

**State Water Commission
Budget 770
Senate Bill No. 2022**

	FTE Positions	General Fund	Other Funds	Total
2003-05 legislative appropriation	82.00	\$9,385,396	\$150,473,458	\$159,858,854
2001-03 legislative appropriation	<u>89.00</u>	<u>9,815,151</u>	<u>135,173,009</u>	<u>144,988,160</u>
2003-05 appropriation increase (decrease) to 2001-03 appropriation	(7.00)	(\$429,755)	\$15,300,449	\$14,870,694

Item Description

Maintenance shop building - Sections 5 and 6 of Senate Bill No. 2022 provide a continuing appropriation for the sale of one or more parcels of land and the existing shop building located at 2603 East Broadway Avenue, Bismarck. The Legislative Assembly provided that the State Water Commission may either sell all of its land and the existing shop building and use the proceeds to purchase replacement land and build a new shop building or sell a portion of the land adjacent to the existing shop and use the proceeds to build a new shop on the remaining property. The total appropriation for the purchase of land and construction of the new building is not to exceed \$977,100, the same as the 2001-03 biennium.

Water project funding limit - Section 9 of Senate Bill No. 2022 authorizes the State Water Commission to issue bonds in an amount not to exceed \$60 million, plus the costs of issuance, capitalized interest, and required reserves for water-related projects during the 2003-05 biennium. Section 2 of the bill authorizes the State Water Commission to spend \$13,650,000 from the resources trust fund for water projects. Section 3 of the bill authorizes the State Water Commission to spend \$32,946,225 from the water development trust fund for water projects and bond payments.

Status/Result

The State Water Commission anticipates constructing a new shop building during the 2003-05 biennium. State-owned land adjacent to the State Penitentiary has been identified as a possible site for the shop.

On June 10, 2004, an auction is planned for the sale of the State Water Commission property that is located on the north side of Broadway Avenue. The property located on the south side of Broadway Avenue, including the current shop building, will be sold upon completion of the new shop.

Bonding - The State Water Commission does not anticipate issuing bonds prior to July 1, 2004. Bond issuances during the second year of the biennium will depend on the status of water projects. The State Water Commission indicated that if projects proceed as anticipated, approximately \$40 million in bonds may be issued.

Resources trust fund - In January 2004, the Emergency Commission and the Budget Section approved a transfer of \$14.5 million of spending authority within the special funds line item from the water development trust fund to the resources trust fund for water projects. The transfer of spending authority was requested to more accurately reflect the actual July 1, 2003, beginning balances and the corresponding 2003-05 biennium appropriation for the funds. Actual expenditures during the 2001-03 biennium were higher than projected from the water development trust fund and less than projected from the resources trust fund. In addition, the Emergency Commission and Budget Section approved an additional \$3 million of spending authority from the resources trust fund for water projects based on 2003-05 biennium estimated revenues. The adjusted spending authority for water projects from the resources trust fund is \$31,150,000. The State Water Commission has spent \$14.3 million from the resources trust fund through April 30, 2004.

Water development trust fund - The adjusted water development trust fund spending authority for water projects and bond payments is \$18,446,225 (see resources trust fund above). A total of \$9.1 million has been spent from

the water development trust fund through April 30, 2004. This amount includes \$1,456,074 to the University of North Dakota and North Dakota State University, and \$250,865 to the Parks and Recreation Department for repayment of 2001-03 loans used for the state's matching share of federal disaster relief funding.

Project reports - The State Water Commission staff maintains a project report for each of the water projects under the authority of the State Water Commission. Funding sources and expenditures are identified as general, federal, and special. The State Water Commission staff indicated its project tracking software would require significant modifications to produce reports identifying the source of special funds used for each project. Payment of project expenditures is primarily determined by the balance of each of the funding sources when an expenditure is made. Projects are often funded in part by both the water development trust fund and the resources trust fund.

Approximately \$17.3 million has been spent on water projects from the contract fund during the first seven months of the biennium. The 2003-05 biennium appropriation includes approximately \$99.2 million in water projects funded from the contract fund. The 2003-05 contract fund budget and expenditures through February 2004 for water projects include:

Contract fund - Pursuant to North Dakota Century Code Sections 61-02-64 and 61-02-64.1, the State Water Commission is to have a contract fund for the purpose of payment of contractual obligations of the State Water Commission, except for salaries and expenses of the commission employees and the cost of office supplies, materials, and equipment. The money in the contract fund is appropriated to the State Water Commission and is to be disbursed as determined by the State Water Commission. The contract fund consists of revenues from the resources trust fund, water development trust fund, Southwest Pipeline Project recovery funds, and bond proceeds.

Projects	2003-05 Biennium Budget	Expenditures Through February 2004
Grand Forks flood control	\$18,106,229	\$4,438,813
Wahpeton flood control	1,000,000	434,975
Grafton flood control	500,000	0
Fargo flood control	7,600,000	0
General water management	12,843,830	1,241,469
Maple River Dam	3,500,000	0
Eastern Dakota water supply	127,014	19,452
Devils Lake Basin development	1,000,000	72,361
Devils Lake Dike	4,074,202	0
Devils Lake Outlet	26,930,383	456,436
Southwest Pipeline Project	6,149,000	3,088,657
Municipal, rural, and industrial water supply program	11,046,606	6,748,169
Northwest Area Water Supply	2,400,000	412,043
Miscellaneous projects	3,906,093	394,912
Total	\$99,183,357	\$17,307,287

Devils Lake Outlet - Section 12 of Senate Bill No. 2022 directs the State Water Commission to do all things reasonably necessary to construct an outlet from Devils Lake.

The State Water Commission has authorized \$26,930,383 for the Devils Lake Outlet during the 2003-05 biennium, which makes the total authorization for the project approximately \$28.5 million. Approximately \$2.1 million has been spent as of February 2004 (of which \$1.6 million was during the 2001-03 biennium) for acquiring land and channel construction. Construction in 2004 is expected to include site grading, channel construction, and installation of pumps and various control systems. Land acquisitions for right of way are ongoing. The outlet is anticipated to be ready for operation in the spring of 2005. A federal outlet has been approved by the United States Army Corps of Engineers, which is estimated to cost \$186 million, of which the state share

would be approximately \$70 million. Because of the cost of the federal outlet, the State Water Commission decided to proceed with the state outlet which is estimated to cost \$28.5 million.