

2019 HOUSE POLITICAL SUBDIVISIONS

HB 1431

2019 HOUSE STANDING COMMITTEE MINUTES

Political Subdivisions Committee

Prairie Room, State Capitol

HB 1431

2/7/2019

#32408

☐ Subcommittee

☐ Conference Committee

Committee Clerk Signature

Carmen Hickie; typed by Jeanette Cook

Explanation or reason for introduction of bill/resolution:

Relating to the parts of the state included in the southwest water authority and the membership of the board of directors of the southwest water authority; and to provide an effective date

Minutes:

1,2

Chairman J. Dockter: Opened the hearing on HB 1431.

Rep. Porter, District 34: (Handout #1) Introduced the bill. Southwest water was created by the legislature in 1991. At that time they put in a mill levy and a taxing district for SW Water, which included everything south and west of I-94, including Mandan. The city of Mandan at that time, and today, has its own water treatment plant. All of us that live in Mandan get our own bill, and it has nothing to do with SW Water. In 1998 I became aware of the unfair tax on the citizens of Mandan. For twenty years I have been fighting this unfair tax. The city of Mandan should not be responsible for a water system that is owned by the state of North Dakota, managed by a local authority, and serving everywhere but the city of Mandan. My bill in 2009 took Mandan out of the Southwest water district. It let everything else go with their mill levy. They had a bill in the Senate in 2009 asking that their mill levy be in perpetuity. As things crossed, my bill was amended to say that it is unfair that Mandan have to pay for the mill, but have no representation on the board. They took my argument away for taxation without representation, and they put a person from Mandan on the board, but Mandan still gets no water. The other bill that came over from the Senate had an expiration date on the mill levy of 2020. Now, the SW directors have a bill in the Senate trying to make the mill levy in perpetuity. I'm not okay with that bill. The system owned by the state of North Dakota that generates \$15 million in annual revenues in just water sales doesn't need \$642,000 of property tax money on top of that.

The system is mature, built out, and it should be able to stand alone like other utilities. There are also people who live in all of the other counties who choose not to join the SW Water System, not just Mandan. Should they have to keep paying a mill levy on their property for water that they will never receive? This is unfair. I wanted to provide you with the history of this problem.

I get a bill from Mandan every month. Whenever they need to build or fix something to do with water, it is paid for through that utility. No one in Mandan is hooked up to SW Water.

The bill carves Mandan out of this taxing district and removes the board member. We don't need a board seat if we are not paying. SW Water will tell you that we benefit because we buy water from them. It is true that Mandan is a customer, but they don't need to pay taxes to them. This is worth \$93,000 a year. In 2009 it would have taken \$0.15 per 1,000 gallons of water to get rid of the entire mill on the users. Now, the claim is \$0.30 per 1,000 gallons of water to get rid of the entire mill. Mandan is inside of the \$642,000 of total mills that this state owned system collects in property taxes.

What I hear the most from my constituents is: "Why are my property taxes so high." It is not fair that they pay one mill, so Dickinson and SW North Dakota can have a water system.

SW Water will tell you that they need this money. Any other business that makes \$15 million a year in annual sales, can adjust their rates. I am a SW Water user on our ranch; I don't have a problem paying to water my trees. My rates just went up \$0.81. I don't care if the rates go up more, but I should not have to pay for it on my property taxes in Mandan.

Chairman J. Dockter: If they bring in \$15 million, what are their expenses?

Rep. Porter: I have their annual report, and I will send it to you.

Rep. Johnson: Does the SW Water Authority possess revenue bonds, if so, were they bonded with Mandan being in the revenue stream?

Rep. Porter: I don't have a direct answer to that. They were given bonding authority back in 1991. The \$645,000 that is there today matches what their administrative salaries are. I don't think that any of this is used to pay or guarantee bonds. Their total salary package is somewhere in the \$500,000 category.

15:45

Jim Neubauer, City Administrator for Mandan, provided testimony in support of HB 1431. See attachment #2. Read his testimony. 18:18

Chairman J. Dockter: Do people realize they are getting charged for this?

Mr. Neubauer: This comes up every session. One mill is going to SW water that could hire another fire fighter or police officer, so the people of Mandan wonder why we are paying to SW Water, if we have our own water system.

Rep. Hatlestad: What is the value to the water?

Mr. Neubauer: In 2018 there was \$280,000 worth of water that we sold to Missouri West. I am not sure what portion of that bill is Missouri West and what is SW. It is a small part of our system. Selling the water is about \$5.5 million a year.

There was no further support for HB 1431.
There was no oppositional testimony for HB 1431.

Larry Barrs, SW Water Board of Directors: spoke in a neutral position to answer questions for the committee and had a couple of comments on HB 1431. We feel that with all the people that we have on the waiting list for water, all the people in the SW should be supporting the system, whether you are a user or a non-user. We do have the Manager CEO and the Vice Chairman with us to answer questions.

Rep. Longmuir: Do you have revenue bonds issued for the payment of past expenses? If so, are the revenue bonds based on the value of the income from the city of Mandan?

Mary Masad, Manager CEO for SW Water Authority: No we do not. The state water commission had bonds at one time on the project, but those were paid off. There was nothing for operating expenses.

Rep. Hatlestad: Do you have another source of water; could you turn away from Mandan and buy your water elsewhere?

Ms. Masad: No, as we are tied into Missouri West System.

Rep K. Koppelman: Do you understand the sponsors concern on the taxation and is there a solution?

Mr. Barrs: There is a problem. I represent the city of Dickinson, and there is a lot of static every time we get a dime raise.

There was no further neutral testimony on HB 1431.

The hearing was closed on HB 1431.

2019 HOUSE STANDING COMMITTEE MINUTES

Political Subdivisions Committee Prairie Room, State Capitol

HB 1431
2/14/2019
#32798

☐ Subcommittee
☐ Conference Committee

Committee Clerk Signature	Carmen Hickle typed by Jeanette Cook
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Explanation or reason for introduction of bill/resolution:

A bill relating to the parts of the state included in the southwest water authority and the membership of the board of directors of the southwest water authority; and to provide an effective date.

Minutes:

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Chairman J. Dockter brought HB 1431 back before the committee and briefly summarized the bill.

Rep. Johnson moved a **DO PASS** on HB 1431.
Rep. Adams seconded the motion.

Vice Chairman Pyle: inaudible

Rep. Johnson: SW Water is a completely different animal than Water Resource (inaudible word).

Chairman J. Dockter: But I think that because they are involved with anything that has to do with water, they track anything that has to do with water.

Rep. Hatlestad: Inaudible.

Chairman J. Dockter: That is correct until 2030.

Rep. Feley: Inaudible.

Chairman J. Dockter: No, because this bill will just exclude them right now; the other one extends it for ten years until 2030. There is a difference. We will see what the other bill has to offer, and then we will only pass one because they will conflict.

A roll call vote was taken on HB 1431: Aye 13 Nay 0 Absent 1
The motion carried.
Representative Toman will carry HB 1431.

Date: 2-14-19
Roll Call Vote #: 1

**2019 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 1431**

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. Johnson Seconded By Rep. Adams

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. Strinden:	/				
Rep. Adams:	/				
Rep. Guggisberg	/				

Total (Yes) 13 No 0

Absent 1

Floor Assignment Rep Toman

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

REPORT OF STANDING COMMITTEE

HB 1431: Political Subdivisions Committee (Rep. Dockter, Chairman) recommends **DO PASS** (13 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING). HB 1431 was placed on the Eleventh order on the calendar.

2019 SENATE POLITICAL SUBDIVISIONS

HB 1431

2019 SENATE STANDING COMMITTEE MINUTES

Political Subdivisions Committee Red River Room, State Capitol

HB1431
3/21/2019
Job # 34089

- ☐ Subcommittee
☐ Conference Committee

Committee Clerk: Mary Jo Wocken

Explanation or reason for introduction of bill/resolution:

Relating to the parts of the state included in the Southwest Water Authority; and the membership of the Board of Directors of the S.W. Water Authority; and to provide an effective date.

Minutes:

Written attachment #1: James Odermann Written attachment #2-7 Submitted by Mary Massad for those who didn't attend Written attachment #8-9: Mary Massad
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Chairman Burckhard opened the hearing on HB1431. All senators are present.

Representative Todd Porter, District 34 in Mandan. I put it in on behalf of the City of Mandan as the discussion, the ongoing discussion was to extend and further the date range of the mil levy process. That bill died in the House this week, so 1431 in my estimation is not a needed piece of legislation any longer and I would ask that you kill it.

Senator Judy Lee: I am curious as to how you would suggest then realistically that the cost of the project be done without the mil levy? Why not have the mil levy continue?

Representative Todd Porter: I guess this bill doesn't have anything to do with it. You're talking about the House action on the other bill?

Senator Judy Lee: I am because it relates to the same topic. I am just curious.

Representative Porter: I really didn't have any part of that. That was in the Political Subs Committee. The argument I can tell you on the floor was that the project had been on-going since 1991. The mil levy was being used for administrative expenses, not for expansion and cost. So it was being used for engineering, and for administrative expenses. As I recollect, and the committee chair talked about the \$2 per month per member increase which I am one of them. The non-users inside of the service area don't have to pay for it any longer on their property taxes is really what the discussion was centered around.

Chairman Burckhard: So it goes away from the property taxes and to the user then?

Representative Porter: Yes, it becomes a pure utility.

Senator Anderson: I didn't realize that what happened in the House on the bill. I thought we had solved all of it with the bill that we had. But then, now it is automatically sunsets at the end of this year.

Representative Porter: 2020.

Senator Anderson: I think it seems to me like what we heard was it would only be like a 31 cent per thousand gallons increase on the fee.

Representative Porter: I believe that is correct. I think what I was giving you was what they talked about on the floor as the average household of what that 30 cents equate to a water bill. It was estimated at \$2.00 per month.

Chairman Burckhard asked for opposition testimony on HB1431.

Senator Schaible, My understanding is that Rep. Porter asked to kill that bill. I guess we totally agree with that and understand that is probably the best thing moving forward. I just wanted to confirm that fact.

Chairman Burckhard: I suggest the water users want an increase and the taxpayers will have a decrease.

Senator Schaible: Well the South West Water Board will have to determine what's best way to move forward with their budget and how they are going to fund that. We are just concerned about Representative Porter's bill is that will it be confusing for the one year or two, then take Mandan out and basically that tax would have gone on for one more year. The law as it stays now would sunset.

Senator Judy Lee: Do you think it's worth leaving Mandan in for a year and then ending the mil levy in order to avoid that administrative mess there, kind of?

Senator Schaible: I think the best that would be to happen is to kill the bill. The mil levy will stay in place and sunset like the original law. It says now it will provide less confusion and it would give S.W. Water a year to restructure and to do as they see fit.

Senator Judy Lee: So clarify for me then, Mandan would be out for a year. I am just thinking that that might be kind of administrative messiness. If they were in for a year and then the whole thing went away. That's what I am asking, do you want us to do that or not, that's okay.

Senator Schaible: We want you to kill the bill because if Representative Porter's bill passes as is it would take Mandan out and then the rest of the sunset would go into place so Porter's bill actually just does one thing. It would take Mandan out for the one year. I believe their intention is just to kill this bill. Let the mil levy sunset and we will move on from that.

Senator Anderson: Remind me but I think this is the only project like this, it had a mil levy. The rest of them are fee based or else grants or whatever.

Senator Schaible: There is probably 5 different water projects that are all different. I guess Garrison Diversion also has a mil levy with counties, so that would be a similarity, but other water resources the funding sources are all over. They are all unique and there is always reasons for why those other water systems have that. What the mission of S.W. Water is and that. I think SW Water is really a state owned project, it's the only one that also has a pay back. We will pay back, and its interest free and we understand that, so does everybody else, but it's also the only water project that is going to payback for the rest of its life. If we quite building and getting money from the state at some point we will be actually a revenue generator. But we are the only project that also pays back.

James Odermann: Vice Chair Person for the Southwest Water Authority's Board. (8:39)
Written attachment #1.

Mary Massad. Manager and CEO for SW Water Authority. I have testimonies that have been handed out from people who could not attend the hearing today, but requested their testimonies be on record. The testimonies came from Larry Bares (written attachment #2; Daryl Dukart written attachment #3; Duane Urlacher written attachment #4; Stark County Corporation, written attachment #5; S.W. Water Authority, written attachment # 6; City of Dickinson, written attachment #7. I will follow up with my testimony in my handouts about S.W. Water Authority (written attachment #8) and the Southwest Water Authority Mill Levy Report, (written attachment #9).

Chairman Burckhard: So Mary, it was suggested I think by Representative Porter that the engineering and administrative expenses come out of the mil levy. Is that true?

Ms. Mary Massad: A portion of the administrative costs, sign up, easement, which is for project development, our Board of Directors is covered about 46% of that cost, is covered by the mil levy.

Chairman Burckhard: You have 600 customers hoping and still waiting to have this service.

Ms. Mary Massad: As at the end of February we have 645 rural locations on the waiting list and it could be a rural customer or it could be a subdivision. We are working with emergency management and locating areas not served or locations. That is going to turn out to be actually more than 4000. We are kind of starting that process and we are working with hydraulic studying our service areas and what we can do to get water to people.

Senator Anderson: So there is not a vision that eventually the S.W. Water Authority will own the whole project. Will it always be owned by the state, is that my understanding?

Ms. Mary Massad: That is a hope and that's the one way of looking at it. It is a state owned project and right now. You know when we first started that first year, was in 1991. We got water to the City of Dickinson, on October 17, we paid back a little over \$11,000 to the state. Today we pay about \$13,000 per day. It's in here annually in here what we're paying back

and its around \$5Million dollars and it will continue to grow with as we add customers and there's usage increases.

Chairman Burckhard: Thank goodness for the Bakken Oil development.

Ms. Mary Massad: Yes, which has changed the need in a region. It was changed it tremendously. She shared her information that we serve 56,000 people in SW North Dakota. We serve Missouri West Water system, and also tie into their system. We serve Perkins County in South Dakota. We serve 33 communities and more than 7100 rural customers. That information is in this portion of your information. (**written attachment #9**) So I need now what with I see on the horizon is about \$206Million dollars for continuation of construction to meet the needs for the current and future. It is a generational project. It's for current residents but it's also for their kids and future generations. We realize we are doing it on behalf of the state and for the benefit of everyone.

Mr. Jim Neubauer, City of Mandan Administrator. The saying on the white board used to say, "brevity is not a four letter word" and I chose to follow that today. Everyone is asking to kill the bill so, let's kill the bill.

Chairman Burckhard: You are in favor of that as well? **Mr. Jim Neubauer:** Yes, I am.

Chairman Burckhard closed the hearing on HB1431.

Senator Anderson moved a do not pass on HB1431.

Senator Diane Larson- 2nd that motion

Roll call vote: 5 Yea, 0 No, 1 Absent
Carrier: Senator Anderson

Date: 3-21-2019
Roll Call Vote #: 1

**2019 SENATE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 1431**

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. Devin 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					

Total (Yes) 5 No 0

Absent 1

Floor Assignment Sen. Anderson

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

REPORT OF STANDING COMMITTEE

HB 1431: Political Subdivisions Committee (Sen. Burckhard, Chairman) recommends **DO NOT PASS** (5 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING). HB 1431 was placed on the Fourteenth order on the calendar.

2019 TESTIMONY

HB 1431

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#1:

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2009 HOUSE NATURAL RESOURCES

HB 1278

2009 HOUSE STANDING COMMITTEE MINUTES

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#1
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Bill/Resolution No. 1278

House Natural Resources Committee

☐ Check here for Conference Committee

Hearing Date: 2-6-09

Recorder Job Number: 8921

Committee Clerk Signature

Nancy L. Gerhardt

Minutes:

Vice Chairman Damschen – Open the hearing on HB 1278.

Chairman Porter – I would refer to this bill as offense. There is a bill in the senate that would once again extend the mill levy for the SW Water District for the 3rd time. When the legislature

created the SW Water District they put a mill levy in place for administrative services on the entire SW part of ND. They didn't intend for it to be a permanent thing. They intended for them at some point and time to become a public utility like they should be. Ten years ago the mill levy was, actually SW Water came in and asked for it to permanent. That was taken out. They were given another 10 year extension, and now they are back again for yet again another extension on top of the SW Water District. There has to be a point and time when these things turn into perpetual property taxes that there has to be a discussion about the membership and the makeup. The city of Mandan has paid to the administrative cost of the SW Water district now for over 20 years. The citizens, myself included, the city administration, the city commission, all agree enough is enough. You can't expect the city of Mandan, who will never benefit from a drop of SW Water made in Dickenson, ND, to continue

Pay for the administrative expenses of the SW Water pipeline. We were very understanding to the fact they needed water out there. We were very understanding to the fact they needed our

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population to make the mill levy work. Enough is enough. Currently this is costing the tax payers in Mandan around \$ 37,000 a year. There is no beneficial use of SW Water to the city of Mandan. When we were meeting over the interim with SW Water and having discussions, we offered this as a solution to the dilemma. Carve us out. We think SW Water is a great project, we think it has got great uses in Dickinson and other parts of rural ND. It has absolutely nothing to do with the city of Mandan and it never will. We have our own water treatment plant in Mandan. We pay our own water bills in Mandan. We pay for administrative expenses in Mandan. We pay for building the fund to bond and do improvements to our water plant in Mandan. Dickinson doesn't help us, Beach doesn't help us, Medora doesn't help us, Hettinger doesn't help us, I don't see anywhere in there where it says they have to help pay for ours too. They may stop once in a while and stay at the 7 Seas. There's no special tax on them to come and stay there because they want to drink water that's made in Mandan. That expense is born by the users in the city of Mandan. Just as it should be borne by the users of the SW Water Pipeline. The reason I call this offense is because during our discussions they said they want to extend it for 10 more years. When I went to the hearing, we'd like to make this permanent. They tried that in the senate hearing. I thought that's a defensive move for us to stand up and oppose the continuation of this tax. The offensive move is for the city of Mandan just to be carved out of the SW Water pipeline. As I look at the make-up and thought about Mandan's roll in SW Water, other than money, there is no roll. Missouri River West Water currently buys water from the Mandan water treatment plant to supply some rural users. SW Water actually buys water from the city of Mandan to go down by the St. Anthony area. I'm actually a SW Water user on our land south of Mandan by St. Anthony we have SW Water. I would be more than happy to pay larger monthly fee to cover the administrative expenses, like I should, because I'm a subscribed user of that system. I don't need the rest of the city of

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Mandan to pay for something I benefit from. That's not the intention of the systems, and it certainly isn't the permanent solutions to these systems. They are public utilities. There's nobody else helping pay for your electrical bill, sewer system, or for your water. It's your responsibility. You're a user of the system, it's a public utility and the systems need to step up and say everybody's bill is going up \$1.00 because we are not a self sustaining, functioning utility. They put a temporary levy in place until they got their feet off the ground. Until they got enough users to are self sustaining? 20 years later they have enough users to be self sustaining. They don't need the city of Mandan any longer in this system to subsidies their system. The tax payers of Mandan have had enough. Questions?

Rep. Hunskor – You referenced a Senate bill – what is in that bill?

Chairman Porter – There is other language in that bill, but one portion of that bill is the extension of the mill levy currently in place in SW North Dakota for SW Water for another 10 years. During that discussion in that Senate hearing SW Water responded to a question saying they would really like to have this as a permanent mill levy. That would include the city of Mandan.

Rep. Hanson – How many mills do you pay?

Chairman Porter – You will have to ask the city administrator how that works. I can tell you what the tax bill was, and you'd better be sitting when you hear the answer.

Vice Chairman Damschen – Is this an across the board assessment? Is it the same everywhere in the affected area?

Chairman Porter – I'm not exactly sure that's an accurate statement. It's 1 mill, so it's the value of a mill in any particular area. If a mill is less in Oliver Co. or Hettenter Co. I would venture it is more valuable in the city of Mandan and Morton Co. than it is out in some of the

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other rural areas. We can ask the mayor or city administrator what the value of a mill is in Mandan or Morton Co. right now.

Senator Dwight Cook – The 3 sponsors of this bill and the city of Mandan support SW Water. We always have. SW Water is a very valuable tool for the people of SW North Dakota. And we support SW Water. The issue here today is how we pay for it. I chair the Finance & Tax committee in the other chamber; we had SB 2193 that dealt with the extension of the mill levy that is on the calendar on the 11th order today with a Do Not Pass. Just plain eliminating this bill is the right thing to do.

- If you want to talk property taxes, you will not find a hotter place in the state of ND than Mandan. Property taxes are an issue in Mandan, and it has been for a number of years. The city of Mandan through great agony, they go through a lot of pain, sweat and hard work to come up with a budget that can possibly reduce the taxes of the tax payers of Mandan by 1 mill. 1 mill is very important to the city of Mandan and how they put together their budget.
- The city of Mandan is the only major city, and I dare say possibly the only city in ND where you have taxpayers in the city that pay more taxes to their county than they do the city. We are the only city, the only major city; we pay more taxes to our county than the city. When roads are fixed in front of my place they are special assessed. I pay property taxes to the county that fix a lot of roads in the county. It is a sensitive issue to the people of Mandan. This 1 mill is important. Carving Mandan out is probably not the right thing, it's aggressive, it's an offensive move and it's what the city wants if we can't remove the mill. Removing the mill is the right thing to do. This bill is over here and I would certainly hope you give it favorable consideration. If we defeat 2193 over there maybe this bill becomes mute.

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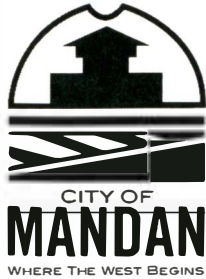
- Tax policy is a local issue. We the legislature is not involved in tax policy. Mr.

Chairman, get us out of it. Mr. Vice Chairman, get us out of it. There are 3 taxes that we the legislature we levy on our taxpayers of ND.

1. Constitutional – 1 mil for the medical school. That's constitutional. My guess is before we go home this session; you are going to have a chance to vote on whether you want to let the people again vote as to whether or not they want to continue to levy 1 mil for the state medical school. I think it's time the citizens have that decision.
2. Garrison Diversion – 1 mil – Counties have the opportunity to opt out of that.
3. SW Water – This is the 3rd place where we as a legislature impose a property tax on a select group of ND property owners, and it is wrong! It is just plain wrong! We should get out of the tax business.

It's time the users of SW Water pay the tab. It would require them to raise their water prices \$.15 a thousand gallons and have the same amount of revenue. They would still have some of the most affordable water in the state. Questions?

Rep. RaeAnn Kelsch – As I look at this issue there are a lot of needs Mandan has right now. Mandan has info structure needs of their own, and they have water info structure needs of their own. You may not think \$31,000 isn't a lot of money, to the citizens of Mandan it's a whole lot of money. We are paying the property taxes at the rate we are in Mandan, having that \$31,000 to go toward our own water projects. Mandan is growing. Mandan is a community that is growing. As you know as a community grows you need those info structure upgrades, you need new info structures, and that is what Mandan is facing right now. I think the bottom line is, this is a fairness issue, and I think this is the right way to go with HB 1278.



Administration

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House Political Subdivisions Committee

February 7, 2019

HB 1431

Chairman Dockter and members of the House Political Subdivisions Committee. For the record I am Jim Neubauer, City Administrator for Mandan and here in support of House Bill 1431.

The City of Mandan has its own water treatment plant and distribution system and in addition provides water to the Missouri West Water System (MWWS) which provides water to areas surrounding the City of Mandan. Southwest Water Authority (SWA) also purchases water from MWWS.

No one can argue the value of bringing quality drinking water to the southwest region of North Dakota benefits the region and the state. Opponents of this bill will surely argue that benefits provided to the region benefit Mandan well in excess of the one mill that our residents pay. One could also argue that if that is the case the entire state should be assisting with their administrative costs as quality water to southwest North Dakota benefits everyone.

The City of Mandan and its residents have been providing the one mill (in 2019 estimated to be \$93,000) support to assist in the administrative expenses for the SWA since its inception. The original mill levy was established with a sunset clause and in turn this mill levy has been extended three times.

The City of Mandan has spent over \$42M on water system improvements in the past 19 years, with only \$4M in the form of grant funds, and we have continuously raised our rates to pay for such improvements. We also have a \$20M water intake project scheduled to be bid in the spring of 2019 and will need to raise our rates again to fund our portion of that project.

Boiling this down to its simplest form, our residents are paying for our water treatment plant administrative costs through our rate structure, and it is time for the users of the SWA system to pay for its own administrative costs. Or as this bill is written, carve out the City of Mandan from this mill levy.

I urge a do pass on House Bill 1431.

Thank for you time and should you have any questions I will do my best to answer them.

Testimony by James Odermann, Vice-Chairperson,
Southwest Water Authority Board of Directors
On behalf of
Southwest Water Authority
to the
Political Subdivisions Committee
Hearing on House Bill 1431
Thursday, March 21, 2019

Good Morning Mr. Chairman and members of the committee. My name is James Odermann. I was elected to serve as the representative on Southwest Water Authority's Board of Directors for Billings County. I am here today to respectfully ask that you forward a DO NOT PASS recommendation to the full Senate on House Bill 1431.

The Senate passed Senate Bill 2213 earlier this session that carved the city of Mandan out of the Southwest Water Authority Service Area and extended a one-mill levy for 10 years. The House of Representatives, just two days ago, voted the bill down, essentially ending the mill levy in 2020 and returning us to the statute as was approved in 2009, which added a representative from the city of Mandan to the Southwest Water Authority Board of Directors.

At the February meeting, the Board position was to request a 10-year extension for the mill levy and reject amendments to delete Mandan from our board. This decision was the culmination of discussions that began in October of 2017 at our Board Retreat.

The logic of this discussion was based on the fact that Morton County and Mandan are integral parts of water development and delivery throughout southwest North Dakota. We need to work together to find solutions for our urban and rural water needs.

The House of Representatives vote on Tuesday indicates to us at Southwest Water Authority there is limited appetite amongst the current legislative body to extend the mill levy. Another outcome of that House vote is there may be a desire to keep Mandan as part of the Southwest Water Authority, an idea with which we agree.

Yes, the loss of the mill levy after 2020 will impact our cash flow position. It may mean a rate increase to our customers; however, our Board and staff will work to find answers. We will engage Board members (which includes representatives from 12-counties in the region, the city of Mandan and the city of Dickinson) and staff to work proactively to find solutions that will make it possible for Southwest Water Authority to fulfill its vision of **People and Business Succeeding with Quality Water** and its mission of **Quality Water for Southwest North Dakota**.

Tomorrow will be another day with challenges for all of us. We need to work together and the efforts of the past 28 years (10 with Mandan as an active partner on our board) have been positive. There is much to be done and I want to relay to this committee and the 66th North Dakota Legislative Assembly that Southwest Water Authority is working to meet the challenges.

We have over 600 people on the waiting list for rural service. The list continues to grow and we need to focus our energies on finding solutions—construction dollars mostly—to get lines to those needing quality water from the Southwest Pipeline Project.

*N.B. 1431
3-21-2019
Att #1 p.2*

The next chapter for Southwest Water Authority is being started. We are planning for the sunset of the mill levy in 2020. On behalf of Southwest Water Authority, I respectfully ask that you let HB 1431 die a natural death and we focus our attention on finding ways to get high quality water to those in need.

I would be happy to answer any questions you may have. Thank you.

**Testimony by
Larry Bares, Chairperson
Southwest Water Authority Board of Directors
On behalf of
Southwest Water Authority
to the
Political Subdivisions Committee
Hearing on House Bill 1431
Thursday, March 21, 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 stand in support of Southwest Water Authority.

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

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 stand in support of Southwest Water Authority.

Thank you.

2.8.1431
3.21.2019
att #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 House Bill 1431
Thursday, March 21, 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 Southwest Water Authority.

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 stand in support of Southwest Water Authority.

Thank you.

**Testimony by Duane Urlacher, Farmer,
Southwest North Dakota**

On behalf of

Southwest Water Authority

to the

Political Subdivisions Committee

Hearing on House Bill 1431

Thursday, March 21, 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 Southwest Water Authority.

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.

*L.B. 1431
3.21.2019
att #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 supporting Southwest Water Authority.

Thank you.



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

March 21, 2019

Members of the House 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 Southwest Water Authority. Supporting Southwest Water Authority, 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,

A handwritten signature in blue ink, appearing to read 'Ryan Jilek', is written over a circular stamp.

Ryan Jilek, Executive Vice-President
Stark Development Corporation



*D.B. 1431
3.21.2019
att. #6 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

- 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.

H.B. 1431
3.21.2019
att #7

CITY OF DICKINSON

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

March 19, 2019

- Administration
 - Assessing
 - Finance
 - Information Technology
 - Licensing
 - Utility Billing

Dear Members of the Senate Political Subdivision Committee,

- City Attorney
 - Human Resources
- Development
 - Building Department
 - Code Enforcement
 - Engineering
 - Planning

My name is Joe Gaa and I am the City Administrator in Dickinson. I wish to submit this letter of concern regarding House Bill 1431. While I am new to North Dakota, I am well aware of the importance of access to quality water. The availability of water is important to everyone: individuals, families, cities, counties, and the state of North Dakota. For that reason, planning for water availability at a regional and state level is critical.

- Fire Department
701-456-7625
www.dickinsonfire.com

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.

- Library
701-456-7700
www.dickinsonlibrary.org

- Municipal Court
701-456-7726

My concern with House Bill 1431 revolves around the idea of allowing individual communities the ability to opt out of regional water districts. This is a disregard to the spirit of regionalism and seems to lean more toward a "what have you done for me lately" philosophy. That is a dangerous approach. The work of the Southwest Water Project is not complete. We have not adequately addressed the needs of our friends and neighbors throughout the region. We must keep working together, for the good of the region and the state, to make quality water accessible to all. For that reason I ask to make a "Do Not Pass" recommendation on House Bill 1431.

- Museum
701-456-6225
www.dickinsonmuseumcenter.org

- Police Department
701-456-7759
www.dickinsonpd.com
 - Animal Shelter
701-456-7039

Sincerely,


Joseph A. Gaa
City Administrator

- Public Works
701-456-7979
 - Building & Sites/Cemetery
 - Forestry
 - Street and Fleet
 - Solid Waste
 - Water Reclamation Facility
 - Water/Sewer/Storm Water Utilities

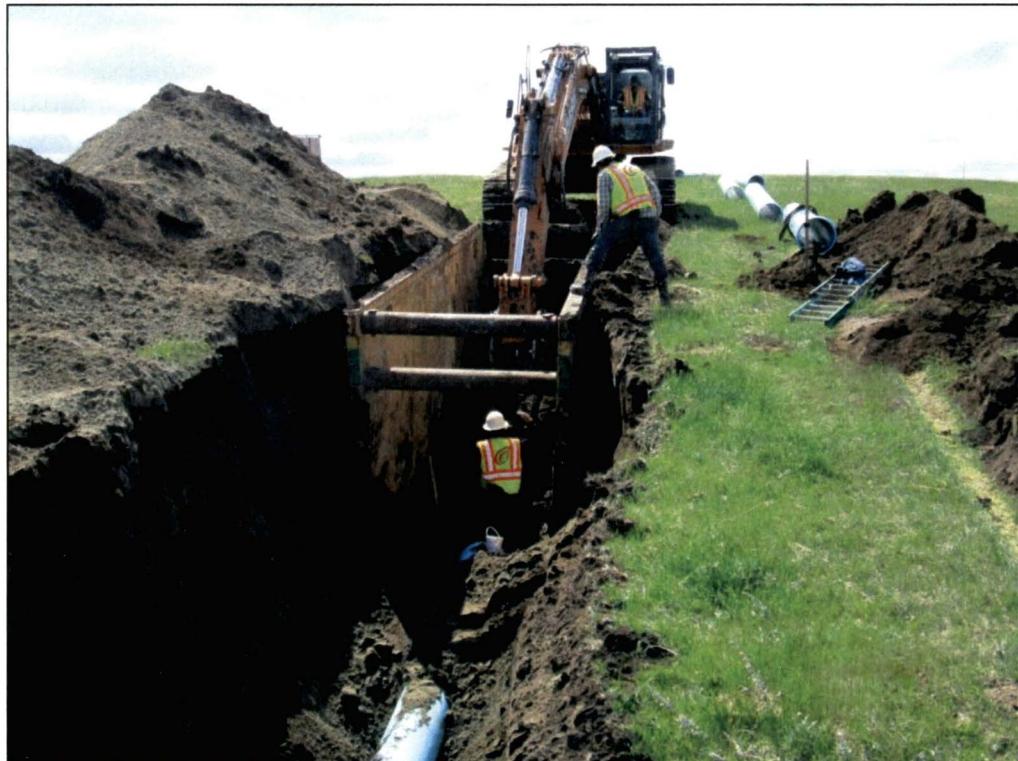
facebook.com/cityofdickinsonnd • facebook.com/dickinson-fire-department • facebook.com/dickinsonlibrary • facebook.com/dickinsonpd

Mission

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

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 were 2.3 billion gallons
- Water revenue for 2018 was \$14.2 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



U.B. 1431
3.21.2019
Att # 8p.2

QUALITY WATER FOR SOUTHWEST NORTH DAKOTA



Contact Information

Mary Massad, Manager/CEO

Southwest Water Authority
mmassad@swwater.com

4665 Second Street SW
Dickinson, ND 58601-7231

Phone: 701-225-0241
Toll-Free: 888-425-0241
Fax: 701-225-4058

swa@swwater.com
www.swwater.com

Vision Statement

People and business succeeding with quality water

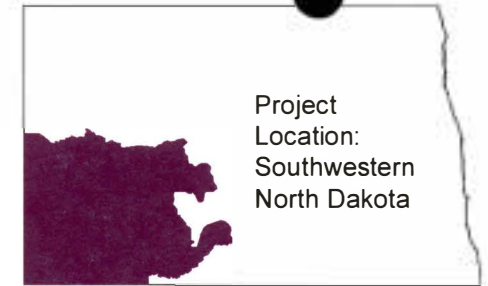


www.facebook.com/swwater

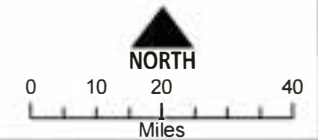
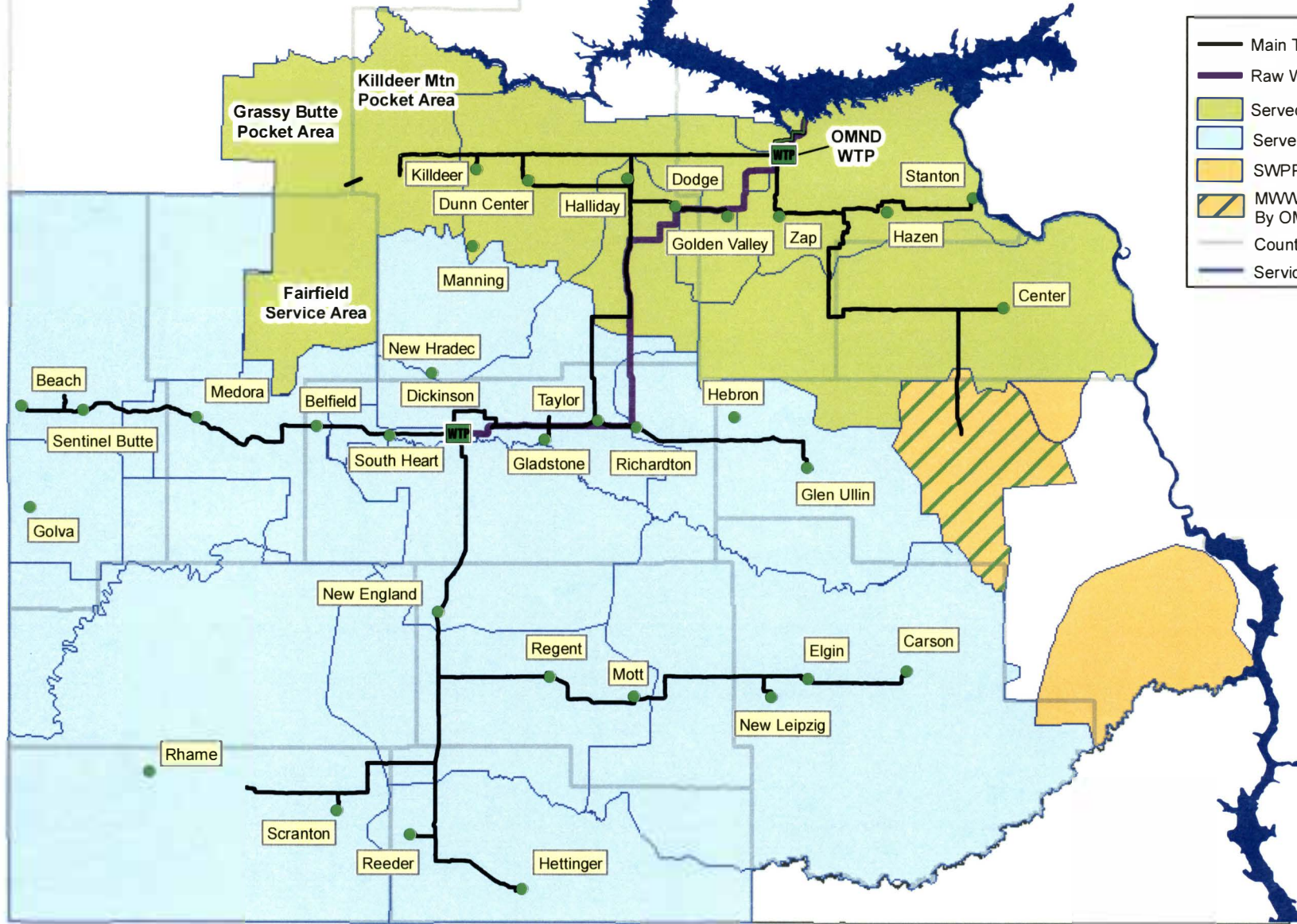


www.twitter.com/SWwaterND

Southwest Pipeline Project



- Main Transmission Pipeline
- Raw Water Line
- Served by OMND WTP
- Served by Dickinson WTP
- SWPP Area Served by MWWS
- MWWS Supplemental Service By OMND WTP
- County Boundaries
- Service Area Boundaries



Handwritten notes:
X-18-1431
3-21-2019
O&A #8 p.3



SOUTHWEST WATER
AUTHORITY

QUALITY WATER FOR SOUTHWEST NORTH DAKOTA

H.B. 1431
3.21.2019
att 48
p.4



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 2019 rate is 70 cents

Contract Contributions	\$ 16,620,411
Rural Contributions	\$ 2,805,486
Interest	\$ 4,740,911
Dividends	\$ 237,850
Fiduciary Fees	\$ (657,352)
Disbursements	\$ (4,598,390)
Ending Balance	\$ 19,148,915

(As of February 28, 2019)

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 currently sunsets in 2020
- The mill levy for SWA is used for administration expenses

N.B. 1431
3.21.2019
att #8 p.5

Current Board of Directors



Jonathon Eaton
Adams County



James Odermann*
Billings County



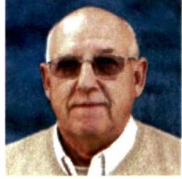
Rick Seifert
Bowman County



Glenn Eckelberg
Dunn County



Mark Begger
Golden Valley County



Brian Roth
Grant County



Don Schaible
Hettinger County



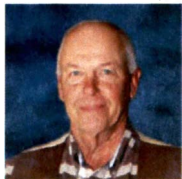
Marie Johnson
Mercer County



George Saxowsky
Morton County



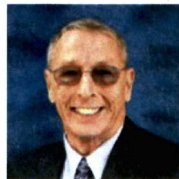
Mike Tietz
Oliver County



Dave Juntunen
Slope County



Steve Schneider*
Stark County



Larry Bares*
City of Dickinson



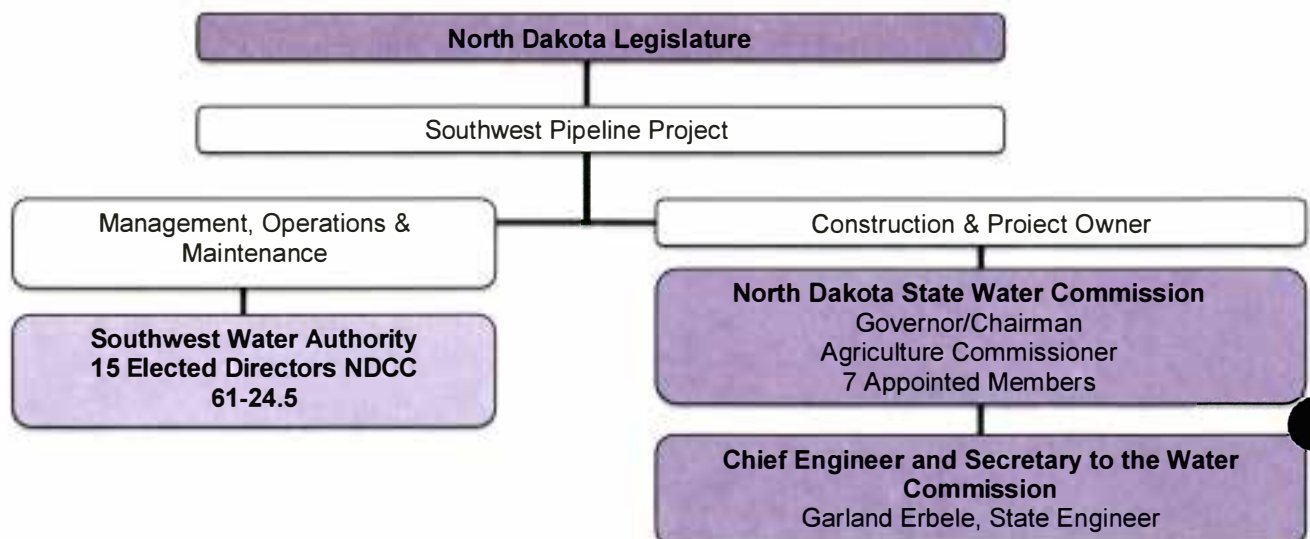
Jason Bentz
City of Dickinson



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 Pipeline Project Funding Needs 2019 and Beyond

H.B. 1431
3-21-2019
att #8
p. 6

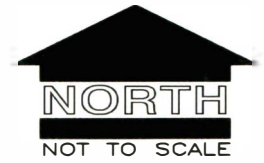


Contract	Description	Detail	Estimated Project Cost
1-1B	Intake Pump Station Upgrade	Miscellaneous Piping and Appurtenances	\$342,000
1-2B	Supplementary Intake Pump Station	Intake Pump Station Building and Pumps	\$8,850,000
2-3J	Parallel Pipe from Dickinson Reservoir to Dickinson WTP	1.43 miles 24" DIP	\$5,834,000
	Capacity upgrades necessary for regional growth		
2019-1	Blowoff Replacements	Raw Water Main Transmission Line Blowoff Upgrades	\$335,000
5-13A	2nd Davis Buttes Reservoir	1 Million Gallon Ground Storage Reservoir, 60' diameter x 47' high	\$2,022,000
	Deferred construction		
5-9A	2nd Belfield Reservoir	750,000 Gallon Ground Storage Reservoir, 52' diameter x 47' high	\$1,532,000
	Capacity upgrades necessary for regional growth		
	Rural Needs 2019-2021	Potential Customers on Waiting Lists	\$5,000,000
	SWC Agency Operations 2019-2021	\$850,000 per biennium	\$850,000
3-3	12 Million Gallon per Day Water Treatment Plant	Replacement of the Original Water Treatment Plant in Dickinson	\$72,000,000
	Rural Needs 2021-2023	Potential Customers on Waiting Lists	\$5,000,000
	SWC Agency Operations 2021-2023	\$850,000 per biennium	\$850,000
6	SCADA	SCADA for System Upgrades	\$820,000
4-3A	Ray Christensen Pump Station Upgrades	Pump Upgrades for Increased Distribution Capacity	\$13,000,000
	Capacity upgrades necessary for regional growth		
2-3I	Parallel Pipe from Richardton to Dickinson Reservoir	5 miles 24" DIP	\$13,624,000
	Capacity upgrades necessary for regional growth		
	Rural Needs 2023-2025	Potential Customers on Waiting Lists	\$5,000,000
	SWC Agency Operations 2023-2025	\$850,000 per biennium	\$850,000
2-2I	Parallel Pipe from Zap to Richardton	20.4 miles 30" Steel and DIP	\$58,162,000
	Capacity upgrades necessary for regional growth		
	Rural Needs 2025-2027	Potential Customers on Waiting Lists	\$5,000,000
	SWC Agency Operations 2025-2027	\$850,000 per biennium	\$850,000
8-4	Golva Tank	150,000 Gallon Standpipe, 25' diameter x 41' high	\$560,000
	Deferred construction		
	Rural Needs 2027-2029	Potential Customers on Waiting Lists	\$5,000,000
	SWC Agency Operations 2027-2029	\$850,000 per biennium	\$850,000
Total Estimated Project Cost			\$206,331,000

21. B 1431
3.21. 2019
att #8 p.7

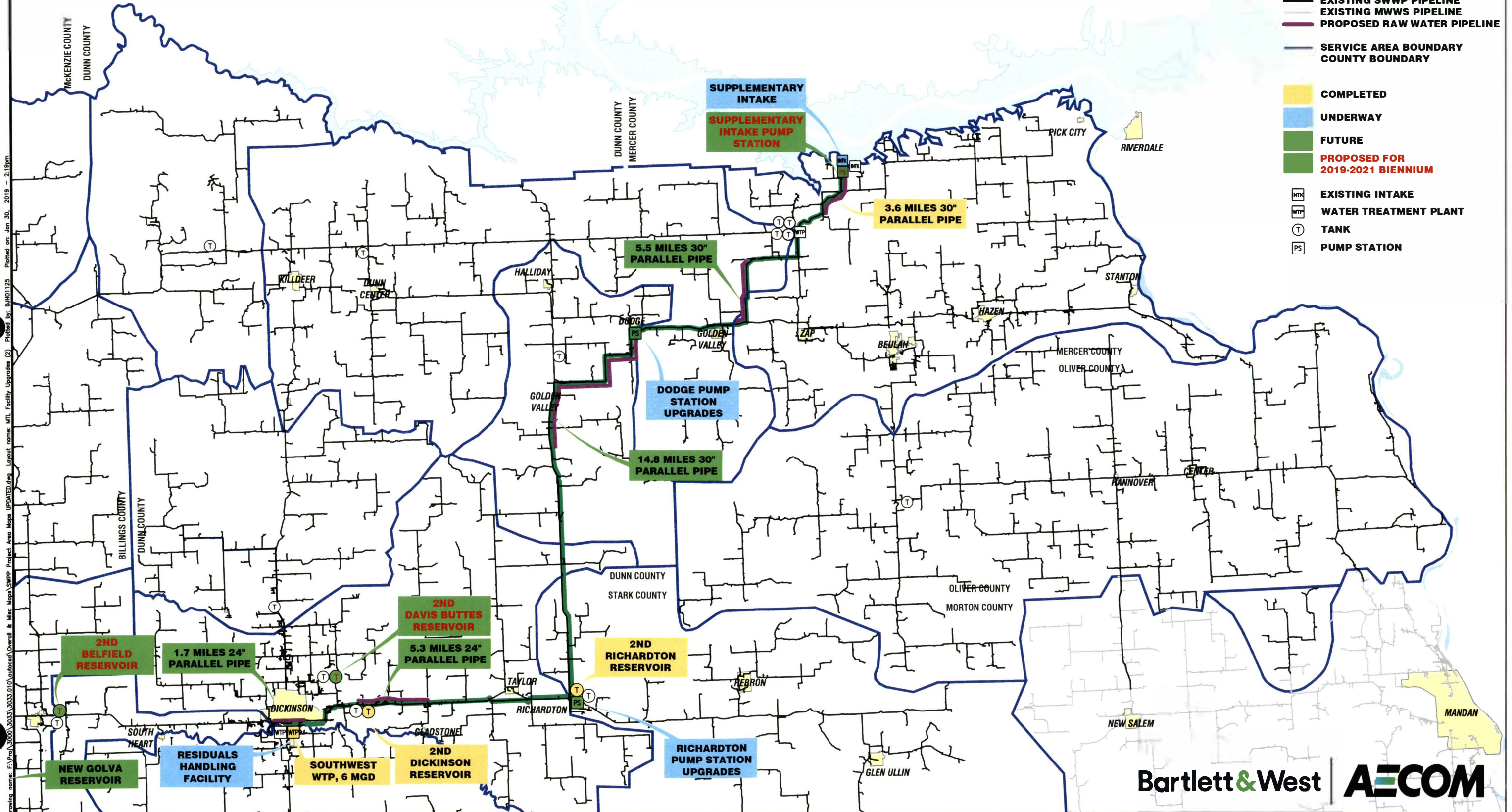
SOUTHWEST PIPELINE PROJECT

FACILITY UPGRADE FUNDING NEEDS



LEGEND

- EXISTING RAW WATER PIPELINE
- EXISTING SWWP PIPELINE
- EXISTING MWS PIPELINE
- PROPOSED RAW WATER PIPELINE
- SERVICE AREA BOUNDARY
- COUNTY BOUNDARY
- COMPLETED
- UNDERWAY
- FUTURE
- PROPOSED FOR 2019-2021 BIENNium
- EXISTING INTAKE
- WATER TREATMENT PLANT
- TANK
- PUMP STATION



Drawing source: E:\Proj\2003\2033\010\Unsubscd\Overall & Mile Maps\SWPP Project Area Maps\UPDATED.dwg Layout name: MTL Facility Upgrades (2) Plotted by: DJH0125 Plotted on: Jan 30, 2019 - 2:19pm



H.B. 1431
3-21-2019
att #8 p8

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

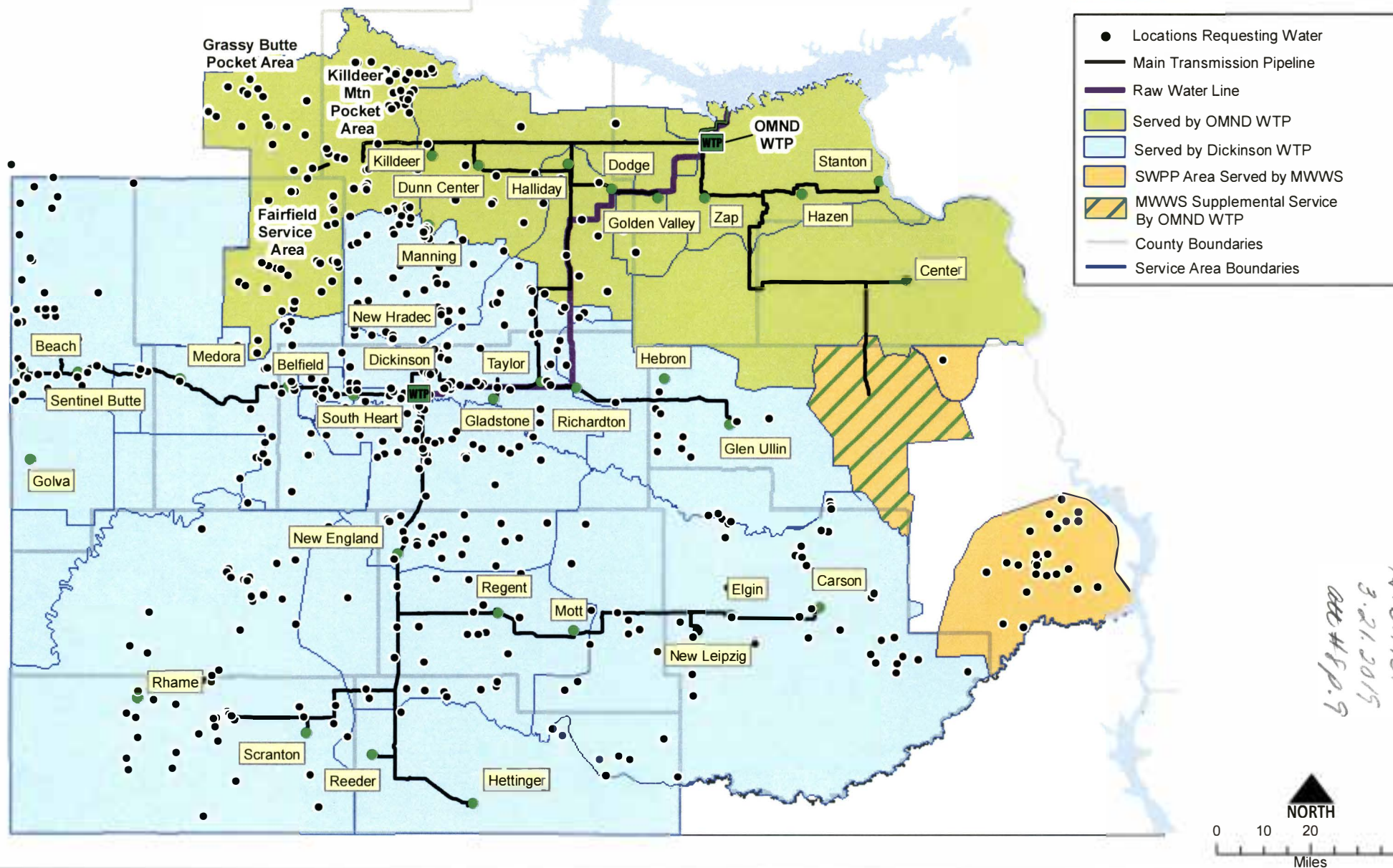
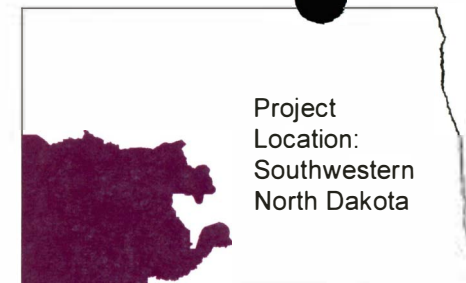
Other: Subdivisions, Additional Capacity, or Higher Usage

February 2019

Southwest Pipeline Project

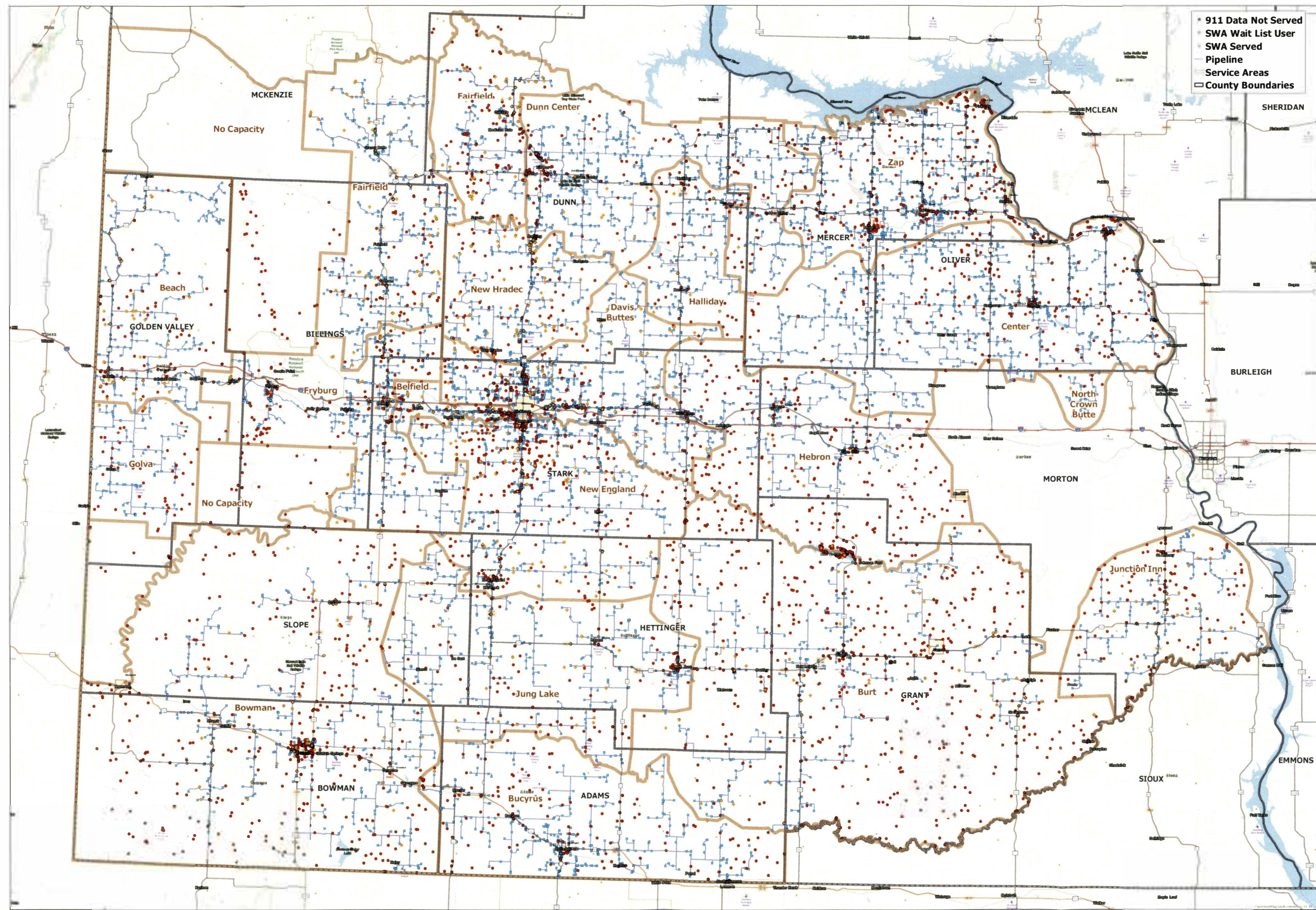
Service Area and Waiting List

November 2018

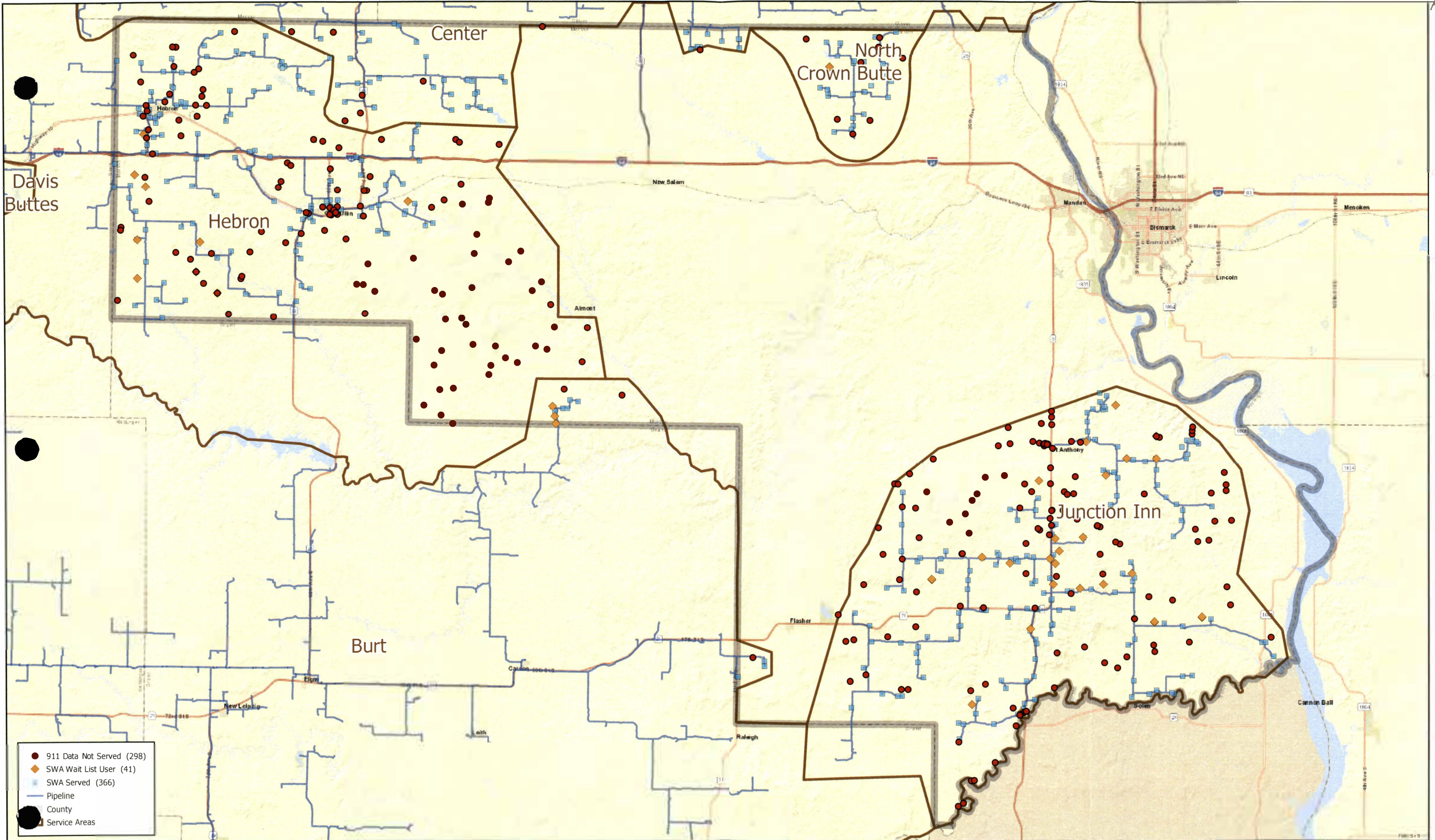


- 911 Data Not Served
- SWA Wait List User
- SWA Served
- Pipeline
- Service Areas
- County Boundaries

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911 Data Analysis - Overview





QUALITY WATER FOR SOUTHWEST NORTH DAKOTA

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Southwest Pipeline Project (SWPP) Funding Sources

State Funding (in millions of dollars)

Resources Trust Fund	\$231.98
Water Development Trust Fund	\$8.47
Subtotal	\$240.45

Federal Funding

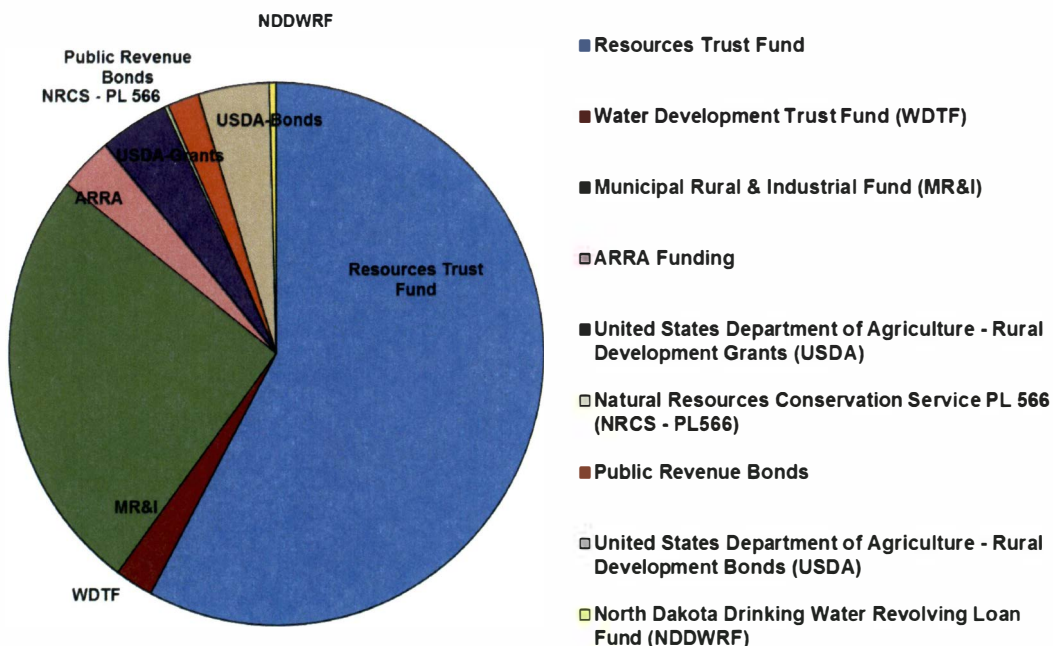
Garrison Diversion Conservatory District	
Municipal Rural & Industrial (MR&I) Fund (ARRA Funding \$11.90) ..	\$105.92
United States Department of Agriculture – Rural Development (RUS)	\$15.32
Natural Resources Conservation Service PL566	\$0.93
Subtotal	\$122.17

Bonds

Public Revenue Bonds	\$7.04
United States Department of Agriculture – Rural Development	\$15.70
ND Drinking Water Revolving Loan Fund	\$1.50
Subtotal	\$24.24

Total Funding **\$386.86**

(As of January 31, 2019)



Project Funding

Southwest Pipeline Project (SWPP) Timeline

	1971	1972	1973	1974-76	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993
Projects:	West River Diversion				SW Area Water Supply				Southwest Pipeline Project (SWPP)												
Organizations:							West River Water Supply District				West River Joint Board							SWA (Non-Profit)	SWA (Political Subdivision)		

	1994	1995	1996	1997-2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Projects:	Southwest Pipeline Project (SWPP)											Southwest Pipeline Project (SWPP)										
Organizations:	Southwest Water Authority (SWA) (Political Subdivision)											Southwest Water Authority (SWA) (Political Subdivision)										

SWPP Historical

Events:

1981 – SWPP Authorized
 1983 – SWPP Final Design Authorized
 1985 – SWPP Construction Authorized
 1986 – Construction Begins Garrison MR&I Funding
 1991 – Rural Water Integration Service to Dickinson
 1992 – First Rural Water Service (Roshau Subdivision)
 1994 – Service Beyond Dickinson
 1995 Full Scale Rural Service

1996 – Transfer of O&M to SWA
 1997 – USDA Rural Development Funds and Revenue Bonds
 1998 – Garrison MR&I Funding
 1999 – SB 2188 Passed – Water Development Trust Fund
 2001 – State Funding Bowman-Scranton Phase
 2003 – Medora-Beach Phase
 2005 – State USDA Funding Medora-Beach Phase II 2007 – State USDA Funding

Medora-Beach Phase III 2008 – Received MR&I Funding – First time since 1999
 2009 – SB 2193 Passed – Expanded Authority ARRA Funding for OMND WTP
 2011 – Federal & State Funding for OMND
 2012 – Service to OMND
 2013 – Completion of Zap I & II Service Areas
 2014 – 19 Contracts Under Construction
 2015 – City of Kildeer received service – Finished Water Pump Station Completed
 2016 – Construction of 6 MGD Supplemental WTP
 2017 – Completion of OMND Service Area

Funding (in millions):	1971	1972	1973	1974-76	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
State Resources Trust Fund								----	----	----	23.60	----	----	----	----	----	----	----	0.04	0.06	0.68	0.77	1.46	1.77
Garrison Diversion MR&I															7.38	8.33	6.67	2.65	5.32	6.87	5.30	10.10	7.77	5.41
Natural Resources Conservation Service																						.13	0.41	.39
TOTAL:											23.60				7.38	8.33	6.67	2.65	5.36	6.93	5.98	11.00	9.64	7.57

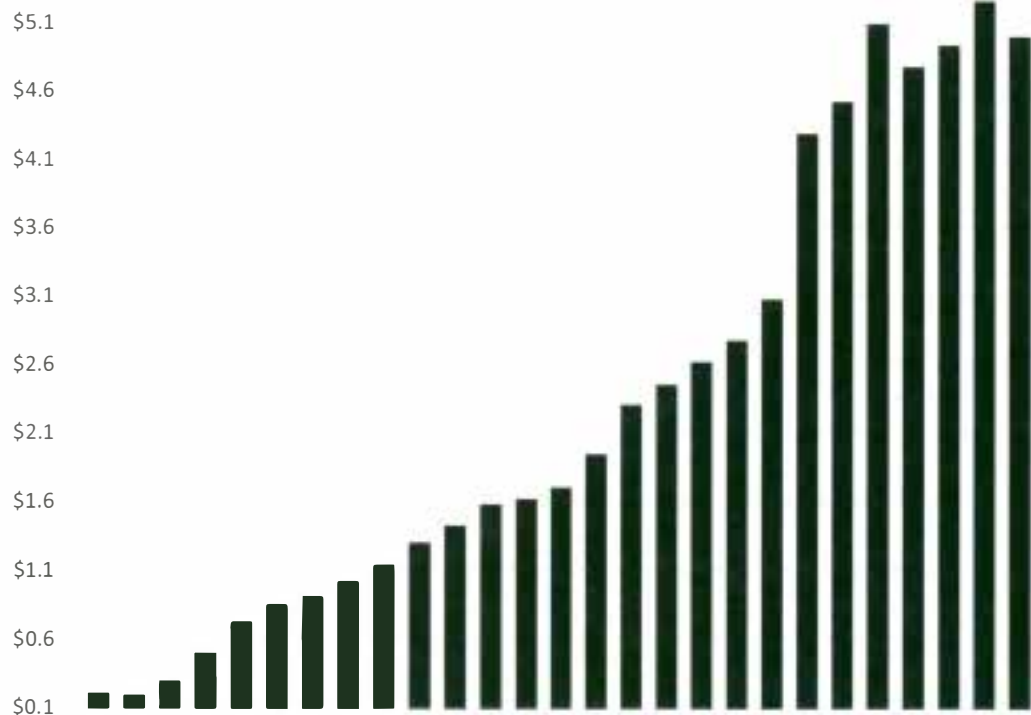
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Total
State Resources Trust Fund	1.18	0.70	1.34	4.21	0.83	0.33	3.06	2.38	3.05	1.62	0.69	2.70	5.43	1.27	4.73	8.86	13.00	29.68	42.41	30.76	25.33	19.22	.82	231.98
Garrison Diversion MR&I	0.18	2.47	1.24									2.94	1.13	4.64	16.91	5.64	1.97			3.00				105.92
Natural Resources Conservation Service																								0.93
Revenue Bonds	3.96	3.08																						7.04
USDA Rural Development (loans)		3.50	0.02	1.38	0.50	0.23	1.63	1.54		2.47	1.43	3.00												15.70
USDA Rural Development (grants)		1.04	1.54	1.59	2.48	0.92	1.04	0.56	1.30	1.93	0.52	2.07	0.10				.23							15.32
Drinking Water State Revolving Loan Fund				1.00	0.50																			1.50
Water Development Trust Fund					1.45	5.17	0.26	0.45		0.09	1.05													8.47
TOTAL:	5.32	10.79	4.14	8.18	5.76	6.65	5.99	4.93	4.35	6.11	3.69	10.71	6.66	5.91	21.64	14.50	15.20	29.68	42.41	33.76	25.33	19.22	.82	386.86

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Return on Investment

- Currently, North Dakota's return on investment in the Southwest Pipeline Project is over \$63,300,000!
- Every business, city, industry, or family benefiting from being connected to quality water pays monthly into North Dakota's Resources Trust Fund.
- Eventually those benefiting from receiving quality water will have paid back the state's investment in the Southwest Pipeline Project.
- It all adds up to why Southwest Water Authority's team remains dedicated to the Southwest Pipeline Project and continuing on its mission of providing quality water for the people and business of southwest North Dakota.

Return on Investment by Year



*in millions

1991 – 2018

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Southwest Pipeline Project Return on Investment

YEAR	RESOURCES TRUST FUND	BOND PAYMENTS	TOTAL
1991	\$ 11,166.00		\$ 11,166.00
1992	\$ 212,899.00		\$ 212,899.00
1993	\$ 195,973.00		\$ 195,973.00
1994	\$ 300,472.00		\$ 300,472.00
1995	\$ 504,179.00		\$ 504,179.00
1996	\$ 734,994.15		\$ 734,994.15
1997	\$ 389,111.41	\$ 468,801.59	\$ 857,913.00
1998	\$ 415,197.60	\$ 500,593.77	\$ 915,791.37
1999	\$ 349,574.05	\$ 676,423.19	\$ 1,025,997.24
2000	\$ 418,164.86	\$ 728,614.91	\$ 1,146,779.77
2001	\$ 475,021.15	\$ 833,246.78	\$ 1,308,267.93
2002	\$ 416,859.08	\$ 1,015,365.60	\$ 1,432,224.68
2003	\$ 458,780.10	\$ 1,122,504.11	\$ 1,581,284.21
2004	\$ 615,337.62	\$ 1,005,901.63	\$ 1,621,239.25
2005	\$ 661,099.95	\$ 1,045,858.38	\$ 1,706,958.33
2006	\$ 611,674.29	\$ 1,336,805.97	\$ 1,948,480.26
2007	\$ 856,597.12	\$ 1,451,468.74	\$ 2,308,065.86
2008	\$ 1,451,385.68	\$ 1,004,121.20	\$ 2,455,506.88
2009	\$ 1,504,429.59	\$ 1,114,558.52	\$ 2,618,988.11
2010	\$ 877,624.28	\$ 1,898,922.31	\$ 2,776,546.59
2011	\$ 1,793,563.59	\$ 1,282,852.85	\$ 3,076,416.44
2012	\$ 3,303,608.16	\$ 983,667.70	\$ 4,287,275.86
2013	\$ 3,080,405.43	\$ 1,441,235.41	\$ 4,521,640.84
2014	\$ 3,753,622.85	\$ 1,340,702.63	\$ 5,094,325.48
2015	\$ 4,776,377.17		\$ 4,776,377.17
2016	\$ 4,936,757.79		\$ 4,936,757.79
2017	\$ 5,258,182.90		\$ 5,258,182.90
2018	\$ 5,015,416.74		\$ 5,015,416.74
2019	\$ 732,938.66		\$ 732,938.66
	\$ 44,111,413.22	\$ 19,251,645.29	\$ 63,363,058.51
Jan	\$ 348,608.10		\$ 348,608.10
Feb	\$ 384,330.56		\$ 732,938.66

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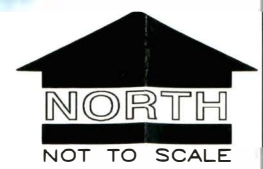
McKENZIE

Area Served by
OMND WTP

Hwy 1806 VFD
Booster Area

Lake Sakakawea

Riverdale



LEGEND

PIPELINE

- Raw Water Line
- Main Transmission Line
- Rural Distribution Line
- Missouri West Water System

Tanks

- MTL
- SMTL
- RWL
- Future

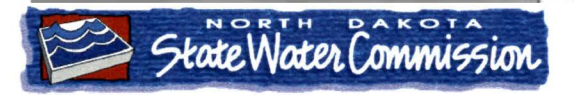
FACILITIES

Other

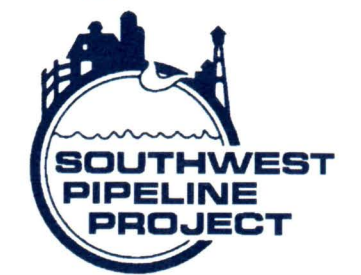
- Booster
- Future Booster
- Bulk Meter
- Control Vault
- Pump Station
- T-1 PRV
- Intake
- Intake Future
- Treatment Plant
- Future Treatment Plant

BOUNDARIES

- No Capacity Areas
- Areas Served
- Pocket or VFD Areas
- Service Area Boundary
- Oliver, Mercer, North Dunn WTP Service Boundary



"Stewardship of North Dakota's
water resources."



PROJECT MAP

Bartlett & West | AECOM

Drawing name: F:\Proj\3000\3033\3033.010\outlook\Overall & Misc Maps\SWPP Project Area Maps\UPDATED.dwg Layout name: Project Status Map Plotted by: adm00439 Plotted on: Dec 18, 2017 - 10:56am

Testimonials

What People Are Saying...

"Southwest Water Authority is responsible for the mission of quality water for southwest North Dakota to meet the needs of its residents and growing population."

~ Rich Wardner, North Dakota State Senator

"We are all on the clean water team, and as a vital resource for residential, agricultural and industrial uses, we are grateful to Southwest Water Authority for their continued role serving award winning, quality water throughout Southwest North Dakota."

~ Doug Burgum, Governor of North Dakota

"Few things in life are as important to the overall health and welfare of people as access to high quality potable water supplies. The Southwest Water Authority's ability to provide quality drinking water has been crucial to the communities and rural areas of southwestern North Dakota."

~ Garland Erbele, P.E., North Dakota State Engineer

"Water is essential to the well-being of the residents we serve and to our economy. They are the reasons the Southwest Pipeline Project and Southwest Water Authority exist."

~ Larry Bares, Chairman, SWA Board of Directors

"This Project water is better than bottled spring water. It's clear, tastes great, doesn't stain anything, has constant pressure compared to a well kicking in and out; we really appreciate having quality water."

~ Chris and Traci, Southwest residents



Why the SWPP Construction Is Not Done...

"We are still waiting for water we can drink and cook with and not be afraid it will harm our family's health or that of our livestock."

~ Duane and Karen, Southwest residents



*QUALITY WATER FOR
SOUTHWEST NORTH DAKOTA*

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Construction of the
Southwest Water
Treatment Plant in
Dickinson

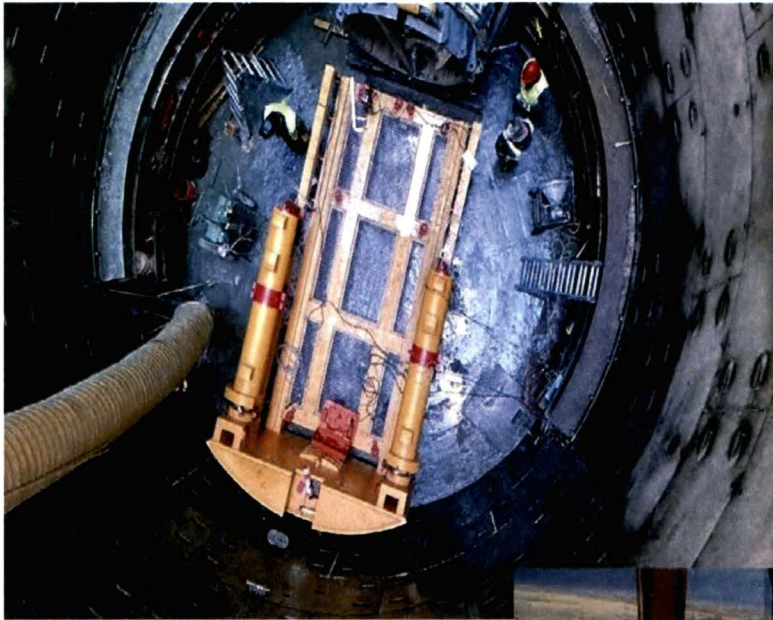




SOUTHWEST WATER
AUTHORITY

QUALITY WATER FOR SOUTHWEST NORTH DAKOTA

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Construction of the
Supplemental Intake
on Renner Bay at
Lake Sakakawea





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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

- 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

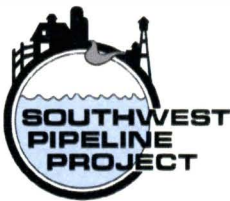
Reasons city of Mandan should be included:

- 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.

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.



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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

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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.

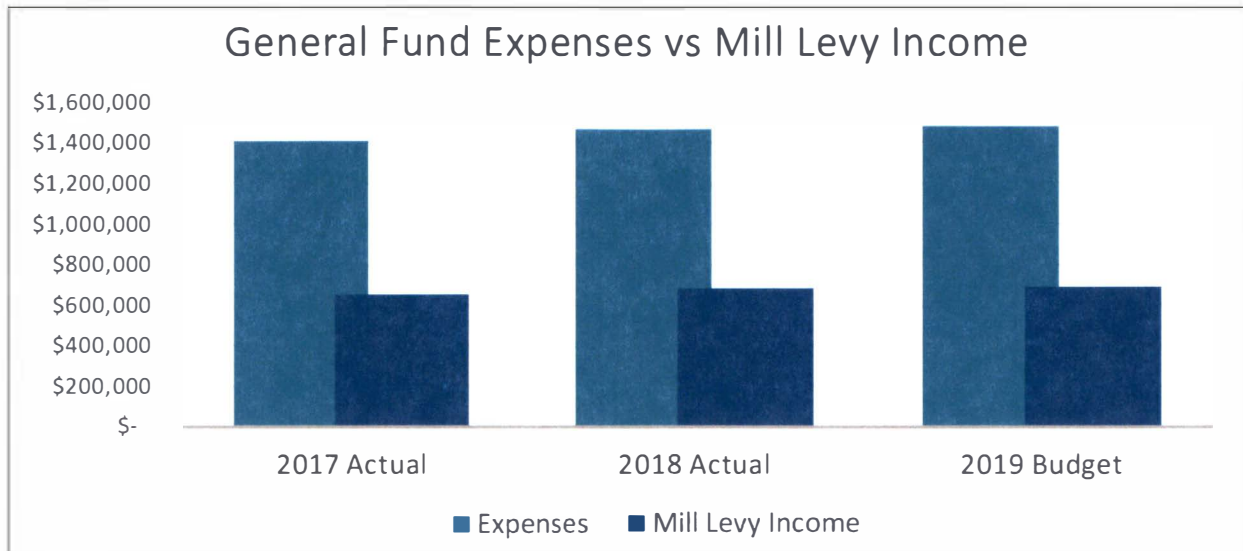
History of Mill Levy Income

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

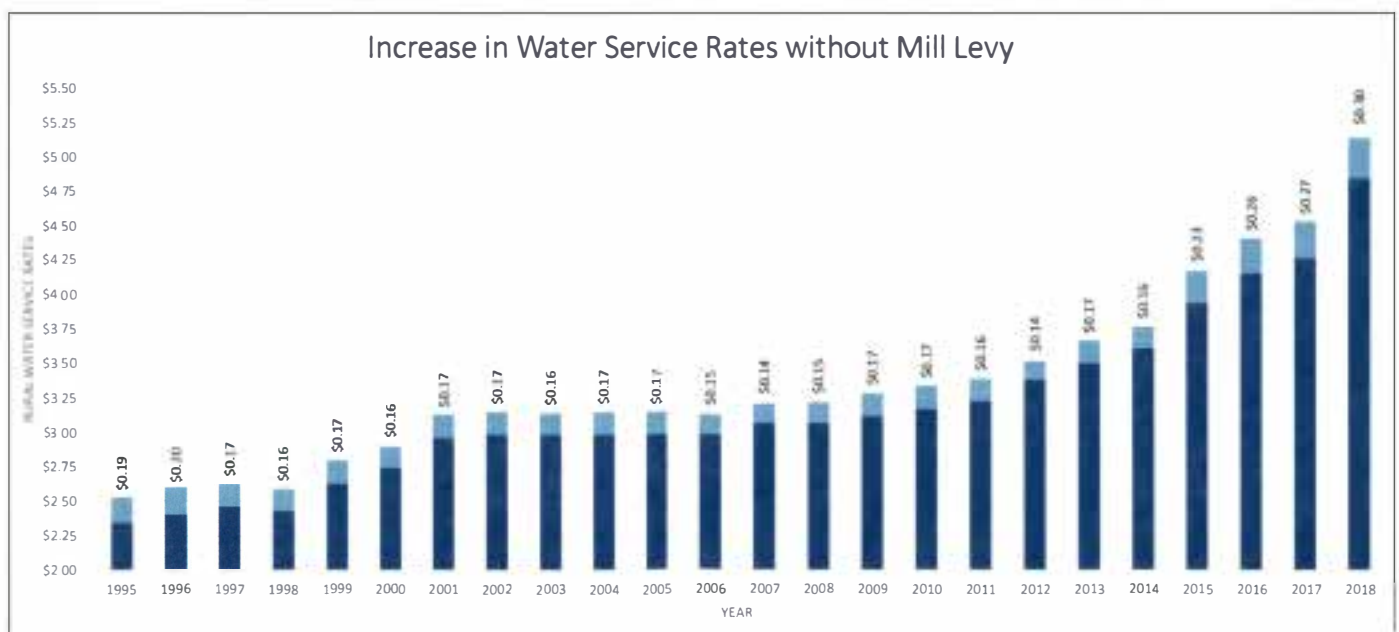
In 2017, SWA budgeted \$620,000 for mill levy and actual income was \$653,082.88. The mill levy income paid for 46.5% of the General Fund total expenses. Revenue in the amount of \$752,751.23 was necessary from other sources. For 2018, SWA budgeted \$642,600 for mill levy, which is 62.7% of the General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

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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.



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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

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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.

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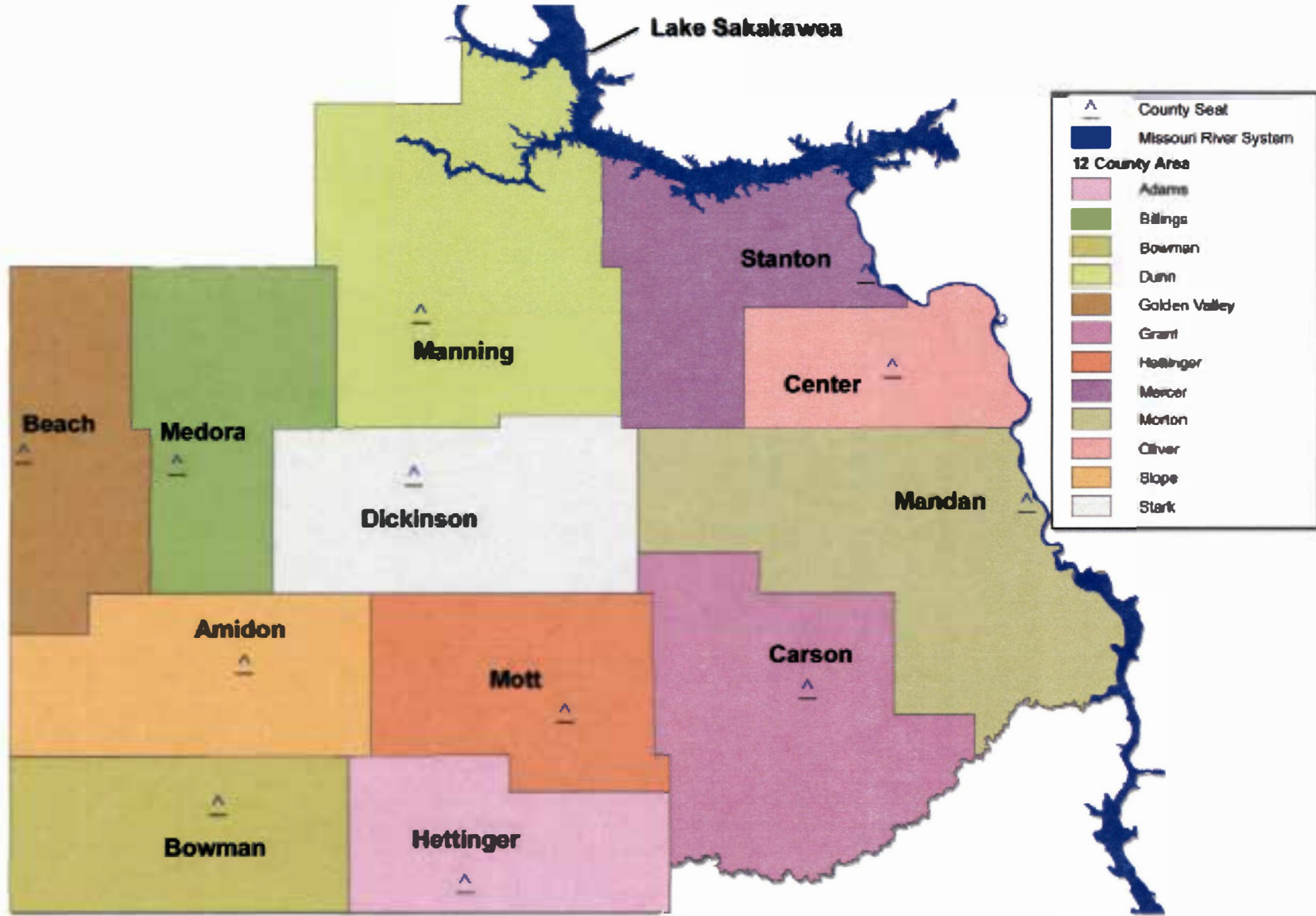
Proposed Mill Levy Legislation

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



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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

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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

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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.

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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.



Mill Levy History

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	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%	

History of Water Rates for Contract Customers

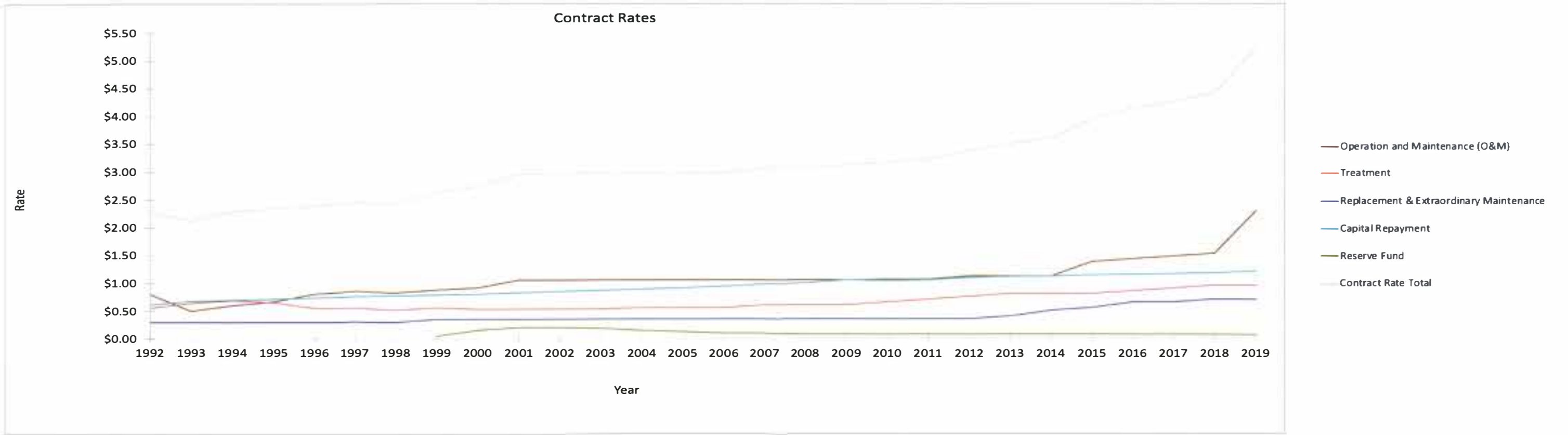
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	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Transmission O&M	\$ 0.80	\$ 0.50	\$ 0.60	\$ 0.67	\$ 0.81	\$ 0.85	\$ 0.83	\$ 0.88	\$ 0.91	\$ 1.05	\$ 1.05	\$ 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%
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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%
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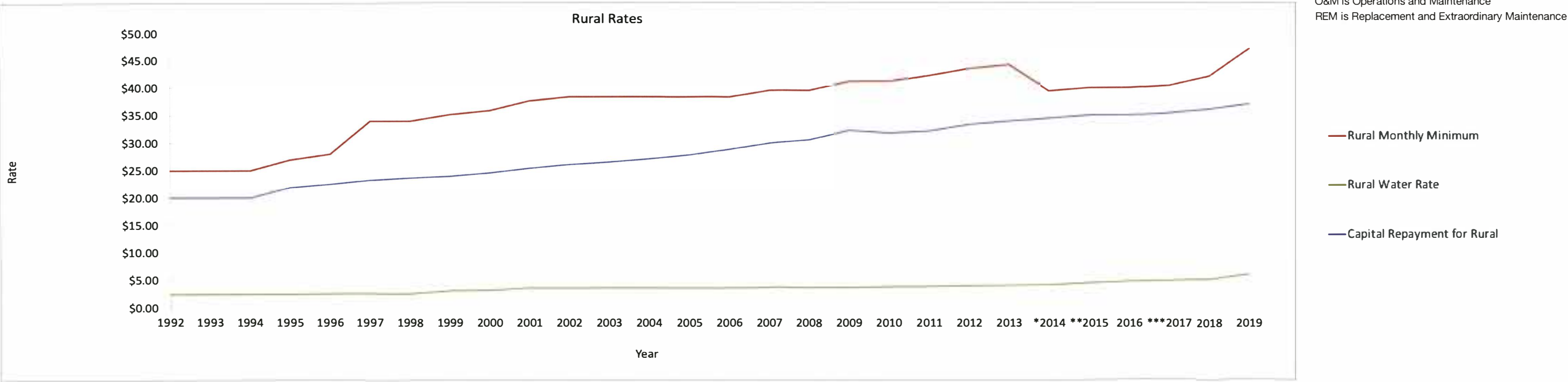
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History of Water Rates for Rural Customers

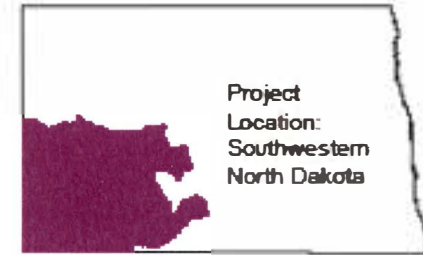
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	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	*2014	**2015	2016	***2017	2018	2019
Rural Monthly Minimum	\$ 25.00	\$ 25.00	\$ 25.00	\$ 26.95	\$ 28.00	\$ 33.90	\$ 33.90	\$ 35.10	\$ 35.80	\$ 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	
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%

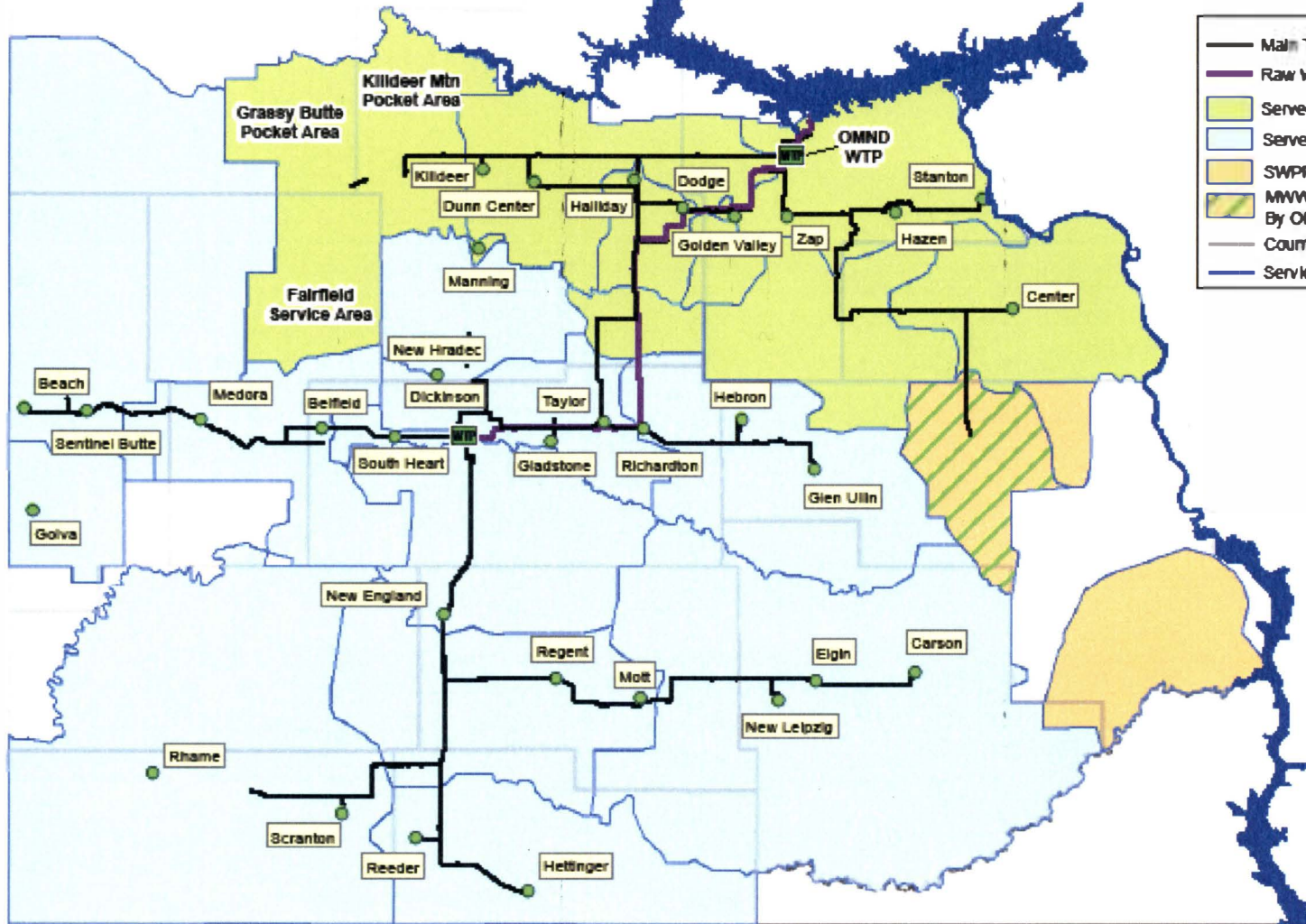


*2Kgal included in minimum from January 1, 1997 to December 31, 2014
** Declining block rate from July 1, 2002 to December 31, 2015
***Inclining block rate started July 1, 2017

Southwest Pipeline Project



- Main Transmission Pipeline
- Raw Water Line
- Served by OMND WTP
- Served by Dickinson WTP
- SWPP Area Served by MWWS
- MWWS Supplemental Service By OMND WTP
- County Boundaries
- Service Area Boundaries



41.6.1431
3.21.2019
Oct 4/9

N.B 1431

3-21-2019

att #9



QUALITY WATER FOR SOUTHWEST NORTH DAKOTA

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Vision Statement

People and business succeeding with quality water

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www.twitter.com/SWwaterND