

**SB 2326
Testimony of Keith Weston
House Energy and Natural Resources Committee
March 9, 2023**

Good afternoon, Chairman Porter and members of the House Energy and Natural Resources Committee. My name is Keith Weston, and I serve as a water resource district manager for the Southeast Cass Water Board, Cass County Joint Water Board, and Red River Joint Water Resource District. I'm also executive director of the Red River Retention Authority. I have more than 40 years of experience working in water and natural resource management at the local and federal level. I am here today to ask for your support for SB 2326.

I would like to provide additional information to this committee regarding the state's economic analysis (EA) tool. The state has described the EA as just one tool in the toolbox. However, our experience is that the benefit cost (BC) ratio derived by the EA tool is weighted heavily by the State Water Commission (SWC) when making decisions. Rather than just one tool in the toolbox, it feels as if the SWC uses the EA as a determiner of decisions. As noted by other speakers, state cost share for water projects is reduced when the BC ratio derived from the EA tool is less than 1:1.

I have extensive experience working with the federal government on water management projects. As a note of comparison, when a federal agency, such as the Natural Resources Conservation Service (NRCS), conducts an EA and the BC ratio is less than a 1:1 ratio, the NRCS considers that data point along with other, non-monetized, benefits, such as societal or environmental effects and values, in evaluating eligibility for cost share, and does not necessarily reduce cost share should the BC be less than 1:1. In my view, this provides a more comprehensive look at the overall costs and benefits of a project. The state has not yet chosen to look at non-monetized benefits in considering the overall benefits a project may generate.

As a local water manager, I can assure you that local water resource districts are committed to managing our water resources responsibly. State funding is critical to making these projects happen, regardless of the size of projects. The projects being pursued by water resource districts are important projects, particularly to agricultural producers and landowners. In fact, it is most often landowners who petition to have projects developed in the first place. The idea that water resource districts spend time, energy, and resources, including state resources, to develop "bad" projects, or projects that won't deliver for their neighbors, just isn't factual. In fact, the EAs that have been performed have demonstrated that the state is obtaining a significant return on investments in water conveyance and flood control—an ROI that I believe would be enhanced should the state choose to also consider non-monetary benefits.

Because of the rather limited view that the EA tool has of the overall benefits derived by a project, as well as the significant time and resource investment conducting the EA has for both local water boards and the state, I believe it is important for us to consider the ROI on conducting EAs, particularly for small projects. At what point does the benefit the information

provided by the EA tool outweigh the time delay and expense of conducting it? Put another way, what's the EA of the EA?

I would argue that, at a minimum, that threshold should be \$1 million. Unfortunately, in today's economic climate even \$1 million does not go far when it comes to completing infrastructure projects. If the \$1 million threshold established in 2017 was tied to inflation, that threshold today would be almost \$1.3 million.

With all this in mind, I would ask for do pass recommendation on SB 2326 and would be happy to stand for any questions you may have.