

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

	FTE Positions	General Fund	Other Funds	Total
2001-03 executive budget (Governor Schafer) (bills as introduced)	83.00	\$0	\$127,645,008	\$127,645,008
2001-03 legislative appropriations	89.00	9,733,820	135,172,188	144,906,008
Legislative increase (decrease) to executive budget	6.00	\$9,733,820	\$7,527,180	\$17,261,000
Legislative increase (decrease) to 1999-2001 appropriations	7.00	\$471,640	\$4,899,413	\$5,371,053
2001-03 Governor Hoeven's recommendation	83.00	\$0	\$127,645,008	\$127,645,008
Legislative increase (decrease) to Governor Hoeven's recommendation	6.00	\$9,733,820	\$7,527,180	\$17,261,000

GOVERNOR HOEVEN'S RECOMMENDATIONS

The Hoeven recommendation did not change the Schafer recommendation.

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET (SCHAFER) AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the State Water Commission is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1015. In addition to the above appropriations, agencies may receive additional funding from the \$5 million appropriated in Section 1 of House Bill No. 1015 for special market equity adjustments for classified state employees whose salaries are the furthest from their respected salary range midpoints.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Provided funding for Fargo flood-control project			\$5,500,000	\$5,500,000
Reduced funding for operating expenses			(19,000)	(19,000)
Reduced funding for equipment			(20,000)	(20,000)
Authorized 1 FTE position for a study of supplementing water resources to eastern North Dakota (see FTE Changes section)	1.00			
Changed the funding source for administrative expenses of the State Water Commission from the water development trust fund to the general fund (see Administrative Expenses section)		\$9,733,820	(9,733,820)	

Added federal funds for construction of the Southwest Pipeline Project			6,000,000	6,000,000
Added funding from the water development trust fund for administering the Section 404 program of the Clean Water Act in Senate Bill No. 2285 (see FTE Changes section)	5.00		800,000	800,000
Added funding from the resources trust fund or bond proceeds to provide a cost share for constructing and improving levees at Devils Lake in House Bill No. 1015			5,000,000	5,000,000
Total	<u>6.00</u>	<u>\$9,733,820</u>	<u>\$7,527,180</u>	<u>\$17,261,000</u>

FTE Changes

The 2001-03 biennium appropriation includes funding for 89 FTE positions, seven more than the 1999-2001 authorized level of 82 FTE positions. The Legislative Assembly did not change the executive recommendation, which added one FTE geographical information specialist position. The Legislative Assembly added one FTE position for a study of supplementing the water resources of eastern North Dakota and five FTE positions for assuming jurisdiction over and administering the Section 404 program of the Clean Water Act.

Other Sections in Bill

Control of nonpoint sources of pollution - Section 2 authorizes \$200,000 of funds already approved for water development projects for Section 319 of the Federal Water Pollution Control Act for control of nonpoint sources of pollution.

Resources trust fund - Section 3 authorizes the State Water Commission to spend \$21,718,031 from the resources trust fund as appropriated in Section 1 of the bill. Section 7 appropriates revenues, in excess of \$21,718,031 in the resources trust fund to the State Water Commission, subject to Emergency Commission approval.

Water development trust fund - Section 4 authorizes the State Water Commission to spend \$37,631,684 from the water development trust fund as appropriated in Section 1 of the bill.

Maintenance shop building - Section 8 authorizes the State Water Commission to sell one or more parcels of land and the shop building located at 2603 East Broadway Avenue, Bismarck. The proceeds of the sale, or so much of the sale proceeds as may be necessary, are appropriated for the purchase of land and construction of a new maintenance facility. Section 9 provides legislative intent that the State Water Commission may use other appropriated funds to purchase land and construct a new maintenance shop building if the proceeds from the sale of the existing land are less than \$977,100, provided that not more than \$977,100 may be spent on the new land and building. The State Water Commission may also use other appropriated funds if the proceeds from the land sale are not available to purchase land and begin construction of a new building, provided that upon receipt of the proceeds, the State Water Commission shall transfer an amount equal to any funds utilized for the purchase of land and construction of the building.

Cost-share program - Section 10 changes the state water resources policy to include the option of implementing a cost-share program with local sponsors of water quality improvement projects. Section 13 adds language that the State Water Commission consider cost-sharing for water quality improvement projects as part of its duties.

Water to eastern North Dakota - Section 11 establishes water to eastern North Dakota as a critical priority and directs the State Water Commission, in cooperation with the Garrison Diversion Conservancy District and existing water users, to develop a plan and cost estimate.

Devils Lake outlet - Section 12 requires the State Water Commission to offer at least the average value per acre of comparable property for property acquired under eminent domain for an outlet from Devils Lake.

Funding sources for projects - Section 14 authorizes the State Water Commission to use funds from either the resources trust fund, the water development trust fund, or by issuing bonds for new water projects. The capital bonding for new water projects is limited to \$20 million. However, Section 19 of House Bill No. 1015 authorizes \$5 million for constructing and improving levees at Devils Lake, which, if the project is bonded, increases the bonding cap to \$25 million. The State Water Commission is authorized to use up to \$5.5 million for a cost share for a flood-control channel and levy project designed to provide protection from overland flooding in Fargo.

Bond repayment sources - Section 15 provides the order of funding sources for payment of principal and interest on bonds for authorized water projects pursuant to Section 14 of this bill.

Water project funding limit - Section 16 provides legislative intent that no more than \$67.8 million, plus the cost of issuing bonds, may be spent on water development projects for the 2001-03 biennium. Contracts for water projects to be paid from the water development trust fund may initially be issued up to an amount equal to 75 percent of the amount appropriated from that fund. Contracts for the remaining 25 percent appropriated may only be issued to the extent uncommitted funds are available from the water development trust fund. Section 19 of House Bill No. 1015 authorizes \$5 million from the resources trust fund or through bonding for constructing and improving levees at Devils Lake. Funding for this project would increase the bonding cap to \$25 million and the water project cap to \$72.8 million.

Line of credit - Sections 17 and 18 authorize a line of credit from the Bank of North Dakota of up to \$25 million for interim financing of water projects prior to the issuance of bonds.

Administrative expenses - Section 19 authorizes a transfer of \$9,733,820 from the water development trust fund to the general fund for the amount of administrative expenses of the State Water Commission. A general fund appropriation was provided for this same amount by the Legislative Assembly for the State Water Commission's administrative expenses. Section 22 provides legislative intent that the water development trust fund not be used to fund administrative expenses of the State Water Commission in future bienniums.

Water quality improvement projects - Section 20 amends Section 10 of Chapter 535 of the 1999 Session Laws to include water quality improvement projects as part of the statewide water development program.

Fargo flood-control projects - Section 23 provides that the State Water Commission may not issue bonds or provide funding for Fargo flood-control projects until applicable permits are issued, approval is obtained from the Southeast Cass Water Resource District, and a public hearing process is held. The total authorization for the Fargo flood-control project is \$500,000 for preliminary study and planning expenses and \$5 million for project construction expenses.

Related Legislation

Devils Lake levees - House Bill No. 1015 authorizes the State Water Commission to use up to \$5 million from the resources trust fund or bond proceeds to provide a cost share for constructing and improving levees at Devils Lake.

Devils Lake outlet - House Bill No. 1151 removes the requirement that the federal government agree to participate in construction of the Devils Lake outlet for bonds to be issued for that project. The bill also outlines the process of eminent domain for construction of the Devils Lake outlet.

Southwest Pipeline Project - House Bill No. 1158 increases the bonding limit for the Southwest Pipeline Project from \$15 million to \$25 million. The bonds sold are repaid by revenue generated from water users' fees, collected by the Southwest Water Authority, and sent directly to the bond trustee.

Devils Lake outlet - Senate Bill No. 2256 extends, through June 2003, the authority of the State Water Commission to issue bonds for construction of a Devils Lake outlet.

Grand Forks flood control - Senate Bill No. 2264 extends, through June 2003, the authority of the State Water Commission to issue bonds for the Grand Forks flood-control project.

Section 404 - Senate Bill No. 2285 authorizes \$800,000 of funding from the water development trust fund for the State Water Commission to administer the Section 404 program of the Clean Water Act.