



March 17, 2021

Chair Bell and members of the Senate Finance and Taxation committee,

I. Introduction.

My name is Joel Paulsen, the Executive Director for the Authority. I am here to express the support of the Authority for this critical piece of legislation, one that will play a pivotal role in securing the completion of the Diversion as early as 2028.

II. Background.

As a lead beneficiary of this piece of legislation, it is important for us to be clear about what is being funded through your support.

Our Project has three major elements that work together to provide a comprehensive flood protection project. Two are being delivered with a combination of local and state dollars, which are the in-town work in Fargo and Moorhead and the Diversion Channel and its associated infrastructure. The third component, which is being delivered with federal funds by the US Army Corps of Engineers, is the Southern Embankment and its associated infrastructure. Please note that the Authority is also responsible for the acquisition of lands and mitigation required to construct and operate the Project.

In addition to the substantial support we are receiving from the Federal Government and from dedicated long-term sales taxes voted in by the citizens of Fargo and Cass County, the State of North Dakota is committed to a vital share of our overall support. In the last legislative session, we requested a total funding commitment of the State of North Dakota of \$850 million. The legislature committed a total of \$750 million in legislative intent to the Project, allocated over several bienniums, and suggested that before considering the full amount of our request the Authority obtain bids on the largest component of the Authority's direct cost obligations, the construction of the Diversion Channel through a P3 delivery model.

The timing of the P3 procurement process was delayed by legal and permit constraints that have recently been resolved through the Settlement Agreement reached with the upstream opposition to the project.

This delay has obviously created a disconnect with the mechanics and schedule of the legislative process, specifically for the House's consideration of our funding needs. While we are pleased that the final Request for Proposals has been issued for the P3 bids, and the Authority's construction cost estimate has not changed, we regret that we will not be able to provide definitive information about any impact those bids may have on our total funding needs until early May.

III. Position.

In summary, we fully support HB 1431 for the following main reasons:

- This legislation provides the Project with financial certainty, a real benefit given the urgency and complexity of keeping construction on schedule. Enactment of this legislation give us the financial certainty to complete construction without deferral of any key components, deferrals which would add complexity and cost.
- This legislation accelerates the funding intent of the 2019 Legislature and satisfies the full request of the Authority while reducing the burden on taxpayers by approximately \$20 million due to the elimination of short-term borrowing and its added expenses, based on our current financial plan and access to the full funding amount in 2021.
- Passage of this legislation would remove the Diversion from the collection of projects seeking funding from the Resources Trust Fund, producing a more efficient funding approach both for the Diversion and for the projects that specifically require Resources Trust Fund support.
- The Authority also supports HB 1431 as a wise way to allow all taxpayers that support projects included in the Bill to benefit from today's low interest rate environment.

We view the Project's relationship with the legislature as a state-local partnership. This state-local partnership has benefitted from the strong support of the North Dakota legislature and has greatly assisted the Authority in getting the Project underway. The Authority is not just "shovel ready". We have had shovels dirty and in the ground for many years and have, with your greatly appreciated help, invested over \$600 million of State and local dollars in the Program to date.

I very much appreciate your willingness to give my testimony and passage of HB 1431 your full consideration. We're seeking the funding and your continued support to keep digging!

Thank you for your time and for your support today.

Sincerely,



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