19.0847.03000

FISCAL NOTE STATEMENT

Senate Bill or Resolution No. SB 2213

This bill or resolution appears to affect revenues, expenditures, or fiscal liability of counties, cities, school districts, or townships. However, no state agency has primary responsibility for compiling and maintaining the information necessary for the proper preparation of a fiscal note regarding this bill or resolution. Pursuant to Joint Rule 502, this statement meets the fiscal note requirement.

Sheila Sandness
Senior Fiscal Analyst

19.0847.02000

FISCAL NOTE STATEMENT

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2019 SENATE POLITICAL SUBDIVISIONS

SB 2213

2019 SENATE STANDING COMMITTEE MINUTES

Political Subdivisions Committee
Red River Room, State Capitol

SB 2213
1/24/2019
Job #31426

☐ Subcommittee
☐ Conference Committee

Committee Clerk Signature Mary Jo Wocken

Explanation or reason for introduction of bill/resolution:

Relating

Minutes:

Written attachment #1 Senator Schaible
Written attachment #2 Larry Bares
Written attachment #3 Daryl Dukart
Written attachment #4 Duane Urlacher
Written attachment #5 Joe Gaa
Written attachment #6 Southwest Water
Written attachment #7 Ryan Jilek
Written attachment #8 Sarah Trustem
Written attachment #9 Southwest Water Authority
Written testimony # 10 Dennis Reep
Written testimony #11 Amendment from Senator Cook
Written testimony #12 George Saxowsky

Chairman Burckhard opened the hearing on SB2213. All senators are present.

Senator Don Schaible: sponsor SB2213. In support of this bill (:33-8:40). Written attachment #1 pages 1-8

Chairman Burckhard: Why do you want to make the mill levy permanent, forever, seems like a long time.

Senator Schaible: We keep coming back. It's been four times before; it seems to be ongoing. If we no longer need or something else changes, we could go back. It seems like we have a fight every time we come back. It is the same arguments. It would be simpler to make it permanent and if there come a rationale to take it, just do it that way. That was one of the other things I get. Well we made this deal back then, and now you're going back on your word. I think things have changed, rather than going back on our word. It just makes more sense to be permanent.

Senator Diane Larson: This doesn't apply just to S. W. region though, does it? Does this gives the authority for mills being assessed to all districts, or just to the south west?
Senator Schaible: There is authority for water districts and water systems already. This was an additional for S.W. water so this would be just for 12 counties of SW water. But they do have other taxing authority under the rules.

Senator Judy Lee: This one mill we're talking about here on here, what kind of difference is that going to make on my taxes? If I have a property worth X dollars and you pick a number, what kind of difference and I think it needs to be on record, cause I saw a big number and I think that is important.

Senator Schaible: I think what's the break-even point for the cost for improvement. I think it's close to $350,000-$400,000 of assessed value would accumulate to what that would be. So if you had $400,000 worth of property it would be a wash between the rate increase and what it charges on your taxes. Is that kind of what you're looking for?

Senator Judy Lee: Because if people who are benefiting are probably going to have to pay higher rates if the mill levy doesn't continue, though it seems to me I think I picked that up. Isn't that right? So, for those folks as you say its going to be a bit of a wash, but if I lived in an area, for the discussion of urban areas who may not be benefiting. I live in a different kind of water district and it's not covered in this, but, even though the cost of the original project is paid off, I continue to pay a maintenance fee which I cheerfully pay because I don't have to by flood insurance. That is different for yours, that's not the same deal. But in the idea of having to maintain a project and make sure that it's meeting the needs of the people served is a part of that discussion. So, I am not seeing this as being any different really if you see if there is something different with the idea of continuing the one mill levy because you got to do what you have to do to make sure the needs of the customers are met. Am I making this too simple?

Senator Schaible: No absolutely not. Is our tax system fair and is it always equitable across the way we do things? I guess we would have to ask Grandfather Tax behind me and see what he would say (refers to Senator Cook). But other than that, I am a southwest customer and I am a farmer so I have some value in land and of course if the mill would go away, would it be cheaper for me? Of course it would be cheaper for me. 30cents a thousand on my water weight would be much better benefit but that's not why as a board member is what's best for everybody. Does it benefit what you're trying to do and the people you serve. That's the difference between rural and urban, large schools and small schools. We try to do the best with the taxing systems that we have and try to get what we can do with that. Is this the best way, I think the water rates are the best way. But this was also used as supplements what we do. It covers part of the needs we have. $200M plus dollars of growth that we have and we all have the same thing. If we wait longer it costs more. It takes longer to service what we've got. Our job is to sell water, that returns benefit gives the state bigger payment, and cuts our costs down. We can't build it we can't get more customers. It's a happy compromise.

Mr. Larry Bares, Chairperson of the Southwest Water Authority Board of Directors,(14:00-22:50. Written attachment #2. In support of 2213.

Chairman Burckhard: In your 5th paragraph you say the mill levy was established with a Sunset because sponsors thought the creation of SW Water Authority would not pass with a permanent mill levy. So you're saying it should be permanent?

Mr. Larry Bares: yes.

Chairman Burckhard: When did this mill levy go into effect? How long ago was it?
Mr. Larry Bares: It would have been in 2011, as it has a 10 year limit. It was in 2009, as it's been extended.

Chairman Burckhard: It's been extended 3 times**. Mr. Larry Bares**: It was 3 times.

Mary Massad: Mgr and CEO for South West Water Authority.(21:47-30:15) We are a political subdivision. We were created by the State Legislature in 1991 as our chairperson mentioned. Our mill levy was born that same year. I have for you some information and also have some testimony from people in the region who are unable to attend today. Written attachment # 3 from Mr. Daryl Dukart in support; Written attachment from Duane Urlacher #4 in support; Written attachment #5 Joe Gaa, City of Dickinson, in support 2213; Written attachment #6 Dakota West Resource Conservation and Development, in support 2213; Written attachment #7 Stark Development Corporation Board of Directors in support 2213; Written attachment #8 Dickinson Area Chamber of Commerce, in support 2213; Southwest Water Authority Mill Levy Report Written attachment # 9.

Chairman Burckhard: Why do you think that it should be permanent mill levy? It seems like a lot to ask?

Ms. Mary Massad: It is, but I think that it is a lot to ask for the state to provide and for the authority to advocate and provide for water for now and future generations.

Chairman Burckhard: 46% of that goes to administration expenses. So only 54% is paid by the rate payers, is that what I am reading here?

Ms. Mary Massad: Correct. **Chairman Burckhard**: So, permanency seems like a long time to me.

Senator Diane Larson: So help me understand. I am not a tax person. So a house of $100,000 home how much tax is one mill on this $100,000 home?

Ms. Mary Massad: I will ask my Guru but I am going to say around $1.00.
Senator Cook replied: $10.00
Senator Diane Larson: $10.00 on $100,000. Okay

Mr. Dennis Reep, (30:30-32:11) in support of SB2213. Written attachment # 10.

Senator Judy Lee: Since I've seen the letter from Duane Urlacher, I assume that some of you know Herb. He was a chair of this committee and sat where Senator Burckhard is sitting and we talked about water at that time. I had the privilege as the Vice-Chair at that time where

our clerk is sitting today and talk about a wonderful guy. We breed a lot of good people out there and I think that is an important thing. You've all worked so hard on these projects over the years and continue to do what needs to be done. Rural water is a big deal. Thank you for your work on rural water.

Ms. Mary Massad: Thanks for listening and I guess the other comment you asked why make it permanent. We are always asked what is the local skin in the game? The locals need to contribute to a water project. For our region this is the local support for water development.

Senator Dwight Cook: (See attachment #11 for proposed amendment) (34:30) spoke in opposition to SB2213. First all Senator Larson the answer to your question is not $1.00 it's not $10.00, its $4.50. It is 100,000 divided by 2, is 50,000x.9 = 45,000 x.001. One hundred percent of my constituents pay this 1% tax, zero of them get any water from SW water. The other 22,000 residents of Morton County or Mandan that benefit or pay this tax with zero benefit are in the district that Senator Schaible, District 31, lives in. He is well aware of the amendments that I have handed out here. It would simply take Mandan out of the South West Water Authority. You asked some questions about why permanent and how did it get permanent and why is this is such an argument. I am looking right at Senator Schaible's testimony here and you will see 91, 95, 2001, 2009. It was put in place in 1991 and it was meant for administrative costs, that was it. You heard the answer that why was it wasn't made permanent then, and the answer was cause it probably wouldn't have passed. This has been an argument that has been going on since 1991. You can see all the times that it has happened, all the times it's been attempted to extend the one mill tax. The only one I was involved with was in 2009 and I remember it and it a nasty argument, a nasty floor debate on the Senate floor. The whole deal is I think the compromise of why it's not permanent and why is it just extended again, is just what it was in 2009. Give Mandan a chance to get out. I think the time is here. This has been going on for a long time. Mary mentioned that $86,000 is what Mandan's contribution was, that was what it was this current pass biennium year, next year it will $93,000 I believe. Again, zero benefit whatsoever. There is a lot of things that could happen with the SW Water Authority, I think if you were to be sitting in the board meeting, when they discussed this bill, you will find that there in that board meeting they had discussions on whether to not ask for the tax, they had discussions on whether or maybe even a vote, as to whether or not Mandan should be kept in. So, this is a fight that crosses many tables. It just stirred up a hornet's nest this session. This is the only amendment or the fight you're going to see in the Senate. There are bills introduced in the House now, one is to give every county in S.W. Water a bill, there is one to take Mandan out. God bless S. W. Water Authority for what they do. I am glad for rural water, but I think there's an issue of fairness here and I think we should put this to rest. I am not necessarily advocating that it be killed, that the mill levy be stopped completely. But I am certainly advocating for Mandan to be taken out.

Senator Judy Lee: I don't play tennis. But I pay for tennis courts in my community. I realize that is totally recreational and not a mandate. I am not petitioning to get out of paying my share of making my community a better place to live. If I am living in a $100,000 house in Mandan, I guess I don't see $4.50 as oppressive. So we're talking the principle of the thing. We're not talking a burden. Am I pretty close to accurate on that one?

Senator Dwight Cook: We're talking the principle of this thing is exactly right. Senator Judy Lee: But the concept of advocating for the community because I don't have children or grandchildren close by, I am not even in the parks either. But I pay for the parks, the pool, pay for the schools and I don't have a kid in school anymore, and so all of those things I think are part of what makes our community viable and maybe in this case the larger community is the area in which is included in this water management district here, the water authority. I see this a little bit, if we allow people who are considered to be entities, political subdivisions view themselves as not receiving benefits to opt out of something, where does it go from here? Do we allow people who don't play tennis to say I am not going pay for the tennis courts. Do we allow like people in my community in every other urban area, pay the mill levy for farm to market roads and I am not doing much of driving on farm to market roads with a truck. So, that doesn't mean I don't see it as a real valuable part of what happens in my community. We have to have those roads in order to have the commerce of the area take place. So, I am a little concerned from the matter of principle. Not even so much about the $4.50, per thousand, but about the fact that if we begin to allow people to opt out of something because they are not getting any personal benefit where does it stop? Tell me how we manage that?

Senator Dwight Cook: I would argue that to what degree do you recreational services that you use or do not use, that does not compare to this because you probably had a vote on that. You had the right to elect to the person that is imposing the tax on you. This all happened in 1991 when this first started when this first was started. We allowed the camels' nose under the tent by taxing somebody that got zero benefit for the service.

Senator Anderson: They much have anticipate your attendance because they included in their report here benefits to the City of Mandan. But you disagree that those benefits are there.

Senator Dwight Cook: I think we probably knew very well that my attendance was going to be here.

Senator Dotzenrod: If the bill passed we would have a permanent one mill levy. I am just wondering in our state, with the constitution we have a one mill levy for UND for the medical school. Do you know of any other mill levies that we have in ND that would be like that? That are imposed and have no end.

Senator Dwight Cook: I believe just one, Garrison Diversion. That is a one mill.

Senator Diane Larson: Does the Mandan extraterritorial zone have people receiving rural water?

Senator Dwight Cook: People in the extraterritorial zone, yes they receive rural water from Missouri West, not from the South West.

Senator Diane Larson: From a different water source? **Senator Dwight Cook**: Yes. Missouri West serves and supplies most of Morton County. They buy their water from the City of Mandan and they buy their water I believe some of it from SW.

Mr. Jim Neubauer, (42:21) City Administrator for city of Mandan. The City of Mandan has been subject to the one mill ever since South West was first enacted and there have been. I've been administrator for 19 years and this discussion has come up pretty much every session other than when it's been extended. The reason why I say Mandan would be opposed to this bill in extend making this permanent, we do have our one treatment plant, we do sell to Missouri West water systems which is serving most of our rural folks in the extraterritorial zone. South West in turn buying water from the Missouri West, yes they are. So in essence South West is buying water from the City of Mandan through our own water treatment plant. The one mill is going to help fund the administrative cost for South West; certainly I would love to have Dickinson paying one mill to help fund administrative costs for the city of Mandan's water treatment plant. But that doesn't happen. We can't argue that an no one would ever try to argue that water in the South West part of North Dakota is a great thing. It is contributive to their economic success and everything like that. So we're not even going to there because it's not an argument. We all agree that the fact of the matter is Mandan does and we do have our own water treatment system, our own distribution system, we do sell to a rural system and that other Missouri West and also S. W lies from the City of Mandan water. Is it a lot of water in the big scheme of things, not really. I think it's to the tune of $280,000 to $300,000 last year. But again the philosophy behind it, is that we are paying for our own water treatment plant, our own system, and should we be assisting in paying for another one. I urge a do not pass on the permanent mill levy.

Senator Anderson: I don't know of any other instances in this state where one water district over lays another. It seems to me like if we're going to let somebody out it ought to be the whole water district, Missouri West or whatever rather than just the city of Mandan. Although I understand that's easier maybe easier to do. But it seems like to me that they are having the taxpayer, ratepayer paying for two water districts at the same time seems a little strange.

Mr. Jim Neubauer: I believe it might be easier as far as a taxing district because the extraterritorial jurisdiction is not necessarily a taxing district, it is more of a zoning district. So if you're going to pull one mill off the books, it would be easier to pull it off the City of Mandan resident versus those in the extraterritorial zone. I don't know if the county could necessarily do that or not. It would be a little tough because again the ET is not a taxing district it is a zoning district.

Mr. George Saxowsky: Hebron, ND. I am a board member of the Missouri West Water System. (46:20) I am also a board member of SW Water.

Chairman Burckhard: Sir are you opposed to the bill?

Mr. George Saxowsky: I was going to give information that Mandan's representative was bringing up and I was going to show you what he was talking about, if that's okay with you. Area Map as attachment #12. He referred to the map, (46:59-49:10) and explained which water crosses to customers.

Senator Judy Lee: I appreciate you're stepping up. We're really a pretty friendly group here, so please just chill out, as were okay with you. We are glad you're here. Anyway my question is about exactly since you're on both boards, how that relationship works? Can you just briefly

tell us what your relationship is. You are on both boards and I get that. Can you just help me understand a little bit more about how the two systems work together?

Mr. George Saxowsky: South west water was supposed to come all the way over here, and take care of the rural people around Mandan. Some individuals from Mandan said it's going to take to long for South West to get over here, which they were right. They then put together and built Missouri West Water. Missouri West Water buys water from Mandan and starts to ship it westward. As people are asked to sign up and as the populations increase there is more and more water needed all the time. So I believe it is four inch line going from Mandan to New Salem. Well to serve the people around New Salem, and around that area, the line isn't big enough. So right now SW Water and Missouri West bought a six inch pipeline down from to New Salem, Almont, and the people are being served by are actually drinking SW water.

Senator Judy Lee: But it comes through. Mr. George Saxowsky: No it does not come through Mandan. It comes directly from New Salem's water through SW water.

Senator Judy Lee: But it is officiated over or administered by the Missouri Authority and not the SW authority but it is a collaborative between the two of you, the two authorities to provide that water sooner and with a larger volume as the demand increased for those areas which that smaller authority serves, is that correct?

Mr. George Saxowsky: Yes, that is correct. That area, that idea is done by at the New Salem and Almont area. The pockets that we talked about at the beginning are served by Missouri West water which buys it from Mandan, but SW Water collects the bill on it because they pay for the pipeline.

Chairman Burckhard: I understand why Senator Schaible said every water district is unique. That is nothing similar to mine.

Mr. George Saxowsky: Wade Bachmeier, myself, and Mike Kambeitz are in favor of keeping the levy on.

Chairman Burckhard: So you're in favor of the bill obviously even though I was asking for opposition to the bill.

Chairman Burckhard closed the hearing on SB2213.

2019 SENATE STANDING COMMITTEE MINUTES

Political Subdivisions Committee
Red River Room, State Capitol

SB2213
2/1/2019
Job #31989

☐ Subcommittee
☐ Conference Committee

Committee Clerk Signature Mary Jo Wocken

Explanation or reason for introduction of bill/resolution:

Relating to district budget tax levies

Minutes:

Chairman Burckhard asked the committee for discussion on SB2213. All senators are present.

Chairman Burckhard: It was introduced by Senator Schaible, there was Larry Bare, Mary Massad and Dennis Reep were in favor of the bill. Those opposed were Senator Cook, Jim Neubauer from the City of Mandan and also George Saxowsky was in favor of it. He came up last. What are our thoughts, what do you think, we should consider here? It is a one mill debate. Part of the debate is should the mill continue on in perpetuity or should it just be extended or should it not be, and the cost to Mandan when they suggest they receive no benefit from this service.

Senator Judy Lee: I know were not on the same page with this whole thing, but honestly as I mentioned in our previous discussion about this, I don't play tennis, I don't play golf, I haven't had a kid in school for a long time now. I won't ever because they don't live here. Those are all things that are part of a community that is important to me to support for quality of life. Nothing could be more important than water. I think $4.50 per thousand, if it was $45 per $100,000 maybe then I would get a little more excited about it. But $4.50 per $100,000 of value isn't going to put anybody out of business in my view as a homeowner and so the principal which the prime sponsor has said is the main reason for us spending $6000 on this hearing process, isn't big enough at $4.50 per hundred thousand in value and I think there is a responsibility to participate in this broader community water service area.

Chairman Burckhard: That $4.50 equates to $93,000 a year as a cost to Mandan. One mill is about $93,000 cost to the city of Mandan.

Senator Jim Dotzenrod: I have been trying to understand the principle here and make sure I am clear. We have a state wide 1 mill that is in our Constitution for the UND medical school. I suppose if it wasn't in the constitution maybe somebody would've had a bill in to get rid of it at some point. You can make the argument that having a small sliver of money going into

that effort of medical school probably is something we all need a doctor. Then also at Garrison Conservancy I think has a 1 mill. I don't know if that has a taxing district boundary line or if it is state wide or who pays the 1 mill. But it is a permanent another 1 mill. I suppose their people that are inside who asks who pays the one mill? I am not getting any benefit out of the Garrison Conservancy but I am paying the 1 mill. Somehow we arrived at the position where we felt that we were justified to do that. I am thinking about the S. W. and water in the southwest, essentially all of us in the state paid to get water to southwest ND. It wasn't just Mandan, or those counties, it was everybody in the state paid to get water to the SW. It does seem like. If I was a resident of Mandan, I would be thinking about Mandan as some sort of anchor to the wider community. That wider community is Morton county and of the counties around Mandan, and if their thriving if those communities are prospering and have got good water supply, that it's got to have some positive effect. Is it worth $4.50 on a $100,000 value. I think there is something positive. It's not a simple matter but a question of when there is a benefit that occurs in a geographic region how do you separate out? You could go by water taps. But from a geographic point of view the Mandan area is benefiting from having that water system out there. So I am tempted to just say, that I would be satisfied with the bill as it is.

Chairman Burckhard: A point of fact, WAWS, NAWS and the South West Water Project are all financed extremely different. There is nothing similar about any of those 3, how did it happen like that? We have the state subsidizing the WAWS, and NAWS is paid for everything up to about pipe in the ground since forever. We finally got the court system out of the way. They are all unique, so there is nothing to say is common about this that we could resort too.

Senator Anderson: The difference that I see is this is the only water district that has a tax levy. Everybody else pays for their water district based on the fees they pay for the water. This is the only one that has a tax district. So, it is different.

Chairman Burckhard: In Minot's case they pay for it with sales tax.

Senator Kannianen: I am looking at it the other way too where we might think that $4.50 on a $100,000 house might not be much. But at the same time if the one mill went away then it would about an extra $.30 per thousand gallons for the users that use it and so for those that directly benefited from the water versus the indirect benefit if we just focus on the direct benefit, it would still be an only extra $.30 per 1,000 for those who actually get the water. So I am more inclined to lean that way and just say that those that receive the direct benefit then they should pay an extra however many gallons they use 4,000 gallons in a month for them to pay an extra $1.20 a month for the direct benefit. I am more inclined to go that route.

Chairman Burckhard: Cost cause or cost payer kind of thing, right.

Senator Judy Lee: I am just going back to look at some of the testimony which we received at the time the bill was heard. Senator Schaible had made some very good points about eliminating the 'sunset' and he's saying that having SW water in their community provides water to areas that would not have access to good clean water. She continued to read from the ND Water Users Association, ND 40 out of 53 counties pay a 1mill levy for the development of Missouri River water, 28 to Garrison Conservancy District and 12 to SW water. In 2020 that number will be reduced to 28 out of 53 as the mill counties that benefits

SW water sunsets and goes on to discuss how important this Missouri River water is for the whole state particular for the challenge issues of the Missouri. So it's more in my opinion only a broader issue than I don't get anything out of this kind of stuff. We all so things for the good of the community we're in that are not crazy off the wall things. This is just basic, water is basic.

Chairman Burckhard: I am inclined to either go with the 1 mill forever and exclude Mandan or go with it for an extended period time and include Mandan. Is there anybody else who thinks like that?

Senator Kannianen: I make a motion to move the amendment 19.0847.01001 Sen. Cook's amendment; 2nd Senator Anderson

Chairman Burckhard: Motion on the amendment

Discussion on that amendment
Senator Dotzenrod: As I understood Senator Kannianen said that if we took Mandan out it would reduce the revenues they would have by $93,000. So that translates to $.30 per thousand. What is the $.30, what do they currently pay for thousand?

Senator Kannianen: $.30 that was if the one mill went away for the whole water district and that would be an extra $.30. As far as the city of Mandan the $93,000 I am not sure what that would translate too.

Senator Dotzenrod: If there was no mill levy at all, if it went to zero, that would have an impact of $.30 a $1,000, so Mandan is I think about 1/10 of the.
Senator Anderson: It is a little more than that, maybe 15%. $93,000 divided by $700,000 is what they raise. Go up a nickel a thousand.

Chairman Burckhard: Senator Kannianen, does the amendment break it down into layman's terms. It excludes then the city of Mandan is that correct? What does it do for the extension of the mill levy? Is that in perpetuity or is that extended to just?

Senator Kannianen: It just includes it in the bill it would still. The amendment doesn't do anything with as far as the strike through the language through 2020, it stays the same. Even with the amendment it would still be in perpetuity.

Senator Judy Lee: Read her water bill to the committee to compare rates.

Senator Kannianen: The point that Senator Cook made that I agree with. Mandan has their own water system and then they pay for that, plus they are levying an extra mill for the rural system. So I can agree with that maybe that is not the way to do it.

Chairman Burckhard: We have a motion, a do pass on the amendment from Senator Cook. Roll call vote: 3-3-0 do not pass

Senator Anderson: Maybe we should give them another extension and not make the thing permanent maybe, that would be one way to weasel out of the problems here. It gives them another chance to get out in some other legislative session.

Chairman Burckhard: How many years would you extend it do you think?

Senator Anderson: I would look back and see Alex can look back and see how long they've been getting the money. My guess is the last time it was 10 years but I could be wrong.

Chairman Burckhard: 6-9 years maybe. Is there a motion we are talking about or are we just talking?

Senator Anderson: I will move we amend the bill on line 7 pg.1 for the taxable year through 2030, give it a 10 year deal.

2nd: Senator Diane Larson

Roll call vote: 5 Yea,1 No 0 absent

Senator Anderson: I move do pass as amended
2nd Senator Dotzenrod
Roll call vote: 4 Yea, 2 No, 0 absent
Carrier: Senator Anderson

2019 SENATE STANDING COMMITTEE MINUTES

Political Subdivisions Committee
Red River Room, State Capitol

SB2213
2/7/2019
Job #32358

☐ Subcommittee
☐ Conference Committee

Committee Clerk Signature: Mary Jo Wocken

Explanation or reason for introduction of bill/resolution:

Relating to district budget tax levies

Minutes:

Chairman Burckhard invited the Senate Political Subdivision Committee to come back and discuss SB2213. All senators are present.

Senator Dotzenrod: The way we sent the bill out, is we made it a 10year bill. We put the expiration date back in and we left Mandan in and so. I guess you can take the attitude that it's early on the process yet. It will go to the House and if there is some heartburn over there they will work on it.

Chairman Burckhard: So we left Mandan in?

Senator Judy Lee: Yes we did.

Chairman Burckhard: I had a do pass on amendment that tied 3-3, do we recall that?
Senator Anderson: That failed.
Senator Diane Larson: We voted on this bill on February 1, 2019.
Senator Judy Lee: We had an amendment that failed, then we amended one and it was do pass as amended 4-2.

Chairman Burckhard: Then we had do pass as amended 4-2, carrier Senator Anderson. I don't have who were the main voters were. We have a no from Chairman Burckhard, and Senator Kannianen.

Senator Dotzenrod: Was that the final passage?
Chairman Burckhard: Anderson, Dotzenrod, Larson and Lee voted yea, with Senator Anderson making the motion and Senator Dotzenrod 2nd.

Chairman Burckhard: We left Mandan in there?
Senator Judy Lee: We did. It seems to me that part of our discussion was that if Mandan comes out then, is Hettinger next or whoever is next. I see it as a beginning as a rural dominos

that I think as scary. That is not a good thing. That's why in my opinion I am thinking of our discussion here my impression of the committee discussion was that is better to leave Mandan in and just have a 10year extension because Mandan is the anchor of that water district. Where we all agree or not, I think that was the conversation was going.

Senator Dotzenrod: After we acted on this I went up to my desk and I looked up the Garrison Diversion district. There are 28 counties that are in there and they all have one mill, that is a permanent one mill. And a lot of the counties on the east, I know the county I live in has got the Garrison Diversion 1Mill, Burleigh County is in and its paying 1Mill, Bismarck, the city, the county all the county, everybody is paying 1 mill, but Morton County is not. So Morton County and the City of Mandan are paying 1Mill now for SW, and Burleigh County is not, and you go across the river to Burleigh County and they are paying 1mill and the city of Bismarck for Garrison Diversion and you could probably both argue that at least the cities of Bismarck and Mandan could make an argument that well we are paying a lot of people I suppose in 28 counties, Garrison Diversion is never going affect us.

Senator Diane Larson: Garrison Diversion won't do anything for us.
Senator Judy Lee: Your so noble your helping out right?
Senator Diane Larson: You know what to me. It is kind of a philosophy that if we don't take the water out of the Missouri River, then downstream will claim it and we won't have that access to it at a later time when we need it. So it's more of a philosophy that getting water to the East is a good idea, but we're not personally benefiting from it at all. I don't begrudge the 1 mill.

Senator Dotzenrod: I remember when the SW pipeline and getting water to the Southwest. I think part of the argument was if the southwest prospers and if they do well, the state is generally, is going to be better off. All of us will be better off if that turns into an economic viable area because they have the water. It's unusual because to have a permanent mill levy as most people understand it's in the constitution for the medical school. But I had forgotten that of the 53 counties, 28 are paying 1 mill permanent for Garrison. Actually a couple of them are up there in McKenzie County and Williams County.

Chairman Burckhard: Thanked the committee for their efforts and their work. The House bills will be on the agenda for February 28 and March 1.

19.0847.01001
Title.

Prepared by the Legislative Council staff for
Senator Cook
January 15, 2019

PROPOSED AMENDMENTS TO SENATE BILL NO. 2213

Page 1, line 1, replace "section" with "sections 61-24.5-03, 61-24.5-04, 61-24.5-07, 61-24.5-08, and"

Page 1, line 2, after "to" insert "membership of the southwest water authority board of directors and"

Page 1, after line 3, insert:

"SECTION 1. AMENDMENT. Section 61-24.5-03 of the North Dakota Century Code is amended and reenacted as follows:

61-24.5-03. Southwest water authority created.

1. The southwest water authority ~~shall consist~~consists of that part of the state ~~which is~~ included within the boundaries of Dunn, Stark, Golden Valley, Billings, Slope, Bowman, Adams, Grant, Hettinger, ~~Morton,~~ and Mercer Counties and all of Morton County outside the boundaries of Mandan.

2. ~~Such~~The authority is a governmental agency, body politic and corporate with the authority to exercise the powers specified in this chapter, or which reasonably may be ~~reasonably~~ implied.

3. Any county adjoining the authority ~~as herein created, or as hereafter composed~~, may join ~~such~~the authority upon application of its board of county commissioners and the approval of ~~such~~the application by the board of directors of the authority. The board of directors, as a condition of approval of ~~such~~an application, may require equitable payments ~~as may be equitable~~ to equalize the burden of ~~such~~the county with the obligations paid or assumed by the other counties in the authority.

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~~from Dickinson, ~~and one director must be elected in the city of Mandan~~. The director from Stark County may not be a resident ~~of the city~~ of Dickinson. The director from Morton County may not be a resident of Mandan. 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 as compensation an amount determined by the board not to exceed the amount per day provided members of the legislative management under section 54-35-10 and must be reimbursed for their mileage and expenses in the amount provided for by sections 44-08-04 and 54-06-09.

SECTION 3. AMENDMENT. Section 61-24.5-07 of the North Dakota Century Code is amended and reenacted as follows:

61-24.5-07. Election of city directors of the southwest water authority.

Any ~~person~~individual who is a resident and qualified elector of ~~the city of~~ Dickinson ~~or Mandan~~ who aspires to the office of director of the southwest water authority shall, before four p.m. on the sixty-fourth day before the election, file with the city auditor a petition signed by not less than ten percent of the number of qualified electors who voted for that office in the last city election, except that the petition for the first election must be signed by not less than two hundred qualified electors. Signers of a petition must reside within the corporate limits of the city, and each signer of the petition shall include with the signer's name the signer's mailing address. The petition must include the candidate's name, post-office address, and the title of the office of the southwest water authority for which the candidate is seeking election.

The petition must be accompanied by an affidavit substantially as follows:

State of North Dakota)

) ss.

City of _____)

I _____, being sworn, say that I reside in the city of _____ and State of North Dakota; that I am a qualified elector therein; that I am a candidate for the office of director of the Southwest Water Authority to be elected at the municipal election to be held on _____, _____, and I request that my name be printed upon the election ballot as provided by law, as a candidate for the office.

_____

Subscribed and sworn to before me on _____, _____.

_____

Notary Public

Upon receipt of the petition, the city auditor shall without fee place the name of the aspirant on the election ballot as a candidate for the office of director. The candidate or candidates, depending on whether one or two directors are being elected, receiving the highest number of votes are elected. The provisions of chapter 40-21 govern the election of directors from ~~the city of~~ Dickinson ~~or Mandan~~ for the southwest water authority.

SECTION 4. AMENDMENT. Section 61-24.5-08 of the North Dakota Century Code is amended and reenacted as follows:

61-24.5-08. Term of office of directors - Oath of office - Bonds.

Members of the board of directors of the authority hold office for a term of four years, until a successor has been duly elected and qualified. If the office of any director becomes vacant by reason of the failure of any director elected at any election to qualify or for any other reason, the director's successor must be appointed to fill the

vacancy by the board of county commissioners of the county in which the vacancy occurs, or by the governing body of ~~the city of~~ Dickinson ~~or Mandan~~, as appropriate. A director appointed to fill a vacancy shall hold office for the unexpired term of the director whose office has become vacant, and until a successor has been elected and qualified.

Members of the board of directors elected from a county must be elected at the primary election and assume office on the first Monday in July following their election. Members of the board of directors elected from ~~the city of~~ Dickinson ~~or Mandan~~ must be elected at the municipal election and assume office on the first Monday in July following their election.

~~In 2002 all directors' terms are deemed to have expired, and each county shall elect one director to serve on the board of directors and the city of Dickinson shall elect two directors to serve on the board of directors. In 2002 one director from the city of Dickinson and directors from Adams, Billings, Dunn, Grant, Oliver, and Slope Counties must be elected for two year terms and in 2004 and thereafter must be elected for four year terms. In 2010 the director from the city of Mandan must be elected to a four year term.~~ All ~~subsequent~~ directors elected must be elected for four-year terms.

Before assuming the duties of the office of director, each director shall take and subscribe to the oath of office prescribed by law for civil officers. The authority treasurer must be bonded in an amount as the board may prescribe."

Renumber accordingly

19.0847.01002
Title.02000

Adopted by the Political Subdivisions Committee

February 1, 2019

SL
1/31

PROPOSED AMENDMENTS TO SENATE BILL NO. 2213

Page 1, line 7, remove the overstrike over "~~through~~"

Page 1, line 7, after "~~2020~~" insert "2030"

Renumber accordingly

Date: 2-1-2019
Roll Call Vote #: 1

2019 SENATE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 2213

Senate Political Subdivisions Committee

☐ Subcommittee

Amendment LC# or Description: 19.0887.01001 - Sen. Cook's

Recommendation: ☑ Adopt Amendment
☐ Do Pass ☐ Do Not Pass ☐ Without Committee Recommendation
☐ As Amended ☐ Rerefer to Appropriations
☐ Place on Consent Calendar

Other Actions: ☐ Reconsider ☐ _____

Motion Made By Sen. Kannianen Seconded By Sen. H. Anderson

Senators	Yes	No	Senators	Yes	No
Chair Randy Burkhard	X		Sen. Jim Dotzenrod		X
Vice chair Howard Anderson	X				
Sen. Diane Larson		X			
Sen. Judy Lee		X			
Sen. Jordan Kannianen	X				

Total (Yes) 3 No 3

Absent 0 Failed

Floor Assignment _____

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

Date: 2. 01. 2019
Roll Call Vote #: 2

2019 SENATE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 2213

Senate Political Subdivisions Committee

☐ Subcommittee

Amendment LC# or Description: Levie 7 p.l. for taxable years through 2030

Recommendation: ☑ Adopt Amendment
☐ Do Pass ☐ Do Not Pass ☐ Without Committee Recommendation
☐ As Amended ☐ Rerefer to Appropriations
☐ Place on Consent Calendar

Other Actions: ☐ Reconsider ☐ _____

Motion Made By Sen. Anderson Seconded By Sen. Diane Larson

Senators	Yes	No	Senators	Yes	No
Chair Randy Burkhard		X	Sen. Jim Dotzenrod	X	
Vice chair Howard Anderson	X				
Sen. Diane Larson	X				
Sen. Judy Lee	X				
Sen. Jordan Kannianen	X				

Total (Yes) 5 No 1

Absent 0

Floor Assignment _____

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

Date: 2.1.2019
Roll Call Vote #: 3

2019 SENATE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 2213

Senate Political Subdivisions Committee

☐ Subcommittee

Amendment LC# or Description: _____

Recommendation: ☐ Adopt Amendment
☑ Do Pass ☐ Do Not Pass ☐ Without Committee Recommendation
☑ As Amended ☐ Rerefer to Appropriations
☐ Place on Consent Calendar

Other Actions: ☐ Reconsider ☐ _____

Motion Made By Sen. Anderson Seconded By Sen. Dotzenrod

Senators	Yes	No	Senators	Yes	No
Chair Randy Burkhard		X	Sen. Jim Dotzenrod	X	
Vice chair Howard Anderson	X				
Sen. Diane Larson	X				
Sen. Judy Lee	X				
Sen. Jordan Kannianen		X			

Total (Yes) 4 No 2

Absent _____

Floor Assignment Senator Anderson

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

REPORT OF STANDING COMMITTEE

SB 2213: Political Subdivisions Committee (Sen. Burckhard, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (4 YEAS, 2 NAYS, 0 ABSENT AND NOT VOTING). SB 2213 was placed on the Sixth order on the calendar.

Page 1, line 7, remove the overstrike over "~~through~~"

Page 1, line 7, after "~~2020~~" insert "2030"

Renumber accordingly

2019 HOUSE POLITICAL SUBDIVISIONS

SB 2213

2019 HOUSE STANDING COMMITTEE MINUTES

Political Subdivisions Committee
Prairie Room, State Capitol

SB 2213
3/7/2019
Job # 33403

☐ Subcommittee
☐ Conference Committee

Committee Clerk Signature	Carmen Hickle

Explanation or reason for introduction of bill/resolution:

Relating to southwest water authority and district budget tax levies

Minutes: 1 - 11

Chairman J. Dockter: Opened the hearing on SB 2213.

Sen. Schaible: Introduced the bill by reading his testimony. (Handout #1).

Rep. Adams: We had a bill that took Mandan out but this keeps everyone else on the Southwest Water?

Sen. Schaible: What the law says right now is it sunsets in 2020 so it would just go away. What this bill does it takes Mandan out for the period of time from between now and 2020. The original bill asked for a permanent extension. This is an extension of 10 years with Mandan out.

Rep. Toman: Is it 630 that are waiting for service?

Sen. Schaible: 350 residents and 635 hookups. Some of those could be pasture taps or commercial or dual uses.

Rep. Toman: Out of 350 residents is that all residents or do you have an estimate of those non-participating?

Sen. Schaible: These 350 are homes and people and 635 is a combination of everything else.

Rep. Toman: What is the cost per gallon base rate? When has it been raised and how often?

Sen. Schaible: It was raised last year. I'll let Mary answer that since she works with it all the time.

Larry Bares: Chairperson Southwest Water Authority Board of Directors. (Handout #2).

Rep. Ertelt: The bulk of your argument is on the suggested benefit to others rather than the users themselves, is there any way that you measure that benefit?

Mr. Bares: There is a lot of direct benefit to the people not hooked up to the pipeline because of the tremendous growth in the area and the counties and the cities to produce more income. As far as how much I cannot answer that.

Rep. Ertelt: With the users you are able to measure their benefit because they are willing to pay a certain per 1000 gallons as well as a hookup fee. But is there any similar way than to measure how much that is for those receiving the indirect?

Mr. Bares: To get an indirect benefit, I will leave that up to Mary to answer that.

Mary Massad: Manager and CEO of Southwest Water Authority. (Handout 3,4,5,6,7,8,9,10). The Southwest Water Authority was born in the state Legislature in 1991. This bill would extend the mill levy for 10 years and exclude the city of Mandan. She pointed out the handouts from those in support of Southwest Water. The mill levy pays for the board and administrative expenses for signup, for easements, our legal fees and engineering.

Rep. Adams: If I wanted to get water and one of the customers do I pay to get the pipeline into my property? Am I paying to hookup to the big line and then also pay for all the work to get it to my property?

Ms. Massad: When the project does construction you pay a sign-up fee and we bring water to the edge of the developed yard. If it is after the fact what we are looking at how we serve those people. If you are close to the line you would pay a signup fee of $1500, which is $1250 currently. It would be your responsibility from the nearest line location into your yard.

Rep. Ertelt: Page 6 with the mill levy collections gallons sold and the interest rates, there is a note that says the increase in rates is not cumulative. The $.19 at the top then down to $.17 so that was a decrease?

Ms. Massad: Correct.

Rep. Ertelt: Bringing it current 2019 to $.29 that is with the assumption that the mill levy continues, is that correct?

Ms. Massad: Yes, that is gallons sold and the mill levy collected and what that mill levy would be worth per thousand gallons.

Rep. Ertelt: In 2020 if the mill levy was not available then that would be the increase to the rate $.30?

Ms. Massad: Correct. For all customers, transmission and distribution. We are a fully integrated system we serve about 56,000 residents in southwest North Dakota, 33 communities, more than 7200 farms, ranches and businesses. Our intake is at Lake Sacajawea, we treat water for Oliver, Mercer, north Dunn counties, north of Zap has a

treatment facility north of Zap the rest of the service area in southwest North Dakota is served out of treatment plants in Dickinson. In Morton County we tie into Missouri West Water system and serve customers in that region. We are five public water systems. We also service Perkins County rural water in South Dakota.

Rep. Ertelt: On page 16 in 2019 the monthly minimum is at $47, then the rate total per thousand is the $5.91?

Ms. Massad: Correct.

Rep. Ertelt: Using the data from page 6 and if the mill was not available for 2020 the 5.91 would increase by $.30?

Ms. Massad: On page 15 is the contract rates so whether you are a city or a business their rate currently is $5.23 and their rate would go up $.30 as well.

Rep. Ertelt: Is that assuming the entire increase would go to the rate and not to the base rate or hook-ups?

Ms. Massad: We base it on per thousand. We need that as a steady income and if water sales drop, if it's hot and dry we sell a lot of water and if it's wet and cool we don't. We also have raw water available for the oil industry. We were able to sell a lot of raw water up to about 2014-2015. Our increase in rates was because that went away, it was over $4 million to our annual operating budget. We have had to use our reserves so that is why the increase.

Rep. Ertelt: The increase in rates that would potentially be there if the mill weren't continued is just on the rate of usage of water and it could be reduced if it was passed on to hookup fees?

Ms. Massad: There is no way to do that. Our water rates are transparent and if we have to cover those expenses it will be on per thousand-gallon basis. We need to have a replacement fund that is $.70 per thousand gallons currently we have over $19 million in that account, it's used for extraordinary repairs so it is not a direct hit to the water customer. We need permission to use that from the board and from the State Water Commission. We have the repayment which is paying to the North Dakota, with our rural customers it is the majority of the rural water rate, with city customers or contract customers it's based on per thousand-gallon basis. We have paid $63 million back to the state if we count Perkins County it is more than $68 million and it's generally about $5 million to $6 million per year into the Resources Trust Fund. We also have a Reserve Fund and if we are not selling water we need to pay the bills, so we want two month operating reserve. We did not have that for the coming year that is why we substantially increased the rates.

Vice Chairman Pyle: On the user rates, the residential base rate is $47 does that include 2000 gallons?

Ms. Massad: No, it is just a base rate.

Vice Chairman Pyle: Then $5.91 per thousand after?

Ms. Massad: Correct.

Vice Chairman Pyle: What is the percentage of the city or bulk water buyers versus the rural water buyers?

Ms. Massad: Roughly 20% would be rural.

Vice Chairman Pyle: Contract customers or bulk users are the $5.23 per thousand?

Ms. Massad: Correct.

Vice Chairman Pyle: No base rate?

Ms. Massad: No base rate it's based on water sales. When our communities signed up for water it was $.50 per capita and we would pipe it to the community and they could hookup and use Southwest pipeline water.

Vice Chairman Pyle: For the rural residents what is your hookup fee?

Ms. Massad: Currently it is $1500 if you gave us easement to build the pipeline to your neighbors you have a reduced rate by $320, so you would pay $1230.

Rep K. Koppelman: In extending the mill levy for 10 years is there a plan to retire that or will we extend it indefinitely?

Ms. Massad: As far as the mill levy goes if I guessed I would say we are coming back. Water development is vital for all of us. It's changed southwest North Dakota because we have quality water.

Rep K. Koppelman: I'm looking at page 5 and page 16, if there were no mill levy how much would the average customer be paying monthly?

Ms. Massad: The average customer would be about $2. If it's the one mill per hundred thousand dollars you would be at $4.50 per year. People living in southwest North Dakota are benefitting from having the project there where they are hooked up to the water or not.

Rep K. Koppelman: What percentage of the residents are hooked up? There are some that are not and why is that?

Ms. Massad: Why, some people had good water. When they went to sign people up they asked the men, they asked the farmers they didn't ask the wives. If they would have they would all have good quality water.

Rep K. Koppelman: Is the mill levy county wide?

Ms. Massad: Correct.

Vice Chairman Pyle: When we purchase our water they don't change the rates for bulk users versus rural hook ups, has that ever been discussed?

Ms. Massad: No it is not possible with our project. Our rates the way they are established there are things in the Century Code that we have to do.

Rep. Magrum: How do you do the mill levy because every county must be different? So how do you balance it out so everyone is assessed equally?

Ms. Massad: We budget for X number of dollars for our administration or general fund budget. Which is what the mill levy is used for and it is in excess of what the one mill returns so our tax is the one mill. We send that out to the counties and they in turn add it to the tax bill.

Rep. Magrum: Do the landowners ever object to this? Do you have public hearings?

Ms. Massad: Yes, we do we have public meetings monthly that are open to the public.

Rep. Magrum: Why is there just a large increase in 2019?

Ms. Massad: Our board wants two months operating reserves. We had the money from the oil industry, and that was $4 million per year for us and now it is nothing. They were basically subsidizing the water rates for everybody. We were able to build a new office building, pay for satellite read meters. Our power costs are $1.4 million per year.

Rep. Magrum: Once you get the reserve built up to a certain point then your board will be satisfied?

Ms. Massad: Yes, our budget for this year shows the operating reserves will be where they should be. The mill levy doesn't cover any of those expenses, our operations are covered by the water rate of the customers.

Rep. Ertelt: Was there any discussion when the increase was decided to stager it over a few years instead of doing it all in one year and having a substantial increase in one year?

Ms. Massad: Yes, we did have that discussion and we did raise the rates historically. We try to keep them stable and raise them proportionately because our repayment back to the state and that portion has to go up regardless. Our replacement fund will increase, the cost of chemicals, we have trucking surcharges and it has gone go up each year.

Alan Walter: President of North Dakota Water Users Association. (Handout #11). Read his testimony.

George Saxawsky: In the southeast corner of Morton County because of the money being supplied for the water districts is between Missouri West Water and Southwest Water. Southwest Water put the pipeline in and supplies water to the Junction Inn area. Missouri West supplies from Mandan to that area. Because of pipeline capacity and growth Missouri West is buying water from Mandan and sending it west along I-94 to Sweet Briar dam and

east. The water from New Salem comes from OMD plant which is Oliver, Mercer and Dunn county treatment plant are supplying the water. Harmon Lake development it has become a large subdivision. They were hoping to get water from Missouri West but they do not have pipelines to supply that area. So Missouri West has tied into Southwest pipelines the water comes from Oliver County to serve those residences. They are receiving water from Southwest, Southwest sells the water to Missouri West. They are being billed through Missouri West. Good water is needed.

Vice Chairman Pyle: Closed the hearing.

2019 HOUSE STANDING COMMITTEE MINUTES

Political Subdivisions Committee
Prairie Room, State Capitol

SB 2213
3/14/2019
Job # 33718

☐ Subcommittee
☐ Conference Committee

Committee Clerk Signature	Carmen Hickle

Explanation or reason for introduction of bill/resolution:

Relating to southwest water authority and district budget tax levies

Minutes:

Chairman J. Dockter: Opens for committee work and explains the bill.

Vice Chairman Pyle: Made a do not pass motion.

Rep. Johnson: Second the motion.

Chairman J. Dockter: This started in the 90's, they have had the mill all of these years. It was basically to give southwest water the ability to get up and running. If we get rid of the one mill it will increase to the users at $2 a month. This mill was put on without any voter approval, the voters didn't get to vote for the mill and financially they can get their resources from the water users. Mandan shouldn't be a part of it since they don't get their water through southwest water.

Rep. Johnson: Other than the sunset on the bill the rest is exactly like bill 1431 which we passed out taking Mandan out. They have been sun setting this for 29 years.

Chairman J. Dockter: With the timeline they have time to prepare.

Rep. Hatlestad: Unless you live out west where water is absolutely critical you have no idea how important the one mill is. And to suddenly take it away them, they are still growing and expanding. Economically I think it would be a serious error to take the mill away.

Chairman J. Dockter: I don't know if $2 a month increase and with the reserves they already have their funding sources. The intent of the Legislature was to get them up and running not to make this a permanent mill.

Rep. Guggisberg: Would they be able to go to their area and ask for a mill? The problem I have is the state deciding property taxes for local government but I hope there is a method for them to do that locally.

Rep. Johnson: When 1431 was before us, they said they do have bonding authority but no outstanding bonds. The one mill is for administrative costs not water production.

Rep. Longmuir: Inaudible.

Chairman J. Dockter: We did pass that bill and it is in the Senate.

Rep K. Koppelman: As I look at this issue and that is why I asked the question how much would this increase the average water bill if the mill wasn't there? The answer was about $2 per month. The mill is assessed on all the tax payers without their consent, we did that to get them up and running. The mill pays the salaries and running of the organization not getting water to the people. I would welcome $2 per month instead of the $15 mine went up.

Rep. Hatlestad: If we kill the bill and Senate kills that other one would Mandan stay in?

Rep. Toman: I have been paying for water I don't use for over 10 plus years, so I would have to pay another two years.

Chairman J. Dockter: If this bill would die in the House and the other one in the Senate, the sunset would be done and Mandan would be out. It would still take care of why they want the bill and the issue is does the one mill need to continue.

Vice Chairman Pyle: I think there is a way for them to figure it out.

Chairman J. Dockter: Whoever was in the legislature at the time to develop southwest water did an excellent job, it's really served the purpose. I have the problem where the people don't get to vote and it just continues.

Vice Chairman Pyle: 20% of the Garrison Diversion collection actually go back out to grants for park districts. With the mill levy here it its100% that they keep.

Rep. Hatlestad: I don't think we recognize the significant of the water in western North Dakota and the economic growth that has taken place that the entire state benefits from.

Chairman J. Dockter: I agree I just think we are at the point to be done paying for this project.

Rep K. Koppelman: I look at what would happen if the bill dies what the impact would be? I think the southwest water is able to fund themselves through the reserves and fees and the minimal impact on the users.

Vote yes 12, no 1, absent 1.

Rep. Johnson: Will be the carrier.

Date: 3-14-19
Roll Call Vote #: 1

2019 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 2213

House Political Subdivisions Committee

☐ Subcommittee

Amendment LC# or Description: _____

Recommendation: ☐ Adopt Amendment
☐ Do Pass ☑ Do Not Pass ☐ Without Committee Recommendation
☐ As Amended ☐ Rerefer to Appropriations
☐ Place on Consent Calendar

Other Actions: ☐ Reconsider ☐ _____

Motion Made By Rep. Pyle Seconded By Rep. Johnson

Representatives	Yes	No	Representatives	Yes	No
Chairman J. Dockter:	/				
Vice Chairman Pyle:	/				
Rep. Ertelt:	/				
Rep. Fegley:	/				
Rep. Hatlestad:		/			
Rep. Johnson	/				
Rep K. Koppelman:	/				
Rep. Longmuir	/				
Rep. Magrum:	/				
Rep. Simons:	-				
Rep. Toman:	/				
Rep. Stridden:	/				
Rep. Adams:	/				
Rep. Guggisberg	/				

Total (Yes) 12 No 1

Absent 1

Floor Assignment Rep. Johnson

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

REPORT OF STANDING COMMITTEE

SB 2213, as reengrossed: Political Subdivisions Committee (Rep. Dockter, Chairman) recommends **DO NOT PASS** (12 YEAS, 1 NAYS, 1 ABSENT AND NOT VOTING). Reengrossed SB 2213 was placed on the Fourteenth order on the calendar.

2019 TESTIMONY

SB 2213

SB 2213
1.24.2019
Written att #1
p 1

NORTH DAKOTA SENATE

STATE CAPITOL
600 EAST BOULEVARD
BISMARCK, ND 58505-0360

Senator Donald Schaible
District 31
9115 Highway 21
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COMMITTEE
Education, Chairm
Energy and Natural Resourc

January 24, 2019

Good afternoon Chairman Burckhard and Political Subdivisions Committee. For the record, I am Senator Don Schaible and here before you today to suggest SB 2213. In full disclosure I am also a Southwest Board Member that represents Hettinger County. The bill only crosses out two words that have very big consequences. This bill deals with the ability of Southwest Water Board to levy 1 mill from the counties that are serviced by Southwest Water Authority. The levy authority was started in 1991, and was extended in 1995, 2001 and again in 2009 and is due to sunset in 2020. That is why this bill is before you this afternoon. First of all, why it extended and what was the rational for having it. It is my understanding that the mil was to be used for administration and was in a period of the construction stage of development. I believe the rational for the sunset is that Southwest Water would develop into a completed project and property tax would no longer be needed after construction was done. What was not expected was the Bakken Oil boom and the explosion of water needs in the west. The rational for this bill is that Southwest Water Authority is a long way from completing construction and expansion. We currently have over 350 residences and over 630 hook ups that are waiting for water with new inquiries coming in all

SB 2213
1.24.19
written attachment #1
p.2

the time. We also have over $200 million more of construction needs on our wish list right now. It is also very difficult to provide water to residents or communities that are so rural with great distances between them. The changes in the bill before you would make the mill levy permanent. It is the board opinion that with the funding needs and with the ongoing growth of the state and the direct and indirect benefit to these 12 counties that contributing 1 mill of local contribution is an appropriate request. I would guess that there will be questions on why some areas don't receive direct benefit from Southwest Water and should not have to pay the tax. I would suggest that having Southwest water in their community provides water to areas that would not have access to good clean water. It like my running mate always says, " you don't have rural North Dakota if you don't have rural water". So, in the case where there is no direct benefit from the water I would contend that rural areas in you community that has access to good water creates growth and benefit to the whole county and that would not be there with out rural water. So it is my hope that you would give SB 2213 your positive consideration and with that I will try to answer your questions.

SOUTHWEST WATER AUTHORITY

QUALITY WATER FOR SOUTHWEST NORTH DAKOTA

SOUTHWEST PIPELINE PROJECT

SB 2213
1-24-2019
Written attachment #1
p.3

Service Area & Customers Served

- Population served is ~56,000
- Over 7,185 rural customers
- 33 communities
- 23 contract customers
- 2 additional rural water systems
- 21 raw water customers
- 3 crew camps
- 2 raw water depots
- Water sales for 2018 projected at 2.3 billion gallons
- Water revenue for 2018 projected at $14.5 million
- Water sales for 2019 projected at 2.4 billion gallons
- Water revenue for 2019 projected at $16.7 million
- 3 water treatment plants
- 49 employees

Installation of main transmission pipeline

S.B 2213
1-24-2019
Att #1
p-4

SOUTHWEST WATER AUTHORITY

QUALITY WATER FOR SOUTHWEST NORTH DAKOTA

SOUTHWEST PIPELINE PROJECT

Southwest Water Authority

Operations & Maintenance

- The Southwest Pipeline Project (SWPP) is owned by North Dakota and administered by the State Water Commission
- Southwest Water Authority (SWA) was established in 1991
- Operations and management of the SWPP were transferred to SWA on January 1, 1996
- SWA manages, operates, and maintains all SWPP features

REM Fund

- The Replacement & Extraordinary Maintenance (REM) Fund covers costs of an extraordinary nature or to replace parts of the SWPP system that reach their life expectancy
- Originally, the rate was set at 30 cents per thousand gallons of water sold and the 2018 rate is 70 cents

Contract Contributions	**$**	**16,447,464**
Rural Contributions	**$**	**2,767,395**
Interest	**$**	**4,459,444**
Dividends	**$**	**237,192**
Fiduciary Fees	**$**	**(621,938)**
Disbursements	**$**	**(4,598,390)**
Ending Balance	**$**	**18,691,167**

(As of December 31, 2018)

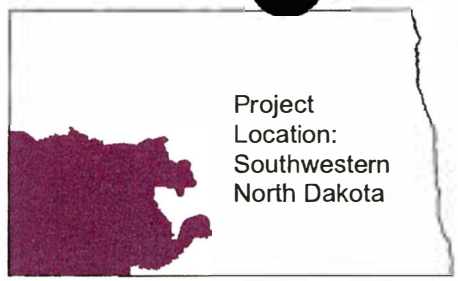
Mill Levy

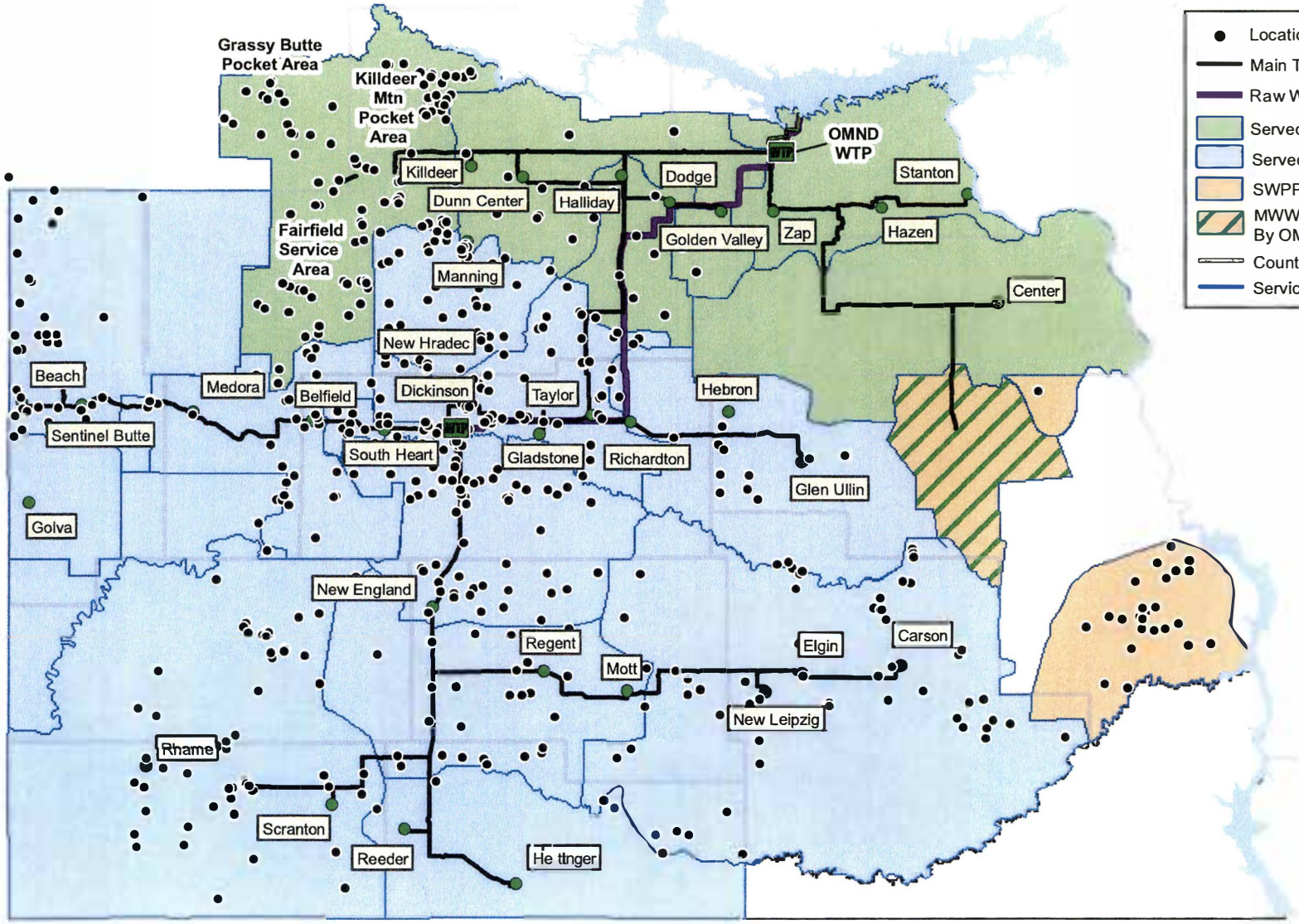
- SWA receives one mill from each of the 12 counties served
- Mill levy began in 1991, extended in 1995 and 2001, again in 2009, and sunsets in 2020
- The mill levy for SWA is used for administration expenses

Southwest Pipeline Project

Service Area and Waiting List

November 2018





B2213 1.24.2019 att #1 p5

SB2213
1.24.2019
Att#1 p.6

Current Board of Directors

Jonathon Eaton
Adams County

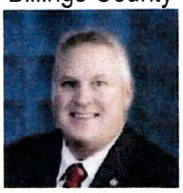
James Odermann*
Billings County

Rick Seifert
Bowman County

Glenn Eckelberg
Dunn County

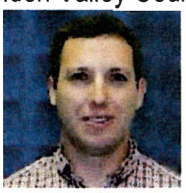
Mark Begger
Golden Valley County

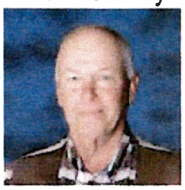
Brian Roth
Grant County


Don Schaible
Hettinger County

Marie Johnson
Mercer County

George Saxowsky
Morton County


Mike Tietz
Oliver County


Dave Juntunen
Slope County

Steve Schneider*
Stark County

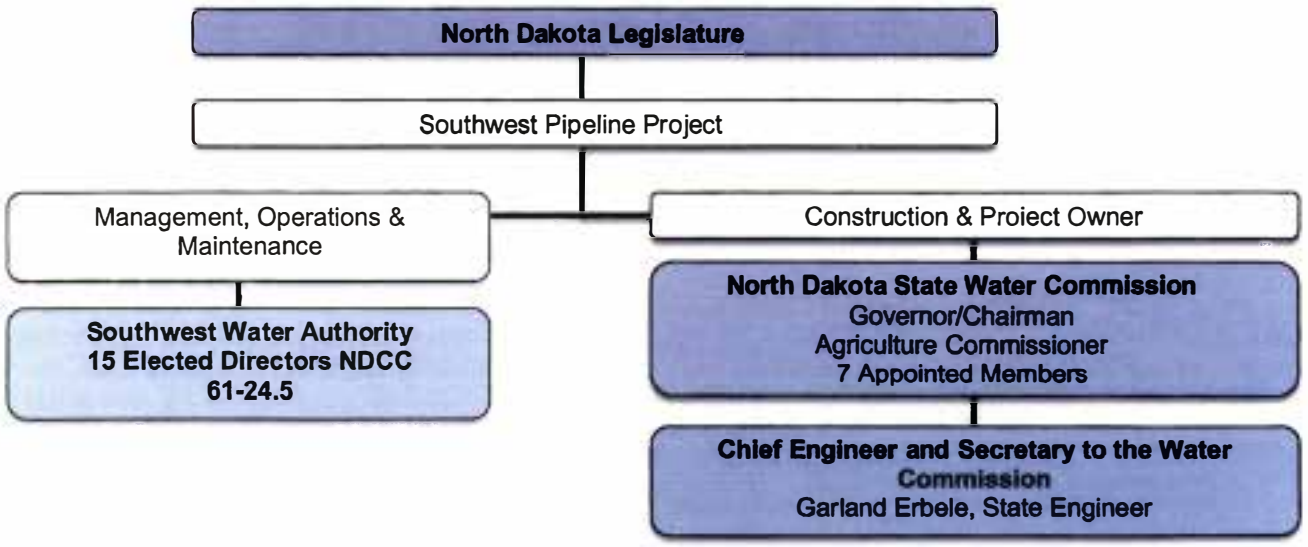
Larry Bares*
City of Dickinson

Jason Bentz
City of Dickinson

Bob Leingang
City of Mandan

**Executive Committee Members*

- Governed by a 15-member board representing 12 counties in the service area
- In 1991, SWA had 27 board members
- In 2001, SWA's Board of Directors was downsized to 14 members
- In 2009, the City of Mandan was added as a board member, increasing the board to 15 members
- Board members serve four-year terms with half the board up for election every two years in the June primary



SOUTHWEST WATER AUTHORITY

HB 2213
1.24.2019
att #1 p.1

Our Vision: People and Business Succeeding with Quality Water Our Mission: Quality Water for Southwest North Dakota

Southwest Water Authority Mill Levy Information

- Promise of quality water for southwest North Dakota started in 1970's
- Promise grew into construction in 1980's
- Promise of water to southwest North Dakota has changed – region has grown exponentially – promise must change too
- Southwest Water Authority currently has the ability to tax at one mill
- Provides local and regional support for Southwest Water Authority and water development
- Is southwest North Dakota's "Skin in the Game"
- Provides future economic welfare and prosperity of the people of southwest North Dakota
- All of southwest North Dakota benefits from Southwest Water Authority so those benefitting in the region are supporting – not just those receiving water
- Mill levy established with a sunset - sponsors felt creation of Southwest Water Authority would not pass with a permanent mill levy
- Sponsors felt it was essential Southwest Water Authority be created so passed with a temporary mill levy
- Mill levy has been extended three times
- Some suggest it was intended only for construction - not the case
- State and Federal Government contributed more than $382 million for construction of the Southwest Pipeline Project – mill levy shows local support for the Project
- Every city, private landowner, business owner, and resident, pays as a local contribution for extensive federal and state dollars spent on project
- All property owners pay mill levy - users pay for water they use through water rates
- Pays ongoing administrative expenses, including expenses of directors, administration, sign up, easement, engineering, surveying, legal and other related expenses
- Mill levy pays for 46% of administration expenses – the balance is paid by water rates
- Does not pay any expenses for operation, maintenance and repayment

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- Counties receiving benefits from Southwest Water Authority should pay same local contribution as 28 counties receiving benefits from the Garrison Diversion Conservancy District project and facilities
- Each county wants representation for water and water projects
- Mill levy will shift back to joint water boards (will not go away)
- Assures Southwest Water Authority will continue
- Benefit in other areas outside of water supply
- Supports statewide water development
- Provides board representation
- Helps keep rates stable - rates would increase 30¢ per 1,000 gallons of water

Reasons city of Mandan should be included:

- In 2009, a representative of City of Mandan was added to Southwest Water Authority Board of Directors – direct benefit to city
- Southwest Water Authority purchases water from Missouri West Water System, who purchases water from city of Mandan
- Missouri West Water System did not want to wait for Southwest Pipeline Project to bring water to Morton County
- Southwest Pipeline Project gave up funding so Missouri West Water System could build
- Southwest Pipeline Project customers in Morton County shop in city of Mandan, creating more demand for businesses and boosting local sales tax revenue
- Sales tax revenue in city of Mandan is used for property tax reduction, economic development, street, water and sewer improvements and municipal debt reduction
- Overwhelming indirect benefits to city of Mandan by spending money in Morton County
- Benefits to trade areas benefit cities in service area

Southwest Water Authority is a proponent and an advocate for water in the region and in the state. This includes supporting water in the city of Mandan. It is in the best interest of all to make the mill levy permanent.

SB2213
1.24.2019
#2
p.1

Testimony by
Larry Bares, Chairperson
Southwest Water Authority Board of Directors
On behalf of
Southwest Water Authority
to the
Political Subdivisions Committee
Hearing on Senate Bill 2213
Thursday, January 24, 2019

Good afternoon Mr. Chairman and members of the committee. My name is Larry Bares and I am the Chairperson of the Southwest Water Authority Board of Directors. I am here in support of Senate Bill 2213.

In 2020, the mill levy is scheduled to sunset, but the Southwest Pipeline Project is not done. The need for water development continues to grow. At this time there are hundreds of potential customers on Southwest Water Authority's waiting lists and there is critical infrastructure yet to be installed to ensure quality water throughout southwest North Dakota. Industrial projects are on hold. Housing developments are on hold. People wanting to connect to reliable, safe drinking water are on hold. Why? Because the Southwest Pipeline Project does not have the capacity and still needs the funding to move forward to meet the needs of the people living and working in southwest North Dakota.

The promise of quality water to southwest North Dakota started in the 1970's and grew into construction of the Southwest Pipeline Project in the 1980's. The promise of water to southwest North Dakota has changed, therefore the promise must change too.

The mill levy provides local and regional support for Southwest Water Authority and water development. It provides future economic welfare and prosperity for the people of southwest North Dakota. All of southwest North Dakota benefits from Southwest Water Authority so those benefitting in the region are supported by the mill levy, not just those receiving water.

The mill levy was established with a sunset because sponsors felt the creation of Southwest Water Authority would not pass with a permanent mill levy. They felt it was essential Southwest Water Authority be created so it was passed with a temporary mill levy. The mill levy has been extended three times. Some suggest it was intended only for construction. This is not the case.

State and Federal Government has contributed more than $382 million for construction of the Southwest Pipeline Project. Southwest Water Authority's mill levy shows local support. Every city, private landowner, business owner, and resident, pays as a local contribution for extensive federal and state dollars spent on the Southwest Pipeline Project.

Southwest Water Authority's one mill pays ongoing administrative expenses, including expenses of directors, administration, sign up, easement, engineering, surveying, legal and other related expenses. It does not pay for any expenses for operation, maintenance or Project repayment. The mill levy pays for 46% of administration expenses and the balance is paid by water rates. The

SB2213
1.24.19
#2 p 2

mill levy will help keep rates stable and assure Southwest Water Authority will continue to provide quality water to southwest North Dakota.

Property taxes (mills) are put into place for people to share in public goods, such as water systems, education, roads, public safety, etc. They are goods that benefit society as a whole. They cannot be set up to only be paid by those who use the services, or all of the given services, such as roads and education, would be destined to be underfunded.

For example, perhaps the senior citizen or the person with no children might not feel it's fair to pay for education since they don't directly need the service. Or perhaps the person who lives outside of a fire district yet pays taxes to the county for the services would feel they should get a discount on their property taxes. Maybe one doesn't drive a car, why should they pay the county to maintain roads? Every one of the 12 counties in southwest North Dakota benefits from the safe drinking water the Southwest Water Authority provides, even if only indirectly. With any public good, like education or in this case quality water, it is not unusual for the benefits to be indirect.

Indirectly even the people with an alternate water source, benefit from Southwest Water Authority. For example, those prospering from Southwest Water Authority's reliable, safe water can be the same people that bring quality agricultural products to the marketplace for everyone to consume. To remove Southwest Water Authority 's one mill because there are people who do not directly benefit from the Southwest Pipeline Project's quality water would be no different than allowing those people who don't directly benefit from other public goods, like veteran services, to stop paying property taxes for them.

The need for the authorized use of the funds generated by the levy has not diminished. In fact, the need for quality water in southwest North Dakota has continued to grow. Southwest Water Authority is not asking for an increase in taxes, they are asking the one mill not sunset in 2020. It should be made permanent. The one mill is a small price to pay to keep southwest North Dakota's economy strong and water affordable for its residents. Property taxes should never be an ala carte just because there is no direct benefit. Southwest Water Authority Board of Directors supports a system that works and making Southwest Water Authority's mill levy permanent.

Please support Senate Bill 2213.

Thank you.

SB. 2213
1.24.19
Written att #3
Page - 1 -

Testimony by Daryl Dukart,
Lifetime Resident and Dunn County Commissioner
Southwest North Dakota
On behalf of
Southwest Water Authority
to the
Political Subdivisions Committee
Hearing on Senate Bill 2213
Thursday, January 24, 2019

Good afternoon Mr. Chairman and members of the committee. My name is Daryl Dukart. I am a Dunn County Commissioner and a Southwest Water Authority customer. I am in support of Senate Bill 2213.

We have three ranch families and many livestock on the ranch. Our well water supply volume is very good, but the quality of our well water is very low. The water was consumable by our livestock, but not by our families. I have a short but very true story about how bad our well water was. The average life of a $300 to $500 water heater was four years in any of our homes, barns or shops. Since before the early 1980's, we collected our drinking water from the rural town of Dunn Center or a neighbor's well, which was of much higher-quality water for consumption for our families. We purchased thousands, maybe millions of gallons of drinking water. At the time, we bathed and washed clothing in the well water using many extra chemicals to keep clothes from leaching colors and staining our white clothes. In the later 1990's, we installed a water purification system which helped but still did not leave us with high-quality drinking water. It improved our water enough for cooking, washing clothes and bathing, but still left us with low-quality drinking water. In 2015, we finally received Southwest Pipeline Project water for our ranch and homes. I must say this has been a highpoint in our life on this Dunn County ranch. Our wives are still singing hallelujah!

Since the inception of Southwest Water Authority in 1991, mill levy income assists in allowing Southwest Water Authority to provide for the supply and distribution of water for the future economic welfare and prosperity of the people of southwestern North Dakota. Collection of this mill levy offsets administrative expenses of Southwest Water Authority.

As you committee members are aware, southwest North Dakota has changed our region because of the exponential growth, and water demands have changed, too. Southwest Water Authority currently taxes at one mill and long-term continuation of this taxing ability is very important to help offset the tremendous continued growth this region has been experiencing.

As the years moved forward and the Southwest Pipeline Project water was brought to our county, all our communities have benefited, including many rural residents. Most communities are now customers of Southwest Water Authority. This speaks very highly of the quantity and quality of water for their consumers and the health benefits are immeasurable.

As a county commissioner I see this as one of the largest beneficiary commodities of usable products ever brought to our county. So, for my family, for Dunn County residents and the continued growth we are experiencing, I ask your support of a delivery of Do Pass for Senate Bill 2213 out of the committee.

Thank you.

S.B 2213
1.24.2019
Written testimony #4
p.1

Testimony by Duane Urlacher, Farmer,
Southwest North Dakota
On behalf of
Southwest Water Authority
to the
Political Subdivisions Committee
Hearing on Senate Bill 2213
Thursday, January 24, 2019

Good afternoon Mr. Chairman and members of the committee. My name is Duane Urlacher. I am a farmer in southwest North Dakota. I am in support of Senate Bill 2213.

Every one of the 12 counties in southwest North Dakota benefits from the safe drinking water the Southwest Pipeline Project provides, whether they are connected to it or not. For with anything related to public goods, like safe drinking water, everyone benefits directly or indirectly. With any public good, like education, health services, veteran services or roads, it is not possible to assign a different mill levy or charge less for those feeling they don't directly benefit from a public good.

Indirectly even the people with an alternate water source, benefit from the Southwest Pipeline Project. For example, those prospering from the Southwest Pipeline Project's reliable, safe water can be the same people who bring quality agricultural products to the marketplace for everyone to consume. To remove Southwest Water Authority 's one mill because there are people who do not directly benefit from the Southwest Pipeline Project's quality water would be no different than allowing those people who don't directly benefit from other public goods, like veteran services, to stop paying property taxes on them.

Southwest Water Authority has collected one mill from the property owners in the 12 counties it serves since 1991. Through legislation, the mill levy has been extended three times. In 2020, the mill levy is again scheduled to sunset. At the same time there are hundreds of people who have put their developments on hold while people literally are hauling water because critical infrastructure remains unfunded.

The need for the authorized use of the funds generated by the levy has not diminished. In fact, the need for quality water in southwest North Dakota has only continued to grow. Southwest Water Authority is not asking for an increase in taxes, they are asking the one mill not sunset in 2020. It should be made permanent. The one mill is a small price to pay to keep southwest North Dakota's economy strong and water affordable for the businesses and residents already connected to the Southwest Pipeline Project.

Making the one mill levy for Southwest Water Authority permanent should be no-brainer for anyone who understands the importance of taxation for public goods. As a farmer living in rural southwest North Dakota, I pay for a lot of public goods I too don't benefit directly from. Yet, I also know the system only works when we support our counties as a whole. I am a strong advocate for making Southwest Water Authority's one mill permanent.

SB2213
1.24.2019
Written attachment #4
p.2

As chairperson for Stark County Water Resource District, it helps me to realize the importance of quality water for southwest North Dakota, which also makes me a strong advocate for making Southwest Water Authority's one mill permanent.

Thank you.

SB2213
1.24.2019
Written attachment #5

CITY OF DICKINSON

99 2ND STREET EAST • DICKINSON, ND 58601
701.456.7744 www.dickinsongov.com fax 701.456.7723

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  www.dickinsonmuseumcenter.org
- Police Department
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  - Animal Shelter
    701-456-7039
- Public Works
  701-456-7979
  - Building & Sites/Cemetery
  - Forestry
  - Street and Fleet
  - Solid Waste
  - Water Reclamation Facility
  - Water/Sewer/Storm Water Utilities

January 23, 2019

Dear Members of the Senate Political Subdivision Committee,

My name is Joe Gaa and I am the City Administrator in Dickinson. I wish to submit this letter of support for Senate Bill #2213. While I am new to North Dakota, I am well aware of the importance of access to quality water. Growing up in northwest Missouri I remember when our rural water system was installed and the excitement my parents and grandparents had when they no longer had to rely on untreated well water. For the past eight years I served as city administrator in two small cities in Iowa. Each city had serious issues in regards to water quality. Depending on summer weather conditions, quantity could also become an issue. In 2018, I again saw excitement in the community when the City of Chariton, Iowa connected to the Rathbun Rural Water Authority and no longer had to rely on two small lakes for the city's water source.

Upon arriving in Dickinson in November 2018 I quickly learned about the great work that has been done by the Southwest Water Authority. Knowing that Dickinson had a quality source of water was comforting. However, I quickly learned that comfort was not felt by the entire region. As I gained more understanding about the "project" I was startled to hear there was a waiting list for folks wanting to connect to the Southwest Water Authority pipeline. And it's not exactly a short list.

In an effort to maintain safe, affordable water in Dickinson and throughout southwest North Dakota, I urge you to consider amending Section 61-24.5-10 of the Century Code as proposed. The work is not yet done and continued funding from the tax levy is critical if the Southwest Water "project" is to continue serving both current and future customers. Thank you for your consideration.

Sincerely,

Joseph A. Gaa
City Administrator

Mission

Celebrating small town values, promoting opportunity, and enhancing quality of place through community partnerships and exceptional public services.

SB 2213
1-24-2019
Written attachment #6

Statement of Support by Dakota West Resource Conservation and Development
Southwest North Dakota
On behalf of
Southwest Water Authority
to the
Political Subdivisions Committee
Hearing on Senate Bill 2213
Thursday, January 24, 2019

Below is an excerpt from the minutes of the Dakota West Resource Conservation & Development (RC&D) meeting on January 14, 2019:

Southwest Water Authority: Jim Odermann reported on an issue with Southwest Water Authority's mill levy sunsetting in 2020. Jim asked for the support of the board to continue the mill levy for Southwest Water Authority.

Duane Urlacher motioned that the Dakota West RC&D support Southwest Water Authority on the legislative bill #2213 to continue the one mill and to be permanent, seconded by Frank Hatzenbuhler; all in favor, motion carried. The hearing will be the end of this week or next week.

Phone: 701.225.5997
Fax: 701.227.8647

SB 2213
1.24.2019
Written attachment #7

www.starkdev.com
team@starkdev.com

STARK DEVELOPMENT CORPORATION

PO Box 765 • 314 3rd Avenue West • Dickinson, ND 58602-0765

January 22, 2019

Members of the Senate Political Subdivisions Committee,

On behalf of the Stark Development Corporation Board of Directors we would like to formally submit this correspondence asking for your support of S.B. 2213. Providing a one mill contribution for the support of Southwest Water Authority, S.B. 2213 ensures the existence and support of quality water which provides quality of life in southwest North Dakota. As our most precious resource, water is the heartbeat of any healthy economic ecosystem.

As the economic development organization serving Dickinson and Stark County we sincerely appreciate your attention to the needs of the residents, ranchers, businesses and manufacturers of southwest North Dakota. We thank you for your attention and your service to the State of North Dakota.

Sincerely,

Ryan Jilek, Executive Vice-President
Stark Development Corporation

SB 2213
1-24-2019
Written
attachment
#8

dickinson area chamber of commerce

Letter of Support by Dickinson Area Chamber of Commerce,
Southwest North Dakota
On Behalf Of
Southwest Water Authority
To the
Political Subdivisions Committee
Hearing on Senate Bill 2213
Thursday, January 24, 2019

To Members of the Political Subdivision Committee:

Dear Senator,

On behalf of the Dickinson Area Chamber of Commerce, I write to express support of Senate Bill NO. 2213.

As the population continues to rise in Southwest North Dakota, so does our basic human need for quality drinking water. It is vital that our region has the ability to provide for a sustainable future and support the promise of water made since the 1970's.

As we continue to grow, so do the needs of Southwest Water Authority, which is why I respectfully ask you to support S.B. 2213 striking the sunset clause for the Mill Levy. In order to provide for future economic welfare and prosperity for the people and bussinesses of Southwest North Dakota, we need to continue to provide the support needed for administration costs to help fufill the promise for quality water.

Sincerely,

Sarah Trustem

Sarah Trustem
Executive Director
Dickinson Area Chamber of Commerce
sarah@dickinsonchamber.org
701.225.5115

SB 2213
1.24.2019
With attachment
p.1

SOUTHWEST WATER AUTHORITY

Our Vision: People and Business Succeeding with Quality Water Our Mission: Quality Water for Southwest North Dakota

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SB2213
1.24.2019
Written attachment #9
p.2

- Counties receiving benefits from Southwest Water Authority should pay same local contribution as 28 counties receiving benefits from the Garrison Diversion Conservancy District project and facilities
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Reasons city of Mandan should be included:

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- Benefits to trade areas benefit cities in service area

Southwest Water Authority is a proponent and an advocate for water in the region and in the state. This includes supporting water in the city of Mandan. It is in the best interest of all to make the mill levy permanent.

HB 2213
1.24.2019

Written attachment #10

Southwest Water Authority Mill Levy Report

An ACT to amend and reenact section 61-24.5-10 of the North Dakota Century Code, relating to the mill levy of the Southwest Water Authority.

SOUTHWEST PIPELINE PROJECT

SOUTHWEST WATER AUTHORITY

January 2019

SB2213
1.24.19
#10

Table of Contents

Legislation Behind Mill Levy 2
Water Resource District Joint Boards 2
General Fund Expenses vs Mill Levy Income Table 5
Increase in Water Service Rates without Mill Levy Table 5
Mill Levy Affect On Water Rates 6
Proposed Mill Levy Legislation 8
Service Area Map 9
Mill Levy for 2018 and 2019 10
County Valuations for 2017 12
Benefits to the City of Mandan 12
Mill Levy History 14
History of Water Rates for Contract Customers 15
History of Water Rates for Rural Customers 16
Southwest Pipeline Project Map 17

SB2213
1-24-19
#10

Legislation Behind Mill Levy

The promise of quality water for southwest North Dakota started in the 1970s. The promise has changed over the years as southwest North Dakota has changed. The need for quality water continues and the need continues to grow. The promise finally grew into construction in the 1980's. The need for local support was the driver for the establishment of Southwest Water Authority (SWA). The promise of water for SWA's region had begun.

SWA is a political subdivision which was born in the 1991 legislative session. SWA was patterned after the Garrison Diversion Conservancy District, which collects a permanent mill levy from its 28 counties. Garrison Diversion was established in 1955 as was its mill levy. The District has proven this funding mechanism is a tried-and-true method of funding water projects. It is an effective and reliable funding source showing local support for large regional water projects. The mill levy should be made permanent for SWA to both fund SWA and to provide local support.

Early drafts of legislation to create SWA had a permanent mill levy; however, it was revised to be temporary and in 1991 was introduced to include a one mill levy from 1992-1997 for the payment of administrative expenses. The one mill was taken from the mill levy authority of the joint water resource board, the West River Joint Board (WRJB). The WRJB is made up of participants from, Adams, Billings, Bowman, Dunn, Golden Valley, Grant, Hettinger, Mercer, Morton, Oliver, Slope, and Stark Counties. No increase in overall taxing authority for water related purposes has occurred from the joint water resource board shifting one mill of their two mill authority to SWA. If the WRJB were to become active again it would have only a one-mill authority as long as SWA has mill levy authority.

North Dakota Century Code (NDCC) 57-15-26.6 defines a water resource district's general tax levy may not exceed four mills on each dollar of taxable valuation in the county or portion of the county in the district. A water resource district is responsible to do all things reasonably necessary to preserve the benefits derived from the conservation, control and regulation of the water resources of the district. NDCC § 61-16.1-11 Operations of Water Resource Districts Joint Exercise of Powers states "The boards of the member districts then shall levy by resolution a tax not to exceed two mills upon the taxable valuation of the real property within each district within the river basin or region subject to the joint agreement. The levy may be in excess of any other levy authorized for a district." This gives water resource districts with joint boards the authority to levy up to six mills. There are 28 joint boards in North Dakota, with three of them inactive. *See Water Resource District Joint Boards table below.*

Water Resource District Joint Boards	Member Counties/WRD
Cass County Joint Board	Maple River, North Cass, Rush River, and Southwest Cass County WRDs
Devils Lake Basin Joint Board	Cavalier, Eddy, Nelson, Pierce, Ramsey, Rolette, Towner and Walsh
Dickey-Sargent Joint Board	Dickey and Sargent
Elm River Joint WRD	
Forest River Joint	Walsh, Grand Forks, and Nelson
Griggs/Barnes Joint WRD	Barnes and Griggs
Hurricane Lake Joint Board	Pierce, Towner, Rolette, and Benson
James River Joint Board	Inactive

continued on next page

SB2213
1.24.19
#10

Water Resource District Joint Boards	Member Counties/WRD
Maple River & Barnes County Joint	Maple River and Barnes County WRDs
Maple River - Ransom Joint Board	Maple River and Ransom County WRD
Maple River - Richland Joint Water Resource Board	Cass/Maple River and Ransom County
Maple River - Rush River Joint	Maple River and Rush River WRD
Maple River - Southeast Cass Joint WRD	Maple River and Southeast Cass WRD
Maple River - Steele County Joint Board	Maple River and Steele County
McLean-Sheridan Joint Board	McLean and Sheridan
Missouri River Joint	Burleigh, Dunn, Emmons, Mercer, Morton, Mountrail, Oliver, and Sioux
North Cass and Rush River Joint Board	North Cass and Rush River WRD
Park River Joint WRD	Pembina and Walsh
Red River Joint	Barnes, Grand Forks, Maple River, Nelson County, North Cass, Pembina County, Ransom County, Richland County, Rush River, Sargent County, Southeast Cass, Steele County, Traill County, Walsh County
Richland-Cass Joint Water Resource Board	Richland and Cass Counties
Richland-Sargent Joint WRD	Richland and Sargent Counties
Rocky Run Joint	Foster County, Wells, and Eddy Counties
Sheyenne River Joint	Barnes, Ransom, Steele, Griggs, Nelson, Southeast Cass, and Richland
Souris River Joint	Renville, Ward, McHenry, and Bottineau
Southeast Cass - Rush River Joint	Southeast Cass and Rush River WRD
Tri-County Joint WRD Executive Board	
Upper Sheyenne River Joint	Barnes County, Benson County, Eddy County, Griggs County, Nelson County, Pierce County, Sheridan County, Steele County, Stutsman County
West River Joint	Adams, Billings, Bowman, Dunn, Golden Valley, Grant, Hettinger, Mercer, Morton, Oliver, Slope, Stark (Inactive)

28 Joint Water Boards currently exist in North Dakota - three of which are inactive (James River, Sheyenne River, and West River)

Since the inception of SWA in 1991, the WRJB has been inactive. With no local water resource district in the area, and an inactive joint board, there has been no local financial commitment to cover costs of water-related projects. Mill levy income assists in allowing SWA to provide for the supply and distribution of water for the future economic welfare and prosperity of the people of southwestern North Dakota. Collection of this mill levy offsets administrative expenses of SWA.

Extension of Mill Levy

Through legislation, the mill levy has been extended three times. SWA collected the mill levy from its 12 counties for the first time in 1993. The first extension was granted in 1995 which extended

the levy until 2006. Through legislation, the mill levy was extended again in 2001 and 2009 to buffer administrative costs, at a minimum, until the bulk of construction is completed. In 2020, the mill levy is scheduled to sunset and we are not done. There are nearly 500 potential customers on waiting lists and there is critical infrastructure yet to be installed to ensure quality water throughout southwest North Dakota. If the mill levy were to sunset, the taxing authority granted to SWA will once again be shifted back to the joint water resource board's authority. The need for the authorized use of the funds will not diminish. In fact, the needs will continue to grow.

Purpose and Allocation of Mill Levy

In southwest North Dakota, communities and rural areas did not have access to adequate quantities of high-quality drinking water. SWA was created to provide for the supply and distribution of water to the people of southwestern North Dakota for purposes including domestic, rural water, municipal, livestock, light industrial, mining, and other uses, with primary emphasis on domestic, rural water and municipal use.

The levy must be approved by a majority vote by the members of the Board of Directors and be sufficient to meet ongoing administrative costs. Administrative costs are defined as: per diem, mileage, and other expenses of directors, expenses of operating the office, and any other obligations and liabilities relating to administrative, clerical, engineering, surveying, easement acquisition, investigations, legal, and other related expenses of the authority. Such expenses are provided for in the annual budget and expenditures of mill levy income must be approved by the Board of Directors. Income collected from the mill levy is not tied to construction of the SWPP.

All operation and maintenance (O&M) costs are covered by water rates set by the Board of Directors. The collected mill levy is not used to assist with costs of treatment, transmission, or distribution of water through the SWPP. The SWA Board of Directors has expressed concern a sunset of the mill levy would negatively impact SWA's ability to deliver quality water to its customers throughout the 12 counties in southwest North Dakota served by the SWPP.

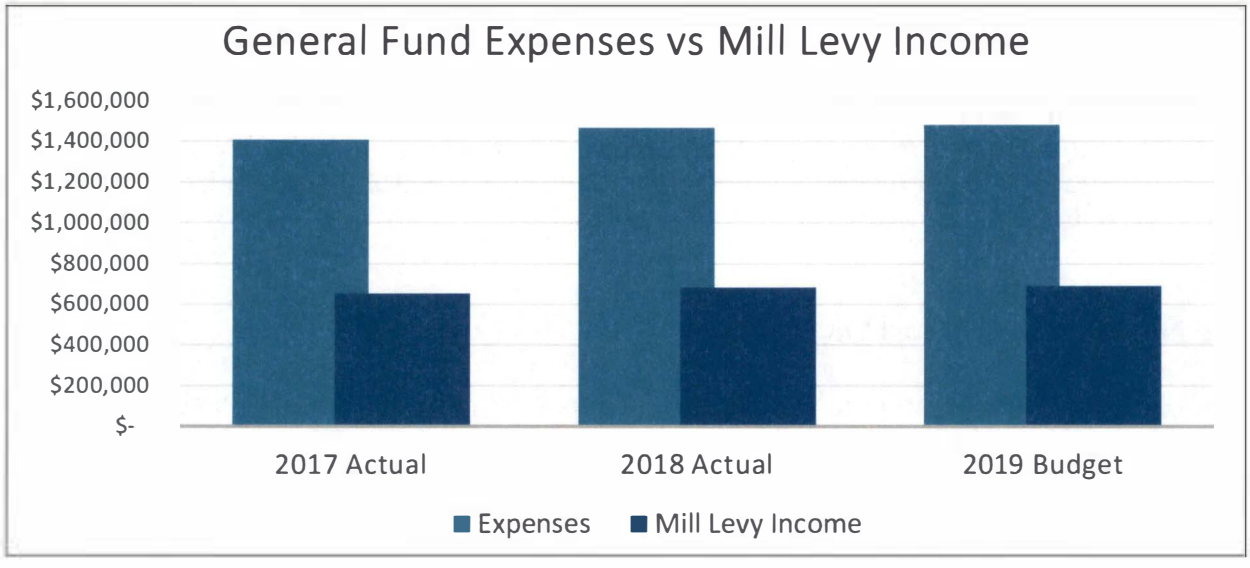
History of Mill Levy Income

The tax levied by SWA is collected from each of the 12 counties SWA serves. The annual mill levy income to SWA historically from 1995-2017 averaged $275,620.40. Based on projections received from the counties, it is estimated the average annual mill levy income to SWA for the years 2018 to 2022 will be $693,441.40.

Percentage of General Fund Budget

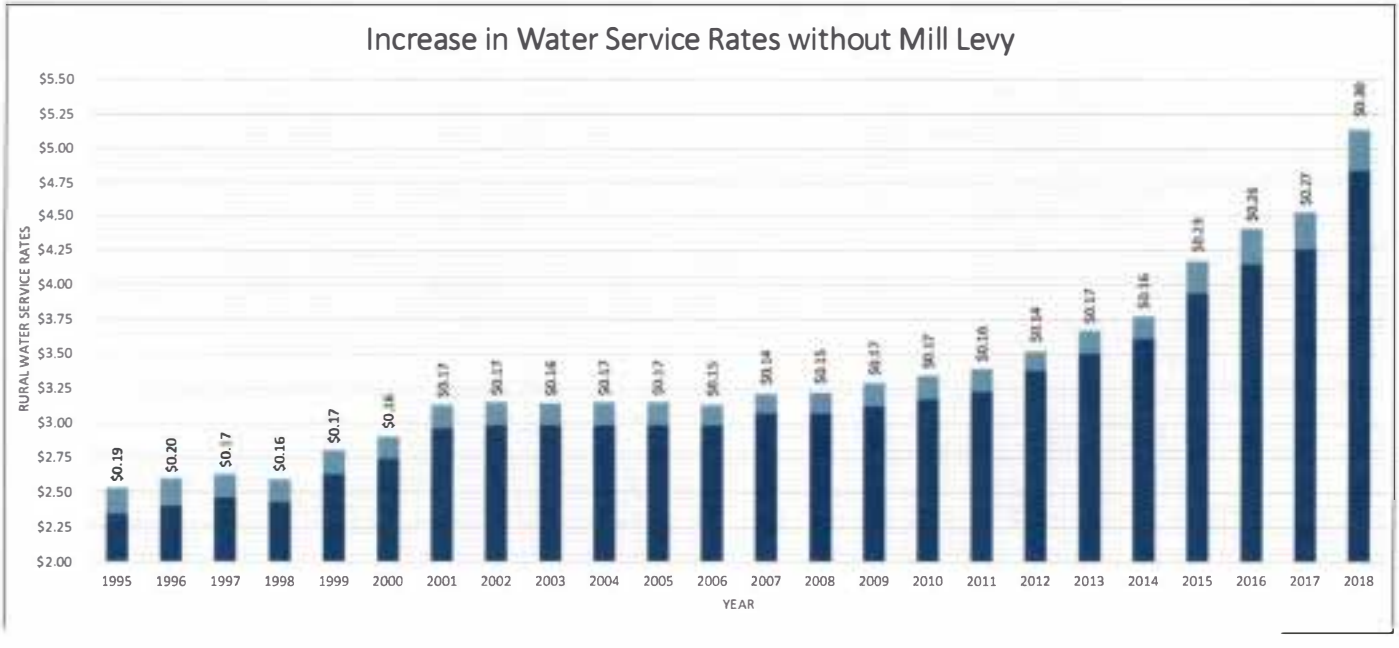
In 2017, SWA budgeted $620,000 for mill levy and actual income was $653,082.88. The mill levy income paid for 46.5% of the General Fund total expenses. Revenue in the amount of $752,751.23 was necessary from other sources. For 2018, SWA budgeted $642,600 for mill levy, which is 62.7% of the General Fund Budget total expenses.

SB2213
1.24.19
#10



How Rates Would Be affected if Mill Levy Was Not Present

Revenue for operation, management, maintenance, and repayment of the SWPP comes from water service revenues from ALL Project customers. Water rates are set annually by the Board of Directors to cover such costs. The collection of the mill levy enables SWA to keep rates stable. If the mill levy revenue was not available to SWA during 1995-2017, SWA would have had to increase the water rate by $0.18/1,000 gallons. For the years 2018-2022, the water rate would need to increase by $0.*30*/1,000 gallons to cover General Fund expenses.



SB2213
1.24.19
#10

Mill Levy Affect On Water Rates

	Mill Levy Collected by SWA	Gallons Sold (in thousand gallons)	Increase in Rates
1995	$ 134,390.18	698,868	$ 0.19
1996	$ 158,474.02	808,329	$ 0.20
1997	$ 142,270.63	833,382	$ 0.17
1998	$ 144,699.37	931,702	$ 0.16
1999	$ 163,408.57	938,167	$ 0.17
2000	$ 162,112.18	1,020,280	$ 0.16
2001	$ 173,441.75	1,038,329	$ 0.17
2002	$ 177,510.67	1,074,724	$ 0.17
2003	$ 182,411.67	1,124,526	$ 0.16
2004	$ 193,777.75	1,123,040	$ 0.17
2005	$ 196,923.21	1,136,911	$ 0.17
2006	$ 209,721.87	1,402,348	$ 0.15
2007	$ 219,607.00	1,518,776	$ 0.14
2008	$ 236,071.24	1,597,024	$ 0.15
2009	$ 257,554.80	1,497,744	$ 0.17
2010	$ 276,564.24	1,600,642	$ 0.17
2011	$ 292,603.42	1,775,558	$ 0.16
2012	$ 341,631.26	2,373,063	$ 0.14
2013	$ 394,703.09	2,335,642	$ 0.17
2014	$ 415,255.00	2,595,950	$ 0.16
2015	$ 552,410.38	2,365,418	$ 0.23
2016	$ 621,831.45	2,377,511	$ 0.26
2017	$ 643,082.88	2,442,561	$ 0.27
2018	$ 681,769.82	2,269,833	$ 0.30
2019	$ 690,500.00	2,372,014	$ 0.29
2020	$ 725,100.00	2,443,300	$ 0.30
2021	$ 761,400.00	2,512,300	$ 0.30
2022	$ 799,500.00	2,583,300	$ 0.31
2023	$ 839,500.00	2,656,400	$ 0.32
2024	$ 881,500.00	2,731,600	$ 0.32

Note: Increase in Rates is not cumulative

SB 2213
1.24.19
#10

Benefits to Southwest North Dakota

All areas of southwest North Dakota have benefitted from the Southwest Pipeline Project. This includes rural farms receiving their first glass of clear quality water, cities growing with an adequate supply of quality water and the energy sector prospering due to available water for both their employees and the industry. A local contribution of one mill for the existence and support of quality water which provides quality of life is necessary. Water has made it possible for southwest North Dakota to prosper economically. The one mill levy in southwest North Dakota shows local support for the Project. It provides the "skin in the game" so often talked about being needed by the local entities and constituents for water development.

The promise to the citizens of southwest North Dakota is an adequate supply of water for quality of life and economic development. The region has changed over the years since construction started 32 years ago. The region is growing as are the water needs. The mill levy is needed to show the continued support of the region to meet the continued increased demand for quality water. We are all successful working together to this end with the local region and the state meeting the needs of our citizens. All 12 counties see benefits of providing quality water for the region. The population has been growing where water is available. This is the method of support needed to continue to grow the economic engine in southwest North Dakota.

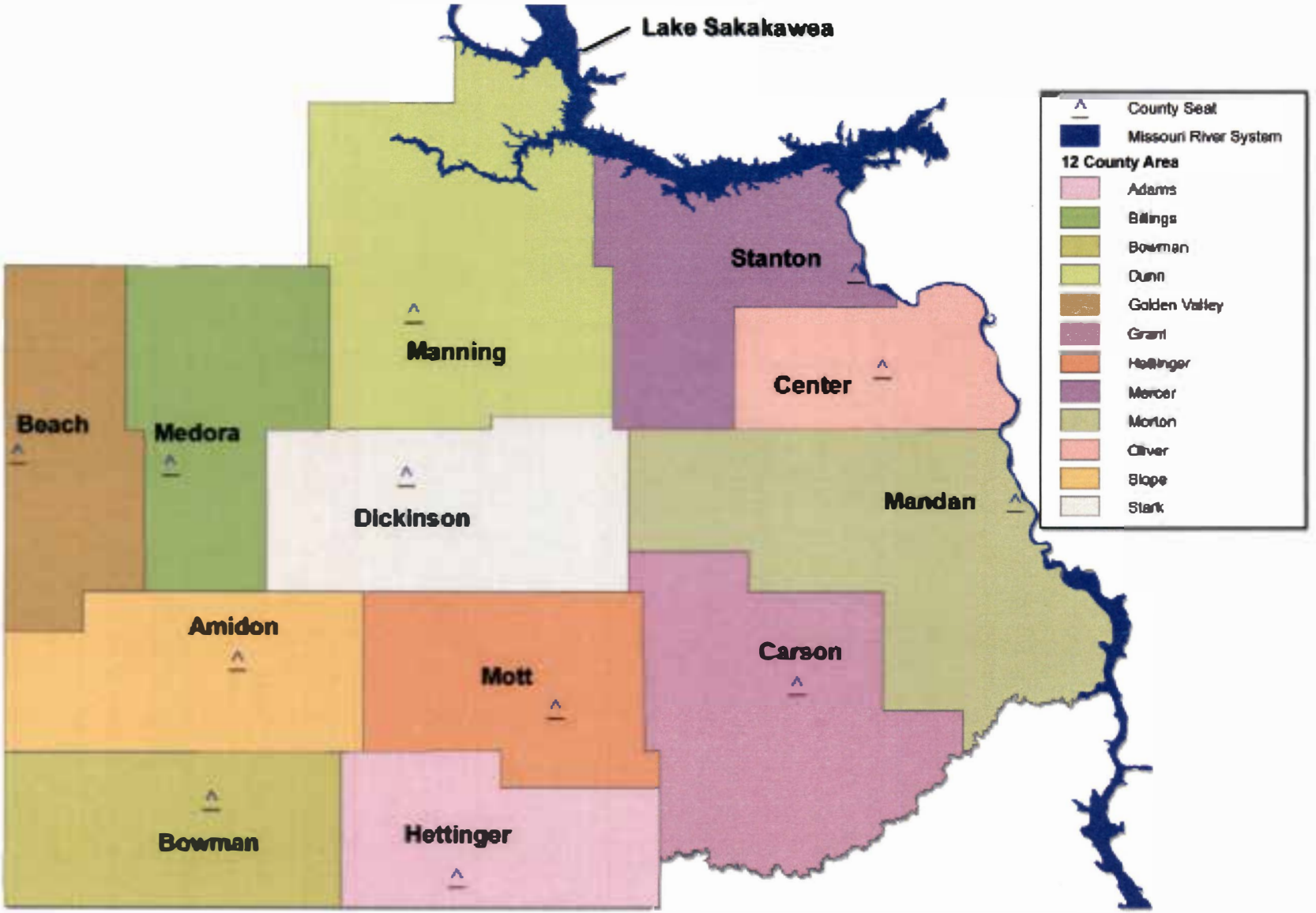
SB 2213
1.24.19
#10

An ACT to amend and reenact section 61-24.5-10 of the North Dakota Century Code, relating to the tax levy of the southwest water authority.

Section 1. AMENDMENT. Section 61-24.5-10 of the North Dakota Century Code is amended and reenacted as follows:

61-24.5-10. District budget – Tax Levy. For each taxable year ~~through 2020~~, the authority may levy a tax of not to exceed one mill annually on each dollar of taxable valuation within the boundaries of the authority 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 related expenses of the authority. All moneys collected pursuant to the levy must be deposited to the credit of the authority and may be disbursed only as herein provided. The board may invest any funds on hand, not needed for immediate disbursement or which are held in reserve for future payments, in bonds of the United States, certificates of deposit guaranteed or insured by the United States or an instrumentality or agency thereof, and bonds or certificates of indebtedness of the state of North Dakota or any of its political subdivisions. During the period of time in which the authority may levy one mill annually as provided herein, any joint water resource board created pursuant to section 61-16.1-11, by or among one or more of the water resource districts in the counties which are included in the authority, must be limited to one mill under the authority of section 61-16.1-11.

Southwest Water Authority Service Area



SB 2213
1-24-19
#10

SB 2213
1.24.19
#10

Mill Levy for 2018 and 2019

	Actual for 2018	Actual Totals	Budget for 2019	Budget Totals
Other Income				
Mill Levy - Adams County	18,088.87		18,725.00	
Prior Year's Taxes - Adams County				
Other Tax Receipts - Adams County	467.12		275.00	
State Aid - Adams County	953.92	**19,509.91**	1,000.00	**20,000.00**
Mill Levy - Billings County	23,063.62		22,500.00	
State Aid - Billings County		**23,063.62**		**22,500.00**
Mill Levy - Bowman County	27,148.79		26,600.00	
Prior Year's Taxes - Bowman County				
Other Tax Receipts - Bowman County			1,000.00	
State Aid - Bowman County	4,538.41	**31,687.20**	2,500.00	**30,100.00**
Mill Levy - Golden Valley County	16,649.71		15,500.00	
Prior Year's Taxes - Golden Valley County				
Other Tax Receipts - Golden Valley County				
State Aid - Golden Valley County		**16,649.71**		**15,500.00**
Mill Levy - Grant County	19,420.65		19,550.00	
Prior Year's Taxes Grant County				
Other Tax Receipts - Grant County	267.49		250.00	
State Aid - Grant County		**19,688.14**	1,200.00	**21,000.00**
Mill Levy - Hettinger County	23,772.22		22,750.00	
Prior Year's Taxes - Hettinger County				
Other Tax Receipts - Hettinger County	256.73		250.00	
State Aid - Hettinger County	1,220.84	**25,249.79**	1,000.00	**24,000.00**
Mill Levy - Mercer County	55,242.35		55,000.00	
Prior Year's Taxes - Mercer County				
Other Tax Receipts - Mercer County				
State Aid - Mercer County		**55,242.35**		**55,000.00**
Mill Levy - Morton County	155,561.98		146,500.00	
Prior Year's Taxes - Morton County	9,342.22			
Other Tax Receipts - Morton County	2,508.66		9,800.00	
State Aid - Morton County		**167,412.86**	3,700.00	**160,000.00**
Mill Levy - Oliver County	14,196.05		17,400.00	
Prior Year's Taxes - Oliver County	296.43			
Other Tax Receipts - Oliver County	8,178.05		6,500.00	
State Aid - Oliver County	65.84	**22,736.37**	100.00	**24,000.00**

SB 2213
1.24.2019
#10

2018-2019 Mill Levy to Date cont'd

	Actual for 2018	Actual Totals	Budget for 2019	Budget Totals
Other Income				
Mill Levy - Slope County	11,393.39		11,850.00	
Prior Year's Taxes - Slope County				
Other Tax Receipts - Slope County	21.20		50.00	
State Aid - Slope County	2,060.03	**13,474.62**	1,500.00	**13,400.00**
Mill Levy - Stark County	196,745.71		223,000.00	
Prior Year's Taxes - Stark County	4,657.33			
Other Tax Receipts - Stark County	4,347.63		3,000.00	
State Aid - Stark County	10,098.17	**215,848.84**	9,000.00	**235,000.00**
Mill Levy - Dunn County	71,072.47		68,850.00	
Prior Year's Taxes - Dunn County				
Other Tax Receipts - Dunn County	133.94		150.00	
State Aid - Dunn County		**71,206.41**		**70,000.00**
Total		**681,769.82**		**690,500.00**

HB2213
1.24.19
#10

County Valuations for 2017

	Valuation	Revenue
Stark County	$ 194,493,508	$ 194,493.51
Dickinson	$ 130,414,910	$ 130,414.91
Richardton	$ 3,422,961	$ 3,422.96
Belfield	$ 2,476,253	$ 2,476.25
South Heart	$ 1,582,706	$ 1,582.71
Gladstone	$ 641,656	$ 641.66
Taylor	$ 549,001	$ 549.00
Morton County	$ 160,684,429	$ 160,684.43
Mandan	$ 86,769,053	$ 86,769.05
Hebron	$ 1,566,242	$ 1,566.24
Glen Ullin	$ 1,520,930	$ 1,520.93
County Revenue Difference		**$ 33,809.08**

Stark and Morton County Valuation and Revenue: Out of the 12 counties served by the Southwest Pipeline Project, Morton and Stark Counties are the most populated. Property valuation and revenue collected from both Morton and Stark Counties is shown in the table. In 2017, one mill collected from Stark County equaled $194,493.51 in revenue and $160,684.43 in revenue from Morton County.

Benefits to the City of Mandan

Missouri West Water System decided not to wait for the construction of the Southwest Pipeline Project and began construction of their system in 1993. Western Morton County from the Blue Grass Hills to the Stark County line was originally included in the Southwest Pipeline Project due to land elevations. Missouri West Water System did not want to delay building water infrastructure in Morton County. The Southwest Pipeline Project gave up funding to allow Missouri West Water System to build their system.

There are pocket areas in Morton County which could not be served by the Missouri West Water System distribution system. The Southwest Pipeline Project has worked together with Missouri West Water System to supply water to the rural customers in those pocket areas. The Southwest Pipeline Project installed pipelines and purchases water from Missouri West Water System. This directly benefits the city of Mandan because Missouri West Water System purchases water from the city of Mandan.

Southwest Pipeline Project customers in Morton County shop in the city of Mandan, creating more demand for businesses and boosting local sales tax revenues. Sales tax revenue in the city of Mandan is used for property tax reduction, economic development, street, water and sewer improvements and municipal debt reduction.

SB 2213
1.24.19
#10

The benefits to the city of Mandan are both direct and indirect. There are overwhelming indirect benefits with SWA in business in Morton County. Benefits to the trade area are benefits to the city. The Project's ability to provide additional water to the western area has allowed for additional growth not only in the western part of the county, but also in the east which is beneficial to the city of Mandan. Increasing potable water capacity increases the ability to grow. Increasing water sales for the city of Mandan and quality water for the region directly impact quality of life and the economy of the city.

SWA is a proponent and an advocate for water in the region and in the state. This includes supporting water in the city of Mandan. It is in the best interest of all to make the mill levy permanent.

OMND Water Treatment Plant and water reservoirs

SB 2213
1.24.19
#10

Mill Levy History

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Adams County	$ 6,737.22	$ 6,245.47	$ 6,344.80	$ 6,772.54	$ 7,066.68	$ 7,389.83	$ 7,284.70	$ 7,405.85	$ 7,858.11	$ 7,634.34	$ 7,562.52	$ 7,991.10	$ 8,009.83	$ 8,503.46
Billings County	$ 6,989.55	$ 6,352.30	$ 6,415.99	$ 5,722.14	$ 5,707.61	$ 5,388.98	$ 5,585.92	$ 5,662.18	$ 5,674.36	$ 6,430.95	$ 6,419.75	$ 6,393.55	$ 6,658.58	$ 7,498.60
Bowman County	$ 7,761.05	$ 6,908.64	$ 7,018.34	$ 7,939.17	$ 9,199.13	$ 8,502.24	$ 9,868.10	$ 8,776.42	$ 9,372.94	$ 10,977.84	$ 10,887.02	$ 11,522.21	$ 11,612.07	$ 14,937.02
Dunn County	$ 10,764.31	$ 10,436.74	$ 10,816.58	$ 10,798.84	$ 11,154.77	$ 11,247.80	$ 12,000.03	$ 12,442.36	$ 12,565.48	$ 13,148.59	$ 13,215.77	$ 13,796.85	$ 13,935.65	$ 14,280.37
Golden Valley County	$ 4,478.29	$ 4,691.48	$ 4,940.01	$ 4,783.19	$ 5,377.15	$ 5,614.92	$ 5,761.01	$ 5,826.11	$ 6,191.70	$ 6,208.34	$ 6,257.48	$ 6,465.42	$ 6,415.75	$ 6,885.25
Grant County	$ 7,017.52	$ 7,405.51	$ 7,561.21	$ 7,883.06	$ 8,731.93	$ 8,800.63	$ 8,868.17	$ 9,167.74	$ 9,276.45	$ 9,117.29	$ 9,096.99	$ 9,301.71	$ 10,383.34	$ 9,641.94
Hettinger County	$ 7,177.24	$ 7,509.66	$ 7,883.85	$ 6,543.57	$ 8,930.52	$ 8,537.51	$ 8,552.95	$ 9,038.27	$ 9,441.26	$ 9,452.68	$ 9,543.94	$ 9,954.06	$ 10,566.28	$ 11,064.90
Mercer County	$ 13,583.53	$ 13,824.95	$ 14,177.96	$ 14,718.91	$ 17,830.16	$ 17,970.16	$ 19,782.99	$ 20,772.11	$ 21,202.66	$ 21,034.57	$ 21,330.65	$ 21,842.80	$ 23,343.86	$ 22,701.54
Morton County	$ 38,092.68	$ 62,335.95	$ 41,981.78	$ 42,105.27	$ 47,420.15	$ 44,876.44	$ 50,268.06	$ 51,971.58	$ 50,560.24	$ 57,402.15	$ 59,081.84	$ 66,220.23	$ 66,509.58	$ 72,046.09
Oliver County	$ 4,369.82	$ 4,443.96	$ 4,338.65	$ 5,365.63	$ 4,653.80	$ 4,792.47	$ 4,904.07	$ 5,034.64	$ 5,337.38	$ 5,296.31	$ 5,295.86	$ 5,537.05	$ 5,956.07	$ 6,820.18
Slope County	$ 3,471.75	$ 3,644.00	$ 3,969.06	$ 3,929.96	$ 5,111.34	$ 5,128.66	$ 5,211.56	$ 5,297.98	$ 5,429.11	$ 6,054.35	$ 6,007.44	$ 5,485.82	$ 6,475.85	$ 6,601.19
Stark County	$ 24,008.23	$ 24,675.36	$ 26,822.40	$ 28,137.09	$ 32,225.42	$ 33,862.54	$ 35,354.19	$ 36,115.47	$ 39,521.98	$ 36,096.96	$ 42,223.95	$ 45,238.07	$ 49,740.14	$ 55,090.70
Total	**$ 134,390.19**	**$ 158,474.02**	**$ 142,270.63**	**$ 144,699.37**	**$ 163,408.66**	**$ 162,112.18**	**$ 173,441.75**	**$ 177,510.71**	**$ 182,411.67**	**$ 188,854.37**	**$ 196,923.21**	**$ 209,721.87**	**$ 219,607.00**	**$ 236,071.24**
$ Increase from previous year		**$ 24,083.83**	**$ -16,203.39**	**$ 2,428.74**	**$ 18,709.29**	**$ -1,296.48**	**$ 11,329.57**	**$ 4,068.96**	**$ 4,900.96**	**$ 6,442.70**	**$ 8,068.84**	**$ 12,798.66**	**$ 9,885.13**	**$ 16,464.24**
% Increase from previous year		**17.92%**	**-10.22%**	**1.71%**	**12.93%**	**-0.79%**	**6.99%**	**2.35%**	**2.76%**	**3.53%**	**4.27%**	**6.50%**	**4.71%**	**7.50%**

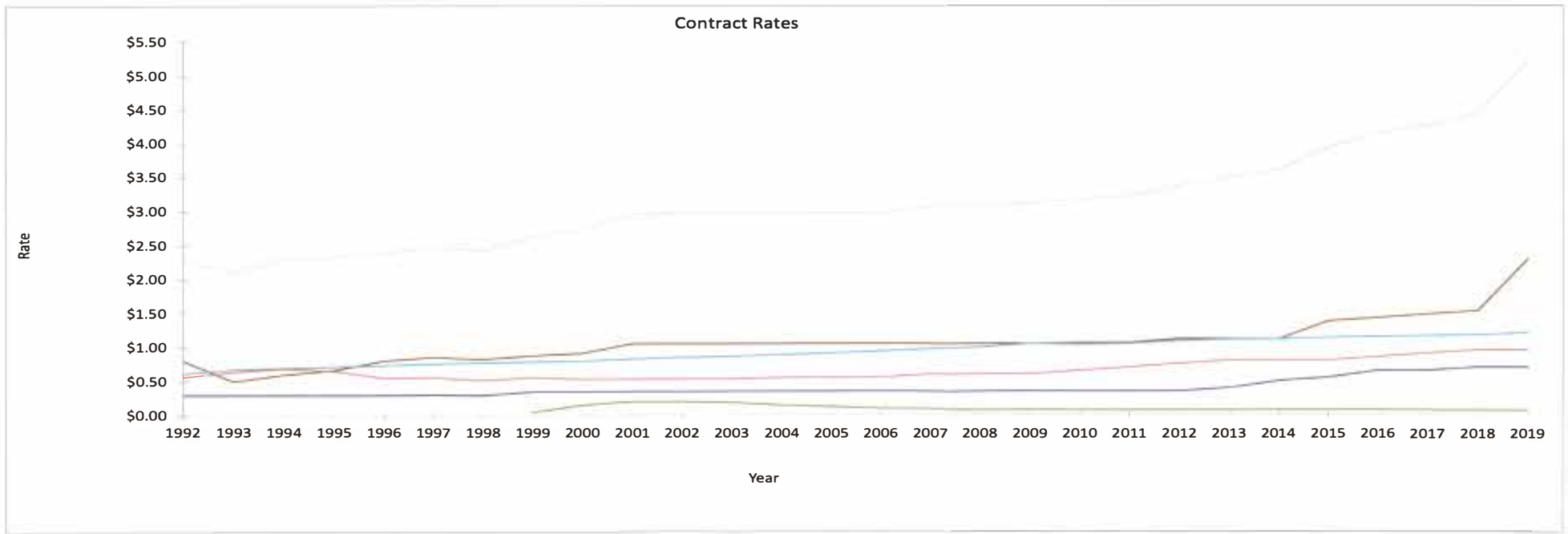
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019 Budget	Total
Adams County	$ 8,724.49	$ 9,280.01	$ 8,598.95	$ 10,087.86	$ 11,653.63	$ 12,757.20	$ 14,249.38	$ 15,628.48	$ 18,344.43	$ 19,509.91	**$ 20,000.00**	**$ 251,620.79**
Billing County	$ 7,915.94	$ 8,428.33	$ 9,876.66	$ 11,232.59	$ 12,831.57	$ 18,283.71	$ 20,614.18	$ 20,990.49	$ 22,054.84	$ 23,063.62	**$ 22,500.00**	**$ 264,692.39**
Bowman County	$ 17,141.02	$ 18,739.67	$ 17,966.26	$ 29,004.50	$ 29,767.78	$ 33,465.37	$ 35,105.41	$ 33,649.84	$ 31,484.42	$ 31,687.20	**$ 30,100.00**	**$ 443,393.66**
Dunn County	$ 14,690.36	$ 16,209.65	$ 17,157.35	$ 19,746.30	$ 26,051.13	$ 38,323.55	$ 45,399.99	$ 56,370.50	$ 61,521.37	$ 71,206.41	**$ 70,000.00**	**$ 607,280.75**
Golden Valley County	$ 6,980.91	$ 7,222.94	$ 8,205.23	$ 8,739.18	$ 10,699.80	$ 11,777.45	$ 15,402.67	$ 15,679.41	$ 15,548.66	$ 16,649.71	**$ 15,500.00**	**$ 212,272.06**
Grant County	$ 11,965.26	$ 10,932.30	$ 11,650.68	$ 13,298.53	$ 15,173.39	$ 18,428.77	$ 19,246.17	$ 20,478.45	$ 20,717.39	$ 19,688.14	**$ 21,000.00**	**$ 304,832.57**
Hettinger County	$ 11,019.62	$ 12,519.66	$ 12,070.90	$ 15,894.80	$ 19,868.45	$ 22,129.30	$ 23,362.37	$ 24,495.55	$ 23,931.09	$ 25,249.79	**$ 24,000.00**	**$ 338,678.22**
Mercer County	$ 24,597.75	$ 25,967.16	$ 28,580.18	$ 33,593.53	$ 36,926.40	$ 41,715.13	$ 46,495.47	$ 47,576.17	$ 51,074.68	$ 55,242.35	**$ 55,000.00**	**$ 710,884.67**
Morton County	$ 77,221.10	$ 82,341.18	$ 86,634.55	$ 93,793.78	$ 103,860.38	$ 114,742.03	$ 129,554.95	$ 139,649.44	$ 149,389.99	$ 167,412.86	**$ 160,000.00**	**$ 2,055,472.30**
Oliver County	$ 7,679.99	$ 8,557.71	$ 8,700.11	$ 8,786.68	$ 10,548.00	$ 12,343.35	$ 14,121.79	$ 18,251.46	$ 20,782.55	$ 22,736.37	**$ 24,000.00**	**$ 228,653.90**
Slope County	$ 6,909.26	$ 7,649.29	$ 8,000.10	$ 10,187.46	$ 12,232.87	$ 12,995.80	$ 13,735.48	$ 13,386.31	$ 13,370.09	$ 13,474.62	**$ 13,400.00**	**$ 197,132.35**
Stark County	$ 62,709.10	$ 68.776.98	$ 75,105.97	$ 87,266.05	$ 105,119.69	$ 147,257.81	$ 175,122.52	$ 215,675.35	$ 224,863.37	$ 215,848.84	**$ 235,000.00**	**$ 2,121,858.18**
Total	**$ 257,554.80**	**$ 276,624.88**	**$ 292,546.94**	**$ 341,631.26**	**$ 394,703.09**	**$ 484,219.47**	**$ 552,410.38**	**$ 521,831.45**	**$ 653,082.88**	**$ 681,769.82**	**$ 690,500.00**	**$ 7,736,771.84**
$ Increase from previous year	**$ 21,483.56**	**$ 19,070.08**	**$ 15,922.06**	**$ 49,084.32**	**$ 53,071.83**	**$ 89,516.38**	**$ 68,190.91**	**$ 69,421.07**	**$ 31,251.43**	**$ 28,686.94**	**$ 37,417.12**	**$ 584,796.75**
% Increase from previous year	**9.10%**	**7.40%**	**5.76%**	**16.78%**	**15.53%**	**22.68%**	**14.08%**	**12.57%**	**5.03%**	**4.39%**	**5.73%**	

SB2 213
1.24.19
#10

History of Water Rates for Contract Customers

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Transmission O&M	$ 0.80	$ 0.50	$ 0.60	$ 0.67	$ 0.81	$ 0.85	$ 0.83	$ 0.88	$ 0.91	$ 1.05	$ 1.05	$ 1.05	$ 1.05	$ 1.05	$ 1.05	$ 1.05	$ 1.05	$ 1.05	$ 1.06	$ 1.06	$ 1.12	$ 1.12	$ 1.12	$ 1.38	$ 1.43	$ 1.48	$ 1.53	$ 2.30
Treatment	$ 0.56	$ 0.64	$ 0.69	$ 0.65	$ 0.55	$ 0.55	$ 0.52	$ 0.56	$ 0.53	$ 0.53	$ 0.53	$ 0.53	$ 0.55	$ 0.55	$ 0.55	$ 0.60	$ 0.60	$ 0.60	$ 0.65	$ 0.70	$ 0.75	$ 0.80	$ 0.80	$ 0.80	$ 0.85	$ 0.90	$ 0.95	$ 0.95
Replacement & Extraordinary Maintenance	$ 0.30	$ 0.30	$ 0.30	$ 0.30	$ 0.30	$ 0.30	$ 0.30	$ 0.35	$ 0.35	$ 0.35	$ 0.35	$ 0.35	$ 0.35	$ 0.35	$ 0.35	$ 0.35	$ 0.35	$ 0.35	$ 0.35	$ 0.35	$ 0.35	$ 0.40	$ 0.50	$ 0.55	$ 0.65	$ 0.65	$ 0.70	$ 0.70
Capital Repayment	$ 0.62	$ 0.68	$ 0.70	$ 0.72	$ 0.74	$ 0.76	$ 0.78	$ 0.79	$ 0.80	$ 0.83	$ 0.85	$ 0.87	$ 0.89	$ 0.91	$ 0.94	$ 0.98	$ 1.00	$ 1.05	$ 1.04	$ 1.05	$ 1.09	$ 1.11	$ 1.12	$ 1.14	$ 1.15	$ 1.16	$ 1.18	$ 1.21
Reserve Fund								$ 0.05	$ 0.15	$ 0.20	$ 0.20	$ 0.18	$ 0.14	$ 0.12	$ 0.09	$ 0.09	$ 0.07	$ 0.07	$ 0.07	$ 0.07	$ 0.07	$ 0.07	$ 0.07	$ 0.07	$ 0.07	$ 0.07	$ 0.07	$ 0.07
Contract Rate Total	**$ 2.28**	**$ 2.12**	**$ 2.29**	**$ 2.34**	**$ 2.40**	**$ 2.46**	**$ 2.43**	**$ 2.63**	**$ 2.74**	**$ 2.96**	**$ 2.98**	**$ 2.98**	**$ 2.98**	**$ 2.98**	**$ 2.98**	**$ 3.07**	**$ 3.07**	**$ 3.12**	**$ 3.17**	**$ 3.23**	**$ 3.38**	**$ 3.50**	**$ 3.61**	**$ 3.94**	**$ 4.15**	**$ 4.26**	**$ 4.43**	**$ 5.23**
Capital Repayment as a Percentage of Total	27.19%	32.08%	30.57%	30.77%	30.83%	30.89%	32.10%	30.04%	29.20%	28.04%	28.52%	29.19%	29.87%	30.54%	31.54%	31.92%	32.57%	33.65%	32.81%	32.51%	32.25%	31.71%	31.02%	28.93%	27.71%	27.23%	26.64%	23.14%
Contract Rate Total Increase		-7.02%	8.02%	2.18%	2.56%	2.50%	-1.22%	8.23%	4.18%	8.03%	0.68%	0.00%	0.00%	0.00%	0.00%	3.02%	0.00%	1.63%	1.60%	1.89%	4.64%	3.55%	3.14%	9.14%	5.33%	2.65%	3.99%	18.06%

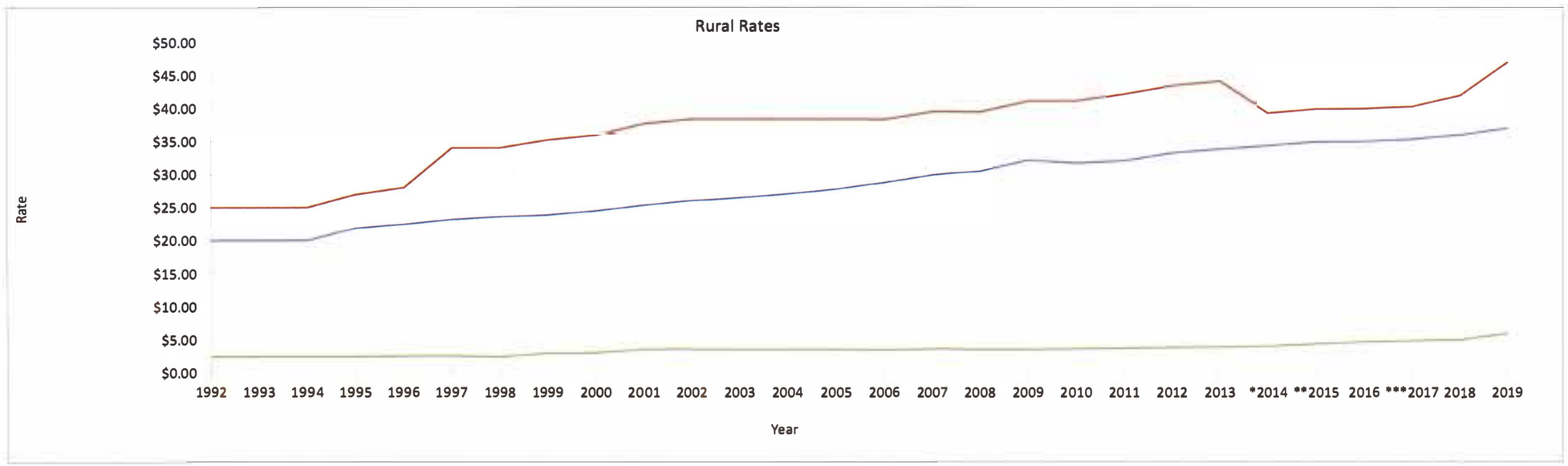
O&M is Operations and Maintenance



SB2213
1.29.19
#10

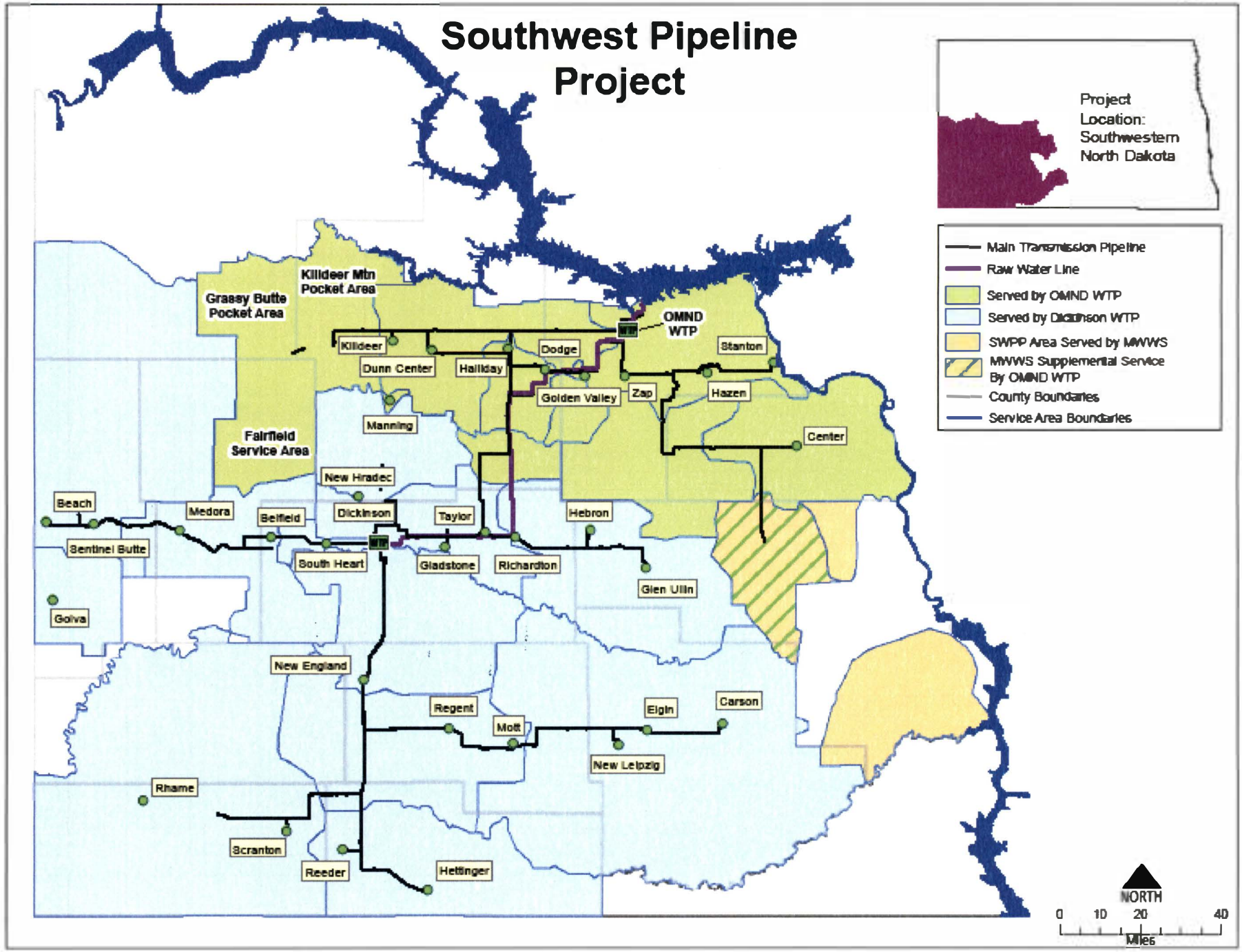
History of Water Rates for Rural Customers

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	*2014	**2015	2016	***2017	2018	2019
Rural Monthly Minimum	**$ 25.00**	**$ 25.00**	**$ 25.00**	**$ 26.95**	**$ 28.00**	**$ 33.90**	**$ 33.90**	**$ 35.10**	**$ 35.80**	**$ 37.55**	**$ 38.25**	**$ 38.25**	**$ 38.25**	**$ 38.25**	**$ 38.25**	**$ 39.45**	**$ 39.45**	**$ 41.10**	**$ 41.10**	**$ 42.10**	**$ 43.35**	**$ 44.05**	**$ 39.30**	**$ 39.88**	**$ 39.95**	**$ 40.32**	**$ 42.00**	**$ 47.00**
Capital Repayment for Rural	$ 20.00	$ 20.00	$ 20.00	$ 21.95	$ 22.52	$ 23.25	$ 23.64	$ 23.96	$ 24.50	$ 25.34	$ 26.03	$ 26.50	$ 27.07	$ 27.79	$ 28.80	$ 29.90	$ 30.49	$ 32.13	$ 32.13	$ 32.01	$ 33.22	$ 33.78	$ 34.30	$ 34.88	$ 34.95	$ 35.32	$ 36.00	$ 36.97
Capital Repayment as a Percentage of Total	80.00%	80.00%	80.00%	81.45%	80.43%	68.58%	69.73%	68.26%	68.44%	67.48%	68.05%	69.28%	70.77%	72.65%	75.29%	75.79%	77.29%	78.18%	78.18%	76.03%	76.63%	76.69%	87.28%	87.46%	87.48%	87.60%	85.71%	78.66%
Rural Monthly Minimum Increase		0.00%	0.00%	7.80%	3.90%	21.07%	0.00%	3.54%	1.99%	4.89%	1.86%	0.00%	0.00%	0.00%	0.00%	3.14%	0.00%	4.18%	0.00%	2.43%	2.97%	1.61%	-10.78%	1.48%	0.18%	0.93%	4.17%	11.90%
Treatment	$ 0.56	$ 0.56	$ 0.69	$ 0.69	$ 0.55	$ 0.55	$ 0.52	$ 0.56	$ 0.53	$ 0.53	$ 0.53	$ 0.53	$ 0.55	$ 0.55	$ 0.55	$ 0.60	$ 0.60	$ 0.60	$ 0.65	$ 0.70	$ 0.75	$ 0.80	$ 0.80	$ 0.80	$ 0.85	$ 0.90	$ 0.95	$ 0.95
Transmission O&M	$ 0.80	$ 0.50	$ 0.60	$ 0.60	$ 0.81	$ 0.85	$ 0.83	$ 0.88	$ 0.91	$ 1.05	$ 1.05	$ 1.05	$ 1.05	$ 1.05	$ 1.05	$ 1.05	$ 1.05	$ 1.05	$ 1.06	$ 1.06	$ 1.12	$ 1.12	$ 1.12	$ 1.38	$ 1.43	$ 1.48	$ 1.53	$ 2.30
Transmission Reserve	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 0.05	$ 0.15	$ 0.20	$ 0.20	$ 0.18	$ 0.14	$ 0.12	$ 0.09	$ 0.09	$ 0.09	$ 0.07	$ 0.07	$ 0.07	$ 0.07	$ 0.07	$ 0.07	$ 0.07	$ 0.07	$ 0.07	$ 0.07	$ 0.07
Transmission REM	$ 0.30	$ 0.30	$ 0.30	$ 0.30	$ 0.30	$ 0.30	$ 0.30	$ 0.35	$ 0.35	$ 0.35	$ 0.35	$ 0.35	$ 0.35	$ 0.35	$ 0.35	$ 0.35	$ 0.35	$ 0.35	$ 0.35	$ 0.35	$ 0.35	$ 0.40	$ 0.50	$ 0.55	$ 0.65	$ 0.65	$ 0.70	$ 0.70
Distribution O&M	$ 0.84	$ 1.14	$ 0.81	$ 0.81	$ 0.79	$ 0.79	$ 0.81	$ 1.01	$ 1.01	$ 1.22	$ 1.22	$ 1.24	$ 1.26	$ 1.28	$ 1.31	$ 1.31	$ 1.31	$ 1.33	$ 1.32	$ 1.32	$ 1.32	$ 1.32	$ 1.32	$ 1.32	$ 1.44	$ 1.49	$ 1.54	$ 1.64
Distribution REM			$ 0.10	$ 0.10	$ 0.10	$ 0.10	$ 0.10	$ 0.10	$ 0.10	$ 0.10	$ 0.10	$ 0.10	$ 0.10	$ 0.10	$ 0.10	$ 0.10	$ 0.10	$ 0.10	$ 0.10	$ 0.10	$ 0.10	$ 0.10	$ 0.10	$ 0.10	$ 0.10	$ 0.10	$ 0.10	$ 0.10
Distribution Reserve								$ 0.10	$ 0.10	$ 0.15	$ 0.15	$ 0.15	$ 0.15	$ 0.15	$ 0.15	$ 0.15	$ 0.15	$ 0.15	$ 0.15	$ 0.15	$ 0.15	$ 0.15	$ 0.15	$ 0.15	$ 0.15	$ 0.15	$ 0.15	$ 0.15
Rural Water Rate Total	**$ 2.50**	**$ 2.50**	**$ 2.50**	**$ 2.50**	**$ 2.55**	**$ 2.59**	**$ 2.56**	**$ 3.05**	**$ 3.15**	**$ 3.60**	**$ 3.60**	**$ 3.60**	**$ 3.60**	**$ 3.60**	**$ 3.60**	**$ 3.65**	**$ 3.65**	**$ 3.65**	**$ 3.70**	**$ 3.75**	**$ 3.86**	**$ 3.96**	**$ 4.06**	**$ 4.39**	**$ 4.69**	**$ 4.84**	**$ 5.04**	**$ 5.91**
Rural Water Rate Increase		0.00%	0.00%	0.00%	2.00%	1.57%	-1.16%	19.14%	3.28%	14.29%	0.00%	0.00%	0.00%	0.00%	0.00%	1.39%	0.00%	0.00%	1.37%	1.35%	2.93%	2.59%	2.53%	8.13%	6.83%	3.20%	4.13%	17.26%



O&M is Operations and Maintenance
REM is Replacement and Extraordinary Maintenance

*2Kgal included in minimum from January 1, 1997 to December 31, 2014
** Declining block rate from July 1, 2002 to December 31, 2015
***Inclining block rate started July 1, 2017



SB 2275
1.24.19
#10

SB 2213
1.24.19

#10
p.18

QUALITY WATER FOR SOUTHWEST NORTH DAKOTA

Mary Massad, Manager/CEO
Southwest Water Authority
mmassad@swwater.com

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Dickinson, ND 58601-7231

Phone: 701-225-0241
Toll-Free: 888-425-0241
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Vision Statement

People and business succeeding with quality water

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www.swwater.com
www.facebook.com/swwater
www.twitter.com/SWwaterND

S.B. 2213
1-24-2019
Written testimony #10

701-223-4615 PG
701-223-4645 (Fax)

PO Box 2254 • Bismarck, ND 58502-2254

NORTH DAKOTA Water Users Association

Testimony, SB 2213
2:15 PM, January 24, 2019
Red River Room, State Capitol, Bismarck, ND
Dennis Reep, North Dakota Water Users Association

Chairman Burckhard and the Senate Political Subdivisions Committee:

My name is Dennis Reep, and I serve on the Board for the North Dakota Water Users Association. At our Resolutions Meeting, held in December of 2018, we adopted a Resolution in support of making the one mill levy permanent:

> **SOUTHWEST PIPELINE PROJECT.** We support efforts and programs of the Southwest Water Authority in southwest North Dakota to bring much-needed domestic, rural, and municipal water to the people of southwest North Dakota. We support the timely completion of Southwest Pipeline Project so users can realize the benefits of the project. We support efforts of Southwest Water Authority to make its one mill levy permanent.

The Southwest Pipeline Project, which has been under construction since 1986, has more than contributed to the quality of life and economic development for the people of southwest North Dakota. This project serves all or parts of 12 counties in North Dakota, and one county in South Dakota. But there is still plenty of work to do, and more people to serve.

In North Dakota, currently 40 out of 53 counties pay a one mill levy for the development of Missouri River water, 28 to Garrison Conservancy District, and 12 to Southwest Water Authority. In 2020, that number will be reduced to 28 out of 53 counties, as the mill levy that benefits Southwest Water Authority sunsets.

The Missouri River is one of the most important resources we have in the State of North Dakota. In recent history, the State of Missouri has challenged North Dakota's use of Missouri River water. It is critical that we continue to develop our beneficial use of Missouri River water for the future of our state.

The North Dakota Water Users urge this Committee to issue a Do Pass Recommendation for SB 2213. All landowners in North Dakota benefit from the development of Missouri River water, and this one mill levy is a local contribution that is made in furtherance of that important goal.

SB 2213
1.24.19
#11 p.1

19.0847.01001
Title.

Prepared by the Legislative Council staff for
Senator Cook
January 15, 2019

PROPOSED AMENDMENTS TO SENATE BILL NO. 2213

Page 1, line 1, replace "section" with "sections 61-24.5-03, 61-24.5-04, 61-24.5-07, 61-24.5-08, and"

Page 1, line 2, after "to" insert "membership of the southwest water authority board of directors and"

Page 1, after line 3, insert:

"SECTION 1. AMENDMENT. Section 61-24.5-03 of the North Dakota Century Code is amended and reenacted as follows:

61-24.5-03. Southwest water authority created.

1. The southwest water authority ~~shall consist~~consists of that part of the state ~~which is~~ included within the boundaries of Dunn, Stark, Golden Valley, Billings, Slope, Bowman, Adams, Grant, Hettinger, ~~Morton,~~ and Mercer Counties and all of Morton County outside the boundaries of Mandan.

2. ~~Such~~The authority is a governmental agency, body politic and corporate with the authority to exercise the powers specified in this chapter, or which reasonably may be ~~reasonably~~ implied.

3. Any county adjoining the authority ~~as herein created, or as hereafter composed~~, may join ~~such~~the authority upon application of its board of county commissioners and the approval of ~~such~~the application by the board of directors of the authority. The board of directors, as a condition of approval of ~~such~~an application, may require equitable payments ~~as may be equitable~~ to equalize the burden of ~~such~~the county with the obligations paid or assumed by the other counties in the authority.

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~~from Dickinson~~, and one director must be elected in the city of Mandan~~. The director from Stark County may not be a resident ~~of the city~~ of Dickinson. The director from Morton County may not be a resident of Mandan. 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 as compensation an amount determined by the board not to exceed the amount per day provided members of the legislative management under section 54-35-10 and must be reimbursed for their mileage and expenses in the amount provided for by sections 44-08-04 and 54-06-09.

SB 2213
1.24.19 att#11
p.2

SECTION 3. AMENDMENT. Section 61-24.5-07 of the North Dakota Century Code is amended and reenacted as follows:

61-24.5-07. Election of city directors of the southwest water authority.

Any ~~person~~individual who is a resident and qualified elector of ~~the city of~~ Dickinson ~~or Mandan~~ who aspires to the office of director of the southwest water authority shall, before four p.m. on the sixty-fourth day before the election, file with the city auditor a petition signed by not less than ten percent of the number of qualified electors who voted for that office in the last city election, except that the petition for the first election must be signed by not less than two hundred qualified electors. Signers of a petition must reside within the corporate limits of the city, and each signer of the petition shall include with the signer's name the signer's mailing address. The petition must include the candidate's name, post-office address, and the title of the office of the southwest water authority for which the candidate is seeking election.

The petition must be accompanied by an affidavit substantially as follows:

State of North Dakota)

) ss.

City of _____)

I _____, being sworn, say that I reside in the city of _____ and State of North Dakota; that I am a qualified elector therein; that I am a candidate for the office of director of the Southwest Water Authority to be elected at the municipal election to be held on _____, _____, and I request that my name be printed upon the election ballot as provided by law, as a candidate for the office.

_____

Subscribed and sworn to before me on _____, _____.

_____

Notary Public

Upon receipt of the petition, the city auditor shall without fee place the name of the aspirant on the election ballot as a candidate for the office of director. The candidate or candidates, depending on whether one or two directors are being elected, receiving the highest number of votes are elected. The provisions of chapter 40-21 govern the election of directors from ~~the city of~~ Dickinson ~~or Mandan~~ for the southwest water authority.

SECTION 4. AMENDMENT. Section 61-24.5-08 of the North Dakota Century Code is amended and reenacted as follows:

61-24.5-08. Term of office of directors - Oath of office - Bonds.

Members of the board of directors of the authority hold office for a term of four years, until a successor has been duly elected and qualified. If the office of any director becomes vacant by reason of the failure of any director elected at any election to qualify or for any other reason, the director's successor must be appointed to fill the

vacancy by the board of county commissioners of the county in which the vacancy occurs, or by the governing body of ~~the city of~~ Dickinson ~~or Mandan~~, as appropriate. A director appointed to fill a vacancy shall hold office for the unexpired term of the director whose office has become vacant, and until a successor has been elected and qualified.

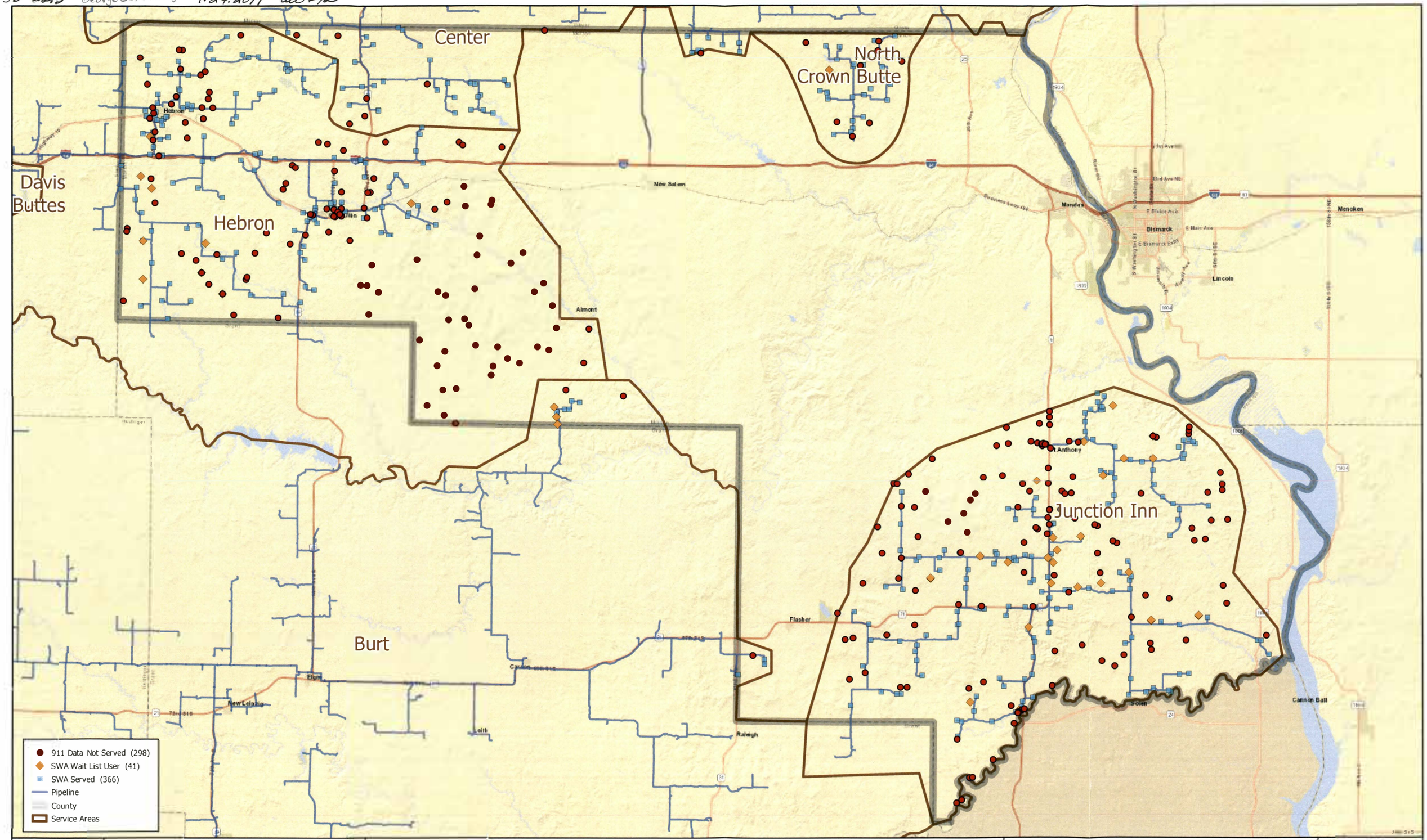
Members of the board of directors elected from a county must be elected at the primary election and assume office on the first Monday in July following their election. Members of the board of directors elected from ~~the city of~~ Dickinson ~~or Mandan~~ must be elected at the municipal election and assume office on the first Monday in July following their election.

~~In 2002 all directors' terms are deemed to have expired, and each county shall elect one director to serve on the board of directors and the city of Dickinson shall elect two directors to serve on the board of directors. In 2002 one director from the city of Dickinson and directors from Adams, Billings, Dunn, Grant, Oliver, and Slope Counties must be elected for two-year terms and in 2004 and thereafter must be elected for four-year terms. In 2010 the director from the city of Mandan must be elected to a four-year term.~~ All ~~subsequent~~ directors elected must be elected for four-year terms.

Before assuming the duties of the office of director, each director shall take and subscribe to the oath of office prescribed by law for civil officers. The authority treasurer must be bonded in an amount as the board may prescribe."

Renumber accordingly

SB 2213 George Soxowsky 1.24.2019 att #12



SOUTHWEST PIPELINE PROJECT

Bartlett&West | AECOM

911 Data Analysis-Not Served Locations
Morton County, North Dakota

Miles
0 3.5 7 14

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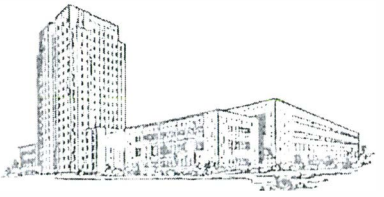
SB 2213



NORTH DAKOTA SENATE

STATE CAPITOL
600 EAST BOULEVARD
BISMARCK, ND 58505-0360

Senator Donald Schaible
District 31
9115 Highway 21
Mott, ND 58646-9200
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COMMITTEE
Education, Chairma
Energy and Natural Resourc

March 7, 2019

Good morning Chairman Dockter and the House Political Subdivisions Committee. For the record, I am Senator Don Schaible and here before you today to suggest SB 2213. In full disclosure I am also a Southwest Board Member that represents Hettinger County. In the original form of this bill only crosses out two words that would have removed the sunset and making permanent the ability of Southwest Water Board to levy 1 mill from the counties that are serviced by Southwest Water Authority. The levy authority was started in 1991, and was extended in 1995, 2001 and again in 2009 and is due to sunset in 2020. That is why this bill is before you this afternoon. First of all, why was it extended and what was the rational for having it. It is my understanding that the mil was to be used for administration and was in a period of the construction stage of development. I believe the rational for the sunset is that Southwest Water would develop into a completed project and property tax would no longer be needed after construction was done. What was not expected was the Bakken Oil boom and the explosion of water needs in the west. The rational for this bill is that Southwest Water Authority is a long way from completing construction and expansion. We currently have over 350 residences and over 630 hook ups that are waiting for water

#1
SB2213
3-7-19

with new inquiries coming in all the time. We also have over $200 million more of construction needs on our wish list right now. It is also very difficult to provide water to residents or communities that are so rural with great distances between them.

The bill amended in the Senate to allow for a ten year extension to assess the 1 mill, and further amended on the floor of the Senate to exclude the City of Mandan from that tax assessment. I feel these are fair amendments and did speak in favor of them on the floor.

As a Southwest Water Board Member, I know that we would have liked to have the mill levy to be made permanent and to keep the assessment of all of Morton County intact, but this compromise is fair to everyone involved.

I would suggest that having Southwest water in their community provides water to areas that would not have access to good clean water. It like my running mate always says, " you don't have rural North Dakota if you don't have rural water".

So it is my hope that you would give SB 2213 your positive consideration and with that I will try to answer your questions.

#2

Testimony by
Larry Bares, Chairperson
Southwest Water Authority Board of Directors
On behalf of
Southwest Water Authority
to the
Political Subdivisions Committee
Hearing on Senate Bill 2213
Thursday, March 7, 2019

Good morning Mr. Chairman and members of the committee. My name is Larry Bares and I am the Chairperson of the Southwest Water Authority Board of Directors. I am here in support of Senate Bill 2213.

In 2020, the mill levy is scheduled to sunset, but the Southwest Pipeline Project is not done. The need for water development continues to grow. At this time there are hundreds of potential customers on Southwest Water Authority's waiting lists and there is critical infrastructure yet to be installed to ensure quality water throughout southwest North Dakota. Industrial projects are on hold. Housing developments are on hold. People wanting to connect to reliable, safe drinking water are on hold. Why? Because the Southwest Pipeline Project does not have the capacity and still needs the funding to move forward to meet the needs of the people living and working in southwest North Dakota.

The promise of quality water to southwest North Dakota started in the 1970's and grew into construction of the Southwest Pipeline Project in the 1980's. The promise of water to southwest North Dakota has changed, therefore the promise must change too.

The mill levy provides local and regional support for Southwest Water Authority and water development. It provides future economic welfare and prosperity for the people of southwest North Dakota. All of southwest North Dakota benefits from Southwest Water Authority so those benefitting in the region are supported by the mill levy, not just those receiving water.

The mill levy was established with a sunset because sponsors felt the creation of Southwest Water Authority would not pass with a permanent mill levy. They felt it was essential Southwest Water Authority be created so it was passed with a temporary mill levy. The mill levy has been extended three times. Some suggest it was intended only for construction. This is not the case.

State and Federal Government has contributed more than $387 million for construction of the Southwest Pipeline Project. Southwest Water Authority's mill levy shows local support. Every city, private landowner, business owner, and resident, pays as a local contribution for extensive federal and state dollars spent on the Southwest Pipeline Project.

Southwest Water Authority's one mill pays ongoing administrative expenses, including expenses of directors, administration, sign up, easement, engineering, surveying, legal and other related expenses. It does not pay for any expenses for operation, maintenance or Project repayment. The mill levy pays for 46% of administration expenses and the balance is paid by water rates. The

#2 SB 2213

mill levy will help keep rates stable and assure Southwest Water Authority will continue to provide quality water to southwest North Dakota.

Property taxes (mills) are put into place for people to share in public goods, such as water systems, education, roads, public safety, etc. They are goods that benefit society as a whole. They cannot be set up to only be paid by those who use the services, or all of the given services, such as roads and education, would be destined to be underfunded.

For example, perhaps the senior citizen or the person with no children might not feel it's fair to pay for education since they don't directly need the service. Or perhaps the person who lives outside of a fire district yet pays taxes to the county for the services would feel they should get a discount on their property taxes. Maybe one doesn't drive a car, why should they pay the county to maintain roads? Every one of the 12 counties in southwest North Dakota benefits from the safe drinking water the Southwest Water Authority provides, even if only indirectly. With any public good, like education or in this case quality water, it is not unusual for the benefits to be indirect.

Indirectly even the people with an alternate water source, benefit from Southwest Water Authority. For example, those prospering from Southwest Water Authority's reliable, safe water can be the same people that bring quality agricultural products to the marketplace for everyone to consume. To remove Southwest Water Authority 's one mill because there are people who do not directly benefit from the Southwest Pipeline Project's quality water would be no different than allowing those people who don't directly benefit from other public goods, like veteran services, to stop paying property taxes for them.

The need for the authorized use of the funds generated by the levy has not diminished. In fact, the need for quality water in southwest North Dakota has continued to grow. Southwest Water Authority is not asking for an increase in taxes, they are asking the one mill not sunset in 2020. It should be made permanent. The one mill is a small price to pay to keep southwest North Dakota's economy strong and water affordable for its residents. Property taxes should never be an ala carte just because there is no direct benefit. Southwest Water Authority Board of Directors supports a system that works and making Southwest Water Authority's mill levy permanent.

Please support Senate Bill 2213.

Thank you.

#3

Testimony by Daryl Dukart,
Lifetime Resident and Dunn County Commissioner
Southwest North Dakota
On behalf of
Southwest Water Authority
to the
Political Subdivisions Committee
Hearing on Senate Bill 2213
Thursday, March 7, 2019

Good morning Mr. Chairman and members of the committee. My name is Daryl Dukart. I am a Dunn County Commissioner and a Southwest Water Authority customer. I am in support of Senate Bill 2213.

We have three ranch families and many livestock on the ranch. Our well water supply volume is very good, but the quality of our well water is very low. The water was consumable by our livestock, but not by our families. I have a short but very true story about how bad our well water was. The average life of a $300 to $500 water heater was four years in any of our homes, barns or shops. Since before the early 1980's, we collected our drinking water from the rural town of Dunn Center or a neighbor's well, which was of much higher-quality water for consumption for our families. We purchased thousands, maybe millions of gallons of drinking water. At the time, we bathed and washed clothing in the well water using many extra chemicals to keep clothes from leaching colors and staining our white clothes. In the later 1990's, we installed a water purification system which helped but still did not leave us with high-quality drinking water. It improved our water enough for cooking, washing clothes and bathing, but still left us with low-quality drinking water. In 2015, we finally received Southwest Pipeline Project water for our ranch and homes. I must say this has been a highpoint in our life on this Dunn County ranch. Our wives are still singing hallelujah!

Since the inception of Southwest Water Authority in 1991, mill levy income assists in allowing Southwest Water Authority to provide for the supply and distribution of water for the future economic welfare and prosperity of the people of southwestern North Dakota. Collection of this mill levy offsets administrative expenses of Southwest Water Authority.

As you committee members are aware, southwest North Dakota has changed our region because of the exponential growth, and water demands have changed, too. Southwest Water Authority currently taxes at one mill and long-term continuation of this taxing ability is very important to help offset the tremendous continued growth this region has been experiencing.

As the years moved forward and the Southwest Pipeline Project water was brought to our county, all our communities have benefited, including many rural residents. Most communities are now customers of Southwest Water Authority. This speaks very highly of the quantity and quality of water for their consumers and the health benefits are immeasurable.

As a county commissioner I see this as one of the largest beneficiary commodities of usable products ever brought to our county. So, for my family, for Dunn County residents and the continued growth we are experiencing, I ask your support of a delivery of Do Pass for Senate Bill 2213 out of the committee.

Thank you.

#4

Testimony by Duane Urlacher, Farmer,
Southwest North Dakota
On behalf of
Southwest Water Authority
to the
Political Subdivisions Committee
Hearing on Senate Bill 2213
Thursday, March 7, 2019

Good morning Mr. Chairman and members of the committee. My name is Duane Urlacher. I am a farmer in southwest North Dakota. I am in support of Senate Bill 2213.

Every one of the 12 counties in southwest North Dakota benefits from the safe drinking water the Southwest Pipeline Project provides, whether they are connected to it or not. For with anything related to public goods, like safe drinking water, everyone benefits directly or indirectly. With any public good, like education, health services, veteran services or roads, it is not possible to assign a different mill levy or charge less for those feeling they don't directly benefit from a public good.

Indirectly even the people with an alternate water source, benefit from the Southwest Pipeline Project. For example, those prospering from the Southwest Pipeline Project's reliable, safe water can be the same people who bring quality agricultural products to the marketplace for everyone to consume. To remove Southwest Water Authority 's one mill because there are people who do not directly benefit from the Southwest Pipeline Project's quality water would be no different than allowing those people who don't directly benefit from other public goods, like veteran services, to stop paying property taxes on them.

Southwest Water Authority has collected one mill from the property owners in the 12 counties it serves since 1991. Through legislation, the mill levy has been extended three times. In 2020, the mill levy is again scheduled to sunset. At the same time there are hundreds of people who have put their developments on hold while people literally are hauling water because critical infrastructure remains unfunded.

The need for the authorized use of the funds generated by the levy has not diminished. In fact, the need for quality water in southwest North Dakota has only continued to grow. Southwest Water Authority is not asking for an increase in taxes, they are asking the one mill not sunset in 2020. It should be made permanent. The one mill is a small price to pay to keep southwest North Dakota's economy strong and water affordable for the businesses and residents already connected to the Southwest Pipeline Project.

Making the one mill levy for Southwest Water Authority permanent should be a no-brainer for anyone who understands the importance of taxation for public goods. As a farmer living in rural southwest North Dakota, I pay for a lot of public goods I too don't benefit directly from. Yet, I also know the system only works when we support our counties as a whole. I am a strong advocate for making Southwest Water Authority's one mill permanent.

#4 SB2213

As chairperson for Stark County Water Resource District, it helps me to realize the importance of quality water for southwest North Dakota, which also makes me a strong advocate for making Southwest Water Authority's one mill permanent.

Thank you.

CITY OF DICKINSON

99 2ND STREET EAST • DICKINSON, ND 58601
701.456.7744 www.dickinsongov.com fax 701.456.7723

#5
3-7-19

- Administration
  - Assessing
  - Finance
  - Information Technology
  - Licensing
  - Utility Billing
- City Attorney
  - Human Resources
- Development
  - Building Department
  - Code Enforcement
  - Engineering
  - Planning
- Fire Department
  701-456-7625
  www.dickinsonfire.com
- Library
  701-456-7700
  www.dickinsonlibrary.org
- Municipal Court
  701-456-7726
- Museum
  701-456-6225
  www.dickinsonmuseumcenter.org
- Police Department
  701-456-7759
  www.dickinsonpd.com
  - Animal Shelter
    701-456-7039
- Public Works
  701-456-7979
  - Building & Sites/Cemetery
  - Forestry
  - Street and Fleet
  - Solid Waste
  - Water Reclamation Facility
  - Water/Sewer/Storm Water Utilities

March 4, 2019

Dear Members of the House Political Subdivision Committee,

My name is Joe Gaa and I am the City Administrator in Dickinson. I wish to submit this letter of support for Senate Bill #2213. While I am new to North Dakota, I am well aware of the importance of access to quality water. Growing up in northwest Missouri I remember when our rural water system was installed and the excitement my parents and grandparents had when they no longer had to rely on untreated well water. For the past eight years I served as city administrator in two small cities in Iowa. Each city had serious issues in regards to water quality. Depending on summer weather conditions, quantity could also become an issue. In 2018, I again saw excitement in the community when the City of Chariton, Iowa connected to the Rathbun Rural Water Authority and no longer had to rely on two small lakes for the city's water source.

Upon arriving in Dickinson in November 2018 I quickly learned about the great work that has been done by the Southwest Water Authority. Knowing that Dickinson had a quality source of water was comforting. However, I quickly learned that comfort was not felt by the entire region. As I gained more understanding about the "project" I was startled to hear there was a waiting list for folks wanting to connect to the Southwest Water Authority pipeline. And it's not exactly a short list.

In an effort to maintain safe, affordable water in Dickinson and throughout southwest North Dakota, I urge you to consider amending Section 61-24.5-10 of the Century Code as proposed. The work is not yet done and continued funding from the tax levy is critical if the Southwest Water "project" is to continue serving both current and future customers. Thank you for your consideration.

Sincerely,

Joseph A. Gaa
City Administrator

Mission

Celebrating small town values, promoting opportunity, and enhancing quality of place through community partnerships and exceptional public services.

#6

Statement of Support by Dakota West Resource Conservation and Development
Southwest North Dakota
On behalf of
Southwest Water Authority
to the
Political Subdivisions Committee
Hearing on Senate Bill 2213
Thursday, March 7, 2019

Below is an excerpt from the minutes of the Dakota West Resource Conservation & Development (RC&D) meeting on January 14, 2019:

Southwest Water Authority: Jim Odermann reported on an issue with Southwest Water Authority's mill levy sunsetting in 2020. Jim asked for the support of the board to continue the mill levy for Southwest Water Authority.

Duane Urlacher motioned that the Dakota West RC&D support Southwest Water Authority on the legislative bill #2213 to continue the one mill and to be permanent, seconded by Frank Hatzenbuhler; all in favor, motion carried. The hearing will be the end of this week or next week.

Phone. 701.225.5997
Fax· 701.227 8647

STARK
DEVELOPMENT CORPORATION

www.starkdev.com
team@starkdev com

#7

PO Box 765 • 314 3rd Avenue West • Dickinson, ND 58602 0765

March 7, 2019

Members of the Senate Political Subdivisions Committee,

On behalf of the Stark Development Corporation Board of Directors we would like to formally submit this correspondence asking for your support of S.B. 2213. Providing a one mill contribution for the support of Southwest Water Authority, S.B. 2213 ensures the existence and support of quality water which provides quality of life in southwest North Dakota. As our most precious resource, water is the heartbeat of any healthy economic ecosystem.

As the economic development organization serving Dickinson and Stark County we sincerely appreciate your attention to the needs of the residents, ranchers, businesses and manufacturers of southwest North Dakota. We thank you for your attention and your service to the State of North Dakota.

Sincerely,

Ryan Jilek, Executive Vice-President
Stark Development Corporation

dickinson area chamber of commerce

#8

Letter of Support by Dickinson Area Chamber of Commerce,
Southwest North Dakota
On Behalf Of
Southwest Water Authority
To the
Political Subdivisions Committee
Hearing on Senate Bill 2213
Thursday, March 7, 2019

To Members of the Political Subdivision Committee:

On behalf of the Dickinson Area Chamber of Commerce, I write to express support of Senate Bill NO. 2213.

As the population continues to rise in Southwest North Dakota, so does our basic human need for quality drinking water. It is vital that our region has the ability to provide for a sustainable future and support the promise of water made since the 1970's.

As we continue to grow, so do the needs of Southwest Water Authority, which is why I respectfully ask you to support S.B. 2213 striking the sunset clause for the Mill Levy. In order to provide for future economic welfare and prosperity for the people and bussinesses of Southwest North Dakota, we need to continue to provide the support needed for administration costs to help fufill the promise for quality water.

Sincerely,

Sarah Trustem

Sarah Trustem
Executive Director
Dickinson Area Chamber of Commerce
sarah@dickinsonchamber.org
701.225.5115

#9
SB 2213

SOUTHWEST WATER AUTHORITY

Our Vision: People and Business Succeeding with Quality Water Our Mission: Quality Water for Southwest North Dakota

3-7-19

Southwest Water Authority Mill Levy Information

- Promise of quality water for southwest North Dakota started in 1970's
- Promise grew into construction in 1980's
- Promise of water to southwest North Dakota has changed – region has grown exponentially – promise must change too
- Southwest Water Authority currently has the ability to tax at one mill
- Provides local and regional support for Southwest Water Authority and water development
- Is southwest North Dakota's "Skin in the Game"
- Provides future economic welfare and prosperity of the people of southwest North Dakota
- All of southwest North Dakota benefits from Southwest Water Authority so those benefitting in the region are supporting – not just those receiving water
- Mill levy established with a sunset - sponsors felt creation of Southwest Water Authority would not pass with a permanent mill levy
- Sponsors felt it was essential Southwest Water Authority be created so passed with a temporary mill levy
- Mill levy has been extended three times
- Some suggest it was intended only for construction - not the case
- State and Federal Government contributed more than $382 million for construction of the Southwest Pipeline Project – mill levy shows local support for the Project
- Every city, private landowner, business owner, and resident, pays as a local contribution for extensive federal and state dollars spent on project
- All property owners pay mill levy - users pay for water they use through water rates
- Pays ongoing administrative expenses, including expenses of directors, administration, sign up, easement, engineering, surveying, legal and other related expenses
- Mill levy pays for 46% of administration expenses – the balance is paid by water rates
- Does not pay any expenses for operation, maintenance and repayment

West Industrial Park, 4665 2nd Street SW, Dickinson, ND 58601-7231 | p: 701.225.0241 1.888.425.0241 f: 701.225.4058 | www.SWwater.com

#9
SB2213
3-7-19

- Counties receiving benefits from Southwest Water Authority should pay same local contribution as 28 counties receiving benefits from the Garrison Diversion Conservancy District project and facilities
- Each county wants representation for water and water projects
- Mill levy will shift back to joint water boards (will not go away)
- Assures Southwest Water Authority will continue
- Benefit in other areas outside of water supply
- Supports statewide water development
- Provides board representation
- Helps keep rates stable - rates would increase 30¢ per 1,000 gallons of water

Reasons city of Mandan should be included:

- In 2009, a representative of City of Mandan was added to Southwest Water Authority Board of Directors – direct benefit to city
- Southwest Water Authority purchases water from Missouri West Water System, who purchases water from city of Mandan
- Missouri West Water System did not want to wait for Southwest Pipeline Project to bring water to Morton County
- Southwest Pipeline Project gave up funding so Missouri West Water System could build
- Southwest Pipeline Project customers in Morton County shop in city of Mandan, creating more demand for businesses and boosting local sales tax revenue
- Sales tax revenue in city of Mandan is used for property tax reduction, economic development, street, water and sewer improvements and municipal debt reduction
- Overwhelming indirect benefits to city of Mandan by spending money in Morton County
- Benefits to trade areas benefit cities in service area

Southwest Water Authority is a proponent and an advocate for water in the region and in the state. This includes supporting water in the city of Mandan. It is in the best interest of all to make the mill levy permanent.

#9

SB 2212
3-7-19

SOUTHWEST WATER AUTHORITY

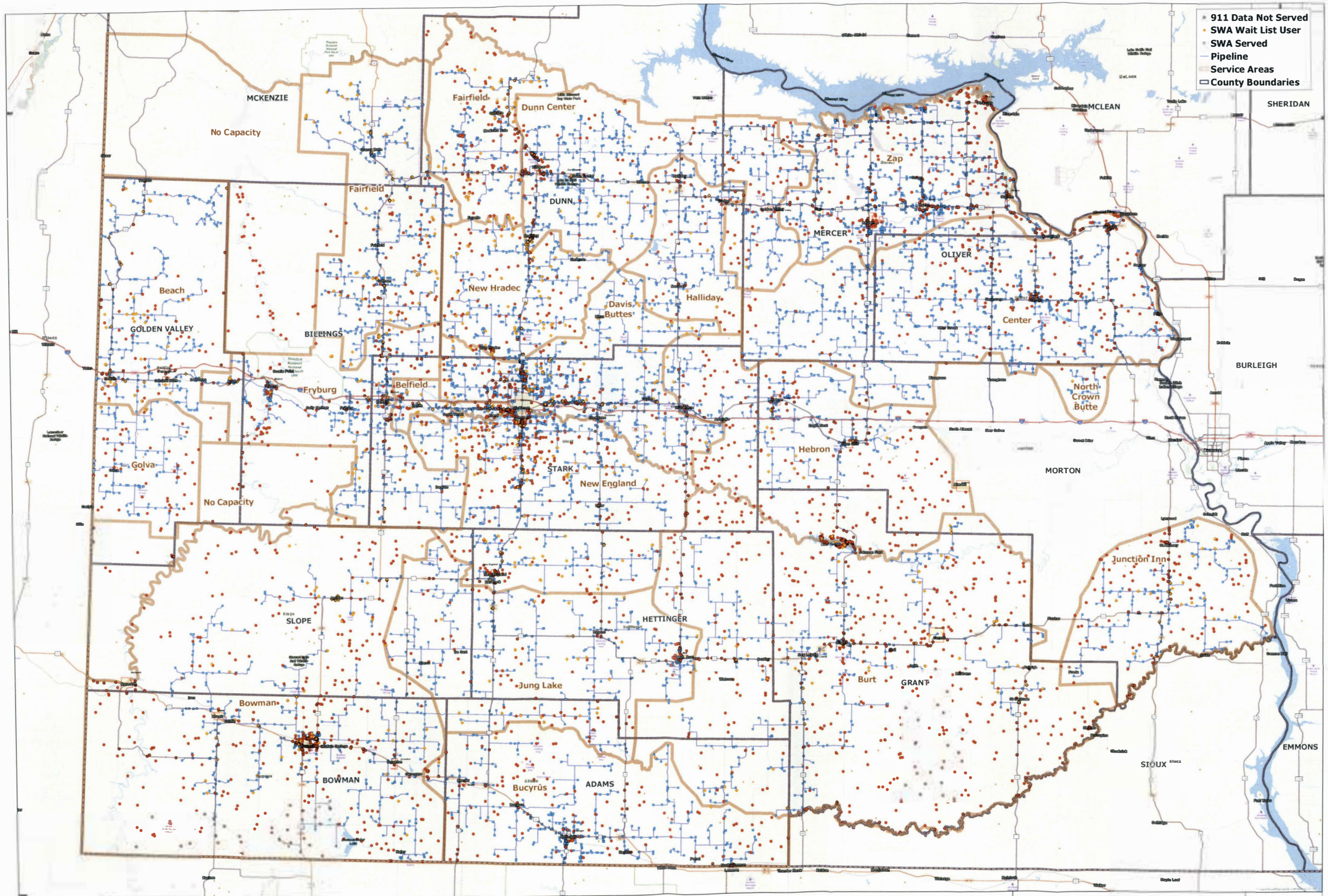
Our Vision: People and Business Succeeding with Quality Water Our Mission: Quality Water for Southwest North Dakota

County	Waiting List Locations	Standard Service	Pasture Tap Service	High Consumption	Other
Adams	16 locations	9	6	1	0
Billings	58 locations	25	26	2	5
Bowman	36 locations	17	13	3	3
Dunn	160 locations	89	58	5	8
Golden Valley	54 locations	30	21	2	1
Grant	42 locations	21	18	2	1
Hettinger	54 locations	36	16	2	0
Mercer	4 locations	0	3	0	1
Morton	45 locations	21	19	3	2
Oliver	0 locations	0	0	0	0
Slope	26 locations	12	11	1	2
Stark	123 locations	87	19	11	6
Grassy Butte (McKenzie County)	27 locations	14	5	2	6
Total Waiting List	**645**	**361**	**215**	**34**	**35**

Other: Subdivisions, Additional Capacity, or Higher Usage

February 2019

#9
SB2213
3-7-19



4

3-7-19 #9 SB 2312

Center

North Crown Butte

Davis Buttes

Hebron

New Salem

Almont

Mandan

Bismarck

Lincoln

Menoken

Junction Inn

Burt

Flasher

Raleigh

Solen

Cannon Ball

911 Data Not Served (298)
SWA Wait List User (41)
SWA Served (366)
Pipeline
County
Service Areas

SOUTHWEST PIPELINE PROJECT

Bartlett&West | AECOM

911 Data Analysis-Not Served Locations
Morton County, North Dakota

0 3.5 7 14 Miles

N W E S

#10

SB 2213
3-7-19

Southwest Water Authority Mill Levy Report

An ACT to amend and reenact section 61-24.5-10 of the North Dakota Century Code, relating to the mill levy of the Southwest Water Authority.

SOUTHWEST PIPELINE PROJECT

SOUTHWEST WATER AUTHORITY

January 2019

#10 SB 2213
3-7-19

Table of Contents

Legislation Behind Mill Levy 2
Water Resource District Joint Boards 2
General Fund Expenses vs Mill Levy Income Table 5
Increase in Water Service Rates without Mill Levy Table 5
Mill Levy Affect On Water Rates 6
Proposed Mill Levy Legislation 8
Service Area Map 9
Mill Levy for 2018 and 2019 10
County Valuations for 2017 12
Benefits to the City of Mandan 12
Mill Levy History 14
History of Water Rates for Contract Customers 15
History of Water Rates for Rural Customers 16
Southwest Pipeline Project Map 17

3-7-19 #10

Legislation Behind Mill Levy

SB 2213

The promise of quality water for southwest North Dakota started in the 1970s. The promise has changed over the years as southwest North Dakota has changed. The need for quality water continues and the need continues to grow. The promise finally grew into construction in the 1980's. The need for local support was the driver for the establishment of Southwest Water Authority (SWA). The promise of water for SWA's region had begun.

SWA is a political subdivision which was born in the 1991 legislative session. SWA was patterned after the Garrison Diversion Conservancy District, which collects a permanent mill levy from its 28 counties. Garrison Diversion was established in 1955 as was its mill levy. The District has proven this funding mechanism is a tried-and-true method of funding water projects. It is an effective and reliable funding source showing local support for large regional water projects. The mill levy should be made permanent for SWA to both fund SWA and to provide local support.

Early drafts of legislation to create SWA had a permanent mill levy; however, it was revised to be temporary and in 1991 was introduced to include a one mill levy from 1992-1997 for the payment of administrative expenses. The one mill was taken from the mill levy authority of the joint water resource board, the West River Joint Board (WRJB). The WRJB is made up of participants from, Adams, Billings, Bowman, Dunn, Golden Valley, Grant, Hettinger, Mercer, Morton, Oliver, Slope, and Stark Counties. No increase in overall taxing authority for water related purposes has occurred from the joint water resource board shifting one mill of their two mill authority to SWA. If the WRJB were to become active again it would have only a one-mill authority as long as SWA has mill levy authority.

North Dakota Century Code (NDCC) 57-15-26.6 defines a water resource district's general tax levy may not exceed four mills on each dollar of taxable valuation in the county or portion of the county in the district. A water resource district is responsible to do all things reasonably necessary to preserve the benefits derived from the conservation, control and regulation of the water resources of the district. NDCC § 61-16.1-11 Operations of Water Resource Districts Joint Exercise of Powers states "The boards of the member districts then shall levy by resolution a tax not to exceed two mills upon the taxable valuation of the real property within each district within the river basin or region subject to the joint agreement. The levy may be in excess of any other levy authorized for a district." This gives water resource districts with joint boards the authority to levy up to six mills. There are 28 joint boards in North Dakota, with three of them inactive. *See Water Resource District Joint Boards table below.*

Water Resource District Joint Boards	Member Counties/WRD
Cass County Joint Board	Maple River, North Cass, Rush River, and Southwest Cass County WRDs
Devils Lake Basin Joint Board	Cavalier, Eddy, Nelson, Pierce, Ramsey, Rolette, Towner and Walsh
Dickey-Sargent Joint Board	Dickey and Sargent
Elm River Joint WRD	
Forest River Joint	Walsh, Grand Forks, and Nelson
Griggs/Barnes Joint WRD	Barnes and Griggs
Hurricane Lake Joint Board	Pierce, Towner, Rolette, and Benson
James River Joint Board	Inactive

continued on next page

#10
SB 2213 3-7-19

Water Resource District Joint Boards	Member Counties/WRD
Maple River & Barnes County Joint	Maple River and Barnes County WRDs
Maple River - Ransom Joint Board	Maple River and Ransom County WRD
Maple River - Richland Joint Water Resource Board	Cass/Maple River and Ransom County
Maple River - Rush River Joint	Maple River and Rush River WRD
Maple River - Southeast Cass Joint WRD	Maple River and Southeast Cass WRD
Maple River - Steele County Joint Board	Maple River and Steele County
McLean-Sheridan Joint Board	McLean and Sheridan
Missouri River Joint	Burleigh, Dunn, Emmons, Mercer, Morton, Mountrail, Oliver, and Sioux
North Cass and Rush River Joint Board	North Cass and Rush River WRD
Park River Joint WRD	Pembina and Walsh
Red River Joint	Barnes, Grand Forks, Maple River, Nelson County, North Cass, Pembina County, Ransom County, Richland County, Rush River, Sargent County, Southeast Cass, Steele County, Traill County, Walsh County
Richland-Cass Joint Water Resource Board	Richland and Cass Counties
Richland-Sargent Joint WRD	Richland and Sargent Counties
Rocky Run Joint	Foster County, Wells, and Eddy Counties
Sheyenne River Joint	Barnes, Ransom, Steele, Griggs, Nelson, Southeast Cass, and Richland
Souris River Joint	Renville, Ward, McHenry, and Bottineau
Southeast Cass - Rush River Joint	Southeast Cass and Rush River WRD
Tri-County Joint WRD Executive Board	
Upper Sheyenne River Joint	Barnes County, Benson County, Eddy County, Griggs County, Nelson County, Pierce County, Sheridan County, Steele County, Stutsman County
West River Joint	Adams, Billings, Bowman, Dunn, Golden Valley, Grant, Hettinger, Mercer, Morton, Oliver, Slope, Stark (Inactive)

28 Joint Water Boards currently exist in North Dakota - three of which are inactive (James River, Sheyenne River, and West River)

Since the inception of SWA in 1991, the WRJB has been inactive. With no local water resource district in the area, and an inactive joint board, there has been no local financial commitment to cover costs of water-related projects. Mill levy income assists in allowing SWA to provide for the supply and distribution of water for the future economic welfare and prosperity of the people of southwestern North Dakota. Collection of this mill levy offsets administrative expenses of SWA.

Extension of Mill Levy

Through legislation, the mill levy has been extended three times. SWA collected the mill levy from its 12 counties for the first time in 1993. The first extension was granted in 1995 which extended

the levy until 2006. Through legislation, the mill levy was extended again in 2001 and 2009 to buffer administrative costs, at a minimum, until the bulk of construction is completed. In 2020, the mill levy is scheduled to sunset and we are not done. There are nearly 500 potential customers on waiting lists and there is critical infrastructure yet to be installed to ensure quality water throughout southwest North Dakota. If the mill levy were to sunset, the taxing authority granted to SWA will once again be shifted back to the joint water resource board's authority. The need for the authorized use of the funds will not diminish. In fact, the needs will continue to grow.

Purpose and Allocation of Mill Levy

In southwest North Dakota, communities and rural areas did not have access to adequate quantities of high-quality drinking water. SWA was created to provide for the supply and distribution of water to the people of southwestern North Dakota for purposes including domestic, rural water, municipal, livestock, light industrial, mining, and other uses, with primary emphasis on domestic, rural water and municipal use.

The levy must be approved by a majority vote by the members of the Board of Directors and be sufficient to meet ongoing administrative costs. Administrative costs are defined as: per diem, mileage, and other expenses of directors, expenses of operating the office, and any other obligations and liabilities relating to administrative, clerical, engineering, surveying, easement acquisition, investigations, legal, and other related expenses of the authority. Such expenses are provided for in the annual budget and expenditures of mill levy income must be approved by the Board of Directors. Income collected from the mill levy is not tied to construction of the SWPP.

All operation and maintenance (O&M) costs are covered by water rates set by the Board of Directors. The collected mill levy is not used to assist with costs of treatment, transmission, or distribution of water through the SWPP. The SWA Board of Directors has expressed concern a sunset of the mill levy would negatively impact SWA's ability to deliver quality water to its customers throughout the 12 counties in southwest North Dakota served by the SWPP.

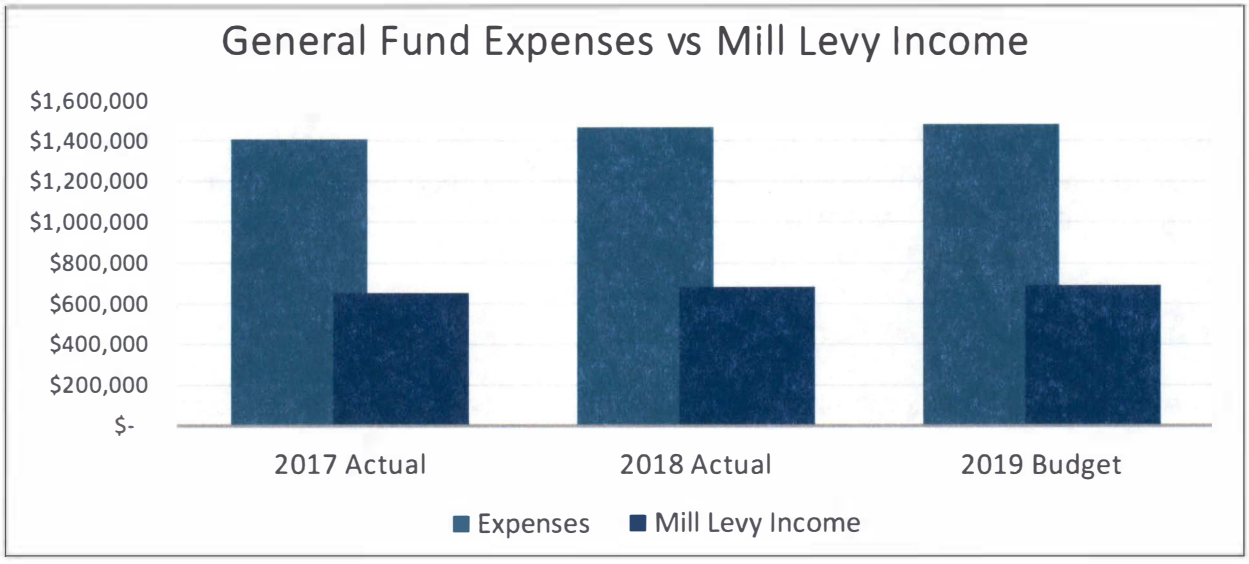
History of Mill Levy Income

The tax levied by SWA is collected from each of the 12 counties SWA serves. The annual mill levy income to SWA historically from 1995-2017 averaged $275,620.40. Based on projections received from the counties, it is estimated the average annual mill levy income to SWA for the years 2018 to 2022 will be $693,441.40.

Percentage of General Fund Budget

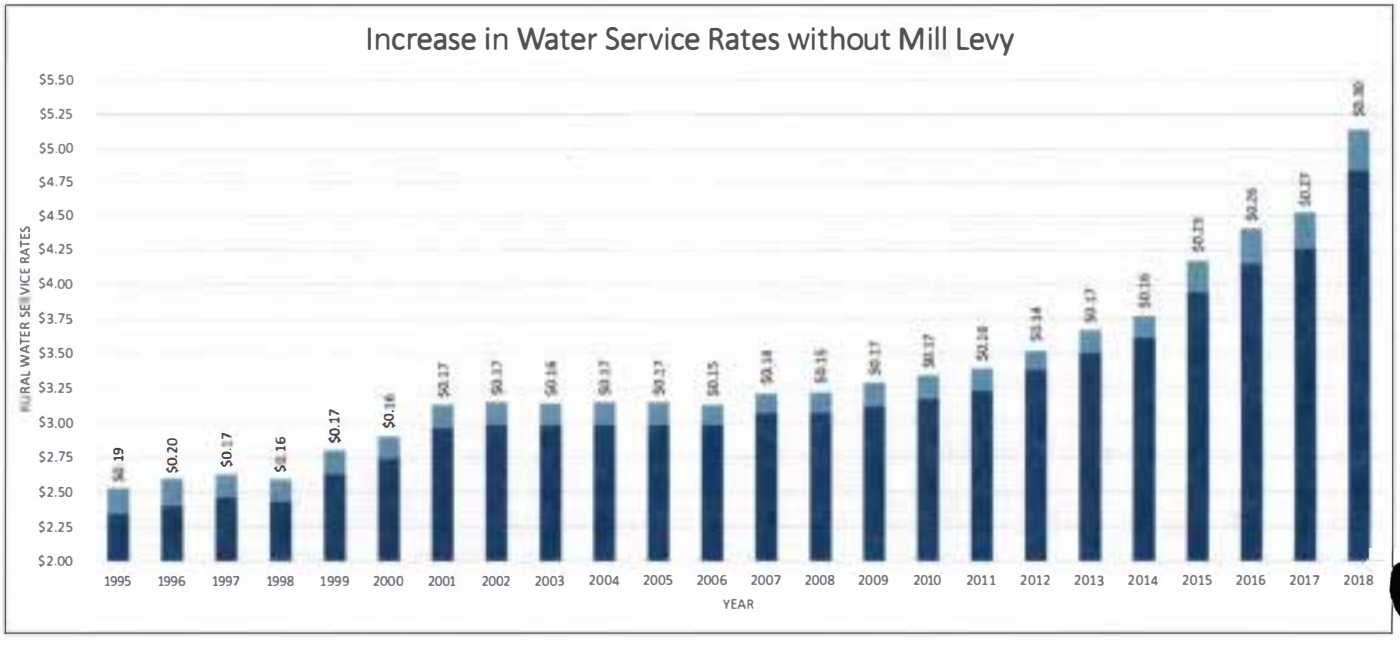
In 2017, SWA budgeted $620,000 for mill levy and actual income was $653,082.88. The mill levy income paid for 46.5% of the General Fund total expenses. Revenue in the amount of $752,751.23 was necessary from other sources. For 2018, SWA budgeted $642,600 for mill levy, which is 62.7% of the General Fund Budget total expenses.

#10
SB2213
3-7-19



How Rates Would Be affected if Mill Levy Was Not Present

Revenue for operation, management, maintenance, and repayment of the SWPP comes from water service revenues from ALL Project customers. Water rates are set annually by the Board of Directors to cover such costs. The collection of the mill levy enables SWA to keep rates stable. If the mill levy revenue was not available to SWA during 1995-2017, SWA would have had to increase the water rate by $0.18/1,000 gallons. For the years 2018-2022, the water rate would need to increase by $0.*30*/1,000 gallons to cover General Fund expenses.



3-7-19 #10

SB 2213

Mill Levy Affect On Water Rates

	Mill Levy Collected by SWA	Gallons Sold (in thousand gallons)	Increase in Rates
1995	$ 134,390.18	698,868	$ 0.19
1996	$ 158,474.02	808,329	$ 0.20
1997	$ 142,270.63	833,382	$ 0.17
1998	$ 144,699.37	931,702	$ 0.16
1999	$ 163,408.57	938,167	$ 0.17
2000	$ 162,112.18	1,020,280	$ 0.16
2001	$ 173,441.75	1,038,329	$ 0.17
2002	$ 177,510.67	1,074,724	$ 0.17
2003	$ 182,411.67	1,124,526	$ 0.16
2004	$ 193,777.75	1,123,040	$ 0.17
2005	$ 196,923.21	1,136,911	$ 0.17
2006	$ 209,721.87	1,402,348	$ 0.15
2007	$ 219,607.00	1,518,776	$ 0.14
2008	$ 236,071.24	1,597,024	$ 0.15
2009	$ 257,554.80	1,497,744	$ 0.17
2010	$ 276,564.24	1,600,642	$ 0.17
2011	$ 292,603.42	1,775,558	$ 0.16
2012	$ 341,631.26	2,373,063	$ 0.14
2013	$ 394,703.09	2,335,642	$ 0.17
2014	$ 415,255.00	2,595,950	$ 0.16
2015	$ 552,410.38	2,365,418	$ 0.23
2016	$ 621,831.45	2,377,511	$ 0.26
2017	$ 643,082.88	2,442,561	$ 0.27
2018	$ 681,769.82	2,269,833	$ 0.30
2019	$ 690,500.00	2,372,014	$ 0.29
2020	$ 725,100.00	2,443,300	$ 0.30
2021	$ 761,400.00	2,512,300	$ 0.30
2022	$ 799,500.00	2,583,300	$ 0.31
2023	$ 839,500.00	2,656,400	$ 0.32
2024	$ 881,500.00	2,731,600	$ 0.32

Note: Increase in Rates is not cumulative

#10 3-7-19
SB 2213

Benefits to Southwest North Dakota

All areas of southwest North Dakota have benefitted from the Southwest Pipeline Project. This includes rural farms receiving their first glass of clear quality water, cities growing with an adequate supply of quality water and the energy sector prospering due to available water for both their employees and the industry. A local contribution of one mill for the existence and support of quality water which provides quality of life is necessary. Water has made it possible for southwest North Dakota to prosper economically. The one mill levy in southwest North Dakota shows local support for the Project. It provides the "skin in the game" so often talked about being needed by the local entities and constituents for water development.

The promise to the citizens of southwest North Dakota is an adequate supply of water for quality of life and economic development. The region has changed over the years since construction started 32 years ago. The region is growing as are the water needs. The mill levy is needed to show the continued support of the region to meet the continued increased demand for quality water. We are all successful working together to this end with the local region and the state meeting the needs of our citizens. All 12 counties see benefits of providing quality water for the region. The population has been growing where water is available. This is the method of support needed to continue to grow the economic engine in southwest North Dakota.

#10
SB2213
3-7-19

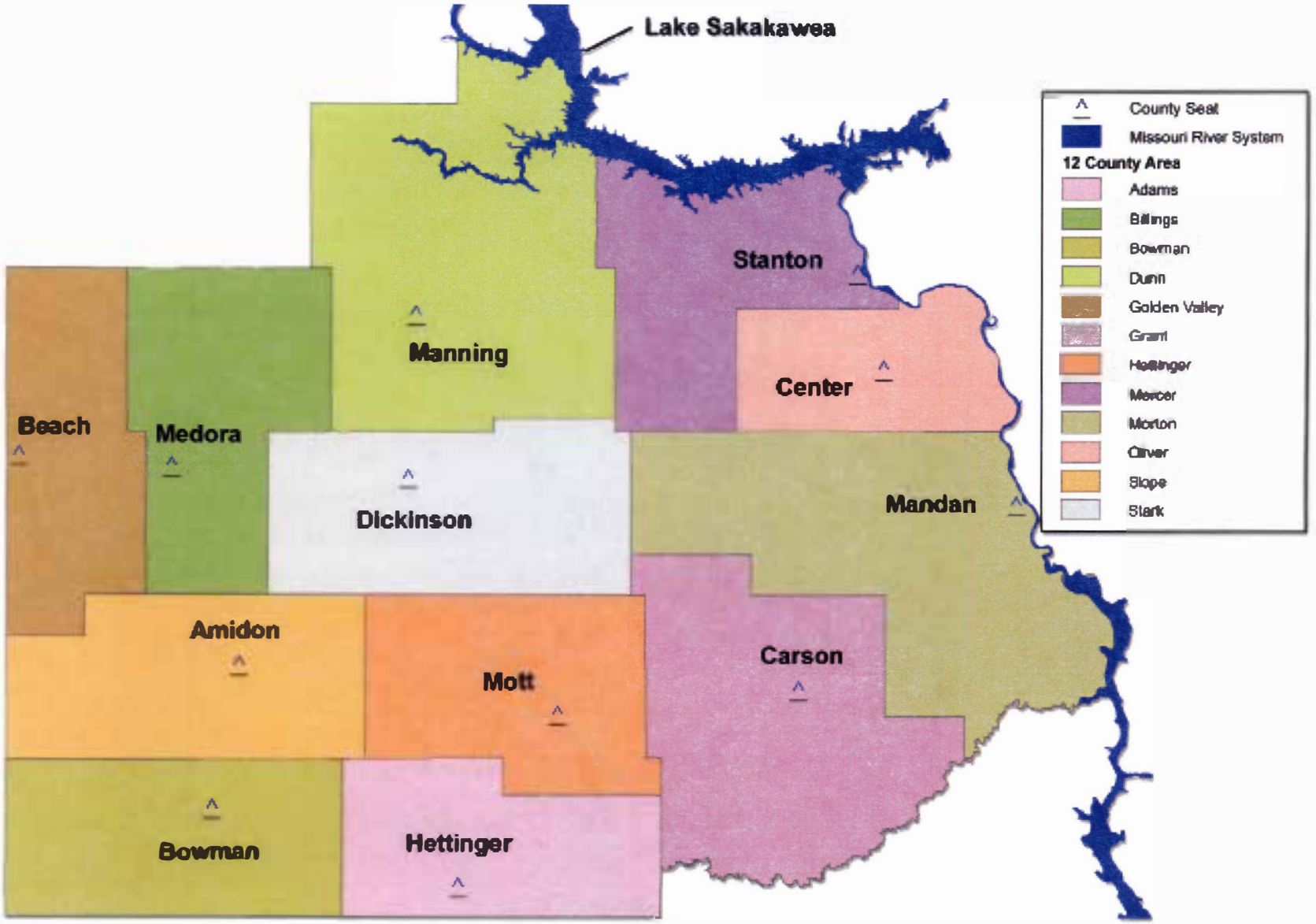
Proposed Mill Levy Legislation

An ACT to amend and reenact section 61-24.5-10 of the North Dakota Century Code, relating to the tax levy of the southwest water authority.

Section 1. AMENDMENT. Section 61-24.5-10 of the North Dakota Century Code is amended and reenacted as follows:

61-24.5-10. District budget – Tax Levy. For each taxable year ~~through 2020~~, the authority may levy a tax of not to exceed one mill annually on each dollar of taxable valuation within the boundaries of the authority 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 related expenses of the authority. All moneys collected pursuant to the levy must be deposited to the credit of the authority and may be disbursed only as herein provided. The board may invest any funds on hand, not needed for immediate disbursement or which are held in reserve for future payments, in bonds of the United States, certificates of deposit guaranteed or insured by the United States or an instrumentality or agency thereof, and bonds or certificates of indebtedness of the state of North Dakota or any of its political subdivisions. During the period of time in which the authority may levy one mill annually as provided herein, any joint water resource board created pursuant to section 61-16.1-11, by or among one or more of the water resource districts in the counties which are included in the authority, must be limited to one mill under the authority of section 61-16.1-11.

Southwest Water Authority Service Area



#10
SB 2213
3-7-19

3-7-19 #10

SB 2213

Mill Levy for 2018 and 2019

	Actual for 2018	Actual Totals	Budget for 2019	Budget Totals
Other Income				
Mill Levy - Adams County	18,088.87		18,725.00	
Prior Year's Taxes - Adams County				
Other Tax Receipts - Adams County	467.12		275.00	
State Aid - Adams County	953.92	**19,509.91**	1,000.00	**20,000.00**
Mill Levy - Billings County	23,063.62		22,500.00	
State Aid - Billings County		**23,063.62**		**22,500.00**
Mill Levy - Bowman County	27,148.79		26,600.00	
Prior Year's Taxes - Bowman County				
Other Tax Receipts - Bowman County			1,000.00	
State Aid - Bowman County	4,538.41	**31,687.20**	2,500.00	**30,100.00**
Mill Levy - Golden Valley County	16,649.71		15,500.00	
Prior Year's Taxes - Golden Valley County				
Other Tax Receipts - Golden Valley County				
State Aid - Golden Valley County		**16,649.71**		**15,500.00**
Mill Levy - Grant County	19,420.65		19,550.00	
Prior Year's Taxes Grant County				
Other Tax Receipts - Grant County	267.49		250.00	
State Aid - Grant County		**19,688.14**	1,200.00	**21,000.00**
Mill Levy - Hettinger County	23,772.22		22,750.00	
Prior Year's Taxes - Hettinger County				
Other Tax Receipts - Hettinger County	256.73		250.00	
State Aid - Hettinger County	1,220.84	**25,249.79**	1,000.00	**24,000.00**
Mill Levy - Mercer County	55,242.35		55,000.00	
Prior Year's Taxes - Mercer County				
Other Tax Receipts - Mercer County				
State Aid - Mercer County		**55,242.35**		**55,000.00**
Mill Levy - Morton County	155,561.98		146,500.00	
Prior Year's Taxes - Morton County	9,342.22			
Other Tax Receipts - Morton County	2,508.66		9,800.00	
State Aid - Morton County		**167,412.86**	3,700.00	**160,000.00**
Mill Levy - Oliver County	14,196.05		17,400.00	
Prior Year's Taxes - Oliver County	296.43			
Other Tax Receipts - Oliver County	8,178.05		6,500.00	
State Aid - Oliver County	65.84	**22,736.37**	100.00	**24,000.00**

#10 SB2213 3-7-19

2018-2019 Mill Levy to Date cont'd

	Actual for 2018	Actual Totals	Budget for 2019	Budget Totals
Other Income				
Mill Levy - Slope County	11,393.39		11,850.00	
Prior Year's Taxes - Slope County				
Other Tax Receipts - Slope County	21.20		50.00	
State Aid - Slope County	2,060.03	**13,474.62**	1,500.00	**13,400.00**
Mill Levy - Stark County	196,745.71		223,000.00	
Prior Year's Taxes - Stark County	4,657.33			
Other Tax Receipts - Stark County	4,347.63		3,000.00	
State Aid - Stark County	10,098.17	**215,848.84**	9,000.00	**235,000.00**
Mill Levy - Dunn County	71,072.47		68,850.00	
Prior Year's Taxes - Dunn County				
Other Tax Receipts - Dunn County	133.94		150.00	
State Aid - Dunn County		**71,206.41**		**70,000.00**
Total		**681,769.82**		**690,500.00**

#10
SB 2213
3-7-19

County Valuations for 2017

	Valuation	Revenue
Stark County	$ 194,493,508	$ 194,493.51
Dickinson	$ 130,414,910	$ 130,414.91
Richardton	$ 3,422,961	$ 3,422.96
Belfield	$ 2,476,253	$ 2,476.25
South Heart	$ 1,582,706	$ 1,582.71
Gladstone	$ 641,656	$ 641.66
Taylor	$ 549,001	$ 549.00
Morton County	$ 160,684,429	$ 160,684.43
Mandan	$ 86,769,053	$ 86,769.05
Hebron	$ 1,566,242	$ 1,566.24
Glen Ullin	$ 1,520,930	$ 1,520.93
County Revenue Difference		**$ 33,809.08**

Stark and Morton County Valuation and Revenue: Out of the 12 counties served by the Southwest Pipeline Project, Morton and Stark Counties are the most populated. Property valuation and revenue collected from both Morton and Stark Counties is shown in the table. In 2017, one mill collected from Stark County equaled $194,493.51 in revenue and $160,684.43 in revenue from Morton County.

Benefits to the City of Mandan

Missouri West Water System decided not to wait for the construction of the Southwest Pipeline Project and began construction of their system in 1993. Western Morton County from the Blue Grass Hills to the Stark County line was originally included in the Southwest Pipeline Project due to land elevations. Missouri West Water System did not want to delay building water infrastructure in Morton County. The Southwest Pipeline Project gave up funding to allow Missouri West Water System to build their system.

There are pocket areas in Morton County which could not be served by the Missouri West Water System distribution system. The Southwest Pipeline Project has worked together with Missouri West Water System to supply water to the rural customers in those pocket areas. The Southwest Pipeline Project installed pipelines and purchases water from Missouri West Water System. This directly benefits the city of Mandan because Missouri West Water System purchases water from the city of Mandan.

Southwest Pipeline Project customers in Morton County shop in the city of Mandan, creating more demand for businesses and boosting local sales tax revenues. Sales tax revenue in the city of Mandan is used for property tax reduction, economic development, street, water and sewer improvements and municipal debt reduction.

#10
SB2213
3-7-19

The benefits to the city of Mandan are both direct and indirect. There are overwhelming indirect benefits with SWA in business in Morton County. Benefits to the trade area are benefits to the city. The Project's ability to provide additional water to the western area has allowed for additional growth not only in the western part of the county, but also in the east which is beneficial to the city of Mandan. Increasing potable water capacity increases the ability to grow. Increasing water sales for the city of Mandan and quality water for the region directly impact quality of life and the economy of the city.

SWA is a proponent and an advocate for water in the region and in the state. This includes supporting water in the city of Mandan. It is in the best interest of all to make the mill levy permanent.

OMND Water Treatment Plant and water reservoirs

Mill Levy History

3-7-19 #10 SB2213

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Adams County	$ 6,737.22	$ 6,245.47	$ 6,344.80	$ 6,772.54	$ 7,066.68	$ 7,389.83	$ 7,284.70	$ 7,405.85	$ 7,858.11	$ 7,634.34	$ 7,562.52	$ 7,991.10	$ 8,009.83	$ 8,503.46
Billings County	$ 6,989.55	$ 6,352.30	$ 6,415.99	$ 5,722.14	$ 5,707.61	$ 5,388.98	$ 5,585.92	$ 5,662.18	$ 5,674.36	$ 6,430.95	$ 6,419.75	$ 6,393.55	$ 6,658.58	$ 7,498.60
Bowman County	$ 7,761.05	$ 6,908.64	$ 7,018.34	$ 7,939.17	$ 9,199.13	$ 8,502.24	$ 9,868.10	$ 8,776.42	$ 9,372.94	$ 10,977.84	$ 10,887.02	$ 11,522.21	$ 11,612.07	$ 14,937.02
Dunn County	$ 10,764.31	$ 10,436.74	$ 10,816.58	$ 10,798.84	$ 11,154.77	$ 11,247.80	$ 12,000.03	$ 12,442.36	$ 12,565.48	$ 13,148.59	$ 13,215.77	$ 13,796.85	$ 13,935.65	$ 14,280.37
Golden Valley County	$ 4,478.29	$ 4,691.48	$ 4,940.01	$ 4,783.19	$ 5,377.15	$ 5,614.92	$ 5,761.01	$ 5,826.11	$ 6,191.70	$ 6,208.34	$ 6,257.48	$ 6,465.42	$ 6,415.75	$ 6,885.25
Grant County	$ 7,017.52	$ 7,405.51	$ 7,561.21	$ 7,883.06	$ 8,731.93	$ 8,800.63	$ 8,868.17	$ 9,167.74	$ 9,276.45	$ 9,117.29	$ 9,096.99	$ 9,301.71	$ 10,383.34	$ 9,641.94
Hettinger County	$ 7,177.24	$ 7,509.66	$ 7,883.85	$ 6,543.57	$ 8,930.52	$ 8,537.51	$ 8,552.95	$ 9,038.27	$ 9,441.26	$ 9,452.68	$ 9,543.94	$ 9,954.06	$ 10,566.28	$ 11,064.90
Mercer County	$ 13,583.53	$ 13,824.95	$ 14,177.96	$ 14,718.91	$ 17,830.16	$ 17,970.16	$ 19,782.99	$ 20,772.11	$ 21,202.66	$ 21,034.57	$ 21,330.65	$ 21,842.80	$ 23,343.86	$ 22,701.54
Morton County	$ 38,092.68	$ 62,335.95	$ 41,981.78	$ 42,105.27	$ 47,420.15	$ 44,876.44	$ 50,268.06	$ 51,971.58	$ 50,560.24	$ 57,402.15	$ 59,081.84	$ 66,220.23	$ 66,509.58	$ 72,046.09
Oliver County	$ 4,369.82	$ 4,443.96	$ 4,338.65	$ 5,365.63	$ 4,653.80	$ 4,792.47	$ 4,904.07	$ 5,034.64	$ 5,337.38	$ 5,296.31	$ 5,295.86	$ 5,537.05	$ 5,956.07	$ 6,820.18
Slope County	$ 3,471.75	$ 3,644.00	$ 3,969.06	$ 3,929.96	$ 5,111.34	$ 5,128.66	$ 5,211.56	$ 5,297.98	$ 5,429.11	$ 6,054.35	$ 6,007.44	$ 5,485.82	$ 6,475.85	$ 6,601.19
Stark County	$ 24,008.23	$ 24,675.36	$ 26,822.40	$ 28,137.09	$ 32,225.42	$ 33,862.54	$ 35,354.19	$ 36,115.47	$ 39,521.98	$ 36,096.96	$ 42,223.95	$ 45,238.07	$ 49,740.14	$ 55,090.70
Total	**$ 134,390.19**	**$ 158,474.02**	**$ 142,270.63**	**$ 144,699.37**	**$ 163,408.66**	**$ 162,112.18**	**$ 173,441.75**	**$ 177,510.71**	**$ 182,411.67**	**$ 188,854.37**	**$ 196,923.21**	**$ 209,721.87**	**$ 219,607.00**	**$ 236,071.24**
$ Increase from previous year		**$ 24,083.83**	**$ -16,203.39**	**$ 2,428.74**	**$ 18,709.29**	**$ -1,296.48**	**$ 11,329.57**	**$ 4,068.96**	**$ 4,900.96**	**$ 6,442.70**	**$ 8,068.84**	**$ 12,798.66**	**$ 9,885.13**	**$ 16,464.24**
% Increase from previous year		**17.92%**	**-10.22%**	**1.71%**	**12.93%**	**-0.79%**	**6.99%**	**2.35%**	**2.76%**	**3.53%**	**4.27%**	**6.50%**	**4.71%**	**7.50%**

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019 Budget	Total
Adams County	$ 8,724.49	$ 9,280.01	$ 8,598.95	$ 10,087.86	$ 11,653.63	$ 12,757.20	$ 14,249.38	$ 15,628.48	$ 18,344.43	$ 19,509.91	**$ 20,000.00**	**$ 251,620.79**
Billing County	$ 7,915.94	$ 8,428.33	$ 9,876.66	$ 11,232.59	$ 12,831.57	$ 18,283.71	$ 20,614.18	$ 20,990.49	$ 22,054.84	$ 23,063.62	**$ 22,500.00**	**$ 264,692.39**
Bowman County	$ 17,141.02	$ 18,739.67	$ 17,966.26	$ 29,004.50	$ 29,767.78	$ 33,465.37	$ 35,105.41	$ 33,649.84	$ 31,484.42	$ 31,687.20	**$ 30,100.00**	**$ 443,393.66**
Dunn County	$ 14,690.36	$ 16,209.65	$ 17,157.35	$ 19,746.30	$ 26,051.13	$ 38,323.55	$ 45,399.99	$ 56,370.50	$ 61,521.37	$ 71,206.41	**$ 70,000.00**	**$ 607,280.75**
Golden Valley County	$ 6,980.91	$ 7,222.94	$ 8,205.23	$ 8,739.18	$ 10,699.80	$ 11,777.45	$ 15,402.67	$ 15,679.41	$ 15,548.66	$ 16,649.71	**$ 15,500.00**	**$ 212,272.06**
Grant County	$ 11,965.26	$ 10,932.30	$ 11,650.68	$ 13,298.53	$ 15,173.39	$ 18,428.77	$ 19,246.17	$ 20,478.45	$ 20,717.39	$ 19,688.14	**$ 21,000.00**	**$ 304,832.57**
Hettinger County	$ 11,019.62	$ 12,519.66	$ 12,070.90	$ 15,894.80	$ 19,868.45	$ 22,129.30	$ 23,362.37	$ 24,495.55	$ 23,931.09	$ 25,249.79	**$ 24,000.00**	**$ 338,678.22**
Mercer County	$ 24,597.75	$ 25,967.16	$ 28,580.18	$ 33,593.53	$ 36,926.40	$ 41,715.13	$ 46,495.47	$ 47,576.17	$ 51,074.68	$ 55,242.35	**$ 55,000.00**	**$ 710,884.67**
Morton County	$ 77,221.10	$ 82,341.18	$ 86,634.55	$ 93,793.78	$ 103,860.38	$ 114,742.03	$ 129,554.95	$ 139,649.44	$ 149,389.99	$ 167,412.86	**$ 160,000.00**	**$ 2,055,472.30**
Oliver County	$ 7,679.99	$ 8,557.71	$ 8,700.11	$ 8,786.68	$ 10,548.00	$ 12,343.35	$ 14,121.79	$ 18,251.46	$ 20,782.55	$ 22,736.37	**$ 24,000.00**	**$ 228,653.90**
Slope County	$ 6,909.26	$ 7,649.29	$ 8,000.10	$ 10,187.46	$ 12,232.87	$ 12,995.80	$ 13,735.48	$ 13,386.31	$ 13,370.09	$ 13,474.62	**$ 13,400.00**	**$ 197,132.35**
Stark County	$ 62,709.10	$ 68.776.98	$ 75,105.97	$ 87,266.05	$ 105,119.69	$ 147,257.81	$ 175,122.52	$ 215,675.35	$ 224,863.37	$ 215,848.84	**$ 235,000.00**	**$ 2,121,858.18**
Total	**$ 257,554.80**	**$ 276,624.88**	**$ 292,546.94**	**$ 341,631.26**	**$ 394,703.09**	**$ 484,219.47**	**$ 552,410.38**	**$ 521,831.45**	**$ 653,082.88**	**$ 681,769.82**	**$ 690,500.00**	**$ 7,736,771.84**
$ Increase from previous year	**$ 21,483.56**	**$ 19,070.08**	**$ 15,922.06**	**$ 49,084.32**	**$ 53,071.83**	**$ 89,516.38**	**$ 68,190.91**	**$ 69,421.07**	**$ 31,251.43**	**$ 28,686.94**	**$ 37,417.12**	**$ 584,796.75**
% Increase from previous year	**9.10%**	**7.40%**	**5.76%**	**16.78%**	**15.53%**	**22.68%**	**14.08%**	**12.57%**	**5.03%**	**4.39%**	**5.73%**	

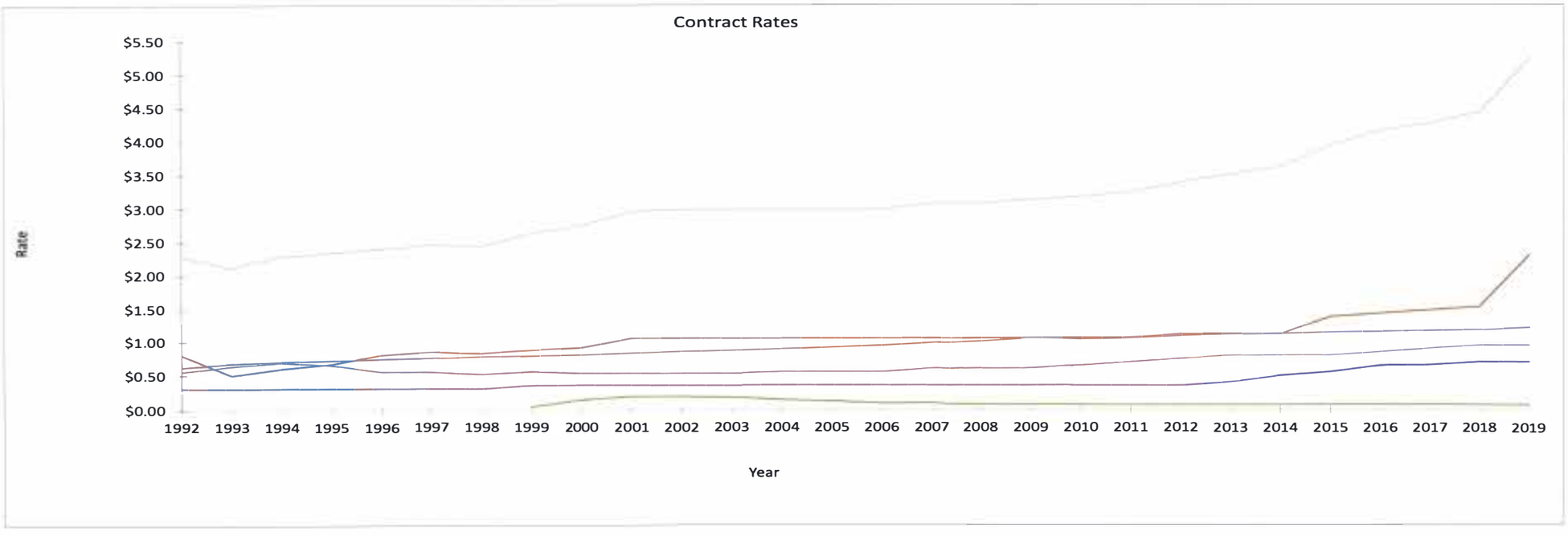
#10 SB 2213

History of Water Rates for Contract Customers

3-7-19

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Transmission O&M	$ 0.80	$ 0.50	$ 0.60	$ 0.67	$ 0.81	$ 0.85	$ 0.83	$ 0.88	$ 0.91	$ 1.05	$ 1.05	$ 1.05	$ 1.05	$ 1.05	$ 1.05	$ 1.05	$ 1.05	$ 1.05	$ 1.06	$ 1.06	$ 1.12	$ 1.12	$ 1.12	$ 1.38	$ 1.43	$ 1.48	$ 1.53	$ 2.30
Treatment	$ 0.56	$ 0.64	$ 0.69	$ 0.65	$ 0.55	$ 0.55	$ 0.52	$ 0.56	$ 0.53	$ 0.53	$ 0.53	$ 0.53	$ 0.55	$ 0.55	$ 0.55	$ 0.60	$ 0.60	$ 0.60	$ 0.65	$ 0.70	$ 0.75	$ 0.80	$ 0.80	$ 0.80	$ 0.85	$ 0.90	$ 0.95	$ 0.95
Replacement & Extraordinary Maintenance	$ 0.30	$ 0.30	$ 0.30	$ 0.30	$ 0.30	$ 0.30	$ 0.30	$ 0.35	$ 0.35	$ 0.35	$ 0.35	$ 0.35	$ 0.35	$ 0.35	$ 0.35	$ 0.35	$ 0.35	$ 0.35	$ 0.35	$ 0.35	$ 0.35	$ 0.40	$ 0.50	$ 0.55	$ 0.65	$ 0.65	$ 0.70	$ 0.70
Capital Repayment	$ 0.62	$ 0.68	$ 0.70	$ 0.72	$ 0.74	$ 0.76	$ 0.78	$ 0.79	$ 0.80	$ 0.83	$ 0.85	$ 0.87	$ 0.89	$ 0.91	$ 0.94	$ 0.98	$ 1.00	$ 1.05	$ 1.04	$ 1.05	$ 1.09	$ 1.11	$ 1.12	$ 1.14	$ 1.15	$ 1.16	$ 1.18	$ 1.21
Reserve Fund								$ 0.05	$ 0.15	$ 0.20	$ 0.20	$ 0.18	$ 0.14	$ 0.12	$ 0.09	$ 0.09	$ 0.07	$ 0.07	$ 0.07	$ 0.07	$ 0.07	$ 0.07	$ 0.07	$ 0.07	$ 0.07	$ 0.07	$ 0.07	$ 0.07
Contract Rate Total	**$ 2.28**	**$ 2.12**	**$ 2.29**	**$ 2.34**	**$ 2.40**	**$ 2.46**	**$ 2.43**	**$ 2.63**	**$ 2.74**	**$ 2.96**	**$ 2.98**	**$ 2.98**	**$ 2.98**	**$ 2.98**	**$ 2.98**	**$ 3.07**	**$ 3.07**	**$ 3.12**	**$ 3.17**	**$ 3.23**	**$ 3.38**	**$ 3.50**	**$ 3.61**	**$ 3.94**	**$ 4.15**	**$ 4.26**	**$ 4.43**	**$ 5.23**
Capital Repayment as a Percentage of Total	27.19%	32.08%	30.57%	30.77%	30.83%	30.89%	32.10%	30.04%	29.20%	28.04%	28.52%	29.19%	29.87%	30.54%	31.54%	31.92%	32.57%	33.65%	32.81%	32.51%	32.25%	31.71%	31.02%	28.93%	27.71%	27.23%	26.64%	23.14%
Contract Rate Total Increase		-7.02%	8.02%	2.18%	2.56%	2.50%	-1.22%	8.23%	4.18%	8.03%	0.68%	0.00%	0.00%	0.00%	0.00%	3.02%	0.00%	1.63%	1.60%	1.89%	4.64%	3.55%	3.14%	9.14%	5.33%	2.65%	3.99%	18.06%

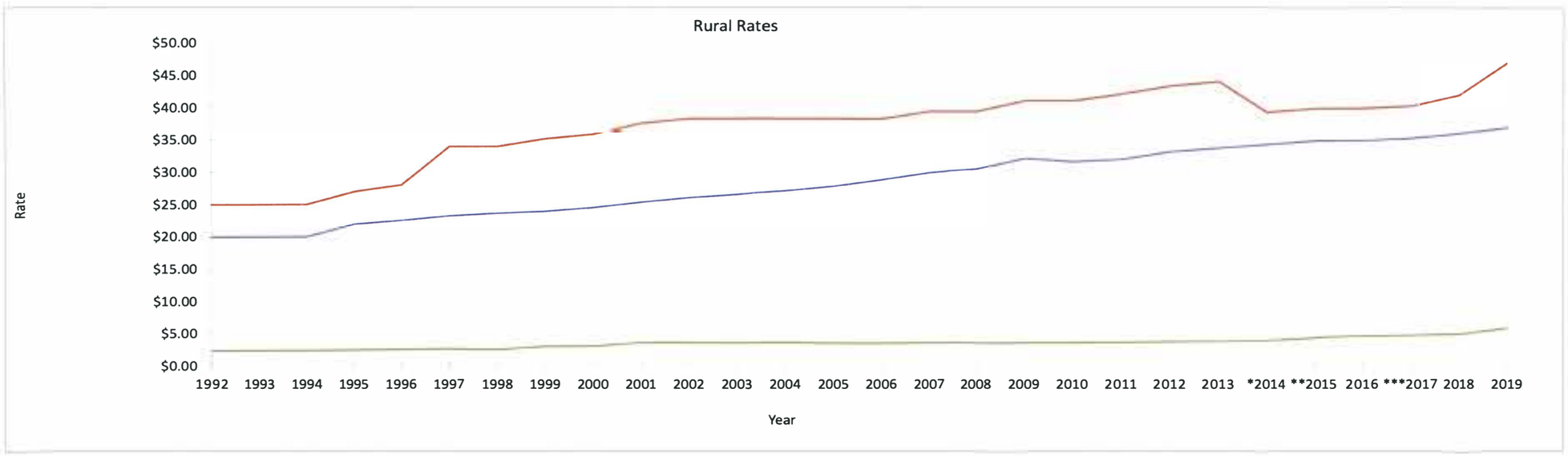
O&M is Operations and Maintenance



#10
3-7-19 SB2213

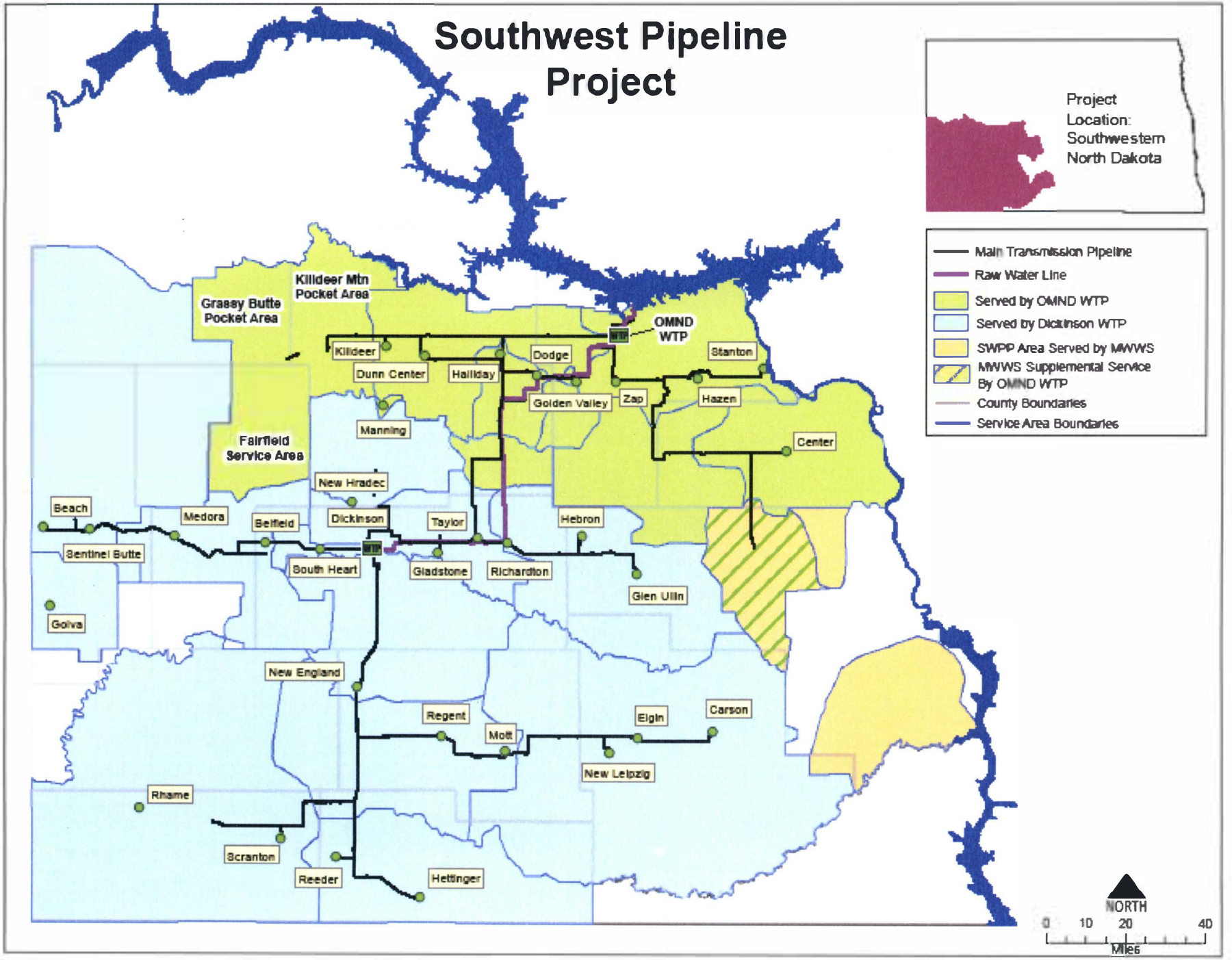
History of Water Rates for Rural Customers

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	*2014	**2015	2016	***2017	2018	2019
Rural Monthly Minimum	**$ 25.00**	**$ 25.00**	**$ 25.00**	**$ 26.95**	**$ 28.00**	**$ 33.90**	**$ 33.90**	**$ 35.10**	**$ 35.80**	**$ 37.55**	**$ 38.25**	**$ 38.25**	**$ 38.25**	**$ 38.25**	**$ 38.25**	**$ 39.45**	**$ 39.45**	**$ 41.10**	**$ 41.10**	**$ 42.10**	**$ 43.35**	**$ 44.05**	**$ 39.30**	**$ 39.88**	**$ 39.95**	**$ 40.32**	**$ 42.00**	**$ 47.00**
Capital Repayment for Rural	$ 20.00	$ 20.00	$ 20.00	$ 21.95	$ 22.52	$ 23.25	$ 23.64	$ 23.96	$ 24.50	$ 25.34	$ 26.03	$ 26.50	$ 27.07	$ 27.79	$ 28.80	$ 29.90	$ 30.49	$ 32.13	$ 32.13	$ 32.01	$ 33.22	$ 33.78	$ 34.30	$ 34.88	$ 34.95	$ 35.32	$ 36.00	$ 36.97
Capital Repayment as a Percentage of Total	80.00%	80.00%	80.00%	81.45%	80.43%	68.58%	69.73%	68.26%	68.44%	67.48%	68.05%	69.28%	70.77%	72.65%	75.29%	75.79%	77.29%	78.18%	78.18%	76.03%	76.63%	76.69%	87.28%	87.46%	87.48%	87.60%	85.71%	78.66%
Rural Monthly Minimum Increase		0.00%	0.00%	7.80%	3.90%	21.07%	0.00%	3.54%	1.99%	4.89%	1.86%	0.00%	0.00%	0.00%	0.00%	3.14%	0.00%	4.18%	0.00%	2.43%	2.97%	1.61%	-10.78%	1.48%	0.18%	0.93%	4.17%	11.90%
Treatment	$ 0.56	$ 0.56	$ 0.69	$ 0.69	$ 0.55	$ 0.55	$ 0.52	$ 0.56	$ 0.53	$ 0.53	$ 0.53	$ 0.53	$ 0.55	$ 0.55	$ 0.55	$ 0.60	$ 0.60	$ 0.60	$ 0.65	$ 0.70	$ 0.75	$ 0.80	$ 0.80	$ 0.80	$ 0.85	$ 0.90	$ 0.95	$ 0.95
Transmission O&M	$ 0.80	$ 0.50	$ 0.60	$ 0.60	$ 0.81	$ 0.85	$ 0.83	$ 0.88	$ 0.91	$ 1.05	$ 1.05	$ 1.05	$ 1.05	$ 1.05	$ 1.05	$ 1.05	$ 1.05	$ 1.05	$ 1.06	$ 1.06	$ 1.12	$ 1.12	$ 1.12	$ 1.38	$ 1.43	$ 1.48	$ 1.53	$ 2.30
Transmission Reserve	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 0.05	$ 0.15	$ 0.20	$ 0.20	$ 0.18	$ 0.14	$ 0.12	$ 0.09	$ 0.09	$ 0.09	$ 0.07	$ 0.07	$ 0.07	$ 0.07	$ 0.07	$ 0.07	$ 0.07	$ 0.07	$ 0.07	$ 0.07	$ 0.07
Transmission REM	$ 0.30	$ 0.30	$ 0.30	$ 0.30	$ 0.30	$ 0.30	$ 0.30	$ 0.35	$ 0.35	$ 0.35	$ 0.35	$ 0.35	$ 0.35	$ 0.35	$ 0.35	$ 0.35	$ 0.35	$ 0.35	$ 0.35	$ 0.35	$ 0.35	$ 0.40	$ 0.50	$ 0.55	$ 0.65	$ 0.65	$ 0.70	$ 0.70
Distribution O&M	$ 0.84	$ 1.14	$ 0.81	$ 0.81	$ 0.79	$ 0.79	$ 0.81	$ 1.01	$ 1.01	$ 1.22	$ 1.22	$ 1.24	$ 1.26	$ 1.28	$ 1.31	$ 1.31	$ 1.31	$ 1.33	$ 1.32	$ 1.32	$ 1.32	$ 1.32	$ 1.32	$ 1.32	$ 1.44	$ 1.49	$ 1.54	$ 1.64
Distribution REM			$ 0.10	$ 0.10	$ 0.10	$ 0.10	$ 0.10	$ 0.10	$ 0.10	$ 0.10	$ 0.10	$ 0.10	$ 0.10	$ 0.10	$ 0.10	$ 0.10	$ 0.10	$ 0.10	$ 0.10	$ 0.10	$ 0.10	$ 0.10	$ 0.10	$ 0.10	$ 0.10	$ 0.10	$ 0.10	$ 0.10
Distribution Reserve								$ 0.10	$ 0.10	$ 0.15	$ 0.15	$ 0.15	$ 0.15	$ 0.15	$ 0.15	$ 0.15	$ 0.15	$ 0.15	$ 0.15	$ 0.15	$ 0.15	$ 0.15	$ 0.15	$ 0.15	$ 0.15	$ 0.15	$ 0.15	$ 0.15
Rural Water Rate Total	**$ 2.50**	**$ 2.50**	**$ 2.50**	**$ 2.50**	**$ 2.55**	**$ 2.59**	**$ 2.56**	**$ 3.05**	**$ 3.15**	**$ 3.60**	**$ 3.60**	**$ 3.60**	**$ 3.60**	**$ 3.60**	**$ 3.60**	**$ 3.65**	**$ 3.65**	**$ 3.65**	**$ 3.70**	**$ 3.75**	**$ 3.86**	**$ 3.96**	**$ 4.06**	**$ 4.39**	**$ 4.69**	**$ 4.84**	**$ 5.04**	**$ 5.91**
Rural Water Rate Increase		0.00%	0.00%	0.00%	2.00%	1.57%	-1.16%	19.14%	3.28%	14.29%	0.00%	0.00%	0.00%	0.00%	0.00%	1.39%	0.00%	0.00%	1.37%	1.35%	2.93%	2.59%	2.53%	8.13%	6.83%	3.20%	4.13%	17.26%



O&M is Operations and Maintenance
REM is Replacement and Extraordinary Maintenance

*2Kgal included in minimum from January 1, 1997 to December 31, 2014
** Declining block rate from July 1, 2002 to December 31, 2015
***Inclining block rate started July 1, 2017



3-1-19 #10 SB2213

#10 SB 2213 3-7-19

SOUTHWEST PIPELINE PROJECT

SOUTHWEST WATER AUTHORITY

QUALITY WATER FOR SOUTHWEST NORTH DAKOTA

Mary Massad, Manager/CEO
Southwest Water Authority
mmassad@swwater.com

4665 Second Street SW
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Vision Statement

People and business succeeding with quality water

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www.facebook.com/swwater
www.twitter.com/SWwaterND

#11

NORTH DAKOTA Water Users Association

701-223-4615
701-223-4645 (Fax)

PO Box 2254 • Bismarck, ND 58502-2254

Testimony, SB 2213
9:00 AM, March 7, 2019
Prairie Room, State Capitol, Bismarck, ND
Alan Walter, North Dakota Water Users

Chairman Dockter and the House Political Subdivisions Committee:

My name is Alan Walter, and I serve on the Board for the North Dakota Water Users Association. At our Resolutions Meeting, held in December of 2018, we adopted a Resolution in support of making the one mill levy permanent:

> **SOUTHWEST PIPELINE PROJECT.** We support efforts and programs of the Southwest Water Authority in southwest North Dakota to bring much-needed domestic, rural, and municipal water to the people of southwest North Dakota. We support the timely completion of Southwest Pipeline Project so users can realize the benefits of the project. We support efforts of Southwest Water Authority to make its one mill levy permanent.

The Southwest Pipeline Project, which has been under construction since 1986, has more than contributed to the quality of life and economic development for the people of southwest North Dakota. This project serves all or parts of 12 counties in North Dakota, and one county in South Dakota. But there is still plenty of work to do, and more people to serve.

In North Dakota, currently 40 out of 53 counties pay a one mill levy for the development of Missouri River water, 28 to Garrison Conservancy District, and 12 to Southwest Water Authority. In 2020, that number will be reduced to 28 out of 53 counties, as the mill levy that benefits Southwest Water Authority sunsets.

The Missouri River is one of the most important resources we have in the State of North Dakota. In recent history, the State of Missouri has challenged North Dakota's use of Missouri River water. It is critical that we continue to develop our beneficial use of Missouri River water for the future of our state.

The North Dakota Water Users urge this Committee to issue a Do Pass Recommendation for SB 2213. All landowners in North Dakota benefit from the development of Missouri River water, and this one mill levy is a local contribution that is made in furtherance of that important goal.

Thank you.