

1999 SENATE APPROPRIATIONS

SB 2188

1999 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB2188 & SB2164

Senate Appropriations Committee

Conference Committee

Hearing Date January 20, 1999

Tape Number	Side A	Side B	Meter #
1	X		115-4080
2/12/99	Tape 1:B 5700-end	Tape 2:A 0-4685	
Committee Clerk Signature <i>Kathryn C. Kotteleroock</i>			

Minutes:

SENATOR NETHING: Opened the hearing on SB2188; A BILL FOR AN ACT TO AMEND AND REENACT SUBDIVISION d OF SUBSECTION 3 OF SECTION 1 AND SECTION 5 OF CHAPTER 511 OF THE 1997 SESSION LAWS, RELATING TO THE AUTHORITY OF THE STATE WATER COMMISSION TO ISSUE BONDS TO FINANCE CONSTRUCTION OF AN OUTLET TO DEVILS LAKE AND TO FINANCE A STATEWIDE WATER DEVELOPMENT PROGRAM.

JACK TRAYNOR: State Senator from Devils Lake, District 15 to testify in support of SB2188 & SB2164 (tape 1, side A, meter 115-660).

SENATOR SOLBERG: Is the basin any closer with the Corps of Engineers doing something? Is not the Corps waiting for a dry cycle?

JACK TRAYNOR: Corps has to follow their procedures, we're hoping they will address when on the emergency schedule.

SENATOR SOLBERG: Any movement to construct the proper outlet on the East end of the Lake to make Devils Lake a viable body of water for years to come.

JACK TRAYNOR: There's been some discussions with the land owners in Nelson County because if they would except an outlet into Stump Lake on a controlled basis, they would be compensated for the damage it does, there is certainly a feeling in our Community that we should do something along that line.

SENATOR SOLBERG: I had a farmer tell me that on his computer he dug a trench from a natural outlet by-passing Stump Lake going directly to Tolna Coulee, giving the cubic yards of earth to be moved, the volume of water and etc.

JACK TRAYNOR: There is a natural opening in the hills in this area and it's marsh and the water could connect directly and by-pass Stump Lake.

SENATOR TALLACKSON: How are the negotiation's going with Canada.

JACK TRAYNOR: The Boundary Waters Treaty would not prohibit water from Devils Lake into the Sheyenne River.

VERN THOMPSON: Senator from Minnewauken representing District 12 and CO-Chair of the Lake Emergency Management Committee to testify in support of SB2188 and on record of supporting SB2165 (tape 1, side A, meter 1129-1390).

DAVE SPRYNCZYNATYK: North Dakota State Engineer and also Secretary to the State Water Commission to testify in Support of the bonding concept in SB2164 and SB2188 and specifically in support of SB2164 (testimony attached (tape 1, side A, 1397-1750).

SENATOR ANDRIST: Do we have good assurance that this outlet would remove enough water?

DAVE SPRYNCZYNATYK: The outlet that is being designed currently would remove 1 ¼ ft. of water per year from the Lake at its current level. This is based upon the amount of water that could be released in the Sheyenne River without causing additional flooding and significant water quality problems. The outlet is not intended to divert all the water coming into Devils Lake, out of the Lake into the Sheyenne River. Intended to provide means to help lower the lake.

SENATOR ANDRIST: So, it's going to help but, it may not take care of the problem.

DAVE SPRYNCZYNATYK: That's absolutely correct and ties in with the other parts of upper basin storage as well as interstructure protection.

SENATOR SOLBERG: Wouldn't the cost of the outlet from the Southeast, going directly into the Tolna Coulee through the marsh land be much less than the \$50M to construct that so called Emergency Corps of Engineer thing, and wouldn't be in place for many years improving the Lakes quality. Plus the maintenance and upkeep be a lot less than \$2M a year?

DAVE SPRYNCZYNATYK: No question, there are cheaper alternatives than the West end pumped outlet. We've looked at least a dozen alternatives and the amount of effort and cost to move water out of the East end would be significantly less. The problem is that the water quality in the East end is significantly greater and water released for the West end doesn't always meet the water quality standards downstream.

SENATOR SOLBERG: That water has improved over the last six years. Parts per million in solids is improved significantly. Maybe we should solve a problem that is going to last for years rather than a temporary solution. The difference between the \$25 and \$50M and the upkeep, we

could pay Valley City, Lisbon, Fargo, Grand Forks and whoever else drawing their water, if the water quality is not so good, payments to take care of any additional cost for treating the water which would be a lot less than a small pipeline.

DAVE SPRYNCZYNATYK: In addition to the cities, you also have to look at the Landowners downstream. We have ranchers that use those Rivers for livestock operations, some irrigation and impact of what saltier water would have on the land as well.

SENATOR TOMAC: Wouldn't an outlet on the East end have a flushing affect, wouldn't eventually improve that?

DAVE SPRYNCZYNATYK: Yes, it does have a flushing affect, no question the water deteriorates from West to East. We still have a lot of salts in the bed of the Lake and as the water quality in the Lake improves it develops those salts from the bed.

JOE BELFORD: Ramsey County Commissioner and CO-Chair of the Lake Emergency Committee and also representing County Commissioners Association on the North Dakota Water Coalition to testify in support of SB2164 (testimony attached (tape 1, side A, meter 2580-3120).

SENATOR BOWMAN: If you are going to use 10 pumps to move the water, has that cost been determined for the longevity of this project, versus a natural flow outlet.

JOE BELFORD: Last estimate, \$1.2-\$1.5M per year.

SENATOR BOWMAN: Does the Corps of Engineers have something built into their budgets that will compensate our State for the cost we are incurring because of the delay?

JOE BELFORD: No.

SENATOR BOWMAN: If we do get this ok, when do we start doing something to solve the problem?

JOE BELFORD: The report is in to Congress and if all goes well, the water should be flowing by year 2002.

Written testimony was distributed on behalf of Don Lee, Chairman of the Devils Lake Basin Joint Water Resource Board (attached).

SENATOR NETHING: Closed the hearing on SB2188.

SENATOR NETHING: The testimony that was offered on SB2188 will also apply to SB2164.

SENATOR NETHING: We will open and close the hearing on SB2164.

2-12-99

2/12/99

(Tape 1, Side B 5700-end) (Tape 2, Side A, 0-4445)

SENATOR NETHING: Reopened the hearing on SB 2188

SENATOR NETHING: Presented the amendments to SB 2188 that will a water development plan through bonding and tobacco settlement funds.

JIM SMITH: (LC) Explained in detail the amendments.

SENATOR ST. AUBYN: Moved do pass amendments with the proposed amendment to Section 8 to include "Reports to Legislative Council" and to add after the section 8 bold language: "The state engineer shall report periodically to the budget section and to any other interim committee designated by the legislative council..." to be incorporated into a new amendment.

Voice vote approval to add this amendment. Jim Smith of Legislative Council will include this as part of the proposed amendments. (tape 1375)

SENATOR ST. AUBYN: Moved do pass amendments to SB 2188

SENATOR TALLACKSON: Seconded the motion.

ROLL CALL: 14 ayes; 0 nays; 0 absent & not voting (tape 1630)

DAVE SPRYNCZYNATYK: State Engineer and Secretary to the State Water Commission, responded to questions specific each project. (tape 2410-3900)

SENATOR TALLACKSON: Moved do pass SB 2188 as amended.

SENATOR HOLMBERG: Seconded the motion.

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

MOTION CARRIED TO DO PASS SB 2188 AS AMENDED

CARRIER: SENATOR NETHING

SENATOR NETHING: Closed the hearing on SB 2188.

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

1999 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. SB 2188

Senate APPROPRIATIONS Committee

Subcommittee on _____
or
 Conference Committee

Legislative Council Amendment Number 90221.0107

Action Taken DO PASS AMENDMENTS

Motion Made By Sen. St Aubyn Seconded By Sen. Tallackson

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

Total (Yes) 14 No _____

Absent _____

Floor Assignment _____

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

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

1999 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. SB 2188

Senate APPROPRIATIONS Committee

Subcommittee on _____
or
 Conference Committee

Legislative Council Amendment Number 90221.0107

Action Taken DO PASS AS AMENDED

Motion Made By Sen. Tallackson Seconded By Sen. Holmberg

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

Total (Yes) 14 No 0

Absent 0

Floor Assignment Sen. Nething

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

REPORT OF STANDING COMMITTEE

SB 2188: Appropriations Committee (Sen. Nething, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (14 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2188 was placed on the Sixth order on the calendar.

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to create and enact a new section to chapter 61-01 and chapter 61-02.1 of the North Dakota Century Code, relating to statewide water development goals and the issuance of bonds to finance construction of flood control projects, the southwest pipeline project, a Devils Lake outlet, and a statewide water development program; to amend and reenact subdivision d of subsection 5 of section 61-02-02 of the North Dakota Century Code, relating to the definition of works; to require the pledging of funds for certain water projects; to allocate funds from settlements with tobacco product manufacturers; to provide a statement of legislative intent; to provide for reports to the legislative council; to provide an appropriation; to provide an effective date; to provide an expiration date; and to declare an emergency.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. A new section to chapter 61-01 of the North Dakota Century Code is created and enacted as follows:

Statewide water development goals. The legislative assembly is committed to the comprehensive statewide water development program developed pursuant to section 2 of chapter 587 of the 1995 Session Laws and to the state water management plan established under section 61-01-26. In order to implement the state water management plan, the legislative assembly is committed to the following:

1. During the 1999-2001 biennium:
 - a. Southwest pipeline project: Six million dollars in state funds and eleven million five hundred thousand dollars in federal funds, assuming Perkins County water system payment to the state water commission of four million five hundred thousand dollars.
 - b. Northwest area water supply project: Eight million two hundred thousand dollars in local funds and fourteen million eight hundred thousand dollars in federal funds, with an option being considered of the state water commission bonding the local cost-share with local repayment to the state water commission.
 - c. Other municipal, rural, and industrial projects: Twenty-five million five hundred thousand dollars in local funds and thirty-nine million nine hundred thousand dollars in federal funds.
 - d. Grand Forks flood control: Twenty-five million dollars in local funds, twenty-five million dollars in state funds, and thirty-eight million five hundred thousand dollars in federal funds. The state total cost-share of fifty-two million dollars will be bonded, requiring a local repayment estimated at three million nine hundred thousand dollars per year with repayment beginning in 2001.
 - e. Devils Lake outlet: Seventeen million five hundred thousand dollars in state funds and thirty-two million five hundred thousand dollars in federal funds. The total state cost-share of seventeen million five hundred thousand dollars includes mitigation costs and will be

bonded, requiring a local repayment estimated at one million five hundred thousand dollars per year, with the split between state and local loan repayment to be determined.

f. General projects: Thirty-one million seven hundred thousand dollars in local funds, twenty-five million nine hundred thousand dollars in state funds, and thirty-nine million eight hundred thousand dollars in federal funds.

2. During the 2001-03 biennium:

a. Water to eastern North Dakota: Seventeen million dollars in federal funds appropriated under the Garrison Diversion Unit Reformulation Act of 1986 [Pub. L. 99-294; 100 Stat. 418], Dakota Water Resources Act of 1998, or other federal Act. The local cost has not been determined and will be determined after project configuration is complete.

b. Southwest pipeline project: Five hundred thousand dollars in local funds, one million seven hundred thousand dollars in state funds, and twelve million five hundred thousand dollars federal funds.

c. Northwest area water supply project: Eight million seven hundred thousand dollars in local funds and sixteen million three hundred thousand dollars in federal funds.

d. Other municipal, rural, and industrial projects: Seventeen million seven hundred thousand dollars in local funds and thirty-two million eight hundred thousand dollars in federal funds.

e. Grand Forks flood control: Thirty-five million seven hundred thousand dollars in local funds, twenty-seven million dollars in state funds, and sixty-two million nine hundred thousand dollars in federal funds; annual bond payments of three million nine hundred thousand dollars. Components of the Grand Forks flood control project involve water treatment plant improvements. Those federal costs are reflected in subdivision d because of potential cost-sharing using Garrison diversion municipal, rural, and industrial funds. Other projects, such as greenway, are listed under subdivision g.

f. Devils Lake outlet: Bond repayments of one million five hundred thousand dollars per year.

g. General projects: Twenty-four million dollars in local funds, eighteen million four hundred thousand dollars in state funds, and five million five hundred thousand dollars in federal funds.

3. During the 2003-05 biennium:

a. Water to eastern North Dakota: Six million dollars in federal funds appropriated under the Garrison Diversion Unit Reformulation Act of 1986 [Pub. L. 99-294; 100 Stat. 418], Dakota Water Resources Act of 1998, or other federal Act. The local cost has not been determined and will be determined after project configuration is complete.

- b. Southwest pipeline project: One million dollars in local funds, five million dollars in state funds, and eleven million four hundred thousand dollars in federal funds.
 - c. Northwest area water supply project: Eleven million eight hundred thousand dollars in local funds and twenty-one million eight hundred thousand dollars in federal funds.
 - d. Other municipal, rural, and industrial projects: Seventeen million seven hundred thousand dollars in local funds and thirty-two million eight hundred thousand dollars in federal funds.
 - e. Grand Forks flood control: Annual bond payments of three million nine hundred thousand dollars.
 - f. Devils Lake outlet: Bond repayments of one million five hundred thousand dollars per year.
 - g. General projects: Twenty-four million dollars in local funds, eighteen million four hundred thousand dollars in state funds, and five million five hundred thousand dollars in federal funds.
4. During the 2005-07 biennium:
- a. Water to eastern North Dakota: Eighty-four million dollars in federal funds appropriated under the Garrison Diversion Unit Reformulation Act of 1986 [Pub. L. 99-294; 100 Stat. 418], Dakota Water Resources Act of 1998, or other federal Act. The local cost has not been determined and will be determined after project configuration is complete.
 - b. Southwest pipeline project: One million dollars in local funds, nine million five hundred thousand dollars in state funds, and nineteen million five hundred thousand dollars in federal funds.
 - c. Northwest area water supply project: Five million eight hundred thousand dollars in local funds and ten million nine hundred thousand dollars in federal funds.
 - d. Other municipal, rural, and industrial projects: Seventeen million seven hundred thousand dollars in local funds and thirty-two million eight hundred thousand dollars in federal funds.
 - e. Grand Forks flood control: Annual bond payments of three million nine hundred thousand dollars.
 - f. Devils Lake outlet: Bond repayments of one million five hundred thousand dollars per year.
 - g. General projects: Twenty-four million dollars in local funds, eighteen million four hundred thousand dollars in state funds, and five million five hundred thousand dollars in federal funds.
5. During the 2007-09 biennium:
- a. Water to eastern North Dakota: Fifty-nine million dollars in federal funds appropriated under the Garrison Diversion Unit Reformulation

Act of 1986 [Pub. L. 99-294; 100 Stat. 418], Dakota Water Resources Act of 1998, or other federal Act. The local cost has not been determined and will be determined after project configuration is complete.

- b. Northwest area water supply project: Three million seven hundred thousand dollars in local funds and seven million dollars in federal funds.
 - c. Other municipal, rural, and industrial projects: Seventeen million seven hundred thousand dollars in local funds and thirty-two million eight hundred thousand dollars in federal funds.
 - d. Grand Forks flood control: Annual bond repayments of three million nine hundred thousand dollars.
 - e. Devils Lake outlet: Bond repayments of one million five hundred thousand dollars per year.
 - f. General projects: Twenty-four million dollars in local funds, eighteen million four hundred thousand dollars in state funds, and five million five hundred thousand dollars in federal funds.
6. During the 2009-11 biennium:
- a. Water to eastern North Dakota: Two million dollars in federal funds appropriated under the Garrison Diversion Unit Reformulation Act of 1986 [Pub. L. 99-294; 100 Stat. 418], Dakota Water Resources Act of 1998, or other federal Act. The local cost has not been determined and will be determined after project configuration is complete.
 - b. Northwest area water supply project: One million seven hundred thousand dollars in local funds and three million three hundred thousand dollars in federal funds.
 - c. Other municipal, rural, and industrial projects: Seventeen million seven hundred thousand dollars in local funds and thirty-two million eight hundred thousand dollars in federal funds.
 - d. Grand Forks flood control: Annual bond repayments of three million nine hundred thousand dollars.
 - e. Devils Lake outlet: Bond repayments of one million five hundred thousand dollars per year.
 - f. General projects: Twenty-four million dollars in local funds, eighteen million four hundred thousand dollars in state funds, and five million five hundred thousand dollars in federal funds.
7. Beyond the year 2011:
- a. Water to eastern North Dakota: The local cost has not been determined and will be determined after project configuration is complete.

- b. Northwest area water supply project: Eight million seven hundred thousand dollars in local funds and sixteen million three hundred thousand dollars in federal funds.
- c. Other municipal, rural, and industrial projects: One hundred thirty million two hundred thousand dollars in local funds and two hundred forty-one million two hundred thousand dollars in state funds. The anticipated three hundred forty-five million dollars in federal cost-share has been used in the previous bienniums and the remaining cost-share for projects has been identified as a potential state cost-share.
- d. Grand Forks flood control: A total of fifty-eight million five hundred thousand dollars in bond payments is anticipated.
- e. Devils Lake outlet: A total of fifteen million dollars in bond repayments.
- f. General projects: One hundred ninety-six million two hundred thousand dollars in local funds, one hundred thirty-eight million dollars in state funds, and twenty-five million eight hundred thousand dollars in federal funds.

SECTION 2. AMENDMENT. Subdivision d of subsection 5 of section 61-02-02 of the North Dakota Century Code is amended and reenacted as follows:

- d. All works for the conservation, control, development, storage, treatment, distribution, and utilization of water including, without limiting the generality of the foregoing subdivisions, works for the purpose of irrigation, flood control, watering stock, supplying water for public, domestic, industrial, and recreational use, fire protection, and the draining of lands injured or in danger of injury as a result of such water utilization.

SECTION 3. Chapter 61-02.1 of the North Dakota Century Code is created and enacted as follows:

61-02.1-01. Legislative findings and intent - Authority to issue bonds.

- 1. The legislative assembly finds that some cities suffered serious economic and social injuries due to the major flood disaster in 1997 and other recent floods and are at significant risk for future flooding; and that construction of flood control or reduction projects is necessary for the protection of health, property, and enterprises and for the promotion of prosperity and the general welfare of the people of the state and that construction of any such projects involves and requires the exercise of the sovereign powers of the state and concerns a public purpose. Therefore, it is declared necessary and in the public interest that the state by and through the state water commission assist in financing the costs of constructing flood control or reduction projects through the issuance of bonds.
- 2. The legislative assembly finds that continued construction of the southwest pipeline project is necessary for the protection of health, property, and enterprises and for the promotion of prosperity and the general welfare of the people of the state and that continued construction of the southwest pipeline project involves and requires the exercise of the sovereign powers of the state and concerns a public purpose. The legislative assembly also

finds that current funding for the southwest pipeline project has become uncertain, and therefore, it is declared necessary and in the public interest that the state by and through the state water commission assist in financing the costs of continued construction of the southwest pipeline project through the issuance of bonds.

3. The legislative assembly finds that the Devils Lake basin is suffering and facing a worsening flood disaster; and that construction of an outlet from Devils Lake is necessary for the protection of health, property, and enterprises and for the promotion of prosperity and the general welfare of the people of the state; and that construction of the outlet involves and requires the exercise of the sovereign powers of the state and concerns a public purpose. Therefore, it is declared necessary and in the public interest that an outlet from Devils Lake be constructed with financing from the state water commission to provide flood relief to the Devils Lake basin.
4. The legislative assembly finds that there is a critical need to develop a comprehensive statewide water development program to serve the long-term water resource needs of the state and its people and to protect the state's current usage of, and the state's claim to, its proper share of Missouri River water.
5. In furtherance of the public purpose set forth in subsection 1, the state water commission may issue bonds under chapter 61-02 and the proceeds are appropriated for flood control projects authorized and funded in part by the federal government and designed to provide permanent flood control or reduction to cities that suffered severe damages as a result of the 1997 flood or other recent floods. The commission may issue bonds for a flood control or reduction project only:
 - a. When:
 - (1) A flood control or reduction project involves a city that suffered catastrophic flood damage requiring evacuation of the major share of its populace;
 - (2) A flood control or reduction project includes interstate features and requires acquisition of private property to build permanent flood protection systems to comply with federal flood protection standards;
 - (3) The governing body of a city provides a written certification to the state water commission that the city has committed itself to contribute one-half or more of the North Dakota project sponsor's share of the nonfederal share of the cost to construct the project; and
 - (4) The United States army corps of engineers issues its approval of the flood control or reduction project;
 - b. When a flood control or reduction project in a city with a population as of the 1990 federal decennial census of at least eight thousand and not more than ten thousand has received significant federal funding through federal grants and funds from the United States army corps of engineers and the federal emergency management agency; or

- c. When a flood control or reduction project in a city with a population as of the 1990 federal decennial census of at least four thousand five hundred and not more than six thousand has at least seventy percent of the land within the boundaries of the city located within the one hundred year floodplain as designated on a flood insurance rate map and the United States army corps of engineers issues its approval of the flood control or reduction project.
6. In furtherance of the public purpose set forth in subsection 2, the state water commission may issue bonds under chapter 61-02 and the proceeds are appropriated for construction of the southwest pipeline project. The commission may only issue bonds under this chapter for continued construction of the southwest pipeline project when it is determined that the Perkins County water system will not make payment to the state water commission in the amount of four million five hundred thousand dollars or on January 1, 2000, whichever occurs earlier. If the Perkins County water system makes payment to the state water commission after January 1, 2000, the payment must be used to pay principal and interest on bonds issued for continued construction of the southwest pipeline project as provided in subsection 2 of section 61-02.1-04.
7. In furtherance of the public purposes set forth in subsections 3 and 4, the state water commission may issue bonds under chapter 61-02 to finance the cost of one or more of the projects identified in this subsection, provided that:
 - a. The state water commission may only issue bonds for construction of an outlet from Devils Lake when the United States authorizes construction of an outlet and either the state water commission or a federal agency has developed a plan addressing damage to basic infrastructure such as roads, culverts, and bridges; riverbank erosion; downstream flooding; and increased water treatment costs caused by or resulting from construction of the outlet.
 - b. The state water commission may only issue bonds to finance the nonfederal cost-share of the Garrison diversion unit when the Congress of the United States enacts legislation for the completion of the Garrison diversion unit, which may include the delivery of water to the northwest area water supply project; southwest pipeline project; Turtle Lake irrigation district; Nesson-Valley irrigation district; Elk Charbon irrigation district; the Williston irrigation project; the Oakes irrigation project; other irrigation, municipal, rural, and industrial water supply projects; augmented streamflow and ground water recharge projects; development of a Red River valley water supply; and delivery of Missouri River water to the Sheyenne River.
8. This chapter does not affect the state water commission's authority to otherwise issue bonds pursuant to chapter 61-02 or 61-24.3-01.
9. Notwithstanding this section, the state water commission may not issue bonds under subsection 5 or subdivision a of subsection 7 for a project unless that project has received federal funds.

61-02.1-02. Bond issuance amount limited.

1. The state water commission bonds issued for flood control or reduction projects meeting the requirements of subdivision a of subsection 5 of

section 61-02.1-01 may not exceed forty-five percent and bonds issued for flood control or reduction projects meeting the requirements of subdivision b or c of subsection 5 of section 61-02.1-01 may not exceed one-half of the North Dakota project sponsor's share of the nonfederal share of the cost to construct the flood control or reduction project or, in the aggregate, sixty million three hundred thousand dollars plus the costs of issuance of the bonds, capitalized interest, and reasonably required reserves, whichever is less. Of the sixty million three hundred thousand dollars authorized in this subsection for flood control or reduction projects under subsection 5 of section 61-02.1-01, fifty-two million dollars must be allocated for flood control or reduction projects meeting the requirements of subdivision a of subsection 5 of section 61-02.1-01, three million five hundred thousand dollars must be allocated for flood control or reduction projects meeting the requirements of subdivision b of subsection 5 of section 61-02.1-01, and four million eight hundred thousand dollars must be allocated for flood control or reduction projects meeting the requirements of subdivision c of subsection 5 of section 61-02.1-01.

2. The state water commission bonds issued under subsection 6 of section 61-02.1-01 for continued construction of the southwest pipeline project may not exceed, in the aggregate, four million five hundred thousand dollars plus the costs of issuance of the bonds, capitalized interest, and reasonably required reserves.
3. The state water commission bonds issued under subsection 7 of section 61-02.1-01 for the Devils Lake outlet or other projects listed in subdivision b of subsection 7 of section 61-02.1-01 may not exceed, in the aggregate, twenty million dollars, plus the costs of issuance of the bonds, capitalized interest, and reasonably required reserves. The state water commission may use all or part of the proceeds of bonds issued as provided in subsection 7 of section 61-02.1-01 and the proceeds are appropriated to match, in a ratio no greater than required by the federal government, any federal funds available for the projects identified in subsection 7 of section 61-02.1-01. The commission may require any political subdivision affected by Devils Lake flooding to participate in the cost of construction of an outlet from Devils Lake by providing matching funds in a percentage of the construction costs determined by the commission to be reasonable in light of the benefits to be received by that political subdivision in relation to benefits received by all benefited political subdivisions. Any local matching fund requirement must be determined by the commission and the affected political subdivisions must be informed of their matching fund obligation prior to issuance of bonds pursuant to this chapter.

61-02.1-03. Limitation of action. An action may not be brought or maintained in any court in this state questioning the validity of any bonds issued under this chapter unless the action is commenced within thirty days after the adoption of the resolution of the state water commission authorizing the sale of the bonds. The state water commission may commence a special proceeding any time after the effective date of this chapter in and by which the constitutionality and validity of the bonds to be issued pursuant to this chapter may be judicially examined, approved and confirmed, or disapproved and disaffirmed. Proceedings must comply as nearly as possible with the procedure required for declaratory judgment proceedings.

61-02.1-04. Bonds payable from appropriations and other revenues.

1. Principal and interest on bonds issued for flood control or reduction projects under this chapter are payable from transfers to be made and appropriated by the legislative assembly from the resources trust fund as provided in section 5 of this Act, from transfers to be made and appropriated by the legislative assembly from the first available current biennial earnings of the Bank of North Dakota prorated with any other bonds payable from transfers to be made and appropriated by the legislative assembly from the available current biennial earnings of the Bank of North Dakota, to be credited by the trustee to the fund established for paying principal and interest on the bonds under a trust indenture, or from appropriations of other available revenues in the then current biennium, and any other revenues the state water commission makes available during the then current biennium for that purpose, including any federal moneys received by the state for the construction of flood control or reduction projects to pay bonds issued for that project.
2. Principal and interest on bonds issued for continued construction of the southwest pipeline project are payable from transfers to be made and appropriated by the legislative assembly from the resources trust fund as provided in section 5 of this Act, from transfers to be made and appropriated by the legislative assembly from the available current biennial earnings of the Bank of North Dakota prorated with any other bonds payable from transfers to be made and appropriated by the legislative assembly from the available current biennial earnings of the Bank of North Dakota, to be credited by the trustee to the fund established for paying principal and interest on the bonds under a trust indenture, from appropriations of other available revenues in the then current biennium, or from payment from the Perkins County rural water system, and any other revenues the state water commission makes available during the then current biennium for that purpose, including any federal moneys received by the state for the construction of the southwest pipeline project to pay bonds issued for the project.
3. Principal and interest on bonds issued under subsection 7 of section 61-02.1-01 are payable from transfers to be made and appropriated by the legislative assembly from the resources trust fund as provided in section 5 of this Act, from transfers to be made and appropriated by the legislative assembly from the first available current biennial earnings of the Bank of North Dakota prorated with any other bonds payable from transfers to be made and appropriated by the legislative assembly from the first available current biennial earnings of the Bank of North Dakota, to be credited by the trustee to the fund established for paying principal and interest on the bonds pursuant to a trust indenture, or from appropriations of other available revenues in the then current biennium, and any other revenues the state water commission makes available during the then current biennium for that purpose, including any federal moneys received by the state for the construction of an outlet to Devils Lake to pay bonds issued for that project, or financing a statewide water development program to pay bonds issued for that project.
4. Obligations issued under this chapter do not constitute a debt, liability, or obligation of the state of North Dakota or a pledge of the faith and credit of the state of North Dakota, but are payable solely from the sources as described in this chapter.
5. The state water commission shall include in its submission to the governor for inclusion by the governor in the biennial executive budget of the state

for each year of the respective biennium during the term of any bonds issued under this chapter an amount fully sufficient to pay the principal and interest required to be paid in each year of the biennium, if any, from moneys from nongeneral fund sources. Provided, that should the governor not include in the executive budget for any reason the amounts required to be included by this section, the state water commission shall request independently that the legislative assembly amend the executive budget appropriation so as to include the amounts.

SECTION 4. CORPORATE CENTER - CONTRACT TO PLEDGE REVENUES. Before the issuance of any bonds for any flood control or reduction project in Grand Forks under chapter 61-02.1, the state water commission shall require a contract be entered with the city of Grand Forks pledging revenue from the corporate center in that city as follows:

1. After all moneys pledged for the repayment of revenue bonds for the corporate center project have been paid, the city must pledge revenue from the project to the resources trust fund as repayment for the flood control or reduction project to facilitate economic development in this state. This contract must be in compliance with all applicable federal requirements.
2. If the corporate center is sold, the city must pledge the proceeds of the sale to the resources trust fund as repayment for the flood control or reduction project to facilitate economic development in this state. The corporate center may not be sold without the prior approval of the budget section of the legislative council.
3. The revenue to be pledged must be in amounts similar to the amounts previously dedicated each year for the repayment of the revenue bonds.
4. The period during which revenue must be pledged under this section is from the date of the final payment of the revenue bonds until the end of the projected life of the corporate center, which must be not less than forty years from the date of initial occupancy.
5. Any refinancing of debt or any improvements to the corporate center requiring the incurring of indebtedness cannot be entered without prior approval of the budget section of the legislative council.

SECTION 5. ALLOCATION OF TOBACCO SETTLEMENT FUNDS. Forty-five percent of any funds received by the state pursuant to the 1998 settlement agreement with tobacco product manufacturers, or any successor agreement, must be deposited in the resources trust fund for use in paying for bonds issued under section 3 of this Act and for other water projects.

SECTION 6. LEGISLATIVE INTENT. It is the intent of the fifty-sixth legislative assembly that a total of six million dollars of funding be provided to the state water commission for the southwest pipeline project through a combination of funding sources. The potential funding source must include payment from the Perkins County rural water system, bonds issued by the state water commission, or other available resources.

SECTION 7. EFFECTIVE DATE. The authority of the commission to issue bonds under subsection 2 of section 61-02.1-01 becomes effective on the date the state engineer certifies to the state water commission that the Perkins County water

system will not make a payment to the state water commission in the amount of four million five hundred thousand dollars or January 1, 2000, whichever occurs earlier.

SECTION 8. REPORTS TO LEGISLATIVE COUNCIL - COMPREHENSIVE STATEWIDE WATER DEVELOPMENT PROGRAM AND STATE WATER MANAGEMENT PLAN IMPLEMENTATION - BOND ISSUANCE. The state engineer shall report periodically to the budget section and to any other interim committee designated by the legislative council regarding implementation of the comprehensive statewide water development program and state water management plan and the issuance of bonds to finance construction of flood control projects, the southwest pipeline project, a Devils Lake outlet, and a statewide water development program during the 1999-2000 interim.

SECTION 9. EXPIRATION DATE. The authority of the commission to issue bonds under chapter 61-02.1 is effective through June 30, 2001, and after that date is ineffective.

SECTION 10. EMERGENCY. This Act is declared to be an emergency measure."

Renumber accordingly

1999 HOUSE NATURAL RESOURCES
SB 2188

1999 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. 2188

House Natural Resources Committee

Conference Committee

Hearing Date 3/11/99

Tape Number	Side A	Side B	Meter #
1	x	x	0.0-end 0.0-end
2	x	x	0.0-end 0.0-end
3	x		0.0-22.6
Committee Clerk Signature <i>Robin L. Small</i>			

Minutes: The committee hearing was called to order by REP. GROSZ. GROSZ made some announcements to the committee and then proceeded on.

SEN. NETHING introduces the bill. SEE HANDOUT.

REP. GROSZ comments on the obligations that are an issue. GROSZ and NETHING discuss the cost of the projects. GROSZ asks where does the other 200-250 million coming from. NETHING replies that it will come from the oil allocation. SEN. NETHING talks about page one to the committee. Discusses it into further depth.

REP. LUNDGREN asks what are the annual profits from the Bank of North Dakota? NETHING replies that it is around forty eight million dollars.

REP. SOLBERG talks about priority projects and what are projects, defined. NETHING replies with what projects are said to be in the bill that will be directly effected with this legislation.

Page 2

House Natural Resources Committee

Bill/Resolution Number 2188.lwp

Hearing Date 3/11/99

REP. PORTER asks about default or bankruptcy, who will pay the money back say if Grand Forks goes belly up. NETHING replies that no money will be paid back.

REP. NELSON asks what would happen if the tobacco money would not come through?

NETHING replies that the Bank of North Dakota would profit. NELSON asks about Perkin's County and if they are current. NETHING replies that they are waiting for a federal payoff.

SUPPORT

SEN. TRAYNOR. SEE HANDOUT. He also did a slide presentation to the committee.

NO QUESTIONS.

SUPPORT

SEN. NELSON, THE MAJORITY LEADER, talks about the misquotation of it being called a massive piece of pork. Discusses revenues and bad water around the state.

NO QUESTIONS.

SUPPORT

DAVID SPRYNCZYNATYK, STATE ENGINEER OF THE WATER COMMISSION. SEE HANDOUT.

REP. GROSZ asks how much money is in the resource trust fund? DAVID replies that there is about seven million dollars. GROSZ asks what are the Canadians thinking about all this, and how are the talks going with them? DAVID replies that they are difficult, they don't want to see water spilt over to the Sheyenne River, they are concerned with water quality issues.

REP. HANSON asks about the seven pumps that were purchased by the state to pump water out, what happened to them. DAVID replies that they started to proceed with it but then it rose and a channel was dug and gravity lets it flow now.

REP. PORTER asks what are the state's participation the projects? DAVID replies that he does not have those numbers in front of him

SUPPORT

MAYOR PATRICIA OWENS of GRAND FORKS. SEE HANDOUT.

REP. NELSON asks what's happening with East Grand Forks? OWENS replies that they are working on a 350 million dollar project.

REP. MARTINSON asks about the new center in Grand Forks, and some bonding issues.

OWENS then refers some of the questions to JOHN SCHMISEK. OWENS then talks about how many homes had to be bought out or either replaced. REP. PORTER asks about the hockey arena. OWENS states that the hockey arena money was strictly donated to only be used for the hockey arena.

REP. NELSON states to the hearing that some people in Grand Forks are opposed to this bill.

REP. LUNDGREN asks at what point in the flood of 1997 did they find out that they needed to leave. OWENS replied that only 24 hours before hand, and all of their resource were under water. LUNDGREN asks about the bonds that were sold for the new center, OWENS replies that the bonds were sold before the flood in Feb. of 1997.

REP. GROSZ asks what is the flood stage level in Grand Forks. OWENS replies that it is 28 feet, but it can protect up to 50 feet.

SUPPORT

FRED STARK, MAYOR OF GRAFTON, ND. SEE HANDOUT.

REP. NELSON discusses some of the dike projects.

SUPPORT

CONNIE SPRYNCZYNATYK, NORTH DAKOTA LEAGUE OF CITIES. SEE HANDOUT.

REP. LUNDGREN states that she has been emailed a lot, with animosity towards the bill.

CONNIE replies that the state policy makers have to stand back and take a broader look at things.

The committee then recessed for awhile.

SUPPORT

JOE BELFORD, DEVILS LAKE. SEE HANDOUT.

REP. GROSZ asks about the bill for bonding the Devils Lake, what 's been the hold up.

BELFORD replies that it has to meet the water quality.

REP. HENEGAR comments about some rumors that run off of one place is going to be drained into another, such as a certain coulee.

SUPPORT

DENNIS HILL, EXECUTIVE VICE PRES. & GEN. MGR. ND ASSOC. OF RURAL ELECTRIC COOPERATIVES & ND WATER COALITION CHAIRMAN. SEE HANDOUT.

NO QUESTIONS.

SUPPORT

DON FLYNN, SOUTHWEST WATER AUTHORITY. FLYNN provided the committee with many colored maps of the projects that have been completed in his area.

REP. NELSON talks about the bonding for that area of the state.

SUPPORT

REP. DORSO. SEE AMENDMENTS. DORSO goes on to explain the amendments to the committee. They are quite lengthy ones.

REP. NOTTESTAD asks DORSO if he can get a sample of the engrossed bill with DORSO'S amendments already in it. So then it would be easier to see them in the bill. DORSO replies that would be no problem.

REP. HENEGAR then requests DAVE to tell the committee about Stump Lake Outlet.

HENEGAR asks who is testing the water quality. DAVE replies that the US Geological Survey, the State Health Dept. and the Corps. of Engineers.

REP. SOLBERG asks if any agricultural land will be effected by the spill off. DAVE replies that yes there is.

SUPPORT

MATT IVERSON, ND IRRIGATION CAUCUS. SEE HANDOUT.

NO QUESTIONS.

SUPPORT

JEFF VOLK, SHEYENNE RIVER FLOOD CONTROL. SEE HANDOUT. He urges a DO PASS.

REP. SANDVIG asks if the Maple Dam has been approved. VOLK replies that no it has not.

SANDVIG asks how many families will be flooded by that. VOLK replies that one family and some farm land. SANDVIG asks about the historical Indian sites and will there be damage done to them. VOLK replies that the proclamation agreement is in place and they are on very high ground.

SUPPORT

JAMES MCLAUGHLIN, RED RIVER JOINT BOARD. SEE HANDOUT.

REP. NELSON discusses the issues of the Canadians with MCLAUGHLIN.

SUPPORT

ANDY MORK, ND WATER RESOURCES DISTRICT & MORTON COUNTY WATER RESOURCES BOARD. SEE HANDOUT.

NO QUESTIONS.

SUPPORT

ARDEN HANER, WARD COUNTY WBB. HANER speaks to the committee that a project should not be started with a bond. No way! Devils Lake is critical, the SW pipeline is needed, water looks like oil down there. Cattle won't even drink it. There needs to be something done.

NO QUESTIONS.

SUPPORT

JUNE HERMAN, AMERICAN HEART ASSOC. SEE HANDOUT. SEE AMENDMENTS.

REP. NELSON asks about the chips program.

SUPPORT

REP. SVEDJAN, introduces some amendments. SEE AMENDMENTS. SEE HANDOUT.

NO QUESTIONS.

SUSAN KAHLER, AMERICAN LUNG ASSOC. SEE HANDOUT. SEE AMENDMENT. She urges the committee to accept the amendment.

NO QUESTIONS.

OPPOSE

ANDREW VARVEL, SELF. SEE HANDOUT.

NO QUESTIONS.

The hearing was then closed being there was no further testimony.

1999 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. 2188 A

House Natural Resources Committee

Conference Committee

Hearing Date 3/18/99

Tape Number	Side A	Side B	Meter #
1	x		10.2-end
1		x	0.0-24.8
Committee Clerk Signature <i>Robin L. Small</i>			

Minutes: REP. GROSZ called the meeting to order. GROSZ then hands out an amendment to the bill. GROSZ then explains the amendment to the committee.

GENERAL DISCUSSION.

JOE BELFORD, DEVILS LAKE.

REP. HANSON would like the drainage out of Stump Lake to be talked about. REP. HENEGAR addresses the issue. HANSON asks how much land will be inundated from this spill over.

BELFORD replies that it will be 7,000 acres.

JEFF NELSON, LEGISLATIVE COUNCIL.

NELSON is in committee to tell the members about GROSZ'S amendments and further explain them.

REP. SOLBERG asks to have general projects explained. NELSON replies that they are any other projects that the Water Commission has.

REP. HANSON asks what is the total dollar amount that will be bonded? NELSON replies that it is \$59 million. DAVE SPRYNZYNATYK corrects GROSZ and says that it will still be \$84 million.

JEFF NELSON then keeps speaking about the amendment to the committee.

REP. SOLBERG asks with these amendments would that then prioritize the projects and what about the maybe agenda. The federal level would then change this drastically. DAVE replies that is a good way of describing the bill.

REP. GROSZ then asks about the Perkin's County situation. DAVE then describes the clarity of that project. Also Elgin, Carson, and New Leipzig ; Southwest pipeline is waiting for \$4.5 million dollars.

REP. HENEGAR asks about WEBB Water. DAVE replies that it is completely disconnected.

REP. MARTINSON asks what is the fall back if the settlement from the tobacco does not come through? DAVE answers that the profits from the Bank of North Dakota will take over for the funds.

REP. SOLBERG asks if the amount of \$84.8 million dollars is what would be authorized?

DAVE replies about that much.

REP. GROSZ then comments to the committee that he does not want to see the Bank of North Dakota's profits tied up.

REP. NOTTESTAD asks how would we cap the money? GROSZ replies in another bill.

Minor discussion amongst themselves then the meeting was closed by REP. GROSZ.

1999 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. 2188 B

House Natural Resources Committee

Conference Committee

Hearing Date 3/19/99

Tape Number	Side A	Side B	Meter #
1	x		0.0-end
1		x	0.0-26.4
Committee Clerk Signature <i>Robin D. Small</i>			

Minutes: The committee work meeting was called to order by REP. GROSZ. GROSZ started the discussion with his amendments. REP. NELSON then moves to accept the amendments, seconded by REP. DEKREY. (AMENDMENT .0206) The voice vote PASSES.

REP. DROVDAL then moves on page 9 of the amendment, take out “does” all the way to the word “and”. (Most of all line 22) Seconded by REP. PORTER. The voice vote PASSES.

GENERAL DISCUSSION

JULIE A. KRENZ, STATE WATER COMMISSION , then defines the their amendments. REP. DROVDAL moves to accept the water commission’s amendments, seconded by REP. DEKREY. The voice vote PASSES.

HEIDI HEITKAMP, ATTORNEY GENERAL, then speaks on behalf of the American Heart Assoc. amendment. She states that it is a conservative amendment.

REP. GROSZ states to the committee that he doesn't want to see this bill loaded down. He states that a cap is not needed. This bill only says that we will get \$84 million.

REP. S. KELSH moves to accept the American Heart Assoc. amendments, seconded by REP.

SOLBERG. The roll call vote was taken with 9 YES, 5 NO, 1 ABSENT. The motion carries.

The committee then took a break.

The committee reopened the meeting later that afternoon.

SEN. TRAYNOR addressed the committee with some new language to be adopted to GROSZ'S amendment. REP. DEKREY moved to accept TRAYNOR'S amendment, seconded by REP.

NELSON. The voice vote was taken and PASSED.

REP. DROVDAL then motioned to reconsider the American Heart Assoc. amendment, seconded by REP. DEKREY. GROSZ moved for a voice vote, which did pass. REP. LUNDGREN then asks for a roll call vote to be taken. 8 YES, 6 NO, 1 ABSENT. The motion carries.

REP. PORTER moves an amendment to change 45 to 35 in the amendment. Seconded by REP.

DEKREY. The voice vote PASSES.

REP. PORTER then moves for a DO PASS AS AMENDED AND REREFER TO

APPROPRIATIONS. Seconded by REP. MARTINSON. The roll call vote was taken with 11

YES, 3 NO, 1 ABSENT. The motion carries. The CARRIER of the bill is REP. GROSZ.

Date: 3.19.99
 Roll Call Vote #: 1

1999 HOUSE STANDING COMMITTEE ROLL CALL VOTES
 BILL/RESOLUTION NO. 2188

House House Natural Resources Committee

Subcommittee on _____
 or
 Conference Committee

Legislative Council Amendment Number _____

Action Taken 0200 Accept the Amendment

Motion Made By Nelson Seconded By DeKrey

Representatives	Yes	No	Representatives	Yes	No
Chairman Mick Grosz					
Vice-Chairman Dale Henegar					
Representative David Drovda					
Representative Pat Galvin					
Representative Duane DeKrey					
Rep. Darrell D. Nottestad					
Representative Jon O. Nelson					
Representative Byron Clark					
Representative Todd Porter					
Representative Jon Martinson					
Representative Lyle Hanson					
Representative Scot Kelsh					
Representative Deb Lundgren					
Representative Sally M. Sandvig					
Representative Dorvan Solberg					

voice carries

Total (Yes) _____ No _____

Absent _____

Floor Assignment _____

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

Date: 3.19.99
 Roll Call Vote #: 2

1999 HOUSE STANDING COMMITTEE ROLL CALL VOTES
 BILL/RESOLUTION NO. 2/88

House House Natural Resources Committee

Subcommittee on _____
 or
 Conference Committee

Legislative Council Amendment Number 0206

Action Taken Accept the amendment: take out @ system "does - pg 9 line 22 and,"

Motion Made By Drovdal Seconded By Porter

Representatives	Yes	No	Representatives	Yes	No
Chairman Mick Grosz					
Vice-Chairman Dale Henegar					
Representative David Drovdal					
Representative Pat Galvin					
Representative Duane DeKrey					
Rep. Darrell D. Nottestad					
Representative Jon O. Nelson					
Representative Byron Clark					
Representative Todd Porter					
Representative Jon Martinson					
Representative Lyle Hanson					
Representative Scot Kelsh					
Representative Deb Lundgren					
Representative Sally M. Sandvig					
Representative Dorvan Solberg					

*Vote
 Passes*

Total (Yes) _____ No _____

Absent _____

Floor Assignment _____

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

Passed - As is
2

Prepared by the State Water Commission
March 19, 1999

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2188

Page 6, line 24, replace "payments" with "repayments"

Page 8, line 16, after "floods" insert "and to repay the line of credit extended to the state water commission under section 4 of this Act"

Page 9, line 14, after "project" insert "and to repay the line of credit extended to the state water commission under section 4 of this Act"

Page 10, line 13, after "bonds" insert "authorized"

Page 10, line 14, after "unless" insert "federal funds have been appropriated for"

Page 10, line 15, delete "has received federal funds"

Page 11, line 3, replace "under" with "as provided in"

Page 11, line 7, replace "under" with "as provided in"

Page 11, line 15, after "61-02.1-01" insert "and to repay the line of credit extended to the state water commission under section 4 of this Act"

Page 11, line 25, replace "under" with "as provided in"

Page 12, line 2, replace "under" with "as provided in"

Page 13, line 13, replace "under" with "as provided in"

Page 13, line 18, replace "under" with "as provided in"

Page 13, line 27, replace "under" with "as provided in"

Page 14, line 3, after "is" insert "voluntarily" and after "sale" insert ", subject to the rights of bondholders,"

Page 14, line 5, after "be" insert "voluntarily"

Page 14, line 19, replace "under" with "as provided in"

Page 14, line 20, after the period insert “Any funds from the settlement agreement deposited in the resources trust fund, and earnings on those funds, must be accounted for separately from any other funds in the resources trust fund.”

Page 14, line 27, replace “under” with “as provided in”

Page 15, line 10, replace “under” with “as provided in” and after “ineffective” insert “provided, however, that the commission may continue to exercise all other powers granted to it under this Act and to comply with any covenants entered into pursuant to this Act”

Renumber accordingly

Date: 3.19.99
Roll Call Vote #: 3

1999 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2188

House House Natural Resources Committee

Subcommittee on _____
or
 Conference Committee

Legislative Council Amendment Number _____

Action Taken Amendments from the State Water Comm.

Motion Made By Arvidal Seconded By DeKrey

Representatives	Yes	No	Representatives	Yes	No
Chairman Mick Grosz					
Vice-Chairman Dale Henegar					
Representative David Drovdal					
Representative Pat Galvin					
Representative Duane DeKrey					
Rep. Darrell D. Nottestad					
Representative Jon O. Nelson					
Representative Byron Clark					
Representative Todd Porter					
Representative Jon Martinson					
Representative Lyle Hanson					
Representative Scot Kelsh					
Representative Deb Lundgren					
Representative Sally M. Sandvig					
Representative Dorvan Solberg					

voice carries

Total (Yes) _____ No _____

Absent _____

Floor Assignment _____

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

Date: 3.19.99
 Roll Call Vote #: 4

1999 HOUSE STANDING COMMITTEE ROLL CALL VOTES
 BILL/RESOLUTION NO. 2188

House House Natural Resources Committee

Subcommittee on _____
 or
 Conference Committee

Legislative Council Amendment Number _____

Action Taken accept the... American Heart Assoc. Amendment

Motion Made By S. Kelsh Seconded By Solberg

Representatives	Yes	No	Representatives	Yes	No
Chairman Mick Grosz		✓			
Vice-Chairman Dale Henegar					
Representative David Drovdal	✓				
Representative Pat Galvin	✓				
Representative Duane DeKrey		✓			
Rep. Darrell D. Nottestad		✓			
Representative Jon O. Nelson		✓			
Representative Byron Clark		✓			
Representative Todd Porter	✓				
Representative Jon Martinson	✓				
Representative Lyle Hanson	✓				
Representative Scot Kelsh	✓				
Representative Deb Lundgren	✓				
Representative Sally M. Sandvig	✓				
Representative Dorvan Solberg	✓				

Total (Yes) 9 No 5

Absent 1

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

Date: 3.19.99
 Roll Call Vote #: 5

1999 HOUSE STANDING COMMITTEE ROLL CALL VOTES
 BILL/RESOLUTION NO. 2188

House House Natural Resources Committee

Subcommittee on _____
 or
 Conference Committee

Legislative Council Amendment Number _____

Action Taken accept the Hayden Amendment

Motion Made By DeKrey Seconded By Nelson

Representatives	Yes	No	Representatives	Yes	No
Chairman Mick Grosz					
Vice-Chairman Dale Henegar					
Representative David Drovdal					
Representative Pat Galvin					
Representative Duane DeKrey					
Rep. Darrell D. Nottestad					
Representative Jon O. Nelson					
Representative Byron Clark					
Representative Todd Porter					
Representative Jon Martinson					
Representative Lyle Hanson					
Representative Scot Kelsh					
Representative Deb Lundgren					
Representative Sally M. Sandvig					
Representative Dorvan Solberg					

voice carries

Total (Yes) _____ No _____

Absent _____

Floor Assignment _____

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

Date: 3.19.99
 Roll Call Vote #: 6

1999 HOUSE STANDING COMMITTEE ROLL CALL VOTES
 BILL/RESOLUTION NO. 2188

House House Natural Resources Committee

Subcommittee on _____
 or
 Conference Committee

Legislative Council Amendment Number _____

Action Taken Reconsider the American Heart Assoc. Amend.

Motion Made By Drovdal Seconded By DeKrey

Representatives	Yes	No	Representatives	Yes	No
Chairman Mick Grosz	✓				
Vice-Chairman Dale Henegar					
Representative David Drovdal	✓				
Representative Pat Galvin	✓				
Representative Duane DeKrey	✓				
Rep. Darrell D. Nottestad	✓				
Representative Jon O. Nelson	✓				
Representative Byron Clark	✓				
Representative Todd Porter	✓				
Representative Jon Martinson		✓			
Representative Lyle Hanson		✓			
Representative Scot Kelsh		✓			
Representative Deb Lundgren		✓			
Representative Sally M. Sandvig		✓			
Representative Dorvan Solberg		✓			

Total (Yes) 8 No 6

Absent 1

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

Date: 3.19.99
 Roll Call Vote #: 7

1999 HOUSE STANDING COMMITTEE ROLL CALL VOTES
 BILL/RESOLUTION NO. 2188

House House Natural Resources Committee

Subcommittee on _____
 or
 Conference Committee

Legislative Council Amendment Number _____

Action Taken pg. 14 .0200 Change 45 to 35

Motion Made By Porter Seconded By DeKrey

Representatives	Yes	No	Representatives	Yes	No
Chairman Mick Grosz					
Vice-Chairman Dale Henegar					
Representative David Drovdal					
Representative Pat Galvin					
Representative Duane DeKrey					
Rep. Darrell D. Nottestad					
Representative Jon O. Nelson					
Representative Byron Clark					
Representative Todd Porter					
Representative Jon Martinson					
Representative Lyle Hanson					
Representative Scot Kelsh					
Representative Deb Lundgren					
Representative Sally M. Sandvig					
Representative Dorvan Solberg					

voice carries

Total (Yes) _____ No _____

Absent _____

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

Date: 3.19.99
 Roll Call Vote #: 8

1999 HOUSE STANDING COMMITTEE ROLL CALL VOTES
 BILL/RESOLUTION NO. 2188

House House Natural Resources Committee

Subcommittee on _____
 or
 Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Pass as Amended Refer to Appropriations

Motion Made By Porter Seconded By Martinson

Representatives	Yes	No	Representatives	Yes	No
Chairman Mick Grosz	✓				
Vice-Chairman Dale Henegar					
Representative David Drovdal	✓				
Representative Pat Galvin	✓				
Representative Duane DeKrey	✓				
Rep. Darrell D. Nottestad	✓				
Representative Jon O. Nelson	✓				
Representative Byron Clark		✓			
Representative Todd Porter	✓				
Representative Jon Martinson	✓				
Representative Lyle Hanson	✓				
Representative Scot Kelsh	✓				
Representative Deb Lundgren		✓			
Representative Sally M. Sandvig		✓			
Representative Dorvan Solberg	✓				

Total (Yes) 11 No 3

Absent 1

Floor Assignment Gross

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

REPORT OF STANDING COMMITTEE

SB 2188, as engrossed: Natural Resources Committee (Rep. Grosz, Chairman) recommends AMENDMENTS AS FOLLOWS and when so amended, recommends DO PASS and BE REREFERRED to the Appropriations Committee (11 YEAS, 3 NAYS, 1 ABSENT AND NOT VOTING). Engrossed SB 2188 was placed on the Sixth order on the calendar.

Page 1, line 8, after "council" insert "; to provide for development of a statewide water development program"

Page 1, line 13, replace "is committed to" with "will support to the extent funds are available from the resources trust fund"

Page 1, line 17, replace "is committed to" with "will support"

Page 2, line 2, after "repayment" insert "of the total principal, interest, and cost of issuance of the bonds"

Page 2, line 10, replace "will" with "or so much of the total cost-share that is required may" and replace "local" with "loan"

Page 2, line 13, after "outlet" insert "to Sheyenne River and to west Stump Lake"

Page 2, line 18, after the underscored period insert "Before bonds may be issued for a Devils Lake outlet, construction of the outlet must be approved by the state water commission and the federal government must have agreed to participate in construction of the outlet."

Page 2, remove lines 19 through 21

Page 3, line 15, after "outlet" insert "to Sheyenne River and to west Stump Lake"

Page 3, line 17, replace "Twenty-four" with "Thirty-one", after the first "million" insert "seven hundred thousand", and replace "eighteen" with "twenty-five"

Page 3, line 18, replace "four" with "nine", replace the first "five" with "thirty-nine", and replace the second "five" with "eight"

Page 4, line 6, after "outlet" insert "to Sheyenne River and to west Stump Lake"

Page 4, line 28, after "outlet" insert "to Sheyenne River and to west Stump Lake"

Page 5, line 17, after "outlet" insert "to Sheyenne River and to west Stump Lake"

Page 6, line 6, after "outlet" insert "to Sheyenne River and to west Stump Lake"

Page 6, line 24, replace "payments" with "repayments"

Page 6, line 25, after "outlet" insert "to Sheyenne River and to west Stump Lake"

Page 6, line 26, replace "One hundred ninety-six" with "Two hundred twenty"

Page 6, line 27, replace "thirty-eight" with "fifty-six" and after "million" insert "four hundred thousand"

Page 6, line 28, replace "twenty-five" with "thirty-four" and replace "eight" with "three"

Page 7, line 20, remove "The legislative assembly finds that continued construction of the southwest"

Page 7, remove lines 21 through 29

Page 7, line 30, remove "3."

Page 8, line 8, replace "4" with "3"

Page 8, line 12, replace "5" with "4"

Page 8, line 16, after "floods" insert "and to repay the line of credit extended to the state water commission under section 4 of this Act"

Page 8, line 28, remove "and"

Page 8, after line 30, insert:

- "(5) A project cooperation agreement, which contains provisions acceptable to the state engineer and is approved by the governor, is entered by the state of Minnesota or one of its political subdivisions in which the flood control or reduction project is to be constructed;
- (6) A project cooperation agreement, which contains provisions acceptable to the state engineer and is approved by the governor, is entered by the state or one of its political subdivisions in which the flood control or reduction project is to be constructed;
- (7) The governing body of the city has approved a financing plan for all amounts of the nonfederal share of a flood control or reduction project in excess of the amounts to be paid by the state;
- (8) That no order for injunctive relief has been issued by a court of competent jurisdiction enjoining construction of the flood control or reduction project; and
- (9) That the flood control or reduction project is designed to be cost-effective and that any impact on residential neighborhoods is minimized in an amount reasonably practicable as determined by the state engineer and approved by the governor;"

Page 9, line 12, replace "6" with "5" and replace "In furtherance of the public purpose set forth in subsection 2, the" with "The"

Page 9, line 14, after "project" insert "and to repay the line of credit extended to the state water commission under section 4 of this Act"

Page 9, line 22, after the underscored period insert "If the Perkins County water system does not make payment to the state water commission, no benefits may accrue to the Perkins County water system."

Page 9, line 23, replace "7" with "6", replace "3" with "2", and replace "4" with "3"

Page 9, line 26, after the underscored period insert "(1)"

Page 9, after line 31, insert:

- "(2) The state water commission or the project sponsor must sign a project cooperation agreement with the United States army corps of engineers;
- (3) The outlet from Devils Lake to west Stump Lake must comply with any environmental impact statement or National Environmental Policy Act provisions required under federal law; and
- (4) Bonds may not be issued if an order for injunctive relief has been issued by a court of competent jurisdiction enjoining construction of an outlet from Devils Lake to the Sheyenne River or to west Stump Lake."

Page 10, line 11, replace "8" with "7"

Page 10, line 13, replace "9" with "8" and after "bonds" insert "authorized"

Page 10, line 14, replace "5" with "4", replace "7" with "6", and after "unless" insert "federal funds have been appropriated for"

Page 10, line 15, remove "has received federal funds"

Page 10, after line 15, insert:

- 9. Notwithstanding this section, if bonds are issued under this chapter, any bonds subsequently issued after the first issuance must meet the same conditions as the bonds initially issued.
- 10. Notwithstanding this section, the state water commission may not issue bonds under this chapter unless the local project sponsor has agreed to repay the local project sponsor's share of any bonds issued for the entire nonfederal share of the cost of a project."

Page 10, line 18, replace "5" with "4"

Page 10, line 20, replace "5" with "4"

Page 10, line 26, replace "5" with "4"

Page 10, line 28, replace "5" with "4"

Page 10, line 31, replace "5" with "4"

Page 11, line 2, replace "5" with "4"

Page 11, line 3, replace "under" with "as provided in" and replace "6" with "5"

Page 11, line 7, replace "under" with "as provided in" and replace "7" with "6"

Page 11, line 8, replace "the" with "a" and after "outlet" insert "to the Sheyenne River and to west Stump Lake"

Page 11, line 9, replace "7" with "6"

Page 11, line 12, replace "7" with "6"

Page 11, line 15, replace "7" with "6" and after "61-02.1-01" insert "and to repay the line of credit extended to the state water commission under section 4 of this Act"

Page 11, line 17, after "Lake" insert "to the Sheyenne River and to west Stump Lake"

Page 11, after line 23, insert:

"4. For any project that requires federal participation, the state water commission may issue bonds equal to the estimated project costs less any local participation. If the state water commission issues bonds for both the state and local cost-share, an agreement for the local repayment of the local cost-share must be a part of an agreement between the state water commission and the local project sponsor to issue bonds for the nonfederal share."

Page 11, line 25, replace "under" with "as provided in"

Page 12, line 2, replace "under" with "as provided in"

Page 12, line 4, replace "5" with "6"

Page 12, line 5, remove "from transfers to be made and appropriated by the legislative assembly from"

Page 12, remove lines 6 through 9

Page 12, line 10, remove "principal and interest on the bonds under a trust indenture, or"

Page 12, line 11, after "and" insert "from"

Page 12, line 18, replace "5" with "6"

Page 12, line 19, remove "from transfers to be made and appropriated by the legislative assembly from"

Page 12, remove lines 20 through 23

Page 12, line 24, remove "principal and interest on the bonds under a trust indenture,"

Page 12, line 30, replace "7" with "6"

Page 13, line 1, replace "5" with "6" and remove ", from"

Page 13, remove lines 2 through 6

Page 13, line 7, remove "and interest on the bonds pursuant to a trust indenture,"

Page 13, line 13, replace "under" with "as provided in"

Page 13, line 18, replace "under" with "as provided in"

Page 13, after line 24, insert:

"SECTION 4. LINE OF CREDIT - APPROPRIATION. The Bank of North Dakota shall extend a line of credit not to exceed \$84,800,000, which is hereby appropriated for the biennium beginning July 1, 1999, and ending June 30, 2001, to the state water commission for the purpose of interim financing until bonds are issued under chapter 61-02.1."

Page 13, line 27, replace "under" with "as provided in"

Page 14, line 3, after "is" insert "voluntarily" and after "sale" insert ", subject to the rights of bondholders,"

Page 14, line 5, after "be" insert "voluntarily"

Page 14, line 16, replace "Forty-five" with "Thirty-five"

Page 14, line 19, replace "under" with "as provided in"

Page 14, line 20, after the period insert "Any funds from the settlement agreement deposited in the resources trust fund, and earnings on those funds, must be accounted for separately from any other funds in the resources trust fund."

Page 14, after line 25, insert:

"SECTION 8. APPROPRIATION. There is hereby appropriated out of any moneys in the resources trust fund, not otherwise appropriated, the sum of \$84,800,000, or so much of the sum as may be necessary, to the Bank of North Dakota for the purpose of repaying the line of credit extended to the state water commission under section 4 of this Act, for the biennium beginning July 1, 1999, and ending June 30, 2001. It is the intent of the legislative assembly that the funds appropriated in this section are from transfers to be made and appropriated by the legislative assembly from the resources trust fund as provided in section 6 of this Act."

Page 14, line 27, replace "under" with "as provided in"

Page 15, line 1, after "**COUNCIL**" insert "**AND STANDING COMMITTEES**"

Page 15, line 4, replace "and to" with a comma and after "council" insert ", and to the house of representatives and the senate standing committees on natural resources and appropriations"

Page 15, line 8, after the period insert "The report must include information on the funding sources used to repay any bonds issued under chapter 61-02.1."

SECTION 11. STATEWIDE WATER DEVELOPMENT PROGRAM. The state water commission shall develop a new comprehensive statewide water development program with priorities based upon expected funds available from the resources trust fund for water development projects."

Page 15, line 10, replace "under" with "as provided in" and after "ineffective" insert "provided, however, that the commission may continue to exercise all other powers granted to it under this Act and to comply with any covenants entered into pursuant to this Act"

Re-number accordingly

1999 HOUSE APPROPRIATIONS

SB 2188

General Discussion

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

Date March 25, 1999			
Tape Number	Side A	B Side	Meter #
2		x	16.0-32.0
Committee Clerk Signature <i>Casey Davis</i>			

Minutes:
SB 2188

CHAIRMAN DALRYMPLE opened discussion on SB 2188.

2B: 16.0 REP. POOLMAN presented the GO subcommittee's recommendation. The bill was amended by the Natural Resources committee.

2B: 20.6 CHAIRMAN DALRYMPLE asked if it is possible that a Project Cooperation Agreement could be drafted when no federal funds are appropriated yet. Rep. Byerly referred him to p11, # 8, of the engrossed bill.

2B: 22.8 CHAIRMAN DALRYMPLE asked if subsection 4 is specifically for the Grand Forks project. Rep. Poolman said that contingencies refer to subsections 1 and 4. Subsection 1 is all projects, while subsection 4 is Grand Forks.

2B: 23.7 REP. DELZER referred to p11, # 8. He asked if they would be able to bond if \$1 came in. Chairman Dalrymple replied that they could, up to \$25 million.

2B: 24.7 REP. CARLSON said that all funds thought to be coming from the federal government is not available. He asked how that affects what the legislature has done. Chairman Dalrymple replied that the last he heard, bonds will only be sold for the amount of money needed to make the match. This is not in the bill though.

2B: 27.6 CHAIRMAN DALRYMPLE asked if the state will be bonding for the local share also. Rep. Poolman replied that some funds run over into the local share.

2B: 29.1 CARLEEN FINE, Industrial Commission, said that the bill is written for the full amount of the projects. She said she believed the Water Commission intends to bond only for funds available. Regarding the local share, their intent is not to bond for that.

2B: 31.4 REP. CARLSON suggested that the State Engineer appear before the committee on this subject.

CHAIRMAN DALRYMPLE closed discussion.

General Discussion

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

Date March 26, 1999			
Tape Number	Side A	B Side	Meter #
1	x		0-END
Committee Clerk Signature <i>Roxanne Kohl</i>			

Minutes:

Chairman Dalrymple opened the discussion on Senate Bill 2188.
Dave Sprynczynatyk the Water Commission was available for questions from the committee.

1A: .9 Rep. Dalrymple asked about the line of credit, \$84 million in section 4 of the bill. Dave replied section 1 of the bill lays out the expected expenditures for several bienniums of the state water plan. The total amount of bonding authority is \$52 million. Current estimate from Grand Forks is \$25 million. The bill commits the state to \$52 million. The state water commission will have to enter into an agreement with the city. Need authority to enter into an agreement. Have to be able to show the money to enter into agreement. That way Grand Forks can enter into agreement with Federal Government.

1A: 3.4 Rep. Dalrymple asked about page 12 regarding local participation. Dave replied those are amendments by House Natural Resources amendments and are not sure about the intent. Concerned about local cost share bonding pgs. 11-12....contradictory language. Like the opportunity to come up with amendments that would make it clear we are only talking about bonding for the states cost share and not the local.

1A: 5.8 Rep. Byerly briefly discussed clarification of language and discussion with Rep. Grosz.

1A: 6.6 Rep. Dalrymple asked about \$25 million bonding. Dave replied the Natural Resources committee added in the \$84 million line of credit from Bank of North Dakota. Further discussed Grand Forks bonding.

1A: 12.4 Rep. Carlson asked if it is possible to spend more then the \$84.8 million. Dave replied it is possible but is not the intent.

1A: 12.9 Rep. Delzer asked about the intent of only spending \$44 million. Rep. Byerly referred to section 1 of the bill and Water Commission goals of section 1.

1A: 14.8 Rep. Delzer asked about section 1 of bill and its meaning. Dave replied a lot of it addresses goals of the Water Commission projects.

1A: 15.7 Rep. Dalrymple asked about federal dollars and when we step forward with our state match...when the federal funds are appropriated or when they are authorized? Dave replied when they are actually appropriated. Continued discussion.

1A: 18.1 Rep. Delzer asked if he would consider the \$8 million all the bonds for Grand Forks. Dave replied it has been spent and more additional amounts are on the way and will allow us to authorize bonds. You could issue all of the \$52 million if it is in the states best interest.

1A: 19.7 Rep. Delzer asked who the Water Commission has to go to for approval. Dave replied the governor, Commission of Agriculture, and the seven members of the Water Commission appointed by the governor.

1A: 20.2 Rep. Carlson asked about delivery of water in the long term for ND tax payers. Dave replied the two projects: South West Pipeline and the North West area water supply. Funding provided in another section of law. The next two years will be the states contribution. For the eastern - ND Resources Act to be passed in Congress. Following biennium will address eastern delivery of water.

1A: 25.3 Rep. Kerzman asked if the line of credit could be disallowed. Dave replied the line of credit doesn't have any real influence on the sale of bonds. Reason is that the interim financing between the time the money is needed and the bonds are sold. It doesn't affect repayment of bonds. Discussed concern regarding BND profits taken out of bill that would be used to pay. Also discussed tobacco settlement problem.....constitutional questions.

1A: 31.9 Rep. Byerly commented on contradictory language on page one regarding revenues of \$6 million.

1A: 36.1 Rep. Monson asked about South Dakota county fitting into the bill. Dave replied the state can deliver water to SD as long as they pay for costs. Discussion on Perkins County Project.

General Discussion

Page 3

House Appropriations

March 26, 1999

1A: 40.8 Rep. Delzer asked about section 1 and estimation of repayment at \$3.9 million for Grand Forks Flood control. Does \$3.9 million pay for both bienniums? Dave replied it depends on timing of bonds and when the repayment begins. Twenty years of payment....\$4 million per year.

1A: 44.3 Rep. Monson asked about the total cost of Water Projects. Dave replied approximately 350 projects and about \$588 million.

General Discussion

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

Date March 26, 1999			
Tape Number	Side A	B Side	Meter #
2	x		19.0-end
2		x	0-12.4
Committee Clerk Signature <i>Casey Davis</i>			

Minutes:

SB 2188

CHAIRMAN DALRYMPLE opened discussion.

2A: 19.0 DAVE SPRYNCYNATYK, State Engineer, presented an amendment prepared by the Water Commission.

2A: 27.9 REP. TIMM noted a reference in the bill to allowing the local share to participate in the state bond issue. No one from the local sector came forward and asked for that. Rep. Grosz said that it may be better to allow the state the opportunity to bond for the local share. There would have to be a funding mechanism in place first. Some local revenue source must be in place to support the bond issue.

2A: 31.3 There was a brief discussion of changes to make the local sector responsible for their own share.

2A: 35.9 REP. POOLMAN said that his district of Grand Forks will take care of themselves. But some smaller towns would really appreciate the chance to be in on the bonding.

2A: 38.6 REP. BYERLY moved to add the first section of the Water Commission amendment, in page 7, line 22. The motion was seconded by Rep. Kerzman. A voice vote was taken and the motion carried.

2A: 46.6 REP. TOLLEFSON moved to further amend by removing the emergency clause on SB 2188. Rep. Monson seconded the motion.

2A: 49.5 REP. POOLMAN said that the legislature passes many bills with emergency clauses on them. Every legislator has the choice of whether they want it on the bill or not.

2A: 50.8 REP. TOLLEFSON agreed that the emergency clause is on many bills, but none of them are a clause of \$84,800,000. The legislature would be disenfranchising the voters by taking it away from them.

General Discussion

Page 2

House Appropriations

March 26, 1999

2A: 52.7 A voice vote was taken. The chairman questioned the vote, and requested a roll call vote. The roll call vote failed with 8 yeas and 12 nays.

2A: 54.3 REP. POOLMAN moved for a Do Pass as amended. Rep. Gulleason seconded the motion.

2B: 0.8 REP. KERZMAN made a substitute motion to adopt the Water Commission amendment as presented. Rep. Hoffner seconded the motion.

2B: 2.5 REP. TOLLEFSON said this would make it much more difficult to issue clean bonds. He said the legislature would be in jeopardy of going beyond the formula of a moral bond, and may be entering into revenue bonds.

2B: 3.7 REP. CARLISLE asked if there would be a constitutional problem by not including the bank (adopting the amendment as presented). Chairman Dalrymple replied that this was true.

2B: 5.0 REP. GULLESON said the bill states that projects will not continue if funds do not come forward. Chairman Dalrymple replied that the restriction is just on the amount of funds in the resources trust fund.

2B: 6.2 A voice vote was taken and the motion failed.

2B: 6.4 A roll call vote was taken and the motion for a Do Pass as amended carried with 12 yeas and 8 nays. Rep. Bernstein will carry the bill to the house floor.

Date: 3-26-99
 Roll Call Vote #: 1

1999 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2188

House Appropriations Committee

Subcommittee on _____
 or
 Conference Committee

Legislative Council Amendment Number _____

Action Taken Remove Em. Clause

Motion Made By Tollefsen Seconded By Kerzman

Representatives	Yes	No	Representatives	Yes	No
Chairman Dalrymple		X	Nichols	X	
Vice-Chairman Byerly	X		Poolman		X
Aarsvold		X	Svedjan		X
Bernstein	X		Timm		X
Boehm	X		Tollefsen	X	
Carlson		X	Wentz		X
Carlisle		X			
Delzer	X				
Gulleson		X			
Hoffner		X			
Huether		X			
Kerzman		X			
Lloyd	X				
Monson	X				

Total (Yes) 8 No 12

Absent _____

Floor Assignment _____

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

waiting for am

Date: 3-26-99

Roll Call Vote #: 2

1999 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2188

House Appropriations Committee

Subcommittee on _____
or
 Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Pass As Amended

Motion Made By POOLMAN Seconded By GULLESON

Representatives	Yes	No	Representatives	Yes	No
Chairman Dalrymple	X		Nichols		X
Vice-Chairman Byerly		X	Poolman	X	
Aarsvold	X		Svedjan	X	
Bernstein	X		Timm	X	
Boehm		X	Tollefson		X
Carlson		X	Wentz	X	
Carlisle	X				
Delzer		X			
Gulleson	X				
Hoffner	X				
Huether	X				
Kerzman	X				
Lloyd		X			
Monson		X			

Total (Yes) 12 No 8

Absent _____

Floor Assignment ~~GROSZ~~ BERNSTEIN

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

Ask Jack -
No one wanted it!!

REPORT OF STANDING COMMITTEE

SB 2188, as engrossed: Appropriations Committee (Rep. Dalrymple, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (12 YEAS, 8 NAYS, 0 ABSENT AND NOT VOTING). Engrossed SB 2188 was placed on the Sixth order on the calendar.

That the proposed amendments to Engrossed Senate Bill No. 2188 as printed on pages 929-933 of the House Journal be amended as follows:

Page 930 of the House Journal, remove lines 23 through 28

Page 931 of the House Journal, remove lines 10 and 11

Page 931 of the House Journal, remove line 17

Page 931 of the House Journal, remove line 31

Page 931 of the House Journal, line 32, remove "replace "9" with "8" and"

Page 931 of the House Journal, line 33, remove "replace "5" with "4", replace "7" with "6", and"

Page 931 of the House Journal, line 37, replace "9" with "10"

Page 931 of the House Journal, line 40, replace "10" with "11"

Page 931 of the House Journal, remove lines 44 through 48

Page 932 of the House Journal, remove line 2

Page 932 of the House Journal, line 3, remove "and replace "6" with "5"

Page 932 of the House Journal, line 4, remove "and replace "7" with "6"

Page 932 of the House Journal, remove lines 7 and 8

Page 932 of the House Journal, line 9, remove "replace "7" with "6" and"

Page 932 of the House Journal, remove line 33

Renumber accordingly

1999 SENATE APPROPRIATIONS

SB 2188

CONFERENCE COMMITTEE

1999 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO SB2188C

Senate Appropriations Committee

Conference Committee

Hearing Date April 7, 1999

Tape Number	Side A	Side B	Meter #
4	x		1-3190
Committee Clerk Signature			

Minutes:

SENATOR NETHING: Opened the conference committee on SB2188.

ROLL CALL: Present; Senator Nething, Senator Traynor, Senator Lindaas, Representative Grosz, Representative Kerzman. Absent; Representative B. Tollefson.

REPRESENTATIVE GROSZ: On Page 2 we put the Sheyenne River to West Stump Lake in. Other things we changed, we put the Devils Lake outlet and the Sheyenne River and to the West Stump Lake into the bill. On Page 2, Lines 5, 6, 7, 8, 9 were put in to insure that before any bonds could be issued, all the T's were crossed and the I's were dotted. That we knew the project was a go before the State Water Commission could put any bonds out. On Page 2, lines 19 - 21, we took out the other general projects. for the current biennium. The logic was to offset the bringing back in of Devils Lake to keep it at the \$84M give or take a little bit. On Page 9, line 22, we clarified that if the Perkins County water system does not make payment to the State Water Commission, no more benefits may accrue to the Perkins County water system. On Page 9, after Line 31, we inserted for Devils Lake, the same as we put into the Grand Forks dike that everything has to be in order. There is no court orders for injunctive relief etc. The reason is so that are not a lot of bonds sold and then get tied up in litigation for 5 years, and you have bonds laying around doing nothing. On Page 10, line 15, we inserted more clarification on bonds. One is that subsequent issues will meet the same conditions as the bonds initially issued. We inserted that the state water commission may not issue bonds unless the local project sponsor has agreed to repay the local project sponsor's share of any bonds issued for the entire nonfederal share of the cost of a project. Trying to ensure that if bonds are sold by the state water commission for the local political subdivisions, they have to have a repayment mechanism in place. Our logic of putting that part in, that the state water commission, could bond for a local political subdivision, is that we realize that Devils Lake and Grand Forks can float their own bonds, but we are thinking of the whole bill, there is projects in there that the local share might be a lot smaller.

This way the state water commission could help them out. On Page 11, line 23, we again inserted that before the state water commission can issue bonds they have to have a method of repayment. On Page 12, we removed from transfers to be made and appropriated by the legislative assembly and principal and interest on the bonds under a trust indenture, and we inserted that the state water commission to let the principal and interest on the bonds to ensure that all of that got paid. On Page 13, after line 24, line of credit - Appropriation, The Bank of North Dakota authorizes or says they shall extend a line of credit of 84 million 800 thousand. That would be for interim financing until the bonds could be paid. We removed references to the Bank of North Dakota profits as a source of funding for repayment of these bonds so the only source of funding would be from money in the resources trust fund. Today its the 20% of the oil extraction tax and somewhere else in here it was 45% of any tobacco settlement funds that are received. The purpose for this line of credit was so that things can get started if all the alignment gets done waiting until the bonds are sold. Also a temporary line of credit could be used for the Grand Forks where it could start and no tobacco money shows up for repayment, it would buy us time until the 2001 session to come up with a repayment mechanism or maybe the line of credit would remain intact all the way through. Page 14, line 16, we changed the 45 % of the tobacco funds to the 35%. The reason was that HB1475 as passed out of the House had 35% go into water projects. Since then the Senate has amended it to 45%. I would suggest that this figure will change to reflect what is in 1475. Page 14, line 20, would have to account for a separate line item. Section 11 is a new part that was added in the Natural Resources Committee. The reasoning for this is when we total up the state share bonding in the projects that are listed it could come up to \$571M of potential bonding. Reasonably speaking there won't be reasonable funds to pay that back. That sums up our amendment.

SENATOR NETHING: It looks to me like the biggest impact that is here is the source of funding. Is that right?

REPRESENTATIVE GROSZ: I believe so. We took pains to make sure everything was in line. The first concern was to make sure the projects were approved and everything is ready to go before any bonds were sold. Second to make sure the Devils Lake Outlet and the Stump Lake Outlet were in this biennium. The third thing was that profits were taken out and the reason for that was there is a lot of uneasiness amongst House members that having the profits listed in there and someone else basically have control over them rather than the Legislature.

SENATOR TRAYNOR: On page 3 of the amendment, you've added subsection 10. Does this apply to Devils Lake. If it does, who is the local project sponsor. We don't have any.

REPRESENTATIVE GROSZ: In the case of Devils Lake, I would guess they wouldn't use this. This was put in case that's done.

SENATOR TRAYNOR: It says you can't issue the bonds unless the local project sponsors agree to repay and we don't have a local project sponsor in Devils Lake. It is not like the Grand Forks dike project. The City of Grand Forks is the local project sponsor.

REPRESENTATIVE GROSZ That's certainly true and what this does is, that's not an issue any unless the local project sponsors have agreed to repay the local sponsors share of any bonds issued for the entire nonfederal share of the cost of the project. My guess would be that in the case of Devils Lake, Grand Forks and some of the bigger cities that there would be no local share bonds sold by the State Water Commission only the state share. This was put in for these smaller towns that are listed elsewhere. Even though Devils Lake, Grand Forks, Wahpeton, Grafton and Southwest Water Pipeline are the projects being done right away, we've been under the impression that this is going to be a water bill for a lot more things than that in the future. Devils Lake can get a bond issue for as much as you need. Turtle Lake if they needed \$200,000, it wouldn't be worth putting out a bond issue. You would have a hard time getting a bonding company to do it.

SENATOR NETHING: That being the intent there could be some clarifying language to make sure everyone understands what your point was.

REPRESENTATIVE GROSZ: We certainly would be open to that.

SENATOR TRAYNOR: Page 4 of the amendments, line 23, does this apply to Devils Lake also.

REPRESENTATIVE GROSZ: Yes, but it says if the State Water Commission issues bonds for both the state and local cost share and agreement. This one is clearer, it just says, "if".

SENATOR NETHING: In other words if a project has a local cost share in it, then it is applicable, if the project does not have a local cost share in, it is not applicable.

REPRESENTATIVE GROSZ: It can be if the State Water Commission issues bonds for both the state and local before they can do that there has to be a local repayment mechanism. None will be issued anyway, with other segments of this until the local political subdivisions has their share lined up and ready anyway.

SENATOR NETHING: If you have a local cost share you've contract with or agreed with the State Water Commission on a project other than the Devils Lake project we're talking about, you may have another project that your local government wanted, the Water Commission is going to say to you, you have to come up with a certain amount of local share in this expense. If they agree to that, then there has to be a provision for repayment of that local share in place. In the case of the Devils Lake project as we know it today, there is no local share, correct?

SENATOR TRAYNOR: The only two projects pertaining to Devils Lake that this bill speaks to, is the outlet of the Sheyenne River through the west side or the outlet to Stump Lake on the east side. That's the only two and there is no local sponsor for either one.

SENATOR NETHING: As long as there is no local sponsor, it doesn't apply.

REPRESENTATIVE GROSZ: If there is no local share then it wouldn't be a big deal. But, if there was, then that would have to be in place and there could be a contingency.

SENATOR NETHING: I'd like to call on the State Engineer on your thoughts on the amendments.

DAVE SPRYNCZYNAZTYK: State Engineer and the Secretary of the State Water Commission. The two issues I raised during the House committee meeting that are still issues that should be addressed are, first, the language you've been discussing here about repayment of local sponsors cost share, if the State bonds for it. Under the bill as it exists today, that really won't happen because there are other sections of the bill that limit the amount of money for each of the five projects. The total being the \$84.8M and that's actually the upper limit of what authority would be given to the Water Commission by this bill for bonding. That also is the current estimate of the amount of the State's contribution to each of those projects as we know them today. As an example, Grand Forks, the current agreement, is that the State would contribute \$52M and the Cities share is \$58-\$59M of the total Federal project. So, there would be no ability to bond for both the State's share and the local share because of the cap. So, the language that's in these two sections, really does not apply. We would not have the authority to bond for any portion of the local cost share, the Nonfederal, Non-State local cost share that's required for these projects. My suggestion during the hearing was to actually delete those two sections. The other issue I raised, was the issue regarding the need to address another source of potential repayment, that source being the profits of the Bank of North Dakota. First, there is question that has been raised regarding the constitutionality of the bonds, based on an experience from the mid 1970's on the Southwest Pipeline and that issue has not been resolved. If the profits of the Bank of North Dakota are included as a potential source of repayment, although they may never be used, but, if they are identified as a potential source of repayment, it's the feeling and the opinion of our bond council and we've worked with the Attorney Generals office, that it makes a more defensible argument that the bonds that are proposed under this authority would be constitutional. Another issue is the interest rate that would be obtained for the bonds. Some feel, that having the Bank of North Dakota identified as a potential source, helps to secure a better interest rate for the bonds. Those are the things that I recall that I felt are issues that should be addressed that have not been addressed through any amendments.

SENATOR TRAYNOR: What was the basis for the ruling that the bonds might be unconstitutional if they weren't supported by profits from the Bank of North Dakota?

DAVE SPRYNCZYNAZTYK: I would like to ask Julie Krenz, our legal council to address that.

JULIE KRENZ: When the bill was originally drafted to include the Bank of North Dakota profits, there was a lot of discussion by our Bond Council and the Attorney Generals office. Since the Bank of North Dakota profits are not considered to be general taxes, it wouldn't implicate the debt limit in the constitution to use those as a source of repayment. The Constitution provides that bonds can't be issued, general obligation bonds, in excess of \$2M and

there are court cases that said that the bank profits are not general taxes. If those are used as a source of repayment, it doesn't violate the debt limit in the constitution.

REPRESENTATIVE GROSZ: I have a comment on why the local cost share was in there; there is only authorization to spend this much but, many of us were under the impression that this wasn't just a Grand Forks dike bill, we were writing code for years to come and many other projects to come. If we were just going to write it for Grand Forks and Devils Lake, then we would write it differently. This is for looking at other things. As far as the Bank profits, many of us felt that it's just like a general obligation bond.

SENATOR NETHING: I have an amendment that was prepared by the Bank of North Dakota that I would like explained.

ED SATHER: Bank of North Dakota. The two amendment that we have; the first relates to the line of credit in the appropriation. In conversations with the House, it's our understanding that loans to the Water Commission are to be made available where there is a source of repayment that's been identified and determined. As the current bill stands, it says the Bank of North Dakota will make a line of credit available. We need clarification on is it the intent that we just make a loan without looking at a source of repayment, it's our understanding that there should be a source of repayment. That is what this amendment does. The second amendment is to the appropriation, it's for clarification purposes. By adding appropriated from bond proceeds will help clarify that appropriation line item.

SENATOR NETHING: Julie, how does this impact what you just described?

JULIE KRENZ: I don't know that this does impact it but, even with the line of credit available, I don't think it had an impact on whether the bonds were constitutional or not. I don't think the line of credit affects the sources that are identified for repayment of the bonds.

SENATOR NETHING: So, this would just relate to the line of credit itself? As opposed to a subsequent step or not a subsequent of bonding?

JULIE KRENZ: Even with the line of credit in the bill, we had the same concerns about the source of repayment because it was a loan.

SENATOR TRAYNOR: Is the suggestion you've made to add this sentence to section four, just good banking practices?

ED SATHER: Yes. I think the intent is that if you're going to make a loan that there is an identifiable source of repayment.

SENATOR TRAYNOR: What is your view of the source of repayment in this bill?

ED SATHER: I guess what we are looking at is what has been identified; the resources trust fund, revenues of funds available from the tobacco settlement or the issuance of bonds.

Page 6

Senate Appropriations Committee

Bill/Resolution Number SB2188

Hearing Date April 7, 1999

SENATOR NETHING: It looks to me, currently there is two areas that jump out at us, the amendment that relates to the local project share and the amendment that relates to the removing of the Bank of North Dakota profits.

SENATOR TRAYNOR: On the constitutional question, I think we should be prepared to answer if there is a challenge. Without the Bank of North Dakota profits in there, what are the chances that the whole thing would be thrown out.

SENATOR LINDAAS: There has been concerns voiced to me about the Stump Lake involvement in the project. I would like to have some conversations with some other folks, particularly turning Stump Lake into a larger dead sea.

SENATOR NETHING: We'll stand in recess subject to the call of the chair.

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2188

That the Senate accede to the amendments as printed on pages 997-1001 of the Senate Journal and pages 929-933 and page 1060 of the House Journal and that Engrossed Senate Bill No. 2188 be further amended as follows:

Page 1, line 9, after the first semicolon insert "and" and remove "; and to declare an emergency"

Page 15, remove line 11

Renumber accordingly

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2188

That the House recede from its amendments as printed on pages 997-1001 of the Senate Journal and pages 929-933 and page 1060 of the House Journal and that Engrossed Senate Bill No. 2188 be amended as follows:

Page 1, line 8, after "council" insert "; to provide for development of a statewide water development program"

Page 1, line 13, replace "is committed to" with "will support to the extent funds are available from the resources trust fund"

Page 1, line 17, replace "is committed to" with "will support"

Page 2, line 2, after "repayment" insert "of the total principal, interest, and cost of issuance of the bonds"

Page 2, line 10, replace "will" with "or so much of the total cost-share that is required may" and replace "local" with "loan"

Page 2, line 13, after "outlet" insert "to Sheyenne River and to west Stump Lake"

Page 2, line 18, after the underscored period insert "Before bonds may be issued for a Devils Lake outlet, construction of the outlet must be approved by the state water commission and the federal government must have agreed to participate in construction of the outlet."

Page 2, remove lines 19 through 21

Page 3, line 15, after "outlet" insert "to Sheyenne River and to west Stump Lake"

Page 3, line 17, replace "Twenty-four" with "Thirty-one", after the first "million" insert "seven hundred thousand", and replace "eighteen" with "twenty-five"

Page 3, line 18, replace "four" with "nine", replace the first "five" with "thirty-nine", and replace the second "five" with "eight"

Page 4, line 6, after "outlet" insert "to Sheyenne River and to west Stump Lake"

Page 4, line 28, after "outlet" insert "to Sheyenne River and to west Stump Lake"

Page 5, line 17, after "outlet" insert "to Sheyenne River and to west Stump Lake"

Page 6, line 6, after "outlet" insert "to Sheyenne River and to west Stump Lake"

Page 6, line 24, replace "payments" with "repayments"

Page 6, line 25, after "outlet" insert "to Sheyenne River and to west Stump Lake"

Page 6, line 26, replace "One hundred ninety-six" with "Two hundred twenty"

Page 6, line 27, replace "thirty-eight" with "fifty-six" and after "million" insert "four hundred thousand"

Page 6, line 28, replace "twenty-five" with "thirty-four" and replace "eight" with "three"

Page 8, line 16, after "floods" insert "and to repay the line of credit extended to the state water commission under section 4 of this Act"

Page 8, line 28, remove "and"

Page 8, after line 30, insert:

- "(5) A project cooperation agreement, which contains provisions acceptable to the state engineer and is approved by the governor, is entered by the state of Minnesota or one of its political subdivisions in which the flood control or reduction project is to be constructed;
- (6) A project cooperation agreement, which contains provisions acceptable to the state engineer and is approved by the governor, is entered by the state or one of its political subdivisions in which the flood control or reduction project is to be constructed;
- (7) The governing body of the city has approved a financing plan for all amounts of the nonfederal share of a flood control or reduction project in excess of the amounts to be paid by the state;
- (8) That no order for injunctive relief has been issued by a court of competent jurisdiction enjoining construction of the flood control or reduction project; and
- (9) That the flood control or reduction project is designed to be cost-effective and that any impact on residential neighborhoods is minimized in an amount reasonably practicable as determined by the state engineer and approved by the governor;"

Page 9, line 14, after "project" insert "and to repay the line of credit extended to the state water commission under section 4 of this Act"

Page 9, line 22, after the underscored period insert "If the Perkins County water system does not make payment to the state water commission, no benefits may accrue to the Perkins County water system."

Page 9, line 26, after the underscored period insert "(1)"

Page 9, after line 31, insert:

- "(2) The state water commission or the project sponsor must sign a project cooperation agreement with the United States army corps of engineers;
- (3) The outlet from Devils Lake to west Stump Lake must comply with any environmental impact statement or National Environmental Policy Act provisions required under federal law; and
- (4) Bonds may not be issued if an order for injunctive relief has been issued by a court of competent jurisdiction enjoining construction of an outlet from Devils Lake to the Sheyenne River or to west Stump Lake."

Page 10, line 13, after "bonds" insert "authorized"

Page 10, line 14, after "unless" insert "federal funds have been appropriated for"

Page 10, line 15, remove "has received federal funds"

Page 10, after line 15, insert:

- "10. Notwithstanding this section, if bonds are issued under this chapter, any bonds subsequently issued after the first issuance must meet the same conditions as the bonds initially issued.
11. Notwithstanding this section, except for a project listed in subdivision a of subsection 7 the state water commission may not issue bonds under this chapter unless the local project sponsor has agreed to repay the local project sponsor's share of any bonds issued for the entire nonfederal share of the cost of a project."

Page 11, line 3, replace "under" with "as provided in"

Page 11, line 7, replace "under" with "as provided in"

Page 11, line 8, replace "the" with "a" and after "outlet" insert "to the Sheyenne River and to west Stump Lake"

Page 11, line 15, after "61-02.1-01" insert "and to repay the line of credit extended to the state water commission under section 4 of this Act"

Page 11, line 17, after "Lake" insert "to the Sheyenne River and to west Stump Lake"

Page 11, after line 23, insert:

- "4. For any project that requires federal participation, the state water commission may issue bonds equal to the estimated project costs less any local participation. Except for a project listed in subdivision a of subsection 7 of section 61-02.1-01, if the state water commission issues bonds for both the state and local cost-share, an agreement for the local repayment of the local cost-share must be a part of an agreement between the state water commission and the local project sponsor to issue bonds for the nonfederal share."

Page 11, line 25, replace "under" with "as provided in"

Page 12, line 2, replace "under" with "as provided in"

Page 12, line 4, replace "5" with "6"

Page 12, line 5, remove "from transfers to be made and appropriated by the legislative assembly from"

Page 12, remove lines 6 through 9

Page 12, line 10, remove "principal and interest on the bonds under a trust indenture, or"

Page 12, line 11, after "and" insert "from"

Page 12, line 18, replace "5" with "6"

Page 12, line 19, remove "from transfers to be made and appropriated by the legislative assembly from"

Page 12, remove lines 20 through 23

Page 12, line 24, remove "principal and interest on the bonds under a trust indenture,"

Page 13, line 1, replace "5" with "6" and remove ", from"

Page 13, remove lines 2 through 6

Page 13, line 7, remove "and interest on the bonds pursuant to a trust indenture,"

Page 13, line 13, replace "under" with "as provided in"

Page 13, line 18, replace "under" with "as provided in"

Page 13, after line 24, insert:

"SECTION 4. LINE OF CREDIT - APPROPRIATION. The Bank of North Dakota shall extend a line of credit not to exceed \$84,800,000, which is hereby appropriated for the biennium beginning July 1, 1999, and ending June 30, 2001, to the state water commission for the purpose of interim financing until bonds are issued under chapter 61-02.1."

Page 13, line 27, replace "under" with "as provided in"

Page 14, line 3, after "is" insert "voluntarily" and after "sale" insert ", subject to the rights of bondholders,"

Page 14, line 5, after "be" insert "voluntarily"

Page 14, line 16, replace "Forty-five" with "Thirty-five"

Page 14, line 19, replace "under" with "as provided in"

Page 14, line 20, after the period insert "Any funds from the settlement agreement deposited in the resources trust fund, and earnings on those funds, must be accounted for separately from any other funds in the resources trust fund."

Page 14, after line 25, insert:

"SECTION 8. APPROPRIATION. There is hereby appropriated out of any moneys in the resources trust fund, not otherwise appropriated, the sum of \$84,800,000, or so much of the sum as may be necessary, to the Bank of North Dakota for the purpose of repaying the line of credit extended to the state water commission under section 4 of this Act, for the biennium beginning July 1, 1999, and ending June 30, 2001. It is the intent of the legislative assembly that the funds appropriated in this section are from transfers to be made and appropriated by the legislative assembly from the resources trust fund as provided in section 6 of this Act."

Page 14, line 27, replace "under" with "as provided in"

Page 15, line 1, after "**COUNCIL**" insert "**AND STANDING COMMITTEES**"

Page 15, line 4, replace "and to" with a comma and after "council" insert ", and to the house of representatives and the senate standing committees on natural resources and appropriations"

Page 15, line 8, after the period insert "The report must include information on the funding sources used to repay any bonds issued under chapter 61-02.1."

SECTION 11. STATEWIDE WATER DEVELOPMENT PROGRAM. The state water commission shall develop a new comprehensive statewide water development program with priorities based upon expected funds available from the resources trust fund for water development projects."

Page 15, line 10, replace "under" with "as provided in" and after "ineffective" insert "provided, however, that the commission may continue to exercise all other powers granted to it under this Act and to comply with any covenants entered into pursuant to this Act"

Renumber accordingly

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2188

That the House recede from its amendments as printed on pages 997-1001 of the Senate Journal and pages 929-933 and page 1060 of the House Journal and that Engrossed Senate Bill No. 2188 be amended as follows:

Page 1, line 8, after "council" insert "; to provide for development of a statewide water development program"

Page 1, line 9, after the first semicolon insert "and" and remove "; and to declare an emergency"

Page 1, line 13, replace "is committed to" with "will support to the extent funds are available from the water development trust fund"

Page 1, line 17, replace "is committed to" with "will support"

Page 2, line 2, after "repayment" insert "of the total principal, interest, and cost of issuance of the bonds"

Page 2, line 10, replace "will" with "or so much of the total cost-share that is required may" and replace "local" with "loan"

Page 2, line 13, after "outlet" insert "to Sheyenne River and to west Stump Lake"

Page 2, line 18, after the underscored period insert "Before bonds may be issued for a Devils Lake outlet, construction of the outlet must be approved by the state water commission and the federal government must have agreed to participate in construction of the outlet."

Page 2, remove lines 19 through 21

Page 3, line 15, after "outlet" insert "to Sheyenne River and to west Stump Lake"

Page 3, line 17, replace "Twenty-four" with "Thirty-one", after the first "million" insert "seven hundred thousand", and replace "eighteen" with "twenty-five"

Page 3, line 18, replace "four" with "nine", replace the first "five" with "thirty-nine", and replace the second "five" with "eight"

Page 4, line 6, after "outlet" insert "to Sheyenne River and to west Stump Lake"

Page 4, line 28, after "outlet" insert "to Sheyenne River and to west Stump Lake"

Page 5, line 17, after "outlet" insert "to Sheyenne River and to west Stump Lake"

Page 6, line 6, after "outlet" insert "to Sheyenne River and to west Stump Lake"

Page 6, line 24, replace "payments" with "repayments"

Page 6, line 25, after "outlet" insert "to Sheyenne River and to west Stump Lake"

Page 6, line 26, replace "One hundred ninety-six" with "Two hundred twenty"

Page 6, line 27, replace "thirty-eight" with "fifty-six" and after "million" insert "four hundred thousand"

Page 6, line 28, replace "twenty-five" with "thirty-four" and replace "eight" with "three"

Page 8, line 16, after "floods" insert "and to repay the line of credit extended to the state water commission under section 4 of this Act"

Page 8, line 28, remove "and"

Page 8, after line 30, insert:

- "(5) A project cooperation agreement, which contains provisions acceptable to the state engineer and is approved by the governor, is entered by the state of Minnesota or one of its political subdivisions in which the flood control or reduction project is to be constructed;
- (6) A project cooperation agreement, which contains provisions acceptable to the state engineer and is approved by the governor, is entered by the state or one of its political subdivisions in which the flood control or reduction project is to be constructed;
- (7) The governing body of the city has approved a financing plan for all amounts of the nonfederal share of a flood control or reduction project in excess of the amounts to be paid by the state;
- (8) That no order for injunctive relief has been issued by a court of competent jurisdiction enjoining construction of the flood control or reduction project; and
- (9) That the flood control or reduction project is designed to be cost-effective and that any impact on residential neighborhoods is minimized in an amount reasonably practicable as determined by the state engineer and approved by the governor;"

Page 9, line 14, after "project" insert "and to repay the line of credit extended to the state water commission under section 4 of this Act"

Page 9, line 22, after the underscored period insert "If the Perkins County water system does not make payment to the state water commission, no benefits may accrue to the Perkins County water system."

Page 9, line 26, after the underscored period insert "(1)"

Page 9, after line 31, insert:

- "(2) The state water commission or the project sponsor must sign a project cooperation agreement with the United States army corps of engineers;
- (3) The outlet from Devils Lake to west Stump Lake must comply with any environmental impact statement or National Environmental Policy Act provisions required under federal law; and
- (4) Bonds may not be issued if an order for injunctive relief has been issued by a court of competent jurisdiction enjoining construction of an outlet from Devils Lake to the Sheyenne River or to west Stump Lake."

Page 10, line 13, after "bonds" insert "authorized"

Page 10, line 14, after "unless" insert "federal funds have been appropriated for"

Page 10, line 15, remove "has received federal funds"

Page 10, after line 15, insert:

- "10. Notwithstanding this section, if bonds are issued under this chapter, any bonds subsequently issued after the first issuance must meet the same conditions as the bonds initially issued.
- 11. Notwithstanding this section, except for a project listed in subdivision a of subsection 7 the state water commission may not issue bonds under this chapter unless the local project sponsor has agreed to repay the local project sponsor's share of any bonds issued for the entire nonfederal share of the cost of a project."

Page 11, line 3, replace "under" with "as provided in"

Page 11, line 7, replace "under" with "as provided in"

Page 11, line 8, replace "the" with "a" and after "outlet" insert "to the Sheyenne River and to west Stump Lake"

Page 11, line 15, after "61-02.1-01" insert "and to repay the line of credit extended to the state water commission under section 4 of this Act"

Page 11, line 17, after "Lake" insert "to the Sheyenne River and to west Stump Lake"

Page 11, after line 23, insert:

- "4. For any project that requires federal participation, the state water commission may issue bonds equal to the estimated project costs less any local participation. Except for a project listed in subdivision a of subsection 7 of section 61-02.1-01, if the state water commission issues bonds for both the state and local cost-share, an agreement for the local repayment of the local cost-share must be a part of an agreement between

the state water commission and the local project sponsor to issue bonds for the nonfederal share."

Page 11, line 25, replace "under" with "as provided in"

Page 12, line 2, replace "under" with "as provided in"

Page 12, line 4, replace "resources" with "water development" and replace "5" with "6"

Page 12, line 5, after the underscored comma insert "then" and after the second "from" insert "the resources trust fund, then"

Page 12, remove lines 6 through 9

Page 12, line 10, remove "principal and interest on the bonds under a trust indenture, or"

Page 12, line 11, after "and" insert "then from"

Page 12, line 15, after the underscored period insert "If sufficient funds from these sources are not available, then from transfers to be made and appropriated by the legislative assembly from the first available current biennial earnings of the Bank of North Dakota not to exceed six million five hundred thousand dollars per biennium prorated with any other bonds payable from transfers to be made and appropriated by the legislative assembly from the available current biennial earnings of the Bank of North Dakota, to be credited by the trustee to the fund established for paying principal and interest on the bonds under a trust indenture."

Page 12, line 18, replace "resources" with "water development" and replace "5" with "6"

Page 12, line 19, after the underscored comma insert "then" and after the second "from" insert "the resources trust fund, then"

Page 12, remove lines 20 through 23

Page 12, line 24, remove "principal and interest on the bonds under a trust indenture."

Page 12, line 26, after "and" insert "then from"

Page 12, line 29, after the underscored period insert "If sufficient funds from these sources are not available, then from transfers to be made and appropriated by the legislative assembly from the first available current biennial earnings of the Bank of North Dakota not to exceed six million five hundred thousand dollars per biennium prorated with any other bonds payable from transfers to be made and appropriated by the legislative assembly from the available current biennial earnings of the Bank of North Dakota, to be credited by the trustee to the fund established for paying principal and interest on the bonds under a trust indenture."

Page 13, line 1, replace "resources" with "water development", replace "5" with "6", and after the underscored comma insert "then"

Page 13, line 2, replace "first" with "resources trust fund"

Page 13, remove lines 3 through 6

Page 13, line 7, replace "and interest on the bonds pursuant to a trust indenture, or" with ", then"

Page 13, line 8, after "and" insert "then from"

Page 13, line 12, after the underscored period insert "If sufficient funds from these sources are not available, then from transfers to be made and appropriated by the legislative assembly from the first available current biennial earnings of the Bank of North Dakota not to exceed six million five hundred thousand dollars per biennium prorated with any other bonds payable from transfers to be made and appropriated by the legislative assembly from the available current biennial earnings of the Bank of North Dakota, to be credited by the trustee to the fund established for paying principal and interest on the bonds under a trust indenture."

Page 13, line 13, replace "under" with "as provided in"

Page 13, line 18, replace "under" with "as provided in"

Page 13, after line 24, insert:

"SECTION 4. LINE OF CREDIT - APPROPRIATION. The Bank of North Dakota shall extend a line of credit not to exceed \$84,800,000, which is hereby appropriated for the biennium beginning July 1, 1999, and ending June 30, 2001, to the state water commission for the purpose of interim financing until bonds are issued under chapter 61-02.1. Advances on the line of credit may be made only when a source of repayment has been identified and determined to be available."

Page 13, line 27, replace "under" with "as provided in"

Page 13, line 31, replace "resources" with "water development"

Page 14, line 3, after "is" insert "voluntarily" and after "sale" insert ", subject to the rights of bondholders and all applicable federal requirements,"

Page 14, line 4, replace "resources" with "water development"

Page 14, line 5, after "be" insert "voluntarily"

Page 14, replace lines 16 through 20 with:

"SECTION 6. WATER DEVELOPMENT TRUST FUND. Moneys received by the state pursuant to the 1998 settlement agreement with tobacco product manufacturers, or any successor agreement, must be deposited in the water development trust fund in the state treasury for use in paying for bonds issued as provided in section 3 of this Act and for other water projects as provided in 1999 House Bill No. 1475."

Page 14, after line 25, insert:

"SECTION 8. APPROPRIATION. There is hereby appropriated out of any moneys in the resources trust fund, not otherwise appropriated or from bond proceeds, the sum of \$84,800,000, or so much of the sum as may be necessary, to the Bank of North Dakota for the purpose of repaying the line of credit extended to the state water commission under section 4 of this Act, for the biennium beginning July 1, 1999, and ending June 30, 2001. It is the intent of the legislative assembly that the funds appropriated in this section are from transfers to be made and appropriated by the legislative assembly from the water development trust fund as provided in section 6 of this Act."

Page 14, line 27, replace "under" with "as provided in"

Page 15, line 1, after "COUNCIL" insert "AND STANDING COMMITTEES"

Page 15, line 4, replace "and to" with a comma and after "council" insert ", and to the house of representatives and the senate standing committees on natural resources and appropriations"

Page 15, line 8, after the period insert "The report must include information on the funding sources used to repay any bonds issued under chapter 61-02.1."

SECTION 11. STATEWIDE WATER DEVELOPMENT PROGRAM - LEGISLATIVE INTENT. The state water commission shall develop a new comprehensive statewide water development program with priorities based upon expected funds available from the water development trust fund for water development projects. It is the intent of the legislative assembly that after the 1999-2001 biennium, the state water commission place priority on water development projects for the delivery of water rather than flood control."

Page 15, line 10, replace "under" with "as provided in" and after "ineffective" insert "provided, however, that the commission may continue to exercise all other powers granted to it under this Act and to comply with any covenants entered into pursuant to this Act"

Page 15, remove line 11

Renumber accordingly

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2188

That the House recede from its amendments as printed on pages 997-1001 of the Senate Journal and pages 929-933 and page 1060 of the House Journal and that Engrossed Senate Bill No. 2188 be amended as follows:

Page 1, line 8, after "council" insert "; to provide for development of a statewide water development program"

Page 1, line 13, replace "is committed to" with "will support to the extent funds are available from the water development trust fund"

Page 1, line 17, replace "is committed to" with "will support"

Page 2, line 2, after "repayment" insert "of the total principal, interest, and cost of issuance of the bonds"

Page 2, line 10, replace "will" with "or so much of the total cost-share that is required may" and replace "local" with "loan"

Page 2, line 13, after "outlet" insert "to Sheyenne River and to west Stump Lake"

Page 2, line 18, after the underscored period insert "Before bonds may be issued for a Devils Lake outlet, construction of the outlet must be approved by the state water commission and the federal government must have agreed to participate in construction of the outlet."

Page 2, remove lines 19 through 21

Page 3, line 15, after "outlet" insert "to Sheyenne River and to west Stump Lake"

Page 3, line 17, replace "Twenty-four" with "Thirty-one", after the first "million" insert "seven hundred thousand", and replace "eighteen" with "twenty-five"

Page 3, line 18, replace "four" with "nine", replace the first "five" with "thirty-nine", and replace the second "five" with "eight"

Page 4, line 6, after "outlet" insert "to Sheyenne River and to west Stump Lake"

Page 4, line 28, after "outlet" insert "to Sheyenne River and to west Stump Lake"

Page 5, line 17, after "outlet" insert "to Sheyenne River and to west Stump Lake"

Page 6, line 6, after "outlet" insert "to Sheyenne River and to west Stump Lake"

Page 6, line 24, replace "payments" with "repayments"

Page 6, line 25, after "outlet" insert "to Sheyenne River and to west Stump Lake"

Page 6, line 26, replace "One hundred ninety-six" with "Two hundred twenty"

Page 6, line 27, replace "thirty-eight" with "fifty-six" and after "million" insert "four hundred thousand"

Page 6, line 28, replace "twenty-five" with "thirty-four" and replace "eight" with "three"

Page 8, line 16, after "floods" insert "and to repay the line of credit extended to the state water commission under section 4 of this Act"

Page 8, line 28, remove "and"

Page 8, after line 30, insert:

- (5) A project cooperation agreement, which contains provisions acceptable to the state engineer and is approved by the governor, is entered by the state of Minnesota or one of its political subdivisions in which the flood control or reduction project is to be constructed;
- (6) A project cooperation agreement, which contains provisions acceptable to the state engineer and is approved by the governor, is entered by the state or one of its political subdivisions in which the flood control or reduction project is to be constructed;
- (7) The governing body of the city has approved a financing plan for all amounts of the nonfederal share of a flood control or reduction project in excess of the amounts to be paid by the state;
- (8) That no order for injunctive relief has been issued by a court of competent jurisdiction enjoining construction of the flood control or reduction project; and
- (9) That the flood control or reduction project is designed to be cost-effective and that any impact on residential neighborhoods is minimized in an amount reasonably practicable as determined by the state engineer and approved by the governor;"

Page 9, line 14, after "project" insert "and to repay the line of credit extended to the state water commission under section 4 of this Act"

Page 9, line 22, after the underscored period insert "If the Perkins County water system does not make payment to the state water commission, no benefits may accrue to the Perkins County water system."

Page 9, line 26, after the underscored period insert "(1)"

Page 9, after line 31, insert:

- "(2) The state water commission or the project sponsor must sign a project cooperation agreement with the United States army corps of engineers;
- (3) The outlet from Devils Lake to west Stump Lake must comply with any environmental impact statement or National Environmental Policy Act provisions required under federal law; and
- (4) Bonds may not be issued if an order for injunctive relief has been issued by a court of competent jurisdiction enjoining construction of an outlet from Devils Lake to the Sheyenne River or to west Stump Lake."

Page 10, line 13, after "bonds" insert "authorized"

Page 10, line 14, after "unless" insert "federal funds have been appropriated for"

Page 10, line 15, remove "has received federal funds"

Page 10, after line 15, insert:

- "10. Notwithstanding this section, if bonds are issued under this chapter, any bonds subsequently issued after the first issuance must meet the same conditions as the bonds initially issued.
11. Notwithstanding this section, except for a project listed in subdivision a of subsection 7 the state water commission may not issue bonds under this chapter unless the local project sponsor has agreed to repay the local project sponsor's share of any bonds issued for the entire nonfederal share of the cost of a project."

Page 11, line 3, replace "under" with "as provided in"

Page 11, line 7, replace "under" with "as provided in"

Page 11, line 8, replace "the" with "a" and after "outlet" insert "to the Sheyenne River and to west Stump Lake"

Page 11, line 15, after "61-02.1-01" insert "and to repay the line of credit extended to the state water commission under section 4 of this Act"

Page 11, line 17, after "Lake" insert "to the Sheyenne River and to west Stump Lake"

Page 11, after line 23, insert:

- "4. For any project that requires federal participation, the state water commission may issue bonds equal to the estimated project costs less any local participation. Except for a project listed in subdivision a of subsection 7 of section 61-02.1-01, if the state water commission issues bonds for both the state and local cost-share, an agreement for the local repayment of the local cost-share must be a part of an agreement between the state water commission and the local project sponsor to issue bonds for the nonfederal share."

Page 11, line 25, replace "under" with "as provided in"

Page 12, line 2, replace "under" with "as provided in"

Page 12, line 4, replace "resources" with "water development" and replace "5" with "6"

Page 12, line 5, after the underscored comma insert "then" and after the second "from" insert "revenues in the resources trust fund other than revenues from state taxes, then"

Page 12, remove lines 6 through 9

Page 12, line 10, remove "principal and interest on the bonds under a trust indenture, or"

Page 12, line 11, after "and" insert "then from"

Page 12, line 15, after the underscored period insert "If sufficient funds from these sources are not available, then from transfers to be made and appropriated by the legislative assembly from the first available current biennial earnings of the Bank of North Dakota not to exceed six million five hundred thousand dollars per biennium prorated with any other bonds payable from transfers to be made and appropriated by the legislative assembly from the available current biennial earnings of the Bank of North Dakota, to be credited by the trustee to the fund established for paying principal and interest on the bonds under a trust indenture."

Page 12, line 18, replace "resources" with "water development" and replace "5" with "6"

Page 12, line 19, after the underscored comma insert "then" and after the second "from" insert "revenues in the resources trust fund other than revenues from state taxes, then"

Page 12, remove lines 20 through 23

Page 12, line 24, remove "principal and interest on the bonds under a trust indenture."

Page 12, line 26, after "and" insert "then from"

Page 12, line 29, after the underscored period insert "If sufficient funds from these sources are not available, then from transfers to be made and appropriated by the legislative assembly from the first available current biennial earnings of the Bank of North Dakota not to exceed six million five hundred thousand dollars per biennium prorated with any other bonds payable from transfers to be made and appropriated by the legislative assembly from the available current biennial earnings of the Bank of North Dakota, to be credited by the trustee to the fund established for paying principal and interest on the bonds under a trust indenture."

Page 13, line 1, replace "resources" with "water development", replace "5" with "6", and after the underscored comma insert "then"

Page 13, line 2, replace "the first" with "revenues in the resources trust fund other than revenues from state taxes"

Page 13, remove lines 3 through 6

Page 13, line 7, replace "and interest on the bonds pursuant to a trust indenture, or" with ", then"

Page 13, line 8, after "and" insert "then from"

Page 13, line 12, after the underscored period insert "If sufficient funds from these sources are not available, then from transfers to be made and appropriated by the legislative assembly from the first available current biennial earnings of the Bank of North Dakota not to exceed six million five hundred thousand dollars per biennium prorated with any other bonds payable from transfers to be made and appropriated by the legislative assembly from the available current biennial earnings of the Bank of North Dakota, to be credited by the trustee to the fund established for paying principal and interest on the bonds under a trust indenture."

Page 13, line 13, replace "under" with "as provided in"

Page 13, line 18, replace "under" with "as provided in"

Page 13, after line 24, insert:

"SECTION 4. LINE OF CREDIT - APPROPRIATION. The Bank of North Dakota shall extend a line of credit not to exceed \$84,800,000, which is hereby appropriated for the biennium beginning July 1, 1999, and ending June 30, 2001, to the state water commission for the purpose of interim financing until bonds are issued under chapter 61-02.1. Advances on the line of credit may be made only when a source of repayment has been identified and determined to be available."

Page 13, line 27, replace "under" with "as provided in"

Page 13, line 31, replace "resources" with "water development"

Page 14, line 3, after "is" insert "voluntarily" and after "sale" insert ", subject to the rights of bondholders and all applicable federal requirements,"

Page 14, line 4, replace "resources" with "water development"

Page 14, line 5, after "be" insert "voluntarily"

Page 14, replace lines 16 through 20 with:

"SECTION 6. WATER DEVELOPMENT TRUST FUND. Moneys received by the state pursuant to the 1998 settlement agreement with tobacco product manufacturers, or any successor agreement, must be deposited in the water development trust fund in the state treasury for use in paying for bonds issued as provided in section 3 of this Act and for other water projects as provided in 1999 House Bill No. 1475."

Page 14, after line 25, insert:

"SECTION 8. APPROPRIATION. There is hereby appropriated out of any moneys in the water development trust fund, not otherwise appropriated or from bond proceeds, the sum of \$84,800,000, or so much of the sum as may be necessary, to the Bank of North Dakota for the purpose of repaying the line of credit extended to the state water commission under section 4 of this Act, for the biennium beginning July 1, 1999, and ending June 30, 2001. It is the intent of the legislative assembly that the funds appropriated in this section are from transfers to be made and appropriated by the legislative assembly from the water development trust fund as provided in section 6 of this Act."

Page 14, line 27, replace "under" with "as provided in"

Page 15, line 1, after "COUNCIL" insert "AND STANDING COMMITTEES"

Page 15, line 4, replace "and to" with a comma and after "council" insert ", and to the house of representatives and the senate standing committees on natural resources and appropriations"

Page 15, line 8, after the period insert "The report must include information on the funding sources used to repay any bonds issued under chapter 61-02.1."

SECTION 11. STATEWIDE WATER DEVELOPMENT PROGRAM - LEGISLATIVE INTENT. The state water commission shall develop a new comprehensive statewide water development program with priorities based upon expected funds available from the water development trust fund for water development projects. It is the intent of the legislative assembly that the state water commission consider the delivery of water for usable purposes a priority for water development projects after the projects authorized in section 3 of this Act are completed."

Page 15, line 10, replace "under" with "as provided in" and after "ineffective" insert "provided, however, that the commission may continue to exercise all other powers granted to it under this Act and to comply with any covenants entered into pursuant to this Act"

Renumber accordingly

(Bill Number) SB 2188 (, as (re)engrossed):

Your Conference Committee

TRAYNOR AMENDMENTS
ITEM 2 - FAILED
ITEM 3 PASSED

Attendance	SENATORS	Vote	Attendance	REPRESENTATIVES	Vote
P	Nothing	YYY	P	GRASZ	YNY
P	TRAYNOR	YYY	P	TOLLEFSON	YNY
P	LINDAAS	YYY	P	KERZMAN	YYY

recommends that the (SENATE/HOUSE) (ACCEDE to) (RECEDE from)
723/724 725/726 5724/5726 5723/5725
 the (Senate/House) amendments on (SJ/HJ) page(s) _____ - _____

and place _____ on the Seventh order.
727

. 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. 690/515

((Re)Engrossed) _____ was placed on the Seventh order of business on the calendar.

DATE: 4, 9, 99

CARRIER: _____

LC NO. _____ . _____ of amendment

LC NO. _____ . _____ of engrossment

Emergency clause added or deleted _____

Statement of purpose of amendment _____

(1) LC (2) LC (3) DESK (4) COMM.

(Bill Number) SB 2188 (, as (re)engrossed):

Your Conference Committee

90221-0400-Filed

Attendance	SENATORS	Vote	Attendance	REPRESENTATIVES	Vote
	<i>Nothing</i>	<i>Y</i>			<i>N</i>
	<i>TRAYNOR</i>	<i>Y</i>			<i>N</i>
		<i>Y</i>			<i>Y</i>

recommends that the (SENATE/HOUSE) (ACCEDE to) (RECEDE from)
723/724 725/726 8724/H726 8723/H725
the (Senate/House) amendments on (SJ/HJ) page(s) _____ - _____

and place _____ on the Seventh order.
727

, 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. 690/315

((Re)Engrossed) _____ was placed on the Seventh order of business on the
calendar.

DATE: 4, 9, 99

CARRIER: _____

LC NO. _____ of amendment

LC NO. _____ of engrossment

Emergency clause added or deleted _____

Statement of purpose of amendment _____

(1) LC (2) LC (3) DESK (4) COMM.

(Bill Number) SB2188 (, as (re)engrossed):

Your Conference Committee

AMEND 90221.0211

For the Senate:	<u>VOTE</u>	For the House:	<u>VOTE</u>
<u>Nothing</u>	<u>N</u>	<u>GROSZ</u>	<u>Y</u>
<u>TRAYNOR</u>	<u>N</u>	<u>TOLLEFSON</u>	<u>Y</u>
<u>LINDAAS</u>	<u>N</u>	<u>KERZMAN</u>	<u>Y</u>

recommends that the (SENATE/HOUSE) (ACCEDE to) (RECEDE from)
723/724 725/726 S724/H726 S723/H725
the (Senate/House) amendments on (SJ/HJ) page(s) _____ - _____

and place _____ on the Seventh order.
727

, 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. 690/515

((Re)Engrossed) _____ was placed on the Seventh order of business on the
calendar.

DATE: 4, 13, 99

CARRIER: _____

LC NO. _____ . _____ of amendment

LC NO. _____ . _____ of engrossment

Emergency clause added or deleted _____

Statement of purpose of amendment _____

(1) LC (2) LC (3) DESK (4) COMM.

(Bill Number) SB 2188 (, as (re)engrossed):

Your Conference Committee

Attendance	SENATORS	Vote
P	NETHING	Y
P	TRAYNOR	Y
P	LINDAAS	Y

Attendance	REPRESENTATIVES	Vote
P	GROSZ	Y
P	TOLLEFSON	Y
P	KERZMAN	Y

recommends that the (SENATE/HOUSE) (ACCEDE to) (RECEDE from)
the (Senate/House) amendments on (SJ/HJ) page(s) 997 - 1001

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: 4, 13, 99

CARRIER: _____

LC NO. 90221 . 0220 of amendment

LC NO. _____ . _____ of engrossment

Emergency clause added or deleted _____

Statement of purpose of amendment _____

(1) LC (2) LC (3) DESK (4) COMM.

REPORT OF CONFERENCE COMMITTEE

SB 2188, as engrossed: Your conference committee (Sens. Nething, Traynor, Lindaas and Reps. Grosz, Tollefson, Kerzman) recommends that the **HOUSE RECEDE** from the House amendments on SJ pages 997-1001, adopt amendments as follows, and place SB 2188 on the Seventh order:

That the House recede from its amendments as printed on pages 997-1001 of the Senate Journal and pages 929-933 and page 1060 of the House Journal and that Engrossed Senate Bill No. 2188 be amended as follows:

Page 1, line 8, after "council" insert "; to provide for development of a statewide water development program"

Page 1, line 13, replace "is committed to" with "will support to the extent funds are available from the water development trust fund"

Page 1, line 17, replace "is committed to" with "will support"

Page 2, line 2, after "repayment" insert "of the total principal, interest, and cost of issuance of the bonds"

Page 2, line 10, replace "will" with "or so much of the total cost-share that is required may" and replace "local" with "loan"

Page 2, line 13, after "outlet" insert "to Sheyenne River and to west Stump Lake"

Page 2, line 18, after the underscored period insert "Before bonds may be issued for a Devils Lake outlet, construction of the outlet must be approved by the state water commission and the federal government must have agreed to participate in construction of the outlet."

Page 2, remove lines 19 through 21

Page 3, line 15, after "outlet" insert "to Sheyenne River and to west Stump Lake"

Page 3, line 17, replace "Twenty-four" with "Thirty-one", after the first "million" insert "seven hundred thousand", and replace "eighteen" with "twenty-five"

Page 3, line 18, replace "four" with "nine", replace the first "five" with "thirty-nine", and replace the second "five" with "eight"

Page 4, line 6, after "outlet" insert "to Sheyenne River and to west Stump Lake"

Page 4, line 28, after "outlet" insert "to Sheyenne River and to west Stump Lake"

Page 5, line 17, after "outlet" insert "to Sheyenne River and to west Stump Lake"

Page 6, line 6, after "outlet" insert "to Sheyenne River and to west Stump Lake"

Page 6, line 24; replace "payments" with "repayments"

Page 6, line 25, after "outlet" insert "to Sheyenne River and to west Stump Lake"

Page 6, line 26, replace "One hundred ninety-six" with "Two hundred twenty"

Page 6, line 27, replace "thirty-eight" with "fifty-six" and after "million" insert "four hundred thousand"

Page 6, line 28, replace "twenty-five" with "thirty-four" and replace "eight" with "three"

Page 8, line 16, after "floods" insert "and to repay the line of credit extended to the state water commission under section 4 of this Act"

Page 8, line 28, remove "and"

Page 8, after line 30, insert:

- "(5) A project cooperation agreement, which contains provisions acceptable to the state engineer and is approved by the governor, is entered by the state of Minnesota or one of its political subdivisions in which the flood control or reduction project is to be constructed;
- (6) A project cooperation agreement, which contains provisions acceptable to the state engineer and is approved by the governor, is entered by the state or one of its political subdivisions in which the flood control or reduction project is to be constructed;
- (7) The governing body of the city has approved a financing plan for all amounts of the nonfederal share of a flood control or reduction project in excess of the amounts to be paid by the state;
- (8) That no order for injunctive relief has been issued by a court of competent jurisdiction enjoining construction of the flood control or reduction project; and
- (9) That the flood control or reduction project is designed to be cost-effective and that any impact on residential neighborhoods is minimized in an amount reasonably practicable as determined by the state engineer and approved by the governor;"

Page 9, line 14, after "project" insert "and to repay the line of credit extended to the state water commission under section 4 of this Act"

Page 9, line 22, after the underscored period insert "If the Perkins County water system does not make payment to the state water commission, no benefits may accrue to the Perkins County water system."

Page 9, line 26, after the underscored period insert "(1)"

Page 9, line 31, replace the underscored period with ";

- (2) The state water commission or the project sponsor must sign a project cooperation agreement with the United States army corps of engineers;
- (3) The outlet from Devils Lake to west Stump Lake must comply with any environmental impact statement or National Environmental Policy Act provisions required under federal law; and

- (4) Bonds may not be issued if an order for injunctive relief has been issued by a court of competent jurisdiction enjoining construction of an outlet from Devils Lake to the Sheyenne River or to west Stump Lake."

Page 10, line 13, after "bonds" insert "authorized"

Page 10, line 14, after "unless" insert "federal funds have been appropriated for"

Page 10, line 15, remove "has received federal funds"

Page 10, after line 15, insert:

- "10. Notwithstanding this section, if bonds are issued under this chapter, any bonds subsequently issued after the first issuance must meet the same conditions as the bonds initially issued.
11. Notwithstanding this section, except for a project listed in subdivision a of subsection 7 the state water commission may not issue bonds under this chapter unless the local project sponsor has agreed to repay the local project sponsor's share of any bonds issued for the entire nonfederal share of the cost of a project."

Page 11, line 3, replace "under" with "as provided in"

Page 11, line 7, replace "under" with "as provided in"

Page 11, line 8, replace "the" with "a" and after "outlet" insert "to the Sheyenne River and to west Stump Lake"

Page 11, line 15, after "61-02.1-01" insert "and to repay the line of credit extended to the state water commission under section 4 of this Act"

Page 11, line 17, after "Lake" insert "to the Sheyenne River and to west Stump Lake"

Page 11, after line 23, insert:

- "4. For any project that requires federal participation, the state water commission may issue bonds equal to the estimated project costs less any local participation. Except for a project listed in subdivision a of subsection 7 of section 61-02.1-01, if the state water commission issues bonds for both the state and local cost-share, an agreement for the local repayment of the local cost-share must be a part of an agreement between the state water commission and the local project sponsor to issue bonds for the nonfederal share."

Page 11, line 25, replace "under" with "as provided in"

Page 12, line 2, replace "under" with "as provided in"

Page 12, line 4, replace "resources" with "water development" and replace "5 of this" with "61-02.1-05"

Page 12, line 5, remove "Act", after the underscored comma insert "then", and after the second "from" insert "revenues in the resources trust fund other than revenues from state taxes, then"

Page 12, remove lines 6 through 9

Page 12, line 10, remove "principal and interest on the bonds under a trust indenture, or"

Page 12, line 11, after "and" insert "then from"

Page 12, line 15, after the underscored period insert "If sufficient funds from these sources are not available, then from transfers to be made and appropriated by the legislative assembly from the first available current biennial earnings of the Bank of North Dakota not to exceed six million five hundred thousand dollars per biennium prorated with any other bonds payable from transfers to be made and appropriated by the legislative assembly from the available current biennial earnings of the Bank of North Dakota, to be credited by the trustee to the fund established for paying principal and interest on the bonds under a trust indenture."

Page 12, line 18, replace "resources" with "water development" and replace "5 of this" with "61-02.1-05"

Page 12, line 19, remove "Act", after the underscored comma insert "then", and after the second "from" insert "revenues in the resources trust fund other than revenues from state taxes, then"

Page 12, remove lines 20 through 23

Page 12, line 24, remove "principal and interest on the bonds under a trust indenture,"

Page 12, line 26, after "and" insert "then from"

Page 12, line 29, after the underscored period insert "If sufficient funds from these sources are not available, then from transfers to be made and appropriated by the legislative assembly from the first available current biennial earnings of the Bank of North Dakota not to exceed six million five hundred thousand dollars per biennium prorated with any other bonds payable from transfers to be made and appropriated by the legislative assembly from the available current biennial earnings of the Bank of North Dakota, to be credited by the trustee to the fund established for paying principal and interest on the bonds under a trust indenture."

Page 13, line 1, replace "resources" with "water development", replace "5 of this Act" with "61-02.1-05", and after the underscored comma insert "then"

Page 13, line 2, replace "the first" with "revenues in the resources trust fund other than revenues from state taxes"

Page 13, remove lines 3 through 6

Page 13, line 7, replace "and interest on the bonds pursuant to a trust indenture, or" with ", then"

Page 13, line 8, after "and" insert "then from"

Page 13, line 12, after the underscored period insert "If sufficient funds from these sources are not available, then from transfers to be made and appropriated by the legislative assembly from the first available current biennial earnings of the Bank of North Dakota not to exceed six million five hundred thousand dollars per biennium prorated with any other bonds payable from transfers to be made and appropriated by the legislative assembly from the available current biennial earnings of the Bank of North Dakota, to

be credited by the trustee to the fund established for paying principal and interest on the bonds under a trust indenture."

Page 13, line 13, replace "under" with "as provided in"

Page 13, line 18, replace "under" with "as provided in"

Page 13, after line 24, insert:

"61-02.1-05. Water development trust fund. Moneys received by the state pursuant to the 1998 settlement agreement with tobacco product manufacturers, or any successor agreement, and any earnings on these moneys, must be deposited in the water development trust fund in the state treasury for use in paying for bonds issued as provided in this chapter and for other water projects as provided in 1999 House Bill No. 1475.

SECTION 4. LINE OF CREDIT - APPROPRIATION. The Bank of North Dakota shall extend a line of credit not to exceed \$84,800,000, which is hereby appropriated for the biennium beginning July 1, 1999, and ending June 30, 2001, to the state water commission for the purpose of interim financing until bonds are issued under chapter 61-02.1. Advances on the line of credit may be made only when a source of repayment has been identified and determined to be available."

Page 13, line 27, replace "under" with "as provided in"

Page 13, line 31, replace "resources" with "water development"

Page 14, line 3, after "is" insert "voluntarily" and after "sale" insert ", subject to the rights of bondholders and all applicable federal requirements,"

Page 14, line 4, replace "resources" with "water development"

Page 14, line 5, after "be" insert "voluntarily"

Page 14, remove lines 16 through 20

Page 14, after line 25, insert:

"SECTION 7. APPROPRIATION. There is hereby appropriated out of any moneys in the water development trust fund, not otherwise appropriated or from bond proceeds, the sum of \$84,800,000, or so much of the sum as may be necessary, to the Bank of North Dakota for the purpose of repaying the line of credit extended to the state water commission under section 4 of this Act, for the biennium beginning July 1, 1999, and ending June 30, 2001. It is the intent of the legislative assembly that the funds appropriated in this section are from transfers to be made and appropriated by the legislative assembly from the water development trust fund as provided in section 61-02.1-05."

Page 14, line 27, replace "under" with "as provided in"

Page 15, line 1, after "**COUNCIL**" insert "**AND STANDING COMMITTEES**"

Page 15, line 4, replace "and to" with a comma and after "council" insert ", and to the house of representatives and the senate standing committees on natural resources and appropriations"

Page 15, line 8, after the period insert "The report must include information on the funding sources used to repay any bonds issued under chapter 61-02.1.

SECTION 10. STATEWIDE WATER DEVELOPMENT PROGRAM - LEGISLATIVE INTENT. The state water commission shall develop a new comprehensive statewide water development program with priorities based upon expected funds available from the water development trust fund for water development projects. It is the intent of the legislative assembly that the state water commission consider the delivery of water for usable purposes a priority for water development projects after the projects authorized in section 3 of this Act are completed."

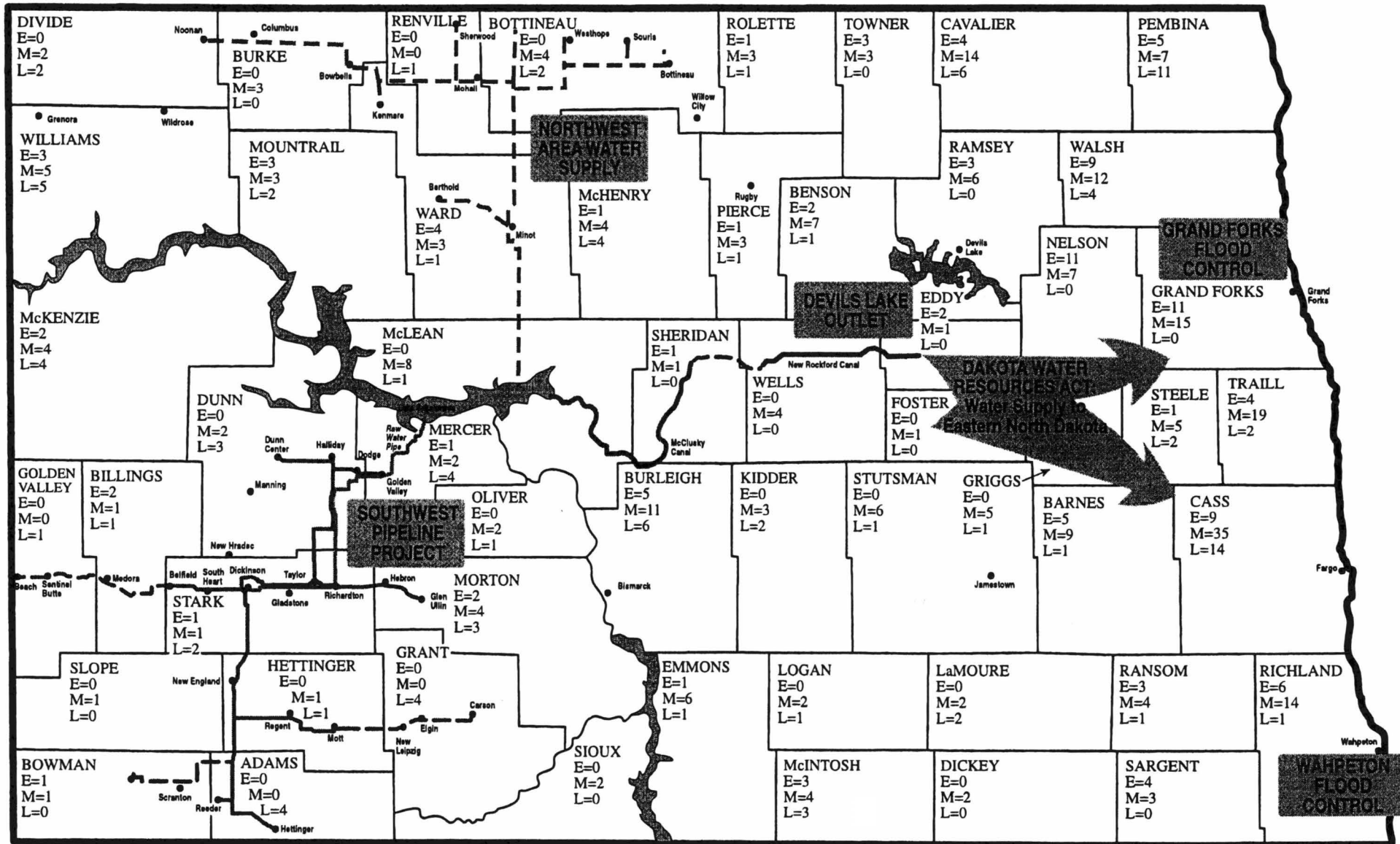
Page 15, line 10, replace "under" with "as provided in" and after "ineffective" insert "provided, however, that the commission may continue to exercise all other powers granted to it under this Act and to comply with any covenants entered into pursuant to this Act"

Renumber accordingly

Engrossed SB 2188 was placed on the Seventh order of business on the calendar.

1999 TESTIMONY

SB 2188



1999 STATE WATER MANAGEMENT PLAN PROJECTS

COUNTY NAME

E (Early)= # of projects in 1999-2001 Timeframe
 M (Middle)= # of projects in 2001-2011 Timeframe
 L (Late)= # of projects in Beyond 2011 Timeframe

Included are a variety of projects: flood control, recreation, channel maintenance, municipal and rural water supply, irrigation development, and drainage.

1999
 State Water
 Management
 Plan

State Water Management Plan Projects

<u>County</u>	<u>Watershed</u>	<u>PROJECT NAME</u>	<u>SWC Proirity</u>	<u>Total Cost</u>
Barnes	Red	Baldhill Dam - Five Foot Flood Pool Raise	1999-2001	11,585,000
Barnes	James	Meadow Lake Water Management	1999-2001	150,000
Barnes	Red	Mill Dam Repairs - Valley City	1999-2001	50,000
Barnes	Red	Sheyenne River Snagging & Clearing - Barnes County	1999-2001	90,000
Barnes	James	Upper Bear Creek Water Management	1999-2001	8,000
Benson	Devils Lake	Benson Rural Water Phase I	1999-2001	9,673,000
Benson/Ramsey//Towner/Cavalier/Nelson	Devils Lake - regional	Devils Lake Emergency Outlet - Peterson Coulee	1999-2001	50,000,000
Benson/Ramsey/Cavalier/Towner/Nelson	Devils Lake	Devils Lake Emergency Outlet-Peterson Coulee-Operations	1999-2001	1,250,000
Billings	Missouri	Island Removal - Little Missouri River	1999-2001	200,000
Billings	Missouri	Little Missouri River Bank Stabilization - Medora	1999-2001	750,000
Bowman/Slope/McKenzie/Mountrial/Ward/William	Missouri	Atmospheric Water Management Project	1999-2001	1,164,000
Burleigh	Missouri	Burnt Creek Project	1999-2001	150,000
Burleigh	Missouri	Jackman Coulee Flood Study - Bismarck	1999-2001	20,000
Burleigh	Missouri	Missouri River Bank Revegetation - Bismarck Area - Study	1999-2001	N/A
Burleigh/McLean	Missouri	Missouri River Bank Stabilization - Burleigh & McLean County	1999-2001	6,700,000
Burleigh/Morton/Oliver/McLean/Mercer	Missouri	Missouri River 2020 Initiative-Study	1999-2001	60,000
Cass	Red	Cass Co. Drain #13 Improvements	1999-2001	1,750,000
Cass	Red	Cass Co. Drain #35 - Channel Improvements	1999-2001	100,000
Cass	Red	Farmstead Ring Dikes-Noble & Wiser Twps-Cass Co.-Phase I	1999-2001	375,000
Cass	Red	Farmstead Ring Dikes-Raymond, Berlin, and Harwood	1999-2001	500,000
Cass	Red	Maple River Dam	1999-2001	16,000,000
Cass	Red	Overland Flood Protection - North of Fargo (Reed Twp.)	1999-2001	1,500,000
Cass	Red	Overland Flood Protection - South Fargo (Stanley & Pleasant	1999-2001	1,000,000
Cass	Red	Swan Creek Watershed Improvements - Phase II	1999-2001	125,000
Cass/Richland/Ransom	Red	Tri-County Flood Control Project #1894 - Study	1999-2001	160,000
Cavalier	Red	Grey Twp. Drain #1	1999-2001	35,000
Cavalier	Red	Langdon - Mt. Carmel Supply Line- Planning	1999-2001	50,089
Cavalier	Red	Langdon WTP Exp. & Impr. - Planning	1999-2001	138,125
Cavalier	Red	Upper Rush Lake Basin Clean-Out	1999-2001	130,000
Cavalier/Towner	Devils Lake	Langdon RWU - Phase IV - Munich to Cando - Planning	1999-2001	138,000
Cavalier/Towner	Devils Lake	Langdon RWU - PhaseIV- Munich to All Seasons - Planning	1999-2001	69,850
Cavalier/Towner/Ramsey	Devils Lake	Langdon RWU - Phase IV - Rural Distribution - Planning	1999-2001	174,375
Eddy	James	Rocky Run Channel Improvements - Eddy Co.	1999-2001	N/A

State Water Management Plan Projects

<u>County</u>	<u>Watershed</u>	<u>PROJECT NAME</u>	<u>SWC Priority</u>	<u>Total Cost</u>
Eddy	Red	Warsing Low Level Outlet - Eddy Co.	1999-2001	12,000
Emmons	Missouri	Linton Flood Control - Spring Creek Diversion	1999-2001	100,000
Grand Forks	Red	Cole Creek Channelization	1999-2001	295,000
Grand Forks	Red	Grand Forks - New Clearwell & Trans.	1999-2001	14,820,000
Grand Forks	Red	Grand Forks - Temporary Sludge Dewater	1999-2001	6,990,000
Grand Forks	Red	Grand Forks - Traill Water Users Distribution Impr. - Planning	1999-2001	235,200
Grand Forks	Red	Grand Forks - Traill Water Users - Exp. - 1MG Clearwell -	1999-2001	32,100
Grand Forks	Red	Grand Forks - Traill Water Users - RWS Interconnect - Planning	1999-2001	10,830
Grand Forks	Red	Grand Forks - Traill Water Users - WTP Exp. - Planning	1999-2001	54,600
Grand Forks	Red	Grand Forks Water Plant - Intake and Trans. Line Repl.	1999-2001	25,400,000
Grand Forks	Red	Grand Forks - WTP Impr. - Planning	1999-2001	850,000
Grand Forks	Red- regional	Grand Forks/E. Grand Forks Flood Control	1999-2001	88,522,038
Grand Forks	Red	Grand Forks/E. Grand Forks Greenway Project (Planning,	1999-2001	1,000,000
Grand Forks	Red	Riverside Park Dam Repairs- Grand Forks	1999-2001	1,125,000
Hettinger/Adams/Stark/Grant/Morton	Missouri- regional	Southwest Pipeline Project (Mott-Elgin)	1999-2001	17,500,000
McHenry	Souris	Willow Creek Bank Stabilization/Channel Improvement	1999-2001	30,000
McIntosh	Missouri	Southwest Wishek Area - Channel Improvement	1999-2001	40,000
McIntosh	Missouri	Well Protection - Zeeland Aquifer	1999-2001	N/A
McIntosh/Logan/Emmons	Missouri	Green Lake Watershed Diversion Project - Study	1999-2001	15,000
McKenzie	Missouri	Elk Charbonneau Irrigation Project	1999-2001	7,384,000
McKenzie	Missouri	McKenzie County Rural Water - Planning	1999-2001	400,000
McLean/Ward	Souris- regional	Northwest Area Water Supply - Phase II (Minot 1999-2001)	1999-2001	20,000,000
Mercer/Oliver	Missouri	Mercer/Oliver Irrigation Project - Study	1999-2001	N/A
Morton	Missouri	Harmon Lake - Dam #6	1999-2001	2,100,000
Morton/Oliver/Mercer	Missouri	Missouri River Bank Stabilization - Morton, Mercer & Oliver	1999-2001	6,940,000
Mountrail	Missouri	Mountrail County Irrigation Project - Study	1999-2001	100,000
Mountrail	Missouri	White Earth Dam Modification	1999-2001	150,000
Mountrial	Missouri	New Town - WTP Replacement - Planning	1999-2001	75,000
Multi-county	Devils Lake	Devils Lake Flood Related Programs/Studies	1999-2001	1,500,000
Nelson	Red	City of Petersburg Flood Control Project	1999-2001	25,000
Nelson	Red	McVile Dam - Study	1999-2001	N/A
Nelson	Devils Lake	NE Watercourse in Stump Lake	1999-2001	30,000
Nelson	Red	Nelson Co. Drain #12 (Enterprise & Sarnia Twp.)	1999-2001	638,000

State Water Management Plan Projects

<u>County</u>	<u>Watershed</u>	<u>PROJECT NAME</u>	<u>SWC Proirity</u>	<u>Total Cost</u>
Nelson	Devils Lake	NW City of Lakota - Flood Control	1999-2001	35,000
Nelson	Red	Sheyenne River - Forde Township Snagging and Clearing	1999-2001	45,000
Nelson	Red	Sheyenne River - Peterson Dam (Snag & Clear and Lake	1999-2001	60,000
Nelson	Red	Silver Creek Dam Reconstruction	1999-2001	170,000
Nelson	Devils Lake	Stump Lake Discharge to Sheyenne River - Study	1999-2001	100,000
Nelson	Red	Tolna Dam Repairs	1999-2001	7,000
Nelson/Ramsey	Devils Lake	Lakota/Bartlett Twp. County Flood Control	1999-2001	20,000
Pembina	Red	Cart Creek Snagging & Clearing	1999-2001	150,000
Pembina	Red	Drayton Dam - Modify Waterway	1999-2001	N/A
Pembina	Red	Drayton Dam - Study	1999-2001	250,000
Pembina	Red	Drayton - WTP Advanced Treatment - Planning	1999-2001	74,500
Pembina	Red	Pembina River Snagging & Clearing	1999-2001	N/A
Pierce	Souris- regional	Northwest Area Water Supply - Rugby WTP	1999-2001	3,000,000
Pierce	Souris	Pierce County Rural Water	1999-2001	4,492,000
Ramsey	Devils Lake	Chain Lakes Improvements-Duck Road	1999-2001	27,000
Ramsey	Devils Lake	Morrison Lake Control Structure	1999-2001	50,000
Ransom	Red	Shenford Flood Control Project	1999-2001	80,000
Ransom/Richland	Red	McLeod Flood Control Project	1999-2001	30,000
Ransom/Sargent	Red	Ransom - Sargent Rural Water	1999-2001	22,625,640
Richland	Red	Antelope Creek Snagging & Clearing	1999-2001	175,000
Richland	Red	Ibsen Twp. Flood Control #97	1999-2001	120,000
Richland	Red	Kidder Dam - Modify Waterway - Richland Co.	1999-2001	120,000
Richland	Red	Kristen Dam -- Removal of Channel Obstruction - Richland Co.	1999-2001	175,000
Richland	Red	Lake Elsie Marina	1999-2001	60,000
Richland	Red	Wild Rice River Snagging & Clearing	1999-2001	475,000
Rolette/Towner	Souris	All Seasons Water Users - System IV Exp. Phase III -	1999-2001	420,000
Sargent	Red	Brummond Lubke Dam T-1A Repairs	1999-2001	25,000
Sargent	Red	Nelson Dam Repairs	1999-2001	25,000
Sargent	Red	Preliminary Engineering of Water Channels, Natural and Legal	1999-2001	50,000
Sargent	Red	Silver Lake Bifrost Bridge	1999-2001	150,000
Sheridan	Red	Denhoff Twp. Channel Improvement	1999-2001	N/A
Stark	Missouri	Belfield Watershed Project (Heart River)	1999-2001	2,265,000
Statewide	All	USGS Hydrologic Studies	1999-2001	1,260,000

State Water Management Plan Projects

<u>County</u>	<u>Watershed</u>	<u>PROJECT NAME</u>	<u>SWC Priority</u>	<u>Total Cost</u>
Steele	Red	Steele Co. Drain #13	1999-2001	90,000
Trails	Red	Hillsboro - WTP Expansion - Planning	1999-2001	125,000
Trails	Red	Mayville Advanced Treatment - Planning	1999-2001	62,500
Trails	Red	Trails Co. Drain #57A	1999-2001	656,000
Trails	Red	Trails Co. Drain #627 Improvements	1999-2001	850,000
Walsh	Red	Dam #5 - Middle Branch of the Park River	1999-2001	3,500,000
Walsh	Red	Farmstead Ring Dikes-Walsh Co. Phase I	1999-2001	659,000
Walsh	Red	Forest River Snagging & Clearing	1999-2001	125,000
Walsh	Red	Grafton Intake Replacement (Park River Intake) - Planning	1999-2001	25,000
Walsh	Red	Grafton - WTP Replacement - Planning	1999-2001	125,000
Walsh	Red	Homme Dam Safety	1999-2001	8,300,000
Walsh	Red	Morais River Snagging & Clearing	1999-2001	100,000
Walsh	Red	Park River Snagging and Clearing	1999-2001	250,000
Walsh	Red	Walsh RWU Expansion and WTP Impr. - Planning	1999-2001	40,000
Ward	Souris	Minot - Northwest Drainage Area	1999-2001	250,000
Ward	Souris	NAWS /Studies	1999-2001	100,000
Ward	Souris	Sawyer Highway 52 Crossing	1999-2001	75,000
Ward	Souris	Souris River Snagging and Clearing	1999-2001	1,000,000
Williams	Missouri	Buford - Trenton Irrigation District Expansion-Phase I	1999-2001	1,500,000
Williams	Missouri	Nesson Valley Irrigation	1999-2001	6,500,000
Williams	Missouri	Williston Transmission Line Impr. - Phase I	1999-2001	3,440,000
Adams/GoldenValley/Slope	Missouri- regional	Southwest Pipeline Project (Bowman-Scranton)	2001-2011	14,730,000
Barnes	Red	Dazey Water Supply Impr.	2001-2011	1,200,000
Barnes	Red	Lake Ashtabula Restoration	2001-2011	800,000
Barnes	Red	Sheyenne River Bank Stabilization - Barnes	2001-2011	657,000
Barnes	Red	Upper Maple River Watershed Retention Dams	2001-2011	2,000,000
Barnes	Red	Valley City Water Supply Impr.	2001-2011	14,300,000
Barnes	Red	Wimbledon Water Supply Impr.	2001-2011	140,000
Barnes	Red	Woodland Park Water Supply - Valley City Area	2001-2011	N/A
Barnes, Cass, Grand Forks, Trails, Pembina, and	Red- regional	Eastern ND Water Supply - DWRA	2001-2011	168,000,000
Barnes/Cass/Griggs/Stutsman/LaMoure/Ransom	Red	Barnes Rural Water Users Phase I Impr.	2001-2011	900,000
Barnes/Cass/Griggs/Stutsman/LaMoure,Ransom	Red	Barnes Rural Water Users - Phase II Impr.	2001-2011	4,865,000
Benson	Devils Lake	Benson Rural Water Phase II	2001-2011	10,256,000

State Water Management Plan Projects

<u>County</u>	<u>Watershed</u>	<u>PROJECT NAME</u>	<u>SWC Proirity</u>	<u>Total Cost</u>
Benson	Red	Esmond Water Supply Impr.	2001-2011	1,200,000
Benson	Devils Lake	Leeds Water Supply Impr.	2001-2011	5,800,000
Benson	Red	Maddock Water Supply Impr.	2001-2011	5,800,000
Benson/Ramsey	Devils Lake	Lower Mauvais Coulee-Phase III	2001-2011	930,000
Benson/Ramsey/Cavalier/Towner/Nelson	Devils Lake	Devils Lake Emergency Outlet-Peterson Coulee-Operations	2001-2011	12,500,000
Benson/Ramsey/Cavalier/Towner/Nelson	Devils Lake - regional	Devils Lake Emergency Outlet - Peterson Coulee	2001-2011	15,000,000
Benson/Ramsey/Towner/Nelson/Rolette/Cavalier	Devils Lake	Land Management Practices - Devils Lake Basin	2001-2011	1,000,000
Billings	Missouri	Center for the American West Water Supply - Medora	2001-2011	N/A
Billings/Slope/Dunn/Golden Valley/Oliver/Mercer	Missouri- regional	Southwest Pipeline Project (Little Missouri,Oliver, Mercer,	2001-2011	30,000,000
Bottineau	Souris	All Seasons Water Users - System I Expansion	2001-2011	1,500,000
Bottineau	Souris	All Seasons Water Users - System I Improvements	2001-2011	900,000
Bottineau	Souris	Lake Metigoshe Restoration	2001-2011	N/A
Bottineau	Souris	Westhope Water Supply	2001-2011	797,600
Bottineau/Ward/ Renville	Souris- regional	Northwest Area Water Supply (ND#5/US#83-Kenmare Jct)	2001-2011	9,000,000
Bowman	Missouri	Rhame Water Supply Impr.	2001-2011	1,200,000
Burke	Souris	Lignite Water Supply Impr.	2001-2011	1,200,000
Burke	Souris	Portal Water Supply Impr.	2001-2011	1,200,000
Burke	Missouri	Powers Lake Water Supply Impr.	2001-2011	1,200,000
Burleigh	Missouri	Bismarck - Raw Water Intake Replacement	2001-2011	5,480,000
Burleigh	Missouri	Bismarck - WT Filter Expansion	2001-2011	5,390,000
Burleigh	Missouri	Bismarck -WT Recarbonation/Ozone Contact Basin	2001-2011	9,200,000
Burleigh	Missouri	Bismarck - WT Sludge Dewatering Facility Exp.	2001-2011	12,780,000
Burleigh	Missouri	Bismarck - WT Softening Expansion-Phase I	2001-2011	4,449,500
Burleigh	Missouri	Bismarck-West End Reservoir Exp./Disinfection Contact Basin	2001-2011	5,340,000
Burleigh	Missouri	City of McKenzie Flood Control Dike	2001-2011	10,000
Burleigh	Missouri	Lincoln Water Supply Impr.	2001-2011	5,800,000
Burleigh	Missouri	National Guard - Landfill Coulee Evaluation - Bismarck - Study	2001-2011	N/A
Burleigh	Missouri	Wilton Water Supply Impr.	2001-2011	5,800,000
Burleigh	Missouri	Wing Water Supply Impr.	2001-2011	1,200,000
Burleigh/Emmons/Logan	Missouri	Long Lake/Long Lake Creek/Goose Lake/North Lake Channel	2001-2011	N/A
Cass	Red	4th Street Dam - Fargo	2001-2011	4,000,000
Cass	Red	Arthur Water Supply Impr.	2001-2011	1,200,000
Cass	Red	Briarwood Water Supply Impr.	2001-2011	420,000

State Water Management Plan Projects

<u>County</u>	<u>Watershed</u>	<u>PROJECT NAME</u>	<u>SWC Priority</u>	<u>Total Cost</u>
Cass	Red	Cass Co. Drain #14 Improvements	2001-2011	2,350,000
Cass	Red	Cass Co. Drain #24 Improvements	2001-2011	500,000
Cass	Red	Cass Co. Drain #25 Improvements	2001-2011	400,000
Cass	Red	Cass Co. Drain #26 Improvements	2001-2011	400,000
Cass	Red	Cass Co. Drain #27 Improvements	2001-2011	2,000,000
Cass	Red	Cass Co. Drain #29 Improvements	2001-2011	1,000,000
Cass	Red	Cass Co. Drain #40 Improvements	2001-2011	1,500,000
Cass	Red	Cass Co. Drain #41 Improvements	2001-2011	500,000
Cass	Red	Cass Co. Drain #45 Improvements	2001-2011	2,000,000
Cass	Red	Cass Co. Drain #47 Improvements	2001-2011	150,000
Cass	Red	Cass Co. Drain #53 Improvements	2001-2011	1,000,000
Cass	Red	Cass Co. Drain # 55 Improvements	2001-2011	500,000
Cass	Red	Cass County Drain #40 Improvements	2001-2011	1,250,000
Cass	Red	Cass Rural Water Impr.	2001-2011	5,800,000
Cass	Red	Farmstead Ring Dikes-Noble & Wiser Twps-Cass Co.-Phase II	2001-2011	375,000
Cass	Red	Farmstead Ring Dikes-Raymond, Berlin, and Harwood	2001-2011	500,000
Cass	Red	Gardner Water Supply Impr.	2001-2011	420,000
Cass	Red	Harwood Water Supply System Impr.	2001-2011	800,000
Cass	Red	Horace Water Supply Impr.	2001-2011	5,800,000
Cass	Red	Lower Sheyenne River Flood Protection (Harwood & Reed Twp.)	2001-2011	5,000,000
Cass	Red	Overland Flood Protection South Fargo - West Fargo (Barnes &	2001-2011	4,000,000
Cass	Red	Oxbow Water Supply Impr.	2001-2011	75,000
Cass	Red	Page Water Supply Inpr.	2001-2011	1,200,000
Cass	Red	Sheyenne River FC - Warren & Normanna Twp. (Dike	2001-2011	2,000,000
Cass	Red	Sheyenne River Snagging and Clearing	2001-2011	1,000,000
Cass	Red	Swan Creek Watershed Improvements - Phase III	2001-2011	1,000,000
Cass	Red	Swan Creek Watershed Improvements - Phase IV	2001-2011	1,250,000
Cass	Red	West Fargo Water Supply Impr.	2001-2011	5,800,000
Cass	Red	Wild River Snagging and Clearing	2001-2011	200,000
Cass/Grand Forks/Griggs/Nelson/Steele	Red	Dakota Water Users - Distribution Expansion	2001-2011	1,800,000
Cass/GrandForks/Griggs/Nelson/Steele	Red	Dakota Water Users - System Improvements	2001-2011	1,150,000
Cass/Ransom/Richland	Red	Tri-County Flood Control Project #1894	2001-2011	N/A
Cavalier	Red	Cypress Creek #2	2001-2011	50,000

State Water Management Plan Projects

<u>County</u>	<u>Watershed</u>	<u>PROJECT NAME</u>	<u>SWC Priority</u>	<u>Total Cost</u>
Cavalier	Red	Cypress Creek #3	2001-2011	35,000
Cavalier	Red	Cypress Creek Drain #1	2001-2011	250,000
Cavalier	Devils Lake	Gordon Twp. Drain #1	2001-2011	300,000
Cavalier	Red	Langdon - Mt. Carmel Supply Line - Design/Constr.	2001-2011	2,454,361
Cavalier	Devils Lake	Langdon RWU - Phase IV- Langdon to Munich	2001-2011	2,300,000
Cavalier	Red	Langdon WTP Advanced Treatment	2001-2011	1,100,000
Cavalier	Red	Langdon WTP Exp. & Impr. - Design/Constr.	2001-2011	5,386,875
Cavalier	Red	Padden Lake Flood Control	2001-2011	55,000
Cavalier	Red	Rush Lake Management	2001-2011	900,000
Cavalier	Red	South Fork of Pembina River Dam	2001-2011	3,200,000
Cavalier	Devils Lake	Starkweather Coulee Clean-out	2001-2011	250,000
Cavalier	Red	Waterloo-South Dresden Improvements	2001-2011	100,000
Cavalier/Pembina	Red	Walhalla Twp. Drain #2 & #3	2001-2011	130,000
Cavalier/Towner	Devils Lake	Langdon RWU - Phase IV - Munich to All Seasons -	2001-2011	1,327,150
Cavalier/Towner	Devils Lake	Langdon RWU - Phase IV - Munich to Cando - Design/Constr.	2001-2011	2,622,000
Cavalier/Towner/Ramsey	Devils Lake	Langdon RWU - Phase IV - Rural Distribution - Design/Constr.	2001-2011	6,800,625
Dickey	James	Ludden Water Supply Impr.	2001-2011	420,000
Dickey	James	Oakes Water Supply Impr.	2001-2011	5,800,000
Divide	Souris	Crosby Water Supply Impr.	2001-2011	5,800,000
Divide	Souris	Fortuna Water Supply Impr.	2001-2011	50,000
Dunn	Missouri	Killdeer Water Supply Impr.	2001-2011	5,800,000
Dunn	Missouri	Little Missouri Bay Recreation Area Water Supply Impr.	2001-2011	900,000
Eddy	James	New Rockford Water Supply Impr.	2001-2011	5,800,000
Emmons	Missouri	Braddock Water Supply Impr.	2001-2011	75,000
Emmons	Missouri	Hague Water Supply Impr.	2001-2011	1,200,000
Emmons	Missouri	Hazelton Water Supply Impr.	2001-2011	1,200,000
Emmons	Missouri	Horsehead Irrigation Project	2001-2011	59,300,000
Emmons	Missouri	Linton Water Supply Impr.	2001-2011	5,800,000
Emmons	Missouri	Strasburg Water Supply Impr.	2001-2011	5,800,000
Foster	James	Carrington Water Supply Impr.	2001-2011	3,792,000
Golden Valley/Billings	Missouri- regional	Southwest Pipeline Project (Medora-Beach)	2001-2011	17,405,000
Grand Forks	Red	Bentue Twp. Erosion Structure	2001-2011	150,000
Grand Forks	Red	Dam Site #10 - Turtle River Watershed	2001-2011	3,000,000

State Water Management Plan Projects

<u>County</u>	<u>Watershed</u>	<u>PROJECT NAME</u>	<u>SWC Priority</u>	<u>Total Cost</u>
Grand Forks	Red	Emerado Water Tower	2001-2011	32,448
Grand Forks	Red	Grand Fork/E. Grand Forks Greenway Project (Multi-year	2001-2011	3,566,000
Grand Forks	Red	Grand Forks - Traill Water Users Distribution Imp. -	2001-2011	5,273,800
Grand Forks	Red	Grand Forks - Traill Water Users - Exp. - 1MG Clearwell -	2001-2011	1,037,900
Grand Forks	Red	Grand Forks - Traill Water Users - Raw Water Trans. Line	2001-2011	1,071,000
Grand Forks	Red	Grand Forks - Traill Water Users - RWS Interconnect-	2001-2011	350,170
Grand Forks	Red	Grand Forks - Traill Water Users - WTP Exp. - Design/Constr.	2001-2011	1,765,400
Grand Forks	Red	Grand Forks - Water Recl. Facility Repl.- Design/Constr.	2001-2011	24,500,000
Grand Forks	Red	Grand Forks - WTP Impr. - Design/Constr.	2001-2011	69,150,000
Grand Forks	Red- regional	Grand Forks/E. Grand Forks Flood Control (Multi-year Constr.)	2001-2011	125,571,962
Grand Forks	Red	Hazenbrook Channel & Erosion Control Structure	2001-2011	2,000,000
Grand Forks	Red	Larimore Water Supply Impr.	2001-2011	2,250,000
Grand Forks	Red	Turtle River Snagging & Bank Stabilization	2001-2011	375,000
Grand Forks/Nelson/Walsh	Red	Tri-County Water Users Expansion	2001-2011	3,100,000
Grand Forks/Walsh	Red	Agassiz Water Users Impr.	2001-2011	11,658,000
Griggs	Red	Binford Water Supply Impr.	2001-2011	1,200,000
Griggs	Red	Cooperstown Drain	2001-2011	100,000
Griggs	Red	Cooperstown Supply Imp.	2001-2011	5,800,000
Griggs	Red	Hannaford Water Supply Impr.	2001-2011	140,000
Griggs	Red	Mabel - Dover - Bartley Drain	2001-2011	150,000
Hettinger	Missouri	Mott Dam	2001-2011	23,500,000
Kidder	Missouri	Robinson Water Supply Impr.	2001-2011	420,000
Kidder	Missouri	Steele Water Supply Impr.	2001-2011	5,800,000
Kidder	Missouri	Tuttle Water Supply Impr.	2001-2011	1,200,000
LaMoure	James	LaMoure Dam - Low Level - LaMoure Co.	2001-2011	23,000
Logan	Missouri	Lehr Water Supply Impr.	2001-2011	1,200,000
Logan	Missouri	Napoleon Water Supply Impr.	2001-2011	340,000
McHenry	Souris	Deering Water Supply Impr.	2001-2011	100,000
McHenry	Souris	Granville Water Supply Impr.	2001-2011	1,200,000
McHenry	Souris	Towner Water Supply Impr.	2001-2011	234,000
McHenry	Souris	Velva Water Supply Impr.	2001-2011	375,000
McIntosh	Missouri	Ashley Water Supply Impr.	2001-2011	5,800,000
McIntosh	Missouri	Ventura Water Supply Impr.	2001-2011	420,000

State Water Management Plan Projects

<u>County</u>	<u>Watershed</u>	<u>PROJECT NAME</u>	<u>SWC Proirity</u>	<u>Total Cost</u>
McIntosh	Missouri	Wishek Water Supply Impr.	2001-2011	5,800,000
McIntosh	Missouri	Zeeland Water Supply Impr.	2001-2011	240,000
McKenzie	Missouri	Alexander Water Supply Impr.	2001-2011	100,000
McKenzie	Missouri	Charlson Irrigation Project	2001-2011	20,000,000
McKenzie	Missouri	McKenzie County Rural Water - Design/Constr.	2001-2011	3,600,000
McKenzie	Missouri	Watford City WTP Improvements	2001-2011	1,500,000
McLean	Missouri	Benedict Water Supply Impr.	2001-2011	420,000
McLean	Missouri	Garrison Rural Water Improvements	2001-2011	1,000,000
McLean	Missouri	Garrison Water Supply Impr.	2001-2011	11,200,000
McLean	Missouri	Mercer Water Supply Impr.	2001-2011	100,000
McLean	Missouri	Riverdale Water Supply Impr.	2001-2011	11,900,000
McLean	Missouri	Underwood Water Supply	2001-2011	1,785,215
McLean	Missouri	Washburn Water Supply Impr.	2001-2011	11,600,000
McLean/Sheridan	Missouri	McLean - Sheridan Rural Water Impr.	2001-2011	12,219,000
McLean/Ward	Souris- regional	Northwest Area Water Supply - Phase II (Minot 2001-2002)	2001-2011	22,000,000
Mercer	Missouri	Lake Sakakawea Estate Water Users	2001-2011	159,000
Mercer	Missouri	Stanton Water Supply Impr.	2001-2011	340,000
Morton	Missouri	Auxiliary Pumps and Gravity Drain - Heart River	2001-2011	299,000
Morton	Missouri	Bank Stabilization - Heart River	2001-2011	568,000
Morton	Missouri	Channel Liner-Mandan	2001-2011	200,000
Morton	Missouri	Mandan Water Supply Impr.	2001-2011	16,060,000
Mountrail	Missouri	Powers Lake Dam Repairs	2001-2011	150,000
Mountrial	Missouri	Mountrail Rural Water Users Impr.	2001-2011	10,000,000
Mountrial	Missouri	New Town WTP Replacement - Design/Constr.	2001-2011	2,925,000
Nelson	Devils Lake	Lakota Water Supply Impr.	2001-2011	5,800,000
Nelson	Red	McVille Water Supply Impr.	2001-2011	5,800,000
Nelson	Red	Michigan Water Supply Impr.	2001-2011	1,200,000
Nelson	Red	Pekin Water Supply Impr.	2001-2011	1,200,000
Nelson/Grand Forks/Walsh	Red	Forest River Flood Retention	2001-2011	2,000,000
Nelson/Griggs/Steele	Red	Aneta South Flood Control (Nelson, Griggs, Steele County	2001-2011	60,000
Nelson/Steele	Red	Goose River Snagging & Clearing (Nelson - Steele Counties)	2001-2011	420,000
Oliver	Missouri	Center - North System Water Supply Impr.	2001-2011	210,000
Oliver	Missouri	Center - South System Water Supply Impr.	2001-2011	1,200,000

State Water Management Plan Projects

<u>County</u>	<u>Watershed</u>	<u>PROJECT NAME</u>	<u>SWC Priority</u>	<u>Total Cost</u>
Pembina	Red	Cart Creek Dams	2001-2011	600,000
Pembina	Red	Drayton Clearwell Replacement	2001-2011	500,000
Pembina	Red	Drayton Dam Reconstruction	2001-2011	2,000,000
Pembina	Red	Drayton - WTP Advanced Treatment - Design/Construction	2001-2011	2,425,000
Pembina	Red	Pembina Water Supply Impr.	2001-2011	11,600,000
Pembina	Red	Renwick Dam Modification	2001-2011	800,000
Pembina/Cavalier	Red	North Valley Water Assoc. Expansion	2001-2011	900,000
Pierce	Red	Selz Water Supply Impr.	2001-2011	1,200,000
Pierce	Red	Southern Pierce County Rural Water Impr.	2001-2011	2,300,000
Pierce/Multiple	Souris	Rugby Transmission Line	2001-2011	1,500,000
Ramsey	Devils Lake	Cavanaugh Lake Stabilization	2001-2011	20,000
Ramsey	Devils Lake	Devils Lake Water Supply Impr.	2001-2011	5,800,000
Ramsey	Devils Lake	Starkweather Coulee-Ramsey Co.	2001-2011	150,000
Ramsey	Devils Lake	Sweetwater Coulee-Phase II	2001-2011	70,000
Ramsey/Cavalier	Devils Lake	Starkweather Coulee Improvement	2001-2011	5,000,000
Ramsey/Eddy/Foster	Devils Lake	Ramsey County Rural Water 2	2001-2011	3,300,000
Ransom	Red	Aliceton Twp. Dam - Ransom	2001-2011	130,000
Ransom	Red	Elliot Water Supply Impr.	2001-2011	N/A
Ransom	Red	Enderlin WTP Improvements	2001-2011	750,000
Ransom	Red	Lisbon Water Supply Impr.	2001-2011	700,000
Renville/Bottineau	Souris- regional	Northwest Area Water Supply (ND#5/US#83 - Bottineau)	2001-2011	7,700,000
Richland	Red	Christine Water Supply Impr.	2001-2011	140,000
Richland	Red	Colfax Watershed Project	2001-2011	1,346,000
Richland	Red	Fairmount Water Supply Impr.	2001-2011	200,000
Richland	Red	FCP #14 Reconstruction - Richland Co.	2001-2011	1,000,000
Richland	Red	Hankinson Water Supply Impr.	2001-2011	6,500,000
Richland	Red	Lidgerwood Water Supply Impr.	2001-2011	5,800,000
Richland	Red	Richland Co. Drain #6 Lateral	2001-2011	200,000
Richland	Red	Richland Co. Drain #72 Lateral B	2001-2011	75,000
Richland	Red	Sheyenne River to Wild Rice River Diversion	2001-2011	7,500,000
Richland	Red	Southeast Water Users Impr.	2001-2011	5,800,000
Richland	Red	Southeast Watershed Food Control Project - Richland Co.	2001-2011	1,000,000
Richland	Red	Walcott WTP Improvements	2001-2011	1,200,000

State Water Management Plan Projects

<u>County</u>	<u>Watershed</u>	<u>PROJECT NAME</u>	<u>SWC Priority</u>	<u>Total Cost</u>
Richland	Red	Wyndmere Water Supply Impr.	2001-2011	5,800,000
Richland/Sargent	Red	Wild Rice River Flood Retention	2001-2011	2,000,000
Rolette	Souris	Dunseith Water Supply Impr.	2001-2011	5,800,000
Rolette	Souris	Rolette Water Supply Impr.	2001-2011	5,800,000
Rolotte/Towner	Souris	All Seasons Water Users - System IV Exp. Phase III - Constr.	2001-2011	1,680,000
Sargent	Red	Crooked Creek Watershed Improvements	2001-2011	5,225,000
Sargent	Red	Havana - North Water Supply System	2001-2011	420,000
Sargent	Red	Havana - South Water Supply System	2001-2011	420,000
Sheridan	Red	Goodrich Water Supply Impr.	2001-2011	1,200,000
Sioux	Missouri	Selfridge WaterSupply Impr.	2001-2011	1,200,000
Sioux	Missouri	Solen Water Supply Impr.	2001-2011	420,000
Slope	Missouri	Marmarth Water Supply Impr.	2001-2011	1,200,000
Stark	Missouri	Meyer Dam Repairs	2001-2011	50,000
Steele	Red	Sharon Water Supply Impr.	2001-2011	1,200,000
Steele	Red	Steele Co. Drain #14	2001-2011	N/A
Steele	Red	Steele County Drain #2	2001-2011	N/A
Steele/Grand Forks/Traill	Red	Goose River Flood Retention	2001-2011	2,000,000
Steele/Grand Forks/Traill	Red	Steele, Grand Forks and Traill Counties, Drain #4	2001-2011	N/A
Stutsman	James	Jamestown Water Supply Impr.	2001-2011	16,050,000
Stutsman	James	Kensal Water Supply Impr.	2001-2011	140,000
Stutsman	Missouri	Medina Water Supply Impr.	2001-2011	1,920,000
Stutsman	Missouri	Streeter Water Supply Impr.	2001-2011	1,200,000
Stutsman	James	Woodworth Water Supply Impr.	2001-2011	100,000
Stutsman/Foster/Griggs/LaMoure	James	Stutsman Rural Water Users Improvements	2001-2011	3,100,000
Stutsman/LaMoure/Dickey	James	James River Irrigation Project - Study	2001-2011	N/A
Traill	Red	Brokke Drain #30 Reconstruction	2001-2011	30,000
Traill	Red	Buffalo Coulee Improvements	2001-2011	3,000,000
Traill	Red	Elm River Channel Improvements	2001-2011	2,000,000
Traill	Red	Galesburg Water Supply Impr.	2001-2011	1,200,000
Traill	Red	Hillsboro WTP Expansion - Design/Constr.	2001-2011	4,875,000
Traill	Red	Mayville Advanced Treatment - Design/Constr.	2001-2011	2,437,500
Traill	Red	Mayville Intake Improvements	2001-2011	200,000
Traill	Red	Preston Floodway	2001-2011	250,000

State Water Management Plan Projects

<u>County</u>	<u>Watershed</u>	<u>PROJECT NAME</u>	<u>SWC Priority</u>	<u>Total Cost</u>
Traill	Red	Rust Drain #24 Reconstruction	2001-2011	40,000
Traill	Red	Traill Co. Drain #13 Improvements	2001-2011	200,000
Traill	Red	Traill Co. Drain #28 Improvements	2001-2011	N/A
Traill	Red	Traill Co. Drain #3420 Reconstruction	2001-2011	1,200,000
Traill	Red	Traill Co. Drain #38 Improvements	2001-2011	200,000
Traill	Red	Traill Co. Drain #53 Improvements	2001-2011	30,000
Traill	Red	Traill Co. Drain T 148	2001-2011	1,000,000
Traill	Red	Traill Co. Drain Twp. 145	2001-2011	100,000
Traill	Red	Traill Co. Drain Twp. 147 Improvements	2001-2011	250,000
Traill	Red	Traill County Rural Water Impr.	2001-2011	5,800,000
Traill/Cass	Red	Elm River Flood Retention	2001-2011	1,000,000
Walsh	Red	Drain #31 Reconstruction - Walsh Co.	2001-2011	725,000
Walsh	Red	Farmstead Ring Dikes-Walsh Co. Phase II	2001-2011	659,000
Walsh	Red	Grafton Flood Control Project	2001-2011	17,600,000
Walsh	Red	Grafton Intake Replacement (Park River) - Design/Constr.	2001-2011	275,000
Walsh	Red	Grafton - Interim WTP Improvements	2001-2011	1,231,415
Walsh	Red	Grafton - WTP Replacement - Design/Construction	2001-2011	10,500,000
Walsh	Red	Lateral A - Walsh County	2001-2011	200,000
Walsh	Red	Minto WTP Improvements	2001-2011	250,000
Walsh	Red	Park River New Wells	2001-2011	2,230,000
Walsh	Red	Park River WTP Impr.	2001-2011	1,500,000
Walsh	Red	Walsh RWU Expansion and WTP Impr. - Construction	2001-2011	1,785,000
Walsh	Red	Walsh RWU Expansion and WTP Impr. - Design	2001-2011	275,000
Ward	Souris	Brooks Addition - Minot Area	2001-2011	100,000
Ward	Souris	Burlington Dams	2001-2011	2,500,000
Ward	Souris- regional	Northwest Area Water Supply - Minot WTP Expansion	2001-2011	15,860,000
Ward	Souris- regional	Northwest Area Water Supply (Minot-Berthold)	2001-2011	3,000,000
Ward	Souris	Puppy Dog Coulee	2001-2011	2,000,000
Ward	Missouri	Ryder Water Supply Impr.	2001-2011	1,200,000
Ward	Souris	Upper Basin Storage - Des Lacs	2001-2011	3,900,000
Ward/Burke/Mountrial/Divide/Williams	Souris- regional	Northwest Area Water Supply (Mountrail - Writing Rock)	2001-2011	5,000,000
Ward/Burks/Divide	Souris- regional	Northwest Area Water Supply (Kenmare Jct. - Noonan)	2001-2011	5,360,000
Ward/Renville/Bottineau	Souris- regional	Northwest Area Water Supply (Minot - ND#5/US#83)	2001-2011	17,800,000

State Water Management Plan Projects

<u>County</u>	<u>Watershed</u>	<u>PROJECT NAME</u>	<u>SWC Priority</u>	<u>Total Cost</u>
Wells	James	Bowden Water Supply Impr.	2001-2011	1,200,000
Wells	James	Cathay Water Supply Impr.	2001-2011	420,000
Wells	James	Central Plains Water District - Wells Co.	2001-2011	800,000
Wells	Red	Harvey Water Supply Impr.	2001-2011	5,800,000
Williams	Missouri	Buford - Trenton Irrigation District Expansion-Phase II	2001-2011	1,500,000
Williams	Missouri	Drainage Improvement - West of Williston	2001-2011	N/A
Williams	Missouri	Fort Union Trading Post Water Supply Impr.	2001-2011	100,000
Williams	Missouri	Williams Rural Water Impr.	2001-2011	2,600,000
Williams	Missouri	Williston WTP - Phase II & III	2001-2011	24,030,000
Williams/Mountrial	Souris- regional	Northwest Area Water Supply (GWP- WTP's)	2001-2011	5,425,000
Adams	Missouri	Buffalo Creek Dam	beyond 2011	1,200,000
Adams	Missouri	Hettinger Dam	beyond 2011	10,600,000
Adams	Missouri	Square Butte Dam	beyond 2011	614,000
Adams	Missouri	Thunderhawk Dam	beyond 2011	35,200,000
Barnes/Cass/Ransom	Red	Sheyenne River Flood Retention	beyond 2011	6,000,000
Benson/Ramsey//Towner/Cavalier/Nelson	Devils Lake - regional	Devils Lake Emergency Outlet - Peterson Coulee	beyond 2011	15,000,000
Benson/Ramsey/Cavalier/Towner/Nelson	Devils Lake	Devils Lake Emergency Outlet-Peterson Coulee-Operations	beyond 2011	12,500,000
Billings	Missouri	Blacktail Dam	beyond 2011	2,000,000
Bottineau	Souris	Oak, Wolf, and Willow Creek Floodplain Management Study	beyond 2011	N/A
Bottineau	Souris	Thompson Lake Study	beyond 2011	N/A
Burleigh	Missouri	Apple Creek Flood Control Dams	beyond 2011	200,000
Burleigh	Missouri	Bismarck - WT Pretreatment Expansion	beyond 2011	7,240,000
Burleigh	Missouri	Bismarck - WT Softening Expansion - Phase II	beyond 2011	4,120,000
Burleigh	Missouri	Burnt Creek Dam	beyond 2011	3,000,000
Burleigh	Missouri	McDowell Dam Improvements	beyond 2011	360,000
Burleigh	Missouri	Tyler Coulee Improvements	beyond 2011	400,000
Cass	Red	Buffalo Creek Channel Improvements	beyond 2011	1,500,000
Cass	Red	Cass Co. Drain #10 Outlet Improvements	beyond 2011	500,000
Cass	Red	Cass Co. Drain #13 Outlet Improvements	beyond 2011	1,000,000
Cass	Red	Cass Co. Drain #40 Outlet Improvements	beyond 2011	1,000,000
Cass	Red	Cass Co. Drain #9 Outlet Improvements	beyond 2011	500,000
Cass	Red	Lynchburg Channel Improvements	beyond 2011	1,000,000
Cass	Red	Maple River Channel Improvements	beyond 2011	1,500,000

State Water Management Plan Projects

<u>County</u>	<u>Watershed</u>	<u>PROJECT NAME</u>	<u>SWC Priority</u>	<u>Total Cost</u>
Cass	Red	Maple River Debris Removal	beyond 2011	400,000
Cass	Red	Maple River T-114 Dam	beyond 2011	900,000
Cass	Red	Maple River T-132 Dam	beyond 2011	1,800,000
Cass	Red	Rush River Snagging and Clearing	beyond 2011	150,000
Cass	Red	Sheyenne River Snagging and Clearing	beyond 2011	1,000,000
Cass	Red	Wheatland Channel Improvements	beyond 2011	1,500,000
Cass	Red	Wild Rice River Snagging and Clearing	beyond 2011	200,000
Cavalier	Devils Lake	Calio Coulee Improvements	beyond 2011	150,000
Cavalier	Devils Lake	Henderson #2 Drain	beyond 2011	120,000
Cavalier	Devils Lake	Nekoma - Billings Drain	beyond 2011	80,000
Cavalier	Devils Lake	North Loma #1 Drain	beyond 2011	60,000
Cavalier	Red	Pembilier Dam	beyond 2011	N/A
Cavalier/Pembina/Walsh	Red	Stream Restoration Project (Red River & Major Tributaries in NE	beyond 2011	250,000
Divide	Souris	Long Creek Dam - Divide Co.	beyond 2011	25,000
Divide	Souris	Slough South of Crosby-Flood Control Study	beyond 2011	N/A
Dunn	Missouri	Emerson Dam	beyond 2011	11,500,000
Dunn	Missouri	Fayette Dam	beyond 2011	3,000,000
Dunn	Missouri	North Coyote Creek Dam	beyond 2011	710,000
Emmons	Missouri	Beaver Bay Dam	beyond 2011	3,000,000
Golden Valley	Missouri	Odland Dam Improvements	beyond 2011	996,000
Grand Forks	Red- regional	Grand Forks/E. Grand Forks Flood Control (Multi-year Constr.)	beyond 2011	50,700,000
Grant	Missouri	Cannonball Dam	beyond 2011	19,400,000
Grant	Missouri	Louse Lake Dam	beyond 2011	2,800,000
Grant	Missouri	Lower Antelope Creek Dam	beyond 2011	4,400,000
Grant	Missouri	Otter Creek Dam	beyond 2011	710,000
Griggs	Red	Red Willow Lake Restoration	beyond 2011	400,000
Hettinger	Missouri	Lenhardt Dam	beyond 2011	910,000
Kidder	Missouri	Lake Isabel Stabilization	beyond 2011	32,000
Kidder	Missouri	Lake Williams Recreation Facilities	beyond 2011	N/A
LaMoure	James	Memorial Park Dam Repairs - LaMoure Co.	beyond 2011	50,000
Logan	Missouri	Hildenbrand Dam Repairs	beyond 2011	100,000
McHenry	Souris	Oak Creek Bank Stabilization	beyond 2011	N/A
McHenry	Souris	Ox, Oak, and Willow Creek Flood Control Dams	beyond 2011	N/A

State Water Management Plan Projects

<u>County</u>	<u>Watershed</u>	<u>PROJECT NAME</u>	<u>SWC Priority</u>	<u>Total Cost</u>
McHenry	Souris	Souris River Washout	beyond 2011	60,000
McHenry	Souris	Wintering River Flood Control and Bank Erosion Study	beyond 2011	N/A
McIntosh	Missouri	Coldwater Lake Shoreline Improvements	beyond 2011	N/A
McIntosh	Missouri	Green Lake Dredging Project	beyond 2011	1,400,000
McIntosh	Missouri	Jund Dam Repairs	beyond 2011	32,000
McKenzie	Missouri	Cartwright Charboneau Irrigation Project	beyond 2011	14,000,000
McKenzie	Missouri	McKenzie County Long-Term Irrigation Development	beyond 2011	96,000,000
McKenzie	Missouri	Tobacco Garden Irrigation Project	beyond 2011	8,000,000
McKenzie	Missouri	Yellowstone Streambank Stabilization	beyond 2011	545,000
McLean	Missouri	Brush, Pelican, & Peterson Lake Improvement	beyond 2011	2,600,000
Mercer	Missouri	Beulah Dry Dams (three dams)	beyond 2011	700,000
Mercer	Missouri	Pumpback Reservoir-Fort Berthold Reservation	beyond 2011	11,500,000
Mercer	Missouri	Spring Lake Dam	beyond 2011	6,500,000
Mercer	Missouri	Zap Flood Control	beyond 2011	30,000
Morton	Missouri	Danzig Dam Restoration	beyond 2011	N/A
Morton	Missouri	Hailstone Creek Dam	beyond 2011	662,000
Morton	Missouri	Heart River Stabilization Demonstration Project	beyond 2011	30,000
Mountrail	Missouri	Paulsen Dam Repairs	beyond 2011	20,000
Mountrail	Missouri	Stanley Erosion Control	beyond 2011	10,000
Oliver	Missouri	Otter Creek Dam	beyond 2011	3,200,000
Pembina	Red	Green Belt - Pembina River	beyond 2011	N/A
Pembina	Red	Pembina River Floodway	beyond 2011	N/A
Pembina	Red	Tongue River Cutoff Channel E Improvements	beyond 2011	695,000
Pierce	Souris	Horseshoe Lake Flood Control	beyond 2011	1,200,000
Ransom	Red	Moellenkamp Dam - Ransom Co.	beyond 2011	1,000,000
Renville	Souris	North Tolley Flood Control Study	beyond 2011	N/A
Richland/Sargent	Red	Wild Rice River Flood Retention	beyond 2011	3,000,000
Rolette	Souris	Wolf Creek Flood Control Study	beyond 2011	N/A
Stark	Missouri	Plum Creek Dam	beyond 2011	3,000,000
Stark	Missouri	Upper Antelope Creek Dam	beyond 2011	3,400,000
Steele	Red	Goose River Dam #145	beyond 2011	6,500,000
Steele	Red	Hugo Dam	beyond 2011	75,000
Stutsman	James	Pipestem Creek Stabilization	beyond 2011	N/A

Meeting the

Challenge

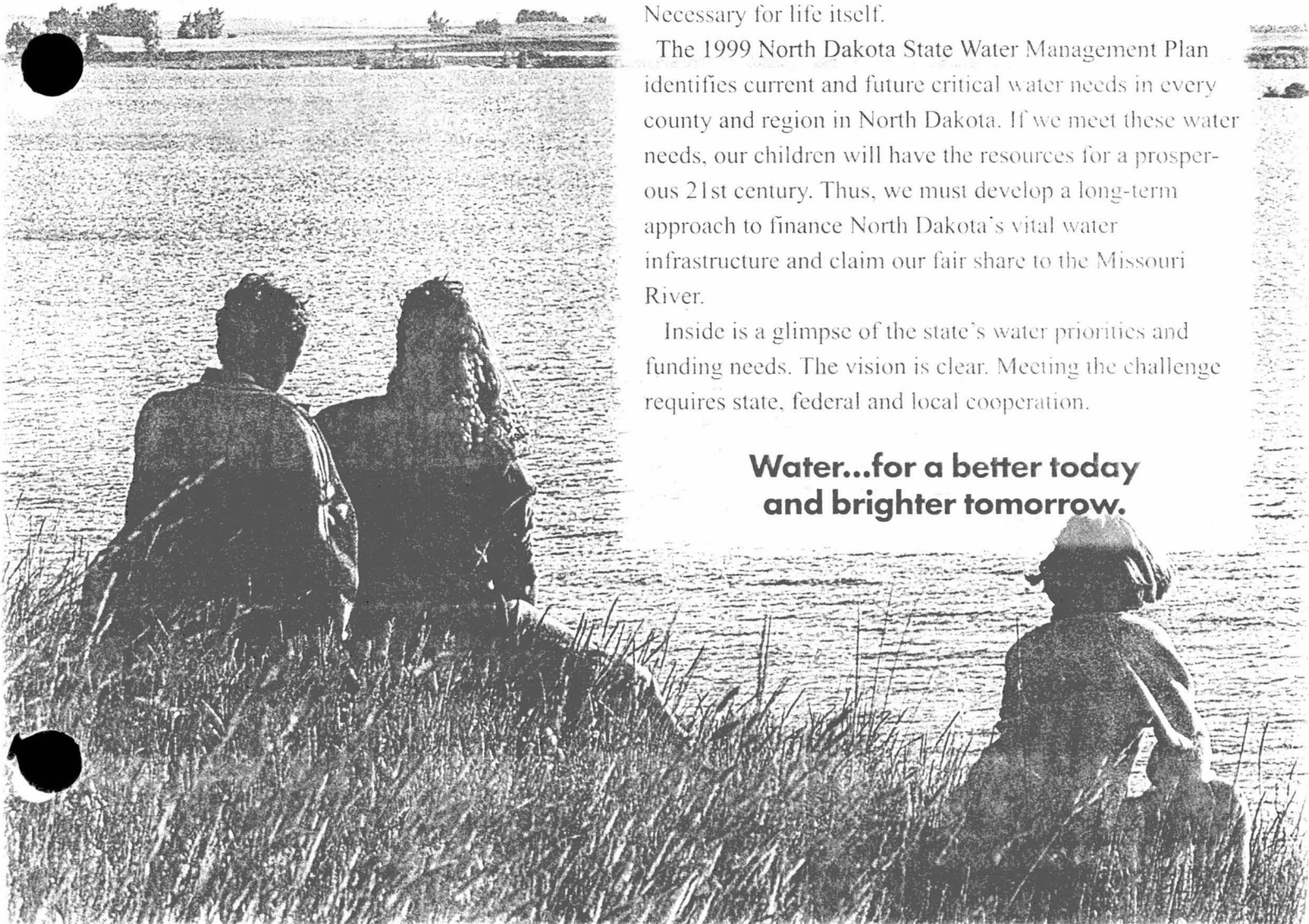
A FOCUS ON NORTH DAKOTA'S
CRITICAL WATER NEEDS

Water... essential for economic growth and quality of life. Necessary for agriculture, recreation, industry, rural water, irrigation, wildlife, manufacturing, and other uses. Necessary for life itself.

The 1999 North Dakota State Water Management Plan identifies current and future critical water needs in every county and region in North Dakota. If we meet these water needs, our children will have the resources for a prosperous 21st century. Thus, we must develop a long-term approach to finance North Dakota's vital water infrastructure and claim our fair share to the Missouri River.

Inside is a glimpse of the state's water priorities and funding needs. The vision is clear. Meeting the challenge requires state, federal and local cooperation.

**Water...for a better today
and brighter tomorrow.**



TESTIMONY ON SENATE BILLS 2164 AND 2188

Senate Appropriations Committee

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

January 20, 1999

Mr. Chairman and Members of the Appropriations Committee, my name is David Sprynczynatyk. I am the North Dakota State Engineer and Secretary to the State Water Commission, and appear today in support of the bonding concept contained in Senate Bills 2164 and 2188.

Senate Bill 2164 contains the executive recommendation for the Devils Lake emergency outlet and Garrison Diversion. It is similar to legislation approved two years ago that provided \$20 million, through bonding, for funding the non-federal cost share requirement of these two projects. Senate Bill 2164 updates the bonding language in current law, making the issuance of the bonds more efficient. Also, it does not provide for an appropriation to retire the bond debt during the biennium. Interest accrued during the biennium would be capitalized in the bond issuance. Since construction of the outlet will not begin before the year 2000, interest during the biennium will be minimal.

Senate Bill 2188 provides an extension of current law for bonding for Devils Lake and Garrison Diversion, and provides an appropriation of \$2 million from the Bank of North Dakota profits for making bond payments during the next biennium. This is the only significant difference between the two bills.

The attached map shows how the area of Devils Lake expands as the level increases. In the spring of 1993, Devils Lake was at elevation 1423 and covered only 45,000 surface acres. At elevation 1444, Devils Lake today covers nearly 105,000 acres. Increasing levels have had drastic impacts on ranchers, homeowners, cabinowners, developers, utilities, and roads. To date, approximately \$260 million dollars have been spent on infrastructure modifications and replacements in the last six years. The attached graph shows how those damages have occurred as Devils Lake has risen since 1993.

The latest Corps of Engineers cost estimate for the outlet is \$50 million. The Corps requires a 35 percent minimum cost share, therefore, \$17.5 million would be required for the Devils Lake emergency outlet. The outlet would pump 300 cubic feet per second through a pipeline from the west end of the lake to the Sheyenne River. The Corps is still working on a draft Interim Report to Congress. This report is expected to be completed within the next few months. Water quality concerns and economic justification remain significant issues, as is the Canadian issue of the interbasin transfer of water. We are hopeful, however, that the issues can be resolved allowing the project to move forward. Annual

David
Sprynczynatyk

operation and maintenance costs are estimated at \$2.5 million. Since the outlet will not be operational during the 1999-2001 biennium, these costs were not included in either Senate Bill 2164 or 2188.

The emergency outlet is only one part of a three-prong approach to the problems at Devils Lake. A second part includes floodproofing the many structures and facilities around the lake. The Corps is in the final stages of constructing a dike around the city of Devils Lake and some of the areas immediately outside of the city. This project will protect the city to a lake level of 1450 msl. The city of Devils Lake is the local sponsor for this project, although the state has contributed to the project. The Federal Emergency Management Agency, through the Flood Insurance Program, has provided over \$20 million to move homes and other structures to higher ground. Also, more than \$80 million has been provided to raise and relocate roads in the area.

The third part of the effort at Devils Lake involves upper basin management. The State Water Commission has spent nearly \$2.9 million on the Available Storage Acreage Program (ASAP) to increase storage in the upper basin. These efforts are being coordinated with other programs and entities to provide the greatest impact possible.

Your favorable consideration of Senate Bill 2164 is requested. If you agree that \$2 million should be appropriated to pay for debt retirement in the 1999-2001 biennium, then the appropriation should be added to Senate Bill 2164, which would eliminate the need for Senate Bill 2188.

TESTIMONY ON SENATE BILL 2188

House Natural Resources Committee

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

March 11, 1999

Mr. Chairman and Members of the House Natural Resources Committee, my name is David Sprynczynatyk. I am the North Dakota State Engineer and Secretary to the State Water Commission, and appear today to provide technical information on Senate Bill 2188.

Senate Bill 2188 establishes legislative goals for comprehensive statewide water development, authorizes the issuance of bonds for critical water projects, and allocates a portion of the tobacco settlement funds for water development.

Section 1 incorporates, as legislative goals, the 1999 State Water Management Plan as adopted by the North Dakota State Water Commission, chaired by Governor Schafer, at its December 21, 1998 meeting. This plan is designed to meet the short- and long-term water resource needs of the state for municipal, rural, industrial, and agricultural water supply. It is also designed to protect the state's current and future water usage and claim its proper share of Missouri River water. The plan was developed over an 18-month period, with considerable public input.

Section 2 of the bill amends the definition of works to include works for flood control projects to ensure the Commission has the authority to issue bonds for flood control projects. Current law implies flood control, but is not explicit.

Section 3 of the bill authorizes the Commission to issue bonds for a Devils Lake emergency outlet, the Southwest Pipeline Project, Grand Forks, Grafton, and Wahpeton flood control projects, and other projects authorized pursuant to the federal Dakota Water Resources Act. Congress must authorize and provide funding for all of these projects, except the Southwest Pipeline Project, before the Commission can issue bonds. The Commission can only issue bonds for the Southwest Pipeline Project under this Act if it appears the Perkins County, South Dakota, rural water system will not make a \$4.5 million payment to the Commission.

Section 3 also limits the amount of bonds that the Commission can issue for construction costs of the projects as follows:

Grand Forks Flood Control	\$52 million, or 45 percent of Grand Forks's share, whichever is less
Wahpeton	\$3.5 million, or 50 percent of Wahpeton's share, whichever is less
Grafton	\$4.8 million, or 50 percent of Grafton's share, whichever is less
Southwest Pipeline Project	\$4.5 million
Devils Lake Outlet and Dakota Water Resources Act	<u>\$20 million</u>
<i>Total</i>	<i>\$84.8 million</i>

Section 3 limits the time in which an action can be brought to challenge the validity of the bonds to 30 days after the Commission adopts a resolution authorizing the sale of the bonds.

Section 3 also provides the sources for repayment of the bonds authorized under this Act. The primary source of repayment is intended to be from transfers made into the Resources Trust Fund of 45 percent of the funds received by the state from the 1998 tobacco settlement; additional sources are transfers made by the legislative assembly from the first available current biennial earnings of the Bank of North Dakota; appropriations of other current available funds; and any other revenues made available by the Commission. This section clarifies that bonds issued under this Act are not general obligation bonds of the state.

Section 4 requires, as a condition to the issuance of bonds for the Grand Forks flood control project, that Grand Forks pledge revenues from its corporate center to the state. The revenues that Grand Forks must pledge are those received after bonds issued for the corporate center have been repaid. In addition, Grand Forks must pledge the proceeds of the sale of the corporate center, if it is voluntarily sold, as repayment for the flood control project. The revenue pledged to the state must be in amounts similar to the amounts dedicated for repayment of the bonds issued by Grand Forks for the corporate center. The revenues must be pledged to the state from the date of the final payment of the revenue bonds until the end of the life of the corporate center.

Section 5 allocates 45 percent of the funds received by the state from the 1998 tobacco settlement agreement to the Resources Trust Fund to be used to repay bonds issued under this Act or for other water projects.

Section 6 is the legislative intent section for funding for the Southwest Pipeline Project. The intent is that a total of \$6.0 million of funding will be provided to the project from a combination of sources, which may include the Perkins County water system in South Dakota, bonds, or other available resources.

Section 7 authorizes the Commission to issue bonds for the Southwest Pipeline Project when the State Engineer certifies that the Perkins County water system will not make a payment to the Commission.

Section 8 requires the State Engineer to report to the budget section, or other interim committee specified by the Legislative Council, regarding the implementation of the comprehensive statewide water development program, the State Water Management Plan, and the issuance of any bonds under Senate Bill 2188.

Section 9 is the effective date clause and provides that bonds may only be issued from the effective date of the Act through June 30, 2001.

Section 10 declares the Act to be an emergency measure.

I offer the following comments on each of the projects specifically mentioned in Senate Bill 2188.

As we are all well aware, Grand Forks experienced an incredible flood in 1997. Damage was estimated in excess of \$1.0 billion. In response to this flood, the cities of Grand Forks and East Grand Forks, Minnesota, requested the Corps of Engineers for assistance to develop flood control alternatives. In February, 1998, the Corps provided a report recommending a diking project for both cities. In October, 1998, Congress authorized the \$350 million project. The nonfederal North Dakota share is \$115 million. In December, 1998, Governor Schafer recommended a \$52 million state contribution for the project through the sale of bonds. The State of Minnesota has indicated it will pay all of the nonfederal Minnesota cost share, estimated at \$59 million.

It is important that the State of North Dakota make its total obligation to the Grand Forks flood control project now so that the city of Grand Forks knows what the state's contribution will be before it enters into the Project Coordination Agreement (PCA) for cost share with the Corps of Engineers late this fall. The state would enter into a separate agreement with the city before the city enters into the PCA with the Corps. Even though construction will not begin until next year and will take several years to complete, the obligation of the state must be made up front. The funds committed by the state must be available from the signing of the agreement through completion of the project. Funds would not be dispersed until after the expenses are incurred by the city. Also, since interest rates are currently very low, it makes sense to bond for the total state portion now. This will

lock in a favorable interest rate for the entire term of the bond, which could mean no interest cost during most of the construction period since the bond proceeds can also be invested during that period. Also, a future legislature could decide to pay off the bonds at any time, even during the construction period.

Although initial construction on the Grand Forks flood control project is scheduled to start in early 2000, the majority of the costs incurred in the first year are for real estate acquisition and final design. Recognition of the real estate costs are important since the Corps requires the local sponsor, the city of Grand Forks, to pay all of these costs up front. As a result, the city estimates the nonfederal costs during the next biennium will be \$52.1 million. Senate Bill 2188 limits the state's share to 45 percent of the cost. Thus, the state's share during the next biennium will be approximately \$23.4 million.

If Grand Forks is to fully recover from the 1997 flood and be prepared for a similar event in the future, a flood control project for the city is essential. We know larger events have occurred in the past and will occur again. Grand Forks received world-wide publicity in 1997. Certainly getting new businesses to locate to Grand Forks will be more difficult without flood control for the city.

Grafton, on the Park River, did not experience major flooding in 1997 because of the significant flood fight by the city. Grafton is unique in that over 75 percent of the city is in the 100-year floodplain. For this reason, the city has been working with the Corps of Engineers to develop a flood control project. The project has an estimated cost of \$25 million, with a nonfederal cost share of \$9.6 million. Senate Bill 2188 provides for up to \$4.8 million for flood control at Grafton, 50 percent of the nonfederal cost share. The project is not presently authorized, but is part of the Water Resources Development Act of 1999 which may be passed by Congress this year.

Wahpeton was able to avoid major damages in 1997 through emergency levees. However, as the water receded, the city began working with the Corps of Engineers on a permanent solution for flood protection. The current plan calls for design in the year 2000 and construction in 2001 under an existing Corps authority. Wahpeton requested a \$3.5 million cost share from the state in December, 1998. Senate Bill 2188 limits its cost share to a maximum of \$3.5 million of the nonfederal cost share.

In the past, the state has provided funds to many other flood control projects. The Commission has provided funds for the Sheyenne River flood control project to protect West Fargo and surrounding areas, and the Souris River flood control project to protect Minot and surrounding areas. Other examples include projects at Beulah, Devils Lake, Enderlin, Harwood, and Argusville. The Commission is also working on future projects such as the five-foot raise of the flood control pool at Baldhill Dam to protect Valley City and downstream areas.

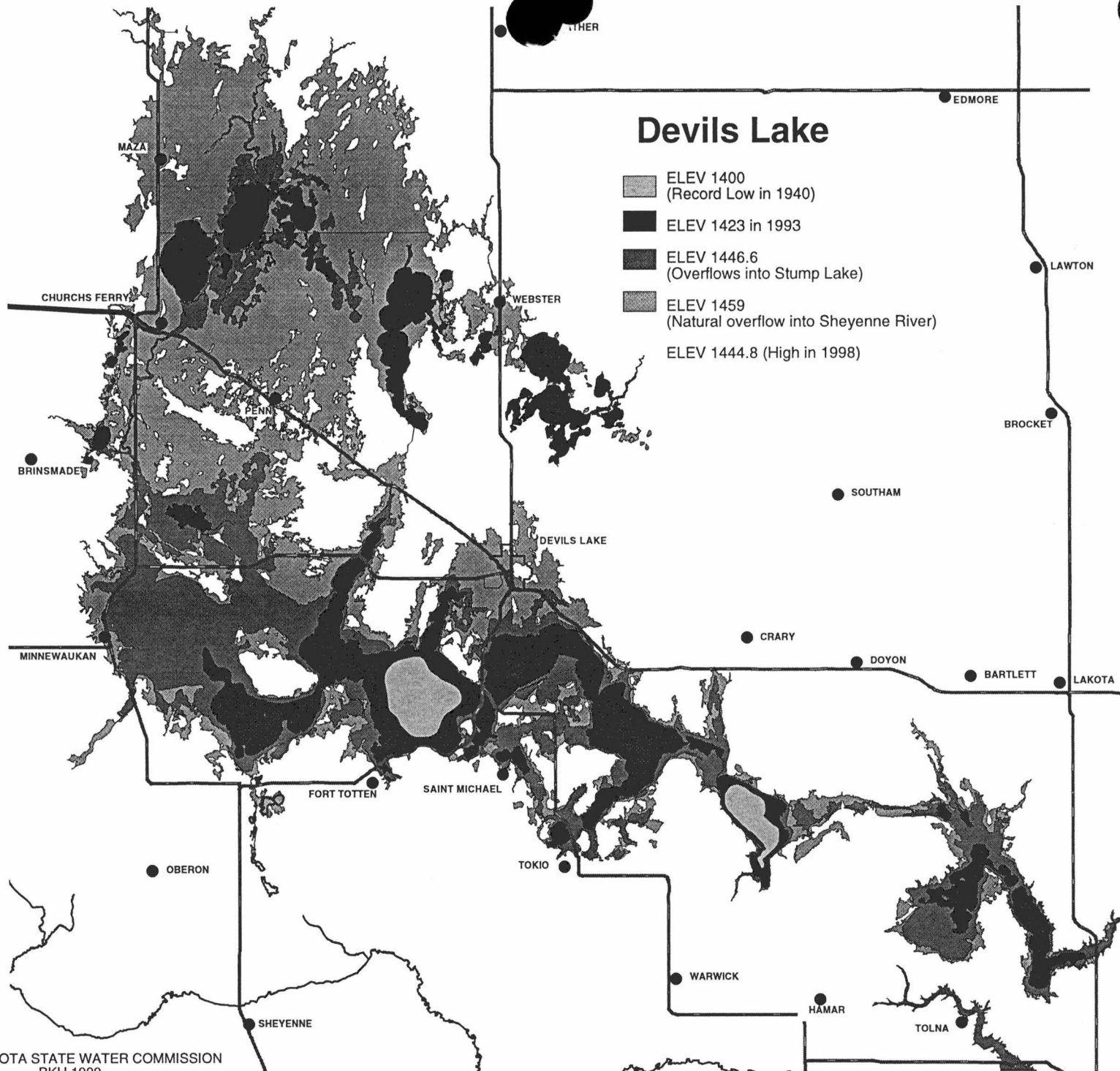
Presently, as a result of the 1997 flood, the Federal Emergency Management Agency is considering an increase in the 100-year flood level for several cities in the Red River Basin. Without a certified flood control project, several cities will have new areas added to the 100-year floodplain. This will require flood insurance for new construction and before any structure can be financed or refinanced. To prevent this, certified flood control projects, such as the Corps' projects, are necessary.

The map on *page 6* shows how the area of Devils Lake expands as the level increases. In the spring of 1993, Devils Lake was at elevation 1423 and covered only 45,000 surface acres. At elevation 1444, Devils Lake today covers nearly 105,000 acres. Increasing levels have had drastic impacts on ranchers, homeowners, cabinowners, developers, utilities, and roads. To date, approximately \$260 million dollars have been spent on infrastructure modifications and replacements in the last six years. The graph on *page 7* shows how those damages have occurred as Devils Lake has risen since 1993.

The latest Corps of Engineers cost estimate for an emergency outlet from the west end of Devils Lake is \$50 million. Funding for the nonfederal share of the outlet project is included in Senate Bill 2188, and was included in Governor Schafer's budget in December, 1998. The outlet would pump 300 cubic feet per second through a pipeline to the Sheyenne River. The Corps is still working on a draft Interim Report to Congress, expected to be completed by the end of April, 1999. Water quality concerns and economic justification remain significant issues, as is the Canadian issue of the interbasin transfer of water. We are hopeful, however, that the issues can be resolved allowing the project to move forward.

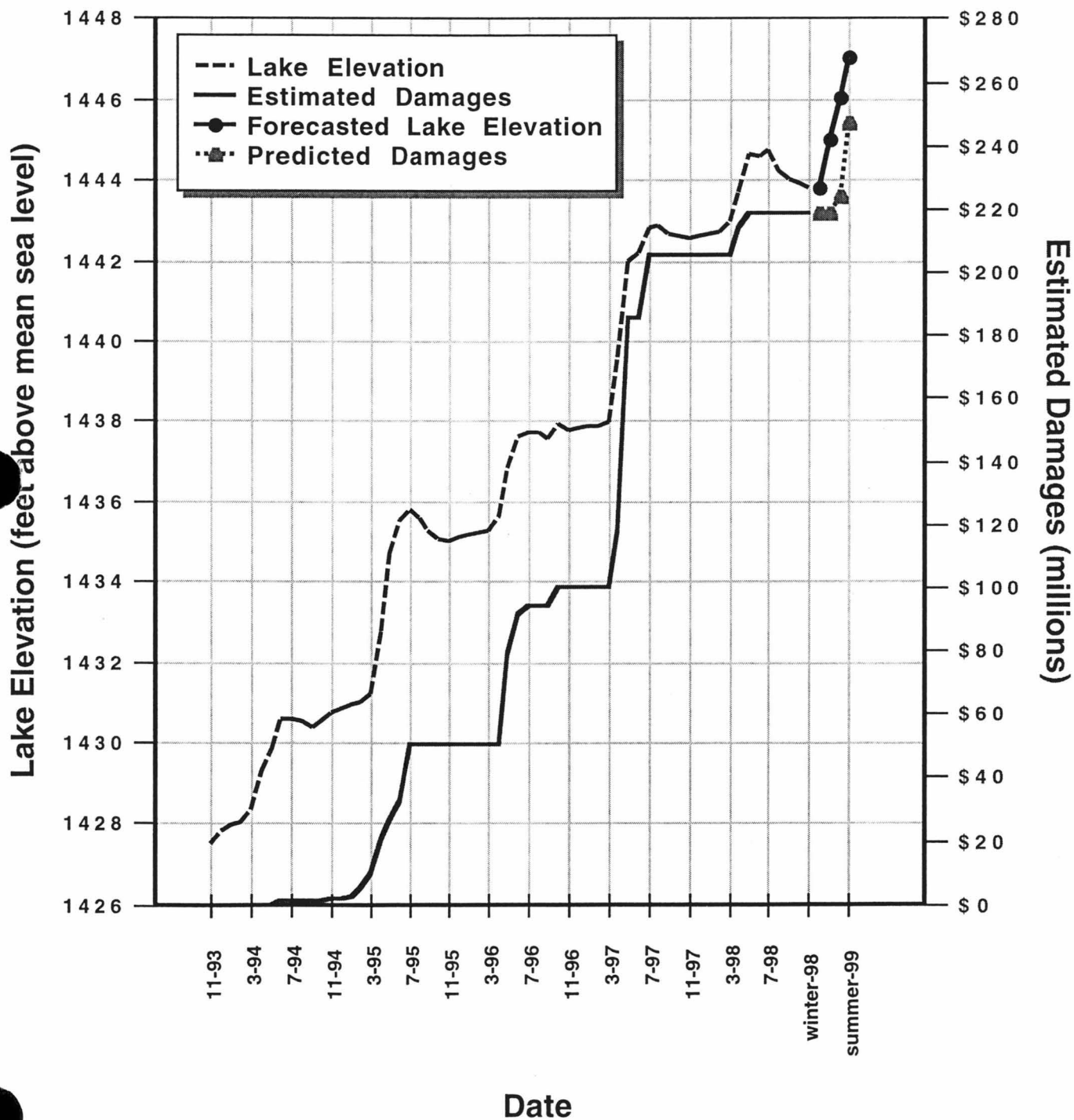
A new alternative being considered to address the downstream water quality concerns is moving the intake for the outlet to the Mauvais Coulee of Devils Lake. Due to possible delays in construction, the Corps is also considering a diversion of water from Devils Lake to Stump Lake to provide interim relief at Devils Lake. A major issue with this proposal is the impact on the Stump Lake National Wildlife Refuge, although the Corps believes this issue can be resolved. If this alternative moves forward as a federal project, the final cost share could be 75 percent federal and 25 percent nonfederal. However, the state will have to acquire the rights-of-way and complete relocations for the project with state funds first and then be reimbursed by the federal government. The total cost for the Stump Lake project is now estimated at \$10 million, with a requirement of up to \$7 million up front to acquire the rights-of-way and relocations. Approximately \$4.5 million of this would likely be reimbursed to the nonfederal sponsor upon completion of the project.

The language in Senate Bill 2188 regarding Devils Lake is similar to legislation approved two years ago that provided \$20 million, through bonding, for funding the nonfederal cost share requirement of the Devils Lake and Garrison Diversion projects. Senate Bill 2188 updates and clarifies the bonding language in



Devils Lake Flood Crisis

Past and Future Estimated Damages With Lake Elevations



current law, making the issuance of the bonds more efficient. Also, in order to authorize the Stump Lake project as a possible project under Senate Bill 2188, amendments would have to be made to Senate Bill 2188 to include "other emergency measures" as eligible for funding.

The funding authority included in Senate Bill 2188 for the Southwest Pipeline Project would be used to construct the Mott-Elgin phase of the project, which includes water for New Leipzig, Elgin, Carson, and farms in the area. Up to \$6 million would be provided for the project, with \$4.5 million from the Perkins County, South Dakota, project, or if that does not happen, bonds would be issued for \$4.5 million. The remaining \$1.5 million would come from a combination of other authorities and funds available to the State Water Commission, including funds from the U.S. Department of Agriculture, the Resources Trust Fund, existing bonding authority from the Southwest Pipeline Project, and other sources.

Determining the annual debt service for bonding requires several assumptions to be made such as project start date, interest rates at the time of bond issuance, term period, when debt service payments begin, and whether bonds will be issued individually or collectively. Since these projects are in various stages of development, the project start date and other items are in question. With these qualifications, it is estimated that in order to provide \$84.8 million of project funds, the total cost over a 20-year period would be \$126.8 million, including interest and bond issuance costs. The following is an estimate of the annual debt service payments required by projects to provide the bond amounts included in Senate Bill 2188:

<u><i>Bond Issue</i></u>	<u><i>Project Amount</i></u>	<u><i>Estimated Average Annual Net Debt Service (20-Year Term)</i></u>
Grand Forks	\$ 52.0 Million	\$4,115,000
Wahpeton	3.5 Million	293,000
Grafton	4.8 Million	401,000
Devils Lake Outlet	20.0 Million	1,582,000
Southwest Pipeline	<u>4.5 Million</u>	<u>384,000</u>
Total	\$ 84.8 Million	\$6,775,000

Since the flood control projects included in this bill are in various stages of development, and are federal projects, a great number of entities are involved. This means schedules can change. Also, construction schedules and nonfederal cost share requirements often change several times before a project is completed. As a result of these changes, involvement in federal projects requires flexibility.

Finally, attached to my testimony is an explanation of a few technical clarifications that have been raised regarding the language in Senate Bill 2188, and a set of proposed amendments to address these technical clarifications.

Mr. Chairman and Members of the Committee, that completes my testimony. I would be pleased to try to answer any questions you may have.

Technical clarifications regarding Engrossed SB No. 2188.

While the legislative goals section of the bill indicates a state commitment to Grand Forks of \$25,000,000 during the 1999-01 biennium and \$27,000,000 in the 2001-03 biennium, the legislative authorization allows, and the intent is to issue the entire state obligation of \$52,000,000 for construction during the 1999-01 biennium.

Throughout the bill, there are references to bonds being issued pursuant to the new chapter created by the bill, N.D.C.C. ch. 61-02.1. The bonds will actually be issued under the State Water Commission's (Commission) general bonding authority in existing law, N.D.C.C. § 61-02, for the projects authorized by the new chapter, N.D.C.C. ch. 61-02.1.

Engrossed SB No. 2188 provides that before the Commission can issue bonds for flood control projects for Grand Forks, Grafton, Wahpeton, or Devils Lake, the project must have "received" federal funds. See page 10, line 15. The United States Army Corps of Engineers will construct these flood control projects. Under federal law, the projects authorized by Congress do not actually receive federal funds. Rather, Congress authorizes projects and appropriates money to be used to construct the projects authorized. It is at this point that the State Water Commission would consider a project to have "received" federal funds, thus meeting the requirements of the bill and enabling the Commission to issue bonds pursuant to Engrossed SB No. 2188 for the project.

Section 4 of the bill requires Grand Forks to pledge the proceeds of the sale of the corporate center if it is sold. This would only be required for a voluntary sale of the corporate center. If the corporate center were involuntarily sold, for example through a foreclosure, the city would not have the authority to pledge the proceeds to the state. In addition, because the city is issuing bonds to pay for a portion of the corporate center, the bondholders would have a contractual security interest in the center. Any sale would be subject to the rights of the purchasers of bonds issued to construct the corporate center.

Section 5 of the bill allocates funds from the 1998 tobacco settlement to the resources trust fund for use in paying for bonds issued under the bill or for other water projects. The funds received from the tobacco settlement, and any earnings on those funds will be accounted for separately from any other funds in the resources trust fund to ensure that general tax dollars are not used to repay bonds.

Section 9 provides that the authority to issue bonds under the bill expires on June 30, 2001. If bonds are issued, however, the Commission could continue to exercise all other powers granted to it under the bill and to comply with any covenants entered into with regard to issuing bonds before that date.

Engrossed
SB 2188
CONF. 02

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2188

Page 2, line 10, replace "local" with "loan"

Page 6, line 24, replace "payments" with "repayments"

Page 10, line 13, after "bonds" insert "authorized"

Page 10, line 14, after "unless" insert "federal funds have been appropriated for"

Page 10, line 15, delete "has received federal funds"

Page 11, line 3, replace "under" with "as provided in"

Page 11, line 7, replace "under" with "as provided in"

Page 11, line 25, replace "under" with "as provided in"

Page 12, line 2, replace "under" with "as provided in"

Page 12, line 5, after the comma insert "and, to the extent such funds are not sufficient,"

Page 12, line 19, after the comma insert "and, to the extent such funds are not sufficient,"

Page 12, line 30, replace "under" with "as provided in"

Page 13, line 1, after the comma insert "and, to the extent such funds are not sufficient,"

Page 13, line 13, replace "under" with "as provided in"

Page 13, line 18, replace "under" with "as provided in"

Page 13, line 27, replace "under" with "as provided in"

Page 14, line 3, after “is” insert “voluntarily” and after “sale” insert “, subject to the rights of bondholders,”

Page 14, line 5, after “be” insert “voluntarily”

Page 14, line 19, replace “under” with “as provided in”

Page 14, line 20, after the period insert “Any funds from the settlement agreement deposited in the resources trust fund, and earnings on those funds, must be accounted for separately from any other funds in the resources trust fund.”

Page 14, line 27, replace “under” with “as provided in”

Page 15, line 10, replace “under” with “as provided in” and after “ineffective” insert “provided, however, that the commission may continue to exercise all other powers granted to it under this Act and to comply with any covenants entered into pursuant to this Act”

Renumber accordingly

MEMORANDUM

TO: Chairman Grosz and House Natural Resource Committee Members

FROM: JK Julie A. Krenz, Assistant Attorney General, on behalf of David A. Sprynczynatyk, State Engineer and Secretary to the State Water Commission

DATE: March 19, 1999

RE: Proposed Amendments to Engrossed Senate Bill No. 2188 prepared for Representative Grosz

We have reviewed the amendments prepared for Representative Grosz and have the following comments.

The amendments to page seven delete the legislative findings and intent with regard to issuing bonds for the Southwest Pipeline Project. Under N.D.C.C. § 61-02-41, the State Water Commission (Commission) cannot issue bonds in excess of two million dollars unless the legislative assembly authorizes the works and declares the works to be in the public interest.

While it is implied that continued construction of the pipeline is in the public interest, leaving the legislative findings and intent language in the bill with regard to the SWPP would meet the requirement in N.D.C.C. § 61-02-41 that issuing the bonds authorized under this Act for continued construction of the pipeline is in the public interest.

One of the amendments to page 10 of the bill provides:

10. Notwithstanding this section, the state water commission may not issue bonds under this chapter unless the local project sponsor has agreed to repay the local project sponsor's share of any bonds issued for the entire nonfederal share of the costs of a project.

Another amendment to page 11 provides:

4. For any project that requires federal participation, the state water commission may issue bonds equal to the estimated project costs less any local participation. If the state water commission issues bonds for both the state and local cost-share, an agreement for the local repayment of the local cost-share must be a part of an agreement between the state water commission and the

local project sponsor to issue bonds for the nonfederal share.

These amendments raise a couple of questions. Is the intent that the Commission would have the authority to issue bonds in the amount required to cover the local cost share? Or is the Commission's authority to issue bonds limited to the amounts set forth in the bill under N.D.C.C. § 61-02.1-02?

The amendments to page 11 provide that the Commission can issue bonds equal to the estimated project costs less any local participation. Does that mean the entire state and federal costs?

That sentence also says the Commission can issue bonds for estimated project costs less any local participation. The next sentence says if the Commission issues bonds for both the state and local cost-share, the locals must agree to repay the amount issued for the local cost-share. These sentences appear to conflict. The first sentence says the Commission can issue bonds for the project costs less any local participation and the second refers to the Commission issuing bonds for the local share.

If the intent is that the amount of bonds the Commission can issue is limited to what is provided for in N.D.C.C. § 61-02.1-02, perhaps these two proposed amendments could be deleted.

E:\FOX\KRENZ.DOC
3/19/99

MEMORANDUM

TO: David Sprynczynatyk, State Engineer
FROM: John J. Fox, Assistant Attorney General
RE: March 18 Proposed Amendments to Engrossed Senate
Bill No. 2188
DATE: March 19, 1999

Julie Krenz requested that I summarize the conversations that Julie, Maury Cook, bond counsel to the State Water Commission, and I had regarding the proposed amendments to Engrossed Senate Bill No. 2188 prepared by the Legislative Council staff for Representative Grosz dated March 18, 1999.

The primary issue we discussed concerned the fact that these amendments removed Bank of North Dakota profits as a source of repayment for the bonds issued for the various projects listed in Senate Bill No. 2188. The amendments provide that the role of the Bank of North Dakota would be to issue a line of credit to the State Water Commission in an amount not to exceed \$84.8 million which could be used as an interim financing mechanism for construction prior to bonds being issued for these projects.

As you probably know, a considerable amount of analysis and discussion went into the concept of the Bank of North Dakota profits being either a primary or secondary source of

repayment in order to be able to issue clean or unqualified bond validity opinions and to successfully defend the bill if it were challenged as violating the constitutional debt limit found in Article X, Section 13 of the North Dakota Constitution. I will not go into a lengthy analysis of the legal support that using a source of repayment like Bank of North Dakota profits would afford in defending Senate Bill No. 2188; however, I have previously issued a memo which outlines and discusses the legal issues. The lawyers were fairly comfortable that existing North Dakota case law supported the conclusion that Engrossed Senate Bill No. 2188 could be successfully defended against a constitutional attack. See, Sargent County v. State, 182 N.W. 270 (N.D. 1921). However, when the Bank of North Dakota profits were removed as a source of either primary or secondary repayment and the only identified sources of repayment became the tobacco settlement monies, and "other available resources in the then current biennium," debt limit questions became much more of a concern.

First, it is unclear how the courts would treat tobacco settlement monies being used as a source of repayment for bonds, and whether the constitutional debt limit would be implicated. The main justification, without the Bank of North Dakota repayment source, would be that the tobacco settlement monies are not derived from taxation. The purpose of the debt limit is to serve as a limit to taxation and as a

protection to taxpayers. See State ex rel. Lesmeister v. Olson, 354 N.W.2d 690, 698 (N.D. 1984). Since the tobacco settlement monies are not derived from taxation, it could be argued that the bonds issued which would be repaid from this source would not be in violation of the debt limit.

However, if the tobacco settlement monies are not available in sufficient amounts to pay debt service on the bonds, and we no longer have the source of repayment from Bank of North Dakota profits, what is left is the language about payment from "appropriations of other available revenues in the then current biennium, and any other revenues the state water commission makes available in the then current biennium" for that purpose. Bond counsel, in particular, is concerned about this other revenue source being in compliance with the constitutional debt limit. See Lesmeister v. Olson, 354 N.W.2d at 697 ("We . . . agree with those jurisdictions which hold that an obligation to be funded from general tax revenues . . . is a 'debt' within the meaning of the debt limitation provision."). The argument in defense of the bill would be that such other appropriation of revenue, even if derived from taxation, would come under the so-called current expense exception to the debt limit, i.e., that there would not be a continuing obligation to appropriate money from these other sources, which may include taxation, but rather would be payable as a current expense during a particular biennium. See, e.g., Schieber v. City of Mohall, 268 N.W.

445, 449 (N.D. 1936). It is unknown whether this argument would be successful. The fallback position would be that even if these provisions and the bill created a general obligation liability of the state, it would only be a contingent liability, i.e., that it would only arise if the tobacco settlement monies were not available in sufficient amounts to make debt service payments on the bonds. See, e.g., Marks v. City of Mandan, 296 N.W. 39, 48 (N.D. 1941).

In summary, both bond counsel and I are concerned that if the amendments to the bill removed the Bank of North Dakota as a primary or secondary source of debt repayment it would thereby remove the most solid line of defense which could be raised if the bill were ever attacked on a constitutional debt limit basis and that such removal would make it much more difficult to issue clean or unqualified bond validity opinions.

pg
Attachment

From: Christina Stonecipher@cstoneci on 04/07/99 05:15 PM
To: Ray E. Holmberg/NDLC/NoDak@NoDak
cc: Pat Owens@patowens@grandforksgov.com@SMTP@Hub, Ken Vein@kvein@grandforksgov.com@SMTP@Hub, Rick Duquette@rduquett@grandforksgov.com@SMTP@Hub, John Schmisek@jschmisek@grandforksgov.com@SMTP@Hub, John Packett@jpackett@grandforksgov.com@SMTP@Hub, John OLeary@joleary@grandforksgov.com@SMTP@Hub, Lisa Dressler@ldressle@grandforksgov.com@SMTP@Hub, Kevin Dean@kdean@grandforksgov.com@SMTP@Hub, Pete Haga@phaga@grandforksgov.com@SMTP@Hub, Christine Diers@cdiers@grandforksgov.com@SMTP@Hub, Charles Grotte@cgrotte@grandforksgov.com@SMTP@Hub
Subject: SB 2188

Ray -

Mayor Owens spoke with Senator Nething about SB 2188, which is now in Conference Committee, and how the City should proceed with any requested changes. Senator Nething recommended that we coordinate the information with you, as you could keep him informed of our requests.

The City's Legislative Committee met today to discuss the two versions of the bill. While attempting to keep the City's amendments to a minimum, the Committee did make the following recommendations and asked that you bring them forward:

1. On page 2, line 13, of the House version of the bill, the City supports the replacement of the word "local" with the word "loan". This wording is more clear and more in line with the City's understanding of the legislative intent.

ITEM 2 2. On page 9, subsection (9), lines 21 through 24 of the House version of the bill, the City requests that the entire subsection (9) be removed from the bill. This subsection requires the state engineer and governor to determine that the impact of the project on residential neighborhoods is minimized in an amount reasonably practicable before the issuing of any bonds. Since the final design would not occur in advance of the project beginning, it would not be possible for the state engineer and governor to make this determination before the City would need the state funds.

ITEM 3 3. On page 15, line 15, of the House version of the bill, the City would like to add the following phrase after the word "bondholders": "and all applicable federal requirements".

Please convey these requests to Senator Nething. If you have any questions about this, please contact either the Mayor (cell phone - 741-9099) or me (cell phone 740-3320). Thanks, Ray.

- Christi


encap2.ond

Rep. Mick Grosz

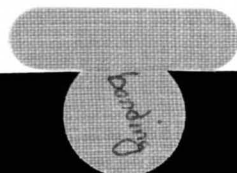
April 19, 1999

Conference Committee on SB2188

Re: Changes to SB2188

1. A new Water Development Trust Fund would be created. Tobacco settlement funds would be placed in this fund pursuant to HB1475. Monies from this fund would be the first source of bond repayment. Monies from the Resources Trust Fund would be the second source of bond repayment. Other available sources would be the third source for repayment of bonds. Bank of North Dakota profits, not to exceed six million five hundred thousand dollars per biennium, will be available for bond repayment. The Bank of North Dakota profits can only be used if not enough funds are available from the other sources.
2. Section 11 would have wording that after the 1999-2001 biennium Legislative intent would be that priority be placed on the delivery of water not flood control.
3. Remove the emergency clause.

Preliminary Bonding Scenario for SB2188 -- Principal and Yearly Net Debt Service												
Year	Devils Lake		Grand Forks		SWPP		Grafton		Wahpeton		Total	
	Principal	Net DS	Principal	Net DS	Principal	Net DS	Principal	Net DS	Principal	Net DS	Principal	Net DS
2001	685,000	1,132,516	1,785,000	2,948,507	165,000	273,591	175,000	288,162	125,000	207,586	2,935,000	4,850,362
2002	715,000	1,584,687	1,855,000	4,115,969	175,000	386,407	180,000	400,199	130,000	290,798	3,055,000	6,778,060
2003	740,000	1,582,517	1,925,000	4,115,479	180,000	384,932	185,000	398,539	135,000	290,988	3,165,000	6,772,455
2004	770,000	1,583,657	2,000,000	4,115,404	185,000	383,002	195,000	401,417	140,000	290,790	3,290,000	6,774,270
2005	800,000	1,582,857	2,080,000	4,115,404	195,000	385,694	200,000	398,714	150,000	295,260	3,425,000	6,777,929
2006	830,000	1,580,057	2,165,000	4,115,124	200,000	382,797	210,000	400,614	155,000	294,185	3,560,000	6,772,777
2007	865,000	1,580,612	2,255,000	4,115,277	210,000	384,497	220,000	401,899	160,000	292,753	3,710,000	6,775,038
2008	905,000	1,584,282	2,350,000	4,115,567	220,000	385,677	230,000	402,659	165,000	291,033	3,870,000	6,779,218
2009	940,000	1,580,367	2,450,000	4,114,517	230,000	386,217	240,000	402,769	175,000	293,938	4,035,000	6,777,808
2010	985,000	1,584,007	2,555,000	4,111,717	240,000	386,097	250,000	402,209	180,000	291,238	4,210,000	6,775,268
2011	1,030,000	1,584,682	2,670,000	4,111,742	250,000	385,297	260,000	400,959	190,000	293,138	4,400,000	6,775,818
2012	1,075,000	1,582,302	2,795,000	4,113,922	260,000	383,797	270,000	398,999	200,000	294,398	4,600,000	6,773,418
2013	1,125,000	1,581,777	2,925,000	4,112,557	275,000	386,577	285,000	401,309	210,000	294,998	4,820,000	6,777,218
2014	1,180,000	1,582,777	3,065,000	4,112,157	285,000	383,377	300,000	402,629	220,000	294,918	5,050,000	6,775,858
2015	1,235,000	1,579,957	3,220,000	4,116,972	300,000	384,412	315,000	402,929	230,000	294,138	5,300,000	6,778,408
2016	1,300,000	1,583,824	3,375,000	4,112,582	315,000	384,562	330,000	402,337	240,000	292,753	5,560,000	6,776,058
2017	1,365,000	1,583,824	3,545,000	4,113,832	330,000	383,812	345,000	400,837	250,000	290,753	5,835,000	6,773,058
2018	1,435,000	1,584,892	3,725,000	4,114,809	350,000	387,147	360,000	398,414	265,000	293,128	6,135,000	6,778,390
2019	1,505,000	1,582,424	3,915,000	4,116,679	365,000	384,297	380,000	400,054	280,000	294,613	6,445,000	6,778,067
2020	1,580,000	335	4,110,000	1,016	385,000	250	400,000	242	290,000	96	6,765,000	1,939
Total	21,065,000	29,622,353	54,765,000	77,009,233	5,115,000	7,202,439	5,330,000	7,505,890	3,890,000	5,481,502	90,165,000	126,821,417



Establishment

THE NORTH DAKOTA WATER COALITION was established in July 1994. The initiative for the Water Coalition came from Flagship Initiative #6 of the North Dakota Vision 2000 Report, which states:

The North Dakota 2000 Committee recommends that North Dakota establish a "Coalition for Infrastructure Projects" to further develop three key elements of our state's infrastructure: water resources, telecommunications, and advanced air transportation.

North Dakota should take the lead in developing the Garrison Diversion Project. The state's leadership should not be viewed as relief from federal responsibility, but as a renewed effort to work with the federal government and Canada for municipal, industrial, recreation and tourism, agricultural and environmental purposes...

"Only through a strong unified voice will North Dakota realize the potential value of one of its most important natural resources—water. The North Dakota Water Coalition, because it represents the many different statewide, regional and local interests, is that voice."



Connie Sprynczynatyk
Executive Director
North Dakota League of Cities

Goals

1. TO PROVIDE A HIGH QUALITY RELIABLE WATER SUPPLY ACROSS NORTH DAKOTA for manufacturing, industrial, energy by-product utilization, agriculture, agricultural processing, recreation, wildlife, municipalities and rural water systems which have inadequate supply or quality of water.

- Complete a workable and achievable Garrison Diversion Project through passage of the Dakota Water Resources Act to provide an affordable, multiple-use water supply to central and eastern North Dakota, including the Sheyenne and Red Rivers
- Complete the Southwest Pipeline and Northwest Area Water Supply projects
- Stabilize Devils Lake
- Secure adequate funding for the Municipal, Rural and Industrial Program (MR&I)
- Develop multi-use statewide water impoundments for recreation, wildlife, and fishing
- Secure funding for irrigation development

2. TO COMPLETE PROJECTS TO CONTROL AND ALLEVIATE FLOOD WATERS AND DAMAGES.

- Support Grand Forks and Devils Lake flood control, Baldhill Dam and reservoir, Maple River Dam, and other projects.
- Advocate for bank protection along the Missouri River and other eroded areas.

3. SUPPORT MISSOURI RIVER MASTER MANUAL REVISIONS to provide maximum benefits to North Dakota.

Membership

THE NORTH DAKOTA WATER COALITION is made up of about 30 statewide organizations, regional entities, municipalities, and other groups from across North Dakota.

Membership is \$1,000 per year, and any group or organization that subscribes to the mission and goals of the North Dakota Water Coalition, and would like to help achieve a brighter future for North Dakota, is invited to join.

"Water is North Dakota's greatest natural resource, and it should be used wisely. The RECs joined the Water Coalition to make sure our voice is heard in how we develop the state's water infrastructure."



Dennis Hill
Executive Vice President
North Dakota Association of Rural Electric Cooperatives



"The City of Grand Forks is a member of the North Dakota Water Coalition because the Water Coalition serves as a forum for the city to take a proactive stance on statewide water issues."

Ken Vein
Public Works Director/City Engineer
City of Grand Forks

“North Dakota’s growing economy faces risks. One of those risks is water, the most limiting and valuable resource throughout the state. GNDA believes the state needs to broaden and excite a new constituency base and develop new partnerships dedicated to completion of Garrison Diversion and all other high priority water projects. GNDA believes the North Dakota Water Coalition is the strongest network to broaden and ignite this new constituency base to ensure future economic growth and enhance our quality of life.”



Dale O. Anderson
President
Greater North Dakota Association



“As we prepare to enter a new millennium, it is imperative that we maximize our state’s potential for future growth and development. A statewide water delivery system is a key to realizing our potential for industry, agriculture, and a high quality of life for all North Dakotans.”

Robert Carlson
President
North Dakota Teachers Union

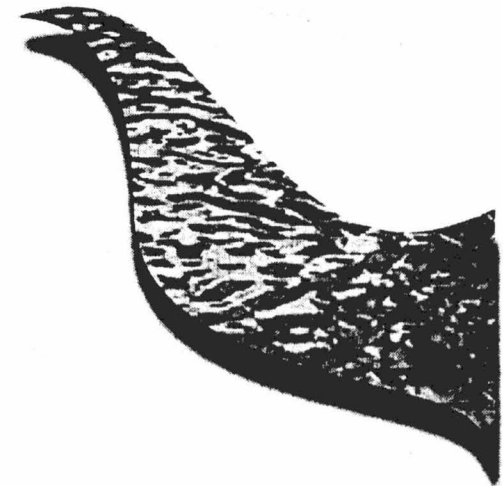
Accomplishments

- ❑ Provided a unified voice for statewide water development since 1995.
- ❑ Established a statewide Water Priorities Plan in 1997.
- ❑ Secured \$47 million in state funds and bonding authority for water development from the 1997 Legislative session.
- ❑ Lobbied for and secured the increase of the Resources Trust Fund allocation from 10 to 20 percent for water development.
- ❑ Successfully lobbied to have the Resources Trust Fund used exclusively for water project development.

North Dakota
WATER
COALITION

1830 North 11th Street
Bismarck, ND 58501
(701) 223-4330
FAX (701) 223-4645
ndwater@ndwater.com

North Dakota
WATER
COALITION



*ORGANIZED TO COMPLETE
NORTH DAKOTA'S WATER
INFRASTRUCTURE FOR ECONOMIC
DEVELOPMENT AND QUALITY OF LIFE.*

North Dakota WATER COALITION

1830 North 11th Street
Bismarck, ND 58501
(701)223-4330
FAX (701)223-4645

MEMBERS

Associated General Contractors
of North Dakota

BOMMM Joint Water
Resource Board

Cass County Joint Water Board

City of Bismarck

City of Devils Lake

City of Dickinson

City of Fargo

City of Grand Forks

City of Minot

City of Williston/Upper Missouri
Lake Sakakawea Planning Council

Devils Lake Basin Joint Board

Fargo Moorhead Chamber of
Commerce

Harrison Diversion Conservancy
District

Greater North Dakota Association

Industrial Development
Association of North Dakota

North Dakota County
Commissioners Association

North Dakota Association of
Rural Electric Cooperatives

North Dakota Atmospheric Resource
Board

North Dakota Education
Association

North Dakota Farmers Union

North Dakota Irrigation Caucus

North Dakota League of Cities

North Dakota Municipal Bond Bank

North Dakota Rural Water
Systems Association

North Dakota State Water
Commission

North Dakota Water Resource
Districts Association

North Dakota Water Users
Association

North Dakota Weather
Modification Association

Red River Joint Water Board

Souris-Northwest Joint Water
Resource Board

Southwest Water Authority

West River Joint Water Board

Testimony of Dennis Hill
Executive Vice President and General Manager
North Dakota Association of Rural Electric Cooperatives
and
North Dakota Water Coalition Chairman
on SB 2188
March 11, 1999

Mr. Chairman and members of the House Natural Resources Committee:

My name is Dennis Hill and I'm the Executive Vice President and General Manager of the North Dakota Rural Electric Cooperatives. I also serve as Chairman of the North Dakota Water Coalition, and I am testifying in favor of SB 2188 before you this morning.

The North Dakota Water Coalition was formed to complete North Dakota's water infrastructure. It is comprised of 30 statewide organizations representing agriculture, business, cities, counties, contractors, economic development, education, and various water organizations.

The project representatives have told you about their projects and needs. I have distributed a reprint from *the North Dakota Water* magazine, which summarizes the water priorities of the state and the cost of those projects. This document also includes a summary of the Governor's budget and what other states are committing to water development.

I would like to stress the following:

- We need to take care of Devils Lake, Grand Forks and other flood control projects;
- We need to supply water to Southwest and Northwest North Dakota;
- We need to provide high quality water to rural residents;
- We need to develop irrigation; and
- We need to complete the Dakota Water Resources Act.

These projects are critical to the future well being and prosperity of the state of North Dakota.

The North Dakota Water Coalition met last week and voted unanimously to endorse SB 2188. SB 2188 is a landmark initiative that will help meet the water development and flood control needs of our state. It is a visionary proposal that addresses North Dakota's water needs with funds to make it work.

In conclusion, the water infrastructure in our state is the last utility service to be fully developed, that's why the priority we place on our water infrastructure must be high. We appreciate your support of water and ask that you help complete North Dakota's water infrastructure, for economic growth and quality of life.

-2-

Hill testimony in support of SB 2188.



STATEMENT BY DALE O. ANDERSON, PRESIDENT, GREATER NORTH DAKOTA ASSOCIATION, IN SUPPORT OF ENGROSSED SB 2188; NORTH DAKOTA HOUSE NATURAL RESOURCES COMMITTEE, MARCH 11, 1999.

Chairman Grosz and members of the House Natural Resources Committee. I am Dale O. Anderson, President, Greater North Dakota Association. Thank you for this opportunity to provide testimony in support of engrossed SB 2188. Engrossed SB 2188 is a statewide comprehensive water plan which makes use of tobacco settlement funds. GNDA is a member of the North Dakota Water Coalition.

Communities across the state are experiencing the success of the efforts to grow jobs, create wealth and expand the economy. There is growing concern that key opportunities for job creation are being missed. North Dakota's growing economy faces risks. As we work together to grow our state, one of those risks is water.

Water - quality and quantity - is the most limiting and valuable resource throughout North Dakota. The needs to finance water development in our state are immense. The projected state general fund need for the 1999-2001 biennium is about \$26 million. The Coalition's priorities include:

- Economic growth opportunities, such as potato and corn production and processing, require a dependable and adequate supply of water;**
- A dependable and adequate water supply to satisfy the growing needs of the Red River Valley, the James River basin, Devils Lake stabilization and recreation, and other areas for the long term future;**
- Communities and rural areas served by projects like the Southwest Pipeline Project and Northwest Area Water Supply Project need a clean, dependable water supply to preserve the quality of life in rural North Dakota;**

GNDA
John

- **The construction of flood control projects to protect health, prosperity and enterprises; and**
- **Passage of the Dakota Water Resources Act.**

North Dakota is at a crossroads. We are faced with very important choices that will determine the character and economic future of our state well into the 21st century. To act boldly as articulated by Vision 2000 will likely provide us with ever increasing opportunities to thrive in the 21st century. To act boldly, as envisioned by Vision 2000, GNDA believes that:

- **North Dakota needs to develop its water resources so that it best facilitates the growth of the state's four-part economy and best serves the needs of our citizens, business, agriculture, industry and tourism;**
- **The source and amount of financial commitment to water development must be established by the Legislature;**
- **The State of North Dakota must make a greater financial commitment to the development of water resources;**
- **Increases in state spending must be consistent with the level of growth in the economy.**

Water is a vital resource from which all citizens of North Dakota benefit. Engrossed SB 2188 provides a plan for long-term water supply for the Red River Valley, the James River, northwest and southwest North Dakota, Devils Lake stabilization and recreation, Grand Forks Flood Control and other North Dakota communities that suffered severe damage by the 1997 flood.

GNDA believes that using 45% of the Tobacco Settlement Funds for water development projects is sound public policy. This is certainly "bold" action as envisioned by Vision 2000 and meets the test outlined in the belief statements above.

Chairman Grosz and members of the House Natural Resources Committee. GNDA URGES A DO PASS ON ENGROSSED SB 2188.



Greater North Dakota Association

February 15, 1999

Senator David Nething, Chairman
Senate Appropriations Committee
North Dakota Senate
State Capitol
Bismarck, ND 58504

Dear Senator Nething:

The purpose of this letter is to communicate GNDA's support for SB 2188 as amended by the Senate Appropriations Committee on February 12. The support comes through action of GNDA's Legislative Affairs Committee, also on February 12. Senate Bill 2188, as amended, is a statewide comprehensive water plan which makes use of tobacco settlement funds.

Communities across the state are experiencing the success of the efforts to grow jobs, create wealth and expand the economy. There is growing concern that key opportunities for job creation are being missed. North Dakota's growing economy faces risks. As we work together to grow North Dakota, one of those risks is water. GNDA is a member of the North Dakota Water Coalition.

Water - quality and quantity – is the most limiting and valuable resource throughout North Dakota. The needs to finance water development in our state are immense. The Coalition's priorities include:

- Economic growth opportunities, such as potato and corn production and processing, require a dependable and adequate supply of water;
- A dependable and adequate water supply to satisfy the growing needs of the Red River Valley, the James River, Devils Lake stabilization and recreation, and other areas for the long-term future;
- Communities and rural areas served by projects like the Southwest Pipeline Project and the Northwest Area Water Supply Project need a clean, dependable water supply to preserve the quality of life in rural North Dakota;
- The construction of flood control projects to protect health, prosperity and enterprises; and

- Passage of the Dakota Water Resources Act.

North Dakota is at a crossroads. We are faced with very important choices that will determine the character and economic future of our state well into the 21st century. To act boldly as articulated by Vision 2000 will likely provide us with ever increasing opportunities to thrive in the 21st century. To act boldly as envisioned by Vision 2000, GNDA believes that:

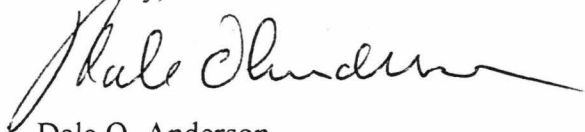
- North Dakota needs to develop its water resources so that it best facilitates the growth of the state's four-part economy and best serves the needs of our citizens, business, agriculture, industry and tourism;
- The source and amount of financial commitment to water development must be established by the North Dakota Legislature;
- The State of North Dakota must make a greater financial commitment to the development of water resources;
- Increases in state spending must be consistent with the level of growth in the economy.

Water is a vital resource from which all citizens of North Dakota benefit. The proposed amendments to SB 2188 provides a plan for long-term water supply for the Red River Valley, the James River, northwest and southwest North Dakota, Devils Lake stabilization and recreation, Grand Forks Flood Control and other flood control projects that suffered severe damage as a result of the 1997 flood.

GNDA believes that using 45% of the Tobacco Settlement Funds for water development projects is sound public policy. This is certainly "bold" action as envisioned by Vision 2000 and meets the test outlined in the belief statements above.

GNDA URGES A DO PASS ON SB 2188 AS AMENDED ON FEBRUARY 12, 1999.

Sincerely,



Dale O. Anderson
President

cc: Senate Appropriations Committee
Senator Gary Nelson, Majority Leader
Senator Tim Mathern, Minority Leader
Governor Ed Schafer

1710 Burnt Boat Drive
PO Box 2235
Bismarck, ND 58502-2235



Phone: (701) 223-3518
Fax: (701) 223-5174
Web: www.ndlc.org

North Dakota League of Cities

House Natural Resources Committee

SB 2188

March 11, 1999

Members of the House Natural Resources Committee, it is my pleasure to present written testimony in favor of SB 2188. North Dakota now numbers three hundred sixty-one incorporated cities and every one requires a reliable supply of clean water for growth and prosperity.

The League of Cities began its participation with the 1999 State Water Plan update when the State Water Commission hosted meetings in 1997 to gather public input and concerns. Mayors and water system operators were specifically asked about municipal water management needs. The League of Cities encouraged community involvement with the planning process and also participated in the review of the draft plan.

SB 2188 is good news for cities. Major regional projects include the Devils Lake emergency outlet, Grand Forks flood control project, Southwest Pipeline, Northwest Area Water Supply project, Wahpeton flood control project, and other MR&I projects (e.g., water supply for ND cities and rural water systems). The plan includes the proposed Dakota Water Resources Act which will supply water to eastern North Dakota. Over 300 smaller projects are identified, including local flood control, recreation development, irrigation and water supply, stream and channel maintenance projects, and drainage. The plan incorporated into SB 2188 will provide benefits throughout this state for generations to come.

For decades we have lived with the promise of the Garrison Diversion Project which was designed to carry Missouri River water across the state of North Dakota for the benefit of all citizens. North Dakota and its cities have struggled to maintain growth despite daunting challenges, including water management. We have worked to supply adequate water for the state's industries and businesses. We continue to search for ways to fund rural and community water supply projects such as the Southwest Pipeline Project, the Northwest Area Water Supply Project and water for the Red River Valley. Without significant help from the funding mechanism in SB 2188, it is our fear we will not be able to sustain the state's progress toward prosperity.

Some legislators have wondered aloud if North Dakota is wise to bond with anticipated dollars. Whether the state should issue bonds for any project is a policy matter for legislative discussion. What is clear is that North Dakota's water needs are critical and require action *now*. The potential economic and social development of the state is dependent on consistent quantities of clean water and the state has not perfected its claim to Missouri River water.

Bonding for infrastructure projects with expected returns is common in North Dakota, as well as in other states. Bonding for water projects assumes an economic, social, and environmental return from development of needed infrastructure.

The greater risk may be *not* investing in North Dakota's infrastructure to meet identified water needs. Please support passage of SB 2188.

Service, Advocacy, Leadership, Education & Support

Founded in 1953

League
of
Cities



Italian Moon

Pizza and Mexican Food

810 South Washington
Grand Forks, ND 58201
701-772-7277



Wendy's

1503 South Washington
Grand Forks, ND 58201
701-772-6536

March 8, 1999

Chairman Mick Grosz
Chairman of Natural Resources Committee
And Members of Natural Resources Committee

Re: Senate Bill 2188 – State Wide Water Bill

Dear Chairman Mick Grosz,

Thank you for giving me this opportunity to tell you the importance of passing the Senate Bill 2188.

I am an average person who owns two businesses in Grand Forks, The Italian Moon and Wendy's Restaurant on South Washington Street. The flood of 1997 has affected our family's life and most every resident in the city of Grand Forks. We are encouraging you to pass the Senate Bill 2188. By Supporting the funding of the dike system, this would protect against future flood threats in Grand Forks. This would help Grand Forks recover from this disaster and would therefore benefit the State of North Dakota, Grand Forks, and the surrounding area.

We, the people of Grand Forks, are extremely appreciative of the local, state, and federal support during and after the flood. I have heard many friends and acquaintances in this city say that if a flood happens again, they are gone. We have to make sure we have adequate protection, so a flood of this magnitude does not happen again. In order to do this, we need federal and state assistance to be able to provide this protection.

We, the people of Grand Forks, are going to make a huge commitment financially to do what is proposed by U.S. Corp of Engineers to do this project. This project will be a huge burden on top of the flood recovery expenses. We incurred in rebuilding our homes and businesses. The federal funds came in at \$283 million; our losses were about one billion dollars. This is without considering interest expense on all the borrowed money for our homes and businesses. People in this community have taken their life savings out and borrowed money to rebuild their homes and businesses. I see our community in a survival mode. The rebuilding process has total emphasizes on using borrowed SBA money to rebuild.

I can best explain what happened to the average people in Grand Forks by giving you an example of what happened to my family. We live three miles from the Red River and live on the English Coulee. Even having flood insurance, my loss at home was \$118,500 according to SBA Verification Loss. We had 51 inches of water on the main floor. This water was not from the English Coulee, but from the Red River flowing into the coulee raising the water level to 42 inches in less than two days. The dike we built in our backyard could not protect us from the Red River.

The two businesses I own are located on South Washington, about one mile from the Red River. The losses they suffered were \$284,300 Italian Moon and \$68,000 Wendy's, according to the SBA Verification Loss. We lost computers and other equipment six to eighteen months after the flood, which have now been replaced. Our total loss due to the flood was almost \$600,000 for home and my two businesses. The insurance company reimbursed me for damages at my home for \$70,000. The total damages were \$118,500. The areas not covered under insurance are depreciation and business loss. At both

Grand Forks
-P. Shroy

businesses, we had every kind of insurance possible an example: fire, tornado, sleet storms, and business interruption, but not flood.

Another example, my son lived in a four-bedroom home with a finished basement before the flood. Since the flood, he has not been able to get a SBA loan, because his debt was too much and he didn't qualify for any grants because his income was too high. Brad and his wife have three children. Five of my closest friends have not begun to refinish their basements, which was almost 50 percent of their living quarters. This is very common throughout the city of Grand Forks. People have borrowed money and taken their savings out to rebuild their homes, so they could continue to be a resident of Grand Forks and the state of North Dakota.

Large amounts of the STATE owned properties that are located in this city also need to be protected by a dike.

In July of 1997, Mr. Stai Director of SBA North Dakota arranged for me to receive a call from Aida Alvarez, Top Administrator of SBA in Washington D.C. in President Clinton's Cabinet. She told me they have no National Disaster Program, but they would do whatever they could to help us recover. Mr. Stai, Ms. Alvarez, and all the SBA staff were absolutely wonderful to work with.

In April of 1998, I was one of the Grand Forks City delegates to go to Washington D.C. We visited with many of the SBA top officials. We were there to thank them for their assistance during and after the flood. One of the things we were told on this trip by the SBA officials, was there are three phases to recovery that a community will go through after a disaster of this magnitude. These phases include:

1. Rebuilding of homes and businesses. This is the easiest phase because there is federal dollars, insurance, SBA Loans, etc., for the rebuilding process. This phase takes one to three years to recover.
2. Emotional recovery—in this process you have to overcome anger, disappointment, depression, and much heartache, etc. This phase takes three to five years to recover.
3. Economic recovery—this is the most difficult phase. This phase takes seven to ten years to recover. Need I say more about this enormous battle we have to overcome

We ask for you assistance in helping us insure that Grand Forks can continue to be a vital part of the State of North Dakota. This will help put us in a position to protect ourselves against future flooding and continue to be a vibrant and tax paying part of the State of North Dakota, which I have lived my entire life—60 years.

During my 19 years of teaching and coaching, I was asked why I didn't go to a state with warmer climate and higher pay for teachers. The answer was always easy for me to give them. People that live in North Dakota care about each other during good times and bad times. I don't think there is a better place to live than in the State of North Dakota, where people do care about their neighbors.

It is important to recognize that the state has provided funds to many other flood control projects in the past. The State Water Commission has provided funds for the Sheyenne River flood control project to protect West Fargo and surrounding areas, and the Souris River flood control project to protect Minot and surrounding areas. Other examples include projects at Beulah, Devils Lake, Enderlin, Harwood, Minnewauken, and Argusville. The State Water Commission is also working on future projects such as the five-foot raise of the flood control pool at Baldhill Dam to protect Valley City and downstream areas. This plus the Southwest and Northwest pipelines were supported financially by all the population of North Dakota.

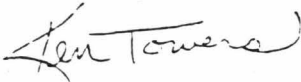
March 2, 1999

It appears that the East Grand Forks local share is going to be paid 100 percent by the State of Minnesota. We have asked the State of North Dakota for 52 million dollars of the 119 million dollars local share of the project. Leaving Grand Forks Residence to pay 67 million dollars of the local share.

I was planning on retiring at age 62, which would be in the year 2001, but now with an additional \$600,000 debt from the flood and with sales down about 20 percent in both my restaurants, I may never be able to retire.

Thank you for your positive consideration on Senate Bill 2188.

Sincerely,

A handwritten signature in cursive script that reads "Ken Towers".

Ken Towers
1304 Noble Cove
Grand Forks, ND 58201
Home/Office 701-772-6755
Wendy's 701-772-6536
Italian Moon 701-772-7277

March 9, 1999

OFFICE OF UNIVERSITY RELATIONS
 P.O. BOX 7144
 GRAND FORKS, NORTH DAKOTA 58202-7144
 (701) 777-2731
 FAX: (701) 777-3650

To: Natural Resources Committee
 Rep. Mick Grosz, Chair

Fr: Kendall Baker
 President, University of North Dakota

Re: Support for Senate Bill 2188



This testimony is presented in support of Senate Bill 2188, the Statewide Water Management Bill, which would provide \$52 million in state funds to help the City of Grand Forks acquire the federal funds necessary to build a dike that will protect the community from future floods. A properly constructed dike is vital if we expect to protect hundreds of millions of dollars in state property and infrastructure and provide Grand Forks citizens with the safety and security they deserve.

The taxpayers of North Dakota own millions of dollars worth of property in Grand Forks. The University of North Dakota's plant represents more than \$480 million of these holdings. But, the state's investment includes more than buildings and infrastructure. It also includes the content of these buildings. For example, the Chester Fritz Library, the largest library in this region and the repository of many priceless artifacts, is just one of the "jewels" of the University that was imperiled by the Flood of 1997. While it, ultimately, escaped damage, the Flood of 1997 did have a very serious impact on the University of North Dakota. Indeed, today, total damage is estimated at more than \$75 million. Hence, investing in a dike that would protect state property would clearly seem to be a wise decision.

But the University of North Dakota is more than the sum of its 230 buildings and their contents. The University has more than 5,000 full-time and part-time employees. Including their families, it is estimated that as many as 15,000 (or possibly even more) people are directly affected by what happens at UND. Add the nearly 10,500 students, and it is easy to think of the University as a community of some 25,000 people. It is important to provide this community with a sense of security. A dike that will protect the city, and hence the University, will provide a far more secure environment than currently exists in Grand Forks. This secure environment is crucial to attract and retain high quality students, faculty, and staff. Unfortunately, the national image of Grand Forks is of a city devastated by the Flood. When prospective faculty, students, and their parents ask if the city is protected against further floods, we want to be able to say "yes" unequivocally.

The University takes seriously its responsibility to provide excellent stewardship for the State's investments and to contribute to the vitality of the community. It is just as important for the City of Grand Forks and the State of North Dakota to assure a vibrant culture and living environment for the students and state employees who live, work, and learn here. Grand Forks citizens have traditionally felt safe in their community, a fact that was underscored by Money magazine earlier this decade when it chose Grand Forks as one of the top ten United States cities. That sense of safety has been shaken by the Flood of 1997. If Grand Forks is to prosper and continue to be a vital and key source of economic growth and development for the State of North Dakota, the city environment must be made as safe as modern knowledge, wisdom, and technology can make it.

In order to protect the physical holdings of the State of North Dakota, and to ensure a safe environment for Grand Forks citizens, the University of North Dakota urges the North Dakota Legislature to work to secure the \$52 million needed by the City of Grand Forks to construct a dike that will protect the city.

Grand Forks



Chamber of Commerce

**TO: MR. JACK DALRYMPLE, CHAIR
and MEMBERS OF THE HOUSE APPROPRIATIONS COMMITTEE**

FROM: BOB GUSTAFSON, CCE, PRESIDENT

RE: STATE WATER PLAN (SB 2188)

DATE: MARCH 9, 1999

The Grand Forks Chamber of Commerce would like to convey to you and your colleagues our appreciation for your leadership and consideration of the Senate-approved state water plan bill. This legislation is extremely important to the retention and expansion of economic interests in communities like Grand Forks. The damages from the April 1997 flood exceeded \$1 billion dollars. An estimated \$500 million of federal aid, in a variety of forms, has helped us in our recovery. Yet, more than \$160 million has been loaned out to Grand Forks businesses and residents to assist with recovery efforts. Millions of dollars of personal and business reserves have been expended to rebuild. In order to ensure that these investments are secure, passage of the state water plan is essential.

In 1992, while working with the State Water Commission and agricultural interests, the Grand Forks Chamber of Commerce helped lead efforts to build a water policy for North Dakota. Chambers throughout the Red River Valley and across the state supported the initiatives. Recently, flood protection measures were added to help disaster prone communities. The bill you will be discussing today is tied directly to widely held water policy beliefs which will help secure water resources throughout our state.

As you are aware, the federal government has committed themselves to supporting 50% of the project costs in Greater Grand Forks. Our city council has approved actions which will generate in excess of \$60 million of Grand Forks funds to this project. Excluding the East Grand Forks and Minnesota share, the \$52 million for the Grand Forks project represents an 18% North Dakota investment in Grand Forks' future. This allocation will be money well spent for North Dakota, too.

In order to make secure the significant reinvestment efforts under way in Grand Forks, passage of the state water plan is essential. Investing state dollars in this measure will help make Grand Forks and other North Dakota cities attractive to future investment. On behalf of Don Fisk, our board chair and our 875 members, we thank you for giving Mayor Owens and delegation members the opportunity to share with you today their perspectives on this important issue .



Testimony for Senate Bill 2188 - Statewide Water Bill

Chairman Grosz, members of the Natural Resources Committee, for the record, this written testimony is provided by Janell Regimbal, MA, LPCC of Lutheran Social Services of North Dakota, and Barbara Kramer, MSW, LCSW of the Northeast Human Service Center. We are the former Co-Directors of the Disaster Outreach Project. Disaster Outreach was a FEMA funded crisis-counseling program that served the counties of Grand Forks, Walsh, Pembina, and Nelson for the eighteen-month period following the Great Red River Flood of 1997. It was a unique public and private partnership that made more than 80,000 contacts with citizens within the region. These contacts included door to door canvassing, school-based interventions, and workplace seminars, support groups and programming for special populations.

During our eighteen months of service to the region we became extensively involved with the citizens in their recovery efforts from a mental health perspective. We urge you to support SB 2188 in that it is vital to the long term health and recovery of our residents, our community, and our entire state.

One of the major issues facing citizens in our community after the devastation of the flood is the on-going protection concern it has created. There is much anxiety about future flooding and the ramifications it may have. A recent Comprehensive Community Needs Assessment survey commissioned by the Region IV Children's Services Coordinating Committee, United Way and Altru Hospital gave an indication of this. The source of this data included a random household survey, a key informant/service provider survey and social and economic secondary data sources. Slightly over one quarter (27.2%) of the Greater Grand Forks household respondents reported anxiety, stress or depression as a major or moderate problem. As professionals in our field, we have concerns that even though these numbers are high and show anxiety, stress and depression to be the number one issue at this time, in fact this problem may very well be under reported. Individuals do not tend to easily disclose these types of problems to others, especially to a stranger via a phone survey. In some form, nearly all residents had to deal with some aspect of physical and emotional flood recovery following the worst natural disaster in the history of the region. Most residents continue to grieve the loss of their homes, neighborhoods and community, as they knew it. It is common for there to be increased anxiety at the time of the anniversary of the disaster, during times of increased snow or rain accumulations, or when other triggers or cues of the past event are present.

Nearly one quarter (24.4%) of the Greater Grand Forks household respondents reported their homes are in poor condition or need repair and pose a major or moderate problem. In 1993 when this same needs assessment was conducted, only 8.6% of the residents had these same housing issues. Without a clear and affordable plan for residents, which will assure them future protection, their financial stress will continue to increase and increased out-migration will be a rising concern. The residents that are not impacted directly by housing concerns are indirectly impacted as they worry about increased property taxes if out-migration continues or the devaluing of their homes if they lie in areas closer to the river, but not in a buy-out situation. The assurance of a clear plan with the funding for such clearly articulated will help to alleviate the feeling of "limbo" most residents feel, which greatly feeds their anxiety.

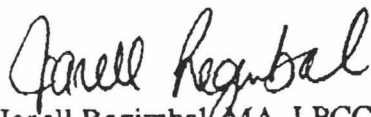
Testimony for SB 2188-Statewide Water Bill

Page 2

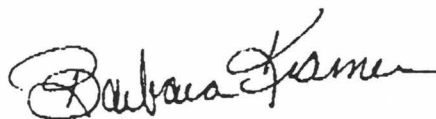
More than thirty years of research on flood recovery shows that a community and its individuals go through phases of recovery. The period we are now in is termed "disillusionment". It is a period that can easily last 3-5 years given the breadth of our disaster. It can be a time of disappointment, anger and bitterness. The emphasis is typically on the individual and their own needs rather than the community as a whole. Due to this it is not uncommon to see difficulty in the reaching of consensus around flood recovery issues or decisions made about the direction of the community. Individuals tend to be caught up in their own issues of recovery and own personal financial hardships and grief and loss issues. From the outside this can be hard to understand as we can look like a community divided. It must be realized that this is normal and a process that must be worked through if we are to move on to prosper as a community once again and be an important regional hub for our state.

Grand Forks as a city, and the northeast region as a whole, are a vital part of the state of North Dakota. Citizens in our communities understand well the importance of water and how water effects our lives and our communities well-being. We understand the impact this bill will have not only on our lives but the lives of our fellow citizens of the state. The passage of SB 2188 will do much for the citizens of Grand Forks and others across North Dakota. During the height of the flood fight the help, support and concern of neighbors across the state buoyed us. Over time those memories sustain us. Now it is time to close the book on the protection issue, letting the members of the community have a greater sense of security knowing that the financing is in place for them to move on with a healthy future as residents of Grand Forks and of North Dakota.

Respectfully submitted by:



Janell Regimbal, MA, LPCC
Lutheran Social Services of ND



Barbara Kramer, MSW, LCSW
Northeast Human Service Center



City of Grand Forks

255 North Fourth Street • P.O. Box 5200 • Grand Forks, ND 58206-5200

(701) 746-2607
FAX # (701) 772-0266

BEFORE THE 56TH LEGISLATIVE ASSEMBLY OF NORTH DAKOTA

Engrossed Senate Bill 2188 House Natural Resources Committee

Statement of Support from Grand Forks Mayor Patricia Owens

March 11, 1999

Chairman Grosz and Members of the Committee, thank you for this opportunity to submit testimony in support of engrossed Senate Bill 2188 and, specifically, the Grand Forks flood protection project and the request for State assistance in funding the project.

With me today are our Director of Public Works and City Engineer Ken Vein, our Finance Director John Schmisek, our Special Projects Coordinator Christi Stonecipher, and other local business leaders. We are all here today to show our support for engrossed Senate Bill 2188. Also attached to my testimony is testimony from Doug Carpenter, our City Council President; Bob Gustafson, the Director of the Grand Forks Chamber of Commerce; Mark Sanford, the Superintendent of our School System; Ken Baker, UND President, and many others who support this bill but could not be here today.

This comprehensive water management plan addresses the most important water related projects going on in our state – from those communities that need a reliable supply of clean drinking

water to those that need protection from unpredictable rivers. Although we in Grand Forks have a special interest in this bill, we also recognize, as citizens of North Dakota, the importance of the Southwest Pipeline, the Devils Lake Flood Control project, and the other projects that will contribute to the growth and development of our state. We have supported and will continue to support these projects and urge your support of engrossed Senate Bill 2188 because it so effectively addresses the water needs of North Dakota.

We also support this bill because it includes the crucial funding Grand Forks needs from the State in order to proceed with our proposed Corps of Engineers Flood Protection Project. I don't need to tell you what happened in Grand Forks in April of 1997 or during the ensuing two years -- you have all seen the pictures and heard the stories. In fact, you may have opened up your own homes to our residents when they fled or came to help muck out a relative's basement or sent some food or contribution to our community. That disaster certainly impacted the whole state -- and I am so thankful for the outpouring of support we received from North Dakota residents

There is also no way I can convey to you now the emotional, psychological, and physical damage that flood caused to our community and our residents. We are not recovered yet and we will not recover for a long time. But our pursuit of this flood control project is not a knee-jerk reaction to the flood of 1997 -- we had been studying ways to solve our flooding problem for years. And our request for state assistance in funding the project is not an attempt to play off of your sympathy for our residents -- there are several good technical and financial reasons for our request and I would like to quickly review them now. There are three primary reasons we are pursuing a flood protection project in Grand Forks:

1. **First, the City of Grand Forks is extremely susceptible to flooding.** The Flood of 1997 was no fluke. Over the last 115 years, our community has reached flood stage 55 times – about half the time. More specifically, in the last 20 years, we have seen increases in both the frequency and the height of our flood events. Already this year, the National Weather Service has issued a crest forecast of 44 feet for our area this spring – 16 feet above flood stage. We need a permanent solution to this flooding problem.

2. **I also want to assure you that the proposed permanent flood control project has been thoroughly researched.** We had recognized this flooding problem and were working with the Corps of Engineers on a long-term solution when the flood of '97 hit. The current project was actually started back in 1990. Eight years later, after implementing 3 studies, spending over \$7 million, and incorporating the data from the 1997 flood, we finally have a Corps approved, federally-authorized project. Most importantly, this final report assures that all environmental concerns have been addressed, including both upstream and downstream impacts. We in Grand Forks do not want what happened to us to happen to any other community, and we have been assured that our project will not worsen the condition for anyone else.

3. **The third reason for building this project is because the consequences of not doing a permanent flood control project in Grand Forks would be severe.** This option was considered by the Corps and has been considered by our own City officials, given the costs of the project and the impacts to certain neighborhoods. Obviously, this decision would

leave us vulnerable to another catastrophic flood and the related damages, both physical and emotional. However, there will also be another significant impact. Without the project, the Federal Emergency Management Agency has indicated that the 100 year floodplain area in Grand Forks and East Grand Forks will be updated as a result of a number of recent major flood events and will likely increase greatly. According to the Corps report, it is expected that a total of about 15,000 structures in the Grand Forks/East Grand Forks area will then be included in the new 100 year floodplain. The ongoing cost of flood insurance to virtually the entire community, the hobbling effect on future development that the new floodplain would have, and the spiral of negative impacts of Grand Forks remaining susceptible to flooding makes the “do nothing” alternative unacceptable for our city.

For all of these reasons, the Grand Forks Flood Protection Project is necessary, practical, well-thought out and justified. We have to build this project – we have to protect ourselves.

Unfortunately, we cannot build this project on our own. It is very hard for me and others in Grand Forks to ask for help. But we need the state’s assistance in funding this project.

Our residents took a severe financial blow from the flood. The total damages from that event are estimated at between \$800 million and \$1 billion. The total assistance we received from government and private sources, including the much publicized CDBG funds, totals about \$500 million. The difference between these two numbers means a loss to our community of about \$300 to \$500 million.

In order to replace what they lost, many Grand Forks residents took out SBA or Bank of North Dakota loans, totaling \$159 million. In addition, thousands of residents replaced items by dipping into their savings accounts or charging things on their credit cards. There is no way for us to calculate the extent of this financial impact, but I know our residents are struggling because I hear from them every day.

Despite all of these additional debts, the City of Grand Forks is still expecting our residents to pay from \$63 million of the flood protection project and another \$60 million in additional, related projects. The proposed sources of funds for our share of the project include a reallocation of existing sales tax revenues, a reallocation of existing property tax revenues, a new use tax, a city-wide special assessment, and an increase in water rates.

When you consider our losses from the flood, the increased debt that our residents have taken on, and the estimated \$123 million of project costs we will have to pay ourselves, it becomes apparent that our residents simply cannot bear the full cost of this project. That is the main reason why we are requesting \$52 million from the State of North Dakota. This amount represents about 18% of the total costs for the Grand Forks portion of the flood protection and related projects.

We also think it makes good sense for the State to invest in our project. Grand Forks is North Dakota's third largest city and contributes 12.6% of the state's sales tax revenues and 7.6% of the state's income tax revenues. We are proud to be a big contributor to the state's economy and future development.

In addition, the State of North Dakota has \$550 million worth of property in the City of Grand Forks. This includes the University of North Dakota, the State Mill and Elevator, and regional DOT and Job Service offices. The State has a lot invested in Grand Forks and it makes sense to protect that investment.

I would like to conclude my testimony with this last thought. Our residents cannot go through another flood and come out on their feet. Nor can they bear the full burden of paying for this flood protection project. I hear daily from many residents who say another flood of the 1997 magnitude would be the last straw. I fear a huge out-migration of residents and businesses from Grand Forks if we cannot provide them with a sense of security. Our citizens have been so strong, but many are physically, emotionally, and financially drained.

Chairman Grosz and Members of the Committee, thank you for allowing me to testify before you today. All of us here from Grand Forks are asking you to please support engrossed Senate Bill 2188, the Grand Forks flood protection project, and the many other worthwhile projects across our state. We are pleased with the composition of this historic bill that portrays the great State of North Dakota as one community to help meet our water related needs. Thank you.



255 North 4th Street • P.O. Box 5200 • Grand Forks, ND 58206-5200

KENNETH A. VEIN, P.E.
DIRECTOR OF PUBLIC WORKS / CITY ENGINEER

City of Grand Forks

(701) 746-2630
Fax (701) 746-2514

BEFORE THE 56TH LEGISLATIVE ASSEMBLY OF NORTH DAKOTA

Engrossed Senate Bill 2188 House Natural Resources Committee

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

March 11, 1999

Chairman Grosz and Members of the Committee, thank you for this opportunity to submit written testimony in support of engrossed Senate Bill 2188 and the Grand Forks flood protection project. I am requesting a "do pass" recommendation from this committee on this bill.

My support of this bill is primarily from a technical position as the Director of Public Works and City Engineer for the City of Grand Forks. As such, I have been involved with a number of state-wide water organizations and projects, including the ND State Water Coalition, and am aware of the serious water issues that face this state. North Dakota has been shackled for a long time by water problems. In my opinion, this piece of legislation addresses the most significant water projects our state faces and will be a major factor in our state's growth and development in the next century. Projects such as the Southwest Water Pipeline, the Northwest Area Water Supply (NAWS), and irrigation projects are crucial for our state to grow. And flood control projects for Devils Lake, Wahpeton, Grafton, and Grand Forks are equally important in assuring our current and future residents that they, and their investments, are safe.

Because of my position with the City of Grand Forks, I am going to specifically comment on two projects that are very significant to the future of our community: the Grand Forks flood protection project and water to eastern North Dakota.

First, I will discuss the Grand Forks flood protection project, which, in my opinion, is vital to the future of Grand Forks. My comments are based on three main points: 1.) that our community needs a flood protection project based on its high susceptibility to floods, 2.) that the proposed flood protection project is the best solution for our flooding problem, and 3.) that the consequences of not proceeding with this project would be severe.

1.) First, the City of Grand Forks is extremely susceptible to flooding.

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

Part of my concern about our community’s susceptibility to flooding is our inability to fight catastrophic floods. The Red River Valley floor, especially adjacent to the Red River is very flat. When floodwaters get significantly high, they spread out on this flat valley floor making citywide flood fighting very difficult, if not impossible. We have an existing system of levees in the City of Grand Forks that is comprised of a series of temporary levees, mostly built after major floods in the last four decades. This system provides a level of protection from average

floods. However, during major flooding events, we must add to this system by increasing the height of these levees with either clay or sandbags. There is, obviously, a limit to how much clay or sandbags can be added through these temporary measures. We must also build additional levees throughout the rest of the community.

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

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

The City has been well aware of the potential flood risk we live in. After the devastating flood of 1979, it became apparent that a better protection system was need. In 1987 the City went to Congress to get federal authorization to perform a detailed flood protection study of the City. The study was eventually approved and in 1990 the US Army Corps of Engineers started their most recent study process. The Corps is considered the most formidable engineering agency in the world and has the most experience in flood control projects of any organization. Eight years later, after implementing 3 studies and spending over \$7 million dollars, we finally have a Corps-approved, federally authorized project. This final report, the General Re-evaluation Report and Environmental Impact Statement, identifies the most cost effective flood control project for the City of Grand Forks and assures that all environmental concerns are addressed including both upstream and downstream impacts.

The proposed project is a joint project with the City of East Grand Forks, Minnesota and consists of a series of levees and floodwalls that surround each community. There are also two coulee diversions proposed. The project has been designed to protect us from a flood similar to the

1997 event, which was considered a 210-year flood. The project should contain floods up to the 500-year level. The levees average 10 feet in height and are approximately 14 miles long. They will have at least a 3 to 1 side-slope and wrap around the city until they reach high ground, several miles to the west. The total cost of the project is approximately \$350 million and, if funding is secured, construction will begin in 1999 and be completed in 2005.

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

The Corps, in determining the most cost effective plan, uses a complex benefit/cost evaluation that compares the average annual benefits, which are the expected value of flood losses prevented by the proposed flood control project, against the average annual cost of constructing, operating, and maintaining that same project. This procedure is used for evaluating all Corps projects nation-wide to determine if it is in the government's best interest to help fund a flood protection project in a given area. The Grand Forks project has received a favorable B/C ratio of 1.1, meaning the federal government thinks it is a good use of tax dollars. Stated another way, for every dollar that is invested in the project, we receive a dollar and 10 cents of benefit.

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

Some of the concerns that were raised during the comment period included upstream impacts of the project on other communities and in-city impacts to existing neighborhoods. The first concern is actually handled by a requirement that *Corps projects cannot increase the water surface elevations either upstream or downstream of the project area*. The hydraulic modeling done by the Corps indicates that no properties, either upstream or downstream of Grand Forks will see a significant increase in their flooding because of the project. In fact, most areas will actually see a decrease in their water surface elevation, since the new levees in town will be farther away from the river than the existing system, thus allowing more room for the water to flow. We in Grand Forks do not wish our flooding problem on anyone and have been assured by the Corps that this project will not push our water onto other communities.

The second concern that has been raised involves the neighborhoods within the City that will be disrupted by the project. The dike, because of its width, will require the acquisition of approximately 200 structures, primarily homes. This is mainly due to the weak soils along the Red River, which have a tendency to slide into the river if too much weight is placed on them. The Corps will be doing a more in-depth evaluation of possible solutions to this problem in the hope of saving some of these properties. The City of Grand Forks is also investigating new techniques that may be used and has hired a geo-technical consultant from Seattle to work with the Corps and study the situation. We are aware that there is an impact to our own residents with this project and are doing what we can to minimize it. For the good of the entire community, however, we must proceed with this dike project.

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

The City very carefully evaluated all options for this project including the “do nothing” alternative. Obviously, that alternative leaves the City at risk of not being able to adequately protect itself from a significant flood event. An interim fall back plan has been developed but would still allow inundation of various parts of the City and would require such a significant lead time to construct that its viability is very questionable. The risk of losing another flood fight would be very real, if the river rose high enough. In addition, the risk of a loss of life would be significant, as personnel would have to be working throughout the crest to try and protect the

city, and some property owners might defy evacuation orders and remain on their property to try and protect it. Although there was no deaths attributed to the 1997 flood, FEMA officials maintain that more people die from floods than any other natural disaster.

FEMA has informed the City that they are in the process of redrawing our 100-year flood boundary, the boundary that enacts our flood plain ordinances. Without a permanent flood protection project certified by the Corps of Engineers, a new boundary will be forced on us. This new boundary will cover much of the City requiring significant increases in flood insurance premiums (2 to 3 times) and very restrictive development rules that will make expanding and redeveloping our community very hard and in some cases impossible. According to the Corps report, it is expected that a total of about 15,000 structures in the Grand Forks/East Grand Forks area will then be included in the new 100 year floodplain. When a major flood event occurs, any property in the floodplain that suffers more than 50% damage could not be rebuilt unless the owner did hazard mitigation – an often expensive and impractical proposition that could include filling in the basement of a structure or raising it above the floodplain. So, much like in 1997, those homes would have to be demolished or removed from the floodplain. Given all of these serious negative impacts, it is obvious that the “do nothing” alternative is not an option for our community.

We have an opportunity before us to complete this project that not many other cities have. The federal government was willing to fast-track this project so it would be authorized in 1998. The project has the official support of Congress and the President and has been included in the President’s budget for federal funding in fiscal year 2000. Our counterparts in East Grand Forks are also working to obtain funding for their portion of the project and are requesting assistance from the State of Minnesota. State officials there have indicated an initial commitment to pay for 90%, and possibly all, of that city’s share.

One important fact that I would like to emphasize is the need now for state funding. The non-federal money we have to bring to the project will be used to purchase the property we need and is thus needed as soon as possible. Some construction is expected to begin in late 1999 with major construction starting in the spring of 2000 and an expected completion in the year 2005,

depending on federal funding. The \$52 million we are requesting from the state is needed sooner rather than later in this timeline because the City is responsible for securing all of the lands, easements, relocations, and rights-of-way necessary for the project. This includes the relocation of several sanitary lift stations and other infrastructure, as well as the acquisition of properties along the dike's path and the relocation of those affected home-owners. While the project will be constructed in phases, property acquisition will have to take place early on in the project, before the start of each phase.

In addition to the general cost-share for the design and construction of the project, the City must also incur expenses for the relocation of various components of the water treatment plant and the development of the "Greenway", the open space that will exist between the levees of Grand Forks and East Grand Forks, Minnesota. These additional expenses are related to the dike project but are not included in the total estimated cost. Senate Bill 2188 includes these expenses as eligible for funding through the state's municipal, rural, and industrial funds and under general projects. This eligibility is very important to the City, which must find ways to finance these additional expenses while also funding its portion of the project.

The second project that this bill encompasses that has significant benefits to the City of Grand Forks is bringing water to eastern North Dakota. Although seemingly at odds with our flood control project, this project is also vital to the future of our community. A reliable supply of good water is one of the key elements for the existence and continued growth of population centers. The Phase I Part A report completed by the United States Department of Interior Bureau of Reclamation entitled, Red River Valley Water Needs Assessment, identified water supply shortages at Grand Forks during drought conditions when current and projected water demands within the basin are compared to the available water supplies. These shortages would have serious impacts on the existing population and businesses within Grand Forks, as well as severely limit the amount of new businesses and development that would take place in this portion of the state.

This project, supported under the Dakota Water Resources Act of 1998, would tap into the state's greatest water resource – the Missouri River – and share its critical supply of water with

the eastern half of North Dakota. In order for our state to grow and compete in the next century, we need to first provide the basic essentials in order to keep our current residents and attract new ones. This includes providing enough water for our needs while protecting residents from an overabundance of it.

For these reasons I've outlined above, I ask that you support engrossed Senate Bill 2188. Its significance to Grand Forks, our region, and the rest of the state cannot be overestimated. Controlling our water supply is absolutely crucial to the future of North Dakota. Thank you for your consideration.



— *City of Grand Forks* —

255 North Fourth Street • P.O. Box 5200 • Grand Forks, ND 58206-5200

FINANCE AND
ADMINISTRATIVE
SERVICES

(701) 746-2620
Fax# (701) 746-9238

BEFORE THE 56TH LEGISLATIVE ASSEMBLY OF NORTH DAKOTA

Engrossed Senate Bill 2188 House Natural Resources Committee

Statement of Support from Grand Forks Finance Director John Schmisek

March 11, 1999

Chairman Grosz and Members of the Committee, thank you for allowing me to submit this testimony in support of engrossed Senate Bill 2188, and specifically that portion of the bill that refers to state funding for the Grand Forks Flood Protection Project. I urge you to support a “do pass” recommendation on engrossed Senate Bill 2188.

I support this bill because it encompasses the most important water projects before the State of North Dakota at this time. Managing our state’s water supply is one of the most important things we can do to protect and enhance our future development. The magnitude of some of these projects is clearly outside the ability of local entities to handle. The state’s foresight in putting together this comprehensive plan for North Dakota’s future will ensure our communities and the state itself can keep and attract residents and compete in the next century.

I also support this bill because it contains crucial funding for the Grand Forks flood protection project. I firmly believe that the residents of Grand Forks are unable to carry the burden of paying for the entire local cost share of this project themselves. My belief is based on the extensive damage to property that occurred in Grand Forks as a result of the flood, the debt that many residents took on to help replace some of their losses, and the additional flood recovery projects that residents will have to pay for on top of our share of the project. Simply put, we

need financial assistance to protect ourselves, our rebuilt assets and state assets from another disaster.

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

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

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

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

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

There is still a gap between the damages from the flood and the assistance or loans that residents took out to repair and replace belongings. This \$200 to \$300 million is lost equity in our community. Many people couldn't afford to take on more debt and so they didn't finish their basement or replace all of their furniture. Some businesses closed for good and didn't replace inventory or repair buildings. Our community is poorer. The region and the state are poorer. Our community is financially vulnerable and so are our residents. Grand Forks will not be able to weather another storm, whether it be another flood, the closing of our Air Force Base, a drop in UND enrollment, or some other crisis.

Despite this grim financial situation, **the City of Grand Forks is expecting residents to pay for \$63 million of the flood protection project.** We are planning on using a variety of funding sources to come up with this money in order to make the impact on our residents as light as possible. Reallocating existing sales tax and property tax revenues are two of the ways we will be paying for the project. The other taxing entities in the city – the school district, the park

district, and the county have all agreed to assist the City in finding ways to cut their budgets so that money can be redirected to the dike project. Obviously, this is an important project to all aspects of our community.

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

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

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

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

residents from Grand Forks, as the flood of 1997 has had severe emotional and psychological impacts on some residents and not having a protection project in place is not acceptable to them.

The other immediate option if the State does not help fund this project is for the City to try and come up with all of the necessary funds ourselves. I have serious concerns about this option, namely that the tax burden will become too extreme for our city taxpayers, regardless of how we package it, and we will lose our population. This out-migration will not only be from Grand Forks, but also from the State of North Dakota, as most City officials believe people would not relocate elsewhere in the state but would move to other parts of the country. We have already lost approximately 3% of our population in Grand Forks and the physical and emotional stress from the flood event has taken its toll on residents. There is no doubt that people are talking much more frequently about leaving the community and state and higher taxes could give them enough reason to make the move. We want and need to provide our residents a reason and some hope so they will stay in our community and, in fact, bring others to our community and the state.

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

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

Grand Forks is an economic benefit to the State of North Dakota. The city contributes 12.6% of the state's sales tax revenues, and 7.6% of the state's income tax revenue. It is also estimated that 16% of the state's gross domestic product comes from Grand Forks. Obviously, our city is a big contributor to the state's economy, and the state can not afford to jeopardize its financial assets.

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

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

Chairman Grosz and Members of the Committee, please support a “do pass” recommendation for engrossed Senate Bill 2188. Our community cannot afford to pay for this project alone, it is in the state's best interest to protect its extensive investment in Grand Forks, and we need to protect our business interests, which support the state's general fund. This is a bill for the future of North Dakota. Thank you.



GRAND FORKS PUBLIC SCHOOLS

Office of the Superintendent
38 Demers Avenue, P.O. Box 6000
Grand Forks, ND 58206-6000
Ph. (701) 746-2205, Ext. 120

Dr. Mark Sanford
Superintendent of Schools
Ph. (701) 746-2205, Ext. 111
FAX (701) 772-7739

March 11, 1999

Representative Mick Grosz, Chair
Natural Resources Committee
State Capitol
600 E. Boulevard Ave.
Bismarck, ND 58505

RE: SENATE BILL 2188 – STATE-WIDE WATER BILL

Dear Representative Grosz:

The Grand Forks Public Schools' Board of Education supports SB 2188, State-wide Water Bill.

The school district has property valued at approximately \$150,000,000. The flood of 1997 affected sixteen of the district's twenty-one buildings at a cost of \$80,000,000. This devastation totaled several buildings and caused extensive damage to the others. As a result, the 1997-98 school year and the first few months of this school year have seen the district utilizing churches, the National Guard Armory, basements, and over one hundred relocatable classrooms to house thousands of students. In addition, some schools shared a building in order to have enough space to house all of the children. It has been a very difficult time for families and the schools, but most have persisted and have welcomed the days when individual buildings have been repaired and made available for school use.

The school system faced overwhelming challenges in addition to the facility and financial losses. The most significant involved dealing with the personal needs of each child and family affected by the flood. These needs required the employment of several social workers, extra reading specialists, and additional counselors. Children experienced serious regression in their learning skills, found it difficult to concentrate at school, and suffered from fears of more losses of home, school, or friends. Large numbers of families were provided free and reduced price school meals. Many children needed assistance with basic clothing requirements because of the financial losses of their families. The human toll of this disaster was vividly clear each day at school where the children and their families sought comfort, care, and stability.

"A Great Place to Grow and Learn!"

AN EQUAL OPPORTUNITY EMPLOYER

The Grand Forks Public School District does not discriminate on the basis of race, color, national origin, sex, age, religion, or disability in its educational programs/activities and employment policies/practices.

Representative Mick Grosz, March 11, 1999, page two

The school district has significant physical assets that will be protected by the dike and this is a very important and prudent reason for the project. Even more important is the need to provide the peace of mind and stability that has been sorely lacking in the lives of the children and families of the school district because of the disruptions of the disaster and the uncertainties of a present and future without proper flood protection.

The school district wishes to thank legislators and their communities for the care given to the thousands of children of Grand Forks who attended school in 180 North Dakota districts during April and May of 1997. The children were sheltered, educated, and cared for in the best traditions of our wonderful state.

Sincerely,

A handwritten signature in cursive script that reads "Mark Sanford".

Dr. Mark Sanford

On Behalf of the Grand Forks School Board

MSS:sms

SENATE BILL 2188
STATEMENT OF SUPPORT FROM GRAND FORKS CITY
COUNCIL PRESIDENT DOUG CARPENTER

My name is Doug Carpenter and I currently serve as President of the Grand Forks City Council. I offer this testimony in support of our request for state assistance in the amount of \$52 million for our flood protection plan.

The flood impacted Grand Forks in many different ways. We had a downtown which suffered severe damage. Over 700 homes were lost and many other homes and businesses suffered significant damage. These losses meant Grand Forks had to react quickly to address serious and significant issues. In the over twelve years I have been on the City Council, never were the issues so serious, so many or so controversial. The Council moved to address these issues by implementing programs to purchase homes which were destroyed, to assist in the development of new homes to attempt to retain residents whose homes were destroyed, to redevelop the downtown, to assist homeowners in rehabilitating damaged homes, and to help businesses recover. A number of these programs have been controversial, but all were implemented with the objectives of rebuilding the tax base, retaining residents and providing for the future growth of Grand Forks. Some of the programs, notably the Congressional I & II housing development, have not worked out as planned. But, the process of recovery is long term and even programs that have not worked as anticipated can be turned into assets in economic recovery.

The one issue which has been overriding during the entire flood recovery process has been the issue of flood protection. The council has been consistent in its support of the need of protection from the flooding of the Red River. Grand Forks can not go

through another flood disaster like 1997. Without the implementation of the Corps of Engineers approved flood protection plan, we will not be able to attract new residents or retain our current residents. Our residents are committed to paying a majority of the local share of the project, however because of the financial costs of the flood, our residents can not financially pay for the costs of the flood recovery and all of the local share of flood protection.

You have read and heard many things about the process of recovery in Grand Forks, we acknowledge we have made mistakes in the recovery process, but overall the recovery is going well. In closing, your assistance is critical in furthering the process of recovery and assuring that Grand Forks remains a major contributor to the future of North Dakota. Thank you for your consideration.



March 11, 1999

Mick Grosz, Chairman
Natural Resources Committee
Capital Building
Bismarck, ND 58501

NORTH DAKOTA
Bismarck
Fargo
Grand Forks
Jamestown
Minot

MINNESOTA
Alexandria
Brainerd
Crystal
St. Cloud
Moorhead

RE: Senate Bill 2183, Statewide Water Management Bill

Dear Mr. Grosz,

Appointments Only
1-800-480-4019

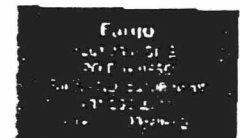
Since the 1997 Red River Valley Flood our Grand Forks Financial Counseling Service has served over 1400 individuals and families from that area. Most of those served experienced flood losses in one way or another. It has been very difficult helping those families find solutions to their financial problems because of the great losses they endured. One of the greatest losses was loss of income. We've seen many who lost property and belongings and because of additional expenses and high replacement costs, most of these families have higher debt and increased expenses.

Based on what we've seen in our financial counseling sessions, we believe that taxpayers in the Grand Forks community are unable to take on additional tax burdens. These folks are already bearing the higher cost of rebuilding their lives.

Please vote no to additional tax burdens for Grand Forks taxpayers.

Sincerely,

Sharon Larkin, Director
Financial Counseling Service
The Village Family Service Center



From: Scot A. Stradley/ISD/NoDak@Hub on 03/10/99 09:17 AM
To: Mick R. Grosz/NDLC/NoDak@NoDak
cc: Byron Clark/NDLC/NoDak@NoDak, Duane L. DeKrey/NDLC/NoDak@NoDak, David O. Drovda/NDLC/NoDak@NoDak, Scot R. Kelsh/NDLC/NoDak@NoDak, Deb Lundgren/NDLC/NoDak@NoDak, Jon P. Martinson/NDLC/NoDak@NoDak, Jon O. Nelson/NDLC/NoDak@NoDak, Darrell D. Nottestad/NDLC/NoDak@NoDak, Todd K. Porter/NDLC/NoDak@NoDak, Sally M. Sandvig/NDLC/NoDak@NoDak, Dorvan Solberg/NDLC/NoDak@NoDak
Subject: Testimony against SB 2188

Honorable Members of the North Dakota House of Representatives Natural Resource Committee:

Please accept this testimony regarding SB2188 and include it with the record of your hearing, March 11, at 9AM.

My name is Scot Arthur Stradley. I reside at 6830 Woodcrest Road, Grand Forks Township, North Dakota. My wife and I have lived at this address since 1986. I have been a resident of North Dakota since 1976 and six of our 7 daughters have graduated from high school. I am an economics professor at the University of North Dakota. As a native of southern Idaho I should point out that they kill to get water there!!

I am asking this committee to kill SB 2188. If you do not kill it I'm asking that you amend it to reduce the funding to make the Grand Forks levee project smaller. If you permit it to leave the Committee please give a "do not pass" recommendation.

I am against this project for a number of reasons. The primary one is that this levee project leaves about 98 rural property owners between the levee and the river. This levee will set one-quarter mile west of my home and I'm approximately three-quarters mile from the river. There are ten homes on the river. Everyone in this area was flooded in 1997. About 70% took water, about 20% ring diked and stayed dry and about 10% stayed dry because of elevation. Our rural electric coop did not shut our power off. Three properties were damaged too badly and are still involved in a county-state-fema buyout.

The area I live in is in Grand Forks Township, and I am a Supervisor. The Corps levee will not include our area. I don't know why they won't protect us, but they won't. The City proposed an add-on ring dike for our area but we would pay for the entire cost-\$50,000 per property. Lisa Hedin, Corps GF Project Supervisor, did say last autumn that the Corps won't put a levee in here because of the impact on Minnesota. It is very clear that the Corps is not going to move their levee to protect my area.

The Corps has "certified" this project and you hear Grand Forks City officials say they are asking funding for a "Corps certified" project. This means that the Corps certifies to Congress that the project meets all requirements. I guess that means the Corps has a legal theory that supports putting nearly 100 families between their levee and the river. The Corps claims the levee will not worsen flooding. It will worsen flooding in our

area. They claim it will not lower property values. I believe driving over an 8 foot high 70 feet wide levee will affect the buyers' perception of value. Additionally, the Corps levee will lower the use-value of my home (they will deny me access to my home during a flood).

We would rather be left with no doubt that the levee will not adversely affect us. Since the vast majority is benefiting, and since they all are quiet about anything that would affect the scope and cost of the project, we are left with little support other than what the courts will offer.

According to the City and Corps we are not in the City limits and hence do not qualify for buyout. We are Grand Forks Township residents. There are a few farmers and the majority of citizens are suburban residents. We contacted the Congressional delegation regarding our status and have received no help. County officials have not tried to protect our rights. City officials are trying to take them away. My only hope is the the House of Representatives of the State of North Dakota believes that the State should not finance a project that violates the rights of individual property owners.

Sincerely,

Scot Arthur Stradley



DEPARTMENT OF THE ARMY

ST. PAUL DISTRICT, CORPS OF ENGINEERS
ARMY CORPS OF ENGINEERS CENTRE
190 FIFTH STREET EAST
ST. PAUL, MN 55101-1838

REPLY TO
ATTENTION OF

Executive Office

MAR 08 1999

Mr. Albert Grosz
Chairman, House Natural Resources Committee
North Dakota State Legislature
State Capitol
Bismarck, North Dakota 58505

Dear Mr. Grosz:

This letter supports the Grand Forks, North Dakota, local flood protection levee project. In December 1998, the Corps of Engineers completed the requirements for Federal authorization. A copy of the letter to the Secretary of the Army, signed by Lieutenant General Joe N. Ballard, Chief of Engineers, on December 29, 1998, recommending the flood control plan is attached.

The recommended levee project has the following characteristics:

- Most economical plan for the City.
- Most technically effective plan for reducing the flood risk.
- Does not induce additional flooding either upstream or downstream of the project area.
- Sets the levees back, creating a larger floodway that will eventually be developed into a greenway.
- Environmentally and socially acceptable.
- Reviewed by interested parties, including Federal, State, and local agencies.

The Grand Forks portion of the project consists of 14 miles of levees and floodwalls, numerous road and railroad closures, interior flood control features, and relocations of both utilities and residences. The total cost of the project is \$350,250,000, with the Federal and non-Federal interests sharing equally in the cost. The Federal cost is \$175,900,000, the City of Grand Forks' cost is \$114,900,000 and the City of East Grand Forks' share is \$59,450,000.

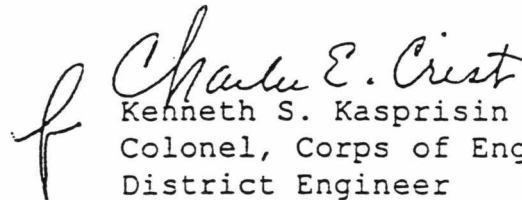
*Charles
Corps of
Engineers*

As part of the implementation efforts, the City of Grand Forks is required to sign a project cooperation agreement; acquire lands, easements and rights-of-way required for the project; relocate affected utilities; and provide a cash contribution in proportion to the annual appropriations by the Federal Government.

The St. Paul District considers the Grand Forks flood control project to be a very high priority. We will continue to do all that we can to advance completion of this substantial and necessary project. Obviously, no one wants to see a recurrence of the 1997 flood. Its impacts to both the City of Grand Forks and the State of North Dakota were devastating. A recurrence of that type of event without flood protection in place would be a difficult blow from which to recover. All parties--Federal, State and local--have an interest in providing a flood protection project that will reduce the flooding risks for the Grand Forks community.

Should you have any questions or concerns about the identified plan, please contact Lisa M. Hedin, Project Manager, at (651) 290-5431.

Sincerely,


Kenneth S. Kasprisin
Colonel, Corps of Engineers
District Engineer

Enclosure



DEPARTMENT OF THE ARMY
OFFICE OF THE CHIEF OF ENGINEERS
WASHINGTON, D.C. 20314-1000

REPLY TO
ATTENTION OF

23 DEC 1998

CECW-PC (10-1-7a)

SUBJECT: Grand Forks, North Dakota, and East Grand Forks, Minnesota

THE SECRETARY OF THE ARMY

1. I submit for transmission to Congress my report on flood damage reduction and recreation in the area of Grand Forks, North Dakota, and East Grand Forks, Minnesota. It is accompanied by the report of the district and division engineers. These reports are in partial response to authority established in the Flood Control Acts approved 30 June 1948 and 17 May 1950. Previous preconstruction engineering and design activities for a Federal flood reduction project at East Grand Forks, Minnesota, were suspended in 1987. This preconstruction engineering and design work was reactivated by the Assistant Secretary of the Army in May 1997 after the devastating floods of 1997. The resulting district engineer's report, General Reevaluation Report and Environmental Impact Statement (EIS), includes project features in Grand Forks, North Dakota.
2. Section 137 of Public Law 105-277 authorizes construction of the Grand Forks, North Dakota, and East Grand Forks, Minnesota, water resources development project, subject to completion of a final report of the Chief of Engineers not later than 31 December 1998, and subject to conditions recommended in the final report. This report constitutes the final report of the Chief of Engineers in response to this legislation.
3. The authorizing language for the Grand Forks, North Dakota, and East Grand Forks, Minnesota, project reflects an earlier project cost of \$307,750,000, which is based on December 1997 price levels. The cost estimate for the authorized project has been refined and updated to October 1998 price levels. The current cost of the authorized project is estimated to be \$322,069,000. This is the cost estimate that the U.S. Army Corps of Engineers will use as the baseline for calculating the maximum cost of the project, pursuant to Section 902 of Public Law 99-662, the Water Resources Development Act of 1986.
4. The reporting officers recommend a plan to provide flood protection from the Red River of the North and recreation for the cities of Grand Forks, North Dakota, and East Grand Forks, Minnesota. The plan provides about 32 miles of levees and floodwalls designed to protect against the 1997 flood of record. The plan would protect against what is commonly referred to as a 210-year flood; in terms of risk, the plan would protect against a 0.476 percent exceedance frequency flood. Also, the plan would provide modifications to existing interior drainage

CECW-PC

SUBJECT: Grand Forks, North Dakota, and East Grand Forks, Minnesota

facilities and numerous road and railroad closure structures. Two diversion channels are included in the plan: a 3.5-mile extension of the existing English Coulee Diversion; and a 1.2-mile diversion of Hartsville Coulee. Three lift stations, a portion of the water treatment plant, and numerous utilities would be relocated. Other relocations include over 252 residential structures, 95 apartment or condominium units, and 16 businesses. The plan would reduce average annual flood damages by about 94 percent. Recreation features include trails and related facilities compatible with Corps guidelines. Costs are included in the plan to mitigate for cultural resource impacts. The EIS concludes that no separable mitigation is required for impacts of the project on natural resources.

5. Based on October 1998 prices, the total first cost of the plan is estimated at \$322,069,000, of which \$311,566,000 is for flood control and \$10,503,000 is for recreation. The total first cost of the plan would be cost shared \$161,735,000 Federal and \$160,334,000 non-Federal. Average annual benefits and costs, excluding cultural resources mitigation and relocation assistance, based on December 1997 price levels and an interest rate of 7 1/8 percent, are estimated at \$32,481,400 and \$29,108,000, respectively, with a resulting overall benefit-cost ratio of 1.1. Average annual benefits and costs, without recreation features, cultural resources mitigation, or relocation assistance based on December 1997 price levels and an interest rate of 7 1/8 percent, are estimated at \$30,514,000 and \$27,932,000, respectively, with a resulting benefit-cost ratio of 1.09 for the flood control purpose.

6. Washington level review indicates that the plan developed is technically sound, economically justified, and environmentally and socially acceptable. The plan conforms with essential elements of the U.S. Water Resources Council's Economic and Environmental Principles and Guidelines for Water and Related Land Resources Implementation Studies and complies with other administration and legislative policies and guidelines. Also, the views of interested parties, including Federal, State, and local agencies have been considered.

7. This past spring, the Corps became aware that construction restrictions might be present in deeds to project lands acquired by the City of East Grand Forks, possibly due to use by the City of funds provided by the Federal Emergency Management Agency (FEMA) in purchasing either project lands or other real estate. As early as March 1998, congressional representatives contacted Corps officials to ensure that any project authorization passed during the 1998 legislative session would be sufficiently broad to permit construction notwithstanding the deed restrictions or the sponsor's use of FEMA funds. Consistent with this intent to enable the project to proceed, Section 137 of Public Law 105-277 was enacted with broad authority to construct the project "substantially in accordance with the plans, and subject to the conditions recommended in a final report of the Chief of Engineers as approved by the Secretary," so long as the report was completed no later than December 31, 1998. Therefore, the Corps believes that the Congress has authorized implementation of the project notwithstanding the City's possible use of FEMA funds

CECW-PC

SUBJECT: Grand Forks, North Dakota, and East Grand Forks, Minnesota

or the presence of deed restrictions on project lands.

8. I generally concur in the findings, conclusions, and recommendations of the reporting officers. Accordingly, I recommend implementation of the authorized project in accordance with the reporting officers' plan with such modifications as in the discretion of the Chief of Engineers may be advisable. As recognized by the reporting officers, additional analysis is needed to determine the appropriate scope and scale of interior drainage control facilities. Such further analyses are likely to result in a smaller scale for these facilities and may result in some decreases in the interior level of flood protection, but would not affect the project's protection from the primary source of catastrophic flooding from the Red River as experienced in the flood of 1997, nor the overall economic justification of the project. The studies are to be accomplished prior to entering into a project cooperation agreement for construction. Further studies are also anticipated on the levee alignment to potentially reduce the considerable relocations involved in the authorized plan. All further design changes are anticipated to be within the Chief's discretionary authority.

9. Federal implementation of the authorized project would be subject to the non-Federal sponsors agreeing to comply with applicable Federal laws and policies, including the following requirements:

a. Provide a minimum of 35 percent, but not to exceed 50 percent, of total project costs allocable to structural flood control and 50 percent of total project costs allocable to recreation, as further specified below:

(1) Repay to the Federal Government, during the first year of construction, a share of the preconstruction engineering and design costs equal to the percentage of total project cost sharing;

(2) Provide, during construction, any additional funds needed to cover the non-Federal share of design costs;

(3) Provide, during construction, a cash contribution equal to 5 percent of total structural flood control project costs;

(4) Provide all lands, easements, and rights-of-way, with suitable borrow and dredged or excavated material disposal areas, and perform or ensure the performance of all relocations determined by the Federal Government to be necessary for the construction, operation, and maintenance of the project;

(5) Provide or pay to the Federal Government the cost of providing all retaining dikes, wasteweirs, bulkheads, and embankments, including all monitoring features and stilling

• CECW-PC

SUBJECT: Grand Forks, North Dakota, and East Grand Forks, Minnesota

basins, that may be required at any dredged or excavated material disposal areas required for the construction, operation, and maintenance of the project; and

(6) Provide, during construction, any additional costs as necessary to make its total contribution equal to 35 percent of total project costs allocable to structural flood control and 50 percent of total project costs allocable to recreation;

b. For so long as the project remains authorized, operate, maintain, repair, replace, and rehabilitate the completed project, or functional portion of the project, at no cost to the Federal Government, in accordance with applicable Federal and State laws and any specific directions prescribed by the Government;

c. Give the Federal Government a right to enter, at reasonable times and in a reasonable manner, upon land which the local sponsor owns or controls for access to the project for the purpose of inspection, and, if necessary, for the purpose of completing, operating, maintaining, repairing, replacing, or rehabilitating the project;

d. Assume responsibility for operating, maintaining, replacing, repairing, and rehabilitating (OMRR&R) the project or completed functional portions of the project, including mitigation features without cost to the Government, in a manner compatible with the project's authorized purpose and in accordance with applicable Federal and State laws and specific directions prescribed by the Government in the OMRR&R manual and any subsequent amendments thereto;

e. Support the Government's obligation to comply with Section 221 of Public Law 91-611, Flood Control Act of 1970, as amended, and Section 103 of the Water Resources Development Act of 1986, Public Law 99-662, as amended, which provides that the Secretary of the Army shall not commence the construction of any water resources project or separable element thereof, until the non-Federal sponsor has entered into a written agreement to furnish its required cooperation for the project or separable element;

f. Hold and save the United States free from all damages arising from the construction, operation, maintenance, repair, replacement, and rehabilitation of the project and any project-related betterments, except for damages due to the fault or negligence of the Government or the Government's contractors;

g. Keep, and maintain books, records, documents, and other evidence pertaining to costs and expenses incurred pursuant to the project in accordance with the standards for financial management systems set forth in the Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments at 32 Code of Federal Regulations

CECW-PC

SUBJECT: Grand Forks, North Dakota, and East Grand Forks, Minnesota

(CFR), Section 33.20;

h. Perform, or cause to be performed, any investigations for hazardous substances as are determined necessary to identify the existence and extent of any hazardous substances regulated under the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA), 42 U.S.C. 9601-9675, that may exist in, on, or under lands, easements, or rights-of-way that the Federal Government determines to be required for the operation, maintenance, repair, replacement, and rehabilitation of the project. However, for lands that the Federal Government determines to be subject to the navigation servitude, only the Federal Government shall perform such investigations unless the Federal Government provides the non-Federal sponsor with prior specific written direction, in which case the non-Federal sponsor shall perform such investigations in accordance with such written direction;

i. Assume complete financial responsibility, as between the Federal Government and the non-Federal sponsor, for all necessary cleanup and response costs of any CERCLA regulated materials located in, on, or under lands, easements, or rights-of-way that the Federal Government determines to be required for the operation, maintenance, repair, replacement, or rehabilitation of the project;

j. Agree that as between the Federal Government and the non-Federal sponsor, the non-Federal sponsor shall be considered the operator of the project for the purpose of CERCLA liability, and, to the maximum extent practicable, operate, maintain, repair, replace, and rehabilitate the project in a manner that will not cause liability to arise under CERCLA;

k. Prevent further encroachments on project lands, easements, and rights-of-way which might interfere with the proper functioning of the project;

l. Comply with the applicable provisions of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, Public Law 91-646, as amended by Title IV of the Surface Transportation and Uniform Relocation Assistance Act of 1987 (Public Law 100-17), and the Uniform Regulations contained in 49 CFR Part 24, in acquiring lands, easements, and rights-of-way required for the construction, operation, and maintenance of the project, including those necessary for relocations, borrow materials, and dredged or excavated material disposal; and inform all affected persons of applicable benefits, policies, and procedures in connection with said Act;

m. Comply with all applicable Federal and State laws and regulations, including Section 601 of the Civil Rights Act of 1964, Public Law 88-352, and Department of Defense Directive 5500.11 issued pursuant thereto, as well as Army Regulation 600-7, entitled "Nondiscrimination

CECW-PC

SUBJECT: Grand Forks, North Dakota, and East Grand Forks, Minnesota

on the Basis of Handicap in Programs and Activities Assisted or Conducted by the Department of the Army," and Section 402 of the Water Resources Development Act of 1986, as amended (33 U.S.C. 701b-12), requiring non-Federal preparation and implementation of floodplain management plans;

- n. Provide the non-Federal share of the total cultural resources preservation, mitigation, and data recovery costs attributable to structural flood control that are in excess of 1 percent of the total amount authorized to be appropriated for structural flood control;
- o. Do not use Federal funds to meet the non-Federal sponsor's share of total project costs unless the Federal granting agency verifies in writing that the expenditure of such funds is authorized;
- p. Inform affected interests, at least annually, regarding the limitations of the protection afforded by the project;
- q. Prescribe and enforce regulations to prevent future obstruction of or encroachment on project lands, easements, and rights-of-way which might interfere with the proper functioning of the project; and
- r. Participate in and comply with applicable Federal floodplain management and flood insurance programs.

10. The recommendation contained herein reflects the information available at this time and current departmental policies governing formulation of individual projects. It does not reflect program and budgeting priorities inherent in the formulation of a national civil works construction program nor the perspective of higher review levels within the executive branch. Consequently, the recommendation may be modified before it is approved by the Secretary of the Army.



JOEN BALLARD
Lieutenant General, U.S. Army
Chief of Engineers

**Testimony of Andrew Varvel to the
North Dakota House Natural Resources Committee
March 11, 1999**

Mr. Chairman and members of the committee:

My name is Andrew Varvel. My degrees are a B.A. in History and a B.S. in Geology from the University of North Dakota, 1996. I grew up and went to school in Grand Forks, including during the 1979 and 1997 floods.

I read the US Army Corps of Engineers General Evaluation Report for the greater Grand Forks area. Knowing some of the earlier studies of Grand Forks flooding, I can see how the Corps may have come to the conclusions it did. However, the Corps plan is flawed. It would be a new Maginot Line for Grand Forks.

The Maginot Line was constructed by France during the 1930's. It was a series of bunkers, trenches, and fortifications that stretched from the Swiss border to Luxembourg. It was constructed to keep out the German army. The German Army did not invade France by the route protected by the Maginot Line.

Overland flow in the region of Grand Forks goes from the southwest to the northeast. In both the 1979 and 1997 floods, overland flooding was a major problem for Grand Forks. The Corps plan does **not** protect Grand Forks from overland sheetflow from the southwest.

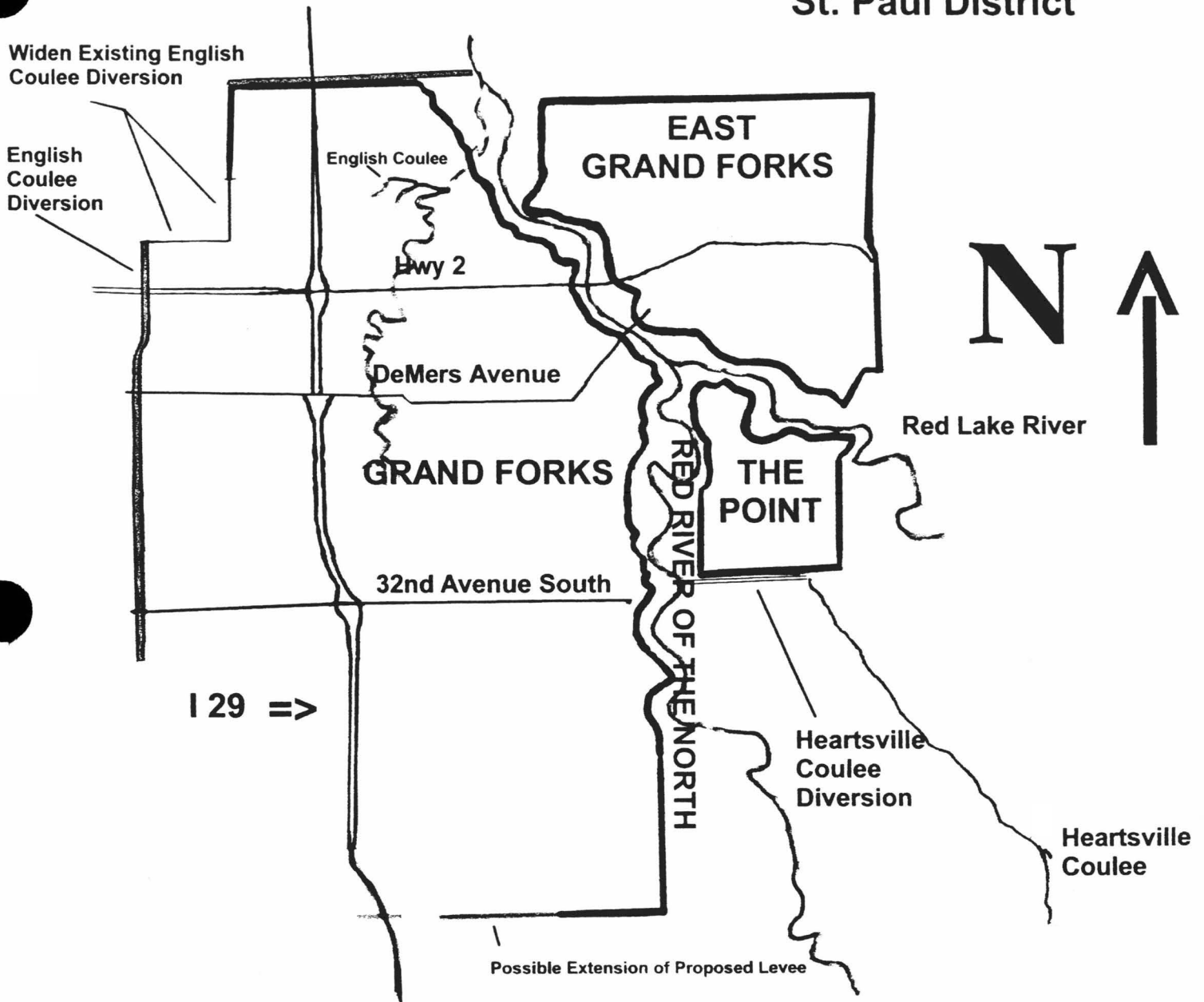
The State of North Dakota should not fund a mirage.

Flood control for the Red River Valley should not be a question of diking vs. basin-wide management. Both should be used in tandem. I suggest that the US Army Corps of Engineers and the Water Commission should act in cooperation with the Energy and Environmental Research Center to design low cost plans to effectively protect the Red River Valley from flooding.



Please deep six Senate Bill 2188. Thank you.

Andrew Varvel
1800 East Capitol Avenue #258
Bismarck, ND 58501-2131
(701) 255-6639
varvel@cheerful.com

**Based on General Evaluation Report, US Army Corps of Engineers
St. Paul District**



LEGEND of Dike Plan

Levee/Floodwall	
Excavated Channel	
Highway	
River	

NOTE: This is an approximate sketch based on the General Evaluation Report, NOT an exact map.



CITY of GRAFTON

5 EAST 4TH STREET • P.O. BOX 578 • GRAFTON, ND 58237
TELEPHONE: (701) 352-1561 • FAX (701) 352-2730 • TDD: (701) 352-1411

SENATE BILL 2188

NATURAL RESOURCES COMMITTEE

Chairman Grosz, and Members of the Committee, thank you for allowing me the opportunity to speak to you today. For the record, my name is Fred Stark, Mayor of Grafton and I am here today to ask your support for Senate Bill 2188.

The City of Grafton is in need of a permanent solution to its flooding problem, as is the case in many other North Dakota communities, and we need your help to make it become a reality. Senate Bill 2188, although it obviously does not provide an answer to every water problem everywhere in North Dakota, it does provide the framework for us to begin the process of managing water throughout the entire state. Various parts of North Dakota have vastly differing water issues that plague them. Whether it may be too much, too little or water quality, these issues that face us threaten the economic stability of our local regions and the State as a whole. Legislation has been introduced that will help ease the burden that water plays on our communities and we ask that you support that legislation.

Grafton
-Estimote

Grafton faces two very serious challenges in regards to flooding from the Park River. First and most importantly, Grafton is a flood prone community that sees flooding to some degree one out of every four years. The most recent of which was in 1997 when Grafton experienced severe flooding and only escaped being inundated because of a temporary levee that spanned some six miles and required several million in Federal, State, and local dollars to construct and subsequently dismantle. The '97 Flood event prompted the City of Grafton to revitalize a US Army Corps of Engineers flood diversion project that was designed for Grafton in 1983. Senate Bill 2188 will help to ensure that this plan becomes a reality and dollars are spent more prudently on permanent solutions rather than temporary fixes time and time again.

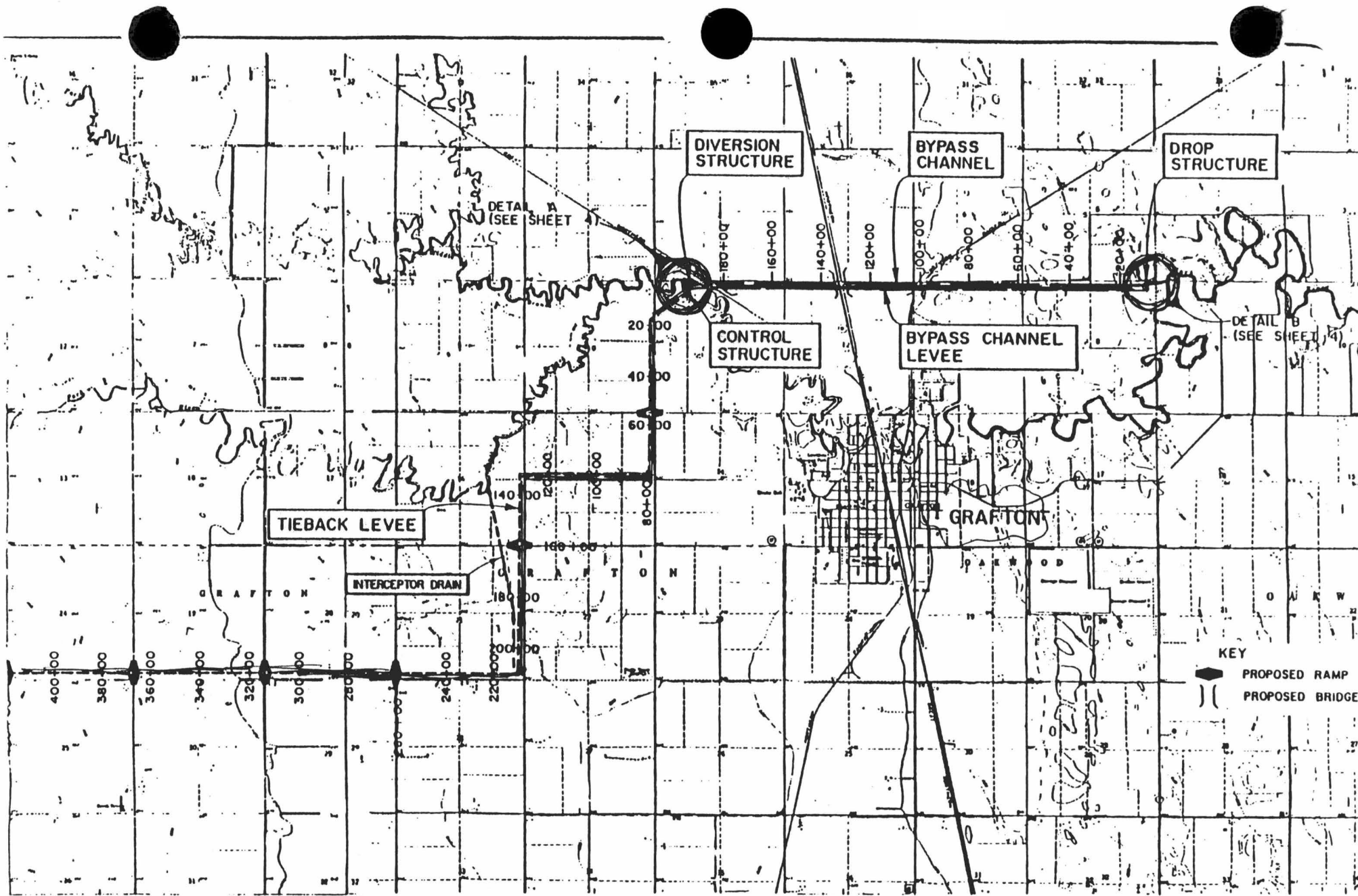
Secondly, the City of Grafton lies almost entirely within the 100 Year Floodplain. With over 90% of its land mass situated in the 100 Year Floodplain, Grafton, which comprises less than one percent of the states population, is responsible for almost 8% of the total flood insurance premiums statewide. This means that Grafton residents pay about 10 times the state average per person for flood insurance. Having to contend with the high insurance cost, coupled with the very restrictive regulations for building in the floodplain, these two obstacles have served to stagnate growth in the Grafton area. Recent success in economic development has provided an opportunity for us to reverse the trend of shrinking population and eroding tax base. To do this, we must

Page 3

provide safe and affordable areas to live and do business in Grafton so that we can do our part to help diversify the States economy, and provide opportunities for our young people to remain in North Dakota.

As I said before, Senate Bill 2188 provides the framework to begin the process of statewide water management and once again I urge your support in passing this bill. It's important to the state of North Dakota, it's critical to our local communities.

Thank You.



PARK RIVER AT
 GRAFTON, NORTH DAKOTA
 RECOMMENDED PLAN

WAHPETON

CITY HALL

March 4, 1999

House Appropriation Committee
56th Legislative Assembly
State of North Dakota

Re: Senate Bill 2188

Chairman Dalrymple and Members of the Committee:

The City of Wahpeton wholeheartedly supports Senate Bill 2188 in its entirety. Wahpeton's request for funding from this bill is a 50/50 partnership with the State for the remaining non-federally funded portion of our flood project, up to a maximum state obligation of 3.5 million dollars.

As members of the Community of North Dakota, we believe this bill delivers a comprehensive solution to the state's water needs in terms of safety, health and supply.

As you probably already know, cities are forced to bond capital improvement expenditures on a regular basis. With the state's assistance in reducing the local bonding requirements, the City is allowed to proceed in a prudent manner in considering options to meet our fiscal obligations through existing sources of revenue.

While the citizens of Wahpeton are grateful that this bill will afford them a means of protection from the devastation so narrowly escaped in 1997, we realize the importance of maintaining and growing our economic activity as a state. With the economic challenges faced by this Legislature, the importance of protecting and developing all of our resource contributors becomes obvious.

Very few North Dakotans are able to pay cash for their purchases. We believe a statewide water plan is the kind of purchase that protects our economic future and is worth the burden of debt to attain.

We urge your support of Senate Bill 2188.

Thank you,

Duane M. Schmitz
Mayor

CITY OF WAHPETON

Flood Protection System

1997 Flood

In early March of 1997, the U.S. Weather Service predicted a flood of record for the City of Wahpeton. The City and the Army Corps of Engineers quickly began to construct emergency levees under the Corps Advanced Measures Program. By early April, clay and sandbag levees were in place, temporarily protecting most of the city to predicted levels. Many levees had to be located directly on city streets. The Bois de Sioux and Red Rivers rose steadily until April 5th when over 2.5 inches of rain fell in a few hours. The remaining 100+ inches of snow still on the ground began to melt. The rivers rose rapidly to record levels. Chahinkapa park and zoo were lost to the floodwaters. With the levees barely holding, run-off water could not be removed fast enough to avoid serious internal flooding. The rainstorm fortunately turned into the infamous April blizzard, slowing the snowmelt.

Breckenridge, Minnesota, our sister city, was inundated that night. The rivers remained at record levels for nearly 2 weeks, cresting again on April 17th. Throughout this time, volunteers and city personnel worked around the clock to raise and strengthen water-soaked levees. There were many instances when the rivers almost spilled over or broke through. The south half of Breckenridge was totally flooded during the second crest. Between 40-50% of Wahpeton would also have been lost if the emergency levees had not held. The rivers fell slowly. Thirty days after the start of the flood, the rivers finally dropped below flood stage.



April 17, 1997
Vern Whitten

Post Flood

In the summer of 1997, the City of Wahpeton officially committed itself to providing a permanent, cost effective solution to flood protection. By the spring of 1998, 5 new pumping structures were constructed to handle interior drainage. One-third of the new levee system was also completed. During the summer of 1998, an additional pumping structure was built and further properties were acquired to prepare a city-wide river corridor necessary for permanent levee construction. The City requested the Corps of Engineers conduct a technical and economic feasibility study to complete the permanent levee system. This Federal Interest Report indicated that Wahpeton qualified, with a favorable cost-benefit ratio. The City is entering into a Cost Share Agreement with the Corps to complete the flood protection system.

Emergency Measures

-vs- Permanent Protection

Wahpeton was able to avoid the majority of potential damage from the 1997 Flood through emergency levees and no small measure of good fortune. If flooded, conservative surveys estimate that Wahpeton would have sustained over 15 million dollars in structural property damage, an additional 5 million dollars in infrastructure damage, and over 25 million dollars in related business and personal losses. Construction of emergency levees caused serious damage to many city streets, which alone will cost 4-5 million dollars to restore. Future flood-fighting costs and economic losses will be prevented through a system of permanent flood protection.

Flood Insurance Savings

The Corps of Engineers plans to construct the new levee system to FEMA certification standards. This will eliminate an otherwise mandated flood insurance requirement for approximately 500 Wahpeton homes and businesses, saving an estimated \$250,000 per year.

Six floods in the last 50 years have caused significant damage in Wahpeton. Long range forecasts predict that flooding will continue to be a problem in the Red River Valley. While the City of Wahpeton has been active in promoting long term, Basin-wide solutions to water issues in the Valley, permanent levee systems for densely populated areas such as Grand Forks, Fargo and Wahpeton are essential to protect the safety and economic viability of these cities.



City of Minot

Public Works Department

TESTIMONY ON SENATE BILL 2188- STATE WATER MANAGEMENT PLAN

The City of Minot endorses and supports Senate Bill #2188. This bill places the State Water Management Plan as one of the priorities of the State of North Dakota. This statewide plan is needed to develop and use the water resources available in North Dakota for the citizens of North Dakota. This State plan was developed by water users of the State along with the State Water Commission and addresses the water needs of most, if not all, of the citizens and water users of North Dakota.

The City of Minot has worked with the State Water Commission on its portion of the State Water Management Plan since the late 80's. We are more than ten years into the planning and development of the Northwest Area Water Supply System that will deliver water to Minot and to the communities and areas north and west of Minot in northwest North Dakota. The Southwest Pipeline portion of the plan has been developed for twenty years. That portion of the State Water Management Plan has been developed with the people of the southwest area of North Dakota and the State Water Commission. The State Water Management Plan being codified by Senate Bill #2188 also has the water use and development of Garrison water for the Red River Valley.

Senate Bill #2188 is needed to help the State of North Dakota and the citizens of North Dakota accomplish the task of water development for North Dakota. This bill and the Dakota Water Resources Act being considered by the US Congress can accomplish the Water Management Plan. The City of Minot asks that the House Natural Resources Committee give a do pass recommendation on Senate Bill #2188. We ask for your vote in favor of Senate Bill #2188.

Thank You.

Alan M. Walter
Director of Public Works
City of Minot

★ The Magic City★

515 2nd Ave. SW • Minot, North Dakota 58701-3739 • (701) 857-4140 • Fax (701) 857-4130

Minot



GARRISON DIVERSION
CONSERVANCY DISTRICT
P.O. Box 140
CARRINGTON, N.D. 58421
(701) 652-3194
FAX (701) 652-3195
gdcd@daktel.com
www.garrisondiv.org

TESTIMONY SUBMITTED FOR THE RECORD
NORMAN HAAK
CHAIRMAN, GARRISON DIVERSION CONSERVANCY DISTRICT

HOUSE NATURAL RESOURCES COMMITTEE
NORTH DAKOTA STATE LEGISLATURE

March 11, 1999

On behalf of the Garrison Diversion Conservancy District Board of Directors, thank you for allowing me to submit this testimony for the committee record.

I would first like to update you on the Garrison Diversion project and the Dakota Water Resources Act and then comment on SB 2188.

We at the District are pleased with the progress made on the Dakota Water Resources Act. The hearings in the 105th Congress were valuable to the sponsors and supporters. They gave an indication of the reception expected during the 106th Congress, and served as a test run to determine the kind of concerns that will have to be dealt with for passage in 1999.

One thing that stands out in those experiences is the effect of having such strong bipartisan support. Thank you. That kind of support is not only essential but has distinguished us from many of our colleagues.

Overall project cost and cost sharing are clearly major concerns in the push to pass the legislation. A fact is that authorization of the Dakota Water Resources Act will reduce the original cost of the project by nearly \$500 million. This results in a cost savings to the Federal budget and the State of North Dakota.

Nevertheless, under the Act, North Dakota will provide approximately \$345 million in the form of cost share or repayment as part of the \$770 million requested authorization. The cost share and repayment commitments will be: (1) all or a portion of the \$200 million needed to bring water to the Red River Valley, (2) up to \$70 million to cover the cost of existing facilities used to deliver water to the valley and (3) up to \$70 million cost share on the Municipal, Rural and Industrial grant program.

For Garrison Diversion and the Dakota Water Resources Act, passage of SB 2188 provides the authority to finance the nonfederal cost-share of the Garrison Diversion unit when the United States Congress enacts legislation to complete the project. This legislation may include the delivery of water to northwest North Dakota, Southwest Pipeline, development of a Red River Valley water supply, augmented streamflow and ground water recharge.

Today, more than ever, there exists a legitimate and immediate need for a comprehensive water management plan for North Dakota. Passage of SB 2188 shows the legislature's vision and commitment for the 21st Century in developing

GARRISON
DIVERSION

our water infrastructure. The economic future of North Dakota businesses, growth of our cities and rural communities and the diversification of agriculture cannot move forward without an effective plan to provide an affordable and reliable supply of high quality water.

This legislation will also serve as a message to the United States Congress that the citizens of North Dakota are serious and stand ready to shoulder our share of the responsibility. I urge your favorable action on SB 2188.

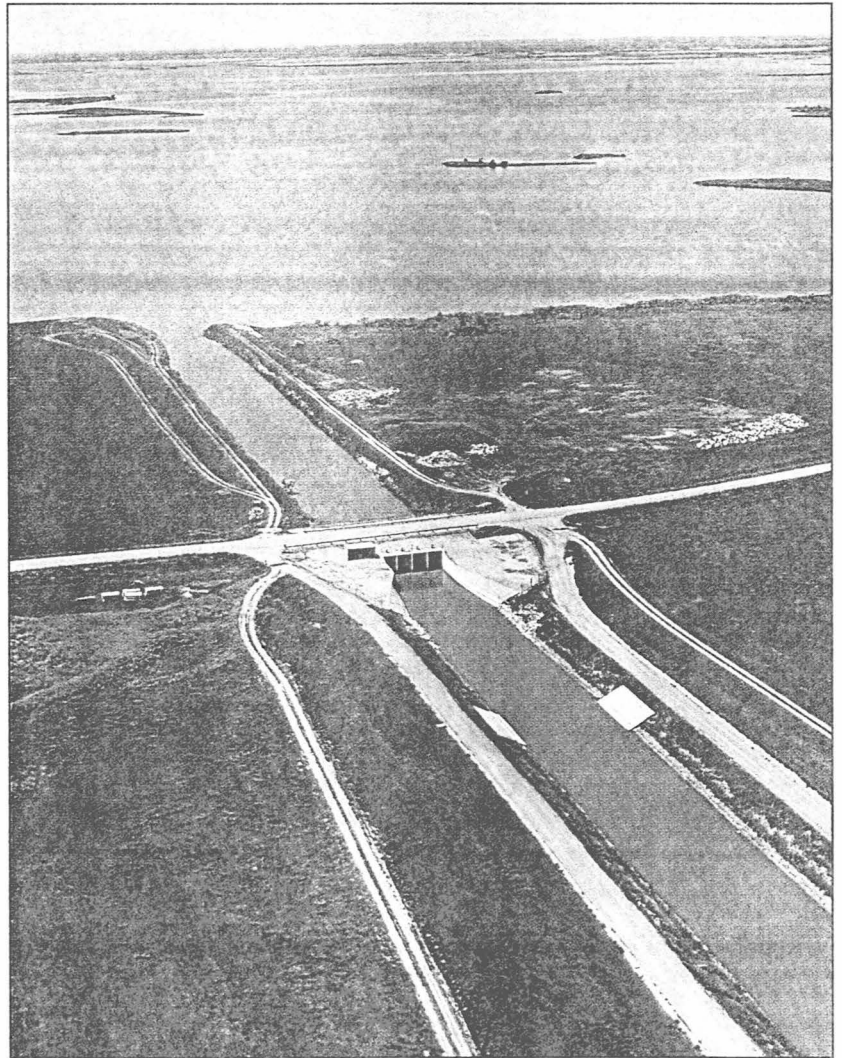
RATIONALE FOR THE DAKOTA WATER RESOURCES ACT

IF WE DO NOTHING, North Dakota's critical water shortages will continue to plague its citizens. The 120 miles of canal and large pumping plants already in place will provide little benefit to the State and return none of the investment to the federal treasury. Rural communities with their rich heritage of high values and an outstanding work ethic will continue to be faced with limited options for survival.

THE federal government has provided plans for water supply development dating back to 1944, but has yet to complete any of them despite three Congressional authorizations and a series of continuing appropriations. A partnership with the State political leadership and the responsible State entities is the logical solution.

WE have worked extensively to incorporate a broad range of interests across the State, including the ND Wildlife Society, the ND Wildlife Federation, the Bureau of Reclamation and the Indian tribes of North Dakota. Legislation on a variety of water projects with similar problems has been reviewed extensively, and the best ideas from each incorporated into the proposal. The essential elements of the historic promise of the Missouri Basin Program have been critically evaluated in light of current political reality. Ideas for improvement continue to be sought and evaluated to make the proposal more effective and to facilitate its acceptance by Congress.

THE overall cost of the Garrison project, when compared to the estimated cost of the project authorized in 1986, is essentially unchanged. Equally as important, the cost of meeting the needs addressed in the 1986 legislation is considerably reduced. In short, the proposal is cost effective, a major plus for the wildlife resources of the State and fiscally responsible. The State has agreed to cost share to its maximum ability on the rural water systems program and to reimburse, with interest, those costs assigned to municipal service for the more populated Red River Valley.



GARRISON
D I V E R S I O N

DAKOTA WATER RESOURCES ACT OF 1998

The Dakota Water Resources Act (DWRA) of 1998 further amends the Garrison Diversion Reformulation Act of 1986. DWRA outlines a program to meet the water needs of North Dakota including irrigation, Municipal, Rural and Industrial (MR&I), fish and wildlife, recreation, flood control, augmented stream flows, and ground water recharge. A summary of key components of the legislation is as follows:

SECTION 1 *Dakota Water Resources Act of 1998*

Establishes the purpose of the project and adds wildlife enhancement, stream flow augmentation and ground water recharge to the 1986 Reformation Act. It provides that the project will be a joint effort between the Secretary of Interior and State of North Dakota and that there will be a financial return to the federal government on the existing facilities and full reimbursement of the cost assigned to the Red River Valley municipal water supply facilities. It assures compliance with the 1909 Boundary Waters Treaty. It provides for State responsibility for design, construction, operation and maintenance of the features constructed.

SECTION 2 *Wildlife Mitigation and Enhancement*

Authorizes specific recreation and fish and wildlife enhancement facilities and determines responsibility for mitigation and enhancement facilities costs. It states that the Kraft Slough program includes land exchange authority, and the de-authorized Lonetree Dam and Reservoir is permanently designated as a wildlife conservation area.

SECTION 3 *Integration*

States that Garrison Diversion will continue to be part of the Pick-Sloan Missouri Basin Program authorized in 1944.

SECTION 4 *Construction Phase Interest Rate Determined*

Language determines the interest rate for authorized features of the project during construction. Language is included to prevent interest from accruing until a particular project feature is completed.

SECTION 5 *Irrigation*

The 1998 DWRA further reduces the irrigation acreage to 70,000 acres, none of which will be located in the Hudson Bay or Devils Lake Basins. It guarantees irrigation authorized in the bill is eligible to receive project pumping power, continues Indian irrigation, and defines a process by which future irrigation is to be developed.

SECTION 6 *Power*

Authorizes Pick-Sloan preference power for MR&I systems and irrigation development. It also freezes current sub-allocation costs associated with Pick-Sloan Missouri Basin Program.

SECTION 7 *State Municipal, Rural and Industrial Grant Program*

Language authorizes continued development of MR&I water systems in cooperation with the State of North Dakota, retains a 25 percent non-federal cost share, gives State credit for non-federal contributions exceeding the 25 percent level and authorizes a water conservation program with incentives. It also authorizes continued development of MR&I water systems on the State's four Indian Reservations.

SECTION 8 *Red River Valley Features*

Authorizes a decision-making process to determine the best methods to meet Red River Valley water supply needs. It identifies this feature as a reimbursable project feature, and provides that the State will repay costs, with interest, for the capacity used to deliver water to municipal and industrial users.

SECTION 9 *Oakes Test Area*

Authorizes the Secretary of Interior to negotiate a mutually acceptable agreement for the transfer of the Oakes Test Area facilities to the State of North Dakota, and if no agreement is reached, the Secretary of Interior is authorized to dispose of the facilities.

SECTION 10 *Appropriations*

Authorizes the appropriations as follows:

- \$100 million to complete facilities to meet Red River Valley water supply needs
- \$300 million for State MR&I grant program
- \$200 million for Indian MR&I program
- \$6.5 million for recreation projects, including a wetlands interpretive center
- \$25 million for the Natural Resources Trust
- \$40 million for demolition and construction of new Four Bears Bridge across Lake Sakakawea

SECTION 11 *Natural Resources Trust*

Authorizes an additional \$25 million for the Natural Resources Trust (formerly ND Wetlands Trust), \$15 million of which is subject to completion and operation of the Red River Valley water supply project. It also authorizes an account for operation, maintenance and replacement of fish and wildlife mitigation and enhancement, and expands the scope of the trust program.

**GARRISON
DIVERSION**

Garrison Diversion Conservancy District P.O. Box 140 Carrington, N.D. 58421
(701) 652-3194 Fax (701) 652-3195 E-mail: gdc@daktel.com or www.garrisondiv.org

SHEYENNE - MAPLE FLOOD CONTROL

Testimony for the House Natural Resources Committee
Senate Bill 2188

March 11, 1999

presented by:
Jeffrey J. Volk, Project Engineer

1986 WATER RESOURCES DEVELOPMENT ACT
P.L. 99-662

PLAN FEATURES

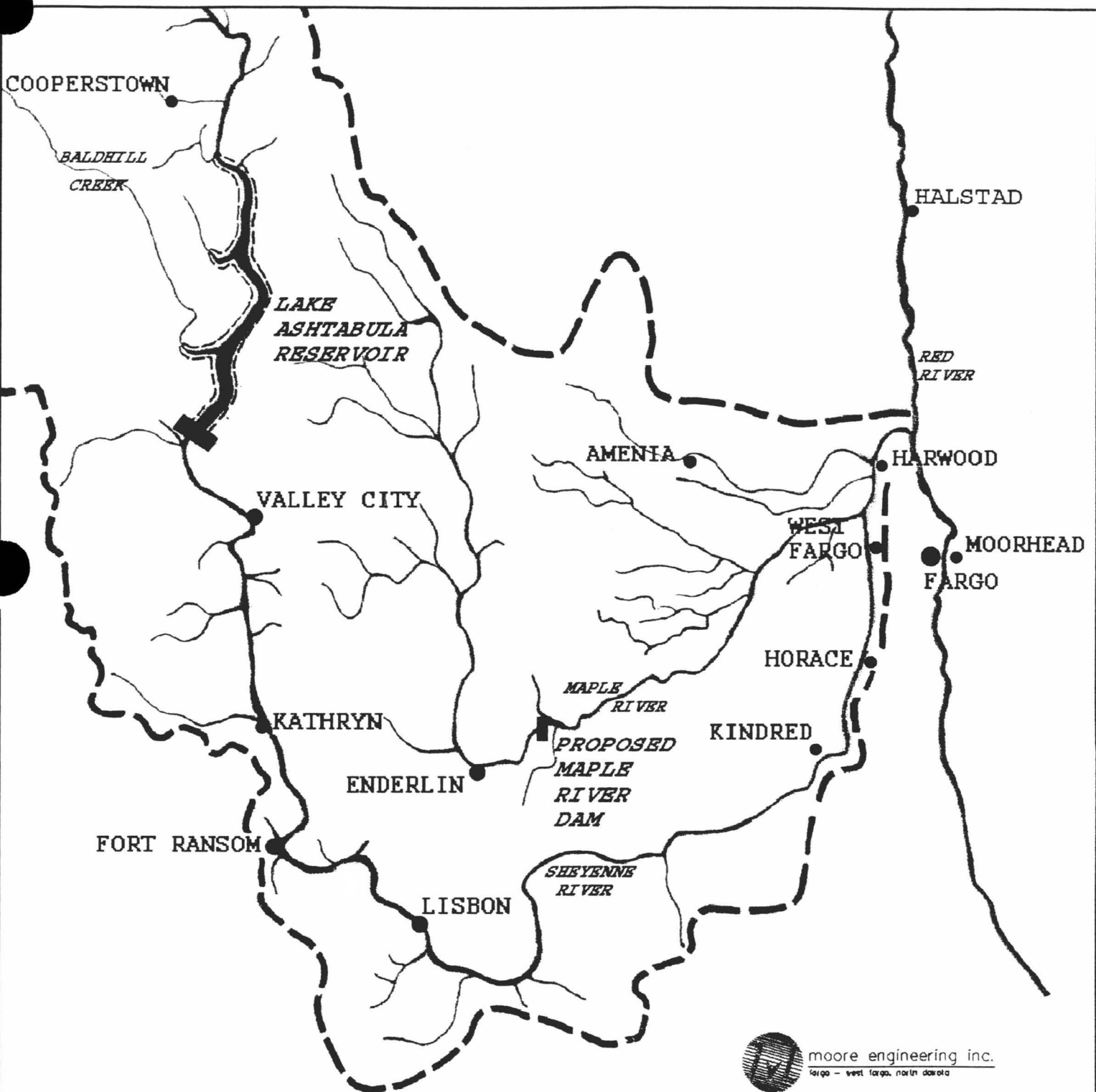
- Sheyenne River Diversion at West Fargo
Project Sponsor - Southeast Cass Water Resource District
Operational - Spring 1992
- Sheyenne River Diversion from Horace to West Fargo
Project Sponsor - Southeast Cass Water Resource District
Operational - Fall 1991
- Maple River Dam
Project Sponsor - Cass County Joint Water Resource District
- Baldhill Dam 5 Foot Floodpool Raise
Project Sponsor - Sheyenne River Joint Water Resource District


Sheyenne
Maple
Flood

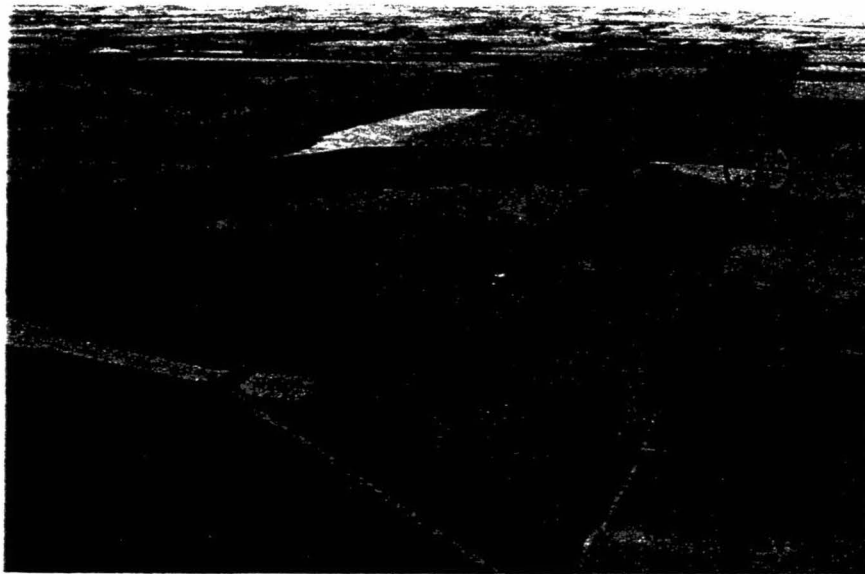
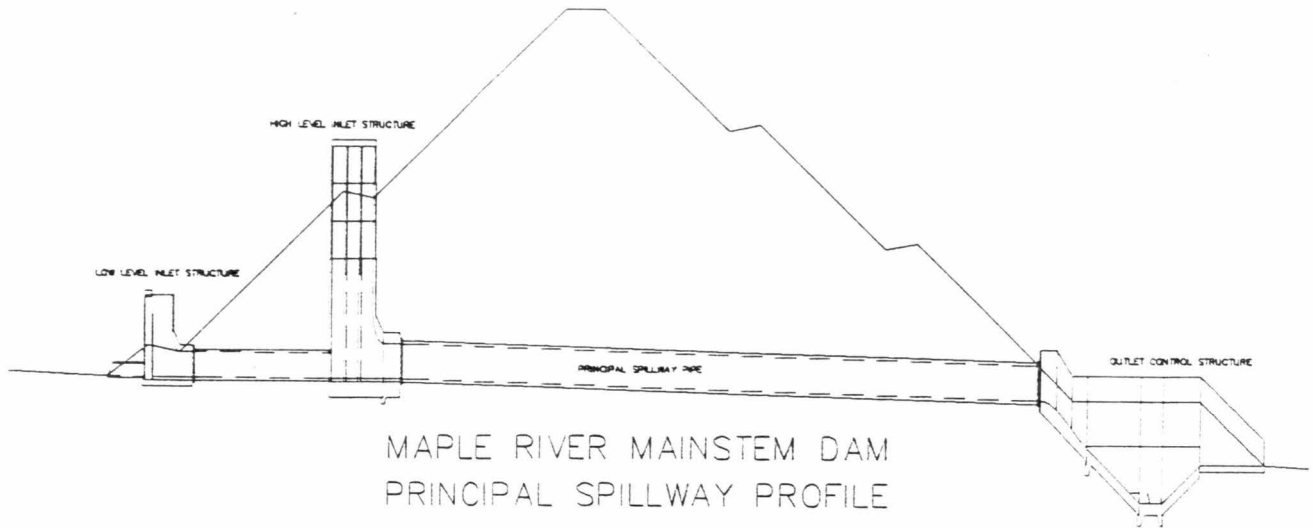
**SHEYENNE - MAPLE FLOOD CONTROL PROJECTS
SUMMARY OF PROJECT COSTS
AMOUNTS IN \$ 1,000**

	TOTAL PROJECT COST	FEDERAL DOLLARS	STATE DOLLARS	LOCAL DOLLARS
WEST FARGO DIVERSION Percent of Total	\$24,800 100%	\$14,000 56.5%	\$3,025 12.2%	\$7,775 31.4%
HORACE TO W FGO DIVERSION Percent of Total	\$10,650 100%	\$6,500 61.0%	\$1,260 11.8%	\$2,890 27.1%
MAPLE RIVER DAM # Percent of Total	\$16,400 100%	\$0 0.0%	\$8,200 50.0%	\$8,200 50.0%
BALDHILL DAM POOL RAISE # Percent of Total	\$10,450 100%	\$6,950 66.5%	\$1,750 16.7%	\$1,750 16.7%
TOTAL ALL PROJECTS Percent of Total	\$62,300 100%	\$27,450 44.1%	\$14,235 22.8%	\$20,615 33.1%

Projects Not Constructed



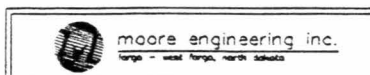
 moore engineering inc.
fargo - west fargo, north dakota



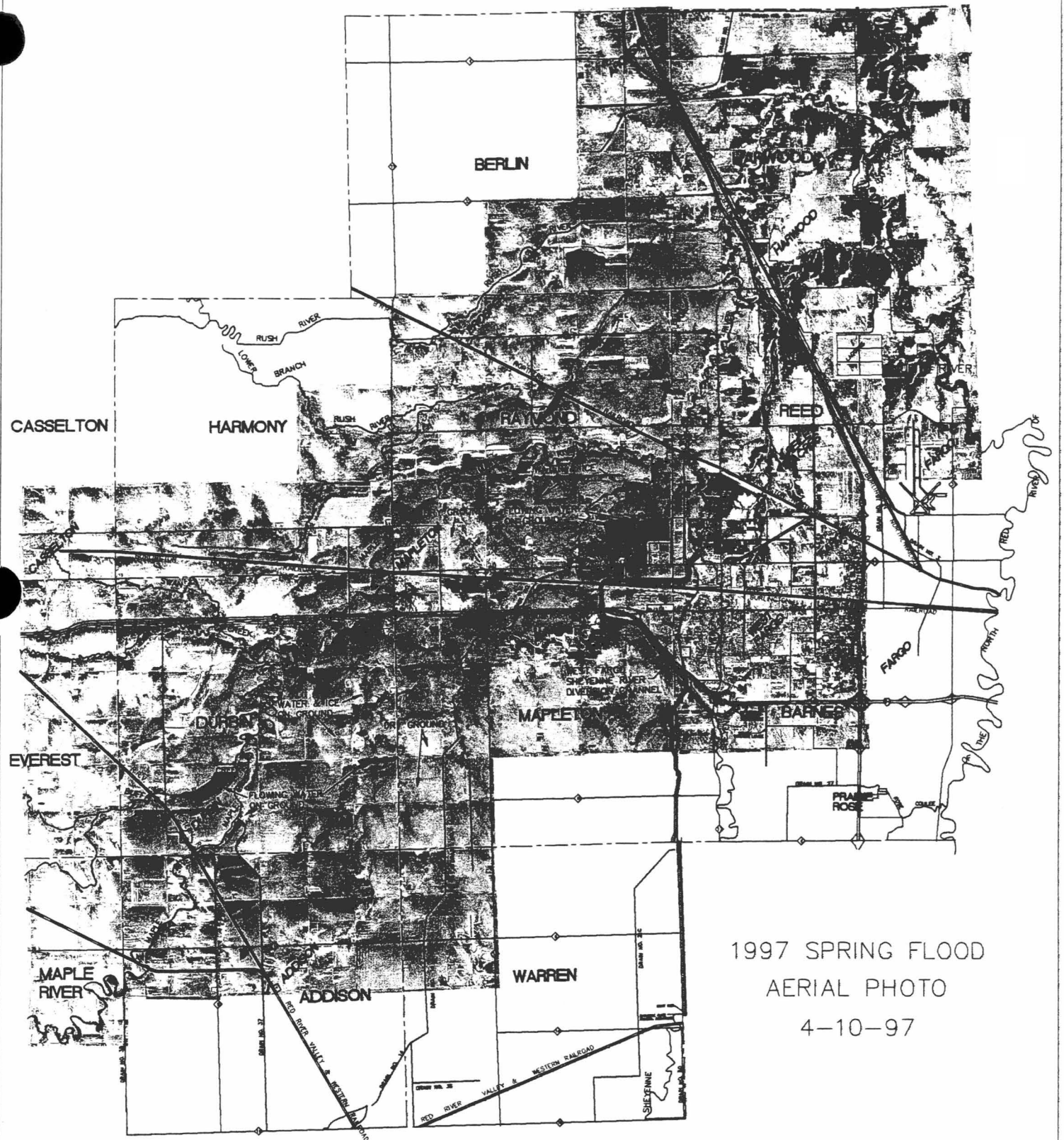
Maple River Dam
 Cass County
 MOORE ENGINEERING INC.

MAPLE RIVER MAINSTEM DAM MAPLE RIVER, CASS COUNTY

OWNER : CASS COUNTY JOINT WATER RESOURCE DISTRICT
 ESTIMATED COST : \$16,400,000
 HEIGHT OF DAM : 70 FEET
 FLOOD STORAGE : 60,000 ACRE-FEET
 SURFACE AREA : 2,800 ACRES
 DRAINAGE AREA : 902 SQ. MILES



MAPLE RIVER MAINSTEM DAM		DATE	REVISED	CHD BY	DRAWING
		1/13/98			1
DRAWN BY	PROJ. NO.	SCALE			
WPL	0208-P	NONE			



1997 SPRING FLOOD
AERIAL PHOTO
4-10-97



moore engineering inc.
fargo - west fargo, north dakota

AREA OF: LOWER MAPLE AND SHEYENNE RIVERS

DATE: 2/24/99

DRAWN BY: MPL

CH'D BY: -

PROJ. NO.: 6245-3

REVISED: -



moore engineering, inc.

1042 14th Ave. E., West Fargo, North Dakota 58078 • Phone: 701-282-4692 • Fax: 701-282-4530

MAPLE RIVER DAM CASS COUNTY JOINT WATER RESOURCE DISTRICT

Project Features

LOCATION: Section 14, Highland Township, Cass County ND

DRAINAGE AREA: 901.8 Square Miles

STORAGE CAPACITY: 60,000 Acre-Feet

POOL SURFACE AREA: 2,800 Acres

DAM CROSS SECTION:

Top Elevation: 1063 Feet

Height of Fill: 70 Feet

Top Width: 25 Feet

Side Slopes: 4:1 Downstream - Grassed

3:1 Upstream – Riprap

PRINCIPAL SPILLWAY SYSTEM:

Pipe: 66" Diameter Reinforced Concrete Pressure Pipe

Outfall Structure: S.A.F. Stilling Basin

EMERGENCY SPILLWAY SYSTEM:

1st Stage: 100-Foot Wide Concrete Chute

Control Elevation: 1050

2nd Stage: 1200-Foot Wide Earthen Channel

Control Elevation: 1055

PROJECT FINANCING:

Estimated Total Project Cost: \$ 16,400,000

Proposed Funding Sources:

State of North Dakota: \$ 8,200,000

Red River Jt. WRD: \$ 4,100,000

Cass County Jt. WRD: \$ 4,100,000

PROPOSED CONSTRUCTION SCHEDULE:

Begin Construction: Spring 2000

Complete Construction: Fall 2002

MAPLE RIVER DAM - CASS COUNTY JOINT WATER RESOURCE DISTRICT
FLOW CHARACTERISTICS ON RIVERS DOWNSTREAM OF DAM SITE

	FLOOD YEAR 1969			FLOOD YEAR 1975			FLOOD YEAR 1979			FLOOD YEAR 1993			FLOOD YEAR 1997		
	Without Dam	With Dam	Percent Reduction	Without Dam	With Dam	Percent Reduction	Without Dam	With Dam	Percent Reduction	Without Dam	With Dam	Percent Reduction	Without Dam	With Dam	Percent Reduction
MAPLE RIVER AT DAM SITE															
Peak Flow (CFS)	5,750	909	84.2%	7,610	862	88.7%	3,200	852	73.4%	3,770	884	76.6%	3,700	800	78.4%
Date of Peak	APRIL 11	APRIL 20		JUNE 30	JULY 6		APRIL 20	APRIL 27		JULY 17	AUGUST 7		APRIL 3	APRIL 7	
Days Over 1,000 CFS	12	0		7	0		11	0		21	0		9	0	
Volume of Water (Ac-Ft)	65,100	17,260	73.5%	43,560	8,790	79.8%	44,160	12,340	72.1%	73,670	32,000	56.6%	45,620	9,870	78.4%
Peak Flow (CFS)													3,890	2,813	27.7%
Date of Peak													APRIL 18	APRIL 22	
Days Over 1,000 CFS													16	15	
Volume of Water (Ac-Ft)													76,940	54,710	28.9%
Volume of Water (Ac-Ft)													122,560	64,580	47.3%
MAPLE RIVER AT MAPLETON															
Peak Flow (CFS)	6,070	4,062	33.1%	11,300	7,036	37.7%	7,100	6,092	14.2%	6,882	6,322	8.1%			
Date of Peak	APRIL 11	APRIL 11		JULY 2	JULY 4		APRIL 18	APRIL 17		JULY 18	JULY 18				
Days Over 2,000 CFS	10	2		11	12		11	7		12	6				
Volume of Water (Ac-Ft)	79,640	34,750	56.4%	133,065	98,570	25.9%	99,270	68,920	30.6%	100,080	66,710	33.3%			
MOUTH OF MAPLE RIVER															
Peak Flow (CFS)	6,101	3,456	43.4%	10,772	7,240	32.8%	6,833	5,721	16.3%	6,758	5,473	19.0%			
Date of Peak	APRIL 12	APRIL 12		JULY 5	JULY 5		APRIL 19	APRIL 19		JULY 21	JULY 20				
Days Over 2,000 CFS	11	3		11	12		11	7		13	7				
Volume of Water (Ac-Ft)	87,150	41,000	53.0%	137,870	103,500	24.9%	98,380	68,360	30.5%	104,170	70,900	31.9%			
MOUTH OF SHEYENNE RIVER															
Peak Flow (CFS)	7,550	4,560	39.6%	11,685	8,880	24.0%	12,040	10,905	9.4%	8,238	6,099	26.0%			
Date of Peak	APRIL 17	APRIL 16		JULY 8	JULY 8		APRIL 21	APRIL 21		JULY 26	JULY 26				
Days Over 4,000 CFS	15	17		12	10		21	29		31	32				
Volume of Water (Ac-Ft)	173,450	127,160	26.7%	199,820	165,780	17.0%	275,940	246,100	10.8%	320,830	279,930	12.7%			
RED RIVER BELOW SHEYENNE RIVER															
Peak Flow (CFS)	31,725	28,836	9.1%	24,483	21,746	11.2%	29,114	28,340	2.7%						
Date of Peak	APRIL 17	APRIL 16		JULY 8	JULY 7		APRIL 20	APRIL 20							
Days Over 10,000 CFS	22	23		13	13		13	13							
Volume of Water (Ac-Ft)	827,190	785,930	5.0%	480,670	445,760	7.3%	543,580	513,520	5.5%						
RED RIVER AT HALSTAD															
Peak Flow (CFS)	35,603	33,887	4.8%	40,263	38,607	4.1%	41,511	41,001	1.2%				69,900	68,304	2.3%
Date of Peak	APRIL 18	APRIL 16		JULY 10	JULY 10		APRIL 22	APRIL 22					APRIL 20	APRIL 20	
Days Over 15,000 CFS	21	21		19	19		18	18					39	38	
Volume of Water (Ac-Ft)	1,188,000	1,143,000	3.8%	1,129,000	1,094,000	3.1%	1,090,000	1,057,000	3.0%				2,923,000	2,866,000	2.0%
RED RIVER AT GRAND FORKS															
Peak Flow (CFS)	53,401	53,083	0.6%	45,769	44,777	2.2%	80,872	80,558	0.4%				111,000	109,404	1.4%
Date of Peak	APRIL 16	APRIL 16		JULY 14	JULY 13		APRIL 23	APRIL 23					APRIL 21	APRIL 21	
Days Over 30,000 CFS	19	19		17	17		19	19					33	31	
Volume of Water (Ac-Ft)	1,639,000	1,593,000	2.8%	1,324,000	1,295,000	2.2%	2,213,000	2,181,000	1.4%				3,941,000	3,805,000	3.5%



moore engineering, inc.

1042 14th Ave. E., West Fargo, North Dakota 58078 • Phone: 701-282-4692 • Fax: 701-282-4530

BALDHILL DAM FLOODPOOL RAISE SHEYENNE RIVER JOINT WATER RESOURCE DISTRICT

Project Features

LOCATION: Section 18, Getchell Township, Barnes County ND

DRAINAGE AREA: 3,810 Square Miles

STORAGE CAPACITY: 70,600 Ac-Ft at normal pool elevation 1266
39,600 Ac-Ft existing flood storage
Elevation 1257 to 1266
30,800 Ac-Ft proposed new storage
Elevation 1266 to 1271

POOL SURFACE AREA: 3,100 Acres at elevation 1257
5,650 Acres at elevation 1266
6,750 Acres at elevation 1271

DAM CROSS SECTION:

Top Elevation: 1283.5 Feet
Height of Fill: 65 Feet

PRINCIPAL SPILLWAY SYSTEM:

2 - 36" Diameter Culverts

EMERGENCY SPILLWAY SYSTEM:

1st Stage: 3 – 40 - Foot Wide Concrete with Gates
Control Elevation: 1252
2nd Stage: 800 - Foot Wide Concrete
Control Elevation: 1271

PROJECT FINANCING:

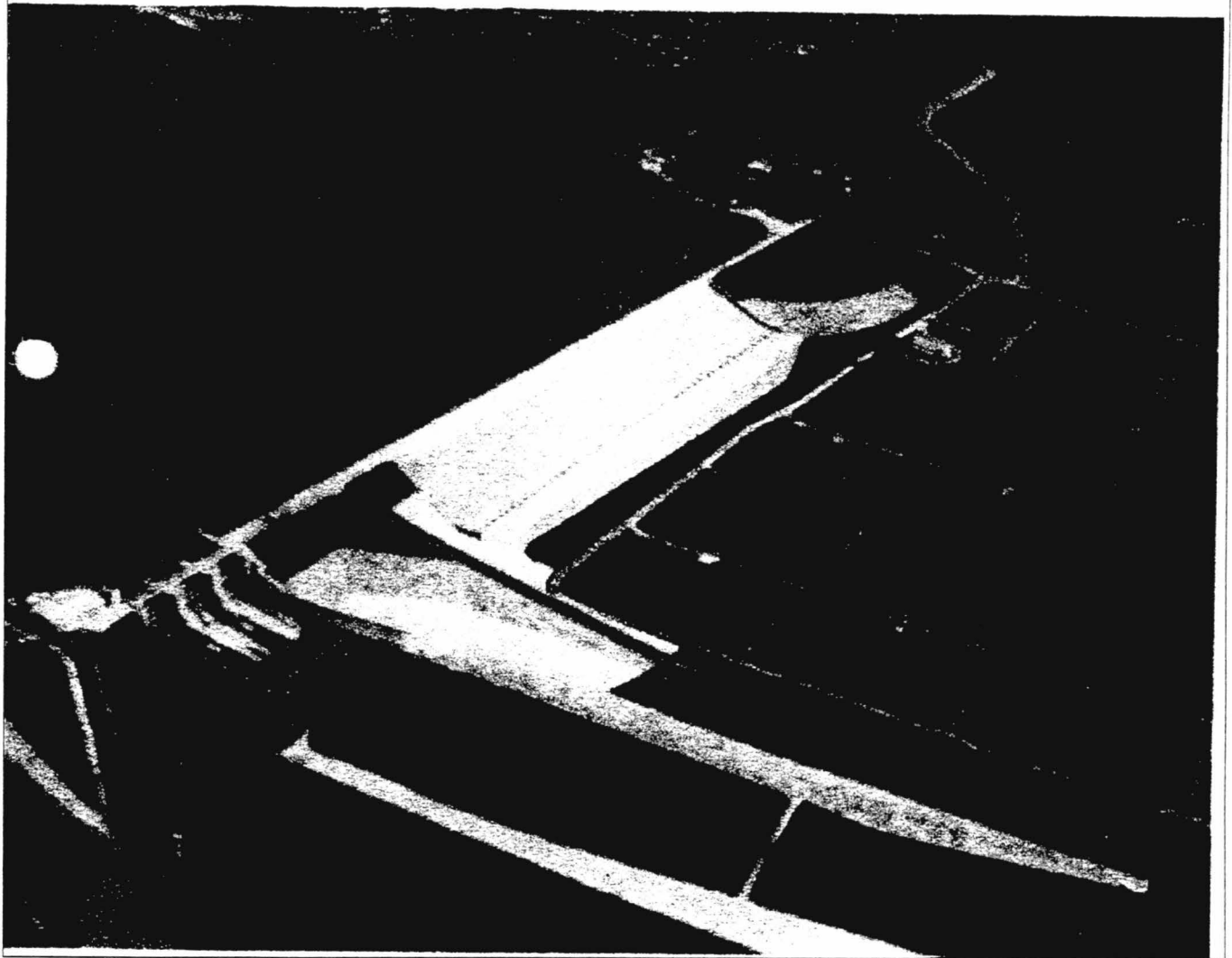
Estimated Total Project Cost: \$10,450,000
Proposed Funding Sources:
Federal : \$ 6,950,000
State of North Dakota: \$ 1,750,000
Red River Jt. WRD: \$ 875,000
Sheyenne River Jt. WRD: \$ 875,000

PROPOSED CONSTRUCTION SCHEDULE:

Begin Construction: Spring 2001
Complete Construction: Fall 2004

Baldhill Dam and Reservoir

Lake Ashtabula



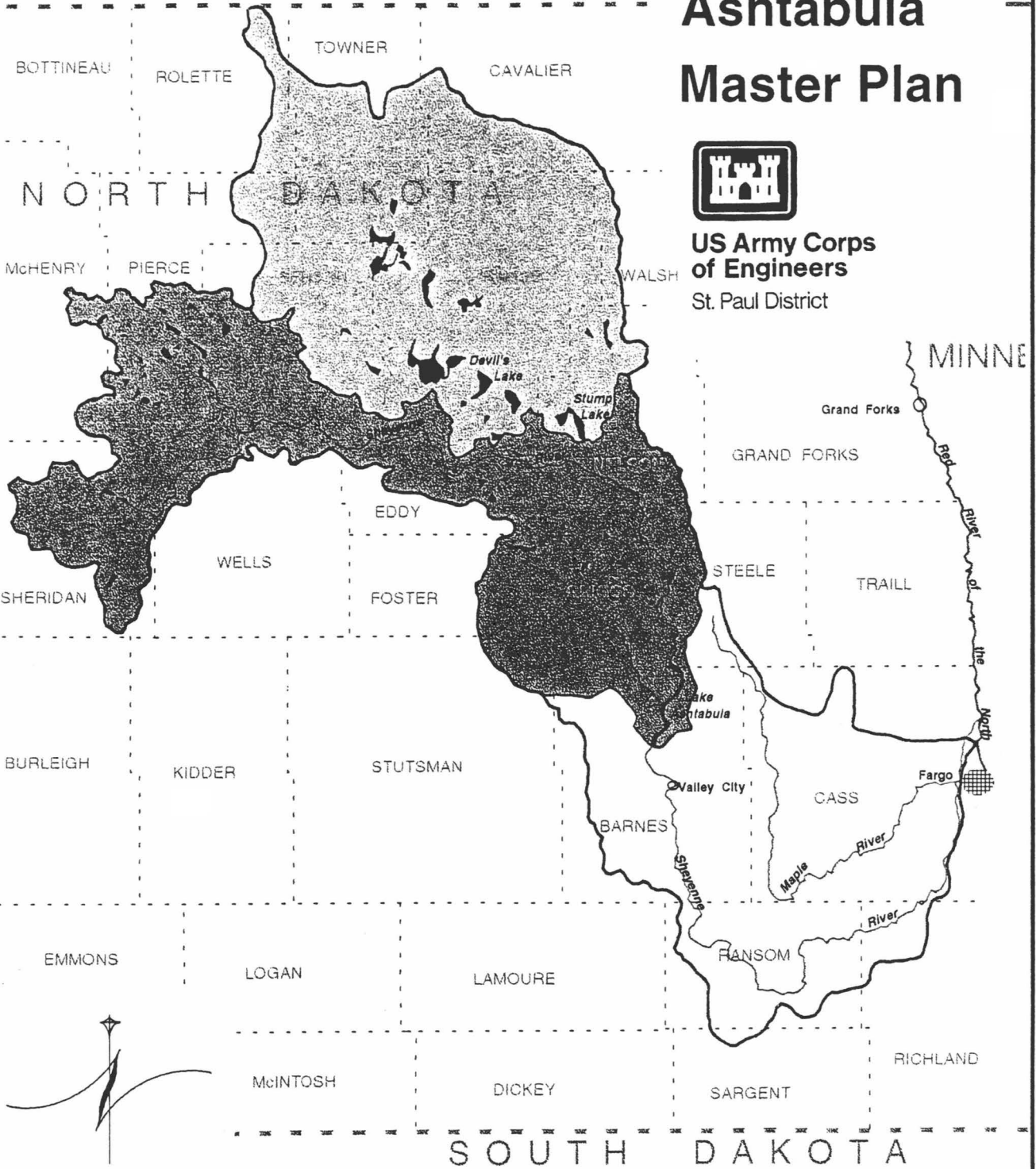
**US Army Corps
of Engineers**
St. Paul District



moore engineering inc.
fargo - west fargo, north dakota

M A N I T O B A

Lake Ashtabula Master Plan



**US Army Corps
of Engineers**
St. Paul District

**LAKE ASHTABULA
WATERSHED MAP**

LEGEND




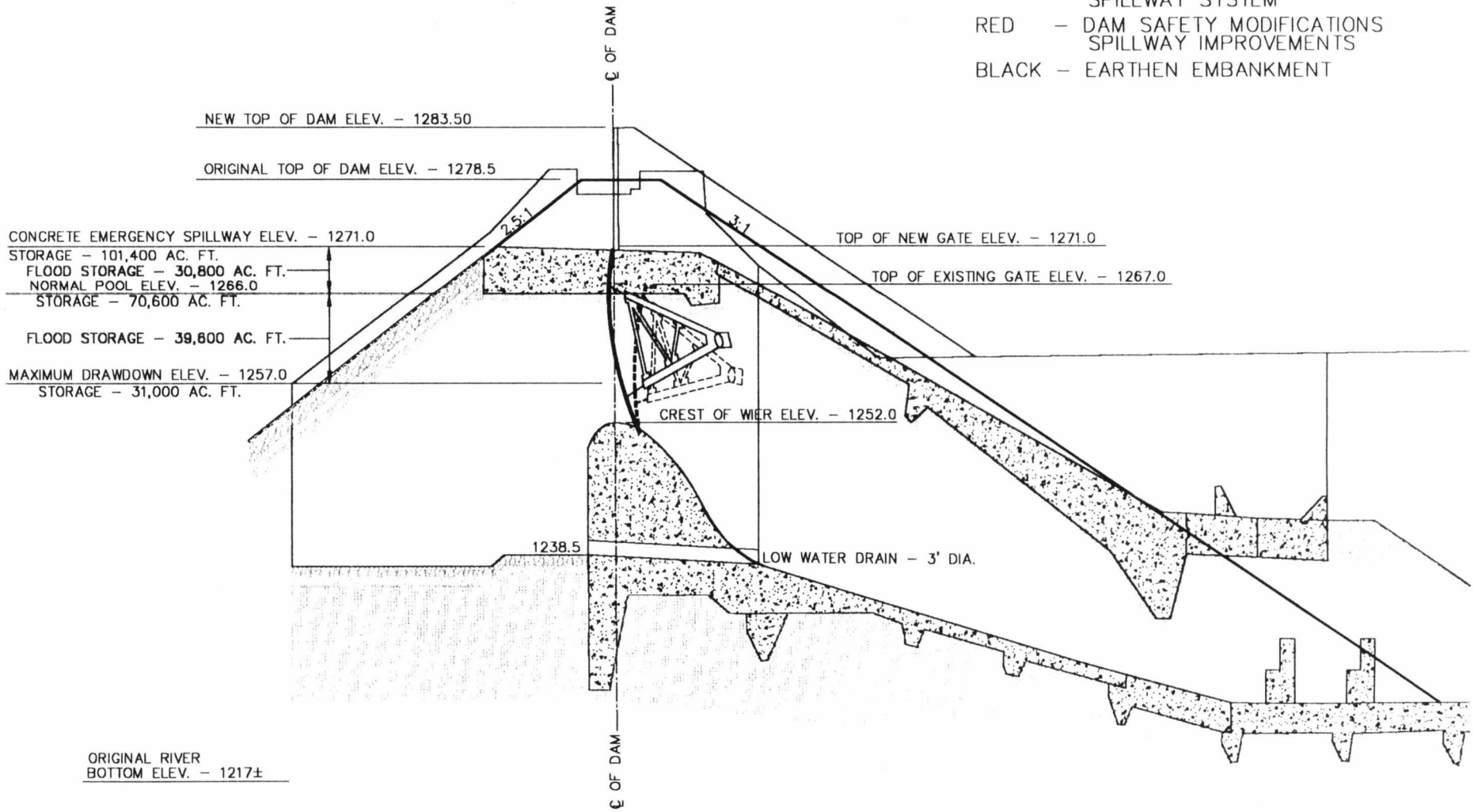
-  Sheyenne River Drainage
-  Lake Ashtabula Watershed
-  Devil's Lake Sub-Basin

plate 1

- GREEN - NEW GATED EMERGENCY SPILLWAY
5 FT. FLOOD POOL RAISE
- BLUE - EXISTING GATED EMERGENCY
SPILLWAY SYSTEM
- RED - DAM SAFETY MODIFICATIONS
SPILLWAY IMPROVEMENTS
- BLACK - EARTHEN EMBANKMENT



SCALE
HORIZ. 1" = 30'
VERT. 1" = 15'

SPILLWAY STRUCTURES BALD HILL DAM - LAKE ASHTABULA VALLEY CITY, NORTH DAKOTA		DATE 02/17/97	REVISED
DRAWN BY SDN		PROJ. NO. 8627	
CH'D BY		DRAWING	1
SCALE H 1" = 30' V 1" = 15'		OF	1

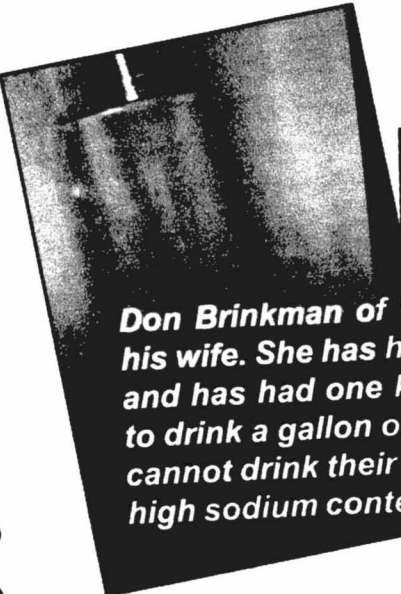


moore engineering inc.
fargo - west fargo, north dakota

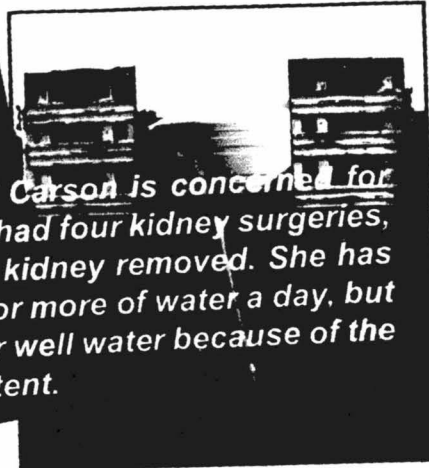
SOUTHWEST PIPELINE PROJECT . . .

THE TIME IS NOW...

TO CONTINUE THE DREAM ELGIN, NEW LEIPZIG, CARSON OVER 350 FARMS AND RANCHES



Don Brinkman of Carson is concerned for his wife. She has had four kidney surgeries, and has had one kidney removed. She has to drink a gallon or more of water a day, but cannot drink their well water because of the high sodium content.



"We water our cows at a dam, even in the winter. I have to chop water holes all winter long because our well cannot produce the needed water."

*Jerald Christensen
Raleigh*

"We have to buy dark clothing because when we wear light my wife has to drive to town to wash them."

*David Kallis
New Leipzig*

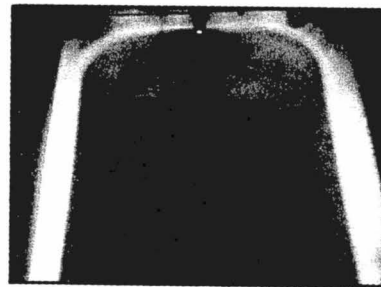


*Raymond and Sharon Alt
New Leipzig*

"When our daughter was a teenager, her hair would turn orange from our water. Kids would tease her in school and she felt so bad. We've had trouble for over 23 years."

"Our water cannot even be used for vegetation because it kills things instead of helping them to grow."

*Duane Maier
New Salem*



Would your teenager bathe in this water?



*South
Pipe*

Do you think the Southwest Pipeline Project is important?

These southwest North Dakotans do, and so do their neighbors...

"When we fill our bathtub it looks as though someone has already bathed. We really need Southwest Pipeline water."

Reginald Pahl
New Leipzig

"We used to run dairy cows, but we can't milk anymore because of the high alkaline content in the water. The state did not approve our water, we couldn't afford to dig a new well, so we had to stop milking ."

Doug Sokolofsky
Carson

"We need to use bleach in our sinks and toilets after using them. The water rusts out all of our fixtures. Also, we have steam heat and the odor is awful!"

Marie Clapsaddle
Elgin

For three generations, the Anderson family has been waiting for quality water for their farmstead.

"On our farm, we have black well water so we



are unable to use it for daily consumption. We haul water to drink, to do laundry, to cook with, and for all household use. We have to

travel 40 miles round trip and haul 1,500 gallons three times per month on an average. We have been to Southwest Pipeline Project meetings and to the State Capitol to expedite the installation process of a pipeline for our farm community. We have been informed that more funding is needed in order to accommodate our area with Southwest Pipeline water. We feel an urgent need to have the Pipeline available to our area because of the difficulties we go through monthly to obtain water for daily consumption."



Keith and Ann Anderson
Scranton

Water on the right is not coffee!! It's tap water from the Anderson home.



Water on the right is not coffee!! It's tap water from the Anderson home.

SOUTHWEST PIPELINE PROJECT

HISTORY AND STATUS

- 1971 West River Diversion Study
 - 1975 West River Diversion Proposal
 - 1977 Southwest Area Water Supply Study
 - 1981 Resources Trust Fund established
 - 1983 Legislature appropriates \$6 million for final design and initial construction
 - 1984 Water Permit for 17,100 acre-feet approved
 - 1986 Basin Electric and SWC agree on joint use of Antelope Valley Water Intake Facility at Renner Bay
 - 1986 Southwest Pipeline Project Ground Breaking
 - 1986 Garrison Diversion MR&I funding program established
 - 1989 Project Integrated - Urban and rural service combined to save money
 - 1991 Dickinson receives water
 - 1992 First rural hook-ups receive water
 - 1994 10 cities and 200 rural users receive water
 - 1995 900 rural users plus 4 cities receive water
 - 1995 Hettinger and Reeder cited by EPA for fluoride violation
 - 1996 Raw water line upgrade, water treatment plant upgrade, cathodic protection, Jung Lake Service Area constructed
 - 1996 USDA-RD agrees to cost-share for Hettinger-Reeder Phase and Bucyrus Service Area
 - 1997 Funding of Hettinger-Reeder Phase and Bucyrus Service Area by North Dakota Legislature
 - 1997 Hettinger-Reeder receive water
 - 1998 Garrison Diversion MR&I funds Hebron-Glen Ullin Phase
 - 1998 Hebron-Glen Ullin receive water
 - 1998 End of Southwest Pipeline funds from Garrison Diversion MR&I funds
- 1999 and Beyond - \$77 million needed to complete the Southwest Pipeline Project**

SOUTHWEST PIPELINE PROJECT BENEFITS

ECONOMIC ENHANCEMENTS

- 💧 Taylor Nursery business up 15-20 percent because of quality and quantity water
- 💧 Nine cities cited for fluoride violations meet compliance standards
- 💧 Primary sector manufacturers, like Steffes, Inc., TMI Systems Design, and Baker Boy Supply expand with quality water
- 💧 Livestock industry receives improved weight gains and cash flow
- 💧 Rural residents benefit by not hauling water

AREAS RECEIVING WATER

CITY/AREA	POPULATION
Belfield	869
Belfield Service Area.....	275
Bucyrus Service Area	918
Davis Buttes Service Area	1,037
Dickinson	16,094
Dodge	129
Dunn Center.....	120
Gladstone.....	222
Glen Ullin	879
Golden Valley.....	222
Halliday	262
Hebron.....	826
Hettinger	1,427
Jung Lake Service Area.....	257
Manning	100
Mott.....	898
New England.....	562
New England Service Area	918
New Hradec.....	80
New Hradec Service Area	365
Reeder	223
Regent	233
Richardton	611
Roshau Subdivision	97
South Heart.....	321
Taylor.....	156
Taylor Service Area	429
TOTAL	28,530

The need is now for Carson. . . "We need the services of the Southwest Pipeline in Carson. The quality of the city water wells has been deteriorating over the past several years. The city of Carson has four wells, with two of the wells pumping one-half the water of a year ago. We no longer have any place to dig another well. If we were to get another dry hot summer, we will be forced to implement rationing of the water supply. Our system is now pumping sand and silt, and the quality and safety of our water is of high concern. The costs of maintaining our current water system is straining the city budget. I have also been working with the State Economic Development and Finance Office and a tri-county association to bring economic development to the area. A good water supply is critical to this issue."



*Richard Miller, Mayor
Carson - Grant County*

PIPELINE BRINGS HOME GARRISON DIVERSION VALUE

A story in Sunday's Tribune about progress on the Southwest Water Pipeline is a reminder that western North Dakota, too, has a considerable stake in the future of Garrison Diversion. The latest reformulation of Garrison now before Congress isn't "just" about water to Fargo and other points east. It's about completion of an epic project to bring decent, plentiful water from Lake Sakakawea to the cities and farms of the West River.

In 12 years, the pipeline has tied into 17 cities -- Halliday to Hettinger, Manning and Belfield to Mott -- and 1,200 farms. Hebron and Glen Ullin, and another 440 farms, will be linked this year. After that? Although many communities and farms are waiting, nothing is for certain. "We don't know where the next dime is coming from," says the manager of the Southwest Water Authority.

It needs to come from somewhere. (And the last Legislature helped by extending bonding authority to the project.) Good water is so basic to the quality of life -- for cooking, bathing and washing clothes, not just for drinking -- its presence, or absence, could be pivotal to the fortunes of the West River.

How many people would booming Dickinson have today if it were still drinking out of Patterson Lake instead of the pipeline?

A dependable -- and stretchable -- supply of water is also necessary if a town hopes to attract industrial development. The pipeline delivers quantity as well as quality.

Water to western North Dakota follows in the heroic tradition of electricity, telephones and paved roads. Like those other things, it's an equalizer that puts the countryside on the same footing as more populous areas.

Congratulations to the Southwest Pipeline Project on 12 good years. And let us all remember the critical work it still has to do -- our own personal rooting interest in Garrison Diversion.

(Editorial reprinted from the Bismarck Tribune, March 17, 1998 issue)

BIENNIUM JULY 1, 1999 - JUNE 30, 2001 MOTT - ELGIN INCLUDING HEBRON TANK						
Item	Description	Start	End	Cost	Business Served	Notes
5-14 HEBRON RESERVOIR	500,000 gal. reservoir, 50' dia. X 34' high	Jun-99	Oct-99	\$425,000	Elgin New Leipzig Carson	USDA-RD grant \$6.1 million USDA-RD loan \$2.0 million ND State Resource Trust Fund \$4.5 million ND State Funding \$6.0 million
6, DHT ADD-ON	SCADA for tank and control vault	Sep-99	Oct-99	\$30,000		
2-8A & 2-8B MTL	44 miles 12" & 10" PVC with Booster Station	Jun-99	Jul-00	\$3,900,000		
5-6 & 5-7 BURT & ELGIN TANKS	two 250,000 gal. tanks, for total of 500,000 gal.	May-00	Sep-00	\$520,000		
7-8A RURAL DISTRIB.	2/3 area, 175 hookups @ \$25,000 ea.	Aug-99	Jul-00	\$4,375,000		
7-8B RURAL DISTRIB. & PNEUMATIC BOOSTER	50% area, 214 hookups @ \$25,000 ea.	May-00	Sep-01	\$5,350,000		
6, DHT ADD-ON	SCADA for Two tanks, pump station & control vault	May-00	Feb-01	\$65,000		
5-3A 2ND NEW ENGLAND RESERVOIR	2nd 1.5 MG. Reservoir at New England	May-00	Nov-00	\$875,000		

BIENNIUM JULY 1, 2001 - JUNE 30, 2003 BOWMAN - SCRANTON						
Item	Description	Start	End	Cost	Business Served	Notes
2-4C MTL	30 miles 12" & 10" PVC with two Booster Stations	Jun-01	Dec-01	\$3,200,000	Bowman Scranton	
5-8 & 5-9 SCRANTON & BOWMAN TANKS	250,000 gal. & 400,000 gal. tanks, total of 650,000 gal.	Jun-01	Nov-01	\$675,000		
7-7A RURAL DISTRIB.	2/3 signups, 229 hookups @ \$25,000 ea.	May-02	Sep-03	\$5,720,000		
7-7B RURAL DISTRIB. & PNEUMATIC BOOSTER	50% area, 104 hookups @ \$25,000 ea.	May-03	Nov-03	\$2,600,000		
5-13A 2ND DAVIS BUTTES RESERVOIR	2nd 1.0 MG. Reservoir at Davis Buttes	Jun-02	Dec-02	\$725,000		
4-1B PUMP ADDITION AT R.W. PUMP STA.	Add two pumps at intake, one at Dodge & Richardson ea.	Apr-03	Sep-03	\$860,000		
6, DHT UPGRADE	SCADA for pump addition, 2 tanks & boosters	Nov-01	Oct-03	\$85,000		

BIENNIUM JULY 1, 2003 - JUNE 30, 2005 MEDORA - BEACH						
Item	Description	Start	End	Cost	Business Served	Notes
2-5B & 2-5C MTL	47 miles 12" & 10" PVC with two Booster Stations	Jun-03	Jul-04	\$4,700,000	Medora Sentinel Butte Beach	
5-10 BELFIELD RESERVOIR	750,000 gal. tank, SWA to decide if need 2nd tank	Jun-03	Nov-03	\$680,000		
5-11 FRYBURG TANK	500,000 gal. tank	Jun-03	Nov-03	\$520,000		
5-12 BEACH TANK	350,000 gal. tank	Jun-04	Nov-04	\$380,000		
7-8A RURAL DISTRIB. IN FRYBURG S.A.	50% area, 104 hookups @ \$25,000 ea.	Aug-03	Jul-04	\$2,600,000		
7-8B RURAL DISTRIB. IN BEACH S.A.	2/3 signups, 170 hookups	May-04	Jul-05	\$5,500,000		
7-8C RURAL DISTRIB. IN GOLVA S.A.	2/3 signups, 110 hookups	May-04	Jul-05	\$2,800,000		
8-2 GOLVA RURAL TANK	120,000 gal. tank	Jun-04	Nov-04	\$125,000		
6, DHT UPGRADE	SCADA for three boosters & three tanks & @ O&M CTR.	Jun-04	Feb-05	\$120,000		

BIENNIUM JULY 1, 2005 - JUNE 30, 2007 LITTLE MISSOURI, OLIVER, MERCER, N. DUNN						
Item	Description	Start	End	Cost	Business Served	Notes
3-1C ZAP WATER TREATMENT PLANT	2.5 MGD Treatment Plant, filters and softening @ Zap Res.	Jun-05	Aug-06	costs estimated	Zap Hazen Beulah Pick City Antelope Creek Station Sakakawea State Park	at later date
2-7A MTL	49 miles of 14", 12", & 10" PVC Pipe Zap S.A.	Jun-05	Jun-06			
2-7B MTL	32 miles of 10" & 8" PVC pipe in Zap & Glen Ullin S.A.	Jun-05	Jun-06			
5-15 ZAP RESERVOIR	1,500,000 gal. reservoir, 72' dia. X 50' high @ Zap WTP	Jun-05	Nov-05			
6, DHT UPGRADE	SCADA for WTP and reservoir and upgrade at O&M ctr.	Oct-05	Jan-06			
7-9 RURAL DISTRIB. IN ZAP SERVICE AREA	2/3 signups, 272 hookups @ \$25,000 ea.	Aug-05	Jul-06			
7-10 RURAL DISTRIB. IN HAZEN SERVICE AREA	50% area, 110 hookups @ \$25,000 ea.	Aug-05	Jul-06			
7-11A RURAL DISTRIB. IN HANNOVER S.A.	50% area, 155 hookups @ \$25,000 ea.	Apr-06	Dec-06			
7-11B RURAL DISTRIB. IN CENTER S.A.	50% area, 150 hookups @ \$25,000 ea.	Jun-06	Jul-07			
7-12 RURAL DIS. IN HAL., LAKE ILO, & GLEN ULLIN	50% area, 208 hookups @ \$25,000 ea.	Aug-06	Oct-07			
8-3 HAZEN RURAL TANK	250,000 gal. tank	Apr-06	Sep-06			
8-4 HANNOVER RURAL TANK	500,000 gal. tank	Jun-06	Nov-06			
8-5 CENTER RURAL TANK	250,000 gal. tank	Apr-07	Aug-07			
8-6 HALLIDAY RURAL TANK MODIFICATIONS	Increase height from 48' to 63', storage gain = 85,000 gal.	Apr-07	Jun-07			
6, DHT UPGRADE	SCADA for 3 tanks and 3 boosters and upgrade at O&M ctr.	Aug-06	Aug-07			
TOTAL ESTIMATED PROJECT COSTS TO COMPLETE THE SWPP FROM 1999 THROUGH 2007 FOR MOTT-ELGIN THROUGH OLIVER-MERCER						

NOTES:

1. IF ASSUME INFLATION @ 3% PER YEAR FROM 1999 THROUGH 2007, PROJECT COSTS WILL BE INCREASED APPROXIMATELY \$15,000,000.
2. ESTIMATES DERIVED FROM SA #38 REPORT AND OMND REPORT.
3. ESTIMATES ARE BASED ON NOT ALL AREAS INCLUDED IN THE SA #38 AND OMND REPORTS BEING FEASIBLE TO SERVE.
4. ESTIMATES MAY VARY 10% TO 20% +/- FROM ACTUAL COSTS AND HIGHLY DEPENDENT ON NUMBER AND LOCATION OF SIGNED UP USERS AND TOWNS.



SOUTHWEST WATER AUTHORITY

PRESENTS

SOUTHWEST PIPELINE PROJECT PROGRESS REPORT



PROJECT FINANCING

\$110 million spent through 1998 to build the Southwest Pipeline Project: of that money, \$70 million came from federal money through Garrison Diversion Municipal, Rural, and Industrial (MR&I) funds; \$27.2 million from the State's Resources Trust Fund; \$10.2 million from Revenue Bonds; and a \$2.6 million grant from USDA-Rural Development. The final funding received from MR&I will be used to complete construction of the Hebron-Glen Ullin Service Area. **It is critical that additional sources of funding be found as the Southwest Pipeline Project has expended its allocation of the present MR&I funding.**

1998 HIGHLIGHTS

The Southwest Pipeline Project pumped 927 million gallons of water from Lake Sakakawea to rural, contract, and raw water users.

Continued to support the Perkins County Rural Water System in efforts to deliver quality water to residents of Perkins County, South Dakota.

Testified in Washington, DC, at Senate and House hearings on the Dakota Water Resources Act. Hosted pre-session breakfast for southwest North Dakota legislators to thank them and solicit for future project funding.

Developed promotional and educational video tape featuring the Southwest Pipeline Project. Coordinated Customer Satisfaction Survey, Customers Paying Minimums But Not Using Water Survey, and Water Rate Study. Customer Satisfaction Survey concluded a high level of satisfaction.

Cooperative effort of congressional delegation, Governor Schafer, majority and minority leaders to support water development in the state, and encourage colleagues across the nation to do so as well. Thus, the Dakota Water Resources Act was introduced to complete the Garrison Diversion Project which will supply quality water in abundance to many North Dakotans. The new legislation proposes an allocation of \$771.5 million to North Dakota with \$300 million designated for new city and rural water systems, \$200 million for water systems on Indian reservations, \$200 million for water to Red River Valley, \$40 million for the Four Bears Bridge construction, \$25 million for the Natural Resources Trust Fund, and \$6.5 million for recreational development.

CONSTRUCTION ACTIVITIES

Completion of pretreatment facilities at Dodge Pump Station.

One-Call Program implemented and upgraded with system changes.

Began phased replacement of air vacs on main transmission line from Lake Sakakawea to Dodge.

Global Position System survey work completed on most rural pipeline contracts.

In the process of implementing a Geographic Information System to simplify relocation of existing water lines.

February 1998: Telemetry upgrade completed.

Fall 1998: Hettinger/Reeder Service Area receives water.

November 1998: Provided service to Hebron and portions of Hebron/Glen Ullin Service Area.

December 1998: Jung Lake Pump Station and Elevated Tank begins service.

March 1999: Service scheduled to begin in Glen Ullin.

Spring 1999: Based upon the Phased Development Plan, construction startup anticipated for Mott/Elgin Service Area pending funding. The Bowman/Scranton Service Area is scheduled to follow.

PRIORITY ISSUES

The Southwest Pipeline Project needs additional funding of \$77 million to complete the project providing water to southwest North Dakota.

The Dakota Water Resources Act, if passed by the federal government, will provide needed funding for water development throughout the state. Cooperation between local and state governments, state legislature, and the congressional delegation is imperative to the success of southwest North Dakota's water development.

Quality water, our most precious resource, is an essential element to the future economic growth of southwest North Dakota.



Southwest Water Authority
 4665 2nd Street Southwest
 Dickinson, ND 58601



State Water Commission
 900 East Boulevard Avenue
 Bismarck, ND 58505
 701-328-2752



OR

Southwest Water Authority
 4665 2nd Street Southwest
 Dickinson, ND 58601
 701-225-0241 or
 Toll-free 1-888-425-0241



For more information on the Southwest Pipeline Project, contact:



PHASED DEVELOPMENT PLAN

SERVICE AREA	ZONE	PRIORITY NUMBER
Hebron/Glen Ullin Phase	North	1998-1999
Mott/Elgin Phase	South	1999-2001
Bowman/Scranton Phase	South	5
Medora/Beach Phase	West	6
Little Missouri Phase	West	7
Southwest corner of Stark County, northern half of Slope County, southern third of Billings County)		
North Dunn Phase	North	8
Oliver/Mercer Phase	North	9

My name is Sharon Alt of rural New Leipzig, North Dakota. I would like to share with you the trials and tribulations of not having quality water in abundance on our farm for over 23 years.

- ▶ My daughter's hair would turn orange by the water, kids at school teased her relentlessly. She had to have her hair professionally stripped to get her natural color back. We started hauling water for her to rinse her hair.
- ▶ I could not wash white clothes in our water - had to haul to town to launder.
- ▶ The water not only stained clothing, it also stained dishes.
- ▶ I could not use well water to cook with, as the food absorbed the color of the water, which wasn't very appetizing. We had a distiller installed to make the household water useable.
- ▶ Our water was not only discolored, it also had a sediment in it. It was also very high in alkali, causing holes in plumbing and fixtures.

Thank you very much for the opportunity to share with you the desire and the need to have Southwest Pipeline Project water in our area.

My name is Colleen Vetter and I live on a farm north of Elgin. I would like to relay to each of you why it is imperative to provide funding for the Southwest Pipeline Project to continue their goal of providing safe, clean, adequate, and WHITE water to our part of the state.

My husband and I live on the same farm where I grew up. As a child, we had the capabilities of running water, but the well provided only enough white water to cook with. Brown water for washing and bathing was carried into the house. Two different attempts of drilling wells produced a white water so full of alkali that the cattle would not drink it, and another large supply of more brown water. Because of the shortage of water in the house, the brown water became our household water supply.

For 25 years I have personally struggled with the situation while raising a family of three and working full time at our local bank. Having white water has been an earnest prayer of mine. We have checked into various systems to change our brown water to white - the most effective consists of using one fourth of our basement for holding tanks, with an initial cost of over \$10,000 and \$80-\$90 per month for maintenance. My hopes have been raised and dashed over the years as I pursued a remedy for the water situation. Then in 1992, Southwest Pipeline representatives arrived and we did not hesitate to sign up. We were told that in '96 I would have white water. I am still waiting!

My children have participated in sports just as many of yours have. When uniforms need washing, I need to find a place with white water to wash them. I drive 14 miles to a neighboring town to wash clothes needed to maintain a neat appearance. If I would wash the clothing in brown water, they would become dull and dingy looking.

My mother had beautiful silver gray hair. I had to haul white water to help her wash it because using the brown water made her hair look like she had fallen into a manure pile.

Cooking is a challenge. Either you haul white water to cook with, or you eat food prepared in brown water, which is not very appetizing.

Taking a bath or shower in our brown water is routine for us. However, we have had company who will not use our shower because they are afraid it might change their skin tone. We need to warn guests before they use the bathroom facilities.

There are also health risks. Our water is high in sodium and fluoride. Did you know that too much fluoride causes weak spots on teeth enamel? Our son has several such areas on his teeth. This is permanent damage.

I would love to say the water quality affects only us. Many have brown water, rusty water, shortages of water, and the list goes on and on. Not many have a source of quality water.

In addition to rural areas, the city of Elgin needs a good water supply to effectively seek economic development for our community. A laundromat is needed in our community, however, the poor quality of water prohibits a feasible facility. Retired individuals are moving back to the area. They appreciate our health facilities and the quality of country life the area offers. They do not appreciate the water quality.

I urge you to appropriate the funding needed for the Southwest Pipeline Project to provide the quality of water needed for communities and rural residents in southwest North Dakota to survive.

Thank you.

Good morning. I'm Richard Miller, Mayor of Carson, North Dakota.

The residents of Carson know of the hardship an unreliable water supply can have on your life, because they live with it every day. The major problem they face is an inadequate and poor quality water supply.

Carson, county seat for Grant County in southwestern North Dakota, has potential for economic development as well as an improved quality of life, both of which are impossible without a reliable, unlimited water supply. We have had to put the future of Carson on hold due to our poor water supply. Companies looking to locate in Carson, such as Minne Solar Inc., will not consider the city without the assurance of a reliable, unlimited water source.

Carson currently has four wells, two of which are running on half capacity. We had to discontinue use on two wells due to the inability to keep up with water demands. Our newest well is only eight years old, and is now running below its potential and is unable to meet full capacity. We had to drill several test holes when drilling this well, which is expensive as well as provides no guarantee as to the duration of its existence.

With the excessive heat that our county can see in the summer, the city of Carson has been forced to ration water numerous times. The limited water supply and rationing not only is an inconvenience, it is a constant reminder that the future of Carson is unknown. We need to take action to ensure our businesses and residents that Carson will continue to thrive.

Rural residents of the Carson community are faced with water problems as well. The rural areas do not have adequate supplies of water for their livestock because of shallow wells and diminishing natural water resources in the area. With the heat in the summer, most ranchers are unable to use springs and dams due to the depleting water supply. This leaves their livestock with an inadequate supply of water, and the rancher with the burden of finding another water source which does not always exist. Not only are rural residents faced with inadequate water for livestock and vegetation, but their household water needs are not being met as well.

In order for economic development and continued growth in our community, we need to secure a reliable, unlimited supply of quality water. Quality water, our most precious resource, is an essential element to the future economic growth of southwest North Dakota, Carson, and Grant County. We are depending on the Southwest Pipeline Project to bring this water source to our community, so we can attract new developments, as well as provide our residents with a better way of life and the assurance of a secure water source for our future.

I am committed to bring water to Grant County and the city of Carson, and I hope the Southwest Pipeline Project and future funding can help make our dream of quality, unlimited water, a reality.

Good morning. I am Don Flynn from Scranton, North Dakota. Scranton signed contract number one with the State Water Commission March 15, 1983 and we still do not have water.

I am the Vice-Chairman of the Southwest Water Authority. I come today to speak in favor of Senate Bill 2188. This bill provides the state match for federal funding to complete the Southwest Pipeline Project. Neither the Executive Budget nor the State Water Commission Budget provides any construction funds for the Southwest Pipeline Project.

Senate Bill 2188 provides necessary funding for water projects throughout the state. The Southwest Water Authority supports projects in Grand Forks, Devils Lake, Garrison Diversion Completion, and other projects mentioned in the 1999 State Water Management Plan. Funding is needed for all these projects, but today I want to demonstrate the need in southwest North Dakota.

First, I will show you the construction progress made since the last Legislative session because of approved bonding authority. (Show before and after maps)

Colleen Vetter, who testified last week, was unable to return today. She did leave some samples of how water affects her family. I share those with you now. (T-shirts, towels, sludge from filtered water, jar of water).

Most of you are familiar with the brown water located over many areas the Southwest Pipeline Project will serve. In the next phase of this project – that includes the cities of New Leipzig, Elgin, and Carson along with approximately 300 farms and ranches, called the Mott-Elgin Phase --, white water is a problem. White water that contains nitrates.

One dairy farmer who had been in the dairy business over 35 years was forced out of business because his milk no longer met Health Department standards. His water contained nitrates. He could not afford to dig a new well.

One expectant mother was advised by her doctor to move until her child is born. Nitrates in her drinking water are unsafe for her unborn child. She currently lives in Bismarck.

One landlord had to advise his tenant that the tenant could remain on the farm, but the landlord would not be responsible if the tenant drinks the water that contains nitrates.

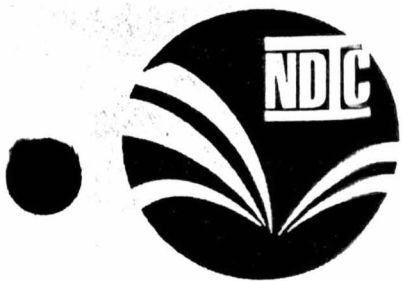
People are cautious around brown water. Until health problems occur, either in humans or in livestock, most people do not suspect white water.

Two weeks ago the City of Elgin notified its citizens that it is having problems with its only deep well. If the problems are not solved by this summer, Elgin will probably need to ration water.

The Southwest Water Authority thanks the Legislature for its support in the past. We bring these issues to your attention and request your support in the future.

Senate Bill 2188 would ensure state support for the Southwest Pipeline Project until completion. As currently scheduled, completion would be in 2007. Twenty-one (21) years after the project was started!

I would be happy to try to answer any questions you might have.



North Dakota Irrigation Caucus

1830 N. 11th Street
P.O. Box 2254
Bismarck, ND 58502
701-223-4615, 701-223-4645(fax)
email: ndwater@btigate.com

Dedicated to expanding irrigation to build and diversify our economy.

**Testimony of Maynard Helgaas
North Dakota Irrigation Caucus
on Senate Bill 2188
March 11, 1999**

Chairman Mick Grosz and Committee Members:

My name is Maynard Helgaas and I represent the Central Dakota Irrigation District and I am a member of the statewide Irrigation Caucus. First of all, let me commend the Legislative Leadership on the development of a statewide Water Development Plan. North Dakota is one of few states that have such diversity of water issues affecting the state. From the perspective of irrigation, lets look at the diversity and why we need this Water Development Plan and the funding, which will make it work.

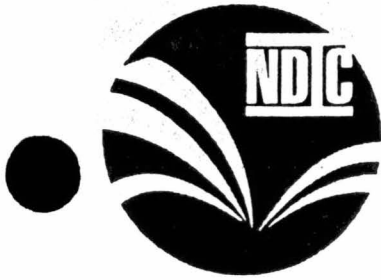
Western North Dakota has harnessed its water, but has not advanced its beneficial use for irrigation. Recent developments of Holly Sugar Company expansion and an interest in potato production by growers will bring about this development.

Central North Dakota has had considerable irrigation development, which has been driven by the High Value Irrigation Task Force and the resulting AVIKO frozen potato processing plant and their recent announcement of plans to double the plant capacity by the year 2001. In the Central Irrigation District, which encompasses Kidder, Stutsman and Logan counties acreage has increased from 6,000 irrigated acres in 1997, to 13,000 in 1998, and we expect the total irrigated acres in the district to increase to 18,000 by the end of 1999. We recognize the difficulties experienced by residents of Devils Lake and farmers

Irrigation
Caucus

of that area from too much water and no where to go with it - a very unusual dilemma and one which we must find solutions.

As we move into the next millennium, and a "new agriculture," we are going to be exploring and working with a whole new array of biotechnologies and best farming practices. We will be producing crops that have been genetically altered to provide specific traits that will bring higher value to the producer. However, as producers, we will be required to provide a stable environment in which the crop is produced in order to maintain the integrity of the enhanced value of the crop. Therefore in the Red River Basin we will need to seek solutions of too much water at spring run off and too little the balance of the year. We should look for value we could add to those solutions, such as harnessing and conserving spring run off for year around water. Not only for our cities, but also for Valley Farmers as a source of water for supplemental irrigation in the production of high value designer crops and existing high value crops. Precision Farming practices and variable rate water application technology already exists and will even further advance the need for Valley Farmers to consider water as a resource for their farm operations. Quite frankly, if we lower the bar of our expectations in fixing the basins water problems, we will loose the benefit of adding value to the solution. This statewide water plan is a good plan and as a member of the Irrigation Caucus, we ask you to support a very solid water development plan for our State in Bill SB 2188. Thank you.



North Dakota Irrigation Caucus

1830 N. 11th Street
P.O. Box 2254
Bismarck, ND 58502
701-223-4615, 701-223-4645(fax)
email: ndwater@btigate.com

Dedicated to expanding irrigation to build and diversify our economy.

Testimony of Herb Grenz
Chairman of North Dakota Irrigation Caucus
on Senate Bill 2188
March 11, 1999

Mr. Chairman and Members of the House of Natural Resources
Committee:

My name is Herb Grenz and I am Chairman of the North Dakota Irrigation Caucus, which is an independent and unified voice representing irrigation growers, irrigation dealers and suppliers, irrigation districts and other irrigation interests.

The North Dakota Irrigation Caucus presently is focusing on irrigation projects and districts throughout the state. From Nesson Valley, Elk Charbon, Oliver-Mercer, Horsehead Valley, Turtle Lake, Central Dakota, and many private individual projects.

Potato and sugarbeet irrigation is on the increase. Alfalfa, vegetable, etc. are also being studied for additional acreage. New crops and processing ventures are enticing producers to expand.

Irrigation provides tremendous economic development. It is a bright spot for North Dakota farmers.

North Dakota irrigation growers have the ability to support the demands of the agricultural processing plants by providing them with crop quality, crop uniformity, and crop stability. Because of this success, the agricultural processing plants want to expand their processing capabilities.

Aviko, a french fry plant located in Jamestown, presently contracts 4.6 million hundred weight -- they have announced plans to increase production to 9.2 million hundred weight.

Holly Sugar, located in Sidney, Montana, presently contracts 38,800 acres of sugarbeets. This plant is increasing its acreage contracts to 70,000 acres.

Simplot, of Grand Forks, wants to contract an additional 1 million hundred weight of potatoes.

North Dakota irrigators have met the ag processing plants requirements. Now it seems we are being challenged. These processing plants want to grow, can we grow fast enough to supply them?

North Dakota could sustainably irrigate a total of 600,000 acres each year with Missouri River and ground water development. This acreage will be only 2.5 percent of the cultivated land, but could add over 15 percent of the total crop cash receipts in the state.

Irrigation will help move North Dakota ahead in its economic development, and will provide quality jobs, better pay in our rural areas, and help keep people in our rural communities.

However, we are finding that for irrigation projects to succeed, we must have the physical capabilities to function effectively, and we must also have the state's help if irrigation is to reach its potential. We must work together and be united. The North Dakota Irrigation Caucus is asking for your favorable support of Senate Bill 2188.

FACTS

YOU SHOULD KNOW ABOUT IRRIGATION

DID YOU KNOW...

In 1997, the average irrigated acre in North Dakota added \$1,070 in gross business volume to the states economy. That's over and above the business activity generated by the production from that acre when it was dryland farmed. It includes the additional economic activity generated in non-farm sectors.

The 230,000 acres irrigated in 1997 generated over \$220 million in additional gross business in North Dakota.

With 250 irrigated acres, the average irrigator generates more than \$268,000 in additional gross business volume over the amount generated when the land was farmed in a dryland mode.

There are 300,000 more acres that could be irrigated from just groundwater sources. With these additional acres, North Dakota could annually increase its gross business volume by \$320 million.

Two acres of irrigated alfalfa will supply the yearly alfalfa forage requirements for three high producing dairy cows.

North Dakota ranks last in total irrigated acreage in the seventeen states in the west that come under the irrigation development umbrella of the U.S. Bureau of Reclamation.

North Dakota ranks 31st in the nation in total irrigated acres, but ranks 5th in the nation in total acres planted to principal crops (1998 data).

Eleven states EAST of the Mississippi River have more irrigated acres than North Dakota. States east of the Mississippi are often perceived to have sufficient rainfall, so that irrigation is not economical or needed.

In the last 10 years the number of irrigated acres has increased in the EASTERN states (east of the Mississippi River) and the number of irrigated acres in the 17 states of the WEST has decreased.

Arkansas ranks 5th and Florida ranks 9th In the nation in total irrigated acres. Arkansas has about 3.8 million irrigated acres and Florida has 2.2 million irrigated acres (1998 data).

Thomas F. Scherer
NDSU Extension Agricultural Engineer

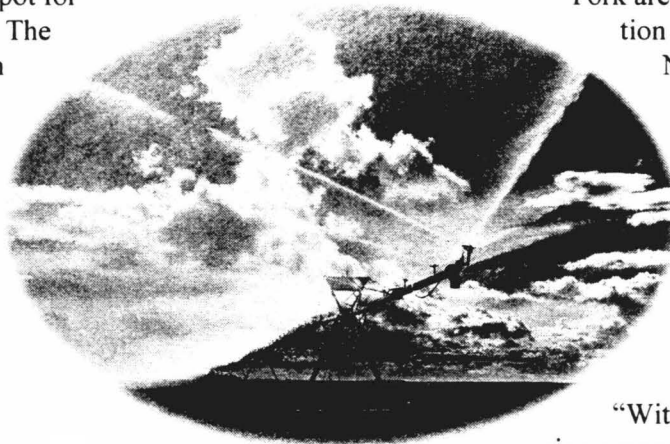
Irrigation

Building and Diversifying North Dakota's Economy

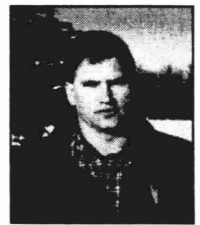


Herb Grenz, Linton
Horsehead Irrigation Project
North Dakota Irrigation Caucus
Chairman

“There is no question that irrigation provides tremendous economic development. It is a bright spot for North Dakota farmers. The North Dakota Irrigation Caucus intends to be a vigorous advocate for irrigators and irrigation projects in North Dakota. If irrigation is to reach its potential, we must work together and be united.”



Bill Van Ray, Pettibone, Farmer
Central Dakota Irrigation District



“Unlike most rural areas, Kidder County development is intense. CRP land is coming out for production and even absentee landowners living in places like New York are developing their land for irrigation and reinvesting money back into North Dakota.”

Wayne Vance,
Nesson Valley
Farmer
Chairman

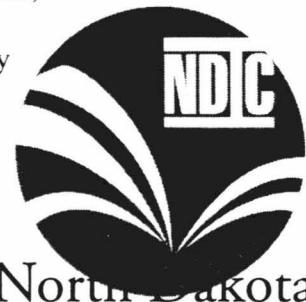


“With the present cost-price squeeze relative to growing the traditional small grain crops such as wheat and barley, it is important to North Dakota farmers to have alternative crops from which to choose, especially in semi-arid northwestern North Dakota, where the Missouri River flows right by us.”



Maynard Helgaas
Midwest
Agri-Development
Corporation
Chairman

“Irrigation development requires the introduction of a high-value crop to the area and generally requires manufacturing processing or a process of adding value to the production before it leaves the area and the state. For this reason, it is an opportunity and a need for irrigation districts and economic development entities within those communities to form regional development teams to bring these high-value crops to the area.”



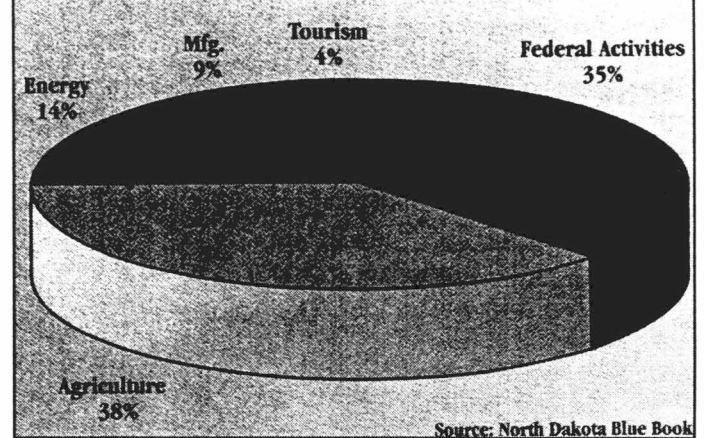
**North Dakota
Irrigation Caucus**

North Dakota Irrigation Caucus
P.O. Box 2254
Bismarck, ND 58502
701-223-4615 (fax) 701-223-4645

North Dakota Agriculture

Agriculture, North Dakota's leading industry, makes up 38 percent of the state's economic base (See Figure 1) and generated more than \$3 billion in revenue in 1997. Ninety percent of the land in North Dakota is in farms, making the state fourth in the nation in percentage of total acres devoted to agriculture and in the percentage of economic base derived from agriculture.

FIGURE 1. NORTH DAKOTA'S ECONOMY IN THE 1990s



Farming in North Dakota

Total Acres	45,200,000
Farms and Ranches Under Cultivation	42,900,000
-CRP or Fallow	6,500,000
-Crops	21,300,000

Source: ND Ag Statistic Service 1997

North Dakota's main agricultural products are wheat and cattle. With 1950s prices and 1990s costs, living expenses have surpassed net farm income as shown in Figure 2 & 3, making alternative crops grown under irrigation attractive.

FIGURE 2. NET RETURNS PER ACRE FOR WHEAT IN N.D.

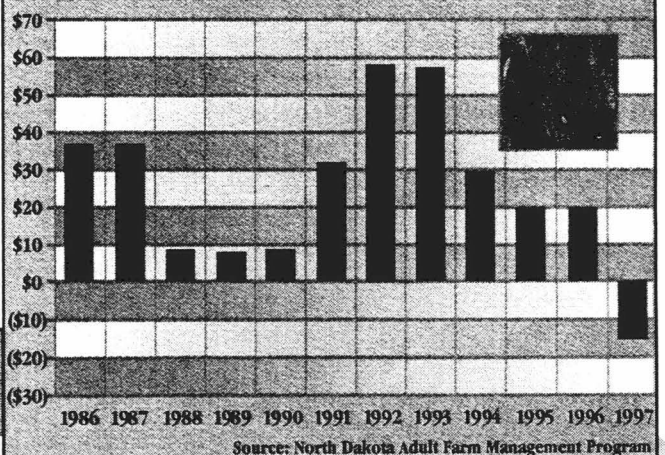
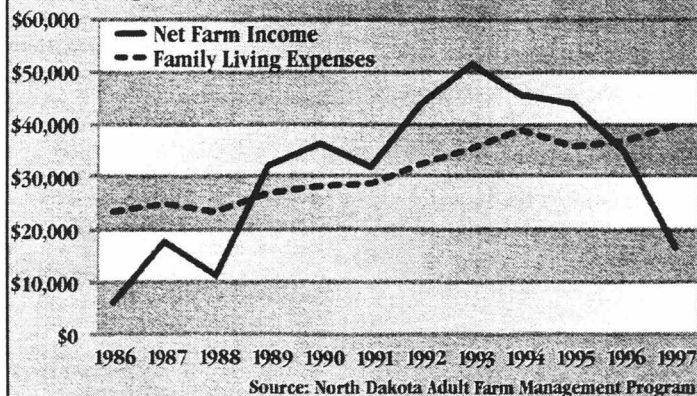


FIGURE 3. NET FARM INCOME VS. LIVING EXPENSES



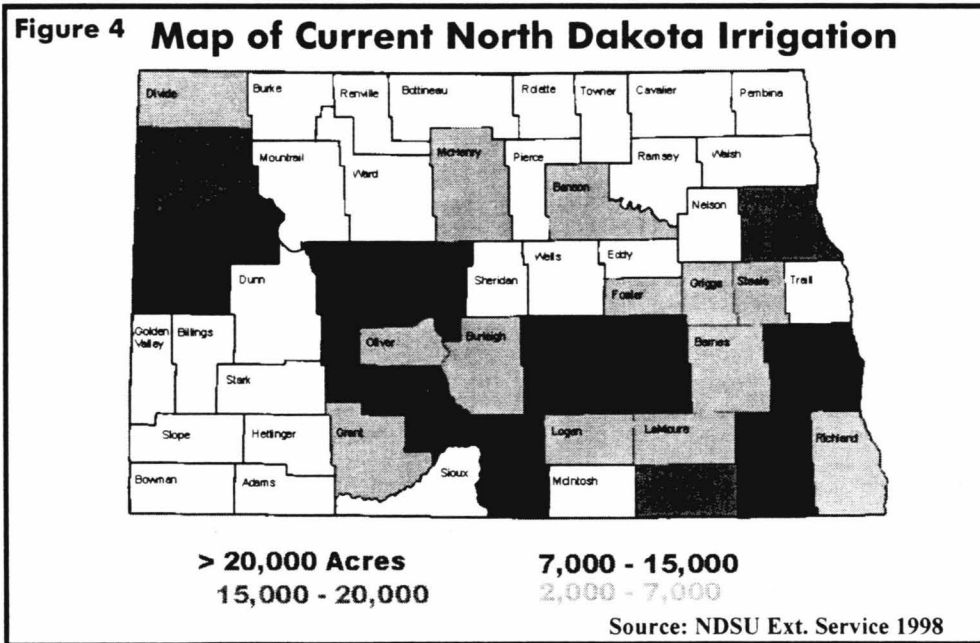
Current Irrigation

In 1998, about 235,000 acres of crops were irrigated, as shown below. Although irrigated acreage only makes up one percent of the cultivated land in North Dakota, it produces 4.1 percent of the total cash receipts according to information published by the North Dakota Ag Statistics Service (1997).

North Dakota farmers are successfully growing potatoes, carrots, alfalfa, sugarbeets and other specialty crops. Figure 4 shows where irrigation is taking place in North Dakota.

Irrigated Acres in North Dakota 235,000 acres - 1% of Cultivated Land	
Corn	75,000
Alfalfa and Hay	50,000
Wheat and Barley	35,000
Potatoes	35,000
Dry Beans	24,000
Sugarbeets	16,000

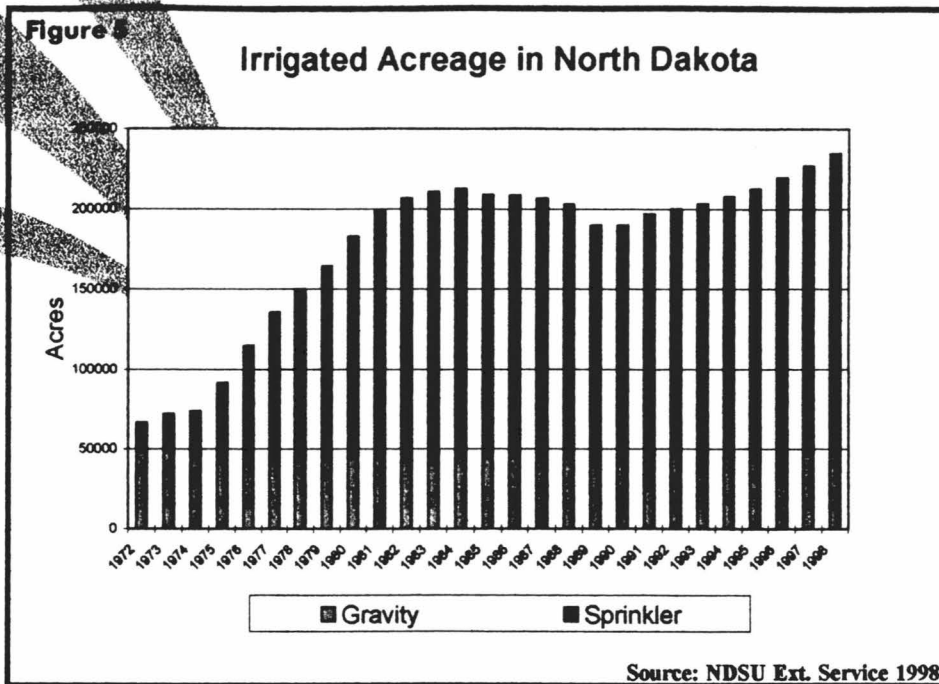
Source: NDSU Ext. Service 1998



Irrigation Systems
75% Center Pivot Sprinkler Systems
20% Gravity Systems
5% Other Sprinkler Systems

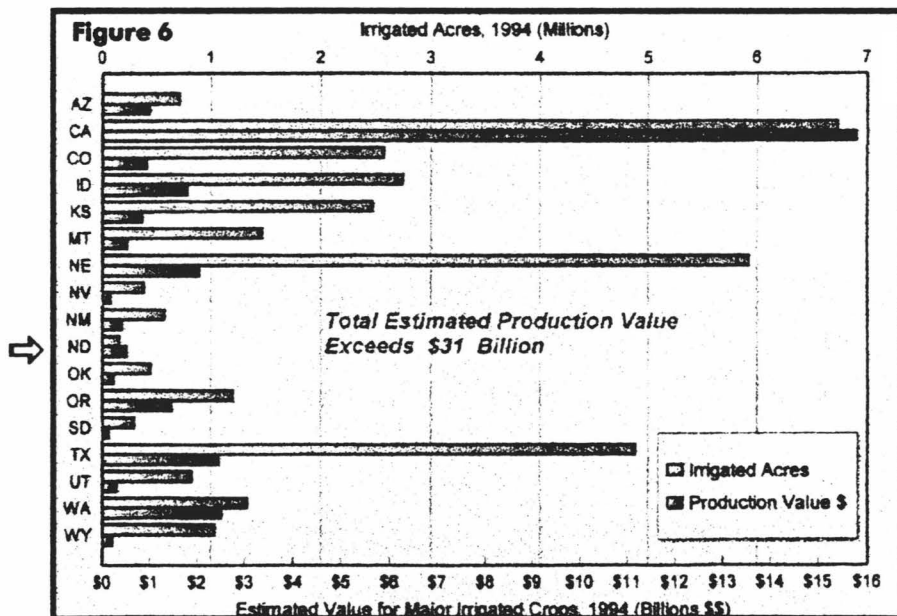
According to Tom Scherer, NDSU Extension Agricultural Engineer, center pivots are the sprinkler systems of choice in areas of good groundwater and irrigable soils. Center pivots are used because of their low labor requirement and adaptability. Practically all irrigation development has been away from the river systems, where irrigation began in North Dakota. However, much of the older irrigated land has experienced conversion of land to new irrigation methods - primarily center pivots.

Figure 5 demonstrates the rate of irrigation development in recent years.



Since 1990, North Dakota has been gaining 5 to 6 thousand acres of new irrigated land every year.

North Dakota has not seen the irrigation development that was envisioned before statehood. Figure 6 compares North Dakota irrigated acres and production values to other states in the nation.



Economics

In North Dakota it seems only natural that economic prosperity would come from a trade North Dakotans know best – farming. Rudy Radke, NDSU Extension Ag Diversification Specialist, says North Dakota should concentrate on the production of high-value crops and the processing of these crops.

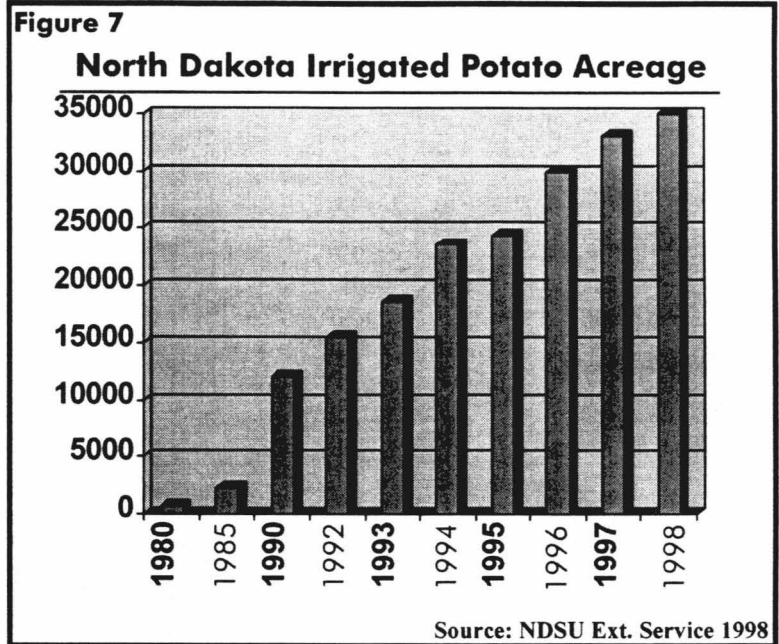
“Farmers in the nation have \$700 billion invested in production agriculture, which produces \$100 billion in value,” Radke said. “Agricultural processors have \$100 billion invested, but produce almost \$200 billion in value. Thus it only makes sense for farmers to get involved in agricultural processing and add value to their production of crops.”

Although irrigation has always been considered an important part of the social and economic development of North Dakota, to date, irrigation development has not been what was anticipated. However, since 1988 interest in irrigation has increased due to several factors:

- * Drought from 1988 to 1990
- * Increase in market demand for processed potatoes, in particular French fries
- * Processors demanding high quality, uniform size potatoes.

Potatoes

Irrigated potato acreage has increased substantially due to market demand as shown in Figure 7.



According to Tom Scherer, NDSU Extension Agricultural Engineer, potatoes are a high risk, high economic return crop. Private financing is the standard method of paying for irrigation development in North Dakota. The U.S. government is not involved with financing any of the irrigation expansion currently taking place in North Dakota. The net cash flow for irrigated high value crops such as potatoes is much higher than traditional wheat crops, as shown in Figure 8.

Figure 8

Projected 1998 Crop Budgets
NDSU Extension Service

<u>Area of North Dakota</u>	<u>Crop</u>	<u>Net Cash Flow/Acre</u>
North Central	Spring Wheat	\$18.87
South West	Spring Wheat (recrop)	\$7.36
South West	Spring Wheat (fallow)	\$5.65
South Valley	Spring Wheat	\$12.37
Western	Irrigated Potatoes	\$382.29
Central	Irrigated Potatoes	\$489.94

Ag Processing

The increased production of high-value crops is driving the development of new agricultural processing plants in North Dakota. These processing plants want the quality, uniformity and crop stability found only in crops grown under irrigation. Holly Sugar, Simplot, and AVIKO understand the great potential of irrigation development as they plan for future expansion.

AVIKO

AVIKO has contracted 4.6 million hundred weight of potatoes for 1999. This includes 11,000 irrigated acres and 2,000 dry acres, which would produce 240 million pounds of processed potatoes annually. If the AVIKO plant expansion is completed, the plant could process an additional 4.6 million hundred weight of potatoes annually.

Holly Sugar

Predicted expansion of the Holly Sugar operation in nearby Sidney, Montana offers Nesson Valley farmers even more incentive to irrigate crops. The company is planning a two-phase expansion, from 38,800 acres to 47,500 acres in the first phase in 1998 and up to 70,000 acres for the second phase.

Simplot

Simplot contracted nine million hundred weight of potatoes in 1998. This includes 24,000 irrigated acres and 6,000 dry acres, which produced 850 million pounds last year. When the Simplot plant expansion is completed, the plant will produce approximately another million hundred weight.

North Dakota Commission on the Future of Agriculture

In 1997, the Commission on the Future of Agriculture was organized to significantly increase net farm income, improve the quality of rural life, and increase North Dakota's rural population. The Commission's goals include implementing high quality production and value-added processing, diversifying ag production, increasing farm and non-farm cooperation, and creating a favorable political, regulatory, economic, trade, financial, and natural resource environment so we can compete in the global marketplace.

One of the objectives is the development of a strategic plan for economic development through irrigation, to be supported by state funding.

North Dakota State Board of Agricultural Research (SBAR)

The State Board of Agricultural Research (SBAR), formed by the legislature in 1997, recommended initiatives to the legislature concerning ag research. Initiative #20 requests funding for water quality, crop rotation and other irrigation research. Funding requested by SBAR was \$372,800, while the Governor's budget installed \$356,183.

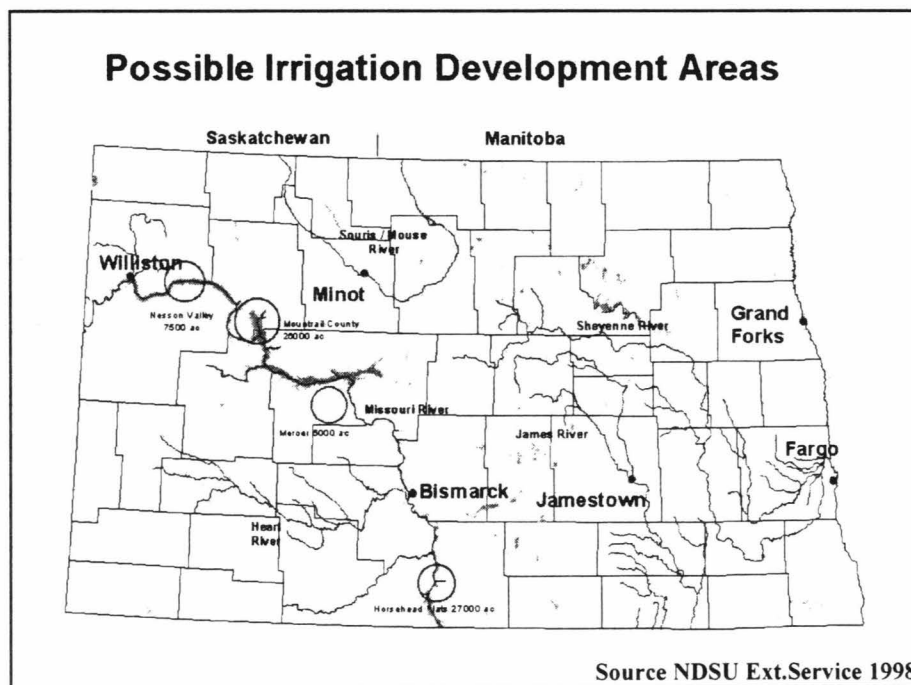
The Irrigated High-Value Crop Production Initiative with efforts in Carrington and Fargo, would help producers choose crops that work best under irrigation and develop management techniques that make the most of the investment in irrigation equipment.

Potential Areas for Irrigation Development

Tom Scherer, NDSU Agricultural Engineer, has done substantial research on the potential areas for irrigation development. He has found that North Dakota could sustainably irrigate a total of 600,000 acres each year with Missouri River and groundwater development. This would still only be 2.5 percent of the cultivated land, but this irrigated land could add over 15 percent to the total crop cash receipts in the state. As envisioned by the optimistic delegates to the constitutional convention of 1889, this could have a significant impact on the North Dakota's economy and people.

Ironically, much of the potential irrigation development is located along the Missouri River – just like the early irrigation development in North Dakota. Some of the potential areas where this development could take place within the Missouri River Basin are the Turtle Lake Water Management Area (TLWMA), Elk/Charbonneau, Nesson Flats and Buford-Trenton bench lands (Williams and McKenzie Counties), Horsehead Flats (Emmons County), New Rockford Canal side service (Eddy and Wells Counties), Oliver-Mercer, and perhaps smaller scattered tracts along the McClusky Canal. In addition, the old irrigation districts located along the Lower Yellowstone are exploring irrigation expansion into the bench lands near the existing district boundaries.

In addition, it is estimated that an additional 250,000 acres of land could be sustainably irrigated from identified groundwater resources available in North Dakota.



Irrigation Potential

Potential Irrigation Development Projects North Dakota State Water Commission 1999 State Water Management Plan

<u>Project</u>	<u>County</u>	<u>Cost</u>
Horsehead Irrigation Project	Emmons	\$59,300,000
Mountrail Co. Irrigation Project-Study	Mountrail	\$100,000
Mercer/Oliver Irrigation Project-Study	Mercer/Oliver	Unknown
James River Irrigation Project-Study	Stutsman/LaMoure/Dickey	Unknown
Tobacco Garden Irrigation Project	McKenzie	\$8,000,000
Elk Charbonneau Irrigation Project	McKenzie	\$7,384,000
McKenzie County Long-Term Irrigation Development	McKenzie	\$96,000,000
Charlson Irrigation Project	McKenzie	\$20,000,000
Cartwright Charboneau Irrigation Project	McKenzie	\$14,000,000
Nesson Valley Irrigation	Williams	\$6,500,000
Buford-Trenton Irrigation District Expansion-Phase I	Williams	\$1,500,000
Little Muddy Irrigation Project	Williams	\$20,000,000
Buford-Trenton Irrigation District Expansion-Phase II	Williams	\$1,500,000
Total		\$234,284,000

North Dakota Irrigation Caucus

Mission:

To expand irrigation to build and diversify our economy.

Goals:

1. Secure federal hydropower for irrigation projects
2. Federal and state funding for irrigation development
3. Favorable financing programs for irrigation development
4. Legislative and regulatory improvement
5. Ag processing and marketing
6. Education
7. Research

Board:

Representatives of irrigation districts, projects and areas will serve as the Board of Directors. Advisory members will include NDSU irrigation specialists, economic development, irrigation dealers and suppliers, and others.

Membership:

Individual Member - \$45

For any individual irrigator or person.

Irrigation Member - \$245 (Irrigation Districts - \$100 per 1,000 acres)

For any business, company, organization, agency, irrigation district, or other entity which supports and is dependent on or has a significant stake in irrigation in North Dakota. For irrigation districts, membership is \$100 for each 1,000 acres of irrigation.

Sustaining - \$1,200

For any business, company, organization, agency, or other entity which supports and is dependent on irrigation.



North Dakota Irrigation Caucus
P.O. Box 2254
Bismarck, ND 58502
701-223-4615 (fax) 701-223-4645

Deviis Lake Basin Joint Water Resource Board
524 4th Avenue #27
Deviis Lake, ND 58301

January 19,1999

Senator David E. Nething
Chairman Senate Appropriations Committee
Capital Building
Bismarck, ND 58505

Chairman Nething and Committee Members:

The Devils Lake Basin Joint Water Resource Board requests this committee give a due pass to Senate Bills 2164 & 2188. We know that State funds will be very tight this biennium, but the Devils Lake Basin has been plagued by flooding for several years now and is in dire need of assistance. The ranchers and farmers around Devils Lake have thus far received no compensation for their loss of land and the business community in the City of Devils Lake has suffered from the economic loss of the farmers.

Information from Landsat Thematic Mapper satellite imagery covering about 80% of the basin shows land inundated by water in the upper basin has increased 255% from 1992 to 1997 and the surface area of Devils Lake has increased 130% in the same time frame. Without an outlet from Devils Lake, land inundated by flood waters will remain unproductive for many years to come. By removing water from the lake, land could be placed back into production and help many ranchers and farmers who may otherwise go out of business.

The Devils Lake Basin Joint Water Resource Board also recommends due pass of Senate Bills 2165 & 2043.

The Devils Lake Basin Joint Water Resource Board would like to be on record as supporting the need for all the water projects in the State. We strongly support all the water projects identified by the North Dakota State Water Coalition which we are a member of.

Thank you for addressing our concerns.



Don Lee, Chairman
Deviis Lake Basin Joint Water Resource Board.

Deviis
Lake

DEVILS LAKE FLOOD FACT SHEET

January 1999

History

Devils Lake is considered a closed sub-basin of the Red River of the North Basin. However, evidence suggests that Devils Lake has, on several occasions during the past 10,000 years, reached its spill elevation of about 1459 feet above mean sea level (msl) and overflowed to the Sheyenne and Red Rivers. Geologists conclude that the level of Devils Lake naturally varies widely due to climatic swings. Beginning 130 years ago with the first recorded level of 1438.4 msl, the lake level fell until reaching its recorded low of 1400.9 msl in 1940. The lake has since followed a rising trend, reaching the modern high of 1444.7 msl in July 1998. Devils Lake has now engulfed Lake Irving and Lake Alice, two of the upper basin lakes.

Flood Problems and Damages

Flooding in 1993 caused Devils Lake to rise 5 feet in six months. The lake has steadily risen each year since, over 22 feet in total. The volume of water in Devils Lake has quadrupled since the spring of 1993. Over 65,000 acres of adjacent land, much of it deeded land, has been flooded since 1993. The lake now covers about 106,000 acres. More than 172 buildings have been affected. In 1997, about 400 insurance damage claims were filed totaling \$20 million in Ramsey and Benson Counties. In addition, 83 homes on the Spirit Lake Nation Reservation have been moved. As of April 1998, 385 flood insurance claims were paid around the lake totaling \$21.4 million. Some of these homes have been in place for up to 50 years. An additional 88 claims have been filed since April. There are 1,352 flood insurance policies in effect around the lake with \$178.9 million in coverage as of July 31, 1998.

Maintaining state and county roads at Devils Lake has cost tens of millions of dollars since 1993. There were 17 highway elevation raising projects around Devils Lake in 1997 at a total cost of \$27.2 million. Highways 20 and 57 went under water at the Narrows south of Devils Lake in 1997. Except for Highway 57, top of roadway elevations on most highways adjacent to Devils Lake is now at 1448.5 msl, less than 5 feet above the current lake level. Highway 57 is currently being raised to 1456.5 msl. The dirt fill and rip-rap work is essentially complete. Constructing a bridge and paving the roadway remains to be done. The road is scheduled to open during the summer 1999, with a total cost of \$8.1 million.

The US Army Corps of Engineers is raising the City of Devils Lake levee system. The first increment raised the original levee by five feet and extended the line of protection to 1445 feet msl. The second increment has raised the protection level to elevation 1447 msl (top of levee at elevation 1452 feet msl). The third increment raises the protection level to elevation 1450 msl (top of levee at elevation 1457). This levee raise was started September 1998 and could be complete by the fall of 1999. Three of the five pumping stations required for the levee have been completed. Planning continues to protect the cities of Minnewaukan and Churches Ferry from eminent flooding.

The North Dakota State Park System has four parks adjacent to the lake. The Narrows State Park was flooded and abandoned in 1995. The road to Grahams Island State Park and many facilities within the park were flooded in 1997. The road was raised in 1997 and a new two-lane concrete boat ramp constructed in 1998. Many facilities at Grahams Island State Park remain flooded. Shelters Grove and Black Tiger Bay Parks have some flooded facilities, but they remain open.

Nearly \$1 million of repair work have been identified and funded to relocate pipes and pump stations required to keep the Ramsey County rural sewer system operable. This work is

approximately 60 percent complete. As the lake continues to rise, additional problems have developed causing the need for additional funding. Vacated hookups and added operating costs are making it difficult to maintain the system.

Basin Water Management Efforts

A multi-faceted approach, which includes basin water management, infrastructure protection as mentioned above, and an outlet to the Sheyenne River, is critical for addressing Devils Lake flooding problems.

The Available Storage Acreage Program (ASAP) has now been in place for three years. In 1996, 8,000 acre-feet of water was being stored. In 1997, 22,000 acre-feet was kept out of the lake and 21,000 acre-feet was stored in 1998. Evaporation, transpiration, and seepage to the water table consume the water before it can cause damage in Devils Lake. The net effect of the initial storage and subsequent years of evapotranspiration from the ASAP sites has been the retention of between 40,000-50,000 acre-feet of water, which is equivalent to approximately four to five inches off Devils Lake. ASAP has cost \$2.9 million thus far and has recently been funded with an additional \$950,000 to store water through 1999.

The U.S. Fish and Wildlife Service has completed ten wetland development projects in the upper Devils Lake basin in the past few years. These ten sites have the capacity to provide 2,281 acre-feet of storage on public lands. The cost for development of these projects was approximately \$985,717. Twenty-two additional sites are planned, which have the potential to collectively store 11,452 acre-feet of water. The U.S. Fish and Wildlife Service has been given approval by Governor Schafer to purchase 1,200 acres of land in the upper basin. Once this acquisition is complete, up to 2,200 acres-feet of water storage could be developed.

ND Wetland Trust is helping finance wetland restorations on Conservation Reserve Program tracts through incentive payments to landowners. To date, 1,584.5 acres of wetlands will be restored when survey work can be completed. These restored wetlands comprise 608 basins, with incentive payments costing about \$102,000. The State Waterbank Program is also reducing runoff contributing to Devils Lake by enrolling approximately 1,600 acres of land.

The Outlet Part of the Solution

Several potential alignments for a Devils Lake outlet have been considered. In all cases, potential water quality impacts and flood risk in receiving waters are major concerns. The preferred alternative is a buried pipeline that generally follows Peterson Coulee. The all pipeline alternative will pose the fewest environmental problems. When finished, the project may pump a maximum of 300 cubic feet per second (cfs) to the Sheyenne River. This could remove up to 120,000 acre-feet of water annually or about one foot at the current level.

FY 1998 Energy and Water Development Appropriations Act, signed by President Clinton on October 13, 1997, contained \$5 million to initiate construction of an outlet from Devils Lake to the Sheyenne River, subject to completing economic and environmental analyses, reporting to Congress, and consulting with the International Joint Commission concerning the Boundary Waters Treaty. The Act also clearly prevents the use of funds to implement an inlet or diversion of Missouri River water into Devils Lake. Economic and environmental studies are underway, with a interim Report to Congress scheduled for May 1999.

The Final Scoping Document for the Environmental Impact Statement (EIS) is expected to be released in February 1999. A draft EIS is scheduled to be released for public review in September 1999. Public meetings to review the draft EIS will begin the following month.

Testimony of Joe Belford
Ramsey County Commissioner
Co-Chair Lake Emergency Committee
on Senate Bill 2164
Senate Appropriations Committee
January 20 1999

Dear Senator Nething and members of Senate Appropriations Comm.

I am here to suggest to you why we are very much in need of SB2164 for the fine citizens of the Devils Lake Basin.

As most of you know we have been in a flood condition since the fall of 1993. Millions of dollars have been spent since that time on roads, dikes, Ramsey County Rural Sewer System, moving of homes, economical loss to all communities as well as agriculture. To be exact about \$250,000 dollars of federal, state and local.

I am going to list some of the reasons for our need of the outlet.

- A. The Devils Lake Dike which is being built for protection to elevation of 1457 with protection to elevation of 1450. Without it about 35 percent of the City of Devils Lake would be lost as well as out sewage system.
- B. We are very thankful to the North Dakota Highway Dept for keeping the roads passable, but we want to remember that most of them are only about 4 feet above the level of the lake. We don't want a repeat of 1997 when a lot of the roads went under again which caused severe economic injure to Devils Lake as well as many other area communities
- C. Our Ramsey County Sewer System will be in big trouble if the lakes gains a few more feet causing a large amount of homes to be unhooked, in fact we had to unhook 3 homes on Christmas day. Another fact is we still owe about \$900,000 dollars on the system.
- D. Ramsey County has abated about 600 parcels of land which causes strain on all forms of government.
- E. The stress on life because of the unknown, the over 400 structures that have been moved, the timeless effort put in by many including the federal, state and many others.

I could go on for hours telling stories about all the problems associated with the DEVILS LAKE MONSTER but I won't as I know you know very well what we are going through.

In closing I personally want to thank the Legislative assemble,

Governor Shafer and all his staff as well as the agency heads and their staffs it has been great and the Devils Lake Basin residences appreciate it.

We truly hope your committee will recommend a do pass on SB2164 and SB2188. Thank you.

**BOARD OF COUNTY COMMISSIONERS
NELSON COUNTY**

Lakota, North Dakota 58344

Ronald Dahlen
Dan Marquart

Odell Flaagan, Chairman

Noel Lofthus
Donald Fougner

April 8, 1999

Senator Kenneth D. Kroeplin
Bismarck, ND 58505

Dear Senator Kroeplin:

The Nelson County Commissioners would like to go on record supporting an amendment to the water bill that would remove the ditch from Devils Lake to Stump Lake from this bill.

It is quite obvious that if 40 feet of water from Devils Lake is drained into Stump Lake, it would have a devastating effect on Nelson County. A great deal of farmland would be lost, at least two farmsteads would be flooded, and thousands of trees would be lost. Several county roads would go under water and Highway #1 would have to be raised or rerouted. The loss of these roads would not only be an inconvenience, but it would hinder prompt service by the fire departments and ambulances in the area.

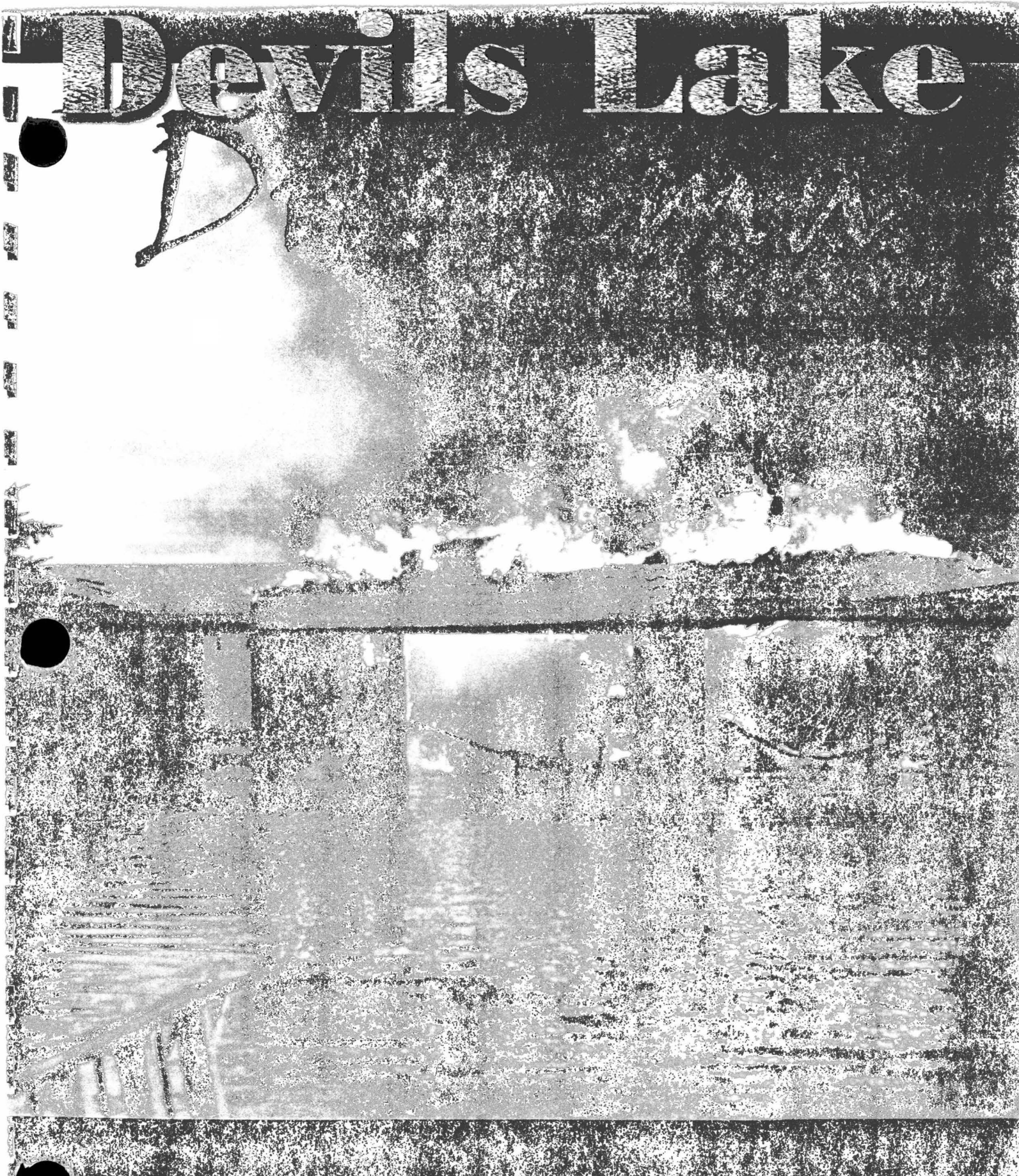
With no hope of an outlet from Stump Lake, this would remain a problem for many years.

For these reasons the Nelson County Commissioners are strongly opposed to a ditch from Devils Lake to Stump Lake and feel that it should be removed from the water bill.

Sincerely,
Nelson County Commissioners

W. J. Davidson

By W.J. Davidson
Nelson County Auditor



LEGISLATIVE COUNCIL LIBRARY HAS COPY

1999

Testimony before House Natural Resources Committee
on Engrossed SB 2188 - March 11, 1999

Chairman Grosz and members of the committee, my name is James McLaughlin of Fargo. I am the vice-chair of the Red River Joint Water Resource Board which is made up of fourteen Water Resource Districts. Our boards along with others in the Red River Valley suffered from the devastating 1997 flood. Our boards along with many others throughout the state had input into the 1999 statewide water management plan developed by the State Water Commission and feel it is a very workable plan for the entire state.

The engrossed Senate Bill 2188 outlines the financing for the 1999 water plan. The Red River Joint WRB believes in funding by bonding for the projects as outlined in the bill.

Our proper concern along with other Water Resource Boards throughout the state in regard to SB 2188 is the category called General Projects. These projects have been outlined in the Water Commission management plan and appear in this bill for each biennium as General Projects. These projects are real needs just as the major projects listed. These are the projects that our boards deal with on a day to day basis. We ask that in this and in future biennium legislatures that the State Water Commission and the legislators not forget about the General Projects category so that we as you can do our daily tasks.

Red
River

What is a watershed?

It's the land that water flows across or under on its way to a stream, river, or lake.

Everyone lives in a watershed. You and everyone in your watershed are part of the watershed community. The animals, birds, and fish are, too. You influence what happens in your watershed, good or bad, by how you treat the natural resources - the soil, water, air, plants, and animals. What happens in your small watershed also affects the larger watershed downstream.

The Watershed Protection and Flood Prevention Act, Public Law 566, authorizes the Secretary of Agriculture to give technical and financial aid to local organizations for planning and carrying out watershed projects. The Small Watershed Program (P.L. 83-566) is administered by the USDA Natural Resources Conservation Service (NRCS). Objectives of the program are flood prevention, agricultural water management, recreation, municipal and industrial water supply, and fish and wildlife development.



Sponsors and Cooperating Entities:

Local sponsors of the Harmon Lake Recreation Project are:

- * Morton County Water Resource Board
- * Oliver County Water Resource Board
- * Morton County Soil Conservation District
- * Oliver County Soil Conservation District

Also cooperating in the project are:

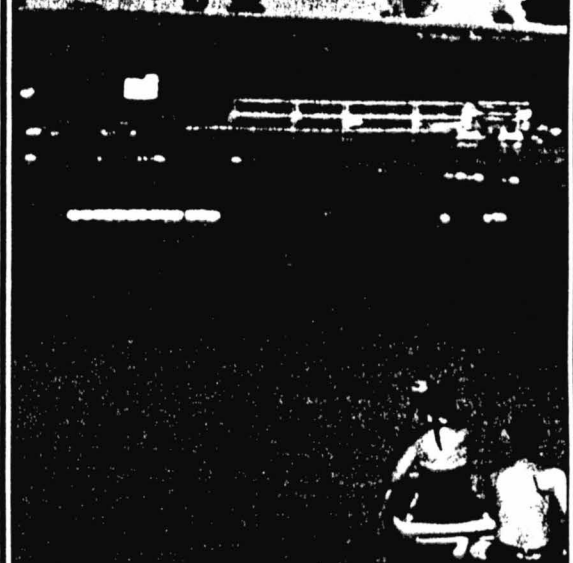
- * Morton County Parks Department
- * USDA Natural Resources Conservation Service
- * ND State Water Commission
- * ND Game and Fish Department
- * ND Parks and Recreation Department

For more information, contact:

Morton County Water Resource Board
105 3rd Ave. NW
P.O. Box 1176
Mandan, ND 58554
TEL: (701) 663-6423

All programs and services are offered on a nondiscriminatory basis in regards to race, color, national origin, sex, religion, age, disability, political beliefs, marital or familial status.

HARMON LAKE RECREATION AREA



**PL-566
Small Watershed
Recreation/Flood Control
Project**

Background

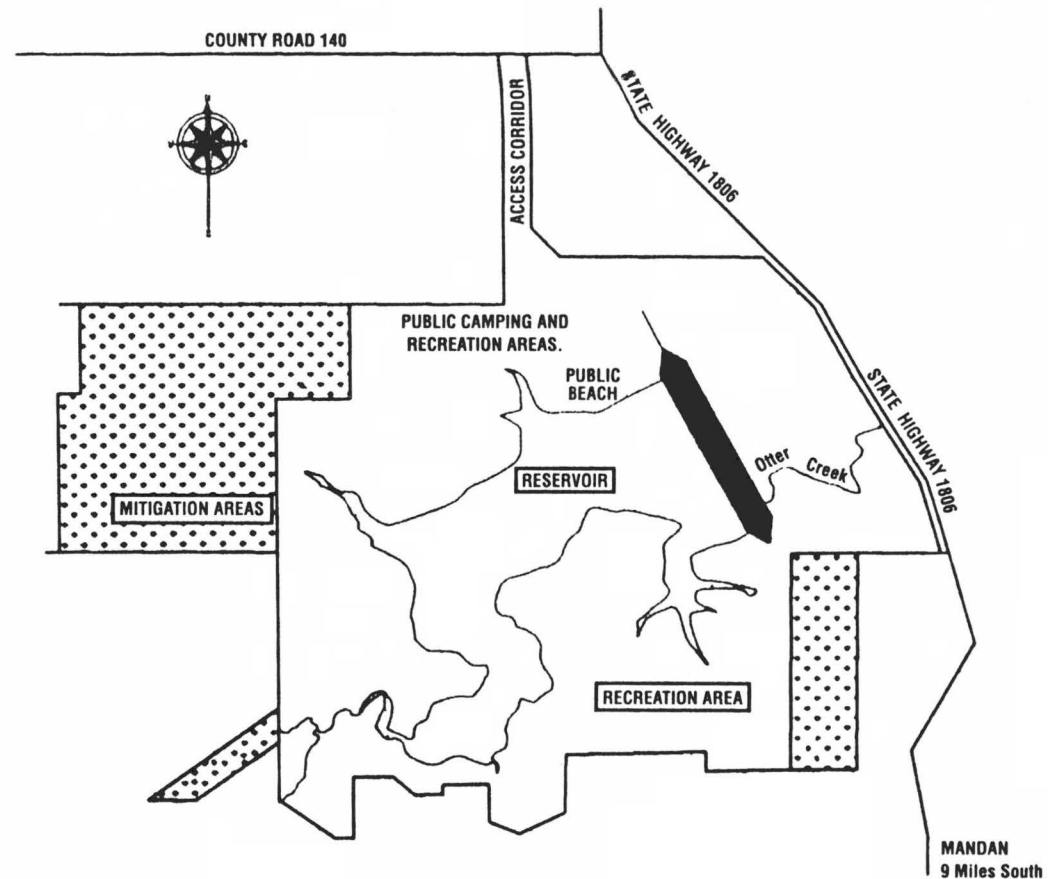
Since 1954, when the Watershed Protection and Flood Prevention Act (Public Law 566) was enacted, hundreds of rural and urban communities have used multi-purpose small watershed projects to promote better land use, reduce water resource problems, and improve the quality of life.

The Morton and Oliver County Water Resource Boards and Soil Conservation Districts received approval for the **Square Butte Watershed** Project on May 28, 1970. The project was approved to reduce or eliminate floodwater damages on over 6,500 acres of rural and urban lands. The most significant urban lands being in the City of Center.

The original plan included five single purpose retarding dams and two floodways. The dams would control 155 square miles of the watershed drainage area, and provide 21,200 acre-feet floodwater storage.

When the watershed work plan was developed, the sponsors did not foresee the need to include recreation as a purpose. Since then the demand for water-based recreation has greatly increased. The Mandan-Bismarck area has a special need for the type of recreation that only a modest sized water impoundment can furnish.

The 725-acre **Harmon Lake Recreation Area**, named after a nearby town which no longer exists, will surround a multi-purpose flood control/recreation dam. The dam has a 22,000-acre drainage area and will create a 140-acre, 40-foot deep lake. Construction is anticipated in the year



2000. The site is located nine miles north of Mandan along Highway 1806 on Otter Creek.

A swimming beach, camping and picnic sites, hiking and walking trails, and boat docks and launch site are planned. The facility will be comparable to McDowell Dam east of Bismarck, but with a larger recreation pool and contributing drainage area.

Land rights have been acquired for the entire recreation area including project mitigation lands. This acquisition was made largely in part by the donation of 550 acres from Pat and Mike Wachter of WW Ranch.

Project Costs:

To date, approximately \$440,000 have been expended for land procurement.

It is estimated the project will cost an additional \$2.1 million to complete. Federal funding will contribute \$1.5 million. Nearly \$600,000 in other non-federal monies will be required to implement the project.

SB 2188 Testimony

June Herman
American Heart Association

The water problems of North Dakota are well documented, as well as the specific actions needed to successfully address those problems. The tobacco usage rates of North Dakota, especially among our young, are also well documented.

While exciting results of comprehensive tobacco education and cessation programs in other states are now becoming available for our consideration, a specific plan for successfully addressing tobacco usage in North Dakota does not yet exist.

Due to the tobacco settlement, an unprecedented opportunity exists to address both of these major problems. Both the water problems and the tobacco usage problems are significant in our state. We ask that as you proceed with the urgent business of addressing the most critical water issues facing North Dakota, that you also take the step to study the use of the remaining tobacco settlement funds. Consideration of an amendment releasing funds for water projects and demonstrating to the federal government a commitment to evaluate tobacco control efforts can help alleviate the concerns about "will the money be there if we obligate the state to these water projects?"

We proposed that the following amendment to be added to this bill:
(handout language).

This amendment provides the following opportunities:

- It provides the ability to move ahead with the critical water project funding
- It helps to reduce the risk of the uncertainty of the full payment of the tobacco settlement funds
- It provides for a full study of the remaining use of the settlement
- It confirms the focus of the settlement funds to address our other state emergency – the \$180 million annual medical bill for the treatment of tobacco related diseases.
- It provides the opportunity to rationally evaluate the state of our existing tobacco education programs, the rational behind those programs, and the strategies that should be implemented.
- It can provide a bi-partisan recommendation, fully supported by the health and education communities of our state.
- It provides immediate leverage to gain \$2 million in federal funds to provide children's health insurance coverage.

Each year, taxpayers pay out millions of dollars to cover a skyrocketing expense that can be controlled. All Americans, smokers and non-smokers, pay higher taxes and higher insurance premiums to cover tobacco-related health costs.

Each year, the average North Dakota household pays \$290 in taxes to cover costs associated with tobacco related illness. Each household also pays higher insurance premiums resulting from healthcare costs for smoking-related illnesses. You have a unique opportunity to control the taxes associated with tobacco costs and protect our kids from tobacco addiction and death by deferring action beyond funding critical water projects, and supporting an interim evaluation on the further uses of these funds. While it has been said that the only thing you can be sure of in life is death and taxes, this does not have to be one of those times. Please amend SB 2188 as proposed.

3

PROPOSED AMENDMENT TO ENGROSSED SENATE BILL NO. 2188

On page 14, line 16, remove "Forty-five"

On page 14, replace lines 17 through 20 with

Handwritten: 7/19/98 (9/5) - 5/17/98

"A total of eighty-five million dollars of the annual payments received by the state pursuant to sections IX (payments) and XI (calculation and disbursement of payments) of the master settlement agreement and consent agreement adopted by the district court in its judgment entered in State of North Dakota, ex rel. Heidi Heitkamp v. Philip Morris Inc. (east central dist. ct., December 28, 1998) may be deposited in the resources trust fund. Until the eighty-five million-dollar cap is reached, up to forty-five percent of each annual payment received shall be transferred from the health and tobacco control trust fund created by house bill 1475 to the resources trust fund within thirty days of receipt by the state. The funds transferred to the resources trust fund by this section must be placed in a segregated account in the resources trust fund to be used to pay for bonds issued under section 3 of this Act and for other water projects authorized by the legislative assembly."

Renumber accordingly

TESTIMONY

June Herman, American Heart Association
jherman@heart.org; 1-800-437-9710

I am here today to speak on behalf of the American Heart Association and Tobacco Free North Dakota. Due to the tobacco settlement, North Dakota will likely never again have this unparalleled opportunity to address the devastating damages caused by tobacco in our state.

The tobacco settlement brings with it a new set of challenges and opportunities for us. As a small state, the settlement agreement negotiated a higher per capita cost to implement tobacco control efforts – recognizing the basic need to provide a certain level of funds for the basic support of tobacco control efforts. It is imperative and prudent for you as our representatives to now look at the reason why the settlement money exists. Secondly, we cannot count the money as banked at this time.

No successful farmer would continuously plant his wheat field with uncleaned wheat seed, and spend the rest of his resources treating the weed problems year after year, or hope that the neighbor's weed spraying would drift over his field to treat his problem. In turn, no rancher would defer on buying his herd bulls, hoping that the neighbor's bulls will break through the fence and handle the breeding chores. Well, neither should the state of North Dakota in accepting tobacco settlement dollars without investing in a comprehensive tobacco education and self quit program.

Attachment A lists the disturbing information and financial picture of the tobacco problem. If you were preparing a loan application to take to the FSA office, what would you propose?

The second issue deals with: Is the money really coming? Attachment B addresses the federal government's rights to a part of the tobacco settlement.

You now have the sales ring check in your hand, from the sale of your calf crop. Or do you? Or is it made out to you and the bank. Before you run out to purchase that brand new combine or four wheel pick-up, more needs to be done. We encourage you to use "due diligence" and defer other decisions on the disbursement of settlement funds to an interim group that can first address the continuing tobacco problems of the state while clarifying what the state can truly expect to receive.

EXECUTIVE SUMMARY

Economic Cost of Tobacco to the State of North Dakota

- \$180 Million Annually Health Care Expenditures directly related to smoking

Current Revenue Received by the State from Tobacco

- \$44 Million Biennially through cigarette sales tax
- \$40+ Million Year 2000 Estimated Tobacco Settlement Funds

State Revenue Spent on Tobacco Education and Quit Smoking Programs

- \$0 Currently
- \$0 Proposed

Recommended CDC Comprehensive Program:

- \$8 - \$18 Million

Long Term Financial Picture – 25 years

- \$717 Million Total Estimated Tobacco Settlement Funds
- \$4.5 Billion in Health Care Expenditures

Statewide Poll Results*

- Eighty-nine percent of the individuals polled favored the use of the settlement on efforts to reduce smoking among children.
- Nearly seven of every ten North Dakotans "strongly favor" using the funds for reducing tobacco use.
- More than six of every ten respondents feel at least half of the settlement funds should be spent towards these efforts.

* according to a poll commissioned by the Tobacco Free North Dakota coalition, in partnership with the North Dakota Medical Association, American Cancer Society, American Lung Association and the American Heart Association.

FEDERAL CLAIM ON TOBACCO SETTLEMENT DOLLARS

THE STATE LAWSUITS AND THE SETTLEMENT:

At the heart of many of the state cases was an effort to recoup billions of Medicaid dollars that were spent treating tobacco-caused diseases. However, regardless of whether a state included a Medicaid claim in its suit or not the MSA includes provisions that settle all past and future Medicaid claims against the tobacco companies – for the states as well as the federal government. The MSA settles federal claims because current law requires the states to pursue third parties such as the tobacco companies on behalf of the states and federal government. Therefore, when the states settled their claim they essentially settled the federal government's claim as well.

CURRENT MEDICAID LAW:

The Medicaid program is a federal/state partnership with each paying a portion of the program's costs. On average the federal share of the Medicaid program is nearly 60 percent. The federal share varies from 50 to 80 percent among the states and depends on per capita income and others factors in a state. Consequently, the federal government has paid, and will continue to pay, more than half of Medicaid costs associated with treating tobacco-caused diseases. Therefore, the federal government is entitled to a portion of the recovery from the tobacco companies.

The states contend that the federal government has no right to any of the tobacco settlement funds because the states filed suit and did all the work. But under the current Medicaid law it is the state's responsibility to file suit against responsible third parties such as the tobacco companies and recover for both the state and federal government. The Medicaid statute protects the federal government's interest by making the states responsible for pursuing third parties, reporting them to the federal government and ensuring that the federal government receives its share.

FEDERAL BUDGET IMPLICATIONS:

Congressional action to change current law to waive the federal claim has federal budget implications. The Congressional Budget Office (CBO) has estimated that possible federal recoveries from the states total \$14 billion over five years and \$28 billion over 10 years. However, CBO has also assumed that there is a 25 percent probability that HCFA will seek to retrieve the funds and, therefore, estimates for offset purposes that the federal recovery from the state tobacco suits total \$2.9 billion over five years and \$6.8 billion over 10 years. Any legislation that allows the states to keep all of the funds will require an offset of this magnitude or a waiving of the federal Budget Act.

Testimony of Mrs. Susan Kahler
Regional Program Coordinator
American Lung Association of North Dakota
Bismarck, ND 58502

Mr. Chairman, Senators;

My name is Susan Kahler, Regional Program Coordinator for the American Lung Association of North Dakota.

I am in support of the Amendment for SB2188 for the following reasons.

Recently our state made a rapid response to the meningitis threat in Williston. We moved quickly, reallocating necessary resources, and provided protection to the youth and residents of that area. What have we done in response to the tobacco epidemic within our state? Despite receiving \$44 million a biennium from cigarette sales, and while we are projected to receive \$717 million from the tobacco settlement, zero state dollars have been or will be spent under current state allocation plans.

Yet, the tobacco industry spent \$12 million per year on promotion in our state alone. It is a big difference between \$0 from our state to protect our youth and \$12 million from an industry trying to addict our youth. Their efforts shows by North Dakota being ranked the third highest in the nation for youth smoking in a recent survey, reflecting almost a 40% youth smoking rate. Research shows that youth are 3 times more sensitive to tobacco advertising than adults, and are more likely to be influenced by marketing than by peer pressure. An example is that 86% of youth smoke prefer Marlboro, Camel, and Newport -- the three most heavily advertised brands compared to only about one third of adult smokers.

Consider this current trend with our youth being ranked number third in the nation, if this continues about 12,000 of our children, North Dakota's Children, alive today will die from a smoking related causes.(CDC, 1996) A cause that is preventable. A cause that we went to court for in regards to the tobacco related harm in our state and that which we won the settlement for. Lets us use this tobacco settlement money to help combat this addiction that smoking-related illness in our state.

If you could take action to guarantee that thousands of youngsters in our state would avoid early death from heart disease, cancer and lung maladies, you'd probably jump at the opportunity to do so, right? That's the choice that our state legislature will have this year as you debate how to spend \$717 million that our state will receive over the next 25 years from settlement due to tobacco industry past actions. North Dakota signed the settlement because we are spending millions of dollars caring for sick and dying smokers and other tobacco users. Since the majority of those sick smokers became addicted to cigarettes and smokeless tobacco when they were teenagers, it makes sense to spend some of the money to save the current generation of teenagers from a similar fate.

This is our moment in history to stop this epidemic by designating funding for an interim study to provide the best plan of action to combat this addiction and illness. With this interim study we would be able to develop a comprehensive tobacco plan to address the needs of our youth and North Dakota citizens to reduce smoking related illness and deaths. As well as eliminating the main goal of the tobacco industry, addicting our youth. We need take the time to do an interim study to address the problem in stead of making a decision that could affect our people for the rest of their lives and ours. If you don't take the time you are accepting the almost \$300 tax bill for all of North Dakotans, you accepting that our state youth rate of smoking is 3rd in the nation and not do anything about it, which is the most preventable disease in our state. And you are saying that it is OK to use tobacco and add undue cost on it citizens.

I conclude, I ask that you take the time today to read the tobacco industry's own statements on youth tobacco use.

"Evidence is now available to indicate that the 14-18 year old group is an increasing segment of the smoking population. RJR-T must soon establish a successful new brand in this market if our position in the industry is to be maintained in the long term." ("Planned Assumptions and Forecast for the Period 1977-1986 for RJ Reynolds Tobacco Company, March 15, 1976)

"This young adult market, the 14-24 group,...represent[s] tomorrow's cigarette business. As this 14-24 age group matures, they will account for a key share of the total cigarette volume - for at least the next 25 years." (Presentation from C.A. Tucker, Vice President of Marketing, to the Board of Directors of RJR Industries, September 30, 1974)

"To ensure increased and longer-term growth for the Camel Filter, the brand must increase its hare penetration among the 14-24 age group which have a new set of more liberal values and which represent tomorrow's cigarette business." (1975 Memo to C.A. Tucker, Vice President for Marketing, RJR)

"Cherry Skoal is for somebody who likes the taste of candy, if you know what I'm saying." (former UST sales representative, quoted in a 1994 Wall Street Journal article on UST's graduation strategy)

"Today's teenager is tomorrow's potential regular customer, and the overwhelming majority of smokers first begin to smoke while still in their teens ... The smoking patterns of teenagers are particularly important to Philip Morris." (1981 Philip Morris internal document)

Testimony of Mr. Bob Clementich
President of Tobacco Free North Dakota
American Cancer Society Area Director
PO Box 1133
Minot, North Dakota 58702
701-857-6015

Mr. Chairman and Committee Members:

I am speaking on behalf of Tobacco Free North Dakota and the American Cancer Society.

The funds from this settlement give North Dakota the opportunity to fight our tobacco epidemic without having to raise taxes or cut back on other spending priorities tobacco companies spend billions of dollars every year marketing their products to kids to ensure new generations of smokers. Their work has paid off: smoking among teen is at historically high levels; more than 3,000 kids become regular smokers every day.

PUBLIC EDUCATION

The Problem:

- * The tobacco industry spends over five billion dollars a year marketing and advertising its products.
- * In 1995, an article in the Journal of the National Cancer Institute found that tobacco marketing has a greater influence than exposure to parents or peers who smoke in spurring kids to take up smoking
- * Other studies have shown the vast majority of young smokers prefer one of the three most heavily advertised brands of cigarettes - the result of a deliberate strategy on the part of tobacco companies to attract the youth market.

While there are a handful of local-level public education initiatives that attempt to counter the tobacco industry's substantial marketing efforts,

3/8/99

Testimony will give

there is no statewide nor comprehensive anti-tobacco public education campaign to counter this pro-tobacco imagery.

Recommendations:

Comprehensive efforts to reduce tobacco use should include a sustained, highly visible and well-developed public education campaign.

Public Education campaigns play a vital role in reducing the appeal of tobacco products, with specific focus to:

- * keep kids from picking up a tobacco habit at a young, more vulnerable age
- * encourage adults and youth that they are capable to quit using tobacco and that resources are available.

The standard for public education in the tobacco arena is a multi-pronged model, incorporating:

- * mass media (radio, newspaper, and television) prevention and cessation advertising,
- * school-based information programs,
- * lifeskills training, parental interventions, community programs, and clinical (e.g., doctors, nurses) involvement.

For such a campaign to be effective, it must contain, at a minimum, the following elements:

- * It must be well-integrated and complementary with all the components outlined above.
- * It must be well-funded over the long term from a reliable source.
- * It must target both adults and kids, in the areas of both prevention and cessation.
- * It must address special populations with culturally sensitive language.
- * It should include statewide campaigns complemented by local-level programs that address local issues.
- * It must contain a method for reliable evaluation and modification.

Public Education Campaigns Can Reduce Tobacco Use

* Cigarette smoking prevention programs have consistently shown reductions in the proportions of students who begin regular smoking, and there is clear evidence that school-based programs are most effective when supplemented by mass-media interventions

* In terms of cost per years of life gained, mass-media and education campaigns are among the most cost-effective smoking prevention and cessation methods currently available.

* Three years after Massachusetts began its public education and tobacco control campaign, an independent evaluation found that:

* Tobacco consumption in Massachusetts declined at a rate three times that of rate for the rest of the nation, (20% vs. 6%, excluding CA).

* Smokers were smoking less. The proportion of light smokers (less than half a pack of cigarettes a day) increased from 21 to 34 percent of all smokers, while the proportion of heavy smokers (more than a pack a day) dropped from 26 percent to 13 percent.

* While smoking among high school students increased dramatically on the national level, it did not increase significantly in Massachusetts.

* Doctors and dentists are advising more patients to quit smoking

* Compliance with youth access restrictions has improved. The proportion of retailers making illegal sales dropped from 48 percent to 19 percent.

* A 15-year follow-up study recently reported in the American Journal of Public Health showed that a school based education program combined with community and mass media interventions could have long-term smoking prevention effects. Mean lifetime cigarette consumption was 22 percent lower among program subjects than among control subjects. Even among 28 year olds, the intervention that began 15 years earlier still resulted in significantly lower rates of smoking.

Public Support:

* Eighty-nine percent of the individuals polled favored the use of the settlement on efforts to reduce smoking among children.

* Nearly seven of every ten North Dakotans "strongly favor" using the funds for reducing tobacco use.

* More than six of every ten respondents feel at least half of the settlement funds should be spent towards these efforts.

* according to a poll commissioned by the Tobacco Free North Dakota coalition, in partnership with the North Dakota Medical Association, American Cancer Society, American Lung Association and the American Heart Association.

To not protect tobacco settlement funds for tobacco prevention would be a costly mistake. Unless the funds are used for tobacco prevention programs such as public education, community and school-based programs, and help for smokers who want to quit, North Dakota and its taxpayers will find themselves right back in the financial hole created by the rising costs of caring for the current generation of teen smokers when it becomes a generation of addicted adults. I urge you to take advantage of this golden opportunity -for our youth and our state's future.

Susan Kahler, American Lung Association of North Dakota

I'm speaking in a neutral position on behalf of the American Lung Association of North Dakota and other member organizations and citizens that are part of Tobacco Free North Dakota.

Chairman Dalrmpole and Senate committee.

North Dakota is in an historic position. The tobacco settlement monies are going to make a huge difference to our citizens. Let's make that difference count now and well into the future.

During the next 25 years, North Dakota stands to receive \$717 million. During the same 25 years, North Dakota stands to pay \$4.5 billion for tobacco-related health costs.

To this date, North Dakota has spent \$0 on curbing tobacco use. In Contrast, the tobacco industry spends \$12 million per year on promotion in our state. *The contrast of these two amounts -0 for prevention and \$12 million for promotion of tobacco products, may be one of the greatest reasons that ND youth smoking rates are third highest in the nation.* We have this one time opportunity to decrease our youth smoking with a comprehensive statewide tobacco program. Let's take a look at Massachusetts, they spend *only* \$11 per capita and their cigarette consumption has decrease 30%. The daily smoking rates among 8th graders has decreased in Massachusetts while rates increased in the nation as a whole. *During the time Massachusetts was experiencing declining youth smoking, ND was seeing increasing rates of youth smoking. This data shows, that given enough resources, tobacco prevention programs can reduce youth smoking rates.*

As you decide how to best use the tobacco settlement money - money that our family, friends, neighbors have suffered and died for - TFND (whose members include ALA, AHA, ACS, ND Medical Association amongst others) ask 3 things of you.

- 1. That the money is used first to address need to curb tobacco use.*
- 2. That the money is used for the first-ever statewide tobacco prevention campaign.*
- 3. That the primary use of the settlement funds is specially designate for tobacco prevention.*

Using the settlement money for tobacco prevention programs will benefit everyone.

You will reduce the tobacco associated costs on our state. You will save taxpayer money in Medicare costs. You will reduce health care expenditures for tobacco-related illnesses. You will reduce costs in property loss and damage due to smoke and fire caused by cigarettes and cigars. Business will experience productivity. And MOST IMPORTANTLY, YOU WILL SAVE LIVES.

Protect our future and the future of your children and grandchildren. Make the need for tobacco prevention obsolete. Support that the settlement funds, that came from the tremendous burden that tobacco has inflicted on our state, be designate first for an ongoing, coordinated, statewide tobacco prevention program, which would include voluntary stop smoking programs.

Testimony of Mr. Bob Clementich
President of Tobacco Free North Dakota
American Cancer Society Area Representative
Minot, ND 58701

Mr. Chairman and Legislators:

I am speaking on behalf of Tobacco Free North Dakota and the American Cancer Society.

It is with grave concern that I am before you today. Tobacco use by youth in North Dakota can no longer be ignored nor thought of as a rite of passage into adulthood. The reality and consequences of tobacco use have become much too grave. North Dakota has the third highest youth smoking rate in the nation, with 40% of our high school youth smoking (Centers for Disease Control – CDC, 1998). If this number is not disturbing enough, consider that if these current trends continue, about 12,000 of our children, North Dakota's children, alive today will die from a smoking related cause (CDC, 1996).

Fortunately, we – this legislature and the people of North Dakota, do not have to stand idly by and watch as our children move quickly from experimentation to addiction to tobacco and ultimately to die prematurely from a decision made as a child. Premature death for smokers is a painful reality. In the American Cancer Society 1999 Cancer Facts & Figures publication, it is stated that about half of all continuing smokers die prematurely. Of these, about half die in middle age (35 –69 years of age), losing an average of 20 – 25 years of life expectancy.

We do not have to stand idly by and watch our family, friends and neighbors die prematurely. You can make a difference in youth initiation into smoking and a difference in the premature deaths of continuing smokers. Those in the field of tobacco control and prevention know what is effective in terms of decreasing youth initiation into smoking. Without overly simplifying the situation – given adequate resources, North Dakota can join the states that are experiencing declines in smoking consumption rates and declines in youth smoking. States such as Massachusetts and California, who have devoted adequate funding to tobacco prevention, are realizing documented gains in their efforts to reduce and prevent smoking. While youth smoking rates were steadily increasing nationwide, they went down or increased much more slowly in these states.

Let me give you just a few statistics that demonstrate what can be accomplished:

In California, cigarette consumption has declined by 38%, with over one million Californians quitting smoking. While teenage smoking increased significantly throughout the country, smoking among California teens remained constant. (Campaign for Tobacco Free Teens).

In Massachusetts, similar decreases in consumption and slowing rates of youth smoking have occurred, with actual decreases in youth smoking in certain age groups. Also, the illegal sales of tobacco to youth has fallen from 48% to just 8%.

I can appreciate your circumstance as legislators with many needy worthy causes looking towards the settlement dollars for their programs or activities. However, curbing the harm done by tobacco to this state must be first on the list of priorities. Justice requires, and nearly 90% of the people of North Dakota agree, that a meaningful portion of the settlement dollars be directed toward tobacco prevention. The allocation of money for a comprehensive tobacco control program should reflect the alarming trends of increased tobacco use in North Dakota, especially among children, and the tremendous costs imposed on taxpayers, individuals, businesses, and government as a result of tobacco use. I urge you to remember the original reason of the tobacco lawsuit and to decide that the people of North Dakota have suffered and given enough lives to tobacco. Use this one time opportunity, North Dakota's tobacco settlement, to prevent tobacco from killing another generation of our youth, and to reduce taxpayer costs.

To: Ole Aarsvold

From: Lee Kaldor

Subject: Tobacco Settlement

I thought I would pass this article on to you about Oregon's experience with a tobacco tax. If we can't use the tobacco settlement funds for tobacco prevention and control, maybe we should tax tobacco more to achieve the same goal.

OREGON SHOWS SALES DECLINE AFTER RAISING CIGARETTE TAX

Per-capita cigarette consumption in Oregon dropped 11.3 percent since the state raised its cigarette tax by 30 cents per pack in 1996, according to a study released in the latest MORBIDITY AND MORTALITY WEEKLY REPORT. In the four years prior to the tax increase, Oregon's cigarette consumption rose 2.2 percent. In 1996, Oregon voters raised the cigarette tax to 68 cents per pack to pay for a smoking prevention and education campaign. In 1998, 25 million fewer cigarette packs were sold in Oregon compared to 1996, despite a 2.7 percent increase in population in that time. Oregon is the third state to show decline in cigarette consumption following a tax increase and aggressive anti-smoking programs. California and Massachusetts have reported similar findings.

I support water development wholeheartedly, but I can't believe that we are neglecting the very purpose of the tobacco lawsuit and settlement as we discuss the use of this "bloody money". It is not a windfall, it came on the backs of every family that has lost a loved one to cancer, heart disease or tobacco related diseases. The first dollars from the settlement should go towards prevention and control. The National Center for Disease Control estimates that a comprehensive program for ND would cost between 8 and 18 million dollars annually. Remaining dollars could be used for any purpose, including water development, or maybe teacher's salaries. But, unless we make tobacco prevention and control a reality in ND, we will continue to spend 180 million dollars per year on tobacco related health problems.



TRAILL DISTRICT HEALTH UNIT

PO BOX 58
HILLSBORO, ND 58045

Trail County Courthouse 8 a.m. to 4:30 p.m.
Phone 701-436-4434 Fax 701-436-4308

March 2, 1999

Representative Ole Aarsvold
Fifty-sixth Legislative Assembly
ND State Capitol
600 E. Boulevard Ave.
Bismarck, ND 58505-0245

Dear Ole,

Thank you for taking time out to visit with me while in Bismarck last week for "Public Health Awareness Day." I always enjoy seeing you and Marilyn at the Comfort Inn, and get great pleasure seeing you enjoy your grandchild.

It has been very disappointing to hear of the many worthy, yet unrelated suggestions for use of tobacco settlement funds. Surely it was the intention of the agreement that smoking prevention and cessation activities be addressed with this money.

Ole, North Dakota's youth smoking rate ranks third highest in the nation; 40 percent of our high school students smoke. In Traill County, I have joined a group of concerned citizens that is establishing a tobacco coalition. This coalition will consist of representatives from the retail community, law enforcement, health and human services, education, and juvenile services. We need legislative support to be successful with smoking prevention and cessation. Specifically, funding is needed for:

a statewide counter-advertising media campaign that will reverse the powerful effects of tobacco marketing,

local schools, churches, coalitions, and public health agencies to develop and implement local strategies,

health care agencies to provide services that help current smokers quit,

research and evaluation of all funded tobacco programs to assure money invested in tobacco activities is spent wisely.

Thank you for the attempt at establishing a health and education trust fund. I hope you will persist with your interest in funding school nursing with tobacco settlement funds. If given the chance, please support delegating a larger percent of the tobacco settlement funds for smoking cessation activities.

Sincerely,

Brenda Stallman, RN

March 4, 1999

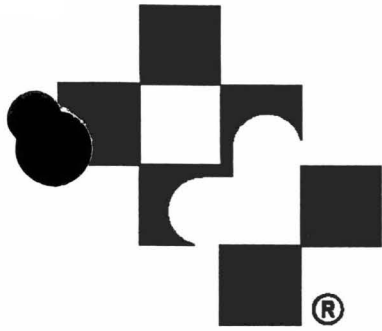
Testimony regarding the allocation of tobacco settlement money.

Good morning, Mr. Chairman, members of the Appropriations Committee. My name is Arlette Preston and I am here to represent the Center for Tobacco Services, which is located in Fargo. The center's Board of Directors consist of representatives from the various health care providers in our community. The health care community has identified a need for a comprehensive approach to treating nicotine dependency and has recognized the need for a cooperative approach. We are currently in the process of setting up the center, which is modeled after the Mayo Clinic nicotine dependency treatment program.

We are becoming increasingly concerned that sufficient funding for a comprehensive tobacco prevention and treatment program will not occur with the tobacco settlement dollars. According to CDC guidelines, applied to the North Dakota population, 25-30% of the funds should ideally be allocated to tobacco control. Although we understand that funding level may not be practical, the current level of funding being discussed is concerning.

If comprehensive tobacco prevention and treatment initiatives are not funded, North Dakota will continue to incur costs related to the treatment of tobacco related illnesses. We are requesting that a sufficient portion of the tobacco settlement funds be permanently earmarked for tobacco control services for North Dakota residents.

Thank you for your time.



MeritCare

March 4, 1999

Testimony on Allocation of **Tobacco Settlement Funds Dedicated to Comprehensive Tobacco Control (SB 2188)**

Good morning Chairman Dalrymple, members of the Senate Appropriations Committee. My name is Susan Bosak. On behalf of MeritCare Health System, a regional healthcare provider and the largest employer in the State of North Dakota, I am here to deliver a message of encouragement and concern to you.

The message of **encouragement** is for our State to carefully examine the **allocation of funds from the tobacco settlement:**

- **Tobacco use rates** among the **youth** of state continues to **rise at an alarming rate**—nearly 40% of high school seniors use tobacco daily.
- The costs to care for people who have used tobacco for years is staggering both in **economic and human costs**—For every pack of cigarettes sold in our state, the taxpayers must shoulder the medical costs to the tune of \$3.60... This is **more than the cost of the actual pack of cigarettes.**

- The **annual cost of healthcare** to treat tobacco-related illness is **\$118 million per year**. With an **investment in comprehensive tobacco control**, we can begin to curb and eventually reduce these costs. This seems not only fiscally responsible, but necessary.

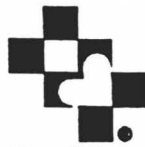
The final message is that of concern:

- If a **significant amount of the dollars** recouped from the settlement with the tobacco industry are **not dedicated to comprehensive tobacco control, when and how will we address this issue?** (pause and wait to maximize impact of question)
- **Tobacco control efforts work** if adequate funds are dedicated and there is support from all players in the community—This includes **healthcare providers and policy makers!**

MeritCare supports the use of a significant portion of the proceeds to reduce the human suffering and death as well as the economic burden it places on the people of our State.

Please take **action now**, not in the future as more lives are lost, to address this enormous problem.

I want to thank you for the opportunity to bring you this message on behalf of MeritCare Health System and our community.



MeritCare Health System

Position Statement on Tobacco Control February 1999

MeritCare supports using proceeds from the tobacco settlement for a state-wide initiative to reduce the addiction, disease, disability, and death caused by the use of tobacco products. State appropriated funding for a long-range, comprehensive approach to tobacco prevention and cessation can have a notable health and economic impact on people in North Dakota.

High Impact Priorities

1. Treatment and Cessation Services

- ① **Systems and programs for identifying and treating tobacco use.**
- ② **Community-based nicotine dependence treatment services.**
- ③ **Protection of nonsmokers from the effects of secondhand smoke.**
 - *The youth smoking rate in North Dakota, at about 40%, is one of the highest in the nation.*
 - *Over 80% of adults began smoking before the age of 18.*
 - *Each year, about 50% of current smokers attempt to quit.*
 - *Research indicates cessation rates increase 30% with professional advice to quit.*

2. Public Education and Awareness

- ④ **Education and awareness to diminish tobacco consumption.**
 - *The tobacco industry spends about \$18.50 per person promoting tobacco products in ND.*
 - *Research shows that counter-advertising is effective in reducing tobacco use, especially when combined with school, community, and clinic-based programs.*
 - *Estimates suggest a tobacco control program to effectively counter tobacco-related marketing will require at least \$7 for every North Dakotan.*

3. Community-based, Long-term Prevention Programs

- ⑤ **Grants for schools, law enforcement, local coalitions, health providers and others to support innovative approaches to reduce the appeal and use of tobacco.**
 - *In 1995, North Dakota tobacco-related health care expenses totaled about \$180 million.*
 - *Over 1,000 North Dakotans lose their lives to tobacco-related illnesses each year.*
 - *Tobacco use is the single most preventable cause of death and disease in the U.S.*

4. Research and Evaluation

- ⑥ **Tobacco-related studies.**
- ⑦ **A public surveillance and evaluation program to assess impact.**

5. Independent Oversight and Accountability for a State-Wide Plan

- ⑧ **Accountability and fund administration via an independent non-profit foundation with broad representation from health and human service providers, payers, government, and community members.**

"The North Dakota tobacco settlement affords the opportunity to invest in a comprehensive approach to preventing and reducing tobacco use that will make a significant impact on improving health and quality of life and decreasing tobacco related health costs."

Roger L. Gilbertson, MD, President and CEO

Mar 4, 1999

Estimated Tobacco Settlement Funds to North Dakota and the Resources Trust Fund

Year	Total Payment To North Dakota @100%	SB 2188 RTF Share (45%)	Total Payment To North Dakota @ 30%	SB 2188 RTF Share (45%of 30%)
1998	\$8,784,331	\$3,952,949	\$2,635,299	\$1,185,885
1999	\$0	\$0	\$0	\$0
2000	\$23,467,889	\$10,560,550	\$7,040,367	\$3,168,165
2001	\$25,341,550	\$11,403,698	\$7,602,465	\$3,421,109
2002	\$30,427,805	\$13,692,512	\$9,128,342	\$4,107,754
2003	\$30,715,772	\$13,822,097	\$9,214,732	\$4,146,629
2004	\$25,635,605	\$11,536,022	\$7,690,682	\$3,460,807
2005	\$25,635,605	\$11,536,022	\$7,690,682	\$3,460,807
2006	\$25,635,605	\$11,536,022	\$7,690,682	\$3,460,807
2007	\$25,635,605	\$11,536,022	\$7,690,682	\$3,460,807
2008	\$26,144,365	\$11,764,964	\$7,843,310	\$3,529,489
2009	\$26,144,365	\$11,764,964	\$7,843,310	\$3,529,489
2010	\$26,144,365	\$11,764,964	\$7,843,310	\$3,529,489
2011	\$26,144,365	\$11,764,964	\$7,843,310	\$3,529,489
2012	\$26,144,365	\$11,764,964	\$7,843,310	\$3,529,489
2013	\$26,144,365	\$11,764,964	\$7,843,310	\$3,529,489
2014	\$26,144,365	\$11,764,964	\$7,843,310	\$3,529,489
2015	\$26,144,365	\$11,764,964	\$7,843,310	\$3,529,489
2016	\$26,144,365	\$11,764,964	\$7,843,310	\$3,529,489
2017	\$26,144,365	\$11,764,964	\$7,843,310	\$3,529,489
2018	\$29,295,744	\$13,183,085	\$8,788,723	\$3,954,925
2019	\$29,295,744	\$13,183,085	\$8,788,723	\$3,954,925
2020	\$29,295,744	\$13,183,085	\$8,788,723	\$3,954,925
2021	\$29,295,744	\$13,183,085	\$8,788,723	\$3,954,925
2022	\$29,295,744	\$13,183,085	\$8,788,723	\$3,954,925
2023	\$29,295,744	\$13,183,085	\$8,788,723	\$3,954,925
2024	\$29,295,744	\$13,183,085	\$8,788,723	\$3,954,925
2025	\$29,295,744	\$13,183,085	\$8,788,723	\$3,954,925
TOTAL	\$717,089,369	\$322,690,216	\$215,126,811	\$96,807,065