rural water systems. It has been in existence since 1995 with the purpose of ensuring that a safe, affordable supply of drinking water is available to all residents in the Red River Valley. Our members include rural systems that serve customers from the South Dakota border to the Manitoba, Canada boundary, as well as the major cities of Fargo, Grand Forks, and Valley City. Smaller city participation includes Enderlin, Grafton, and Pembina and those cities that are served water from rural systems.

As you can see, there is a large cross section of participation in the Red River Basin, with a history of studying the issues of delivering water to its residents. As staff persons responsible for the day-to-day operations of the water supply systems in this large area of North Dakota, we understand our limitations when it comes to decision-making affecting the broader picture of water development. It is for this reason we are supporting the creation of the Lake Agassiz Water Authority, through Senate Bill 2258. We have seen what the elected and appointed authorities, such as the Southwest Water Authority, and the NAWS Advisory Committee have done to further water development in their parts of the state.

Reasons for supporting SB 2258 include: As previously stated, a process and vehicle is needed to ensure elected or appointed officials are involved in deciding the best methods for water development and delivery. Presently, these decisions are made through individual discussions with affected systems. For example, Fargo and Cass Rural Water just established an agreement as to how best deliver water in those areas surrounding Fargo. This agreement works well when there is water in the Sheyenne or Red River; however, if those two raw water supply systems run dry, then these two systems must look elsewhere and must include other entities to secure additional water. An Authority like Lake Agassiz Water would go a long way in assisting these water suppliers with alternative water resources.

Another reason for supporting SB 2258 is the need to have a basin-wide organization made up of decision makers to determine the best way to share the cost of water delivery and development. As you know, the Dakota Water Resource Act provided \$ 200 million for the development of water to and in the Red River Basin. These funds have been identified as a loan to the state for this part of the Act. Therefore, methods of repayment must be developed once the Bureau of Reclamation completes the report on Red River Valley Water Needs and Options and implementation is undertaken. Developing basin-wide consensus on how to repay the federal loan will be key to having a successful water delivery system in the Basin. Having a single entity deciding this matter is the only way

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this part of DWRA will succeed. If the Lake Agassiz Water Authority is not established, we are very worried that all affected water systems going alone will not reach accepted results.

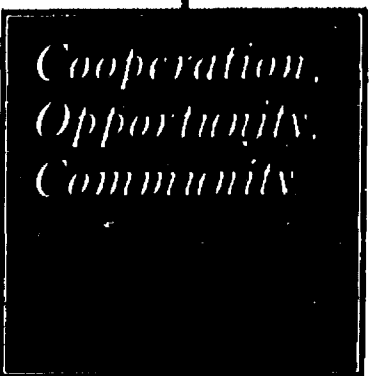
Finally, creation of a water authority in the Red River Basin that has a working relationship with the Garrison Diversion Conservancy District will provide a method of funding the start up costs and staffing of such an organization.

I thank you for your interest in water development in the state and encourage you to adopt Senate Bill 2258.

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Dennis D. Hall
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