

**State Water Commission
Budget 770
House Bill Nos. 1023,1015, Senate Bill No. 2285**

| | FTE Positions | General Fund | Other Funds | Total |
|-------------------------------------------------------------------------|----------------------|---------------------|--------------------|---------------|
| 2001-03 legislative appropriation | 89.00 | \$9,815,151 | \$135,173,009 | \$144,988,160 |
| 1999-2001 legislative appropriation | 82.00 | 9,262,180 | 130,272,775 | 139,534,955 |
| 2001-03 appropriation increase (decrease) to 1999-2001 appropriation | 7.00 | \$552,971 | \$4,900,234 | \$5,453,205 |

NOTE: The 2001-03 appropriation amounts include \$82,152, \$81,331 of which is from the general fund, for the agency's share of the \$5,000,000 funding pool appropriated to the Office of Management and Budget for special market equity adjustments for classified employees.

Item Description

Maintenance shop building - Section 8 of House Bill No. 1023 authorizes the State Water Commission to sell one or more parcels of land and the shop building located at 2603 East Broadway Avenue, Bismarck. The proceeds of the sale, or so much of the sale proceeds as may be necessary, are appropriated for the purchase of land and construction of a new maintenance building. If the proceeds from the sale are less than \$977,100, the State Water Commission may use other appropriated funds for purchasing land and constructing a new maintenance shop building. The total expenditures for the land purchase and new maintenance building may not exceed \$977,100.

Water to eastern North Dakota - Section 11 of House Bill No. 1023 establishes water to eastern North Dakota as a critical priority and directs the State Water Commission, in cooperation with the Garrison Diversion Conservancy District and existing water users, to develop a plan and cost estimate. The Legislative Assembly authorized 1 FTE position for the study of supplementing the water resources of eastern North Dakota.

Fargo flood control projects - The 2001 Legislative Assembly approved special funds spending authority (water development trust fund, resources trust fund, or bonding) of \$5.5 million, \$500,000 for a preliminary study and planning and \$5 million for construction, for Fargo flood control projects. The amount provided may not exceed 50 percent of Fargo's cost to construct the project. Section 23 of House Bill No. 1023 provides that the State Water Commission may not issue bonds or provide funding for Fargo flood control projects until applicable permits are issued, approval is obtained from the Southeast Cass Water Resources District, and a public hearing process is held.

Status/Result

The State Water Commission is in the process of locating property for a shop that is both suitable and affordable. The cost of a new building is anticipated to cost between \$700,000 to \$800,000, depending on whether a steel or concrete building is constructed.

The State Water Commission has filled the 1 FTE position (water resource engineer) authorized for the study of supplementing the water resources of eastern North Dakota. The department is working with the United States Bureau of Reclamation, the Garrison Diversion Conservancy District, and the Eastern Dakota Water Users on an environmental impact study for eastern North Dakota.

The city of Fargo is currently conducting a study of alternative flood control plans. There have been no requests as of March 1, 2002, for cost reimbursements relating to the \$500,000 available for a preliminary study and planning.

Devils Lake levees - House Bill No. 1015 provides \$5 million from the resources trust fund and bonding to provide a cost-share for constructing and improving levees at Devils Lake during the 2001-03 biennium. This authority is for the nonfederal cost-share of any Devils Lake levee construction or improvement project; however, this authority exists only if other funds, whether from state, federal, or local sources, are unavailable to satisfy the project's nonfederal cost-share.

Devils Lake outlet - House Bill No. 1151 removes the requirement that the federal government agree to participate in construction of the Devils Lake outlet in order for bonds to be issued for the project. Senate Bill No. 2188 (1999) authorized up to \$20 million for construction of a Devils Lake outlet. Construction did not start on the project; therefore, no bonds were issued during the 1999-2001 biennium. Section 21 of House Bill No. 1023 and Senate Bill No. 2256 extend, through June 30, 2003, the authority of the State Water Commission to issue bonds for a Devils Lake outlet.

Section 404 - Senate Bill No. 2285 authorizes \$800,000 of funding from the water development trust fund and five FTE positions for the State Water Commission to assume jurisdiction over and administer the Section 404 program of the Clean Water Act. The appropriation and authorization for the FTEs becomes effective on the date the State Engineer certifies to the Governor that a program has been designed to effectively assume responsibility for the Section 404 program of the Clean Water Act and the State Water Commission is prepared to accept those responsibilities.

Grand Forks flood control - Senate Bill No. 2188 (1999) authorized up to \$52 million of bonding authority for Grand Forks flood control. In March 2000 the State Water Commission issued \$23 million of bonds for Grand Forks flood control. Section 21 of House Bill No. 1023 and Senate Bill No. 2264 extend, through June 30, 2003, the remaining \$29 million of bonding authority for the Grand Forks flood control project.

Water project funding limit - Section 16 of House Bill No. 1023 provides that no more than \$67.8 million, plus the cost of issuing bonds, may be spent on water development projects (excluding carryover authority from 1999 Senate Bill No. 2188) for the 2001-03 biennium. Section 19 of House Bill No. 1015 authorizes \$5 million for constructing and improving levees at Devils Lake, which increases the water project cap to \$72.8 million and the bonding cap to \$25 million. Section 16 of House Bill No. 1023 also provides that contracts for water projects to be paid from the water development trust fund may initially be issued up to an amount equal to 75 percent of the amount appropriated from that fund. Contracts for the remaining 25 percent available may only be issued to the

The State Water Commission has not received any state funding requests for Devils Lake levees as of March 1, 2002. The city of Devils Lake is pursuing alternative funding sources for this project.

The State Water Commission is progressing on a state-funded emergency outlet. Approximately \$1.1 million has been approved for completion of the final design plans and to begin acquiring right of way. The estimated cost of the project is \$21.6 million. The State Water Commission is also working with the Corps of Engineers on a permanent outlet. The State Water Commission has not issued bonds for the Devils Lake outlet. Future bond issuances are dependent on projected costs.

The Attorney General's office is reviewing legal issues associated with the assumption process. The State Water Commission has hired a consultant to assist in the process at an estimated costs of \$15,000 which will be paid from the commission's operating budget.

The State Water Commission issued bonds for \$23 million in the 1999-2001 biennium for Grand Forks flood control based on estimated funding needs provided by the city. Approximately \$14 million of funding was reimbursed to the city of Grand Forks for the 1999-2001 biennium and \$5.1 million has been reimbursed as of March 1, 2002, for the 2001-03 biennium. The major construction on the project is anticipated to begin in the summer or early fall of 2002. The State Water Commission will base the need for future bond issuances on cost estimates provided by the city of Grand Forks.

Bonding - The State Water Commission has not issued any additional bonds as of March 1, 2002. There are no immediate plans to issue bonds; however, future bond issuances will depend on funding needs for Grand Forks flood control and the Devils Lake outlet.

Resources trust fund - The State Water Commission has spent \$1.67 million from the resources trust fund for water projects through February 2002.

Water development trust fund - The State Water Commission has spent \$2.25 million from the water development trust fund for water projects through February 2002.

extent uncommitted funds are available from the water development trust fund.

The appropriated authority available for new water projects is:

- Bonding - \$25 million plus cost of issuing bonds.
- Resources trust fund - \$21.7 million.
- Water development trust fund - \$29 million.