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ROLL NUMBER

DESCRIPTION

2345

2007 SENATE NATURAL RESOURCES

SB 2345

2007 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. SB 2345

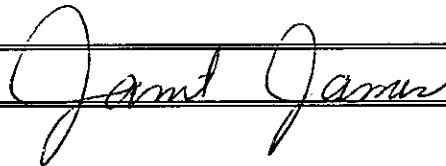
Senate Natural Resources Committee

Check here for Conference Committee

Hearing Date: February 2, 2007

Recorder Job Number: # 2721

Committee Clerk Signature



Minutes:

Senator Stanley Lyson, Chairman of the Senate Natural Resources Committee opened the hearing on SB 2345 to authorize the state water commission to issue bonds for the Red River valley water supply project and relating to the water development trust fund.

All members of the committee were present except **Senator Ben Tollefson**.

Senator Tom Fischer of District 46 co-sponsor of SB 2345 introduced the bill stating he was asking for support of the bill as it is critical to almost 25 % of the population of North Dakota by supplying water to the Red River Basin. He presented an amendment that put some dollars into the bill (See attachment # 1). If the bill is passed it sends a message to congress that the locals as well the state is serious about sending water to the eastern part of the state and therefore be in a better position to receive federal funding needed to complete the project.

Senator Tony Grindberg of District 41, cosponsor of SB 2345 stood before the committee to be on record in support of the bill. From his perspective all the stars are lined up for this large project and it is very important to send the bill through the process, although it will not totally be decided until towards the end of the session. We need a firm commitment for the state's share so the process can be expedited and move forward with the other applications. Another thought is to set up separate account with the Bank of North Dakota, so that whatever the

legislature does with cash and/or bonding, the \$100 million will be secure in a separate account.

Senator Joel Heitkamp asked if this was the right way to go about things as the bill says to the Water Commission that the process they will move forward on dictating where project goes does not matter because this project will get \$20 million with these amendments.

Senator Grindberg says he will leave that up to the committee but that this is large project and the water coalition and the water groups have done a fine job and no one is advocating the opposite. But what is in the Water Commission budget and the needs that are presented there are great, but this project should have its own identity, committed funding so it can move forward and not get caught up in other issues.

Bruce Furness representing the Lake Agassiz Water Authority testified in support of SB 2345 (See attachment #2).

Curt Kreun, Grand Forks City Council member and a director of the Lake Agassiz Water Authority Board testified in support of SB 2345 (See attachment #3).

Representative Ole Aarsvold of District 20, cosponsor of SB 2345 testified in support saying there is limited access to water in the Red River Valley area and the need to be prepared in time of drought and to do what is necessary to maintain the industrial and agricultural industries of eastern North Dakota.

Jerry Blomeke, General Manager of the Cass Rural Water District testified in support of SB 2345 (See attachment #4).

Gary Saleba, President of the EES Consulting, Inc. testified in support of SB 2345 presenting information regarding drought effects in the Red River basin.(See attachment #5).

David L. Johnson, District Engineer for the Garrison Diversion Conservancy District testified in support of SB 2345 (See attachment # 6).

Senator Herbert Urlacher inquired if the treated water moved from the treatment plant will be mixed with the water in the Sheyenne River and will that meet the requirements of Canadian concerns.

David L. Johnson answered the negotiations are currently happening and for the first time, in written comments to the environment study, they said that "if you so this", their concerns will be gone. They have presented goals for this treatment plant, so that whatever is wanted to happen, will be able to. In comparison the quality of the water in the Missouri River is similar to the water in the Sheyenne River.

Senator Heitkamp asked if the "C" district is okay with the amendments proposed by Senators Fischer and Grindberg.

David L. Johnson could not answer the question, other then he knows this is the very most important project for the "C" district to go forward.

Bill Butcher, a director of the Friends of Lake Sakakawea testified in support of SB 2345 on his on behalf (See attachment # 7).

Gary Saleba, President of the EES Consulting, Inc. testified in support of SB 2345 presenting information regarding the cost of building the project over time frames (See attachment # 8).

Mike Dwyer representing the North Dakota Water Users Association testified in support of SB 2345 stating the Red River valley water project is one of most important thing North Dakota is going to do this decade (See attachment # 9). He also presented a copy of "Meeting the Challenge V" to the committee members. He explained the history of the Southwest Pipeline and how it supplies water to 28 communities and 3,000 farms or rural residences for increased quality of life and economic growth. In the 1990's, there was the Devil's Lake flood projects and the 1997 Grand Forks flood. He continued to list the projects that have been completed, nearly completed or those that in the process at various stages. He continued to list future

projects that are necessary to provide water and flood control. This project is so important to the economic future of this state. He referred to the Governor's water Coalition/Executive Budget Priorities (See blue sheet attached). He then referred to the white sheet of his written testimony. He further stated if the amendment is for additional money, the legislature and the governor will have to decide where this state money will come from.

Senator Urlacher stated he has been involved in water issues for a long time and has always worked with a coalition for priorities and funding and he sees this plan worked through the coalition, but won't the amendment move the project outside of the coalition.

Mike Dwyer agreed.

Senator Urlacher stated this needs to stay focused with the coalition.

Senator Heitkamp commented that if the amendment is passed, will the committee hear in future legislative sessions, the need for separate funding causing prioritization of projects instead of the coalition deciding.

Mike Dwyer answered that this has happened in the past when the legislature appropriated money specifically for the Southwest pipeline and for the Grand Forks flood control. If this done for the Red River Valley project it will not put the coalition out of business.

Senator Heitkamp stated the difference, is the prescient of specifically earmarking funding for project is dangerous.

Mike Dwyer was not aware of the amendment specifics as he had not read them.

Discussion was held to the amendment and when and how funding is designated.

Senator Lyson asked if he was in favor of the \$12 million.

Mike Dwyer confirmed that of course they would in favor of \$12 million dollars of extra general fund money but they favored Senator Holmberg's bill for \$100 million of additional general fund money with \$50 million be designated for the valley project.

Senator Lyson asked for testimony in opposition to SB 2345 and hearing none closed the hearing on SB 2345.

The committee decided to give the bill some discussion time.

Senator Heitkamp commented he was in favor of the amendment because it is good for his area, but it does go down a trail that has always been resisted. He predicted if the road is followed, there will be more projects that will want priority over others.

Senator Urlacher stated he has backed away from this movement over the years. He is not opposed to the project or the money needed for it , only the process of how that money is allocated.

Senator Layton Freborg wanted to make sure the \$12 million is coming out of the \$48 million indicated on the blue sheet as distributed to the committee.

Senator Heitkamp stated maybe the senators sponsoring the bill and sitting on the appropriations committee might have plans of replenishing the water trust fund or maybe it does come out of the governor's budget. The amendment will not kill the \$12 million for the project but it is then mandate.

The discussion was held as to where the \$12 million for the project coming is from and the process of that funding and in reality the water coalition will be out of the loop. This is a policy decision that belongs in the committee and not in appropriations committee.

Senator Heitkamp made a motion to adopt the amendments.

Senator Jim Pomeroy second the motion.

Senator Freborg asked why the amendments were added and were not in the bill.

Senator Heitkamp speculated the bill came from the Lake Agassiz group and perhaps the sponsors of the amendment did not think it went far enough.

Senator Freborg stated this amendment was confusing as there is only \$3 million in the general fund which is contrary to the bill.

Senator Triplett agreed the language is completely inconsistent. She also added that when amendments are brought in at the last minute it does not allow contrary opinion the time to appear at a hearing.

Senator Lyson stopped the discussion to allow the sponsors of the amendment to return to the room.

Senator Lyson explained to the two sponsoring senators the discussion of the committee on the amendments and that it needs some clarification.

Senator Freborg stated the bill calls for \$12 million for the Red River valley project from the resources trust fund and on page 2 of the bill on lines 23, 24, 25, it is still the Red River Valley water project of \$12 million per biennium, but is derived from \$6 million per biennium from the general fund and \$6 million from the resources trust fund. If you look at the governor's recommendation there is only \$3 million general fund money in there and only \$81 million of revenue.

Senator Tom Fischer responded that the budget is the priorities, a suggestion list and they are suggesting that \$12 million go in from the resources trust fund and it should be further amended to take out line 23 "per" and line 24,"biennium for five bienniums" and change line 25 "six million" to "twelve million" .

Senator Triplett agreed that would cure that part of the inconsistency of the bill but there are other concerns.

Senator Heitkamp stated this would break away for what was put into place by this committee in terms of priority of projects and taking money directly for designated projects.

Senator Fischer stated this happens with other trust funds and projects before. The coalition has worked for projects but from time to time there has been projects that have come in on their own. Last session the water commission budget was amended to accommodate a need in Nelson County not addressed by the coalition. Major projects do attract attention. There are needs that do not always come through the water coalition and requests come before the budget.

Senator Heitkamp stated he does not disagree with the emergency projects but does disagree with the concept and how emergencies are decided.

Senator Triplett stated some of those who testified did not think the amendment was necessary and why is there the concern about this amendment.

Senator Fischer stated it is the cash in the bill that has an effect on whether this amendment is valid legislation or not.

Senator Urlacher stated the coalition has always recognized the need for the Red River supply project and is the reason why the project is in the budget. Right or wrong this appears to take the project away from the coalition but would like to see it stay. If it has already been recognized by the coalition and the governor's office, is the amendment which will pull apart from the coalition necessary. He asked if this will help with the bonding.

Senator Fischer answered that it will help more with the federal funding as North Dakota is serious about this project and the cash will not only help the project proceed but send a message. That is a point for discussion, but thinks it is important to the project.

Senator Lyson asked if the committee had any questions of Senator Grindberg. There was none.

Senator Tony Grindberg made the committee aware Jeff Nelson for the Legislative Council was available for questions.

Having nothing further the question was called.

A voice call vote for adoption of Amendment # 70696.0101 was taken indicating 2 Yeas, 4 Nays and 1 absent. The amendment failed.

Senator Heitkamp asked the bill to be held over for further clerical work on SB 2345 and that he would like to present more on the bill on behalf of those involved.

2007 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. SB 2345

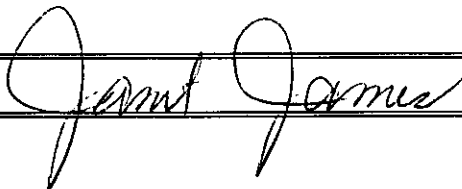
Senate Natural Resources Committee

Check here for Conference Committee

Hearing Date: February 8, 2007

Recorder Job Number: # 3220

Committee Clerk Signature



Minutes:

Senator Lyson, Chairman of the Senate Natural Resources Committee brought the committee to order.

Senator Lyson opened the committee work on SB 2345.

Senator Joel Heitkamp reminded the committee that Amendment 70696.0101 failed and the bill was not referred to the Appropriations Committee. He presented a new amendment and asked Mike Dwyer to explain it to the committee.

Mike Dwyer, representing the North Dakota Water users Association, referred to the funding sheet he had presented to the committee at the bill hearing. The Garrison Diversion Conservancy District, State Water Commission, the Water Users and the Water Coalition presented a plan to the governor last summer. Then time has moved on, the plan has been refined to a two page plan where there is a \$400 million 1st phase and \$200 million 2nd phase. This bill is strictly a legislative intent to allow the locals to do their bonding. This bill is needed in order for them to have the bonding companies know the state is committed and to do the local share. This amendment put into words the plan that has been developed, whereby the state's first \$100 million of bonding, resource trust fund and general fund would be in phase one. The second \$100 million which is MR&I funds would be in phase two. This was

presented to the governor on Tuesday and indicated his support being a reasonable plan.

Obviously the committee cannot bind future legislators to this plan, but it puts into place the best place scenario, so that if the project does move forward with congressional approval the plan is in place. This amendment does this.

Senator Lyson asked if this bill ties in with SB 2203.

Mike Dwyer confirmed this, stating SB 2345 deals with the funding of the project and SB 2203 deals with the bidding and construction of the project. He further stated this project will take the coordinated efforts of the governor, the delegation, the legislature and that the bill puts in the bonding authority and the intent for a funding plan.

Senator Herbert Urlacher asked if this will put the project in a position to draw funds from the federal side.

Mike Dwyer answered the bill puts it so the locals can do their bonding, but it also sets forth the plan where by the federal share, the local share and state share of funding for the project is identified. He further stated the federal part will be the real challenge.

Senator Urlacher confirmed this is a good faith effort,

Senator Constance Triplett asked if the amendment rewrites one paragraph into two different parts so that gets rid of the five bienniums into three bienniums and takes out the specific \$12 million that was part of the conservation last week. Where does the rest of the funding come from?

Mike Dwyer responded that section 4 that deals with bonding is being left and that in section 5, the previous amendment had \$12 million per biennium to include \$6 million from the general fund and \$6 million from the resource trust fund. The new amendment says the same amount of money over three bienniums with the same amount from the general fund, resources trust fund and from bonding.

Senator Triplett stated the amendment that was rejected specifically appropriated money from this biennium out of the resources trust fund.

Mike Dwyer responded that the amendment that was proposed last week would have appropriated \$12 million and was not approved by the committee, so the bill does not do any appropriating money. The \$12 million is in the governor's budget for the water commission budget which is SB 2220 but is not earmarked specifically for the project although the blue sheet (Water Coalition Budget Priorities) distributed to the committee shows it has been allocated there for the Red River project and is in the governor's budget.

Senator Triplett made a motion to adopt Amendment 70696.0102.

Senator Heitkamp second the motion.

Discussion was held as a lot of things can still happen with this bill and others related to the Red River water project.

A voice vote of roll call #1 to adopt amendment 70696.0102 was taken indicating 7 Yeas, 0 Nays and 0 absent or not voting.

Senator Triplett made a motion for Do Pass of SB 2345.

Senator Heitkamp made a motion for a Do Pass as Amended of SB 2345.

Senator Triplett second the motion.

Roll call vote # 2 for a Do Pass as Amended of SB 2345 was taken indicating 7 Yeas, 0 Nays 0 absent or not voting.

Senator Ben Tollefson will carry SB 2345.

FISCAL NOTE
Requested by Legislative Council
01/24/2007

Bill/Resolution No.: SB 2345

1A. State fiscal effect: *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2005-2007 Biennium		2007-2009 Biennium		2009-2011 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures						
Appropriations						

1B. County, city, and school district fiscal effect: *Identify the fiscal effect on the appropriate political subdivision.*

2005-2007 Biennium			2007-2009 Biennium			2009-2011 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

2A. Bill and fiscal impact summary: *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

This bill establishes Legislative intent to provide bonding authority for the Red River Water Supply project.

B. Fiscal impact sections: *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

There is no fiscal impact until the bonding is included in an appropriation bill.

3. State fiscal effect detail: *For information shown under state fiscal effect in 1A, please:*

A. Revenues: *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

B. Expenditures: *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

C. Appropriations: *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation is also included in the executive budget or relates to a continuing appropriation.*

Name:	David Laschkewitsch	Agency:	ND State Water Commission
Phone Number:	328-1956	Date Prepared:	01/24/2007

70696.0101
Title.

Attachment # 1
Prepared by the Legislative Council staff for
Senators Fischer and Grindberg
February 1, 2007

PROPOSED AMENDMENTS TO SENATE BILL NO. 2345

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

Page 1, line 3, after "fund" insert "; and to provide an appropriation"

Page 3, after line 17, insert:

"SECTION 6. RESOURCES TRUST FUND - APPROPRIATION. There is appropriated out of any moneys in the resources trust fund the sum of \$12,000,000, or so much of the sum as may be necessary, to the state water commission for the Red River valley water supply project, for the biennium beginning July 1, 2007, and ending June 30, 2009."

Renumber accordingly

JB
2-9-7

PROPOSED AMENDMENTS TO SENATE BILL NO. 2345

Page 2, remove lines 20 through 26

Page 2, line 27, replace "3." with "2."

Page 3, line 1, replace "4." with "3."

Page 3, after line 9, insert:

"SECTION 5. State funding plan.

1. The remaining sixty million dollars to comprise a total of one hundred million dollars to meet the one hundred million dollar state share of phase one of the Red River valley water supply project is to be funded over three bienniums. The sixty million dollars is to be derived from thirty million dollars from the general fund and thirty million dollars from the resources trust fund.
2. The state shall provide an additional one hundred million dollars of municipal, rural, and industrial water supply funds for phase two of the Red River valley water supply project, to meet the two hundred million dollar state share of the project."

Renumber accordingly

Date: 2-8-07

Roll Call Vote #: 1

2007 SENATE STANDING COMMITTEE ROLL CALL VOTES

BILL/RESOLUTION NO. 2345

Senate Natural Resources Committee

Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken For Adopt Amendment 70696.D102

Motion Made By Triplet Seconded By Heitkamp

Senators	Yes	No	Senators	Yes	No
Sen. Stanley Lyson, Chairman			Sen. Joel Heitkamp		
Sen. Ben Tollefson, ViceChairman			Sen. Jim Pomeroy		
Sen. Layton Freborg			Sen. Constance Triplet		
Sen. Herbert Urlacher					

Total (Yes) 7 No 0

Absent 0

Floor Assignment _____

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

REPORT OF STANDING COMMITTEE

SB 2345: Natural Resources Committee (Sen. Lyson, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (7 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2345 was placed on the Sixth order on the calendar.

Page 2, remove lines 20 through 26

Page 2, line 27, replace "3." with "2."

Page 3, line 1, replace "4." with "3."

Page 3, after line 9, insert:

"SECTION 5. State funding plan.

1. The remaining sixty million dollars to comprise a total of one hundred million dollars to meet the one hundred million dollar state share of phase one of the Red River valley water supply project is to be funded over three bienniums. The sixty million dollars is to be derived from thirty million dollars from the general fund and thirty million dollars from the resources trust fund.
2. The state shall provide an additional one hundred million dollars of municipal, rural, and industrial water supply funds for phase two of the Red River valley water supply project, to meet the two hundred million dollar state share of the project."

Renumber accordingly

2007 HOUSE NATURAL RESOURCES

SB 2345

2007 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. SB 2345

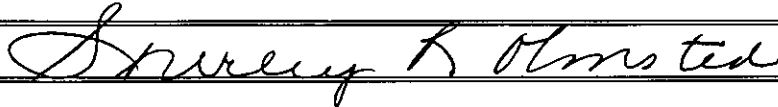
House Natural Resources Committee

Check here for Conference Committee

Hearing Date: March 1, 2007

Recorder Job Number: 4209

Committee Clerk Signature



Minutes:

Chairman Porter opened the hearing on SB 2345 and asked the clerk to read the title.

Senator Tom Fischer from District 46 came forward as a sponsor of SB 2345. He is here to introduce and ask for support to bond for the Red River Valley Water Supply Project. This has three components of funding. One is from the state; one is from the local and the other from the federal government. With the local and state in place we hope that it will move the federal government along with their portion of the funding. There are a number of people here to testify that have a lot of detail so I will stand for questions.

Representative Ole Aarsvold from District 20 came forward as a cosponsor of this bill. He was not aware that the Senate had amended the bill to the Fargo Water Supply Project. He has lived in the valley all of his life and has been through the cycles of drought and the surplus moisture and it is very important for us agriculturally to have the adequate supplies of water not only for agricultural purposes but for processing purposes. I would ask for your support of this bill.

Mr. Bruce Furness from the Lake Agassiz Water Authority came forward in support of SB 2345. See written testimony marked as Item #1.

Chairman Porter asked if in the authorization of the bonding you talked about 600 million dollars and in your testimony you are talking about 700 million dollars. Where is the 100 million dollars coming from for the Biota Treatment Plant?

Mr. Furness said that was an obligation of the federal government.

Mr. Porter asked if that was 100%.

Mr. Furness said this was in the boundary waters treaty between Canada and the United States where we say that we will not harm their water. The federal government is working on this and maybe others can give you more information on this.

Chairman Porter said the way this project is designed is that it is a supplemental water supply and talked about as a supplemental water supply yet we keep hearing about increased demands and the lack of water and that this will be basically at some point turn into the main source of water in the entire valley including the leg down to Wahpeton and then all the way to Grand Forks and on up to the Canadian border with feeders to do similar projects such as NAWS and the Southwest Pipeline. How much is the projected water use in the future off of this project.

Mr. Furness said again this is a supplemental project used primarily for drought in the Red River Valley. If the Red River keeps as it is this will not be an issue. Some of the other engineers may be able to respond appropriately to that. The size of the pipe that we are putting in will limit the amount of water that can come out of the Missouri River.

Representative Solberg said he mentioned in his remarks that this would have great significance for the entire state. How is this going to benefit the far western part of the state?

Mr. Furness said he was speaking in terms of the entire economic impact on the state if we would have another drought like the 30's and that would certainly impact the entire state. The eastern part of the state has been very support of the NAWS and Southwest Pipeline projects.

Mr. Curt Kreun came forward in support of SB 2345. He is a city council member for the city of Grand Forks. He said this project will assure reliable high quality and affordable water supply for the Red River Valley. Without this project, during a 1930's type drought the valley will not have enough water to sustain itself. This will be resulting in not only an economic impact to the Red River Valley but to the entire state of ND especially in sales tax and revenues of that nature. The city of Grand Forks already has experienced a natural disaster during the flood of 1997. I am sure you remember the destruction our city suffered. Our city is slowly rebounding and another disaster would devastate the city and the surrounding area. Not having enough water to supply the businesses and industry during a drought would be another disaster. In the event of a severe or prolonged drought studies show the city of Grand Forks would not be able to rely on the current water sources of the Red River and the Red Lake Rivers which are our water supplies. The Red River Valley Water Project would supply much of that needed water in the Red River. Without that project the city of Grand Forks will be forced to look for additional sources of water. Nearly all the ground water in the area is fully appropriated. There are waiting lists for irrigators. Agriculture is a cornerstone in our regions economy and we have to everything possible to protect it and maintain it. Last year we experienced a drought and this could be a one year drought or the beginning of a longer drought. We know that the Missouri River is in the seventh year of a drought. The Red River Valley does not have enough water to sustain itself in a long drought and for these reasons it is important for you to fund the Red River Valley Water Supply Project. See written testimony marked as Item #2.

Mr. Dave Koland came forward and presented testimony on behalf of Mr. Jerry Blomeke. See written testimony marked as Item #3.

