

May 11, 2026



# NORTH DAKOTA WATER COALITION

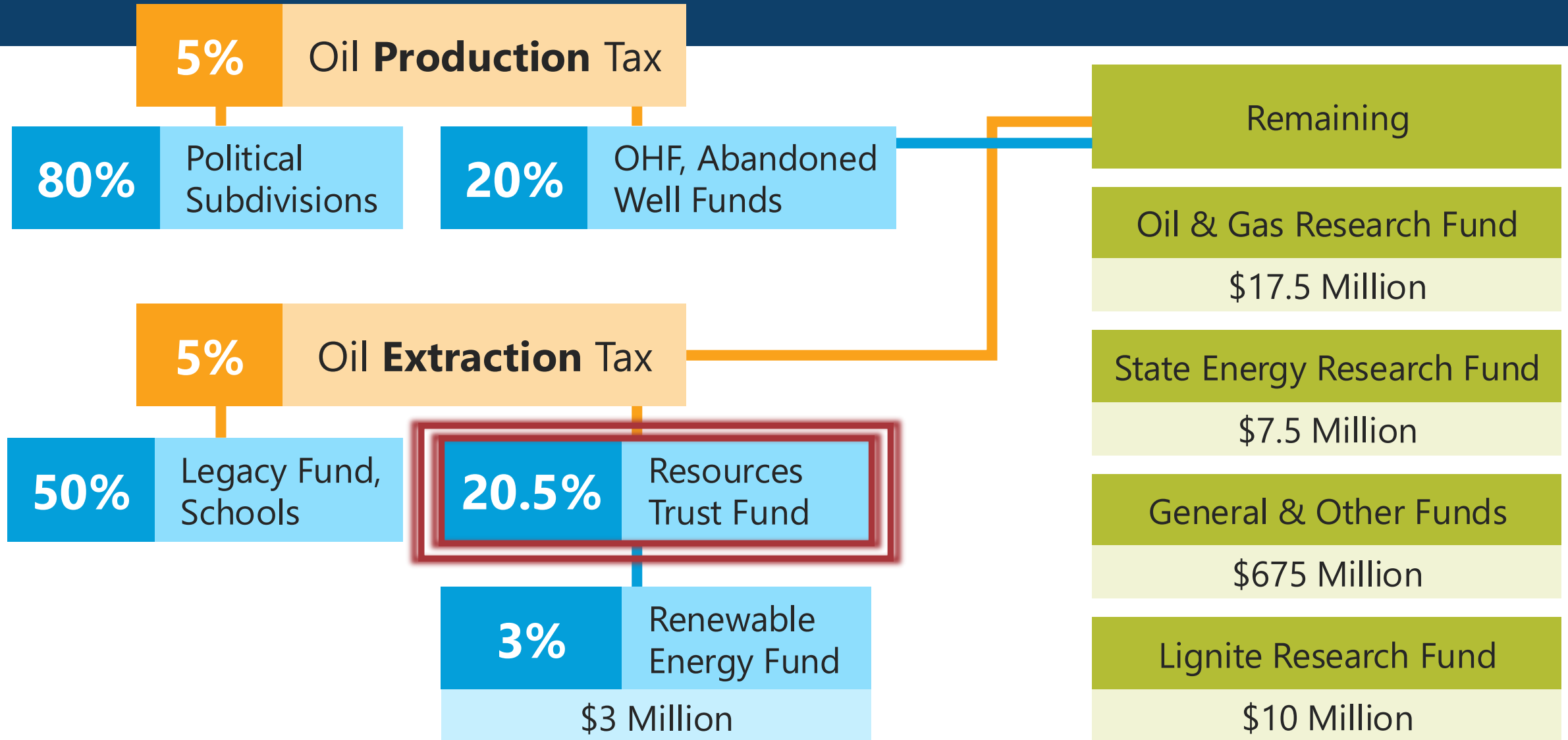
Department of Water Resources  
Reice Haase - Director

NORTH  
**Dakota** | Water Resources  
Be Legendary.

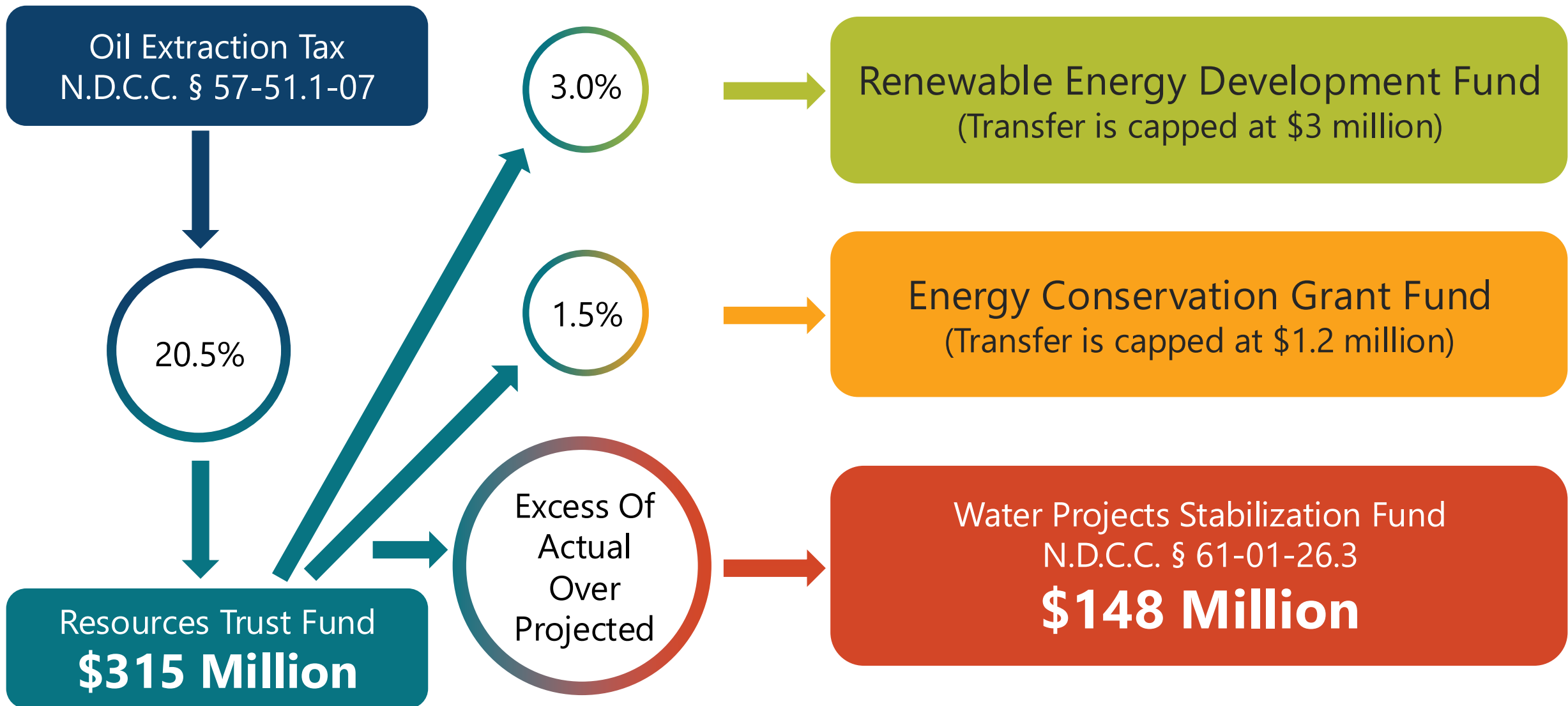


# Budget Planning UPDATE

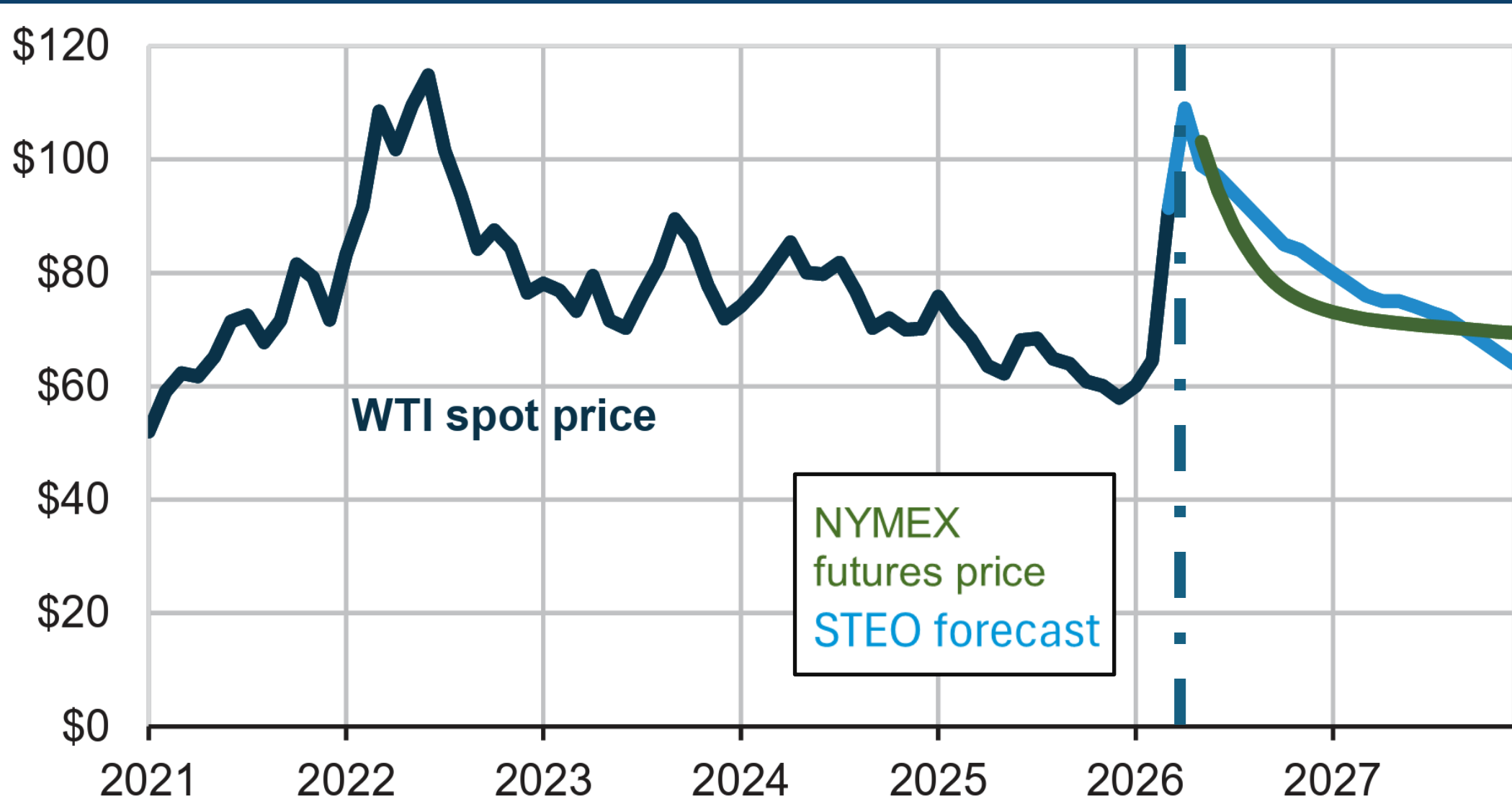
# RESOURCES TRUST FUND: 20.5% OF OIL EXTRACTION TAX



# RESOURCES TRUST FUND: REVENUE AS OF April 23, 2026



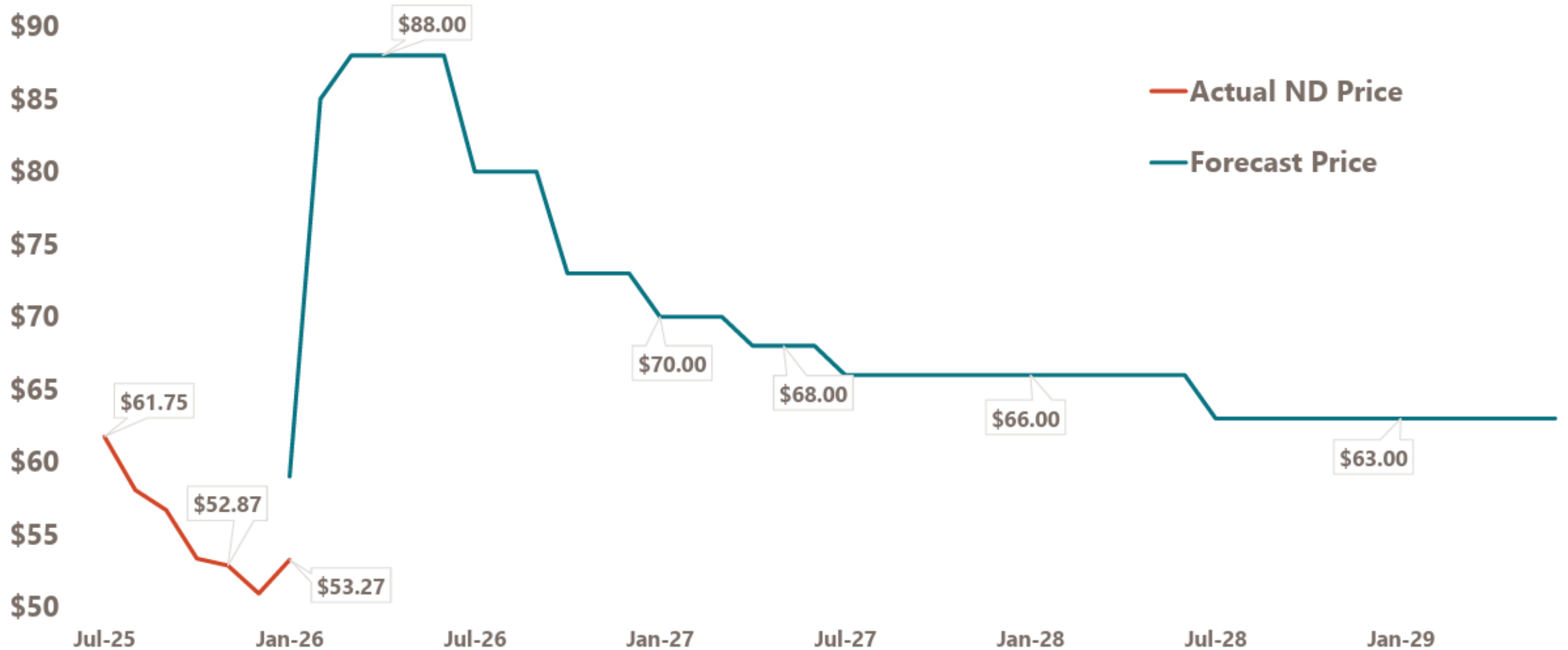
# OIL PRICE OUTLOOK



Data Source: U.S. Energy Information Administration, Short-Term Energy Outlook, April 2026, Bloomberg, L.P., & LSEG Data  
Note: Futures Curve Is The Average Settlement Price For Five Trading Days Ending April 2, 2026.

# ND OIL PRICE

## JULY 2025 – JUNE 2029



\*Forecast provided by OMB

# GOVERNOR'S STATE BUDGET GUIDELINES



## Special Funds

- Hold even with base budget adjustments
- Limited to available funding sources



No new FTE



No new buildings



Any new ongoing proposals should be offset by a corresponding reduction in ongoing expenditures

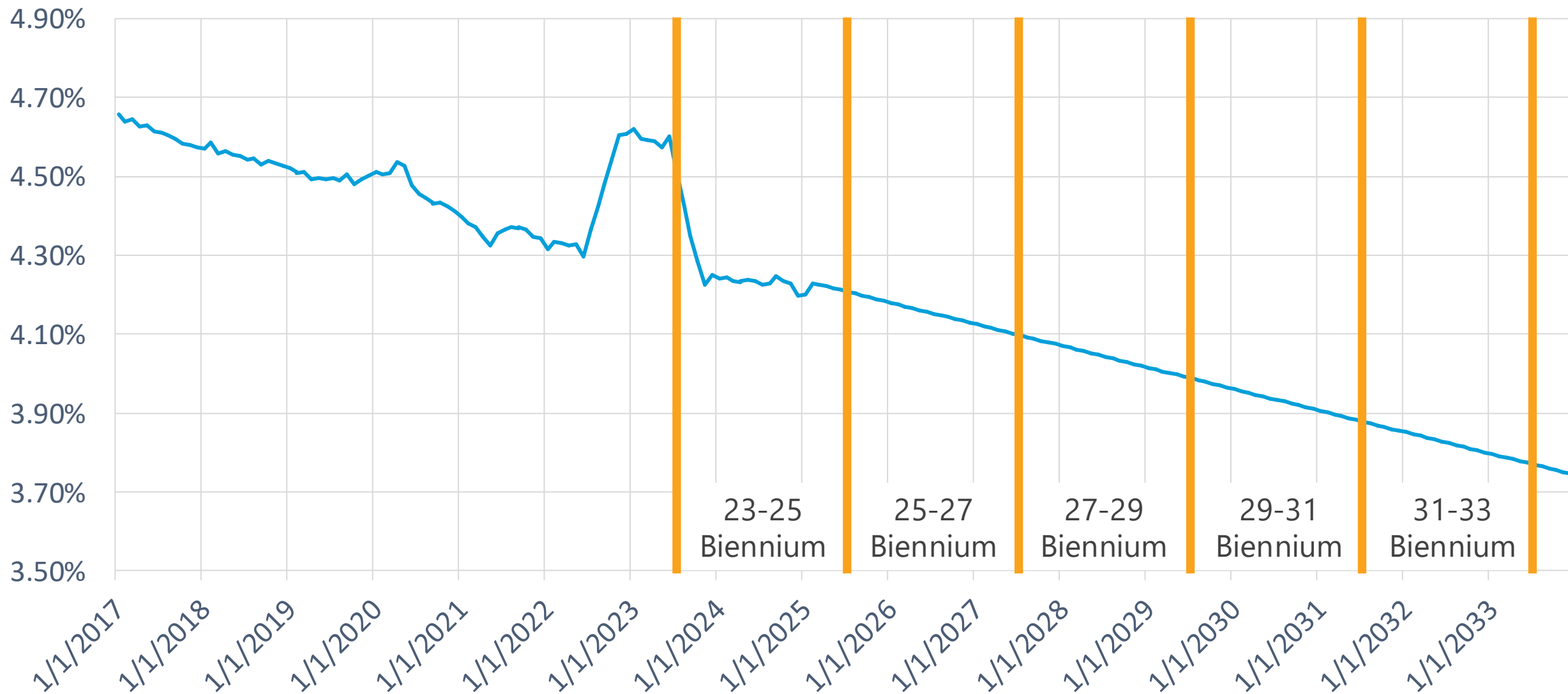


FTE pool underfunding restored in the executive base budget

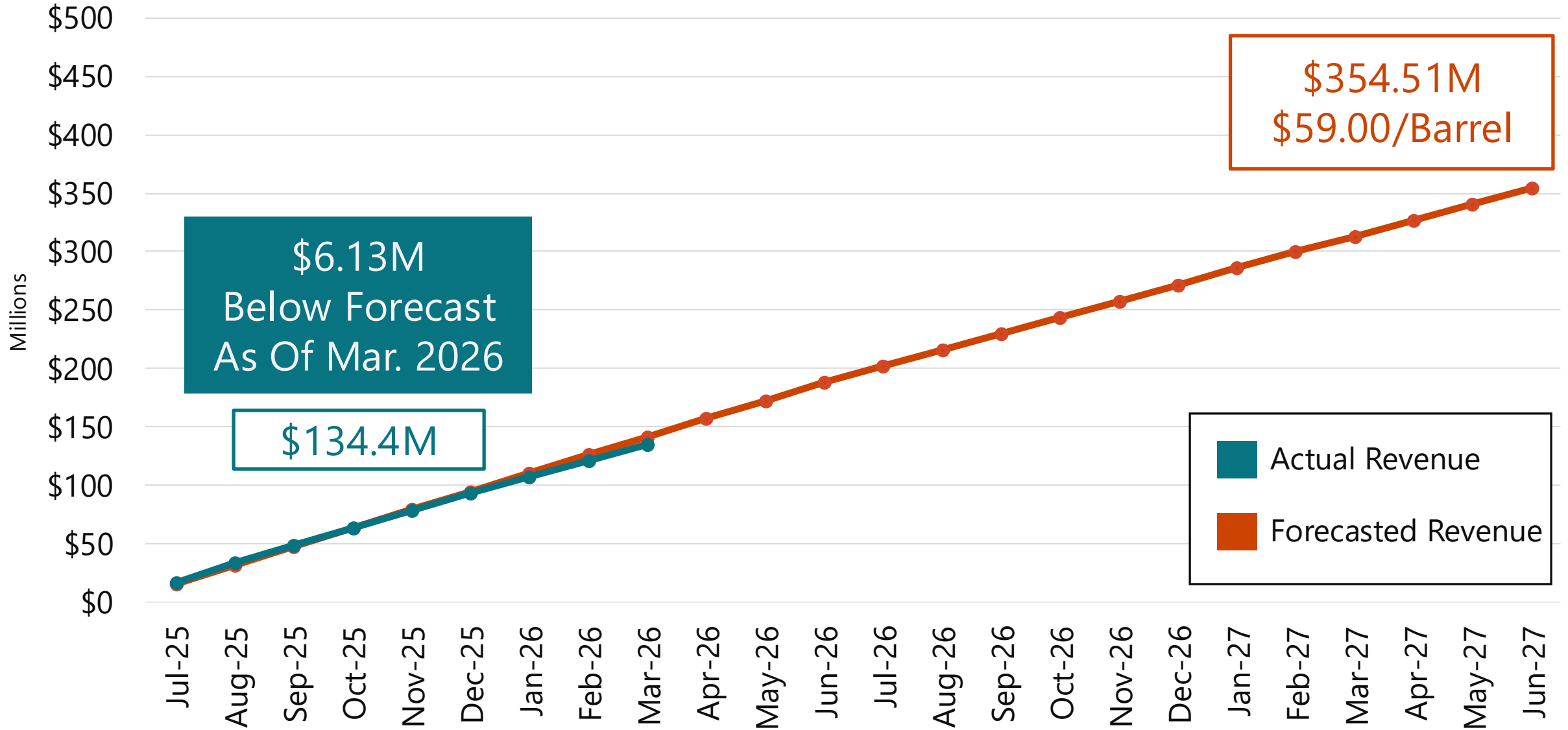


Cost to continue current salary increases included in executive base budget

# EFFECTIVE EXTRACTION TAX RATE ADJUSTED FOR STRIPPER WELL EXEMPTIONS

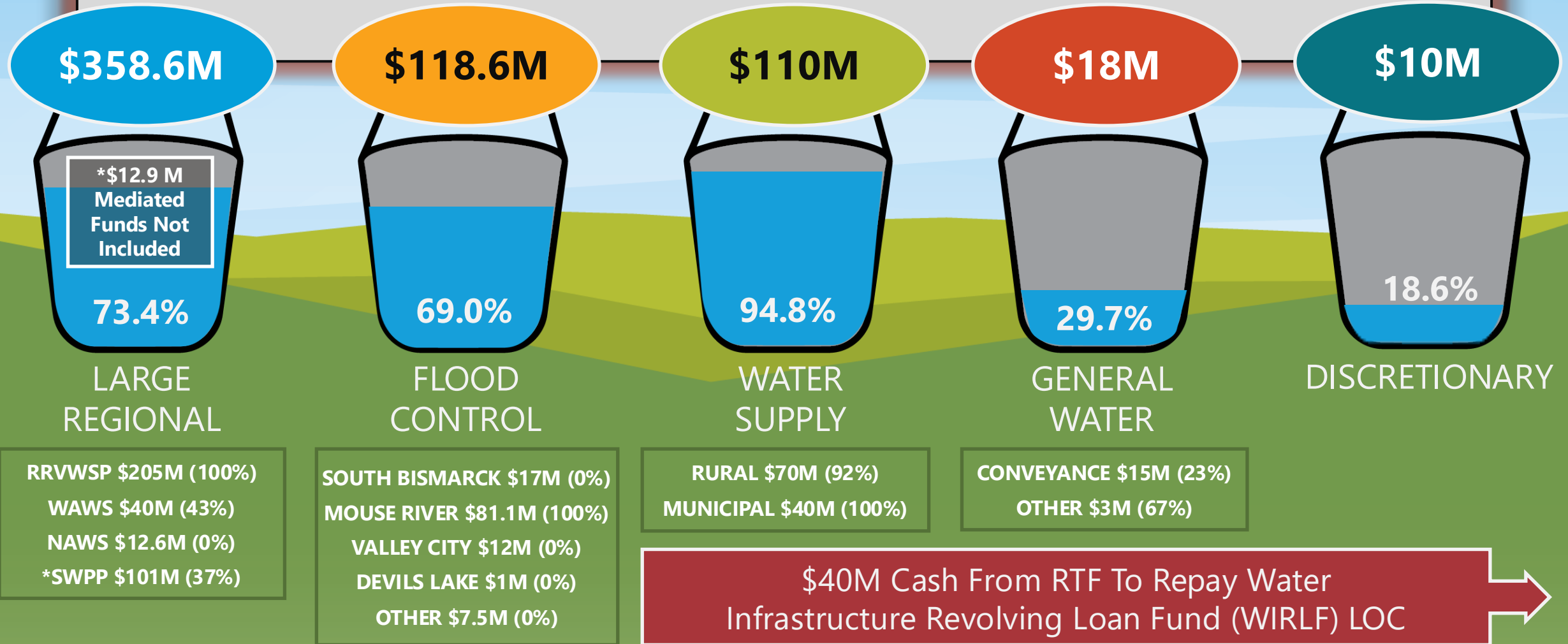


# RESOURCES TRUST FUND REVENUE



# TOTAL PROJECTS = \$615.2M

Includes A \$210M Line Of Credit (LOC) & \$50M LOC For SWPP



## 25-27 PURPOSE FUNDING & COST-SHARE PROGRAM

**OBLIGATED**    UNOBLIGATED

Completed Biennially Per  
N.D.C.C. § 61-02-01.3

To Include An Inventory Of Projects

Inventory Process Began **January 2026**

\$10M+ Projects To W.T.O.C. **May 2026**

Basin Meetings **Summer 2026**

Completion **December 2026**



2027 WATER DEVELOPMENT PLAN

# SWC HOSTED MEETING SCHEDULE

June 17   3PM	<b>MOUSE RIVER – COMM. JASON ZIMMERMAN</b>	Minot, ND
June 18   3PM	<b>LOWER MISSOURI – COMM. JAY VOLK</b>	Bismarck, ND
June 29   3PM MT	<b>LITTLE MISSOURI, UPPER HEART, &amp; UPPER CANNONBALL – COMM. JAMES ODERMANN</b>	Dickinson, ND
July 8   10AM	<b>JAMES RIVER – COMM. STEVE HANSEN</b>	Jamestown, ND
July 8   3PM	<b>UPPER RED RIVER – COMM. APRIL WALKER</b>	Fargo, ND
July 9   9AM	<b>LOWER RED RIVER – COMM. MICHAEL ANDERSON</b>	Grand Forks, ND
July 9   3PM	<b>DEVILS LAKE – COMM. JEFF FRITH</b>	Devils Lake, ND
July 15   2:30PM	<b>UPPER MISSOURI – COMM. GENE VEEDER</b>	Watford City, ND

# LEGISLATIVE STUDIES



Regional Governance  
& Finance Study

Cost-Share Program  
Evaluation

# REGIONAL GOVERNANCE & FINANCE STUDY

## HB 1020 SECTION 21

*“SWC Shall...Study The **Long-Term Governance & Finance Models** Of Select Regional Water Systems In The State...Include The **Operational And Organizational Aspects** Of SWPP, NAWS, and RRVWSP.”*

5 Responses To RFI

Interviewed 2 Vendors

Hired Deloitte

## TIMELINE (JUNE 2025 - JUNE 2026)

RFI Review  
& Contractor  
Selection  
**Jun, Jul, Aug**

Study Period  
**Sept, Oct, Nov,  
Dec, Jan, Feb**

Draft Report  
**Mar, Apr, May**

Final Report  
**Jun**

# NEXT STEPS: GOVERNANCE & FINANCE

No Action Required

Commission Action

Legislative Action

Federal Action

## SWPP

### Option 1

Keep Current Model  
With Improvements

### Option 2

Keep Current  
Governance; Leverage  
Capital Repayment

### Option 3

Transfer Ownership To  
SWA; Leverage Capital  
Repayment

## NAWS

### Option 1

Keep Current Model  
With Improvements

### Option 2

Build Capacity For NAWS  
Authority To Take Over  
O&M

### Option 3

Engage NAWS Authority;  
Outsource O&M

## RRVWSP

### Option 1

Keep Current Model  
With Improvements

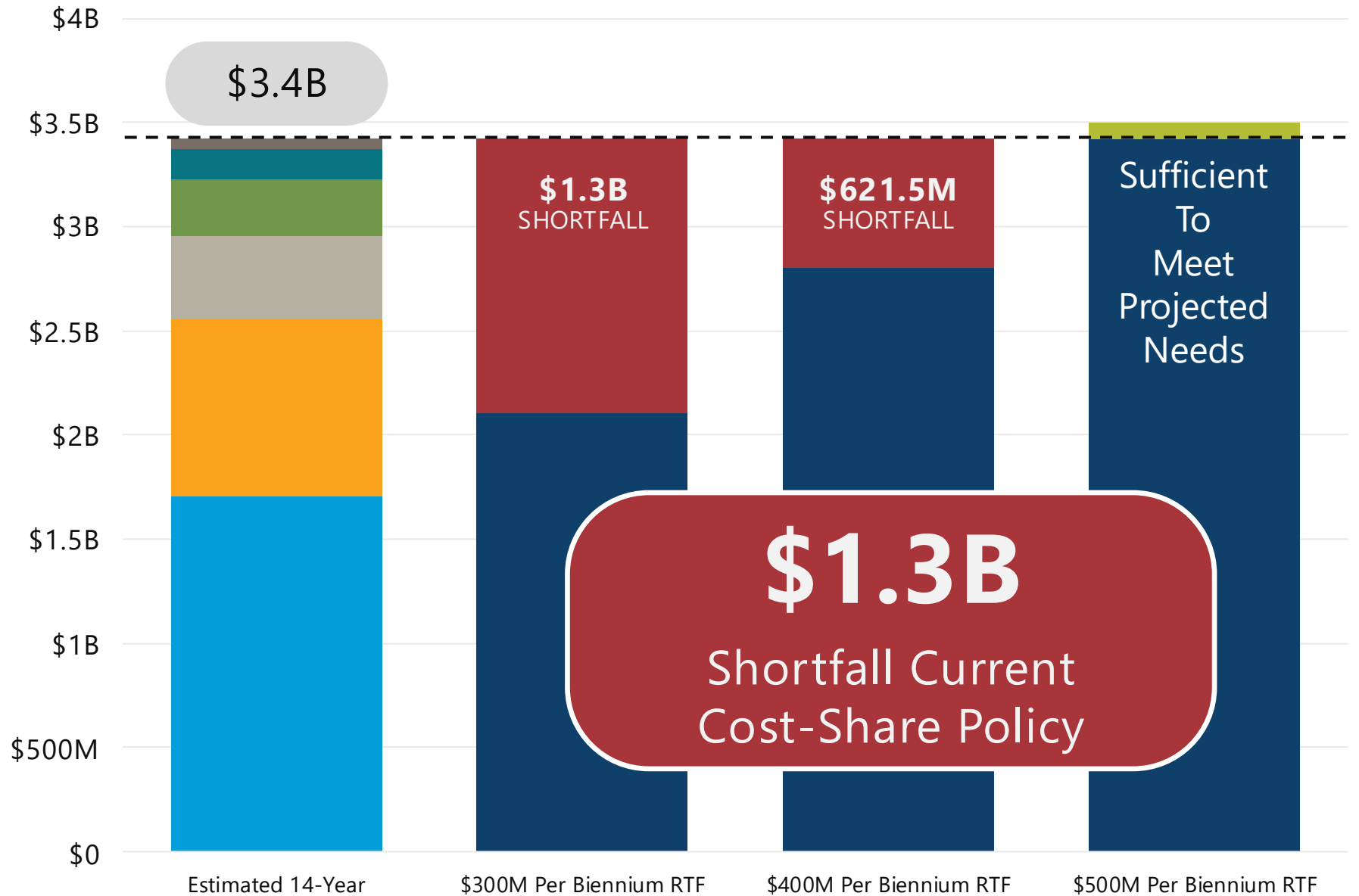
### Option 2

SWC Provides Oversight  
& Leadership To Project

### Option 3

Transfer Ownership And  
O&M To SWC

# 14-YEAR PROJECTION



# COST-SHARE STUDY

## HB 1020 SECTION 22

“SWC Shall...Study Cost-Share Policy, Including An Evaluation Of Whether Projected Funding For Water Projects, In Conjunction With The Existing Cost-Share Policy, Will Adequately **Address Anticipated Funding Needs** For Water Projects Through July 1, 2039. Also Evaluate The State’s Role In **Deferred Maintenance & Replacement Projects** Within The Context Of **Funding Shortfalls.**”

2 Responses To RFI

Interviewed 1 Vendor

Hired Deloitte

## TIMELINE (JUNE 2025 - JUNE 2026)

RFI Review  
& Contractor  
Selection  
***Jun, Jul, Aug***

Study Period  
***Sept, Oct, Nov,  
Dec, Jan, Feb***

Draft Report  
***Mar***

Final Report  
***Apr***

# CURRENT STATE & DIRECTIVE

“Based on our assessment, grounded in the legislative forecast data provided and the financial model, the **funding risk raised in the 2025 session is validated**. If SWC/DWR continues with no changes to the current cost-share program policy, the following is the likely outcome.”

**~\$1,789M Near-Term Shortfall**

Due To Forecasted Water Project Needs Through 2031

**~\$1,299M ND Water-Infrastructure Shortfall**

Over 14 Years (25-27 To 37-39)

# Options To Consider (Overview)

Cost-Share Program Policy Evaluation		Forecasted Shortfall Reduction Across Biennia		
Recommended Options		25-31	31-39	TOTAL
1	For <b>Replacement</b> Projects, Adjust Cost-Share Percentage To <b>25%</b> . Deferred Maintenance, As Defined, Would Not Be Eligible For Cost-Share.	\$441M	\$22M	\$463M
2	Institute The <b>State Funding Ceiling</b> For The Mouse River Enhanced Flood Protection Project ( <b>MREFPP</b> ) & For The Red River Valley Water Supply Project ( <b>RRVWSP</b> )	\$71M	\$358M	\$428M
3	Leverage Earnings From <b>Legacy Fund For \$791M</b> To Issue Bonds To Aid In Funding MREFPP & RRVWSP	\$730M	\$61M	\$791M
4	<b>Adjust Cost-Share Percentages</b> & Align To Be A Function Of Current <b>SWC Prioritization Guidance</b> .	\$172M	\$15M	\$188M

**Note:** Due To Rounding, Totals Do Not Foot Exactly

# Options To Consider (Overview)

Cost-Share Program Policy Evaluation Recommended Options		Forecasted Shortfall Reduction Across Biennia		
		25-31	31-39	TOTAL
5	<b>Delay Moderate &amp; Low</b> Priority (SWC Prioritization Guidance) Projects	\$213M	(\$213M)	\$0M
6	Fully Obligate <b>\$260 Million In Lines Of Credit</b>	\$260M	(\$260M)	\$0M
	Associated Interest Expense	(\$72M)	(\$56M)	(\$128M)
7	<b>Delay RTF Reimbursement Of Water Infrastructure Revolving Loan Fund</b> <i>Note: \$124M In Interest Income Expected Over A 62-year Period Following 2039 Biennium</i>	(\$26M)	(\$98M)	(\$124M)
<b>Total Forecasted Shortfall Reduction</b>		\$1,789M	(\$171M)	\$1,618M

**Note:** Due To Rounding, Totals Do Not Foot Exactly

# AFFORDABILITY: A STATE & LOCAL ISSUE



## STATUS QUO IS NO LONGER AFFORDABLE

The Deloitte Study Quantitatively Confirms Existing Cost-Share Policies Are Neither Sustainable *Nor* Affordable For The State In Consideration Of The Number Of Local Projects Expecting Assistance.



## N.D.C.C. LIMITATIONS

DWR & SWC Believe Affordability *Should Be* A Factor In Determining Cost-share Assistance. However, N.D.C.C. § 61-02-01.4 States:

- “May Not Determine Program Eligibility Of Water Supply Projects Based On Affordability. However, Affordability May Be Used In Prioritizing Projects For That Purpose.”

8

Clarify Definitions Of Deferred Maintenance, Extraordinary Maintenance, & Replacement

With Revised Definitions For Deferred Maintenance & Extraordinary Maintenance - Clarify They Are Ineligible

Replacements - Limited Eligibility

9

Cost Increases: Implement Dollar Or Percentage Caps

10

Engineering Costs: Implement Dollar Or Percentage Caps

11

Establish Rural & Municipal Water Supply Expansion Max Hook-Up Thresholds Per User

12

Implement A Capital Repayment Structure For Water Supply Projects Receiving Grant Funding

13

Only Allow Projects Included In Current WDP To Receive Cost-Share - Rare Exceptions Approved By SWC

14

Clearly State In Policy - Awards Are Conditional On Available Funding

12 Bids Before Pre-Commission Meetings (Construction)

13 Easements In-Hand Before Construction Approval

14 Deferred Maintenance, Extraordinary Maintenance,  
& Replacements Not Eligible

15 Additional Engineering Fees Associated With Cost  
Increase Requests Not Eligible

# ADDITIONAL PROGRAM OPTIONS

16 Meeting Schedule Adjustments

17 Remove BAIA Requirements

18 Remove Ability To Move Up One Priority Level For Taking A Cost-Share Reduction Of 10% Or More

# PROCESS TIMELINE

April/May 2026	Two SWC Working Sessions
May/June 2026	Recalculate Forecast Based On 2027 Inventory & Additional Working Sessions If Needed
June/July 2026	Present Draft Cost-Share Program Modifications (SWC-Hosted Basin Meetings & Public Input)
September 2026	Complete Final Draft Cost-Share Program Modifications
Sept/Oct 2026	Present Final Draft Cost-Share Program Modifications (Interim Water Topics Committee)
December 2026	SWC Approval Of Final Draft Changes
Jan-Apr 2027	Legislative Session
April/May 2027	Address Cost Share Program-Related Legislation & Finalize Program/Policy Modifications

Begin Implementation Of New Cost-Share Program Modifications During 27-29 Budget Cycle

2026  
FOCUS  
AREAS



Building A Resilient Budget

Reducing Permit Review Times

Defining DWR's Culture and Ensuring Alignment

Enhancing Recreation Opportunities

Defending Our Water Sovereignty

Renewed Comms Strategy/Transparency

Continue Building Partnerships With Tribal Nations



NORTH  
**Dakota** | Water Resources  
Be Legendary.

# THANK YOU



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