

1999 SENATE APPROPRIATIONS

SB .2165

1999 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB2165

Senate Appropriations Committee

Conference Committee

Hearing Date January 20, 1999

Tape Number	Side A	Side B	Meter #
1	X		4090-end
		X	1-end
2	X		1-950
2-12-99	2	X	5900-end
Committee Clerk Signature <i>Kathy C. Kottelrock</i>			

Minutes:

SENATOR NETHING: Opened the hearing on SB2165; A BILL FOR AN ACT TO CREATE AND ENACT A NEW CHAPTER TO TITLE 61 OF THE NORTH DAKOTA CENTURY CODE, RELATING TO THE ISSUANCE OF BONDS TO FINANCE CONSTRUCTION OF FLOOD CONTROL PROJECTS; TO AMEND AND REENACT SUBDIVISION d OF SUBSECTION 5 OF SECTION 61-02-02 OF THE NORTH DAKOTA CENTURY CODE, RELATING TO THE DEFINITION OF WORKS; TO PROVIDE AN APPROPRIATION; TO PROVIDE AN EXPIRATION DATE; AND TO DECLARE AN EMERGENCY.

RAY HOLMBERG: Senator of Grand Forks, District 17 to testify in support of SB2165 (testimony attached (tape 1, side A, meter 3525-4085).

DAVE SPRYNCZYNATYK: State Water Commissioner to testify in support of SB2165 (testimony attached (tape 1, side A, meter 4090-4480).

SENATOR BOWMAN: You build a dike, channel all the water, once the water gets out of the dike, what happens to upstream Canada? Once you channel the water, doesn't it flood to a greater degree?

DAVE SPRYNCZYNATYK: Hydraulic studies have been done to address the issue because there is no question, when you confine the water to a smaller channel and release, it has a backup affect upstream. The project is designed to control up and downstream flooding.

SENATOR GRINDBERG: What statistics do you have so say that it wouldn't take a record snowfall to cause this problem again, based on high water tables, increased drainage, etc.?

DAVE SPRYNCZNATYK: We haven't done studies as such. We know prior to settlement in the Red River Valley, there were floods that were greater than last year. The road system built over the years, actually retards the movement of water in the valley.

SENATOR NETHING: This bill has an Emergency Clause on it. Sometimes those Emergency Clauses don't carry. Would this create undo problems?

DAVE SPRYNCZNATYK: If the bill passes without the Emergency Clause, the Water Commission will still begin the process of preparing for the bonding so when the bill does Pass, we would be in a position to immediately follow through.

SENATOR ST. AUBYN: Does the Federal authorization have a deadline on this agreement?

DAVE SPRYNCZYNYATYK: No specific deadline. We do know the Corps of Engineers wants to move into the final phase. They are expecting an appropriation to begin October 1, 1999. The authorization can remain for several years, but there will be a point in time where the project would be de-authorized.

SENATOR BOWMAN: Aren't we setting a precedence for all other flood control in the Red River Valley to complete flood control for them?

DAVE SPRYNCZYNYATYK: The precedence was set as early as 1945, when the Legislature authorized the State Water Commission a contract fund to participate in water management projects across the State. I don't feel we set a precedence that each and every County will be treated the same. Every project is looked at individually.

SENATOR NETHING: There was a news story about an International Red River Basin mediation initiative, are you familiar with this?

DAVE SPRYNCZYNYATYK: Yes, I am. Currently, there are three initiatives to try and address basin wide water management and flood control. Each is slightly different. The one you mention is initiated through the North Dakota Consensus Council and the Federal Emergency Management Agency, bringing people together from ND, MN, and Manitoba to address the issue. It's being funded by FEMA through the Consensus Council.

SENATOR TALLACKSON: Some of us feel this should have been an overall plan for the cities along the valley. It's a touchy situation because no one wants to endanger the funding for Grand Forks. They are the primary people here that should be protected. For instance, Grafton has a \$27M bypass that will save Grafton and take it out of the flood plain and eliminate any need for flood insurance, which is millions of dollars in savings. We would like to be considered in an overall plan, but we do not want to endanger this bill that gives Grand Forks the first. I would like to express that I would like to see an overall Valley plan, with funding down the line for those projects.

DAVE SPRYNCZYNATYK: I believe that each of the four major communities that I mentioned have flood control projects that warrant construction. Others are in planning stages and Wahpeton has started. The Grand Forks project has the Federal authorization and it's so large, I don't think the State could take it on. I think these all fit into a total water management plan that will eventually evolve.

SENATOR TALLACKSON: The problem in our area is we have a matching fund of \$10M and a population of 5000. There is hardly anyway a population of 5000 can fund \$10M without State help.

ROD BACKMAN: Office of Management and Budget to testify on the bonding for SB2165 (testimony attached (tape 1, side B, meter 500-900)).

SENATOR KRAUTER: How does this fit into the whole scheme of North Dakota when we Bond for buildings and some of our requirements as far as the percentage of sales tax?

ROD BACKMAN: In relation to the Sales Tax limitation, that restriction is to the Industrial Commission operating as the Building Authority. Those are the construction of State buildings. So the restriction doesn't apply to a Dike Bond funded through the Water Commission.

ROD BACKMAN: Also distributed the Bonding for the Devils Lake project.

KEN VEIN: City Engineer and Director of Public Works for the city of Grand Forks to testify in support of SB2165 (testimony attached (tape 1, side B, meter 1160-1650)).

SENATOR BOWMAN: You mention that your insurance premiums would go up about two to maybe five times if we don't have the dike in place. That's a considerable cost to each person that lives in Grand Forks and the surrounding flood areas. Are the people willing to give part of that premium towards the cost of building the dike?

KEN VEIN: The finance director will review the city finance plan that has considerable amount of local involvement and participation in paying our local share. We are paying 42% of this project from the city of Grand Forks and asking the State for 18%.

SENATOR NAADEN: There is a lot of snow now. What protection do you have this year for a flood?

KEN VEIN: Since the 1997 flood, we have invested close to \$2M to enhance existing flood protection system while waiting to get a permanent protection project in place. There are problems in implementing a backup system. We think we can fight a flood of the same level as 1997, but we don't know for sure. We have an enhanced flood fight plan and we will do the best we can.

SENATOR NAADEN: Do you have the same protection now as you had a year ago?

KEN VEIN: Yes, the levies we have been widened. Homes adjacent to the river have been acquired, lending to a better foundation to build upon. There is still uncertainty, and we will still need sandbags.

JOHN SCHMISEK: Finance Director for the Grand Forks Flood protection project to testify in support of SB2165 (testimony attached (tape 1, side B, meter 1890-2710).

SENATOR NETHING: You have in place protection for a flood capacity of the last flood, with the exception that you would have to use sandbags and probably reinforcement to the dike. What will be the difference with this plan than what you have?

KEN VEIN: Levees have been raised to the height of about 50 feet, and we have to find a way to temporarily increase them to about 54.3 feet. We have about 13 miles of levees that have to be raised. Proposed levees are an average of 10 feet higher than anything that exists at this time, designed to handle a flood elevation of 56 feet. Temporary structures are not built to maintain and sustain levels satisfactorily for any period of time. This still does not do anything about the 100 year flood plain. It puts us at risk each and every time there is a flood.

SENATOR ANDRIST: Would like a few more details on the cities share of the project, the resources that you are allocating to it.

JOHN SCHMISEK: Reallocating part of our current sales tax that has been going against other debt issues for infrastructure. Bonds being paid off in 1999 will give us about one half million dollars to apply against this project. We also are looking at current operating budgets to see if we can free up some of our current mill levies to use for this debt. The Grand Forks school district will free up about 10 mills of their mill levy for the coming year. We are looking to the voters in the year 2000 and ask them for a use tax, since Grand Forks is one of three cities that does not have a sales end use tax. The largest possible source would be special assessment, but it has not been determined yet how that assessment will be allocated. \$16m of additional project costs are relative to water utility projects, a portion of which will be funded as a cost sharing approach, and through utility rates.

SENATOR SOLBERG: What's your city sales tax revenue?

JOHN SCHMISEK: We are at 1.75%.

SENATOR SOLBERG: You said about \$1M of that would be freed up per year for the dike system?

JOHN SCHMISEK: About one half million.

SENATOR SOLBERG: What portion of that 1.75% then, would that half million constitute?

JOHN SCHMISEK: About 10% of the total collection.

SENATOR BOWMAN: What is the new complex that was built in Grand Forks?

JOHN SCHMISEK: The Aurora Event Center that is being built with 75%, or are you talking about the county office?

SENATOR BOWMAN: There was a building that they were trying to rent some space from or something that we had in another bill, and what I was curious to know was is the building that is being built in the flood area and it seems like you're jumping ahead of yourselves if you already built the building without protection of the building.

JOHN SCHMISEK: I believe what you are talking about is the county-state building that is being combined in Grand Forks. My understanding of that building is it is being built as a flood proof building and had to meet the requirements and restrictions because of where it is being built.

SENATOR NETHING: Can you tell me what the insurance costs are per household and what the total dollars are that we are looking at? I realize it is a factor because of the 100 year flood plane requirement?

JOHN SCHMISEK: We have asked some of the insurance companies to inform us what will happen. The flood plain will take in the entire city of Grand Forks. Depending on where you are in that flood plane and the valuation of your home, the cost per year on a \$100,000 home can range from \$250 up to \$650. Of course, businesses will have a higher cost.

SENATOR NETHING: What kind of total dollars are we looking at?

JOHN SCHMISEK: I do not have that information right now, but I can get back to you on that.

SENATOR ST. AUBYN: Flood insurance, for everyone's information, does not cover full coverage. It is only really a structural type thing. I think it's important for people to know that there are a lot of exclusions.

SENATOR ANDRIST: If I understand your numbers, half of that 1% sales tax is devoted to community infrastructure or economic development, and apparently there is no plan to move that into this project. How much does that represent?

JOHN SCHMISEK: The half of a percent would total out to about \$2.3M. The reason we are only freeing up the \$500M at this point, all of the infrastructure is because the other amounts of infrastructure are obligated for debt issues and still have ten to fifteen years of debt running on them.

SENATOR ROBINSON: You mentioned that 50% of \$.01 goes to property tax relief and that you have a consideration of another assessment in terms of property tax. You have some relief here and you're looking at tacking on some more. I'm not following your testimony.

JOHN SCHMISEK: The initial 50% has been in place since the inception of the sales tax. We could try to use that 50% for part of the project, but we could not continue the general operations of the city without doing an increase in property taxes. Another reason we do not want to use property tax to allocate the cost of the dike because, it is based on valuation, which is not a fair way to determine the benefit, and that is why the special assessment route is used.

SENATOR ROBINSON: Is half of the 50% on an annual or biannual basis?

JOHN SCHMISEK: Annual.

PAT OWENS: Mayor of Grand Forks to testify on support of SB2165 (testimony attached (tape 1, side B, meter 4275-4785).

SENATOR SOLBERG: Why didn't the people of Grand Forks reconsider the Aurora project?

PAT OWENS: We had two votes on it prior to the flood; the original vote to put it in place and another after being told it was \$17M over. We signed the bonds for that amount two months prior to the flood. After the flood, I met with the Governor and expressed my concerns on the Aurora Building and the costs. Because of the flood, we then didn't have the resources necessary to continue the project at that point. I asked that it be held for two years with review after one year. It was brought back to the community after one year for their review and input. It was felt that we still needed this building. HUD sent planners and consultants to put the city together. We were told to look at future and how the tax base will be, and not just at flood control. We had been working on a flood control project to protect us to 46 ft., and we had spent about \$2M on that project. After much research and thought by many planners and experts, we were told to move on or the city will die; a flood control project will protect you, but you will have nothing to offer. The project was discussed by city council and was decided that it could be profitable for Grand Forks and North Dakota as well.

JOHN SCHMISEK: The issue of just transferring that money into flood control project was not simple. Any proceeds from the bond issue were to pay back or to build the Aurora facility. We would have had to put those funds into an escrow account and would not have been able to call the debt for eight years. We would have had to collect through taxes the \$7M to build up the escrow account. Then the 75% that was set aside to fund. That would have automatically gone away and not have just been transferred for a flood control project.

SENATOR GRINDBERG: I'm interested in the long term approach of a plan that covers the whole valley, the process of input and decisions from the public.

PAT OWENS: We put in place a mayor's task force dividing up responsibility of duties to help us put in place our first season of recovery. We were told we needed to bring our downtown back, so we invested money in that. The first priority was housing, acquisition and buyout, putting up rental units. Getting our government back in place. We had many, many meetings. We went through stages, which were very traumatic. It is difficult to make decisions because any decision made adversely affects someone. We set up a cost matrix, allowing everything to

be accounted for. We jump started various areas, trying for fairness. City council has had special meetings trying to meet the challenge of keeping the city together.

MICHAEL POLOVITZ: Former Mayor of Grand Forks - opposed to SB2165 (testimony attached (tape 2, side A, 285-595). My name is Michael Polovitz, the former Mayor of Grand Forks before the flood of 1997. I am a past president of the League of Cities and am now a director on the Garrison Diversion Conservancy District. I now speak to you as a, shall we say "private citizen" of Grand Forks.

I feel like I'm a voice crying in the wilderness at this time. In my opinion, the granting of the request for \$52M for a permanent dike will have a permanent negative effect on the future growth of Grand Forks. It will force the city to take on another debt of over \$60M to be paid back through the general city sales tax which means less money for property tax relief, less money for economic development, and less money for infrastructure. It will force the city to impose a special assessment on all businesses and property owners, the amount only estimated at this time. The cost of building a large permanent dike could further encourage the migration of people out of the city.

In my opinion, the legislature should help finance the emergency second line of defense dike which would not be permanent. This assurance is needed immediately. It would relieve the fear and anxiety of the people for floods of the future. We do have protection for flood up to 50 feet at the present time without adding any sandbags or clay. To spend \$350M dollars for a dike that has not proven itself, and the fact that we don't know when or if a flood will occur will effect the economy of not only the city but also the state. Agriculture is still the basic industry in the state and we must do everything we possibly can to further this industry.

The city and the state should combine it's finances to utilize the resources that are available at UND and NDSU for flood protection and forecasting more than ever before.

The building of the proposed dike is estimated at six to ten years or more. What do we do in the meantime? Appropriate money for the building of the emergency dike when the time comes.

The state should also be more involved financially in the planning and flood protection throughout the Red River Basin. It also should be planning for the not too distant possibility of severe drought conditions that seems to be in the making which Texas and eastern Colorado are experiencing. The state should also be flooding the congress for support of the Water Resources Development Act.

Closer monitoring of the releases of water from dams should be instituted and be readily available to the public. How many agencies and the public realize that the effort to locate the body of a snowmobile rider who drove over the Grand Forks dam, just lately, was hampered due to the opening of the Lake Traverse Reservoir gates raising the level of the river here in Grand Forks. Could this also affect the flooding of the Red River Basin?

I still stand behind my initial public statement that “building bigger dikes is not the answer to future flooding of the Red River Basin”. A \$52M appropriation for the dike in Grand Forks could be better utilized for the overall flood protection of the whole Red River Basin. Thank you very much.

SENATOR ANDRIST: You were Mayor of Grand Forks, when?

MICHAEL POLOVITZ: From 1988-1996.

SENATOR ANDRIST: We had testimony, I think it was from Mr. Dean, that there was flooding concerns a long time ago, he said the flood was no fluke. They knew the city was very vulnerable to a bad flood and started planning for it as early as 1987. Was it during your time when apparently this was put on the back burner?

MICHAEL POLOVITZ: No, it not. It was furthered during my tenure as Mayor. Probably the best dike flood protection was put in during that time, in which we had a plan as to what happens at every level. The forecasting up until the 1997 flood was pretty accurate. I think that with the installation of the technical aspects that we have within our knowledge right now, we can continue that forecasting level that I had experienced until this happened in 1997.

SENATOR ST. AUBYN: You talk about the \$52M will be better spent for the whole Red River Basin. Are you aware if the matching funds will be available for that?

MICHAEL POLOVITZ: I don't know whether are matching funds.

SENATOR ST. AUBYN: I mean the other part that the Federal Government is providing for the dike. For us to come up with our, the \$133M or whatever; we would not have access to that, would we, if we did the Red River Basin?

MICHAEL POLOVITZ: You mean on the Federal level?

SENATOR ST. AUBYN: Right.

MICHAEL POLOVITZ: I don't believe at this point in time that we would. We have so many agencies right now that are working on this problem, that it's a crime in reality because, the agencies are different personal and now we have a new consensus council that is meeting and hopefully something will come out of it. We had the Red River Basin Board, that was still through the International Coalition because we felt that if we got more people on the political side, we would be able to look at and get finances for it, for the overall concept of flood control. I do believe that there are answers out there that can help this whole problem. I can give you one example, right in Grand Forks, the English Coolie Dam which takes in 90 square acres of land in drainage into the English Coolie. It was a \$3M project that dug a drench around the city and in 1979 flood, it was a enormous flood around the Hospital and everything else and it was put in after that. During the 1997 flood, the English Coolie ran like a little trickle and it saved a good share of the town because of that one little dam, nine miles south. What we need to look at is a

combination of all kinds of flood protection measures. We also know that the Schuak Dam, I think is called, it's a small dam but, they were able to hold back the water and Crookston didn't suffer a flood. What we need are a lot of small projects and different projects that work out. Like I said, the Red River Basin needs your help but, I think it needs it in a different manner. I don't know what we are going to do if a flood comes next year.

Closed hearing of SB2165

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2/12/99

Tape 2, Side A 5750-end

SENATOR NETHING: Reopened the hearing on SB 2165 and noted this bill had been incorporated into SB 2188.

SENATOR HOLMBERG: Moved do not pass.

SENATOR TALLACKSON: Seconded the motion.

ROLL CALL: 14 ayes; 0 nays; 0 absent & not voting

MOTION CARRIED TO DO NOT PASS SB 2164.

CARRIER: SENATOR KRINGSTAD

SENATOR NETHING: Closed the hearing on SB 2188.

Date: 2/12/99
Roll Call Vote #: _____

1999 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. SB 2165

Senate APPROPRIATIONS Committee

Subcommittee on _____
or
 Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Not Pass

Motion Made By Sen. Holmberg Seconded By Sen. Tallackson

Senators	Yes	No	Senators	Yes	No
Senator Nething, Chairman	✓				
Senator Naaden, Vice Chairman	✓				
Senator Solberg	✓				
Senator Lindaas	✓				
Senator Tallackson	✓				
Senator Tomac	✓				
Senator Robinson	✓				
Senator Krauter	✓				
Senator St. Aubyn	✓				
Senator Grindberg	✓				
Senator Holmberg	✓				
Senator Kringstad	✓				
Senator Bowman	✓				
Senator Andrist	✓				

Total (Yes) 14 No 0

Absent 0

Floor Assignment Sen. Kringstad

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

REPORT OF STANDING COMMITTEE (410)
February 12, 1999 3:23 p.m.

Module No: SR-29-2818
Carrier: Kringstad
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

SB 2165: Appropriations Committee (Sen. Nething, Chairman) recommends **DO NOT PASS** (14 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2165 was placed on the Eleventh order on the calendar.

1999 TESTIMONY

SB 2165

NORTH DAKOTA STATE WATER COMMISSION

TESTIMONY RELATIVE TO

SENATE BILL 2023

PRESENTED TO

SENATE APPROPRIATIONS COMMITTEE

FIFTY-SIXTH LEGISLATIVE ASSEMBLY

JANUARY 20, 1999

By

*David A. Sprynczynatyk, State Engineer
and Secretary to the State Water Commission*

Attachment 1

**GRAND FORKS FLOOD CONTROL PROJECT
20-Year Bonding Scenario**



EVENSEN DODGE INC

MEMORANDUM

TO: Rod Backman
Office of Management and Budget

Karlene Fine
Industrial Commission of North Dakota

FROM: Kathy Kardell (K) *(initials)*
Brian McQuillan
Evensen Dodge, Inc.

DATE: January 6, 1999

RE: State Water Commission Building Scenarios
Grand Forks Flood Control Project

Attached are the 20-year and 30-year single issue bonding scenarios for the Grand Forks flood control project which "grosses up" the issue size to generate a full \$52 million for construction costs. All of the other assumptions remain the same as those discussed in Bismarck in December. The results are summarized in the table below:

	<u>20-Year Repayment Scenario</u>	<u>30-Year Repayment Scenario</u>
<i>Total Par Amount of Bonds:</i>	\$ 54,765,000 ✓	\$ 54,075,000
<i>Estimated True Interest Rate:</i>	4.79% ✓	5.01%
<i>Total Interest Cost:</i>	\$ 32,726,418 ✓	\$ 52,822,510
<i>Total Average Biennial Debt Service:</i>	\$ 8,643,534 ✓	\$ 7,053,062
<i>Net Average Biennial Debt Service:</i>	\$ 8,228,858 ✓	\$ 6,700,307

The schedules related to each scenario are attached to this memorandum for your information. Please give either of us a call if you have any questions.

Attachments

North Dakota State Water Commission
\$54,765,000 Grand Forks Flood Control Revenue Bonds of 2000
Scale = DH'94' || Market @ 12/15/98 || Term = 20 Years

Sources and Uses of Funds

Delivery Date: 7/ 1/ 0

Sources of Funds

Par Amount of Bonds.....	\$54,765,000.00	
+Premium /-Discount.....	\$0.00	
Bond Proceeds.....		54,765,000.00

		\$54,765,000.00

Uses of Funds

Issuance Costs / Underwriters Discount..(2.000000%)...	1,095,300.00
Capitalized Interest.....	2,064,616.06
Debt Service Reserve.....	4,324,550.00
Net Construction Fund Amount.....	47,277,173.18
Contingency.....	3,360.76

	\$54,765,000.00

Prepared by Evensen Dodge, Inc.

Micro-Muni Sizing Date: 01-05-1999 @ 14:20:14 Filename: NDSWC Key: GFFC-1

North Dakota State Water Commission
 \$54,765,000 Grand Forks Flood Control Revenue Bonds of 2000
 Scale = DH'94' || Market @ 12/15/98 || Term = 20 Years

Net Debt Service Requirements

Delivery Date: 7/ 1/ 0

Period Ending	Principal	Coupon	Interest	Total Debt Service	Constr. Fund Earnings	Debt Svc. Res. + Cap. Int.	Net Debt Service	Surplus Funds Remaining
12/ 1/ 0			1,056,080.21	1,056,080.21		2,192,317.56		1,136,237.35
12/ 1/ 1	1,785,000.00	3.700000	2,534,592.50	4,319,592.50		234,848.10	2,948,507.05	
12/ 1/ 2	1,855,000.00	3.800000	2,468,547.50	4,323,547.50		207,578.40	4,115,969.10	
12/ 1/ 3	1,925,000.00	3.900000	2,398,057.50	4,323,057.50		207,578.40	4,115,479.10	
12/ 1/ 4	2,000,000.00	4.000000	2,322,982.50	4,322,982.50		207,578.40	4,115,404.10	
12/ 1/ 5	2,080,000.00	4.100000	2,242,982.50	4,322,982.50		207,578.40	4,115,404.10	
12/ 1/ 6	2,165,000.00	4.150000	2,157,702.50	4,322,702.50		207,578.40	4,115,124.10	
12/ 1/ 7	2,255,000.00	4.200000	2,067,855.00	4,322,855.00		207,578.40	4,115,276.60	
12/ 1/ 8	2,350,000.00	4.300000	1,973,145.00	4,323,145.00		207,578.40	4,115,566.60	
12/ 1/ 9	2,450,000.00	4.400000	1,872,095.00	4,322,095.00		207,578.40	4,114,516.60	
12/ 1/10	2,555,000.00	4.500000	1,764,295.00	4,319,295.00		207,578.40	4,111,716.60	
12/ 1/11	2,670,000.00	4.600000	1,649,320.00	4,319,320.00		207,578.40	4,111,741.60	
12/ 1/12	2,795,000.00	4.700000	1,526,500.00	4,321,500.00		207,578.40	4,113,921.60	
12/ 1/13	2,925,000.00	4.800000	1,395,135.00	4,320,135.00		207,578.40	4,112,556.60	
12/ 1/14	3,065,000.00	4.900000	1,254,735.00	4,319,735.00		207,578.40	4,112,156.60	
12/ 1/15	3,220,000.00	4.950000	1,104,550.00	4,324,550.00		207,578.40	4,116,971.60	
12/ 1/16	3,375,000.00	5.000000	945,160.00	4,320,160.00		207,578.40	4,112,581.60	
12/ 1/17	3,545,000.00	5.050000	776,410.00	4,321,410.00		207,578.40	4,113,831.60	
12/ 1/18	3,725,000.00	5.050000	597,387.50	4,322,387.50		207,578.40	4,114,809.10	
12/ 1/19	3,915,000.00	5.100000	409,275.00	4,324,275.00		207,578.40	4,116,696.60	
12/ 1/20	4,110,000.00	5.100000	209,610.00	4,319,610.00		4,532,128.40	1,015.80	213,534.20
	54,765,000.00		32,726,417.71	87,491,417.71		10,695,705.26	77,009,246.65	

Dated 7/ 1/ 0 with Delivery of 7/ 1/ 0
 Bond Years 677,708.750
 Average Coupon 4.828980
 Average Life 12.374852
 I C % 4.828980 % Using 100.000000
 I C % 4.796269 % From Delivery Date

Prepared by Evensen Dodge, Inc.

Micro-Muni Sizing Date: 01-05-1999 @ 14:20:18 Filename: NDSWC Key: GFFC-1

North Dakota State Water Commission
 \$54,765,000 Grand Forks Flood Control Revenue Bonds of 2000
 Scale = DH'94' || Market @ 12/15/98 || Term = 20 Years

 Debt Service Schedule

Date	Principal	Coupon	Interest	Period Total	Fiscal Total
12/ 1/ 0			1,056,080.21	1,056,080.21	1,056,080.21
6/ 1/ 1			1,267,296.25	1,267,296.25	
12/ 1/ 1	1,785,000.00	3.700000	1,267,296.25	3,052,296.25	4,319,592.50
6/ 1/ 2			1,234,273.75	1,234,273.75	
12/ 1/ 2	1,855,000.00	3.800000	1,234,273.75	3,089,273.75	4,323,547.50
6/ 1/ 3			1,199,028.75	1,199,028.75	
12/ 1/ 3	1,925,000.00	3.900000	1,199,028.75	3,124,028.75	4,323,057.50
6/ 1/ 4			1,161,491.25	1,161,491.25	
12/ 1/ 4	2,000,000.00	4.000000	1,161,491.25	3,161,491.25	4,322,982.50
6/ 1/ 5			1,121,491.25	1,121,491.25	
12/ 1/ 5	2,080,000.00	4.100000	1,121,491.25	3,201,491.25	4,322,982.50
6/ 1/ 6			1,078,851.25	1,078,851.25	
12/ 1/ 6	2,165,000.00	4.150000	1,078,851.25	3,243,851.25	4,322,702.50
6/ 1/ 7			1,033,927.50	1,033,927.50	
12/ 1/ 7	2,255,000.00	4.200000	1,033,927.50	3,288,927.50	4,322,855.00
6/ 1/ 8			986,572.50	986,572.50	
12/ 1/ 8	2,350,000.00	4.300000	986,572.50	3,336,572.50	4,323,145.00
6/ 1/ 9			936,047.50	936,047.50	
12/ 1/ 9	2,450,000.00	4.400000	936,047.50	3,386,047.50	4,322,095.00
6/ 1/10			882,147.50	882,147.50	
12/ 1/10	2,555,000.00	4.500000	882,147.50	3,437,147.50	4,319,295.00
6/ 1/11			824,660.00	824,660.00	
12/ 1/11	2,670,000.00	4.600000	824,660.00	3,494,660.00	4,319,320.00
6/ 1/12			763,250.00	763,250.00	
12/ 1/12	2,795,000.00	4.700000	763,250.00	3,558,250.00	4,321,500.00
6/ 1/13			697,567.50	697,567.50	
12/ 1/13	2,925,000.00	4.800000	697,567.50	3,622,567.50	4,320,135.00
6/ 1/14			627,367.50	627,367.50	
12/ 1/14	3,065,000.00	4.900000	627,367.50	3,692,367.50	4,319,735.00
6/ 1/15			552,275.00	552,275.00	
12/ 1/15	3,220,000.00	4.950000	552,275.00	3,772,275.00	4,324,550.00
6/ 1/16			472,580.00	472,580.00	
12/ 1/16	3,375,000.00	5.000000	472,580.00	3,847,580.00	4,320,160.00
6/ 1/17			388,205.00	388,205.00	
12/ 1/17	3,545,000.00	5.050000	388,205.00	3,933,205.00	4,321,410.00
6/ 1/18			298,693.75	298,693.75	
12/ 1/18	3,725,000.00	5.050000	298,693.75	4,023,693.75	4,322,387.50
6/ 1/19			204,637.50	204,637.50	
12/ 1/19	3,915,000.00	5.100000	204,637.50	4,119,637.50	4,324,275.00
6/ 1/20			104,805.00	104,805.00	
12/ 1/20	4,110,000.00	5.100000	104,805.00	4,214,805.00	4,319,610.00
	54,765,000.00		32,726,417.71	87,491,417.71	
ACCRUED	54,765,000.00		32,726,417.71	87,491,417.71	

Dated 7/ 1/ 0 with Delivery of 7/ 1/ 0
 Bond Years 677,708.750
 Average Coupon 4.828980
 Average Life 12.374852
 N I C % 4.828980 % Using 100.000000
 T I C % 4.796269 % From Delivery Date

Prepared by Evensen Dodge, Inc.

Micro-Muni Sizing Date: 01-05-1999 @ 14:20:26 Filename: MDSWC Key: GFFC-1

North Dakota State Water Commission
 \$54,765,000 Grand Forks Flood Control Revenue Bonds of 2000
 Scale = DH'94' || Market @ 12/15/98 || Term = 20 Years

Construction Fund

Delivery Date: 7/ 1/ 0

Draw Date	Construction Fund Balance	Construction Draw Needed	Net Constr. Fund Draw	Inv. Rate of Draw	Constr. Fund Earnings	Debt Service Reserve (4.800000 %)	Capitalized Int. Earnings (4.800000 %)	Remaining Constr. Funds
7/ 1/ 0	47,277,173.18	1,040,000.00	1,040,000.00	4.800000				46,237,173.18
8/ 1/ 0	46,237,173.18	1,040,000.00	856,874.12	4.800000	183,125.88			45,380,299.06
9/ 1/ 0	45,380,299.06	1,040,000.00	860,267.84	4.800000	179,732.16			44,520,031.22
10/ 1/ 0	44,520,031.22	1,040,000.00	863,674.99	4.800000	176,325.01			43,656,356.23
11/ 1/ 0	43,656,356.23	1,040,000.00	867,095.65	4.800000	172,904.35			42,789,260.58
12/ 1/ 0	42,789,260.58	1,040,000.00	870,529.84	4.800000	169,470.16			41,918,730.74
1/ 1/ 1	41,918,730.74	1,040,000.00	873,977.64	4.800000	166,022.36			41,044,753.09
2/ 1/ 1	41,044,753.09	1,040,000.00	877,439.10	4.800000	162,560.90			40,167,313.99
3/ 1/ 1	40,167,313.99	1,040,000.00	880,914.27	4.800000	159,085.73			39,286,399.73
4/ 1/ 1	39,286,399.73	1,040,000.00	884,403.19	4.800000	155,596.81			38,401,996.53
5/ 1/ 1	38,401,996.53	1,040,000.00	887,905.94	4.800000	152,094.06			37,514,090.59
6/ 1/ 1	37,514,090.59	1,040,000.00	891,422.56	4.800000	148,577.44			36,622,668.03
7/ 1/ 1	36,622,668.03	1,040,000.00	894,953.11	4.800000	145,046.89			35,727,714.93
8/ 1/ 1	35,727,714.93	1,040,000.00	898,497.64	4.800000	141,502.36			34,829,217.29
9/ 1/ 1	34,829,217.29	1,040,000.00	902,056.21	4.800000	137,943.79			33,927,161.08
10/ 1/ 1	33,927,161.08	1,040,000.00	905,628.87	4.800000	134,371.13			33,021,532.21
11/ 1/ 1	33,021,532.21	1,040,000.00	909,215.68	4.800000	130,784.32			32,112,316.53
12/ 1/ 1	32,112,316.53	1,040,000.00	912,816.70	4.800000	127,183.30			31,199,499.82
1/ 1/ 2	31,199,499.82	1,040,000.00	916,431.98	4.800000	123,568.02			30,283,067.84
2/ 1/ 2	30,283,067.84	1,040,000.00	920,061.58	4.800000	119,938.42			29,363,006.26
3/ 1/ 2	29,363,006.26	1,040,000.00	923,705.56	4.800000	116,294.44			28,439,300.70
4/ 1/ 2	28,439,300.70	1,040,000.00	927,363.96	4.800000	112,636.04			27,511,936.74
5/ 1/ 2	27,511,936.74	1,040,000.00	931,036.86	4.800000	108,963.14			26,580,899.88
6/ 1/ 2	26,580,899.88	1,040,000.00	934,724.30	4.800000	105,275.70			25,646,175.58
7/ 1/ 2	25,646,175.58	1,040,000.00	938,426.35	4.800000	101,573.65			24,707,749.23
8/ 1/ 2	24,707,749.23	1,040,000.00	942,143.06	4.800000	97,856.94			23,765,606.17
9/ 1/ 2	23,765,606.17	1,040,000.00	945,874.49	4.800000	94,125.51			22,819,731.68
10/ 1/ 2	22,819,731.68	1,040,000.00	949,620.70	4.800000	90,379.30			21,870,110.98
11/ 1/ 2	21,870,110.98	1,040,000.00	953,381.74	4.800000	86,618.26			20,916,729.24
12/ 1/ 2	20,916,729.24	1,040,000.00	957,157.69	4.800000	82,842.31			19,959,571.55
1/ 1/ 3	19,959,571.55	1,040,000.00	960,948.58	4.800000	79,051.42			18,998,622.97
2/ 1/ 3	18,998,622.97	1,040,000.00	964,754.49	4.800000	75,245.51			18,033,868.47
3/ 1/ 3	18,033,868.47	1,040,000.00	968,575.48	4.800000	71,424.52			17,065,293.00
4/ 1/ 3	17,065,293.00	1,040,000.00	972,411.60	4.800000	67,588.40			16,092,881.40
5/ 1/ 3	16,092,881.40	1,040,000.00	976,262.91	4.800000	63,737.09			15,116,618.49
6/ 1/ 3	15,116,618.49	1,040,000.00	980,129.47	4.800000	59,870.53			14,136,489.02
7/ 1/ 3	14,136,489.02	1,040,000.00	984,011.35	4.800000	55,988.65			13,152,477.68
8/ 1/ 3	13,152,477.68	1,040,000.00	987,908.60	4.800000	52,091.40			12,164,569.07
9/ 1/ 3	12,164,569.07	1,040,000.00	991,821.29	4.800000	48,178.71			11,172,747.79
10/ 1/ 3	11,172,747.79	1,040,000.00	995,749.47	4.800000	44,250.53			10,176,998.31
11/ 1/ 3	10,176,998.31	1,040,000.00	999,693.22	4.800000	40,306.78			9,177,305.10
12/ 1/ 3	9,177,305.10	1,040,000.00	1,003,652.58	4.800000	36,347.42			8,173,652.52
1/ 1/ 4	8,173,652.52	1,040,000.00	1,007,627.62	4.800000	32,372.38			7,166,024.90
2/ 1/ 4	7,166,024.90	1,040,000.00	1,011,618.41	4.800000	28,381.59			6,154,406.49
3/ 1/ 4	6,154,406.49	1,040,000.00	1,015,625.00	4.800000	24,375.00			5,138,781.49
4/ 1/ 4	5,138,781.49	1,040,000.00	1,019,647.46	4.800000	20,352.54			4,119,134.03
5/ 1/ 4	4,119,134.03	1,040,000.00	1,023,685.85	4.800000	16,314.15			3,095,448.18
6/ 1/ 4	3,095,448.18	1,040,000.00	1,027,740.24	4.800000	12,259.76			2,067,707.94
7/ 1/ 4	2,067,707.94	1,040,000.00	1,031,810.68	4.800000	8,189.32			1,035,897.25
8/ 1/ 4	1,035,897.25	1,040,000.00	1,035,897.25	4.800000	4,102.75			
	52,000,000.00	47,277,173.18			4,722,826.82			

Note: Construction Fund Earnings Utilized Semi-Annual Compoundings Using a 30/360 Year Basis

Prepared by Evensen Dodge, Inc.

Micro-Muni Sizing Date: 01-05-1999 @ 14:20:41 Filename: NDSWC Key: GFFC-1

Attachment 1

**DEVILS LAKE FLOOD CONTROL PROJECT
20 Year Bonding Scenario**

 **EVENSEN DODGE INC****MEMORANDUM**

TO: Karlene Fine
Industrial Commission of North Dakota

FROM: Kathy Kardell *KCK*
Brian McQuillan
Evensen Dodge, Inc.

DATE: December 21, 1998

RE: State Water Commission Bonding Scenarios
Devils Lake Flood Control Project

Attached are the 20 and 30 year bonding scenarios for the Devils Lake project which "grosses up" the issue size to generate a full \$20 million for construction costs. All of the other assumptions have remained the same as those shown to you last week. The results are summarized in the table below:

	<u>20 Year Repayment Scenario</u>	<u>30 Year Repayment Scenario</u>
<i>Total Par Amount of Bonds:</i>	\$ 21,065,000 ✓	\$ 20,800,000
<i>Estimated True Interest Rate:</i>	4.79% ✓	5.02%
<i>Total Interest Cost:</i>	\$ 12,589,641 ✓	\$ 20,316,443
<i>Total Biennial Debt Service:</i>	\$ 3,324,842 ✓	\$ 2,712,848
<i>Net Biennial Debt Service:</i>	\$ 3,165,278 ✓	\$ 2,576,917

The schedules related to each scenario are attached to this memorandum. Please give either of us a call if you have any questions.

Attachments

North Dakota State Water Commission
 \$21,065,000 Devils Lake Flood Control Revenue Bonds of 2000
 Scale = DH'94' || Market @ 12/15/98 || Term = 20 Years

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Sources and Uses of Funds

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Delivery Date: 7/ 1/ 0

Sources of Funds

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Par Amount of Bonds.....	\$21,065,000.00	
+Premium /-Discount.....	\$0.00	
Bond Proceeds.....		21,065,000.00

		\$21,065,000.00

Uses of Funds

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Issuance Costs / Underwriters Discount..(2.000000%)...	421,300.00	
Capitalized Interest.....	794,106.67	
Debt Service Reserve.....	1,664,802.50	
Net Construction Fund Amount.....	18,183,528.14	
Contingency.....	1,262.69	

		\$21,065,000.00

Prepared by Evensen Dodge, Inc.

Micro-Muni Sizing Date: 12-21-1998 @ 14:26:34 Filename: NDSWC Key: DLFC-1

North Dakota State Water Commission
 \$21,065,000 Devils Lake Flood Control Revenue Bonds of 2000
 Scale = DH'94' || Market @ 12/15/98 || Term = 20 Years

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Net Debt Service Requirements

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Delivery Date: 7/ 1/ 0

Period Ending	Principal	Coupon	Interest	Total Debt Service	Constr. Fund Earnings	Debt Svc. Res. + Cap. Int.	Net Debt Service	Surplus Funds Remaining
12/ 1/ 0			406,226.04	406,226.04		843,253.38		437,027.34
12/ 1/ 1	685,000.00	3.700000	974,942.50	1,659,942.50		90,399.18	1,132,515.98	
12/ 1/ 2	715,000.00	3.800000	949,597.50	1,664,597.50		79,910.52	1,584,686.98	
12/ 1/ 3	740,000.00	3.900000	922,427.50	1,662,427.50		79,910.52	1,582,516.98	
12/ 1/ 4	770,000.00	4.000000	893,567.50	1,663,567.50		79,910.52	1,583,656.98	
12/ 1/ 5	800,000.00	4.100000	862,767.50	1,662,767.50		79,910.52	1,582,856.98	
12/ 1/ 6	830,000.00	4.150000	829,967.50	1,659,967.50		79,910.52	1,580,056.98	
12/ 1/ 7	865,000.00	4.200000	795,522.50	1,660,522.50		79,910.52	1,580,611.98	
12/ 1/ 8	905,000.00	4.300000	759,192.50	1,664,192.50		79,910.52	1,584,281.98	
12/ 1/ 9	940,000.00	4.400000	720,277.50	1,660,277.50		79,910.52	1,580,366.98	
12/ 1/10	985,000.00	4.500000	678,917.50	1,663,917.50		79,910.52	1,584,006.98	
12/ 1/11	1,030,000.00	4.600000	634,592.50	1,664,592.50		79,910.52	1,584,681.98	
12/ 1/12	1,075,000.00	4.700000	587,212.50	1,662,212.50		79,910.52	1,582,301.98	
12/ 1/13	1,125,000.00	4.800000	536,687.50	1,661,687.50		79,910.52	1,581,776.98	
12/ 1/14	1,180,000.00	4.900000	482,687.50	1,662,687.50		79,910.52	1,582,776.98	
12/ 1/15	1,235,000.00	4.950000	424,867.50	1,659,867.50		79,910.52	1,579,956.98	
12/ 1/16	1,300,000.00	5.000000	363,735.00	1,663,735.00		79,910.52	1,583,824.48	
12/ 1/17	1,365,000.00	5.050000	298,735.00	1,663,735.00		79,910.52	1,583,824.48	
12/ 1/18	1,435,000.00	5.050000	229,802.50	1,664,802.50		79,910.52	1,584,891.98	
12/ 1/19	1,505,000.00	5.100000	157,335.00	1,662,335.00		79,910.52	1,582,424.48	
12/ 1/20	1,580,000.00	5.100000	80,580.00	1,660,580.00		1,744,713.02	334.74	84,467.76
	21,065,000.00		12,589,641.04	33,654,641.04		4,116,754.94	29,622,353.86	

Dated 7/ 1/ 0 with Delivery of 7/ 1/ 0
 Bond Years 260,707.083
 Average Coupon 4.829037
 Average Life 12.376315
 M I C % 4.829037 % Using 100.0000000
 I C % 4.796340 % From Delivery Date

Prepared by Evensen Dodge, Inc.

Micro-Muni Sizing Date: 12-21-1998 @ 14:26:39 Filename: NDSWC Key: DLFC-1

North Dakota State Water Commission
 \$21,065,000 Devils Lake Flood Control Revenue Bonds of 2000
 Scale = DH'94' || Market @ 12/15/98 || Term = 20 Years

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Debt Service Schedule

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Date	Principal	Coupon	Interest	Period Total	Fiscal Total
12/ 1/ 0			406,226.04	406,226.04	406,226.04
6/ 1/ 1			487,471.25	487,471.25	
12/ 1/ 1	685,000.00	3.700000	487,471.25	1,172,471.25	1,659,942.50
6/ 1/ 2			474,798.75	474,798.75	
12/ 1/ 2	715,000.00	3.800000	474,798.75	1,189,798.75	1,664,597.50
6/ 1/ 3			461,213.75	461,213.75	
12/ 1/ 3	740,000.00	3.900000	461,213.75	1,201,213.75	1,662,427.50
6/ 1/ 4			446,783.75	446,783.75	
12/ 1/ 4	770,000.00	4.000000	446,783.75	1,216,783.75	1,663,567.50
6/ 1/ 5			431,383.75	431,383.75	
12/ 1/ 5	800,000.00	4.100000	431,383.75	1,231,383.75	1,662,767.50
6/ 1/ 6			414,983.75	414,983.75	
12/ 1/ 6	830,000.00	4.150000	414,983.75	1,244,983.75	1,659,967.50
6/ 1/ 7			397,761.25	397,761.25	
12/ 1/ 7	865,000.00	4.200000	397,761.25	1,262,761.25	1,660,522.50
6/ 1/ 8			379,596.25	379,596.25	
12/ 1/ 8	905,000.00	4.300000	379,596.25	1,284,596.25	1,664,192.50
6/ 1/ 9			360,138.75	360,138.75	
12/ 1/ 9	940,000.00	4.400000	360,138.75	1,300,138.75	1,660,277.50
6/ 1/10			339,458.75	339,458.75	
12/ 1/10	985,000.00	4.500000	339,458.75	1,324,458.75	1,663,917.50
6/ 1/11			317,296.25	317,296.25	
12/ 1/11	1,030,000.00	4.600000	317,296.25	1,347,296.25	1,664,592.50
6/ 1/12			293,606.25	293,606.25	
12/ 1/12	1,075,000.00	4.700000	293,606.25	1,368,606.25	1,662,212.50
6/ 1/13			268,343.75	268,343.75	
12/ 1/13	1,125,000.00	4.800000	268,343.75	1,393,343.75	1,661,687.50
6/ 1/14			241,343.75	241,343.75	
12/ 1/14	1,180,000.00	4.900000	241,343.75	1,421,343.75	1,662,687.50
6/ 1/15			212,433.75	212,433.75	
12/ 1/15	1,235,000.00	4.950000	212,433.75	1,447,433.75	1,659,867.50
6/ 1/16			181,867.50	181,867.50	
12/ 1/16	1,300,000.00	5.000000	181,867.50	1,481,867.50	1,663,735.00
6/ 1/17			149,367.50	149,367.50	
12/ 1/17	1,365,000.00	5.050000	149,367.50	1,514,367.50	1,663,735.00
6/ 1/18			114,901.25	114,901.25	
12/ 1/18	1,435,000.00	5.050000	114,901.25	1,549,901.25	1,664,802.50
6/ 1/19			78,667.50	78,667.50	
12/ 1/19	1,505,000.00	5.100000	78,667.50	1,583,667.50	1,662,335.00
6/ 1/20			40,290.00	40,290.00	
12/ 1/20	1,580,000.00	5.100000	40,290.00	1,620,290.00	1,660,580.00
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ACCRUED	21,065,000.00		12,589,641.04	33,654,641.04	
	21,065,000.00		12,589,641.04	33,654,641.04	
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Dated 7/ 1/ 0 with Delivery of 7/ 1/ 0
 Bond Years 260,707.083
 Average Coupon 4.829037
 Average Life 12.376315
 N I C % 4.829037 % Using 100.0000000
 T I C % 4.796340 % From Delivery Date

Prepared by Evensen Dodge, Inc.

Micro-Muni Sizing Date: 12-21-1998 @ 14:26:43 Filename: NDSWC Key: DLFC-1

North Dakota State Water Commission
 \$21,065,000 Devils Lake Flood Control Revenue Bonds of 2000
 Scale = DH'94' || Market @ 12/15/98 || Term = 20 Years

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Construction Fund

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Delivery Date: 7/ 1/ 0

Draw Date	Construction Fund Balance	Construction Draw Needed	Net Constr. Fund Draw	Inv. Rate of Draw	Constr. Fund Earnings	Debt Service Reserve (4.800000 %)	Capitalized Int. Earnings (4.800000 %)	Remaining Constr. Funds
7/ 1/ 0	18,183,528.14	400,000.00	400,000.00	4.800000				17,783,528.14
8/ 1/ 0	17,783,528.14	400,000.00	329,566.97	4.800000	70,433.03			17,453,961.17
9/ 1/ 0	17,453,961.17	400,000.00	330,872.25	4.800000	69,127.75			17,123,088.93
10/ 1/ 0	17,123,088.93	400,000.00	332,182.69	4.800000	67,817.31			16,790,906.24
11/ 1/ 0	16,790,906.24	400,000.00	333,498.33	4.800000	66,501.67			16,457,407.91
12/ 1/ 0	16,457,407.91	400,000.00	334,819.17	4.800000	65,180.83			16,122,588.74
1/ 1/ 1	16,122,588.74	400,000.00	336,145.25	4.800000	63,854.75			15,786,443.49
2/ 1/ 1	15,786,443.49	400,000.00	337,476.58	4.800000	62,523.42			15,448,966.91
3/ 1/ 1	15,448,966.91	400,000.00	338,813.18	4.800000	61,186.82			15,110,153.74
4/ 1/ 1	15,110,153.74	400,000.00	340,155.07	4.800000	59,844.93			14,769,998.66
5/ 1/ 1	14,769,998.66	400,000.00	341,502.28	4.800000	58,497.72			14,428,496.38
6/ 1/ 1	14,428,496.38	400,000.00	342,854.83	4.800000	57,145.17			14,085,641.55
7/ 1/ 1	14,085,641.55	400,000.00	344,212.73	4.800000	55,787.27			13,741,428.81
8/ 1/ 1	13,741,428.81	400,000.00	345,576.01	4.800000	54,424.99			13,395,852.80
9/ 1/ 1	13,395,852.80	400,000.00	346,944.70	4.800000	53,055.30			13,048,908.10
10/ 1/ 1	13,048,908.10	400,000.00	348,318.80	4.800000	51,681.20			12,700,589.31
11/ 1/ 1	12,700,589.31	400,000.00	349,698.34	4.800000	50,301.66			12,350,890.97
12/ 1/ 1	12,350,890.97	400,000.00	351,083.35	4.800000	48,916.65			11,999,807.62
1/ 1/ 2	11,999,807.62	400,000.00	352,473.84	4.800000	47,526.16			11,647,333.78
2/ 1/ 2	11,647,333.78	400,000.00	353,869.84	4.800000	46,130.16			11,293,463.94
3/ 1/ 2	11,293,463.94	400,000.00	355,271.37	4.800000	44,728.63			10,938,192.57
4/ 1/ 2	10,938,192.57	400,000.00	356,678.45	4.800000	43,321.55			10,581,514.12
5/ 1/ 2	10,581,514.12	400,000.00	358,091.10	4.800000	41,908.90			10,223,423.02
6/ 1/ 2	10,223,423.02	400,000.00	359,509.35	4.800000	40,490.65			9,863,913.68
7/ 1/ 2	9,863,913.68	400,000.00	360,933.21	4.800000	39,066.79			9,502,980.47
8/ 1/ 2	9,502,980.47	400,000.00	362,362.72	4.800000	37,637.28			9,140,617.75
9/ 1/ 2	9,140,617.75	400,000.00	363,797.88	4.800000	36,202.12			8,776,819.87
10/ 1/ 2	8,776,819.87	400,000.00	365,238.73	4.800000	34,761.27			8,411,581.14
11/ 1/ 2	8,411,581.14	400,000.00	366,685.29	4.800000	33,314.71			8,044,895.85
12/ 1/ 2	8,044,895.85	400,000.00	368,137.57	4.800000	31,862.43			7,676,758.28
1/ 1/ 3	7,676,758.28	400,000.00	369,595.61	4.800000	30,404.39			7,307,162.67
2/ 1/ 3	7,307,162.67	400,000.00	371,059.42	4.800000	28,940.58			6,936,103.25
3/ 1/ 3	6,936,103.25	400,000.00	372,529.03	4.800000	27,470.97			6,563,574.22
4/ 1/ 3	6,563,574.22	400,000.00	374,004.46	4.800000	25,995.54			6,189,569.76
5/ 1/ 3	6,189,569.76	400,000.00	375,485.73	4.800000	24,514.27			5,814,084.03
6/ 1/ 3	5,814,084.03	400,000.00	376,972.87	4.800000	23,027.13			5,437,111.16
7/ 1/ 3	5,437,111.16	400,000.00	378,465.90	4.800000	21,534.10			5,058,645.25
8/ 1/ 3	5,058,645.25	400,000.00	379,964.85	4.800000	20,035.15			4,678,680.41
9/ 1/ 3	4,678,680.41	400,000.00	381,469.73	4.800000	18,530.27			4,297,210.68
10/ 1/ 3	4,297,210.68	400,000.00	382,980.57	4.800000	17,019.43			3,914,230.11
11/ 1/ 3	3,914,230.11	400,000.00	384,497.39	4.800000	15,502.61			3,529,732.72
12/ 1/ 3	3,529,732.72	400,000.00	386,020.22	4.800000	13,979.78			3,143,712.50
1/ 1/ 4	3,143,712.50	400,000.00	387,549.08	4.800000	12,450.92			2,756,163.42
2/ 1/ 4	2,756,163.42	400,000.00	389,084.00	4.800000	10,916.00			2,367,079.41
3/ 1/ 4	2,367,079.41	400,000.00	390,625.00	4.800000	9,375.00			1,976,454.41
4/ 1/ 4	1,976,454.41	400,000.00	392,172.10	4.800000	7,827.90			1,584,282.31
5/ 1/ 4	1,584,282.31	400,000.00	393,725.33	4.800000	6,274.67			1,190,556.98
6/ 1/ 4	1,190,556.98	400,000.00	395,284.71	4.800000	4,715.29			795,272.28
7/ 1/ 4	795,272.28	400,000.00	396,850.26	4.800000	3,149.74			398,422.01
8/ 1/ 4	398,422.01	400,000.00	398,422.02	4.800000	1,577.98			
		20,000,000.00	18,183,528.14		1,816,471.86			

Note: Construction Fund Earnings Utilized Semi-Annual Compoundings Using a 30/360 Year Basis

Prepared by Evensen Dodge, Inc.

Micro-Muni Sizing Date: 12-21-1998 @ 14:26:50 Filename: NDSWC Key: DLFC-1

National attention was riveted on Grand Forks and the Red River Valley in April of 1997. Those were days which showed the indomitable spirit of North Dakotans as they, and the nation, opened their hearts and homes to refugees of the flood of the century. For that we are proud and humbled. But we must move beyond 1997 to a time where no North Dakotan will have to go through that again.

In the interest of time, I have been asked to speak on behalf of the legislators from Grand Forks, a delegation united in its support of full funding for this federally approved flood protection project. When completed Grand Forks will have contributed 42% of the cost and the federal government 40%. In SB 2165 we are asking the state of North Dakota to participate by contributing 18% of the cost of protecting its citizens and its investment from another "1997." In order to protect itself, Grand Forks is shouldering a burden of over \$2400 per capita. We are asking the state to contribute some \$82 per capita.

This project is not as much about past losses as it is about the future protection of over \$550 million of state property owned by your constituents and at risk to future flooding. **Think insurance!** You might be interested to know that the repair cost to the \$150 million of public school property in our city was \$80 million. Damage made whole by a mixture of money you would call "tax dollars."

There are those who would like to make this project some kind of a legislative referendum on past decisions made by the Grand Forks City Council. Please resist that temptation. **This is about tomorrow, not about yesterday.** Is there some dissension in Grand Forks over the project? Yes, but I submit that none of you would be sitting at this table today, if the standard for admission to the North Dakota Senate was unanimity at the ballot box. This project is not as much about past decisions made by local government, as it is about the future vitality of the economy of Grand Forks, a significant contributor to our states economy.

As your colleagues from Grand Forks:

- We recognize that the legislature is a process, not an event; and that all flood protection options will probably remain on the table till the waning days of the session.
- We recognize that the state must develop a systematic resolution of our water problems.
- We recognize that any basin wide solution should start with Grand Forks and its federally authorized project.
- And finally, we recognize that North Dakota is one community, area code 701; and as such, we ask your help for your neighbor called Grand Forks.

BEFORE THE 56TH LEGISLATIVE ASSEMBLY OF NORTH DAKOTA

Senate Bill 2165

**Senate Appropriations Committee
Statement of Support from Grand Forks Finance Director John Schmisek
for the Grand Forks Flood Protection Project**

January 20, 1999

Chairman Nething, Vice Chairman Naaden and members of the committee, thank you for allowing me to submit this testimony in support of state funding for the Grand Forks Flood Protection Project. I urge you to support a “do pass” recommendation on Senate Bill 2165.

I support this bill because I believe the residents of Grand Forks are unable to carry the burden of paying for the entire local cost share themselves. My belief is based on the extensive damage to property that occurred in Grand Forks as a result of the flood, the debt that many residents took on to help replace some of their losses, and the additional flood recovery projects that residents will have to pay for on top of our share of the project. Simply put, we need financial assistance to protect ourselves, our rebuilt assets and state assets from another disaster.

I also support this bill because it is financially sound for the state of North Dakota to protect its own multi-million dollar investment in the city of Grand Forks. And finally, the economic development impacts on the state of failing to build a dike in Grand Forks could be extensive.

As evidenced by the news footage of the event, the 1997 flood caused extensive damage to our community of 50,000. About 9,000 of our 12,000 homes took on water, 4,000 of which had main floor damage, not just basement water. Hundreds of homes were completely destroyed – structures knocked off their foundations, water lines up to rooftops. Businesses were damaged, our sewer system was inundated, and our water treatment plant shut down. Residents fled in all directions, only to return to a shell of a city. Although we are still trying to calculate the total damages, **our estimates right now put the impact of this event on our community at \$800 million to \$1 billion.**

We were fortunate to receive financial assistance from the federal government, the State of North Dakota, and many private donors who saw the news footage and sent money. The most publicized of this assistance was probably the \$171 million of Community Development Block Grant funding that our community received from the Office of Housing and Urban Development. These funds provided a crucial economic crutch to our community and allowed the City to proceed with vital flood recovery projects. The bulk of the money, about \$100 million of the \$171 million, was used on projects to deal with the damage to our residential sector, including a buyout program for the most severely damaged homes, a demolition plan for those properties, repair grants for houses that could be rebuilt, and land and infrastructure for new housing developments to replace the neighborhoods that were lost. Approximately \$28 million of CDBG funds was used for economic recovery, which took the form of grants to the hundreds of businesses that were damaged from the floodwaters or fire and projects to repair the downtown area – the hardest hit. The remaining funds were used to repair our infrastructure and public facilities, for hazard mitigation projects, and administration costs.

Despite the large amount of financial assistance received, the total amount of assistance – from FEMA, from the CDBG funds, from private donations, from everything – totals only \$500 million, a little more than half of our total damages. The difference between these two numbers is a loss to our community of between \$300 and \$500 million. These damages and costs are being borne by Grand Forks residents.

In order to replace what they lost, many Grand Forks residents took out SBA or Bank of North Dakota loans. These low interest loans gave our residents the initial capital they needed to repair their homes and replace some of their belongings. These are loans, however, and must be paid back. In total, **Grand Forks residents took out about \$159 million in flood recovery loans.** This has a huge impact when you consider our entire community is now in debt. In addition, thousands of residents replaced items by dipping into their savings accounts or charging things on their credit cards. There is no way for us to calculate the extent of this financial impact, but there is no doubt that people are struggling to make ends meet like they never have before because of this flood.

There is still a gap between the damages from the flood and the assistance or loans that residents took out to repair and replace belongings. This \$200 to \$300 million is lost equity in our community and state. Many people couldn't afford to take on more debt and so they didn't finish their basement or replace all of their furniture. Some businesses closed for good and didn't replace inventory or repair buildings. Our community is poorer. The region and the state are poorer. Our community is financially vulnerable and so are our residents. Grand Forks will

not be able to weather another storm, whether it be another flood, the closing of our Air Force Base, a drop in UND enrollment, or some other crisis.

Despite this grim financial situation, **the City of Grand Forks is expecting residents to pay for \$63 million of the flood protection project.** We are planning on using a variety of funding sources to come up with this money in order to make the impact on our residents as light as possible. Reallocating existing sales tax and property tax revenues are two of the ways we will be paying for the project. The other taxing entities in the city – the school district, the park district, and the county have all agreed to assist the City in finding ways to cut their budgets so that money can be redirected to the dike project. Obviously, this is an important project to all aspects of our community.

The other two funding sources for our local share will be new sources – a use tax and a city-wide special assessment. The use tax will have to be voted on by our residents and the funds directed toward the dike project. The city-wide special assessment will generate the majority of the funds for our local share and will likely be in place for 20 years.

In addition to the \$63 million for the project, Grand Forks residents will be asked to pay for approximately \$60 million in additional projects that are related to our flood protection project but not included in the total cost. These projects include such things as moving our clearwell and sludge plant, which fall within the dike alignment. The costs for these projects will likely be passed on to residents through increased water rates. We are not asking for any assistance from the state for the additional projects.

When you consider our losses from the flood, the increased debt that Grand Forks residents have taken on, and the estimated \$123 million of project costs that we will have to pay ourselves, it becomes apparent that our residents cannot bear the full cost of this project. Thus, we must request assistance from the State of North Dakota for \$52 million – the remaining portion of the local share which we need to build this project. The amount we are requesting from the State represents approximately 18% of the total costs for the Grand Forks portion of the flood protection and related projects. The money from the state will be used to purchase the lands, easements, and rights-of-way for the project and thus, is needed within the next couple of years.

If we do not receive state assistance for this project, the City Council will have to decide how to proceed. To date, all of our calculations have included the assumption that the State will assist us in funding this project. One option is obvious – we may not be able to proceed with the project. Based on information from the Corps of Engineers, this alternative would have severe implications including a change in our 100-year flood plain to encompass the entire community and, of course, remaining susceptible to floods. This may also result in an out-migration of residents from Grand Forks, as the flood of 1997 has had severe emotional and psychological impacts on some residents and not having a protection project in place is not acceptable to them.

The other immediate option if the State does not help fund this project is for the City to try and come up with all of the necessary funds ourselves. I have serious concerns about this option, namely that the tax burden will become too extreme for city taxpayers, regardless of how we package it, and we will lose our population. This out-migration will not only be from Grand

Forks, but also from the State of North Dakota, as most City officials believe people would not relocate elsewhere in the state but would move to other parts of the country. We have already lost approximately 3% of our population in Grand Forks and the physical and emotional stress from the flood event has taken its toll on residents. There is no doubt that people are talking much more frequently about leaving the community and state and higher taxes could give them enough reason to make the move. We want and need to provide our residents a reason and some hope so they will stay in our community and, in fact, bring others to our community and the state.

Not only do we need the state's help, but it would be in the state's own best interest to provide funding for this project. **The state of North Dakota has \$550 million worth of property in the City of Grand Forks.** I feel it is very important that the state protect the investment it holds in Grand Forks. **The total amount of taxable property in the city is \$1.5 billion, meaning the state owns 25% of the total property in Grand Forks. We are asking you to provide less than 25% of the full cost of this flood protection project.**

But the state's investment in Grand Forks cannot be measured only in bricks and mortar. It also includes the contents of those buildings. A prime example is the Chester Fritz Library, the largest library in the region, which also houses many priceless artifacts. The University of North Dakota has 5,000 full and part-time employees. Including their families, it's estimated that as many as 15,000 people are directly affected by what happens at UND. Add the nearly 10,500 students and it's easy to see the financial impact the University of North Dakota has in Grand Forks and the surrounding region.

Grand Forks is an economic benefit to the state of North Dakota. **The city contributes 12.6% of the state's sales tax revenues, and 7.6% of the state's income tax revenue. It is also estimated that 16% of the state's gross domestic product comes from Grand Forks.**

Obviously, our city is a big contributor to the state's economy, and the state can not afford to jeopardize its financial assets.

The impact of permanent flood protection also extends to economic development issues.

Already, the city of Grand Forks has heard from at least one business considering locating in Grand Forks, which is waiting to see flood protection finalized before making its ultimate decision. Flood protection also has an impact on our existing businesses. Most of them suffered severe economic losses during and after the flood, and like many private citizens, have indicated they are not willing to go through this type of disaster again. This legislation will provide the security businesses need to continue to develop and grow.

I know I have painted a rather grim picture of the financial situation in Grand Forks.

Unfortunately, I believe it is all true. You do not recover from a disaster like the 1997 flood in a few months or even a few years. We will be recovering and paying off debts and replacing belongings and trying to recapture what we lost for at least another 15-20 years. In the meantime, we have to continue to do what is best for our community and the state's future – protect Grand Forks from another disaster. And to accomplish this goal, we desperately need the state's help.

Chairman Nething, Vice Chairman Naaden and Members of the Committee, please support a “do pass” recommendation for Senate Bill 2165. Our community cannot afford to pay for this project alone, it is in the state’s best interest to protect its extensive investment in Grand Forks, and we need to protect our business interests which support the state’s general fund. It is hard to ask for this assistance, but we must. Thank you.



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Senate Bill 2165

Senate Appropriations Committee

Statement of Support from Grand Forks Director of Public Works/City Engineer Ken Vein for the Grand Forks Flood Protection Project

January 20, 1999

Chairman Nething, Vice-Chairman Naaden, and Members of the Committee, thank you for this opportunity to submit written testimony in support of the Grand Forks Flood Protection Project and the request for State assistance in funding the project. I am asking for your support in approving Senate Bill 2165.

The City of Grand Forks needs a permanent flood control project. This bill is the only legislation that is available that will allow the State of North Dakota to assist the City of Grand Forks with the non-federal costs of the only permanent flood control project in which the federal government will participate to date.

My support of this project and this bill is primarily from a technical position as the Director of Public Works and City Engineer for my community. My comments are based on three main points: 1.) that our community needs a flood protection project based on its high susceptibility to

floods, 2.) that the proposed flood protection project is the best solution for our flooding problem, and 3.) that the consequences of not proceeding with this project would be severe.

1.) The City of Grand Forks is extremely susceptible to flooding.

The flood of '97, as devastating as it was, was no fluke. Although it was the largest flood the City has experienced in recent history, the likelihood of another flood of equal or greater magnitude in the near future is very possible. Over the last 115 years, our community has reached flood stage 55 times – about half the time. More specifically, in the last 20 years, we have seen an increase in both the frequency and the height of our flood events. There is also data that suggests an even greater flood than the 1997 event is possible. Letters and journal records note historic floods of great magnitude in Winnipeg, Canada, in 1852, 1826, and even 1776 that may have been greater floods in our area than the 1997 event. Some believe that we are in a “wet” part of a 170 year cycle and there is a good possibility we have not seen the worst of it yet.

Part of my concern about our community’s susceptibility to flooding is our inability to fight catastrophic floods. The Red River Valley floor, especially adjacent to the Red River, is very flat. When floodwaters get significantly high, they spread out on this flat valley floor making citywide flood fighting impossible. We have an existing system of levees in the City of Grand Forks that is comprised of a series of temporary levees, mostly built as emergency levees during major floods in the last four decades that remained in place after the event. This system provides a level of protection from average floods. However, during major flooding events, we must add

to this system by increasing the height of these levees with either clay or sandbags. We must also build additional levees throughout the rest of the community.

We also have a flood fight plan in our city that we follow to protect ourselves from flooding events. After the 1997 flood, we have added to that flood fight plan and now have a last-resort plan if we have another catastrophic flood. Unfortunately, the best we can do right now if we had another 1997 flood is build temporary levees on city streets, several blocks from the river. Basically, we will have to sacrifice hundreds of homes and buildings in order to try and save the rest of the city. This was meant to be an interim flood fight plan until we could get a more permanent solution in place. Obviously, I do not recommend using it as our city's permanent long-term flood protection plan.

2.) The proposed permanent flood control project has been thoroughly researched.

The City has been well aware of the potential flood risk we live in. The City actually asked the U. S. Army Corps of Engineers for assistance in 1987, to study our situation and propose a solution. The Corps is considered the most formidable engineering agency in the world and has the most experience in flood control projects of any organization. The study was eventually approved and in 1990 the Corps started its most recent study process. Eight years later, after implementing 3 studies, spending over \$7 million, and incorporating the data from the 1997 flood, we finally have a Corps approved, federally-authorized project. This final report, the General Re-evaluation Report and Environmental Impact Statement, identifies the most cost effective flood control project for the City of Grand Forks and assures that all environmental concerns are addressed including both upstream and downstream impacts.

The proposed project is a joint project with the City of East Grand Forks, Minnesota and consists of a series of levees and floodwalls that virtually surround each community. There are also two coulee diversions proposed. The project has been designed to protect us from a flood similar to the 1997 event, which was considered a 210-year flood. The project will also be able to contain floods up to the 500-year level. The levees average 10 feet in height and are approximately 14 miles long. They will have at least a 3 to 1 side-slope and wrap around the city until they reach high ground, several miles to the west. The total cost of the project is approximately \$350 million and, if funding is secured, construction will begin in 1999 and be completed in 2005.

The General Reevaluation Report, which details the project, is a sophisticated report that is written under strict federal guidelines. The Corps must consider and evaluate all feasible flood control options in determining the best plan. Other alternatives investigated included channelization of the river, various diversions, and basin-wide water management. None of these options were considered an effective, or cost-effective, primary solution to flood control for the Grand Forks area. You can be assured that the proposed project is the best possible solution to our flooding problem. The City does, however, support basin-wide water management to provide additional flood control benefits to our community and others along the Red River.

The Corps, in determining the most cost effective plan, uses a complex benefit/cost evaluation that compares the average annual benefits, which are the expected value of flood losses prevented by the proposed flood control project, against the average annual cost of constructing,

operating, and maintaining that same project. This procedure is used for evaluating all Corps projects nation-wide to determine if it is in the government's best interest to help fund a flood protection project in a given area. The Grand Forks project has received a favorable B/C ratio of 1.1, meaning the federal government thinks it is a good use of tax dollars.

In order to ensure that they have addressed all possible issues, the Corps report goes through a comprehensive review process by an internal Corps review team, other federal and state agencies (including the North Dakota State Water Commission), and the general public. Public input is also solicited through public meetings so residents have an opportunity to ask questions and express concerns.

Some of the concerns that were raised during the comment period included upstream impacts of the project on other communities and in-city impacts to existing neighborhoods. The first concern is actually handled by a requirement that *Corps projects cannot increase the water surface elevations either upstream or downstream of the project area*. The hydraulic modeling done by the Corps indicates that no properties, either upstream or downstream of Grand Forks will see an increase in their flooding because of the project. In fact, some areas will actually see a decrease in their water surface elevation. We in Grand Forks do not wish our flooding problem on anyone and have been assured by the Corps that this project will not push our water onto other communities.

The second concern that has been raised involves the neighborhoods within the City that will be disrupted by the project. The dike, because of its width, will require the acquisition of approximately 200 structures, primarily homes. This is mainly due to the weak soils along the

Red River, which have a tendency to slide into the river if too much weight is placed on them.

The Corps will be doing a more in-depth evaluation of possible solutions to this problem in the hope of saving some of these properties. The City of Grand Forks is also investigating new techniques that may be used and has hired a geo-technical consultant from Seattle to work with the Corps and study the situation. We are aware that there is an impact to our own residents with this project and are doing what we can to minimize it. For the good of the entire community, however, we must proceed with this dike project.

3.) The consequences of not doing a permanent flood control project would be severe.

This option was considered by the Corps and has been considered by our own City officials, given the costs of the project and the impacts to certain neighborhoods. Obviously, this decision would leave us vulnerable to another catastrophic flood and the related damages, both physical and emotional. However, there will also be another significant impact. Without the project, the Federal Emergency Management Agency has indicated that the 100 year floodplain area in Grand Forks and East Grand Forks will be updated as a result of a number of recent major flood events and will likely increase greatly. According to the Corps report, it is expected that a total of about 15,000 structures in the Grand Forks/East Grand Forks area will then be included in the new 100 year floodplain. When a major flood event occurs, any property in the floodplain that suffers more than 50% damage could not be rebuilt unless the owner did hazard mitigation – an often expensive and impractical proposition that could include filling in the basement of a structure or raising it above the floodplain. So, much like in 1997, those homes would have to be demolished or removed from the floodplain. There would also be restrictions on structures built

in the floodplain. The ongoing cost of flood insurance to virtually the entire community, the hobbling effect on future development that the new floodplain would have, and the spiral of negative impacts of Grand Forks remaining susceptible to flooding makes the “do nothing” alternative unacceptable for our city.

For all of these reasons the Grand Forks Flood Protection Project is necessary, practical, well-thought out and justified. We have an opportunity before us to complete this project that not many other cities have. The federal government was willing to fast-track this project so it would be completed and authorized in 1998. The project has the official support of Congress and the President and we are requesting federal funding for this next federal fiscal year. Our counterparts in East Grand Forks are also working to obtain funding for their portion of the project and are requesting assistance from the State of Minnesota. State officials there have indicated an initial commitment to pay for 90% of that city’s share.

Time is of the essence right now. When we request our first appropriation of federal dollars this year, we need to show that this project has the support of the local community and the State of North Dakota. The non-federal money we have to bring to the project will be used to purchase the property we need to construct the dike and is thus needed as soon as possible. We hope to begin construction of the project in late 1999 and be completed by the year 2005.

Chairman Nething, Vice-chairman Naaden, Members of the Committee, I ask that you support Senate Bill 2165 and the Grand Forks Flood Protection Project. The studies have been done, the project is authorized, the need is great, the time is now. Thank you for your consideration.

Senate Bill 2165

Statement of Support from Grand Forks Mayor Pat Owens for the Grand Forks Flood Protection Project

January 20, 1999

Mr. Chairman and members of the Committee, as Mayor of the City of Grand Forks, I appear before you today to strongly urge your support of Senate Bill 2165 authorizing state assistance for the Grand Forks Flood Protection Project.

As you've already heard from City Engineer/Director of Public Works Ken Vien and City Auditor John Schmisek, this project is a sound project and has the support of the Federal Government. Along with the excellent technical and financial reasons for supporting this project, there are some other – maybe less obvious – reasons for encouraging your support.

During the largest disaster in our state's history, the citizens of the State of North Dakota and citizens from across the country not only watched and sent immediate assistance to our people in our struggle to survive but assisted our Grand Forks people by taking in evacuees, tending to their every need. It is impossible for me, as Mayor, to even describe to you what it is like to have almost your entire city of 50,000 people suddenly turned upside down, drastically affecting the individual lives of an entire city. Some families and individuals have been permanently harmed by this natural disaster. I see and hear daily the stories of tragedy and despair still existing within our community but the strength of our people as we struggle to come back has been great. People in the community look to

their elected leaders to "bring them back" and there is only so much that we can do. We do not feel sorry for ourselves but continue to work to become a "whole" community again where we can enjoy our quality of life. My empathy for my city and its' people is real and needed during these trying times.

But we must now look to the future. People are concerned about future flooding. There is no assurance that we would get Federal Government help again if we were to have another similar disaster. We, as a community, need to take our future into our hands and help ourselves by going forward with a plan that will offer our citizens and those wishing to relocate to our area a level of comfort for many years to come from a flood equal to the flood of 1997. I believe a commitment from the state will be essential as we appear before congress to lobby for the allocation of federal funds.

Our residents cannot go through this again and come out on their feet. Without permanent flood protection for the future, I fear a huge out-migration of residents and businesses from the City of Grand Forks. I hear daily from many residents who say another flood of this magnitude would be the last straw and that they cannot afford to stay if this happens again. Our citizens have been so strong but many are physically, emotionally and financially drained.

Why should you support Senate Bill 2165? Because:

1. It is financially advantageous for the State to protect its investments in Grand Forks.
2. Grand Forks citizens are heavy contributors to the State's general fund.
3. This plan is the best solution for permanent protection for the city and its population.
4. People in Grand Forks are likely to leave Grand Forks and the state in the event of another flood.
5. Our residents cannot afford to take on the entire financial burden of this project.

In closing, I want to thank you for allowing my staff and me to testify before you today.

We believe future flood protection for our city is the right thing to do to help us continue to be a vital, contributing part of the Great State of North Dakota.

Mr. chairman and members of the committee;

My name is Michael Polovitz, the former mayor of Grand Forks before the flood of 1997. I am a past president of the League of Cities and am now a director on the Garrison Diversion Conservancy District. I speak to you as a private citizen of Grand Forks.

In my opinion, the granting of the request for 52 million dollars for a permanent dike will have a permanent negative effect on the future growth of Grand Forks. It will force the city to take on another debt of over 60 million dollars to be paid back through the general city sales tax which means less money for property tax relief, less money for economic development, and less money for infrastructure. It will force the city to impose a special assessment on all businesses and property owners, the amount only estimated at this time. The cost of building a large permanent dike could further encourage the out migration of people from the city.

In my opinion, the legislature should help finance the emergency 2nd line of defense dike which would not be permanent. This assurance is needed immediately. It would relieve the fear and anxiety of the people for floods of the future. We do have flood protection up to 50 feet at the present time without adding any sandbags or clay. To spend 350 million dollars for a dike that has not proven itself, and the fact that we don't know when or if a flood will occur will effect the economy of not only the city but also the state. Agriculture is still the basic industry in the state and we must do everything we possibly can to further this industry.

The city and the state should combine its finances to utilize the resources that are available at UND and NDSU for flood protection and forecasting more than ever before.

The building of the proposed dike is estimated at 6 to 10 years

or more. What do we do in the meantime? Appropriate money for the building of the emergency dike when the time comes.

The state should be more involved financially in the planning and flood protection throughout the Red River Basin. It also should be planning for the not too distant possibility of severe drought conditions that seem to be in the making which Texas and eastern Colorado are experiencing. The state should also be flooding the congress for support of the Water Resources Development Act.

Closer monitoring of the releases of water from dams should be instituted and be readily available to the public. How many agencies and the public realize that the effort to locate the body of a snowmobile rider who drove over the Grand Forks dam was hampered due to to the opening of the Lake Traverse Reservoir gates raising the the level of the river here. Could this also affect the flooding of the Red River Basin?

I still stand behind my initial public statement that "building bigger dikes is not the answer to future flooding of the Red River Basin" A 52 million appropriation for the dike in Grand Forks could be better utilized for the overall flood protection of the whole Red River Basin.