

Department 770 - Department of Water Resources
Senate Bill No. 2020

Executive Budget Comparison to Base Level

| | General Fund | Other Funds | Total |
|--------------------------|---------------------|--------------------|---------------|
| 2023-25 Executive Budget | \$0 | \$694,918,565 | \$694,918,565 |
| 2023-25 Base Level | 0 | 409,199,129 | 409,199,129 |
| Increase (Decrease) | \$0 | \$285,719,436 | \$285,719,436 |

Selected Budget Changes Recommended in the Executive Budget

| | General Fund | Other Funds | Total |
|--|---------------------|--------------------|---------------|
| 1. Adds funding for pushing remote sensors (PRESENS) installations | \$0 | \$1,572,800 | \$1,572,800 |
| 2. Adds funding for IT unification, including \$1,532,980 of one-time funding | \$0 | \$5,615,764 | \$5,615,764 |
| 3. Adds one-time funding for flood control projects to provide a total of \$115 million | \$0 | \$67,000,000 | \$67,000,000 |
| 4. Adds one-time funding for water supply grants to provide a total of \$270 million | \$0 | \$120,400,000 | \$120,400,000 |
| 5. Adds one-time funding for capital improvements to provide a total of \$172.4 million | \$0 | \$77,869,696 | \$77,869,696 |
| 6. Adds one-time funding for discretionary water projects | \$0 | \$5,000,000 | \$5,000,000 |

A summary of the executive budget changes to the agency's base level appropriations is attached as an appendix.

A copy of the draft appropriations bill containing the executive budget recommendations is attached as an appendix.

Selected Bill Sections Recommended in the Executive Budget

Additional income - Section 3 would appropriate any additional funds in the resources trust fund available to the Department of Water Resources during the 2023-25 biennium.

Exemption - Water-related projects - Section 4 would provide that any unexpended 2021-23 biennium appropriation authority for grants or water-related projects may be continued and expended during the 2023-25 biennium.

Loan repayment - Appropriation - Section 5 would appropriate \$30 million from the water projects stabilization fund to the Department of Water Resources to repay Bank of North Dakota loans for the Western Area Water Supply Authority. This amount is not included in the executive budget appropriation.

Discretionary funding - Section 6 would provide that the discretionary water project grants line item in Section 1 is for providing discretionary funds for water projects and capital assets.

Line item transfers - Section 7 would provide authority for the director of the Department of Water Resources to transfer funding between line items.

Continuing Appropriations

There are no continuing appropriations for this agency.

Deficiency Appropriations

There are no deficiency appropriations for this agency.

Significant Audit Findings

The State Auditor reported the Department of Water Resources did not properly account for the sale of land, making their expenditures and other financing sources understated by \$461,500.

Major Related Legislation

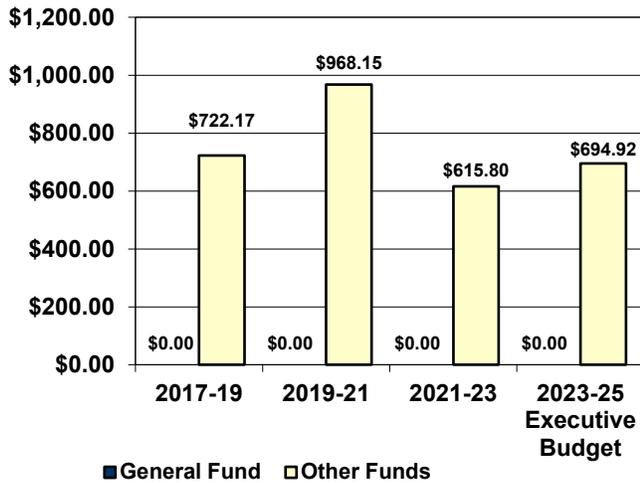
Senate Bill No. 2036 - Provides for a uniform assessment procedure for all water projects by addressing conflicts and redundancies throughout Title 61.

Senate Bill No. 2037 - Provides for a cost-benefit analysis for assessment projects costing \$1 million or more.

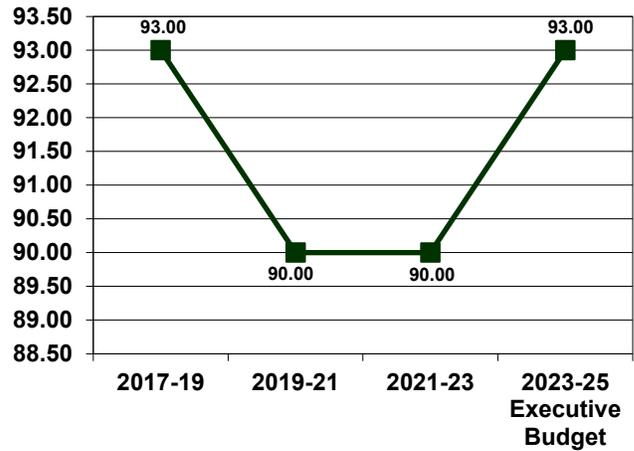
Historical Appropriations Information

Agency Appropriations and FTE Positions

Agency Funding (Millions)



FTE Positions



Ongoing Other Funds Appropriations

| | 2015-17 | 2017-19 | 2019-21 | 2021-23 | 2023-25 Executive Budget |
|---|---------------|-----------------|---------------|-----------------|--------------------------|
| Ongoing other funds appropriations | \$868,935,836 | \$647,173,475 | \$867,254,091 | \$409,199,129 | \$417,995,724 |
| Increase (decrease) from previous biennium | N/A | (\$221,762,361) | \$220,080,616 | (\$458,054,962) | \$8,796,595 |
| Percentage increase (decrease) from previous biennium | N/A | (25.5%) | 34.0% | (52.8%) | 2.1% |
| Cumulative percentage increase (decrease) from 2015-17 biennium | N/A | (25.5%) | (0.2%) | (52.9%) | (51.9%) |

Major Increases (Decreases) in Ongoing Other Funds Appropriations

2017-19 Biennium

- Removed 4 FTE positions and related funding (\$753,720)
- Increased funding for Bank of North Dakota loan payments relating to State Water Commission outstanding bonds refinanced through the Bank during the 2015-17 biennium to provide \$7.5 million per biennium \$3,693,997
- Adjusted funding for operating expenses and water projects (\$225,437,836)

2019-21 Biennium

- Removed 4 FTE unspecified positions and related funding (\$693,912)
- Added 1 FTE risk mapping position from federal funds \$174,126
- Adjusted funding available for project carryover to provide a total of \$308,333,818 \$33,465,921
- Adjusted funding for capital assets, which includes state-owned projects, to provide a total of \$105,938,758 in ongoing funding (\$18,880,684)
- Removed funding in the new projects line item, to provide funding for new projects in multiple line items (\$169,782,147)
- Added funding for water supply projects \$128,000,000
- Added funding for rural water supply projects \$37,200,000
- Added funding for the Fargo area flood control project, including the FM Area Diversion Project \$66,500,000
- Added funding for the Mouse River flood control project \$82,500,000
- Added funding for other flood control projects \$48,000,000
- Added funding for general water projects \$27,093,776

- 12. Adjusted funding for operating expenses to include a reduction to ongoing operating expenses (\$14,188,938) (\$14,188,938)
(\$14,257,138), and additional funding for Microsoft Office 365 licensing expenses (\$68,200)

2021-23 Biennium

- 1. Removed 1 FTE risk mapping position and related federal funds (\$183,884)
- 2. Added 1 FTE regulatory position and related funding \$211,596
- 3. Removed funding for carryover projects (\$308,333,818)
- 4. Reduced funding available for water supply grants (\$3,000,000)
- 5. Increased funding available for rural water supply grants \$22,400,000
- 6. Removed funding for Fargo area flood control (\$66,500,000)
- 7. Removed funding for Mouse River flood control (\$82,500,000)
- 8. Reduced funding available for general water grants (\$12,866,501)
- 9. Increased funding for professional services \$1,713,735
- 10. Removed base level funding for Bank of North Dakota debt payment (\$7,236,750)

2023-25 Biennium (Executive Budget Recommendation)

- 1. Adds 3 FTE positions, including 2 FTE natural resources services II positions and 1 FTE engineering and planning services IV position \$703,398
- 2. Adds funding for IT unification \$4,082,784
- 3. Adds funding for PRESENS installations \$1,572,800

One-Time Other Funds Appropriations

| | 2015-17 | 2017-19 | 2019-21 | 2021-23 | 2023-25 Executive Budget |
|-------------------------------------|---------------|--------------|---------------|---------------|--------------------------|
| One-time other funds appropriations | \$290,000,000 | \$75,000,000 | \$100,900,000 | \$206,600,000 | \$276,922,841 |

Major One-Time Other Funds Appropriations

2017-19 Biennium

- 1. Added funding from a Bank of North Dakota line of credit \$75,000,000

2019-21 Biennium

- 1. Added funding from a Bank of North Dakota line of credit \$75,000,000
- 2. Added funding to pay an outstanding loan from the Bank \$25,900,000

2021-23 Biennium

- 1. Added funding from a Bank of North Dakota line of credit for the Northwest Area Water Supply Project \$50,000,000
- 2. Added funding from the bond proceeds for the Mouse River flood control project \$74,500,000
- 3. Added funding from the federal State Fiscal Recovery Fund for water infrastructure projects \$75,000,000

2023-25 Biennium (Executive Budget Recommendation)

- 1. Adds funding for IT unification \$1,532,980
- 2. Increases funding for flood control projects to provide a total of \$115 million \$67,000,000
- 3. Increases funding for water supply grants to provide a total of \$270 million \$120,400,000
- 4. Increases funding for capital improvements to provide a total of \$172.4 million \$77,869,696
- 5. Adds funding for discretionary water projects \$5,000,000

Department of Water Resources - Budget No. 770
Senate Bill No. 2020
Base Level Funding Changes

| | Executive Budget Recommendation | | | |
|--|---------------------------------|-----------------|--------------------|--------------------|
| | FTE Positions | General Fund | Other Funds | Total |
| 2023-25 Biennium Base Level | 90.00 | \$0 | \$409,199,129 | \$409,199,129 |
| 2023-25 Ongoing Funding Changes | | | | |
| Base payroll changes | | | \$148,098 | \$148,098 |
| Salary increase | | | 1,404,288 | 1,404,288 |
| Health insurance increase | | | 449,618 | 449,618 |
| Adds FTE positions | 3.00 | | 703,398 | 703,398 |
| Adds funding for travel costs for new FTE positions | | | 2,000 | 2,000 |
| Adds a temporary employee for the Northwest Area Water Supply Project | | | 170,000 | 170,000 |
| Adds funding to fund a temporary employee at the same level as an FTE position | | | 61,609 | 61,609 |
| Adds funding for staff training and professional development | | | 80,000 | 80,000 |
| Adds funding for IT unification | | | 4,082,784 | 4,082,784 |
| Adds funding for PRESENS installations | | | 1,572,800 | 1,572,800 |
| Adds funding for maintenance of ground water modeling and related hydrologic analysis software | | | 22,000 | 22,000 |
| Adds funding from federal funds for RiskMAP | | | 100,000 | 100,000 |
| Adjusts funding among line items, including an increase of \$5.9 million in professional fees and services, a \$1.8 million increase in other operating expenses, and a \$7.7 million decrease in capital assets | | | | 0 |
| Adjusts funding for the Northwest Area Water Supply (NAWS), including a \$5.16 million reduction in federal funds and a corresponding increase in other funds | | | | 0 |
| Transfers \$24.6 million from the rural water supply grants line item to the water supply grants line item | | | | 0 |
| Total ongoing funding changes | 3.00 | \$0 | \$8,796,595 | \$8,796,595 |
| One-time funding items | | | | |
| Adds one-time funding for new FTE positions equipment | | | \$19,320 | \$19,320 |
| Adds one-time funding for IT unification | | | 1,532,980 | 1,532,980 |
| Adds one-time funding for increased motor pool rates | | | 118,180 | 118,180 |
| Adds one-time funding for drilling supplies inflation | | | 180,000 | 180,000 |
| Adds one-time funding for a navigability study | | | 180,000 | 180,000 |
| Adds one-time funding for airborne electromagnetic survey (AEM) data collection | | | 750,000 | 750,000 |
| Adds one-time funding for ground water modeling and related hydrologic analysis software | | | 72,665 | 72,665 |
| Adds one-time funding for the potential relocation of the agency | | | 200,000 | 200,000 |
| Adds one-time funding for the Bowman radar system | | | 1,800,000 | 1,800,000 |

| | | | | |
|--|--------------|------------|----------------------|----------------------|
| Adds one-time funding to replace the drilling rig | | | 1,800,000 | 1,800,000 |
| Adds one-time funding for flood control projects | | | 67,000,000 | 67,000,000 |
| Adds one-time funding for water supply grants | | | 120,400,000 | 120,400,000 |
| Adds one-time funding for capital improvements | | | 77,869,696 | 77,869,696 |
| Adds one-time funding for discretionary water project grants | | | 5,000,000 | 5,000,000 |
| Total one-time funding changes | 0.00 | \$0 | \$276,922,841 | \$276,922,841 |
| Total Changes to Base Level Funding | 3.00 | \$0 | \$285,719,436 | \$285,719,436 |
| 2023-25 Total Funding | 93.00 | \$0 | \$694,918,565 | \$694,918,565 |
| <i>Federal funds included in other funds</i> | | | <i>\$36,053,261</i> | |
| <i>Total ongoing changes as a percentage of base level</i> | <i>3.3%</i> | | <i>2.1%</i> | <i>2.1%</i> |
| <i>Total changes as a percentage of base level</i> | <i>3.3%</i> | | <i>69.8%</i> | <i>69.8%</i> |

Other Sections in Department of Water Resources - Budget No. 770

Executive Budget Recommendation

| | |
|------------------------------------|--|
| Additional income | Section 3 would appropriate any additional funds in the resources trust fund available to the Department of Water Resources during the 2023-25 biennium. |
| Exemption - Water-related projects | Section 4 would provide that any unexpended 2021-23 biennium appropriation authority for grants or water-related projects may be continued and expended during the 2023-25 biennium. |
| Loan repayment - Appropriation | Section 5 would appropriate \$30 million from the water projects stabilization fund to the Department of Water Resources to repay Bank of North Dakota loans for the Western Area Water Supply Authority. This amount is not included in the executive budget appropriation. |
| Discretionary funding | Section 6 would provide that the discretionary water project grants line item in Section 1 is for providing discretionary funds for water projects and capital assets. |
| Line item transfers | Section 7 would provide authority for the director of the Department of Water Resources to transfer funding between line items. |

SENATE BILL NO. 2020
(Governor's Recommendation)

Introduced by

Appropriations Committee

(At the request of the Governor)

A bill for an Act to provide an appropriation for defraying the expenses of the department of water resources; to provide for a transfer; and to provide an exemption.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. APPROPRIATION. The funds provided in this section, or so much of the funds as may be necessary, are appropriated from special funds derived from federal funds and other income, to the department of water resources for the purpose of defraying the expenses of the department of water resources, for the biennium beginning July 1, 2023, and ending June 30, 2025, as follows:

| | <u>Base Level</u> | <u>Adjustments or Enhancements</u> | <u>Appropriation</u> |
|---|-------------------|--|----------------------|
| Salaries And Wages | \$ 20,537,867 | \$ 3,272,011 | \$ 23,809,878 |
| Operating Expenses | 43,366,550 | 16,112,518 | 59,479,068 |
| Capital Assets | 98,467,437 | 73,928,907 | 172,396,344 |
| Project Carryover | 0 | 0 | 0 |
| Water Supply - Grants | 125,000,000 | 145,000,000 | 270,000,000 |
| Rural Water Supply - Grants | 59,600,000 | (24,600,000) | 35,000,000 |
| Fargo Area Flood Control (Including the Fargo Moorhead Diversion) | 0 | 0 | 0 |
| Mouse River Flood Control | 0 | 0 | 0 |
| Flood Control Projects (Other Than Fargo Area Flood Control Including the Fargo Moorhead Diversion) | 48,000,000 | 67,000,000 | 115,000,000 |
| General Water - Grants | 14,227,275 | 6,000 | 14,233,275 |
| Discretionary Fund for Water Projects | <u>0</u> | <u>5,000,000</u> | <u>5,000,000</u> |
| Total Special Funds | \$409,199,129 | \$285,719,436 | \$694,918,565 |
| Full-Time Equivalent Positions | 90.00 | 3.00 | 93.00 |

SECTION 2. ONE-TIME FUNDING. The following amounts reflect the one-time funding items approved by the sixty-seventh legislative assembly for the 2021-23 biennium and the 2023-25 one-time funding items included in the grand total appropriation in section 1 of this Act:

| <u>One-Time Funding Description</u> | <u>2021-23</u> | <u>2023-25</u> |
|---------------------------------------|----------------|----------------|
| Line Of Credit – Bank of North Dakota | \$ 50,000,000 | \$ 0 |
| Basinwide Plan Implementation | 1,100,000 | 0 |
| Discretionary Fund | 6,000,000 | 5,000,000 |
| Mouse River Flood Control | 74,500,000 | 0 |
| Water Infrastructure Projects | 75,000,000 | 265,269,696 |
| Information Technology Costs | 0 | 1,605,645 |
| Equipment | 0 | 3,600,000 |
| Airborne Electromagnetic Survey | 0 | 750,000 |
| Navigability Study | 0 | 180,000 |
| Inflationary Increases | <u>0</u> | <u>298,180</u> |
| Total Special Funds | \$206,600,000 | \$276,703,521 |

SECTION 3. ADDITIONAL INCOME - APPROPRIATION. In addition to the amounts included in the estimated income line item in section 1 of this Act, any additional amounts in the resources trust fund that become available are appropriated to the department of water resources for the purpose of defraying the expenses of that agency, for the biennium beginning July 1, 2023, and ending June 30, 2025.

SECTION 4. EXEMPTION - GRANTS - APPLICATION - WATER-RELATED PROJECTS - CARRYOVER AUTHORITY. Section 54-44.1-11 does not apply to funding for grants or water-related projects included in the capital assets, water supply – grants, rural water supply – grants, flood control projects, and general water – grants line items in section 1 of chapter 20 of the 2021 Session Laws and section 9 of Chapter 80 of the 2021 Session Laws. Any unspent funds from these appropriations may be continued into the 2023-25 biennium. Any funds continued may be expended only for the purpose for which it was originally appropriated. The department of water resources may seek emergency commission and budget section approval under section 54-16-04.2 to increase carryover spending authority of funds appropriated in the 2021-23 biennium into the 2023-25 biennium.

SECTION 5. APPROPRIATION - RESOURCES TRUST FUND - LOAN REPAYMENT. There is appropriated out of any moneys in the water project stabilization fund in the state treasury, not otherwise appropriated, the sum of \$30,000,000, or so much of the sum as may be necessary, to the department of water resources for the purpose of repayment of loans issued by the Bank of North Dakota to the western area water supply authority.

SECTION 6. DEPARTMENT OF WATER RESOURCES DISCRETIONARY FUNDING. The discretionary fund appropriated to the department of water resources in section 1 of this Act may be used for the purpose of providing discretionary funds for water project grants and capital assets, for the biennium beginning July 1, 2023, and ending June 30, 2025.

SECTION 7. LINE ITEM TRANSFERS. The director of the department of water resources may transfer between the salaries and wages, operating, capital assets, water supply – grants, rural water supply – grants, flood control projects and general water – grants line items in Section 1 of this Act when it is cost-effective for construction of water projects. The director of the department of water resources shall notify the office of management and budget of any transfers made pursuant to this section.