

**Testimony of Duane DeKrey, Garrison Diversion General Manager**  
**HB 1020 State Water Commission Budget**  
**House Appropriations Education & Environment Division**  
**Bismarck, North Dakota – January 11, 2021**

Good morning, Chairman Monson and members of the House Appropriations Education and Environment Division. Thank you for this opportunity to testify in support of HB1020. My name is Duane DeKrey, and I am the General Manager of the Garrison Diversion Conservancy District (Garrison Diversion). Garrison Diversion is a cosponsor of the Red River Valley Water Supply Project along with the Lake Agassiz Water Authority (Lake Agassiz).

I am here to testify today in support of priorities for the Red River Valley Water Supply Project in the State Water Commission's 2021/2023 budget.

**Meeting All Requirements of SB 2020**

Over the past few months, Garrison Diversion and Lake Agassiz made significant advancements on the Red River Valley Water Supply Project, by acquiring the remaining state and federal permits and meeting all the conditions listed in the 2019/2021 SB2020 - State Water Commission budget. Meeting all the requirements of SB2020 enabled the State Water Commission to approve funding and the Budget Section to release the funds in order for us to move forward with construction on the critical early out project features. We express our appreciation to the State Water Commission and Budget Section for approving these funds.

The SB2020 authorized \$43 million, but due to the Resources Trust Fund shortfall, \$20 million was deferred, and Garrison Diversion submitted a request to the State Water Commission for \$16.4 million for the construction of critical early out project features.

**Turning Dirt - Construction on Intake**

Recently, a \$4.98 million contract was awarded, and construction commenced for the Missouri River Intake Pumping Station Wetwell. The anticipated completion date is November 4, 2021. Additional early out construction includes the initial pipeline segment and trenchless crossing contract,

which we anticipate awarding bids for in February, with construction running through May 2022. The Sheyenne River Discharge Structure contract award will follow this spring, with anticipated completion in December 2021. Lake Agassiz Water Authority, through Fargo and Grand Forks, is matching the 25% required local-cost share.

### **Priority Request to Continue Construction**

With construction underway, we must look forward to the next phases of the project. Our first priority is a request for \$50 million for additional construction on the Missouri River intake and a segment of transmission pipeline, and for additional land acquisition. Completing the Missouri River intake is critical to the project's timeline, and the screens and tunnel package will be ready to bid this spring. The request will also fund a segment of the buried pipeline that will deliver a supplemental water supply from the Missouri River to central and eastern North Dakota during moderate and severe droughts. The easements and property acquisitions necessary for the planned construction through the end of this biennium have been secured, but obtaining easement options and easements for forthcoming portions of the project is now necessary.

### **Affordability and Predictability Key to Success**

With critical funding this biennium, we will be shovel ready for \$200 M in construction for 2021 to 2023, but we are only able to go as far as the users can afford, bringing me to our next, yet equally important, priority relating to maintaining affordability for the 35 communities and rural water systems that signed up for the development portion of the Project. Garrison Diversion and Lake Agassiz are requesting a long-term, low-interest loan from the State to provide affordable and predictable financing for the local users of the Red River Valley Water Supply Project. Specifically, we are requesting a 40-year loan term with 2% interest to ensure the smaller communities and rural water systems can gain affordable access to this supplemental water supply that will provide resiliency for our people and our economy. The users of the Project need this water to both maintain necessary drinking water levels in the event of a moderate or severe drought, and to sustain the industries that use water.

In addition, a cost-share of 75% state and 25% local is requested for the Red River Valley Water Supply's large users, such as the Cities of Fargo and Grand Forks. For the smaller users, we are asking for an 80% state and 20% local split, to ensure these smaller communities and rural water systems are able to afford to continue their participation in the Project.

Garrison Diversion and Lake Agassiz are grateful for the inclusion of the Red River Valley Water Supply Project in the State Water Commission's budget to date and for the Legislature's ongoing support for this Project that will benefit up to 50% of North Dakota's population.

Thank you, Chairman Monson and members of the House Appropriations Education and Environment Division, for hearing my testimony today.

**2019-2021 FUNDING REQUEST**

**\$43.0 MILLION**  
AUTHORIZED IN SB2020

REDUCED TO

**\$16.4 MILLION**  
REDUCED REQUEST TO SWC

*\$16.4 million was the project's critical need in order to complete substantial construction on early out features.*

**> \$20 MILLION DEFERRED DUE TO RESOURCES TRUST FUND SHORTFALLS <**

**THE \$16.4 M CRITICAL NEEDS INCLUDES:**

**\$5.75 M**  
MISSOURI  
RIVER INTAKE

**\$7.80 M**  
TRANSMISSION PIPELINE  
COSTS (INCLUDING ROW)

**\$1.76 M**  
SHEYENNE RIVER  
DISCHARGE STRUCTURE

**\$1.13 M**  
PROPERTY ACQUISITION  
& PROJECT PLANNING

**CONSTRUCTION  
IS UNDERWAY ON  
THE MISSOURI  
RIVER INTAKE  
WETWELL!**





### EARLY OUT CONSTRUCTION



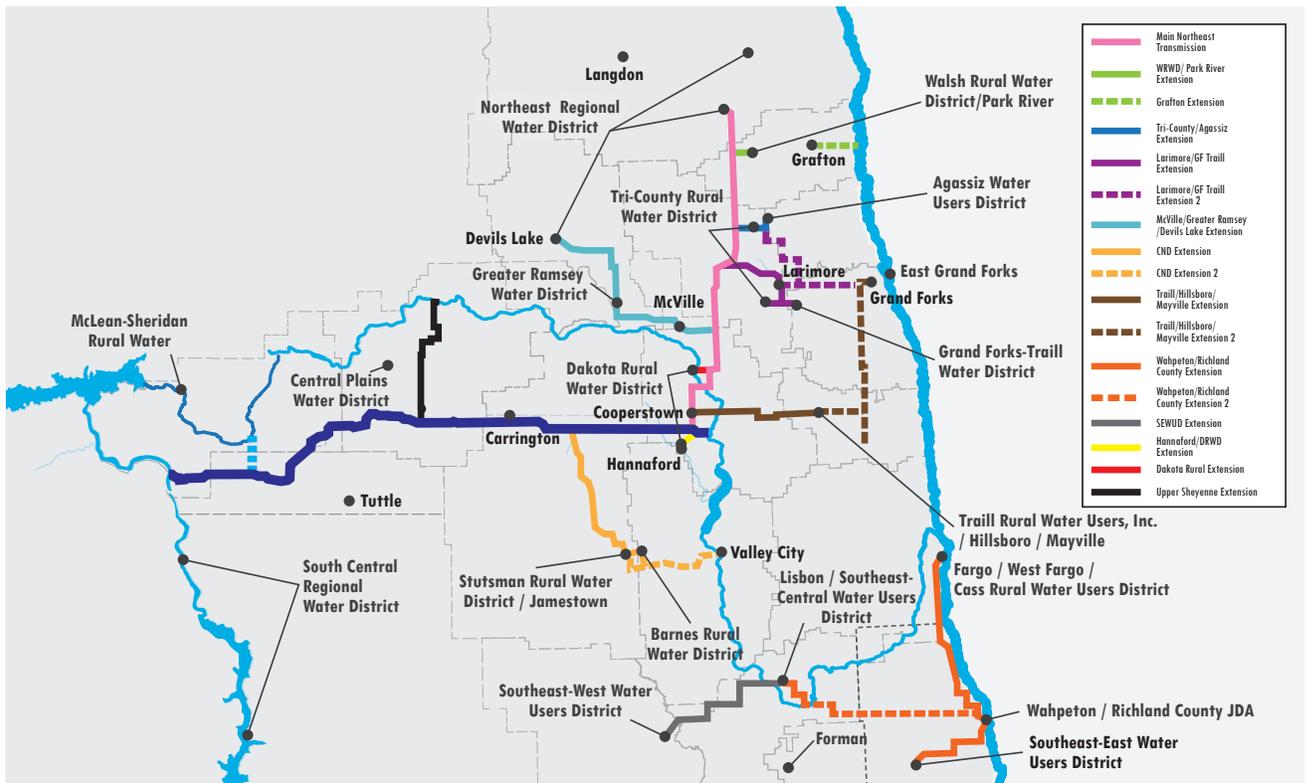
**MISSOURI RIVER INTAKE WETWELL CONSTRUCTION CONTRACT** | AWARDED FOR \$4.98 MILLION  
CONSTRUCTION STARTED DECEMBER 2020 | COMPLETED BY NOVEMBER 4, 2021



**INITIAL PIPELINE & TRENCHLESS CROSSING CONTRACT** | PLAN TO AWARD BEGINNING OF FEBRUARY  
COMPLETED BY MAY 2022



**SHEYENNE RIVER DISCHARGE STRUCTURE** | PLAN TO ADVERTISE IN JANUARY  
COMPLETION ANTICIPATED IN DECEMBER 2021



Thirty-five cities and rural water systems committed to help fund the development portion of the project, which included conceptual engineering, phased preliminary engineering, and financial modeling. Pipeline extensions are shown as preliminary concepts, with additional engineering to follow the final project sign-up.

**2021-2023 FUNDING REQUEST**

**\$66.7 MILLION**  
(**\$50 M STATE & \$16.7 M LOCAL**)

<b>FUNDING PRIORITIES</b>	
<b>MISSOURI RIVER INTAKE CONSTRUCTION</b> River Screens & Tunnel	<b>\$30.0 M</b>
<b>MAIN PIPELINE DESIGN &amp; CONSTRUCTION</b> Segment 1	<b>\$31.3 M</b>
<b>LAND ACQUISITION</b> Obtain Easement Options & Easements	<b>\$3.0 M</b>
<b>LEGAL, FINANCIAL, ADMINISTRATIVE &amp; COMMUNICATIONS</b>	<b>\$2.4 M</b>
<b>TOTAL</b>	<b>\$66.7 M</b>

**MAINTAINING AFFORDABILITY**

**THE PROJECT HAS \$200 MILLION SHOVEL READY CONSTRUCTION**

HOWEVER, THE PROJECT CAN ONLY GO AS FAR AS USERS CAN AFFORD. THEREFORE, WE ARE ALSO REQUESTING THE FOLLOWING TO HELP USERS MAINTAIN AFFORDABILITY:

LONG-TERM, LOW-INTEREST LOAN **40 YEARS / 2% INTEREST** ➤ LARGE USER COST-SHARE **75% STATE / 25% LOCAL** ➤ SMALL USER COST-SHARE **80% STATE / 20% LOCAL**