

TESTIMONY OF

**Reice Haase, Director, Department of Water Resources**

Good afternoon, Chairman Nathe, and members of the House Appropriations Education and Environment Division, I am Reice Haase, Director of the North Dakota Department of Water Resources and Secretary to the State Water Commission.

In response to the specific requests included in your letter dated December 19, 2024, I offer the following testimony:

**1. *Explain the purpose of the agency and its various divisions/programs. Cite North Dakota Century provisions and attach an organizational chart.***

The statutory authorities of the Department of Water Resources (DWR or Department), and State Water Commission (SWC or Commission) are provided in North Dakota Century Code Title 61. The 67<sup>th</sup> Legislative Assembly passed HB 1353 which combined the SWC agency and the Office of the State Engineer into the DWR. The DWR is now a Cabinet agency that reports directly to the Governor. The Department 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 the Department is to responsibly manage North Dakota's water needs and risks for the people's benefit.

The SWC board 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.

The Commission 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. Development and associated project funding for state-owned projects such as the Southwest Pipeline Project (SWPP), the Northwest Area Water Supply (NAWS), Devils Lake outlets, and Tolna Coulee control structure are a function of the State Water Commission. The DWR has a project management role for the state projects.

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 state's water resources. This includes public outreach and education related to Department functions.

As illustrated by our organizational chart (see attached), DWR is comprised of 93 Full Time Equivalent (FTE) employees. In terms of structure, the Department is made up of six divisions – Administrative Services, Atmospheric Resources, Planning and Education, Regulatory, Water Appropriation, and Water Development, which I will cover in greater detail.

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 administrative support for Commission meetings. 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 to support agency water resource management initiatives.

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

The Planning and Education Division, directed by Patrick Fridgen, maintains and updates the Water Development Plan for the State of North Dakota, and administers the cost-share program in support of that plan. Division staff 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 supports implementation of the Department's 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 in partnership with the U.S. Army Corps of Engineers.

The Water Appropriation Division, directed by Andrew Nygren, is responsible for the processing of water permit applications, water rights evaluations, hydrologic data collection, and water supply investigations to support economic development activities.

Finally, the Water Development Division, directed by Sindhuja S.Pillai-Grinolds, is responsible for preliminary engineering studies; technical assistance for flood response and recovery; survey data and drone imagery collection; construction of SWPP; construction, operation, and maintenance of NAWS; 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 Commission members who represent the eight basins are Michael Anderson (Lower Red River), Connie Ova (James River), Jeff Frith (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 Commission include Governor Kelly Armstrong as Chairman, and Agriculture Commissioner, Doug Goehring.

***2. 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 no findings in the most recent Performance Audit dated June 10, 2024.

***3. 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 NAWWS project that is planned to one-day serve up to 81,000 water users in North Dakota. Progress included completion of the 10.5 million-gallon South Prairie Reservoir, flow control structure, and hydraulic control structure; and continued advancements at the Snake Creek Pumping Plant for the project intake, the discharge pipeline connecting the Snake Creek Pumping Plant to the transmission pipeline, the Biota Water Treatment Plant, Minot Water Treatment Plant Phase II, and the Bottineau Reservoir and Pump Station.
- On the SWPP, current and future needs for expanding the west zone main transmission pipeline that serves west from Dickinson to Beach were identified and progress was made in completing the preliminary design. Hydraulic improvements were completed that aided in serving over 100 wait-listed rural customers. Progress was also made towards resolving issues with the Supplementary Raw Water Intake construction contract, and additional intake capacity from Basin Electric Power Cooperative (BEPC)'s intake was negotiated and approved by the SWC and BEPC. Construction contracts for the replacement of the 12 million gallons per day (MGD) water treatment plant located at Dickinson was bid and award of the contract was approved at the December SWC meeting.
- Operated the Devils Lake outlets to provide ongoing flood relief for areas surrounding the greater Devils Lake system. The outlets removed over 201,000 acre-feet of floodwater during the 2023 and 2024 operating seasons. Since outlet operations began 17 years ago in 2007, almost 1.6 million acre-feet of floodwater has been removed from the big lake.
- Completed and began implementation of multiple Cost-Share Program and policy improvements that continue to modernize the Cost-Share Program in response to more contemporary project development needs. As an example, DWR and the SWC began implementation of Basic Asset Inventory Assessment (BAIA) and Capital Improvement Planning (CIP) requirements for water supply project sponsors applying for construction cost-share funding. In preparation for this requirement, DWR completed a guidance document and fillable electronic

workbook. By conducting BAIA and CIP, sponsors are better positioned to raise or save capital to support their infrastructure maintenance and replacement needs for the foreseeable future.

- Over the course of the biennium, provided state funding support of approximately \$433.4 million in Commission project approvals through the Cost-Share Program, including \$326.6 million to support water supply efforts in 33 cities and 19 rural/regional systems, and \$106.8 million for 66 different flood protection, water conveyance, and general water projects benefitting citizens across the state.
- Continued to greatly improve North Dakota's ability to manage our state's water resources through innovation, including the monitoring of over 600 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. The PRESENS system continues to expand and improve and is the envy of other states that are working toward cost-effective means of collecting valuable environmental data.
- North Dakota's Dam Safety Standards were updated in January 2024 after years of work and investment from FEMA's Dam Safety Program State Assistance Grant and DWR's dam safety team. The updates were improvements from the previous 1985 Dam Design Guidelines.
- Completed a water development planning process through extensive public outreach, cooperation, and coordination efforts involving water project sponsors and managers. The 2025 Water Development Plan (WDP) is being presented again through an almost entirely electronic platform and dashboard. The 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.
- DWR's weather radar, which has operated at the Bowman Municipal Airport since 1997, is in the process of being replaced with a new state of the art, dual-polarimetric radar system that is expected to be operational in 2025. The radar is

operated year-round with the collaboration of eight regional counties to fill a radar coverage gap in the national radar network.

- Implemented a new public information campaign to inform the public, legislators, and other interested officials about North Dakota's water resources related management challenges, and opportunities. Topic areas covered so far as part of the "Know Your Water Resources" campaign include aquifers, atmospheric resources, watersheds, and more.

With regard to next biennium goals and plans, DWR continues to work toward implementation of the agency's Five-Year Strategic Plan. An Executive Summary of our current Five-Year Strategic Plan was provided during our January 9, 2024, agency overview for your reference. In terms of specific areas of focus for the 2025-2027 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 the department's internal resilience and promote a positive culture;
- Improve Department responsiveness and continue to identify efficiencies;
- Advance innovative ideas and technology like PRESENS, managed aquifer recharge, and water reuse opportunities;
- Work toward Tribal Nation engagement, including development of memorandums of understanding;
- Strive for Workforce enhancements, retention of talent, recruiting, and mentoring;
- Continue advancements on NAWS, including progress on permanent intake-related contracts, Minot Water Treatment Plant (WTP) Phase III, Souris Reservoir and Pump Station, and inline booster pump station work.

- Make progress on SWPP water treatment plant replacement, west zone capacity improvements, raw water intake efforts, and the Burt-Hebron rural expansion; and
- Implement results of capital improvement planning efforts related to the West End Devils Lake Outlet.

Though the aforementioned accomplishments and opportunities are many in comparison to challenges, there are a few general areas with that regard that are worth noting. In particular, we anticipate continued challenges related to:

- Competing uses for North Dakota's water both nationally and internationally;
- Addressing growing demands for water within our own state – particularly in support of economic development opportunities;
- Growing needs for real-time data collection and availability, and our ability to analyze that data;
- Implementation of legislatively-required cost-benefit analyses for projects seeking state investment;
- Drainage and water conveyance; and
- General education related to agency efforts and our state's water resources.



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

<b>Description</b>	<b>2023-2025 Biennium Appropriation</b>	<b>2025-2027 Biennium Governor’s Recommendation</b>	<b>Variance</b>
Salaries and wages	\$22,998,148	\$27,368,271	\$4,370,123
Operating expenses	56,625,923	76,564,811	19,938,888
Capital assets	124,136,712	206,081,561	81,944,849
Water supply – grants	316,200,000	238,732,801	(77,467,199)
Rural water supply – grants	52,000,000	45,800,000	(6,200,000)
Flood control projects	115,700,000	129,100,000	13,400,000
General water - grants	12,000,000	16,972,500	4,972,500
Discretionary funding	0	5,000,000	5,000,000
Total	\$699,660,783	\$745,619,944	\$45,959,161
Full Time Equivalents (FTE)	93	100	7

The department has 93 FTE in the 2023-2025 biennium, and a request of 100 FTE was included in Governor Armstrong’s recommendation for the 2025-2027 biennium. We have included one-page summaries related to the 7 FTE we are requesting with metrics related to why each are necessary.

**5. Discuss any new positions approved for your agency for the 2023-25 biennium by the 2023 Legislative Assembly, the timing of filling the positions, amounts transferred from the OMB pool for the filled positions, and funding appropriated and the amount estimated to be spent for each position for the 2023-25 biennium.**

During the 2023 session, the DWR received an increase of 3 FTE authorizations (2 natural resources services and 1 engineering and planning services) and funding of

\$703,398. These positions were filled because of Emergency Commission and Budget Section action in March 2022. In July 2023, the DWR requested \$703,398 for the new FTE positions authorized by the 2023 Legislative Assembly. The DWR estimates it will expend the \$505,772 provided for 2 natural resources services positions and \$197,626 for 1 engineering and planning services position.

**6. Discuss employee turnover and the number of vacant positions during the 2023-25 biennium to date, the amount of savings relating to the vacant positions and employee turnover to date compared to the vacant position savings removed from your agency's budget by the 2023 Legislative Assembly, the amount of vacant position saving spent for other purposes, and any amounts transferred or anticipated to be transferred from the OMB pool.**

Through December 2024, the DWR has averaged 5 vacant positions per month with salary savings of \$782,285, of which \$331,7090 has been used for accrued leave payouts, performance and incentive bonuses, temporary salary funding to support the DWR's 4D program, and on-call pay related to NAWS operations paid from special funds received from users of the NAWS system. The net salary savings is \$450,576 through December 2024. The DWR has experienced difficulties in recruiting hydrologists, engineers, and field technicians. As of January 14, 2025, the DWR will have 2 vacant positions - one in the Regulatory Division and the other in the Water Appropriation Drilling Program. The DWR requested and received a transfer of \$703,398 for the 3 new FTE authorized as they were filled prior to the start of the 2023-2025 biennium and we anticipate requesting \$200,000 be transferred from the OMB pool if funds are available.

**7. 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 the DWR budget recommendation consist of:

Description	2023-25 Biennium Base	Ongoing Adjustment Request	2025-27 Biennium Base Request	One-time Adjustment Request	2025-27 Biennium Governor's Recommendation
Salaries and wages	\$22,998,148	\$4,370,123	\$27,368,271		\$27,368,271
Operating expenses	56,625,923	10,899,888	67,525,811	\$9,039,000	76,564,811
Capital assets	124,136,712	(9,467,114)	114,669,598	91,411,963	206,081,561
Water supply – grants	316,200,000	(127,467,199)	188,732,801	50,000,000	238,732,801
Rural water supply - grants	52,000,000	(6,200,000)	45,800,000		45,800,000
Flood control projects	115,700,000	13,400,000	129,100,000		129,100,000
General water - grants	12,000,000	4,972,500	16,972,500		16,972,500
Discretionary funding	0	5,000,000	5,000,000		5,000,000
Total	\$699,660,783	(\$104,491,802)	\$595,168,981	\$150,450,963	\$745,619,944
FTE	93.00	7.00	100.00		100.00

**7a. Amounts included in the base budget and their purpose and use.**

**Salaries and Wages** - The 2023-2025 biennium totaled \$22,998,148 and included salaries and fringe benefits for all employees, including employees that provide services for NAWS, SWPP, and the Devils Lake outlets. This is \$1,615,629 less than actual need to support the 93 FTE authorized because of the new and vacant FTE funding pool.

**Operating Expenses** - The 2023-2025 biennium totaled \$56,625,923 and included operations for NAWS, SWPP, and the Devils Lake outlets. This included funding of \$33.6 million for professional services, which are primarily consultant engineering services for the construction of SWPP and NAWS, and \$9.7 million for utility costs, primarily to operate the Devils Lake outlets and NAWS project.

**Capital Assets** - The 2023-2025 biennium totaled \$124,136,712 and consisted mostly of projects for NAWS and SWPP, which are both state owned. Specifically, \$66.3 million is for SWPP, and \$55.1 million is for NAWS.

**Grants for Water Projects** - For the 2023-2025 biennium, the remaining dollars were in the five purpose funding buckets. They included \$316.2 million for Water Supply; \$52 million for Rural Water Supply; \$115.7 million for Flood Control; \$12 million for General Water projects, and \$9 million for Discretionary. General Water includes funding for dam repairs and rehabilitations, water related studies, irrigation projects, as well as other general water management efforts.

***7b. Amounts included in the request/recommendation and justification for the change from the base budget level. Discuss changes relating to each line item (salaries and wages, operating expenses, etc.), funding sources (general fund, special funds, federal funds), and FTE positions:***

**Salaries and Wages** – An increase of \$4,370,123 from the base budget due to the following:

- Cost to continue adjustment of \$416,585.
- Reinstate funding of \$1,615,629, for funds removed because of the new and vacant FTE funding pool.
- Increase of \$1,951,172 for 7 additional FTE (\$424,568 federal funds, \$282,163 non-state funds, and \$1,244,441 state funds) to support the operations of the DWR and its responsibilities. Supporting information is provided as an attachment.
- Increase funding for SWC board members, temporary salaries, on-call pay, and overtime of \$220,714, to provide sufficient funding for impacts of legislative increases and adjustments to team member and SWC members' pay.
- Increase funding for temporary salaries of \$100,000 to support an internship program for the DWR. It has been challenging to recruit

qualified and experienced individuals for Hydrologist, Hydrogeologist, and Engineering positions at the DWR. The technical demands of these positions, combined with the limited candidate pool with the necessary expertise, make it increasingly difficult to fill these essential roles. To address this issue, the DWR plans to establish an internship program to engage potential candidates before graduation and provide training opportunities and experience thereby bridging the gap between academic learning and the practical skills needed in these fields. Funding for the internship program will help the DWR build a robust program to attract and retain talented team members, and develop a pipeline of skilled professionals to address the State's future water resource management challenges.

- Increase funding of \$66,023 from revenues received from the Board of Water Well Contractors (BWWC) for administrative support. The BWWC is responsible for registering, licensing, and overseeing well contractors across the state. Since its establishment in 1971, the BWWC has partnered with the DWR to manage certain operational aspects, as the data collected from well contractors has been valuable to the State. Historically, a DWR team member has provided accounting and administrative services to the BWWC during their personal time. However, increasing demands have made it challenging to maintain a clear distinction between the team member's roles. To ensure transparency and simplify the working relationship between the BWWC and DWR, the DWR is requesting additional funding for salaries and wages, to be covered by revenues generated through a contract with the BWWC for accounting and administrative services. This will allow the team member currently serving the BWWC part-time to continue fulfilling these responsibilities without needing to balance duties between the DWR and BWWC.

**Operating Expenses** – Includes a \$19,938,888 increase, of which \$10,899,888 is ongoing and \$9,039,000 is one-time. Major changes are as follows:

- Reduced operating expenses of \$1,171,104 to meet the Governor's budget guidelines and shifted \$2,680,374 from capital assets to operating primarily for professional services related to state owned water projects. These changes were made based on anticipated needs for planning of projects and operating costs.
- \$6.9 million is from federal funds for the operation of the NAWS Biota Water Treatment Plant.
- \$392,630, of which \$39,000 is one-time funding for operating expenses related to 6 of the 7 FTE included in the Executive recommendation.
- \$85,200 for operating expenses related to the duties of the SWC members.
- \$2,051,788 from federal funds for professional services related to federal programs and other related operating expenses of the Regulatory Division. FEMA's Cooperating Technical Partner grant program is anticipated to have increased grant funding levels than previously assumed for the 2025-2027 biennium. This increase would enable the DWR to access this additional federal funding to advance projects that benefit all North Dakotans. These additional FEMA grant funds require no state matching funds. An example project would be the update of the North Dakota base level engineering data currently housed in the North Dakota Risk Assessment Map Service.
- One-time funding of \$600,000 for a Missouri River Intake Study Phase II.
- One-time funding of \$8.4 million for professional services related to SWPP.

**Capital Assets** - Changes to provide a total of \$81,944,849 as follows:

- Base decrease of (\$9,467,114), of which (\$716,415) is to meet the Governor's budget guidelines, and (\$8,750,699) primarily to shift funding from capital assets to professional fees in operating expenses to pay engineering fees related to state owned water projects.

- One-time increase of \$91,411,963 (\$50 million from a line of credit) for state owned water projects, to provide a total of \$206.1 million, of which \$1.7 million is for Devils Lake outlets, \$107.9 million is for SWPP, \$95.3 million is for NAWS, \$480,000 to replace emergency water pumps, \$400,000 to replace an excavator, \$60,000 to replace a data logger, and \$10,000 for equipment for the NAWS Operator FTE request included in the Executive recommendation.

Total project funding for state owned water projects includes funding in operating expenses in combination with capital assets due to the classification of expenses related to contracted engineers and consultants. Total state owned project funding of \$240.35 million includes \$1.65 million for Devils Lake outlets from the Resources Trust Fund, \$131.7 million for SWPP from the Resources Trust Fund, and \$107 million for NAWS, of which \$12.7 million is from the Resources Trust Fund, \$52.1 million is from reimbursements from Minot, and \$42.2 million in federal funds.

**Grants for Water Projects** - Changes are as follows:

- Water supply decrease of (\$77,467,199) to provide \$238,732,801, of which \$50 million is from a line of credit for Red River Valley Water Supply Project (RRVWSP).
- Rural water supply decrease of (\$6,200,000) to provide \$45,800,000.
- Flood control increase of \$13,400,000 to provide \$129,100,000.
- General water increase of \$4,972,500 to provide \$16,972,500.
- The addition of discretionary funding in the amount of \$5,000,000. Discretionary funding is for flexibility to provide additional funding either in the buckets, unaccounted for events such as flooding, and to address any other anticipated issues.

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

There were thirteen one-time funding items included in the DWR 2023-2025 appropriation bill.

- Line of Credit, \$100,000,000 – This has not been utilized to date. The intent was for this to be used if needed for NAWS and SWPP development efforts.
- Discretionary Funding, \$9,000,000 – To support unforeseen project or program needs, such as the Emergency Drought Disaster Livestock Water Supply Program, emergency response efforts, or other unexpected agency costs. To date, \$231,139 has been approved for a Managed Aquifer Recharge analysis and agency equipment.
- Equipment For New Employees, \$19,320 – The DWR anticipates fully expending these funds by June 30, 2025.
- IT Unification, \$1,532,980 - 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, costs associated with additional FTE for ITD, ITD business analysis, ITD project management, and ITD project oversight. Through December 2024, \$27,670 has been expended.
- Increased Motor Pool Rates, \$118,180 - To address inflation impacting current travel expenses and anticipated motor pool rate increases. The DWR has not had to utilize these funds through December 31, 2024, and it is not known if it will be necessary to do so.
- Drilling Supply Inflation, \$180,000 - To maintain ongoing drilling operations and to account for increasing costs related to drilling mud, cement, and PVC pipe. The DWR has not had to utilize these funds through December 31, 2024, and it is not known if it will be necessary to do so.



- Navigability Study, \$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 had been achieved on this effort since the 2019 directive, which led to the contracted Navigability Study. As of today, the Department has approved the final preliminary navigability reports of the six subject waters, expending \$171,000 of the allocated \$180,000.
- Airborne Electromagnetic (AEM) Survey Data Collection, \$750,000 - 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. Through December 31, 2024, \$600,000 has been expended and the DWR anticipates expending the remaining \$150,000 by June 30, 2025.
- Groundwater Modeling and Hydrologic Analysis Software, \$72,665 - To acquire advanced software for purposes of performing many of the scientific analytical functions and related modeling activities in support of DWR's water appropriation responsibilities. Through December 31, 2024, \$3,936 had been expended during the 2023-2025 biennium. The DWR expended \$24,980 during the 2021-2023 biennium.
- Agency Relocation, \$200,000 - DWR was required to evacuate the State Office Building due to environmental hazards. Funding was provided to address office modifications at the agency's current location – the Bank of North Dakota. As a result of the emergency clause in SB 2020, the DWR expended \$116,315 for modifications at the BND during the 2023-2025 biennium and anticipates expending an additional \$64,000 to finalize cubical adjustments before June 30, 2025.
- Radar System, \$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. Through December 31, 2024, \$17,500 has been expended for engineering services. The procurement for the new radar and radar tower are complete and completion of

the project is anticipated to be mid-June 2025, and all funds are anticipated to be expended.

- Drilling Rig Replacement, \$1,800,000 - To replace DWR's 15-year-old drill rig with a drilling rig that provides finer control over the drilling operation and improved safety features. Through December 31, 2024, \$1,391,800 has been expended to purchase the drill rig and chassis. The DWR anticipates additional expenditures prior to June 30, 2025, for final modification of the new drill rig before putting it into operation.
- Northwest Area Water Supply (NAWS), \$47,847,238 - Through December 31, 2024, \$40.8 million has been expended for the NAWS project and additional expenditures are anticipated to occur prior to June 30, 2025.

**9. *Identify and justify the need for any one-time funding being requested or recommended.***

- One-time funding of \$49,000 related to equipment for 7 new FTE of which, \$39,000 is in operating expenses and \$10,000 is in capital assets related to NAWS operations.
- One-time funding of \$480,000 for replacement of four inefficient and inoperable water pumps purchased in the early 2000s. The pumps are essential for dewatering during DWR construction projects, dewatering Devils Lake outlets at the end of operational seasons, stormwater management, and during flood fighting efforts.
- One-time funding of \$400,000 for replacement of an excavator that was purchased in 2015 and has incurred increasing repair costs due to its age. The brand of the excavator is also no longer serviced in the Bismarck area.
- One-time funding of \$60,000 for data logger replacement originally purchased in 2008. This equipment is essential for collecting subsurface data critical to hydrogeologic investigations.
- One-time funding of \$600,000 for Missouri River intake site investigations. Funding is necessary to continue the process for identifying water intake sites

along the Missouri River to put the state in a better position to secure its water rights as it relates to use of the Missouri River. This funding would facilitate both phase I and phase II site investigations. Phase I would provide high-level results for the screening of site suitability and to determine sites that might be worth further study. Phase II would provide for a comprehensive fieldwork campaign to verify a site's total suitability. The study includes both surface water and groundwater sites.

- One-time funding of \$58,650,000 (\$50M line-of-credit) for SWPP to support the projects anticipated during the 2025-2027 biennium.
- One-time funding of \$40,211,963 for NAWS to support the projects anticipated during the 2025-2027 biennium.
- One-time funding of \$50,000,000 line of credit for water supply grants for RRVWSP.

***10. Discuss any fees the agency charges, the appropriateness of the fee amount, fee collections that are deposited that are deposited in the general fund or special fund, and any anticipated changes from 2023 legislative session estimates during the 2023-25 biennium and estimated changes for the 2025-27 biennium.***

DWR has 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 77% of the agency's revenue. Other Special Fund deposits include SWPP capital repayments, NAWS payments from the City of Minot, NAWS water rate revenues, payments from counties for cloud seeding, and CD interest. The DWR 2025-2027 budget includes increased collections and use of special funds received from political subdivisions and a reduction in federal funds.

The DWR has no General Fund dollars in its budget. The last time the Department received a General Fund appropriation was during the 2011-2013 biennium for some operations of the Department.

***11. Identify any federal state fiscal relief funds remaining to be spent by your agency by December 2026. Provide the amount, the purpose, and a timeline of anticipated expenditures.***

The DWR has \$2,184,086 remaining to be expended for NAWS. The DWR anticipates expending these remaining funds prior to June 30, 2025.

***12. Discuss the need for any other sections to be added to the appropriation bill.***

- a. A section providing appropriation of additional income during the 2025-27 biennium.
- b. A section identifying the allowable use of discretionary funding.
- c. A section identifying \$42.5 million of the total funds included in the Executive recommendation are from the Water Project Stabilization Fund.
- d. A section authorizing the DWR to employ an attorney.
- e. A section providing a \$100 million line of credit from the Bank of North Dakota for the SWPP (\$50 million) and the RRVWSP (\$50 million).
- f. A section authorizing the DWR to transfer funds between line items, except from salaries and wages.
- g. A section authorizing the DWR to carryover water project funding.
- h. A section allowing the DWR to employ any number of full-time positions as funding allows.
- i. A section declaring HB 1020 to be an emergency measure.

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

Senate Bill 2106 eliminates the Weather Modification Program within the DWR which would result in a reduction in revenue and related expenditures for the program.

**14. Provide a one-page itemized listing of the changes your agency is requesting the committee to make to the executive recommendation.**

We are not requesting any adjustments to 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. For the 2025-2027 biennium, DWR and the State Water Commission are providing that 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 the information that's available on the Dashboard, go to our homepage at [www.dwr.nd.gov](http://www.dwr.nd.gov) and click on the Water Development Plan Dashboard link.

Overall, the Department 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 House Bill 1020. 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. One-Page Overviews of Requested FTE
3. Other Optional Requests
4. 2025 Water Development Plan Executive Summary
5. Large-Scale Project Summaries