Testimony
Senate Bill 2020—Department of Water Resources
House Appropriations Committee
Representative Mike Nathe, Chairman
March 14, 2023

Good afternoon, Chairman Nathe, and members of the House Appropriations Environment and Education Committee, I am Andrea Travnicek, Director of the North Dakota Department of Water Resources. As the director, I serve as head of the Department of Water Resources and Secretary to the State Water Commission.

1. *Cite the North Dakota Century Code chapter(s) associated with the agency and list its major statutory responsibilities.*

The statutory authorities of the Department of Water Resources (DWR), and State Water Commission (SWC) are provided in North Dakota Century Code Title 61. The 67th Legislative Assembly passed HB 1353 which combined the SWC agency and the Office of the State Engineer into the DWR (or Department). The DWR is now a Cabinet agency that reports directly to the Governor. DWR serves as the primary funding entity for critical water infrastructure; appropriates the state's water resources; and is responsible for other water-related regulatory and management functions that ensure public safety and support the long-term sustainability and beneficial use of North Dakota's water resources. The overall mission of DWR is to responsibly manage North Dakota's water needs and risks for the people's benefit.

The SWC board still exists and consists of the Governor as chairman, the Commissioner of Agriculture, and eight members representing the state's major drainage basins who are appointed by the Governor to serve terms of six years each. The primary function of the SWC is to review and consider cost-share requests from project sponsors seeking financial assistance from DWR.

Water development and associated project funding are a function of the SWC and include state projects such as the Southwest Pipeline Project, the Northwest Area Water Supply, and Devils Lake outlets and Tolna Coulee control structure used for

flood control purposes. The SWC promotes water development by providing cost-share assistance for many local projects such as flood control, water conveyance, water supply systems, and other general water management efforts. The DWR has a project management role for the state projects and reviews and recommends projects for funding approval by the SWC.

Regulatory functions fall under the responsibility of the DWR. Specifically, they include water appropriation or water rights, drainage, floodplain management, sovereign land management, and dam safety.

DWR also has an active role in public information and education regarding the nature and occurrence of the state's water resources. This includes public outreach and education related to DWR functions.

2. *Explain the purpose of the agency's various divisions/programs – attach organizational chart.*

As illustrated by our organizational chart (see attached), DWR is comprised of 92 Full Time Equivalent employees (FTE), including 2 FTE approved by the Emergency Commission and Legislative Management's Budget Section in March 2022. One temporary employee was also approved at that time through the Budget Section. This is a temporary increase of 2 FTE from the previous biennium. DWR is requesting to permanently retain the 2 FTE approved through Budget Section as well as convert the temporary employee approved through the March 2022 Budget Section as an FTE for a total request of 3 FTE or 93 FTE overall.

As the director, I serve as the head of the Department of Water Resources, providing overall leadership and decision-making responsibilities and oversee the State Engineer and DWR team members. In addition, as mentioned previously, I serve as the Secretary to the State Water Commission.

North Dakota's State Engineer, John Paczkowski, is responsible for several regulatory functions and responsibilities, including allocation of the state's waters, dam safety, and drainage.

The Administrative Services Division, directed by Chris Kadrmas, provides agency operational support including accounting, budgeting, human resources, records management, and SWC meeting administrative support.

The Atmospheric Resources Division, directed by Darin Langerud, is responsible for the administration of cloud seeding activities in the state, conducts atmospheric research, provides student intern training opportunities, and performs weather-related data collection and analyses.

The Planning and Education Division, directed by Patrick Fridgen, maintains and updates a Water Development Plan for the State of North Dakota, and administers a cost-share program in support of that plan. Division staff also participate in numerous regional, state, local, and inter-office planning activities; manage the agency's water education programs; coordinate environmental reviews; manage the Drought Disaster Livestock Water Supply Assistance Program (when activated); and oversee public outreach and media relations efforts. This Division also ensures implementation of the Five-Year Strategic Plan.

The Regulatory Division, directed by Aaron Carranza, is responsible for the review and permitting of drain, dike, dam, and sovereign land applications; administration of North Dakota's Dam Safety Program; assisting communities with floodplain management through Federal Emergency Management Agency (FEMA)'s National Flood Insurance Program; administration of FEMA's Risk Mapping, Assessment, and Planning program; sovereign land management, including ordinary high water mark delineations; general water resource district support; and the Silver Jackets Program that is in partnership with the U.S. Army Corps of Engineers.

The Water Appropriation Division, directed by Chris Bader, is responsible for the processing of water permit applications, water rights evaluations, hydrologic data collection, water supply investigations, and economic development support activities. This Division is also responsible for providing the technology infrastructure required to support the scientific and regulatory functions for the agency; the office and back-office automation functions to address workflow and integration requirements; and the development and maintenance of the data management infrastructure used to support agency water resource management initiatives such as PRESENS.

Finally, the Water Development Division, directed by Sindhuja S.Pillai-Grinolds, is responsible for preliminary engineering, construction, and maintenance of water resource projects; flood response and recovery; construction of Southwest Pipeline Project (SWPP); construction, operation, and maintenance of Northwest Area Water Supply project; and operation and maintenance of the Devils Lake outlets and Tolna Coulee control structure. Division staff also represent the agency nationally and internationally on Missouri River, Red River, and Souris River issues.

As discussed above, the SWC is made up of eight Governor-appointed members representing the state's major river basins. North Dakota's current SWC members who represent the eight basins are Michael Anderson (Lower Red River), Connie Ova (James River), Richard Johnson (Devils Lake), Gene Veeder (Upper Missouri River), April Walker (Upper Red River), James Odermann (Little Missouri, Upper Heart, and Upper Cannonball Rivers), Jay Volk (Lower Missouri River), and Jason Zimmerman (Mouse River). Other members of the Water Commission include Governor Doug Burgum as Chairman, and Agriculture Commissioner, Doug Goehring.

3. *Report any financial audit findings included in the most recent audit of your department or institution and action taken to address each finding.*

DWR had one finding in the most recent operational audit dated May 19, 2022, regarding improper credits to appropriation. The dollar amount was $461,500. The

sale of land was recorded as a reduction to expenditures when it should have been recorded as revenue. The department has implemented an additional review process to assist in identifying such errors.

4. *Discuss current biennium accomplishments and challenges and next biennium goals and plans.*

With regard to current biennium accomplishments, DWR:

- Continued to make progress on the Northwest Area Water Supply (NAWS) project that is planned to one-day serve up to 81,000 water users in North Dakota. Progress included completion of the Lansford Reservoir and Pump Station; service to the City of Bottineau; and continued advancements at the Biota Water Treatment Plant, Minot Water Treatment Plant, and other project elements.
- Completed a year-long effort to update the SWC's Cost-Share Policy, Procedure, and General Requirements; as well as the Project Prioritization Guidance. The modification process included extensive public outreach and input from the water community and general public and was meant to modernize the Cost-Share Program in response to more contemporary project development needs.
- Continued to greatly improve North Dakota's ability to manage our state's water resources through innovation, including the monitoring of 368 locations by PRESENS (Pushing REmote SENSors) loggers across the state. PRESENS was developed in-house by DWR to collect environmental data such as water levels, precipitation, soil moisture, soil temperature, barometric pressure, and air temperature – at a fraction of the cost of more traditional means. Paul Moen, DWR Director of Information Systems, won the 2022 Pioneer Award, (Governor's Awards for Excellence in Public Service) for his work on developing the PRESENS system.
- Construction on SWPP included treated water main transmission line upgrades, and strategic hydraulic improvements to provide citizens access to quality water.

- Operated the Devils Lake outlets to provide ongoing flood relief for areas surrounding the greater Devils Lake system. The outlets removed over 83,000 acre-feet of floodwater during the 2021 and 2022 operating seasons. Since outlet operations began 15 years ago in 2007, almost 1.4 million acre-feet of floodwater has been removed from the big lake.
- Over the course of the biennium so far, provided state funding support of approximately $322 million in SWC project approvals through the Cost-Share Program, including $216 million to support water supply efforts in 28 cities and 20 rural/regional systems, and $106 million for 105 different flood protection, water conveyance, and general water projects benefitting citizens across the state.
- Provided $4 million in reimbursements for 1,130 drought resiliency projects for our agriculture producers through the Drought Disaster Livestock Water Supply Assistance Program.
- Secured almost $5 million in FEMA grant funding for LiDAR data to complete a statewide map of high quality digital topography information to improve and modernize modeling and engineering design data inputs.
- Completed a water development planning process through extensive public outreach, cooperation, and coordination efforts involving water project sponsors and managers. The 2023 Water Development Plan (WDP) is being presented for the first time through an almost entirely electronic platform and new Dashboard. The new WDP Dashboard includes interactive charts, enables staff to make updates in response to changing conditions, and can be accessed at any time via phones and computers.
- Launched and operated a one-stop-shop online portal through WebGrants for water project sponsors seeking grant funding or loans through the state. This new portal, known as Funding for Infrastructure in ND (FIND) within WebGrants was developed through a cooperative effort involving the Bank of North Dakota, Department of Environmental Quality, Public Finance Authority, and DWR. FIND has greatly improved and streamlined the application process for project sponsors.

With regard to next biennium goals and plans, DWR completed a Five-Year Strategic Plan last summer to guide the deployment of resources toward key objectives, goals, and tactics through June 2027. An Executive Summary of our new Five-Year Strategic Plan has been provided for your reference. In terms of specific areas of focus for the 2023-2025 biennium, DWR intends to:

- Effectively communicate with the public and stakeholders with a primary focus on collaboration and building partnerships;
- Develop world-class, sustainable, and resilient water development and management practices;
- Support beneficial use of Missouri River system water and other available water supply sources;
- Implement innovative ideas, technology, and grow analytic capabilities to improve efficiencies in water management and development;
- Improve DWR's internal resilience and promote a positive culture;
- Improve DWR responsiveness and continue to identify efficiencies;
- Advance innovative ideas and technology like PRESENS, aquifer recharge, and water reuse opportunities;
- Work toward Tribal Nation engagement, including memorandum of understanding development;
- Strive for Workforce enhancements, retention of talent, recruiting, and mentoring;
- Continue advancements on the Northwest Area Water Supply project, including progress on Intake Contract II, Souris Reservoir and Pump Station, in-line booster pump stations, Minot Water Treatment Plant (WTP) Phase III, raw water line initialization, and Biota WTP Phase II.
- Make progress on Southwest Pipeline Project strategic hydraulic improvements, WTP expansion, and rural service additions; and
- Implement results of a capital improvement planning effort related to the West End Devils Lake Outlet.

5. *Compare the agency's request/recommendation totals, including full-time equivalent (FTE) positions, for the next biennium compared to the current biennium.*

Description	2021-23 Biennium Appropriation	2023-25 Biennium Governor's Recommendation	Engrossed SB 2020	Variance From 2021-23 Biennium
Salaries and wages	$20,537,867	$23,809,878	$23,465,326	$2,927,459
Operating expenses	43,366,550	59,479,068	59,479,068	16,112,518
Capital assets	148,467,437	172,396,344	300,383,950	151,916,513
Water supply – grants	125,000,000	270,000,000	283,000,000	158,000,000
Rural water supply – grants	59,600,000	35,000,000	40,000,000	(19,600,000)
Flood control projects	48,000,000	115,000,000	114,600,000	66,600,000
General water -grants	14,227,275	14,233,275	12,000,000	(2,227,275)
Basinwide plan implementation	1,100,000	0	1,000,000	(100,000)
Discretionary funding	6,000,000	5,000,000	1,000,000	(5,000,000)
Mouse River flood control	74,500,000	0*		(74,500,000)
State Fiscal Recovery Funds	75,000,000	0		(75,000,000)
Total	$615,799,129	$694,918,565	$834,928,344	$219,129,215

*Funding for Mouse River flood control is included in funding for flood control projects.

The DWR had 90 FTE in the 2021-2023 biennium, and a request of 93 FTE is included in the Governor's recommendation and engrossed SB 2020 for the 2023--2025 biennium. The three FTE are requested to assist with significantly reducing delays, so constituents receive agency-issued permits in a timelier manner. These positions would include one for the Regulatory Division to assist with permitting and two for the Water Appropriation Division that would work on water appropriation and on PRESENS system support. We have included one-page summaries related to the three FTE we are requesting with metrics related to why each are necessary.

6. *Explain the funding included in each program/line item either in total or by division depending on the size of the agency.*

The major components of engrossed SB 2020 for the DWR budget consist of:

Description	2021-23 Biennium Base	Base Adjustment	Engrossed SB 2020 Base Adjustments	One-time Adjustment	Engrossed SB 2020
Salaries and wages	$20,537,867	$2,927,459	$23,465,326		$23,465,326
Operating expenses	43,366,550	13,259,373	56,625,923	$2,853,145	59,479,068
Capital assets	98,467,437	50,269,275	148,736,712	151,647,238	300,383,950
Water supply – grants	125,000,000	158,000,000	283,000,000		283,000,000
Rural water supply - grants	59,600,000	(19,600,000)	40,000,000		40,000,000
Flood control projects	48,000,000	66,600,000	114,600,000		114,600,000
General water -grants	14,227,275	(2,227,275)	12,000,000		12,000,000
Basinwide plan implementation	0		0	1,000,000	1,000,000
Discretionary funding	0		0	1,000,000	1,000,000
Mouse River flood control	0				0*
State Fiscal Recovery Funds	0				0
Total	$409,199,129	$269,228,832	$678,427,961	$156,500,383	$834,928,344
FTE	90.00	3.00	93.00		93.00

*Funding for Mouse River flood control is included in funding for flood control projects. See detail below.

a. *Amounts included in the base budget and their purpose and use.*

Salaries and Wages - The 2021-23 biennium totaled $20,537,867 and included salaries and fringe benefits for all employees, including employees that provide service for NAWS, SWPP, and the Devils Lake outlets.

Operating Expenses - The 2021-23 biennium totaled $43,366,550 and included operations for NAWS, SWPP and the Devils Lake pumps. This included funding of $19 million for professional services, which are primarily consultant engineering dollars, and $8.7 million for utility costs, primarily to operate the Devils Lake outlets and NAWS.

Capital Assets - The 2021-23 biennium totaled $98,467,437 and consisted mostly of projects for NAWS and SWPP, which are both state owned. Specifically, $38.2 million is for SWPP, and $59.8 million is for NAWS.

For the 2021-23 biennium, the remaining dollars were in the five purpose funding buckets. They included $125 million for Water Supply; $59.6 million for Rural Water Supply; $48 million for flood Control; and $14.2 million for General Water projects. General Water included funding for dam repairs and rehabilitations, feasibility studies, irrigation projects, as well as other general water management efforts.

b. *Amounts included in engrossed SB 2020 and justification for the change from the base budget. Discuss changes relating to:*

(1) Salaries and Wages - increase from the base budget of $2,927,459 as follows:

- Cost to continue adjustment of $148,098. This is the same as the executive recommendation.
- Performance-based raises of 4% for the first fiscal year and 4% for the second fiscal year of $1,049,393. The executive recommendation included performance-based raises of 6% for the first fiscal year and 4% for the second fiscal year of the biennium as recommended in the executive budget of $1,805,562.
- Health insurance increase of $459,961.
- Increase of 3 FTE of $703,398 to significantly reduce delays so constituents receive agency-issued permits in a more timely manner. The FTE are for the Regulatory Division, Water Appropriation, and PRESENS system support. This is the same as the executive recommendation.
- Increased funding for temporary salaries of $576,609, of which $170,000 is to provide one full time temporary position to support NAWS, $345,000 is to provide funding for temporary positions for installation and support of the PRESENS system, and $61,609 is to provide a full benefits package to DWR's Silver Jackets Program Coordinator - who for years has been a long-term temporary employee. This is the same as the executive recommendation.

The DWR is in support of increasing funding for market equity funding for agencies included in engrossed SB 2020 to the Governor's recommendation, which included $645,000 for the DWR.

(2) Operating Expenses – Includes a $16,112,518 increase, of which $13,259,373 is ongoing and $2,853,145 is one-time, major changes are as follows:

- Shifted base level funding from capital assets and salaries and wages to operating expenses in the amount of $7,744,789 to account for consultant engineering expenses related to state owned projects and utility costs primarily to operate the Devils Lake and NAWS projects. These changes were made based on anticipated needs for planning of projects and operating costs. This is the same as the executive recommendation.
- $5,615,764, of which $1,532,980 is one-time funding for IT standardization, applications, and security. The funding is to consolidate and standardize IT services under one umbrella, and to support ongoing costs for services and management to include: file services; computational infrastructure for scientific applications; big data development/production for various data types; big data administrative costs for over 2,000 terabytes of data, which places DWR as one of the largest users of data storage with NDIT at 2,000 terabytes, and the Department of Health and Human Services at 1,650 terabytes; costs associated with additional FTE for NDITD; business analysis; project management; and project oversight. This is the same as the executive recommendation.
- $1,227,800 to expand the PRESENS footprint and data collection types/sensors to improve forecasting, modeling, and overall water management – at a fraction of the cost of traditional data collection methods. This is the same as the executive recommendation.

- $100,000 in additional federal funds spending authority for the Regulatory Division. This is the same as the executive recommendation.
- $80,000 for professional development. This is the same as the executive recommendation.
- $94,665 for scientific software which includes one-time funding of $72,665. This is the same as the executive recommendation.
- $21,320 in operating expenses related to the 3 FTE positions which include one-time funding of $19,320 for IT equipment and $2,000 in ongoing funding for travel. This is the same as the executive recommendation.
- One-time funding of $750,000 for Airborne Electromagnetic Surveying (AEM) to expand use of AEM technology to better understand the extent and availability of ground water, particularly in glaciated regions - at a fraction of the cost of traditional methods. This is the same as the executive recommendation.
- One-time funding of $298,180 for inflationary increases related to motor pool rates of $118,180 and drilling supplies of $180,000. This is the same as the executive recommendation.
- One-time funding of $180,000 to support a study involving navigability determinations for the Red, Missouri, Yellowstone, Bois de Sioux, and Mouse Rivers, and Upper Des Lacs Lake as directed by HB 1202 (66th Legislative Assembly). Due to staff time limitations, little movement has been achieved on this effort since 2019. This is the same as the executive recommendation.

(3) Capital Assets changes to provide a total of $300,383,950 as follows:

- Base increase of $50,269,275 primarily to provide funding for state owned water projects at $118,000,000 in the capital assets line. The executive recommendation included $167.6 million for state owned water projects.

- One-time increase of $147,847,238 for state owned water projects, of which; $100,000,000 is from a line of credit designated for NAWS ($50,000,000) and SWPP ($50,000,000); and $47,847,238 in federal funds for NAWS. The executive recommendation did not include a line of credit.
- One-time increase of $1,800,000 to replace the original Bowman radar system to provide enhanced surveillance and ensure the capability of continual operations long into the future. The Bowman radar has filled a gap in radar coverage in southwest North Dakota since 1997 – using 1970s equipment. This is the same as the executive recommendation.
- One-time increase of $1,800,000 to replace DWR's 15-year-old drill rig with a top-head drive drilling rig that provides finer control over the drilling operation and safety features that are superior to the current drill rig. This is the same as the executive recommendation.
- One-time increase of $200,000 for office modifications due to the DWR being required to evacuate the State Office Building due to environmental hazards. Funding is requested to address office modifications that may be necessary at the agency's current long-term, yet temporary location. This is the same as the executive recommendation.

(4) Grants for water projects changes are as follows:

- Water supply increase of $158,000,000 to provide $283,000,000. The executive recommendation included water supply increase of $145,000,000 to provide $270,000,000.
- Rural water supply decrease of ($19,600,000) to provide $40,000,000. The executive recommendation included rural water supply decrease of ($24,600,000) to $35,000,000.
- Flood control increase of $66,600,000 to provide $114,600,000. The executive recommendation included flood control increase of $67,000,000 to provide $115,000,000.

- General water decrease of $2,227,275 to provide $12,000,000. The executive recommendation included general water increase of $6,000 to provide $14,233,275.
- The addition of discretionary funding in the amount of $1,000,000. Discretionary funding is for flexibility to provide additional funding either in the buckets, unaccounted for events such as flooding, and to address unknown costs associated with the DWR's move from the State Office Building to the Bank of North Dakota. The executive recommendation included the addition of discretionary funding in the amount of $5,000,000.

(5) We did have special line items in the 2021-2023 biennium, where $1,100,000 was appropriated for basinwide plan implementation, and $1,000,000 is being included in the 2023-25 biennium budget. The executive recommendation did not include funding for basinwide plan implementation.

(6) Our estimated income for special funds is $775.9 million, which included Resource Trust Fund oil extraction tax deposits of $647 million, of which $120 million is from the Water Project Stabilization Fund for Red River Valley Water Supply from the water supply bucket and $30 million was included from the Water Project Stabilization Fund for the repayment of a WAWS loan; and $100 million from a line of credit with the BND. The balance is made up of capital repayments from SWPP, NAWS payments from the City of Minot, payments from counties for cloud seeding, CD interest, and available balance of the Water Commission fund. The executive recommendation included estimated income for special funds at $684 million, which included Resource Trust Fund oil extraction tax deposits of $605.8 million, of which $120 million is from the Water Project Stabilization Fund for Red River Valley Water Supply from the water supply bucket and $30 million was included from the Water Project Stabilization Fund for the repayment of a WAWS loan. The balance is

made up of capital repayments from SWPP, NAWS payments from the City of Minot, payments from counties for cloud seeding, CD interest, and available balance of the Water Commission fund.

(7) Our estimated income for Federal funds is $89.1 million of which $78 million is for NAWS and the balance is for operations of our Regulatory Division, and other grants related to the Atmospheric Resources Division and Water Appropriation Division. The executive recommendation included estimated income for Federal funds at $35 million of which $25 million is for NAWS and the balance is for operations of our Regulatory Division, and other grants related to the Atmospheric Resources Division and Water Appropriation Division.

(8) We have no general fund dollars in our budget. The last time the department received a general fund appropriation was during the 2011-13 biennium for some operations of the DWR.

(9) Our legislatively authorized base FTE is 90, and we were authorized 2 additional FTE positions in March 2022 from the Emergency Commission and Budget Section to support the administration and management of the state's water resources. Engrossed SB 2020 includes an increase of 3 FTE to retain the 2 approved by Budget Section and for 1 additional FTE authorization that was presented to Budget Section in March, but they had only approved funding for a temporary employee who we would like to retain. This is the same as the executive recommendation.

7. *Discuss the purpose and use of any one-time funding items for the current biennium.*

We had two one-time funding items in our 2021-2023 appropriation bill.

- The $50 million line of credit has not been utilized to date. The intent was for this to be used if needed for NAWS. After the end of the 2021 session the DWR received an additional $30 million in federal funding for NAWS that was not anticipated further reducing the need for the $50 million line of credit at this time.

- Funding of $1.1 million was provided for the pilot project for basinwide plan implementation, with $246,075 expended to date.
- Funding of $4 million for discretionary water projects was approved by the SWC to be used as follows:
    - $2 million for the Agriculture Department's Emergency Livestock Water Supply Program of which $110,559 has been expended to date.
    - $2 million for DWR's Drought Disaster Livestock Water Supply Assistance Program. This funding is in addition to funding approved from the general water bucket, which together provided over $6.1 million for the program. Over $4 million has been expended to date.

8. *Identify and justify the need for any one-time funding being requested/recommended.*
    - One-time funding of $100 million from a line of credit for state owned water projects. This provides $50 million for NAWS and $50 million for SWPP. The executive recommendation did not include a line of credit.
    - One-time funding of $47.8 million from federal funds for the state-owned water project NAWS. The executive recommendation included one-time funding of $77,869,696 for state owned water projects.
    - One-time funding of $1 million for discretionary funding for flexibility to provide additional funding either in the buckets, unaccounted for events such as flooding, and to address unknown costs associated with the DWR's move from the State Office Building to the Bank of North Dakota. The executive recommendation included discretionary funding of $5 million.
    - One-time funding of $1 million for the pilot project for basinwide plan implementation. The executive recommendation did not provide funding for basinwide plan implementation.
    - One-time funding of $1,532,980 for IT standardization, applications, and security. This is the same as the executive recommendation.
    - One-time funding of $1.8 million to replace the original Bowman radar system to provide enhanced surveillance and ensure the capability of continual

operations long into the future. The Bowman radar has filled a gap in radar coverage in southwest North Dakota since first being deployed in 1997, using 1970s equipment. This is the same as the executive recommendation.

- One-time funding of $1.8 million to replace DWR's 15-year-old drill rig with a top-head drive drilling rig that provides finer control over the drilling operation and safety features that are superior to the current drill rig. This is the same as the executive recommendation.
- One-time funding of $200,000 for office modifications due to the DWR being required to evacuate the State Office Building due to environmental hazards. This is the same as the executive recommendation.
- One-time funding of $750,000 for Airborne Electromagnetic Surveying (AEM) to expand use of AEM technology to better understand the extent and availability of ground water, particularly in glaciated regions - at a fraction of the cost of traditional methods. This is the same as the executive recommendation.
- One-time funding of $298,180 for inflationary increases related to motor pool rates of $118,180 and drilling supplies of $180,000. This is the same as the executive recommendation.
- One-time funding of $180,000 to support a study involving navigability determinations for the Red, Missouri, Yellowstone, Bois de Sioux, and Mouse Rivers, and Upper Des Lacs Lake as directed by HB 1202 (66th Legislative Assembly). Due to staff time limitations, little movement has been achieved on this effort since 2019. This is the same as the executive recommendation.
- One-time funding of $72,665 for scientific software. This is the same as the executive recommendation.
- One-time funding of $19,320 to provide computers and other necessary equipment for 3 new FTE positions. This is the same as the executive recommendation.

9. *Discuss agency collections that are deposited in the general fund or special fund, and any anticipated changes from 2021 legislative session estimates during the 2021-2023 biennium and estimated changes for the 2023-2025 biennium.*

We have very minimal deposits going into the General Fund. They include open records requests, land lease revenue, water report late fees, and illegal water usage fees. The main Special Fund deposits are from the Resource Trust Fund. This makes up 93% of our revenue. Other Special Fund deposits include SWPP capital repayments, NAWS payments from the City of Minot, payments from counties for cloud seeding, and CD interest.

10. *Discuss the need for any other sections that are included or are requested/recommended in engrossed SB 2020.*

- Section 3 provides an appropriation for additional income section for additional amounts in the resources trust fund for defraying the expenses of the DWR, excluding operating expenses and salaries and wages. The executive recommendation did not limit the use of additional income appropriation.
- Section 4 appropriating $30 million from the Water Project Stabilization Fund to the DWR for the purpose of repayment of loans issued by the Bank of North Dakota to the Western Area Water Supply Authority. This is the same as the executive recommendation.
- Section 5 identifying the purpose of the discretionary funds which may be used as necessary except for salaries and wages. This is the same as the executive recommendation.
- Section 6 identifying the purpose of the basinwide water plan funding. The executive recommendation did not include funding for basinwide water plan implementation nor a section for the purpose of the basinwide water plan funding.
- Section 7 identifying that $120 million included in the budget is from the water project stabilization fund. The executive recommendation included the $120 million in Section 1 of the bill but did not include this section.

- Section 8 authorizing a $100 million line of credit from the Bank of North Dakota for NAWS ($50 million) and SWPP ($50 million). The executive recommendation did not include a line of credit.
- Section 9 amending 2021 HB 1020 to reduce the restrictions on the use of 2021-23 biennium discretionary funding. The executive recommendation did not include this section.
- Section 10 providing legislative intent to provide Red River Water Supply Project a total of $953 million, excluding funding provided prior to the 2023-25 biennium and identifies intent to provide $175 million during the 2023-25 biennium. The executive recommendation did not include this section.
- Section 11 providing legislative intent to provide the Mouse River Flood Control Project a total of $380.5 million, excluding funding provided prior to the 2023-25 biennium and identifies intent to provide $76.1 million during the 2023-25 biennium. The executive recommendation did not include this section.
- Section 12 providing legislative intent to provide the Southwest Pipeline Project $40 million during the 2025-27 biennium to cover the portion of the project covered by the line of credit in the 2023-25 biennium. The executive recommendation did not include this section.
- Section 13 providing authority for line item transfers up to $13,292,362 between the operating and capital assets line items. Due to the fact the DWR has state owned projects which require expenditures from both capital assets and operating expenses, line item transfer authority between those two line items would ensure we can shift funding when needed for payments to engineers and other consultants for those projects. This would be similar to the transfers between line items the Department of Transportation makes for road projects. The executive recommendation included line item transfer authority without any limitations between all line items.
- Section 14 providing authority to carryover $405 million of unexpended obligated and unobligated funding related to water projects. Carryover will need to be adjusted as we get closer to the end of session as expenditures

during session impact the estimate. The executive recommendation included a section providing an exemption to allow for carryover.

- Section 15 declaring SB 2020 to be an emergency measure. The executive recommendation did not include this section.

11. Discuss any other bills being considered by the Legislative Assembly and their potential budgetary impact on the agency.

SB 2015: Relating to the Office of Management and Budget regarding internal equity and external market factor funding for agencies, of which the DWR would receive $537,500 along with funding of $451,000 to demolish the State Office Building. The executive recommendation for salary increases at 6% and 4% would provide $645,000 for internal equity and external market factors.

SB 2097: Relating to wild and scenic river designations.

SB 2196: Relating to WAWS debt restructuring and authorization of a line of credit for NAWS. The line of credit authorization would need to be removed from this bill if included in SB 2020.

HB 1021: Relating to the North Dakota Information Technology department and the DWR's information technology unification.

HB 1070: Relating to the establishment and administration of a hazard mitigation revolving loan fund.

HB 1072: Relating to the powers and duties of the department of water resources; and to repeal section 61-04.1--35 of the North Dakota Century Code, relating to the required bond, cash, or negotiable securities required when bids are submitted to the atmospheric resources board.

HB 1073: Relating to the department of water resources authority to require operating plans for dams.

HB 1074: Relating to informational hearings for water permit applications.

HB 1075: Relating to comments on the cancellation of water rights; and to amend and reenact sections 61-04-24 and 61-04-2-5 of the North Dakota Century Code, relating to the notice and hearing process for the cancellation of water rights.

HB 1076: Relating to the department of water resources authority regarding water permit thresholds for dikes, dams, and other devices; and to provide a penalty.

HB 1077: Relating to water storage contracts.

HB 1286: Relating to the oil extraction tax trigger. This bill removes the 6% triggered oil tax rate on wells outside the exterior boundaries of a reservation, which would reduce potential revenue for water projects if oil prices were to meet the trigger. In the current biennium the triggered tax rate provided an additional $27.8 million to the resources trust fund.

12. *Provide a one-page itemized listing of the changes your agency is requesting the committee to make to the budget as approved by the first chamber.*

The DWR would like the following adjustments:

- Increase discretionary funding from $1 million to the executive recommendation of $5 million.
- Amend Section 12 relating to Southwest Pipeline Project funding as identified in green below:

  SECTION 12. SOUTHWEST PIPELINE PROJECT FUNDING - LEGISLATIVE INTENT. It is the intent of the sixty-eighth legislative assembly that the sixty-ninth legislative assembly appropriate $40,000,000 from the resources trust fund for the southwest pipeline project water treatment plant for the biennium beginning July 1, 2025, and ending June 30, 2027.

13. *Identify the purpose and amount of federal state fiscal recovery funding appropriated to your agency during the November 2021 special legislative session, the amount of funds spent to date, the timeline for obligating and spending the remaining funds, and any amounts that will not be obligated by December 2024.*

The DWR was appropriated $75 million from the State Fiscal Recovery Fund as authorized by SB 2345 during the 2021 special session for water infrastructure projects. This funding was to be expended before funds from the resources trust fund when possible. The DWR anticipates carryover of roughly $13 million.

14. *Identify the amount of federal funding available to your agency for the 2023-25 biennium, the purpose of the funding, federal deadlines for spending the funds, and your agency's plan for spending the funds.*

The DWR's budget includes federal funding of $89,053,261 as follows:

- MR&I funding of $78,008,097 for construction of NAWS. There is no deadline for spending. The executive recommendation included MR&I funding of $25,008,097.
- Dam safety funding of $295,267. This is the same as the executive recommendation.
- Water Education Today (WET) non-point source program $335,680. The executive recommendation included $340,324.
- FEMA Cooperating Technical Partners funding of $343,158. The executive recommendation included $438,252.
- FEMA Risk Mapping, Assessment, and Planning funding of $8,046,168. This is the same as the executive recommendation.
- FEMA Community Assistance Program – State Support Services Element funding of $274,891. The executive recommendation included $275,089.
- Weather modification research and development federal authority of $1,500,000 for research grants that may become available. This is the same as the executive recommendation.
- USGS national grants of $250,000, which is a pass-through grant. This is the same as the executive recommendation.

15. Provide additional information as necessary.

Each biennium, the DWR completes a Water Development Plan to provide an overview of North Dakota's ongoing and anticipated water development projects across the state. In the past, DWR has produced and printed that information in a detailed Water Development Plan. For the 2023-2025 biennium, DWR and the SWC are providing that same information electronically through a Water Development Plan Dashboard (Dashboard) - along with highlights in a printed Executive Summary that has been provided for your reference.

The Water Development Plan Executive Summary outlines funding recommendations for critical water supply, flood protection, and other general water

management projects; a prioritized summary of water development financial needs that were collected directly from project sponsors; and summaries of revenue streams that support projects. In addition to the aforementioned information, the Dashboard includes large project overviews (that have also been included in your packets), long-term funding needs, aging water supply infrastructure survey results, current purpose funding tracking, and more. To see all of the information that's available on the Dashboard, go to our homepage at www.dwr.nd.gov and click on the Water Development Plan Dashboard link.

Overall, the DWR continues to work towards improving agency responsiveness and efficiencies; advancing innovative ideas and technology; supporting the development of critical water infrastructure; and prioritizing workforce enhancement, retention of talent, recruiting and mentoring.

Mr. Chairman, this concludes our agency overview and testimony relative to Engrossed Senate Bill 2020 and the Executive Budget Recommendations. If there are any questions from you or other committee members, I will try to answer them at this time.

ATTACHMENTS

1. State Water Commission and Department of Water Resources Organizational Chart
2. 2023-2025 State Water Commission and Department of Water Resources Five Year Strategic Plan Executive Summary
3. One-page overviews of requested FTE
4. 2023 Water Development Plan Executive Summary