

MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION

SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

1021

2005 HOUSE APPROPRIATIONS

HB 1021

becoming too dependent on their special funds and are requesting that more appropriations be made to the general fund so they do not use all of their special funds.

Ms Doris Ott from the State Library distributed handout #3-7 (attached) (meter Tape #1, Side B, #25.5) and discussed their need for additional funds in the next biennium in order to add to the online library resources, provide state aid to public libraries regarding materials and technology, and to increase employee salaries.

→ **Mr. Dale Frink** for the State Water Commission distributed handout #3-8 (attached) and discussed the goals and objectives of the Commission. (meter Tape #1, Side B, #29.6)

Variances between 2003-05 and 2005-07 were detailed on page 2 of handout. Discussion ensued regarding the issue on bonding authority within state agencies and information regarding who has the authority to bond and what other agencies also have issued bonds that are still outstanding was requested of the Legislative Council. Also requested was information regarding the history of how the Legislature was involved in deciding what projects were contracted in these instances. Specific dollar information regarding the Water Commission will come to the subcommittee hearing regarding HB1153.

end
Ms Brenda Weisz spoke on behalf of Human Services. (meter Tape #2, Side A, #14) (meter Tape #2, Side A, #13) Ms Weisz distributed written testimony from Ms Carol Olson, Director of Human Services (handout #3-9a) and asked that all representatives please read this on their own as she reviewed handout #3-9 (attached) discussing variances and goals and objectives. Ms Weisz noted that most of the variances come from 3 emergency actions approved in March of 2004 for \$18.3 million. These changes concern Food Stamps, Child Welfare, and LIHEAP (Fuel Assistance) and are specified on page 2 of handout. Ms Weisz gave further explanations of Basic

2005 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB1021

House Government Performance Division

☐ Conference Committee

Hearing Date January 24, 2005

Tape Number	Side A	Side B	Meter #
1	X		1-End
		X	1-3775

Committee Clerk Signature *Stephanie N. Thomas*

Minutes: **Chair Carlson** opened hearing on HB 1021, relating to the operation of the Devils Lake outlet.

Dale Frink, Secretary to the State Water Commission: Testifying for the bill.

(SEE WRITTEN TESTIMONY)

Rep. Glassheim: How much is being transferred this time from the water development trust funds, to help pay the administrative cost?

Dave Lasavech, County Manager for Water Commission: There is no transfer this biennium.

Chair Carlson: Is that an ongoing authority, that 60 million?

Dale: Two years ago, we were authorized to sell 60 million in bonds, that's the same 60 million.

The 60 million we had to years ago, we believe that we could sell those based on those four.

However, our bond council does not believe that made it through our appropriation bill.

Rep. Skarphol: The actual funding for the bonding is in your appropriation bill, the authorization?

Dale: Correct.

Chair Swedjan: I'm looking at your water development report, and I'm comparing that to page 18 of your testimony. I'm just looking at flood control, your testimony shows 27 or 28 million in flood control projects for 05/07. How do I reconcile that with the prioritized need that you show on page 9, which is 8.8 million?

Dale: The difference is the money includes carry over dollars. The 24 million is new money.

Rep. Glassheim: You have a 25 million dollar line of credit from the bank. What backs the repayment of that, assuming you have to borrow the 25 million?

Dale: The 25 million dollar line of credit was added to give us flexibility during the bonding process. When we bond, we will pay that back.

Chair Swedjan: That's principle and interest?

Dale: That is just principle alone.

Rep. Glassheim: Is that bonding 60 million from last session, or are we going into new bonding?

Dale: The 60 million dollars we were authorized two years ago, we have not bonded with that.

Chair Carlson: It seems to me your taking a lot more money from the resources trust fund this time?

Dave: When you bond, the state has 18 months to spend the proceeds of those bonds to maintain our tax exemption. The city of Grand Forks, went through their money much slower than we expected. We ended up with a 500,000 dollar loss in tax exemption, because we didn't spend those proceeds quickly enough. Our intent with the bonding is that we will issue the 60 million dollars worth of bonds, we will pay back whatever we have borrowed from the bank. Also, we

will reimburse the expenditures we made in both the water development trust fund and the resources trust fund.

Rep. Skarphol: I'd like you to provide us with the sheet that shows us how much bonding we have outstanding that is non revenue producing.

Dave: The only issue that we have outstanding is the 32 million dollar issue. This 60 will be in addition to that one, that will not generate their own.

Rep. Skarphol: Is any of this 60 going to be used to finance NAS?

Dale: NAS will pay its own way.

Rep. Skarphol: When are the proceeds of that going to begin to flow to start the payment cycle?

Dale: The original concept in NAS, is that we were going to fund NAS with 65% federal, and 35% non federal was going to come from the city of Minot. That 35 % is there, also, the federal money is coming in very slow.

Rep. Skarphol: Has the city of Minot started any of the repayments?

Dale: Yes, they are current.

Rep. Monson: You said the federal money was coming in really slowly. What happens if it continues to come in slowly, or even slows up more or stops?

Dale: In order to complete NAS, we will need federal dollars.

Rep. Monson: If the federal dollars slow up or dry up, is that money that's just going to be wasted?

Dale: We're spending money on the pipe right now. At some point in time, NAS will be completed.

Rep. Monson: Grand Forks was slow in putting in for the dollars, and this cost an extra, about a ½ a million dollars?

Dale: It really isn't lost money to us. Our current bond issue we pay 6.35%. When we sold those bonds, we reinvested that money.

Rep. Monson: Why are they so slow, in getting the project going?

Dale: The federal dollars are really difficult to get.

Rep. Glassheim: You said the two trust funds would build up. How much would be in the trust funds beginning next biennium?

Dale: It's 37 million in the resource trust fund, and 4.2 million in the water development fund.

Rep. Glassheim: How much total project money are you going to spend in this biennium of new money?

Dale: About 20 million dollars.

Dennis Hill, Chairman ND Water Coalition: Testifying for the bill. (SEE WRITTEN TESTIMONY)

Chair Carlson: So your assuming that the funding of those would just be additional bonding?

Dennis: I don't know if the coalition has made any statement about additional funding.

Chair Swedjan: What are the alternatives that you see as funding sources for these additional requests?

Dennis: Bonding has to be on the table, appropriated funds, we hear the state does have more resources this year than other biennium's.

Bruce Furness, City of Fargo: Testifying for the bill. (SEE WRITTEN TESTIMONY)

Andrew Smith: Testifying for the bill. (SEE WRITTEN TESTIMONY)

Rep. Glassheim: Do you have any idea what you'd have to pay for water, assuming we've got a pipeline there?

Andrew: 50/60. If it was 100 dollars per month, I don't think I would have a problem with that, because of the inconveniences.

Lee & Belinda Rebenitsch: Testifying for the bill. (SEE WRITTEN TESTIMONY)

Doug Nibauer: Testifying for the bill. (SEE WRITTEN TESTIMONY)

Chair Carlson: I'm confused where this one fits in the list of projects?

Doug: It's under the additional MR&I funding.

Chair Carlson: This project, as it exists now, is the water tower that I see when I drive in on the interstate one of yours?

Doug: That is part of South Central Regional Waters Supply System in the Driscoll area.

Chair Carlson: Where's your processing point for that water there?

Doug: We would actually be drawing water from the Missouri River.

Chair Carlson: Right now, where's the water processed at?

Doug: The city of Bismarck.

Chair Carlson: So this would be an expansion of that. Is this going to include a processing plant, and the whole works?

Doug: This would include an additional processing plant for Emmons county.

Chair Carlson: Your anticipating tying what you already have in place into that system?

Doug: We're going to utilize Bismarck to its contract value of 2.3 million gallons a day. The additional water in northern Burleigh County is targeted for about 3 million a day. The plant in Emmons will amount to a little less than 2 million a day.

Chair Swedjan: Is your testimony based on the request for an additional 2.5?

Doug: My request is to the recommendations from the water coalition, for the additional funding projects.

Gene Goven: Testifying for the bill. (SEE WRITTEN TESTIMONY)

Chair Carlson: Is this anywhere within the budget request for projects? Is that in that MR&I?

Gene: It would be the same as in the south central.

Rep. Monson: Benson County is really getting up there in the Devils Lake area. Wouldn't almost be more efficient for them to tie into something up there?

Gene: We have our policy of the, we do not care where it comes from, except that it has to be the best bottom line, and that everyone be provided the opportunity.

Rep. Monson: So you really don't have a solid plan of where the water will come from?

Gene: The city of Riverdale has to update their plant. Their going to be a regional supplier, in addition to their own town.

Chair Swedjan: The wells that you do have, is that a deeper artesian well, or more a surface well?

Gene: Are we is approximately 130 ft deep. It's more veins than water table. If we miss the vein by a few feet, than we just have to keep going deeper.

Chair Swedjan: Is well water OK for livestock?

Gene: Some of it is, some isn't. Ours is OK for livestock.

Chair Swedjan: Can you give us a broad brush overview of what those special assessments are for homeowners right now?

Curt: Businesses are actually hit the hardest in Grand Forks.

Mike Duoyer: Testifying for the bill. The water coalition was created for two purposes; quality of life, and economic growth.

Jim Belfour, Ramsey County Commissioner: Testifying for the bill. I want to public ally thank you, and all the communities for being behind us. Thanks for being behind us on HB 1021.

Closed Hearing.

HB 1021
Govt Performance

General Discussion

- ☐ Committee on Committees
- ☐ Rules Committee
- ☐ Confirmation Hearings
- ☐ Delayed Bills Committee
- ☒ House Appropriations
- ☐ Senate Appropriations
- ☐ Other

Date February 2, 2005

Tape Number

1

Side A

X

B Side

Meter #

1-2660

Committee Clerk Signature

Stephane N. Thomas

Minutes: **Chair Carlson** opened general discussion hearing on HB 1021, relating to the operation of the Devils Lake Outlet.

Review of funding. (SEE FUNDING SHEET)

Rep. Skarphol: The 47 million dollar decrease in the Water and Atmospheric Resources section, section 2 of the bill, just remind me again?

Dave Lasavech, County manager for Water Commission: In the current biennium, we have the bonding authority and the bonding revenue that generated an extra 60 million dollars increase in our construction program. We do not have any bonding anticipated in the 03/05 biennium.

Rep. Skarphol: You had the authority, in a way?

1021

Dave: We have the authority this biennium, we have a bill before you that's trying to clean up the language.

Rep. Skarphol: What if that bill were to pass?

Dave: If that were to pass, that's why the huge decrease, because that money would be in this biennium. We do not have extra bonding in the next biennium, so we don't have the money to spend, we have quite a large decrease.

Chair Carlson: If we look at the salary line, and we authorize four the first year of the biennium, and three the second with the option of one additional if you could find it, where would you go for it?

Dale Frink, Secretary to the State Water Commission: If it's a two line item, it won't be any problem at all, because it can come out of anywhere.

Chair Carlson: How about if the language is very specific that said you could not use the unfilled positions to give raises?

Dale: That would be a problem. I don't know where you'd get the money.

Rep. Monson: You said you always have vacancies, but still your asking for two FTE's.

Dale: The FTE's that were asking for is to operate the Devils Lake Outlet.

Rep. Monson: If you've got vacancies, can't you use some of those vacancies to, you want the money that goes with them though?

Dale: Absolutely. The vacancies, our turnover people quit and leave, and we rehire, but typically it takes a few months to rehire that individual.

Rep. Monson: So typically, how long are some of these vacant?

1021

Dale: We typically try to hire within, those fill within a short time, but then you have to replace that individual. In some cases it may take 3 to 4 months, depending on the position.

Rep. Monson: These two FTE's, up at Devils Lake, aren't engineers, so they won't be hard to fill?

Dale: I don't think they will be hard to fill.

Chair Carlson: So in other words, without being able to access unfilled positions dollars, you would probably not fund the one?

Dave: Then you can't take from operations. If you allow us to take from operations, we potentially could find the funding.

Rep. Glassheim: In terms of salaries and hiring and retention, do you have sufficient funds in your budget to keep the people you need to keep at the level you need to have them?

Dale: We've had difficulty in the last two years. We've lost more people, to include higher level people. It used to be the state retirement system would keep people, but we're getting to the point that we're getting such a gap between what they can get on the private, to what they can get from us.

Todd Sando, Director of Water Development: This past year I've had four engineering positions open, I cannot even get a civil engineer from UND or NDSU to even apply.

Rep. Skarphol: In section 7, it says if the proceeds from the sale of your property is less than 977,000, you have the ability to utilize other funds. Is there any possibility it would be more?

Dale: We have sold half of it, and it actually is going to come in less than what we thought.

Rep. Monson: Your new building your anticipating is going to be what?

Dale: The new building will be right at the 977,000, and the sale of the property is going to be within around 900,000.

Rep. Skarphol: In section 8, where you talk about carry over authority. What's the reason for the two year limit on that?

Dave: There is in state statute a requirement that anything left over in trust funds reverts to the general fund. This is a clause we've put in our bill, to keep the Water Development and Resources Trust Fund money in the trust funds. This clause prevents it from reverting to the general fund.

Rep. Skarphol: In section 9, a 25 million dollar line of credit, that's for the purposes of getting that bonding issue taken care of?

Dave: Actually, we receive the money in April, it's basically we have to operate a full year before we receive the Water Development Trust Fund money. This is to enable us, if we get into a bind, to cash flow. Do a temporary loan, and would intend to pay it back as soon as we receive the distribution.

Rep. Monson: A question on your IT, this 50,000 dollar increase in IT data processing, what's that for?

Rep. Skarphol: It's because of the increased cost of data processing of Connect ND. It's a much more broad based system, and it gives them a lot wider abilities.

Closed General Discussion Hearing.

1021
Govt
Performance

General Discussion

- ☐ Committee on Committees
- ☐ Rules Committee
- ☐ Confirmation Hearings
- ☐ Delayed Bills Committee
- ☒ House Appropriations
- ☐ Senate Appropriations
- ☐ Other

Date February 11, 2005

Tape Number

1

Side A

X

B Side

X

Meter #

1-End

1-1560

Committee Clerk Signature

Stephen J. Thomas

Minutes: **Chair Carlson** opened general discussion hearing on HB 1021, relating to the operation of the Devils Lake outlet.

Discussion of Amendment. (SEE AMENDMENT 58044.0102)

Rep. Skarphol: This transfers the portion of the money that was being used to fund the agency, but that does not do anything with the 2 million dollars in general funds that was being used to fund the agency. Correct?

Don Wolf, Legislative Council: Correct, we're just dealing with the Water and Atmospheric Resources line item, the two line items.

Chair Carlson: In this budget, I do believe that the Governor was funding 2 million dollars out of the general fund of the administration.

Don: Correct, 2 million 63,357 dollars is the general fund.

Chair Carlson: What you're doing is your leaving those salaries back, so that if we have a lawsuit and those positions aren't filled, then it stops. That money could be used for that?

Don: It could be used for any other project.

Rep. Skarphol: What's the net effect if that happens?

Dale Frink, Secretary to the State Water Commission: What that does, is it puts our bonding limit under 1153, which would be 60 million dollars. That would make sure it's only 60 million. If you take all of it out of the trust fund, than you only have half, and you can bond up to 60. If you replace all of it, then you could go up to closer to the 120 or 113. The more you take out of the Water Development Trust Fund, the less you can bond.

Chair Carlson: The Southwest Water Pipeline, they put money back into the general fund?

Dave Lasavech, County Manager for Water Commission: Into the Resources Trust Fund, not the general fund.

Chair Carlson: Do they still owe us a bunch of money?

Dale: Not officially, but right now for every 1000 gallons sold or used by the SW Pipeline, we get a return of 91 cents right now, and that goes up with inflation.

Chair Carlson: Are those bonds, or is that cash?

Dave: That's state cash money. They are making the bond payments.

Rep. Skarphol: What your saying is that what we loaned them amounts to 17.4 million that they're paying back?

Dave: Their making direct payments on the 17.4, that's the bonds.

Rep. Skarphol: Let's talk about Grand Forks, and the flood control thing. We've got 139 million in federal, 42 million in the state, and 51.9 million in the local, how much of that is bonded?

Dave: That's the one outstanding, about 27 million of that is the outstanding currently issued bond. The majority of that went to Grand Forks.

Rep. Skarphol: How is that being repaid?

Dale: Tobacco money through the Water Development Trust Fund.

Rep. Skarphol: There's a 15 million dollar difference between the state's funding and the bond right now, so it's 42 and 27. Are you saying that you're going to go back, and that other 15 million your going to put under the bond?

Dave: Yes.

Chair Carlson: Looking down the road, and looking at future tobacco dollars, we really have no room for anymore projects.

Dave: With the exception of the Resources Trust Fund.

Chair Carlson: Have you bonded off of that, or not?

Dave: No.

Rep. Skarphol: The revenue stream coming in that creates that Resources Trust Fund is oil money?

Dale: Most of it is oil money, but that's the million dollars in the SW Pipeline that goes in there.

Rep. Skarphol: How do you get it? There's got to be a formula that determines how much of the oil.

Dave: 20 % of the oil extraction, not of the oil extraction tax.

Chair Carlson: Is that a pay as you go fund, or is that a bonding fund?

Dave: That's pay as you go.

Chair Carlson: This time you have anticipated spending how much of that money?

Dave: All of it, everytime.

Chair Carlson: Based upon projected revenue in the Water Development Trust Fund, you are pretty much maxed out on bonding capabilities, as long as we continue the practice of funding administration out of that fund.

Dave: With the 60 included. We can afford the 60 that's before you. At that point, we're pretty well done, until somebody makes a change in how much money you take out of our operations fund which will change the equation, and allow more bonding against it.

Rep. Monson: What's the projection for the Resources Trust Fund income for the next biennium?

Dave: 15 million.

Chair Carlson: There could be more money in there, if the price of oil stays up?

Joe Morrisette, OMB: That sounds right. We use the same assumptions there as we did for the general fund forecast.

Rep. Skarphol: If we took the 2 million general fund dollars, what happens is you would have to take off the cash that you have available on projects. How about if we give you the authority

to take that 2 million dollars out of the Resources Trust Fund for administrative purposes, just for this biennium?

Dave: It would still effect the projects, because that 15 is already in the projects.

Rep. Skarphol: If oil prices were up, and you had 20 million dollars rather than 15 available.

Dave: The way it currently works, we would end up having cash that we would carry forward into the next biennium. We wouldn't have the spending authority, or we come to the Emergency Commission.

Chair Carlson: Say that we projected out for the whole biennium that the price of oil is 34 dollars. How much money more than 15 million would be there?

Joe: It's a pretty complicated formula, and we don't do it ourselves. We work in cooperation with the Tax Department, and they put it in their model to determine. This is a function of the general fund revenue. They figure out what the total Oil Extraction Tax revenues are going to be, then they figure 80% to the general fund, 20% to the Resources Trust Fund.

Rep. Skarphol: The likelihood of getting less than 15 is probably more remote than the likelihood of getting more than 15, the way things stand right now.

Dale: The way it actually works is we cut back on projects. Many times we've got calls that say even though we authorize 10 million dollars for you we project it's only going to be 8 million, so don't spend more than 8 million. There are two negatives on the Resources Trust Fund, one is interest. We do get the interest, and interest is way down, so we are at least a ½ million short. The other thing is there's 5 million dollars projected to come in, which includes 5 million more than we have authority this biennium. Right now that is not coming in at 5 million, it looks like less than 5 million.

Chair Carlson: Should we increase or decrease the amount of money for administration out of the fund, or leave it alone? Do we want to authorize 74 million dollars worth of bonds, or 60 million?

Dave: An answer to one of those questions forces the answer to the other one. You can't get to 74.

Chair Carlson: You talk about you decreased both general and federal funds by about 4 million, what's that?

Dave: We use federal dollars to pay for our consultant engineers. Consultant engineers are paid out of the operations line item.

Chair Carlson: So what aren't you doing, why are you not getting the money?

Dave: Federal funds unfortunately have become rather difficult to get. We are short of what we had budget authority for in this biennium, and we don't see any reason why that is likely to change, so we have decreased our current budget based on what happened to us this biennium.

Chair Carlson: So that means you are going to do less contracting for services. How does that effect what you do?

Dale: We're going to do less construction is what it means. Sense we hire consultant engineers to design it, we will have less consulting fees.

Chair Carlson: Will those one time funding projects still be in there?

Dave: I believe the 14.3 is just the bond payments, and the 28.4 is the rest of the projects.

Chair Carlson: How would that have been used for federal projects?

Dale: Mostly NAS, and possible SW Pipeline.

Rep. Skarphol: How much water is going to move with that?

Dale: 100 CFS, that's 100 cubic feet per second. There's 448 gallons per minute per cubic foot. That's 1 CFS equals 448 gallons per minute.

Chair Carlson: Then there's funds for 10 seasonal intern pilot positions for cloud modification. Is that a new idea, or is that typical?

Dave: It's actually an old idea, we've been doing it for a lot of years. It actually wasn't funded last biennium.

Chair Carlson: So this would be new?

Dave: We've added the funding back in, because they didn't get as many interested. The students can't afford to volunteer.

Rep. Skarphol: Where are the funds coming from?

Dave: This is general fund. We submitted the budget as general fund, but when you moved all of the general funds it became special.

Rep. Monson: What other ones listed here as other funds go to general funds, Devil's Lake?

Dave: No, Devil's Lake will stay not an operational cost, it will stay trust fund expenditure.

Rep. Monson: I had a note that said the budget showed 1.3 million for your building, but here it's 977.

Dave: Correct, a year ago when we bid the building it came in at 1.3, so we built our budget at 1.3. We then rebid it back, we're at 977.

Rep. Monson: How is it in the budget?

Joe: It's in the budget at 1.3, because that was the number available to them and to us at the time they submitted their budget. However, it's part of the Water and Atmospheric Resources line item, and that difference of about 400,000 will essentially be used for projects.

Rep. Skarphol: You didn't have an optional request in your presentation, did you?

Dale: We supported the Governor's budget as it came out. Some of the water people came in and asked for 13 ½ million dollars. So officially I still support the Governor's budget.

Rep. Glassheim: Should there be money for the additional projects? Are they useful projects?

Dale: That 13 ½ million there, they're all very good projects. You take Fargo Flood Control, Fargo does have a significant problem, there's no question. We funded 8 million in the Governor's budget, but their needs are significantly more than that. Grand Forks has had some cost increases for that project mainly because of inflation, so all of the projects are good projects.

Rep. Glassheim: We didn't do them this biennium, is it likely that those same budgets will be coming again?

Dale: Yes. Like Fargo Flood control, for example, we funded 8 million. That is the amount that we believe that they can spend.

Rep. Glassheim: Assuming you were able to bond, and if they would not be using it in this biennium, that would just sit there in the state level?

Dale: That is correct.

Rep. Skarphol: You say Fargo is committed to 30 million, what kind of federal match is that going to leverage?

Dale: Fargo has not fully designed their project. They don't know where it's at, but they think it's about 40 million total. They have 11 million federal money, and the rest is going to be non federal the way it looks right now.

Rep. Monson: Sounds like if they haven't figured out where it's going, or how it's going to work, maybe they will get more federal money, or scale down their project. Maybe they don't

get far enough so that two years from now they're back here asking for some money to help them out, and we'll have a little better plan at that time.

Dale: That is all the reasons why we only have the 8 million in there for them right now. There are so many unknowns with that project.

Chair Carlson: What's the response with SW Water Pipeline, because I think their request was for 4 or 5 million, was it not?

Dave: We have money in the current budget for them, that was additional.

Chair Carlson: How much money do you have in for them already?

Dave: 2.7 million I believe.

Chair Carlson: That again would be the same repayment method, no cash up front on their part, but we bond and then they pay it back?

Dale: Yes, it's 2.6.

Chair Carlson: Is it part of the 60, or not?

Dale: It's a combination of the 60 million, a combination of the 15 million, and it's a combination of the 20 million.

Rep. Glassheim: The additional five is for other expansion of it?

Dale: Correct. We've got water to Beach ND, but we do not have it to rural areas out in rural Beach. They're really hurting for water.

Rep. Glassheim: Would they be in a position to do the project, if there was a sufficient need to?

Dale: Yes, we're going to use the 2.6 to do part of it.

Discussion of amendment. (SEE AMENDMENT 58044.0101 AND HANDOUT)

Rep. Glassheim: Could you speak to the rationale in terms of the whole setup of two funds, as to why administrative costs should or shouldn't be out of the general fund?

Dale: If you look at the State Water Commission's agency, you funded 2 million right now, 2 million 63,000 is the administration division. We have a lot of the Water Commission that is not necessarily project related. Our entire water appropriation or Water Rights Division is regulatory.

Rep. Glassheim: Then roughly half of your administrative costs are administering projects?

Dale: If you look at the total of the ten, we have about half of the agencies involved in that, and half are involved in regulatory.

Rep. Skarphol: If rather than 15 million you get 20 million into the Resources Trust Fund because of oil revenues, you get an extra 5 million. How are you going to commit it? Is it going to go to these alternate projects, and if so in what ratio?

Dave: We would take it to our Water Commission, for their decision with the recommendation.

Rep. Skarphol: Have they ranked these four projects here, for example, in order of priority all or considered them?

Dale: We work pretty closely with the Water Coalition, and the Water Commission itself. We make recommendation to the State Water Commission. They sometimes will modify it, but over the 2 year period needs change, and sometimes one project gets stalled and the other one takes off and becomes a real high priority. So it's good to have that flexibility.

Chair Carlson: Where's the money in here for water to the Red River Valley?

Dale: At the present time, the Environmental Impact Statement is funded basically 100% by the federal government. We don't know what the project is going to be, or the cost of it.

Rep. Skarphol: To get back to excess oil revenues flowing into the Resources Trust Fund, you did say that typically you spend it. You don't usually carry over, like say you get 5 million more than anticipated, you don't carry half of it over or anything?

Dale: This time we did. If we have a need for that, we can go to the Emergency Commission to get it authorized or approved.

Chair Carlson: Are these on your priority list, if you have extra money? Would you promote these projects?

Dale: I personally would promote those projects.

Rep. Skarphol: I move 0102.

Rep. Monson: I second.

Chair Carlson: Voice vote, amendment passes.

Rep. Glassheim: I would move to further amend 0101 to delete the 2 million dollars from the Water Resources Trust Fund into the general fund, and dedicate that money to be used for additional bonding.

Rep. Monson: I'll second it.

Rep. Glassheim: It seems to me that we should be moving, aside from the 14 million in all that bonding, it seems to me that we should be moving towards having the general fund take for what is general fund expenses. I originally thought we should be moving toward the full 10 million dollars, but I just heard today that some of that 10 million dollars, perhaps half, really is a project expense, and some is a general fund expense. Second, to make available the bonding for the 14 million dollars.

Rep. Monson: We all agree that we should be spending general fund money for general fund obligations to run it, but the money just isn't in the budget.

Rep. Glassheim: If we did this to keep it alive the way I'm suggesting, to see where the general fund is at in April. Second, if we go with the 60 million, it seems to me these 14 million are going to come back again in 07/09. We're putting off spending the money that we would spend anyway. It would be better to spend it earlier than later.

Rep. Skarphol: I will certainly be your ally to increase the revenue for the Water Commission if it comes down to a choice between that and a new bank building, but I also have grave concerns about the sustainability of the spending that we're doing in this Governor's budget. For that reason, I think we need to show some restraint, and I can't support what your intending to do with your amendment at this point in time.

Chair Carlson: We will take a roll call vote on amendment 0101 to HB 1021. Rep. Glassheim moved a do pass, seconded by Rep. Monson.

Rep. Skarphol: I move to further amend the bill, and take the 2 million dollars in general fund dollars out of the budget.

Rep. Monson: I second.

Rep. Skarphol: We're trying to find a way to make sustainability work here, and have some money available for next time. I think this is a potential source, and I'm not saying this is what it's going to end up to be at the end of the session, but something I feel we need to do at this time.

Joe: Would the intent be to increase the transfer from the special fund to the general fund, so that it's the total of whatever million?

Chair Carlson: Yes, that would be the end result.

Rep. Glassheim: I think it's unfortunate that the budget exigencies are pushing us in exactly the wrong direction of rating trust funds in order to sure up the general fund. That is what's being done, and that is what's been done for many years, and we say we don't like it, and then we just do it.

Chair Carlson: We will take a roll call vote on Rep. Skarphol's amendment to have all the money for the administration of the Water Commission come from the Water Development Trust Fund.

Rep. Monson: Do pass as amended.

Rep. Skarphol: I second.

Chair Carlson: HB 1021 is do pass, as amended.

Closed General Discussion Hearing.

2005 HOUSE STANDING COMMITTEE MINUTES


BILL/RESOLUTION NO. HB1021
State Water Commission

House Appropriations Full Committee

☐ Conference Committee

Hearing Date February 15, 2005

Tape Number	Side A	Side B	Meter #
3		X	#42.5 - # end
4	X		#0 - #23.5

Committee Clerk Signature 

Minutes:

Rep. Ken Svedjan, Chairman opened the discussion on HB1021.

Rep. Al Carlson explained that this bill had an amendment #0104 with it and made the motion to adopt amendment #0104 to HB1021.

Rep. Blair Thoreson seconded

Rep. Al Carlson explained that the basic changes to the bill is the pay package changes and an additional two FTEs and an increase in the funding for the operation of the Devils Lake outlet. There is also a decrease of \$4 million because there was a decrease in the cost of design for construction. We're carrying over \$977,100 that was not spent in the last biennium for a new building. The shop was not completed so it is carried over. The funding for capital payments related to water projects, and bond payments as well, is always included here. There is federal authority in the bill for \$20,000 for surveying equipment. We took money from the water development trust fund and ran it through the general fund so we could track it. This is in

section 12 of the amendments. The Governor had \$7.8 million coming from the water development trust fund for funding the administration of the Water Commission. We removed \$2 million dollars from the general fund for that and we're taking all the administrative costs from the \$9,858,951 million. They get their money from two sources: (1) the resources trust fund, which they use for all their projects, and (2) the water development trust fund which is developed from the tobacco funds. This is the money used for the administration costs and the payment on the bonds.

Rep. Ken Svedjan, Chairman asked about the effect of moving the \$2 million and paying for the administrative costs out of water development trust fund

Rep. Al Carlson answered that it limits the ability of future bonding for water projects. We are at the maximum bonding level. There is no cushion for further projects. We are at the 1.2 ratio for bonding which is the low end for bonding.

Rep. Ole Aarsvold asked if it was true that there will be \$2 million in fewer water projects in the next biennium

Rep. Al Carlson answered no. The projects that we are proposing is a \$60 million total cost. The list of projects has not changed, therefore it will not lower the payments by \$2 million because this money is the bond payment money. There were 13.6 million in optional requests that were not in the Governor's recommendation and that we did not fund..

Rep. Ron Carlisle asked for an update on the sale of the property (meter Tape #3, side B, #49.3)

Rep. David Monson answered that they are selling the property and are scaling back the cost of the new project so that the money from the sale of the land will totally fund the project.

Rep. Eliot Glassheim comments that he would like to keep the \$2 million out of the general fund.

Mr. Don Wolf answered that there was an amendment done that would provide an additional \$2 million in the general fund to the water commission which would free up \$2 million in water projects.

Rep. Ken Svedjan, Chairman commented that we would deal with this amendment first and then come back to Rep Glassheim's amendment.

Rep. Francis J. Wald asked what of the \$60 million in bonding is set aside for the southwest pipeline

Rep. Al Carlson answered \$2.6 million

Mr. Joe Morrisette from OMB questioned the discrepancy in the amendment figures. The general fund amount going to the water commission is listed as \$9,819,473 and section 12 calls for a transfer of \$9,858,951. (meter Tape #4, side A, #1.7)

Rep. Al Carlson commented that this is on page two line 8

Mr. Don Wolf from legislative council explained that the \$2 million is originally already coming from the general fund so the amendment switches it to the general fund and section 12 provides for the total \$9.9 million switch. The difference is in the \$2 million already funded in the general fund in the Governor's recommendation.

Mr. Joe Morrisette from OMB asked again that the appropriation figures show a discrepancy.

Mr. Don Wolf answered that the difference is in the reduction of the compensation package.

Rep. Al Carlson asked if the numbers shouldn't match if we reduced the compensation package

Mr. Don Wolf answered that the water commission was okay with how these numbers were done here because it will all be a wash with a transfer to the general fund.

Rep. Ken Svedjan, Chairman asked if this would result in an over appropriation.

Rep. Bob Skarphol answered that the transfer to the general fund should be reflected here.
(meter Tape #4, side A, #4.1)

Rep. Al Carlson commented that the two numbers should match

Mr. Don Wolf said that they would correct the numbers.

Rep. Ken Svedjan, Chairman called for a voice vote on the motion to adopt the corrected version of amendment #0104 to HB1021. Motion carried

Rep. Eliot Glassheim moved to adopt amendment #0101 to HB1021.

Rep. Ole Aarsvold seconded.

Rep. Eliot Glassheim explained that this amendment would restore \$2 million from the general fund and thus lessens the amount from the water development trust fund. This would move us back toward funding the administration costs of this commission out of the general fund instead of the trust fund which is generally used for projects. This would also put an extremely tight coverage on the bonding when you take the total \$60 million out of the water development trust fund. Also the water coalition has developed a number of projects that are ready to go and should be bonded if we could afford to bond them this assembly. I've asked Mr. Dwyer to comment on these projects.

Mr. Dwyer from the Water Commission spoke about the projects that were still needing to be done across the state and how these projects are on a schedule and have matching funds attached to them so it is important that they get done or we will loose the extra funding.

Rep. Eliot Glassheim continued that the bond rates were as good now as ever and these projects need to be done.

Rep. Francis J. Wald asked if the \$2 million would leverage that much more bonding ability.

Rep. Eliot Glassheim answered yes that the \$2 million would allow us to bond \$74 million instead of the \$60 million so it would cover the costs of these additional projects.

Rep. David Monson asked if this not only puts back the \$2 million but expands it with an additional \$2 million making a total of \$4 million

Rep. Eliot Glassheim answered no, this is only the \$2 million to get us back to the Governor's recommendation. (meter Tape #4, side A, #10.9

Rep. Ken Svedjan, Chairman called for a voice vote on the motion to adopt amendment #0101 to HB1021. Motion failed.

Rep. James Kerzman requested a roll call vote on the motion.

Rep. Keith Kempenich commented that this does look like it is doubling this up so that the amendment really calls for \$4 million

Rep. David Monson agreed that this amendment does double it for a total of \$4 million.

Rep. Eliot Glassheim accepted the failure of the other motion without the roll call vote and moved to adopt a new amendment that would take this budget back to the original recommendation in the Governor's budget.

Rep. Ole Aarsvold seconded

Rep. Al Carlson commented that we have attempted to balance the money for the projects and we could use that \$2 million dollars elsewhere in the budget.

Rep. Keith Kempenich commented that there was too much water in some areas and not enough water in others. The money we have spent on the disasters we have had in the past two years would have been enough to pay for these projects and more, but these things happen even within a two year period so people will have to understand that and deal with things like deficiency appropriations. What we're doing here is setting priorities.

Rep. Eliot Glassheim commented that there would only be \$1 million a year in the water development trust fund to deal with any emergencies or needed projects and there is only \$15 million in the resources trust fund for a total of not even \$20 million available for water projects in the future.

Rep. Al Carlson commented that when you look at the bonding we would have to change some additional laws as well because some projects are already at their cap allowed.

Rep. Bob Skarphol commented that we needed to uphold the decision of the committee. Some of the bonding that has been done are on projects that are not revenue producing and this has had a severe impact on the ability of the state to continue to fund water projects. Other bonding projects will only add to that problem. The water commission has the authority to fund new projects as moneys become available in the interim.

Rep. Ken Svedjan, Chairman called for a voice vote on the motion to amend HB1021 back to the original Governor's recommended budget. Motion fails.

Rep. Eliot Glassheim moved to adopt amendment #0103 and explains that this adds a section on legislative intent that states that the state water commission make it a priority to provide additional funding, if available, for the Fargo and Grand Forks flood control project, the southwest pipeline project, and the municipal, rural and industrial water supply program.

Rep. Keith Kempenich seconded

Rep. David Monson spoke in opposition to these amendments by saying that these projects are already prioritized by the water commission and we should let them order them.

Rep. Ken Svedjan, Chairman called for a voice vote to adopt amendment #0103 to HB1021.

Vote was uncertain and a roll call vote on the motion was called. Motion failed with a vote of 9 yeas, 13 neas, and 1 absence.

Rep. Al Carlson moved a Do Pass As Amended motion to HB1021.

Rep. David Monson seconded.

Rep. Ken Svedjan, Chairman called for a roll call vote on the Do Pass As Amended motion to HB1021. Motion carried with a vote of 19 yeas, 4 neas, and 0 absences. Rep Monson will carry this bill to the house floor.

Rep. Ken Svedjan, Chairman closed the discussion on HB1021.

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1021

Page 1, line 19, replace "(47,170,845)" with "(45,170,845)"

Page 1, line 20, replace "(\$47,071,020)" with "(\$45,071,020)"

Page 1, line 22, replace "(\$7,322,039)" with "(\$5,322,039)"

Page 2, line 5, replace "110,611,774" with "112,611,774"

Page 2, line 6, replace "112,787,834" with "114,787,834"

Page 2, line 8, replace "2,063,357" with "4,063,357"

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1021 - Water Commission - House Action

	EXECUTIVE BUDGET	HOUSE CHANGES	HOUSE VERSION
Administrative and support services	\$2,176,060		\$2,176,060
Water and atmospheric resources	<u>110,611,774</u>	<u>\$2,000,000</u>	<u>112,611,774</u>
Total all funds	\$112,787,834	\$2,000,000	\$114,787,834
Less estimated income	<u>110,742,477</u>		<u>110,724,477</u>
General fund	\$2,063,357	\$2,000,000	\$4,063,357
FTE	84.00	0.00	84.00

Dept. 770 - Water Commission - Detail of House Changes

	INCREASES FUNDING FOR ADMINISTRATIVE EXPENSES ¹	TOTAL HOUSE CHANGES
Administrative and support services		
Water and atmospheric resources	<u>\$2,000,000</u>	<u>\$2,000,000</u>
Total all funds	\$2,000,000	\$2,000,000
Less estimated income		
General fund	\$2,000,000	\$2,000,000
FTE	0.00	0.00

¹ This amendment provides \$2 million from the general fund for administrative expenses of the State Water Commission. The executive recommendation provided that the administrative expenses of the Water and Atmospheric Division, totaling approximately \$7.9 million, are to be funded from the water development trust fund. This amendment makes an additional \$2 million from the water development trust fund available for water projects during the 2005-07 biennium.

Date: 2-11-05
Roll Call Vote #:

2005 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. HB 1021

House *Government Performance* Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number *SB044.01021*

Action Taken *Do Not Pass*

Motion Made By *Rep Glassheim* Seconded By *Rep Monson*

Representatives	Yes	No	Representatives	Yes	No
Chairman Carlson		X	Rep. Glassheim	X	
Vice Chairman Skarphol		X			
Rep. Monson		X			

Total (Yes) *1* No *B*

Absent *0*

Floor Assignment

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

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1021

Page 1, line 2, remove the second "and"

Page 1, line 4, after "outlet" insert "; and to transfer funds from the water development trust fund to the general fund"

Page 1, line 21, replace "(39,748,981)" with "(47,544,575)"

Page 1, line 22, replace "(\$7,322,039)" with "\$473,555"

Page 2, line 7, replace "110,724,477" with "102,928,883"

Page 2, line 8, replace "2,063,357" with "9,858,951"

Page 2, line 18, replace "\$24,863,873" with "\$17,067,279"

Page 5, after line 29, insert:

"SECTION 12. TRANSFER. Notwithstanding section 54-27-25, during the biennium beginning July 1, 2005, and ending June 30, 2007, the director of the office of management and budget shall transfer \$7,795,594 from the water development trust fund to the general fund."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1021 - Water Commission - House Action

	EXECUTIVE BUDGET	HOUSE CHANGES	HOUSE VERSION
Administrative and support services	\$2,176,060		\$2,176,060
Water and atmospheric resources	<u>110,611,774</u>		<u>110,611,774</u>
Total all funds	\$112,787,834	\$0	\$112,787,834
Less estimated income	<u>110,724,477</u>	<u>(7,795,594)</u>	<u>102,928,883</u>
General fund	\$2,063,357	\$7,795,594	\$9,858,951
FTE	84.00	0.00	84.00

Dept. 770 - Water Commission - Detail of House Changes

	CHANGES FUNDING FOR ADMINISTRATIVE EXPENSES ¹	TOTAL HOUSE CHANGES
Administrative and support services		
Water and atmospheric resources		
Total all funds	\$0	\$0
Less estimated income	<u>(7,795,594)</u>	<u>(7,795,594)</u>
General fund	\$7,795,594	\$7,795,594
FTE	0.00	0.00

¹ This amendment changes the funding for administrative expenses in the water and atmospheric resources line item from the water development trust fund to the general fund and changes the related reference in Section 5.

Section 12 provides for a transfer of \$7,795,594 from the water development trust fund to the general fund. This amount represents administrative expenses included in the water and atmospheric resources line item.

Date: 2-11-05
Roll Call Vote #:

2005 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. HB 1021

House *Government Performance*

Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number *SB 044.0102*

Action Taken *Do Pass AS Amended*

Motion Made By *Rep Monson* Seconded By *Rep. Skarphol*

Representatives
Chairman Carlson
Vice Chairman Skarphol
Rep. Monson

Yes
X
X
X

No

Representatives
Rep. Glassheim

Yes No
X

Total (Yes)

3

No

1

Absent

0

Floor Assignment

Rep. Monson

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

Date: **February 15, 2005**
Roll Call Vote #: **2**

2005 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. HB1021

House Appropriations - Full Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number

58044.0106

Action Taken **DO PASS AS AMENDED**

Motion Made By **Rep Carlson**

Seconded By **Rep Monson**

Representatives	Yes	No	Representatives	Yes	No
Rep. Ken Svedjan, Chairman	X		Rep. Bob Skarphol	X	
Rep. Mike Timm, Vice Chairman	X		Rep. David Monson	X	
Rep. Bob Martinson	X		Rep. Eliot Glassheim	X	
Rep. Tom Brusegaard	X		Rep. Jeff Delzer		X
Rep. Earl Rennerfeldt	X		Rep. Chet Pollert	X	
Rep. Francis J. Wald	X		Rep. Larry Bellew	X	
Rep. Ole Aarsvold		X	Rep. Alon C. Wieland	X	
Rep. Pam Gulleeson		X	Rep. James Kerzman		X
Rep. Ron Carlisle	X		Rep. Ralph Metcalf	X	
Rep. Keith Kempenich	X				
Rep. Blair Thoreson	X				
Rep. Joe Kroeber	X				
Rep. Clark Williams	X				
Rep. Al Carlson	X				

Total Yes **19** No **4**

Absent **0**

Floor Assignment **Rep Monson**

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

REPORT OF STANDING COMMITTEE

HB 1021: Appropriations Committee (Rep. Svedjan, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (19 YEAS, 4 NAYS, 0 ABSENT AND NOT VOTING). HB 1021 was placed on the Sixth order on the calendar.

Page 1, line 2, remove the second "and"

Page 1, line 4, after "outlet" insert "; and to transfer funds from the water development trust fund to the general fund"

Page 1, line 18, replace "99,825" with "94,276"

Page 1, line 19, replace "(47,170,845)" with "(47,204,774)"

Page 1, line 20, replace "(\$47,071,020)" with "(\$47,110,498)"

Page 1, line 21, replace "(39,748,981)" with "(47,544,575)"

Page 1, line 22, replace "(\$7,322,039)" with "\$434,077"

Page 2, line 4, replace "2,176,060" with "2,170,511"

Page 2, line 5, replace "110,611,774" with "110,577,845"

Page 2, line 6, replace "112,787,834" with "112,748,356"

Page 2, line 7, replace "110,724,477" with "102,928,883"

Page 2, line 8, replace "2,063,357" with "9,819,473"

Page 2, line 18, replace "\$24,863,873" with "\$15,044,400"

Page 5, after line 29, insert:

"SECTION 12. TRANSFER. Notwithstanding section 54-27-25, during the biennium beginning July 1, 2005, and ending June 30, 2007, the director of the office of management and budget shall transfer \$9,819,473 from the water development trust fund to the general fund."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1021 - State Water Commission - House Action

	EXECUTIVE BUDGET	HOUSE CHANGES	HOUSE VERSION
Administrative and support services	\$2,176,060	(\$5,549)	\$2,170,511
Water and atmospheric resources	110,611,774	(33,929)	110,577,845
Total all funds	\$112,787,834	(\$39,478)	\$112,748,356
Less estimated income	<u>110,724,477</u>	<u>(7,795,594)</u>	<u>102,928,883</u>
General fund	\$2,063,357	\$7,756,116	\$9,819,473
FTE	84.00	0.00	84.00

Dept. 770 - State Water Commission - Detail of House Changes

	CHANGES FUNDING FOR ADMINISTRATIVE EXPENSES ¹	REDUCES COMPENSATION PACKAGE TO 3/4	TOTAL HOUSE CHANGES
Administrative and support services		(\$5,549)	(\$5,549)
Water and atmospheric resources		(33,929)	(33,929)
Total all funds	\$0	(\$39,478)	(\$39,478)
Less estimated income	<u>(7,795,594)</u>		<u>(7,795,594)</u>
General fund	\$7,795,594	(\$39,478)	\$7,756,116
FTE	0.00	0.00	0.00

¹ This amendment changes the funding for administrative expenses in the water and atmospheric resources line item from the water development trust fund to the general fund.

Section 12 provides for a transfer of \$9,819,473 from the water development trust fund to the general fund. This amount represents administrative expenses of the State Water Commission.

2005 SENATE APPROPRIATIONS

HB 1021

2005 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. 1021

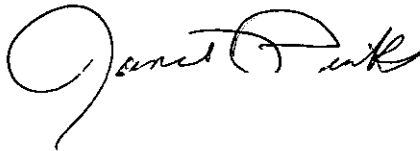
Senate Appropriations Committee

☐ Conference Committee

Hearing Date March 8, 2005

Tape Number	Side A	Side B	Meter #
1	x		0-3310

Committee Clerk Signature



Minutes:

Chairman Holmberg called the hearing to order on HB 1021 beginning with roll call and announcements.

The subcommittee will be **Senator Fischer, Senator Holmberg, and Senator Robinson.**

Dale L. Frink, (Tape 1a #40) ND State Engineer and Chief Engineer/Secretary, State Water Commission, provided written testimony and testified on HB 1021. He provided a brief organizational overview, a recap of the progress during the current biennium, and a discussion of major projects, programs, and issues of the next biennium, all of which is detailed in the written testimony. He then reviewed the budget and allocations to specific projects.

Senator Christmann asked whether attorneys had been consulted about lawsuit potential and what has already happened with Devils Lake. I would like to know the thoughts about lawsuit expectations for the record and whether you really think significant amounts of water will be

moved out of there this biennium.. Mr. Frink responded that there is risk at Devil's Lake, but we made the decision to move forward because of need. There will be some legal challenges.

Senator Krauter raised the question that if some or all of the money was replaced to the water development fund, what do you think the priorities would be. Mr. Frink indicated Grand Forks was capped at \$52 million in 1999 and it was envisioned the project would be done but with cost increases they would like the \$52 million raised. Fargo needs additional flood control needs, other water development projects throughout the state include Devils Lake, NAWS. He then distributed a sheet listing all projects and funding used the last biennium and projected for the next biennium.

Senator Holmberg discussed the estimates on Grand Forks not being completed which only had to do with federal funds.

Other questions raised about the scope of work with the Grand Forks project that would increase costs, technology questions about weather forecasting that the subcommittee would like to review, whether other projects are such as Lake Sakakawea water levels and pipe line projects are going to have additional costs, whether the Tappen aquifer has adequate supplies of water or whether it is limited to first come first serve, and what the real request is of this committee. Mr. Frink indicated he fully supported the Governor's Budget and the original version of HB 1021.

Mike Dwyer, Water Users Association, distributed Water Funding 2005-07 booklet and testified on **HB 1021**. He gave an overview of the Water Users Association from 1937-present, the water funding needs for 2005-07, the additional funding needs, and the request to change the authorization from \$60 million to \$74 million, then bonds could be leveled to that point.

No questions were asked.

Ben Varnson, (#5820) President, ND Water Resource Districts Association, Chairman, Nelson County Water resource District in Lakota, Water Manager, Devils Lake and red river Joint Water Boards, provided written testimony and testified on **HB 1021** requesting additional funds for other water needs. No questions were asked.

Herb Grenz, Farmer, Linton, testified Chairman, ND Irrigation Association (NDIA), presented written testimony and testified in **support of HB 1021 and HB 1153** with the request that the committee consider a combination of general fund and bonding increases to provide means to achieve critical water needs and irrigation. No questions were asked.

Allen Walter (#6138 Tape 1b #0), Director, Public Works, City of Minot, distributed written testimony and testified in **support of HB 1021 and 1153** on behalf of NAWs. He discussed the recent events involving NAWs and on going lawsuits and requested support of these bills to aid in completion of water line from Max to the Lake. No questions were asked.

Andrew Smith together with his wife and children, citizens, Beach, provided written testimony and testified in **favor of HB 1021.** He discussed his personal history of life on his farm and lack of water access. He encouraged the support so the Beach, Medora, Morton Service area can be completed. No questions were asked.

Stuart Carlson, (#330) Executive Director, ND Rural Water System Association, which serves 244 cities and 32 rural water systems, presented written testimony and testified in **support of HB 1021.** He discussed current projects, projects waiting for completion, the inequity of billing for water services, the funding package of the Southwest pipeline, the state return on investment, the increased land values, the increased population and the request that 100 percent

of the Southwest Water Operating system be funded by the state and the ceiling be increased from \$60 million to \$74 million. No questions were asked.

Pat Savoral, (#1283) City Administrator, Fargo, representing Mayor Bruce Furness, testified in **support of HB 1021**. He discussed the Redwood project protecting the Hospital on the North side of Fargo, the Overland flood control on the South, the FEMA project, funding for ring dike, the two options of the city and the urge for additional funding to complete the projects. **Senator Bowman** asked if the South end of town had been completed. The response was that that is where it is now.

Curt Kreun, City Councilman for Ward 7, Chairman Flood Protection Committee, Grand Forks, provided written testimony and testified in support of HB 1021. He indicated this bill contains the funding necessary to complete the Grand Forks Flood protection project. He also testified in support of the Water Coalition project which is seeking additional funding for many of the water projects throughout the state.

Questions asked included what the flood insurance situation was with Grand Forks and whether insurance requirements are being imposed for areas not protected, whether the scope of the project changed from the initial amount, whether east Grand Forks is treated any different than North Dakota. The City Engineer Allen Grasser responded to several questions.

Ben Varnson, (#2425) Chairman, Lakota Nelson County Water Resource District, distributed written testimony, a district map of the area and written testimony from several other individuals and testified in **support of HB 1021**. He discussed flooding problems developing.

Odell Flaagen, (#2657) Chairman, Nelson County Commissioners, Lakota, described the map that was distributed and talked about the major flooding problems that are just starting to develop.

Questions raised were clarification as to whether this is actually going to run over the road, last year roads were soggy now they are being covered, are people prepared to move out, whether there are more problems then just what is described and what happens in the sewer and water systems.

There were no further questions or testimony.

Vice Chairman Bowman closed the hearing.

2005 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. 1021 and 1153

Senate Appropriations Committee

☐ Conference Committee

Hearing Date March 9, 2003

Tape Number	Side A	Side B	Meter #
1	x		3,052
		x	To 204

Committee Clerk Signature

Minutes:

Chairman Holmberg called to order the sub committee pre discussion on HB 1021 and 1153.

Senator Fischer indicated both bills should be discussed at this time but the bonding bill HB 1153 request is for an increase and there may be some problems there.

Senator Andrist discussed an article from Fortune magazine which showed how mushy the MSA master settlement is. There are many court challenges and he would be happy to forward a copy of the article. To summarize, the author of this article didn't feel that the master settlement had legs that it would stand up for 20-25 years like it was supposed to. Dale Frink told me that bonds cannot be sold with just the master settlement agreement to back it up. It makes me think that anything we do with bonding will become general obligation bonds.

Senator Fischer indicated if we don't bond, we essentially close the doors of the water commission. This is the only agency that asked to feed on itself. I was told if we can find the money, we can fund the Water Commission which is the general fund. If we went back to the

old way of doing business and didn't have the tobacco, the disasters at Devils Lake and Grand Forks, the pipeline or NAWS wouldn't be there.

Senator Andrist indicated he didn't mean to sound like he was opposing it, but he is struggling with it, because is a dilemma.

Senator Fischer indicated, on the positive side, if the revenues and the resources trust fund grow from oil we would need less bonding because 20 percent is dedicated to water. Once the \$60 or \$74 million is bonded, there is no more tobacco money. Then we are committed to 20 years of paying back the bonds out of the receipts of the tobacco money. After this session and the bonds, they will have to tighten their belts by several notches because they won't have the bonding.

Senator Bowman indicated one thing that stood out in the testimony is the cost, the longer we wait to complete these projects, the higher the projects. Some projects will be done with this new bonding. The Southwest water is a revenue bond.

Senator Krauter indicated two sessions ago we were told they would rob the tobacco bond once but it was turned around because the revenues weren't there and the revenues are there now. I believe we have to get the fund back to the general fund. The coalition has worked on these things that it was a commitment we all believe in on the water projects across the state. The other issue I have is the weather radar after you see that video, I will pose more questions.

Senator Robinson indicated he wants a copy of the article. When we look at economic vitality of ND, it hinges on having adequate water throughout the state. We need to move the funding source back to where it was.

Senator Christmann indicated this has been a well organized machine that I have admired but how much longer they hold any credibility. In my area waiting for the Southwest Pipeline, most of the people who signed up for it are retiring soon and the people who are there were too young to sign up for it. Wonder if too many things being done at once.

Senator Fischer indicated the biggest problem in water projects in getting permits or the federal government .

Senator Krauter indicated it is almost as though they slow down just before the projects are finished. He indicated there are some interests that think the Southwest Pipeline was put on later then it should have been. If we look back far enough to when the coalition was developed it proceeded to move forward.

Senator Andrist don't understand the pressure.

Senator Fischer indicated there is a big arsenic problem in the water and some have to haul water.

Senator Andrist indicated Fortuna has probably only 15 people, maybe the coalition isn't prioritizing the needs.

Senator Robinson asked how many people would put up with lack of water for that long.

Senator Fischer has an issue on the east having too much or not enough. It is imperative that Grand Forks have their project completed.

Senator Holmberg indicated the flood insurance rates are extremely expensive.

Senator Fischer indicated there is a big variance, it is important to buy before the map is changed.

Senator Kringstad indicated we all look at the water system wherever it is. I think we need to continue the support. I think we should finish up on what we are doing right now and raise the bonding limit to \$74 million.

Senator Krauter indicated that when we work on HB 1153 we really need to crunch the numbers so we don't miss something in the next two years.

Senator Fischer indicated he had no problem going to \$74 million if we have to.

Senator Kilzer indicated he favored the \$74 million bonding. As far as the softness of the tobacco money that is holding up, they are not going to go bankrupt and I think it will be available for the full duration of the 25 years.

Senator Krauter indicated there was a memo handed out in the house appropriations which talks about the tobacco settlement monies. In two years, the payments to ND double because of some settlement made and ND being one of the 16 states that initiated it. He was asked to get this to the entire committee.

Senator Mathern indicated another issue is that it looks like we are at an all time low for the cost of borrowing and we need to take that into consideration.

Chairman Holmberg closed the discussion on this.

2005 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. 1021

Senate Appropriations Committee

☐ Conference Committee

Hearing Date March 11, 2005

Tape Number	Side A	Side B	Meter #
2	a		952

Committee Clerk Signature



Minutes:

Chairman Holmberg opened the hearing on HB 1021 regarding the water commission.

Senator Krauter requested that Allen review the minutes I delivered to the committee on the Tobacco Settlement regarding the increase in 2007 where the trust fund is doubled. If you look at the one with 59.473 in upper left corner which is fiscal information from Dec. 2004 on page 2 item 6 to the second chart total collections for next ten years estimated by OMB are; 2005-07 is \$45 million, 2007-09 is \$73.687 million continuing through 2015. The next memo gives a definition of that; the number in the upper left corner is 39.340 second column talks about the four types of mass settlement agreement payments. I read one that triggered this, strategic contribution fund annual payments beginning in 2008 through 2017. It states \$860 million per year distributed to states based on the formula with adjustments. The formula is based on the level of the states contribution to litigation for resolution of the states tobacco lawsuit. My understanding is ND is one of the 16 originally involved in the lawsuit and we are part of that

Page 2

Senate Appropriations Committee

Bill/Resolution Number 1021

Hearing Date March 11, 2005

additional payments. The water commission looking down the road is not just \$45 million to that trust fund.

Chairman Holmberg clarified you are pointing out the significant increase built into those.

2005 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1021

Senate Appropriations Committee

☐ Conference Committee

Hearing Date 04/01/05

Tape Number

1

Side A


Side B

x

Meter #

900-end

Committee Clerk Signature



Minutes:

Chairman Holmberg opened hearing on HB 1021.

Sen. Fischer moved amendment .0203, seconded by **Sen. Christmann**.

Sen. Fischer explained the amendment by reading through each section aloud.

Sen. Krauter (1260): Are we still providing 10 million for operation, or are we doing 8 million now and sticking in an extra 2 million?

Don: The House increased that amount, the Senate version is moving 2 million back to the state water commission from the House version.

Sen. Krauter: I am still confused, let me ask this question, How many dollars are used for administration in the Senate version from the General Fund?

Don: 10 million dollars.

Joe, OMB: The effect on the water development trust fund on this Senate version would be essentially the same of what was in the executive budget. The difference is that in the executive

budget, the remaining 8 million of administrative expenses that relate to the water and atmospheric line item, in the executive budget we had that coming directly from the trust fund. It was a special fund appropriation for those administrative costs. Here is would be a General Fund appropriation still funded through the water development trust fund, but those moneys are going to the General Fund and then being appropriated back to them. The same that was done in the past.

Sen. Bowman: Do we have more bonding authority for water projects up to the 74 million rather than the 60.

Sen. Fischer: Yes.

Sen. Grindberg: Regarding Section 13, are there extenuating circumstances that would allow for this?

Sen. Fischer: This is a situation that is unique in that if the damage is to certain parts of the infrastructure that would not be eligible for polices of the water commission. They are caused by water, if we do it the other way there would be eligibility and cost sharing between counties. In Nelson county there are no emergency services because the water is to close to the roads. This is being done to provide them the very minimal help that they need.

Sen. Andrist (2308): I think we should think about where we would be with out the Tobacco money. I think there will be a high percentage or chance that we will be supplementing this with other funds, because there maybe no more tobacco money coming in.

Sen. Schobinger (2504): I assume the bonding authority is based on some formula, is the additional 14 million based on the accounting maneuver

Sen. Fischer: 1 million in General Fund to all [*in audible coughing in back ground*]

Sen. Bowman: Revenue bonds, the money goes back into paying of the costs, why are not all of the projects the same?

Sen. Fischer: Different types of projects have different ways to pay for them.

A voice vote to adopt the amendments was taken, the amendment was adopted. Sen. Krauter motioned amendment .0201 and supplied the committee a chart of hail rates, per county, see appendix I. Sen. Krauter stated that planes are flying into counties that they are not supposed to be in, where there is no weather modification aloud. The motion was seconded my Sen. Robinson.

Sen. Bowman: They cannot release anything out side the buffer zone. Some people think cloud seeding is a wonderful idea and others think it is not so wonderful.

Sen. Andrist: With this we are appropriating money for cloud seeding then preventing them from doing there jobs. This is counter productive.

Sen. Schobinger: Without a full hearing I can't support this.

A voice vote for the amendment was taken, amendment failed.

A **DO PASS AS AMENDED** motion was made by **Sen. Bowman** seconded by **Sen. Fischer**.

14 yea, 0 nay and 1 absent vote were recorded. Sen. Fischer will carry the bill.

Chairman Holmberg closed hearing of HB 1021.

Date 4-1
Roll Call Vote #:

2005 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. ~~SB~~ 1021

Senate SENATE APPROPRIATIONS

Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number

Action Taken

T D A (Fischer's A)

Motion Made By

B

Seconded By

Fisch

Senators	Yes	No	Senators	Yes	No
CHAIRMAN HOLMBERG	/		SENATOR KRAUTER	/	
VICE CHAIRMAN BOWMAN	/		SENATOR LINDAAS	/	
VICE CHAIRMAN GRINDBERG	/		SENATOR MATHERN	/	
SENATOR ANDRIST	/		SENATOR ROBINSON	/	
SENATOR CHRISTMANN	/		SEN. TALLACKSON	/	
SENATOR FISCHER	/				
SENATOR KILZER	/				
SENATOR KRINGSTAD	/				
SENATOR SCHOBINGER	/				
SENATOR THANE	/				

Total (Yes)

121

No

0

Absent

1

Floor Assignment

Fischer

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

REPORT OF STANDING COMMITTEE

HB 1021, as engrossed: Appropriations Committee (Sen. Holmberg, Chairman) recommends AMENDMENTS AS FOLLOWS and when so amended, recommends DO PASS (14 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING). Engrossed HB 1021 was placed on the Sixth order on the calendar.

Page 1, line 4, after the semicolon insert "to provide legislative intent; to provide water commission authority to issue bonds;"

Page 1, line 19, replace "94,276" with "92,903"

Page 1, line 20, replace "(47,204,774)" with "(26,963,759)"

Page 1, line 21, replace "(\$47,110,498)" with "(\$26,870,856)"

Page 1, line 22, replace "(47,544,575)" with "(27,540,887)"

Page 1, line 23, replace "434,077" with "670,031"

Page 2, line 6, replace "2,170,511" with "2,169,138"

Page 2, line 7, replace "110,577,845" with "130,818,860"

Page 2, line 8, replace "112,748,356" with "132,987,998"

Page 2, line 9, replace "102,928,883" with "122,932,571"

Page 2, line 10, replace "9,819,473" with "10,055,427"

Page 2, line 12, replace "\$52,863,116" with "\$54,013,116"

Page 2, line 20, replace "\$15,044,400" with "\$21,908,446"

Page 5, after line 31, insert:

"SECTION 12. LEGISLATIVE INTENT - ADMINISTRATIVE EXPENSES. It is the intent of the fifty-ninth legislative assembly that the use of water development trust fund moneys as a source of funding for state water commission administrative expenses be reduced during the 2007-09 biennium and discontinued as a source thereafter.

SECTION 13. LEGISLATIVE INTENT - NELSON COUNTY INFRASTRUCTURE. It is the intent of the fifty-ninth legislative assembly that the state water commission provide up to \$500,000 for water-related damage to infrastructure in Nelson County."

Page 6, line 3, replace "\$9,819,473" with "\$8,055,427"

Page 6, after line 4, insert:

"SECTION 15. BONDING AUTHORITY - WATER PROJECTS. Notwithstanding the provisions of section 61-02.1-02.1, the state water commission may issue bonds for statewide water development projects in an amount not to exceed \$14,000,000 plus the costs of issuance of the bonds, capitalized interest, and reasonably required reserves during the biennium beginning July 1, 2005, and ending June 30, 2007."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1021 - Water Commission - Senate Action

	EXECUTIVE BUDGET	HOUSE VERSION	SENATE CHANGES	SENATE VERSION
Administrative and support services	\$2,176,060	\$2,170,511	(\$1,373)	\$2,169,138
Water and atmospheric resources	110,611,774	110,577,845	20,241,015	130,818,860
Total all funds	\$112,787,834	\$112,748,356	\$20,239,642	\$132,987,998
Less estimated income	110,724,477	102,928,883	20,003,688	122,932,571
General fund	\$2,063,357	\$9,819,473	\$235,954	\$10,055,427
FTE	84.00	84.00	0.00	84.00

Dept. 770 - Water Commission - Detail of Senate Changes

	REDUCES RECOMMENDED FUNDING FOR HEALTH INSURANCE ¹	INCREASES FUNDING FROM RESOURCES TRUST FUND ²	INCREASES FUNDING FROM WATER DEVELOPMENT TRUST FUND ³	ADJUSTS FUNDING FOR ADMINISTRATIVE EXPENSES ⁴	ADDS SPENDING AUTHORITY FOR WATER PROJECTS FROM BOND PROCEEDS ⁵	TOTAL SENATE CHANGES
Administrative and support services	(\$1,373)					(\$1,373)
Water and atmospheric resources	(8,985)	\$1,150,000	\$5,100,000		\$14,000,000	20,241,015
Total all funds	(\$10,358)	\$1,150,000	\$5,100,000	\$0	\$14,000,000	\$20,239,642
Less estimated income		1,150,000	5,100,000	(246,312)	14,000,000	20,003,688
General fund	(\$10,358)	\$0	\$0	\$246,312	\$0	\$235,954
FTE	0.00	0.00	0.00	0.00	0.00	0.00

¹ This amendment reduces funding for state employee health insurance premiums from \$559.15 to \$553.95 per month.

² The Senate increased the spending authority from the resources trust fund, based on total anticipated available funding, for water projects from \$52,863,116 to \$54,013,116.

³ The House version provided for funding of \$15,044,400 from the water development trust fund. The Senate increased funding for water projects by \$5,100,000 from anticipated available funding from the water development trust fund. Additional funding was also made available from a reduction in the transfer to the general fund from the water development trust fund of \$2 million, net of an increase in administrative expenses of \$246,312 and a decrease in health insurance of \$10,358. The amount available from the water development trust fund net of adjustments is \$21,908,446.

⁴ The House version provided for a transfer of \$9,819,473, the amount equal to administrative expenses of the State Water Commission, from the water development trust fund to the general fund. The Senate increased the total administrative expenses of the State Water Commission by \$246,312 per State Water Commission adjustment and decreased administrative expenses \$10,358 for health insurance. The total administrative expenses net of the adjustments is \$10,055,427. This amount is to be funded from the general fund rather than the water development trust fund. In addition, the Senate reduced the transfer from the water development trust fund to the general fund by \$2 million, based on administrative expenses of \$10,055,427, or a net transfer of \$8,055,427.

⁵ The Senate authorized the State Water Commission to issue up to \$14 million in bonds, in addition to the \$60 million of authority included in House Bill No. 1153, for statewide water development projects.

The Senate added an intent section that the administrative expenses of the State Water Commission be funded in the future from general fund moneys.

The Senate added an intent section that up to \$500,000 be made available for water-related damages to infrastructure in Nelson County.

The House provided for an amount equal to the administrative expenses of the State Water Commission be transferred from the water development trust fund to the general fund. the Senate reduced that transfer by \$2 million.

2005 HOUSE APPROPRIATIONS

CONFERENCE COMMITTEE

HB 1021

2005 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB1021

House Government Performance Division

☒ Conference Committee

Hearing Date April 8, 2005

Tape Number	Side A	Side B	Meter #
1	X		4143-End
		X	1-315

Committee Clerk Signature 

Minutes: **Chair Carlson** opened conference committee hearing on HB 1021.

Sen. Fisher: Health Insurance on all of those. The spending authority from the Resources Trust Fund by anticipated income was increased by 1.150. The Increase from the Water Development Trust Fund is anticipated income is also increased by 5.1 million, and there's some adjustments in there, so the trust fund after the net adjusts comes to 21,908. The transfer of the 2 million dollars of general funds that we put in, and if you read footnote 4, you'll probably be as confused as I was the first 4 times that I read it, and it has to do with an adjustment made at the Water Commission, and Health Insurance. Then you take all of it and put it together it comes to 8 million 55,427, which reflects the 2 million in general funds that were put in the Water Development Trust Fund. We authorized to issue up to 14 million dollars in bonds in addition to this 60 million of authority in 1153. We added an intent section that administrative expenses of the State Water Commission be funded in the future from general fund money, that was in the bill before. The piece that's missing here I wanted to put in, but was never included. The Senate

added in a tenth section and up to 500,000 be made available for water related damages to infrastructure Nelson County. Nelson County has 100,000. They are east of Devil's Lake, Stump Lake is in Nelson County, and they've got 100,000 acres of farmland underwater that taxes are being paid on, and if they even think about matching money, they'll be there forever for the simple reason that 1 mill in Nelson County raises about \$9,000. I felt, as well as the committee, that was an important thing to address, they're part of the state, and that they need to have some help. The next piece addresses the 2 million, and that is about it.

Chair Carlson: Let's go to the footnote 2. The Senate increased the spending authority from the Resources Trust Fund based on total anticipated available funding for water projects from 52 to 54. They're anticipating more oil money going in there, of 2 million more by the end of the biennium?

Sen. Fisher: 1.150.

Chair Carlson: That is because of the increased oil revenue?

Sen. Fisher: Exactly.

Chair Carlson: I'm struggling with your #3 on the numbers here.

Sen. Fisher: That's an anticipated increase in money going into the Water Development Trust Fund.

Chair Carlson: For what reason? That's future tobacco dollars?

Dave Laschkewitsch, ND State Water Commission: The 5 million dollar increase is primarily carryover. We will carry over more money than we anticipated when we built the budget about a year ago, and we used projections that Don Wolf had worked on, and just included the amount that was available in the fund. It is tobacco money.

Chair Carlson: Where did this mysteriously show up from when we didn't see it in the House side?

Dave: It is just that we will have more money carried forward. We anticipated spending a bit more money when we built the budget, than it now appears that we will be able to spend. We do not have continuing appropriation authority.

Rep. Glassheim: This is money that you already sold some of the bonds for, and you have sitting there, is that correct?

Dave: We have issued about 27.5 million dollars worth of bonds, that was several biennium's ago. We do hope to issue the 60 million dollars that is contained in 1153, and that has not been done, but it does have an emergency clause, and it has passed both chambers.

Rep. Glassheim: This 5 million has nothing to do with that?

Dave: It really doesn't tie. It all flows into the money available for the projects. There's 2 million that we thought Maple River Dam would use, and it has not. Also, Grand Forks is not drawing the amount of money that they had projected they would, yet.

Rep. Skarphol: Footnote 4, with regard to the 246,000 dollar adjustment in administrative expenses.

Dave: It was a mistake that I had made when we came up with the total dollars we had in general fund. When we prepared our budget, we prepared our budget with general fund dollars. OMB converted it to special fund dollars. The House turned it back to general fund with a transfer. When all of those steps were taking place, when I submitted the budget I didn't have any of the salary increase. OMB added the salary increases, but they added them with special funds, so I came up with a number that didn't include everything.

Chair Carlson: Where is the actual projects at? Which bill is that?

Dave: They are in 1021. There is a bonding bill 1153. That has passed both chambers, but as of this morning it had not been signed by the Governor.

Rep. Glassheim: I don't see the 2 million dollars in general fund increase in the notes. Am I wrong, or what backs the original 14 million dollars of bonds?

Dave: They did not increase the appropriation authority, because we had it but if you look you will see the Senate reduced the transfer from 10 million to approximately 8 million. That's where the 2 million comes from.

Chair Carlson: What does that leave us for bonding capability next time?

Dave: Zero.

Sen. Robinson: We are reaching a point where we're going to have some of these projects paid off. We're making good progress in that area. That was a question I had in my caucus, regarding you are at 100%, where do you go from here.

Sen. Fisher: With the authority in this bill, we would be able to finish substantial projects with the approval of the Water Commission, and that would be projects such as the Maple River Dam, Wahpeton is about finished, the Devil's Lake project, Grand Forks, and the bigger projects are going to be done. Those will drop off, and then what you'll find is that you have Fargo left. Had we not had the tobacco money and the ability to bond against it, I don't know where we would be in general fund spending to restore communities and protect communities, as well as provide water to NW as well as SW parts of the state.

Chair Carlson: My concern has not been the fact that we are finally completing some of these projects, it's the fact that these bond payments, our indebtedness is way into the future. You

might not need to ask us for more money next time, but if anything new comes on the horizon, your payments are still fixed forever, and we're taking a large chunk of that and everybody's looking ahead because there is supposedly some increased tobacco settlement payments coming.

Dave: Those are already utilized.

Rep. Skarphol: What would happen if all of a sudden something on the federal level made that money disappear?

Dave: We would be in to see you.

Sen. Robinson: We talked about this in our committee, and is that a possibility, it probably is. Hopefully it's very remote, and that is a concern. There's certainly more than an offsetting concern on the part of many of us that what we're doing is investing in making our state economically in a much better position to perform and to do some things we haven't been able to do. If you look at the SW Pipeline, without water in SW North Dakota, I mean the whole landscape immediately changes in terms of their ability to attract people, and ranchers, and you know the story. There is certainly a risk here, there's no question about it, but we think it is a risk that we need to take for all of the above reasons.

Sen. Fisher: One of the issues that I have is if we don't do something in our own area in Fargo, can we afford to risk losing, to the extent that we lost Grand Forks?

Chair Carlson: Is there already money in the 60 million for Fargo?

Dave: Yes, there is.

Chair Carlson: Have Grand Forks not already used up their 54 million dollar commitment?

Dave: 52 million, and they have not drawn it all, but we have it all committed and available to them.

Page 6

House Government Performance Division

Bill/Resolution Number HB1021

Hearing Date April 8, 2005

Chair Carlson: I think it is important to realize that it isn't like they are getting nothing. I cannot disagree with the taking the 2 million dollars from the general fund. I do have some concerns about the changing and adding the 14 million dollars in the bonds.

Adjourned Conference Committee Hearing.

2005 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB1021

House Government Performance Division

☒ Conference Committee

Hearing Date April 11, 2005

Tape Number	Side A	Side B	Meter #
1	X		4849-End
		X	1-967

Committee Clerk Signature

Stephanie Thomas

Minutes: **Chair Carlson** opened conference committee hearing on HB 1021.

Chair Carlson: Last time we basically just had a little bit of discussion about the Senate changes to the bill, and the spending level that they increased. There's two issues that we need to address. One, where we sit with our bonding limits, when we look at sending these bonds out with their criteria, how will we be rated, and at what level are we at. Then, there's the question about additional revenue that can flow into the Resources Trust Fund above and beyond what was projected for the biennium.

Rep. Skarphol: I asked OMB to give us some kind of ideas if oil prices were to remain the same as they have the last 4 months, and production was to remain the same as it has for the last 4 months, and they guesstimated 7 million dollars additional revenue because of oil.

Sen. Robinson: Over what period of time?

Joe Morrisette, OMB: It would be over the 05/07 biennium. That would be over the March forecast, which was about 15.1.

Chair Carlson: From my perspective, I'm still not convinced on bonding for that extra 14 million dollars worth of projects. Grand Forks Flood Control is at 2.1, Fargo Flood Control is at 4.0, MR&I is at 2.5, SW Pipeline is at 5.0, which is a total of 13.6 million.

Rep. Skarphol: I believe in the 60 million dollar bond issue, there's 7.5 for Grand Forks, and 8.6 plus for Fargo. I'm not sure what the situation is, as to whether or not they're going to get that expended. I'm not sure why there would be additional, quite frankly.

Sen. Fisher: Part of that 60 million is from last biennium. They didn't sell the bond, and it was authorization for that 60 million last session. Had they spent all of that, you may still not have Fargo completely done, and Maple River Dam completely done. NAS, and south and north central are all included in that 60.

Chair Carlson: Part of that 60 million will be to pay back the loans of the money borrowed to already start projects and fund those, about 25 or 27 million.

Dave Laschkewitsch, ND State Water Commission: At this time, we have 14 million dollars borrowed from the Bank of ND.

Chair Carlson: So, you would pay that 14 back, and then you would have the rest of that 46 million that would be available, if we stayed at the 60 for projects.

Dave: That 14 is going to grow, I'm borrowing a couple million a month.

Chair Carlson: The money is going to where?

Dave: All of the various water projects, so we have nothing. It isn't specifically to one or the other, everything that we are building, we've used all of our cash.

Chair Carlson: Where's the money held after the bonds are sold? The Industrial Commission just holds it till you draw it?

Dave: No, the trustee would hold it, however, we would pay back the loan immediately. Then we would pay back some of the cash reserve, the cash money that we have expended, so it will go back into the Resources Trust Fund and the Water Development Trust Fund. The full 60 will disappear immediately.

Chair Carlson: Are those numbers correct on Grand Forks? In the 60, there already getting how much?

Dave: We have 7.5 million dollars put into our plan. The 60 is just a piece. The 60 is the bond proceeds, then there is the Resources Trust Fund, and the Water Development Trust Fund, and all of those roll together to be 82 million dollars.

Chair Carlson: Does the 7.5 complete our 54 million dollar obligation to Grand Forks?

Dave: 52, yes it does.

Rep. Skarphol: At what percent are they short of being completed at that point do you think?

Rep. Glassheim: 80% to 85%.

Rep. Skarphol: How's the rest of it going to be financed? How do you propose to finance the balance?

Dave: By the city.

Sen. Fisher: On that Grand Forks project, what happened was when the commitment was made to fund 50% of Grand Forks, the project was 104 million dollars. When 2188 was drafted in 1999, and Grand Forks, Grafton, Wahpeton, and Devils Lake were included in that. That's where the 52 million came from.

Chair Carlson: The Fargo Flood Control project, how much are they set to receive before the new 4.0 that you're asking for?

Dave: We have 8.6 million dollars in.

Sen. Fisher: The Fargo project has the issues with the federal government that are being ironed out, and there is hearings that have to be held, or meetings in the area of the southside. As you well know, there's some people that don't like the idea, and there's five options on what to do with it, however, that's the one that is going to really upset people if they don't, because the maps are out for the Cheyenne River, they will be out for the Red River very shortly. From what I'm being told, it's going to be pretty blue from 32 Ave. South. All the way south will be paying flood insurance.

Chair Carlson: The SW Water Pipeline has some concerns that this would be it. They say they need this money to complete the project, this 5 phase.

Sen. Fisher: The SW Pipeline has been in existence for about 20 years or so. The Morton County piece that they want to do now deals with Morton County as the next, and then there's two phases left.

Todd Sando: The Medora Beach phase of the rural needs to be completed in several of the areas, plus the Morton County pocket. Then after that phase is completed, then there's the Oliver, north Dunn, and the Mercer pocket, but that wasn't the original plans of the SW Pipeline. So, to complete the first portion of the SW Pipeline is this Medora Beach phase, and they still haven't done the rural pockets.

Chair Carlson: How much are you paying back the general fund?

Dave: At this time, SW Pipeline is putting about 1 million dollars into the Resources Trust Fund a biennium. So, they are putting back about \$500,000 a year..

Rep. Skarphol: Will that increase if we continue to expand it?

Dave: Yes. It is based on water used, so it would slightly.

Rep. Skarphol: Initially, there had to be a cost per connection that we used on SW Water Pipeline. Has that risen, and if so, can you give me any idea how much?

Todd: Yes, it has been rising with the consumer price index. I can remember when it was at \$25,000, now it's up into the low to mid 30's per connection.

Rep. Skarphol: Are these people unable to get water if they drill for water?

Todd: Some of them are unable, that's correct.

Sen. Robinson: We had a couple from Beach, and they cannot drill for water on their farm, but they could see the tower from their property. Year around, he hauls water by truck to their farming operation. I think that's part of what you want to finish with this 5 million that we're looking at for SW Pipeline, that Beach, Medora area.

Chair Carlson: With the remoteness and ruralness of the area, it's going to be very difficult to justify. If you had to do the numbers, you couldn't justify getting them water, because the little water they use, and the cost to get it there, they'd have to live to 150 to pay it back.

Todd: These rural pockets do meet the criteria. They have to have at least 50% sign up, and follow those guidelines of 30,000 and some dollars per user.

Rep. Skarphol: If we finish this Beach, Medora area, then we still have this northern Dunn before the thing is completed. Is that what you're telling us?

Todd: That's correct.

Rep. Skarphol: When is the anticipated completion date on that one? Would 5 million give us all of that?

Todd: That doesn't cover any of that.

Chair Carlson: I don't think any of us doubt the need to continue to work with SW Pipeline.

It's a matter of funding mechanism is where are discussion will end up here. Whether or not we want to look in the future dollars, the increased revenue in the Resources Trust Fund as a method of funding. Whether we want to look at bonding, take that 2 million dollars back from administration back to the general fund, which allows a higher level of bonding. I need you to bring back the revenue into the Resources Trust next biennium, and where it's going, and what we anticipate to be increased revenue in that fund over what's already been committed. What do you have budgeted next time to come out of the Resources Trust Fund. If prices stay the same, what additional revenue could be anticipated to go in there.

Rep. Glassheim: I'd like to see also, the list of when we are expecting increased revenue from the Tobacco Trust Fund.

Sen. Fisher: One of the things that I would like is to put some of the projects that have been completed in the last couple biennium's, but more importantly, the projects on this list that will drop off after the funding of this biennium.

Adjourned Conference Committee Hearing.

2005 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB1021

House Appropriations Committee
Government Performance Division

☒ Check here for Conference Committee

Hearing Date April 12, 2005

Tape Number	Side A	Side B	Meter #
1	X		35.7-61.1
1		X	0-2.6

Committee Clerk Signature

Robin Pursley for Steph Thomas

Minutes: **Chairman Carlson** opened hearing on HB1021. Roll call was taken with all members present.

Chairman Carlson Asked the Water Commission to give us information about where we will be at on bonding if we include the \$14 million and what we would have remaining and how close we were to the limits on bonding requirements.

Dave Laschkewitsch Gave you three different scenario's run by our financial advisors. (See attached handout #1). First one is if the Water Commission were to do \$60 million in bonding with \$8 million biennial transfer.

Chairman Carlson What does that mean? Where does the \$8 million come from?

Dave Laschkewitsch What you would transfer from the Water Development Trust Fund to the general fund to fund agencies operations. Continued to explain handout #1, first scenario. Page

two is the same \$60 million with \$10 million transferred, so no true general fund money in the agency budget. Last scenario is the \$74 million with and \$8 million transfer.

Rep. Skarphol So this is the bill before us, \$74 million and \$8 million? Assuming this is using OMB's projection for oil income going into Natural Resources Trust Fund?

Dave Laschkewitsch This uses the tobacco money not the oil money.

Chairman Carlson But you've already projected the increases into these numbers.

Dave Laschkewitsch Yes, that's in here.

Rep. Skarphol So 2026 will all be pair off?

Dave Laschkewitsch Yes.

Chairman Carlson So what's available for next time?

Dave Laschkewitsch Resources Trust Fund, or oil money.

Rep. Skarphol Typically spend all that, not building any funds there.

Dave Laschkewitsch Yes.

Rep. Skarphol What are we anticipating in '05-'07?

Dave Laschkewitsch \$83.9 million, \$16.7 million in Resources Trust Fund.

Rep. Skarphol That is what you have available for the future?

Dave Laschkewitsch Yes.

Chairman Carlson Unless we start funding administration with General Fund dollars, that changes the whole picture.

Rep. Sharphol Can you prepay the bond?

Dave Laschkewitsch After 10 years, locked in for 10 years.

Rep. Glassheim The money, excess revenues, can you spend those dollars?

Dave Laschkewitsch Yes, spendable.

Rep. Glassheim Once the bonds are sold, you don't have to keep them sitting there?

Dave Laschkewitsch Do not have to keep it reserved.

Rep. Glassheim Do you normally sell the bonds if a project has not yet begun or do you hold off until project is ready?

Dave Laschkewitsch I would likely wait. Would issue \$60 million in 1153 as soon as Governor signs bill.

Rep. Glassheim Would not sell bonds for a while?

Dave Laschkewitsch That's right.

Chairman Carlson Question on revenue sheet you handed out. Looks like there is about \$6 million extra in revenues over budgeted in the Resources Trust Fund this biennium. Where did that \$6 million go?

Dave Laschkewitsch It didn't go anywhere. That money will be carried over and in the balances of the trust fund. Further explained handout #2.

Chairman Carlson Is all the money in the Resources Trust Fund spent every year?

Dave Laschkewitsch We try to. As \$40 million of projects carry over, \$40 million of revenue carries over.

Chairman Carlson So the revenue is normally about \$16.7 million, it just shows more because you are carrying money forward.

Dave Laschkewitsch That's correct. Actually using that \$60 million of bonds proceeds to pay back that Trust Fund.

Chairman Carlson So the real money is about \$16 million a biennium that flows in the Resource Trust Fund.

Dave Laschkewitsch That is what is projected for this biennium.

Chairman Carlson But that doesn't count the extra \$7 million that Joe is talking about.

Dave Laschkewitsch No, it does not.

Sen. Fischer Problem with managing water project is the timing. When this budget is set up, you list project that you hope will come to completion. You go to work as soon as you can, but the permitting or dealing with federal government gets pretty complicated. That is where it is almost impossible for Dave to tell you exactly what he is going to spend on and when. When this budget is set up, it is a project of what the scenario is going to be and not all of that will come true. Need to keep this in mind in putting this together.

Dave Laschkewitsch Started this budget a year ago. Trying to guess what is going to happen in the next eighteen months. Projects not statutory.

Chairman Carlson Numbers look a lot better when you go back to the \$60 million and the \$8 million transfer.

Rep. Skarphol \$60 million worth of bonds, what is that going to cost us over the lifetime?

Proposed 2005 net debt service, is that it

Dave Laschkewitsch If you were to total that up, roughly \$120 million.

Sen. Robinson On estimated coverage, could you walk through that again. I noticed on 2006, 2007 and 2008 year end fiscal years we are at 1.20% and then we jump. We are at 1.20% at all years with 1021 as it comes out of Senate.

Dave Laschkewitsch Have to borrow bond proceeds to make the interest payments for the first three years, because I don't have enough money to stay at that 80% coverage rate. That is the scenario for all of them. Bond companies will not allow you to make you payments 100% of your estimated revenues. They only let you go to 80%.

Sen. Robinson Only like that for the first three years of each scenario, right?

Dave Laschkewitsch That's right.

Sen. Robinson 1.20% coverage, what does that represent?

Dave Laschkewitsch That we have committed no more than 80% of the revenue stream.

Rep. Skarphol What are you able to bond next time?

Dave Laschkewitsch That depends on what the legislature does with our operating funding.

Every time you put \$2 million into our operations, it frees up \$2 million in the trust fund, you can roughly bond \$14 million for.,

Sen. Robinson Off the top of your head, where would we be if we had not gone down this road?

Dave Laschkewitsch I have boned at this time \$27.5 million. There has been roughly \$20 million for operations, so I would have been \$7 million deficit at this time. Would not have been able to afford all these project.

Sen. Robinson There is a cost for everything we do and we had few choices in 2001, we have some choices today.

Sen. Glassheim If you had \$10 million more, you'd be able to bond an extra \$110 million or more.

Dave Laschkewitsch At some point you do run out of revenue stream we have but yes, it would be able to support a lot more.

Chairman Carlson When did we start to process of bonding for water projects?

Dave Laschkewitsch 2001.

Chairman Carlson That's when we were beginning to receive our first tobacco settlement dollars?

Dave Laschkewitsch That's what we bonded against.

Chairman Carlson Prior to that we were paying cash for our water projects?

Dave Laschkewitsch Yes, that's correct.

Chairman Carlson Interesting how we've changed, now we don't think \$74 million is not enough.

Sen. Fischer That is the same time we took money out of the Water Development Trust Fund to fund the Water Commission. So there is \$10 million in 2001 when the bonding, that was also by the Legislature, was taken out to fund the administration.

Chairman Carlson Where does that \$500,000 for Nelson County fall into the totals?

Dave Laschkewitsch It is in the \$74 million. It does not increase our budget any it would just be projects. It would probably come out of one of the general water categories of the handout.

Chairman Carlson Money to pay cash for that?

Dave Laschkewitsch We put bond proceeds, Resources Trust Fund and Water Development Trust Fund moneys all together and come up with that \$83 million.

Chairman Carlson Still have some concerns about long range feasibility of future projects when we bond like this.

Dave Laschkewitsch We don't use the Resources Trust Fund to bond against.

Chairman Carlson Adjourned hearing on HB1021.

2005 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB1021

House Government Performance Division

☒ Conference Committee

Hearing Date April 13, 2005


Tape Number
1

Side A

Side B
X

Meter #
967-2680

Committee Clerk Signature



Minutes: **Chair Carlson** opened conference committee hearing on HB 1021.

Sen. Fisher: We have not come to any conclusions when we left the last meeting.

Chair Carlson: I asked OMB, in the Resources Trust fund, funded by oil dollars, I asked them if based on regional projections as they built their budget if they anticipated any more money being in that fund, because of the price of oil being higher. There assumption is that there would be approximately 6.1 million dollars more than the current amount estimated based on the March 05 revenue forecast. That would be 6.1 million dollars that would be available, however, it would not all be in there until the end of the biennium. The Resources Trust Fund is used for the cash portion for paying for projects, they do not bond off of the Resources Trust Fund. Originally, it said 7 million, and when they recalculated everything they calculated it at 6.1, and that still is based on some rather low oil projections in terms of price. It was 35.18 a barrel in 06, and 29 dollars a barrel in 07.

Joe Morissette, OMB: That's the projections in the Executive budget in the revised March forecast. The 6.1 is based on what we actually received in December, January, February, March, and oil prices at that time were around 40 dollars a barrel.

Chair Carlson: I have the same concerns how we are just absolutely at the bonding limit, and we're not leaving ourselves any room for next time. I haven't changed my thought on that when I looked at the bond figures provided to us yesterday. This still is the best scenario for in terms of having some money left, it still when your at the 60 million that's been bonded, and the 8 million transfer, in other words taking 2 million of general fund dollar and putting back in there. The 74 million with the 8 million dollar transfer maxes this out forever. I'm still struggling with the fact that we're taking and we're not leaving ourselves anything for the future.

Sen. Fisher: As far as the Lake Agassiz project in total, we're going to have to rely on the federal government to help us out there, in reality, that project in total could be as much as 2 billion dollars. That's providing for water part in the northwestern, and part of it water to the east. I don't know if that's necessarily the scenario.

Sen. Robinson: I can appreciate your concern regarding the limit we find ourselves with in the Senate version of 1021. It's not like where we were prior to the tobacco money. We had the bump, and we know we are committing those dollars for a number of worthwhile projects across the state, and if we hadn't had the tobacco money, there would have been a significant number of projects statewide that we wouldn't be doing. I think the package is one that is not only good, I think it's an important one at this point in time for the entire state.

Chair Carlson: What's going to be your plan next time if another 30 million dollars worth of projects comes along for whatever reason? How are you going to fund them?

Sen. Fisher: That's something that we'd have to resolve at the time.

Chair Carlson: So, all the projects that are being funded, if we had an extra 6 million dollars worth of cash, what would we pay off?

Sen. Fisher: Obviously, general water management in the big projects would be difficult to fund. The shares and the dollars we are putting into some of the major projects would not make them possible, because we wouldn't be able to fund enough of one in a biennium to accomplish much of anything.

Chair Carlson: If you look at the extra 14 million or 13.6, it's 2.1 for Grand Forks, 4.0 for Fargo, 2.5 for MR&I, and 5 million for the SW Pipeline. If you were given the option and you said that you had this 6.1 million dollars that you anticipated, what would you pay for out of that project with cash instead of bonding it?

Sen. Fisher: Today, Grand Forks.

Chair Carlson: Why would that be the first priority when they've already gotten their full 52 million?

Sen. Fisher: It would be a finished project, it would drop off, it would protect a city of 50,000 people, and I think it would be irresponsible not to complete that project.

Sen. Robinson: At a time when we have the budget projections we have, this should be the time that we fund that out of the general fund money completely. We would free up significant dollars for water projects if we would make that move, and we lost ground, because of the action of the 2001 Legislature.

Chair Carlson: The only point I have full agreement with you is if you're going to bond, now is a good time to do it, because the interest rates are very favorable.

Sen. Fisher: I'm not sure that if it wasn't a favorable sell for bonds, that the 14 million would be there. The projects started there, the rates are favorable, and therefore we felt as though it was in the best interest of the projects to the people of ND to do it that way now.

Chair Carlson: It is also my understanding that there is already 7.5 million dollars already in the 60 million for Grand Forks, and 8.6 million is already in the 60 million for Fargo. Am I correct on those numbers?

Dave Laschkewitsch: You are correct that we have those dollars earmarked in the current budget without that 14 million dollars.

Chair Carlson: Is there any money in there in that 60 million for SW Pipeline?

Dave: There would be 2.6 million dollars.

Chair Carlson: How about for the MR&I?

Dave: 2.5 million dollars.

Chair Carlson: What does the MR&I do?

Todd Sando: This 2.5 million is to help with south-central, north-central to help them get started in their projects. Their projects are actually 10's of millions of dollars, and this would be just to get these projects up and going.

Chair Carlson: They'll be here next time for bonding do you assume?

Todd: They're going to be looking for more funding.

Chair Carlson: I need information on some of the water projects and the fact that there's some changes being made in the federal level right now, and that there's 40 million being made available to the state. Do you know anything about that?

Todd: Right now, a lot of our water leaders are in DC this week trying to lobby for more funds. Our Senator's are trying to get more money to get the Grand Forks project complete, and then additional funds for MR&I. If we could get 35 million to complete Grand Forks in federal funds this year, that money could be available for MR&I next year.

Rep. Skarphol: That 35 million is needed in addition to what's being asked for in the supplemental appropriation here?

Todd: That's the federal share of the cost share.

Rep. Skarphol: The MR&I project that you refer to in the central part of the state, are they going to be configured similar to SW Water, where they're going to bring revenue producing bonds? Have they put in any up front in cash, or is it configured very similar to SW Water where they're going to be generating money for the general fund, because of the user fees paid.

Dave: My understanding is that no, we're looking at making those grants to them. They would put in local share, they would not be repaying.

Sen. Robinson: Would you give us a breakdown of the additional coverage and allocation, an the 14 million, where that 14 millions going to go. I'm thinking some of it goes to SW, but could you give us that breakdown?

Chair Carlson: 2.1 to Grand Forks Flood Control, 4.0 to Fargo Flood Control, 2.5 to MR&I, which would be for the projects in the central part of the state, and 5 million to SW Pipeline.

Rep. Skarphol: In your estimation, the 60 million dollars, how much of that holds some potential, and not need to be expended in this biennium? Is there any of it, or do you anticipate all of it being expended?

Dave: I anticipate all 60 being expended this biennium. The majority of that money will be expended in the current biennium we are in before June 30. The majority of it is already expended. What little that is left, will be expended very quickly in the next biennium.

Adjourned Conference Committee Hearing.

2005 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB1021

House Government Performance Division

☒ Conference Committee

Hearing Date April 14, 2005

Tape Number
1

Side A
X

Side B

Meter #
3020-5450

Committee Clerk Signature 

Minutes: **Chair Carlson** opened conference committee hearing on HB 1021.

Chair Carlson: Let's talk about bonding, and what level to bond. Let's talk about levels of funding, because I believe it's the job of the Water Commission to decide what's going to get funded, and when. I'm still not comfortable with spending all the money. I don't think it's appropriate for us to not leave any significant room for future projects. We know we're at 60 million and I'll even concede some amount of money should go back and be funded out of the general fund.

Sen. Fisher: Your not uncomfortable with the general fund dollars that are in there, you want to add to that?

Chair Carlson: Actually, your bill went back to the 2 million dollar level. It could be more or less, we'd probably have a little trouble on the floor if it was more.

Sen. Fisher: What's your comfort level on the bonding?

Chair Carlson: I'm still uncomfortable at 74 million. I think we're pushing the envelope to hard at 74 million. When it says we're against the wall, I'm just not comfortable with that.

Sen. Fisher: How much less would you be comfortable with? I've told you I'm comfortable with 10 million. That's over 1/3 of it.

Rep. Glassheim: In terms of your general heartburn, it does seem like we heard there's 6 million additional from what we anticipated in the Resources Trust Fund. That's probably low also, but it's at least 6 million, given the oil prices. Also, there's 3 million for the biennium, additional remaining in the Water Development Trust Fund, because even though the coverage is 1.2, once you have the coverage you can still spend the million, million and a half available each year remaining in that. So, you have 3 million dollars more in there. I'm also informed for water projects at the federal level. Once the Grand Forks project is off the table, there'll be significantly more federal water dollars available for ND than there are now, because it's again been taken up by completing the Grand Forks project. I have less heartburn about what's left over and available in the next biennium for water projects we don't know about now.

Rep. Skarphol: Who manages that money that comes in from the federal government? Is that the Water Commission that decides how to disperse those dollars?

Dale Frink, ND State Water Commission: The money coming in from the federal government comes in on a project by project basis.

Rep. Skarphol: So, as a state we have no participation in how those funds are utilized other than to approve them?

Dale: In those cases. In the case like NAS and SW Pipeline, those are safe projects, and therefore they come through the budget of the State Water Commission.

Rep. Skarphol: They're still designated to specific projects?

Dale: They're designated, and are part of MR&I, then we decide how much of that portion goes to NAS or to SW Pipeline. Whatever we decide, that will come through the State Water Commission Budget.

Rep. Skarphol: Either you get the money under MR&I and you get to decide how its dispersed, or the federal government tells you how its dispersed. I need to know which it is.

Dale: Let's say we get 10 million dollars for MR&I in a given year. That money goes from the Bureau of Reclamation to the Garrison Diversion Conservancy District. Then the State Water Commission and the Garrison Conservancy District will decide how that money is spent. If it's a non state project, then those funds would flow directly from the sea district to the city of Williston or to those individuals. If on that 10 million we say 2 million to Williston, 2 million to Ramsey County, 4 million to NAS, the 4 million for NAS would go into the Water Commission's budget, because that is a State of ND project. It comes through the State Water Commission only when it's a state project.

Chair Carlson: Is there any money that goes to the tribes, and how does that flow through?

Dale: Tribes are generated again through the Garrison Diversion Project, but those projects the money goes from the Bureau of Reclamation and they administer directly with the tribes. The state and the sea district don't get directly involved with those.

Chair Carlson: So, we're not involved with any water projects on the reservations, because they are receiving their own funds, or how does that work?

Dale: There isn't any approval or anything like that on those.

Rep. Skarphol: Has the Dakota Water Resources Act in any way been influenced by the tribes ability to influence the thing? Does the tribe bring a strength to the table that gets us more dollars to potentially utilize in the State of ND?

Dale: The tribes were instrumental in getting Dakota Water Resources Act passed in the first place. One of the issues that we do have is if we split the money, the total pot is split between the state and the tribes. We're hoping to get that number increased, but there is a split at that point.

Chair Carlson: What do you mean by increased?

Dale: When Grand Forks Flood Control, I think next year the projection is at 35 million federal dollars will go to Grand Forks Flood Control, and that's both Grand Forks and East Grand Forks, Minnesota. The hope is that we're going to be able to slide some of those dollars to some other projects like possibly MR&I.

Chair Carlson: Is there any more federal money coming for projects this year, in addition to what you were aware of when this budget was prepared?

Dale: At this point, we're not aware of any.

Rep. Skarphol: With her involvement with the Dakota Resources Act at the federal level, I would like Rep. Charging to take the podium and share some things with us.

Rep. Dawn Marie Charging, District 4: When the 50% comes, as you know DWRA has not been funded, appropriated but not funded. When it does, it's 50/50, and Bureau of Reclamation then takes over that portion. The State Water Commission has not funded any to the tribes as of today, although there has been a tobacco settlement money that is used. Furthermore, BOR then looks at the tribes, meaning all 5 tribes, and they decide upon who has the best capacity or

capability. We did go to Washington and had a meeting with OMB trying to release some of that money. I certainly think there is a lot of strength for the tribe and the state to lobby harder for that funding.

Rep. Skarphol: On the 3 million that the three affiliated tribes borrowed, is there a required match then? Is that match a certain level of federal contribution?

Rep. Charging: It's a loan grant guarantee program, so it's a loan.

Chair Carlson: I know the SW Pipeline has a full court press on for getting water to continue on their project, even though there's an additional 2.5 million this time in the 60 million dollars for it. How much do we anticipate if we bond for 70 million dollars, how much of that money would get used in the next biennium?

Dave Laschkewitsch, ND State Water Commission: All of the bond proceeds would be used. There would probably be some money left in the trust funds, the cash money.

Chair Carlson: Say there is additional revenue that comes into the 6 million, do you have the authority to spend that, or do we have to grant that authority?

Dave: In our previous budget, you had to grant the authority. There is language in this one, I believe, that any excess money that comes in is appropriated. I believe we would have the authority to use the money.

Sen. Robinson: I would support the comments made by Sen. Fisher on this budget, if that could resolve the differences between the House and the Senate. I would hope that with our financial situation and what it is, that we at least consider the 2 million dollars, and not back off from that. The bonding level at 70 is somewhat less than we wanted, somewhat more than the House wanted, I think it's an appropriate figure we can live with and move forward.

Dave: We will always have the Resources Trust Fund, or that 16.7 million you talked about.

We do not plan to ever commit any of those dollars to bond payments.

Chair Carlson: Does the 2 million dollars that you took from the general fund, is that reflected in our current numbers as we review the budget?

Sen. Fisher: Yes.

Adjourned Conference Committee Hearing.

2005 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB1021

House Government Performance Division

☒ Conference Committee

Hearing Date April 18, 2005

Tape Number

1

Side A


X

Side B

Meter #

2490-3824

Committee Clerk Signature



Minutes: **Chair Carlson** opened conference committee hearing on HB 1021.

Sen. Fisher: Overview of amendment. (SEE AMENDMENT 58044.0204)

Chair Carlson: How do you pick which projects are going to get funded?

Sen. Fisher: The commission has the final say over the projects that get funded. What we've done is we reduced 4 million dollars for bonding, otherwise the bill remains the same.

Sen. Holmberg: How similar is this language about administrative expenses that we've had in the past?

Sen. Fisher: That was in last biennium's bill, two biennium's ago it started. This is the portion where I thought we should put we really mean it this time.

Rep. Skarphol: Section 13, that \$500,000, where does that come from?

Sen. Fisher: It's the legislative intent that out of the funds made available to the Water Commission, that \$500,000 come out for Nelson County.

Rep. Skarphol: Tell me about the \$246,312 in footnote 3 and 4.

Daye Laschkewitsch, County Manager, State Water Commission: When we submitted our budget originally, we submitted our budget using general funding. The Office of Management and Budget changed that to a special funded amount with 2.1 million dollars of general fund, but they changed all out other expenditures to a special fund. When we went to the House, they took and turned us all back to general fund with a transfer. When we made that calculation as to what that amount should have been, there was a \$200,000 error in preparing that. So, there isn't any extra money, it just should have been general fund, and wasn't, so that was corrected in the Senate.

Chair Carlson: So, you can't do without the \$246,000?

Dave: In essence, what the \$246,000 did is you increased the amount that was transferred, and you increased the amount that was general funded, so it washes out. We added the \$200,000 as general fund, and then you took it away and you transferred it out of special, so you didn't increase our appropriation at all, you just corrected the funding.

Rep. Glassheim: Is the total amount higher by \$250,000 in the Governor's budget?

Dave: It is not changed. It is purely a funding change, a funding source change. There is no increase in the budget at all.

Chair Carlson: On the Resources Trust Fund, do we appropriate a specific number from there that they can use for projects?

Don Wolff, Legislative Council: Yes we do.

Chair Carlson: So, if there was additional money in that fund that we allowed them to use, would we need language to say that?

Don: That's already in there. It was in there as introduced by the Governor.

Sen. Fisher: I'd like to move the amendment 58044.0204.

Sen. Robinson: Second.

Roll call vote, motion failed.

Chair Carlson: I still have the same concerns I had before, that we're absolutely at the wall on our bonding limit. I think there's a common ground we can find with the number. I appreciate the fact that the Water Commission can decide where the money's going to go, I don't believe under ideal conditions they'd spend every dollar of the 70 million, or have it spent the next biennium. They might have it committed, but I doubt spent. We are allowing them to access at least 6 million dollars of more money to pay cash for projects, so I'm still kind of hung up on the fact that we're into having absolutely no bonding authority, or very little, but we basically spent the tobacco money.

Sen. Fisher: If you remember this 31 million dollars with this proposal will have been taken out of the Water Development Trust Fund to be put in other places. To even think about replacing that, if we took that out of the budgets and put the 31 million in here in cash, we wouldn't be asking for the 10 million dollars in bonding. So, I hope you consider that between now and the next time we meet.

Chair Carlson: We'll come back tomorrow, and we'll bring some amendments with us to see if we can get a final resolution to this problem.

Adjourned Conference Committee Hearing.

2005 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB1021

House Government Performance Division

☒ Conference Committee

Hearing Date April 19, 2005

Tape Number
1

Side A
X

Side B

Meter #
2817-4947

Committee Clerk Signature



Minutes: **Chair Carlson** opened conference committee hearing on HB 1021.

Chair Carlson: I need you to go to the Governor's proposal, and tell me what that was on water. How much was out of the general fund, and how much was the bonding total?

Dale Frink, State Engineer: The Governor's proposal was to give us 2 million 63,000 of general fund dollars for administrative. The bonding was 60 million, and that is exactly what passed.

Chair Carlson: The Governor's money was directly appropriated, so I'm just trying to understand his mechanics compared to ours. Otherwise, it appears when you look at the budget, that we spent \$9 million more than the Governor did.

Don Wolff, Legislative Council: Overview of amendment. (SEE AMENDMENT 58044.0205)

Sen. Fisher: So in essence, what you're doing is cutting the request in half, without any other changes.

Chair Carlson: I still have my concerns about the bonding limit, but I thought that there was two options for them. The language allows them to spend any additional money that may come, even though it's late in the biennium, it allows them an extra 6 to 7 million dollars of cash for projects, and it allows them to have 7 million dollars more in bonding, and it takes half of the money from the general fund. This allows more projects to go forward in my estimation.

Rep. Skarphol: The amendment that is proposed by Rep. Carlson does not transfer the money in the same fashion as the Governor's budget. Is that correct?

Don: That's correct.

Rep. Skarphol: So, if we wanted to follow the same pattern as the Governor's budget, we would transfer that 9 million directly, rather than through the general fund?

Don: With the Governor's recommendation, it provided a general fund appropriation for the 2 million dollars, and it provided for administrative expenses to be paid directly out of the Water Development Trust Fund.

Rep. Skarphol: So, we would not transfer money out of the Water Development Trust Fund, we would just provide that 9 million out of that fund be used for administrative costs.

Don: Correct.

Rep. Skarphol: So, if we wanted to do that, this amendment would have to be changed in that regard?

Don: That's correct. I believe there might also have to be some sort of adjustments relating to audit fees, legal fees, and rent to OMB, because as a general fund agency, as they are right now, they don't have to pay those costs.

Rep. Skarphol: If we were to leave the million, does that change anything?

Don: Are you saying if we change it back to 1 million dollars general fund, and 9 million directly from the Water Development Trust Fund?

Rep. Skarphol: Right.

Don: That would make them primarily a special fund agency, and so they would have to have some adjustments to pay for those costs they wouldn't have to pay for as a general fund agency, which they are right now.

Chair Carlson: How much would that amount to?

Dave Laschkewitsch: Last biennium, we went through this. I have not calculated it this biennium, but I was thinking it was around \$600,000. What happens as a general fund agency, we do not have to pay facility management for the rent of our building. As a special funded agency, we would have to pay for the rent of the building we're in. That was one of the reasons for the transfer mechanism that was instituted.

Sen. Robinson: Could we ask you, to the best of your ability, to talk to us about the implications of these amendments on projects.

Joe Morrisette, OMB: I don't have a current number for this biennium either, but I just looked back at last biennium's, and the number was \$547,000 that was added for audit, legal, and rent fees.

Chair Carlson: So, if we leave them where we transferred all over, and then fund it back, we don't have that \$547,000 cost.

Dale: If you go from the 14 million, obviously you're going to 7, and then you lose 1, so you're actually talking about 8 million dollars. The proposal is 2.1 million for Grand Forks, 4.0 for Fargo, 2.5 million for MR&I, and 5 million for SW Pipeline. That was the Water Coalition's

plan. Of that portion, Fargo has indicated that they probably won't spend that amount of money, but I believe the others certainly can. If we allocate the money to the other projects there, they will spend it. What I'm guessing is that we'd probably take a look at those projects along with the others that were listed in the original proposal, and we'll spend what we have. SW Pipeline, I would guess, would have to receive less than 5 million than this proposal here.

Sen. Robinson: The figures you gave us are in the additional above and beyond the \$60 million. In the \$60 million, how much do we have for Grand Forks?

Chair Carlson: 7.5 million, Fargo Flood is 8.6 million, MR&I is 2.5 million, and SW Pipeline is 2.6 million.

Rep. Glassheim: It shows how far behind we were, how great the needs are, and how poor the state is and was without the federal money coming in.

Dale: I think an important point, in the last several years, we've had several projects that have been held up for various reasons forever. Maple River Dam, for example, we applied for a permit in 1993, or 1994, or 1995, and it took 10 years to get it. We have got a lot of projects that were kind of on the fence, and we've got them moving.

Rep. Glassheim: Is your proposal that the 7 million can be bonded, but that additional money that comes into the Water Resources Fund is going to be used for these same purposes, assuming oil prices stay up as 4, 5 or 6 million additional may become available that they can be used?

Chair Carlson: That's the language if I understand in the bill that says that money, if available, can be used. It says any additional amount in the Resources Trust Fund that becomes available is appropriated to State Water Commission for the purpose of defraying expenses at that agency for the biennium 05/07. Then it talks about the Water Development Trust Fund, that says any

additional water development amount in the Water Development Trust Fund becomes available as appropriated. So, they have the ability if there were any other money in either of those accounts, they can use it.

Rep. Glassheim: I have not prepared an amendment, but I have been thinking of something to the affect of when the Water Resources Trust Fund goes over the amount anticipated, that perhaps 1 million dollars could be taken out of that fund to pay expenses, thereby relieving the general fund. Then, going up to the 10 million dollars worth of bonding would still be available. Again, we anticipate if not the full 7 million, we certainly anticipate 1 or 2 or 3 additional coming in.

Dave: By taking an extra million dollars out of the Trust Fund and transferring it to the general fund, that does take a million dollar hit on the projects.

Adjourned Conference Committee Hearing.

2005 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB1021

House Government Performance Division

☒ Conference Committee

Hearing Date April 20, 2005

Tape Number	Side A	Side B	Meter #
1	X		1-1141

Committee Clerk Signature



Minutes: **Chair Carlson** opened conference committee hearing on HB 1021.

Don Wolff, Legislative Council: Overview of amendment. (SEE AMENDMENT 58044.0206)

Chair Carlson: There's been some discussion, Sen. Fisher, I know you had some discussion about some expenditures.

Sen. Fisher: Rep. Skarphol and I discussed the fact that that would no longer be a general fund agency, because of the funding mechanism. There would be some concerns there, and they would have to pay back the \$547,000. If that's done, it has to be done out of general fund appropriations which would come out of the 1 million. That would reduce the bonding authority, or literally take it out, because you'd have less than 500,000 remaining.

Rep. Skarphol: When the Governor's office was preparing this budget, they had a discussion about this potential \$547,000, and the director of OMB told me that in their discussions they concluded that \$547,000 could be absorbed out of the increased oil revenue flowing into the

Resources Trust Fund. That's why they didn't appropriate the \$547,000 in general funds in the Governor's budget. It was their consensus that the \$547,000 would just have to come out of agency dollars flowing into the Resources Trust Fund, oil revenue flowing into the Resources Trust Fund.

Sen. Fisher: The fact of the matter is they can't use that money for that.

Dave Laschkewitsch: The Resources Trust Fund is very specific about what it can be used for, it's project related. You would be paying administrative costs out of it, and you would need to change the law to allow that.

Rep. Skarphol: So, the bonding proceeds cannot be used for anything?

Dave: Bonding. There's different criteria for the Resources Trust Fund, and the Water Development Trust Fund. We have to be pretty careful about which fund we're paying what out of.

Rep. Skarphol: It was the sense of the Governor's office that it was not problematic?

Dave: Have you found OMB to be correct 100% of the time.

Chair Carlson: What's problematic to me is when the budget came to us, there was 2 million dollars that was taken out of the general fund, and the remainder was taken out of the Trust Fund. We made it a full transfer when we had the bill, and then funded it back. Not once was there a mention of \$547,000 being a problem, because of the other direction of the money.

Dave: It wasn't. The agency was aware of it.

Chair Carlson: You didn't know we were going to alter it, and you didn't bring it to our attention. Now that it's brought to our attention, it's a problem.

Sen. Fisher: It's always been a problem, but it was never discussed.

Chair Carlson: Tell me how it takes us out of any bonding of that extra 7 million dollars. How does that happen?

Dave: In essence, the money would have to be expended out of the Water Development Trust Fund at least as things currently are. Right now you've reduced the amount available. We were going to take 8 million out of there, we would now be taking 9 million out. The extra 500,000 would come out of theirs, there would be 9.5 million out of there. You're continuing to reduce the revenue stream, and you are eliminating it's ability to pay bonds, or to make the payments.

Dale Frink: It really gets down to that factor of 7. When we had 2 million we thought we could take 7 times and get 14. When you cut it to 1, you can still take 7 times it and you get the 7 million. If you cut it to \$450,000, you could take that times 7, and you're down to maybe 3 million. So, it's still that factor of 7.

Rep. Skarphol: If you don't have 7 and 1, you don't have 14 and 2, quite frankly.

Dale: In the Governor's budget, it was only for 60 million, so you didn't need the 2 million or the 1.5 million.

Chair Carlson: When it came to us at 2 and 74, you didn't have it.

Dale: You put in the 14 million, and made the transfer at the same time.

Chair Carlson: To me the solution is the million 547,000, the rest out of the Water Trust Fund keeps your numbers.

Sen. Fisher: To appropriate to them a million 547,000 in general funds.

Chair Carlson: Well, if what they're saying is true, and the bond council isn't here to tell us whether we could do it that way or not, or we could go back to the 60, skip the 7.

Don Wolff: Overview of amendment. (SEE AMENDMENT 58044.0207)

Chair Carlson: Can we take money ut of that account?

Don: Yes, you can.

Chair Carlson: Why can't you appropriate \$547,000 out of there for that number?

Rep. Glassheim: You'd have to change the law. You have to change current law to do it.

Dale: I believe there's a constitutional restriction on the Resources Trust Fund. It prohibits it for using it for administration.

Chair Carlson: If it goes to the general fund and we appropriate general fund dollars back, you can't tell me you can follow the general fund dollars. That's how you lost a little money one time was when we appropriated over an amount, and gave it all back.

Rep. Glassheim: Is it constitutionally protected, or just law?

Dale: It's constitutionally protected, but I don't know if it protects against that.

Chair Carlson: Is that a hang-up on these amendments, the \$547,000?

Sen. Fisher: Yes. The amendment that you offered the other day, we would concur with that.

Chair Carlson: We'll meet later this afternoon, and try and wrap this up. We'll come back with some answers as to how the funds can properly be transferred or used, so we're not wasting everybody's time here.

Adjourned Conference Committee Hearing.

2005 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB1021

House Government Performance Division

☒ Conference Committee

Hearing Date April 21, 2005

Tape Number
1

Side A
X

Side B

Meter #
1-950

Committee Clerk Signature 

Minutes: **Chair Carlson** opened conference committee hearing on HB 1021.

Don Wolff, Legislative Council: Overview of amendment. (SEE AMENDMENT 58044.0208)

Chair Carlson: My understanding is that saves that \$542,000 from being expended.

Sen. Robinson: Was that the only change from our version yesterday?

Chair Carlson: This is the only change.

Rep. Skarphol: The increase in funding from the Water Development Trust Fund, does that have any net effect on their ability to pay for projects? Is that 5.1 million an addition to what we passed out of the House?

Don: What we're doing is they had a section in there where it stated that they could spend so much that was available from the Water Development Trust Fund or the Resources Trust Fund. This simply just gave them, in the bill itself, the appropriation for what is anticipated to be available from the Water Development Trust Fund, and the Resources Trust Fund.

Dave Laschkewitsch: I believe this is simply carried over money of projects that we already have committed. We aren't really out this biennium, but the project will remain committed just to pay it.

Sen. Robinson: Just for clarification purposes, the \$500,000 dollars for Nelson County, and I'm supportive of that, how does that work from an administrative standpoint? Do they provide a request for reimbursement based on a number of projects?

Dave: That is correct. Nelson County will select, or find some projects that would be eligible for reimbursement, and we would take it out of our general water.

Sen. Robinson: So, that could happen this fall?

Dave: Yes.

Rep. Glassheim: Are you authorized to spend additional money from the Resources Trust Fund, should it come in?

Don: If you look at the original bill, that was included in with the executive recommendation. There's two sections, one for the Water Development Trust Fund, one for the Resources Trust Fund, and I believe it's sections 4 and 5, the last sentence in each of those two sections.

Dave: I have one additional issue, I have some concerns with the cash flowing of the way this will operate. I just received my 10 million dollars from the tobacco money two days ago. Of that 10 million, I currently owe 5 million to OMB, and I was planning on not spending any of the other, I was going to carry that over. I will need that to make my bond payments, up until I get my next 10 million which will be the end of next fiscal year. With the way you have moved us to special funds, I will at the end of the year be able to afford it, but for the first part of the year until I get my next lump of my tobacco money, I don't have any money to pay my operation cost,

which if you cut them in half, it'll be about 4.5 million. Can you create language so that I can borrow that. I do have a line of credit, but I'd rather not borrow it from the bank.

Chair Carlson: What is different from what you've done in the past, you still wait for your tobacco money?

Dave: In the past I have spent general fund money, and that is what I'm trying to describe to you is I spend the general fund money when I get it, that's why I owe OMB 5 million dollars out of the 10 million I just got. At the end of the year I pay them, so I get to use general fund money up front. You didn't do it this time, so I don't have the ability to use the general fund money, unless you were to put something in.

Sen. Robinson: Can we not put language on this amendment that would authorize them to continue to borrow from OMB, and continue to reimburse once the payment is made.

Chair Carlson: It's all the same money.

Don: It's been done in the past, where you can borrow a short term loan from the general fund, which would have to be paid back as soon as the tobacco settlement money comes in. I know the Office of Management and Budget doesn't like to borrow from the general fund, but it has been done before.

Chair Carlson: It's all the same money, and it's all going to get paid back whatever their language is to allow them to do their operating. I don't have any trouble with that.

Don: It might be a good idea to put a limit on it, up to \$5 million dollars.

Dave: We've been using 10 million all along, so I should only need to borrow one year of it.

Chair Carlson: We'll do language up to 5 million.

Lori, OMB: I'm checking with the County Department to see how that works with the new peoplesoft system.

Chair Carlson: I'd like to have them include that they have the ability to borrow subject to language of repayment, where it comes from, and how you repay it, obviously the tobacco dollars.

Rep. Skarphol: If it's a problem with the general fund, I would submit there should be some other money pools laying around, for example, the Permanent Oil Tax Trust Fund, it could be borrowed from and paid back to possibly. I would move amendment 0208 with that provision that language be incorporated.

Sen. Fisher: Second.

Roll call vote. HB 1021 is a do pass, as amended.

Adjourned Conference Committee Hearing.

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1021

That the Senate recede from its amendments as printed on pages 1653 and 1654 of the House Journal and pages 1294-1296 of the Senate Journal and that Engrossed House Bill No. 1021 be amended as follows:

Page 1, line 4, after the semicolon insert "to provide legislative intent; to provide water commission authority to issue bonds;"

Page 1, line 19, replace "94,276" with "92,903"

Page 1, line 20, replace "(47,204,774)" with "(33,963,759)"

Page 1, line 21, replace "(\$47,110,498)" with "(\$33,870,856)"

Page 1, line 22, replace "(47,544,575)" with "(34,540,887)"

Page 1, line 23, replace "434,077" with "670,031"

Page 2, line 6, replace "2,170,511" with "2,169,138"

Page 2, line 7, replace "110,577,845" with "123,818,860"

Page 2, line 8, replace "112,748,356" with "125,987,998"

Page 2, line 9, replace "102,928,883" with "115,932,571"

Page 2, line 10, replace "9,819,473" with "10,055,427"

Page 2, line 12, replace "\$52,863,116" with "\$54,013,116"

Page 2, line 20, replace "\$15,044,400" with "\$20,908,446"

Page 5, after line 31, insert:

"SECTION 12. LEGISLATIVE INTENT - ADMINISTRATIVE EXPENSES. It is the intent of the fifty-ninth legislative assembly that the use of water development trust fund moneys as a source of funding for state water commission administrative expenses be reduced during the 2007-09 biennium and discontinued as a source thereafter.

SECTION 13. LEGISLATIVE INTENT - NELSON COUNTY INFRASTRUCTURE. It is the intent of the fifty-ninth legislative assembly that the state water commission provide up to \$500,000 for water-related damage to infrastructure in Nelson County."

Page 6, line 3, replace "\$9,819,473" with "\$9,055,427"

"SECTION 15. BONDING AUTHORITY - WATER PROJECTS. In addition to the \$60,000,000 of bonding authority authorized in section 61-02.1-02.1, the state water commission may issue an additional amount of bonds not to exceed \$7,000,000 plus the costs of issuance of the bonds, capitalized interest, and reasonably required reserves during the biennium beginning July 1, 2005, and ending June 30, 2007. The repayment provision of the additional \$7,000,000 bond issuance is to be the same as the \$60,000,000 bond issuance as provided for in section 61-02.1-02.1."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1021 - Water Commission - Conference Committee Action

	EXECUTIVE BUDGET	HOUSE VERSION	CONFERENCE COMMITTEE CHANGES	CONFERENCE COMMITTEE VERSION	SENATE VERSION	COMPARISON TO SENATE
Administrative and support services	\$2,176,060	\$2,170,511	(\$1,373)	\$2,169,138	\$2,169,138	
Water and atmospheric resources	110,611,774	110,577,845	13,241,015	123,818,860	130,818,860	(\$7,000,000)
Total all funds	\$112,787,834	\$112,748,356	\$13,239,642	\$125,987,998	\$132,987,998	(\$7,000,000)
Less estimated income	110,724,477	102,928,883	13,003,688	115,932,571	122,932,571	(7,000,000)
General fund	\$2,063,357	\$9,819,473	\$235,954	\$10,055,427	\$10,055,427	\$0
FTE	84.00	84.00	0.00	84.00	84.00	0.00

Dept. 770 - Water Commission - Detail of Conference Committee Changes

	REDUCES RECOMMENDED FUNDING FOR HEALTH INSURANCE 1	INCREASES FUNDING FROM RESOURCES TRUST FUND 2	INCREASES FUNDING FROM WATER DEVELOPMENT TRUST FUND 3	ADJUSTS FUNDING FOR ADMINISTRATIVE EXPENSES 4	ADDS SPENDING AUTHORITY FOR WATER PROJECTS FROM BOND PROCEEDS 5	TOTAL CONFERENCE COMMITTEE CHANGES
Administrative and support services	(\$1,373)					(\$1,373)
Water and atmospheric resources	(8,985)	\$1,150,000	\$5,100,000		\$7,000,000	13,241,015
Total all funds	(\$10,358)	\$1,150,000	\$5,100,000	\$0	\$7,000,000	\$13,239,642
Less estimated income		1,150,000	5,100,000	(246,312)	7,000,000	13,003,688
General fund	(\$10,358)	\$0	\$0	\$246,312	\$0	\$235,954
FTE	0.00	0.00	0.00	0.00	0.00	0.00

1 This amendment reduces funding for state employee health insurance premiums from \$559.15 to \$553.95 per month.

2 The conference committee agreed with the Senate amendment to increase the spending authority from the resources trust fund, based on total anticipated available funding, for water projects from \$52,863,116 to \$54,013,116.

3 The conference committee agreed with the Senate amendment to increase spending authority by \$5,100,000 from the water development trust fund based on the anticipated amount available in the fund. The Senate version authorized a total of \$21,908,446 from the water development trust fund for water projects and bond payments. The conference committee version provided for the transfer from the water development trust fund to the general fund to be \$9,055,427, or \$1,000,000 more than the Senate version, thus reducing the total amount available for water projects and bond payments to \$20,908,446.

4 The conference committee agreed with the Senate amendment regarding funding of the State Water Commission administrative expenses from the general fund. This amendment adjusts total administrative expenses to reflect the total amount included in the executive budget recommendation. The total administrative expenses of the State Water Commission is \$10,055,427. The conference committee increased the transfer from the water development trust fund to \$9,055,427, or total administrative expenses less \$1,000,000. The Senate version provided for a transfer of \$8,055,427.

5 The conference committee authorized the State Water Commission to issue up to \$7 million in bonds, in addition to the \$60 million of authority included in House Bill No. 1153, for statewide water development projects. The Senate version authorized \$14 million in additional bonding authority.

The conference committee agreed with the Senate amendment adding an intent section that the administrative expenses of the State Water Commission be funded in the future from general fund moneys.

The conference committee agreed with the Senate amendment adding an intent section that up to \$500,000 be made available for water-related damages to infrastructure in Nelson County.

The House provided for an amount equal to the administrative expenses of the State Water Commission be transferred from the water development trust fund to the general fund. The Senate version reduced the transfer by \$2 million. The conference committee provided for a transfer to the general fund of \$1 million less than total administrative expenses, or \$9,055,427.

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1021

That the Senate recede from its amendments as printed on pages 1653 and 1654 of the House Journal and pages 1294-1296 of the Senate Journal and that Engrossed House Bill No. 1021 be amended as follows:

Page 1, line 4, replace "and to transfer funds from the water development trust fund to the general" with "to provide legislative intent; and to provide water commission authority to issue bonds."

Page 1, remove line 5

Page 1, line 19, replace "94,276" with "92,903"

Page 1, line 20, replace "(47,204,774)" with "(33,963,759)"

Page 1, line 21, replace "(\$47,110,498)" with "(\$33,870,856)"

Page 1, line 22, replace "(47,544,575)" with "(25,485,460)"

Page 1, line 23, replace "\$434,077" with "(\$8,385,396)"

Page 2, line 6, replace "2,170,511" with "2,169,138"

Page 2, line 7, replace "110,577,845" with "123,818,860"

Page 2, line 8, replace "112,748,356" with "125,987,998"

Page 2, line 9, replace "102,928,883" with "124,987,998"

Page 2, line 10, replace "9,819,473" with "1,000,000"

Page 2, line 12, replace "\$52,863,116" with "\$54,013,116"

Page 2, line 20, replace "\$15,044,400" with "\$29,963,873"

Page 6, replace lines 1 through 4 with:

"SECTION 12. LEGISLATIVE INTENT - ADMINISTRATIVE EXPENSES. It is the intent of the fifty-ninth legislative assembly that the use of water development trust fund moneys as a source of funding for state water commission administrative expenses be reduced during the 2007-09 biennium and discontinued as a source thereafter.

SECTION 13. LEGISLATIVE INTENT - NELSON COUNTY INFRASTRUCTURE. It is the intent of the fifty-ninth legislative assembly that the state water commission provide up to \$500,000 for water-related damage to infrastructure in Nelson County.

SECTION 14. BONDING AUTHORITY - WATER PROJECTS. In addition to the \$60,000,000 of bonding authority authorized in section 61-02.1-02.1, the state water commission may issue an additional amount of bonds not to exceed \$7,000,000 plus the costs of issuance of the bonds, capitalized interest, and reasonably required reserves during the biennium beginning July 1, 2005, and ending June 30, 2007. The repayment provision of the additional \$7,000,000 bond issuance is to be the same as the \$60,000,000 bond issuance as provided for in section 61-02.1-02.1."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1021 - Water Commission - Conference Committee Action

	EXECUTIVE BUDGET	HOUSE VERSION	CONFERENCE COMMITTEE CHANGES	CONFERENCE COMMITTEE VERSION	SENATE VERSION	COMPARISON TO SENATE
Administrative and support services	\$2,176,060	\$2,170,511	(\$1,373)	\$2,169,138	\$2,169,138	
Water and atmospheric resources	110,611,774	110,577,845	13,241,015	123,818,860	130,818,860	(\$7,000,000)
Total all funds	\$112,787,834	\$112,748,356	\$13,239,642	\$125,987,998	\$132,987,998	(\$7,000,000)
Less estimated income	<u>110,724,477</u>	<u>102,928,883</u>	<u>22,059,115</u>	<u>124,987,998</u>	<u>122,932,571</u>	<u>2,055,427</u>
General fund	\$2,063,357	\$9,819,473	(\$8,819,473)	\$1,000,000	\$10,055,427	(\$9,055,427)
FTE	84.00	84.00	0.00	84.00	84.00	0.00

Dept. 770 - Water Commission - Detail of Conference Committee Changes

	REDUCES RECOMMENDED FUNDING FOR HEALTH INSURANCE ¹	INCREASES FUNDING FROM RESOURCES TRUST FUND ²	INCREASES FUNDING FROM WATER DEVELOPMENT TRUST FUND ³	ADJUSTS FUNDING FOR ADMINISTRATIVE EXPENSES ⁴	ADDS SPENDING AUTHORITY FOR WATER PROJECTS FROM BOND PROCEEDS ⁵	CHANGES FUNDING SOURCE FOR ADMINISTRATIVE EXPENSES ⁶
Administrative and support services	(\$1,373)					
Water and atmospheric resources	(8,985)	\$1,150,000	\$5,100,000		\$7,000,000	
Total all funds	(\$10,358)	\$1,150,000	\$5,100,000	\$0	\$7,000,000	\$0
Less estimated income		<u>1,150,000</u>	<u>5,100,000</u>	<u>(246,312)</u>	<u>7,000,000</u>	<u>9,055,427</u>
General fund	(\$10,358)	\$0	\$0	\$246,312	\$0	(\$9,055,427)
FTE	0.00	0.00	0.00	0.00	0.00	0.00

	TOTAL CONFERENCE COMMITTEE CHANGES
Administrative and support services	(\$1,373)
Water and atmospheric resources	<u>13,241,015</u>
Total all funds	\$13,239,642
Less estimated income	<u>22,059,115</u>
General fund	(\$8,819,473)
FTE	0.00

¹ This amendment reduces funding for state employee health insurance premiums from \$559.15 to \$553.95 per month.

² The conference committee agreed with the Senate amendment to increase the spending authority from the resources trust fund, based on total anticipated available funding, for water projects from \$52,863,116 to \$54,013,116.

³ The conference committee agreed with the Senate amendment to increase spending authority by \$5,100,000 from the water development trust fund based on the anticipated amount available in the fund. The Senate version authorized a total of \$21,908,446 from the water development trust fund for water projects and bond payments. The conference committee version provided for \$1 million of the administrative expenses to be funded directly from the general fund and the remaining amount to be funded directly from the water development trust fund, thus increasing the total amount available to the State Water Commission for water projects, bond payments, and administrative expenses to \$29,963,873.

⁴ This amendment adjusts total administrative expenses to reflect the total amount included in the executive budget recommendation. The total administrative expenses of the State Water Commission is \$10,055,427. The conference committee provided for \$1 million of these expenses to be funded from the general fund and the remaining amount from the water development trust fund. The Senate version provided for a transfer of \$8,055,427 from the water development trust fund to the general fund and the total amount of administrative expenses to be funded from the general fund.

- ⁵ The conference committee authorized the State Water Commission to issue up to \$7 million in bonds, in addition to the \$60 million of authority included in House Bill No. 1153, for statewide water development projects. The Senate version authorized \$14 million in additional bonding authority.
- ⁶ The conference committee removed the section providing for a transfer of \$8,055,427 from the water development trust fund to the general fund and provided that \$1 million of administrative expenses be funded directly from the general fund and the remaining amount of \$9,055,427 be funded directly from the water development trust fund.

The conference committee agreed with the Senate amendment adding an intent section that the administrative expenses of the State Water Commission be funded in the future from general fund moneys.

The conference committee agreed with the Senate amendment adding an intent section that up to \$500,000 be made available for water-related damages to infrastructure in Nelson County.

The conference committee provided for a direct appropriation from the general fund of \$1 million and the remaining administrative expenses of \$9,055,427 to be funded directly from the water development trust fund. The House amendment provided for an amount equal to the administrative expenses of the State Water Commission be transferred from the water development trust fund to the general fund. The Senate version reduced the transfer by \$2 million.

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1021

That the Senate recede from its amendments as printed on pages 1653 and 1654 of the House Journal and pages 1294-1296 of the Senate Journal and that Engrossed House Bill No. 1021 be amended as follows:

Page 1, line 4, after the semicolon insert "to provide legislative intent; to provide water commission authority to issue bonds; to provide for a contingent transfer to the general fund;"

Page 1, line 19, replace "94,276" with "92,903"

Page 1, line 20, replace "(47,204,774)" with "(31,963,759)"

Page 1, line 21, replace "(\$47,110,498)" with "(\$31,870,856)"

Page 1, line 22, replace "(47,544,575)" with "(32,540,887)"

Page 1, line 23, replace "434,077" with "670,031"

Page 2, line 6, replace "2,170,511" with "2,169,138"

Page 2, line 7, replace "110,577,845" with "125,818,860"

Page 2, line 8, replace "112,748,356" with "127,987,998"

Page 2, line 9, replace "102,928,883" with "117,932,571"

Page 2, line 10, replace "9,819,473" with "10,055,427"

Page 2, line 12, replace "\$52,863,116" with "\$54,013,116"

Page 2, line 20, replace "\$15,044,400" with "\$21,908,446"

Page 5, after line 31, insert:

"SECTION 12. LEGISLATIVE INTENT - ADMINISTRATIVE EXPENSES. It is the intent of the fifty-ninth legislative assembly that the use of water development trust fund moneys as a source of funding for state water commission administrative expenses be reduced during the 2007-09 biennium and discontinued as a source thereafter.

SECTION 13. LEGISLATIVE INTENT - NELSON COUNTY INFRASTRUCTURE. It is the intent of the fifty-ninth legislative assembly that the state water commission provide up to \$500,000 for water-related damage to infrastructure in Nelson County."

Page 6, line 3, replace "\$9,819,473" with "\$8,055,427"

"SECTION 15. BONDING AUTHORITY - WATER PROJECTS. In addition to the \$60,000,000 of bonding authority authorized in section 61-02.1-02.1, the state water commission may issue an additional amount of bonds not to exceed \$9,000,000 plus the costs of issuance of the bonds, capitalized interest, and reasonably required reserves during the biennium beginning July 1, 2005, and ending June 30, 2007. The repayment provision of the additional \$9,000,000 bond issuance is to be the same as the \$60,000,000 bond issuance as provided for in section 61-02.1-02.1.

SECTION 16. CONTINGENT TRANSFER TO THE GENERAL FUND. Any oil extraction tax revenues deposited in the resources trust fund during the 2005-07 biennium in excess of \$19,279,533 up to \$2,000,000, shall be transferred from the resources trust fund to the general fund."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1021 - Water Commission - Conference Committee Action

	EXECUTIVE BUDGET	HOUSE VERSION	CONFERENCE COMMITTEE CHANGES	CONFERENCE COMMITTEE VERSION	SENATE VERSION	COMPARISON TO SENATE
Administrative and support services	\$2,176,060	\$2,170,511	(\$1,373)	\$2,169,138	\$2,169,138	
Water and atmospheric resources	110,611,774	110,577,845	15,241,015	125,818,860	30,818,860	(\$5,000,000)
Total all funds	\$112,787,834	\$112,748,356	\$15,239,642	\$127,987,998	\$132,987,998	(\$5,000,000)
Less estimated income	<u>110,724,477</u>	<u>102,928,883</u>	<u>15,003,688</u>	<u>117,932,571</u>	<u>122,932,571</u>	<u>(5,000,000)</u>
General fund	\$2,063,357	\$9,819,473	\$235,954	\$10,055,427	\$10,055,427	\$0
FTE	84.00	84.00	0.00	84.00	84.00	0.00

Dept. 770 - Water Commission - Detail of Conference Committee Changes

	REDUCES RECOMMENDED FUNDING FOR HEALTH INSURANCE ¹	INCREASES FUNDING FROM RESOURCES TRUST FUND ²	INCREASES FUNDING FROM WATER DEVELOPMENT TRUST FUND ³	ADJUSTS FUNDING FOR ADMINISTRATIVE EXPENSES ⁴	ADDS SPENDING AUTHORITY FOR WATER PROJECTS FROM BOND PROCEEDS ⁵	TOTAL CONFERENCE COMMITTEE CHANGES
Administrative and support services	(\$1,373)					(\$1,373)
Water and atmospheric resources	(8,985)	\$1,150,000	\$5,100,000		\$9,000,000	15,241,015
Total all funds	(\$10,358)	\$1,150,000	\$5,100,000	\$0	\$9,000,000	\$15,239,642
Less estimated income		<u>1,150,000</u>	<u>5,100,000</u>	<u>(246,312)</u>	<u>9,000,000</u>	<u>15,003,688</u>
General fund	(\$10,358)	\$0	\$0	\$246,312	\$0	\$235,954
FTE	0.00	0.00	0.00	0.00	0.00	0.00

¹ This amendment reduces funding for state employee health insurance premiums from \$559.15 to \$553.95 per month.

² The conference committee agreed with the Senate amendment to increase the spending authority from the resources trust fund, based on total anticipated available funding, for water projects from \$52,863,116 to \$54,013,116.

³ The conference committee agreed with the Senate amendment for funding from the water development trust fund. The House version provided for funding of \$15,044,400 from the water development trust fund. The Senate increased funding for water projects by \$5,100,000 from anticipated available funding from the water development trust fund. Additional funding was also made available from a reduction in the transfer to the general fund from the water development trust fund of \$2 million, net of an increase in administrative expenses of \$246,312 and a decrease in health insurance of \$10,358. The amount available from the water development trust fund net of adjustments is \$21,908,446.

⁴ The conference committee agreed with the Senate amendment regarding funding of the State Water Commission administrative expenses. The House version provided for a transfer of \$9,819,473, the amount equal to administrative expenses of the State Water Commission, from the water development trust fund to the general fund. The Senate increased the total administrative expenses of the State Water Commission by \$246,312 per State Water Commission adjustment and decreased administrative expenses of \$10,358 for health insurance. The total administrative expenses net of the adjustments is \$10,055,427. This amount is to be funded from the general fund rather than the water development trust fund. In addition, the Senate reduced the transfer from the water development trust fund to the general fund by \$2 million, based on administrative expenses of \$10,055,427, or a net transfer of \$8,055,427.

⁵ The conference committee authorized the State Water Commission to issue up to \$9 million in bonds, in addition to the \$60 million of authority included in House Bill No. 1153, for statewide water development projects. The Senate version provided for \$14 million in additional bonding authority.

The conference committee agreed with the Senate amendment adding an intent section that the administrative expenses of the State Water Commission be funded in the future from general fund moneys.

The conference committee agreed with the Senate amendment adding an intent section that up to \$500,000 be made available for water-related damages to infrastructure in Nelson County.

The House provided for an amount equal to the administrative expenses of the State Water Commission be transferred from the water development trust fund to the general fund. The conference committee agreed with the Senate amendment reducing that transfer by \$2 million.

The conference committee provided for a contingent transfer from the resources trust fund to the general fund of up to \$2 million.

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1021

That the Senate recede from its amendments as printed on pages 1653 and 1654 of the House Journal and pages 1294-1296 of the Senate Journal and that Engrossed House Bill No. 1021 be amended as follows:

Page 1, line 4, replace "and to transfer funds from the water development trust fund to the general" with "to provide legislative intent; to provide water commission authority to issue bonds; and to provide an exemption from payment of fees."

Page 1, remove line 5

Page 1, line 19, replace "94,276" with "92,903"

Page 1, line 20, replace "(47,204,774)" with "(33,963,759)"

Page 1, line 21, replace "(\$47,110,498)" with "(\$33,870,856)"

Page 1, line 22, replace "(47,544,575)" with "(25,485,460)"

Page 1, line 23, replace "\$434,077" with "(\$8,385,396)"

Page 2, line 6, replace "2,170,511" with "2,169,138"

Page 2, line 7, replace "110,577,845" with "123,818,860"

Page 2, line 8, replace "112,748,356" with "125,987,998"

Page 2, line 9, replace "102,928,883" with "124,987,998"

Page 2, line 10, replace "9,819,473" with "1,000,000"

Page 2, line 12, replace "\$52,863,116" with "\$54,013,116"

Page 2, line 20, replace "\$15,044,400" with "\$29,963,873"

Page 6, replace lines 1 through 4 with:

"SECTION 12. LEGISLATIVE INTENT - ADMINISTRATIVE EXPENSES. It is the intent of the fifty-ninth legislative assembly that the use of water development trust fund moneys as a source of funding for state water commission administrative expenses be reduced during the 2007-09 biennium and discontinued as a source thereafter.

SECTION 13. LEGISLATIVE INTENT - NELSON COUNTY INFRASTRUCTURE. It is the intent of the fifty-ninth legislative assembly that the state water commission provide up to \$500,000 for water-related damage to infrastructure in Nelson County.

SECTION 14. BONDING AUTHORITY - WATER PROJECTS. In addition to the \$60,000,000 of bonding authority authorized in section 61-02.1-02.1, the state water commission may issue an additional amount of bonds not to exceed \$7,000,000 plus the costs of issuance of the bonds, capitalized interest, and reasonably required reserves during the biennium beginning July 1, 2005, and ending June 30, 2007. The repayment provision of the additional \$7,000,000 bond issuance is to be the same as the \$60,000,000 bond issuance as provided for in section 61-02.1-02.1.

SECTION 15. EXEMPTION FROM PAYMENT OF FEES. For purposes of charging fees or requiring payment for services pursuant to sections 54-10-01, 54-12-08, and 54-44.1-15, the state auditor, attorney general, and the director of the office of management and budget shall consider the funds appropriated to the state water commission from the water development trust fund in the same manner as if the funds were appropriated from the general fund for the 2005-07 biennium."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1021 - Water Commission - Conference Committee Action

	EXECUTIVE BUDGET	HOUSE VERSION	CONFERENCE COMMITTEE CHANGES	CONFERENCE COMMITTEE VERSION	SENATE VERSION	COMPARISON TO SENATE
Administrative and support services	\$2,176,060	\$2,170,511	(\$1,373)	\$2,169,138	\$2,169,138	
Water and atmospheric resources	110,611,774	110,577,845	13,241,015	123,818,860	130,818,860	(\$7,000,000)
Total all funds	\$112,787,834	\$112,748,356	\$13,239,642	\$125,987,998	\$132,987,998	(\$7,000,000)
Less estimated income	110,724,477	102,928,883	22,059,115	124,987,998	122,932,571	2,055,427
General fund	\$2,063,357	\$9,819,473	(\$8,819,473)	\$1,000,000	\$10,055,427	(\$9,055,427)
FTE	84.00	84.00	0.00	84.00	84.00	0.00

Dept. 770 - Water Commission - Detail of Conference Committee Changes

	REDUCES RECOMMENDED FUNDING FOR HEALTH INSURANCE 1	INCREASES FUNDING FROM RESOURCES TRUST FUND 2	INCREASES FUNDING FROM WATER DEVELOPMENT TRUST FUND 3	ADJUSTS FUNDING FOR ADMINISTRATIVE EXPENSES 4	ADDS SPENDING AUTHORITY FOR WATER PROJECTS FROM BOND PROCEEDS 5	CHANGES FUNDING SOURCE FOR ADMINISTRATIVE EXPENSES 6
Administrative and support services	(\$1,373)					
Water and atmospheric resources	(8,985)	\$1,150,000	\$5,100,000		\$7,000,000	
Total all funds	(\$10,358)	\$1,150,000	\$5,100,000	\$0	\$7,000,000	\$0
Less estimated income		1,150,000	5,100,000	(246,312)	7,000,000	9,055,427
General fund	(\$10,358)	\$0	\$0	\$246,312	\$0	(\$9,055,427)
FTE	0.00	0.00	0.00	0.00	0.00	0.00

	TOTAL CONFERENCE COMMITTEE CHANGES
Administrative and support services	(\$1,373)
Water and atmospheric resources	13,241,015
Total all funds	\$13,239,642
Less estimated income	22,059,115
General fund	(\$8,819,473)
FTE	0.00

1 This amendment reduces funding for state employee health insurance premiums from \$559.15 to \$553.95 per month.

2 The conference committee agreed with the Senate amendment to increase the spending authority from the resources trust fund, based on total anticipated available funding, for water projects from \$52,863,116 to \$54,013,116.

- ³ The conference committee agreed with the Senate amendment to increase spending authority by \$5,100,000 from the water development trust fund based on the anticipated amount available in the fund. The Senate version authorized a total of \$21,908,446 from the water development trust fund for water projects and bond payments. The conference committee version provided for \$1 million of the administrative expenses to be funded directly from the general fund and the remaining amount to be funded directly from the water development trust fund, thus increasing the total amount available to the State Water Commission for water projects, bond payments, and administrative expenses to \$29,963,873.
- ⁴ This amendment adjusts total administrative expenses to reflect the total amount included in the executive budget recommendation. The total administrative expenses of the State Water Commission is \$10,055,427. The conference committee provided for \$1 million of these expenses to be funded from the general fund and the remaining amount from the water development trust fund. The Senate version provided for a transfer of \$8,055,427 from the water development trust fund to the general fund and the total amount of administrative expenses to be funded from the general fund.
- ⁵ The conference committee authorized the State Water Commission to issue up to \$7 million in bonds, in addition to the \$60 million of authority included in House Bill No. 1153, for statewide water development projects. The Senate version authorized \$14 million in additional bonding authority.
- ⁶ The conference committee removed the section providing for a transfer of \$8,055,427 from the water development trust fund to the general fund and provided that \$1 million of administrative expenses be funded directly from the general fund and the remaining amount of \$9,055,427 be funded directly from the water development trust fund.

The conference committee agreed with the Senate amendment adding an intent section that the administrative expenses of the State Water Commission be funded in the future from general fund moneys.

The conference committee agreed with the Senate amendment adding an intent section that up to \$500,000 be made available for water-related damages to infrastructure in Nelson County.

The conference committee provided for a direct appropriation from the general fund of \$1 million and the remaining administrative expenses of \$9,055,427 to be funded directly from the water development trust fund. The House amendment provided for an amount equal to the administrative expenses of the State Water Commission be transferred from the water development trust fund to the general fund. The Senate version reduced the transfer by \$2 million.

The conference committee added a section providing an exemption for the State Water Commission during the 2005-07 biennium from rent, legal, and audit fees.

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1021

That the Senate recede from its amendments as printed on pages 1653 and 1654 of the House Journal and pages 1294-1296 of the Senate Journal and that Engrossed House Bill No. 1021 be amended as follows:

Page 1, line 4, after the semicolon insert "to provide legislative intent; to provide water commission authority to issue bonds;"

Page 1, line 19, replace "94,276" with "92,903"

Page 1, line 20, replace "(47,204,774)" with "(30,963,759)"

Page 1, line 21, replace "(\$47,110,498)" with "(\$30,870,856)"

Page 1, line 22, replace "(47,544,575)" with "(31,540,887)"

Page 1, line 23, replace "434,077" with "670,031"

Page 2, line 6, replace "2,170,511" with "2,169,138"

Page 2, line 7, replace "110,577,845" with "126,818,860"

Page 2, line 8, replace "112,748,356" with "128,987,998"

Page 2, line 9, replace "102,928,883" with "118,932,571"

Page 2, line 10, replace "9,819,473" with "10,055,427"

Page 2, line 12, replace "\$52,863,116" with "\$54,013,116"

Page 2, line 20, replace "\$15,044,400" with "\$21,908,446"

Page 5, after line 31, insert:

"SECTION 12. LEGISLATIVE INTENT - ADMINISTRATIVE EXPENSES. It is the intent of the fifty-ninth legislative assembly that the use of water development trust fund moneys as a source of funding for state water commission administrative expenses be reduced during the 2007-09 biennium and discontinued as a source thereafter.

SECTION 13. LEGISLATIVE INTENT - NELSON COUNTY INFRASTRUCTURE. It is the intent of the fifty-ninth legislative assembly that the state water commission provide up to \$500,000 for water-related damage to infrastructure in Nelson County."

Page 6, line 3, replace "\$9,819,473" with "\$8,055,427"

"SECTION 15. BONDING AUTHORITY - WATER PROJECTS. In addition to the \$60,000,000 of bonding authority authorized in section 61-02.1-02.1, the state water commission may issue an additional amount of bonds not to exceed \$10,000,000 plus the costs of issuance of the bonds, capitalized interest, and reasonably required reserves during the biennium beginning July 1, 2005, and ending June 30, 2007. The repayment provision of the additional \$10,000,000 bond issuance is to be the same as the \$60,000,000 bond issuance as provided for in section 61-02.1-02.1."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1021 - Water Commission - Conference Committee Action

	EXECUTIVE BUDGET	HOUSE VERSION	CONFERENCE COMMITTEE CHANGES	CONFERENCE COMMITTEE VERSION	SENATE VERSION	COMPARISON TO SENATE
Administrative and support services	\$2,176,060	\$2,170,511	(\$1,373)	\$2,169,138	\$2,169,138	
Water and atmospheric resources	110,611,774	110,577,845	16,241,015	126,818,860	130,818,860	(\$4,000,000)
Total all funds	\$112,787,834	\$112,748,356	\$16,239,642	\$128,987,998	\$132,987,998	(\$4,000,000)
Less estimated income	<u>110,724,477</u>	<u>102,928,883</u>	<u>16,003,688</u>	<u>118,932,571</u>	<u>122,932,571</u>	<u>(4,000,000)</u>
General fund	\$2,063,357	\$9,819,473	\$235,954	\$10,055,427	\$10,055,427	\$0
FTE	84.00	84.00	0.00	84.00	84.00	0.00

Dept. 770 - Water Commission - Detail of Conference Committee Changes

	REDUCES RECOMMENDED FUNDING FOR HEALTH INSURANCE ¹	INCREASES FUNDING FROM RESOURCES TRUST FUND ²	INCREASES FUNDING FROM WATER DEVELOPMENT TRUST FUND ³	ADJUSTS FUNDING FOR ADMINISTRATIVE EXPENSES ⁴	ADDS SPENDING AUTHORITY FOR WATER PROJECTS FROM BOND PROCEEDS ⁵	TOTAL CONFERENCE COMMITTEE CHANGES
Administrative and support services	(\$1,373)					(\$1,373)
Water and atmospheric resources	<u>(8,985)</u>	<u>\$1,150,000</u>	<u>\$5,100,000</u>		<u>\$10,000,000</u>	<u>16,241,015</u>
Total all funds	(\$10,358)	\$1,150,000	\$5,100,000	\$0	\$10,000,000	\$16,239,642
Less estimated income		<u>1,150,000</u>	<u>5,100,000</u>	<u>(246,312)</u>	<u>10,000,000</u>	<u>16,003,688</u>
General fund	(\$10,358)	\$0	\$0	\$246,312	\$0	\$235,954
FTE	0.00	0.00	0.00	0.00	0.00	0.00

¹ This amendment reduces funding for state employee health insurance premiums from \$559.15 to \$553.95 per month.

² The conference committee agreed with the Senate amendment to increase the spending authority from the resources trust fund, based on total anticipated available funding, for water projects from \$52,863,116 to \$54,013,116.

³ The conference committee agreed with the Senate amendment for funding from the water development trust fund. The House version provided for funding of \$15,044,400 from the water development trust fund. The Senate increased funding for water projects by \$5,100,000 from anticipated available funding from the water development trust fund. Additional funding was also made available from a reduction in the transfer to the general fund from the water development trust fund of \$2 million, net of an increase in administrative expenses of \$246,312 and a decrease in health insurance of \$10,358. The amount available from the water development trust fund net of adjustments is \$21,908,448.

⁴ The conference committee agreed with the Senate amendment regarding funding of the State Water Commission administrative expenses. The House version provided for a transfer of \$9,819,473, the amount equal to administrative expenses of the State Water Commission, from the water development trust fund to the general fund. The Senate increased the total administrative expenses of the State Water Commission by \$246,312 per State Water Commission adjustment and decreased administrative expenses of \$10,358 for health insurance. The total administrative expenses net of the adjustments is \$10,055,427. This amount is to be funded from the general fund rather than the water development trust fund. In addition, the Senate reduced the transfer from the water development trust fund to the general fund by \$2 million, based on administrative expenses of \$10,055,427, or a net transfer of \$8,055,427.

⁵ The conference committee authorized the State Water Commission to issue up to \$10 million in bonds, in addition to the \$60 million of authority included in House Bill No. 1153, for statewide water development projects. The Senate version provided for \$14 million in additional bonding authority.

The conference committee agreed with the Senate amendment adding an intent section that the administrative expenses of the State Water Commission be funded in the future from general fund moneys.

The conference committee agreed with the Senate amendment adding an intent section that up to \$500,000 be made available for water-related damages to infrastructure in Nelson County.

The House provided for an amount equal to the administrative expenses of the State Water Commission be transferred from the water development trust fund to the general fund. The conference committee agreed with the Senate amendment reducing that transfer by \$2 million.

58044.0204

Failed

REPORT OF CONFERENCE COMMITTEE (ACCEDE/RECEDE)

Bill Number 1021 (, as (re)engrossed):Date: April 18, 2005Your Conference Committee House Appropriations Government Performance

For the Senate:

For the House:

YES / NO

YES / NO

Sen. Fischer

X

Chairman Carlson

X

Sen. Holmberg

X

Rep. Skarphol

X

Sen. Robinson

X

Rep. Glassheim

X

recommends that the (SENATE/HOUSE) (ACCEDE to) (RECEDE from)

the (Senate/House) amendments on (SJ/HJ) page(s) _____ -- _____

_____, and place _____ on the Seventh order.

_____, adopt (further) amendments as follows, and place _____ on the
Seventh order:_____, having been unable to agree, recommends that the committee be discharged
and a new committee be appointed.

((Re)Engrossed)

was placed on the Seventh order of business on the calendar.

DATE:

CARRIER:

LC NO.

of amendment

LC NO.

of engrossment

Emergency clause added or deleted
Statement of purpose of amendment

MOTION MADE BY:

SECONDED BY:

VOTE COUNT ____ YES ____ NO ____ ABSENT

Revised 4/1/05

REPORT OF CONFERENCE COMMITTEE
(ACCEDE/RECEDE)

Bill Number 1021 (, as (re)engrossed):

Date: April 21, 2005

Your Conference Committee House Government Performance (Approp.)

For the Senate:

YES / NO

Sen. Fischer

X

Sen. Holmberg

X

Sen. Robinson

X

For the House:

YES / NO

Chairman Carlson

X

Rep. Skarphol

X

Rep. Glasstein

X

recommends that the SENATE HOUSE (ACCEDE to) RECEDE from)

the Senate House amendments on (SJ/HJ) page(s) _____

_____, and place _____ on the Seventh order.

X, adopt (further) amendments as follows, and place HB 1021 on the Seventh order:

_____, having been unable to agree, recommends that the committee be discharged and a new committee be appointed.

((Re)Engrossed) HB 1021 was placed on the Seventh order of business on the calendar.

DATE: April 21, 2005

CARRIER: Rep. Carlson

LC NO. _____ of amendment

LC NO. _____ of engrossment

Emergency clause added or deleted
Statement of purpose of amendment

MOTION MADE BY: Rep. Skarphol

SECONDED BY: Sen. Fisher

VOTE COUNT 6 YES 0 NO 0 ABSENT

Revised 4/1/05

REPORT OF CONFERENCE COMMITTEE

HB 1021, as engrossed: Your conference committee (Sens. Fischer, Holmberg, Robinson and Reps. Carlson, Skarphol, Glassheim) recommends that the **SENATE RECEDE** from the Senate amendments on HJ pages 1653-1654, adopt amendments as follows, and place HB 1021 on the Seventh order:

That the Senate recede from its amendments as printed on pages 1653 and 1654 of the House Journal and pages 1294-1296 of the Senate Journal and that Engrossed House Bill No. 1021 be amended as follows:

Page 1, line 4, replace "and to transfer funds from the water development trust fund to the general" with "to provide legislative intent; to provide water commission authority to issue bonds; to provide an exemption from payment of fees; and to authorize a cash advance from the general fund."

Page 1, remove line 5

Page 1, line 19, replace "94,276" with "92,903"

Page 1, line 20, replace "(47,204,774)" with "(33,963,759)"

Page 1, line 21, replace "(\$47,110,498)" with "(\$33,870,856)"

Page 1, line 22, replace "(47,544,575)" with "(25,485,460)"

Page 1, line 23, replace "\$434,077" with "(\$8,385,396)"

Page 2, line 6, replace "2,170,511" with "2,169,138"

Page 2, line 7, replace "110,577,845" with "123,818,860"

Page 2, line 8, replace "112,748,356" with "125,987,998"

Page 2, line 9, replace "102,928,883" with "124,987,998"

Page 2, line 10, replace "9,819,473" with "1,000,000"

Page 2, line 12, replace "\$52,863,116" with "\$54,013,116"

Page 2, line 20, replace "\$15,044,400" with "\$29,963,873"

Page 6, replace lines 1 through 4 with:

"SECTION 12. LEGISLATIVE INTENT - ADMINISTRATIVE EXPENSES. It is the intent of the fifty-ninth legislative assembly that the use of water development trust fund moneys as a source of funding for state water commission administrative expenses be reduced during the 2007-09 biennium and discontinued as a source thereafter.

SECTION 13. LEGISLATIVE INTENT - NELSON COUNTY INFRASTRUCTURE. It is the intent of the fifty-ninth legislative assembly that the state water commission provide up to \$500,000 for water-related damage to infrastructure in Nelson County.

SECTION 14. BONDING AUTHORITY - WATER PROJECTS. In addition to the \$60,000,000 of bonding authority authorized in section 61-02.1-02.1, the state water commission may issue an additional amount of bonds not to exceed \$7,000,000

plus the costs of issuance of the bonds, capitalized interest, and reasonably required reserves during the biennium beginning July 1, 2005, and ending June 30, 2007. The repayment provision of the additional \$7,000,000 bond issuance is to be the same as the \$60,000,000 bond issuance as provided for in section 61-02.1-02.1.

SECTION 15. EXEMPTION FROM PAYMENT OF FEES. For purposes of charging fees or requiring payment for services pursuant to sections 54-10-01, 54-12-08, and 54-44.1-15, the state auditor, attorney general, and the director of the office of management and budget shall consider the funds appropriated to the state water commission from the water development trust fund in the same manner as if the funds were appropriated from the general fund for the 2005-07 biennium.

SECTION 16. STATE WATER COMMISSION - CASH ADVANCE FROM STATE GENERAL FUND. Notwithstanding any other provision of law, the state water commission may receive a cash advance of up to \$5,000,000 from the state general fund during the biennium beginning July 1, 2005, and ending June 30, 2007. The cash advance only may be made available for the state water commission to pay for administrative expenses, provided that sufficient funding is not available in the water development trust fund for these expenses. The cash advance is to be repaid upon the deposit of additional tobacco settlement collections in the water development trust fund. The state water commission is to inform the office of management and budget of any cash advance required pursuant to this section. Any cash advance under this section must be repaid to the state general fund by June 30, 2007."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1021 - Water Commission - Conference Committee Action

	EXECUTIVE BUDGET	HOUSE VERSION	CONFERENCE COMMITTEE CHANGES	CONFERENCE COMMITTEE VERSION	SENATE VERSION	COMPARISON TO SENATE
Administrative and support services	\$2,176,060	\$2,170,511	(\$1,373)	\$2,169,138	\$2,169,138	
Water and atmospheric resources	110,611,774	110,577,845	13,241,015	123,818,860	130,818,860	(\$7,000,000)
Total all funds	\$112,787,834	\$112,748,356	\$13,239,642	\$125,987,998	\$132,987,998	(\$7,000,000)
Less estimated income	110,724,477	102,928,883	22,059,115	124,987,998	122,932,571	2,055,427
General fund	\$2,063,357	\$9,819,473	(\$8,819,473)	\$1,000,000	\$10,055,427	(\$9,055,427)
FTE	84.00	84.00	0.00	84.00	84.00	0.00

Dept. 770 - Water Commission - Detail of Conference Committee Changes

	REDUCES RECOMMENDED FUNDING FOR HEALTH INSURANCE ¹	INCREASES FUNDING FROM RESOURCES TRUST FUND ²	INCREASES FUNDING FROM WATER DEVELOPMENT TRUST FUND ³	ADJUSTS FUNDING FOR ADMINISTRATIVE EXPENSES ⁴	ADDS SPENDING AUTHORITY FOR WATER PROJECTS FROM BOND PROCEEDS ⁵	CHANGES FUNDING SOURCE FOR ADMINISTRATIVE EXPENSES ⁶
Administrative and support services	(\$1,373)					
Water and atmospheric resources	(8,985)	\$1,150,000	\$5,100,000		\$7,000,000	
Total all funds	(\$10,358)	\$1,150,000	\$5,100,000	\$0	\$7,000,000	\$0
Less estimated income		1,150,000	5,100,000	(246,312)	7,000,000	9,055,427
General fund	(\$10,358)	\$0	\$0	\$246,312	\$0	(\$9,055,427)

FTE	0.00	0.00	0.00	0.00	0.00	0.00
	TOTAL CONFERENCE COMMITTEE CHANGES					
Administrative and support services	(\$1,373)					
Water and atmospheric resources	13,241,015					
Total all funds	\$13,239,642					
Less estimated income	<u>22,059,115</u>					
General fund	(\$8,819,473)					
FTE	0.00					

- 1 This amendment reduces funding for state employee health insurance premiums from \$559.15 to \$553.95 per month.
- 2 The conference committee agreed with the Senate amendment to increase the spending authority from the resources trust fund, based on total anticipated available funding, for water projects from \$52,863,116 to \$54,013,116.
- 3 The conference committee agreed with the Senate amendment to increase spending authority by \$5,100,000 from the water development trust fund based on the anticipated amount available in the fund. The Senate version authorized a total of \$21,908,446 from the water development trust fund for water projects and bond payments. The conference committee version provided for \$1 million of the administrative expenses to be funded directly from the general fund and the remaining amount to be funded directly from the water development trust fund, thus increasing the total amount available to the State Water Commission for water projects, bond payments, and administrative expenses to \$29,963,873.
- 4 This amendment adjusts total administrative expenses to reflect the total amount included in the executive budget recommendation. The total administrative expenses of the State Water Commission is \$10,055,427. The conference committee provided for \$1 million of these expenses to be funded from the general fund and the remaining amount from the water development trust fund. The Senate version provided for a transfer of \$8,055,427 from the water development trust fund to the general fund and the total amount of administrative expenses to be funded from the general fund.
- 5 The conference committee authorized the State Water Commission to issue up to \$7 million in bonds, in addition to the \$60 million of authority included in House Bill No. 1153, for statewide water development projects. The Senate version authorized \$14 million in additional bonding authority.
- 6 The conference committee removed the section providing for a transfer of \$8,055,427 from the water development trust fund to the general fund and provided that \$1 million of administrative expenses be funded directly from the general fund and the remaining amount of \$9,055,427 be funded directly from the water development trust fund.

The conference committee agreed with the Senate amendment adding an intent section that the administrative expenses of the State Water Commission be funded in the future from general fund moneys.

The conference committee agreed with the Senate amendment adding an intent section that up to \$500,000 be made available for water-related damages to infrastructure in Nelson County.

The conference committee provided for a direct appropriation from the general fund of \$1 million and the remaining administrative expenses of \$9,055,427 to be funded directly from the water development trust fund. The House amendment provided for an amount equal to the administrative expenses of the State Water Commission be transferred from the water development trust fund to the general fund. The Senate version reduced the transfer by \$2 million.

The conference committee added a section providing an exemption for the State Water Commission during the 2005-07 biennium from rent, legal, and audit fees.

The conference committee added a section providing that the State Water Commission may receive a cash advance of up to \$5 million from the general fund to pay for administrative expenses. The cash advance must be repaid by the end of the 2005-07 biennium.

Engrossed HB 1021 was placed on the Seventh order of business on the calendar.

2005 TESTIMONY

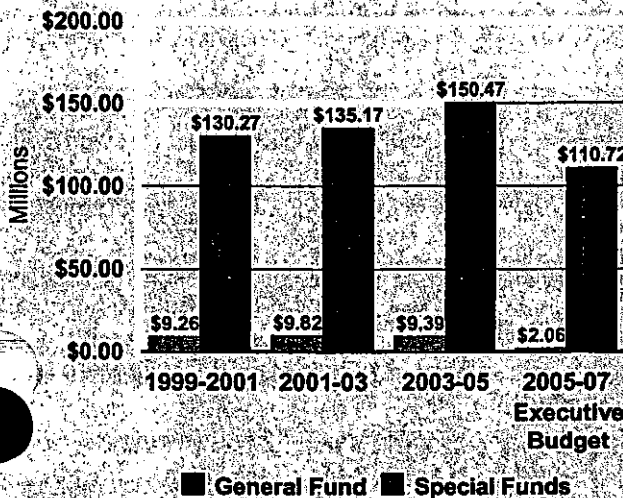
HB 1021

Department 770 - State Water Commission
House Bill No. 1021

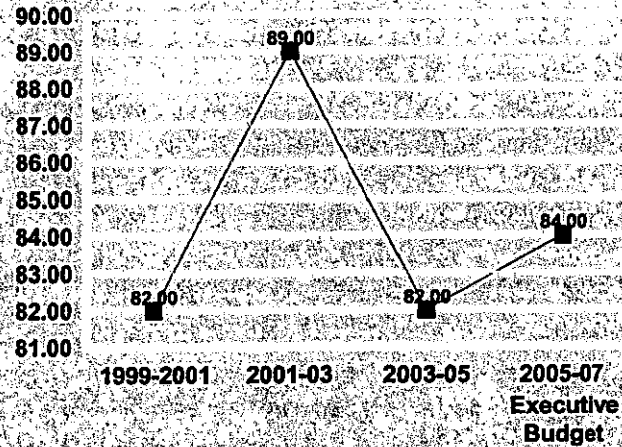
	FTE Positions	General Fund	Other Funds	Total
2005-07 Executive Budget	84.00	\$2,063,357	\$110,724,477	\$112,787,834
2003-05 Legislative Appropriations	82.00	9,385,395	150,473,459 ¹	159,858,854
Increase (Decrease)	2.00	(\$7,322,038)	(\$39,748,982)	(\$47,071,020)

¹The 2003-05 appropriation amounts do not include \$3,000,000 of additional special funds authority resulting from Emergency Commission action during the 2003-05 biennium.

Agency Funding



FTE Positions



Executive Budget Highlights

Administrative and Support Services

1. Decreases funding for travel and insurance costs

General Fund	Other Funds	Total
(\$17,388)	(\$30,844)	(\$48,232)

Water and Atmospheric Resources

2. Decreases funding for professional services and other operating costs primarily due to a reduction in available federal and special funding

(\$98,875)	(\$3,904,573)	(\$4,003,448)
------------	---------------	---------------

3. Continues special funds spending authority for the State Water Commission to construct a new shop. The State Water Commission has authority to sell its existing shop building and land, then use the proceeds to purchase land and construct a replacement facility. The authorization is the same as the 2003-05 biennium.

\$977,100	\$977,100
-----------	-----------

4. Adds one-time funding for other capital payments related to state water projects (\$28.4 million) and estimated bond payments (\$14.3 million) based on available federal and special funding sources

\$42,699,560	\$42,699,560
--------------	--------------

5. Adds federal funds spending authority for equipment over \$5,000 for survey equipment

\$20,000	\$20,000
----------	----------

Decreases funding for water project grants to \$51.6 million based on anticipated available federal and special funding sources

(\$50,871,636)	(\$50,871,636)
----------------	----------------

7. Adds 2 FTE positions and increases special funds spending authority and the salaries and wages (\$160,924), temporary salaries (\$26,400), and operating line items (\$1,904,400) for Devils Lake Outlet operations. The outlet is anticipated to be completed during the 2003-05 biennium and will require funding for staffing and operating costs during the 2005-07 biennium.

\$2,091,724

\$2,091,724

Adds funding for temporary wages of 10 seasonal intern pilot positions employed during the North Dakota cloud modification project

\$69,388

\$69,388

9. Adjusts the general fund appropriation to the State Water Commission to provide that only the Administrative and Support Services Division is funded from the general fund. Approximately \$7.9 million of administrative expenses are included in the 2005-07 biennium request for the Water and Atmospheric Resources Division. The 2003 Legislative Assembly authorized \$9.4 million from the general fund for the total administrative expenses of the State Water Commission and a corresponding transfer of \$10 million from the water development trust fund to the general fund.

(\$7,353,832)

\$7,353,832

\$0

Other Sections in Bill

Section 4 of House Bill No. 1021 authorizes \$52,863,116 from the resources trust fund. Any additional amount in the resources trust fund that becomes available is appropriated to the State Water Commission for the purpose of defraying the expenses of the State Water Commission for the 2005-07 biennium.

Section 5 of House Bill No. 1021 authorizes \$24,863,873 from the water development trust fund. Any additional amount in the water development trust fund that becomes available is appropriated to the State Water Commission for the purpose of defraying the expenses of the State Water Commission for the 2005-07 biennium.

Section 6 of House Bill No. 1021 provides a continuing appropriation for the sale of land and the existing shop building at the corner of 26th Street and Broadway Avenue in Bismarck.

Section 7 of House Bill No. 1021 authorizes the State Water Commission to use the land and building sale proceeds to purchase land and build a new maintenance shop. A total of \$977,100 is authorized from the sale of land to purchase land and construct the maintenance building.

Section 8 of House Bill No. 1021 provides that funding appropriated for grants or water-related projects included in the water and atmospheric resources line item may be carried over to the 2007-09 biennium.

Section 9 of House Bill No. 1021 authorizes a Bank of North Dakota line of credit of up to \$25 million to the State Water Commission for the 2005-07 biennium.

Section 10 of House Bill No. 1021 provides a contingent appropriation of \$25 million, or so much of the sum as may be necessary, from the water development trust fund, resources trust fund, bond proceeds, or other sources to the State Water Commission for repaying the line of credit.

Section 11 of House Bill No. 1021 authorizes the State Water Commission to employ full-time personnel and other such personnel as necessary for operation and maintenance of the Devils Lake Outlet. It also allows funding from the contract fund be appropriated and disbursed for salaries, equipment, operations, and maintenance costs relating to the Devils Lake Outlet.

Major Related Legislation

House Bill No. 1153 - This bill makes the statutory changes necessary for the State Water Commission to sell by July 1, 2005, up to \$60 million of bonds previously authorized. The bond proceeds will be used to reimburse the water development and resources trust funds and other sources for water project expenses incurred during the 2003-05 biennium.

Senate Bill No. 2115 - This bill authorizes the State Engineer to negotiate reserved water rights of the United States and federally recognized Indian tribes.

Full House
Apps
1-6-05

Handout 3-8
Water Commission
Dale Frink

North Dakota State Water Commission

House Bill 1021

**Presented to
House Appropriations Committee**

January 6, 2005

Mr. Chairman and House Appropriations Committee members, I am Dale Frink, North Dakota State Engineer and Secretary to the North Dakota State Water Commission.

It is my pleasure to appear before you today regarding House Bill 1021. My testimony will consist of three parts. First, I will provide a brief overview of our strategic plan, which includes the agency's goals and objectives for projects and programs through 2007. Second, I will provide a brief overview of House Bill 1021 including variances. And, third, I will provide an overview of the funding for projects contained in the executive recommendation for the 2005-2007 biennium.

Our strategic plan was completed in November, 2004. The State Water Commission's vision, mission and goals are listed on page 2, and the agency's organizational chart is shown on page 3. The main part of the plan is a description and action plan (objectives) for 27 projects and programs. The inside cover includes an index of the projects and programs, and an estimate of the full-time employees (FTEs) working in each area.

The following table on the next page summarizes the agency's current budget and the 2005-2007 executive recommendation. In the interest of time, I will focus on the figures that are highlighted. The agency's current appropriation is \$162.9 million and we expect to spend about \$100.6 million this biennium. The \$62.3 million difference consists of \$40.8 million of committed funds for incomplete water projects, \$13 million of reduced federal funding, and \$8.5 million of lower local project payments because federal funds were not received.

	2003-2005 Legislative Appropriation	2003-2005 Estimated Expenditures or Currently Filled FTE Positions	<u>Variance</u>	2005-2007 Executive Recommendation	2005-2007 Recommendation Variance to 2003-2005 Legislative Appropriation
Administrative and Support Services	2,076,235	2,031,000	(45,235)	2,176,060	99,825
Water and Atmospheric Resources	160,782,619	<u>98,529,000</u>	(62,253,619)	110,611,774	(50,170,845)
Totals	162,858,854	100,560,000	(62,298,854)	112,787,834	(50,071,020)
General Fund	9,385,396	9,300,000	(85,396)	2,063,357	(7,322,039)
Federal Fund	29,916,912	16,975,000	(12,941,912)	17,680,628	(12,236,284)
Special Fund	123,556,546	<u>74,285,000</u>	(49,271,546)	<u>93,043,849</u>	(30,512,697)
Totals	162,858,854	<u>100,560,000</u>	(62,298,854)	112,787,834	(50,071,020)
FTES	82	79	<u>(3)</u>	84	<u>2</u>

Major funding changes from the 2003-2005 budget to the executive recommendation include a \$7.3 million decrease in general funds. This is a result of funding \$2.1 million of agency operations from the general fund (administrative and support services division) and \$7.9 million of the remaining agency operations from the Water Development Trust Fund. In the 2003-2005 biennium, \$9.4 million of the agency's operations were funded with general fund dollars, with an offsetting \$10.1 million transfer from the Water Development Trust Fund to the general fund. The executive recommendation for the 2005-2007 biennium does not include a transfer between the Water Development Trust Fund and the general fund. The executive recommendation also includes a reduction of \$12.2 million of federal funds due to anticipated reductions. The reduction of \$30.5 million of special funds is largely due to not requesting additional bonding during the 2005-2007 biennium.

As of December 31, 2004, the State Water Commission had three vacant FTE positions. A federally-funded floodplain mapping coordinator position obtained in the 2003-2005 legislative session has not been filled. This was due to delays in obtaining the federal funding coupled with problems in attracting qualified applicants. Two special-funded engineering positions are also currently open; one has been vacant for a month and a half, and the other position vacant for only one week. We expect to fill all positions within a few months.

The two additional FTEs requested in the agency's budget are required to operate the Devils Lake outlet. The outlet is currently on schedule to be completed in the summer of 2005. The State Water Commission will then begin operations of the outlet. The executive recommendation contains \$2.1 million for the operation costs of the outlet including funding for the two new FTEs. The funding sources for the outlet staff and operations are the Resources Trust Fund and the Water Development Trust Fund.

In general, the State Water Commission made significant progress during the current biennium in advancing several projects into the construction phase. The Devils Lake outlet is 80 percent complete; the Maple River Dam received its Section 404 permit and is now under construction; and significant progress was made on other important water projects including the Southwest Pipeline Project, the Northwest Area Water Supply Project, and Mount Carmel Dam. However, the Grand Forks and Wahpeton flood control projects were delayed due to the reduction in federal funds, and other projects experienced delays for various reasons. Thus, the \$40.8 million of committed but not yet spent funding.

The State Water Commission's current budget includes bonding for \$60 million this biennium. When we began the bonding process, it became apparent that in order to sell the bonds, it would be necessary, or at least advantageous to identify bond repayment sources in addition to the tobacco settlement dollars in the Water Development Trust Fund. Bonds issued using only tobacco settlement dollars for repayment have become increasingly difficult to sell and, if salable, command substantially higher interest rates.

As a result, the State Water Commission introduced House Bill 1153, which would secure the bond repayments from a series of sources: first, the Water Development Trust Fund; second, the Resources Trust Fund; third, other appropriated revenues; and fourth, the amount necessary to make one biennium's payments from the proceeds of the Bank of North Dakota. Our bond counsel and bond underwriter believe this change will allow the State Water Commission to sell the bonds at a competitive interest rate. House Bill 1153 includes an emergency clause. If the bill passes with a two-thirds majority, we intend to bond in May or June, 2005.

The number one issue for the State Water Commission's budget for the 2005-2007 biennium will be funding for water projects. The executive recommendation includes funding to keep the major water projects moving forward. Section 61-02-14 of the North Dakota Century Code requires that the State Water Commission prepare a report on proposed expenditures from the Resources Trust Fund. We have expanded this report to include all expenditures for water projects. The 2005-2007 Water Development Report is attached with my testimony. The key to this budget is maintaining the flexibility to allocate the funds during the biennium to meet project needs. Clearly, this budget does not include adequate funding if all projects proceed to construction. However, history has shown that water projects are delayed for a combination of reasons - lack of federal funding, obtaining the necessary permits, obtaining the required local cost share, and other reasons. It is, therefore, imperative to maintain the flexibility to move funding to projects that are ready to move forward.

The spreadsheet on the following page shows the revenues and expenditures for the current biennium, and my proposal for the allocation of funds included in the executive recommendation for water projects.

Mr. Chairman, this concludes my prepared testimony. Are there any questions?

STATE WATER COMMISSION PROJECTS

Water Development Trust Fund
&
Resources Trust Fund

2003-05

2005-07

REVENUES

	REVENUES BUDGET 2003-05	REVENUES Estimated 2003-2005	CARRYOVER Balance 30-Jun-05	+	REVENUES New 2005-2007	=	BUDGET TOTAL 2005-2007
PROJECTED REVENUES							
RESOURCES TRUST FUND	31,150,000	37,300,000	37,300,000		15,350,000		52,650,000
WATER DEVELOPMENT TRUST FUND	18,446,225	18,096,225	4,250,000		20,600,000		24,850,000
2004 BOND PROCEEDS	60,000,000	60,000,000	5,050,000				5,050,000
INSURANCE RECOVERY	187,132	187,132					
TOTAL REVENUES	109,783,357	115,583,357	46,600,000		35,950,000		82,550,000

EXPENDITURES

	BUDGET Projects 2003-05	EXPENDITURES Estimated 2003-2005	CARRYOVER Committed 30-Jun-05	+	BUDGET New Funds 2005-2007	=	BUDGET TOTAL 2005-2007
BOND PAYMENTS	5,400,000	5,400,000	0		14,300,000		14,300,000
AGENCY OPERATIONS					7,900,000		7,900,000
CITY FLOOD CONTROL							
GRAND FORKS	18,106,229	10,606,229	7,500,000				7,500,000
WAHPETON	1,000,000	750,000	250,000		1,300,000		1,550,000
GRAFTON	4,643,500	43,500	4,600,000		4,100,000		500,000
FARGO	7,656,500	6,500	7,650,000		1,000,000		6,650,000
MRI	11,046,606	10,546,606	500,000		2,000,000		2,500,000
IRRIGATION DEVELOPMENT	2,881,575	881,575	2,000,000		500,000		2,500,000
GENERAL WATER MANAGEMENT	12,658,221	4,358,221	8,300,000		4,950,000		13,250,000
MISSOURI RIVER MANAGEMENT	100,000	100,000	0		100,000		100,000
FLOOD CONTROL							
BALDHILL DAM	760,127	760,127					
MAPLE RIVER DRY DAM	4,500,000	2,000,000	2,500,000		5,600,000		8,100,000
LAKE AGASSIZ WATER SUPPLY	127,014	127,014	0		150,000		150,000
DEVILS LAKE							
BASIN DEVELOPMENT	1,000,000	500,000	500,000				500,000
DIKE	4,074,202	1,074,202	3,000,000				3,000,000
OUTLET	26,930,383	22,930,383	4,000,000				4,000,000
OUTLET - OPERATIONS					2,100,000		2,100,000
SOUTHWEST PIPELINE PROJECT	6,149,000	6,149,000	0		2,600,000		2,600,000
WEATHER MODIFICATION	350,000	350,000	0		350,000		350,000
NORTHWEST AREA WATER SUPPLY	2,400,000	2,400,000	0		3,000,000		3,000,000
TOTAL EXPENDITURES	109,783,357	68,983,357	40,800,000		41,750,000		82,550,000

**NORTH DAKOTA STATE WATER COMMISSION TESTIMONY
RELATIVE TO HOUSE BILL 1021**

**PRESENTED TO THE HOUSE APPROPRIATIONS COMMITTEE
GOVERNMENT PERFORMANCE AND IMPROVEMENT DIVISION**

JANUARY 24, 2005

Mr. Chairman, Members of the Government Performance and Improvement Division of the House Appropriations Committee, I am Dale Frink, North Dakota State Engineer and Chief Engineer-Secretary to the North Dakota State Water Commission.

It is my pleasure to appear before you today regarding House Bill 1021. My testimony will be presented in three main parts: first, I will provide a brief organizational overview; second, a recap of our progress during the current biennium; and finally, a discussion of major projects, programs, and issues for the upcoming biennium.

*With the
exception of these
pages, same
testimony given to
the Senate*

In an important effort to support North Dakota's agricultural producers and struggling rural economies, the State Water Commission continued to operate the reinstated Drought Disaster Livestock Water Assistance Program (see map, Page 12). The livestock watering program provides cost-share assistance to producers living in, and adjacent to, those counties identified by Governor Hoeven as "drought emergency areas." Thus far during the 2003-2005 biennium, 166 livestock producers have been approved for assistance, with an average state cost-share of about \$1,600 per producer.

Assisting cities and rural regional water systems to develop or expand alternative water supplies continues to be an important part of our work. Phase I and II water supply studies for the City of Bottineau have been completed and are published. And, Phase I studies for the City of Devils Lake and Traill County Rural Water Users are completed and will be published next month. Studies are currently underway for the cities of Medina and Wahpeton, as well as a Phase II for Traill County Rural Water Users. Informal assistance on water rights and water supply problems has been given to numerous municipalities and rural water systems over the last two years. Additionally, the new EPA arsenic drinking water standards have forced the owners of many public water supplies to seek assistance to find solutions to achieve compliance.

Water rights were approved for 8,100 acres of new irrigation over the last two years. In that same time period, an additional 5,600 acre-feet were conditionally approved for municipal, recreational, and industrial purposes. Further, assistance has been provided to various state entities interested in irrigation, industry and other economic development.

It is also important to recognize that a potentially serious water supply situation was corrected with the replacement of the spillway at Mount Carmel Dam, which supplies water to approximately 4,900 people – including the City of Langdon. In March 2003, the spillway at Mount Carmel experienced a major failure. Design of a new spillway began in 2003, and by November 2004, a new spillway had been constructed.

Weather Modification

With regard to atmospheric resources efforts, cloud seeding services continued in Bowman, McKenzie, Mountrail, Slope, Williams, and Ward Counties – with the dual purpose of reducing hail and enhancing rainfall. In addition, the atmospheric resources program recently held meetings in Burleigh and Morton Counties to identify potential interest in expanding the program to those counties. Long-term evaluations indicate that the cloud seeding program reduces crop hail losses by 45 percent, increases rainfall up to 10 percent, resulting in increased wheat yields of 6 percent.

General Water Management and Planning

Significant progress was also made on statewide general water management projects. Those efforts included irrigation development, rural ring dike program developments,

snagging and clearing efforts, bank stabilizations, dam repairs, and new or reconstructed rural flood control projects to numerous to mention.

And last but not least, the State Water Commission recently completed an updated 2004-2007 Strategic Plan to guide agency activities through the 2005-2007 biennium. The new strategic plan includes the agency's primary goals, and objectives to assist with achieving those goals. In addition, the strategic plan includes specific action plans and timeframes for completion of various tasks for 27 of the Commission's most important projects and programs. By publishing this plan, I believe we have set the bar at a high level for the State Water Commission, and we have made it easier for North Dakota residents to monitor our progress in the future.

As you can see, we have made tremendous progress, but much remains to be done. Unfortunately, as proven in the past, we expect that many of the typical obstacles to water development efforts will continue to challenge us in the future. Examples include, permit requirements, lawsuits, and environmental regulations, which all can slow progress.

However, in spite of these obstacles, I believe North Dakota is well positioned to proceed with planned water development efforts – all of which are critical to the people and communities they benefit.

HOUSE BILL 1021

House Bill 1021 contains the executive budget recommendation for the State Water Commission. The recommendation totals \$112,787,834.

Administrative and Support Services	\$ 2,176,060
Water and Atmospheric Resources	110,611,774
Total	\$112,787,834

General Funds	\$ 2,063,357
Federal Funds	17,680,628
Other Funds	93,043,849

Our agency budget contains only two line items. The line item titled Administrative and Support Services contains costs associated with the Administrative and Support Services Division. The line item titled Water and Atmospheric Resources contains costs associated with operation of the Planning, Water Appropriation, Water Development, and Atmospheric Resources Divisions, as well as all project funding.

In the 2003-2005 biennium, \$9.4 million of the agency's operations were funded with general fund dollars, with an offsetting \$10.1 million transfer from the Water Development Trust Fund to the General Fund. General funds totaling \$2,063,357 and federal funds totaling \$17,680,628 have been included in the executive recommendation.

The Resources Trust Fund is projected to bring in \$15,384,487 in new revenue this biennium. This is an anticipated reduction of \$1,978,418 from the current 2003-2005 projected revenue, and is based on projections provided by the Office of Management and

Budget (OMB). The Water Development Trust Fund is projected to bring in \$20,674,860 in new revenue this biennium.

These amounts, plus the beginning balances in the funds and cost-shares from project sponsors, will provide the agency's funding. To arrive at the estimated beginning trust fund balances, it was assumed that the \$60 million of bonding authority provided in the agency's 2003-2005 appropriation bill be issued in this biennium.

The Executive budget recommendation includes two new positions. The two additional FTEs are for personnel required to operate the Devils Lake outlet. The outlet is currently on schedule to be completed in the summer of 2005. The State Water Commission will then begin operation of the outlet. The Executive recommendation contains \$2.1 million for two new FTEs and estimated operation costs of the outlet. The funding for the outlet staff and operations will come from the Resources and Water Development Trust Funds.

The 2005-2007 Water Development Report is provided for your reference. The purpose of the 2005-2007 Water Development Report is: to serve as a supplement to the 1999 State Water Management Plan; to provide up-to-date information regarding North Dakota's current and future water development project needs; to provide current information regarding North Dakota's ability to fund those water development needs; and to serve as a formal request for funding from the Resources Trust Fund.

As indicated in the Water Development Report, the total estimated project and program funding needs submitted by project sponsors total over \$307 million for the upcoming

biennium. Prioritization includes very close coordination with the Governor's Office, State Water Commission members, and the North Dakota Water Coalition.

The following table represents potential priority projects, estimated expenditures for the current biennium, and potential allocations in the 2005-2007 biennium.

Potential Priority Projects	Estimated Expenditures 03-05	Potential Alloc. 05-07 (New and Carryover)
Devils Lake		
Outlet	\$22,930,000	\$4,000,000
Basin Dev. & Misc.	\$500,000	\$500,000
Infrastructure	\$1,074,000	\$3,000,000
Flood Control		
Grand Forks	\$10,600,000	\$7,500,000
Wahpeton	\$750,000	\$1,550,000
Grafton	\$43,000	\$500,000
Fargo	\$7,000	\$8,650,000
Maple River Dam	\$2,000,000	\$8,100,000
General Water Management	\$4,364,000	\$13,250,000
Irrigation	\$882,000	\$2,500,000
Missouri River Management	\$100,000	\$100,000
Eastern Dakota Water Supply	\$127,000	\$150,000
MR&I	\$10,547,000	\$2,500,000
NAWS	\$2,400,000	\$3,000,000
SWPP	\$6,149,000	\$2,600,000
Baldhill Dam	\$760,000	
Weather Modification	\$350,000	\$350,000
Project Totals	\$63,583,000	\$58,250,000

AGENCY SPECIFICS AND ISSUES

The number one issue facing the State Water Commission during the 2005-2007 biennium is funding for water projects. The Governor's budget includes adequate funding to keep

the major water projects moving forward. However, it does not include as much funding as several projects would desire.

Maintaining the agency's professional positions continues to be very challenging. State employee salaries have always lagged behind the salaries paid by private industry in this region, and the federal government. However, in many cases, state employee salaries are now even behind comparable positions in local government and political subdivisions within the state. In the past, our greatest challenge was retaining young professionals with three to ten years of experience. Our state retirement system was a significant factor in retaining employees with more than ten years of experience. Recently, however, we lost two management level engineers with 16 and 19 years of experience. This required us to give equity adjustments in several areas.

Another change involved funding of the intern pilot program for our cloud seeding operations. Funding for the program was cut to meet the 95 percent general fund budget for the 2003-2005 biennium. The program has continued with unpaid volunteer participants the last two summers, but interest has declined significantly as many students cannot participate due to economic hardship. This budget restores funding for the intern program, with the use of Water Development Trust Fund dollars.

In some areas of the state certain water resources are approaching, or have reached, the limit of their potential development. Significantly more complex and time-consuming methods, such as computer modeling, are now required to make some of these management decisions.

Numerous municipalities, industries, and other entities are looking for additional water resources to expand the state's economy. In an effort to better enable this economic growth, the reality is that finding water resources of adequate quantity and quality is becoming more and more difficult.

Lawsuits continue to demand a tremendous amount of staff time and money. As such, I would like to briefly overview the current status of our more pressing lawsuits facing water management today.

The adequacy of the NAWS project environmental assessment was challenged by Manitoba in October 2002, when they brought a lawsuit against the U.S. Department of Interior. Manitoba contends that the project constitutes a major federal action significantly affecting the quality of the human environment and that a more detailed Environmental Impact Statement must be completed. A hearing was held in Washington D.C. last summer, and a ruling is expected soon.

In the Devils Lake area, approximately 90 landowners brought a lawsuit in May of 1999 claiming damages from the high lake level. Devils Lake's rise of about 25 feet since 1993 has inundated 80,000 acres of land. The landowners assert that the state and local water resource districts are responsible for the lake's increase.

Manitoba has also challenged the North Dakota State Health Department issued discharge permit for the Devils Lake outlet. Manitoba was defeated in this lawsuit in State District

Court, but the ruling has been appealed to the State Supreme Court. We are expecting further legal challenges regarding the Devils Lake outlet.

Regarding the Missouri River, the new Missouri River Master Manual, which was published in March, will certainly improve management of the system in the future. However, it may be too late for any meaningful improvements to our current situation. Last fall, the navigation season was shortened by six weeks, and we expect a two-month shortening in 2005. Currently, storage in the mainstem reservoirs is at an all time low, and Lake Sakakawea is breaking record lows on almost a daily basis. Next spring, storage levels could reach navigation preclude levels, which is 1792 feet above mean sea level for Lake Sakakawea. This will cause even further problems for the Missouri River recreation industry that is already facing hardships due to low water levels.

And finally, management of North Dakota's sovereign lands has become substantially more demanding than originally envisioned. In 1989, the responsibility of administering the state's non-mineral interests in navigable waters shifted from the State Land Board, to the State Engineer. At that time, it was determined that the requirements for management were so minimal, that additional staff and funding were not required. However, the work effort has changed a great deal over the years.

Noxious weed control and overall management of sovereign lands has become a significant issue. On January 5, 2005, the Attorney General issued an opinion that the State Engineer "must carefully review all relevant considerations before acting on permit applications. He must conduct the review under a comprehensive plan..." The plan

"should examine all interests and consequences, including the cumulative effects of the proposed activity... Sovereign lands are entitled to the highest degree of protection."

Obviously, this Attorney General's opinion will require significantly more staff time and effort to meet this mandate.

In closing, the State Water Commission continues to make significant progress in meeting the state's water development needs. This has been possible, in large part, because Senate Bill 2188 and House Bill 1475 were passed by the 56th Legislative Assembly in 1999.

Senate Bill 2188 recognized the water development needs across North Dakota, and House Bill 1475 established the Water Development Trust Fund to finance projects. The budget outlined in House Bill 1021 ensures that we will be able to continue this progress.

**NORTH DAKOTA STATE WATER COMMISSION TESTIMONY
RELATIVE TO ENGROSSED HOUSE BILL 1021**

PRESENTED TO THE SENATE APPROPRIATIONS COMMITTEE

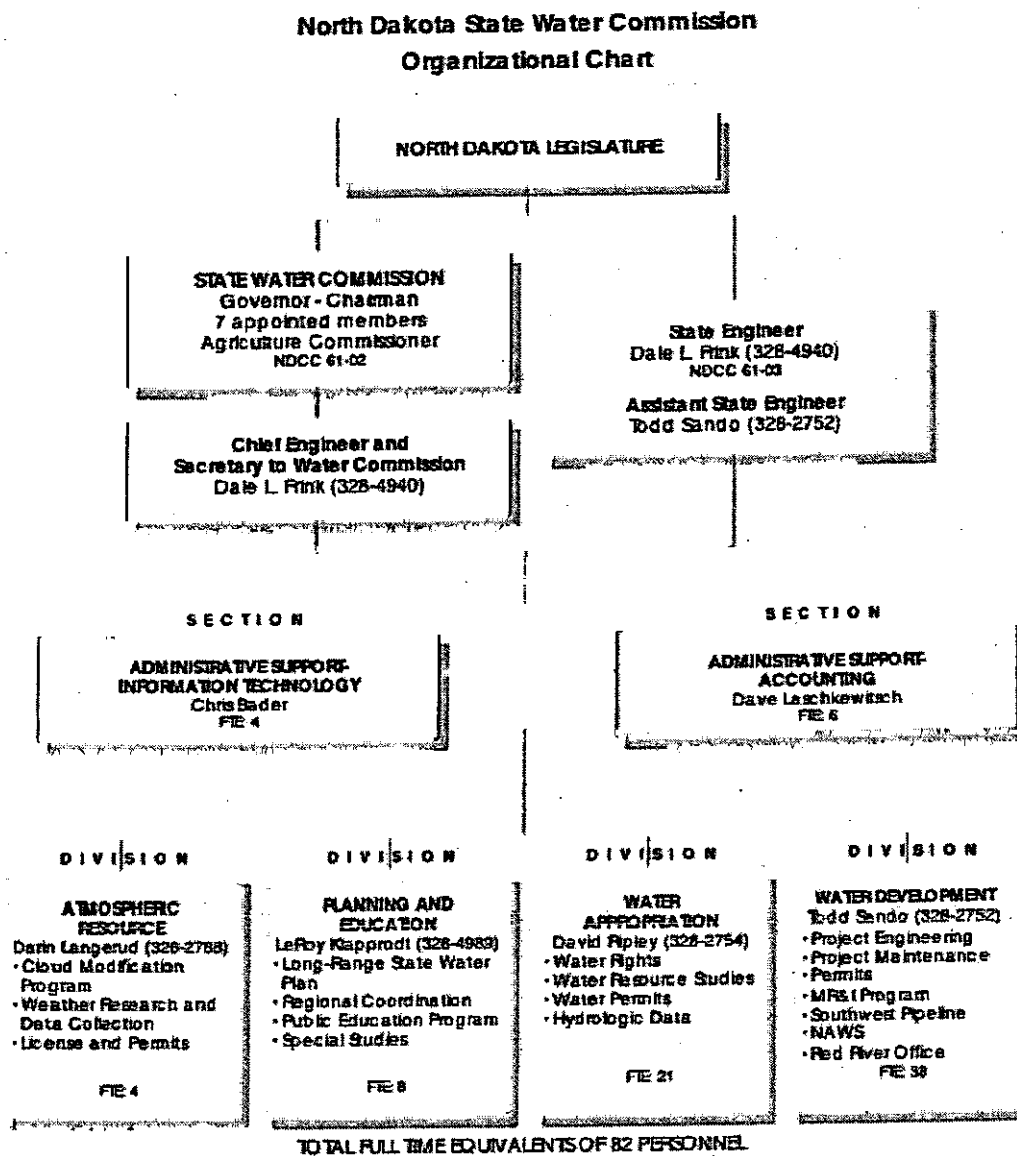
MARCH 8, 2005

Mr. Chairman, Members of the Senate Appropriations Committee, I am Dale Frink, North Dakota State Engineer and Chief Engineer-Secretary to the North Dakota State Water Commission.

It is my pleasure to appear before you today regarding Engrossed House Bill 1021. My testimony will be presented in three main parts: first, I will provide a brief organizational overview; second, a recap of our progress during the current biennium; and finally, a discussion of major projects, programs, and issues for the upcoming biennium.

ORGANIZATIONAL OVERVIEW

As illustrated by the following organizational chart, the State Water Commission is separated into five divisions, with 82 Full Time Employees (FTEs).



January 2005

The Administrative Support Services and Accounting Section, directed by Dave Laschkewitsch, provides support services for the agency, including office administration, and information technology.

The Planning and Education Division, directed by Lee Klapprodt, develops and maintains the State Water Management Plan and the agency Strategic Plan, and manages the agency's information and education programs.

The Water Appropriations Division, directed by Dave Ripley, is responsible for the processing of water permit applications; water rights evaluations; water resource management within the framework of the Appropriations Doctrine; collection of hydrologic data; water supply investigations; and supporting state and local economic development activities.

The Water Development Division, directed by Todd Sando, is responsible for project engineering, construction and maintenance; sovereign lands management; Missouri River management; Municipal Rural & Industrial (MR&I) program administration; Southwest Pipeline and Northwest Area Water Supply project management; dam safety; floodplain management; and the processing of dam, dike, and drainage permits.

And finally, the Atmospheric Resources Division, directed by Darin Langerud, is responsible for the administration of cloud seeding activities in the state, weather modification research and development, and weather-related data collection.

As you know, the State Water Commission is the lead agency entrusted with the vitally important role of managing North Dakota's surface, ground, and atmospheric water resources. With constant variations in weather patterns, causing flooding or drought conditions from year to year, and sometimes at the same time in different locations, it is most certainly a challenging responsibility. As an example of this challenge, the year 2004 brought record flood elevations for the Devils Lake area, and record lows in the Missouri River basin. It is likely that 2005 will bring much of the same.

A BIENNIUM OF PROGRESS

In looking back at the 2003-2005 biennium, it was an incredibly eventful period for the State Water Commission that brought many water management and development successes to all parts of the state. In fact, the 2003-2005 biennium may well have been one of the most progressive bienniums that the State Water Commission has ever had.

Flood Control

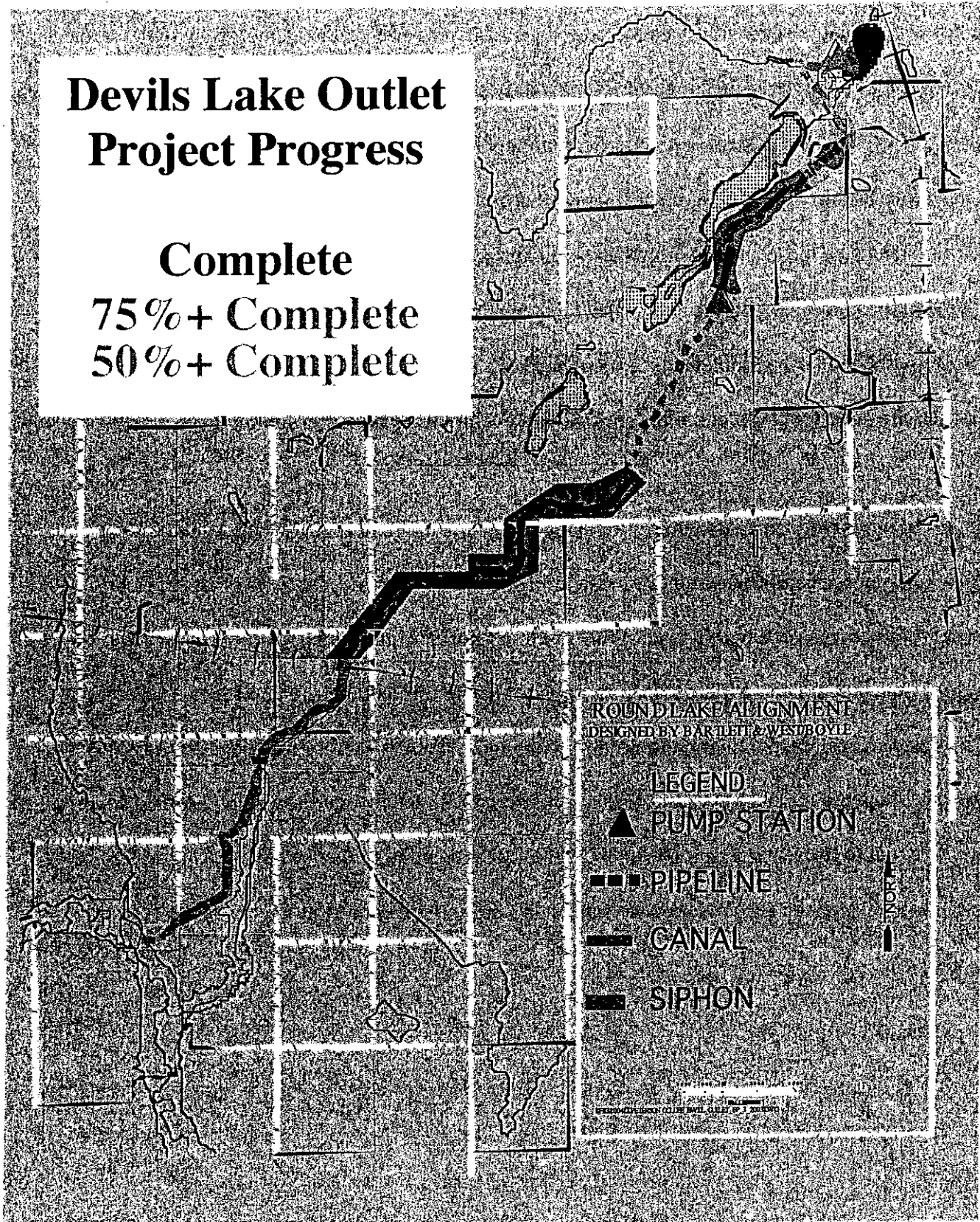
In reporting on our progress in the 2003-2005 biennium, I would like to begin with our efforts toward our fight against flooding in the Devils Lake basin - where we continued to pursue a comprehensive three-pronged approach to the area's flood-related problems. Our comprehensive approach continues to include upper basin water management, infrastructure protection, and an outlet to the Sheyenne River.

Most notable was our progress on the state-sponsored Devils Lake emergency outlet to the Sheyenne River. The outlet is currently sized for 100 cubic feet per second (cfs), but can be expanded to 300 cfs in the future, with modifications and a new permit. The outlet consists of two pumping plants, approximately 4 miles of pipeline, and 10 miles of open channel. This is an incredibly large-scale project, where construction progressed at an astonishing rate. By the end of the 2004 construction season, more than 80 percent of the outlet had been completed (see map, page 6). The remaining 20 percent of the project is scheduled for completion this spring, with operation to begin this summer.

Moving our attention to other flood control efforts in the Red River Valley, significant advances occurred in Grand Forks and East Grand Forks to construct permanent flood protection structures. Thus far, five of Grand Forks' eight primary project phases are almost complete, with the final Phase IV to be bid this summer. The project is scheduled for substantial completion in 2006, depending on the availability of federal funds. When completed, Grand Forks and East Grand Forks will be protected from flood events at least equal to the 1997 flood. During the 2003-2005 biennium, the State Water Commission committed the remainder of the state's \$52 million total contribution to the project.

Devils Lake Outlet Project Progress

Complete
75%+ Complete
50%+ Complete

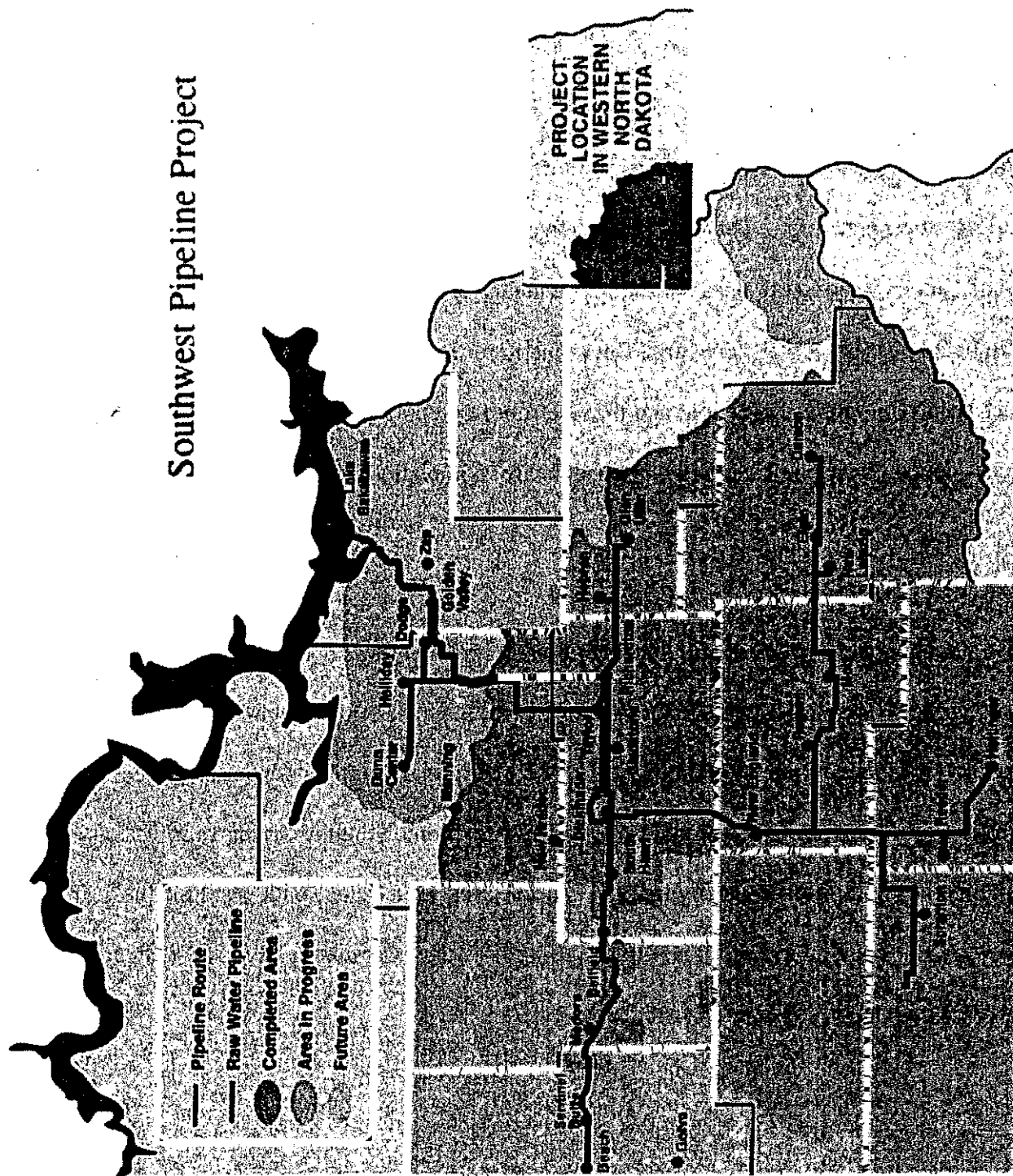


Also in the Red River Valley, construction finally began on the Maple River Dam project after waiting more than 10 years for a Section 404 permit from the U.S. Army Corps of Engineers. When completed, Maple River Dam will be a 70-foot-high earthen embankment, capable of temporarily retaining 60,000 acre-feet of floodwater. This project is designed to provide flood protection along the Maple, Sheyenne, and Red Rivers, and it is the fourth phase of the Sheyenne River Flood Control Project. The other completed phases are the West Fargo Sheyenne River Diversion, the Horace to West Fargo Sheyenne River Diversion, and the five-foot flood pool raise at Baldhill Dam. Construction on Maple River Dam is scheduled for completion in 2006.

Water Supply

In water supply efforts, I am proud to report that a ceremony was held in Beach on October 8, 2004, to celebrate the hook-up of Beach, Sentinel Butte, and Medora to the Southwest Pipeline Project (see map, page 8). The original Southwest Pipeline project was presented to the Legislature in 1983, and construction on the raw water transmission pipeline began in Mercer County in 1986. Twenty years later, the Southwest Pipeline now provides one billion gallons of treated Missouri River water annually to more than 34,000 residents in southwest North Dakota.

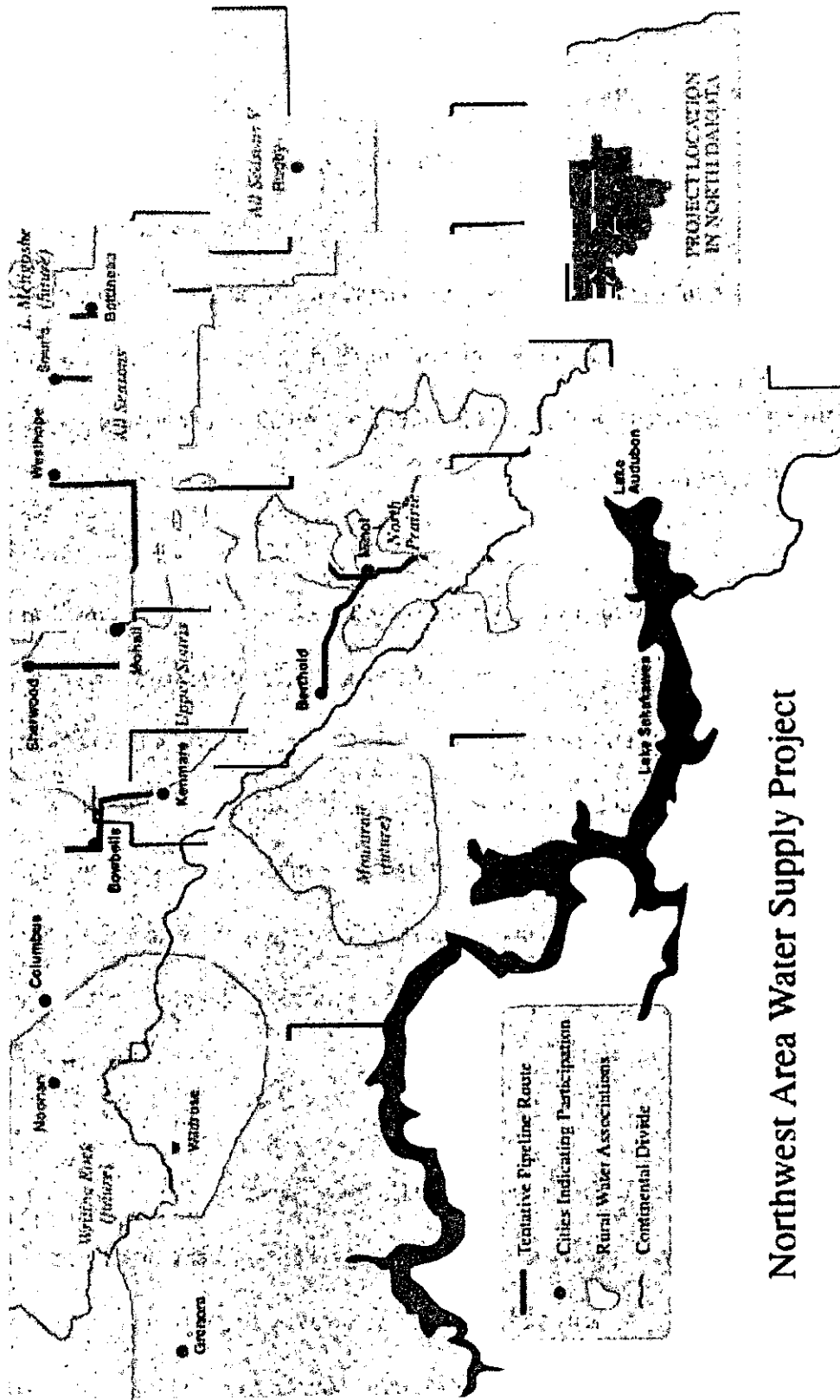
Southwest Pipeline Project



In the northwestern part of the state, we continued to push ahead with construction on the main transmission pipeline between Minot and the Missouri River as part of the Northwest Area Water Supply (NAWS) project. By the end of the 2004 construction season, the main transmission pipeline had been completed from Minot to Max, with 15 miles remaining to reach Lake Sakakawea (see map, page 10). When completed, NAWS will provide up to 26 million gallons of Missouri River water per day to at least 63,000 citizens in northwest North Dakota. With additional rural development, NAWS could serve up to 81,000.

Also of great importance were advances with the Municipal, Rural and Industrial (MR&I) water supply program. During the 2003-2005 biennium, construction efforts advanced on: the All Seasons System Five; the McKenzie County Rural Water Watford City Phase; the Langdon Rural Munich Expansion; the Ramsey Rural Expansion; and the Tri-County Rural Water Expansion projects. Through these efforts, new water supplies, or additional capacity was provided to 16 communities, including approximately 2,400 people. This spring and summer, additional construction efforts will occur on the Williams Rural Water and City of Pembina systems.

In March 2004, the U.S. Army Corps released a revised Missouri River Master Manual after a fourteen-year process. During that time, State Water Commission staff worked extensively with the Corps and other basin states to develop a manual that more accurately represents the contemporary needs of the Missouri River basin.



Northwest Area Water Supply Project

Assisting cities and rural regional water systems to develop or expand alternative water supplies continues to be an important part of our work. Phase I and II water supply studies for the City of Bottineau have been completed and are published. And, Phase I studies for the City of Devils Lake and Traill County Rural Water Users are completed and will be published next month. Studies are currently underway for the cities of Medina and Wahpeton, as well as a Phase II for Traill County Rural Water Users. Informal assistance on water rights and water supply problems has been given to numerous municipalities and rural water systems over the last two years. Additionally, the new EPA arsenic drinking water standards have forced the owners of many public water supplies to seek assistance to find solutions to achieve compliance.

Regarding water appropriations, water rights were approved for 8,100 acres of new irrigation over the last two years. In that same time period, an additional 5,600 acre-feet were conditionally approved for municipal, recreational, and industrial purposes. Further, assistance has been provided to various state entities interested in irrigation, industry and other economic development.

It is also important to recognize that a potentially serious water supply situation was corrected with the replacement of the spillway at Mount Carmel Dam, which supplies water to approximately 4,900 people – including the City of Langdon. In March 2003, the spillway at Mount Carmel experienced a major failure. Design of a new spillway began in 2003, and by November 2004, a new spillway had been constructed.

Cloud Modification

With regard to atmospheric resources efforts, cloud seeding services continued in Bowman, McKenzie, Mountrail, Slope, Williams, and Ward Counties – with the dual purpose of reducing hail and enhancing rainfall. In addition, the atmospheric resources program recently held meetings in Burleigh and Morton Counties in response to interest in expanding the program to those counties. Long-term evaluations indicate that North Dakota's cloud seeding program reduces crop hail losses by 45 percent, increases rainfall up to 10 percent, resulting in increased wheat yields of 6 percent.

General Water Management and Planning

Significant progress was also made on statewide general water management projects. Those efforts included irrigation development, rural ring dike program developments, snagging and clearing efforts, bank stabilizations, dam repairs, and new or reconstructed rural flood control projects to numerous to mention.

And last but not least, the State Water Commission recently completed an updated 2004-2007 Strategic Plan to guide agency activities through the 2005-2007 biennium. The new strategic plan includes the agency's primary goals, and objectives to assist with achieving those goals. In addition, the strategic plan includes specific action plans and timeframes for completion of various tasks for 27 of the Commission's most important projects and programs. By publishing this plan, I believe we have set the bar at a high level for the State Water Commission, and we have made it easier for North Dakota residents to monitor our progress in the future.

As you can see, we have made tremendous progress, but much remains to be done.

Unfortunately, as proven in the past, we expect that many of the typical obstacles to water development efforts will continue to challenge us in the future. Examples include, permit requirements, lawsuits, and environmental regulations, which all can slow progress.

However, in spite of these obstacles, I believe North Dakota is well positioned to proceed with planned water development efforts – all of which are critical to the people and communities they benefit.

2003-2005 Expenditure Summary

To cap off our discussion of activities in the current biennium, I would like to provide a brief summary of 2003-2005 expenditures to date. The State Water Commission has expended \$70 million on water projects through December 2004. It is anticipated that an additional \$22.7 million will be spent through June 2005. About \$69 million of the \$92.7 million will come from the Contract Fund - a combination of the Resources Trust Fund and the Water Development Trust Fund.

The State Water Commission currently has eight bond issues outstanding on the Southwest Pipeline Project. These have provided the project with \$17,134,000, of which \$15,841,600 remains outstanding. Payments on these bonds are made by the Southwest Water Authority from revenues generated by the pipeline.

The bond issue for the Northwest Area Water Supply Project provided the project with \$1,220,000. On September 1, 2004, the City of Minot defeased this debt when they deposited with the trustee the funding needed to make all bond payments through 2008, as well as the funding needed to fully retire all remaining debt in 2008. There will be no additional payments made on this bond.

We also have a \$32,095,000 bond issue, with \$29,160,000 outstanding for statewide water development projects. This issue uses the Water Development Trust Fund to make payments that total \$5.4 million per biennium.

ENGROSSED HOUSE BILL 1021

Engrossed House Bill 1021 contains the House approved budget for the State Water Commission. The budget totals \$112,748,356.

Administrative and Support Services	\$ 2,170,511
Water and Atmospheric Resources	110,577,845
Total	\$112,748,356

General Funds	\$ 9,819,473
Federal Funds	17,680,628
Other Funds	85,248,255

Our agency budget contains only two special line items. The line item titled Administrative and Support Services contains costs associated with the Administrative and Support Services Division. The line item titled Water and Atmospheric Resources contains costs associated with operation of the Planning, Water Appropriation, Water Development, and Atmospheric Resources Divisions, as well as all project funding.

In the 2003-2005 biennium, \$9.4 million of the agency's operations were funded with general fund dollars, with an offsetting \$10.1 million transfer from the Water Development Trust Fund to the General Fund. The 2005-2007 House approved budget includes \$9.8 million of general fund dollars for the agency's operations with an offsetting \$9.8 million transfer from the Water Development Trust Fund to the General Fund. Federal funds totaling \$17.7 million have also been included in the House approved budget.

The Resources Trust Fund is projected to bring in \$15,384,487 in new revenue this biennium. This is a \$1,978,418 reduction from the current 2003-2005 projected revenue and is based on projections provided by the Office of Management and Budget (OMB). The Water Development Trust Fund is projected to bring in \$20,674,860 in new revenue this biennium.

These amounts, plus the beginning balances in the funds and cost-shares from project sponsors, will provide the agency's funding. To arrive at the estimated beginning trust fund balances, it was assumed the \$60 million of bonding authority provided in the agency's 2003-2005 appropriation bill be issued prior to the beginning of the 2005-2007 biennium.

The House approved budget includes two new FTE positions for personnel to operate the Devils Lake outlet, that is currently on schedule to be completed and operated in the summer of 2005. The budget contains \$2.1 million for two new FTEs and estimated

operation costs of the outlet. Funding for the outlet staff and operations will come from the Resources and Water Development Trust Funds.

The 2005-2007 Water Development Report is provided for your reference. The purpose of the 2005-2007 Water Development Report is: to serve as a supplement to the 1999 State Water Management Plan; to provide up-to-date information regarding North Dakota's current and future water development project needs; to provide current information regarding North Dakota's ability to fund those water development needs; and to serve as a formal request for funding from the Resources Trust Fund.

As indicated in the Water Development Report, the total estimated project and program funding needs submitted by project sponsors total over \$307 million for the upcoming biennium.

The following table represents potential, priority projects, including estimated expenditures for the current biennium, and potential allocations in the 2005-2007 biennium. The process of prioritizing projects includes very close coordination with the Governor's Office, State Water Commission members, and the North Dakota Water Coalition.

Potential Priority Projects	Estimated Expenditures 03-05	Potential Allocations 05-07
Devils Lake		
Outlet - Construction	\$22,930,000	\$4,000,000
Outlet - Operations		\$2,100,000
Basin Dev. & Misc.	\$500,000	\$500,000
Infrastructure	\$1,074,000	\$3,000,000
Flood Control		
Grand Forks	\$10,600,000	\$7,500,000
Wahpeton	\$750,000	\$1,550,000
Grafton	\$43,000	\$500,000
Fargo	\$7,000	\$8,650,000
Maple River Dam	\$2,000,000	\$8,100,000
General Water Management	\$4,364,000	\$13,450,000
Irrigation	\$882,000	\$2,500,000
Missouri River Management	\$100,000	\$100,000
Eastern Dakota Water Supply	\$127,000	\$150,000
MR&I	\$10,547,000	\$2,500,000
NAWS	\$2,400,000	\$3,000,000
SWPP	\$6,149,000	\$2,600,000
Baldhill Dam	\$760,000	
Weather Modification	\$350,000	\$350,000
Project Totals	\$63,583,000	\$60,550,000
Non Allocated Project Deficit		\$ 2,100,000
Net Project Funding		\$58,450,000

AGENCY SPECIFICS AND ISSUES

The number one issue facing the State Water Commission during the 2005-2007 biennium is funding for water projects. The Governor's budget recommendation included adequate funding to keep the major water projects moving forward, and contained \$2.1 million of general fund dollars. The House approved budget reimburses the \$2.1 million from the general fund with trust fund dollars, making it necessary to reduce the amount available for projects. Potential project allocations identified in the previous table have not yet been reduced by the \$2.1 million.

Maintaining the agency's professional positions continues to be very challenging. State employee salaries have always lagged behind the salaries paid by private industry in this region, and the federal government. However, in many cases, state employee salaries are now even behind comparable positions in local political subdivisions within the state. In the past, our greatest challenge was retaining young professionals with three to ten years of experience. Our state retirement system was a significant factor in retaining employees with more than ten years of experience. Recently, however, we lost two management level engineers with 16 and 19 years of experience. This required us to review the compensation amounts of our employees and give several equity raises.

Another change involved funding of the intern pilot program for our cloud seeding operations. Funding for the program was cut to meet the 95 percent general fund budget for the 2003-2005 biennium. The program has continued with unpaid volunteer participation the last two summers, but interest has declined significantly as many students cannot participate due to economic hardship. This budget restores funding for the intern program.

Concerning water appropriation issues, in some areas of the state, certain water resources are approaching, or have reached, the limit of their potential development. Significantly more complex and time-consuming methods, such as computer modeling, are now required to make some of these management decisions. Numerous municipalities, industries, and other entities are looking for additional water resources to expand the

state's economy. Unfortunately it is becoming increasingly difficult to find water resources of adequate quantity and quality to serve growing demands.

Lawsuits continue to demand a tremendous amount of staff time and money. As such, I would like to briefly overview the current status of our more pressing lawsuits facing water management today.

The adequacy of the NAWS project Environmental Assessment was challenged by Manitoba in October 2002, when they brought a lawsuit against the U.S. Department of Interior. Manitoba contends that the project constitutes a major federal action significantly affecting the quality of the human environment and that a more detailed Environmental Impact Statement must be completed. Recently, the court ruled that the project needed more environmental study on the issue of whether full treatment within the Missouri basin is needed. The Department of Interior is considering an appeal.

In the Devils Lake area, approximately 90 landowners brought a lawsuit in May of 1999 claiming damages from the high lake level. Devils Lake's rise of about 25 feet since 1993 has inundated 80,000 acres of land. The landowners assert that the state and local water resource districts are responsible for the lake's increase.

Manitoba has also challenged the North Dakota State Health Department issued discharge permit for the Devils Lake outlet. Manitoba was defeated in this lawsuit in State District Court, but the ruling has been appealed to the State Supreme Court. We are expecting further legal challenges regarding the Devils Lake outlet.

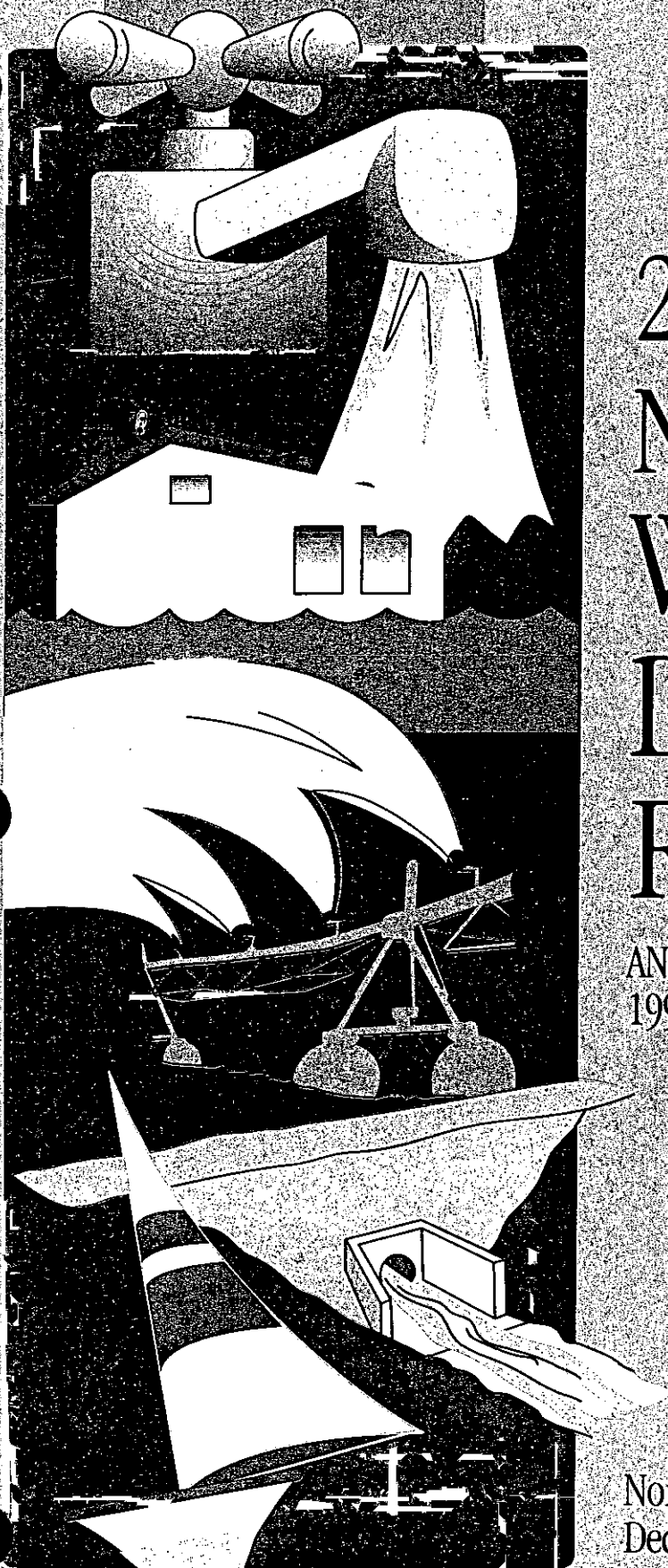
In the Missouri River basin, the new Missouri River Master Manual, which was published in March, is expected to improve management of the system in the future. However, it may be too late for any meaningful improvements to our current situation. Last fall, the navigation season was shortened by six weeks, and we expect a two-month shortening in 2005. Currently, storage in the mainstem reservoirs is at an all time low, and Lake Sakakawea is breaking record lows on almost a daily basis. Next spring, storage levels could reach navigation preclude levels, which are 1,792 feet above mean sea level for Lake Sakakawea. This will cause even further problems for the Missouri River recreation industry that is already facing hardships due to low water levels.

And finally, management of North Dakota's sovereign lands has become substantially more demanding than originally envisioned. In 1989, the responsibility of administering the state's non-mineral interests in navigable waters shifted from the State Land Board, to the State Engineer. At that time, it was determined that the requirements for management were so minimal, that additional staff and funding were not required. However, the work effort has changed a great deal over the years.

Noxious weed control and overall management of sovereign lands has become a significant issue. On January 5, 2005, the Attorney General issued an opinion that the State Engineer "must carefully review all relevant considerations before acting on permit applications. He must conduct the review under a comprehensive plan..." The plan "should examine all interests and consequences, including the cumulative effects of the proposed activity... Sovereign lands are entitled to the highest degree of protection."

Obviously, this Attorney General's opinion will require significantly more staff time and effort to meet this mandate.

In closing, the State Water Commission continues to make significant progress in meeting the state's water development needs. This has been possible, in large part, because Senate Bill 2188 and House Bill 1475 were passed by the 56th Legislative Assembly in 1999. Senate Bill 2188 recognized the water development needs across North Dakota, and House Bill 1475 established the Water Development Trust Fund to finance projects. The budget outlined in Engrossed House Bill 1021 ensures that we will be able to continue this progress.



2005-2007 North Dakota Water Development Report

AN UPDATE TO THE
1999 STATE WATER MANAGEMENT PLAN

North Dakota State Water Commission
December 2004

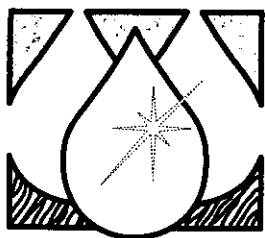


Table of Contents

2005-2007 WATER DEVELOPMENT REPORT an update to the 1999 State Water Management Plan December 2004

GOVERNOR
John Hoeven

COMMISSIONER OF AGRICULTURE
Roger Johnson

WATER COMMISSIONERS
Mac Halcrow, Larry Hanson,
Elmer Hilesland, Curt Hofstad,
Jack Olin, Harley Swenson,
Robert Thompson

STATE ENGINEER AND SECRETARY
Dale L. Frink

STATE WATER COMMISSION
PLANNING AND EDUCATION STAFF

Director: Lee Klapprodt

Water Resource Planners:

Linda Weispfenning, Michael Noone
Bill Sharff

Natural Resource Economist:

Patricia Fridgen

Research Analyst: Larry Knudtson

Graphic Artist: Brenda K. Hove

Secretary: Dawn Schock

Introduction	1
Background	1
Purpose and Authority	1
Statewide Water Development Program	2
The Inventory Process	2
Project Inventories	2
Water Project Funding	7
General Fund	7
MR&I	7
Resources Trust Fund	7
Water Development Trust Fund	8
Bonding	8
Drinking Water State Revolving Loan Fund	8
Other Federal Funding	8
Funding Priorities for 2005-07 Biennium	9
Biennial Water Development Project Budget	9
Project Descriptions	9
Appendix	13

Introduction

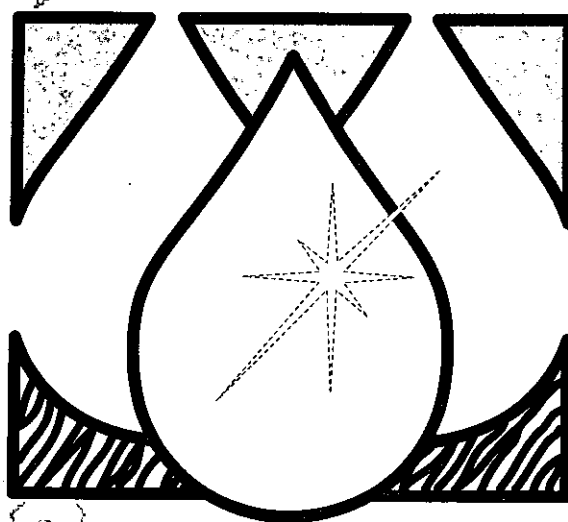
From the beginning of time, water has not only shaped landscapes, it has also shaped lives—sometimes for the better, other times for the worse. And in that truth lies a delicate balance, where over time we have learned to respect and live with our water resources as they naturally occur, but also to develop and manage them where appropriate, to harness their maximum benefit for all North Dakotans. It is that same water development and management that protects our cities from flooding, provides quality water at the turning of a tap, and provides the promise of a future for generations to come.

As we approach the 2005-2007 biennium, North Dakota's elected officials, as well as state and local water managers, can be very proud of the progress that has been made since the creation of the 1999 State Water Management Plan (SWMP), and the passage of critical legislation, such as Senate Bill 2188. The forward-thinking nature of those efforts during the 56th Legislative Assembly positioned North Dakota to develop and fund critical water projects throughout the state, that have since made North Dakota a better, and safer place to live.

Today, rural areas and communities in the eastern part of the state are less vulnerable to flooding than ever before. In the southwest, we have completed the original Southwest Pipeline Project; now providing a clean, reliable source of water to more than 34,000 people. In the northwest, pipeline is being installed as we push forward with the Northwest Area Water Supply Project, which ultimately may serve as many as 81,000 people. In the Devils Lake region, we are continuing to make progress in the

fight against that area's devastating flooding problems – including construction of an outlet to the Sheyenne River. And, after almost 15 years of struggle, North Dakota can now expect more of a fair shake when it comes to utilizing and securing our share of vital Missouri River water.

Clearly, we have indeed made tremendous strides just in the last few years, but yet, many critical water needs still



exist, and much remains to be done. And, in an effort to comprehensively identify those water development needs that mean so much to the regions of the state they benefit, we have created this report—the 2005-2007 North Dakota Water Development Report to serve that purpose.

Background

In 1999, the North Dakota State Water Commission (SWC or Commission) developed the 1999 SWMP. The 1999 SWMP was by far the most comprehensive effort ever undertaken in North Dakota to identify the water development needs of the state. In response, the Legislature took notice of the state's growing water project needs by passing SB 2188, which set

up the Water Development Trust Fund and provided authority to issue up to \$84.8 million in bonds to fund water projects statewide. In addition, the passage of House Bill 1475 devoted 45 percent of the state's tobacco settlement to the Water Development Trust Fund.

Then, in 2001 and 2003, updates and supplements to the 1999 SWMP were developed to provide updated water project information to the 57th and 58th Legislative Assemblies. The 2001 and 2003 reports provided updated information regarding the state's water development needs and funding abilities at those times. This report will serve a similar purpose during the 2005-2007 biennium and for the 59th Legislative Assembly.

Purpose and Authority

The purpose of the 2005-2007 Water Development Report is to:

- serve as a supplement to the 1999 SWMP;
- provide up-to-date information regarding North Dakota's current and future water development project needs;
- provide current information regarding North Dakota's ability to fund those water development needs;
- serve as a formal request for funding from the Resources Trust Fund; and
- provide updated information regarding the Commission's cost-share policies.

By virtue of North Dakota Century Code, Section 61-02-14, Powers and Duties of the Commission; and Section 61-02-26, Duties of State Agencies Concerned with Intrastate Use or Disposition of Waters, the Commission is required to develop and maintain a comprehensive water plan for the sound management of North Dakota's water resources.

Statewide Water Development Program

This section will briefly describe the inventory process used by the SWC Planning and Education Division to identify future water project or program funding needs. A discussion will also be provided of current water development activities, as well as project needs for the 2005-2007 biennium and beyond.

The Inventory Process

As part of the SWC's water planning efforts, the Planning and Education Division once again solicited project and program information from potential project sponsors. The results provide the SWC with an updated inventory of water projects and programs that are expected to come forward for SWC cost-share in the upcoming 2005-2007 biennium and beyond. As in the past, the product of this effort, or this report, becomes the foundation of the State Water Commission's budget request to the Governor and Legislature.

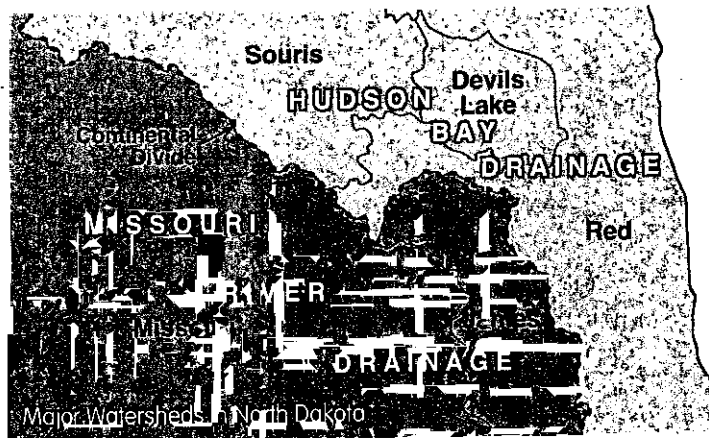
To obtain updated and new project and program information from sponsors, the Planning and Education Division sent project information forms to county water boards, joint boards, and communities. The managers of major water projects, including the Dakota Water Resources Act - Municipal, Rural, and Industrial Program; Northwest Area Water Supply Project; and Southwest Pipeline Project, were also surveyed. Information requested on the forms included general project descriptions, location, permit information, and

identification of potential obstacles, among other basic aspects of the projects.

More importantly, sponsors were asked to assign the most

realistic start dates possible to projects they expected to present to the SWC for cost-share consideration - particularly during the 2005-2007 and later bienniums. As part of that effort, project sponsors needed to take into consideration when a funding commitment from the SWC will be needed, and to identify when state dollars will be necessary for projects or programs to proceed.

As the project information forms were received by the SWC, the information was transferred into the Planning and Education Division's water project database. This provides the SWC with updated project information for older projects and an accounting of new projects that have developed since the last inventory process, during the 2003-2005 biennium. The result of this inventory process is a comprehensive list of water projects throughout North Dakota that could come forward for new or additional cost-share in future bienniums. As stated earlier, this is an invaluable tool for budget planning purposes both for the SWC and the Legislature.



Project Inventories

The following tables will provide an inventory of: completed projects, 2003-2005 biennium (Table 1); currently active projects and funding, 2003-2005 biennium (Table 2); future water development needs, 2005-2007 biennium (Table 3); and potential water development funding needs, 2007-2011 (Table 4).

COMPLETED PROJECTS, 2003-2005 BIENNIUM

Table 1 lists the projects, programs, and studies that were completed during the 2003-2005 biennium as of October 2004.

CURRENTLY ACTIVE PROJECTS, 2003-2005 BIENNIUM

The projects and project categories listed in Table 2 represent water development efforts that are being pursued in the current biennium. Several individual projects are listed in the table. However, a number of others fall under project categories, such as irrigation development or general water management, and therefore, are not individually identified in the table.

Table 2 represents the total 2003-2005

**Table 1- Completed Projects,
2003-2005 Biennium**

PROJECT NAME	WATERSHED
Sweetwater-Morrison Lake Storage Contracts	Devils Lake
Lake George Outlet Control Structure	James
Brookfield Estates Diversion Ditch Extension	Missouri
Buford-Trenton Irrigation District Pump House and Controls Upgrade	Missouri
City of Bismarck Stormwater Management	Missouri
Economic Value of Lake Sakakawea Fishing Study - NDSU	Missouri
North Lemmon Lake Dam Repair	Missouri
Sertoma Park Purple Loosestrife Weed Control	Missouri
Sioyx Irrigation District	Missouri
Cass County Drain #27	Red
Cass County, Swan Creek Diversion	Red
Elm River Dam #3	Red
Grand Forks County Drain #27	Red
Grand Forks County Drain #27A	Red
Griggs County (Cooperstown) Drain #3 Eng. Feasibility	Red
Homme Dam Beach & Sidewalk	Red
Leonard Twp. EWP Natural Drainage Reconstruction	Red
Pembina County Drain #4	Red
Red River Basin Commission Main-stem Modeling	Red
Red River Basin Commission PIRC Project	Red
Rush River, Ansonia Twp. CAT Drop Structure Repair	Red
Seyenne River Snagging and Clearing	Red
Steele-Traill County Drain #7	Red
Steele-Traill County Drain #17	Red
Traill County (Garfield-Viking) Drain #59	Red
Traill County Drain #27	Red
Traill County Drain #58	Red
Upper Elm River Watershed Analysis and Channel Improvement Study	Red
USGS Red River Wetland Monitoring and Modeling	Red
Wild Rice River Snagging and Clearing	Red
Des Lacs River Upper Basin Floodwater Storage	Souris
ND Water Resource Districts Asso. Handbook	Statewide
North Dakota Natural Resources Trust	Statewide
Will and Carlson Consulting	Statewide

SWC project budget, and what the SWC had approved for project funding just over half way through the biennium. As the table suggests, the SWC had approved about 95 percent of the project budget by October 2004.

FUTURE WATER DEVELOPMENT NEEDS, 2005-2007 BIENNIUM

Table 3 contains the projects that could come forward for SWC cost-share in the 2005-2007 biennium. This

cost-share policies, including: water supply, snagging and clearing, drainage/channel improvements, flood control, irrigation, bank stabilization, studies and planning, and multi-purpose projects. The total financial need to implement all of the projects in the 2005-2007 inventory is at least \$307 million. The state's share of that total is about \$71 million, based on current cost-share requirements. The federal government and local project sponsors would be responsible to make up the balance.

**Table 2- Currently Active Projects and Funding,
2003-2005 Biennium**

PROJECT OR CATEGORY	BUDGET	SWC/SE APPROVED
Baldhill Dam Flood Control	\$ 760,127	\$ 760,127
Devils Lake Basin Development	1,000,000	524,846
Devils-Lake Dike	4,074,202	4,074,202
Devils-Lake Outlet	26,930,363	26,930,363
Eastern Dakota Water Supply	127,014	127,014
Fargo Flood Control	2,467,000	
General Water Management	12,658,221	11,243,774
Grafton Flood Control	4,633,000	4,643,500
Grand Forks Flood Control	18,106,229	18,106,229
Irrigation Development	2,881,575	1,881,575
Maple River Dry Dam	4,500,000	4,500,000
Missouri River Management	100,000	0
Municipal, Rural & Industrial Water Supply	11,046,606	11,046,606
Northwest Area Water Supply	2,400,000	2,400,000
Southwest Pipeline	6,149,000	6,149,000
Wahpeton Flood Control	1,000,000	740,051
Weather Modification	350,000	350,000
Total Cost	\$ 99,183,367	\$ 93,512,307

accounting of projects simply represents a non-prioritized list of needs as submitted by water managers. It does not guarantee, in any way, that all of the projects listed will receive funding.

The list is organized into eight categories based on SWC

It should be recognized that the 2005-2007 totals do not account for projects that may not seek funding in the current 2003-2005 biennium and will carry over to the next biennium. As a result, the actual need for the upcoming biennium has the potential to be greater than portrayed here. In contrast, it should also be noted that water development projects can be delayed as a result of local or federal funding problems, permits, or environmental issues, which can substantially influence the actual need for any given biennium.

WATER DEVELOPMENT FUNDING NEEDS BEYOND 2005-2007

Table 4 represents the potential funding need that was reported by project sponsors by category beyond the 2005-2007 biennium, through 2011. Projects included in this timeframe were either identified by project sponsors to move ahead beyond June 30, 2007, or they were placed into a later timeframe by SWC staff based on their knowledge of the project.

Table 3: Water Development Needs in the 2005-2007 Biennium

Water Supply

WATERSHED	COUNTY NAME	PROJECT	FEDERAL COST	STATE COST	LOCAL COST*	TOTAL COST
Devils Lake	Ramsey	Devils Lake: Emergency Water Source & Treat.	\$ 0	\$ 5,250,000	\$2,000,000	\$7,250,000
James	LaMoure	Southeast Regional Expansion: LaMoure, Oakes	9,130,590	0	1,014,510	10,145,100
Missouri	Multi-county	Fort Berthold Regional Transmission Line	2,880,000	0	1,120,000	4,000,000
Missouri	McKenzie	McKenzie County Rural Water: System II	4,490,500	0	1,924,500	6,415,000
Missouri	McLean	Riverdale Regional Water Treatment Facility	505,000	0	415,000	920,000
Missouri	Multi-county	South Central Regional Rural Water System	12,443,200	0	5,332,800	17,776,000
Missouri	Multi-county	Southwest Pipeline Project	0	12,650,000	1,650,000	14,300,000
Missouri	Stutsman	Stutsman Rural Water District Improv. & Expan.	700,000	0	300,000	1,000,000
Missouri	McLean	Washburn Regional Water Treatment Plant	1,000,000	0	800,000	1,800,000
Red	Cass	Cass Rural Water System Improvements	1,500,000	0	1,000,000	2,500,000
Red	Richland	City of Christine: Water Storage Reservoir	350,000	0	150,000	500,000
Red	Ransom	City of Enderlin: Water System Improvements	3,850,000	0	1,650,000	5,500,000
Red	Cass	City of Gardner: Water Storage Reservoir	245,000	0	105,000	350,000
Red	Trail	City of Hillsboro: Water Dist. System Improv.	0	0	2,020,000	2,020,000
Red	Cavalier	City of Langdon: Mt. Carmel Raw Water 2nd Line	657,150	0	353,850	1,011,000
Red	Cass	City of Mapleton: Water Storage Reservoir	455,000	0	195,000	650,000
Red	Cass	City of Page: Water System Improvements	455,000	0	195,000	650,000
Red	Multi-county	Dakota Water Users Distribution Expan. - Binford	1,267,500	0	682,500	1,950,000
Red	Walsh	Grafton Intake Replacement	182,000	0	98,000	280,000
Red	Walsh	Grafton Water Treatment Plant Improvements	2,844,205	0	1,531,495	4,375,700
Red	Grand Forks	Grand Forks Raw Water Intake & Trans. Pipelines	0	4,500	5,500	10,000
Red	Grand Forks	Grand Forks Water Distribution Improvements	0	0	1,607,244	1,607,244
Red	Pembina	North Valley Water Dist. Distrib. Expan. - Pembina	526,500	0	283,500	810,000
Red	Richland	Southeast Regional Expansion: Hankinson, Lidgerwood, Wyndmere	14,400,000	0	1,600,000	16,000,000
Red	Trail	Trail Rural Water - Regional Expansion	2,040,000	0	960,000	3,000,000
Souris	Multi-county	Northwest Area Water Supply	15,000,000	3,000,000	9,000,000	27,000,000
Total			\$74,921,645	\$20,904,500	\$35,993,899	\$131,820,044

* In some instances, all or portions of local funding for water supply projects may come from the Drinking Water State Revolving Loan Fund, or Rural Development loans.

Snagging/Clearing

WATERSHED	COUNTY NAME	PROJECT	FEDERAL COST	STATE COST	LOCAL COST	TOTAL COST
Red	Richland	Antelope Creek Snagging and Clearing	\$ 0	\$ 18,750	\$ 56,250	\$ 75,000
Red	Trail	Buffalo Coulee Improvement	0	50,000	150,000	200,000
Red	Pembina	Cart Creek Snagging and Clearing	0	112,500	337,500	450,000
Red	Trail	Elm River Snagging and Clearing	0	125,000	375,000	500,000
Red	Trail	Goose River Improvement	0	50,000	150,000	200,000
Red	Cass	Maple River Snagging and Clearing	0	25,000	75,000	100,000
Red	Cass	Red River Snagging and Clearing	0	25,000	75,000	100,000
Red	Cass	Rush River Snagging and Clearing	0	20,000	60,000	80,000
Red	Cass	Sheyenne River Snagging and Clearing	0	50,000	150,000	200,000
Red	Cass	Wild Rice River Snagging and Clearing	0	20,000	60,000	80,000
Red	Richland	Wild Rice River Snagging and Clearing	0	56,250	168,750	225,000
Total			\$0	\$552,500	\$1,657,500	\$2,210,000

Drainage/ Channel Improvements

WATERSHED	COUNTY NAME	PROJECT	FEDERAL COST	STATE COST	LOCAL COST	TOTAL COST
Missouri	Morton	Zachmeier Flats Flood Control and Drainage	0	100,000	100,000	200,000
Red	Cass	Cass County Drain #10	0	250,000	464,286	714,286
Red	Cass	Cass County Drain #45	0	87,500	162,500	250,000
Red	Cass	Cass County Drain #53	0	150,000	278,571	428,571
Red	Cass	Cass County Drain #NC-2 (22)	0	175,000	325,000	500,000
Red	Cass	Cass County Drain #NC-2 (23)	0	250,000	750,000	1,000,000
Red	Cass	Cass County Drain #NC-2 (32)	0	175,000	325,000	500,000
Red	Walsh	Channel 3 Lower Forest River	0	75,000	175,000	250,000
Red	Pembina	Drain #64 Reconstruction & Drop Structure	0	70,000	130,000	200,000
Red	Pembina	Drain #67 Reconstruction	0	122,500	227,500	350,000
Red	Pembina	Kippen Coulee	0	87,500	162,500	250,000
Red	Richland	Project #10 Reconstruction	0	245,000	455,000	700,000
Red	Richland	Project #14 Reconstruction	0	70,000	130,000	200,000
Red	Cass	Rush River Channel Reconstruction	0	100,000	185,714	285,714
Red	Walsh	Walsh County Drain #67A	0	75,000	175,000	250,000
Total			\$0	\$2,032,500	\$4,046,071	\$6,078,571

Flood Control

WATERSHED	COUNTY NAME	PROJECT	FEDERAL COST	STATE COST	LOCAL COST	TOTAL COST
Devils Lake	Multi-county	Devils Lake Outlet Operation & Maintenance	\$ 0	\$ 2,081,000	\$ 0	\$ 2,081,000
Red	Trail	Augustad Dam Rehabilitation	0	250,000	250,000	500,000
Red	Grand Forks	Dam Site #10 Upper Turtle River Watershed	1,000,000	800,000	200,000	2,000,000
Red	Cass	Fargo Southside Flood Control	9,500,000	13,750,000	13,750,000	37,000,000
Red	Walsh	Grafton Flood Control	18,926,000	3,053,250	3,053,250	25,032,500
Red	Grand Forks	Grand Forks/East Grand Forks Flood Control	26,950,000	6,200,000	11,080,000	44,230,000
Red	Cass	Lower Sheyenne River Ring Dikes	0	200,000	200,000	400,000
Red	Cass	Maple River Dam	0	5,600,000	5,600,000	11,200,000
Red	Nelson	McVie Dam Repair	0	133,332	66,668	200,000
Red	Cass	North of Fargo Flood Control	0	750,000	750,000	1,500,000
Red	Pembina	Pembina River Setback Dike System	0	350,000	650,000	1,000,000
Red	Cass	Red/Wild Rice River Farmstead Ring Dikes	0	500,000	500,000	1,000,000
Red	Pembina	Renwick Dam Rehabilitation	6,500,000	1,225,000	2,275,000	10,000,000
Red	Cass, Richland	Sheyenne River to Wild Rice River Diversion	0	2,500,000	2,500,000	5,000,000
Red	Cass	Swan Creek Diversion Reconstruction	0	375,000	375,000	750,000
Red	Cass	Swan Creek Watershed Floodwater Retention	0	1,000,000	1,000,000	2,000,000
Red	Pembina	Tongue River Cutoff	0	122,500	227,500	350,000
Red	Barnes	Upper Maple R. Watershed Floodwater Retention	0	1,500,000	1,500,000	3,000,000
Red	Cass	Upper Sheyenne River Ring Dikes	0	50,000	50,000	100,000
Red	Richland	Wahpeton Flood Control	2,593,695	1,293,695	1,300,000	5,187,390
Total			\$65,469,695	\$41,733,777	\$45,327,418	\$152,530,890

Irrigation

WATERSHED	COUNTY NAME	PROJECT	FEDERAL COST	STATE COST	LOCAL COST	TOTAL COST
Statewide	Multi-county	Irrigation Development	\$0	\$3,000,000	\$2,000,000	\$5,000,000
Total			\$0	\$3,000,000	\$2,000,000	\$5,000,000

Bank Stabilization

WATERSHED	COUNTY NAME	PROJECT	FEDERAL COST	STATE COST	LOCAL COST	TOTAL COST
Red	Cass	Red River Bank Stabilization	\$ 0	\$ 35,000	\$ 35,000	\$ 70,000
Red	Cass	Sheyenne River Bank Stabilization	0	50,000	50,000	100,000
Red	Cass	Wild Rice River Bank Stabilization	0	15,000	15,000	30,000
Total			\$ 0	\$100,000	\$ 100,000	\$ 200,000

Studies/Planning

WATERSHED	COUNTY NAME	PROJECT	FEDERAL COST	STATE COST	LOCAL COST	TOTAL COST
Red	Multi-county	Lake Agassiz Water Supply Study	N/A	150,000	0	150,000
Red	Multi-county	Red River Basin Commission	0	200,000	200,000	400,000
Statewide	Multi-county	Effects of Cloud Seeding on Ranching	0	19,000	0	19,000
Statewide	Multi-county	ND Hail Climatology and Evaluation of Effects of Cloud Seeding on Hail	0	52,000	0	52,000
Total			\$0	\$421,000	\$200,000	\$621,000

Multi-Purpose

WATERSHED	COUNTY NAME	PROJECT	FEDERAL COST	STATE COST	LOCAL COST	TOTAL COST
Missouri	Morton	Harmon Lake	\$ 1,000,000	\$ 500,000	\$ 500,000	\$ 2,000,000
Missouri	Multi-county	Missouri River Management	1,000,000	1,000,000	0	2,000,000
Red	Pembina	Drayton Dam Section 206 Improvement	1,894,000	0	1,186,000	3,080,000
Statewide	Multi-county	ND Cloud Modification	0	566,655	1,135,011	1,701,666
Total			\$3,894,000	\$2,066,655	\$2,821,011	\$8,781,666

Table 3 Cont.: Summary of Water Development Needs, 2005-2007

PROJECT CATEGORY	FEDERAL COST	STATE COST	LOCAL COST	TOTAL COST
Water Supply	\$ 74,921,645	\$ 20,904,500	\$ 35,993,899	\$ 131,820,044
Snagging & Clearing	0	552,500	1,657,500	2,210,000
Drainage/Channel Improvements	0	2,032,500	4,046,071	6,078,571
Flood Control	65,469,695	41,733,777	45,327,418	152,530,890
Irrigation	0	3,000,000	2,000,000	5,000,000
Bank Stabilization	0	100,000	100,000	200,000
Studies & Planning	0	421,000	200,000	621,000
Multi-Purpose	3,894,000	2,066,655	2,821,011	8,781,666
TOTAL	\$144,285,340	\$70,810,932	\$92,145,899	\$307,242,171

Table 4: Potential Water Development Funding Needs, 2007-2011

PROJECT CATEGORY	FEDERAL COST	STATE COST	LOCAL COST	TOTAL COST
Water Supply	137,146,595	49,824,000	89,851,379	276,821,974
Snagging & Clearing	0	238,750	716,250	955,000
Drainage/Channel Improvements	0	3,682,500	6,838,930	10,521,430
Flood Control	8,876,000	22,953,750	20,573,750	51,803,500
Irrigation	0	3,000,000	2,000,000	5,000,000
Bank Stabilization	\$ 0	\$ 255,000	\$ 249,750	\$ 504,750
Studies & Planning	N/A	N/A	N/A	N/A
Multi-Purpose	600,000	1,724,000	3,239,000	5,613,000
TOTAL	\$146,622,595	\$81,128,000	\$123,473,059	\$351,223,654

Water Project Funding

North Dakota funds a majority of its water projects through the SWC. Funding that is funneled through the SWC for water development comes from several sources including: the State's General Fund; the Dakota Water Resources Act – Municipal, Rural, and Industrial (MR&I) Water Supply Program; the Resources Trust Fund; and the Water Development Trust Fund. In addition to these sources, the SWC is also authorized to issue revenue bonds for water projects, and the SWC has shared control of the Drinking Water State Revolving Loan Fund. There are also other federal funding sources that will be briefly discussed.

General Fund

The Office of Management and Budget recommended elimination of all General Fund money for the agency for the 2001-2003 and 2003-2005 bienniums. In both cases, the Legislature restored General Fund money for the operations of the agency, but then transferred funds from the Water Development Trust Fund to the State's General Fund to cover the costs of operation. This transfer effectively eliminated the agency's funding assistance from the General Fund. It is unknown whether General Fund money without a corresponding transfer from the Water Development Trust Fund will be provided in the 2005-2007 biennium.

MR&I

A main source of funding for water supply development in North Dakota is the Dakota Water Resources Act - MR&I Water Supply Program. The federal grant funding is through the Bureau of Reclamation. Rural Development has provided the majority of loans to cover the local share.

The 1986 Garrison Reformulation Act authorized a federal MR&I grant program of \$200 million, where all but \$6 million has been obligated to date. Efforts to obtain additional federal funding authorization for the MR&I program were successful under the Dakota Water Resources Act of 2000. The Act provides resources for general MR&I projects, the Northwest Area Water Supply Project, the Southwest Pipeline Project, and a project to address water supply issues in the Red River Valley. An additional \$600 million was authorized; which includes a \$200 million grant for state MR&I, a \$200 million grant for Indian MR&I, and a \$200 million loan for a Red River Valley water supply.

Annual MR&I funding is dependent on U.S. Congressional appropriation, and thus, varying annual appropriations result in project delays. As of September 2004, \$5.7 million in federal funds had been approved for North Dakota's MR&I program for Federal Fiscal Years 2003 and 2004.

Resources Trust Fund

Section 57-51.1-07.1 (2) of North Dakota Century Code requires that "every legislative bill appropriating monies from the Resources Trust Fund (RTF), pursuant to subsection one, must be accompanied by a State Water Commission report." This report, the 2005-2007 Water Development Report, satisfies that requirement for requesting funding from the RTF for the 2005-2007 biennium.

The RTF is funded with 20 percent of the revenues from the oil extraction tax. A percentage of the RTF has been designated by constitutional measure to be used for water-related projects and energy conservation. The SWC budgets money for cost-share based on a forecast of oil extraction tax revenue for the biennium, which is provided by the Office of Management and Budget.

Revenues into the RTF for the current biennium are expected to total \$9.8 million. Future revenues from the oil extraction tax are highly dependent on world oil prices, which make it difficult to predict future funding levels. However, for budgeting purposes, the SWC estimates new revenues of \$12.5 million for the 2005-2007 biennium from oil extraction.

Additional new revenue into the RTF will come from Southwest Pipeline reimbursements, MR&I program loan repayments (which amount to \$1 million per biennium through year 2017), interest, and oil royalties. The total new RTF revenue available for

water development during the 2005-2007 biennium will total about \$14.5 million. Additional carryover totaling \$5.4 million is also expected from the RTE.

Water Development Trust Fund

Senate Bill 2188 set up a Water Development Trust Fund as a primary means of repaying the bonds it authorized. House Bill 1475 allocated 45 percent of the funds received by the state from the 1998 tobacco settlement into the Water Development Trust Fund. Revenues into the Water Development Trust Fund for the current biennium are expected to total almost \$20.8 million. The SWC estimates revenues of \$20.6 million for the 2005-2007 biennium. Revenues are projected to increase to \$33.1 million per biennium for the 2007-2009 through 2015-2017 bienniums and then fall back to \$23.6 million for the 2017-2019 through 2023-2025 bienniums. Payments into the fund are scheduled through 2025 at a level based on inflation and tobacco consumption.

Bonding

The SWC has bonding authority (NDCC 61-02-46) to issue revenue bonds of up to \$2 million for projects. The Legislature must authorize revenue bond authority beyond \$2 million per project. In 1991, the Legislature authorized full revenue bond authority for the Northwest Area Water Supply (NAWS) Project; in 1997 it authorized \$15 million of revenue bonds for the Southwest Pipeline, and in 2001 it raised the Southwest Pipeline authority to \$25 million.

The SWC was authorized to issue up to \$84.8 million dollars in appropriation bonds under provisions of SB 2188. The Legislature's intent was to partially fund flood control projects at Grand Forks, Devils Lake, Wahpeton, and Grafton, and to continue funding for the Southwest Pipeline. In March 2000, the SWC issued bonds generating \$27.5 million, thus reducing available bonding authority to \$57.3 million. Recognizing the need for water development projects in addition to those identified in SB 2188, the 2003 Legislature allowed authority for the unissued \$57.3 million to expire, but then authorized \$60 million of bonding authority for statewide water development projects.

Because the SWC did bond against Water Development Trust Fund revenues in 2000, \$5.4 million is needed each biennium to make bond payments through the 2019-2021 biennium. In addition, the SWC included additional bond proceeds of \$60 million in its 2003-2005 budget request. Payments on this bond issue could be \$8.9 million in the 2005-2007 biennium.

Drinking Water State Revolving Loan Fund

An additional source of funding for water development projects is the Drinking Water State Revolving Loan Fund (DWSRLF). Funding is distributed in the form of a loan program through the Environmental Protection Agency administered by the North Dakota Department of Health (NDDH). The DWSRLF provides below market-rate interest loans of 3 percent to public water systems for capital improvements aimed at increasing public health protection and compliance under the federal Safe Drinking Water Act.

The SWC's involvement with the DWSRLF is two-fold. First, the NDDH must administer and disburse funds with the approval of the SWC. Second, the NDDH must establish assistance priorities and expend grant funds pursuant to the priority list for the drinking water treatment revolving loan fund, after consulting with and obtaining the SWC's approval.

The process of prioritizing new or modified projects is completed on an annual basis. Each year, the NDDH provides an Intended Use Plan, which contains a comprehensive project priority list and a fundable project list. As of 2004, the comprehensive project priority list includes 77 projects with a cumulative total project funding need of \$163.7 million. The fundable list includes \$31.8 million for fiscal years 1997 through 2004. Available funding for the DWSRLF program during the 2005-2007 biennium is anticipated to be approximately \$19 million.

Other Federal Funding

With regard to other federal funding, the U.S. Army Corps of Engineers provides significant assistance to North Dakota for flood control projects. The Environmental Protection Agency, U.S. Bureau of Reclamation, U.S. Geological Survey, and the Natural Resources Conservation Service also contribute to the state's water development efforts in many different ways, including studies, project design, and project construction.

Funding Priorities for 2005-07 Biennium

Table 5: Comparison of Prioritized State Funding Needs with Total Water Development Needs from SWMP Database
2005-2007 Biennium

This section discusses the state's priority water development efforts and funding for the 2005-2007 biennium. It includes one course of action for water development in the state that is subject to change during the legislative process and the biennium.

Biennial Water Development Project Budget

The projects identified as priorities have state cost-share requirements of approximately \$24.3 million. In addition, \$14.3 million is required for bond repayments and \$7.5 million for agency operations. It should be noted that the \$24.3 million for priority projects falls far short of the actual biennial state funding need identified by project sponsors across the state, which exceeds \$70 million (Table 5).

To meet the financial commitment these projects require, in addition to meeting bond repayments, and agency operations; the SWC will have \$46.1 million available in new funding and uncommitted carryover, as outlined in Table 6.

Project Descriptions

North Dakota's prioritized water development funding needs are grouped into several main categories in Table 6. Each of those projects and categories are explained below.

PROJECT CATEGORY	PRIORITIZED NEED*	SWMP NEEDS
Devils Lake Outlet Operation	\$ 2,000,000	\$ 2,081,000
Lake Agassiz Water Supply	150,000	150,000
Flood Control	8,800,000	30,646,945
General Water Management	4,800,000	13,361,832
Irrigation	500,000	3,000,000
Missouri River Management	100,000	100,000
Municipal, Rural, & Industrial	2,000,000	5,254,500
Northwest Area Water Supply	3,000,000	3,000,000
Southwest Pipeline Project	2,600,000	12,650,000
Weather Modification	350,000	566,655
TOTAL	\$ 24,300,000	\$ 70,810,932

* Priorities are for new funding and uncommitted carryover only.

DEVILS LAKE OUTLET OPERATION

Once the state's Devils Lake emergency outlet to the Sheyenne River is completed in 2005, it is estimated that operation and maintenance costs will total just over \$2 million per biennium.

The state outlet is currently sized for 100 cubic feet per second (cfs), but can be expanded to 300 cfs in the future with additional work. The outlet will consist of: two pumping plants, one on the Round Lake portion of Devils Lake, and the second near Lake Josephine; approximately 4 miles of pipeline; and 10 miles of open channel.

LAKE AGASSIZ WATER SUPPLY STUDY

Funding in the amount of \$150,000 is necessary to cost-share with the U.S. Bureau of Reclamation for a water supply assessment of the Red River Valley. This assessment will help identify the best alternatives to meet

the valley's ever increasing water supply needs.

WAHPETON FLOOD CONTROL

The Wahpeton flood control project consists of a permanent levee system to protect the city, and a flood easement to keep breakout flows from being blocked in the future. Stage 1 construction, which includes interior pumping stations, ponding areas, and other interior flood control features, is substantially complete. The Stage 2 construction award, for a portion of the in town levees, is scheduled for 2005. And, Stage 3, which includes the remaining levee sections, will be completed in concert with the Breckenridge, Minnesota flood control project. Completion of the Stage 3 portion of the Wahpeton flood control project is scheduled for 2008.

State funding in the amount of \$1.3 million is necessary for the Wahpeton

Table 6. Funding of Biennial Water Development Priorities
2005-2007 Biennium

PRIORITY PROJECTS	BUDGET	COMMENTS
	New Funds & Uncommitted Carryover (millions)	
Devils Lake Outlet Operation	\$ 2.0	O&M - \$1.0 million per year.
Devils Lake Basin Development	0	
Lake Agassiz Water Supply	0.15	
Grand Forks Flood Control	0	Full \$52 million committed in 2003-2005.
Wahpeton Flood Control	1.3	This commits the original \$3.5 million.
Grafton Flood Control	-4.1	Project currently on hold due to unfavorable city vote.
Fargo Flood Control	6.0	Does not include \$2.5 million committed in 2003-2005.
Maple River Dam	5.6	Does not include \$4.5 million committed in 2003-2005.
General Water Management	4.8	
Irrigation	0.5	
Missouri River Management	0.1	
Municipal, Rural, & Industrial	2.0	Does not include \$0.5 million committed in 2003-2005.
Northwest Area Water Supply	3.0	Advance of federal MR&I funds.
Southwest Pipeline	2.6	
Weather Modification	0.35	Allows continuation of current program.
PROJECT SUBTOTAL	\$ 24.3	
SWC Operation	7.5	
Bond Payments	14.3	
EXPENDITURE TOTAL	\$ 46.1	

REVENUE SOURCES	AVAILABLE 2005-2007	COMMENTS
	(millions)	
Resources Trust Fund (new)	\$ 14.5	Primarily oil extraction tax.
Carryover	11.0	Uncommitted carryover from 2003-2005.
Water Development Trust Fund	20.6	State tobacco settlement - 45%.
REVENUE TOTAL	\$ 46.1	

project during the 2005-2007 biennium. This will fulfill the state's \$3.5 million commitment to Wahpeton.

FARGO FLOOD CONTROL

The \$6.0 million budgeted for Fargo's flood control efforts would pay for a portion of the Fargo Southside Flood Control Project. The Southside project will protect portions of south Fargo from flooding from the Red, Wild Rice, and Sheyenne Rivers. A dike and diversion channel will be constructed

to intercept overland floodwater south of town. The project will also include backup protection and a pump station at Rose Coulee near Highway 81.

MAPLE RIVER DAM

Maple River Dam will be located in southeast North Dakota, approximately eight miles north of Enderlin. When completed, this dry dam will be a 70-foot high earthen embankment, capable of temporarily retaining 60,000 acre-feet of floodwater. Maple

River Dam is designed to provide flood protection along the Maple, Sheyenne, and Red Rivers, and it is the fourth phase of the Sheyenne River Flood Control Project. The other completed phases are the West Fargo Sheyenne River Diversion, the Horace to West Fargo Sheyenne River Diversion, and the five-foot flood pool raise at Baldhill Dam.

State funding totaling \$5.6 million in new funds is budgeted for Maple River

Dam during the 2005-2007 biennium. The project is scheduled for completion in 2006.

GENERAL WATER MANAGEMENT

General water management projects include rural flood control, snagging and clearing, channel improvements, recreation projects, planning efforts, and special studies. As outlined in Table 5, general water management project funding needs total about \$13 million for the 2005-2007 biennium. Obviously, the availability of sufficient funding prohibits the state from providing cost-share to meet all general water management project funding needs. As a result, \$4.8 million is budgeted to fund a portion of the state's general projects that are ready to proceed.

IRRIGATION

The \$500,000 budgeted for irrigation will fund the continued development of North Dakota's AgPACE program. The AgPACE program provides low-interest financing to on-farm businesses. The funds are used to buy down the interest rate on loans that have been approved by a local lender and the Bank of North Dakota. It may be used for any business, except traditional production agriculture, which is integrated into the farm operation and is used to supplement farm income. The development of irrigation qualifies for the program.

Since it is expected that as much as \$650,000 may carryover from what was budgeted for the AgPACE program during the 2003-2005 biennium, a portion of the 2005-2007 budget could be used for other irrigation development throughout the state.

MISSOURI RIVER MANAGEMENT

The BOMMM Joint Water Resource

Board, which consists of Burleigh, Oliver, Morton, Mercer, and McLean Counties, is moving ahead with the next phase of a coordinated resource management plan for the Missouri River between Garrison Dam and Bismarck-Mandan. Most recently, the BOMMM Board completed a conceptual plan that addresses development issues along the Missouri River.

The \$100,000 budgeted for the 2005-2007 biennium will help the BOMMM Board build on that effort, which ultimately will result in the completion of a more comprehensive management plan for the Garrison reach of the Missouri River.

MR&I

Because of North Dakota's MR&I program, regional and rural water systems have continued to expand throughout the state. As a result of this added assistance, there are now 32 regional water systems in North Dakota, providing quality drinking water to 25 percent of the state's population. Over 158,000 residents are served by regional water systems, including 294 cities, 21 subdivisions, and over 90,000 rural residents. Currently, all or part of 47 of North Dakota's 53 counties are served by regional water systems, and most have plans to expand to cover additional areas. The \$2.0 million budgeted for the MR&I water supply program would provide assistance toward that effort.

NORTHWEST AREA WATER SUPPLY

The \$3.0 million budgeted for the Northwest Area Water Supply (NAWS) project would go toward the completion of main transmission pipeline contracts between Max and the Missouri River.

When completed, NAWS will provide up to 2 million gallons of Missouri

River water per day to at least 63,000 citizens in northwest North Dakota. With additional rural development, NAWS could serve as many as 81,000.

SOUTHWEST PIPELINE PROJECT

The \$2.6 million budgeted for the Southwest Pipeline Project would be used to complete as much of the Medora-Beach regional service area as possible. This includes the Fryburg, Beach, and Golvea rural water service areas, and the Fairfield and Trotters pockets in the Medora-Beach area. The Golvea Service Area will include service to the City of Golvea. Two pockets of users in Morton County, which have not yet been served by the Missouri West Water System, are also areas of potential expansion. If funding is limited to the point where all objectives cannot be met, the Commission and Southwest Water Authority will jointly determine priorities.

The Southwest Pipeline currently provides one billion gallons of treated Missouri River water to over 34,000 residents in southwest North Dakota.

WEATHER MODIFICATION

State funding in the amount of \$350,000 is budgeted for operational cloud seeding costs with counties participating in the North Dakota Cloud Modification Project. The Atmospheric Resources Board currently cost-shares approximately 35 percent of operational costs, with participating counties paying the remaining 65 percent. This funding request should allow the program to continue at its current level of capability for the 2005-2007 biennium, however, county funding levels will likely have to increase.

Appendix

NORTH DAKOTA STATE WATER COMMISSION COST-SHARE POLICIES, PROCEDURES, AND GENERAL REQUIREMENTS

It is the policy of the State Water Commission (SWC or Commission) that the following categories of projects shall be eligible for cost-sharing, and that the projects are consistent with the public interest to receive cost-share funding from the agency's appropriated funds. Projects that receive Federal Emergency Management Agency funding and/or financial support from the state's Division of Emergency Management Fund are not eligible for funding through the SWC. No funds shall be used in violation of the Anti-Gift Clause of the North Dakota Constitution.

ELIGIBLE ITEMS FOR SWC COST-SHARING

It is the policy of the SWC that the following items shall be eligible for cost-share upon approval:

- I. Construction costs, which include, but are not limited to earthwork, concrete, mobilization and demobilization, dewatering, materials, seeding, rip-rap, re-routing electrical transmission lines, moving storm and sanitary sewer systems and other underground utilities and conveyance systems, irrigation supply works, and other items and services provided by the contractor. The costs must have been incurred after the cost-share approval date.
- II. Preliminary engineering costs preceding the cost-share approval date up to a maximum of two years. Final engineering costs incurred after the cost-share approval date.

The eligibility of certain items for cost-share may be addressed on an individual basis and presented to the SWC for consideration if deemed appropriate by Commission personnel.

NON-ELIGIBLE ITEMS FOR SWC COST-SHARING

It is the policy of the SWC that the following items shall generally not be eligible for cost-sharing:

- I. Acquisition of property interests in fee or easement for projects.
- II. Administrative and legal expenses incurred in connection with any project.
- III. Maintenance work, deferred maintenance, or repairs on any project, except for maintenance that may be required as a result of an unusual climatological event or dam safety repair.
- IV. Projects that do not receive cost-share approval prior to the commencement of the project.
- V. Construction and final engineering costs incurred prior to cost-share approval.
- VI. Preliminary engineering costs incurred earlier than two years preceding the cost-share approval date.
- VII. Some funding contributions provided by other entities that reduce the project cost to the applicant.
- VIII. Work incurred outside the scope of the project.
- IX. Technical assistance provided as in-kind.

COST-SHARE APPLICATION AND APPROVAL PROCEDURES

It is the policy of the SWC to provide cost-share funding for water development projects. The State Engineer has the authority to cost-share up to \$20,000 without Commission action. Projects estimated in excess of \$20,000 must be presented to the Commission for approval.

The following are general cost-share application procedures and requirements for SWC and State Engineer approval:

I. The SWC will not consider any request for cost-sharing for water-related projects unless an application is first made to the State Engineer. The applicant must be a federal or state entity, a political subdivision, or a commission legislatively granted North Dakota recognition.

II. The applicant for cost-sharing must also address the appropriate federal, state, and local permits required. No contract will be initiated until all required permits have been issued.

III. An application for cost-sharing must be in writing, but is not required to be in a prescribed format. A "North Dakota State Water Commission Project Information and Cost-Share Request Form" is available from the Commission upon request. The application must include the following:

- A. Description and location of the proposed project
- B. Purpose, goal, objective/narrative of the proposed project
- C. Delineation of costs
- D. Preliminary designs, if applicable
- E. Scope of work for an engineering feasibility study
- F. Additional information as deemed appropriate by the State Engineer

IV. Upon receiving an application for cost-sharing, the State Engineer shall review the application and accompanying information. If the State Engineer is satisfied that the proposal meets all of the requirements, the State Engineer shall present the application to the SWC for approval (for projects where the state cost-share amount is greater than \$20,000), or the State Engineer may make a determination for approval (state cost-share amount is \$20,000 or less). The State Engineer's review of the application will include the following items, and any other considerations that the State Engineer deems necessary and appropriate.

A. If the application for cost-sharing is for project construction, a field inspection will be made, if deemed necessary by the State Engineer. Previous field inspections made by the State Engineer as part of a permit application may satisfy this requirement.

B. Engineering plans and specifications will be reviewed.

C. If the request is for a study, the State Engineer will review the application to ensure that the study qualifies as an eligible study as defined by the SWC.

D. The amount of eligible cost-share will be determined by the project type or the amount requested by the applicant.

V. For projects with a state cost-share amount in excess of \$20,000, the State Engineer shall place the application for cost-sharing on the tentative agenda of the SWC meeting at which the application will be presented. The State Engineer shall give notice to such applicant when the project will be presented to the Commission.

VI. The State Engineer will make a recommendation to the Commission on an application in excess of \$20,000 for state cost-sharing at the meeting of the Commission when such application for cost-sharing is presented. No funds will be disbursed until the SWC and applicant(s) have entered into a contract for state cost-share participation.

VII. If a project for which an application for cost-sharing has been submitted is the subject of litigation, the application may be deferred until the litigation is resolved. If a project for which the SWC or State Engineer has approved a cost-sharing request becomes the subject of litigation before the funds approved by the Commission have been disbursed, the State Engineer may withhold such funds until the litigation is resolved.

VIII. Engineering designs, plans, and specifications for the construction of a project must be approved by the State Engineer. The applicant/project sponsor must also comply with North Dakota Century Code in the soliciting and awarding of bids and contracts, and all federal, state, and local laws.

IX. All applications for cost-sharing shall be reviewed to determine if other local or state agencies are participating in the project costs. If so, the SWC will take this into account, and may reduce the percentage of Commission cost-sharing accordingly.

X. The State Engineer may make partial payment of cost-sharing funds as deemed appropriate. Upon notice by the applicant/project sponsor that all work or construction has been completed, the State Engineer may conduct a final field inspection. If the State Engineer is satisfied that construction has been completed in accordance with the designs, plans, and specifications for the project, the final payment for cost-sharing, as approved by the SWC, shall be disbursed to the project sponsor, less any partial payment(s) previously made. Engineering feasibility studies are only entitled to one payment.

XI. Except as otherwise provided, the SWC shall require that the applicant for cost-sharing be responsible for maintenance and repairs of the project.

PROJECTS ELIGIBLE FOR SWC COST-SHARING

I. *Rural Flood Control Projects.* The primary purpose of rural flood control projects is to manage runoff/drainage from agricultural sources or to provide flood control in a rural setting. Typically, rural flood control projects consist of drains, channels, diversion ditches, or ring dikes. The SWC has established design criteria for rural flood control projects. Projects that are managing runoff/drainage from urban sources are not eligible for SWC cost-share participation.

A. Drains, Channels, and Diversion Ditches. The Commission will cost-share for up to 35 percent of the eligible items for the construction of drains, channels, and diversion ditches. Improvement reconstructions are reimbursed at 35 percent, less maintenance per a sediment analysis, or at 30 percent if a sediment analysis is not provided. The cost-share of any one project is capped per biennium. County and township road crossing works that are an integral part of the drains, channels, and diversion ditches and the appropriate costs for engineering work, excluding any land rights, administration and legal costs, are eligible for cost-share. A Water Resource District applying for cost-sharing for a rural assessment-based flood control project must comply with regulatory statutes per the North Dakota Century Code. If an assessment-based rural flood control project is to be established within two or more districts, or the project is sponsored by two or more districts, and financial participation is sought from the SWC, each district involved must join in the application for financial assistance.

B. Ring Dikes. A ring dike program shall be sponsored, developed, and administered by a federal, state, or political subdivision consisting of one or more occupied farmsteads and/or rural residences. Ring dikes will receive up to 50 percent cost-share of the eligible items, limited to a maximum of \$25,000 per ring dike. All ring dikes within the program are subject to the Commission's minimum design criteria standards, eligible items, and costs.

II. *Water Supply Projects.* The SWC will cost-share for up to 50 percent of the eligible items of any cost-sharing application approved for water supply projects. These projects are commonly associated with dams and water retention methods. If sufficient funds are not available for all competing cost-sharing applications, water supply projects for domestic, municipal, and rural uses shall receive highest priority.

III. *Flood Control Projects.* The SWC will cost-share for up to 50 percent of the eligible items of any cost-sharing application approved for flood control projects. The nature of these projects is to protect communities from flooding and may include the repair of dams that provide a flood control benefit. These projects are commonly associated with dams, dikes, levees, diversion channels, water retention structures/methods, dam repairs, drop structures, and miscellaneous flood control programs.

IV. *Recreation Projects.* The SWC will cost-share for up to 33.33 percent of the eligible items of any cost-sharing application approved for the purpose of water-based recreation. Various types of projects may constitute a recreation project.

V. *Snagging & Clearing.* The SWC will cost-share for up to 25 percent of the eligible items for snagging and clearing on natural streams. Removal of sediment, woody vegetation (snagging & clearing), or waterborne debris from artificial rural flood control projects which has been deposited over a number of years and has reduced the hydraulic capacity of a rural flood control project is not eligible for SWC cost-share participation.

VI. *Studies, Reports, Analyses, Surveys, Models, Assessments, Mapping.* The SWC will cost-share for up to 50 percent of the eligible items of any cost-sharing application approved for studies, reports, analyses, surveys, models, assessments, and mapping projects. The percentage of funds is limited by the maximum cost-share limits of eligible project categories to which the purpose of the project corresponds. A paper and electronic copy of the study, report, analysis, survey, model, assessment or

Mapping project must be provided to the SWC upon completion. One payment will be reimbursed to the project sponsor upon the copy receiving review and approval from SWC personnel.

A. *Engineering Feasibility Studies.* An engineering feasibility study identifies a water-related problem and the alternatives/options to solve or alleviate the problem, an evaluation of the alternatives/options for technical, engineering, and financial feasibility, and the selection of an alternative/option.

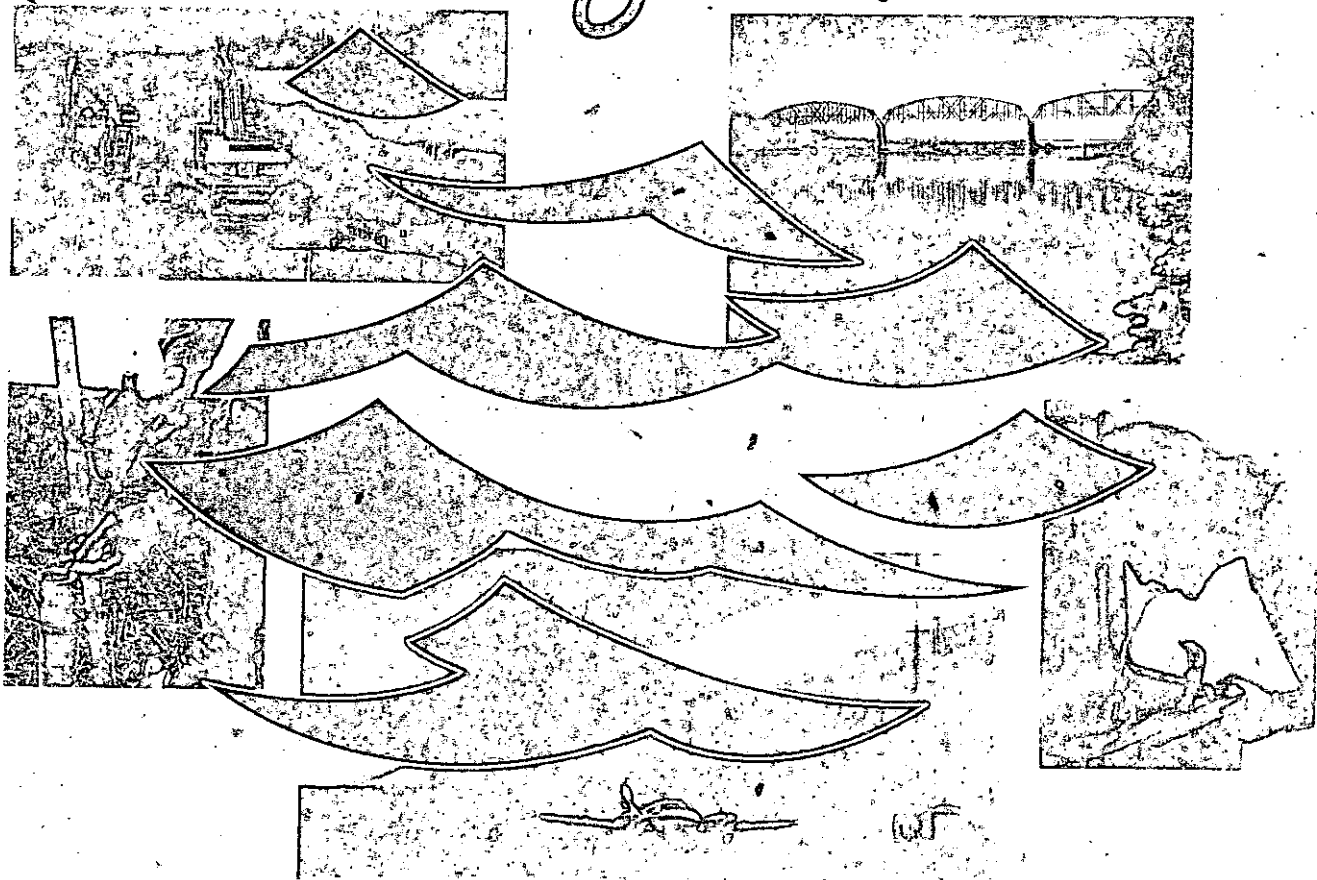
B. *Other Studies, Reports, and Analyses.* The purpose of these projects is to gather data and/or accomplish a specific task such as flood insurance studies, hydraulic modeling, and flood insurance mapping projects.

VII. *Irrigation.* The SWC will cost-share for up to 40 percent of the eligible items of any cost-sharing application approved for irrigation projects. The cost-share must be limited to supporting the irrigation development efforts of political subdivisions. The items eligible for cost-share are those associated with new central supply works, to include water storage facilities, intake structures, wells, pumps, power units, primary water conveyance facilities, electrical transmission and control facilities, and engineering.

VIII. *Bank Stabilization.* The SWC will cost-share for up to 50 percent of the eligible items of any cost-sharing application approved for bank stabilization projects on public lands. Public lands are defined by the SWC as land that all of the public has a right to use.

IX. *Technical Assistance.* The SWC will cost-share for up to 50 percent of eligible costs based on and limited to the type of project as described above. In some cases a portion of the assistance provided may be in the form of in-kind technical assistance. The cost or value of the technical assistance will count toward the Commission's total contribution. The project sponsor, upon awarding a contract for the construction or other work to be performed for a project in which the SWC is providing technical assistance, shall file a copy of the contract with the State Engineer.

North Dakota
State Water Commission
and
Office of the State Engineer
Strategic Plan



2004 - 2007



A message from the State Engineer:

I am proud to present the North Dakota State Water Commission and Office of the State Engineer's updated 2004-2007 Strategic Plan. This new plan was completed to incorporate and adjust for new expectations that have evolved since our previous plan was published in 1996.

The primary purpose of our 2004-2007 Strategic Plan is to clearly document agency direction and expectations we have set for ourselves through our strategic planning timeframe. As part of the planning process, we have reevaluated our agency's goals to ensure that we are achieving standards expected by our constituents. In addition, we have laid out objectives for many of our key projects and programs, to help us more effectively meet our goals. And more specifically, we have defined tasks and actions that our divisions and management need to take to achieve desired outcomes.

This plan is special because it is not the work of one or two individuals, but is the work of all those involved in the agency's projects and programs addressed in this plan. In having this plan at our disposal, the agency will be better equipped to document the progress it is making in managing North Dakota's water resources. To measure our progress, we will continue to voluntarily publish agency biennial reports, which outline our activities for each biennium - providing an accurate measure of goal achievement. By publishing this plan, I believe we are setting a high standard for ourselves that can be monitored by all interests in the water management community.

Sincerely,

Dale L. Frink, P.E.

North Dakota State Engineer

VISION

Present and future generations of North Dakotans will enjoy an adequate supply of good quality water for people, agriculture, industry, and fish and wildlife; Missouri River water will be put to beneficial use through its distribution across the state to meet ever increasing water supply and quality needs; and successful management and development of North Dakota's water resources will ensure health, safety, and prosperity, and balance the needs of generations to come.

MISSION

To improve the quality of life and strengthen the economy of North Dakota by managing the water resources of the state for the benefit of its people.

PHILOSOPHY and VALUES

In the delivery of services to the citizens of North Dakota, we the employees of the State Water Commission and the Office of the State Engineer value fairness, objectivity, accountability, responsiveness, and credibility. We pledge to use professional and scientific methods to maintain only the highest of standards in our delivery of services to our constituents.

AGENCY GOALS

- To regulate the use of water resources for the future welfare and prosperity of the people of North Dakota.
- To develop water resources for the future welfare and prosperity of the people of North Dakota.
- To manage water resources for the future welfare and prosperity of the people of North Dakota.
- To educate the public regarding the nature and occurrence of North Dakota's water resources.
- To collect, manage, and distribute information to facilitate improved management of North Dakota's water resources.
- To conduct research into the processes affecting the hydrologic cycle to improve the management of North Dakota's water resources.

Organizational Chart

NORTH DAKOTA LEGISLATURE

STATE WATER COMMISSION

Governor - Chairman
7 appointed members
Agriculture Commissioner
NDCC 61-02

Chief Engineer and
Secretary to Water Commission
Dale L. Frink (328-4940)

State Engineer

Dale L. Frink (328-4940)
NDCC 61-03

Assistant State Engineer

Todd Sando (328-2752)

SECTION

ADMINISTRATIVE SUPPORT- INFORMATION TECHNOLOGY

Chris Bader
FTE: 4

SECTION

ADMINISTRATIVE SUPPORT- ACCOUNTING

Dave Laschkeewitsch
FTE: 6

DIVISION

ATMOSPHERIC RESOURCE

Darin Langerud (328-2788)

- Cloud Modification Program
- Weather Research and Data Collection
- License and Permits

FTE: 4

DIVISION

PLANNING AND EDUCATION

Lee Klapprodt (328-4989)

- Long-Range State Water Plan
- Regional Coordination
- Public Education Program
- Special Studies

FTE: 8

DIVISION

WATER APPROPRIATION

Dave Ripley (328-2754)

- Water Resource Studies
- Water Permits
- Hydrologic Data

FTE: 21

DIVISION

WATER DEVELOPMENT

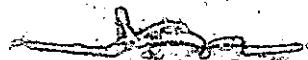
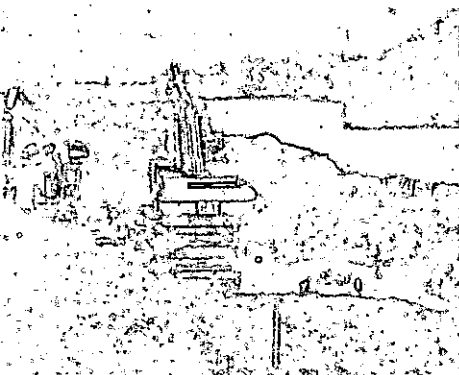
Todd Sando (328-2752)

- Project Engineering
- Project Maintenance
- Permits
- MR&I Program
- Southwest Pipeline
- NAWS
- Red River Office

FTE: 38

TOTAL FULL TIME EQUIVALENTS OF 82 PERSONNEL

Strategic Planning



Listed here are the projects and programs that were the focus of our strategic planning process. It should be noted that this is by no means a comprehensive list of all efforts pursued by the State Water Commission (SWC) and Office of the State Engineer (SE), rather it is simply a collection of those efforts that were deemed appropriate to include in our strategic planning process.

Further, the projects and programs identified here have been separated by the divisions that are *primarily* responsible for their management. However, in several instances, many of our projects and programs require staff contributions from multiple divisions.

Administration

Dan Laschke, Director

Administration & Support Services

Atmospheric Resources

Dan Langerud, Director

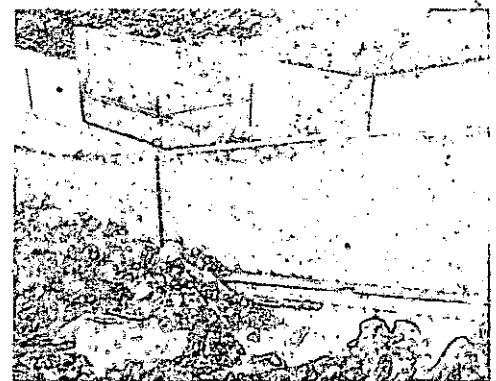
ARB Cooperative Observer Network

Cooperative Research Program

Human Resources

North Dakota Cloud Modification Project

Focus Projects & Programs



Water Appropriations

Dave Ripley, Director

Economic Development

Water Resource Data
Information
Dissemination

Water Resource
Monitoring

Water Resource Research

Water Rights
Administration &
Processing

Water Rights
Evaluation &
Adjudication

Water Supply Studies

Water Development

Todd Sando, Director

Cost-Share Program

Dam Safety Program

Devils Lake Flood Control

Floodplain Management

Investigations

Maintenance and Minor
Construction

Municipal, Rural &
Industrial Water Supply

Northwest Area Water
Supply

Project Design

Red River Valley
Water Supply Project

Regulatory Program

Southwest Pipeline
Project

Planning & Education

Lee Klapprott, Director

State Water
Management Plan

Water Education
for Teachers Program

Watershed Plan
Coordination

Program Overview:

The Administrative Services Division provides the overall direction of agency powers and duties as described in the state's water laws. The activities include both the State Engineer and State Water Commission's operations, as well as accounting, information technology, records, and support services for all agency projects and programs.

Administration & Support Services

Budget and fiscal control work is accomplished within the provisions of statutory law and principles or rules of that law. Agency accounting consists of keeping adequate financial records, preparation of financial statements and reports, project and program cost accounting, preparation of budgets, and proper control of various funds appropriated by the State Legislature.

The Division also works on contracts and agreements that are necessary to carry out investigations, planning, and cooperation with various other agencies in water resources development.

Agency Goals Satisfied:

- To develop water resources for the future welfare and prosperity of the people of North Dakota.
- To manage water resources for the future welfare and prosperity of the people of North Dakota.
- To conduct research into the processes affecting the hydrologic cycle to improve the management of North Dakota's water resources.
- To collect, manage, and distribute information to facilitate improved management of North Dakota's water resources.
- To educate the public regarding the nature and occurrence of North Dakota's water resources.

Action Plan:

TASKS	TARGET DATES
Prepare and submit the agency's budget	Aug. 2004 and 2006
Coordinate the timing of agency bonding	As needed
Coordinate development of agency testimony for legislative appropriations hearings	Dec. 2004 and 2006
Maintain accounting records, and provide information technology and records management services	Ongoing
Bill federal, state, and local entities for their share of project costs	As needed
Provide legal support, including research and contract development	As needed

Program Objective:

- Provide umbrella administrative support services to the projects and programs of the agency.

Assumptions and Obstacles:

A particular challenge facing the Administrative and Support Services Division is the implementation of a new accounting system that will require large amounts of time to learn its proper use. In addition, in many cases, the new system changes the way we do business, which will require a transition period of decreased efficiency.

Another issue that will affect the Division is the state's initiative to consolidate information technology services under the State's Information Technology Department.

Program Overview:

The Atmospheric Resource Board's Cooperative Observer Network (ARBCON) has collected growing season rainfall and hail data from volunteer observers statewide since 1977. During those 27 years, participation has ranged from between 700 and 1,000 observers annually, making it one of, if not the most, dense precipitation observation networks in the country. A recent ARB bias study conducted against National Weather Service (NWS) observations found that ARBCON observations have a correlation coefficient of better than 0.99 for both monthly and annual reporting totals when compared to their nearest NWS neighbors. In all, more than 3,000,000 daily precipitation observations and better than 10,000 hail observations have been reported.

ARB Cooperative Observer Network

Action Plan

TASKS

Daily observation of rainfall and hail, including data entry, quality control, and rainfall mapping
Season total mapping & volunteer renewal for following years
Development of value-added products
Recruiting of new volunteers
Mailing of postage-paid reporting cards and rain gages for reporting season
Development of trial program for online reporting
Implementation of online reporting program

TARGET DATES

April-Sept., annually

Fall, annually

Fall 2004

Spring, annually

March, annually

Winter 2006

April 2006

Agency Goals Satisfied:

- To educate the public regarding the nature and occurrence of North Dakota's water resources.
- To collect, manage, and distribute information to facilitate improved management of North Dakota's water resources.

Program Objectives:

- Make high-resolution precipitation and hail data available to counties, states, federal agencies, and private organizations.
- Provide the entire database online for data download or review (making it searchable by date and location).
- Begin to phase in online reporting and produce value-added products that will be useful to a larger audience.

Assumptions and Obstacles:

The development of an online reporting system will hinge on the agency's ability to continue to employ and develop the 4-D Database system currently in place at the SWC. Depending on the initial success of the online reporting program, it may be expanded for the 2007 ARBCON reporting season.

Program Overview:

North Dakota has a long history of research in weather modification. Since the mid-1980s, four large field research programs have operated in the state. The program has been funded by both the U.S. Bureau of Reclamation (USBR) and National Oceanic and Atmospheric Administration (NOAA) during that time. North Dakota's Atmospheric Resource Board (ARB) currently has funding agreements with the USBR to pursue the Cooperative Research Program.

Cooperative Research Program

Agency Goals Satisfied:

- To educate the public regarding the nature and occurrence of North Dakota's water resources.
- To collect, manage, and distribute information to facilitate improved management of North Dakota's water resources.

- To conduct research into processes affecting the hydrologic cycle to improve the management of North Dakota's water resources.

Program Objectives:

- Better quantify the physical processes of rainfall and hail formation.
- Improve operational application of cloud seeding technologies.
- Better quantify effects through development and application of improved evaluation techniques.

Action Plan:

TASKS

TARGET DATES

Complete ongoing research activities

Sept. 2005

Work with similar organizations, such as the North American Interstate Weather Modification Council, and Weather Modification Association, to establish a long-term research program

Ongoing

Work with NOAA to establish the research program in the agency for FY 2005

Ongoing

Work with NOAA to include the program in its FY 2006 budget

Ongoing

Assumptions and Obstacles:

Funding is a potential obstacle for the Cooperative Research Program. Efforts are underway in Washington D.C. to secure funding in NOAA for FY 2005.

Program Overview:

Beginning in 1943, the North Dakota Legislative Assembly appropriated funds to the SWC for cost-share assistance on existing drain channels. Since then, the SWC Cost-Share Program has significantly evolved, and has now developed into a program that adequately meets the goals of the SWC, and the needs of our constituents.

The SWC Cost-Share Program identifies types of projects that are eligible for cost-share assistance per the agency policy. Currently, as determined by that policy, the SWC cost-shares on several types of projects, and has existing agreements to fund—flood control, water supply, recreation, snagging and clearing, studies, irrigation, bank stabilization, and technical assistance projects.

Upon determining a proposed project's eligibility and approval of funding, an agreement/contract is entered into with the project's sponsor describing the scope of work, how funds will be disbursed, and insurance and indemnification clauses. Request for payments are processed per the terms of the agreement/contract. At the discretion of the SWC, projects are reviewed and/or inspected prior to final payment.

Cost-Share Program

Agency Goals Satisfied:

- To develop water resources for the future welfare and prosperity of the people of North Dakota.
- To manage water resources for the future welfare and prosperity of the people of North Dakota.
- To conduct research into the processes affecting the hydrologic cycle to improve the management of North Dakota's water resources.

Action Plan:

TASKS

Review approximately 45 cost-share inquiries/applications for cost-share eligibility and assistance

Present 30-40 cost-share proposals for authorization by SWC

Develop agreements/contracts for 30-40 authorized projects

Process requests for payment, monitor agreement/contract compliance, and review and inspect work for approximately 80 active projects

TARGET DATES

June 30,
annually

June 30, annually

June 30, annually

June 30,
annually

- To collect, manage, and distribute information to facilitate improved management of North Dakota's water resources.

- To educate the public regarding the nature and occurrence of North Dakota's water resources.

Program Objective:

- To financially assist federal and state agencies and political subdivisions with eligible flood control, water supply, recreation, snagging and clearing, studies, irrigation, bank stabilization, and technical assistance projects.

Assumptions and Obstacles:

The amount of funds available for the Cost-Share Program is dependent on state appropriations and agency budgeting from the contract fund.

Program Overview:

The National Dam Safety Program was initiated in 1978 through the U.S. Army Corps of Engineers after the failure of Toccoa Falls Bible College Dam in Georgia. The North Dakota SWC Dam Safety Program was initiated to continue on with this program of inspecting dams, assessing the safety of dams, and writing related reports. The SWC Dam Safety Program inspects 87 dams of higher hazard or of special interest on a rotational basis, so that every dam on the list is fully inspected at least once every eight years. In addition, each spring, 118 dams are given a partial inspection to check on the status of the dams after the spring runoff season. Other dams in North Dakota are inspected on an "as needed" basis, such as when a dam is built, rehabilitated, or when the public has a concern about a dam.

Dam Safety Program

Three dams (Big Coulee, Epping, and Sweetbriar), with known dam safety deficiencies, will be closely investigated before the end of the 2005-2007 biennium. In addition, seven medium and high hazard dams that do not meet current dam safety design standards, will also be investigated.

Agency Goals Satisfied:

- To regulate the use of water resources for the future welfare and prosperity of the people of North Dakota.
- To educate the public regarding the nature and occurrence of North Dakota's water resources.
- To collect, manage, and distribute information to facilitate improved management of North Dakota's water resources.

Program Objectives:

- On a rotational basis, conduct full inspections on 52 dams that require more comprehensive inspections by June 30, 2007.
- Report findings of the inspections to the respective dam owners so they can update and improve the safety of their dams.
- Update and educate dam owners and builders with the most current dam safety standards.
- Update and maintain an inventory of all dams in North Dakota.

Assumptions and Obstacles:

Federal funding through the National Dam Safety Program is used to improve our dam safety program by providing annual funding for training, equipment, and one part-time position.

Action Plan:

TASKS	TARGET DATES
Conduct partial inspections of 118 dams during the spring inspection season	June 30, annually
Conduct full inspections of 16 dams and report findings to owners	Dec. 2004 and 2005
Conduct full inspections of 20 dams and report findings to owners	Dec. 2006
Update the Dam Design Handbook	June 30, 2007
Complete Phase I inspection reports for four dams	June 30, 2007
Work with dam owners to develop Emergency Action Plans for five dams	June 30, 2007

Project Overview:

Since 1992, Devils Lake has risen about 25 feet, causing damage in excess of \$300 million. The federal government, acting through the U.S. Army Corps of Engineers, studied the possibility of constructing a 300 cfs outlet from the Pelican Lake portion of Devils Lake to the Sheyenne River. Although the Environmental Impact Statement and Record of Decision recommended construction of this outlet, the cost of the federal outlet has increased to the point that securing funding on both the state and federal level would be difficult, if not impossible.

The state's Devils Lake emergency outlet is a less expensive alternative to the federal outlet. The initial construction of the state outlet is sized for 100 cfs, but can be expanded to 300 cfs in the future. The outlet consists of: two pumping plants, one on the Round Lake portion of Devils Lake and the second near Lake Josephine; approximately 4 miles of pipeline; and 10 miles of open channel. The open channel is designed for 300 cfs. Additional pumps and pipeline would need to be added if the decision is made to increase the capacity of the outlet to 300 cfs.

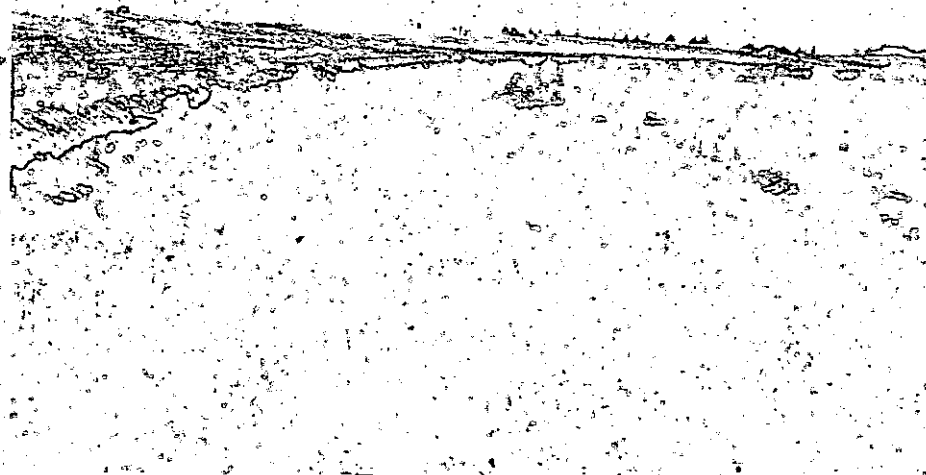
Devils Lake Outlet

Agency Goal Satisfied:

- To manage water resources for the future welfare and prosperity of the people of North Dakota.

Project Objective:

- Reduce the risk of flooding around Devils Lake by constructing and operating an emergency outlet to the Sheyenne River.



Action Plan:

TASKS	TARGET DATES
Complete Draft Adaptive Management Plan for outlet operation	February 2005
Complete Final Adaptive Management Plan for outlet operation	April 2005
Complete construction on all Outlet contracts	Spring 2005
Begin operation of Devils Lake Emergency Outlet	Summer 2005
Maintain and operate Outlet after construction	Ongoing

Assumptions and Obstacles:

Potential obstacles include the appeal of the water quality discharge permit, possible action by Canada or the U.S. State Department under the Boundary Waters Treaty of 1909, the availability of construction materials, and the weather.

For a map of North Dakota's Devils Lake emergency outlet project, see the Appendix, page 33.

Program Overview:

Water utilization is a key ingredient to many potential opportunities for economic development. Numerous studies and reports have documented potential water supplies for economic development. Additionally, existing reports and/or water-resource data are interpreted by staff in the form of short reports to aid industries in determining the viability of various water resources with respect to their water needs in their consideration of locating in North Dakota and utilizing North Dakota's water resources to do so.

Assistance is provided by the SE in the formation of irrigation districts.

Economic Development

The SWC also provides cost-share support for several activities designed to strengthen the state's economy. The SWC, in conjunction with the Bank of North Dakota, provides cost-share for new irrigation under the auspices of the AgPACE program. The SWC provides support for the North Dakota Irrigation Association (NDIA). Additionally, the SWC provides support for a

vegetable initiative to enhance the development of vegetable markets and vegetable irrigation, to further enhance the economic development of the state.

Action Plan:

TASKS

TARGET DATES

Produce synopsis reports on water supplies for interested entities

As requested

Produce water resource interpretive reports

Ongoing/As requested

Administer the AgPACE program

Ongoing

Support NDIA's efforts to expand irrigation development

July 2005

Administer SWC support of the Irrigation Development Plan

July 2006

Provide assistance for irrigation district formation

Ongoing/As requested

Agency

Goals Satisfied:

- To develop water resources for the future welfare and prosperity of the people of North Dakota.
- To manage water resources for the future welfare and prosperity of the people of North Dakota.

Program Objectives:

- Identify and evaluate potential water supplies for economic development.
- Support programs to encourage water-using industries.
- Support programs to encourage irrigation.

Assumptions and Obstacles:

There is a limited amount of surface and ground-water supplies of suitable quality for irrigation and industry. The one significant water resource in the state, the Missouri River, is not located where most potential water users want to locate.

Program Overview:

The National Flood Insurance Program (NFIP) works on a partnership formed of federal, state, and local governments. Local government uses state law as a basis to practice floodplain management. The NFIP provides flood insurance for structures in return for participating communities promising to guide development in identified flood hazard areas. The North Dakota Floodplain Management Act of 1981 (amended in 1999 and 2003) adopts the NFIP by reference in North Dakota Century

Floodplain Management

Code (NDCC) 61-16.2.

The Federal Emergency Management Agency (FEMA) provides funding to the states for their role through their Community Assistance Program

Action Plan:

TASKS

TARGET DATES

Monitor community floodplain management compliance under CAP and provide technical assistance regarding the NFIP

Sept. 30 annually

Manage the FMA to develop local floodplain mitigation plans

Sept. 30 annually

Manage small-scale acquisition projects under the FMA

Sept. 30, annually

Conduct floodplain management training workshops under CAP

Sept. 30, annually

Cooperate with FEMA to pursue MAPMOD efforts

Sept. 30, annually

Conduct floodplain determinations for the Bank of North Dakota

Quarterly

(CAP) and through the Flood Mitigation Assistance Program (FMA). FEMA is also in the early stages of the Map Modernization (MAPMOD) initiative to update and improve the nation's flood hazard maps. FEMA has agreed to cost-share with the SWC for a new position to coordinate that effort.

Agency Goals Satisfied:

- To manage water resources for the future welfare and prosperity of the people of North Dakota.
- To educate the public regarding the nature and occurrence of North Dakota's water resources.
- To collect, manage, and distribute information to facilitate improved management of North Dakota's water resources.

Program Objectives:

- Manage the state's floodplains to reduce flood damages throughout the state.
- Collect and distribute information relating to flooding and floodplain management.
- Coordinate local, state, and federal floodplain management activities.
- Assist communities in their floodplain management activities.
- Fulfill all existing responsibilities under FEMA's CAP and FMA.
- Establish the state's role in the MAPMOD initiative.



Assumptions and Obstacles:

An additional staff position is needed to manage MAPMOD. Thus, federal funding through FEMA is required to help fund this position. (State match would come from existing appropriations).

Program Overview:

Human Resources is a business partner working with and for the divisions of the SWC by maximizing the potential of our employees. More specifically, Human Resources strives to keep SWC employees aligned with agency initiatives, values, strategies, and the needs of our constituents.

Human Resources

Agency Goals Satisfied:

- To regulate the use of water resources for the future welfare and prosperity of the people of North Dakota.
- To develop water resources for the future welfare and prosperity of the people of North Dakota.

- To manage water resources for the future welfare and prosperity of the people of North Dakota.
- To educate the public regarding the nature and occurrence of North Dakota's water resources.
- To collect, manage, and distribute information to facilitate improved management of North Dakota's water resources.
- To conduct research into the processes affecting the hydrologic cycle to improve the management of North Dakota's water resources.

Program Objectives:

- Create systems, structures, and workplace cultures that support diversity.
- Work to strike a balance between organizational and individual needs.
- Work collaboratively with managers to improve the quality of our workforce and their environment.
- Facilitate the ability of employees to learn, grow, and contribute through competency-based training and agency-wide work opportunities.
- Use technology to maximize personal and professional development opportunities, streamline administrative processes, improve agency-wide collaboration, and measure performance.
- Ensure that human resource policies, programs, and practices are flexible, integrated, and value-added.

Action Plan:

TASKS	TARGET DATES
Provide educational materials via email to personnel regarding potential safety hazards/issues	Weekly
Hold Loss Control Committee meetings to review near miss reports, safety compliance violations, and injury claims	Monthly
Conduct an annual staff meeting for a review of safety policies and procedures	May 1, annually
Conduct frequent reviews of personnel, safety, and risk management policies to make changes that may become immediate upon changes in state and federal law, rules and regulations, executive orders, and court decisions	Ongoing
Notify personnel via email and message boards of career development and training opportunities	Ongoing

Assumptions and Obstacles:

The above objectives can only be achieved if agency managers and employees contact Human Resources in regard to personnel matters and questions pertaining to policy and employment law; and if managers inform Human Resources prior to taking policy-related actions.

Program Overview:

The Investigations Section is responsible for the preliminary engineering for surface water projects throughout the state. These projects include flood control, irrigation development, recreation dams, and bank stabilizations. The Investigations Section also conducts and reviews hydrologic and hydraulic models done for floodplain management and dam design and repair. This includes reviewing proposed modifications to existing regulatory floodplains that require SE approval.

In addition, the Investigations Section provides technical expertise in dealing with the management of the Missouri River, flood response, the Eastern Dakota Water Supply Study, and other water issues, as well as providing government survey information to the public.

Investigations

Agency Goals

Satisfied:

- To develop water resources for the future welfare and prosperity of the people of North Dakota.
- To manage water resources for the future welfare and prosperity of the people of North Dakota.
- To collect, manage, and distribute information to facilitate improved management of North Dakota's water resources.



Action Plan:

TASKS

Develop Tongue River hydrology and hydraulic model

Provide technical reviews of Missouri River management issues

Government survey information management

Conduct other water resource investigations

TARGET DATES

May 2005

As needed

Ongoing

As needed

Program Objectives:

- Conduct preliminary engineering, hydrologic and hydraulic studies and review studies done by others.
- Provide engineering services for surface water projects throughout the state.

Assumptions and Obstacles:

Severe flooding problems in the Devils Lake basin and concerns over changes to management of the Missouri River system have consumed much of the Investigations Section's time over the course of the last decade. With those issues expected to be in the forefront in the coming years, that trend will likely continue.

Maintenance and Minor Construction

Program Overview:

The Construction Section is involved with assisting dam owners throughout the state in designing repairs and modifications to dams. The section works with the North Dakota Game and Fish Department (Department) to maintain outlet structures and install low-level-draw-

downs used by the Department to manage fisheries. The section is also involved in directing emergency actions during major dam incidents. The Dam Safety Program is located in the Construction Section, and is charged with conducting annual inspections of dams throughout the state (see Dam Safety Program).

Agency Goals

Satisfied:

- To develop water resources for the future welfare and prosperity of the people of North Dakota.
- To educate the public regarding the nature and occurrence of North Dakota's water resources.
- To collect, manage, and distribute information to facilitate improved management of North Dakota's water resources.

Program Objectives:

- Maintain water resource facilities within the state to ensure public safety, and enhance quality of life by providing water-based recreation opportunities.
- Work with the United States Geological Survey to maintain the network of stream gages throughout the state, thereby ensuring reliable data necessary for managing North Dakota's water resources within the state.

Assumptions and Obstacles:

Federal funding through the National Dam Safety Program is used to improve our dam safety program by providing annual funding for training, equipment, and one part-time position. With regard to annual construction and maintenance efforts, weather is the primary obstacle for timely completion of work.

Action Plan:

TASKS

TARGET DATES

Administer dam inspections and report findings to owners

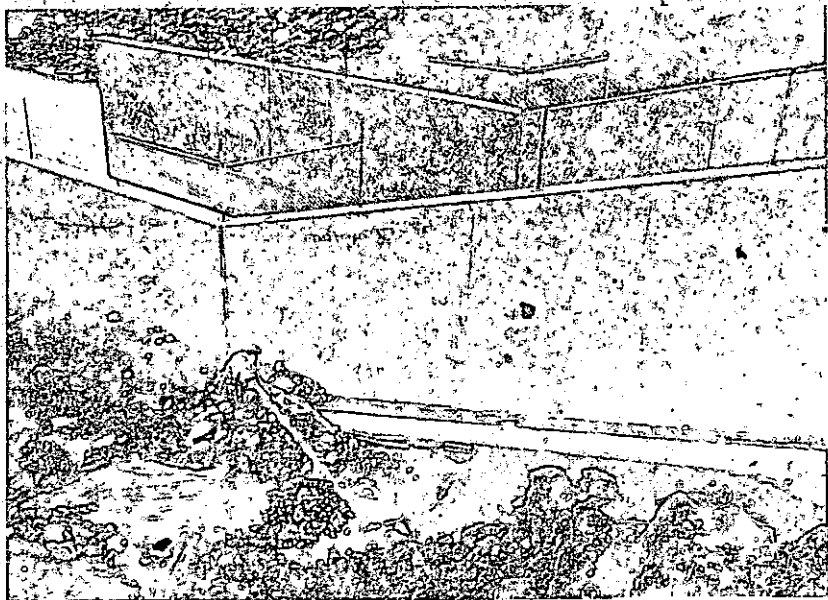
See
Dam Safety Program

Repair and maintain stream gage network through cooperative efforts with the U.S. Geological Survey

Summer, annually

Conduct general construction/maintenance efforts

Summer, annually



Program Overview:

The Municipal, Rural and Industrial (MR&I) water supply program is one source of federal funding used for public water systems. Funding used for the MR&I program is provided through the U.S. Bureau of Reclamation. North Dakota's MR&I program was originally established by the 1986 Garrison Diversion Reformation Act. At that time, Congress authorized \$200 million in the form of a maximum grant of 75 percent. The state has since received \$191 million of the original \$200 million from the 1986 Act. Later, the Dakota Water Resources Act of 2000 added an additional \$200 million for the MR&I program, which is indexed. The Garrison Diversion Conservancy

Municipal, Rural & Industrial Water Supply Program

District signed a cooperative agreement with the USBOR to receive the federal funding. Further, the SWC and Garrison Diversion Conservancy District signed a joint powers agreement to administer the program based on a Memorandum of Understanding.

Because of North Dakota's MR&I program, regional and rural water systems have continued to expand throughout the state. As a result of this added assistance, there are now 32 regional water systems in North Dakota providing quality drinking water to 25 percent of the state's population. Over 158,000 residents are served by regional water systems, including 294 cities, 21 subdivisions, and over 90,000 rural residents. Currently, all or part of 47 of North Dakota's 53 counties are served by regional water systems, and most have plans to expand to cover additional areas.

Action Plan:

TASKS

TARGET DATES

Develop a five-year plan for MR&I project funding requests

Feb. 2005

Participate in meetings with communities and rural water districts to provide technical and planning assistance

Ongoing

Provide MR&I budget estimates for project development

annually

Coordinate meetings with funding entities to discuss projects

Ongoing

Work with North Dakota's Congressional Delegation to increase federal MR&I appropriations

Ongoing

Coordinate with the Garrison Conservancy District in the prioritization and allocation of MR&I funds to projects

Ongoing

Agency Goals Satisfied:

- To develop water resources for the future welfare and prosperity of the people of North Dakota.

Program Objectives:

- Coordinate alternative funding solutions for water supply and water

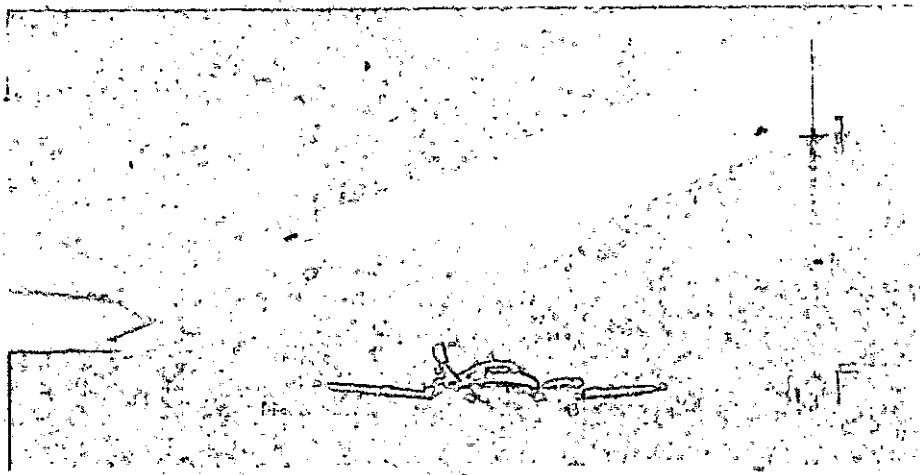
treatment projects to help water users in cities and rural water areas obtain an adequate supply of quality water for municipal, rural, and industrial purposes.

- Provide planning and technical assistance to water supply systems to promote wise use of water resources throughout the state.

Assumptions and Obstacles:

Adequate federal funding must be received in a manner that does not impede progress.

For a map of North Dakota's regional water systems, see the Appendix, page 34.



Project Overview:

The North Dakota Cloud Modification Project (NDCMP) is a long-running, operational cloud seeding program for the dual purposes of hail suppression and rainfall enhancement. The target area covers nearly 10,500 square miles in six western North Dakota counties during the months of June,

July, and August. Counties partner with the state through its ARB to employ a contractor to provide the aircraft, pilots, and seeding equipment. The ARB owns and operates two radar systems and employs the meteorologists to coordinate seeding operations. The program also offers two intern programs; one for stu-

North Dakota Cloud Modification Project

dents studying meteorology, and another for pilots studying at the University of North Dakota's J.D. Odegard School for Aerospace Sciences.

Evaluations of the NDCMP indicate that the program reduces hail damage to crops by 45 percent, increases wheat yields by 5.9 percent, increases rainfall on the order of about 10 percent, and boasts a benefit to cost ratio of approximately 40 to 1.

Agency Goal Satisfied:

- To manage water resources for the future welfare and prosperity of the people of North Dakota.

Project Objectives:

- Reduction of hail damages in NDCMP target area.
- Enhancement of summer rainfall from thunderstorms in NDCMP target area.

Action Plans

TASKS

Hiring of NDCMP field personnel

Conduct pre-project ground school

NDCMP operations

Final Reporting to participating counties

Bid opening and award of aircraft service contract

Bid Opening and award of radar maintenance contract

TARGET DATES

May, annually

May, annually

June-Aug., annually

Winter, annually

April 2007

April 2007

Assumptions and Obstacles:

The project assumes continued participation by western North Dakota counties and cost-sharing of one-third of project costs by the state. Further, Bowman County has participated at the maximum mill levy allowed by NDCC 61-04.1-26 for the last several years. With project costs slowly rising, and with the nature of the small operating area in southwest North Dakota, the mill levy limit may need to be addressed by the State Legislature to allow their continued participation.

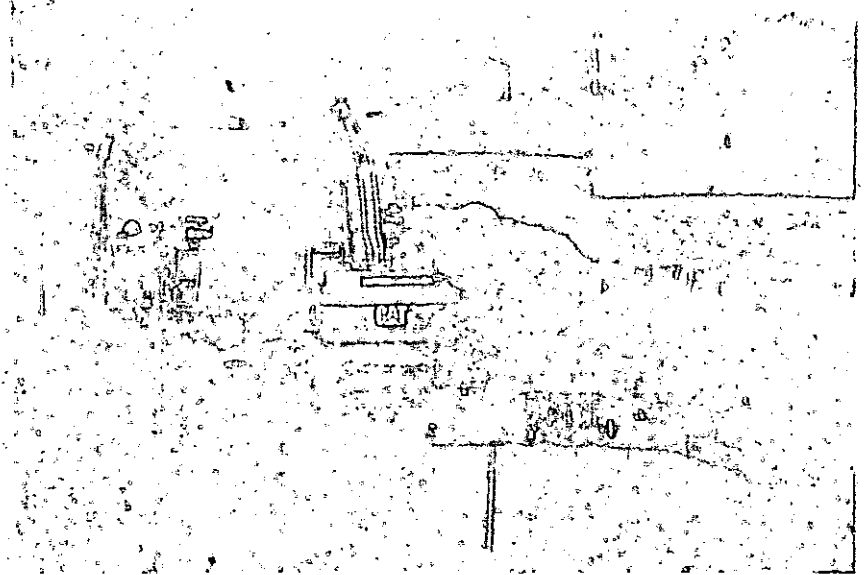
For a map of the North Dakota Cloud Modification Project, see the Appendix, page 35.

Project Overview:

NDCC 61-24.6 declares necessary the pursuit of a project "...that would supply and distribute water to the people of northwestern North Dakota through a pipeline transmission and delivery system..." The SWC has been working to develop the Northwest Area Water Supply (NAWS) project ever since. NDCC 61-24.6 authorizes the SWC to construct, operate, and manage a project to deliver water throughout northwestern North Dakota. Compliance with National Environmental Policy Act requirements and those contained in the 1986 Garrison Diversion Reformulation Act was achieved in January 2001.

In April 2002, the SWC began construction of the pretreated water pipeline from the Missouri River to Minot – a key component of NAWS. Private contractors are constructing the project according to designs developed by the SWC's engineering contractor. The SWC oversees the design and construction of the project.

When completed, NAWS will provide up to 2 million gallons of Missouri River water per day to at least 63,000 citizens in northwest North Dakota. With additional rural development, NAWS could serve as many as 81,000.



Northwest Area Water Supply

Action Plan:

TASKS	TARGET DATES
Complete all pipeline contracts between Minot and the Missouri River	Nov. 2005
Develop an Emergency Action Plan and Operation and Maintenance Manuals as required by environmental commitments	Aug. 2006
Complete Max booster pump station	Dec. 2006
Complete South Prairie water storage reservoir	Aug. 2007
Complete intake pump station	Dec. 2007
Complete modifications at Minot Treatment Plant	Dec. 2007

Agency Goal Satisfied:

- To develop water resources for the future welfare and prosperity of the people of North Dakota.

Project Objective:

- Finish construction of the pretreated water delivery system to Minot.

Assumptions and Obstacles:

Adequate federal funding must be received in a manner that does not impede progress. In addition, a lawsuit brought by the Province of Manitoba may result in a requirement for more environmental compliance work.

For a map of North Dakota's Northwest Area Water Supply project, see the Appendix, page 35.

Project Design

Program Overview:

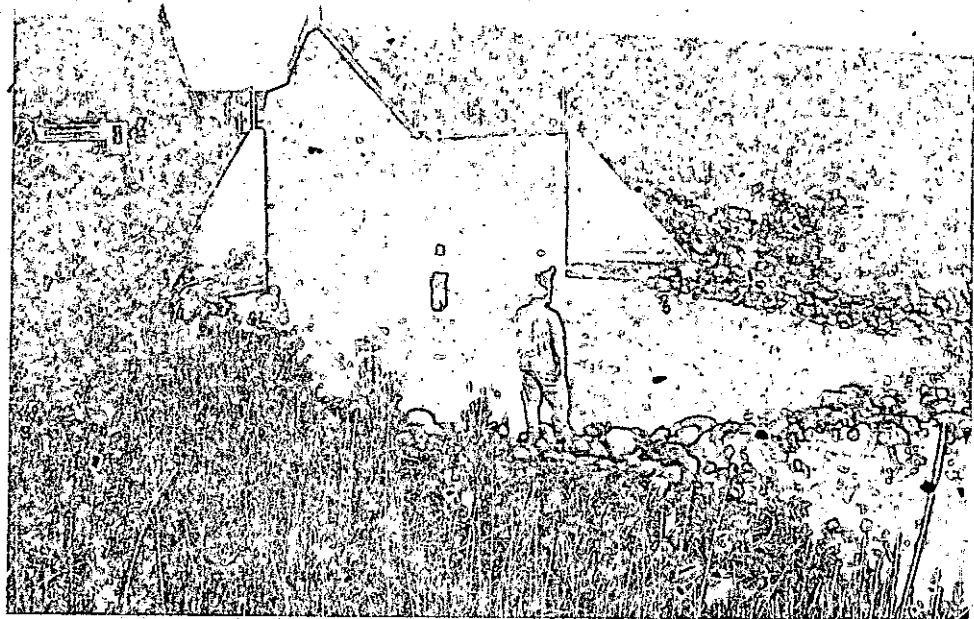
The Design Section is involved with assisting dam owners throughout the state in designing repairs and modifications to dams. In addition, the Section works with the North Dakota Game and Fish Department to maintain outlet structures and install low-level drawdowns used by the Department to manage fisheries.

The Design Section will be involved in the investigation of several dams through the end of the 2005-2007 biennium. Those investigation efforts will primarily focus on three dams: 1) Big Coulee Dam, near Bisbee; 2) Epping dam, near Williston, and; 3) Sweetbriar Dam, west of Mandan. The Design Section will design modifications to each structure, depending on the results of the investigations. The Design Section will also begin the process of investigating all medium and high hazard dams throughout the state in order to determine if there are modifications required to improve their overall safety.

Agency Goals

Satisfied:

- To develop water resources for the future welfare and prosperity of the people of North Dakota.
- To educate the public regarding the nature and occurrence of North Dakota's water resources.
- To collect, manage, and distribute information to facilitate improved management of North Dakota's water resources.



Action Plan:

TASKS

Actively work with dam owners and make necessary repairs to dams.

TARGET DATES

Ongoing

Program Objective:

- Maintain water resource facilities within the state, with a specific focus on Big Coulee, Epping, and Sweetbriar Dams, to ensure public safety and enhance quality of life.

Assumptions and Obstacles:

The investigations at Big Coulee, Epping, and Sweetbriar dams may require the hiring of a consultant with more specialized experience in dam investigations. This will require a commitment from the SWC to assist in the cost of the investigations.

Project Overview:

The Red River Valley Water Supply Project was authorized by the Dakota Water Resources Act of 2000, which required that a Needs and Options Report and Environmental Impact Statement (EIS) be completed with joint leadership between the federal government and the State of North Dakota. As such, a Memorandum of Understanding was established between the federal government and the State of North Dakota, with the USBOR being the federal partner, and the Garrison Diversion Conservancy District representing the state. Since that process began a few years ago, SWC staff members from all divisions have been involved with the Needs and Options Report and EIS as technical advisors, serving on multiple committees. In addition, the SWC has a full time staff person dedicated to the development of the studies.

Ultimately, the purpose of the study is to identify reliable sources of quality water to supply homes, businesses, industries, wildlife, and recreation in the Red River Valley within North Dakota through at least the next five decades.

Red River Valley Water Supply Project

Action Plan:

TASKS

TARGET DATES

Provide technical assistance toward the completion of the Red River Valley Water Supply Project Needs and Options Report

Fall 2005

Provide technical assistance toward the completion of the Red River Valley Water Supply Project EIS

Fall 2005

Agency Goal Satisfied:

- To develop water resources for the future welfare and prosperity of the people of North Dakota.

Program Objective:

- Provide technical expertise and assistance toward progress on the Red River Valley Water Supply Project study.

Assumptions and Obstacles:

SWC staff participate in this study and planning process in a technical advisory capacity. Thus, overall progress and target dates for project completion are not controlled by the SWC.

Program Overview:

As authorized by NDCC 61-03, 61-04, and 61-16.1, the SE has been responsible for regulating the construction of dams, dikes, and other water control facilities since the 1930s. Since 1957, NDCC 61-32 and NDCC 61-15 have authorized the SE to regulate drainage. And, the SE has been responsible for managing sovereign lands since 1989, as authorized by NDCC 61-33. The SE coordinates these regulatory activities with the county water resource districts (WRDs) across the state.

Regulatory Program

In addition to these permitting processes, the Regulatory Program provides technical assistance to local water resource districts, makes flow determinations in accordance with NDCC 24-03-08,

provides appeal review of WRD decisions, serves as a source of information to the public, handles easement releases for abandoned structures, participates in training workshops, represents the SE on various interagency committees, and provides agency review of Public Service Commission mining permits and U.S. Army Corps' Section 404 permits.

Agency Goals Satisfied:

- To regulate the use of water resources for the future welfare and prosperity of the people of North Dakota.
- To manage water resources for the future welfare and prosperity of the people of North Dakota.
- To collect, manage, and distribute information to facilitate improved management of North Dakota's water resources.

Program Objectives:

- Regulate, where appropriate, the construction of dams, dikes, water control facilities, drainage works, and projects on sovereign lands, to ensure proper management of North Dakota's water resources and public safety.
- Interact with the public, continue involvement on interagency committees, and participate in training workshops, to facilitate education and information dissemination to other water resource managers – especially at the local level.

Assumptions and Obstacles:

None.

Action Plan

TASKS	TARGET DATES
Participate in WRD training workshops	April 2005-2007
Provide technical assistance to WRDs as requested	Ongoing
Process 100% of all incoming construction, drainage, and sovereign land permit applications	June 30, 2007
Address 100% of all incoming WRD decision appeals	June 30, 2007
Digitally map 100% of all permitted assessment drains and dams currently in the 4-D Database	June 30, 2007
Provide 100% of flow determinations requested per NDCC 24-03-03	June 30, 2007
Review 100% of incoming Public Service Commission and U.S. Army Corps' Section 404 permits	June 30, 2007

Project/Program Overview:

NDCC 61-24.3 declares necessary that the Southwest Pipeline Project (SWPP) "...be established and constructed, to provide for the supplementation of the water resources of a portion of the area of North Dakota south and west of the Missouri River with water supplies from the Missouri River for multiple purposes, including domestic, rural, and municipal uses." The SWC has been working to develop the SWPP ever since. NDCC 61-24.6 authorizes the SWC to construct, operate, and maintain the project.

Construction began on the project in 1986. The SWPP currently serves about 32,000 residents of southwest North Dakota. Private contractors are constructing the project according to designs developed by the SWC's engineering contractor. The SWC oversees the design and construction of the project.

Southwest Pipeline Project

Agency Goal Satisfied:

- To develop water resources for the future welfare and prosperity of the people of North Dakota.

Project Objective:

- Finish construction of the water distribution system in the Medora-Beach service area and begin construction on the Oliver, Mercer, North Dunn regional service area.



Action Plan:

TASKS

TARGET DATES

Complete construction of the main transmission pipeline system serving the Medora-Beach regional service area

Sept. 2004

Complete construction of the Fryburg service area, Phase I rural water

Sept. 2004

Open bids for rural water distribution contracts for the remainder of the Fryburg and Golya service areas, and Beach

March 2005

Complete preliminary design of service to the Oliver, Mercer, North Dunn service area

Aug. 2007

Complete rural water distribution contracts for the remainder of the Fryburg and Golya service areas, and Beach

Sept. 2007

Complete rural water distribution contracts for Morton County pockets

Sept. 2007

Assumptions and Obstacles:

Adequate state and federal funding must be received in a manner that does not impede progress.

For a map of North Dakota's Southwest Pipeline Project, see the Appendix, page 36.

State Water Management Plan

Program Overview:

By virtue of NDCC 61-02-14, Powers and Duties of the Commission; and NDCC 61-02-26, Duties of State Agencies Concerned with Intrastate Use or Disposition of Waters, the SWC is required to develop and maintain a comprehensive State Water Management Plan (SWMP) for the sound manage-

ment of North Dakota's water resources. The most recent comprehensive SWMP was completed in 1999. In 2001 and 2003, updates to the 1999 SWMP were completed to provide revised project and program information to the 57th and 58th Legislative Assemblies. The biennial updates of the SWMP, such as the 2001 and 2003 Water Development Reports (WDR), provide updated information regarding the state's water development needs and funding abilities at that time, and they serve as formal requests for funding from the state's Resources Trust Fund.

Agency Goals Satisfied:

- To develop comprehensive plans to meet North Dakota's water resource needs.
- To manage water resources for the future welfare and prosperity of the people of North Dakota.
- To educate the public regarding the nature and occurrence of North Dakota's water resources, and water development efforts.

Program Objectives:

- Develop the 2005-2007 WDR to serve as a biennial update to the 1999 SWMP by January 1, 2005.
- Develop a new comprehensive North Dakota SWMP by January 1, 2007.

Assumptions and Obstacles:

Active participation and accurate input from local water managers and project sponsors regarding project funding needs will be critical to successful future statewide water planning efforts.

Action Plan

TASKS	TARGET DATES
Contact local water managers to request updated water project/program information including funding timeframes for the 2005-2007 WDR	Jan. 2004
Develop text, tables, and compile funding needs for 05-07 WDR	Dec. 2004
Present 05-07 WDR to the 59 th Legislative Assembly, outlining funding needs	Jan. 2005
Contact local water managers to request updated water project/program information, including funding timeframes for the 2007 SWMP	Jan. 2006
Update and review water project inventory database and agency policies	April 2006
Compile water use and other water resource information	June 2006
Review and update North Dakota's water planning goals and objectives	July 2006
Develop text, tables, and compile funding needs for 2007 SWMP	Dec. 2006
Present 2007 SWMP to the 60 th Legislative Assembly, outlining funding needs	Jan. 2007

Project Overview:

Project WET (Water Education for Teachers) is a balanced, supplemental and interdisciplinary water science and water education program for formal and non-formal K-12 educators and students. Project WET facilitates and promotes the learning, awareness, appreciation, knowledge, exploration, and stewardship of North Dakota's water resources. Project WET programs are designed to help youth learn how to think, and not just what to think, while providing means for teachers and students to grasp fundamental concepts related to water resources, watersheds, and the environment. Through Project WET programs, educators, and students obtain skills for acquiring and applying knowledge, and to evaluate the results of their actions toward North Dakota's water resources.

Water Education for Teachers Program

Action Plan:

TASKS

Maintain Project WET classroom-ready teaching aids in support of educational efforts

Provide in-service and pre-service credit and non-credit educational programs for K-12 educators

Provide varying educational programs for K-12 students

Complete facilitator leadership training

Provide funds for Keep North Dakota Clean water education poster contest

Complete Devils Lake Dilemma workshops

Complete Missouri River institutes

TARGET DATES

As needed

Ongoing

Ongoing

Feb. 2004 & 2006

March 2004-2007

June 2004-2007

July 2004-2007

Agency Goal Satisfied:

- To educate the public regarding the nature and occurrence of North Dakota's water resources and water development efforts.

Project Objectives

Develop, promote, deliver, and provide to K-12 formal and non-formal educators and students:

- Indoor and outdoor water science and water education programs;
- Balanced water resource information and education tools, services, programs and resource materials;
- Institutes, workshops, in-service and pre-service educational opportunities; and
- Classroom events, youth camps, youth water festivals, community water or environmental awareness, and youth service/active events.

Assumptions and Obstacles:

Continued funding through EPA's Section 319 Grant is critical to the success of the WET program.



Program Overview:

Significant volumes of surface and ground-water data and water permit information are contained in the SWC's Water Resources Information Management Systems (WRIMS). Private

individuals and private enterprise, as well as local, county, state, federal, and international entities routinely make use of various portions of these data sets. Staff can facilitate the ability of interested parties to

Water Resource Data Information Dissemination

access data of interest to them.

A web-based interactive interface is available to allow for direct access to the data on the part of the interested parties. Additionally, numerous interpretive reports are available for various water resources in the state.

Agency Goals Satisfied:

- To educate the public regarding the nature and occurrence of North Dakota's water resources.
- To collect, manage, and distribute information to facilitate improved management of North Dakota's water resources.

Program Objectives:

- Maintain quality water resource data.
- Develop and maintain a database for retrieval of data.
- Maintain trained staff to interpret data.
- Develop and maintain web-based integration for access to data.

Assumptions and Obstacles:

The continuation of the in-house and online retrieval system will depend on the ability of the SWC to maintain the 4-D Database.

Action Plan:

TASKS

TARGET DATES

Anticipate uses for which the data would be needed

Ongoing

Educate staff on the use of WRIMS as improvements are implemented

As needed

Incorporation of streamflow data into WRIMS

July 2005

Communicate with interested parties to determine their informational needs

As requested
(none currently)

Write unique programs to meet needs of requests of an unanticipated nature

As requested
(none currently)

Image and store 50,000 well drilling reports

Dec. 2005

Image and store county ground-water study reports, city ground-water reports, water resource investigation reports, and landfill investigation reports

To be
determined



Program Overview:

Water resource data pertaining to water levels, water quality, and well information are collected on a continuing basis. This data is stored in an Internet accessible database. The database currently contains about 1.5 million water-level measurements, 31,000 site locations, 50,000 water quality analyses, and 17,000 sites with lithologic descriptions. Additional data acquisition sites are implemented as needed through time. Aquifer parameters and properties are evaluated through an aquifer-testing program.

Agency Goals Satisfied:

- To manage water resources for the future welfare and prosperity of the people of North Dakota.
- To educate the public regarding the nature and occurrence of North Dakota's water resources.
- To collect, manage, and distribute information to facilitate improved management of North Dakota's water resources.
- To conduct research into the processes affecting the hydrologic cycle to improve the management of North Dakota's water resources.

Action Plan:

TASKS

Install test holes and plug obsolete observation wells

Install 125-175 monitoring wells

Install 20-30 staff gages, monitor water levels & flows

Measure 25,000-30,000 water levels in wells and surface water bodies

Collect data from 50-60 continuous water level recorders

Collect 1,500-2,000 samples from wells and surface water bodies

Analyze samples for various chemical constituents

Repair and maintain 900-1,100 measurement & sampling locations

Enter data into database

Coordinate USGS Cooperative water resource monitoring program

Report on Medina aquifer test

Report on North Kidder County aquifer test

Conduct aquifer test on Kidder County aquifer (south part)

Conduct aquifer test on Page/Galesburg aquifer (Hill Co.)

Report on southern Kidder County aquifer complex test

Conduct aquifer test on Elk Valley aquifer

Report on Elk Valley aquifer test

Report on Page/Galesburg aquifer test

TARGET DATES

Apr-Dec, annually

Apr-Dec, annually

Apr-May, annually

Apr-Dec, annually

Jan-Dec, annually

Apr-Dec, annually

Apr-Jan, annually

Apr-Dec, annually

Ongoing

Mar-Dec, annually

Aug. 2004

Oct. 2004

Oct./Nov. 2004

2004-2005

Apr. 2005

Fall 2004 or Spring 2005

Fall 2005

Dec. 2005

Program Objectives:

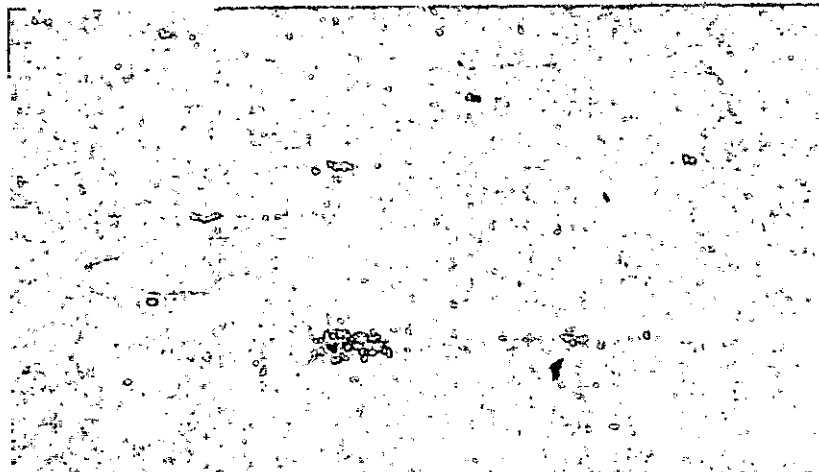
- Collect water resource data.
- Organize and store water resource data.
- Evaluate water resource data and future data needs.

Assumptions and Obstacles:

Budget constraints have reduced the number of stream gages in the USGS Cooperative Program.

Program Overview:

Water-resource research involvement falls into three categories. The first is where the SWC provides monetary support for



Water Resource Research

water-resource related studies. Generally this research is done by the USGS or universities. The second category is where the SWC enters into a cooperative study, again generally with university researchers or the USGS. The third category is the entire study conducted by SWC staff.

Agency Goal Satisfied:

- To conduct research into the processes affecting the hydrologic cycle to improve the management of North Dakota's water resources.

Program Objectives:

- Support research into water resources of the state.
- Conduct studies of the nature and occurrence of water to optimize its conservation and development throughout the state.

Assumptions and Obstacles:

Continuing or reformulated research could result from the interpretations that result from these studies.

Action Plan:

TASKS

TARGET DATES

Publications on denitrification in North Dakota and Minnesota aquifers

2004-2005

Report on nitrogen isotopes as denitrification rate indicators

Winter 2004-2005

Quantification of Karlsruhe aquifer denitrification report

Spring 2005

Report on Oakes Infiltration Data Summary

Sept. 2005

Final report on Karlsruhe aquifer nitrate assessment

Fall 2005

Fact sheet on sulfur isotopes as Elk Valley aquifer sulfate source trackers

Fall 2005

Publications on Elk Valley aquifer sulfate sources

2005-2006

Report on use of sulfur isotopes for tracking sulfates in Elk Valley aquifer

Spring 2006

Water Quality Assessment of ND National Guard Camp Grafton South Unit report

Fall 2007

Annual review and decisions for graduate Water Resource Investigations

Annually

Program Overview:

NDCC 61-04-02 requires all uses except for domestic, livestock, fish, wildlife, and other recreational uses (unless the aforementioned are greater than 12.5 acre-feet per year) to apply for a water permit before putting water to beneficial use. Set procedures are mandated by NDCC and regulations. Staff guide applicants through this process. In addition, records, documents, and a relational database are all meticulously maintained. Upon completion of a water-use development, inspections are conducted to verify the ability of the applicant to put the water to beneficial use. Based upon the inspection report, a conditional permit is perfected and filed by the appropriator with the county as a

Water Rights Administration & Processing

Action Plan:

TASKS

Guide applicants through the water permit application process

Maintain records in each water permit application file

Key appropriate data into water permit database

Conduct 65-85 inspections of 'completed' conditional permits

Perfect 50-70 inspected, completed conditional permits

Send out requests for annual use reports to permit holders

Complete annual use data collection process

Summary report on annual water use in North Dakota

Measure pumping rates to help establish water rights

Maintain water use records to quantify water rights

TARGET DATES

Ongoing

Ongoing

Ongoing

Annually

Annually

Nov./Jan.,
annually

May, annually

Sept., annually

Ongoing

Ongoing

water right associated with the land. Annual, self-reported, water-use forms are recorded to document the water is being put to beneficial use and the water right is being maintained.

Agency Goal Satisfied:

- To regulate the use of water resources for the future welfare and prosperity of the people of North Dakota.

Objectives:

- Process water permit applications.
- Maintain meticulous water right records.
- Perfect conditional water rights.
- Document permitted water use.

Assumptions and Obstacles:

Water use records are dependent upon encouraged self-reporting of annual water use. Some conditional water permits take long periods of time in order to resolve water and legal complications.

Program Overview:

The allocation of water resources for beneficial use can result in competition for those resources. This competition can cross political boundaries. Efforts are continually underway to protect prior rights while maximizing benefits. These efforts are expended externally to the state (other states and provinces), as well as internally with respect to other state agencies with various regulatory authorities. In the assessment of the

degree to which the state's water resources can be utilized beneficially, the rights of prior appropriators need to be assessed and protected. Staff prepares recommendations for the SE on the basis of encouraging beneficial use while protecting prior rights.

Agency Goals Satisfied:

- To regulate the use of water resources for the future welfare and prosperity of the people of North Dakota.
- To manage water resources for the future welfare and prosperity of the people of North Dakota.

Program Objectives:

- Pursue cooperative efforts with neighboring states and provinces to plan for beneficial water management of shared water resources.
- Cooperate with agencies that have regulatory authority over North Dakota's water to protect and enhance the quality and quantity of North Dakota's water resources.
- Evaluate water permit applications and recommend decisions to the SE.

Assumptions and Obstacles:

Different organizations, states, and provinces have different perspectives and laws pertaining to the best way to manage water resources. In the evaluation of ground-water permit applications, the state's ground-water resources are becoming more fully allocated. Thus, the process of protecting prior water rights is becoming more difficult.

Water Rights Evaluation & Adjudication

Action Plan

TASKS

Gather data on shared resources

Discuss possible actions regarding water resources

Negotiate water management decisions

Conduct water resource investigations

Prepare recommendations for the State Engineer

TARGET DATES

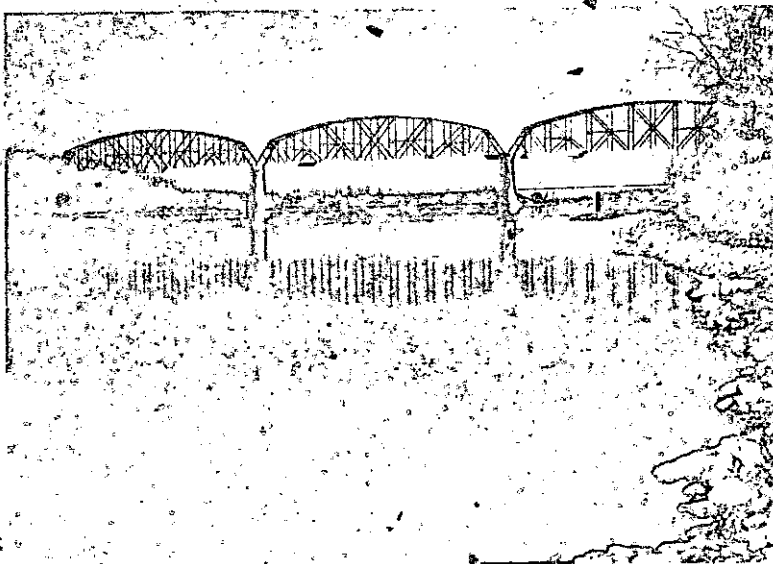
As needed

As needed

Ongoing

As needed

Ongoing





Program Overview:

Rural water entities and municipalities in need of help with their water supply can access staff for interpretation of existing data. They can also apply for cost-share help from the SWC for water supply studies. Rural water entities and municipalities use the reports of the water resource studies to help with their decisions regarding water supply concerns and options.

Water Supply Studies

Agency Goal Satisfied:

- To develop water resources for the future welfare and prosperity of the people of North Dakota.

Action Plan:

TASKS

City of Devils Lake Ground-Water Supply Study report

City of Bottineau Phase II Ground-Water Supply Study report

City of Medina Ground-Water Supply Study report

Trail County Rural Water Users Phase I, II, and III Ground-Water Supply Study report

Wahpeton Buried Valley Aquifer System Ground-Water report

Complete other water supply studies as requested

TARGET DATES

Oct. 2004

Dec. 2004

Feb. 2005

Sept. 2005

June 2006

Ongoing

Program Objectives:

- Provide interpretation of existing water resources.
- Conduct studies of potential water resources.
- Publish reports on water resource studies.
- Provide guidance and/or recommendations with regard to water supply concerns.
- Process appropriate paperwork to establish or maintain water rights.

Assumptions and Obstacles:

The main assumption is that no other more pressing water supply issues arise, thus changing priorities.

Program Overview:

In addition to water management planning efforts at the state level, it is the belief of the SWC that it is also beneficial for stakeholders that live and work within key watersheds of the state to guide the management of water resources in their region through the development of regional water plans. In order for regional planning efforts and studies to proceed and evolve in a productive manner, it is often required that local, state, and federal government officials participate in those planning processes as technical advisors.

Watershed Plan Coordination

which is the focus of many projects and planning efforts, the SWC has an office with a full-time engineer in West Fargo.

Beyond participating in regional planning and coordination efforts within the state, SWC staff members are also involved with international and national organizations involved with interjurisdictional water management. Examples include the International Joint Commission, the Red River Basin Commission, the International Red River Board, and the Missouri River Basin Association.

Agency Goal Satisfied:

- To manage water resources for the future welfare and prosperity of the people of North Dakota.

Program Objective:

- Provide technical expertise and assistance toward the development of regional watershed management and planning efforts, and studies.

Assumptions and Obstacles:

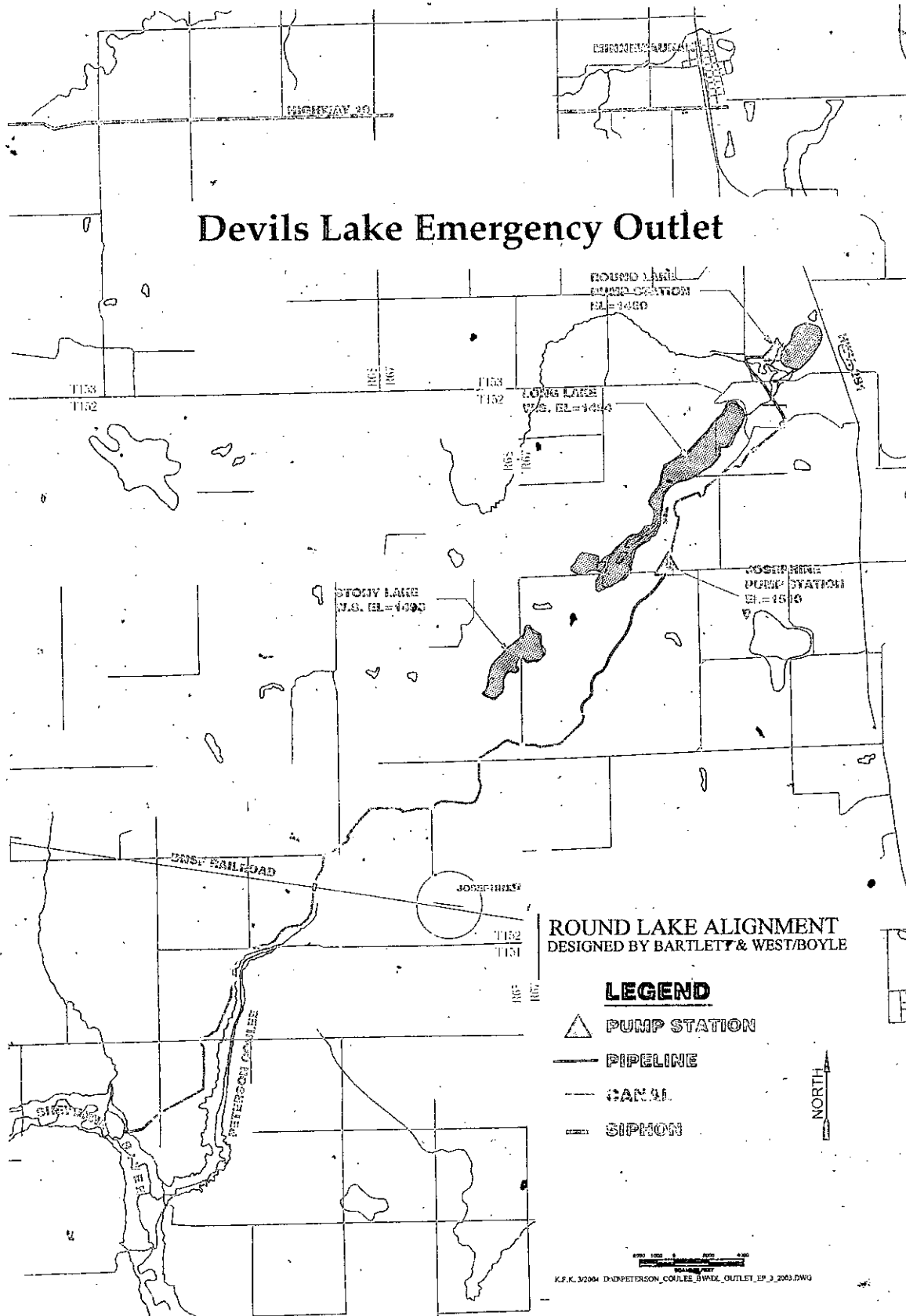
In order for all of the above organizations and planning/coordination efforts to succeed in the future, they will require continued commitment and dedication from all stakeholders involved in those processes.

More recently, the SWC has provided technical assistance toward the development of the Devils Lake Basin Water Management Plan, and the Fargo-Moorhead and Upstream Feasibility Study Phase I. In addition, the SWC has been actively involved in helping to initiate regional watershed planning efforts in the Upper Sheyenne River basin, and the Red and Missouri River corridors. To provide ongoing regional support in the Red River basin,

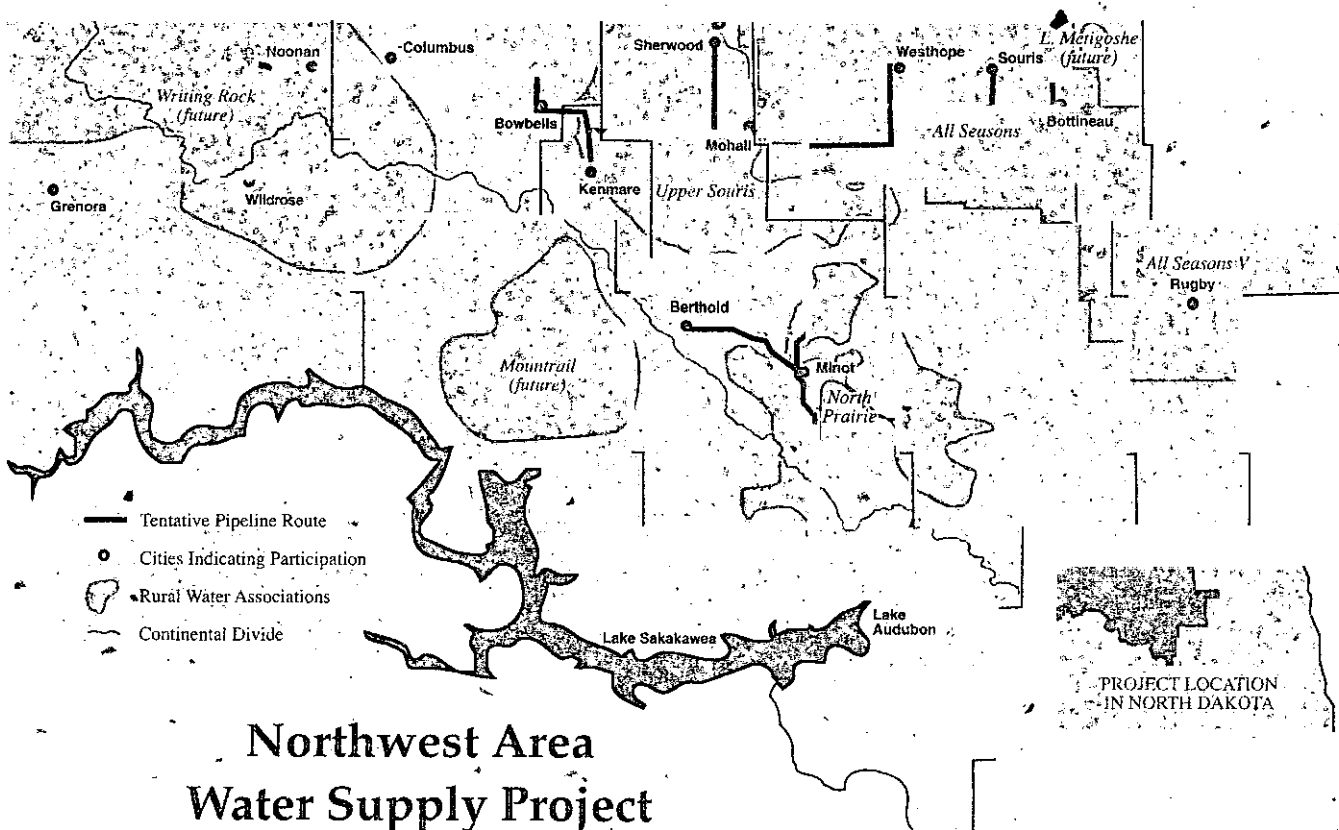
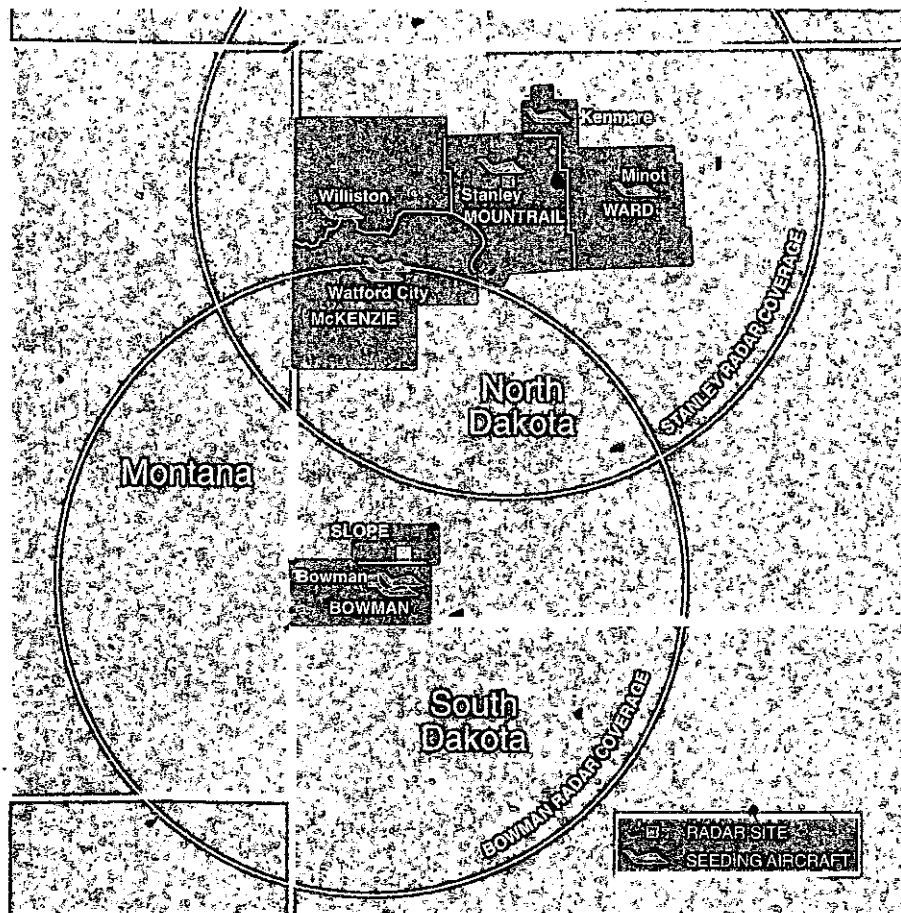
Action Plan:

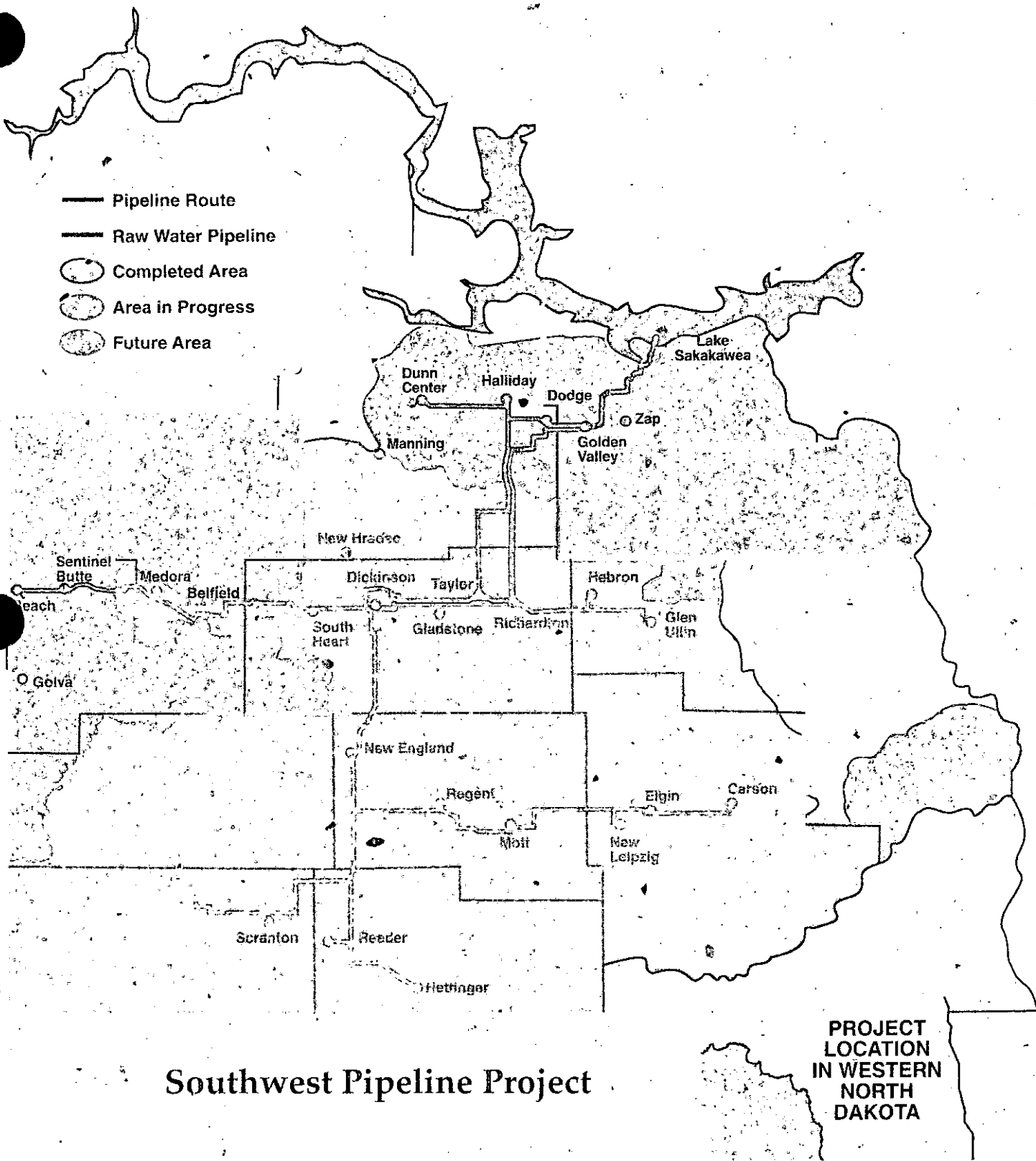
TASKS	TARGET DATES
Provide technical assistance toward the scheduled review of the Devils Lake Basin Water Management Plan	Dec. 2005
Provide technical assistance in the development of bylaws to allow for the establishment of a Missouri River Corridor Joint Board	Spring 2005
Provide technical assistance toward the development and completion of the Red River Basin Commission's Natural Resource Framework Plan	June 2005
Provide technical assistance toward the development and completion of the Fargo-Moorhead and Upstream Feasibility Study Phase I	Feb. 2005
Provide direction and technical expertise to the Red River and Upper Sheyenne River Joint Water Resource Districts in their development of regional water management plans	Ongoing
Continue to participate as board members and technical advisors for international and national watershed planning and coordination efforts	Ongoing

Appendix



This map illustrates the various water districts and systems within the Northwest Area Water Supply and Southwest Pipeline regions. The map is divided into several distinct areas, each labeled with its respective name. The Northwest Area Water Supply region includes the Upper Souris Rural Water, All Seasons Water Users District, Turtle Mountain, North Valley Water District, Langdon Rural Water District, Walsh Rural Water District, Agassiz Water Users District, Ramsey County Rural Water, Spirit Lake, Central Plains Water District, Ramsey County Rural Water, Grand Forks-Traill Water District, Dakota Rural Water District, Traill Rural Water District, Stutsman Rural Water District, Barnes Rural Water District, Cass Rural Water Users District, Ransom-Sargent Water Users District, and Southeast Water District. The Southwest Pipeline region includes the North Prairie Rural Water District, Garrison Rural Water Association, McLean-Sheridan Rural Water, South Central Regional Water District, South Central Regional Water District (Under Development), Missouri West Water System, Standing Rock, and State Line Water Cooperative. The map also shows the locations of Fort Berthold, McKenzie County Rural Water, and Williams Rural Water. The map is a black and white line drawing showing the boundaries of these water districts and systems.





Southwest Pipeline Project

PROJECT
LOCATION
IN WESTERN
NORTH
DAKOTA



Water Funding: 2005-2007



Overview of Water Development in North Dakota: 1937 to Present/Future

I. WHERE WE'VE BEEN: 1937 to 1999

- a. 1937 to 1981: Small water management, drainage and irrigation projects
- b. 1981: Resources Trust Fund/Southwest Pipeline Project
 - i. State Funded Major Infrastructure
 - ii. Capital Repayment: Permanent
- c. 1983 to 1999
 - i. Southwest Pipeline
 - ii. Souris River Flood Control
 - iii. 1990: Resources Trust Fund Constitutional
 - iv. 1995: Pro Gold
 - v. Resources Trust Fund: 20 percent

II. MAJOR INFRASTRUCTURE CRISIS: 1990s

- Grand Forks Flood
- Fargo Flood
- Devils Lake
- Eastern North Dakota Water Supply
- Northwest Area Water Supply
- Southwest Pipeline Project
- State MR&I (Arsenic issues)
- Indian MR&I

III. NORTH DAKOTA WATER COALITION: 1994

- a. Purpose: To complete North Dakota's water infrastructure for economic growth and quality of life.
- b. Provide a unified voice for water priorities in the state.

IV. LEGISLATIVE RESPONSE: 1999

- a. Water Infrastructure Plan (SB2188)
- b. Bonding Authorization
- c. Water Development Trust Fund

V. STATE FUNDED PROJECTS

- Grand Forks Flood Control
- Fargo Flood Control
- Other Eastern Flood (Wahpeton, Grafton) Control
- Maple River Dam (Flood Control)
- Southwest Pipeline Project
- Devils Lake
- Irrigation

VI. FEDERAL/LOCAL FUNDED PROJECTS

- a. Reformulation Act 1986
 - i. State MR&I: \$200 million
 - ii. To date approximately \$194 million spent
- b. Dakota Water Resources Act (DWRA)
 - i. State MR&I: \$200 million (NAWS and others)
 - ii. Indian MR&I: \$200 million
 - iii. Red River Valley Water Supply: \$200 million (loan)

VII. WHERE WE ARE: STATE FUNDING: 2005

- a. Implement 1999 Bonding Authorization
 - i. 2000: \$32 million bond issue
 - ii. 2005: \$60/\$74 million bond issue
- b. State Water Commission agency operations
 - i. 2001: \$10 million
 - ii. 2003: \$10 million
 - iii. 2005: \$7.9 million (Governor's Budget)

VIII. FUTURE

- a. State Funds
 - i. Resources Trust Fund: \$15 million
 - ii. Water Development Trust Fund: 20 percent or \$4 million
 - iii. SWC Operations
 - iv. Future Bonding Capacity: Up to \$40 million
- b. Federal Funds (Dakota Water Resources Act)
 - i. State MR&I (NAWS and others)
 - ii. Indian MR&I
 - iii. Red River Valley Water Supply

IX. CONCLUSION

North Dakota's water infrastructure is for quality of life and economic growth.

2005-2007

	Water Coalition	2005 Gov. Budget
Devils Lake		
Outlet and Dike	\$7,000,000	\$7,000,000
Outlet O&M	\$2,100,000	\$2,100,000
Basin Development	\$500,000	\$500,000
Flood Control		
Grand Forks	\$11,700,000	\$7,500,000
Wahpeton	\$15,500,000	\$1,550,000
Grafton	\$500,000	\$500,000
Maple River Dam	\$8,100,000	\$8,100,000
Fargo	\$16,500,000	\$8,650,000
General Water Management	\$13,250,000	\$13,250,000
Irrigation	\$3,000,000	\$2,500,000
Red River Water Supply	\$150,000	\$150,000
Missouri River Management	\$100,000	\$100,000
MR&I/Water Supply	\$15,250,000	\$2,500,000
Northwest Water Supply	\$4,000,000	\$3,000,000
Weather Modification	\$700,000	\$350,000
Southwest Pipeline	\$15,500,000	\$2,600,000
Project Subtotals	\$99,900,000	\$60,350,000
Bond Payments	\$14,300,000	\$14,300,000
SWC Operations		
General Fund	10,000,000	\$2,100,000
Water Development Trust Fund	0	\$7,900,000

Additional Funding

Additional Funds Needed

The Governor's Budget provides state funding for water infrastructure for the 2005-2007 biennium, in the total combined carryover and new funds amount of \$82 million. However, we have some urgent and critical needs that are not funded for which we respectfully request additional funds. They include:

1. Grand Forks Flood Control	\$2.1 million
2. Fargo Flood Control	\$4.0 million
3. M, R, & I	\$2.5 million
4. Southwest Pipeline	\$5.0 million
Total	\$13.6 million

We are nearing the completion of several of North Dakota's major water infrastructure initiatives. Devils Lake Outlet, Grand Forks Flood Control, Southwest Pipeline, and Maple River Dam can soon be off the table. This will allow Fargo Flood Protection, NAWS, South Central and North Central, and Devils Lake Water Supply to also be completed in a timely manner. We urge your consideration of this request for additional funds.

Proposal

Bonding Increase	\$66 million
General Fund/Agency Operations	\$7.9 million
Total	\$73.9 million

North Dakota State Water Commission
Water Development Trust Fund
Base Case Scenario: \$68,135,000
Water Development and Management Program Bonds, 2005 Series A
(\$60M in Projects/\$8M Biennial Transfer)

Fiscal Year	Proposed 2005 Debt Service	Capitalized Interest ⁽¹⁾	Proposed 2005 Net Debt Service	2000 Series A Existing Debt Service ⁽²⁾	Combined Debt Service	Net Revenues Available ⁽³⁾	Estimated Coverage	Excess Revenues
6/30/2006	2,144,043.75	438,026.68	1,706,017.07	2,708,323.76	4,414,340.83	5,297,209 ⁽⁴⁾	1.20	882,867.91
6/30/2007	2,858,725.00	286,369.60	2,572,355.40	2,708,836.26	5,281,191.66	6,337,430	1.20	1,056,238.49
6/30/2008	2,858,725.00	282,319.60	2,576,405.40	2,704,786.26	5,281,191.66	6,337,430	1.20	1,056,238.49
6/30/2009	6,102,652.50		6,102,652.50	2,700,811.26	8,803,463.76	12,579,635	1.43	3,776,171.09
6/30/2010	6,100,480.00		6,100,480.00	2,701,423.76	8,801,903.76	12,579,635	1.43	3,777,731.09
6/30/2011	6,103,660.00		6,103,660.00	2,697,911.26	8,801,571.26	12,579,635	1.43	3,778,063.59
6/30/2012	6,111,236.25		6,111,236.25	2,691,273.76	8,802,510.01	12,579,635	1.43	3,777,124.84
6/30/2013	6,112,427.50		6,112,427.50	2,690,723.76	8,803,151.26	12,579,635	1.43	3,776,483.59
6/30/2014	6,112,408.75		6,112,408.75	2,689,323.76	8,801,732.51	12,579,635	1.43	3,777,902.34
6/30/2015	6,121,166.25		6,121,166.25	2,681,923.76	8,803,090.01	12,579,635	1.43	3,776,544.84
6/30/2016	6,118,923.75		6,118,923.75	2,683,073.76	8,801,997.51	12,579,635	1.43	3,777,637.34
6/30/2017	6,124,916.25		6,124,916.25	2,677,323.76	8,802,240.01	12,579,635	1.43	3,777,394.84
6/30/2018	6,123,250.00		6,123,250.00	2,678,489.38	8,801,739.38	12,579,635	1.43	3,777,895.47
6/30/2019	2,794,227.50		2,794,227.50	2,670,777.50	5,465,005.00	7,813,362	1.43	2,348,357.20
6/30/2020	2,797,401.25		2,797,401.25	2,669,362.50	5,466,763.75	7,813,362	1.43	2,346,598.45
6/30/2021	2,801,575.00		2,801,575.00	2,664,462.50	5,466,037.50	7,813,362	1.43	2,347,324.70
6/30/2022	5,468,350.00		5,468,350.00	-	5,468,350.00	7,813,362	1.43	2,345,012.20
6/30/2023	5,463,927.50		5,463,927.50	-	5,463,927.50	7,813,362	1.43	2,349,434.70
6/30/2024	5,467,187.50		5,467,187.50	-	5,467,187.50	7,813,362	1.43	2,346,174.70
6/30/2025	5,467,207.50		5,467,207.50	-	5,467,207.50	7,813,362	1.43	2,346,154.70
6/30/2026	5,468,160.00		5,468,160.00	-	5,468,160.00	7,813,362	1.43	2,345,202.20

(1) Debt service shown is net of capitalized interest funded from bond proceeds.
(2) As of the issuance of the 2005 Series Bonds.
(3) 45% tobacco settlement receipts less an estimated \$8 million general fund operating transfer per biennium.

Settlement receipts are primarily received in April of each year; current year collections pay the following fiscal year's debt service.
(4) Receipts in this year reflect a budgeted 2003-2005 biennial transfer.

Public Financial Management

Water Development Trust Fund

North Dakota State Water Commission
Water Development Trust Fund
Scenario F: \$70,075,000
Water Development and Management Program Bonds, 2005 Series B
(\$60M in Projects/\$10M Biennial Transfer)

Fiscal Year	Proposed 2005		Capitalized Interest	Proposed 2005		2000 Series A		Combined Debt Service	Net Revenues Available ⁽³⁾	Estimated Coverage	Excess Revenues
	Debt Service			Net Debt Service ⁽¹⁾		Existing Debt Service ⁽²⁾					
6/30/2006	2,168,094.38		462,077.38	1,706,017.00		2,708,323.76		4,414,340.76	5,297,209 ⁽⁴⁾	1.20	882,867.98
6/30/2007	2,890,792.50		1,151,770.50	1,739,022.00		2,708,836.26		4,447,858.26	5,337,430	1.20	889,571.89
6/30/2008	2,890,792.50		1,147,720.50	1,743,072.00		2,704,786.26		4,447,858.26	5,337,430	1.20	889,571.89
6/30/2009	6,360,273.75			6,360,273.75		2,700,811.26		9,061,085.01	11,579,635	1.28	2,518,549.84
6/30/2010	6,359,695.00			6,359,695.00		2,701,423.76		9,061,118.76	11,579,635	1.28	2,518,516.09
6/30/2011	6,363,660.00			6,363,660.00		2,697,911.26		9,061,571.26	11,579,635	1.28	2,518,063.59
6/30/2012	6,371,236.25			6,371,236.25		2,691,273.76		9,062,510.01	11,579,635	1.28	2,517,124.84
6/30/2013	6,367,647.50			6,367,647.50		2,690,723.76		9,058,371.26	11,579,635	1.28	2,521,263.59
6/30/2014	6,373,120.00			6,373,120.00		2,689,323.76		9,062,443.76	11,579,635	1.28	2,517,191.09
6/30/2015	6,377,732.50			6,377,732.50		2,681,923.76		9,059,656.26	11,579,635	1.28	2,519,978.59
6/30/2016	6,375,842.50			6,375,842.50		2,683,073.76		9,058,916.26	11,579,635	1.28	2,520,718.59
6/30/2017	6,381,572.50			6,381,572.50		2,677,323.76		9,058,896.26	11,579,635	1.28	2,520,738.59
6/30/2018	6,380,261.25			6,380,261.25		2,678,489.38		9,058,750.63	11,579,635	1.28	2,520,884.22
6/30/2019	2,658,880.00			2,658,880.00		2,670,777.50		5,329,657.50	6,813,362	1.28	1,483,704.70
6/30/2020	2,661,200.00			2,661,200.00		2,669,362.50		5,330,562.50	6,813,362	1.28	1,482,799.70
6/30/2021	2,664,816.25			2,664,816.25		2,664,462.50		5,329,278.75	6,813,362	1.28	1,484,083.45
6/30/2022	5,333,125.00			5,333,125.00		-		5,333,125.00	6,813,362	1.28	1,480,237.20
6/30/2023	5,332,416.25			5,332,416.25		-		5,332,416.25	6,813,362	1.28	1,480,945.95
6/30/2024	5,330,110.00			5,330,110.00		-		5,330,110.00	6,813,362	1.28	1,483,252.20
6/30/2025	5,330,422.50			5,330,422.50		-		5,330,422.50	6,813,362	1.28	1,482,939.70
6/30/2026	5,332,435.00			5,332,435.00		-		5,332,435.00	6,813,362	1.28	1,480,927.20

⁽¹⁾ Debt service shown is net of capitalized interest funded from bond proceeds.

⁽²⁾ As of the issuance of the 2005 Series Bonds.

⁽³⁾ 45% tobacco settlement receipts less an estimated \$10 million general fund operating transfer per biennium.

Settlement receipts are primarily received in April of each year; current year collections pay the following fiscal year's debt service.

⁽⁴⁾ Receipts in this year reflect a budgeted 2003-2005 biennial transfer.

North Dakota State Water Commission
Water Development Trust Fund
Scenario C: \$85,950,000
Water Development and Management Program Bonds, 2005 Series A
(\$74M in Projects/\$8M Biennial Transfer)

<u>Fiscal Year</u>	<u>Proposed 2005 Debt Service</u>	<u>Capitalized Interest⁽¹⁾</u>	<u>Proposed 2005 Net Debt Service</u>	2000 Series A		<u>Combined Debt Service</u>	<u>Net Revenues Available⁽³⁾</u>	<u>Estimated Coverage</u>	<u>Excess Revenues</u>
				<u>Existing Debt Service⁽²⁾</u>	<u>Debt Service⁽²⁾</u>				
6/30/2006	2,697,847.50	991,830.43	1,706,017.07	2,708,323.76		4,414,340.83	5,297,209 ⁽⁴⁾	1.20	882,867.91
6/30/2007	3,597,130.00	1,024,774.60	2,572,355.40	2,708,836.26		5,281,191.66	6,337,430	1.20	1,056,238.49
6/30/2008	3,597,130.00	1,020,724.60	2,576,405.40	2,704,786.26		5,281,191.66	6,337,430	1.20	1,056,238.49
6/30/2009	7,751,720.00		7,751,720.00	2,700,811.26		10,452,531.26	12,579,635	1.20	2,127,103.59
6/30/2010	7,749,452.50		7,749,452.50	2,701,423.76		10,450,876.26	12,579,635	1.20	2,128,758.59
6/30/2011	7,754,797.50		7,754,797.50	2,697,911.26		10,452,708.76	12,579,635	1.20	2,126,926.09
6/30/2012	7,761,590.00		7,761,590.00	2,691,273.76		10,452,863.76	12,579,635	1.20	2,126,771.09
6/30/2013	7,763,840.00		7,763,840.00	2,690,723.76		10,454,563.76	12,579,635	1.20	2,125,071.09
6/30/2014	7,761,762.50		7,761,762.50	2,689,323.76		10,451,086.26	12,579,635	1.20	2,128,548.59
6/30/2015	7,770,408.75		7,770,408.75	2,681,923.76		10,452,332.51	12,579,635	1.20	2,127,302.34
6/30/2016	7,769,978.75		7,769,978.75	2,683,073.76		10,453,052.51	12,579,635	1.20	2,126,582.34
6/30/2017	7,774,508.75		7,774,508.75	2,677,323.76		10,451,832.51	12,579,635	1.20	2,127,802.34
6/30/2018	7,772,896.25		7,772,896.25	2,678,489.38		10,451,385.63	12,579,635	1.20	2,128,249.22
6/30/2019	3,819,540.00		3,819,540.00	2,670,777.50		6,490,317.50	7,813,362	1.20	1,323,044.70
6/30/2020	3,824,853.75		3,824,853.75	2,669,362.50		6,494,216.25	7,813,362	1.20	1,319,145.95
6/30/2021	3,829,230.00		3,829,230.00	2,664,462.50		6,493,692.50	7,813,362	1.20	1,319,669.70
6/30/2022	6,494,027.50		6,494,027.50	-		6,494,027.50	7,813,362	1.20	1,319,334.70
6/30/2023	6,490,287.50		6,490,287.50	-		6,490,287.50	7,813,362	1.20	1,323,074.70
6/30/2024	6,491,935.00		6,491,935.00	-		6,491,935.00	7,813,362	1.20	1,321,427.20
6/30/2025	6,492,888.75		6,492,888.75	-		6,492,888.75	7,813,362	1.20	1,320,473.45
6/30/2026	6,492,160.00		6,492,160.00	-		6,492,160.00	7,813,362	1.20	1,321,202.20

⁽¹⁾ Debt service shown is net of capitalized interest funded from bond proceeds.

⁽²⁾ As of the issuance of the 2005 Series Bonds.

⁽³⁾ 45% tobacco settlement receipts less an estimated \$8 million general fund operating transfer per biennium.

Settlement receipts are primarily received in April of each year; current year collections pay the following fiscal year's debt service.

⁽⁴⁾ Receipts in this year reflect a budgeted 2003-2005 biennial transfer.

North Dakota State Water Commission
Water Development Trust Fund
Scenario E: \$81,300,000
Water Development and Management Program Bonds, 2005 Series A
(\$72M in Projects/\$6M Biennial Transfer)

Fiscal Year	Proposed 2005		Capitalized	2000 Series A		Combined	Net Revenues	Estimated	Excess
	Debt Service	Net Debt Service ⁽¹⁾	Interest	Existing	Debt Service				
6/30/2006	2,561,428.13	1,706,017.07	855,411.06	2,708,323.76	2,708,323.76	4,414,340.83	5,297,209 ⁽⁴⁾	1.20	882,867.91
6/30/2007	3,415,237.50	3,405,688.74	9,548.76	2,708,836.26	2,708,836.26	6,114,525.00	7,337,430	1.20	1,222,905.15
6/30/2008	3,415,237.50	3,409,738.74	5,498.76	2,704,786.26	2,704,786.26	6,114,525.00	7,337,430	1.20	1,222,905.15
6/30/2009	7,215,407.50	7,215,407.50		2,700,811.26	2,700,811.26	9,916,218.76	13,579,635	1.37	3,663,416.09
6/30/2010	7,214,825.00	7,214,825.00		2,701,423.76	2,701,423.76	9,916,248.76	13,579,635	1.37	3,663,386.09
6/30/2011	7,217,916.25	7,217,916.25		2,697,911.26	2,697,911.26	9,915,827.51	13,579,635	1.37	3,663,807.34
6/30/2012	7,223,650.00	7,223,650.00		2,691,273.76	2,691,273.76	9,914,923.76	13,579,635	1.37	3,664,711.09
6/30/2013	7,226,085.00	7,226,085.00		2,690,723.76	2,690,723.76	9,916,808.76	13,579,635	1.37	3,662,826.09
6/30/2014	7,225,385.00	7,225,385.00		2,689,323.76	2,689,323.76	9,914,708.76	13,579,635	1.37	3,664,926.09
6/30/2015	7,231,636.25	7,231,636.25		2,681,923.76	2,681,923.76	9,913,560.01	13,579,635	1.37	3,666,074.84
6/30/2016	7,234,967.50	7,234,967.50		2,683,073.76	2,683,073.76	9,918,041.26	13,579,635	1.37	3,661,593.59
6/30/2017	7,239,452.50	7,239,452.50		2,677,323.76	2,677,323.76	9,916,776.26	13,579,635	1.37	3,662,858.59
6/30/2018	7,239,130.00	7,239,130.00		2,678,489.38	2,678,489.38	9,917,619.38	13,579,635	1.37	3,662,015.47
6/30/2019	3,762,637.50	3,762,637.50		2,670,777.50	2,670,777.50	6,433,415.00	8,813,362	1.37	2,379,947.20
6/30/2020	3,764,832.50	3,764,832.50		2,669,362.50	2,669,362.50	6,434,195.00	8,813,362	1.37	2,379,167.20
6/30/2021	3,771,222.50	3,771,222.50		2,664,462.50	2,664,462.50	6,435,685.00	8,813,362	1.37	2,377,677.20
6/30/2022	6,433,182.50	6,433,182.50		-	-	6,433,182.50	8,813,362	1.37	2,380,179.70
6/30/2023	6,436,638.75	6,436,638.75		-	-	6,436,638.75	8,813,362	1.37	2,376,723.45
6/30/2024	6,435,507.50	6,435,507.50		-	-	6,435,507.50	8,813,362	1.37	2,377,854.70
6/30/2025	6,433,942.50	6,433,942.50		-	-	6,433,942.50	8,813,362	1.37	2,379,419.70
6/30/2026	6,435,840.00	6,435,840.00		-	-	6,435,840.00	8,813,362	1.37	2,377,522.20

(1) Debt service shown is net of capitalized interest funded from bond proceeds.

(2) As of the issuance of the 2005 Series Bonds.

(3) 45% tobacco settlement receipts less an estimated \$6 million general fund operating transfer per biennium.

(4) Receipts in this year reflect a budgeted 2003-2005 biennial transfer.

STATE WATER COMMISSION PROJECTS

Water Development Trust Fund
&
Resources Trust Fund

2003-05

2005-07

REVENUES

	REVENUES BUDGET 2003-05	REVENUES Estimated 2003-2005	CARRYOVER Balance 30-Jun-05	+	REVENUES New 2005-2007	=	BUDGET TOTAL 2005-2007
PROJECTED REVENUES							
RESOURCES TRUST FUND	31,150,000	37,300,000	37,300,000		15,350,000		52,650,000
WATER DEVELOPMENT TRUST FUND	18,446,225	18,096,225	9,300,000		20,800,000		29,900,000
2004 BOND PROCEEDS	60,000,000	60,000,000					0
INSURANCE RECOVERY	187,132	187,132					
TOTAL REVENUES	109,783,357	115,583,357	46,600,000		35,950,000		82,550,000

EXPENDITURES

	BUDGET Projects 2003-05	EXPENDITURES Estimated 2003-2005	CARRYOVER Committed 30-Jun-05	+	BUDGET New Funds 2005-2007	=	BUDGET TOTAL 2005-2007
BOND PAYMENTS	5,400,000	5,400,000	0		14,300,000		14,300,000
AGENCY OPERATIONS					9,800,000		9,800,000
CITY FLOOD CONTROL							
GRAND FORKS	18,106,229	10,606,229	7,500,000				7,500,000
WAHPETON	1,000,000	750,000	250,000		1,300,000		1,550,000
GRAFTON	4,643,500	43,500	4,600,000		4,100,000		500,000
FARGO	7,656,500	6,500	7,650,000		1,000,000		8,650,000
MRI	11,046,606	10,546,606	500,000		2,000,000		2,500,000
IRRIGATION DEVELOPMENT	2,881,575	881,575	2,000,000		500,000		2,500,000
GENERAL WATER MANAGEMENT	12,658,221	4,358,221	8,300,000		5,150,000		13,450,000
MISSOURI RIVER MANAGEMENT	100,000	100,000	0		100,000		100,000
FLOOD CONTROL							
BALDHILL DAM	760,127	760,127					
MAPLE RIVER DRY DAM	4,500,000	2,000,000	2,500,000		5,600,000		8,100,000
LAKE AGASSIZ WATER SUPPLY	127,014	127,014	0		150,000		150,000
DEVILS LAKE							
BASIN DEVELOPMENT	1,000,000	500,000	500,000				500,000
DIKE	4,074,202	1,074,202	3,000,000				3,000,000
OUTLET	26,930,383	22,930,383	4,000,000				4,000,000
OUTLET - OPERATIONS					2,100,000		2,100,000
SOUTHWEST PIPELINE PROJECT	6,149,000	6,149,000	0		2,600,000		2,600,000
WEATHER MODIFICATION	350,000	350,000	0		350,000		350,000
NORTHWEST AREA WATER SUPPLY	2,400,000	2,400,000	0		3,000,000		3,000,000
NON-ALLOCATED PROJECT DEFICIT					2,100,000		2,100,000
TOTAL EXPENDITURES	109,783,357	68,983,357	40,800,000		41,750,000		82,550,000

11-Apr-05

STATE WATER COMMISSION PROJECTS

Water Development Trust Fund
&
Resources Trust Fund

2003-05

2005-07

REVENUES

	REVENUES BUDGET 2003-05	REVENUES Estimated 2003-2005	CARRYOVER Balance 30-Jun-05	+	REVENUES New 2005-2007	=	BUDGET TOTAL 2005-2007
PROJECTED REVENUES							
RESOURCES TRUST FUND	31,150,000	37,300,000	37,300,000		16,700,000		54,000,000
WATER DEVELOPMENT TRUST FUND	18,446,225	18,096,225	9,300,000		20,600,000		29,900,000
2004 BOND PROCEEDS	60,000,000	60,000,000					0
INSURANCE RECOVERY	187,132	187,132					
TOTAL REVENUES	109,783,357	115,583,357	46,600,000		37,300,000		83,900,000

EXPENDITURES

	BUDGET Projects 2003-05	EXPENDITURES Estimated 2003-2005	CARRYOVER Committed 30-Jun-05	+	BUDGET New Funds 2005-2007	=	BUDGET TOTAL 2005-2007
BOND PAYMENTS	5,400,000	5,400,000	0		14,300,000		14,300,000
AGENCY OPERATIONS					8,000,000		8,000,000
CITY FLOOD CONTROL							
GRAND FORKS	18,106,229	10,606,229	7,500,000				7,500,000
WAHPETON	1,000,000	750,000	250,000		1,300,000		1,550,000
GRAFTON	4,643,500	43,500	4,600,000		4,100,000		500,000
FARGO	7,656,500	6,500	7,650,000		1,000,000		8,650,000
MRI	11,046,606	10,546,606	500,000		2,000,000		2,500,000
IRRIGATION DEVELOPMENT	2,881,575	881,575	2,000,000		500,000		2,500,000
GENERAL WATER MANAGEMENT	12,658,221	4,358,221	8,300,000		5,150,000		13,450,000
MISSOURI RIVER MANAGEMENT	100,000	100,000	0		100,000		100,000
FLOOD CONTROL							
BALDHILL DAM	760,127	760,127					
MAPLE RIVER DRY DAM	4,500,000	2,000,000	2,500,000		5,600,000		8,100,000
LAKE AGASSIZ WATER SUPPLY	127,014	127,014	0		150,000		150,000
DEVILS LAKE							
BASIN DEVELOPMENT	1,000,000	500,000	500,000				500,000
DIKE	4,074,202	1,074,202	3,000,000				3,000,000
OUTLET	26,930,383	22,930,383	4,000,000				4,000,000
OUTLET - OPERATIONS					2,100,000		2,100,000
SOUTHWEST PIPELINE PROJECT	6,149,000	6,149,000	0		2,600,000		2,600,000
WEATHER MODIFICATION	350,000	350,000	0		350,000		350,000
NORTHWEST AREA WATER SUPPLY	2,400,000	2,400,000	0		3,000,000		3,000,000
NON-ALLOCATED PROJECT FUNDS					1,050,000		1,050,000
TOTAL EXPENDITURES	109,783,357	68,983,357	40,800,000		43,100,000		83,900,000

**Testimony of
Dennis Hill, Chairman
North Dakota Water Coalition
HB 1021
January 24, 2005**

Mr. Chairman and members of the House Government Performance Subcommittee of the House Appropriations Committee:

My name is Dennis Hill, and in addition to being the Executive Vice President of the North Dakota Rural Electric Cooperatives Association, I am the Chairman of the North Dakota Water Coalition. The North Dakota Water Coalition is comprised of more than 30 statewide and regional organizations in North Dakota who have a stake in water. We have joined together so that we could be united in our efforts to complete North Dakota's water infrastructure for economic growth and quality of life. The Coalition is here today in support of HB 1021, and in addition we would like to request additional funding for other critical water needs.

The Governor's Budget provides state funding for water infrastructure for the 2005-2007 biennium, in the total combined carryover and new funds amount of \$82 million. The critical needs that the Coalition has identified for which we respectfully request additional funds include:

- | | | |
|----|---------------------------|----------------------|
| 1. | Grand Forks Flood Control | \$2.1 million |
| 2. | Fargo Flood Control | \$4.0 million |
| 3. | M, R, & I | \$2.5 million |
| 4. | Southwest Pipeline | <u>\$5.0 million</u> |
| | | \$13.6 million |

These requests meet the following criteria that we established for seeking additional funds:

1. The money can and will be spent. We are not seeking funds for future use.
2. The need is urgent and critical.
3. Recognizing that there are other state needs, the additional funding requested is the minimal amount needed to move our critical water infrastructure towards completion.

You will hear further testimony about the specific needs for the projects requesting additional funding following my testimony.

We are nearing the completion of several of North Dakota's major water infrastructure initiatives. Devils Lake Outlet, Grand Forks Flood Control, Southwest Pipeline, and Maple River Dam can soon be off the table. This will allow Fargo Flood Protection, NAWS, South Central and North Central, and Devils Lake Water Supply to also be completed in a timely manner.

We urge your consideration of this request for additional funds.

Thank you.

Testimony by Stuart Carlson, Executive Director
North Dakota Rural Water Systems Association

to the

Senate Appropriations Committee Hearing on HB 1021

Bismarck, North Dakota
March 8, 2005

For the record, my name is Stuart Carlson. I serve as the executive director of North Dakota Rural Water Systems Association (NDRWSA). NDRWSA serves a membership of 244 cities and 32 rural water systems. These 32 rural or regional water systems serve the water needs of over 25% of the state's population including over 294 communities and 90,000 rural residents.

Grand Forks-Traill Water District was the first rural water system built in ND. This system was completed in 1970. The first three rural water systems were funded 100% with revenue bonds through FHA and paid 100% with user fees.

The fourth rural water system built was North Valley Rural Water. Because of sky-rocketing costs, this is the first system that qualified for a grant. That grant amount was 20% with the remaining 80% of costs paid by water users or customers.

The last completed rural water system was Ransom-Sargent Water District. The funding package included a 72% federal grant with the remaining 28% being paid by the water users.



There is no free lunch. My current water bill from the city of Bismarck shows that my active family of four used 7,500 gallons. The cost to me was \$21. A family like mine who purchases the same amount of water from Ransom-Sargent would pay \$82.50.

The South Central Regional Water District and the North Central Rural Water Consortium are two projects that are ready to go but wait for funding.

Both rural water projects are designed to meet similar needs. Those needs include water quality and quantity. On the water quality side, the systems will help communities comply with non-funded federal mandates required by the SDWA, including arsenic levels, nitrates and uranium or radon. Quality issues also include water very high in sodium, sulfates, iron and manganese with total dissolved solids off the charts. On the quantity side...many families do not have a potable source of water and haul water for their families and livestock consumption.

Although both systems are similar in what needs will be met, they could not be more different in design. North Central Rural Water Consortium consists of three separate rural water districts and two Native American reservations located in north central North Dakota. Although they retain separate identities, the collaboration across borders brings quality water to rural North Dakota in an efficient and cost-effective manner. Working independently, the individual systems were unable to adequately grow to provide service to those in need. The price tag was just too high. Working together, it is now economically feasible. By collaborating, they will be able to provide water to over 11 communities, 1,500 additional families, farms, ranches and businesses.

They plan to utilize existing infrastructure to its maximum potential for all parties. This infrastructure is a valuable resource which has already been paid for by each entity, and can be utilized more efficiently by working together.

The South Central Regional system is similar in design to the Southwest Pipeline Project (SWPP). The system provides piped water to farmers and ranchers where existing infrastructure does not exist. It has to be built and it is expensive.

Let's look at the funding package for the South West Pipeline Project (SWPP). To date, The SWPP serves 26 communities and over 2600 rural residents. The price to date is \$146 million. \$79.4 million represents federal grants; \$17.3 million represents revenue bonds paid by water users and \$49.4 million has been invested by the state of ND through the Resources Trust Fund and the Water Development Trust Fund.

The state support is an investment. The SWPP repays the state \$400,000 per year. That figure will increase each year because the revenue bond debt will be reduced. The repayments to the state will never end: they are perpetual in design and law.

The state's true return on investment also must consider two very important points. The first is the increased land values and the second is sustaining or even growing the population of southwestern North Dakota.

An alternative for supplying water to the Red River Valley is being studied as we speak. When water is delivered to the Red River Valley, the 13 rural water systems in the valley will play a valuable role in that water's distribution. In essence, the Red River will be able to use over \$100 million of infrastructure that exists today and has been paid for by rural water users. This represents a significant savings to the project as a whole.

NAWS is designed to be funded with 65% federal funds with the remaining 35% funded by the city of Minot. Once Lake Sakakawea water is delivered to Minot, this city is committed to the distribution and cost sharing to deliver the water from Crosby to Bottineau. Minot has shown their support of rural water projects by pre-paying a USDA loan that the city of Rugby used to upgrade the city's water treatment plant. This project is included in NAWS.

The Water Development Trust Fund (WDTF) monies will not be available after 2025. Now this may seem to some as the distant future, however, I'd like you to think about how quickly that future will be here.

2025 is 20 years in the future. Only 10 Legislative assemblies will meet in the next 20 years. 1985 was 20 years ago. Do you remember what car you were driving 20 years ago? I do and it seems like yesterday.

Each Legislative Assembly that funds the SWC with WDTF is one less opportunity for water development in ND.

The ND Water Coalition's goal is all for one and one for all. This has been demonstrated time and time again. For example, when Grand Forks suffered the devastating loss from the spring flood of 97, the Water Coalition rallied to support funding for the Grand Forks flood control project.

The Grand Forks flood control project is just about wrapped up. Fargo has been patiently waiting for the state funding to be made available so they may also protect their assets with a flood control program.

MR&I (rural water) supports all water projects. We know that when monies become available, our turn will come.

Here is the problem. With each legislative session that trust fund monies are not available for water development, each member of the Water Coalition falls further and further behind; standing in line waiting for their turn.

As I stood in the extremely long security line at Ronald Reagan airport in Washington, DC, last week, I could sense the longer we waited the more frustrated the customers got. The people behaved in ways that they may not have behaved in a less stressful situation. No one can blame them. We are humans and that is human behavior.

In conclusion, in the early years, rural water systems were funded by revenue bonds alone. As costs increased, the necessity of grant programs became apparent. As costs continue to grow, Federal grants and revenue bonds will not complete the funding package. State investment will be required to provide quality of life and economic development opportunities.

NDRWSA respectfully requests that 100% of the SWC operations be funded from the general fund. In addition, we request that the ceiling be raised from \$60 million in bonding authority to \$74 million.

There is an old saying that goes "make hay when the sun shines." The sun will shine from the WDTF sky for an additional 20 years. We ask that you allow the funding so that we can make some hay.



North Dakota Irrigation Association

Dedicated to strengthening and expanding irrigation to build and diversify our economy.

P.O. Box 2254
Bismarck, ND 58502
701-223-4615, 701-223-4645 (fax)
e-mail: ndirrigation@btinet.net

Testimony of Herbert Grenz

North Dakota Irrigation Association Chairman

on HB 1021

March 8, 2005

Mr. Chairman and members of the Senate Appropriations Committee:

My name is Herb Grenz and I farm and ranch near Linton. I am here today to testify in support of HB 1021 on behalf of the North Dakota Irrigation Association (NDIA), of which I serve as the chairman.

NDIA is a nonprofit, statewide organization composed of irrigators, potential irrigators, irrigation dealers and suppliers, energy suppliers, irrigation districts, businesses and other supporters of irrigation and economic development for North Dakota.

NDIA was formed in 1998 to actively pursue a more united and proactive effort for irrigation development with the mission of strengthening and expanding irrigation to build and diversify our economy. HB 1021 would help us in advancing that mission by providing funding for North Dakota's critical water needs, including irrigation. Your previous support has helped improve funding and financing options, assist irrigation districts, develop markets for high-value crops, and other items to enhance irrigation in North Dakota.

There are many exciting opportunities and benefits related to irrigation development in North Dakota, which increase our opportunity for economic growth. We appreciate your support of water issues and irrigation development and ask for your continued support. We urge you to consider a combination of general fund and bonding increases to allow us to achieve our critical water needs, including irrigation.

Testimony for Senate Appropriations Committee on HB1153

Mr. Chairman and Committee Members:

I am here representing the City of Minot and the NAWS water system for North Central and Northwest North Dakota. As you are aware this water project began in 1992. Since then we have gone through every contortion, plan, suit and lawsuit you can imagine accomplishing this project.

Everyone needs to be aware that this is a project for the people of North Central and Northwest North Dakota. It will deliver good, clean, potable water to areas that have similar water problems as those in Southwest North Dakota that are being served by the Southwest Pipeline.

The latest roadblock is the lawsuit from the Province of Manitoba. They have been joined in the lawsuit by the Great Lakes States including Minnesota and by the environmentalists that oppose anything and everything to do with Garrison Diversion. The struggle continues.

Project construction began in 2002. The installation of the pipeline to Max is completed. Bids have been taken for the continuation of the pipeline to the lake. We are waiting for bid award for that portion of the project. The State Water Commission will be meeting on Thursday, March 10, 2005 to discuss the bid award for the last 14 miles of pipe from Max to the lake.

As of this date the Federal and State Governments have committed funds to the project. Those funds will not be available until after July 1, 2005. So, the City of Minot is being asked to guarantee the funding for this last leg of the waterline so the bid can be awarded and the project started. The City of Minot, through the NAWS \$.01 sales tax, is willing to do that given some guarantees and given the fact that this project is needed to deliver water to the citizens of North Dakota. We cannot lose sight that this is a water project in North Dakota, using water that is stored in North Dakota, for the citizens of North Dakota.

Again, the struggle for this project continues. The struggle for this project will continue until delivery of the water is accomplished and everyone opposed to the project sees the good it is doing and that there are no ill effects from delivering water from a source in North Dakota to the people in North Dakota.

In light of our project, we ask that you support the State Water Commission funding appropriations so that the water projects for North Dakota can continue. We especially ask for your support for the NAWS Project and support in our struggles as we go forward. The outcome of our project can, and most probably will, affect what happens with the Red River Valley Water Supply. The contortions we have to go through to accomplish this project may be precedent setting for the rest of the water projects that deal with Garrison Diversion water.

The City of Minot is asking your support for the State Water Commission appropriations. We are also asking your support for the NAWIS Project to move the project along to completion so another section of North Dakota can have dependable, clean, potable water.

VERBAL TESTIMONY

OF

LEE AND BELINDA REBENITSCH
ST. ANTHONY, NORTH DAKOTA

SUBMITTED TO
NORTH DAKOTA HOUSE APPROPRIATIONS COMMITTEE

ON
HOUSE BILL 1021 - STATE WATER COMMISSION APPROPRIATION

JANUARY 24, 2005
9:00 a.m. (CST)

BISMARCK, NORTH DAKOTA

Good morning Mr. Chairman and members of the committee. My name is Belinda Rebenitsch. My husband Lee and I, along with our children, moved to a farmstead near St. Anthony nearly 10 years ago to be closer to Lee's family. We are in favor of passing House Bill 1021 and here's why:

Although the water was and continues to be marginal on that farmstead, we would not allow it to keep us away. So, we now haul water for drinking and cooking from my in-law's place. This is a twelve-mile round trip.

Our water is very hard on our skin and it discolors our hair. My white clothes are now brown and I must use extra laundry soap and bleach to get our clothes clean. Our water contains high levels of rust and minerals that damage pipes and leaves a film or residue on everything including my floors, walls and vehicles.

Our situation is not unique. Many of our neighbors face similar water challenges. We are unique in that I have eczema. It is particularly concentrated on my hands. Doctors have advised me to never get water, especially our water, on my hands. I'm even supposed to wear gloves when taking a shower.

We are considering digging a well, but that is no guarantee for a reliable supply of good water. The best option for us, and many others, is to connect to the Southwest Pipeline Project. We understand that if the project were adequately funded, water could be available to us within the next two years. Your support will ensure that a reliable source of good water will be a reality for all of us in southwest North Dakota. Thank you.

Good morning Mr. Chairman and members of the committee. Southwest North Dakota, like many other areas statewide, needs a reliable source of good water. Please support House Bill 1021.

My name is Andrew Smith. My wife, Tiffinie and I, along with our two young children, Shawn and Sierra, live on the farm my grandfather built near Beach, in southwestern North Dakota.

There has never been a well on this farm and whoever lives there must haul water for consumption and household use. Digging a well has never been an option due to the cost. That is why, every ten days, I haul three to four loads of water, approximately 500 gallons each trip. It costs me nearly \$60.00 to \$80.00 per month just to haul water.

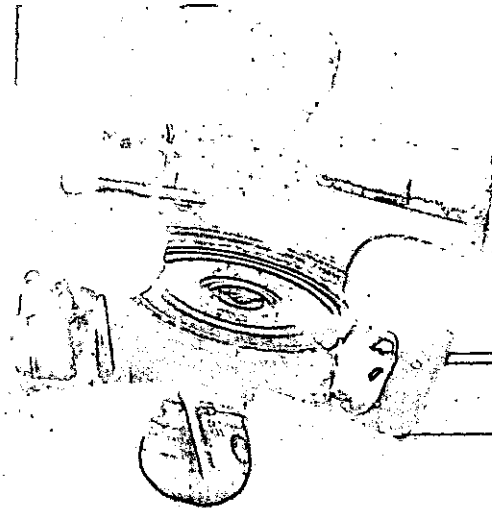
We store the water that I haul in a cement cistern. I worry about the affects of storing water in cement, and because of that, I purchase our drinking water from the store. Buying it from the store ensures me that my family's health is not jeopardized.

Many people take water for granted. After a long day in the field, you can't imagine what it feels like to hear the faucet run dry. All I want to do is take a hot shower and go to bed – I don't feel like hauling water, but that is exactly what I have to do. Due to the lack of a reliable source of good water, we are unable to have a lawn, garden or even wash our vehicles.

I understand that, with adequate funding, the Southwest Pipeline Project could complete construction in the Beach, Medora, Morton Service area. This would be a tremendous accomplishment – one my neighbors and I sincerely welcome as we have been waiting over 20 years for a reliable source of good water. We would appreciate your support in expediting completion of the Beach, Medora, Morton Service Area.

Ensuring a reliable source of quality water is an investment in our state's future. I urge you to make that investment, *for all of us*.

Thank you.



This puzzle is nearly complete. . .

Medora, Beach, Morton Service Area

Southwest Pipeline Project Medora, Beach, Morton Service Area

2003-2005

Phase I, completed \$ 8,310,000.00

2005-2007

Governor's Budget

Preliminary allocation \$ 2,600,000.00

Additional funding requested \$ 5,000,000.00

Critical Need \$ 7,600,000.00

2007-2009

Additional needed to complete

Medora, Beach, Morton \$ 7,900,000.00

Total needed to complete

Medora, Beach, Morton **\$15,500,000.00**

(Fryburg, Fairfield, Beach, Trotters, Golva and eastern Morton County)

"I did have good water, but gradually over the last ten years, it has changed. It keeps deteriorating. The water is okay for livestock, but it has a bad taste. We haul water for drinking. I'm signed up for the pipeline and it will sure be nice to have good water again."

- Steve Evoniuk,
Belfield, ND



Steve and Hattie Evoniuk



The Smith Family - Andrew, Tiffanie,
Sierra (10 months) and Shawn (3 years)

"Many people take water for granted. You can't imagine what it feels like to hear the spigot run dry after a long day of harvesting or seeding. All I want to do is take a hot shower and go to bed - I don't feel like hauling water, but that's exactly what I have to do.

The cost of pipeline water doesn't compare to the cost of hauling water. I spend approximately \$60.00 to \$80.00 per month for gas, etc. to haul water. We store our water in a cement cistern; I worry about whether or not it's healthy. So, I haul our drinking water from the store. In the last six months alone, the price of water per gallon has increased from \$.35 to \$.65.

We need the Southwest Pipeline Project, now."

- Andrew Smith, Beach, ND

**Missing piece. . .
adequate funding.**





This puzzle is nearly complete. . .

Medora, Beach, Morton Service Area

Providing quality water for southwest North Dakota.

"We're ready to proceed with construction. All we need is adequate funding."

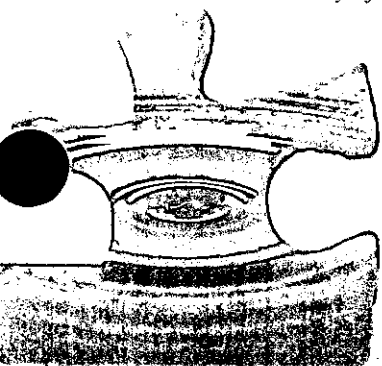
- Ray Christensen,
Manager/CEO,
Southwest Water Authority

Drought Concerns

Dugouts, ponds and wells in the region are going dry, after three years of drought. The 2005 forecast is not favorable for precipitation. These people need a reliable source of quality water.

"It's only a matter of time before the City of Golvea will need to drill a well at an estimated cost of \$80,000.00. We're hopeful that the Southwest Pipeline Project will reach us soon."

- Darin Maus,
Mayor,
City of Golvea



Health Issues

A recent survey of 40 random households was conducted by Southwest Water Authority and a neutral laboratory. It revealed that one in four households in the Medora, Beach, Morton Service Area exceed maximum contaminant levels (MCL) of some regulated substances such as uranium, nitrates, fluoride and/or selenium. Specifically, one in twenty homes register levels of uranium that far surpass the regulated MCL. Furthermore:

- seven in ten homes exceed the maximum recommended level (MRL) of sodium;
- more than three in five exceed the sulfate MRL;
- nine in ten homes exceed the total dissolved solids MRL;
- and a significant number of households experience high levels of sulfate, iron and manganese also exceeding the MRL.

Number of Users

Medora, Beach, Morton Service Area will serve 420 rural customers, small rural businesses and the city of Golvea. The support and need for pipeline water is evident in the 89 percent sign-up rate in some pockets of the Medora, Beach, Morton Service Area.

Economic Benefits

Manufacturing and tourism industries are only able to expand with an adequate and reliable source of quality water. Expansion projects/developments including Bully Pulpit Golf Course, Badlands Ministries, Steffes Inc., TMI Systems Design, Taylor Nursery and Baker Boy Supply are benefiting from the Southwest Pipeline Project.

The potential ability to provide both raw and treated water for the proposed ethanol plant in Richardton, Red Trail Energy, LLC, creates an additional need for quality water.

Patiently Waiting

Some within the Medora, Beach, Morton Service Area have been waiting nearly two decades for the pipeline to deliver a reliable source of quality water to their homes and businesses.



This puzzle is nearly complete. . .



Medora, Beach, Morton Service Area

People and business succeeding with quality water.

"The water table in my area is very low, and if and when there is water in the pond, it's usually terrible. When our groundwater, ponds and dugouts all dried up three years ago from the drought, I was forced to haul water to my 300 head of cattle. I have one good well. I pump from that well into tanks and haul it to one pasture eight miles away and another two miles in the opposite direction. I haven't been able to go anyplace for the last three years. I need to be here every day to haul water for my herd at least three hours a day. Not only do I have an investment in time, but I also have spent lots of money in buying and replacing equipment."

- Herman Meyer, Flasher, ND



"In general, the samples show that well water is bad throughout the area, with some locations exceeding maximum levels of some regulated contaminants."

- Jim Lennington,
Project Engineer,

Southwest Pipeline Project,
ND State Water Commission

Remaining Medora, Beach, Morton Facilities

Facility	Description	Users	Estimated Cost
Fryburg Service Area Remainder	103 miles	68 users	\$2,214,000
Fryburg Service Area, Fairfield Pocket	63 miles	33 users	\$1,345,000
Beach Service Area	117 miles	88 users	\$2,297,000
Beach Service Area, Trotters Pocket	54 miles	33 users	\$1,154,000
Golva Service Area	108 miles	84 users, City of Golva	\$2,580,000
Morton County Pockets	148 miles	110 users	\$3,203,000
2 nd Davis Buttes Reservoir	1,000,000 gal.		\$ 759,000
Golva Standpipe	150,000 gal.		\$ 439,000
South Morton County Standpipe	150,000 gal.		\$ 439,000
Telemetry Phase II			\$ 98,000
Phase II Preliminary Engineering Report			\$ 30,000
ND State Water Commission			
Southwest Pipeline Project Administration/Operations			\$ 843,000
Home on the Range Service Cost			\$ 99,000
TOTAL			\$15,500,000





This puzzle is nearly complete. . .

Medora, Beach, Morton Service Area

Completing construction on the entire project

"Southwest Water Authority recently told us that in order for some of us to get water in our area, we must have more sign-ups. Some of my neighbors have agreed to sign up for a pasture tap just to help me. We need the Southwest Pipeline Project."

- Delores Gerhardt, Flasher, ND



The Leonard Gerhardt family

"Quality water, in abundance, is critical to the growth of south-west North Dakota."

- Rich Wardner,
Senator,
District 35,
Dickinson, ND



The James P. Zielsdorf family

the farm in 1984, we used the 100-foot well dug by my grandparents. The water was corrosive and ate right through galvanized pipes. It also had an odor and tasted odd."

- James P. Zielsdorf, Beach, ND

"Our water is so hard we can't even drink it! We haul water for drinking and cooking from my husband's parents, a twelve-mile round trip. Ten years ago we moved here, because we wanted to farm close to other family members. We couldn't let bad water keep us away!

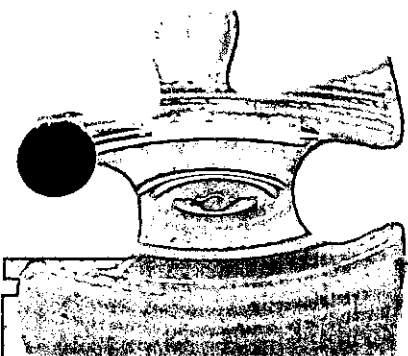
The water is so hard on our skin and it discolors our hair. My white clothes are now brown and I have to use extra laundry soap and bleach to get any suds or the clothes clean at all! The rust and minerals damage pipes and leave a film or residue on everything including my floor and walls.

It's tough to clean as I have eczema on my hands. The doctors have advised me to never get water, especially our water, on my hands. I'm even supposed to wear gloves when taking a shower. I have spent more money on creams, lotions and doctor bills! We've invested in a dishwasher as I can't wash dishes by hand; now, the water corrodes the dishwasher, too."

- Belinda Rebenitsch, St. Anthony, ND



Faucet in the
Rebenitsch bathroom



VERBAL TESTIMONY

OF

ANDREW SMITH
BEACH, NORTH DAKOTA

SUBMITTED TO
NORTH DAKOTA SENATE APPROPRIATIONS COMMITTEE

ON
HOUSE BILL 1021 - STATE WATER COMMISSION APPROPRIATION

HARVEST ROOM
MARCH 8, 2005
8:30 a.m. (CST)

BISMARCK, NORTH DAKOTA

Good morning Mr. Chairman and members of the committee. Southwest North Dakota, like many other areas statewide, needs a reliable source of good water. Please support House Bill 1021.

My name is Andrew Smith. My wife, Tiffinie and I, along with our two young children, Shawn and Sierra, live on the farm my grandfather built near Beach, in southwestern North Dakota.

There has never been a well on this farm and whoever lives there must haul water for consumption and household use. Digging a well has never been an option as there simply is no water. That is why, every ten days, I haul three to four loads of water, approximately 500 gallons each trip. It costs me nearly \$60.00 to \$80.00 per month just to haul water.

We store the water that I haul in a cement cistern. I worry about the affects of storing water in cement, and because of that, I purchase our drinking water from the store. Buying it from the store ensures me that my family's health is not jeopardized.

Many people take water for granted. After a long day in the field, you can't imagine what it feels like to hear the faucet run dry. All I want to do is take a hot shower and go to bed – I don't feel like hauling water, but that is exactly what I have to do. Due to the lack of a reliable source of good water, we are unable to have a lawn, garden or even wash our vehicles.

I understand that, with adequate funding, the Southwest Pipeline Project could complete construction in the Beach, Medora, Morton Service Area. This would be a tremendous accomplishment – one my neighbors and I sincerely welcome as we have been waiting over 20 years for a reliable source of good water. With completion of the Medora-Beach Phase One we can actually see the Beach tank from our farmstead – so close and yet so far from completing our dream of finally receiving quality water. We would appreciate your support in expediting completion of the Beach, Medora, Morton Service Area.

Ensuring a reliable source of quality water is an investment in our state's future. I urge you to make that investment, *for all of us*.

Thank you.

North Central North Dakota's Needs For Quality Water

Chairman and members of the committee

My name is Gene Goven, I farm and ranch north of Turtle Lake. In Addition, I serve as Chair of McLean/Sheridan Rural Water and Vice Chair of North Central Rural Water Consortium.

McLean/Sheridan Rural Water, along with Central Plains Rural Water and North Prairie Rural Water, found that each alone in attempting to further provide everyone in each respective district the opportunity for quality water would result in unaffordable water bills.

In essence, the easy parts are done. The remaining gaps within and between each of the three water systems was determined to be a lot more do-able by working together rather than each alone. We then came up with a "Neighbors Helping Neighbors" approach and formed the partnership of the "North Central Rural Water Consortium".

Our completed Consortium rural canvassing drive has 1,530 ^{rural farmstead} paid sign requests for rural water.

Some of these rural signups currently haul all household water needs, to the tune of some having 5000 hauling miles a year. A higher number haul drinking water.

In addition, most of the current small town water treatment plants in the Consortium area are facing tighter EPA water quality standards, aging plants and aging infrastructure.

Some of the towns, among others are: Wilton, Washburn, Underwood, Riverdale, Benedict, Ruso, Butte, Mercer, Roseglen, Sawyer, Granville, Karlsrue, Balfour, Drake, Anamoose, Selz, and Esmond.

Some of these communities also face high arsenic issues.

The North Central Rural Water Consortium needs area covers approximately 18% of North Dakota.

On a more personal note, my own well has color, taste and odor. We don't have rural water. We tend to serve orange cool aid, tea and coffee when company comes.

My family and I are paying a price for my serving on a rural water board. My fellow board members tell me that there can be no favoritism given. They tell me that I will be the last farmstead hooked up.

With that, I would greatly appreciate any help for North Dakota Rural Water.

Thank you,

Gene Goven

Testimony on: HB 1021

Hearing Date: January 24, 2005

By: Douglas Neibauer, Executive Director-South Central Regional Water District

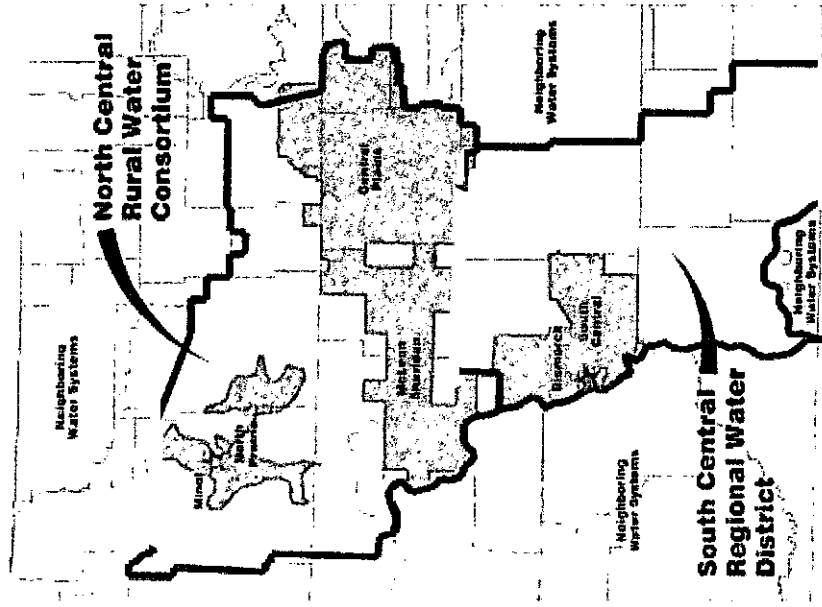
On behalf of the 1600 rural farmers and/or residents and the 10 cities (Ashley, Braddock, Hague, Hazelton, Linton, Napoleon, Strasburg, Venturia, Wilton, and Wishek), we appreciate the opportunity to present the need for abundant, quality water for South Central North Dakota.

South Central Regional Water District (Formerly Burleigh Water Users Cooperative) is an operating regional water supplier that serves over 3500 households/farms and is pursuing funding of an expansion project to satisfy the unmet water needs of Burleigh, Emmons, McIntosh, Logan, and Kidder counties. The five county regional water project promises to make a difference by providing a reliable infrastructure for economic development, an area with high potential for irrigation, food processing, bio-diesel and ethanol production, and most importantly will ultimately retain & stabilize the family farms and small towns. This area is the Hwy 83 and I-94 corridor that provides the opportunity for good access to transport commodities, therefore has a high potential for business that will employ educated and skilled workers.

We have eliminated the boundaries; determined the need; completed the feasibility study and preliminary design; and are ready to start the final design and construction.

Together, we can enhance economic development; stabilize this rural area in South Central North Dakota. With your help, we can get this project started, and remedy the current water quality and shortage problems and then we can all witness the many benefits quality water will bring to this area. Honestly, it is the neighborly thing to do!

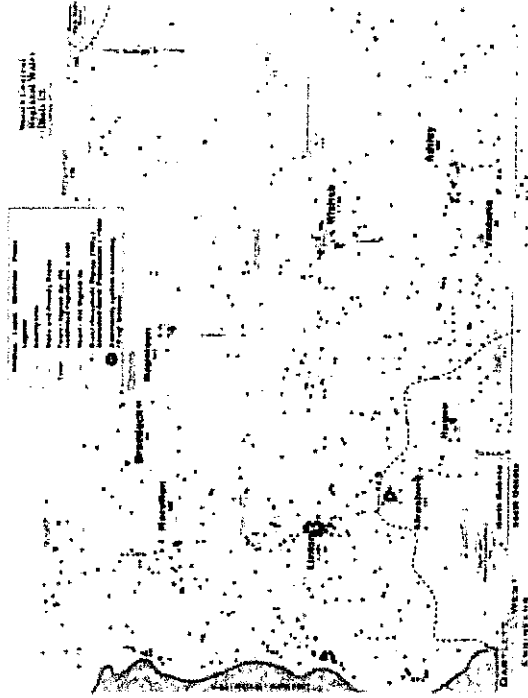
WHO: WHERE: WHEN: WHY:



SOUTH CENTRAL REGIONAL WATER DISTRICT (SCWD)

Formerly Burleigh Water Users Cooperative, SCWD serves 3,047 rural households. By collaborating with County Water Resource Boards, we are extending service to five counties in south central North Dakota, including: Burleigh, Emmons, McIntosh, Logan and Kidder Counties.

Phase one expansion plans focus on Emmons, McIntosh and Logan counties including service to 1,960 rural residents and the cities of Napoleon, Ashley, Vennuria, Wishek, Braddock, Hague, Hazelton, Linton and Strasburg with a combined total population of 5,125.



Now! We've eliminated the boundaries; determined the need; completed the feasibility study and preliminary design; and are ready to start the final design.

The need for abundant, quality water in south central North Dakota is great, with communities experiencing water high in arsenic, sulfates, nitrates and/or sodium. The community of Strasburg is in serious need of a new water supply due to their elevated level of arsenic. Soon, this community may not meet Environmental Protection Agency requirements and may face substantial fines. In addition, due to drought in south central North Dakota, some communities have a severe water shortage. Together, we can enhance economic development by investing in a reliable infrastructure in south central North Dakota and along the Highway 83 corridor.

WE'RE READY TO START. NEIGHBOR, WE'D LIKE YOUR HELP!

Nelson County Water Resource District

104 East B Avenue
P.O. Box 446
Lakota, North Dakota 58344-0446

Phone 701 247-2682 Fax: 701 247-2692 E-Mail: ncwrd@polarcomm.com

March 8, 2005

TO: Senate Appropriations Committee
RE: Supporting HB 1021 and 1153

Nelson County Communities and Government entities need legislator's help for funding of roads and various infrastructure protection measurers.

Officials met recently with several legislators and sent notices to the congressional delegation of our inability to receive FEMA mitigation dollars to help protect some of the areas so described in this packet. The map provided shows the areas we must deal with to solve present and long term protection.

Stump Lake Region – to request and seek help for \$500,000 to help fund local cost on a bridge on the channel from Devils Lake to Stump Lake. These funds would provide dollars to help a local match for work required. If federal dollars are not received, these funds shall then apply and be used for roads and other infrastructure protection in this region and other parts of the county. (Estimate of 2.2million dollars)

The Nelson County Water Resource District and Nelson County Commissioners support and urge funding consideration needs for the City of Lakota water line under East Stump Lake There are also serious issues with high water, etc. at their lagoon 2 to 3 miles southwest of the city. (Estimate of \$350,000 to 1.1 million dollars, plus lagoon update)

We are further involved with the City of Michigan Spillway effort and urge the states help in protecting infrastructure, lift station, homes and streets in their town as well as township and county roads and the Canadian Pacific Railroad 15 miles northwest of the city. There are 5 to 6 million dollars of damages taking place and help is required. Six farmyards have been vacated. (The estimated project cost is 1.8 million dollars.)

We continue with preliminary cost projection of \$40,000 to \$70,000 to move sheet/flood water away from Petersburg, their lagoon, a few basements, and streets. Infrastructure of this city is also being jeopardized. Recent letters from two elevator companies in Petersburg state that they might lose their unit car service due to high water impacts. (Estimate of \$300,000 lagoon replacement)

We have recently been contacted with a region 6 miles north of McVile. The Central and Hamlin Township boards are seeking our help to dewater 4 large areas, flooding township and county roads, several farm yards, etc. (Estimate of \$34,000)

Board Members

Ben Varnson
Chairman
Lakota, ND
701 259-2127

Gene Gehrke
Vice Chairman
Lakota, ND
701 326-4248

Michael Donohue
Member
Pekin, ND
701 262-4996

Richard Daws
Alternate
Michigan, ND
701 259-2157

Charlene Varnson
Secr.-Treas.
Lakota, ND
701 259-2127

Nelson County Water Resource District
March 8, 2005
Page 2

Several other areas in our county also need help. There are many miles of the Sheyenne River that need extensive debris removal.

We are well aware of procedures. We are driven by recent FEMA actions on mitigation dollars always falling through the hoops and 2004 disaster flood water moving east into Nelson County in 2005. We are obligated by our communities to appear before you with these issues and dilemma.

We urge your support in adding a request for dollars toward emergency strategy to the now continuing flood moving east into and across Nelson County.

Presented by:

Ben Varnson, Chairman
Nelson County Water Resource District

BOARD OF COUNTY COMMISSIONERS
NELSON COUNTY

Lakota, North Dakota 58344

Ronald Dahlen
Donald Fougner

Odell Flaagan, Chairman

Noel Lofthus
Dan Marquart

March 8, 2005

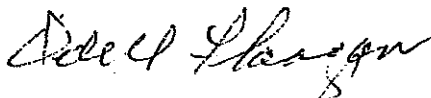
Chairman and Committee Members:

Nelson County has declared a disaster every year but one since 1993 because of excessive rainfall or snow. The water has taken a big toll on the county road system. FEMA funds have helped a great deal, but the county has had to provide matching funds. This has all but depleted the county coffers.

Last year water from Devils Lake started running naturally into Stump Lake, which is in Nelson County. According to experts, there is enough excess water in Devils Lake to make them equal in elevation. This would raise Stump Lake about 22 feet, flooding many roads.

Nelson County will be losing most of the road system around Stump Lake. Plans are to try to save the north part of County Road #23 and to move County Road #15 two miles north because of flooding. County Road #24 will need to be raised or moved also. County Road #4, which used to cross Stump Lake at Dutch Point, has been under water for several years. Numerous township roads will also be lost.

As you can see, Nelson County has many problems facing them regarding roads. As prior meetings have indicated, Nelson County needs a bridge and a great deal of other road repairs. For these reasons, Nelson County is requesting an appropriation of \$500,000.



Odell Flaagan
Chairman

CITY OF LAKOTA
Municipal Utilities

PO BOX 505, 108 B AVENUE EAST
LAKOTA, ND 58344

Phone 701-247-2454
Email lakotact@polarcomm.com

TDD Link 800-366-6888
Fax 701-247-2552

Mayor: Thomas A. Benson
Auditor: Ruth M. Hatten

City Superintendent
Norris Severtson

February 26, 2005

VIA EMAIL

Senator Michael A. Every
P.O. Box 56
Minnewaukan, ND 58351

Dear Senator Every:

Allow me to update you on the water problems for the City of Lakota. As you recall, Lakota has a couple of issues being affected by the current wet cycle. We have approximately 1700' of water line under a continuing rising Stump Lake. This pipe is currently under 40' of water. When the lake levels off the line will be under 2700' of water for a depth of 64.5'.

We are currently reviewing RFP's from several engineering firms to secure a firm for our projects. We do, however, have preliminary estimates for a line reroute of Stump Lake ranging from \$350,000.00 to \$1,100,000.00 depending on the project. We also have an offer for bulk water service from Ramsey Rural Utilities for \$800,000.00. The engineering firm chosen will help with the study to decide which option is in the best interest of Lakota. This study has been estimated to cost in the \$20,000.00 range.

In addition to the above steps, we have an agreement with Tri-County Water Users to construct an emergency tie line in the spring of 2005. This tie would allow us a portion of our water needs in the event of failure of the bulk transmission line under Stump Lake.

The other issue we have is with our current sewage lagoon. The rising water of Jones Lake is now above the discharge pipe and higher than the floor of the lagoon. There is also a problem with erosion on the Jones Lake side. In addition because it is a single cell we have had problems meeting the discharge parameters of the State Health Department. They have directed us to look at solutions for this problem, which we have by getting a preliminary estimate of \$835,000.00 for additions to the current cell. This project was presented to the Red River Regional Council for funding where it was broken into stages to reflect the funding that the RRRC had available. The amount for stage one is \$380,000.00.

The City of Lakota has been active in its search for available funding, both on the state and federal level. To that end we would like to be included in any available funding through the legislature.

Thanks for your consideration.

Sincerely,

CITY OF LAKOTA

By:

Norris Severtson
Superintendent

City of Michigan City

P.O. Box 226

Michigan, ND 58259-0226

701-259-2553

February 21, 2005

Ben Varnson - Chairman
Nelson County Water Resource District
104 East B Avenue
P.O. Box 446
Lakota, North Dakota 58344-0446

Mr. Varnson:

Thank you for the invitation to meet with you and members of the North Dakota State Senate regarding the water problems facing Nelson County and specifically Lake Laretta, which currently poses a threat to our city. Unfortunately, my schedule does not allow me to accept your invitation to participate in this meeting. Should another meeting be arranged in the future I would be very interested in attending.

Since I am unable to attend, please relay the following information on my behalf to our legislators.

Michigan City considers the current high water levels in Lake Laretta a severe threat to our city's residents, property and infrastructure. A moderate to severe rain and/or runoff event could cause the lake to rise to a level that would cause a backup of our water drainage system, inundating and significantly flooding our city. This flooding would cause the loss of our lift station, lagoon and several other critical city systems. At the time of freezing, Lake Laretta was approximately one foot below its record high level.

It is our city's official position that we must be proactive in developing a plan to address the threats created by high water levels in McHugh Slough and Lake Laretta. This plan must address the risk of flooding should Lake Laretta rise to an elevation that would cause water to move back towards our city through the Lake Laretta Drain.

We are currently working with the Nelson County Water Resource District to develop and implement a solution to the aforementioned flooding and high water levels. This plan includes a dewatering project north of Michigan to lower McHugh Slough and Lake

Laretta. This free-flow drain system would move water from the flooded area to the Forest River. This water would then be used to recharge aquifers currently used for irrigation. Michigan City has formally committed to provide its proportionate share of the local match requirements should grant money become available for this project.

Our city has also been working with David Christenson of the US Army Corps of Engineers. Mr. Christenson is employed in the Emergency Management Division of the Corps. We are currently devising a plan should emergency measures be necessary to protect our community on a short-term basis.

It is the hope of our city that all entities and affected parties can work together to resolve this ongoing flooding of the Lake Laretta area. This must be done before additional damages occur and the public's health and safety are put at additional risk.

Sincerely,

A handwritten signature in black ink, appearing to read 'Allen I. Orwick', with a long horizontal line extending to the right.

Allen I. Orwick
Michigan City Mayor

City of Petersburg

Post Office Box 127

Petersburg, ND 58272-0127

Mayor: Scott Slettebak

Council Members: Nancy Kinneberg, Janice Schmidt, Milton Schmidt, Kevin Sundre

City Auditor: James Schmidt

01-04-05

Nelson County FEMA Coordinator
Sharen Young
210 B Ave West Suite 303
Lakota, ND 58344-7410

RE: High-water Levels around Petersburg, ND

Dear Ms. Young,

The City of Petersburg has received a letter from the Dahlen Farmers Elevator and North Star Grain stating their concerns with the high water levels around their facilities. This water, according to the attached letter, is affecting the railroad system around their facilities.

I have also enclosed past cities minutes reflecting our efforts to seek help to relive this water dating back to August of 2000, to no avail.

Please review this information and give me a call so we can discuss where this needs to go from here to help all interested parties.

Thank you,



James Schmidt
City Auditor

CC ☒ Nelson County Water Shed Board
Dahlen Elevator
File

DAHLEN FARMERS ELEV & OIL CO.
P.O. BOX 4
PETERSBURG, ND 58272

NORTH STAR GRAIN & TRANSFER
P.O. BOX 8
PETERSBURG, ND 58272

NELSON COUNTY WATER BOARD
P.O. BOX 446
LAKOTA, ND 58344

December 14, 2004

Dear Chairman Varnson,

The elevator facilities of North Star Grain and Dahlen Farmers Elev. located in Petersburg have had a portion of their railroad spur put out of service by the Burlington Northern Santa Fe RR, due to water damage to the track. Both companies own the trackage in Petersburg jointly.

The water has built up along the south spur east of the east elevator, causing the rail bed to erode and the track to tip. Therefore, the BNSF put a lock on the switch putting the spur out of service. This track is necessary for loading unit trains. Or when both elevators are loading cars at the same time.

Therefore, we request the services of the Nelson County Water Board to assist us in figuring out a way to alleviate this water problem. The water continues to build around our trackage. There also are two growing ponds of water to the north side of both elevators. The water north of the elevators also softens the north access road to town. This impairs the farmer's ability to haul grain into town, and the business ability to delivery products.

This water impacts the operation of our businesses and others in the Petersburg area to provide equitable services to the community.

We would appreciate your immediate attention on this matter, and are willing to meet with you and/or provide whatever documentation needed.

Thank you in advance for your help.

Pete Peterson, Mgr (384-6144)
Richard Barta, St. Mgr
Troy Lillehaugen, Pres
Dahlen Farmers Elev & Oil Co.

Kelly Westby, Mgr (345-8264)
Barry Schafer, Pres
North Star Grain & Transfer LLC

**Testimony of
Ben Varnson, president
North Dakota Water Resource Districts Association
HB 1021
March 8, 2005**

Mr. Chairman and members of the Senate Appropriations Committee:

My name is Ben Varnson, and in addition to being the President of the North Dakota Water Resource Districts Association, I am also the Chairman of the Nelson County Water Resource District in Lakota, and also a water manager on the Devils Lake and Red River Joint Water Boards. The North Dakota Water Resource District Association is comprised of water resource districts statewide. We are here today in support of HB 1021, and in addition we would like to request additional funding for other critical water needs.

Thoughtful and progressive water management is needed to secure and protect our economic and cultural base within the state.

We are nearing the completion of several of North Dakota's major water infrastructure initiatives. Devils Lake Outlet, Grand Forks Flood Control, Southwest Pipeline, and Maple River Dam can soon be off the table. This will allow Fargo Flood Protection, NAWS, South Central and North Central, and Devils Lake Water Supply to also be completed in a timely manner, as well as the continuation and development for other projects including irrigation and general water management.

Water resource districts are responsible for water management across North Dakota, and we must continue to provide effective water management at the local level. A combination of increased bonding and general fund dollars will enable us to make adequate progress on the many water management objectives ahead of us.

Thank you.



Testimony for City of Devils Lake HB 1021

As a member of the ND Water Coalition, the City of Devils Lake supports HB 1021. Now, more than ever, funding is needed to complete critical water projects across the state. The state funding will aid in the construction of several flood control measures, including the dike raise at Devils Lake, and many needed water supply projects that are ready for construction and in need of funding.

The City of Devils Lake water supply project may not be ready to request funds during the 2005-07 biennium, but may request funds during the next biennium, if substantial federal funding is not secured. Therefore, it is imperative that projects ready for construction are built now, so that future funding can be made available for other needed projects.

The following is a summary of the critical water supply need for the City of Devils Lake.

Project Need

With the dramatic rise of Devils Lake, nearly six miles of the City's aging water supply line, including several gate valves, air release valves and blow-off discharges, are covered by significant amounts of lake water. With such large amounts of lake water now covering the supply line, repair of leaks or other maintenance procedures are virtually impossible to complete on the 40+ year old waterline. Since the supply line is the City's only source of water, a failure within the portion covered by the lake could leave the City without an adequate water supply.

Though inundation of the City's transmission line poses an immediate threat to the City, the proposed stricter standard for arsenic will force the City to implement appropriate treatment technology to maintain compliance with the Safe Drinking Water Act. Recent tests for arsenic have shown the individual wells within the City's system to vary from 29 to 50 parts per billion (ppb). Additional test wells installed in 2003 had arsenic concentrations of 15 to 24 ppb. The new limit of 10 ppb for arsenic takes affect in January 2006, with the possibility of receiving extensions until January 2009.

Project Status

To provide limited amounts of water to the City in the event of a failure in the City's transmission line, the City of Devils Lake has worked with Ramsey County Rural Utilities, the ND State Water Commission

(NDSWC), and the Garrison Diversion Conservancy District to complete a project that will allow Ramsey to supply the City up to 700,000 gallons per day (gpd) on a short-term emergency basis. Currently, the City averages nearly 1 million gpd, with peak use in the summer of over 2 million gpd.

The City of Devils Lake also continues to work closely with the NDSWC to complete an aquifer study that will aid the City in identifying the location of a new water source to serve the City. Results of the aquifer study show an area of the Spiritwood Aquifer near Warwick, located approximately 30 miles southeast of Devils Lake, will support the water needs of the City. Cost estimates for developing a new water supply from this area are similar to those developed to improve the City's existing source from the Warwick Aquifer. The Spiritwood Aquifer source, however, offers several advantages over the City's existing source: improved water quality, less potential of being impacted by future raises in Devils Lake, less susceptibility to implications from sovereign nation legislation, and availability of a larger aquifer system that could offer more water during periods of extreme drought.

Additional work is continuing to identify the specific location of a new well field in the Spiritwood Aquifer. Once a water permit has been granted for a specific well field location, the City will complete the environmental review and begin project design. The current schedule for the project, assuming the City is successful in obtaining the necessary extensions for the arsenic rule and the existing water supply line remains functional, includes acquisition of permits and project design being completed in 2005-06 and construction occurring 2007-08.

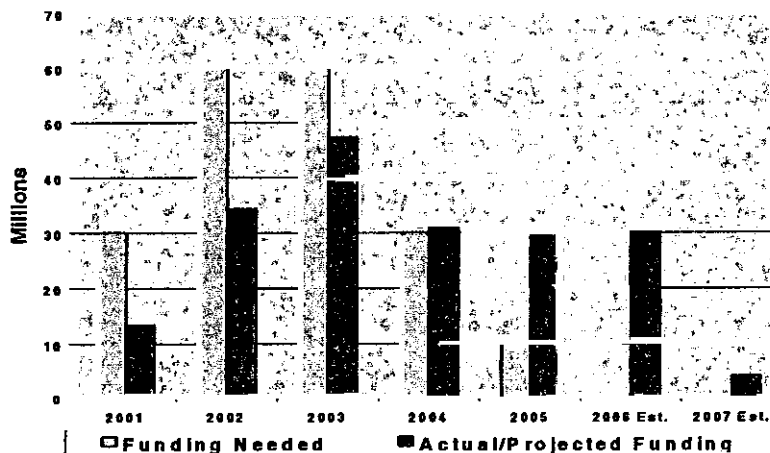
Funding

Preliminary cost estimates for the project range from \$13 to \$18 million. Currently, the only funding that has been secured is \$530,400 via a 55% grant administered through EPA's State and Tribal Assistance Grant (STAG) program. An additional \$650,000 in STAG funding is expected to be available to the City in 2005.

To help insure water rates remain affordable for City residents, the City will continue to work closely with the ND Congressional delegation, District 15 leadership and the NDSWC to identify additional sources of grant funding for this project.

House Bill 1021
House Appropriations Government Performance Committee
Statement of Support for Grand Forks
Flood Protection Project Funding
January 24, 2005

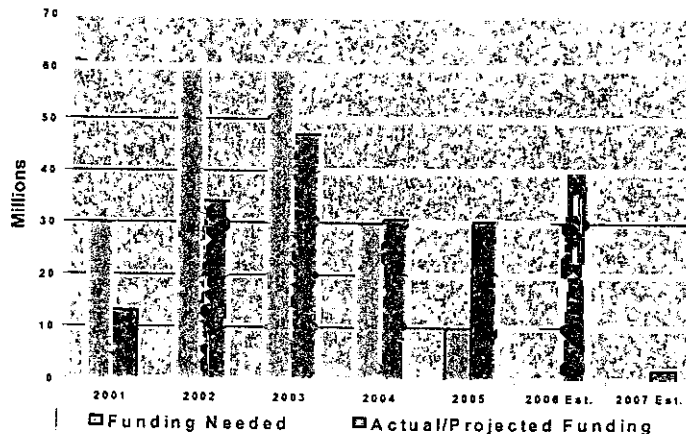
- I am Curt Kreun, City Councilman for Ward 7, and chairman of the Flood Protection Committee. On behalf of the City of Grand Forks I would like to testify in support of House Bill #1021. This bill contains the funding necessary to complete the original commitment of the State to the Grand Forks Flood Protection Project.
- I am also testifying in support of the Water Coalition proposal, which is seeking additional funding for many of the critical water needs throughout the State. Part of the Coalition proposal seeks an additional 2.1 million dollars to protect the people and infrastructure of Grand Forks.
- The Grand Forks/East Grand Forks Flood Protection Project is designed to protect both cities from floods of a similar magnitude to the 1997 disaster, which did over \$1 billion worth of damage, and created uncounted personal hardships for our people.
- The original timetable requested by the City would have had the project completed by late 2004. Although federal funding has been fast in comparison to other Corps projects, actual receipts of federal dollars to the project have been substantially less than needed for a 2004 completion date. In fact, economic challenges at the federal level have resulted in some fiscal year funding levels approaching only 50% of project needs (see illustrations below). Funding deficiencies have caused the completion date to move back. Instead of final bids being received in 2002, we are hoping final bids can be received in 2005. It is now likely that the project will not be completed until 2007.



- This additional time has exposed the project to inflationary costs outside the control of the State of North Dakota and the City of Grand Forks. During 2003 and 2004 significant increases in commodity and land acquisition costs have directly impacted the overall cost of the project. Two examples of these cost increases are the cost of reinforcing steel, up 100% for FY 2004, and the cost of fuel up 30.4% in FY 2004.
- The State of North Dakota and the Water Coalition have a solid tradition of meeting the needs of the people and getting projects completed. I hope this tradition continues through the support of House Bill #1021 and the proposal of the Water Coalition.

House Bill 1021
Senate Appropriations Committee
Statement of Support for Grand Forks
Flood Protection Project Funding
March 8, 2005

- I am Curt Kreun, City Councilman for Ward 7, and chairman of the Flood Protection Committee. On behalf of the City of Grand Forks I would like to testify in support of House Bill #1021. This bill contains the funding necessary to complete the original commitment of the State to the Grand Forks Flood Protection Project.
- I am also testifying in support of the Water Coalition proposal, which is seeking additional funding for many of the critical water needs throughout the State. Part of the Coalition proposal seeks an additional 2.1 million dollars to protect the people and infrastructure of Grand Forks.
- The Grand Forks/East Grand Forks Flood Protection Project is designed to protect both cities from floods of a similar magnitude to the 1997 disaster, which did over \$1 billion worth of damage, and created uncounted personal hardships for our people.
- The original timetable requested by the City would have had the project completed by late 2004. Although federal funding has been fast in comparison to other Corps projects, actual receipts of federal dollars to the project have been substantially less than needed for a 2004 completion date. In fact, economic challenges at the federal level have resulted in some fiscal year funding levels approaching only 50% of project needs (see illustrations below). Funding deficiencies have caused the completion date to move back. Instead of final bids being received in 2002, we are planning for final bids this summer. We recently received news that the FY 2006 Federal budget will contain 40 million dollars for this project. This should allow for substantial completion in 2006.



- The extended project timeline has exposed the project to inflationary costs outside the control of the State of North Dakota and the City of Grand Forks. During 2003 and 2004 significant increases in commodity and land acquisition costs have directly impacted the overall cost of the project. Two examples of these cost increases are the cost of reinforcing steel, up 100% for FY 2004, and the cost of fuel up 30.4% in FY 2004.
- The State of North Dakota and the Water Coalition have a solid tradition of meeting the needs of the people and getting projects completed. I hope this tradition continues through the support of House Bill #1021 and the proposal of the Water Coalition.