



Background of the Southwest Pipeline Project

Southwestern North Dakota has always had a chronic water supply problem, both in the quality and quantity of readily available water. In 1983, as a result of the need for adequate amounts of good quality water, the State Legislature authorized the North Dakota State Water Commission (NDSWC) to construct and operate the Southwest Pipeline Project (SWPP). Construction of the SWPP began on the main transmission lines in Mercer County in 1986. In October of 1991, water delivery began in Dickinson. To date, service had been extended to 28 communities and over 4,000 rural customers, in total serving greater than 1.5 billion gallons of treated water, with approximately 14 percent of it going to rural customers.

Project Evolution

The SWPP was originally designed as a wholesale water supply system that would serve both cities and rural water systems under the terms of water service contracts. The project was to have been built quickly, utilizing a combination of bonds and State funding.

Early in the project's construction, it was determined that those rural water systems that were going to be served by the project, could be more efficiently designed, built, and operated if they were integrated with the project. Integration was approved by the Legislative Assembly in 1989, and adopted by the NDSWC in 1991.

Since then, integration has guided the project development. A conceptual plan dividing the entire project area into rural water service areas was developed. These service areas have become the basis of the project's phased development plan, which determines the order in which service areas are to be constructed.

As the integration concept became reality, it was evident that a local organization would be needed to conduct the customer relations with the rural water users. A first step towards this goal was the formation of the Southwest Water Authority (SWA) as a nonprofit corporation. In 1991 the Legislature created the SWA as a political subdivision. In this role, the SWA has served as a partner in the realization of the dream of the SWPP.

Water Treatment

Water for the SWPP is treated at the City of Dickinson's water treatment plant. The water treatment plant is still owned by the City of Dickinson, but is managed by the SWA.

The treated water supplied from the Dickinson water treatment plant has proven to be sufficient to meet all of the domestic water supply needs of the region. This allows cities to maintain their individual supplies for emergencies only. A separate facility will be servicing the Oliver, Mercer, and North Dunn Regional Service Area with a membrane filtration and membrane softening system.

Funding

The original plan to fund the SWPP with general obligation bonds was found to be unconstitutional by the North Dakota Supreme Court. Fortunately, at about the time construction was to begin, the reformulated Garrison Diversion Project's Municipal, Rural, and Industrial (MR&I) Water Supply Program came into existence. This grant provides up to 75 percent of the cost for development of water supply projects. The legislation creating the program states that the SWPP is eligible and gives cost-sharing credit for the funds the State had previously expended on the project. Without this program, and the cooperation of the Bureau of Reclamation and the Garrison Diversion Conservancy District, the SWPP would probably still be a dream. To date over \$54.83 million from North Dakota's Resources Trust Fund and General Fund and nearly \$73.92 million in MR&I funding has been spent on the SWPP.

With the growing number of cities and rural residents making capital repayments under the terms of their service agreements, the SWPP generates a revenue stream that is sufficient to make payments on the revenue bonds issued for construction. This steady source of revenue overcomes the concerns the North Dakota Supreme Court had about the original bonding plan. In 1997, the State Legislature approved revenue bonding as a method for financing the SWPP. Since then approximately \$7.04 million in revenue bonds have been issued for the project. Almost \$30.79 million of this amount has come through USDA Rural Development's Grant-Loan Program. These funds, along with state funding through the Water Development Trust Fund have qualified the project for \$15.09 million in USDA grants.

Operations

The Southwest Water Authority (SWA), a political subdivision, was established by the North Dakota State Legislature in 1991 to manage, operate and maintain the Southwest Pipeline Project (SWPP). The SWA is governed by a 14 member Board of Directors. The SWPP is a state-owned project that is administered by the ND State Water Commission and operated and maintained by SWA. The pipeline transports raw water from Lake Sakakawea to Dickinson where it is treated and delivered to the project's customers in southwest North Dakota and Perkins County, South Dakota.