2019 SENATE APPROPRIATIONS

SB 2020

2019 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee
Harvest Room, State Capitol

SB 2020
1/10/2019
Job # 30664

☐ Subcommittee
☐ Conference Committee

Committee Clerk: Rose Laning

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to provide an appropriation for defraying the expenses of the state water commission.

Minutes:

Testimony Attached # 1 - 46

Legislative Council: Chris Kadrmas
OMB: Becky Keller

Chairman Holmberg called to order the hearing on SB 2020. Roll call was taken. All members were present. The Senate Appropriations sub-committee will be Senator G. Lee, Senator Sorvaag, and Senator Robinson.

There will be another hearing on part of this budget in a couple weeks. After this hearing was scheduled, we received the DNR signing approval, but there are questions before proceeding further; cost implications, additional exposure to legal action that may occur. That hearing on diversion will be before the full Senate Appropriations committee.

Testimony Attached # 1 – SB 2020 Testimony Outline

State Water Commission Overview –

Garland Erbele, State Engineer, Chief Engineer & Secretary, State Water Commission
Testimony Attached # 2 PLAN- North Dakota Water Development
Testimony Attached # 3 North Dakota State Water Commission & Office of the State Engineer Testimony
Testimony Attached # 4 Strategic Plan 2019-2021
Testimony Attached # 5 North Dakota State Water Commission Contact Sheet

He plans to cover an organizational overview of the State Water Commission, the 2017-19 appropriation & associated spending, the budget changes going from this biennium to the next biennium, anticipated federal funding we are looking for in the 2019-21 biennium, agencies, funding priorities for the next biennium as well as other agency specifics as requested.

Introduced staff & showed Organizational Chart of Water Commission. Commended Dave Laschkewitsch, head of administrative services, and said he will be retiring at the end of the legislative session.

(11:54) **Chairman Holmberg**: Does that FTE change or involve any IT people transferred out to IT or does that not affect you guys?

Garland Erbele: It does not. We were told our IT staff will remain with the agency through the next biennium.

(14:48) **Chairman Holmberg**: Yesterday, the legislature approved new numbers for oil and new numbers for revenue. There would have been a change on the resources trust fund. Chris, do you have that number right in front of you?

Chris Kadrmas: It reduced the 2017-19 biennium from $351.5M to $337.5M in revenue. The 2019-21 biennium was reduced from $370M to $319.3M for a reduction of $64.8M roughly.

Garland Erbele: I think we probably recognized that and just the fluid nature of the oil industry and how dependent the State Water Commission is on funding through the oil extraction tax. We saw that fact in our November revenue to the State Water Commission was $19.6M and then last month, because of the drop in oil prices, it actually dropped to $13.5M so we're seeing that already in our revenue and certainly the impact of our future funding.

Chairman Holmberg: And this, of course, is a squishy number and we will have to firm it up so that in March, we will say what the number is so we can finish building the budget. This is our starting point. You wouldn't have had that data to put this together today. We just did it yesterday afternoon.

Garland Erbele: We very much understand the fluid nature of the oil industry and the impacts it has on us. We were anticipating having $370M in revenue and that was based on the 2018 forecast. Obviously that is going to change. The money that comes to the oil extraction tax, 20% of that is siphoned off and put into the Resources Trust Fund and that probably provides 90% of the funding for our agency. In addition to the money we receive through the oil extraction tax, we also get SW pipeline capital repayments of about $10-12M/biennium. We capture some loan repayments through our State Water Commission water supply loan program. We also get some interest and then we have some oil royalties that come into that fund also. As part of the SW pipeline, we own some parcels of land out west that pay us some oil royalties. There is about $18.1M in additional revenues that will come into the Resource Trust Fund. So at the time we put this together, we were anticipating roughly about $398.1M available to us. And again, that's obviously going to change.
The other large funding source for us is the Water Development Trust Fund. These are the tobacco settlement dollars that come to the state. 45% of those dollars are committed towards water development and it provides about $16.1M. In the upcoming biennium, we anticipate that. In the current biennium, because of a settlement, we got a lump sum payment of somewhere between $18-20M in addition to the normal payments, so we kind of had a windfall this biennium, but going forward, we anticipate having about $16.1M next year.

When you combine that with our beginning balance of $58.2M and then expenditures of about $72.8M, we anticipate reaching the end of the biennium in 2019-21 with a $1.5M balance remaining.

(22:37) **Senator G. Lee**: Just for my understanding, new money this coming biennium would be, for projects, would be $403M plus the 75 line of credit?

Garland Erbele: That's correct – for a total of $478M.

Senator G. Lee: And that line of credit would be funded by the Bureau of Reclamation?

Garland Erbele: That is correct. We would anticipate a loan from the Bank of North Dakota and have that money reimbursed by the Bureau of Reclamation.

Senator G. Lee: So the 403 would compare with the 298 we had in this current biennium to spend on new projects. Was the 75 line of credit included in that 298 or was that in addition to?

Garland Erbele: I believe it was included.

(34:58) **Senator Mathern**: What is the general life span of the projects that are developed? Like in the transportation, we build roads with a 15-year life, or 25. We design them in different ways. What is your goal in the design of projects in terms of life span?

Garland Erbele: Water development projects actually have a significant life span. If you look at water mains, or water distribution lines probably going back to when we converted to PVC plastic pipelines, and many of those pipelines are still in the ground. I can't tell you the lifespan on plastic pipe because most of it is still functioning. I would say that it's easily 60-70 years for PVC type pipelines. On the other hand, I'm aware of projects we worked on in the past and we used duct lion pipeline in a project and given the nature of the soil, it had corroded through and it had to be replaced in 10 years. Those are unique situations, but by and large, plastic pipelines where treatment plants may function for 45-50 years typically, the problem you run into is in growing communities, they need to be updated because they're not large enough to provide the capacity. Concrete storage tanks have a lifespan of 50-60 years. A lot of water towers around the state, in the smaller communities, a lot of those towers were built back in the 1940s, so they're coming up on 80 years. That doesn't mean they probably aren't reaching the end of their life span, but they're still functioning. It's significant in terms of decades.

Senator Robinson: Regarding the treatment plant at Max and the $75M line of credit – what type of construction timeline do we have associated with that project?

Garland Erbele: We are in design through the 2019 calendar year with starting construction in spring of 2021. There is about a 2-3-year construction period to actually bring that online.

Senator Wanzek: You talked about the challenge of securing revenue in the future. In a question about the Water Development Trust Fund, I see we're starting with a $58M balance with expectation of $16.1M in revenue and the recommendation of expenditures of $72M

leaving a $1.5M balance going into the next biennium. So what is the future of the Water Development Trust Fund? Aren't most of the monies from tobacco settlement dollars or are they continuing? What's going to happen to that fund?

Garland Erbele: Over past bienniums, I can't tell you when we started receiving tobacco settlement dollars, but it's averaged about $18M and then with the large settlement we had this biennium, that is actually impacting the amount of dollars by about $2M that we're going to get going forward. At that some point, we'll reach the end of those tobacco settlement dollars. Let me refer that to Dave.

Dave Laschkewitsch, Director, Administrative Services, State Water Commission: The tobacco settlement is based on sales of tobacco products so it is likely going to continue to fall slightly, however, I think your question is – is there a hard and fast where it ends? It does not. It's a settlement that goes into perpetuity. Those dollars are expected to slide down, but we're expecting $16M in the next biennium.

Opening Remarks –

David Sprynczynatyk, Chairman, North Dakota Water Coalition
Testimony Attached # 6 – Testimony of David Sprynczynatyk, Chairman
Testimony Attached # 7 – Meeting the Challenge XI

(45:51) **Senator G. Lee**: Does your group come together with a consensus with what the needs are being presented here today or are they just individual numbers that each of those groups have established on their own?

David Sprynczynatyk: What the Water Coalition has done in the recent past is – we've brought the groups together and identified the priorities for the state. We aren't presenting a specific number this morning because we've found this is a very fluid situation. We had adopted a position in October of 2018 and within about a month, some of the numbers changed. We considered the numbers in early December and even since then we've learned new information and the numbers changed even further. This morning, we are recognizing the priorities for water development in the state and the representatives today will describe the projects and talk specifically to what their need is in the coming biennium. We, as a coalition, support the numbers that area being provided to you this morning.

Municipal Rural and Industrial Water –

(47:30) **Eric Volk, Executive Director, Rural Water Supply, North Dakota Rural Water Systems Association**
Testimony Attached # 8 – Testimony of Eric Volk
Testimony Attached # 9 – North Dakota Rural Water Systems Association city listing and map

(52:45) **Blake Crosby, Municipal Water Supply, North Dakota League of Cities**
Testimony Attached # 10

(1:00:04) **Mary Massad, Southwest Pipeline Project, Southwest Water Authority**

Testimony Attached # 11 – Quality Water for Southwest North Dakota
Testimony Attached # 12 – Testimony by Carl Kirschenheiter, Land Developer & Contractor
Testimony Attached # 13 – Testimony by Don Schmeling, Realtor
Testimony Attached # 14 – Testimony of Duane Schwab, Licensed Real-Estate Agent

(1:08:57) **Senator Sorvaag**: Your high consumption waiting, is that industrial? In those waiting, you had 34 under high consumption, is that communities or industrial?

Mary Massad: Generally, it's a farm or ranch or a business that expects to use more than 25,000 gallons/month. Our standard customers are allocated a flow rate and an amount of water (25,000 gallons/month). You can go up to 100,000 and after that you need to have a contract of a small business.

Senator Robinson: I know you have a waiting list, what's the timeline for businesses, farms, ranches – the longest they've been waiting for water?

Mary Massad: We've had people waiting since 80s, and we've finally gotten service to them. I would say now since probably 2008-2012, we saw it when we were doing Killdeer Mt. pocket in NW Dunn County. People wanted water there when we were building the Medora beach service area and we built with additional capacity the area north of Belfield, we couldn't develop a project. We couldn't get enough people to sign up. We finally got about 150. We did four sign-up campaigns in that area and by the time we were done with construction, we had over 450 customers that had signed on and we were able to bring them water, so that used up our additional capacity at that time. We don't want to do a sign-up campaign without having better data and better knowledge because they'll be waiting another 20 years.

(1:1:04) **Curtis Wilson, Executive Director, Western Area Water Supply Project (WAWSP), Western Area Water Supply Authority (WAWSA)**
Testimony Attached # 15 – Testimony of Curtis Wilson with Rural Water District Map

(1:24:48) **Senator G. Lee**: During last session, looking at the finances and loan repayments that WAWS had, there was some re-structuring, interest holding payments, principal only payments – where are you in relation to some of those changes that were made and were needing to be changed coming up in the next session. Are you on track to meet those payment schedules and any difficulty with the changes going forward?

Curtis Wilson: Yes, we've taken a good look at that. WAWS has a break-even point at $12M/year. Those funds for repayment were to be done through the industrial sales. With the drop off in 2016, that made that very difficult. Today, in 2018, we have more than $18M in industrial sales and we're able to make those payments and provide for some reserve for the State of North Dakota. So, yes, we have gotten over that, and we're preparing for 2021 when some of those payments are not going to be interest only payments. They're going to be principal and interest. We do have one large loan that's nearly half of our total debt that we actually pay principal on.

(1:29:06) **Jay Anderson, Chairman, Red River Valley Committee**
Testimony Attached # 16 – Testimony of Jay Anderson w/ power point presentation

(1:35:40**) Ken Vein, City Council member, City of Grand Forks, ND; Vice-Chair, Lake Agassiz Water Authority**
Testimony Attached # 17 – Red River Valley Water Supply Project

(1:38:57) **Senator Oehlke**: I have a question about the intake. Have you established how low that intake pipe is going to go in Lake Sakakawea? How low is that? In my memory, between 1988-1992, Lake Sakakawea dropped 30 feet. If the pipe is going down 10 feet into the lake from where it is right now, and we have a severe drought; I wasn't alive during the 20s & 30s when that happened, but my parents explained to me that there wasn't water anywhere. So if there's not water in Sakakawea, I don't know how Fargo is going to get it either.

Ken Vein: In this case, the intake is on the Missouri, south of Sakakawea. We are not taking water out of the lake.

Senator Oehlke: But it's all one – if the Missouri isn't going to be able to give it to930s you because it's not there, then…. My point is, you're planning for a severe drought. If you are really planning for a 100 year or 200 year event, you're going to have problems.

Steve Burian, AE2S/GDCD (engineering consultant for project): We looked back at the flows in the 1930s, and the average flow on the Missouri River was still sustainable at 13,000 cfs. If you look at the demands for this project, it's only 165 cfs, so although you're absolutely right that the depletions of Lake Sakakawea would likely be significant and the flows as we see them in the spike period of the Missouri River would likely be much lower. But given the magnitude of this project, and the overall size of the Missouri River, it is the only abundant supply that would be available to help serve the Red River in any periods of adequate water. You also alluded to the infrastructure, if you had depleted flows from the dam and the river, you would risk the fact that wherever you put your intake, that it could daylight. The way we've gotten around that is that there is an armored section of the Missouri River that is on the outside of a meandered curve which creates a very deeps stretch in the river. That's where we're working with the water commission and the Corps to put our intake, so you could control flow conditions and that crib that we'd build with the screens would be covered by water.

Senator Oehlke: Would this project then have priority over other western area projects or SW area projects or Bismarck projects?

Steve Burian: That's probably a better question to ask the SWC, but given my basic knowledge, North Dakota is based on a prior corporation doctrine - what's first in time, first in right, so whomever has these permits would be granted the water. We're going to be using the permit from the Bureau or an existing one with the State of North Dakota that has a relatively high seniority on the Missouri River. Even though the SW Pipeline has a big project; NAWS has a big project, WAWS has a big project and this would be a big project. If you add all of those together, they're still very small in the realm of how much natural flow flows through the Missouri River in North Dakota. We would be relatively senior. There would be some sheparding that we would have to do if we ever did run out of water by the Water Commission, but that is not a foreseeable event given the amount of water that's projected to be used.

(1:43:56) **Dave Piepkorn, Deputy Mayor, City of Fargo; Fargo City Commissioner; WAWA Board, Red River Valley Water Supply**
Testimony Attached # 18 – Testimony of Dave Piepkorn
Speaking on Page 11 of attached #17.

(1:46:28) **Senator Hogue:** My question is for Mr. Vein – You've thrown out a figure of $28M as the incremental inflation costs of deferring construction by one year. I was wondering if you could break that $28M down in terms of where those inflationary costs are coming from and then 2nd question… I realize the amount of water that would go into this pipeline is very small in relation to Lake Sakakawea, but can you give us your best guess as to how Missouri and the downstream states are going to react to this project?

Dave Piepkorn: Missouri has been a challenge and they have challenged us in the past. I wouldn't be surprised if they challenge us in the future. This is a critical project. In 1988-89, we had a drought in eastern ND. Our constituents are going to ask what have we been doing? This is our solution and is a good thing. Missouri will challenge us no matter what we do. I think it's something we have to do. Do you want legal to answer your question?

Senator Hogue: I'm thinking about NAWS and the amount of experience that project has suffered and I'm wondering if there has been any dialogue or proactive steps that the project is doing to avoid that length of delay.

(1:48:36) **Tami Norgaard, Legal Counsel, Vogel Law Firm**: I've been working on this project since 2001. The governor's office, the state engineer's office, Kip Kovar from Garrison Diversion and I went to Missouri in November and initiated a dialogue with the #2 in command at the DNR. During the 15-16 years of NAWS litigation, I talked to the Assistant Attorney General before I went, and asked what kind of things are they putting out there as possible settlements and she said "Nothing. They have engaged in no settlement discussions." We were trying to figure out what to expect, what we could put on the table. They said they realize that the small amount of water that you're taking out of the river isn't really going to impact us. They have real impacts and challenges, not only with navigation, but where their water supply intakes are located. They said they do want to enter into some sort of partnership with you and see what we can do. We've still been talking to the Governor's office. We'll be meeting with the Water Commission next week. We're really pushing something forward that we can offer, so that they don't object to this project because they realize we're not really their concern. Their legislature has taken the position that if they passed some resolution saying we want you to fight every out of state or out of basin diversion of water because we don't want that to happen. If we can come in proactively and tell them that we'll join them and say we'll pass some resolution someday maybe, if we can negotiate this with them, that maybe we'll agree that we don't want to see other Missouri River Basin states divert water outside of the state that has the Basin; we wouldn't agree outside of the basin itself, but outside of the state, that might be enough for them to say "OK, you're going to be our partner in trying to protect those water supplies."
We also talked about having some sort of a structure in place, so if new projects are proposed that take a lot of water out of the system, that we'd engage with them early and consult with them. They were very positive reacting to that, so I think we're on the right course, so we don't turn into another NAWS. We've also engaged with Manitoba and had meetings – with

the governor's office, with the state engineer, with Dave Glatt from the Health Dept. so we are very proactive in trying to avoid those kind of situations.

(1:51:02) **Senator Robinson**: In your finance plan, what's your projection in terms of a timeline when you'll be positioned to share with those communities that have expressed interest. What kinds of costs might be incurred by those communities?

Ken Vein: We've been meeting with those entities right now and looking at their projected costs and affordability is. I think he's met with almost all of them. Prior to construction, we''ll have water service agreements with all of the entities. Within those water service agreements, there will be discussions on what is affordability and what the costs will be. That should be completed within the next 6-8 months because that will have to be in place before construction can start. We'll need to have some sort of long term projected schedule. We've been looking at a 10 year schedule we think from the start to completion, and then we'll be able to do a better job of determining what every individual user's costs would be.

Senator Hogue: I was hoping to get the answer on the inflationary figures from Mr. Vein.

Steve Burian: If you look at inflation right now, it's somewhere between 2 ½ – 3 ½ % for construction inflation. So if you look at a job that's slightly over a billion dollars in total capital costs, and you look at moving that forward each year, the $28M is a complete reflection of that math.

(1:55:26) **Dan Jonasson, Director of Public Works, City of Minot – Northwest Area Water Supply**
Testimony Attached # 19

(1:58:23) **Senator Bekkedahl**: The current budget is for $70M and you're requesting $105M and then Minot has a 35% cost shares that you show on page 2 – Does the $70M all require a 35% cost share or are the eligible projects going to be different and not require the full 35%?

Dan Jonasson: My testimony covers some of the Mouse River plan and that's where that $105M refers to. As far as NAWS, there is about an $86M state requested need for that and some federal funds will be coming in so there's about $75M in need to keep the projects that I mentioned moving forward in the next biennium - $75M in state dollars. Minot will also have an additional 35% cost share for a portion of those projects.

Senator Robinson: What's the cost of the intake for the plant and the timeline?

Dan Jonasson: It's about $17.5-18M. It will take approximately 2 years. The state has been working with the engineers to have the design completed in 2020 so that can be done concurrently same time as the plant.

(5 MINUTE BREAK)

General Water Management –

(2:01:03) **Gary Thompson, Traill County WRD Manager; Chairman, Red River Joint Water Board; Board of Directors, ND Water Resource Districts Association**
Testimony Attached # 20 – ND Water Resource Districts Association

Senator G. Lee: The other people talking to us have offered a request. Do you have such a thing – in terms of dollars?

Gary Thompson: We're looking at around the $30M mark. We have been backlogged on a lot of projects within Traill County. With that backlog, there are a lot of projects that are probably at the state engineer's desk right now. I've heard of very few that have been funded. I know Traill County has 5 or 6 projects that are in the works. Cass County has a few. If you add up all of the projects up in the valley, I couldn't even answer what that would be. It's going to be a lot of money that's needed.

(2:05:16) **Chad Engels, Water Resources Engineer for the Red River Basin, Cass County, ND Water Resource Districts** – No written testimony. I'm here to support Gary's testimony.
I'm a water resources engineer that's been working in the Red River Basin for the past 15 years. My firm has had the privilege of working with a large number of the water resource districts across the State of North Dakota, and primarily concentrated in the Red River Basin. I'm just here to today to support Gary's testimony and to let you know that the other counties that we're working with – Steele County, Barnes County, Cass County, Dickey County, McLean County, Richland County and the others support this as well. It was a problem for the water resource districts in exercising their duties and their past partnership that they've had with the State Water Commission when water resource district funding was placed in the flood control bucket. Again, we're requesting that the water resource district projects come out of the general water management bucket or a separate bucket. Thank you.

(2:07:18**) Loren DeWitz, Vice Chairman, North Dakota Irrigation Association**
Testimony Attached # 21

(2:11:32) **Lynn Brackel, Chairman, Bowman County Commission, County Weather Modification Authority**
Testimony Attached # 22 Bowman County Commissioners
Testimony Attached # 23 Bowman County Weather Modification Board
Also submitted:
Testimony Attached # 24 Mountrail County Weather Modification Authority
Testimony Attached # 25 Williams County Board of Commissioners

(2:14:00) **Steve Knorr – Garrison Diversion Conservancy District**
Testimony Attached # 26.

(2:18:43) **Bruce Boe, Vice President of Meteorology, Weather Modification International (WMI), Fargo, ND**
No written testimony.

I'm here in support of SB 2020 as a whole, but specifically to the portion pertaining to the cloud seeding operations and administration of the Atmospheric Resource Board (ARB). WMI has collaborated with the ARB and the University of North Dakota for more than three decades, dating back to the beginning of what's now known as John D. Odegaard School for Aerospace Sciences. The UND Atmospheric Science Dept. presently offers outstanding meteorological courses of study in both the undergraduate and graduate levels. In addition, the School of Aerospace Sciences offers flight training and multi-engine ratings. The Atmospheric Resource Board annually employs intern pilots from UND and intern meteorologists as well to conduct the cloud seeding program. The student meteorologists are paired with experienced professionals at several different locations in western ND where they support forecasting and operations. They gain experience in the fields and prepare themselves for future employment. Each of the cloud seeding aircraft, which is operated by WMI, is flown by a crew of two; a UND intern employed by the Atmospheric Resource Board and a Weather Modification International pilot in command. Very often the intern pilots return in the subsequent summers, not as interns, but as captains, as they have built enough flight hours and experience. The importance of these internships should not be overlooked. Not only do they support the operational seeding program, but they actually provide a pipeline for personnel for WMI, both pilots and meteorologists. Many are not aware that UND offers the only university level introductory weather modification courses designed for aviation students. Though non-pilots, as non-meteorologists, can take those courses as well, this combination of aviation and meteorology produces, at least from the cloud seeding perspective, the best trained meteorologists and pilots available. So it's not surprising that many of these WMI full time pilot and meteorological personnel, that we presently have on our staff, come through, first Grand Forks and then have their initial professional experience on the cloud modification project. Over the years, WMI has employed dozens of meteorologists who first wet their professional feet in the ARB field program. And several of our current full time meteorologists have UND roots. For our pilots, the numbers are probably in order of magnitude greater. To effectively seed thunderstorms, the pilots have to develop the skills and knowledge necessary to fly in close proximity to mature thunderstorms and even fly through developing cloud turrets on the flanks of these storms.
In essence, the ND cloud modification pilots must learn to be up close and personal with storms that most pilots are taught to avoid by great margins. The ND Cloud Modification project remains one of WMI's flagship programs. Much of our corporate cloud seeding knowledge has been developed through this program and we continue to learn. Through the years, the typical career path for NDCMP pilots has been from UND to the ARB to the NDCMP and then to WMI. When enough multi-engine hours are accumulated by these pilots, they eventually get on with the airlines. The skies are presently full of former cloud seeding pilots. It's important for WMI that the cloud modification project and the associated workforce development (the internship programs) continue. Thank you for your time and attention.

<u>Flood Control Projects</u> –

(2:23:32) **Ryan Ackerman, Administrator, Souris River Joint Water Resource Board**
Testimony Attached # 27
Testimony Attached # 28 - Mouse River Plan – Project Summary January 2019

(2:31:23) **Senator Bekkedahl**: Are you designing and building the structures here for a 100 year event or a 500 year event?

Ryan Ackerman: We're designing to the flood of record which is what we experienced in 2011. It's roughly a 500 year event.

Senator Bekkedahl: Has the cooperation between the dam operations in Canada and the operations in the Des Lacs area helped to reduce the flood situation you saw in 2011 from ever occurring again, or has that not made any impact?

Ryan Ackerman: The changes that have been implemented since 2011 with regard to reservoir operations have been helpful for the more frequent flood events that we might see – the one in 5 years, maybe even the one in 10 years, but if we have another 2011 type flood, those changes won't make a bit of difference.

(2:32:28) **Senator G. Lee**: We were up there this summer and looked at the fine work on your project. It was gratifying to see a lot of work was getting done on the project. Last sessions bill, 1020, I think the language was something like not to exceed $193M in state funds over 4 biennium – the first one being this current biennium, and your request was for $64M. Now you're asking for $186M. What changed because I didn't hear anything of that this summer.

Ryan Ackerman: The language from HB 1020 was the $193M was specific to improvements within the city limits of Minot. Many of the improvements that we have planned in the next biennium extend outside of Minot – roughly 30% of the $186M. Basically the budget that we've pulled together was what we felt we could accomplish if funding was no object in the next biennium. We acknowledge that the language in HB 1020 from the last session was put in place because it identifies what we feel is a strong commitment to the project from the legislature. We acknowledge at this point that the funding for the project is going to be on the critical path for our implementation. We're simply trying to communicate what we could accomplish if the funding was put in place.

Senator G. Lee: What amounts have you gotten from the federal government in terms of dollars to help you with the project this far?

Ryan Ackerman: On the construction of project features side, there was roughly $23M provided through FEMA for construction of features around the Minot water treatment plant. Beyond that, there have been no federal funds made available through the civil works program for construction of any project features. That's the purpose of this ongoing feasibility study that we're just finishing up. There have been funds provided to the City of Minot and Ward County through HUD disaster recovery grants that were issued right after the flood to help with acquisitions. Additionally, I don't have the exact figures, but in January 2016, the City of Minot was awarded $74M through the national disaster resilience competition to help with various community strategies to increase resilience. One of those was basically getting people out of harm's way, so of that $74M, about $20M is slated to help offset costs associated with acquisition.

Senator G. Lee: Your local support is coming from sales tax. How is your sales tax keeping up with what you anticipated in terms of it managing that portion of the cost of the project?

Ryan Ackerman: Currently, the City of Minot is collecting roughly a .7% sales tax collectively through some different sources. That is being used to fund the local share of the project. Locally, we are having the conversation about how we are going to increase that to make sure that we are on a sustainable financial footing to come up with a local share to match any state or federal resources that come to the table. Those conversations are ongoing and as they continue to progress, we'll make sure to reach out and make sure the legislature is informed of our progress.

(2:37:20) **Dave Schelkoph, City Administrator, Valley City, ND; Valley City Flood Task Force**
Testimony Attached # 29 – 2019-2021 Biennium Funding Request

(2:40:30) **Senator Grabinger**: Can you explain if Valley City has a sales tax that they're using to cover some of these costs or what methods are you using?

Dave Schelkoph: Yes, we do. At the beginning of this, we had a referendum to the people of Valley City. There was a vast majority of the people who voted yes for a ½ cent sales tax for at least 30 years. We have to extend that now because we have expanded the construction timeline for our permanent flood protection. We're looking at probably 40 plus years of ½ cent sales tax committed to funding the city's portion of this particular project.

Senator Bekkedahl: You're protected to a 100-year flood standard in your plan. Is that correct?

Dave Schelkoph: Yes, we are. It's a 100-year protection and to get certified by FEMA to get taken out of the flood plain, you also have to include 3 feet of freeboard on your clay levies – and we're going to 4 feet on our permanent structures, our flood walls so we're three feet above our 100-year and 4 feet above our 100-year for certification with FEMA.

Senator Bekkedahl: What is your future expenditures going to be beyond the 2019-21 biennium? Do you have those mapped out somewhere? What is the total cost going to be that hasn't been funded so far?

Dave Schelkoph: About $142M for the total project for the City of Valley City. Right now, we're hovering around at $50-60M depending on what your decisions here at this particular committee and the legislative process goes through. We're looking at, at least 15-20 years to complete our project given the current funding levels. And, of course, the longer you wait, the more it costs.

(2:43:25**) Bill Robinson, Chairman, Lower Heart Water Resource District**
Testimony Attached # 30 – Lower Heart River WRD

<u>Fargo-Moorhead Area Diversion Project</u> -

(2:48:55) **Doug Burgum, Governor, State of North Dakota; Chairman, State Water Commission** –
Testimony Attached # 31

(3:01:41) **Chad Peterson, Commissioner, Cass County Commission, Flood Diversion Board of Authority**
Testimony Attached # 32 – FM Diversion Project
Testimony Attached # 33 – Fargo-Moorhead Area Flood Diversion Task Force: Final Report

(3:10:30) **Senator Poolman**: I'm new to the water world, so if you could explain on you pie graph, I'm noticing how small the piece of pie is for Minnesota. Can you explain that?

Chad Peterson: Has MN committed any money yet? They've committed $130M in flood protections. The City of Moorhead is into $4M themselves. The way the State of MN is set up is we couldn't ask in St. Paul for a formal budget allocation until we had a state permit. That's the process we're in right now. Our friend's in St. Paul have been asked by our friends in Clay County, by our friends in Moorhead, for the additional revenue. That's the contention regarding their benefit. You can have a stern debate whether you think that number is real or not, whether it's low or high, but that's the number we've agreed to compromise on. I'd love to see MN come up with more but frankly, I'll take whatever they're going to give. I didn't think MN was going to put in a dime. Former Governor Dayton said, "He is understanding that the State of MN will have to allocate resources to this, that there is a benefit to the State of Minnesota." You could debate that the number is too low, but at this stage, I'll take anything I can get. We have great advocates in Moorhead. The have great relations with our friends in Clay County – everything from joint dispatch to economic development commissions so we have allies across the river that will advocate for as much as they can get and I believe them.

(3:13:51) **Senator Bekkedahl**: The $66.5M is the current appropriations per biennium? From the original $570? And those will continue for the next three biennium? When is that obligation totally funded? What biennium does that end on?

Chad Peterson: Yes – and yes. 2023 would be the final.

Senator Bekkedahl: So you've already received the bulk of that monies and they've already been used in the project at this point?

Chad Peterson: No. We've received a portion of it, in fact, we've got some monies waiting in an effort to be ready when the permits arrive from the State of Minnesota.

Senator Bekkedahl: So of the original $570M state commitment – how much have you received as an authority?

Chad Peterson: Offhand - $300M.

(3:19:00) **Senator G. Lee**: Just following up on Senator Bekkedahl's question about commitment of $570M that the state has made thus far. We've appropriated $304M. When I look at the federal commitment of $450M, is there a number you can define that they have brought forward already? Like the state has brought forward their $304M of their commitment of the $570M

Chad Peterson: Roughly $100M.

Senator G. Lee: You mentioned that you were billed out 6-6.5 years, I think. In reading through the permit documentation from the Minnesota DNR, they use several times a 10-year period. What's the disparity there?

Chad Peterson: That's the unique aspect of the P3 partnership. The quicker the P3 contractors get the project built, the quicker they get paid and are made whole. The quicker the project is then into the maintenance period. So, could that number be 10 years? It could be, but I'm of the mindset depending upon the federal economy, if we do have a dip, and all of a sudden you've got a $2B project up here in ND, I'd mobilize as many machines and men as I could get and build it in three. The quicker it's done, the quicker I get paid. And if I've got the capacity to do it, I take out the nuances of what diesel fuel is going to be next year. I take into nuance of construction costs. The faster I build it, the cheaper it is for me as a builder, too. Once they bid it, that number is finite. There's been some discussion within the Fargo City Commission, a misunderstanding of how things are bid and how things are priced, but once that number is done. That number is done. They're going to have inflators over that period of time so you're going to have an average price for diesel fuel, so whatever that is, if it's less than that right now, you can capture that as profit. If I was the builder, I'd do it even faster.

(3:21:43) **Bruce Furness, former Mayor, City of Fargo, ND**; representing Fargo Moorhead/West Fargo Chamber of Commerce; Business Leaders Flood Task Force
Testimony Attached # 34.

Public Comments –
(3:25:18) Delore Zimmerman, Interim Executive Director, Valley Prosperity Partnership
Testimony Attached # 35

(3:27:18) Jennifer Neshom, (presenting for Roger E. Neshom) re: weather modification in Ward County
Testimony Attached # 36 – **OPPOSED** to SB 2020.

(3:33:40) Jamie Kouba, Regent, ND re: weather modification in Slope County
No written testimony. **OPPOSED** to SB 2020.

I'm from Regent, ND. Jenn is from near Minot/Berthold. We're at different ends of the cloud seeding spectrum, but thank you for letting me speak. I'd like to read to you a letter I wrote this past spring for the comment period on intent to modify the weather. We did get enough people to talk about it this spring where we eliminated the buffer zone around Bowman County and parts of Slope County where they could extend out 10 miles outside their boundaries.

"Dear Darin Langerud, In response to the intent to modify the weather comment period, after much research regarding whether North Dakota cloud modification project is working for North Dakota, there is much research and evaluations of studies suggesting the potential of positive results in the target areas that I have found no evidence of tangible studies of the effects of the areas outside the target area other than claims of increased precipitation down wind and up to 90 miles with no documentation to prove such statements. If up to 90 miles is relevant, studies should be completed at a minimum of twice that measurable distance from the target area in all directions to fully grasp the potential impacts. Operating without

real and tangible studies of the effects of the program beyond the target area is irresponsible and negligent. Therefore, this problem with the program needs to be addressed before the 2018 seeding season resumes."

With that, I think there were 60 letters sent in from our area. We eliminated the buffer zone and got positive results from that, but we still have lots to work on. These studies are from 1976. They come up inconclusive on their studies. There are a lot of positive ideas in there, but at the end of the day, they were never able to prove any facts; no increase in precipitation and possible reduction in hail. Things have changed a lot since when they started. If you go back to when it started, the people that voted this in got to see the first automobile, some got to see the first microwave, somebody shows up and tells you we can make it stop hailing and make it rain more. How are you going to say no to that? Things have changed with the program. They used to fly little puddle jumper one-propeller planes, now they've got two. The results of what they're doing is more damaging downwind because all you can do is make a cloud rain, you can't make it rain more. Essentially, they're just moving the rainfall and hail to another place. We can look at things that happened this summer with the hail storms we had in Hettinger, for instance. When weather modification started last year, they pushed more hail off the streets of Hettinger than they did snow all of last year. It's just something to keep in mind. It's not really helping. If it helped, maybe we wouldn't have had to push snow. Could it be any worse? Everything was totaled out anyway. I'm happy to be one of the people here asking for less money spent today. If there are any questions, I'd love to try to help you with it.

Chairman Holmberg: You are clearly a rare breed coming and asking us for less money.

There will be another meeting tentatively on January 24th to look at the Diversion aspect of the budget. He closed the hearing on SB 2020.

Additional submitted testimony **OPPOSED** to the SB 2020 Weather Modification Program submitted by email –

Testimony Attached # 37 – Brock Axness
Testimony Attached # 38 – Roger Neshem, Farmer, Ward County Weather Authority Board member
Testimony Attached # 39 – Cale W. Neshem
Testimony Attached # 40 – Jon Wert
Testimony Attached # 41 – Joe Herberholz, Hettinger County
Testimony Attached # 42 – Roger and Cheryl Neshem, Berthold, ND
Testimony Attached # 43 – Joanne Rademacher, Bethold, ND
Testimony Attached # 44 – Kevin Asmundson, Asmundson Farms
Testimony Attached # 45 – Tige Engelhard, Ward County
Testimony Attached # 46 – Ryan Perhus

2019 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee
Harvest Room, State Capitol

SB 2020
1/23/2019
Job # 31279

☐ Subcommittee
☐ Conference Committee

Committee Clerk: Rose Laning / Marne Johnson

Explanation or reason for introduction of bill/resolution:

AN ACT to provide an appropriation for defraying the expenses of the state water commission; to amend and reenact subsection 3 of section 61-02-78 and section 61-02-79 of the North Dakota Century Code, relating to the infrastructure revolving loan fund and the authorization of a Bank of North Dakota line of credit; to provide for Red River valley water supply requirements; to provide an exemption; to provide for a report to the legislative management; to provide conditions on appropriations; to provide a statement of legislative intent; and to provide for a pilot project.

Minutes: No Attachments

SB 2018 – Historical Society (sub-committee: Erbele, Krebsbach, Mathern)

- $500,000 in private funds to support historic sites. Heavy lift for local & friend's groups.
- Whitestone Battlefield Monument – more fitting monument for Native Americans – revisit & hoping for $200,000
- Need $260,000 – Comstock litigation (legal fees)
- SB 2146 Pioneer Village location. Are they asking to build turnkey museum? New building would not be part of the emergency.

SB 2019 – Parks and Recreation (sub-committee: Sorvaag, Bekkedahl, Mathern)

- Reguest for $5M for the Peace Gardens – Canada hasn't contributed much.
- $1.8 capital projects
- Line item transfer
- Dept manages a lot of land that produces oil revenue. Does the law allow them to put that into their budget and use it? Are we evading the legacy trust fund because it's being sent directly to the agency?

SB 2020 – Water Commission (sub-committee: Lee, Sorvaag, Robinson)

- Hold off on anything with Fargo Diversion – meet with them tomorrow
- New money available for projects with January revenue forecast - $350.7M.
- Requests were $700M.
- Governor's recommendations to be added to the executive budget – Authorizes the agency to transfer money between lines (line item transfer). Section 5
- Different purposes of how water is allocated.
- Amount of money being carried over and not being used. $308.3M carryover

SB 2021 – Workforce Safety and Insurance (sub-committee: Oehlke, Hogue, Grabinger)

- Coverage for volunteer firemen – would like to see in separate bill for policy
- WSI could do better job of letting people know how much coverage they have.
- Shifting 12 FTEs to IT
- Process used in independent reviews – are suspect.

SB 2022 – Retirement and Investment Office (sub-committee: Poolman, Wanzek, Robinson)

- Software Update

SB 2023 – NDPERS (sub-committee: Krebsbach, Poolman, Robinson)

- Restore the program for an FTE at $186,000
- Discontinuing 2 program areas in order to meet 90% budget reduction, but recommend that at least one be restored and ½ of funding they requested be restored.
- Have some temporary help & dollars restored
- Maybe a self-funded plan.
- Governor's health insurance plan proposal for 3 different options.
- Pension plan recovery

SB 2024 – Deficiency (sub-committee: Dever, Lee, Mathern)

- The legislature has moved away from wanting to pay back DAPL loan.

2019 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee
Harvest Room, State Capitol

SB 2020
1/24/2019
Job # 31386

☐ Subcommittee
☐ Conference Committee

Committee Clerk Signature Rose Laning / Florence Mayer

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to provide an appropriation for defraying the expenses of the state water commission.

Minutes:

Testimony Attached # 1 – 5.

Legislative Council: Chris Kadrmas
OMB: Becky Keller

Chairman Holmberg: Called the committee to order on SB 2020. Roll call was taken. We want to have equal time for those opposed and supporting this bill.

Tony Grindberg, Fargo City Commissioner & Chairman, Diversion Authority Finance Committee: Testified in favor of SB 2020, provided Attachment # 1.
Explained personal experiences fighting floods. Introduced those who would be following him.

(7:28) Mary Scherling, Cass County Commission & Chairman, Diversion Authority: Continuing on page 2 of Attachment #1. Explained personal experiences with flooding and loosing multiple homes.

(10:40) Martin Nicholson, Senior Vice President and Program Director for CH2M (Now Jacobs): Continuing on page 3 of Attachment #1.

(16:31) Senator Sorvaag: There's a historical record to it. We budget conservatively. We know it won't be 100% accurate, but does it usually fall on the high side or the low side?

Martin Nicholson: The process is to evaluate the labor rates at the time. Our mission in forming financial plans, we are trying to hit the right balance of conservatism and realism with the numbers. We don't want it to look like you can't afford something that is affordable. We want to be realistic about those assumptions.
Continued with PowerPoint.

(20:26) Senator Bekkedahl: Has Moorhead done improvements ahead of this, that are included in this number? Who was first and are they equal in their projects?

Martin Nicholson: Moorhead has made significant estimates outside of this cost estimate. Their funding is roughly $130M on their side of the river. They are going to be contributing $43M to the general diversion authority projects and another $43M to finish their end. They'll have $200M invested in the Moorhead side of the river.

Senator Bekkedahl: So is Moorhead ahead of Fargo in this process?

Senator G. Lee: On the previous slide where it has the spent to date; The state of ND has allocated $304M towards this project. How much of that is in this $430M? Where will the rest come from?

Martin Nicholson: I believe the following slides after the Mayor will answer that. The short answer is; it is in these numbers.

(22:39) Tim Mahoney, Mayor, City of Fargo: We have spent over $280M in Fargo. The state legislature has given us $120M for in town flood protection, of which we have consumed. If we had to fight a hundred-year flood, it would take 1M sandbags and 20 miles of emergency levy. We need the diversion; we can't take all the flow. We're taking 33,000 cubic feet per second through the community and we're going up to 37 Ft. We will have to spend $130M more throughout the city to give us that protection. If we had a flood without the diversion, we would flood everyone South of us. We have a permit from the state of MN, we need to pull the trigger on this project. We are set to go out to bid this fall, starting full construction next year.

(24:58) Chairman Holmberg: You were on radio this morning saying you have all permits and are ready to go. Does that mean you can start digging or do you have to wait for other things? What does ready to go mean?

Tim Mahoney: We are ready to go with the project. We are allowed to buy land at this point. The Corps has a $43M project on the inlet that is already there. The Wild Rice inlet is ready. Right now we're doing pump stations and dike work in Fargo.

Chairman Holmberg: If the Legislature passed the recommendation on the executive budget, you could spend that money right now? (That was confirmed.)

Senator G. Lee: If the injunction has been lifted, has the SWC been notified?

Tim Mahoney: What went through the court yesterday was to lift the injunction. There is no ruling at this time. The DNR concurred with us that the injunction should not matter with plan B. It was an injunction against plan A.

Senator G. Lee: So the injunction hasn't been lifted?

Tim Mahoney: That is correct. We have a permit, so we are buying land now.

Senator G. Lee: You said you have permit, that was moved forward on December 28th. There is a 30-day wait period which isn't up yet. How can you say you have a permit?

Tim Mahoney: There is a 30-day contesting of the permit. The Buffalo told us that if their concerns are taken care of, they may not contest.

Senator G. Lee: There is still uncertainty then?

Tim Mahoney: When we had the injunction we were at a standstill. Once you obtain the permit, it does allow you to go forward. There will be discussion about can you go ahead or not.

Chairman Holmberg: The last thing we want to do is put money in assets that become stranded. We don't want to spend $70M for something of no benefit.

(29:15) Senator Bekkedahl: The permit from DNR or MN has granted, there are conditions attached to that? Does that stand in the way of moving forward?

Tim Mahoney: There were other permits granted before us. One has 43 conditions the other has 51 conditions, which isn't uncommon. We have 54 conditions, all of them have gone through. They want to have the final consideration of how the project is run. Many bookkeeping conditions, which is normal for any big project. The technical team is how we work side by side with MN DNR. We say we have a conditional permit. It's not that you check off 54 conditions, it's as you build the project you do the 54.

Chairman Holmberg: Did you feel you could stay in the dollar amounts?

Tim Mahoney: We have a contingency that's in this estimate. It took then 6 months to come up with the final numbers for this project. We've been told by the state to have accurate numbers, so we're trying to do that.

(32:01) Martin Nicholson: We are confident the 54 permit conditions are covered under the current cost estimate.
Continuing on page 10 of Attachment #1.

(37:25) Senator Bekkedahl: Is there any scale we should be seeing on the vertical access?

Martin Nicholson: We didn't put specific numbers. We have three companies bidding, but we are not making them public. We can provide those to you as follow up.

Chairman Holmberg: The sales tax revenues in Grand Forks have taken a hit lately. Recent history, what's happening with sales tax. Is it tracking what the city thought they were going to receive?

Martin Nicholson: Great set up for the next slide. Sales tax base revenues are down about 9% of what they were in 2016.

Senator Robinson: What source of revenue do you have on the long term debt?

Martin Nicholson: The only revenue post construction is sales tax.

Senator Robinson: That will be sufficient?

Martin Nicholson: Yes. In 2016 we had an assumed escalation of sales tax by 3%. We are currently at 1.5%. There are bond firms who would like that to be zero, but we believe that's too conservative for affordability. 1.5% will be acceptable. Short term rates are up 1% and Long term has gone up almost a point since 2016.

Senator G. Lee: I read an article that Fargo's bond rating had gone down and will require additional borrowing. Does any of that play into this scenario?

Martin Nicholson: There have been several meetings with bond rating agencies and how this affects Fargo. The financial plan and the rates in it, have to be a balancing act.

(42:24) Tim Mahoney: Our bond rating didn't go down, we had a negative report because of decreased sales tax, same thing all throughout the state. Our bond rating is still excellent; we are 1 below the best you can get. They had a negative forecast only because the sales tax has been flat for the last 2 years. Since 2009 we have grown in amount of taxable value in the community, from $12B to $18B.

Chairman Holmberg: The sales tax for the state was very robust in December.

Senator Oehlke: One of the reason the state sales tax is looking robust is online sales taxes. Is that factored in here or are you waiting to see?

Martin Nicholson: The internet sales are not specifically included. It is unknown as of now. The specific magnitude has not been included in these numbers today.
Continued with PowerPoint testimony, summary of financial scenarios.

(46:06) Chairman Holmberg: (page 14) Are there any scenarios where the state of MN ups their ante?

Martin Nicholson: This assumes that MN has the $86M in funding. There is some limitation with respect to the original benefits that accrued to MN.

Senator Bekkedahl: So the $86M in MN, $43M was to raise the level of their levies. That would be improvements on their side of the river. Is the other $43M for MN or ND?

Martin Nicholson: It is to fund improvements for the program. MN funds have to be spent in the state of MN, but there is significant amount of cost for the diversion cost itself. They go to general project costs, not specific to in town work in MN. It is split, $43M goes to general program costs and $43M for in town. Similar to Fargo.

Senator Bekkedahl: Of the estimated $2.8B, they would have $86M not counting the prior improvements?

Martin Nicholson: Correct. Continuing with testimony.

Chairman Holmberg: We can't write a check for the whole amount because you can't spend it? (That was confirmed.) When we did the money dump into the West, the bids came in higher, because the capacity to build those roads, the companies hired more people. It has to be spread out over a period of time. We can't just write a check and assume we're going to save money.

Martin Nicholson: Continuing on page 15 of Attachment #1.

(54:12) Senator Sorvaag: With the additional costs, does this change the cost benefit ratio?

Martin Nicholson: No. The cost benefit ratio, as designed, was on the basis of protecting property. It has an effect, but no intent to go back and redo the numbers.

Senator Sorvaag: In the scheme of the whole thing, it's not significant?

Martin Nicholson: The project valuation has increased significantly. As far as is this the right project to protect against a $20B loss, yes it still it quite reasonable.

Senator G. Lee: The state sees an "asks" for money, but nothing coming forward. When do we actually start funding some of this project. With federal money there's nothing in the budget besides operational costs and the Corps of Engineers budget. There was $100M of federal money toward this project, I don't know where the rest of that is. When will that money be coming?

Martin Nicholson: Tony Grindberg will have info on partners and those asks. The timing will be dependent on the what the Corps capability is and how they're going to build. We have good confidence that the Corps will want to see this move forward. It has strong local involvement. I can share that this program has the most secure local funding and will continue to receive federal funding. The lack of permit that has been in the way. Now that we have that, I believe it will move forward.

Senator G. Lee: I don't see much action in terms of dollars coming forward. We can't do it alone. The chairman framed it earlier about stranded assets. That is a concern when we start laying out money and then rest of money doesn't come. Federally I don't see that commitment. MN says there is a request, but the money doesn't seem to follow that.

Martin Nicholson: One thing that is a fact in this Public Private Partnership approach, with a Corp but you also have a PPA (Project Partnership Agreement). That is the contract between the U.S. Army Corps and the diversion authority. The request to amend that PPA was to contractually obligate them to $750M. The timing is of question, contractually it's obligated. The Corps has assured us that they will move forward.

(1:00:22) Senator Mathern: In the data you provide, is there any inclusion of consequential positive assets. Like the use of the land, some might still be farmed or grazed, income taxes, sales taxes coming in. It's a big project, usually they have all kinds of consequential effects on the economy. Is that figured in here at all?

Martin Nicholson: We had quite a discussion whether building a $200M project in a local community should be included in the financial plan. The decision was made not to include it. It's hard to figure out a dollar and cents amount of what those positive impacts are. We decided not to include them in the base case, but know they would take off the risk of special assessment.

Senator Mathern: Would some hard benefits go right into project? Like if you rent out 50 acres, would that go right into the project? Or where would that go?

Martin Nicholson: Once the project is built, those would be owned. That would accrue and be for the owners of those specific properties. We don't have a scheme that says we're going to farm this and generate income. That raises an element of risk.

Senator Bekkedahl: Could we get map outlining effected political subdivision boundaries? How much has been spent on the project to date? Legal, engineering, design, financing, other costs. What final percentage will that be? The soft costs vs. the actual costs to date?

Martin Nicholson: $91M to date. The current opinion of cost is $250M, so as a grand total it's a little under 8-9%. There are soft costs in the channel and P3. The implementation costs are in that line item. Sum total of all of those soft costs will be very much in line with normal program costs. These are 10%, you're probably adding 5-6%.

Senator Bekkedahl: So costs of construction administration, observations and all the soft costs, is 15-16% of project costs? (That was confirmed.)

(1:05:28) Senator Wanzek: Your permit has so many conditions. Why does MN have so much say, but they are contributing very little. Do they not benefit from this?

Martin Nicholson: The permit conditions apply because this dam extends into both states. The process in MN has determined that the diversion authority needs a permit to move forward. Jason Benson will talk about permits next. None of the conditions are show stoppers. They are simply rules of the game as we move forward. It does apply across the border because it is a single operating dam.

(1:08:04) Jason Benson, Cass County Engineer: Continued on page 19 of Attachment #1, concerning the permit requirements.

(1:11:06) Senator Hogue: Condition 22 says you have to acquire the interest of the entire footprint of the project before you can commence any construction. Is that true and if so, how long do you think it will take?

Jason Benson: In discussions with the DNR, prior to constructing on a single parcel of land, we have to have acquired it. We don't have to have the full land prior to construction. We are already interested in acquiring as much land as we can in the next 12 months, prior to the PPA process of selection. From their risk standpoint, the more land we have acquired that allows them to start construction, it reduces their risk.
Introduced next speaker.

(1:12:33) John Shockley, General Counsel for the Diversion Authority:
Continuing on page 22 of Attachment #1, concerning litigation.

(1:14:36) Chairman Holmberg: One of challenges we have, it some of these things won't be resolved before this committee has to pass a bill to the House. Some of these questions are unanswerable as of today.

Senator Hogue: The court order say the injunction is in place until they lift it. With the plan B permit, will it be possible that before the legislature is done and goes home in April that the court will have a decision on that?

John Shockley: The federal judge will be establishing a time frame 30-60 days. This is what the judge gave us yesterday afternoon. We can provide an update later on.

Tony Grindberg:
Testimony Attached # 2: Letter to Army Corps of Engineers.
Testimony Attached # 3: Letter submitted from Johnathan Judd, Mayor, City of Moorhead, MN and Grant Weyland, Chairman, Clay County.

Your assessment of environments is spot on. We want to move this project forward and presented the letter to the Army Corps of Engineers. 12056)
Believe they have a best plan and there are a lot of committed folks on this side. Looking forward to sub-committee.

(1:21:47) Senator Bekkedahl: What I hear is the Fargo Diversion appropriation issue is an issue of urgency for the community, and also for the state. I also hear that the Red River Valley supply is also an urgent project for the Fargo region. We're talking about drop mitigation and flood mitigation. They both say they are very urgent. In your view are they both that urgent right now?

Tony Grindberg: The flood mitigation has our top priority. It's been 10 years; we need to move this into the end zone. We want to support all water projects over the years. Let's buy assets, let's make incremental progress and ultimately achieve the goal of water supply.

Tim Mahoney: The chair of WAWAs want the Red River Valley water supply, legislative intent was $150M. We deliberately took out ask down to $50M, thinking the 100 could go to the diversion. We went to the feds and asked for $70M and an injunction held us back every time. We went to the Corps and said to be built in 18 years, we asked for it to be built in 6.5 years. We think over the next 3 biennia, both parts of the project can be done and complete. I hope we don't have a drought, but we have to deal with that. With the water bill coming out, the issue we have with that, is we have to have some construction to the Red River Valley Supply or it could be held up in court.

Chairman Holmberg: When the budget was put together, we are following the dollar amount that is in the resources trust fund. That number hasn't been robust. We will continue to monitor it, because is has a bearing on what legislature does. I was rude the other day when I reminded the committee that Diversion and the Fargo project aren't the only ones in this. We have to balance things.

(1:26:37) Senator Mathern: Question for the state engineer, have you reviewed the permit conditions and can we meet them?

Garland Erbele: I have read them, all 54 of them. They need to develop a monitoring plan, work on mitigation on Drayton dam, etc. There is a significant amount of work to be done, but I agree no show stoppers. Still trying to get some clarity, more with MN DNR, but all of those conditions are doable.

Chairman Holmberg: Are there additional concerns that if Plan B is implemented, are there concerns to folks downstream of the project?

Jason Benson: A number of people asked the same questions. Generally, this project has very small impacts. So on a hundred-year event, Grand Forks would get just under an inch of additional impact under plan B. We have worked hard to limit those impacts downstream.

Senator Krebsbach: You are experiencing the same as us in Minot. I just want to say, have patience. We started the NAAS project in the 1980s. Litigation has held up the project until just recently. Our flood control projects, we started in 2011. We had the question the other day, why are you preparing for 500 rather than 100-year flood. Plans developed many years ago, it was known that it would cost 7% more to prepare for the 500-year flood. We had a former senator from Devils Lake, crying for water and in the next session he wanted to get rid of it. I support your project, but timing is crucial. We do not have a problem with lack of water in ND, just the distribution. We have the obligation to fund projects that are ready.

Chairman Holmberg: Let's take a break and come back at 10:15.

Craig Hertsgaard, Farmer, Kindred, ND: Testimony Attached # 4. We think a smaller, less expensive would be effective for Fargo and also not flood those of us upstream.

(1:41:14) Cash Aaland, Richland County resident: No written testimony. I disagree with some of the information provided. Moorhead does not have a permit at this point, they can't begin construction. The core of the legal objections is that it protects about 78,000 acers. The Corps had their preferred plan of 35,000 acres and Fargo wanted to protect 78,000 acres. When they doubled the size of the project, the dam became necessary. In 2013-2014 we took action and said it was unlawful. After that the diversion authority started construction in Oxbow, without permits from MN. The Richland office got a federal injunction stopping construction. The diversion authorities said we don't need MN approval because we're only working in ND. The federal courts said no, if you're going to build a project, you have to comply with both sides. Our first federal injunction stopped the construction of the ring dike in Oxbow. Then MN agreed with us. They denied a permit on Plan B. They made detailed finding of why this violates MN law. The diversion authority filed a contest on that case. There after the Emmons structure was built by the Army Corps, who says they don't need permits. MN and Richland got a federal injunction saying they have to respect state laws. That was the setting going up to the December order. The order granting a permit. I'm an attorney, but not representing anyone here. How can they unwind that permit denial they had in 2016? It was very defined on how this project violated law 20

different ways. Plus 54% of the land they're protecting is future development. So you read the new order, and it doesn't unwind those arguments. It's almost that someone told MN DN, you have to grant this. The Diversion Authority demanded to have the injunction dismissed. Judge Tuneheim said no you don't have a permit and you won't unless you survive this contest. The DNR agreed there is no permit at this point. How that works in MN law, the DNR grants a permit, then anyone can contest within 30 days. Then there can be no construction until the case is resolved. In 2016 when the DNR denied the permit, the diversion authority filed a contest case in October. The trial was not scheduled until 16 months later. We want to have this contest case because we believe we'll be successful. There won't be any construction, probably for a year. Richland is looking at contesting this, the City of Comstock, MN has filed. The City of Wolverton, MN has filed. The Buffalo Red Water district, voted last week to file. We'll have a trial, probably next year, whether to have this permitted. There will be legal challenged after that. The thing about the injunction is Judge Tuneheim said no, but he's allowing them to make formal requests. We're hoping this injunction stays in place until the end of MN permitting process. I'm confident there will be no construction and this project is unlawful. Perhaps a smaller project, as opposed to a huge project.

(1:50:41) Senator Grabinger: You guys were included in the Task Force and had seat at table? (That was confirmed.) You say in your testimony you have a smaller plan? Was that ever completed and is it something we can see?

Cash Aaland: Yes, this "Plan B" is actually Plan C. The Army Corps plan was a simple diversion protecting 35,000 acers, and it cost $1.2B. The upstream coalition hired a hydrologist, Charlie Anderson, he came up with a plan that we presented to the diversion authority. They then cut off the meetings. That plan would be smaller with much less negative impacts. I can get it to you.

Senator G. Lee: I am confused. You say they don't have a permit and the injunction wasn't lifted? (That was confirmed.) My understanding is that they have a permit and can purchase land. (They have been purchasing land throughout.)
I'm interested how you came away from same meeting with different understandings?

Cash Aaland: I was not personally at the meeting. I was texting Tim Fox, former county attorney. He said the judge made it clear, there will be no permit until the contested case is resolved and no construction. He got the MN lawyers to concede that there was no permit. The MN DNR did not lift injunction. Now Fargo will make a formal request that the injunction is lifted. We're going to strongly oppose that.

Senator Bekkedahl: In terms of the further ask of Corps for $300M, is there any aspect that involves looking at benefit/cost ratio?

Cash Aaland: We've followed that closely. We've met with OMB and if you have cost benefit of under 1.0, you don't get funded. They historically want a 2:1 benefit. One of the things of MN plan A and plan B, assumed there was no protection in Fargo. MN determined that the ratio is 5:1. That is 50 cents to every dollar.

(1:56:113) David Fenelon, City Commissioner, Horace, North Dakota:
Testimony Attached # 5.

(1:58:57) Senator Dever: Which other communities might have come and said the same thing as yourself?

David Fenelon: We are not aware of any.

Senator G. Lee: Have you considered following others like Comstock, Wolverton, etc. and being involved in a contested hearing?

David Fenelon: We are looking at getting counsel, but we don't have plans of litigation against the Diversion authority.

Senator Grabinger: Is this loss that of actual land or potential land?

David Fenelon: It is a mixture. It is some of our ET (extra territory) and some in the city limits of Horace.

Chairman Holmberg: Closed the hearing on SB 2020.

Subcommittee will be: **Senator G. Lee, Chair; Senator Sorvaag & Senator Robinson**.

2019 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee
Harvest Room, State Capitol

SB 2020
1/29/2019
Job #31731

☒ Subcommittee
☐ Conference Committee

Committee Clerk Signature Rose Laning / Meghan Pegel

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to provide an appropriation for defraying the expenses of the state water commission.

Minutes: Testimony Attached # 1 – 3.

Legislative Council: Chris Kadrmas
OMB: Becky Keller

Chairman Gary Lee: Called the sub-committee to order on SB 2020. Senator Sorvaag and Senator Robinson were also present.

Chairman G. Lee: We will go over the bill look at some of the differences from the previous biennium where we have five different categories of expenses. Then go over some sections of the bill and see if you agree with the proposed executive budget. I don't intend to get into the numbers necessarily today; we'll leave that for a later date.

Chris Kadrmas, Legislative Council (see attachments #1-3)
Attachment #1-Analysis of the 2019-21 Biennium Ex. Budget Recommendation for SB 2020.
Attachment #2-SB 2020 Water Commission Base Level Funding Changes (Budget #770).
Also referenced - Attachment # 3 – Green sheet - The State Water Commission –Dept. 770.

Chris Kadrmas: (referring to attachment #1) This is intended as a worksheet to track the amount of revenue available to be appropriated to the agency. I'll explain the color coding. Essentially the light tan color shows you the two items within the capital assets line and the grant funding available that make up that $407M. The same is said for the blue line project carryover because it lies both within capital assets and with those both new and carryover project funding. The green lines are essentially operating costs of the agency. The above green areas total to that $64.3M. When totaling it though, the less equipment over 5,000 actually needs to be added to it rather than subtracted from the amount. The bottom section is where we tie out the estimated revenue available to the agency. We would like to see that the difference between the two is $0. We're essentially making sure we have enough revenue to cover our appropriation.

(7:40) Senator Sorvaag: The $75M loan is not in here?

Chris Kadrmas: Correct. The $75M is a section within the Governor's recommendation to be authorized and appropriated.

Senator Sorvaag: so the expense isn't showing in either. They just wash each other out if we do it that way?

Dave Laschkewitsch, Director, Administrative Services, State Water Commission

Dave Laschkewitsch: You would gain on the shortfall. You wouldn't necessarily have to change the allocation of the funding on the top, but you'd gain on that shortfall.

Senator Sorvaag: That $75M would put this in a $20M positive?

Chris Kadrmas: Correct.

Chairman G. Lee: The new project money in the tan of $407M and taking away the negative number on the bottom, that's the $350.75M that we have for new project money?

Chris Kadrmas: Correct. I didn't reduce any of those items because that was not at my discretion.

(RECORDING CUT OUT from 9:14-9:30)

Chris Kadrmas: The executive budget recommendation will tie to the green sheet for the agency. As the committee makes decisions and wants items included within an amendment, they'll start moving over to the Senate version.

(RECORDING CUT OUT 9:49-9:54)

Chairman G. Lee: Those categories that are listed there, do they tie out to the numbers that Chris just provided?

Dave Laschkewitsch: Yes, the first column is the executive budget. I didn't add them all up to make sure the salaries equal salaries, but I assume Chris would have them doing that.

Chris Kadrmas: You won't see the salaries line within this worksheet because these tie to a sheet where the data includes that. This only shows the changes that have been recommended. It doesn't show the impact of each line item.

(10:58) Chairman G. Lee: Can you go through those and give us an idea of what you've put in those so we have some reference when we talk about those?

Dave Laschkewitsch: The salaries and wages is self-explanatory. That includes all of the agencies' salaries and wages so if the employees are charging to a project, that was some of my complication in how I'm going to put what grants and capital and project carryover is because employees can charge to projects and that makes it a project cost. Consultant engineers are charged to projects, which could make it a project cost. When you gave me all of these new line items and called it projects, I didn't know quite what to do with that. The

operating expenses include consultant engineer professional services. The capital assets line item are the projects that the state would build and own, so that is Southwest pipeline and NAWS; those are the only two we own. If we were to do any construction on Devils Lake, we do own that, but there's none planned.

Chairman G. Lee: Devils Lake is included in that number in terms of pumping cost?

Dave Laschkewitsch: Actually Devils Lake pumping comes back up into operating because those are electricity costs, so there's $8-9M worth of electricity up and operating.

In the capital assets, we also included the carryover in capital assets for NAWS and Southwest but not for any of the other projects. I think your legislation was looking for project carryover. Because the accounting system is set up to account for the traditional lines- the salaries, operating, grants- it sorts all of those costs into the appropriate place when we're charging to them. Project accounting is almost a separate system. It runs there but you can charge any and every line item into project accounting in order to keep track of what a project costs, and of course we do that for capitalization. However, with the accounting system, if you code it salaries it will show up in salaries, and if you code it professional services it will show up in operating. The carryover project funding is only the grants carryover. In the new grant project, we have the new funding for the new grants and local cost share of the local projects sponsors. NAWS is an example. We know that Minot is going to pay 35% of that cost. We need to have the budget for the entire project because we will pay the contractors and do all of that, but we will turn around and bill Minot for 35% right away. We have in our appropriation authority enough money to pay that 35%, their local share. If that money is not spent, there is nothing to bill them and it won't come back. Even though the authority is there, we have no cash to back that up.

Senator Sorvaag: Does it show anywhere that cost share is? Please explain that again.

Chris Kadrmas: If you look under "Detail of Water Project Funding", it's going to be the "Less NAWS local cost share" at $12.5M.

Dave Laschkewitsch: Correct. Chris' worksheet is working to tell how many dollars that we have, new project funding that can be allocated to projects. It leaves the line items a little bit convoluted, but for you to know is what's in those lines.

Chairman G. Lee: This is the first time we've used that kind of breakout.

Dave Laschkewitsch: That would lead me into what I'd be asking the group to maybe add to our bill (see attachment #3 page 7). It would be some language that would let us do line item transfers. My understanding is that the DOT has a section in their bill that allows them to move between their traditional line items for project funding. Because our grant carryover is our best estimate at this time, we contacted our local sponsors. However, history has told us that we probably don't have that number right. It's a best guess, but we have a ways to go until the end of the biennium. We don't know what they'll actually spend and what the carryover will be. We kind of cloned the DOT's language. It says the "chief/engineer secretary of the state water commission may transfer between the salaries and wages, operating, capital asset, capital construction carryover, and grants line item in section 1 of this act when

it is cost-effective for the construction of water projects". We were trying to be specific that we could only move that money if it's for project funding. "The state water commission shall notify OMB of any transfers made pursuant this section." We think that language is pretty important based on moving from 2 line items to these 5 to allow us to get our project funding closer to correct as the biennium progresses.

Chairman G. Lee: I can see where that language would be a real advantage for you, but for those of us who have some concerns about where the money might be spent, you could spend it all on one project if you wanted to.

Dave Laschkewitsch: That language would enable us to move it around.

Chairman G. Lee: If we did something like that we'd have to be careful how it was worded so it would be satisfactory to both of us.

Dave Laschkewitsch: Correct. You have some other methods you could potentially use to take care of your concerns.

Chairman G. Lee: One of the things we always talk about is the FTE account. I think you started out with 93 FTEs in 17-19. The governor's' recommendation was to remove 4 of those. Then there was a request to put back 1 FTE for mapping from federal funds, so that's an all federal position and doesn't cost anything in state dollars.

Dave Laschkewitsch: Correct.

Chairman G. Lee: Why is that position important?

John Paczkowski, PE, State Water Commission

John Paczkowski: That position is an opportunity that FEMA is providing us. They've invested a lot of money in doing modelling across the state as part of their NFIP type program. It's in such that information can be utilized by consultants and various folks across the state. They realize the workload that's involved with that and are offering to pay for an FTE to help facilitate the investment they have already made.

(21:20) Chairman G. Lee: Is it limited to those kinds of work?

John Paczkowski: Yes. It would be related to the efforts that FEMA has put into the state to date.

Chairman G. Lee: It doesn't allow you any flexibility with the position in using them other places in the department if needed?

John Paczkowski: No. Those federal monies are tied to making sure those functions are secured to the best of our ability.

Senator Robinson: That position would be ongoing?

John Paczkowski: Yes, it would be ongoing. We already have positions like that within the agencies.

Senator Sorvaag: That's the salary from the federal funds. Every employee costs us money besides just the salaries, so does that come from you then or is that also part of the program?

John Paczkowski: FEMA covers those additional costs as well.

Chairman G. Lee: What kind of skills do they have in terms of background education other than being able to map?

John Paczkowski: We haven't advertised for the position yet at this point. We are looking for the ability to at least have a basic understanding of the National Flood Insurance program and H and H modelling and the ability to work with folks from different facets of life. Predominantly related to the NFIP program and those tasks accordingly.

Chairman G. Lee: You're satisfied with the 90 FTEs in terms of the workload? Were there additional requests anywhere?

Garland Erbele, State Engineer, Chief Engineer & Secretary, State Water Commission

Garland Erbele: We're ok with the 90.

Chairman G. Lee: and the 4 you didn't include- were they vacant positions?

Garland Erbele: No. 3 of them took the buyout that was offered and the fourth one is a hydrologist position in our appropriation division that is currently vacant.

Chairman G. Lee: We talked about the $75M credit line. Your intent is that it would be used for the NAWS project and MR&I funding would be the funding source for that?

Garland Erbele: Correct.

Chairman G. Lee: and that would be paid back over time?

Garland Erbele: Their reclamation provides MR&I funding to the state somewhere in the vicinity of $8-10M per calendar year. The plan would be for the reclamation to reimburse the state for the costs that we're fronting with the line of credit.

Dave Laschkewitsch: We plan to use that line of credit for the NAWS. I hope that the language is not so specific that maybe say the first $5M or whatever we spend on it that I have to go take out a loan. I say that because of the carryover. If my estimated carryover comes in close to right, I'll have $350M in cash in the beginning of the biennium. It seems not prudent necessarily to take out a $5M loan when I have all of that cash sitting there. I would hope that I could use my cash and take out that line of credit or loan only later in the biennium if it's necessary. However, the mindset is it's still for NAWS.

Chairman G. Lee: If we choose to add any of these governor's recommendations, we would have to add these to our general budget bill. If we take anything out of the governor's budget and want to add it, we have to include it in the budget bill.

Chris Kadrmas: That is correct.

Chairman G. Lee: Section 3 in the governor's budget bill- is that the same as what's on the first page of the bill we have?

Dave Laschkewitsch: No. You don't have that additional income section in your bill.

Chairman G. Lee: What the value of this piece?

Dave Laschkewitsch: The hope is that the current revenue estimates are conservative in that by the end of the biennium there will be additional oil extraction revenues. If those revenues do materialize, the agency historically has had a section in our bill. This isn't new, this is a section that's been in our bill that says if that additional funding does come to pass, we could use it for projects rather than just waiting another cycle to use those funds.

Chairman G. Lee: If the money we receive is above the money we have for allocation for new projects, it can be spent for projects that are needing to be funded.

Dave Laschkewitsch: NAWS is an example. If there is additional funding that becomes available during the year, we would certainly like to concentrate on progressing the NAWS project. We'd been waiting 15 years for a court decision, so that's one we'd sure like to see move.

Chairman G. Lee: We're just waiting for a decision right?

Garland Erbele: The court lifted the injunction on the project. Manitoba appealed that. The court lifted the injunction in August of 2017 and we reached a settlement with Manatoba in the appeal in June of 2018. The appeal of Missouri continued. We had a hearing on that in the first part of January and we're waiting on the judge's ruling on that now. There is no injunction.

Chairman G. Lee: How many dollars need to be allocated to that project to finish it?

Garland Erbele: To finish that project, I think it's an excess of $200M. A large part of that will be the treatment plant which will be constructed at max and about a $60M project. That's related to the line of credit. Then we have to do an intake. We're going to modify the Bureau Reclamation pumping station. There is additional work on the line going to Minot- there are some gaps we need to finish. We'll ultimately put a ground storage reservoir on that line to help balance flow between the treatment plant and the Minot water treatment plant.

(31:09) Chairman G. Lee: Please address the section 4 carryover.

Dave Laschkewitsch: That is a piece of language that you included in your bill also. It is a section that we have in every single biennium. 54-44.1-11 says "the office of management

and budget is to cancel unexpended appropriations when they can carry over and continue". We put this in our bill every year so that we don't have our projects appropriations cancelled. One of the ways we could not put this in our bill every year is go into that chapter and exempt the water commission. I see that the historical society is exempt from that section. We can do it either way.

Chairman G. Lee: Section 5 is where you want to move the money around.

Dave Laschkewitsch: Particularly between capital and grants. I'll use NAWS as example. If we have some of our grant projects that get stalled and can't use their funding, it would be nice if we could shift those dollars from grants to capital which is a line item change. In the 2-line item budget, we were able to move those dollars around in the past. This new 5 line precludes us from being able to do that. We pull all of our major projects and ask them what they think they're going to get spent by the end of the biennium. We get very optimistic numbers, but it's truly an estimate. The way the line items would work- if we have those line items wrong and I have the wrong amount of funding in the carryover versus the new projects, I can't spend it. That's why I would like to be able to shift between those lines.

Chairman G. Lee: I think we need to craft a little different language. The way it is I think is pretty open.

Dave Laschkewitsch: We pulled it out of DOT's language.

Chairman G. Lee: Section 6 and 7 is the credit line?

Dave Laschkewitsch: That's the line of credit.

Chairman G. Lee: and you just advanced the years?

Dave Laschkewitsch: We had a $75M line of credit in the current biennium. We have not drawn on that line. There's no virtually no chance that we will have to draw that line. We do have cash and again if we carry over $350M worth of projects, I have no reason to borrow any money.

Senator Sorvaag: Interest rates- is that what we did last session? So the bank could charge a little more if possible.

Dave Laschkewitsch: Correct. There is no established interest rate I don't believe, for the banks, for that line of credit.

Chairman G. Lee: One of the things on our green sheet talks about the infrastructure revolving loan fund. There's still a loan in there that you have access to out of the bank of $26M?

Dave Laschkewitsch: We have an existing loan with the Bank of North Dakota that we have drawn the money. When we paid one of our bond issues the previous session, we took out a long term loan from the bank of North Dakota to pay that bond off, so we do have some outstanding debt.

Chris Kadrmas: Essentially that infrastructure revolving loan fund was capped last biennium at $26M. As of Nov. 30, 2018, it had total outstanding loans of $23.6M roughly. There was a little bit of funds available for loans.

(38:00) Chairman G. Lee: Do we need to do anything with that?

Chris Kadrmas: Not unless the Senate were to desire to increase or reduce the amount available within that revolving loan fund.

Dave Laschkewitsch: SB 2275 actually repeals the loan section of our and the Bank of North Dakota takes over those loans in that bill. We would no longer have that loan fund. We've run all the loans through the bank of North Dakota, so they are already the entity that is collecting the money and doing all the interest calculations, but at this point they would assume those loans as a part of the proposed infrastructure revolving loan fund. We don't have anything in our bill.

Chairman G. Lee: There's some related legislation in SB 2090- permits for the appropriation of water and amends several section. Are you familiar with what that is?

Garland Erbele: SB 2090 is a clean-up bill. In addition to that it will raise fees for different water rights. The last time they were raised was probably about 20 years ago, so we felt it was appropriate to bump those fees up.

Chairman G. Lee: Is it a significant raise?

Garland Erbele: It depends on the particular permit. Some of them are not that great- maybe $50-100. Some of the industrial permits that are associated with the Bakken use, those are maybe more line an increase of $1,000.

Dave Laschkewitsch: but still, we estimated $60,000 was the net of the biennial effect, so unfortunately fairly immaterial.

Chairman G. Lee: I've heard of another bill that there's another bucket going above all the other buckets to take money out of the Resources Trust Fund. That would be the first allocation from the oil extraction tax.

Dave Laschkewitsch: There are multiple oil extraction bills out there.

Chairman G. Lee: It didn't sound very favorable from what I have heard.

Chris Kadrmas: If it's for the 5% allocation of oil tax revenues to a health and human services stabilization fund, then that one on the fiscal impact report indicates that it's actually a reduction to the allocations to the SIIF fund. That's SB 2223.

Chairman G. Lee: How much does it hit the SIIF fund?

Chris Kadrmas: $80M based on current revenue forecast.

Dave Laschkewitsch: There was an adjustment made for the Microsoft 360 product to be put into most of the agencies. We inadvertently did not get that put into our bill.

Becky Keller: It would just be an appropriation into your bill where we'd put in the $68,200. It would be an operating expense for that office 365 licensure.

Chairman G. Lee: Is there any other IT costs that you're going to end up paying with the consolidation?

Dave Laschkewitsch: In our discussion with ITD, the water commission would not be involved with unification this biennium. I do not believe that we have a lot of affect at this point.

Chairman G. Lee: One of the other things is the salary line. We haven't decided on a particular percentage yet if that's the way it's going. We won't worry about that until a little later.

Chairman G. Lee ended the discussion on SB 2020.

2019 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee
Harvest Room, State Capitol

SB 2020
2/5/2019
Job # 32197

☒ Subcommittee
☐ Conference Committee

Committee Clerk Signature	Rose Laning/ Mary Jo Wocken

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to provide an appropriation for defraying the expenses of the state water commission

Minutes:

Testimony Attached # 1.

Legislative Council: Chris Kadrmas
OMB: Becky Keller

Senator G. Lee called the sub-committee to order on SB 2020. **Senator Sorvaag and Senator Robinson** were also present.

Chris Kadrmas handed out the Base Level Funding Changes – Attached # 1.

Senator Gary Lee: Wants to review what was gone over last time. Last time discussed salaries 2% first year- 3% second and health insurance will remain as is. That is what will be included in all budgets if it passes on the floor. The Governor's budget will bring that out if that passes that will be included in all the budgets that we are working with. The House is doing 2/2 so we'll have to reconcile that in the end. But the Senate bills will have that in theirs.

Reviewed FTEs. Executive budget removed four of those so, so they will be down to 89 but they did ask for an additional FTE that mapping and planning FTE which is paid for by Federal funds and would be doing FEMA work as I recall with the Water Commission. Are we ready to look at that or wait and move it over to the side that we can move forward with it or do you want to not include it or what would your wishes be? If we do this do you just want to know whether we are going to move it to the side of where you're going to put in the amendments. Then we don't need to vote on it or anything or just as a consensus?

Chris Kadrmas: It would be at your discretion. We'll just make it a consensus if we are going to do it or not and so.

Senator G. Lee: The consensus is we will move that FTE and include in the recommendations for the overall budget.

Senator G. Lee: Recommendation from State Water Commission to add the $75M for line of credit to be included in the budget. Any thoughts on that?

Senator Robinson: That's for the Max pumping station, correct?

Senator G. Lee: Used for NAWS, because it would be paid back with MNI funds.

Senator Sorvaag: Fine with me. The removal of four employees. We moved them too, because we have to move everything, so if have agreed or do we want to wait on that? My understanding we have to say yes we have to agree because the employees are there.

Chris Kadrmas: That is correct. You would have to remove those four and funding to go with it.

Senator Sorvaag: They are in our zero base budget. Gov. recommended it, but we have to physically move them. They are still there and we have to act on it.

Senator G. Lee: The executive budget is to remove the four if we're going to do that we have to include that. The Water Commission has been in support of the Executive Budget so you're okay with removing those 4 FTE's and add the one back.

Senator Robinson: Are those positions all filled right now or are they in a situation where we have vacancies which makes it a bit easier?

Garland Erbele, State Engineer, Chief Engineer & Secretary, State Water Commission: Three of the positions were positions that were a result of the buy-out. All three of those are currently vacant now. The individual had chosen a date that was prior to now. The fourth position is a vacancy that we currently have.

Senator Robinson: I wasn't suggesting that the positions aren't needed. It isn't where I was coming from. But if they are filled and we've got to tell people that they no longer have employment, that is one thing. If they are vacant that's another thing.

Senator G. Lee: The request would be to remove those 4, FTE's that are included in the budget, the Executive Budget. So that would be a consensus that we take out four but add still add the one back for that mapping and planning.

We'll go back to the line of credit. Did we respond to that? We did, okay. The sections 3 & 4- already moved over to Senate version. We didn't take any action on those I don't think. I am assuming that we're going to do that.

Chris Kadrmas: That sheet that you have was the one but some of the items that we had discussed it was not presented to the committee.

Senator G. Lee: Section 3 provides that the in addition to the amounts appropriated to the State Water Commission from the Resources Trust Fund, the Water Development Trust Fund and federal funds, any additional amounts for defraying expenses for the State Water

Commission for the 2019-2021 biennium that was very similar to this current budget's bill. The Water Commission is accepting of that again?

Dave Laschkewitsch, Director, Administrative Services, State Water Commission: Budget section was contentious in the past.

Senator G. Lee: Legislative Council says language on Budget section is appropriate.

Senator Sorvaag: I'm ok.

Senator G. Lee: So do we want to put that into the Senate version of the bill when it comes out? That section like that? We had it in last time, and I understand the budget section is one of those things that may come up again, but the Legislative Council has agreed that language is appropriate. Do we want to include it?

Senator Robinson: What section of the budget section we are talking about that is contentious, but that language we've better not put in.

Senator G. Lee: That we'll move to by consensus to section 4 that we have that too is included in the current biennium's budget and provides that funds appropriated for grants or water related projects in Section 1 are exempt from the North Dakota Century Code section 54-44.111 for 2 years after June 30, 2021. Any unexpended funds appropriated from the Revenue's Resources Trust Fund or the Water Development Fund after that period has expired must be transferred to the originning fund. So they can carry them over for two years, essentially is what it is saying. But then they have to go back. Is the Water Commission okay with that?

Senator Sorvaag: I am fine with that.

Senator G. Lee: That we move to Chris by consensus.

Senator G. Lee: How are we going to move the money around that is available for new projects. Chris has the numbers and I hope he has the sheets available that we can pass forward. Our plan is at this point at least to include the four purposes or buckets as we did in this current biennium. They include water supply, rural water flood control, and general water. Chris will go through the categories so we do it in a correct fashion.

Chris Kadrmas: The very last four line items. There is the proposal to add 4 line items and is essentially taking the bucket that were provided in the section as they had been the past 2 biennium's and making them new line items within Section 1, of the bill. The first one would be adds water supply grants line item for $115 M. The 2nd one adds rural water supply grants line item for $30 M, and then there is adds flood control grant line item for $145M and then adds general water grants line item for $35,255,000.

Senator G. Lee: $35M would be available under the Senate's revenue projection. We used that to calculate what numbers would go into those individual buckets. We took a look at the asks that came out of the State Water Commission budget's hearing. That ask list was $717M, somewhere in that range. We also looked at the priority list of the Water Commission

and the strategic plan. We used those documents and numbers for the buckets we're working with here. We had to back down the numbers obviously because the Water Commission used $403 plus the $75 M, credit line which is $478. We obviously didn't have the money for the $717M so we just backed it down and coincidently it came up to a similar percentage that we ended up with in this current biennium. Like 40% for water supply, 9% rural, 41% flood and 10% general water. The difference here is that we put the water resource districts back into the general water instead of in with the flood program as we had then in this current biennium. So we shifted those dollars into the general water. Any questions or comments from the committee in terms of what is there in regard to those?

Senator Robinson: We don't know what March forecast will bring. Should that forcast be upbeat and there would be additional dollars that we would be looking at, would it be your intention to distribute those dollars on a same percentage basis as you have here, or is that something that you want to think about down the road?

Senator G. Lee: When that forecast comes out in March the bill will be over in the House. So they will get look at it and see what they would do if there's extra dollars available. I think we're all optimistic that there will be more or some money available in that there will be more dollars to distribute. We will have to wait and see.

Dave Laschkewitsch: In the general water the, what would you put back into the general water?

Senator G. Lee: Water resource districts in this current biennium they were in with the flood dollars.

Dave Laschkewitsch: They would be conveyance on?

Senator G. Lee: Yes. Those kinds of items. End it for the day and come back maybe Friday and see what may do.

Adjourned.

2019 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee
Harvest Room, State Capitol

SB 2020
2/11/2019
Job # 32542

☒ Subcommittee
☐ Conference Committee

Committee Clerk: Rose Laning / Florence Mayer

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to provide an appropriation for defraying the expenses of the state water commission.

Minutes: Testimony 1 – 5.

Legislative Council: Chris Kadrmas
OMB: Becky Keller

Chairman Senator G. Lee: Called the sub-committee to order on SB 2020. **Senator Sorvaag** and **Senator Robinson** were also present.

Chris Kadrmas handed out the Base Level Funding Changes (long sheet) – Attached # 1 and Analysis of the 2019-21 Biennium Executive Budget Recommendation for SB 2020 – Attached # 2.

Chris Kadrmas, Legislative Council: Went over the bill with the changes.
Committee has approved: base payroll changes, senate appropriations package to include the health insurance, the removal of 4 FTEs, the addition of 1 FTE risk mapping position, Microsoft 365 licensing, 4 line items for grant funding, the authorization in the line of credit for 1-time funding, Section 3, Section 4, Section 5.
Things the committee had questions on: Reduction of $169M, reduction of $14M. The committee has not taken action on those items, will explain each item:
1)Reduces the new projects line to 0 dollars. With the adjustment from one new line item. Those brings that line to zero.
2) Adjustment from base level to estimated carryover amount. Base level amount of $274.9M up to $3.2M
3)Reduction to base amount. I came up with the base amount from into I had. The agency had their amount which was more accurate. Since we had a different starting point, there was an adjustment needed. It removes $50.3M for NAWS and then added it back in because of the $75M line of credit. And an adjustment of $10M to the capital assets line. To make so the capital assets line is at $147,938,758. You won't see that on your sheet. That line amount includes the budget amounts for state owned capital projects. It would include $75M for NAWS.

Senator G. Lee: The 308 carryover, doesn't show up as a number then?

Chris Kadrmas: Correct, the worksheet only shows adjustments to line items, not the ending amount. We had passed out a sheet previously that had the end amounts.

Senator G. Lee: Are we all on the same page, any questions? (That was confirmed.)

(8:10) Chris Kadrmas: The final change is a reduction of $14,257,138. That is an adjustment to operating expenses. There was an adjustment again of $10.4M so base budget would be aligned to agencies budget request. There is also a $3.8M reduction for feeds for professional services. Operating expenses line would be a total of $43,855,753.

Senator Robinson: Senator Holmberg, Senator Hogue and I were working on 2055 and 2095 that resulted because of a lawsuit last session. We've elected to remove some language in 2055 that has an impact on the Bank of ND. Called on Kelvin Hullet to share for informational purposes.

Kelvin Hullet, Bank of North Dakota: What came up in SB 2055, was that as they were doing some repeal of various parts of language related to the lawsuits in Section 19, they were repealing part of the 2017 session laws. The part they were repealing related to the secondary repayment source for the Western Area Water Supply. In the last legislative session, we made a series of moves where we consolidated the WAWS notes with the BND. We incorporated in the $25M loan that was with the state's general fund. We ended up with a note of about $88M. Based on that the industrial water sales are the first source of repayment. The second source of repayment was that if there was inadequate funding the bank could go to Legislative Council, the Industrial Commission and then the State Water Commission would make up the difference of that payment through the Resources Trust Fund. They did repeal section 19 of SB 2055, so I'm not sure we need positive action to maintain that, but we wanted everyone to be aware that the guarantee would remain out there.

Senator Robinson: Does that language need to be inserted elsewhere?

Kelvin Hullet: It is in session law. Unless someone has a different opinion, I think we'll be okay.

Senator Robinson: We just wanted you all to be aware of that.

Kelvin Hullet: It would have been Section 9 of last legislative session was where we brought together the loans for the $40M from the BND, the $15M also from the bank and then the $25M loan from the general fund. Then we outlined the terms, timeframes and interest rates on the $10M loan that was held by the Resources Trust Fund and unified all of the interest rates at 2.5%. Then section 10 was the debt service shortfall authority. If they defaulted on the loan, BND should notify Legislative Council, the Water Commission and provide payment subject to budget section approval. There were other actions we took in the interim with the Industrial Commission; evaluating the ability to sell or lease the industrial assets and based on that we had path A and path B. We are moving down path B, which is to not lease or sell the industrial assets of the WAWS..

Kelvin Hullet: Last session we were basing that on a $12M overall revenue stream. In 2018 the revenue stream was $18M. We do not anticipate needing to draw on that secondary repayment source.

John Paczkowski, PE, State Water Commission: We have drafted a proposed amendment to last sessions HB 1020, section 8. It relates to the language regarding the boundary waters treaty. (Handed out Draft Proposed Amendment - Attachment # 3) The portion in question is environmental regulation compliance to include boundary waters treaty of 1909. The pages behind are the actual copy of HB 1020. The proposed language incorporates what our draft was to address the concerns with Canada and the potential implications of lawsuits. The last line item you can eliminate line B from section 8. It simply rules in the permitting federal and state permitting requirements into a single subset.

(18:00) Senator G. Lee: It simply removes the reference to boundary waters treaty act. That removes some of the federal issues if that were involved if there were a lawsuit from Manitoba, for example.

John Paczkowski: Yes, it does remove the boundary waters treaty language and looks at the need for federal and state permits to be obtained moving forward.

Vote 1 -
Senator Sorvaag: Moved to include draft proposal by state water commission.
Senator Robinson: Seconded the motion.
A Roll Call Vote Was Taken: 3 yeas, 0 nays, 0 absent.
MOTION CARRIED.

(19:24) Senator Sorvaag: Presented amendment 19.0233.01006 (Attached # 4). Deals with the Fargo flood control project and gives them $703M by the state.

Vote 2 -
Senator Sorvaag: Moved amendment 19.0233.01006
Senator Robinson: Seconded the motion.

Senator Sorvaag: We took language and state will do a portion of local cost share. Only other difference.

A Roll Call Vote Was Taken: 3 yeas, 0 nays, 0 absent.
MOTION CARRIED

Senator G. Lee: Presented amendment 19.0233.01001 - Attached # 5, which is for Red River Valley water projects, for the state water commission to provide a cost share beginning in 2021. And they would report to the water topics overview committee.

Vote 3 -
Senator Sorvaag: moved amendment 19.0233.01001
Senator Robinson: Seconded the motion.
A Roll Call Vote Was Taken: 3 yeas, 0 nays, 0 absent.
MOTION CARRIED.

Vote 4 -
Senator Robinson: Moved all the changes to the amendment that Chris explained.
Senator Sorvaag: Seconded the motion.
A Roll Call Vote Was Taken: 3 yeas, 0 nays, 0 absent.
MOTION CARRIED.

Dave Laschkewitsch: We have asked about line item transfers before, of which the committee wasn't very receptive to. When we're doing project **(Microphone cut out.)**
Is there any receptiveness to moving construction type items between operating to capital line item?
Senator G. Lee: Moving between 3 line items or just the operating and capital.
Dave Laschkewitsch: We do charge salaries in projects as well. We don't know how much is charged at the beginning, that doesn't change the fact. Not as critical as moving between operating for professional services. We need to be able to move project money into operating or capital.

(27:45) Senator Sorvaag: Have we done this before?

Dave Laschkewitsch: You didn't need to because we only had 2 line items. We were able to do that ourselves and we budgeted differently. We polled project sponsors and know carryover isn't exactly like it is. It does start to cross into the grant line item.

Senator G. Lee: If you're were short, would another alternative be to use the emergency commission? (That was confirmed.)
My thoughts would be to leave as it and see how things work. We could make a bigger case as we get closer to the end.

Senator Robinson: That's the reason Dave is going to retire.

Dave Laschkewitsch: Sure makes it more challenging for the agency.

Chris Kadrmas: The committee could pass it as is and hold it if there is something that needs to change.

Vote 5 -
Senator Robinson: Moved a Do Pass on SB 2020 as Amended.
Senator Sorvaag: Seconded the motion.
A Roll Call Vote Was Taken: 3 yeas, 0 nays, 0 absent.
MOTION CARRIED.

Chris Kadrmas: This can be ready by tomorrow morning.

Senator G. Lee: Closed the sub-committee hearing on SB 2020.

2019 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee
Harvest Room, State Capitol

SB 2020
2/13/2019
JOB # 32701

☐ Subcommittee
☐ Conference Committee

Committee Clerk: Alice Delzer

Explanation or reason for introduction of bill/resolution:

A Bill for an Act to defray the expenses of the water commission. (Do Pass as Amended.)

Minutes: 1.Amendment # 19.0233.01007

Chairman Holmberg: called the Committee to order on SB 2020. All committee members were present. Chris Kadrmas, Legislative Council and Stephanie Gullickson, OMB were also present.

Senator Gary Lee: Submitted Attachment # 1. Proposed Amendment # 19.0233.01007 and explained the amendment. He went through the history involving the water commission through the years. He stated there were several needs around the state regarding water, flood control and need for water supply. Both Fargo and Minot came and asked for help with flood control with the floods they had. **(The recording was started here**) Minot came and asked for $186M, Fargo came to ask for $166.5M over 3 more biennium. We couldn't justify in our own minds spending all of the money on two projects. So we stayed with the legislative intent for those two projects, for Fargo, it was $66and 1/2M over the next 3 biennium and for Minot we stayed with their legislative intent of $193M over to the 23-25 biennium. Theirs wasn't divided equally necessarily. They could divide it the way they want to. So the first year of the biennium they got money they used $65M, they could do that much the next time, I suppose, if the water commission approves that plus they had the carry-over of about $65M. So we thought that gave them a pretty generous start into the next biennium. The same with Fargo. They had 65and a half, $57M of carry-over, they hadn't drawn on 17-19 biennium dollars yet, so we said if they don't get any this biennium we could extend to them getting $661/2 each year of the 19-21 biennium to catch them up if that was necessary and they got through all the hurtles that they needed to get over to access the money. then we broke down the rest of them into percentages of each of them how they showed up in the water supply, the rural water, the flood control and general water, use the percentages that were there and just back down the numbers until we got to the dollars in the line items that you see. **(2.06)** So we used a sort of objective way to try to get there, but there is always dispute on it. That is how we allocated the money. The total dollar amount then in all those grant

lines, it's just federal and special funds, no general fund dollars is $845,216,000. And that is $39.1M in federal funds, $640.8M in resources trust fund money and $72.8M in water development trust fund money. for a total of that $845M. They also have an FTE position there, 90 FTE's. They are an executive agency so they agreed to the executive budget. They lost 4 FTE's in that process but requested through the OAR process to get one FTE back, which we allowed which is all federal funds, paid for with FEMA dollars for mapping and flood plain mapping and that is how the position would be used and it's all federal dollars. **(3.21)** He continued on in section 2 of the bill, it just reflects on a $75M credit, that's seen as a one-time expense. That same expense was in the 2017-19 or current budget. We are going to allow that again in the 2019-21 budget, $75M line of credit that the water commission can use for one-time funding opportunities. Section 3 is a continuation, the same thing that we are doing now except the project dollars can be carried over for 2 years, if they are not used within 2 years they revert back to the source from which they came. Section 4 is budget section approval for any additional amounts in the resources trust fund and water development trust fund which become available and are appropriated, they are subject to budget section approval and when the budget section considers those, they have to look at those 3 criteria on page 3. They need to decide what whether approving the appropriations would negatively affect the 67th legislatives assembly's ability to address water related needs, whether it complies with the legislative intent and there is not a result in future funding commitments. Those are just 3 of the 15 items that were in a bill that we heard here that described what the budget section would need to look when taking action on some budgetary items. what we heard here **(5.43)** Section 5 deals with the Fargo flood control project. Section 6 deals with the Red River Valley Water Supply project. It would give them a grant. Section 7 also deals with the Red River Valley Water Supply Project, that section is added back in again because we changed some language that had been in this current biennium and we took out what was in subsection 1 and section 7, in reference to the Boundary Waters Treaty Act of 1909, we removed that. It was removed because if there is legal action, for example, anticipated from Manitoba, they couldn't claim that we were involving some federal program in this project because this is intended to be a state project, and not using any federal dollars. Also included in subsection 2 of section 7, that the state water commission shall review any associated appeals or litigation before releasing any funds for the project. so if they are going to spend money, the Red River Valley Supply through Garrison diversion can go to the water commission and say we'd like our project to go forward, we think these are the reasons, it's still a good project and it's not going to put assets in the ground that are that are going to be frozen. That's one of the bigger hurtles and worries that we have is that we have frozen assets that just lay in the ground and never get used. This allows them an opportunity to make their case rather than just ending the project until the litigation is completed. Section 8 – determines what the line of credit is. I believe those are the amendments to SB 2020.

Senator Gary Lee: Moved the amendment # 19.0233.01007. 2nd by Senator Robinson.

Senator Bekkedahl: On the intent language, for the Red River Valley Water Supply, the 50M does that come directly out of the water supply grants column of $115M total appropriated for the next biennium? He was told yes. **Senator Bekkedahl:** Then the intent language for Fargo Flood Control, where does that come out, that's flood control grants of 145 category?

Senator Gary Lee: It comes out of the flood control bucket but it would be in sucessive bienniums instead of this one. Those two additional ones aren't in this particular budget.

Chairman Holmberg: all in favor of amendment say aye. it carried.

Senator Gary Lee: Moved a Do Pass as Amended. 2nd by Senator Robinson.

Senator Robinson: Every effort was made to be as fair and balanced as we could be. The money was very, very tight. When you look at $700 and some million dollars-worth of requests for funding, and we had less than half of that, I believe probably no one is getting the dollars they'd like to get, the effort was trying to do as much as we could with limited resources. We had a good committee, a lot of discussions and water is critical to every corner of the state, whether you talk about the challenges up in Minot, and NAAS, and how long we waited for that project to move forward, to folks in southwest waiting for years for water and then we look at the flood challenges in Fargo, rural water needs, this is a critical budget and, like everything else just wish we had more money.

Chairman Holmberg: Call the roll on a Do Pass as Amended on SB 2020.

A Roll Call vote was taken. Yea: 14; Nay: 0; Absent: 0. Senator Gary Lee will carry this bill.

The hearing was closed on SB 2020.

Prepared by the Legislative Council staff for
Senator Sorvaag
February 11, 2019

PROPOSED AMENDMENTS TO SENATE BILL NO. 2020

Page 1, line 2, after "commission" insert "; and to provide legislative intent"

Page 1, after line 24, insert:

"**SECTION 3. LEGISLATIVE INTENT - FARGO FLOOD CONTROL PROJECT FUNDING.** It is the intent of the sixty-sixth legislative assembly that the state provide a portion of the local cost-share of Fargo flood control projects, including constructing a federally authorized Fargo flood control project, and that total Fargo flood control project funding to be provided by the state not exceed $703,000,000, which includes $120,000,000 originally designated for Fargo interior flood control. It is the intent of the sixty-sixth legislative assembly that the $332,500,000 yet to be designated by the state for the Fargo flood control project be made available in equal installments over the next five bienniums, beginning July 1, 2019."

Renumber accordingly

Prepared by the Legislative Council staff for
Senator G. Lee
February 5, 2019

PROPOSED AMENDMENTS TO SENATE BILL NO. 2020

Page 1, line 2, after "commission" insert "; and to provide legislative intent"

Page 1, after line 24, insert:

"**SECTION 3. LEGISLATIVE INTENT - RED RIVER VALLEY WATER SUPPLY PROJECT - REPORT TO LEGISLATIVE MANAGEMENT.** It is the intent of the sixty-sixth legislative assembly that the state water commission provide, in the form of a grant, up to $50,000,000 to the Garrison Diversion Conservancy District for the Red River valley water supply project, for the biennium beginning July 1, 2019, and ending June 30, 2021. It is further the intent of the sixty-sixth legislative assembly that the state water commission provide state funding at an eighty percent state cost-share to the Garrison Diversion Conservancy District for the Red River valley water supply project after June 30, 2021. The Garrison Diversion Conservancy District shall report on a regular basis to the legislative management's water topics overview committee during the 2019-20 interim regarding the progress of the Red River valley water supply project."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

This amendment adds a section providing legislative intent that the State Water Commission grant the Garrison Diversion Conservancy District $50 million for the Red River Valley Water Supply Project for the 2019-21 biennium and that the State Water Commission provide funding to the Garrison Diversion Conservancy District on a 80 percent state cost-share basis for the Red River Valley Water Supply Project after June 30, 2021. The section also requires the Garrison Diversion Conservancy District to report to the Water Topics Overview Committee during the 2019-20 interim.

SK 1085

19.0233.01007
Title.02000
Fiscal No. 2

Prepared by the Legislative Council staff for
Senator G. Lee
February 13, 2019

PROPOSED AMENDMENTS TO SENATE BILL NO. 2020

Page 1, line 2, after "commission" insert "; to amend and reenact section 61-02-79 of the North Dakota Century Code, relating to the authorization of a Bank of North Dakota line of credit; to provide for Red River valley water supply requirements; to provide an exemption; to provide for a report to the legislative management; and to provide a statement of legislative intent"

Page 1, replace lines 9 through 17 with:

"

	Base Level	Adjustments or Enhancements	Appropriation
Salaries and wages	$19,659,298	$173,833	$19,833,131
Operating expenses	58,044,691	(14,188,938)	43,855,753
Capital assets	124,819,442	23,119,316	147,938,758
Project carryover	274,867,897	33,465,921	308,333,818
New projects	169,782,147	(169,782,147)	0
Water supply - grants	0	115,000,000	115,000,000
Rural water supply - grants	0	30,000,000	30,000,000
Flood control - grants	0	145,000,000	145,000,000
General water - grants	0	35,255,000	35,255,000
Total special funds	$647,173,475	$198,042,985	$845,216,460
Full-time equivalent positions	93.00	(3.00)	90.00

SECTION 2. ONE-TIME FUNDING - REPORT TO THE SIXTY-SEVENTH LEGISLATIVE ASSEMBLY. The following amounts reflect the one-time funding items approved by the sixty-fifth legislative assembly for the 2017-19 biennium and the 2019-21 biennium one-time funding items included in the appropriation in section 1 of this Act:

One-Time Funding Description	2017-19	2019-21
Line of credit - Bank of North Dakota	$75,000,000	$75,000,000
Total all funds	$75,000,000	$75,000,000

The 2019-21 biennium one-time funding amounts are not a part of the entity's base budget for the 2019-21 biennium. The state water commission shall report to the appropriations committees of the sixty-seventh legislative assembly on the use of this one-time funding for the biennium beginning July 1, 2019, and ending June 30, 2021."

Page 1, line 18, after the first boldfaced period insert "**EXEMPTION -**"

Page 1, after line 24, insert:

"**SECTION 4. ADDITIONAL INCOME - APPROPRIATION - BUDGET SECTION APPROVAL.** In addition to the amounts appropriated in section 1 of this Act, any additional amounts in the resources trust fund and water development trust fund which become available are appropriated, subject to budget section approval, to the state water commission for the purpose of defraying the expenses of that agency, for the biennium beginning July 1, 2019, and ending June 30, 2021. Before approving any request, the budget section shall determine:

1. Approving additional appropriations will not negatively affect the sixty-seventh legislative assembly's ability to address water-related needs;

2. The proposed use of the additional income complies with legislative intent; and

3. The proposed use of the additional income will not result in future funding commitments.

SECTION 5. LEGISLATIVE INTENT - FARGO FLOOD CONTROL PROJECT FUNDING. It is the intent of the sixty-sixth legislative assembly that the state provide a portion of the local cost-share of Fargo flood control projects, including constructing a federally authorized Fargo flood control project, and that total Fargo flood control project funding to be provided by the state not exceed $703,000,000, which includes $120,000,000 originally designated for Fargo interior flood control. It is the intent of the sixty-sixth legislative assembly that the $332,500,000 yet to be designated by the state for the Fargo flood control project be made available in equal installments over the next five bienniums, beginning July 1, 2019.

SECTION 6. LEGISLATIVE INTENT - RED RIVER VALLEY WATER SUPPLY PROJECT - REPORT TO LEGISLATIVE MANAGEMENT. It is the intent of the sixty-sixth legislative assembly that the state water commission provide, in the form of a grant, up to $50,000,000 to the Garrison Diversion Conservancy District for the Red River valley water supply project, for the biennium beginning July 1, 2019, and ending June 30, 2021. It is further the intent of the sixty-sixth legislative assembly that the state water commission provide state funding at an eighty percent state cost-share to the Garrison Diversion Conservancy District for the Red River valley water supply project after June 30, 2021. The Garrison Diversion Conservancy District shall report on a regular basis to the legislative management's water topics overview committee during the 2019-20 interim regarding the progress of the Red River valley water supply project.

SECTION 7. RED RIVER VALLEY WATER SUPPLY PROJECT - REPORT TO LEGISLATIVE MANAGEMENT - BUDGET SECTION APPROVAL. Any funding received by the Garrison Diversion Conservancy District from the state water commission for the Red River valley water supply project during the 2017-19 biennium and the biennium beginning July 1, 2019, and ending June 30, 2021, is subject to the following requirements:

1. Any funding received for the completion of the planning and permitting process of the Red River valley water supply project must result in the following accomplishments:

   a. The completed Red River valley water supply plan document, which will be the basis and justification for project construction, must include alternative selection, water supply needs, projected project costs, easement acquisitions, environmental regulation compliance to include issuance of a final national pollutant discharge elimination system permit, and acquisition of all other state and federal permits required for the construction of any project features intended to be constructed with funding provided during the 2017-19 biennium and the 2019-21 biennium;

   b. A signed bureau of reclamation water service contract agreeing to a minimum of one hundred sixty-five cubic feet per second over a

minimum of forty years or equivalent to ensure an adequate water source for the project's needs;

c. Prioritized project features for phase one construction; and

d. A recommendation of funding options for all phases of the Red River valley water supply project.

2. The state water commission shall review any associated appeals or litigation before releasing any funds for the project.

3. Any funding received to initiate construction of phase one prioritized project features identified in subsection 1 may be spent and construction of phase one may begin only after the budget section receives and approves certification from the state water commission and the state engineer that all items listed in subsection 1 have been accomplished.

4. Quarterly progress reports on the Red River valley water supply project from the Garrison Diversion Conservancy District to the water topics overview committee of the legislative management, during the 2019-21 interim.

SECTION 8. AMENDMENT. Section 61-02-79 of the North Dakota Century Code is amended and reenacted as follows:

61-02-79. Bank of North Dakota - Line of credit.

The Bank of North Dakota shall extend a line of credit not to exceed seventy-five million dollars at a rate of one and one-half percent over the three month London interbank offered rate, but may not exceed three percent to the state water commission. The state water commission shall repay the line of credit from funds available in the resources trust fund, water development trust fund, or other funds, as appropriated by the legislative assembly. The state water commission may access the line of credit, as necessary, to provide funding as authorized by the legislative assembly for water supply projects approved before June 30, ~~2019~~2021, and flood control projects that have approval for funding before June 30, ~~2019~~2021."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

Senate Bill No. 2020 - State Water Commission - Senate Action

	Base Budget	Senate Changes	Senate Version
Salaries and wages	$19,659,298	$173,833	$19,833,131
Operating expenses	58,044,691	(14,188,938)	43,855,753
Capital assets	124,819,442	23,119,316	147,938,758
Project carryover	274,867,897	33,465,921	308,333,818
New projects	169,782,147	(169,782,147)	
Water supply - Grants		115,000,000	115,000,000
Rural water supply - Grants		30,000,000	30,000,000
Flood control - Grants		145,000,000	145,000,000
General water - Grants		35,255,000	35,255,000
Total all funds	$647,173,475	$198,042,985	$845,216,460
Less estimated income	647,173,475	198,042,985	845,216,460
General fund	$0	$0	$0
FTE	93.00	(3.00)	90.00

Department 770 - State Water Commission - Detail of Senate Changes

	Adjusts Funding for Base Payroll Changes[1]	Adds Funding for Salary and Benefit Increases[2]	Removes 4 Unspecified FTE Positions[3]	Adds Risk Mapping FTE Position[4]	Adjusts Base Level Funding[5]	Adds Funding for Microsoft Office 365[6]
Salaries and wages	($285,707)	$979,326	($693,912)	$174,126		
Operating expenses					($14,257,138)	$68,200
Capital assets					(51,880,684)	
Project carryover					33,465,921	
New projects					(169,782,147)	
Water supply - Grants						
Rural water supply - Grants						
Flood control - Grants						
General water - Grants						
Total all funds	($285,707)	$979,326	($693,912)	$174,126	($202,454,048)	$68,200
Less estimated income	(285,707)	979,326	(693,912)	174,126	(202,454,048)	68,200
General fund	$0	$0	$0	$0	$0	$0
FTE	0.00	0.00	(4.00)	1.00	0.00	0.00

	Adds Funding for Water Supply - Grants[7]	Adds Funding for Rural Water Supply - Grants[8]	Adds Funding for Flood Control - Grants[9]	Adds Funding for General Water - Grants[10]	Adds Funding from Bank of North Dakota Line of Credit[11]	Total Senate Changes
Salaries and wages						$173,833
Operating expenses						(14,188,938)
Capital assets					$75,000,000	23,119,316
Project carryover						33,465,921
New projects						(169,782,147)
Water supply - Grants	$115,000,000					115,000,000
Rural water supply - Grants		$30,000,000				30,000,000
Flood control - Grants			$145,000,000			145,000,000
General water - Grants				$35,255,000		35,255,000
Total all funds	$115,000,000	$30,000,000	$145,000,000	$35,255,000	$75,000,000	$198,042,985
Less estimated income	115,000,000	30,000,000	145,000,000	35,255,000	75,000,000	198,042,985
General fund	$0	$0	$0	$0	$0	$0
FTE	0.00	0.00	0.00	0.00	0.00	(3.00)

[1] Funding is adjusted for base payroll changes.

[2] The following funding is added for 2019-21 biennium salary adjustments of 2 percent on July 1, 2019, and 3 percent on July 1, 2020, and increases in health insurance premiums from $1,241 to $1,427 per month:

	Other Funds
Salary increase	$559,891
Health insurance increase	419,435
Total	$979,326

[3] Four FTE unspecified positions and related funding are removed.

[4] One FTE risk mapping position and related funding from federal funds ($174,126) is added.

[5] Base level funding is adjusted as follows:

	Other Funds
Operating expenses	($14,257,138)
Capital assets	(51,880,684)
Project carryover	33,465,921
New projects	(169,782,147)
Total	($202,454,048)

[6] Funding for Microsoft Office 365 license expense is added.

[7] Funding is identified for water supply grants.

[8] Funding is identified for rural water supply grants.

[9] Funding is identified for flood control grants.

[10] Funding is identified for general water grants.

[11] Funding from proceeds received from a Bank of North Dakota line of credit is added. A section is also added to amend North Dakota Century Code Section 61-02-79 relating to a Bank of North Dakota line of credit, to continue authorization for a $75 million Bank of North Dakota line of credit for the 2019-21 biennium.

This amendment also adds sections to:

- Appropriate any additional amounts in the resources trust fund and water development trust fund which become available to the State Water Commission, subject to Budget Section approval.
- Provide legislative intent that the state provide a portion of the local cost-share of the Fargo flood control project not to exceed $703 million and that the $332.5 million yet to be designated by the state be provided in equal installments over the next 5 bienniums.
- Provide legislative intent that the State Water Commission provide, in the form of a grant, up to $50 million to the Garrison Diversion Conservancy District for the Red River Valley Water Supply Project during the 2019-21 biennium and that the State Water Commission provide state funding at an 80 percent state cost-share after June 30, 2021.
- Identify requirements the Garrison Diversion Conservancy District must meet regarding the planning and permitting process and provide the district must obtain certification from the State Water Commission and the State Engineer that those items are complete. The section also requires approval from the Budget Section of the certification and construction to begin before the funding can be provided to the Garrison Diversion Conservancy District for the Red River Valley Water Supply Project.

Date: 2-11-2019
Roll Call Vote #: 1

2019 SENATE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 2020

Senate Appropriations Committee

☒ Subcommittee

Amendment LC# or Description:

Recommendation: ☐ Adopt Amendment
☐ Do Pass ☐ Do Not Pass ☐ Without Committee Recommendation
☐ As Amended ☐ Rerefer to Appropriations
☐ Place on Consent Calendar

Other Actions: ☐ Reconsider ☒ include draft proposal from State Water Commission.

Motion Made By Sorvaag Seconded By Robinson

Senators	Yes	No	Senators	Yes	No
Senator Holmberg			Senator Mathern		
Senator Krebsbach			Senator Grabinger		
Senator Wanzek			Senator Robinson	X	
Senator Erbele					
Senator Poolman					
Senator Bekkedahl					
Senator G. Lee	X				
Senator Dever					
Senator Sorvaag	X				
Senator Oehlke					
Senator Hogue					

Total (Yes) 3 No 0

Absent 0

Floor Assignment

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

Date: 2-11-2019
Roll Call Vote #: 2

2019 SENATE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 2020

Senate Appropriations Committee

☒ Subcommittee

Amendment LC# or Description: 19.0233.01006

Recommendation: ☒ Adopt Amendment
☐ Do Pass ☐ Do Not Pass ☐ Without Committee Recommendation
☐ As Amended ☐ Rerefer to Appropriations
☐ Place on Consent Calendar

Other Actions: ☐ Reconsider ☐ _____

Motion Made By Sorvaag Seconded By Robinson

Senators	Yes	No	Senators	Yes	No
Senator Holmberg			Senator Mathern		
Senator Krebsbach			Senator Grabinger		
Senator Wanzek			Senator Robinson	X	
Senator Erbele					
Senator Poolman					
Senator Bekkedahl					
Senator G. Lee	X				
Senator Dever					
Senator Sorvaag	X				
Senator Oehlke					
Senator Hogue					

Total (Yes) 3 No 0

Absent 0

Floor Assignment _____

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

Date: 2-11-2019
Roll Call Vote #: 3

2019 SENATE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 2020

Senate Appropriations Committee

☒ Subcommittee

Amendment LC# or Description: 19.0233.01001

Recommendation: ☒ Adopt Amendment
☐ Do Pass ☐ Do Not Pass ☐ Without Committee Recommendation
☐ As Amended ☐ Rerefer to Appropriations
☐ Place on Consent Calendar

Other Actions: ☐ Reconsider ☐ _____

Motion Made By Sorvaag Seconded By Robinson

Senators	Yes	No	Senators	Yes	No
Senator Holmberg			Senator Mathern		
Senator Krebsbach			Senator Grabinger		
Senator Wanzek			Senator Robinson	X	
Senator Erbele					
Senator Poolman					
Senator Bekkedahl					
Senator G. Lee	X				
Senator Dever					
Senator Sorvaag	X				
Senator Oehlke					
Senator Hogue					

Total (Yes) 3 No 0

Absent 0

Floor Assignment _____

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

Date: 2-11-2019
Roll Call Vote #: 4

2019 SENATE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 2020

Senate Appropriations Committee

☒ Subcommittee

Amendment LC# or Description: accept all changes to the amendment that Chris Kadrmas explained.

Recommendation: ☐ Adopt Amendment
☐ Do Pass ☐ Do Not Pass ☐ Without Committee Recommendation
☐ As Amended ☐ Rerefer to Appropriations
☐ Place on Consent Calendar

Other Actions: ☐ Reconsider
☒ accept changes

Motion Made By Robinson Seconded By Sorvaag

Senators	Yes	No	Senators	Yes	No
Senator Holmberg			Senator Mathern		
Senator Krebsbach			Senator Grabinger		
Senator Wanzek			Senator Robinson	X	
Senator Erbele					
Senator Poolman					
Senator Bekkedahl					
Senator G. Lee	X				
Senator Dever					
Senator Sorvaag	X				
Senator Oehlke					
Senator Hogue					

Total (Yes) 3 No 0

Absent 0

Floor Assignment

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

Date: 2-11-2019
Roll Call Vote #: 5

2019 SENATE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 2020

Senate Appropriations Committee

☒ Subcommittee

Amendment LC# or Description: _____

Recommendation: ☐ Adopt Amendment
☒ Do Pass ☐ Do Not Pass ☐ Without Committee Recommendation
☒ As Amended ☐ Rerefer to Appropriations
☐ Place on Consent Calendar

Other Actions: ☐ Reconsider ☐ _____

Motion Made By Robinson Seconded By Sorvaag

Senators	Yes	No	Senators	Yes	No
Senator Holmberg			Senator Mathern		
Senator Krebsbach			Senator Grabinger		
Senator Wanzek			Senator Robinson	X	
Senator Erbele					
Senator Poolman					
Senator Bekkedahl					
Senator G. Lee	X				
Senator Dever					
Senator Sorvaag	X				
Senator Oehlke					
Senator Hogue					

Total (Yes) 3 No 0

Absent 0

Floor Assignment _____

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

Date: 2-13-2019
Roll Call Vote #: 1

2019 SENATE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 2020

Senate Appropriations Committee

☐ Subcommittee

Amendment LC# or Description: A 19.0233.01004

Recommendation: ☒ Adopt Amendment
☐ Do Pass ☐ Do Not Pass ☐ Without Committee Recommendation
☐ As Amended ☐ Rerefer to Appropriations
☐ Place on Consent Calendar

Other Actions: ☐ Reconsider ☐ _____

Motion Made By Lee Seconded By Robinson

Senators	Yes	No	Senators	Yes	No
Senator Holmberg			Senator Mathern		
Senator Krebsbach			Senator Grabinger		
Senator Wanzek			Senator Robinson		
Senator Erbele					
Senator Poolman					
Senator Bekkedahl					
Senator G. Lee					
Senator Dever					
Senator Sorvaag					
Senator Oehlke					
Senator Hogue					

Total (Yes) _____ No _____

Absent _____

Floor Assignment _____

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

Voice Vote Carried

Date: 2-13-2019
Roll Call Vote #: 2

2019 SENATE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 2020

Senate Appropriations Committee

☐ Subcommittee

Amendment LC# or Description: _____

Recommendation: ☐ Adopt Amendment
☒ Do Pass ☐ Do Not Pass ☐ Without Committee Recommendation
☒ As Amended ☐ Rerefer to Appropriations
☐ Place on Consent Calendar

Other Actions: ☐ Reconsider ☐ _____

Motion Made By Lee Seconded By Robinson

Senators	Yes	No	Senators	Yes	No
Senator Holmberg	✓		Senator Mathern	✓	
Senator Krebsbach	✓		Senator Grabinger	✓	
Senator Wanzek	✓		Senator Robinson	✓	
Senator Erbele	✓				
Senator Poolman	✓				
Senator Bekkedahl	✓				
Senator G. Lee	✓				
Senator Dever	✓				
Senator Sorvaag	✓				
Senator Oehlke	✓				
Senator Hogue	✓				

Total (Yes) 14 No 0

Absent 0

Floor Assignment Lee

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

REPORT OF STANDING COMMITTEE

SB 2020: Appropriations Committee (Sen. Holmberg, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (14 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2020 was placed on the Sixth order on the calendar.

Page 1, line 2, after "commission" insert "; to amend and reenact section 61-02-79 of the North Dakota Century Code, relating to the authorization of a Bank of North Dakota line of credit; to provide for Red River valley water supply requirements; to provide an exemption; to provide for a report to the legislative management; and to provide a statement of legislative intent"

Page 1, replace lines 9 through 17 with:

	Base Level	Adjustments or Enhancements	Appropriation
Salaries and wages	$19,659,298	$173,833	$19,833,131
Operating expenses	58,044,691	(14,188,938)	43,855,753
Capital assets	124,819,442	23,119,316	147,938,758
Project carryover	274,867,897	33,465,921	308,333,818
New projects	169,782,147	(169,782,147)	0
Water supply - grants	0	115,000,000	115,000,000
Rural water supply - grants	0	30,000,000	30,000,000
Flood control - grants	0	145,000,000	145,000,000
General water - grants	0	35,255,000	35,255,000
Total special funds	$647,173,475	$198,042,985	$845,216,460
Full-time equivalent positions	93.00	(3.00)	90.00

SECTION 2. ONE-TIME FUNDING - REPORT TO THE SIXTY-SEVENTH LEGISLATIVE ASSEMBLY. The following amounts reflect the one-time funding items approved by the sixty-fifth legislative assembly for the 2017-19 biennium and the 2019-21 biennium one-time funding items included in the appropriation in section 1 of this Act:

One-Time Funding Description	2017-19	2019-21
Line of credit - Bank of North Dakota	$75,000,000	$75,000,000
Total all funds	$75,000,000	$75,000,000

The 2019-21 biennium one-time funding amounts are not a part of the entity's base budget for the 2019-21 biennium. The state water commission shall report to the appropriations committees of the sixty-seventh legislative assembly on the use of this one-time funding for the biennium beginning July 1, 2019, and ending June 30, 2021."

Page 1, line 18, after the first boldfaced period insert "**EXEMPTION -**"

Page 1, after line 24, insert:

"**SECTION 4. ADDITIONAL INCOME - APPROPRIATION - BUDGET SECTION APPROVAL.** In addition to the amounts appropriated in section 1 of this Act, any additional amounts in the resources trust fund and water development trust fund which become available are appropriated, subject to budget section approval, to the state water commission for the purpose of defraying the expenses of that agency, for the biennium beginning July 1, 2019, and ending June 30, 2021. Before approving any request, the budget section shall determine:

1. Approving additional appropriations will not negatively affect the sixty-seventh legislative assembly's ability to address water-related needs;

2. The proposed use of the additional income complies with legislative intent; and

3. The proposed use of the additional income will not result in future funding commitments.

SECTION 5. LEGISLATIVE INTENT - FARGO FLOOD CONTROL PROJECT FUNDING. It is the intent of the sixty-sixth legislative assembly that the state provide a portion of the local cost-share of Fargo flood control projects, including constructing a federally authorized Fargo flood control project, and that total Fargo flood control project funding to be provided by the state not exceed $703,000,000, which includes $120,000,000 originally designated for Fargo interior flood control. It is the intent of the sixty-sixth legislative assembly that the $332,500,000 yet to be designated by the state for the Fargo flood control project be made available in equal installments over the next five bienniums, beginning July 1, 2019.

SECTION 6. LEGISLATIVE INTENT - RED RIVER VALLEY WATER SUPPLY PROJECT - REPORT TO LEGISLATIVE MANAGEMENT. It is the intent of the sixty-sixth legislative assembly that the state water commission provide, in the form of a grant, up to $50,000,000 to the Garrison Diversion Conservancy District for the Red River valley water supply project, for the biennium beginning July 1, 2019, and ending June 30, 2021. It is further the intent of the sixty-sixth legislative assembly that the state water commission provide state funding at an eighty percent state cost-share to the Garrison Diversion Conservancy District for the Red River valley water supply project after June 30, 2021. The Garrison Diversion Conservancy District shall report on a regular basis to the legislative management's water topics overview committee during the 2019-20 interim regarding the progress of the Red River valley water supply project.

SECTION 7. RED RIVER VALLEY WATER SUPPLY PROJECT - REPORT TO LEGISLATIVE MANAGEMENT - BUDGET SECTION APPROVAL. Any funding received by the Garrison Diversion Conservancy District from the state water commission for the Red River valley water supply project during the 2017-19 biennium and the biennium beginning July 1, 2019, and ending June 30, 2021, is subject to the following requirements:

1. Any funding received for the completion of the planning and permitting process of the Red River valley water supply project must result in the following accomplishments:

   a. The completed Red River valley water supply plan document, which will be the basis and justification for project construction, must include alternative selection, water supply needs, projected project costs, easement acquisitions, environmental regulation compliance to include issuance of a final national pollutant discharge elimination system permit, and acquisition of all other state and federal permits required for the construction of any project features intended to be constructed with funding provided during the 2017-19 biennium and the 2019-21 biennium;

   b. A signed bureau of reclamation water service contract agreeing to a minimum of one hundred sixty-five cubic feet per second over a minimum of forty years or equivalent to ensure an adequate water source for the project's needs;

   c. Prioritized project features for phase one construction; and

   d. A recommendation of funding options for all phases of the Red River valley water supply project.

2. The state water commission shall review any associated appeals or litigation before releasing any funds for the project.

3. Any funding received to initiate construction of phase one prioritized project features identified in subsection 1 may be spent and construction of phase one may begin only after the budget section receives and approves certification from the state water commission and the state engineer that all items listed in subsection 1 have been accomplished.

4. Quarterly progress reports on the Red River valley water supply project from the Garrison Diversion Conservancy District to the water topics overview committee of the legislative management, during the 2019-21 interim.

SECTION 8. AMENDMENT. Section 61-02-79 of the North Dakota Century Code is amended and reenacted as follows:

61-02-79. Bank of North Dakota - Line of credit.

The Bank of North Dakota shall extend a line of credit not to exceed seventy-five million dollars at a rate of one and one-half percent over the three month London interbank offered rate, but may not exceed three percent to the state water commission. The state water commission shall repay the line of credit from funds available in the resources trust fund, water development trust fund, or other funds, as appropriated by the legislative assembly. The state water commission may access the line of credit, as necessary, to provide funding as authorized by the legislative assembly for water supply projects approved before June 30, ~~2019~~2021, and flood control projects that have approval for funding before June 30, ~~2019~~2021."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

Senate Bill No. 2020 - State Water Commission - Senate Action

	Base Budget	Senate Changes	Senate Version
Salaries and wages	$19,659,298	$173,833	$19,833,131
Operating expenses	58,044,691	(14,188,938)	43,855,753
Capital assets	124,819,442	23,119,316	147,938,758
Project carryover	274,867,897	33,465,921	308,333,818
New projects	169,782,147	(169,782,147)	
Water supply - Grants		115,000,000	115,000,000
Rural water supply - Grants		30,000,000	30,000,000
Flood control - Grants		145,000,000	145,000,000
General water - Grants		35,255,000	35,255,000
Total all funds	$647,173,475	$198,042,985	$845,216,460
Less estimated income	647,173,475	198,042,985	845,216,460
General fund	$0	$0	$0
FTE	93.00	(3.00)	90.00

Department 770 - State Water Commission - Detail of Senate Changes

	Adjusts Funding for Base Payroll Changes[1]	Adds Funding for Salary and Benefit Increases[2]	Removes 4 Unspecified FTE Positions[3]	Adds Risk Mapping FTE Position[4]	Adjusts Base Level Funding[5]	Adds Funding for Microsoft Office 365[6]
Salaries and wages	($285,707)	$979,326	($693,912)	$174,126		
Operating expenses					($14,257,138)	$68,200
Capital assets					(51,880,684)	
Project carryover					33,465,921	
New projects					(169,782,147)	
Water supply - Grants						
Rural water supply - Grants						
Flood control - Grants						
General water - Grants						
Total all funds	($285,707)	$979,326	($693,912)	$174,126	($202,454,048)	$68,200
Less estimated income	(285,707)	979,326	(693,912)	174,126	(202,454,048)	68,200
General fund	$0	$0	$0	$0	$0	$0
FTE	0.00	0.00	(4.00)	1.00	0.00	0.00

	Adds Funding for Water Supply - Grants[7]	Adds Funding for Rural Water Supply - Grants[8]	Adds Funding for Flood Control - Grants[9]	Adds Funding for General Water - Grants[10]	Adds Funding from Bank of North Dakota Line of Credit[11]	Total Senate Changes
Salaries and wages						$173,833
Operating expenses						(14,188,938)
Capital assets					$75,000,000	23,119,316
Project carryover						33,465,921
New projects						(169,782,147)
Water supply - Grants	$115,000,000					115,000,000
Rural water supply - Grants		$30,000,000				30,000,000
Flood control - Grants			$145,000,000			145,000,000
General water - Grants				$35,255,000		35,255,000
Total all funds	$115,000,000	$30,000,000	$145,000,000	$35,255,000	$75,000,000	$198,042,985
Less estimated income	115,000,000	30,000,000	145,000,000	35,255,000	75,000,000	198,042,985
General fund	$0	$0	$0	$0	$0	$0
FTE	0.00	0.00	0.00	0.00	0.00	(3.00)

[1] Funding is adjusted for base payroll changes.

[2] The following funding is added for 2019-21 biennium salary adjustments of 2 percent on July 1, 2019, and 3 percent on July 1, 2020, and increases in health insurance premiums from $1,241 to $1,427 per month:

	Other Funds
Salary increase	$559,891
Health insurance increase	419,435
Total	$979,326

[3] Four FTE unspecified positions and related funding are removed.

[4] One FTE risk mapping position and related funding from federal funds ($174,126) is added.

[5] Base level funding is adjusted as follows:

	Other Funds
Operating expenses	($14,257,138)
Capital assets	(51,880,684)
Project carryover	33,465,921
New projects	(169,782,147)
Total	($202,454,048)

[6] Funding for Microsoft Office 365 license expense is added.

[7] Funding is identified for water supply grants.

[8] Funding is identified for rural water supply grants.

[9] Funding is identified for flood control grants.

[10] Funding is identified for general water grants.

[11] Funding from proceeds received from a Bank of North Dakota line of credit is added. A section is also added to amend North Dakota Century Code Section 61-02-79 relating to a Bank of North Dakota line of credit, to continue authorization for a $75 million Bank of North Dakota line of credit for the 2019-21 biennium.

This amendment also adds sections to:

- Appropriate any additional amounts in the resources trust fund and water development trust fund which become available to the State Water Commission, subject to Budget Section approval.
- Provide legislative intent that the state provide a portion of the local cost-share of the Fargo flood control project not to exceed $703 million and that the $332.5 million yet to be designated by the state be provided in equal installments over the next 5 bienniums.
- Provide legislative intent that the State Water Commission provide, in the form of a grant, up to $50 million to the Garrison Diversion Conservancy District for the Red River Valley Water Supply Project during the 2019-21 biennium and that the State Water Commission provide state funding at an 80 percent state cost-share after June 30, 2021.
- Identify requirements the Garrison Diversion Conservancy District must meet regarding the planning and permitting process and provide the district must obtain certification from the State Water Commission and the State Engineer that those items are complete. The section also requires approval from the Budget Section of the certification and construction to begin before the funding can be provided to the Garrison Diversion Conservancy District for the Red River Valley Water Supply Project.

2019 HOUSE APPROPRIATIONS

SB 2020

2019 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee – Education and Environment Division
Roughrider Room, State Capitol

SB 2020
3/7/2019
33399

☐ Subcommittee
☐ Conference Committee

Committee Clerk: Parker Oswald

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to provide an appropriation for defraying the expenses of the state water commission.

Minutes: Attachments 1-9

Chairman Representative David Monson: Opens meeting on SB 2020 and clerk take attendance.

(1:10) Governor Doug Burgum: Governor of North Dakota. Introduces self to committee and thanks everyone for coming to the meeting on the State Water Commission (SWC). Begins to present written testimony from **page 1 of attachment 1**.

(14:30) Vice Chairman Representative Jim Schmidt: I wanted to ask before you left; as you are aware we put water resource districts into the flood control bucket. They want to be in the general water management because they do not want to compete. I have faith in the State Water Commission and how they will appropriate those dollars. What is your thought on that?

Governor Burgum: When we formed this, we wanted to earn the trust of the legislature. The specifics of your questions, I would want to understand the pros and cons of that because I understand competing against the larger flood control for the bucket money. We have the ability on how to prioritize small and large projects.

Representative Mike Nathe: The legislative intent for the Fargo flood control project, but it says it should not exceed $730M, but your proposal is for more. How do we do that?

Governor Burgum: I will have to defer to someone else on that one.

(18:40) Garland Erbele: State Engineer. Introduces self to committee and thanks them for the opportunity to present on the State Water Commission. Introduces some of his team members to the committee and thanks them for their help and hard work. Begins to present written testimony from **page 5 on attachment 2**.

(23:05) Representative Mark Sanford: What is the oversight role of the staff when it comes to budget proposals and the responsibility of the staff when it comes to follow up?

Mr. Erbele: I will talk a little about that later in the testimony. We start out with projects and water development plans. We sit down and look at the budgets and decide if they are reasonable. Then they will submit an application with a cost of project and the bids will vary accordingly. We then provide financing based upon cost. Our cost-share program is based on a reimbursement program and once they have an expense, we appropriate the money.

Representative Mark Sanford: I am more interested in as the budget figures move and adjust, what authority do you have over that and how do you review that? What is the oversight of the additional costs?

(26:10) Mr. Erbele: We do see cost overruns and they can come back and request additional funds on specific projects.

Representative Mark Sanford: How do you verify that? Obviously you have engineers, but do you agree with those numbers and give the okay, or once it is okayed it is out of your hands?

Mr. Erbele: We have engineers assigned to each of those projects and they look at the real, hard numbers and we look at actual numbers that come back from project sponsors. We can continue this later.

(27:45) Vice Chairman Representative Jim Schmidt: As a project comes forward and the legislature appropriates and the SWC allocates, there is then a local match. After we allocate the money, by the time they construct they will have found the match money, but it may bump in cost because they took too long to find matching funds. They then have to come back and ask for more, which is bothersome. I think we need to take a harder look at a confirmation and confirmation for a local match before we start setting in stone the dollars and plan.

Mr. Erbele: We are working on a reimbursement basis. If they need $50,000 and the match is 60%, they get $30,000 after they have the local match. We do see costs fluctuate over or under their original estimate and it is just the reality of the business as the process moves along. Continues presenting testimony from **attachment 2**.

(33:00) Representative Mike Nathe: Are all of these projects 50% funded?

Mr. Erbele: The percentage of reimbursement depends on the project like flood control being 60%, irrigation projects are 50% and these are all set in policy.

Chairman Representative David Monson: Do you stick to that policy?

(33:55) Mr. Erbele: We try to. Returns to **attachment 2**.

(35:10) Vice Chairman Representative Jim Schmidt: This budget previously was 2 lines. We asked for the SWC to present their budget like the other agencies. The question of “what are the capital assets”, could you please review that?

Mr. Erbele: There are 2 capital asset projects; the southwest pipeline and the northwest area pipeline project that sends water from Lake Audubon and sends it to Minot. Begins to present from **attachment 3 on page 17**.

(37:00) Chairman Representative David Monson: The salaries and wages line item that the Senate put together has some awfully nice wages.

Mr. Erbele: That is divided by 2 for the biennium.

(38:05) Representative Mark Sanford: I am wondering about the consideration given to the water coalition board and there seems to be a big difference between what they recommended and what the outcome was.

Mr. Erbele: We work with them in developing funding recommendation. The current recommendation was based on numbers that were anticipating a large increase in revenue and our numbers were based on revenue numbers that had actually been reported.

Representative Mark Sanford: I mean specifically looking at the budget, there can be considerable differences in the bucket recommendations?

(39:45) Mr. Erbele: Correct, when they sit down and come up with their numbers, they try to fund as many as possible and their numbers came out above the revenue numbers. Begins to present **attachment 4 on page 6**.

(45:40) Vice Chairman Representative Jim Schmidt: Last interim when there was released money it was to go back into the bucket and it is difficult for legislative council to follow that money, so I hope you are. How many dollars are we talking about in that release?

Mr. Erbele: There is a line item that shows money turned back to that bucket and it was about $591,000 turned back. That money comes back and goes out as project request money. Continues to present written testimony on **page 8 of attachment 4**.

(50:50) Chairman Representative David Monson: Do you feel you can go ahead with that project even though it is still in court and there is no chance it will go to the Supreme Court?

Mr. Erbele: We have the green light and no it will not.

Representative Mike Nathe: This project will go to Minot and where else?

Mr. Erbele: It will take water to Minot, as far east as Bottineau and some of the other rural areas around Minot.

Chairman Representative David Monson: I will be back after my bill hearing.

(52:10) Mr. Erbele: I will speed it up. Continues presenting on **page 8 of attachment 4**.

(53:20) Vice Chairman Representative Jim Schmidt: We can bring you back, so can we move onto some of the out of town travelers. Can we hear about the Souris River flood control?

(54:05) Dan Jonasson: Director of the Souris River Joint Board. Introduces self to committee and begins to present testimony and information from **attachment 5**.

(57:25) Vice Chairman Representative Jim Schmidt: There was a lot of Minot downstream land owner discussion. There seemed to be some differences in the money spent and where is that now?

Mr. Jonasson: I believe you are referring to the Star program that helps reach the rural areas and is a relocation program. We try to get appraisals on houses, farm land and other farm infrastructure in the flood zones. We have an appraiser look at that and we offer a fair value to move those out of the flood plain and if they do not agree, they can make a proposal to the board. That money comes from the SWC and is a part of the budget. The landowners have a 5% share of their own and there is a cost share for the remaining portion.

Vice Chairman Representative Jim Schmidt: The budget request you have for Minot is for the county and city and the Star county is part of that; do you have the breakdown for Star, the city and the counties?

(1:00:10) Mr. Jonasson: I can actually answer that a little later in my testimony with the breakdown of all the money, where it is from and where it goes. Returns to **attachment 5**.

(1:03:20) Vice Chairman Representative Jim Schmidt: It lists there is a carryover of $19.1M and more for a total of $87M. I assume you are okay with those figures?

Mr. Jonasson: Yes, that is correct. There may be a bit of a discrepancy between our numbers.

Vice Chairman Representative Jim Schmidt: Out of the $87M, how much do you plan to use before the end of the biennium?

Mr. Jonasson: There is about $53M left and we are using about $3M a month and that will escalate at the end of the winter. I cannot say we will have it all spent by the end of the biennium, but 99% of that money will be spent.

(1:05:10) Vice Chairman Representative Jim Schmidt: You have done a good job.

Representative Mike Nathe: What is the timeline on these projects and can we expect a carryover next session?

Mr. Jonasson: Yes, with projects of this magnitude there should always be some carryover because we have to have the money available and authorized to use it. The first 3 phases of flood protection started last year and they are generally 2 year projects. There should be some carryover, but I cannot give you a definite number.

Representative Mike Nathe: Will that carryover be pre-spent?

Mr. Jonasson: Yes, it will be used for future projects that are being constructed or being designed.

(1:06:55) Representative Mike Nathe: So those phases will be completed soon?

Mr. Jonasson: Yes, 2 are ahead of schedule and will be completed this year and the other will be completed next year. Returns to **attachment 5**.

(1:12:20) Vice Chairman Representative Jim Schmidt: You mentioned $70M and $34M was from Minot, where does the balance of that go?

Mr. Jonasson: It is scenario 2 in **attachment 5**, some will go to the Maple diversion phase and $28M will go to the northeast tie back and is part of the Burlington tie back and then the levee project as well. Continues to present **attachment 5**.

Vice Chairman Representative Jim Schmidt: Hopefully when you go to bid for that stuff we can save a few funds and reallocate those to you to continue on. Any savings you can think of?

Mr. Jonasson: We opened a bid for the bridge and it came in at $1M over what was estimated. It is a hard bidding contract time right now. The contractors working right now are eager for more work in Minot and they will be hungry when we get the next projects out for bid. Expresses gratitude for all of the support they have received in the past from legislature. I think this project is unique because it is a basin-wide approach and how they have addressed the needs of many downstream constituents and we look forward to any more support.

(1:16:45) Shaun Sipma: Mayor of Minot. Introduced self to committee, expresses gratitude for the help from the legislature members and begins to present testimony from **attachment 5**.

(1:24:15) Vice Chairman Representative Jim Schmidt: You must have an idea of what that is before it is signed. My apologies, but we are behind on time.

Mr. Sipma: Yes, we know the details of that agreement. Thank you for your time and help.

(1:25:10) Jeanine Kabanuk: Mayor of Burlington. Introduces self to committee and begins to present written testimony from **attachment 5**.

(1:27:00) Vice Chairman Representative Jim Schmidt: Any questions for the Mayor? Thank you for coming.

(1:27:20) Tim Mahoney: Mayor of Fargo. Introduces self to committee and begins to outline the Fargo Moorhead Area Diversion Project in **attachment 6**.

(1:28:40) Tony Grindberg: Former Senator. Introduces self to committee and mentions how close they are to finishing the project. The answer the Governor could not provide was the $120M increase and the $300M increase gets us to the over $800M proposed by the Governor. We have made a lot of progress and we have an increase in the federal funding with an increase of bonding from Minnesota of $86M. Federal is done, Minnesota bonding is done, we are meeting with you and there is one more bonding bill we are working on.

(1:31:00) Representative Mark Sanford: Around $127M is appropriated and another commitment; what is the timeline on that?

Mr. Grindberg: It will be annual appropriations through the Corps budget.

Mr. Mahoney: It will come from the Corps budget.

Representative Bob Martinson: Until that money is appropriated, it is not really there right?

Mr. Grindberg: It is either there or in the Corps budget.

Representative Bob Martinson: Has the Corps committed that money?

(1:32:40) Mr. Grindberg: Yes.

Representative Mike Nathe: Will this commitment be in their current budget being built now?

Mr. Grindberg: We believe so and will know next week in the President's budget.

(1:33:20) Vice Chairman Representative Jim Schmidt: We are looking at $2.75B. How many acres will be inundated and at what depth was a question asked of me. The state is 1/10th of a foot and how far along are you with gathering easements on the acres?

Mr. Grindberg: You will get those figures broken-down soon.

(1:34:50) Eric Dodds: We just sent out letters saying we want to move forward with the acquisition process. It will take us several years, but we have acquired over 200 so far. We have gathered a few dozen properties from the upstream easements.

Vice Chairman Representative Jim Schmidt: What is your plan to acquire them from reluctant owners?

Mr. Dodds: A few have gone through court and we acquired through negotiating.

Vice Chairman Representative Jim Schmidt: With respect to insurance on those, I do not know a lot about it, but how are you addressing insurance?

(1:36:15) Mr. Dodds: Federal crop insurance will be available through this still. It may not apply in event of damage of growing crops, but there is supplemental insurance and it will be incorporated.

Representative Mike Nathe: They have agreed to increase the federal participation, is there any string attached?

Mr. Grindberg: They understand the picture and package.

Mr. Mahoney: We went to the Corps and asked how fast they can spend it and they chose $100M, so there are 2 different paths to get the money and that will be over 6.5 years and is not dependent on the state coming forward with the money first.

(1:38:30) Vice Chairman Representative Jim Schmidt: Where is the O&M money coming from?

(1:38:45) John Shockley: There is a maintenance levee that is provided and is common of any district that has one of the projects. The second is the sales tax and the third is operations and maintenance in Moorhead for their storm water fee that is collected every month.

Chairman Representative David Monson: I think that kind of answered it, but how big of a pool of money will we have to draw on for this? If crops are flooded, that could be a large cost.

Mr. Shockley: The project is unlikely to operate during the summer growing season and is only operative during the flood season. One of the ideas was to flow an additional 2 feet through town and it is unlikely it would operate during the summer and would allow a grouping of revenue. A diversion authority would pay for that insurance.

Chairman Representative David Monson: In addition to sales-tax, you would have catastrophic insurance and the premiums would be paid by the pools of money?

(1:42:00) Mr. Dodds: This is for payment of crop loss and as it was noted, the operation in the summer time is a very extreme situation. We would be looking for 3rd party adjusters through crop insurance. The premiums would be paid for by the diversion authority.

Representative Tracy Boe: I am not hearing that you are understanding that once the acres are in the flood plain, they are not available under federal crop insurance and they must be insured every year.

Mr. Dodds: Federal crop insurance will be available.

(1:43:45) Chairman Representative David Monson: If it was before it was growing, but we are talking about huge losses that could occur. I know it could be a rare event, but I have had summers having 40 inches of rain with 8 inches at a time and if that happened, the crops would die fast.

Mr. Dodds: If there was a large enough event to where this would operate, the produces may not be eligible for federal crop insurance and that is why they have tried to set up this summer crop insurance program. It is my understanding that 80% coverage is usually purchased we went to set up 90%.

Representative Tracy Boe: Have you had a letter that they are willing to cover that?

Mr. Dodds: Yes, and we can provide that.

(1:46:15) Chad Peterson: Cass County Commissioner. Introduces self to committee and begins to present on **page 7 of attachment 6**.

Representative Bob Martinson: What if they do not drop the lawsuit?

Mr. Shockley: Minnesota issues a permit for the project and since they have issued a supplemental environmental statement. That is final and it is an administrative process where they can contest the findings. It depends upon the scope granted under the law judge and currently it has not been administered to a law judge, so it could be 6 months. Our construction schedule is assuming that most of the construction does not start until 2020.

Vice Chairman Representative Jim Schmidt: I noticed the course finished its environmental assessment of plan B. Plan B was significantly different than plan A and why was that financial plan not submitted?

(1:50:30) Mr. Shockley: Typically, those change and a supplemental impact is about the modifications and it may not be deemed necessary by the court.

Vice Chairman Representative Jim Schmidt: You referred to a supplemental EIS (Environmental Impact Study), which is far more in-depth.

Mr. Shockley: I have not even had a time to digest what their findings were.

Vice Chairman Representative Jim Schmidt: We would like a breakdown of Plan B because we do not know the difference between the two. With the added costs for Plan B, I am curious to see the economic analysis.

(1:52:25) Mr. Shockley: The changes to the project were driven by the process to get the permit from Minnesota. Plan A is the project that needs to get done. Minnesota has submitted its permit and we are moving our way progressively through the federal level.

Representative Bob Martinson: Are you using any state money to match?

Mr. Shockley: A lot of the procurement is largely funded by state tax dollars. They are largely used for the acquisition of land and there may be some use of those state dollars over time. It would depend on how you trace the dollars.

(1:54:20) Nathan Boerboom: Introduces self to committee and begins to present testimony from **page 9 of attachment 6**.

(1:56:00) Representative Mark Sanford: What is the impact time-wise?

Mr. Boerboom: I will cover that here shortly. Returns to **page 9 of attachment 6**.

(2:00:20) Vice Chairman Representative Jim Schmidt: We toured this last fall, but since then you have increased the flow through by 2 feet. What happens to the interior when you have to increase this and how much does it cost? We put up $120M of the $240M.

Mr. Boerboom: We are building 44 feet for barriers and 45 feet for flood walls. With the diversion in place, we are going to be having flows close to the 2009 level, but we will have sufficient levels to cover that and the emergency measures will be needed, but much less. We have about $130M where we will have to complete more.

Representative Mike Nathe: Have any of the pump stations been built?

Mr. Boerboom: All 17 have been built. We have 75 storm surge stations in town.

Representative Mike Nathe: I was down in New Orleans, the pump stations were under water and that is what caused the damage. What happens if they are damaged now?

(2:03:20) Mr. Boerboom: The new 17 are all high enough for the 500-year flood level and the rest are in our plans.

(2:03:50) Martin Nicholson: Introduces self to committee and begins to present testimony from **page 13 of attachment 6**.

(2:07:40) Representative Mark Sanford: You are projected ahead and this is the timeframe it will take?

Mr. Nicholson: I will get into that financial plan in the upcoming pages. Returns to **page 16 of attachment 6**.

(2:10:30) Vice Chairman Representative Jim Schmidt: **Page 19 of attachment 6** has some in-depth writing, will you cover the private-public partnership (3P) breakdown?

Mr. Nicholson: Yes, I will cover that very shortly. Continues on **page 19 of attachment 6**.

(2:12:45) Vice Chairman Representative Jim Schmidt: That is paid for by sales tax revenues?

Mr. Nicholson: The ultimate backstop for that financial plans not being there and the estimate of sales tax growth is 1.5% per year and our estimate is conservative.

Chairman Representative David Monson: Is this a special assessment?

Mr. Nicholson: A special assessment has been formed and a better bonding system has been formed to borrow money at a more attractive rate.

Chairman Representative David Monson: Are you using property tax at all? The property owners of Fargo are benefitting from this.

(2:14:35) Mr. Mahoney: Property tax generates less than sales tax and it is harder to bond on property tax.

Representative Mark Sanford: What is the nature of the assessment; is it the city limits?

Mr. Nicholson: It is the benefitted properties, so counties and cities.

(2:15:55) Mr. Dodds: They are all in the diversion boundary from the Red River to the diversion boundary. Within that boundary, there are 7 or 8 regions.

Vice Chairman Representative Jim Schmidt: The properties north of Fargo, do they benefit and if so, are they charged?

Mr. Dodds: Any property in that benefit region will receive improved flood protection are included in that as well.

(2:17:00) Mr. Nicholson: Returns to presenting testimony on **page 20 of attachment 6**.

Vice Chairman Representative Jim Schmidt: Are you saying the 3P will not be valid to pick up the excess?

(2:19:00) Mr. Nicholson: The 3P challenge asked us to look at different state, federal funding levels and state timing. Decreasing the grant funding by $50M increases the bonding rate. Begins to outline the figures on **page 22 of attachment 6**.

Vice Chairman Representative Jim Schmidt: Is the $300M from the state part of the 2020?

Mr. Nicholson: Yes. **Page 23 of attachment 6** has that information. Continues presenting **attachment 6**.

(2:21:45) Representative Mark Sanford: To be clear, if this option was put in place and it did not do the job, we would be back to the property tax backstop?

Mr. Nicholson: That would be an option, but extremely unpopular. Continues on **page 24 of attachment 6**.

Vice Chairman Representative Jim Schmidt: The 3P will bring around $400M and part of that goes back to the state's contribution.

Mr. Nicholson: Out of the $1.1B, $400M will be private and the $700M will be short term loans, tax and other sources from state funding. You have to borrow the rest if state funding is not always available.

(2:24:30) Mr. Mahoney: The bottom part of the diversion is the Corps and the rest is the state.

Mr. Nicholson: Returns to **page 25 of attachment 6**.

(2:25:20) Representative Mark Sanford: Property tax would be the backstop of the tax assessment district or what do you mean?

Mr. Nicholson: The only way to pay them right now are sales tax revenues. In the event of a short fall of that revenue, they would need to cover that change. It is not a given they would automatically do that, but it depends on the given short fall of that. We have assumptions on increases of sales tax revenue and there is flexibility on that.

Representative Mark Sanford: This is not unusual, but from the commitment of the state reaches the level of the plan, that is the level you are expecting?

Mr. Mahoney: We would hope that over the next 6 months and year it will no escalate and we are asking for help on how to pay that other 3P part. If we want to keep our costs good, we need commitment.

Representative Bob Martinson: Are you going to tell us you will not be back again for money?

(2:28:30) Mr. Grindberg: Yes, this amount will be sufficient. We have our numbers built in for 2019 to begin in 2020 and work through this. Once we meet that timeline, every day is $140,000 in the hole. If we get this thing going, it will be much better.

Mr. Mahoney: We have a lot of litigation going on over the last 4 years and now we have the permit in hand.

Mr. Nicholson: Continues to present on **page 28 of attachment 6**.

(2:31:50) Vice Chairman Representative Jim Schmidt: Thank you for that presentation.

Representative Mark Sanford: I want to thank you for this detailed financial presentation.

Mr. Nicholson: This my 4th program over $1B and these are the kinds of challenges we work with. This financial plan shows that the authorities have done their due diligence.

Vice Chairman Representative Jim Schmidt: I assume if we need more help, we could reach out to you?

(2:33:25) Bill Robinson: Introduces self to committee. The existing levee system is under surveillance of FEMA (Federal Emergency Management Agency). FEMA is indicating to us that the levee is not adequate under an ice jam event. As a result of this, the City of Mandan will be mapped in a special flood zone. This will result in a financial burden on the property owner of Mandan. The areas would include: downtown, the south side, the Strip, Marina Bay and Lakewood. There are 1831 properties in those areas alone with a high value. This still does not include a lot of the math including some of the areas. We have submitted plan for $36M in short fall and requested $800,000 from SWC. To supplement this approval and to reduce the state share, we applied for a FEMA grant. After this is completed, we will move onto the next set which involves $35M of the $36M.

Vice Chairman Representative Jim Schmidt: We were trying to get $3M of that from another entity and we are not going to be getting that.

Mr. Robinson: We have funding we cannot totally rely on due to unpredictability and they have to see where we are in the project. We have a hydrology review with FEMA. The $36M project includes levee realignment. This plan avoids those issues of realignment. We expect to hear from FEMA this coming April and we will know exactly what our needs will be.

Vice Chairman Representative Jim Schmidt: Those dykes were originally built by the federal government.

(2:39:05) Chairman Representative David Monson: It looks like Cheyenne River is still up.

(2:39:40) David Schelkoph: Introduces self to committee and begins to present **attachment 7**.

(2:45:45) Vice Chairman Representative Jim Schmidt: Will you have the 2015-2017 and 2017-2019 carryover spent and done by the end of this biennium?

Mr. Schelkoph: We will have all but a little over $1M spent. Continues presenting **attachment 7**.

Representative Mike Schatz: Why was Foss Hall at VCSU (Valley City State University) not put on the west side and not in the flood zone?

(2:47:55) Mr. Schelkoph: I am happy you asked that. That building was built in our B-1 zone and you can build it right up the property line. The foundation is on the property line and it was built in 1964. FEMA came in and bought properties right to the west and to build flood protection we would have to tear down half of the building. The location of that building to the river, we would have had to build piles into the riverbank to build a flood bank.

Representative Mike Schatz: Have you tried to get that from FEMA?

Mr. Schelkoph: We have tried and it is a golden rule for FEMA that they do not let anyone build on their lots. It made is fiscally impossible to build a dyke in front of that building.

(2:51:20) Representative Mike Schatz: We have some new people in Congress, maybe we should try again.

Mr. Schelkoph: The floodwall has been built.

Chairman Representative David Monson: You are doing this in phases and spending approximately $10M and that is what you can get done in a summer. How many times will you be back for money?

Mr. Schelkoph: We originally wanted to get this done in 6 years and we are now in year 8. We have only 25% done and unless the revenues change for SWC, we project a total of 15-20 years.

(2:53:05) Chairman Representative David Monson: Devil's Lake is next.

Vice Chairman Representative Jim Schmidt: We have projects scheduled until 3:30 and we will take public input afterwards.

(2:54:00) Dick Johnson: Mayor of Devils Lake. Introduces self to committee and begins to present written testimony from **attachment 8**.

(2:57:25) Michael Grafsgaard: City Engineer of Devils Lake. Introduces self to committee and begins to present from **page 1 of attachment 8**.

(3:07:05) Chairman Representative David Monson: You are proposing that the water would flow to the lake and be dumped in?

Mr. Grafsgaard: It is looking for an alternative route.

Chairman Representative David Monson: You would use the Sheyenne River as a conduit and it would need to be treated before and after?

Mr. Grafsgaard: Correct. It would be treated, dumped in Lake Ashtabula and then treated as it would go out.

Chairman Representative David Monson: You are talking about the fish hatchery, so you must have a plan to get it into the lake?

(3:07:30) Mr. Grafsgaard: That separate project, if constructed, would bring water to Devils Lake, but none of the other projects would bring water to Devils Lake. It would only happen if it got down to catastrophically low levels.

Mr. Johnson: We are not trying to stabilize Devils Lake.

(3:10:25) Mr. Grafsgaard: Continues presenting on **page 3 of attachment 8**. Offers support in favor of SB 2020.

Chairman Representative David Monson: Next is Red River Valley.

(3:12:35) Mary Meridian: Introduces self and begins to outline **page 3 of attachment 9**.

Representative Mike Nathe: Is that potable water?

Ms. Meridian: Can I have an engineer answer that question?

(3:16:30) Steve Burian: The water would not be potable. The concept is that the water will be pulled from the Missouri River, treated and dumped into the Sheyenne right by Lake Ashtabula. It would remove sand, but not be treated to drink.

Ms. Meridian: Continues presenting on **page 6 of attachment 9**.

(3:19:50) Tami Norgard: Introduces self to committee. We want to get a shovel in the ground to avoid working on new regulations placed under the Obama Administration that was actually taken to court over the WOTUS (Waters of the United States) rules. It recognizes prairie potholes as an area of significance. We would then have to get federal authorization to move water across the continental divide. President Trump is trying to change the WOTUS rule and tried to vacate it, but there is a process to go through. The outcome of that is unknown and we are trying to litigate that and it is currently in court and not implemented right now. Our pipeline and intake system rely on the national permit, which expires in 2022.

Chairman Representative David Monson: It is your contention that we can get started on it or does it have to be finished by 2022?

Ms. Norgard: It is best to get started so you can be grandfathered in. The whole project does not have to be done by 2022 to be grandfathered in. The more you get invested and under construction, the less likely someone can stop you.

(3:24:05) Ms. Meridian: Returns to presenting on **page 11 of attachment 9**.

(3:28:20) Chairman Representative David Monson: Who are the local players?

Ms. Meridian: There are 20 cities and 15 water supplies that are all in and we have talked to them about that.

(3:29:10) Mr. Burian: Introduces self to committee and begins to present the pipeline route on **page 16 of attachment 9**.

(3:31:30) Chairman Representative David Monson: Either plan on **page 16 and 17 of attachment 9** have to be treated, brought across the continental divide and dumped in the Sheyenne?

Mr. Burian: Essentially what you do with the northern route on **page 17 of attachment 9** is using the river instead of a highway pipeline. We cross the divide immediately. Continues presenting on **page 18 of attachment 9**.

(3:37:45) Chairman Representative David Monson: There is no problem getting permits on that much water?

Mr. Burian: Water volume will not be a shortcoming in any scenario. Returns to presenting on **page 21 of attachment 9** to outline the risks.

(3:39:40) Ms. Norgard: I was asked to talk about the political and legal risks and we want to begin this project under the Trump Administration. Begins to outline delays and risks on **page 22 of attachment 9**.

(3:44:10) Ken Vein: Introduces self to committee and begins to present on **page 24 of attachment 9**. We have a strong need to have this happen and a draught would have a $2.5B impact on ND and the 35 entities that have offered support are in desperate need of this project.

Chairman Representative David Monson: Thank you, we will be working on this for a while in the future yet.

(3:49:35) Chairman Representative David Monson: Closes meeting on SB 2020.

2019 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee – Education and Environment Division
Roughrider Room, State Capitol

SB 2020
3/7/2019
33423

☐ Subcommittee
☐ Conference Committee

Committee Clerk: Parker Oswald

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to provide an appropriation for defraying the expenses of the state water commission.

Minutes: Attachments 1-16

Chairman Representative David Monson: Opens meeting on SB 2020.

(00:25) Eric Volk: Executive Director of ND Rural Water Systems Association. Introduces self to committee and begins to present testimony from **attachment 1**.

(4:30) Vice Chairman Representative Jim Schmidt: We have 654 users and that does not include the small towns like Flasher that we deliver water to. If you include those it goes above 3,000 people that receive water.

Mr. Volk: That is tracking of the individual and the cities serve about 105,000.

Vice Chairman Representative Jim Schmidt: We put money in your bucket to regionalize small towns, can you tell us about that?

(5:40) Mr. Volk: We serve 263 of the state's 357 cities.

Vice Chairman Representative Jim Schmidt: The folks in Devils Lake had an improved efficiency on their treatment as they started to do more of it.

Mr. Volk: That is all I have if you need to as any questions.

Chairman Representative David Monson: Anyone else with rural water?

(7:10) Blake Crosby: Executive Director of the ND League of Cities. Introduces self to committee and begins to present testimony from **attachment 2**. Expresses support in favor of SB 2020.

(11:20) Vice Chairman Representative Jim Schmidt: What did the Senate put in for municipalities?

Mr. Crosby: I think they put in $20M, but we were asking for $30M. You asked about regionalization, there are 263 cities on the regional water and take into account the larger cities with their own water programs or others that have their own wells. There are not many remaining cities that would need regionalization, but I would see with the growing infrastructure that regionalization will be important.

Vice Chairman Representative Jim Schmidt: There was mention of HB 1066 money using as a match for state water money. Let's just say HB 1066 comes in and they get these funds, will some of the small towns be able to pay for this and have their own systems and not regionalize?

(14:05) Mr. Crosby: I do not see that as a problem. There will not be enough per capita to do that and they will only have a small pool of funds and they would only allow for a partial match.

Vice Chairman Representative Jim Schmidt: Are you using rural development programs to develop these communities?

Mr. Crosby: I am not, but some of them do it on their own. I would prefer that they go the regionalization instead because it is a better return on investment.

(15:40) Curtis Wilson: Executive Director of Western Are Water Supply Authority (WAWSA). Introduces self to committee and begins to give an overview of WAWSA on **page 1 of attachment 3**.

(20:30) Vice Chairman Representative Jim Schmidt: You have 3 grants; one was in 2014 and is now $0, one in 2015 for $8.8M with a balance of $3.2M, do you plan on utilizing those funds before this biennium?

Mr. Wilson: Yes, we do plan to spend that money. Those contracts were bid in January 2019 and will break ground this year. We do not get to use those until we actually build something.

Vice Chairman Representative Jim Schmidt: Are they residential or industrial?

Mr. Wilson: Those are all residential.

(22:20) Chairman Representative David Monson: **On page 2 of attachment 3**, could you jog my memory on the restructuring? It said you are concerned on the variable rate of interest, is that right?

Mr. Wilson: We are currently working on that and meeting with the Bank. The financing approved in 2017-2019 indicated that we would negotiate with Bank of North Dakota to restructure those loans and provided two loans to be at 2.5%. The other one was from the Bank and was long term on a variable interest rate. It is has been going up with no cap on it, but we are currently paying 4.01% and it started at 2%.

Chairman Representative David Monson: This is a Bank of North Dakota loan?

Mr. Wilson: It is going up by 1% each year and was originally $157M. We are working on the financing and trying to maintain a lower interest rate.

Chairman Representative David Monson: We had Bank of North Dakota here last week and their average interest rate was just a touch over 4%. Your payments were $13M on these loans and you are not able to make them?

(25:35) Mr. Wilson: The total we have paid in interest in 6 years is $18M in interest and $50M total. We come before you today with our priorities set. We also have a priority to deliver good drinking water to our western half of the state. The total program is $50M and we requested $37.5M. The State Water Commission (SWC) pushed it to $35M. WAWSA is a hybrid because it runs a state entity and is also a domestic provider.

Vice Chairman Representative Jim Schmidt: Prior to your arrival we had problems with independent water providers and they have not been contacting us since you arrived. There were some concerns taken to the SWC, but where does our relationship sit with them?

Mr. Wilson: We have a very good relationship with them. I wanted to partner with the individual water providers (IWP). The individual is on personal contact with me and we plan to fix this.

Vice Chairman Representative Jim Schmidt: Anything you can do you fix that locally is a much better solution.

(29:25) Mr. Wilson: We do not know when they update the numbers or if we will have more money to allocate. If it becomes available, we would like to have about $5M more. The industrial water we sell goes to fund the loans and obligations, but we have an absolute priority through contracts and number one is always providing clean water. The issue is that we anticipate that to eclipse the domestic water demand for capacity. We expect in 2024 that it will be totally consumed by the domestic system. We want to keep some level of bandwidth in the plant.

Chairman Representative David Monson: You are looking at all of your water being used for residential and very little left for industrial?

(31:45) Mr. Wilson: That is correct. We are looking with joining the IWPs to work together. The winter is not a problem; it is when the summer comes around.

Vice Chairman Representative Jim Schmidt: You mentioned $5M more, you have a request for $55M. Are you saying $5M than the Senate asked for or on top of what you asked?

Mr. Wilson: On top of what the Senate has given us. So $15M would be our match as well due to policy. If we detail our amount at $55M, the grant will be for $40M. I have covered most of my information and topics. I would like to continue expanding this system and it gets dicey if we can move forward.

(34:10) Chairman Representative David Monson: Thank you, it sounds a lot better now than 2 years ago.

(35:10) Marry Massad: CEO of Southwest Water Authority (SWA). Introduces self to committee and begins to present information from **attachment 4**.

Chairman Representative David Monson: You have 21 raw water customers; who uses that?

Ms. Massad: We do not tap our main transmission line, so most are pasture taps for livestock and we provide some Sacred Heart and another company.

Chairman Representative David Monson: This is water taken off of the pipeline from intake to treatment plants?

Ms. Massad: It is pre-treated, so the 1st step of chlorination and they are not charged for that. Continues on **page 3 of attachment 4**.

(39:00) Chairman Representative David Monson: So you brought up Mandan and excluding them, but will it impact you?

Ms. Massad: It will affect our general funds.

Vice Chairman Representative Jim Schmidt: We have had discussions on that is about $0.30 per $1,000. Southwest just raised their rates by $0.81 per $1,000. So it would only be another $1.80 for 6,000 gallons. It is not a huge raise.

(40:20) Ms. Massad: Continues presenting on **page 4 of attachment 4**.

Chairman Representative David Monson: Do you have anyone using your water for irrigation?

Ms. Massad: No and high industrial was not really the purpose of this project.

(42:10) Vice Chairman Representative Jim Schmidt: How long have some of the folks on the waiting list been waiting for water?

Ms. Massad: Some have been waiting as long as 2012 and we just began construction in the 1980's.

Vice Chairman Representative Jim Schmidt: There were people waiting for 10-20 years, so that is really good.

(43:00) Ms. Massad: Returns to **attachment 4**.

(47:45) Vice Chairman Representative Jim Schmidt: Your ask is $30.5M, what did the Senate give you?

Ms. Massad: It was $16.5M from the Senate. Thank you for your time and support.

(48:50) Garland Erbele: State Engineer of ND. Introduces self to committee and begins to explain **page 1 of attachment 5**.

(51:50) Vice Chairman Representative Jim Schmidt: You mentioned earlier that there is $75M for NAWS (Northwest Area Water Supply) and treating it would leave about $15M. Where would you put that?

Mr. Erbele: It would go into design work on the intake.

Vice Chairman Representative Jim Schmidt: Any for the construction?

Mr. Erbele: We have money for that already and it will turn into carryover.

Chairman Representative David Monson: Are you comfortable?

(52:50) Mr. Erbele: Yes and no.

Vice Chairman Representative Jim Schmidt: **Page 2 of attachment 5** is that actually a total of $202M or less?

(54:00) Tim Freije: The total comes out to the $255M and the $202M is everything that does not already have the funding. I took off pipeline contracts, the design for the other 2, I took off the design for the Biota plant and intake.

Chairman Representative David Monson: The $202M is the real number needed?

Mr. Freije: There is about $25M of wiggle room because we can actually get more through the Biota plant than when we started and it raised red flags with the attorneys. It will be 9 million gallons a day.

(55:35) Vice Chairman Representative Jim Schmidt: So around $202M out there will quote on quote done?

Mr. Freije: Yes, that is correct.

Chairman Representative David Monson: Any other questions or comments? Water Resource Districts is next.

(56:50) Gary Thompson: Introduces self to committee and begins to present testimony from **attachment 6**. Expresses strong support in favor of SB 2020.

(1:01:10) Vice Chairman Representative Jim Schmidt: Back to the $1M in 2017, you were in your own bucket. The reason we put it that way was because there was a lot of carryover. We wanted to utilize and clean up those dollars and release them or get them spent. That was the way that started. The Senate put it in the flood control bucket at $1M. The other part was that we were not overly concerned because we can transfer money from one bucket to another. We mentioned earlier that if you are in that money and release it, the SWC can reallocate that or put it back in the trust fund. You had your own bucket with $1M and around $3-4M of carryover and that was cleaned up. I think we are moving in the right direction. You asked for $35M and do you know what the Senate approved?

Mr. Thompson: The total number would have been $35M and we are looking for around the $30M for Water Resource Districts. If you put us back into the general water management bucket, I think I had asked for $30M in the Senate and they put $35M in for other things including irrigation.

(1:05:00) Vice Chairman Representative Jim Schmidt: I kind of wanted to explain why the buckets switched.

Chairman Representative David Monson: Any other questions?

(1:05:55) Loren DeWitz: Vice Chairmen of the ND Irrigation Association. Introduces self to committee and begins to present testimony from **page 1 of attachment 7**.

(1:11:00) Chairman Representative David Monson: Is there funding in here for the continuation of technology research programs?

Mr. DeWitz: We do not have specific funding for that, but it is part of that program. I would ask for your support of SB 2020. Money into irrigation physically produces income year in and year out.

Chairman Representative David Monson: Any questions?

(12:30) Mr. Erbele: The money we use for the air born electromagnetic surveying is a part of the budget and we spend around $400,000 a year on that type of program. We will also be continuing that of course.

Vice Chairman Representative Jim Schmidt: In 2017 there were 3 different irrigation projects being funded and worked on and even though they are general funds, they are being made available for irrigation.

(1:14:30) Steve Hansen: Family Farmer. Offers support in favor of SB 2020. Begins to present written testimony from **attachment 8**.

Chairman Representative David Monson: That took care of our official agenda and we are going to open this up to some public testimony.

(1:17:50) Alan Walter: President of the ND Water Users Association and ND Water Coalition. Begins to present testimony from **attachment 9**.

(1:20:55) Chairman Representative David Monson: On the bottom of **page 1 of attachment 9**, you say you support credit options from Bank of North Dakota, are you talking about the earnings of Legacy fund?

Mr. Walter: Correct.

(1:22:05) Lynn Brackel: Introduces self to committee and begins to present written testimony on **page 1 of attachment 10**.

(1:24:55) Craig Hertsgaard: Introduces self to committee and begins to present testimony from **attachment 11**.

(1:36:15) Vice Chairman Representative Jim Schmidt: If you remember back in 2013, there was a bill asking for $800,000 for Kindred school districts that they lost. The diversion would pay for that because it is something they would have to pay for due to losses in valuations. Do you know anything that has happened since then?

Mr. Hertsgaard: Nothing has happened since then. The Kindred school district gets $9,600 per student in foundation aid payments. Kindred school district lost about 40% of the students during one of the projects and the formula affects them heavily in the loss of students.

Chairman Representative David Monson: I asked Fargo about possibly using property tax because they are the ones benefitting and should be paying a higher property tax for this project. If they had to pass a mill levee increase, they would probably go with your alternative plan that was cheaper. Their only way to solve this is to keep coming back to the state for money.

(1:39:35) Mr. Hertsgaard: Because these agencies owned the majority of the votes, the public entities voted in favor and the public did not, so it passed.

Chairman Representative David Monson: We had a question about how far out does this assessment go?

Mr. Hertsgaard: It is within the Plan A diversion. They put a horseshoe in the bottom and raised the water from 35 ft. to 37 ft. and that flooded an area.

Representative Bob Martinson: Has a study ever been done to look at options for a lower cost or what would that cost and take?

(1:41:20) Mr. Hertsgaard: There were a number of options discussed and when the taskforce concluded, Plan B was developed after the taskforce was complete and there were some options examined that came to an end and were never assumed. I think it would not take long and the study to minimize costs could be done. Do we have a project that subsidizes the City of Fargo or do we have a project that removes flood insurance from the affected areas?

Chairman Representative David Monson: I know there was a question of this being in a court.

Mr. Hertsgaard: The contested case in Minnesota is statutory and it will go to the associate law judge. We do not believe they have a permit yet as of the end of January. When the court discussed then, the Judge said he would not lift the injunction. The judge will decide if the contested case is enough to leave the injunction in place. They will argue that the injunction was on Plan A and not Plan B. The authorization required them to get the permit before construction.

(1:45:00) Larry Richard: Introduces self to committee and begins to present written testimony from **page 1 of attachment 12**.

(1:53:20) Chairman Representative David Monson: I ran into an earthen dyke in my area that FEMA did not approve because it was not a permanent solution. If you are going to use one like that you have to put it up and tear it down every year.

Mr. Richard: That is a temporary dyke built during a flood time, this would be permanent.

(1:54:30) Terry Savageau: Introduces self as a farmer just south of Fargo and hands out **attachment 13**. The inlet structure that was dug several years ago was on my property. They negotiated with us and offered a very low price and started to dig before we had even settled. Lawyers' fees were paid under the eminent domain rule, but the time it consumed did not warrant us pay. The new plan is to pay the farmers flowage easements for 35 sections of land and we have not been contacted about any of this. My problem is that the property they took was 80 acres and they want to come take another 300+ acres and my farmstead. They wanted to buy my land and push me out and these are the kinds of things I have been dealing with for 10 years. My property is at 914 feet of elevation and the digging area is 916 elevation range. They are pushing water uphill and storing it in Rose Coulee at about 8 feet. I asked how they plan to drain that and they said they may have to turn that it into a wetland. My land is above the 100-year flood plain and it is very much developmental flood plain. That 80 acres they took could have been developed down the road. They are now coming in and telling me I am going to get a flowing easement and they are taking away my property and retirement package essentially. If they think we are going to give flowage easements and I hope you understand what their plan is for the people south of Fargo.

(2:01:00) Neil Bracken: Passes out **attachment 14** and begins to present written testimony. Offers support in favor of SB 2020 for the funding of cloud based weather modification and seeding.

(2:07:00) Kory Peterson: Mayor of Horace. Introduces self to committee and begins to present written testimony from **attachment 15**.

(2:09:50) Vice Chairman Representative Jim Schmidt: You mentioned situations to be mitigated, I do not know how much or what you mean by that. Do those dollars that you deem to be have to mitigate, are those included in the numbers we have received today?

Mr. Peterson: It is part of a 60-year projection. The mitigation we are talking about includes infrastructure problems we have in town. The new Plan B is right where our new industrial plan was going to be and the money we were going to generate was going to be used for our infrastructure.

Vice Chairman Representative Jim Schmidt: The $70M for the land and unknown amount for the infrastructure?

Mr. Peterson: That would be around $20-25M which includes things like roads and water structures. We would be able to finance our other projects too.

Vice Chairman Representative Jim Schmidt: So we do not know if they are in Plan B and this would be another $100M on top of Plan B.

(2:12:30) Representative Mike Nathe: Were you involved in the Governor's taskforce?

Mr. Peterson: We only went to the final meeting and had never heard of Plan B.

Chairman Representative David Monson: What about the dyke idea?

Mr. Peterson: I do not have any knowledge on that.

(2:13:25) Tim Johnson: Introduces self to committee and begins to present **page 1 of attachment 16**.

Chairman Representative David Monson: You are in the county that is affected by weather modification?

Mr. Johnson: Yes, I am and without it the hail storm could have taken my whole farm. We can now send planes out and takes some of the most in-depth research possible.

Vice Chairman Representative Jim Schmidt: Would you be as supportive of it if it was all local funding and no state funding?

Mr. Johnson: Yes, I would. This is not just the farmers who are affected, it is the whole public in general.

(2:18:05) Vice Chairman Representative Jim Schmidt: My district was heavy into the draught. My constituents are very adamant that it does not work for them.

Mr. Johnson: I have talked to them and others in Ward County who agree. Some get heavy rain and others get none. You have to have the clouds first and we were not. Over the last 20-25 years I have been on this board, I have seen so many advancements in the way we do things and we are getting it done on a shoe string budget.

(2:20:45) Vice Chairman Representative Jim Schmidt: My question is about project Plan B. When it comes forward to the SWC and there are engineer and hydrology changes; do you review that from an engineering perspective to make sure it is accurate?

Mr. Erbele: A project of that size has a lot of engineering going into it. We rely on them to the extent that they will need permits for dykes or other things and we will sit down and give it scrutiny to make sure the meet the requirements.

(2:22:20) Representative Mark Sanford: Were you involved in the taskforce?

Mr. Erbele: I personally was not, but we had staff.

Representative Mark Sanford: What about Plan B?

Mr. Erbele: I was not, but we had staff. I stayed away in order to maintain neutrality because I have to sign the permits.

(2:23:05) Chairman Representative David Monson: As a neutral person looking in, we have heard people upstream that there is a better way to do it and Fargo says everything is in place. Who are we supposed to believe? Is Plan B ready to go and shovel ready? Is it the best way? We have to make a decision on this.

Mr. Erbele: The administration supports that project and SWC will also be supportive of that with a lot of effort going in on the design of that. When there is a project of this magnitude, there will always be winners and losers.

Representative Bob Martinson: Is it hard to remain neutral when everyone you work for supports it.

(2:25:10) Mr. Erbele: I have been confused of being conflicted both privately and legally, so it is a challenge.

Chairman Representative David Monson: Any other questions? We will bring this up again soon. We will take up water for those who did not have enough time today.

(2:26:20) Chairman Representative David Monson: Closes meeting on SB 2020.

2019 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee – Education and Environment Division
Roughrider Room, State Capitol

SB 2020
3/8/2019
33445

☐ Subcommittee
☐ Conference Committee

Committee Clerk: Parker Oswald

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to provide an appropriation for defraying the expenses of the state water commission.

Minutes: Attachment 1

Chairman Representative David Monson: Opens meeting on SB 2020 and the clerk takes attendance.

(1:50) Martin Nicholson: Introduces self to committee. I would like to change a few statements made that were factually incorrect. The case of the missing $1B is what I would like to address. The $2.75B cost estimate is what our estimate was. The Army Corps of Engineers also estimated around $2.8B and all of the costs of the projects are included.

(3:50) Vice Chairman Representative Jim Schmidt: There was $70M for the land and $20M for infrastructure for Horace and they said it was not included, is that correct?

Mr. Nicholson: The cost to mitigate property is included in the estimate.

Chairman Representative David Monson: So you have an estimate out there to settle with Horace?

Mr. Nicholson: There is a cost estimate on that.

(5:10) John Shockley: Introduces self to committee. We have been working with the City of Horace over the last few months. There are multiple entities that have jurisdiction over the City of Horace. The City of Fargo has jurisdiction over curtain sewage and water property and Cass County also has infrastructure value too. Horace has additional costs that were highlighted that will be discussed and those issues still need to be worked through.

Mr. Nicholson: We are working with Cass Water on that. There is a water treatment plant that needs to be updated. The county roads that need to be re-worked because of this plan are in the cost amount. The amount for the entire footprint of the staging area are in the costs too. These costs meet Horace's standard levels.

(8:05) Vice Chairman Representative Jim Schmidt: I have been asking questions about Plan B and economics. Apparently the environmental concerns are greater than the financial concerns. We were told that Minnesota was getting 20% of the benefits and only coming up with 2% of the costs, which is a concern. This can be found on **attachment 1**.

Mr. Nicholson: I will not pass my judgement on whether the 2% is adequate. Minnesota will be giving up to $110M into the financial plan.

Mr. Shockley: The joint powers agreement is an agreement between Clay County, Moorhead, Fargo, Cass County and the Cass County water committee. The $80M was agreed to in the financial plan.

(10:45) Representative Mike Nathe: I understand the agreement, but how do I explain this to my colleagues that Minnesota is paying so little for such a great benefit? That is a pretty hard sell to our guys.

Mr. Nicholson: I am not familiar with the exact benefits of that.

Representative Mike Nathe: It was stated in the interim on the record.

(11:45) Mr. Nicholson: One of the nuances of that is that Minnesota is at a higher elevation. It is possible they can use in town terrain measures to protect themselves and they do not face the same challenges that Fargo would. The cost to protect themselves is much less than what Fargo would see.

Representative Mike Nathe: Along the same lines, my colleagues asked why we should support the diversion if Fargo has not completed the flood protection measures?

Mr. Nicholson: We can get you more information on that, but the bottom line is that the completion of in-town events does not protect them completely from a 100-year event.

(14:00) Chairman Representative David Monson: There could be a major flood again this spring. If you were done what you were told to do the last 6 years, you would be a lot better off and the protection plan would be finished.

Mr. Nicholson: I will point out that the in-town work that was originally part of Plan A is largely completed. All of the projects that were part of the diversion project and the complementary in-town are finished. The pump stations and other project parts are complete.

Chairman Representative David Monson: If it is not a 100-year flood, do you think you are okay?

(15:45) Mr. Nicholson: I would like the engineer to come back to answer that. It is not permanent flood protection yet and there is still a need for 20 miles of levee.

Representative Bob Martinson: Minnesota has made additional commitments for flood control; how much was it that they committed?

Mr. Shockley: The City of Moorhead has been working on their flood protection. The state of MN has contributed around $125M for flood protection so far. They have requested additional funds of the $86M for the project and $4M has been committed so far. The current bill is a bonding bill for $39M and I do not know when it will be voted on. Once the permit is issued, they can bill in and request the funds.

Representative Bob Martinson: I thought there was chest pounding that MN had already done that? The money has not been voted yet?

(18:20) Mr. Shockley: It has not been voted on.

Representative Bob Martinson: Is that $86M just for Moorhead's interior or the project?

Mr. Shockley: That is not just for Moorhead.

Representative Bob Martinson: Would you mind giving us the name of the bill?

(19:10) Mr. Nicholson: It is SF 1603 in MN legislature and $43M is intended for in-town works and $43M is intended for in-town diversion on the MN side of the river.

Vice Chairman Representative Jim Schmidt: I would like to discuss the cropland acres that need easements. Are any of those in Richland county? A rough estimate is fine.

Mr. Nicholson: We will get that specific information back to the committee.

Vice Chairman Representative Jim Schmidt: If the diversion authority needs to use eminent domain from Cass to Richland County and they are not going to support that, state law allows Cass to do that, will there be litigation on that?

(21:25) Mr. Shockley: I do not want to speculate on counties suing each other.

Vice Chairman Representative Jim Schmidt: If Oliver County came into Morton County to do that, we would fight to the end.

Chairman Representative David Monson: If the water flowed south instead of north and Richland wanted land in Cass, what would you do as an attorney?

Mr. Shockley: I do not assume my judgement for the elected leaders.

(22:45) Chairman Representative David Monson: If it was my county, we would fight to the bitter end. I asked a question about have you ever put this to a vote on a mill levee for the protected area? Did you ever take it to a mill levee and try to raise local funds?

Mr. Shockley: My understanding is that a GO (general obligation) tax has never been brought to the public. I believe the policy response is the best way to pay for the project is sales tax and the voters approved that twice. They voted to tax themselves through sales tax and there may be discussion on whether or not that is the appropriate way to do it.

(24:40) Chairman Representative David Monson: Of course they would rather have visitors help pay for that. Every other political subdivision is voted on for property tax for things like streets and other city items. If they would have had to vote on property tax instead, it would not have passed. I am upset that the people who set this up did not even look into a mill levee assessment to benefit the people directly affected.

Mr. Shockley: I work on a tremendous number of infrastructure projects and often times it is paid through water and sewer rates. Streets are paid for by special assessments and are offset by sales tax a lot. It is not out of the ordinary for sales tax to pay for infrastructure. It has happened a lot with oil activity to offset some of those costs. I think from the policy direction on the eastern side, there is a need for flood protection and the decision was to utilize sales tax. To leverage the taxing authority to get extra funding was the purpose. The model used here is not that much different, just a large number standpoint.

(28:45) Representative Mike Nathe: I looked up the MN bill and it is for $39M in bond proceeds. Is that money used for interior Moorhead protection or the diversion, and it seems to be both? That to me seems like some of this is used for the diversion and some is city protection.

Mr. Nicholson: I believe this installment of funding is primarily used for interior in-town projects complimentary to the Fargo flood protection. It is just like the City of Fargo's projects; they have to compete these to protect against the amount of water that will be flowing.

(30:50) Representative Mike Nathe: I get it that they mesh together, but when it comes to the funding, it is two different things. Where does the $43M come from or how does it play in to this project?

Mr. Nicholson: The MN funding is thought of as in-town and the second $43M is largely for diversion.

Representative Mike Nathe: What is the status of SF 1603 in MN?

Mr. Nicholson: I know it has been introduced.

(32:10) Representative Bob Martinson: Could we have legislative council check on that?

Chris Kadrmas, LC: It is separated into 2 bills. The SF 1603 was heard and was referred to the Capital Investment committee. I can get detail if they have a committee meeting on it.

Representative Bob Martinson: Do you ever talk to counterparts in other states to get a feel for the process?

Mr. Kadrmas: Yes, I can do that.

(33:45) Representative Mark Sanford: Yesterday we talked about property tax as a backstop, was that voted on or would that be used as a special authority for that and the diversion area has to compromise more than one community?

Mr. Shockley: The special assessment district was created by Cass County and the special assessment district can span multiple counties and that covers the area protected by the diversion. As part of the zones, property owners are notified and there is a specific process involved. Property owners were able to vote on this then and the city itself receives an assessment, which was approved. It is not a desire to use special assessment authority. The district is created and there is a backstop, but there was information given that seems to not directly outline our use of the tax.

Representative Mark Sanford: When people vote in the special assessment area, it is more than just Fargo citizens?

Mr. Shockley: Correct, it included areas of Cass County, Horace, West Fargo and some of the rural surrounding areas.

Representative Mark Sanford: So Fargo will dominate the population of the vote?

(37:25) Mr. Shockley: It is based upon land area and I am not sure what the weighting for Fargo was in that vote.

Representative Mark Sanford: When you talk about using rates as a way to offset costs of a project, that probably is not a major factor on one of this magnitude, but is there any problems involving that? In my scenario, if you have the backstop and are not excited about using it, then what do you have?

Mr. Nicholson: The strategy on how to finance this project and pay it back over a period of time, you essentially need to spend that cash up front. Multi-generational is a term used a lot because it will take a long time to pay for this. Properly maintained, this project will be there forever. Every future owner of that property will be involved with this for a long time. That is where the 60 years of sales tax will be used and it will be spread out and not burden one single generation. There are storm water fees that are generally used for storm water treatment of those fees. Most rural communities do not have a storm water fee that they can implement.

Mr. Shockley: The issue of a storm water fee was raised two sessions ago. I cannot remember the specific bill, but it would limit Fargo from using a storm water fee.

(41:30) Chairman Representative David Monson: You have the ability to levee property tax as an assessment, but if you need, how many mills can you levee or is there no max?

Mr. Shockley: It is a special assessment, so not a mill. It was approximately $722 for the assessment district. We have been directed that there is no desire to use special assessments.

Chairman Representative David Monson: Have you bonded anything?

Mr. Shockley: There are two loans for $150M based on sales tax and are low interest, short term obligations that allowed some construction to be done.

(43:20) Chairman Representative David Monson: What is your bonding limit?

Mr. Shockley: The driving factor is that bonding will not solve the problem. With the cost increase due to Plan B, we came with a balanced budget from $300M from state and federal, $86M from MN. There is a $300M gap and bonding would not solve it.

Chairman Representative David Monson: The mill levees could cover that for a long time.

Mr. Shockley: We have been directed not to use special assessments.

(44:50) Representative Mark Sanford: I am just trying to establish this. If you guys do not plan to come back and it does not work, do you have a backstop?

Mr. Shockley: That was assuming our request was filled by the legislature for the requested funds. The MN side is in progress and that was assuming we received what we asked for.

Mr. Nicholson: There is two components; short term, which is construction and there is $40M a year to pay for that and the rest has to be borrowed to pay for any of this. The only long term source of revenue that is counted on is the sales tax revenue stream. It is this combination of having a down payment large enough to be able to afford the payments. You get better rates on the bond because it is backed by something. If we have an annual short fall and cannot pay the payment, that is activated to make the payment.

(48:00) Representative Mark Sanford: If your money from the state does not realize the amount you are asking for and there is no coming back, what is the plan?

Mr. Nicholson: The request was for $166.5M over 3 biennia. SB 2020 came out with $66.5M over that time. In today's dollars, that is a $166M short fall and short term borrowing will make that almost double. That leaves the project not financeable. The amount of grant funding is critically important and if that does not happen, it will be back to the drawing board and that will cause at least a 2-year delay. It will damage our private-public partnership (3P) and the re-procurement costs on the 3P will bring on $150M in extra losses.

(50:25) Vice Chairman Representative Jim Schmidt: You mentioned that joint boards can make special assessment districts, but they can also levee 4 mills. You have four water resource districts in Cass County, are they leveeing?

Mr. Shockley: I do not know the answer to that. We can get you that information.

Chairman Representative David Monson: I would like to know that and how much it would raise.

Vice Chairman Representative Jim Schmidt: If the joint board can form those districts and levee 6 mills and another joint board could levee and extra 2 mills, we would like to know that.

(51:55) Representative Mike Nathe: I wanted to make sure I am clear; the Oakport project is not part of the diversion project and they will build that regardless right? It doesn't seem like this is part of it and MN is skirting their portion.

Mr. Nicholson: In the cost estimate the increase in flows are part of the cost estimate.

Representative Mike Nathe: Is that an on-going process?

Mr. Nicholson: Similar to Fargo, it is part of the on-going work. I think they have well over $100M in projects and improvements that are not part of the diversion.

Representative Mike Nathe: If diversion was not part of the talks, they would build them regardless?

Mr. Nicholson: That is correct. It would still leave them short of protection for the major floods.

(54:35) Vice Chairman Representative Jim Schmidt: You mentioned 2020 at $66.5M a year for a grand total of $703M from the state over this time, is there anymore?

Mr. Nicholson: No, I believe 3 of those biennia are continuing past legislative intent and the 2 new are being added on top.

Vice Chairman Representative Jim Schmidt: You are talking 5 biennia of $66.5M a year. You had a carryover of $78M that was also approved.

Mr. Nicholson: Those funds are going for lands and continuing in-town projects. That money, around $78M for in-town and $100M in lands acquired, will be completed by 2020.

Vice Chairman Representative Jim Schmidt: We need to look at state acquisition of lands.

(56:40) Chairman Representative David Monson: Is it your understanding that it would be for 5 biennia?

Mr. Kadrmas: It was extended to 5 biennia for an increased total to $703M from the state.

Representative Tracy Boe: I want to reiterate that I am interested in seeing a letter that the insurance will cover acreage from the easement.

Chairman Representative David Monson: I brought up the same thing to insurance guys yesterday.

(58:05) Mr. Nicholson: We will get those letters to you.

Chairman Representative David Monson: They said the maximum they could see was 4-years of insurance. They said it will not work in their mind for very long. You will have to come up with some liability in their minds.

Vice Chairman Representative Jim Schmidt: This committee will have to present this to the full committee. I would really like the gross figures. At this point we are at $2.75B, the state is putting in $450M for the diversion, we have put in $120M for the interior, the Corps of Engineers will add $750M. To date they have put in $127M. When we subtract those dollars, we still get roughly $1.4B in remaining dollars. I know we have a 3P and MN floating, can you list how we come up with the remaining?

(1:00:25) Mr. Nicholson: MN at $86M, a request for $870M to ND, a request to the feds for $750M and we call that secured because it is in the 3P agreement. It is not actually done until legislation appropriates the money. The balance of the funds in 2018 dollars is $1B. Back to the long-term borrowing and using sales tax to solely pay for that.

Vice Chairman Representative Jim Schmidt: Where is the rest coming from?

Mr. Nicholson: The 3P contribution will be $1B in cost and $400M will be private industry and $740M will be by the diversion authority.

Vice Chairman Representative Jim Schmidt: The diversion authority is paying $740M.

Mr. Nicholson: We are mixing elevated money over 2018 dollars. If you buy a house and say it costs $200,000, the bank will have something different over the life of the loan. The construction phase is a combination of cash in hand and borrowing. That number will be closer to $3.1B after the cost borrowing and financing. In terms of the numbers quoted for 3P, that was the sum of all costs through construction.

(1:04:15) Vice Chairman Representative Jim Schmidt: That takes care of the cost then?

Mr. Nicholson: That covers the costs of in-town projects as well. The clarification on federal money is that the Corps projects of the southern embankment and interior of the project are all paid for by that. None of the federal money is applied to the 3P.

Representative Mike Nathe: Fargo flood control funding cannot exceed $703M from the state, but the request is $870M? The gap is to be filled over the next 5 biennia?

Mr. Nicholson: That is correct. The cheapest way is to have the cash in hand at the time of the need. It is timing it and having the money when it is originally needed.

(1:06:40) Representative Mike Nathe: Thanks for clearing that up.

Chairman Representative David Monson: We will have to bring this to an end soon.

Vice Chairman Representative Jim Schmidt: The $750M that is secured, we are of the thought that it includes the $127M that has been paid, so I cannot subtract the $127M from that.

Mr. Nicholson: You can.

Representative Mike Nathe: Is that the $120M you are talking about?

Vice Chairman Representative Jim Schmidt: That is for the interior and is separate.

(1:08:20) Mr. Nicholson: It was stated that the $250M loan was not in the financial plan and there was no way to pay that back. There is long interest loan debt service, so it is in the financial plan and will be part of the payment made by the sales tax.

Representative Mark Sanford: It was implied that Plan B was created after the taskforce met, it came up that it was not done with hand holding, but was a backroom plan and not something the 2 state committee had looked at. Could you clear that up?

Mr. Shockley: After the Governor's taskforce completed, the diversion authorities' technical engineers worked to take the recommendations and turned them into Plan B. The taskforce started with the high level impacts and that team worked out the details. I do not know if there was 100% agreement inside that group, but there was upstream representation. That is how it came about with the general consensus. The permit application process was then undertaken.

Chairman Representative David Monson: Is there a plan C?

(1:11:50) Mr. Shockley: I would say it is unprecedented to have the Governor's meet about that. This is the plan that obtained the permit.

Representative Tracy Boe: Yesterday we got indication that the permit need 54 areas of criteria to meet. Any chance we could get a list of that criteria and some indication of what we are looking at.

Mr. Nicholson: Yes, we can get you that. Most of those conditions are very typical to making the oversight committee having flexibility. It is monitoring instruction and construction and many are very standard to construction standards.

(1:14:05) Chairman Representative David Monson: Do you check off all of the ones you have already met?

Mr. Nicholson: We will include that.

Chairman Representative David Monson: Anyone else want to speak on SB 2020?

(1:14:50) Representative Mike Nathe: We hoping to get federal money and MN money. It sounds like we are doing anything to MN to get the project going. Who has to blink first to get this going?

Mr. Nicholson: The reason we have secured on the federal money is because we have a very monumental commitment from the federal government and the 3P agreement sets forward the funding. It is much like the legislative intent done by the federal side.

Representative Mike Nathe: What if we hold it until the feds kick money in?

Mr. Nicholson: If we could present that the numbers work, we could move forward.

Representative Mike Nathe: The concern is that we give money and the MN bills are not passed or federal money does not come.

(1:17:00) Chairman Representative David Monson: This is why we are still here 6 years later.

Representative Bob Martinson: You cannot compare legislative intent to federal money. We passed something with intent and legislative intent does not hold any weight, because things will be cut if we are broke.

Mr. Shockley: The legislative intent is critical to know what levels of funding we will get in order to explain in the market.

Representative Bob Martinson: You are the lawyer, but legislative intent is not guaranteed. We could all be replaced and they could have different intent in 2 years.

(1:18:55) Mr. Shockley: The developers need the intent that ultimately they will be compensated and the project will be completed.

Representative Mike Nathe: If we kick in the $300M and the other do not come into it, I would be comfortable if everyone came in at the same time. Maybe this has all been discussed, but who comes to the dance first and what happens if they do not show up.

Vice Chairman Representative Jim Schmidt: If we have the money, maybe if the legislation 2020 says that you have to finish the interior before you can do the rest because we will have something for protection is someone does bail.

Representative Mike Nathe: Some insurances on that will help get votes on that. It is helping reassure this. The feds could technically not pass until after the 2020 election and MN could also not pass or reduce their amount.

(1:21:50) Chairman Representative David Monson: Closes meeting on SB 2020.

2019 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee – Education and Environment Division
Roughrider Room, State Capitol

SB 2020
3/15/2019
33816

☐ Subcommittee
☐ Conference Committee

Committee Clerk: Parker Oswald

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to provide an appropriation for defraying the expenses of the state water commission.

Minutes: Attachments 1-8

Chairman Representative David Monson: Opens meeting on SB 2020 and the clerk takes attendance.

Chairman Representative David Monson: What is the new number on the resources trust fund?

Chris Kadrmas, LC: There is $9,840,000 more and for the next biennium there is $61M for a total of $71M extra revenue. That leaves an ending balance of $107,574,966 from the Senate version. This is from the resources trust fund analysis and it has not been revised for approval.

(2:25) Vice Chairman Representative Jim Schmidt: That $107M for the 2017-2019 biennium, will that affect the carryover?

Mr. Kadrmas: We could revise that.

Representative Mike Nathe: What are we looking at getting that retroactively paid back?

Mr. Kadrmas: I do not have a number that would identify that total number, but I can get that for you. If SB 2362 were to pass, there would be an additional $45M that would be available to the resources trust fund. Also including in the ending balance is a repayment of $26M for the infrastructure revolving loan fund. The exact outstanding balance might be $3M less.

(4:40) Vice Chairman Representative Jim Schmidt: The Bank of North Dakota guys have 1.5% interest on that and collect the 0.5% and if they bank that, they get to keep the additional 1% as well.

Chairman Representative David Monson: Where do we want to start?

Vice Chairman Representative Jim Schmidt: I would like to start on attachment 1 with the figures.

(5:55) Mr. Kadrmas: Begins to outline **attachment 1 on page 1** starting with the base payroll changes.

Vice Chairman Representative Jim Schmidt: Are one of the FTE (full time employee) the weather modification assistant?

Mr. Kadrmas: No. returns to **page 1 of attachment 1** on the addition of 1 FTE.

(9:25) Vice Chairman Representative Jim Schmidt: The adjusted $33M is comprised of what?

Mr. Kadrmas: It is to adjust the base level. It will be the first time the agency has broken it out into more than 2 line items. We wanted to break out their base level and there is an adjustment because of that. We needed to determine if they needed to increase or decrease their project carryover. It is adjusting an estimate to the $308M and it is just an estimate. Continues outlining **page 1 of attachment 1** on the capital assets line.

(13:00) Vice Chairman Representative Jim Schmidt: These are not enhancements, but adjustments?

Mr. Kadrmas: Correct, but they were listed as this because it is the first time they are split up.

Chairman Representative David Monson: They seem like an awfully large adjustment.

Mr. Kadrmas: We would end up netting these numbers and it would be a large increase. Returns to **attachment 1** beginning on the Microsoft Office 365 line.

(15:55) Vice Chairman Representative Jim Schmidt: Why are general water grants underlined?

Mr. Kadrmas: It is just general formatting.

Vice Chairman Representative Jim Schmidt: Do you have the Senate breakdown of those numbers?

Mr. Kadrmas: There was not a breakdown provided.

Vice Chairman Representative Jim Schmidt: One that comes to attention is the $35M for the general water grant. It is typically about half of this and accounts for a few problems that are being encountered and worked through. Those are the things we need to look at and the projects involved.

Chairman Representative David Monson: Are you okay with the 4 buckets?

Vice Chairman Representative Jim Schmidt: I am happy with the 4 buckets, but we just need an explanation on that. The reason they want to do that is be in the general water instead of the flood resource bucket. As we know, it is not a matter of what bucket you are in, but a matter of how much is in the bucket.

(18:40) Chairman Representative David Monson: There is still a bill out there that deals with snagging and clearing. We were just talking about this being the last budget we kick out. We have to wait for other bills to put pieces together for this.

Vice Chairman Representative Jim Schmidt: I get the salaries and wages and I do appreciate this breakdown. You were going to go over the Southwest Water?

Mr. Kadrmas: Yes.

Vice Chairman Representative Jim Schmidt: I want to know how the dollar figures interact.

(19:55) Mr. Kadrmas: Begins to outline **attachment 2** starting on the NAWS (Northwest Area Water Supply) line in the second box. I had a sheet for the Senate and they requested that I condense it because there was too much detail.

Chairman Representative David Monson: Yes, please. Chris has given us **page 2 of attachment 2** and that is a more in depth breakdown.

(22:45) Mr. Kadrmas: Begins to outline **page 2 of attachment 2** in the box outlining the detail of water project funding.

Vice Chairman Representative Jim Schmidt: That is about 35%?

Mr. Kadrmas: Correct. Returns to **page 2 of attachment 2**.

(24:30) Chairman Representative David Monson: This is only taking into account money before the new revenue forecast?

Mr. Kadrmas: Correct, none of the additional approved revenue in this or any bill that may impact it.

Vice Chairman Representative Jim Schmidt: We started at $350M and if SB 2362 passes, that is another $45.3M, the adjusted forecast adds $62M and Bank of North Dakota would be $26M and when would that come?

(25:45) Mr. Kadrmas: It would likely fall at the very end of the biennium.

Vice Chairman Representative Jim Schmidt: That added up is about another $120M to add to the $350M?

Mr. Kadrmas: Correct.

Vice Chairman Representative Jim Schmidt: That does not include the treasurers. The only additional money we have for now is the $9.8M. Instead of $350M, we are dealing with $470M, correct?

Mr. Kadrmas: It could be around $450M.

Vice Chairman Representative Jim Schmidt: So the adjusted forecast brings around $120M from a few sources.

(28:05) Mr. Kadrmas: Begins to outline the grant funding available for water projects box on **page 2 of attachment 2**.

(33:05) Chairman Representative David Monson: What is the far column on **page 2 of attachment 2**?

Mr. Kadrmas: It shows the difference of the Senate version compared to the executive recommendation.

Vice Chairman Representative Jim Schmidt: Senator Lee has a proposed $50M for the Red River Water supply of 80-20 and I assume that is in the bill?

Mr. Kadrmas: That is just legislative intent and is in a bucket.

Vice Chairman Representative Jim Schmidt: With regards to capital assets of Southwest water and NAWS, those are just adjustments and not the funding for this biennium?

Mr. Kadrmas: Since they are considered state projects, they are in the capital asset line.

(35:30) Vice Chairman Representative Jim Schmidt: So all of the Southwest and NAWS are included in that?

Mr. Kadrmas: That is correct.

Representative Mike Nathe: This is based on the January revenue forecast? Never mind, I answered my own question.

Mr. Kadrmas: The water development trust fund contains $72M. Returns to **page 1 of attachment 1** to outline the other sections.

(37:50) Vice Chairman Representative Jim Schmidt: That was in order to deal with a veto?

Mr. Kadrmas: Correct. Begins to outline **section 5 on page 2 of attachment 1**.

(39:30) Representative Bob Martinson: What is really the purpose of putting the intent in there?

Vice Chairman Representative Jim Schmidt: It does not really mean in anything.

Representative Bob Martinson: Do we need to put intent in there then?

Vice Chairman Representative Jim Schmidt: The thing they need it for are the 3P (private public partnership) in order to obtain some of that funding from revenue. Sales tax is not project revenue and the City and Diversion Authority seem to think they need the intent to secure the private funding.

Representative Bob Martinson: If the sales tax revenues keep going down and they cannot make their part of the 3P, then we would have to make that payment. I would like to consider taking that out.

Vice Chairman Representative Jim Schmidt: I would agree.

(41:45) Vice Chairman Representative Jim Schmidt: The other one is the legislative intent for **section 6 of attachment 2**. I do not agree with the 80-20. The 75-25 is the State Water Commission (SWC) policy for rural water, but for municipalities it is 60-40, so we need to discuss that because the citizens cannot seem to afford that. Do we need that as well?

Representative Bob Martinson: I would like that to be on the list also.

Vice Chairman Representative Jim Schmidt: Let's remember the permitting process and the opportunity for lawsuits. Based on the timeframe given, maybe the $13M for construction is all they can do. Chris, with respect to the bill, the SWC shall review any associated litigation before releasing funds for the project; that we have reserved for the legislature.

Chairman Representative David Monson: Is this new language?

(44:20) Mr. Kadrmas: There were requirements set in 2017 and this is one of them. They did not want to be locked down like NAWS was. This is under the assumption that the $50M proposed grant would be given during any litigation still.

Vice Chairman Representative Jim Schmidt: That is something that would not come back to the budget section?

Mr. Kadrmas: Correct.

Chairman Representative David Monson: We would appropriate that assuming the money comes in?

Mr. Kadrmas: Correct, under the assumption that there is no current litigation and SWC could make that determination.

(46:00) Vice Chairman Representative Jim Schmidt: That brings us back to the problem with the Fargo Diversion of the $66M being held until the issues were cleared. The SWC cleared that money and it did not sit very well with the Senate. We wanted it to say that they had to review the items and then come to the budget section for the money.

Mr. Kadrmas: There is still language that brings them to the budget section.

Chairman Representative David Monson: You would like to have that provision in there for the $50M as well and can it be added?

Mr. Kadrmas: Instead of the SWC being the authority of approval, you would like them to certify to the budget section?

Vice Chairman Representative Jim Schmidt: Yes, that is correct.

(48:10) Representative Bob Martinson: I like what Chris said originally, it just says they will review it. I agree that if we want to stay safe during litigation, we do not want to release any funds during litigation or appeals. Review does not mean anything.

Vice Chairman Representative Jim Schmidt: That is correct. I think Fargo is a good example of that because they still have the judgement against them and they were still given the money, so I think this is trying to prevent that.

Chairman Representative David Monson: How do we want it worded?

Representative Bob Martinson: I think he can work something up that they cannot release funds during litigation and appeal.

(50:05) Mr. Kadrmas: The committee would like me to restrict funding from any project if there are any current litigation or appeals on the project?

Representative Mike Schatz: If someone wants to block the project, whatever the litigation is now, they could just block it doing that. Are we going to let any litigation block this?

Vice Chairman Representative Jim Schmidt: That is a good point. What we are dealing with now is the quality of water at the point of discharge. If we are treating it at the level discussed, it does not deal with the size of the pipe. The legal actions are on the quality of water and can we put the pipe in the ground because the size of it does not matter on the quality of water. The litigation affects water, so could we not put the pipe in the ground?

Representative Bob Martinson: What if the water is never acceptable?

Vice Chairman Representative Jim Schmidt: That is a scenario, but we have the quality outlined and the water is being treated.

(52:40) Chairman Representative David Monson: You would be comfortable putting the pipe in and whatever quality that water needs to be treated to, you are confident the pipe would be used?

Vice Chairman Representative Jim Schmidt: That is correct. If we have to treat it to that point, by the time we do that, we may as well make it potable and have it follow the interstate.

Chairman Representative David Monson: Are we going to give Chris direction or do we need to think about this more?

Representative Mark Sanford: When we have that letter, do we respond and say thank you we understand so that there is a gentle person's agreement or do we take it and run with it? It shows there is an intent to follow through on your standards.

Vice Chairman Representative Jim Schmidt: That is a good point. I do not know who responded to that letter.

(55:10) Garland Erbele: State Engineer. We have received 2 letters from Manitoba in regards to the water quality. We have not responded to either letters partially because we do not know what to respond with. The Garrison Diversion needs to know how they want to proceed. Their approach is keeping this a state project so they could likely win a lawsuit in a state court. The treatment they have proposed would not quite meet the quality Manitoba prefers. The big difference is that the NAWS project was federal. As this thing plays out, we have not responded, but we have met with them to discuss this project and water quality.

(57:25) Chairman Representative David Monson: What exactly is stated in these 2 letters? Are they offering anything or making demands?

Mr. Erbele: The letters we have received have expressed concerns in regards to the Biota transfer and water treatment standards.

Chairman Representative David Monson: They are both basically the same then.

Representative Bob Martinson: Does the premier of Manitoba have the authority to accept it or do they have to go through a legislative process?

(58:55) Mr. Erbele: I am not sure how they operate, but I have been working with my counterpart and they seem to say that if we comply with that treatment standard, they would be satisfied.

Representative Bob Martinson: That could change with a newly elected official.

Vice Chairman Representative Jim Schmidt: We got a letter from the joint board. I cannot remember, was that letter addressed to the Governor or whom?

Mr. Erbele: As I recall, that was addressed to the Governor.

Representative Bob Martinson: I think is was to Representatives Pollert and Delzer also.

(1:00:40) Vice Chairman Representative Jim Schmidt: So we do not really know whom or how that will be answered. Is a response politically beneficial?

Mr. Erbele: That is a good point. I think once we make a decision based on how we will proceed, but having a response to them is probably appropriate.

Chairman Representative David Monson: They are asking us to treat it to potable water, correct?

Mr. Erbele: Correct.

Chairman Representative David Monson: How anyone could litigate if we took it to that level is beyond me. Potable is the highest level at that point.

(1:02:10) Mr. Erbele: That was my thought. If we comply to that level of treatment, they would be satisfied.

Chairman Representative David Monson: I think our concern was to treat it in a cheaper way.

Vice Chairman Representative Jim Schmidt: If we treat it to potable water and then dump it back into a river, that does not make sense. I think we are better off doing the plant, treated to potable and make it run along I-29. Economically it would be just about a water because I cannot see dumping potable water into the Sheyenne River.

Chairman Representative David Monson: I do not know what it would cost the cities along the way to use the water. You might be right.

Representative Mike Nathe: Do we have numbers on piping it east and letting them use it?

(1:04:15) Vice Chairman Representative Jim Schmidt: I do not think so. There was the issue of needing a bigger pipe than 66 inches to get it to Devils Lake.

Representative Mike Nathe: Could we study that during interim?

Vice Chairman Representative Jim Schmidt: I do not know and I do not know how much is there to make that decision.

Representative Mike Nathe: Could we talk about a study for this?

Chairman Representative David Monson: A study will delay this another 2 years.

(1:05:30) Vice Chairman Representative Jim Schmidt: I think it is worth looking at. We could bring the Garrison Diversion folks in. How powerful would the plant in Max for around $70M be? If we do treat it to potable water, there may be a lot of smaller towns that are willing to use this and do away with their own water treatment plants.

Mr. Erbele: There was a study done that looked at the options. I know some included running a pipeline down I-94. I can look back at that.

Chairman Representative David Monson: If you have a study you could maybe find and share, that would probably speed things along if it is even relevant anymore.

Mr. Erbele: I am sure the cost numbers would need to be updated.

Chairman Representative David Monson: We still did not get the language desired.

(1:08:00) Mr. Kadrmas: Returns to **page 2 of attachment 2 on section 7**.

Vice Chairman Representative Jim Schmidt: I would kind of like to deal with them separately are the 4 different amendments. One is from Representative Lefor regarding membership that would add a SWC member from the lower Hart. Representative Steiner wants to propose an amendment that has tribal interests and dealing with development along the Missouri River. There is a modification finances request from Minot and Representative Delzer's proposed amendment.

Chairman Representative David Monson: We can't open the hearing up for everyone.

Vice Chairman Representative Jim Schmidt: Representative Delzer's was relating to taking the tobacco money and putting it in social services and replenishing from another source. I do not have the amendment with me. It replenishes at a higher rate than the tobacco.

Chairman Representative David Monson: I cannot add anything to it.

(1:11:35) Vice Chairman Representative Jim Schmidt: The tobacco money was available in 1997 for Grand Forks flood control, which is roughly $16-18M per biennium, and we have used those dollars to pay salaries.

Chairman Representative David Monson: I think that is kind of the way the original intent of the tobacco dollars was split up for.

Representative Mark Sanford: Do you know what the other sources were?

Vice Chairman Representative Jim Schmidt: I do not. To me, we have a few things to search. I would like to get with the Senate and discuss each bucket and some of the other projects. We have an additional $133M that we need to appropriate. I would do that with some of the Senators. Additional discussion on those intent languages, alternatives for the potable water and the 4 amendments.

(1:15:00) Chairman Representative David Monson: We have some time yet.

Vice Chairman Representative Jim Schmidt: We can talk about the change for Minot money right now.

Representative Bob Martinson: Are these brilliant ideas that came to people last night?

Vice Chairman Representative Jim Schmidt: I have known of one for a while, but one I heard of this morning.

Chairman Representative David Monson: Do you have copies of this?

(1:16:20) Shane Goettle: You put in $193M of intent for the Souris River project. For 4 biennia, the amendment is simply doing what you did for the language. It is $193M minus $57.7M and it is $135.3M for this biennium and the following 2.

Chairman Representative David Monson: You want 3 times $135M?

Mr. Goettle: All of this is adjustments and applying the intent.

Vice Chairman Representative Jim Schmidt: It is still within the same amount and $135M over 3 years.

Mr. Goettle: It is the same intent, just tracking what is applied and can be found on **attachment 3**.

(1:18:55) Chairman Representative David Monson: This is just renewing the pact.

Mr. Goettle: Yes, it is just revising the current numbers.

Chairman Representative David Monson: Thank you. We probably do not even need to do this, but it is nice having updated numbers.

(1:20:05) Vice Chairman Representative Jim Schmidt: We do not need a lot of explanation on the next one either. Begins to outline **attachment 4**.

Chairman Representative David Monson: How does a guy from Bismarck cover the north?

Vice Chairman Representative Jim Schmidt: We had an at large member.

(1:24:40) John Paczkowski: There is one upper and one lower representative for that.

Representative Bob Martinson: I think I like this at first thought and I think those are important areas to be covered.

Chairman Representative David Monson: Would you need a member at large if you are covering every basin? My issue is running into problems with an even number board.

Vice Chairman Representative Jim Schmidt: The at large was taken away and was moved into the lower Red River.

Chairman Representative David Monson: You have the upper and lower Red, upper and lower Missouri, Devils Lake, Souris and James.

(1:26:45) Mr. Erbele: I have talked about this issue. The southwest part of ND does not have a large body of water for there besides the little Missouri, so they wanted some representation for that area of the state. There will be an amendment drafted and I support the idea. The even number of commissioners, but if the vote is even, the motion fails.

Vice Chairman Representative Jim Schmidt: I think that part of the state needs it because they are so far away and I support this. That is a large land mass with no representation.

Chairman Representative David Monson: You would need over 50% because a tie vote fails. Put it on the list.

Vice Chairman Representative Jim Schmidt: The one from Representative Steiner, I would like to have her present that.

(1:29:15) Chairman Representative David Monson: See if you can get her down here.

Vice Chairman Representative Jim Schmidt: The last two attachments we have received are **attachments 5 and 6**. Chris wrote **attachment 6**.

(1:30:00) Representative Vicky Steiner: Introduces self to committee and begins to outline **attachment 5**.

(1:34:45) Chairman Representative David Monson: You had a bill in this time that basically does this?

Representative Steiner: I brought it back a second time and it was defeated. I have changed it to add Morton County and the Mayor of Bismarck as well.

Chairman Representative David Monson: We really do not like to put amendments on that were very close to defeated bills from this session. If it would have been a few sessions back, but when it was defeated this session, it makes it a lot harder to pass. We will consider it.

Representative Steiner: This has been modified to address some of those concerns.

Chairman Representative David Monson: It sounds like it may fit better in Commerce.

(1:36:55) Vice Chairman Representative Jim Schmidt: You mentioned irrigation permitting issues.

Representative Steiner: The residents were coming to them saying they could not get the irrigation permits and the Corps was not comfortable with that.

Vice Chairman Representative Jim Schmidt: Is this for farm land or lawns and gardens?

Representative Steiner: It is residential.

Vice Chairman Representative Jim Schmidt: Okay, because I have neighbors who irrigate right out of the water.

Representative Steiner: It was an issue of doing this and waiting for the city to find them.

Chairman Representative David Monson: Any other questions? Thank you. Mr. Erbele, can you irrigate your lawn out of the river, do you even need a permit?

(1:39:20) Mr. Erbele: People in town are allowed to irrigate less than 5 acres without a permit. If it commercial you are limited to an acre.

Chairman Representative David Monson: I have a hard time believing anyone has a yard bigger than 5 acres.

Vice Chairman Representative Jim Schmidt: What involvement would the city have with that?

Representative Mike Schatz: Let's put this on the list. What shoreline does the Corps regulate? Is it all shoreline, is it all of the shoreline of every river and lake or what is their jurisdiction?

Chairman Representative David Monson: They would control everything.

Mr. Erbele: The Corps plays a large role on the Missouri River. It pertains to section 10 waters that are considered navigable. The Souris River is really the only one that does not apply that is a major body of water.

(1:42:40) Vice Chairman Representative Jim Schmidt: She mentioned the Missouri advisory council, is there not a Missouri River joint board? There are already two existing organizations that were put together. If it is the Bismarck Mayor that is on there, we would also want the Mandan Mayor.

Mr. Erbele: It was formed in 2016 and it was created to represent the interests along the rivers. That group meets periodically each year and has the capacity to resolve issues. Passes out **attachments 7 and 8**.

Vice Chairman Representative Jim Schmidt: There is the effort for Missouri River recovery that deals with that as well. I am not excited to create another one when there are so many. There is a federal element involved as well.

(1:44:55) Chairman Representative David Monson: I have a problem putting in an amendment on a dead bill into a budget bill like this.

Representative Bob Martinson: If I thought for a second that we could talk to the Corps and get it done, I would carry it on the floor.

Representative Mike Nathe: If that bill cannot stand on its own, we will take extreme criticism from the committee and the floor.

Representative Mike Schatz: There is a point to be made here that the Corps of Engineers does not listen to the state and I don't know what can be done to fix that.

Representative Mike Nathe: That is why there is a federal delegation.

(1:46:40) Vice Chairman Representative Jim Schmidt: We were dealing with excess lands on Lake Oahe and we were going to returns lands to Emmons and Morton, which was 4 years ago and we have not gotten anywhere. I hold no faith that this will not make it better.

Chairman Representative David Monson: It tells me that the people did not show up to testify, that there is not a lot of interest from other counties. We have it in front of us here. We have **attachment 6**, which is Representative Delzer's amendment.

(1:49:25) Mr. Kadrmas: The bill removes the authority for principle and bonds to be removed from the water development trust fund. Begins to outline **attachment 6 on page 1**.

Chairman Representative David Monson: What do you think of this one?

Vice Chairman Representative Jim Schmidt: It was mentioned that it will be supplemented by something else, but I do not see it. I think in order to clarify, Representative Delzer can explain it.

Chairman Representative David Monson: He can explain it in full committee. Anything else?

Vice Chairman Representative Jim Schmidt: I had some other discussions and based on the copy provided from the Corps of Engineers 2020 budget does not have the $750M. That is different than what we were told by the City of Fargo. I have asked around to get us a copy of that budget to see if it is there or not. If it is not, we should find out why. If it is not, why do we need to put ours in?

Chairman Representative David Monson: If I understood Fargo, they said it is all but in the bank. I guess I would like to see it in the bank.

(1:55:50) Chairman Representative David Monson: Closes meeting on SB 2020.

2019 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee – Education and Environment Division
Roughrider Room, State Capitol

SB 2020
3/18/2019
33858

☐ Subcommittee
☐ Conference Committee

Committee Clerk: Ellen LeTang and Parker Oswald

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to provide an appropriation for defraying the expenses of the state water commission.

Minutes: No Attachments

Chairman Representative David Monson: We will take up water briefly. When do you want to meet?

Vice Chairman Representative Jim Schmidt: Thursday morning.

Vice Chairman Representative Jim Schmidt: We have Representative Delzer's amendment that deals with the tobacco dollars. It was instructed that they should not bond based on those dollars. We want to discuss that.

Chairman Representative David Monson: Is the money there?

Chris Kadrmas, LC: It's included in the Senate's version.

(2:00) Chairman Representative David Monson: Does he realize that?

Mr. Kadrmas: Since there are additional resources in Resource Trust Fund, they would shift the use of the funding for the purpose that Vice Chairman Representative Jim Schmidt is talking about.

Chairman Representative David Monson: Is it just regular water resources trust fund?

Mr. Kadrmas: Correct. Correct, they are saying to use the $26M to payoff existing loans.

Chairman Representative David Monson: He is not counting money that might be coming in because of this treasurer business?

Vice Chairman Representative Jim Schmidt: We need to talk about using that money. I believe the bill that actually takes the money and puts it to human services is for future biennia. We saw the county amendment for $130M for the next biennium and it is only for the City of Minot. There are issues to what is Minot's and what is Ward County's. Some of the funds were given to Minot, but were county funds. Some of the anticipated revenue increases will be here by the next meeting. There may be an additional 2% in a Senate bill.

Representative Mike Nathe: Will we know what that is?

(4:30) Vice Chairman Representative Jim Schmidt: It would be 2%. Instead of 20% out of extraction tax, it would be 22%.

Representative Mike Nathe: Is that in the bill?

Vice Chairman Representative Jim Schmidt: I am not sure, but that is what they were talking about.

Chairman Representative David Monson: Issued funds that are owed over the last 10 years and it is to pay that back?

Vice Chairman Representative Jim Schmidt: Only over in 3 biennia at 2%. I need to do more work.

Representative Mike Nathe: That is just a proposed amendment and they do not want to pay that back. That's going to be the battle.

Vice Chairman Representative Jim Schmidt: I've been told that the 2% will cover the $120M.

Chairman Representative David Monson: You are talking repaying roughly $120M over 3 biennia?

Representative Mike Nathe: That's if the senate goes along with it.

Chairman Representative David Monson: That would be an amendment that we put in and hash out with the Senate.

Vice Chairman Representative Jim Schmidt: We have to have some discussion on it. We need to take some action on those amendments. There are some issues with the Red River Water Supply and they have some issues. The flood control bucket did not identify which project. Without that designation, they could give all of the money to Fargo. Because of the added revenues, I have asked the State Engineer to come up with the numbers. I got the numbers from the Corps of Engineers from Claire Ness in Legislative Council. They expect the Corps budget documents to be released today and they expect funds for the projects to be included. The request will be the opening game in the budgeting process.

Chairman Representative David Monson: The money for the Fargo Diversion?

(9:25) Vice Chairman Representative Jim Schmidt: Correct, that is for the $750M and they have already put in over $120M. It should be known by Thursday.

Representative Mike Nathe: If it is on that list, is that as good as saying we have the money?

Vice Chairman Representative Jim Schmidt: That is not completely guaranteeing it. We will not get it all at once and could take up to 10 years. The $750M is still $150M less than their original commitment. They will consider beyond. We need to take a look at what is in the general water. That is extremely high. The $26M for the resources trust fund needs to be discussed.

Chairman Representative David Monson: Is that a good idea?

Vice Chairman Representative Jim Schmidt: Yes, it is down to $23M and I would rather have the cash right away.

Chairman Representative David Monson: We are supposed to have all of our bills out by 3/25/2019. I told him SB 2020 might not make it out by then, but they said that is okay.

(13:55) Representative Mike Nathe: Full appropriations meetings are Tuesday & Thursday afternoon.

Vice Chairman Representative Jim Schmidt: I just received a text about Red River Valley doing a full water treatment plant of full potable water and piping it along I-29. I should have the analysis for the full treatment and costs of piping to Grand Forks and Fargo.

Chairman Representative David Monson: Do you want this Wednesday afternoon and Thursday morning? We could do it Friday morning.

Vice Chairman Representative Jim Schmidt: We could go Thursday morning for 4 hours starting at 8 am. We also have to consider the two biennia at $66M and the intent.

(16:55) Chairman Representative David Monson: We will go 8:00 am Thursday and Friday morning.

Representative Bob Martinson: Can we continue to talk about water instead of waiting?

(17:40) Vice Chairman Representative Jim Schmidt: I cannot get the answers to many of these right now. It will be interesting to get the information from Minot because there is not one nickel in there for the county.

Chairman Representative David Monson: They can have their say on Thursday.

Vice Chairman Representative Jim Schmidt: With regards to the Corps budget, the money depends on the Senate's position and whether or not that request is in the budget.

Representative Mike Nathe: Can you get us the status of the Minnesota bills?

Mr. Kadrmas: It's still alive and it's in the Ways and Means committee. The discussion is not scheduled as of now. The numbers are HF 1828 and SF 1603.

(21:20) Chairman Representative David Monson: Maybe they will have done something with it by Thursday or Friday. I would hope we can kick this thing out by Monday.

Vice Chairman Representative Jim Schmidt: With respect to the $23M Bank of North Dakota payback on the revolving loan fund, I cannot remember what bill that is in or when we will take that up.

Chairman Representative David Monson: That is in full committee and we may see that on one of the upcoming days.

(22:45) Mr. Kadrmas: That is SB 2275.

Vice Chairman Representative Jim Schmidt: That is $23M we don't want lying around. We need to appropriate that to something or else it will just sit there.

Chairman Representative David Monson: We have not decided on that yet.

Vice Chairman Representative Jim Schmidt: If we pass that, it is a large amount that can go for something.

Chairman Representative David Monson: That will give us direction on one of the coming afternoons. It will hopefully have a chance to pass on the floor then too.

(24:20) Chairman Representative David Monson: Closes meeting on SB 2020.

2019 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee – Education and Environment Division
Roughrider Room, State Capitol

SB 2020
3/21/2019
34119

☐ Subcommittee
☐ Conference Committee

Committee Clerk: Parker Oswald

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to provide an appropriation for defraying the expenses of the state water commission.

Minutes: Attachments 1-3

Chairman Representative David Monson: Opens meeting on SB 2020 and the clerk takes attendance.

Chairman Representative David Monson: Gives an overview of the upcoming schedule.

Vice Chairman Representative Jim Schmidt: I worked with Legislative Council and we came up with options for revenue for the resource trust fund. We want to talk about those options, where they are and the bills that have money in them. We then want to move into the buckets and capital assets. Then we will have to consider some of the amendments.

(2:35) Chris Kadrmas, LC: Passes out **attachment 1** and begins to present under Detail of Available Funding towards the bottom of **page 1 on attachment 1**.

(4:25) Vice Chairman Representative Jim Schmidt: The Senate was working off of $350M and we could work off of that plus the $83M for capital assets.

Mr. Kadrmas: The $395M is what the Senate has allocated for capital assets and the 4 buckets for new projects.

Vice Chairman Representative Jim Schmidt: That is more than the $395M.

Mr. Kadrmas: There would be $478M in total.

Vice Chairman Representative Jim Schmidt: That is the dollar value we can use as our base value, correct?

Mr. Kadrmas: Correct.

Vice Chairman Representative Jim Schmidt: We are at 2% and 2% and this is 2% and 3%.

Mr. Kadrmas: I left it alone until you reach an agreement.

(6:45) Vice Chairman Representative Jim Schmidt: This includes the adjusted forecast dollars.

Representative Mike Nathe: Is any of this issued at all? The treasurer may not have been allocated correctly.

Mr. Kadrmas: This is not affected by any outside bill.

Representative Mike Nathe: How much would it be to payback?

Mr. Kadrmas: Around $120M.

Vice Chairman Representative Jim Schmidt: Would that be all at one-time or over time?

Representative Mike Nathe: That is up to the committee.

Vice Chairman Representative Jim Schmidt: This does not include SB 2275 and that was Bank of North Dakota taking the revolving loan into the trust and putting it back in at around $23M. With SB 2362, that is the $45M?

(8:55) Mr. Kadrmas: Correct. That would be the additional revenue projection for this biennium.

Vice Chairman Representative Jim Schmidt: That is another $68M that can be added to the $478M?

Mr. Kadrmas: Correct, but it depends if those bills pass.

Vice Chairman Representative Jim Schmidt: In lieu of not knowing what will happen with some of these bills, I asked LC to draft an amendment that discusses that and if that does not pass, we could get Bank of North Dakota to take that loan and pay us $23M. They would recoup their money at 1.5% and we would have $23M to spend.

Chairman Representative David Monson: That would work off of the revolving loan?

Vice Chairman Representative Jim Schmidt: Correct. If they want to do that under SB 2275, they should be willing to do that even if it does not pass. This way we could get the $23M to put in. The tobacco settlement dollars in the water development fund and that amendment says they cannot bond against that money. The second part involves bill that takes the tobacco settlement money and puts it into something in human services. That would be 2019-2021 dollars and we would lose $16M. We are in kind of a flux of how many dollars we can use here. I am not sure exactly how the committee wants to address those unknowns.

(13:20) Chairman Representative David Monson: We will have to wait until some of these pass. I have no clue when these bills will come up and get voted on.

Vice Chairman Representative Jim Schmidt: The intent of this morning was to go over the dollar figures, read the bill and go over the project details.

(14:20) Mr. Kadrmas: Continues on **page 1 of attachment 1**.

Vice Chairman Representative Jim Schmidt: If we proceed with that, what number should we use? We could use $478M and not concern ourselves with the unknown money.

Mr. Kadrmas: You can increase the buckets later.

Vice Chairman Representative Jim Schmidt: We can go through some line items, base the figures on $478M and wait until we get more information on those other bills?

Chairman Representative David Monson: The question is how to do this with the current funds and deciding where the extra $50M goes.

Vice Chairman Representative Jim Schmidt: We can certainly do that.

(16:55) Representative Tracy Boe: Have we received all of the information we have asked for?

Vice Chairman Representative Jim Schmidt: To the best of my knowledge, we have not received any information on the Fargo Diversion or crop land insurance. I also wanted to know how many mills the Cass County board was leveeing. The 4 water boards are leveeing 5.5 mills and 1.5 mills goes to the joint board and 4 goes to the individual boards. I do not know where they are putting them towards either.

Chairman Representative David Monson: You said Fargo has 5.5 mills and that is not each one?

Vice Chairman Representative Jim Schmidt: Each one is at 5.5 mills. Each board can levee up to 4 mills and if they form a joint board, they can levee another 2 for a total of 6 mills.

(19:40) Representative Tracy Boe: In my time management, if I do not receive the information, I can just vote no and go do something.

Chairman Representative David Monson: You have the $478M that we need to put into different buckets, but if we are missing important information, it is hard to proceed.

Representative Bob Martinson: I am absolutely willing to listen to everything, but I will vote no without the information we need.

Representative Tracy Boe: I will stay and listen, but I agree.

(21:00) Vice Chairman Representative Jim Schmidt: Let's start with salaries and wages on **attachment 1**.

Mr. Kadrmas: The salary decrease from 2% and 3% to 2% and 2% is $80,000.

Vice Chairman Representative Jim Schmidt: That is all?

Mr. Kadrmas: Correct. Continues on **page 1 of attachment 1** on operating costs.

(25:10) Vice Chairman Representative Jim Schmidt: If we wanted to increase the amount for NAWS (Northwest Area Water Supply), which is currently at $75M in a line of credit, what we have in here under the water supply system and looking at them as the number 1 priority would it be wise to increase money?

(26:20) Garland Erbele: The increase would speed things up. There is around $200M worth of work needed and that includes $75M. We will be running pipes to Bottineau. We have some work on the main line that runs to Minot. There is a water reservoir between there and Minot that needs work.

Vice Chairman Representative Jim Schmidt: The city of Minot is paying 35% of the water supply. Do you have those additional costs that we may look at? We are currently at $75M and looking at the revenues from that would help.

Mr. Erbele: I do not have it with me, but I will get it to you.

Vice Chairman Representative Jim Schmidt: Is there anything you mentioned that Minot does not pay for?

Mr. Erbele: The Biota project is federally funded.

(29:10) Chairman Representative David Monson: What would be the maximum amount that NAWS could make use of?

Mr. Erbele: We have the 4 segments of pipeline that we need to get done, the Biota station needs to get done. There is a segment of line, a gap in a line that we need to clean and fix. Probably in the $100M range.

Representative Mike Nathe: In regards to more NAWS money, does that figure include the $75M?

Vice Chairman Representative Jim Schmidt: When we had testimony, the water treatment plant ate up most of the $75M. We may need that line of credit for a different project. The other project is Southwest Water with an ask of $30M and the Senate gave $25.5M.

(31:50) Mr. Kadrmas: The $25.5M was not provided in total. The exact amount for the pipeline will be the difference left of the NAWS amount.

Vice Chairman Representative Jim Schmidt: How much would it be?

Mr. Kadrmas: I was not given specific amounts, so we would have to outline that.

Vice Chairman Representative Jim Schmidt: So we do not really know what is in there?

Mr. Kadrmas: Correct.

(33:35) Mr. Kadrmas: Returns to **page 1 of attachment 1**.

Vice Chairman Representative Jim Schmidt: The new projects line was zeroed out. Can we change that?

Mr. Kadrmas: We would have to remove the bucket in total.

Vice Chairman Representative Jim Schmidt: The Senate originally had $150M in there and they took out $25.5M for Southwest and $75M for NAWS. The other one is the municipalities and that is at $30M. Western Area Water Supply (WAWS) is there too. We can increase those if we have the desire to do that, correct?

Mr. Kadrmas: Correct.

Chairman Representative David Monson: What were those?

(36:45) Vice Chairman Representative Jim Schmidt: What we have left is the municipalities is the Red River and WAWS. Between those three, they are around $115M and the Senate did not dictate where it goes.

Chairman Representative David Monson: Red River Water at $50M; we do not even know what route we are going to take. How do we even begin?

Vice Chairman Representative Jim Schmidt: There is legislative intent on that $50M and it does not include the $13M from last session. They still have to review their criteria. This $50M was to add another $50M to begin construction. There is anticipated issues with permitting and lawsuits, so we would need to discuss the schedule.

(39:40) Chairman Representative David Monson: So the $50M is going to sit there until the lawsuit is finished?

Vice Chairman Representative Jim Schmidt: Correct, it would sit there. Under the water supply bucket, there is no earmarking. If we took that $50M out, it would go to WAWS and other municipalities. The point is to have State Water Commission (SWC) flexibility. WAWS requested $55M and they were given $35M.

Chairman Representative David Monson: Your intention is to add the $50M and if it gets held up in court, it could be transferred and used.

Vice Chairman Representative Jim Schmidt: Correct. Red River is at 80-20 and that is higher than the others.

Chairman Representative David Monson: If you have leftover money and are willing to do 80-20, why not do 65-35 instead?

(43:30) Vice Chairman Representative Jim Schmidt: If we have $30M it would be 60%. With regards to rural water supply is at 75-25 from SWC policy. The need is greater than the $30M and the SWC allocates money to those projects. If they are given $100M and only use $80M, the remaining goes back into the bucket and can be used for the next project in line. The flood control bucket was received at $145M with Fargo at $66.5M, Minot at $67.5M and Sheyenne at $11M. The Senate did not add the Lower Hart River dyke project. The total value of those is around $36M and we are looking at $21M. I asked why it was not included and the answer was $15M included those dykes. The Senate put in less than what was requested. That would be the 60% from the SWC. We can look at other funding options as well.

Chairman Representative David Monson: Can you go through the Lower Hart one again? To get the 60-40, we would need to add an additional $6M?

(49:10) Vice Chairman Representative Jim Schmidt: We figured that the 60% was about $21M. The dykes were built at one foot and FEMA (Federal Emergency Management Agency) wants it at 3. We are moving from planning and design into construction. The request was also made of the Senate and at the time, the state emergency group put $3M in. They moved it to general water bucket and reduced it from $21M down to something around $9M. It is truly a flood control project and needs to be in that flood control bucket. The general water bucket has $10M for general water and that includes a variety. There was $1M for irrigation, $15M for water resource districts, $1M for weather modification and the Devils Lake outlet operation at $8M.

Representative Mark Sanford: Was that $8M up in the operating expenses originally?

Mr. Kadrmas: That is correct. It is funding for general water.

Vice Chairman Representative Jim Schmidt: That should have been $18.5M then?

Mr. Kadrmas: It was covered in operating and general water and instead of taking it out, he left it in there.

(54:10) Representative Tracy Boe: So this $8M is for 2 things?

Mr. Kadrmas: Correct. It was appropriated twice and is not tied to anything yet and needs allocating.

Vice Chairman Representative Jim Schmidt: So that was basically an $8M fluff slush fund. I did not realize that until just now.

Representative Mike Nathe: There is a project in my district, would that be flood control or general water?

Vice Chairman Representative Jim Schmidt: That would be flood control. We need more discussion on the flood control. There are flood control projects that will need to be fixed after this spring, so we need flexibility. That project is $3.94M and that would go through the SWC route to receive money and it would fall underneath that.

Chairman Representative David Monson: We should move the extra $8M into the Hart River project.

(57:30) Vice Chairman Representative Jim Schmidt: That is correct. With regards to the $15M for water resource districts, I am not a fan of them there because that is more like general water to me. It deals with moving water from one point to another. There is discussion on how that occurred and why it did. There is an issue with that and the water resource districts including the Mandan dykes. They did not like being in the flood control buckets because they could not compete with flood control projects. If we define what they really do within water courses, it still deals with overland flow and concentrating flow. It would still be general water figures and there is far more control. The $15M included Mandan and I am guessing it was only $9M for them.

Chairman Representative David Monson: We could start right off the bat by moving the $8M unless you want to leave a slush fund.

Vice Chairman Representative Jim Schmidt: Do we need to vote on that movement or is it just general consensus.

Representative Tracy Boe: We should find out if that was accidental or on purpose.

Mr. Kadrmas: He left that in there on purpose.

Chairman Representative David Monson: We historically make one big sheet of things we agree on and then include it. I would say put it on the list to be moved.

Representative Bob Martinson: I haven't heard the list yet, so have we started it?

(1:02:00) Vice Chairman Representative Jim Schmidt: Let's start it now and offer that the first thing would be to add Lower Hart dykes at $21M. The second item I would offer would be to move water resource districts from general water to flood control and at this time, it would be $6M with the ability to increase that. The third one would be to increase the flood control dollars to allow for additional projects. I do not have an idea on what that amount would be.

Chairman Representative David Monson: You said there was $15M for Mandan?

Vice Chairman Representative Jim Schmidt: I was thinking it would be $9M of the $15M and that is why I wanted to move the resource districts.

Chairman Representative David Monson: We are still a little short on that.

Vice Chairman Representative Jim Schmidt: Correct, and we would have to consider more flood control projects this spring.

(1:04:45) Chairman Representative David Monson: Maybe we can get figures on things that could potentially pop up.

Vice Chairman Representative Jim Schmidt: Every $60 that goes in, we get $100 for that money. For the $40, we buy quite a bit for clearing and snagging.

Representative Mark Sanford: We would add other flood control projects and water resources?

Vice Chairman Representative Jim Schmidt: Correct, water resources would have its own. With respect to the bucket, we would earmark money in that. If we put the water resources in there for whatever amount, it would have to earmarked.

(1:06:45) Representative Mike Nathe: The state share is 40%?

Vice Chairman Representative Jim Schmidt: Correct.

Representative Mike Nathe: The project in Bismarck is how much?

Vice Chairman Representative Jim Schmidt: That would be 60%, just like the dykes.

Chairman Representative David Monson: How do you put two different reimbursement rates into flood control where one gets 60% state share and the other is 40%? Would you just make that written in the line item?

(1:08:00) Vice Chairman Representative Jim Schmidt: That is in the SWC policy and the rates are set. The Minot project identified that they would get 65% and Fargo would get 50%, so it is already taken care of. That would be our flood control bucket and decide on the dollars for that. What would be adequate for impromptu flood requests?

Mr. Erbele: The only project is out of Belfield in a lower part that is in the $5M range.

Vice Chairman Representative Jim Schmidt: There was also a one-time deal of Williston and a flood control project, are they done with that?

Mr. Erbele: There was a question along the dykes there.

(1:10:05) John Paczkowski: They built levees on the south and east side of Williston. In order for FEMA to certify those levees, they have to see if they can meet the standards. The Corps and FEMA do not play nice.

Vice Chairman Representative Jim Schmidt: Is the $5M for Belfield the total cost?

Mr. Erbele: I believe it is the total cost.

Vice Chairman Representative Jim Schmidt: We had about $3.9M for Bismarck, which is at 60%. We can add those for Bismarck and Belfield and some extra for random events.

Mr. Erbele: I would think a few million dollars would do the trick.

Chairman Representative David Monson: Around $5.4M would be the state share and we could add $2.6M. That $8M would cover the Bismarck issue, Belfield and any random event would have leftover.

Vice Chairman Representative Jim Schmidt: Minot could use additional money on top of the $67M.

(1:13:20) Chairman Representative David Monson: They showed me the numbers on that, but I would be willing to give them some money for that.

Representative Mike Nathe: That earmarking will spell it black and white in the bill?

Vice Chairman Representative Jim Schmidt: Correct. We are kind of thinking we need to identify the funds and the Senate agreed.

Representative Mike Nathe: I would be much more comfortable spelling it out.

Vice Chairman Representative Jim Schmidt: Minot affectively went out, bid on these projects and the SWC reallocated $20M back to Minot and they have been very good at holding down the costs and getting things done. I have numbers and levels of what can be achieved. We also have part of Minot's $193M commitment for the city limit and some of it was put into Ward County for building projects. We could put some in for outside of the Minot city limits as well.

(1:16:05) Chairman Representative David Monson: We owe $193M to Minot, but we are still $5M short and that end up in the county and we need to make someone owe or what?

Vice Chairman Representative Jim Schmidt: I would like some clarification on that.

Mr. Erbele: In this budget bill last biennium, $193M was designated for 4 biennia and there is a $62M grant given and $5M goes for Ward County and the rest to Minot, so it can be deducted.

Chairman Representative David Monson: Of the $193M, you interpreted that it was not just for the city, but also for the county?

Mr. Erbele: The way it was written, the $193M was for the city alone. It would be about $135M total left for the city.

Vice Chairman Representative Jim Schmidt: Under the intent, the State Engineer does not allocate money for flood control.

(1:19:10) Representative Bob Martinson: Can any of that flood control money be used to move the Pioneer Village out of the flood plain?

Vice Chairman Representative Jim Schmidt: I do not know.

Chairman Representative David Monson: I do not think that project is move it out of the flood plain, but is that why they are being asked to move it?

Representative Bob Martinson: Is that a legitimate use of money?

Vice Chairman Representative Jim Schmidt: I believe we have used state funds to move houses and buildings out of the flood plains.

(1:21:15) Mr. Erbele: That is correct. If it does lie in the flood plain, it could be possible.

Representative Bob Martinson: Can we make a note of that?

Vice Chairman Representative Jim Schmidt: That village is on the state fair grounds and I do not know how much water they had, but it did flood.

Mr. Erbele: If I remember correctly, the project would cover that eventually and receive protection from that.

(1:23:00) Chairman Representative David Monson: Is the place they would move it to in Burlington in the flood plain too?

Vice Chairman Representative Jim Schmidt: That would help. I have Lower Hart dykes at $21M, resource districts moved into the flood control with $6M, we need to identify increasing dollars for new projects, add funding to Minot beyond $67.5M, add funds to outside Minot and investigate funding to move the Pioneer Historic Village. Do we want to identify the dollars on that or wait?

Representative Bob Martinson: I think we should wait.

Chairman Representative David Monson: I think we should wait.

Vice Chairman Representative Jim Schmidt: Minot is at $67.5M and their first ask was $70M I believe. They have a list of projects of what they can achieve with differing amounts of money. I do not know what the costs would be for the outside of Minot.

(1:26:00) Shane Goettle: The $70M is the budget request is in **attachment 2 on page 2**. Begins to state **scenario 2 of attachment 2**.

Vice Chairman Representative Jim Schmidt: You are combining outside the city and inside within the $70M?

Mr. Goettle: That is Minot, 4 counties, Burlington and Velva.

Vice Chairman Representative Jim Schmidt: Is there a reason it was not broken out and is that the reason for the amendment?

Mr. Goettle: That is how the SWC had written it and the amendment was to update and continue the idea.

Vice Chairman Representative Jim Schmidt: The amendment does not include outside of Minot though?

(1:28:55) Mr. Goettle: Correct. We took projects off and what does not happen is on **page 3 of attachment 2**. This list is the shovel ready projects.

Representative Mark Sanford: For what is in law intent, if we took the $100M, just the city component would be applied to the $190M.

Vice Chairman Representative Jim Schmidt: Correct. We talked about going to Ward County or what is going to Minot. We should seriously consider subtracting those out.

Mr. Goettle: **Attachment 2** has a wish list and there are lists for the different amounts of money.

Vice Chairman Representative Jim Schmidt: Any other items we need to consider in flood control? Is there any opportunity for flood projects?

(1:33:10) Eric Volk: We wanted it at $52M and the Senate put in $30M.

Vice Chairman Representative Jim Schmidt: We would like to increase it, but we want to know what we are buying.

Mr. Volk: That money did not include the regional ones like NAWS and WAWS.

Vice Chairman Representative Jim Schmidt: If we increase the $30M, would there be additional regionalization projects?

Mr. Volk: There would be new communities that would hook up and they would be upsizing the old lines.

Vice Chairman Representative Jim Schmidt: You list obviously goes beyond $30M and my testimony originally asked for $50M. With regards to rural water, the three projects we have are an intent of $50M, municipalities of $30M, increase NAWS, increase WAWS. Any thoughts on how we would like to handle the water supply projects? With respect to municipalities, was the request for more than $30M?

(1:38:50) Blake Crosby: It was a request for an additional $10M. Yesterday HB 1066 was signed and that may help a little. There are a lot of small communities with projects of $500,000 or less, this $10M would clean these all up.

Vice Chairman Representative Jim Schmidt: We have talked about regionalization, is there any community that would like to hook to a regional water system that may be too expensive for them currently?

Mr. Crosby: I would have to double check on that. I do not think it was identified.

Vice Chairman Representative Jim Schmidt: Langdon was a recent one. If some of these communities get additional funds, would it push them to having their own system?

(1:41:35) Mr. Crosby: I think they are particularly sensitive to return on investment (ROI) and they realize that regionalization is better than a community doing it alone. I have a great deal of confidence that the SWC asks the right questions.

Vice Chairman Representative Jim Schmidt: The life cycle analysis should help that.

Chairman Representative David Monson: If SB 2275 does not survive, then the $10M will not go nearly as far.

Mr. Crosby: Look at is as a compliment and not a supplement. I would not go as far, but it would still go quite a ways. We are going to be driving the regionalization concept.

Chairman Representative David Monson: SB 2275 is pretty shaky. If it is amended down, it would have a chance. My thinking was if we can amend it and incentivize regionalization of water projects that is an enhancement.

(1:45:10) Mr. Crosby: I think that is an appropriate thought. When we are looking at bonding with this bill, if there were to be a smaller bonding amount available like $30M instead of $50M, I think it would give us the chance to look at the effect of that. If SB 2275 does pass, we have collected a bunch of data. We have talked about what is shovel ready and what it will cost. At $50M, you could bond $450M and one thing we do not want to have happen is having a few hundred million dollars left on the table. We have thought about this very carefully and this is an opportunity for the smaller communities. There are maybe only 40-50 towns out there who are even eligible.

Chairman Representative David Monson: We have not talked much about the Red River Water supply. We could get the smaller cities on that then.

Mr. Crosby: The plan would be to get them tapped in, but the revenue support is part of the puzzle as well.

Vice Chairman Representative Jim Schmidt: Going back to the Red River Valley, if SB 2275 passes, you have to pay some back with interest. They could utilize those funds as their local share.

Mr. Crosby: Yes, that is correct and I would see that money being used for the hook up. Once they are in, they have accountability down the road. That is the life cycle cost analysis. At the same time, they may run out of options.

(1:51:15) Vice Chairman Representative Jim Schmidt: We need to discuss who will be hooking up.

Mr. Crosby: It would be very helpful.

Vice Chairman Representative Jim Schmidt: We would like a list of projects.

Mr. Crosby: I can give you that list.

Vice Chairman Representative Jim Schmidt: We do not have anything here from WAWS. It was $55M and is now $35M, but I think we need to look into that. Any other comments about water supply? All we know about WAWS is that they need $20M. Let's move down into general water.

Chairman Representative David Monson: We do not need $8M in operating and another $8M in general water for Devils Lake, so I think we can move that around.

(1:54:30) Vice Chairman Representative Jim Schmidt: So move the money for something else?

Chairman Representative David Monson: That is what I am thinking. It is nice to have a few extra million.

Representative Mike Schatz: Under general water, there was a few things listed and I missed those.

Vice Chairman Representative Jim Schmidt: Irrigation at $1M and general water and that is $10.2M. Let's discuss the $1M for weather modification.

Chairman Representative David Monson: I know that is not one of your favorite topics.

Vice Chairman Representative Jim Schmidt: We need to keep the technical assistance. We talked about the benefits, one was $26 returned for every $1 spent and the other was $50 for every $1. When we have that tremendous amount of return and benefit, should it be the Government that intervenes or let them do it privately? **Attachment 3** is handed out.

Representative Bob Martinson: If I recall, there were a number of members who were hurt by it.

(1:58:20) Chairman Representative David Monson: I would argue that. There were people that said that was not very scientific. They cannot necessarily prove that they are getting less rain and less hail. The economics of it is pretty impressive, but who pays the dollar? I toured the Fargo facility and those planes are doing a lot of good stuff for UND training. There is a Kindred company that makes the flares, so it is more than just the weather aspect. It saves consumers on their insurance rates. This is economic development for eastern ND.

Representative Mike Nathe: Introduces the visiting students.

Representative Mike Schatz: I kind of take the opposite view of the weather modification. It does cause a shadow effect and the insurance affect just moves hail really. The number of counties that used to be in the weather modification and have since voted it out. I am not a big fan right now and I do not really think the training pilots is what this is about.

Representative Tracy Boe: If it has merit, it should be 20x bigger or not at all.

Chairman Representative David Monson: My corner of the state does not need extra rain and I almost pray for a drought most years. We do not get much hail either. Weather modification is sold as bringing more rain.

(2:04:35) Representative Tracy Boe: If we covered it for the whole state, they can take your rain.

Chairman Representative David Monson: The West does need the rain more.

Vice Chairman Representative Jim Schmidt: The meetings that dealt with drought, there was quite a bit of non-scientific analysis. We were told a lot of the science behind it was from the late 1960's. What should be the local versus government cost. I believe $1M with a costs share on it as well.

Mr. Erbele: The cost share is different for Bowman County, which is 50-50 and in the other 5 counties is 40-60.

Vice Chairman Representative Jim Schmidt: I do not know how you determine what goes to the NW or SW. The Mayor of Bowman had a 60% vote in favor of this. Very few of the agriculture produces voted for it and the city members did vote it.

Chairman Representative David Monson: Aren't you the guy who always wants to keep the ROI programs going?

(2:08:30) Vice Chairman Representative Jim Schmidt: The role of government changes with every bill.

(2:09:15) Vice Chairman Representative Jim Schmidt: When we try to determine the needs for each bucket, the number will be what is in the bill. We will identify the dollars involved with those projects and miscellaneous dollars as well. We have proposed amendment language. There will be a dollar figure only for all of these categories and then it will be up to SWC to allocate that money based on projects and percentages.

Representative Mark Sanford: One of the things I appreciated about the Minot presentation is that the phases were explained and there was a dollar figure with a description of what exactly will happen and that is really useful for the side of accountability. I would hang onto that and ask to keep and we could actually measure and see what they have done and get the explanations. There are others we have received without that type of format and that appeals.

Vice Chairman Representative Jim Schmidt: Let's look through the sections in the bill itself.

(2:14:00) Mr. Kadrmas: Section 2 involves the credit involved. Section 3 is the carryover amount that allows it to be carried over. Section 4 provides additional appropriation upon approval and provides some stipulations on that. There were some adjustments made. Section 5 provides legislative intent for the Fargo flood control. It essentially adds 2 additional biennia on that.

Chairman Representative David Monson: The $703M is what they had put in and we have now had additional requests.

Vice Chairman Representative Jim Schmidt: There needs to be a lot more discussion on this topic. The last sentence is the intent of $332M that has not been given yet. I asked for the amount that we have put in and it was $570M that has currently been committed, there was $248M in expenditures.

Mr. Kadrmas: That $332M divided by the $66.5M, it will show the 5 biennia amounts.

Vice Chairman Representative Jim Schmidt: What does yet to be designated mean?

(2:17:55) Mr. Kadrmas: This would be going forward from the 2019-2021 biennium.

Chairman Representative David Monson: It says not yet designated because the legislative intent could change.

Mr. Kadrmas: Correct.

Representative Bob Martinson: How do you say "we have not designated anything, but we will give you money for 5 biennia". Is the intent for the designation or to make it in equal installments?

Mr. Kadrmas: It shows the intent to provide a total of $703M and a lot of that has not been provided yet. It will be provided in equal installments over the 5 biennia.

Representative Mike Nathe: How did we get to the $703M?

Mr. Kadrmas: It was $570M and $120M was interior flood control. Then it would be the $570M plus the $66.5M and $66.5M and that is the $703M.

(2:20:45) Vice Chairman Representative Jim Schmidt: In 2009-2011, we authorized $45M and the expenditures were $11M. We authorized $30M and they spent $29M. In 2013-2015 we authorized $100M and spent $37M. In 2015-2017 we authorized $129M and they spent $150M with some carryover being involved. In 2017-2019 the SWC approved the $66.5M and they spent $22M. All we have left are 3 biennia at $66.5M per biennia and that is around $199.5M. That is all that we are committed to spend on the remaining. Okay, so it includes the 2 more in the intent.

Representative Bob Martinson: Yet to be designated means it has to be designated before it can be appropriated?

Chairman Representative David Monson: Yes, we would have to designate it at some point. We have given them assurances that it is our intent.

Representative Bob Martinson: It does not say it is our intent to designate it. If I was looking for the $322M, I would not accept this language. I would look for the intent to provide and take this whole sentence out.

(2:23:45) Chairman Representative David Monson: Going back to Representative Mark Sanford's point about Minot's presentation style, I would like to see a list from them as well that includes what was spent on what and what it did and also what they still intend to do. Introduces the new students in the room.

Representative Mike Schatz: My grandniece is in the crowd too.

Vice Chairman Representative Jim Schmidt: I always look at this as $66.5M for the next 2 biennia and I now understand what the $332M is and the other figures, but I do not like the language at all. Do we agree putting the additional funds in or how do we want to do that?

Chairman Representative David Monson: Representative Martinson is right, that is fuzzy language.

Mr. Kadrmas: That has been in here for years and means it is not allocated money yet, but it will be their share for the biennium. The $332M does not include the $66.5M that was designated. The state has yet to designate the $332.5M because the biennium has not started. The SWC will decide.

Vice Chairman Representative Jim Schmidt: I do not know why we do not just say it is the intent to extend for the next 2 biennia. Do we want to include the additional funding in intent or how would we like to proceed?

(2:29:05) Chairman Representative David Monson: I think we need to know what we are getting with our money like where it will go to match federal funds or what.

Representative Tracy Boe: I would just add that we need to get a picture of understanding on costs to operate and we do not want to get into a project that we cannot afford. I think we have an article that the insurance will not pay for flooded crop lands and how much of a liability will they be on the hook for.

Chairman Representative David Monson: John Olson gave us **attachment 3** that lists some of this, but it is still very tough to say. We need assurances from the farmers that there is an umbrella policy that Fargo will pay what the federal crop doesn't. Federal crop depends on your previous yield and if you get enough years where you have reduced yields, your coverage goes down.

Representative Mike Nathe: With this money of $66.5M, do we think about putting strings on that and say they have to get their interior flood work done before getting everything else? We hear that the money is going out and they continue to not finish the projects.

(2:32:55) Representative Mark Sanford: I think one of the things we added those conditions to before was needing a high point to tie in. They're saying they would have to tie into Horace and how much more does that cost to do that? I think it was $130M more than what we have already put in. I am cautious to giving them engineering advice. If you had some kind of a work plan to relate to, that would be where your expectations could be defined.

Representative Mike Nathe: I appreciate that insight and do not want to micromanage, but if they can get the interior flood done, do we need the diversion? I would feel better if we can add some conditions to some of this.

Vice Chairman Representative Jim Schmidt: Could you address the issue about completing the interior?

(2:35:25) Mr. Erbele: The work to complete the interior portion is about $130M left of interior work. The interior work is a mix of projects to funnel the water into something.

Vice Chairman Representative Jim Schmidt: Does the $130M need to be in addition to tying to Horace?

Mr. Erbele: It does not.

Representative Mike Nathe: Maybe we prioritize and say we would like to see certain things done first.

Chairman Representative David Monson: How much more would it could to tie into Horace?

Mr. Erbele: Essentially, the diversion project does this. The difference between trying that in is the interior tie in would not regulate the Wild Rice River.

(2:38:00) Vice Chairman Representative Jim Schmidt: We have the 3P (public private partnership) and that is dealing with the ditch and the Corps is dealing with the dam. It looks like the Corps will have $75M, so if they are really delayed on the money via Congress, what could this do to proceed with the 3P if the Corps I lax on doing the dam?

Mr. Erbele: The Fargo-Moorhead area had their most significant flood and they did a lot of sand bagging and dyke building. The tie in at that point was county road 16 and that is essentially where Plan A would have made a retention structure. They had a connection there that prevented major catastrophe.

Vice Chairman Representative Jim Schmidt: I am still concerned that we will be a stranded asset if the Corps does not get the dam built and funded, which makes it even more difficult. The other thing that was mentioned is the intent language of the additional $133M is to secure the 3P contractor. They are going to put in $400M and wanted an ROI, well this is not the ROI. The money is used to show the state is participating and helping it get done. The sales tax revenue is going to be used to pay off the $400M then. The Senate added in this section 5 with the intent so that process can occur.

(2:43:35) Chairman Representative David Monson: I mean if that is what Fargo and 3P think that is what they need to secure funding, it is not truly appropriated based on intent, then I guess we put it in there. I still want to know what the exact plan is. We do not have anything that outlines the whole project. We need to know what they intend to spend the money on.

Representative Mike Schatz: Does the interior project and tie into Horace and money we spend; will this keep Fargo dry?

Chairman Representative David Monson: I think I heard something about County road 16 and not meeting FEMA standards, would that road be something we could use to keep Fargo dry in the meantime? That means the Feds will not put money into anything that does not meet standards.

Representative Mike Schatz: The farm lands have been flooded many times.

Chairman Representative David Monson: Of course the Wild Rice River floods historically all the time.

Vice Chairman Representative Jim Schmidt: On **attachment 3**, they have intent to secure private financing for the developer and cash usage for the 3P. It says Legislative Intent gives 3P reassurance to put in money. Now, do we agree with it and want to add some circumstances to that? The $127M is included in what has already been put in. We can make it equal to that, make it contingent upon that and consistent with the federal level on a 1:1 match. We can also think about it and discuss it at another time.

(2:48:05) Representative Tracy Boe: Is there a portion of this project that can go ahead without regards to the elusive permit?

Mr. Erbele: The permit needed would be for the retention structure and the diversion. The interior through the town can be built without that.

Representative Mike Nathe: It seems to me that a lot of things are up in the air, the MN bonding bills and the federal intent. We do know that they can at least build on the interior of that. I get that they want something on the 3P commitment. Everything else is so unstable right now and we have to cross out fingers and hope.

Chairman Representative David Monson: As I am listening and thinking, I go back to what would happen this spring if there is a big flood? Would they use county road 16, use sandbags and dirt to make it high enough to save the city? It seems like just building up county road 16 might be a wise use. I do not know much about that, but I know it would not make the Feds happy, but that is a stop gap measure.

(2:52:00) Vice Chairman Representative Jim Schmidt: Obviously we will have to come back on this.

Mr. Kadrmas: Section 6 provides a grant for the Red River Valley project and sets a cost share of 80-20.

Chairman Representative David Monson: The 80-20 is a rare agreement rate?

Vice Chairman Representative Jim Schmidt: The original agreement was 90-10 between state and local. That was not in SWC policy and had to be changed.

(2:53:40) Mary Meridian: Through century code we provide administrative assistance to Lake Agassiz and the board represents the 35 users. Ken Vein represents Grand Forks as the Vice Chair and Mayor Mahoney is the Chairman.

Vice Chairman Representative Jim Schmidt: When we tried to get the project started, there was a need to fund to get it to lift off. Then we wanted to include instruction for development. It was a $30M grant, $17M was for the design and after that there was certain criteria that had to be completed in order to receive legislative approval to turn dirt on the $13M. They had to show to the SWC that these criteria were met and answered and would then come to the legislature for the $13M. There was a discharge permit involved. When the Senate put it in, they identified we would continue with a 90-10 cost share and the House did not want that in legislation. No other project is funded in the 90-10 fashion. We made an agreement that Lake Agassiz would provide 10%. When it comes time now, the permitting process is up in the air and we are having a permit put together for the discharge. We are probably going to get sued by Manitoba and there is a schedule on how long it will take to deal with that and the other aspect is the water treatment level. We are identifying that schedule to come up with a time line and may take many months to resolve that issue. If the lawsuit results in the quality of water, could we put the pipe in the ground know we could treat it at any level no matter the size of the pipe. We want to avoid stranded assets and unless there is an update on that, we need to hear that.

(2:59:30) Ms. Meridian: That is correct. We have had quite a few meetings and it is anticipated that the water quality permit will be released by June. Manitoba will be suing based on the water quality and not the pipeline route or size. It would just be based on a higher level of treatment. I would be more like the Devils Lake lawsuit and that it could take 18 months from when the lawsuit is initiated.

Vice Chairman Representative Jim Schmidt: The permit is expected to be done by June?

Ms. Meridian: Correct, and the final draft would be released around August or September. They would meet with Manitoba and release their final draft.

Vice Chairman Representative Jim Schmidt: It would be late 2020 by the time they agree on something. Can we build something while we are in court?

Ms. Meridian: In our permits, we have moved a long way in securing permits and have wetland determination for the full 156-mile pipeline route and also obtained permission from the river. Manitoba only cares about the level of treatment.

Vice Chairman Representative Jim Schmidt: If we look at the schedule we are given, it does not look like we could turn dirt until late 2020, or am I wrong?

(3:03:35) Ms. Meridian: If the lawsuit came in 2019, that it would start moving through the courts and if they added an injunction, they would right away.

Vice Chairman Representative Jim Schmidt: If there is not much time left in this biennium to construct, we could change the wording to offer less money.

Ms. Meridian: We are looking to put a wet well on the intake shaft in the Missouri River. We are looking to do trenchless crossing and we were looking at doing a small amount on the Sheyenne River discharge.

Vice Chairman Representative Jim Schmidt: And you will not have that this fall?

Ms. Meridian: Correct.

(3:05:45) Chairman Representative David Monson: You have decided for sure where the well will be. You can start making your well?

Ms. Meridian: Correct, based on the Missouri River well. We have thought it was $5-6M for that.

Chairman Representative David Monson: What happened to the other $17M?

Vice Chairman Representative Jim Schmidt: That was for planning and design.

(3:07:15) Steve Burian: We used it to get the permit, we did the jurisdictional route for wetlands and we have worked on the discharge structure. We have 90% final plans on the well. It is a large concrete structure that needs no maintenance. We have a 90% plan on the 28-mile stretch as well. We have 90% plans done on the discharge structure. A large percentage of the $17M will go out for easement costs. The $5M alone of the $17M will go to easement or land rights.

Chairman Representative David Monson: You have your intake, discharge and the route used to get there? It does not include Devils Lake?

Mr. Burian: We have decided that at this point, we could put a T in the pipeline, but we plan to stick on the current route.

Representative Mike Schatz: Where is the route going?

Chairman Representative David Monson: There were maps with different routes.

(3:10:40) Mr. Burian: The intake is at Washburn, the pipeline goes to McClusky, heads up and follows the highway all the way to Cooperstown and eventually east of Carrington.

Chairman Representative David Monson: How far can you go before you cross that divide? The lawsuit would also delay you and you can put in quite a bit of things that will not be wasted.

Mr. Burian: It is about 15 miles east of where Carrington is. The Canadians want to pull and lever they can and I think they meant the permit. I think it would be one single lawsuit.

Chairman Representative David Monson: If we gave you $50M in here, you could make use of it. You could put that in the ground and use a chunk of that, or not?

(3:13:40) Mr. Burian: $14.6M of that is for future design. $2.4M is for legal transactions and another $6M for land acquisition and easement options.

Chairman Representative David Monson: So you are the engineering firm and you got that much for engineering and planning?

Mr. Burian: When you see a project that is $1.16B, we have ben benchmarked at our rates to stay consistent with other firms. If 8% was a rough number, that is $80M+ just for engineering costs.

Vice Chairman Representative Jim Schmidt: Section 7 deals with a legislative management report. The 80-20 cost share is the only discussion we have left on that.

Chairman Representative David Monson: The 80-20 is not the original agreement, but it is still a good deal.

Ms. Meridian: We have been meeting with the 13 board systems from Lake Agassiz, an 80-20 cost share was usually enough and affordable.

Chairman Representative David Monson: If you start putting 20-some miles of pipe in the ground, are there municipalities that can tie in? Is there a way to get some communities water that are not hooked up now?

(3:18:15) Mr. Burian: I think the reason the users are asking for a high cost share was because every other new project was just being worked on, this is brand new. Fargo and Grand Forks just made $120M+ investments into their treatment plants. If we get to a 1930's drought, it could reasonably be needed to bring outside water in. This is completely supplemental to this and this is an expensive insurance policy, but better than a $25B negative impact of a drought. Those are not intended to have full treatment because most businesses need differing levels of treatment.

Vice Chairman Representative Jim Schmidt: The 80-20 cost share, we had a gathering with Fargo and we started talking about the cost share in regards to construction and they did an analysis of 90-10. I think what you see from the reality is that the 80-20 is difficult for the state to live up to. That meeting was looking in the neighborhood of 70-30 and SWC policy is 75-25 and 60-40 is not affordable.

Chairman Representative David Monson: This $1.1B project for safety insurance is a little premature. They have $13M they can do something with, so I say why put $50M in? I would say to use the rest of that money to pay for permits and legal fees. We can put an emergency clause on. To me this is a lot of money to have another McClusky canal.

(3:23:50) Representative Tracy Boe: How much money do we need?

Vice Chairman Representative Jim Schmidt: The Governor had $30M. When can we really look at turning dirt and the 80-20 will be hard to sell.

Chairman Representative David Monson: I would suggest we do the 75-25 if that is the norm. We can always come back and look at the 80-20 in a few years.

Vice Chairman Representative Jim Schmidt: If you are community based along the line and want to tap in, you still have to treat the water. What would it be if we made the water potable in Washburn, ran it to I-29 and it was said to be over $2B.

(3:26:00) Chairman Representative David Monson: Closes meeting on SB 2020.

2019 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee – Education and Environment Division
Roughrider Room, State Capitol

SB 2020
3/22/2019
34164

☐ Subcommittee
☐ Conference Committee

Committee Clerk: Parker Oswald

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to provide an appropriation for defraying the expenses of the state water commission.

Minutes: Attachments 1-5

Vice Chairman Representative Jim Schmidt: Opens the meeting and attendance is taken. We have not completely finished going through the bill, but Representative Mark Sanford had a few requests surrounding the Fargo Diversion.

(1:35) Representative Mark Sanford: Essentially what we were talking about was having some type of progress outline and in essence a very simple work plan that would inform our committee.

(3:00) John Shockley: Introduces self to committee. There were several questions raised yesterday regarding the work plan and I thought there may be a chance to cover the federal contribution as well. Passes out **attachment 1**. Begins to present **page 1 of attachment 1**.

(7:35) Vice Chairman Representative Jim Schmidt: The agreement signed was $750M. It was originally $900M from the Corps, but now it seems that the project is up to $3B. Will they give more?

Mr. Shockley: They will give up to $905M in portions. The $750M is in 2015 dollars.

Vice Chairman Representative Jim Schmidt: You said it was a 6 year build out and the Corps is starting to build when?

Mr. Shockley: They have initiated their building contract. They are finishing a litigation case and will begin in the summer. They have also worked on the Wild Rice River inlet. Once that is finished, they will start on the earth and embankment.

Vice Chairman Representative Jim Schmidt: What is the time frame and timeline building their part. We could tie our state contribution into the Corps' schedule. If you are telling me that is it is a 6-year timeframe, we can build it contingent upon that.

(11:00) Mr. Shockley: The financing for the Corps part is different and ours is dependent upon the 3P (public private partnership). Passes out **attachment 2** and begins to present on page 1.

(15:20) Vice Chairman Representative Jim Schmidt: Are the legal drains that were put in contributing to flooding and are they insisting in creating an expense?

Mr. Shockley: They are not. They are a part of the overall hydrology. As the river rises, the drains also rise, but we do not have enough height on the east side of the state. You do have to build levees around the drains. Continues on **attachment 2**.

Vice Chairman Representative Jim Schmidt: Please go into what Representative Mark Sanford requested.

Mr. Shockley: They have reduced the sand bag amount substantially and the money has been utilized for internal flood control and totals about $280M. We purchased 240 homes and 200 properties for the diversion footprint plan. Those have all been under that cost share and that acquisition is an ongoing process. Our work plan involves $62M for property acquisition. We need all of the land for this so we can award the contract this upcoming biennium. The contract is about $1B in value and involves multiple road and water way crossings.

(21:40) Representative Bob Martinson: Are you equating a loan from a bank to legislative intent?

Mr. Shockley: No, it was an analogy. As we put together a financial plan, we can put out a plan on how this will be paid and shows that we have the ability to complete the project.

Representative Bob Martinson: Hall talk is intent for private investors and calm them down or is it for the banks?

Mr. Shockley: In the 3P world, about 50% is through equity investing. They will sit around the table and decide if an equity investment of multiple millions of dollars is worth it. It is to give the private sector confidence that there will be a backup and ability to pay for this.

(24:45) Vice Chairman Representative Jim Schmidt: The 3P is adding $400M and they are expecting revenue. The dollars from the state is not revenue and this is not really a revenue producing source.

Mr. Shockley: The 3P projects availability payments are started when the project is opened to the public. They need to know we have sufficient funds to buy the lands, finish the mitigation and complete the in-town work. The current amounts are insufficient for many of the areas involved in this project. The teams always understand there is uncertainty with legislative intent and how it is always changing and not the same from year to year.

Representative Mark Sanford: If it did not get to the number you asked for, does the backup you have step in at all?

(28:00) Mr. Shockley: If we do not get the legislative intent, I would have to go back to the local leaders and find another revenue source. We have shortfall plans in place.

Representative Mark Sanford: If you are not going to use it, you really do not have a backup? You have authority to use it, but you won't.

Mr. Shockley: It is planned as a backup plan and it is leveed as a special assessment.

Vice Chairman Representative Jim Schmidt: Would that be for construction?

(30:00) Mr. Shockley: In a perfect world, if there was a shortfall in 15 years, it would come out of a maintenance levee that would be covered by storm water maintenance fees. We are not asking for operations and maintenance money.

Vice Chairman Representative Jim Schmidt: We would not give you that money again. Senator Grindberg said they would not ask for any more money.

Representative Tracy Boe: You touched on special assessments; any special assessments would have to be voted on or they could be at the will of the leaders?

Mr. Shockley: There are no additional votes needed and that has happened.

Representative Mark Sanford: It really is not a vote, but could you explain that?

(32:10) Mr. Shockley: Approximately 40% of the district was for property owners and the rest for municipalities. They are subject to a drain assessment. When a deficiency levee is undertaken, 40% of the levee would be passed on and the rest would go to a municipality. They can either levee a general tax or property tax.

Representative Mike Nathe: Can I speak to the Minnesota funding?

Representative Tracy Boe: Do we have a number for how much special assessments could generate?

Mr. Shockley: Would it be just in the event of a deficiency?

Representative Tracy Boe: What is the capacity that could come out of it?

Mr. Shockley: I do not have the precise amount that could be generated on a yearly deficiency.

Vice Chairman Representative Jim Schmidt: We talked about the water boards where they were leveeing 5.5 mills. We could not find how much the boards were putting in, do you have a percentage?

(35:35) Mr. Shockley: About 1 mill generates $1M, so it would not be a large amount. I do not think they have the capacity to help out.

Vice Chairman Representative Jim Schmidt: That is a lot more than 1 mill gets in Morton County.

(36:35) Mr. Shockley: Continues presenting **attachment 2**.

Representative Mark Sanford: I appreciate the overnight work.

(41:20) Vice Chairman Representative Jim Schmidt: There was question about the 54 criteria list.

Mr. Shockley: Passes out **attachment 3** and begins to present.

Vice Chairman Representative Jim Schmidt: My first thought had to deal with flowage easements, but number 23 on **attachment 3** says it will not be done until 2026.

(45:00) Mr. Shockley: You cannot start without all of the easements and that is when the project will be ready to operate. We would need to secure all of the properties.

Vice Chairman Representative Jim Schmidt: If you wait for the most difficult one towards the end and you end up in court with land owners; could you not end up with an injunction?

Mr. Shockley: That is why the diversion authority task order to acquire all land rights. Initial letters have gone out already and we have actually started. The Minnesota permitting process was not restricted by the court case.

Vice Chairman Representative Jim Schmidt: You mentioned in MN that they cannot acquire easements? They are telling you that you cannot acquire easements on ND lands until MN gives you the permit?

Mr. Shockley: We paused the acquisition of land during the taskforce.

(49:20) Representative Mike Nathe: I see you have priorities on **attachment 3** and I think there are 8 of them that must be met before construction; are these the ones that have to be met before it starts?

Mr. Shockley: It is part of our permitting and phased project. On the MN side, as soon as it came through, we began applying for the permits. Before the 3P is given out, we will have finish land acquisition.

Representative Mike Nathe: These 8 conditions, are they being worked on right now?

Mr. Shockley: That is correct.

Representative Mike Nathe: Under the conditions must be met, number 53 on attachment 3 states that they cannot work during fish spawning?

Mr. Shockley: We have someone on our team that deals specifically with that. These environmental permits add costs to the projects, but the environmental regulations must be in place. There are special areas in the aqueducts that allow fish to pass through.

Representative Mike Nathe: Assuming going forward, you know when they will be spawning. What about winter?

Mr. Shockley: I believe that is okay.

(54:00) Representative Tracy Boe: Thank you for **attachment 3**. You made the comment before that these projects were quite similar, but can you point out the differences?

Mr. Shockley: I do not have the differences. The 404 permit from the Corps is similar to this.

Representative Mike Schatz: Number 16 on **attachment 3**, the construction dewatering one, what is that?

Mr. Shockley: It deals with invasive species and the spreading of silt and water coming through the ground, so it has to be pumped out.

Representative Mike Schatz: Around the country, what is the last one similar to this that was completed?

(56:15) Mr. Shockley: This is unique because it uses a 3P. We are used as an example on how to utilize 3P model. One of the teams is a 3P team from Spain.

Vice Chairman Representative Jim Schmidt: Number 10 on **attachment 3**, the wetland conservation, is the state of MN telling us how to do that in our state? Using federal dollars, we would be responsible to federal requirements.

Mr. Shockley: We have to comply with the federal requirements and the wetland mitigation has to be in the flow itself.

Vice Chairman Representative Jim Schmidt: We are going to have to follow federal regulations. If MN says that you have to follow their own rules, I have a problem with that.

(59:25) Mr. Shockley: This is a condition from the judge.

Representative Mike Nathe: Minnesota has a lot of say in this for very little money. Is this pretty standard for a MN contract?

Mr. Shockley: Yes. These are very similar to the other projects I have worked on.

Representative Mike Nathe: The no liability for MN permits; does ND have that?

Mr. Shockley: That is standard and I would put that in our permits as well.

Vice Chairman Representative Jim Schmidt: Would you be able to come back?

(1:01:45) Representative Mark Sanford: The impact downstream drew a question. The FM Diversion (Fargo Moorhead) shall mitigate downstream impacts that have certified flood protection systems. We have invested in other communities, but I have no idea if there would be any specific impacts (**attachment 4**).

Mr. Shockley: The current rule is less than 1/10th of an inch of downstream impact. We cannot currently have any downstream impacts. That is the reason why the project was designed this way.

Representative Mark Sanford: You are comfortable with this then?

Mr. Shockley: Yes.

Vice Chairman Representative Jim Schmidt: We will check that out and see if that is part of code.

Mr. Shockley: I will get the conditions for you.

Vice Chairman Representative Jim Schmidt: The rest of the agenda involves NAWS (Northwest Area Water Supply), carryover, a few sections and then talk about amendments. Could we get a few words on NAWS?

(1:05:35) Garland Erbele: Passes out **attachment 5** and begins to present on page 1.

Vice Chairman Representative Jim Schmidt: In the budget we have $75M in credit to be paid back. If we decided to add to do the first two items, this would not be bureau of reclamation, it would be Minot and the state. If we added the amounts to the $75M, that would build those out?

Mr. Erbele: That is in regards to the fact that the dollars we get will be used for the Biota treatment plant and that is the federal component.

Vice Chairman Representative Jim Schmidt: Would it be the remaining costs or how much would we need to give above $75M?

(1:10:05) Mr. Erbele: There is no city of Minot cost share and that is entirely absorbed by the state and federal.

Vice Chairman Representative Jim Schmidt: If we want to pay for those first two, how much do you need?

Mr. Erbele: About $10M.

Vice Chairman Representative Jim Schmidt: Bottineau has had well issues.

Mr. Erbele: The way we work the project is paying upfront and being reimbursed by Minot.

Vice Chairman Representative Jim Schmidt: I think it is imperative to get water up there.

Mr. Erbele: There is about $92M that we need authority for.

(1:11:50) Vice Chairman Representative Jim Schmidt: Getting water to Bottineau is a high priority. If we have leftover, we should put it into NAWS.

Mr. Erbele: Continues presenting on **page 1 of attachment 5**.

Vice Chairman Representative Jim Schmidt: I am not sure how it fits in the budget, but we will make sure it gets in there. Any other questions? Let's talk about the project carryover. During the interim, any released money that goes back in the money to be reallocated. Unless we make modifications, we could not reallocate the released funds without a few changes.

(1:14:15) Dave Laschkewitsch: We had a single line item and if dollars were released, we could go ahead and reallocate that without break laws. There are now 8 line items and they are specifically labeled. The project carryover does not comply and it will be money that has been on the books for a while with a specific tag. It will not be in the new dollars that can be allocated. I would anticipate that we need to take those release dollars and put them into a new line item. It will not be used for small amounts like $1,000 that would require the budget section. I anticipate the release dollars will sit in a line and would need to be reallocated next session.

Vice Chairman Representative Jim Schmidt: What happens based on the 2019-2021 bill, the carryover would sit there until the next session and that does not do us any good. I do not know what that language would be.

Representative Tracy Boe: Some of the money is from prior sessions and is that where the problem lies?

Mr. Laschkewitsch: No, but I cannot break $115M in spendable money. That project carryover line is our best guess and that number will not be right. By having it in a specific line item, we will have to ask for additional money in there. One of the areas of Department of Transportation has been granted some line item transfer authority so they can move money around as projects change. We could have a line item transfer authority between carryover and the grants items.

Representative Mike Nathe: Could LC get us some language on that? We could maybe use a date timeline.

(1:19:30) Mr. Laschkewitsch: We will know that number at certain dates, but we will not know the project carryover.

Representative Mike Nathe: Could we put in there that the transferred money must be used by a certain date? Would that be doable?

Mr. Laschkewitsch: The issue is that if the carryover came after the date, we could not use it.

Representative Mike Nathe: Do you know what the carryover will be early on?

Mr. Laschkewitsch: We do know the carryover early, but not the project release.

Representative Tracy Boe: I am sure the fix will not be that complicated. We appropriate spending authority above and beyond what we appropriate, but the trick is the number.

(1:21:20) Chris Kadrmas, LC: It is not interpreted to spend on new projects, so the language would be simple and basically just grant line item authority between whatever lines we see fit.

Vice Chairman Representative Jim Schmidt: Let's take a quick break.

(1:22:15) Vice Chairman Representative Jim Schmidt: Let's begin working on some of the remaining sections starting on section 7.

Mr. Kadrmas: Section 7 is similar to the last session language of the Red River Water Supply project. It keeps the same language with the addition of the SWC (State Water Commission) reviewing the project before releasing funds.

Vice Chairman Representative Jim Schmidt: The SWC's roll in this was to make sure the criteria were completed. The way I read this is they review before the money is released. They should not really have a roll in holding that money back.

Mr. Kadrmas: This was one way to avoid stranded assets.

Vice Chairman Representative Jim Schmidt: That should have been done before asking for the $13M.

Mr. Kadrmas: That is for any new litigation.

Vice Chairman Representative Jim Schmidt: In the criteria, the permit would be acquired. At that time, we did not contemplate being sued at that point. You could receive the $13M and be in court.

(1:25:50) Mary Meridian: We would need the final permit and we could receive the $13M.

Vice Chairman Representative Jim Schmidt: The SWC okays it and you go to the budget section and they agree. The next day you receive a lawsuit. If that litigation occurs after the $13M is given, they are not supposed to do anything?

Ms. Meridian: We would review the lawsuit before the funds were released. This is any funds moving forward.

Vice Chairman Representative Jim Schmidt: I just wanted to make sure we were on track.

Mr. Kadrmas: Yes, that is how I would read it.

Vice Chairman Representative Jim Schmidt: Any comments on this section?

Mr. Kadrmas: Section 8 is the statutory changes that extends the Bank of North Dakota credit for one more biennium.

(1:28:15) Vice Chairman Representative Jim Schmidt: That puts us through the bill. We cannot do anything with section 1 because there are still active bonding bills. Are there any comments?

Representative Mike Nathe: In regards to the treasury issue, would this bill reflect any of that going forward?

Vice Chairman Representative Jim Schmidt: It think it is too early to tell.

Representative Mike Nathe: Maybe that will play itself out this week too.

(1:29:30) Vice Chairman Representative Jim Schmidt: Are we pretty much talked about on section 5 with legislative intent? We cannot make any decisions on this yet. We will discuss some of the amendments that were proposed and I will hold the amendment for SB 2275 until it hits the floor. Representative Mark Sanford needs to draft his amendment and Chris will word the project carryover.

Representative Mark Sanford: Mine would be in proper form.

Vice Chairman Representative Jim Schmidt: Anything else?

(1:31:35) Vice Chairman Representative Jim Schmidt: Closes meeting on SB 2020.

2019 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee – Education and Environment Division
Roughrider Room, State Capitol

SB 2020
3/26/2019
34239

☐ Subcommittee
☐ Conference Committee

Committee Clerk: Parker Oswald

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to provide an appropriation for defraying the expenses of the state water commission.

Minutes: Attachments 1-5

Chairman Representative David Monson: Opens meeting on SB 2020 and the clerk take attendance.

Chairman Representative David Monson: Just so everyone knows, we are not taking testimony today, but feel free to sign your support or opposition. We have asked a few of you to bring us some information. Vice Chairman Representative Jim Schmidt is our water authority and it is much simpler if I let him take the lead on this and let him get us going.

(1:50) Vice Chairman Representative Jim Schmidt: I want to review the items: we have a few amendments to look at, we need to take a look at the figures in the buckets, flood control wordage, Fargo intent, the Red River intent, discuss the $13M of the $30M grant, SB 2275 did not pass the House, we have a $36M loan and the interest to buy that down, Minot's exterior versus interior and Representative Tracy Boe has a few questions about the Diversion. Let's begin with Representative Mark Sanford's amendment (**attachment 1**).

(3:35) Chairman Representative David Monson: This is 0.02006.

Representative Mark Sanford: Begins to present **attachment 1**.

Vice Chairman Representative Jim Schmidt: Is there some information to help us with this amendment?

(5:50) John Paczkowski: Introduces self to committee and begins to present **attachment 2 on page 7**.

(8:00) Representative Mark Sanford: The current level in Grand Forks is at the 500-year containment and 200-year+ for protection, so how do you explain that?

John Paczkowski: Begins to outline **page 8 of attachment 2**.

Representative Mark Sanford: This will be recognized in advance?

Mr. Paczkowski: That was discussed during the Governor's taskforce and the project is aware of the formal impacts.

Representative Mark Sanford: I wanted to bring it up to establish a responsibility.

Vice Chairman Representative Jim Schmidt: On the 100 and 500-year floods, Grand Forks has 2-3 feet of free board?

(11:00) Mr. Paczkowski: I know they are certified for the 100-year event and I believe they are certified up to 250-year and they may be able to be protected during a 500-year event.

Vice Chairman Representative Jim Schmidt: Are you comfortable with those?

Representative Mark Sanford: Yes, I would like to put that language in there as a specific bar so it could outline what we mean.

Chairman Representative David Monson: On **pages 7 and 8 of attachment 2**, Grafton is not on here and I know they are really close. Any idea what type of affect it would have on that?

Mr. Paczkowski: Begins to outline **page 10 of attachment 2**. Grafton has cautionary help for their flood program being built right now.

Vice Chairman Representative Jim Schmidt: Any other questions?

(14:20) Representative Mark Sanford: I do have a question on **attachment 1**; before they can start the diversion they have to complete certification or does it mean that they already have their flood protection in place before Fargo?

Chris Kadrmas, LC: The way it reads would mean that it is upon the completion of the diversion project and is only effective until 2019-2021.

Representative Mark Sanford: I would like to re-work **attachment 1**. We may want to put some more specificity in there.

(17:00) Vice Chairman Representative Jim Schmidt: Another amendment outlines project release funds and wanting them to go back into the bucket that they came from. Minot saved $20M and it went right back into the bucket. The SWC (State Water Commission) re-allocated that money back to Minot. Now that we have extra lines, the State Engineer cannot move those dollars back. We do need some discussion because in the process of allowing that, there may be some flexibility issues. Passes out **attachment 3**.

(19:25) Mr. Kadrmas: Begins to outline **attachment 3**.

Vice Chairman Representative Jim Schmidt: Could we add something that allows them to use saved released funds into the resource trust fund. The $20M from Minot could not go back into the flood control bucket unless we changed it.

Mr. Kadrmas: They can go to the emergency commission.

Chairman Representative David Monson: I had that same question. They can move it from one bucket to another.

Vice Chairman Representative Jim Schmidt: I want it to return to whatever bucket it comes from.

(22:20) Mr. Kadrmas: It is possible to add and that means anything before 2015 would be discretionary to SWC.

Vice Chairman Representative Jim Schmidt: Why could we not add that?

Mr. Kadrmas: We can.

Representative Tracy Boe: What percent of the dollars are tied up?

Vice Chairman Representative Jim Schmidt: It depends on what was built.

Representative Tracy Boe: I like the flexibility some time, so I am trying to find the risk versus reward.

Representative Mike Nathe: I like the idea of keeping the turn back money in the original bucket.

(24:45) Representative Bob Martinson: The problem is a bucket is a bucket. I believe you will get vetoed on anything unless you do every project as a veto and then add a section that adds so you can use money for a project. My suggestion is to forget about buckets.

Chairman Representative David Monson: I cannot disagree with the logic behind it, but if there are some smaller projects inside the bucket that are in order and ready to go, how are we going to help the smaller projects below if they are not a line item?

Representative Bob Martinson: There is a way to do it. The main idea here is to not let the money get pooled into one spot for one project.

Vice Chairman Representative Jim Schmidt: We would list every rural water supply with a dollar amount?

Representative Bob Martinson: Yes, and you could make language to revert any money back into a bucket that could be used.

Representative Mike Nathe: If there is turn back money, you could still keep it in that line.

Chairman Representative David Monson: What if the project is listed as $750,000 and they need more, how do they get the money? I guess it could go back to the SWC.

(29:30) Representative Bob Martinson: Are these smaller projects doable in the biennium?

Vice Chairman Representative Jim Schmidt: Some of them would be, but the flood control ones would not.

Representative Mark Sanford: You are looking for everything to have flexibility in the buckets besides flood control, which would be listed. We want to make sure that if one if short funds that they are able to move some from another project into that, but we certainly do not want other non-flood control money going to flood control products. I think we at least need to identify them inside the flood control bucket.

Representative Bob Martinson: You could also put them in one sentence as a certain amount can only be used for such and such. A veto cannot change the original intent.

Vice Chairman Representative Jim Schmidt: I think we all want to keep it that way.

Chairman Representative David Monson: Chris, can you word this for us?

(33:45) Vice Chairman Representative Jim Schmidt: The next amendment I have regards SB 2275 where Bank of North Dakota would take the revolving loan fund and buy it from the resources trust fund. This amendment continues with that concept of Bank of North Dakota buying that loan. They then get the 1.5% and we get $23M to appropriate. Passes out **attachment 4**.

Representative Tracy Boe: When this is purchased by Bank of North Dakota, it is no longer a revolving loan?

Vice Chairman Representative Jim Schmidt: Correct. Those are the only remaining amendments we have. The first was the Mouse River flood control, the second is adding a SWC member, the third is Representative Steiner's to add a board, the fourth is Representative Delzer's to stop bonding, the next is Representative Mark Sanford, the sixth is the moving of funding from one purpose to another and **attachment 4** is the last. We also need to discuss the dollar's purpose that we have identified. We need to discuss the capital assets line, water and rural water supply, flood control buckets and general water buckets. We have **attachment 5** here too.

(39:25) Mr. Kadrmas: Begins to outline **page 1 of attachment 5**.

Vice Chairman Representative Jim Schmidt: I have listed a number of flood control projects. The first is FM (Fargo Moorhead) Diversion at $66.5M and Minot for $67.5M. With regards to Minot, we have a commitment of $193M for the interior of Minot. They have provided a list of products and figures for the outside of Minot too and I believe we need to separate those two. Last biennium, we funded a dyke in south Bismarck. They are looking at an extension for south Bismarck. The rough total for that was around $4M. The Mandan dyke system has been approved and we are trying to move into a construction phase. We also have the Valley city project where water conveyance was moved. I have added a contingency to that bucket as well. If we have flooding in smaller areas, we should have the flexibility to help those.

Chairman Representative David Monson: Is the $67.5M for Minot for both interior and exterior?

Vice Chairman Representative Jim Schmidt: Correct.

Representative Mark Sanford: The Minot rural was what?

Vice Chairman Representative Jim Schmidt: It is together at $67.5M for Minot and is not broken down yet. The figures I have are $179.4M.

(45:50) Representative Mike Schatz: There was control project on the Hart River before.

Garland Erbele: Belfield has approached us to conduct a study. They did not come back with a project plan.

Representative Mike Schatz: How much does the study cost?

Mr. Erbele: They are doing the study now and have not moved forward with construction.

Chairman Representative David Monson: You have $193M for Minot's interior. How many biennia are left that include inside and outside? There is $5M from there and is that recurring? How many biennia do we have that $67.5M?

Vice Chairman Representative Jim Schmidt: Unlike the FM diversion, we did not create a specific amount.

(48:55) Shane Goettle: There was a 4 biennium agreement made last biennium. There is intent to continue that for the next 3 biennia. The $67.5M was originally in the executive budget for $70M. The total request was $100M for this project.

Vice Chairman Representative Jim Schmidt: My comment about dollar separation to keep track, what are your thoughts?

Mr. Goettle: It is already broken down. The SWC made the award, but did not make a distinction. It is not too difficult to include that in an application.

Vice Chairman Representative Jim Schmidt: Regardless of where the project is, Minot is helped through sales tax.

Mr. Goettle: They are banking on the sales tax in Minot.

Chairman Representative David Monson: If it is all in one pot and we give you the $5M for exterior, that makes Minot whole?

(54:10) Mr. Goettle: The policy was set 2 years ago.

Chairman Representative David Monson: I am just kind of wondering because the SWC wants to get you the $193M. All you would really have to report is how much you want to spend on the interior and exterior.

Mr. Goettle: I think over $62M was designated to Minot and going forward it is $193M minus $57M. The accounting is being kept.

Chairman Representative David Monson: What is your expected cost share?

Mr. Goettle: That would be 65-35.

(56:35) Vice Chairman Representative Jim Schmidt: I know you propose an amendment.

Mr. Kadrmas: There was a legislative intent amendment submitted by Minot and the $193M of total intent would have the money allocated subtracted out. We could draft it to be a little clearer.

Vice Chairman Representative Jim Schmidt: Let's go ahead with that. We have not taken any action on these yet. We have Fargo in there right now at $66.5M. In the bill there is an intent to fund them at that for another 2 biennia. In 2019-2021 is $66.5M. 2021-2023 is another $66.5M and 2023-2025 is another $66.5M. There is another request of $66.5M for 2025-2027 and 2027-2029 for a grand total of $703M.

Chairman Representative David Monson: That is what the Senate has right now.

(1:00:00) Vice Chairman Representative Jim Schmidt: Fargo has $238M in expenditures. I believe they have $144M in the 2017-2019 biennium that they said they could expend. That is where we are financially at this point.

Representative Tracy Boe: Last time we talked we had asked for a list of what the criteria would look different for other projects and what was unique. There are 20 unique criteria compared to other projects. I had also asked for how many dollars in a revenue stream for a special flood diversion assessment. Reluctant to use, but they have been authorized.

(1:02:40) John Shockley: Introduces self to the committee. The funding stream that could be used is up to $29M per year of up to 30-years and is only for a deficiency payment. The sales tax is for the $1.1B. Sales tax generates about $50M per year. The policy direction has been not to use them unless it was a deficiency levee.

Chairman Representative David Monson: That is the deficiency that would trigger your assessment.

Representative Mark Sanford: The deficiency could also be utilized to finish anything that may pop-up?

Mr. Shockley: If there is a contingency that is unknown, the assessment could be used. The purpose of this is to create a long term stability plan to account for contingencies and provide stability for a 3P (public private partnership).

Representative Mark Sanford: We talk about legislative intent, you have set a specific bogey for us to meet and if we don't, what happens?

Mr. Shockley: We will have to re-work out entire financial plan and I do not know what we would do exactly. It is very critical to have the legislative intent and the changed financial plan would change everything over time.

(1:06:40) Representative Mark Sanford: Legislative intent gets you a number, but you are also banking on congressional and Minnesota intent, so that is a lot of intent you are banking on. If any or all of those do not come through, you have to re-think the plan?

Mr. Shockley: They have signed a $300M increase and the President's budget allowed $150M for 3P projects and the Corps only has 1 project. If one of the funding streams doesn't come through, we would have to re-work it.

Vice Chairman Representative Jim Schmidt: Thank you for your time.

Representative Mike Nathe: We have talked about the legislative intent and talking about putting strings and conditions on these. Would the conditions put pressure on you?

Mr. Shockley: We could manage. We would like the intent part.

Representative Mike Nathe: I would like to see some strings. We have seen some things not done to our expectations and that these should be met before more things are undertaken.

(1:09:40) Vice Chairman Representative Jim Schmidt: We have received a lot of emails talking about $870M from the state. The $570M that was committed so far, the $300M was for Plan B. Where did the additional $300M come from; was it to come and collect from the state?

Mr. Shockley: It was an increase of $150M for the southern embankment and other infrastructure. There was other in town work that totaled $130M.

Vice Chairman Representative Jim Schmidt: You are aware that $870M is not in here and I do not see any desire among the House or Senate to increase it to the $870M.

Representative Bob Martinson: Fargo Forum had a front page story talking about gambling with taxpayer's money, do you think that is prudent including the acquisition of land?

Mr. Shockley: The press can put their own spin on things and these are involving some complex issues involving MN putting permit placement on ND land. The Corps is looking to complete its section before the court case is even closed. The federal government is looking to complete their portion. Land is an asset, so we will have that in place. On the 3P side, we will not be awarding that until 2020 with intent that the court case will be resolved by then.

(1:14:35) Representative Bob Martinson: I agree that it is an asset, but if you overpay and the project does not go through, would you be able to sell the land for that amount?

Mr. Shockley: I would have to concede that we would not be able to receive that amount for the land. We intend to award that contract before the next biennium.

Representative Mike Nathe: Aren't we gambling with the uncertainty of all of these un-closed ends? If one of those blows up, we are on the hook for this.

Mr. Shockley: Legislative intent is not binding.

Representative Mike Nathe: How do you get the 3P to buy in then?

Mr. Shockley: We need to present a strong plan that has payment backing. If we did not meet all of our conditions, it is a risk.

Representative Mike Nathe: What happens if we come back and the intent has changed?

Mr. Shockley: The deficiency levee would kick in.

Representative Bob Martinson: Is the intent important for anything else besides 3P?

Mr. Shockley: It is used to be responsible in moving forward and checking all of the boxes before moving forward.

(1:18:25) Vice Chairman Representative Jim Schmidt: Is the intent important for the Corps? At one point, they were at 50% of the project costs and they have moved that down and said to use 3P.

Mr. Shockley: It is not directly required, but it is important to know that the diversion authority has the ability to complete its component of the project. It is important for both projects to complete each portion. It would be more difficult at the federal level to get their appropriations.

Vice Chairman Representative Jim Schmidt: How dependent is the project upon MN's contribution?

Mr. Shockley: MN's contribution is $86M, so $43M is for the southern embankment and $43M for flow through Moorhead and the $86M is money we do need.

Vice Chairman Representative Jim Schmidt: We are at $66.5M for Fargo and $67.5M for Minot. Are we in concurrence with Representative Mike Nathe that we need some strings and conditions?

(1:21:25) Representative Tracy Boe: I am okay with the money, but the criteria are the part I look at. When we see all of the different factions involved is that if we put protection down to Horace, that would stand as a non-stranded investment. I do not know that once you get to Horace, will they make that functional and usable. I am having a tough time that I am getting a feeling that I am getting sucked into something that I cannot get out of.

Vice Chairman Representative Jim Schmidt: We seem to be leaning towards the same thing as the Senate. Let's take a quick break. Good discussion on flood control. We will now move to the water supply line, which has three groups of Red River Water Supply, Municipal and Western Area Water Supply. Let's start with Red River. Where we sit now, we have the $30M grant last session, where $17M went for planning and design and once the criteria was met, the SWC would send it to the legislature to approve the remaining $13M. The second part we have is intent language for 2019-2021 that would give a $50M grant for an 80-20 cost share. There are some criteria to be met. One of the things we have become aware of and acquiring the permit is part of it. If there is litigation after the permit is filed, it was not addressed in the $13M. It is anticipated that Manitoba will contest and we will be in litigation. With regards to the $50M, the SWC shall review any associated terms of the project. That language may be up for discussion. The $13M, the Garrison Diversion does not appear to meet the criteria.

(1:28:10) Chairman Representative David Monson: I would like to see that added.

Vice Chairman Representative Jim Schmidt: That is a commitment that we made. They did not consider that $13M. There is $50M for the Red River water supply. Should we agree with the Senate and include it, or what would we like to do?

Chairman Representative David Monson: I am thinking that they won't even be able to use all $30M. If Manitoba files a lawsuit, we have no money in there to defend against the lawsuit. We may have to put in there that they can use some of the $17M for litigation. I know there is somewhat of a litigation fund out there to use.

(1:30:25) Representative Mark Sanford: Do we pay for that with this or is that something that the recipient of the award would be responsible for?

Vice Chairman Representative Jim Schmidt: Are there any lawsuits similar to this?

Mr. Erbele: The NAWS (Northwest Area Water Supply) lawsuit over the last 12 years was defended. It was paid out of our state budget and this is a bit different because the Garrison Diversion is not a state entity, so they would have to find money to do that whether you assign that or not.

Representative Mark Sanford: Is Garrison here to answer that?

(1:32:15) Mary Meridian: My understanding is that Manitoba will sue the health department and the attorney general's office would be in charge of that. Our attorney is part of that office and I cannot tell you how they would handle that lawsuit.

Vice Chairman Representative Jim Schmidt: Thank you. Who pays for the Fargo litigation?

Mr. Shockley: State dollars are not being used for that. It is a local expense and sales tax is used for that.

Vice Chairman Representative Jim Schmidt: Any other thoughts? Do we want to put anything on the ground if we are in litigation?

Chairman Representative David Monson: We do not want stranded assets. I do not think they can even spend the full $30M until all of litigation has gone through. I would say that putting in another $50M intent is kind of jumping the gun.

(1:34:50) Representative Tracy Boe: We had a number given to us on what would pull the lever, which was several million dollars in the lawsuit. We will create a stranded asset with that.

Chairman Representative David Monson: We are already looking at $13M in stranded assets. That will continue to be stranded and I do not know that they do unless they build on this side of the divide.

Representative Mark Sanford: Would this not be a good place for a contingency? When you get it settled and all of the permits are acquired, they could then access the amount. That would be re-appropriating the $13M. I think $50M is hard to do.

Vice Chairman Representative Jim Schmidt: There is a section that identifies some of that criteria for the $50M, but not for the $13M. We did not include the 18-month litigation period for that. As soon as they file the permit and it is out there, they can get the $13M, but that does not mean they can get the $50M. My thoughts are to re-appropriate the $13M.

Mr. Kadrmas: Section 7 of the bill includes any funding provided during the 2017 through 2021 biennium to review any associated litigation by the SWC.

(1:38:50) Chairman Representative David Monson: If the state health department gives them the permit and Manitoba takes them to court, that means they cannot even start working in Washburn? We have talked about what that litigation is going to be, whether they try to stop it all together or if they are only going to contest the quality of water. I guess they really cannot stop it if we have a pipeline treated to potable water.

Vice Chairman Representative Jim Schmidt: The more we talk about this, the more I like section 7. The criteria are there to halt back the $13M, right?

Mr. Kadrmas: This would be affective on July 1. There would need to be an emergency clause on there. If they received a permit between now and until it is filed with the secretary of state, they could still obtain the money. It would then impact this biennium.

Chairman Representative David Monson: If section 7 is in there and it has an emergency clause, it would tie up the $13M and part of $50M. They could not even start building a treatment plant, right?

Mr. Kadrmas: It would be at the discretion of the SWC review.

(1:42:30) Vice Chairman Representative Jim Schmidt: I am not sure where to go with this. This is $20M over what the Governor recommended and we need to discuss the 80-20 cost share. I think 80% is not doable by the state. Do we want to keep the $50M? Do we want to keep the same biennium? Do we want to keep the 80-20? My suggestion is we lower it to $30M, we come in with another figure for the cost share with no less than 75%. Do we want a negotiating figure? I would be looking at next biennium instead.

Chairman Representative David Monson: We will only get in trouble if we say 80-20 because once it is in here, then that is all they will remember. I would rather do whatever the going rate has been for other projects like this. We can always up it 2 years from now.

Vice Chairman Representative Jim Schmidt: The SWC has rural water supply at 75-25, Municipal is 60-40. If you classify this as supplemental to the city of Fargo, it is 60-40 and that is not doable. It would be 75-25 if a smaller city wants to hook up to it.

Chairman Representative David Monson: It would be my hope that other communities along the way would tap in and use it without needing a treatment center.

(1:47:40) Representative Tracy Boe: When I look at the cost shares, I do not think we should deviate from standard policy. If we run into the risk of making this un-economical. It is their job to make it economical.

Representative Bob Martinson: I agree.

Representative Mike Nathe: I agree.

Representative Mark Sanford: I agree that you have to have a negotiation stance to talk about. I am more concerned with the description surrounding this. To get all of these other contingencies to happen is what is a bigger deal like permitting and litigation. Those are the things that can really strand it. The cost share becomes very important if they pass those tests, but the other thing is that I am not sure this is simply a secondary source. Go forward and look at the metropolitan growth in the next 20 years. It seems to me that the needs will grow significantly and it may not take a drought.

(1:51:55) Representative Mike Schatz: I agree.

Vice Chairman Representative Jim Schmidt: With regards to the cost share rate, we would put something in there around 60-65%. The 60-40 is the municipal rate.

Representative Tracy Boe: That is my high number.

Vice Chairman Representative Jim Schmidt: The $50M that is there was originally $30M. Do we want to stay or go down?

Chairman Representative David Monson: I am not in for stranding more assets. I do not know that anything will get spent at this point. We still need to figure out exactly what litigation is going to say. I am thinking maybe $25M at the most.

Vice Chairman Representative Jim Schmidt: I would look at the 2021-2023 biennium because they should have it all done by then. I would reduce it to $30M, keep it at 60-40 and make it for the next biennium. If they do not meet the criteria like the $13M, they will not get it.

Representative Bob Martinson: It is not the next biennium; it is after the next biennium.

Vice Chairman Representative Jim Schmidt: Correct, that is my proposal.

(1:55:50) Chairman Representative David Monson: Would we not be tying up the $13M as well then?

Mr. Kadrmas: It would include the $30M or $50M.

Chairman Representative David Monson: What if the litigation is not as serious we think? I would like to see them be able to at least start on the treatment plant. If we said the intent was good up to the 2023 biennium.

Representative Tracy Boe: My question would be; is there an amount of money we can put here that does not seem like we are picking a litigation fight and actually serious about it?

(1:58:15) Ms. Meridian: We anticipate being sued on the level of water treatment being discharged into the Sheyenne River. The lawsuit will be in state court. We have quite a few permits obtained. With the $50M we requested, there was some previous intent and $27M is used for pipeline instruction, the rest is land acquisition, design and legal and administrative.

Representative Tracy Boe: There is no amount needed.

Ms. Meridian: They will sue on that one almost no matter what.

Representative Mike Schatz: How long do these last?

Ms. Meridian: They are basing it on the Manitoba vs. Devils Lake lawsuit and should take around 18 months from September of 2019.

Vice Chairman Representative Jim Schmidt: That takes us over into 2021 session.

Vice Chairman Representative Jim Schmidt: Do we want to stay with the 2019-2021 or go to 2021-2023?

(2:03:05) Chairman Representative David Monson: If this thing every gets built, I think we treat it to potable and pipe it all the way to Fargo and Grand Forks. This will save the small communities a lot of time and money. If they can get over that hurdle, I hope they can get started. In 2021 we will be here. I am okay with 2021.

Vice Chairman Representative Jim Schmidt: I have had the discussion about piping the potable water.

(2:05:25) Steve Burian: This is somewhat difficult to present, but the way the current Red River water project is designed, there will be water dumped into Lake Ashtabula. Baldhill dam will have a lot of water constantly flowing. We wanted to take advantage of the existing infrastructure. We would use Lake Ashtabula as a huge water tank. We think the minimum last we would have to serve Grand Forks and Fargo, it would cost about $2.1B. They signed up on the idea that there is not more water around for specific building. When the communities signed up, the communities thought it would be smart to tap in.

(2:09:20) Chairman Representative David Monson: I remember someone saying piping the whole way is not a great idea. The Sheyenne is the best route.

Mr. Burian: It was mentioned that Fargo will grow so much that we may need this. For most of the years, Fargo and Grand Forks can use their water. Those infrastructures are way cheaper than piping from the Missouri.

Representative Bob Martinson: I think I brought this up last session; why don't we pump it into Lake Ashtabula on one side of the divide and pump it out of the other side?

Mr. Burian: You could potentially do that. That feature had insufficient capacity.

Vice Chairman Representative Jim Schmidt: Thank you very much.

(2:14:25) Representative Mike Nathe: In regards to the treasury issue, if it was retro paid, how much would go to the treasury bond?

Mr. Kadrmas: The $45M only relates to going forward. The estimated amount from past biennia has gone forward.

Representative Mike Nathe: If they go retro, do we need to reallocate that?

Vice Chairman Representative Jim Schmidt: Yes. The $16M from the tobacco money needs to be remembered. We have identified the 60-40, do we want to stay with the $50M? Do you want to have anything as a difference going into conference?

(2:16:30) Representative Mark Sanford: We have to re-appropriate the money. There was talk of tying it to the next 2 biennia. Would we have to re-appropriate after litigation? Could you have something where you take the $13M plus something else and add contingency over time?

Mr. Kadrmas: You would like to provide contingency language for an amount after litigation is resolved for this biennium and provide legislative intent for this biennium and the next? You would provide a legislative amount contingent upon litigation for the next 2? That would be possible and we would structure it similar to the Mouse River one. The committee would need to be aware that the $50M would be set aside and cannot be use for anything else.

Representative Mark Sanford: I was imagining the $13M being forwarded into the next biennium.

Chairman Representative David Monson: We could come back in the next biennium. It would be intent that we would commit to that.

Mr. Kadrmas: It would be just legislative intent.

(2:21:50) Representative Mark Sanford: There is a best and worst case scenario; the worst case scenario is covered and in the best case, if they are cleared in one year, they are empty and cannot do anything. I want something to be available in case there are good court results. There could be a smaller amount of something added and give construction potential.

Representative Mike Schatz: Just curious, but the intake is in Washburn. What if we had another 1930 drought, would the downstream states be involved?

Vice Chairman Representative Jim Schmidt: The intake is coming out of the ground rather than the river to avoid permits.

Ms. Meridian: The intake permit that is approved is near Washburn. There have been meetings with the state of Missouri and they realize this is a very small amount of water coming out. As far as downstream depletions, we have 165 cubic feet per second.

(2:25:15) Vice Chairman Representative Jim Schmidt: That included the amount out of the canal.

Ms. Meridian: We are approved for 165 out of the river.

Chairman Representative David Monson: Do we need to meet after session? How about 30 minutes after session?

Representative Mike Nathe: Make an announcement on the floor.

(2:26:05) Chairman Representative David Monson: Closes meeting on SB 2020.

2019 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee – Education and Environment Division
Roughrider Room, State Capitol

SB 2020
3/26/2019
34245

☐ Subcommittee
☐ Conference Committee

Committee Clerk: Parker Oswald

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to provide an appropriation for defraying the expenses of the state water commission.

Minutes: Attachments 1-3

Chairman Representative David Monson: Opens meeting on SB 2020.

Chris Kadrmas, LC: Begins to outline **attachment 1**.

Vice Chairman Representative Jim Schmidt: Does that do what you want it to do?

(2:05) Representative Mark Sanford: Yes, I think it does. I was unclear this morning about the remainder of the appropriation for this biennium. I was meaning if there was anything leftover at the end of this biennium.

Vice Chairman Representative Jim Schmidt: If you could draw that up for us. We need to add dollars.

Chairman Representative David Monson: I have questions about the atmospheric research portion.

Vice Chairman Representative Jim Schmidt: That is general water and we need to finish talking about municipal water and WAWS (Western Area Water Supply). If that settles or discussion with regards to the biennium and if we have settled at this point on the 60-40 cost share, we have to decide on the $13M and the extra $50M. We are obligated to the $13M, but what are our thoughts on the $30M or $50M?

(4:55) Representative Mark Sanford: The $13M is appropriated this time, but it has to be re-appropriated because it has not been spent.

Vice Chairman Representative Jim Schmidt: Do we want to go with what the Senate had?

Chairman Representative David Monson: If we want to head to a conference over it, let's do something less.

Vice Chairman Representative Jim Schmidt: Let's settle on $30M from this morning. We would need to add the 60-40. That reaches a tentative agreement and we have to decide to keep section 6 and 7.

Mr. Kadrmas: We would be amending section 6 and section 7 directly relates.

Chairman Representative David Monson: Section 7 addresses the original $30M.

(7:10) Vice Chairman Representative Jim Schmidt: We will leave them and draw up the Representative Mark Sanford amendment. We can look at the $30M from the Senate for municipals. I do remember upping $30M to $40M in my mind. Any other discussion with municipal? WAWS gave us a breakdown of what we would get for our money. They were actually looking for $55M.

(12:05) Vice Chairman Representative Jim Schmidt: Begins to outline **attachment 2**. We are currently working with $84M more than what the Senate had to deal with. We have talked about Red River Valley at $30M and Municipal at $40M. If we went with the $35M for WAWS, that would be $105M with the additional $13M still for a total of $118M. Begins to outline **attachment 2**.

(15:40) Representative Mike Nathe: What would be eliminated for the $20M?

Vice Chairman Representative Jim Schmidt: I do not know that these are prioritized.

(16:20) Cory Chorne: Program Manager for WAWS. $15M would be matched with loan dollars and $40M would be grant money. The difference between what you have and what the Senate has did not have funds to begin the addition of the water plant in Williston.

Chairman Representative David Monson: Explain that $15M loan.

Mr. Chorne: Any project will have to match that local cause share.

Chairman Representative David Monson: So you need authority for the $15M loan?

Mr. Chorne: That comes from a different source.

Vice Chairman Representative Jim Schmidt: If we went with $5M more than the Senate it would cover everything and you are whole at $40M?

Mr. Chorne: Correct.

(18:55) Vice Chairman Representative Jim Schmidt: Should we keep them whole?

Representative Mike Nathe: Yes.

Vice Chairman Representative Jim Schmidt: They do a good job of getting the projects going. The next is rural water. We did get information on that and the Senate had them at $30M. How far down the list are we with $30M? What are we buying?

(20:15) Eric Volk: We originally had an ask of $58M and worked our way down to $50M. Whatever amount they have been given usually then creates the list of priority based on funding or emergency. They would sit down with the $30M and see who needs it the most and who is ready for it. There is just a lot of projects and non-localized groups.

Vice Chairman Representative Jim Schmidt: Do you have any regionalization?

Mr. Volk: Yes, there are a few that will be joining.

Vice Chairman Representative Jim Schmidt: Benedict is one of them. Where is benedict on your list?

Mr. Volk: They would be about halfway down.

Vice Chairman Representative Jim Schmidt: If we put in a few extra dollars, how much would you need for regionalization?

Mr. Volk: Between $30M and $50M total.

Vice Chairman Representative Jim Schmidt: Any other questions. For purpose of discussion, we will stay at $30M in hopes of discussion. We have not talked about new capital assets.

(24:40) Mr. Kadrmas: That included enough funding to finish the Biota plant and there would be left over for the Southwest pipeline. There is $72M included for new funding.

Vice Chairman Representative Jim Schmidt: We have spoken that NAWS (Northwest Area Water Supply) is our number one priority in order to build up to Bottineau. If we added $10M to NAWS and left southwest, where are we at?

Mr. Kadrmas: It would be $83M and that is state funding.

Vice Chairman Representative Jim Schmidt: We could focus on the $10M that takes the line to Bottineau.

Representative Mark Sanford: What is our total number now?

Vice Chairman Representative Jim Schmidt: For us it is $10M and federal is $75M.

Mr. Kadrmas: The did not change anything.

Vice Chairman Representative Jim Schmidt: They are right around 50% of their ask.

Representative Mike Schatz: I would like to get more money in there. I would say $25M.

Vice Chairman Representative Jim Schmidt: That would be $9M more. What I would like to do is add those numbers up and see where they are and discuss general water. What is the total for NAWS?

Mr. Kadrmas: It is a total of $85M and the line of credit cancels them out. There is $425M left. Subtracting that gives us $51M.

Vice Chairman Representative Jim Schmidt: We could figure out what is needed in general water. With what we received on general water, they gave $15M and labeled it as water resources. We took water conveyance and the Mandan project out of they. The Senate had $35M and $15M of that was water conveyance and Mandan flood. They went from $51M to $35M. We would subtract that $15M and leave us with $20M. Irrigation was $1M and they had $8M for the same object twice.

(35:15) Mr. Kadrmas: Federal funds are $1M. The atmospheric research board is $2.3M. If the committee wished to prove spending authority, they would leave it in there.

Vice Chairman Representative Jim Schmidt: What was general water last time?

Mr. Kadrmas: It was $15.7M.

Vice Chairman Representative Jim Schmidt: How much of that is left for the biennium?

(38:10) Dave Laschkewitsch: There is $5.1M that has not been committed and $2.5M is on the schedule.

Vice Chairman Representative Jim Schmidt: Will it be much different than last time?

Mr. Laschkewitsch: There is a complication within the line items. There are no agency grants. In total, there is about $7M that will have to come out of that line. With this, you would have to put $7M in due to the agency line items. We would like to do some additional studies.

(41:10) Vice Chairman Representative Jim Schmidt: We left you $4.3M more than last time. Somewhere between $15.7M and $20M. I am trying to come up with a dollar figure without over expenditure.

Chairman Representative David Monson: There were things in your administration not paid.

Mr. Laschkewitsch: It is more of an agency expenditure and is more of grant line item, but I do not have those any more.

Chairman Representative David Monson: How much do those surveys add up?

Mr. Laschkewitsch: Weather mod does not spend that much. They have to apply and get approved. The total is $7.4M.

Chairman Representative David Monson: To be even, you need the $7.4M. There was $2.4M leftover. $15.7M and $7.4M makes around $23M.

Chairman Representative David Monson: We like extra for emergency purposed.

(45:25) Garland Erbele: The contingencies in the flood bucket for $5M are for small projects like houses and other.

Chairman Representative David Monson: The $5M is for little projects too small to name. You want a little slush fund for random things.

Mr. Erbele: Correct.

Chairman Representative David Monson: Then you want a little bit of carryover for a flood some place or a dam failing.

Vice Chairman Representative Jim Schmidt: There was about $23M then for general water. We would subtract the $23M from the $53M, which would give us about $30M left. Does that include the $16M water development fund?

Mr. Kadrmas: No, it does not.

Vice Chairman Representative Jim Schmidt: It would behoove us to take that from the remaining $30M.

Mr. Kadrmas: Correct.

Vice Chairman Representative Jim Schmidt: We would have roughly $14M to add then.

Mr. Laschkewitsch: Did you address the additional authority?

Vice Chairman Representative Jim Schmidt: That is $7M a year and $36M outstanding.

(49:10) Mr. Laschkewitsch: The current biennium has $7M.

Vice Chairman Representative Jim Schmidt: If SB 2362 passes, we would have $45M in 2019-2021 and we could use that to pay off the $36M. We know Minot is shovel ready at about $67.5M. We cannot bet anything on the $45M. I have a good feeling the $16M is going to go. We would be short if we paid off the loan.

Representative Bob Martinson: What is the definition of shovel ready?

Vice Chairman Representative Jim Schmidt: That they could use the funds in the biennium.

Representative Bob Martinson: Do we know what we mean? When can they start?

Vice Chairman Representative Jim Schmidt: I would assume shortly after they got the dollars. They are saying acquisition and other things would be ready once they had the money in hand. We will be left with $14M in hand as we sit here right now. My definition is that shovel ready means they would be started, done or spent by the end of the biennium.

Chairman Representative David Monson: My definition would be the same as yours. I think Minot's definition was that they could spend up to $100M in the biennium.

(53:15) Representative Bob Martinson: My idea of shovel ready is to be able to start the project the following day. I am not questioning Minot at all, I just wanted an idea on what that means.

Vice Chairman Representative Jim Schmidt: They said they could spend $100M in the current biennium.

Chairman Representative David Monson: If there is something else that has a higher priority.

Vice Chairman Representative Jim Schmidt: We could put $14M where we think is most beneficial. What would happen if we put more money into NAWS?

(54:55) Mr. Erbele: Begins to outline **attachment 2**.

Vice Chairman Representative Jim Schmidt: What does $5M buy you for this biennium?

Mr. Erbele: We could get it designed.

Vice Chairman Representative Jim Schmidt: Would that speed up the process?

Mr. Erbele: Correct.

Vice Chairman Representative Jim Schmidt: The Bottineau pump is not related to the water line?

Mr. Erbele: That is the rural water system that would be served by that line.

Vice Chairman Representative Jim Schmidt: Would it be beneficial to use some of the money for that phase or is that not sequential?

(57:05) Mr. Erbele: It is too soon. We are building the Bottineau line next summer.

Vice Chairman Representative Jim Schmidt: We just wanted to make sure because that is a big deal project.

Chairman Representative David Monson: Mr. Volk had some projects. Are you duplicating by chance?

Mr. Erbele: No, none of these are.

Chairman Representative David Monson: We can give some to NAWS for planning, but who knows what the cost will be in a few years when we try to fund the project. I think getting a few smaller projects built would make more sense.

Vice Chairman Representative Jim Schmidt: We have some rural water systems like Benedict that could get hooked up to the line by this. Any thoughts? Lansford would just be planning and design with a 35% cost share. I would like to turn dirt with it.

Representative Mark Sanford: Put it in rural.

Chairman Representative David Monson: Bottineau is included in NAWS and that covers the pipe and they cannot use the reservoir until after the pipe is done.

(1:00:15) Representative Mark Sanford: Do the Bottineau thing and put money into the rural projects.

Vice Chairman Representative Jim Schmidt: We want the $14M to turn dirt. Let's sit on that for a while.

Mr. Erbele: If we have $14M we could build the Lansford reservoir.

Mr. Kadrmas: There would be $13.9M.

Vice Chairman Representative Jim Schmidt: You could build that?

Representative Mike Nathe: That says it has a main purpose of delivering water to Bottineau.

Vice Chairman Representative Jim Schmidt: It is worth it if we can turn dirt on the Bottineau project.

Chairman Representative David Monson: I would be for that too if you can do that. You are telling us you can the line in the ground and reservoir all done in this biennium?

Mr. Erbele: Yes. We are going to give two sections of line this summer and the final two sections next summer and tie the reservoir in.

(1:03:20) Representative Mike Nathe: Would the reservoir be next summer?

Mr. Erbele: Spring of 2020.

Vice Chairman Representative Jim Schmidt: Put that down. We have done most of this so far. Any other questions? We talked briefly about an amendment from Bank of North Dakota on SB 2275 not passing. We wanted Bank of North Dakota to buy that loan with $23M and you would get 1.5% interest on that.

(1:05:40) Kelvin Hullet: Begins to outline **attachment 3**.

Vice Chairman Representative Jim Schmidt: So what is the problem?

Chairman Representative David Monson: A $10M cost to the bank and the money to pay off that would be $23M?

Mr. Hullet: It would be about $33M to make up the interest rate delta.

Vice Chairman Representative Jim Schmidt: If we let it go the way it is, you are collecting 1.5% and 1% goes into the resource trust fund. It does not look very good.

Mr. Hullet: There may be more than one way to go at this issue. Give us a bit of time and we can give you a better option.

Chairman Representative David Monson: I do not know if we really have a deadline on this yet. We have time before conference committee or around April 1st. I want to be cautious about how much of SB 2275 we put into this bill. I think I know why it died on the floor. We want to be careful about taking pieces of a dead bill and making this budget vulnerable, so whatever we put in here should not be a mirror image. The sheer size of this bill makes it vulnerable enough and the emergency clause already makes us need 64 votes to pass, so it has to be crafted. I would say come up with some plan to save money and make it all happen.

(1:11:10) Vice Chairman Representative Jim Schmidt: That was not the intent, it was to create cash to put into projects. I never expected that it be $10M lost in interest.

Mr. Hullet: We will circle back with you.

Chairman Representative David Monson: Were we counting on this money coming back?

Vice Chairman Representative Jim Schmidt: No we were not.

Chairman Representative David Monson: Everything we had appropriated is real cash that is there?

Vice Chairman Representative Jim Schmidt: Correct. It is based on the adjusted forecast. We would have to re-appropriate dollars.

Representative Mike Nathe: We will find out where those other bills are at by tomorrow.

Vice Chairman Representative Jim Schmidt: That will be a big deal. I would like to fold up the tent and regroup. We are making good progress.

Chairman Representative David Monson: Representative Mark Sanford and I have an education meeting here soon.

(1:13:50) Representative Mark Sanford: Chris will have a clean summary for us.

Vice Chairman Representative Jim Schmidt: We have covered my additional list of items and we really only have some leftover diversion items.

(1:15:50) Chairman Representative David Monson: Closes meeting on SB 2020.

2019 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee – Education and Environment Division
Roughrider Room, State Capitol

SB 2020
3/28/2019
34345

☐ Subcommittee
☐ Conference Committee

Committee Clerk: Parker Oswald

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to provide an appropriation for defraying the expenses of the state water commission.

Minutes: Attachments 1-2

Chairman Representative David Monson: Opens meeting on SB 2020.

Vice Chairman Representative Jim Schmidt: In the process of reconsidering SB 2139 on the snagging and clearing bill and is a cost share for the SWC (State Water Commission). In that process, we had an amendment from Representative Lefor asking for an 8th SWC member to be appointed from Cannon Ball River and SW ND. We were going to attach that amendment to SB 2020 because we did not have another water related bill. I agree with Representative Porter that this amendment is a policy bill. We do not need to attach that to a budget bill, so it will be attached to SB 2139.

(2:15) Chairman Representative David Monson: So we do not need to worry about that now? Is that on our docket?

Vice Chairman Representative Jim Schmidt: It was not attached, but we agreed we would do that.

Chairman Representative David Monson: Is that on the long sheet?

Vice Chairman Representative Jim Schmidt: No, it is not.

Chairman Representative David Monson: We did meet on the potential conference for the water members of the Senate. We did have discussion on several water topics and we will save that for tomorrow. We do have questions about the Red River Water Supply. We had some conversation with the Garrison Diversion folks about what they would like to see going forward. I know we were going to find out when the permit they have now would end. They were concerned about not having a commitment going forward to get water, treat it and get it across the divide. They have a permit right now to take water from the Missouri River and the downstream people did not realize that. They are afraid it will expire.

(6:20) Chairman Representative David Monson: We do not know when it expires, and the downstream people will show up big time to oppose it. If you can find out when.

Representative Tracy Boe: Can we find out what constitutes proving up and what is the minimum action?

Chairman Representative David Monson: Correct. We need to know what to add to support this. That is the purpose of the $50M on **attachment 1**. We are still negotiation the cost share split. When you are checking out this permit, we want to make sure the eyes are on that and a copy of that permit would not be bad.

(8:40) Vice Chairman Representative Jim Schmidt: I asked Mary Meridian those exact questions. I think right now would be a good time to discuss Fargo.

Chairman Representative David Monson: We will officially be discussing Fargo tomorrow.

Representative Bob Martinson: We can talk about whatever we want to. Do we still get to vote on this in here?

Vice Chairman Representative Jim Schmidt: The meeting was the leadership with the two conference committees to get on the same page as each other. The discussion was; we are sitting with the intent of $703M. We talked about the criteria to do that. We then discussed the $750M and we said we do not want to come in here with a number and have to beat around.

(10:55) Chairman Representative David Monson: The purpose of our meeting was to not put something in here that would not be extending the conference committee meetings over and over.

Representative Mike Nathe: Let's hear it.

Vice Chairman Representative Jim Schmidt: They are saying $703M and $870M is too much. What they put on the table was for 2019-2021 would be $76.5M. In 2021-2023 it would be $76.5M and 2023-2025 would be $66.5M. On the additional 2 biennia, it would be $80M for the following 2 biennia each for a total of around $750M.

Representative Bob Martinson: They are negotiating up of what they passed? This does not make sense to me because we should do our job and I do not get why they are trying to meet and put more money.

Vice Chairman Representative Jim Schmidt: They sent over the $703M because we were thinking of doing exactly what they sent us.

Representative Bob Martinson: We were going to set a number and look at what we were sent.

(13:45) Vice Chairman Representative Jim Schmidt: We just did not want to go over this too many times.

Representative Bob Martinson: That is what the conference committees are for.

Chairman Representative David Monson: There were some people including a couple of us that said $703M is absolutely fine. The discussion never went to $750M because our leadership is getting huge pressure because there is more money coming into the resources trust fund. We said $703M for Fargo is where we are. I think there does not need to be any discussion, but the Senate can amend on the floor, but they cannot amend the conference committee report.

Representative Mike Nathe: Is that increase from the treasurer's committee?

Vice Chairman Representative Jim Schmidt: The payment to the trust fund would be $11M. Going forward, it is $45M for a total going forward of $56M and the Senate is wanting to use that.

Representative Mike Nathe: Is it the Senate's thought to use this extra money into the Diversion and nothing else?

(16:35) Chairman Representative David Monson: The intent, yes. Fargo is asking for way more than we could get passed in the House. The highest we could consider is $750M.

Representative Tracy Boe: On the upcoming biennium, we are only going to put $10M extra, the additional money is on the tail end. If everything goes right, I won't be here for the tail end. If they amend it on the floor, it automatically goes back to conference.

Chairman Representative David Monson: They can only amend on the floor if they have it in their possession. Are we going to be able to sell this to our people? Will they prefer $703M or will there be so many who want $750M? We know the Fargo people want the $870M. The Senate wants criteria set for intent and going down the road. We can always add money.

(19:30) Representative Mark Sanford: My first reaction is that the critical thing they emphasized was intent. When it comes to the payment schedule, their finance plan is based on $870M and if we give $703M or $750M, they will have to modify. What I worry about on putting a schedule in is signaling the intent with the schedule. The thing that is the target is the intent and we have to be really careful about jacking the intent up early on.

Chairman Representative David Monson: We had a pretty good discussion with Representatives Delzer and Pollert and we got pretty good assurances that we cannot go any higher than $750M. We can do $703M.

Vice Chairman Representative Jim Schmidt: I think it was sincere, and I think their upper limit is $750M and that is where they are at this time. We asked if they are going to change it later and get the $870M?

Representative Mike Nathe: They kicked it to us at $703M and now they want it higher in conference and they know we do not have a history of jacking it up.

Chairman Representative David Monson: Is that going to fly with our people on the floor? It probably would, but the Senate probably will not.

Representative Mike Nathe: Is the motivation for $750M because of the wind fall added?

(23:55) Vice Chairman Representative Jim Schmidt: It was originally based on the $350M they had before the revenue forecast. They asked for the additional $10M in cash this time and higher intent.

Representative Mike Nathe: What is the amount total for the Diversion?

Vice Chairman Representative Jim Schmidt: This biennium would be $76.5M.

Representative Mike Nathe: Why do I have much higher numbers in my head?

Vice Chairman Representative Jim Schmidt: That might be the Governor's number. If they had the money we had, it would be $20M more than we had.

Representative Bob Martinson: The conference committee has already folded and gone higher. As an outside observer, I would say there is no question we will go higher and if we start at where they are already we can only go higher from there. If they get the plum right off the bat, there is nothing left.

(26:40) Representative Tracy Boe: If the committee wants $703M, I will do it.

Vice Chairman Representative Jim Schmidt: I am rock solid.

Chairman Representative David Monson: I will commit to whatever we decide. We listened to them on what they think they need based on the new money coming in.

Representative Tracy Boe: What is curious to me is tacking the extra money on the intent because we do not know what will happen then. We could be poverty stricken by then.

Representative Mike Nathe: When this came from the Senate, the commission seemed perfectly fine with the $703M, right?

Chairman Representative David Monson: They thought that was all that is available.

Representative Mike Nathe: They could have lived with $703M. If they can live with that, are there any other projects that could use that money on other projects that are better that could use this money. They could have lived with the $703M.

(28:50) Vice Chairman Representative Jim Schmidt: If we go in with $703M and you are exactly right with the new windfall money. Minot and NAWS (Northwest Area Water Supply) could use the money and get the projects done. My thoughts are sticking more into Minot.

Representative Mike Nathe: If we are looking for votes is that if we spread it around instead of sticking it all in one place.

Chairman Representative David Monson: I myself would like to see more into rural water. We can clean up a lot of these small projects that would take $500,000 and there is a lot of stuff I would assume see the money instead of more for Fargo that could get spent in ways we do not know.

Representative Mark Sanford: I go back to an earlier comment, if I am understanding them correctly, they are asking for a commitment level. If we say $703M, we set the increments and are we going to put criteria saying it is the end of the road or if they meet certain things they can get more? I think two more years of commitment is what decides their model.

(31:55) Chairman Representative David Monson: Some of the criteria we have talked about is important and we do not like seeing this money used for land buyouts. Representative Bob Martinson made a point of buying land for double of what it is worth and now the plan changes, they have a huge profit loss.

Representative Mike Schatz: I am for the $703M. When is this project going to be done?

Chairman Representative David Monson: This commitment is going to mention all the way to 2029.

Representative Mike Schatz: They are going to construct until then?

Chairman Representative David Monson: I think it will go longer than that and what will the price tag be if it extends into the 2030's? We can always add up, but coming back down is hard.

Representative Mike Nathe: I like the $703M with the $47M on the side. That money doled out to the smaller projects gets things done, but Fargo can sit on our money and do nothing.

Chairman Representative David Monson: We do not like intent and this is for the 3P (public private partnership) business. There are all these components in this large pot of money. I have a hard time believing that the bankers and investors trust intent.

(36:02) Representative Mike Nathe: The MN is shaky too. I think we spread the $47M around to knock out the projects around the state while we have it.

Chairman Representative David Monson: That is actually $56M and it is cash in the bank.

Representative Tracy Boe: If we did agree on the $750M, it would be a $10M increase to where we sit right now, not the $47M.

Vice Chairman Representative Jim Schmidt: We could add the intent for another year and give them the intent. I am all for putting that money into rural waters and other projects because there is litigation in Fargo and we do not know when those projects will resume.

Representative Mike Nathe: That will help our cause on the floor.

(38:15) Representative Mark Sanford: What was the annual take on the property tax assessments?

Representative Tracy Boe: That was $29M.

Representative Mark Sanford: They are hoping for 3 Government agencies to help them. They want $870M from us and their backup plan is the local assessments. Local help is a major contribution to projects like these and they want that as a backup plan. You tie your criteria to revenue, why would we increase the state's commitment if they are not willing to show something that is concrete? If I was a contractor to invest, I would look at a property tax as the best stream because it is there, approved and does not get changed by legislature.

Representative Tracy Boe: On the same line, they have the ability to collect this special assessment tax. I did not know that in the market when you buy property and when you get your financing, it is like collecting it. They take it into account that somewhere down the line if they collect this, that will service the loan. That also comes with servicing this debt they promise they will never collect. If the intent is that valuable, why do we not extend it for one more biennium instead of increase each time?

(42:10) Vice Chairman Representative Jim Schmidt: The Senate does not even want to give them the $66.5M without strings. We stay at $703M and put that extra $56M into all of these other projects and get that money out there moving and doing work.

Chairman Representative David Monson: Your assignment is creating the criteria.

Vice Chairman Representative Jim Schmidt: I will draft something up for that.

Chairman Representative David Monson: If anyone has an idea on what you would like to see for criteria on how to tighten this up.

Vice Chairman Representative Jim Schmidt: We are at $66.5M for Fargo, $67.5M for Minot, Bismarck is $2.8M, $21M for Mandan, $11M for Valley city and water conveyance of $6M. We have opportunity for contingency. We are at $40M for municipal and $40M for WAWS (Western Area Water Supply), so that is good. Eric Volk for the rural water involving Benedict, we could put more money into there. We could give that full $50M with justification for doing it. For Southwest Water we have $28M and we can certainly stick more money into NAWS too. We can run with the $703M for Fargo and put criteria on it.

Representative Mike Schatz: Southwest Water wants to run a pipe from Zap to Richardton. That is a large project of $58M and they have real needs for that. The more water we get down there, the more people will move in.

(46:30) Representative Mark Sanford: If you want to go to $750M, could you now attach something saying they have to demonstrate the new financial model and how will they get the extra $120M to reach $870M.

Chairman Representative David Monson: Their answer is to ask for that money the next time. You know they are going to come back asking for more next time.

Representative Mark Sanford: That is my point on the contingency.

Vice Chairman Representative Jim Schmidt: I would appreciate sitting with you guys and drafting this.

Representative Mike Nathe: If you do not meet them, then you cannot come back and ask for more money. Finish the interior flood protection, the Horace portion of the Diversion, holding off on land buyouts, you get no state money until there is cash in hand from the feds and MN.

Vice Chairman Representative Jim Schmidt: There could be a moratorium on land acquisition.

(49:20) Representative Mike Nathe: Any remaining money will go against next biennia ask. Do not ask for money if you are sitting on this other money.

Chairman Representative David Monson: We really do not want to force them to go out and spend in.

Representative Mike Nathe: It is just a suggestion.

Chairman Representative David Monson: We have to put criteria around the criteria. It was offered to get easements instead of buying the land, which is complicated, but if they offer to pay for an easement. It is not purchased and they do not get title to it.

Representative Tracy Boe: I think you are looking for an option. An easement is going to take the land, use it and compensate.

Vice Chairman Representative Jim Schmidt: You apply for a flowage easement, which compensates if it gets flooded.

(51:40) Representative Tracy Boe: I am thinking of the Diversion channel.

Chairman Representative David Monson: I was questioning what they meant by an easement and they said an option would also be a possibility.

Representative Mark Sanford: I like your last ideas; the criteria we are putting around this is hard because we are not the engineers. I think our criteria need to be based on the revenue streams. The number they are asking for is unrealistic. The number we are comfortable with is too small for them. We have to find local options when we do not commit to $870M. You could say that is not going to happen because we are at $703M. If your goal is to match the feds, I would make the criteria to match that and what are they going to do to fill the gap in the budget.

Vice Chairman Representative Jim Schmidt: We could tie it into the feds money and local money. They want to use the state dollars up front and those assessments are on those properties and they will not collect them unless they have to. This is contingent on local share. We will certain percent based on their local money. We have to keep their hands on the fire using local money the whole time and not at the end. The revenue source being the Government, they will start using theirs at 40% or 35% because we keep picking up change orders and they are not using their money up front. I was not thinking of the project footprint.

(56:35) Representative Tracy Boe: Rather than putting out the cash to purchase the land, you would put out an option to buy the land on a 5-year option.

Chairman Representative David Monson: If they are going to give an option, they will have to insure the option.

Representative Tracy Boe: That is the flowage easements onto the footprint of the water flowage. I am talking about dams or diversion channels. You could secure your properties with a portion rather than buying upfront. You can exercise the contract and sue if the owners back out.

Vice Chairman Representative Jim Schmidt: We could include option purchases on the footprint of the land needed.

(58:45) Representative Tracy Boe: What you are indicating is putting criteria benchmarks from either feds or local and we will help once that happens?

Representative Mark Sanford: I am suggesting that we are $703M and our absolute ceiling is set. To get to the $703M, you have to do a couple of progress projects and that fills the two-year work plan. You have a bit of a performance piece from session to session. You have the big target and to get there, the other financial pieces have to fall into place too. You have to earn the next installment.

Vice Chairman Representative Jim Schmidt: The easiest is to tie it into the revenues because without the money, you cannot build it anyways.

Representative Mark Sanford: When you start putting your own money into the bucket and spending it, it is an enticement to get it done and done right.

(1:01:50) Vice Chairman Representative Jim Schmidt: We had information outlining the contributions of each level. At least we are set on $703M. Are we going to earmark everything in there too? Is the consensus $703M?

Representative Bob Martinson: Yes.

Chairman Representative David Monson: Anything else?

Vice Chairman Representative Jim Schmidt: We have to appropriate the $56M when we get the assurance that it is there.

Representative Mike Nathe: Did we ever get the definition of shovel ready from Minot?

Representative Bob Martinson: We decided this morning that we will back you up. You may have to decide which projects will be line items. You could probably word it somehow, but if you do not want money shifted from one to another, we may have to put them as one or the other.

Vice Chairman Representative Jim Schmidt: I hate doing that, but it has to be done.

(1:05:15) Representative Mike Schatz: I handed out **attachment 2**. That has some of the rural water projects including the Southwest Water projects.

Chairman Representative David Monson: This would be things involved in rural water supply?

Vice Chairman Representative Jim Schmidt: No, it is owned by the state and not the small rural people?

Chairman Representative David Monson: Anything else?

Vice Chairman Representative Jim Schmidt: We certainly have place to put the extra $57M.

Representative Mike Schatz: The other thing I like about getting rural water going is that people are looking again to move out into the country.

(1:07:15) Chris Kadrmas, LC: It is actually $56M and not $57M.

Representative Mike Nathe: Still, it is $56M.

Mr. Kadrmas: We are about $200,000 over appropriated.

Vice Chairman Representative Jim Schmidt: When we were talking about the loan and working with Bank of North Dakota on regards to that. Is there any way we can relieve some of that loan money?

Mr. Kadrmas: It is taking asset money from political subdivisions as payment on the outstanding loan, which is roughly $37M. They need to make a $7M payment this biennium. It is making the payment of $7M and giving them these loans as payment asset. The amendment is looking at the interest that the SWC revolving loan fund would make. The $23M of outstanding loans and they then have the right to interest on those loans. It would be a cash swap of $7M, the loans and all rights to the interest.

Vice Chairman Representative Jim Schmidt: Is the $7M al principal?

Mr. Kadrmas: Some of it would be, but the loan would include some interest. There are some concerns with how the rating will be because they do not want this looked at as debt forgiveness. It would create a revenue stream. It would accomplish the transfer of infrastructure revolving loan, get SWC out of loans and cover the debt.

(1:11:45) Vice Chairman Representative Jim Schmidt: With respect to the Senate, I think we can sell the $703M with money going to the other projects.

Chairman Representative David Monson: If we can show them the other projects.

Representative Bob Martinson: The great thing about having the hammer second half is you do not need to bend. We do represent the day workers of America.

Chairman Representative David Monson: They are your people.

(1:13:10) Chairman Representative David Monson: Closes meeting on SB 2020.

2019 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee – Education and Environment Division
Roughrider Room, State Capitol

SB 2020
4/1/2019
34396

☐ Subcommittee
☐ Conference Committee

Committee Clerk: Parker Oswald

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to provide an appropriation for defraying the expenses of the state water commission.

Minutes: No attachments

Vice Chairman Representative Jim Schmidt: Opens meeting on SB 2020 and the clerk takes attendance.

Representative Bob Martinson: Moves to have legislative council draft the amendments for the agreed upon pay package of 2% and 2.5% for all of the budgets. Representative Tracy Boe seconds.

Vice Chairman Representative Jim Schmidt: I believe we can do that with a voice vote. The committee agrees.

(1:25) Vice Chairman Representative Jim Schmidt: There is not a lot we can do without the chairman. We are waiting on the $46M and $11M from Senator Wardner. I have a list from the rural water association that would be funded under the money. The league of cities is also sending us a list. Our additional costs above the Senate is the updated forecast numbers.

Representative Mark Sanford: Would that also include for the sharing or regionalization in cities and rural?

Vice Chairman Representative Jim Schmidt: That is correct. That is part of the increase in that. There were two communities, one being Benedict. There are 20 hookups in town and the regional water supply think they can hook them up on that and save them a lot of money. The second one is Streeter. We have the lists for rural waters, municipal waters and flood control list. We have $23M in general waters and that does not include the increase.

(4:30) Representative Bob Martinson: Are we going to follow the schedule rule on bills out of appropriation and when is the deadline?

Representative Delzer: I think that is sometime this week. We will have to extend that because we are a week behind on receiving information. Ethics and Agriculture have a bill remaining. Have you figured in the $16M sweep? You were talking about having Bank of North Dakota take over the bonding, do we want to pay that off?

Vice Chairman Representative Jim Schmidt: Yes, we have. They are against the bonding. We have talked about paying it off, but it is not figured into the updated forecast. The $23M is the revolving loan fund loan.

Representative Tracy Boe: The revolving fund of $23M, the Bank of North Dakota is against that, but have we offered to sell that to them at a discounted rate? They would take that deal.

Vice Chairman Representative Jim Schmidt: They wanted nothing to do with buying that back. There was a compromise being worked out and they are not interested. We can certainly discuss that. When will SB 2362 be passed?

Representative Delzer: I am not sure.

Brady Larson, LC: They have not kicked it out yet. A note was passed last Friday and it will be on the next budget status.

Representative Delzer: It will go to the floor and come back here.

(9:10) Vice Chairman Representative Jim Schmidt: We have to hold on the decision for that because that is $57M we are waiting to appropriate.

Representative Delzer: You can always adjust it in conference committee.

Vice Chairman Representative Jim Schmidt: I would like to have our ideas set before conference committees.

Representative Delzer: You can go forward assuming it will be how it came over. That bill will have to come to a stoop. I would do SB 2020 as if that bill was passing.

Vice Chairman Representative Jim Schmidt: If we add the $57M to SB 2020 before that bill passes and put it where we want and then SB 2362 passes after, that will not matter? What if it dies, then we will go into that discussion in conference committee?

Representative Delzer: Correct.

Vice Chairman Representative Jim Schmidt: I say we add that money in then.

Representative Delzer: How quickly do we want to kick that bill out?

Vice Chairman Representative Jim Schmidt: I would like to kick that out as soon as possible.

(12:00) Representative Delzer: I would wait until the Senate takes an action on it.

Vice Chairman Representative Jim Schmidt: We have the appropriation pretty much figured out, but we have not voted.

Representative Bob Martinson: Senate has been pretty slow.

Representative Delzer: I would guess they are going to kick SB 2362 out soon. It is on the calendar today and there will probably be a floor amendment offered. We should have an idea of what they are going to be offering and bringing over.

Vice Chairman Representative Jim Schmidt: We have 7 amendments and we have looked at 4 of them. We need to look at some of the language to establish more than intent. I have the one for rural water now and I am getting the one for municipalities tomorrow morning. We also know we are going to put into capital assets. We have our agreed upon changes to the water supply groups. Where are we sitting in regards to Red River Valley?

(14:35) Representative Tracy Boe: I still need more information. They have a permit and they feel it is in danger if we do not put enough money into that in order to put diligence into it to move forward. The target date to be done with the discharge permit that it is so razor thin that I am not comfortable.

Vice Chairman Representative Jim Schmidt: The permit for the Missouri River intake is alive until 2022. Is $13M here or there enough for meaningful construction? Our team has that valued at $5M. We cannot wait until 2022 to start, since any change to WOTUS (Water of the United States) would affect any permit like this. The $5M would be specifically for intake out of the river. Have you made your information needs known to them?

(17:35) Representative Tracy Boe: I am only one of the committee.

Representative Bob Martinson: I agree and he has made that information request known every meeting.

Vice Chairman Representative Jim Schmidt: We do need that. We are still in limbo on that. We are not going above $703M on the diversion project and we are putting some contingencies in place. We are pinning the money to no land acquisition and only for project building. Once the injunction is lifted, they can then fill the options of buying land. I am building the criteria, but it is not ready to be presented. Those other amendments and wordage needed are our points.

Representative Mark Sanford: When you look at the Federal contribution that was asked of $75M; if they continue that over the next 5 biennia, that coordinates nicely because we have head start on the contributions. Our contribution is pretty close to the federal contribution. They could be catching up by the time we are done with the 5 biennia contribution rate.

Vice Chairman Representative Jim Schmidt: Their budget is on a yearly basis. Their $75M could be for 1 fiscal year and they could get $150M for one biennium. There are 2 3P (private public partnerships) agreements; one with the state and one with the Corps, but that did not sound right.

Representative Bob Martinson: I think that was in the paper.

(21:35) Vice Chairman Representative Jim Schmidt: That is two separate projects, to my knowledge. Any other discussion? There is a discussion coming up with some of our colleagues. Closes meeting on SB 2020.

2019 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee – Education and Environment Division
Roughrider Room, State Capitol

SB 2020
4/2/2019
34449

☐ Subcommittee
☐ Conference Committee

Committee Clerk: Parker Oswald

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to provide an appropriation for defraying the expenses of the state water commission.

Minutes: Attachments 1-7

Chairman Representative David Monson: Opens meeting on SB 2020 and the clerk takes attendance. It is our day to talk water again. Representative Mark Sanford just handed out **attachment 1**.

Representative Mark Sanford: Begins to outline **attachment 1**.

Chairman Representative David Monson: We will certainly discuss this. We have not done any amendments at all.

Representative Mark Sanford: This replaces my earlier amendment.

(1:45) Vice Chairman Representative Jim Schmidt: I have a few questions about the remaining amendments all together. I would like to talk about the adjusted dollars in the $57M.

Chairman Representative David Monson: If you are talking buckets, that is fine.

Vice Chairman Representative Jim Schmidt: Last time we had done some dollar amounts and figures we agreed upon. We had the budget set and we came across SB 2362 that involves $46M and another $11M for the $57M total. We have the option of appropriating that money for new projects or use that to pay off some of the loans. That loan is a 4% loan at a variable rate. Is it more economically feasible to buy that now or use that $36M for projects? I would like that discussion with the committee.

(4:45) Chairman Representative David Monson: Where is the money coming from to buy down the interest rate?

Vice Chairman Representative Jim Schmidt: That would be from the $57M in water resources trust fund. We could either buy down some or pay for the whole thing. It is normally at $7M per biennium. If we pay that out now, we would have $21M.

Representative Bob Martinson: I never see the reason to bond when you have money.

Representative Tracy Boe: At a 4% interest rate and being variable, it will probably climb, you probably cannot recreate that loan in the future for the same terms. Like Representative Bob Martinson said, if you have the money you can retire debt.

(6:35) Chairman Representative David Monson: How deep into bonding and borrowing do we want to go? I think we pay cash whenever we can here.

Representative Mike Nathe: Can you give me a little history on what this loan was used for?

(7:30) Dave Laschkewitsch: The loan was made to take out a payment and it was originally used to pay when the oil money was declining. It was to pay off bonds and the revenue was declining. You do not need the full amount of money you were talking about. We have a $4M payment coming up this biennium. I have already made 3 payments this biennium. We also have the $7M in our budget that was expected, so you are $11M better than the $36M.

Representative Mike Nathe: If we can afford to make those payments, I would rather see the $57M be sprinkled for the projects around the state and they can benefit communities along the way.

Chairman Representative David Monson: We talked about that last week.

Representative Mike Nathe: I think we should use the money just for that.

(10:30) Representative Mark Sanford: I am assuming that as we look at that, maybe that could be instructed too on what they have come up with and what those projects look like.

Vice Chairman Representative Jim Schmidt: I received a list from the league of cities with those projects. Passes out **attachment 2**.

Chairman Representative David Monson: Introduces students to the committee.

Vice Chairman Representative Jim Schmidt: Begins to outline **attachment 2 on page 1**.

(14:20) Chairman Representative David Monson: Are these all municipal or are there some other rural projects?

Vice Chairman Representative Jim Schmidt: Correct. We can clear the books and cover all of the projects on this list with a slight increase to what we have already appropriated. We are continuing to emphasize small communities hooking to regional water. **Attachment 2** is what we buy for $45M.

Chairman Representative David Monson: Are these all shovel ready?

Vice Chairman Representative Jim Schmidt: They are all on the 2-year plan, so pretty much.

Representative Mike Nathe: I think this definitely fits into the infrastructure push we have had this session. I imagine these communities are ready to rock and roll on this.

Chairman Representative David Monson: I am there too.

(16:35) Vice Chairman Representative Jim Schmidt: I wanted to talk about Red River Water Supply.

Representative Mark Sanford: The tower where both Chairman Representative David Monson and I are renting from did not have water.

Vice Chairman Representative Jim Schmidt: I realize WAWS (Western Area Water Supply) is in the water supply bucket. The blue line on page 3 stops at the $40M, so the extra $5M would cover the rest. The other major bucket is rural water. Passes out **attachment 3** regarding the rural water supply and begins to present **attachment 3**.

(19:30) Chairman Representative David Monson: **Attachment 2** is $46M and **attachment 3** is different?

Vice Chairman Representative Jim Schmidt: We originally agreed to $40M for Municipals and we just talked about an additional $5M, leaving us $52M yet. Rural water came to us at $30M in and I put $5M into it for $35M. **Attachment 3** is outlined with what we get for our amount. I did not take it any further than the $40M, but obviously we can add more. **Attachment 3** shows what we would buy.

Chairman Representative David Monson: I see your line cuts off right above my district.

Representative Tracy Boe: Probably, it would be included anyway with the number of $40M, because the line item cuts off at $39.6M. These are inflated prices too, so it would fill it anyways.

Representative Mark Sanford: On **attachment 2** relative to the cities, when you put the money in right to that number, I am assuming some of those may not be ready this biennium and some may tie together?

Vice Chairman Representative Jim Schmidt: We would let them iron that out. I think Benedict is included in the cities budget. If one project cannot use it, it goes to the next.

(24:20) Chairman Representative David Monson: I think this is the way to do it. If we can clean up all of these and do it under budget, they can do even more. As long as we keep it going so we are not stranding assets and putting money out of work, it would like to see both of these lists go through.

Representative Mike Schatz: I noticed Benedict is not on **attachment 3**. It is on rural water. There seems to be $1M that we need to come up with?

Chairman Representative David Monson: That is included in the North Prairie Rural Water District.

Vice Chairman Representative Jim Schmidt: Correct, but going through the life cycle of changes, they can cut come corners.

Representative Mike Schatz: New England has redone all of their streets and put up a water tower, but have they ever applied for something like that? I was wondering if it was paid for or if the SWC (State Water Commission) contributed.

Chairman Representative David Monson: I am sure they know of these.

(27:50) Eric Volk: Their project was funded through a loan and grant from a federal group. They were not on the list, so I am guessing they did not. You can get anywhere from 45-75% in those grants.

Chairman Representative David Monson: Whoever is responsible for divvying out this bucket, how far down do you spend? Do you have some emergency money?

(29:15) Garland Erbele: It is a bit of a cash management issue and what you have are engineer estimates. In some instances, we have dollars turned back and sometimes we have to spend more. We obviously we want to spend as much as we can and this biennium is a good indicator of having a few thousand dollars each.

Representative Mark Sanford: Water projects seem to be unique in that the estimates come in and the definition of shovel ready is not clear. The estimates are typically under the end result. How much expectation is there in the process that the number is the number and design according to number and not the local wish? There seems to be a forgiveness factor at the end.

Mr. Erbele: That is a true statement. We see engineer estimates and they are constantly doing bids. The bidding climate can change and the prices will reflect differently. It works the other way where we can have some cost overruns. There are a lot of factors that go into that.

(32:30) Chairman Representative David Monson: Even though we do not necessarily name these on the lists, you will take this as they are ready to go and you are going to pay them? If one of them at the bottom is ready to go, you can still hook them up?

Mr. Erbele: It depends on their time schedules and they are handled when they make the requests.

Chairman Representative David Monson: You can hit even the last ones if they are ready to go? Some of the other lists say they aren't ready for another year, so you have total flexibility and can check them off as they come.

Mr. Erbele: Correct.

(34:15) Vice Chairman Representative Jim Schmidt: That is why the earmarking is so difficult because it ties that money up.

Representative Bob Martinson: What assurance do we have that none of this money will be diverted?

Mr. Erbele: I think we would have to get approval from the budget section to move any of this.

Vice Chairman Representative Jim Schmidt: That is what we had in the past. We would have to change the wordage. We do not want them to go to one section to another and we need to make sure we have that language.

Representative Bob Martinson: We got smacked by the Supreme Court. I still think we need to tie the money up per project.

(36:15) Chris Kadrmas, LC: There is no language that currently allows them to transfer money, so they would have to go to the budget section.

Chairman Representative David Monson: So adding something would create a loophole?

Mr. Kadrmas: Correct.

Representative Mike Nathe: Can we not add language that says they cannot move it?

Vice Chairman Representative Jim Schmidt: I have more language drafted on that. Let's finish outlining the dollar figures first.

Representative Tracy Boe: As long as we set these priorities up in buckets, that there is no way they can move without budget section and emergency approval.

Vice Chairman Representative Jim Schmidt: There is an "and" to that. If money from a rural water supply is released, it goes to a carryover line, we cannot get it into the bucket it came from. There is an amendment that gives us that "and". Back to the dollars in regards to the rural water lines. We had $30M and I added an additional $5M. My proposal was just the $35M, but we can add another $5M. We have $47M remaining. I went back into the flood control bucket to see who can utilize these this biennium. I proposed adding $15M to Minot. That would buy us 2 phases in Minot. We would work on the $5M northeast tie back levee and the Maple diversion would be $10M. I felt personally that it was the best expenditures because we know exactly what we were getting. They were looking for an additional $30M on top of their $67M. The next one was conveyance for $6M from the Senate and I added $2M to that, which would buy $16M worth of projects for that including the cost share. That leaves us with $30M. We have discussed and tentatively agreed on $13M for the Red River Water Supply, which was carryover and has to be allocated. I put $30M with Red River and that would spend the rest for a total of $57M.

(43:30) Mr. Kadrmas: I show an unallocated amount of $28M. Part of the difference is because $50M was accounted for in the budget and you decreased it to $30M. I show $128M for water supply grants, $35M for rural water, $196.4M for flood, $23M for general waters in state money, but ultimately we are at $939.5M, leaving us $28M that is not appropriated.

Vice Chairman Representative Jim Schmidt: Under new capital assets, we had NAWS (Northwestern Area Water Supply) for extra and Southwest for another additional too.

Mr. Kadrmas: I had NAWS at $24M and Southwest at $9M.

Vice Chairman Representative Jim Schmidt: The numbers Chris has are very close to ours.

(45:55) Chairman Representative David Monson: We are pretty close.

Vice Chairman Representative Jim Schmidt: We had $24M for NAWS and another $9M for southwest and that does not include the line of credit for $75M.

Mr. Kadrmas: The line of credit's factor is different. The SWC will not draw on it if they do not have to because they will not draw on it unless they have to. Once the project goes forward, they do not have to take it out.

Chairman Representative David Monson: That is kind of the last resort.

Mr. Kadrmas: This is all the assumption that SB 2362 passes, there is still another $28M that can be allocated.

(47:50) Chairman Representative David Monson: You have covered Minot in the flood protection.

Vice Chairman Representative Jim Schmidt: Correct, there would be $82.5M for Minot. Mandan was $21M, Bismarck was $3M, conveyance for a total of $8M and a contingency of $5M for flexibility in case of an emergency. Does the committee want to look at the $28M and put it into purposes? Once we figure that out, I would like to discuss some of the language.

Chairman Representative David Monson: We can tackle the last $28M. At one time we were talking cash for the diversion.

Representative Tracy Boe: We are almost back to paying off the loan.

Vice Chairman Representative Jim Schmidt: I would be willing to do that.

Representative Tracy Boe: We cleared up an awful lot of projects and if we still have $28M, it would be foolish to create work to spend this money on.

Vice Chairman Representative Jim Schmidt: Chris, can we get the exact amount we owe?

Mr. Kadrmas: The estimated payoff would be $37M and if we subtract out their current amount, it leaves us $25.9M. There would still be some funds available or left as ending fund balance. We would have just under $3M as an ending balance.

(52:30) Representative Mike Nathe: It seems like we are covering all of these projects and paying it off, I am okay with that.

Vice Chairman Representative Jim Schmidt: I would have no reason to bake a cake if I cannot eat it. I would agree to pay off the loan and increase rural water to almost $38M and finish the rest of the projects.

Representative Mark Sanford: Rural to $38M?

Vice Chairman Representative Jim Schmidt: Correct. Pay off the loan and take the balance to rural water.

Chairman Representative David Monson: That would pay off another large project.

(54:35) Vice Chairman Representative Jim Schmidt: If we generally agree on that, I would like to move on.

Mr. Kadrmas: The rural number would be more like $2.8M because I do not want to over appropriate.

Vice Chairman Representative Jim Schmidt: If the committee is in agreement, I would request that Chris adds the numbers to the amendment and bill. That gives us an outline of total funds. Representative Bob Martinson's thoughts on how to secure this as it is would be very important. I asked for some wordage on what to use and we need to make a resolution so that they are used for what they are allocated for. Passes out **attachment 4** and begins to present.

Chairman Representative David Monson: Earmarking is too cumbersome and ties up too many dollars that would hurt flexibility. If we can keep all of the projects in their own buckets and keep them from getting all of the money.

(1:01:20) Vice Chairman Representative Jim Schmidt: The flood control buckets would be earmarked.

Representative Mark Sanford: You have to go to a process to go outside of the buckets and it is internal. Why would we not earmark in this particular bucket? We have added points of interest.

Vice Chairman Representative Jim Schmidt: We can certainly earmark what is in the flood control bucket. The Mandan ask for $21M, they probably could not use the whole $21M, so the flexibility is key. They may only be able to use $6M, so $15M would be leftover. If Valley City can only use $9M or so, we could not even get a release on the leftover. If we do not earmark them, there would be $197M in the bucket.

Representative Mark Sanford: This is the project and if it bleeds, we still do not have to do anything because it is authorized, but if it does not, we are done.

Vice Chairman Representative Jim Schmidt: The difference is that we did not designate how many dollars per biennium for Minot.

Chairman Representative David Monson: I really do not like earmarking. It gets to a point where there has to be some trust. If you can make this amendment work so there is a bit of flexibility. How much can something like Fargo use in one biennium?

Vice Chairman Representative Jim Schmidt: That is a difficult question. I would say the $3M for Bismarck is safe. The $21M in Mandan and $11M in Valley City is unsure. I have been told that Fargo can spend the $142M. I do have some contingency language to discuss.

(1:07:15) Representative Tracy Boe: We can pool the commonality of funding like rural and others. Can we have one that says they have to survive litigation? You can put diversion and Red River Valley in one bucket.

Chairman Representative David Monson: That is a different idea. Fargo keeps saying that intent is important, but we know how often that changes. If it is so important and so binding, can we put our intent here on how much is expected to go into each.

Vice Chairman Representative Jim Schmidt: We can do whatever we prefer.

Representative Bob Martinson: One of the reasons we do not add intent is because we know it does not mean anything. We can just as well put in maybe.

Chairman Representative David Monson: What do we want to do on all of these other flood bucket projects? We have everything pretty well settled besides the flood bucket so we do not tie up a ton of money there.

Representative Bob Martinson: Can they buy even with litigation?

Vice Chairman Representative Jim Schmidt: They are right now. I have wordage that deals with options and buying.

(1:11:05) Chairman Representative David Monson: We have returned from our short break and we are going to work on some language.

Vice Chairman Representative Jim Schmidt: We need to do a bit more work on the language with integrity to the buckets. Let's go back to things in the bill. Chris will update the numbers in the bill. Section 1 and 2 are okay. Section 3 is contingency and my question is an amendment from Representative Delzer about not bonding on the water development trust fund, we have subtracted $16M. Do we need that or should we take that off?

Mr. Kadrmas: That is just carryover authority and there is nothing that needs to be done. Our numbers do reflect that change.

Chairman Representative David Monson: You brought up the amendment about the no bonding, but we are not bonding anyways, so do we need it?

Vice Chairman Representative Jim Schmidt: Correct. Section 4 is the additional income budget section. We were criticized for not giving them direction. Section 5 is legislative intent for the $703M of the Fargo Diversion and I believe we were okay with that and standing on it.

Chairman Representative David Monson: That is correct.

Vice Chairman Representative Jim Schmidt: We will leave it there for now. Section 6 is Red River Valley Water Supply and the $50M goes to $30M and the cost share is 60-40. Section 7 deals with the legislative management and budget section approval and we were okay with that. Section 8 is the line of credit with Bank of North Dakota. Right now, we have gone through those sections. My thought is to take up amendments starting with Representative Mark Sanford's on **attachment 1**.

(1:16:20) Representative Mark Sanford: I would like to hold on that for second because I asked the Fargo Diversion representatives to look at that.

Vice Chairman Representative Jim Schmidt: It grabbed some attention, so it is a good one. We have Representative Steiner's amendment and we have not made an agreement on it.

Chairman Representative David Monson: Let's not make a motion on each and just add it to what Chris is doing.

Vice Chairman Representative Jim Schmidt: Okay, that one is gone.

Mr. Kadrmas: I was asked to provide language for a line item transfer, so that is just language. If the intent is to provide the SWC flexibility outside of the budget section, this would be discussed. This should be discussed in conjunction with **attachment 4**. This identifies specific buckets that money could be moved between.

Chairman Representative David Monson: Keep working on that and the draft of **attachment 4**.

(1:19:40) Vice Chairman Representative Jim Schmidt: The other is Representative Delzer talking about not bonding, but I do not think we need this.

Chairman Representative David Monson: What would it do that we are not doing? We are not bonding, so do we need this?

Mr. Kadrmas: It would essentially strip the authority for bonding. I cannot answer to if it is needed or not, but it strips the authority to bond from the water development trust fund. The reason it has authority to bond against was because it had tobacco settlement revenue funds and now there is no revenue funds. This is potential clean up language.

Chairman Representative David Monson: Putting it on will not hurt anything because it is revenue bonds. We can put it on if you want to clean it up. It adds stuff that maybe is not even needed. We can wait and see if they still think it is needed in full committee.

Vice Chairman Representative Jim Schmidt: My thoughts are to leave it off.

Chairman Representative David Monson: Done.

Vice Chairman Representative Jim Schmidt: The next one deals with Red River Valley and the $13M we needed. We did not see it in writing. Passes out **attachment 5**.

Representative Bob Martinson: Why are we saying intent?

Mr. Kadrmas: It is drafted in the same way as last time and it is historically how the funding has been earmarked within the SWC budget.

(1:24:20) Representative Bob Martinson: It is the intent not to spend more than $30M.

Mr. Kadrmas: This is just like any intent section, where section 7 on **attachment 5** is not included. It could be $43M in total, but it is intent that they use $30M and the SWC could allocate more just like any other water project area.

Chairman Representative David Monson: I agree with you here.

Vice Chairman Representative Jim Schmidt: I agree here. I would just assume get rid of that language if we can.

Chairman Representative David Monson: You had it on our list anyways, right? Is this how it would be drafted?

Mr. Kadrmas: The funding is included in the water supply bucket and this is what the legislature intends the money to be spent on. If you remove the intent, then it is a directive.

Chairman Representative David Monson: We could say “up to”. It leaves the SWC with the ability to do that. The word intent has been scrutinized and I always figured it did not mean a lot. This is what we intend to happen, but I am not sure it is the wording we are happy with.

Vice Chairman Representative Jim Schmidt: What should we do?

(1:27:50) Chairman Representative David Monson: If we put an appropriation up to $30M, then it has its own section, but what are the loopholes?

Mr. Kadrmas: That would be subject to line and veto. That would mean the intent section is gone, but the $30M would not be gone because it would still be in the water supply ground line. It is possible to tie a condition to it.

Chairman Representative David Monson: We do not want to have stranded assets either. We do not want to say it is for a direct purpose, litigation happens and then it is stuck in limbo.

Vice Chairman Representative Jim Schmidt: We have roughly $128M for Red River, municipal and WAWS. If municipal is using their funds and Red River is turning dirt, does this amendment mean that SWC cannot move money from municipal water if there is more need in Red River?

Mr. Kadrmas: If they follow the intent, they would only use up to $30M as their directive. They could go passed it.

Chairman Representative David Monson: Realistically, they are talking that their lawsuit will probably get filed and it will take 18 months and there will not be a penny of this spent. I guess it is okay language. You have this in the full amendment?

Mr. Kadrmas: Yes.

Chairman Representative David Monson: Are we okay with this? That is on our list already.

Vice Chairman Representative Jim Schmidt: That is the last of our amendments.

(1:31:55) Representative Mike Nathe: I got an amendment this morning from Bank of North Dakota. Passes out **attachment 7**.

Vice Chairman Representative Jim Schmidt: We have an updated amendment for Mouse River.

Mr. Kadrmas: Passes out **attachment 6** and begins to present.

(1:34:35) Chairman Representative David Monson: This is renewing our agreement and spells out what we have already given.

Vice Chairman Representative Jim Schmidt: It was just brought to my attention with regards to the line of credit.

Representative Mike Nathe: It has to do with striking out some language and adds an interest rate to ND entities.

Vice Chairman Representative Jim Schmidt: We try not to use that ever. This is because there are a number of projects including the Fargo Diversion and we did not want to hold money. We took a number of those projects that wanted funding and we established a line of credit and never had to use it.

Representative Mike Nathe: It strikes out the verbiage of 1.5% and may not exceed 3% and adds the prevailing rate that will be charged.

Chairman Representative David Monson: I think that is roughly 4%.

(1:37:55) Kylee Merkel: It is 1.5% over live-more. We are cleaning them up to match that. That has a 3% cap and you want the 1.5% over the prevailing rate.

Mr. Kadrmas: Right now it is 2.79%. The language only allows them 3%, so they lose 1.3%.

Ms. Merkel: It is 3.99% currently.

Chairman Representative David Monson: It is capped at 3% and you want to get rid of the cap.

Ms. Merkel: Correct. The other lines of credit we are referencing were being changed.

Chairman Representative David Monson: We have seen others flying around at 2%, but we are buying it down on most of these, but it would not be the case here, you would just be shorted. What do we want to do?

(1:40:30) Representative Mike Nathe: Is this a deal breaker?

Vice Chairman Representative Jim Schmidt: It is a safety valve. I do not know that it will be used with the dollar figures we have now. We can take this one up.

Representative Mike Nathe: I do move the amendment and it is seconded by Vice Chairman Representative Jim Schmidt.

Chairman Representative David Monson: Anyone want to see it?

(1:41:50) Voice Vote taken, motion carries.

Vice Chairman Representative Jim Schmidt: We do need the emergency clause.

Mr. Kadrmas: The amendment that has the $13M includes the emergency clause and it will be put into the master amendment.

Chairman Representative David Monson: Is everything else done?

Vice Chairman Representative Jim Schmidt: I have nothing more to add.

Representative Mike Schatz: What about the increase to SWC board member number?

Vice Chairman Representative Jim Schmidt: That was a policy bill and the Energy and Natural Resources committee thought it should be in a policy bill. They added it to SB 2139 and we do not need to address that. There was no vehicle to attach it to anything, so that is taken care of.

Chairman Representative David Monson: Any other issues we need to discuss? We are probably ready to go as soon as we get the amendments cleaned up a little.

Vice Chairman Representative Jim Schmidt: We are good other than that.

(1:45:00) Chairman Representative David Monson: I think Chris can put the amendment together. The salary adjustments are automatic in all of our budgets. Closes meeting on SB 2020.

2019 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee – Education and Environment Division
Roughrider Room, State Capitol

SB 2020
4/5/2019
34575

☐ Subcommittee
☐ Conference Committee

Committee Clerk: Parker Oswald

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to provide an appropriation for defraying the expenses of the state water commission.

Minutes: No Attachments

Chairman Representative David Monson: Opens meeting on SB 2020 and the clerk takes the attendance. Our purpose here is to kick out these bills and go over the final amendment. We will be looking at amendment 19.0233.02012.

Vice Chairman Representative Jim Schmidt: Our numbers have not changed, so we do not have to completely go through it all.

Chairman Representative David Monson: If you are content and nothing changed, we do not have to outline the full thing.

(2:30) Vice Chairman Representative Jim Schmidt: We will look at a few things involving the Fargo area flood control item. Claire Ness is here to explain a few things. These sections say what we wanted to.

Chairman Representative David Monson: Yep, those look good and kind of briefly touch on them.

Vice Chairman Representative Jim Schmidt: Begins to outline amendment 19.0233.02012.

(5:10) Representative Mark Sanford: The amendment I had added was crafted by some representatives from Fargo, Grand Forks and the SWC (State Water Commission). There was sufficient input on it.

Vice Chairman Representative Jim Schmidt: Returns to amendment 19.0233.02012. We have an amendment coming that deals with the contingency for the Fargo Moorhead flood diversion and we are trying to tie that to a section that has dollars in it so those items cannot be vetoed. If they veto the contingencies, the money gets vetoed with it.

Chairman Representative David Monson: That'll be written in front of us.

Vice Chairman Representative Jim Schmidt: Those are the discussed amendments. Everything we worked on and discussed is added to these amendments. That is where we are so far. We are still at the $703M, Red River is at $30M of 60-40 cost share and everything is what the committee has discussed.

(9:00) Chairman Representative David Monson: Any questions or need a bit more time?

Representative Mike Schatz: Where was the climate change issue?

Vice Chairman Representative Jim Schmidt: It is in general water and around $1M of state money and $2M in federal. It was not written in during the Senate.

Representative Mike Nathe: We put the emergency clause in there, but why didn't the Senate?

Vice Chairman Representative Jim Schmidt: The problem was that SWC takes until September to get money out, but it is never a guarantee.

Representative Mike Nathe: Has this been on here before?

Chris Kadrmas, LC: Historically, no.

Vice Chairman Representative Jim Schmidt: We are going to try it this time.

(10:50) Chairman Representative David Monson: I do not know if it will get enough votes to pass, but we can try it.

Vice Chairman Representative Jim Schmidt: Moves to approve amendments presented. Seconded by Representative Mike Nathe.

Chairman Representative David Monson: Pending the final amendments, we will further amend on Monday. We are voting on amendment 19.0233.02012 right now and we could actually further amend now too.

Representative Mark Sanford: What is the county boards water issue?

Vice Chairman Representative Jim Schmidt: When it came over from the Senate, they identified the water resource board of $15M in general fund. We work it differently and on dollar figures and not entities. I was told that $9M was for the water resource district in Mandan. We had put $21M and I proposed to take out $9M from conveyance and put it in flood control bucket. We then agreed to add $2M to the $6M for conveyance. I have been told the water resource districts did not want to be in flood control, but in they preferred general funds. I do not think they understand how that works for them and we are actually doing them a benefit.

(14:50) Representative Mark Sanford: If it is not all utilized, they will have access to use more or less of the bucket.

Vice Chairman Representative Jim Schmidt: Correct.

Chairman Representative David Monson: The House provided one-time of $25.9M of outstanding debt. Will you explain exactly what that is?

Vice Chairman Representative Jim Schmidt: The Bank of North Dakota is the one who wanted to increase to 4%, but that is different. This is the loan that costs $7M per biennium and we are paying that off completely.

(16:40) Chairman Representative David Monson: Voice vote taken on approving amendments, motion carries.

Vice Chairman Representative Jim Schmidt: We will further amend on Monday. Moves a do pass as amended.

Mr. Kadrmas: Are we meeting as a division on Monday or just full appropriations? We can hold on as just approved amendments and vote Monday.

Vice Chairman Representative Jim Schmidt: I rescind my motion of a do pass until Monday.

(19:00) Chairman Representative David Monson: Closes meeting on SB 2020.

2019 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee – Education and Environment Division
Roughrider Room, State Capitol

SB 2020
4/8/2019
34585

☐ Subcommittee
☐ Conference Committee

Committee Clerk: Parker Oswald

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to provide an appropriation for defraying the expenses of the state water commission.

Minutes: No Attachments

Chairman Representative David Monson: Opens meeting on SB 2020 with amendment 19.0233.02016.

Vice Chairman Representative Jim Schmidt: Instead of having a separate amendment by itself, we have included the criteria for the Fargo diversion project.

Chairman Representative David Monson: We approved the amendment without this section, so we will have to further amend and adopt the new one.

Representative Mike Nathe: The addition is section 8 and we have talked a lot about our expectations in the legislature and they are not being met. We talked about putting some strings on the money and this section addresses that. When it comes to Federal, Minnesota and anything else, they all have conditions. This adds our own set. The money may not be used under Plan B unless these are met. The court injunction must be removed, congressional impact, state engineer gives approval and Minnesota must be approving. This was my reasoning on why I wanted to go down the road and build support for the project.

(3:10) Chairman Representative David Monson: Minnesota state legislature appropriates funds for the project, which has always been kind of a promise and their bill now says they are putting that money into Moorhead and other places. Does that mean that actual dollars have to be given?

Representative Mike Nathe: That would mean they have to appropriate real dollars because MN is paying 2% and getting 20% of the protection.

Chairman Representative David Monson: I agree, but this alone could stop the whole project.

Chris Kadrmas, LC: I could not speak to that legally if it would prevent it from going forward or not, but it would depend on how the Moorhead portion is a part of this.

Representative Mike Nathe: We are pushing them into the game harder.

Vice Chairman Representative Jim Schmidt: The water topics we are talking about for 4 years have gone from $0 to $86M from MN and the sources and destinations of the MN money have changed so much. Putting pressure on them to do something is appropriate and it is time to do that.

(6:30) Representative Tracy Boe: Do we have a definition in code for what Plan B is?

Vice Chairman Representative Jim Schmidt: We do not.

Representative Tracy Boe: Do we have to in order to refer to that.

Chairman Representative David Monson: I think that would be a good thing.

Vice Chairman Representative Jim Schmidt: We do not have technical recognition of what Plan B is.

Chairman Representative David Monson: That does not hold water.

Vice Chairman Representative Jim Schmidt: There may need to be an addition to of how to describe Plan B.

(7:50) Chairman Representative David Monson: We can probably put something in because it is in the minutes and notes.

Mr. Kadrmas: The FM (Fargo Moorhead) Diversion or any project on flood control like that has not actually ever been defined.

Vice Chairman Representative Jim Schmidt: There is the interior, the ditch and the dam. This pertains to the $66.5M. They can proceed with some construction and work that is allowed by the courts, but we may need more definition if we proceed.

Chairman Representative David Monson: I do not think we need something huge to define this.

Representative Mark Sanford: Would this not be something the SWC (State Water Commission) would have to approve with parameters?

Chairman Representative David Monson: I think it is up to us to define it before them. We do not have to identify too extensively because we have had it defined and outlined a lot.

Vice Chairman Representative Jim Schmidt: The section outlines where it can be used, but it says they cannot spend it on things outlined in Plan B and under injunction.

(11:20) Mr. Kadrmas: One of the options could be stated as anything related to Plan B for which a MN permit has been received.

Chairman Representative David Monson: Okay.

Representative Tracy Boe: It was not my intention to muddy up the water, so if Claire Ness says it is not needed, then that is fine.

Chairman Representative David Monson: Let's move on. Does everything check out?

Vice Chairman Representative Jim Schmidt: We were good with the whole bill besides the addition of the new section, so yes.

Chairman Representative David Monson: This is the newest amendment.

(13:05) Vice Chairman Representative Jim Schmidt: Do we want to move until we talk with Claire?

Chairman Representative David Monson: I think we do because we can always mess with it later.

Vice Chairman Representative Jim Schmidt: If we are going to go with the expectation that we will have section 8 cleaned up in full committee.

Chairman Representative David Monson: You can add that to the motion too.

Vice Chairman Representative Jim Schmidt: Makes a motion to further amend and adopt amendment. Seconded by Representative Tracy Boe. Voice Vote, motion carries.

Chairman Representative David Monson: We now have the amended by before us and the clarification on Plan B will be added.

(15:15) Vice Chairman Representative Jim Schmidt: Moves a do pass as amended, seconded by Representative Tracy Boe. Motion carries with 7 yeas, 0 nays and 0 absent. Vice Chairman Representative Jim Schmidt will carry.

(16:25) Chairman Representative David Monson: Closes meeting on SB 2020.

2019 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee
Roughrider Room, State Capitol

SB 2020
4/8/2019
34594

☐ Subcommittee
☐ Conference Committee

Committee Clerk: Risa Bergquist and Parker Oswald

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to provide an appropriation for defraying the expenses of the state water commission

Minutes: Attachment 1

Chairman Delzer: Opens meeting on SB 2020 and the clerk takes attendance.

Representative Schmidt: We will be working off amendment 19.0233.02016. Begins to present the Statement of Purpose of Amendments (SPA) on **page 4 or amendment 19.0233.02016**.

(4:55) Chairman Delzer: That is actually pipe in the reservoir and that is not the Biota transfer?

Representative Schmidt: That is correct. Begins to present **attachment 1**.

(9:40) Chairman Delzer: Are these in priority from top to bottom?

Representative Schmidt: Yes, they are.

Chairman Delzer: So Stutsman Rural Water is number 1?

Representative Schmidt: Correct. We are trying to get some of these smaller communities to hook onto rural water and stay away from having their own system. The City of Benedict is the same scenario with a degrading water line system. This project is actually less than the amount on **attachment 1**. That is what we will buy for the money. I would think we could get down to that the $40M line on **attachment 1**.

(11:45) Representative J. Nelson: I see there is a replacement of glued joint lines, is that cost share of 75-25 going to be used?

Representative Schmidt: State Water Commission (SWC) is 75-25 for rural, I would think that is what they would use.

Chairman Delzer: You think the furthest you could get would be Velva highway 52 project?

Representative Schmidt: I am thinking so. Some of these numbers may change, but I am hoping we can get down to those bottom ones.

(12:45) Representative J. Nelson: The 75-25 cost share is for expansion and this is for the replacement of existing lines. The more legendary systems in the state are glued lines and they are getting old. There are billions of dollars of glued joint lines that will need to be replaced. I think we should consider a different cost share for that.

Representative Schmidt: I agree. We did not get into that; it was for the state water commission to deal with that.

Chairman Delzer: You might want to try bringing that up in the next biennium.

Representative J. Nelson: I would be happy to work on that.

(15:00) Representative Brandenburg: We've been waiting for water for about 4 years and we are on the west side of that district, but they always start on the east side of the valley.

Representative Boe: If a project on here would be ready before any of the high priority ones, it would be able to start sooner.

Representative Schmidt: We are not specifically funding projects with what we have and there is a priority.

Chairman Delzer: I don't think we want to get into setting the priorities for them. Should we be looking at a different share? We could look at further amending.

Representative Schmidt: I am not sure about that.

(18:20) Dave Laschkewitsch: I am not entirely sure of the question at hand.

Chairman Delzer: Is there a different cost share for new and expanded compared to replacement or maintenance?

Mr. Laschkewitsch: Yes, we do not pay for maintenance. There's a gray area because is this new construction or maintenance of an existing line. We know it is not new construction, but is it so severely damaged that it could be considered a new line. Historically, we do not pay for maintenance and this pipe is probably considered maintenance.

Representative Schmidt: Some of that pipe is near its life expectancy.

Chairman Delzer: You are not going to pay for everyone to get new piping in the ground.

Representative Schmidt: I don't think we should at this time, I think they have handled it in their policy.

Representative Boe: So it is in policy that they don't pay maintenance; how did this end up on the list?

Mr. Laschkewitsch: The SWC sends out a request to all water entities asking what they have for potential projects and this list would be a summation of them.

Chairman Delzer: We can put on record that we don't want to pay for maintenance.

(21:40) Representative J. Nelson: I would hope that it is a different cost share than a new construction project. This issue is only going to grow and I am very comfortable with that definition being refined over time to include this.

Representative Kempenich: Are they charging enough to cover their maintenance? Is there anybody that sits down with them?

Mr. Laschkewitsch: The SWC does not set guidance for these independent systems.

Chairman Delzer: There's nothing in code that says how much they should be putting away?

(23:55) Representative Schmidt: Those are the dollar figures that we have under the statement of purpose. Returns to the amendment on the bottom of page 1.

Representative Beadle: Why do we distinguish between the Mouse River and the Red River flexibility, but we didn't do that for the others.

Representative Schmidt: That was the decision of the committee to do it that way.

Representative Beadle: The committee felt that that Mouse River deserves that flexibility?

Representative Schmidt: The Mouse River was set at that $193M over a set number of biennia and did not set how much would go there at one specific time. In Fargo, it was set at $66.5M. We have the Mouse River flexibility to increase it and it can fluctuate through the biennia. They may get $10M, where Fargo is set at $66.5M. Section 6 is $593M and is distinguished for the flood control projects and can designate where that money can go. Section 7 is the carry over dollars, which is $308M and that is a hard number to come up with because we still have some of the biennium to go. Section 9 involves downstream impacts. Section 8 we just added this morning and involves the criteria we would like them to follow.

Representative Nathe: This a condition out of appropriations for the $66.5M and you can see what can be carried out and what cannot under Plan B. Every other entity has strings on their money including the federal government and the Minnesota government. We wanted conditions on what we wanted them to do and none of this can be done until these are met.

(29:40) Chairman Delzer: Do we have a full definition of Plan B?

Representative Nathe: That was discussed and right now we feel we do not need a full definition because it is understood.

Chairman Delzer: The Congress and MN state appropriating funds; is it a dollar per dollar match?

Representative Nathe: The Minnesota bill is $39M. Minnesota is paying for 2% of the cost and they get 20% of the protection, so we want to make sure we get threat money.

Chairman Delzer: If they give $1, does that satisfy the conditions? It does not say anything about how much.

Representative Nathe: If they give the $39M. I guess the appropriate number would be how it pertains to Plan B.

Representative Schmidt: At one point in time they were giving nothing, now they are at $86M and it is cut in half, there are two different bills. Part of the money was going to a project that has nothing to do with the diversion and was going to be built by them anyway and the other amount was to protect Moorhead.

(32:05) Chairman Delzer: Are you trying to say they are to come up with the whole $39M or does a part of that money satisfy that?

Representative Nathe: The whole $39M.

Chairman Delzer: In the past, a $5M amount was given and it triggered the conditions at that point. We need to list out exactly what we are thinking or this is a loophole.

Representative Beadle: While we are on this, giving Minnesota the veto power over FM flood control is not ideal. If we look at how we budget the funds, they are never given out fully with a large cardboard check and they are trickled out when they can actually be spent.

Chairman Delzer: I think MN and the feds should have a percentage.

Representative Beadle: We are giving other people that veto power that we have no control over. These people have already held up our projects and driven the cost up over a billion dollars. The injunction on the permits should be lifted soon and we are adding an unfair burden to who protects our citizens.

Representative Boe: I think you'd find a little more comfort in the 5 bullets that outline the exceptions of what they can work on without these.

(35:30) Representative Beadle: What I am looking at is if we get the permits, we are looking at being able to break ground in the spring of 2020 and we do not want any more hold ups on this. Restriction can cause more problems for us on there.

Representative Schmidt: There are 3 parts to this project; the interior done by Fargo and the state, the ditch done by Fargo and P3 (public private partnership) and the dam and that is done 95% by the Corps of Engineers, 2.5% from Fargo and 2.5% from the state. We wanted the interior done first. If the feds come through with their money every now and then, the dam will be done significantly later than everything else. Is it going to be effective flood control if we only have 1 leg of the three leg project? We are trying to build them all at the same time. Section 10 deals with downstream impact from the Fargo diversion project. This was worked with by representatives from Fargo, Grand Forks and the Office of the State Engineer. This would protect the downstream areas from any added impacts.

Chairman Delzer: From impact that would make their levee system not effective?

Representative Schmidt: Correct. Section 11 is for the Mouse River and that was just requested to outline so we don't lose track on the remaining funding. Section 12 is the red river water supply and is $13M out of the $30M grant. Section 13 is the legislative intent, we said $30M, the senate said $50M. The $30M is from the executive branch. It is outlined at 60-40 cost share and the Senate said 80-20. SWC policy is 75-25 for rural projects. Policy for communities is 60-40 and this is a secondary supply for Fargo and municipalities.

(41:00) Chairman Delzer: There's certainly not going to be any one time users that would be coming off that pipe. It will be strictly municipalities that tie onto that.

Representative Schmidt: It was planned to have 3 different spigots to come off of that. One assists Jamestown and that may no longer be a part of the plan. Section 15 is the emergency clause. We are kind of dependent on the emergency clause for the Red River $13M. We seem to have an issue from the time the session ends until the SWC meets, that we lose a full work season and cannot allocate the funds. Those are the amendments to this bill.

Representative J. Nelson: On section 8, we shouldn't expect 100% of those funds, but we also shouldn't have had the $5M trigger a response last time because it was such a miniscule amount of the overall total. I think there should level of compromise there like significance and there should be some idea of a shared responsibility.

Representative Schmidt: There were 2 projects back when we funded this, there was the interior for $120M and was 50%. The other was $450M for the diversion and was 50% of the local share. What we said was that the $120M could be combined with the $450M when a federal commitment was met. They came forward with $5M. We said it was not a commitment and that they needed to sign an obligation document.

(45:35) Representative Nathe: That's why I brought this amendment, I think we need to make sure that our state is protected. We all have expectations of what we want to get done.

Representative J. Nelson: I agree. Does $1 trigger this appropriation? It is open ended enough that it will cause problems.

Representative Nathe: I wouldn't have a problem with that at all.

Chairman Delzer: I don't necessarily think we need tit to be the full $39M, but we could have this discussion in conference committee and it should be a percentage amount.

Representative J. Nelson: I am not saying it should be the full $39M because we cannot expect it to be fully appropriated right away.

Chairman Delzer: That is currently in their budget bill.

Representative Nathe: We have been monitoring their bonding bills and they are paying 2% of the project for 20% of the protection.

Representative Schmidt: We had brief discussions on making that a percentage.

(48:45) Representative Kempenich: We were looking to put benchmarks on this and set specifics on this. It has to be a viable project and hinged on which benchmarks are getting hit.

Chairman Delzer: The biggest problem with combining those dollars is the interior flood protection does not get done.

Representative Beadle: We are putting the North Dakota citizens as the chips to hold MN to the fire. Minnesota has already spent $140M towards flood protection. We are holding more water inside in this process, so both sides have to build up.

Representative Boe: We are not the ones that put them in this position.

(51:25) Representative Schmidt: I move to adopt the final amendment. Seconded by Representative Monson.

Chairman Delzer: Voice vote taken, motion carries.

Chairman Delzer: Are there any further amendments? Can you walk us through the sections of the bill?

Representative Schmidt: There is $75M in a line of credit from the bureau of reclamation for a NAWS (Northwestern Area Water Supply) treatment plant.

Chairman Delzer: Section 3 is the carry over for water projects?

Representative Schmidt: Correct. Section 4 for additional income approval. During the veto process, that is what the Senate felt was adequate.

Chairman Delzer: That adequately addresses that so it can be done?

Representative Schmidt: As far as we know. The $703M is in section 8.

Chairman Delzer: That is section 5. Section 6 is water supply intent changing that from $50M to $30M. Are you changing the management and budget section approval?

Representative Schmidt: No, we are not. The only thing we changed was the $50M to $30M and the 80-20 cost share to 60-40. The Senate did not have the $13M from the grant.

Chairman Delzer: Where was the Senate's 80-20?

Chris Kadrmas, LC: It is on page 3, line 13.

Chairman Delzer: Are we adjusting that or leaving it?

Mr. Kadrmas: The amendment overstrikes that and rewrites it.

(57:00) Representative Beadle: The $703M is the state portion for the Fargo flood control project. Looking back at the intent of what passed last session, the costs have gone up, we have had to change from Plan A to Plan B and we have to meet the needs of the upstream coalition and Minnesota. The updated costs were outlined last year and we have received over $300M from the federal government. This amendment would increase to the full amount of what we are looking for from the state. The state of ND has lived up to their contribution. This amendment does not quite take the state up to the 50% contribution mark that was agreed upon, it would move the commitment up to over $900M. This amendment only adjusts the intent language and nothing else. **Moves to adopt the amendment. Seconded by Representative Howe.**

Chairman Delzer: I cannot support this. I do not think the state should be expected to cover half because we are already beyond half of the original commitment and I do not think we should be on the hook for that. The discussion will be had every session.

Representative Kempenich: When we put numbers out, who is driving this financial train? Is it want or need on the consistent increases? The intent language is what this does and I do not have a huge problem doing this, but there is no construction done and the intent language is hard to commit to.

(1:01:45) Representative Brandenburg: The increases cost that are going up; is that the cost or the mitigation what is driving that number?

Representative Schmidt: When it started out it was a $1.8B project. The national economic development alternative, which is operated by the Corps, was in MN. MN said we are not going to build that. Then the Corps brought the alternative to the ND side and started working. It was $1.8B and in 2013 it was made at 50% of the local share based on that figure. The state of MN said no and they will not permit it, which led to a lengthy court case. The state of MN outlined 54 criteria that must be met. The injunction is still there and is on part of Plan A and Plan B. The costs have gone up because MN has been restricting our growth.

Representative Beadle: The adjustment from Plan A to Plan B also went up because of the scope and parameters had to change. The interior protection had to be reworked and redone due to the increased flow. About $2.5B is associated with construction and another $200M for contingency costs. That helps create the buffer for overages.

Chairman Delzer: We are already up to 2025?

Representative Schmidt: I think the plan goes to 2027-2029.

Chairman Delzer: I have a real problem trying to tie up future legislators with that. Let's be honest, I do not think we are talking even the correct cost now. The Corps was in here touting this and they said they have never done anything quite like this, but the one that was similar in MN ended up costing double of what the starting price was listed. It is quite a project.

Representative Beadle: We do like to be legendary.

Chairman Delzer: We have a motion to further amend.

(1:06:45) A Roll Call vote was taken. Yea: 3 Nay: 16 Absent: 2

Chairman Delzer: Motion failed. Any further amendments?

Representative Schmidt: Moves a do pass as amended on SB 2020.

Representative Monson: Seconded.

Chairman Delzer: Any discussion?

A Roll Call vote was taken. Yea: 17 Nay: 1 Absent: 3

Representative Schmidt: Will carry.

Prepared by the Legislative Council staff for
the House Appropriations - Education and
Environment Division Committee
April 3, 2019

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2020

Page 1, line 5, replace the first "and" with "to provide conditions on appropriations;"

Page 1, line 5, replace "a statement" with "statements"

Page 1, line 5, after "intent" insert "; and to declare an emergency"

Page 1, line 10, replace "biennium" with "period"

Page 1, line 10, replace "July 1, 2019" with "with the effective date of this Act"

Page 1, replace lines 14 through 24 with:

"Salaries and wages	$19,659,298	$172,688	$19,831,986
Operating expenses	58,044,691	11,711,062	69,755,753
Capital assets	124,819,442	56,119,316	180,938,758
Project carryover	274,867,897	33,465,921	308,333,818
New projects	169,782,147	(169,782,147)	0
Water supply - grants	0	128,000,000	128,000,000
Rural water supply - grants	0	37,200,000	37,200,000
Fargo area flood control including the Fargo Moorhead diversion	0	66,500,000	66,500,000
Mouse River flood control	0	82,500,000	82,500,000
Flood control projects other than Fargo area flood control including the Fargo Moorhead diversion	0	48,000,000	48,000,000
General water - grants	0	27,093,776	27,093,776
Total special funds	$647,173,475	$320,980,616	$968,154,091
Full-time equivalent positions	93.00	(3.00)	90.00"

Page 2, replace lines 6 and 7 with:

"Line of credit - Bank of North Dakota	$75,000,000	$75,000,000
Payoff of outstanding debt	0	25,900,000
Total special funds	$75,000,000	$100,900,000"

Page 2, line 11, replace "biennium" with "period"

Page 2, line 11, replace "July 1, 2019" with "with the effective date of this Act"

Page 2, line 14, replace "and new projects" with ", water supply - grants, rural water supply - grants, Fargo area flood control including the Fargo Moorhead diversion, Mouse River flood control, flood control projects other than Fargo area flood control including the Fargo Moorhead diversion, and general water - grants"

Page 2, after line 29, insert:

"SECTION 5. CONDITION ON FARGO AREA FLOOD CONTROL LINE ITEM. The $66,500,000 appropriated to the state water commission for Fargo area flood control including the Fargo Moorhead diversion in section 1 of this Act for the period beginning with the effective date of this Act, and ending June 30, 2021, may be used

only for Fargo area flood control projects including the Fargo Moorhead area diversion, and the appropriation of those funds is conditioned on having no other funds appropriated in section 1 being expended on Fargo area flood control including the Fargo Moorhead diversion. This condition does not prohibit the use of funds appropriated for project carryover in section 1 of this Act for Fargo area flood control projects, subject to section 7 of this Act.

SECTION 6. CONDITION ON OTHER SECTION 1 LINE ITEMS. The $593,320,273 appropriated to the state water commission for salaries and wages, operating expenses, capital assets, water supply - grants, rural water supply - grants, Mouse River flood control, flood control projects other than Fargo area flood control including the Fargo Moorhead diversion, and general water - grants in section 1 of this Act for the period beginning with the effective date of this Act, and ending June 30, 2021, may be used only for salaries and wages, operating expenses, capital assets, water supply - grants, rural water supply - grants, Mouse River flood control, flood control projects other than Fargo area flood control including the Fargo Moorhead diversion, and general water - grants, respectively, and the appropriation of those funds is conditioned on the funds not being expended on Fargo area flood control projects including the Fargo Moorhead diversion.

SECTION 7. CONDITION ON PROJECT CARRYOVER FUNDS. The $308,333,818 appropriated to the state water commission for project carryover in section 1 of this Act for the period beginning with the effective date of this Act, and ending June 30, 2021, may be used only for project carryover, and the appropriation of those funds is conditioned on having no more than the amount the state water commission approved for Fargo area flood control including the Fargo Moorhead diversion by April 1, 2019, expended from the project carryover funds on Fargo area flood control including the Fargo Moorhead diversion."

Page 3, replace lines 7 through 16 with:

"SECTION 9. FARGO FLOOD CONTROL PROJECT DOWNSTREAM IMPACT MITIGATION. The Fargo-Moorhead metropolitan flood risk management project operations may not cause a downstream federal emergency management agency accredited flood protection system in North Dakota to lose its accreditation. The metropolitan flood diversion authority shall take reasonable measures to mitigate downstream impacts to accredited flood protection systems, existing as of April 1, 2019, located in North Dakota bordering the Red River resulting from the operations of the Fargo Moorhead diversion. For purposes of this section, negative downstream impacts to accredited flood protection systems are caused when the water surface profile passing through such systems is raised by more than one-tenth of one foot for the one hundred year event or when the ability of the accredited flood protection system to protect against a two hundred year or five hundred year event is compromised. The metropolitan flood diversion authority shall collaborate with the state engineer and accredited flood protection systems in North Dakota to implement this requirement.

SECTION 10. LEGISLATIVE INTENT - MOUSE RIVER FLOOD CONTROL PROJECT FUNDING. Except for funding provided during bienniums prior to the 2017-19 biennium, it is the intent of the sixty-sixth legislative assembly that the state provide no more than $193,000,000 of state funding for Mouse River flood control projects within the city limits of Minot. It is the intent of the sixty-sixth legislative assembly that the $193,000,000 be made available during the 2017-19, 2019-21, 2021-23, and 2023-25 bienniums. It is the intent of the sixty-sixth legislative assembly

that of the $193,000,000, the state provide $57,713,284 during the 2017-19 biennium and that the $135,286,716 yet to be designated by the state for the Mouse River flood control projects, within the city limits of Minot, be provided during the 2019-21, 2021-23, and 2023-25 bienniums.

SECTION 11. LEGISLATIVE INTENT - RED RIVER VALLEY WATER SUPPLY PROJECT - REPORT TO LEGISLATIVE MANAGEMENT - APPLICATION. It is the intent of the sixty-sixth legislative assembly that the state water commission provide, in the form of a grant, up to $13,000,000, to the Garrison Diversion Conservancy District for the Red River valley water supply project, to initiate construction of phase one prioritized project features identified in accordance with subsections 2 and 3 of section 13 of this Act, for the period beginning with the effective date of this Act, and ending June 30, 2021. The Garrison Diversion Conservancy District shall report on a regular basis to the legislative management's water topics overview committee during the 2019-20 interim regarding the progress of the Red River valley water supply project. The provisions of section 12 of this Act do not apply to the funding referenced in this section.

SECTION 12. LEGISLATIVE INTENT - RED RIVER VALLEY WATER SUPPLY PROJECT. It is the intent of the sixty-sixth legislative assembly that the state water commission provide no more than $30,000,000 to the Garrison Diversion Conservancy District for the Red River valley water supply project during the 2019-21 biennium and 2021-23 biennium and that the state funding be provided at a sixty percent state cost-share."

Page 4, after line 27, insert:

"SECTION 15. EMERGENCY. This Act is declared to be an emergency measure."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

Senate Bill No. 2020 - State Water Commission - House Action

	Base Budget	Senate Version	House Changes	House Version
Salaries and wages	$19,659,298	$19,833,131	($1,145)	$19,831,986
Operating expenses	58,044,691	43,855,753	25,900,000	69,755,753
Capital assets	124,819,442	147,938,758	33,000,000	180,938,758
Project carryover	274,867,897	308,333,818		308,333,818
New projects	169,782,147			
Flood control - Grants		145,000,000	(145,000,000)	
General water - Grants		35,255,000	(8,161,224)	27,093,776
Rural water supply - Grants		30,000,000	7,200,000	37,200,000
Water supply - Grants		115,000,000	13,000,000	128,000,000
Fargo area flood control			66,500,000	66,500,000
Mouse River flood control			82,500,000	82,500,000
Other flood control projects			48,000,000	48,000,000
Total all funds	$647,173,475	$845,216,460	$122,937,631	$968,154,091
Less estimated income	647,173,475	845,216,460	122,937,631	968,154,091
General fund	$0	$0	$0	$0
FTE	93.00	90.00	0.00	90.00

Department 770 - State Water Commission - Detail of House Changes

	Adjusts Funding for Salary Increases[1]	Adds Funding for Capital Assets[2]	Adds Funding for Water Supply - Grants[3]	Adds Funding for Rural Water Supply - Grants[4]	Removes Flood Control - Grants Line Item[5]	Adds Funding for Fargo Area Flood Control Including the Fargo Moorhead Diversion[6]
Salaries and wages	($1,145)					
Operating expenses						
Capital assets		$33,000,000				
Project carryover						
New projects						
Flood control - Grants					($145,000,000)	
General water - Grants						
Rural water supply - Grants				$7,200,000		
Water supply - Grants			$13,000,000			
Fargo area flood control						$66,500,000
Mouse River flood control						
Other flood control projects						
Total all funds	($1,145)	$33,000,000	$13,000,000	$7,200,000	($145,000,000)	$66,500,000
Less estimated income	(1,145)	33,000,000	13,000,000	7,200,000	(145,000,000)	66,500,000
General fund	$0	$0	$0	$0	$0	$0
FTE	0.00	0.00	0.00	0.00	0.00	0.00

	Adds Funding for Mouse River Flood Control[7]	Adds Funding for Other Flood Control Projects[8]	Reduces Funding for General Water - Grants[9]	Adds Funding to Payoff Outstanding Debt[10]	Total House Changes
Salaries and wages					($1,145)
Operating expenses				$25,900,000	25,900,000
Capital assets					33,000,000
Project carryover					
New projects					
Flood control - Grants					(145,000,000)
General water - Grants			($8,161,224)		(8,161,224)
Rural water supply - Grants					7,200,000
Water supply - Grants					13,000,000
Fargo area flood control					66,500,000
Mouse River flood control	$82,500,000				82,500,000
Other flood control projects		$48,000,000			48,000,000
Total all funds	$82,500,000	$48,000,000	($8,161,224)	$25,900,000	$122,937,631
Less estimated income	82,500,000	48,000,000	(8,161,224)	25,900,000	122,937,631
General fund	$0	$0	$0	$0	$0
FTE	0.00	0.00	0.00	0.00	0.00

[1] Funding is added to provide for employee salary increases of 2 percent on July 1, 2019, with a minimum monthly increase of $120 and a maximum monthly increase of $200, and an increase of 2.5 percent on July 1, 2020. The Senate provided funding for salary increases of 2 percent on July 1, 2019, and 3 percent on July 1, 2020.

[2] The House increased capital assets by $33 million to provide additional funding for state-owned water projects within the capital assets line item to provide total capital assets funding of $180,938,758. The Senate version included capital assets of $147,938,758.

[3] The House increased water supply - grants by $13 million to provide additional funding for municipal water supply projects to provide a total of $128 million in the water supply - grants line item. The Senate version included capital assets of $115 million.

[4] The House increased rural water supply - grants by $7.2 million to provide additional funding for rural water supply projects to provide a total of $37.2 million in the rural water supply - grants line item. The Senate version included capital assets of $30 million.

[5] The House removed the flood control - grants line item to specifically identify funding for flood control projects. The Senate version included $145 million in the flood control - grants line item.

[6] The House identified $66.5 million in funding for the Fargo area flood control, including the Fargo Moorhead diversion. The Senate version included funding for Fargo area flood control in the flood control - grants line item.

[7] The House identified $82.5 million in funding for the Mouse River flood control project. The Senate version included funding for Mouse River flood control in the flood control - grants line item.

[8] The House identified $48 million in funding for flood control projects other than Fargo area flood control, including the Fargo Moorhead diversion. The Senate version included funding for other flood control projects in the flood control - grants line item.

[9] The House identified $27,093,776 in funding for general water projects. The Senate version included $35,255,000 of funding for the general water - grants line item.

[10] The House provided one-time funding of $25,900,000 in the operating expenses line item to pay off outstanding debt of the State Water Commission. The Senate version did not include this item.

This amendment also:

- Applies conditions on the Fargo area flood control, including the Fargo Moorhead diversion line item, to identify the $66.5 million appropriated to the State Water Commission in the Fargo area flood control including the Fargo Moorhead diversion line item of the bill, is to be used only for Fargo area flood control, including the Fargo Moorhead diversion, and the appropriation of those funds is conditioned on having no other funds appropriated in Section 1 of the bill being expended on Fargo area flood control, including the Fargo Moorhead diversion. The condition does not prohibit the use of funds appropriated for project carryover for Fargo area flood control projects. The Senate version did not include this section.
- Applies conditions on other Section 1 line items to identify $593,320,273 appropriated to the State Water Commission for salaries and wages, operating expenses, capital assets, water supply - grants, rural water supply - grants, Mouse River flood control, flood control projects other than Fargo area flood control including the Fargo Moorhead diversion, and general water - grants, may be used only for these purposes, and the appropriation of these funds are conditioned on the funds not being expended on Fargo area flood control projects including the Fargo Moorhead diversion. The Senate version did not include this section.
- Applies conditions on project carryover funds to identify $308,333,818 appropriated to the State Water Commission for project carryover and provides that the funds may be used only for project carryover. The appropriation of these funds is conditioned on having no more than the amount the State Water Commission approved for Fargo area flood control including the Fargo Moorhead diversion by April 1, 2019, expended from the project carryover funds on Fargo area flood control including the Fargo Moorhead diversion. The Senate version did not include this section.
- Provides that the Fargo flood control project must not cause a downstream Federal Emergency Management Agency certified flood protection system in North Dakota to lose certification and requires the Fargo Moorhead Diversion Authority to take reasonable measures to mitigate downstream impacts to currently certified flood protection systems in North Dakota bordering the Red River resulting from the operations of the Fargo flood control project.
- Provides legislative intent that the state provide no more than $193 million of state funding for Mouse River flood control projects within the city limits of Minot during the 2017-19, 2019-21, 2021-23, and 2023-25 bienniums and that the state provided $57,713,284 during the 2017-19 biennium, and the remaining to be designated over the 2019-21, 2021-23, and 2023-25 bienniums. The Senate version did not include this section.
- Provides legislative intent that the State Water Commission provide, in the form of a grant, up to $13 million to the Garrison Diversion Conservancy District for the Red River Valley Water Supply Project, to initiate construction of Phase I prioritized project features, to the Garrison Diversion Conservancy District for the Red River Valley Water Supply Project during the 2019-21 biennium. The Senate version did not include this section.
- Provides legislative intent that the State Water Commission provide, in the form of a grant, up to $30 million to the Garrison Diversion Conservancy District for the Red River Valley Water Supply Project during the 2019-21 biennium and that the State Water Commission provide state funding at a 60 percent state cost-share after June 30, 2021. The Senate version provided for a grant up to $50 million to the Garrison Diversion Conservancy District for the Red River Valley Water Supply Project during the 2019-21 biennium and that the State Water Commission provide state funding at an 80 percent state cost-share after June 30, 2021.
- Declares the bill to be an emergency measure. The Senate version did not include this section.

DB 4/8/19
1 of 6

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Fiscal No. 3

Prepared by the Legislative Council staff for
Representative Schmidt
April 8, 2019

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2020

Page 1, line 5, replace "and" with "to provide conditions on appropriations;"

Page 1, line 5, replace "a statement" with "statements"

Page 1, line 5, after "intent" insert "; and to declare an emergency"

Page 1, line 10, replace "biennium" with "period"

Page 1, line 10, replace "July 1, 2019" with "with the effective date of this Act"

Page 1, replace lines 14 through 24 with:

"Salaries and wages	$19,659,298	$172,688	$19,831,986
Operating expenses	58,044,691	11,711,062	69,755,753
Capital assets	124,819,442	56,119,316	180,938,758
Project carryover	274,867,897	33,465,921	308,333,818
New projects	169,782,147	(169,782,147)	0
Water supply - grants	0	128,000,000	128,000,000
Rural water supply - grants	0	37,200,000	37,200,000
Fargo area flood control including the Fargo Moorhead diversion	0	66,500,000	66,500,000
Mouse River flood control	0	82,500,000	82,500,000
Flood control projects other than Fargo area flood control including the Fargo Moorhead diversion	0	48,000,000	48,000,000
General water - grants	0	27,093,776	27,093,776
Total special funds	$647,173,475	$320,980,616	$968,154,091
Full-time equivalent positions	93.00	(3.00)	90.00"

Page 2, replace lines 6 and 7 with:

"Line of credit - Bank of North Dakota	$75,000,000	$75,000,000
Payoff of outstanding debt	0	25,900,000
Total special funds	$75,000,000	$100,900,000"

Page 2, line 11, replace "biennium" with "period"

Page 2, line 11, replace "July 1, 2019" with "with the effective date of this Act"

Page 2, line 14, replace "and new projects" with ", water supply - grants, rural water supply - grants, Fargo area flood control including the Fargo Moorhead diversion, Mouse River flood control, flood control projects other than Fargo area flood control including the Fargo Moorhead diversion, and general water - grants"

Page 2, after line 29, insert:

"SECTION 5. CONDITION ON FARGO AREA FLOOD CONTROL LINE ITEM. The $66,500,000 appropriated to the state water commission for Fargo area flood control including the Fargo Moorhead diversion in section 1 of this Act for the period beginning with the effective date of this Act, and ending June 30, 2021, may be used only for Fargo area flood control projects including the Fargo Moorhead area diversion,

and the appropriation of those funds is conditioned on having no other funds appropriated in section 1 being expended on Fargo area flood control including the Fargo Moorhead diversion. This condition does not prohibit the use of funds appropriated for project carryover in section 1 of this Act for Fargo area flood control projects, subject to section 7 of this Act.

SECTION 6. CONDITION ON OTHER SECTION 1 LINE ITEMS. The $593,320,273 appropriated to the state water commission for salaries and wages, operating expenses, capital assets, water supply - grants, rural water supply - grants, Mouse River flood control, flood control projects other than Fargo area flood control including the Fargo Moorhead diversion, and general water - grants in section 1 of this Act for the period beginning with the effective date of this Act, and ending June 30, 2021, may be used only for salaries and wages, operating expenses, capital assets, water supply - grants, rural water supply - grants, Mouse River flood control, flood control projects other than Fargo area flood control including the Fargo Moorhead diversion, and general water - grants, respectively, and the appropriation of those funds is conditioned on the funds not being expended on Fargo area flood control projects including the Fargo Moorhead diversion.

SECTION 7. CONDITION ON PROJECT CARRYOVER FUNDS. The $308,333,818 appropriated to the state water commission for project carryover in section 1 of this Act for the period beginning with the effective date of this Act, and ending June 30, 2021, may be used only for project carryover, and the appropriation of those funds is conditioned on having no more than the amount the state water commission approved for Fargo area flood control including the Fargo Moorhead diversion by April 1, 2019, expended from the project carryover funds on Fargo area flood control including the Fargo Moorhead diversion.

SECTION 8. CONDITION ON APPROPRIATIONS. The $66,500,000 appropriated to the state water commission for Fargo area flood control including the Fargo Moorhead diversion in section 1 of this Act and the amount the state water commission approved for Fargo area flood control including the Fargo Moorhead diversion by April 1, 2019, which amount is included in project carryover funds appropriated in section 1 of this Act, may not be used for any work under Plan B for the Fargo Moorhead diversion project; except for constructing or repairing levees and dikes and purchasing land, easements, and options or rights of first refusal to purchase land, necessary for flood control; until:

1. The federal court injunction on Plan B is modified to allow construction of Plan B to continue;

2. The Congress of the United States appropriates federal funds for construction of Plan B;

3. The state engineer approves the mitigation plan for Plan B;

4. The office of state engineer issues all necessary permits the state engineer requires for Plan B; and

5. The Minnesota state legislature appropriates funds for construction of Plan B."

Page 3, replace lines 7 through 16 with:

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"**SECTION 10. FARGO FLOOD CONTROL PROJECT DOWNSTREAM IMPACT MITIGATION.** The Fargo Moorhead metropolitan flood risk management project operations may not cause a downstream federal emergency management agency accredited flood protection system in North Dakota to lose its accreditation. The metropolitan flood diversion authority shall take reasonable measures to mitigate downstream impacts to accredited flood protection systems, existing as of April 1, 2019, located in North Dakota bordering the Red River resulting from the operations of the Fargo Moorhead diversion. For purposes of this section, negative downstream impacts to accredited flood protection systems are caused when the water surface profile passing through such systems is raised by more than one-tenth of one foot for the one hundred year event or when the ability of the accredited flood protection system to protect against a two hundred year or five hundred year event is compromised. The metropolitan flood diversion authority shall collaborate with the state engineer and accredited flood protection systems in North Dakota to implement this requirement.

SECTION 11. LEGISLATIVE INTENT - MOUSE RIVER FLOOD CONTROL PROJECT FUNDING. Except for funding provided during bienniums prior to the 2017-19 biennium, it is the intent of the sixty-sixth legislative assembly that the state provide no more than $193,000,000 of state funding for Mouse River flood control projects within the city limits of Minot. It is the intent of the sixty-sixth legislative assembly that the $193,000,000 be made available during the 2017-19, 2019-21, 2021-23, and 2023-25 bienniums. It is the intent of the sixty-sixth legislative assembly that of the $193,000,000, the state provide $57,713,284 during the 2017-19 biennium and that the $135,286,716 yet to be designated by the state for the Mouse River flood control projects, within the city limits of Minot, be provided during the 2019-21, 2021-23, and 2023-25 bienniums.

SECTION 12. LEGISLATIVE INTENT - RED RIVER VALLEY WATER SUPPLY PROJECT - REPORT TO LEGISLATIVE MANAGEMENT - APPLICATION. It is the intent of the sixty-sixth legislative assembly that the state water commission provide, in the form of a grant, up to $13,000,000, to the Garrison Diversion Conservancy District for the Red River valley water supply project, to initiate construction of phase one prioritized project features identified in accordance with subsections 2 and 3 of section 14 of this Act, for the period beginning with the effective date of this Act, and ending June 30, 2021. The Garrison Diversion Conservancy District shall report on a regular basis to the legislative management's water topics overview committee during the 2019-20 interim regarding the progress of the Red River valley water supply project. The provisions of section 13 of this Act do not apply to the funding referenced in this section.

SECTION 13. LEGISLATIVE INTENT - RED RIVER VALLEY WATER SUPPLY PROJECT. It is the intent of the sixty-sixth legislative assembly that the state water commission provide no more than $30,000,000 to the Garrison Diversion Conservancy District for the Red River valley water supply project during the 2019-21 biennium and 2021-23 biennium and that the state funding be provided at a sixty percent state cost-share."

Page 4, after line 27, insert:

"**SECTION 16. EMERGENCY.** This Act is declared to be an emergency measure."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

Senate Bill No. 2020 - State Water Commission - House Action

	Base Budget	Senate Version	House Changes	House Version
Salaries and wages	$19,659,298	$19,833,131	($1,145)	$19,831,986
Operating expenses	58,044,691	43,855,753	25,900,000	69,755,753
Capital assets	124,819,442	147,938,758	33,000,000	180,938,758
Project carryover	274,867,897	308,333,818		308,333,818
New projects	169,782,147			
Flood control - Grants		145,000,000	(145,000,000)	
General water - Grants		35,255,000	(8,161,224)	27,093,776
Rural water supply - Grants		30,000,000	7,200,000	37,200,000
Water supply - Grants		115,000,000	13,000,000	128,000,000
Fargo area flood control			66,500,000	66,500,000
Mouse River flood control			82,500,000	82,500,000
Other flood control projects			48,000,000	48,000,000
Total all funds	$647,173,475	$845,216,460	$122,937,631	$968,154,091
Less estimated income	647,173,475	845,216,460	122,937,631	968,154,091
General fund	$0	$0	$0	$0
FTE	93.00	90.00	0.00	90.00

Department 770 - State Water Commission - Detail of House Changes

	Adjusts Funding for Salary Increases[1]	Adds Funding for Capital Assets[2]	Adds Funding for Water Supply - Grants[3]	Adds Funding for Rural Water Supply - Grants[4]	Removes Flood Control - Grants Line Item[5]	Adds Funding for Fargo Area Flood Control Including the Fargo Moorhead Diversion[6]
Salaries and wages	($1,145)					
Operating expenses						
Capital assets		$33,000,000				
Project carryover						
New projects						
Flood control - Grants					($145,000,000)	
General water - Grants						
Rural water supply - Grants				$7,200,000		
Water supply - Grants			$13,000,000			
Fargo area flood control						$66,500,000
Mouse River flood control						
Other flood control projects						
Total all funds	($1,145)	$33,000,000	$13,000,000	$7,200,000	($145,000,000)	$66,500,000
Less estimated income	(1,145)	33,000,000	13,000,000	7,200,000	(145,000,000)	66,500,000
General fund	$0	$0	$0	$0	$0	$0
FTE	0.00	0.00	0.00	0.00	0.00	0.00

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	Adds Funding for Mouse River Flood Control[7]	Adds Funding for Other Flood Control Projects[8]	Reduces Funding for General Water - Grants[9]	Adds Funding to Payoff Outstanding Debt[10]	Total House Changes
Salaries and wages					($1,145)
Operating expenses				$25,900,000	25,900,000
Capital assets					33,000,000
Project carryover					
New projects					
Flood control - Grants					(145,000,000)
General water - Grants			($8,161,224)		(8,161,224)
Rural water supply - Grants					7,200,000
Water supply - Grants					13,000,000
Fargo area flood control					66,500,000
Mouse River flood control	$82,500,000				82,500,000
Other flood control projects		$48,000,000			48,000,000
Total all funds	$82,500,000	$48,000,000	($8,161,224)	$25,900,000	$122,937,631
Less estimated income	82,500,000	48,000,000	(8,161,224)	25,900,000	122,937,631
General fund	$0	$0	$0	$0	$0
FTE	0.00	0.00	0.00	0.00	0.00

[1] Funding is added to provide for employee salary increases of 2 percent on July 1, 2019, with a minimum monthly increase of $120 and a maximum monthly increase of $200, and an increase of 2.5 percent on July 1, 2020. The Senate provided funding for salary increases of 2 percent on July 1, 2019, and 3 percent on July 1, 2020.

[2] The House increased capital assets by $33 million to provide additional funding for state-owned water projects within the capital assets line item to provide total capital assets funding of $180,938,758. The Senate version included capital assets of $147,938,758.

[3] The House increased water supply - grants by $13 million to provide additional funding for municipal water supply projects to provide a total of $128 million in the water supply - grants line item. The Senate version included capital assets of $115 million.

[4] The House increased rural water supply - grants by $7.2 million to provide additional funding for rural water supply projects to provide a total of $37.2 million in the rural water supply - grants line item. The Senate version included capital assets of $30 million.

[5] The House removed the flood control - grants line item to specifically identify funding for flood control projects. The Senate version included $145 million in the flood control - grants line item.

[6] The House identified $66.5 million in funding for the Fargo area flood control, including the Fargo Moorhead diversion. The Senate version included funding for Fargo area flood control in the flood control - grants line item.

[7] The House identified $82.5 million in funding for the Mouse River flood control project. The Senate version included funding for Mouse River flood control in the flood control - grants line item.

[8] The House identified $48 million in funding for flood control projects other than Fargo area flood control, including the Fargo Moorhead diversion. The Senate version included funding for other flood control projects in the flood control - grants line item.

[9] The House identified $27,093,776 in funding for general water projects. The Senate version included $35,255,000 of funding for the general water - grants line item.

[10] The House provided one-time funding of $25,900,000 in the operating expenses line item to pay off outstanding debt of the State Water Commission. The Senate version did not include this item.

This amendment also:

- Applies conditions on the Fargo area flood control, including the Fargo Moorhead diversion line item, to identify the $66.5 million appropriated to the State Water Commission in the Fargo area flood control including the Fargo Moorhead diversion line item of the bill, is to be used only for Fargo area flood control, including the Fargo Moorhead diversion, and the appropriation of those funds is conditioned on having no other funds appropriated in Section 1 of the bill being expended on Fargo area flood control, including the Fargo Moorhead diversion. The condition does not prohibit the use of funds appropriated for project carryover for Fargo area flood control projects. The Senate version did not include this section.

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- Applies conditions on other Section 1 line items to identify $593,320,273 appropriated to the State Water Commission for salaries and wages, operating expenses, capital assets, water supply - grants, rural water supply - grants, Mouse River flood control, flood control projects other than Fargo area flood control including the Fargo Moorhead diversion, and general water - grants, may be used only for these purposes, and the appropriation of these funds are conditioned on the funds not being expended on Fargo area flood control projects including the Fargo Moorhead diversion. The Senate version did not include this section.
- Applies conditions on project carryover funds to identify $308,333,818 appropriated to the State Water Commission for project carryover and provides that the funds may be used only for project carryover. The appropriation of these funds is conditioned on having no more than the amount the State Water Commission approved for Fargo area flood control including the Fargo Moorhead diversion by April 1, 2019, expended from the project carryover funds on Fargo area flood control including the Fargo Moorhead diversion. The Senate version did not include this section.
- Applies conditions on the Fargo area flood control, including the Fargo Moorhead diversion line item and funds within the project carryover line item, to limit the use of funds allocated to the Fargo Moorhead flood control project until the project has received a federal appropriation, an appropriation from the state of Minnesota, necessary permits from the State Engineer's office, and federal courts have approved construction on plan B of the project.
- Provides that the Fargo flood control project must not cause a downstream Federal Emergency Management Agency certified flood protection system in North Dakota to lose certification and requires the Fargo Moorhead Diversion Authority to take reasonable measures to mitigate downstream impacts to currently certified flood protection systems in North Dakota bordering the Red River resulting from the operations of the Fargo flood control project.
- Provides legislative intent that the state provide no more than $193 million of state funding for Mouse River flood control projects within the city limits of Minot during the 2017-19, 2019-21, 2021-23, and 2023-25 bienniums and that the state provided $57,713,284 during the 2017-19 biennium, and the remaining to be designated over the 2019-21, 2021-23, and 2023-25 bienniums. The Senate version did not include this section.
- Provides legislative intent that the State Water Commission provide, in the form of a grant, up to $13 million to the Garrison Diversion Conservancy District for the Red River Valley Water Supply Project, to initiate construction of Phase I prioritized project features, to the Garrison Diversion Conservancy District for the Red River Valley Water Supply Project during the 2019-21 biennium. The Senate version did not include this section.
- Provides legislative intent that the State Water Commission provide, in the form of a grant, up to $30 million to the Garrison Diversion Conservancy District for the Red River Valley Water Supply Project during the 2019-21 biennium and that the State Water Commission provide state funding at a 60 percent state cost-share after June 30, 2021. The Senate version provided for a grant up to $50 million to the Garrison Diversion Conservancy District for the Red River Valley Water Supply Project during the 2019-21 biennium and that the State Water Commission provide state funding at an 80 percent state cost-share after June 30, 2021.
- Declares the bill to be an emergency measure. The Senate version did not include this section.

Prepared by the Legislative Council staff for
Representative Beadle
April 3, 2019

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2020

Page 3, line 3, replace "$703,000,000" with "$870,000,000"

Page 3, line 4, replace "$332,500,000" with "$499,500,000"

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:
This amendment increases legislative intent for the Fargo flood control project funding by $167 million from $703 million to $870 million.

Date: 4/2/2019
Roll Call Vote #: 1

2019 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. SB 2020

House Appropriations - Education and Environment Division Committee

☐ Subcommittee

Amendment LC# or Description: Add section to change Bank of North Dakota interest language

Recommendation: ☒ Adopt Amendment
☐ Do Pass ☐ Do Not Pass ☐ Without Committee Recommendation
☐ As Amended ☐ Rerefer to Appropriations
☐ Place on Consent Calendar

Other Actions: ☐ Reconsider ☐ _____

Motion Made By Representative Mike Nathe Seconded By Vice Chairman Representative Jim Schmidt

Representatives	Yes	No	Representatives	Yes	No
Chair David Monson			Representative Tracy Boe		
Vice Chair Jim Schmidt					
Representative Bob Martinson					
Representative Mike Nathe					
Representative Mark Sanford					
Representative Mike Schatz					

Total (Yes) Voice Vote - carries No _____

Absent _____

Floor Assignment _____

If the vote is on an amendment, briefly indicate intent: Add an amendment to change the Bank of North Dakota interest language.

Date: 4/5/2019
Roll Call Vote #: 2

2019 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. SB 2020

House Appropriations - Education and Environment Division Committee

☐ Subcommittee

Amendment LC# or Description: Adopt final amendment

Recommendation: ☒ Adopt Amendment
☐ Do Pass ☐ Do Not Pass ☐ Without Committee Recommendation
☐ As Amended ☐ Rerefer to Appropriations
☐ Place on Consent Calendar

Other Actions: ☐ Reconsider ☐ _____

Motion Made By Vice Chairman Representative Jim Schmidt Seconded By Representative Mike Nathe

Representatives	Yes	No	Representatives	Yes	No
Chair David Monson			Representative Tracy Boe		
Vice Chair Jim Schmidt					
Representative Bob Martinson					
Representative Mike Nathe					
Representative Mark Sanford					
Representative Mike Schatz					

Total (Yes) Voice vote - carries No _____

Absent _____

Floor Assignment _____

If the vote is on an amendment, briefly indicate intent: Motion to adopt the final amendment.

Date: 4/8/2019
Roll Call Vote #: 3

2019 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. SB 2020

House Appropriations - Education and Environment Division Committee

☐ Subcommittee

Amendment LC# or Description: Further amend and adopt amendment 0.02016

Recommendation: ☒ Adopt Amendment
☐ Do Pass ☐ Do Not Pass ☐ Without Committee Recommendation
☐ As Amended ☐ Rerefer to Appropriations
☐ Place on Consent Calendar

Other Actions: ☐ Reconsider ☐ _____

Motion Made By Vice Chairman Representative Jim Schmidt Seconded By Representative Tracy Boe

Representatives	Yes	No	Representatives	Yes	No
Chair David Monson			Representative Tracy Boe		
Vice Chair Jim Schmidt					
Representative Bob Martinson					
Representative Mike Nathe					
Representative Mark Sanford					
Representative Mike Schatz					

Total (Yes) Voice vote- carries No _____

Absent _____

Floor Assignment _____

If the vote is on an amendment, briefly indicate intent: Motion to adopt a proposed amendment to section 8 involving conditions relating to Fargo Moorhead diversion and adopting the final amendment.

Date: 4/8/2019
Roll Call Vote #: 4

2019 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. SB 2020

House Appropriations - Education and Environment Division Committee

☐ Subcommittee

Amendment LC# or Description: _____

Recommendation: ☐ Adopt Amendment
☒ Do Pass ☐ Do Not Pass ☐ Without Committee Recommendation
☒ As Amended ☐ Rerefer to Appropriations
☐ Place on Consent Calendar

Other Actions: ☐ Reconsider ☐ _____

Motion Made By Vice Chairman Representative Jim Schmidt Seconded By Representative Tracy Boe

Representatives	Yes	No	Representatives	Yes	No
Chair David Monson	X		Representative Tracy Boe	X	
Vice Chair Jim Schmidt	X				
Representative Bob Martinson	X				
Representative Mike Nathe	X				
Representative Mark Sanford	X				
Representative Mike Schatz	X				

Total (Yes) 7 No 0

Absent 0

Floor Assignment Vice Chairman Representative Jim Schmidt

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

Date: 4/8/2019
Roll Call Vote #: 1

2019 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. SB 2020

House Appropriations Committee

☐ Subcommittee

Amendment LC# or Description: **19.0233.02016**

Recommendation: ☒ Adopt Amendment
☐ Do Pass ☐ Do Not Pass ☐ Without Committee Recommendation
☐ As Amended ☐ Rerefer to Appropriations
☐ Place on Consent Calendar

Other Actions: ☐ Reconsider ☐ _____

Motion Made By **Representative Schmidt** Seconded By **Representative Monson**

Representatives	Yes	No	Representatives	Yes	No
Chairman Delzer					
Representative Kempenich					
Representative Anderson			Representative Schobinger		
Representative Beadle			Representative Vigesaa		
Representative Bellew					
Representative Brandenburg					
Representative Howe			Representative Boe		
Representative Kreidt			Representative Holman		
Representative Martinson			Representative Mock		
Representative Meier					
Representative Monson					
Representative Nathe					
Representative J. Nelson					
Representative Sanford					
Representative Schatz					
Representative Schmidt					

Total (Yes) _____ No _____

Absent _____

Floor Assignment _____

Voice Vote/Motion Carries

Date: 4/8/2019
Roll Call Vote #: 2

2019 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. SB 2020

House Appropriations Committee

☐ Subcommittee

Amendment LC# or Description: **19.0233.02013**

Recommendation: ☒ Adopt Amendment
☐ Do Pass ☐ Do Not Pass ☐ Without Committee Recommendation
☐ As Amended ☐ Rerefer to Appropriations
☐ Place on Consent Calendar

Other Actions: ☐ Reconsider ☐ _____

Motion Made By **Representative Beadle** Seconded By **Representative Howe**

Representatives	Yes	No	Representatives	Yes	No
Chairman Delzer		X			
Representative Kempenich		X			
Representative Anderson		X	Representative Schobinger		X
Representative Beadle	X		Representative Vigesaa		X
Representative Bellew	A				
Representative Brandenburg		X			
Representative Howe	X		Representative Boe		X
Representative Kreidt		X	Representative Holman	X	
Representative Martinson		X	Representative Mock	A	
Representative Meier		X			
Representative Monson		X			
Representative Nathe		X			
Representative J. Nelson		X			
Representative Sanford		X			
Representative Schatz		X			
Representative Schmidt		X			

Total (Yes) 3 No 16

Absent 2

Floor Assignment _____

Motion Fails

Date: 4/8/2019
Roll Call Vote #: 3

2019 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. SB 2016

House Appropriations Committee

☐ Subcommittee

Amendment LC# or Description:

Recommendation: ☐ Adopt Amendment
☒ Do Pass ☐ Do Not Pass ☐ Without Committee Recommendation
☒ As Amended ☐ Rerefer to Appropriations
☐ Place on Consent Calendar

Other Actions: ☐ Reconsider ☐

Motion Made By **Representative Schmidt** Seconded By **Representative Monson**

Representatives	Yes	No	Representatives	Yes	No
Chairman Delzer	X				
Representative Kempenich	X				
Representative Anderson	X		Representative Schobinger	X	
Representative Beadle		X	Representative Vigesaa	X	
Representative Bellew	A				
Representative Brandenburg	A				
Representative Howe	X		Representative Boe	X	
Representative Kreidt	X		Representative Holman	X	
Representative Martinson	X		Representative Mock	A	
Representative Meier	X				
Representative Monson	X				
Representative Nathe	X				
Representative J. Nelson	X				
Representative Sanford	X				
Representative Schatz	X				
Representative Schmidt	X				

Total (Yes) 17 No 1

Absent 3

Floor Assignment **Representative Schmidt**

Motion Carries

REPORT OF STANDING COMMITTEE

SB 2020, as engrossed: Appropriations Committee (Rep. Delzer, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (17 YEAS, 1 NAYS, 3 ABSENT AND NOT VOTING). Engrossed SB 2020 was placed on the Sixth order on the calendar.

Page 1, line 5, replace "and" with "to provide conditions on appropriations;"

Page 1, line 5, replace "a statement" with "statements"

Page 1, line 5, after "intent" insert "; and to declare an emergency"

Page 1, line 10, replace "biennium" with "period"

Page 1, line 10, replace "July 1, 2019" with "with the effective date of this Act"

Page 1, replace lines 14 through 24 with:

"Salaries and wages	$19,659,298	$172,688	$19,831,986
Operating expenses	58,044,691	11,711,062	69,755,753
Capital assets	124,819,442	56,119,316	180,938,758
Project carryover	274,867,897	33,465,921	308,333,818
New projects	169,782,147	(169,782,147)	0
Water supply - grants	0	128,000,000	128,000,000
Rural water supply - grants	0	37,200,000	37,200,000
Fargo area flood control including the Fargo Moorhead diversion	0	66,500,000	66,500,000
Mouse River flood control	0	82,500,000	82,500,000
Flood control projects other than Fargo area flood control including the Fargo Moorhead diversion	0	48,000,000	48,000,000
General water - grants	0	27,093,776	27,093,776
Total special funds	$647,173,475	$320,980,616	$968,154,091
Full-time equivalent positions	93.00	(3.00)	90.00"

Page 2, replace lines 6 and 7 with:

"Line of credit - Bank of North Dakota	$75,000,000	$75,000,000
Payoff of outstanding debt	0	25,900,000
Total special funds	$75,000,000	$100,900,000"

Page 2, line 11, replace "biennium" with "period"

Page 2, line 11, replace "July 1, 2019" with "with the effective date of this Act"

Page 2, line 14, replace "and new projects" with ", water supply - grants, rural water supply - grants, Fargo area flood control including the Fargo Moorhead diversion, Mouse River flood control, flood control projects other than Fargo area flood control including the Fargo Moorhead diversion, and general water - grants"

Page 2, after line 29, insert:

"**SECTION 5. CONDITION ON FARGO AREA FLOOD CONTROL LINE ITEM.** The $66,500,000 appropriated to the state water commission for Fargo area flood control including the Fargo Moorhead diversion in section 1 of this Act for the period beginning with the effective date of this Act, and ending June 30, 2021, may be used only for Fargo area flood control projects including the Fargo Moorhead area diversion, and the appropriation of those funds is conditioned on having no other funds appropriated in section 1 being expended on Fargo area flood control including the Fargo Moorhead diversion. This condition does not prohibit the use of

funds appropriated for project carryover in section 1 of this Act for Fargo area flood control projects, subject to section 7 of this Act.

SECTION 6. CONDITION ON OTHER SECTION 1 LINE ITEMS. The $593,320,273 appropriated to the state water commission for salaries and wages, operating expenses, capital assets, water supply - grants, rural water supply - grants, Mouse River flood control, flood control projects other than Fargo area flood control including the Fargo Moorhead diversion, and general water - grants in section 1 of this Act for the period beginning with the effective date of this Act, and ending June 30, 2021, may be used only for salaries and wages, operating expenses, capital assets, water supply - grants, rural water supply - grants, Mouse River flood control, flood control projects other than Fargo area flood control including the Fargo Moorhead diversion, and general water - grants, respectively, and the appropriation of those funds is conditioned on the funds not being expended on Fargo area flood control projects including the Fargo Moorhead diversion.

SECTION 7. CONDITION ON PROJECT CARRYOVER FUNDS. The $308,333,818 appropriated to the state water commission for project carryover in section 1 of this Act for the period beginning with the effective date of this Act, and ending June 30, 2021, may be used only for project carryover, and the appropriation of those funds is conditioned on having no more than the amount the state water commission approved for Fargo area flood control including the Fargo Moorhead diversion by April 1, 2019, expended from the project carryover funds on Fargo area flood control including the Fargo Moorhead diversion.

SECTION 8. CONDITION ON APPROPRIATIONS. The $66,500,000 appropriated to the state water commission for Fargo area flood control including the Fargo Moorhead diversion in section 1 of this Act and the amount the state water commission approved for Fargo area flood control including the Fargo Moorhead diversion by April 1, 2019, which amount is included in project carryover funds appropriated in section 1 of this Act, may not be used for any work under Plan B for the Fargo Moorhead diversion project; except for constructing or repairing levees and dikes and purchasing land, easements, and options or rights of first refusal to purchase land, necessary for flood control; until:

1. The federal court injunction on Plan B is modified to allow construction of Plan B to continue;
2. The Congress of the United States appropriates federal funds for construction of Plan B;
3. The state engineer approves the mitigation plan for Plan B;
4. The office of state engineer issues all necessary permits the state engineer requires for Plan B; and
5. The Minnesota state legislature appropriates funds for construction of Plan B."

Page 3, replace lines 7 through 16 with:

"**SECTION 10. FARGO FLOOD CONTROL PROJECT DOWNSTREAM IMPACT MITIGATION.** The Fargo Moorhead metropolitan flood risk management project operations may not cause a downstream federal emergency management agency accredited flood protection system in North Dakota to lose its accreditation. The metropolitan flood diversion authority shall take reasonable measures to mitigate downstream impacts to accredited flood protection systems, existing as of April 1, 2019, located in North Dakota bordering the Red River resulting from the operations of the Fargo Moorhead diversion. For purposes of this section, negative downstream impacts to accredited flood protection systems are caused when the water surface profile passing through such systems is raised by more than one-tenth

of one foot for the one hundred year event or when the ability of the accredited flood protection system to protect against a two hundred year or five hundred year event is compromised. The metropolitan flood diversion authority shall collaborate with the state engineer and accredited flood protection systems in North Dakota to implement this requirement.

SECTION 11. LEGISLATIVE INTENT - MOUSE RIVER FLOOD CONTROL PROJECT FUNDING. Except for funding provided during bienniums prior to the 2017-19 biennium, it is the intent of the sixty-sixth legislative assembly that the state provide no more than $193,000,000 of state funding for Mouse River flood control projects within the city limits of Minot. It is the intent of the sixty-sixth legislative assembly that the $193,000,000 be made available during the 2017-19, 2019-21, 2021-23, and 2023-25 bienniums. It is the intent of the sixty-sixth legislative assembly that of the $193,000,000, the state provide $57,713,284 during the 2017-19 biennium and that the $135,286,716 yet to be designated by the state for the Mouse River flood control projects, within the city limits of Minot, be provided during the 2019-21, 2021-23, and 2023-25 bienniums.

SECTION 12. LEGISLATIVE INTENT - RED RIVER VALLEY WATER SUPPLY PROJECT - REPORT TO LEGISLATIVE MANAGEMENT - APPLICATION. It is the intent of the sixty-sixth legislative assembly that the state water commission provide, in the form of a grant, up to $13,000,000, to the Garrison Diversion Conservancy District for the Red River valley water supply project, to initiate construction of phase one prioritized project features identified in accordance with subsections 2 and 3 of section 14 of this Act, for the period beginning with the effective date of this Act, and ending June 30, 2021. The Garrison Diversion Conservancy District shall report on a regular basis to the legislative management's water topics overview committee during the 2019-20 interim regarding the progress of the Red River valley water supply project. The provisions of section 13 of this Act do not apply to the funding referenced in this section.

SECTION 13. LEGISLATIVE INTENT - RED RIVER VALLEY WATER SUPPLY PROJECT. It is the intent of the sixty-sixth legislative assembly that the state water commission provide no more than $30,000,000 to the Garrison Diversion Conservancy District for the Red River valley water supply project during the 2019-21 biennium and 2021-23 biennium and that the state funding be provided at a sixty percent state cost-share."

Page 4, after line 27, insert:

"**SECTION 16. EMERGENCY.** This Act is declared to be an emergency measure."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

Senate Bill No. 2020 - State Water Commission - House Action

	Base Budget	Senate Version	House Changes	House Version
Salaries and wages	$19,659,298	$19,833,131	($1,145)	$19,831,986
Operating expenses	58,044,691	43,855,753	25,900,000	69,755,753
Capital assets	124,819,442	147,938,758	33,000,000	180,938,758
Project carryover	274,867,897	308,333,818		308,333,818
New projects	169,782,147			
Flood control - Grants		145,000,000	(145,000,000)	
General water - Grants		35,255,000	(8,161,224)	27,093,776
Rural water supply - Grants		30,000,000	7,200,000	37,200,000
Water supply - Grants		115,000,000	13,000,000	128,000,000
Fargo area flood control			66,500,000	66,500,000
Mouse River flood control			82,500,000	82,500,000
Other flood control projects			48,000,000	48,000,000
Total all funds	$647,173,475	$845,216,460	$122,937,631	$968,154,091
Less estimated income	647,173,475	845,216,460	122,937,631	968,154,091

General fund	$0	$0	$0	$0
FTE	93.00	90.00	0.00	90.00

Department 770 - State Water Commission - Detail of House Changes

	Adjusts Funding for Salary Increases[1]	Adds Funding for Capital Assets[2]	Adds Funding for Water Supply - Grants[3]	Adds Funding for Rural Water Supply - Grants[4]	Removes Flood Control - Grants Line Item[5]	Adds Funding for Fargo Area Flood Control Including the Fargo Moorhead Diversion[6]
Salaries and wages	($1,145)					
Operating expenses						
Capital assets		$33,000,000				
Project carryover						
New projects						
Flood control - Grants					($145,000,000)	
General water - Grants						
Rural water supply - Grants				$7,200,000		
Water supply - Grants			$13,000,000			
Fargo area flood control						$66,500,000
Mouse River flood control						
Other flood control projects						
Total all funds	($1,145)	$33,000,000	$13,000,000	$7,200,000	($145,000,000)	$66,500,000
Less estimated income	(1,145)	33,000,000	13,000,000	7,200,000	(145,000,000)	66,500,000
General fund	$0	$0	$0	$0	$0	$0
FTE	0.00	0.00	0.00	0.00	0.00	0.00

	Adds Funding for Mouse River Flood Control[7]	Adds Funding for Other Flood Control Projects[8]	Reduces Funding for General Water - Grants[9]	Adds Funding to Payoff Outstanding Debt[10]	Total House Changes
Salaries and wages					($1,145)
Operating expenses				$25,900,000	25,900,000
Capital assets					33,000,000
Project carryover					
New projects					
Flood control - Grants					(145,000,000)
General water - Grants			($8,161,224)		(8,161,224)
Rural water supply - Grants					7,200,000
Water supply - Grants					13,000,000
Fargo area flood control					66,500,000
Mouse River flood control	$82,500,000				82,500,000
Other flood control projects		$48,000,000			48,000,000
Total all funds	$82,500,000	$48,000,000	($8,161,224)	$25,900,000	$122,937,631
Less estimated income	82,500,000	48,000,000	(8,161,224)	25,900,000	122,937,631
General fund	$0	$0	$0	$0	$0
FTE	0.00	0.00	0.00	0.00	0.00

[1] Funding is added to provide for employee salary increases of 2 percent on July 1, 2019, with a minimum monthly increase of $120 and a maximum monthly increase of $200, and an increase of 2.5 percent on July 1, 2020. The Senate provided funding for salary increases of 2 percent on July 1, 2019, and 3 percent on July 1, 2020.

[2] The House increased capital assets by $33 million to provide additional funding for state-owned water projects within the capital assets line item to provide total capital assets funding of $180,938,758. The Senate version included capital assets of $147,938,758.

[3] The House increased water supply - grants by $13 million to provide additional funding for municipal water supply projects to provide a total of $128 million in the water supply - grants line item. The Senate version included capital assets of $115 million.

[4] The House increased rural water supply - grants by $7.2 million to provide additional funding for rural water supply projects to provide a total of $37.2 million in the rural water supply - grants line item. The Senate version included capital assets of $30 million.

[5] The House removed the flood control - grants line item to specifically identify funding for flood control projects. The Senate version included $145 million in the flood control - grants line item.

[6] The House identified $66.5 million in funding for the Fargo area flood control, including the Fargo Moorhead diversion. The Senate version included funding for Fargo area flood control in the flood control - grants line item.

[7] The House identified $82.5 million in funding for the Mouse River flood control project. The Senate version included funding for Mouse River flood control in the flood control - grants line item.

[8] The House identified $48 million in funding for flood control projects other than Fargo area flood control, including the Fargo Moorhead diversion. The Senate version included funding for other flood control projects in the flood control - grants line item.

[9] The House identified $27,093,776 in funding for general water projects. The Senate version included $35,255,000 of funding for the general water - grants line item.

[10] The House provided one-time funding of $25,900,000 in the operating expenses line item to pay off outstanding debt of the State Water Commission. The Senate version did not include this item.

This amendment also:

- Applies conditions on the Fargo area flood control, including the Fargo Moorhead diversion line item, to identify the $66.5 million appropriated to the State Water Commission in the Fargo area flood control including the Fargo Moorhead diversion line item of the bill, is to be used only for Fargo area flood control, including the Fargo Moorhead diversion, and the appropriation of those funds is conditioned on having no other funds appropriated in Section 1 of the bill being expended on Fargo area flood control, including the Fargo Moorhead diversion. The condition does not prohibit the use of funds appropriated for project carryover for Fargo area flood control projects. The Senate version did not include this section.
- Applies conditions on other Section 1 line items to identify $593,320,273 appropriated to the State Water Commission for salaries and wages, operating expenses, capital assets, water supply - grants, rural water supply - grants, Mouse River flood control, flood control projects other than Fargo area flood control including the Fargo Moorhead diversion, and general water - grants, may be used only for these purposes, and the appropriation of these funds are conditioned on the funds not being expended on Fargo area flood control projects including the Fargo Moorhead diversion. The Senate version did not include this section.
- Applies conditions on project carryover funds to identify $308,333,818 appropriated to the State Water Commission for project carryover and provides that the funds may be used only for project carryover. The appropriation of these funds is conditioned on having no more than the amount the State Water Commission approved for Fargo area flood control including the Fargo Moorhead diversion by April 1, 2019, expended from the project carryover funds on Fargo area flood control including the Fargo Moorhead diversion. The Senate version did not include this section.
- Applies conditions on the Fargo area flood control, including the Fargo Moorhead diversion line item and funds within the project carryover line item, to limit the use of funds allocated to the Fargo Moorhead flood control project until the project has received a federal appropriation, an appropriation from the state of Minnesota, necessary permits from the State Engineer's office, and federal courts have approved construction on plan B of the project.
- Provides that the Fargo flood control project must not cause a downstream Federal Emergency Management Agency certified flood protection system in North Dakota to

lose certification and requires the Fargo Moorhead Diversion Authority to take reasonable measures to mitigate downstream impacts to currently certified flood protection systems in North Dakota bordering the Red River resulting from the operations of the Fargo flood control project.

- Provides legislative intent that the state provide no more than $193 million of state funding for Mouse River flood control projects within the city limits of Minot during the 2017-19, 2019-21, 2021-23, and 2023-25 bienniums and that the state provided $57,713,284 during the 2017-19 biennium, and the remaining to be designated over the 2019-21, 2021-23, and 2023-25 bienniums. The Senate version did not include this section.
- Provides legislative intent that the State Water Commission provide, in the form of a grant, up to $13 million to the Garrison Diversion Conservancy District for the Red River Valley Water Supply Project, to initiate construction of Phase I prioritized project features, to the Garrison Diversion Conservancy District for the Red River Valley Water Supply Project during the 2019-21 biennium. The Senate version did not include this section.
- Provides legislative intent that the State Water Commission provide, in the form of a grant, up to $30 million to the Garrison Diversion Conservancy District for the Red River Valley Water Supply Project during the 2019-21 biennium and that the State Water Commission provide state funding at a 60 percent state cost-share after June 30, 2021. The Senate version provided for a grant up to $50 million to the Garrison Diversion Conservancy District for the Red River Valley Water Supply Project during the 2019-21 biennium and that the State Water Commission provide state funding at an 80 percent state cost-share after June 30, 2021.
- Declares the bill to be an emergency measure. The Senate version did not include this section.

2019 CONFERENCE COMMITTEE

SB 2020

2019 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee
Harvest Room, State Capitol

SB 2020
4/17/2019
Job # 34799

☐ Subcommittee
☒ Conference Committee

Committee Clerk: Rose Laning

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to provide an appropriation for defraying the expenses of the state water commission.

Minutes: Testimony # 1 - 4

Legislative Council: Chris Kadrmas
OMB: Larry Martin

Conferees:
Senator G. Lee, Senator Sorvaag, Senator Robinson
Representative Schmidt, Representative Monson, Representative Boe

Chris Kadrmas handed out the Base Level Funding Changes – attached # 1.

Senator G. Lee: Rep. Schmidt is handing out the updated amendments to 2020 and will start by giving us a synoptic view of this bill.

Representative Schmidt handed out amendment 19.0233.02017 – attached # 2.
He explained the amendment.

(10:50) **Senator Sorvaag**: Just so I'm clear, section 15 is not in the bill that was passed by your body - this is all new language that has come since the House passed the bill?

Representative Schmidt: Right and we got a document that said that upper Sheyenne had been working on a basin plan and had these items listed. My thoughts were, let's reward basin planning.

Senator Robinson: On the $48M in flood projects, you mentioned Valley City and that includes Lisbon, correct?

Representative Schmidt: It is whatever you sent. We kept those dollar figures as you sent them over.

Senator Robinson: Lisbon and Valley have been working together. Some of those dollars will be in Lisbon, that's fine. It's the right amount.

Representative Schmidt: We lumped those together because I don't believe that Mandan, for example, will be able to build a whole $21M so we wanted to keep the $48M fluid. One other thing I failed to mention – and it has to do with Section 9 in the bill (attached # 3), and that's the Legislative Intent Fargo Flood Control Project Funding. You sent over to us $703M and we stood on the $703M. We did not amend it.
We also amended section 17 for the emergency clause and we've done that with the whole bill. We have not done it with the State Water Commission bill previously. We felt we needed to do that because we've got the $13M for Red River that if they get going, they should be able to expend those dollars. And it was necessary to try and get state water commission money out quicker so we don't lose this biennium or this summer construction. Usually what happens is that we get done with this and they don't get money out until September. Hopefully with the emergency clause we can get those dollars out sooner.

Representative Schmidt: I'm looking for wording I got from Dave Laschkewitsch regarding the 1.5% loan.

Senator G. Lee: It's in Section 15. (attached # 2).

Representative Schmidt: We're amending the statutory to 1.5% interest rate so it will match the state revolving loan fund. As it is right now, it's a 2% program and our 1.5% is undercutting that.

Senator Sorvaag: We changed that last session but we put it one or one and a half above LIDOR (London Interbank Offered Rate). They are charging more than that and we capped them at 3%. What are they actually getting charged?

Chris Kadrmas: You are actually talking about two different loans. The one that is in the bill now is the line of credit that is authorized with the Bank of North Dakota. I haven't seen the amendment but I believe it for the infrastructure revolving loan fund within the resources trust fund, so they are two separate issues. Section 15 doesn't relate to the infrastructure revolving loan fund.

Senator G. Lee: So that's not in the bill at all?

Chris Kadrmas: Correct. That part isn't in the bill at all.

Representative Schmidt: I do not have an amendment for that because it was just brought to us minutes before our meeting.

Senator G. Lee: Dave, do you want to make a comment?

Dave Laschkewitsch, Director of Admin. Services, State Water Commission: We can certainly get that proposed language to Chris. Chris was correct when stating that it's not included in this bill at all. When the revolving loan fund was created, they established it at a 1.5% interest rate. That was the same rate as the state's revolving loan fund at that time.

The state revolving loan fund dollars are now at 2% so rather than putting that set interest rate in statute, we would propose that you maybe reference it to the state revolving loan fund that is contained in Section 61-28.1 and 61-28.2. If we just tied a reference to that so that if that rate changed, we would change our rate as well.

Representative Schmidt: I don't know if we should leave on the terms "water supply grants", "rural water supply grants", "general water supply grants". Is that wordage adequate?

Chris Kadrmas: The grants language within just implies that it is not expected that those funds will be repaid.

Representative Schmidt: It cannot be interpreted that "Oh, these are grants, we don't need to have any cost share.

Chris Kadrmas: Correct. The state's portion of that cost share is a grant for that project.

Representative Schmidt: Because we did identify previously in 1376, the difference between grant, cost share and loan.

Chris Kadrmas: I could see the argument that then they could not provide loans through those line items.

Representative Monson: If a cost share is given out, it would be a grant, it wouldn't be a loan.

Vote # 1 -
Senator Robinson: I'd like to see us specify in the Red River Water supply and I would move that we list that at 75-25% so it is consistent with what we're doing with other programs.

Representative Monson seconded the motion.

Senator G. Lee: We're looking at section 13 moving the cost share in the Red River Valley Supply from 60-40% to 75-25%.

Representative Boe: With the 75-25, we would be the same as rural water supply? (answer – correct). I'm ok with that.

A Roll Call Vote Was Taken: 6 yeas, 0 nays, 0 absent.
Motion carried.

Senator G. Lee: We haven't talked about section 15 (attachment 2) - the pilot project that hasn't been a part of the bill.

Representative Monson: We have not had this before, so it looks ok to me.

Chris Kadrmas: With the amendment that was presented by Rep. Schmidt (19.0233.02017), the motion would be for the House to recede and to accept .02017 as further amended with Senator Robinson's motion.

(Legislative Council recommended to the committee that the House recede from House amendments and amend as follows including the previous action.)

Vote # 2 -
Representative Monson: I would move that the House would recede and further amend with .02017 which is accepting the new Section 15 plus the Robinson amendment.

Senator Robinson: seconded the motion.

Senator Sorvaag: Rep. Schmidt, do you see this study as necessary, or this supplement is doing the study?

Representative Schmidt: I think it would be part of it. You could roll the study into this. We aren't adding any dollars to this because we have a contingency in the flood control bucket for $5M.

Senator Sorvaag: We'll be deciding soon whether the study is now necessary or you're envisioning that the study would continue also?

Representative Schmidt: I think so because I'd like to see more of this done. Let's see if we can do this in other parts of the state.

A Roll Call Vote Was Taken: 6 yeas, 0 nays, 0 absent.
Motion carried.

Senator Sorvaag: I have an additional amendment that I would like added to our previous actions (19.0233.02018 – attached # 4). This moves the commitment to Fargo flood control to $870M. It's with no additional cash. The discussion with the Fargo flood control has basically been intent and it's a long term intent for their project to go forward with the P3. The main thing that changed from when the Senate had it, and until the House had it, there was an injunction, but now that injunction has been lifted. This project will be going forward. It's a matter of how affordable it will be as it goes forward. I don't think it's going to stop, but it's definitely going to change the cost to the locals who have made quite a commitment.
The way this is set up is we will continue the $66.5M through 2025 biennium as the bill came over for the $703M. The additional dollars would be four more bienniums of $75M – or it goes back to the original plan.

So at the end of the day, it's 3 bienniums including this one, of $66.5M and it's 4 bienniums of $75M for the Fargo flood control.

Vote # 3 -
Senator Sorvaag: I move to further amend 19.0233.02017 with 19.0233.0218.
Senator Robinson: Seconded the motion.

Senator G. Lee: I think that would affect section 9 or does it affect other sections in the bill?

Chris Kadrmas: There would be no change to section 1. Section 9 just relates to the legislative intent for the Fargo flood control project and that section only.
Senator G. Lee: Chris, what was the new project money when the House had it? The Senate had it at about $350M plus. What was the new project money when the House got it?

Chris Kadrmas: Total state funding for new projects was $492.2M roughly.

Senator G. Lee: any discussion on Senator Sorvaag's amendment?

Representative Monson: There is absolutely no appetite in our House appropriations to do this. There's no appetite in the House as a whole to go to this level.

A Roll Call Vote Was Taken: 3 yeas, 3 nays, 0 absent.

Senator Lee – Y	**Representative Schmidt – N**
Senator Sorvaag – Y	**Representative Monson – N**
Senator Robinson – Y	**Representative Boe - N**

Motion fails.

Vote # 4 -
Representative Monson: The biggest number we could possibly sell to our colleagues on the House side would be the $750M.
Representative Schmidt: Seconded the motion.

Senator G. Lee: There has been a motion to go from $703M to $750M in Section 9 of the bill (attached # 3).

Senator Sorvaag: That's adding $47M. Do you see that adding to one biennium on the back side? Is that what you're envisioning?

Representative Monson: Yes. We'd have to go to the 2029-31 biennium to make that work.

Chris Kadrmas: A point of clarification? The motion is to change legislative intent from $703M to $750M over 6 biennium? So that would reduce the now $66.5M intended to a little bit less than that just because the last biennium is only going to be about a $40M. Or is it the intent to provide $66.5M for those 5 biennium and then the remainder in the last one?

Representative Monson: Whatever is left at the back end of the $750M gets paid out in that last 2029-31 biennium.

A Roll Call Vote Was Taken: 5 yeas, 1 nays, 0 absent.

Senator G. Lee – Y	**Representative Schmidt – Y**
Senator Sorvaag – N	**Representative Monson – Y**
Senator Robinson – Y	**Representative Boe - Y**

Motion carried.

Senator G. Lee: Are there any sections in here that are problematic, or need further discussion or clarification? Section 11?

Representative Schmidt: The last we're aware of is the Senate sent over $50M for Red River Valley water supply and we reduced it to $30M.

Senator G. Lee: Any other business that we need to go over?

Senator Sorvaag: Have we agreed with the change Dave Laschkewitsch made or do we need to see that?

Vote # 5 -
Representative Monson: I'm not sure how it will look in the end but trust how it was explained to us so I move we further amend .02017 with the language to change the interest rate for the State Water Commission.

Senator Robinson: Seconded the motion.

Senator G. Lee: We have a motion and a second on the change to the interest rate proposed by Mr. Laschkewitsch from the Water Commission and Chris will put that together and we'll make sure that goes around so that everybody has an opportunity to look at it.

A Roll Call Vote Was Taken: 6 yeas, 0 nays, 0 absent.
Motion carried.

Vote # 6 -

Senator G. Lee: Anything else in the bill we need to look at? (none)

Senator Robinson: Moved that the House recede from House Amendments and further amend.
Representative Schmidt: Seconded the motion.

A Roll Call Vote Was Taken: 6 yeas, 0 nays, 0 absent.
Motion carried.

Senator G. Lee: We'll get back to you on that particular amendment that Chris will draft to see if there are any issues with that.

Conference is adjourned.

Prepared by the Legislative Council staff for
Representative Schmidt
April 16, 2019

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2020

That the House recede from its amendments as printed on pages 1496-1498 of the Senate Journal and pages 1639-1641 of the House Journal and that Engrossed Senate Bill No. 2020 be amended as follows:

Page 1, line 4, replace "a report" with "reports"

Page 1, line 5, replace "and" with "to provide conditions on appropriations;"

Page 1, line 5, replace "a statement" with "statements"

Page 1, line 5, after "intent" insert "to provide for a pilot project; and to declare an emergency"

Page 1, line 10, replace "biennium" with "period"

Page 1, line 10, replace "July 1, 2019" with "with the effective date of this Act"

Page 1, replace lines 14 through 24 with:

"Salaries and wages	$19,659,298	$172,688	$19,831,986
Operating expenses	58,044,691	11,711,062	69,755,753
Capital assets	124,819,442	56,119,316	180,938,758
Project carryover	274,867,897	33,465,921	308,333,818
New projects	169,782,147	(169,782,147)	0
Water supply - grants	0	128,000,000	128,000,000
Rural water supply - grants	0	37,200,000	37,200,000
Fargo area flood control including the Fargo Moorhead diversion	0	66,500,000	66,500,000
Mouse River flood control	0	82,500,000	82,500,000
Flood control projects other than Fargo area flood control including the Fargo Moorhead diversion	0	48,000,000	48,000,000
General water - grants	0	27,093,776	27,093,776
Total special funds	$647,173,475	$320,980,616	$968,154,091
Full-time equivalent positions	93.00	(3.00)	90.00"

Page 2, replace lines 6 and 7 with:

"Line of credit - Bank of North Dakota	$75,000,000	$75,000,000
Payoff of outstanding debt	0	25,900,000
Total special funds	$75,000,000	$100,900,000"

Page 2, line 11, replace "biennium" with "period"

Page 2, line 11, replace "July 1, 2019" with "with the effective date of this Act"

Page 2, line 14, replace "and new projects" with ", water supply - grants, rural water supply - grants, Fargo area flood control including the Fargo Moorhead diversion, Mouse River flood control, flood control projects other than Fargo area flood control including the Fargo Moorhead diversion, and general water - grants"

Page 2, after line 29, insert:

"SECTION 5. CONDITION ON FARGO AREA FLOOD CONTROL LINE ITEM. The $66,500,000 appropriated to the state water commission for Fargo area flood control including the Fargo Moorhead diversion in section 1 of this Act for the period beginning with the effective date of this Act, and ending June 30, 2021, may be used only for Fargo area flood control projects including the Fargo Moorhead area diversion, and the appropriation of those funds is conditioned on having no other funds appropriated in section 1 being expended on Fargo area flood control including the Fargo Moorhead diversion. This condition does not prohibit the use of funds appropriated for project carryover in section 1 of this Act for Fargo area flood control projects, subject to section 7 of this Act.

SECTION 6. CONDITION ON OTHER SECTION 1 LINE ITEMS. The $593,320,273 appropriated to the state water commission for salaries and wages, operating expenses, capital assets, water supply - grants, rural water supply - grants, Mouse River flood control, flood control projects other than Fargo area flood control including the Fargo Moorhead diversion, and general water - grants in section 1 of this Act for the period beginning with the effective date of this Act, and ending June 30, 2021, may be used only for salaries and wages, operating expenses, capital assets, water supply - grants, rural water supply - grants, Mouse River flood control, flood control projects other than Fargo area flood control including the Fargo Moorhead diversion, and general water - grants, respectively, and the appropriation of those funds is conditioned on the funds not being expended on Fargo area flood control projects including the Fargo Moorhead diversion.

SECTION 7. CONDITION ON PROJECT CARRYOVER FUNDS. The $308,333,818 appropriated to the state water commission for project carryover in section 1 of this Act for the period beginning with the effective date of this Act, and ending June 30, 2021, may be used only for project carryover, and the appropriation of those funds is conditioned on having no more than the amount the state water commission approved for Fargo area flood control including the Fargo Moorhead diversion by April 1, 2019, expended from the project carryover funds on Fargo area flood control including the Fargo Moorhead diversion.

SECTION 8. CONDITION ON APPROPRIATIONS. The $66,500,000 appropriated to the state water commission for Fargo area flood control including the Fargo Moorhead diversion in section 1 of this Act and the amount the state water commission approved for Fargo area flood control including the Fargo Moorhead diversion by April 1, 2019, which amount is included in project carryover funds appropriated in section 1 of this Act, may not be used for any work under Plan B for the Fargo Moorhead diversion project; except for constructing or repairing levees and dikes and purchasing land, easements, and options or rights of first refusal to purchase land, necessary for flood control; until:

1. The federal court injunction on Plan B is modified to allow construction of Plan B to continue;

2. The Congress of the United States appropriates federal funds for construction of Plan B;

3. The state engineer approves the mitigation plan for Plan B;

4. The office of state engineer issues all necessary permits the state engineer requires for Plan B; and

5. The Minnesota state legislature appropriates funds for construction of Plan B."

Page 3, replace lines 7 through 16 with:

"**SECTION 10. FARGO FLOOD CONTROL PROJECT DOWNSTREAM IMPACT MITIGATION.** The Fargo Moorhead metropolitan flood risk management project operations may not cause a downstream federal emergency management agency accredited flood protection system in North Dakota to lose its accreditation. The metropolitan flood diversion authority shall take reasonable measures to mitigate downstream impacts to accredited flood protection systems, existing as of April 1, 2019, located in North Dakota bordering the Red River resulting from the operations of the Fargo Moorhead diversion. For purposes of this section, negative downstream impacts to accredited flood protection systems are caused when the water surface profile passing through such systems is raised by more than one-tenth of one foot for the one hundred year event or when the ability of the accredited flood protection system to protect against a two hundred year or five hundred year event is compromised. The metropolitan flood diversion authority shall collaborate with the state engineer and accredited flood protection systems in North Dakota to implement this requirement.

SECTION 11. LEGISLATIVE INTENT - MOUSE RIVER FLOOD CONTROL PROJECT FUNDING. Except for funding provided during bienniums prior to the 2017-19 biennium, it is the intent of the sixty-sixth legislative assembly that the state provide no more than $193,000,000 of state funding for Mouse River flood control projects within the city limits of Minot. It is the intent of the sixty-sixth legislative assembly that the $193,000,000 be made available during the 2017-19, 2019-21, 2021-23, and 2023-25 bienniums. It is the intent of the sixty-sixth legislative assembly that of the $193,000,000, the state provide $57,713,284 during the 2017-19 biennium and that the $135,286,716 yet to be designated by the state for the Mouse River flood control projects, within the city limits of Minot, be provided during the 2019-21, 2021-23, and 2023-25 bienniums.

SECTION 12. LEGISLATIVE INTENT - RED RIVER VALLEY WATER SUPPLY PROJECT - REPORT TO LEGISLATIVE MANAGEMENT - APPLICATION. It is the intent of the sixty-sixth legislative assembly that the state water commission provide, in the form of a grant, up to $13,000,000, to the Garrison Diversion Conservancy District for the Red River valley water supply project, to initiate construction of phase one prioritized project features identified in accordance with subsections 2 and 3 of section 14 of this Act, for the period beginning with the effective date of this Act, and ending June 30, 2021. The Garrison Diversion Conservancy District shall report on a regular basis to the legislative management's water topics overview committee during the 2019-20 interim regarding the progress of the Red River valley water supply project. The provisions of section 13 of this Act do not apply to the funding referenced in this section.

SECTION 13. LEGISLATIVE INTENT - RED RIVER VALLEY WATER SUPPLY PROJECT. It is the intent of the sixty-sixth legislative assembly that the state water commission provide no more than $30,000,000 to the Garrison Diversion Conservancy District for the Red River valley water supply project during the 2019-21 biennium and 2021-23 biennium and that the state funding be provided at a sixty percent state cost-share."

Page 4, after line 16, insert:

"**SECTION 15. PILOT PROJECT - IMPLEMENTATION OF A BASINWIDE PLAN - REPORT TO THE LEGISLATIVE MANAGEMENT.** Up to $1,000,000 of the $48,000,000 appropriated to the state water commission for flood control projects other than Fargo area flood control including the Fargo Moorhead diversion in section 1 of this Act for the period beginning with the effective date of this Act, and ending June 30, 2021, may be used to provide grants under the pilot project in this section.

1. If all the water resource districts and joint water resource districts in a basin develop a basinwide water plan identifying water conveyance, flood control, and other water projects to be undertaken in the basin, the districts jointly may apply to the state water commission for a grant of up to $1,000,000 for implementation of the plan. The state water commission may select a basinwide plan submitted under this subsection for funding and enter into one cooperative agreement with the water resource districts and joint water resource districts that submitted the plan.

2. The cooperative agreement must include the amount of funding the state water commission will provide, the applicable cost-share requirements, a prohibition on using funds provided under the agreement for planning or any purpose other than implementation of the basinwide plan, and the obligations of the state water commission and each water resource district and joint water resource district in the basin in implementing the basinwide plan. The agreement also must provide for monitoring and oversight of the basinwide plan's implementation.

3. The state water commission shall report to the legislative management on the results of this pilot project no later than August 1, 2020."

Page 4, after line 27, insert:

"**SECTION 17. EMERGENCY.** This Act is declared to be an emergency measure."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

Senate Bill No. 2020 - State Water Commission - Conference Committee Action

	Base Budget	Senate Version	Conference Committee Changes	Conference Committee Version	House Version	Comparison to House
Salaries and wages	$19,659,298	$19,833,131	($1,145)	$19,831,986	$19,831,986	
Operating expenses	58,044,691	43,855,753	25,900,000	69,755,753	69,755,753	
Capital assets	124,819,442	147,938,758	33,000,000	180,938,758	180,938,758	
Project carryover	274,867,897	308,333,818		308,333,818	308,333,818	
New projects	169,782,147					
Flood control - Grants		145,000,000	(145,000,000)			
General water - Grants		35,255,000	(8,161,224)	27,093,776	27,093,776	
Rural water supply - Grants		30,000,000	7,200,000	37,200,000	37,200,000	
Water supply - Grants		115,000,000	13,000,000	128,000,000	128,000,000	
Fargo area flood control			66,500,000	66,500,000	66,500,000	
Mouse River flood control			82,500,000	82,500,000	82,500,000	
Other flood control projects			48,000,000	48,000,000	48,000,000	
Total all funds	$647,173,475	$845,216,460	$122,937,631	$968,154,091	$968,154,091	$0
Less estimated income	647,173,475	845,216,460	122,937,631	968,154,091	968,154,091	0
General fund	$0	$0	$0	$0	$0	$0
FTE	93.00	90.00	0.00	90.00	90.00	0.00

Department 770 - State Water Commission - Detail of Conference Committee Changes

	Adjusts Funding for Salary Increases[1]	Adds Funding for Capital Assets[2]	Adds Funding for Water Supply - Grants[3]	Adds Funding for Rural Water Supply - Grants[4]	Removes Flood Control - Grants Line Item[5]	Adds Funding for Fargo Area Flood Control Including the Fargo Moorhead Diversion[6]
Salaries and wages	($1,145)					
Operating expenses						
Capital assets		$33,000,000				
Project carryover						
New projects						
Flood control - Grants					($145,000,000)	
General water - Grants						
Rural water supply - Grants				$7,200,000		
Water supply - Grants			$13,000,000			
Fargo area flood control						$66,500,000
Mouse River flood control						
Other flood control projects						
Total all funds	($1,145)	$33,000,000	$13,000,000	$7,200,000	($145,000,000)	$66,500,000
Less estimated income	(1,145)	33,000,000	13,000,000	7,200,000	(145,000,000)	66,500,000
General fund	$0	$0	$0	$0	$0	$0
FTE	0.00	0.00	0.00	0.00	0.00	0.00

	Adds Funding for Mouse River Flood Control[7]	Adds Funding for Other Flood Control Projects[8]	Reduces Funding for General Water - Grants[9]	Adds Funding to Payoff Outstanding Debt[10]	Total Conference Committee Changes
Salaries and wages					($1,145)
Operating expenses				$25,900,000	25,900,000
Capital assets					33,000,000
Project carryover					
New projects					
Flood control - Grants					(145,000,000)
General water - Grants			($8,161,224)		(8,161,224)
Rural water supply - Grants					7,200,000
Water supply - Grants					13,000,000
Fargo area flood control					66,500,000
Mouse River flood control	$82,500,000				82,500,000
Other flood control projects		$48,000,000			48,000,000
Total all funds	$82,500,000	$48,000,000	($8,161,224)	$25,900,000	$122,937,631
Less estimated income	82,500,000	48,000,000	(8,161,224)	25,900,000	122,937,631
General fund	$0	$0	$0	$0	$0
FTE	0.00	0.00	0.00	0.00	0.00

[1] Funding is added to provide for employee salary increases of 2 percent on July 1, 2019, with a minimum monthly increase of $120 and a maximum monthly increase of $200, and an increase of 2.5 percent on July 1, 2020. The Senate provided funding for salary increases of 2 percent on July 1, 2019, and 3 percent on July 1, 2020.

[2] The House increased capital assets by $33 million to provide additional funding for state-owned water projects within the capital assets line item to provide total capital assets funding of $180,938,758. The Senate version included capital assets of $147,938,758.

[3] The House increased water supply - grants by $13 million to provide additional funding for municipal water supply projects to provide a total of $128 million in the water supply - grants line item. The Senate version included capital assets of $115 million.

[4] The House increased rural water supply - grants by $7.2 million to provide additional funding for rural water supply projects to provide a total of $37.2 million in the rural water supply - grants line item. The Senate version included capital assets of $30 million.

[5] The House removed the flood control - grants line item to specifically identify funding for flood control projects. The Senate version included $145 million in the flood control - grants line item.

[6] The House identified $66.5 million in funding for the Fargo area flood control, including the Fargo Moorhead diversion. The Senate version included funding for Fargo area flood control in the flood control - grants line item.

[7] The House identified $82.5 million in funding for the Mouse River flood control project. The Senate version included funding for Mouse River flood control in the flood control - grants line item.

[8] The House identified $48 million in funding for flood control projects other than Fargo area flood control, including the Fargo Moorhead diversion. The Senate version included funding for other flood control projects in the flood control - grants line item.

[9] The House identified $27,093,776 in funding for general water projects. The Senate version included $35,255,000 of funding for the general water - grants line item.

[10] The House provided one-time funding of $25,900,000 in the operating expenses line item to pay off outstanding debt of the State Water Commission. The Senate version did not include this item.

This amendment also:

- Applies conditions on the Fargo area flood control, including the Fargo Moorhead diversion line item, to identify the $66.5 million appropriated to the State Water Commission in the Fargo area flood control including the Fargo Moorhead diversion line item of the bill, is to be used only for Fargo area flood control, including the Fargo Moorhead diversion, and the appropriation of those funds is conditioned on having no other funds appropriated in Section 1 of the bill being expended on Fargo area flood control, including the Fargo Moorhead diversion. The condition does not prohibit the use of funds appropriated for project carryover for Fargo area flood control projects. The Senate version did not include this section.
- Applies conditions on other Section 1 line items to identify $593,320,273 appropriated to the State Water Commission for salaries and wages, operating expenses, capital assets, water supply - grants, rural water supply - grants, Mouse River flood control, flood control projects other than Fargo area flood control including the Fargo Moorhead diversion, and general water - grants, may be used only for these purposes, and the appropriation of these funds are conditioned on the funds not being expended on Fargo area flood control projects including the Fargo Moorhead diversion. The Senate version did not include this section.
- Applies conditions on project carryover funds to identify $308,333,818 appropriated to the State Water Commission for project carryover and provides that the funds may be used only for project carryover. The appropriation of these funds is conditioned on having no more than the amount the State Water Commission approved for Fargo area flood control including the Fargo Moorhead diversion by April 1, 2019, expended from the project carryover funds on Fargo area flood control including the Fargo Moorhead diversion. The Senate version did not include this section.
- Applies conditions on the Fargo area flood control, including the Fargo Moorhead diversion line item and funds within the project carryover line item, to limit the use of funds allocated to the Fargo Moorhead flood control project until the project has received a federal appropriation, an appropriation from the state of Minnesota, necessary permits from the State Engineer's office, and federal courts have approved construction on plan B of the project.
- Provides that the Fargo flood control project must not cause a downstream Federal Emergency Management Agency certified flood protection system in North Dakota to lose certification and requires the Fargo Moorhead Diversion Authority to take reasonable measures to mitigate downstream impacts to currently certified flood protection systems in North Dakota bordering the Red River resulting from the operations of the Fargo flood control project.
- Provides legislative intent that the state provide no more than $193 million of state funding for Mouse River flood control projects within the city limits of Minot during the 2017-19, 2019-21, 2021-23, and 2023-25 bienniums and that the state provided $57,713,284 during the 2017-19 biennium, and the remaining to be designated over the 2019-21, 2021-23, and 2023-25 bienniums. The Senate version did not include this section.
- Provides legislative intent that the State Water Commission provide, in the form of a grant, up to $13 million to the Garrison Diversion Conservancy District for the Red River Valley Water Supply Project, to initiate construction of Phase I prioritized project features, to the Garrison Diversion Conservancy District for the Red River Valley Water Supply Project during the 2019-21 biennium. The Senate version did not include this section.
- Provides legislative intent that the State Water Commission provide, in the form of a grant, up to $30 million to the Garrison Diversion Conservancy District for the Red River Valley Water Supply Project during the 2019-21 biennium and that the State Water Commission provide state funding at a 60 percent state cost-share after June 30, 2021. The Senate version provided for a grant up to $50 million to the Garrison Diversion Conservancy District for the Red River Valley Water Supply Project during the 2019-21 biennium and that the State Water Commission provide state funding at an 80 percent state cost-share after June 30, 2021.
- Provides the State Water Commission may provide up to $1 million in grants to water resource districts to develop basinwide water plans.

- Declares the bill to be an emergency measure. The Senate version did not include this section.

Prepared by the Legislative Council staff for
Senator Sorvaag
April 16, 2019

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2020

That the House recede from its amendments as printed on pages 1496-1502 of the Senate Journal and pages 1639-1644 of the House Journal and that Senate Bill No. 2020 be amended as follows:

Page 3, line 3, replace "$703,000,000" with "$870,000,000"

Page 3, line 4, replace "$332,500,000" with "$499,500,000"

Page 3, line 5, remove "equal"

Page 3, line 6, replace "installments over the next five bienniums, beginning July 1, 2019" with "installments as follows: $66,500,000 during the 2019-21, 2021-23, and 2023-25 bienniums, and $75,000,000 during the 2025-27, 2027-29, 2029-31, and 2031-33 bienniums"

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

The section of legislative intent for the Fargo flood control project is changed to increase state funding from $703 million to $870 million and provides for the funds to be made available in installments as follows: $66,500,000 during the 2019-21, 2021-23, and 2023-25 bienniums, and $75,000,000 during the 2025-27, 2027-29, 2029-31, and 2031-33 bienniums.

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Fiscal No. 4

Prepared by the Legislative Council staff for
the Conference Committee
April 17, 2019

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2020

That the House recede from its amendments as printed on pages 1496-1498 of the Senate Journal and pages 1639-1641 of the House Journal and that Engrossed Senate Bill No. 2020 be amended as follows:

Page 1, line 2, after "reenact" insert "subsection 3 of section 61-02-78 and"

Page 1, line 3, after the first "to" insert "the infrastructure revolving loan fund and"

Page 1, line 5, replace "and" with "to provide conditions on appropriations;"

Page 1, line 5, after "intent" insert "; to provide for a pilot project; and to declare an emergency"

Page 1, line 10, replace "biennium" with "period"

Page 1, line 10, replace "July 1, 2019" with "with the effective date of this Act"

Page 1, replace lines 14 through 24 with:

"Salaries and wages	$19,659,298	$172,688	$19,831,986
Operating expenses	58,044,691	11,711,062	69,755,753
Capital assets	124,819,442	56,119,316	180,938,758
Project carryover	274,867,897	33,465,921	308,333,818
New projects	169,782,147	(169,782,147)	0
Water supply - grants	0	128,000,000	128,000,000
Rural water supply - grants	0	37,200,000	37,200,000
Fargo area flood control including the Fargo Moorhead diversion	0	66,500,000	66,500,000
Mouse River flood control	0	82,500,000	82,500,000
Flood control projects other than Fargo area flood control including the Fargo Moorhead diversion	0	48,000,000	48,000,000
General water - grants	0	27,093,776	27,093,776
Total special funds	$647,173,475	$320,980,616	$968,154,091
Full-time equivalent positions	93.00	(3.00)	90.00"

Page 2, replace lines 6 and 7 with:

"Line of credit - Bank of North Dakota	$75,000,000	$75,000,000
Payoff of outstanding debt	0	25,900,000
Total special funds	$75,000,000	$100,900,000"

Page 2, line 11, replace "biennium" with "period"

Page 2, line 11, replace "July 1, 2019" with "with the effective date of this Act"

Page 2, line 14, replace "and new projects" with ", water supply - grants, rural water supply - grants, Fargo area flood control including the Fargo Moorhead diversion, Mouse River flood control, flood control projects other than Fargo area flood control including the Fargo Moorhead diversion, and general water - grants"

Page 2, after line 29, insert:

"SECTION 5. CONDITION ON FARGO AREA FLOOD CONTROL LINE ITEM. The $66,500,000 appropriated to the state water commission for Fargo area flood control including the Fargo Moorhead diversion in section 1 of this Act for the period beginning with the effective date of this Act, and ending June 30, 2021, may be used only for Fargo area flood control projects including the Fargo Moorhead diversion, and the appropriation of those funds is conditioned on having no other funds appropriated in section 1 being expended on Fargo area flood control including the Fargo Moorhead diversion. This condition does not prohibit the use of funds appropriated for project carryover in section 1 of this Act for Fargo area flood control projects, subject to section 7 of this Act.

SECTION 6. CONDITION ON OTHER SECTION 1 LINE ITEMS. The $593,320,273 appropriated to the state water commission for salaries and wages, operating expenses, capital assets, water supply - grants, rural water supply - grants, Mouse River flood control, flood control projects other than Fargo area flood control including the Fargo Moorhead diversion, and general water - grants in section 1 of this Act for the period beginning with the effective date of this Act, and ending June 30, 2021, may be used only for salaries and wages, operating expenses, capital assets, water supply - grants, rural water supply - grants, Mouse River flood control, flood control projects other than Fargo area flood control including the Fargo Moorhead diversion, and general water - grants, respectively, and the appropriation of those funds is conditioned on the funds not being expended on Fargo area flood control projects including the Fargo Moorhead diversion.

SECTION 7. CONDITION ON PROJECT CARRYOVER FUNDS. The $308,333,818 appropriated to the state water commission for project carryover in section 1 of this Act for the period beginning with the effective date of this Act, and ending June 30, 2021, may be used only for project carryover, and the appropriation of those funds is conditioned on having no more than the amount the state water commission approved for Fargo area flood control including the Fargo Moorhead diversion by April 1, 2019, expended from the project carryover funds on Fargo area flood control including the Fargo Moorhead diversion.

SECTION 8. CONDITION ON APPROPRIATIONS. The $66,500,000 appropriated to the state water commission for Fargo area flood control including the Fargo Moorhead diversion in section 1 of this Act and the amount the state water commission approved for Fargo area flood control including the Fargo Moorhead diversion by April 1, 2019, which amount is included in project carryover funds appropriated in section 1 of this Act, may not be used for any work under plan B for the Fargo Moorhead diversion project; except for constructing or repairing levees and dikes and purchasing land, easements, and options or rights of first refusal to purchase land, necessary for flood control; until:

1. The federal court injunction on plan B is modified to allow construction of plan B to continue;

2. The Congress of the United States appropriates federal funds for construction of plan B;

3. The state engineer approves the mitigation plan for plan B;

4. The office of state engineer issues all necessary permits the state engineer requires for plan B; and

5. The Minnesota state legislature appropriates funds for construction of plan B."

Page 3, line 3, replace "$703,000,000" with "$750,000,000"

Page 3, line 4, replace "$332,500,000" with "$379,500,000"

Page 3, line 5, remove "equal"

Page 3, line 6, replace "installments over the next five bienniums, beginning July 1, 2019" with "installments as follows: $66,500,000 during the 2019-21, 2021-23, 2023-25, 2025-27, and 2027-29 bienniums, and $47,000,000 during the 2029-31 biennium."

Page 3, replace lines 7 through 16 with:

"**SECTION 10. FARGO FLOOD CONTROL PROJECT DOWNSTREAM IMPACT MITIGATION.** The Fargo Moorhead metropolitan flood risk management project operations may not cause a downstream federal emergency management agency accredited flood protection system in North Dakota to lose its accreditation. The metropolitan flood diversion authority shall take reasonable measures to mitigate downstream impacts to accredited flood protection systems, existing as of April 1, 2019, located in North Dakota bordering the Red River resulting from the operations of the Fargo Moorhead diversion. For purposes of this section, negative downstream impacts to accredited flood protection systems are caused when the water surface profile passing through such systems is raised by more than one-tenth of one foot for the one hundred-year event or when the ability of the accredited flood protection system to protect against a two hundred-year or five hundred-year event is compromised. The metropolitan flood diversion authority shall collaborate with the state engineer and accredited flood protection systems in North Dakota to implement this requirement.

SECTION 11. LEGISLATIVE INTENT - MOUSE RIVER FLOOD CONTROL PROJECT FUNDING. Except for funding provided during bienniums prior to the 2017-19 biennium, it is the intent of the sixty-sixth legislative assembly that the state provide no more than $193,000,000 of state funding for Mouse River flood control projects within the city limits of Minot. It is the intent of the sixty-sixth legislative assembly that the $193,000,000 be made available during the 2017-19, 2019-21, 2021-23, and 2023-25 bienniums. It is the intent of the sixty-sixth legislative assembly that of the $193,000,000, the state provide $57,713,284 during the 2017-19 biennium and that the $135,286,716 yet to be designated by the state for the Mouse River flood control projects, within the city limits of Minot, be provided during the 2019-21, 2021-23, and 2023-25 bienniums.

SECTION 12. LEGISLATIVE INTENT - RED RIVER VALLEY WATER SUPPLY PROJECT - REPORT TO LEGISLATIVE MANAGEMENT - APPLICATION. It is the intent of the sixty-sixth legislative assembly that the state water commission provide, in the form of a grant, up to $13,000,000, to the Garrison Diversion Conservancy District for the Red River valley water supply project, to initiate construction of phase one prioritized project features identified in accordance with subsections 2 and 3 of section 14 of this Act, for the period beginning with the effective date of this Act, and ending June 30, 2021. The Garrison Diversion Conservancy District shall report on a regular basis to the legislative management's water topics overview committee during the 2019-20 interim regarding the progress of the Red River valley water supply project. The provisions of section 13 of this Act do not apply to the funding referenced in this section.

SECTION 13. LEGISLATIVE INTENT - RED RIVER VALLEY WATER SUPPLY PROJECT. It is the intent of the sixty-sixth legislative assembly that the state water commission provide no more than $30,000,000 to the Garrison Diversion Conservancy District for the Red River valley water supply project during the 2019-21 biennium and 2021-23 biennium and that the state funding be provided at a seventy-five percent state cost-share."

Page 4, after line 16, insert:

"**SECTION 15. PILOT PROJECT - IMPLEMENTATION OF A BASINWIDE PLAN - REPORT TO THE LEGISLATIVE MANAGEMENT.** Up to $1,000,000 of the $48,000,000 appropriated to the state water commission for flood control projects other than Fargo area flood control including the Fargo Moorhead diversion in section 1 of this Act for the period beginning with the effective date of this Act, and ending June 30, 2021, may be used to provide grants under the pilot project in this section.

1. If all the water resource districts and joint water resource districts in a basin develop a basinwide water plan identifying water conveyance, flood control, and other water projects to be undertaken in the basin, the districts jointly may apply to the state water commission for a grant of up to $1,000,000 for implementation of the plan. The state water commission may select a basinwide plan submitted under this subsection for funding and enter into one cooperative agreement with the water resource districts and joint water resource districts that submitted the plan.

2. The cooperative agreement must include the amount of funding the state water commission will provide, the applicable cost-share requirements, a prohibition on using funds provided under the agreement for planning or any purpose other than implementation of the basinwide plan, and the obligations of the state water commission and each water resource district and joint water resource district in the basin in implementing the basinwide plan. The agreement also must provide for monitoring and oversight of the basinwide plan's implementation.

3. The state water commission shall report to the legislative management on the results of this pilot project no later than August 1, 2020."

SECTION 16. AMENDMENT. Subsection 3 of section 61-02-78 of the North Dakota Century Code is amended and reenacted as follows:

3. The commission shall approve projects and loans from the infrastructure loan fund, and the Bank of North Dakota shall manage and administer loans from the infrastructure loan fund and individual accounts in the fund. The commission may adopt policies for the review and approval of loans under this section. Loans made under this section must be made ~~at an interest rate of one and one-half percent~~at the same interest rate as the revolving loan fund established under chapters 61-28.1 and 61-28.2."

Page 4, after line 27, insert:

"**SECTION 18. EMERGENCY.** This Act is declared to be an emergency measure."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

Senate Bill No. 2020 - State Water Commission - Conference Committee Action

	Base Budget	Senate Version	Conference Committee Changes	Conference Committee Version	House Version	Comparison to House
Salaries and wages	$19,659,298	$19,833,131	($1,145)	$19,831,986	$19,831,986	
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Project carryover	274,867,897	308,333,818		308,333,818	308,333,818	
New projects	169,782,147					
Flood control - Grants		145,000,000	(145,000,000)			
General water - Grants		35,255,000	(8,161,224)	27,093,776	27,093,776	
Rural water supply - Grants		30,000,000	7,200,000	37,200,000	37,200,000	
Water supply - Grants		115,000,000	13,000,000	128,000,000	128,000,000	
Fargo area flood control			66,500,000	66,500,000	66,500,000	
Mouse River flood control			82,500,000	82,500,000	82,500,000	
Other flood control projects			48,000,000	48,000,000	48,000,000	
Total all funds	$647,173,475	$845,216,460	$122,937,631	$968,154,091	$968,154,091	$0
Less estimated income	647,173,475	845,216,460	122,937,631	968,154,091	968,154,091	0
General fund	$0	$0	$0	$0	$0	$0
FTE	93.00	90.00	0.00	90.00	90.00	0.00

Department 770 - State Water Commission - Detail of Conference Committee Changes

	Adjusts Funding for Salary Increases[1]	Adds Funding for Capital Assets[2]	Adds Funding for Water Supply - Grants[3]	Adds Funding for Rural Water Supply - Grants[4]	Removes Flood Control - Grants Line Item[5]	Adds Funding for Fargo Area Flood Control Including the Fargo Moorhead Diversion[6]
Salaries and wages	($1,145)					
Operating expenses						
Capital assets		$33,000,000				
Project carryover						
New projects						
Flood control - Grants					($145,000,000)	
General water - Grants						
Rural water supply - Grants				$7,200,000		
Water supply - Grants			$13,000,000			
Fargo area flood control						$66,500,000
Mouse River flood control						
Other flood control projects						
Total all funds	($1,145)	$33,000,000	$13,000,000	$7,200,000	($145,000,000)	$66,500,000
Less estimated income	(1,145)	33,000,000	13,000,000	7,200,000	(145,000,000)	66,500,000
General fund	$0	$0	$0	$0	$0	$0
FTE	0.00	0.00	0.00	0.00	0.00	0.00

	Adds Funding for Mouse River Flood Control[7]	Adds Funding for Other Flood Control Projects[8]	Reduces Funding for General Water - Grants[9]	Adds Funding to Payoff Outstanding Debt[10]	Total Conference Committee Changes
Salaries and wages					($1,145)
Operating expenses				$25,900,000	25,900,000
Capital assets					33,000,000
Project carryover					
New projects					
Flood control - Grants					(145,000,000)
General water - Grants			($8,161,224)		(8,161,224)
Rural water supply - Grants					7,200,000
Water supply - Grants					13,000,000
Fargo area flood control					66,500,000
Mouse River flood control	$82,500,000				82,500,000
Other flood control projects		$48,000,000			48,000,000
Total all funds	$82,500,000	$48,000,000	($8,161,224)	$25,900,000	$122,937,631
Less estimated income	82,500,000	48,000,000	(8,161,224)	25,900,000	122,937,631
General fund	$0	$0	$0	$0	$0
FTE	0.00	0.00	0.00	0.00	0.00

[1] Funding is added to provide for employee salary increases of 2 percent on July 1, 2019, with a minimum monthly increase of $120 and a maximum monthly increase of $200, and an increase of 2.5 percent on July 1, 2020. The Senate provided funding for salary increases of 2 percent on July 1, 2019, and 3 percent on July 1, 2020.

[2] Capital assets is increased by $33 million to provide additional funding for state-owned water projects within the capital assets line item to provide total capital assets funding of $180,938,758, the same as the House version. The Senate version included capital assets of $147,938,758.

[3] Water supply - grants is increased by $13 million to provide additional funding for municipal water supply projects to provide a total of $128 million in the water supply - grants line item, the same as the House version. The Senate version included capital assets of $115 million.

[4] Rural water supply - grants is increased by $7.2 million to provide additional funding for rural water supply projects to provide a total of $37.2 million in the rural water supply - grants line item, the same as the House version. The Senate version included capital assets of $30 million.

[5] The flood control - grants line item is removed to specifically identify funding for flood control projects, the same as the House version. The Senate version included $145 million in the flood control - grants line item.

[6] Funding of $66.5 million is provided for Fargo area flood control, including the Fargo Moorhead diversion, the same as the House version. The Senate version included funding for Fargo area flood control in the flood control - grants line item.

[7] Funding of $82.5 million is provided for the Mouse River flood control project, the same as the House version. The Senate version included funding for Mouse River flood control in the flood control - grants line item.

[8] Funding of $48 million is provided for flood control projects other than Fargo area flood control, including the Fargo Moorhead diversion, the same as the House version. The Senate version included funding for other flood control projects in the flood control - grants line item.

[9] Funding of $27,093,776 is provided for general water projects, the same as the House version. The Senate version included $35,255,000 of funding for the general water - grants line item.

[10] One-time funding of $25.9 million is provided in the operating expenses line item to pay off outstanding debt of the State Water Commission, the same as the House version. The Senate version did not include this item.

This amendment also:

- Applies conditions on the Fargo area flood control, including the Fargo Moorhead diversion line item, to identify the $66.5 million appropriated to the State Water Commission in the Fargo area flood control, including the Fargo Moorhead diversion line item of the bill, is to be used only for Fargo area flood control, including the Fargo Moorhead diversion, and the appropriation of those funds is conditioned on having no other funds appropriated in Section 1 of the bill being expended on Fargo area flood control, including the Fargo Moorhead diversion. The condition does not prohibit the use of funds appropriated for project carryover for Fargo area

flood control projects. The House also included this section.

- Applies conditions on other Section 1 line items to identify $593,320,273 appropriated to the State Water Commission for salaries and wages, operating expenses, capital assets, water supply - grants, rural water supply - grants, Mouse River flood control, flood control projects other than Fargo area flood control, including the Fargo Moorhead diversion, and general water - grants, may be used only for these purposes, and the appropriation of these funds are conditioned on the funds not being expended on Fargo area flood control projects, including the Fargo Moorhead diversion. The House version also included this section.
- Applies conditions on project carryover funds to identify $308,333,818 appropriated to the State Water Commission for project carryover and provides that the funds may be used only for project carryover. The appropriation of these funds is conditioned on having no more than the amount the State Water Commission approved for Fargo area flood control, including the Fargo Moorhead diversion by April 1, 2019, expended from the project carryover funds on Fargo area flood control, including the Fargo Moorhead diversion. The House also included this section.
- Applies conditions on the Fargo area flood control, including the Fargo Moorhead diversion line item and funds within the project carryover line item, to limit the use of funds allocated to the Fargo Moorhead flood control project until the project has received a federal appropriation, an appropriation from the state of Minnesota, necessary permits from the State Engineer's office, and federal courts have approved construction on plan B of the project. The House also included this section.
- Provides legislative intent that the state provide a portion of the local cost-share of the Fargo flood control project not to exceed $750 million and that the $379.5 million yet to be designated by the state be provided as follows: $66.5 million during the 2019-21, 2021-23, 2023-25, 2025-27, and 2027-29 bienniums, and $47 million during the 2029-31 biennium. The House and the Senate versions included legislative intent of $703 million.
- Provides that the Fargo flood control project must not cause a downstream Federal Emergency Management Agency certified flood protection system in North Dakota to lose certification and requires the Fargo Moorhead Diversion Authority to take reasonable measures to mitigate downstream impacts to currently certified flood protection systems in North Dakota bordering the Red River resulting from the operations of the Fargo flood control project. The House also included this section.
- Provides legislative intent that the state provide no more than $193 million of state funding for Mouse River flood control projects within the city limits of Minot during the 2017-19, 2019-21, 2021-23, and 2023-25 bienniums and that the state provided $57,713,284 during the 2017-19 biennium, and the remaining to be designated over the 2019-21, 2021-23, and 2023-25 bienniums. The House also included this section.
- Provides legislative intent that the State Water Commission provide, in the form of a grant, up to $13 million to the Garrison Diversion Conservancy District for the Red River Valley Water Supply Project, to initiate construction of Phase 1 prioritized project features, to the Garrison Diversion Conservancy District for the Red River Valley Water Supply Project during the 2019-21 biennium. The House also included this section.
- Provides legislative intent that the State Water Commission provide, in the form of a grant, up to $30 million to the Garrison Diversion Conservancy District for the Red River Valley Water Supply Project during the 2019-21 and 2021-23 bienniums and that the State Water Commission provide state funding at a 75 percent state cost-share after June 30, 2021. The House version provided for a grant up to $30 million for the Red River Valley Water Supply Project and that the state funding be at a 60 percent state cost-share after June 30, 2021. The Senate provided for a grant up to $50 million for the Red River Valley Water Supply Project and that the state funding be at an 80 percent state cost-share after June 30, 2021.
- Provides the State Water Commission may provide up to $1 million in grants to water resource districts to develop basinwide water plans. Neither the House nor the Senate version included this section.
- Amends North Dakota Century Code Section 61-02-78(3) to require the interest rate on loans made from the infrastructure loan fund to be the same rate as the safe drinking and water pollution control revolving loan funds. Neither the House nor the Senate included this section.
- Declares the bill to be an emergency measure, the same as the House version. The Senate did not include this section.

Date: 4/17/2019
Roll Call Vote #: 1

2019 SENATE CONFERENCE COMMITTEE
ROLL CALL VOTES

BILL/RESOLUTION NO. 2020 as (re) engrossed

Senate Appropriations Committee

Action Taken ☒ **Adopt Amendment**

Motion Made by: Senator Robinson Seconded by: Representative Monson

Senators	4/17			Yes	No	Representatives	4/17			Yes	No
Senator G. Lee	x			X		Representative Schmidt	x			X	
Senator Sorvaag	x			X		Representative Monson	x			X	
Senator Robinson	x			X		Representative Boe	x			X	
Total Senate Vote				3	0	Total Rep. Vote				3	0

Vote Count Yes: 6 No: 0 Absent: 0

Senate Carrier _____ House Carrier _____

LC Number _____ . _____ of amendment

LC Number _____ . _____ of engrossment

Emergency clause added or deleted

Statement of purpose of amendment

This amendment was to change the cost share portion in the Red River Valley Water supply from 60-40% to 75-25%.

Date: 4/17/2019
Roll Call Vote #: 2

2019 SENATE CONFERENCE COMMITTEE
ROLL CALL VOTES

BILL/RESOLUTION NO. 2020 as (re) engrossed

Senate Appropriations Committee

Action Taken
- ☐ **SENATE accede to House Amendments**
- ☐ **SENATE accede to House Amendments and further amend**
- ☐ **HOUSE recede from House amendments**
- ☒ **HOUSE recede from House amendments and amend as follows**

☐ **Unable to agree**, recommends that the committee be discharged and a new committee be appointed

Motion Made by: Representative Monson Seconded by: Senator Robinson

Senators				Yes	No	Representatives				Yes	No
Senator G. Lee				X		Representative Schmidt				X	
Senator Sorvaag				X		Representative Monson				X	
Senator Robinson				X		Representative Boe				X	
Total Senate Vote				3	0	Total Rep. Vote				3	0

Vote Count Yes: 6 No: 0 Absent: 0

Senate Carrier _____ House Carrier _____

LC Number _____ . _____ of amendment

LC Number _____ . _____ of engrossment

Emergency clause added or deleted

Statement of purpose of amendment

Adopt amendment 19.0233.02017 and include Senator Robinson's previous motion changing the cost share portion in the Red River Valley Water supply.

(Note – After Representative Monson made his motion, Legislative Council recommended that the House recede from House amendments and amend as follows and then include the previous motion on cost share.)

Date: 4/17/2019
Roll Call Vote #: 3

2019 SENATE CONFERENCE COMMITTEE
ROLL CALL VOTES

BILL/RESOLUTION NO. 2020 as (re) engrossed

Senate Appropriations Committee
Action Taken ☒ Adopt Amendment

Motion Made by: Senator Sorvaag Seconded by: Senator Robinson

Senators				Yes	No		Representatives				Yes	No
Senator G. Lee				X			Representative Schmidt					X
Senator Sorvaag				X			Representative Monson					X
Senator Robinson				X			Representative Boe					X
Total Senate Vote				3	0		Total Rep. Vote				0	3

Vote Count Yes: 3 No: 3 Absent: 0

Senate Carrier _____ House Carrier _____

LC Number _____ . _____ of amendment

LC Number _____ . _____ of engrossment

Emergency clause added or deleted

Statement of purpose of amendment

To further amend 19.0233.02017 with 19.0233.0218.

MOTION FAILS

Date: 4/17/2019
Roll Call Vote #: 4

2019 SENATE CONFERENCE COMMITTEE
ROLL CALL VOTES

BILL/RESOLUTION NO. 2020 as (re) engrossed

Senate Appropriations Committee
Action Taken ☒ Adopt Amendment

Motion Made by: Representative Monson Seconded by: Representative Schmidt

Senators				Yes	No	Representatives				Yes	No
Senator G. Lee				X		Representative Schmidt				X	
Senator Sorvaag					X	Representative Monson				X	
Senator Robinson				X		Representative Boe				X	
Total Senate Vote				2	1	Total Rep. Vote				3	0

Vote Count Yes: 5 No: 1 Absent: 0

Senate Carrier _____ House Carrier _____

LC Number _____ . _____ of amendment

LC Number _____ . _____ of engrossment

Emergency clause added or deleted

Statement of purpose of amendment

Amending Section 9 in First Engrossment of Engrossed SB 2020 (19.0233.02016)

from $703M to $750M.

Date: 4/17/2019
Roll Call Vote #: 5

2019 SENATE CONFERENCE COMMITTEE
ROLL CALL VOTES

BILL/RESOLUTION NO. 2020 as (re) engrossed

Senate Appropriations Committee
Action Taken ☒ Adopt Amendment

Motion Made by: Representative Monson Seconded by: Senator Robinson

Senators				Yes	No	Representatives				Yes	No
Senator G. Lee				X		Representative Schmidt				X	
Senator Sorvaag				X		Representative Monson				X	
Senator Robinson				X		Representative Boe				X	
Total Senate Vote				3	0	Total Rep. Vote				3	0

Vote Count Yes: 6 No: 0 Absent: 0

Senate Carrier _____ House Carrier _____

LC Number _____ . _____ of amendment

LC Number _____ . _____ of engrossment

Emergency clause added or deleted

Statement of purpose of amendment

Changing the interest rate in the revolving loan fund for the State Water Commission

Date: 4/17/2019
Roll Call Vote #: 6

2019 SENATE CONFERENCE COMMITTEE
ROLL CALL VOTES

BILL/RESOLUTION NO. 2020 as (re) engrossed

Senate Appropriations Committee

Action Taken

☐ **SENATE accede to House Amendments**
☐ **SENATE accede to House Amendments and further amend**
☐ **HOUSE recede from House amendments**
☒ **HOUSE recede from House amendments and amend as follows**

☐ **Unable to agree**, recommends that the committee be discharged and a new committee be appointed

Motion Made by: Senator Robinson Seconded by: Representative Schmidt

Senators				Yes	No	Representatives				Yes	No
Senator G. Lee				X		Representative Schmidt				X	
Senator Sorvaag				X		Representative Monson				X	
Senator Robinson				X		Representative Boe				X	
Total Senate Vote				3	0	Total Rep. Vote				3	0

Vote Count Yes: 6 No: 0 Absent: 0

Senate Carrier Senator G. Lee: House Carrier Representative Schmidt

LC Number 19.0233 . 02021 of amendment

LC Number 19.0233 . 04000 of engrossment

Emergency clause added or deleted

Statement of purpose of amendment

Insert LC: 19.0233.02021
Senate Carrier: G. Lee
House Carrier: Schmidt

REPORT OF CONFERENCE COMMITTEE

SB 2020, as engrossed: Your conference committee (Sens. G. Lee, Sorvaag, Robinson and Reps. Schmidt, Monson, Boe) recommends that the **HOUSE RECEDE** from the House amendments as printed on SJ pages 1496-1502, adopt amendments as follows, and place SB 2020 on the Seventh order:

That the House recede from its amendments as printed on pages 1496-1498 of the Senate Journal and pages 1639-1641 of the House Journal and that Engrossed Senate Bill No. 2020 be amended as follows:

Page 1, line 2, after "reenact" insert "subsection 3 of section 61-02-78 and"

Page 1, line 3, after the first "to" insert "the infrastructure revolving loan fund and"

Page 1, line 5, replace "and" with "to provide conditions on appropriations;"

Page 1, line 5, after "intent" insert "; to provide for a pilot project; and to declare an emergency"

Page 1, line 10, replace "biennium" with "period"

Page 1, line 10, replace "July 1, 2019" with "with the effective date of this Act"

Page 1, replace lines 14 through 24 with:

"Salaries and wages	$19,659,298	$172,688	$19,831,986
Operating expenses	58,044,691	11,711,062	69,755,753
Capital assets	124,819,442	56,119,316	180,938,758
Project carryover	274,867,897	33,465,921	308,333,818
New projects	169,782,147	(169,782,147)	0
Water supply - grants	0	128,000,000	128,000,000
Rural water supply - grants	0	37,200,000	37,200,000
Fargo area flood control including the Fargo Moorhead diversion	0	66,500,000	66,500,000
Mouse River flood control	0	82,500,000	82,500,000
Flood control projects other than Fargo area flood control including the Fargo Moorhead diversion	0	48,000,000	48,000,000
General water - grants	0	27,093,776	27,093,776
Total special funds	$647,173,475	$320,980,616	$968,154,091
Full-time equivalent positions	93.00	(3.00)	90.00"

Page 2, replace lines 6 and 7 with:

"Line of credit - Bank of North Dakota	$75,000,000	$75,000,000
Payoff of outstanding debt	0	25,900,000
Total special funds	$75,000,000	$100,900,000"

Page 2, line 11, replace "biennium" with "period"

Page 2, line 11, replace "July 1, 2019" with "with the effective date of this Act"

Page 2, line 14, replace "and new projects" with ", water supply - grants, rural water supply - grants, Fargo area flood control including the Fargo Moorhead diversion, Mouse River flood control, flood control projects other than Fargo area flood control including the Fargo Moorhead diversion, and general water - grants"

Page 2, after line 29, insert:

"**SECTION 5. CONDITION ON FARGO AREA FLOOD CONTROL LINE ITEM.** The $66,500,000 appropriated to the state water commission for Fargo area flood control including the Fargo Moorhead diversion in section 1 of this Act for the period beginning with the effective date of this Act, and ending June 30, 2021, may be used only for Fargo area flood control projects including the Fargo Moorhead diversion, and the appropriation of those funds is conditioned on having no other funds appropriated in section 1 being expended on Fargo area flood control including the Fargo Moorhead diversion. This condition does not prohibit the use of funds appropriated for project carryover in section 1 of this Act for Fargo area flood control projects, subject to section 7 of this Act.

SECTION 6. CONDITION ON OTHER SECTION 1 LINE ITEMS. The $593,320,273 appropriated to the state water commission for salaries and wages, operating expenses, capital assets, water supply - grants, rural water supply - grants, Mouse River flood control, flood control projects other than Fargo area flood control including the Fargo Moorhead diversion, and general water - grants in section 1 of this Act for the period beginning with the effective date of this Act, and ending June 30, 2021, may be used only for salaries and wages, operating expenses, capital assets, water supply - grants, rural water supply - grants, Mouse River flood control, flood control projects other than Fargo area flood control including the Fargo Moorhead diversion, and general water - grants, respectively, and the appropriation of those funds is conditioned on the funds not being expended on Fargo area flood control projects including the Fargo Moorhead diversion.

SECTION 7. CONDITION ON PROJECT CARRYOVER FUNDS. The $308,333,818 appropriated to the state water commission for project carryover in section 1 of this Act for the period beginning with the effective date of this Act, and ending June 30, 2021, may be used only for project carryover, and the appropriation of those funds is conditioned on having no more than the amount the state water commission approved for Fargo area flood control including the Fargo Moorhead diversion by April 1, 2019, expended from the project carryover funds on Fargo area flood control including the Fargo Moorhead diversion.

SECTION 8. CONDITION ON APPROPRIATIONS. The $66,500,000 appropriated to the state water commission for Fargo area flood control including the Fargo Moorhead diversion in section 1 of this Act and the amount the state water commission approved for Fargo area flood control including the Fargo Moorhead diversion by April 1, 2019, which amount is included in project carryover funds appropriated in section 1 of this Act, may not be used for any work under plan B for the Fargo Moorhead diversion project; except for constructing or repairing levees and dikes and purchasing land, easements, and options or rights of first refusal to purchase land, necessary for flood control; until:

1. The federal court injunction on plan B is modified to allow construction of plan B to continue;
2. The Congress of the United States appropriates federal funds for construction of plan B;
3. The state engineer approves the mitigation plan for plan B;
4. The office of state engineer issues all necessary permits the state engineer requires for plan B; and
5. The Minnesota state legislature appropriates funds for construction of plan B."

Page 3, line 3, replace "$703,000,000" with "$750,000,000"

Page 3, line 4, replace "$332,500,000" with "$379,500,000"

Page 3, line 5, remove "equal"

Page 3, line 6, replace "installments over the next five bienniums, beginning July 1, 2019" with "installments as follows: $66,500,000 during the 2019-21, 2021-23, 2023-25, 2025-27, and 2027-29 bienniums, and $47,000,000 during the 2029-31 biennium."

Page 3, replace lines 7 through 16 with:

"**SECTION 10. FARGO FLOOD CONTROL PROJECT DOWNSTREAM IMPACT MITIGATION.** The Fargo Moorhead metropolitan flood risk management project operations may not cause a downstream federal emergency management agency accredited flood protection system in North Dakota to lose its accreditation. The metropolitan flood diversion authority shall take reasonable measures to mitigate downstream impacts to accredited flood protection systems, existing as of April 1, 2019, located in North Dakota bordering the Red River resulting from the operations of the Fargo Moorhead diversion. For purposes of this section, negative downstream impacts to accredited flood protection systems are caused when the water surface profile passing through such systems is raised by more than one-tenth of one foot for the one hundred-year event or when the ability of the accredited flood protection system to protect against a two hundred-year or five hundred-year event is compromised. The metropolitan flood diversion authority shall collaborate with the state engineer and accredited flood protection systems in North Dakota to implement this requirement.

SECTION 11. LEGISLATIVE INTENT - MOUSE RIVER FLOOD CONTROL PROJECT FUNDING. Except for funding provided during bienniums prior to the 2017-19 biennium, it is the intent of the sixty-sixth legislative assembly that the state provide no more than $193,000,000 of state funding for Mouse River flood control projects within the city limits of Minot. It is the intent of the sixty-sixth legislative assembly that the $193,000,000 be made available during the 2017-19, 2019-21, 2021-23, and 2023-25 bienniums. It is the intent of the sixty-sixth legislative assembly that of the $193,000,000, the state provide $57,713,284 during the 2017-19 biennium and that the $135,286,716 yet to be designated by the state for the Mouse River flood control projects, within the city limits of Minot, be provided during the 2019-21, 2021-23, and 2023-25 bienniums.

SECTION 12. LEGISLATIVE INTENT - RED RIVER VALLEY WATER SUPPLY PROJECT - REPORT TO LEGISLATIVE MANAGEMENT - APPLICATION. It is the intent of the sixty-sixth legislative assembly that the state water commission provide, in the form of a grant, up to $13,000,000, to the Garrison Diversion Conservancy District for the Red River valley water supply project, to initiate construction of phase one prioritized project features identified in accordance with subsections 2 and 3 of section 14 of this Act, for the period beginning with the effective date of this Act, and ending June 30, 2021. The Garrison Diversion Conservancy District shall report on a regular basis to the legislative management's water topics overview committee during the 2019-20 interim regarding the progress of the Red River valley water supply project. The provisions of section 13 of this Act do not apply to the funding referenced in this section.

SECTION 13. LEGISLATIVE INTENT - RED RIVER VALLEY WATER SUPPLY PROJECT. It is the intent of the sixty-sixth legislative assembly that the state water commission provide no more than $30,000,000 to the Garrison Diversion Conservancy District for the Red River valley water supply project during the 2019-21 biennium and 2021-23 biennium and that the state funding be provided at a seventy-five percent state cost-share."

Page 4, after line 16, insert:

"**SECTION 15. PILOT PROJECT - IMPLEMENTATION OF A BASINWIDE PLAN - REPORT TO THE LEGISLATIVE MANAGEMENT.** Up to $1,000,000 of the $48,000,000 appropriated to the state water commission for flood control projects other than Fargo area flood control including the Fargo Moorhead diversion in section 1 of this Act for the period beginning with the effective date of this Act, and ending June 30, 2021, may be used to provide grants under the pilot project in this section.

1. If all the water resource districts and joint water resource districts in a basin develop a basinwide water plan identifying water conveyance, flood control, and other water projects to be undertaken in the basin, the districts jointly may apply to the state water commission for a grant of up to $1,000,000 for implementation of the plan. The state water commission may select a basinwide plan submitted under this subsection for funding and enter into one cooperative agreement with the water resource districts and joint water resource districts that submitted the plan.

2. The cooperative agreement must include the amount of funding the state water commission will provide, the applicable cost-share requirements, a prohibition on using funds provided under the agreement for planning or any purpose other than implementation of the basinwide plan, and the obligations of the state water commission and each water resource district and joint water resource district in the basin in implementing the basinwide plan. The agreement also must provide for monitoring and oversight of the basinwide plan's implementation.

3. The state water commission shall report to the legislative management on the results of this pilot project no later than August 1, 2020."

SECTION 16. AMENDMENT. Subsection 3 of section 61-02-78 of the North Dakota Century Code is amended and reenacted as follows:

3. The commission shall approve projects and loans from the infrastructure loan fund, and the Bank of North Dakota shall manage and administer loans from the infrastructure loan fund and individual accounts in the fund. The commission may adopt policies for the review and approval of loans under this section. Loans made under this section must be made ~~at an interest rate of one and one-half percent~~at the same interest rate as the revolving loan fund established under chapters 61-28.1 and 61-28.2."

Page 4, after line 27, insert:

"**SECTION 18. EMERGENCY.** This Act is declared to be an emergency measure."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

Senate Bill No. 2020 - State Water Commission - Conference Committee Action

	Base Budget	Senate Version	Conference Committee Changes	Conference Committee Version	House Version	Comparison to House
Salaries and wages	$19,659,298	$19,833,131	($1,145)	$19,831,986	$19,831,986	
Operating expenses	58,044,691	43,855,753	25,900,000	69,755,753	69,755,753	
Capital assets	124,819,442	147,938,758	33,000,000	180,938,758	180,938,758	
Project carryover	274,867,897	308,333,818		308,333,818	308,333,818	
New projects	169,782,147					
Flood control - Grants		145,000,000	(145,000,000)			
General water - Grants		35,255,000	(8,161,224)	27,093,776	27,093,776	

Rural water supply - Grants		30,000,000	7,200,000	37,200,000	37,200,000	
Water supply - Grants		115,000,000	13,000,000	128,000,000	128,000,000	
Fargo area flood control			66,500,000	66,500,000	66,500,000	
Mouse River flood control			82,500,000	82,500,000	82,500,000	
Other flood control projects			48,000,000	48,000,000	48,000,000	
Total all funds	$647,173,475	$845,216,460	$122,937,631	$968,154,091	$968,154,091	$0
Less estimated income	647,173,475	845,216,460	122,937,631	968,154,091	968,154,091	0
General fund	$0	$0	$0	$0	$0	$0
FTE	93.00	90.00	0.00	90.00	90.00	0.00

Department 770 - State Water Commission - Detail of Conference Committee Changes

	Adjusts Funding for Salary Increases[1]	Adds Funding for Capital Assets[2]	Adds Funding for Water Supply - Grants[3]	Adds Funding for Rural Water Supply - Grants[4]	Removes Flood Control - Grants Line Item[5]	Adds Funding for Fargo Area Flood Control Including the Fargo Moorhead Diversion[6]
Salaries and wages	($1,145)					
Operating expenses						
Capital assets		$33,000,000				
Project carryover						
New projects						
Flood control - Grants					($145,000,000)	
General water - Grants						
Rural water supply - Grants				$7,200,000		
Water supply - Grants			$13,000,000			
Fargo area flood control						$66,500,000
Mouse River flood control						
Other flood control projects						
Total all funds	($1,145)	$33,000,000	$13,000,000	$7,200,000	($145,000,000)	$66,500,000
Less estimated income	(1,145)	33,000,000	13,000,000	7,200,000	(145,000,000)	66,500,000
General fund	$0	$0	$0	$0	$0	$0
FTE	0.00	0.00	0.00	0.00	0.00	0.00

	Adds Funding for Mouse River Flood Control[7]	Adds Funding for Other Flood Control Projects[8]	Reduces Funding for General Water - Grants[9]	Adds Funding to Payoff Outstanding Debt[10]	Total Conference Committee Changes
Salaries and wages					($1,145)
Operating expenses				$25,900,000	25,900,000
Capital assets					33,000,000
Project carryover					
New projects					
Flood control - Grants					(145,000,000)
General water - Grants			($8,161,224)		(8,161,224)
Rural water supply - Grants					7,200,000
Water supply - Grants					13,000,000
Fargo area flood control					66,500,000
Mouse River flood control	$82,500,000				82,500,000
Other flood control projects		$48,000,000			48,000,000
Total all funds	$82,500,000	$48,000,000	($8,161,224)	$25,900,000	$122,937,631
Less estimated income	82,500,000	48,000,000	(8,161,224)	25,900,000	122,937,631
General fund	$0	$0	$0	$0	$0
FTE	0.00	0.00	0.00	0.00	0.00

[1] Funding is added to provide for employee salary increases of 2 percent on July 1, 2019, with a minimum monthly increase of $120 and a maximum monthly increase of $200, and an increase of 2.5 percent on July 1, 2020. The Senate provided funding for salary increases of 2 percent on July 1, 2019, and 3 percent on July 1, 2020.

[2] Capital assets is increased by $33 million to provide additional funding for state-owned water projects within the capital assets line item to provide total capital assets funding of $180,938,758, the same as the House version. The Senate version included capital assets

of $147,938,758.

[3] Water supply - grants is increased by $13 million to provide additional funding for municipal water supply projects to provide a total of $128 million in the water supply - grants line item, the same as the House version. The Senate version included capital assets of $115 million.

[4] Rural water supply - grants is increased by $7.2 million to provide additional funding for rural water supply projects to provide a total of $37.2 million in the rural water supply - grants line item, the same as the House version. The Senate version included capital assets of $30 million.

[5] The flood control - grants line item is removed to specifically identify funding for flood control projects, the same as the House version. The Senate version included $145 million in the flood control - grants line item.

[6] Funding of $66.5 million is provided for Fargo area flood control, including the Fargo Moorhead diversion, the same as the House version. The Senate version included funding for Fargo area flood control in the flood control - grants line item.

[7] Funding of $82.5 million is provided for the Mouse River flood control project, the same as the House version. The Senate version included funding for Mouse River flood control in the flood control - grants line item.

[8] Funding of $48 million is provided for flood control projects other than Fargo area flood control, including the Fargo Moorhead diversion, the same as the House version. The Senate version included funding for other flood control projects in the flood control - grants line item.

[9] Funding of $27,093,776 is provided for general water projects, the same as the House version. The Senate version included $35,255,000 of funding for the general water - grants line item.

[10] One-time funding of $25.9 million is provided in the operating expenses line item to pay off outstanding debt of the State Water Commission, the same as the House version. The Senate version did not include this item.

This amendment also:

- Applies conditions on the Fargo area flood control, including the Fargo Moorhead diversion line item, to identify the $66.5 million appropriated to the State Water Commission in the Fargo area flood control, including the Fargo Moorhead diversion line item of the bill, is to be used only for Fargo area flood control, including the Fargo Moorhead diversion, and the appropriation of those funds is conditioned on having no other funds appropriated in Section 1 of the bill being expended on Fargo area flood control, including the Fargo Moorhead diversion. The condition does not prohibit the use of funds appropriated for project carryover for Fargo area flood control projects. The House also included this section.
- Applies conditions on other Section 1 line items to identify $593,320,273 appropriated to the State Water Commission for salaries and wages, operating expenses, capital assets, water supply - grants, rural water supply - grants, Mouse River flood control, flood control projects other than Fargo area flood control, including the Fargo Moorhead diversion, and general water - grants, may be used only for these purposes, and the appropriation of these funds are conditioned on the funds not being expended on Fargo area flood control projects, including the Fargo Moorhead diversion. The House version also included this section.
- Applies conditions on project carryover funds to identify $308,333,818 appropriated to the State Water Commission for project carryover and provides that the funds

may be used only for project carryover. The appropriation of these funds is conditioned on having no more than the amount the State Water Commission approved for Fargo area flood control, including the Fargo Moorhead diversion by April 1, 2019, expended from the project carryover funds on Fargo area flood control, including the Fargo Moorhead diversion. The House also included this section.

- Applies conditions on the Fargo area flood control, including the Fargo Moorhead diversion line item and funds within the project carryover line item, to limit the use of funds allocated to the Fargo Moorhead flood control project until the project has received a federal appropriation, an appropriation from the state of Minnesota, necessary permits from the State Engineer's office, and federal courts have approved construction on plan B of the project. The House also included this section.
- Provides legislative intent that the state provide a portion of the local cost-share of the Fargo flood control project not to exceed $750 million and that the $379.5 million yet to be designated by the state be provided as follows: $66.5 million during the 2019-21, 2021-23, 2023-25, 2025-27, and 2027-29 bienniums, and $47 million during the 2029-31 biennium. The House and the Senate versions included legislative intent of $703 million.
- Provides that the Fargo flood control project must not cause a downstream Federal Emergency Management Agency certified flood protection system in North Dakota to lose certification and requires the Fargo Moorhead Diversion Authority to take reasonable measures to mitigate downstream impacts to currently certified flood protection systems in North Dakota bordering the Red River resulting from the operations of the Fargo flood control project. The House also included this section.
- Provides legislative intent that the state provide no more than $193 million of state funding for Mouse River flood control projects within the city limits of Minot during the 2017-19, 2019-21, 2021-23, and 2023-25 bienniums and that the state provided $57,713,284 during the 2017-19 biennium, and the remaining to be designated over the 2019-21, 2021-23, and 2023-25 bienniums. The House also included this section.
- Provides legislative intent that the State Water Commission provide, in the form of a grant, up to $13 million to the Garrison Diversion Conservancy District for the Red River Valley Water Supply Project, to initiate construction of Phase 1 prioritized project features, to the Garrison Diversion Conservancy District for the Red River Valley Water Supply Project during the 2019-21 biennium. The House also included this section.
- Provides legislative intent that the State Water Commission provide, in the form of a grant, up to $30 million to the Garrison Diversion Conservancy District for the Red River Valley Water Supply Project during the 2019-21 and 2021-23 bienniums and that the State Water Commission provide state funding at a 75 percent state cost-share after June 30, 2021. The House version provided for a grant up to $30 million for the Red River Valley Water Supply Project and that the state funding be at a 60 percent state cost-share after June 30, 2021. The Senate provided for a grant up to $50 million for the Red River Valley Water Supply Project and that the state funding be at an 80 percent state cost-share after June 30, 2021.
- Provides the State Water Commission may provide up to $1 million in grants to water resource districts to develop basinwide water plans. Neither the House nor the Senate version included this section.
- Amends North Dakota Century Code Section 61-02-78(3) to require the interest rate on loans made from the infrastructure loan fund to be the same rate as the safe drinking and water pollution control revolving loan funds. Neither the House nor the Senate included this section.
- Declares the bill to be an emergency measure, the same as the House version. The

Senate did not include this section.

Engrossed SB 2020 was placed on the Seventh order of business on the calendar.

2019 TESTIMONY

SB 2020

Department 770 - State Water Commission
Senate Bill No. 2020

Executive Budget Comparison to Prior Biennium Appropriations

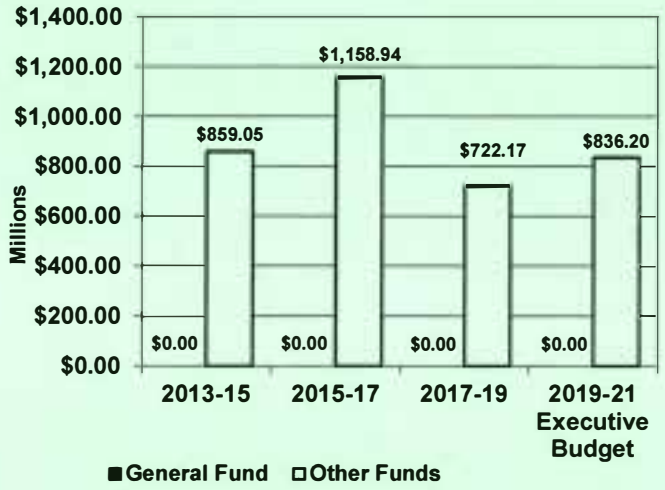
	FTE Positions	General Fund	Other Funds	Total
2019-21 Executive Budget	90.00	$0	$836,198,186	$836,198,186
2017-19 Legislative Appropriations[1]	93.00	0	722,173,475	722,173,475
Increase (Decrease)	(3.00)	$0	$114,024,711	$114,024,711

[1]The 2017-19 biennium agency appropriation amounts have not been adjusted for additional carryover authority of $63,158,619 for uncompleted water projects authorized under Section 6 of Senate Bill No. 2020 (2015).

Ongoing and One-Time Other Funds Appropriations

	Ongoing Other Funds Appropriation	One-Time Other Funds Appropriation	Total Other Funds Appropriation
2019-21 Executive Budget	$836,198,186	$0	$836,198,186
2017-19 Legislative Appropriations	647,173,475	75,000,000	722,173,475
Increase (Decrease)	$189,024,711	($75,000,000)	$114,024,711

Agency Funding



FTE Positions

Executive Budget Comparison to Base Level

	General Fund	Other Funds	Total
2019-21 Executive Budget	$0	$836,198,186	$836,198,186
2019-21 Base Level	0	647,173,475	647,173,475
Increase (Decrease)	$0	$189,024,711	$189,024,711

Attached as an appendix is a detailed comparison of the executive budget to the agency's base level appropriations.

Executive Budget Highlights

	General Fund	Other Funds	Total
1. Adds funding for state employee salary and benefit increases, of which $799,386 is for salary increases, $355,238 is for health insurance increases, and $103,135 is for retirement contribution increases	$0	$1,257,759	$1,257,759
2. Removes funding for 4 FTE unspecified positions	$0	($693,912)	($693,912)
3. Adds 1 FTE risk mapping position from federal funds	$0	$174,126	$174,126
4. Adjusts funding available for project carryover to provide a total of $308,333,818	$0	$33,465,921	$33,465,921
5. Adjusts funding available for new projects to provide a total of $350,751,493	$0	$180,969,346	$180,969,346

6. Adjusts funding for capital assets, which includes state owned projects, to provide a total of $113,213,758 (Includes $41,666,182 of carryover funding for capital asset projects)	$0	($11,605,684)	($11,605,684)
7. Adjusts funding for operating expenses to provide a total of $43,787,553	$0	($14,257,138)	($14,257,138)

Other Sections Recommended to be Added in the Executive Budget (As Detailed in the Attached Appendix)

Additional income - Section 3 would appropriate any additional federal or other funds available to the State Water Commission during the 2019-21 biennium.

Exemption - Water-related projects - Section 4 would authorize the State Water Commission to continue any unexpended 2019-21 biennium appropriation authority for grants or water-related projects for 2 years beyond June 30, 2021.

Line item transfers - Section 5 would authorize the agency to transfer appropriation authority between line items in Section 1 of the bill.

Loan authorization - Contingent appropriation - Section 6 would extend authorization of a line of credit for the State Water Commission at the Bank of North Dakota, not to exceed $75 million, at a rate of 1.5 percent over the 3 month London interbank offered rate (LIBOR).

Contingent appropriation - Bank of North Dakota - Section 7 would provide a contingent appropriation of $75 million for the purpose of funding water projects for the 2019-21 biennium.

Continuing Appropriations

Infrastructure revolving loan fund - North Dakota Century Code Section 61-02-78 established the infrastructure revolving loan fund within the resources trust fund to provide loans for water supply, flood protection, or other water development and water management projects. A total of $26 million of oil extraction money was deposited in the resources trust fund and, along with loan repayments and earnings of the fund, is available on a continuing basis for infrastructure loans.

Significant Audit Findings

There are no significant audit findings for this agency.

Major Related Legislation

House Bill No. 1085 - Amends Section 61-34-04 relating to the drought disaster livestock water assistance program, to remove grant amount limitations.

House Bill No. 1086 - Amends Section 61-01-01 to change definitions related to waters of the state.

Senate Bill No. 2090 - Creates several new sections to Chapter 61-04, relating to permits for the appropriation of water; amends several sections under Chapter 61-04, relating to the appropriation of water and to adjust water permit fees; and repeals Sections 61-04-07, 61-04-15.1, 61-04-17, and 61-04-22, relating to appeals of permit application rejections, change in point of diversion or use, surplus water delivery, and a prescriptive water right.

State Water Commission - Budget No. 770
Senate Bill No. 2020
Base Level Funding Changes

	Executive Budget Recommendation			
	FTE Position	General Fund	Other Funds	Total
2019-21 Biennium Base Level	93.00	$0	$647,173,475	$647,173,475
2019-21 Ongoing Funding Changes				
Base payroll changes			($285,707)	($285,707)
Salary increase			799,386	799,386
Health insurance increase			355,238	355,238
Retirement contribution increase			103,135	103,135
Removes 4 FTE unspecified positions	(4.00)		(693,912)	(693,912)
Adds 1 FTE risk mapping position	1.00		174,126	174,126
Adjusts funding available for new projects			180,969,346	180,969,346
Adjusts funding available for project carryover			33,465,921	33,465,921
Adjusts capital assets			(11,605,684)	(11,605,684)
Adjusts operating expenses			(14,257,138)	(14,257,138)
Total ongoing funding changes	(3.00)	$0	$189,024,711	$189,024,711
One-time funding items				
No one-time funding items				$0
Total one-time funding changes	0.00	$0	$0	$0
Total Changes to Base Level Funding	(3.00)	$0	$189,024,711	$189,024,711
2019-21 Total Funding	90.00	$0	$836,198,186	$836,198,186

Other Sections for State Water Commission - Budget No. 770

	Executive Budget Recommendation
Additional income	Section 3 would appropriate any additional income from the resources trust fund or water development fund that becomes available to the State Water Commission during the 2019-21 biennium.
Exemption - Water-related projects	Section 4 would provide that funds appropriated for grants or water-related projects in Section 1 are exempt from North Dakota Century Code Section 54-44.1-11 for 2 years after June 30, 2021. Any unexpended funds appropriated from the resources trust fund or the water development fund after that period has expired must be transferred to the originating fund.
Line item transfers	Section 5 would authorize the State Water Commission to transfer funds between line items in Section 1 of the bill, when it is cost-effective for the construction of water projects. The department must report transfers to the Office of Management and Budget.
Bank of North Dakota - Line of credit	Section 6 would extend authorization of a line of credit at the Bank of North Dakota, not to exceed $75 million, at an annual percentage rate of 1.5 percent over the 3 month LIBOR rate, but may not exceed 3 percent to the State Water Commission. The State Water Commission must repay the line of credit from funds available in the resources trust fund, water development trust fund, or other funds, as appropriated by the Legislative Assembly. The State Water Commission may access the line of credit, as necessary, to provide funding as authorized by the Legislative Assembly for water supply and flood control projects approved for funding before June 30, 2021.

Other Sections for State Water Commission - Budget No. 770

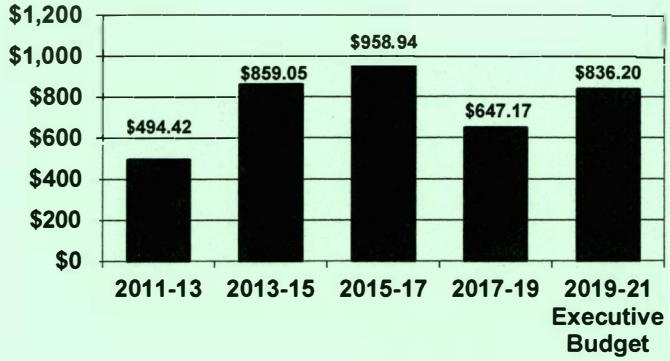
	Executive Budget Recommendation
Contingent appropriation - Bank of North Dakota line of credit	Section 7 would provide a contingent appropriation of $75 million, from funds obtained through a Bank of North Dakota line of credit, to the State Water Commission for the purpose of funding water projects for the 2019-21 biennium.

Department 770 - State Water Commission

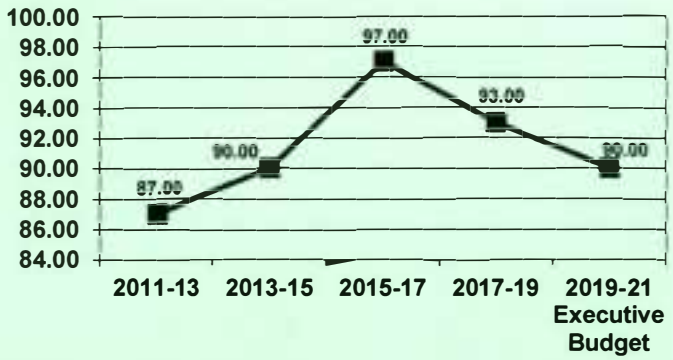
Historical Appropriations Information

Total Ongoing Other Funds Appropriations Since 2011-13

Agency Ongoing Funding (in Millions)



FTE Positions



Total Other Funds Appropriations					
	2011-13	2013-15	2015-17	2017-19	2019-21 Executive Budget
Ongoing other funds appropriations	$494,420,221[1]	$859,045,805	$958,935,836	$647,173,475	$836,198,186
Increase (decrease) from previous biennium	N/A	$364,625,584	$99,890,031	($311,762,361)	$114,024,711
Percentage increase (decrease) from previous biennium	N/A	73.7%	11.6%	(32.5%)	29.2%
Cumulative percentage increase (decrease) from 2011-13 biennium	N/A	73.7%	94.0%	30.9%	69.1%

[1]Amount excludes $14,995,199 from the general fund for the 2011-13 biennium for the administration of the State Water Commission.

Major Increases (Decreases) in Other Funds Appropriations

2013-15 Biennium

1. Changed funding source for the administration of the State Water Commission from the general fund to the resources trust fund	$17,566,561
2. Added funding to provide grants to advance the Stutsman County Rural Water, North Central Rural Water Consortium, and McLean-Sheridan Rural Water projects	$10,350,000
3. Added funding to advance additional construction on the Southwest Pipeline Project	$21,000,000
4. Added funding for 3 FTE positions	$425,507
5. Added funding for the infrastructure revolving loan fund within the resources trust fund	$15,000,000
6. Increased funding for professional services	$14,086,303
7. Increased funding for utilities	$3,749,426
8. Increased funding for capital payments	$131,366,895
9. Increased funding for grants	$150,860,165

2015-17 Biennium

1. Added funding for 4 FTE water permitting positions	$768,831
2. Added funding for 1 FTE regulatory director position	$273,871
3. Added funding for 1 FTE water supply project manager position	$229,840
4. Added funding for 1 FTE sovereign lands position	$192,784
5. Increased funding for professional services	$10,727,828
6. Added funding for loan payment on Bank of North Dakota loan to refinance outstanding bonds	$7,000,000
7. Increased funding for water projects	$36,132,255

2017-19 Biennium

1. Removed 4 FTE positions and related funding	($753,720)
2. Increased funding for Bank of North Dakota loan payments relating to State Water Commission outstanding bonds refinanced through the Bank during the 2015-17 biennium to provide $7.5 million per biennium.	$3,693,997
3. Added $125,000 from the resources trust fund for the Agriculture Commissioner's Wildlife Services program	$125,000
4. Adjusted funding for operating expenses and water projects	($225,437,836)
5. Added funding for a State Engineer study, of which $15,000 is from the resources trust fund and $15,000 is other funds received from Ward County	$30,000

2019-21 Biennium (Executive Budget Recommendation)

1. Removes funding for 4 FTE unspecified positions	($693,912)
2. Adds 1 FTE risk mapping position from federal funds	$174,126
3. Adjusts funding available for new projects to provide a total of $350,751,493	$180,969,346
4. Adjusts funding available for project carryover to provide a total of $308,333,818	$33,465,921
5. Adjusts funding for capital assets, which includes state owned projects, to provide a total of $113,213,758 (Includes $41,666,182 of carryover funding for capital asset projects)	($11,605,684)
6. Adjusts funding for operating expenses to provide a total of $43,787,553	($14,257,138)

GOVERNOR'S RECOMMENDATION FOR THE STATE WATER COMMISSION AS SUBMITTED BY THE OFFICE OF MANAGEMENT AND BUDGET

SECTION 1. APPROPRIATION. The funds provided in this section, or so much of the funds as may be necessary, are appropriated from special funds derived from federal funds and other income, to the state water commission for the purpose of defraying the expenses of the state water commission, for the biennium beginning July 1, 2017, and ending June 30, 2019, as follows:

	Base level	Adjustments or Enhancements	Appropriation
Salaries and wages	$19,651,385	$460,179	$20,111,564
Operating expenses	47,608,165	(3,820,612)	43,787,553
Capital assets	112,219,442	994,316	113,213,758
Grants - local cost share	467,694,483	(116,942,990)	350,751,493
Grants- carryover	0	308,333,818	308,333,818
Total all funds	$647,173,475	$189,024,711	$836,198,186
Full-time equivalent positions	93.00	(3.00)	90.00

SECTION 2. ONE-TIME FUNDING – EFFECT ON BASE BUDGET – REPORT TO SIXTY-SIXTH LEGISLATIVE ASSEMBLY. The following amounts reflect the one-time funding items approved by the sixty-fourth legislative assembly for the 2015-17 biennium and the 2017-19 one-time funding items included in the grand total appropriation in section 1 of this Act:

One-Time Funding Description	2017-19	2019-21
Line of credit – Bank of North Dakota	75,000,000	0
Total all funds	$75,000,000	$0

SECTION 3. ADDITIONAL INCOME - APPROPRIATION. In addition to the amounts included in the estimated income line item in section 1 of this Act, any additional amounts in the resources trust fund and water development trust fund that become available are appropriated to the state water commission for the purpose of defraying the expenses of that agency, for the biennium beginning July 1, 2019, and ending June 30, 2021.

SECTION 4. GRANTS - WATER-RELATED PROJECTS - CARRYOVER AUTHORITY. Section 54-44.1-11 does not apply to funding for grants or water-related projects included in the capital assets, capital construction carryover, or grants line items in section 1 of this Act. However, this exclusion is only in effect for two years after June 30, 2021. Any unexpended funds appropriated from the resources trust fund after that period has expired must be transferred to the resources trust fund and any unexpended funds appropriated from the water development trust fund after that period has expired must be transferred to the water development trust fund.

SECTION 5. LINE ITEM TRANSFERS. The chief engineer/secretary of the state water commission may transfer between the salaries and wages, operating, capital assets, capital construction carryover, and grants line item in Section 1 of this Act when it is cost-effective for construction of water projects. The state water commission shall notify the office of management and budget of any transfers made pursuant to this section.

SECTION 6. AMENDMENT. Section 61-02-79 of the North Dakota Century Code is amended and reenacted as follows:

61-02-79. Bank of North Dakota - Line of credit.

The Bank of North Dakota shall extend a line of credit not to exceed seventy-five million dollars at a rate of one and one-half percent over the three month London interbank offered rate, but may not exceed three percent to the state water commission. The state water commission shall repay the line of credit from funds available in the resources trust fund, water development trust fund, or other funds, as appropriated by the legislative assembly. The state water commission may access the line of credit, as necessary, to

provide funding as authorized by the legislative assembly for water supply projects approved before June 30, ~~2019~~2021, and flood control projects that have approval for funding before June 30, ~~2019~~2021.

SECTION 7. CONTINGENT APPROPRIATION – BANK OF NORTH DAKOTA LINE OF CREDIT. The sum of $75,000,000, or so much of the sum as necessary, from a Bank of North Dakota line of credit included in section 6 of this Act, may be transferred to the state water commission for the purpose of funding water projects for the biennium beginning July 1, 2019, and ending June 30, 2021.

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Senate Bill 2020- State Water Commission Budget Appropriation
Senate Appropriations Hearing

Testimony Outline

8:30 a.m. State Water Commission Overview
State Engineer Garland Erbele and SWC staff

9:15 a.m. Opening Remarks
David Sprynczynatyk, Chairman, North Dakota Water Coalition

9:20 a.m. Municipal Rural and Industrial Water (8 minutes each)
a) Rural Water Supply – North Dakota Rural Water Systems Association

b) Municipal Water Supply – North Dakota League of Cities

c) Southwest Pipeline Project – Southwest Water Authority

d) Western Area Water Supply Project – Western Area Water Supply Authority

e) Red River Valley Water Supply – Lake Agassiz Water Authority
– Garrison Diversion Conservancy District

f) Northwest Area Water Supply – City of Minot

10:10 a.m. General Water Management (8 minutes each)
a) Water Resources Districts – North Dakota Association of Water Resource Districts

b) Irrigation – North Dakota Irrigation Association
– Garrison Diversion Conservancy District

c) Cloud Modification Project – County Weather Modification Authority
– Weather Modification, Inc.

10:40 a.m. Flood Control Projects (8 minutes each)
a) Souris/Mouse River Flood Protection – Souris River Joint Board

b) Sheyenne River Flood Protection – Valley City

c) Lower Heart River Levy Recertification – Lower Heart River Water Resource District

11:15 a.m. d) Fargo-Moorhead Area Diversion Project
– Governor Doug Burgum
– Flood Diversion Board of Authority

11:45 a.m. Public Comments

PLAN

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North Dakota Water Development

2019

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A MESSAGE FROM . . .

THE STATE ENGINEER & STATE WATER COMMISSION

We are pleased to present you with the 2019 North Dakota Water Development Plan.

Those involved in water project development know that existing projects evolve, and new projects are continuously being considered by local water managers. For that reason, it is necessary for the state to assemble updated water project information on a biennial basis, to coincide with the state's biennial budget cycles. This information then provides the agency and our elected officials with the most up-to-date project information possible to plan for, and support our state's highest water development priorities.

As you review the content of this report, there are a few fundamental concepts that we hope readers will take away. The first, is that the State of North Dakota has made unprecedented progress on water development projects in the last several biennia. From large-scale flood control and water supply projects, to smaller-scale general water management efforts, a lot has been accomplished. Second, there is a tremendous amount of interest among project sponsors across the state to pursue hundreds of new projects; but at the same time, the state is still in a position to continue its track record of supporting local project sponsors.

Another key element of this report is the focus on longer-term planning horizons. By estimating the potential financial needs of water-related infrastructure in ten years, and beyond, we will be better positioned to accomplish our goals in a future of increasing uncertainty.

And finally, through extensive project reviews, Commissioner and staff interactions with local sponsors, and careful consideration of the agency's revised Project Prioritization Guidance, we have also outlined our priorities for future water development efforts.

As we look ahead, continued success will require careful planning, coordination, and communication between North Dakota's water stakeholders. We believe that this document, the 2019 Water Development Plan, will serve as an important tool in achieving further successes. On behalf of North Dakota's Water Commission, I appreciate your interest and continued support of North Dakota's future water management and development endeavors.

Sincerely,

Garland Erbele, P.E., State Engineer, Chief Engineer-Secretary

NORTH Dakota Be Legendary. | State Water Commission

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INTRODUCTION

It is the vision of the North Dakota State Water Commission that, "Present and future generations of North Dakotans will enjoy an adequate supply of good quality water for people, agriculture, industry, and fish and wildlife; Missouri River water will be put to beneficial use through its distribution across the state to meet ever increasing water supply and quality needs; and successful management and development of North Dakota's water resources will ensure health, safety, and prosperity and balance the needs of generations to come."

This 2019 Water Development Plan was developed to serve as a pathway to achieve this vision in the 2019-2021 biennium and beyond.

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ORGANIZATION AND BACKGROUND

North Dakota's Legislature established the Office of the State Engineer in 1905 to regulate the allocation of water, manage drainage, and promote irrigation. The State Water Commission (Water Commission or Commission) was established in 1937 to promote, plan, and build water development projects. Today, the State Water Commission and Office of the State Engineer coexist as a multi-purpose agency, with similar, yet distinctly different responsibilities.

The Water Commission is comprised of the Governor, the State Agriculture Commissioner, and seven members appointed by the Governor that represent each of the state's seven major drainage basins. North Dakota's State Engineer serves as Chief Engineer and Secretary to the State Water Commission. In a separate role, North Dakota's State Engineer is responsible for several regulatory functions and responsibilities, including allocation of the state's waters, dam safety, sovereign land management, and drainage.

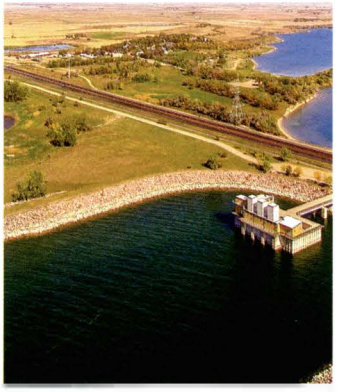
Overall, both entities are responsible for the wise management and development of North Dakota's most precious resource – water.

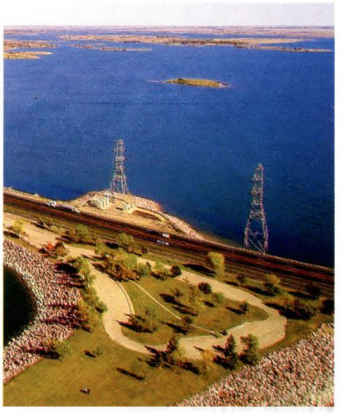
TARGET WATER DEVELOPMENT GOALS & PRIORITIES

Goal: Protect North Dakota's citizens and economy from flood-related impacts.

Priority Initiatives

- Address immediate flood or dam related threats to human life, primary residences, or emergency response efforts.
- Support advancement of federally authorized flood control projects.
- Support projects that protect primary residences or businesses from flooding in population centers or involve flood recovery property acquisitions.





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PURPOSE OF THE 2019 WATER DEVELOPMENT PLAN

- Outline target water development goals and priorities;
- Outline the planning process;
- Provide a progress report on the state's priority water management and development efforts from the 2017-2019 biennium;
- Provide information regarding North Dakota's current and future water development project funding needs and priorities;
- Provide information regarding North Dakota's revenue sources for water development;
- Serve as a formal request for funding from the Resources Trust Fund;
- Outline the state's priority water development efforts for the 2019-2021 biennium; and
- Provide information regarding the State Water Commission's Cost-share Policy, and Water Project Prioritization Guidance.

TARGET WATER DEVELOPMENT GOALS & PRIORITIES

Goal: Provide safe and reliable water supplies for the health and prosperity of North Dakota's citizens and economy.

Priority Initiatives

- Address imminent water supply losses to existing multi-user systems, or emergency response efforts.
- Support advancement of federally authorized water supply projects.
- Correct violations of primary water quality conditions in water supply systems.
- Correct situations that involve a lack of water supply for a group of water users.
- Support connections of cities to regional and rural water supply systems.
- Support efforts that address severe or anticipated water supply shortages for domestic use in a service area or city with rapid population growth.

AUTHORITY

By virtue of North Dakota Century Code (NDCC), Section 61-02-14, Powers and Duties of the Commission; Section 61-02-26, Duties of State Agencies Concerned with Intrastate Use or Disposition of Waters; and Section 61-02-01.3, Comprehensive Water Development Plan, the Commission is required to develop and maintain a comprehensive water development plan.

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THE PLANNING PROCESS & COMMISSIONER-HOSTED MEETINGS

The 2019 water planning process began in January 2018. At that time, the State Water Commission sent letters of request to potential water project sponsors across the state, asking them for information regarding water projects and programs that could be considered for inclusion in the 2019 Water Development Plan.

Water projects and water management efforts are continually evolving and advancing, making it necessary to update project information on a biennial basis. Simultaneously, the Water Commission is charged with ensuring responsible stewardship of state funding in both the short- and long-term. For those reasons, the 2019 water planning process involved a request to project sponsors to forecast funding needs as far as three biennia into the future, and up to five biennia for the state's largest projects.

Longer-term water supply infrastructure surveys were also collected and compiled to estimate the state's overall needs several decades into the future. The information received from local project sponsors as part of this project inventory process ultimately becomes the foundation of the Commission's budget request to the Governor and Legislature. (The project inventory process is outlined in greater detail in the "State Water Development Program" section on page 37).

The other key element of the 2019 planning process was Water Commissioner-hosted basin meetings. To promote and encourage local project sponsor participation in water planning and in legislative and agency biennial budgeting efforts, the 2013 Legislative Assembly passed House Bill 1206 (NDCC 61-02-01.3), requiring the Water Commission to schedule Commissioner-hosted meetings within seven major drainage basins. The meetings are to be held in the lower and upper Red, James, Mouse, lower and upper Missouri River, and Devils Lake basins.

As part of the 2019 planning process, water management and development stakeholders, and project sponsors were invited and encouraged to attend a series of Water Commissioner-hosted meetings in July 2018.

Specific areas of focus for the meetings was to:

- Present an overview of the State Water Commission's ongoing cost-share and project prioritization policy update efforts;
- Outline progress on the development of Economic Analysis and Life Cycle Cost Analysis processes;
- Provide a summary of the 2019 water project inventory effort; and
- Encourage brief project summaries and updates from sponsors who submitted projects to the Commission as part of the 2019 water planning and budgeting process.

The presentations from sponsors regarding their projects were the primary focus of the meetings. The presentations gave local project sponsors an opportunity to have a discussion with Commission members and staff regarding their projects, and in some cases, to provide updated information from what was submitted during the project inventory process earlier in the year.

In addition to presentations from project sponsors, Water Commissioners and staff also heard from several stakeholders from around the state who had concerns about water management or development challenges in their respective drainage basins.

PARTNERSHIPS

North Dakota's water planning process strives to encourage collaboration between stakeholders and the formation of partnerships with numerous government entities at all levels of government, as well as with the Legislature. It is also important to recognize the unique relationships between the private sector and many of the state's local government entities and water managers. This important tie completes North Dakota's grassroots approach to water management and development, where the state recognizes that many of the best solutions are forged at the local level.

The Water Commission has a long history of working together with all stakeholders, while encouraging partnerships to ensure the wise management and development of North Dakota's water resources for the benefit of future generations. As we look to the future, North Dakota faces many challenges in managing its water. But working together with all stakeholders will enable the state to move more efficiently toward effective development and management of the state's water resources.

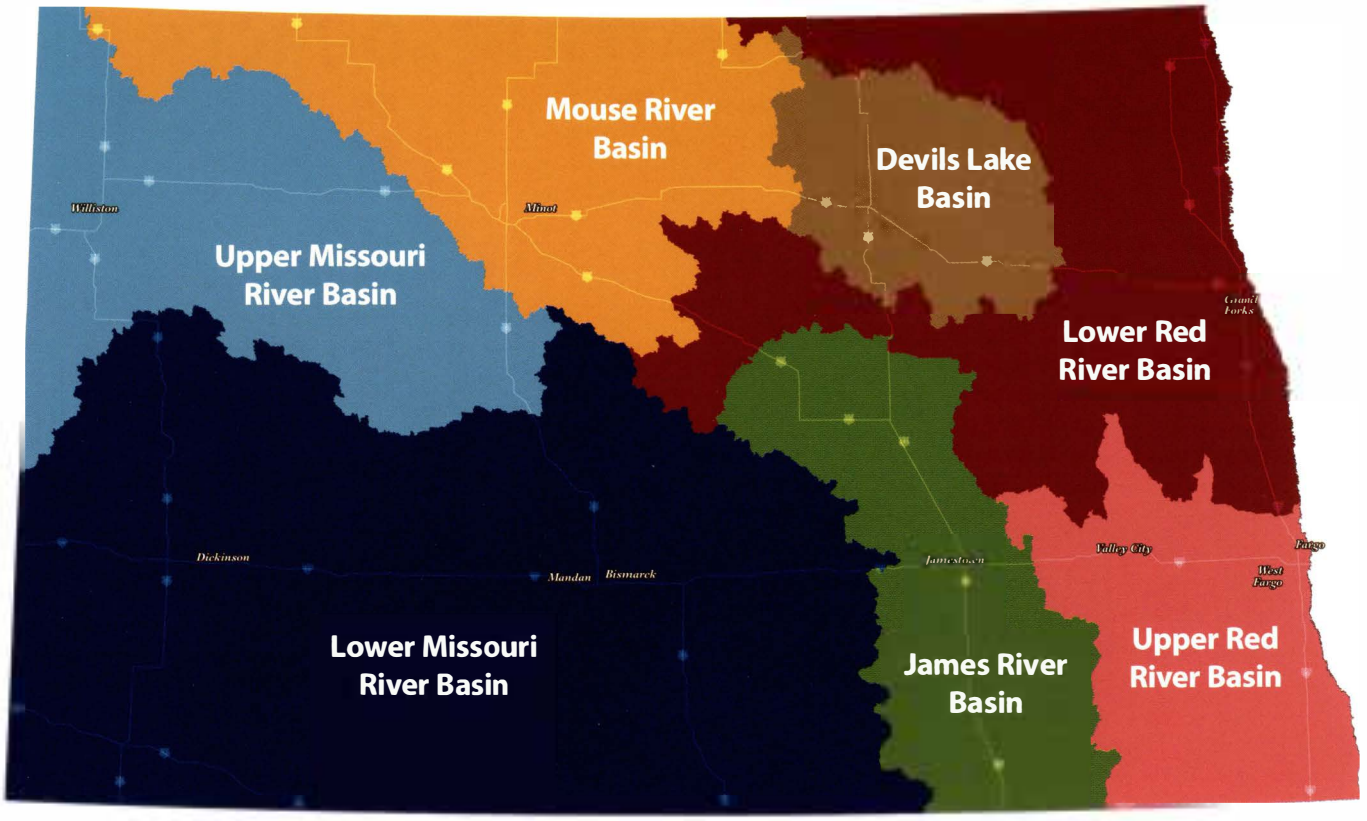

Figure 1 - North Dakota's seven major drainage basins.

2018 COMMISSIONER-HOSTED BASIN MEETINGS	
July 16	Devils Lake Basin: Hosted by Commissioner Richard Johnson in Devils Lake
July 16	Lower Red River Basin: Hosted by Commissioner Michael Anderson in Grand Forks
July 17	James River Basin: Hosted by Commissioner Katie Andersen in Jamestown
July 17	Lower Missouri River Basin: Hosted by Commissioner Leander "Russ" McDonald in Bismarck
July 23	Mouse River Basin: Hosted by Commissioner Jason Zimmerman in Minot
July 24	Upper Missouri River Basin: Hosted by Commissioner Mark Owan in Williston
July 25	Upper Red River Basin: Hosted by Commissioner Matt Pedersen in Valley City

DEVELOPING ND'S WATER RESOURCES: LEGISLATIVE UPDATES

Despite the volatility of North Dakota's oil industry over the course of the last several biennia, unprecedented revenues into the Resources Trust Fund have enabled the Commission and the water community to advance several water development priorities across the state. In preparing for the 2017-2019 biennium, a plan was forged through the cooperative efforts of the Water Commission, Governor's Office, Legislature, and the water community - through the concept of "Purpose Funding."

House Bill 1020 - The State Water Commission's Budget Bill
In the past, North Dakota's water development priorities have been outlined by project purpose on a much more limited basis, with it being more common for larger projects to be identified as priorities individually. As outlined in Table 1, North Dakota's Legislature passed House Bill 1020, identifying the Legislature's water development priorities for the 2017-2019 biennium.

The funding plan designated financial resources to four specific purposes, totaling $298.8 million from state sources – mostly the Resources Trust Fund. In addition, of that total, $75 million was made available to the Water Commission, if needed, from a Bank of North Dakota line of credit.

Project-related Legislative intent within House Bill 1020 provides:

- Up to $193 million for Mouse River flood control projects within the City of Minot over the course of the next four biennia - through June 2025; and
- Up to $30 million in the form of a grant during the 2017-2019 biennium for the Red River Valley Water Supply Project for planning, permitting, and construction related expenses.

House Bill 1020 also directed the State Engineer to develop an economic anlysis process for water conveyance projects and flood-related projects expected to cost more than $1 million, and a life cycle cost analysis process for municipal water supply projects. Results of these processes will be reviewed by the State Engineer and reported to the State Water Commission during future funding considerations - starting with the 2019-2021 biennium.

HOUSE BILL 1020 WATER PROJECT & PURPOSE FUNDING, 2017-2019 BIENNIUM	
Funding Purpose	HB 1020
Water Supply	$120,125,000
Rural Water Supply	$27,000,000
Flood Control	$136,000,000
General Water Management	$15,750,000
Funding Total	$298,875,000

Table 1 - House Bill 1020 Water Project & Purpose Funding, 2017-2019 Bienium.

House Bill 1374 - House Bill 1374 required project sponsors who have received cost-share from the State Water Commission to provide progress reports to the Commission at least every four years. If a progress report is not received, or if the Commission determines the project is not making sufficient progress, the Commission may terminate the cost-share agreement.

House Bill 1374 also requires that the Commission may not provide cost-share for operations and maintenance costs, including removal of vegetative materials and sediment of a water conveyance project.

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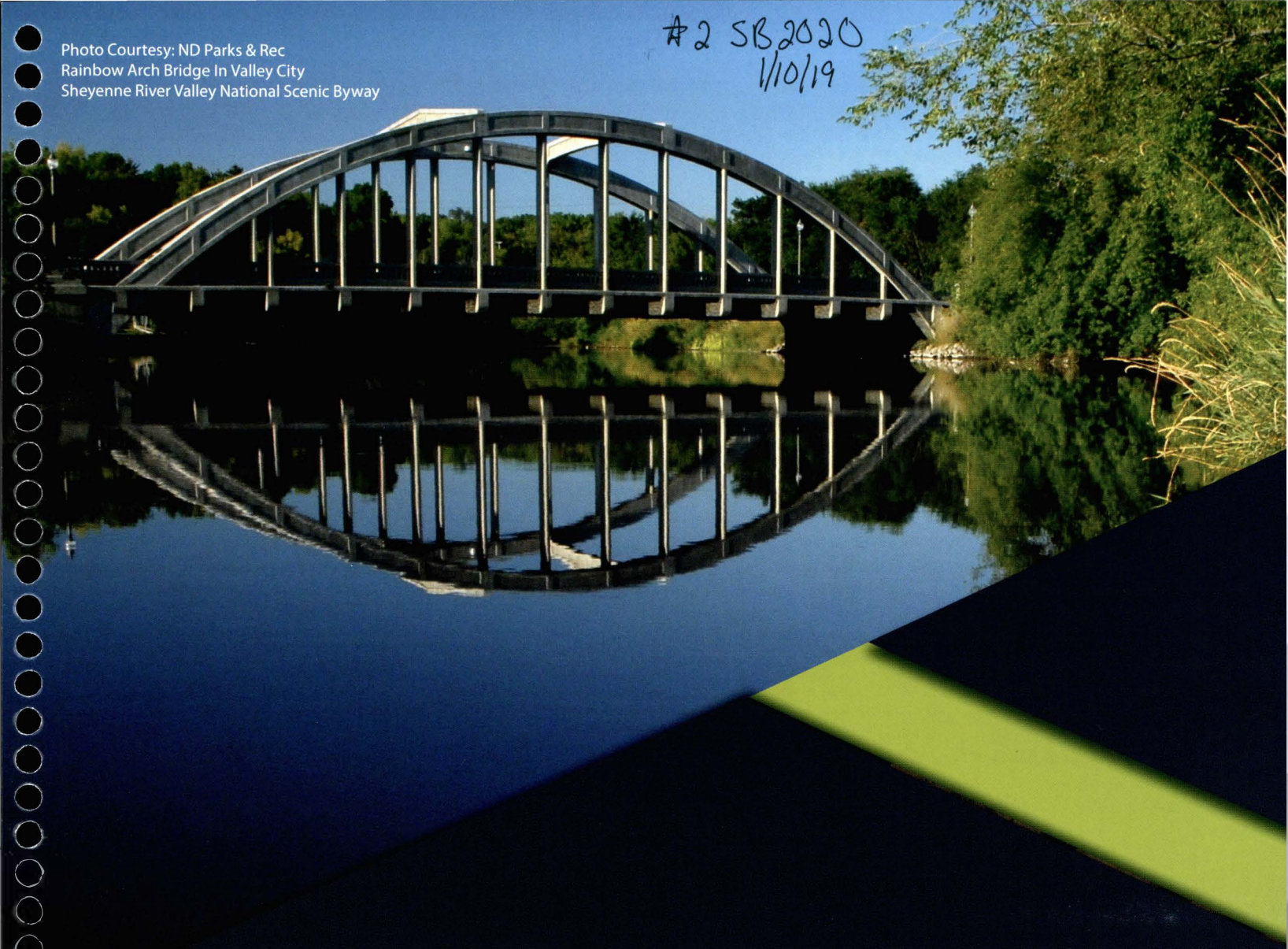

Photo Courtesy: ND Parks & Rec
Rainbow Arch Bridge In Valley City
Sheyenne River Valley National Scenic Byway

PRIORITY PROJECT UPDATES

The following two-page features provide an overview of progress and efforts related to seven of the state's largest projects. Each of the seven projects received fuding through House Bill 1020 during the 2017 Legislative Assembly, and are seeking substantial financial investment from the state not only in 2019-2021, but several biennia beyond. Bearing that in mind, a more in-depth look is provided. In addition to the seven larger projects, overviews of municipal and rural water supply development efforts are also included. These types of projects have, and will also be seeking large investments across the state.

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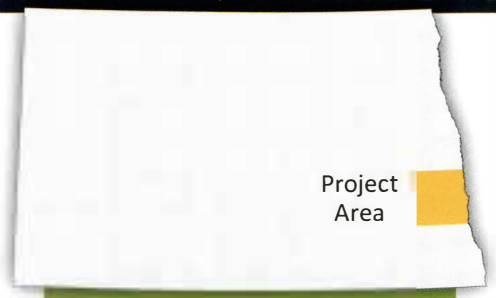
FARGO-WEST FARGO FLOOD CONTROL



Quick Facts

- In-Town Protection
- 100-Year Flood Protection
- $2.75 Billion Total Cost
- Diversion Channel
  - 30 Miles Long
  - 1,500 Feet Wide

THE DIVERSION AUTHORITY AND LOCAL FUNDING SHARE

The communities of Fargo and Moorhead, along with Cass County, Clay County, and the Cass County Joint Water Resources District, have signed a joint powers agreement that forms a Flood Diversion Board of Authority (Diversion Authority). The Diversion Authority is led by thirteen board members from the stakeholder entities, and its purpose has been to work with the US Army Corps of Engineers to build and operate a flood diversion channel along the Red River of the North.

The Diversion Authority has developed a financial model for the project that assumes cost-share funding from federal and state grants. The local share of approximately $1.3 billion is being funded via a Cass County and City of Fargo sales tax. Voters have approved three half-cent sales taxes to be extended through 2084 to cover the local share.

The Fargo-West Fargo Flood Control Project (Project or FWFFC) aims to reduce flood risk to the cities and townships that make up the metropolitan area of Fargo-Moorhead. The Project provides flood risk reduction from the Red River and its North Dakota tributaries, including the Wild Rice, Sheyenne, Maple, Rush, and Lower Rush Rivers. The diversion channel will require the excavation of approximately 50 million cubic yards of earth. Construction of the Project will also involve six interstate highway bridges, 12 county and township road bridges, four railroad bridges, three gated control structures, and two aqueduct structures (See Map Appendix).

The Project's original feasibility study was sponsored in 2008 by the cities of Fargo and Moorhead, and completed in July 2011. However, in 2013 a lawsuit was filed against the Project, and in September 2017 an injunction stopping construction was ordered. Through collaboration between the states of Minnesota and North Dakota, the project was altered in an attempt to conform with all applicable laws via a project change known as Plan B, explained below.

PLAN B EXPLAINED

Following the injunction mentioned above, major stakeholders began the process of additional listening and information gathering in order to move the project forward. Three groups representing a wide geographic area were important to this process: a Governor's task force, a technical advisory group, and a policy group. From this process came several compromises, including increased flow through Fargo-Moorhead, fewer staging acres in Minnesota, and reduced impacts to Richland and Wilkin counties. Currently, a Supplemental Environmental Impact Statement is being reviewed for adequacy - a process expected to be complete in 2018. A permit decision is expected soon thereafter.

2017-2019 FUNDING & PROGRESS

The Fargo-West Fargo Flood Control Project received a $66.5 million allocation from the State Legislature for the 2017-2019 biennium. In previous biennia, the state had committed $304 million to the project, bringing the state's funding total to $370.5 million to date.

Despite various delays, progress during the 2017-2019 biennium continued where possible. The 2nd Street floodway project in downtown Fargo was completed in November 2016, which will allow 35 feet of water to flow safely through town during a 100-year flood event, and up to 40 feet during larger events. In April 2017, ground was broken on the diversion inlet and control structure south of Horace, ND, marking the southern end of the diversion channel.

In early 2018, the Diversion Authority sought and received approval from the State of Minnesota's Department of Natural Resources to continue construction on flood protection systems that have no impact on Minnesota's waterways. This approval allowed work to begin on a levee and lift station near downtown Fargo, and the continuation of infrastructure works in the City of Oxbow.

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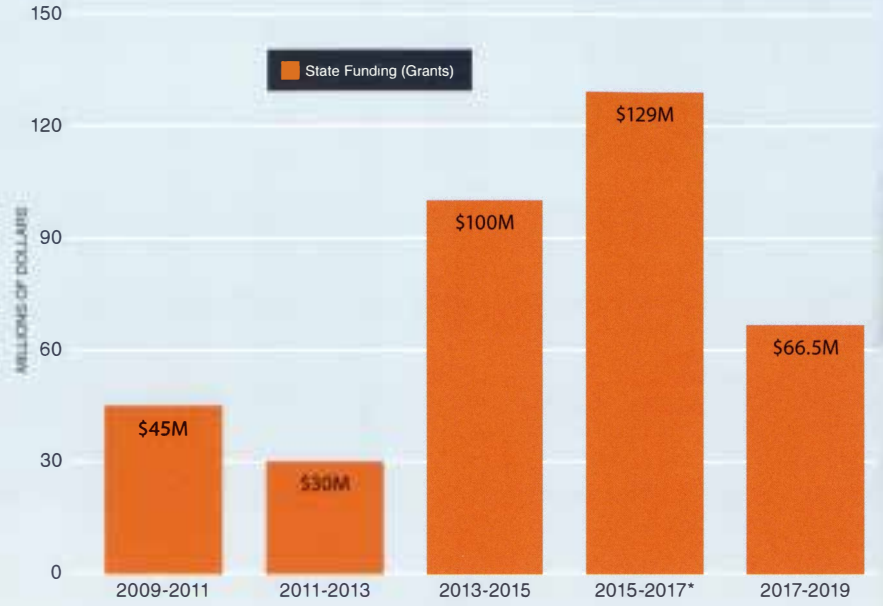
FARGO-WEST FARGO FLOOD CONTROL FUNDING DATA

HISTORIC STATE FUNDING FOR FWFFC



*$60 Million of the 2015-2017 funding was designated for Fargo interior flood control only.

Figure 2 - Historic State Funding For FWFFC.

Figure 4 - FWFFC Forecasted Funding Needs.

HISTORIC FWFFC FUNDING SOURCES

Total Funding as of October 2018

$926.5 Million

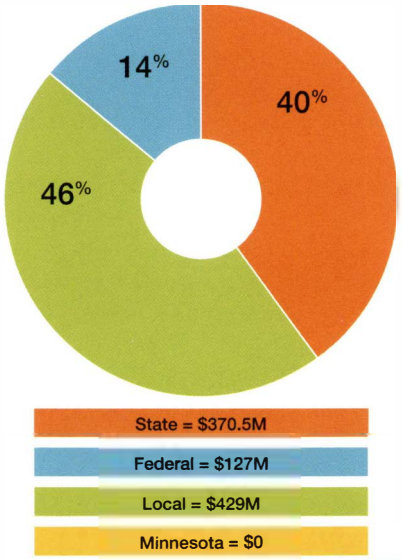
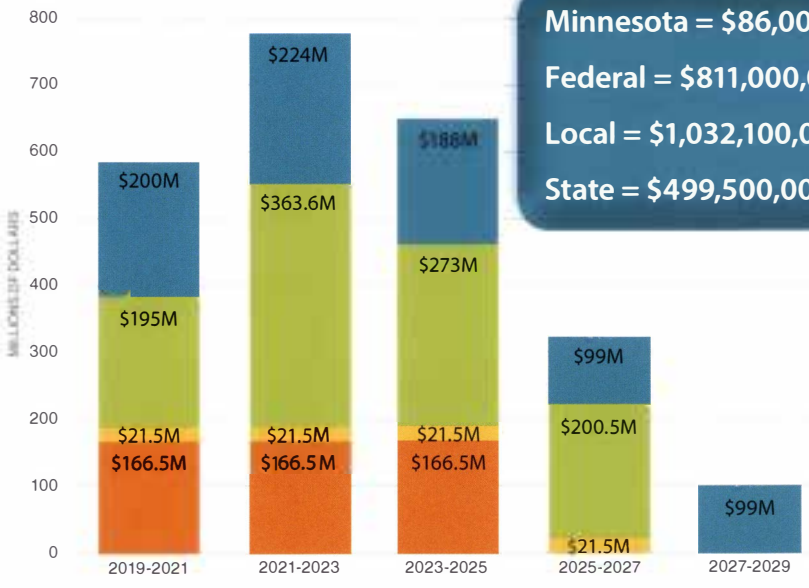


Figure 3 - Historic FWFFC Funding Sources.

LOOKING AHEAD

FWFFC FORECASTED FUNDING NEEDS



Minnesota = $86,000,000

Federal = $811,000,000

Local = $1,032,100,000

State = $499,500,000

MOUSE RIVER ENHANCED FLOOD PROTECTION PROJECT

The Mouse River Enhanced Flood Protection Project (MREFPP) is designed to provide flood relief to Mouse River Valley residents - both urban and rural (See Map Appendix). The project was originally initiated by the State Water Commission in response to a request from the Souris River Joint Water Resource Board (SRJB) following the record-setting Mouse River flood of June 2011. The initial phases of the MREFPP involved developing flood risk solutions, first to the urbanized portions of the basin, and then for the rural reaches.

The current focus is on implementation of those solutions, with multiple phases through the city of Minot permitted and under construction. Of particular interest to Minot residents is FEMA's regulatory floodplain, which will carry a mandatory purchase requirement for flood insurance on homes with a mortgage loan. Following the construction of the initial phases of the MREFPP, the regulatory floodplain will be amended, removing approximately 60 percent of the homes affected in Minot.

Quick Facts

- 4 Counties
- 26 Combined Projects
- $1 Billion Project Cost
- Implementation Plan Through 2039

2017-2019 FUNDING & PROGRESS

To date, the MREFPP has been supported mostly by state and local funds. Funding through the State Water Commission has been provided in the form of 75 percent cost-share for property buy-outs, and 65 percent cost-share for other work. The MREFPP requested $127 million in state funding for the 2017-2019 biennium. House bill 1020, the Water Commission's funding bill passed by the Legislature in 2017, provided Legislative intent that the MREFPP receive no more than $193 million in state funding for work in Minot through the 2023-2025 biennium. As of October 2018, a total of $63.9 million has been committed to the project during the 2017-2019 biennium.

The city of Minot remains the primary source for the local funding share. Presently, Minot is collecting a 0.9 percent sales tax for flood control, which is generating approximately $9 million per year. Discussions are ongoing to examine the possibilities associated with increasing revenues through additional sales taxes, property taxes, or other fees. In addition, the city has received Disaster Recovery Assistance from the US Department of Housing and Urban Development (HUD). The city has elected to utilize those funds for flood control acquisitions, as HUD funds may not be used for the construction of flood control features.

Marking a major milestone for the overall MREFPP, Minot's floodwall protecting the water treatment plant was completed in fall 2017. This project was identified as the first priority in the development of the MREFPP.

The Souris River Joint Board and the US Army Corps of Engineers have been working jointly on a feasibility study to determine the extent of federal interest in construction of the MREFPP. Based on the most recent information from the study, it appears there will be federal interest in the Maple Diversion and a tieback in the city of Minot. The project includes features expected to cost approximately $85 million. The feasibility study is scheduled to be delivered to Congress by December 2018.

Phases I, II, and III of the urban portion of the MREFPP have commenced, with construction beginning in early 2018. The 4th Avenue North Floodwall (Phase I) includes levees, approximately 2,250 feet of floodwalls, a major pump station, and two removable closure structures. Phases II and III (bid as one contract) in Minot involve flood protection along Napa Valley and Forest Road, respectively. The predominant features of these segments are earthen levees. The three construction phases will likely take two-to-three construction seasons to complete.

In addition to the works located in Minot, a number of projects in rural portions of the Mouse River Basin are moving forward. A portion of the flood protection in the city of Burlington is being fast-tracked, with the Colton Avenue Bridge ready for bid in early 2019. Similarly, design has begun on bridges in Renville, Ward, and McHenry Counties. The design of these bridges began in summer 2018 and are currently scheduled to be completed in summer 2019. Construction is dependent upon funding, but is projected to begin in spring 2020.

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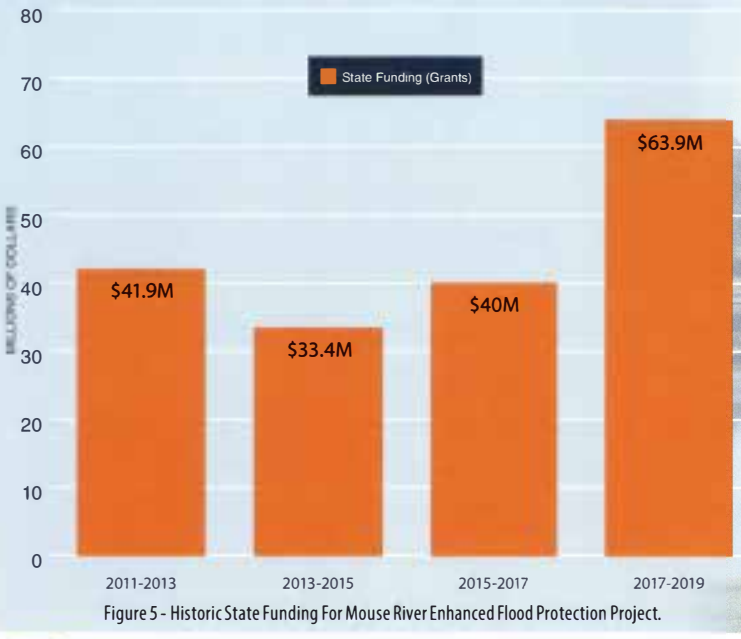
MOUSE RIVER ENHANCED FLOOD PROTECTION PROJECT FUNDING DATA

HISTORIC STATE FUNDING FOR MOUSE RIVER ENHANCED FLOOD PROTECTION PROJECT



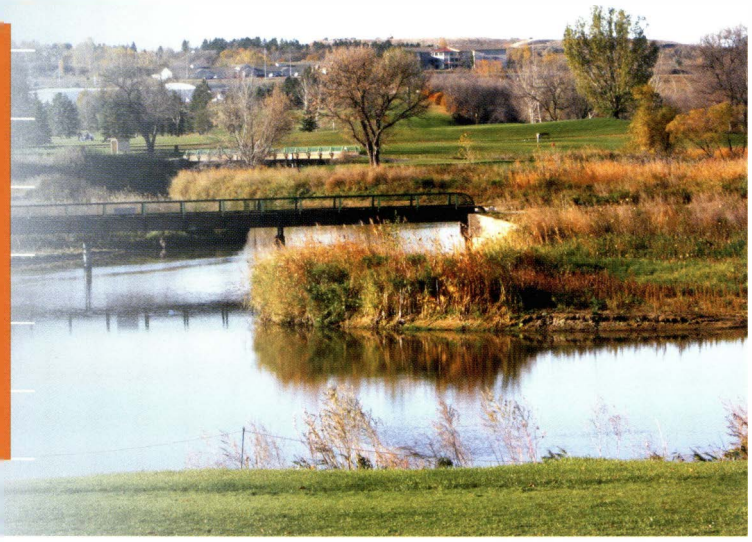


Figure 5 - Historic State Funding For Mouse River Enhanced Flood Protection Project.

SOURIS RIVER JOINT WATER RESOURCES BOARD

The Souris River Joint Water Resources Board (SRJB) oversees activities related to the Mouse/Souris River in North Dakota. The board is made up of one representative from each of the four member county water boards (Bottineau, McHenry, Renville, and Ward), and one representative from the City of Minot.

HISTORIC MREFPP FUNDING SOURCES

Total Funding as of October 2018

$324.2 Million

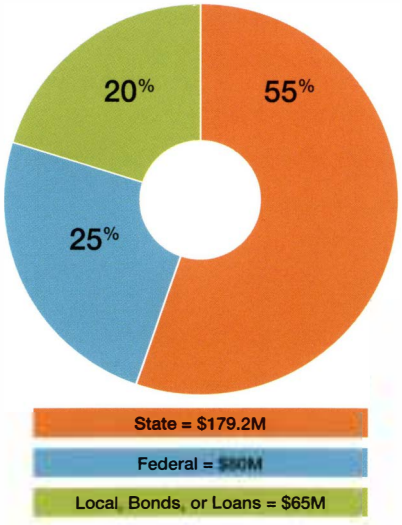
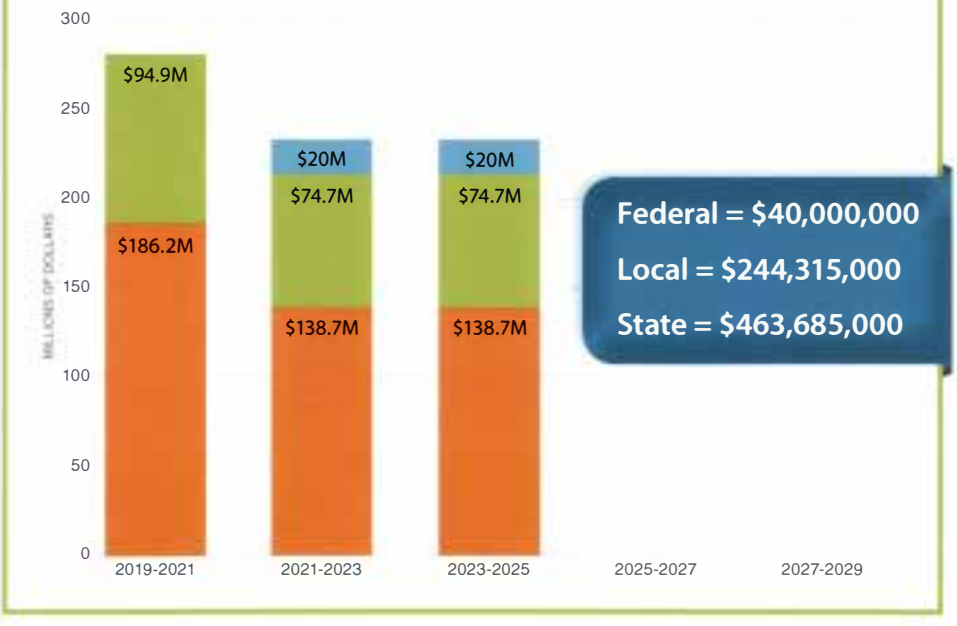


Figure 6 - Historic MREFPP Funding Sources.

Figure 7 - MREFPP Forecasted Funding Needs.

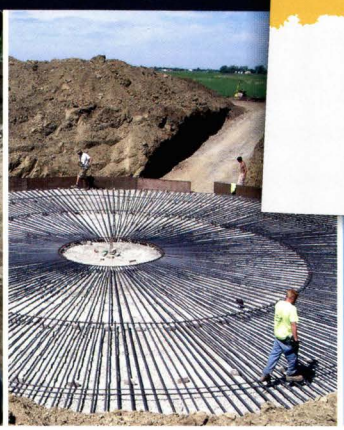
LOOKING AHEAD

MREFPP FORECASTED FUNDING NEEDS



#2 SB2020 1/10/19

NORTHWEST AREA WATER SUPPLY



Owned by the State of North Dakota and overseen by a 9-member advisory committee, Northwest Area Water Supply's (NAWS) purpose is to deliver Missouri River water to residents in north central North Dakota. Under the preferred alternative identified through the NEPA process, NAWS will be of sufficient size to deliver a maximum daily flow of 27 million gallons per day to approximately 81,000 people.

NAWS was authorized by the federal government through the Garrison Diversion Reformulation Act of 1986 and the Dakota Water Resources Act of 2000. In 1991, the North Dakota Legislature created the NAWS Advisory Committee and authorized the State Water Commission to pursue the project. Since 2002, lawsuits and funding uncertainty have slowed construction of NAWS, creating the need for an interim water supply from the city of Minot. However, court approval has allowed 45 miles of transmission line to be built from Lake Sakakawea to Minot, along with 185 miles of bulk distribution pipeline for the surrounding service area.

Quick Facts

- 9 Communities
- 3 Rural Water Systems
- Minot Air Force Base
- 230 Miles Of Pipe
- 2 Ground Storage Reservoirs
- 4 Booster Pump Stations

Figure 8 - Northwest Area Water Supply Project Area.

LEGAL CHALLENGES

After more than a decade of legal proceedings filed by the Canadian Province of Manitoba and the State of Missouri against the US Bureau of Reclamation (Bureau) and State of North Dakota, NAWS received a favorable ruling in August 2017. The District of Columbia District Court ruled in favor of NAWS, allowing the State of North Dakota to move forward with construction of the project. Additionally, in June of 2018, the Bureau and State of North Dakota reached a settlement with Manitoba, ending its appeal of the US District Court's August 2017 ruling. The settlement has resolved Manitoba's appeal, and summary judgement has been granted in favor of NAWS.

2017-2019 FUNDING & PROGRESS

NAWS requested $55 million for the 2017-2019 biennium. While NAWS is a high priority of the state, it was understood that during the 2017-2019 biennium, progress would remain primarily dependent on court decisions. As of October 2018, $14.6 million had been committed to the project.

While a settlement was reached with Manitoba, an appeal remains from the State of Missouri based on their standing in the case.

Construction has begun on the Phase II improvements to the Minot Water Treatment Plant, which is expected to be completed in early 2020. Design work has been initiated for the biota water treatment plant, to be constructed near Max, ND. Design of the intake modifications at Snake Creek Pumping Station to supply a raw water intake for NAWS will be initiated in late 2018 or early 2019. Construction of two of the last four finished water distribution pipelines, starting at Glenburn and extending toward Bottineau, is expected to begin in 2019.

#2 SB 2020 1/18/19

NORTHWEST AREA WATER SUPPLY PROJECT FUNDING DATA

HISTORIC STATE EXPENDITURES FOR NORTHWEST AREA WATER SUPPLY

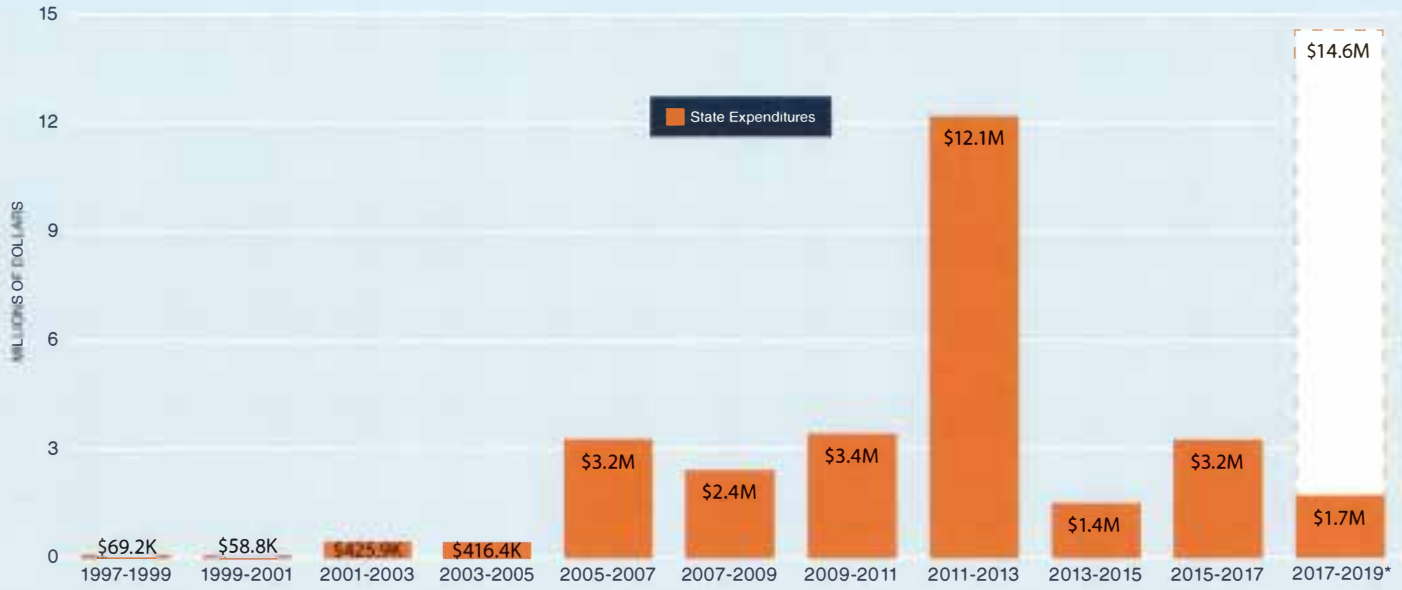


Figure 9 - Historic State Funding For Northwest Area Water Supply.

*During the 2017-2019 biennium, the Water Commission approved $14.6 million for NAWS.

PURPOSE AND NEED

Prior to the NAWS project, communities within the project area were supplied by groundwater, were constrained by water quality and quantity issues, and did not meet secondary drinking water standards. Since 2008, the city of Minot has been providing water from the city's groundwater wells to the communities of Berthold, Burlington, Kenmare, Sherwood, and Mohall, and to rural water systems including West River, All Seasons, Upper Souris, and North Prairie to temporarily alleviate some of the area's most severe problems. However, this water supply plan is not sustainable long-term, further reinforcing the need for the NAWS Project.

HISTORIC NAWS FUNDING SOURCES

Total Funding as of October 2018

$138.1 Million

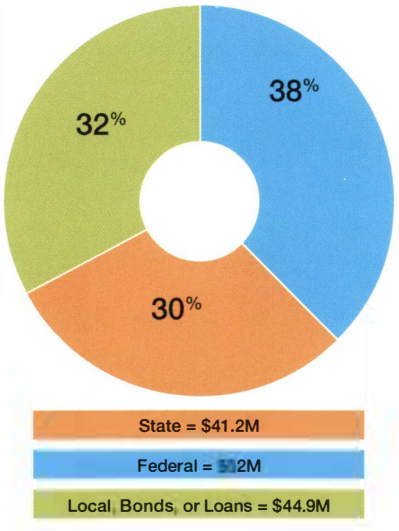


Figure 10 - Historic NAWS Funding Sources.

Figure 11 - NAWS Forecasted Funding Needs.

LOOKING AHEAD

NAWS FORECASTED FUNDING NEEDS

* It is anticipated that a portion of the state's funding share will be reimbursed by the federal government.

** The State share during the 2019-2021 biennium is larger than normal to match local contributions from previous biennia.

#2 SB2020 1/10/19

RED RIVER VALLEY WATER SUPPLY PROJECT

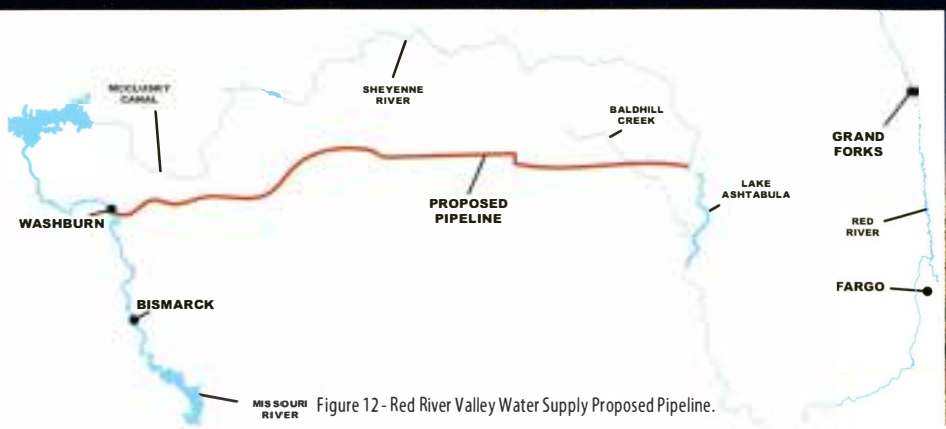


Figure 12 - Red River Valley Water Supply Proposed Pipeline.

The Red River Valley Water Supply Project (RRVWSP) was first initiated as a collaborative federal, state, and local project. The Dakota Water Resources Act of 2000 authorized the RRVWSP in order to provide a reliable supply of quality drinking water to the Red River Valley. A federal Environmental Impact Statement (EIS) was released for the original project in 2007, but a record of decision was never signed. By 2013 it was apparent the project would not receive federal authorization, so a new plan had to be pursued.

The current version of the project is a state- and locally-sponsored option that proposes to transport Missouri River water to central and eastern North Dakota. The water will be carried via pipeline from an intake site near Washburn, and then east along Highway 200 to the Sheyenne River, just north of Valley City. When developed, the RRVWSP will be owned by the Lake Agassiz Water Authority (LAWA) and Garrison Diversion Conservancy District (Garrison Diversion). Operation will be the responsibility of Garrison Diversion.

Quick Facts

- 165 Miles Of 72" Main Transmission Line
- Max Flow of 165 cfs
- 20 Cities & 15 Rural Systems
- Supplemental Water Supply During Times Of Drought
- Potentially Serve 50% Of ND Population

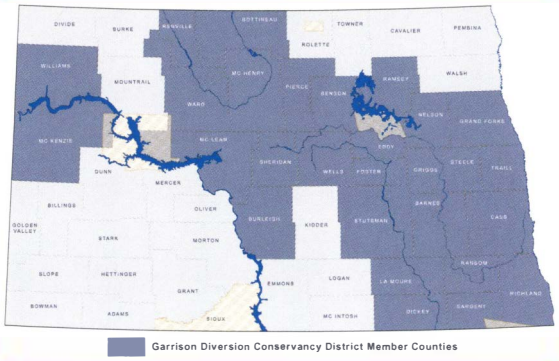


Figure 13 - Garrison Diversion Conservancy District Member Counties

GARRISON DIVERSION CONSERVANCY DISTRICT

The Garrison Diversion Conservancy District (Garrison Diversion) is made up of 28 member counties who each elect a citizen every four years to serve on the Garrison Diversion board of directors. Garrison Diversion is headquartered in Carrington, ND with offices in McClusky, New Rockford, and Oakes, employing a total of 39 people. Their principal mission is to provide a reliable, high quality, and affordable water supply to benefit the people of North Dakota.

LAKE AGASSIZ WATER AUTHORITY

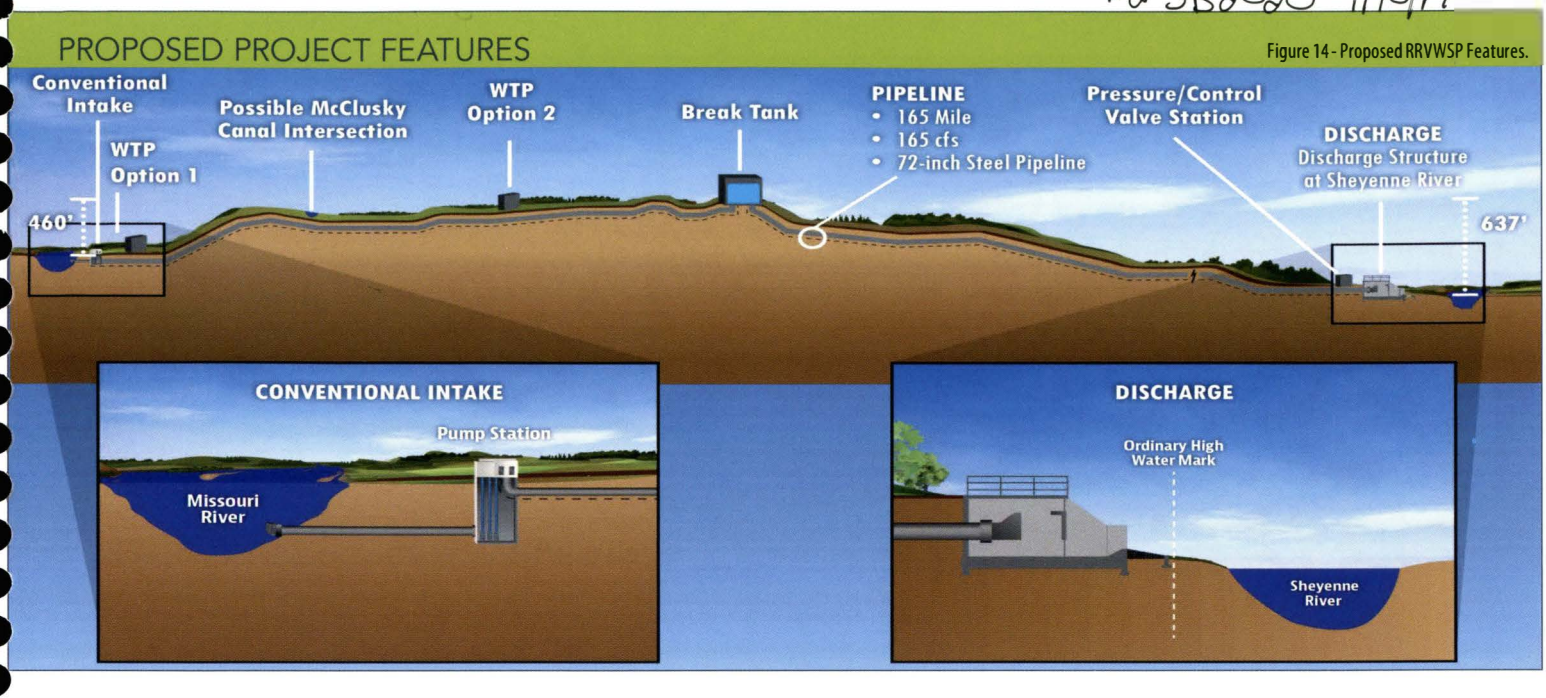
In 2003, the North Dakota Legislature created the Lake Agassiz Water Authority (LAWA) to collaborate on a plan to meet future water supply needs in the Red River Valley. The Legislature further directed LAWA to develop a reliable supply of drinking water to central and eastern North Dakota. LAWA currently serves as the representative for water users, and is a cooperating entity with the Garrison Diversion Conservancy District on the RRVWSP.

2017-2019 FUNDING & PROGRESS

The RRVWSP received a $30 million allocation from the State Legislature for the 2017-2019 biennium, of which $17 million is to be used for planning and permitting, and $13 million to initiate construction. One of RRVWSP's major goals for the 2017-2019 biennium is to initiate construction in order to ensure coverage under current regulatory policies. A key regulatory obstacle facing RRVWSP is known as Waters of the United States (WOTUS). Currently, the future status of WOTUS is unclear.

RRVWSP is on track to fully utilize the $30 million appropriation, with $17 million committed as of October 2018. Currently, 35 cities and water systems have committed to the project's development phases, nominating for 159.23 cubic feet per second of water from the RRVWSP. Final designs of the pipeline, discharge structure, and intake are underway. The process of securing or reaffirming existing easements began in fall 2018, with strategic construction forecast to begin in mid-2019.

#2 SB2020 1/10/19



PROJECT DESIGN

The intake on the Missouri River will be a conventional design using a pump station, while the discharge into Lake Ashtabula will be similar in design to the Devils Lake outlets. Water will be treated to the appropriate level in accordance with North Dakota Department of Health permit requirements. Three different water treatment options are currently being considered.

LOOKING AHEAD: RRVWSP FORECASTED STATE FUNDING NEEDS THROUGH 2029

The current estimated total project cost is $1.1 billion. Garrison Diversion and LAWA have requested $50 million from the state for the 2019-2021 biennium. This level of funding would be used for continued easement acquisition, environmental compliance, permitting, and other pre-construction costs. Substantial construction costs will include progress on a Missouri River intake, the discharge structure at the Sheyenne River, and various pipeline contracts.

RED RIVER VALLEY WATER SUPPLY PROJECT FUNDING DATA

POTENTIAL RRVWSP FUNDING SOURCES

$1.114 Billion

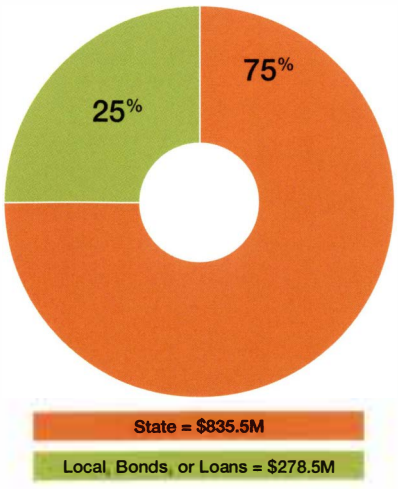
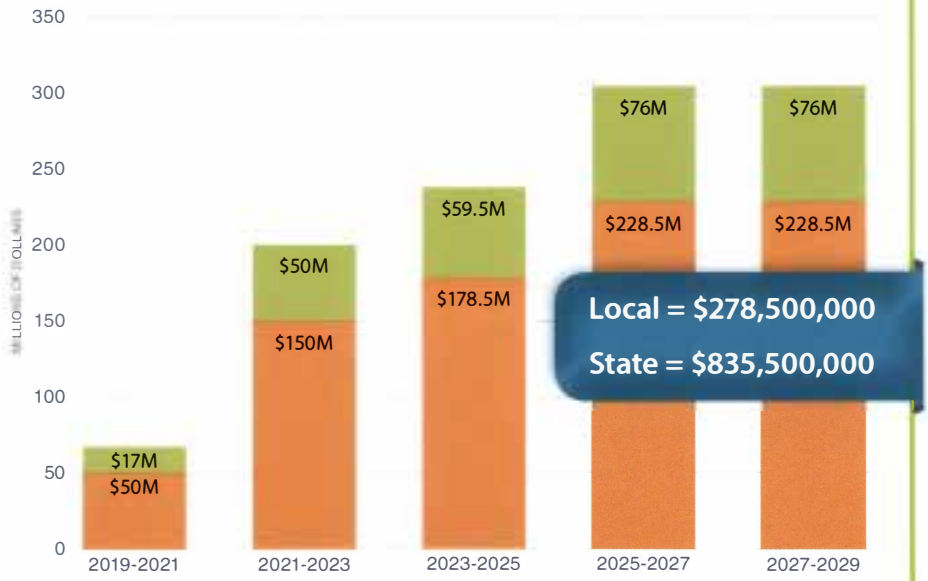


Figure 15 - Potential RRVWSP Funding Sources.

LOOKING AHEAD

Figure 16 - RRVWSP Forecasted Funding Needs.

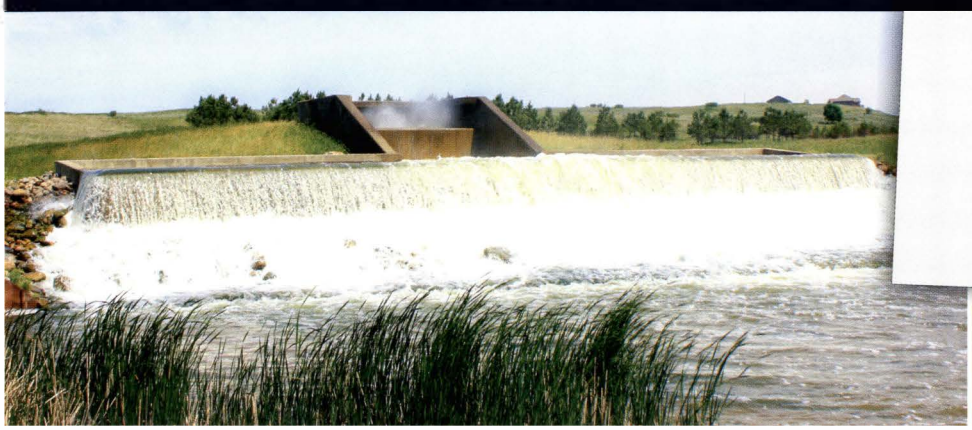
RRVWSP FORECASTED FUNDING NEEDS

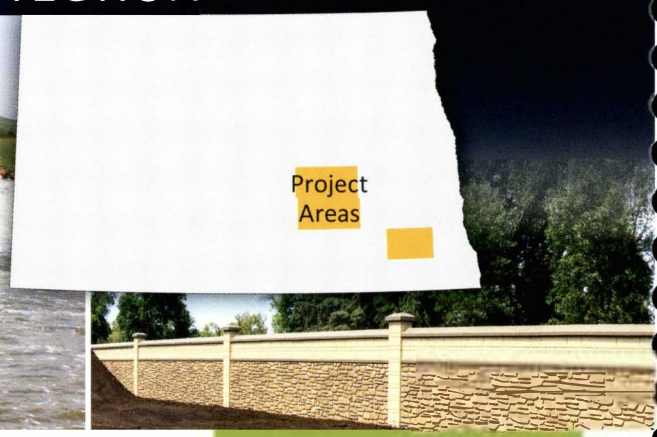


Local funding sources include the Garrison Diversion Conservancy District and local water systems.

#2 SB2020 1/10/19

SHEYENNE RIVER VALLEY FLOOD PROTECTION





A major tributary of the Red River of the North, the Sheyenne River flows roughly 591 miles from central North Dakota, eventually meandering its way east to Fargo. Valley City and Lisbon sit along the Sheyenne River, downstream of Baldhill Dam, which forms Lake Ashtabula. During a typical spring each year, the river swells from snow melt with water levels peaking around March and April, often creating flooding conditions. After experiencing major flooding in 2009, 2010, and 2011, the cities of Valley City and Lisbon each decided to pursue permanent flood protection from Sheyenne River flooding.

While each city has identified its own unique solutions to combat flooding problems, the projects have become collectively known as Sheyenne River Valley Flood Protection (SRVFP). Through the State Water Commission's Cost-Share Program, both Valley City and Lisbon are receiving an 80 percent grant to fund their flood protection projects. The cities are receiving an elevated cost-share percentage due to past and potential future impacts caused by water releases from the Devils Lake outlets, which empty into the Sheyenne River.

Quick Facts

- Federal & State Property Acquisitions
- Nearly 1,000 Total Structures Removed From Floodplain
- Additional Impacts From Devils Lake Outlets
- Earthen Levees & Flood Walls

2017-2019 FUNDING & PROGRESS

During the 2017-2019 biennium, funding approved by the State Water Commission for Valley City totaled $2.7 million in grants, while Lisbon was approved for $900,000 in loans.

LISBON

After the 2011 flood, Lisbon city leaders worked toward protecting its residents and infrastructure from the 2.5 miles of Sheyenne River banks stretching through the city. Through a cooperative effort with a local engineering consultant, a series of levees were designed to be strategically placed along the river. As part of Phase I, the first permanent levee was constructed in 2014, and the final levee will be completed before the end of 2018 (See Map Appendix). Once complete, the project will remove over 1,000 parcels of land and 400 structures from the 100-year floodplain. Furthermore, the city is currently considering an additional phase of the project that would provide flood protection in another portion of Lisbon.

VALLEY CITY

Valley City's plan is outlined in approximately eight phases. While Phase I has been completed, Phase II was funded in the 2015-2017 biennium and is currently under construction. Phase III construction dollars were approved in October 2018, and Phase IV is in the design phase (See Map Appendix). The scope of work moving forward includes permanent concrete flood walls, removable flood walls, clay levees, and even bioengineered stream bank restoration projects. Unique to this project is Valley City State University, which helped Valley City secure additional funding from the State Higher Education Department for flood protection around the university's campus, as well as adjacent properties.

SHEYENNE RIVER VALLEY FLOOD PROTECTION FUNDING DATA

HISTORIC STATE FUNDING FOR SHEYENNE RIVER VALLEY FLOOD PROTECTION

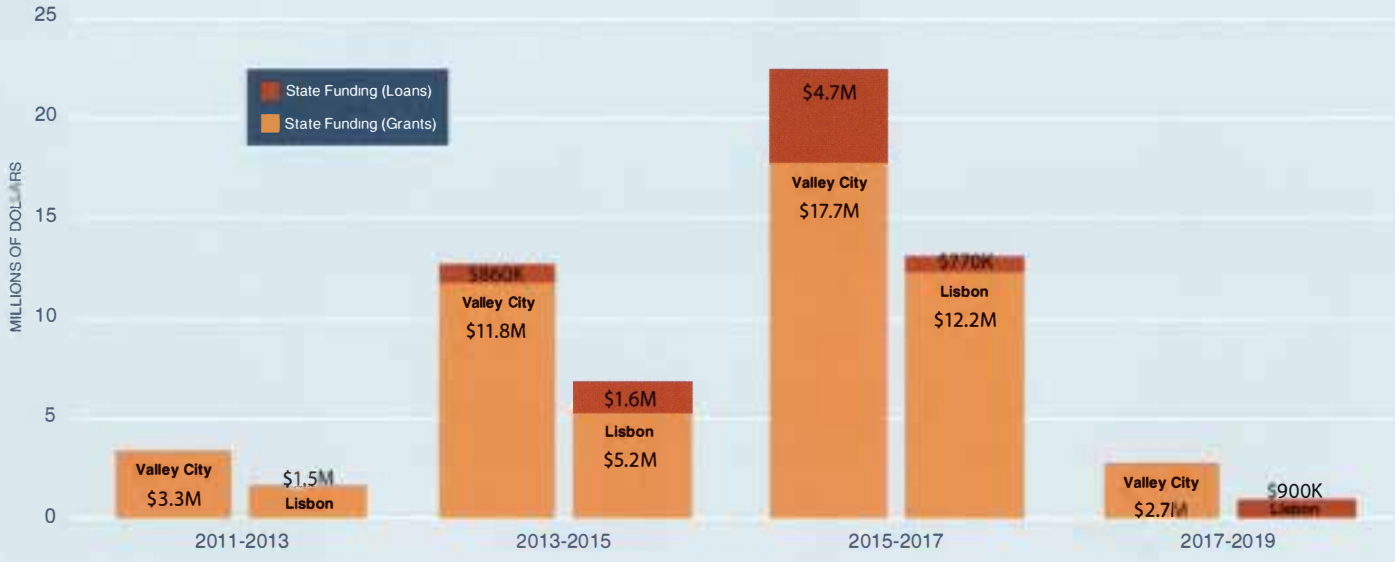


Figure 17 - Historic State Funding For Sheyenne River Valley Flood Protection.

HISTORIC SRVFP FUNDING SOURCES

Total Funding as of October 2018

$65.8 Million

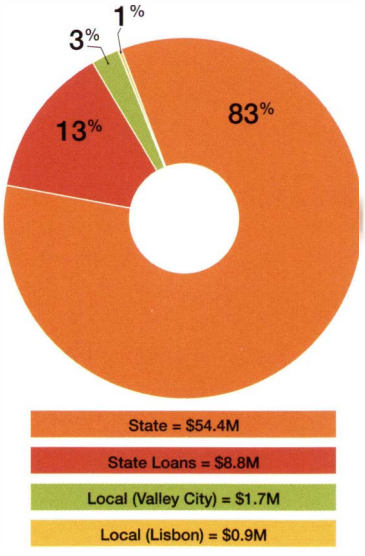
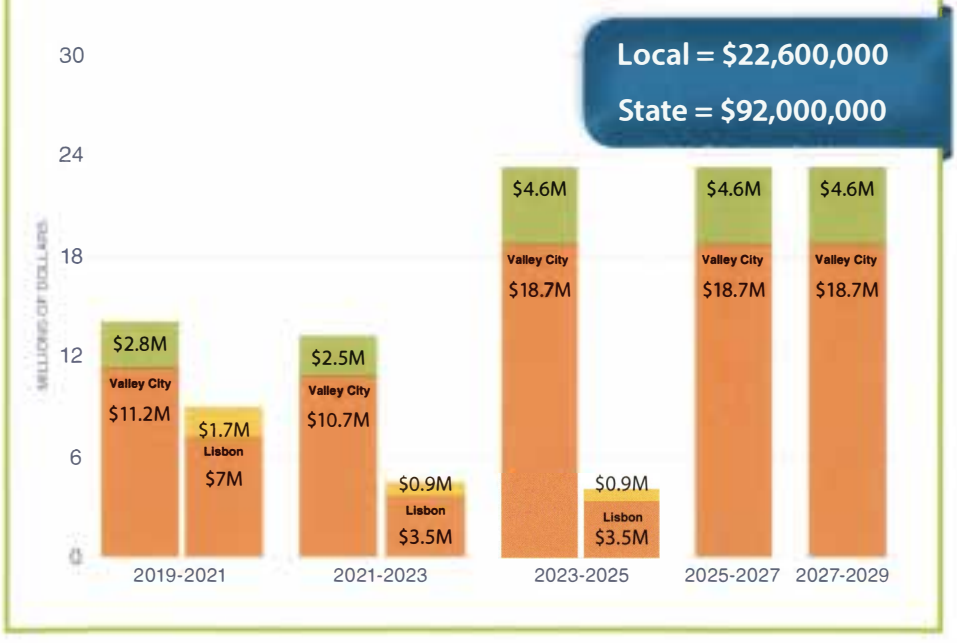


Figure 18 - Historic SRVFP Funding Sources.

Figure 19 - SRVFP Forecasted Funding Needs.

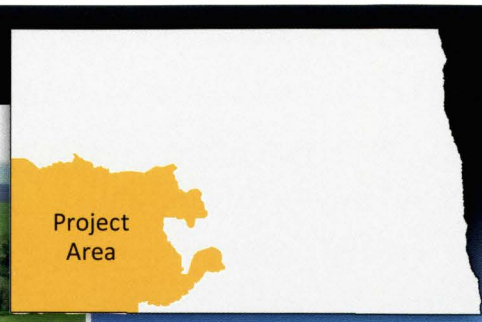
LOOKING AHEAD

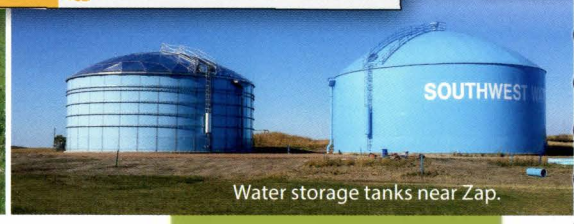
SRVFP FORECASTED FUNDING NEEDS



SOUTHWEST PIPELINE PROJECT

Pipeline being laid for the SWPP.





Water storage tanks near Zap.

Authorized by the North Dakota Legislature in 1981, the Southwest Pipeline Project (SWPP) transports raw water from lake Sakakawea to Dickinson or Zap where it is treated and delivered to the Project's customers in southwest North Dakota and Perkins County, South Dakota. Since construction began in 1986, the Project now includes three water treatment plants, 35 pumping stations, 29 water storage reservoirs, and over 5,000 miles of pipe.

The SWPP is owned by the state of North Dakota and administered through the Water Commission. In 1996, the operation and maintenance of the SWPP was transferred to the Southwest Water Authority (SWA), a political subdivision established by the State Legislature. The SWA is governed by a 15-member, publicly elected board of directors, representing jurisdictions throughout the SWPP service area.

Quick Facts

- 56,000 Water Users
- 33 Communities
- 23 Contract Customers
- 21 Raw Water Customers
- 2 Rural Water Systems
- 7,130 Rural Customers

RETURN ON INVESTMENT (REPAYMENT)

Capital repayment is a portion of the water rate charged by SWA to pay back the cost of construction of the Project. While the SWPP has been a substantial investment for the State of North Dakota, the Project has started to pay dividends back to the state. These capital repayments will be made in perpetuity. As of June, 2018, North Dakota's return on investment (ROI) in the SWPP is approximately $60 million, or 24 percent ROI for the state, factoring in state grants and bonds.

THE REPLACEMENT & EXTRAORDINARY MAINTENANCE (REM) FUND

The REM fund was created to cover costs of an extraordinary nature or to replace parts as they reach their life expectancy. A portion of the rate charged to SWPP's users goes into the REM fund. Originally, the rate was set at $0.30 per thousand gallons of water sold, and has gradually increased to $0.70 in 2018. Currently, over $18 million is available in the fund for REM purposes. Disbursements from the REM fund must be approved by the Commission and SWA Board of Directors.

2017-2019 FUNDING & PROGRESS

SWA requested $84 million for the 2017-19 biennium. The request was based on several projects SWA hoped to complete depending on funding, including Dodge and Richardton pump station upgrades, a supplemental intake pump station at Lake Sakakawea, Ray Christensen Pump Station upgrades, and various alignments of parallel pipelines. As of October 2018, a total of $13.5 million had been committed to the project during the 2017-2019 biennium.

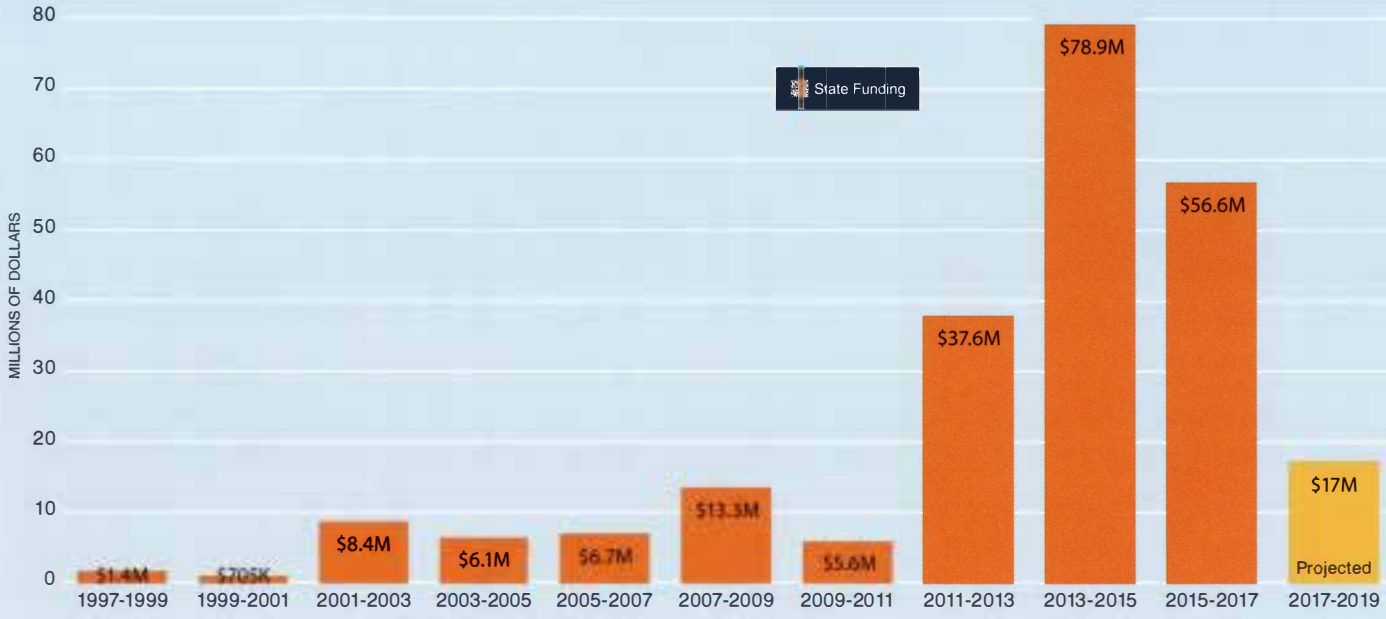
Progress on the SWPP during the 2017-2019 biennium continues to move forward. A supplemental raw water intake is under construction at Renner Bay, Lake Sakakawea. The secondary intake will increase capacity for the entire project. The construction of the supplemental water treatment plant (Southwest Water Treatment Plant) in Dickinson is mostly complete. The plant started producing finished water in February 2018. The residual handling facility, which would process the lime sludge from the existing water treatment plant and Southwest Water Treatment Plant, is under construction with most of the concrete work completed.

Construction of second raw water reservoirs, at both Dickinson and Richardton, are mostly complete with both tanks expected to be operational in 2018. Construction of the first phase of paralleling the raw water transmission pipeline from the intake to Zap to increase transmission capacity is also mostly complete. The contract for pump station upgrades at the Dodge and Richardton pump station is currently advertised for bids, with construction expected to be completed in spring 2020.

#2 SB2020 1/10/19

SOUTHWEST PIPELINE PROJECT FUNDING DATA

HISTORIC STATE FUNDING FOR SOUTHWEST PIPELINE PROJECT



Note: SWPP received $28.38 million in state funding prior to 1997.

Figure 20 - Historic State Funding For Southwest Pipeline Project.

HISTORIC SWPP FUNDING SOURCES

Total Funding as of October 2018

$406.8 Million

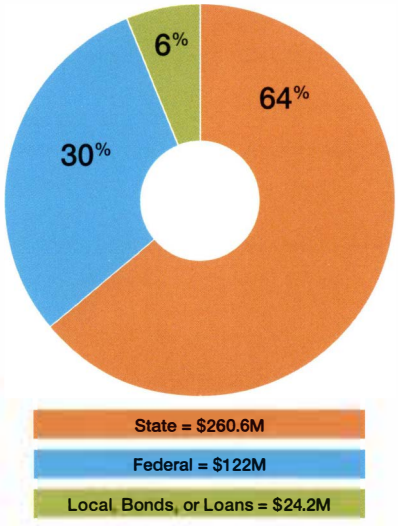


Figure 21 - Historic SWPP Funding Sources.

Figure 22 - SWPP Forecasted Funding Needs.

LOOKING AHEAD

SWPP FORECASTED FUNDING NEEDS

WESTERN AREA WATER SUPPLY

WAWS pipe being placed near Crosby, ND.

Owned and operated by the Western Area Water Supply Authority (WAWSA), the Western Area Water Supply (WAWS) project utilizes a combination of Missouri River water treated at the Williston Regional Water Treatment Plant and groundwater treated by the R&T Water Supply Commerce Authority's Water Treatment Plant in Ray. As originally planned after the 2011 Legislative Assembly, the financial model for WAWS was to take advantage of the extensive regional growth that was taking place as a result of oil production, and fund the majority of the project by selling excess water to the energy industry. Since that time, a slow-down in oil activity caused WAWSA and the state to revisit the funding model. The passage of House Bill 1020 during the 2017 Legislative Assembly allows for the refinancing of WAWSA debt.

Quick Facts

- 70,000 Water Users
- 11 Communities
- 4,000 Rural Connections
- 8 Industrial Depots
- 38 Fill Ports

Figure 23 - WAWSA service area.

WESTERN AREA WATER SUPPLY AUTHORITY

In 2011, the North Dakota Legislature created the Western Area Water Supply Authority (WAWSA) with the goal to develop the WAWS project to treat, store, and distribute water to northwestern North Dakota. WAWSA is administratively made up of a 10-member board of directors, two each from the five major water supply entities in the region: Northwest Rural Water District (formerly Williams Rural Water District), McKenzie County Water Resource District, the City of Williston, Burke-Divide-Williams (BDW) Water System Association, and Ray and Tioga (R&T) Water Supply Association.

2017-2019 FUNDING & PROGRESS

During the 2017-2019 biennium, WAWSA was approved for $10 million from the State Water Commission, and a $10 million loan from the Drinking Water State Revolving Fund. As of October 2018, the full $20 million had been committed to the project.

Nearly two-dozen projects have been completed on WAWS during the 2017-2019 biennium. McKenzie County Water Resource District completed rural distribution to Watford City and Tobacco Gardens, a bypass transmission main south of Watford City, and a Spring Creek expansion. Northwest Rural Water District completed two transmission mains, associated facilities, and rural distribution to Blacktail Dam.

R&T Water Supply Association finished work on transmission mains in the cities of Ray, Tioga, and Stanley, as well as various rural distribution works. BDW Water Systems Association was able to install rural distribution to the Crosby area. As reported in a previous Water Development Plan, the City of Williston completed a water treatment plant expansion at the end of 2016, along with associated pretreatment chemical works.

#2 SB2020 1/16/19

WESTERN AREA WATER SUPPLY FUNDING DATA

HISTORIC STATE FUNDING FOR WESTERN AREA WATER SUPPLY

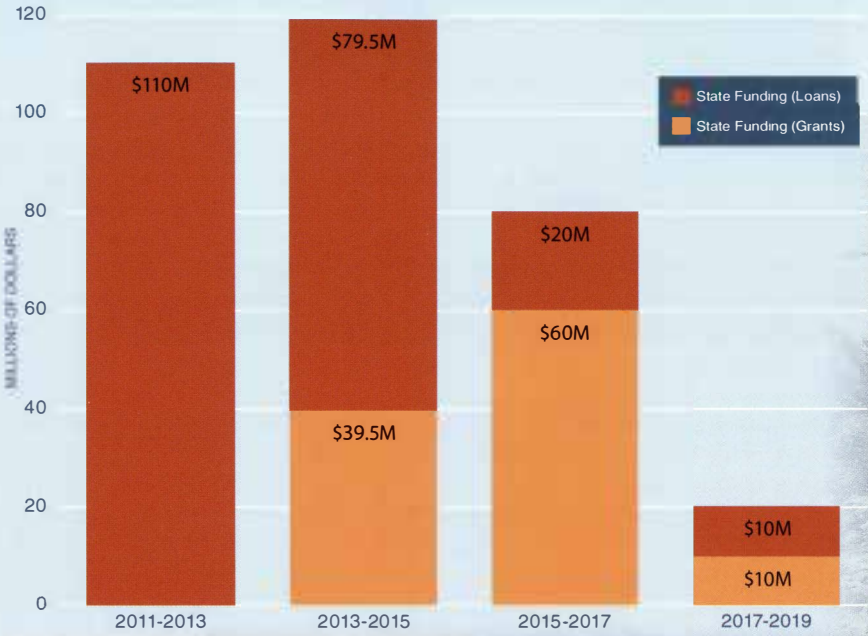


Figure 24 - Historic State Funding For Western Area Water Supply.

HISTORIC WAWS FUNDING SOURCES

Total Funding as of October 2018

$329 Million

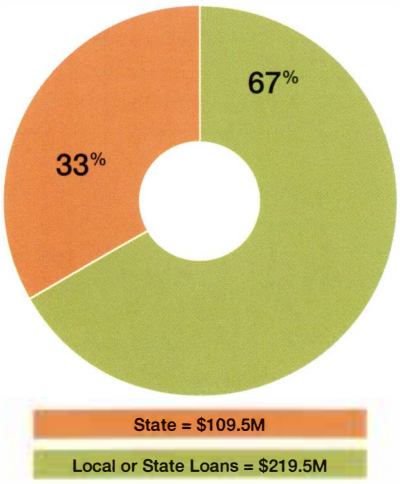


Figure 25 - Historic WAWS Funding Sources.

LOOKING AHEAD

WAWS FORECASTED FUNDING NEEDS

Figure 26 - WAWS Forecasted Funding Needs.

MUNICIPAL WATER SUPPLY PROJECTS

Cities in North Dakota face a wide variety of water infrastructure challenges ranging from small, rural cities struggling to create enough revenue to maintain aging infrastructure, to larger, rapidly-expanding cities that are trying to keep up with growth. With such diverse issues to consider across the state, responsible and efficient use of funding is a key focus of the State Water Commission, and is a challenging consideration for the state as a whole.

Section 5 of House Bill 1020 included an appropriation of $120,125,000 for water supply projects. In addition to municipal projects, this appropriation was intended to fund regional water supply projects, which have been highlighted on previous pages. From that appropriation, several municipal water supply projects were supported and advanced. Table 2 represents the municipal water supply projects that received Water Commission approval during the 2017-2019 biennium, as of October 2018.

PROJECT SPONSOR	PROJECT NAME	FUNDING APPROVED
City of Grand Forks	Regional Water Treatment Plant	$30,000,000
City of Lincoln	Water Supply Main	$1,130,000
City of Mandan	Sunset Reservoir Transmission Line	$3,135,000
City of Mercer	McLean Sheridan Connection	$166,950
City of New Town	New Water Tower	$1,940,000
City of West Fargo	Brooks Harbor Water Tower	$1,950,000
City of West Fargo	North Loop Connection	$510,000
City of West Fargo	West Loop Connection	$1,110,000
City of Williston	US HWY 2 Water Main	$434,400
City of Williston	9th Avenue East Watermain	$246,000
City of Williston	18th Street Water Main	$2,090,000
City of Wing	Water Tower Repairs	$72,000
TOTAL APPROVED		**$42,784,350**

Table 2 - Municipal water supply projects funded by the Water Commission during 2017-2019 biennium (as of October 2018).

GRAND FORKS REGIONAL WATER TREATMENT PLANT

The City of Grand Forks began construction on a 20 million gallon per day Regional Water Treatment Plant in December 2016. The plant is situated on the western edge of Grand Forks in an effort to optimize water supply regionalization opportunities. Since the 2013-2015 biennium, this project has progressed under a 50/50 cost-share with the Water Commission. To date, $65 million in state funding has been appropriated to the project, and the city has requested an additional $9.9 million in state funding to complete the project, with an anticipated completion date of June, 2020. The total cost of this project is estimated to be $150 million.

LOOKING AHEAD - MUNICIPAL WATER INFRASTRUCTURE SURVEY

The State Water Commission partnered with the North Dakota League of Cities to inventory aging municipal water supply infrastructure across the state, and to forecast a longer-term outlook of future municipal funding needs. Survey results yielded a ten year total funding needs estimate of approximately $1.1 billion for municipal water supply infrastructure, with approximately $660 million potentially eligible for state cost-share. Longer-term water supply infrastructure needs are summarized beginning on page 76.

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RURAL WATER SUPPLY PROJECTS

In rural North Dakota, water used for domestic, municipal, and livestock needs is often of insufficient quantity or quality. And often, residents of small communities and rural areas are negatively impacted due to a lack of clean, safe water. Rather than relying on water available from private wells, rural water systems can help deliver a stable supply of quality water to cities and rural areas alike.

Today there are 31 rural water systems in North Dakota, including four Tribal systems, made up of approximately 40,000 miles of pipe. These systems provide water to parts of all 53 counties in North Dakota, supporting 75 percent of the state's incorporated cities. When incorporated cities and rural areas are combined, more than 250,000 people are served by rural water systems.

Section 5 of House Bill 1020 included an appropriation of $27 million for rural water supply projects. Specific projects and project types were then designated funding under this purpose. Table 3 represents the rural water supply projects that received Water Commission funding during the 2017-2019 biennium, as of October 2018.

PROJECT SPONSOR	PROJECT NAME	FUNDING APPROVED
East Central Regional Water	Grand Forks/Traill System	$5,546,880
East Central Regional Water	Phase 3 Agassiz WUD	$232,795
Northeast / East Central Regional Water	Northeast Area Master Plan	$107,000
Greater Ramsey Water District	Devils Lake Regionalization	$599,000
North Prairie Rural Water District	Mountrail County	$6,516,000
Southeast Water User District	System Wide Expansion	$2,749,000
Stutsman Rural Water District	Phase 6 Pettibone	$2,100,000
Walsh Rural Water District	System Improvements	$1,300,000
North Prairie Rural Water District	Silver Spring Surrey	$133,380
North Prairie Rural Water District	Reservoir 9	$1,114,620
Cass Rural Water User District	Horace Tank	$1,846,000
McLean-Sheridan Rural Water	Turtle Lake Tower	$2,378,450
Tri-County Rural Water District	McVille Connection	$2,803,250
TOTAL APPROVED		**$27,426,375***

Table 3 - Rural water supply projects funded by the Water Commission during 2017-2019 biennium (as of October 2018). *Includes reallocation of turn back funds from previous biennia.

LOOKING AHEAD - RURAL WATER INFRASTRUCTURE SURVEY

The State Water Commission also partnered with the North Dakota Rural Water Systems Association to inventory aging rural water supply infrastructure across the state, and to forecast potential funding needs. The survey results yielded a ten year total funding needs estimate of approximately $320 million for rural water supply infrastructure, with approximately $240 million potentially eligible for state cost-share. Longer-term water supply infrastructure needs are summarized beginning on page 76.

OTHER PROJECT UPDATES

DEVILS LAKE OUTLET OPERATIONS

During the 2017-2019 biennium, the state continued to implement a multi-pronged approach to solving the Devils Lake region's flooding problems, including: infrastructure protection, upper-basin water management, and operation of the state's emergency outlets.

The maximum total discharge of the West and East Devils Lake outlets is now 600 cfs (See Map Appendix), and the 2018 operating season marked the thirteenth year of operation for the West Outlet and the seventh year for the East Outlet. The total cumulative discharge from the outlets for 2018 was 118,357 acre-feet. Without the operation of the outlets, it is estimated that Devils Lake would be approximately five feet higher than its current elevation.

Outlet operations have been made possible through a collaboration of stakeholders throughout eastern North Dakota, Minnesota, and the Canadian Province of Manitoba. Careful management of downstream impacts related to water quality and quantity in the Red and Sheyenne Rivers remains a key consideration of outlet operations.

The Water Commission has also continued to manage operational efforts associated with the Tolna Coulee Control Structure, which was constructed in 2012 to reduce the risk of a catastrophic natural overflow of Devils Lake. The control structure was developed in cooperation with the US Army Corps of Engineers and is now owned and operated by the Water Commission.

GRAFTON FLOOD CONTROL

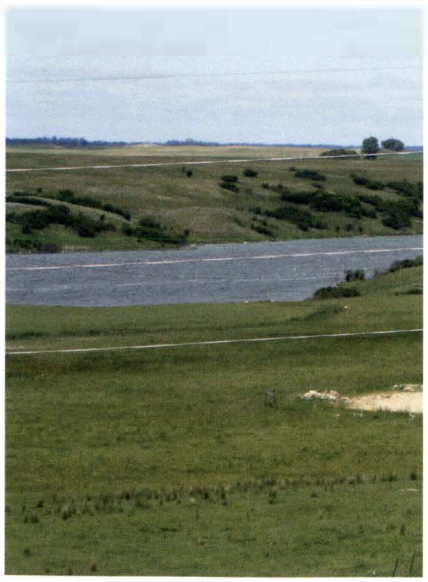
Grafton's comprehensive flood risk reduction project will involve the construction of 12.5 miles of levees and a 3.2 mile bypass channel. When completed, the project will provide Grafton with protection from a 100-year flood event.

The project was bid in December 2017, and a contract was awarded in January 2018. Construction officially began in April 2018, with a forecasted completion date of October 2019. A majority of the trenching, levee and outlet construction, and a portion of the channel excavation will be completed during the 2018 construction season. Additionally, coordination is ongoing with FEMA to obtain beneficial flood map changes in the future.

As of October 2018, the Water Commission has committed $33.9 million in grants, or 71 percent of the project's estimated $47.4 million total cost. In addition, $3.3 million was committed in the form of a loan, bringing the Water Commission's contribution to 75 percent of the total cost.

GENERAL WATER MANAGEMENT

General water management projects include non-conveyance rural flood control, recreational projects, dam repairs, planning efforts, special studies, and mitigation for operation of the Devils Lake outlets. House bill 1020 designated $15.75 million for general water management projects during the 2017-2019 biennium. A summary of general water management projects and studies that were approved for Water Commission cost-share is included in Table 7 in the following "Purpose Funding Summary" section.



2017-2019 WATER COMMISSION PROJECT BUDGET: PURPOSE FUNDING SUMMARIES

As previously mentioned, House Bill 1020 outlined four purposes for the Water Commission's 2017-2019 water development project funding. Specific funding amounts were designated for each purpose, and Tables 4 through 7 summarize the projects that have been supported out of each purpose funding category.

RURAL WATER SUPPLY PURPOSE FUNDING: 2017-2019 BIENNIUM		
	PURPOSE FUNDING TOTAL	$27,000,000
Obligated This Biennium	East Central Regional Water District - Grand Forks System	$4,150,000
	East Central Regional Water District - Traill System	$1,396,880
	East Central Regional Water District - Phase 3 Agassiz WUD	$232,795
	Northeast / East Central Regional Water District - Northeast Area Master Plan	$107,000
	Greater Ramsey Water District - Devils Lake Regionalization	$599,000
	North Prairie Rural Water District - Mountrail County	$6,516,000
	Southeast Water User District - System Wide Expansion	$2,749,000
	Stutsman Rural Water District - Phase 6 Pettibone	$2,100,000
	Walsh Rural Water District - System Improvements	$1,300,000
	North Prairie Rural Water District - Silver Spring Surrey	$133,380
	North Prairie Rural Water District - Reservoir 9	$1,114,620
	Cass Rural Water User District	$1,846,000
	McLean-Sheridan Rural Water District - Turtle Lake Tower	$2,378,450
	Tri-County Rural Water District - McVille Connection	$2,803,250
	TOTAL APPROVED	$27,426,375
	FUNDING TURNED BACK FROM PREVIOUS BIENNIA	$952,515
	REMAINING BALANCE (OCTOBER 2018)	**$526,140**

Table 4- Rural Water Supply Purpose Funding, 2017-2019 Biennium.

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WATER SUPPLY PURPOSE FUNDING: 2017-2019 BIENNIUM		
	PURPOSE FUNDING TOTAL	$120,125,000
Obligated This Biennium	Grand Forks - Water Treatment Plant	$30,000,000
	Lake Agassiz Water Authority - Red River Valley Water Supply	$17,000,000
	Lincoln - Water Supply Main	$1,130,000
	Mandan - Sunset Reservoir Transmission Line	$3,135,000
	Mercer - McLean-Sheridan Connection	$166,950
	Minot - Northwest Area Water Supply	$14,600,000
	New Town - Water Tower	$1,940,000
	State Water Commission - Southwest Pipeline Project	$13,500,000
	West Fargo - Brooks Harbor Water Tower	$1,950,000
	West Fargo - North Loop Connection	$510,000
	West Fargo - West Loop Connection	$1,110,000
	Western Area Water Supply - Phase 5	$20,000,000
	Williston - US Highway 2 Water Main	$434,400
	Williston - 9th Avenue E Water Main	$246,000
	Williston - 18th Street Water Main	$2,090,000
	Wing - Water Tower	$72,000
TOTAL APPROVED		$107,884,350
FUNDING TURNED BACK FROM PREVIOUS BIENNIA		$767,521
REMAINING BALANCE (OCTOBER 2018)		**$13,008,171**

Table 5 - Water Supply Purpose Funding, 2017-2019 Biennium.

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FLOOD CONTROL PURPOSE FUNDING: 2017-2019 BIENNIUM		
PURPOSE FUNDING TOTAL		$136,000,000
Obligated This Biennium	Mouse River Flood Control	$64,295,217
	Valley City Flood Control	$3,958,104
	Maple River WRD - Davenport Flood Risk Reduction	$35,000
	Pembina County WRD - Drain #81	$56,000
	Southeast Cass WRD - Raymond-Mapleton Township Imp. District #76	$3,043
	Bottineau County WRD - Baumann Legal Drain	$41,427
	Traill County WRD - Norway Drain #38	$61,917
	Mapleton Re-Certification	$213,670
	Michigan Spillway Flood Assessment	$42,053
	Logan County WRD - Lake McKenna	$72,167
	Cass County Joint WRD - Sheldon Subdivision Levee	$370,200
	Walsh County Drain 30-02	$328,042
	Lower Heart River WRD - Mandan Flood Control	$280,000
TOTAL APPROVED		$69,756,840
FUNDING TURNED BACK FROM PREVIOUS BIENNIA		$1,117,229
REMAINING BALANCE (OCTOBERR 2018)		**$67,360,389**

Table 6 - Flood Control Purpose Funding, 2017-2019 Biennium.

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GENERAL WATER MANAGEMENT PURPOSE FUNDING: 2017-2019 BIENNIUM		
PURPOSE FUNDING TOTAL		$15,750,000
Obligated This Biennium	Garrison Diversion Unit - Mile 42 Irrigation	$937,207
	Drought Disaster Livestock Water Supply	$1,775,000
	Barnes County Water Resource District - Kathryn Dam	$754,875
	McLean County Water Resource District - Painted Woods Lake	$284,768
	Valley City Water Treatment Plant	$586,350
	AEM - Survey Funding	$425,000
	Walsh County Water Resource District - Matacjek Dam	$267,150
	USGS Cooperative Hydrologic Monitoring	$553,790
	Sargent County Water Resource District - Brummond-Lubke Dam	$317,111
	PMP Update	$600,000
	NPS Pollution - Department of Health	$200,000
	Red River Basin Commission	$200,000
	Assiniboine River Basin Commission	$100,000
	State Engineer Approvals	$804,686
	Wildlife Services - ND Department of Agriculture	$125,000
	Yellowstone Irrigation District	$692,500
TOTAL APPROVED		$8,623,437
FUNDING TURNED BACK FROM PREVIOUS BIENNIA		$244,612
REMAINING BALANCE (OCTOBER 2018)		**$7,371,175**

Table 7 - General Water Management Purpose Funding, 2017-2019 Biennium.

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STATE WATER DEVELOPMENT PROGRAM:
WORKING WITH PROJECT SPONSORS

This section briefly describes the inventory process used by the Water Commission to identify and estimate future water project and program funding needs. A summary of those funding needs, as provided by project sponsors, is also presented.

WATER PROJECT INVENTORY PROCESS

As part of the Water Commission's water planning efforts, the agency biennially solicits project and program information from potential project sponsors. The results provide the Commission with an updated inventory of water projects and programs that could come forward for state cost-share in the upcoming 2019-2021 biennium and beyond. As in the past, the product of this effort becomes the foundation that supports the State Water Commission's budget request to the Governor and Legislature.

To obtain updated and new project and program information from sponsors, the Commission invited water boards, joint water boards, the North Dakota Irrigation Association, communities, rural and regional water supply systems, and government agencies with an interest in water development projects and programs to complete an electronic project planning and information form. Information requested on the forms included general project descriptions, location, cost estimates, permit information, and identification of potential obstacles, among other basic aspects of the projects.

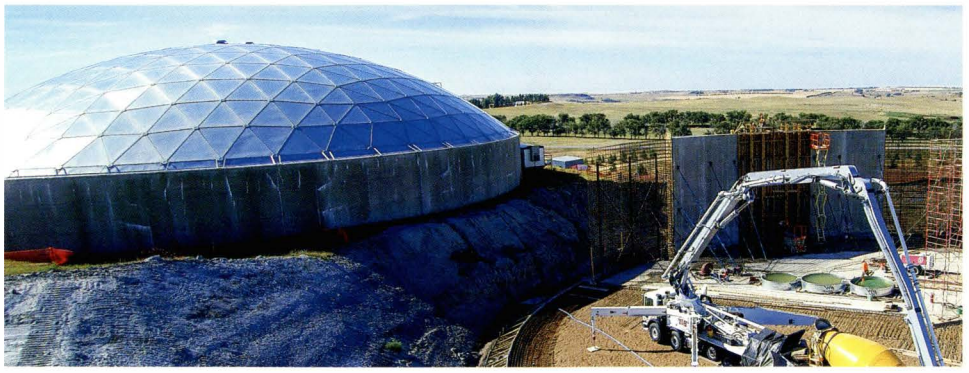
Most importantly, sponsors were asked to assign the most realistic start dates possible to projects they expected to present to the Commission for cost-share consideration - particularly during the 2019-2021 and later biennia. As part of that effort, project sponsors needed to take into consideration when a funding commitment from the Commission would be needed for projects or programs to proceed.

As the electronic project information forms were received by the Commission, they were automatically placed into a water project database, helping to ensure receipt and accurate inventory of projects. This provides the Commission with updated project information for older projects and an accounting of new projects that have developed since the last inventory process, during the 2017-2019 biennium. Of course, circumstances change, and so do project costs over time. Therefore, the database is updated regularly leading up to the Legislative Assembly.

When the deadline for project submittal was reached, each project was reviewed by a Water Commission subcommittee with Commission staff assistance to determine if portions of the project were eligible for cost-share, and if the proposed timeframes for project advancement were reasonable and justified by supporting information.

In addition, the agency worked closely with the North Dakota Water Coalition (which is made up of project sponsors from across the state), and the project sponsors themselves to maintain the most up-to-date project information possible. The Commissioner-hosted meetings were also helpful for the agency and project sponsors to discuss projects and update information accordingly.

The result of this inventory process is a comprehensive list of water projects throughout North Dakota that could come forward for new or additional cost-share in future biennia. As stated earlier, this is an important tool for budget planning purposes for the Commission, the Office of Management and Budget, the Governor's Office, and the Legislature.



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WATER DEVELOPMENT FUNDING NEEDS, 2019-2021 BIENNIUM

The following Water Development Funding Needs table contains projects that could move forward and request State Water Commission cost-share in the 2019-2021 biennium and beyond (Table 8). *This accounting of projects simply represents a list of needs as submitted by project sponsors. It does not guarantee, in any way, that all of the projects listed will receive funding or the amounts listed. In addition, upon further review of the projects and any notices of changes to the projects, the state's potential cost-share contribution may change based on the agency's cost-share policy and requirements for eligible items.*

In consideration of the State Water Commission Project Prioritization Guidance policy, projects were also identified with their priority ranking, and by major drainage basin where they are located.

The inventory is organized into six project purposes including: flood control, municipal water supply, rural water supply, regional water supply, conveyance, and general water management. The total financial need to implement all of the projects in the 2019-2021 inventory is about $1.7 billion. The state's share of that total could be about $902 million. However, those estimates will evolve pending closer analyses of cost-share requirements once a request for funding has been made to the Commission. The federal government and local project sponsors would be responsible to make up the balance.

The 2019-2021 totals do not account for projects that may receive additional funding in the current 2017-2019 biennium. It should also be noted that water development projects can be delayed as a result of local or federal funding problems, permits, or environmental issues, which can substantially influence the actual need for any given biennium. Furthermore, the unpredictability of floods, droughts, and other unforeseen events can result in new funding needs that were not documented at the time this report was developed. As a result, the actual need for the upcoming biennium has the potential to change from what is presented here.

TRIBAL PROJECT FUNDING

Water projects submitted by tribal governments could be included in the inventory if partnered with eligible local sponsors per NDCC 61-02-24 and NDCC 61-02-24.1.

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FLOOD CONTROL

PLEASE NOTE: This inventory of financial needs is for planning and budgeting purposes only. It does not guarantee, in any way, that projects listed will receive funding from the state. In addition, the estimated financial needs from the state (grant or loan) may change based on further review of the projects in accordance with cost-share program eligibility requirements.

LOCAL SPONSOR	PROJECT NAME	PRIORITY	BASIN	FEDERAL FUNDING 2019-2021	POTENTIAL SWC COST - SHARE 2019-2021	LOCAL FUNDING 2019-2021	OTHER FUNDING 2019-2021	TOTAL 2019-2021
Burleigh County WRD	Sibley Island Flood Control Project	High	Lower Missouri	$-	$201,148	$134,098	$-	$335,246
Cass County Joint WRD	Sheldon Subdivision Flood Protection	High	Upper Red	$-	$390,000	$260,000	$-	$650,000
Cass County Joint WRD, Rush River WRD & Amenia	City of Amenia Flood Protection	High	Upper Red	$-	$2,400,000	$1,600,000	$-	$4,000,000
City of Beulah	West Tributary Flood Mitigation	High	Upper Missouri	$-	$120,000	$80,000	$-	$200,000
City of Fargo, Cass County, Cass County Joint WRD	Fargo-West Fargo Flood Control	High	Lower Red	$200,000,000	$166,500,000	$195,000,000	$21,500,000	$583,000,000
City of Jamestown & Stutsman County WRD	Southwest Planning Area Storm Water Sewer - System 1	High	James	$-	$1,800,000	$1,200,000	$-	$3,000,000
City of LaMoure	LaMoure Flood Control Project	High	James	$-	$2,400,000	$1,600,000	$-	$4,000,000
City of Lisbon	Sheyenne River Flood Control	High	Upper Red	$-	$7,080,000	$1,770,000	$-	$8,850,000
City of Minot	Minot Levee Erosion Repair	High	Mouse	$-	$1,080,000	$800,000	$-	$1,880,000

Table 8 - Water Project Funding Needs, 2019-2021 Biennium.

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FLOOD CONTROL (continued)

PLEASE NOTE: This inventory of financial needs is for planning and budgeting purposes only. It does not guarantee, in any way, that projects listed will receive funding from the state. In addition, the estimated financial needs from the state (grant or loan) may change based on further review of the projects in accordance with cost-share program eligibility requirements.

LOCAL SPONSOR	PROJECT NAME	PRIORITY	BASIN	FEDERAL FUNDING 2019-2021	POTENTIAL SWC COST - SHARE 2019-2021	LOCAL FUNDING 2019-2021	OTHER FUNDING 2019-2021	TOTAL 2019-2021
City of Neche	Neche Levee Certification Project, Design & Certification	High	Lower Red	$-	$750,000	$500,000	$-	$1,250,000
Valley City	Valley City Permanent Flood Protection	High	Upper Red	$-	$11,240,000	$2,810,000	$-	$14,050,000
Grand Forks County WRD	Village of Arvill Flood Control	High	Lower Red	$-	$480,000	$70,000	$250,000	$800,000
Lower Heart River WRD	Lower Heart River Flood Risk Reduction Project	High	Lower Missouri	$-	$21,000,000	$14,000,000	$-	$35,000,000
Maple River WRD & City of Davenport	City of Davenport Flood Protection	High	Upper Red	$-	$3,000,000	$2,000,000	$-	$5,000,000
Park Joint WRD	North Branch Park River Flood Control - Crystal	High	Lower Red	$-	$2,400,000	$1,600,000	$-	$4,000,000
Souris River Joint Board	Mouse River Enhanced Flood Protection	High	Mouse	$-	$186,200,000	$94,900,000	$-	$281,100,000
Southeast Cass WRD	Sheyenne-Maple Flood Control Project #2 Improvements	High	Upper Red	$-	$600,000	$400,000	$-	$1,000,000

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FLOOD CONTROL (continued)

PLEASE NOTE: This inventory of financial needs is for planning and budgeting purposes only. It does not guarantee, in any way, that projects listed will receive funding from the state. In addition, the estimated financial needs from the state (grant or loan) may change based on further review of the projects in accordance with cost-share program eligibility requirements.

LOCAL SPONSOR	PROJECT NAME	PRIORITY	BASIN	FEDERAL FUNDING 2019-2021	POTENTIAL SWC COST - SHARE 2019-2021	LOCAL FUNDING 2019-2021	OTHER FUNDING 2019-2021	TOTAL 2019-2021
State of North Dakota	Devils Lake Outlet Operation	High	Devils Lake	$-	$10,000,000	$-	$-	$10,000,000
Ward County WRD	Des Lacs River Diversion Channels	High	Mouse	$25,000	$650,000	$800,000	$25,000	$1,500,000
Ward County WRD	Puppy Dog Coulee High Flow Bypass Channel	High	Mouse	$-	$1,800,000	$1,200,000	$-	$3,000,000
Barnes County WRD	Eckelson Lake Outlet Improvement	Moderate	Upper Red	$-	$1,500,000	$1,000,000	$-	$2,500,000
Cass County Joint WRD	Upper Maple River Watershed Detention - Site #1	Moderate	Upper Red	$2,500,000	$5,000,000	$5,000,000	$-	$12,500,000
Cass County Joint WRD	Upper Maple River Watershed Detention Site #2	Moderate	Upper Red	$2,500,000	$5,000,000	$5,000,000	$-	$12,500,000
Forest River Joint WRD	Forest River Flood Control	Moderate	Lower Red	$-	$4,860,000	$5,940,000	$-	$10,800,000
Forest River Joint WRD	Forest River Floodwater (Detention)	Moderate	Lower Red	$-	$2,415,000	$3,485,000	$-	$5,900,000

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FLOOD CONTROL (continued)

PLEASE NOTE: This inventory of financial needs is for planning and budgeting purposes only. It does not guarantee, in any way, that projects listed will receive funding from the state. In addition, the estimated financial needs from the state (grant or loan) may change based on further review of the projects in accordance with cost-share program eligibility requirements.

LOCAL SPONSOR	PROJECT NAME	PRIORITY	BASIN	FEDERAL FUNDING 2019-2021	POTENTIAL SWC COST - SHARE 2019-2021	LOCAL FUNDING 2019-2021	OTHER FUNDING 2019-2021	TOTAL 2019-2021
Logan County WRD	McKenna Lake & Napoleon Aquifer Drainage & Improvement Project - Construction Permit & Construction	Moderate	Lower Missouri	$-	$1,000,000	$900,000	$100,000	$2,000,000
McLean County WRD	Lower Buffalo Creek Flood Mitigation	Moderate	Upper Missouri	$-	$270,000	$30,000	$300,000	$600,000
McLean County WRD	Painted Woods Lake Flood Control - High Flow Channel Phase 2	Moderate	Upper Missouri	$-	$900,000	$1,100,000	$600,000	$2,600,000
McLean County WRD	Turtle Creek Rural Flood Control	Moderate	Upper Missouri	$-	$900,000	$500,000	$600,000	$2,000,000
Park Joint WRD	North Branch Park River Detention	Moderate	Lower Red	$-	$15,000,000	$10,000,000	$-	$25,000,000
Pembina County WRD	Tongue River Retention	Moderate	Lower Red	$-	$6,000,000	$4,000,000	$-	$10,000,000
Sargent County WRD	Shortfoot Creek Detention	Moderate	Upper Red	$-	$5,400,000	$3,600,000	$-	$9,000,000
Steele County WRD	Lake Tobiason Improvement	Moderate	Upper Red	$-	$112,500	$37,500	$-	$150,000

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FLOOD CONTROL (continued)

PLEASE NOTE: This inventory of financial needs is for planning and budgeting purposes only. It does not guarantee, in any way, that projects listed will receive funding from the state. In addition, the estimated financial needs from the state (grant or loan) may change based on further review of the projects in accordance with cost-share program eligibility requirements.

LOCAL SPONSOR	PROJECT NAME	PRIORITY	BASIN	FEDERAL FUNDING 2019-2021	POTENTIAL SWC COST - SHARE 2019-2021	LOCAL FUNDING 2019-2021	OTHER FUNDING 2019-2021	TOTAL 2019-2021
Ward County WRD	Makoti Lake Stabilization	Moderate	Mouse	$-	$900,000	$1,100,000	$-	$2,000,000
City of LaMoure	Permanent Flood Protection Feasibility Study	Moderate	James	$-	$35,000	$65,000	$-	$100,000
City of Williston	Water Resource Recovery Facility Flood Scenario Planning	Low	Upper Missouri	$-	$61,250	$113,750	$-	$175,000
Grand Forks County WRD	Hazen Brook Detention Site - Study	Low	Lower Red	$-	$20,475	$18,525	$19,500	$58,500
Grand Forks County WRD	Johnstown Detention Site - Study	Low	Lower Red	$-	$40,000	$40,000	$40,000	$120,000
Logan County WRD	McKenna Lake & Napoleon Aquifer Drainage & Improvement Project - Engineering Design & Development	Low	Lower Missouri	$-	$35,000	$65,000	$-	$100,000
Steele County WRD	Golden Lakes Improvement	Low	Upper Red	$-	$198,000	$297,000	$-	$495,000
Walsh County WRD	Oslo Area Flood Control Project	Low	Lower Red	$-	$234,000	$286,000	$-	$520,000

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FLOOD CONTROL (continued)

PLEASE NOTE: This inventory of financial needs is for planning and budgeting purposes only. It does not guarantee, in any way, that projects listed will receive funding from the state. In addition, the estimated financial needs from the state (grant or loan) may change based on further review of the projects in accordance with cost-share program eligibility requirements.

LOCAL SPONSOR	PROJECT NAME	PRIORITY	BASIN	FEDERAL FUNDING 2019-2021	POTENTIAL SWC COST - SHARE 2019-2021	LOCAL FUNDING 2019-2021	OTHER FUNDING 2019-2021	TOTAL 2019-2021
LOW PRIORITY FLOOD CONTROL TOTAL				$-	$623,725	$885,275	$59,500	$1,568,500
MODERATE PRIORITY FLOOD CONTROL TOTAL				$5,000,000	$49,257,500	$41,692,500	$1,600,000	$97,550,000
HIGH PRIORITY FLOOD CONTROL TOTAL				$200,025,000	$420,091,148	$320,724,098	$21,775,000	$962,615,246
FLOOD CONTROL TOTAL				**$205,025,000**	**$469,972,373**	**$363,301,873**	**$23,434,500**	**$1,061,733,746**

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MUNICIPAL WATER SUPPLY

PLEASE NOTE: This inventory of financial needs is for planning and budgeting purposes only. It does not guarantee, in any way, that projects listed will receive funding from the state. In addition, the estimated financial needs from the state (grant or loan) may change based on further review of the projects in accordance with cost-share program eligibility requirements.

LOCAL SPONSOR	PROJECT NAME	PRIORITY	BASIN	FEDERAL FUNDING 2019-2021	POTENTIAL SWC COST - SHARE 2019-2021	LOCAL FUNDING 2019-2021	OTHER FUNDING 2019-2021	TOTAL 2019-2021
City of Bismarck	Zone 4 Lockport Water Pump Station	Moderate	Lower Missouri	$-	$1,980,000	$1,320,000	$-	$3,300,000
City of Burlington & North Prairie Rural Water	Burlington South Water Tower	Moderate	Mouse	$-	$936,000	$624,000	$-	$1,560,000
City of Columbus	Water Main Improvements - Phase I	Moderate	Mouse	$-	$365,400	$243,600	$-	$609,000
City of Columbus	Water Main Improvements - Phase II	Moderate	Mouse	$-	$346,710	$231,140	$-	$577,850
City of Columbus	Water Main Improvements - Phase III	Moderate	Mouse	$260,890	$234,801	$156,534	$-	$652,225
City of Dickinson	Water Supply Improvements (6th St, 7th St, Sims St.)	Moderate	Lower Missouri	$-	$1,980,000	$1,320,000	$-	$3,300,000
City of Dickinson	North Side Water Storage Tank	Moderate	Lower Missouri	$-	$60,000	$40,000	$-	$100,000
City of Garrison	Water Supply & Treatment Expansion	Moderate	Upper Missouri	$-	$2,700,000	$1,800,000	$-	$4,500,000

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MUNICIPAL WATER SUPPLY (continued)

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LOCAL SPONSOR	PROJECT NAME	PRIORITY	BASIN	FEDERAL FUNDING 2019-2021	POTENTIAL SWC COST - SHARE 2019-2021	LOCAL FUNDING 2019-2021	OTHER FUNDING 2019-2021	TOTAL 2019-2021
City of Garrison	Water Transmission & Supply Line	Moderate	Upper Missouri	$-	$720,000	$480,000	$-	$1,200,000
City of Grand Forks	Regional WTP	Moderate	Lower Red	$-	$9,875,000	$9,875,000	$-	$19,750,000
City of Killdeer	HWBL Water	Moderate	Lower Missouri	$-	$294,000	$196,000	$-	$490,000
City of Killdeer	Southwest Utility Extension and Lift Station	Moderate	Lower Missouri	$-	$216,720	$144,480	$-	$361,200
City of Larimore	Install New Water Main & Appurtenances	Moderate	Lower Red	$-	$231,750	$154,500	$-	$386,250
City of Mapleton	Mapleton Water Storage Tank	Moderate	Upper Red	$-	$705,000	$695,000	$-	$1,400,000
City of Minot	SW Elevated Water Tank	Moderate	Mouse	$-	$2,760,000	$1,840,000	$-	$4,600,000
Watford City	12th St NE (Between HWY 23 and 17th Ave N)	Moderate	Upper Missouri	$-	$390,000	$260,000	$-	$650,000

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MUNICIPAL WATER SUPPLY (continued)

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Watford City	14th St NW (Between 10th Ave NW and 17th Ave NW)	Moderate	Upper Missouri	$-	$240,000	$160,000	$-	$400,000
Watford City	17th Ave NE (Between Pheasant Ridge & 12 St NE)	Moderate	Upper Missouri	$-	$282,000	$188,000	$-	$470,000
Watford City	17th Ave NW (Between Main St & 14th St NW)	Moderate	Upper Missouri	$-	$510,000	$340,000	$-	$850,000
City of West Fargo	9th St NW Water Main Looping	Moderate	Upper Red	$-	$150,000	$100,000	$-	$250,000
City of Benedict	Water Main Replacement	Low	Lower Missouri	$-	$921,043	$614,029	$-	$1,535,072
City of Beulah	Water & Waste Water Main Rehabilitation Project	Low	Upper Missouri	$2,000,000	$500,000	$600,000	$-	$3,100,000
City of Bowbells	Water Main Improvements	Low	Mouse	$-	$79,200	$52,800	$-	$132,000
City of Bowman	Water Tank Rehabilitation	Low	Lower Missouri	$-	$447,000	$298,000	$-	$745,000

MUNICIPAL WATER SUPPLY (continued)

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City of Cavalier	Water Tower & Ground Storage Reservoir	Low	Upper Red	$-	$1,620,000	$1,080,000	$-	$2,700,000
City of Center	Street & Utility Improvements	Low	Lower Missouri	$-	$70,800	$47,200	$-	$118,000
City of Colfax	Water Supply Looping Project	Low	Lower Red	$-	$286,800	$191,200	$-	$478,000
City of Davenport	Water Storage, Booster Station & Transmission Lines	Low	Upper Red	$-	$429,600	$286,400	$-	$716,000
City of Dickinson	Water Utility Master Plan Update	Low	Lower Missouri	$-	$35,000	$65,000	$-	$100,000
City of Drayton	Water Treatment Plant Improvements	Low	Upper Red	$-	$2,163,000	$1,442,000	$-	$3,605,000
City of Drayton	Clearwell Replacement	Low	Upper Red	$-	$540,750	$360,500	$-	$901,250
City of Elgin	ACP Replacement	Low	Lower Missouri	$1,800,000	$264,000	$176,000	$-	$2,240,000

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MUNICIPAL WATER SUPPLY (continued)

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City of Enderlin	New Lime Softening WTP	Low	Upper Red	$-	$4,839,000	$3,226,000	$-	$8,065,000
City of Enderlin	New Wells	Low	Upper Red	$-	$442,200	$294,800	$-	$737,000
City of Enderlin	Transmission Line	Low	Upper Red	$-	$330,000	$220,000	$-	$550,000
City of Enderlin	Water Tower Replacement	Low	Upper Red	$-	$1,173,000	$782,000	$-	$1,955,000
City of Fargo	New Downtown Elevated Storage	Low	Lower Red	$-	$1,725,000	$1,725,000	$-	$3,450,000
City of Fargo	Ozone AOP Improvements	Low	Lower Red	$-	$2,125,000	$2,125,000	$-	$4,250,000
City of Fargo	Water Treatment Plant Facility Plan - Phase II Existing Facility Upgrades	Low	Lower Red	$-	$1,927,500	$1,927,500	$-	$3,855,000
City of Fargo	Water Treatment Plant Residuals Facility	Low	Lower Red	$-	$8,000,000	$8,000,000	$-	$16,000,000

MUNICIPAL WATER SUPPLY (continued)

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City of Flaxton	Water Quality Treatment	Low	Mouse	$-	$150,000	$100,000		$250,000
City of Grenora	Water Tower Replacement	Low	Upper Missouri	$-	$2,220,000	$1,480,000	$-	$3,700,000
City of Harvey	Water Supply & Treatment Upgrades	Low	Lower Red	$-	$420,000	$280,000	$-	$700,000
City of Harwood	Water Main Looping	Low	Upper Red	$-	$17,500	$32,500	$-	$50,000
City of Hazen	New Water Tower/ Storage System Expansion	Low	Lower Missouri	$-	$885,000	$615,000	$-	$1,500,000
City of Hebron	80,000 Gallon Water Tower	Low	Lower Missouri	$-	$480,000	$320,000	$-	$800,000
City of Horace	Water Treatment Plant Upgrades	Low	Upper Red	$-	$1,218,000	$812,000	$-	$2,030,000
City of Horace	Elevated Tank Improvements	Low	Upper Red	$-	$115,200	$76,800	$-	$192,000

MUNICIPAL WATER SUPPLY (continued)

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City of Killdeer	South Water Storage Reservoir	Low	Lower Missouri	$-	$270,000	$180,000	$-	$450,000
City of Kindred	Newport Ridge - Water Main Looping	Low	Upper Red	$-	$115,000	$125,000	$-	$240,000
City of Larimore	City-Wide Water System Replacement	Low	Lower Red	$-	$1,500,000	$1,000,000	$-	$2,500,000
City of Lincoln	Water Tank Replacement	Low	Lower Missouri	$-	$810,000	$540,000	$-	$1,350,000
City of Lisbon	New Well Field & Raw Water Transmission Line	Low	Upper Red	$-	$336,000	$224,000	$-	$560,000
City of Lisbon	Water Main Looping	Low	Upper Red	$-	$246,000	$164,000	$-	$410,000
City of Lisbon	WTP Rehabilitation	Low	Upper Red	$-	$300,000	$200,000	$-	$500,000
City of Makoti	New Wells & Transmission Line	Low	Upper Missouri	$-	$360,000	$240,000	$-	$600,000

MUNICIPAL WATER SUPPLY (continued)

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City of Mandan	New Raw Water Intake	Low	Lower Missouri	$-	$9,955,200	$6,636,800	$-	$16,592,000
City of Mayville	New/Replacement Transmission Lines & Related Works	Low	Lower Red	$-	$90,000	$60,000	$-	$150,000
City of Mayville	Water Treatment Plant Upgrades - Joint Project With Traill Rural	Low	Lower Red	$-	$180,000	$120,000	$-	$300,000
City of McVille	Water Treatment Plant Upgrades - Joint Project With Tri-County Rural	Low	Lower Red	$-	$270,000	$180,000	$-	$450,000
City of Michigan	Water Tower Replacement	Low	Lower Red	$-	$300,000	$200,000	$-	$500,000
City of Minto	Stoltman's Addition Water Main Replacement	Low	Lower Red	$-	$418,200	$278,800	$-	$697,000
City of Mohall	Water Main Looping	Low	Mouse	$-	$216,000	$144,000	$-	$360,000
City of Mooreton	Replace Gate Valves	Low	Upper Red	$-	$120,000	$80,000	$-	$200,000

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MUNICIPAL WATER SUPPLY (continued)

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City of Noonan	Water Main Replace	Low	Mouse	$-	$317,856	$211,904	$-	$529,760
City of Oakes	New Well, Transmission Line, & Water Treatment Plant Expansion	Low	James	$-	$1,200,000	$800,000	$-	$2,000,000
City of Oberon	Well Installation	Low	Lower Red	$-	$159,500	$140,500	$-	$300,000
City of Park River	Water Main Update	Low	Upper Red	$-	$924,405	$771,835	$-	$1,696,240
City of Parshall	Parshall Water Tower	Low	Upper Missouri	$-	$1,200,000	$800,000	$-	$2,000,000
City of Rhame	Water Main Replacements	Low	Lower Missouri	$-	$266,900	$177,960	$-	$444,860
City of Richardton	Water Main Replacements	Low	Lower Missouri	$-	$1,116,093	$744,062	$-	$1,860,155
City of Riverdale	Water Storage Improvements	Low	Lower Missouri	$-	$1,000,000	$160,155	$700,000	$1,860,155

MUNICIPAL WATER SUPPLY (continued)

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City of Sherwood	Water Supply Improvements	Low	Mouse	$-	$367,750	$260,250	$-	$628,000
City of Souris	Transmission Line Replacement	Low	Mouse	$-	$105,000	$70,000	$-	$175,000
City of Streeter	Well Installation	Low	Lower Missouri	$-	$354,075	$275,925	$-	$630,000
City of Sykeston	Water System Improvements	Low	James	$-	$800,000	$270,000	$-	$1,070,000
Valley City	Water Improvements (NW & NE Quadrants)	Low	Upper Red	$-	$900,000	$600,000	$-	$1,500,000
City of West Fargo	2nd St. E. Water Main Replacement	Low	Upper Red	$-	$300,000	$200,000	$-	$500,000
City of West Fargo	2nd St. W. Water Main Replacement	Low	Upper Red	$-	$300,000	$200,000	$-	$500,000
City of Westhope	Water Main Improvements	Low	Mouse	$-	$360,000	$240,000	$-	$600,000

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MUNICIPAL WATER SUPPLY (continued)

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City of Williston	16th Avenue Water Main	Low	Upper Missouri	$-	$621,000	$414,000	$-	$1,035,000
City of Williston	42nd Street Water Main	Low	Upper Missouri	$-	$791,400	$527,600	$-	$1,319,000
City of Williston	Borsheim Addition	Low	Upper Missouri	$-	$1,320,000	$880,000	$-	$2,200,000
City of Williston	Front Street & Reiger Driv Water Main	Low	Upper Missouri	$-	$869,400	$579,600	$-	$1,449,000
City of Williston	Sunset - Kettler Subdivisions	Low	Upper Missouri	$-	$1,050,000	$700,000	$-	$1,750,000
City of Williston	47th Street Water Main	Low	Upper Missouri	$-	$414,000	$276,000	$-	$690,000
City of Wilton	2019 Utility Improvements	Low	Lower Missouri	$489,260	$97,852	$65,234	$-	$652,346
City of Wing	Refurbishing Water Tower	Low	Lower Missouri	$-	$630,000	$420,000	$-	$1,050,000

MUNICIPAL WATER SUPPLY (continued)

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City of Wyndmere	Distribution System Replacement	Low	Upper Red	$-	$9,300,000	$6,200,000	$-	$15,500,000
LOW PRIORITY MUNICIPAL WATER SUPPLY TOTAL				$4,289,260	$73,676,223	$53,587,354	$700,000	$132,252,838
MODERATE PRIORITY MUNICIPAL WATER SUPPLY TOTAL				$260,890	$24,977,381	$20,168,254	$-	$45,406,525
HIGH PRIORITY MUNICIPAL WATER SUPPLY TOTAL				$-	$-	$-	$-	$-
MUNICIPAL WATER SUPPLY TOTAL				**$4,550,150**	**$98,653,605**	**$73,755,608**	**$700,000**	**$177,659,363**

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RURAL WATER SUPPLY

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Stutsman Rural Water District	Water Supply To Streeter	High	James	$-	$378,000	$126,000	$-	$504,000
Walsh Rural Water District	Water Supply To Drayton	High	Lower Red	$-	$5,684,240	$1,894,747	$-	$7,578,987
Agassiz Water Users District	AWUD System Expansion & Interconnect	Moderate	Upper Red	$-	$3,375,000	$1,125,000	$-	$4,500,000
All Seasons Water Users District	System 1 Expansion Project	Moderate	Mouse	$-	$5,409,000	$1,803,000	$-	$7,212,000
Dakota Rural Water District	User Expansion	Moderate	Upper Red	$-	$6,832,500	$2,277,500	$-	$9,110,000
East Central Regional Water District	Transmission Expansion, Well Expansion & District Interconnect	Moderate	Upper Red	$-	$4,650,000	$1,550,000	$-	$6,200,000
Greater Ramsey Water District	Expansion Project - Oswald Bay	Moderate	Devils Lake	$-	$937,500	$312,500	$-	$1,250,000
McLean-Sheridan Rural Water District	System Wide Improvements/ Expansion Project	Moderate	Lower Missouri	$-	$12,141,000	$4,047,000	$-	$16,188,000

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RURAL WATER SUPPLY (continued)

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Missouri West Water System	Harmon Lake Area Expansion Project	Moderate	Lower Missouri	$-	$637,500	$212,500	$-	$850,000
Missouri West Water System	North Mandan/ Highway 25 Project	Moderate	Lower Missouri	$-	$600,000	$600,000	$-	$1,200,000
Missouri West Water System	HWY 1806 - Huff & Fort Rice Expansion	Moderate	Lower Missouri	$-	$1,125,000	$375,000	$-	$1,500,000
Northeast Regional Water District	User Expansion Phase II	Moderate	Devils Lake	$-	$2,250,000	$750,000	$-	$3,000,000
Northeast Regional Water District	City of Devils Lake Phase II	Moderate	Devils Lake	$-	$1,500,000	$500,000	$-	$2,000,000
Southeast Water Users District	System Wide Expansion	Moderate	Multi-Basin	$-	$900,000	$300,000	$-	$1,200,000
Tri-County Water District	Rural Distribution Pipeline Expansion	Moderate	Devils Lake	$-	$738,750	$246,250	$-	$985,000
Walsh Rural Water District	Transmission Pipeline Expansion Phase II	Moderate	Upper Red	$-	$1,875,000	$625,000	$-	$2,500,000

RURAL WATER SUPPLY (continued)

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North Central Regional Water District	Water Distribution System	Low	Upper Missouri	$-	$270,000	$180,000	$-	$450,000
North Prairie Rural Water District	Minot To Velva Hwy 52 Project	Low	Mouse	$-	$2,640,000	$1,760,000	$-	$4,400,000
North Prairie Rural Water District	Satellite Water Treatment Plant - NAWS Supply	Low	Mouse	$-	$1,950,000	$1,300,000	$-	$3,250,000
Northeast Regional Water District	Water Loss Infrastructure	Low	Devils Lake	$-	$600,000	$400,000	$-	$1,000,000
South Central Regional Water District	North Burleigh Water Treatment Plant Pretreatment Improvements	Low	Lower Missouri	$-	$1,250,400	$833,600	$-	$2,084,000
Southeast Water Users District	Regionalization of West Water Treatment Plant	Low	James	$-	$4,800,000	$3,200,000	$-	$8,000,000
Southeast Water Users District	Replacement of 1.5" Glued Pipe	Low	Lower Red	$-	$930,000	$620,000	$-	$1,550,000
Southeast Water Users District	Automatic Meter Reading Improvements	Low	Multi-Basin	$-	$1,794,000	$1,196,000	$-	$2,990,000

RURAL WATER SUPPLY (continued)

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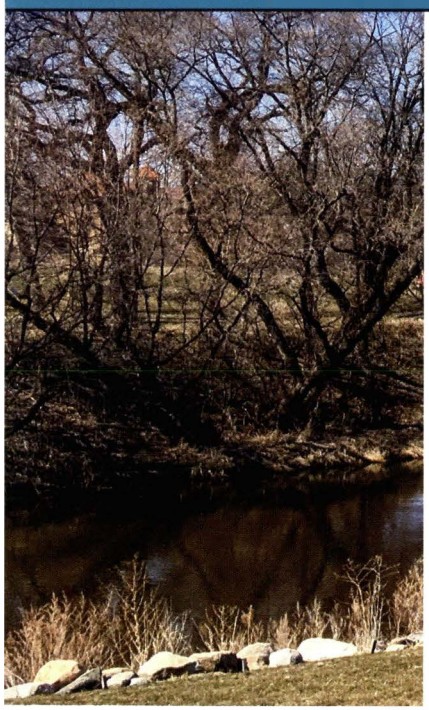
Stutsman Rural Water District	SRWD Phase 7 Water Supply	Low	James	$-	$1,800,000	$1,200,000	$-	$3,000,000
West River Water District	Water Service Replacement	Low	Mouse	$-	$393,600	$262,400	$-	$656,000
North Dakota Rural Water Systems Association	Water Supply System Sustainability Circuit Rider Program	Low	Multi-Basin	$-	TBD	$230,000	$-	$230,000
LOW PRIORITY RURAL WATER SUPPLY TOTAL				$-	$16,428,000	$11,182,000	$-	$27,610,000
MODERATE PRIORITY RURAL WATER SUPPLY TOTAL				$-	$42,971,250	$14,723,750	$-	$57,695,000
HIGH PRIORITY RURAL WATER SUPPLY TOTAL				$-	$6,062,240	$2,020,746	$-	$8,082,987
RURAL WATER SUPPLY TOTAL				**$-**	**$65,461,490**	**$27,926,497**	**$-**	**$93,387,987**



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REGIONAL WATER SUPPLY

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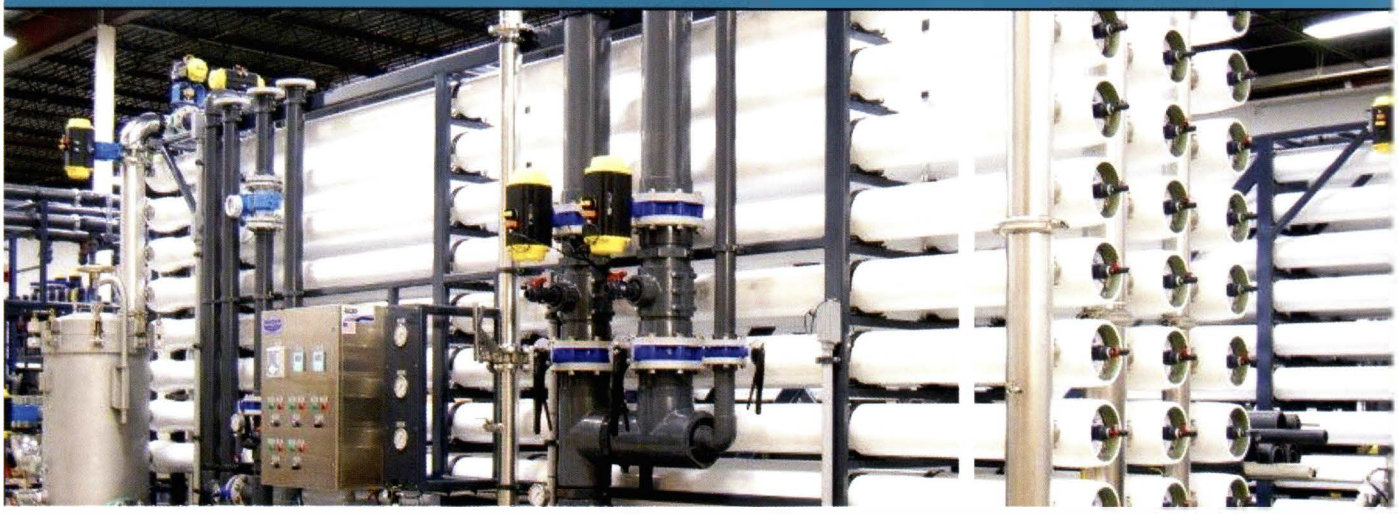
LOCAL SPONSOR	PROJECT NAME	PRIORITY	BASIN	FEDERAL FUNDING 2019-2021	POTENTIAL SWC COST - SHARE 2019-2021	LOCAL FUNDING 2019-2021	OTHER FUNDING 2019-2021	TOTAL 2019-2021
Garrison Diversion & Lake Agassiz Water Authority	Red River Valley Water Supply	High	Multi-Basin	$-	$50,000,000	$16,666,666	$-	$66,666,666
State of North Dakota & Southwest Water Authority	Southwest Pipeline Project	High	Lower Missouri	$-	$30,500,000	$-	$-	$30,500,000
State of North Dakota & City of Minot	Northwest Area Water Supply Project	High	Mouse	$-	$82,000,000	$2,000,000	$-	$84,000,000
Western Area Water Supply Authority	Improvements/ Expansions	High	Upper Missouri	$-	$37,500,000	$12,500,000	$-	$50,000,000
LOW PRIORITY REGIONAL WATER SUPPLY TOTAL				$-	$-	$-	$-	$-
MODERATE PRIORITY REGIONAL WATER SUPPLY TOTAL				$-	$-	$-	$-	$-
HIGH PRIORITY REGIONAL WATER SUPPLY TOTAL				$-	$200,000,000	$31,166,666	$-	$231,166,666
REGIONAL WATER SUPPLY TOTAL				**$-**	**$200,000,000**	**$31,166,666**	**$-**	**$231,166,666**



CONVEYANCE

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LOCAL SPONSOR	PROJECT NAME	PRIORITY	BASIN	FEDERAL FUNDING 2019-2021	POTENTIAL SWC COST - SHARE 2019-2021	LOCAL FUNDING 2019-2021	OTHER FUNDING 2019-2021	TOTAL 2019-2021
Barnes County WRD	10 Mile Lake Outlet Improvement	Moderate	Upper Red	$-	$900,000	$1,100,000	$-	$2,000,000
Bottineau County WRD	Baumann Drain	Moderate	Mouse	$-	$445,000	$545,000	$600,000	$1,590,000
Bottineau County WRD	Landa Project	Moderate	Mouse	$-	$855,000	$1,045,000	$-	$1,900,000
Bottineau County WRD	Russell Drain	Moderate	Mouse	$-	$315,000	$385,000	$-	$700,000
Bottineau County WRD	Stone Cr. Lateral A	Moderate	Mouse	$-	$58,000	$72,000	$-	$130,000
Bottineau County WRD	Zahn International Drain	Moderate	Mouse	$-	$20,000	$50,000	$-	$70,000
City of Fargo	New Drainage Improvement District - Proposed Channel	Moderate	Upper Red	$-	$675,000	$825,000	$-	$1,500,000
Dickey County WRD	Drain No. Channel Improvement	Moderate	James	$-	$1,012,500	$1,237,500	$-	$2,250,000

CONVEYANCE (continued)

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LOCAL SPONSOR	PROJECT NAME	PRIORITY	BASIN	FEDERAL FUNDING 2019-2021	POTENTIAL SWC COST - SHARE 2019-2021	LOCAL FUNDING 2019-2021	OTHER FUNDING 2019-2021	TOTAL 2019-2021
Maple River WRD	FM Metro Diversion Impacts On Legal Drains - Maple River WRD	Moderate	Upper Red	$-	$450,000	$550,000	$-	$1,000,000
Maple River WRD	Tower Township Improvement District No. 77	Moderate	Upper Red	$-	$3,465,000	$4,235,000	$-	$7,700,000
Pembina County WRD	Drain No. 82	Moderate	Lower Red	$-	$540,000	$700,000	$-	$1,240,000
Pembina County WRD	Drain No. 80 Establishment	Moderate	Upper Red	$-	$1,485,000	$1,815,000	$-	$3,300,000
Renville County WRD	Renville County Assessment Drain	Moderate	Mouse	$-	$2,700,000	$3,300,000	$-	$6,000,000
Rush River WRD	FM Metro Diversion Impacts On Legal Drains - Rush River WRD	Moderate	Upper Red	$-	$450,000	$550,000	$-	$1,000,000
Sargent County WRD	Drain No. 2 Extension	Moderate	Upper Red	$-	$225,000	$275,000	$-	$500,000
Traill County WRD	Camrud Drain No. 79	Moderate	Lower Red	$-	$675,000	$825,000	$-	$1,500,000

CONVEYANCE (continued)

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LOCAL SPONSOR	PROJECT NAME	PRIORITY	BASIN	FEDERAL FUNDING 2019-2021	POTENTIAL SWC COST - SHARE 2019-2021	LOCAL FUNDING 2019-2021	OTHER FUNDING 2019-2021	TOTAL 2019-2021
Traill County WRD	Thompson Drain No. 71 - New Channel Construction	Moderate	Lower Red	$-	$450,000	$550,000	$-	$1,000,000
Walsh County WRD	Establishment of Drain No. 30-2	Moderate	Lower Red	$-	$320,041	$8,733	$497,372	$826,146
Barnes County WRD	Drain No. 40 Channel Improvement	Low	Upper Red	$-	$675,000	$825,000	$-	$1,500,000
Barnes-Griggs Joint WRD	Reconstruction of Silver Creek	Low	Upper Red	$-	$315,000	$385,000	$-	$700,000
Barnes-Griggs Joint WRD	Drain No. 53 Channel Improvement	Low	Upper Red	$-	$900,000	$1,100,000	$-	$2,000,000
Bottineau County WRD	Kane/Tacoma Outlet Channel	Low	Mouse	$-	$94,000	$116,000	$-	$210,000
Bottineau County WRD	Drain No. 11 Channel Improvement	Low	Upper Red	$-	$450,000	$550,000	$-	$1,000,000
Bottineau County WRD	Drain No. 12 Channel Improvement	Low	Upper Red	$-	$405,000	$495,000	$-	$900,000

CONVEYANCE (continued)

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LOCAL SPONSOR	PROJECT NAME	PRIORITY	BASIN	FEDERAL FUNDING 2019-2021	POTENTIAL SWC COST - SHARE 2019-2021	LOCAL FUNDING 2019-2021	OTHER FUNDING 2019-2021	TOTAL 2019-2021
Bottineau County WRD	Drain No. 3 Channel Improvement	Low	Upper Red	$-	$225,000	$275,000	$-	$500,000
Bottineau County WRD	Drain No. 4 Channel Improvement	Low	Upper Red	$-	$562,500	$687,500	$-	$1,250,000
Bottineau County WRD	Drain No. 6 Channel Improvement	Low	Upper Red	$-	$405,000	$495,000	$-	$900,000
Bottineau County WRD	Drain No. 8 Channel Improvement	Low	Upper Red	$-	$405,000	$495,000	$-	$900,000
City of Fargo	Drain No. 27 Improvements	Low	Lower Red	$-	$1,350,000	$1,650,000	$-	$3,000,000
City of Harwood	Morgan Drain No. 36 Channel Improvement	Low	Lower Red	$-	$900,000	$1,100,000	$-	$2,000,000
City of Harwood	Preston Floodway Improvement	Low	Lower Red	$-	$562,500	$687,500	$-	$1,250,000
Grand Forks County WRD	Legal Drain No. 13 - Improvement	Low	Lower Red	$-	$54,000	$66,000	$-	$120,000

CONVEYANCE (continued)

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LOCAL SPONSOR	PROJECT NAME	PRIORITY	BASIN	FEDERAL FUNDING 2019-2021	POTENTIAL SWC COST - SHARE 2019-2021	LOCAL FUNDING 2019-2021	OTHER FUNDING 2019-2021	TOTAL 2019-2021
Grand Forks County WRD	Legal Drain No. 19 - Improvement	Low	Lower Red	$-	$99,000	$121,000	$-	$220,000
Grand Forks County WRD	Legal Drain No. 23 - Improvement	Low	Lower Red	$-	$45,000	$55,000	$-	$100,000
Grand Forks County WRD	Legal Drain No. 59	Low	Lower Red	$-	$1,000,000	$1,350,000	$-	$2,350,000
Grand Forks County WRD	Legal Drain No. 9 - Improvement	Low	Lower Red	$-	$250,000	$350,000	$-	$600,000
Maple River WRD	Drain 46 Channel Improvement	Low	Upper Red	$-	$337,500	$412,500	$-	$750,000
Maple River WRD	Drain No. 1 (MR-1) Channel Improvement - Phase II	Low	Upper Red	$-	$450,000	$550,000	$-	$1,000,000
Maple River WRD	Drain No. 2 (MR-2) Channel Improvement - Phase II	Low	Upper Red	$-	$900,000	$1,100,000	$-	$2,000,000
Maple River WRD	Buffalo-Lynchburg Channel Improvement - Phase II	Low	Upper Red	$-	$675,000	$825,000	$-	$1,500,000

CONVEYANCE (continued)

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LOCAL SPONSOR	PROJECT NAME	PRIORITY	BASIN	FEDERAL FUNDING 2019-2021	POTENTIAL SWC COST - SHARE 2019-2021	LOCAL FUNDING 2019-2021	OTHER FUNDING 2019-2021	TOTAL 2019-2021
North Cass WRD	Drain No. 18 Channel Improvement (NC-1) - Phase II	Low	Upper Red	$-	$450,000	$550,000	$-	$1,000,000
North Cass WRD	Drain No. 26 Channel Improvement	Low	Upper Red	$-	$315,000	$385,000	$-	$700,000
North Cass WRD	Drain No. 18 Channel Improvement (NC-1) - Phase I	Low	Upper Red	$-	$450,000	$550,000	$-	$1,000,000
Pembina County WRD	Drain No. 81	Low	Lower Red	$-	$720,000	$900,000	$-	$1,620,000
Pembina County WRD	Drain No. 66-1 Supplemental Outlet	Low	Lower Red	$-	$945,000	$1,155,000	$-	$2,100,000
Richland County WRD	Drain No. 3 Reconstruction	Low	Upper Red	$-	$500,000	$750,000	$-	$1,250,000
Sargent County WRD	Drain No. 11 Channel Improvement	Low	Upper Red	$-	$1,125,000	$1,375,000	$-	$2,500,000
Sargent County WRD	Drain No. 12 Channel Improvement	Low	Upper Red	$-	$225,000	$275,000	$-	$500,000

CONVEYANCE (continued)

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LOCAL SPONSOR	PROJECT NAME	PRIORITY	BASIN	FEDERAL FUNDING 2019-2021	POTENTIAL SWC COST - SHARE 2019-2021	LOCAL FUNDING 2019-2021	OTHER FUNDING 2019-2021	TOTAL 2019-2021
Sargent County WRD	Drain No. 7 Channel Improvement (Downstream Reach From Milnor) Phase II	Low	Upper Red	$-	$450,000	$550,000	$-	$1,000,000
Traill County WRD	Roseville Drain No. 19 Channel Improvement	Low	Lower Red	$-	$900,000	$1,100,000	$-	$2,000,000
Traill County WRD	Norway Drain No. 38	Low	Lower Red	$-	$337,500	$412,500	$-	$750,000
Traill County WRD	Paulson Drain No. 7	Low	Lower Red	$-	$450,000	$550,000	$-	$1,000,000
Traill County WRD	Hatton Drain No. 45 Channel Improvement	Low	Lower Red	$-	$337,500	$412,500	$-	$750,000
Traill County WRD	Hillsboro Drain No. 26 Channel Improvement	Low	Lower Red	$-	$337,500	$412,500	$-	$750,000
Traill County WRD	Drain No. 23-40 Channel Improvement (Blanchard Norman)	Low	Lower Red	$-	$675,000	$825,000	$-	$1,500,000
Tri-County Joint WRD	Drain No. 6 Reconstruction - Phase II	Low	Upper Red	$-	$735,000	$910,000	$-	$1,645,000

CONVEYANCE (continued)

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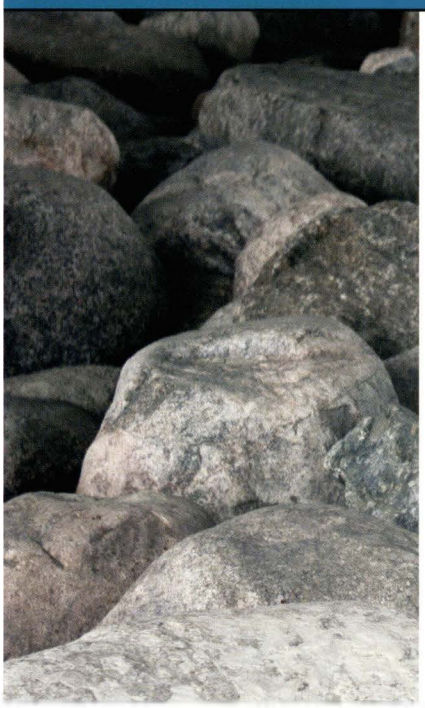
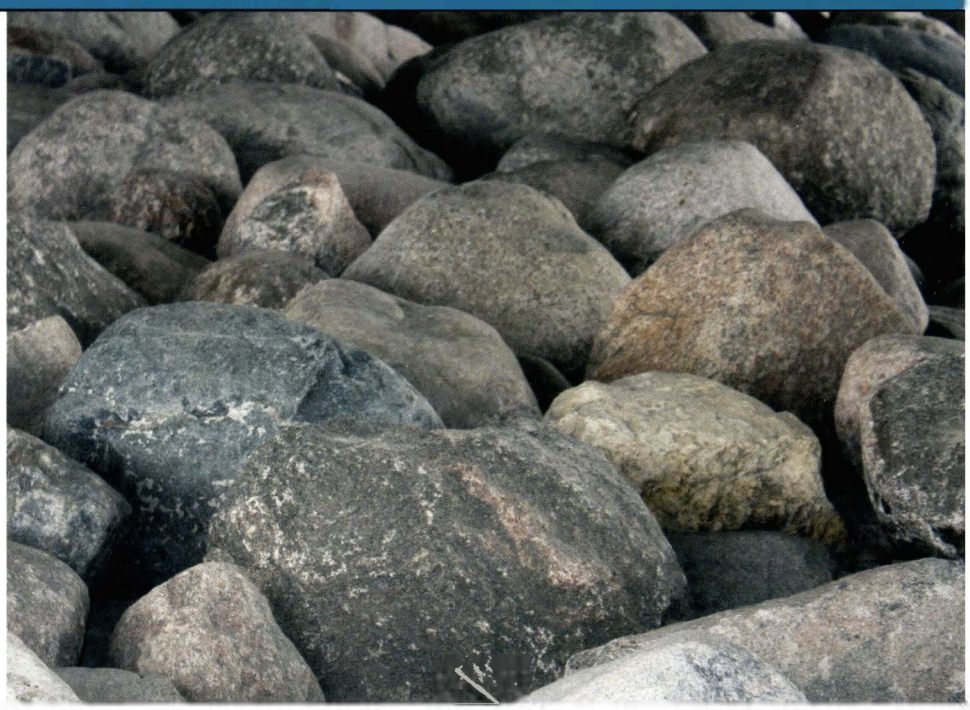
LOCAL SPONSOR	PROJECT NAME	PRIORITY	BASIN	FEDERAL FUNDING 2019-2021	POTENTIAL SWC COST - SHARE 2019-2021	LOCAL FUNDING 2019-2021	OTHER FUNDING 2019-2021	TOTAL 2019-2021
Walsh County WRD	Drain No. 31 Improvements	Low	Lower Red	$-	$350,000	$630,000	$-	$980,000
Walsh County WRD	Drain No. 50 Improvements	Low	Lower Red	$-	$656,200	$984,300	$-	$1,640,500
Walsh County WRD	Drain No. 90 Improvement	Low	Lower Red	$-	$4,500,000	$7,700,000	$-	$12,200,000
	LOW PRIORITY CONVEYANCE TOTAL			$-	$25,518,200	$34,117,300	$-	$59,635,500
	MODERATE PRIORITY CONVEYANCE TOTAL			$-	$15,040,541	$18,068,233	$1,097,372	$34,206,146
	HIGH PRIORITY CONVEYANCE TOTAL			$-	$-	$-	$-	$-
	CONVEYANCE TOTAL			**$-**	**$40,558,741**	**$52,185,533**	**$1,097,372**	**$93,841,646**





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GENERAL WATER MANAGEMENT

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LOCAL SPONSOR	PROJECT NAME	PRIORITY	BASIN	FEDERAL FUNDING 2019-2021	POTENTIAL SWC COST - SHARE 2019-2021	LOCAL FUNDING 2019-2021	OTHER FUNDING 2019-2021	TOTAL 2019-2021
Adams County WRD	Orange Dam Rehabilitation	Moderate	Lower Missouri	$-	$900,000	$150,000	$150,000	$1,200,000
Barnes County WRD	Brown Dam Repurposing/ Repair	Moderate	Upper Red	$-	$28,000	$52,000	$-	$80,000
Barnes County WRD	Little Dam Repurposing	Moderate	Upper Red	$-	$975,000	$325,000	$-	$1,300,000
Benson County WRD	Bouret Dam Rehabilitation	Moderate	Devils Lake	$-	$900,000	$150,000	$150,000	$1,200,000
Burke County WRD	Burke Dam Rehabilitation	Moderate	Mouse	$270,000	$1,147,500	$282,500	$100,000	$1,800,000
Valley City	Mill Dam Rehabilitation Project	Moderate	Upper Red	$200,000	$800,000	$270,000	$-	$1,270,000
Dickey-Sargent Irrigation District	Oakes Test Area Supplemental Water Supply	Moderate	James	$-	$2,500,000	$2,500,000	$-	$5,000,000
Elm River Joint WRD	Elm River Dam #1 Spillway Improvements	Moderate	Upper Red	$-	$1,125,000	$375,000	$-	$1,500,000

GENERAL WATER MANAGEMENT (continued)

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LOCAL SPONSOR	PROJECT NAME	PRIORITY	BASIN	FEDERAL FUNDING 2019-2021	POTENTIAL SWC COST-SHARE 2019-2021	LOCAL FUNDING 2019-2021	OTHER FUNDING 2019-2021	TOTAL 2019-2021
Garrison Diversion CD	McClusky Canal Irrigation	Moderate	Multi-Basin	$-	$2,500,000	$3,000,000	$-	$5,500,000
Golden Valley County WRD	Odland Dam Rehabilitation	Moderate	Upper Missouri	$-	$562,500	$187,500	$-	$750,000
Hettinger County WRD	Karey Dam Rehabilitation Project	Moderate	Lower Missouri	$-	$900,000	$150,000	$150,000	$1,200,000
Hettinger County WRD	Blickensderfer Dam Repair	Moderate	Lower Missouri	$-	$31,500	$10,500	$-	$42,000
LaMoure County WRD	LaMoure City Dam Removal/ Rehabilitation	Moderate	James	$-	$750,000	$100,000	$150,000	$1,000,000
LaMoure County WRD	Memorial Park Dam Removal/ Rehabilitation	Moderate	James	$-	$750,000	$100,000	$150,000	$1,000,000
Logan County WRD	Beaver Lake Dam Rehabilitation	Moderate	Lower Missouri	$-	$1,050,000	$100,000	$250,000	$1,400,000
Logan County WRD	Sperle Dam Removal Project	Moderate	James	$-	$225,000	$15,000	$60,000	$300,000

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GENERAL WATER MANAGEMENT (continued)

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LOCAL SPONSOR	PROJECT NAME	PRIORITY	BASIN	FEDERAL FUNDING 2019-2021	POTENTIAL SWC COST - SHARE 2019-2021	LOCAL FUNDING 2019-2021	OTHER FUNDING 2019-2021	TOTAL 2019-2021
McLean County WRD	Katz Dam & Lost Lake Dam Repurposing	Moderate	Upper Missouri	$100,000	$1,200,000	$400,000	$300,000	$2,000,000
ND Game & Fish Dept.	Baukol-Noonan Dam Repair	Moderate	Mouse	$-	$112,500	$37,500	$-	$150,000
ND Game & Fish Dept.	Camels Hump Dam Spillway Repair	Moderate	Upper Missouri	$-	$225,000	$75,000	$-	$300,000
ND Game & Fish Dept.	Indian Creek Dam	Moderate	Lower Missouri	$-	$22,500	$7,500	$-	$30,000
Nelson County WRD & City of McVille	McVille Dam Spillway Improvements	Moderate	Lower Red	$-	$750,000	$250,000	$-	$1,000,000
Pembina County & Cavalier County	Tongue River Watershed Dam Safety Repairs	Moderate	Lower Red	$-	$1,050,000	$350,000	$-	$1,400,000
Sargent County WRD	Gwinner Dam Improvements	Moderate	Upper Red	$-	$600,000	$400,000	$-	$1,000,000
Sargent County WRD	Silver Lake Dam Repairs/ Embankment Seepage	Moderate	Upper Red	$-	$150,000	$50,000	$-	$200,000

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GENERAL WATER MANAGEMENT (continued)

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LOCAL SPONSOR	PROJECT NAME	PRIORITY	BASIN	FEDERAL FUNDING 2019-2021	POTENTIAL SWC COST - SHARE 2019-2021	LOCAL FUNDING 2019-2021	OTHER FUNDING 2019-2021	TOTAL 2019-2021
Upper Sheyenne River Joint WRD	Sheyenne River Riparian Corridor Management Projects	Moderate	Upper Red	$2,620,000	$171,000	$109,000	$100,000	$3,000,000
Walsh County WRD	Matecjek Dam Rehabilitation	Moderate	Lower Red	$16,250,000	$6,562,500	$2,187,500	$-	$25,000,000
Burke County WRD	Watershed Studies & General Water Management	Low	Mouse	$-	$175,000	$175,000	$150,000	$500,000
Burleigh County WRD	McDowell Dam Supplemental Water Supply	Low	Lower Missouri	$-	$348,000	$522,000	$-	$870,000
Grand Forks County WRD	Upper Turtle River Dam Site No. 10 - Study	Low	Lower Red	$-	$14,700	$27,300	$-	$42,000
Pembina County WRD	Herzog Dam Assessment	Low	Lower Red	$-	$700,000	$975,000	$325,000	$2,000,000
Assiniboine River Basin Initiative	Framework Plan Implementation	Low	Mouse	$-	$200,000	$80,000	$-	$280,000
Red River Basin Comm	Base Funding & NRFP Implementation	Low	Upper Red	$-	$300,000	$-	$450,000	$750,000

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GENERAL WATER MANAGEMENT (continued)

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LOCAL SPONSOR	PROJECT NAME	PRIORITY	BASIN	FEDERAL FUNDING 2019-2021	POTENTIAL SWC COST - SHARE 2019-2021	LOCAL FUNDING 2019-2021	OTHER FUNDING 2019-2021	TOTAL 2019-2021
LOW PRIORITY GENERAL WATER MANAGEMENT TOTAL				$-	$1,737,700	$1,779,300	$925,000	$4,442,000
MODERATE PRIORITY GENERAL WATER MANAGEMENT TOTAL				$19,440,000	$25,988,000	$11,634,000	$1,560,000	$58,622,000
HIGH PRIORITY GENERAL WATER MANAGEMENT TOTAL				$-	$-	$-	$-	$-
GENERAL WATER MANAGEMENT TOTAL				**$19,440,000**	**$27,725,700**	**$13,413,300**	**$2,485,000**	**$63,064,000**

SUMMARY OF WATER DEVELOPMENT NEEDS

PROJECT PURPOSES	FEDERAL 2019-2021	POTENTIAL SWC GRANT 2019-2021	LOCAL 2019-2021	OTHER FUNDING 2019-2021	TOTAL 2019-2021
Flood Control Total	$205,025,000	$469,972,373	$363,301,873	$23,434,500	$1,061,733,746
Municipal Water Supply Total	$4,550,150	$98,653,605	$73,755,608	$700,000	$177,659,363
Rural Water Supply Total	$0	$65,461,490	$27,926,497	$0	$93,387,987
Regional Water Supply Total	$0*	$200,000,000	$31,166,666	$0	$231,166,666
Conveyance Total	$0	$40,558,741	$52,185,533	$1,097,372	$93,841,646
General Water Management Total	$19,440,000	$27,725,700	$13,413,300	$2,485,000	$63,064,000
TOTAL	$229,015,150	$902,371,909	$561,749,477	$27,716,872	**$1,720,853,408**

Table 9 - Summary Of Water Development Needs, 2019-2021 Biennium.

*It is anticipated that a portion of the state's funding share for NAWS will be reimbursed by the federal government.

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PROJECT TOTALS BY PRIORITY

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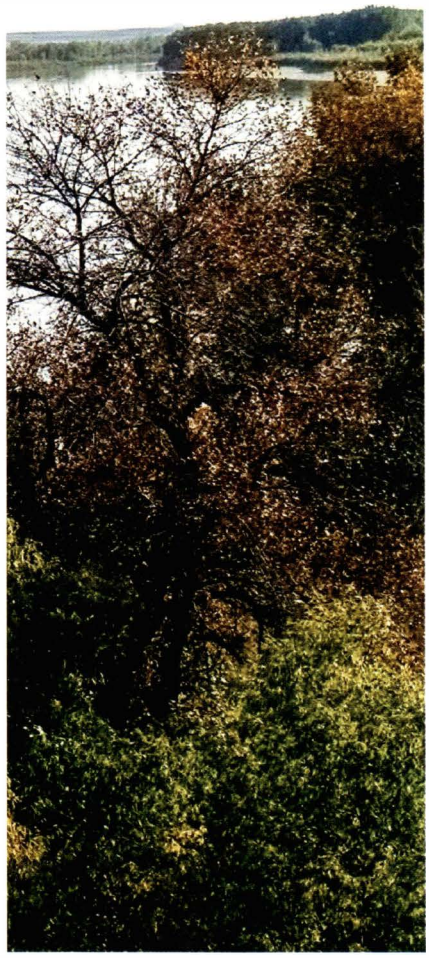
	FEDERAL FUNDING 2019-2021	POTENTIAL SWC COST - SHARE 2019-2021	LOCAL FUNDING 2019-2021	OTHER FUNDING 2019-2021	TOTAL 2019-2021
LOW PRIORITY TOTAL	$4,289,260	$117,983,849	$101,551,229	$1,684,500	$225,508,838
MODERATE PRIORITY TOTAL	$24,700,890	**$158,234,672**	**$106,286,737**	$4,257,372	**$293,479,671**
HIGH PRIORITY TOTAL	$200,025,000	$626,153,388	$353,911,511	$21,775,000	$1,201,864,899
ALL PROJECTS TOTAL	**$229,015,150**	**$902,371,909**	**$561,749,477**	**$27,716,872**	**$1,720,853,408**

Table 10 - Project Totals By Priority, 2019-2021 Biennium.



LONG-TERM (10 & 20 YEAR) WATER DEVELOPMENT INFRASTRUCTURE FUNDING NEED ESTIMATES

Many of North Dakota's largest water projects cannot be completed in one or even two biennia, and therefore, require longer-term planning. This is particularly the case for some of North Dakota's larger water project funding priorities. In addition, North Dakota, along with most other states, has existing water supply infrastructure that has been aging for decades. This is becoming a greater financial challenge at the local and state level as that infrastructure reaches, or in many cases has already exceeded, its useful life. With those issues in mind, it is worthwhile to recognize and plan for future commitments that may be needed to support critical water infrastructure in future biennia – for decades to come.

Therefore, in addition to the detailed project funding needs that have been outlined for the 2019-2021 biennium, longer-term funding needs have also been estimated by the State Water Commission for 10- and 20-year planning horizons. Fifty-year estimates for major water supply infrastructure repairs, rehabilitations, and new projects in municipal and rural systems are also presented – addressing questions about the nature and extent of aging infrastructure in those systems.

Table 22 and Table 23 summarize and estimate North Dakota's potential 10- and 20-year funding needs for water development. They also provide a projection of potential project budget shortfalls over 10- and 20-year horizons, based on multiple revenue ranges. The following sections outline the basis for those estimates – including close cooperation with project sponsors, the water project inventory, and municipal and rural water supply system infrastructure survey results.

ONGOING PRIORITY PROJECTS

The State Water Commission worked closely with the state's seven large-scale water development priority projects to identify their estimated long-term funding needs. Those projects include some that currently exist and are expanding/improving – like Southwest Pipeline Project and Western Area Water Supply. And others that are in beginning, or more recent stages of development – like the Fargo-West Fargo Flood Control Project, Mouse River Enhanced Flood Protection, Northwest Area Water Supply, Red River Valley Water Supply, and Sheyenne River Flood Control.

The long-term funding need estimates for these projects were provided by the project sponsors themselves. In many cases, they represent remaining costs to complete all known planned project components for the foreseeable future. It is possible with adequate funding that all of the foreseeable costs for these projects could be completed over the course of the next ten years, as outlined in Table 22. However, because of the potential uncertainties associated with water project development, (i.e. funding, permitting, environmental compliance), it is unlikely that all of these projects will be completed within a 10-year timeframe. Therefore, the financial needs estimated for the 20-year timeframe is the same as that of the 10-year timeframe for most of the aforementioned seven large-scale priority projects. This is also the case for the Lower Heart Flood Risk Reduction Project, which is in very early stages of development.

MUNICIPAL WATER SUPPLY INFRASTRUCTURE

In the spring of 2018, a survey was initiated through a cooperative effort involving the North Dakota League of Cities and the State Water Commission. The purpose of the survey was to gain a better understanding of North Dakota's existing and future municipal water supply infrastructure needs. More specifically, cities were asked to provide water supply replacement, rehabilitation, and new infrastructure information related to their: storage, distribution/supply lines, wells and intakes, and water treatment plants – over the course of the next 50 years.

Of the state's 357 cities, 105 responded to the survey. However, in terms of making statewide estimates based on sample size, the number of responding cities is less important than the population represented within those communities. Using population of the cities responding appropriately resulted in a much larger representative sample size. Percentages of the state's total municipal population represented in the responses ranged from 79 percent to 66 percent, depending on the type of infrastructure.

In addition, it is also important to recognize that the amount and type of infrastructure will vary, depending on the size of a community. For that reason, cities were separated into three population categories for the sake of making statewide estimates. The three population breaks included in the analysis were cities with: populations greater than 5,000, populations between 4,999 and 1,000, and populations less than 1,000.

To provide statewide estimates, the percentage of the population represented in the surveys was then used to establish a multiplier, which then was applied to the sample to make estimates for the entire state municipal population – by infrastructure type, and city size range.

The following tables summarize the results of the municipal infrastructure survey, based on type of infrastructure, and city size.

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STORAGE INFRASTRUCTURE SUMMARY FOR CITIES

	POPULATION REPRESENTED	AVERAGE AGE STORAGE (YEARS)	FUNDING NEEDS (MIL. $)		
			10 YEAR	20 YEAR	50+ YEAR
CITIES WITH POPULATION > 5,000					
Responding Cities	86%	40	$74	$83	$205
State of ND Estimate			$86	$97	$238
CITIES WITH POPULATION 4,999 - 1,000					
Responding Cities	73%	37	$30	$35	$79
State of ND Estimate			$41	$48	$108
CITIES WITH POPULATION < 1,000					
Responding Cities	33%	54	$41	$59	$80
State of ND Estimate			$124	$179	$242
EST. ND TOTALS	79%		$251	$324	$588

Table 11 - Municipal Water Supply Storage Infrastructure Needs.

WATER LINE INFRASTRUCTURE SUMMARY FOR CITIES

	POPULATION REPRESENTED	LINEAR FEET NEEDS			FUNDING NEEDS (MIL. $)		
		10 YEAR	20 YEAR	50+ YEAR	10 YEAR	20 YEAR	50+ YEAR
CITIES WITH POPULATION > 5,000							
Responding Cities	85%	689,107	1,552,533	4,090,491	$81	$241	$718
State of ND Estimate		810,714	1,826,509	4,812,342	$95	$284	$844
CITIES WITH POPULATION 4,999 - 1,000							
Responding Cities	68%	308,311	427,599	1,330,648	$57	$68	$239
State of ND Estimate		453,398	628,822	1,956,835	$84	$100	$351
CITIES WITH POPULATION < 1,000							
Responding Cities	30%	223,711	452,590	1,015,358	$69	$127	$229
State of ND Estimate		745,703	1,508,633	3,384,526	$230	$423	$763
EST. ND TOTALS	76%	2,009,815	3,963,964	10,153,703	$409	$807	$1,958

Table 12 - Municipal Water Line Infrastructure Needs.

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WELL/INTAKE INFRASTRUCTURE SUMMARY FOR CITIES

CITIES WITH POPULATION > 5,000	POPULATION REPRESENTED	AVERAGE AGE WELL/INTAKE (YEARS)	FUNDING NEEDS (MIL. $)		
			10 YEAR	20 YEAR	50+ YEAR
Responding Cities	78%	40	$34	$57	$108
State of ND Estimate			$44	$73	$138
CITIES WITH POPULATION 4,999 - 1,000					
	POPULATION REPRESENTED	AVERAGE AGE WELL/INTAKE (YEARS)	FUNDING NEEDS (MIL. $)		
			10 YEAR	20 YEAR	50+ YEAR
Responding Cities	39%	35	$5	$5	$7
State of ND Estimate			$13	$13	$18
CITIES WITH POPULATION < 1,000					
	POPULATION REPRESENTED	AVERAGE AGE WELL/INTAKE (YEARS)	FUNDING NEEDS (MIL. $)		
			10 YEAR	20 YEAR	50+ YEAR
Responding Cities	11%	30	$3	$4	$9
State of ND Estimate			$27	$36	$82
EST. ND TOTALS	66%		$84	$122	$238

Table 13 - Municipal Water Intake/Well Infrastructure Needs.

WATER TREATMENT INFRASTRUCTURE (WTI) SUMMARY FOR CITIES

CITIES WITH POPULATION > 5,000	POPULATION REPRESENTED	AVERAGE AGE WTI (YEARS)	FUNDING NEEDS (MIL. $)		
			10 YEAR	20 YEAR	50+ YEAR
Responding Cities	87%	33	$137	$195	$524
State of ND Estimate			$157	$224	$602
CITIES WITH POPULATION 4,999 - 1,000					
	POPULATION REPRESENTED	AVERAGE AGE WTI (YEARS)	FUNDING NEEDS (MIL. $)		
			10 YEAR	20 YEAR	50+ YEAR
Responding Cities	55%	24	$15	$33	$67
State of ND Estimate			$27	$60	$122
CITIES WITH POPULATION < 1,000					
	POPULATION REPRESENTED	AVERAGE AGE WTI (YEARS)	FUNDING NEEDS (MIL. $)		
			10 YEAR	20 YEAR	50+ YEAR
Responding Cities	24%	28	$41	$19	$80
State of ND Estimate			$171	$79	$333
EST. ND TOTALS	75%		$356	$363	$1,057

Table 14- Municipal Water Treatment Plant Infrastructure Needs.

MUNICIPAL WATER SUPPLY INFRASTRUCTURE NEED SUMMARY STATE OF NORTH DAKOTA	FUNDING NEEDS (MIL. $)		
	10 YEAR	20 YEAR	50+ YEAR
Storage Infrastructure	$251	$324	$588
Water Line Infrastructure	$409	$807	$1,958
Water Intake/Well Infrastructure	$84	$122	$238
Treatment Plant Infrastructure	$356	$363	$1,057
ESTIMATED ND TOTALS	$1,100	$1,616	$3,841

Table 15 - Municipal Water Supply Infrastructure Need Summary.

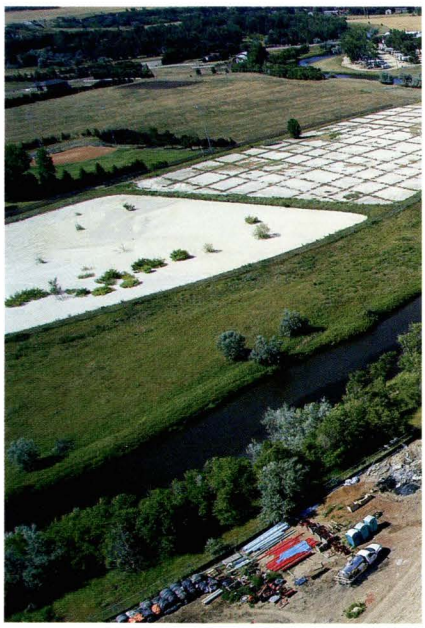
RURAL WATER SUPPLY INFRASTRUCTURE

Also in the spring of 2018, a survey was initiated through a cooperative effort involving the North Dakota Rural Water Systems Association and the State Water Commission. Like the municipal survey, the purpose of this similar survey was to gain a better understanding of North Dakota's existing and future rural water supply infrastructure needs. More specifically, rural water systems were asked to provide water supply replacement, rehabilitation, and new infrastructure information related to their: storage, distribution/supply lines, wells and intakes, and water treatment plants – covering the next 50 years.

Of the state's 27 rural water systems (not counting the state's four large regional systems), 16 responded to the survey. In terms of percentages of the state's total rural water users represented in the responses, they ranged from 76 percent to 67 percent, depending on the type of infrastructure.

To provide statewide estimates, the percentage of the state's rural water users represented in the surveys was then used to establish a multiplier, which then was used to make estimates for all of the rural water systems in the state – by infrastructure type. However, it is important to note that in some cases, rural systems will count a single farmstead as a "water user," while also counting a city of 500 people that receives bulk service as a "water user." Therefore, the statewide estimates for all rural water systems based on the number of users in the survey sample should be used with some caution. But, based on available data, and without participation in the survey by all rural water systems, this is the most reasonable approach.

The following tables summarize the results of the rural water system infrastructure survey, based on type of infrastructure.



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STORAGE INFRASTRUCTURE SUMMARY FOR RURAL SYSTEMS

RURAL SYSTEMS	RESPONDING/ REPRESENTED	AVERAGE AGE STORAGE (YEARS)	FUNDING NEEDS (MIL. $)		
			10 YEAR	20 YEAR	50+ YEAR
Responding Systems	16 of 27	29	$17	$38	$134
Users Represented	76%				
EST. ND TOTALS			$23	$50	$176

Table 16 - Rural Water Supply Storage Infrastructure Needs.

WATER SUPPLY LINE INFRASTRUCTURE SUMMARY FOR RURAL SYSTEMS

RURAL SYSTEMS	RESPONDING/ REPRESENTED	MILES OF WATER LINE NEEDS			FUNDING NEEDS (MIL. $)		
		10 YEAR	20 YEAR	50+ YEAR	10 YEAR	20 YEAR	50+ YEAR
Responding Systems	15 of 27	3,291	6,039	14,693	$184	$290	$703
Users Represented	69%						
EST. ND TOTALS		4,770	8,753	21,294	$267	$420	$1,019

Table 17 - Rural Water Supply Line Infrastructure Needs.

WATER WELL/INTAKE INFRASTRUCTURE SUMMARY FOR RURAL SYSTEMS

RURAL SYSTEMS	RESPONDING/ REPRESENTED	AVERAGE AGE WELL/INTAKE (YEARS)	FUNDING NEEDS (MIL. $)		
			10 YEAR	20 YEAR	50+ YEAR
Responding Systems	12 of 27	27	$9	$11	$13
Users Represented	74%				
EST. ND TOTALS			$12	$15	$18

Table 18 - Rural Water Supply Intake/Well Infrastructure Needs.

WATER TREATMENT INFRASTRUCTURE SUMMARY FOR RURAL SYSTEMS

RURAL SYSTEMS	RESPONDING/ REPRESENTED	AVERAGE AGE WTI (YEARS)	FUNDING NEEDS (MIL. $)		
			10 YEAR	20 YEAR	50+ YEAR
Responding Systems	14 of 21*	25	$12	$88	$152
Users Represented	67%				
EST. ND TOTALS			$18	$131	$227

Table 19 - Rural Water Supply Treatment Plant Infrastructure Needs.

*21 systems with their own WTP

RURAL WATER SUPPLY SYSTEMS INFRASTRUCTURE NEED SUMMARY				
RESPONDING RURAL WATER SUPPLY SYSTEMS				
INFRASTRUCTURE	SYSTEMS REPRESENTED	FUNDING NEEDS (MIL. $)		
		10 YEAR	20 YEAR	50+ YEAR
Storage	16 of 27	$17	$38	$134
Water Lines	15 of 27	$184	$290	$703
Wells & Intakes	12 of 27	$9	$11	$13
Treatment*	13 of 21	$12	$88	$152
RESPONDING SYSTEMS TOTAL		$222	$427	$1,002

Table 20 - Summary Of Responding Rural Water Supply Systems Infrastructure Needs. *21 Systems With Their Own WTP

STATE OF ND RURAL WATER SUPPLY SYSTEMS				
INFRASTRUCTURE	SYSTEMS REPRESENTED	FUNDING NEEDS (MIL. $)		
		10 YEAR	20 YEAR	50+ YEAR
Storage	State of ND Estimate	$23	$50	$176
Water Lines	State of ND Estimate	$267	$420	$1,019
Wells & Intakes	State of ND Estimate	$12	$15	$18
Treatment*	State of ND Estimate	$18	$131	$227
EST. ND TOTAL		$320	$616	$1,440

Table 21 - Summary Of Rural Water Supply Systems Infrastructure Needs (Statewide). *21 Systems With Their Own WTP

GENERAL WATER, IRRIGATION, OTHER FLOOD CONTROL, & WATER CONVEYANCE INFRASTRUCTURE

Estimates were also developed for general water, irrigation, other flood control, and water conveyance infrastructure covering 10- and 20-year planning horizons. These longer-term projections were primarily based on information provided during the 2019 Water Development Plan inventory process, which included input from project sponsors.

AGENCY OPERATIONS

For the last several biennia, the State Water Commission's operational budget has been covered using revenues from the Resources Trust Fund. As such, it was deemed necessary to account for those operational expenses over the 10- and 20-year projection timeframes, as those expenses impact revenue available for project funding. Devils Lake Outlet operations are also an ongoing agency operational expense, and are therefore included in projections as well.

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ESTIMATED 10-YEAR WATER PROJECT FUNDING NEEDS (2018 DOLLARS) & REVENUE COMPARISONS

10-YEAR OUTLOOK

PROJECT	STATE	LOCAL	FEDERAL	TOTAL COST	NOTES
Agency Operations	$135,000,000	$-	$-	$135,000,000	Based on current operational budget estimates.
Water Supply	$2,280,200,000	$875,100,000	$-	$3,155,300,000	
Southwest Pipeline Project	$206,300,000	$-	$-	$206,300,000	Based on input provided by project sponsor to complete all known foreseeable project components.
Red River Valley Water Supply Project	$835,500,000	$278,500,000	$-	$1,114,000,000	Estimate based on 75/25 cost-share per SWC policy, and on input provided by project sponsor to complete all known foreseeable project components.
Western Area Water Supply	$157,500,000	$52,500,000	$-	$210,000,000	Based on input provided by project sponsor to complete all known foreseeable project components.
Northwest Area Water Supply	$180,900,000	$24,100,000	TBD	$205,000,000	Based on input provided by project sponsor to complete all known foreseeable project components. A portion of the state share is expected to be federal.
Municipal Water	$660,000,000	$440,000,000	$-	$1,100,000,000	Based on results of municipal water supply system surveys, and 2019 project inventory information collection efforts.
Rural Water	$240,000,000	$80,000,000	$-	$320,000,000	Based on results of rural water supply system surveys, and 2019 project inventory information collection efforts.
Flood Control	$1,126,345,000	$1,312,955,000	$851,000,000	$3,290,300,000	
Devils Lake Outlet Operations	$50,000,000	$-	$-	$50,000,000	Based on current operational budget estimates.
Mouse River Enhanced Flood Protection	$463,685,000	$244,315,000	$40,000,000	$748,000,000	Based on input provided by project sponsor to complete all known foreseeable project components.
Valley City	$78,000,000	$19,000,000	$-	$97,000,000	Based on input provided by project sponsor to complete all known foreseeable project components.
Lisbon	$14,160,000	$3,540,000	$-	$17,700,000	Based on input provided by project sponsor to complete all known foreseeable project components.
Fargo-West Fargo Flood Control Project	$499,500,000	$1,032,100,000	$811,000,000	$2,342,600,000	Based on input provided by project sponsor to complete all known foreseeable project components. An additional $86 million is anticipated from Minnesota.
Lower Heart (Mandan) Flood Risk Reduction	$21,000,000	$14,000,000	$-	$35,000,000	Based on input provided by project sponsor to complete all known foreseeable project components.
Irrigation	$5,000,000	$5,000,000	$-	$10,000,000	Based on 2011-2021 trends.
Other Flood Control & Conveyance	$108,500,000	$106,700,000	$5,000,000	$220,200,000	Based on 2019-2021 needs, and 10-years to implement all known projects.
General Water	$15,000,000	$15,000,000	$-	$30,000,000	Based on 2011-2021 trends.
TOTALS	$3,670,045,000	$2,314,755,000	$856,000,000	$6,840,800,000	

CORRESPONDING REVENUE & NEEDS COMPARISON ESTIMATES

AT $300 MILLION PER BIENNIUM FROM RESOURCES TRUST FUND	
Resources Trust Fund At $300M/Biennium	$1,500,000,000
Water Development Trust Fund At $18M/Biennium	$90,000,000
REVENUE TOTAL	$1,590,000,000
STATE SHORTFALL	$(2,080,045,000)

AT $400 MILLION PER BIENNIUM FROM RESOURCES TRUST FUND	
Resources Trust Fund At $400M/Biennium	$2,000,000,000
Water Development Trust Fund At $18M/Biennium	$90,000,000
REVENUE TOTAL	$2,090,000,000
STATE SHORTFALL	$(1,580,045,000)

AT $500 MILLION PER BIENNIUM FROM RESOURCES TRUST FUND	
Resources Trust Fund At $500M/Biennium	$2,500,000,000
Water Development Trust Fund At $18M/Biennium	$90,000,000
REVENUE TOTAL	$2,590,000,000
STATE SHORTFALL	$(1,080,045,000)

Table 22 - Estimated 10-Year Water Project Funding Needs (2018 $) And Revenue Comparisons.

ESTIMATED 20-YEAR WATER PROJECT FUNDING NEEDS (2018 DOLLARS) & REVENUE COMPARISONS

20-YEAR OUTLOOK

PROJECT	STATE	LOCAL	FEDERAL	TOTAL COST	NOTES
Agency Operations	$270,000,000	$-	$-	$270,000,000	Based on current operational budget estimates.
Water Supply	$3,043,500,000	$1,155,500,000	$-	$4,199,000,000	
Southwest Pipeline Project	$438,000,000	$-	$-	$438,000,000	Based on input provided by project sponsor to complete all known foreseeable project components, and infrastructure survey results.
Red River Valley Water Supply Project	$835,500,000	$278,500,000	$-	$1,114,000,000	Estimate based on 75/25 cost-share per SWC policy, and input provided by project sponsor to complete all known foreseeable project components.
Western Area Water Supply	$157,500,000	$52,500,000	$-	$210,000,000	Based on input provided by project sponsor to complete all known foreseeable project components.
Northwest Area Water Supply	$180,900,000	$24,100,000	TBD	$205,000,000	Based on input provided by project sponsor to complete all known foreseeable project components. A portion of the state share is expected to be federal.
Municipal Water	$969,600,000	$646,400,000	$-	$1,616,000,000	Based on results of municipal water supply system surveys.
Rural Water	$462,000,000	$154,000,000	$-	$616,000,000	Based on results of rural water supply system surveys.
Flood Control	$1,176,345,000	$1,312,955,000	$851,000,000	$3,340,300,000	
Devils Lake Outlet Operations	$100,000,000	$-	$-	$100,000,000	Based on current operational budget estimates.
Mouse River Enhanced Flood Protection	$463,685,000	$244,315,000	$40,000,000	$748,000,000	Based on input provided by project sponsor to complete all known foreseeable project components.
Valley City	$78,000,000	$19,000,000	$-	$97,000,000	Based on input provided by project sponsor to complete all known foreseeable project components.
Lisbon	$14,160,000	$3,540,000	$-	$17,700,000	Based on input provided by project sponsor to complete all known foreseeable project components.
Fargo-West Fargo Flood Control Project	$499,500,000	$1,032,100,000	$811,000,000	$2,342,600,000	Based on input provided by project sponsor to complete all known foreseeable project components. An additional $86 million is anticipated from Minnesota.
Lower Heart (Mandan) Flood Risk Reduction	$21,000,000	$14,000,000	$-	$35,000,000	Based on input provided by project sponsor to complete all known foreseeable project components.
Irrigation	$10,000,000	$10,000,000	$-	$20,000,000	Based on 10-year assumptions over a 20-year timeframe.
Other Flood Control & Conveyance	$217,000,000	$213,400,000	$10,000,000	$440,400,000	Based on 10-year assumptions over a 20-year timeframe.
General Water	$30,000,000	$30,000,000	$-	$60,000,000	Based on 10-year assumptions over a 20-year timeframe.
TOTALS	$4,746,845,000	$2,721,855,000	$861,000,000	$8,329,700,000	

CORRESPONDING REVENUE & NEEDS COMPARISON ESTIMATES

AT $300 MILLION PER BIENNIUM FROM RESOURCES TRUST FUND	
Resources Trust Fund At $300M/Biennium	$3,000,000,000
Water Development Trust Fund At $18M/Biennium	$180,000,000
REVENUE TOTAL	$3,180,000,000
STATE SHORTFALL	$(1,566,845,000)

AT $400 MILLION PER BIENNIUM FROM RESOURCES TRUST FUND	
Resources Trust Fund At $400M/Biennium	$4,000,000,000
Water Development Trust Fund At $18M/Biennium	$180,000,000
REVENUE TOTAL	$4,180,000,000
STATE SHORTFALL	$(566,845,000)

AT $500 MILLION PER BIENNIUM FROM RESOURCES TRUST FUND	
Resources Trust Fund At $500M/Biennium	$5,000,000,000
Water Development Trust Fund At $18M/Biennium	$180,000,000
REVENUE TOTAL	$5,180,000,000
STATE SURPLUS	$433,155,000

Table 23 - Estimated 20-YearWater Project Funding Needs (2018 $) And Revenue Comparisons.

WATER PROJECT FUNDING & REVENUE SOURCES

North Dakota funds a majority of its water projects through the State Water Commission. Funding that is provided through the Commission for water development has historically come from several sources, including the: state's General Fund; Dakota Water Resources Act, federal Municipal, Rural, and Industrial (MR&I) Water Supply Program; Resources Trust Fund; and Water Development Trust Fund. In addition to these sources, the Commission is also authorized to issue revenue bonds for water projects, and has shared control of the Drinking Water State Revolving Fund. There are also other federal funding sources that will be briefly discussed.

GENERAL FUND

The proposed State Water Commission budget does not include any revenue from the state's General Fund. Since the 2013 Legislative Assembly, the agency's operational functions were funded entirely through the Resources Trust Fund.

RESOURCES TRUST FUND

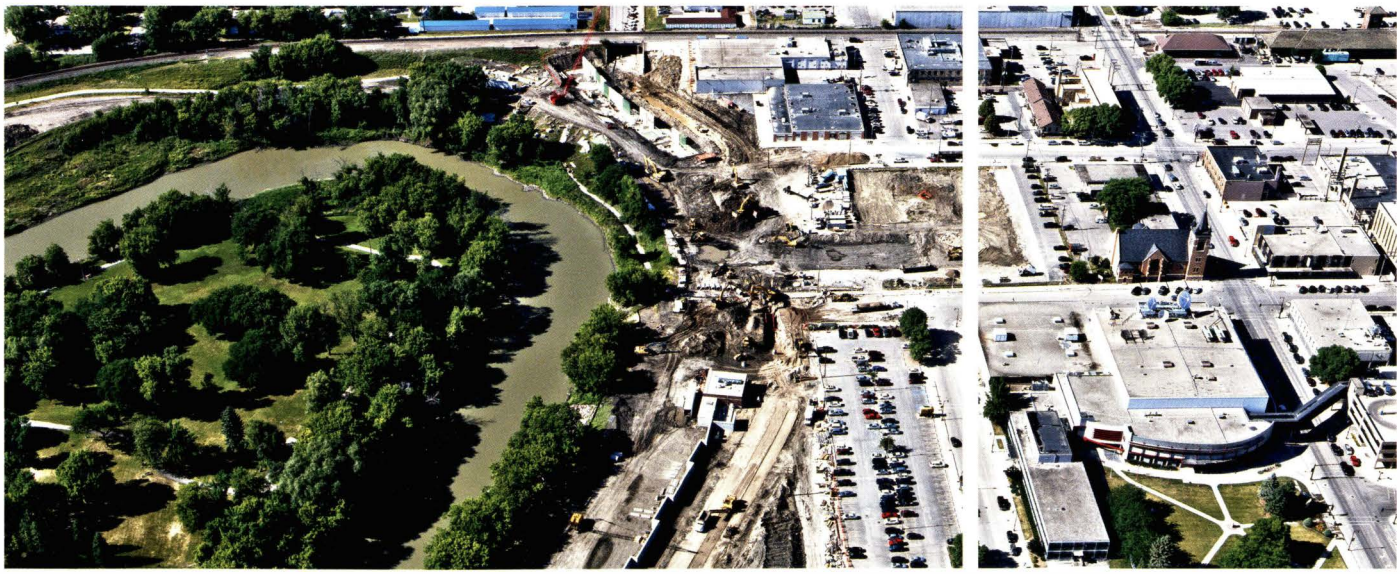
Section 57-51.1-07.1 (2) of North Dakota Century Code requires that every legislative bill appropriating monies from the Resources Trust Fund (RTF), pursuant to subsection one, must be accompanied by a State Water Commission report. This 2019 Water Development Plan, satisfies that requirement for requesting funding from the RTF for the 2019-2021 budget cycle.

The RTF is funded with 20 percent of the revenues from the oil extraction tax. A percentage of the RTF has been designated by the Legislature to be used for water-related projects and energy conservation. The Water Commission budgets for cost-share based on a forecast of oil extraction tax revenue for the biennium, which is provided by the Office of Management and Budget.

Revenues into the RTF for the 2017-2019 biennium are expected to total $374 million. When combined with the fund's 2017 beginning balance of $306.4 million, less the estimated expenditures of $348.8 million, the balance in the RTF at the beginning of the 2019-2021 biennium could be $331.6 million. $293.7 million of the estimated $331.6 million beginning balance will have been committed to projects that are anticipated to be carried into the next biennium.

Because revenues from the oil extraction tax are highly dependent on oil prices and production, it is very difficult to predict future funding levels (Figure 27). With that in mind, the December 2018 forecast includes $370 million for the 2019-2021 biennium from oil extraction.

Additional revenue into the RTF will come from Southwest Pipeline Project reimbursements, State Water Commission water supply program loan repayments, interest earnings, and oil royalties. These are estimated to total an additional $15.5 million. Historic and estimated RTF revenues are outlined in Figure 28.



NORTH DAKOTA OIL PRODUCTION & RESOURCES TRUST FUND REVENUES

JULY 1999 - NOVEMBER 2018

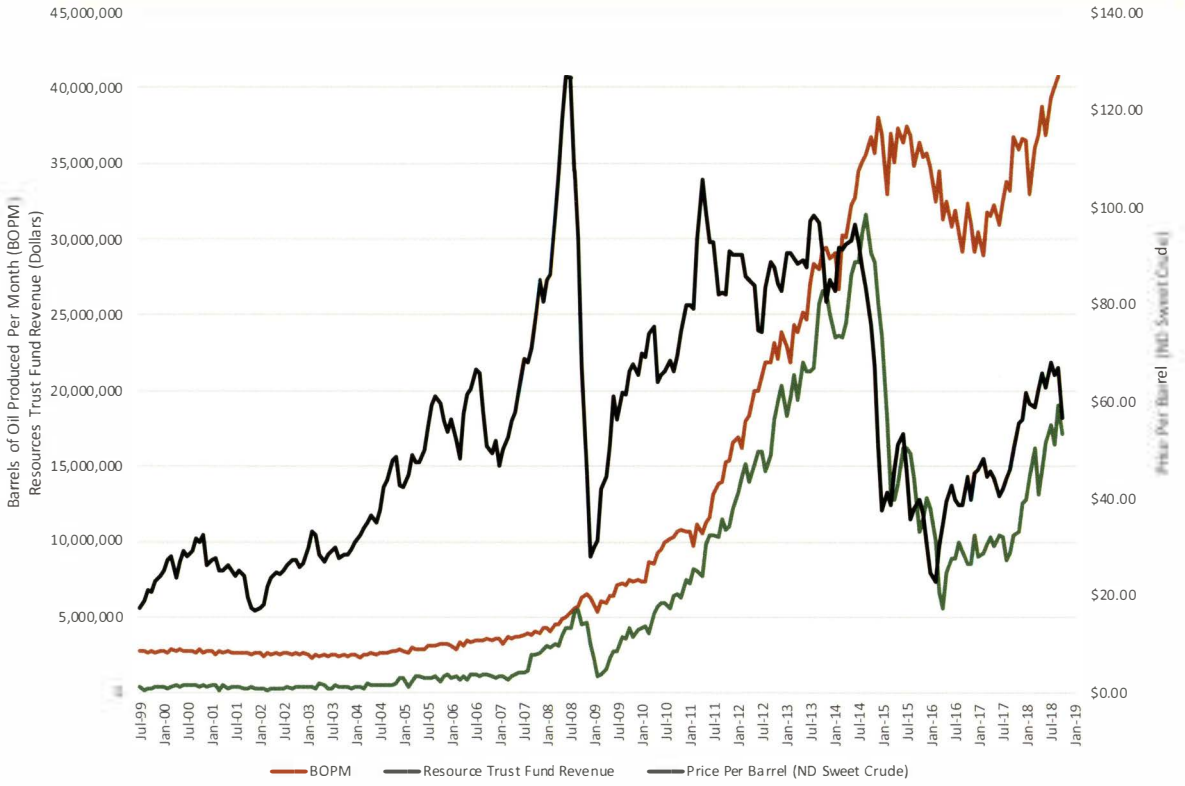


Figure 27 - North Dakota Oil Production And Resources Trust Fund Revenues.

RESOURCES TRUST FUND REVENUES

1997-2021

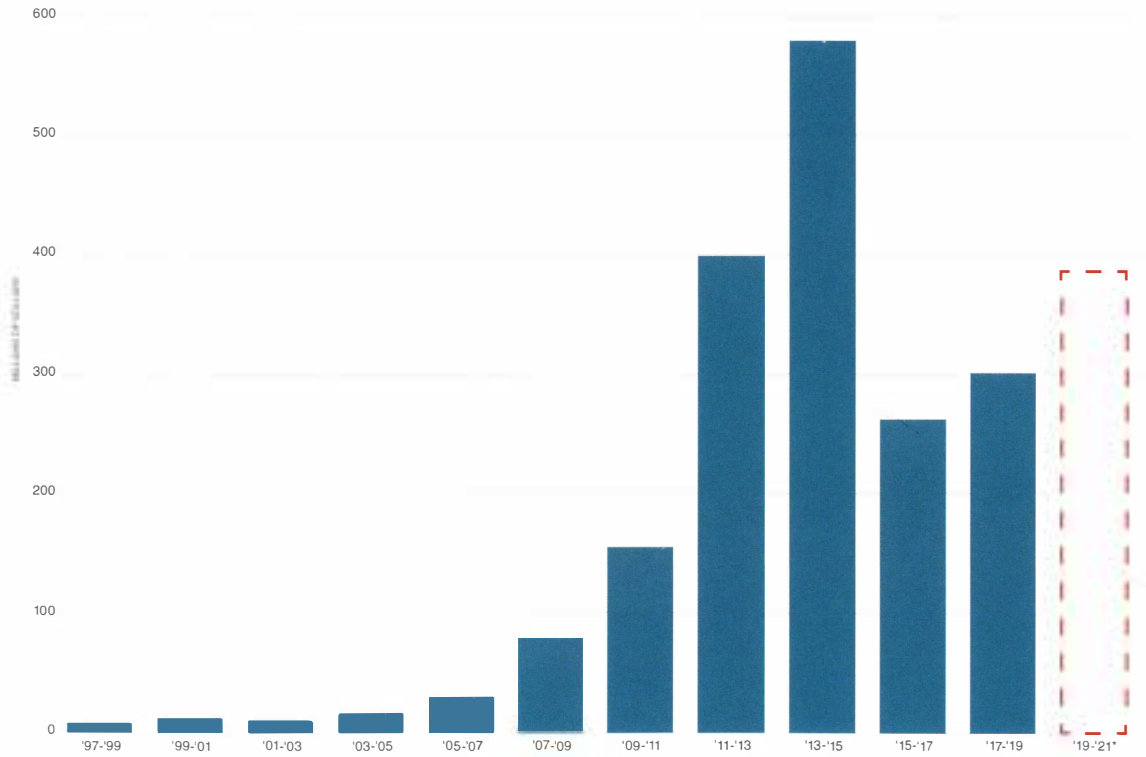


Figure 28 - Resources Trust Fund Revenues, 1997-2021.

*Projected

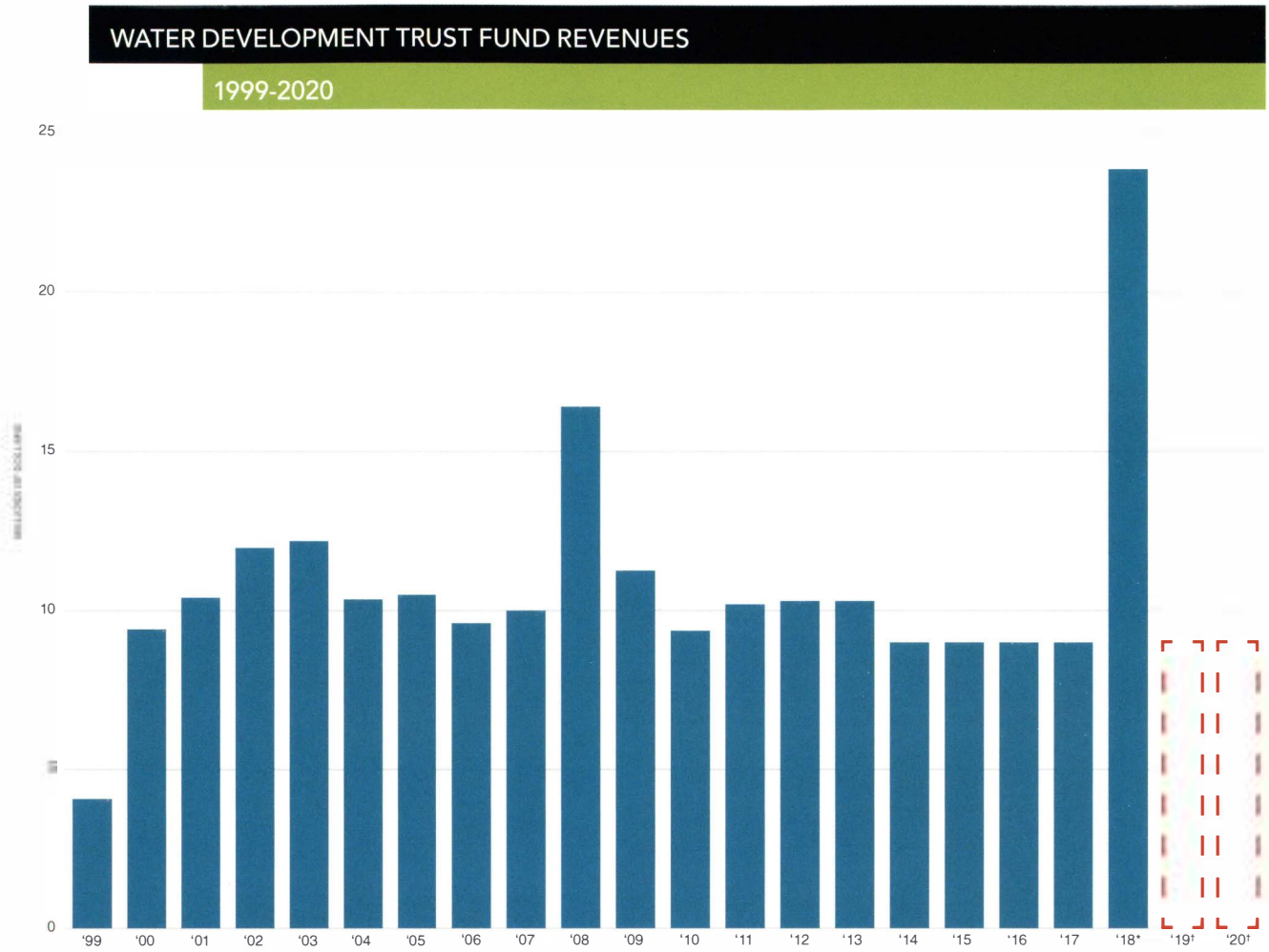


Figure 29 - Water Development Trust Fund Revenues, 1999-2020. †Projected. *In 2018, the WDTF received a one-time payment due to a settlement agreement between the state and tobacco companies over enforcement of the 1998 Tobacco Master Settlement Agreement.

WATER DEVELOPMENT TRUST FUND

Senate Bill 2188 (1999) set up the Water Development Trust Fund as a primary means of repaying bonds it authorized. House Bill 1475 (1999) allocated 45 percent of the funds received by the state from the 1998 tobacco settlement into the Water Development Trust Fund.

Revenues into the Water Development Trust Fund for the 2017-2019 biennium are expected to total about $32.8 million. The Office of Management and Budget estimates revenues of $16 million for the 2019-2021 biennium (Figure 29).

Payments into the fund are scheduled indefinitely at a level based on inflation and tobacco consumption.

BONDING

The Water Commission has bonding authority (NDCC 61-02-46) to issue revenue bonds of up to $2 million per project. The Legislature must authorize revenue bond authority beyond $2 million per project. In 1991, the Legislature authorized full revenue bond authority for the Northwest Area Water Supply Project, in 1997 it authorized $15 million of revenue bonds for the Southwest Pipeline, and in 2001 it raised the Southwest Pipeline authority to $25 million. The Water Commission has no outstanding bonds at this time.

INFRASTRUCTURE REVOLVING LOAN FUND

An Infrastructure Revolving Loan Fund (IRLF) was established during the 2013 Legislative Assembly. NDCC 61-02-78 requires that a fund be established as of January 1, 2015, within the RTF to provide loans for water supply, flood protection, or other water development and management projects. Funding for the IRLF comes from ten percent of oil extraction revenue deposited in the RTF.

The Water Commission approves projects and loans from the IRLF, and the Bank of North Dakota manages and administers the loans. Specific requirements and terms are established and approved by the Water Commission for each loan.

Section 25 of House Bill 1020 included a cap on the Infrastructure Revolving Loan Fund, stating that any oil extraction moneys exceeding $26 million will be deposited into the Resources Trust Fund. Western Area Water Supply, North Prairie Rural Water, Northeast Rural Water, Walsh Rural Water, Barnes Rural Water, North Central Rural Water, Stutsman Rural Water, and the cities of Beulah, Lisbon, Valley City, and Grafton all secured loans from this funding source as of October 2018.

DRINKING WATER STATE REVOLVING FUND

An additional source of funding for water supply development projects is the Drinking Water State Revolving Fund (DWSRF). Funding is distributed in the form of a loan program through the Environmental Protection Agency and administered by the North Dakota Department of Health. The DWSRF provides loans to public water systems for capital improvements aimed at increasing public health protection and compliance under the federal Safe Drinking Water Act.

The Water Commission's involvement with the DWSRF is two-fold. First, the Department of Health must administer and disburse funds with the approval of the Commission. Second, the Department of Health must establish assistance priorities and expend grant funds pursuant to the priority list for the DWSRF, after consulting with, and obtaining Commission approval.

The process of prioritizing new or modified projects is completed on an annual basis. Each year, the Department of Health provides an Intended Use Plan, which contains a comprehensive project priority list and a fundable project list. The 2018 comprehensive project priority list includes 246 projects with a cumulative total project funding need of $586 million.

FEDERAL MUNICIPAL, RURAL, AND INDUSTRIAL (MR&I) WATER SUPPLY PROGRAM

A major source of grant funding for water supply development in North Dakota in previous biennia has been through the federal MR&I Water Supply Program. Funding of this program was authorized by Congress though the 1986 Garrison Diversion Unit Reformulation Act, and it is jointly administered by the Garrison Diversion Conservancy District, and Water Commission.

The 1986 Garrison Reformulation Act authorized a federal MR&I grant program of $200 million. All of that funding has been expended. Additional federal funding authorization for the MR&I program resulted from the passage of the Dakota Water Resources Act of 2000. An additional $600 million, indexed for inflation, was authorized; which includes a $200 million grant for state MR&I, a $200 million grant for North Dakota Tribal MR&I, and a $200 million loan for a Red River Valley Water Supply Project. The act provides resources for general MR&I projects, the Northwest Area Water Supply Project, the Southwest Pipeline Project, and a project to address water supply issues in the Red River Valley.

Annual MR&I funding is dependent upon U.S. Congressional appropriation. As of September 2018, $378.2 million in federal funds had been approved for North Dakota's MR&I program, with $9 million and $12 million for federal fiscal years 2017 and 2018 (Figure 30).

OTHER FEDERAL FUNDING

With regard to other federal funding, the U.S. Army Corps of Engineers provides significant assistance to North Dakota for flood control and water supply projects. The Environmental Protection Agency, U.S. Bureau of Reclamation, U.S. Geological Survey, and the Natural Resources Conservation Service also contribute to the state's water development efforts in many different ways, including studies, project design, and construction.

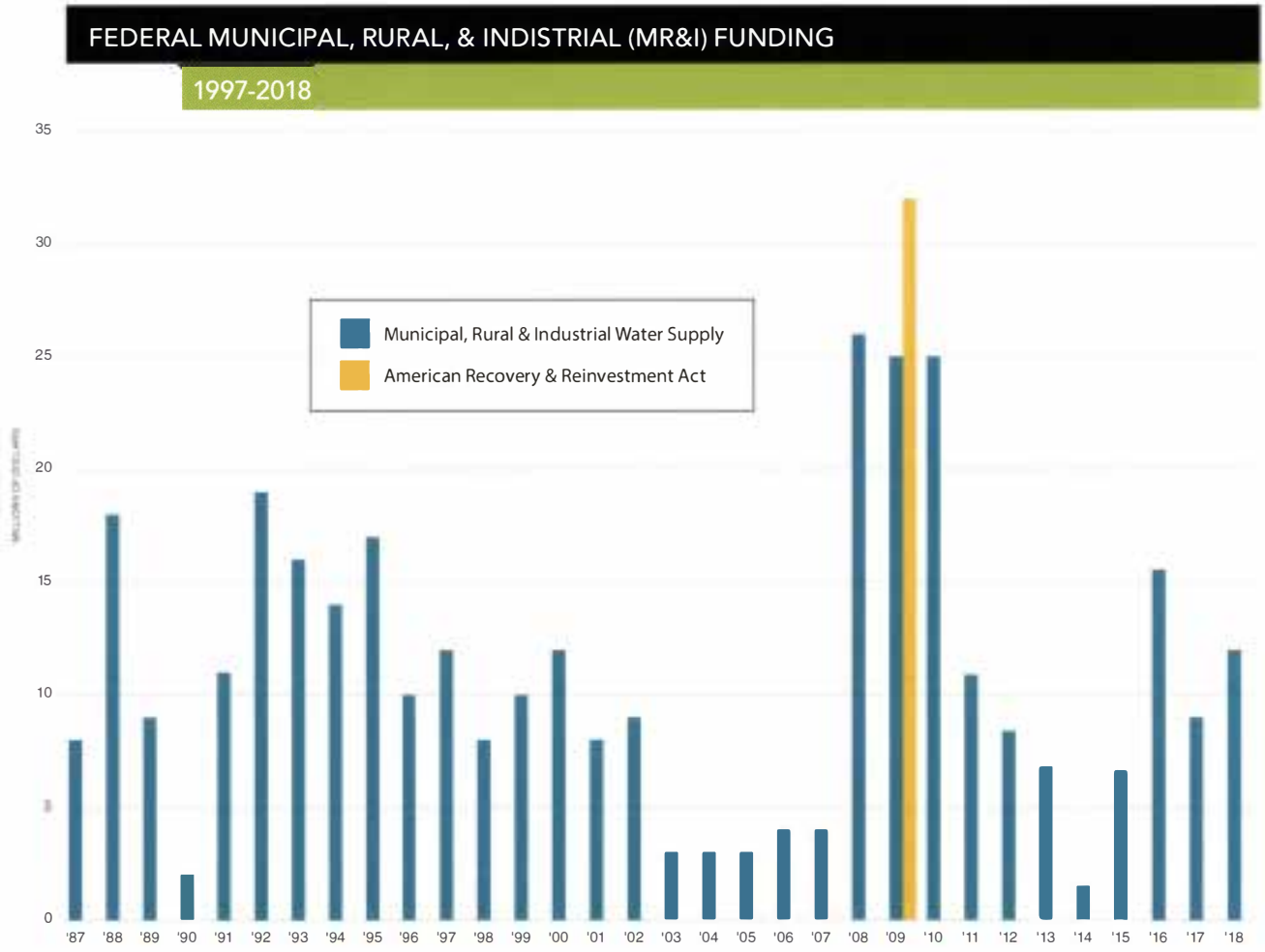


Figure 30 - Federal Municipal, Rural, and Industrial (MR&I) Funding, 1997-2018.

STATE WATER COMMISSION FUNDING RECOMMENDATIONS, & PRIORITIES: 2019-2021 BIENNIUM

This section discusses the Water Commission's priority water development efforts and funding recommendations for the 2019-2021 biennium. It includes one course of action for water development in North Dakota that is subject to change during the 66th Legislative Assembly, further review of SWC cost-share requirements and eligibility, and other unforeseen events that may occur during the biennium.

The following priorities were established as a result of extensive project reviews, face-to-face interactions with sponsors at Commissioner-hosted basin meetings, and through careful consideration of the agency's revised Project Prioritization Guidance Policy.

2019-2021 STATE WATER COMMISSION FUNDING PRIORITIES	
PROJECTS	$478M FUNDING SCENARIO
Devils Lake Outlet Operations	$8.0
Fargo-West Fargo Area Flood Control	$166.5
General Water Management	$10.0
Mouse River Flood Control	$70.0
Municipal Water Supply	$20.0
Northwest Area Water Supply	$75.0*
Other Flood Control & Conveyance	$6.0
Red River Valley Water Supply	$30.0
Rural Water Supply	$30.0
Sheyenne River Flood Control	$11.0
Southwest Pipeline Project	$16.5
Western Area Water Supply	$35.0
PROJECTS TOTAL	**$478.0**

Table 24 - SWC Purpose Funding Recommendations, 2019-2021 Biennium.

*Represents a line of credit.

DEVILS LAKE OUTLET OPERATIONS

The state's west end Devils Lake outlet was initially completed in 2005 with an operational capacity of 100 cubic feet per second (cfs). In summer 2010, an expansion was completed, increasing the outlet's capacity to 250 cfs.

During summer 2012, the Water Commission completed an additional outlet from East Devils Lake (See Map Appendix). This outlet has a maximum operating capacity of 350 cfs. Together, the combined operating capacity of the west end and East Devils Lake outlets is 600 cfs.

Until Devils Lake ceases to be a threat to human safety and infrastructure, the State Water Commission will continue to operate both outlets within the confines of permit requirements, and in consideration of the state's Devils Lake Outlet Operation Plans.

The Water Commission's funding recommendation for this project during the 2019-2021 biennium is $8 million.

FARGO-WEST FARGO FLOOD CONTROL

After the flood of 2009, it became apparent that a large-scale flood control project was needed to better serve both Fargo and Moorhead, and the greater metro area. Since that time, the U.S. Army Corps of Engineers, in cooperation with Flood Diversion Board of Authority members (Fargo and West Fargo, ND; Moorhead, MN; Cass County, ND; Clay County, MN; and the Cass County Joint Water Resources District) worked jointly to complete an EIS to assess potential measures to reduce the entire metro area's flood risk.

The EIS was completed in late 2011, and a Record of Decision was signed by the Assistant Secretary of the Army in April 2012. In 2014, President Obama signed the Water Resource Reform and Development Act (WRRDA), which authorized the Fargo-Moorhead area diversion project. The signing of WRRDA allows the federal government to appropriate funding for construction.

Meanwhile, a lawsuit filed against the Project in 2013 eventually led to an injunction in September 2017, halting construction completely. In order to move the project forward, Governor Doug Burgum of North Dakota and Governor Mark Dayton of Minnesota created a joint Task Force to propose a framework that would be acceptable for all stakeholders impacted by the project. The result of the Task Force is a project change known as Plan B, which is currently being reviewed in the form of a Supplemental Environmental Impact Statement. The review process is expected to be complete in late 2018. A permit decision is expected soon thereafter.

The diversion project is a 30-mile long, 1,500-foot wide diversion channel on the North Dakota side of the Red River that will divert water around the Fargo-Moorhead metro area. The project also includes 28,000 acres (132,000 acre-feet) of upstream floodwater staging (See Map Appendix).

In addition to the diversion project, Fargo is also working to complete in-town flood protection projects that work directly with the diversion.

The state's current total commitment for this project is capped at $570 million – as directed by the passage of Senate Bill 2020 during the 2015 Legislative Assembly. Of that total commitment, $450 million is for the diversion project, and $120 million is for Fargo interior flood control efforts.

The Water Commission's funding recommendation for this project during the 2019-2021 biennium is $166.5 million.

GENERAL WATER MANAGEMENT

General water management projects include, recreational projects, dam repairs, irrigation, planning efforts, and special studies.

As part of the Water Development Plan project inventory process, the Water Commission identified about $63 million in general water management project needs. Of that amount, approximately $27.7 million could potentially be eligible for cost-share from the state.

The Water Commission's funding recommendation for this project purpose during the 2019-2021 biennium is $10 million.

MOUSE RIVER FLOOD PROTECTION

On June 25, 2011, Mouse River flood flows peaked in Minot at 27,400 cfs. This was more than five times greater than the city's existing flood control channels and levees had been designed to handle, and almost nine times greater than any documented flood since the construction of major upstream storage reservoirs decades before.

The record breaking flooding of 2011 overwhelmed most flood fighting efforts along the entire reach of the Mouse River in North Dakota, causing unprecedented damages to homes, businesses, public facilities, infrastructure, and rural areas. The U.S. Army Corps of Engineers estimates that 4,700 commercial, public, and residential structures in Ward, Renville, and McHenry counties sustained structural and content damages totaling almost $700 million. Had no emergency flood fighting measures been implemented, it is estimated that number could have totaled about $900 million.

Immediately following the devastating flood events in summer 2011, stakeholder workshops were held in late 2011 and early 2012. Preliminary engineering reports and basin-wide erosion, sedimentation, and hydrologic modeling were completed a year later. And in summer 2013, the Rural Reaches Alternatives Report and final Mouse River Reconnaissance Study were issued. The result of these efforts is a Mouse River Enhanced Flood Protection Project (MREFPP) that is designed to provide flood relief to Mouse River valley residents – both urban and rural (See Map Appendix).

Implementation of the MREFPP continued to move forward during the 2017-2019 biennium. These efforts are ongoing and will continue into the 2019-2021 biennium and beyond. The Souris River Joint Water Resource Board (SRJB) has developed a long-range capital improvements program through 2039. According to the SRJB, the MREFPP could be completed in as little as seven years, dependent on the availability of funding.

The SRJB has estimated a total financial need of about $281 million for the MREFPP through the end of fiscal year 2021. At traditional cost-share levels, approximately $186 million could be eligible for state cost-share assistance. Costs at that level would include new construction on Phases IV and V in the city of Minot, flood protection in the cities of Burlington, Sawyer, and Velva, and additional work in Renville and Ward Counties. The funding would also allow design and permitting to begin on Phases VI and VII in the city of Minot, and levees in rural Ward County.

As directed by the 65th Legislative Assembly in 2017 within House Bill 1020, the MREFPP will receive no more than $193 million in state funding within the city limits of Minot through the 2023-2025 biennium.

The Water Commission's funding recommendation for this project during the 2019-2021 biennium is $70 million.

MUNICIPAL WATER SUPPLIES

During the 2019 Water Development Plan project inventory process, the Water Commission received 106 projects from cities around the state. Projects include new water supply trunk lines, water towers, new water treatment plants and plant improvements, supply line improvements, and new water supply source developments, as a few examples.

While no high priority municipal water supply projects were received, the Water Commission identified about $45 million in moderate priority municipal water supply project needs for the 2019-2021 biennium. Of that amount, approximately $25 million could potentially be eligible for cost-share grants from the state.

The Water Commission's funding recommendation for this project purpose during the 2019-2021 biennium is $20 million.

NORTHWEST AREA WATER SUPPLY

NDCC, Section 61-24.6 declares necessary the pursuit of a project "...that would supply and distribute water to the people of northwestern North Dakota through a pipeline transmission and delivery system..." NDCC 61-24.6 authorizes the Water Commission to construct, operate, and manage a project to deliver water throughout northwestern North Dakota.

The Water Commission began construction on the Northwest Area Water Supply (NAWS) project in April 2002 (See Map Appendix). The first four contracts involving 45 miles of pipeline between the Missouri River and Minot were completed in the spring of 2009. However, additional work will be required in the future to fill existing gaps in the pipeline. NAWS is currently providing water service to Minot, Berthold, Burlington, Kenmare, Sherwood, Des Lacs, Mohall, West River Rural Water, All Seasons Rural Water, Upper Souris Rural Water, North Prairie Rural Water, and the Minot Air Force Base through an agreement with Minot.

In 2010 the US Bureau of Reclamation began work on a SEIS as remanded by the courts as part of an ongoing lawsuit. A draft was completed in 2014, with the final completed in 2015. A Record of Decision was signed in August 2015, and court briefings took place during the first half of 2016. In August 2017, NAWS received a favorable ruling when the District of Columbia District Court ruled in favor of NAWS, allowing the State of North Dakota to move forward with construction of the project. An appeal remains from the State of Missouri based on their standing in the case.

NAWS has estimated a total financial need of $83 million for the 2019-2021 biennium. Of that total, approximately $81 million could be eligible for cost-share assistance from the Water Commission, due to previous local contributions.

NAWS continues to be a very high priority of the state, and progress on this project during the 2019-2021 biennium appears to be free of litigation-related delays for the first time in over a decade. The Water Commission's funding recommendation for NAWS during the 2019-2021 biennium is $75 million.

OTHER FLOOD CONTROL & CONVEYANCE

During the 2019 Water Plan project inventory process, the Water Commission received 37 flood control projects from around the state – this number excludes the large flood control projects mentioned separately in this section. Projects include levees, bypass channels, detention sites, and flood walls.

Of those 37 projects, 16 were identified as high priority with an approximate financial need of $66 million. Of that amount, approximately $39 million could be potentially eligible for cost-share grants from the state.

Also during the 2019 Water Plan project inventory process, the Water Commission received 62 water conveyance projects from around the state. Projects almost exclusively include drains.

Although no conveyance projects were identified as high priority, 18 of the projects were classified as moderate priority per the Commission's Project Prioritization Guidance Policy. Approximately $34 million in total financial needs were identified for moderate priority projects. Of that amount, approximately $15 million could be eligible for cost-share grants from the state.

The Water Commission's funding recommendation for other flood control and conveyance projects during the 2019-2021 biennium is $6 million.

RED RIVER VALLEY WATER SUPPLY

Over the years, various projects have been proposed to supply Missouri River water to eastern North Dakota. More recently, between 2000 and 2007, the U.S. Bureau of Reclamation and Garrison Diversion Conservancy District developed plans for a Red River Valley Water Supply Project (RRVWSP). This effort culminated in an EIS and preferred alternative, but the Secretary of the Interior never signed a Record of Decision – a requirement to move that federal project forward. In 2013, when it became apparent that a Record of Decision would not be signed, the State Water Commission, in cooperation with the Lake Agassiz Water Authority and Garrison Diversion Conservancy District began pursuit of a state and local project.

The general purpose of the project would be to deliver water via pipeline from a conventional intake in the Missouri River, or horizontal groundwater collector wells adjacent to the river near Washburn, to Baldhill Creek or the Sheyenne River in the Red River Valley (See Map Appendix). This project would provide a supplemental water supply to users in central and eastern North Dakota. To avoid concerns with transboundary diversion of water, the water would be treated before crossing the divide.

In 2016, project conceptual engineering was completed – covering conventional and horizontal collector well intakes, pipeline alignments, and a discharge structure at Baldhill Creek. A preliminary design report on the intake and pipeline alignments from Washburn to Baldhill Creek was completed in February 2018 to identify potential future water users of the project. The process of securing or reaffirming existing easements began in summer 2018, and strategic construction is forecast to begin in mid-2019.

The proposed work plan for the RRVWSP during the 2019-2021 biennium currently includes: a Missouri River intake pumping wetwell, preliminary design of a biota water plant, a discharge structure on the Sheyenne River, land acquisitions, and some pipeline placement.

The RRVWSP received Legislative intent for $30 million in the 2017-2019 biennium, and have estimated a total financial need of $66.7 million in the 2019-2021 biennium. Of that total, approximately $50 million could be eligible for cost-share assistance from the Water Commission. In addition, RRVWSP has $13 million remaining in legislative intent from the 2017 Legislative Session for construction costs.

The Water Commission's funding recommendation for this project during the 2019-2021 biennium is $30 million.

RURAL WATER SUPPLIES

During the 2019 Water Plan project inventory process, the Water Commission received 28 projects from rural water systems around the state. Projects include expansions, storage, and various types of other system improvements.

Of the rural water supply project needs submitted to the State Water Commission, two of the projects were classified as high priority, and 12 of the projects were classified as moderate priority per the Commission's Project Prioritization Guidance Policy. Approximately $8 million and $57 million in total financial needs were identified for high and moderate priority projects, respectively. Of those amounts, approximately $6 million for high priority projects, and $43 million for moderate priority prjoects, could potentially be eligible for cost-share grants from the state.

The Water Commission's funding recommendation for this project purpose during the 2019-2021 biennium is $30 million.

SHEYENNE RIVER FLOOD CONTROL

Flood events along the Sheyenne River in recent years have severely impacted and tested communities like Valley City and Lisbon. For that reason, both communities are working to implement more permanent flood protection.

Valley City has initiated a multi-phased approach to developing permanent flood protection. As outlined earlier in this report, Phase I was completed in 2016. The Phase II project is currently under construction, and will protect portions of downtown Valley City, including Main Street and a power transfer station.

Phase III of Valley City's flood control project is in the final phases of design and will be bid for construction in 2019. Phase III will include a continuation of property acquisitions; construction of flood walls and levees; erosion mitigation; street, water main, sanitary sewer, and utility adjustments; and storm sewer modifications. Phase IV is also in the design phase.

Valley City has estimated a total financial need of approximately $14 million in the 2019-2021 biennium, including a combination of grants and loans from the state. This level of funding would be primarily used for Phase IV levees.

Like Valley City, Lisbon is moving forward with a multi-phased approach to permanent flood protection. Lisbon's Phase I involves five separate levee locations, with two on the west side of the Sheyenne River, and three on the east side. Of those five Phase I levee alignments, all but one will be completed before the end of 2018.

Phase II involves additional flood protection in the south portion of Lisbon. However, Lisbon has indicated that Phase II can wait until a time when funding is more certain.

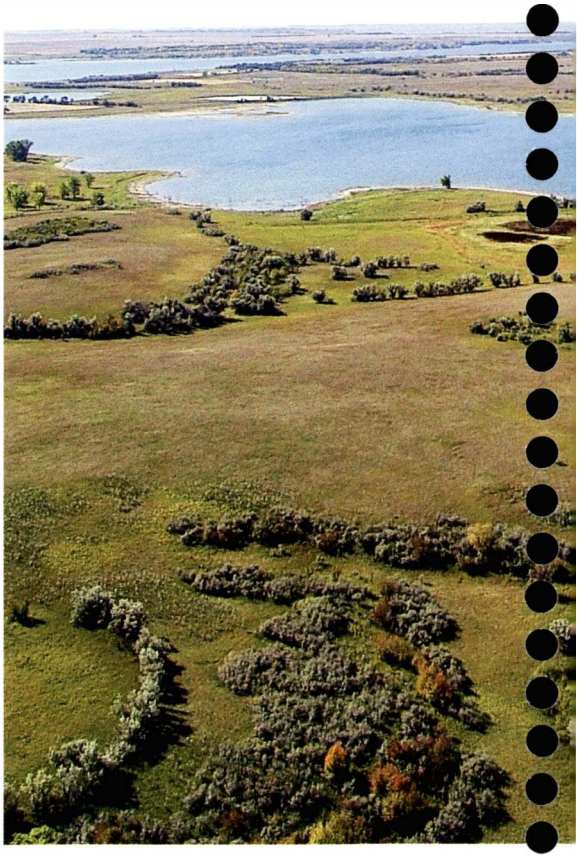
The Water Commission's funding recommendation for these projects during the 2019-2021 biennium is $11 million.

SOUTHWEST PIPELINE PROJECT

NDCC, Section 61-24.3 declares necessary that the Southwest Pipeline Project "...be established and constructed, to provide for the supplementation of the water resources of a portion of the area of North Dakota south and west of the Missouri River with water supplies from the Missouri River for multiple purposes, including domestic, rural, and municipal uses." The Water Commission has been working to develop the Southwest Pipeline ever since – with construction beginning in 1986. (NDCC 61-24.5 authorizes the Commission and Southwest Water Authority to construct, operate, and maintain the project.)

Southwest Pipeline is currently serving about 56,000 residents, including more than 7,100 rural customers, 33 communities, and 21 raw water customers (See Map Appendix).

The Southwest Water Authority provided the Water Commission with a list of projects for the 2019-2021 biennium with a total cost of about $30.5 million. Projects included in that



amount of financial need are: a supplemental intake pump station at Lake Sakakawea; reservoirs/tanks at Davis Buttes and Belfield; Ray Christensen Pump Station upgrades; and various alignments of parallel pipelines. At a minimum funding level, the Southwest Water Authority would like to complete its highest priority projects, including: intake pump station work, a second Davis Buttes reservoir, a second Belfield Reservoir, and rural distribution upgrades.

The Water Commission's funding recommendation for this project during the 2019-2021 biennium is $16.5 million.

WESTERN AREA WATER SUPPLY

Western Area Water Supply (WAWS) project has involved a collaborative effort between the city of Williston, Northwest Rural Water District (formerly Williams Rural Water District), McKenzie Water Resource District, Burke-Divide-Williams Rural Water, and R&T Water Supply Association (including the cities of Ray, Tioga, and Stanley).

WAWS utilizes a combination of Missouri River water treated at the Williston Regional Water Treatment Plant and groundwater treated by the R&T Water Supply Commerce Authority's Water Treatment Plant in Ray. The overall purpose of this project is to meet the water supply needs of municipal, rural, and industrial users in the five northwestern North Dakota counties of Burke, Divide, McKenzie, Mountrail, and Williams. (See Map Appendix).

In response to continuing demand for water service and the associated planning efforts that have been completed, the WAWS Authority board of directors has requested funding to complete several projects during the 2019-2021 biennium - totaling about $50 million. Of that total, a maximum of up to approximately $37.5 million could be eligible for cost-share grants from the Water Commission. Specific projects that could be advanced at that funding level would include: part two of a McKenzie County system expansion; R&T system Stanley, White Earth, and Powers Lake rural distributions; and Williams Rural north and 29-mile rural distribution efforts.

The Water Commission's funding recommendation for this project during the 2019-2021 biennium is $35 million.

APPENDIX

NORTH DAKOTA STATE WATER COMMISSION

PROJECT FUNDING POLICY, PROCEDURE, AND GENERAL REQUIREMENTS

The State Water Commission has adopted this policy to support local sponsors in development of sustainable water related projects in North Dakota. This policy reflects the State Water Commission's cost-share priorities and provides basic requirements for all projects considered for prioritization during the agency's budgeting process. Projects and studies that receive funding from the agency's appropriated funds are consistent with the public interest. The State Water Commission values and relies on local sponsors and their participation to assure on-the-ground support for projects and prudent expenditure of funding for evaluations and project construction. It is the policy of the State Water Commission that only the items described in this document will be eligible for cost-share upon approval by the State Water Commission, unless specifically authorized by State Water Commission action.

I. DEFINITIONS

A. **CONSTRUCTION COSTS** include earthwork, concrete, mobilization and demobilization, dewatering, materials, seeding, rip-rap, crop damages, re-routing electrical transmission lines, moving storm and sanitary sewer system and other underground utilities and conveyance systems affected by construction, mitigation required by law related to the construction contract, water supply works, irrigation supply works, and other items and services provided by the contractor. Construction costs are only eligible for cost-share if incurred after State Water Commission approval and if the local sponsor has complied with North Dakota Century Code (N.D.C.C.) in soliciting and awarding bids and contracts, and complied with all applicable federal, state, and local laws.

B. **COST-SHARE** means funds appropriated by the legislative assembly or otherwise transferred by the Commission to a local entity under commission policy as reimbursement for a percentage of the total approved cost of a project approved by the Commission.

C. **GRANT** means a one-time sum of money appropriated by the legislative assembly and transferred by the commission to a local entity for a particular purpose. A grant is not dependent on the local entity providing a particular percentage of the cost of the project.

D. **LOAN** means an amount of money lent to a sponsor of a project approved by the commission to assist with funding approved project components. A loan may be stand-alone financial assistance.

E. **WATER CONVEYANCE PROJECT** means any surface or subsurface drainage works, bank stabilization, or snagging and clearing of water bodies.

F. **ENGINEERING SERVICES** include pre-construction and construction engineering. Pre-construction engineering is the engineering necessary to develop plans and specifications for permitting and construction of a project including preliminary and final design, material testing, flood insurance studies, hydraulic models, and geotechnical investigations. Construction engineering is the engineering necessary to build the project designed in the pre-construction phase including construction contract management, and construction observation. Administrative and support services not specific to the approved project are not engineering services. Engineering services are eligible costs if incurred after State Water Commission approval. If the total anticipated engineering costs are greater than the threshold stipulated in NDCC 54-44.7-04, then the local sponsor must follow the engineering selection process provided in NDCC 54-44.7 and provide a copy of the selection committee report to the Chief Engineer. The local sponsor will be considered to have complied with this requirement if they have completed a selection process for a general engineering services agreement at least once every three years and have formally assigned work to a firm or firms under an agreement. The local sponsor must inform the Chief Engineer of any change in the provider of general engineering services.

G. **IMPROVEMENTS** are construction related projects that upgrade a facility to provide increased efficiency, capacity, or redundancy. Improvements do not include any activities that are maintenance, replacement, or reconstruction.

H. **EXPANSIONS** are construction related projects that increase the project area or users served. Expansions do not include maintenance, replacement, or reconstruction activities.

I. **LOCAL SPONSOR** is the entity submitting a cost-share application and must be a political subdivision, state entity, or commission legislatively granted North Dakota recognition that applies the necessary local share of funding to match State Water Commission cost-share. They provide direction for studies and projects, public point of contact for communication on public benefits and local concerns, and acquire necessary permits and rights-of-way.

J. **REGULAR MAINTENANCE COSTS** include normal repairs and general upkeep of facilities to allow facilities to continue proper operation and function. These maintenance items occur on a regular or annual basis. Regular maintenance activities simply help ensure the asset will remain serviceable throughout its originally predicted useful life.

K. **EXTRAORDINARY MAINTENANCE COSTS** include the repair or replacement of portions of facilities or components that extends the overall life of the system or components that are above and beyond regular or normal maintenance. Extraordinary maintenance activities extend the asset's useful life beyond its originally predicted useful life.

L. **SUSTAINABLE OPERATION, MAINTENANCE, AND REPLACEMENT PLAN** is a description of the anticipated operation, maintenance, and replacement costs with a statement that the operation, maintenance, and replacement of the project will be sustainable by the local sponsor. For water supply projects, a summary of the project sponsor's Capital Improvement Fund must also be included.

M. **CAPITAL IMPROVEMENT FUND** is money set aside using a portion of user fees for future asset replacement and a cost share application shall include documentation of the following:

1. Current capital improvement fund balance
2. Existing and new assets
3. Replacement cost of assets
4. Average life of assets
5. Current and future monthly reserve per user

II. INELIGIBLE ITEMS excluded from cost-share include:

1 Administrative costs, including salaries for local sponsor members and employees as well as consultant services that are not project specific and other incidental costs incurred by the sponsor;

2 Property and easement acquisition costs paid to the landowner unless specifically identified as eligible within the Flood Recovery Property Acquisition Program, the Flood Protection Program, or the Water Retention Projects;

3 Work and costs incurred prior to a cost-share approval date, except for emergencies as determined by the Chief Engineer;

4 Project related operation and regular maintenance costs;

5 Funding contributions provided by federal, other state, or other North Dakota state entities that supplant costs;

6 Work incurred outside the scope of the approved study or project;

7 The removal of vegetative material and sediment for water conveyance projects.

8 Local requirements imposed beyond State and Federal requirements for the project may be ineligible.

III. COST-SHARE APPLICATION AND APPROVAL PROCEDURES

The State Water Commission will not consider any cost-share applications unless the local sponsor first makes an application to the Chief Engineer. No funds will be used in violation of Article X, § 18 of the North Dakota Constitution (Anti-Gift Clause).

A. APPLICATION REQUIRED. An application for cost-share is required in all cases and must be submitted by the local sponsor on the State Water Commission Cost-Share Application form. Applications for cost-share are accepted at any time. Applications received less than 45 days before a State Water Commission meeting will not be considered at that meeting and will be held for consideration at a future meeting unless specifically exempted by the Chief Engineer. The application form is maintained and updated by the Chief Engineer. A completed application must include the following:

1. Category of cost-share activity
2. Location of the proposed project or study area shown on a map
3. Description, purpose, goal, objective, narrative of the proposed activities
4. Delineation of costs
5. Anticipated timeline of project from preliminary study through final closeout
6. Potential federal, other state, or other North Dakota state entity participation
7. Documentation of an engineering selection process if engineering costs are anticipated to be greater than the threshold provided in NDCC 54-44.7-04
8. Engineering plans, if applicable
9. Status of required permitting
10. Potential territorial service area conflicts or service area agreements, if applicable
11. Sustainable operation, maintenance, and replacement plan for projects
12. Additional information as deemed appropriate by the Chief Engineer

Applications for cost-share are separate and distinct from the State Water Commission biennial project information collection effort that is part of the budgeting process and published as the State Water Plan. All local sponsors are encouraged to submit project financial needs for the State Water Plan. Projects not submitted as part of the State Water Plan development process may be held until action can be taken on those that were included during budgeting, unless determined to be an emergency that directly impacts human health and safety or that are a direct result of a natural disaster.

B. PRE-APPLICATION. A pre-application process is allowed for cost-share of assessment projects. This process will require the local sponsor to submit a brief narrative of the project, preliminary designs, and a delineation of costs. The Chief Engineer will then review the material presented, make a determination of project eligibility, and estimate the cost-share funding the project may anticipate receiving. A project eligibility letter will then be sent to the local sponsor noting the percent of cost-share assistance that may be expected on eligible items as well as listing those items that are not considered to be eligible costs. In addition, the project eligibility letter will state that the Chief Engineer will recommend approval when all cost-share requirements are addressed. The local sponsor may use the project eligibility letter to develop a project budget for use in the assessment voting process. Upon completion of the assessment vote and all other requirements an application for cost-share can be submitted.

C. **REVIEW.** Upon receiving an application for cost-share, the Chief Engineer will review the application and accompanying information. If the Chief Engineer is satisfied that the proposal meets all requirements, the local sponsor will be asked to present the application, and the Chief Engineer will provide a recommendation to the State Water Commission for its action. The Chief Engineer's review of the application will include the following items and any other considerations that the Chief Engineer deems necessary and appropriate.

1. Applicable engineering plans;
2. Field inspection, if deemed necessary by the Chief Engineer;
3. The percent and limit of proposed cost-share determined by category of cost-share activity and eligible expenses;
4. Assurance of sustainable operation, maintenance, and replacement of project facilities by the local sponsor;
5. Status of permitting and service area agreements;
6. Available funding in the State Water Commission budget, if in the State Water Plan, and a priority ranking when appropriate.

For cost-share applications over $100 million, additional information requested by the State Water Commission will be used to determine cost-share.

The Chief Engineer is authorized to approve cost-share up to $75,000 and also approve cost overruns up to $75,000 without State Water Commission action. The Chief Engineer will respond to such requests within 60 days of receipt of the request. A final decision may be deferred if warranted by funding or regulatory consideration.

D. **NOTICE**. The Chief Engineer will give a 10-day notice to local sponsors when their application for cost-share is placed on the tentative agenda of the State Water Commission's next meeting.

E. **AGREEMENT AND DISTRIBUTION OF FUNDS**. No funds will be disbursed until the State Water Commission and local sponsor have entered into an agreement for cost-share participation. No agreement for construction funding will be entered into until all required State Engineer permits have been acquired.

For construction projects, the agreement will address indemnification and vicarious liability language. The local sponsor must require that the local sponsor and the state be made an additional insured on the contractor's commercial general liability policy including any excess policies, to the extent applicable. The levels and types of insurance required in any contract must be reviewed and agreed to by the Chief Engineer. The local sponsor may not agree to any provision that indemnifies or limits the liability of a contractor.

For any property acquisition, the agreement will specify that if the property is later sold, the local sponsor is required to reimburse the Commission the percent of sale price equal to the percent of original cost-share.

The Chief Engineer may make partial payment of cost-sharing funds as deemed appropriate. Upon notice by the local sponsor that all work or construction has been

completed, the Chief Engineer may conduct a final field inspection. If the Chief Engineer is satisfied that the work has been completed in accordance with the agreement, the final payment will be disbursed to the local sponsor, less any partial payment previously made.

The project sponsor must provide a progress report to the Commission at least once every four years if the term of the project exceeds four years. If a progress report is not received in a timely fashion or, if after a review of the progress report the Commission determines the project has not made sufficient progress, the Commission may terminate the agreement for project funding. The project sponsor may submit a new application to the Commission for funding for a project for which the Commission previously terminated funding.

F. **LITIGATION**. If a project submitted for cost-share is the subject of litigation, the application may be deferred until the litigation is resolved. If a project approved for cost-share becomes the subject of litigation before all funds have been disbursed, the Chief Engineer may withhold funds until the litigation is resolved. Litigation for this policy is defined as legal action that would materially affect the ability of the local sponsor to construct the project; that would delay construction such that the authorized funds could not be spent; or is between political subdivisions related to the project.

IV. COST-SHARE CATEGORIES

The State Water Commission supports the following categories of projects for cost-share. Engineering expenses related to construction are cost-shared at the same percent as the construction costs when approved by the State Water Commission.

A. **PRE-CONSTRUCTION EXPENSES.** The State Water Commission supports local sponsor development of feasibility studies, engineering designs, and mapping as part of pre-construction activities to develop support for projects within this cost-share policy. The following projects and studies are eligible.

1 Feasibility studies to identify water related problems, evaluate options to solve or alleviate the problems based on technical and financial feasibility, and provide recommendation and cost estimate, of the best option to pursue.

2 Engineering design to develop plans and specifications for permitting and construction of a project, including associated cultural resource and archeological studies.

3 Mapping and surveying to gather data for a specific task such as flood insurance studies and flood plain mapping, LiDAR acquisition, and flood imagery attainment, which are valuable to managing water resources.

Copies of the deliverables must be provided to the Chief Engineer upon completion. The Chief Engineer will determine the payment schedule and interim progress report requirements.

B. WATER SUPPLY

1 **RURAL AND MUNICIPAL WATER SUPPLY PROJECTS.** The State Water Commission supports water supply efforts. The local sponsor may apply for funding, and the application will be reviewed to determine project priority. Debt per capita, water rates and financial need may be considered by the Commission when determining an appropriate cost share percentage. The Commission reserves flexibility to adjust percentages on a case by case basis, but generally:

Up to 75% cost-share may be provided for:

- Rural Water System Expansions and Improvements
- Connection of communities to a regional system
- Improvements required to meet primary drinking water standards

Up to 60% cost-share may be provided for:

- Municipal Water Supply Expansions and Improvements
- Connection of new rural water customers located within extraterritorial areas of a municipality

Water Depots for industrial use receiving water from facilities constructed using State Water Commission funding or loans have the following additional requirements:

a) Domestic water supply has priority over industrial water supply in times of shortage. This must be explicit in the water service contracts with industrial users.

b) If industrial water service will be contracted, public notice of availability of water service contracts is required when the depot becomes operational.

c) Public access to water on a non-contracted basis must be provided at all depots.

2 **FEDERAL MUNICIPAL, RURAL, AND INDUSTRIAL WATER SUPPLY PROGRAM.** The Municipal, Rural, and Industrial Water Supply Program, which uses federal funds, is administered according to North Dakota Administrative Code Article 89-12.

3 **DROUGHT DISASTER LIVESTOCK WATER SUPPLY PROJECT ASSISTANCE PROGRAM.** This program is to provide assistance with water supply for livestock impacted during drought declarations and is administered according to North Dakota Administrative Code Article 89-11.

C. FLOOD CONTROL.

The State Water Commission may provide cost-share for eligible items of flood control projects protecting communities from flooding and may include the repair of dams that provide a flood control benefit.

Flood Recovery Property Acquisition Program. This program is used to assist local sponsors with flood recovery expenses that provide long term flood damage reduction benefits through purchase and removal of structures in areas where flood damage has occurred. All contracted costs directly associated with the acquisition will be considered eligible for cost-share. Contracted costs may include: appraisals, legal fees (title and abstract search or update, etc.), property survey, closing costs, hazardous materials abatement needs (asbestos, lead paint, etc.), and site restoration.

The State Water Commission may provide cost-share of the eligible costs of approved flood recovery expenses that provide long term flood reduction benefits based on the following criteria and priority order:

a) Local Sponsor has flood damage and property may be needed for construction of temporary or long-term flood control projects, may be cost-shared up to 75 percent.
b) Local Sponsor has flood damage and property would increase conveyance or provide other flood control benefits, may be cost-shared up to 60 percent.

Prior to applying for assistance, the local sponsor must adopt and provide to the Chief Engineer an acquisition plan (similar to plans required by Hazard Mitigation Grant Program (HMGP)) that includes the description and map of properties to be acquired, the estimated cost of property acquisition including contract costs, removal of structures, the benefit of acquiring the properties, and information regarding the ineligibility for HMGP funding. Property eligible for HMGP funding is not eligible for this program. The acquisition plan must also include a description of how the local sponsor will insure there is not a duplication of benefits.

Over the long-term development of a flood control project following a voluntary acquisition program, the local sponsor's governing body must officially adopt a flood risk reduction plan or proposal including the flow to be mitigated. The flow used to develop the flood risk reduction plan must be included in zoning discussions to limit new development on other flood-prone property. An excerpt of the meeting minutes documenting the local sponsor's official action must be provided to the Chief Engineer.

Local sponsor must fund the local share for acquisitions; this requirement will not be waived. Federal funds are considered "local" for this program if they are entirely under the authority and control of the local sponsor.

The local sponsor must include a perpetual restrictive covenant similar to the restrictions required by the federal HMGP funding with the additional exceptions being that the property may be utilized for flood control structures and related infrastructure, paved surfaces, and bridges. These covenants must be recorded either in the deed or in a restrictive covenant that would apply to multiple deeds.

The local sponsor must provide justification, acceptable to the Chief Engineer, describing the property's ineligibility to receive federal HMGP funding. This is not meant to require submission and rejection by the federal government, but rather an explanation of why the property would not be eligible for federal funding. Example explanations include: permanent flood control structures may be built on the property; project will not achieve required benefit-cost analysis to support HMGP eligibility; or lack of available HMGP funding. If inability to receive federal funding is not shown to the satisfaction of the Chief Engineer, following consultation with the North Dakota Department of Emergency Services, the cost-share application will be returned to the local sponsor for submittal for federal funding prior to use of these funds.

2 **FLOOD PROTECTION PROGRAM.** This program supports local sponsor efforts to prevent future property damage due to flood events. The State Water Commission may provide cost-share up to 60 percent of eligible costs. For projects with federal participation, the cost-share may be up to 50 percent of eligible non-federal costs. The State Water Commission may consider a greater level of cost participation for projects involving a total cost greater than $100 million and having a basin wide or regional benefit.

Local share must be provided on a timely basis. The State Water Commission may lend a portion of the local share based on demonstrated financial need.

Property acquisition costs limited to the purchase price of the property that is not eligible for HMGP funding and within the footprint of a project may be eligible under this program. The local sponsor must include a perpetual restrictive covenant on any properties purchased under this program similar to the restrictions required by the federal HMGP funding with the additional exceptions being that the property may be utilized for flood control structures and related infrastructure, paved surfaces, and bridges. These covenants must be recorded either in the deed or in a restrictive covenant that would apply to multiple deeds.

Costs for property acquired, by easement or fee title, to preserve the existing conveyance of a breakout corridor recognized as essential to FEMA system accreditation may be eligible under this program.

The cost-share application must include the return interval or design flow for which the structure will provide protection. The Commission will calculate the amount of its financial assistance, based on the needs for protection against:

1. One-hundred year flood event as determined by a federal agency;

2. The national economic development alternative; or

3. The local sponsor's preferred alternative if the Commission first determines the historical flood prevention costs and flood damages and the risk of future flood prevention costs and flood damages, warrant protection to the level of the local sponsor's preferred alternative.

Storm water management is not an eligible cost-share category. In order to differentiate between a flood control project and storm water management, the Commission may reduce the cost-share provided by the percentage of the contributing watershed that is located within the community's corporate limits as calculated on an acreage basis

3 **FEMA Levee System Accreditation Program.** The State Water Commission may provide cost-share up to 60 percent for eligible services for FEMA 44 CFR 65.10 flood control or reduction levee system certification analysis. The analysis is required for FEMA to accredit the levee system for flood insurance mapping purposes. Typical eligible costs include site visits and field surveys to include travel expenses, hydraulic evaluations, closure evaluations, geotechnical evaluations, embankment protection, soils investigations, interior drainage evaluations, internal drainage hydrology and hydraulic reports, system modifications, break-out flows and all other engineering services required by FEMA. The analysis will result in a comprehensive report to be submitted to FEMA and the Chief Engineer.

Administrative costs to gather existing information or to recreate required documents, maintenance and operations plans and updates, and emergency warning systems implementation are not eligible.

4 **Dam Safety and Emergency Action Plans.** The State Water Commission supports dam safety including repairs and removals, as well as emergency action plans. The State Water Commission may provide cost-share for up to 75 percent of the eligible items for dam safety repair projects and dam breach or removal projects. Dam safety repair projects that are funded with federal or other agency funds may be cost-shared up to 75 percent of the eligible non-federal costs. The intent of these projects is to return the dam to a state of being safe from the condition of failure, damage, error, accidents, harm or other events that are considered a threat to public safety. The State Water Commission may lend a portion of the local share based on demonstrated financial need.

The State Water Commission may provide cost-share up to 80 percent, for emergency action plans (EAPs) of each dam classified as high or medium/significant hazard. The cost of a dam break model is only eligible for reimbursement for dams classified as a high hazard.

5 **Water Retention Projects.** The goal of water retention projects is to reduce flood damages by storing floodwater upstream of areas prone to flood damage. The State Water Commission may provide cost-share up to 60 percent of eligible costs for water retention projects including purchase price of the property. For projects with federal participation, the cost-share may be up to 50 percent. Water retention structures constructed with State Water Commission cost-share must meet state dam safety requirements, including the potential of cascade failure. A hydrologic analysis including an operation plan and a quantification of the flood reduction benefits for 25, 50, and 100-year events must be submitted with the cost-share application.

6 **INDIVIDUAL RURAL AND FARMSTEAD RING DIKE PROGRAM.** This program is intended to protect individual rural homes and farmsteads through ring dike programs established by water resource districts. All ring dikes within the program are subject to the Commission's Individual Rural and Farmstead Ring Dike Criteria provided in Attachment A. Protection of a city, community or development area does not fall under this program but may be eligible for the flood control program. The State Water Commission may provide up to 60 percent cost-share of eligible items for ring dikes up to a limit of $55,000 per ring dike.

Landowners enrolled in the Natural Resource Conservation Service's (NRCS) Environmental Quality Incentive Program (EQIP) who intend to construct rural or farmstead ring dikes that meet the State Water Commission's elevation design criteria are eligible for a cost-share reimbursement of 20 percent of the NRCS construction payment, limited to a combined NRCS and State Water Commission contribution of 80 percent of project costs.

D. WATER CONVEYANCE.

1 **RURAL FLOOD CONTROL.** These projects are intended to improve the drainage and management of runoff from agricultural sources. The State Water Commission may provide cost-share up to 45 percent of the eligible items for the construction of drains, channels, or diversion ditches. Construction costs for public road crossings that are integral to the project are eligible for cost-share as defined in N.D.C.C. § 61-21-31 and 61-21-32. If an assessment-based rural flood control project involves multiple districts, each district involved must join in the cost-share application.

Cost-share applications for rural assessment drains will only be processed after the assessment vote has passed, the final design is complete, and a drain permit has been obtained. If the local sponsor wishes to submit a cost-share application prior to completion of the aforementioned steps, a pre-application process will be followed.

A sediment analysis must be provided with any application for cost-share assistance for reconstruction of an existing drain. The analysis must be completed by a qualified professional engineer and must clearly indicate the percentage volume of sediment removal involved in the project. The cost of that removal must be deducted from the total for which cost-share assistance is being requested.

2 **BANK STABILIZATION**. The State Water Commission may provide cost-share up to 50 percent of eligible items for bank stabilization projects on public lands or those lands under easement by federal, state, or political subdivisions. Bank stabilization projects are intended to stabilize the banks of lakes or watercourses, as defined in N.D.C.C § 61-01-06, with the purpose of protecting public facilities. Drop structures and outlets are not considered for funding as bank stabilization projects, but may be eligible under other cost-share program categories. Bank stabilization projects typically consist of a rock or vegetative design and are

intended to prevent damage to public facilities including utilities, roads, or buildings adjacent to a lake or watercourse

3 **SNAGGING AND CLEARING**. These projects are ineligible for State Water Commission funding.

E. **RECREATION**. The State Water Commission may provide cost-share up to 40 percent for projects intended to provide water-based recreation. Typical projects provide or complement water-based recreation associated with dams.

F. **IRRIGATION.** The State Water Commission may provide cost-share for up to 50 percent of the eligible items for irrigation projects. The items eligible for cost-share are those associated with the off-farm portion of new central supply works, including water storage facilities, intake structures, wells, pumps, power units, primary water conveyance facilities, and electrical transmission and control facilities. The Commission will only enter into cost share agreements with political subdivisions, including irrigation districts, and not with individual producers.

ATTACHMENT A
INDIVIDUAL RURAL AND FARMSTEAD RING DIKE CRITERIA

MINIMUM DESIGN CRITERIA

- HEIGHT: The dike must be built to an elevation 2 ft above either the 100-year flood or the documented high water mark of a flood event of greater magnitude, whichever is greater.
- TOP WIDTH:
  - If dike height is 5 ft or less: 4 ft top width
  - If dike height is between 5 ft and 14 ft: 6 ft top width
  - If dike height is greater than 14 ft: 8 ft top width
- SIDE SLOPES: 3 horizontal to 1 vertical
- STRIP TOPSOIL AND VEGETATION: 1 ft
- ADEQUATE EMBANKMENT COMPACTION: Fill in 6-8 inch layers, compact with passes of equipment
- SPREAD TOPSOIL AND SEED ON RING DIKE

LANDOWNER RESPONSIBILITY

Landowners are responsible to address internal drainage on ring dikes. If culverts and flap gates are installed, these costs are eligible for cost-share. The landowner has the option of completing the work or hiring a contractor to complete the work.

If contractor does the work, payment is for actual costs with documented receipts.
If landowner does the work, payment is based on the following unit prices:

- STRIPPING, SPREADING TOPSOIL, AND EMBANKMENT FILL: Chief Engineer will determine rate schedule based on current local rates
- SEEDING: Cost of seed times 200%
- CULVERTS: Cost of culverts times 150%
- FLAP GATES: Cost of flap gates times 150%

OTHER FACTS AND CRITERIA

- The topsoil and embankment quantities will be estimated based on dike dimensions. Construction costs in excess of the 3:1 side slope standard will be the responsibility of the landowner. Invoices will be used for the cost of seed, culverts, and flap gates.
- Height can be determined by existing FIRM data or known elevations available at county floodplain management offices. Engineers or surveyors may also assist in establishing height elevations.
- The projects will not require extensive engineering design or extensive cross sections.
- A dike permit is required if the interior volume of the dike consists of 50 acre-feet, or more.

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AUGUST 2018

SWC PROJECT PRIORITIZATION GUIDANCE

Projects submitted during the project planning inventory process[I] that meet SWC cost-share eligibility requirements will be considered for prioritization. In the interest of strategically investing in the state's highest water development priorities, the Water Commission will give funding preference to projects designated as higher priorities for the first 12 months of each budget cycle.

ESSENTIAL PROJECTS *(No Priority Ranking)*

Agency operational expenses.

An imminent water supply loss to an existing multi-user system, an immediate flood or dam related threat to human life or primary residences, or emergency response efforts.

Existing agency debt obligations.

SWC project mitigation.

HIGH PRIORITY PROJECTS

Federally authorized water supply or flood control projects with a federal funding appropriation.

Federally authorized water supply or flood control projects that do not have a federal appropriation.

Corrects a lack of water supply for a group of water users or connects a city to a regional/rural system.

Corrects a violation of a primary water quality condition in a water supply system.

Addresses severe or anticipated water supply shortages for domestic use in a service area or city with rapid population growth.

Protects primary residences or businesses from flooding in population centers or involves flood recovery property acquisitions.

MODERATE PRIORITY PROJECTS

Dam safety repairs and emergency action plans.

Expansion of an existing water supply system.

Levee system accreditations, water retention, or flood protection property acquisitions.

Irrigation system construction.

New rural flood control projects.

Bank stabilization.

LOW PRIORITY PROJECTS

Studies, reports, analyses, surveys, models, evaluations, mapping projects, or engineering designs.[II]

Improvement or extraordinary maintenance of a water supply system.

Improvement or extraordinary maintenance of rural flood control projects.

Recreation projects.

Individual rural and farmstead ring dike constructions.

Footnotes

I. All local sponsors are encouraged to submit project financial needs during the budgeting process. Projects not submitted as part of the project information collection effort may be held until action can be taken on those that were included during budgeting, unless determined to be an emergency that directly impacts human health and safety or that are a direct result of a natural disaster.

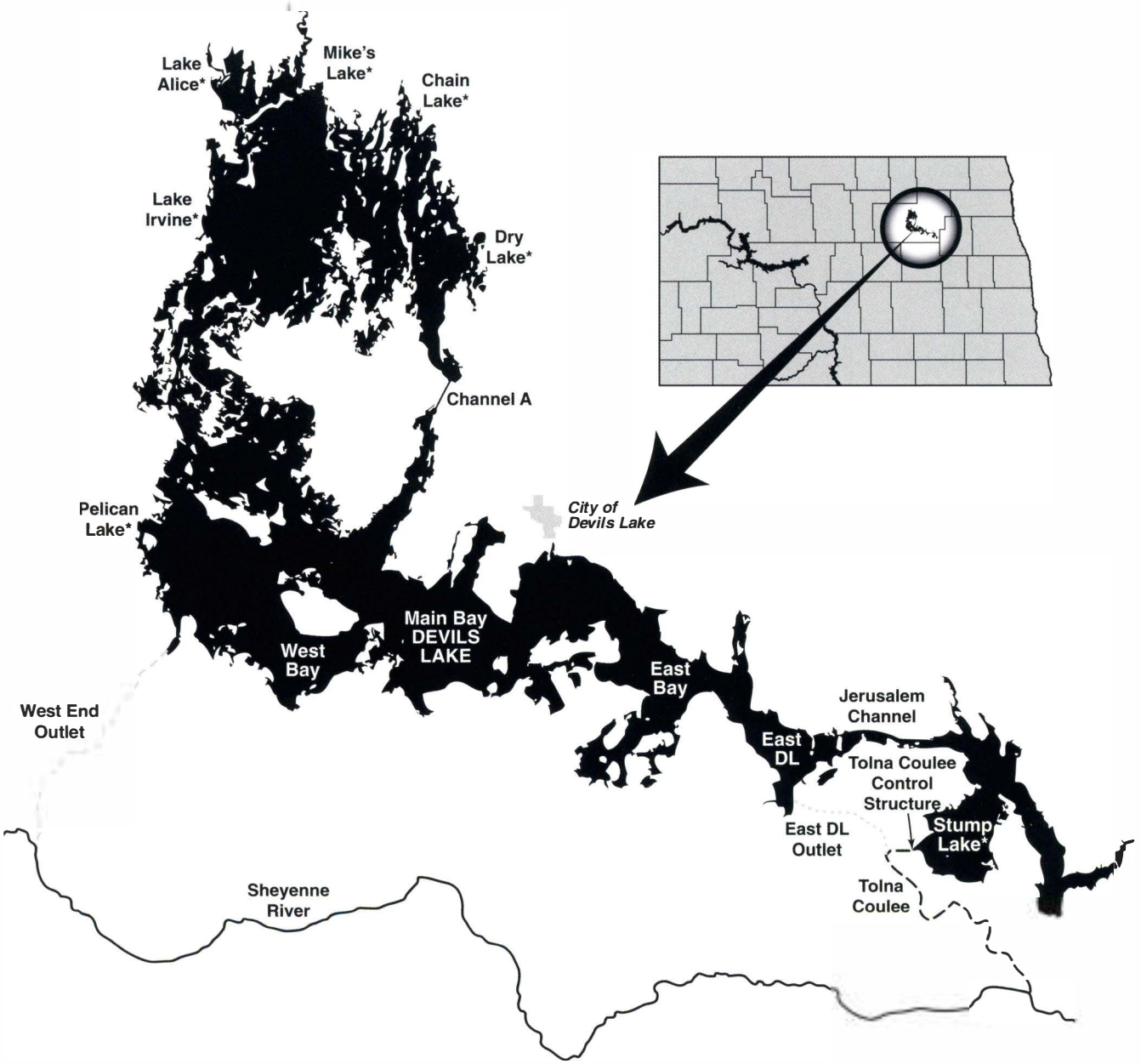
II. May be considered as a higher priority if the related project is of higher priority.

Disclaimer

This process is meant to provide guidance for prioritizing water projects during the budgeting process that may be eligible for cost-share assistance through the State Water Commission. Interpretation and deviations from the process are within the discretion of the state as authorized by the State Water Commission or Legislature.

MAP APPENDIX

DEVILS LAKE OUTLETS



*As the Lake has risen, a series of smaller lakes have been absorbed by Devils Lake.

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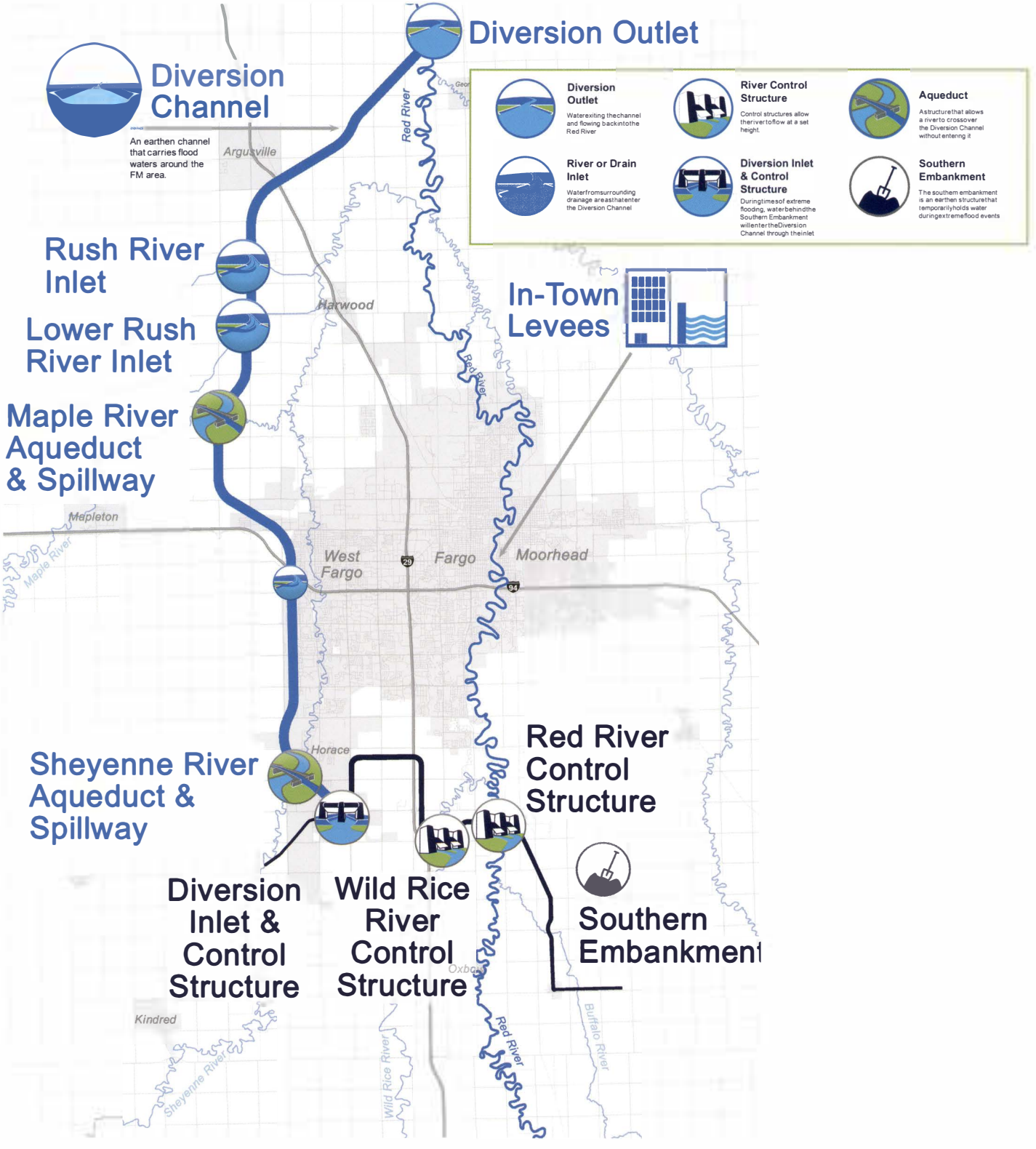
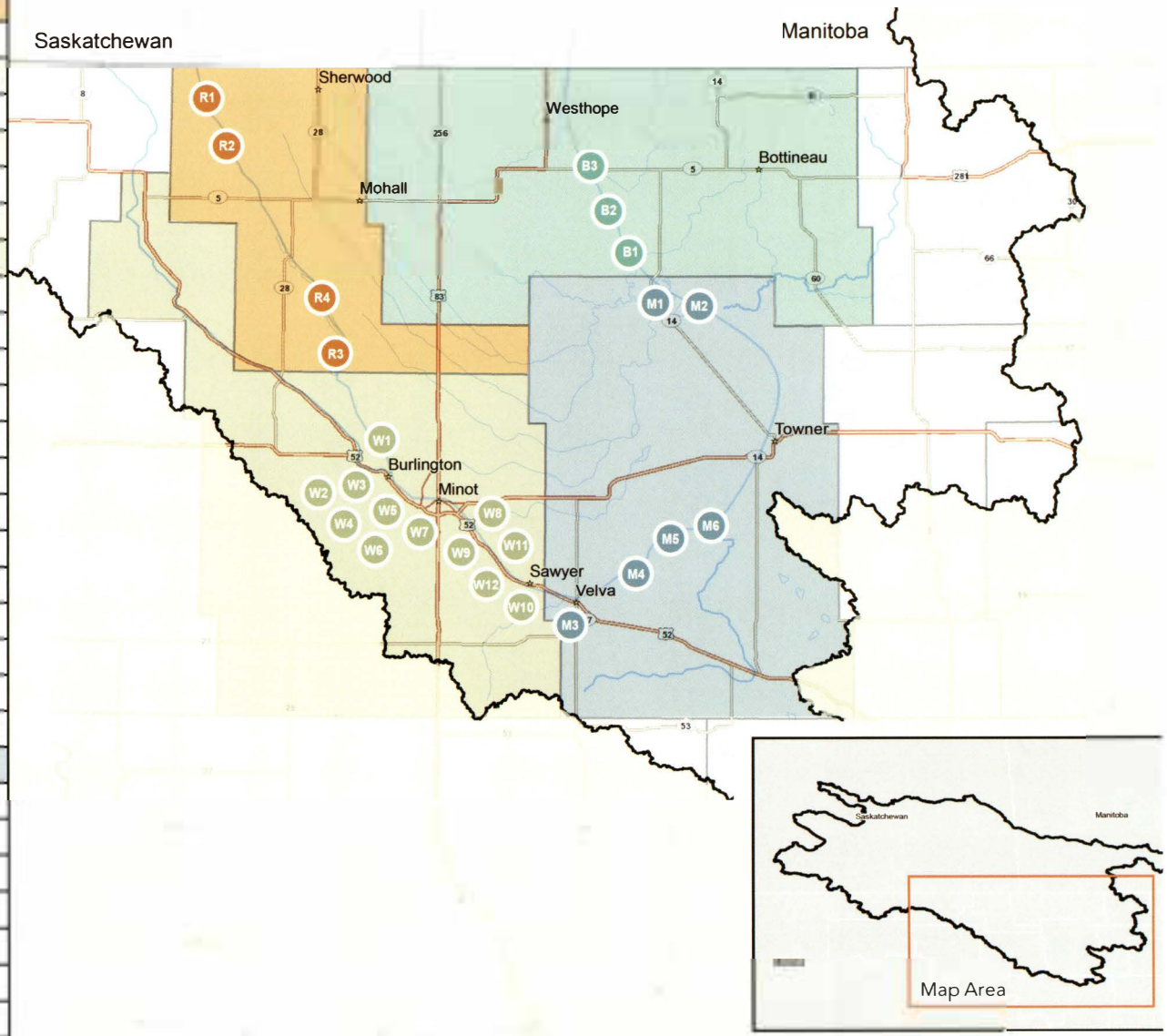
FARGO-WEST FARGO FLOOD PROTECTION



MOUSE RIVER ENHANCED FLOOD PROTECTION PROJECT

Renville County Projects (Thru 2039)	
Rural Structure Acquisition, Relocation or Ring Dike	$2 M
Mouse River Park Levee Improvements	$21 M
Lake Darling Dam Operational Modifications	$3 M
Rural Bridge / Road Modifications	$13 M
Remove Trapped Water	$1 M
Renville County Subtotal	$40 M
Ward County Projects (Thru 2039)	
Rural Structure Acquisition, Relocation or Ring Dike	$25 M
Burlington Levee System	$36 M
Robinwood / Brooks Addition Levee System	$59 M
Talbott's Levee System	$7 M
King's Court Levee System	$17 M
Tierracita Vallejo Levee System	$17 M
Minot Levee System	$564 M
Apple Grove Levee System	$25 M
Eastside Estates Levee System	$13 M
Sawyer Levee System	$28 M
Rural Bridge / Road Modifications	$40 M
Remove Trapped Water	$1 M
Ward County Subtotal	$832 M
McHenry County Projects (Thru 2039)	
J. Clark Salyer Structure Modifications	$21 M
Rural Structure Acquisition, Relocation or Ring Dike	$5 M
Velva Levee System	$21 M
Rural Channel Modifications	$15 M
Rural Bridge / Road Modifications	$21 M
Remove Trapped Water	$3 M
McHenry County Subtotal	$86 M
Bottineau County Projects (Thru 2039)	
J. Clark Salyer Structure Modifications	$32 M
Rural Channel Modifications	$17 M
Rural Bridge / Road Modifications	$21 M
Bottineau County Subtotal	$70 M



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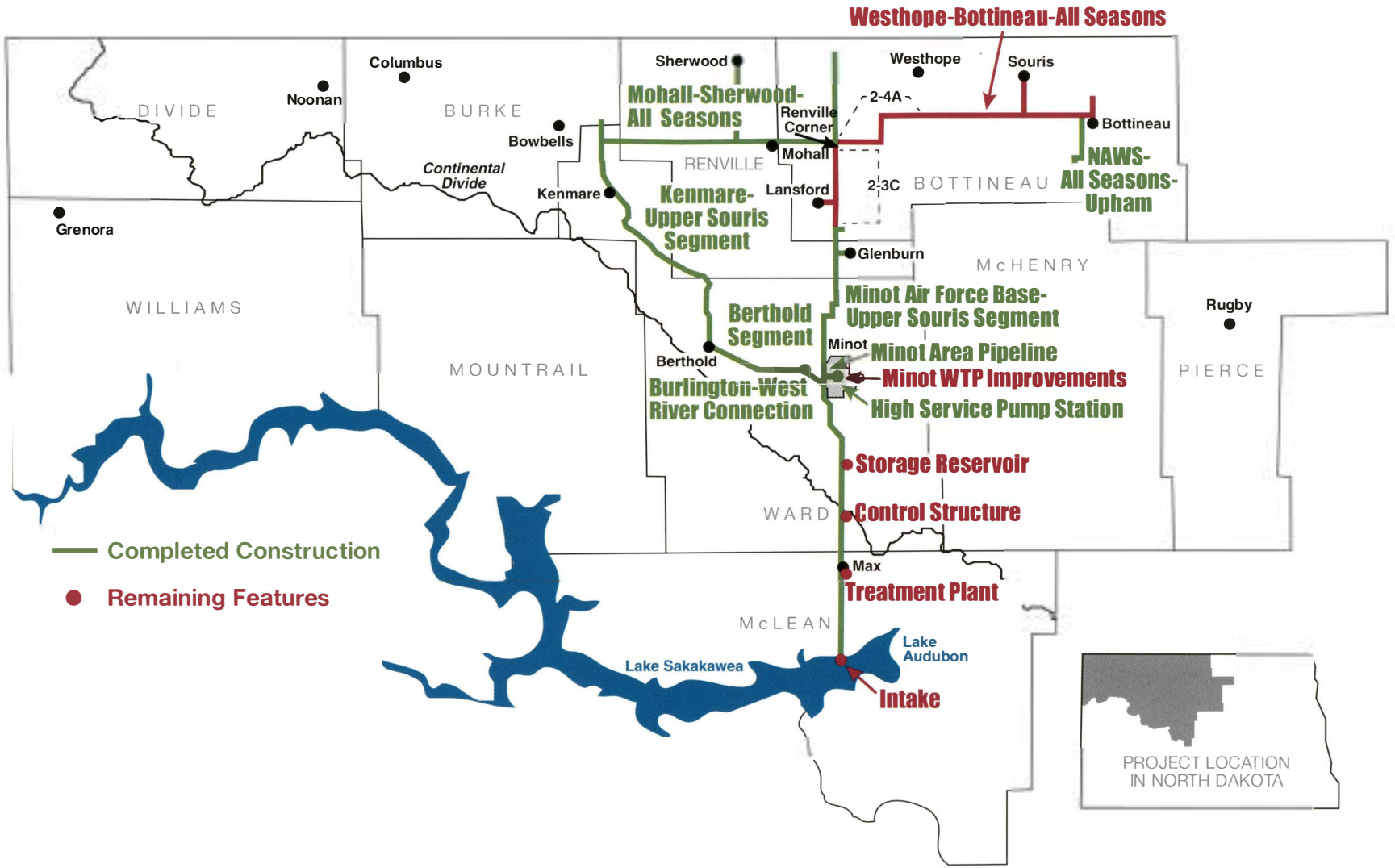
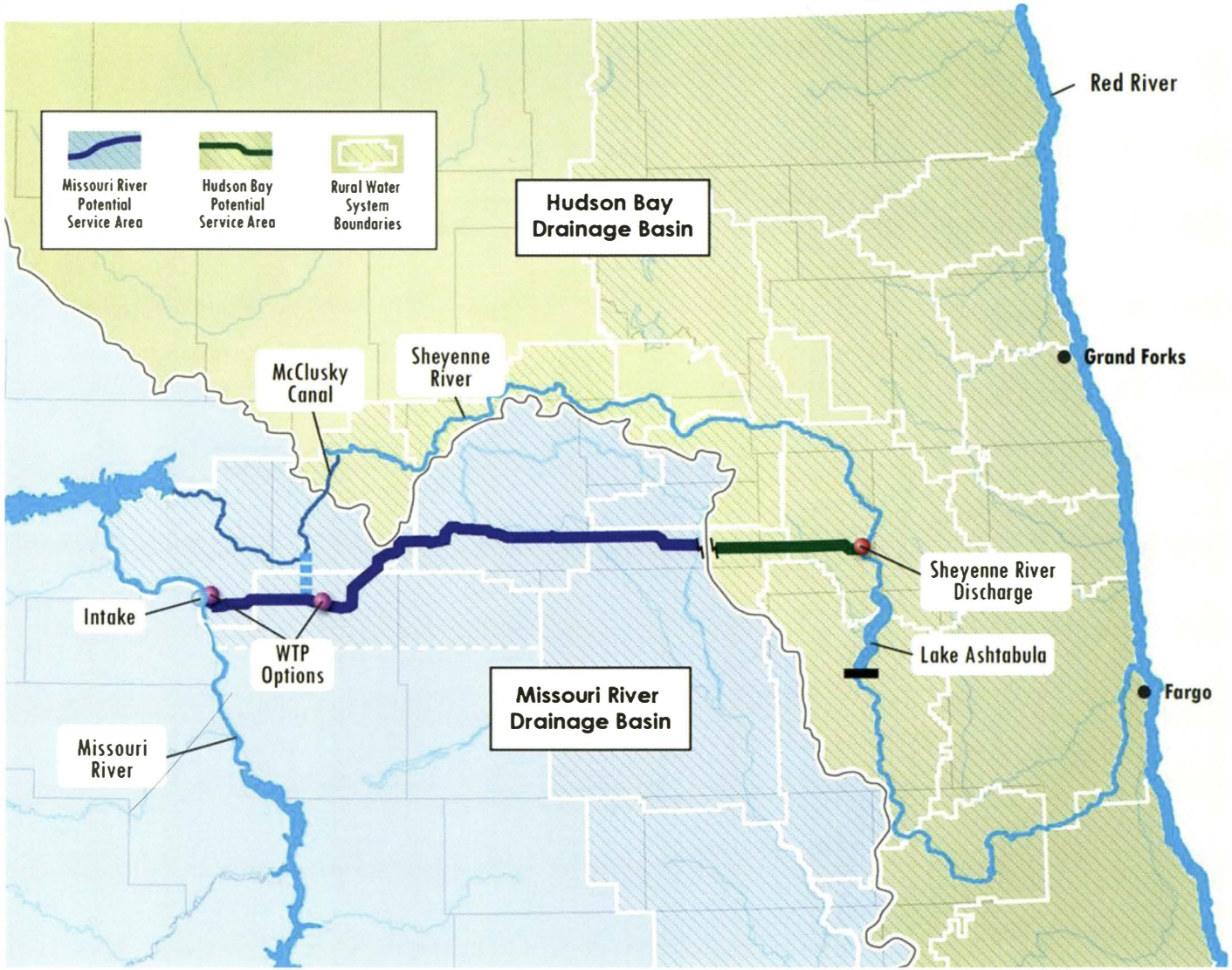
NORTHWEST AREA WATER SUPPLY



#2 SB 2020 1/16/19

RED RIVER VALLEY WATER SUPPLY



PROJECT MAP INCLUDES ONLY THE HIGHLIGHTED PORTION OF NORTH DAKOTA

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NORTH Dakota | State Water Commission

Be Legendary.

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#3 SB 2020
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North Dakota State Water Commission & Office Of The State Engineer Testimony

Senate Bill 2020

Senate Appropriations Committee

66th Legislative Assembly

January 10, 2019

By Garland Erbele, P.E.
North Dakota State Engineer & Chief Engineer-Secretary
to the North Dakota State Water Commission

SB2020 #3
1/10/19

North Dakota State Water Commission
& Office of The State Engineer Testimony
Senate Bill 2020
Senate Appropriations Committee
January 10, 2019

Good morning Chairman Holmberg, and members of the Senate Appropriations Committee, I am Garland Erbele, North Dakota's State Engineer and Chief Engineer-Secretary to the North Dakota State Water Commission.

It is my pleasure to appear before you today regarding Senate Bill 2020. My testimony will cover:

- An organizational overview of the Office of the State Engineer and State Water Commission;
- The agency's 2017-2019 appropriation and related spending;
- Budget changes compared to the 2017-2019 biennium appropriation levels, and 2019-2021 one-time funding needs;
- Anticipated federal funding changes for the 2019-2021 biennium;
- The agency's 2019-2021 project funding priorities; and
- Other agency specifics as requested.

ORGANIZATIONAL OVERVIEW

As illustrated by our organizational chart, the State Water Commission and Office of the State Engineer are comprised of 93 Full Time Employees (FTE). This is a reduction of 4 FTE from the previous biennium. As indicated in my introduction, I serve as both North Dakota's State Engineer, and as Chief Engineer-Secretary to the State Water Commission.

January 2019

North Dakota State Water Commission Organizational Chart

(Total Full Time Equivalents of 93 personnel.)

OFFICE OF THE GOVERNOR

STATE WATER COMMISSION
Governor - Chairman
7 appointed members
Agriculture Commissioner
NDCC 61-02

Chief Engineer and Secretary to Water Commission
Garland Erbele, P.E.

State Engineer
Garland Erbele, P.E.
NDCC 61-03

Assistant State Engineer
John Paczkowski, P.E., CFM

Administrative Staff Officer
Cheryl Fitzgerald

Information Technology
Chris Bader
FTE: 4

DIVISION	DIVISION	DIVISION	DIVISION	DIVISION	DIVISION
ADMINISTRATIVE SERVICES *David Laschkewitsch* FTE: 5	**ATMOSPHERIC RESOURCES** *Darin Langerud* FTE: 4	**PLANNING AND EDUCATION** *Patrick Fridgen* FTE: 8	**REGULATORY** *Aaron Carranza, P.E., CFM* FTE: 12	**WATER APPROPRIATION** *Jon Patch, P.E.* FTE: 28	**WATER DEVELOPMENT** *Craig Odenbach, P.E., CFM* FTE: 29
• General Support • Legal • Accounting • Human Resources	• Cloud Modification Program • Weather Research • Data Collection • License and Permits • Radar Operations	• State Water Plan • Water Education Program • Media Relations • Public Outreach and Information • Livestock Water Supply Program	• Construction Permits • Sovereign Lands • Dam Safety • Floodplain Management • Silver Jacket Program • Drainage Permits	• Water Rights • Water Permitting • Ground Water Management • Surface Water Management • Subsurface Exploration • Hydrologic Data • Water Resource Investigations	• Investigations and Surveying • Construction Operations • Cost-Share Program • MR&I Program • Southwest Pipeline • NAWS • Red River Office • Devils Lake Outlet Operations

SB 2020 #3
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The Assistant State Engineer, John Paczkowski, provides direction and support for all efforts under the regulatory authorities of the Office of the State Engineer, as well as water development functions through the State Water Commission. The Assistant State Engineer also represents North Dakota on the Congressionally authorized Missouri River Recovery Implementation Committee.

The Administrative Services Division, directed by Dave Laschkewitsch, provides agency operational support including accounting, human resources, records management, and legal support coordination for all agency projects and programs.

The Water Appropriations Division, directed by Jon Patch, is responsible for the processing of water permit applications, water rights evaluations, hydrologic data collection, water supply investigations, and economic development support activities.

The Atmospheric Resources Division, directed by Darin Langerud, is responsible for the administration of cloud seeding activities in the state, conducts atmospheric research, provides student intern training opportunities, and performs weather-related data collection and analyses.

The Water Development Division, directed by Craig Odenbach, is responsible for project engineering, construction, and maintenance; Municipal, Rural and Industrial water supply program, and State Water Supply Program administration; flood response and recovery; cost-share program administration; Southwest Pipeline and Northwest Area Water Supply projects management; and operation of the Devils Lake outlets.

The Information Technology (IT) Section, managed by Chris Bader, is responsible for providing the technology infrastructure required to support the scientific and regulatory functions for the agency; the office and back-office automation functions to address workflow and integration requirements; and the development and maintenance of the data management infrastructure used to support agency water resource management initiatives.

The Planning and Education Division, directed by Patrick Fridgen, develops and maintains the State Water Development Plan; the agency's Strategic Plan; provides technical assistance and collaboration on local, regional, and international natural resource planning initiatives; and manages the Drought Disaster Livestock Water Supply Assistance Program, public information and water education programs, media relations, environmental reviews, and open records requests.

And finally, the Regulatory Division, directed by Aaron Carranza, is responsible for the review and permitting of drain, dike, dam, and sovereign land applications; administration of North Dakota's Dam Safety Program; assisting communities with floodplain management through the National Flood Insurance Program; administration of FEMA's Map Modernization program; and sovereign land management, including ordinary high water mark delineations.

I would also like to bring to your attention that since the 2017 session, we have seven new Governor-appointed members on the State Water Commission – representing the state's major river basins. They are Katie Andersen (James River Basin), Michael Anderson (Lower Red River Basin), Richard Johnson (Devils Lake Basin), Dr. Leander "Russ"

McDonald (Lower Missouri River Basin), Mark Owan (Upper Missouri River Basin), Matthew Pedersen (Upper Red River Basin), and Jason Zimmerman (Mouse River Basin).

An excellent source of information regarding our agency and our major projects and programs is the newly developed 2019-2021 Water Commission and Office of the State Engineer Strategic Plan. A copy of that report was provided for your reference, and it is available for electronic download via our website at swc.nd.gov.

2017-2019 APPROPRIATION, SPENDING, AND OTHER EFFORTS

2017-2019 Appropriation and Related Spending

During the current 2017-2019 biennium, the State Water Commission reimbursed $251.1 million for water projects through November 2018. It is anticipated that an additional $61.4 million will be reimbursed through June 2019. We estimate that we will carry $350 million of the committed contract fund projects forward into the 2019-2021 biennium. The agency's 2017 appropriation included a $75 million line of credit, which could be considered one-time funding. We are again asking that a $75 million line of credit be included in our 2019-2021 biennium budget.

2017-2019 Purpose Funding Overview

The Water Commission's 2017 appropriation included water project funding for four purposes – including water supply, rural water supply, flood control, and general water management. The total appropriation included in House Bill 1020 for new project funding was $298.8 million, as outlined in the following table.

FUNDING PURPOSE	HB 1020
Water Supply	$120,125,000
Rural Water Supply	$27,000,000
Flood Control	$136,000,000
General Water Management	$15,750,000
FUNDING TOTAL	**$298,875,000**

Specific projects that have been funded by the Water Commission under each of the purpose funding categories, the total amount of funding approved, and existing balances as of December 2018 are attached as an addendum (Addendum I) to this testimony for your information.

SENATE BILL 2020 AND ESTIMATED 2019-2021 FUNDING

Senate Bill 2020 contains the budget recommendation for the State Water Commission for the 2019-2021 biennium. Our agency budget includes five line items, as outlined in the following table.

	BASE LEVEL	GOVERNOR'S RECOMMENDATION
Salaries & Wages	$19,659,298	$20,111,564
Operating Expenses	$58,044,691	$43,787,553
Capital Assets	$124,819,442	$113,213,758
Project Carryover	$274,867,897	$308,333,818
New Projects	$169,782,147	$350,751,493
TOTAL SPECIAL FUNDS	**$647,173,475**	**$836,198,186**
FULL-TIME EQUIVALENT POSITIONS	93.0	90.0

The Executive recommendation totals $836,198,186, an increase of $189,024,711 from the base level funding in SB 2020. Also note that agency FTE from the current biennium to the Executive recommendation have decreased by three. It is our understanding that the Governor's recommendation version of Senate Bill 2020 has been attached to the Legislative Council budget information sheets (Green Sheets) for your reference. That information is also attached to this testimony (Addendum II).

Available Funding

The Legislative Assembly removed all General Fund dollars from the Water Commission's budget in the 2013-2015 biennium. Since that time, Executive budget recommendations have followed suit, and have not included any General Fund dollars.

Federal funds totaling $39.1 million have been included in the Executive budget recommendation. This is an increase of $11.6 million from the

2017-2019 biennium. This increase is primarily due to an anticipated increase of federal funding available through the Municipal, Rural, and Industrial Water Supply Program.

The November 2018 revenue forecast projected the Resources Trust Fund revenues for the 2017-2019 biennium to total $374 million. When combined with the fund's beginning balance of $306.4 million, less the estimated expenditures of $348.8 million, the balance in the Resources Trust Fund at the beginning of the 2019-2021 biennium would be $331.6 million. All of those funds will be for projects carried forward from the 2017-2019 biennium, leaving no unobligated dollars.

Revenues from the oil extraction tax are highly dependent on world oil prices and production. Therefore, it is very difficult to predict future funding levels. With that in mind, the November 2018 forecast included $370 million for the 2019-2021 biennium from oil extraction. Additional revenue into the Resources Trust Fund will come from Southwest Pipeline Project reimbursements, State Water Commission water supply program loan repayments, interest, and oil royalties. These are estimated to total an additional $18.1 million.

The other large funding source for the Water Commission is the Water Development Trust Fund. The Water Development Trust Fund is projected to bring in $16.1 million in new revenue during the 2019-2021 biennium. When combined with an estimated beginning balance of $58.2 million, the Executive recommendation includes $72.8 million of spending authority from this fund and leaves a balance in the fund of $1.5 million. In total, the Executive budget recommendation included $403 million for new projects and $350 million for uncompleted projects from the previous

biennium. The $350 million includes $308.3 million from the project carryover line, and $41.7 million from the capital assets line.

In addition to the traditional revenue sources previously outlined, the State Water Commission is also requesting a line of credit in the amount of $75 million from the Bank of North Dakota. The line of credit would be used to fund development of the biota water treatment plant at Max as part of the Northwest Area Water Supply (NAWS) project. This element of NAWS is a federal responsibility. However, in consideration of potential delays in appropriation of sufficient funding from the federal government, we are proposing the state front the costs of constructing this project element – with reimbursement from the federal government in the future.

In terms of background to this issue, after more than a decade of legal proceedings filed by the Canadian Province of Manitoba and the State of Missouri against the US Bureau of Reclamation (Bureau) and State of North Dakota, NAWS received a favorable ruling in August 2017. The District of Columbia District Court ruled in favor of NAWS, allowing the State of North Dakota to move forward with construction of the project. Additionally, in June 2018, the Bureau and State of North Dakota reached a settlement with Manitoba, ending its appeal of the US District Court's August 2017 ruling. The settlement has resolved Manitoba's appeal, and summary judgement has been granted in favor of NAWS. With the project now cleared to proceed after decades of challenges, we believe an aggressive approach to moving this project forward as expeditiously as possible is warranted.

FUTURE WATER DEVELOPMENT AND PLANNING

2019-2021 Agency Funding Priorities

In developing water project funding priorities for the 2019-2021 biennium, the Water Commission and its staff members have worked closely with project sponsors from across the state to understand and identify their projects and associated financial needs.

In early 2018, the Water Commission contacted project sponsors and asked them to submit information about water projects they would like to move forward in the 2019-2021 and future biennia. The information included detailed information about the projects and their financial needs. About 300 projects were submitted to the agency, and each one was individually reviewed for potential eligibility and priority by State Water Commission members and staff. Ultimately, that inventory of projects was presented to the water community and general public at seven Commissioner-hosted basin meetings – held around the state.

The result of this process is a comprehensive inventory of water projects throughout North Dakota that could come forward for new or additional cost-share in future biennia. The projects are organized in the 2019 Water Development Plan by project type and priority, and we have indicated the major river basin in which the projects are located.

The priorities that I am about to cover are the result of those planning efforts, and include our recommended road map for water project development in the 2019-2021 biennium. More detailed information on each of the priorities is included in the 2019 Water Development Plan, beginning on page 90 for your reference.

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2019-2021 STATE WATER COMMISSION FUNDING PRIORITIES	
PROJECTS	$478M FUNDING SCENARIO
Devils Lake Outlet Operations	$8.0
Fargo-West Fargo Area Flood Control	$166.5
General Water Management	$10.0
Mouse River Flood Control	$70.0
Municipal Water Supply	$20.0
Northwest Area Water Supply	$75.0*
Other Flood Control & Conveyance	$6.0
Red River Valley Water Supply	$30.0
Rural Water Supply	$30.0
Sheyenne River Flood Control	$11.0
Southwest Pipeline Project	$16.5
Western Area Water Supply	$35.0
PROJECTS TOTAL	**$478.0**

*Represents a line of credit.

The above table outlines the Water Commission's funding priorities for the 2019-2021 biennium. This $478 million funding plan is based on current revenue projections, and assumes the agency will be granted authority for a $75 million line of credit from the Bank of North Dakota.

Long-Term Planning

On a final note related to the agency's funding priorities, I feel it's important to emphasize that many of our state's priority water projects are far too large to complete in one, or even several biennia. For that reason, we put additional effort into forecasting 10- and 20-year water development funding needs as part of the 2019 water development planning process. This effort involved a great deal of coordination with major project sponsors, as well as an extensive survey of municipal and rural water systems through a cooperative effort with the League of Cities and the North Dakota Rural Water Systems Association.

Along with the forecast of longer-term funding needs, we have also provided comparisons of those needs with various ranges of revenue streams to demonstrate potential long-term funding shortfalls or surpluses that may come to fruition. That information is available for your consideration beginning on page 76, with summary tables on pages 83 and 84 of the 2019 Water Development Plan.

OTHER AGENCY SPECIFICS

In other agency specifics, we were asked by the committee to provide additional information related to:

- Budget reductions to meet Executive guidelines,
- Agency optional adjustment requests compared to those included in the Executive recommendation, and
- An itemized listing of any changes the agency is asking for beyond the Executive recommendation.

Per your request, that information has been included separately as an addendum (Addendum III) to this testimony.

CONCLUSION

In closing, I would like to say that the State Water Commission members, and all of the agency's staff look forward to working with you over the course of the next few months. If you have questions, or need additional information, please feel free to contact us, and we will do our best to provide you with the information you've requested. Our contact information has been provided for your reference and convenience.

Mr. Chairman and members of the committee, this concludes my testimony. I will be happy to answer any questions that you or any members of the committee may have at this time.

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ADDENDUM I

(Rural Water Supply, Water Supply, Flood Control, and General Water Management Purpose Funding Summaries)

RURAL WATER SUPPLY PURPOSE FUNDING: 2017-2019 BIENNIUM		
	PURPOSE FUNDING TOTAL	$27,000,000
Obligated This Biennium	East Central Regional Water District - Grand Forks System	$4,150,000
	East Central Regional Water District - Traill System	$1,396,880
	East Central Regional Water District - Larimore Interconnect	$513,750
	East Central Regional Water District - Phase 3 Agassiz WUD	$232,795
	Northeast / East Central Regional Water District - Northeast Area Master Plan	$107,000
	Greater Ramsey Water District - Devils Lake Regionalization	$599,000
	North Prairie Rural Water District - Mountrail County	$6,516,000
	Southeast Water User District - System Wide Expansion	$2,749,000
	Stutsman Rural Water District - Phase 6 Pettibone	$2,100,000
	Walsh Rural Water District - System Improvements	$1,300,000
	North Prairie Rural Water District - Silver Spring Surrey	$133,380
	North Prairie Rural Water District - Reservoir 9	$1,114,620
	Cass Rural Water User District	$1,846,000
	McLean-Sheridan Rural Water District - Turtle Lake Tower	$2,378,450
	Tri-County Rural Water District - McVille Connection	$2,803,250
	TOTAL APPROVED	$27,940,125
	FUNDING TURNED BACK	$952,515
	REMAINING BALANCE (DECEMBER 2018)	**$12,390**

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WATER SUPPLY PURPOSE FUNDING: 2017-2019 BIENNIUM		
	PURPOSE FUNDING TOTAL	$120,125,000
Obligated This Biennium	Grand Forks - Water Treatment Plant	$30,000,000
	Lake Agassiz Water Authority - Red River Valley Water Supply	$17,000,000
	Lincoln - Water Supply Main	$1,130,000
	Mandan - Sunset Reservoir Transmission Line	$3,135,000
	Mercer - McLean-Sheridan Connection	$166,950
	Minot - Northwest Area Water Supply	$14,600,000
	New Town - Water Tower	$1,940,000
	State Water Commission - Southwest Pipeline Project	$13,500,000
	West Fargo - Brooks Harbor Water Tower	$1,950,000
	West Fargo - North Loop Connection	$510,000
	West Fargo - West Loop Connection	$1,110,000
	Western Area Water Supply - Phase 5	$20,000,000
	Williston - US Highway 2 Water Main	$434,400
	Williston - 9th Avenue E Water Main	$246,000
	Williston - 18th Street Water Main	$2,090,000
	Wing - Water Tower	$72,000
	TOTAL APPROVED	$107,884,350
	FUNDING TURNED BACK	$767,521
	REMAINING BALANCE (DECEMBER 2018)	**$13,008,171**

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FLOOD CONTROL PURPOSE FUNDING: 2017-2019 BIENNIUM		
	PURPOSE FUNDING TOTAL	$136,000,000
Obligated This Biennium	Mouse River Flood Control	$64,295,217
	Valley City Flood Control	$3,958,104
	Maple River WRD - Davenport Flood Risk Reduction	$35,000
	Pembina County WRD - Drain #81	$56,000
	Southeast Cass WRD - Raymond-Mapleton Township Imp. District #76	$3,043
	Bottineau County WRD - Baumann Legal Drain	$41,427
	Bottineau County WRD - Baumann Legal Drain	$391,742
	Traill County WRD - Norway Drain #38	$61,917
	Richland County WRD - Legal Drain #7	$274,541
	Mapleton Re-Certification	$213,670
	Michigan Spillway Flood Assessment	$42,053
	Cass County Joint WRD - Sheldon Subdivision Levee	$370,200
	Walsh County Drain 30-02	$328,042
	City Of Belfield - Flood Control Study	$27,000
	Lower Heart River WRD - Mandan Flood Control	$280,000
	TOTAL APPROVED	$70,377,956
	FUNDING TURNED BACK	$1,359,248
	REMAINING BALANCE (DECEMBER 2018)	**$66,981,292**

GENERAL WATER MANAGEMENT PURPOSE FUNDING: 2017-2019 BIENNIUM		
	PURPOSE FUNDING TOTAL	$15,750,000
Obligated This Biennium	Garrison Diversion Unit - Mile 42 Irrigation	$937,207
	Garrison Diversion - Mile Marker 0 & 0.4 Irrigation	$1,673,793
	Drought Disaster Livestock Water Supply	$1,775,000
	Barnes County WRD - Kathryn Dam	$754,875
	McLean County WRD - Painted Woods Lake	$284,768
	Valley City Water Treatment Plant	$586,350
	AEM - Survey Funding	$425,000
	Golden Valley County WRD - Odland Dam Rehab	$110,055
	Walsh County WRD - Matacjek Dam	$279,750
	USGS Cooperative Hydrologic Monitoring	$553,790
	USGS Stream Gage Joint Funding - FY 2019	$422,870
	Sargent County WRD - Brummond-Lubke Dam	$317,111
	Hettinger County WRD - Karey Dam Engineering	$67,916
	PMP Update	$600,000
	NPS Pollution - Department of Health	$200,000
	Red River Basin Commission	$200,000
	Assiniboine River Basin Commission	$100,000
	State Engineer Approvals	$804,686
	Wildlife Services - ND Department of Agriculture	$125,000
	Yellowstone Irrigation District	$692,500
	TOTAL APPROVED	$10,910,671
	FUNDING TURNED BACK	$569,360
	REMAINING BALANCE (DECEMBER 2018)	**$5,408,689**

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ADDENDUM II

(Governor's Recommendation Version of Senate Bill 2020)

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Sixty-sixth
Legislative Assembly
of North Dakota

SENATE BILL NO. 2020
(Governor's Recommendation)

Introduced by

Appropriations Committee

(At the request of the Governor)

A bill for an Act to provide an appropriation for defraying the expenses of the state water commission; to provide a contingent appropriation; to amend and reenact section 61-02-79 of the North Dakota Century Code, relating to a Bank of North Dakota line of credit; to provide for a transfer; and to provide an exemption.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. APPROPRIATION. The funds provided in this section, or so much of the funds as may be necessary, are appropriated from special funds derived from federal funds and other income, to the state water commission for the purpose of defraying the expenses of the state water commission, for the biennium beginning July 1, 2017, and ending June 30, 2019, as follows:

	Base level	Adjustments or Enhancements	Appropriation
Salaries and wages	$19,651,385	$460,179	$20,111,564
Operating expenses	47,608,165	(3,820,612)	43,787,553
Capital assets	112,219,442	994,316	113,213,758
Grants - local cost share	467,694,483	(116,942,990)	350,751,493
Grants- carryover	0	308,333,818	308,333,818
Total all funds	$647,173,475	$189,024,711	$836,198,186
Full-time equivalent positions	93.00	(3.00)	90.00

SECTION 2. ONE-TIME FUNDING – EFFECT ON BASE BUDGET – REPORT TO SIXTY-SIXTH LEGISLATIVE ASSEMBLY. The following amounts reflect the one-time funding items approved by the sixty-fourth legislative assembly for the 2015-17 biennium and the 2017-19 one-time funding items included in the grand total appropriation in section 1 of this Act:

One-Time Funding Description	2017-19	2019-21
Line of credit – Bank of North Dakota	75,000,000	0
Total all funds	$75,000,000	$0

SECTION 3. ADDITIONAL INCOME - APPROPRIATION. In addition to the amounts included in the estimated income line item in section 1 of this Act, any additional amounts in the resources trust fund and water development trust fund that become available are appropriated to the state water commission for the purpose of defraying the expenses of that agency, for the biennium beginning July 1, 2019, and ending June 30, 2021.

SECTION 4. GRANTS - WATER-RELATED PROJECTS - CARRYOVER AUTHORITY. Section 54-44.1-11 does not apply to funding for grants or water-related projects included in the capital assets, capital construction carryover, or grants line items in section 1 of this Act. However, this exclusion is only in effect for two years after June 30, 2021. Any unexpended funds appropriated from the resources trust fund after that period has expired must be transferred to the resources trust fund and any unexpended funds appropriated from the water development trust fund after that period has expired must be transferred to the water development trust fund.

SECTION 5. LINE ITEM TRANSFERS. The chief engineer/secretary of the state water commission may transfer between the salaries and wages, operating, capital assets, capital construction carryover, and grants line item in Section 1 of this Act when it is cost-effective for construction of water projects. The state water commission shall notify the office of management and budget of any transfers made pursuant to this section.

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SECTION 6. AMENDMENT. Section 61-02-79 of the North Dakota Century Code is amended and reenacted as follows:

61-02-79. Bank of North Dakota - Line of credit.

The Bank of North Dakota shall extend a line of credit not to exceed seventy-five million dollars at a rate of one and one-half percent over the three month London interbank offered rate, but may not exceed three percent to the state water commission. The state water commission shall repay the line of credit from funds available in the resources trust fund, water development trust fund, or other funds, as appropriated by the legislative assembly. The state water commission may access the line of credit, as necessary, to provide funding as authorized by the legislative assembly for water supply projects approved before June 30, ~~2019~~2021, and flood control projects that have approval for funding before June 30, ~~2019~~2021.

SECTION 7. CONTINGENT APPROPRIATION – BANK OF NORTH DAKOTA LINE OF CREDIT. The sum of $75,000,000, or so much of the sum as necessary, from a Bank of North Dakota line of credit included in section 6 of this Act, may be transferred to the state water commission for the purpose of funding water projects for the biennium beginning July 1, 2019, and ending June 30, 2021.

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ADDENDUM III

The Senate Appropriations Committee made a request for additional information beyond what is to be included in the agency's budget testimony. In response, we offer the following.

- **A listing of the proposed budget reductions identified by your department or institution to meet the Governor's 90 or 95 percent budget request guideline.**

  The Commission eliminated 4 positions for a reduction of $762,000. Our operating costs were reduced by $4.8 million and grants were reduced by $24.3 million.

- **A comparison of the optional adjustment requests made by your department or institution to those included in the Executive recommendation.**

  The Commission asked for and received one new position to assist with our risk mapping, assessment, and planning function. The position will be 100 percent federally funded and totals $174,000. We also requested an additional $170 million of grant authority. Due to revised revenue forecasts the Executive recommendation was only able to include $143.1 million of additional authority.

- **An itemized listing of any changes your department or institution is asking the committee to make to the Executive recommendation.**

  The Commission is asking that a $75 million line of credit, primarily for the Northwest Area water supply project, be added to our budget.

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STRATEGIC PLAN

STATE WATER COMMISSION & OFFICE OF THE STATE ENGINEER

2019
2021

NORTH Dakota
Be Legendary.

State Water Commission

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MAP APPENDIX

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A MESSAGE FROM THE STATE ENGINEER

We are pleased to present the North Dakota State Water Commission and Office of the State Engineer's 2019-2021 Strategic Plan. This new plan was completed with a refocused approach – including an agency-wide effort to re-evaluate our goals, and strategic initiatives.

Our strategic planning process began by asking ourselves if our existing goals and objectives were an accurate reflection of where the state and agency's priorities had evolved. After careful consideration, it was determined that a re-evaluation of goals was warranted. By going through this process, we are ensuring that we are achieving the standards expected by the people of North Dakota, and that we are contributing to an overall reinvention of government.

Within this document, you will find newly established goals and strategic initiatives, which together, provide a targeted approach to high-quality delivery of services. In addition, the agency's key projects and programs are outlined, along with defined tasks and actions that our divisions and management need to take to achieve desired outcomes.

In having this plan at our disposal, the agency will be better equipped to document the progress it is making in the management of North Dakota's water resources. To measure our progress, we will continue to voluntarily publish agency biennial reports, which outline our activities for each biennium – providing an accurate measure of goal achievement. By publishing this plan, I believe we are continuing the tradition of setting a high standard for ourselves that can be monitored by all interests in the water community.

Sincerely,

Garland Erbele, P.E.
State Engineer
Chief Engineer-Secretary

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2019-2021 STRATEGIC PLAN

WATER COMMISSION AND OFFICE OF THE STATE ENGINEER

The following agency Vision, Mission, Philosophy and Values, Goals, and Strategic Initiatives make up our Stategic Plan.

These elements collectively provide direction, and clearly articulate where the agency will prioritize its efforts during the 2019-2021, and future biennia.

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OUR VISION

Present and future generations of North Dakotans will enjoy an adequate supply of good quality water for people, agriculture, industry, and fish and wildlife; Missouri River water will be put to beneficial use through its distribution across the state to meet ever increasing water supply and quality needs; and successful management and development of North Dakota's water resources will ensure health, safety, and prosperity, and balance the needs of generations to come.

OUR MISSION

To improve the quality of life and strengthen the economy of North Dakota by managing the water resources of the state for the benefit of its people.

PHILOSOPHY & VALUES

In the delivery of services to the citizens of North Dakota, we, the employees of the State Water Commission and the Office of the State Engineer, value fairness, objectivity, accountability, responsiveness, and credibility. We pledge to use professional and scientific methods to maintain only the highest of standards in the delivery of services to our constituents.

GOALS & STRATEGIC INITIATIVES

GOAL 1

Promote development and investment in water resource projects.

STRATEGIC INITIATIVES

Biennially develop a comprehensive Water Development Plan which includes an inventory of prioritized water projects to facilitate investment in the state's highest water development priorities.

Implement the Economic Analysis and Life Cycle Cost Analysis processes to support the efficient allocation of state funds.

Administer the cost-share program to provide financial support to political subdivisions for locally led projects that protect public safety, enhance quality of life, and promote economic development.

Continue design, construction, and operation of the Southwest Pipeline and Northwest Area Water Supply projects.

Implement and manage the Drought Disaster Livestock Water Supply Assistance Program to mitigate drought-related impacts to the state's livestock industry.

GOAL 2

Utilize technology and education to increase our understanding for the improved management of the state's water resources.

STRATEGIC INITIATIVES

Continue research and deployment of advanced technologies such as Airborne Electromagnetic (AEM) surveys, Pushing REmote SENSors (PRESENS), and an unmanned aerial vehicle (UAV) for data collection efforts.

Utilize agency-hosted Light Detection and Ranging (LIDAR), aerial imagery, flood control structure database information, and the new approximate flood risk map to promote National Flood Insurance Program participation and best floodplain management practices, and develop a publically accessible web-based platform.

Use internet-based platforms to implement, grow, and improve the water education program through cooperative efforts with other agencies, universities, and the educational community.

Continue development and deployment of innovative IT infrastructure to address complex water resource management initiatives - while continuing support of existing IT development platforms.

GOAL 3

Continue our strong commitment to sustainable water management.

STRATEGIC INITIATIVES

Provide regulatory and permitting oversight to water construction features, i.e. flood control facilities, water retention structures, and assessed drains.

Maintain a strong water right permitting process that provides for the orderly development of water resources in the state.

Provide hydrologic and hydraulic technical support to agency functions and the public to enhance public safety, quality of life, and economic development.

Utilize state-of-the-art technologies to provide hail suppression and rainfall enhancement cloud seeding services to participating counties.

Increase the public's understanding and awareness of state sovereign lands and the management of regulated activities.

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OPERATIONAL OVERVIEW AND ACTION PLANS

While the State Water Commission and the Office of the State Engineer are separate state agencies with different directives, many of their responsibilities are entwined and overlap at several levels. For that reason, the activities of these two agencies have been merged into one operational overview.

Outlined in the following pages are the projects and programs that were the primary focus of our strategic planning process. It should be noted that this is by no means a comprehensive inventory of all efforts pursued by the State Water Commission and the Office of the State Engineer. Rather, it is simply a collection of those efforts that were deemed appropriate to include in our strategic planning process. Further, the projects and programs identified here have been separated by the divisions that are primarily responsible for their management. However, in several instances, many of our projects and programs require staff contributions from multiple divisions.

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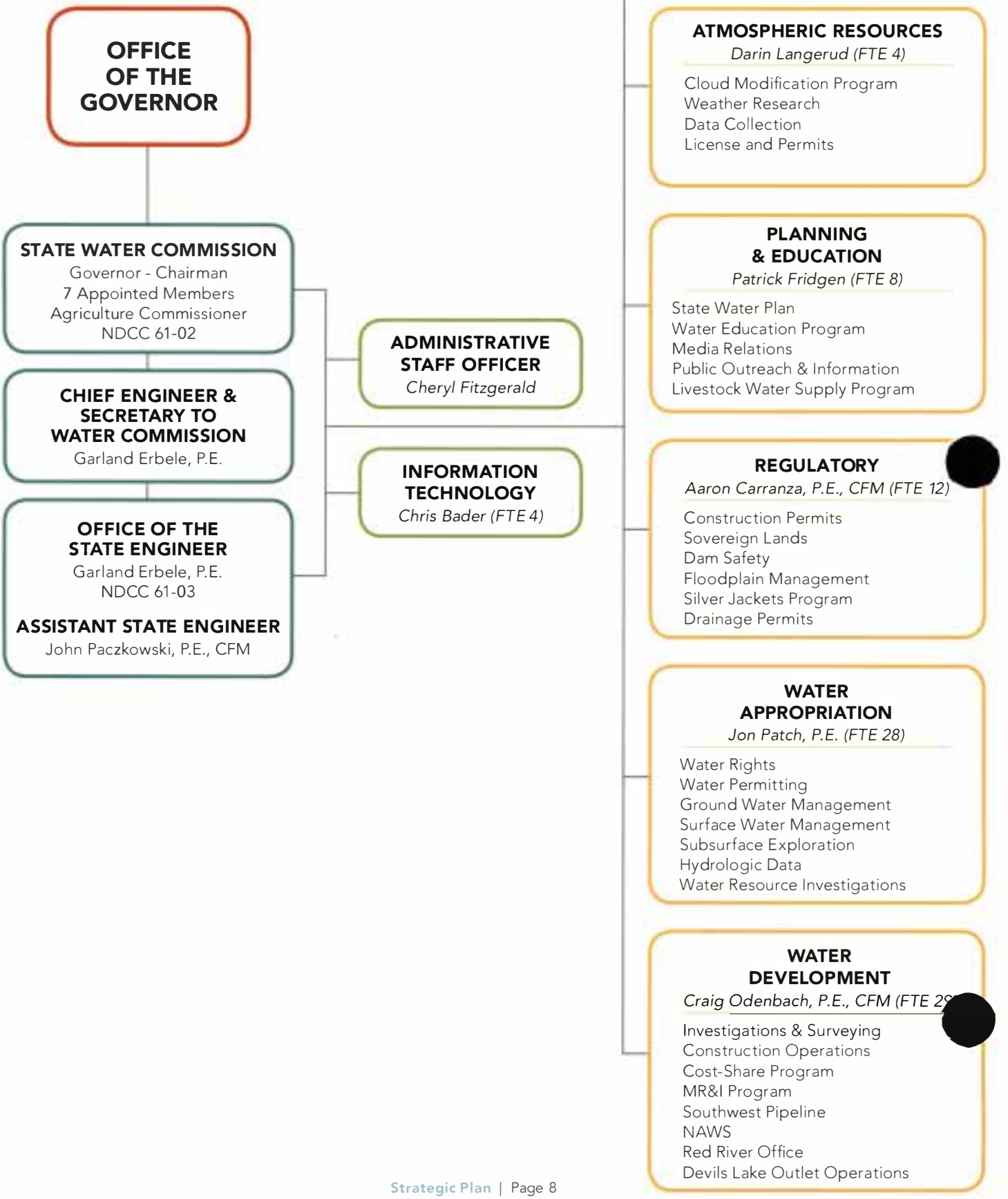
ORGANIZATIONAL CHART

TOTAL FULL TIME EQUIVALENTS OF 93 PERSONNEL



AGENCY DIVISIONS & KEY PROJECTS OR PROGRAMS

ADMINISTRATION - Dave Laschkewitsch, Director

- Administration & Support Services

ATMOSPHERIC RESOURCES - Darin Langerud, Director

- ARB Cooperative Observer Network
- Atmospheric Research Program
- North Dakota Cloud Modification Project

WATER APPROPRIATION - Jon Patch, Director

- Community Water Supply Studies
- Water Resource Data Information Dissemination
- Water Resource-Related Economic Development
- Water Resource Investigations & Monitoring
- Water Resource Research
- Water Rights Administration & Processing
- Water Use Appropriation & Permitting

WATER DEVELOPMENT - Craig Odenbach, Director

- Cost-Share Program
- Design & Construction
- Devils Lake Flood Control
- Investigations
- Municipal, Rural & Industrial Water Supply Program
- Northwest Area Water Supply
- Southwest Pipeline Project

PLANNING & EDUCATION - Patrick Fridgen, Director

- State Water Development Plan
- Water Education
- Watershed Planning & Coordination
- Drought Disaster Livestock Water Assistance Program

REGULATORY - Aaron Carranza, Director

- Dam Safety Program
- Engineering & Permitting
- Floodplain Management
- Silver Jackets Program
- Sovereign Land Management

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ADMINISTRATION & SUPPORT SERVICES

AGENCY GOALS SATISFIED

GOAL 1
Promote development and investment in water resource projects.

GOAL 2
Utilize technology and education to increase our understanding for the improved management of the state's water resources.

GOAL 3
Continue our strong commitment to sustainable water management.

PROJECT/PROGRAM OBJECTIVES

- Provide umbrella administrative and technology services that support the projects and programs of the agency.

PROJECT/PROGRAM OVERVIEW

The Administrative Services Division provides the overall direction of agency powers and duties as described in the state's water laws. The activities include both the State Engineer and State Water Commission's operations, as well as accounting, information technology (IT), human resources, records management, legal support, and support services for all agency projects and programs.

Budget and fiscal control work is accomplished within the provisions of statutory law and principles, or rules of that law. Agency accounting consists of keeping adequate financial records, preparation of financial statements and reports, project and program cost accounting, preparation of budgets, responding to audit requests and recommendations, and proper control of various funds appropriated by the Legislature.

Human Resources works as a business partner with and for each division in developing, implementing, and supporting workforce programs that seek to recruit, develop, and retain a qualified, diverse, and engaged workforce.

The division also works on contracts and agreements that are necessary to carry out investigations, planning, and cooperation with various other agencies in water resources management.

IT supports general agency business operations in areas related to workflow management and office automation. IT also supports and enhances agency data collection and management functions, and broader engineering and scientific functions.

ASSUMPTIONS AND OBSTACLES

Maintaining and improving existing agency programs and services will require continued funding for agency operations and project development.

ACTION PLAN

TASKS	TARGET DATES
Prepare and submit the agency's budget	Sept. 2020
Coordinate the timing of agency bonding	As Needed
Coordinate development of agency testimony for legislative appropriations hearings	Dec. 2020
Maintain accounting records, and provide information technology and records management services	Ongoing
Bill federal, state, and local entities for their share of project costs	Ongoing
Provide legal support, including research and contract development	Ongoing
Maintain an agency IT strategic plan, and coordinate agency IT efforts with external and statewide initiatives	Ongoing
Support, maintain, and evolve agency IT infrastructure	Ongoing

ARB COOPERATIVE OBSERVER NETWORK

AGENCY GOALS SATISFIED

GOAL 2

Utilize technology and education to increase our understanding for the improved management of the state's water resources.

GOAL 3

Continue our strong commitment to sustainable water management.

PROJECT/PROGRAM OBJECTIVES

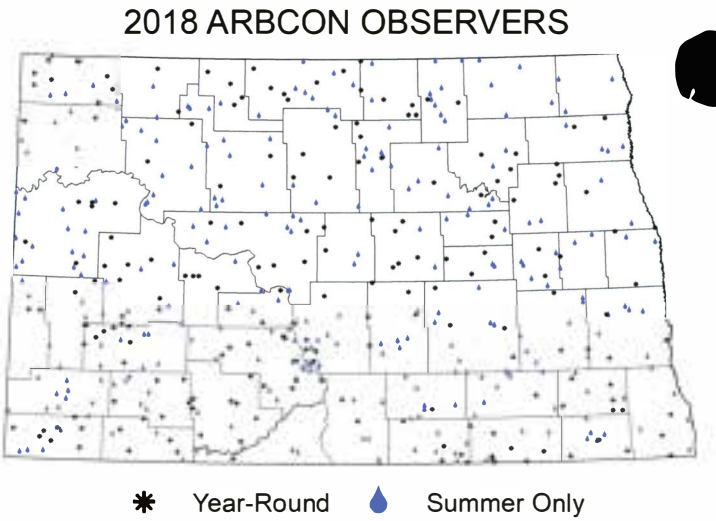
- Make high-resolution precipitation and hail data available to county, state, and federal agencies, private organizations, and the public.
- Provide the database online for download or review.
- Increase online reporting and produce value-added products that will be useful to a larger audience.
- Expand snowfall measurements in critical areas to assist with spring flood forecasting.

PROJECT/PROGRAM OVERVIEW

The Atmospheric Resource Board's Cooperative Observer Network (ARBCON) has collected growing season rainfall and hail data from volunteer observers statewide since 1977. Current participation ranges between 500 and 550 observers annually, making it one of the highest density precipitation observation networks in the United States. In all, more than five million daily precipitation observations, over 410,000 snowfall observations, and over 13,000 hail observations have been reported.

ASSUMPTIONS AND OBSTACLES

Continuation and expansion of existing statewide precipitation observations will require continued funding for agency operations and equipment.



ACTION PLAN

TASKS	TARGET DATES
Manage the program for daily observation of rainfall, hail, and snow, including data entry, quality control, and Geographic Information System (GIS) mapping	Ongoing
Produce growing season map products and manage volunteer renewal for following years	Fall, Annually
Recruit new volunteers	Ongoing
Mail reporting instructions, reporting cards, and rain gauges to volunteer observers	March, Annually
Expand the online reporting program	Ongoing, Annually
Expand snowfall measurements in critical areas	Winter, Annually
Develop a mobile application for data reporting and dissemination	Spring, 2019

ATMOSPHERIC RESEARCH PROGRAM

AGENCY GOALS SATISFIED

GOAL 2

Utilize technology and education to increase our understanding for the improved management of the state's water resources.

GOAL 3

Continue our strong commitment to sustainable water management.

PROJECT/PROGRAM OBJECTIVES

- Better quantify the physical processes of rainfall and hail formation.
- Improve operational application of cloud seeding technologies.
- Better quantify seeding effects through development and application of improved evaluation techniques.

PROJECT/PROGRAM OVERVIEW

North Dakota has a long history of research in weather modification. Since the mid-1980s, eight field research programs have been conducted in the state, most recently through focused campaigns in 2008, 2010, and 2012. Historically, the Bureau of Reclamation and the National Oceanic and Atmospheric Administration have provided program funding. Currently, program funding is being provided by the state.

ASSUMPTIONS AND OBSTACLES

Funding is the primary obstacle for the Atmospheric Research Program.

ACTION PLAN

TASKS	TARGET DATES
Develop methodologies using new technologies to evaluate and enhance North Dakota's operational cloud seeding program	Fall, 2019
Collaborate with other states and organizations/institutions doing similar research to improve and enhance North Dakota's program	Ongoing
Receive North Dakota State University economic study on the effects of cloud seeding on agricultural production	Spring, 2019
Receive North Dakota State University study on the effects of cloud seeding on summer rainfall	Summer, 2019

COMMUNITY WATER SUPPLY STUDIES

AGENCY GOALS SATISFIED

GOAL 1
Promote development and investment in water resource projects.

GOAL 2
Utilize technology and education to increase our understanding for the improved management of the state's water resources.

GOAL 3
Continue our strong commitment to sustainable water management.

PROJECT/PROGRAM OBJECTIVES

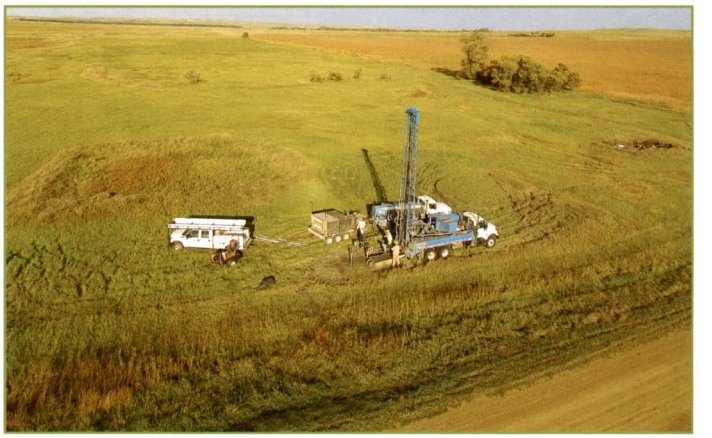
- Conduct water supply studies.

PROJECT/PROGRAM OVERVIEW

Rural water entities and municipalities in need of help with their water supply can access agency staff for interpretation of existing data. These are usually cooperative studies with partial funding from the entity. Cooperators can also apply for cost-share assistance from the State Water Commission for water supply studies. Rural water entities and municipalities use the reports of the water resource studies to help with their decisions regarding water supply concerns and options.

ASSUMPTIONS AND OBSTACLES

In recent biennia, as more communities have tied in to expanding regional water supply systems, the need for individual community water supply studies has declined with the focus shifting to concentrated pumping from the regional supply locations. Limited regional groundwater supplies where additional stress is applied requires investigation, data collection, and increased management to ensure sound scientific decisions are being made on appropriations to protect prior water rights and the public interest.



ACTION PLAN

TASKS	TARGET DATES
Provide interpretation of existing water resource data	Ongoing
Conduct studies of potential water resources	As Requested
Publish reports on water resource studies	As Needed
Provide guidance and/or recommendations with regard to water supply concerns	Ongoing
Process appropriate paperwork to establish or maintain water rights	Ongoing

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COST-SHARE PROGRAM

AGENCY GOALS SATISFIED

GOAL 1
Promote development and investment in water resource projects.

GOAL 2
Utilize technology and education to increase our understanding for the improved management of the state's water resources.

GOAL 3
Continue our strong commitment to sustainable water management.

PROJECT/PROGRAM OBJECTIVES

- To financially assist federal and state agencies and political subdivisions with eligible projects categorized as rural flood control, water supply, flood control, flood protection, flood acquisitions, dam safety, recreation, studies, irrigation, bank stabilization, dam removal/breach, FEMA levee accreditation, water retention, engineering, and technical assistance.

PROJECT/PROGRAM OVERVIEW

Beginning in 1943, the North Dakota Legislative Assembly appropriated funds to the State Water Commission for cost-share assistance on existing drain channels. Since then, the State Water Commission Cost-Share Program has significantly evolved, and has now developed into a program that adequately meets the goals of the State Water Commission, and the needs of our constituents.

The State Water Commission Cost-Share Program identifies types of projects that are eligible for cost-share assistance per the agency policy. Currently, as determined by that policy, the State Water Commission cost-shares on several types of projects, and has existing agreements to fund: flood control, irrigation, drainage and diversion channels, ring dikes, flood acquisitions, water supply projects, engineering and other studies, miscellaneous education and research projects, emergency action plans, imagery acquisition, dam safety reconstructions, recreation-based lake facilities, dikes, levees, non-point source pollution, central irrigation system supply lines, rip-rap bank stabilizations, dam removals, and technical assistance projects.

Upon determining a proposed project's eligibility and approval of funding, an agreement/contract is entered into with the project's sponsor describing the scope of work, how funds will be disbursed, insurance and indemnification requirements, and other terms as applicable. Request for payments are processed per the terms of the agreement. At the discretion of the State Water Commission, projects are reviewed and/or inspected upon final payment.

ASSUMPTIONS AND OBSTACLES

The amount of funds available for the Cost-Share Program is dependent on state appropriations and agency budgeting from the contract fund.

ACTION PLAN

TASKS	TARGET DATES
Review approximately 160 cost-share inquiries and/or applications for cost-share eligibility and assistance	Ongoing
Present eligible project proposals for approval and authorization by the Water Commission based on available funding in each funding purpose category	Ongoing
Develop agreements/contracts for approved and authorized projects	Ongoing
Process requests for payment, monitor agreement/contract compliance, and review or inspect work	Ongoing

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DAM SAFETY PROGRAM

AGENCY GOALS SATISFIED

GOAL 2

Utilize technology and education to increase our understanding for the improved management of the state's water resources.

GOAL 3

Continue our strong commitment to sustainable water management.

PROJECT/PROGRAM OBJECTIVES

- Conduct dam inspections in order to identify dams in need of maintenance or repair.
- Report inspection findings and make recommendations to dam owners.
- Maintain and update an inventory of all dams in North Dakota.
- Encourage the development of Emergency Action Plans (EAPs) for high and medium hazard dams, including the development of inundation maps for high hazard dams.
- Increase awareness of dam safety issues among dam owners and the public.

PROJECT/PROGRAM OVERVIEW

The purpose of North Dakota's Dam Safety Program is to minimize the risk to life and property associated with the potential failure of dams in the state. A national dam inspection program took place in 1978-1981 under the direction of the U.S. Army Corps of Engineers, following a series of dam failures across the country in the 1970s. The North Dakota Dam Safety Program, overseen by the Office of the State Engineer, was initiated to continue and build on that inspection program. There are currently about 3,180 dams in North Dakota's dam inventory. Of these, 48 dams are currently classified as high hazard and 82 are currently classified as medium hazard, meaning that there is the potential for loss of life or significant property damage downstream if one of those dams were to fail.

ASSUMPTIONS AND OBSTACLES

Federal grants through the Federal Emergency Management Agency and the National Dam Safety Program provide annual funding for training, equipment, and special projects. The availability and timing of these grants is uncertain from year to year. In addition, there is a very limited timeframe in which to complete projects under these grants.

ACTION PLAN

TASKS	TARGET DATES
Conduct periodic inspections of non-federally owned high hazard and medium hazard dams on a rotational basis, approximately 20 per year	Annually
Conduct additional dam inspections following spring runoff, as needed during flood events, in response to concerns, or on request	Annually
Report inspection findings and make recommendations to dam owners	Ongoing
Maintain and update North Dakota's dam inventory	Ongoing
Submit data to the National Inventory of Dams (NID)	As Requested
Track the status of EAPs for high and medium hazard dams; review and approve EAPs as they are submitted	Ongoing
Review and update the hazard classification of dams in North Dakota	Ongoing
Update the North Dakota Dam Design Handbook	December 31, 2021
Develop a dam maintenance manual for North Dakota	December 31, 2021
Emergency response	As Needed

DESIGN & CONSTRUCTION

AGENCY GOALS SATISFIED

GOAL 1

Promote development and investment in water resource projects.

GOAL 2

Utilize technology and education to increase our understanding for the improved management of the state's water resources.

GOAL 3

Continue our strong commitment to sustainable water management.

PROJECT/PROGRAM OBJECTIVES

- Maintain water resource facilities within the state to ensure public safety, and enhance quality of life, by meeting multiple uses such as flood control, water supply, and recreation opportunities.

Work with the United States Geological Survey (USGS) to maintain the network of stream gauges throughout the state, thereby ensuring reliable data necessary for managing North Dakota's water resources.

PROJECT/PROGRAM OVERVIEW

The Design and Construction Section are involved with assisting dam owners throughout the state in designing repairs and modifications to existing water facilities. The section works with the North Dakota Game and Fish Department (NDGF) to maintain outlet structures and install low-level drawdowns used by NDGF to manage fisheries. The section is also involved in directing emergency actions during major dam incidents.

ASSUMPTIONS AND OBSTACLES

Weather is the primary obstacle for timely completion of annual construction and repair efforts.

ACTION PLAN

TASKS	TARGET DATES
Assist dam owners with design and repairs of existing water facilities	Ongoing
Repair and maintain North Dakota's stream gauge network through cooperative efforts with the USGS	Summer, Annually
Conduct general construction projects	Summer, Annually
Assist the Dam Safety Program with spring inspections of dams	Annually
Emergency Response	As Needed

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DEVILS LAKE FLOOD CONTROL

AGENCY GOALS SATISFIED

GOAL 3

Continue our strong commitment to sustainable water management.

PROJECT/PROGRAM OBJECTIVES

- Reduce the risk of flooding in the Devils Lake basin.

PROJECT/PROGRAM OVERVIEW

2018 marked the 26th year of the historic flooding of Devils Lake. Beginning in 1993, a distinct pattern of increased precipitation over the closed Devils Lake basin resulted in a lake rise of over 31 feet, which inundated over 165,000 acres at the peak of the flood in 2011. That year, the lake rose to a modern day peak elevation of 1454.3 feet, which is less than four feet from the natural overflow elevation of 1458 feet.

In an effort to alleviate the flooding, the State Water Commission completed a 100 cubic feet per second (cfs) emergency outlet from West Devils Lake to the Sheyenne River in 2005. In the spring of 2010, the state increased the West Outlet capacity to 250 cfs, and in 2012, an East Devils Lake outlet with a 350 cfs pumping capacity was completed. The combined capacity of the two outlets is 600 cfs, and together they are capable of removing approximately one foot of water during a full capacity discharge season. As of October 2018, the total volume of water discharged by the outlets was 1.1 million acre-feet.

In addition to the outlet infrastructure, the Tolna Coulee Control Structure was constructed by the U.S. Army Corps of Engineers in 2012. The structure is owned and operated by the State Water Commission, and is designed to prevent a potentially catastrophic overflow if the lake rises to the natural overflow elevation. Discharge through the structure is controlled by stop logs which are kept approximately one foot below the lake elevation.

In the years since 2011, outlet discharges and lower inflow volumes have resulted in a gradual decline of the lake level and the lake is expected to fall to 1448 feet by the end of 2018. The West and East outlets are designed to operate to minimum elevations of 1445 and 1446 feet respectively and their operation is managed by the Governor and State Water Commision with input from the 17 member Devils Lake Outlet Management Advisory Committee (DLOMAC).

During a meeting of the DLOMAC in April 2018, the committee supported the continued maximum outlet discharge within the established limitations on Sheyenne River water quality and quantity. They also agreed to re-evaluate the outlet operating parameters once a lake level of 1448 feet was reached. The committee will meet again in 2019 and will likely develop a recommendation for how to manage the outlets between a lake elevation of 1448 feet and their minimum intake elevations.

For a map of the state's emergency Devils Lake outlet projects, see the Map Appendix.

ACTION PLAN

TASKS	TARGET DATES
Maintain and operate the Devils Lake emergency outlets	Ongoing
Maintain and operate the Tolna Coulee Control Structure	Ongoing
Develop discharge monitoring reports for outlet operation	As needed
Implement the Outlet Mitigation Plan and respond to damage claims	Ongoing

DROUGHT DISASTER LIVESTOCK WATER ASSISTANCE PROGRAM

AGENCY GOALS SATISFIED

GOAL 1

Promote development and investment in water resource projects.

GOAL 3

Continue our strong commitment to sustainable water management.

PROJECT/PROGRAM OBJECTIVES

- The Drought Disaster Livestock Water Supply Assistance Program was established by the North Dakota Legislature in 1991 and provides cost-share assistance to livestock producers with water supply shortages caused by drought.

PROJECT/PROGRAM OVERVIEW

NDAC, Section 89-11 provides the State Water Commission the ability to provide cost-share assistance to livestock producers with water supply shortages caused by drought.

Eligible livestock producers in drought proclamation counties may qualify for 50% cost-share assistance, for up to three projects involving the following items:

- New water wells;
- New rural water system connections;
- New pipeline extensions, pasture taps, and associated works; and
- Labor, materials, and equipment rentals for work completed to develop new water supply projects.

ASSUMPTIONS AND OBSTACLES

This program is unique in that it is not administered all of the time. It is only activated when the Governor declares a drought disaster, and the State Water Commission, including the Governor as Chair, activates the program.

ACTION PLAN

TASKS	TARGET DATES
Provide public outreach and education related to program activation and requirements	Ongoing
Process new cost-share applications	Ongoing
Process payments for completed projects	Ongoing
Conduct inspections for compliance of completed projects	Ongoing

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ENGINEERING & PERMITTING

AGENCY GOALS SATISFIED

GOAL 2

Utilize technology and education to increase our understanding for the improved management of the state's water resources.

GOAL 3

Continue our strong commitment to sustainable water management.

PROJECT/PROGRAM OBJECTIVES

- Regulate the safe construction, modification, and design of dams, dikes, and other water resource facilities.
- Review engineering designs for compliance with the current state of civil engineering practice.
- Facilitate water resources management regulations through the consruction and drainage permitting processes.
- Serve as the administrative remedy for Water Resource District (WRD) decisions on drainage, dam, and dike complaints.
- Educate, as well as communicate and cooperate with the general public including permit applicants, political subdivisions, and other state and federal agencies regarding construction and drainage permitting processes.
- Provide technical assistance and determinations to local water resource managers, engineers, attorneys, and members of the public.

PROJECT/PROGRAM OVERVIEW

As authorized by NDCC 61-03 and 61-16.1, the State Engineer has been responsible for regulating the construction of dams, dikes, and other water resource facilities since approximately 1935. Since 1957, NDCC 61-32 has authorized the State Engineer to regulate drainage. The State Engineer coordinates these activities with county and regional WRDs across the state.

In addition to these permitting processes, the Engineering and Permitting Program provides technical assistance to WRDs and members of the public, through stream crossing determinations in accordance with NDCC 24-03-08; Watercourse determinations in accordance with NDCC 61-01-06; and processing public appeals of WRD decisions. The Engineering and Permitting Program also serves as a source of information to the public, handles easement releases for abandoned dams, participates in training workshops, represents the State Engineer on various interagency committees, and provides agency review of Public Service Commission permitting activities and U.S. Army Corps of Engineers' Section 404 permits.

ASSUMPTIONS AND OBSTACLES

Regulation of water resource control structures and water management requires a diligent, trained, and experienced engineering staff knowledgable of the constantly changing state of engineering practices and technologies utilized to implement engineering design and construction activites.

ACTION PLAN

TASKS	TARGET DATES
Process all construction and drainage permit applications in a timely manner	Annually
Provide technical assistance to WRDs as requested	Ongoing
Address all incoming WRD decision appeals in a timely manner	Annually
Digitally map all permitted assessment drains and dams that are currently in the agency's database	Annually
Provide all stream crossing and watercourse determinations in a timely manner	Annually
Review all incoming Public Service Commission permitting activities and U.S. Army Corps of Engineers' Section 404 permits	Annually

FLOODPLAIN MANAGEMENT

AGENCY GOALS SATISFIED

GOAL 2

Utilize technology and education to increase our understanding for the improved management of the state's water resources.

GOAL 3

Continue our strong commitment to sustainable water management.

PROJECT/PROGRAM OBJECTIVES

- Fulfill the responsibilities of the Federal Emergency Management Agency's (FEMA) Community Assistance Program - State Support Services Element (CAP-SSSE) and Risk Mapping and Assessment Planning (MAP) program.
- Guide development of the floodplains of the state, in accordance with legislative direction.
- Reduce flood damages through sound floodplain management.
- Ensure, as far as practicable, that channels and floodways are kept free and clear of interference or obstructions.
- Provide state coordination and assistance to communities with floodplain management activities.
- Encourage communities to adopt, administer, and enforce sound floodplain management ordinances.
- Coordinate federal, state, and local floodplain management activities in the state.

PROJECT/PROGRAM OVERVIEW

Through the FEMA CAP-SSSE and Risk MAP programs, the state is able to accomplish these program objectives as outlined in the North Dakota Floodplain Management Act of 1981, which adopted the National Flood Insurance Program (NFIP) by reference in NDCC 61-16.2. This chapter was amended in 1999 and again in 2003 by the North Dakota Legislature, which broadened and refined the duties of the State Engineer.

The federal CAP-SSSE is designed to provide technical assistance to communities participating in the NFIP and to evaluate their performance in implementing NFIP management activities. In exchange for enforcing the floodplain development regulations, federal flood insurance is available for property located within participating communities. Flood Insurance Rate Maps (FIRMs) are key resources to regulating floodplains. These documents are created and updated through the Risk MAP program. FEMA provides partnership funding to states for their role in the CAP-SSSE and Risk MAP programs.

ASSUMPTIONS AND OBSTACLES

Successful management of the state's floodplain and flood prone areas will continue to require active participation and enrollment of cities, counties, townships, and tribes in the NFIP.

ACTION PLAN

TASKS	TARGET DATES
Monitor community floodplain management compliance by assessing a minimum of 20 participating communities on a rotational basis	September 30, Annually
Provide technical assistance regarding the NFIP, 100% of the time it's requested	As Needed/Ongoing
Process 100% of the requests for a State Engineer's floodway review	As Needed/Ongoing
Coordinate floodplain management training workshops and participate in related training opportunities	September 30, annually
Manage the selection and study process of community candidates for initial and revised flood hazard identification relative to the NFIP	Ongoing

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INVESTIGATIONS

AGENCY GOALS SATISFIED

GOAL 2

Utilize technology and education to increase our understanding for the improved management of the state's water resources.

GOAL 3

Continue our strong commitment to sustainable water management.

PROJECT/PROGRAM OBJECTIVES

- Conduct preliminary engineering, hydrologic, and hydraulic studies for public entities.
- Provide technical support to the agency through engineering, surveying, and GIS services.

PROJECT/PROGRAM OVERVIEW

The Investigations Section is responsible for the preliminary engineering of surface water projects throughout the state. These projects are feasibility level assessments related to flood control, irrigation, dam safety, draingage and other water-related issues. These efforts generally include collecting both topographic and water surface elevation data throughout the state, GIS analysis, and the development of hydrologic and hydraulic models. The Water Commission may enter into formal agreements with public entities, such as a state agency, county, or municipality, for an investigation.

The Investigations Section creates and reviews hydrologic and hydraulic models as needed to support agency functions. Technical assistance also includes reviewing reports and studies, creating tools for GIS analysis, maintaining a lake gage monitoring network of several closed basin lakes in the state, and providing emergency response for flooding and dam safety issues.

The survey crew collects survey data statewide for a variety of purposes, maintains a survey database, collects snow samples, and assists in archiving historic notes, plats, surveys, and photos. Technical assistance is also provided for special issues such as Mouse (Souris) River international activities, including the Souris River Plan of Study, the proposed statewide Probable Maximum Precipitation (PMP) study, various U.S. Army Corps of Engineers Section 22 studies, Silver Jackets projects, and Missouri River activities, including participating on the Missouri River Recovery Implementation Committee.

ASSUMPTIONS AND OBSTACLES

The purpose of the section is quite broad, which presents challenges and opportunities. Keeping up with technology and evolving with the needs of the agency is a constant challenge.

ACTION PLAN

TASKS	TARGET DATES
Provide technical review of water management issues	As Needed
Continue to represent the State of North Dakota as part of the Missouri River Recovery Implementation Committee (MRRIC)	Ongoing
Manage government survey information	Ongoing
Conduct water resource investigations	As Needed
Provide technical support in response to flooding and other disasters	As Needed
Provide technical support to various agency sections and divisions	As Needed
Develop GIS tools utilizing open source programs	Ongoing

MUNICIPAL, RURAL, & INDUSTRIAL WATER SUPPLY PROGRAM

AGENCY GOALS SATISFIED

GOAL 1

Promote development and investment in water resource projects.

PROJECT/PROGRAM OBJECTIVES

- Coordinate alternative funding solutions for water supply and water treatment projects to help water users in cities and rural water areas obtain an adequate supply of quality water for municipal, rural, and industrial purposes.
- Provide planning and technical assistance to water supply systems to promote wise use of water resources throughout the state.

PROJECT/PROGRAM OVERVIEW

The Municipal, Rural, and Industrial (MR&I) water supply program is one source of federal funding used for public water systems. North Dakota's MR&I program was originally established by the 1986 Garrison Diversion Reformulation Act. At that time, Congress authorized $200 million in the form of a maximum grant of 75 percent. The state has since received the original $200 million from the 1986 Act. Later, the Dakota Water Resources Act of 2000 added an additional $200 million for the MR&I program, which is indexed to $305 million, of which the state has received $180 million. Funding used for the MR&I program is provided through the U.S. Bureau of Reclamation (BOR). The Garrison Diversion Conservancy District (GDCD) signed a cooperative agreement with the BOR to receive the federal funding. Further, the State Water Commission and GDCD signed a joint powers agreement to administer the program based on a memorandum of understanding.

Because of North Dakota's MR&I program, cities, regional and rural water systems have received assistance throughout the state. As a result of this added assistance, there are 32 regional water systems in North Dakota, providing quality drinking water to cities and rural users. Currently, all or parts of North Dakota's 53 counties are served by regional water systems.

ASSUMPTIONS AND OBSTACLES

Adequate federal funding must be received in a manner that does not impede progress.

For a map of North Dakota's rural and regional water systems, see the Map Appendix.

ACTION PLAN

TASKS	TARGET DATES
Implement a five-year plan for MR&I project funding requests	Ongoing
Participate in meetings with communities and rural water districts to provide technical and planning assistance	Ongoing
Provide MR&I budget estimates for project development	Ongoing
Coordinate meetings with various funding entities to discuss projects	Ongoing
Work with North Dakota's Congressional Delegation to increase federal MR&I appropriations	Ongoing
Coordinate with the GDCD in the prioritization and allocation of MR&I funds	Ongoing

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NORTH DAKOTA CLOUD MODIFICATION PROJECT

AGENCY GOALS SATISFIED

GOAL 2

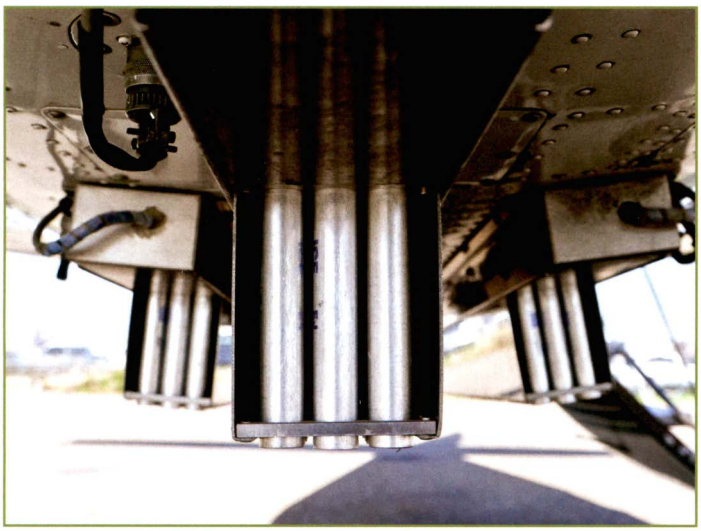
Utilize technology and education to increase our understanding for the improved management of the state's water resources.

GOAL 3

Continue our strong commitment to sustainable water management.

PROJECT/PROGRAM OBJECTIVES

- Reduce hail damage in the North Dakota Could Modification Project (NDCMP) target area.
- Enhance summer rainfall from thunderstorms in the NDCMP target area.



PROJECT/PROGRAM OVERVIEW

The NDCMP is a long-running cloud seeding program with the dual purposes of hail suppression and rainfall enhancement. The target area covers 11,554 square miles, in seven western North Dakota counties during the months of June, July, and August. Counties partner with the state through the Atmospheric Resource Board (ARB), employing contractors that provide the aircraft, pilots, seeding equipment, and radar maintenance services. The ARB owns and operates two radar systems and employs the meteorologists to coordinate seeding operations. In addition, the program offers two intern programs; one for students studying meteorology, and another for pilots studying at the University of North Dakota's J.D. Odegard School for Aerospace Sciences.

Evaluations of the NDCMP indicate that the program reduces hail damage to crops by 45 percent, increases wheat yields by 5.9 percent, and increases rainfall between 5 and 10 percent. A 2009 economic study estimates the NDCMP increases the value of agricultural production by $12 million to $19.7 million annually, producing a benefit to cost ratio of 12-20 to 1.

ASSUMPTIONS AND OBSTACLES

The project assumes continued participation by western North Dakota counties and cost-sharing of one-third of project costs, by the state.

For a map of the North Dakota Cloud Modification Project, see the Map Appendix.

ACTION PLAN

TASKS	TARGET DATES
Hold planning meetings with participating NDCMP counties	January, Annually
Public notice and comment period for NDCMP permitting	March, Annually
Hire NDCMP field personnel	May, Annually
Conduct pre-project ground school	May, Annually
Conduct NDCMP operations	June-August, Annually
Conduct data analysis and final reporting to participating counties	Winter, Annually
Report cloud seeding activities to the National Oceanic and Atmospheric Administration	Spring & Fall, Annually

NORTHWEST AREA WATER SUPPLY

AGENCY GOALS SATISFIED

GOAL 1

Promote development and investment in water resource projects.

PROJECT/PROGRAM OBJECTIVES

- Finish construction of the pretreated water delivery system to Minot, and distribution infrastructure to Bottineau.

PROJECT/PROGRAM OVERVIEW

North Dakota Century Code (NDCC), Section 61-24.6 declares necessary the pursuit of a project "...that would supply and distribute water to the people of northwestern North Dakota through a pipeline transmission and delivery system..." NDCC 61-24.6 authorizes the State Water Commission to construct, operate, and manage a project to deliver water throughout northwestern North Dakota.

The Water Commission began construction on the Northwest Area Water Supply (NAWS) project in April of 2002. The project is currently serving Berthold, Kenmare, Burlington, West River Water District, Upper Souris Water District, Mohall, Sherwood, All Seasons Water District, and Minot (also serves North Prairie Water District and Minot Air Force Base). NAWS is getting water supplied through an interim water supply agreement with Minot.

Litigation with the Province of Manitoba has been resolved, and the injunction the project had been under since April 2005 was vacated in August 2017 – clearing the path for completion of the project. The foundation for moving the project forward was initiated in the 2017-2019 biennium in the form of upgrades at

the Minot Water Treatment Plant and the design of the biota water treatment plant at Max, half of the remaining distribution pipeline to Bottineau, and the intake facility at the Snake Creek Pumping Plant.

Portions of the remaining distribution to get desperately needed relief to the Bottineau area will be under contract by the beginning of the 2019-2021 biennium. The biota water treatment plant and intake modifications to the Snake Creek Pumping Plant will be ready to bid early in the biennium. There is equal emphasis to get Missouri River water to Minot, as well as deliver relief to the Bottineau region, which is currently facing water shortages.

When complete, the project is designed to provide up to 27 million gallons of combined Missouri River and groundwater per day to tens of thousands citizens in northwest North Dakota.

ASSUMPTIONS AND OBSTACLES

Adequate federal and state funding must be received in a manner that does not impede progress.

For a map of the NAWS project, see the Map Appendix.

ACTION PLAN

TASKS	TARGET DATES
Complete design and initiate construction on a biota treatment plant, intake, and remaining contracts to move water from Lake Sakakawea to Minot	Fall 2019
Complete design work and begin construction to move potable water to the Bottineau service area	Summer 2019
Develop plans and manuals as required by SEIS and ROD commitments	Summer 2020

SILVER JACKETS PROGRAM

AGENCY GOALS SATISFIED

GOAL 2

Utilize technology and education to increase our understanding for the improved management of the state's water resources.

GOAL 3

Continue our strong commitment to sustainable water management.

PROJECT/PROGRAM OBJECTIVES

- Educate state agencies, county water boards, and communities on the Silver Jackets Program.
- Assist communities with FEMA's levee recertification requirement or Provisionally Accredited Levee (PAL) program.
- Assist communities with project requests in support of flood control or long term flood mitigation projects through the State Water Commission and other federal or state agencies as appropriate.
- Assist communities with flood related Emergency Operation Plans as necessary and requested.
- Assist in educating counties and communities on the importance of maintaining current Hazard Mitigation Plans as related to flooding.
- Coordinate with Silver Jacket charter agencies to discuss state flood-related priorities, recommendations, efforts, and improve communication.
- Coordinate with Silver Jacket charter agencies for the collection, processing, and posting of Light Detection and Ranging (LiDAR) data for the James, Mouse, Missouri, and Red River basins.
- Coordinate with select Silver Jacket agencies for support and funding for a statewide Probable Maximum Precipitation (PMP) analysis.

PROJECT/PROGRAM OVERVIEW

North Dakota's Silver Jackets Program was initiated in January 2010 (in response to the extensive flooding of 2009) with the intent to identify comprehensive, long-term flood solutions through a collaborative, interagency effort between state and federal authorities. A Silver Jackets charter was completed and signed between the State Water Commission, North Dakota Division of Emergency Services, FEMA Region VIII, and the U.S. Army Corps of Engineers (St Paul and Omaha districts) in May 2010, and recently updated in 2014, with the addition of the National Weather Service, US Geological Survey, ND Geological Survey, U.S. Fish and Wildlife Service, and the Natural Resources Conservation Service. The Corps of Engineers initiated the Silver Jackets concept through a partnership with FEMA in 2005, with a goal of establishing Silver Jackets teams in at least one state in each Corps division, and ultimately one in each state.

ASSUMPTIONS AND OBSTACLES

The potential for flooding in North Dakota will continue annually due to both rain and spring snow melt events. The need for local, state, and federal coordination in support of comprehensive long-term flood control and mitigation efforts must continue throughout the state to ensure success. Continued funding of this program is critical to its existence.

ACTION PLAN

TASKS	TARGET DATES
Promote awareness of North Dakota's Silver Jackets Program	Ongoing/As Needed
Assist communities with FEMA's levee recertification requirement	Ongoing/As Needed
Assist communities with flood control and long-term flood mitigation project requests	Ongoing/As Needed
Assist selected counties and communities with Flood Emergency Operation Plan development and maintenance	Ongoing/As Needed
Coordinate with Silver Jackets Program charter agencies	Ongoing/As Needed
Collect, process, and post LiDAR annually, as funding permits	Ongoing/As Needed
Establish a PMP steering committee and select a firm to conduct analysis	2019-2021

SOUTHWEST PIPELINE PROJECT

AGENCY GOALS SATISFIED

GOAL 1

Promote development and investment in water resource projects.

PROJECT/PROGRAM OBJECTIVES

- Continue construction to expand the intake, raw water transmission, and treated water distribution to meet the growing needs in southwest North Dakota, and to continue construction of projects to optimize the operation of the Southwest Pipeline Project.

For a map of North Dakota's Southwest Pipeline Project, see the Map Appendix

PROJECT/PROGRAM OVERVIEW

The Southwest Pipeline Project (SWPP) is a regional water supply system that draws water from Lake Sakakawea, and serves approximately 56,000 people in southwest North Dakota, including 33 communities and over 7,100 rural hookups.

NDCC, Section 61-24.3 stipulates that the SWPP "...be established and constructed, to provide for the supplementation of the water resources of a portion of the area of North Dakota south and west of the Missouri River with water supplies from the Missouri River for multiple purposes, including domestic, rural, and municipal uses." NDCC 61-24.3 authorizes the State Water Commission to construct, operate, and maintain the project. In 1996, the State Water Commission transferred the Operation and Maintenance of the project to the Southwest Water Authority.

The State Water Commission began construction of the Southwest Pipeline Project in 1986. After more than 30 years of construction, the geographical area originally envisioned for the project has access to quality water. The passage of time and growth in the area necessitates expansion of the intake, raw water transmission, treatment and distribution capacity.

Private contractors are constructing the project according to designs developed by the State Water Commission's engineering contractor. The State Water Commission oversees the design and construction of the project. The project's repayment to the State is in the form of an annual capital repayment, funded through the user fees collected from project customers, and continues in perpetuity.

ASSUMPTIONS AND OBSTACLES

Adequate state and federal funding must be received in a manner that does not impede progress.

ACTION PLAN

TASKS	TARGET DATES
Bid 2nd Davis Buttes and Belfied Tanks	Summer 2019
Bid blow off upgrades contract	Summer 2019
Bid the Supplemental Intake Pump Station Building	Summer 2020
Bid rural distribution expansion projects	Summer 2020

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SOVEREIGN LAND MANAGEMENT

AGENCY GOALS SATISFIED

GOAL 2

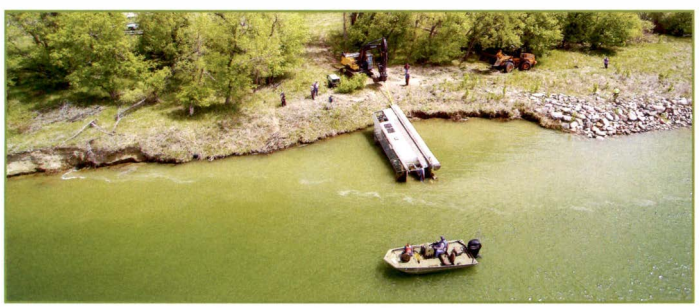
Utilize technology and education to increase our understanding for the improved management of the state's water resources.

GOAL 3

Continue our strong commitment to sustainable water management.

PROJECT/PROGRAM OBJECTIVES

- Determine the navigability or non-navigability of the state's lakes and streams.
- Delineate the ordinary high water mark (OHWM) of the state's navigable waters.
- Regulate the construction of any projects located partially or entirely on sovereign lands.
- Coordinate with other local, state, and federal agencies, and the public on sovereign lands management and related issues.
- Interact with other local, state, and federal agencies and the public to inform and educate the people of North Dakota on sovereign lands management and related issues.



PROJECT/PROGRAM OVERVIEW

The State Engineer is responsible for administering the state's non-hydrocarbon related mineral interests in North Dakota's sovereign land under NDCC 61-33. The State Engineer is responsible for determining which waterbodies are navigable in fact, and therefore sovereign to the State of North Dakota. The State Engineer is also responsible for delineating the OHWM of the state's navigable waters.

Any projects located partially or entirely on sovereign land require authorization from the State Engineer in the form of a Sovereign Land Permit prior to construction. The State Engineer is responsible for the day-to-day management of the state's sovereign land. This may include the preparation and execution of agreements with city, county, state, or federal entities for the management of specific parcels of sovereign land, and enforcement of state code relative to sovereign land.

ASSUMPTIONS AND OBSTACLES

Effective management of North Dakota's sovereign lands, held in trust for all North Dakotans, requires a thorough and consistent review and consideration of all project applications. Management decisions strive to allow for innovative and conscientious use and development of the state's sovereign lands, without jeopardizing their natural and aesthetic values, and the public's current and future use and enjoyment. Enforcement and management of state sovereign lands will require continued cooperation with the North Dakota Game and Fish Department, county and city managing partners, and the Attorney General's Office.

ACTION PLAN

TASKS	TARGET DATES
Process all incoming sovereign land permit applications	Ongoing
Determine navigability or non-navigability of specific water bodies when the question arises	As Needed
Conduct OHWM delineations for specific locations as necessary	Ongoing
Provide technical assistance to other local, state, and federal agencies and the public as requested	Ongoing

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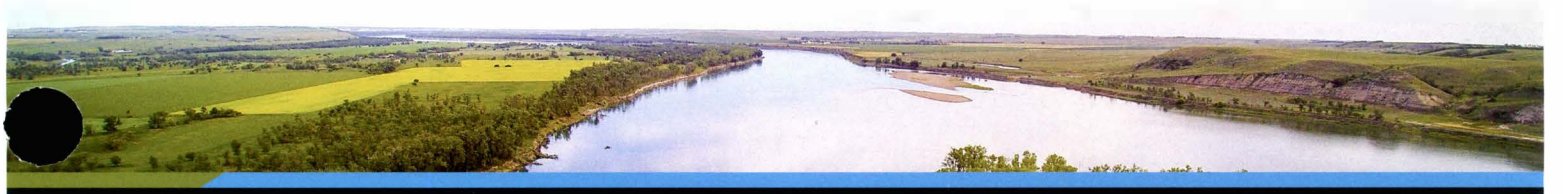

STATE WATER DEVELOPMENT PLAN

AGENCY GOALS SATISFIED

GOAL 1
Promote development and investment in water resource projects.

GOAL 2
Utilize technology and education to increase our understanding for the improved management of the state's water resources.

GOAL 3
Continue our strong commitment to sustainable water management.

PROJECT/PROGRAM OBJECTIVES

- Develop a new 2021 Water Development Plan by January 2021.

PROJECT/PROGRAM OVERVIEW

By virtue of North Dakota Century Code, Section 61-02-14, Powers and Duties of the State Water Commission; Section 61-02-26, Duties of State Agencies Concerned with Intrastate Use or Disposition of Waters; and Section 61-02-01.3, Comprehensive Water Development Plan, the State Water Commission is required to develop and maintain a comprehensive Water Developmetn Plan. The most recent Water Development Plan was completed in December 2018. Water Development plans are revised, updated, and published on a biennial basis to assist with agency budgeting efforts, and to provide updated project and funding information during Legislative Assemblies. Starting with the 2019 Water Development Plan, potential project sponsors were asked to forecast funding needs for several biennia – as far as ten years into the future, rather than for just the upcoming biennium.

In addition to forecasts from project sponsors, the State Water Commission partnered with the North Dakota League of Cities and the North Dakota Rural Water Systems Association to survey water supply systems about their aging infrastructure challenges. Commission staff incorporated the results of the surveys into the 2019 Water Development Plan in the form of longer-term (10-, 20-, and 50-year) water supply infrastructure needs for planning and budgeting purposes.

ASSUMPTIONS AND OBSTACLES

Active participation and accurate input from local water managers and project sponsors regarding project funding needs will be critical to accurate budget development, and successful statewide water planning efforts. Forecasting funding needs beyond a ten-year planning horizon presents a number of challenges, particularly for small communities with limited or non-existent budgets, frequent staff turnover, and unsettled debt. In addition, water development needs continue to emerge even after planning deadlines have past.

ACTION PLAN

TASKS	TARGET DATES
Contact local water managers to request updated water project/program information, including funding timeframes for the 2021-2023 biennium and beyond	Jan. 2020
Work with Water Commission Subcommittees to assign priorities to inventoried projects	May 2020
Develop a preliminary project inventory for the 2021-2023 Commissioner-hosted basin meetings	June 2020
Process project information for use in State Water Commission budget development	Aug. 2020
Develop a final 2021 Water Development Plan	Dec. 2020
Present the 2021 Water Development Plan to the Legislative Assembly	Jan. 2021

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WATER EDUCATION

AGENCY GOALS SATISFIED

GOAL 2

Utilize technology and education to increase our understanding for the improved management of the state's water resources.

PROJECT/PROGRAM OBJECTIVES

- Develop, promote, and provide opportunities statewide to K-12 formal and non-formal educators and students to expand their knowledge and understanding of water resources by:
  - Maintaining availability of indoor and outdoor water education programs and training resources through printed media and online resources;
  - Acquiring and distributing a balanced inventory of water resource information, education tools, services, programs, and resource materials through a variety of mediums;
  - Conducting institutes, workshops, in-service and pre-service educational opportunities; and
  - Conducting and supporting classroom events, youth camps, water festivals, and community events.

PROJECT/PROGRAM OVERVIEW

The North Dakota Water Education Program is a balanced, supplemental, and interdisciplinary water science and education program for formal and non-formal K-12 educators and students. The program facilitates and promotes learning, awareness, appreciation, knowledge, and exploration to promote stewardship of North Dakota's water resources. Project WET (Water Education for Teachers) curriculum guides and resource materials assist in helping youth learn how to think, and not just what to think, while providing means for teachers and students to grasp fundamental concepts related to water resources, watersheds, and the environment. Through a variety of programs, educators and students obtain skills for acquiring and applying knowledge, and to evaluate the results of their actions toward North Dakota's water resources.

ASSUMPTIONS AND OBSTACLES

Continued funding through the Environmental Protection Agency's (EPA) Section 319 Grant is critical to the success and continuation of the North Dakota Water Education Program.

ACTION PLAN

TASKS	TARGET DATES
Maintain Project WET classroom-ready teaching aids and service contracts in support of water resource education efforts	As Needed
Provide in-service and pre-service credit and non-credit educational programs for K-12 educators and resource personnel	Ongoing
Provide varying educational programs/events for K-12 students, communities and the general public statewide	Ongoing
Recruit and maintain a Project WET facilitator network by providing leadership training and development opportunities	March 2020
Provide support to the Keep North Dakota Clean water education poster contest	March 2020
Complete all Section 319 EPA grant development and reporting requirements	Ongoing
Complete one Project WET Watershed Institute	Summer 2020

WATER RESOURCE DATA INFORMATION DISSEMINATION

AGENCY GOALS SATISFIED

GOAL 2

Utilize technology and education to increase our understanding for the improved management of the state's water resources.

GOAL 3

Continue our strong commitment to sustainable water management.

PROJECT/PROGRAM OBJECTIVES

- Maintain quality water resource data.
- Develop and maintain databases for retrieval of data.
- Maintain trained staff to interpret data.
- Develop and maintain web-based integration for access to data.

PROJECT/PROGRAM OVERVIEW

Significant volumes of data are contained in the State Water Commission's Water Resources Information Management Systems (WRIMS). Private individuals and private enterprise, as well as local, county, state, federal, and international entities routinely make use of various portions of these data sets. Staff facilitate the ability of interested parties to access data of interest to them. A web-based interactive interface is available to allow for direct access to the data on the part of the interested parties. Additionally, numerous interpretive reports are available for various water resources in the state.

ASSUMPTIONS AND OBSTACLES

The continuation of the in-house and online retrieval system will depend on the ability of the State Water Commission to maintain internal data management infrastructure.

ACTION PLAN

TASKS	TARGET DATES
Anticipate uses for which the data would be needed	Ongoing
Educate staff on the use of WRIMS as improvements are implemented	As Needed
Communicate with interested parties to determine their informational needs	As Requested
Create unique programs in order to satisfy requests of an unanticipated nature	As Requested
Image and store well drilling completion reports	Ongoing

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WATER RESOURCE INVESTIGATIONS & MONITORING

AGENCY GOALS SATISFIED

GOAL 2

Utilize technology and education to increase our understanding for the improved management of the state's water resources.

GOAL 3

Continue our strong commitment to sustainable water management.

PROJECT/PROGRAM OBJECTIVES

- Collect water resource data.
- Organize and store water resource data.
- Evaluate water-resource data and future data needs.

PROJECT/PROGRAM OVERVIEW

Water resource data pertaining to water levels, water quality, and well information are collected on an ongoing basis. The data are stored in a web accessible database. The database currently contains about 1.5 million water level measurements, 35,000 site locations, 68,000 water quality analyses, and 25,000 sites with lithological descriptions. Additional data acquisition sites are implemented as needed through time. Aquifer parameters and properties are evaluated through an aquifer-testing program.

Airborne Electromagnetic (AEM) surveying combined with borehole geophysical data collection has increased efficiency and understanding of hydrogeological systems. Continued development of a low-cost, rapidly deployable, small-footprint, real-time data collection device dubbed PRESENS (Pushing REmote SENSors), is also a priority.

ASSUMPTIONS AND OBSTACLES

Due to federal budget constraints, State Water Commission c[redacted] share has increased to support the United States Geological Survey (USGS) Cooperative Water Resource Monitoring Program. This may continue in the future.

ACTION PLAN

TASKS	TARGET DATES
Install test holes and plug obsolete observation wells	Apr.-Dec., Annually
Install 125-175 monitoring wells	Apr.-Dec., Annually
Install 20-30 staff gauges, and monitor water levels and flows	Apr.-May, Annually
Measure 25,000-30,000 water levels in wells and surface water bodies	Apr.-Dec., Annually
Collect data from 80-100 continuous water level recorders	Jan.-Dec., Annually
Upgrade and install 250 monitoring locations with PRESENS devices	Dec., 2020
Collect 1,500-2,000 samples from wells and surface-water bodies	Apr.-Dec., Annually
Analyze samples for various chemical constituents	Apr.-Jan., Annually
Repair and maintain 3,500-4,000 measurement and sampling locations	Apr.-Dec., Annually
Enter data into database	Ongoing
Coordinate with the USGS Cooperative Water Resource Monitoring Program to continue funding support for approximately 50 surface water gage sites, 85 observation wells monitored monthly, 25 observation wells monitored real-time, and 150 water quality analyses collected from co-op monitoring network	Ongoing, Annually
Conduct aquifer tests - 1 or 2 per year	As Requested/Needed
Conduct AEM geophysical surveys - 1 or 2 per year	As Requested/Needed

WATER RESOURCE-RELATED ECONOMIC DEVELOPMENT

AGENCY GOALS SATISFIED

GOAL 1

Promote development and investment in water resource projects.

GOAL 3

Continue our strong commitment to sustainable water management.

PROJECT/PROGRAM OBJECTIVES

- Identify and evaluate potential water supplies for economic development.
- Support programs to encourage water-using industries.
- Support programs to encourage irrigation.

PROJECT/PROGRAM OVERVIEW

Water utilization is a key ingredient in many potential opportunities for economic development. Numerous studies and reports have documented potential water supplies for economic development. Additionally, existing reports and/or water resource data are interpreted by staff in the form of short reports to aid industries in determining the viability of various water resources with respect to their water needs in their consideration of locating in North Dakota.

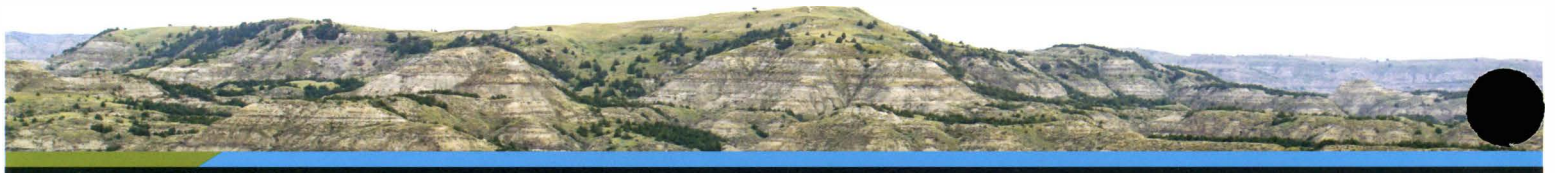
The State Water Commission, in conjunction with the Bank of North Dakota, provides cost-share for new irrigation under the auspices of the Agricultural Partnership in Assisting Community Expansion (AgPACE) program. The State Water Commission also provides support for irrigation through its cost-share program.

ASSUMPTIONS AND OBSTACLES

There is a limited amount of ground water of a quality suitable for irrigation and industry. The one significant water resource in the state, the Missouri River, is not located where many potential water users want to locate.

ACTION PLAN

TASKS	TARGET DATES
Produce "synopsis" reports on water supplies for interested entities	As Requested
Produce or provide water resource interpretive reports	Ongoing/As Requested
Administer the AgPACE program	Ongoing
Support the North Dakota Irrigation Association's efforts to expand irrigation development	Ongoing



WATER RESOURCE RESEARCH

AGENCY GOALS SATISFIED

GOAL 2

Utilize technology and education to increase our understanding for the improved management of the state's water resources.

GOAL 3

Continue our strong commitment to sustainable water management.

PROJECT/PROGRAM OBJECTIVES

- Support research into water resources of the state.
- Conduct studies of the nature and occurrence of water in order to optimize its conservation and development throughout the state.

PROJECT/PROGRAM OVERVIEW

Water resource research involvement falls into three categories. The first is where the State Water Commission provides monetary support for water resource-related research, which is generally conducted by the United States Geological Survey (USGS) or universities. The second category is where the State Water Commission enters into a cooperative study, again generally with university researchers or the USGS. The third category is when the entire study is conducted by the State Water Commission.

ASSUMPTIONS AND OBSTACLES

Continuing or reformulated research could result from the interpretations that result from these studies. Continued USGS funding for the urban water use study is needed, and a denitrification study is in the early stages of discussion and planning, and is still tentative.

ACTION PLAN

TASKS	TARGET DATES
Annual review, decisions, and supplemental funding for graduate water resource investigations (North Dakota Water Resources Institute)	Annually
Conduct an evaluation of nitrate contamination and remediation in the Karlsruhe aquifer	Annually
Conduct a cooperative study of urban water use with the USGS and North Dakota State University	Through 2019
Continue assisting NDSU tile drainage projects with monitoring and placement	Ongoing
Conduct airborne electromagnetic surveys of the Spiritwood aquifer and other buried aquifers throughout North Dakota	Ongoing
Conduct investigations and pilot studies of aquifer storage and recovery (ASR) potential in aquifers throughout the state	Ongoing
Conduct investigations of the potential for aquifer reservoiring to maximize the efficiency of beneficial use of the waters of the state through conjunctive management of the surface and ground waters of the state	Ongoing
Continue development and deployment of Pushing REmote SENSors technology	Ongoing

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WATER RIGHTS ADMINISTRATION & PROCESSING

AGENCY GOALS SATISFIED

GOAL 3

Continue our strong commitment to sustainable water management.

PROJECT/PROGRAM OBJECTIVES

- Process water permit applications.
- Maintain meticulous water right records.
- Perfect conditional water rights.
- Document permitted water use.

PROJECT/PROGRAM OVERVIEW

NDCC 61-04-02 requires that all water uses except for domestic, livestock, fish, wildlife, and other recreational uses (unless the aforementioned are greater than 12.5 acre-feet per year) apply for a water permit before putting water to beneficial use. Set procedures are mandated by Century Code and regulations. Staff guide applicants through this process. In addition, records, documents, and a relational database are meticulously maintained. Upon completion of water use development, inspections are conducted to verify the ability of the applicant to put water to beneficial use. Based on the inspection report, a Conditional water permit is perfected and filed with the county recorder's office as a water right associated with the land. Annual self-reported water use forms are verified and recorded to document that water is being put to beneficial use and the water right is being maintained.

Beginning July 1, 2014, all temporary permits required an application fee. An online permit application system has been developed, which includes an E-Commerce compliant system for the submission of water permit applications and their associated filing fees.

Beginning January 1, 2015, all water depots selling water to the oil industry were required to have a telemetry system that can communicate with the State Engineer Water Depot Database using the agency Simple Object Access Protocol (SOAP) service. The SOAP data is periodically reviewed and compared with meter readings to help ensure data integrity. Technicians in the Water Appropriations Division periodically inspect water meters at water depots serving the oil industry.

ASSUMPTIONS AND OBSTACLES

Water use records are dependent on self-reporting of annual water use, which are enforced through fines. Some conditional water permits take long periods of time to resolve water and legal complications.

ACTION PLAN

TASKS	TARGET DATES
Guide applicants through the water permit application process	Ongoing
Maintain records in each water permit application file	Ongoing
Enter appropriate data into water permit database	Ongoing
Conduct 100-150 inspections of "completed" conditional water permits	Annually
Perfect 75-100 conditional water permits	Annually
Send out requests for annual use reports to permit holders for over 3,500 permits	Nov. & Jan., Annually
Complete the annual water use data collection process	May, Annually
Develop a summary report on annual water use in North Dakota	Sept., Annually
Measure pumping rates to help establish water rights	Ongoing
Maintain water use records to quantify water rights	Ongoing
Monitor telemetry compliance for industrial water depots	Ongoing
Process meter reports from industrial water depots	Ongoing
Inspect all active water depot sites associated with Conditional, Perfected, and Temporary permits	Annually
Maintain and enhance the On-Line Temporary Water Permit Database system for the processing of 800 to 900, temporary water permit applications	Annually

WATER USE APPROPRIATION & PERMITTING

AGENCY GOALS SATISFIED

GOAL 3

Continue our strong commitment to sustainable water management.

PROJECT/PROGRAM OBJECTIVES

- Evaluate water permit applications and recommend decisions to the State Engineer.
- Authorize the use of "waters of the state" for the benefit of the citizens of North Dakota.
- Cooperate with agencies that have regulatory authority over North Dakota's water to protect and enhance the quality and quantity of North Dakota's water resources.
- Pursue cooperative efforts with neighboring states and provinces to plan for beneficial water management of shared water resources.

PROJECT/PROGRAM OVERVIEW

The allocation of water resources for beneficial use can result in competition for often limited resources. Standard operating procedures in accordance with statute and administrative rules allow for the prudent authorization to beneficially use "waters of the state" while protecting prior appropriators and the public interest. Competition may cross political boundaries. Efforts are continually underway to protect prior water rights, while maximizing benefits. In the assessment of the degree to which the state's water resources can be used beneficially, the rights of prior appropriators and the public interest need to be assessed and protected. Staff prepare recommendations for the State Engineer, with the objective of encouraging beneficial use while protecting prior rights and the public interest.

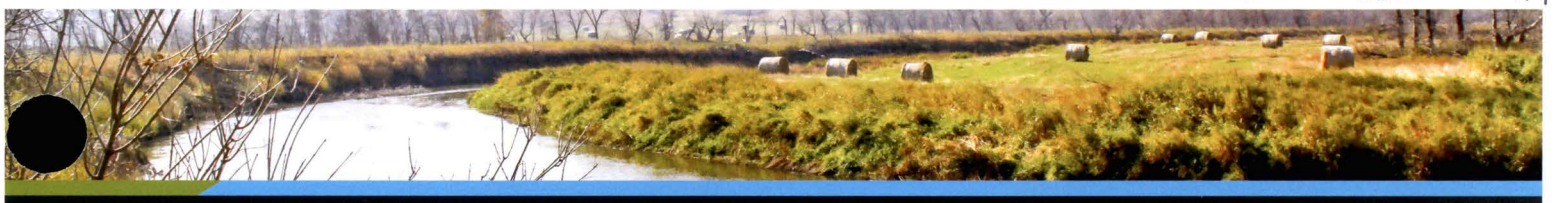
ASSUMPTIONS AND OBSTACLES

The source of about half of the total developed fresh water use in North Dakota is from glacial aquifers, and many of them are nearly fully appropriated. North Dakota's glacial aquifers are relatively thin and shallow, and are known for their complexity. These glacial aquifers are replenished through precipitation and snowmelt percolating their way downward through the overlying sediments and recharge is primarily determined by climatic cycles that are unpredictable.

A conservative approach, especially in aquifers that support large communities and/or regional water systems must be taken to ensure overappropriation does not leave people without a dependable water supply during extended drought cycles. Current and prior development of these aquifers has lowered the water levels to the point that further development for beneficial use is limited. As more of the waters of the state are appropriated through the evaluation of water right applications, the state's water resour[redacted] are becoming more fully appropriated. Thus, the process of a[redacted]cating additional water while protecting prior water rights and the public interest is becoming more difficult and time consuming. Water resource analysis requires a high degree of skill level and time to ensure an ongoing and sustainable water supply for the citizens of the state, and the enterprises and recreational opportunities needed for them to thrive.

ACTION PLAN

TASKS	TARGET DATES
Gather data on shared resources	As Needed
Discuss possible actions regarding water resources	As Needed
Negotiate management decisions	Ongoing
Conduct water resource investigations	As Needed
Prepare recommended decisions on water right applications, and administration of water rights for the State Engineer	Ongoin[redacted]
Prepare recommended decisions on temporary authorized water use applications for the State Engineer	Ongoing
Monitor annual water use and enforce water laws and regulations	Ongoing
Streamline the water permit application process to improve time efficiency	Ongoing



WATERSHED PLANNING & COORDINATION

AGENCY GOALS SATISFIED

GOAL 3

Continue our strong commitment to sustainable water management.

PROJECT/PROGRAM OBJECTIVES

- Provide technical expertise and assistance toward the development and implementation of regional watershed management planning efforts, and studies.

PROJECT/PROGRAM OVERVIEW

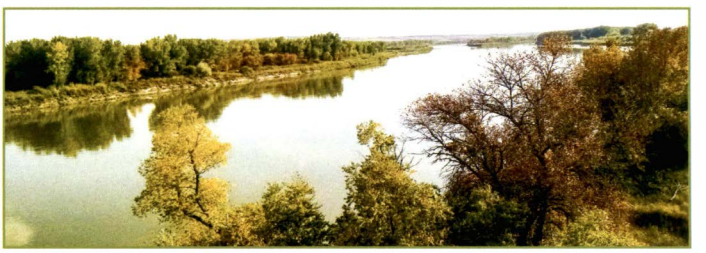
In addition to water management planning efforts at the state level, the State Water Commission believes that it is also beneficial for stakeholders at the local level to guide management of water resources in their respective watersheds. In order for these regional planning and management efforts to proceed and evolve in a productive manner, it is often required that local, state, and federal government officials participate in those planning processes as technical advisors.

In recent years, the State Water Commission has provided technical assistance to the Devils Lake, Upper Sheyenne, Red, Mouse, and Missouri River joint water boards toward the development of water management plans and projects. Staff have also assisted with the formation of the North Dakota Missouri River Advisory Council, and serve on the Little Missouri River Commission as a voting member. In addition, in the Red River basin, which is the focus of many projects and planning efforts, the Water Commission has an office with a staff engineer in Fargo.

Beyond participating in regional planning and coordination efforts within the state, State Water Commission staff members are also involved with international and national organizations involved in interjurisdictional water management. Examples include the International Joint Commission, the Red River Basin Commission, the International Red River Board, the International Souris River Board, International Souris River Study Board, the International Water Institute, the Red River Retention Authority, the Assiniboine River Basin Initiative, and the Upper Missouri Water Association.

ASSUMPTIONS AND OBSTACLES

In order for all of the above organizations and planning/coordination efforts to succeed in the future, they will require continued commitment and dedication from all stakeholders involved in those processes.



ACTION PLAN

TASKS	TARGET DATES
Provide technical assistance toward the implementation of watershed management improvement plans	Ongoing
Continue to participate as board members and technical advisors for regional, international, and national watershed planning and coordination efforts	Ongoing

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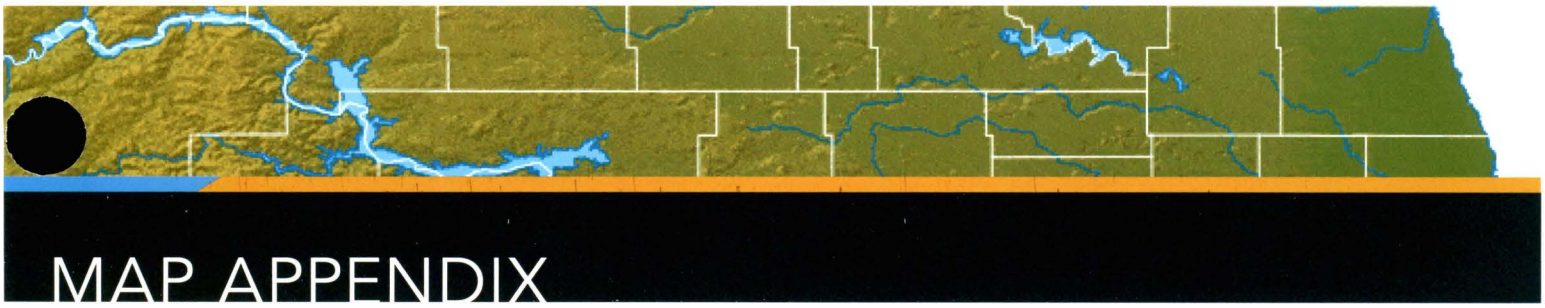
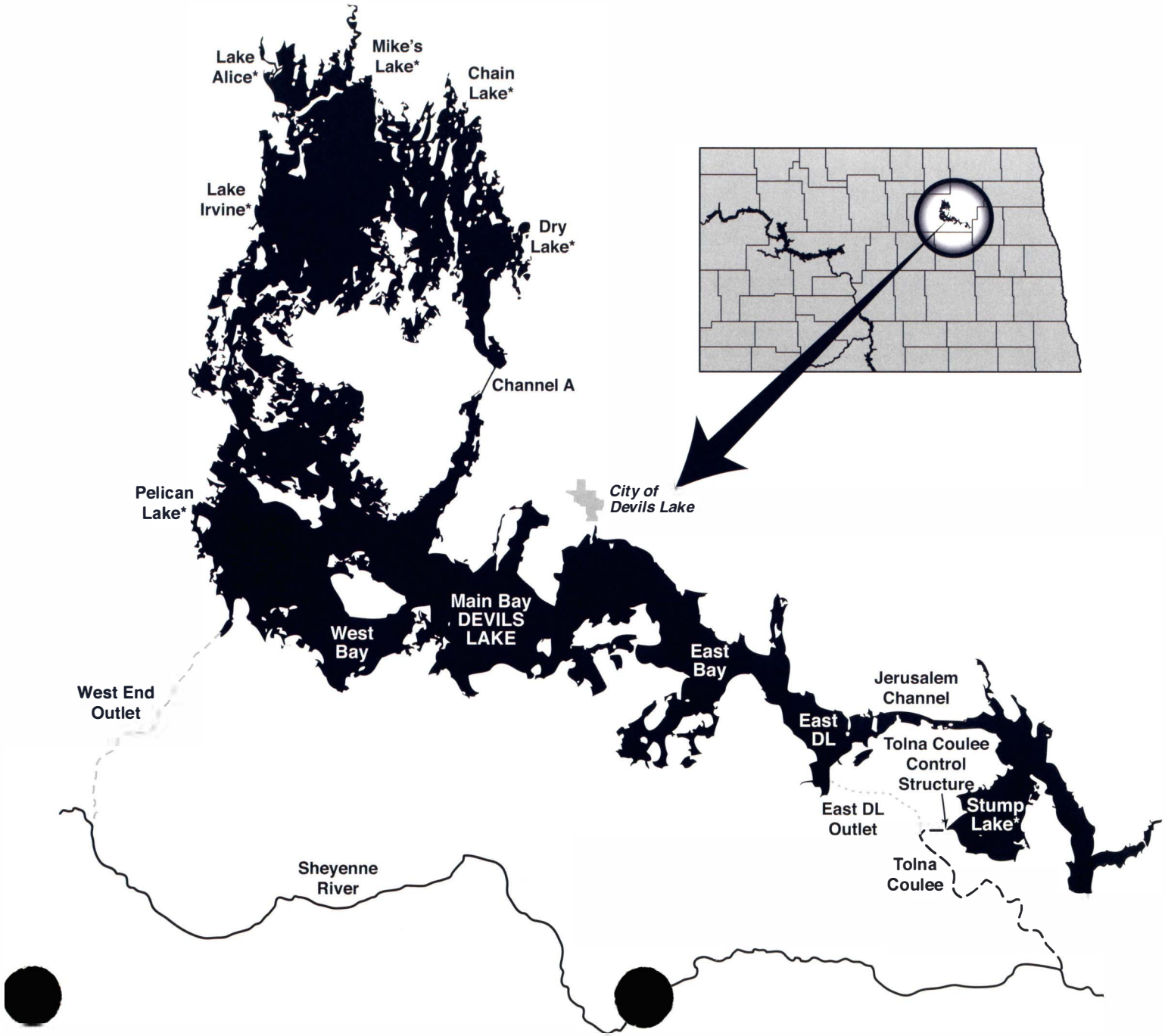


MAP APPENDIX

DEVILS LAKE OUTLETS



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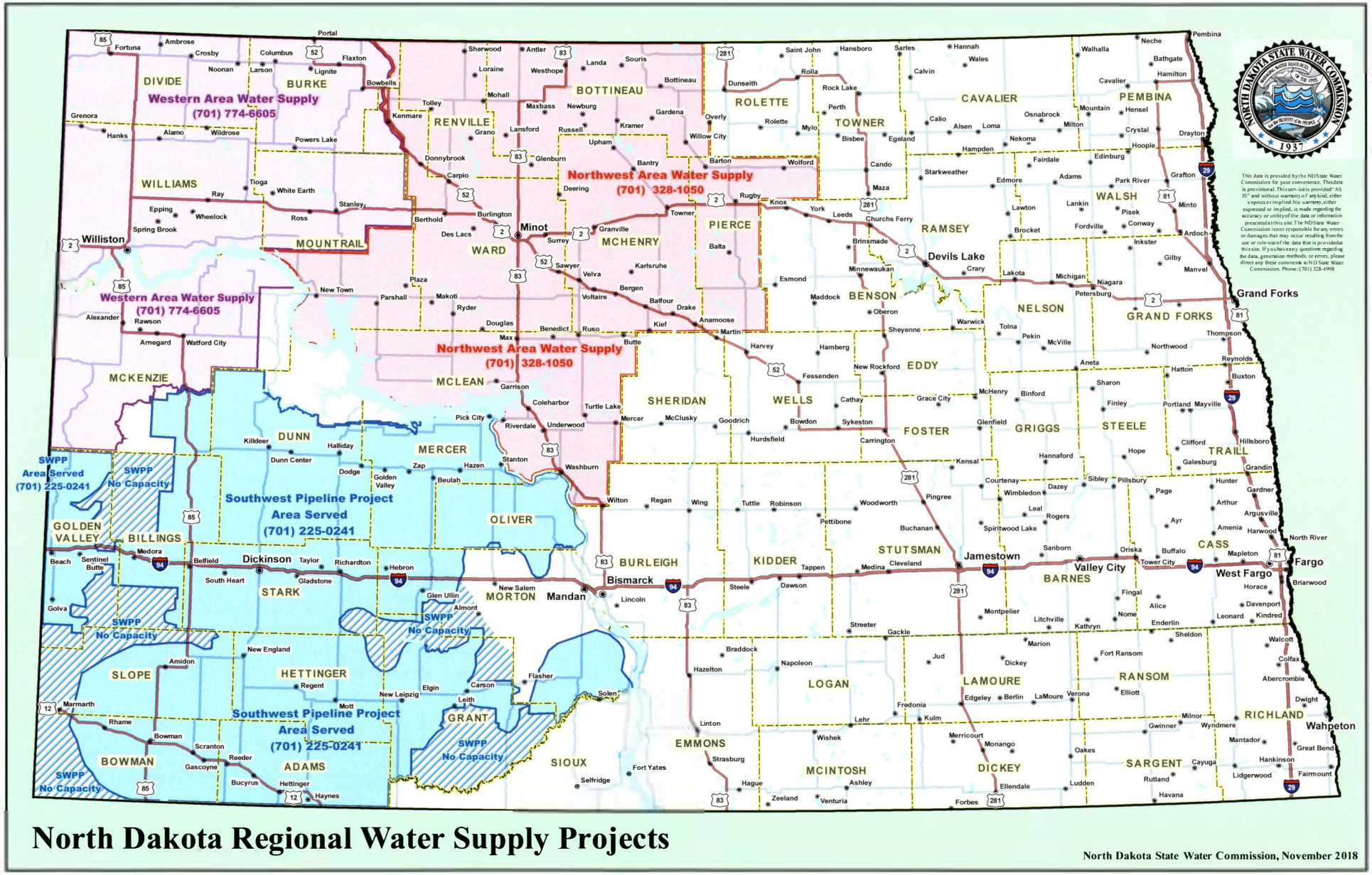
REGIONAL WATER SUPPLY SYSTEMS

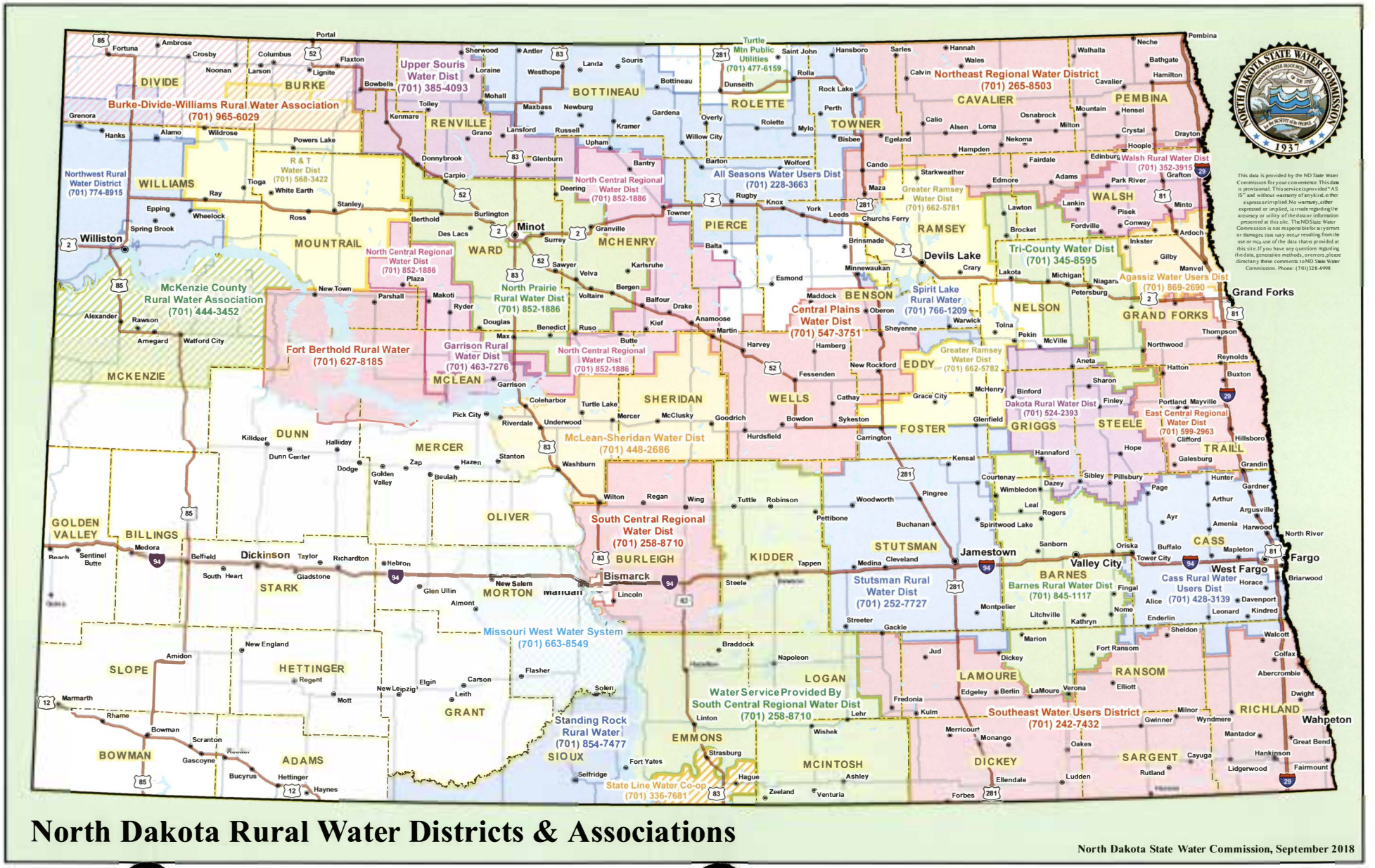


North Dakota Regional Water Supply Projects

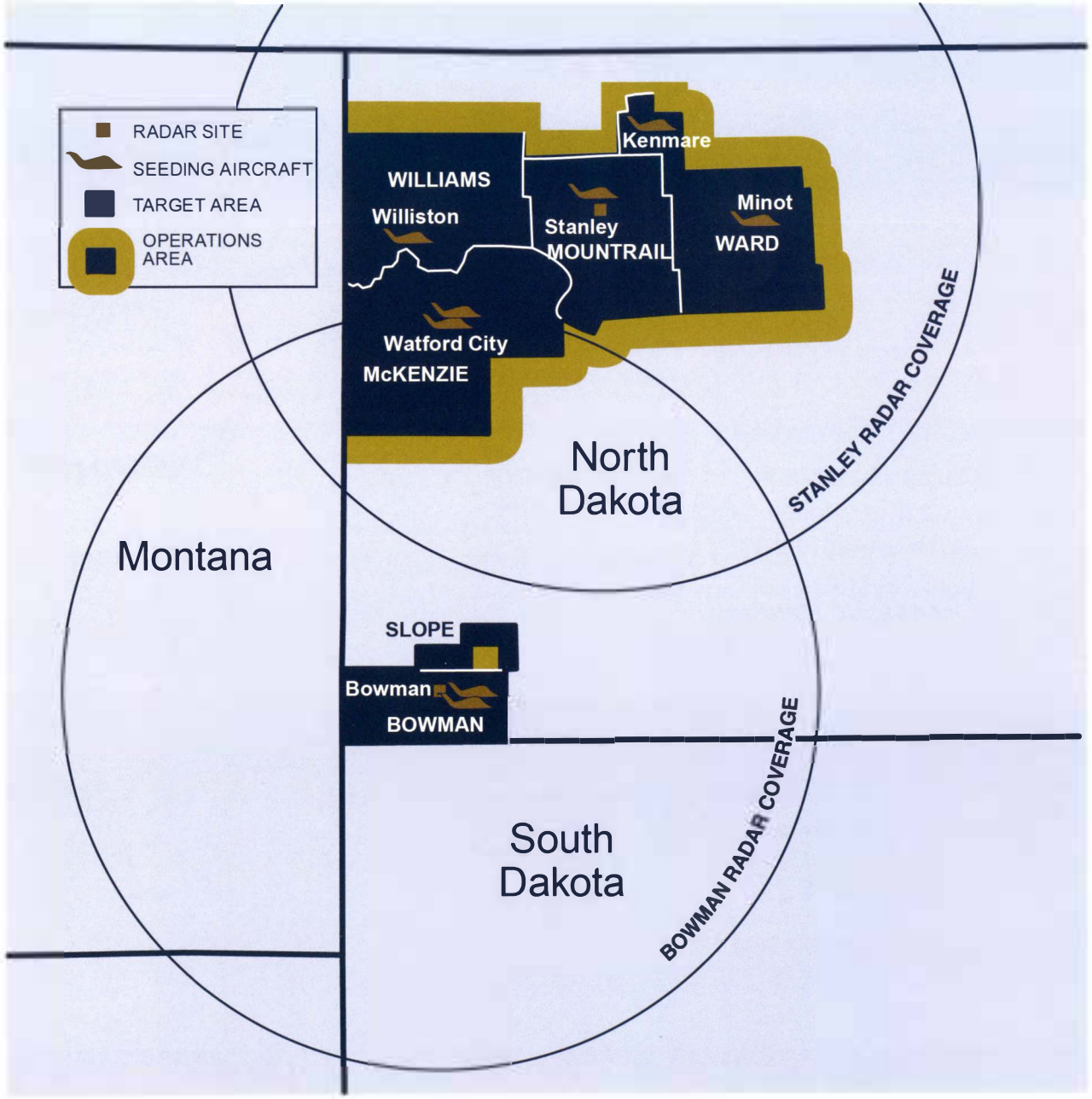
North Dakota State Water Commission, November 2018

110119 SB2020 #4

RURAL WATER SUPPLY SYSTEMS


Burke-Divide-Williams Rural Water Association
(701) 965-6029
Upper Souris Water Dist
(701) 385-4093
Northeast Regional Water District
(701) 265-8503
Mtn Public Utilities
(701) 477-6159
Northwest Rural Water District
(701) 774-8915
R & T Water Dist
(701) 568-3422
North Central Regional Water Dist
(701) 852-1886
All Seasons Water Users Dist
(701) 228-3663
Greater Ramsey Water Dist
(701) 662-5781
Walsh Rural Water Dist
(701) 352-3915
Tri-County Water Dist
(701) 345-8595
Agassiz Water Users Dist
(701) 869-2690
McKenzie County Rural Water Association
(701) 444-3452
North Prairie Rural Water Dist
(701) 852-1886
Spirit Lake Rural Water
(701) 766-1209
Central Plains Water Dist
(701) 547-3751
Fort Berthold Rural Water
(701) 627-8185
Garrison Rural Water Dist
(701) 463-7276
Dakota Rural Water Dist
(701) 524-2393
East Central Regional Water Dist
(701) 599-2963
McLean-Sheridan Water Dist
(701) 448-2686
South Central Regional Water Dist
(701) 258-8710
Stutsman Rural Water Dist
(701) 252-7727
Barnes Rural Water Dist
(701) 845-1117
Cass Rural Water Users Dist
(701) 428-3139
Missouri West Water System
(701) 663-8549
Water Service Provided By South Central Regional Water Dist
(701) 258-8710
Southeast Water Users District
(701) 242-7432
Standing Rock Rural Water
(701) 854-7477
State Line Water Co-op
(701) 336-7681
DIVIDE
BURKE
WILLIAMS
MOUNTRAIL
WARD
MCHENRY
RENVILLE
BOTTINEAU
ROLETTE
TOWNER
PIERCE
RAMSEY
CAVALIER
PEMBINA
WALSH
NELSON
GRAND FORKS
BENSON
EDDY
GRIGGS
STEELE
TRAILL
MCKENZIE
MCLEAN
SHERIDAN
WELLS
FOSTER
DUNN
MERCER
OLIVER
BURLEIGH
KIDDER
STUTSMAN
JAMESTOWN
BARNES
CASS
GOLDEN VALLEY
BILLINGS
STARK
MORTON
SLOPE
HETTINGER
GRANT
BOWMAN
ADAMS
SIOUX
EMMONS
LOGAN
MCINTOSH
DICKEY
LAMOURE
RANSOM
SARGENT
RICHLAND
WAHPETON
FARGO
WEST FARGO
Williston
Minot
Devils Lake
Grand Forks
Jamestown
Valley City
Bismarck
Dickinson
Mandan
Hettinger
Wahpeton
Fargo
West Fargo
Northern Water Dist
(701) 774-8915
Tioga
White Earth
Powers Lake
Donnybrook
Carpio
Glenburn
Deering
Upham
Bantry
Rugby
Knox
Towner
Churchs Ferry
Brinsmade
Minnewaukan
Esmond
Maddock
Oberon
Warwick
Sheyenne
Tolna
Pekin
McVille
Lakota
Michigan
Niagara
Petersburg
Fordville
Conway
Pisek
Park River
Edmore
Adams
Hensel
Osnabrock
Calio
Alsen
Loma
Milton
Nekoma
Hampden
Egeland
Bisbee
Willow City
Overly
Rolette
Mylo
Perth
Rock Lake
Dunseith
Rolla
Wales
Calvin
Hannah
Sarles
Hansboro
Saint John
Turtle
Portal
Sherwood
Antler
Souris
Loraine
Westhope
Landa
Bottineau
Gardena
Kramer
Russell
Lansford
Grano
Maxbass
Newburg
Mohall
Bowbells
Kenmare
Tolley
Grenora
Hanks
Alamo
Wildrose
Epping
Spring Brook
Wheelock
Ray
Stanley
Ross
Berthold
Burlington
Des Lacs
Surrey
Granville
Velva
Sawyer
Karlsruhe
Balta
Harvey
Hamberg
Fessenden
New Rockford
Aneta
Cathay
Grace City
McHenry
Binford
Sharon
Finley
Portland
Mayville
Hatton
Northwood
Thompson
Reynolds
Buxton
Hillsboro
Grandin
Gardner
Hunter
Arthur
Argusville
Harwood
North River
Briarwood
Davenport
Kindred
Leonard
Enderlin
Walcott
Colfax
Abercrombie
Dwight
Great Bend
Hankinson
Lidgerwood
Fairmount
Wyndmere
Milnor
Gwinner
Cayuga
Rutland
Ludden
Ellendale
Forbes
Venturia
Zeeland
Hague
Strasburg
Fort Yates
Selfridge
Ashley
Napoleon
Braddock
Flasher
Solen
Carson
Leith
Elgin
New Leipzig
Regent
Mott
New England
Amidon
Marmarth
Rhame
Bowman
Scranton
Gascoyne
Bucyrus
Haynes
Hettinger
Reeder
Glen Ullin
Almont
New Salem
Hebron
Richardton
Gladstone
South Heart
Belfield
Medora
Sentinel Butte
Reach
Golden Valley
Beulah
Zap
Hazen
Stanton
Washburn
Wilton
Regan
Wing
Tuttle
Robinson
Pettibone
Woodworth
Pingree
Leal
Rogers
Spiritwood Lake
Buchanan
Courtenay
Wimbledon
Dazey
Sibley
Pillsbury
Page
Ayr
Amenia
Harwood
Mapleton
Buffalo
Oriska
Sanborn
Tower City
Cleveland
Medina
Tappen
Steele
Streeter
Gackle
Montpelier
Litchville
Nome
Kathryn
Fingal
Alice
Horace
Sheldon
Marion
Jud
Dickey
Fort Ransom
Elliott
Verona
LaMoure
Berlin
Edgeley
Kulm
Fredonia
Lehr
Wishek
Linton
Merricourt
Monango
Oakes
Mantador
Pettibone
Turtle Lake
Underwood
Mercer
McClusky
Goodrich
Bowdon
Sykeston
Hurdsfield
Carrington
Glenfield
Kensal
Hannaford
Hope
Clifford
Galesburg
Lankin
Lawton
Brocket
Inkster
Gilby
Manvel
Ardoch
Minto
Grafton
Edinburg
Hoople
Drayton
Crystal
Mountain
Milton
Osnabrock
Cavalier
Hamilton
Bathgate
Neche
Pembina
Walhalla

NORTH DAKOTA CLOUD MODIFICATION PROGRAM



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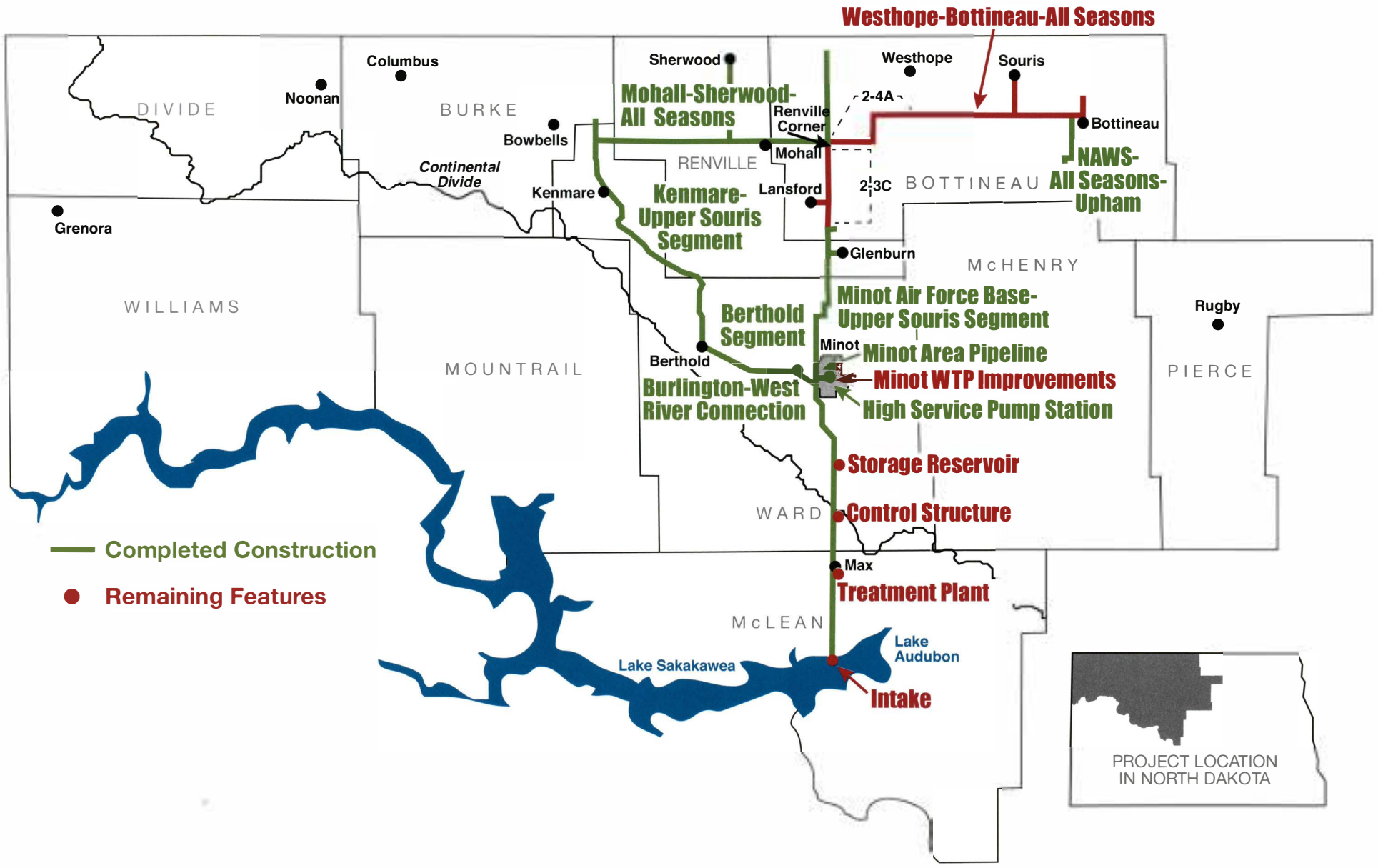
NORTHWEST AREA WATER SUPPLY



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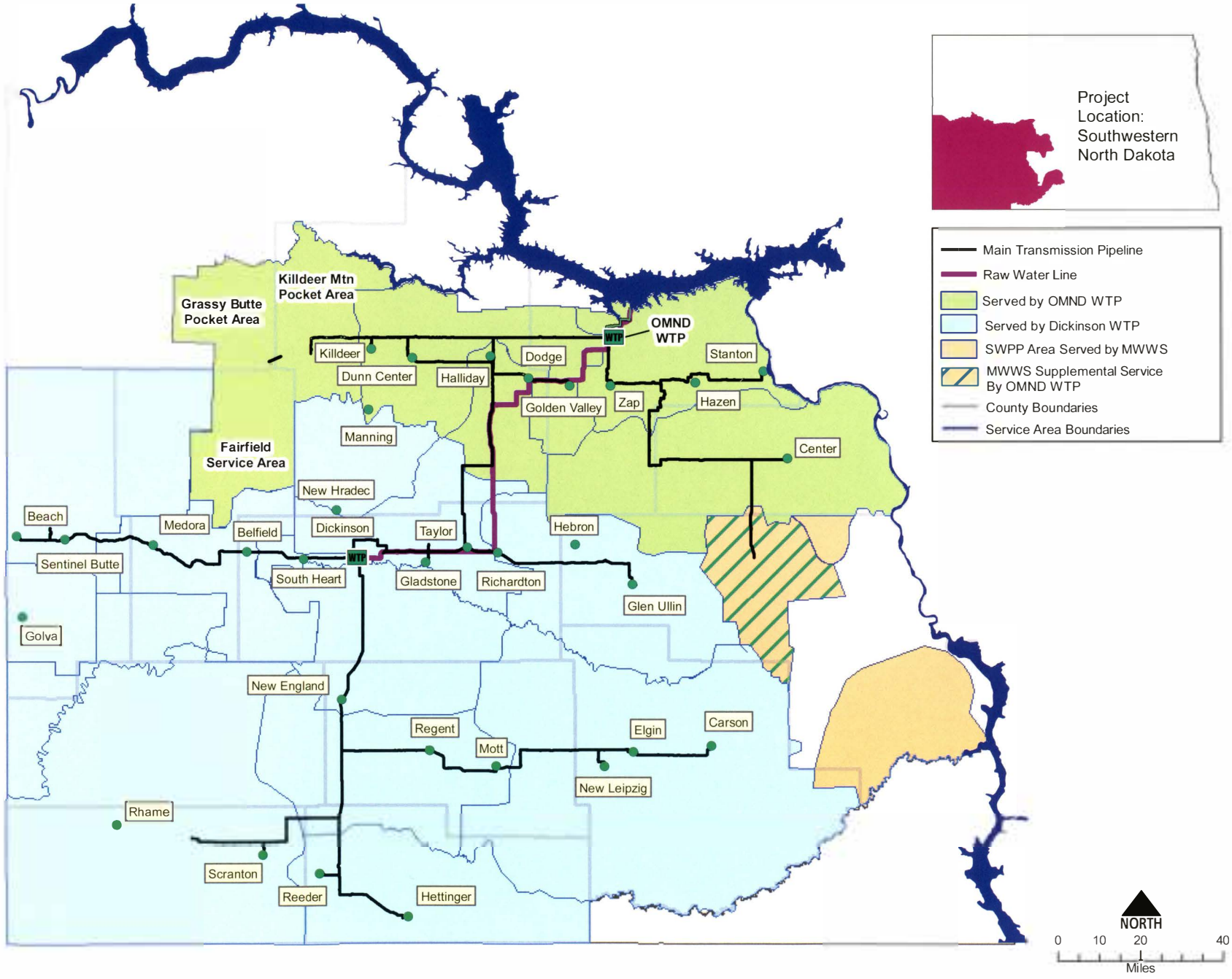
SOUTHWEST PIPELINE PROJECT



NORTH Dakota | State Water Commission

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Bismarck, ND 58502
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FAX (701) 223-4645

Barnes Rural Water District
Cass County Government
Cass County Joint Board
Devils Lake
Devils Lake Basin Joint Board
Dickinson
Fargo
Garrison Diversion Conservancy District
Grafton
Grand Forks
Grand Forks – Traill Water District
Lake Agassiz Water Authority
Lisbon
Mandan
McLean-Sheridan Rural Water
Mercer County Water Resource District
Minot
Missouri River Joint Board
North Central Regional Water District
North Dakota Association of Counties
North Dakota Farmers Union
North Dakota Irrigation Association
North Dakota League of Cities
North Dakota Public Finance Authority
North Dakota Rural Water Systems Association
North Dakota Soybean Growers Association
North Dakota State Water Commission
North Dakota Water Resource Districts Association
North Dakota Water Users Association
North Dakota Weather Modification Association
Northeast Regional Water District
Northwest Area Water Supply
Red River Joint Water Board
Souris River Joint Board
South Central Regional Water District
Southwest Water Authority
Stutsman Rural Water District
Valley City
West Fargo
Western Area Water Supply
Williston

Testimony of David Sprynczynatyk, Chairman
North Dakota Water Coalition
In Support of SB 2020
January 10, 2019

Mr. Chairman and members of the Senate Appropriations Committee, my name is David Sprynczynatyk and I serve as Chairman of the North Dakota Water Coalition.

In 1994, I helped form the North Dakota Water Coalition to **complete North Dakota's water infrastructure for economic growth and quality of life**. The Water Coalition brings together more than 40 water project sponsors and groups to work toward consensus and unity for support of water projects across North Dakota.

I have worked on water issues for more than 30 years. As the State Water Commission Director of Water Development and then North Dakota State Engineer, I found that collaboration within the water community and building consensus regarding funding needs and priorities are essential in meeting the water resource management needs of North Dakota.

The Water Coalition met through the interim to discuss funding needs for the 2019-2021 biennium.

For this biennium, there is a critical need for financial support for the state's water projects. We recognize the limitations and have worked to implement concessions in an effort to prioritize the water funding needs. It is difficult to accomplish the projects with the revenues projected in the Resources Trust Fund for the next biennium. As you will learn from testifiers on behalf of each project and sector, the projects are vital but, unfortunately collectively expensive. The following is recommended to meet the critical water needs of our state:

- Fund State Water Commission administrative operations from the State General Fund
- Oppose any reduction or diversion of the 20 percent of oil and gas extraction taxes from the Resources Trust Fund which supports water projects and infrastructure
- Support lending programs and credit options up to $150 million, through the Bank of North Dakota and the Legacy Fund to finance the completion of state water infrastructure

The testimony you are about to hear will come from various water projects throughout the state that each share a critical role in the advancement of North Dakota's water infrastructure. These projects, which are summarized in the *Meeting the Challenge XI* document have been and will continue to be driving forces in the future of North Dakota.

We appreciate your past support and urge your continued support of North Dakota's water infrastructure and SB 2020.

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Meeting the Challenge XI

2019-21 Critical Water Needs Summary

January 2019

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Meeting the

Fargo-Moorhead Area Diversion Project

The Fargo-Moorhead Area Diversion Project will establish in excess of 100-year flood protection for the 230,000 people within its protective boundaries. The federally authorized project reduces flood risk through construction of a 30-mile, 20,000-cubic-feet-per-second diversion channel, upstream retention and an intricate system of in-town levees. The project provides flood risk reduction from six rivers, including the Red, Wild Rice, Sheyenne, Maple, Rush and Lower Rush Rivers. The project includes an embankment and tie-back levee that will temporarily retain flood waters upstream of the metropolitan area in times of extreme flooding to ensure no downstream impacts. In addition to the diversion channel, the project will include in-town levees along the Red River through Fargo. These levees will enable flood waters to safely pass through the metro area, as well as the diversion channel, which will help reduce project impacts and will provide more robust flood risk reduction.

The project was federally authorized in 2014 through the passage of the Water Resources Reform & Development Act and a Project Partnership Agreement was signed with the U.S. Army Corps of Engineers in 2016. Efforts are also underway with permitting agencies in North Dakota and Minnesota, including a new permit application submitted to Minnesota in March of 2018. A permit decision is expected in the winter of 2018.

In December 2018, the Diversion Authority released a new $2.75 billion cost estimate. The proposed funding plan for the Project includes $750 million from the deferral government ($450 million committed to date), $870 million for the State of North Dakota ($570 committed to date), and over a billion dollars locally provided by approved sales taxes in Fargo and Cass County.

Souris/Mouse River Flood Protection Project

The Mouse River Flood Protection plan consists of an overall project from the 49th Parallel (Sherwood) to 49th Parallel (Westhope). The preliminary alignment for protection measures is an area from the Mouse River State Park to Velva and consists of levees, floodwalls, river diversions and closure features, transportation closure structures, interior pump stations, ring dikes, and residential and commercial property acquisitions in the flood alignment boundary. Levees comprise nearly 90 percent of the alignment, totaling 21.6 miles. The remainder of the alignment consists of 2.8 miles of floodwalls and 30 transportation closure structures (19 roadway and 11 railroad). In addition, the project would require 33 stormwater pump stations.

The estimated project cost is $820 million, based on the current level of design based on a 27,400 cfs flood event. Of this estimated cost, $565 million is related to construction, $154 million is related to property acquisition, and the remaining $101 million covers planning, engineering, and program management costs. In addition to the urban portion from Mouse River Park to Velva, there is also a rural reaches portion that is the STaRR program, which is looking at structure acquisition, ring dike, and relocation options. There are also plans to look at enhanced conveyance from Velva to the Canadian border. The rural reaches portion is approximately $180 million, bringing the entire project to over $1 billion.

Sheyenne River Flood Protection

In the fall of 2011, Valley City began developing investment strategies for permanent flood protection. Funds were originally approved for the Valley City Permanent Flood Protection during the 2013 ND Legislative Session. This flood protection consists of a combination of clay levees, floodwalls and select property acquisitions. Phase 1 of the project, protecting residential property and Valley City State University, was completed in the fall of 2016. The second phase will focus on Main Street and one of the city's Distribution Power Substations. Design for Phase 2 is getting started with work anticipated to begin in 2017. Overall completion is expected within eight years assuming an average of $25 million in state funding each biennium over that time period.

Lisbon developed a permanent flood protection plan, which includes home acquisitions and levee construction along the Sheyenne River. With the help of the State Water Commission, the city began construction on Levee A in 2014. Levee A tied into existing high ground on the northwest side of the city and extended east to ND State Hwy 32. The following year, the city constructed Levee C, which started just east of ND State Hwy 32 and extends south to a point that is just north of ND State Hwy 27. The city is currently constructing Levee E, which includes 1,100 feet of flood protection on the east side of the Sheyenne River between ND State Hwy 27 and 8th Ave. The city is currently in the design process for Levee D and Levee F and look to be under construction in 2017 and 2018, respectively. Once Levee D and Levee F are constructed, levee work will be completed in the northern portion of the city.

Devils Lake Outlet Operations

The state completed construction of an outlet from the west end of Devils Lake to the Sheyenne River in 2005. The original west-end pumps were designed with a maximum capacity of 100 cubic feet per second (cfs). Modifications constructed in early 2010 increased that capacity to 250 cfs. During the summer of 2012, as the flood water continued to rise in the Devils Lake Basin, the state also completed an outlet from East Devils Lake with a maximum capacity of 350 cfs. The combined operating capacity of the West and East Devils Lake outlets is 600 cfs, and together, the outlets have discharged over 1.16 million acre-feet. At the current lake elevation, this volume corresponds to approximately 6.5 feet of flood water on top of the lake surface. The funding request for Devils Lake Outlet Operations go towards the costs associated with operating the Devils Lake Outlets, monitoring the outlet and downstream water quality, and providing mitigation for those who are adversely impacted by outlet operation.

Rural Water Supply

Regional/rural water systems provide a safe, reliable, high-quality, and affordable water supply to North Dakota residents, farms, industries, subdivisions, and small communities. In order to meet the growing statewide water needs, Garrison Diversion Conservancy District, the State Water Commission, the four Tribal Nations, and the North Dakota Rural Water Systems Association are working cooperatively to solve water quality and quantity problems.

Projects for the 2019-2021 biennium include, but are not limited to, expansions of Agassiz WUD, All Seasons WUD, Dakota RWD, East Central RWD, Greater Ramsey WD, McLean-Sheridan RWD, Missouri West Water System, North Prairie RWD, North Central RWD Northeast RWD, South Central RWD, Southeast RWD, Stutsman RWD, Tri-County WD, and Walsh

Challenge XI

[redacted]ithout assistance, many systems could not reasonably af[redacted] bring water to people who desperately need it or comply with complex regulations and mandates.

Municipal Water Supply

North Dakota's 357 incorporated cities generate over 90% of in-state sales tax annually. A critical component of their revenue generating ability is a sustainable municipal water infrastructure that supports water demand and water quality. The partnership of local and state funding for water infrastructure capital investments encourage and strengthen a growing state economy. These projects not only serve municipal and industrial customers, but also serve rural water customers through current and future water supply regionalization partnerships.

Red River Valley Water Supply Project (RRVWSP)

The Red River Valley Water Supply Project (RRVWSP) is a plan to safeguard water for North Dakota communities and rural water systems in times of drought by delivering water from the Missouri River to central and eastern North Dakota through a buried pipeline. Upon its completion, the RRVWSP will benefit about half of North Dakota's population by providing an emergency water supply during droughts.

The water will also provide opportunities for industrial development, as a current lack of industrial water supply has dri[redacted] industries to obtain water through less desirable means a[redacted]location out of North Dakota.

[redacted]ing requested is to be allocated towards construction of a pipeline segment, as well as completing the final design of key components and the land acquisition process for the RRVWSP.

Southwest Pipeline Project (SWPP)

The Southwest Pipeline Project (SWPP) continues its mission of quality water for southwest North Dakota. The North Dakota State Water Commission (SWC) has been constructing a complex network of pipelines, pump stations, reservoirs and treatment facilities since 1986. More than 56,000 North Dakota residents receive quality water from the SWPP with service provided to more than 7,150 rural locations through over 5,262 miles of pipeline. Service is also available to three crew camps, two raw water depots, Red Trail Energy Ethanol Plant, 21 raw water customers, Missouri West Water System and Perkins County Rural Water System.

The SWPP continues construction on the supplemental intake at Renner Bay on Lake Sakakawea. Progress is being made on the raw-water main transmission pipeline. Construction is also continuing on the Residuals Handling Facility in Dickinson. The third WTP recently came online. The Project is increasing its storage capacity with the additional Dickinson and Richardton raw water reservoirs.

Rural areas and communities currently served by the SWPP are basing their current and future growth on the availability of q[redacted]water. Addressing the waiting list, water treatment plant r[redacted]ment and additional capacity for both raw and potable wat[redacted]are necessary. Growth in southwest North Dakota is able to be sustained with the continued growth and increased capacity of the Pipeline.

The Western Area Water Supply Project (WAWSP)

The Western Area Water Supply Project (WAWSP) utilizes water from the Missouri River in Williston, treats it at the Williston Regional Water Treatment Plant, and then transports it to cities and rural areas in all or parts of Burke, Divide, McKenzie, Mountrail, and Williams Counties in northwestern North Dakota. The WAWSP's service area is forecast to reach 125,000 people by the year 2038, according to a 2014 study completed by the North Dakota State University Department of Agribusiness and Applied Economics. The Western Area Water Supply Authority (WAWSA) has constructed more than 1,042 miles of transmission lines and rural water distribution networks, as well as pump stations, reservoirs, and other critical infrastructure, in order to serve an estimated 65,000 people in the service area.

The WAWSP Business Plan is a first-of-its-kind public-private partnership in North Dakota. To date, the North Dakota Legislature has obligated $309 million to complete the project. In order to repay its loans, WAWSA is selling the system's unused water capacity to the oil industry during the population growth period to pay for a significant portion of the project's $469 million cost. Specific projects that could be advanced this biennium include part two of a McKenzie County system expansion, R&T system Stanley, White Earth and Powers Lake rural distributions, and Williams Rural north and 29-mile rural distribution efforts.

Northwest Area Water Supply (NAWS)

The Northwest Area Water Supply (NAWS) is delivering drinking water to areas in north central North Dakota. NAWS currently has approximately 230 miles of pipe (185 miles of distribution pipeline and 45 miles of raw water transmission pipeline), one high service pump station, two ground storage reservoirs, one elevated storage reservoir, and four booster pump stations. The project currently serves Burlington, West River Water and Sewer, Berthold, Kenmare, Sherwood, Mohall, Upper Souris Water District, and All Seasons Water Users District with water purchased from Minot through an interim water supply agreement. The project also distributes water for the city through two connections to the Minot water distribution system, the Minot Air Force Base, and multiple connections to North Prairie Rural Water. The project had been in litigation since 2002 and under a federal injunction since 2005. In August 2017, the US District Court for the District of Columbia ruled in favor of the State and Bureau of Reclamation and vacated the injunction. Manitoba and Missouri appealed the district court decision, but Manitoba has since settled its case with Reclamation.

Work is currently underway to replace the softening basins and associated systems at the Minot Water Treatment Plant and design in underway for the Biota Water Treatment Plant at Max and for the intake modifications at Snake Creek Pumping Plant. Contracts will be bid over the winter of 2018-19 for the first two pipeline contracts to extend the distribution system towards Bottineau for construction in the 2019 construction season. Design is underway for the remaining pipeline to Bottineau for construction in the 2020 season along with other critical project components. The water needs in the Bottineau area are critical and the aquifers currently serving the project through contracts with the City of Minot are not a sustainable water source.

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General Water Management

In addition to the many large-scale water projects being developed across the state, there are dozens of smaller local water management projects that benefit individuals and local communities. The State Water Commission provides support for these water management projects by cost-sharing with local entities, primarily water resource districts. Joint water boards also play a key role in these local water management projects. Examples of general water management projects that typically receive cost-share assistance from the state include: rural flood control, snagging and clearing, channel improvements, recreation projects, dam certification and repairs, planning efforts, special studies, and other water management projects.

Irrigation

Irrigation provides the opportunity for producers to grow high-value crops that meet high-quality market standards and to consistently raise high-yielding good quality traditional crops. According to a 2014 NDSU study, investment in irrigation provides positive returns over dryland crop rotations. North Dakota has about 290,000 acres of land under irrigation, but a 2012 study showed a potential for 550,000 additional irrigated acres in North Dakota. The SWC provides up to 50% cost-share for off-farm irrigation supply works, storage facilities, intake structures, pumps, and electrical power.

Project Funding

The North Dakota Water Coalition has assembled a priority list of minimum state funding levels needed to assist projects and categories during the 2019-2021 biennium which total $552.4 million. The project sponsors have coordinated to prioritize the water funding needs to align with the anticipated $403 millio available for water projects. Because the minimum amounts of critical water project funding needs exceed the projected revenues the Water Coalition recommends the following to help meet the critical water needs of our state:

- Fund of State Water Commission administrative operations from the State General Fund
- Oppose any reduction or diversion of 20 percent of oil and gas extraction taxes from the Resources Trust Fund which supports water projects and infrastructure
- Support lending programs and credit options up to $150 million, through the Bank of North Dakota and the Legacy Fund to finance the completion of state water infrastructure

Statewide Water Funding and Needs: 2019-21 and Beyond

	Total Project Cost	Total Funding (Federal, State and Local Funds)	Current Unmet Need
Fargo Moorhead Diversion	$2.75 billion	$792.5 million (as of October 2018)	$2.2 billi
Red River Valley Water Supply Project	$1.03 billion	$1.114 billion (potential)	$150 million*
Irrigation Infrastructure			$1 million
Mouse River Flood Control	$1.028 billion	$324.2 million (as of October 2018)	$748 million
Municipal Water Supply (cities)	$125-150 million		$125-150 million
Rural Water (systems)			$83 million
General Water Management/Conveyance			$45 million
Northwest Area Water Supply (NAWS)	$411 million	$138.1 million (as of June 2018)	$232 million
Sheyenne River Flood Control for Valley City/Lisbon	$143 million	$65.8 million (as of October 2018)	$97 million
Southwest Pipeline Project (SWPP)	$370.99 million	$407 million (as of October 2018)	$190.68 million
Western Area Water Supply (WAWS)		$329 million (as of October 2018)	$175 million

*Legislative Intent

2019 and Beyond

Water needs are clearly greater than our resources. We must work hard to "Meet the Challenge" and *"complete North Dakota's water infrastructure for economic growth and quality of life."*

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pg 1

Testimony of Eric Volk, Executive Director

ND Rural Water Systems Association

Senate Bill 2020

Senate Appropriations Committee – January 10, 2019

Chairman Holmberg and members of the Senate Appropriations Committee, my name is Eric Volk. I am the executive director of the North Dakota Rural Water Systems Association (NDRWSA). Our vision is to ensure all of North Dakota has access to affordable, ample, and quality water.

NDRWSA is committed to completing and maintaining North Dakota's water infrastructure for economic growth and quality of life. Today I am submitting testimony in support of a State Water Commission (SWC) budget that allows for adequate funding to meet the critical water needs of North Dakota.

In addition to the Southwest Pipeline Project, Northwest Area Water System, the Red River Valley Water Supply Project and the Western Area Water Supply Project, there are currently many other rural and regional projects in various stages of development across the state. Some examples of these projects are the completion of the large expansion of the Southeast Water Users District, the further development of the Northeast Regional Water District, and the completion of a county wide expansion of Stutsman Rural Water District, in addition to several others; many of them located in the oil impacted areas of our state. The total cost of these rural and regional projects for the next biennium is nearly $70 million. (Please see attached spreadsheet and map).

These projects are designed to meet similar needs. Those needs include water quality and quantity. On the water quality side, the projects will help communities comply with non-funded federal mandates required by the Safe Drinking Water Act, including arsenic levels, nitrates, disinfection by-products, and total coliform bacteria. Quality issues also include water very high in sodium, sulfates, iron, and manganese. On the quantity side, many families do not have a potable source of water and even in this day and age must haul water for their families and livestock.

Meeting the demands of repairing & replacing aging infrastructure and complying with rules & regulations are taking its toll on many small and rural water systems. A study completed by the United States Environmental Protection Agency revealed the rates needed to cover future infrastructure repair and replacement for small systems will be four times as high as their larger counterparts. Another major challenge facing rural and small water systems is the ever increasing rural to urban migration, which continues to decrease the population base and which adds to the cost to the individual consumer. This does offer a challenge in finding affordable ways to bring quality water to rural areas. These projects are expensive to fund and without significant state grant funding, the cost to the consumer is just too much for the average family to afford.

The money spent on water projects in the past has been an investment in the future of North Dakota – an investment in economic development and quality of life for our citizens. Every rural water system that has been built in our state is still operating. They are providing safe, clean water to their customers, reducing their debt, putting money in reserve, complying with every state and federal regulation, and doing so with a prudent rate structure; albeit higher than most municipalities charge (see attached rate schedule). Not only do rural water systems

serve over 150,000 rural residents, they also provide water to 263 (74%) of the state's 357 incorporated cities.

With that said, the NDRWSA supports a State Water Commission budget that allows for adequate funding to meet the critical water needs of North Dakota. Thank you for giving me the opportunity to provide testimony on behalf of the members of the NDRWSA. Eric Volk, ericvolk@ndrw.org

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Rural Water System Rates
January 2019

SYSTEM	# of Users	Minimum Cost	Minimum Gal.	$/1000 Gal.	$/6000 Gal.
Agassiz Water Users District	1334	$20.00	0	$5.50	$53.00
All Seasons Water Users District System 1-4	722	$32.00	0	$7.00	$74.00
All Seasons Water Users District System 4 Phase 1&2	107	$42.00	0	$7.00	$84.00
All Seasons Water Users District System 5	480	$42.00	0	$7.00	$84.00
Barnes Rural Water District #1	1377	$43.00	0	$5.00	$73.00
Barnes Rural Water District #2	261	$59.00	0	$5.00	$89.00
Barnes Rural Water District #3	350	$52.00	0	$5.00	$82.00
Cass Rural Water District	5789	$27.00	0	$5.40	$59.40
Central Plains Water District (Old)	790	$30.00	0	$6.00	$66.00
Central Plains Water District (New)	340	$56.00	0	$7.25	$99.50
Dakota Rural Water District	599	$45.00	0	$4.80	$73.80
Dakota Rural Water District Expansion	188	$53.00	0	$4.80	$81.80
East Central Regional Water District	2429	$29.40	0	$5.78	$64.08
East Central Regional Water District	315	$55.00	0	$5.78	$89.68
East Central Regional Water District	779	$55.00	0	$7.00	$97.00
Garrison Rural Water Association	736	$33.15	0	$4.00	$57.15
Garrison Rural Water Association		$58.15	0	$4.00	$82.15
Greater Ramsey Water District	1892	$20.00	0	$4.25	$45.50
Greater Ramsey Water District Expansion	351	$45.00	0	$4.25	$70.50
McKenzie County Water Resource District	1175	$45.90	0	$5.57	$79.32
McLean Sheridan Rural Water	700	$49.00	0	$6.91	$90.46
McLean Sheridan Rural Water/Washburn Project	150	$59.00	0	$6.91	$100.46
Missouri West Water System	1654	$35.00	0	$5.51	$68.06
North Central Regional Water District	1578	$65.00	0	$7.65	$110.90
North Prairie Rural Water District	2767	$54.00	0	$7.60	$99.60
Northeast Regional Water District/Langdon Branch	979	$55.00	0	$6.00	$91.00
Northeast Regional Water District/North Valley Branch	1370	$39.00	0	$6.00	$75.00
Northwest Rural Water District	2259	$45.00	0	$8.57	$96.42
R&T Water Supply Association	600	$45.00	0	$6.50	$84.00
South Central Regional Water District	5988	$34.00	500	$7.50	$75.25
South Central Regional Water District	1100	$40.00	0	$5.15	$70.90
Southeast Water Users District Central	791	$45.00	0	$5.75	$79.50
Southeast Water Users District East	1699	$26.00	0	$4.50	$53.00
Southeast Water Users District New Construction	500	$55.00	0	$4.50	$82.00
Southeast Water Users District West	544	$45.00	0	$3.50	$66.00
Southwest Water Authority	6858	$47.00	0	$5.91	$82.46
State Line Water Cooperative	452	$40.00	0	$6.25	$77.50
Stutsman Rural Water District	1236	$43.00	0	$5.00	$73.00
Stutsman Rural Water District Expansion Project	1090	$48.00	0	$5.00	$78.00
Tri-County Water District	700	$54.00	0	$6.00	$90.00
Tri-County Water District Expansion	240	$54.00	0	$6.00	$90.00
Tri-County Water District Expansion	9	$54.00	0	$6.00	$90.00
Upper Souris Water District	620	$30.00	0	$9.00	$84.00
Walsh Rural Water District C1	22	$42.00	0	$7.50	$87.00
Walsh Rural Water District C2	3	$68.00	0	$7.50	$113.00
Walsh Rural Water District R1	1252	$36.00	0	$7.50	$81.00
Walsh Rural Water District R3	159	$48.00	0	$7.50	$93.00
Walsh Rural Water District R4	85	$55.00	0	$7.50	$100.00
	55419				
Median		$45.00		$6.00	$82.00
Average		$44.85		$6.03	$80.97
Yearly Average					$971.60

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1 – **AGASSIZ WATER USERS DISTRICT – GILBY**
System Expansion and Interconnect Project

2 – **ALL SEASONS WATER USERS DISTRICT – BOTTINEAU**
Expansion Project

3 – **DAKOTA RURAL WATER DISTRICT – FINLEY**
User Expansion

4 – **EAST CENTRAL REGIONAL WATER DISTRICT – THOMPSON**
User, Transmission Pipeline Expansion, Well Expansion and District Interconnect

5 – **GREATER RAMSEY WATER DISTRICT – DEVILS LAKE**
Expansion Project – Oswald Bay

6 – **MCLEAN SHERIDAN RURAL WATER DISTRICT – TURTLE LAKE**
System Wide Improvements/Expansion Project

7 – **MISSOURI WEST WATER SYSTEM – MANDAN**
Harmon Lake Area, North Mandan/Highway 25, and Hwy 1806 - Huff & Fort Rice Expansion

8 – **NORTH CENTRAL REGIONAL WATER DISTRICT – MINOT**
City of Benedict Water Distribution System

9 – **NORTH PRAIRIE RURAL WATER DISTRICT – MINOT**
Minot to Velva Hwy 52 Project

10 – **NORTHEAST REGIONAL WATER DISTRICT – CAVALIER**
Water Loss Infrastructure, User Expansion Phase II, and City of Devils Lake Phase II

11 – **SOUTH CENTRAL REGIONAL WATER DISTRICT – BISMARCK**
North Burleigh Water Treatment Plant Pretreatment Improvements

12 – **SOUTHEAST WATER USERS DISTRICT – MANTADOR**
Replacement of Existing 1.5" Glued Pipe, Regionalization Water Treatment Plant, and System Wide Expansion

13 – **STUTSMAN RURAL WATER DISTRICT – JAMESTOWN**
Water Supply to Streeter, Phase 7 Water Supply

14 – **TRI-COUNTY WATER DISTRICT – PETERSBURG**
Rural Distribution Pipeline Expansion

15 – **WALSH RURAL WATER DISTRICT – GRAFTON**
User, Transmission Pipeline Expansion Phase II, Connection to Drayton

16 – **WESTERN AREA WATER SUPPLY – WILLISTON**
System Wide Distribution Expansion

17 – **SOUTHWEST PIPELINE PROJECT – DICKINSON**
System Upgrades

New Horizons in Rural Living
NORTH DAKOTA
Rural Water
SYSTEMS ASSOCIATION
2718 Gateway Avenue #201 • Bismarck, ND 58503
Phone: 701-258-9249 • FAX: 701-258-5002
Email: ndrw@ndrw.org • www.ndrw.org

OUR VISION
All of North Dakota has access to affordable, ample, and quality water.

Quality On Tap!
Our Commitment Our Profession

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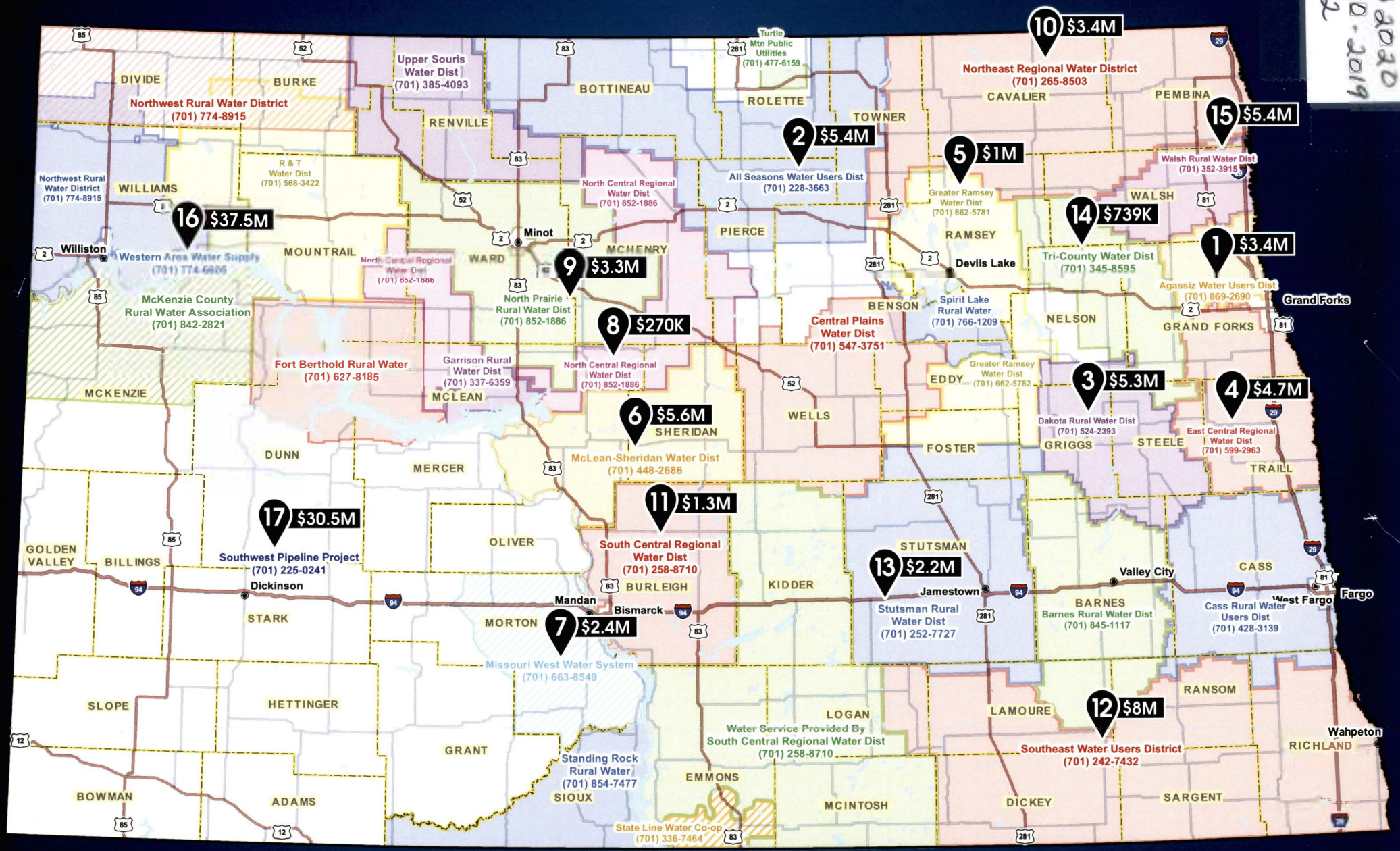
1-10-2019
Pg 2



#10 SB 2020
1-10-2019
pg 1

January 10, 2019
SB 2020
Senate Appropriations
Sen. Holmberg, Chair

Good morning. For the record, Blake Crosby, Executive Director of the North Dakota League of Cities representing the 357 incorporated cities in North Dakota.

Thank you for this opportunity to present information on municipal water project needs across the State.

A quick backstory…based on a question from the Governor at an SWC meeting last year I asked my cities to give me long-term…10, 20 and 50+ year projections on water infrastructure by project type. That data is presented in the 2019 Water Development Plan beginning on page 77. As you can see the long-term needs are significant. I want to take a moment here to thank Patrick Fridgen for taking my raw numbers and incorporating them into the State Water Plan in an understandable summary. He and his staff looked at over 100 spreadsheets of data.

Rural Water also asked their 27 systems to undergo the same data gathering as 263 of my cities are on rural water.

Getting back to the current biennium, when looking at the project requests submitted to SWC last Spring, the cost is $88 million not including the Grand Forks Regional Water Treatment Plant or cities 30% cost-share. Many of the projects requested were for repair, replacement or improvement so I supposed those projects could wait a biennium or two if funding is quite short, or the city could use the Municipal Infrastructure Fund (aka Prairie Dog) if it passes.

So, looking into a very cloudy crystal ball and taking into account passage of the Municipal Infrastructure Fund, I would guess that $25-$30 million could tide us over for 2019-21. A cost factor not easily quantifiable are the current tariffs on aluminum and steel. Tariffs are increasing those prices by at least 30% higher than engineering specs, so we are in for a bumpy ride in that area.

Thank you for your time and consideration. I will try to answer any questions.

SOUTHWEST WATER AUTHORITY

QUALITY WATER FOR SOUTHWEST NORTH DAKOTA

SOUTHWEST PIPELINE PROJECT

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Service Area & Customers Served

- Population served is ~56,000
- Over 7,185 rural customers
- 33 communities
- 23 contract customers
- 2 additional rural water systems
- 21 raw water customers
- 3 crew camps
- 2 raw water depots
- Water sales for 2018 projected at 2.3 billion gallons
- Water revenue for 2018 projected at $14.5 million
- Water sales for 2019 projected at 2.4 billion gallons
- Water revenue for 2019 projected at $16.7 million
- 3 water treatment plants
- 49 employees

Installation of main transmission pipeline

SOUTHWEST WATER AUTHORITY

QUALITY WATER FOR SOUTHWEST NORTH DAKOTA

SOUTHWEST PIPELINE PROJECT

#11 SB 2020
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pg 2

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Phone: 701-225-0241
Toll-Free: 888-425-0241
Fax: 701-225-4058

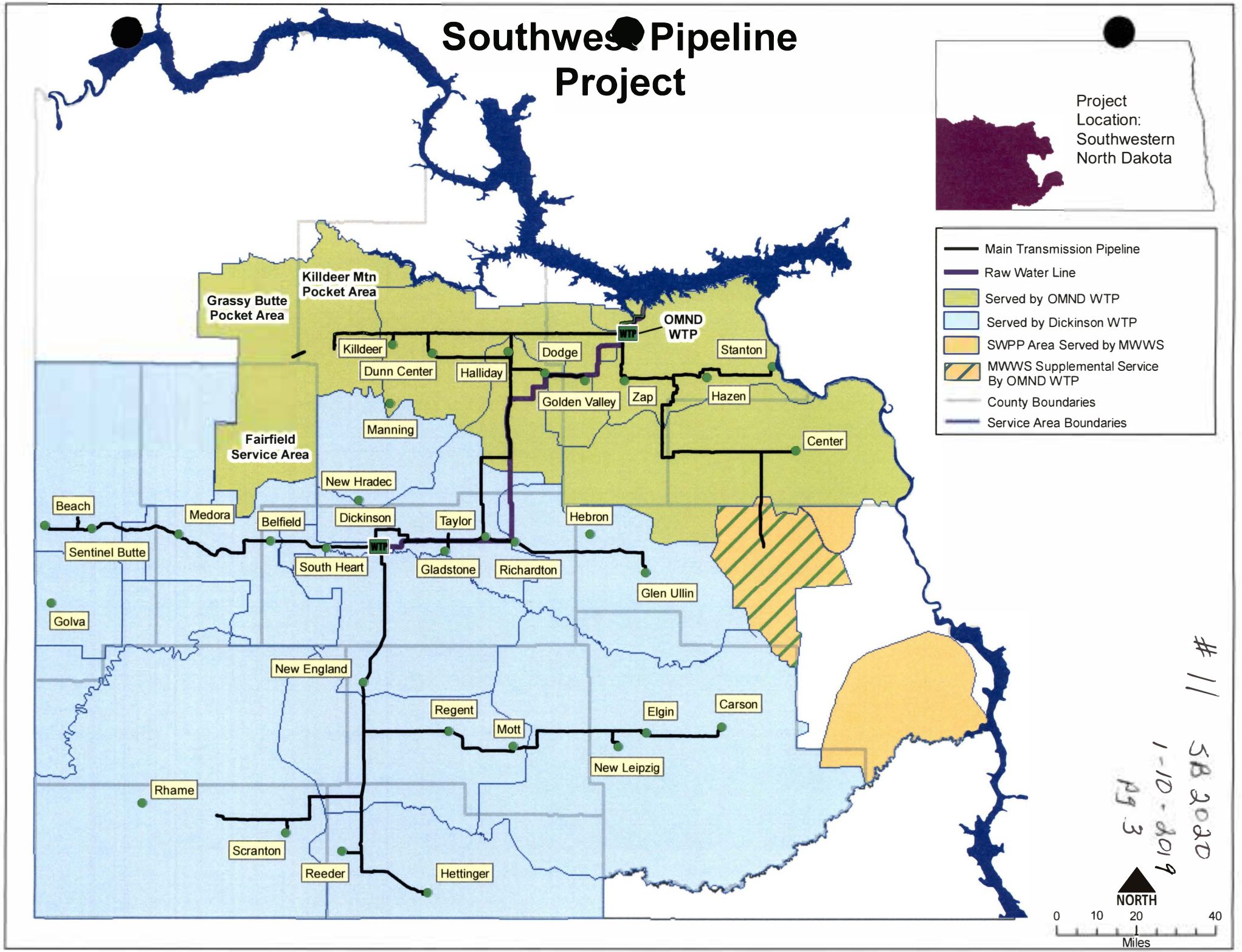
swa@swwater.com
www.swwater.com

Vision Statement

People and business succeeding with quality water

www.facebook.com/swwater

www.twitter.com/SWwaterND



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1-10-2019
pg 4

SOUTHWEST WATER AUTHORITY

QUALITY WATER FOR SOUTHWEST NORTH DAKOTA

SOUTHWEST PIPELINE PROJECT

Southwest Water Authority

Operations & Maintenance

- The Southwest Pipeline Project (SWPP) is owned by North Dakota and administered by the State Water Commission
- Southwest Water Authority (SWA) was established in 1991
- Operations and management of the SWPP were transferred to SWA on January 1, 1996
- SWA manages, operates, and maintains all SWPP features

REM Fund

- The Replacement & Extraordinary Maintenance (REM) Fund covers costs of an extraordinary nature or to replace parts of the SWPP system that reach their life expectancy
- Originally, the rate was set at 30 cents per thousand gallons of water sold and the 2018 rate is 70 cents

Contract Contributions	**$**	**16,447,464**
Rural Contributions	**$**	**2,767,395**
Interest	**$**	**4,459,444**
Dividends	**$**	**237,192**
Fiduciary Fees	**$**	**(621,938)**
Disbursements	**$**	**(4,598,390)**
Ending Balance	**$**	**18,691,167**

(As of December 31, 2018)

Mill Levy

- SWA receives one mill from each of the 12 counties served
- Mill levy began in 1991, extended in 1995 and 2001, again in 2009, and currently sunsets in 2020
- The mill levy for SWA is used for administration expenses

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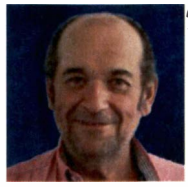
Current Board of Directors

Jonathon Eaton
Adams County

James Odermann*
Billings County

Rick Seifert
Bowman County

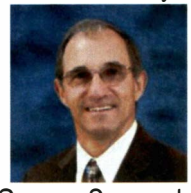
Glenn Eckelberg
Dunn County


Mark Begger
Golden Valley County

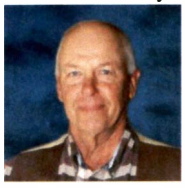
Brian Roth
Grant County

Don Schaible
Hettinger County

Marie Johnson
Mercer County


George Saxowsky
Morton County

Mike Tietz
Oliver County


Dave Juntunen
Slope County

Steve Schneider*
Stark County

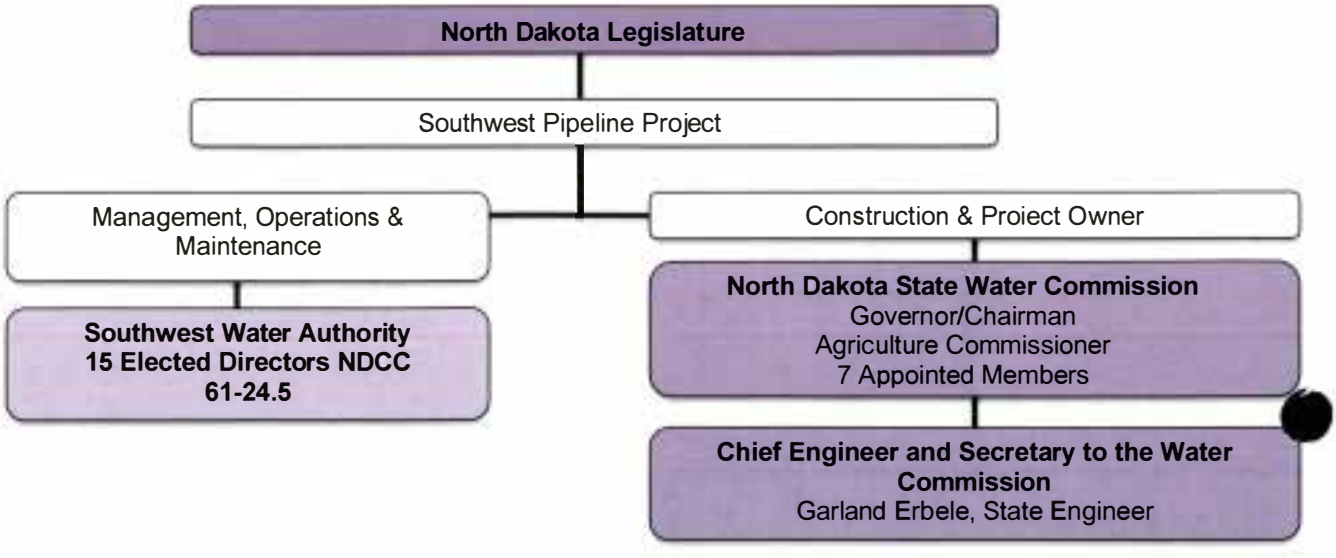
Larry Bares*
City of Dickinson

Jason Bentz
City of Dickinson

Bob Leingang
City of Mandan

**Executive Committee Members*

- Governed by a 15-member board representing 12 counties in the service area
- In 1991, SWA had 27 board members
- In 2001, SWA's Board of Directors was downsized to 14 members
- In 2009, the City of Mandan was added as a board member, increasing the board to 15 members
- Board members serve four-year terms with half the board up for election every two years in the June primary



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Southwest Pipeline Project
Funding Needs
2019 and Beyond

Contract	Description	Detail	Estimated Project Cost
1-1B	Intake Pump Station Upgrade	Miscellaneous Piping and Appurtenances	$342,000
1-2B	Supplementary Intake Pump Station	Intake Pump Station Building and Pumps	$8,850,000
2-3J	Parallel Pipe from Dickinson Reservoir to Dickinson WTP	1.43 miles 24" DIP	$5,834,000
	Capacity upgrades necessary for regional growth		
2019-1	Blowoff Replacements	Raw Water Main Transmission Line Blowoff Upgrades	$335,000
5-13A	2nd Davis Buttes Reservoir	1 Million Gallon Ground Storage Reservoir, 60' diameter x 47'high	$2,022,000
	Deferred construction		
5-9A	2nd Belfield Reservoir	750,000 Gallon Ground Storage Reservoir, 52' diameter x 47' high	$1,532,000
	Capacity upgrades necessary for regional growth		
	Rural Needs 2019-2021	Potential Customers on Waiting Lists	$5,000,000
	SWC Agency Operations 2019-2021	$850,000 per biennium	$850,000
3-3	12 Million Gallon per Day Water Treatment Plant	Replacement of the Original Water Treatment Plant in Dickinson	$72,000,000
	Rural Needs 2021-2023	Potential Customers on Waiting Lists	$5,000,000
	SWC Agency Operations 2021-2023	$850,000 per biennium	$850,000
6	SCADA	SCADA for System Upgrades	$820,000
4-3A	Ray Christensen Pump Station Upgrades	Pump Upgrades for Increased Distribution Capacity	$13,000,000
	Capacity upgrades necessary for regional growth		
2-3I	Parallel Pipe from Richardton to Dickinson Reservoir	5 miles 24" DIP	$13,624,000
	Capacity upgrades necessary for regional growth		
	Rural Needs 2023-2025	Potential Customers on Waiting Lists	$5,000,000
	SWC Agency Operations 2023-2025	$850,000 per biennium	$850,000
2-2I	Parallel Pipe from Zap to Richardton	20.4 miles 30" Steel and DIP	$58,162,000
	Capacity upgrades necessary for regional growth		
	Rural Needs 2025-2027	Potential Customers on Waiting Lists	$5,000,000
	SWC Agency Operations 2025-2027	$850,000 per biennium	$850,000
8-4	Golva Tank	150,000 Gallon Standpipe, 25' diameter x 41' high	$560,000
	Deferred construction		
	Rural Needs 2027-2029	Potential Customers on Waiting Lists	$5,000,000
	SWC Agency Operations 2027-2029	$850,000 per biennium	$850,000
	Total Estimated Project Cost		**$206,331,000**

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SOUTHWEST WATER AUTHORITY

Our Vision: People and Business Succeeding with Quality Water Our Mission: Quality Water for Southwest North Dakota

County	Waiting List Locations	Standard Service	Pasture Tap Service	High Consumption	Other
Adams	16 locations	9	6	1	0
Billings	58 locations	25	26	2	5
Bowman	36 locations	17	13	3	3
Dunn	157 locations	86	58	5	8
Golden Valley	52 locations	28	21	2	1
Grant	42 locations	21	18	2	1
Hettinger	53 locations	35	16	2	0
Mercer	4 locations	0	3	0	1
Morton	43 locations	19	19	3	2
Oliver	0 locations	0	0	0	0
Slope	26 locations	12	11	1	2
Stark	118 locations	82	19	11	6
Grassy Butte (McKenzie County)	26 locations	13	5	2	6
Total Waiting List	**631**	**347**	**215**	**34**	**35**

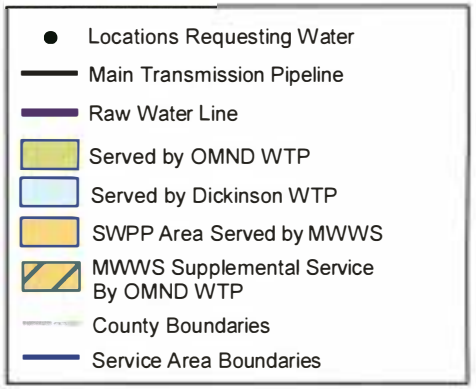
Other: Subdivisions, Additional Capacity, or Higher Usage

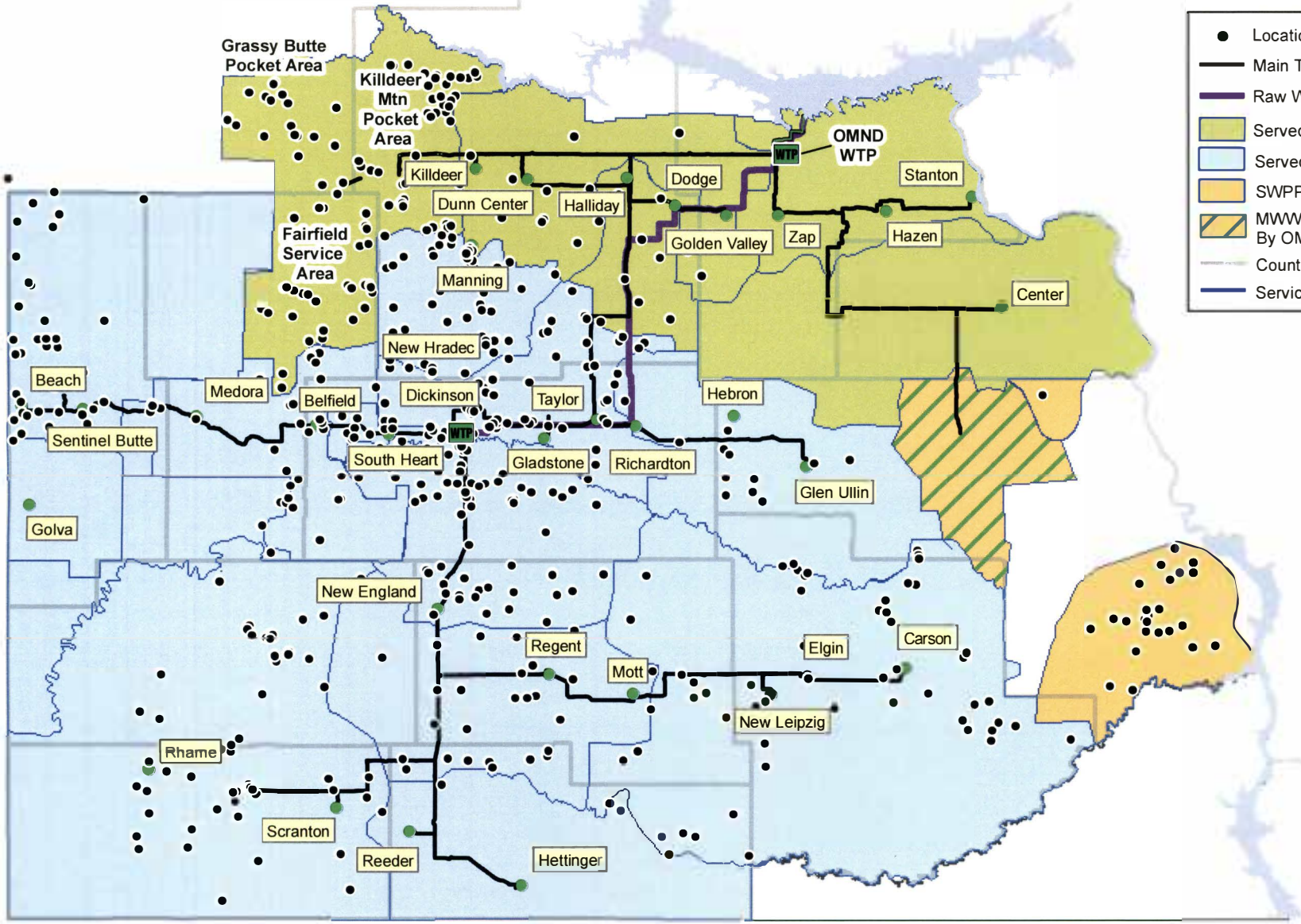
December 2018

Southwest Pipeline Project

Service Area and Waiting List

November 2018





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SOUTHWEST PIPELINE PROJECT

FACILITY UPGRADE FUNDING NEEDS

NORTH
NOT TO SCALE

LEGEND

- EXISTING RAW WATER PIPELINE
- EXISTING SWWP PIPELINE
- EXISTING MWWS PIPELINE
- PROPOSED RAW WATER PIPELINE
- SERVICE AREA BOUNDARY
- COUNTY BOUNDARY
- UNDERWAY
- FUTURE
- PROPOSED FOR 2017-2019 BIENNIUM
- INTK EXISTING INTAKE
- WTP WATER TREATMENT PLANT
- T TANK
- PS PUMP STATION

SUPPLEMENTARY INTAKE

SUPPLEMENTARY INTAKE PUMP STATION

3.6 MILES 30" PARALLEL PIPE

5.5 MILES 30" PARALLEL PIPE

DODGE PUMP STATION UPGRADES

14.8 MILES 30" PARALLEL PIPE

2ND DAVIS BUTTES RESERVOIR

5.3 MILES 24" PARALLEL PIPE

1.7 MILES 24" PARALLEL PIPE

2ND BELFIELD RESERVOIR

2ND RICHARDTON RESERVOIR

RICHARDTON PUMP STATION UPGRADES

2ND DICKINSON RESERVOIR

NEW SOUTHWEST 6 MGD WTP

RESIDUALS HANDLING FACILITY

NEW GOLVA RESERVOIR

McKENZIE COUNTY
DUNN COUNTY
MERCER COUNTY
OLIVER COUNTY
BILLINGS COUNTY
STARK COUNTY
MORTON COUNTY
KILLDEER
DUNN CENTER
HALLIDAY
DODGE
GOLDEN VALLEY
PICK CITY
RIVERDALE
STANTON
HAZEN
ZAP
BEULAH
HANNOVER
CENTER
TAYLOR
REBRON
RICHARDTON
GLADSTONE
DICKINSON
SOUTH HEART
NEW SALEM
GLEN ULLIN
MANDAN

Bartlett&West | AECOM

Drawing name: F:\Pro\2000\3033\3033.010\autocad\Overall & Misc Maps\SWPP Project Area Maps UPDATED.dwg Layout name: MTL Facility Upgrades (2) Plotted by: ddm0439 Plotted on: Jan 30, 10:16am

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1-10-2019 pg 10

SOUTHWEST WATER AUTHORITY

QUALITY WATER FOR SOUTHWEST NORTH DAKOTA

SOUTHWEST PIPELINE PROJECT

Project Funding

Southwest Pipeline Project (SWPP)
Funding Sources

State Funding (in millions of dollars)

Resources Trust Fund	$229.21
Water Development Trust Fund	$8.47
Subtotal	**$237.68**

Federal Funding

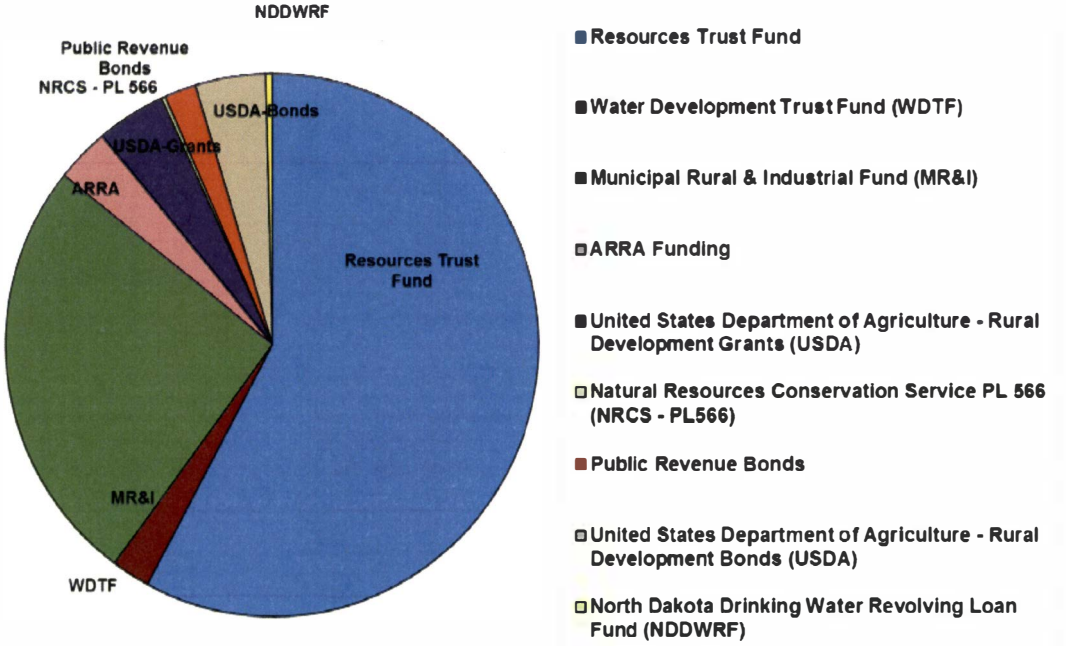
Garrison Diversion Conservatory District	
Municipal Rural & Industrial (MR&I) Fund (ARRA Funding $11.90)	$105.92
United States Department of Agriculture – Rural Development (RUS)	$15.32
Natural Resources Conservation Service PL566	$0.93
Subtotal	**$122.17**

Bonds

Public Revenue Bonds	$7.04
United States Department of Agriculture – Rural Development	$15.70
ND Drinking Water Revolving Loan Fund	$1.50
Subtotal	**$24.24**

Total Funding $384.09

(As of November 30, 2018)



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Southwest Pipeline Project (SWPP) Timeline

	1971	1972	1973	1974-76	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993
Projects:	West River Diversion				SW Area Water Supply				Southwest Pipeline Project (SWPP)												
Organizations:							West River Water Supply District				West River Joint Board							SWA (Non-Profit)	SWA (Political Subdivision)		

	1994	1995	1996	1997-2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Projects:	Southwest Pipeline Project (SWPP)													Southwest Pipeline Project (SWPP)								
Organizations:	Southwest Water Authority (SWA) (Political Subdivision)													Southwest Water Authority (SWA) (Political Subdivision)								

SWPP Historical Events:

1981 – SWPP Authorized
1983 – SWPP Final Design Authorized
1985 – SWPP Construction Authorized
1986 – Construction Begins Garrison MR&I Funding
1991 – Rural Water Integration Service to Dickinson
1992 – First Rural Water Service (Roshau Subdivision)
1994 – Service Beyond Dickinson
1995 Full Scale Rural Service
1996 – Transfer of O&M to SWA 1997 – USDA Rural Development Funds and Revenue Bonds
1998 – Garrison MR&I Funding
1999 – SB 2188 Passed – Water Development Trust Fund
2001 – State Funding Bowman-Scranton Phase
2003 – Medora-Beach Phase
2005 – State USDA Funding Medora-Beach Phase II 2007 – State USDA Funding
Medora-Beach Phase III 2008 – Received MR&I Funding – First time since 1999
2009 – SB 2193 Passed – Expanded Authority ARRA Funding for OMND WTP
2011 – Federal & State Funding for OMND
2012 – Service to OMND
2013 – Completion of Zap I & II Service Areas
2014 – 19 Contracts Under Construction
2015 – City of Killdeer received service – Finished Water Pump Station Completed
2016 – Construction of 6 MGD Supplemental WTP
2017 – Completion of OMND Service Area

Funding (in millions):	1971	1972	1973	1974-77	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
State Resources Trust Fund							----	----	----	23.60	----	----	----	----	----	----	----	0.04	0.06	0.68	0 77	1.46	1.77
Garrison Diversion MR&I														7.38	8.33	6.67	2.65	5.32	6.87	5.30	10.10	7.77	5.41
Natural Resources Conservation Service																					.13	0.41	.39
TOTAL:										**23.60**				**7.38**	**8.33**	**6.67**	**2.65**	**5.36**	**6.93**	**5.98**	**11.00**	**9.64**	**7.57**

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	Total
State Resources Trust Fund	1.18	0.70	1.34	4.21	0.83	0.33	3.06	2.38	3.05	1.62	0.69	2.70	5.43	1.27	4.73	8.86	13.00	29.68	42.41	30.76	25.33	17.27	**229.21**
Garrison Diversion MR&I	0.18	2.47	1.24									2.94	1.13	4.64	16.91	5.64	1.97			3.00			**105.92**
Natural Resources Conservation Service																							**0.93**
Revenue Bonds	3.96	3.08																					**7.04**
USDA Rural Development (loans)		3.50	0.02	1.38	0.50	0.23	1.63	1.54		2.47	1.43	3.00											**15.70**
USDA Rural Development (grants)		1.04	1.54	1.59	2.48	0.92	1.04	0.56	1.30	1.93	0.52	2.07	0.10				.23						**15.32**
Drinking Water State Revolving Loan Fund				1.00	0.50																		**1.50**
Water Development Trust Fund					1.45	5.17	0.26	0.45		0.09	1.05												**8.47**
TOTAL:	**5.32**	**10.79**	**4.14**	**8.18**	**5.76**	**6.65**	**5.99**	**4.93**	**4.35**	**6.11**	**3.69**	**10.71**	**6.66**	**5.91**	**21.64**	**14.50**	**15.20**	**29.68**	**42.41**	**33.76**	**25.33**	**17.27**	**384.09**

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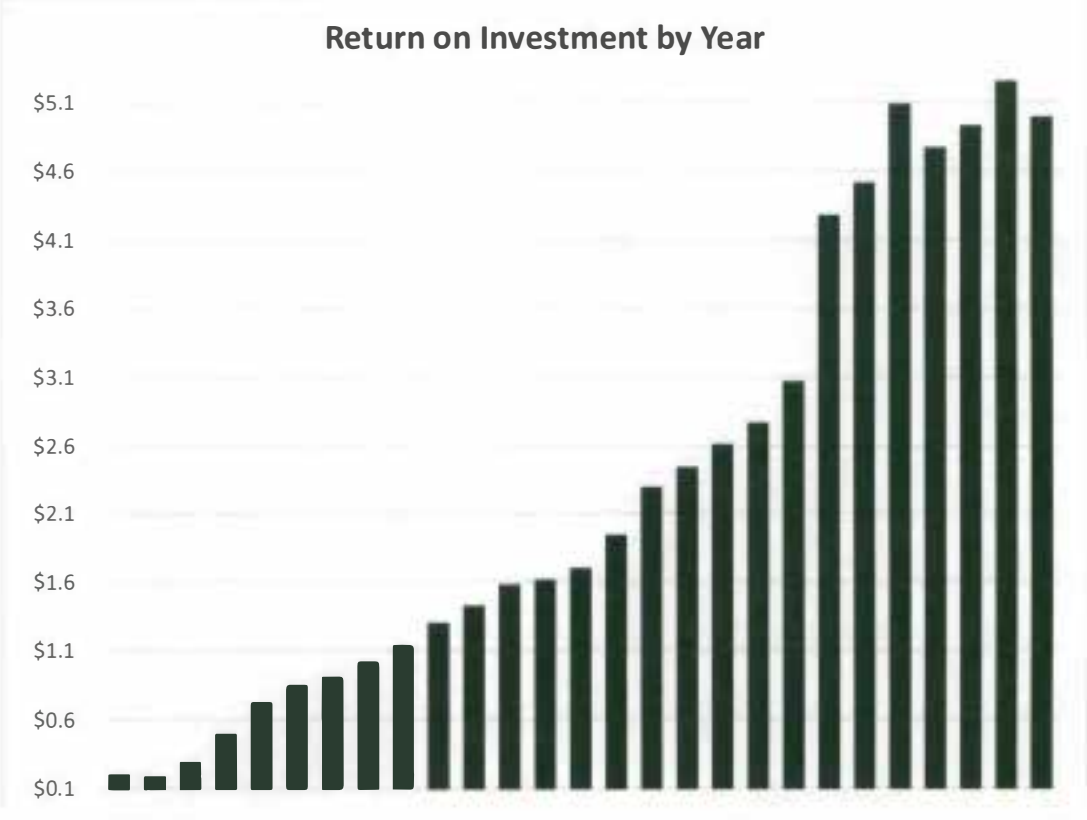
SOUTHWEST WATER AUTHORITY

QUALITY WATER FOR SOUTHWEST NORTH DAKOTA

SOUTHWEST PIPELINE PROJECT

Return on Investment

- Currently, North Dakota's return on investment in the Southwest Pipeline Project is over $62,600,000!
- Every business, city, industry, or family benefiting from being connected to quality water pays monthly into North Dakota's Resources Trust Fund.
- Eventually those benefiting from receiving quality water will have paid back the state's investment in the Southwest Pipeline Project.
- It all adds up to why Southwest Water Authority's team remains dedicated to the Southwest Pipeline Project and continuing on its mission of providing quality water for the people and business of southwest North Dakota.



*in millions

1991 – 2018

www.swwater.com

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Southwest Pipeline Project
Return on Investment

YEAR	RESOURCES TRUST FUND	BOND PAYMENTS	TOTAL
1991	$ 11,166.00		$ 11,166.00
1992	$ 212,899.00		$ 212,899.00
1993	$ 195,973.00		$ 195,973.00
1994	$ 300,472.00		$ 300,472.00
1995	$ 504,179.00		$ 504,179.00
1996	$ 734,994.15		$ 734,994.15
1997	$ 389,111.41	$ 468,801.59	$ 857,913.00
1998	$ 415,197.60	$ 500,593.77	$ 915,791.37
1999	$ 349,574.05	$ 676,423.19	$ 1,025,997.24
2000	$ 418,164.86	$ 728,614.91	$ 1,146,779.77
2001	$ 475,021.15	$ 833,246.78	$ 1,308,267.93
2002	$ 416,859.08	$ 1,015,365.60	$ 1,432,224.68
2003	$ 458,780.10	$ 1,122,504.11	$ 1,581,284.21
2004	$ 615,337.62	$ 1,005,901.63	$ 1,621,239.25
2005	$ 661,099.95	$ 1,045,858.38	$ 1,706,958.33
2006	$ 611,674.29	$ 1,336,805.97	$ 1,948,480.26
2007	$ 856,597.12	$ 1,451,468.74	$ 2,308,065.86
2008	$ 1,451,385.68	$ 1,004,121.20	$ 2,455,506.88
2009	$ 1,504,429.59	$ 1,114,558.52	$ 2,618,988.11
2010	$ 877,624.28	$ 1,898,922.31	$ 2,776,546.59
2011	$ 1,793,563.59	$ 1,282,852.85	$ 3,076,416.44
2012	$ 3,303,608.16	$ 983,667.70	$ 4,287,275.86
2013	$ 3,080,405.43	$ 1,441,235.41	$ 4,521,640.84
2014	$ 3,753,622.85	$ 1,340,702.63	$ 5,094,325.48
2015	$ 4,776,377.17		$ 4,776,377.17
2016	$ 4,936,757.79		$ 4,936,757.79
2017	$ 5,258,182.90		$ 5,258,182.90
2018	$ 5,015,416.74		$ 5,015,416.74
	$ 43,378,474.56	**$ 19,251,645.29**	**$ 62,630,119.85**
Jan	$ 267,021.93		$ 267,021.93
Feb	$ 381,994.64		$ 649,016.57
Mar	$ 347,567.23		$ 996,583.80
Apr	$ 376,719.45		$ 1,373,303.25
May	$ 357,116.58		$ 1,730,419.83
June	$ 402,714.30		$ 2,133,134.13
July	$ 473,272.31		$ 2,606,406.44
Aug	$ 449,804.03		$ 3,056,210.47
Sep	$ 494,972.26		$ 3,551,182.73
Oct	$ 451,880.50		$ 4,003,063.23
Nov	$ 640,941.30		$ 4,644,004.53
Dec	$ 371,412.21		$ 5,015,416.74

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Area Served by OMND WTP

McKENZIE

NORTH
NOT TO SCALE

LEGEND

PIPELINE
- Raw Water Line
- Main Transmission Line
- Rural Distribution Line
- Missouri West Water System

FACILITIES

Tanks: MTL, SMTL, RWL, Future

Other: Booster, Future Booster, Bulk Meter, Control Vault, Pump Station (Raw), Pump Station, T-1 PRV, Intake, Intake Future, Treatment Plant, Future Treatment Plant

BOUNDARIES
- No Capacity Areas
- Areas Served
- Pocket or VFD Areas
- Service Area Boundary
- Oliver, Mercer, North Dunn WTP Service Boundary

NORTH DAKOTA State Water Commission

"Stewardship of North Dakota's water resources."

SOUTHWEST WATER AUTHORITY

SOUTHWEST PIPELINE PROJECT

PROJECT MAP

Bartlett & West | AECOM

Drawing name: F:\Proj\300\0033\0033.010\cutocad\Overall & Misc Maps\SWPP Project Area Maps UPDATED.dwg Layout name: Project Status Map Plotted by: Dec 18, 2017 - 10:56am

SOUTHWEST WATER AUTHORITY

QUALITY WATER FOR SOUTHWEST NORTH DAKOTA

SOUTHWEST PIPELINE PROJECT

Testimonials

What People Are Saying...

"Southwest Water Authority is responsible for the mission of quality water for southwest North Dakota to meet the needs of its residents and growing population."
~ Rich Wardner, North Dakota State Senator

"We are all on the clean water team, and as a vital resource for residential, agricultural and industrial uses, we are grateful to Southwest Water Authority for their continued role serving award winning, quality water throughout Southwest North Dakota."
~ Doug Burgum, Governor of North Dakota

"Few things in life are as important to the overall health and welfare of people as access to high quality potable water supplies. The Southwest Water Authority's ability to provide quality drinking water has been crucial to the communities and rural areas of southwestern North Dakota."
~ Garland Erbele, P.E., North Dakota State Engineer

"Water is essential to the well-being of the residents we serve and to our economy. They are the reasons the Southwest Pipeline Project and Southwest Water Authority exist."
~ Larry Bares, Chairman, SWA Board of Directors

"This Project water is better than bottled spring water. It's clear, tastes great, doesn't stain anything, has constant pressure compared to a well kicking in and out; we really appreciate having quality water."
~ Chris and Traci, Southwest residents

Why the SWPP Construction Is Not Done...

"We are still waiting for water we can drink and cook with and not be afraid it will harm our family's health or that of our livestock."
~ Duane and Karen, Southwest residents

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SOUTHWEST WATER AUTHORITY

QUALITY WATER FOR SOUTHWEST NORTH DAKOTA

SOUTHWEST PIPELINE PROJECT

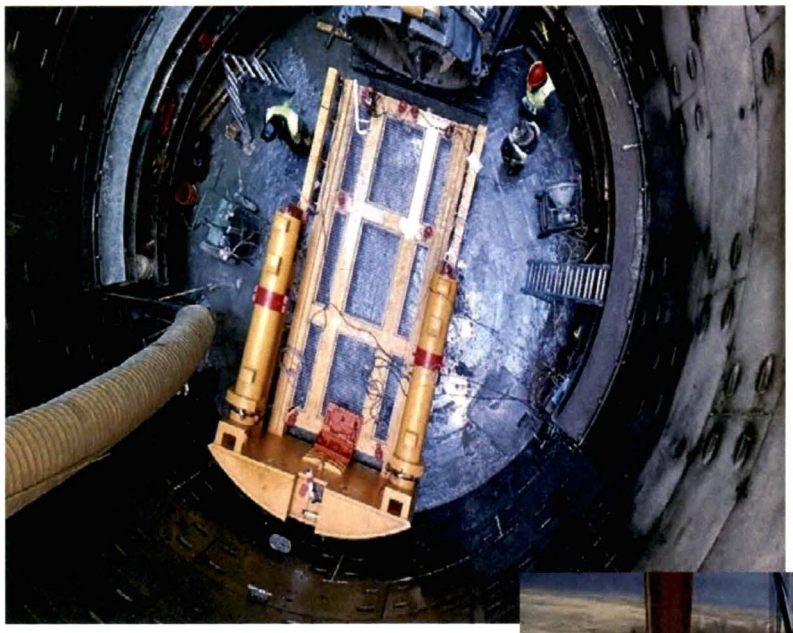
Construction of the Southwest Water Treatment Plant in Dickinson

#11 SB 2020 Ag 1-10-2019 17

SOUTHWEST WATER AUTHORITY

QUALITY WATER FOR SOUTHWEST NORTH DAKOTA

SOUTHWEST PIPELINE PROJECT



Construction of the Supplemental Intake on Renner Bay at Lake Sakakawea

#12 SB 2020
1-10-2019
Pg 1

Testimony by Carl Kirschenheiter, Land Developer and Contractor,
Southwest North Dakota
On behalf of the
Southwest Pipeline Project
to the
Senate Appropriations Committee
Hearing on Senate Bill 2020
Thursday, January 10, 2019

Mr. Chairman and members of the committee, my name is Carl Kirschenheiter. I am a land developer and contractor, who was born and raised in North Dakota. I am asking for your continued support of funding the Southwest Pipeline Project (SWPP); there are hundreds of people who wait for reliable, quality water.

For over a decade I have waited to connect an industrial park and two rural residential subdivisions, nestled east of Dickinson, to the SWPP. I have personally invested over $200,000.00 and have built the infrastructure required to connect to the SWPP and there's no more connections to be purchased. Buyers wait on the sidelines. My business is on hold for lack of safe, quality water. While groundwater may be technically an option, in the southwest region, it's not reliable and can be unsafe for human consumption.

Today I wait, along with several other developers, businesses, real estate agents, contractors, and homeowners, to learn when the capacity of the SWPP can be increased. This is why I am in support of economic growth and the quality of life that continuing to fund the SWPP can mean to so many people.

Thank you.

#13 SB 2020
1-10-2019
pg 1

Testimony by Don Schmeling, Realtor,
Southwest North Dakota
On behalf of the
Southwest Pipeline Project
to the
Senate Appropriations Committee
Hearing on Senate Bill 2020
Thursday, January 10, 2019

Mr. Chairman and members of the committee, my name is Don Schmeling. I am a realtor in southwest North Dakota. I am asking for your continued support in funding of the Southwest Pipeline Project (SWPP); a water project which is crucial not only for the quality of life in southwest North Dakota, but for the economics of the entire state.

As a realtor in southwest North Dakota, I am finding that development north, south, east, and west of the city of Dickinson is coming to a halt because of lack of water. We are in desperate need of more capacity from the Southwest Pipeline Project (SWPP). I have developers that have bought land, gone through planning and zoning, developed the property, marketed for sale, but their property is now not saleable without quality water.

One particular developer purchased 160 acres of land to help meet the growing Commercial and Industrial demand, moved millions of yards of earth, platted and zoned a new subdivision, built a concrete road through the property, brought in utilities, (including stubbing water pipeline into every lot as per SWPP specifications), and is now being told he is on a waiting list for water due to capacity and pressure.

Personally, I own a ranch that has only well water, which is dark in color, high in sodium, has a sulfur smell, and not great to bathe in. I have been on a waiting list for SWPP's water for a few years and I have been told there is no definite timeframe in which they can promise me, or neighboring ranchers, water.

While many of the rural residents of southwest North Dakota are now receiving safe, high-quality water, there are hundreds who wait to be connected or are on a waiting list. Being a Realtor, I know of several developments that are on hold and cannot sell properties or homes due to the lack of safe drinking water. In many areas, drilling a water well is just not feasible due to the depth of reaching any water much less finding quality water.

The issues listed above are why I am requesting the SWPP continue to be funded for the sake of quality of life and the economics of those living and working in southwest North Dakota. I definitely stand in support of the necessary funding for the SWPP to meet the continued and growing demand for quality water.

Thank you.

Testimony by Duane Schwab, Licensed Real-Estate Agent,
Southwest North Dakota
On behalf of the
Southwest Pipeline Project
to the
Senate Appropriations Committee
Hearing on Senate Bill 2020
Thursday, January 10, 2019

Mr. Chairman and members of the committee, my name is Duane Schwab. For over four decades, I have been a licensed real-estate agent in southwest North Dakota. I am asking for your continued support in funding of the Southwest Pipeline Project (SWPP); a water project which is crucial not only for the quality of life in southwest North Dakota, but for the economics of the entire state.

Specializing in commercial properties, I certainly understand the importance of quality water when it comes to the economy. Which is why I have always appreciated the Southwest Pipeline Project (SWPP), paid connection fees, paid back to the state for its investment in the project on multiple properties, and have gladly provided free easements for its progress.

Recently in developing a commercial property, just east of Dickinson, I was able to sell six of the industrial lots which were already connected to the SWPP. An additional industrial lot, however, has a potential buyer, yet it cannot be connected to the SWPP due to capacity issues.

There are many reasons to continue funding the SWPP. For one, it makes economic sense for businesses, like in the case of a potential buyer, in that it supports employment in urban areas. It also helps ensure a quality of life for the thousands of people working and living in southwest North Dakota.

I stand in support of SB2020. Should additional funds be available it is our hope, funding for the SWPP will increase to meet the continued and growing demand for quality water.

On behalf of the realtors of southwest North Dakota and those still waiting for quality water, I respectfully request continued funding of the SWPP. It is with your support, we can continue to have quality water to those still waiting.

Thank you.

#15 SB 2020
1-10-2019
pg 1

Testimony of Curtis Wilson, Executive Director, WAWSA
State Water Commission Budget – SB 2020
Senate Appropriations
Bismarck, North Dakota – January 10, 2019

Introduction

Chairman Holmberg and members of the Senate Appropriations Committee, and State Water Commission. My name is Curtis Wilson and I serve as the Executive Director for the Western Area Water Supply Authority (WAWSA).

WAWSA Background

In 2011, the North Dakota State Legislature created the WAWSA and funded it with $110 million. The founding member entities include the City of Williston, McKenzie County Water Resource District (MCWRD), Northwest Rural Water District (NWRWD), R&T Water Supply Commerce Authority (R&T), and the Burke-Divide-Williams (BDW) Water System Association.

The Western Area Water Supply Project (WAWSP) grew out of a need in northwestern North Dakota for high-quality, abundant drinking water due to widespread water quality and quantity concerns. WAWSA provides water to Burke, Divide, McKenzie, Mountrail, and Williams Counties via the Williston Regional Water Treatment Plant which treats water from the Missouri River and transports the treated water to cities and rural customers. The R&T Water Treatment Plant also provides a supplementary water supply.

WAWSA members have come together in a way that no other regional water entities have. They agreed to pool their infrastructure resources to support the project. The City of Williston turned over the management of and agreed to sell its Regional Water Treatment Plant to WAWSA in order to better serve Williston as well as the entire WAWSA service area. Other WAWSA Members have "turned over" parts of their infrastructure and water fill depots for the benefit of all in the region.

The people and businesses of northwest North Dakota will continue to benefit from WAWSA funding priorities by:

1. **An emphasis on reaching additional rural populations with clean, adequate drinking water;**
2. **Construction of strategic transmission pipelines to key population centers and economic hubs; and**

3. **The continuation of WAWSA's focus on regionalization, rather than independent and redundant infrastructure.**

Meeting Regional Water Needs

In the eight years since WAWSA was created by the North Dakota State Legislature, WAWSA has delivered water to 60,000 people in cities and rural areas of Burke, Divide, McKenzie, Mountrail, and Williams Counties. The cities served by WAWSA include Columbus, Crosby, Fortuna, Noonan, Ray, Ross, Stanley, Tioga, Watford City, Wildrose and Williston.

Over the past eight years, WAWSA also increased the capacity of the Williston Regional Water Treatment Plant to 21 million gallons per day, installed thousands of miles of pipeline, built 10 reservoirs, two water towers, and 10 pump stations across the five-county area to accomplish its mission.

WAWSA Capital Accounting

As of January 2019, the WAWSP's total cost is projected to be $511 million. Of that amount, $345 million has been approved to be contracted, $329 million has been contracted, and $326 million has been spent.

Because the capacity and design of the WAWSP is tied closely to future population projections, WAWSA follows population trends and forecasts, such as the population studies released regularly by North Dakota State University. Along with population projections, WAWSA strives to meet the industrial demands and utilize the commercial and industrial development in the region so support and meet the needs of rural water users in an affordable manner.

The priority for WAWSA has always been meeting the current and future rural water needs. As oil prices stabilize or increase, the Bakken region continues to see population growth. WAWSA and regional water supplies are the key to keeping populations stable in the region and meeting the demands of our communities and residents.

Project Status

WAWSA's focus is bringing service to rural customers with water quality concerns. There are still over 600 miles of pipeline to install, as well as water treatment plant upgrades, and the construction of one water tower, four pump stations, and one reservoir.

As one of our users, Heather Wisness, stated, "Good water is absolutely invaluable to us," she says. "Our old well water was very hard and I spent a majority of my time cleaning up the old house after the mess the water made." This benefit is true for the Wisness family, but our work is not done yet.

Funding Request

WAWSA is requesting $50 million for the WAWSP in the State Water Commission's budget – SB2020 for the 2019-2021 biennium.

With a $50 million investment, the people and businesses of Northwest North Dakota will benefit from WAWSA funding priorities by:

1. **A continued emphasis on reaching rural populations with clean, adequate drinking water.**
2. **Construction of strategic transmission pipelines to key population centers and economic hubs.**
3. **A focus on regionalization, rather than independent and redundant infrastructure.**

Some of the key projects that will be completed if WAWSA's $50 million request is granted include four R&T Water Supply Commerce Authority projects, McKenzie County Water District system expansion, 93 miles of pipeline for new rural water customers in Northwest Williams and south-central Divide County.

In Conclusion

As we reflect on the past eight years of success, WAWSA has benefited from the deep-rooted support of its member entities, guidance from State agencies, and support for regionalization from the State of North Dakota. As we look forward to the next biennium and beyond, WAWSA continues to be committed to meeting the current and future drinking water needs of residents of the Bakken, reaching rural areas in northwest North Dakota, and ultimately supplying quality water now and for future economic development and diversification.

We look forward to our continued work with the State to ensure that the needs of northwest North Dakota are met in the short term, and that, together, we create future opportunities for legacy generations. Thank you for your support over the past eight years.

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WESTERN AREA WATER SUPPLY AUTHORITY

2019-2021 LEGISLATIVE REQUEST: $50M

By the end of 2019, WAWSA will have completed approximately $345 million worth of water supply, treatment, transmission, and distribution projects across five counties in northwest North Dakota.

The Western Area Water Supply Authority (WAWSA) Board is grateful for the State Water Commission and legislators' ongoing support for the project. We've delivered drinking water to about 60,000 people so far, but there are still rural areas that are waiting for service from WAWS.

WAWSA is requesting $50 million. If the funding request is approved, WAWSA will be able to complete projects in several rural areas where current water supplies are limited and generally of poor quality.

At the end of the current biennium, about one third of the project, with an estimated cost of $166 million, will still need to be completed. Funding requests beyond the upcoming 2019-2021 biennium will be determined by the rate of population growth in northwest North Dakota and the associated domestic water demands to serve that population.

WAWSA is trying to deliver service to as many of the people who have signed up, as project funding allows. We are optimistic the legislature and State Water Commission will continue to recognize the value in our effort to bring drinking water to thousands of people's taps who didn't have high quality water until recently.

The Projects proposed for the 2019-2021 biennium:

R&T Water Supply Commerce Authority - East White Earth Alternates | *Estimated Cost: $6 million*
This rural water service expansion in central Mountrail County is located east of the White Earth River Valley. The project will provide service via 75 miles of pipeline. A phased approach may be implemented to stay within budget due to the increased interest in service from rural residents.

R&T Water Supply Commerce Authority - West White Earth Alternates | *Estimated Cost: $3 million*
The project would expand services to rural users through 25 miles of pipeline in western Mountrail County and eastern Williams County, west of the White Earth River Valley.

McKenzie County Water Resource District – System I Expansion Part 2 | *Estimated Cost: $7 million*
A rural water service expansion would benefit new users in central McKenzie County, south of Watford City through 65 miles of pipeline. Very poor water quality is of concern in this area due to high concentrations of dissolved minerals in ground and surface waters with nitrogen concentrations that have been fatal to livestock.

Northwest Rural Water District - North 200K Rural Distribution | *Estimated Cost: $3.5 million*
New rural customers in central Williams County to the northwest of Williston would receive WAWSA service via 50 miles of pipeline. Similar to the R&T East White Earth Alternates project, it is likely this will be phased to stay within the project budget due to increased interest in water service.

29 Mile Rural Distribution | *Estimated Cost: $8.5 million*
Northwest Williams County and south-central Divide County would benefit from the construction of 93 miles of pipeline for new rural customers. This project will likely be phased to stay within the project budget due to increased interest in water service.

R&T Water Supply Commerce Authority Service to Powers Lake | *Estimated Cost: $5 million*
The City of Powers Lake and rural users would receive WAWSA service through 15 miles of pipeline.

R&T Water Supply Commerce Service to Stanley – Phase II | *Estimated Cost: $12 million*
This project will add approximately 16.5 miles of a 20-inch transmission line between the R&T Water Supply Commerce Authority's Tioga High Point and Ross High Point reservoirs to complete a phased transmission expansion to Stanley. The result of the project will be an increased capacity to serve the cities of Ross and Stanley.

Stanley Rural Distribution Part 2 | *Estimated Cost: $5 million*
Rural customers in south-central Mountrail County would benefit from 56 miles of pipeline. Similar to several other projects, Stanley Rural Distribution Part 2 will likely be phased to stay within the project budget due to increased interest in water service.

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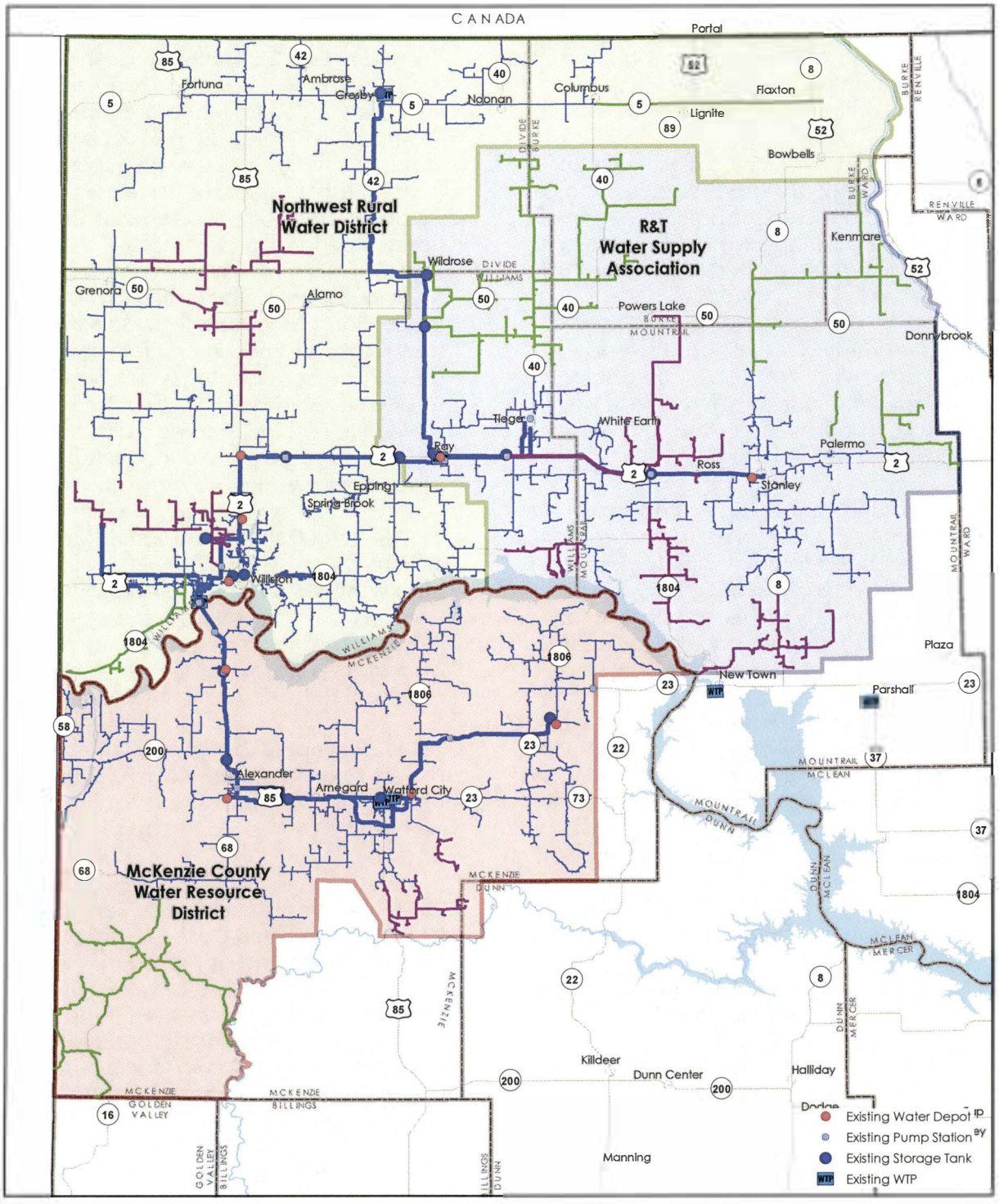
WESTERN AREA WATER SUPPLY PROJECT

RURAL WATER DISTRICT MAP

WESTERN AREA WATER SUPPLY AUTHORITY



WAWSA Existing Transmission Main
Existing Funded Infrastructure including 2017-2019
Future Funded Infrastructure 2021-2023 & Beyond
2019 - 2021 Biennium Funding*

*Includes R&T Service to Stanley - 20" Transmission Main from Tioga Reservoir to Stanley Reservoir

Service Entity Boundary

McKenzie County Water Resource District
R&T Water Supply Association
Northwest Rural Water District

Date: 11/26/2018

Coordinate System:
NAD 1983 StatePlane North Dakota North FIPS 3301 Feet

0 5.5 11 Miles

AE2S

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1-10-2019
Pg 1

Testimony by Jay Anderson, Red River Valley Committee Chairman
Garrison Diversion Conservancy District

to the

Senate Appropriations Committee
Bismarck, North Dakota
January 10, 2019

Chairman Holmberg and members of the committee, thank you for this opportunity to testify in support of Senate Bill 2020. My name is Jay Anderson; I am a board member for the Garrison Diversion Conservancy District and a Chairman for the Red River Valley Committee.

Surface water supplies in central and eastern North Dakota are limited and unreliable, particularly under drought conditions. In addition, the current industrial water demand exceeds the available supply. The Red River Valley Water Supply Project, which will bring Missouri River water to central and eastern North Dakota through a buried pipeline, is the solution to these water supply shortages.

The Red River Valley Water Supply Project will provide an emergency water supply to meet the needs of central and eastern North Dakota and will assure a reliable, high quality and affordable water supply to those users. The project will reach approximately 50% of North Dakota's population.

It is necessary to plan for future droughts because droughts have affected the northern Great Plains numerous times. Studies have concluded that drought cycles will affect the region, and a 1930s-type drought could realistically be repeated before 2050. Having an emergency water supply in place before a drought occurs is important for the future economy of North Dakota. Studies completed by the Bureau of Reclamation

further show that in the event of a 1930s-type drought, eastern North Dakota could be up to 41 percent short of its water needs, resulting in a devastating economic impact to the state of $25 billion (in 2015 dollars) over a 10-year severe drought period.

With continued growth and industrial development, the Red River Valley Water Supply Project will mitigate against drought conditions that could be devastating; foster economic development by meeting municipal, rural and industrial water demands; and promote environmental sustainability. However, in order for the Red River Valley Water Supply Project to continue substantial reliance on permits and in order to progress without stalling the project, $50 million in state funding is essential for this biennium.

Through the 2017-2019 biennium, Garrison Diversion was appropriated $30 million from the state for the Red River Valley Water Supply Project, which we have been working diligently to spend effectively and efficiently. In the interim, Garrison Diversion regularly reported to the interim Water Topics Overview Committee on the progress of the Red River Valley Water Supply Project.

Currently, we are completing final design of critical features, which includes the intake, a pipeline segment and the discharge. As we wrap up the current biennium and move into the next, we look to implement early out construction to ensure coverage under current regulations. The goal for 2019 to 2021 is to continue phased final design and begin construction of the main transmission pipeline. Final design and construction of all project features is anticipated from 2019-2029.

The need for a reliable and sustainable water supply in central and eastern North Dakota is real. While we understand that $30 million is included in the Governor's

budget for the Red River Valley Water Supply Project, this is not enough to keep the project moving forward without stalling. Obtaining $50 million is necessary to enable pipeline construction, complete land acquisition, design of facilities and pipelines and legal, financial and administrative costs.

We would also request 1) a cost-share at a greater than typical grant percentage request to keep the project affordable for the end users, which is critical to the sustainability of the project; 2) a long-term, low interest loan from the state to keep financing affordable and predictable for the local users; 3) a drought operation plan, in which member systems propose to partner with the state on drought operation costs; and 4) a project funding plan, following a prudent 10-year schedule created to mitigate long-lead construction risks.

Thank you for allowing my testimony to be heard today.

RED RIVER VALLEY WATER SUPPLY PROJECT

Serving the Water Supply Needs of Central North Dakota and the Red River Valley

SENATE APPROPRIATIONS COMMITTEE
SB 2020
JANUARY 10, 2019

Jay Anderson,
Garrison Diversion Red River Valley Committee Chairman

Ken Vein & Dave Piepkorn,
Lake Agassiz Water Authority

GARRISON DIVERSION

Lake Agassiz Water Authority

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PRESENTATION OVERVIEW

RRVWSP PROJECT NEED

2017 TO 2019 WORK PLAN

LEGISLATIVE ASK

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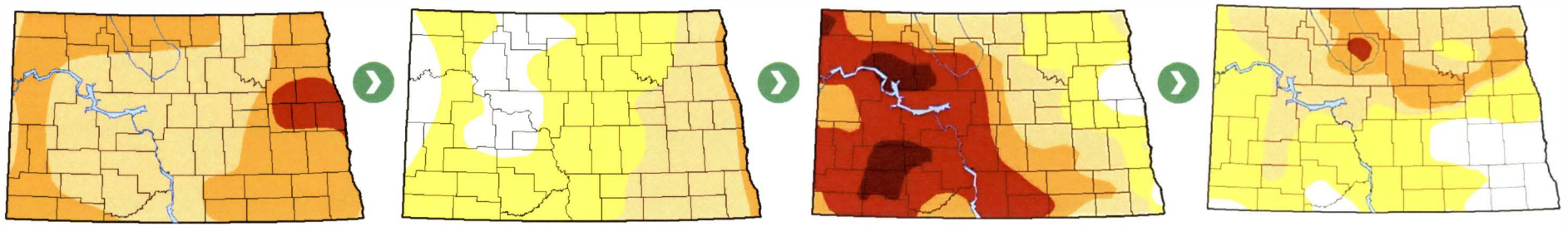
1-10-2019
pg2

NEED FOR THE PROJECT

UNITED STATES DROUGHT MONITOR



OCT. 2, 2012 | MAY 5, 2015 | AUG. 1, 2017 | SEP. 13, 2018

Abnormally Dry | Moderate Drought | Severe Drought | Extreme Drought | Exceptional Drought

EXISTING WATER SUPPLIES WILL BE INADEQUATE DURING DROUGHT

CLIMATOLOGISTS PREDICT A 1930S-TYPE DROUGHT WILL LIKELY REPEAT BY 2050

EXPECTED ECONOMIC IMPACT ~ $25 BILLION OVER 10 YEARS (2015$)

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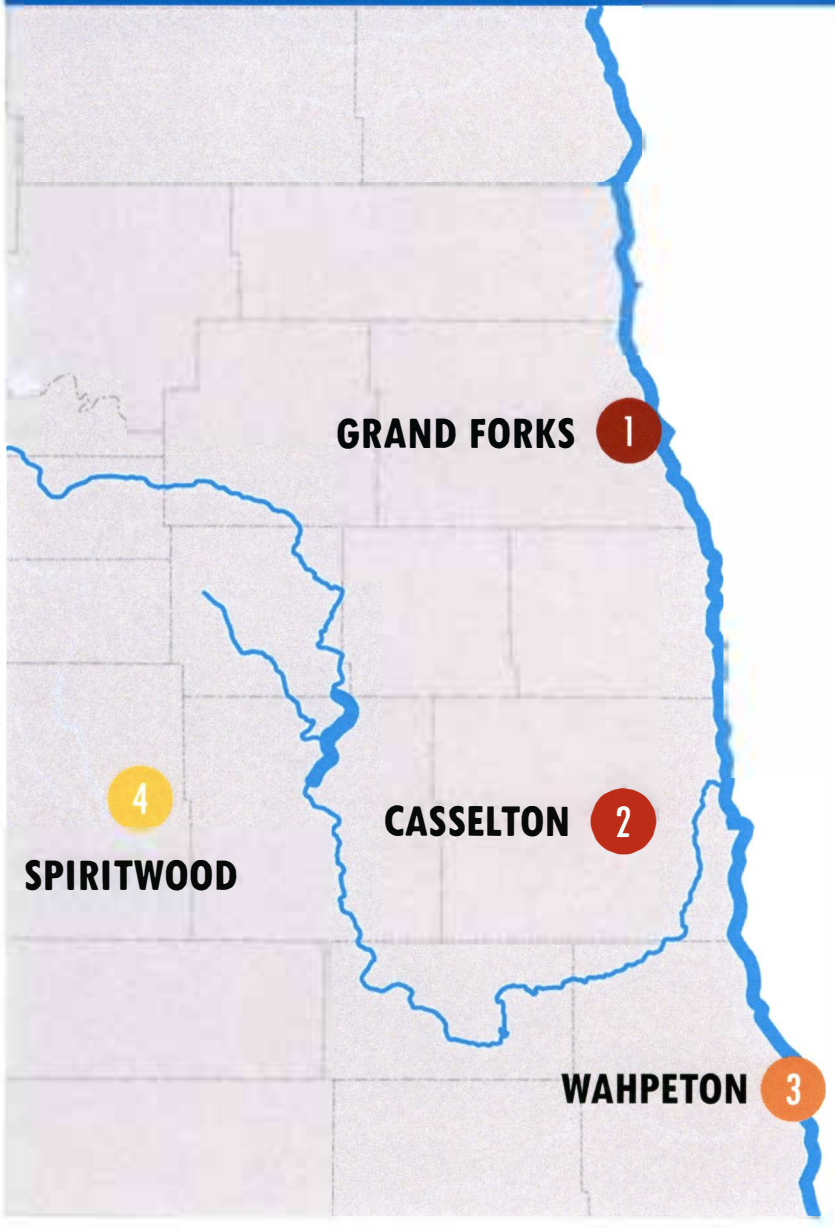
P3 3

INDUSTRIAL WATER DEMAND EXCEEDS CURRENT SUPPLY



1 **NORTHERN PLAINS NITROGEN**
Considering City's Wastewater Effluent Discharge

2 **THARALDSON ETHANOL**
Re-Used Fargo's Grey Water at Higher Cost

3 **AGP SOYBEAN CRUSHING/CRACKING**
Relocated Facility, Missed Opportunity

3 **CARGILL (PRO GOLD)**
Reliability & Expansion Precluded
by Permit Restrictions

4 **SPIRITWOOD ENERGY PARK**
Water Options Limited

DAIRY/POTATO WASHING/HOG & BEEF, MISC. WATER DISTRICTS
Water Options Limited

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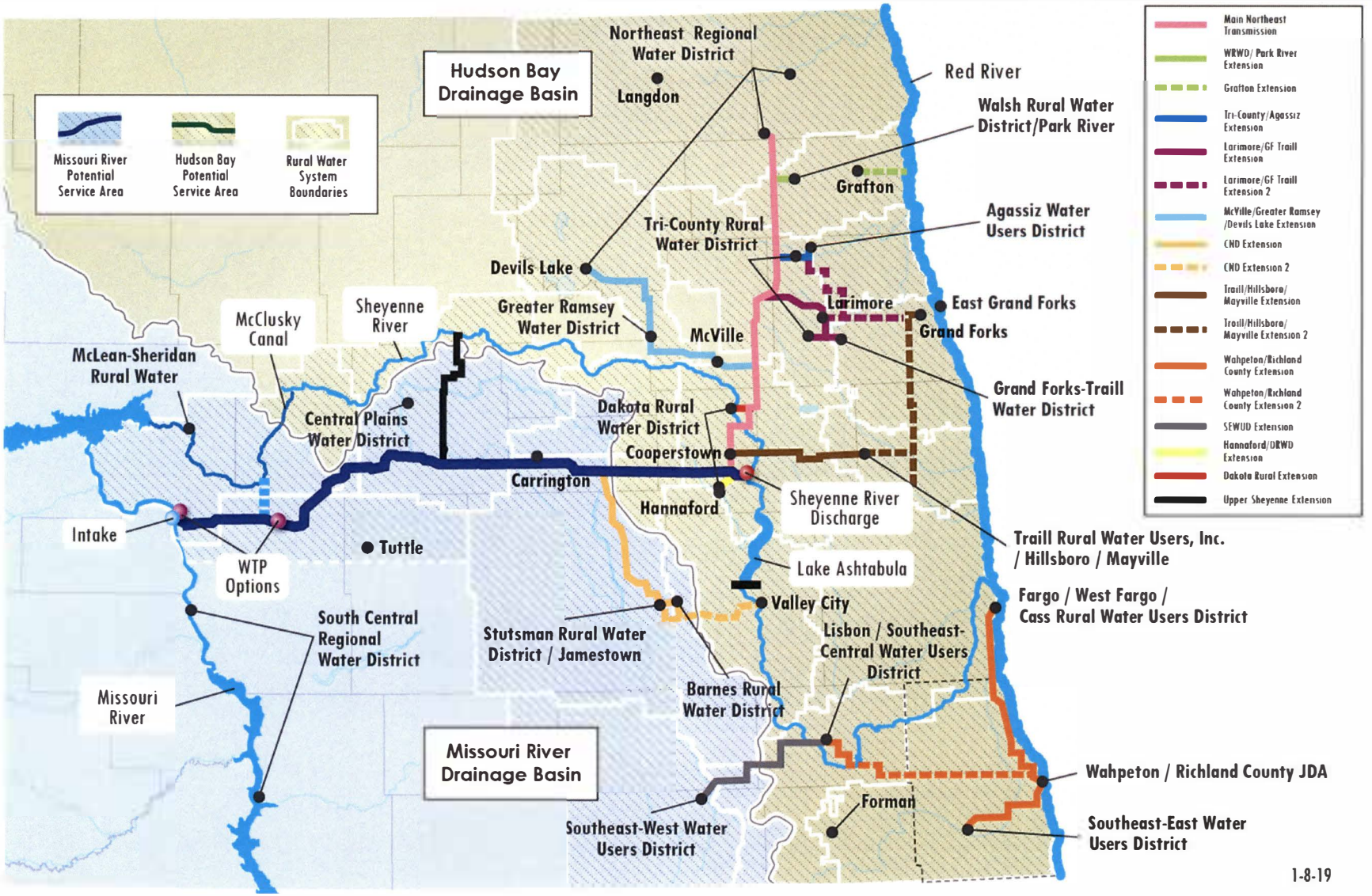
DEVELOPMENT PHASE
35 CITIES & WATER SYSTEMS



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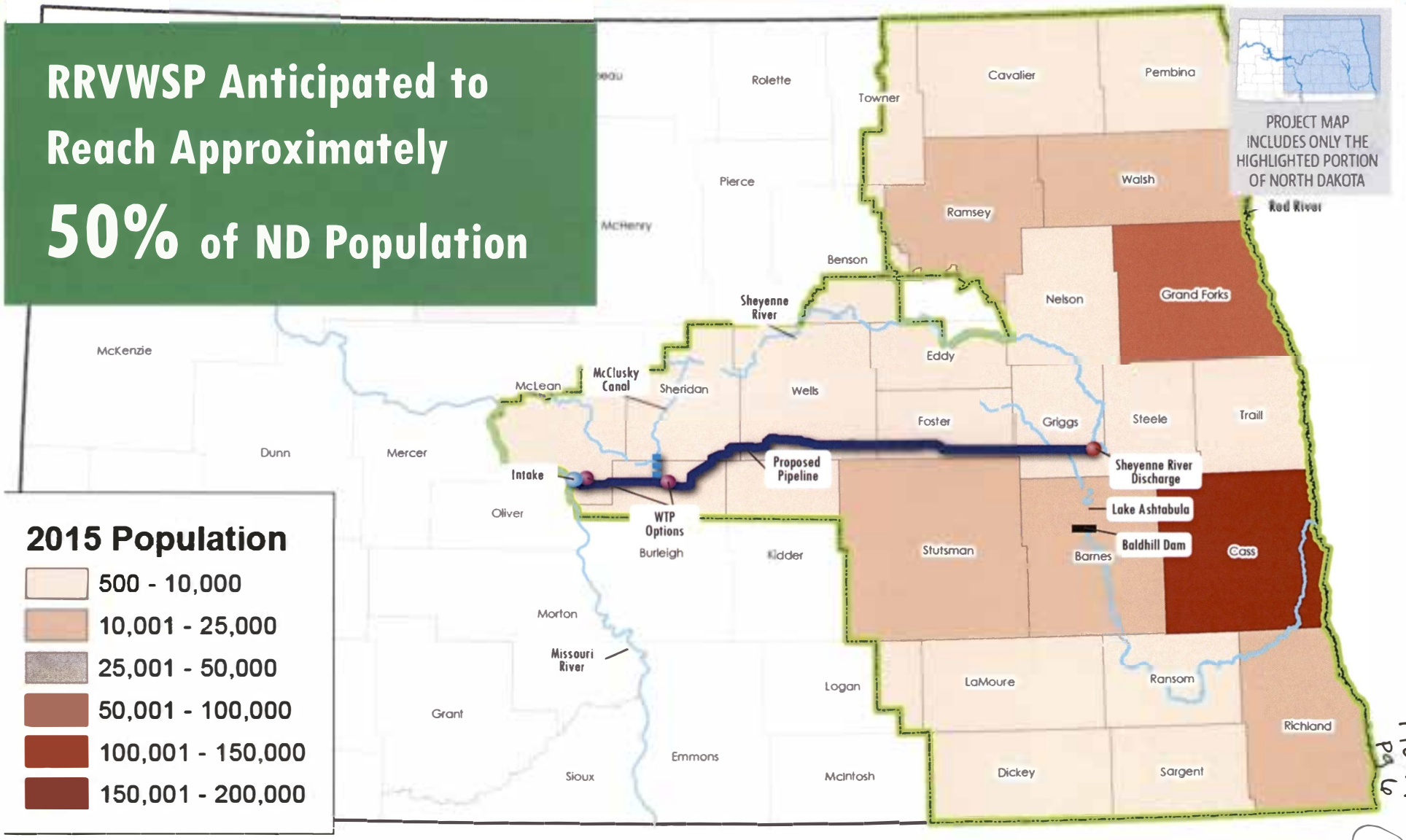
pg 5

CURRENT POTENTIAL POPULATION SERVED

RRVWSP Anticipated to Reach Approximately 50% of ND Population



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Pg 6

ESTIMATED TOTAL PROJECT COST (2016$)

RRVWSP ESTIMATED PROJECT COST*	
	165 cfs System
Conventional Intake, Intake Pumps, & Supply Cost	$67 M
Transmission Pipeline Costs (including ROW)	$950 M
Pump Stations, Break Tank, & Hydraulic Structures	$68 M
Practical Treatment - Water Treatment Plant Costs	$51 M
Discharge Structure Costs	$4 M
TOTAL PROJECT COST	**$1.14 B**

*Excludes Pipeline Extensions/Includes Admin, Engineering, Legal, and Real Estate

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2017 TO 2019 WORK PLAN

$30 M LEGISLATIVE APPROPRIATION

$17 M ›

- Technical
- Permitting
- Land Acquisition

PREPARE FOR EARLY OUT CONSTRUCTION AND 10-YEAR PROJECT SCHEDULE

$13 M ›

- Early Out Construction

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pg 8

EARLY OUT CONSTRUCTION PROGRESS

ONGOING TASKS

- Easement/Real Estate Acquisitions
- Draft NDPDES Permit – Expected Late January
- Sovereign Lands Permit – Expected Soon
- Water Appropriation Permit – Finalize Strategy

EARLY OUT CONSTRUCTION WILL BE READY TO BID IN SPRING/SUMMER 2019

- Missouri River Intake - Wet Well
- Trenchless Crossings (along pipeline route)
- Discharge Structure

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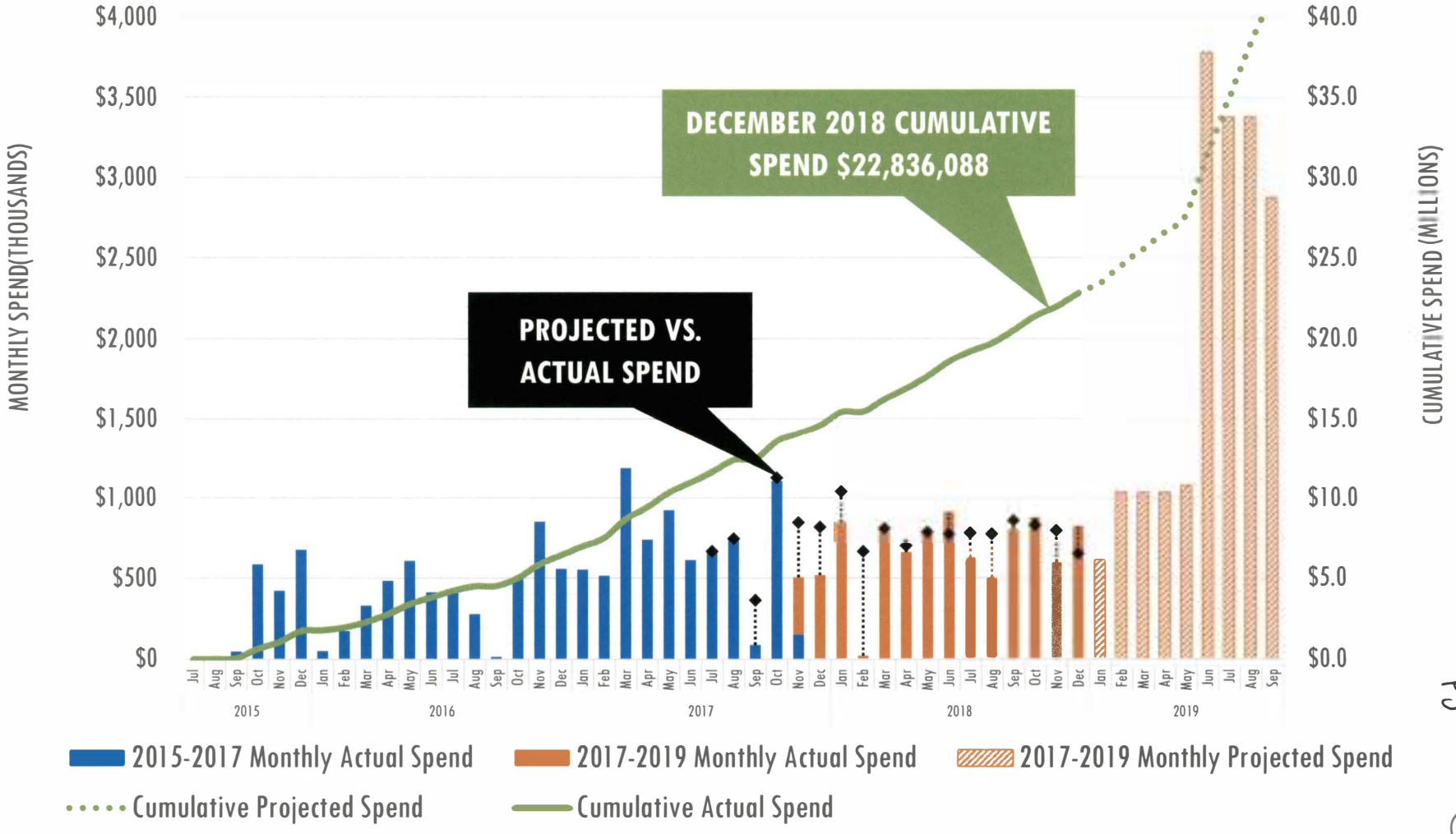
PRUDENT SPENDING IS ON TRACK

RRVWSP PLANNING LEVEL BUDGET



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RRVWSP'S REQUEST 2019-2021

AFFORDABLE COST SHARE

Striking the right cost-share to ensure affordability

LONG-TERM, LOW INTEREST LOAN FROM STATE

Affordable and predictable financing for local users

DROUGHT OPERATION PLAN

Member systems propose to partner with State on drought operation costs; Similar to funding of Devils Lake Outlet operations

PROJECT FUNDING PLAN

Request State to commit to funding State share of Project over next 5-biennia to reduce risks and financial impacts for the state and local users

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pg 11

UNIQUE FINANCIAL IMPACT

THE RRVWSP IS UNIQUE IN THAT IT WILL DELIVER EMERGENCY BACKUP WATER SUPPLIES TO USERS

1

THE RRVWSP WILL NOT REPLACE EXISTING FACILITIES

2

EXISTING INFRASTRUCTURE WILL BE CONTINUOUSLY USED AND MAINTAINED BY CURRENT USERS

3

THE RRVWSP IS AN ADDITIONAL COST TO ALL WATER SYSTEMS

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2019 TO 2021 FUNDING PRIORITIES
$50 MILLION REQUEST

FUNDING PRIORITIES	$50 MILLION WORK PLAN
CONSTRUCTION Install 4 miles of 72" pipeline	$27.0 M
LAND ACQUISITION Exercise Options & Obtain Easements & Real Estate	$6.0 M
ENGINEERING, DESIGN, AND BIDDING ASSISTANCE Facility and Pipeline Design	$14.6 M
LEGAL, FINANCIAL, ADMINISTRATIVE, AND COMMUNICATIONS	$2.4 M
TOTAL	**$50.0 M**

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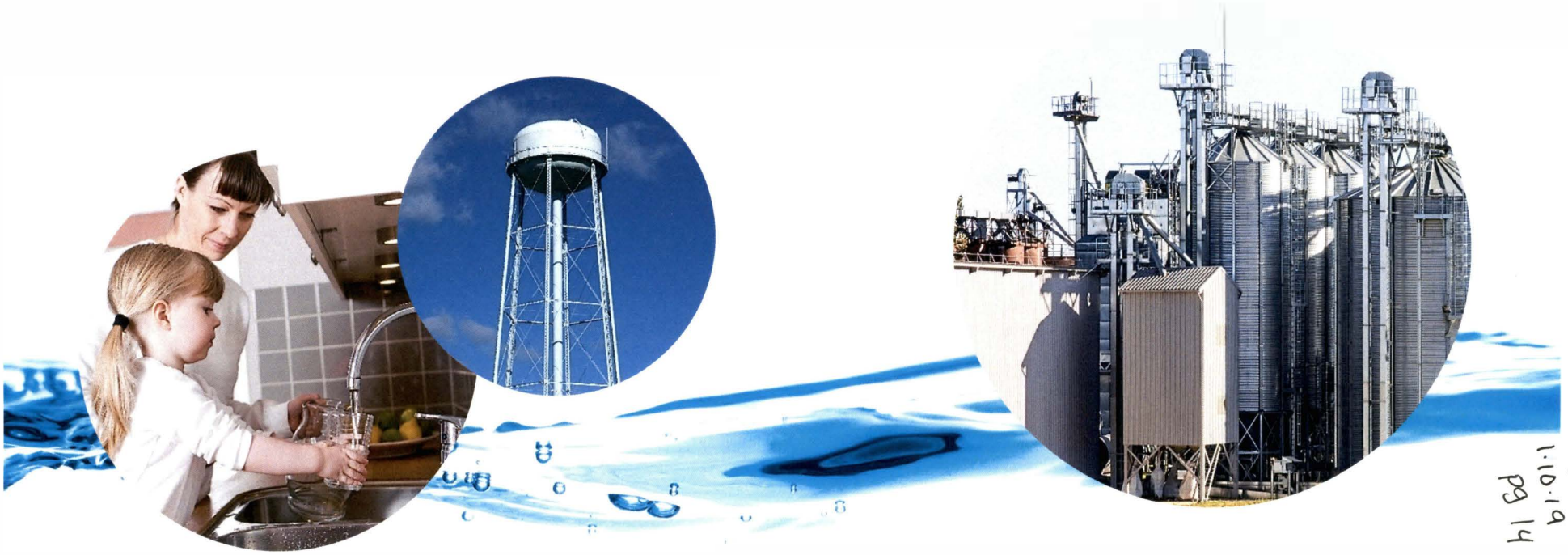
RED RIVER VALLEY WATER SUPPLY PROJECT

RRVWSP is a long-term emergency water supply!



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RED RIVER VALLEY WATER SUPPLY PROJECT

Serving the Water Supply Needs of Central North Dakota and the Red River Valley

THANK YOU!

www.rrvwsp.com facebook.com/RRVWSP @RRVWSP

Lake Agassiz Water Authority

GARRISON DIVERSION

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#18 SB 2020
1-10-2019
pg 1

Testimony of Dave Piepkorn, City of Fargo Deputy Mayor
SB 2020
Senate Appropriations Committee
Bismarck, North Dakota – January 10, 2019

Members of the Senate Appropriations Committee, thank you for this opportunity to testify in support of the Red River Valley Water Supply Project. My name is Dave Piepkorn, and I am the Deputy Mayor of Fargo and a Fargo City Commissioner.

The City of Fargo draws its water from the Red River and Sheyenne River, making our water supply highly vulnerable to drought conditions. Studies show a drought like the devastating 1930s dust bowl or 1980s crisis is likely to occur by the year 2050. A repeat of a 1930s level drought would have an estimated $25 BILLION dollar impact on the State.

The Red River Valley Water Supply Project will provide an emergency water supply to about 50 percent of North Dakota's population by delivering Missouri River water to 35 cities and water systems from the central part of the state to the eastern side via underground pipelines. The City of Fargo cannot emphasize enough the need for an affordable, reliable water supply for the eastern and central parts of the state to keep our residents and industries safe during drought conditions.

The Red River Valley Water Supply Project has made great progress during the current biennium by checking off several of the requirements included in the current State Water Commission budget. For example, the project route for the transmission pipeline from the Missouri River to the Sheyenne River has been determined, as well as the water supply demand projections. Project engineers are currently completing the final design on the primary project elements.

The progress of the Red River Valley Water Supply Project is dependent on the State Water Commission's budget. The project's users, including the City of Fargo, are requesting an affordable cost-share with the State. We need to ensure the water rates of the communities and water systems involved in the project remain affordable – especially for the smaller cities and water systems.

Affordability is critically important to all the participating water systems and communities because they are, in turn, being asked to continue to maintain and operate their primary water supply and treatment systems, on top of investing in an emergency water supply from the Red River Valley Water Supply Project.

We are also requesting a long-term low interest loan from the State of North Dakota. The project's financing must be affordable and predictable for the local share of the Red River Valley Water Supply Project's costs. Escalating interest rates are a major concern, since the project has a construction schedule that is spread over 10 years. The project's borrowing costs could drastically balloon for the 35 cities and water systems with traditional market interest rates.

In addition, the City of Fargo and our fellow Red River Valley Water Supply Project users are asking the State to partner with us on the project's drought operation costs, which are expected to be about $13.9 million per year. This would be similar to how the State currently funds the operation of the Devils Lake Outlets. We propose creating a shared drought and flood mitigation fund in the State Water Commission budget to operate both the Devils Lake Outlets and the Red River Valley Water Supply Project. Since flooding and drought are unlikely to occur in the same year, we feel that this is a cost-efficient use of the State's resources.

The supporters of the Red River Valley Water Supply Project are requesting $50 million to be included in the State Water Commission's budget for the 2019-2021 biennium. If approved, half of that amount will go towards construction of a pipeline segment and the remaining $25

million will fund final design for key project components and land acquisition, as well as legal and financial costs. A total of $50 million for 2019-to-2021 is essential to continue forward progress for the project.

The project team has created a very prudent 10-year construction schedule to mitigate the risk of increasing construction costs. It is important to begin construction on the Red River Valley Water Supply Project as soon as possible because construction cost escalation is a serious threat.

In closing, $50 million dollars over the next two years is crucial to allow the Red River Valley Water Supply Project to maintain its momentum.

Thank you for the State's assistance thus far for supporting the much-needed Red River Valley Water Supply Project. This emergency water supply is critically important to the public and economic health of the City of Fargo and the other 34 communities and water systems involved in the project. Please continue to support the communities from central to eastern North Dakota that will utilize the Red River Valley Water Supply Project because the next drought isn't a question of IF; it's a question of WHEN. We need to be ready to mitigate the devastating effects of drought with an emergency water supply. Thank You.

#19 SB 2020
1-10-2019
pg 1

Testimony to the Senate Appropriations Committee
Chairman Senator Ray Holmberg
Prepared by Dan Jonasson, Director of Public Works
City of Minot
dan.jonasson@minotnd.org

SENATE BILL NO. 2020

Mr. Chairman, my name is Dan Jonasson and I serve as the Director of Public Works for the City of Minot. I am representing the City of Minot in support of funding in Senate Bill 2020 for the Northwest Area Water Supply project (NAWS).

Senate Bill 2020 encompasses a number very important water related projects throughout the State of North Dakota, projects specific to the City of Minot are the Northwest Area Water Supply (NAWS) a regional water supply project and Mouse River Flood Protection Project. Funding for the Mouse River Flood protection project has been identified in the State Water Commissions budget for $70 million, however, we are requesting that $105 million be made available for projects in design and on the shelf can proceed with bidding and award in 2019-2021.

The legislative commitment to funding the Mouse River Enhanced Flood Protection Project is extremely important because it enables the entire Mouse River Basin the ability to continue planning for a flood protection project that will provide peace of mind for the residents of Minot and the Mouse river valley that funding will be available to help them from the catastrophic disaster we saw in the flood of record in 2011.

In addition, the support for funding the regional water systems guarantees quality water for many communities throughout North Western/Central North Dakota which are struggling with inadequate drinking quality water through the NAWS system.

Now that the litigation has been cleared up on NAWS, it is important to move the project forward as soon as possible. Minot is providing water to NAWS on an interim basis until we can receive water from Lake Sakakawea to supplement our existing raw water we use to treat and provide quality drinking water for the region. We must assure that there is funding of $75 million dollars available for the State Water Commission to move forward the Biota plant, currently under design, the intake structure through the Snake Creek pump station, also under design and installation of the waterlines from Westhope to Bottineau and All Seasons Water district. Both of these entities have experienced running out of water and Bottineau continues to have water quality issues. Minot will be able to provide interim water to these entities this fall as the expansion of our water plant is completed. We will need to make sure that funds are available to complete the biota plant and the intake structure as soon as possible as we need the additional raw water capacity to meet the demands that are placed on our system.

Minot continues committed in the 35% cost share for the completion of NAWS, but it is imperative, that this project be completed as soon as possible now that the legal battles have been resolved to prevent further escalation of costs in completing this important project for Minot and the North Central region of North Dakota.

#20 SB 2020
1-10-2019
Pg 1

north dakota
water
resource
districts
association

Testimony, SB 2020
8:30 AM, January 10, 2019
Brynhild Haugland Room, State Capitol, Bismarck, ND
Gary Thompson, Traill County WRD, Chairman, Red River Joint Water Board, and Board of Directors, ND Water Resource Districts Association

Mr. Chairman and Members of the Appropriations Committee:

My name is Gary Thompson and I serve on the Board of Directors for the ND Water Resource Districts Association, the Traill County Water Resource District, and I serve as Chairman of the Red River Joint Board. I have almost 25 years of working with water resource districts in the Red River Valley.

Water resource districts have a long history of providing valuable services in North Dakota to the local constituents in their respective counties and regions. Enabling legislation for the establishment of water resource districts was first passed in 1935. In a nutshell, the responsibility of water resource districts is the management of water from a local and regional perspective for beneficial uses of water, as well as for protection against flooding, erosion, and other detrimental effects of too much water. The beneficial uses of water and protection against damages caused by flooding is critical to the agricultural and other local economies, as well as the social well-being of our citizens.

An important piece of providing these vital services has been NDSWC funding. Without this funding, many important flood control, erosion protection, and beneficial use projects would not have been completed, and thus our citizens would have been poorer for it. ND Water Resource Districts Association requests additional funding for water resource districts' projects.

Last biennium, following the 2017 Legislative Session, water resource districts were advised by NDSWC staff that water resource district projects were to be funded out of the Flood Control bucket, which had been completely allocated for the Mouse River and FM Diversion flood projects. As a result, water resource districts were not able to obtain NDSWC cost share for water resource projects.

We request that this biennium, water resource district projects are able to apply for funds out of the General Water Management bucket, or another bucket, so that shovel-ready projects can be funded.

I would be happy to answer any questions the committee may have regarding this testimony.

Thank you.

Testimony on Senate Bill 2020
Senate Appropriations Committee
Loren DeWitz, Vice Chairman, North Dakota Irrigation Association
8:30 a.m., January 10, 2019

Mr. Chairman and members of the Senate Appropriations Committee, my name is Loren DeWitz, I serve as vice chairman of the North Dakota Irrigation Association. The Association is made up of irrigators, irrigation equipment dealers, businesses and other interests who support irrigation and irrigation development.

North Dakota has approximately 290,000 acres of irrigation used in the production of a variety of crops including corn and cereal grain crops, livestock forage, and high value crops such as potatoes, sugar beets, and onions. The French fry plants at Grand Forks and Jamestown rely almost exclusively on irrigated production for their raw potatoes. The sugar beets raised in the western part of the state are also irrigated. Agriculture Statistics data show that on a state-wide basis, three to four dryland acres are needed to equal the gross returns from one irrigated acre.

Corn is the number one irrigated crop, with over 105,000 acres planted. More than 50% of the corn produced under irrigation goes into livestock production, adding value to the livestock sold in the state. Irrigated production also adds stability to our livestock industry by producing consistent yields even in dry years. A substantial part of the corn production goes to the ethanol plants at Casselton, Hankinson, Richardton, Spiritwood, and Underwood. The ethanol industry is a significant part of the state's economy and provides important jobs to the communities. Distiller grain, a byproduct of the plants, is a desirable feed supplement for the livestock industry.

Recent data shows 58,000 acres of irrigated soybeans. The high value crops produced under irrigation include 25,700 acres of potatoes, 10,600 acres of sugar beets and 1,100 acres of onions.

Irrigation provides the opportunity to grow the higher value crops where top yields and exceptional quality are necessary. High quality, coupled with high yielding potatoes, has made the French fry industry successful in the state. The acreage of onions in the state is smaller than the other crops but this crop may have an important role in the future as markets are developed. Other fruit and vegetable crops can be produced and processed in the state and the development of the markets for these crops is needed. Irrigation does and can diversify and strengthen the agricultural economy of the state.

North Dakota has the potential of increasing irrigation. Approximately 300,000 acres in the Missouri River corridor have the water and soils suitable for irrigation. The Missouri River would be the water source for much of the land. In other parts of the state an additional 200,000 acres have the soil and the water for successful irrigation.

The North Dakota State Water Commission (SWC) was created in 1937 to help develop irrigation. The SWC was authorized to provide financial assistance to irrigation districts to construct infrastructure to convey the water to the land. It continues to support irrigation development being done by public entities like the Garrison Diversion and Irrigation Districts. Besides isolated expansion across the state, additional irrigation is being developed using water from the McClusky Canal as authorized by the Dakota Water Resources Act. The Act authorizes 51,700 acres for development. In December the SWC provided $1.67 million of cost-share assistance for the central supply works including pumps, valves and transmission pipes to develop irrigation on an additional 2,800 acres in McLean County. The development is being led by the Garrison Diversion Conservancy District. We appreciate the state's support of this, and other irrigation projects.

A new development in recent years is the ability to identify and more accurately define aquifers with airborne electromagnetic imagery. This will help both the State Water Commission and the irrigators to develop sustainable irrigation.

We ask your support of SB 2020 to help provide funding to expand and strengthen irrigation in North Dakota. The Irrigation Association supports targeting at least $1 million, but anticipates that up to $5 million could be reserved during the biennium to help develop North Dakota's irrigation potential.

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1-10-2019
pg 1

Bowman COUNTY

BOARD OF COMMISSIONERS

104 First Street NW, Suite One • Bowman, ND 58623 • Phone: 701-523-3130

October 2, 2018

Governor Doug Burgum
Office of the Governor
State of North Dakota
600 East Boulevard Avenue
Bismarck, ND 58505-0001

RE: North Dakota Atmospheric Resource Management Program

Dear Honorable Governor Burgum,

It is our understanding that at a recent Water Topics Committee meeting concerns were shared with strong opposition to the cloud seeding program administered by the North Dakota Atmospheric Resource Management.

The Bowman County Commissioners were challenged with opposition, by a few landowners living in the county. We recommended the petition process, as outlined in North Dakota Century Code 61-04.1-30. A valid petition was presented, validated and approved. The measure was placed on the November 2016 General Election ballot, with seventy percent of the voters voting to retain the cloud seeding program.

We, as Bowman County Commissioners, support the election outcome for the continuance of the cloud seeding program in Bowman County.

Respectfully submitted,

Bowman County Board of Commissioners

Rick Braaten
Jerry Jeffers
Kenneth Steiner
Lynn Brackel

#22 SB 2020
1-10-2019
pg 2

County Measure, Abolish of Weather Modification Authority

2016 General Election - OFFICIAL RESULTS

Precinct	Yes	No	TOTALS
Bowman City	174 - 21.04%	653 - 78.96%	827
Bowman Four Seasons	116 - 28.16%	296 - 71.84%	412
Rhame	77 - 36.67%	133 - 63.33%	210
Scranton	165 - 49.70%	167 - 50.30%	332
TOTAL	532	1249 70.138	1781

Results provided by the Office of North Dakota Secretary of State

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1-10-2019
pg 1

January 8, 2019

To: Senate Appropriations Committee

RE: Senate Bill 2020

The local Weather Modification program provides hail suppression benefits to the agricultural producers of our county, as well as property owners in general by helping to prevent hail damages. This program was on the Bowman County ballot in 2016. The election results indicated the program was supported by 70% of the voters of our county.

Six counties in southwestern North Dakota, one in Montana and one is South Dakota have partnered with the Atmospheric Resource Board to provide the Bowman radar imagery to the public for the eight months it is not being utilized by the local weather modification program. With the lack of NOAA weather radar coverage in the southwestern part of our state, this partnership is providing an essential annual service. What will become of this service should the state portion of the funding for the weather modification program no longer exist, be decreased or eliminated?

As the Board of the local Bowman County Weather Modification Authority, we are asking that you continue to provide state funding support for the weather modification program at the current levels in the budget of the State Water Commission.

Signed By Bowman County Weather Modification Board:

Wes Andrews

Dean Pearson

Wayne Mrnak

Bob Brewer

Wade Schaaf

#24 SB 2020
1-10-2019
Pg 1

Memo

To: North Dakota Legislators

From: Mountrail County Weather Modification Authority

Date: January 8, 2019

Re: ND Cloud Modification Project Support

The Mountrail Weather Modification Authority Members would like to express our support for the weather modification projects in the state of North Dakota. We feel that a majority of the people we represent are also in support of the projects. The positive economic impact it creates is well worth the investment. The reduction of hail and increased rainfall benefits not only the farming community but everyone in the state.

The Mountrail County Commission also voted unanimously to renew our 5 year resolution to continue the weather modification program in June of 2018.

Sincerely,

Mountrail County Weather Modification Authority

Aaron Skarsgard, Chairman

Tim Johnson

Lynn Heinle

Hayley Jung

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1-10-2019
pg 1

Williams COUNTY

Statement of Support
Senate Appropriations Committee
January 10, 2019
By the Williams County Board of Commissioners

Re: Senate Bill no. 2020
A BILL for an Act to provide an appropriation for defraying the expenses of the state water commission

Mr. Chairman and members of the Committee:

Please accept this statement by the Williams County Board of Commissioners as an indicator of support for Senate Bill No. 2020, with regards to funding for weather modification programs.

For more than 20 years, Williams County has been a continuous cost-share participant in the Cloud Modification Project in northwestern North Dakota facilitated by North Dakota's Atmospheric Resource Board (ARB).

Two elements of the project, hail suppression and rain enhancement, provide immediate, practical benefits to Williams County farmers and citizens. Over time, within the region, there have been positive impacts from the project according to a 2009 report[1] from the ARB, such as a 45% reduction in damage to crops from hail and a 5-10% increase in rainfall.

Williams County looks forward to an opportunity to continue to provide preventative measures for hail damage to our valuable agricultural resources by cost-sharing over the next biennium with the State Water Commission for Weather Modification programming.

Sincerely,

David Montgomery

David Montgomery
Chairman, Williams County Board of Commissioners

[1] http://www.swc.nd.gov/arb/news/atmospheric_reservoir/pdfs/2009_06%20-%20Cloud%20Seeding%20Has%20Big%20Economic%20Impact.pdf

BOARD OF COMMISSIONERS
First District – Beau Anderson | Second District – Steve Kemp | Third District – Cory Hanson
Fourth District – David Montgomery | Fifth District – Barry Ramberg
PO Box 2047 | 206 E. Broadway | Williston, ND 58802-2047 | Phone 701.577.4500 | Fax 701.577.4570 | www.williamsnd.com

#26 SB 2020
1-10-2019
pg 1

Testimony by Steve Knorr
Irrigator

to the

Senate Appropriations Committee

Bismarck, North Dakota
January 10, 2019

Mr. Chairman, members of the committee; thank you for the opportunity to testify in support of Senate Bill 2020. My name is Steve Knorr, I am a resident of Sawyer, ND, and irrigate in the Turtle Lake area.

I have been a farmer and irrigator for 19 years. In 2010, I was the first irrigator to participate in the McClusky Canal Irrigation Project developed with the assistance of the Garrison Diversion Conservancy District. Because of irrigation, I'm now farming land that would otherwise not be productive, and I'm an avid supporter of irrigation development.

The North Dakota State Water Commission provides a cost-share of up to 50% for off-farm irrigation infrastructure, including canal intakes and transmission lines. As an irrigator, I'm responsible for 100% of the on-farm items, such as pivots, power for pivots and distribution lines to pivots. In total, the cost-share actually represents approximately 30% of total on- and off-farm project costs for the irrigator. The bottom line is, irrigation is expensive.

There is a significant amount of opportunity to irrigate along the McClusky Canal, and I know several farmers interested in pursuing irrigation development; however, it is somewhat cost-prohibitive. The State Water

Commission cost-share is essential to making irrigation affordable to farmers. In turn, affordability enables future irrigation development, which benefits the state in the long-term.

A study completed by North Dakota State University in 2014 determined that for every $1 invested in irrigation by the state, $7 is returned. Overall, irrigation development is beneficial for North Dakota.

The cost-share provided by the State Water Commission to me and others within the McClusky Canal Irrigation Project has been crucial to our operations and is needed in order to continue future irrigation development.

Irrigation benefits to North Dakota are widespread, and the State's investment is important in realizing the irrigation potential of the McClusky Canal.

Thank you for allowing me to present my comments today.

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IRRIGATION INVESTMENT

Long-Term Economic Benefits for the State of North Dakota

In the heart of North Dakota, 51,700 acres of farm land is authorized for irrigation from the McClusky Canal* Currently, the McClusky Canal is underutilized for irrigation and State funding appropriated for irrigation development goes largely unused each biennium due to inadequate cost-share plans The Garrison Diversion Conservancy District (Garrison Diversion) developed an Irrigation Master Plan to help plan for future irrigation growth in the McClusky Canal area. In addition, a complementary study was completed by NDSU on the regional economic effects of irrigation along the McClusky Canal. From these studies, a more comprehensive view of economic impacts and future development has emerged. State investment will play an important role in realizing the irrigation potential of the McClusky Canal

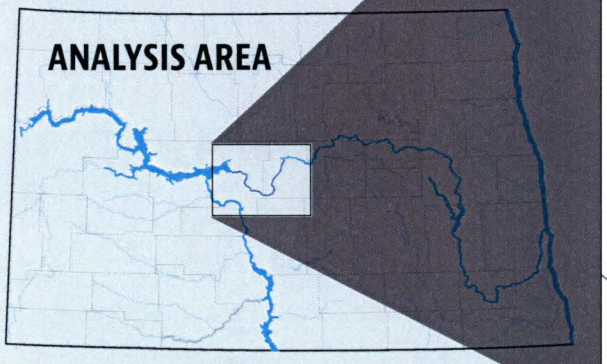
PROJECT SUMMARY

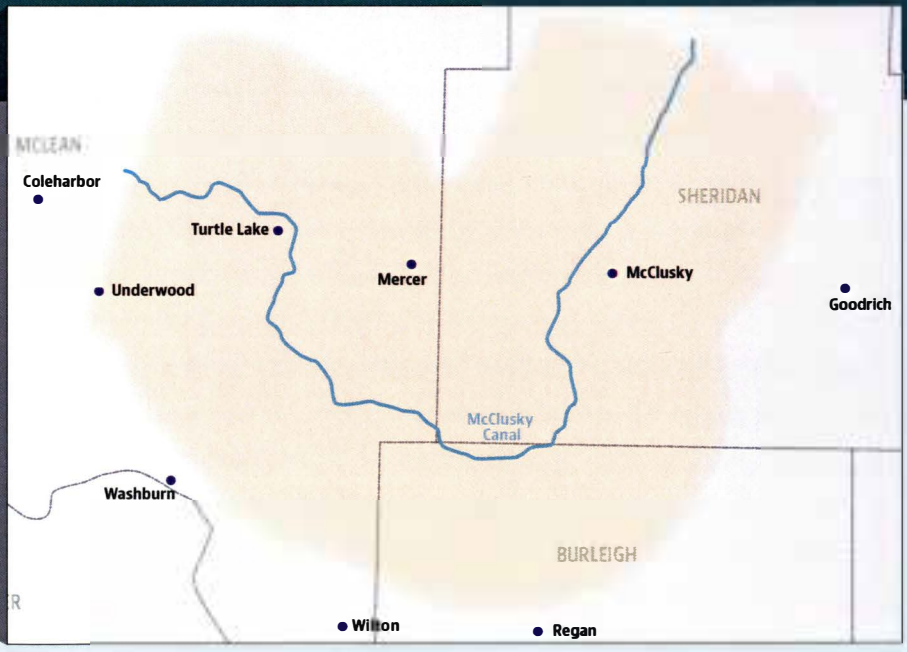
McCLUSKY CANAL HAS 51,700 AUTHORIZED IRRIGABLE ACRES ALONG ITS 59-MILE LENGTH WITHIN THE MISSOURI RIVER BASIN*

THE MAJORITY OF THIS ACREAGE IS UNDEVELOPED

GARRISON DIVERSION'S VISION IS TO WORK WITH LANDOWNERS AND PRODUCERS TO DEVELOP THIS ACREAGE OVER TIME

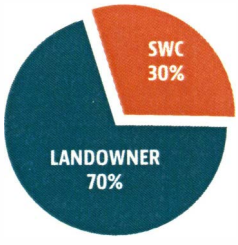
* The McClusky Canal is 73 miles long and was designed to irrigate 250,000 acres





CURRENT FUNDING SCENARIO

The State will provide a one-time cost-share of up to 50% for off-farm irrigation infrastructure such as canal intakes and transmission lines. In order to continue to promote irrigation investment in the State, Garrison Diversion intends to continue to leverage these dollars to their maximum extent. The State Water Commission (SWC) provides up to 50% cost-share for off-farm irrigation improvements; however, in total, the cost-share represents approximately 30% of total on- and off-farm project costs



To complement the State's capital funding assistance, developing Garrison Diversion Unit authorized acres allows access to the Pick-Sloan Missouri Basin Program Project Use Power, which reduces ongoing irrigation power expenses up to 40%.

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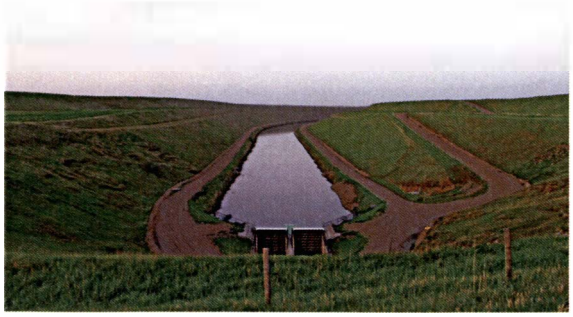
FACTORS LIMITING DEVELOPMENT



HIGH COSTS TO LANDOWNERS

LACK OF 3-PHASE POWER

WHAT'S NEEDED FOR FURTHER DEVELOPMENT

CHANGE % OF COST-SHARE

Sliding scale based on project location/characteristics between 50% and 75% can create a financially feasible project environment.

CHANGE TERMS OF LOANS

Projects can become financially feasible with alternative long-term (30-year) low-interest (2%) loans instead of traditional financing.

INSTALL/INVEST IN 3-PHASE POWER

State investment in 3-phase power in addition to standard cost-share will allow projects to become financially feasible.

CONTINUED IRRIGATION INVESTMENT ALONG THE McCLUSKY CANAL WILL GENERATE ONE-TIME AND LONG-TERM ECONOMIC BENEFITS FOR THE STATE OF NORTH DAKOTA

Development of 400 Center Pivots in Authorized Area Along the McClusky Canal

Generate One-Time Economic Benefit of

$82 MILLION

Statewide

↓

598 JOBS

$5.6M IN STATE & LOCAL GOVERNMENT REVENUES

+

Increase Crop Sales in North Dakota by

$18.4 MILLION*

Annually Once Fully Developed

STATISTICS BASED ON A 2014 STUDY BY NDSU DEPARTMENT OF AGRIBUSINESS & APPLIED ECONOMICS

+

Full Irrigation Development Will Generate

$30 MILLION

Annually in Economic Impact

↓

242 JOBS

$1.1M IN STATE & LOCAL GOVERNMENT REVENUES

$352 MILLION IN STATEWIDE ECONOMIC IMPACT OVER 10 YEARS FROM A $50 MILLION STATE INVESTMENT

=

FOR EVERY $1 INVESTED BY THE STATE, $7 IS RETURNED

*** Based on Irrigated Corn-on-Corn Rotation at $4.00 per Bushel and 160 Bushels per Acre Yield**

QUESTIONS? Please feel free to contact Kip Kovar with Garrison Diversion at 1-800-532-0074 or via email at kipk@gdcd.org

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Testimony to Senate Appropriations Committee

Re: Senate Bill 2020
Date: Thursday, January 8, 2019
By: Ryan Ackerman, PE
Administrator, Souris River Joint Water Resource Board

We have distributed a document that summarizes the impacts that the Mouse River has had on the basin since 2011, the actions that have been taken to date to mitigate those impacts, a discussion on the pursuit of federal funding for the project, and a synopsis of the unmet needs for the project as the next biennium approaches. The total unmet need of $281 million for the 2019-2021 Biennium and the corresponding State request of $186 million for the 2019-2021 Biennium have been communicated to water project stakeholders statewide through the North Dakota Water Coalition and also to the State Water Commission staff during their planning process ahead of the legislative session.

The Souris River Joint Board is a multi-jurisdictional entity that has representation from each of the four counties along the Mouse River in North Dakota along with a fifth representative from the City of Minot. The Souris River Joint Board is the local sponsor of the Mouse River Enhanced Flood Protection Project.

Our mission is to reduce flood risk throughout the basin, including the communities of Minot, Burlington, Sawyer, and Velva, and rural developments, farms and ranches. Our vision is holistic, with an emphasis on building levees and floodwalls for the benefit of the urban areas and managing reservoir operations for the benefit of the rural reaches along the river.

Since the 2011 flood, the Souris River Joint Board has sustained this basin-wide mantra in its quest for solutions to flooding problems that have caused in excess of a billion dollars of damage in the last decade alone. As a result, there has been no organized opposition to the project. There are stakeholder groups with differing views, but those groups have been able to come to the table to constructively identify solutions for the betterment of the entire basin.

The Mouse River Plan started as a State Water Commission initiative in the wake of the 2011 flood. After the development of the initial master plans for the project, control was transitioned to the local sponsor, the Souris River Joint Board. To date, the local funding for the project is being provided primarily by the City of Minot, through collection of sales tax, with additional contributions coming from all four counties throughout the basin. When fully implemented, the urban and rural components of the plan are estimated to cost approximately $1 billion, as illustrated on the second and third pages of the handout.

The billion dollar economic hit that the basin took as a result of floods in 2009 and 2011 are being further compounded by FEMA's ongoing work to update Flood Insurance Rate Maps in Ward County. Through FEMA's process, the 100-year flow rate for the Mouse River is expected to double from 5,000 to 10,000 cubic feet per second. The corresponding regulatory floodplain that is currently within the banks of the river will expand to encompass thousands of homes. The economic impact of this move by FEMA will be staggering. An approximate indication of this future regulatory floodplain for one small reach of the basin in western Minot is shown on the top of Page 4.

I'll offer an example in an attempt to illustrate the economic impact of the flood and flood insurance to local residents.

There is a family of seven that lives in central Minot within the floodplain near the Arrowhead Shopping Center. Their home is located underneath the arrowhead related to the 'Forest Road Levee' label in the map at the top of Page 4. This family purchased their home for $220,000 in 2010. Their mortgage amount was $200,000. When the 2011 flood occurred, their home experienced water nearly up to the eaves and the total damage was approximately $150,000. They did receive a grant for individual assistance from FEMA for approximately $30,000. There was no place to go following the flood, so they chose to rebuild their home using the $30,000 FEMA individual assistance grant combined with $120,000 in additional loans through SBA.

Once rebuilt, they had approximately $320,000 of outstanding debt for a home valued at $220,000 prior to the flood. That is also before the revised Flood Insurance Rate Maps. Based on FEMA's preliminary figures and the location of their home, their annual flood insurance premium will be approximately $12,000 once the rates become actuarial. The payment of this premium will be mandated by their lenders. To put this into perspective $12,000 per year as a 30-year mortgage payment will get you a home worth about $225,000.

The economic impact of flood insurance is likely to devalue their property by $100,000 or more. So, this family could have in excess of $300,000 in outstanding debt for a home valued at around $100,000.

This is a real example of the crippling impacts that Mouse River flooding will continue to have on the residents of this basin until flood protection is in place. And this story is not unique. There are thousands of people with similar stories.

Our implementation approach is intended to remove as many people from the proposed regulatory floodplain as quickly as possible. The top map on Page 4 illustrates work that is currently under construction and that we also had the privilege of showing to several members of the Water Topics Overview Committee during the interim.

The last page of the document lists the various tasks that we have identified for implementation in the next biennium. There are various acquisition, design, permitting and construction activities planned, all subject to appropriation. Of the $281 million in planned activities, approximately 70% of that total is associated with activities in the city limits of Minot. The remainder is focused on improvements outside of Minot, including the construction of a levee system around the City of Burlington. The Burlington project is fully designed and ready to bid.

We have been actively working to secure federal funding for the project since 2011. The US Army Corps of Engineers was previously prohibited from issuing a new start for the Mouse River project, but that prohibition on new projects was lifted in 2014 and we worked with the Congressional Delegation to secure a new start from the US Army Corps of Engineers for the project. In May 2016, the Souris River Joint Board and the Corps of Engineers signed a Feasibility Cost Share Agreement, which launched a three-year study of the basin by the Corps of Engineers to determine if there is a federal interest in all or a portion of the project. This study is advancing ahead of schedule and will be complete by February 2018.

Based on the Chief of Engineer's report, there is a federal interest in the Maple Diversion and other components of the plan. We are being very strategic in our discussions and decisions with the US Army Corps of Engineers to maximize the potential for federal funding for the project. However, we have concerns with the federal process and the amount of time that it will take to get both authorization and appropriation from Congress. We are working diligently with Senator Hoeven on this issue.

We sincerely thank the Legislature, the Governor, the State Engineer and the State Water Commission for their collective support over the past seven and a half years as the basin continues to recover from the 2011 flood.

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MOUSE RIVER PLAN

Project Summary

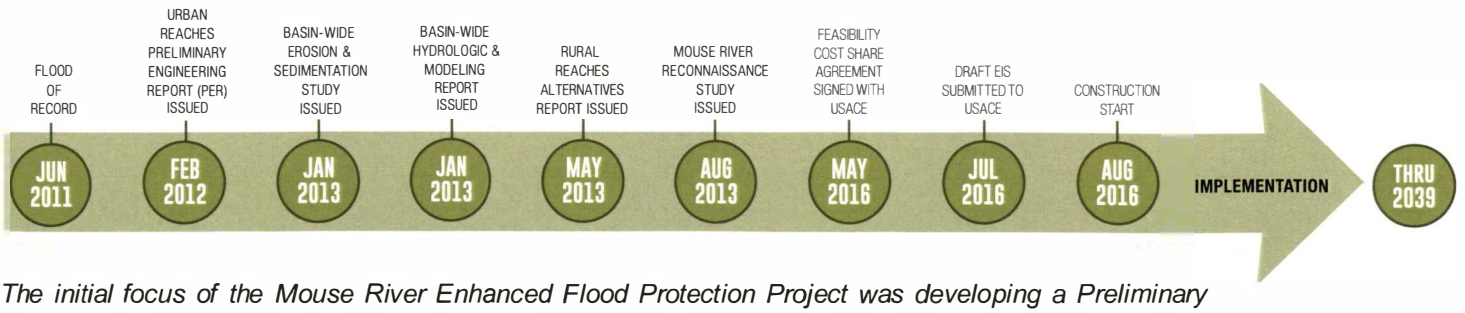
JANUARY 2019

A HISTORY OF SEVERE FLOODING

On June 25, 2011, the Mouse River flowed under Minot's Broadway Bridge at a record rate of 27,400 cubic feet per second (cfs) – more than five times the rate that existing channels and levees had been designed for. Not since 1882 had flows in excess of 20,000 cfs been seen. For weeks during the 2011 flood, water levels were too high for passenger and emergency vehicles to safely cross numerous area bridges. After flood waters receded, many bridges remained out of service for months while damages were assessed and repaired.

The record-breaking flow overwhelmed most flood fighting efforts along the entire reach of the Mouse River, causing extensive damages to homes, businesses, public facilities, infrastructure, farms and ranches. According to the U.S. Army Corps of Engineers (USACE), 4,700 residential, commercial and public structures in Renville, Ward and McHenry Counties sustained building and content damages totaling more than $690 million. If emergency flood fighting measures had not been implemented, structure damages would have totaled roughly $900 million. Infrastructure damages totaled hundreds of millions of dollars in the city of Minot alone.

Agricultural and rural infrastructure losses eclipsed $100 million. The rural reaches of the Mouse River valley in North Dakota have endured frequent flood damages over the past two decades. Flooding has had significant impacts on the rural residents who make their livelihood along the river. Impacts from flooding in the rural areas are varied and widespread, including crop and hay losses, damage to structures, impacts to livestock, and loss of commerce due to inundated roads and bridges.



The initial focus of the Mouse River Enhanced Flood Protection Project was developing a Preliminary Engineering Report for the urbanized portions of the basin. Additional reports identified potential solutions for the rural reaches of the valley. The current focus is on implementation.

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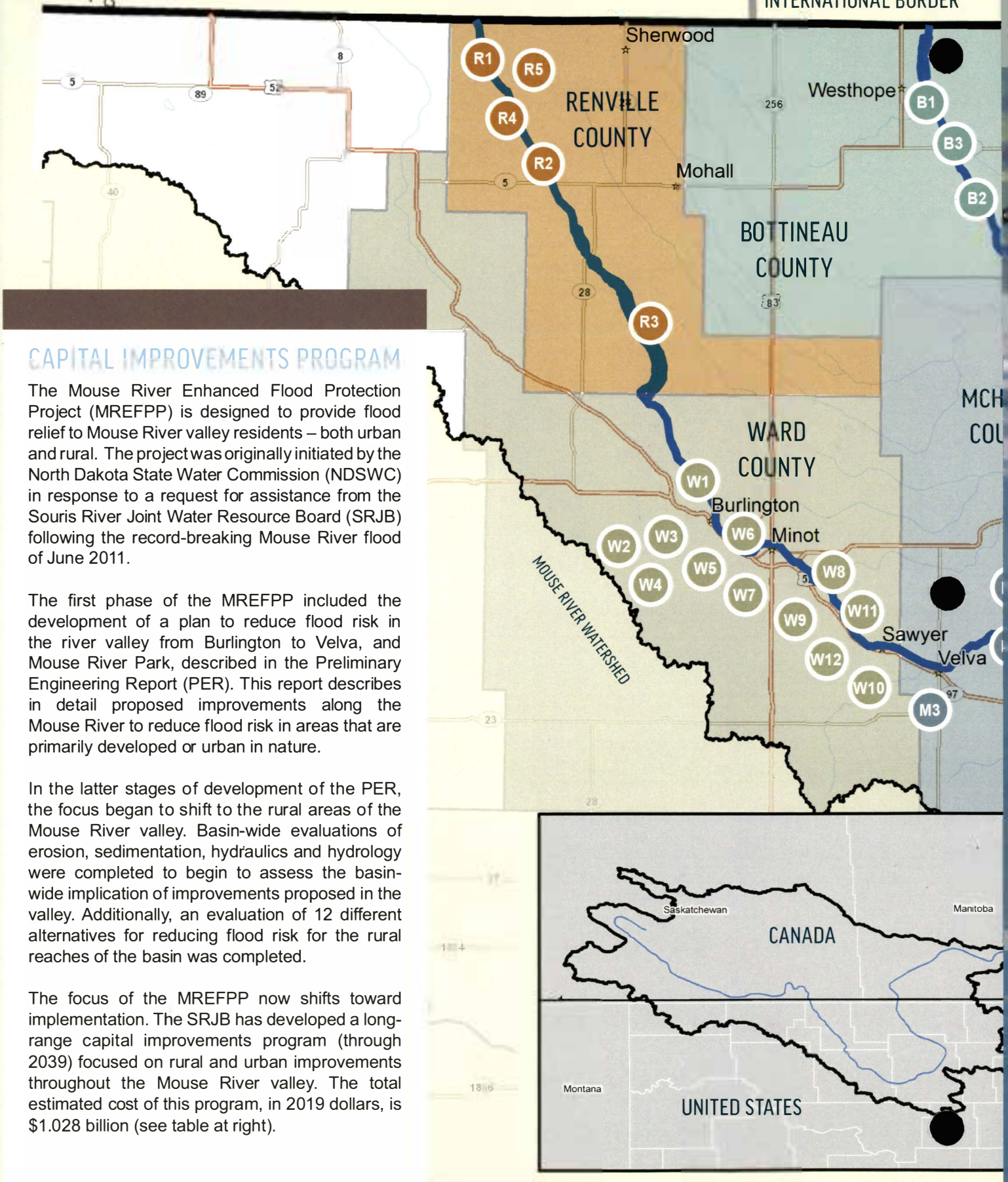

CAPITAL IMPROVEMENTS PROGRAM

The Mouse River Enhanced Flood Protection Project (MREFPP) is designed to provide flood relief to Mouse River valley residents – both urban and rural. The project was originally initiated by the North Dakota State Water Commission (NDSWC) in response to a request for assistance from the Souris River Joint Water Resource Board (SRJB) following the record-breaking Mouse River flood of June 2011.

The first phase of the MREFPP included the development of a plan to reduce flood risk in the river valley from Burlington to Velva, and Mouse River Park, described in the Preliminary Engineering Report (PER). This report describes in detail proposed improvements along the Mouse River to reduce flood risk in areas that are primarily developed or urban in nature.

In the latter stages of development of the PER, the focus began to shift to the rural areas of the Mouse River valley. Basin-wide evaluations of erosion, sedimentation, hydraulics and hydrology were completed to begin to assess the basin-wide implication of improvements proposed in the valley. Additionally, an evaluation of 12 different alternatives for reducing flood risk for the rural reaches of the basin was completed.

The focus of the MREFPP now shifts toward implementation. The SRJB has developed a long-range capital improvements program (through 2039) focused on rural and urban improvements throughout the Mouse River valley. The total estimated cost of this program, in 2019 dollars, is $1.028 billion (see table at right).

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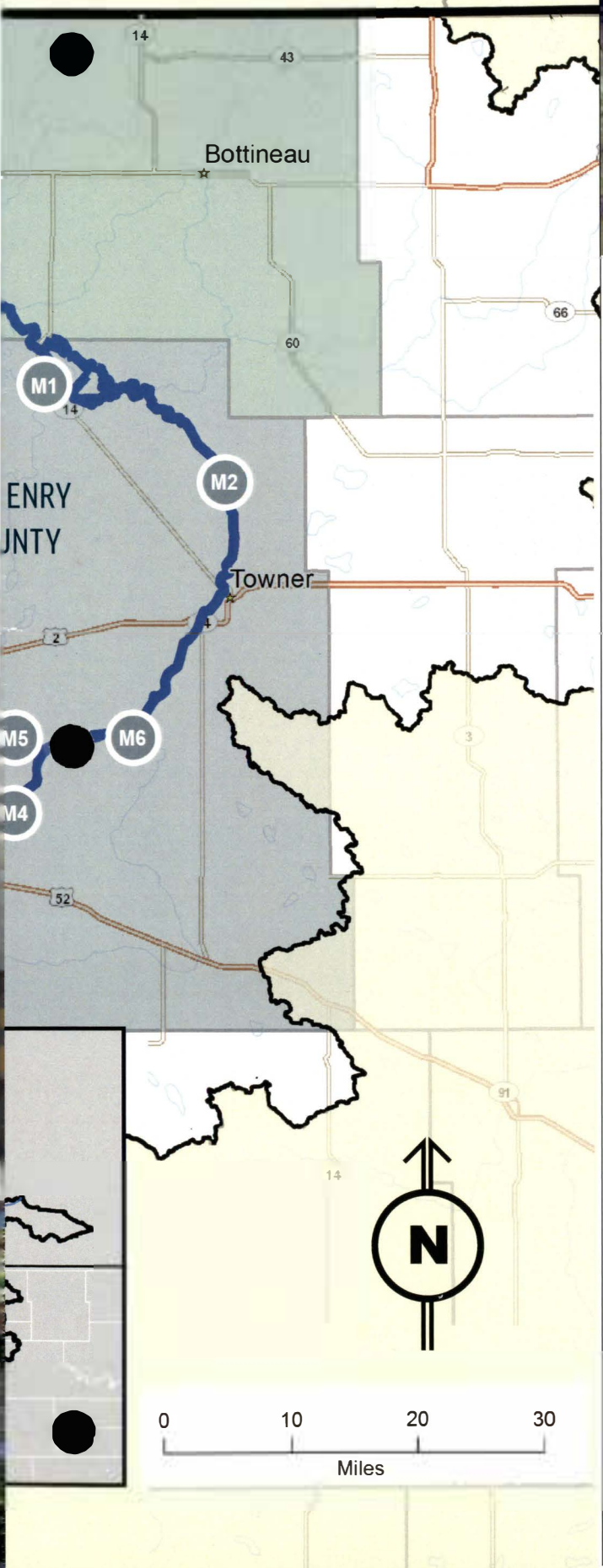


BASIN-WIDE IMPROVEMENTS

BENEFITING RENVILLE, WARD, MCHENRY AND BOTTINEAU COUNTIES

Renville County Projects (Thru 2039)		
R1	Rural Structure Acquisition, Relocation or Ring Dike	$2 M
R2	Mouse River Park Levee Improvements	$21 M
R3	Lake Darling Dam Operational Modifications	$3 M
R4	Rural Bridge / Road Modifications	$13 M
R5	Remove Trapped Water	$1 M
	Renville County Subtotal	**$40 M**

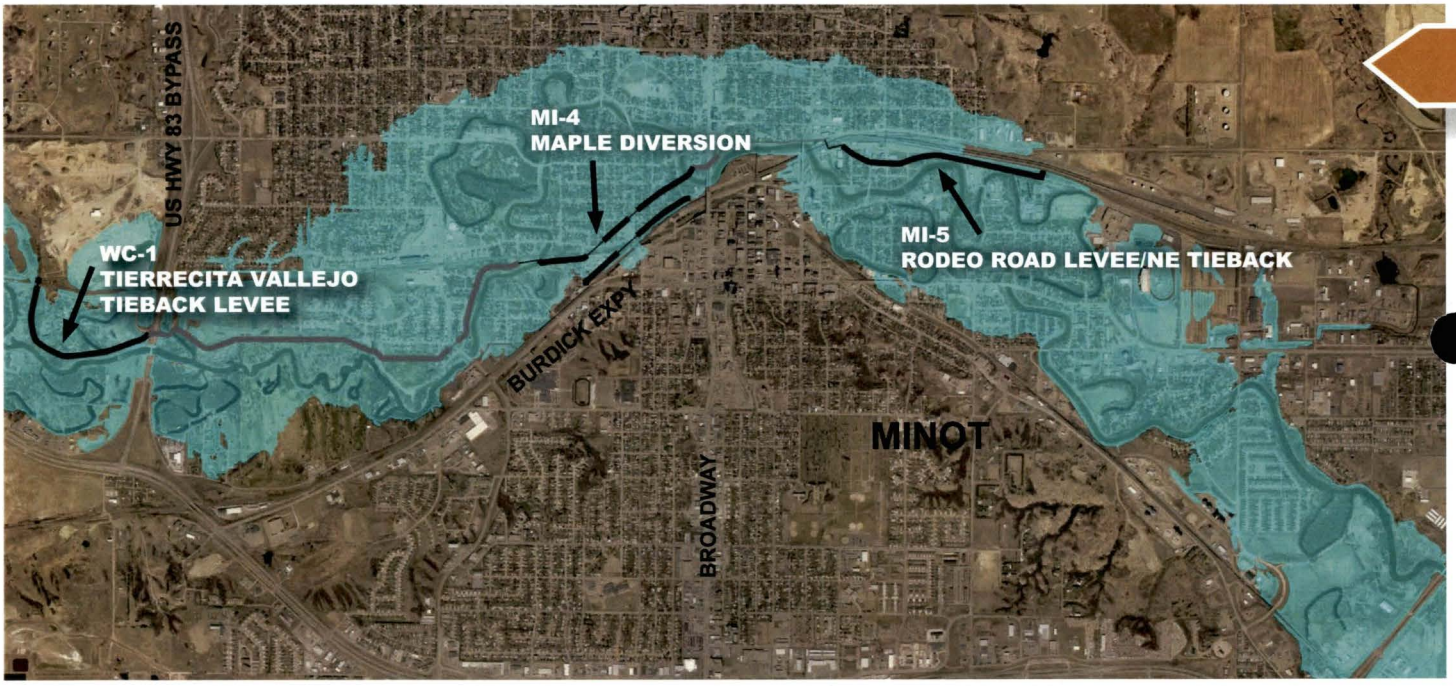
Ward County Projects (Thru 2039)		
W1	Rural Structure Acquisition, Relocation or Ring Dike	$25 M
W2	Burlington Levee System	$36 M
W3	Robinwood / Brooks Addition Levee System	$59 M
W4	Talbott's Levee System	$7 M
W5	King's Court Levee System	$17 M
W6	Tierracita Vallejo Levee System	$17 M
W7	Minot Levee System	$564 M
W8	Apple Grove Levee System	$25 M
W9	Eastside Estates Levee System	$13 M
W10	Sawyer Levee System	$28 M
W11	Rural Bridge / Road Modifications	$40 M
W12	Remove Trapped Water	$1 M
	Ward County Subtotal	**$832 M**

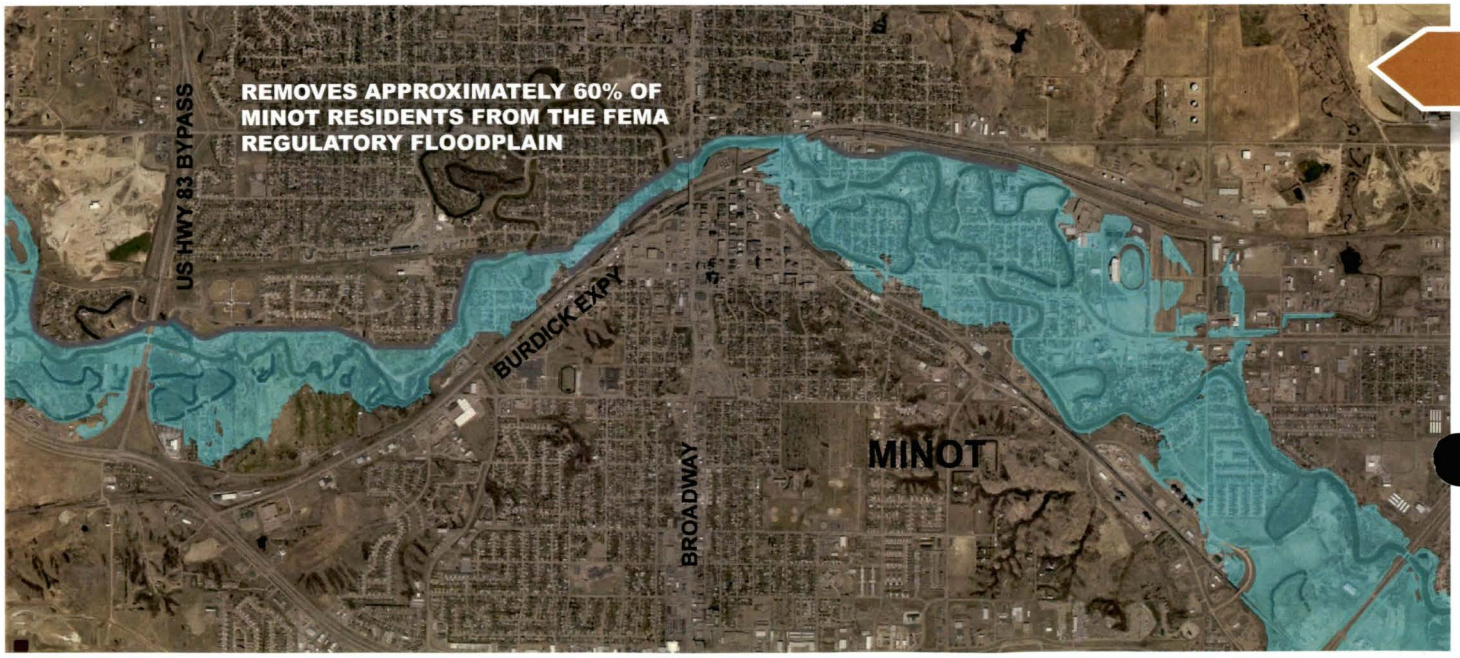
McHenry County Projects (Thru 2039)		
M1	J. Clark Salyer Structure Modifications	$21 M
M2	Rural Structure Acquisition, Relocation or Ring Dike	$5 M
M3	Velva Levee System	$21 M
M4	Rural Channel Modifications	$15 M
M5	Rural Bridge / Road Modifications	$21 M
M6	Remove Trapped Water	$3 M
	McHenry County Subtotal	**$86 M**

Bottineau County Projects (Thru 2039)		
B1	J. Clark Salyer Structure Modifications	$32 M
B2	Rural Channel Modifications	$17 M
B3	Rural Bridge / Road Modifications	$21 M
	Bottineau County Subtotal	**$70 M**

GRAND TOTAL: $1.028 BILLION

US HWY 83 BYPASS
MI-2
NAPA VALLEY LEVEE
US HWY 83
IMPROVEMENTS
MI-3
FOREST ROAD LEVEE
PERKETT DITCH
IMPROVEMENTS
MI-1
4TH AVENUE NE
FLOODWALL
BURDICK EXPY
BROADWAY
MINOT
US HWY 83 BYPASS
IMPROVEMENTS
WATER TREATMENT PLANT
FLOODWALL


US HWY 83 BYPASS
MI-4
MAPLE DIVERSION
MI-5
RODEO ROAD LEVEE/NE TIEBACK
WC-1
TIERRECITA VALLEJO
TIEBACK LEVEE
BURDICK EXPY
MINOT
BROADWAY


REMOVES APPROXIMATELY 60% OF
MINOT RESIDENTS FROM THE FEMA
REGULATORY FLOODPLAIN
US HWY 83 BYPASS
BURDICK EXPY
MINOT
BROADWAY

CURRENT WORK

The Federal Emergency Management Agency (FEMA) is in the process of updating the Flood Insurance Rate Maps for Ward County, including the city of Minot. FEMA's proposal will double the 100-year discharge, which is used to establish the regulatory floodplain, from 5,000 to 10,000 cubic feet per second. The current effective regulatory floodplain is confined to the banks of the Mouse River. Once FEMA's new Flood Insurance Rate Maps become effective, the regulatory floodplain will resemble what is shown in this figure in blue. Nearly 3,000 homes will be placed into the regulatory floodplain, mandating purchase of high risk flood insurance that will cost residents of the basin millions of dollars annually.

FUTURE WORK

Future phases of the project include the construction of the Maple Diversion and high ground tieback levees at the western edge of Minot at Tierrecita Vallejo and in northeast Minot along 4th Avenue. Recent work by the Souris River Joint Board and the US Army Corps of Engineers as part of the federal Feasibility Study has identified a potential federal interest in the construction of these features. This study is expected to be completed in February 2019. If a federal interest is identified, two important additional Congressional milestones must be achieved to bring the project to fruition – authorization and appropriation. Each of these actions is typically delivered in the form of a Water Resources Development Act (WRDA) Bill.

INTERIM MILESTONE

Following the construction of these initial phases of the project in Minot, the regulatory floodplain will be amended in the interim to remove approximately 60% of the homes affected in Minot. The interim regulatory floodplain is shown to the left in blue. Significant resources and support from federal, state and local governments will be necessary to implement flood risk reduction features that benefit the remainder of the Mouse River basin.

Construction work is complete on the portion of the flood control project around Minot's water treatment plant. Construction is currently underway for the Napa Valley levee, Forest Road levee, and 4th Avenue floodwall portions of the project in Minot (shown on the map to the left).

Construction of the floodwall and stormwater pump station to protect the water treatment plant in 2016.

A portion of floodwall near 16th Street Southwest and the Minot Water Treatment Plant.

New roadway closure structure at 16th Street Southwest near the Minot Water Treatment Plant.

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FUNDING

Federal Funding

To begin the process of securing federal funds for construction, the Souris River Joint Board (SRJB) executed a Feasibility Cost Share Agreement with the US Army Corps of Engineers (USACE) in May 2016. The execution of this agreement began a three-year process that will ultimately determine if there is a federal interest in constructing a flood-risk-reduction project within the Mouse River basin.

If a federal interest is determined, two additional and important milestones must be achieved through action by Congress – authorization and appropriation.

The extent of possible federal funding is unknown at this time. The timeframe for authorization and appropriation is also uncertain, as these Congressional actions are taken in the form of Water Resources Development Act (WRDA) bills.

Local Funding

The City of Minot continues to provide leadership for northwest North Dakota. Through its commitment to provide all of the local share for the Northwest Area Water Supply (NAWS) project and the Mouse River Plan, Minot has committed significant financial resources intended to benefit tens of thousands of residents that do not live within the limits of the city.

Presently, the City of Minot is collecting a 0.7% sales tax for flood control which is generating approximately $7 million per year.

Discussions are ongoing to examine the possibilities associated with increasing revenues through additional sales taxes, property taxes or other fees.

The City of Minot has been fortunate enough to receive Disaster Recovery assistance from the U.S. Department of Housing and Urban Development (HUD). Despite a long list of unmet recovery needs, the City has elected to utilize these HUD funds for flood control acquisitions. This is being done for the benefit of the entire region.

It should be noted that HUD funds may not be used for the construction of flood control features.

State Funding

Funding through the North Dakota State Water Commission has been coupled with local funding to allow the Mouse River Plan to progress since its inception by the State of North Dakota following the 2011 flood. To date, major activities undertaken with state funds include acquisitions, environmental documentation, design and some construction. Generally, funding from the State of North Dakota has provided up to 75% of the total cost for acquisitions and up to 65% of the total cost for other activities.

FINANCIAL HARDSHIP

Several communities along the Mouse River - Burlington, Sawyer, Velva, the unincorporated subdivisions in Ward and Renville counties, and the rural reaches of the valley - do not have the ability to raise funding sufficient to cover the local share of the flood control project. Because of its commitment to the region's success, the City of Minot has agreed to be the primary source of local funding for the project. Sales tax is the most likely source, with a 0.7% sales tax currently being levied by the City of Minot for flood control.

While sales taxes may be increased, it should be noted that **residents of Minot are currently paying a total of 7.5% in sales taxes – tied for the highest rate among North Dakota's largest five cities.** Currently, a portion of the sales taxes levied by the City of Minot are used for property tax relief. **Should sales tax rates for flood control increase, the likelihood of higher property taxes also increases.**

The residents of the Mouse River basin were devastated by the 2011 flood. Residents of Minot and the surrounding communities witnessed the Mouse River cause hundreds of thousands of dollars of damage to their personal property. While partial recovery assistance was made available through federal and state programs, **the typical resident of the Mouse River basin was still left with massive debt as a result of the 2011 flood,** since a majority of the assistance provided to Mouse River residents was in the form of loans, not grants. In many instances, the amount owed by property owners is in excess of the value of the property.

Additionally, **flood insurance reforms by the federal government will place most of those directly impacted by the 2011 flood into the regulatory floodplain, mandating payment of flood insurance premiums that, in some cases, will increase from $500 per year to in excess of $10,000 per year.** Flood insurance reform, expected to become effective in 2020, will directly impact those most vulnerable and directly impacted as a result of the 2011 flood.

Local taxes, whether they are generated through sales tax or property tax collections, directly impact those who pay them. A significant portion of **those who pay these taxes are also those who are attempting to overcome the hardships associated with recovering from the 2011 flood and those who will also be forced to overcome the hardships associated with flood insurance reform.**

The City of Minot is also paying the 35% local share for the NAWS project through collection of local sales taxes. Minot's commitment to this important project for northwest North Dakota is unwavering. **Minot's leadership in this endeavor, however, represents another hardship to raising local funds for the Mouse River Plan.**

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2019-2021 Unmet Needs **$281 Million**

The SRJB has developed a prioritized list of specific initiatives and projects for implementation through the end of fiscal year 2021 (June 30, 2021). Through the end of fiscal year 2021, the estimated total unmet need for the program is $281 million.

2019- 2021 Request **$186 Million**

The SRJB is requesting $186 million from the State of North Dakota to continue implementation of the Mouse River Enhanced Flood Protection Project for fiscal years 2020 and 2021. This funding level request is based on the current cost share policy of the State Water Commission.

Emergency Levee Constructed in 2011

DESCRIPTION		2019-2021 BIENNIUM FUNDING REQUEST (MILLION)
Property Acquisitions		$35.0
DESIGN & PERMITTING	Phase MI-4: Maple Diversion	$6.0
	Phase WC-2: Robinwood Levee	$4.0
	Phase WC-3: Kings Court Levee	$2.0
	Phase MI-6: Eastwood Park Floodwall	$6.0
	Phase MI-7: Valker Road South Levee	$3.0
	Phase RU-1: Rural Conveyance Improvements	$1.0
CONSTRUCTION	Phase MI-4: Maple Diversion	$115.0
	Phase MI-5: Northeast Tieback Levee	$40.0
	Phase WC-1: Tierrecita Vallejo Levee	$20.0
	Phase BU-1: Burlington Levee	$30.0
	Phase SA-1: Sawyer Bridge	$4.0
	Phase VE-1: Velva Bridge	$4.0
	Phase RC-1: Mouse River Park Bridge	$4.0
	Phase RU-1: Rural Conveyance Improvements	$7.0
	Total	**$281.0**
	State Funds (2019-2021)	**$186.2**
	Local Funds (2019-2021)	**$94.9**

SRJB
SOURIS RIVER JOINT BOARD

For additional information, please contact:

Souris River Joint Water Resource Board
David Ashley, Chairman
P.O. Box 1516
Minot, North Dakota 58702
Ph: (701) 626-1566

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2019 - 2021 BIENNIUM FUNDING REQUEST

SB 2020 - STATE WATER COMMISSION FUNDING

VALLEY CITY-SHEYENNE RIVER

PERMANENT FLOOD PROTECTION

DAVID SCHELKOPH | VALLEY CITY ADMINISTRATOR | DSCHELKOPH@VALLEYCITY.US | 701 845 1700

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CHAIRMAN HOLMBERG AND COMMITTEE MEMBERS:

I am David Schelkoph, City Administrator from Valley City and the representative of the Valley City Flood Task Force. I am asking for your support for Senate Bill 2020 that includes funding for Valley City Permanent Flood Protection.

Valley City sits along the Sheyenne River and is the first community downstream from Baldhill Dam. During the spring of each year, the Sheyenne River swells from snow melt with water levels peaking in March and April. During the spring of 2009, our community encountered a record flood, only to repeat it with a near record flood in the spring of 2011. Additionally, our community reached flood stage in the summer of 2011 from one episode of heavy rains. Each time our community experiences flood conditions, considerable amounts of resources are expended to combat the rising waters. With nearly back to back annual flooding events, City and community resources have been stressed financially and socially. Economic impacts are felt months and years after the flood waters have receded. Years of facility and infrastructure repairs following these floods are a guarantee.

In order to mitigate these disruptions to the community, our City is implementing permanent flood protection. The completed projects will provide permanent flood protection for our community eliminating the need for emergency flood fighting efforts for our citizens. Not having to construct and remove emergency levees will mitigate damage to already aging city infrastructure that would be damaged by heavy construction equipment.

Once completed, the goal of our project is to protect the community from the one percent (100-year) flood event as described by the Flood Insurance Rate Maps mapped by the Federal Emergency Management Agency (FEMA).

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CURRENT PROGRESS

The permanent flood protection plan is outlined in multiple phases. Phase 1, completed in 2016, was centered on the area near Valley City State University (VCSU). Phase 1 was funded in the 2013-2015 Legislative Biennium.

Phase 2 of permanent flood protection concentrates on a portion of the downtown area. This includes the section of Main Street which is located along the Sheyenne River in addition to protecting the area behind the power substation – critical infrastructure for the community. Construction started in the fall of 2017 and will be completed during the summer of 2019. Phase 2 was funded as part of the 2015-1017 Legislative Biennium.

Phase 3 of permanent flood protection includes a small segment of floodwall that will protect the City's Master Lift Station. The Master Lift Station is constructed on the bank of the Sheyenne River and serves the entire City. Construction will be constructed in 2019. Phase 3 was funded in the 2017-2019 Legislative Biennium.

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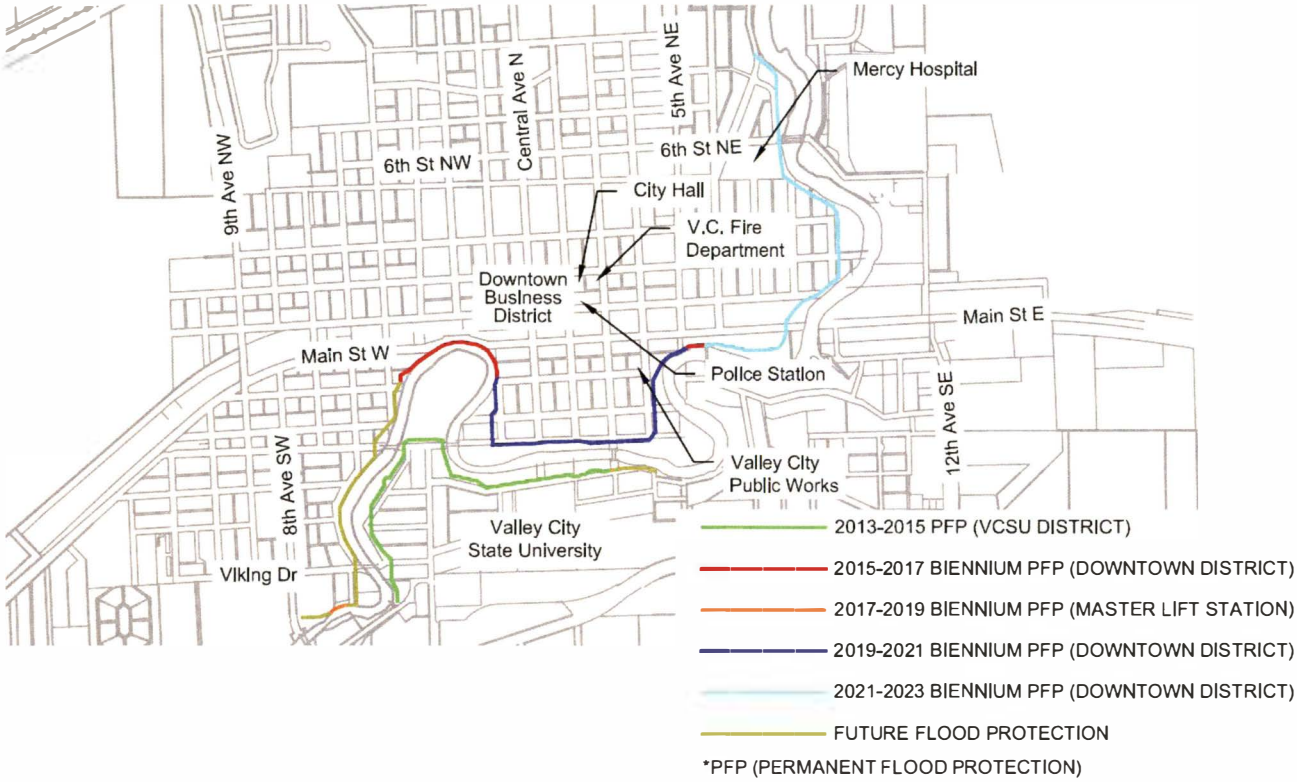
SUMMARY

Valley City is ready to move on to Phase 4 of our flood protection project. As discussed above, Phase 2 only covers a portion of the downtown area, leaving a number of critical infrastructure components unprotected. Included in the elements that are unprotected are City Hall, Fire Department, Police Department, Public Works, Mercy Hospital and two medical clinics. These critical facilities are used both during normal day to day operations, and more importantly, during natural disasters and emergencies such as floods.



Due to the importance of the downtown area to Valley City, the next proposed phase will concentrate on continuing this area's permanent flood protection infrastructure elements. During the current biennium, Valley City has focused its efforts on property acquisition, permitting and design for Phase 4 permanent flood protection. Valley City understands the importance of being shovel ready when construction funds become available and looks to continue this approach moving forward. Our request for the 2019-2021 Biennium is $10.9 million in grant funds.

Below summarizes our community's plan:

Phase 4 concentrates on continuing to expand the protection of the downtown heart of Valley City.
Construction will include:

- Building flood walls and permanent levees to protect the downtown business district, critical city infrastructure, and surrounding neighborhoods
- Address erosion concerns along the project corridor
- Street, water main, sanitary sewer and utility adjustments
- Storm sewer modifications as required to protect the City from flooding from the inside-out

Valley City has developed a long-term plan for providing permanent flood protection for the community. This plan is based on the continued support from the State Water Commission approved in previous biennia. Modifications to the funding structure jeopardizes the ability of Valley City to provide permanent flood protection. On behalf of the City of Valley City, I am asking that the previous commitments by the legislature be continued in this biennium and the future.

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Lower Heart River WRD
Presentation For
ND Water Coalition
January 9, 2019
State Appropriations Hearing on SB 2020

I. Lower Heart River WRD is working on maintaining, for the City of Mandan, its 100 year flood certification for flood mapping. A FEMA study has indicated the current levee structure protecting the City of Mandan would be insufficient in an ice jam event during a 100 year runoff. The study has indicated a shortfall for the required minimum freeboard of 3 feet while ice is in the river system.

II. After several studies, Lower Heart River WRD presented to the State Water Commission, a plan to correct the freeboard shortfall at the June 2018 meeting. This plan indicated a total cost estimate of $36,000,000 for a physical enhancement to the existing system. Our request to the SWC, at that time, was for cost-share for the preliminary work required to stage that project. That portion was in the amount of $800,000 and we were approved for a 35% share by the SWC. Since this approval by the SWC, we have also applied for, and received approval for $100,000 in grant funds from FEMA for components of this same preliminary work that will reduce the overall cost to the State and LHRWRD.

III. Presently, we are in the preliminary work phase with this work and that will continue through 2019. We have been working with HDR Engineering to assist in reducing the early estimated overall costs of that plan as we move forward. The preliminary phase is focused on providing FEMA sufficient data to reconsider elements of their study that can be shown to be improved upon for a more thorough final analysis of the levees capacity to handle a 100 year event during an ice jam. We are proving that the required 3 feet of freeboard presently exists through a majority of the system as it stands today.

IV. We need to complete our preliminary geotechnical work and verify the capacity of the existing system to realize what changes will occur to the original plan from June of 2018, we feel that this process will reduce the overall cost of the plan of $36MM. When we presented in June, the second or construction phase was estimated at $35MM which is what we presumed we would be presenting and applying for cost-share in the next biennium for cost-share. We now feel we are progressing to an overall cost that will be substantially less than that.

V. With the help of HDR Engineering, Lower Heart believes we may have some indication from FEMA an opinion of direction by March 2019 where the overall costs may be driven down to as we assess our needs. We are feeling confident the existing system can be improved to satisfy FEMA and that we can provide the necessary 3 feet of freeboard for less than half of the original plans cost of $36MM.

VI. Since June of 2018, we have met with the City of Mandan's Mayor and Administrator to discuss funding methods for this project when we know our updated cost estimates later this spring or summer. We have had multiple meetings in this regard and we are working together to plan the process to pay for the costs. The overall estimated costs, when they can be determined, will indicate the best funding method for Mandan's property owner.

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GOVERNOR DOUG BURGUM TESTIMONY ON SB 2020
JANUARY 10, 2019
SENATE APPROPRIATIONS
HARVEST ROOM
SENATOR RAY HOLMBERG, CHAIRMAN

DOUG BURGUM – GOVERNOR OF NORTH DAKOTA

Chairman Holmberg, members of the committee, for the record, my name is Doug Burgum.

I come before you today to express my support for providing the funding necessary to complete North Dakota's most comprehensive flood control project, the Fargo-Moorhead, or more accurately, the Fargo-Moorhead-West Fargo-Horace-Harwood-Cass County Diversion.

This project has tremendous regional and statewide benefits. Over one-fifth of the state's population, or 170,000 citizens, resides within the protected area. That includes more than 25,000 North Dakota schoolchildren.

The project will protect over $20 billion in real property value.

The State of North Dakota itself is a significant property owner in the flood plain, including the entire North Dakota State University campus including ag research and extension facilities. Over 50 K-12 school buildings are in the protected area, as are multiple major medical facilities which act as the health care hub for the entire region.

Cass County produces nearly 20 percent of our state's sales tax.

Imagine the fiscal impact to our state, institutions and economy if a catastrophic flood event were to cripple Cass County. As this committee well knows, our foundational government services, from education to human services, rely on general fund dollars driven in large part by sales tax.

Our focus on protecting human life, livelihoods, property and the broader financial stability of the state of North Dakota is why we initiated a dialogue with then-Minnesota Gov. Mark Dayton to find a solution that will provide permanent flood relief for the area.

We believed a solution could be accomplished through collaboration, not litigation. Working with the Minnesota Governor's Office and the Minnesota Department of Natural Resources, we created a joint Task Force to get the project moving again.

Gov. Dayton and I appointed a 16-member group, eight each from North Dakota and Minnesota. The members represented business leaders, locally elected officials and upstream and downstream representatives to fully include diverse perspectives on achieving flood protection for the region.

The Task Force held five full-day meetings over the course of two months in the fall of 2017.

The purpose stated in the charter enabling the task force was straightforward: to achieve balanced flood risk management for the Fargo-Moorhead region, including upstream and downstream communities.

This purpose was anchored in four key parameters:

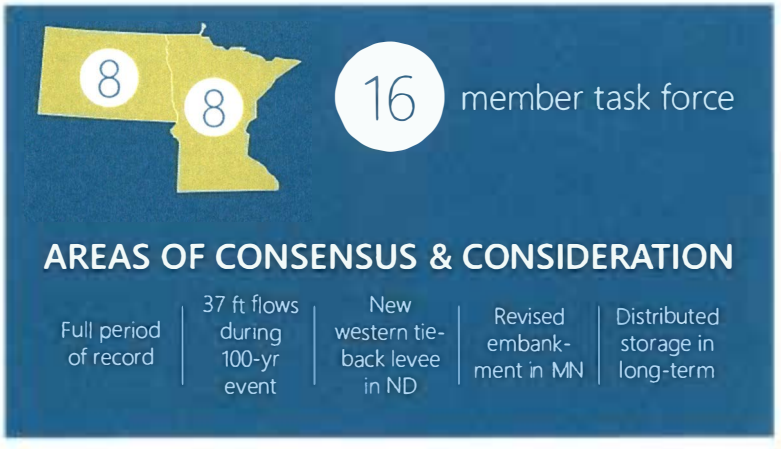
First, we had to find solutions within the confines of relevant North Dakota, Minnesota and federal laws.

Second, the project needed to maintain federal authorization.

Third, federal funding must be maintained. Senator Hoeven has been working tirelessly to secure additional federal dollars for the project, and any solution must remain eligible to receive federal funding to help reduce the burden at the state and local levels.

Finally, the project must achieve 100-year flood accreditation by FEMA under the National Flood Insurance Program. Achieving this fourth criterion is essential to ensure the protected homes – 11,000 and growing – would not collectively be subjected to an estimated $30 million to $50 million in rising annual flood insurance premiums. These individual homeowner insurance premiums are funds that annually would be flowing out of the state's economy. And this amount of money annually will be saved for our citizens with flood protection.

Ultimately, the Task Force focused on solutions driven by variables related to engineering designs. The Task Force came to consensus on the level of protection the project should provide, with consideration for the need to be able to fight even bigger floods if necessary.



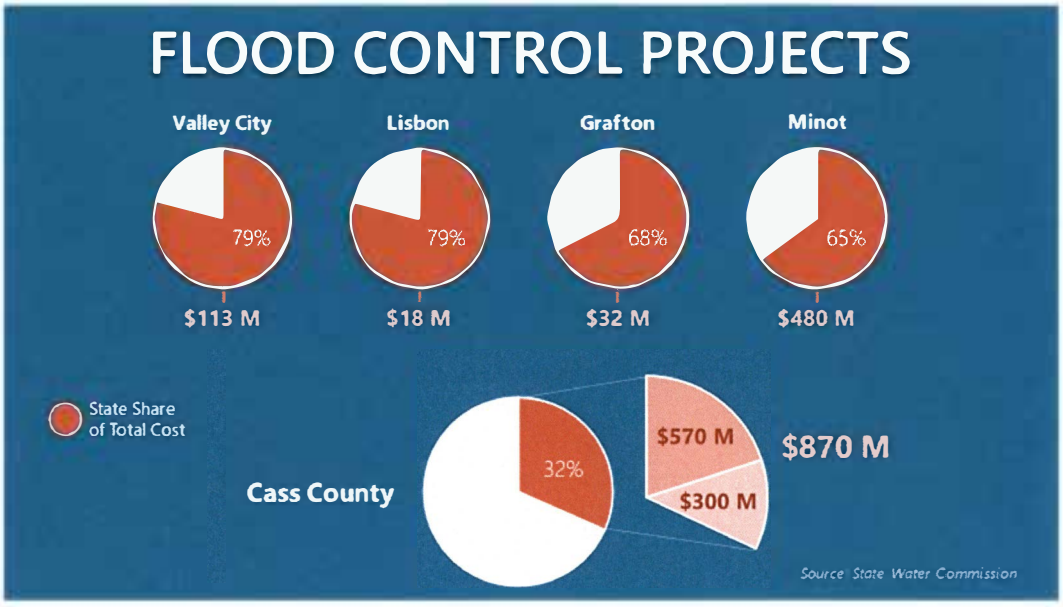
The Task Force's Technical Advisory Committee made recommendations on several important variables including eastern and western tie-back levees, increasing the amount of water passed through town versus diverted, temporary flood storage areas, southern embankment placement and downstream water levels.

After the conclusion of the Task Force's work, a formal report was created outlining areas of consensus, engineering variables and narratives of individual task force members. The report is available on the governor's website for further review.

Overall, reviving the stalled project was an exercise in the art of the possible. The momentum generated by the Task Force culminated in a newly submitted permit application, known as "Plan B," which was recently

approved by the Minnesota DNR. With this permit issuance, the most significant regulatory hurdle facing the project has been cleared.

This is a project that protects tens of thousands of property owners and mitigates risk for the citizens of North Dakota. And it does so in a way that is less reliant on state funding as a percentage of the total cost than any of the recently funded flood control projects.



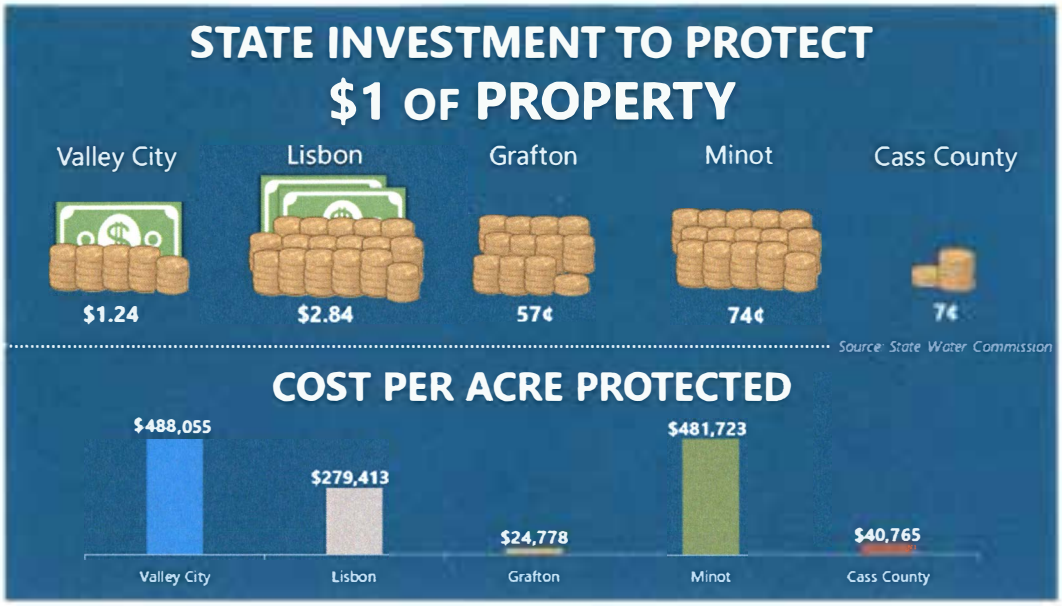
Even with providing the additional $300 million requested over the next three biennia to help complete the project, the state's cost share would still be less than half, percentage-wise, of other recently approved flood projects.

Comparison of Protected Parcels and Project Dollars

CITY	NUMBER OF PARCELS	ACRES PROTECTED	PROTECTED VALUE	TOTAL COST	COST-SHARE DOLLARS	COST PER ACRE	VALUATION/ TOTAL COST	VALUATION/ COST-SHARE
Valley City	981	293	91,206,387	43,000,000	113,000,000	488,055	0.64	0.81
Minot	3,864	1,532	647,579,800	738,000,000	479,700,000	481,723	0.88	1.35
Lisbon[1]	75	80	6,194,000	22,353,000	17,601,950	279,413	0.28	0.35
Grafton	1,009	1,913	55,855,000	47,400,000	32,000,000	24,778	1.18	1.75
Fargo	24,959		10,599,494,630	2,750,000,000	870,000,000	40,765[3]	4.10[2]	12.96[2]
West Fargo	1,106		422,496,900					
Cass County	3,499	67,460[3]	674,853,400					

[1] Lisbon parcel values have been adjusted from the 50% taxable values
[2] Valuation (Total Cost & Cost-Share) combined total of Fargo, West Fargo & Cass County
[3] Protected Area For ND and MN, Cass County, Clay County

In addition to the lower percentage of state cost share, there are numerous demographic and return-on-investment metrics that underscore the diversion project's value now and into the future.



Based on cost per person protected, cost per dollar of property tax protected, and cost per acre of land protected, the diversion project will be one of the most state tax efficient flood protection projects built to date.

Historically, the Legislature and the State Water Commission have strongly supported flood protection for our citizens. It is a wonderful aspect of our human nature to have an outpouring of support after a crisis. Twice in our recent state history, we have quickly initiated significant flood control projects for major metro areas. Yet this action has occurred only after we have experienced catastrophic flooding which devasted large swaths of these two communities.

This is the state's opportunity to be proactive and preventative. This is an opportunity to support a deeply vetted plan and to protect our state's most populous area from catastrophic flooding.

The Fargo metro area narrowly averted disaster in 1997, 2009 and 2011.

A catastrophic flood event in the uniquely flat topography of the Red River Valley would deal a crushing blow to tens of thousands of people, hundreds of businesses and billions of dollars in property, and severely harm North Dakota's economy.

The need is clear. The plan is sound. The time to act is now.

Investing now will reduce overall project costs and lower the risk to our citizens' health, safety and economic well-being.

I want to thank you all today for providing me the opportunity to testify on this important topic and its substantial benefits to over 170,000 of our citizens and the entire State of North Dakota.

I appreciate your commitment to giving this critical infrastructure project a thorough review in this committee with two separate hearings. I am happy to answer any questions you may have.

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PRESENTATION TO

North Dakota
Senate Appropriations Committee

January 10, 2019

FM Area Diversion Project Update

Chad Peterson, Cass County Commissioner
Tony Grindberg, Fargo City Commissioner

ND Senate Appropriations Committee (January 10, 2019)

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Flood Protection 10 Years in the Making

- The U.S. Army Corps of Engineers Federal Feasibility Study began in 2008
- Environmental studies were completed in 2018 and state permits have been obtained
- This would not be possible without the strong and early support from the legislature, and the Governor's leadership, which has allowed us to better navigate the state and federal approval systems.

THANK YOU!

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New Permit Application (Plan B)

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pg 4

Permit Submittal for Plan B

- The Diversion Authority accepted all recommended Project changes from the Governors' Task Force
- March 2018: New permit application submitted to State of Minnesota
  - A Supplemental Environmental Impact Statement (EIS) was completed in Nov. 2018
  - Environmental review included screening of 33 Project Alternatives

"Plan B" is the **only** Project that was not screened out by the Minnesota DNR

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Permit Approved!

- On Dec. 27, DNR granted a Dam Safety and Public Waters Permit for the Project (Permit #2018-0819)
- The permit includes 54 conditions governing project design, construction, operation, and maintenance.
  - For reference: two other dam safety permits issued in Nov. 2018 included 46 and 51 conditions respectively
  - Conditions were expected, even requested, by the DA to ensure implementation goes as planned
- The DNR, like the SWC, will have an ongoing role through design, construction and operation

DEPARTMENT OF NATURAL RESOURCES

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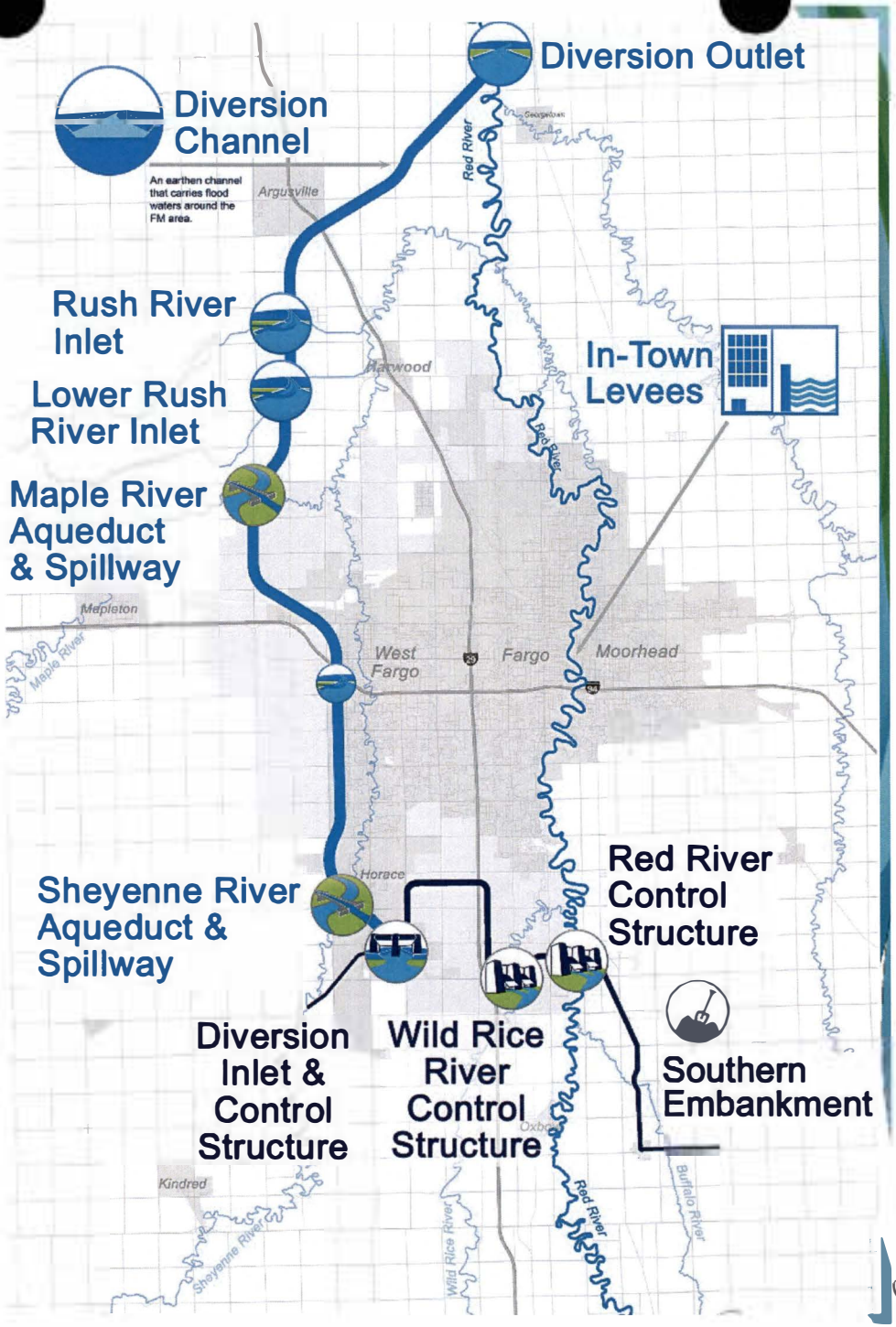
Plan B Features

- 100-year Flood Protection
  - Some features designed to PMF (Probable Maximum Flood) as required by State and Federal Dam Safety Requirements
- Diversion Channel
- Southern Embankment and Control Structures
- Temporary Staging of Flood Waters Upstream
- In-town Levees through Fargo-Moorhead



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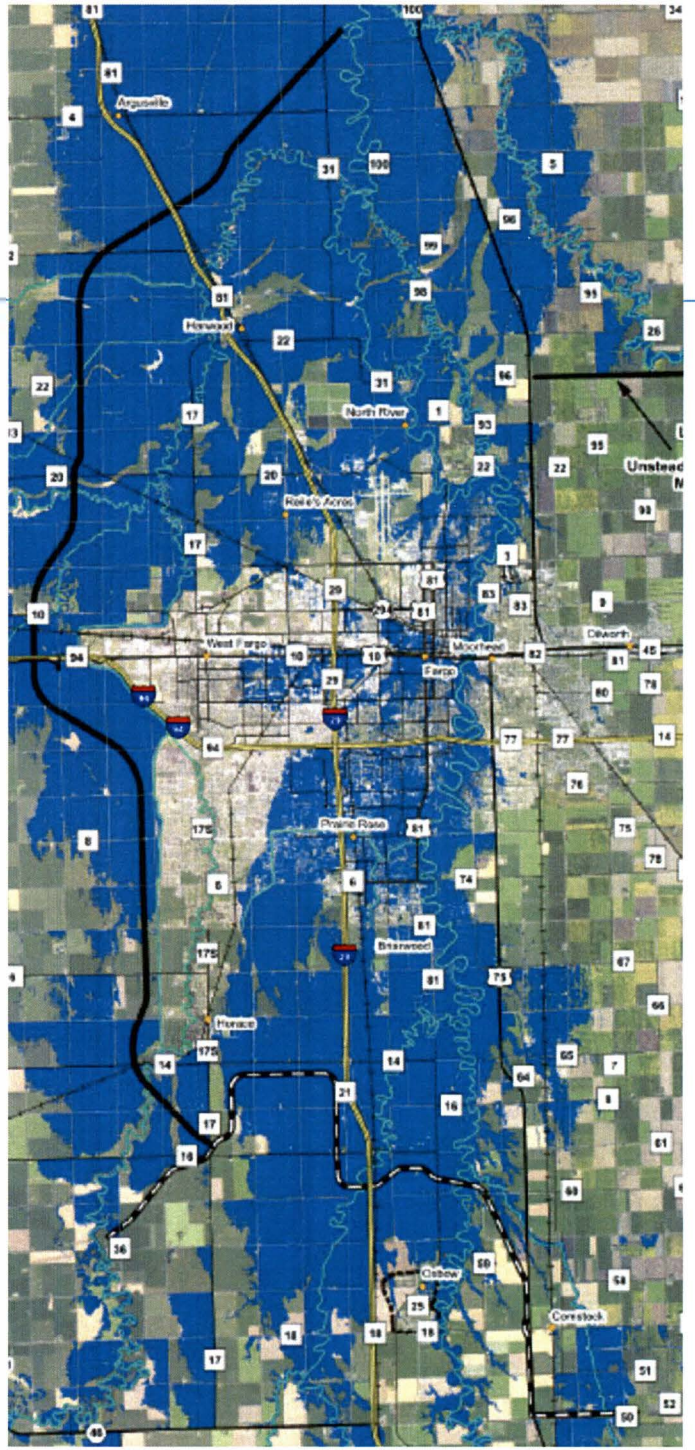
Existing Conditions

- 100-year floodplain shown in Blue



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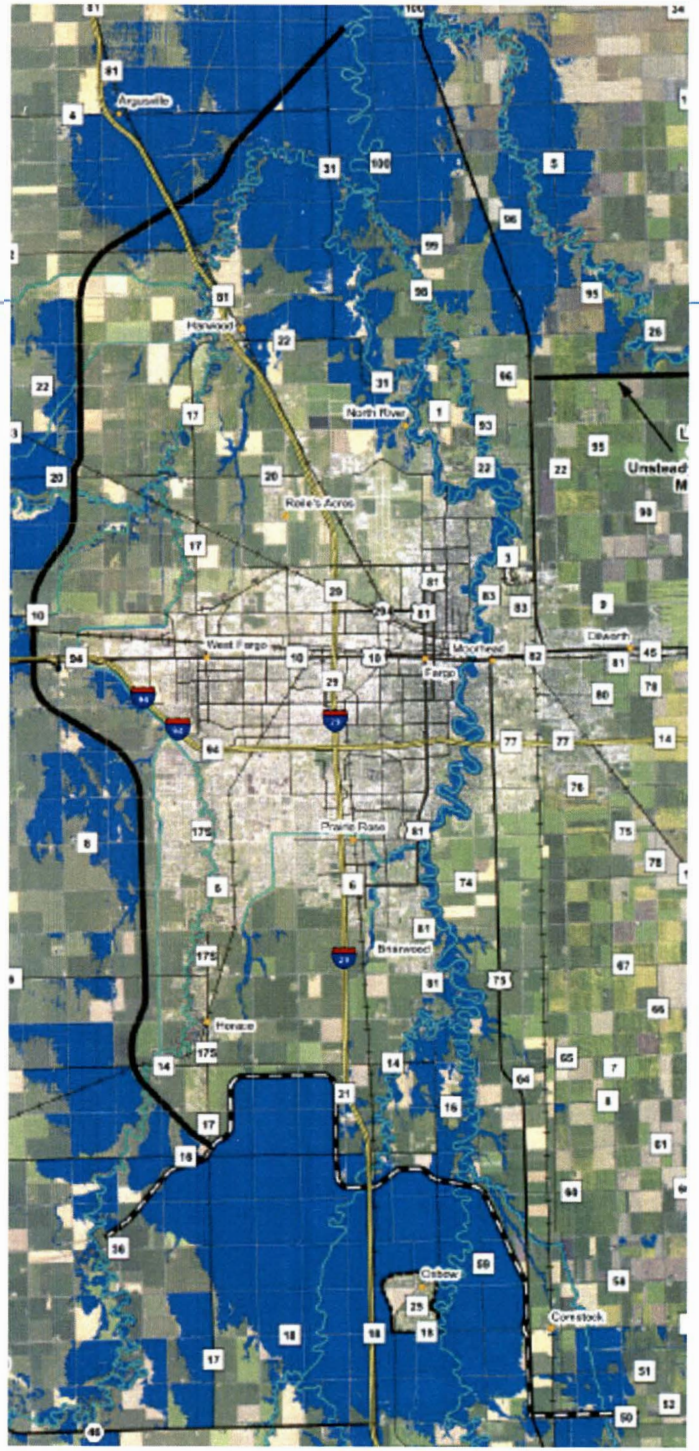
With Project

- 100-year floodplain with project shown in Blue
- Project also gives the ability to defend against a 500-year flood



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Diversion Project Financial Overview

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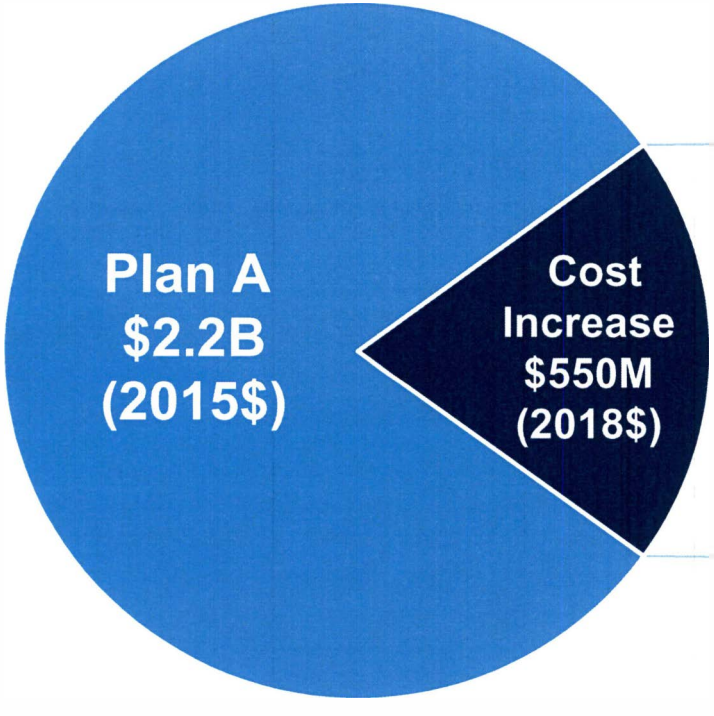
pg 10

Current Opinion of Estimated Cost is $2.75B in 2018 dollars



Increases

Escalation	$ 150M
Plan B	$ 210M
Utility Relocates in Channel	$ 50M
Contingency and Risk	$ 140M
Total	**$ 550M**

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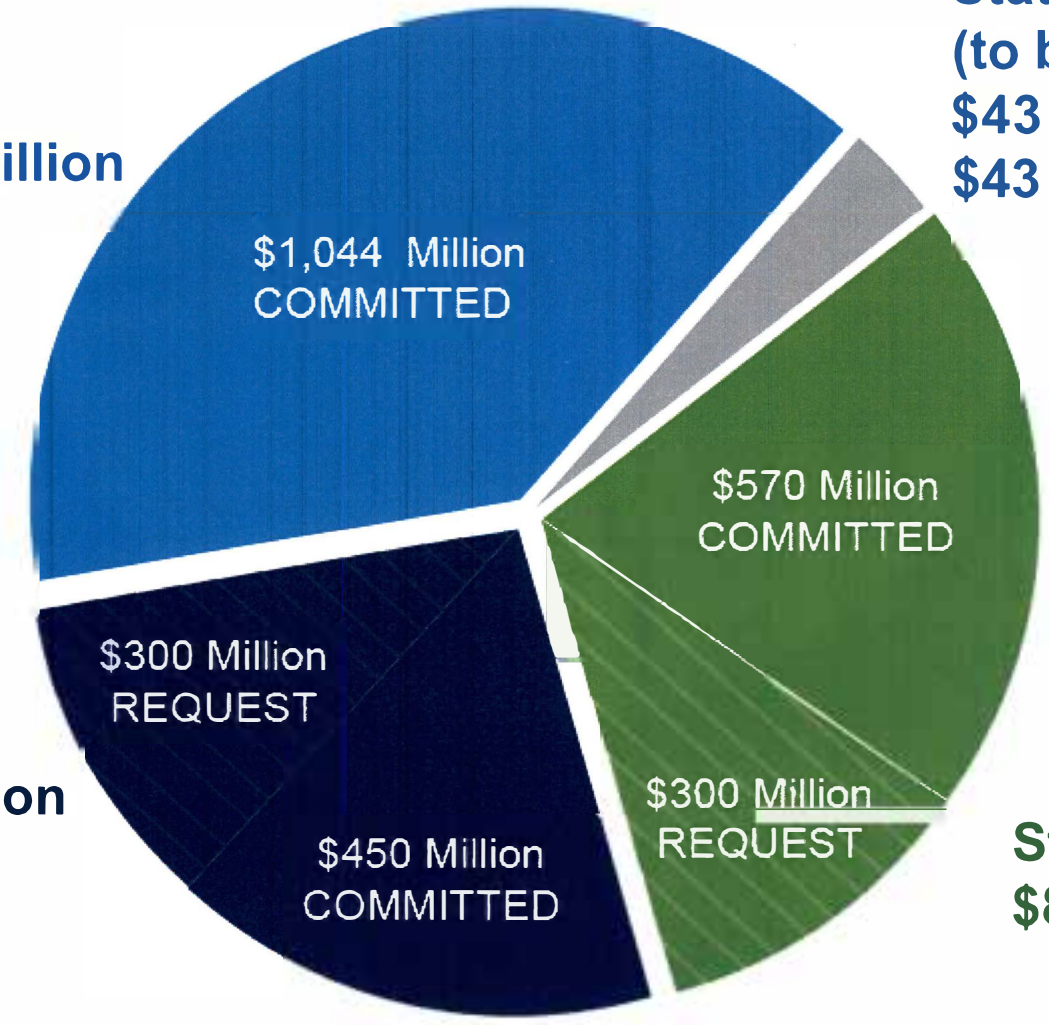
Proposed Funding to Balance Financial Plan

Local
$1,044 Million

State of MN
(to be requested)
$43 Million Project
$43 Million In-Town



Federal
$750 Million

State of ND
$870 Million

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ND Funding Request

- An additional $300M in grant funding, for a total of $870M
  - Request is for $166.5M appropriation in the 2019-21 biennium
  - Legislative intent for $166.5M in 2021 and 2023 bienniums
- A long-term, low-interest loan program ($250M), to be paid back with local sales tax
- Legislative intent of the State's commitment to provide timely assurance for the P3 Procurement process

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FM AREA DIVERSION PROJECT

Legal Update

SB 2020
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pg 1 of 4

Litigation Update

- The Richland/Wilkin County JPA filed a lawsuit against the U.S. Army Corps of Engineers in 2013. The lawsuit was later joined by the Fargo-Moorhead Diversion Authority and by the State of Minnesota.
  - A majority of the claims were previously dismissed
- All remaining claims should be dismissed soon:
  - Minnesota has granted a permit for Plan B
  - Plan B means the current litigation is moot
- Diversion Authority is working with the Minnesota DNR on process for dismissing

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Other 2019 Priorities

- Mitigating Project Impacts
- Acquiring Land Rights Necessary for the Project
- Continuing Project Design
- Restarting Procurement for Public-Private Partnership

#32 SB 2020
1-10-2019 AGK

Questions?

FMDiversion.com

@FMDiversion

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Fargo-Moorhead Area Flood Protection Project

Plan B Cost Estimate and Financial Plan

December 3, 2018

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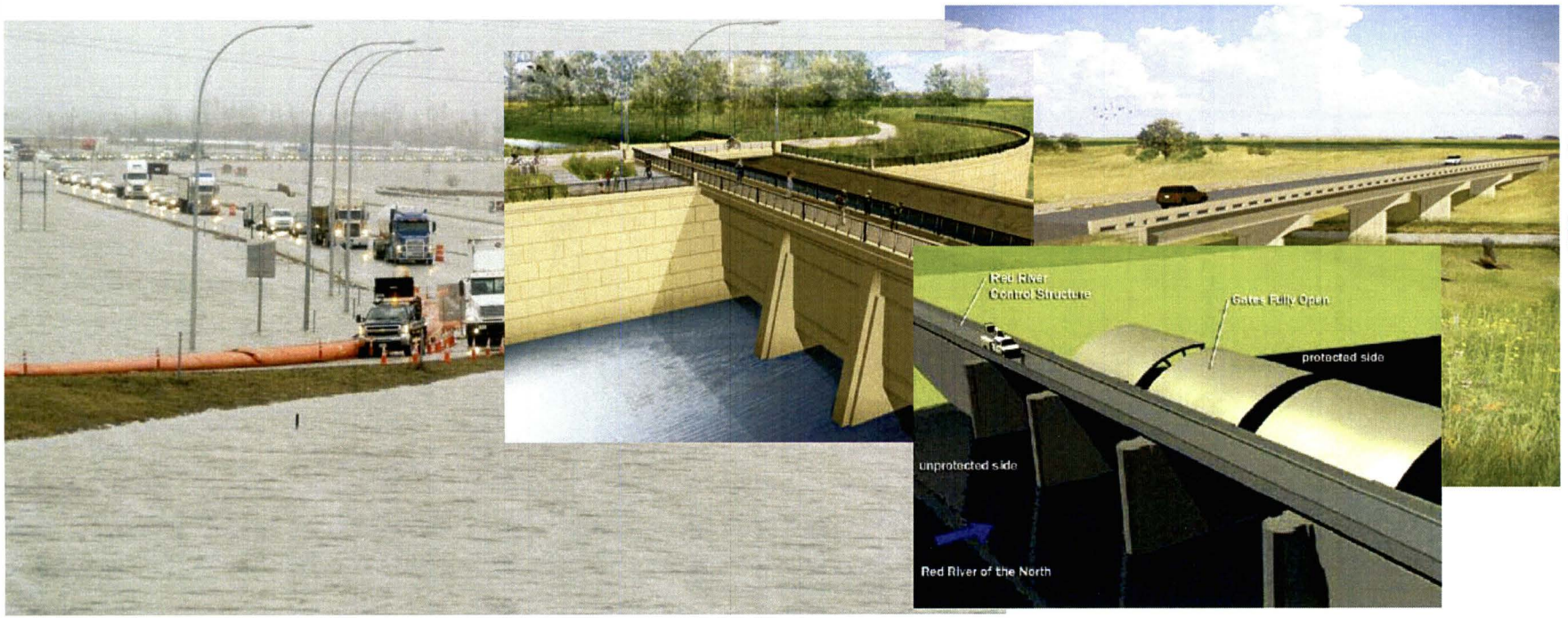
Presentation Agenda

- Introductory Remarks
- Plan B Cost Estimate and Financial Plan
- Discussion and Recommended Motions



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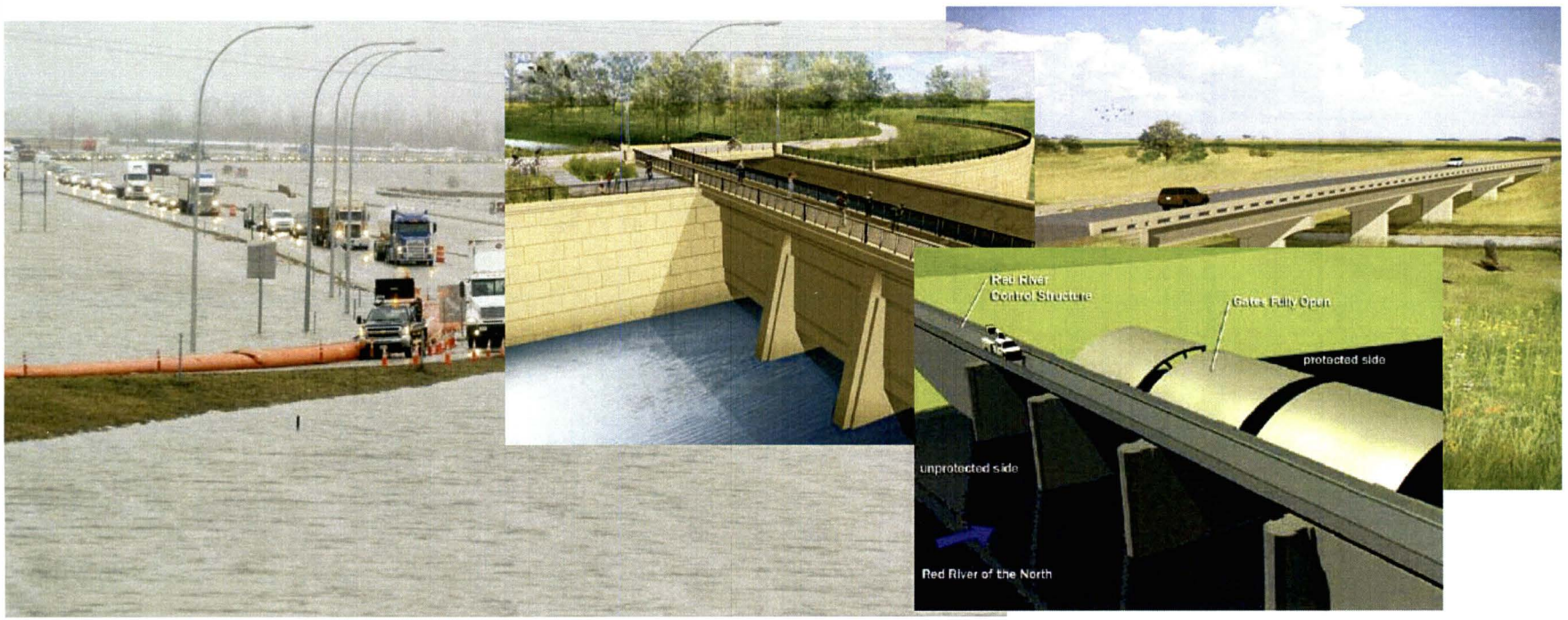
Finance Committee oversight

- Financial Working Group
- Outreach to Funding Partners
- Cost Estimate Development
- Consultation with Ernst & Young Infrastructure Advisors



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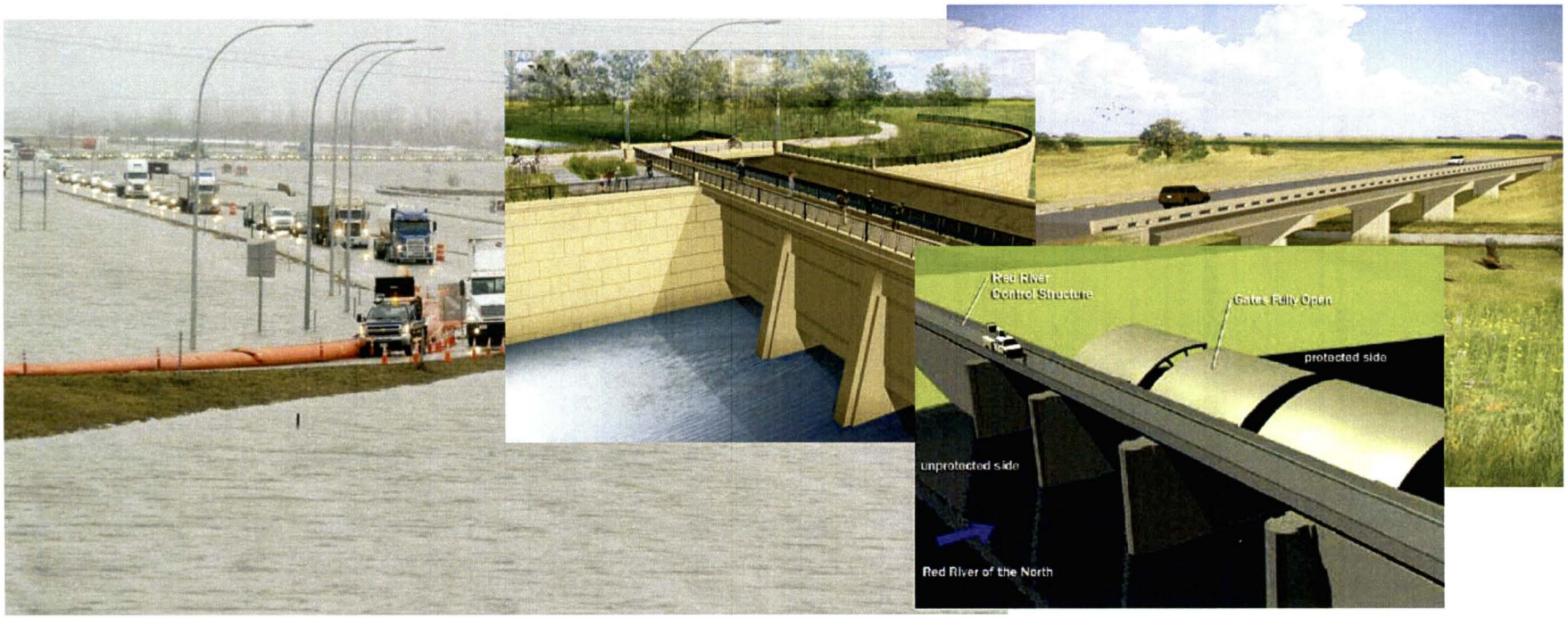
Cost Estimate and Financial Plan objectives

- Update Costs to Current 2018 Dollars
- Incorporate Plan B Changes
- Utilize Existing Local Sales Taxes
- Avoid Special Assessments



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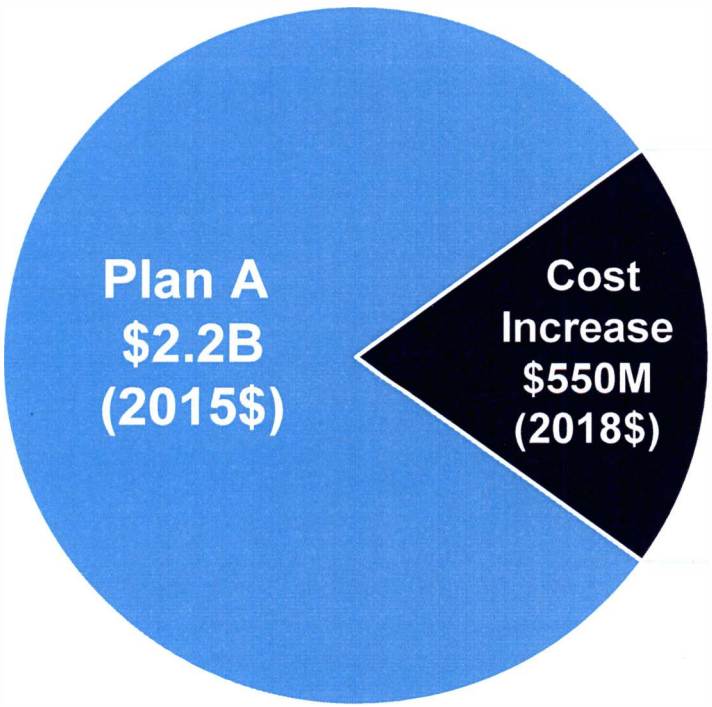
Current opinion of estimated cost is $2.75B in 2018 dollars



Increases

Escalation	$ 150M
Plan B	$ 210M
Utility Relocates in Channel	$ 50M
Contingency and Risk	$ 140M
Total	**$ 550M**

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Costs Include USACE, Diversion Authority, Fargo, and Moorhead flood mitigation projects

Category	Base Cost	Contingency and Risk/ Opportunity	Current Opinion of Estimated Cost
Lands/Impacted Properties Mitigation	$466	$36	$502
Channel / P3	$979	$10	$989
USACE / SEAI	$585	$118	$703
Fargo and Moorhead In-Town Projects	$240	$26	$266
Other/Mitigation Construction	$44	--	$44
Non-Construction Costs*	$185	$65	$250
TOTAL	**$2,499**	**$255**	**$2,754**

*Legal/Financial/Designs/Studies/Procurement/PgM/CM/General Contingency

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Cost Estimate methodology

- Lands and Impacted Property Mitigation
  - Purchases to date, mitigation study (PMC-AE2S)
- Diversion Channel and Associated Infrastructure Projects
  - Crew and productivity, quantity/commodity based (PMC)
- Southern Embankment/USACE Projects
  - Crew and productivity, quantity/commodity-based, updated to Plan B (USACE)
- Fargo and Moorhead In-Town Projects
  - Historical bids/similar projects (Staff and HMG)
- Non-Construction Costs
  - Costs to date plus estimated level of effort to complete (PMC)
- Includes joint risk and contingency workshops and Monte Carlo analysis to determine probabilistic costs

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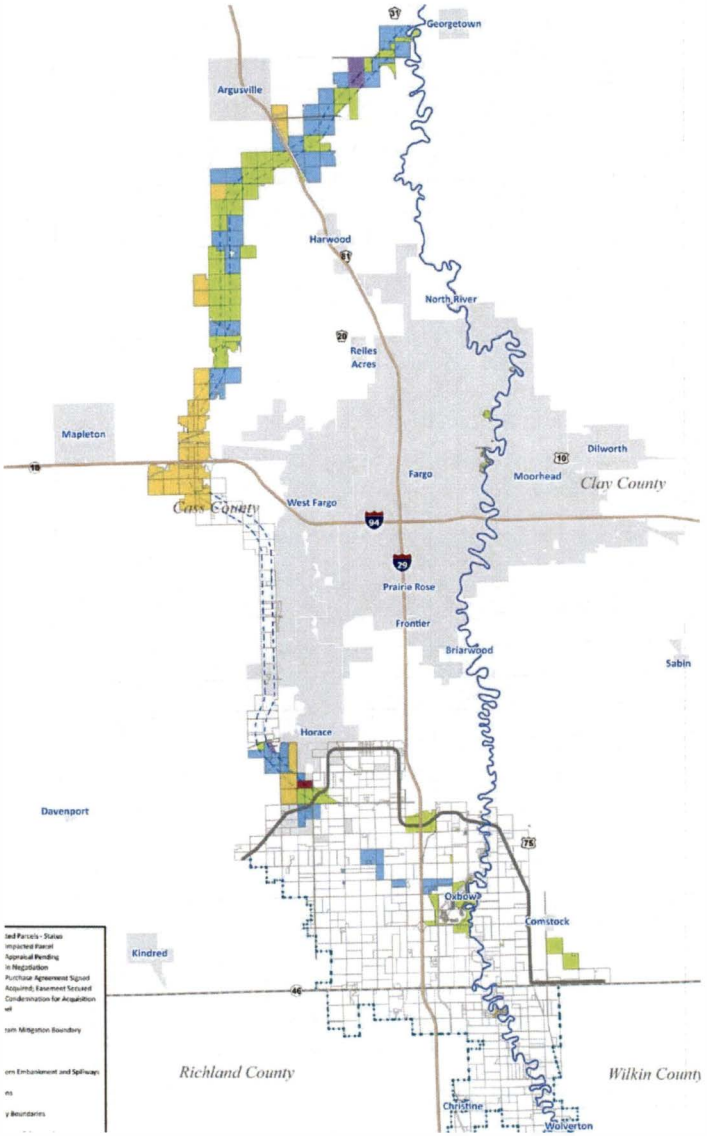
Lands and impacted property mitigation = $502M



- Mitigation of Impacted Properties
- Acquisition of Property Rights
  - Buyouts
  - Flowage Easements
- Business and Residential Relocations

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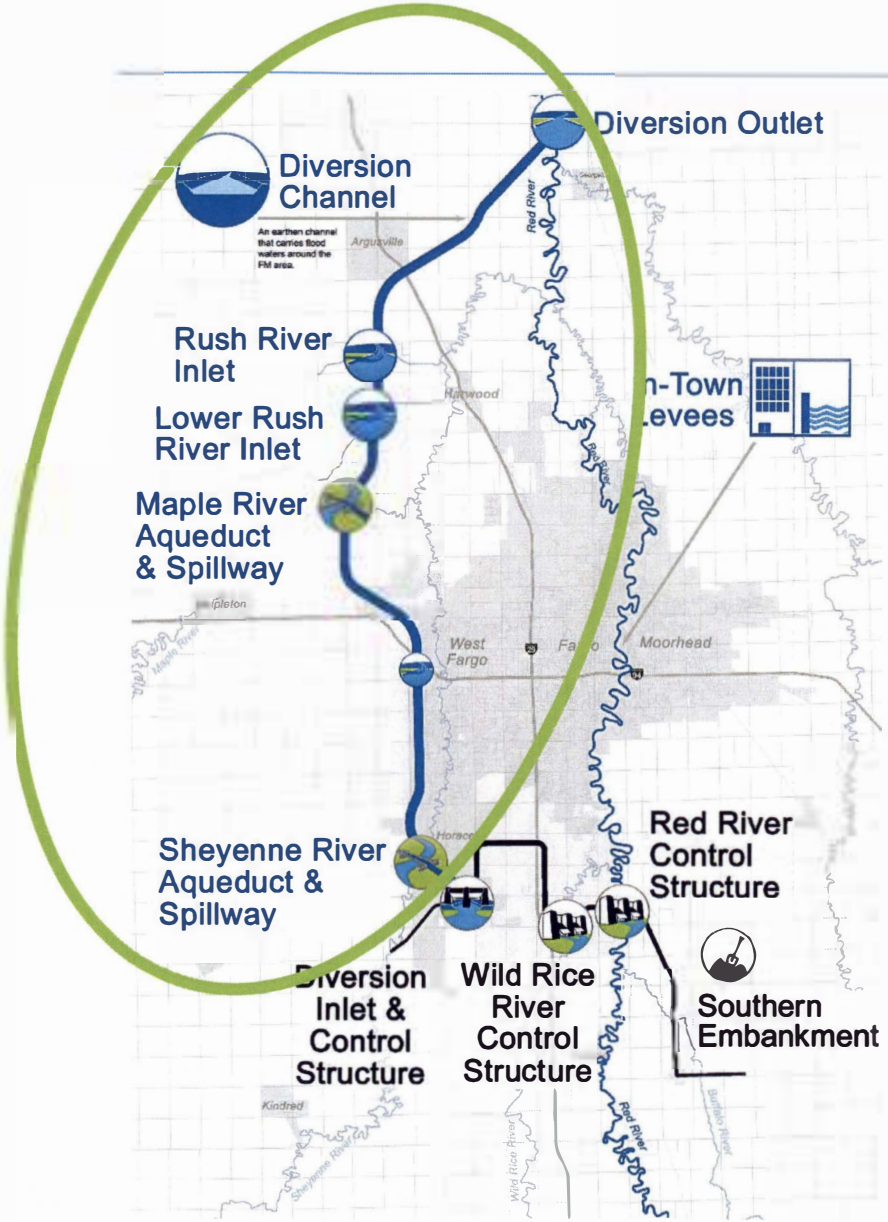
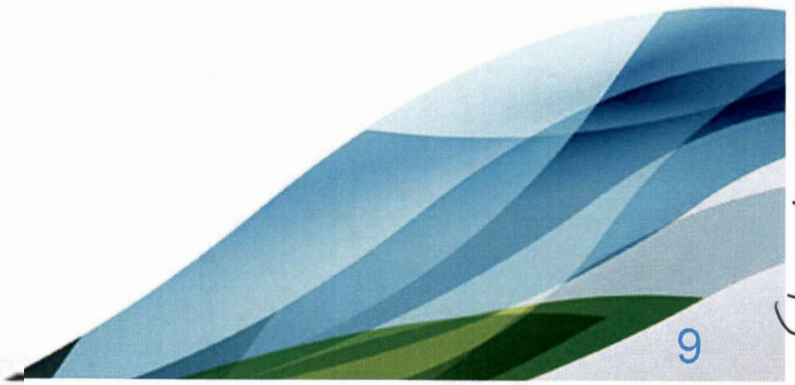
Channel/P3 = $989M



- Channel / P3
  - Channel
  - Highway Crossings
  - Railroad Crossings
  - Aqueducts
  - Drain Inlets
  - Utility Relocations
  - Outlet



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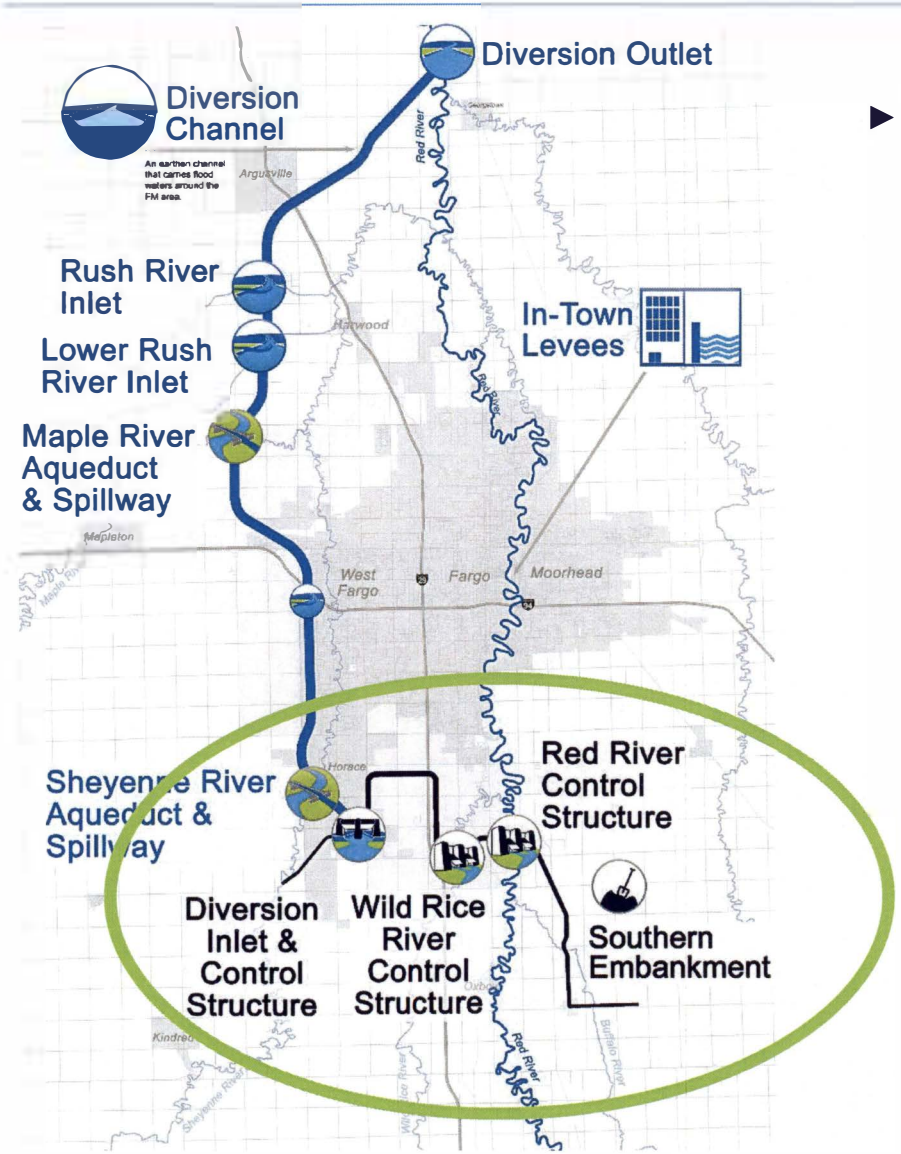
Southern Embankment/USACE Projects = $703M



- USACE Projects
  - Southern Embankment
  - Control Structures
  - I-29 and Other Road Raises
  - Environmental Mitigation Projects

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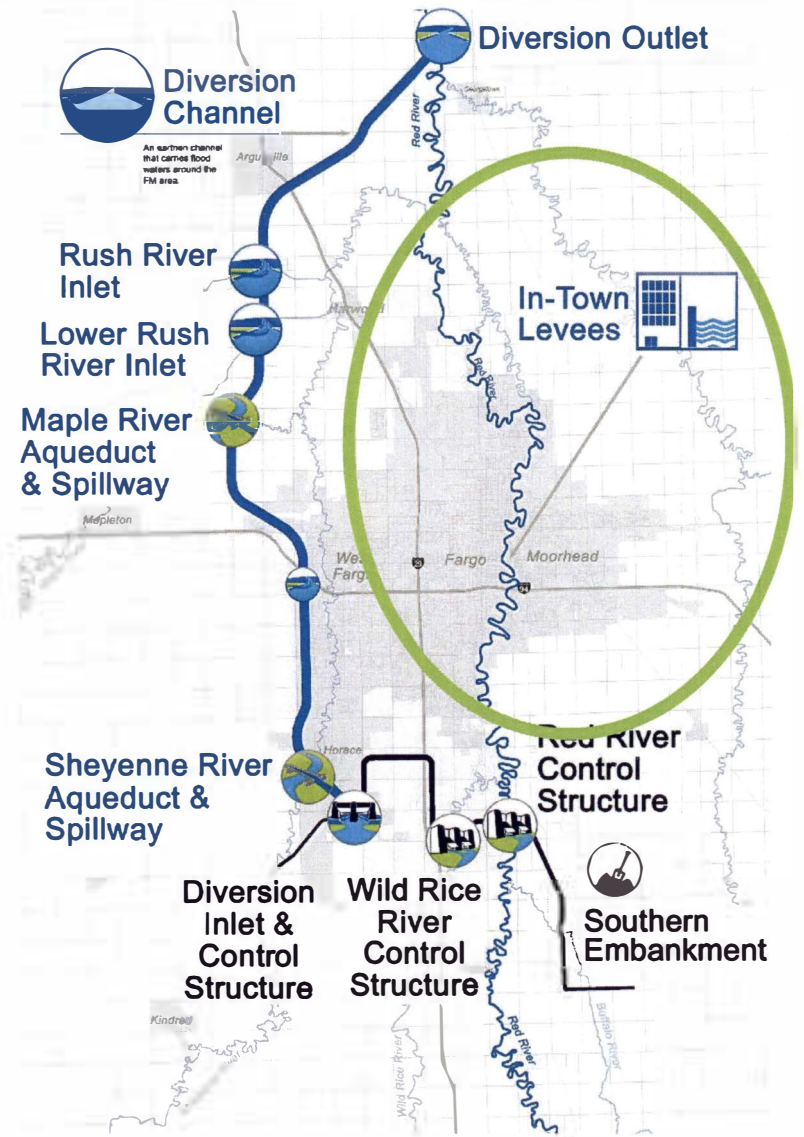
Fargo and Moorhead In-Town projects = $266M



- Projects to Accommodate Increased Flows Through Town (River Stage 37 ft.)
  - City of Fargo
  - City of Moorhead
  - Cass County Road Raises
  - Clay County Road Raises
- City of Fargo Comprehensive Flood Control Plan Projects

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Non-Construction costs = $250M

- Studies
- Design
- Procurement
- Legal
- Financial
- Program Management
- Construction Management
- General Contingency

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Costs to date are $427M
Remaining costs are approximately $2.3B

Category	Current Opinion of Estimated Cost	Spent to Date (Sept 2018)	Remaining Costs
Lands/Impacted Properties Mitigation	$502	$178	$324
Channel / P3	$989	$14	$975
USACE / SEAI	$703	$41	$662
Fargo and Moorhead In-Town Projects	$266	$80	$186
Other/Mitigation Construction	$44	$24	$20
Non-Construction Costs*	$250	$90	$160
TOTAL	**$2,754**	**$427**	**$2,327**

*Legal/Financial/Designs/Studies/Procurement/PgM/CM/General Contingency

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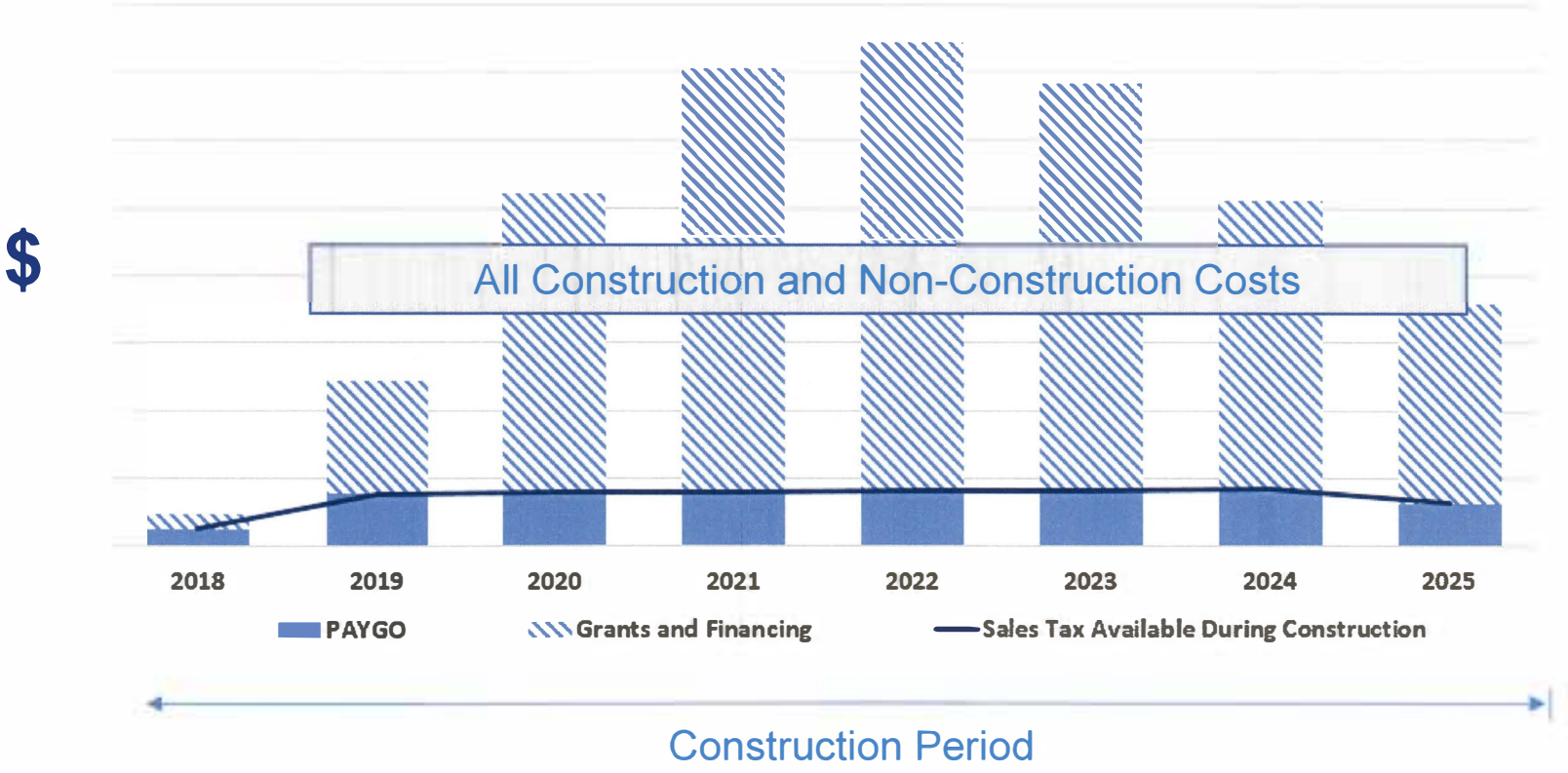
Financial Plan determines funding and financing needs to cover costs through construction

- Funding sources through construction:
  - Grant funds: Federal, State of ND, State of MN
  - Sales tax revenues
  - Public financing (short and long-term)
  - P3 financing (debt and equity)



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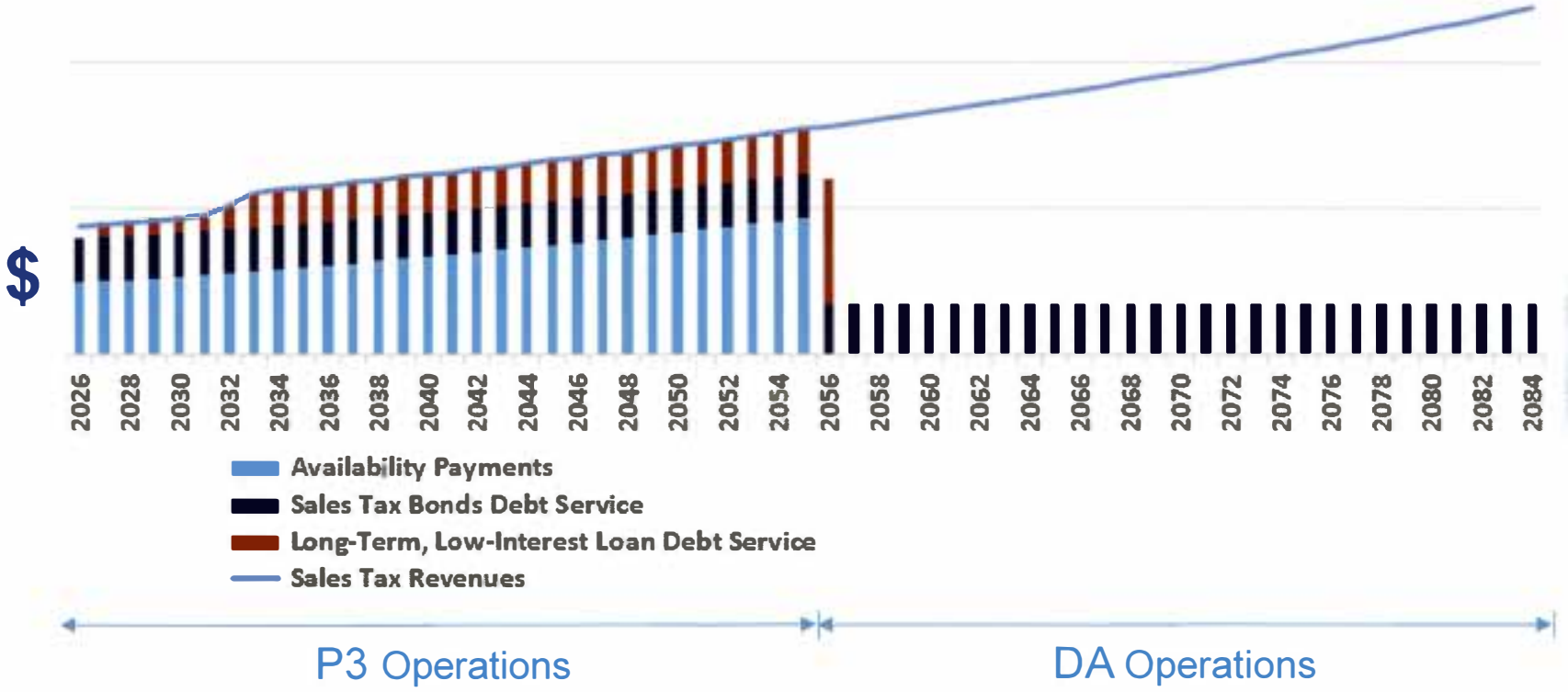
Financial Plan also determines funding and financing needs to cover costs through operations and long term debt repayments

- Objectives:
  - Existing Local Sales Taxes Cover Costs
  - Avoid Special Assessments



#3J SB 2020 1-10-2019 PM 3J

Changes since 2016 Financial Plan

Budgeted Program Costs have increased due to escalation and Plan B	Up 25%
Sales Tax Base revenues are down	Down 9%
Estimated Sales Tax Growth Rate has decreased	Down 1.5% per year
Short-term borrowing rates have increased	Up 1.12%
Long-term borrowing rates have increased	Up 0.91%

Conclusions

- Project is not bankable with the existing funding amounts, sales tax revenues and assessment district capacity.
- Additional Federal and State grant funds, and low-cost, long-term loans are required to balance the financial plan to avoid Special Assessments.

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Financial Plan will continue to evolve

- Interest rates for financing will become fixed after issuance of long-term bonds and P3 financial close
- Diversion Authority and its advisors intend to further explore availability and value of WIFIA and State of North Dakota financing programs in the approximate amount of $250M
- Relative proportions of public debt to private P3 financing will remain under review, and may vary depending on market conditions
- P3 procurement locks in significant percentage of costs early in the construction period
- USACE and In-Town contracted projects will not be known until after bid and award
- Finance Plan will not be completed until Project approvals are obtained and funding sources are secured

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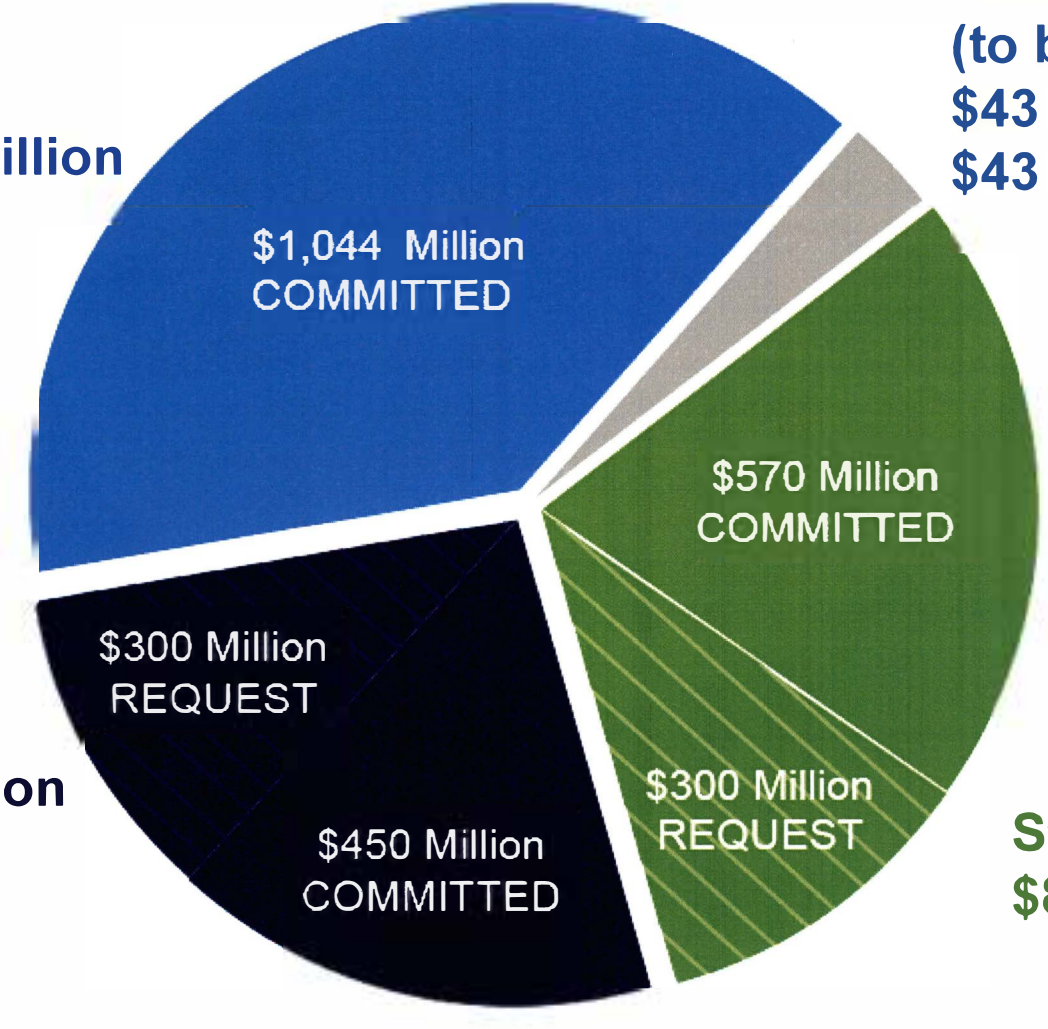
Proposed Funding to balance Financial Plan and avoid Special Assessments

Local
$1,044 Million

State of MN
(to be requested)
$43 Million Project
$43 Million In-Town



Federal
$750 Million

State of ND
$870 Million

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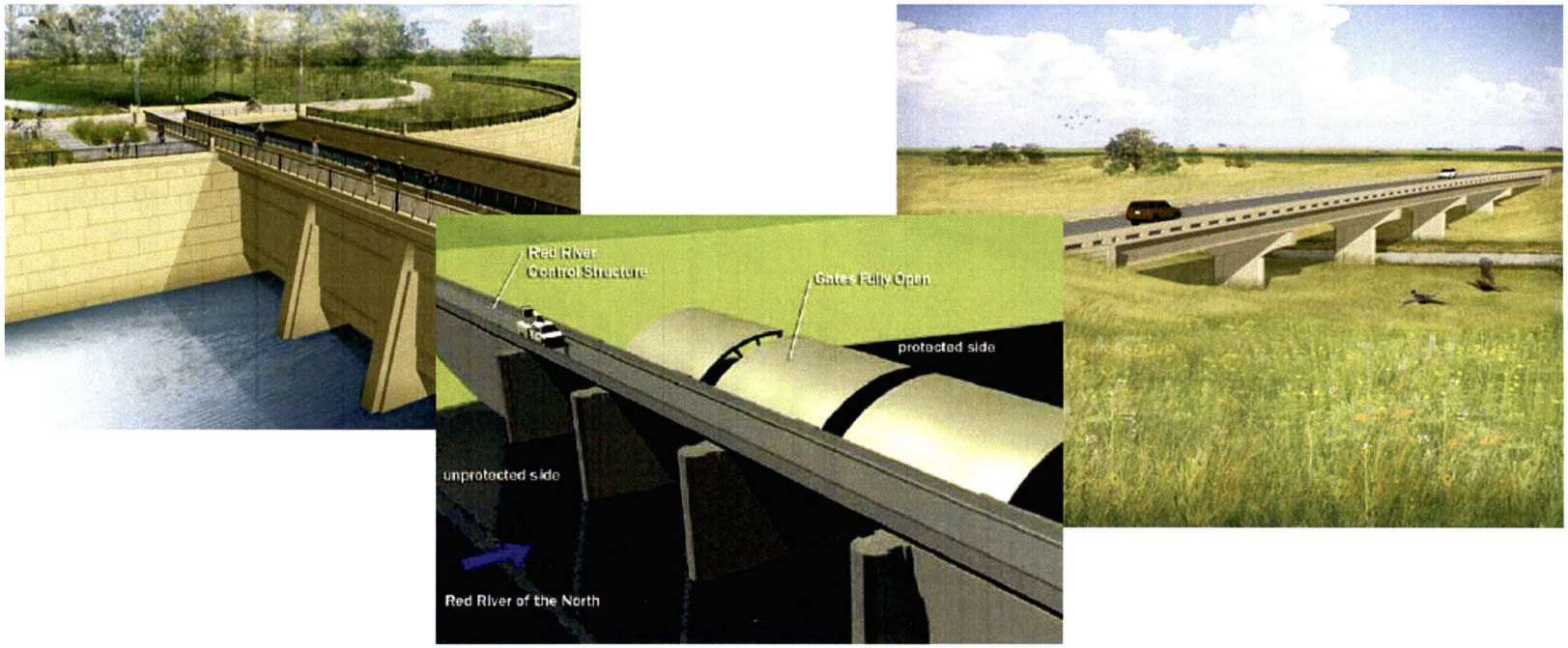
Discussion and recommended motion

Suggested Action:

Motion to accept Plan B Opinion of Estimated Cost, endorse the Financial Plan Proposal, and direct Diversion Authority staff and consultants to pursue additional federal funding through an amendment to the PPA; additional state appropriations; and a low-interest, long-term loan, each in the amounts proposed.



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#33

SB 2020
1-10-2019

FARGO-MOORHEAD AREA FLOOD DIVERSION TASK FORCE: FINAL REPORT

January 18, 2018

#33 SB 2020
1-10-2019

I. Fargo-Moorhead Area Flood Diversion Task Force Summary

North Dakota Governor Doug Burgum and Minnesota Governor Mark Dayton created a joint Task Force to propose the framework for flood risk management for the Fargo-Moorhead region. The Governors served as the Task Force Co-Chairs. Each Governor appointed eight members seeking to represent the range of perspectives in the region. Over a series of five meetings between October 23 and December 11, 2017, the Task Force's role was to discuss flood control options and make recommendations. These recommendations are available for consideration by the Diversion Authority for a future permit application for flood control.

Purpose

The purpose of the Task Force was to develop design principles and concept-level engineering solutions to achieve balanced flood risk management for the Fargo-Moorhead region, including upstream- and downstream communities and properties.

Key Parameters

At the meeting held on October 4th between Governor Burgum and Governor Dayton, two key parameters for the Task Force's work were identified and agreed to:

1. Find solutions within the parameters established by applicable Minnesota, North Dakota and local law.
2. Maintain federal authorization and associated funding for permanent flood protection, unless more expedient and low-cost options are presented that provide protection for a one percent chance flood (i.e., 100-year flood as defined by the Task Force) accreditation by FEMA under the National Flood Insurance Program.

Task Force Members

Minnesota Task Force Members:

- Del Rae Williams, Mayor, Moorhead.
- Heidi Durand, City Council Member, Moorhead.
- Joel Paulsen, City Council Member, Moorhead.
- Jenny Mongeau, Clay County Commissioner.
- Tim Fox, Former Wilkin County Attorney.
- Mark Anderson, Treasurer, Buffalo-Red River Watershed District.
- Curt Johannsen, Mayor, Hendrum.
- Steve Jacobson, Norman County Commissioner.

North Dakota Task Force Members:

- Jason Benson, Cass County Engineer.
- Rob Bergan, Fargo Business Leader and Entrepreneur.
- Nathan Berseth, Richland County Commissioner.
- Bernie Dardis, Board Chair, Greater North Dakota Chamber of Commerce.
- Craig Hertsgaard, Farmer, Richland County.
- Tami Norgard, Vogel Law Firm.
- John Strand, Fargo City Commissioner.
- Ken Vein, City Council Member, Grand Forks

Technical Advisory Committee

The Task Force created a Technical Advisory Committee that included engineers and staff from the Diversion Authority and the Minnesota Department of Natural Resources. This Technical Advisory Committee presented the Task Force with engineering options to address concerns about project impacts in each state and county, maintaining the flood plain, and cost considerations.

Technical Advisory Committee Members

- Bob Zimmerman, City Engineer, Moorhead.
- Nathan Boerboom, City Engineer, Fargo.
- Greg Thielman, Principal/Senior Project Manager, Houston Moore Engineering Group.
- Suzanne Jiwani, Floodplain Engineer, MN Department of Natural Resources.
- Jill Townley, Principal Planner, Environmental Review.
- Kent Lokkesmoe, Administrator of the Management Resources Bureau, DNR.

Task Force Findings

The Task Force focused on variables related to conceptual engineering designs. Early on, the Task Force came to consensus on the level of protection the project should provide, with consideration for the need to be able to fight bigger floods. While formal consensus was not reached on other variables, the Technical Advisory Committee made recommendations on a number of variables that the Task Force discussed. There were more controversial variables that the Technical Committee did not come to agreement on, and the Task Force asked for further technical review. The key variables discussed include:

1. **What is the level of protection?**
   Task Force consensus: 100 year protection at 33,000 cfs

2. **Should there be a western tie-back?**
   Technical Committee Recommendation: The Tech Committee recommends this, as it reduces upstream impacts. No Task Force members expressed opposition to the western tie-back.

3. **Should there be an eastern tie-back?**

Technical Committee Recommendation: The Tech Committee recommends this, as it reduces upstream impacts. No Task Force members expressed opposition to the eastern tie-back, though at least one member expressly reserved judgment regarding the correct alignment.

4. **How much water runs through town?**
   Technical Committee Recommendation: Design for a river stage of 37 feet through town. Note: The Army Corps said they would be able to certify 100-year protection for a system that runs 37 feet through town and also said this approach would likely work for the current authorization. Over the past 100 years, a river stage of 37 feet through Fargo and Moorhead was exceeded for 28 days.

5. **Is there northern storage in the downstream area?**
   Technical Committee Recommendation: The Tech Committee was neutral. It would store water in the northwest part of the project area; however, it reduces the staging area elevations 0.03 feet. It does maintain natural floodplain acres, which is important overall for Minnesota permittability.

6. **Is there a change in the embankment structure?**
   For the purpose of identifying a potential alignment recommendation, the Technical Committee considered different options for the dam alignment--- 7A, B and C were presented to the Task Force. It was discussed how 7A would likely not be permittable by the Minnesota DNR. The Army Corps of Engineers had concerns with 7B and maintaining federal authorization. Option 7C maintained more floodplain than 7A and less than 7B, DNR said that 7C would likely need some additional storage added to be permittable. The combining of the options to maximize storage was suggested by some Task Force members and DNR. Combinations of 7A, 7B, and 7C as well as 7C alone were discussed by the Task Force.

7. **Is there an increase in downstream water levels?**
   This is an issue related to dam operation, rather than constructed project features. The Technical Committee considered an operational approach that would allow up to six inches of stage increase downstream. This would occur at Climax, MN because of a narrowing of the river. A six-inch stage rise at Climax would translate to less than 0.5 inches at the Canadian border. The Task Force Charter called for more balanced impacts upstream and downstream, which implies more flow to the downstream area. However, the impact on water levels at the Canadian border and other downstream communities were significant concerns for several Task Force members. Further determination of this issue can be considered in the operating plan for the dam.

II. Technical Advisory Group Final Report

Background:

The Technical Advisory Group (TAG) was created as an advisory group to the Fargo-Moorhead Area Flood Diversion Task Force to assess components and alternatives and provide technical guidance to the Task Force. Members of the TAG include:

Kent Lokkesmoe - DNR Manager;
Suzanne Jiwani – DNR Floodplain Engineer
Jill Townley – DNR EIS Manager
Bob Zimmerman - Moorhead City Engineer
Nathan Boerboom - Fargo Division Engineer
Gregg Thielman - Diversion Authority Engineer

The TAG held public meetings on November 14, 2017 and November 28, 2017. As part of these meetings the TAG:

- Defined criteria to evaluate alternatives and components. This includes the following key criteria (not in particular order):
    - Satisfy Task Force Charter
    - Meet Laws and Ordinances
    - Minimize Residual Risk
    - Reduce Floodplain Impacts
    - Reduce Environmental Effects
    - Limit Impacts to Structures
    - Resilience/Robustness of Design
    - Cost and Engineering Feasibility
    - Upstream and Downstream Impacts
    - Impacts at the U.S./Canadian Border
- Screened components and alternatives for further evaluation. Components that were considered include:
    - Distributed Storage Alternative
    - Western Tie-back Levee
    - Additional Flows Through Town (River Stage (RS) 35', 37', 38', and 39')
    - Levee-only Alternative
    - Change Location of Dam/Southern Embankment
    - Northern Storage Option
    - Allowing Increased Downstream Impacts (up to 6 inches maximum)
    - Wild Rice River-only Diversion
    - Eastern Tie-back change
- Reviewed technical data and developed information for presentation to the Task Force at their November 29, 2017 and December 11, 2017 meetings.

The Task Force did not discuss funding sources or other financing opportunities for any consensual or majority recommendations.
Meeting notes, and guidance documents developed by the TAG are included in ***Appendix A***.

The Task Force directed the TAG to use full period of record hydrology for its analysis. Based on this direction, the analysis uses a 1-percent annual chance (100-year) discharge of 33,000 cubic feet per second (cfs) at the USGS Fargo stream gage.

November 29, 2017 Task Force Meeting:

The TAG presentation, titled "Component Analysis" as well as technical data presented at the November 29, 2017 Task Force meeting are included in ***Appendix B***. Following is a summary of project components that were developed and presented by the TAG:

- Western Tie-back Levee – This component shifts the Limited Service Spillway for the dam/southern embankment to the west along an existing natural ridge. This reduces the staging elevation and utilizes more storage in North Dakota. It was included in components 1, 3, 4, and 5 that were presented.

- Consideration of Distributed Storage – It is recognized that Distributed Storage provides overall basin-wide benefit, but due to the implementation schedule and need for in-place storage for potentially reducing the 100-year discharge for accreditation purposes, this alternative was not analyzed as part of any components or alternatives by the TAG. To the extent that distributed storage (owned by a public body) is constructed and operational prior to completion of the Fargo-Moorhead project, the resulting changes in hydrology could be incorporated into the Letter of Map Revision (LOMR) for the Fargo-Moorhead project. Distributed storage completed after approval of the LOMR for the Fargo-Moorhead project would serve to increase the level of risk reduction (beyond a 100-year event).

- Components #1a-1d - Additional Flows Through Town – The TAG presented information on the impacts of increasing the flow through town from RS35' to RS37', RS38', and RS39'. Results were presented using the proposed project alignment.

- Component #2 – Levees Only – The TAG presented a conceptual ring levee plan that could potentially achieve FEMA Accreditation and protect the communities of Fargo and Moorhead.

- Components #3a-3c – Dam/Southern Embankment Alignments – The TAG presented 3 conceptual revised alignments for the southern embankment/dam. These include the North of the Wild Rice River (3a), Northern Alignment Alternative (3b) and Modified Storage Area 1 (3c) alignments.

- Component #4 – Northern Storage Option – The TAG presented a component that would increase flows into the flood damage reduction area through the Sheyenne and Maple River

Aqueducts. This would reduce the amount of lost floodplain storage in the northwest project area.

- Component #5 – Change Operation Plan to allow up to 6 inches of Downstream Impacts – The TAG presented a component that would change the project operation to allow up to a maximum of 6 inches of impact downstream from the project.

- Component #6 – Wild Rice River Diversion with Levees (no dam) – The TAG evaluated a component that would divert the Wild Rice River through the proposed project diversion channel and not divert water from the Red River or include a dam/southern embankment to mitigate impacts. This component would result in downstream impacts in excess of 1.5 feet in some areas along the Red River.

During the November 29, 2017 Task Force meeting, the Task Force directed the TAG to further evaluate components and bring information back to the December 11, 2017 Task Force meeting as follows:

- Include the Western Tie-back levee in all options
- Distributed Storage is part of a long-term strategy and will not be included in the current analysis
- Develop 3 alignment options for consideration
- Include results for RS37', RS38', and RS39'
- Include option that allows up to 6 inches of downstream impacts

Additional criteria the TAG was asked to consider in developing alternatives include:

- Strive for equity in impacts – ND/MN
- Minimize acres removed from the floodplain
- Minimize newly impacted acreage and structures
- Consider economics – cost increases and reductions

December 11, 2017 Task Force Meeting:

The TAG presentation, titled "Option Analysis" as well as technical data presented at the December 11, 2017 Task Force meeting are included in ***Appendix C***. Following is a summary of project components that were developed by the TAG and presented:

- Western Tie-back Levee – As noted above, this component shifts the Limited Service Spillway for the dam/southern embankment to the west along an existing natural ridge.
    - *This component was recommended by TAG and included in all of the options that were presented.*

- Eastern Tie-back – The proposed project eastern tie-back for the dam/southern embankment extends to existing high ground near Clay County Highway 11 between Sections 7 and 8 of Alliance Township in Clay County, MN. This component turns the eastern tie-back south in Section 2 of Holy Cross Township, Clay County and extends south

for approximately 5.5 miles and ties into existing high ground in Section 36 of Holy Cross Township near Clay County Highway 50.

- *This component reduces the acreage of newly impacted floodplain in Minnesota and was recommended by TAG. It was included in all of the options that were presented.*

- Northern Storage/Diversion Channel Alignment – In an attempt to lower the staging area elevation and have more balanced impacts, the Task Force recommended storing more water in the northwest portion of the flood damage reduction area. Instead of increasing the size of the aqueducts to pass more water into the lower Sheyenne and Maple Rivers (which would be very costly), changing the diversion alignment was evaluated. This change would have the potential to preserve more existing floodplain. An alignment change that shifts the project east between the BNSF Prosper Subdivision rail line and Interstate 29 was considered and presented. This shift preserves approximately 1800 acres of existing floodplain, but only reduces the 100-year elevation in the staging area by 0.03 feet. Other options to shift the alignment further east were considered, but were not analyzed further due to existing residential developments and structures and the multiple river and roadway crossings in this area.
  - *The TAG was neutral on this component due to the limited reduction in the staging elevation it provided and it was not included in any of the options that were presented.*

- Additional Flows Through Town – The TAG presented information on the impacts of increasing the flow through town from RS35' to RS37', RS38', and RS39'. Results were presented using the proposed project alignment.
  - *The TAG recommended that a flow through town that results in a RS37' during the 100-year flood event be carried forward and RS37' was used for all of the options that were presented. The communities will have to construct additional protection to manage the additional flows through town associated with RS37'.*

- Allow Downstream Impacts up to 6 inches – The TAG evaluated and presented options for changing the project operation to allow up to a maximum of 6 inches of downstream impact to achieve a balance between upstream and downstream interests. The 6-inch maximum impact would occur on the Red River in the vicinity of the city of Climax, MN, where the floodplain is relatively narrow. Analysis was performed for Options 7A, 7B, and 7C and the change results in a maximum staging area reduction at the dam of 0.3' to 0.4', depending on the option. Concerns with this component include potential impacts extending beyond the U.S./Canadian border and potential downstream mitigation costs associated impacted residential structures and existing community flood protection systems. It may be possible to allow downstream impacts less than 6 inches without causing an impact across the U.S./Canadian border. This was not an analysis that TAG completed.
  - *The TAG identified this is a policy/permit decision that will be evaluated more going forward. This is an operational issue and does not directly impact design considerations.*

- Change Location of Dam/Southern Embankment – The TAG developed and evaluated 3 alignment options for the dam/southern embankment. These alignments all shift the dam north (from the proposed project alignment) and added storage in North Dakota. Option 7A is very similar to Component 3c that was presented at the November 29, 2017 Task Force meeting and shifts the alignment north to the west of Interstate 29 and adds

approximately 3,000 acres of storage. Option 7B (which includes the area that is part of Option 7A) shifts the alignment further north to the west of Interstate 29 and adds approximately 5,200 acres. Option 7C shifts the alignment further north both west and east of Interstate 29 and adds approximately 4,800 acres of storage. All three options reduce the staging area elevation; shift more floodplain into North Dakota; and reduce the area removed from the floodplain within the protected area. They also reduce the newly impacted floodplain acreages in Richland County, North Dakota and Wilkin County, Minnesota. Preliminary cost estimates associated with these options were also developed.

- *The TAG did not recommend an Option for changing the dam/southern embankment alignment.*

Issues Yet to be Resolved:

- Dam/Southern Embankment Location
  - Due to time constraints, the TAG was not able to evaluate other potential alignments other than 7A, 7B, and 7C.
  - Shifting the alignment north of the proposed project alignment, similar to the options presented by TAG, seemed to be acceptable to most Task Force members. The exact alignment of the dam would still need to be determined.
- Amount of storage in North Dakota
  - Increasing storage in North Dakota reduces the staging area elevations and reduces new inundation impacts in Minnesota. The exact proportion of new and/or total inundation impacts between North Dakota and Minnesota that would result in a permittable project was not specified. It seemed that most Task Force members were favorable to the reduced newly inundated acres in Richland and Wilkin Counties as shown by TAG in the presented options, as well as the improved equity of impacts between Minnesota and North Dakota.
- Project Permittability
  - The TAG's primary objective was to serve as a technical advisory group to the Task Force, and therefore, TAG did not provide any recommendations on alignment.
  - The TAG advised that 7A would likely not receive a Minnesota permit, but that 7B and 7C, or a combination thereof, might be more permittable.
  - Future permittability questions will be a discussion between the Diversion Authority and both the Minnesota DNR and North Dakota SWC.

III. Statements from Governors

Governor Dayton:

I want to thank our Task Force's Co-Chair, Governor Doug Burgum, for his excellent leadership throughout this process. We have forged a good working partnership, which will be important for this and other collaborative projects, involving our two states.

I also thank the Task Force Members for their tremendous work. Their dedication was the key to our successful completion. And I greatly appreciate the enormously important contributions made by Members of the Technical Advisory Committee, by North Dakota and Minnesota agency experts, and by our two staffs. This was a team effort all the way.

The many important considerations that were presented from a wide range of stakeholders and experts provide a framework for moving forward on flood risk management for the Fargo-Moorhead region. Just as important was the model we established for a truly inclusive, collaborative process, rather than its one-sided, adversarial predecessor.

Reliable and effective flood protection for the cities of Moorhead and Fargo and their surrounding regions is essential. It is a prerequisite for successful future economic growth, business expansion, job creation, and social vitality. Yet it cannot come at the excessive sacrifice of other people's lands, lives, and livelihoods. For a project of this magnitude and complexity, those considerations are also essential.

It would be naive to believe that such a re-routing of massive amounts of water throughout widely divergent climate conditions over the next one hundred years and beyond could avoid any negative impacts on someone. That is why it is so critical to have the different stakeholders represented in this public process. For Minnesota, that would mean representation on the Diversion Authority from the areas both north and south of Fargo-Moorhead, in addition to the Members from those two cities. For the sake of continuity, it would be most desirable to add to the Authority Board individuals, who have served on this Task Force.

The project that was previously submitted to the Minnesota Department of Natural Resources did not meet our state's laws and regulations. Minnesota is committed to helping identify a solution, but major changes must be made to the proposed project.

I am hopeful that the Task Force's work has provided guidelines for the Authority's re-fashioning of its previous proposal to meet those laws and regulations. I emphasize that the necessary approvals will be decided by the Minnesota DNR, in accordance with those requirements and without interference by myself or anyone else. The active participation on the Task Force by the DNR's Commissioner and technical experts should not be construed as predetermining their permitting decisions.

There are other critical components of the project, which were not made known to the Task Force. Most important is the just compensation for any losses, temporary or permanent, suffered by any landowner, business, or other entity, resulting from the project. Committing publicly that fair compensation will be provided without delays or difficulties, is, in my view, absolutely necessary

before the project proceeds. Also needed to be made public is a detailed budget, for both the capital investments and the annual operating expenditures, the anticipated sources and amounts of funds, and the intended fiscal and operating authorities.

The Diversion Authority now has the responsibility to take all of these views and recommendations and combine them into a permittable application to the Minnesota DNR. I stand ready to work with my colleague, Governor Burgum, on other matters regarding this important project.

Governor Burgum:

Reviving the stalled effort to provide permanent flood protection for the greater Fargo-Moorhead area has been an exercise in the art of the possible. I extend my gratitude to Governor Dayton, task force members, the technical advisory group, Minnesota and North Dakota regulatory agencies, and the engaged citizens who made this public process so productive.

We put collaboration ahead of litigation and gathered informed and passionate perspectives from all sides around the same table. We explored a variety of concepts to provide regional protection and, through the process of elimination, made notable strides in identifying approaches that could ensure permanent protection in a cost-effective manner.

Still, much work remains with needed additional collaboration between the Diversion Authority, Minnesota DNR, Army Corps of Engineers and Richland-Wilkin JPA. As stated at the convening meeting, we must develop a project that is permittable under North Dakota and Minnesota law.

It remains clear that a diversion channel with control structures is the only economically viable solution that will provide certifiable protection for citizens, relieving thousands of ND and MN homeowners of the need to purchase flood insurance and allow the region to fight floods beyond a 100-year event.

The need for permanent flood protection is well understood. A solution has been nearly a decade in the making; and now, protection can and must be completed in an expedited fashion. We cannot afford to risk another event like the devastating 1997 Grand Forks-East Grand Forks flood. The Fargo-Moorhead-West Fargo greater metro is the region's largest economic engine – and must be protected from a catastrophic flood event.

We are deeply grateful for the dedicated engagement from all parties involved to move the conversation closer to resolution. My office will continue to work in partnership with Governor Dayton toward finalizing a permittable project, and I commend him for his commitment and engagement throughout this process and his dedication to finding a solution.

IV. Task Force Member Statements

Each Task Force member was afforded the opportunity to submit a statement after the final meeting of the Task Force on December 11, 2017. The following statements have been submitted directly from Task Force members. These statements are published "as is" and have not been reviewed for factual accuracy, spelling or grammar. They represent the opinions of the individual Task Force members and do not represent the views of the governors' offices, the Task Force as a whole, or the entities referenced therein.

Minnesota Representatives:

Mark Anderson- Treasurer, Buffalo-Red River Watershed District

I think that the Task Force should be looked at as a good starting point. Fargo and the Diversion Authority need to embrace a process to achieve permanent flood protection for Fargo-Moorhead. This process has to involve the people and agencies that will be affected by any project. The agencies, government entities, and people that should be at the table during the development process, are: the Minnesota DNR, the Minnesota DOT, Burlington Northern Santé Fe Railroad, Buffalo-Red River Watershed District, Holy Cross Township, Village of Comstock, and the downstream and upstream concerns of the homeowners and landowners affected by the project. This process will help identify problems at the beginning, not at the end. Some problems that have not been adequately addressed are flowage easements, land values, the raising of Trunk Highway No. 75 and County Road No. 2, and raising of the Burlington Northern Santé Fe Railroad tracks. The proposed eastern tieback levy also has some problems regarding local drainage. If a project of this magnitude is to succeed, it must follow all current laws and procedures. I am confident that the State of Minnesota and the Minnesota DNR will have the Diversion Authority comply with all the applicable laws and rules that the citizens of Minnesota must comply with. Thank you.

Heidi Durand- City Council Member, Moorhead

The intent of this report is to express the continued concerns upon the conclusion of the work done by the taskforce. The group of people who will be responsible for creating a flood protection project will need to assure the impacted communities by proving it is the least impactful, the most fair, follows moral and ethical principles; meets the basic needs of the community; and follows state and local laws.

There is no question the Fargo-Moorhead and surrounding communities are in need of permanent flood protection. Without a doubt, floodwaters have affected everyone in this community in some way. Everyone has a flood story to share. The need for protection is not in question. It is the manner in which protection is achieved that continues to be in question. Who pays and how much? Who is inundated and who is protected? What level of protection is wanted and what is needed? What is fair mitigation? What is a balance of impacts?

It is my strong belief that you cannot displace your water problem upon someone who has never had the problem; and those who benefit the most from a project must assume the most impacts associated with the project. Elected officials have an obligation to everyone impacted by a project in which their municipality is involved. If the city of Moorhead is involved in a project that has negative impacts for people outside the city's boundaries, the councilmembers are still obligated to think about those people and their well-being in decision-making. The notion that Moorhead should not "care" about the concerns of people in Clay or Wilkin, Cass or Richland counties is wrong.

The following is a list of remaining concerns and questions I have regarding the purpose and parameters of the taskforce and the key variables identified in the taskforce summary.

1. The purpose of the taskforce was to develop design principles and concept-level engineering solutions to achieve balanced flood risk management for the Fargo Moorhead region.
    a. My continuing question is if Cass County is expected to receive 80-90 percent of the benefit of the project should they not assume 80-90 percent of the impacts? Those involved with the project are quick to point out that North Dakota and Cass County are assuming 90 percent of the financial costs but "impacts" include more things than just dollars. Impacts should include inundation and dedicated flood plain preservation as well.
2. Two key parameters for the taskforce's work include solutions that were within the parameters of Minnesota, North Dakota, and local law; and that maintained federal authorization.
    a. Maintaining federal authorization restricted the taskforce's ability to develop alternatives. Every option that may have resulted in lower costs or less impacts was shot down before it even had a chance to be discussed. Critics were always quick to assert, "It could result in a change that would jeopardize federal authorization." This parameter held back discussions and was detrimental to the work.
3. Key variables of concern:
    a. The eastern tieback was presented and many agreed it was worth more studying. However, there are consequences that were not thoroughly discussed or presented. Perhaps a better solution would be to use an existing feature, such as highway 75, which could also function as a tieback.

b. Northern storage was briefly discussed and many people favored studying it further. The only option presented appeared to be a sliver of what could be pulled in for additional storage. We heard repeatedly that floodplain preservation was the best way to fight floods. This is an opportunity to do just that and must be a part of any future project.
c. More drastic changes in the embankment (high hazard dam) need to be explored. This is where the operational variable and the high hazard dam are connected. We were often told the dam was necessary to reduce the downstream impacts. If the State of North Dakota will follow the State of Minnesota's statutes regarding downstream impacts like they said they would, the height of the high dam could be reduced or perhaps even eliminated. The taskforce received information on mitigation work done in Manitoba. We were told that people "learn to live with the water" and rural homesteads are all ring-diked. If it works for Manitoba, perhaps it could work in the Red River Valley as well and mitigate any downstream impacts.

4. The use of the phrase "newly impacted structures." I repeatedly expressed my concern with this notion of identifying areas as "newly impacted." It is my belief this phrase was misleading and used inaccurately. For example, if a structure never had protection to begin with it, but changes to the plan would no longer benefit from the project, it should not be considered "newly impacted." This catchphrase was used to steer conversations away from several flood plain preservation options.

At the end of the last taskforce meeting, I left doubting there were enough changes or modifications made that would result in a permitable project. Many members tried to reiterate this point and make it clear that the current plan violates Minnesota law and cannot be permitted. However, it did not seem to matter to the handful who continued to resist any major changes.

The lack of changes in the dam structure/alignment and the Minnesota impacts left largely untouched leave us where we started. Despite the DNR's willingness to assist well-intended individuals who came to the table ready to work toward a project that could gain wider support, meet the needs of the communities, and be permitable, the refusal by some to look at major changes has done nothing but solidify the demise of the project. The DNR cannot "change their mind" and permit this project without jeopardizing their credibility. After all, who will bother to wait for a permit after witnessing the Diversion Authority do as they wish without obtaining necessary permits?

Tim Fox- Former Wilkin County Attorney

The Task Force received several presentations of varying relevance. Presentations by the Diversion Authority and Army Corps were intended to persuade the Task Force that the current project should proceed without change. It was not until the final meeting that a realistic effort was made to begin the process of addressing Federal and State laws intended to preserve existing floodplains. The

crux of the dispute is the transfer of floodplain impacts either down stream or upstream. The current plan, as confirmed by Governor Burgum when referencing the development of another subdivision near Davis High School, is to continue development in both south and northwest Fargo in areas that are currently in the floodplain and unfit for development.

There were several points of persuasion used throughout the presentation and discussion by project proponents that were misleading or made with faulty assumptions.

1) Base Line Comparisons: Using the current project, a project that has been denied a DNR permit, as a base line for comparisons or modifications was misleading and could only lead to false assumptions. One of the most obvious misleading assumptions was the designation of the unlawfully constructed inlet structure as a starting or ending point for the alignment of the diversion channel. The vast sums of money spent on Oxbow have clouded the clear benefit of maintaining the south Fargo floodplain while removing or greatly diminishing the impacts of Oxbow, Hickson and Bakke being in the staging area, and incidentally resulted in a $150 million savings. But for unlawful action of the DA, these saving should be a legitimate consideration. Numerous land acquisitions Northwest of Fargo have let to speculative land development in a floodplain area. The slate does need to be wiped clean in order to develop flood protection conforming with Federal and State legal and regulatory criteria. Floodplain Development or previous errors in judgment cannot be the guiding force in pursuing a permittable flood protection project for Fargo.

2) Army Corps Legal/Regulatory Comments: On several occasions the Corps was asked to provide legal or regulatory comments. The Corps refused, when asked, to acknowledge the regulatory authority of the State of Minnesota. By commencing construction of the project, not only once but twice, only to be stopped by the Federal Court, asking the Corps to provide comments about regulations or rules seemed strange at best. The Corps made responses in the nature of what made them comfortable or uncomfortable. If defying Minnesota law and proceeding into construction of a project while legal action was pending, did not make them uncomfortable, little deference should be given to any Corps opinion.

3) Newly Impacted Structures: The entire process of having data provided that tallied newly impacted or not impacted structures was clearly questionable. During the three most recent major floods, the entire area between Oxbow and South Fargo was nothing but a lake. How are there newly impacted structures in an area that is and has been a floodplain and regularly under water? When were these homes/schools built? Why does construction continue today in an area that should be preserved for floodplain to protect Fargo? On the opposite spectrum, there will be numerous farm sites and structures in South Clay and Cass Counties and North Richland and Wilkin Counties impacted by the dam and staging area. Many of the uncounted structures in these areas are considered already impacted though they have never flooded and are not in a floodplain. The distortions created by not recognizing truly impacted structures', to skew the support of the current project, will lead to years of

litigation when impacted property owners, flooded by a dam on the Red River, have never having been compensated or consented to a flowage easement. Again, this data as presented during the Task Force meetings seemed to be readily accepted by diversion proponents but carefully questioned by others. Conclusions of this nature should be closely scrutinized for accuracy.

4) Levee Only Option: At my suggestion this option was again reviewed. However, the conclusion as presented was in a single line of a report. The conclusion stated that it was rejected because of cost, suggesting the cost was $1.9 Billion. There were not any details as to how that cost was determined. Interestingly, that would be a savings over the current proposal and have far less negative impacts. It is another proposal with less negative impacts and reduced costs.

5) Minnesota Diversion: Little attention was given to the option, though it was the preferred option costing less with fewer negative impacts. Governor Dayton originally excluded it from consideration but later stepped back from that position. It should remain an option and be used as the baseline for comparisons of project configurations rather than the currently proposed project.

6) Final Day Options: The only real progress, though limited, occurred on the last day of the task force meeting. Three individual options were presented. It was immediately evident, that at a minimum, a combination of all options would be an excellent starting point. That suggestion was met with decisive opposition from Governor Burgum.

7) My Option: Following up on the presentation by Charlie Anderson, a rough draft of an alignment was put together prior the last task force meeting. That draft/map was distributed towards the end of the Task Force meeting. At one-point Governor Dayton inquired as to what my alternative would be. My initial response was reciting floodplain policy, indicating that preserving the floodplain was the top priority. Governor Dayton than discovered the draft map that was handed out. Keeping in mind that neither I, Richland/Wilkin JPA or the Upstream Coalition have engineering firms at our "beck and call" there were joint discussions on obtaining an independent engineering analysis. As a follow up to the comments of Governor Dayton, Charlie Anderson has been retained to provide a more detailed analysis of a design the would preserve floodplain while providing flood protection to Fargo.

Steve Jacobson- Norman County Commissioner

It is generally accepted that Fargo-Moorhead needs flood protection. What level of protection and at what cost is the issue of debate. Minimizing the cost, both in dollars, and adverse impacts, is of most importance in developing flood protection for FM.

All should be done to minimize upstream and downstream impacts of the project that will give adequate flood protection to developed areas of the Fargo-Moorhead community.

I came into this task force thinking that, there is no way on earth that the DNR will permit a control structure in the channel of the Red River. I'm not so sure of that anymore. The diversion plan will not work without the control structure. Federal funding will not be available without it.

So something is going to have to give on this. If the DNR does not issue a permit for a southern embankment control structure, Fargo-Moorhead flood protection is going to have to take a different approach.

Curt Johannsen- Mayor, Hendrum

There is no doubt that the people of the Fargo-Moorhead area need and deserve flood protection, just like anyone else in the Red River Valley; however, the debate occurs on what is the proper and best way to achieve it. I believe flood protection is obtainable if people listen to one another and collaborate on a solution as much as they do when they are helping to protect their neighbors from a flood. Unfortunately, this spirit of collaboration has been missing from the discussion for quite some time. However, Governor Mark Dayton and Governor Doug Burgum were able to create a cooperative dialogue through the establishment of the Fargo-Moorhead Area Flood Diversion Task Force which was able to offer some recommendations to the Diversion Authority. The following is my comments on the task force's recommendations.

As much as I support basin wide retention efforts, I believe that distributed storage alone cannot achieve the certifiable level of protection that is necessary to protect Fargo-Moorhead; however, retention efforts should be pursued simultaneously in order to increase the Fargo-Moorhead area's level of protection as well as assist in providing basin wide protection. I also do not believe that a levee only alternative is an acceptable solution since the cost would be comparable to that of a diversion and provide less protection with considerable impacts. Therefore, I support the diversion concept as long as impacts both upstream and downstream are minimized and mitigated to the best of the ability.

I strongly support the task force's consensus of using the full period of record hydrology to determine that the one percent annual chance (100 year) flood level would be at 33,000 cubic feet per second. Furthermore, I agree with the Technical Advisory Group's recommendation for the Western Tie-back Levee as well as the modifications to the Eastern Tie-back Levee in order to reduce upstream impacts, increase floodplain in North Dakota and reduce newly inundated floodplain in Minnesota. In addition, I am in favor of pursuing a design that would allow up to 37 feet passing through town on the Red River during a one percent chance event.

I do not support the Northern Storage Option and adjusted diversion alignment resulting from it. Even though this option preserves more of the natural floodplain, it results in minimal staging area reduction therefore doing very little to reduce upstream impacts. The outcome is less area being

protected with a diversion channel that will have sharp bends resulting in an increase in maintenance costs due to erosion in the channel.

Probably the most significant change to the diversion design would be the Southern embankment alignment. Unfortunately, the Task Force could not come to an agreement on where the alignment should be. Even though each option (7A, B, and C) had their own pros and cons, I strongly believe that a combination of these three alignments could offer the most benefits in reducing upstream impacts. I don't think it is worthwhile to further investigate option 7A since the Minnesota Department of Natural Resources will likely not permit it, and 7B since the Army Corps of Engineers had concerns with it maintaining authorization. Instead, I believe that a combination of both options 7A and 7C warrants further investigation. Whatever the result is, shifting the Southern embankment alignment further North is necessary in order to utilize more of the natural flood plain which will considerably reduce negative impacts.

Despite the fact that allowing more water downstream would result in a modification to the operation plan rather than a change in the diversion design, it still warrants discussion here. The reason that the original design of the diversion had upstream storage built into it was to mitigate downstream impacts. Although the staging area influences the upstream, those effects are considerably less then what the negative impacts would be to the downstream without it. Not only would more structures be affected downstream, which would require costly mitigation, but the potential exists to also cause an increase in water levels at the United States/Canadian border which would require approval from International Joint Commission under the Boundary Waters Treaty. The six inches of additional water that the Technical Advisory Group evaluated sending downstream would cause an impact at the International Border thus violating the treaty unless approval was obtained. Even if approval could be obtained, the process would definitely add several years to the diversion timeline. Not to mention, is it worth upsetting our great neighbors to the North for something that may not even be possible? Furthermore, any additional water sent downstream has the potential to negatively impact existing community flood protection measures and their ability to maintain certification which would require costly mitigation. Any additional water sent downstream that has the potential to negatively affect the agricultural industry must also be taken into consideration.

In closing, I would like to express my gratitude to Governor Dayton and Governor Burgum for the great leadership they showed by establishing the Fargo-Moorhead Area Flood Diversion Task Force. Furthermore, I would like to show my appreciation to the task force members for their valuable, professional input and their collaborative effort to help the Fargo-Moorhead area achieve certifiable flood protection with minimal impacts to their neighbors. I would also like to thank the Technical Advisory Group for all their hard work and expertise. I hope the Diversion Authority continues with this spirit of cooperation by allowing all affected parties, including those both upstream and downstream, to have a voting seat on the Diversion Authority as well as on a future operation plan committee. I wish the Diversion Authority the best of luck in their endeavor of achieving flood protection for the Fargo-Moorhead area.

Jenny Mongeau- Clay County Commissioner

The commitment by Governor Dayton and Governor Burgum to help us work collectively to achieve flood protection is significant. The task force had good dialog and is recommending a solid set of parameters.

The first consensus item that task force agreed to recommend was the full period of record, 33,000 cfs 100 year. We also agreed to recommend allowing additional flows through town of 37-foot. I believe this level is appropriate, having the ability to allow an increased flow through town of up to one foot during extreme flood events should be an option outlined in an operational plan.

Given the previous facts of findings from the Minnesota DNR, I still have significant concerns over the ability for DNR to permit a dam on the Red River. During task force discussion we did not discuss modifying the proposed size of a dam, this is something that may need to be looked at to make it more permittable. Location was discussed and the current alignment incorporates some natural drainage into the river. An issue that I have struggled with is how the percentage of physical impacts and benefits will be divided among the two states. Land that has historically seen flooding during flood events are better suited areas to stage water in comparison to areas that are out of the floodplain. Any plan should focus on allowing water to naturally reside in lower areas.

In terms of how the southern embankment could be aligned in North Dakota we discussed options 7A, 7B, and 7C. My recommendation is to implement a combination of options 7A and 7C. Designing an embankment with limited 90-degree turns will increase structural resilience and decrease overall cost. Surrounding land is within existing floodplain and keeping it as such would offer reduced new impacts. The inclusion of a Western tieback was also an addition that was proposed and the majority of the task force felt it would beneficial to add to the project to keep water within the natural floodplain.

With the designed tieback levy in Minnesota a large amount of staged water will be shifted onto higher ground. I have considerable concern with the amount of newly impacted properties with the project. Doing so would conflict with local water ordinances in Holy Cross township and

Wilkin County. Those issues would need to be addressed to follow Minnesota law. An Eastern tieback levy in Minnesota would run north and south. This would dissect Clay County Ditch #59 and JD #1 running east and west. Significant engineering and reroute would need to be done to those systems to ensure drainage is not hindered.

Within the Minnesota staging area there are approximately 15 sections of land that would be placed into the flood plain. There are concerns in regards to the city of Comstock's infrastructure and access during flood events. I question if ring dike protection will be certifiable because of railroad access points. US Highway 75 and the BNSF railroad, both run north and south and are heavily used corridors. Each system would experience deep inundation of floodwater with a proposed project and a significant road and rail raise must take place. My proposal is to engineer US Highway 75 to the standards of what the Eastern tieback would be, make it the tieback levy. The Army Corps had stated that levies could be used in this capacity. By doing this the land between the road and the Red River could be used as staging, the vast majority of that land is currently susceptible to flooding due to its proximity to the river. Doing this would preserve valuable farmland, eliminate the need to ring dike the city, prevent disruption to Hoff and Comstock cemeteries, and offer huge cost savings by eliminating the need for a rail raise.

In looking at other possible changes The Northern Storage-Channel Alignment did not prove to offer any change to impacts, I'm not sure a change is necessary, but if keeping existing floodplain is important to getting a permit it may be an option.

Keeping impacts at the Canadian border neutral is an important factor. A small threshold exists to allow for minor downstream impacts that could help ease the burden upstream. By allowing up to 4 or 5 inches downstream impact we could see a measurable decrease in the staging area.

Ultimately reducing flow into the mainstem of the Red River south of the metro will continue to serve as an integral part of reducing flood levels. Managing flow of the Wild Rice specifically has been identified as something that could drastically decrease mainstem levels.

A comment has been made in reference to the amount of money the task force recommended alternatives add to the final product. While there is truth in the statement, the reality is that these are proposed elements that could potentially allow a project to be permitted. Without

altering the previously denied project we are stifling our ability to achieve flood protection for the region.

One crucial element of this project is what a final operational plan will look like. We are dealing with an unpredictable mother nature and without having an operational structure in place there is an enormous level of unpredictability that exists. Key questions need to be answered and without knowing how these issues will be addressed, it makes it hard to endorse components of a project. Knowing with certainty how the project will be run will allow for better development of mitigation and evolution of proper easement plans.

The opportunity to have region wide dialog on the components of the Diversion has been important. We've had inclusive, intense conversations to find the best possible alternative. I continue to believe that any project moving forward will be stronger if we continue to include perspectives from all involved. I appreciate the opportunity to have had a seat at this table and I look forward to having further dialog and collaboration.

Joel Paulsen- City Council Member, Moorhead

"Information is the resolution of uncertainty"

-Claude Shannon, American Mathematician

1916-2001

The preceding quote by Mr. Shannon clarifies the mission of the Fargo-Moorhead Area Flood Diversion Task Force. Flood events and the natural weather conditions that create them are by nature uncertain events. At best, our scientific advancements and knowledge have allowed us to somewhat accurately predict the weather only a few days in advance. The purpose of the Task Force was to develop design principles and concept-level engineering solutions to achieve balanced flood risk management for the Fargo-Moorhead region, including up and downstream communities and properties. These concept level engineering solutions were based on an intensive review of information that has been compiled about flooding and flood control in the Red River Valley, with the intent of defining our risk and determining the proper project to deal with that uncertainty.

Governor Dayton and Governor Burgum appointed a group of diverse members with an intent to explore all perspectives related to finding a project that will provide the greatest protection, minimize negative impacts, and is economically feasible. This summary contains a list of Task Force Findings that I believe, when implemented, will meet the objectives of the Task Force, meet the

legal requirements of the States of Minnesota and North Dakota, and fulfill the federal legal requirements as defined in Executive Order 11988 – Floodplain Management. I am encouraged by the work that was done by the Task Force and I look forward to implementing the findings and recommendations of the Task Force and the continued work of the Technical Advisory Group in my role as one of the City of Moorhead's representatives on the Flood Diversion Board of Authority. This is a defining moment for the Metro Area, one that will minimize our flood risk significantly and ensure our metro community remains vibrant, safe, and secure. Nevertheless, I remain concerned about the individuals impacted by the construction and operation of a proposed flood control project. Every effort needs to be done to mitigate potential negative consequences of the project and treat affected citizens fairly throughout project development and implementation.

The Task Force process allowed the discussion of major policy decisions with input from all points of view. It allowed a robust discussion on the science and engineering behind the implementation of physical elements of the project. Finally, it allowed a deep and straightforward conversation with Federal and State regulators. Only when science, engineering, policy, and regulations align will a feasible project present itself.

In closing, we will never be able to fully know what Mother Nature has in store for us, however, we can make prudent decisions to manage the uncertainty and risk through sound engineering judgement and scientific analysis while recognizing and minimizing the sacrifices people have to make to implement a sound, just, and reasonable flood risk management plan.

Del Rae Williams- Mayor, Moorhead

Need for Flood Protection

The City of Moorhead needs additional flood protection and has been a local sponsor of the FM Metro Flood Diversion Project since its inception in 2008. Even with the work that has been done in Moorhead, including the construction of over 12 miles of levees and floodwalls and almost 250 acquisitions, our work is not done. We came to realize that we can no longer complete the work alone as a city, nor should we. The problem of flooding in the Red River Valley is bigger than Moorhead and we need to work together with surrounding communities, in Minnesota and North Dakota, to provide the level of protection we need in a way that makes sense.

Working with Fargo and other members of the Diversion Authority, we developed a good project which was able to get federal authorization and federal appropriations. This was not an easy task. The Diversion Project is big, complex, and comes with a hefty price, both financially and due to impacts. Unfortunately, the project was unable to obtain a permit from the DNR in the form it was in. This left Moorhead without a path to provide the level of flood protection it needs, and it left over 1,000 homes in the city with the risk of being placed in the FEMA 100-year floodplain, therefore stuck with expensive mandatory flood insurance policies.

The people of Moorhead are grateful to Governor Mark Dayton for stepping in and helping usher a solution and a way forward. It was clear that his strong leadership and considerable empathy was needed to bring all parties to the table, resolve what could be resolved, and to help everyone better understand the needs and challenges associated with keeping the public safe from flooding. Together, the Governors were able to do

what we have not been able to locally. They created a forum for healthy dialogue and a renewed sense of commitment amongst the region that we have not had in many years. It is my sincerest hope that these talks will continue and lead to not just flood protection for Moorhead, but additional joint efforts that can have a lasting positive impact on our region of the country.

Task Force Efforts

I am so proud of the work we have been able to accomplish in Moorhead. With the support from those in St. Paul, we have made real strides and our citizens know it. The downside of doing such great work is that people have assumed we are done. This was apparent at the start of the Task Force meeting when much of the discussion was dedicated to what level of protection we are at, and a number of false assumptions were expressed. I want this report to make that issue clear. Not only did the Task Force identify and agree with the significant work that needs to be done to make sure the entire city is safe, the Task Force actually made recommendations that will require an additional $50 million worth of work that should be done within city limits.

I think it is important to address the financial implications to Moorhead and Minnesota. The DNR previously identified a figure of 2 percent as the benefit to Minnesota. The 2 percent benefit figure has been used to calculate the anticipate funding level from the state, which amounts to approximately $43 million. With the changes from the Task Force, this $43 million is likely to go up using the same math. In addition, the $50 million of additional work in town will also have to be funding through the State.

What this tells me is that the project previously developed was a good deal for Minnesota. With the changes from the Task Force to allow for a permittable project, I think the project is still a good deal, but it means our local legislators will have to do a lot of work to obtain that additional funding and continued support from those working in St. Paul is needed.

I also wonder if we would be better off taking this opportunity to truly gain environmental benefits, rather than so narrowly focus on temporary impacts to farmland that will remain farmland. Rather than having the state spend $50 million to buyout more homes and displace families, we could create real environmental benefits such as retention for flood control and water quality improvements, buffer strips, wildlife habitat, etc. Instead, there remains an intense focused on preserving floodplain that is in the flood fringe and could be developed anyway over time.

DNR Dam Safety Permit

The Task Force brought more voices to the table. It was a good venue to discuss a project with a regional level of protection. It was also important for the discussion on where the impacts should be. It's a strange concept that isn't totally unique to water projects, but is certainly more prevalent. In order to protect the urban areas from being under water during a flood, you need to find a more appropriate place to store it. In essence, you have the unfortunate task of deciding where that water goes, and who ends up impacted. The changes suggested impact more people, more homes, and more farmsteads. This is unfortunate, but it also allows us to create less new floodplain land, which is important to obtaining a Minnesota permit.

It is now up to regulators at the DNR to be fair and give direction to our technical team as it submits a new permit. I urge them to work quickly so permitting can be completed early this year to allow the use of the construction season before we lose out to another long winter. Governor Dayton laid out a path forward for us so that failure is not an option, and I expect all parties to move along that same path to obtain a permit, end litigation, and protect Minnesotans.

North Dakota Representatives:

Jason Benson- Cass County Engineer

The Governors' Diversion Task Force was a much needed process to bring all parties to the table. While there are many challenges ahead, I am in concurrence on the following items: 33,000 cfs for the 100-year flood, changes to the eastern and western tieback levee, 37-feet of flow through town, no change to the channel alignment from the inlet north to the outlet, and moving forward with option 7c for the southern embankment. While I concur with the items above, I feel the Task Force process never fully addressed the requirements of the Dam Safety Permit. In the end, the recommendations brought forward increase the cost of the project while decreasing the "dam safety" by making the project less robust, less resilient, and less reliable.

The Task Force was an excellent opportunity to learn about the current project. Over eight years we have studied, analyzed, and developed plans in order to reduce impacts and ensure a robust project was developed to protect the Fargo-Moorhead area both now and into the future. I think the Task Force meetings showed the current project design is the most cost-effective design for providing 100-year FEMA certifiable flood protection with the ability to fight up to a 500-year flood event. The Task Force meetings also made it clear that changes to the current design would need to be made for the MDNR to permit the project.

The changes brought forward were viable, but many of these options fell short when looking at the other criteria.

- **Costs:** Prior to meeting, there were several media interviews given by members of the Task Force in which the public was told there was a cheaper, better option available. It is clear now that every option evaluated increased the cost of the project by hundreds of millions of dollars. Adding substantial cost increases are not viable without a significant influx of new money from Minnesota and North Dakota. Citizens in Fargo and Cass County have already voted to tax themselves until 2084. Our local residents have shouldered their share of the financial burden. I ask both Governors to provide additional state funding to address these new costs.
- **Reduce Environmental Impacts:** The suggested changes reduce the newly impacted acres in Minnesota and better balance the impacts between the states.
- **Minimize Residual Risk:** The suggested changes increased residual risk to the project.
- **Limit Impacts to Structures:** Every significant option presented impacted a significantly higher number of rural farmsteads and residences. In addition, the 37-feet of flow dramatically impacts city and rural properties and cuts off a number of additional access roads.

- **Resilience and Robustness of Design:** Increasing to 37-feet of flow, along with changes to the southern embankment only add to the length and complexity of the embankment and reduce the project's resiliency and robustness.

Several Task Force principles were not resolved.

1. I encourage future operational plan discussions to include both upstream and downstream involvement once a final alignment is known.
2. Compensation program for the inundated lands should remain a top priority to be finalized in the near future.

A reoccurring challenge was the moving target in what the MDNR deemed would be a permitable project. Given the goal was to obtain a Dam Safety Permit, it is frustrating that every option considered increased the cost while decreasing the safety of the dam. No alternative was presented that actually made the dam safer. I was also frustrated in the downplaying of the permanent impacts due to construction. Over 7,900 acres of permanent impacts under the diversion channel and embankment are in ND and 433 acres in MN. These permanent impacts should be treated with a greater weight than a temporary impact. For comparison, there are 6,900 acres of newly impacted acres in MN, but these temporary impacts were a primary point of discussion. Also, these temporary impacts would have only occurred less than 30 days over the last 115 years and allowing the land to be farmed every year. However, the 7,900 acres in ND will never be farmed again and forever changed. These permanent impacts are likely the reason Gov. Dayton declared the Minnesota alignment was not possible and so they should be thoroughly addressed by the MDNR in its analysis.

It is critical the permitting requirements are clear. The discussion of a conditional permitting process is encouraging. In hopes of continuing the successful communications of the Task Force, I want to request that the DNR attend our Diversion Authority meetings and provide routine updates.

In the end, our efforts all serve the same taxpayers. With this in mind, it is essential that we move quickly to address the soon to expire contract between the Corps and Ames Construction for the completion of the inlet control structure. A March 2018 deadline is approaching and failure to address this issue would result in costing tax payers millions of dollars.

As Gov. Dayton expressed at the Task Force Meeting, acquiring the lands necessary needs to be a top priority and should start up again as soon as possible. Given past communications which led to halting these activities, the MDNR needs to expressly respond to, and support this position.

Fargo and Moorhead, along with Cass and Clay Counties formed the Diversion Authority to work jointly across two great states to provide permanent flood protection. With the additional leadership displayed by the leaders of Minnesota and North Dakota, I believe we reviewed the more than one hundred alternatives previously studied and identified the substantial changes needed to obtain a Minnesota permit. These changes will result in hundreds of millions of dollars of additional taxpayer dollars, including nearly $100 million from Minnesota alone. These changes will not be easy to implement, or easy to explain to the owners of the additional homes and farmsteads impacted. It

is my hope that the state of Minnesota will act swiftly on conditional permitting and then help us as we communicate the changes to the public.

Ron Bergan- Fargo Business Leader and Entrepreneur

I appreciated being part of the Task Force and all the work the MN DNR put forth working with the Task Force. Also, thanks to Governor Dayton for attending every meeting. We learned a lot about floods and flood protection for the F/M area. The 100 year protection consensus of the Task Force is low compared to the 250, 500, 700, 1,000 and even larger floods that could occur. It was reported that the Minot flood was about 10 times the 100 year protection they had in place. It was reported that the storage dams also in place were full at the start of this flood. They probably caused the flood to be much larger with the entire flood flow going over the dam. At some point concerns of dam failure cause you to open the control gates and the flood becomes larger than without the dam. See attached report showing the effect of dams on flooding. The 'mean annual flood' is reduced by ½ while the size of the flood likely to recur every 50 years barely changed. The risk of dam failure in 100 year and larger floods makes dams "dangerously deceptive". Grand Fork, Minot and Bismarck all have had floods greater than the 100 year level in recent years.

The Diversion will allow us to have a chance to win a 500 year flood fight. Looking at the 500 year flood map, the flood extends west of Mapleton and looks more like a large lake.

The Diversion is designed to give us protection for 100's of years. I am concerned that changes we are considering will cause the risk of failure to increase significantly especially in the very long term. Failures was one of the concerns of the DNR. We need to consider the Red River Basin Commission recommendation that the population should grow in cities protected from flooding, therefore we need adequate area for expansion in F/M.

The Task Force found that all reasonable alternatives were or had been studied and a Diversion is the only alternative to give us the desired protection. I believe the Corps and the local engineers did a very good job also of selecting the route for the diversion balancing the environmental concerns, costs, etc. The western and eastern tie-back levies and allowing 37' through town are acceptable compromises to the Minnesota DNR. It should be noted that the 37' flow affects 82 additional homes in Fargo and adds significant costs.

The northern storage area is not acceptable to me.

The alternatives for additional storage – 7A, 7B and 7C were presented to the Task Force at the last meeting but we were not given adequate time to study the data. After looking at the data I feel the impacts on additional homes and structures that would need to be removed is very significant. There is only a small change in looking at the upstream impacted acres or the protected floodplain acres. These alternatives greatly impact many people for the sake of a few acres of land. The upstream floodplain acres are only affected 38 days in the full period of record. The approximately 8,000 acres permanently removed from production for the Diversion Channel in ND are not shown in the spreadsheet. The cost estimate for 7C alone is $180M (26 more homes in Cass County and about seven more miles of the Dam).

The operating plans for the Diversion should be modified to consider reducing the peak flow at downstream cities for their floods which may not be the same as the peak at the Diversion outlet. More flow may be ok earlier versus later when considering the effects of the other rivers downstream.

Excerpted from *Silenced Rivers*: **The Ecology and Politics of Large Dams**

Patrick McCully. October 10, 2007

Even if flood control is not an intended consequence of a project, a storage dam will almost always delay floods downstream and reduce the size of average flood peaks, commonly by more than a quarter (even a flood control dam, however, may have little effect upon extremely large and infrequent floods — making the 'flood control' offered by dams often dangerously deceptive for people who move onto the downstream floodplain). The Warragamba Dam in Australia, for example, reduced the 'mean annual flood' (a flood likely to recur on average every 2.3 years) by more than half, while the size of the flood likely to recur every 50 years barely changed.

Nathan Berseth- Richland County Commissioner

1. **Apply Least Impact Principles:** The Minnesota Environmental Policy Act prohibits DNR from permitting a project when there are feasible alternatives which significantly reduce the environmental impacts. The least impact principle permeates all of the regulations governing dam permitting and public waters permitting.

2. **Address Permit Conditions:** During the task force deliberations, very little effort was made expressly to apply the permit requirement. The focus of the deliberations was to find a project that reduced impacts and which Diversion Authority could accept. On occasion, a Minnesota official would point out that the configuration being discussed was likely not permittable. That should have led to a discussion of what, then, must be done in order to meet permit conditions. We cannot arrive at an acceptable project unless the Commissioner's permit conditions are itemized and the parties then work through each condition and find ways to meet those

conditions.

3. **Minnesota Project Sets Ceiling on Permissible Impacts.** The North Dakota alignment has significantly greater downstream Impacts than Minnesota alignment of the same capacity and results in nearly twice the stage increase. This doubling of impact results because the LPP eliminates floodplain storage south and northwest of Fargo. Engineer Anderson put it this way:

> *"The North Dakota diversion flows through a low floodplain area thus draining floodplain and also isolating existing floodplain areas, by levees along its alignment, resulting in excessive loss of floodplain storage. The MN Diversion flows through higher ground generally not within the floodplain thereby having minimal effect on floodplain storage along the alignment."*

To avoid these impacts, the project must abandon its attempt to flood protect the undeveloped floodplain, whether the diversion flows through Minnesota or North Dakota.

4. **Minnesota Alternative Meets National Objectives.** The USACE selected the Minnesota diversion as the least impact project which best meets national objectives. The LPP costs $1 billion more than the least impact project, eliminates 50 square miles of floodplain storage more than the Minnesota diversion, and consequently develops more downstream impacts. The billion dollars saved could then be used for distributed storage or other needed improvements.

5. **Change the operative underlying principles—maximize floodplain retention.** If a North Dakota alternative is deemed desirable, the Technical Panel should have been asked-- to design a North Dakota project that maximizes floodplain retention. None of the options studied by the Technical panels were based on that concept. Rather, the task force was continually pressured to foster as much flood plain development as possible. As a result, the task force never considered, options that fully minimize floodplain loss. The Technical Panel inappropriately eliminated options which preserved the floodplain northwest of Fargo. Developing that floodplain is bad for Fargo's sound development: In separate articles, Governor Burgum is quoted in the Fargo Forum as follows: "

> *The reverse of smart growth, in Burgum's view, is sparse development on the city's edge, where it costs the city more to deliver services than developed property contributes in property tax revenues....*
>
> *Our city has an ability to grow and grow smarter than other cities by growing more densely as opposed to growing horizontally," he told the Planning Commission. "The 52 square miles is enough to hold us for a long time."*

Over half of the flood storage eliminated in the LPP is found on the Northwest floodplain. Instead of eliminating that storage, it should be enhanced.

6. **Federal and State Law Prohibits Avoidable Floodplain Development.** The current project

violates section 1962-3. Under that law, the projectmust avoid the unwise use of floodplains and flood-prone areas and minimize adverse impacts and vulnerabilities.

7. **Apply Sound Engineering Concepts Designed to Minimize Impacts.** DNR should be applying the concepts described by engineer Anderson:

    a. Implement a major system of coordinated distributed storage throughout the basin. (achieves approximately 2 feet reduction in peak flow)

    b. Move the North Dakota Alignment East

    c. Reduce tributary crossings

    d. Redesign the dikework and structures along the channel to restrict inflows from the tributaries and allow water to enter the floodplain area on the west side

    e. Alter the configuration so flood protection follows the edge of the developed area as close as practical.

    f. Provide an understandable operating plan that can be modelled.

8. **Use Distributed Storage:** During deliberations, some have advocated that distributed storage should exclusively be used to mitigate floodwaters not caused by the project instead of mitigating excess flood water from the Fargo area. This is a false dichotomy. Distributed storage properly placed in watersheds tributary to the Red River will accomplish both objectives and reduce peak flows by two feet. Given any project design, the peak flows on the Red below Fargo will be two feet lower with distributed storage than without.

9. **Use Federal Funding Available under WRRDA to leverage state funding for distributed storage.** The reluctance to consider distributed storage stems from the misperception by Diversion Authority that project opponents have advanced distributed storage as a standalone solution. JPA sees distributed storage as a project enhancer that will significantly reduce project impacts and benefit the entire basin in Minnesota. If distributed storage accompanies this project, it becomes eligible for WRRDA funding that will benefit the entire basin and could trigger a major commitment of state bonding dollars to support the basin wide improvements that would then flow from the project. As modified, the project could offer significant benefits to Minnesota.

10. **Involve all parties in Examination of the Operating Plan.** The operating plan is a critical component of any flood control project. Stakeholders cannot understand the impact of the project without understanding the operating plan.

11. **Develop Dialog on the Takings and Compensation Implications of the Project.** A major flaw in the project as submitted to the DNR is that it failed to provide a defensible realistic approach to takings.

Bernie Dardis- Board Chair, Greater North Dakota Chamber of Commerce

Being chosen as one of the members of the Governors' Task Force was a true honor. After seeing the toil flooding has taken on the region, being a part of providing a permanent solution is something I hope I will always be able to look proudly back on. I say I hope, because the work is not done. Several large changes to the project were recommended, but we left unknowing how the DNR would consider these through the permitting process or how we would pay the additional costs, which are considerable.

When Governor Burgum asked me to serve, it gave me pause because I wasn't sure what I had to offer. I have paid attention to the Diversion Project closely, but I was not familiar with all the details. The more I thought about it, the more I realized I might be in a unique situation to provide perspective. I was identified as Chairman of the Greater North Dakota Chamber, but I didn't feel that meant I was looking out for only North Dakota. As CEO of Indigo Signs, we had significant business interests across North Dakota and Minnesota. I often thought about the economic prosperity of both states as I made my way between locations on trips back and forth on I-94. It is with this mindset that I set out to do my job as a member of the Task Force.

Flood Insurance

When discussing flood protection with those more technically inclined than myself, the conversation usually turns to river stages, flows per second, and other hydraulic factors. While these are important when designing a project, they are not the first things on the minds of the public. When I'm at meetings around town or talking to neighbors, the topic that comes up most frequently is something much closer to the pocket book, flood insurance.

The technical presentations from city engineers in Fargo and Moorhead showed that more than 1,000 homes in Moorhead and more than 11,000 in Fargo are at risk of being mandated to carry federal flood insurance. Too often, this topic is ignored when we talk about the need for flood protection and the speed at which we need to accomplish it. We know that the flood risk is the highest in early spring, the risk of flood insurance is something that impacts people every day.

According to the information at the Task Force from the DNR's website, a primary $200,000 residential property can expect to pay in excess of $4,000 a year in flood insurance. The kicker here is that this rate is actually subsidized by the federal government. Over the last several years, we have seen Congress slowly chisel away at this subsidy to work towards a more actuarial rate. The DNR's document estimates that a non-subsidized rate for a similar house that sits at an elevation similar to the 2009 flood would face almost double the rate at $8,000 a year. This is 4% of the price of the house every year! I have seen estimates that across Fargo-Moorhead this could mean $30-50 million in annual premiums. This would be money leaving our economy, rather than being reinvested here locally. This is an economic catastrophe that worries me as much or more than the risk of actual flooding.

The long-term results of these flood insurance requirements will mean the detriment of our existing housing stock, the tumbling of property values, the loss of family's retirement nest eggs, and the loss

of considerable tax revenue for government entities in North Dakota and Minnesota. It was clear from FEMA's testimony, the longer we wait, the more we are putting our economies at risk. These requirements aren't going away, they are only getting more fiscally stringent. The time to act is now.

More than Fargo and Moorhead

As a proud resident of West Fargo, I fully understand the frustrations, challenges, and the benefits of living outside of Fargo or Moorhead city limits. The FM Diversion provides protection to much more than just those Fargo and Moorhead. Fargo-Moorhead is a regional center for employment, entertainment, healthcare, and more. Like we've seen during past floods, when it floods in Fargo-Moorhead, every community within 100 miles feels it and pitches in to help solve it. This is how it is, but what was concerning to me was during the Task Force when the focus seemed to only be on the area within city limits. Fargo's and Moorhead's flood problems have never been dealt with solely by city residents, why start now? The changes being recommended mostly come at the expense of protection to the areas around Horace, West Fargo, Harwood and other rural areas that have always headed the call to sandbag when needed. I urge the Minnesota DNR to place a value on those homes in rural areas as those families are just as tough to displace as those in town.

Next Steps

I think it was Governor Dayton at the Task Force who said something like, don't let the perfect get in the way of good. I worry about where we left the implementation of the project. We made a lot of progress on a number of items and it seemed there was a majority consensus around modifying the location of the dam to option C. The DNR said option A would not be permittable and the Corps said option B would lose authorization. Engineers are a godsend, but if left to deliberate, study, and model scenarios, the strive towards perfect could be longer than we can afford. I urge Governor Dayton and Commissioner Landwehr, who I sincerely enjoyed getting to know over the last few months, to stay the course and help drive for a solution. While we have spent months meeting, the public has waited far longer for leaders to decide their fate. We owe to the citizens of Fargo and Moorhead, and to those in surrounding communities of West Fargo, Dilworth, Harwood and across Cass and Clay Counties, a project that protects them.

Craig Hertsgaard- Farmer, Richland County

The Task Force was charged with finding flood control solutions for Fargo-Moorhead that met two Key Parameters. The first was that solutions providing FEMA accredited 100 year flood protection must meet Minnesota and North Dakota statutes, and the second that federal authorization and associated funding tied to the Diversion Authority's project be maintained unless a lower cost method of flood control could be developed. Maintaining federal authorization, if needed, doesn't appear to be a problem. Army Corps representatives stated that the Undersecretary for Civil Works has broad powers to interpret Congressional directives, and communications with unified elected officials from both states would be influential in making their decision. It was also pointed out that

there are fast track remedies to alter previous authorizations that would not significantly delay the project. There was little discussion of the likelihood of full funding for the current or alternate projects.

The Task Force never arrived at a flood solution that met the stated goals and could be permitted by both states. The North Dakota State Engineer appears willing to permit any project the Diversion Authority has proposed. The Task Force would not have been assembled if the same were true of the DNR. The focus of the Task Force then becomes finding a project that meets the requirements of Minnesota law.

DNR Commissioner Tom Landwehr and Administrator Kent Lokkesmoe on several occasions defined Minnesota statutes as requiring the project conform to federal and state floodplain policies and have as little adverse impacts on population and the socioeconomic base as possible. Federal directives say projects should not encourage flood plain development, and Minnesota rules require governmental units to prohibit floodplain development. The task must be to find a flood control project that removes as little of the natural flood plain as possible, and has the least amount of negative impact on the surrounding region.

Identifying area to be protected.

The Task Force identified the area needed to be protected. Presentations from city engineers of Fargo and Moorhead delineated areas that needed flood protection. That area was similarly identified in technical committee modeling labeled Levee Only.

Level of Protection

The Task Force agreed on a level of protection of 33,000 cfs, or approximately 41.3 feet. City engineers described current dikes and levees as being constructed to levels between 42.5 and 44.5 feet. The State of North Dakota appropriated funds for Fargo to complete levees that would provide certifiable flood protection of 39.4 feet.

Protection above a 100 year flood

It was generally agreed that a diversion structure could provide additional protection needed to the 100 year flood level of 33,000 cfs. Representatives of the DNR as well as many Task Force members recommended Distributed Storage be constructed to provide protection beyond the 100 year level.

Diversion Channel Alignment

The Task Force never developed a process for determining diversion channel alignment, and as a result, did not make any recommendations. Several alignment options were reviewed at the Task Force's final meeting, with little time for critical evaluation or tracing the source of the proposals. None of the proposals presented seemed likely to be permitted by the DNR.

Moving Forward

It is clear that a different approach must be taken to meet the original goals of the Task Force. The group was restricted in their deliberations by adhering to features of a project proposal that is in violation of federal and state laws. If federal floodplain guidelines, and Minnesota statues are to be enforced, a successful design must be made on the following basis:

1. **Only the most reasonable contiguous developed area must be protected.** Fargo, and to some extent, Moorhead, are built in a flood plain. While there was good reason for their location 150 years ago, those reasons do not apply to future growth. Moorhead has virtually unlimited area to grow outside the 100, and 500 hundred year flood plains. Transportation arteries and existing infrastructure and development can be protected within state and federal floodplain laws. The natural floodplain and river channels weren't determined by state or federal law. It is a waste of the region's economic resources to design a project with provincial protection instead of regional flood protection.
2. **A diversion alignment must remove as little natural floodplain as possible.** The identified alignment that has the least floodplain impact is the original plan proposed by the Army Corps on the Minnesota side of the river. If that is not adopted, then any North Dakota route must follow the edges of the contiguous developed area as closely possible to avoid draining the natural floodplain. Rural structure counts used to justify large scale destruction of the flood plain are misleading and easily manipulated. Rural flood plain destruction requires a one to one trade with areas upstream and downstream that do not currently flood. The size of the rural 100 year floodplain transfer has huge impacts on communities, school districts, and townships, with no inexpensive compensation plan identified.
3. **Distributed storage should be utilized for protection above the 100 year flood level.** The cost of DSA construction can be shared regionally and nationally. A smaller, and less costly diversion can be constructed if it is sized for a 100 year flood.
4. **State and local officials should consider a plan that is locally sponsored and constructed.** It is clear that the length and complexity of any diversion is going to make the project costly. The Army Corps has constructed two simple diversions of less than five miles in length in the region in the last ten years. Both doubled in cost. Fargo engineers reported to the Task Force that their levee system will double in cost. The Oxbow ring dike and country club enhancement project doubled in cost. There is no reason to expect this project would be any different. The size of the proposed diversion will make an Army Corps directed project financially unsustainable.

Thank you for the opportunity to serve on the Task Force.

Tami Norgard- Managing Partner, Vogel Law Firm'

I appreciate the opportunity to engage in this important and historic process. While another month would bring us closer to a permittable levee alignment, the Task Force succeeded in identifying new key features that significantly reduce impacts of the project for upstream entities and Minnesota while retaining federal authorization.

The MNDNR's involvement provides a permitting advantage moving forward. While the original project was not permitted for a variety of reasons, MNDNR now studied the options and identified features, which should increase its understanding of the social and economic impacts of proposed project modifications that were merely conceptual when suggested as the original permit was denied. MNDNR now has a stronger basis on which to permit a new project, given the lack of or impact of alternatives.

The Technical Team brought forth solutions that optimized numerous important factors; not just minimizing the amount of floodplain removed, but also considering financial and social costs, additional home buyouts and added risk to the communities. MNDNR should find an iteration similar to 7A or 7C to be permittable. The permitability does not rise or fall on whether there is another alternative that removes less floodplain acreage. The entire metro area is within a floodplain, so feature selection is a precarious balancing act, identifying where to draw the lines of protection. The crucial inquiry is how many homes and citizens should be protected, at what cost and at what burden to upstream landowners. Either 7A or 7C represents a significant victory for Richland and Wilkin Counties, and an enormous compromise of the Diversion Authority.

MNDNR should be reasonable in encouraging an affordable embankment alignment. Since 1900, only 5 flood events would have impounded any water upstream with alignment 7C and 37 feet of water through town. Most of that inundation would happen during spring flooding, resulting in little or no impact on planting. This is not constant or regular flooding.

The Tech Team's optimizing of critical factors should be viewed favorably by MNDNR in permitting. Implementing 7C and 37 feet through town, for example, distributes newly impacted upstream acreage more equitably, with the ND/MN impacts split 45/55. In addition, the channel impacts over 8000 acres, 95% of which is in ND. 7C reduces newly impacted acreage in Richland and Wilkin Counties from 1124 and 1391 acres down to 337 and 239, respectively, mostly impacting low areas like creek bottoms. 7C reduces the need to mitigate homes in Richland County from 3 to 2, and in Wilkin County from 5 to 2.

The 7C and 37 feet through town option would be a significant compromise. 8000 less acres will be protected in the metro in order to save 2700 acres upstream from having flood easements. 102 more homes would be removed and metro families displaced in order to save 6 homes in Richland, Wilkin and Clay counties. There will be more risk to thousands of city residents by sending 37' of water through town, causing more pressure on levees and less freeboard in many areas. Further, this is only 100 year protection, which is a huge compromise since the 100 year protection levels have been

surpassed in many communities in recent years all over the country. And importantly for ND entities, this higher risk, less protection project will cost approximately $350-400 million more.

The 7C option example represents a significant compromise by all. If much more is required by MNDNR, it may incentivize the Diversion Authority to spend 18 months continuing litigation rather than spend $500 million or more in additional concessions. While I respect the Court's preliminary injunction and the resulting push to settle this dispute, I believe the chance that a permanent injunction would be issued or be upheld on appeal is uncertain. The Corps of Engineers builds projects across the country using this same arrangement, each of which will be compromised if the Court issues a permanent injunction. When imposing its preliminary injunction, the Court held that the Corps' arrangement was a federal scheme where the sponsor agreed to comply with state permitting, with the Court questioning whether to hold them to it. If upheld, this purported federal scheme provides an inordinate amount of power to local governments since the JPA argued that MNDNR cannot issue a permit if a project violates a city or township's ordinance (i.e., the Holy Cross township ordinance that was passed to stop this project). If taken to its logical extreme, in order for a permanent injunction to be imposed, a Court would have to find that Congress intended that this federal scheme would be vulnerable to wasting millions of dollars of federal investment and time if a local government passed an ordinance during project development that prohibited the project. The very concept of federal sovereign immunity allows the Corps to develop projects without being subjected to a plethora of lawsuits by project opponents or by local governments that deny permits for or spot zone to prohibit an unpopular project. If a permanent injunction were issued, it would mark a significant shift away from federal sovereignty and could compromise thousands of federal projects across the country. My point is not to predict the outcome of the merits of a permanent injunction, but to underscore that there is incentive for the MNDNR to be reasonable, and for the JPA to engage in settlement discussions.

The metro area needs flood protection, like other Red River Valley cities have enjoyed without this level of regulatory intervention or required mitigation. The Diversion Authority suggested numerous concessions in hopes of finding a permittable project. If the Diversion Authority is met with too hard a line, it may understandably continue litigation in order to save $350-400 million, 102 homes and protect 8000 more acres. Continued litigation is expensive and risky for everyone. All parties should instead choose to actively work towards a reasonable solution and find a way to provide this community with affordable, feasible, permittable flood protection.

John Strand- Fargo City Commissioner

Understanding another's perspective is usually the best means to solve a disagreement. I was honored to be asked to serve on the Task Force by Governor Burgum to help bring people with diverse perspectives together to find a common understanding. Together with Governor Dayton, these two great leaders rose to the top -- leading the Task Force with mutual respect and poise. While the Task Force pointed us in the right direction, work remains on a number of topics that will continue to benefit from the leadership and guidance of the Governors and local stakeholders.

Balancing the Costs and Impacts of Providing Public Safety

We already know the costs of comprehensive, adequate flood protection for Fargo-Moorhead will exceed $2 billion. The Task Force discovered there is neither a cheaper nor more affordable alternative. In fact, the Task Force's recommended changes, while balancing the location of impacts along with the impact on the floodplain, have increased the overall cost to the taxpayer an estimated $200 - $400 million. The ability to pay is finite while the need to provide for public protection is not. We must be prudent as we balance funding challenges with public safety needs of our citizens and future generations.

Remember the Land Permanently Sacrificed

Much of the focus of the Task Force was on impacts upstream where water is estimated to be staged once every 21 years, which is a lower frequency as a result of the Task Force recommendation to increase flows through town to 37 feet. Though I support this change, it's not without strong reservations and concerns about increased public safety risks associated with allowing greater water levels pushing against the over 20 miles of levees and floodwalls Fargo has built since 2009.

I felt the Task Force could have been provided a more detailed report during the presentation regarding the goal to balance the impacts between the two states.

In addition to upstream property impacts, we also can't overlook the great sacrifice being asked of many landowners who will permanently lose farmland under the footprint of construction. Over 8,000 acres, almost all tillable, would be lost permanently due to construction and will need to be acquired outright. Over 95% of this land is located within the State of North Dakota. Any further comparison of impacts between the two states must include these impacted acres as well.

Compromise and Continued Communication

The Task Force allowed for an open exchange of ideas that resulted in numerous compromises. Nothing is achieved successfully, for the long-term, unless compromise is sought at the start. These compromises will ensure a viable, responsible and successful project. This communication cannot stop now. I expect that these few meetings, which have already increased dialogue, will lead to further collaboration among the Diversion Authority and the folks upstream and downstream, and of course our neighbors in Minnesota.

An End to Litigation

It is my sincere hope that the effort by so many through this Task Force will result in the end of the litigation that has plagued our communities, counties and states for over four years. Taxing our citizens to pay for our courtroom battles must come to a close. The Governors' report should serve as a beginning to an end and a means to close the door on our legal debate. I urge all parties, who were present at the Task Force, to form a bonding agreement that finds a path forward where compromise and cooperation can be codified and the permanent flood protection we need is realized.

Process Should Drive the Policy of the Southern Embankment

I have heard of no item more contentious than the location of the dam and the southern embankment. The Task Force had a number of positive discussions about this topic, but I accept that it is our failure that we did not provide a clear path forward on this topic.

At the last meeting, three options were presented showing attempts to balance impacts and find compromise among the varied interests. Mr. Lokkesmoe stated clearly that Option A could not be permitted and both his words and the data shown put options B and C as nearly identical toward the goals set forth in the Task Force Charter. After that, Colonel Calkins spoke of the increased public safety risks associated with doubling the length of the embankment so near a dense population that option B would not meet the standards set by federal authorization. While many spoke in support for Option C as the preferred choice, discussion was ended before clear direction was given.

Understanding the need for further study of the exact location, there was only one option that met the goals of the Charter to further balance the impacts between the states, reduce the impacts mostly out of neighboring counties, maintain authorization, and was equal toward getting to a permit. This was Option C, and I urge the technical group to include this option in its final report.

The Task Force was more successful than many could have hoped. The leadership and contributions of the governors was most appreciated. As Governor Dayton stated, "failure is not an option." The legacy we leave future generations is ours to script here and now.

Ken Vein- City Council Member, Grand Forks

Governors and Task Force members agreed to the 'Task Force Charter' which defines **Purpose** and **Key Parameters**. **Purpose** was to develop 'Design Principles' and 'Concept-Level Engineering Solutions' to achieve balanced flood risk management for Fargo-Moorhead region. **Key Parameters** are 'Finding Solutions that 'Meet Applicable Local and State Law' and 'Maintain Federal Authorization and Appropriations' (unless more expedient and low-cost options are presented). I felt it was essential to use this charter as the framework for my recommendations to achieve balanced flood risk management.

The **Key Parameter** of 'finding solutions that meet local and state law' was frustrating as I was never able to understand Minnesota law requirements and why the current project did not receive a permit. On several occasions task force member Tami Norgard asked for clarification of state law, but answers never had clarity I could understand. It appears the intent of MN DNR was to more closely balance new water storage between both states and to send more water downstream.

The second **Key Parameter** of 'maintaining federal authorization and funding' indicated the current project remains the base project, but subject to 'expedient and low-cost options' to meet applicable local and state law.

I commend the Governors for establishing and utilizing the Technical Advisor Group (TAG). TAG was able to quickly analyze Concept Level Engineering Solutions. They, along with their support staff and consultants, should be commended.

Task Force agreed on the 'Design Principles' of setting 100-year flood flow at 33,000 cfs. I felt there was general agreement that Distributed Storage has basin-wide benefits but wouldn't be incorporated into project design.

Task Force assessed six Concept-Level Engineering Solutions studied by TAG. My level of support is as follows:

> I support adding both Western Tie-Back Levee and Eastern Tie-Back Levee. Both solutions were supported by TAG as they reduce upstream impacts and are expedient and low-cost.

I do not support increasing the river stage of water through town to 37 ft. It creates more risk, significantly increases cost to construct and operate, protects fewer properties and negatively impacts life-safety for those within the project limits. This option is neither expedient nor low cost.

I do not support adding Northern Storage. Very minimal benefit (reduction in elevation of up-stream staging area) and TAG was neutral.

I do not support moving the southern embankment further north. Moving a high hazard dam closer to populated areas and adding considerable length to the dam adds risk and cost. It also reduces the geographic area protected and results in impacting more people and structures. This option is neither expedient nor low cost.

At this time, I do not support an increase in downstream water levels because impacts have not been studied and would be felt all the way to the Canadian border. Canada has a history of suing ND on water issues which historically has delayed projects. Mitigation costs in the Grand Forks/East Grand Forks area alone could easily exceed $100 M. This option is neither expedient nor low cost.

The Task Force made progress but did not come to final consensus. A significant benefit to the process was bringing Governor Dayton and Governor Burgum to the table. It was very impressive how both Governors were engaged, dedicating time and effort to the process. With both Governors co-chairing the meetings, they brought a sense of authority and respect that helped the process work. It was very beneficial to have all 16 task force members at the table, allowing us to hear from different perspectives.

Critical Take Away's from Process.

- NED plan is a Minnesota diversion, which Minnesota has refused to allow.
- Minnesota DNR has declined to permit the project, so changes are required for a permit to be issued. We need to understand what changes are required for a permit to be issued.
- Tie-back levees and diversion channel of this magnitude have a significant footprint and forever impact the physical day to day operations of adjacent land owners. The 8,000 acre footprint should be considered in the impact balance between the states.
- Both upstream and downstream impacted property owners are not sure of overall mitigation strategy.

- The Operations plan will have a significant impact on adjacent properties and needs to be developed
- The southern embankment is a high hazard dam that will primarily operate as a dry dam. History has shown there will be a very limited number of days where water will be impounded.
- The primary diversion structure is a mechanical system that will typically operate at sub-freezing temperatures, and will have operational risk.
- Several Concept-Level Engineering solutions had significant cost increases. It was not clear who would pay the increased costs and/or if the funding was available.
- The current project was designed by the Corps of Engineers under a consistent set of national standards with no personal or political bias.
- Credit needs to be given to Diversion Authority for designating funding for future storage projects.

My Recommendations:

1 Leave all major project features intact
2 Add both the Western and Eastern Tie-Back Levee's to the project
3 Continue a strong collaborative process with DNR to achieve permitability
   a. DNR needs to define permit requirements
   b. Keep TAG process engaged
   c. TAG should study additional features such as creating new wetlands, buffer strips, retention sites, etc. that could be incorporated into the project as environmental benefits to the region and to reduce upstream impacts
   d. Corps of Engineers needs to be part of this process as they are essential to maintaining federal authorization and appropriations
   e. Collaborate with downstream entities in a comprehensive study of potential downstream impacts and how to mitigate
4 Diversion Authority consider:
   a. Add up-stream and down-stream representatives to the Authority
   b. Communicate a Comprehensive Mitigation Plan to address mitigation of all negative impacts, upstream and downstream
   c. Create an Operations Committee to establish Operation Plan
5 Governors continue to collaborate with each other, making sure there is a process for all constituencies to be heard
6 Act swiftly as project needs to proceed asap

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V. Technical Advisory Group Appendices

Appendices from the Technical Advisory Group can be downloaded individually on the Minnesota DNR's and Diversion Authority's websites.

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THE CHAMBER
FARGO MOORHEAD WEST FARGO

January 10, 2019

Chair Holmberg, members of the Senate Appropriations Committee,

Thank you for the opportunity to provide comment related to funding for regional flood protection for the Fargo metro area. For the record, my name is Bruce Furness. I am the former Mayor of Fargo, but I come before you today representing the Fargo-Moorhead-West Fargo Chamber of Commerce. I also serve on the Business Leaders Flood Taskforce, which was convened by business leaders in the metro area in 2013 to advocate for permanent flood protection. Our Taskforce is committed to ensuring comprehensive flood risk reduction remains as a top priority for the State and that adequate funding cost share is provided to achieve the necessary protection.

I am here to support the funding request being made by Cass County and Fargo for $166.5 Million, and for a total legislative commitment of $870 Million. The immense need for the Project is undeniable, but still I know these are large numbers to wrap your head around. Even though flood protection is a matter of public safety, as a businessman, I can't help but look at the Return on Investment for the public tax dollar. You've heard the numbers of the protected area in North Dakota; $20 Billion in real property value, 143,000 jobs, 23,000 K-12 students, 30,000 metro area college students. In my analysis, no matter how you compare the ROI, this is a good deal for the State of North Dakota.

I also want to commend the ND/MN Governors' joint taskforce for analyzing alternatives and moving forward a Project we so badly need.

Thank you again for your attention to this important issue and for the ability to provide feedback as you continue your work.

Sincerely,

Bruce Furness

Bruce Furness

Valley**Prosperity** partnership

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Testimony
Senate Bill 2020
Senate Appropriations Committee

January 10, 2019

Good morning Chairman Holmberg, Vice Chair Krebsbach and members of the Senate Appropriations Committee. My name is Delore Zimmerman. I am the Interim Executive Director of the Valley Prosperity Partnership, an initiative led by business executives to identify and advance common strategic economic development opportunities for the Red River Valley region. Water security and water management are among the VPPs top priorities.

I am here today on behalf of the Valley Prosperity Partnership to thank the legislature for supporting water control and supply projects that are of vital importance to the regional and state economy and to ask you to earnestly consider further financial support of these projects to bring them to completion.

The Red River Valley Water Supply project is of critical importance to the economic well-being of the region's businesses and residents. Without the certainty of an adequate water supply companies may restrain their growth, expand elsewhere or choose to relocate. Companies from outside the region looking for a new location may take cities and counties in the Valley off their short list of potential sites. The economic impact would be especially disastrous in the event of an extended drought, with losses now estimated to reach as high as $25 billion.

Flood control, via the FM Diversion project, is also of the utmost importance to the economy of the Valley and the state. As everyone knows from the Grand Forks flood of 1997, business and economic productivity was impacted for years. The consensus of the business community – those making investments in the communities and creating jobs – is clear: permanent flood protection is a must not only for human safety but for economic stability and vitality.

The Valley Prosperity Partnership believes that funding these water control and supply priorities is a long-term economic strategy that has statewide implications. Our CEOs firmly stand behind the need of these projects and the certainty they will provide the businesses they lead.

ValleyProsperity partnership

The Valley Prosperity Partnership (VPP) is focused on developing a unified, shared vision for high value and sustained economic growth for all Red River Valley residents. Private sector industry and higher education leaders, joined by economic development partners, formed the Valley Prosperity Partnership to identify common strategic economic development opportunities for the Red River Valley region of North Dakota and Minnesota. The VPP's six priorities are:

1. Attract, develop and retain **talent**
2. Ensure **water** security and management
3. Expand **research** capacity and relevancy
4. Accelerate **entrepreneurial** activity and output
5. Invest in critical **infrastructure** development and capital improvement
6. Define and improve the internal and external **perception** of the Valley

Members of the Steering Committee

Tammy Miller, CEO
Border States Electric
Co-Chairperson, Valley Prosperity Partnership

Steve Burian, Senior Consultant
AE2S
Co-Chairperson, Valley Prosperity Partnership

Marshal Albright, President & CEO
Cass County Electric Cooperative

Tom Astrup, President & CEO
American Crystal Sugar

Barry Batcheller, Chairman & CEO
Appareo Systems

Karl Bollingberg, Executive Vice President
Alerus Financial

Dennis Bona, President
Northland Community and Technical College

Dean Bresciani, President
North Dakota State University

Jeff Megaard, Vice President
Construction Engineers

Mylo Einarson, President & CEO
Nodak Electric Cooperative

Chad Flanagan, Partner
Eide Bailly

Jim Galloway, Principal
JLG Architects

Hal Gershman, Owner
Happy Harry's Bottle Shops

Judd Graham, CEO Fargo Region
Bremer Bank

Tim Huckle, President & CEO
Blue Cross Blue Shield North Dakota

Brian Johnson, CEO
Choice Financial Group

Mark Kennedy, President
University of North Dakota

Joe Raso, President & CEO
Greater Fargo Moorhead EDC

Keith Lund, President & CEO
Grand Forks Region EDC

William C. Marcil, Sr. Chairman
Forum Communications Company

Pat McAdaragh, President & CEO
Midco

Brad Wehe, CEO
Altru Health System

Mark Nisbet, North Dakota Principal Manager
Xcel Energy

Ronald Offutt, Chairman & CEO
RD Offutt Company

John Richman, President
North Dakota State College of Science

Jim Roers, President & CEO
Roers Construction & Development

Thomas Shorma, President & CEO
WCCO Belting, Inc.

Richard Solberg, Chairman & CEO
Bell State Bank & Trust

Steve Swiontek, President & CEO
Gate City Bank

Nate White, COO & Executive Vice President
Sanford Medical Center Fargo

#36 SB 2020
1-10-2019
pg 1

Thank you, Chairman and Committee Members, for the opportunity to offer testimony on SB 2020. My name is Jennifer Neshem, and I am here to offer testimony on behalf of Roger E. Neshem, whose schedule did not allow him to be here today. His testimony is as follows:

My name is Roger E. Neshem. I farm in Ward County and I currently serve on the Ward County Weather Authority Board. I am testifying today to tell you that it is time to discontinue state funding for the North Dakota Weather Modification Project.

There has been only one major study conducted on the effectiveness of the program. In 1987, a study by *Smith*, compared hail insurance loss ratios in 12 Montana counties, without hail suppression, to six counties in ND, who conducted hail suppression. They found a 40% reduction in hail loss ratios in North Dakota, but at the conclusion of the study, they stated much more work was needed to see if their results were real. The study stated, "**this exploratory analysis should be substantiated by more extensive analysis over a longer operational period. A randomized experiment designed to guard against all possible types of climatological variations would be needed to provide confirmatory evidence of the indicated seeding effects. A more detailed physical explanation of the means by which the seeding reduces hail losses is also needed.**"

In 2003, The National Resource Council set out to end the debate on Weather Modification. Their review of all hail suppression and rainfall enhancement studies, including the Smith study, stated, **"based on rigorous examination of the accumulated results of numerous experimental tests of the static mode and dynamic mode seeding concepts over the past four decades, it has been found that they have not yet provided either the statistical or physical evidence required to establish their scientific validity."**

Further they added that, **"there is no scientifically credible evidence that hail can be suppressed."** They concluded with, **"insurance data showing reduced crop damage in areas of hail suppression activity may serve to motivate operational programs, but they do not constitute scientific proof that hail can be reduced."** This was not, and still today is not, an endorsement of our program in North Dakota. The National Resource Council study should make us all ask why we continue to fund weather modification?

Droughts account for over 40% of crop losses in North Dakota. This leads to the question of what has the rain enhancement part of weather modification accomplished? Using the National Weather Service Database to find the change in precipitation from 1950, before cloud seeding started in 1955, to 2017, the Minot National Weather Service station precipitation data for the cloud seeding months of June, July and August, has increased 6.6% over that time frame. However, the Bismarck National Weather Service station, where no hail suppression or rain enhancement program has been in place, showed a 38.6% increase in rainfall in the same months. This should make us all ask the question, why rainfall has increased so much in Bismarck, where there is no weather modification, compared to Minot, home to the longest running weather modification program in the country? Has Weather Modification played a role in this? The program has failed to alleviate droughts. Only improved conservation techniques, by farmers, have alleviated issues the Weather Modification Program seeks to remedy with no success.

Hail accounts for about 6% of crop losses in North Dakota. If we look at the hail suppression aspect of the program in Ward County there are no results. The average hail loss rate in Ward County today is 3.8%. Going back to 1924, the average hail loss rate was 3.8%. The average has not changed in the county, even though we are the longest continuous running hail suppression program in the United States. Over 3.9 million dollars have been spent in Ward County alone, since 2006, on weather modification.

Neighboring McHenry County, which has never been in a Weather Modification Program, has a loss rate of 2.9%, nearly 31% LOWER than Ward County. Renville and Bottineau Counties, to our north, show similar numbers, with hail loss rates much lower than Ward County, even though they have never been in a Weather Modification Program. Finally, hail loss rates in Divide County have gone from 7.5% to 3.6% without any weather modification in the last 50 years.

Ladies and gentlemen, you always hear of benefits of weather modification by Weather Board Members and their lobbyist, and employees of the state, but the scientific community contradicts their claims. The state of Kansas, the hail capital of the plains, recently discontinued its Weather Modification Program. Burke County voted to discontinue weather modification, joining the other 48 counties in the state, that do not conduct weather modification. Let the state as a whole, join them in respecting private property rights, and saving taxpayer dollars. The state has shortcomings in other areas that deserve needed taxpayer money. I am asking you today, to end state funding of the Weather Modification Program in North Dakota.

Thank you for your time.

If you have any questions, comments or concerns, I would be happy to provide you with Roger Neshem's contact information. (ph 701-720-7454)

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pg 1

NDLA, S APP - Delzer, Alice

From: Brock Axness <brockaxness@yahoo.com>
Sent: Wednesday, January 09, 2019 2:06 PM
To: NDLA, S APP - Delzer, Alice
Subject: Testimony for sb2020

CAUTION: This email originated from an outside source. Do not click links or open attachments unless you know they are safe.

Please stop this, us as farmers and ranchers need a chance. So I ask nicely please stop

Sent from Yahoo Mail for iPhone

#38 SB 2020
1-10-2019
pg 1

NDLA, S APP - Delzer, Alice

From: Roger Neshem <rogerneshem@gmail.com>
Sent: Wednesday, January 09, 2019 4:33 PM
To: NDLA, S APP - Delzer, Alice
Subject: Written Testimony for SB2020
Attachments: SB 2020.docx

CAUTION: This email originated from an outside source. Do not click links or open attachments unless you know they are safe.

Please forward this testimony to the committee that meets tomorrow morning at 8:30 am for testimony on SB2020.

Dear Senators,

My name is Roger E. Neshem. I have served on the Ward County Weather Authority Board for the past 2 years. I am writing today to tell that it is time to discontinue state funding for the North Dakota Weather Modification Project and the Atmospheric Resource Board (ARB). In my 2 years of service I have been stonewalled by both the ARB and my local boards chairman as I have dug into concerns I and others have with the program. Starting with Darin Langerud on down to the lowest county board member no one wants to discuss the fact that hail rates in my county are 30% higher than surrounding counties who have never took part in the North Dakota Cloud Modification Project. I have repeatedly requested the budget from former ARB Chairman and current Ward County Weather Authority Chairman Hank Bodmer, current ARB Chairman Tom Tupa and Director Darin Langerud. None of them have provided me with any budgets nor do they seem to have a clue where over $6 million in taxpayer money goes. They pass me back and forth and no one can ever answer any questions I or other have brought to them. They are not serving they are only protecting a program that funnels money to the aviation industry and other benefactors of the program while hiding behind the veil of unproven scientific claims. The behavior by them is only encouraged by the state continuing to fund their programs.

The weather modification program was started by farmers for ag purposes. After the state got involved in 1976 there has been only one major study conducted on the effectiveness of the program. In 1987 a study that compared insurance hail loss ratios in 12 Montana counties and with 6 counties in ND who conducted hail suppression. They found a 40% reduction in hail in ND BUT at the conclusion of the study they stated much more work was needed to see if their results were real. They stated, "**This exploratory analysis should be substantiated by more extensive analysis over a longer operational period. A randomized experiment designed to guard against all possible types of climatological variations would be needed to provide confirmatory evidence of the indicated seeding effects. A more detailed physical explanation of the means by which the seeding reduces hail losses is also needed.**" Millions of taxpayer dollars later nothing has been substantiated yet we continue to fund this contentious project with state money.

The proponents of weather modification have beaten the drum of the 40% study for almost 35 years now even after the National Resource Council in 2003 stated after a review of all hail suppression and rainfall enhancement studies that, ""**Based on rigorous examination of the accumulated results of numerous experimental tests of the static mode and dynamic mode seeding concepts over the past four decades, it has been found that they have not yet provided either the statistical or physical evidence required to establish their scientific validity.**" Further they added that, "**There is no scientifically credible evidence that hail can be suppressed.**" They concluded that, "**Insurance data showing reduced crop damage in areas of hail suppression**

activity may serve to motivate operational programs, but they do not constitute scientific proof that hail can be reduced." This was not and still today is not an endorsement of our program here in North Dakota yet the state funds it. The study should make us all ask why we continue to do it? The 2009 NDSU study did not add scientific proof to the debate it injected numbers to match the supposed claims of increased rainfall and hail suppression. I hear that Director Langerud has asked for another NDSU study which is preposterous considering the scientific community as a whole is in agreement that convective storm seeding to suppress hail and increase rainfall is unproven, yet we fund studies to show purported benefits. It makes absolutely zero sense and is further wasting taxpayer money.

Droughts account for over 40% of crop losses in North Dakota. Hail accounts for less than 6% of crop losses. This leads to the question of what has the rain enhancement part of weather modification accomplished? I used the National Weather Service Database to find the change in precipitation from 1950, before cloud seeding started in 1955, up thru 2017. The Minot, ND NWS station precipitation for the cloud seeding months of June, July and August has increased 6.6%. However, the Bismarck, ND NWS station where no hail suppression or rain enhancement program has been in place showed a 38.6% increase in the same months of June, July and August. This should make us all ask the question why rainfall has increased so much in Bismarck where there is no weather modification compared to Minot, home to the longest running weather modification program in the country? Look at the mega droughts we have experienced. They are all centered in weather modification areas or right next to them. Has weather modification played a role in this?

If we look at the hail suppression aspect of the program Ward County also shows us few results. The average hail loss rate in Ward County is 3.8%. Going back to 1924 I have found the average to have always been about 3.8%. Nothing has changed even though over $3.9 million has been spent in Ward County since 2006 alone on weather modification. The results look even worse when you look east to McHenry County which has never been in a weather modification program. Its loss rate is 2.9% nearly 31% LOWER than Ward County. Renville and Bottineau Counties show similar numbers with hail loss rates much lower than Ward even though they have never been in a weather modification program. EVER!!! Another great example is that the hail loss rates in Divide County have gone from 7.5% to its current 3.6% without any weather modification activities.

This past winter I made a presentation in front of the Ward County Farm Bureau and Farmers Union. North Dakota Cloud Modification Project Director Darin Langerud also presented. In the question/answer session that followed Director Langerud was asked why the insurance companies did not pay for such a program since they see the benefits. He stated that they had talked with them about such a proposal, but they were not interested. Insurance companies are the source of the data used to show the purported effectiveness of the program yet when asked if they would invest in the program to lower their hail losses by over 40%, they were not interested. They see the same data and have come to the conclusion that hail suppression does not work or perhaps they see in their data that crop losses are higher in areas of weather modification and as insurance companies do, they did not want to INCREASE their liability. It makes no sense that they did not want to be a part of a program that is supposed to help them in such large ways. This should be the red flag that ends such a wasteful use of state taxpayer money.

Ladies and gentlemen, you always hear of supposed benefits of weather modification by the small community of weather board members and employees of the state. No one ever gives the other side and tells you of the countless data sets that contradicts their claims. I am writing today to tell you it is time you join states such as Kansas and stop the wasteful spending on weather modification. This state has shortcomings in many other areas that deserve needed taxpayer money. The endless gravy train of money the program has received needs to be stopped. I am asking you today to end state funding of weather modification programs in North Dakota.

#38 SB 2020
1-10-2019
pg 3

Sincerely,

Roger E. Neshem
Farmer
Ward County Weather Authority Board Member

#39 SB 2020
1-10-2019
pg 1

NDLA, S APP - Delzer, Alice

From: Cale Neshem <cale.w.neshem@hotmail.com>
Sent: Wednesday, January 09, 2019 6:48 PM
To: NDLA, S APP - Delzer, Alice
Subject: Testimony for SB2020

CAUTION: This email originated from an outside source. Do not click links or open attachments unless you know they are safe.

Hello,

My name is Cale Neshem and I am a farmer in Ward County. I am writing this email in opposition of the proposed bill SB 2020 in support of the Weather Modification Program.
I fully oppose to continue funding this project in our state. This program has produced nothing but questions in all the years it has been continued here, with results that can not be proven or replicated. This can be argued for days on both sides but the bottom line is, it always ends with more questions and no definitive answers even after all these years. I have heard from the weather mod program too many times the answers lie with more funding. How much would it actually take to return definitive answers to this program/study is the real question. The amount needed would be significantly more and be much more involved for them. I ask you to just consider researching more about the science behind the techniques they use and to understand why this causes so many questions to be raised. A project like this may have merit to the science community to keep looking for an answer, but for us to fund this program as it is, as a state, will never give us a satisfactory return. To continue funding such a project that provides no answers in my opinion is the wrong way to use our money. I will end with this for your thoughts as well, if this program really worked exactly like how they say on their page, why hasn't every other state in the United States implemented this system?
Thank you for your time,

Cale Neshem

#40 SB 2020
1-10-2019
pg 1

NDLA, S APP - Delzer, Alice

From: Jon Wert <jonwert@ndsupernet.com>
Sent: Wednesday, January 09, 2019 8:43 PM
To: NDLA, S APP - Delzer, Alice
Subject: Testimony for SB2020

***** CAUTION: This email originated from an outside source. Do not click links or open attachments unless you know they are safe. *****

I do not support the state of ND funding weather modification. I farm slightly down wind of Bowman county and feel the adverse effects of cloud seeding. Since it's inception my area has lost over 2" of rainfall. This is based on long term averages obtained from the state climatologist. This has occurred at a time when the state has sean an increase in average precipitation of an inch. Upwind of the project , in eastern Montana they have also seen an increase in precipitation. The only explanation for us receiving less precip is weather mod. The loss of 2" of rainfall equals 10 bushels of wheat or over $50/ acre. That is a tremendous loss of revenue for our farmers. I urge you to stop funding this devastating program. Jon Wert Sent from my iPhone

#41 SB 2020
1-10-2019
Pg 1

NDLA, S APP - Delzer, Alice

From: cherberh@ndsupernet.com
Sent: Thursday, January 10, 2019 12:35 AM
To: NDLA, S APP - Delzer, Alice
Subject: Testimony for SB2020

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North Dakota Weather Mod Association

Please do NOT continue funding the weather modification program.

I believe the weather modification program is picking winners and losers. One county wins on the rain and the next county loses. It would be better to leave mother nature alone and let the rain come. All other counties live and die with mother nature. Our county lives and dies with weather modification.
The money spent for weather modification could be better spent in other places.
Therefore, I believe weather modification should be discontinued in all counties in our state.

Sincerely,

Joe Herberholz
Hettinger County

#42 SB 2020
1-10-2019

NDLA, S APP - Delzer, Alice

From: nesh@srt.com
Sent: Thursday, January 10, 2019 7:04 AM
To: NDLA, S APP - Delzer, Alice
Subject: SB2020

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To whom itt may concern:
I am writing to urge legislature not to approve weather modification.
Not only can weather mod be proved as being successful in any way, but when agriculture is suffering and taxes are going sky high, the residents of North Dakota can not continue to fund all these programs.
The majority of farmers in Ward county are against the weather modification program. That is one thing that has been proved time and time again.
As a farmer and tax payer in ND, we urge you to not approve weather modification.
Roger and Cheryl Neshem
Berthold Nd

#43 SB 2020
1-10-2019
Pg 1

NDLA, S APP - Delzer, Alice

From: jo rud <jkr53@hotmail.com>
Sent: Thursday, January 10, 2019 7:53 AM
To: NDLA, S APP - Delzer, Alice
Subject: testimony for SB2020

CAUTION: This email originated from an outside source. Do not click links or open attachments unless you know they are safe.

Please STOP wasting my tax dollars on weather modification. We are farmers in Ward County and see no benefit to the program. We still have hail and large hail insurance premiums. We are now in a drought, too. If weather modification has accomplished anything, it has been to waste a lot of our money, both state and county funds. Please also investigate the huge financial conflict of interest of Board Chair Mr. Bodmer and his refusal to follow state law as it pertains to how he conducts himself in his position.

Sincerely,
JoAnne Rademacher
15101 128th Ave. NW
Berthold, ND 58718

Sent from Mail for Windows 10

#44 SB 2020
1-10-2019

NDLA, S APP - Delzer, Alice

From: Kevin & Candice Asmundson <kasmund@srt.com>
Sent: Thursday, January 10, 2019 8:32 PM
To: NDLA, S APP - Delzer, Alice
Subject: please stop weather modification program

CAUTION: This email originated from an outside source. Do not click links or open attachments unless you know they are safe.

I am writing this letter on behalf of my family farm. Please halt the weather modification program until there are some unbiased 3rd party studies done to show effectiveness/or lack there of. Every summer thousands of dollars are spent in hopes of getting people to believe that they are enhancing rainfall and decreasing hail. For some strange reason these same summer months are also our driest months. Everytime a proponent of the weather mod program is questioned about this highly expensive program they quote statistics from the 70's and 80's. I would like to see current unbiased studies done from someone who is not trying to protect their job. We definitely have the newer technology to give us fair answers. I am sick of planes flying in every rain cloud that comes over the horizon and the cloud disappears. I feel this program is negatively effecting my farm.
There is a reason that only 5 counties in the state of north Dakota are using weather modification, the rest have quit for good reasons.

Kevin Asmundson
Asmundson farms
kasmund@srt.com

#45 SB 2020 1-10-2019 pg 1

NDLA, S APP - Delzer, Alice

From: Tige Engelhard <TigeEngelhard@gooseneckimp.com>
Sent: Wednesday, January 09, 2019 3:36 PM
To: NDLA, S APP - Delzer, Alice
Subject: Weather mod

***** CAUTION: This email originated from an outside source. Do not click links or open attachments unless you know they are safe. *****

Working with many farmers in Ward and surrounding counties I can tell you for certain that a vast majority of them are against weather modification. Their has to be 100's of ways to spend this money , like on roads for these areas! Tige Engelhard/ Gooseneck implement.

Sent from my iPhone

SB 2020
#46 1-10-2019
Pg 1

NDLA, S APP - Delzer, Alice

From: Ryan Perhus <rperhus@gmail.com>
Sent: Wednesday, January 09, 2019 8:49 PM
To: NDLA, S APP - Delzer, Alice
Subject: Testimony for SB2020

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Dear Senators,

I respectfully ask that you please submit the following for testimony of SB2020.
I urge you to discontinue state funding for the ND weather modification program. Severe hailstorms and drought have not been positively affected by the millions of dollars this state has spent trying to stop those weather phenomena. After 40 years weather modification is still unproven technology and our state has more pressing issues to use taxpayer money on. I urge you to join other states who have stopped weather modification and end the funding. Let the counties who wish to pursue weather modification do it on their own. After all weather modification claims a 27-1 return. The state should use taxpayer money for projects with much lower returns such as fixing our roads and water issues.

Sincerely,

Ryan Perhus

#1 SB 2020
1-24-2019
Pg 1

FM AREA DIVERSION PROJECT

FM Area Diversion Project Update

Tony Grindberg, Fargo City Commissioner and
Diversion Authority Finance Committee Chair

#1 SB 2020
1-24-2019
Ag2

FM AREA DIVERSION PROJECT

Diversion Chair Comments

Mary Scherling, Cass County Commission Chair
Diversion Authority Chair

#1 SB 2020
1-24-2019
Pg 3

Presentation Agenda

- Cost Estimate, Financial Plan Summary, and Funding Request
- Permitting – North Dakota and Minnesota
- Litigation
- Additional Funding Partners
- Q&A

#1 SB 2020
1-24-2019
Pg 4

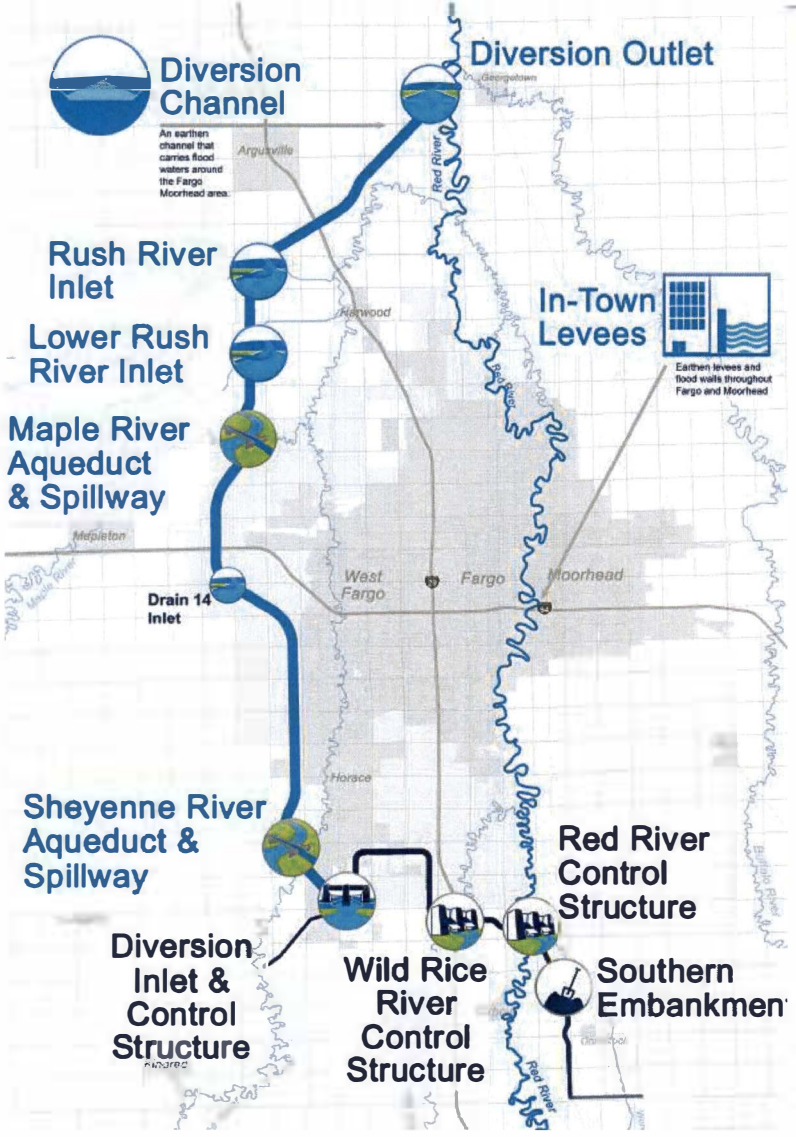
FM AREA DIVERSION PROJECT

Cost Estimate, Financial Plan Summary, and Funding Request

Martin Nicholson, CH2M / Jacobs

#1 SB 2020
1-24-2019
pg 5

$2.75B (2018$) Cost Estimate Includes All Project Costs to Construct the Project



- USACE Projects
- Channel / P3
- Mitigation of Impacted Properties, Acquisition of Property Rights, and Business and Residential Relocations
- Projects to Accommodate Increased Flows Through Town (River Stage 37 ft.)
- Non-Construction Costs

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pg 6

Cost Estimate methodology

- Lands and Impacted Property Mitigation
  - Purchases to date, mitigation study
- Diversion Channel and Associated Infrastructure Projects
  - Crew and productivity, quantity/commodity based
- Southern Embankment/USACE Projects
  - Crew and productivity, quantity/commodity-based, updated to Plan B (USACE)
- Fargo and Moorhead In-Town Projects
  - Historical bids/similar projects (Fargo & Moorhead)
- Non-Construction Costs
  - Costs to date plus estimated level of effort to complete
- Includes joint risk and contingency workshops and Monte Carlo analysis to determine probabilistic costs

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FM Diversion Cost Estimate is $2.75B in 2018$

Category	Base Cost	Contingency and Risk/ Opportunity	Current Opinion of Estimated Cost
Lands/Impacted Properties Mitigation	$466	$36	$502
Channel / P3	$979	$10	$989
USACE / SEAI	$585	$118	$703
Fargo and Moorhead In-Town Projects	$240	$26	$266
Other/Mitigation Construction	$44	--	$44
Non-Construction Costs*	$185	$65	$250
TOTAL	**$2,499**	**$255**	**$2,754**

*Legal/Financial/Designs/Studies/Procurement/PgM/CM/General Contingency

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Costs to date are $430M
Remaining costs are approximately $2.3B

Category	Current Opinion of Estimated Cost	Spent to Date (Dec 2018)	Remaining Costs
Lands/Impacted Properties Mitigation	$502	$179	$323
Channel / P3	$989	$14	$975
USACE / SEAI	$703	$41	$662
Fargo and Moorhead In-Town Projects	$266	$81**	$185
Other/Mitigation Construction	$44	$24	$20
Non-Construction Costs*	$250	$91	$159
TOTAL	**$2,754**	**$430**	**$2,324**

*Legal/Financial/Designs/Studies/Procurement/PgM/CM/General Contingency
** In-Town does not include all work done by the Cities of Fargo and Moorhead that are complimentary to the DA Project

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1-24-2019
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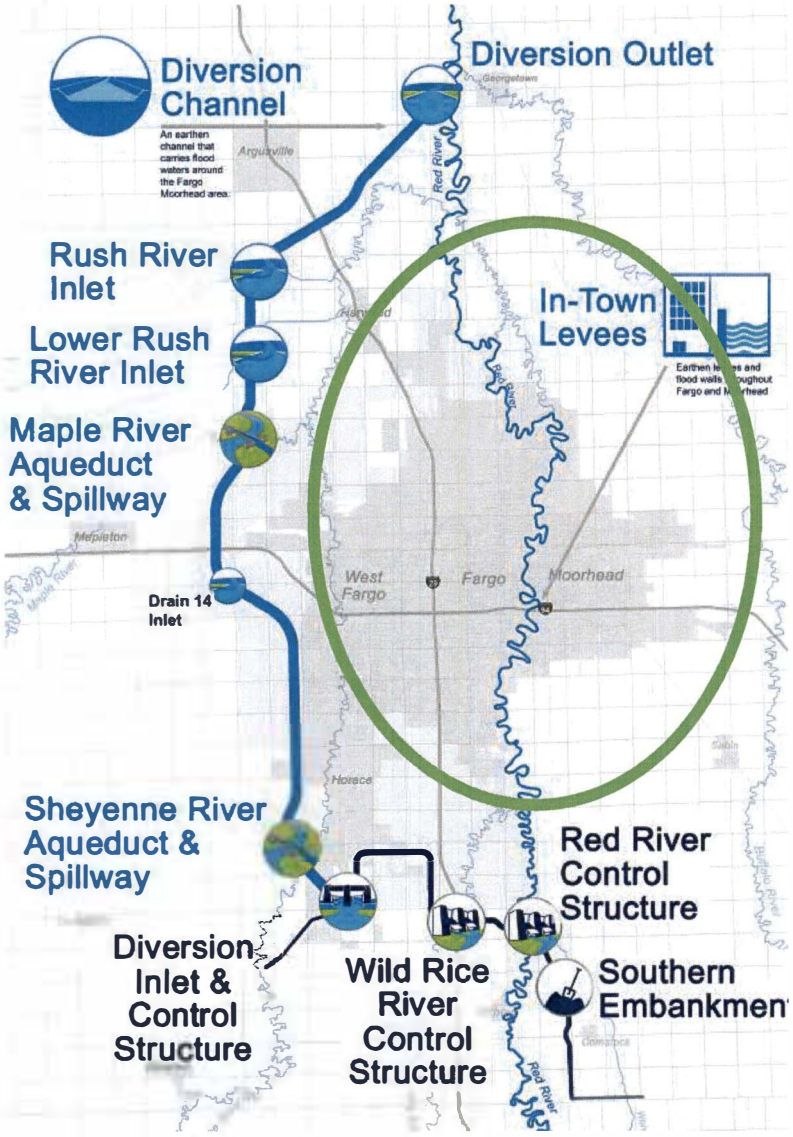
Fargo In-Town projects: Much has been done, much is left to do



- $280M has been spent in Fargo
  - Over 21 miles of levees
  - 17 pump stations
- Temporary flood-fighting measures are still required to fight a 100-year event
  - Approximately One Million Sandbags
  - 20 miles of Emergency Levees
- Plan B Increased Flows through Town (to River Stage 37 ft.) and requires ~$130M more construction in ND and $43M more in MN

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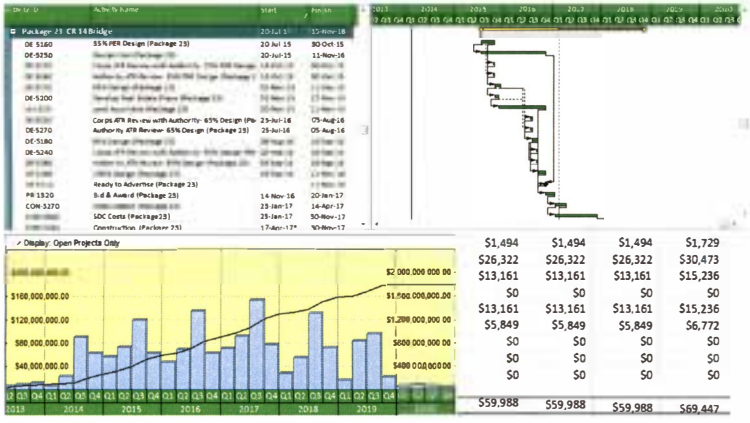
1-24-2019
Pg 10

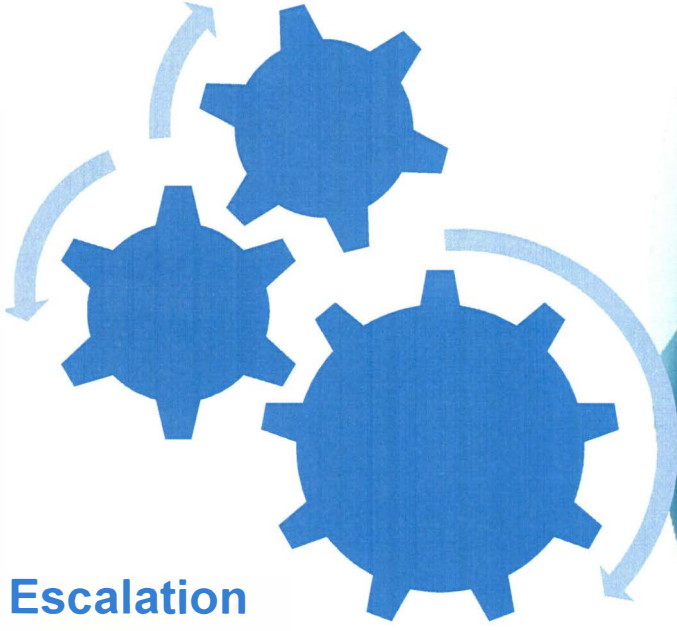
Iterative Process and Tools Enable Informed Funding and Finance Decisions

Cost-loaded Schedule



- Project Activities
- Implementation Logic
- Costs by Month

Ernst and Young Infrastructure Advisors Financial Model



- Cost Escalation
- Interest Rates
- Revenue Sources

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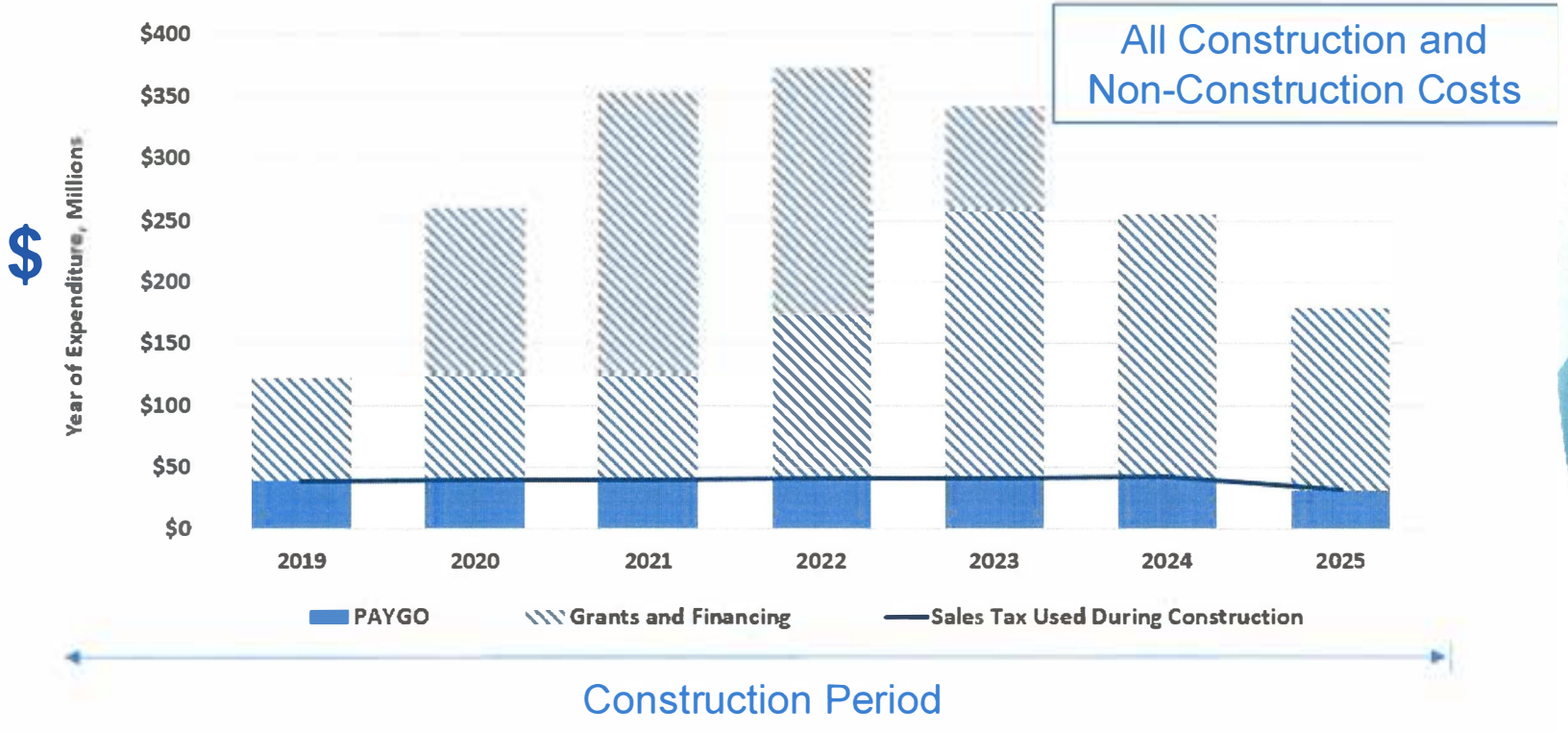
1-24-2019
pg 11

Financial Plan determines funding and financing needs to cover all costs through construction

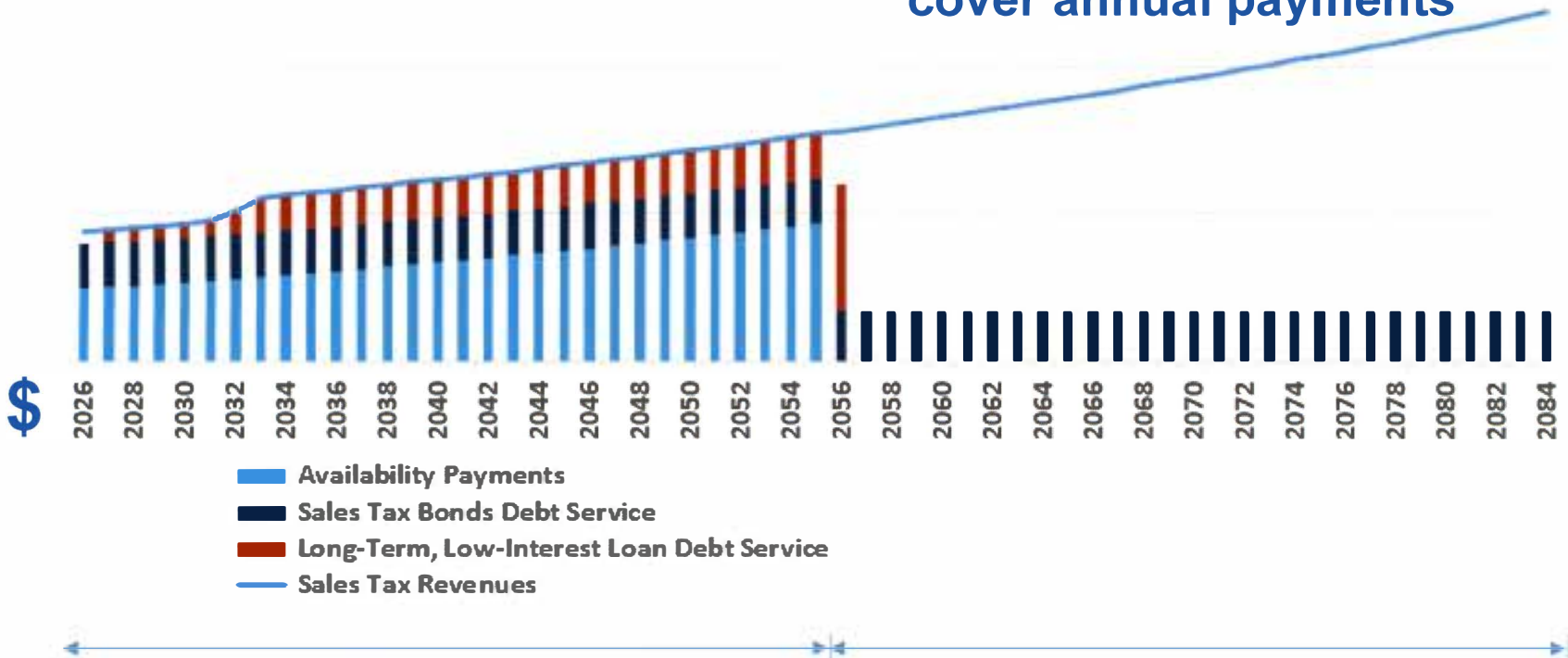
- Funding sources through construction:
  - Grant funds: Federal, State of ND, State of MN
  - Sales tax revenues
  - Public financing (short and long-term)
  - P3 financing (debt and equity)



#1 SB 2020
1-24-2019
Pg 12

Financial Plan also determines funding and financing needs to cover costs through operations and long-term debt repayments

Voter-approved sales taxes cover annual payments



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Changes since 2016 Financial Plan

Budgeted Program Costs have increased due to escalation and Plan B	Up 25%
Sales Tax Base revenues are down	Down 9%
Estimated Sales Tax Growth Rate has decreased	Reduced rate by 1.5% per year
Short-term borrowing rates have increased	Up 1.12%
Long-term borrowing rates have increased	Up 0.91%

Conclusions

- Project is not bankable with the existing funding amounts, sales tax revenues and assessment district capacity.
- Additional Federal and State grant funds, and low-cost, long-term loans are required to ensure sales tax revenues cover annual payments

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Summary of most likely financial model scenarios:

Summary Findings	+$250M federal funds (2018$)	+$300M federal funds (2018$)	+$250M ND funding ('19,'21,'23,'25)	+$250M ND funding ('19,'21,'23)	+$300M ND funding ('19,'21,'23,'25)	+$300M ND funding ('19,'21,'23)	CFP Loan Amount
Scenario A[x]	✓		✓				$425M
Scenario B	✓			✓			$400M
Scenario C	✓				✓		$350M
Scenario D	✓					✓	$325M
Scenario E		✓			✓		$275M
Scenario F		✓				✓	$250M

Note: Scenarios based on 1.5% annual sales tax growth and $86M MN funding. Scenarios not shown included $150M - $300M Federal, $260M - $500M State, and $250M - $500M loans in multiple combinations.
[x]Not bankable

Observations:

- Decreasing grant funds by $50M increases loan by $75M
- ND funds over 4 bienniums versus 3 bienniums increases loan by $25M

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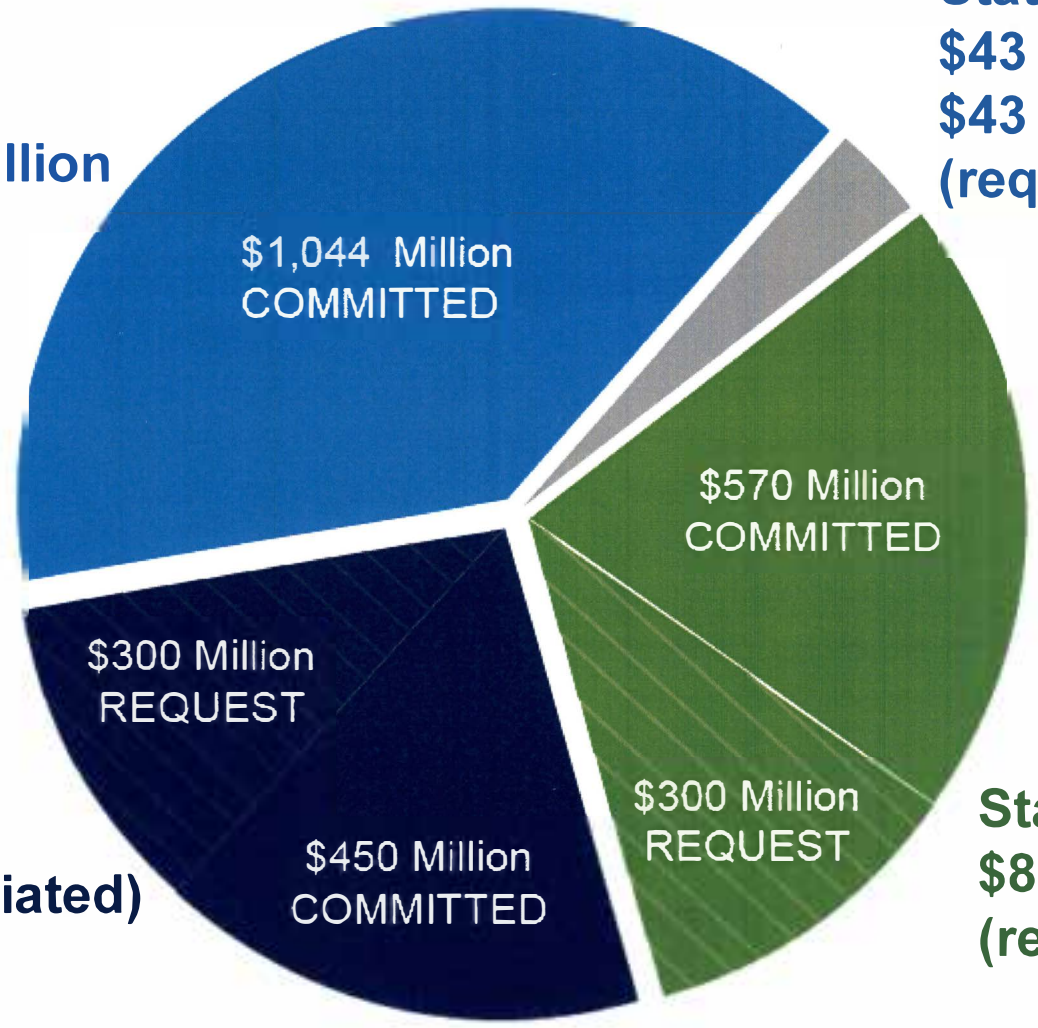
Proposed funding ensures sales tax revenues cover annual payments

Local
$1,044 Million

State of MN
$43 Million Project
$43 Million In-Town
(request initiated)



Federal
$750 Million
(request initiated)

State of ND
$870 Million
(request initiated)

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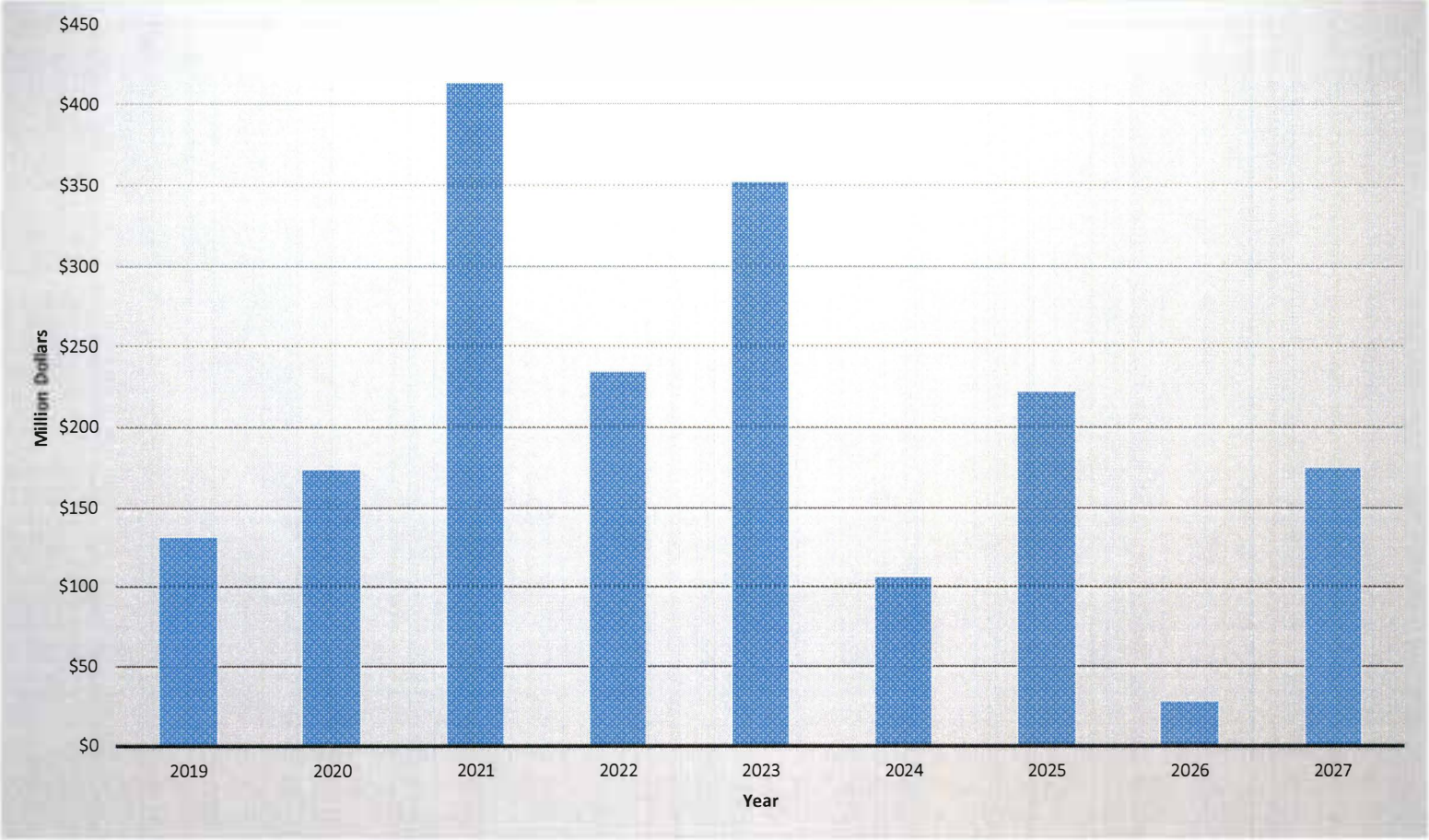
Cash Uses During Construction (Year-of-Expenditure $)



DA Cash Uses during Construction	Total $M	YEAR 2019	2020	2021	2022	2023	2024	2025	2026	2027
Total	$ 1,836	$ 131	$ 174	$ 413	$ 235	$ 352	$ 106	$ 222	$ 27	$ 174
Cumulative Cash Uses		$ 131	$ 305	$ 718	$ 953	$ 1,305	$ 1,411	$ 1,634	$ 1,661	$ 1,836

January 2019 DRAFT: Data based on $2.75B (2018$) Estimate

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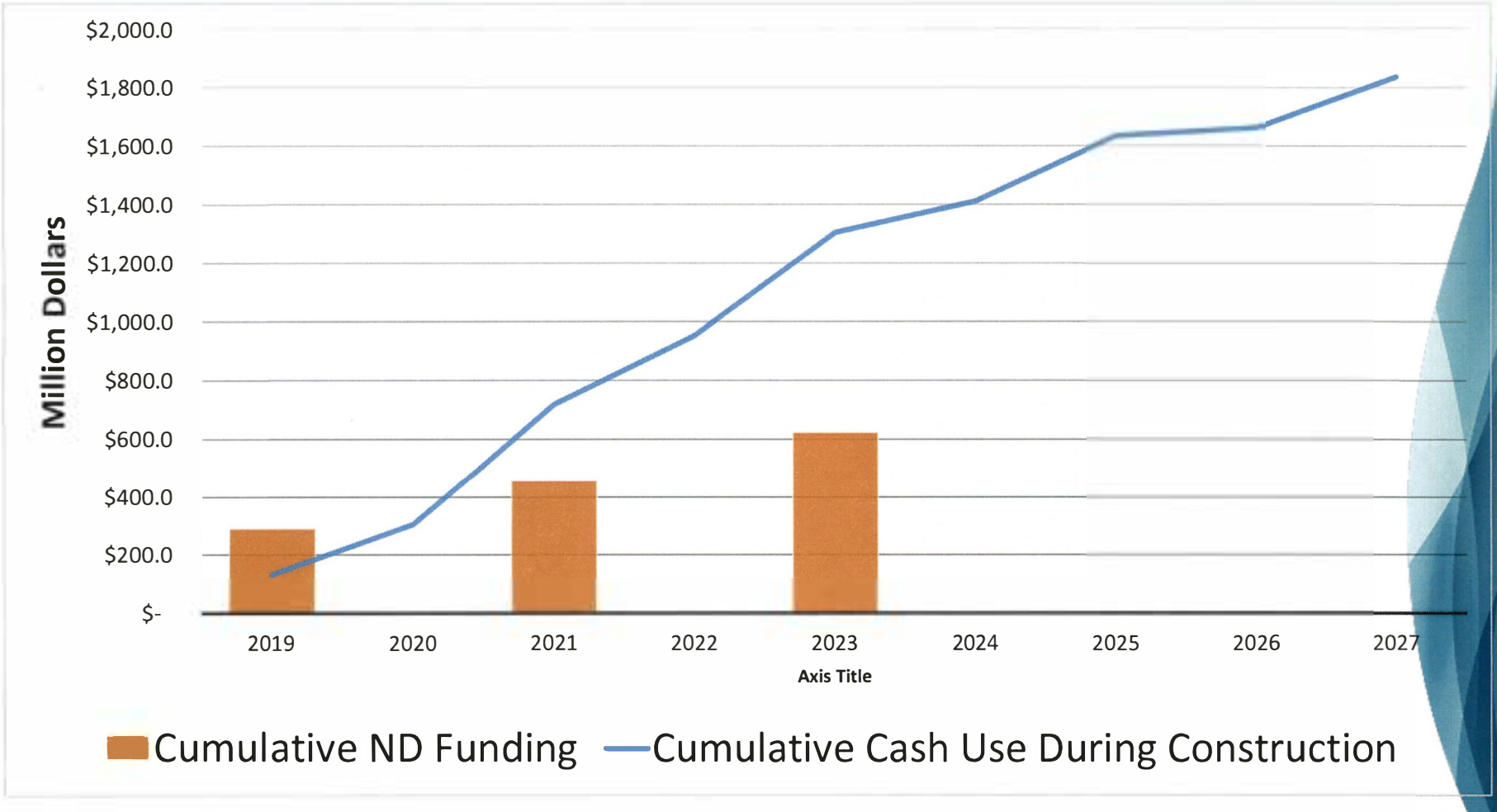
Cash Uses During Construction Exceed ND State Funding Request



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ND State funding

State of ND Available Funding Balances ($M)		Year							
		2019	2020	2021	2022	2023	2024	...	2027
Existing State Funding Commitment	$570.0								
State Funding to Date	$370.5								
State Funding Remaining	$199.5								
State Funding Granted to Date	$304.0								
State Funding Reimbursed to Date	$247.0								
Remaining Balance	$ 57.0								
2017-2019 Request (Feb 2019)	$ 66.5								
Remaining + 2017-2019 Request	$123.5	$123.5							
Previous Legislative Intent ($199.5M Remaining		$ 66.5		$ 66.5		$ 66.5			
Additional Request ($300M)		$100.0		$100.0		$ 100.0			
Total Existing Legislative Intent and Additional		$166.5		$166.5		$ 166.5			
Cumulative ND Funding		$290.0		$456.5		$ 623.0		...	
Cumulative Cash Use During Construction		$131.1	$305.3	$718.4	$953.0	$1,305.0	$1,411.5	...	$1,835.7

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FM AREA DIVERSION PROJECT

Permitting – North Dakota and Minnesota

Jason Benson, Cass County Engineer

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Minnesota Permit

DEPARTMENT OF NATURAL RESOURCES

- On Dec. 27, DNR granted a Dam Safety and Public Waters Permit for the Project (Permit #2018-0819)
- The permit includes 54 conditions governing project design, construction, operation, and maintenance.
  - For reference: two other dam safety permits issued in Nov. 2018 included 46 and 51 conditions respectively
  - Conditions were expected, even requested, by the DA to ensure implementation goes as planned
- The DNR, like the SWC, will have an ongoing role through design, construction and operation

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FM AREA DIVERSION PROJECT

Litigation

John Shockley, Ohnstad Twichell

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Litigation Update

- The Richland/Wilkin County JPA filed a lawsuit against the U.S. Army Corps of Engineers in 2013. The lawsuit was later joined by the Fargo-Moorhead Diversion Authority and by the State of Minnesota.
  - A majority of the claims were previously dismissed
- All remaining claims should be dismissed soon:
  - Minnesota has granted a permit for Plan B
  - Plan B means the current litigation is moot
- Diversion Authority is working with the Minnesota DNR on process for dismissing

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FM AREA DIVERSION PROJECT

Additional Funding Partners

Tony Grindberg, Fargo City Commissioner and
Diversion Authority Finance Committee Chair

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Federal and MN Requests have been initiated

Additional $300M from Feds

Additional $43M from Minnesota

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Questions?

FMDiversion.com

@FMDiversion

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FLOOD DIVERSION AUTHORITY

211 Ninth Street South, Box 2806, Fargo, ND 58108-2806
Phone 701-241-5600 Fax 701-241-5728

January 14, 2019

Mr. R.D. James
Assistant Secretary of the Army (Civil Works)
108 Army Pentagon
Washington, DC 20310-0108

Re: Amendment to Project Partnership Agreement for the Construction of the Fargo-Moorhead Metropolitan Area Flood Risk Management Project

Dear Mr. James:

On July 11, 2016, the Department of the Army (the "Government") entered into an innovative Project Partnership Agreement ("PPA") for the P3 split-delivery implementation and construction of the Fargo-Moorhead Metropolitan Area Flood Risk Management Project (the "Project") with the Non-Federal Sponsors of the Project – the City of Fargo, North Dakota, the City of Moorhead, Moorhead, and the Metro Flood Diversion Authority.

As set forth in the PPA, the Federal Participation Amount for the Project, based upon the Project's originally proposed schedule and alignment, is $450,000,000. Because of delays and revisions to the Project required to obtain a permit from the Minnesota Department of Natural Resources ("MDNR") as discussed herein, and to continue the ongoing valued partnership set forth in the PPA, we request that you execute an amendment to the PPA to increase the Federal Participation Amount to $750,000,000.

Based upon the Project's originally proposed alignment, the Non-Federal Sponsors applied to the MDNR for a dam safety and work in public waters permit. MDNR denied the application on October 3, 2016, citing alternatives to the proposed project that could provide needed flood protection, a lack of consistency with state and local plans, and insufficient mitigation for the project.

Following the permit denial by MDNR, the then-Governor of Minnesota, Mark Dayton, and the Governor of North Dakota, Doug Burgum, recognizing the need for permanent flood protection in the Fargo-Moorhead Metropolitan Area, formed a joint task force (the "Governors' Task Force") to review and report on alternatives to the originally proposed Project. Representatives from the Government attended and participated in meetings of the Governors' Task Force.

The recommendations made by the Governors' Task Force ultimately included the following:

1. Increasing the flow of the Red River through the Fargo-Moorhead Metropolitan Area from thirty-five (35) feet to thirty-seven (37) feet;
2. Changing the location of the southern embankment;
3. Incorporating a tie-back levee in Minnesota on the east side of the southern embankment; and
4. Revising the alignment of the western tie-back levee.

The Non-Federal Sponsors adopted all four (4) of the recommendations made by the Governors' Task Force (the "Plan B Alignment") and submitted an application to MDNR for a dam safety and work in public waters permit based upon the Plan B Alignment on March 16, 2018. On December 27th, 2018, MDNR granted the Permit to the Non-Federal Sponsors for the Project.

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The location and additional length of the Plan B Alignment, which has now been permitted by MDNR, along with escalation and increased financing costs due to higher interest rates, have increased the estimated overall cost of the Project. This increase is prompting a review by the Non-Federal Sponsors of the funding sources for the Project, including from the Government, and is the impetus for this letter. An Amendment to the PPA and a Memorandum describing the modifications made to the PPA in the Amendment are also enclosed with this letter.

We understand certification by the Government of the final cost estimate for the Project is a prerequisite for the Amendment, and that the certification will occur by January 31, 2019. We are also pursuing a comparable increase in funding from the State of North Dakota, additional funding from the State of Minnesota, and a long-term, low-interest loan.

We ask that you review this letter and the enclosures and advise us as to what is required to execute Amendment to the PPA. Due to the timing of the North Dakota legislative session, which began January 3, 2019, and will conclude in April 2019, time is of the essence in securing both Federal and State commitments for increased funding amounts. As a result, the Non-Federal Sponsors request that the above-described PPA amendment be finalized by March 8, 2019, and ready for execution by the parties shortly thereafter. For your information, we are scheduling a trip to Washington, DC in early February and will be meeting with USACE Headquarters, the Office of the Assistant Secretary of the Army, and members of Congress during our trip.

Once you have had a chance to review, please contact us at your earliest convenience.

Sincerely,

JONATHAN JUDD
Mayor, City of Moorhead

TIMOTHY J. MAHONEY
Mayor, City of Fargo

MARY SCHERLING
Chair, Metro Flood Diversion Authority

Encls.

cc: Mr. Doug Burgum, Governor of North Dakota
Metro Flood Diversion Authority Board – via email only

Lt. Gen. Todd T. Semonite
Chief of Engineers
U.S. Army Corps of Engineers
441 G Street NW
Washington, DC 20314-1000

Maj. Gen. Richard G. Kaiser
Mississippi Valley Division
U.S. Army Corps of Engineers
1400 Walnut St.
Vicksburg, MS 39180

Col. Sam Calkins
St. Paul District
U.S. Army Corps of Engineers
180 5th St. East, Ste. 700
St. Paul, MN 55101-1678

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MOORHEAD
MINNESOTA

CLAY COUNTY

January 23, 2019

Governor Tim Walz
130 State Capitol
75 Rev Dr. Martin Luther King Jr. Blvd.
St. Paul, MN 55155

Commissioner Sarah Strommen
Minnesota Department of Natural Resources
500 Lafayette Rd. St. Paul, 55155

Senator Kent Eken
95 University Avenue W.
Minnesota Senate Bldg, Room 2211
St. Paul, MN 55155

Representative Ben Lien
415 State Office Building
St. Paul, MN 55155

Governor Walz, Commissioner Strommen, Senator Eken and Representative Lien,

We, the undersigned, are writing today to share the next steps being planned by the Metro Flood Diversion Authority and its Minnesota member entities of Clay County and the City of Moorhead. Specifically, we want to provide an update on current and future funding requests that are being made following the issuance of a Dam Safety & Public Waters Work Permit (Permit Number 2018-0819) by the MDNR for "Plan B", the Federal project commonly referred to as the Fargo-Moorhead Diversion Project.

The issuance of the MDNR permit, and the joint cooperation with our partners in North Dakota and with the U.S. Army Corps of Engineers, would not have been possible without the extraordinary efforts of Governor Dayton and the leadership within the MDNR. Together with Governor Doug Burgum of North Dakota, a Joint Governors' Task Force was formed to bring an end to the years of debate and consternation over how best to protect our communities and the greater regional metro area in which we belong. Following a successful five full days of meetings between the two governors and sixteen appointed Task Force members, and an investment of hundreds of hours of technical analysis;

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recommendations were made and a new permit application for "Plan B" was submitted to, and subsequently approved by, the MDNR.

We are eager to begin implementing the project that was first conceived 11 years ago as part of a Federal feasibility study completed by the Army Corps and local partners including the City of Moorhead. With the MDNR permit issued, we believe it is time to request the necessary funds from the State of Minnesota for completion of this project, including $43 million for the joint Federal-two State project, along with an additional $39 million in complementary work needed within the City of Moorhead as required by the Governors' Task Force recommendations and MDNR permit. This $39 million, plus $4 million already committed by the State, includes funding to complete flood mitigation efforts in the City of Moorhead, such as the on-going project in the former portions of Oakport Township that have been annexed into the City of Moorhead.

As you can see in the attached project funding summary, the $86 million being requested from the State of Minnesota is being matched by over $1.9 billion from our partners in North Dakota and an additional $750 million from the Federal government. Over $2 billion has been committed to the project so far, with the remaining Minnesota, Federal, and North Dakota shares in a request stage. Completing this project on schedule is critical to providing permanent flood protection for the Fargo-Moorhead metropolitan region. To keep the project on schedule and meet our Minnesota obligations, **we are requesting that you, Governor Walz, and our Moorhead legislators prioritize $27.33 million in each of the next three biennium for the Diversion Project and remaining in-town levees and flood control work**. We have laid the legislative groundwork for these requests over the past several years, keeping Capital Investment and Environment Finance committee chairs and members informed about the status of the project and we look forward to continuing these conversations with legislators and the Executive Branch over the next six years.

At the most recent executive session of the Diversion Authority Board, we directed our litigation counsel to move forward on efforts to resolve ongoing litigation with the MDNR and Richland/Wilkin JPA. With the permit granted by the MDNR, now is the time to focus on getting project built and mitigating the impacts.

Thank you for your continued support of flood risk reduction projects across the state. Our work in Moorhead and Clay County is nearing its end. Our success, and our public safety, would not be possible without you.

Sincerely,

Johnathan R. Judd

Johnathan Judd
City of Moorhead, Mayor

Grant Weyland

Grant Weyland
Clay County, Chair

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MnDak Upstream Coalition

A coalition of concerned citizens, both directly and indirectly affected by the proposed Fargo Dam
PO Box 35 ▪ Christine, ND 58015

MnDak Upstream Coalition remains committed to a reasonable and fair approach to flood protection for Fargo-Moorhead, and the rest of the Red River Valley. A smaller, less expensive diversion can be built that would protect the city of Fargo and not develop the natural flood plain. Shifting flood impacts to areas upstream is unethical, and unfair to those residents and communities. The current situation is described in the following points.

Minnesota Issues

-Minnesota issued a permit order on December 28th, 2018, shortly before Governor Dayton left office. If there is no objection, a permit will be issued 30 days following the order.

-The cities of Comstock, Wolverton and the Buffalo Red Watershed District voted to file a contested case motion to the order. Minnesota statute says if a contested case hearing is requested within 30 days, the permit will not be issued until the hearing process is complete. The Diversion Authority filed a similar motion after the original permit application was denied, and the hearing was scheduled 16 months after the request.

Financial Issues

-Expected damages to communities and residents upstream are significant, and we don't believe current funding is sufficient to pay for them. The Kindred School District has already lost a significant number of students in the Hickson-Oxbow-Bakke area and will face additional losses as well as potential for future growth, when the dam is constructed. There has been no consideration for the resulting economic losses to the local residents or communities.

-The most recent official cost estimate for the project is $2.75 billion in 2018 dollars. **The expected final completion cost is currently $3.13 billion.** The Oxbow Country Club reconstruction as well as the homes and ring dike were projected to cost $65 million. So far, $130 million has been spent and the ring dike is half done. Fargo's in-town levees were projected to cost $256 million, but the current projection is close to $500 million. The St. Paul Army Corps has undertaken two diversions of less than five miles in the past ten years, and neither one is complete, and both have doubled in cost. It seems unlikely the final cost would be less than $4 billion.

-There has never been a federal appropriation from the President's budget. OMB's benefit cost ratio on the original project is now below one. Federal funding has come from the Army Corps' Civil Works Budget. **The benefit cost ratio calculated in the Minnesota DNR Environmental Impact statement was below .5, meaning there is 50 cents in benefits for every $1 spent.**

-Fargo and Cass County's share of projects cost is to be financed by sales tax. Since 2014, sales tax collections have dropped by 11.7%. Financing the project required sales tax collections to grow by 3% annually. Even if they were to return to 3% growth today, total sales tax revenues would be $250 million below budget by 2036.

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CITY OF HORACE FOUNDED 1882

It's Happening in Horace

January 24, 2019

Dear Chairman Holmberg,

Chairman Holmberg and members of the committee, my name is David Fenelon and am representing the City of Horace. I am a council member for the City. I appear before you today to express the City of Horace's opposition of a portion of SB 2020 regarding the funding for the Fargo Moorhead Diversion.

The course of events that have led us to be in front of this body today have been ongoing for many years but have taken on a direr concern to the City of Horace since the Plan "B" alignment was approved by the Minnesota Division of Natural Resources (DNR).

The City of Horace was significantly impacted by the original proposed diversion alignment. This alignment went through a good portion of our City Limits on our south side. The "Plan B" alignment will consume more of the land in our current City Limits. Additionally, the Corp of Engineering's requirement of a ¼ mile setback from the diversion removes additional land that was planned to be developed for commercial use within our city. The Plan B alignment will box in the City of Horace and stop our growth outside of the diversion. This significantly limits the City growth and implementing an economic development plans to transform Horace from a bedroom community into an integral partner in the Fargo-Moorhead metropolitan area.

The current proposed alignment removes a substantial portion of City land that has been marked for future development. Some of the development would include commercial and light industrial areas which the City has identified to diversify our tax base.

The City of Horace was not invited to be a participant in the Diversion Authority's decision-making processes involving the initial alignment, nor were we consulted about any of the other proposed alignment plans discussed during the Governor's Task force meetings to come up with an alternate plan after the Minnesota DNR refused to issue a permit for construction of the initial alignment.

We have initiated conversation with the Diversion Authority about the amount of land Horace is sacrificing for this project, the two meetings that have occurred have produced little movement in addressing the City's concerns.

The City will lose approximately 10,200 acres of developable land for this diversion plan without any compensation to the City. This accounts for approximately 16 sections of land. The economic loss to the City will be substantial as this alignment will exist into perpetuity. Our conservative estimates put those losses of well over $70 million within a 40-year time period.

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The City would entertain becoming in favor of this funding for the Fargo Moorhead Diversion if it contained language stating that one of the conditions of the additional funding for the diversion from the State be a fair and agreeable mitigation for the developable land lost by the City of Horace.

Thaanank you for your time and consideration.

David Fenelon
City Councilmember, Horace, North Dakota

Prepared by the Legislative Council staff

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ANALYSIS OF THE 2019–21 BIENNIUM EXECUTIVE BUDGET RECOMMENDATION FOR SENATE BILL NO. 2020 FOR THE STATE WATER COMMISSION

The worksheet below provides information regarding the 2019-21 biennium executive recommendation for the State Water Commission and detail of the funding available for water projects.

Executive Recommendation for Senate Bill No. 2020	
Line item	**2019-21 Biennium**
Salaries and wages	$20,111,564
Operating expenses	43,787,553
Capital assets	113,213,758
Project carryover - Grants	308,333,818
New projects - Grants	350,751,493
Total appropriation	$836,198,186

Detail of Water Project Funding		
State-owned water project funding	**2019-21 Biennium**	
Capital assets	$113,213,758	
Less capital asset project carryover	(41,666,182)	
Less NAWS local cost share	(12,500,000)	
Less equipment over $5,000	(424,450)	
New capital asset project funding		$58,623,126
Capital asset project carryover		41,666,182
Total projects in capital assets		$100,289,308
Grant funding available for water projects		
New projects - Grants	$350,751,493	
Less ARB local cost share in new projects - Grants	(2,343,776)	
Total funding for new water projects - Grants		$348,407,717
Project carryover - Grants		308,333,818
Total funding for water projects - Grants		$656,741,535

Total State Water Commission funding		
	2019-21 Biennium	
New projects	$407,030,843	
Project carryover	350,000,000	
Total projects		$757,030,843
Agency operating costs		64,323,567
Capital assets local cost share		12,500,000
Atmospheric Resource Board (ARB) local cost share		2,343,776
Total appropriation		$836,198,186

Detail of Available Funding		
Funding Source	**2019-21 Biennium**	
NAWS Operations fund	$2,011,851	
NAWS Project reserve fund	75,000	
Reimbursements from political subdivisions	14,993,776	
Water rights filing fees	275,500	
Total other income		$17,356,127
Federal funds		39,122,817
Water development trust fund		72,792,076
Resources trust fund (January 2019 legislative revenue forecast)		650,652,206
Total revenue available for appropriation		$779,923,226
Balance (Shortfall)		($56,274,960)

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State Water Commission - Budget No. 770
Senate Bill No. 2020
Base Level Funding Changes

	Executive Budget Recommendation				Senate Version				Senate Changes to Executive Budget Increase (Decrease) - Executive Budget			
	FTE Position	General Fund	Other Funds	Total	FTE Position	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
2019-21 Biennium Base Level	93.00	$0	$647,173,475	$647,173,475	93.00	$0	$647,173,475	$647,173,475	0.00	$0	$0	$0
2019-21 Ongoing Funding Changes												
Base payroll changes			($285,707)	($285,707)				$0			$285,707	$285,707
Salary increase			799,386	799,386				0			(799,386)	(799,386)
Health insurance increase			355,238	355,238				0			(355,238)	(355,238)
Retirement contribution increase			103,135	103,135				0			(103,135)	(103,135)
Removes 4 FTE unspecified positions	(4.00)		(693,912)	(693,912)				0	4.00		693,912	693,912
Adds 1 FTE risk mapping position	1.00		174,126	174,126				0	(1.00)		(174,126)	(174,126)
Adjusts funding available for new projects			180,969,346	180,969,346				0			(180,969,346)	(180,969,346)
Adjusts funding available for project carryover			33,465,921	33,465,921				0			(33,465,921)	(33,465,921)
Adjusts capital assets			(11,605,684)	(11,605,684)				0			11,605,684	11,605,684
Adjusts operating expenses			(14,257,138)	(14,257,138)				0			14,257,138	14,257,138
Total ongoing funding changes	(3.00)	$0	$189,024,711	$189,024,711	0.00	$0	$0	$0	3.00	$0	($189,024,711)	($189,024,711)
One-time funding items												
No one-time funding items				$0				$0				$0
Total one-time funding changes	0.00	$0	$0	$0	0.00	$0	$0	$0	0.00	$0	$0	$0
Total Changes to Base Level Funding	(3.00)	$0	$189,024,711	$189,024,711	0.00	$0	$0	$0	3.00	$0	($189,024,711)	($189,024,711)
2019-21 Total Funding	90.00	$0	$836,198,186	$836,198,186	93.00	$0	$647,173,475	$647,173,475	3.00	$0	($189,024,711)	($189,024,711)

Other Sections for State Water Commission - Budget No. 770

	Executive Budget Recommendation	Senate Version
Additional income	Section 3 would appropriate any additional income from the resources trust fund or water development fund that becomes available to the State Water Commission during the 2019-21 biennium.	
Exemption - Water-related projects	Section 4 would provide that funds appropriated for grants or water-related projects in Section 1 are exempt from North Dakota Century Code Section 54-44.1-11 for 2 years after June 30, 2021. Any unexpended funds appropriated from the resources trust fund or the water development fund after that period has expired must be transferred to the originating fund.	Section 2 would provide that funds appropriated for grants or water-related projects in Section 1 are exempt from North Dakota Century Code Section 54-44.1-11 for 2 years after June 30, 2021. Any unexpended funds appropriated from the resources trust fund or the water development fund after that period has expired must be transferred to the originating fund.
Line item transfers	Section 5 would authorize the State Water Commission to transfer funds between line items in Section 1 of the bill, when it is cost-effective for the construction of water projects. The department must report transfers to the Office of Management and Budget.	

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Other Sections for State Water Commission - Budget No. 770

	Executive Budget Recommendation	Senate Version
Bank of North Dakota - Line of credit	Section 6 would extend authorization of a line of credit at the Bank of North Dakota, not to exceed $75 million, at an annual percentage rate of 1.5 percent over the 3 month LIBOR rate, but may not exceed 3 percent to the State Water Commission. The State Water Commission must repay the line of credit from funds available in the resources trust fund, water development trust fund, or other funds, as appropriated by the Legislative Assembly. The State Water Commission may access the line of credit, as necessary, to provide funding as authorized by the Legislative Assembly for water supply and flood control projects approved for funding before June 30, 2021.	
Contingent appropriation - Bank of North Dakota line of credit	Section 7 would provide a contingent appropriation of $75 million, from funds obtained through a Bank of North Dakota line of credit, to the State Water Commission for the purpose of funding water projects for the 2019-21 biennium.	

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Department 770 - State Water Commission
Senate Bill No. 2020

Executive Budget Comparison to Prior Biennium Appropriations

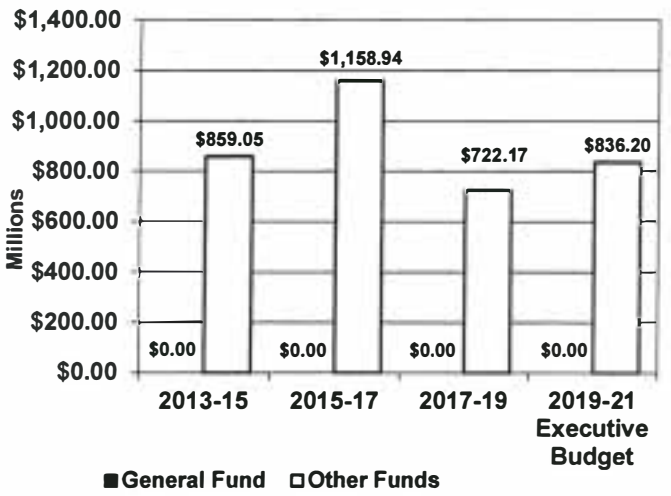
	FTE Positions	General Fund	Other Funds	Total
2019-21 Executive Budget	90.00	$0	$836,198,186	$836,198,186
2017-19 Legislative Appropriations[1]	93.00	0	722,173,475	722,173,475
Increase (Decrease)	(3.00)	$0	$114,024,711	$114,024,711

[1]The 2017-19 biennium agency appropriation amounts have not been adjusted for additional carryover authority of $63,158,619 for uncompleted water projects authorized under Section 6 of Senate Bill No. 2020 (2015).

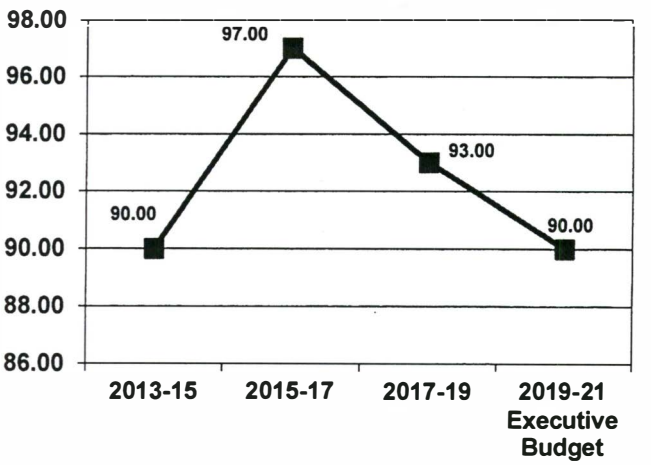
Ongoing and One-Time Other Funds Appropriations

	Ongoing Other Funds Appropriation	One-Time Other Funds Appropriation	Total Other Funds Appropriation
2019-21 Executive Budget	$836,198,186	$0	$836,198,186
2017-19 Legislative Appropriations	647,173,475	75,000,000	722,173,475
Increase (Decrease)	$189,024,711	($75,000,000)	$114,024,711

Agency Funding



FTE Positions



Executive Budget Comparison to Base Level

	General Fund	Other Funds	Total
2019-21 Executive Budget	$0	$836,198,186	$836,198,186
2019-21 Base Level	0	647,173,475	647,173,475
Increase (Decrease)	$0	$189,024,711	$189,024,711

Attached as an appendix is a detailed comparison of the executive budget to the agency's base level appropriations.

Executive Budget Highlights

	General Fund	Other Funds	Total
1. Adds funding for state employee salary and benefit increases, of which $799,386 is for salary increases, $355,238 is for health insurance increases, and $103,135 is for retirement contribution increases	$0	$1,257,759	$1,257,759
2. Removes funding for 4 FTE unspecified positions	$0	($693,912)	($693,912)
3. Adds 1 FTE risk mapping position from federal funds	$0	$174,126	$174,126
4. Adjusts funding available for project carryover to provide a total of $308,333,818	$0	$33,465,921	$33,465,921
5. Adjusts funding available for new projects to provide a total of $350,751,493	$0	$180,969,346	$180,969,346

6. Adjusts funding for capital assets, which includes state owned projects, to provide a total of $113,213,758 (Includes $41,666,182 of carryover funding for capital asset projects)	$0	($11,605,684)	($11,605,684)
7. Adjusts funding for operating expenses to provide a total of $43,787,553	$0	($14,257,138)	($14,257,138)

Other Sections Recommended to be Added in the Executive Budget (As Detailed in the Attached Appendix)

Additional income - Section 3 would appropriate any additional federal or other funds available to the State Water Commission during the 2019-21 biennium.

Exemption - Water-related projects - Section 4 would authorize the State Water Commission to continue any unexpended 2019-21 biennium appropriation authority for grants or water-related projects for 2 years beyond June 30, 2021.

Line item transfers - Section 5 would authorize the agency to transfer appropriation authority between line items in Section 1 of the bill.

Loan authorization - Contingent appropriation - Section 6 would extend authorization of a line of credit for the State Water Commission at the Bank of North Dakota, not to exceed $75 million, at a rate of 1.5 percent over the 3 month London interbank offered rate (LIBOR).

Contingent appropriation - Bank of North Dakota - Section 7 would provide a contingent appropriation of $75 million for the purpose of funding water projects for the 2019-21 biennium.

Continuing Appropriations

Infrastructure revolving loan fund - North Dakota Century Code Section 61-02-78 established the infrastructure revolving loan fund within the resources trust fund to provide loans for water supply, flood protection, or other water development and water management projects. A total of $26 million of oil extraction money was deposited in the resources trust fund and, along with loan repayments and earnings of the fund, is available on a continuing basis for infrastructure loans.

Significant Audit Findings

There are no significant audit findings for this agency.

Major Related Legislation

House Bill No. 1085 - Amends Section 61-34-04 relating to the drought disaster livestock water assistance program, to remove grant amount limitations.

House Bill No. 1086 - Amends Section 61-01-01 to change definitions related to waters of the state.

Senate Bill No. 2090 - Creates several new sections to Chapter 61-04, relating to permits for the appropriation of water; amends several sections under Chapter 61-04, relating to the appropriation of water and to adjust water permit fees; and repeals Sections 61-04-07, 61-04-15.1, 61-04-17, and 61-04-22, relating to appeals of permit application rejections, change in point of diversion or use, surplus water delivery, and a prescriptive water right.

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State Water Commission - Budget No. 770
Senate Bill No. 2020
Base Level Funding Changes

	Executive Budget Recommendation			
	FTE Position	General Fund	Other Funds	Total
2019-21 Biennium Base Level	93.00	$0	$647,173,475	$647,173,475
2019-21 Ongoing Funding Changes				
Base payroll changes			($285,707)	($285,707)
Salary increase			799,386	799,386
Health insurance increase			355,238	355,238
Retirement contribution increase			103,135	103,135
Removes 4 FTE unspecified positions	(4.00)		(693,912)	(693,912)
Adds 1 FTE risk mapping position	1.00		174,126	174,126
Adjusts funding available for new projects			180,969,346	180,969,346
Adjusts funding available for project carryover			33,465,921	33,465,921
Adjusts capital assets			(11,605,684)	(11,605,684)
Adjusts operating expenses			(14,257,138)	(14,257,138)
Total ongoing funding changes	(3.00)	$0	$189,024,711	$189,024,711
One-time funding items				
No one-time funding items				$0
Total one-time funding changes	0.00	$0	$0	$0
Total Changes to Base Level Funding	(3.00)	$0	$189,024,711	$189,024,711
2019-21 Total Funding	90.00	$0	$836,198,186	$836,198,186

Other Sections for State Water Commission - Budget No. 770

	Executive Budget Recommendation
Additional income	Section 3 would appropriate any additional income from the resources trust fund or water development fund that becomes available to the State Water Commission during the 2019-21 biennium.
Exemption - Water-related projects	Section 4 would provide that funds appropriated for grants or water-related projects in Section 1 are exempt from North Dakota Century Code Section 54-44.1-11 for 2 years after June 30, 2021. Any unexpended funds appropriated from the resources trust fund or the water development fund after that period has expired must be transferred to the originating fund.
Line item transfers	Section 5 would authorize the State Water Commission to transfer funds between line items in Section 1 of the bill, when it is cost-effective for the construction of water projects. The department must report transfers to the Office of Management and Budget.
Bank of North Dakota - Line of credit	Section 6 would extend authorization of a line of credit at the Bank of North Dakota, not to exceed $75 million, at an annual percentage rate of 1.5 percent over the 3 month LIBOR rate, but may not exceed 3 percent to the State Water Commission. The State Water Commission must repay the line of credit from funds available in the resources trust fund, water development trust fund, or other funds, as appropriated by the Legislative Assembly. The State Water Commission may access the line of credit, as necessary, to provide funding as authorized by the Legislative Assembly for water supply and flood control projects approved for funding before June 30, 2021.

Other Sections for State Water Commission - Budget No. 770

	Executive Budget Recommendation
Contingent appropriation - Bank of North Dakota line of credit	Section 7 would provide a contingent appropriation of $75 million, from funds obtained through a Bank of North Dakota line of credit, to the State Water Commission for the purpose of funding water projects for the 2019-21 biennium.

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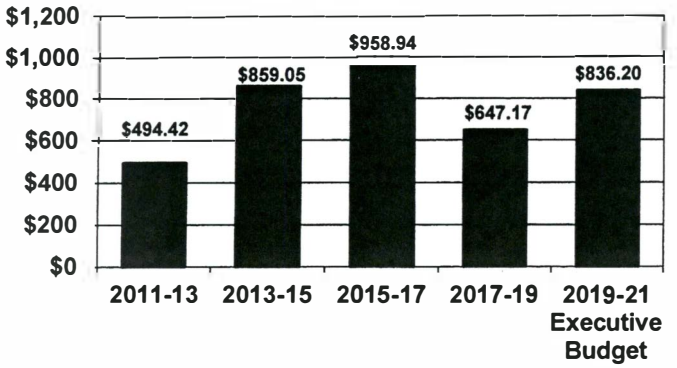
Department 770 - State Water Commission

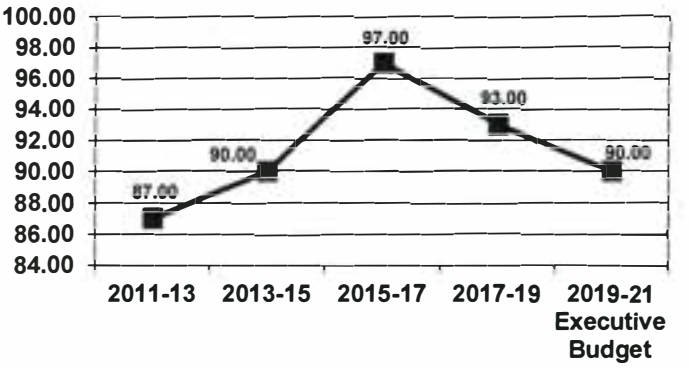
Historical Appropriations Information

Total Ongoing Other Funds Appropriations Since 2011-13

Agency Ongoing Funding (in Millions)



FTE Positions



Total Other Funds Appropriations					
	2011-13	2013-15	2015-17	2017-19	2019-21 Executive Budget
Ongoing other funds appropriations	$494,420,221[1]	$859,045,805	$958,935,836	$647,173,475	$836,198,186
Increase (decrease) from previous biennium	N/A	$364,625,584	$99,890,031	($311,762,361)	$114,024,711
Percentage increase (decrease) from previous biennium	N/A	73.7%	11.6%	(32.5%)	29.2%
Cumulative percentage increase (decrease) from 2011-13 biennium	N/A	73.7%	94.0%	30.9%	69.1%

[1]Amount excludes $14,995,199 from the general fund for the 2011-13 biennium for the administration of the State Water Commission.

Major Increases (Decreases) in Other Funds Appropriations

2013-15 Biennium

1. Changed funding source for the administration of the State Water Commission from the general fund to the resources trust fund	$17,566,561
2. Added funding to provide grants to advance the Stutsman County Rural Water, North Central Rural Water Consortium, and McLean-Sheridan Rural Water projects	$10,350,000
3. Added funding to advance additional construction on the Southwest Pipeline Project	$21,000,000
4. Added funding for 3 FTE positions	$425,507
5. Added funding for the infrastructure revolving loan fund within the resources trust fund	$15,000,000
6. Increased funding for professional services	$14,086,303
7. Increased funding for utilities	$3,749,426
8. Increased funding for capital payments	$131,366,895
9. Increased funding for grants	$150,860,165

2015-17 Biennium

1. Added funding for 4 FTE water permitting positions	$768,831
2. Added funding for 1 FTE regulatory director position	$273,871
3. Added funding for 1 FTE water supply project manager position	$229,840
4. Added funding for 1 FTE sovereign lands position	$192,784
5. Increased funding for professional services	$10,727,828
6. Added funding for loan payment on Bank of North Dakota loan to refinance outstanding bonds	$7,000,000
7. Increased funding for water projects	$36,132,255

2017-19 Biennium

1. Removed 4 FTE positions and related funding	($753,720)
2. Increased funding for Bank of North Dakota loan payments relating to State Water Commission outstanding bonds refinanced through the Bank during the 2015-17 biennium to provide $7.5 million per biennium.	$3,693,997
3. Added $125,000 from the resources trust fund for the Agriculture Commissioner's Wildlife Services program	$125,000
4. Adjusted funding for operating expenses and water projects	($225,437,836)
5. Added funding for a State Engineer study, of which $15,000 is from the resources trust fund and $15,000 is other funds received from Ward County	$30,000

2019-21 Biennium (Executive Budget Recommendation)

1. Removes funding for 4 FTE unspecified positions	($693,912)
2. Adds 1 FTE risk mapping position from federal funds	$174,126
3. Adjusts funding available for new projects to provide a total of $350,751,493	$180,969,346
4. Adjusts funding available for project carryover to provide a total of $308,333,818	$33,465,921
5. Adjusts funding for capital assets, which includes state owned projects, to provide a total of $113,213,758 (Includes $41,666,182 of carryover funding for capital asset projects)	($11,605,684)
6. Adjusts funding for operating expenses to provide a total of $43,787,553	($14,257,138)

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GOVERNOR'S RECOMMENDATION FOR THE STATE WATER COMMISSION AS SUBMITTED BY THE OFFICE OF MANAGEMENT AND BUDGET

SECTION 1. APPROPRIATION. The funds provided in this section, or so much of the funds as may be necessary, are appropriated from special funds derived from federal funds and other income, to the state water commission for the purpose of defraying the expenses of the state water commission, for the biennium beginning July 1, 2017, and ending June 30, 2019, as follows:

	Base level	Adjustments or Enhancements	Appropriation
Salaries and wages	$19,651,385	$460,179	$20,111,564
Operating expenses	47,608,165	(3,820,612)	43,787,553
Capital assets	112,219,442	994,316	113,213,758
Grants - local cost share	467,694,483	(116,942,990)	350,751,493
Grants- carryover	0	308,333,818	308,333,818
Total all funds	$647,173,475	$189,024,711	$836,198,186
Full-time equivalent positions	93.00	(3.00)	90.00

SECTION 2. ONE-TIME FUNDING – EFFECT ON BASE BUDGET – REPORT TO SIXTY-SIXTH LEGISLATIVE ASSEMBLY. The following amounts reflect the one-time funding items approved by the sixty-fourth legislative assembly for the 2015-17 biennium and the 2017-19 one-time funding items included in the grand total appropriation in section 1 of this Act:

One-Time Funding Description	2017-19	2019-21
Line of credit – Bank of North Dakota	75,000,000	0
Total all funds	$75,000,000	$0

SECTION 3. ADDITIONAL INCOME - APPROPRIATION. In addition to the amounts included in the estimated income line item in section 1 of this Act, any additional amounts in the resources trust fund and water development trust fund that become available are appropriated to the state water commission for the purpose of defraying the expenses of that agency, for the biennium beginning July 1, 2019, and ending June 30, 2021.

SECTION 4. GRANTS - WATER-RELATED PROJECTS - CARRYOVER AUTHORITY. Section 54-44.1-11 does not apply to funding for grants or water-related projects included in the capital assets, capital construction carryover, or grants line items in section 1 of this Act. However, this exclusion is only in effect for two years after June 30, 2021. Any unexpended funds appropriated from the resources trust fund after that period has expired must be transferred to the resources trust fund and any unexpended funds appropriated from the water development trust fund after that period has expired must be transferred to the water development trust fund.

SECTION 5. LINE ITEM TRANSFERS. The chief engineer/secretary of the state water commission may transfer between the salaries and wages, operating, capital assets, capital construction carryover, and grants line item in Section 1 of this Act when it is cost-effective for construction of water projects. The state water commission shall notify the office of management and budget of any transfers made pursuant to this section.

SECTION 6. AMENDMENT. Section 61-02-79 of the North Dakota Century Code is amended and reenacted as follows:

61-02-79. Bank of North Dakota - Line of credit.

The Bank of North Dakota shall extend a line of credit not to exceed seventy-five million dollars at a rate of one and one-half percent over the three month London interbank offered rate, but may not exceed three percent to the state water commission. The state water commission shall repay the line of credit from funds available in the resources trust fund, water development trust fund, or other funds, as appropriated by the legislative assembly. The state water commission may access the line of credit, as necessary, to

provide funding as authorized by the legislative assembly for water supply projects approved before June 30, ~~2019~~2021, and flood control projects that have approval for funding before June 30, ~~2019~~2021.

SECTION 7. CONTINGENT APPROPRIATION – BANK OF NORTH DAKOTA LINE OF CREDIT. The sum of $75,000,000, or so much of the sum as necessary, from a Bank of North Dakota line of credit included in section 6 of this Act, may be transferred to the state water commission for the purpose of funding water projects for the biennium beginning July 1, 2019, and ending June 30, 2021.

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State Water Commission - Budget No. 770
Senate Bill No. 2020
Base Level Funding Changes

	Executive Budget Recommendation				Senate Version				Senate Changes to Executive Budget Increase (Decrease) - Executive Budget			
	FTE Position	General Fund	Other Funds	Total	FTE Position	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
2019-21 Biennium Base Level	93.00	$0	$647,173,475	$647,173,475	93.00	$0	$647,173,475	$647,173,475	0.00	$0	$0	$0
2019-21 Ongoing Funding Changes												
Base payroll changes			($285,707)	($285,707)			($285,707)	($285,707)				$0
Salary increase			799,386	799,386			559,891	559,891			(239,495)	(239,495)
Health insurance increase			355,238	355,238			419,435	419,435			64,197	64,197
Retirement contribution increase			103,135	103,135				0			(103,135)	(103,135)
Removes 4 FTE unspecified positions	(4.00)		(693,912)	(693,912)	(4.00)		(693,912)	(693,912)				0
Adds 1 FTE risk mapping position	1.00		174,126	174,126	1.00		174,126	174,126				0
Adjusts funding available for new projects			180,969,346	180,969,346			(169,782,147)	(169,782,147)			(350,751,493)	(350,751,493)
Adjusts funding available for project carryover			33,465,921	33,465,921			33,465,921	33,465,921				0
Adjusts capital assets			(11,605,684)	(11,605,684)			(51,880,684)	(51,880,684)			(40,275,000)	(40,275,000)
Adjusts operating expenses			(14,257,138)	(14,257,138)			(14,257,138)	(14,257,138)				0
Adds Microsoft Office 365 licensing				0			68,200	68,200			68,200	68,200
Adds water supply - Grants line item				0			115,000,000	115,000,000			115,000,000	115,000,000
Adds rural water supply - Grants line item				0			30,000,000	30,000,000			30,000,000	30,000,000
Adds flood control - Grants line item				0			145,000,000	145,000,000			145,000,000	145,000,000
Adds general water - Grants line item				0			35,255,000	35,255,000			35,255,000	35,255,000
Total ongoing funding changes	(3.00)	$0	$189,024,711	$189,024,711	(3.00)	$0	$123,042,985	$123,042,985	0.00	$0	($65,981,726)	($65,981,726)
One-time funding items												
Adds Bank of North Dakota line of credit				$0			$75,000,000	$75,000,000			$75,000,000	$75,000,000
Total one-time funding changes	0.00	$0	$0	$0	0.00	$0	$75,000,000	$75,000,000	0.00	$0	$75,000,000	$75,000,000
Total Changes to Base Level Funding	(3.00)	$0	$189,024,711	$189,024,711	(3.00)	$0	$198,042,985	$198,042,985	0.00	$0	$9,018,274	$9,018,274
2019-21 Total Funding	90.00	$0	$836,198,186	$836,198,186	90.00	$0	$845,216,460	$845,216,460	0.00	$0	$9,018,274	$9,018,274

Other Sections for State Water Commission - Budget No. 770

	Executive Budget Recommendation	Senate Version
Additional income	Section 3 would appropriate any additional income from the resources trust fund or water development fund that becomes available to the State Water Commission during the 2019-21 biennium.	Section 3 provides that in addition to the amounts appropriated to the State Water Commission from the resources trust fund, the water development trust fund, and federal funds any additional amounts that become available in those funds are appropriated, subject to Budget Section approval, to the State Water Commission for the purpose of defraying the expenses of the State Water Commission for the 2019-21 biennium.
Exemption - Water-related projects	Section 4 would provide that funds appropriated for grants or water-related projects in Section 1 are exempt from North Dakota Century Code Section 54-44.1-11 for 2 years after June 30, 2021. Any unexpended funds appropriated from the resources trust fund or the water development fund after that period has expired must be transferred to the originating fund.	Section 4 provides that funds appropriated for grants or water-related projects in Section 1 are exempt from North Dakota Century Code Section 54-44.1-11 for 2 years after June 30, 2021. Any unexpended funds appropriated from the resources trust fund or the water development fund after that period has expired must be transferred to the originating fund.

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#1 pg 2

Other Sections for State Water Commission - Budget No. 770

	Executive Budget Recommendation	Senate Version
Line item transfers	Section 5 would authorize the State Water Commission to transfer funds between line items in Section 1 of the bill, when it is cost-effective for the construction of water projects. The department must report transfers to the Office of Management and Budget.	
Bank of North Dakota - Line of credit	Section 6 would extend authorization of a line of credit at the Bank of North Dakota, not to exceed $75 million, at an annual percentage rate of 1.5 percent over the 3 month LIBOR rate, but may not exceed 3 percent to the State Water Commission. The State Water Commission must repay the line of credit from funds available in the resources trust fund, water development trust fund, or other funds, as appropriated by the Legislative Assembly. The State Water Commission may access the line of credit, as necessary, to provide funding as authorized by the Legislative Assembly for water supply and flood control projects approved for funding before June 30, 2021.	Section 5 continues the authorization of a line of credit at the Bank of North Dakota, not to exceed $75 million, at an annual percentage rate of 1.5 percent over the 3 month LIBOR rate, but may not exceed 3 percent to the State Water Commission. The State Water Commission must repay the line of credit from funds available in the resources trust fund, water development trust fund, or other funds, as appropriated by the Legislative Assembly. The State Water Commission may access the line of credit, as necessary, to provide funding as authorized by the Legislative Assembly for water supply and flood control projects approved for funding before June 30, 2021.
Contingent appropriation - Bank of North Dakota line of credit	Section 7 would provide a contingent appropriation of $75 million, from funds obtained through a Bank of North Dakota line of credit, to the State Water Commission for the purpose of funding water projects for the 2019-21 biennium.	

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State Water Commission - Budget No. 770
Senate Bill No. 2020
Base Level Funding Changes

	Executive Budget Recommendation				Senate Version				Senate Changes to Executive Budget Increase (Decrease) - Executive Budget			
	FTE Position	General Fund	Other Funds	Total	FTE Position	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
2019-21 Biennium Base Level	93.00	$0	$647,173,475	$647,173,475	93.00	$0	$647,173,475	$647,173,475	0 00	$0	$0	$0
2019-21 Ongoing Funding Changes												
Base payroll changes			($285,707)	($285,707)			($285,707)	($285,707)				$0
Salary increase			799,386	799,386			559,891	559,891			(239,495)	(239,495)
Health insurance increase			355,238	355,238			419,435	419,435			64,197	64,197
Retirement contribution increase			103,135	103,135				0			(103,135)	(103,135)
Removes 4 FTE unspecified positions	(4.00)		(693,912)	(693,912)	(4 00)		(693,912)	(693,912)				0
Adds 1 FTE risk mapping position	1.00		174,126	174,126	1.00		174,126	174,126				0
Adjusts funding available for new projects			180,969,346	180,969,346			(169,782,147)	(169,782,147)			(350,751,493)	(350,751,493)
Adjusts funding available for project carryover			33,465,921	33,465,921			33,465,921	33,465,921				0
Adjusts capital assets			(11,605,684)	(11,605,684)			(51,880,684)	(51,880,684)			(40,275,000)	(40,275,000)
Adjusts operating expenses			(14,257,138)	(14,257,138)			(14,257,138)	(14,257,138)				0
Adds Microsoft Office 365 licensing				0			68,200	68,200			68,200	68,200
Adds water supply - Grants line item				0			115,000,000	115,000,000			115,000,000	115,000,000
Adds rural water supply - Grants line item				0			30,000,000	30,000,000			30,000,000	30,000,000
Adds flood control - Grants line item				0			145,000,000	145,000,000			145,000,000	145,000,000
Adds general water - Grants line item				0			35,255,000	35,255,000			35,255,000	35,255,000
Total ongoing funding changes	(3.00)	$0	$189,024,711	$189,024,711	(3.00)	$0	$123,042,985	$123,042,985	0.00	$0	($65,981,726)	($65,981,726)
One-time funding items												
Adds Bank of North Dakota line of credit				$0			$75,000,000	$75,000,000			$75,000,000	$75,000,000
Total one-time funding changes	0.00	$0	$0	$0	0.00	$0	$75,000,000	$75,000,000	0.00	$0	$75,000,000	$75,000,000
Total Changes to Base Level Funding	(3.00)	$0	$189,024,711	$189,024,711	(3.00)	$0	$198,042,985	$198,042,985	0 00	$0	$9,018,274	$9,018,274
2019-21 Total Funding	90.00	$0	$836,198,186	$836,198,186	90.00	$0	$845,216,460	$845,216,460	0.00	$0	$9,018,274	$9,018,274

Other Sections for State Water Commission - Budget No. 770

	Executive Budget Recommendation	Senate Version
Additional income	Section 3 would appropriate any additional income from the resources trust fund or water development fund that becomes available to the State Water Commission during the 2019-21 biennium.	Section 3 provides that in addition to the amounts appropriated to the State Water Commission from the resources trust fund, the water development trust fund, and federal funds any additional amounts that become available in those funds are appropriated, subject to Budget Section approval, to the State Water Commission for the purpose of defraying the expenses of the State Water Commission for the 2019-21 biennium.
Exemption - Water-related projects	Section 4 would provide that funds appropriated for grants or water-related projects in Section 1 are exempt from North Dakota Century Code Section 54-44.1-11 for 2 years after June 30, 2021. Any unexpended funds appropriated from the resources trust fund or the water development fund after that period has expired must be transferred to the originating fund.	Section 4 provides that funds appropriated for grants or water-related projects in Section 1 are exempt from North Dakota Century Code Section 54-44.1-11 for 2 years after June 30, 2021. Any unexpended funds appropriated from the resources trust fund or the water development fund after that period has expired must be transferred to the originating fund.

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Other Sections for State Water Commission - Budget No. 770

	Executive Budget Recommendation	Senate Version
Line item transfers	Section 5 would authorize the State Water Commission to transfer funds between line items in Section 1 of the bill, when it is cost-effective for the construction of water projects. The department must report transfers to the Office of Management and Budget.	
Bank of North Dakota - Line of credit	Section 6 would extend authorization of a line of credit at the Bank of North Dakota, not to exceed $75 million, at an annual percentage rate of 1.5 percent over the 3 month LIBOR rate, but may not exceed 3 percent to the State Water Commission. The State Water Commission must repay the line of credit from funds available in the resources trust fund, water development trust fund, or other funds, as appropriated by the Legislative Assembly. The State Water Commission may access the line of credit, as necessary, to provide funding as authorized by the Legislative Assembly for water supply and flood control projects approved for funding before June 30, 2021.	Section 5 continues the authorization of a line of credit at the Bank of North Dakota, not to exceed $75 million, at an annual percentage rate of 1.5 percent over the 3 month LIBOR rate, but may not exceed 3 percent to the State Water Commission. The State Water Commission must repay the line of credit from funds available in the resources trust fund, water development trust fund, or other funds, as appropriated by the Legislative Assembly. The State Water Commission may access the line of credit, as necessary, to provide funding as authorized by the Legislative Assembly for water supply and flood control projects approved for funding before June 30, 2021.
Contingent appropriation - Bank of North Dakota line of credit	Section 7 would provide a contingent appropriation of $75 million, from funds obtained through a Bank of North Dakota line of credit, to the State Water Commission for the purpose of funding water projects for the 2019-21 biennium.	

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Prepared by the Legislative Council staff

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ANALYSIS OF THE 2019–21 BIENNIUM EXECUTIVE BUDGET RECOMMENDATION FOR SENATE BILL NO. 2020 FOR THE STATE WATER COMMISSION

The worksheet below provides information regarding the 2019-21 biennium executive recommendation for the State Water Commission, proposed changes to Senate Bill No. 2020 and detail of the funding available for water projects.

Executive Recommendation for Senate Bill No. 2020		Senate Version		
Line item	2019-21 Biennium	Proposed	Variance	
Salaries and wages	$20,111,564	$19,833,131		($278,433)
Operating expenses[1]	43,787,553	43,855,753		68,200
Capital assets[2]	113,213,758	147,938,758		34,725,000
Project carryover - Grants	308,333,818	308,333,818		0
New projects - Grants	350,751,493			(350,751,493)
Water supply -Grants		115,000,000		115,000,000
Rural water supply - Grants		30,000,000		30,000,000
Flood control - Grants		145,000,000		145,000,000
General water - Grants		35,255,000		35,255,000
Total appropriation	$836,198,186	$845,216,460		$9,018,274

Detail of Available Funding			Senate Version			
Funding Source	2019-21 Biennium		2019-21 Biennium		Variance	
NAWS Operations fund	$2,011,851		$2,011,851		$0	
NAWS Project reserve fund	75,000		75,000		0	
Reimbursements from political subdivisions	14,993,776		14,993,776		0	
Water rights filing fees	275,500		275,500		0	
Total other income		$17,356,127		$17,356,127		$0
Federal funds		39,122,817		39,122,817		0
Water development trust fund		72,792,076		72,860,276		68,200
Resources trust fund (January 2019 legislative revenue forecast)		650,652,206		650,652,206		0
Bank of North Dakota line of credit				75,000,000		75,000,000
Total revenue available for appropriation		$779,923,226		$854,991,426		$75,068,200
Balance (Shortfall)		($56,274,960)		$9,774,966		

[1]Includes funding for Devils Lake Outlet electricity

[2]Includes funding for state owned water projects (Northwest Area Water Supply and Southwest Pipeline)

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Draft Proposed amendment to Section 8 of HB 1020

Existing:

...and must include alternative selection, water supply needs, projected project costs, easement acquisitions, environmental regulation compliance to include the Boundary Waters Treaty of 1909,....

Proposed:

...and must include alternative selection, water supply needs, projected project costs, easement acquisitions, environmental regulation compliance to include issuance of a final National Pollutant Discharge Elimination System (NPDES) permit, and acquisition of all other state and federal permits required for the construction of any project features intended to be constructed with funding provided during the 2017-2019 and 2019-2021 biennium, as well as resolution of any associated appeals and litigation...

Item b can then be eliminated as it has essentially been rolled into Item a.

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2-11-2019
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1. Of the funds appropriated in the water and atmospheric resources line item in section 1 of this Act from funds available in the resources trust fund and water development trust fund, $298,875,000 is designated as follows:

   a. $120,125,000 for water supply;

   b. $27,000,000 for rural water supply;

   c. $136,000,000 for flood control; and

   d. $15,750,000 for general water.

2. The funding designated in this section is for the specific purposes identified; however, the state water commission may transfer funding among these items, subject to budget section approval and upon notification to the legislative management's water topics overview committee.

SECTION 6. LEGISLATIVE INTENT - MOUSE RIVER FLOOD CONTROL PROJECT FUNDING. Except for funding provided during bienniums prior to the 2017-19 biennium, it is the intent of the sixty-fifth legislative assembly that the state provide no more than $193,000,000 of state funding for Mouse River flood control projects within the city limits of Minot. It is the intent of the sixty-fifth legislative assembly that the $193,000,000 be made available during the 2017-19, 2019-21, 2021-23, and 2023-25 bienniums.

SECTION 7. LEGISLATIVE INTENT - RED RIVER VALLEY WATER SUPPLY PROJECT - BUDGET SECTION APPROVAL. It is the intent of the sixty-fifth legislative assembly that the state water commission provide, in the form of a grant, up to $30,000,000, of which $17,000,000 is for the completion of the planning and permitting process and $13,000,000 is to initiate construction of phase one prioritized project features identified in accordance with subsection 2 of section 8 of this Act, to the Garrison diversion conservancy district for the Red River valley water supply project, for the biennium beginning July 1, 2017, and ending June 30, 2019. The Garrison diversion conservancy district must receive budget section approval prior to changing any funding between designations identified in this section.

SECTION 8. RED RIVER VALLEY WATER SUPPLY PROJECT - REPORT TO LEGISLATIVE MANAGEMENT - BUDGET SECTION APPROVAL. Any funding received by the Garrison diversion conservancy district from the state water commission for the Red River valley water supply project during the biennium beginning July 1, 2017, and ending June 30, 2019, is subject to the following requirements:

1. Any funding received for the completion of the planning and permitting process of the Red River valley water supply project must result in the following accomplishments:

   a. The completed Red River valley water supply plan document that will be the basis and justification for project construction and must include alternative selection, water supply needs, projected project costs, easement acquisitions, environmental regulation compliance to include the Boundary Waters Treaty of 1909, and an implementation schedule;

   b. Acquisition of all state and federal permits required for the construction of any project features intended to be constructed with funding provided during the 2017-19 biennium;

   c. A signed bureau of reclamation water service contract agreeing to a minimum of one hundred sixty-five cubic feet per second over a minimum of forty years or equivalent to ensure an adequate water source for the project's needs;

   d. Prioritized project features for phase one construction; and

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e. A recommendation for funding options for all phases of the Red River valley water supply project.

2. Any funding received to initiate construction of phase one prioritized project features identified in subsection 1 may be spent and construction of phase one may begin only after the budget section receives and approves certification from the state water commission and the state engineer that all items listed in subsection 1 have been accomplished.

3. Quarterly progress reports on the Red River valley water supply project from the Garrison diversion conservancy district to the water topics overview committee of the legislative management, during the 2017-18 interim.

SECTION 9. WESTERN AREA WATER SUPPLY AUTHORITY - BANK OF NORTH DAKOTA LOAN - REPORTS. Notwithstanding section 5 of chapter 500 of the 2011 Session Laws, the Bank of North Dakota shall consolidate the $40,000,000 loan to the western area water supply authority authorized in section 5 of chapter 20 of the 2013 Session Laws, the $50,000,000 loan to the western area water supply authority authorized in section 2 of chapter 500 of the 2011 Session Laws, and the $25,000,000 loan from the general fund to the western area water supply authority authorized in section 3 of chapter 500 of the 2011 Session Laws. The terms and conditions of the consolidation loan must be negotiated by the western area water supply authority and the Bank of North Dakota. The western area water supply authority is not obligated to repay principal on loans from the resources trust fund for the period beginning July 1, 2017, and ending June 30, 2018. The interest rate on the $10,000,000 loan to the western area water supply authority authorized in section 4 of chapter 500 of the 2011 Session Laws must be 2.5 percent on any outstanding balance remaining after the effective date of this Act. The Bank of North Dakota shall report the terms of the consolidation loan upon its completion to the legislative management's water topics overview committee during the 2017-18 interim. The western area water supply authority shall provide its monthly financial statements and industrial sales to the legislative council for the legislative management's water topics overview committee's review during the 2017-18 interim.

SECTION 10. WESTERN AREA WATER SUPPLY AUTHORITY DEBT SERVICE SHORTFALL - BUDGET SECTION APPROVAL. If the western area water supply authority defaults on its payment of the principal or interest on the consolidation loan provided for in section 9 of this Act or the revenue bonds or other financing provided for in section 12 of this Act, the Bank of North Dakota shall notify the legislative council, and the state water commission shall provide a payment, subject to budget section approval, to the Bank of North Dakota in an amount of the default as certified to the budget section by the Bank of North Dakota.

SECTION 11. APPROPRIATION - INDUSTRIAL COMMISSION STUDY - WESTERN AREA WATER SUPPLY AUTHORITY - REPORT TO LEGISLATIVE MANAGEMENT. There is appropriated out of any moneys in the resources trust fund, in the state treasury, the sum of $150,000, or so much of the sum as may be necessary, to the industrial commission for the purpose of conducting an independent study of the feasibility and desirability of the sale or lease of the industrial water supply assets of the western area water supply authority, for the period beginning with the effective date of this Act, and ending June 30, 2019. The study must provide information regarding the financial impact to the western area water supply authority, its members and customers, the financial viability of the authority, and options available to the authority for debt servicing. The industrial commission may form a nonvoting advisory committee chaired by the state engineer to provide input regarding the scope of the study and to receive reports on the status of the study. The industrial commission shall report to the legislative management's interim water topics overview committee on the results of the study by June 1, 2018.

SECTION 12. ACTIONS RESULTING FROM THE WESTERN AREA WATER SUPPLY AUTHORITY STUDY.

1. If the industrial commission determines, based on the study directed in section 11 of this Act, that it is feasible and desirable to lease or sell the industrial water supply assets of the western

#4 SB 2020
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Att 1

19.0233.01006
Title.

Prepared by the Legislative Council staff for
Senator Sorvaag
February 11, 2019

PROPOSED AMENDMENTS TO SENATE BILL NO. 2020

Page 1, line 2, after "commission" insert "; and to provide legislative intent"

Page 1, after line 24, insert:

"**SECTION 3. LEGISLATIVE INTENT - FARGO FLOOD CONTROL PROJECT FUNDING.** It is the intent of the sixty-sixth legislative assembly that the state provide a portion of the local cost-share of Fargo flood control projects, including constructing a federally authorized Fargo flood control project, and that total Fargo flood control project funding to be provided by the state not exceed $703,000,000, which includes $120,000,000 originally designated for Fargo interior flood control. It is the intent of the sixty-sixth legislative assembly that the $332,500,000 yet to be designated by the state for the Fargo flood control project be made available in equal installments over the next five bienniums, beginning July 1, 2019."

Renumber accordingly

#5 SB 2020 2-11-2019 pg 1

19.0233.01001
Title.

Prepared by the Legislative Council staff for
Senator G. Lee
February 5, 2019

PROPOSED AMENDMENTS TO SENATE BILL NO. 2020

Page 1, line 2, after "commission" insert "; and to provide legislative intent"

Page 1, after line 24, insert:

"**SECTION 3. LEGISLATIVE INTENT - RED RIVER VALLEY WATER SUPPLY PROJECT - REPORT TO LEGISLATIVE MANAGEMENT.** It is the intent of the sixty-sixth legislative assembly that the state water commission provide, in the form of a grant, up to $50,000,000 to the Garrison Diversion Conservancy District for the Red River valley water supply project, for the biennium beginning July 1, 2019, and ending June 30, 2021. It is further the intent of the sixty-sixth legislative assembly that the state water commission provide state funding at an eighty percent state cost-share to the Garrison Diversion Conservancy District for the Red River valley water supply project after June 30, 2021. The Garrison Diversion Conservancy District shall report on a regular basis to the legislative management's water topics overview committee during the 2019-20 interim regarding the progress of the Red River valley water supply project."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

This amendment adds a section providing legislative intent that the State Water Commission grant the Garrison Diversion Conservancy District $50 million for the Red River Valley Water Supply Project for the 2019-21 biennium and that the State Water Commission provide funding to the Garrison Diversion Conservancy District on a 80 percent state cost-share basis for the Red River Valley Water Supply Project after June 30, 2021. The section also requires the Garrison Diversion Conservancy District to report to the Water Topics Overview Committee during the 2019-20 interim.

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19.0233.01007
Title.
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Prepared by the Legislative Council staff for
Senator G. Lee
February 13, 2019

PROPOSED AMENDMENTS TO SENATE BILL NO. 2020

Page 1, line 2, after "commission" insert "; to amend and reenact section 61-02-79 of the North Dakota Century Code, relating to the authorization of a Bank of North Dakota line of credit; to provide for Red River valley water supply requirements; to provide an exemption; to provide for reports to the legislative management; and to provide statements of legislative intent"

Page 1, replace lines 9 through 17 with:

	Base Level	Adjustments or Enhancements	Appropriation
Salaries and wages	$19,659,298	$173,833	$19,833,131
Operating expenses	58,044,691	(14,188,938)	43,855,753
Capital assets	124,819,442	23,119,316	147,938,758
Project carryover	274,867,897	33,465,921	308,333,818
New projects	169,782,147	(169,782,147)	0
Water supply - grants	0	115,000,000	115,000,000
Rural water supply - grants	0	30,000,000	30,000,000
Flood control - grants	0	145,000,000	145,000,000
General water - grants	0	35,255,000	35,255,000
Total special funds	$647,173,475	$198,042,985	$845,216,460
Full-time equivalent positions	93.00	(3.00)	90.00

SECTION 2. ONE-TIME FUNDING. The following amounts reflect the one-time funding items approved by the sixty-fifth legislative assembly for the 2017-19 biennium and the 2019-21 biennium one-time funding items included in the appropriation in section 1 of this Act:

One-Time Funding Description	2017-19	2019-21
Line of credit - Bank of North Dakota	$75,000,000	$75,000,000
Total all funds	$75,000,000	$75,000,000

The 2019-21 biennium one-time funding amounts are not a part of the entity's base budget for the 2019-21 biennium. The state water commission shall report to the appropriations committees of the sixty-seventh legislative assembly on the use of this one-time funding for the biennium beginning July 1, 2019, and ending June 30, 2021."

Page 1, line 18, after the first boldfaced period insert "**EXEMPTION -**"

Page 1, after line 24, insert:

"**SECTION 4. ADDITIONAL INCOME - APPROPRIATION - BUDGET SECTION APPROVAL.** In addition to the amounts appropriated in section 1 of this Act, any additional amounts in the resources trust fund and water development trust fund which become available are appropriated, subject to budget section approval, to the state water commission for the purpose of defraying the expenses of that agency, for the biennium beginning July 1, 2019, and ending June 30, 2021. Before approving any request, the budget section shall determine:

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1. Approving additional appropriations will not negatively affect the sixty-seventh legislative assembly's ability to address water-related needs;

2. The proposed use of the additional income complies with legislative intent; and

3. The proposed use of the additional income will not result in future funding commitments.

SECTION 5. LEGISLATIVE INTENT - FARGO FLOOD CONTROL PROJECT FUNDING. It is the intent of the sixty-sixth legislative assembly that the state provide a portion of the local cost-share of Fargo flood control projects, including constructing a federally authorized Fargo flood control project, and that total Fargo flood control project funding to be provided by the state not exceed $703,000,000, which includes $120,000,000 originally designated for Fargo interior flood control. It is the intent of the sixty-sixth legislative assembly that the $332,500,000 yet to be designated by the state for the Fargo flood control project be made available in equal installments over the next five bienniums, beginning July 1, 2019.

SECTION 6. LEGISLATIVE INTENT - RED RIVER VALLEY WATER SUPPLY PROJECT - REPORT TO LEGISLATIVE MANAGEMENT. It is the intent of the sixty-sixth legislative assembly that the state water commission provide, in the form of a grant, up to $50,000,000 to the Garrison Diversion Conservancy District for the Red River valley water supply project, for the biennium beginning July 1, 2019, and ending June 30, 2021. It is further the intent of the sixty-sixth legislative assembly that the state water commission provide state funding at an eighty percent state cost-share to the Garrison Diversion Conservancy District for the Red River valley water supply project after June 30, 2021. The Garrison Diversion Conservancy District shall report on a regular basis to the legislative management's water topics overview committee during the 2019-20 interim regarding the progress of the Red River valley water supply project.

SECTION 7. RED RIVER VALLEY WATER SUPPLY PROJECT - REPORT TO LEGISLATIVE MANAGEMENT - BUDGET SECTION APPROVAL. Any funding received by the Garrison Diversion Conservancy District from the state water commission for the Red River valley water supply project during the 2017-19 biennium and the biennium beginning July 1, 2019, and ending June 30, 2021, is subject to the following requirements:

1. Any funding received for the completion of the planning and permitting process of the Red River valley water supply project must result in the following accomplishments:

   a. The completed Red River valley water supply plan document that will be the basis and justification for project construction and must include alternative selection, water supply needs, projected project costs, easement acquisitions, environmental regulation compliance to include issuance of a final national pollutant discharge elimination system permit, and acquisition of all other state and federal permits required for the construction of any project features intended to be constructed with funding provided during the 2017-19 biennium and the 2019-21 biennium;

   b. A signed bureau of reclamation water service contract agreeing to a minimum of one hundred sixty-five cubic feet per second over a

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minimum of forty years or equivalent to ensure an adequate water source for the project's needs;

c. Prioritized project features for phase one construction; and

d. A recommendation of funding options for all phases of the Red River valley water supply project.

2. The state water commission shall review any associated appeals or litigation before releasing any funds for the project.

3. Any funding received to initiate construction of phase one prioritized project features identified in subsection 1 may be spent and construction of phase one may begin only after the budget section receives and approves certification from the state water commission and the state engineer that all items listed in subsection 1 have been accomplished.

4. Quarterly progress reports on the Red River valley water supply project from the Garrison Diversion Conservancy District to the water topics overview committee of the legislative management, during the 2019-21 interim.

SECTION 8. AMENDMENT. Section 61-02-79 of the North Dakota Century Code is amended and reenacted as follows:

61-02-79. Bank of North Dakota - Line of credit.

The Bank of North Dakota shall extend a line of credit not to exceed seventy-five million dollars at a rate of one and one-half percent over the three month London interbank offered rate, but may not exceed three percent to the state water commission. The state water commission shall repay the line of credit from funds available in the resources trust fund, water development trust fund, or other funds, as appropriated by the legislative assembly. The state water commission may access the line of credit, as necessary, to provide funding as authorized by the legislative assembly for water supply projects approved before June 30, ~~2019~~2021, and flood control projects that have approval for funding before June 30, ~~2019~~2021."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

Senate Bill No. 2020 - State Water Commission - Senate Action

	Base Budget	Senate Changes	Senate Version
Salaries and wages	$19,659,298	$173,833	$19,833,131
Operating expenses	58,044,691	(14,188,938)	43,855,753
Capital assets	124,819,442	23,119,316	147,938,758
Project carryover	274,867,897	33,465,921	308,333,818
New projects	169,782,147	(169,782,147)	
Water supply - Grants		115,000,000	115,000,000
Rural water supply - Grants		30,000,000	30,000,000
Flood control - Grants		145,000,000	145,000,000
General water - Grants		35,255,000	35,255,000
Total all funds	$647,173,475	$198,042,985	$845,216,460
Less estimated income	647,173,475	198,042,985	845,216,460
General fund	$0	$0	$0
FTE	93.00	(3.00)	90.00

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Department 770 - State Water Commission - Detail of Senate Changes

	Adjusts Funding for Base Payroll Changes[1]	Adds Funding for Salary and Benefit Increases[2]	Removes 4 Unspecified FTE Positions[3]	Adds Risk Mapping FTE Position[4]	Adjusts Base Level Funding[5]	Adds Funding for Microsoft Office 365[6]
Salaries and wages	($285,707)	$979,326	($693,912)	$174,126		
Operating expenses					($14,257,138)	$68,200
Capital assets					(51,880,684)	
Project carryover					33,465,921	
New projects					(169,782,147)	
Water supply - Grants						
Rural water supply - Grants						
Flood control - Grants						
General water - Grants						
Total all funds	($285,707)	$979,326	($693,912)	$174,126	($202,454,048)	$68,200
Less estimated income	(285,707)	979,326	(693,912)	174,126	(202,454,048)	68,200
General fund	$0	$0	$0	$0	$0	$0
FTE	0.00	0.00	(4.00)	1.00	0.00	0.00

	Adds Funding for Water Supply - Grants[7]	Adds Funding for Rural Water Supply - Grants[8]	Adds Funding for Flood Control - Grants[9]	Adds Funding for General Water - Grants[10]	Adds Funding from Bank of North Dakota Line of Credit[11]	Total Senate Changes
Salaries and wages						$173,833
Operating expenses						(14,188,938)
Capital assets					$75,000,000	23,119,316
Project carryover						33,465,921
New projects						(169,782,147)
Water supply - Grants	$115,000,000					115,000,000
Rural water supply - Grants		$30,000,000				30,000,000
Flood control - Grants			$145,000,000			145,000,000
General water - Grants				$35,255,000		35,255,000
Total all funds	$115,000,000	$30,000,000	$145,000,000	$35,255,000	$75,000,000	$198,042,985
Less estimated income	115,000,000	30,000,000	145,000,000	35,255,000	75,000,000	198,042,985
General fund	$0	$0	$0	$0	$0	$0
FTE	0.00	0.00	0.00	0.00	0.00	(3.00)

[1] Funding is adjusted for base payroll changes.

[2] The following funding is added for 2019-21 biennium salary adjustments of 2 percent on July 1, 2019, and 3 percent on July 1, 2020, and increases in health insurance premiums from $1,241 to $1,427 per month:

	Other Funds
Salary increase	$559,891
Health insurance increase	419,435
Total	$979,326

[3] Four FTE unspecified positions and related funding are removed.

[4] One FTE risk mapping position and related funding from federal funds ($174,126) is added.

[5] Base level funding is adjusted as follows:

	Other Funds
Operating expenses	($14,257,138)
Capital assets	(51,880,684)
Project carryover	33,465,921
New projects	(169,782,147)
Total	($202,454,048)

[6] Funding for Microsoft Office 365 license expense is added.

[7] Funding is identified for water supply grants.

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[8] Funding is identified for rural water supply grants.

[9] Funding is identified for flood control grants.

[10] Funding is identified for general water grants.

[11] Funding from proceeds received from a Bank of North Dakota line of credit is added. A section is also added to amend North Dakota Century Code Section 61-02-79 relating to a Bank of North Dakota line of credit, to continue authorization for a $75 million Bank of North Dakota line of credit for the 2019-21 biennium.

This amendment also adds sections to:

- Appropriate any additional amounts in the resources trust fund and water development trust fund which become available to the State Water Commission, subject to Budget Section approval.
- Provide legislative intent that the state provide a portion of the local cost-share of the Fargo flood control project not to exceed $703 million and that the $332.5 million yet to be designated by the state be provided in equal installments over the next 5 bienniums.
- Provide legislative intent that the State Water Commission provide, in the form of a grant, up to $50 million to the Garrison Diversion Conservancy District for the Red River Valley Water Supply Project during the 2019-21 biennium and that the State Water Commission provide state funding at an 80 percent state cost-share after June 30, 2021.
- Identify requirements the Garrison Diversion Conservancy District must meet regarding the planning and permitting process and provide the district must obtain certification from the State Water Commission and the State Engineer that those items are complete. The section also requires approval from the Budget Section of the certification and construction to begin before the funding can be provided to the Garrison Diversion Conservancy District for the Red River Valley Water Supply Project.

Department 770 - State Water Commission
Senate Bill No. 2020

Executive Budget Comparison to Prior Biennium Appropriations

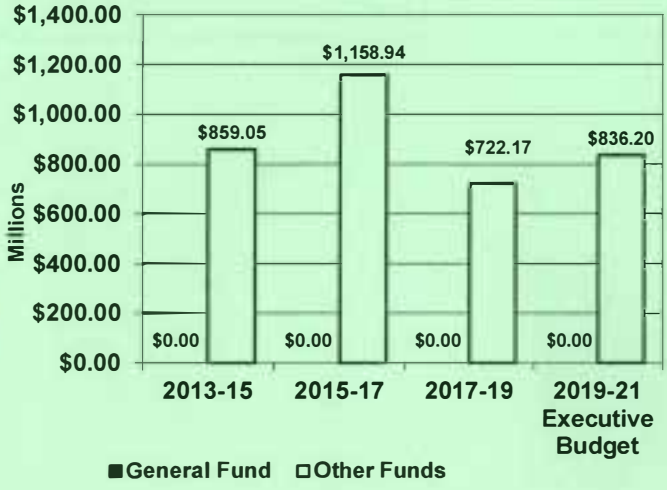
	FTE Positions	General Fund	Other Funds	Total
2019-21 Executive Budget	90.00	$0	$836,198,186	$836,198,186
2017-19 Legislative Appropriations[1]	93.00	0	722,173,475	722,173,475
Increase (Decrease)	(3.00)	$0	$114,024,711	$114,024,711

[1]The 2017-19 biennium agency appropriation amounts have not been adjusted for additional carryover authority of $63,158,619 for uncompleted water projects authorized under Section 6 of Senate Bill No. 2020 (2015).

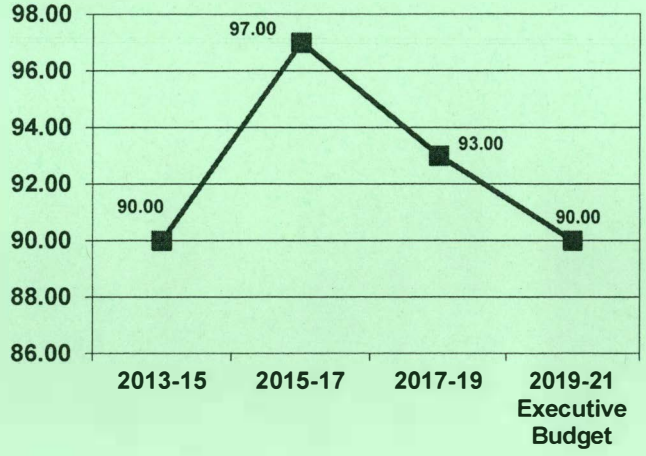
Ongoing and One-Time Other Funds Appropriations

	Ongoing Other Funds Appropriation	One-Time Other Funds Appropriation	Total Other Funds Appropriation
2019-21 Executive Budget	$836,198,186	$0	$836,198,186
2017-19 Legislative Appropriations	647,173,475	75,000,000	722,173,475
Increase (Decrease)	$189,024,711	($75,000,000)	$114,024,711

Agency Funding



FTE Positions



Executive Budget Comparison to Base Level

	General Fund	Other Funds	Total
2019-21 Executive Budget	$0	$836,198,186	$836,198,186
2019-21 Base Level	0	647,173,475	647,173,475
Increase (Decrease)	$0	$189,024,711	$189,024,711

First House Action

Attached is a comparison worksheet detailing first house changes to base level funding and the executive budget.

Executive Budget Highlights
(With First House Changes in Bold)

	General Fund	Other Funds	Total
1. Adds funding for state employee salary and benefit increases, of which $799,386 is for salary increases, $355,238 is for health insurance increases, and $103,135 is for retirement contribution increases. **The Senate added funding for salary adjustments of 2 percent for the 1st year of the biennium and 3 percent for the 2nd year and increases in health insurance premiums from $1,241 to $1,427 per month. The Senate did not add funding for retirement contribution increases.**	$0	$1,257,759	$1,257,759
2. Removes funding for 4 FTE unspecified positions	$0	($693,912)	($693,912)
3. Adds 1 FTE risk mapping position from federal funds	$0	$174,126	$174,126

4. Adjusts funding available for project carryover to provide a total of $308,333,818	$0	$33,465,921	$33,465,921
5. Adjusts funding available for new projects to provide a total of $350,751,493. **The Senate removed the new projects line item and added funding for the following line items: Water supply - Grants ($115 million), Rural water supply - Grants ($30 million), Flood control - Grants ($145 million), General water - Grants ($35,255,000).**	$0	$180,969,346	$180,969,346
6. Adjusts funding for capital assets, which includes state owned projects, to provide a total of $113,213,758 (Includes $41,666,182 of carryover funding for capital asset projects). **The Senate increased funding for capital assets to provide a total of $147,938,758.**	$0	($11,605,684)	($11,605,684)
7. Adjusts funding for operating expenses to provide a total of $43,787,553. **The Senate reduced funding for operating expenses as recommended in the executive budget and added funding for Microsoft Office 365 licensing, to provide a total of $43,855,753 for operating expenses.**	$0	($14,257,138)	($14,257,138)

Other Sections in Senate Bill No. 2020

Exemption - Water-related projects - Section 3 authorizes the State Water Commission to continue any unexpended 2019-21 biennium appropriation authority for grants or water-related projects for 2 years beyond June 30, 2021.

Resources trust fund and water development trust fund - Section 4 provides, in addition to the amounts appropriated to the State Water Commission from the resources trust fund and the water development trust fund, any additional amounts that become available in those funds are appropriated, subject to Budget Section approval, to the State Water Commission for the purpose of defraying the expenses of the State Water Commission for the 2019-21 biennium.

Legislative intent - Fargo flood control project - Section 5 provides legislative intent the state provide a portion of the local cost-share of the Fargo flood control project not to exceed $703 million and that the $332.5 million yet to be designated by the state be provided in equal installments over the next 5 bienniums, beginning July 1, 2019.

Legislative intent - Red River Valley Water Supply Project - Report to Legislative Management - Section 6 provides legislative intent the State Water Commission provide, in the form of a grant, up to $50 million to the Garrison Diversion Conservancy District for the Red River Valley Water Supply Project during the 2019-21 biennium and that the State Water Commission provide state funding at an 80 percent state cost-share after June 30, 2021. The section also requires the Garrison Diversion Conservancy District report to the Legislative Management on a regular basis.

Red River Valley Water Supply Project - Report to Legislative Management - Budget Section approval - Section 7 establishes certain requirements the Garrison Diversion Conservancy District must meet regarding the planning and permitting process and require the district to obtain certification from the State Water Commission and the State Engineer that those items are complete. The section also requires approval from the Budget Section of the certification and for construction to begin before the funding can be provided to the Garrison Diversion Conservancy District for the Red River Valley Water Supply Project.

Bank of North Dakota - Line of credit - Section 8 extends authorization of a line of credit for the State Water Commission at the Bank of North Dakota, not to exceed $75 million, at a rate of 1.5 percent over the 3 month London interbank offered rate (LIBOR).

Continuing Appropriations

Infrastructure revolving loan fund - North Dakota Century Code Section 61-02-78 established the infrastructure revolving loan fund within the resources trust fund to provide loans for water supply, flood protection, or other water development and water management projects. A total of $26 million of oil extraction money was deposited in the resources trust fund and, along with loan repayments and earnings of the fund, is available on a continuing basis for infrastructure loans.

Significant Audit Findings

There are no significant audit findings for this agency.

Major Related Legislation

House Bill No. 1085 - Amends Section 61-34-04 relating to the drought disaster livestock water assistance program, to remove grant amount limitations.

House Bill No. 1192 - Requires the State Engineer to maintain ordinary high water mark delineation guidelines as identified in the bill.

Senate Bill No. 2090 - Creates several new sections to Chapter 61-04, relating to permits for the appropriation of water; amends several sections under Chapter 61-04, relating to the appropriation of water and to adjust water permit fees; and repeals Sections 61-04-07, 61-04-15.1, 61-04-17, and 61-04-22, relating to appeals of permit application rejections, change in point of diversion or use, surplus water delivery, and a prescriptive water right.

Senate Bill No. 2275 - Authorizes the Public Finance Authority to issue up to $500 million of bonds to support the infrastructure revolving loan fund and the resources trust fund, increasing the amount available in the infrastructure revolving loan fund for low-interest loans to political subdivisions and institutions of higher education for infrastructure projects and increasing the amount available in the resources trust fund for water projects. The bill also expands the bonding authority for counties and transfers existing infrastructure loans for water projects from the resources trust fund to the infrastructure revolving loan fund. In the bill, $26 million is appropriated to the Public Finance Authority for the repayment of the bonds.

Senate Bill No. 2295 - Restricts the creation of an irrigation district if the primary purpose of the district is to provide drainage benefits to residents of the district and provides that drainage benefits provided by an irrigation district may not impact the authority of a water resource board to assess for drainage projects under Chapter 61-16.1 or 61-21.

State Water Commission - Budget No. 770
Senate Bill No. 2020
Base Level Funding Changes

	Executive Budget Recommendation				Senate Version			
	FTE Position	General Fund	Other Funds	Total	FTE Position	General Fund	Other Funds	Total
2019-21 Biennium Base Level	93.00	$0	$647,173,475	$647,173,475	93.00	$0	$647,173,475	$647,173,475
2019-21 Ongoing Funding Changes								
Base payroll changes			($285,707)	($285,707)			($285,707)	($285,707)
Salary increase			799,386	799,386			559,891	559,891
Health insurance increase			355,238	355,238			419,435	419,435
Retirement contribution increase			103,135	103,135				0
Removes 4 FTE unspecified positions	(4.00)		(693,912)	(693,912)	(4.00)		(693,912)	(693,912)
Adds 1 FTE risk mapping position	1.00		174,126	174,126	1.00		174,126	174,126
Adjusts funding available for new projects			180,969,346	180,969,346			(169,782,147)	(169,782,147)
Adjusts funding available for project carryover			33,465,921	33,465,921			33,465,921	33,465,921
Adjusts capital assets			(11,605,684)	(11,605,684)			(51,880,684)	(51,880,684)
Adjusts operating expenses			(14,257,138)	(14,257,138)			(14,257,138)	(14,257,138)
Adds Microsoft Office 365 licensing				0			68,200	68,200
Adds water supply - Grants line item				0			115,000,000	115,000,000
Adds rural water supply - Grants line item				0			30,000,000	30,000,000
Adds flood control - Grants line item				0			145,000,000	145,000,000
Adds general water - Grants line item				0			35,255,000	35,255,000
Total ongoing funding changes	(3.00)	$0	$189,024,711	$189,024,711	(3.00)	$0	$123,042,985	$123,042,985
One-time funding items								
Adds Bank of North Dakota line of credit				$0			$75,000,000	$75,000,000
Total one-time funding changes	0.00	$0	$0	$0	0.00	$0	$75,000,000	$75,000,000
Total Changes to Base Level Funding	(3.00)	$0	$189,024,711	$189,024,711	(3.00)	$0	$198,042,985	$198,042,985
2019-21 Total Funding	90.00	$0	$836,198,186	$836,198,186	90.00	$0	$845,216,460	$845,216,460

Other Sections for State Water Commission - Budget No. 770

	Executive Budget Recommendation	Senate Version
Exemption - Water-related projects	Section 4 would provide that funds appropriated for grants or water-related projects in Section 1 are exempt from North Dakota Century Code Section 54-44.1-11 for 2 years after June 30, 2021. Any unexpended funds appropriated from the resources trust fund or the water development trust fund after that period has expired must be transferred to the originating fund.	Section 3 provides that funds appropriated for grants or water-related projects in Section 1 are exempt from North Dakota Century Code Section 54-44.1-11 for 2 years after June 30, 2021. Any unexpended funds appropriated from the resources trust fund or the water development trust fund after that period has expired must be transferred to the originating fund.

Other Sections for State Water Commission - Budget No. 770

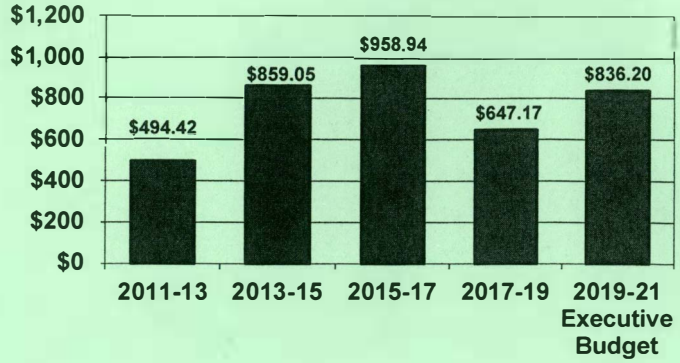
	Executive Budget Recommendation	Senate Version
Additional income	Section 3 would appropriate any additional income from the resources trust fund or water development trust fund that becomes available to the State Water Commission during the 2019-21 biennium.	Section 4 provides that in addition to the amounts appropriated to the State Water Commission from the resources trust fund and the water development trust fund, any additional amounts that become available in those funds are appropriated, subject to Budget Section approval, to the State Water Commission for the purpose of defraying the expenses of the State Water Commission for the 2019-21 biennium.
Line item transfers	Section 5 would authorize the State Water Commission to transfer funds between line items in Section 1 of the bill, when it is cost-effective for the construction of water projects. The department must report transfers to the Office of Management and Budget.	
Legislative intent - Fargo flood control project		Section 5 provides legislative intent the state provide a portion of the local cost-share of the Fargo flood control project not to exceed $703 million and that the $332.5 million yet to be designated by the state be provided in equal installments over the next 5 bienniums, beginning July 1, 2019.
Legislative intent - Red River Valley Water Supply Project - Report to Legislative Management		Section 6 provides legislative intent the State Water Commission provide, in the form of a grant, up to $50 million to the Garrison Diversion Conservancy District for the Red River Valley Water Supply Project during the 2019-21 biennium and that the State Water Commission provide state funding at an 80 percent state cost-share after June 30, 2021.
Red River Valley Water Supply Project - Report to Legislative Management - Budget Section approval		Section 7 establishes certain requirements the Garrison Diversion Conservancy District must meet regarding the planning and permitting process and requires the district obtain certification from the State Water Commission and the State Engineer that those items are complete. The section also requires approval from the Budget Section of the certification and for construction to begin before the funding can be provided to the Garrison Diversion Conservancy District for the Red River Valley Water Supply Project.
Bank of North Dakota - Line of credit	Section 6 would extend authorization of a line of credit at the Bank of North Dakota, not to exceed $75 million, at an annual percentage rate of 1.5 percent over the 3 month LIBOR rate, but may not exceed 3 percent to the State Water Commission. The State Water Commission must repay the line of credit from funds available in the resources trust fund, water development trust fund, or other funds, as appropriated by the Legislative Assembly. The State Water Commission may access the line of credit, as necessary, to provide funding as authorized by the Legislative Assembly for water supply and flood control projects approved for funding before June 30, 2021.	Section 8 continues the authorization of a line of credit at the Bank of North Dakota, not to exceed $75 million, at an annual percentage rate of 1.5 percent over the 3 month LIBOR rate, but may not exceed 3 percent to the State Water Commission. The State Water Commission must repay the line of credit from funds available in the resources trust fund, water development trust fund, or other funds, as appropriated by the Legislative Assembly. The State Water Commission may access the line of credit, as necessary, to provide funding as authorized by the Legislative Assembly for water supply and flood control projects approved for funding before June 30, 2021.
Contingent appropriation - Bank of North Dakota line of credit	Section 7 would provide a contingent appropriation of $75 million, from funds obtained through a Bank of North Dakota line of credit, to the State Water Commission for the purpose of funding water projects for the 2019-21 biennium.	

Department 770 - State Water Commission

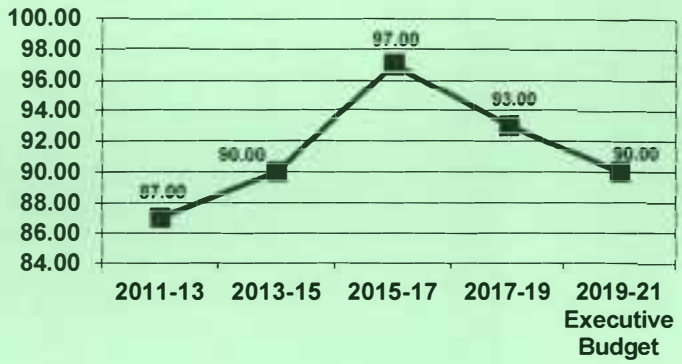
Historical Appropriations Information

Total Ongoing Other Funds Appropriations Since 2011-13

Agency Ongoing Funding (in Millions)



FTE Positions



Total Other Funds Appropriations					
	2011-13	2013-15	2015-17	2017-19	2019-21 Executive Budget
Ongoing other funds appropriations	$494,420,221[1]	$859,045,805	$958,935,836	$647,173,475	$836,198,186
Increase (decrease) from previous biennium	N/A	$364,625,584	$99,890,031	($311,762,361)	$114,024,711
Percentage increase (decrease) from previous biennium	N/A	73.7%	11.6%	(32.5%)	29.2%
Cumulative percentage increase (decrease) from 2011-13 biennium	N/A	73.7%	94.0%	30.9%	69.1%

[1]Amount excludes $14,995,199 from the general fund for the 2011-13 biennium for the administration of the State Water Commission.

Major Increases (Decreases) in Other Funds Appropriations

2013-15 Biennium

1. Changed funding source for the administration of the State Water Commission from the general fund to the resources trust fund	$17,566,561
2. Added funding to provide grants to advance the Stutsman County Rural Water, North Central Rural Water Consortium, and McLean-Sheridan Rural Water projects	$10,350,000
3. Added funding to advance additional construction on the Southwest Pipeline Project	$21,000,000
4. Added funding for 3 FTE positions	$425,507
5. Added funding for the infrastructure revolving loan fund within the resources trust fund	$15,000,000
6. Increased funding for professional services	$14,086,303
7. Increased funding for utilities	$3,749,426
8. Increased funding for capital payments	$131,366,895
9. Increased funding for grants	$150,860,165

2015-17 Biennium

1. Added funding for 4 FTE water permitting positions	$768,831
2. Added funding for 1 FTE regulatory director position	$273,871
3. Added funding for 1 FTE water supply project manager position	$229,840
4. Added funding for 1 FTE sovereign lands position	$192,784
5. Increased funding for professional services	$10,727,828
6. Added funding for loan payment on Bank of North Dakota loan to refinance outstanding bonds	$7,000,000
7. Increased funding for water projects	$36,132,255

2017-19 Biennium

1. Removed 4 FTE positions and related funding	($753,720)
2. Increased funding for Bank of North Dakota loan payments relating to State Water Commission outstanding bonds refinanced through the Bank during the 2015-17 biennium to provide $7.5 million per biennium.	$3,693,997
3. Added $125,000 from the resources trust fund for the Agriculture Commissioner's Wildlife Services program	$125,000
4. Adjusted funding for operating expenses and water projects	($225,437,836)
5. Added funding for a State Engineer study, of which $15,000 is from the resources trust fund and $15,000 is other funds received from Ward County	$30,000

2019-21 Biennium (Executive Budget Recommendation)

1. Removes funding for 4 FTE unspecified positions	($693,912)
2. Adds 1 FTE risk mapping position from federal funds	$174,126
3. Adjusts funding available for new projects to provide a total of $350,751,493. **The Senate removed the new projects line item and added funding for the following line items: Water supply - Grants ($115 million), Rural water supply - Grants ($30 million), Flood control - Grants ($145 million), General water - Grants ($35,255,000).**	$180,969,346
4. Adjusts funding available for project carryover to provide a total of $308,333,818	$33,465,921
5. Adjusts funding for capital assets, which includes state owned projects, to provide a total of $113,213,758 (Includes $41,666,182 of carryover funding for capital asset projects). **The Senate increased funding for capital assets to provide a total of $147,938,758.**	($11,605,684)
6. Adjusts funding for operating expenses to provide a total of $43,787,553. **The Senate reduced funding for operating expenses as recommended in the executive budget and added funding for Microsoft Office 365 licensing, to provide a total of $43,855,753 for operating expenses.**	($14,257,138)

GOVERNOR'S RECOMMENDATION FOR THE STATE WATER COMMISSION AS SUBMITTED BY THE OFFICE OF MANAGEMENT AND BUDGET

SECTION 1. APPROPRIATION. The funds provided in this section, or so much of the funds as may be necessary, are appropriated from special funds derived from federal funds and other income, to the state water commission for the purpose of defraying the expenses of the state water commission, for the biennium beginning July 1, 2017, and ending June 30, 2019, as follows:

	Base level	Adjustments or Enhancements	Appropriation
Salaries and wages	$19,651,385	$460,179	$20,111,564
Operating expenses	47,608,165	(3,820,612)	43,787,553
Capital assets	112,219,442	994,316	113,213,758
Grants - local cost share	467,694,483	(116,942,990)	350,751,493
Grants- carryover	0	308,333,818	308,333,818
Total all funds	$647,173,475	$189,024,711	$836,198,186
Full-time equivalent positions	93.00	(3.00)	90.00

SECTION 2. ONE-TIME FUNDING – EFFECT ON BASE BUDGET – REPORT TO SIXTY-SIXTH LEGISLATIVE ASSEMBLY. The following amounts reflect the one-time funding items approved by the sixty-fourth legislative assembly for the 2015-17 biennium and the 2017-19 one-time funding items included in the grand total appropriation in section 1 of this Act:

One-Time Funding Description	2017-19	2019-21
Line of credit – Bank of North Dakota	75,000,000	0
Total all funds	$75,000,000	$0

SECTION 3. ADDITIONAL INCOME - APPROPRIATION. In addition to the amounts included in the estimated income line item in section 1 of this Act, any additional amounts in the resources trust fund and water development trust fund that become available are appropriated to the state water commission for the purpose of defraying the expenses of that agency, for the biennium beginning July 1, 2019, and ending June 30, 2021.

SECTION 4. GRANTS - WATER-RELATED PROJECTS - CARRYOVER AUTHORITY. Section 54-44.1-11 does not apply to funding for grants or water-related projects included in the capital assets, capital construction carryover, or grants line items in section 1 of this Act. However, this exclusion is only in effect for two years after June 30, 2021. Any unexpended funds appropriated from the resources trust fund after that period has expired must be transferred to the resources trust fund and any unexpended funds appropriated from the water development trust fund after that period has expired must be transferred to the water development trust fund.

SECTION 5. LINE ITEM TRANSFERS. The chief engineer/secretary of the state water commission may transfer between the salaries and wages, operating, capital assets, capital construction carryover, and grants line item in Section 1 of this Act when it is cost-effective for construction of water projects. The state water commission shall notify the office of management and budget of any transfers made pursuant to this section.

SECTION 6. AMENDMENT. Section 61-02-79 of the North Dakota Century Code is amended and reenacted as follows:

61-02-79. Bank of North Dakota - Line of credit.

The Bank of North Dakota shall extend a line of credit not to exceed seventy-five million dollars at a rate of one and one-half percent over the three month London interbank offered rate, but may not exceed three percent to the state water commission. The state water commission shall repay the line of credit from funds available in the resources trust fund, water development trust fund, or other funds, as appropriated by the legislative assembly. The state water commission may access the line of credit, as necessary, to

provide funding as authorized by the legislative assembly for water supply projects approved before June 30, ~~2019~~2021, and flood control projects that have approval for funding before June 30, ~~2019~~2021.

SECTION 7. CONTINGENT APPROPRIATION – BANK OF NORTH DAKOTA LINE OF CREDIT. The sum of $75,000,000, or so much of the sum as necessary, from a Bank of North Dakota line of credit included in section 6 of this Act, may be transferred to the state water commission for the purpose of funding water projects for the biennium beginning July 1, 2019, and ending June 30, 2021.

Att 1
SB 2020
3/7/2019

GOVERNOR DOUG BURGUM TESTIMONY ON SB 2020
MARCH 7, 2019
HOUSE APPROPRIATIONS
EDUCATION AND ENVIRONMENT SUBCOMMITTEE
ROUGHRIDER ROOM
REPRESENTATIVE DAVID MONSON, CHAIRMAN

DOUG BURGUM – GOVERNOR OF NORTH DAKOTA

Chairman Monson, members of the committee, for the record, my name is Doug Burgum.

As chairman of the State Water Commission I support all projects outlined in its submitted water plan. While my equal support for all projects is unequivocal, I'm here today to present on the Fargo-Moorhead Area Diversion Project as it is a unique project that faced significant challenges necessitating the creation of a joint Task Force with the governor of Minnesota. I'll focus my testimony on its work and the impact of the project it inspired.

I come before you today to express my support for providing the funding necessary to complete North Dakota's most comprehensive flood control project, the Fargo-Moorhead, or more accurately, the Fargo-Moorhead-West Fargo-Horace-Harwood-Cass County Diversion.

This project has tremendous regional and statewide benefits. Over one-fifth of the state's population, or over 170,000 citizens, resides within the protected area. That includes more than 25,000 North Dakota schoolchildren – more than one-fifth of our K-12 population.

The project will protect over $20 billion in real property value and growing. I say growing because in the last year the Fargo-West Fargo area had over $600 million in building permits. And in the year the new Sanford hospital was built, total permits equaled nearly $1 billion.

The State of North Dakota itself is a significant property owner in the flood plain, including the entire North Dakota State University campus including ag research and extension facilities. Over 50 K-12 school buildings are in the protected area, as are multiple major medical facilities which act as the health care hub for the entire region.

Cass County approaches 20 percent of our state's overall $2 billion in sales tax collections.

Imagine the fiscal impact to our state, institutions and economy if a catastrophic flood event were to cripple Cass County. As this committee well knows, our foundational government services, from education to human services, rely on general fund dollars driven in large part by sales tax.

Our focus on protecting human life, livelihoods, property and the broader financial stability of the state of North Dakota is why our office initiated a dialogue with then-Minnesota Gov. Mark Dayton to find a solution that will provide permanent flood relief for the area.

Att 1
SB 2020 3/7/2019

We believed a solution could be accomplished through collaboration, not litigation. Working with the Minnesota Governor's Office and the Minnesota Department of Natural Resources, we created a joint Task Force to get this essential project moving again.

Gov. Dayton and I appointed a 16-member group, eight each from North Dakota and Minnesota. The members represented business leaders, locally elected officials and upstream and downstream representatives to fully include diverse (and sometimes conflicting) perspectives on achieving flood protection for the region.

The Task Force held five full-day meetings over the course of two months in the fall of 2017. We heard from every perspective over those two months – passionate proponents and vocal critics.

The purpose stated in the charter enabling the task force was straightforward: to achieve balanced flood risk management for the Fargo-Moorhead region, including upstream and downstream communities.

This purpose was anchored in four key parameters:

First, we had to find solutions within the confines of relevant North Dakota, Minnesota and federal laws.

Second, the project had received federal authorization, and we needed to maintain federal authorization as we worked to find a solution.

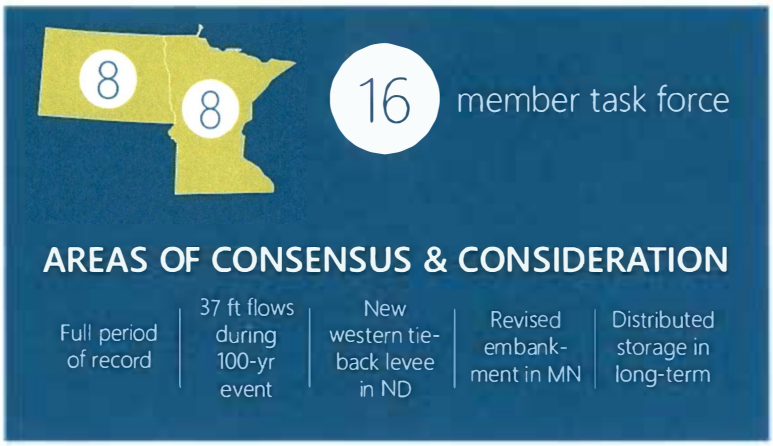
Third, federal funding must be maintained, and any solution must remain eligible to receive federal funding to help reduce the burden at the state and local levels.

It was exciting to hear that $300 million of additional federal funding has been pledged in the last week. We're grateful for the work of our congressional delegation, and especially the leadership of Senator Hoeven, to secure needed federal dollars to keep this project on track.

The fourth criterion was that the project must achieve 100-year flood accreditation by FEMA under the National Flood Insurance Program. Achieving this is essential to ensure the protected homes – 11,000 and growing – would not collectively be subjected to an estimated $30 million to $50 million in rising annual flood insurance premiums. These individual homeowner insurance premiums are funds that annually would be flowing out of the state's economy. And this amount of money annually will be saved for our citizens with flood protection.

Ultimately, the Task Force focused on solutions driven by variables related to engineering designs. We focused on keeping the facts in the room and the ideology out of the room. The Task Force came to consensus on the level of protection the project should provide, with consideration for the need to be able to fight even bigger floods beyond a 100-year flood if necessary.

Att 1
SB 2020
3/7/2019

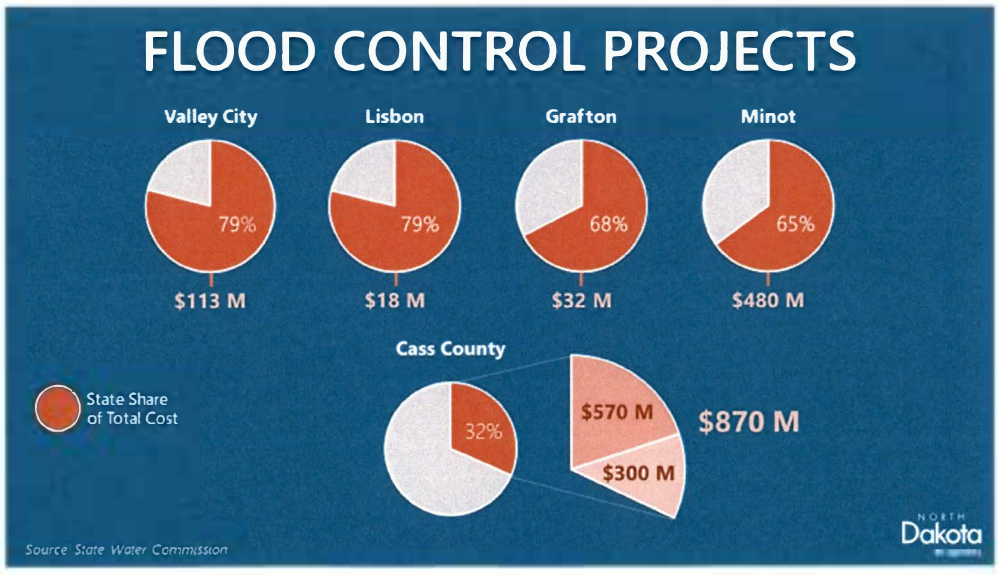


The Task Force's Technical Advisory Committee made recommendations on several important variables including eastern and western tie-back levees, increasing the amount of water passed through the metro area versus diverted, temporary flood storage areas, southern embankment placement and downstream water levels.

After the conclusion of the Task Force's work, a formal report was created outlining areas of consensus, engineering variables and including the narratives of the 16 individual task force members. The report is available on the governor's website for further review.

Overall, reviving the stalled project was an exercise in the art of the possible. The momentum generated by the Task Force culminated in a newly submitted permit application, known as "Plan B," which was recently approved by the Minnesota DNR. With this permit issuance, the most significant regulatory hurdle facing the project has been cleared.

This is a project that protects tens of thousands of property owners and mitigates risk for more than 170,000 citizens of North Dakota. And it does so in a way that is less reliant on state funding as a percentage of the total cost than any of the recently funded flood control projects.



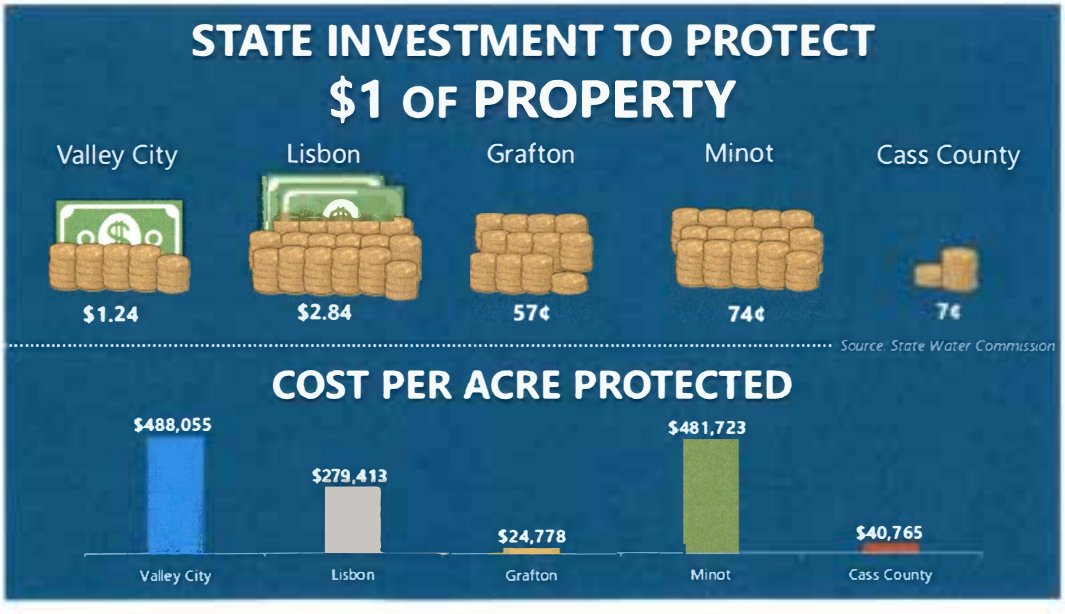
Even by providing the additional $300 million requested over the next three biennia to help complete the project, the state's cost share, increasing from 20 percent to 32 percent, would still be less than half, percentage-wise, of other recently approved flood projects. From a state perspective, this project is extremely cost-effective.

Comparison of Protected Parcels and Project Dollars

CITY	NUMBER OF PARCELS	ACRES PROTECTED	PROTECTED VALUE	TOTAL COST	COST-SHARE DOLLARS	COST PER ACRE	VALUATION/ TOTAL COST	VALUATION/ COST-SHARE
Valley City	981	293	91,206,387	143,000,000	113,000,000	488,055	0.64	0.81
Minot	3,864	1,532	647,579,800	738,000,000	479,700,000	481,723	0.88	1.35
Lisbon[1]	75	80	6,194,000	22,353,000	17,601,950	279,413	0.28	0.35
Grafton	1,009	1,913	55,855,000	47,400,000	32,000,000	24,778	1.18	1.75
Fargo	24,959		10,599,494,630	2,750,000,000	870,000,000	40,765[2]	4.10[2]	12.96[2]
West Fargo	1,106		422,496,900					
Cass County	3,499	67,460[3]	674,853,400					

[1] Lisbon parcel values have been adjusted from the 50% taxable values.
[2] Valuation (Total Cost & Cost-Share) combined total of Fargo, West Fargo & Cass County.
[3] Protected Area For ND and MN, Cass County, Clay County.

In the written testimony I've submitted to the committee, there is a chart outlining a variety of factors ranging from protected value to cost per acre for various flood control projects. In addition to the lowest percentage of state cost-share, there are numerous demographic and return-on-investment metrics that underscore the diversion project's value now and into the future.



Based on cost per person protected, cost per dollar of property tax protected, and cost per acre of land protected, the diversion project will be one of the most state tax-efficient flood protection projects built to date.

You can see on this slide what a dollar of state investment protects in terms of protected property. Additionally, as you can see looking at the Cass County project the cost per acre of protection is amongst the lowest we've ever done.

Historically, the Legislature and the State Water Commission have strongly supported flood protection for our citizens. It is a wonderful aspect of our human nature to have an outpouring of support after a crisis. Twice in our recent state history, we as a state have quickly initiated significant flood control projects for major metro areas. Yet this action has occurred only after we have experienced catastrophic flooding which devasted large swaths of two communities in Minot and Grand Forks.

This is the state's opportunity to be proactive and preventative. This is an opportunity to support a deeply vetted plan and to protect our state's most populous area from catastrophic flooding.

The Fargo metro area narrowly averted disaster in 1997, 2009 and 2011.

A catastrophic flood event in the uniquely flat topography of the Red River Valley would deal a crushing blow to tens of thousands of people, hundreds of businesses and billions of dollars in property, and severely harm North Dakota's economy.

The need is clear. The plan is sound. The time to act is now.

Investing now will reduce overall project costs and lower the risk to our citizens' health, safety and economic well-being.

I want to thank you all today for providing me the opportunity to testify on this important topic and its substantial benefits to over 170,000 of our citizens and its economic importance to the entire state of North Dakota.

I appreciate your commitment to giving this critical infrastructure project a thorough review in this committee not once but with two separate hearings. I am happy to answer any questions you may have.

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STRATEGIC PLAN

STATE WATER COMMISSION & OFFICE OF THE STATE ENGINEER

2019
2021

NORTH Dakota | State Water Commission
Be Legendary.™

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MAP APPENDIX

2019-2021 STRATEGIC PLAN

WATER COMMISSION AND OFFICE OF THE STATE ENGINEER

The following agency Vision, Mission, Philosophy and Values, Goals, and Strategic Initiatives make up our Stategic Plan.

These elements collectively provide direction, and clearly articulate where the agency will prioritize its efforts during the 2019-2021, and future biennia.

OUR VISION

Present and future generations of North Dakotans will enjoy an adequate supply of good quality water for people, agriculture, industry, and fish and wildlife; Missouri River water will be put to beneficial use through its distribution across the state to meet ever increasing water supply and quality needs; and successful management and development of North Dakota's water resources will ensure health, safety, and prosperity, and balance the needs of generations to come.

OUR MISSION

To improve the quality of life and strengthen the economy of North Dakota by managing the water resources of the state for the benefit of its people.

PHILOSOPHY & VALUES

In the delivery of services to the citizens of North Dakota, we, the employees of the State Water Commission and the Office of the State Engineer, value fairness, objectivity, accountability, responsiveness, and credibility. We pledge to use professional and scientific methods to maintain only the highest of standards in the delivery of services to our constituents.

GOALS & STRATEGIC INITIATIVES

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GOAL 1

Promote development and investment in water resource projects.

STRATEGIC INITIATIVES

Biennially develop a comprehensive Water Development Plan which includes an inventory of prioritized water projects to facilitate investment in the state's highest water development priorities.

Implement the Economic Analysis and Life Cycle Cost Analysis processes to support the efficient allocation of state funds.

Administer the cost-share program to provide financial support to political subdivisions for locally led projects that protect public safety, enhance quality of life, and promote economic development.

Continue design, construction, and operation of the Southwest Pipeline and Northwest Area Water Supply projects.

Implement and manage the Drought Disaster Livestock Water Supply Assistance Program to mitigate drought-related impacts to the state's livestock industry.

GOAL 2

Utilize technology and education to increase our understanding for the improved management of the state's water resources.

STRATEGIC INITIATIVES

Continue research and deployment of advanced technologies such as Airborne Electromagnetic (AEM) surveys, Pushing REmote SENSors (PRESENS), and an unmanned aerial vehicle (UAV) for data collection efforts.

Utilize agency-hosted Light Detection and Ranging (LIDAR), aerial imagery, flood control structure database information, and the new approximate flood risk map to promote National Flood Insurance Program participation and best floodplain management practices, and develop a publically accessible web-based platform.

Use internet-based platforms to implement, grow, and improve the water education program through cooperative efforts with other agencies, universities, and the educational community.

Continue development and deployment of innovative IT infrastructure to address complex water resource management initiatives - while continuing support of existing IT development platforms.

GOAL 3

Continue our strong commitment to sustainable water management.

STRATEGIC INITIATIVES

Provide regulatory and permitting oversight to water construction features, i.e. flood control facilities, water retention structures, and assessed drains.

Maintain a strong water right permitting process that provides for the orderly development of water resources in the state.

Provide hydrologic and hydraulic technical support to agency functions and the public to enhance public safety, quality of life, and economic development.

Utilize state-of-the-art technologies to provide hail suppression and rainfall enhancement cloud seeding services to participating counties.

Increase the public's understanding and awareness of state sovereign lands and the management of regulated activities.

OPERATIONAL OVERVIEW AND ACTION PLANS

While the State Water Commission and the Office of the State Engineer are separate state agencies with different directives, many of their responsibilities are entwined and overlap at several levels. For that reason, the activities of these two agencies have been merged into one operational overview.

Outlined in the following pages are the projects and programs that were the primary focus of our strategic planning process. It should be noted that this is by no means a comprehensive inventory of all efforts pursued by the State Water Commission and the Office of the State Engineer. Rather, it is simply a collection of those efforts that were deemed appropriate to include in our strategic planning process. Further, the projects and programs identified here have been separated by the divisions that are primarily responsible for their management. However, in several instances, many of our projects and programs require staff contributions from multiple divisions.

ORGANIZATIONAL CHART

TOTAL FULL TIME EQUIVALENTS OF 93 PERSONNEL

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OFFICE OF THE GOVERNOR

STATE WATER COMMISSION
Governor - Chairman
7 Appointed Members
Agriculture Commissioner
NDCC 61-02

CHIEF ENGINEER & SECRETARY TO WATER COMMISSION
Garland Erbele, P.E.

OFFICE OF THE STATE ENGINEER
Garland Erbele, P.E.
NDCC 61-03

ASSISTANT STATE ENGINEER
John Paczkowski, P.E., CFM

ADMINISTRATIVE STAFF OFFICER
Cheryl Fitzgerald

INFORMATION TECHNOLOGY
Chris Bader (FTE 4)

ADMINISTRATIVE SERVICES
David Laschkewitsch (FTE 6)
- General Support
- Legal
- Accounting
- Human Resources

ATMOSPHERIC RESOURCES
Darin Langerud (FTE 4)
- Cloud Modification Program
- Weather Research
- Data Collection
- License and Permits

PLANNING & EDUCATION
Patrick Fridgen (FTE 8)
- State Water Plan
- Water Education Program
- Media Relations
- Public Outreach & Information
- Livestock Water Supply Program

REGULATORY
Aaron Carranza, P.E., CFM (FTE 12)
- Construction Permits
- Sovereign Lands
- Dam Safety
- Floodplain Management
- Silver Jackets Program
- Drainage Permits

WATER APPROPRIATION
Jon Patch, P.E. (FTE 28)
- Water Rights
- Water Permitting
- Ground Water Management
- Surface Water Management
- Subsurface Exploration
- Hydrologic Data
- Water Resource Investigations

WATER DEVELOPMENT
Craig Odenbach, P.E., CFM (FTE 29)
- Investigations & Surveying
- Construction Operations
- Cost-Share Program
- MR&I Program
- Southwest Pipeline
- NAWS
- Red River Office
- Devils Lake Outlet Operations

AGENCY DIVISIONS & KEY PROJECTS OR PROGR

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ADMINISTRATION - Dave Laschkewitsch, Director

- Administration & Support Services

ATMOSPHERIC RESOURCES - Darin Langerud, Director

- ARB Cooperative Observer Network
- Atmospheric Research Program
- North Dakota Cloud Modification Project

WATER APPROPRIATION - Jon Patch, Director

- Community Water Supply Studies
- Water Resource Data Information Dissemination
- Water Resource-Related Economic Development
- Water Resource Investigations & Monitoring
- Water Resource Research
- Water Rights Administration & Processing
- Water Use Appropriation & Permitting

WATER DEVELOPMENT - Craig Odenbach, Director

- Cost-Share Program
- Design & Construction
- Devils Lake Flood Control
- Investigations
- Municipal, Rural & Industrial Water Supply Program
- Northwest Area Water Supply
- Southwest Pipeline Project

PLANNING & EDUCATION - Patrick Fridgen, Director

- State Water Development Plan
- Water Education
- Watershed Planning & Coordination
- Drought Disaster Livestock Water Assistance Program

REGULATORY - Aaron Carranza, Director

- Dam Safety Program
- Engineering & Permitting
- Floodplain Management
- Silver Jackets Program
- Sovereign Land Management

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ADMINISTRATION & SUPPORT SERVICES

AGENCY GOALS SATISFIED

GOAL 1
Promote development and investment in water resource projects.

GOAL 2
Utilize technology and education to increase our understanding for the improved management of the state's water resources.

GOAL 3
Continue our strong commitment to sustainable water management.

PROJECT/PROGRAM OBJECTIVES

- Provide umbrella administrative and technology services that support the projects and programs of the agency.

PROJECT/PROGRAM OVERVIEW

The Administrative Services Division provides the overall direction of agency powers and duties as described in the state's water laws. The activities include both the State Engineer and State Water Commission's operations, as well as accounting, information technology (IT), human resources, records management, legal support, and support services for all agency projects and programs.

Budget and fiscal control work is accomplished within the provisions of statutory law and principles, or rules of that law. Agency accounting consists of keeping adequate financial records, preparation of financial statements and reports, project and program cost accounting, preparation of budgets, responding to audit requests and recommendations, and proper control of various funds appropriated by the Legislature.

Human Resources works as a business partner with and for each division in developing, implementing, and supporting workforce programs that seek to recruit, develop, and retain a qualified, diverse, and engaged workforce.

The division also works on contracts and agreements that are necessary to carry out investigations, planning, and cooperation with various other agencies in water resources management.

IT supports general agency business operations in areas related to workflow management and office automation. IT also supports and enhances agency data collection and management functions, and broader engineering and scientific functions.

ASSUMPTIONS AND OBSTACLES

Maintaining and improving existing agency programs and services will require continued funding for agency operations and project development.

ACTION PLAN

TASKS	TARGET DATES
Prepare and submit the agency's budget	Sept. 2020
Coordinate the timing of agency bonding	As Needed
Coordinate development of agency testimony for legislative appropriations hearings	Dec. 2020
Maintain accounting records, and provide information technology and records management services	Ongoing
Bill federal, state, and local entities for their share of project costs	Ongoing
Provide legal support, including research and contract development	Ongoing
Maintain an agency IT strategic plan, and coordinate agency IT efforts with external and statewide initiatives	Ongoing
Support, maintain, and evolve agency IT infrastructure	Ongoing

ARB COOPERATIVE OBSERVER NETWORK

AGENCY GOALS SATISFIED

GOAL 2

Utilize technology and education to increase our understanding for the improved management of the state's water resources.

GOAL 3

Continue our strong commitment to sustainable water management.

PROJECT/PROGRAM OBJECTIVES

- Make high-resolution precipitation and hail data available to county, state, and federal agencies, private organizations, and the public.
- Provide the database online for download or review.
- Increase online reporting and produce value-added products that will be useful to a larger audience.
- Expand snowfall measurements in critical areas to assist with spring flood forecasting.

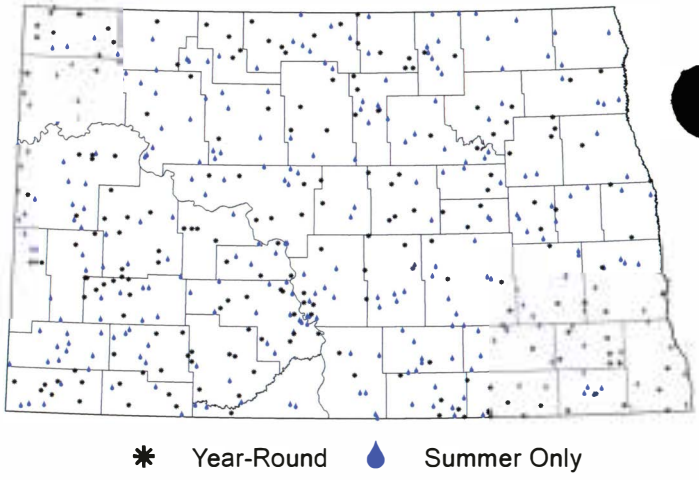
PROJECT/PROGRAM OVERVIEW

The Atmospheric Resource Board's Cooperative Observer Network (ARBCON) has collected growing season rainfall and hail data from volunteer observers statewide since 1977. Current participation ranges between 500 and 550 observers annually, making it one of the highest density precipitation observation networks in the United States. In all, more than five million daily precipitation observations, over 410,000 snowfall observations, and over 13,000 hail observations have been reported.

ASSUMPTIONS AND OBSTACLES

Continuation and expansion of existing statewide precipitation observations will require continued funding for agency operations and equipment.

2018 ARBCON OBSERVERS



ACTION PLAN

TASKS	TARGET DATES
Manage the program for daily observation of rainfall, hail, and snow, including data entry, quality control, and Geographic Information System (GIS) mapping	Ongoing
Produce growing season map products and manage volunteer renewal for following years	Fall, Annually
Recruit new volunteers	Ongoing
Mail reporting instructions, reporting cards, and rain gauges to volunteer observers	March, Annually
Expand the online reporting program	Ongoing, Annually
Expand snowfall measurements in critical areas	Winter, Annually
Develop a mobile application for data reporting and dissemination	Spring, 201[illegible]

ATMOSPHERIC RESEARCH PROGRAM

AGENCY GOALS SATISFIED

GOAL 2

Utilize technology and education to increase our understanding for the improved management of the state's water resources.

GOAL 3

Continue our strong commitment to sustainable water management.

PROJECT/PROGRAM OBJECTIVES

- Better quantify the physical processes of rainfall and hail formation.
- Improve operational application of cloud seeding technologies.
- Better quantify seeding effects through development and application of improved evaluation techniques.

PROJECT/PROGRAM OVERVIEW

North Dakota has a long history of research in weather modification. Since the mid-1980s, eight field research programs have been conducted in the state, most recently through focused campaigns in 2008, 2010, and 2012. Historically, the Bureau of Reclamation and the National Oceanic and Atmospheric Administration have provided program funding. Currently, program funding is being provided by the state.

ASSUMPTIONS AND OBSTACLES

Funding is the primary obstacle for the Atmospheric Research Program.

ACTION PLAN

TASKS	TARGET DATES
Develop methodologies using new technologies to evaluate and enhance North Dakota's operational cloud seeding program	Fall, 2019
Collaborate with other states and organizations/institutions doing similar research to improve and enhance North Dakota's program	Ongoing
Receive North Dakota State University economic study on the effects of cloud seeding on agricultural production	Spring, 2019
Receive North Dakota State University study on the effects of cloud seeding on summer rainfall	Summer, 2019

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COMMUNITY WATER SUPPLY STUDIES

AGENCY GOALS SATISFIED

GOAL 1
Promote development and investment in water resource projects.

GOAL 2
Utilize technology and education to increase our understanding for the improved management of the state's water resources.

GOAL 3
Continue our strong commitment to sustainable water management.

PROJECT/PROGRAM OBJECTIVES

- Conduct water supply studies.

PROJECT/PROGRAM OVERVIEW

Rural water entities and municipalities in need of help with their water supply can access agency staff for interpretation of existing data. These are usually cooperative studies with partial funding from the entity. Cooperators can also apply for cost-share assistance from the State Water Commission for water supply studies. Rural water entities and municipalities use the reports of the water resource studies to help with their decisions regarding water supply concerns and options.

ASSUMPTIONS AND OBSTACLES

In recent biennia, as more communities have tied in to expanding regional water supply systems, the need for individual community water supply studies has declined with the focus shifting to concentrated pumping from the regional supply locations. Limited regional groundwater supplies where additional stress is applied requires investigation, data collection, and increased management to ensure sound scientific decisions are being made on appropriations to protect prior water rights and the public interest.

ACTION PLAN

TASKS	TARGET DATES
Provide interpretation of existing water resource data	Ongoing
Conduct studies of potential water resources	As Requested
Publish reports on water resource studies	As Needed
Provide guidance and/or recommendations with regard to water supply concerns	Ongoing
Process appropriate paperwork to establish or maintain water rights	Ongoing

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COST-SHARE PROGRAM

AGENCY GOALS SATISFIED

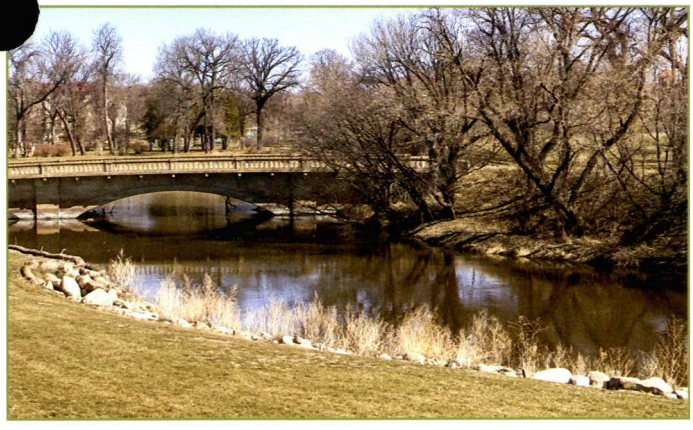
GOAL 1
Promote development and investment in water resource projects.

GOAL 2
Utilize technology and education to increase our understanding for the improved management of the state's water resources.

GOAL 3
Continue our strong commitment to sustainable water management.

PROJECT/PROGRAM OBJECTIVES

- To financially assist federal and state agencies and political subdivisions with eligible projects categorized as rural flood control, water supply, flood control, flood protection, flood acquisitions, dam safety, recreation, studies, irrigation, bank stabilization, dam removal/breach, FEMA levee accreditation, water retention, engineering, and technical assistance.



PROJECT/PROGRAM OVERVIEW

Beginning in 1943, the North Dakota Legislative Assembly appropriated funds to the State Water Commission for cost-share assistance on existing drain channels. Since then, the State Water Commission Cost-Share Program has significantly evolved, and has now developed into a program that adequately meets the goals of the State Water Commission, and the needs of our constituents.

The State Water Commission Cost-Share Program identifies types of projects that are eligible for cost-share assistance per the agency policy. Currently, as determined by that policy, the State Water Commission cost-shares on several types of projects, and has existing agreements to fund: flood control, irrigation, drainage and diversion channels, ring dikes, flood acquisitions, water supply projects, engineering and other studies, miscellaneous education and research projects, emergency action plans, imagery acquisition, dam safety reconstructions, recreation-based lake facilities, dikes, levees, non-point source pollution, central irrigation system supply lines, rip-rap bank stabilizations, dam removals, and technical assistance projects.

Upon determining a proposed project's eligibility and approval of funding, an agreement/contract is entered into with the project's sponsor describing the scope of work, how funds will be disbursed, insurance and indemnification requirements, and other terms as applicable. Request for payments are processed per the terms of the agreement. At the discretion of the State Water Commission, projects are reviewed and/or inspected upon final payment.

ASSUMPTIONS AND OBSTACLES

The amount of funds available for the Cost-Share Program is dependent on state appropriations and agency budgeting from the contract fund.

ACTION PLAN

TASKS	TARGET DATES
Review approximately 160 cost-share inquiries and/or applications for cost-share eligibility and assistance	Ongoing
Present eligible project proposals for approval and authorization by the Water Commission based on available funding in each funding purpose category	Ongoing
Develop agreements/contracts for approved and authorized projects	Ongoing
Process requests for payment, monitor agreement/contract compliance, and review or inspect work	Ongoing

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DAM SAFETY PROGRAM

AGENCY GOALS SATISFIED

GOAL 2

Utilize technology and education to increase our understanding for the improved management of the state's water resources.

GOAL 3

Continue our strong commitment to sustainable water management.

PROJECT/PROGRAM OBJECTIVES

- Conduct dam inspections in order to identify dams in need of maintenance or repair.
- Report inspection findings and make recommendations to dam owners.
- Maintain and update an inventory of all dams in North Dakota.
- Encourage the development of Emergency Action Plans (EAPs) for high and medium hazard dams, including the development of inundation maps for high hazard dams.
- Increase awareness of dam safety issues among dam owners and the public.

PROJECT/PROGRAM OVERVIEW

The purpose of North Dakota's Dam Safety Program is to minimize the risk to life and property associated with the potential failure of dams in the state. A national dam inspection program took place in 1978-1981 under the direction of the U.S. Army Corps of Engineers, following a series of dam failures across the country in the 1970s. The North Dakota Dam Safety Program, overseen by the Office of the State Engineer, was initiated to continue and build on that inspection program. There are currently about 3,180 dams in North Dakota's dam inventory. Of these, 48 dams are currently classified as high hazard and 82 are currently classified as medium hazard, meaning that there is the potential for loss of life or significant property damage downstream if one of those dams were to fail.

ASSUMPTIONS AND OBSTACLES

Federal grants through the Federal Emergency Management Agency and the National Dam Safety Program provide annual funding for training, equipment, and special projects. The availability and timing of these grants is uncertain from year to ye
In addition, there is a very limited timeframe in which to comp
projects under these grants.

ACTION PLAN

TASKS	TARGET DATES
Conduct periodic inspections of non-federally owned high hazard and medium hazard dams on a rotational basis, approximately 20 per year	Annually
Conduct additional dam inspections following spring runoff, as needed during flood events, in response to concerns, or on request	Annually
Report inspection findings and make recommendations to dam owners	Ongoing
Maintain and update North Dakota's dam inventory	Ongoing
Submit data to the National Inventory of Dams (NID)	As Requested
Track the status of EAPs for high and medium hazard dams; review and approve EAPs as they are submitted	Ongoing
Review and update the hazard classification of dams in North Dakota	Ongoing
Update the North Dakota Dam Design Handbook	December 31, 2021
Develop a dam maintenance manual for North Dakota	December 31, 2021
Emergency response	As Needed

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DESIGN & CONSTRUCTION

AGENCY GOALS SATISFIED

GOAL 1
Promote development and investment in water resource projects.

GOAL 2
Utilize technology and education to increase our understanding for the improved management of the state's water resources.

GOAL 3
Continue our strong commitment to sustainable water management.

PROJECT/PROGRAM OBJECTIVES

- Maintain water resource facilities within the state to ensure public safety, and enhance quality of life, by meeting multiple uses such as flood control, water supply, and recreation opportunities.
- Work with the United States Geological Survey (USGS) to maintain the network of stream gauges throughout the state, thereby ensuring reliable data necessary for managing North Dakota's water resources.

PROJECT/PROGRAM OVERVIEW

The Design and Construction Section are involved with assisting dam owners throughout the state in designing repairs and modifications to existing water facilities. The section works with the North Dakota Game and Fish Department (NDGF) to maintain outlet structures and install low-level drawdowns used by NDGF to manage fisheries. The section is also involved in directing emergency actions during major dam incidents.

ASSUMPTIONS AND OBSTACLES

Weather is the primary obstacle for timely completion of annual construction and repair efforts.

ACTION PLAN

TASKS	TARGET DATES
Assist dam owners with design and repairs of existing water facilities	Ongoing
Repair and maintain North Dakota's stream gauge network through cooperative efforts with the USGS	Summer, Annually
Conduct general construction projects	Summer, Annually
Assist the Dam Safety Program with spring inspections of dams	Annually
Emergency Response	As Needed

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DEVILS LAKE FLOOD CONTROL

AGENCY GOALS SATISFIED

GOAL 3

Continue our strong commitment to sustainable water management.

PROJECT/PROGRAM OBJECTIVES

- Reduce the risk of flooding in the Devils Lake basin.

PROJECT/PROGRAM OVERVIEW

2018 marked the 26th year of the historic flooding of Devils Lake. Beginning in 1993, a distinct pattern of increased precipitation over the closed Devils Lake basin resulted in a lake rise of over 31 feet, which inundated over 165,000 acres at the peak of the flood in 2011. That year, the lake rose to a modern day peak elevation of 1454.3 feet, which is less than four feet from the natural overflow elevation of 1458 feet.

In an effort to alleviate the flooding, the State Water Commission completed a 100 cubic feet per second (cfs) emergency outlet from West Devils Lake to the Sheyenne River in 2005. In the spring of 2010, the state increased the West Outlet capacity to 250 cfs, and in 2012, an East Devils Lake outlet with a 350 cfs pumping capacity was completed. The combined capacity of the two outlets is 600 cfs, and together they are capable of removing approximately one foot of water during a full capacity discharge season. As of October 2018, the total volume of water discharged by the outlets was 1.1 million acre-feet.

In addition to the outlet infrastructure, the Tolna Coulee Control Structure was constructed by the U.S. Army Corps of Engineers in 2012. The structure is owned and operated by the State Water Commission, and is designed to prevent a potentially catastrophic overflow if the lake rises to the natural overflow elevation. Discharge through the structure is controlled by stop logs which are kept approximately one foot below the lake elevation.

In the years since 2011, outlet discharges and lower inflow volumes have resulted in a gradual decline of the lake level and the lake is expected to fall to 1448 feet by the end of 2018. The West and East outlets are designed to operate to minimum elevations of 1445 and 1446 feet respectively and their operation is managed by the Governor and State Water Commision with input from a 17 member Devils Lake Outlet Management Advisory Committee (DLOMAC).

During a meeting of the DLOMAC in April 2018, the committee supported the continued maximum outlet discharge within the established limitations on Sheyenne River water quality and quantity. They also agreed to re-evaluate the outlet operating parameters once a lake level of 1448 feet was reached. The committee will meet again in 2019 and will likely develop a recommendation for how to manage the outlets between a lake elevation of 1448 feet and their minimum intake elevations.

For a map of the state's emergency Devils Lake outlet projects, see the Map Appendix.

ACTION PLAN

TASKS	TARGET DATES
Maintain and operate the Devils Lake emergency outlets	Ongoing
Maintain and operate the Tolna Coulee Control Structure	Ongoing
Develop discharge monitoring reports for outlet operation	As needed
Implement the Outlet Mitigation Plan and respond to damage claims	Ongoing

DROUGHT DISASTER LIVESTOCK WATER ASSISTANCE PROGRAM

AGENCY GOALS SATISFIED

GOAL 1

Promote development and investment in water resource projects.

GOAL 3

Continue our strong commitment to sustainable water management.

PROJECT/PROGRAM OBJECTIVES

- The Drought Disaster Livestock Water Supply Assistance Program was established by the North Dakota Legislature in 1991 and provides cost-share assistance to livestock producers with water supply shortages caused by drought.

PROJECT/PROGRAM OVERVIEW

NDAC, Section 89-11 provides the State Water Commission the ability to provide cost-share assistance to livestock producers with water supply shortages caused by drought.

Eligible livestock producers in drought proclamation counties may qualify for 50% cost-share assistance, for up to three projects involving the following items:

- New water wells;
- New rural water system connections;
- New pipeline extensions, pasture taps, and associated works; and
- Labor, materials, and equipment rentals for work completed to develop new water supply projects.

ASSUMPTIONS AND OBSTACLES

This program is unique in that it is not administered all of the time. It is only activated when the Governor declares a drought disaster, and the State Water Commission, including the Governor as Chair, activates the program.

ACTION PLAN

TASKS	TARGET DATES
Provide public outreach and education related to program activation and requirements	Ongoing
Process new cost-share applications	Ongoing
Process payments for completed projects	Ongoing
Conduct inspections for compliance of completed projects	Ongoing

ENGINEERING & PERMITTING

AGENCY GOALS SATISFIED

GOAL 2

Utilize technology and education to increase our understanding for the improved management of the state's water resources.

GOAL 3

Continue our strong commitment to sustainable water management.

PROJECT/PROGRAM OBJECTIVES

- Regulate the safe construction, modification, and design of dams, dikes, and other water resource facilities.
- Review engineering designs for compliance with the current state of civil engineering practice.
- Facilitate water resources management regulations through the consruction and drainage permitting processes.
- Serve as the administrative remedy for Water Resource District (WRD) decisions on drainage, dam, and dike complaints.
- Educate, as well as communicate and cooperate with the general public including permit applicants, political subdivisions, and other state and federal agencies regarding construction and drainage permitting processes.
- Provide technical assistance and determinations to local water resource managers, engineers, attorneys, and members of the public.

PROJECT/PROGRAM OVERVIEW

As authorized by NDCC 61-03 and 61-16.1, the State Engineer has been responsible for regulating the construction of dams, dikes, and other water resource facilities since approximately 1935. Since 1957, NDCC 61-32 has authorized the State Engineer to regulate drainage. The State Engineer coordinates these activities with county and regional WRDs across the state.

In addition to these permitting processes, the Engineering and Permitting Program provides technical assistance to WRDs and members of the public, through stream crossing determinations in accordance with NDCC 24-03-08; Watercourse determinations in accordance with NDCC 61-01-06; and processing public appeals of WRD decisions. The Engineering and Permitting Program also serves as a source of information to the public, handles easement releases for abandoned dams, participates in training workshops, represents the State Engineer on various interagency committees, and provides agency review of Public Service Commission permitting activities and U.S. Army Corps of Engineers' Section 404 permits.

ASSUMPTIONS AND OBSTACLES

Regulation of water resource control structures and water management requires a diligent, trained, and experienced engineering staff knowledgable of the constantly changing state of engineering practices and technologies utilized to implement engineering design and construction activites.

ACTION PLAN

TASKS	TARGET DATES
Process all construction and drainage permit applications in a timely manner	Annually
Provide technical assistance to WRDs as requested	Ongoing
Address all incoming WRD decision appeals in a timely manner	Annually
Digitally map all permitted assessment drains and dams that are currently in the agency's database	Annually
Provide all stream crossing and watercourse determinations in a timely manner	Annually
Review all incoming Public Service Commission permitting activities and U.S. Army Corps of Engineers' Section 404 permits	Annually

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FLOODPLAIN MANAGEMENT

AGENCY GOALS SATISFIED

GOAL 2

Utilize technology and education to increase our understanding for the improved management of the state's water resources.

GOAL 3

Continue our strong commitment to sustainable water management.

PROJECT/PROGRAM OBJECTIVES

- Fulfill the responsibilities of the Federal Emergency Management Agency's (FEMA) Community Assistance Program - State Support Services Element (CAP-SSSE) and Risk Mapping and Assessment Planning (MAP) program.
- Guide development of the floodplains of the state, in accordance with legislative direction.
- Reduce flood damages through sound floodplain management.
- Ensure, as far as practicable, that channels and floodways are kept free and clear of interference or obstructions.
- Provide state coordination and assistance to communities with floodplain management activities.
- Encourage communities to adopt, administer, and enforce sound floodplain management ordinances.
- Coordinate federal, state, and local floodplain management activities in the state.

PROJECT/PROGRAM OVERVIEW

Through the FEMA CAP-SSSE and Risk MAP programs, the state is able to accomplish these program objectives as outlined in the North Dakota Floodplain Management Act of 1981, which adopted the National Flood Insurance Program (NFIP) by reference in NDCC 61-16.2. This chapter was amended in 1999 and again in 2003 by the North Dakota Legislature, which broadened and refined the duties of the State Engineer.

The federal CAP-SSSE is designed to provide technical assistance to communities participating in the NFIP and to evaluate their performance in implementing NFIP management activities. In exchange for enforcing the floodplain development regulations, federal flood insurance is available for property located within participating communities. Flood Insurance Rate Maps (FIRMs) are key resources to regulating floodplains. These documents are created and updated through the Risk MAP program. FEMA provides partnership funding to states for their role in the CAP-SSSE and Risk MAP programs.

ASSUMPTIONS AND OBSTACLES

Successful management of the state's floodplain and flood prone areas will continue to require active participation and enrollment of cities, counties, townships, and tribes in the NFIP.

ACTION PLAN

TASKS	TARGET DATES
Monitor community floodplain management compliance by assessing a minimum of 20 participating communities on a rotational basis	September 30, Annually
Provide technical assistance regarding the NFIP, 100% of the time it's requested	As Needed/Ongoing
Process 100% of the requests for a State Engineer's floodway review	As Needed/Ongoing
Coordinate floodplain management training workshops and participate in related training opportunities	September 30, annually
Manage the selection and study process of community candidates for initial and revised flood hazard identification relative to the NFIP	Ongoing

INVESTIGATIONS

AGENCY GOALS SATISFIED

GOAL 2

Utilize technology and education to increase our understanding for the improved management of the state's water resources.

GOAL 3

Continue our strong commitment to sustainable water management.

PROJECT/PROGRAM OBJECTIVES

- Conduct preliminary engineering, hydrologic, and hydraulic studies for public entities.
- Provide technical support to the agency through engineering, surveying, and GIS services.

PROJECT/PROGRAM OVERVIEW

The Investigations Section is responsible for the preliminary engineering of surface water projects throughout the state. These projects are feasibility level assessments related to flood control, irrigation, dam safety, draingage and other water-related issues. These efforts generally include collecting both topographic and water surface elevation data throughout the state, GIS analysis, and the development of hydrologic and hydraulic models. The Water Commission may enter into formal agreements with public entities, such as a state agency, county, or municipality, for an investigation.

The Investigations Section creates and reviews hydrologic and hydraulic models as needed to support agency functions. Technical assistance also includes reviewing reports and studies, creating tools for GIS analysis, maintaining a lake gage monitoring network of several closed basin lakes in the state, and providing emergency response for flooding and dam safety issues.

The survey crew collects survey data statewide for a variety of purposes, maintains a survey database, collects snow samples, and assists in archiving historic notes, plats, surveys, and photos. Technical assistance is also provided for special issues such as Mouse (Souris) River international activities, including the Souris River Plan of Study, the proposed statewide Probable Maximum Precipitation (PMP) study, various U.S. Army Corps of Engineers Section 22 studies, Silver Jackets projects, and Missouri River activities, including participating on the Missouri River Recovery Implementation Committee.

ASSUMPTIONS AND OBSTACLES

The purpose of the section is quite broad, which presents challenges and opportunities. Keeping up with technology and evolving with the needs of the agency is a constant challenge.

ACTION PLAN

TASKS	TARGET DATES
Provide technical review of water management issues	As Needed
Continue to represent the State of North Dakota as part of the Missouri River Recovery Implementation Committee (MRRIC)	Ongoing
Manage government survey information	Ongoing
Conduct water resource investigations	As Needed
Provide technical support in response to flooding and other disasters	As Needed
Provide technical support to various agency sections and divisions	As Needed
Develop GIS tools utilizing open source programs	Ongoing

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MUNICIPAL, RURAL, & INDUSTRIAL WATER SUPPLY PROGRAM

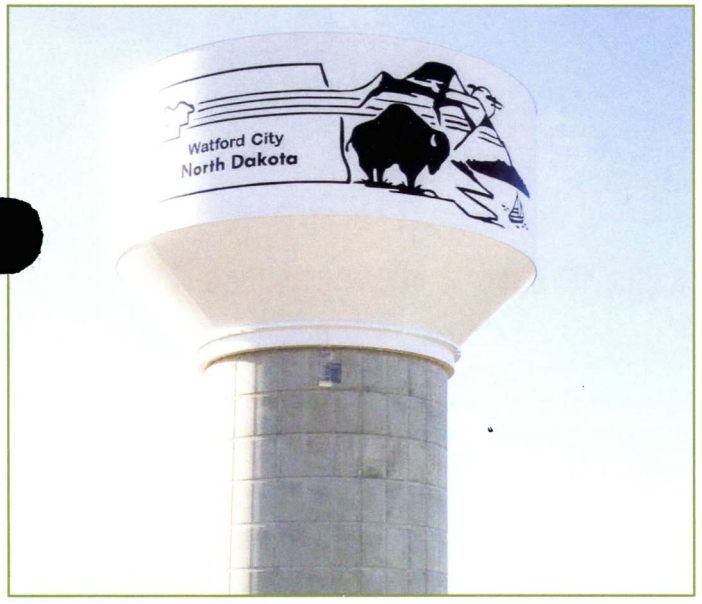
AGENCY GOALS SATISFIED

GOAL 1

Promote development and investment in water resource projects.

PROJECT/PROGRAM OBJECTIVES

- Coordinate alternative funding solutions for water supply and water treatment projects to help water users in cities and rural water areas obtain an adequate supply of quality water for municipal, rural, and industrial purposes.
- Provide planning and technical assistance to water supply systems to promote wise use of water resources throughout the state.



PROJECT/PROGRAM OVERVIEW

The Municipal, Rural, and Industrial (MR&I) water supply program is one source of federal funding used for public water systems. North Dakota's MR&I program was originally established by the 1986 Garrison Diversion Reformulation Act. At that time, Congress authorized $200 million in the form of a maximum grant of 75 percent. The state has since received the original $200 million from the 1986 Act. Later, the Dakota Water Resources Act of 2000 added an additional $200 million for the MR&I program, which is indexed to $305 million, of which the state has received $180 million. Funding used for the MR&I program is provided through the U.S. Bureau of Reclamation (BOR). The Garrison Diversion Conservancy District (GDCD) signed a cooperative agreement with the BOR to receive the federal funding. Further, the State Water Commission and GDCD signed a joint powers agreement to administer the program based on a memorandum of understanding.

Because of North Dakota's MR&I program, cities, regional and rural water systems have received assistance throughout the state. As a result of this added assistance, there are 32 regional water systems in North Dakota, providing quality drinking water to cities and rural users. Currently, all or parts of North Dakota's 53 counties are served by regional water systems.

ASSUMPTIONS AND OBSTACLES

Adequate federal funding must be received in a manner that does not impede progress.

For a map of North Dakota's rural and regional water systems, see the Map Appendix.

ACTION PLAN

TASKS	TARGET DATES
Implement a five-year plan for MR&I project funding requests	Ongoing
Participate in meetings with communities and rural water districts to provide technical and planning assistance	Ongoing
Provide MR&I budget estimates for project development	Ongoing
Coordinate meetings with various funding entities to discuss projects	Ongoing
Work with North Dakota's Congressional Delegation to increase federal MR&I appropriations	Ongoing
Coordinate with the GDCD in the prioritization and allocation of MR&I funds	Ongoing

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NORTH DAKOTA CLOUD MODIFICATION PROJECT

AGENCY GOALS SATISFIED

GOAL 2

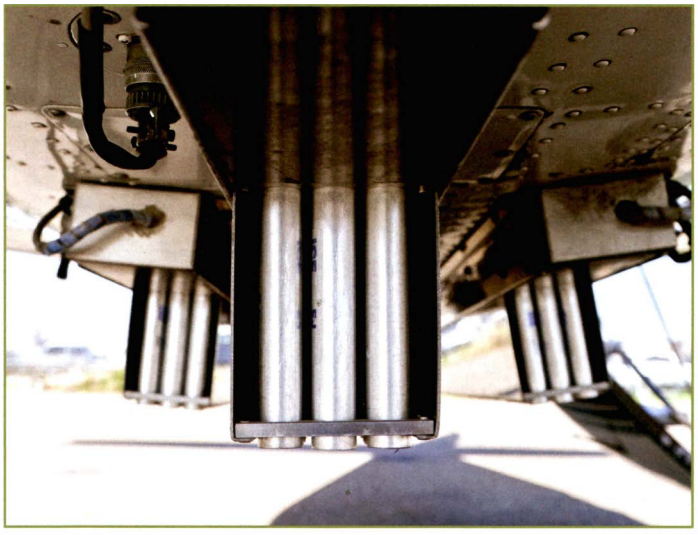
Utilize technology and education to increase our understanding for the improved management of the state's water resources.

GOAL 3

Continue our strong commitment to sustainable water management.

PROJECT/PROGRAM OBJECTIVES

- Reduce hail damage in the North Dakota Could Modification Project (NDCMP) target area.
- Enhance summer rainfall from thunderstorms in the NDCMP target area.



PROJECT/PROGRAM OVERVIEW

The NDCMP is a long-running cloud seeding program with the dual purposes of hail suppression and rainfall enhancement. The target area covers 11,554 square miles, in seven western North Dakota counties during the months of June, July, and August. Counties partner with the state through the Atmospheric Resource Board (ARB), employing contractors that provide the aircraft, pilots, seeding equipment, and radar maintenance services. The ARB owns and operates two radar systems and employs the meteorologists to coordinate seeding operations. In addition, the program offers two intern programs; one for students studying meteorology, and another for pilots studying at the University of North Dakota's J.D. Odegard School for Aerospace Sciences.

Evaluations of the NDCMP indicate that the program reduces hail damage to crops by 45 percent, increases wheat yields by 5.9 percent, and increases rainfall between 5 and 10 percent. A 2009 economic study estimates the NDCMP increases the value of agricultural production by $12 million to $19.7 million annually, producing a benefit to cost ratio of 12-20 to 1.

ASSUMPTIONS AND OBSTACLES

The project assumes continued participation by western North Dakota counties and cost-sharing of one-third of project costs, by the state.

For a map of the North Dakota Cloud Modification Project, see the Map Appendix.

ACTION PLAN

TASKS	TARGET DATES
Hold planning meetings with participating NDCMP counties	January, Annually
Public notice and comment period for NDCMP permitting	March, Annually
Hire NDCMP field personnel	May, Annually
Conduct pre-project ground school	May, Annually
Conduct NDCMP operations	June-August, Annually
Conduct data analysis and final reporting to participating counties	Winter, Annually
Report cloud seeding activities to the National Oceanic and Atmospheric Administration	Spring & Fall, Annually

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NORTHWEST AREA WATER SUPPLY

AGENCY GOALS SATISFIED

GOAL 1

Promote development and investment in water resource projects.

PROJECT/PROGRAM OBJECTIVES

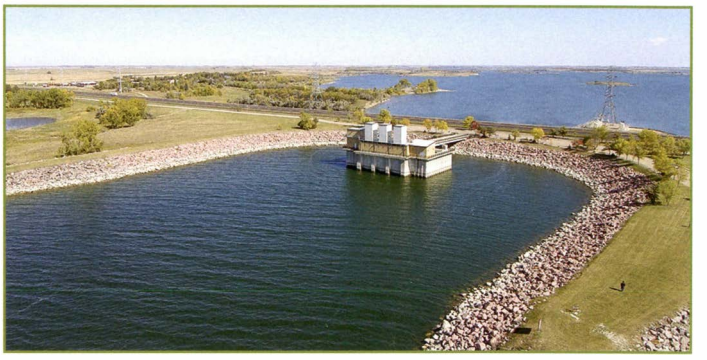
› Finish construction of the pretreated water delivery system to Minot, and distribution infrastructure to Bottineau.

PROJECT/PROGRAM OVERVIEW

North Dakota Century Code (NDCC), Section 61-24.6 declares necessary the pursuit of a project "…that would supply and distribute water to the people of northwestern North Dakota through a pipeline transmission and delivery system…" NDCC 61-24.6 authorizes the State Water Commission to construct, operate, and manage a project to deliver water throughout northwestern North Dakota.

The Water Commission began construction on the Northwest Area Water Supply (NAWS) project in April of 2002. The project is currently serving Berthold, Kenmare, Burlington, West River Water District, Upper Souris Water District, Mohall, Sherwood, All Seasons Water District, and Minot (also serves North Prairie Water District and Minot Air Force Base). NAWS is getting water supplied through an interim water supply agreement with Minot.

Litigation with the Province of Manitoba has been resolved, and the injunction the project had been under since April 2005 was vacated in August 2017 – clearing the path for completion of the project. The foundation for moving the project forward was initiated in the 2017-2019 biennium in the form of upgrades at the Minot Water Treatment Plant and the design of the biota water treatment plant at Max, half of the remaining distribution pipeline to Bottineau, and the intake facility at the Snake Creek Pumping Plant.



Portions of the remaining distribution to get desperately needed relief to the Bottineau area will be under contract by the beginning of the 2019-2021 biennium. The biota water treatment plant and intake modifications to the Snake Creek Pumping Plant will be ready to bid early in the biennium. There is equal emphasis to get Missouri River water to Minot, as well as deliver relief to the Bottineau region, which is currently facing water shortages.

When complete, the project is designed to provide up to 27 million gallons of combined Missouri River and groundwater per day to tens of thousands citizens in northwest North Dakota.

ASSUMPTIONS AND OBSTACLES

Adequate federal and state funding must be received in a manner that does not impede progress.

For a map of the NAWS project, see the Map Appendix.

ACTION PLAN

TASKS	TARGET DATES
Complete design and initiate construction on a biota treatment plant, intake, and remaining contracts to move water from Lake Sakakawea to Minot	Fall 2019
Complete design work and begin construction to move potable water to the Bottineau service area	Summer 2019
Develop plans and manuals as required by SEIS and ROD commitments	Summer 2020

SILVER JACKETS PROGRAM

AGENCY GOALS SATISFIED

GOAL 2

Utilize technology and education to increase our understanding for the improved management of the state's water resources.

GOAL 3

Continue our strong commitment to sustainable water management.

PROJECT/PROGRAM OBJECTIVES

- Educate state agencies, county water boards, and communities on the Silver Jackets Program.
- Assist communities with FEMA's levee recertification requirement or Provisionally Accredited Levee (PAL) program.
- Assist communities with project requests in support of flood control or long term flood mitigation projects through the State Water Commission and other federal or state agencies as appropriate.
- Assist communities with flood related Emergency Operation Plans as necessary and requested.
- Assist in educating counties and communities on the importance of maintaining current Hazard Mitigation Plans as related to flooding.
- Coordinate with Silver Jacket charter agencies to discuss state flood-related priorities, recommendations, efforts, and improve communication.
- Coordinate with Silver Jacket charter agencies for the collection, processing, and posting of Light Detection and Ranging (LiDAR) data for the James, Mouse, Missouri, and Red River basins.
- Coordinate with select Silver Jacket agencies for support and funding for a statewide Probable Maximum Precipitation (PMP) analysis.

PROJECT/PROGRAM OVERVIEW

North Dakota's Silver Jackets Program was initiated in January 2010 (in response to the extensive flooding of 2009) with the intent to identify comprehensive, long-term flood solutions through a collaborative, interagency effort between state and federal authorities. A Silver Jackets charter was completed and signed between the State Water Commission, North Dakota Division of Emergency Services, FEMA Region VIII, and the U.S. Army Corps of Engineers (St Paul and Omaha districts) in May 2010, and recently updated in 2014, with the addition of the National Weather Service, US Geological Survey, ND Geological Survey, U.S. Fish and Wildlife Service, and the Natural Resour Conservation Service. The Corps of Engineers initiated the Sil Jackets concept through a partnership with FEMA in 2005, with a goal of establishing Silver Jackets teams in at least one state in each Corps division, and ultimately one in each state.

ASSUMPTIONS AND OBSTACLES

The potential for flooding in North Dakota will continue annually due to both rain and spring snow melt events. The need for local, state, and federal coordination in support of comprehensive long-term flood control and mitigation efforts must continue throughout the state to ensure success. Continued funding of this program is critical to its existence.

ACTION PLAN

TASKS	TARGET DATES
Promote awareness of North Dakota's Silver Jackets Program	Ongoing/As Needed
Assist communities with FEMA's levee recertification requirement	Ongoing/As Needed
Assist communities with flood control and long-term flood mitigation project requests	Ongoing/As Needed
Assist selected counties and communities with Flood Emergency Operation Plan development and maintenance	Ongoing/As Needed
Coordinate with Silver Jackets Program charter agencies	Ongoing/As Needed
Collect, process, and post LiDAR annually, as funding permits	Ongoing/As Needed
Establish a PMP steering committee and select a firm to conduct analysis	2019-2021

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SOUTHWEST PIPELINE PROJECT

AGENCY GOALS SATISFIED

GOAL 1

Promote development and investment in water resource projects.

PROJECT/PROGRAM OBJECTIVES

- Continue construction to expand the intake, raw water transmission, and treated water distribution to meet the growing needs in southwest North Dakota, and to continue construction of projects to optimize the operation of the Southwest Pipeline Project.

For a map of North Dakota's Southwest Pipeline Project, see the Map Appendix

PROJECT/PROGRAM OVERVIEW

The Southwest Pipeline Project (SWPP) is a regional water supply system that draws water from Lake Sakakawea, and serves approximately 56,000 people in southwest North Dakota, including 33 communities and over 7,100 rural hookups.

NDCC, Section 61-24.3 stipulates that the SWPP "...be established and constructed, to provide for the supplementation of the water resources of a portion of the area of North Dakota south and west of the Missouri River with water supplies from the Missouri River for multiple purposes, including domestic, rural, and municipal uses." NDCC 61-24.3 authorizes the State Water Commission to construct, operate, and maintain the project. In 1996, the State Water Commission transferred the Operation and Maintenance of the project to the Southwest Water Authority.

The State Water Commission began construction of the Southwest Pipeline Project in 1986. After more than 30 years of construction, the geographical area originally envisioned for the project has access to quality water. The passage of time and growth in the area necessitates expansion of the intake, raw water transmission, treatment and distribution capacity.

Private contractors are constructing the project according to designs developed by the State Water Commission's engineering contractor. The State Water Commission oversees the design and construction of the project. The project's repayment to the State is in the form of an annual capital repayment, funded through the user fees collected from project customers, and continues in perpetuity.

ASSUMPTIONS AND OBSTACLES

Adequate state and federal funding must be received in a manner that does not impede progress.

ACTION PLAN

TASKS	TARGET DATES
Bid 2nd Davis Buttes and Belfied Tanks	Summer 2019
Bid blow off upgrades contract	Summer 2019
Bid the Supplemental Intake Pump Station Building	Summer 2020
Bid rural distribution expansion projects	Summer 2020

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SOVEREIGN LAND MANAGEMENT

AGENCY GOALS SATISFIED

GOAL 2

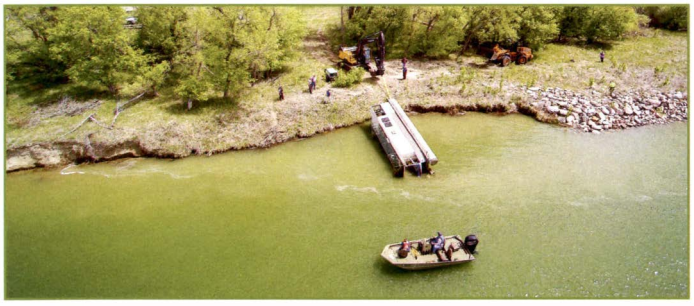
Utilize technology and education to increase our understanding for the improved management of the state's water resources.

GOAL 3

Continue our strong commitment to sustainable water management.

PROJECT/PROGRAM OBJECTIVES

- Determine the navigability or non-navigability of the state's lakes and streams.
- Delineate the ordinary high water mark (OHWM) of the state's navigable waters.
- Regulate the construction of any projects located partially or entirely on sovereign lands.
- Coordinate with other local, state, and federal agencies, and the public on sovereign lands management and related issues.
- Interact with other local, state, and federal agencies and the public to inform and educate the people of North Dakota on sovereign lands management and related issues.



PROJECT/PROGRAM OVERVIEW

The State Engineer is responsible for administering the state's non-hydrocarbon related mineral interests in North Dakota's sovereign land under NDCC 61-33. The State Engineer is responsible for determining which waterbodies are navigable in fact, and therefore sovereign to the State of North Dakota. The State Engineer is also responsible for delineating the OHWM of the state's navigable waters.

Any projects located partially or entirely on sovereign land require authorization from the State Engineer in the form of a Sovereign Land Permit prior to construction. The State Engineer is responsible for the day-to-day management of the state's sovereign land. This may include the preparation and execution of agreements with city, county, state, or federal entities for the management of specific parcels of sovereign land, and enforcement of state code relative to sovereign land.

ASSUMPTIONS AND OBSTACLES

Effective management of North Dakota's sovereign lands, held in trust for all North Dakotans, requires a thorough and consistent review and consideration of all project applications. Management decisions strive to allow for innovative and conscientious use and development of the state's sovereign lands, without jeopardizing their natural and aesthetic values, and the public's current and future use and enjoyment. Enforcement and management of state sovereign lands will require continued cooperation with the North Dakota Game and Fish Department, county and city managing partners, and the Attorney General's Office.

ACTION PLAN

TASKS	TARGET DATES
Process all incoming sovereign land permit applications	Ongoing
Determine navigability or non-navigability of specific water bodies when the question arises	As Needed
Conduct OHWM delineations for specific locations as necessary	Ongoing
Provide technical assistance to other local, state, and federal agencies and the public as requested	Ongoing

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STATE WATER DEVELOPMENT PLAN

AGENCY GOALS SATISFIED

GOAL 1

Promote development and investment in water resource projects.

GOAL 2

Utilize technology and education to increase our understanding for the improved management of the state's water resources.

GOAL 3

Continue our strong commitment to sustainable water management.

PROJECT/PROGRAM OBJECTIVES

- Develop a new 2021 Water Development Plan by January 2021.

PROJECT/PROGRAM OVERVIEW

By virtue of North Dakota Century Code, Section 61-02-14, Powers and Duties of the State Water Commission; Section 61-02-26, Duties of State Agencies Concerned with Intrastate Use or Disposition of Waters; and Section 61-02-01.3, Comprehensive Water Development Plan, the State Water Commission is required to develop and maintain a comprehensive Water Developmetn Plan. The most recent Water Development Plan was completed in December 2018. Water Development plans are revised, updated, and published on a biennial basis to assist with agency budgeting efforts, and to provide updated project and funding information during Legislative Assemblies. Starting with the 2019 Water Development Plan, potential project sponsors were asked to forecast funding needs for several biennia – as far as ten years into the future, rather than for just the upcoming biennium.

In addition to forecasts from project sponsors, the State Water Commission partnered with the North Dakota League of Cities and the North Dakota Rural Water Systems Association to survey water supply systems about their aging infrastructure challenges. Commission staff incorporated the results of the surveys into the 2019 Water Development Plan in the form of longer-term (10-, 20-, and 50-year) water supply infrastructure needs for planning and budgeting purposes.

ASSUMPTIONS AND OBSTACLES

Active participation and accurate input from local water managers and project sponsors regarding project funding needs will be critical to accurate budget development, and successful statewide water planning efforts. Forecasting funding needs beyond a ten-year planning horizon presents a number of challenges, particularly for small communities with limited or non-existent budgets, frequent staff turnover, and unsettled debt. In addition, water development needs continue to emerge even after planning deadlines have past.

ACTION PLAN

TASKS	TARGET DATES
Contact local water managers to request updated water project/program information, including funding timeframes for the 2021-2023 biennium and beyond	Jan. 2020
Work with Water Commission Subcommittees to assign priorities to inventoried projects	May 2020
Develop a preliminary project inventory for the 2021-2023 Commissioner-hosted basin meetings	June 2020
Process project information for use in State Water Commission budget development	Aug. 2020
Develop a final 2021 Water Development Plan	Dec. 2020
Present the 2021 Water Development Plan to the Legislative Assembly	Jan. 2021

WATER EDUCATION

AGENCY GOALS SATISFIED

GOAL 2

Utilize technology and education to increase our understanding for the improved management of the state's water resources.

PROJECT/PROGRAM OBJECTIVES

- Develop, promote, and provide opportunities statewide to K-12 formal and non-formal educators and students to expand their knowledge and understanding of water resources by:
  - Maintaining availability of indoor and outdoor water education programs and training resources through printed media and online resources;
  - Acquiring and distributing a balanced inventory of water resource information, education tools, services, programs, and resource materials through a variety of mediums;
  - Conducting institutes, workshops, in-service and pre-service educational opportunities; and
  - Conducting and supporting classroom events, youth camps, water festivals, and community events.

PROJECT/PROGRAM OVERVIEW

The North Dakota Water Education Program is a balanced, supplemental, and interdisciplinary water science and education program for formal and non-formal K-12 educators and students. The program facilitates and promotes learning, awareness, appreciation, knowledge, and exploration to promote stewardship of North Dakota's water resources. Project WET (Water Education for Teachers) curriculum guides and resource materials assist in helping youth learn how to think, and not just what to think, while providing means for teachers and students to grasp fundamental concepts related to water resources, watersheds, and the environment. Through a variety of programs, educators and students obtain skills for acquiring and applying knowledge, and to evaluate the results of their actions toward North Dakota's water resources.

ASSUMPTIONS AND OBSTACLES

Continued funding through the Environmental Protection Agency's (EPA) Section 319 Grant is critical to the success and continuation of the North Dakota Water Education Program.

ACTION PLAN

TASKS	TARGET DATES
Maintain Project WET classroom-ready teaching aids and service contracts in support of water resource education efforts	As Needed
Provide in-service and pre-service credit and non-credit educational programs for K-12 educators and resource personnel	Ongoing
Provide varying educational programs/events for K-12 students, communities and the general public statewide	Ongoing
Recruit and maintain a Project WET facilitator network by providing leadership training and development opportunities	March 2020
Provide support to the Keep North Dakota Clean water education poster contest	March 2020
Complete all Section 319 EPA grant development and reporting requirements	Ongoing
Complete one Project WET Watershed Institute	Summer 2020

WATER RESOURCE DATA INFORMATION DISSEMINATION

AGENCY GOALS SATISFIED

GOAL 2

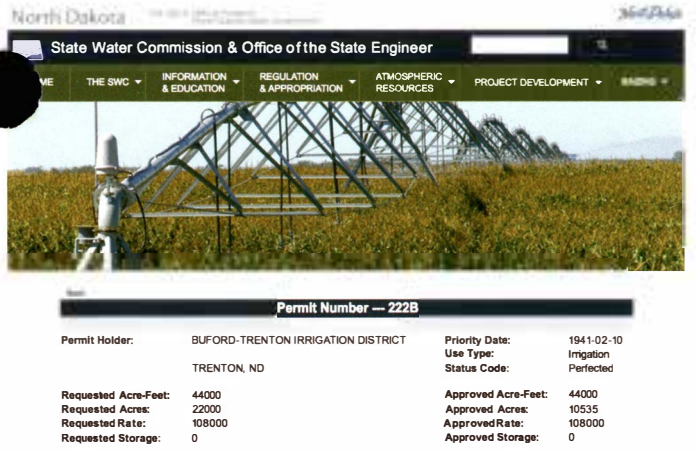
Utilize technology and education to increase our understanding for the improved management of the state's water resources.

GOAL 3

Continue our strong commitment to sustainable water management.

PROJECT/PROGRAM OBJECTIVES

- Maintain quality water resource data.
- Develop and maintain databases for retrieval of data.
- Maintain trained staff to interpret data.
- Develop and maintain web-based integration for access to data.



PROJECT/PROGRAM OVERVIEW

Significant volumes of data are contained in the State Water Commission's Water Resources Information Management Systems (WRIMS). Private individuals and private enterprise, as well as local, county, state, federal, and international entities routinely make use of various portions of these data sets. Staff facilitate the ability of interested parties to access data of interest to them. A web-based interactive interface is available to allow for direct access to the data on the part of the interested parties. Additionally, numerous interpretive reports are available for various water resources in the state.

ASSUMPTIONS AND OBSTACLES

The continuation of the in-house and online retrieval system will depend on the ability of the State Water Commission to maintain internal data management infrastructure.

ACTION PLAN

TASKS	TARGET DATES
Anticipate uses for which the data would be needed	Ongoing
Educate staff on the use of WRIMS as improvements are implemented	As Needed
Communicate with interested parties to determine their informational needs	As Requested
Create unique programs in order to satisfy requests of an unanticipated nature	As Requested
Image and store well drilling completion reports	Ongoing

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WATER RESOURCE INVESTIGATIONS & MONITORING

AGENCY GOALS SATISFIED

GOAL 2

Utilize technology and education to increase our understanding for the improved management of the state's water resources.

GOAL 3

Continue our strong commitment to sustainable water management.

PROJECT/PROGRAM OBJECTIVES

- Collect water resource data.
- Organize and store water resource data.
- Evaluate water-resource data and future data needs.

PROJECT/PROGRAM OVERVIEW

Water resource data pertaining to water levels, water quality, and well information are collected on an ongoing basis. The data are stored in a web accessible database. The database currently contains about 1.5 million water level measurements, 35,000 site locations, 68,000 water quality analyses, and 25,000 sites with lithological descriptions. Additional data acquisition sites are implemented as needed through time. Aquifer parameters and properties are evaluated through an aquifer-testing program.

Airborne Electromagnetic (AEM) surveying combined with borehole geophysical data collection has increased efficiency and understanding of hydrogeological systems. Continued development of a low-cost, rapidly deployable, small-footprint, real-time data collection device dubbed PRESENS (Pushing REmote SENSors), is also a priority.

ASSUMPTIONS AND OBSTACLES

Due to federal budget constraints, State Water Commission cost-share has increased to support the United States Geological Sur (USGS) Cooperative Water Resource Monitoring Program. T may continue in the future.

ACTION PLAN

TASKS	TARGET DATES
Install test holes and plug obsolete observation wells	Apr.-Dec., Annually
Install 125-175 monitoring wells	Apr.-Dec., Annually
Install 20-30 staff gauges, and monitor water levels and flows	Apr.-May, Annually
Measure 25,000-30,000 water levels in wells and surface water bodies	Apr.-Dec., Annually
Collect data from 80-100 continuous water level recorders	Jan.-Dec., Annually
Upgrade and install 250 monitoring locations with PRESENS devices	Dec., 2020
Collect 1,500-2,000 samples from wells and surface-water bodies	Apr.-Dec., Annually
Analyze samples for various chemical constituents	Apr.-Jan., Annually
Repair and maintain 3,500-4,000 measurement and sampling locations	Apr.-Dec., Annually
Enter data into database	Ongoing
Coordinate with the USGS Cooperative Water Resource Monitoring Program to continue funding support for approximately 50 surface water gage sites, 85 observation wells monitored monthly, 25 observation wells monitored real-time, and 150 water quality analyses collected from co-op monitoring network	Ongoing, Annually
Conduct aquifer tests - 1 or 2 per year	As Requested/Needed
Conduct AEM geophysical surveys - 1 or 2 per year	As Requested/Needed

WATER RESOURCE-RELATED ECONOMIC DEVELOPMENT

AGENCY GOALS SATISFIED

GOAL 1

Promote development and investment in water resource projects.

GOAL 3

Continue our strong commitment to sustainable water management.

PROJECT/PROGRAM OBJECTIVES

- Identify and evaluate potential water supplies for economic development.
- Support programs to encourage water-using industries.
- Support programs to encourage irrigation.

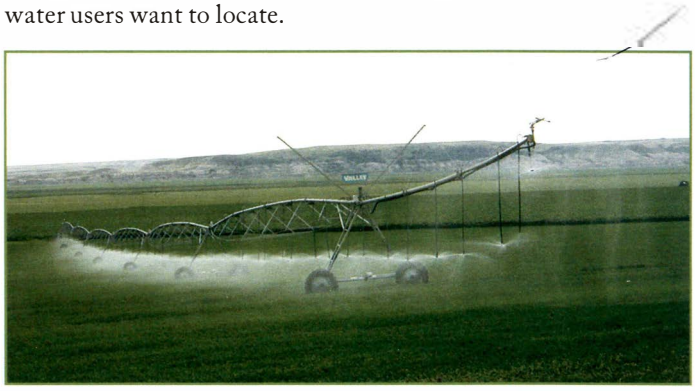
PROJECT/PROGRAM OVERVIEW

Water utilization is a key ingredient in many potential opportunities for economic development. Numerous studies and reports have documented potential water supplies for economic development. Additionally, existing reports and/or water resource data are interpreted by staff in the form of short reports to aid industries in determining the viability of various water resources with respect to their water needs in their consideration of locating in North Dakota.

The State Water Commission, in conjunction with the Bank of North Dakota, provides cost-share for new irrigation under the auspices of the Agricultural Partnership in Assisting Community Expansion (AgPACE) program. The State Water Commission also provides support for irrigation through its cost-share program.

ASSUMPTIONS AND OBSTACLES

There is a limited amount of ground water of a quality suitable for irrigation and industry. The one significant water resource in the state, the Missouri River, is not located where many potential water users want to locate.



ACTION PLAN

TASKS	TARGET DATES
Produce "synopsis" reports on water supplies for interested entities	As Requested
Produce or provide water resource interpretive reports	Ongoing/As Requested
Administer the AgPACE program	Ongoing
Support the North Dakota Irrigation Association's efforts to expand irrigation development	Ongoing

WATER RESOURCE RESEARCH

AGENCY GOALS SATISFIED

GOAL 2

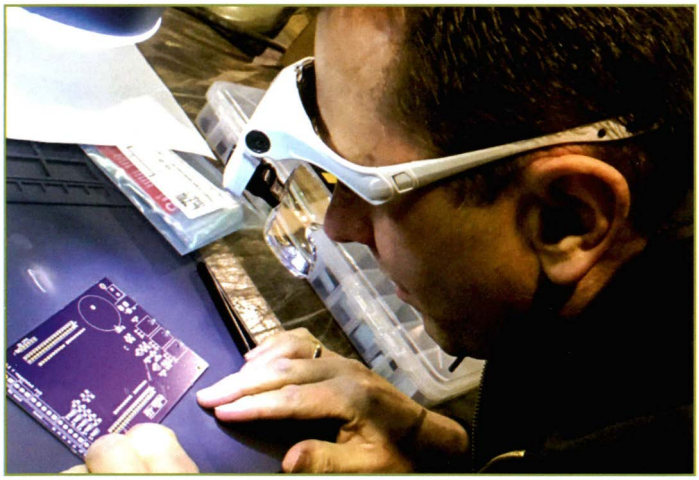
Utilize technology and education to increase our understanding for the improved management of the state's water resources.

GOAL 3

Continue our strong commitment to sustainable water management.

PROJECT/PROGRAM OBJECTIVES

- Support research into water resources of the state.
- Conduct studies of the nature and occurrence of water in order to optimize its conservation and development throughout the state.

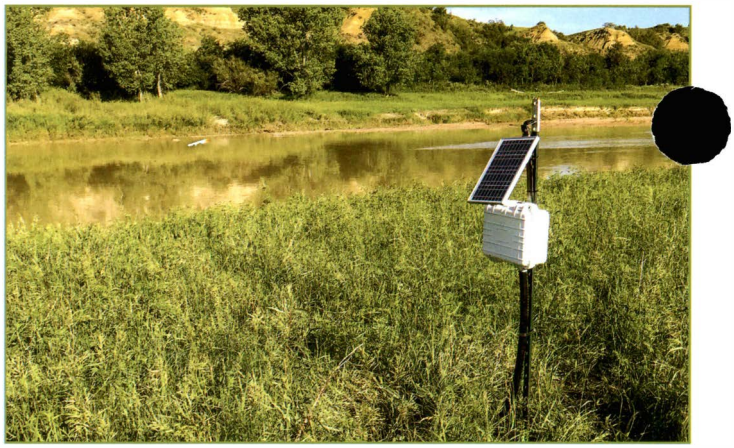


PROJECT/PROGRAM OVERVIEW

Water resource research involvement falls into three categories. The first is where the State Water Commission provides monetary support for water resource-related research, which is generally conducted by the United States Geological Survey (USGS) or universities. The second category is where the State Water Commission enters into a cooperative study, again generally with university researchers or the USGS. The third category is when the entire study is conducted by the State Water Commission.

ASSUMPTIONS AND OBSTACLES

Continuing or reformulated research could result from the interpretations that result from these studies. Continued USGS funding for the urban water use study is needed, and a denitrification study is in the early stages of discussion and planning, and is still tentative.



ACTION PLAN

TASKS	TARGET DATES
Annual review, decisions, and supplemental funding for graduate water resource investigations (North Dakota Water Resources Institute)	Annually
Conduct an evaluation of nitrate contamination and remediation in the Karlsruhe aquifer	Annually
Conduct a cooperative study of urban water use with the USGS and North Dakota State University	Through 2019
Continue assisting NDSU tile drainage projects with monitoring and placement	Ongoing
Conduct airborne electromagnetic surveys of the Spiritwood aquifer and other buried aquifers throughout North Dakota	Ongoing
Conduct investigations and pilot studies of aquifer storage and recovery (ASR) potential in aquifers throughout the state	Ongoing
Conduct investigations of the potential for aquifer reservoiring to maximize the efficiency of beneficial use of the waters of the state through conjunctive management of the surface and ground waters of the state	Ongoing
Continue development and deployment of Pushing REmote SENSors technology	Ongoing

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WATER RIGHTS ADMINISTRATION & PROCESSING

AGENCY GOALS SATISFIED

GOAL 3

Continue our strong commitment to sustainable water management.

PROJECT/PROGRAM OBJECTIVES

- Process water permit applications.
- Maintain meticulous water right records.
- Perfect conditional water rights.
- Document permitted water use.

PROJECT/PROGRAM OVERVIEW

NDCC 61-04-02 requires that all water uses except for domestic, livestock, fish, wildlife, and other recreational uses (unless the aforementioned are greater than 12.5 acre-feet per year) apply for a water permit before putting water to beneficial use. Set procedures are mandated by Century Code and regulations. Staff guide applications through this process. In addition, records, documents, and a computational database are meticulously maintained. Upon completion of water use development, inspections are conducted to verify the ability of the applicant to put water to beneficial use. Based on the inspection report, a Conditional water permit is perfected and filed with the county recorder's office as a water right associated with the land. Annual self-reported water use forms are verified and recorded to document that water is being put to beneficial use and the water right is being maintained.

Beginning July 1, 2014, all temporary permits required an application fee. An online permit application system has been developed, which includes an E-Commerce compliant system for the submission of water permit applications and their associated filing fees.

Beginning January 1, 2015, all water depots selling water to the oil industry were required to have a telemetry system that can communicate with the State Engineer Water Depot Database using the agency Simple Object Access Protocol (SOAP) service. The SOAP data is periodically reviewed and compared with meter readings to help ensure data integrity. Technicians in the Water Appropriations Division periodically inspect water meters at water depots serving the oil industry.

ASSUMPTIONS AND OBSTACLES

Water use records are dependent on self-reporting of annual water use, which are enforced through fines. Some conditional water permits take long periods of time to resolve water and legal complications.

ACTION PLAN

TASKS	TARGET DATES
Guide applicants through the water permit application process	Ongoing
Maintain records in each water permit application file	Ongoing
Enter appropriate data into water permit database	Ongoing
Conduct 100-150 inspections of "completed" conditional water permits	Annually
Perfect 75-100 conditional water permits	Annually
Send out requests for annual use reports to permit holders for over 3,500 permits	Nov. & Jan., Annually
Complete the annual water use data collection process	May, Annually
Develop a summary report on annual water use in North Dakota	Sept., Annually
Measure pumping rates to help establish water rights	Ongoing
Maintain water use records to quantify water rights	Ongoing
Monitor telemetry compliance for industrial water depots	Ongoing
Process meter reports from industrial water depots	Ongoing
Inspect all active water depot sites associated with Conditional, Perfected, and Temporary permits	Annually
Maintain and enhance the On-Line Temporary Water Permit Database system for the processing of 800 to 900, temporary water permit applications	Annually

WATER USE APPROPRIATION & PERMITTING

AGENCY GOALS SATISFIED

GOAL 3

Continue our strong commitment to sustainable water management.

PROJECT/PROGRAM OBJECTIVES

- Evaluate water permit applications and recommend decisions to the State Engineer.
- Authorize the use of "waters of the state" for the benefit of the citizens of North Dakota.
- Cooperate with agencies that have regulatory authority over North Dakota's water to protect and enhance the quality and quantity of North Dakota's water resources.
- Pursue cooperative efforts with neighboring states and provinces to plan for beneficial water management of shared water resources.

PROJECT/PROGRAM OVERVIEW

The allocation of water resources for beneficial use can result in competition for often limited resources. Standard operating procedures in accordance with statute and administrative rules allow for the prudent authorization to beneficially use "waters of the state" while protecting prior appropriators and the public interest. Competition may cross political boundaries. Efforts are continually underway to protect prior water rights, while maximizing benefits. In the assessment of the degree to which the state's water resources can be used beneficially, the rights of prior appropriators and the public interest need to be assessed and protected. Staff prepare recommendations for the State Engineer, with the objective of encouraging beneficial use while protecting prior rights and the public interest.

ASSUMPTIONS AND OBSTACLES

The source of about half of the total developed fresh water use in North Dakota is from glacial aquifers, and many of them are nearly fully appropriated. North Dakota's glacial aquifers are relatively thin and shallow, and are known for their complexity. These glacial aquifers are replenished through precipitation and snowmelt percolating their way downward through the overlying sediments and recharge is primarily determined by climatic cycles that are unpredictable.

A conservative approach, especially in aquifers that support large communities and/or regional water systems must be taken to ensure overappropriation does not leave people without a dependable water supply during extended drought cycles. Current and prior development of these aquifers has lowered the water levels to the point that further development for beneficial use is limited. As more of the waters of the state are appropriated through the evaluation of water right applications, the state's water resources are becoming more fully appropriated. Thus, the process of allocating additional water while protecting prior water rights and the public interest is becoming more difficult and time consuming. Water resource analysis requires a high degree of skill level and time to ensure an ongoing and sustainable water supply for the citizens of the state, and the enterprises and recreational opportunities needed for them to thrive.

ACTION PLAN

TASKS	TARGET DATES
Gather data on shared resources	As Needed
Discuss possible actions regarding water resources	As Needed
Negotiate management decisions	Ongoing
Conduct water resource investigations	As Needed
Prepare recommended decisions on water right applications, and administration of water rights for the State Engineer	Ongoing
Prepare recommended decisions on temporary authorized water use applications for the State Engineer	Ongoing
Monitor annual water use and enforce water laws and regulations	Ongoing
Streamline the water permit application process to improve time efficiency	Ongoing

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WATERSHED PLANNING & COORDINATION

AGENCY GOALS SATISFIED

GOAL 3

Continue our strong commitment to sustainable water management.

PROJECT/PROGRAM OBJECTIVES

- Provide technical expertise and assistance toward the development and implementation of regional watershed management planning efforts, and studies.

PROJECT/PROGRAM OVERVIEW

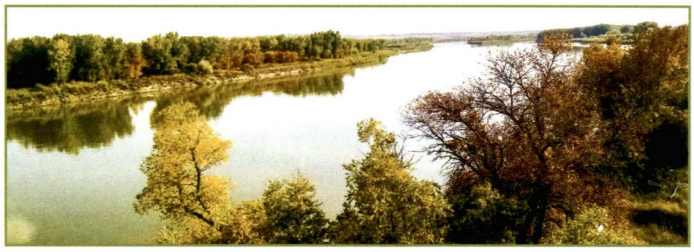
In addition to water management planning efforts at the state level, the State Water Commission believes that it is also beneficial for stakeholders at the local level to guide management of water resources in their respective watersheds. In order for these regional planning and management efforts to proceed and evolve in a productive manner, it is often required that local, state, and federal government officials participate in those planning processes as technical advisors.

In recent years, the State Water Commission has provided technical assistance to the Devils Lake, Upper Sheyenne, Red, Mouse, and Missouri River joint water boards toward the development of water management plans and projects. Staff have also assisted with the formation of the North Dakota Missouri River Advisory Council, and serve on the Little Missouri River Commission as a voting member. In addition, in the Red River basin, which is the focus of many projects and planning efforts, the Water Commission has an office with a staff engineer in Fargo.

Beyond participating in regional planning and coordination efforts within the state, State Water Commission staff members are also involved with international and national organizations involved in interjurisdictional water management. Examples include the International Joint Commission, the Red River Basin Commission, the International Red River Board, the International Souris River Board, International Souris River Study Board, the International Water Institute, the Red River Retention Authority, the Assiniboine River Basin Initiative, and the Upper Missouri Water Association.

ASSUMPTIONS AND OBSTACLES

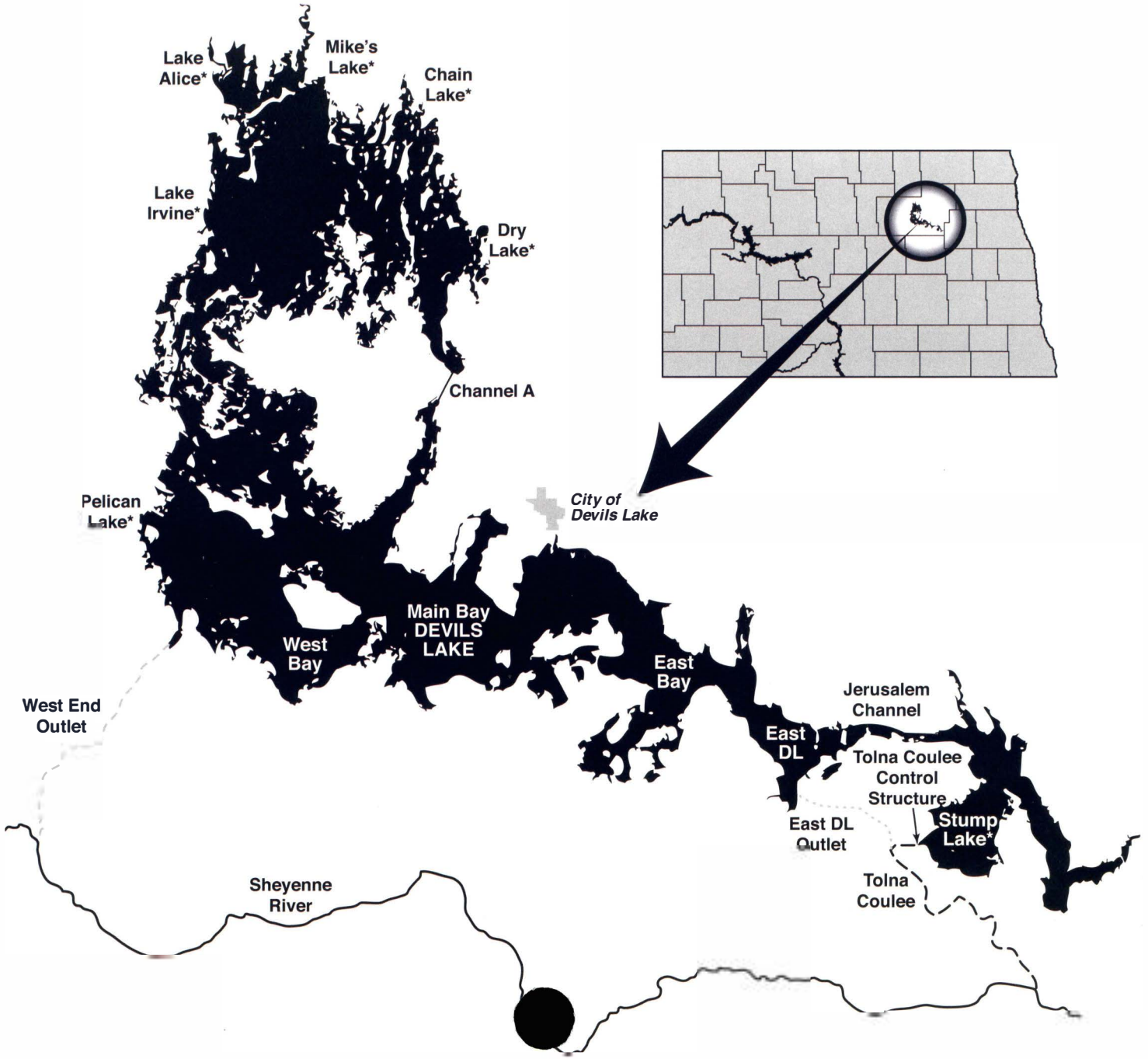
In order for all of the above organizations and planning/coordination efforts to succeed in the future, they will require continued commitment and dedication from all stakeholders involved in those processes.



ACTION PLAN

TASKS	TARGET DATES
Provide technical assistance toward the implementation of watershed management improvement plans	Ongoing
Continue to participate as board members and technical advisors for regional, international, and national watershed planning and coordination efforts	Ongoing

DEVILS LAKE OUTLETS



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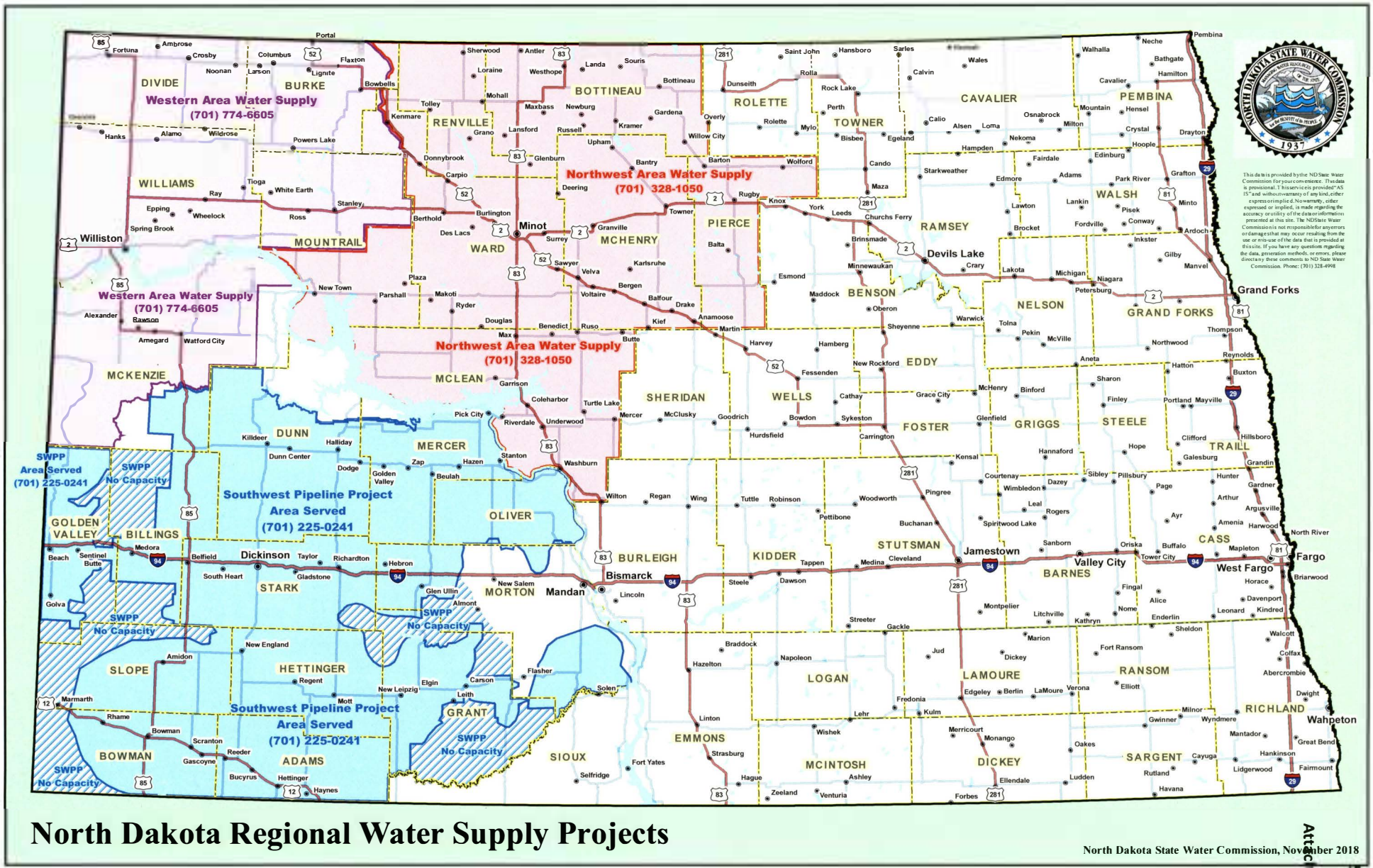
MAP APPENDIX

REGIONAL WATER SUPPLY SYSTEMS



North Dakota Regional Water Supply Projects

North Dakota State Water Commission, November 2018

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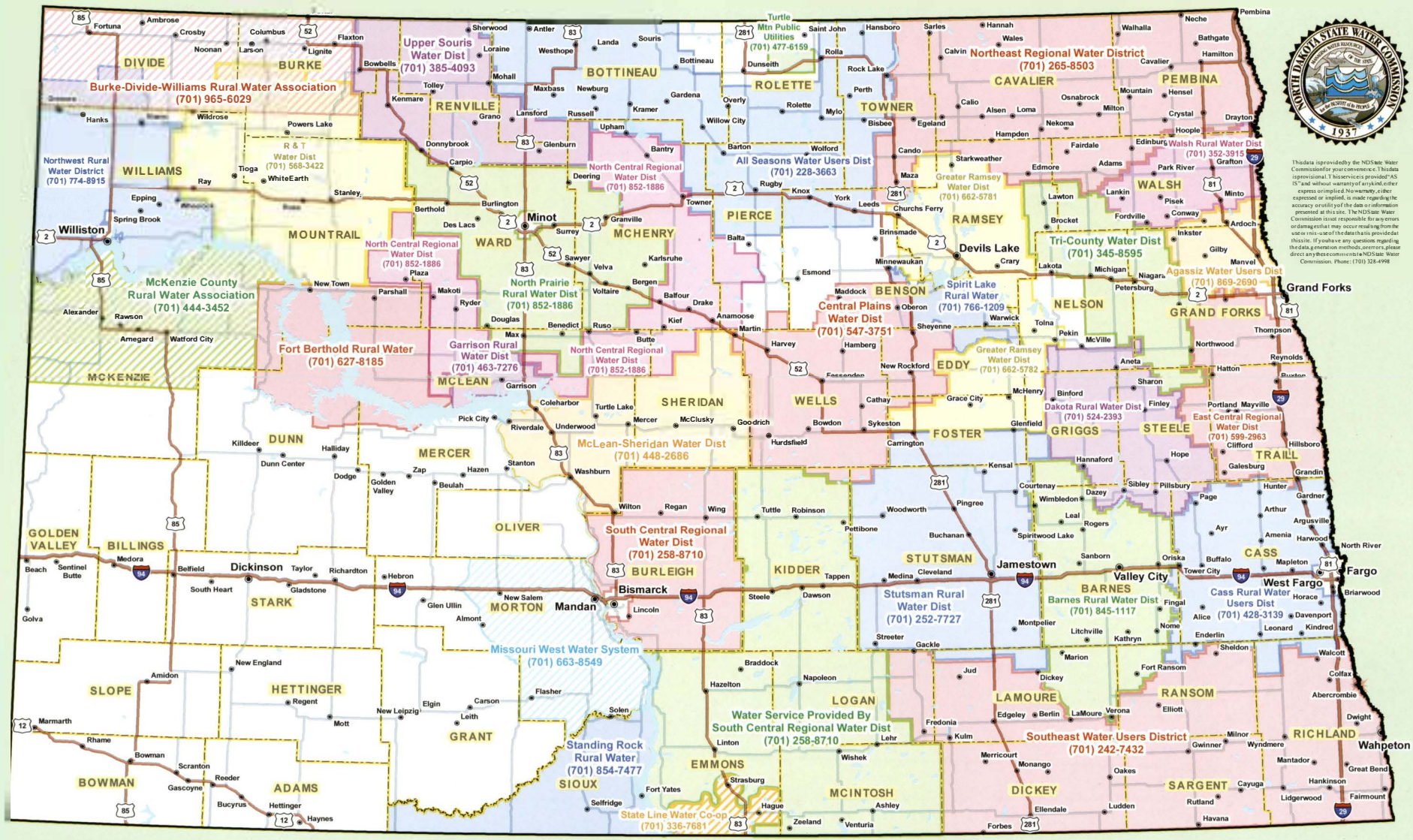
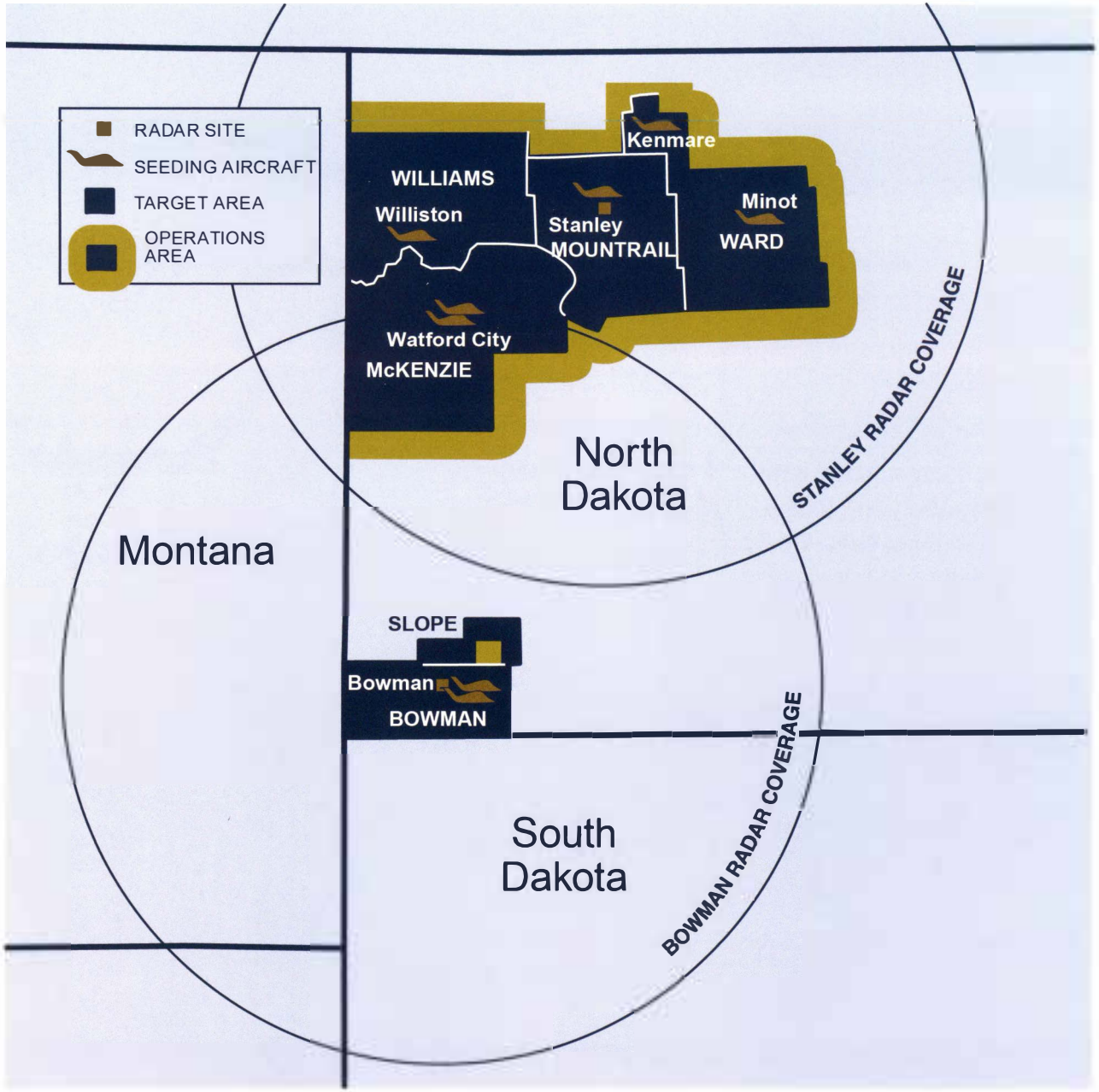
RURAL WATER SUPPLY SYSTEMS


Burke-Divide-Williams Rural Water Association
(701) 965-6029
Upper Souris Water Dist
(701) 385-4093
Turtle Mtn Public Utilities
(701) 477-6159
Northeast Regional Water District
(701) 265-8503
Northwest Rural Water District
(701) 774-8915
R & T Water Dist
(701) 568-3422
North Central Regional Water Dist
(701) 852-1886
All Seasons Water Users Dist
(701) 228-3663
Greater Ramsey Water Dist
(701) 662-5781
Walsh Rural Water Dist
(701) 352-3915
Tri-County Water Dist
(701) 345-8595
Agassiz Water Users Dist
(701) 869-2690
McKenzie County Rural Water Association
(701) 444-3452
North Prairie Rural Water Dist
(701) 852-1886
Spirit Lake Rural Water
(701) 766-1209
Central Plains Water Dist
(701) 547-3751
Fort Berthold Rural Water
(701) 627-8185
Garrison Rural Water Dist
(701) 463-7276
Dakota Rural Water Dist
(701) 524-2393
East Central Regional Water Dist
(701) 599-2963
McLean-Sheridan Water Dist
(701) 448-2686
South Central Regional Water Dist
(701) 258-8710
Stutsman Rural Water Dist
(701) 252-7727
Barnes Rural Water Dist
(701) 845-1117
Cass Rural Water Users Dist
(701) 428-3139
Missouri West Water System
(701) 663-8549
Water Service Provided By South Central Regional Water Dist
(701) 258-8710
Southeast Water Users District
(701) 242-7432
Standing Rock Rural Water
(701) 854-7477
State Line Water Co-op
(701) 336-7681
DIVIDE
BURKE
WILLIAMS
MOUNTRAIL
MCKENZIE
BOTTINEAU
ROLETTE
RENVILLE
WARD
MCHENRY
PIERCE
TOWNER
CAVALIER
PEMBINA
WALSH
RAMSEY
NELSON
GRAND FORKS
BENSON
EDDY
FOSTER
WELLS
SHERIDAN
MCLEAN
MERCER
OLIVER
DUNN
BILLINGS
GOLDEN VALLEY
STARK
MORTON
BURLEIGH
KIDDER
STUTSMAN
GRIGGS
STEELE
TRAILL
CASS
BARNES
RANSOM
RICHLAND
SARGENT
DICKEY
LAMOURE
LOGAN
MCINTOSH
EMMONS
GRANT
SIOUX
ADAMS
BOWMAN
SLOPE
HETTINGER
Williston
Minot
Devils Lake
Grand Forks
Dickinson
Bismarck
Mandan
Jamestown
Valley City
Fargo
West Fargo
Wahpeton
Northwood
Hillsboro
Mayville
Portland
Hatton
Reynolds
Thompson
Hope
Page
Buxton
Binford
Finley
Sharon
Oriska
Sanborn
Buffalo
Mapleton
Harwood
Amenia
Argusville
Gardner
Grandin
Galesburg
Hunter
Arthur
Ayr
Tower City
Casselton
Briarwood
North River
Colfax
Dwight
Abercrombie
Sheldon
Walcott
Fort Ransom
Elliott
Lisbon
Enderlin
Leonard
Kindred
Davenport
Alice
Fingal
Nome
Litchville
Kathryn
Montpelier
Streeter
Gackle
Medina
Cleveland
Tappen
Steele
Dawson
Lincoln
Almont
Glen Ullin
New Salem
Hebron
Richardton
Taylor
Gladstone
South Heart
Belfield
Medora
Beach
Sentinel Butte
Golva
Marmarth
Rhame
Bowman
Scranton
Reeder
Gascoyne
Bucyrus
Hettinger
Haynes
Amidon
New England
Regent
Mott
New Leipzig
Elgin
Carson
Leith
Flasher
Solen
Fort Yates
Selfridge
Strasburg
Hague
Zeeland
Venturia
Ashley
Forbes
Ellendale
Ludden
Rutland
Havana
Cayuga
Hankinson
Lidgerwood
Fairmount
Great Bend
Wyndmere
Milnor
Gwinner
Oakes
Merricourt
Monango
Wishek
Lehr
Linton
Hazelton
Braddock
Napoleon
Judd
Dickey
Edgeley
Berlin
LaMoure
Verona
Fredonia
Kulm
Carrington
Sykeston
Bowdon
Goodrich
Hurdsfield
Underwood
Mercer
McClusky
Riverdale
Pick City
Coleharbor
Turtle Lake
Garrison
Max
Douglas
Benedict
Ruso
Butte
Harvey
Hamberg
Voltaire
Balfour
Drake
Anamoose
Martin
Kief
Velva
Karlsruhe
Bergen
Sawyer
Surrey
Granville
Towner
Des Lacs
Burlington
Berthold
Carpio
Donnybrook
Tioga
WhiteEarth
Ray
Stanley
Epping
Spring Brook
Alexander
Rawson
Amegard
Watford City
New Town
Parshall
Plaza
Makoti
Ryder
Powers Lake
Wildrose
Hanks
Fortuna
Ambrose
Crosby
Noonan
Columbus
Larson
Lignite
Flaxton
Bowbells
Tolley
Kenmare
Mohall
Loraine
Sherwood
Westhope
Antler
Landa
Souris
Bottineau
Maxbass
Newburg
Gardena
Overly
Rolette
Mylo
Willow City
Grano
Lansford
Russell
Kramer
Upham
Glenburn
Bantry
Barton
Wolford
Rugby
Knox
York
Leeds
Churchs Ferry
Maza
Deering
Dunseith
Rolla
Rock Lake
Perth
Bisbee
Egeland
Calio
Alsen
Loma
Osnabrock
Nekoma
Hampden
Starkweather
Cando
Edmore
Maddock
Esmond
Brinsmade
Minnewaukan
Crary
Devils Lake
Lakota
Michigan
Niagara
Petersburg
Lawton
Brocket
Lankin
Fordville
Park River
Adams
Fairdale
Edinburg
Hoople
Crystal
Hensel
Mountain
Milton
Drayton
Pembina
Neche
Bathgate
Hamilton
Cavalier
Walhalla
Hannah
Wales
Calvin
Sarles
Hansboro
Saint John
Mtn Public Utilities
Turtle
Minto
Grafton
Conway
Pisek
Inkster
Ardoch
Gilby
Manvel
Grand Forks
Thompson
Northwood
Reynolds
Aneta
Sharon
Hatton
Buxton
Binford
Finley
Portland
Mayville
Clifford
Hillsboro
Galesburg
Grandin
Hunter
Gardner
Arthur
Argusville
Amenia
Harwood
North River
Fargo
Briarwood
West Fargo
Horace
Davenport
Kindred
Leonard
Enderlin
Sheldon
Walcott
Colfax
Abercrombie
Dwight
Wahpeton
Great Bend
Mantador
Hankinson
Lidgerwood
Fairmount

NORTH DAKOTA CLOUD MODIFICATION PROGRAM



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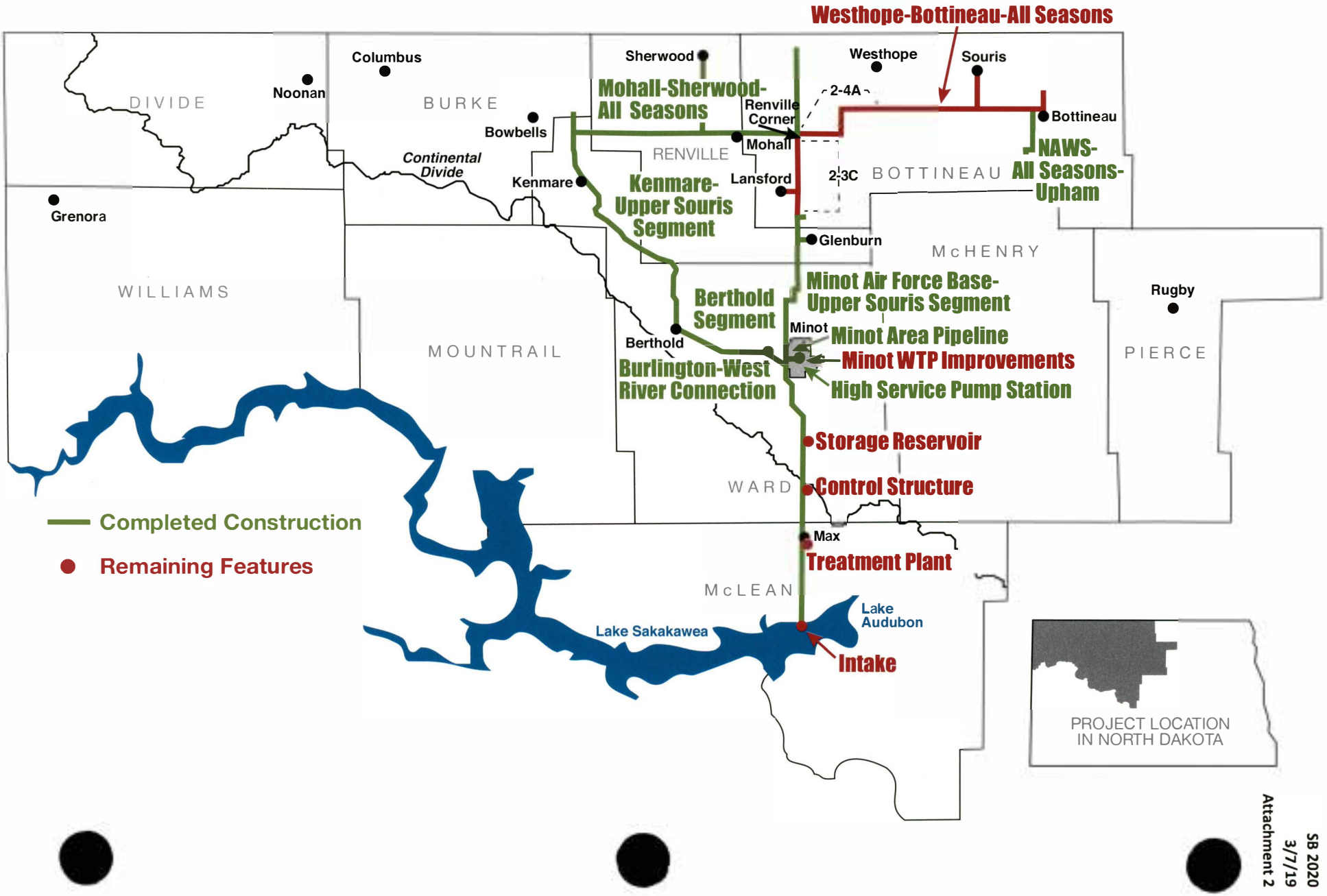
NORTHWEST AREA WATER SUPPLY



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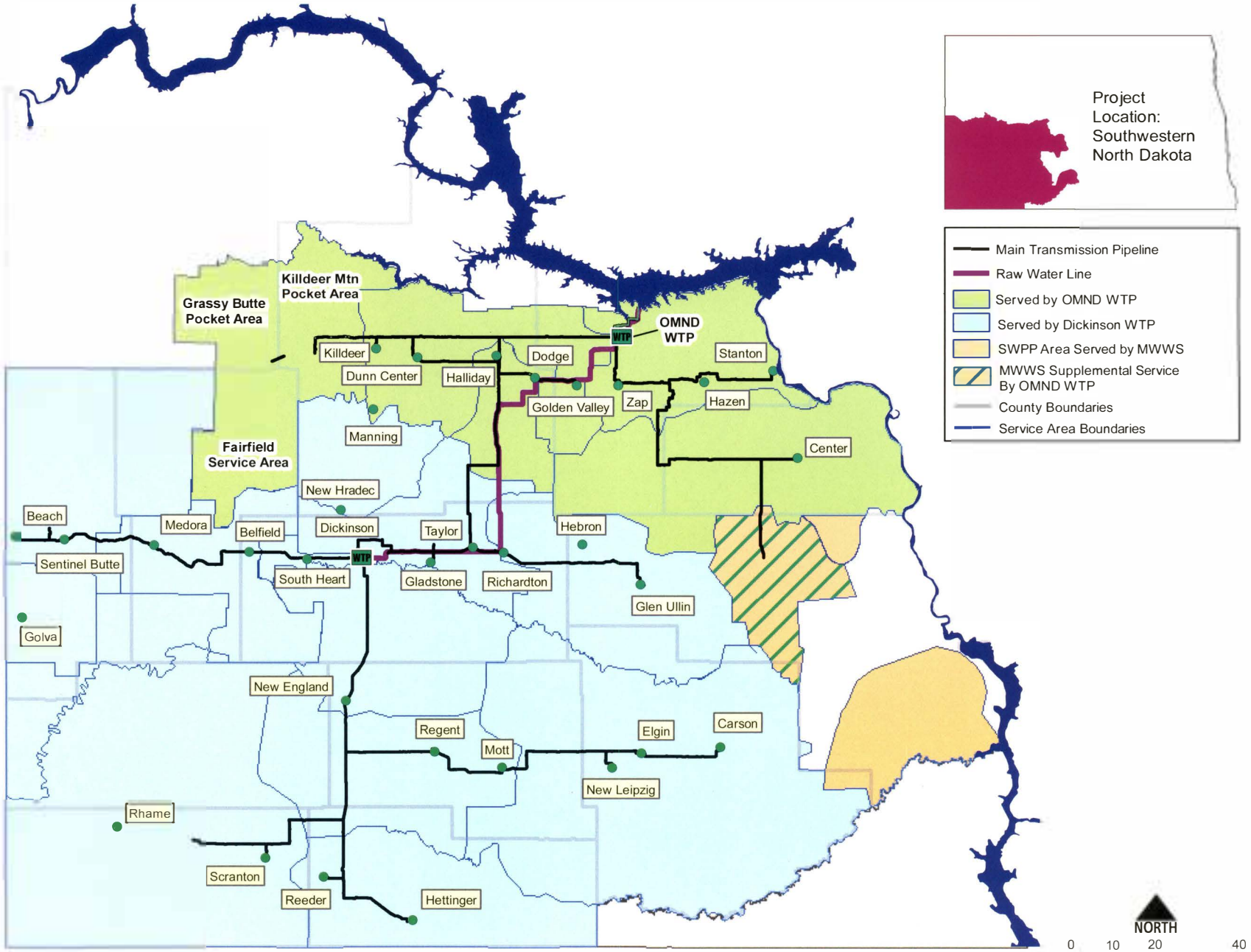
SOUTHWEST PIPELINE PROJECT



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PLAN

North Dakota Water Development

2019

NORTH Dakota
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THE STATE ENGINEER & STATE WATER COMMISSION

We are pleased to present you with the 2019 North Dakota Water Development Plan.

Those involved in water project development know that existing projects evolve, and new projects are continuously being considered by local water managers. For that reason, it is necessary for the state to assemble updated water project information on a biennial basis, to coincide with the state's biennial budget cycles. This information then provides the agency and our elected officials with the most up-to-date project information possible to plan for, and support our state's highest water development priorities.

As you review the content of this report, there are a few fundamental concepts that we hope readers will take away. The first, is that the State of North Dakota has made unprecedented progress on water development projects in the last several biennia. From large-scale flood control and water supply projects, to smaller-scale general water management efforts, a lot has been accomplished. Second, there is a tremendous amount of interest among project sponsors across the state to pursue hundreds of new projects; but at the same time, the state is still in a position to continue its track record of supporting local project sponsors.

Another key element of this report is the focus on longer-term planning horizons. By estimating the potential financial needs of water-related infrastructure in ten years, and beyond, we will be better positioned to accomplish our goals in a future of increasing uncertainty.

And finally, through extensive project reviews, Commissioner and staff interactions with local sponsors, and careful consideration of the agency's revised Project Prioritization Guidance, we have also outlined our priorities for future water development efforts.

As we look ahead, continued success will require careful planning, coordination, and communication between North Dakota's water stakeholders. We believe that this document, the 2019 Water Development Plan, will serve as an important tool in achieving further successes. On behalf of North Dakota's Water Commission, I appreciate your interest and continued support of North Dakota's future water management and development endeavors.

Sincerely,

Garland Erbele, P.E., State Engineer, Chief Engineer-Secretary

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INTRODUCTION

It is the vision of the North Dakota State Water Commission that, "Present and future generations of North Dakotans will enjoy an adequate supply of good quality water for people, agriculture, industry, and fish and wildlife; Missouri River water will be put to beneficial use through its distribution across the state to meet ever increasing water supply and quality needs; and successful management and development of North Dakota's water resources will ensure health, safety, and prosperity and balance the needs of generations to come."

This 2019 Water Development Plan was developed to serve as a pathway to achieve this vision in the 2019-2021 biennium and beyond.

ORGANIZATION AND BACKGROUND

North Dakota's Legislature established the Office of the State Engineer in 1905 to regulate the allocation of water, manage drainage, and promote irrigation. The State Water Commission (Water Commission or Commission) was established in 1937 to promote, plan, and build water development projects. Today, the State Water Commission and Office of the State Engineer coexist as a multi-purpose agency, with similar, yet distinctly different responsibilities.

The Water Commission is comprised of the Governor, the State Agriculture Commissioner, and seven members appointed by the Governor that represent each of the state's seven major drainage basins. North Dakota's State Engineer serves as Chief Engineer and Secretary to the State Water Commission. In a separate role, North Dakota's State Engineer is responsible for several regulatory functions and responsibilities, including allocation of the state's waters, dam safety, sovereign land management, and drainage.

Overall, both entities are responsible for the wise management and development of North Dakota's most precious resource – water.

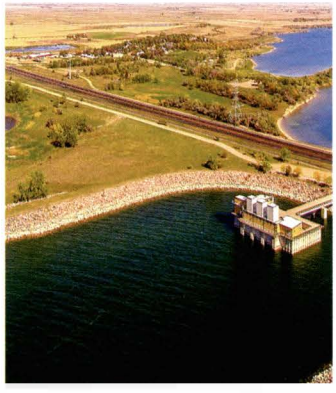
TARGET WATER DEVELOPMENT GOALS & PRIORITIES

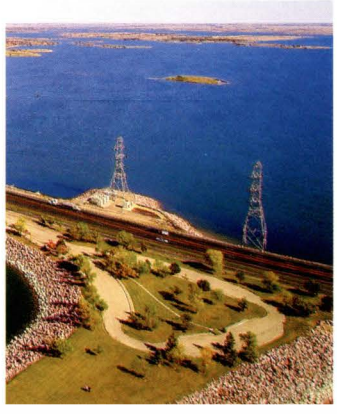
Goal: Protect North Dakota's citizens and economy from flood-related impacts.

Priority Initiatives

- Address immediate flood or dam related threats to human life, primary residences, or emergency response efforts.
- Support advancement of federally authorized flood control projects.
- Support projects that protect primary residences or businesses from flooding in population centers or involve flood recovery property acquisitions.

GOA
PRIO





PURPOSE OF THE 2019 WATER DEVELOPMENT PLAN

- Outline target water development goals and priorities;
- Outline the planning process;
- Provide a progress report on the state's priority water management and development efforts from the 2017-2019 biennium;
- Provide information regarding North Dakota's current and future water development project funding needs and priorities;
- Provide information regarding North Dakota's revenue sources for water development;
- Serve as a formal request for funding from the Resources Trust Fund;
- Outline the state's priority water development efforts for the 2019-2021 biennium; and
- Provide information regarding the State Water Commission's Cost-share Policy, and Water Project Prioritization Guidance.

TARGET WATER DEVELOPMENT GOALS & PRIORITIES

Goal: Provide safe and reliable water supplies for the health and prosperity of North Dakota's citizens and economy.

Priority Initiatives

- Address imminent water supply losses to existing multi-user systems, or emergency response efforts.
- Support advancement of federally authorized water supply projects.
- Correct violations of primary water quality conditions in water supply systems.
- Correct situations that involve a lack of water supply for a group of water users.
- Support connections of cities to regional and rural water supply systems.
- Support efforts that address severe or anticipated water supply shortages for domestic use in a service area or city with rapid population growth.

AUTHORITY

By virtue of North Dakota Century Code (NDCC), Section 61-02-14, Powers and Duties of the Commission; Section 61-02-26, Duties of State Agencies Concerned with Intrastate Use or Disposition of Waters; and Section 61-02-01.3, Comprehensive Water Development Plan, the Commission is required to develop and maintain a comprehensive water development plan.

THE PLANNING PROCESS & COMMISSIONER-HOSTED MEETINGS

The 2019 water planning process began in January 2018. At that time, the State Water Commission sent letters of request to potential water project sponsors across the state, asking them for information regarding water projects and programs that could be considered for inclusion in the 2019 Water Development Plan.

Water projects and water management efforts are continually evolving and advancing, making it necessary to update project information on a biennial basis. Simultaneously, the Water Commission is charged with ensuring responsible stewardship of state funding in both the short- and long-term. For those reasons, the 2019 water planning process involved a request to project sponsors to forecast funding needs as far as three biennia into the future, and up to five biennia for the state's largest projects.

Longer-term water supply infrastructure surveys were also collected and compiled to estimate the state's overall needs several decades into the future. The information received from local project sponsors as part of this project inventory process ultimately becomes the foundation of the Commission's budget request to the Governor and Legislature. (The project inventory process is outlined in greater detail in the "State Water Development Program" section on page 37).

The other key element of the 2019 planning process was Water Commissioner-hosted basin meetings. To promote and encourage local project sponsor participation in water planning and in legislative and agency biennial budgeting efforts, the 2013 Legislative Assembly passed House Bill 1206 (NDCC 61-02-01.3), requiring the Water Commission to schedule Commissioner-hosted meetings within seven major drainage basins. The meetings are to be held in the lower and upper Red, James, Mouse, lower and upper Missouri River, and Devils Lake basins.

As part of the 2019 planning process, water management and development stakeholders, and project sponsors were invited and encouraged to attend a series of Water Commissioner-hosted meetings in July 2018.

Specific areas of focus for the meetings was to:

- Present an overview of the State Water Commission's ongoing cost-share and project prioritization policy update efforts;
- Outline progress on the development of Economic Analysis and Life Cycle Cost Analysis processes;
- Provide a summary of the 2019 water project inventory effort; and
- Encourage brief project summaries and updates from sponsors who submitted projects to the Commission as part of the 2019 water planning and budgeting process.

The presentations from sponsors regarding their projects were the primary focus of the meetings. The presentations gave local project sponsors an opportunity to have a discussion with Commission members and staff regarding their projects, and in some cases, to provide updated information from what was submitted during the project inventory process earlier in the year.

In addition to presentations from project sponsors, Water Commissioners and staff also heard from several stakeholders from around the state who had concerns about water management or development challenges in their respective drainage basins.

PARTNERSHIPS

North Dakota's water planning process strives to encourage collaboration between stakeholders and the formation of partnerships with numerous government entities at all levels of government, as well as with the Legislature. It is also important to recognize the unique relationships between the private sector and many of the state's local government entities and water managers. This important tie completes North Dakota's grassroots approach to water management and development, where the state recognizes that many of the best solutions are forged at the local level.

The Water Commission has a long history of working together with all stakeholders, while encouraging partnerships to ensure the wise management and development of North Dakota's water resources for the benefit of future generations. As we look to the future, North Dakota faces many challenges in managing its water. But working together with all stakeholders will enable the state to move more efficiently toward effective development and management of the state's water resources.

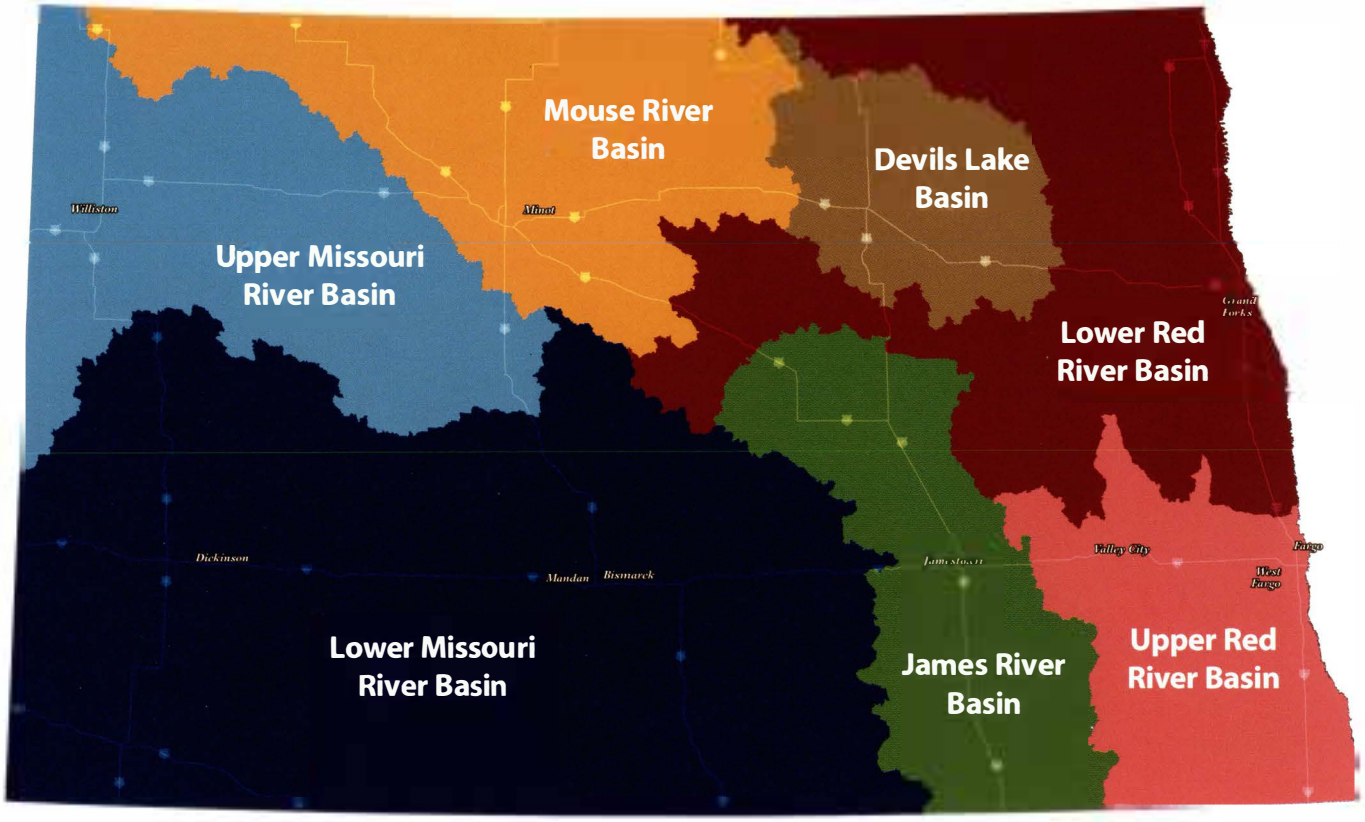


Figure 1 - North Dakota's seven major drainage basins.

2018 COMMISSIONER-HOSTED BASIN MEETINGS	
July 16	Devils Lake Basin: Hosted by Commissioner Richard Johnson in Devils Lake
July 16	Lower Red River Basin: Hosted by Commissioner Michael Anderson in Grand Forks
July 17	James River Basin: Hosted by Commissioner Katie Andersen in Jamestown
July 17	Lower Missouri River Basin: Hosted by Commissioner Leander "Russ" McDonald in Bismarck
July 23	Mouse River Basin: Hosted by Commissioner Jason Zimmerman in Minot
July 24	Upper Missouri River Basin: Hosted by Commissioner Mark Owan in Williston
July 25	Upper Red River Basin: Hosted by Commissioner Matt Pedersen in Valley City

DEVELOPING ND'S WATER RESOURCES: LEGISLATIVE UPDATES

Despite the volatility of North Dakota's oil industry over the course of the last several biennia, unprecedented revenues into the Resources Trust Fund have enabled the Commission and the water community to advance several water development priorities across the state. In preparing for the 2017-2019 biennium, a plan was forged through the cooperative efforts of the Water Commission, Governor's Office, Legislature, and the water community - through the concept of "Purpose Funding."

House Bill 1020 - The State Water Commission's Budget Bill
In the past, North Dakota's water development priorities have been outlined by project purpose on a much more limited basis, with it being more common for larger projects to be identified as priorities individually. As outlined in Table 1, North Dakota's Legislature passed House Bill 1020, identifying the Legislature's water development priorities for the 2017-2019 biennium.

The funding plan designated financial resources to four specific purposes, totaling $298.8 million from state sources – mostly the Resources Trust Fund. In addition, of that total, $75 million was made available to the Water Commission, if needed, from a Bank of North Dakota line of credit.

Project-related Legislative intent within House Bill 1020 provides:

- Up to $193 million for Mouse River flood control projects within the City of Minot over the course of the next four biennia - through June 2025; and
- Up to $30 million in the form of a grant during the 2017-2019 biennium for the Red River Valley Water Supply Project for planning, permitting, and construction related expenses.

House Bill 1020 also directed the State Engineer to develop an economic anlysis process for water conveyance projects and flood-related projects expected to cost more than $1 million, and a life cycle cost analysis process for municipal water supply projects. Results of these processes will be reviewed by the State Engineer and reported to the State Water Commission during future funding considerations - starting with the 2019-2021 biennium.

HOUSE BILL 1020 WATER PROJECT & PURPOSE FUNDING, 2017-2019 BIENNIUM	
Funding Purpose	HB 1020
Water Supply	$120,125,000
Rural Water Supply	$27,000,000
Flood Control	$136,000,000
General Water Management	$15,750,000
Funding Total	$298,875,000

Table 1 - House Bill 1020 Water Project & Purpose Funding, 2017-2019 Bienium.

House Bill 1374 - House Bill 1374 required project sponsors who have received cost-share from the State Water Commission to provide progress reports to the Commission at least every four years. If a progress report is not received, or if the Commission determines the project is not making sufficient progress, the Commission may terminate the cost-share agreement.

House Bill 1374 also requires that the Commission may not provide cost-share for operations and maintenance costs, including removal of vegetative materials and sediment of a water conveyance project.

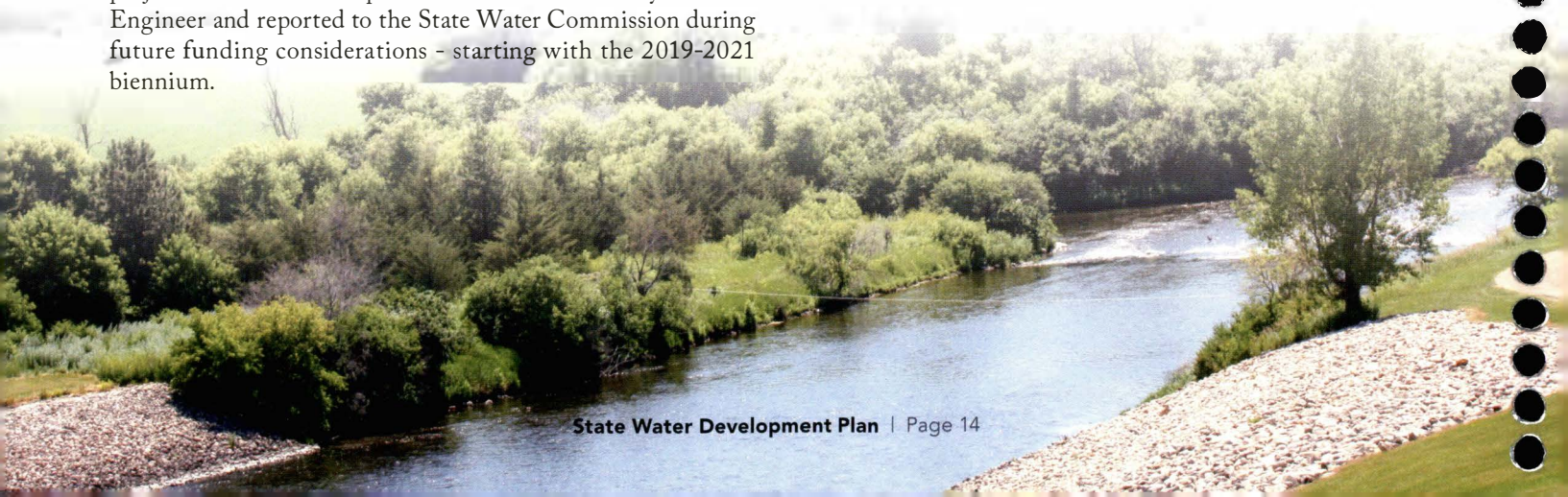


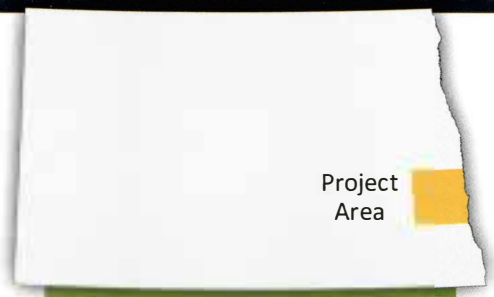
Photo Courtesy: ND Parks & Rec
Rainbow Arch Bridge In Valley City
Sheyenne River Valley National Scenic Byway

SB 2020
3/7/19
Attachment 3

PRIORITY PROJECT UPDATES

The following two-page features provide an overview of progress and efforts related to seven of the state's largest projects. Each of the seven projects received fuding through House Bill 1020 during the 2017 Legislative Assembly, and are seeking substantial financial investment from the state not only in 2019-2021, but several biennia beyond. Bearing that in mind, a more in-depth look is provided. In addition to the seven larger projects, overviews of municipal and rural water supply development efforts are also included. These types of projects have, and will also be seeking large investments across the state.

FARGO-WEST FARGO FLOOD CONTROL



Quick Facts

- In-Town Protection
- 100-Year Flood Protection
- $2.75 Billion Total Cost
- Diversion Channel
  - 30 Miles Long
  - 1,500 Feet Wide

THE DIVERSION AUTHORITY AND LOCAL FUNDING SHARE

The communities of Fargo and Moorhead, along with Cass County, Clay County, and the Cass County Joint Water Resources District, have signed a joint powers agreement that forms a Flood Diversion Board of Authority (Diversion Authority). The Diversion Authority is led by thirteen board members from the stakeholder entities, and its purpose has been to work with the US Army Corps of Engineers to build and operate a flood diversion channel along the Red River of the North.

The Diversion Authority has developed a financial model for the project that assumes cost-share funding from federal and state grants. The local share of approximately $1.3 billion is being funded via a Cass County and City of Fargo sales tax. Voters have approved three half-cent sales taxes to be extended through 2084 to cover the local share.

The Fargo-West Fargo Flood Control Project (Project or FWFFC) aims to reduce flood risk to the cities and townships that make up the metropolitan area of Fargo-Moorhead. The Project provides flood risk reduction from the Red River and its North Dakota tributaries, including the Wild Rice, Sheyenne, Maple, Rush, and Lower Rush Rivers. The diversion channel will require the excavation of approximately 50 million cubic yards of earth. Construction of the Project will also involve six interstate highway bridges, 12 county and township road bridges, four railroad bridges, three gated control structures, and two aqueduct structures (See Map Appendix).

The Project's original feasibility study was sponsored in 2008 by the cities of Fargo and Moorhead, and completed in July 2011. However, in 2013 a lawsuit was filed against the Project, and in September 2017 an injunction stopping construction was ordered. Through collaboration between the states of Minnesota and North Dakota, the project was altered in an attempt to conform with all applicable laws via a project change known as Plan B, explained below.

PLAN B EXPLAINED

Following the injunction mentioned above, major stakeholders began the process of additional listening and information gathering in order to move the project forward. Three groups representing a wide geographic area were important to this process: a Governor's task force, a technical advisory group, and a policy group. From this process came several compromises, including increased flow through Fargo-Moorhead, fewer staging acres in Minnesota, and reduced impacts to Richland and Wilkin counties. Currently, a Supplemental Environmental Impact Statement is being reviewed for adequacy - a process expected to be complete in 2018. A permit decision is expected soon thereafter.

2017-2019 FUNDING & PROGRESS

The Fargo-West Fargo Flood Control Project received a $66.5 million allocation from the State Legislature for the 2017-2019 biennium. In previous biennia, the state had committed $304 million to the project, bringing the state's funding total to $370.5 million to date.

Despite various delays, progress during the 2017-2019 biennium continued where possible. The 2nd Street floodway project in downtown Fargo was completed in November 2016, which will allow 35 feet of water to flow safely through town during a 100-year flood event, and up to 40 feet during larger events. In April 2017, ground was broken on the diversion inlet and control structure south of Horace, ND, marking the southern end of the diversion channel.

In early 2018, the Diversion Authority sought and received approval from the State of Minnesota's Department of Natural Resources to continue construction on flood protection systems that have no impact on Minnesota's waterways. This approval allowed work to begin on a levee and lift station near downtown Fargo, and the continuation of infrastructure works in the City of Oxbow.

FARGO-WEST FARGO FLOOD CONTROL FUNDING DATA

HISTORIC STATE FUNDING FOR FWFFC

*$60 Million of the 2015-2017 funding was designated for Fargo interior flood control only.

Figure 2 - Historic State Funding For FWFFC.

Figure 4 - FWFFC Forecasted Funding Needs.

HISTORIC FWFFC FUNDING SOURCES

Total Funding as of October 2018

$926.5 Million

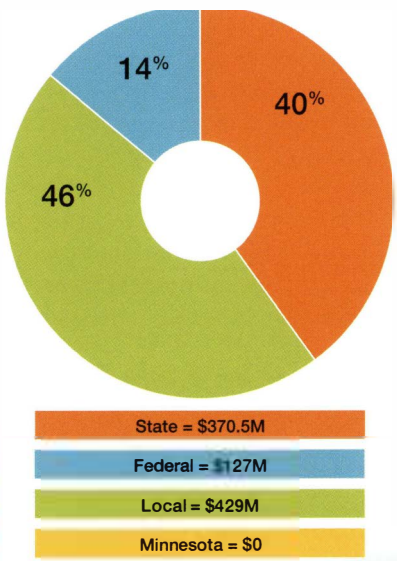
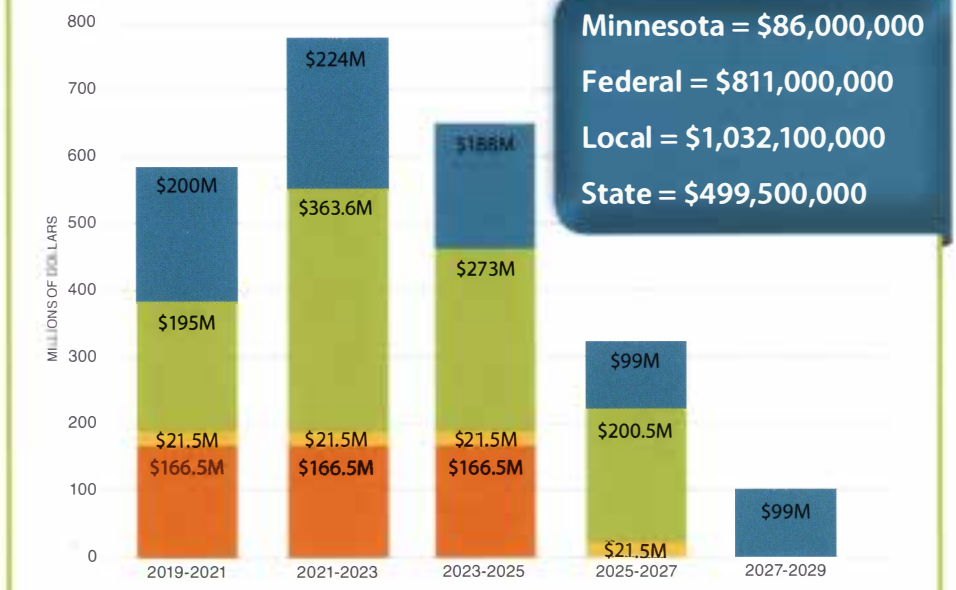


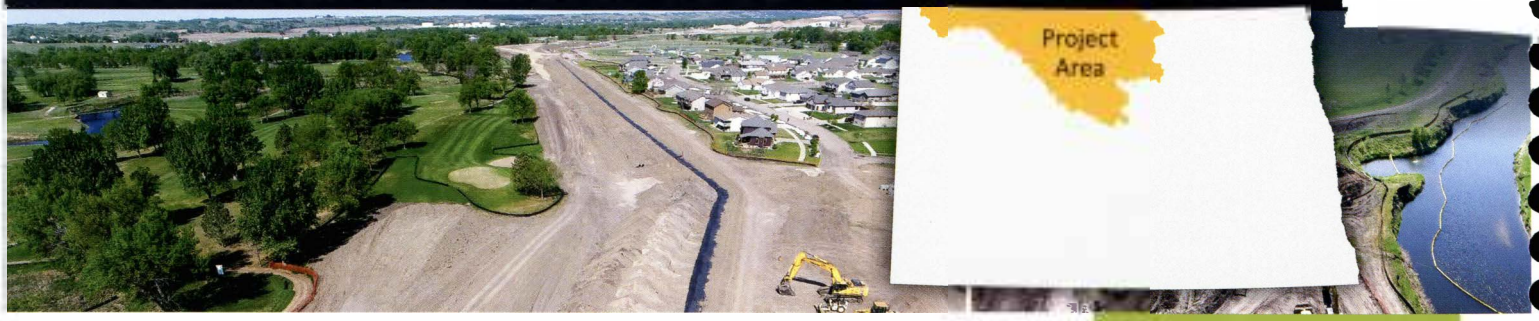
Figure 3 - Historic FWFFC Funding Sources.

LOOKING AHEAD

FWFFC FORECASTED FUNDING NEEDS



MOUSE RIVER ENHANCED FLOOD PROTECTION PROJECT



The Mouse River Enhanced Flood Protection Project (MREFPP) is designed to provide flood relief to Mouse River Valley residents - both urban and rural (See Map Appendix). The project was originally initiated by the State Water Commission in response to a request from the Souris River Joint Water Resource Board (SRJB) following the record-setting Mouse River flood of June 2011. The initial phases of the MREFPP involved developing flood risk solutions, first to the urbanized portions of the basin, and then for the rural reaches.

The current focus is on implementation of those solutions, with multiple phases through the city of Minot permitted and under construction. Of particular interest to Minot residents is FEMA's regulatory floodplain, which will carry a mandatory purchase requirement for flood insurance on homes with a mortgage loan. Following the construction of the initial phases of the MREFPP, the regulatory floodplain will be amended, removing approximately 60 percent of the homes affected in Minot.

Quick Facts

- 4 Counties
- 26 Combined Projects
- $1 Billion Project Cost
- Implementation Plan Through 2039

2017-2019 FUNDING & PROGRESS

To date, the MREFPP has been supported mostly by state and local funds. Funding through the State Water Commission has been provided in the form of 75 percent cost-share for property buy-outs, and 65 percent cost-share for other work. The MREFPP requested $127 million in state funding for the 2017-2019 biennium. House bill 1020, the Water Commission's funding bill passed by the Legislature in 2017, provided Legislative intent that the MREFPP receive no more than $193 million in state funding for work in Minot through the 2023-2025 biennium. As of October 2018, a total of $63.9 million has been committed to the project during the 2017-2019 biennium.

The city of Minot remains the primary source for the local funding share. Presently, Minot is collecting a 0.9 percent sales tax for flood control, which is generating approximately $9 million per year. Discussions are ongoing to examine the possibilities associated with increasing revenues through additional sales taxes, property taxes, or other fees. In addition, the city has received Disaster Recovery Assistance from the US Department of Housing and Urban Development (HUD). The city has elected to utilize those funds for flood control acquisitions, as HUD funds may not be used for the construction of flood control features.

Marking a major milestone for the overall MREFPP, Minot's floodwall protecting the water treatment plant was completed in fall 2017. This project was identified as the first priority in the development of the MREFPP.

The Souris River Joint Board and the US Army Corps of Engineers have been working jointly on a feasibility study to determine the extent of federal interest in construction of the MREFPP. Based on the most recent information from the study, it appears there will be federal interest in the Maple Diversion and a tieback in the city of Minot. The project includes features expected to cost approximately $85 million. The feasibility study is scheduled to be delivered to Congress by December 2018.

Phases I, II, and III of the urban portion of the MREFPP have commenced, with construction beginning in early 2018. The 4th Avenue North Floodwall (Phase I) includes levees, approximately 2,250 feet of floodwalls, a major pump station, and two removable closure structures. Phases II and III (bid as one contract) in Minot involve flood protection along Napa Valley and Forest Road, respectively. The predominant features of these segments are earthen levees. The three construction phases will likely take two-to-three construction seasons to complete.

In addition to the works located in Minot, a number of projects in rural portions of the Mouse River Basin are moving forward. A portion of the flood protection in the city of Burlington is being fast-tracked, with the Colton Avenue Bridge ready for bid in early 2019. Similarly, design has begun on bridges in Renville, Ward, and McHenry Counties. The design of these bridges began in summer 2018 and are currently scheduled to be completed in summer 2019. Construction is dependent upon funding, but is projected to begin in spring 2020.

MOUSE RIVER ENHANCED FLOOD PROTECTION PROJECT FUNDING

HISTORIC STATE FUNDING FOR MOUSE RIVER ENHANCED FLOOD PROTECTION PROJECT

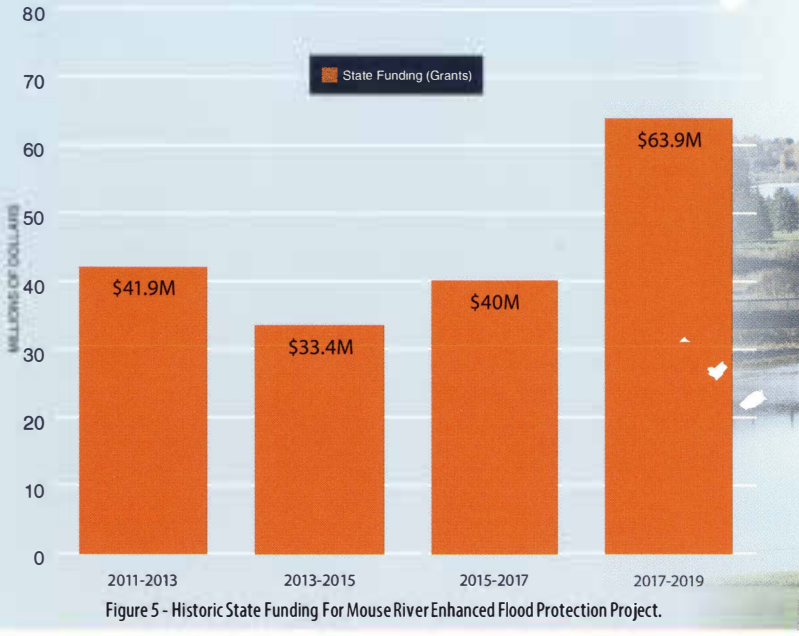


Figure 5 - Historic State Funding For Mouse River Enhanced Flood Protection Project.

SOURIS RIVER JOINT WATER RESOURCES BOARD

The Souris River Joint Water Resources Board (SRJB) oversees activities related to the Mouse/Souris River in North Dakota. The board is made up of one representative from each of the four member county water boards (Bottineau, McHenry, Renville, and Ward), and one representative from the City of Minot.

HISTORIC MREFPP FUNDING SOURCES

Total Funding as of October 2018

$324.2 Million

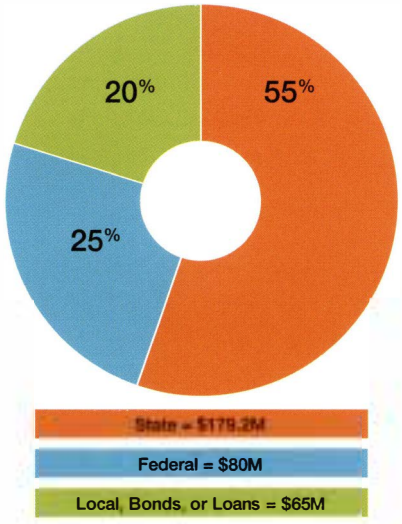


Figure 6 - Historic MREFPP Funding Sources.

LOOKING AHEAD

MREFPP FORECASTED FUNDING NEEDS

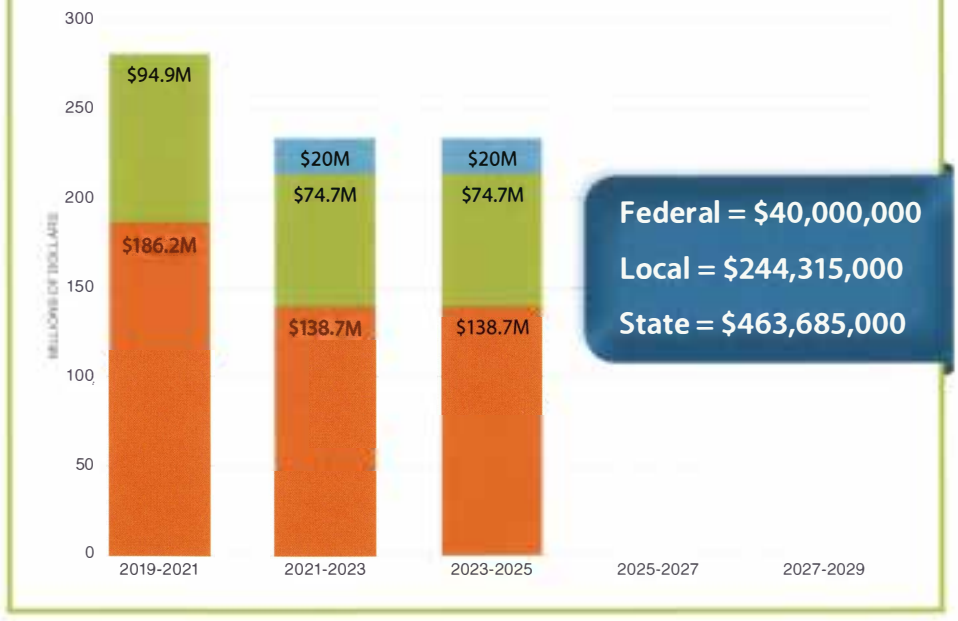
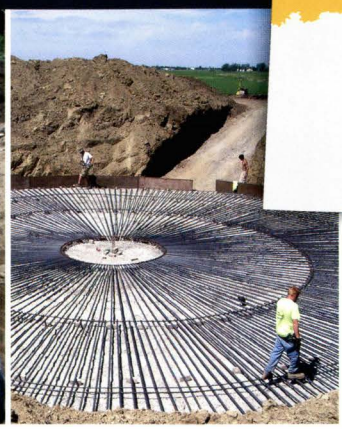


Figure 7 - MREFPP Forecasted Funding Needs.

NORTHWEST AREA WATER SUPPLY



Owned by the State of North Dakota and overseen by a 9-member advisory committee, Northwest Area Water Supply's (NAWS) purpose is to deliver Missouri River water to residents in north central North Dakota. Under the preferred alternative identified through the NEPA process, NAWS will be of sufficient size to deliver a maximum daily flow of 27 million gallons per day to approximately 81,000 people.

NAWS was authorized by the federal government through the Garrison Diversion Reformulation Act of 1986 and the Dakota Water Resources Act of 2000. In 1991, the North Dakota Legislature created the NAWS Advisory Committee and authorized the State Water Commission to pursue the project. Since 2002, lawsuits and funding uncertainty have slowed construction of NAWS, creating the need for an interim water supply from the city of Minot. However, court approval has allowed 45 miles of transmission line to be built from Lake Sakakawea to Minot, along with 185 miles of bulk distribution pipeline for the surrounding service area.

Quick Facts

- 9 Communities
- 3 Rural Water Systems
- Minot Air Force Base
- 230 Miles Of Pipe
- 2 Ground Storage Reservoirs
- 4 Booster Pump Stations

Figure 8 - Northwest Area Water Supply Project Area.

LEGAL CHALLENGES

After more than a decade of legal proceedings filed by the Canadian Province of Manitoba and the State of Missouri against the US Bureau of Reclamation (Bureau) and State of North Dakota, NAWS received a favorable ruling in August 2017. The District of Columbia District Court ruled in favor of NAWS, allowing the State of North Dakota to move forward with construction of the project. Additionally, in June of 2018, the Bureau and State of North Dakota reached a settlement with Manitoba, ending its appeal of the US District Court's August 2017 ruling. The settlement has resolved Manitoba's appeal, and summary judgement has been granted in favor of NAWS.

2017-2019 FUNDING & PROGRESS

NAWS requested $55 million for the 2017-2019 biennium. While NAWS is a high priority of the state, it was understood that during the 2017-2019 biennium, progress would remain primarily dependent on court decisions. As of October 2018, $14.6 million had been committed to the project.

While a settlement was reached with Manitoba, an appeal remains from the State of Missouri based on their standing in the case.

Construction has begun on the Phase II improvements to the Minot Water Treatment Plant, which is expected to be completed in early 2020. Design work has been initiated for the biota water treatment plant, to be constructed near Max, ND. Design of the intake modifications at Snake Creek Pumping Station to supply a raw water intake for NAWS will be initiated in late 2018 or early 2019. Construction of two of the last four finished water distribution pipelines, starting at Glenburn and extending toward Bottineau, is expected to begin in 2019.

NORTHWEST AREA WATER SUPPLY PROJECT FUNDING DATA

HISTORIC STATE EXPENDITURES FOR NORTHWEST AREA WATER SUPPLY

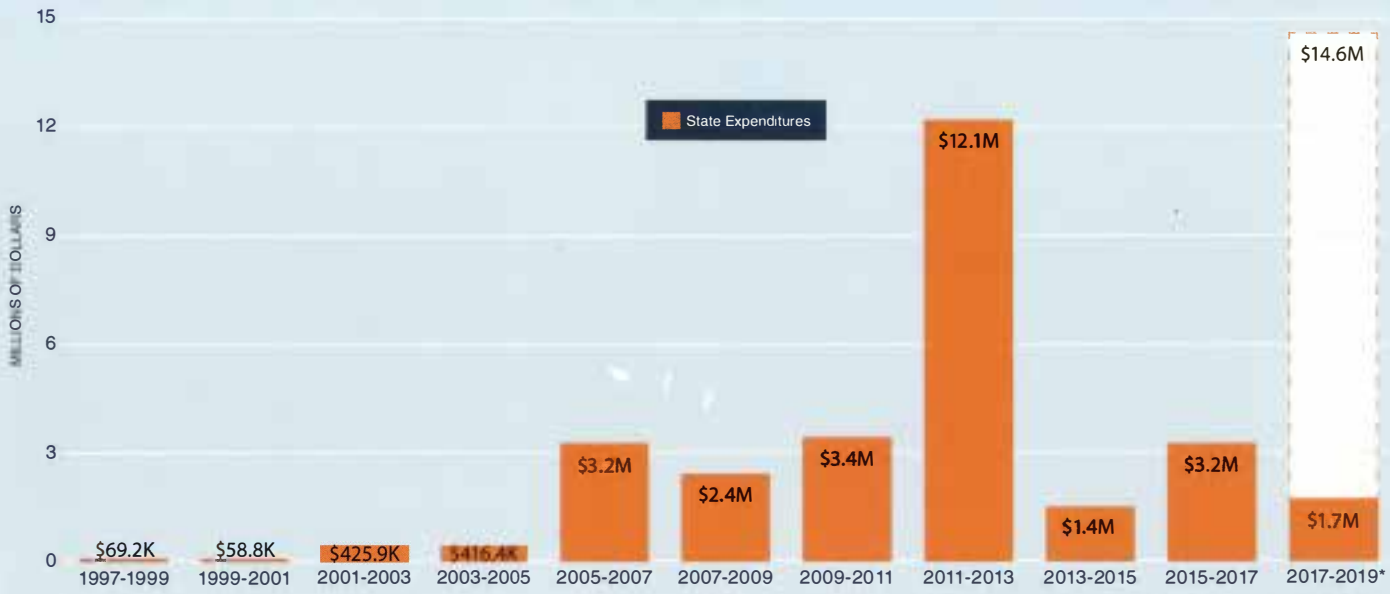


Figure 9 - Historic State Funding For Northwest Area Water Supply.

*During the 2017-2019 biennium, the Water Commission approved $14.6 million for NAWS.

PURPOSE AND NEED

Prior to the NAWS project, communities within the project area were supplied by groundwater, were constrained by water quality and quantity issues, and did not meet secondary drinking water standards. Since 2008, the city of Minot has been providing water from the city's groundwater wells to the communities of Berthold, Burlington, Kenmare, Sherwood, and Mohall, and to rural water systems including West River, All Seasons, Upper Souris, and North Prairie to temporarily alleviate some of the area's most severe problems. However, this water supply plan is not sustainable long-term, further reinforcing the need for the NAWS Project.

HISTORIC NAWS FUNDING SOURCES

Total Funding as of October 2018

$138.1 Million

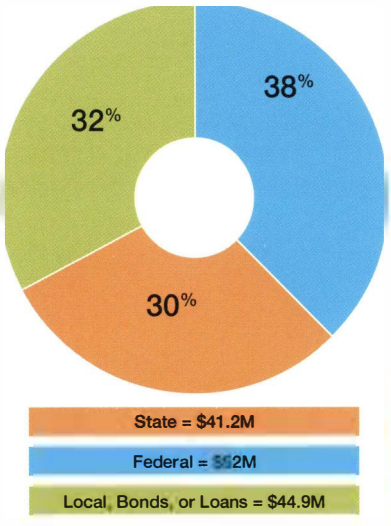


Figure 10 - Historic NAWS Funding Sources.

LOOKING AHEAD

NAWS FORECASTED FUNDING NEEDS

Figure 11 - NAWS Forecasted Funding Needs.

* It is anticipated that a portion of the state's funding share will be reimbursed by the federal government.

** The State share during the 2019-2021 biennium is larger than normal to match local contributions from previous biennia.

RED RIVER VALLEY WATER SUPPLY PROJECT

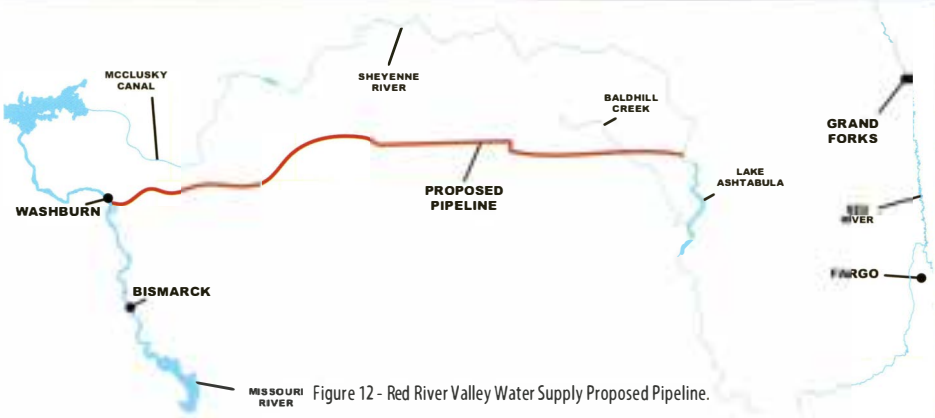


Figure 12 - Red River Valley Water Supply Proposed Pipeline.

The Red River Valley Water Supply Project (RRVWSP) was first initiated as a collaborative federal, state, and local project. The Dakota Water Resources Act of 2000 authorized the RRVWSP in order to provide a reliable supply of quality drinking water to the Red River Valley. A federal Environmental Impact Statement (EIS) was released for the original project in 2007, but a record of decision was never signed. By 2013 it was apparent the project would not receive federal authorization, so a new plan had to be pursued.

The current version of the project is a state- and locally-sponsored option that proposes to transport Missouri River water to central and eastern North Dakota. The water will be carried via pipeline from an intake site near Washburn, and then east along Highway 200 to the Sheyenne River, just north of Valley City. When developed, the RRVWSP will be owned by the Lake Agassiz Water Authority (LAWA) and Garrison Diversion Conservancy District (Garrison Diversion). Operation will be the responsibility of Garrison Diversion.

Quick Facts

- 165 Miles Of 72" Main Transmission Line
- Max Flow of 165 cfs
- 20 Cities & 15 Rural Systems
- Supplemental Water Supply During Times Of Drought
- Potentially Serve 50% Of ND Population

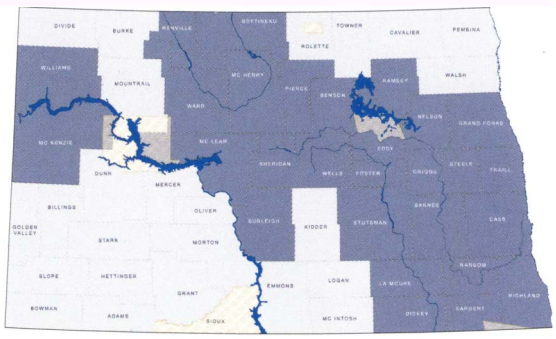


Figure 13 - Garrison Diversion Conservancy District Member Counties

GARRISON DIVERSION CONSERVANCY DISTRICT

The Garrison Diversion Conservancy District (Garrison Diversion) is made up of 28 member counties who each elect a citizen every four years to serve on the Garrison Diversion board of directors. Garrison Diversion is headquartered in Carrington, ND with offices in McClusky, New Rockford, and Oakes, employing a total of 39 people. Their principal mission is to provide a reliable, high quality, and affordable water supply to benefit the people of North Dakota.

LAKE AGASSIZ WATER AUTHORITY

In 2003, the North Dakota Legislature created the Lake Agassiz Water Authority (LAWA) to collaborate on a plan to meet future water supply needs in the Red River Valley. The Legislature further directed LAWA to develop a reliable supply of drinking water to central and eastern North Dakota. LAWA currently serves as the representative for water users, and is a cooperating entity with the Garrison Diversion Conservancy District on the RRVWSP.

2017-2019 FUNDING & PROGRESS

The RRVWSP received a $30 million allocation from the State Legislature for the 2017-2019 biennium, of which $17 million is to be used for planning and permitting, and $13 million to initiate construction. One of RRVWSP's major goals for the 2017-2019 biennium is to initiate construction in order to ensure coverage under current regulatory policies. A key regulatory obstacle facing RRVWSP is known as Waters of the United States (WOTUS). Currently, the future status of WOTUS is unclear.

RRVWSP is on track to fully utilize the $30 million appropriation, with $17 million committed as of October 2018. Currently, 35 cities and water systems have committed to the project's development phases, nominating for 159.23 cubic feet per second of water from the RRVWSP. Final designs of the pipeline, discharge structure, and intake are underway. The process of securing or reaffirming existing easements began in fall 2018, with strategic construction forecast to begin in mid-2019.

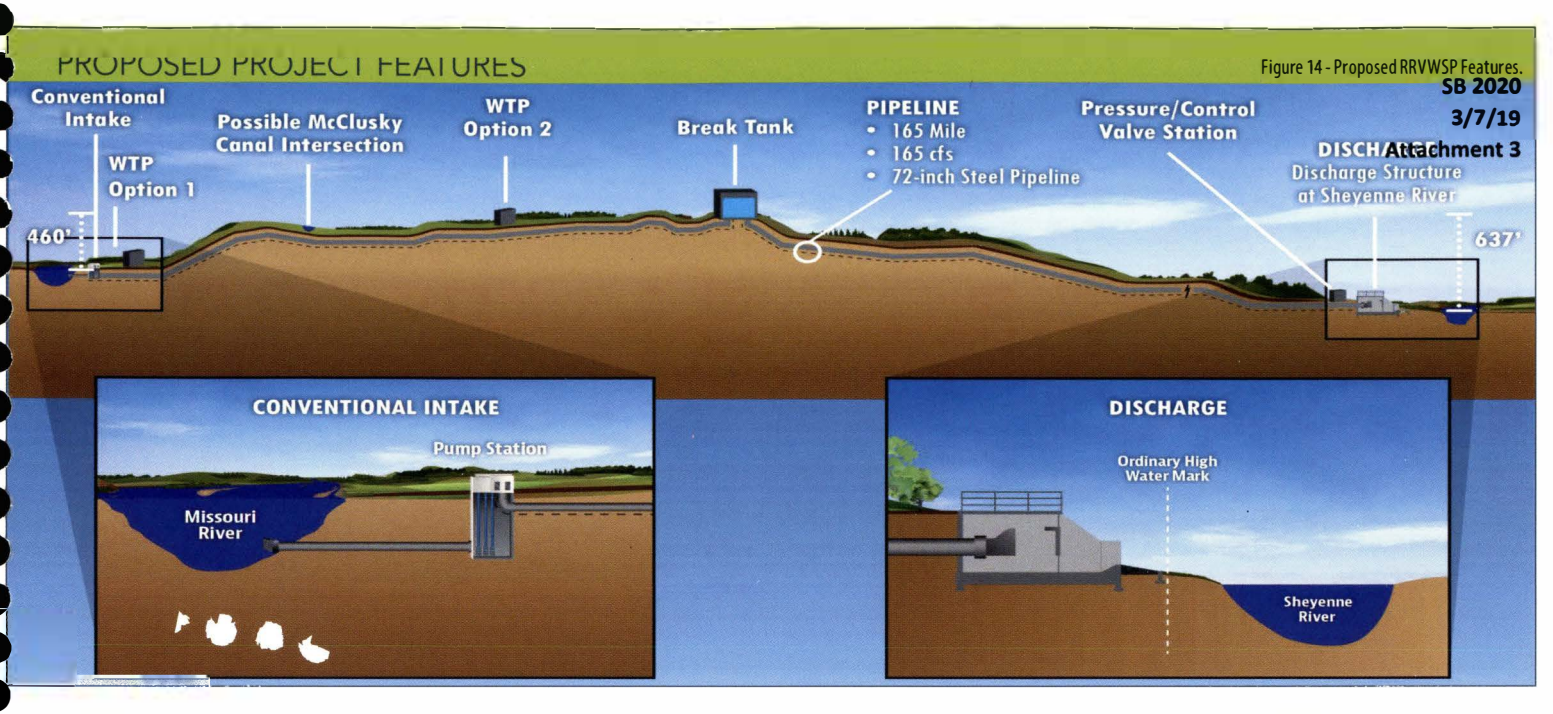


Figure 14 - Proposed RRVWSP Features.

PROJECT DESIGN

The intake on the Missouri River will be a conventional design using a pump station, while the discharge into Lake Ashtabula will be similar in design to the Devils Lake outlets. Water will be treated to the appropriate level in accordance with North Dakota Department of Health permit requirements. Three different water treatment options are currently being considered.

LOOKING AHEAD: RRVWSP FORECASTED STATE FUNDING NEEDS THROUGH 2029

The current estimated total project cost is $1.1 billion. Garrison Diversion and LAWA have requested $50 million from the state for the 2019-2021 biennium. This level of funding would be used for continued easement acquisition, environmental compliance, permitting, and other pre-construction costs. Substantial construction costs will include progress on a Missouri River intake, the discharge structure at the Sheyenne River, and various pipeline contracts.

RED RIVER VALLEY WATER SUPPLY PROJECT FUNDING DATA

POTENTIAL RRVWSP FUNDING SOURCES

$1.114 Billion

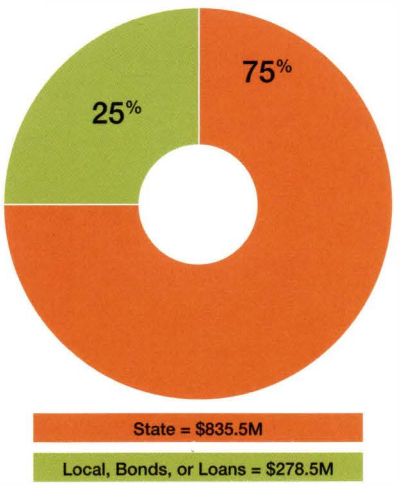
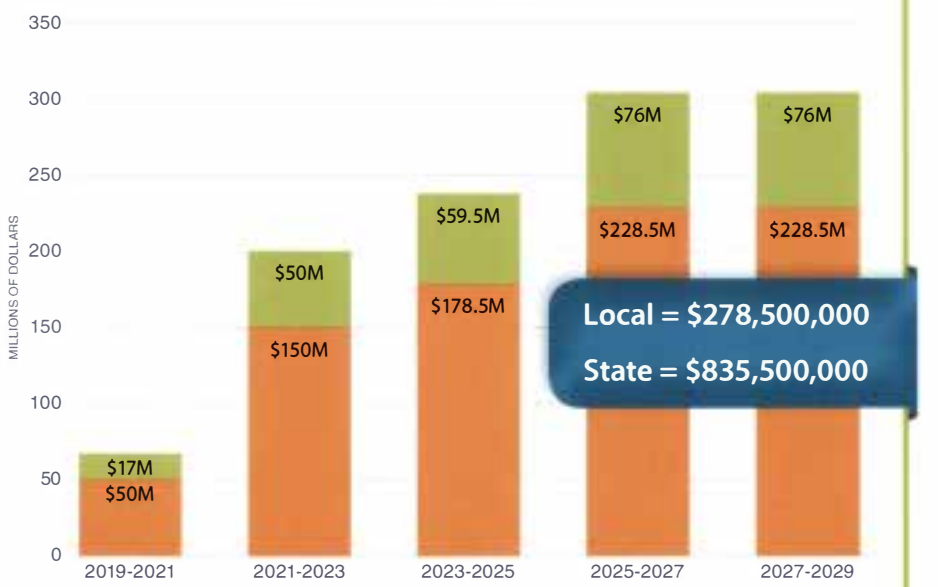


Figure 15 - Potential RRVWSP Funding Sources.

Figure 16 - RRVWSP Forecasted Funding Needs.

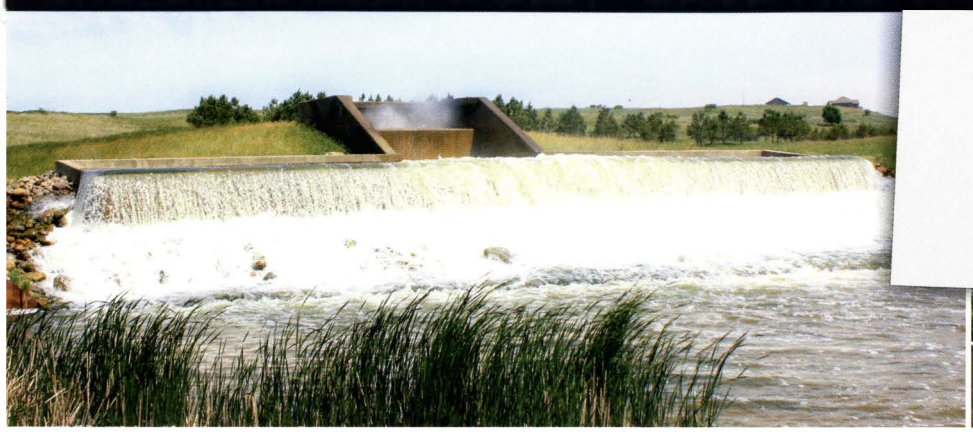
LOOKING AHEAD

RRVWSP FORECASTED FUNDING NEEDS



Local funding sources include the Garrison Diversion Conservancy District and local water systems.

SHEYENNE RIVER VALLEY FLOOD PROTECTION



A major tributary of the Red River of the North, the Sheyenne River flows roughly 591 miles from central North Dakota, eventually meandering its way east to Fargo. Valley City and Lisbon sit along the Sheyenne River, downstream of Baldhill Dam, which forms Lake Ashtabula. During a typical spring each year, the river swells from snow melt with water levels peaking around March and April, often creating flooding conditions. After experiencing major flooding in 2009, 2010, and 2011, the cities of Valley City and Lisbon each decided to pursue permanent flood protection from Sheyenne River flooding.

While each city has identified its own unique solutions to combat flooding problems, the projects have become collectively known as Sheyenne River Valley Flood Protection (SRVFP). Through the State Water Commission's Cost-Share Program, both Valley City and Lisbon are receiving an 80 percent grant to fund their flood protection projects. The cities are receiving an elevated cost-share percentage due to past and potential future impacts caused by water releases from the Devils Lake outlets, which empty into the Sheyenne River.

Quick Facts

- Federal & State Property Acquisitions
- Nearly 1,000 Total Structures Removed From Floodplain
- Additional Impacts From Devils Lake Outlets
- Earthen Levees & Flood Walls

2017-2019 FUNDING & PROGRESS

During the 2017-2019 biennium, funding approved by the State Water Commission for Valley City totaled $2.7 million in grants, while Lisbon was approved for $900,000 in loans.

LISBON

After the 2011 flood, Lisbon city leaders worked toward protecting its residents and infrastructure from the 2.5 miles of Sheyenne River banks stretching through the city. Through a cooperative effort with a local engineering consultant, a series of levees were designed to be strategically placed along the river. As part of Phase I, the first permanent levee was constructed in 2014, and the final levee will be completed before the end of 2018 (See Map Appendix). Once complete, the project will remove over 1,000 parcels of land and 400 structures from the 100-year floodplain. Furthermore, the city is currently considering an additional phase of the project that would provide flood protection in another portion of Lisbon.

VALLEY CITY

Valley City's plan is outlined in approximately eight phases. While Phase I has been completed, Phase II was funded in the 2015-2017 biennium and is currently under construction. Phase III construction dollars were approved in October 2018, and Phase IV is in the design phase (See Map Appendix). The scope of work moving forward includes permanent concrete flood walls, removable flood walls, clay levees, and even bioengineered stream bank restoration projects. Unique to this project is Valley City State University, which helped Valley City secure additional funding from the State Higher Education Department for flood protection around the university's campus, as well as adjacent properties.

SHEYENNE RIVER VALLEY FLOOD PROTECTION FUNDING D

HISTORIC STATE FUNDING FOR SHEYENNE RIVER VALLEY FLOOD PROTECTION

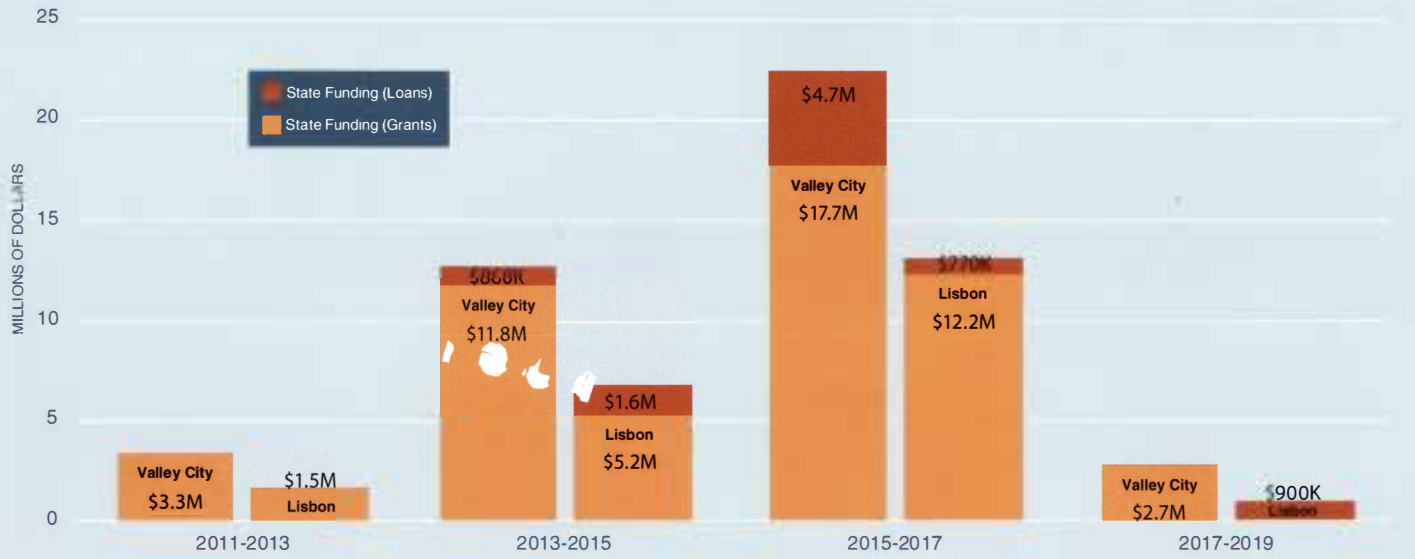


Figure 17 - Historic State Funding For Sheyenne River Valley Flood Protection.

HISTORIC SRVFP FUNDING SOURCES

Total Funding as of October 2018

$65.8 Million

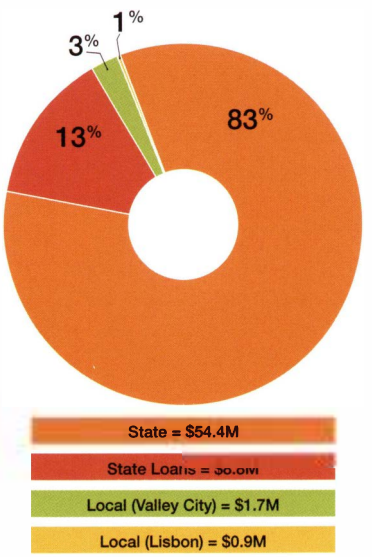
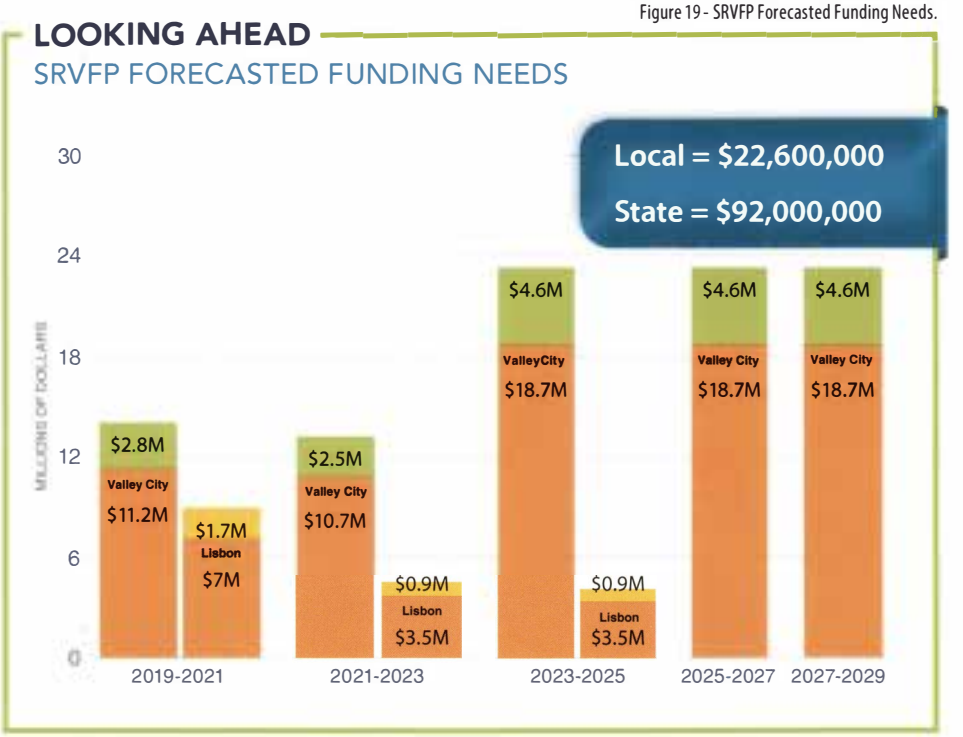


Figure 18 - Historic SRVFP Funding Sources.

Figure 19 - SRVFP Forecasted Funding Needs.

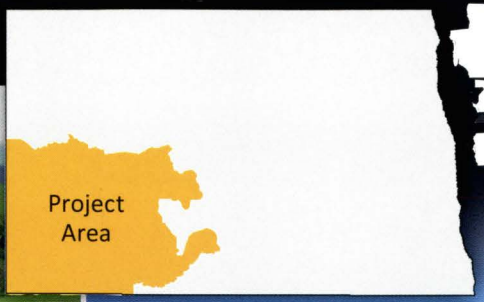
LOOKING AHEAD

SRVFP FORECASTED FUNDING NEEDS



SOUTHWEST PIPELINE PROJECT

Pipeline being laid for the SWPP.



Water storage tanks near Zap.

Authorized by the North Dakota Legislature in 1981, the Southwest Pipeline Project (SWPP) transports raw water from lake Sakakawea to Dickinson or Zap where it is treated and delivered to the Project's customers in southwest North Dakota and Perkins County, South Dakota. Since construction began in 1986, the Project now includes three water treatment plants, 35 pumping stations, 29 water storage reservoirs, and over 5,000 miles of pipe.

The SWPP is owned by the state of North Dakota and administered through the Water Commission. In 1996, the operation and maintenance of the SWPP was transferred to the Southwest Water Authority (SWA), a political subdivision established by the State Legislature. The SWA is governed by a 15-member, publicly elected board of directors, representing jurisdictions throughout the SWPP service area.

Quick Facts

- 56,000 Water Users
- 33 Communities
- 23 Contract Customers
- 21 Raw Water Customers
- 2 Rural Water Systems
- 7,130 Rural Customers

RETURN ON INVESTMENT (REPAYMENT)

Capital repayment is a portion of the water rate charged by SWA to pay back the cost of construction of the Project. While the SWPP has been a substantial investment for the State of North Dakota, the Project has started to pay dividends back to the state. These capital repayments will be made in perpetuity. As of June, 2018, North Dakota's return on investment (ROI) in the SWPP is approximately $60 million, or 24 percent ROI for the state, factoring in state grants and bonds.

THE REPLACEMENT & EXTRAORDINARY MAINTENANCE (REM) FUND

The REM fund was created to cover costs of an extraordinary nature or to replace parts as they reach their life expectancy. A portion of the rate charged to SWPP's users goes into the REM fund. Originally, the rate was set at $0.30 per thousand gallons of water sold, and has gradually increased to $0.70 in 2018. Currently, over $18 million is available in the fund for REM purposes. Disbursements from the REM fund must be approved by the Commission and SWA Board of Directors.

2017-2019 FUNDING & PROGRESS

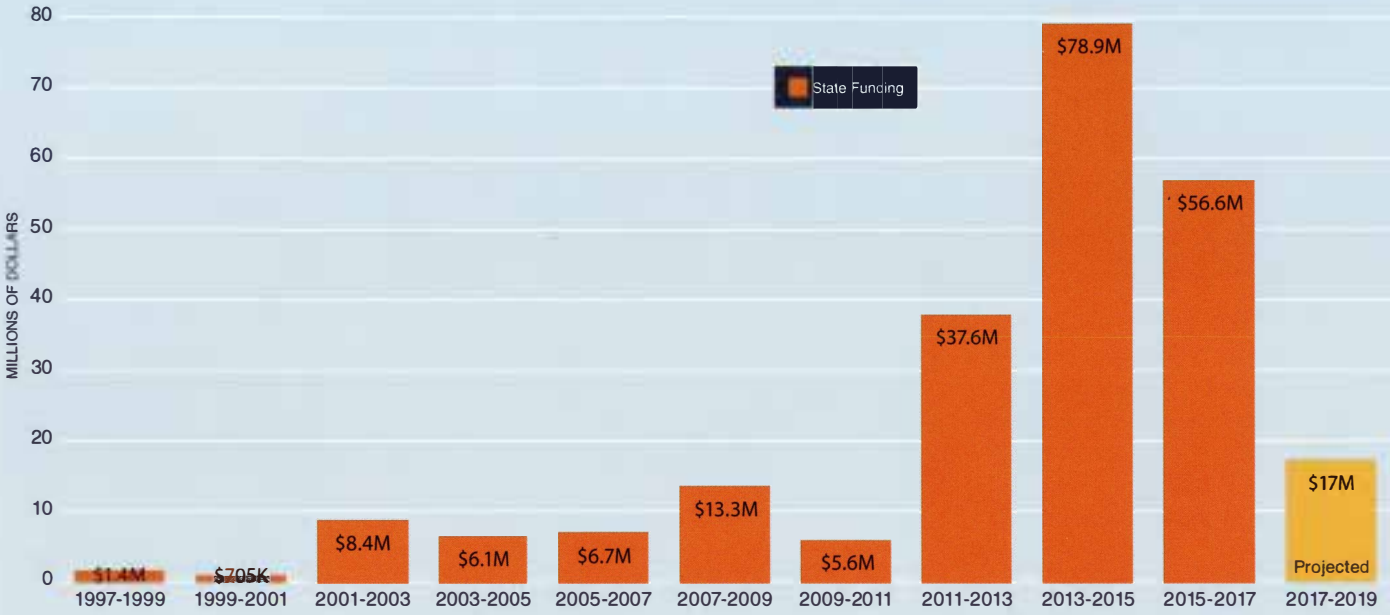
SWA requested $84 million for the 2017-19 biennium. The request was based on several projects SWA hoped to complete depending on funding, including Dodge and Richardton pump station upgrades, a supplemental intake pump station at Lake Sakakawea, Ray Christensen Pump Station upgrades, and various alignments of parallel pipelines. As of October 2018, a total of $13.5 million had been committed to the project during the 2017-2019 biennium.

Progress on the SWPP during the 2017-2019 biennium continues to move forward. A supplemental raw water intake is under construction at Renner Bay, Lake Sakakawea. The secondary intake will increase capacity for the entire project. The construction of the supplemental water treatment plant (Southwest Water Treatment Plant) in Dickinson is mostly complete. The plant started producing finished water in February 2018. The residual handling facility, which would process the lime sludge from the existing water treatment plant and Southwest Water Treatment Plant, is under construction with most of the concrete work completed.

Construction of second raw water reservoirs, at both Dickinson and Richardton, are mostly complete with both tanks expected to be operational in 2018. Construction of the first phase of paralleling the raw water transmission pipeline from the intake to Zap to increase transmission capacity is also mostly complete. The contract for pump station upgrades at the Dodge and Richardton pump station is currently advertised for bids, with construction expected to be completed in spring 2020.

SOUTHWEST PIPELINE PROJECT FUNDING DATA

HISTORIC STATE FUNDING FOR SOUTHWEST PIPELINE PROJECT



Note: SWPP received $28.38 million in state funding prior to 1997.

Figure 20 - Historic State Funding For Southwest Pipeline Project.

HISTORIC SWPP FUNDING SOURCES

Total Funding as of October 2018

$406.8 Million

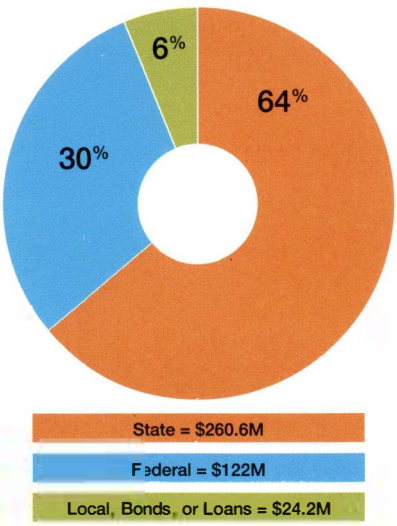


Figure 21 - Historic SWPP Funding Sources.

Figure 22 - SWPP Forecasted Funding Needs.

LOOKING AHEAD

SWPP FORECASTED FUNDING NEEDS

WESTERN AREA WATER SUPPLY

WAWS pipe being placed near Crosby, ND.

Owned and operated by the Western Area Water Supply Authority (WAWSA), the Western Area Water Supply (WAWS) project utilizes a combination of Missouri River water treated at the Williston Regional Water Treatment Plant and groundwater treated by the R&T Water Supply Commerce Authority's Water Treatment Plant in Ray. As originally planned after the 2011 Legislative Assembly, the financial model for WAWS was to take advantage of the extensive regional growth that was taking place as a result of oil production, and fund the majority of the project by selling excess water to the energy industry. Since that time, a slow-down in oil activity caused WAWSA and the state to revisit the funding model. The passage of House Bill 1020 during the 2017 Legislative Assembly allows for the refinancing of WAWSA debt.

Quick Facts

- 70,000 Water Users
- 11 Communities
- 4,000 Rural Connections
- 8 Industrial Depots
- 38 Fill Ports

Figure 23 - WAWSA service area.

WESTERN AREA WATER SUPPLY AUTHORITY

In 2011, the North Dakota Legislature created the Western Area Water Supply Authority (WAWSA) with the goal to develop the WAWS project to treat, store, and distribute water to northwestern North Dakota. WAWSA is administratively made up of a 10-member board of directors, two each from the five major water supply entities in the region: Northwest Rural Water District (formerly Williams Rural Water District), McKenzie County Water Resource District, the City of Williston, Burke-Divide-Williams (BDW) Water System Association, and Ray and Tioga (R&T) Water Supply Association.

2017-2019 FUNDING & PROGRESS

During the 2017-2019 biennium, WAWSA was approved for $10 million from the State Water Commission, and a $10 million loan from the Drinking Water State Revolving Fund. As of October 2018, the full $20 million had been committed to the project.

Nearly two-dozen projects have been completed on WAWS during the 2017-2019 biennium. McKenzie County Water Resource District completed rural distribution to Watford City and Tobacco Gardens, a bypass transmission main south of Watford City, and a Spring Creek expansion. Northwest Rural Water District completed two transmission mains, associated facilities, and rural distribution to Blacktail Dam.

R&T Water Supply Association finished work on transmission mains in the cities of Ray, Tioga, and Stanley, as well as various rural distribution works. BDW Water Systems Association was able to install rural distribution to the Crosby area. As reported in a previous Water Development Plan, the City of Williston completed a water treatment plant expansion at the end of 2016, along with associated pretreatment chemical works.

WESTERN AREA WATER SUPPLY FUNDING DATA

HISTORIC STATE FUNDING FOR WESTERN AREA WATER SUPPLY

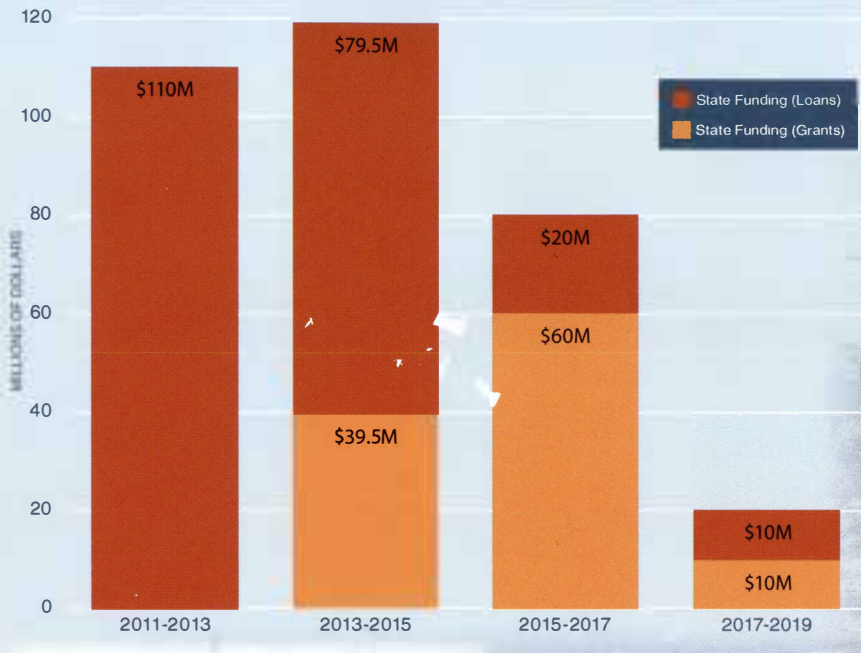


Figure 24 - Historic State Funding For Western Area Water Supply.

HISTORIC WAWS FUNDING SOURCES

Total Funding as of October 2018

$329 Million

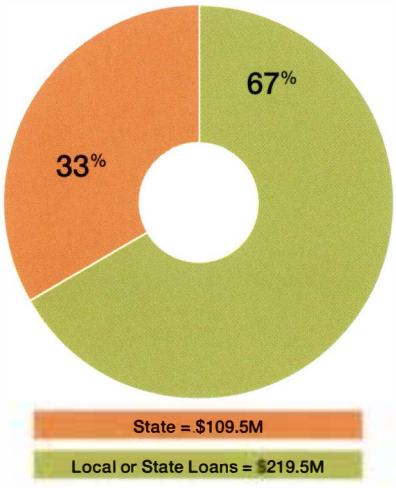
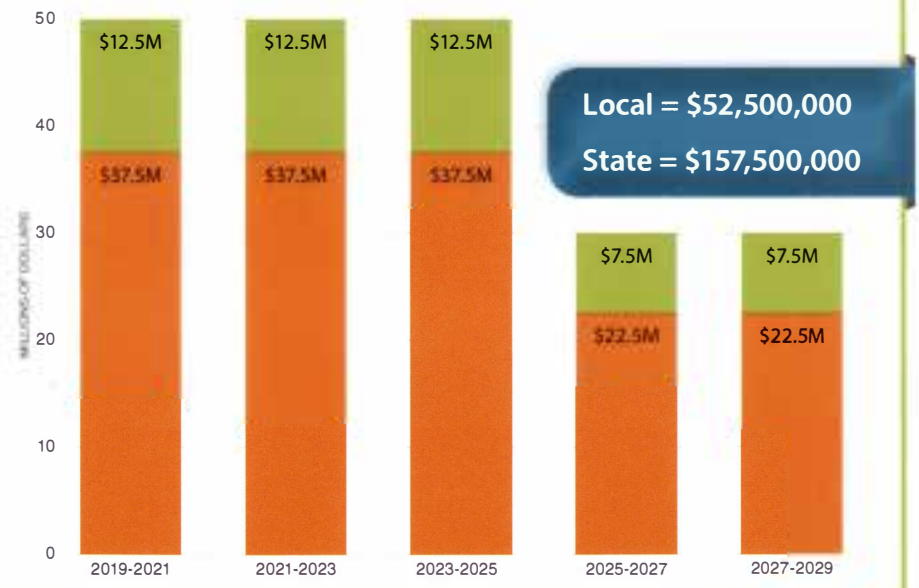


Figure 25 - Historic WAWS Funding Sources.

Figure 26 - WAWS Forecasted Funding Needs.

LOOKING AHEAD

WAWS FORECASTED FUNDING NEEDS



MUNICIPAL WATER SUPPLY PROJECTS

Cities in North Dakota face a wide variety of water infrastructure challenges ranging from small, rural cities struggling to create enough revenue to maintain aging infrastructure, to larger, rapidly-expanding cities that are trying to keep up with growth. With such diverse issues to consider across the state, responsible and efficient use of funding is a key focus of the State Water Commission, and is a challenging consideration for the state as a whole.

Section 5 of House Bill 1020 included an appropriation of $120,125,000 for water supply projects. In addition to municipal projects, this appropriation was intended to fund regional water supply projects, which have been highlighted on previous pages. From that appropriation, several municipal water supply projects were supported and advanced. Table 2 represents the municipal water supply projects that received Water Commission approval during the 2017-2019 biennium, as of October 2018.

PROJECT SPONSOR	PROJECT NAME	FUNDING APPROVED
City of Grand Forks	Regional Water Treatment Plant	$30,000,000
City of Lincoln	Water Supply Main	$1,130,000
City of Mandan	Sunset Reservoir Transmission Line	$3,135,000
City of Mercer	McLean Sheridan Connection	$166,950
City of New Town	New Water Tower	$1,940,000
City of West Fargo	Brooks Harbor Water Tower	$1,950,000
City of West Fargo	North Loop Connection	$510,000
City of West Fargo	West Loop Connection	$1,110,000
City of Williston	US HWY 2 Water Main	$434,400
City of Williston	9th Avenue East Watermain	$246,000
City of Williston	18th Street Water Main	$2,090,000
City of Wing	Water Tower Repairs	$72,000
TOTAL APPROVED		**$42,784,350**

Table 2 - Municipal water supply projects funded by the Water Commission during 2017-2019 biennium (as of October 2018).

GRAND FORKS REGIONAL WATER TREATMENT PLANT

The City of Grand Forks began construction on a 20 million gallon per day Regional Water Treatment Plant in December 2016. The plant is situated on the western edge of Grand Forks in an effort to optimize water supply regionalization opportunities. Since the 2013-2015 biennium, this project has progressed under a 50/50 cost-share with the Water Commission. To date, $65 million in state funding has been appropriated to the project, and the city has requested an additional $9.9 million in state funding to complete the project, with an anticipated completion date of June, 2020. The total cost of this project is estimated to be $150 million.

LOOKING AHEAD - MUNICIPAL WATER INFRASTRUCTURE SURVEY

The State Water Commission partnered with the North Dakota League of Cities to inventory aging municipal water supply infrastructure across the state, and to forecast a longer-term outlook of future municipal funding needs. Survey results yielded a ten year total funding needs estimate of approximately $1.1 billion for municipal water supply infrastructure, with approximately $660 million potentially eligible for state cost-share. Longer-term water supply infrastructure needs are summarized beginning on page 76.

RURAL WATER SUPPLY PROJECTS

In rural North Dakota, water used for domestic, municipal, and livestock needs is often of insufficient quantity or quality. And often, residents of small communities and rural areas are negatively impacted due to a lack of clean, safe water. Rather than relying on water available from private wells, rural water systems can help deliver a stable supply of quality water to cities and rural areas alike.

Today there are 31 rural water systems in North Dakota, including four Tribal systems, made up of approximately 40,000 miles of pipe. These systems provide water to parts of all 53 counties in North Dakota, supporting 75 percent of the state's incorporated cities. When incorporated cities and rural areas are combined, more than 250,000 people are served by rural water systems.

Section 5 of House Bill 1020 included an appropriation of $27 million for rural water supply projects. Specific projects and project types were then designated funding under this purpose. Table 3 represents the rural water supply projects that received Water Commission funding during the 2017-2019 biennium, as of October 2018.

PROJECT SPONSOR	PROJECT NAME	FUNDING APPROVED
East Central Regional Water	Grand Forks/Traill System	$5,546,880
East Central Regional Water	Phase 3 Agassiz WUD	$232,795
Northeast / East Central Regional Water	Northeast Area Master Plan	$107,000
Greater Ramsey Water District	Devils Lake Regionalization	$599,000
North Prairie Rural Water District	Mountrail County	$6,516,000
Southeast Water User District	System Wide Expansion	$2,749,000
Stutsman Rural Water District	Phase 6 Pettibone	$2,100,000
Walsh Rural Water District	System Improvements	$1,300,000
North Prairie Rural Water District	Silver Spring Surrey	$133,380
North Prairie Rural Water District	Reservoir 9	$1,114,620
Cass Rural Water User District	Horace Tank	$1,846,000
McLean-Sheridan Rural Water	Turtle Lake Tower	$2,378,450
Tri-County Rural Water District	McVille Connection	$2,803,250
TOTAL APPROVED		**$27,426,375***

Table 3 - Rural water supply projects funded by the Water Commission during 2017-2019 biennium (as of October 2018). *Includes reallocation of turn back funds from previous biennia.

LOOKING AHEAD - RURAL WATER INFRASTRUCTURE SURVEY

The State Water Commission also partnered with the North Dakota Rural Water Systems Association to inventory aging rural water supply infrastructure across the state, and to forecast potential funding needs. The survey results yielded a ten year total funding needs estimate of approximately $320 million for rural water supply infrastructure, with approximately $240 million potentially eligible for state cost-share. Longer-term water supply infrastructure needs are summarized beginning on page 76.

OTHER PROJECT UPDATES

DEVILS LAKE OUTLET OPERATIONS

During the 2017-2019 biennium, the state continued to implement a multi-pronged approach to solving the Devils Lake region's flooding problems, including: infrastructure protection, upper-basin water management, and operation of the state's emergency outlets.

The maximum total discharge of the West and East Devils Lake outlets is now 600 cfs (See Map Appendix), and the 2018 operating season marked the thirteenth year of operation for the West Outlet and the seventh year for the East Outlet. The total cumulative discharge from the outlets for 2018 was 118,357 acre-feet. Without the operation of the outlets, it is estimated that Devils Lake would be approximately five feet higher than its current elevation.

Outlet operations have been made possible through a collaboration of stakeholders throughout eastern North Dakota, Minnesota, and the Canadian Province of Manitoba. Careful management of downstream impacts related to water quality and quantity in the Red and Sheyenne Rivers remains a key consideration of outlet operations.

The Water Commission has also continued to manage operational efforts associated with the Tolna Coulee Control Structure, which was constructed in 2012 to reduce the risk of a catastrophic natural overflow of Devils Lake. The control structure was developed in cooperation with the US Army Corps of Engineers and is now owned and operated by the Water Commission.

GRAFTON FLOOD CONTROL

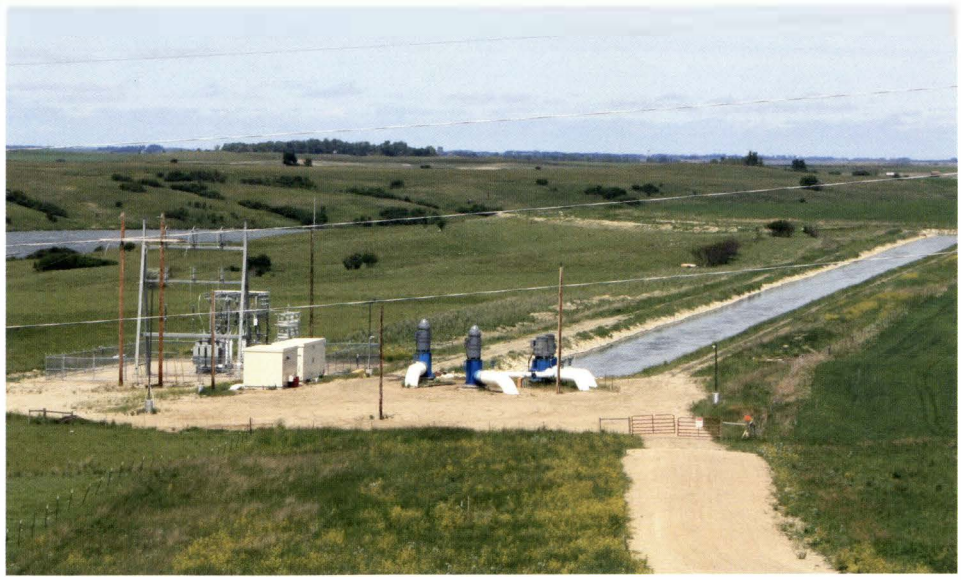
Grafton's comprehensive flood risk reduction project will involve the construction of 12.5 miles of levees and a 3.2 mile bypass channel. When completed, the project will provide Grafton with protection from a 100-year flood event.

The project was bid in December 2017, and a contract was awarded in January 2018. Construction officially began in April 2018, with a forecasted completion date of October 2019. A majority of the trenching, levee and outlet construction, and a portion of the channel excavation will be completed during the 2018 construction season. Additionally, coordination is ongoing with FEMA to obtain beneficial flood map changes in the future.

As of October 2018, the Water Commission has committed $33.9 million in grants, or 71 percent of the project's estimated $47.4 million total cost. In addition, $3.3 million was committed in the form of a loan, bringing the Water Commission's contribution to 75 percent of the total cost.

GENERAL WATER MANAGEMENT

General water management projects include non-conveyance rural flood control, recreational projects, dam repairs, planning efforts, special studies, and mitigation for operation of the Devils Lake outlets. House bill 1020 designated $15.75 million for general water management projects during the 2017-2019 biennium. A summary of general water management projects and studies that were approved for Water Commission cost-share is included in Table 7 in the following "Purpose Funding Summary" section.



2017-2019 WATER COMMISSION PROJECT BUDGET: PURPOSE FUNDING SUMMARIES

As previously mentioned, House Bill 1020 outlined four purposes for the Water Commission's 2017-2019 water development project funding. Specific funding amounts were designated for each purpose, and Tables 4 through 7 summarize the projects that have been supported out of each purpose funding category.

RURAL WATER SUPPLY PURPOSE FUNDING: 2017-2019 BIENNIUM		
	PURPOSE FUNDING TOTAL	$27,000,000
Obligated This Biennium	East Central Regional Water District - Grand Forks System	$4,150,000
	East Central Regional Water District - Traill System	$1,396,880
	East Central Regional Water District - Phase 3 Agassiz WUD	$232,795
	Northeast / East Central Regional Water District - Northeast Area Master Plan	$107,000
	Greater Ramsey Water District - Devils Lake Regionalization	$599,000
	North Prairie Rural Water District - Mountrail County	$6,516,000
	Southeast Water User District - System Wide Expansion	$2,749,000
	Stutsman Rural Water District - Phase 6 Pettibone	$2,100,000
	Walsh Rural Water District - System Improvements	$1,300,000
	North Prairie Rural Water District - Silver Spring Surrey	$133,380
	North Prairie Rural Water District - Reservoir 9	$1,114,620
	Cass Rural Water User District	$1,846,000
	McLean-Sheridan Rural Water District - Turtle Lake Tower	$2,378,450
	Tri-County Rural Water District - McVille Connection	$2,803,250
	TOTAL APPROVED	$27,426,375
	FUNDING TURNED BACK FROM PREVIOUS BIENNIA	$952,515
	REMAINING BALANCE (OCTOBER 2018)	**$526,140**

Table 4 - Rural Water Supply Purpose Funding, 2017-2019 Biennium.

WATER SUPPLY PURPOSE FUNDING: 2017-2019 BIENNIUM		
	PURPOSE FUNDING TOTAL	$120,125,000
Obligated This Biennium	Grand Forks - Water Treatment Plant	$30,000,000
	Lake Agassiz Water Authority - Red River Valley Water Supply	$17,000,000
	Lincoln - Water Supply Main	$1,130,000
	Mandan - Sunset Reservoir Transmission Line	$3,135,000
	Mercer - McLean-Sheridan Connection	$166,950
	Minot - Northwest Area Water Supply	$14,600,000
	New Town - Water Tower	$1,940,000
	State Water Commission - Southwest Pipeline Project	$13,500,000
	West Fargo - Brooks Harbor Water Tower	$1,950,000
	West Fargo - North Loop Connection	$510,000
	West Fargo - West Loop Connection	$1,110,000
	Western Area Water Supply - Phase 5	$20,000,000
	Williston - US Highway 2 Water Main	$434,400
	Williston - 9th Avenue E Water Main	$246,000
	Williston - 18th Street Water Main	$2,090,000
	Wing - Water Tower	$72,000
TOTAL APPROVED		$107,884,350
FUNDING TURNED BACK FROM PREVIOUS BIENNIA		$767,521
REMAINING BALANCE (OCTOBER 2018)		**$13,008,171**

Table 5 - Water Supply Purpose Funding, 2017-2019 Biennium.

FLOOD CONTROL PURPOSE FUNDING: 2017-2019 BIENNIUM		
	PURPOSE FUNDING TOTAL	$136,000,000
Obligated This Biennium	Mouse River Flood Control	$64,295,217
	Valley City Flood Control	$3,958,104
	Maple River WRD - Davenport Flood Risk Reduction	$35,000
	Pembina County WRD - Drain #81	$56,000
	Southeast Cass WRD - Raymond-Mapleton Township Imp. District #76	$3,043
	Bottineau County WRD - Baumann Legal Drain	$41,427
	Traill County WRD - Norway Drain #38	$61,917
	Mapleton Re-Certification	$213,670
	Michigan Spillway Flood Assessment	$42,053
	Logan County WRD - Lake McKenna	$72,167
	Cass County Joint WRD - Sheldon Subdivision Levee	$370,200
	Walsh County Drain 30-02	$328,042
	Lower Heart River WRD - Mandan Flood Control	$280,000
TOTAL APPROVED		$69,756,840
FUNDING TURNED BACK FROM PREVIOUS BIENNIA		$1,117,229
REMAINING BALANCE (OCTOBERR 2018)		**$67,360,389**

Table 6- Flood Control Purpose Funding, 2017-2019 Biennium.

GENERAL WATER MANAGEMENT PURPOSE FUNDING: 2017-2019 BIENNIUM		
	PURPOSE FUNDING TOTAL	$15,750,000
Obligated This Biennium	Garrison Diversion Unit - Mile 42 Irrigation	$937,207
	Drought Disaster Livestock Water Supply	$1,775,000
	Barnes County Water Resource District - Kathryn Dam	$754,875
	McLean County Water Resource District - Painted Woods Lake	$284,768
	Valley City Water Treatment Plant	$586,350
	AEM - Survey Funding	$425,000
	Walsh County Water Resource District - Matacjek Dam	$267,150
	USGS Cooperative Hydrologic Monitoring	$553,790
	Sargent County Water Resource District - Brummond-Lubke Dam	$317,111
	PMP Update	$600,000
	NPS Pollution - Department of Health	$200,000
	Red River Basin Commission	$200,000
	Assiniboine River Basin Commission	$100,000
	State Engineer Approvals	$804,686
	Wildlife Services - ND Department of Agriculture	$125,000
	Yellowstone Irrigation District	$692,500
	TOTAL APPROVED	$8,623,437
	FUNDING TURNED BACK FROM PREVIOUS BIENNIA	$244,612
	REMAINING BALANCE (OCTOBER 2018)	**$7,371,175**

Table 7 - General Water Management Purpose Funding, 2017-2019 Biennium.

STATE WATER DEVELOPMENT PROGRAM:
WORKING WITH PROJECT SPONSORS

This section briefly describes the inventory process used by the Water Commission to identify and estimate future water project and program funding needs. A summary of those funding needs, as provided by project sponsors, is also presented.

WATER PROJECT INVENTORY PROCESS

As part of the Water Commission's water planning efforts, the agency biennially solicits project and program information from potential project sponsors. The results provide the Commission with an updated inventory of water projects and programs that could come forward for state cost-share in the upcoming 2019-2021 biennium and beyond. As in the past, the product of this effort becomes the foundation that supports the State Water Commission's budget request to the Governor and Legislature.

To obtain updated and new project and program information from sponsors, the Commission invited water boards, joint water boards, the North Dakota Irrigation Association, communities, rural and regional water supply systems, and government agencies with an interest in water development projects and programs to complete an electronic project planning and information form. Information requested on the forms included general project descriptions, location, cost estimates, permit information, and identification of potential obstacles, among other basic aspects of the projects.

Most importantly, sponsors were asked to assign the most realistic start dates possible to projects they expected to present to the Commission for cost-share consideration - particularly during the 2019-2021 and later biennia. As part of that effort, project sponsors needed to take into consideration when a funding commitment from the Commission would be needed for projects or programs to proceed.

As the electronic project information forms were received by the Commission, they were automatically placed into a water project database, helping to ensure receipt and accurate inventory of projects. This provides the Commission with updated project information for older projects and an accounting of new projects that have developed since the last inventory process, during the 2017-2019 biennium. Of course, circumstances change, and so do project costs over time. Therefore, the database is updated regularly leading up to the Legislative Assembly.

When the deadline for project submittal was reached, each project was reviewed by a Water Commission subcommittee with Commission staff assistance to determine if portions of the project were eligible for cost-share, and if the proposed timeframes for project advancement were reasonable and justified by supporting information.

In addition, the agency worked closely with the North Dakota Water Coalition (which is made up of project sponsors from across the state), and the project sponsors themselves to maintain the most up-to-date project information possible. The Commissioner-hosted meetings were also helpful for the agency and project sponsors to discuss projects and update information accordingly.

The result of this inventory process is a comprehensive list of water projects throughout North Dakota that could come forward for new or additional cost-share in future biennia. As stated earlier, this is an important tool for budget planning purposes for the Commission, the Office of Management and Budget, the Governor's Office, and the Legislature.

WATER DEVELOPMENT FUNDING NEEDS, 2019-2021 BIENNIUM

The following Water Development Funding Needs table contains projects that could move forward and request State Water Commission cost-share in the 2019-2021 biennium and beyond (Table 8). *This accounting of projects simply represents a list of needs as submitted by project sponsors. It does not guarantee, in any way, that all of the projects listed will receive funding or the amounts listed. In addition, upon further review of the projects and any notices of changes to the projects, the state's potential cost-share contribution may change based on the agency's cost-share policy and requirements for eligible items.*

In consideration of the State Water Commission Project Prioritization Guidance policy, projects were also identified with their priority ranking, and by major drainage basin where they are located.

The inventory is organized into six project purposes including: flood control, municipal water supply, rural water supply, regional water supply, conveyance, and general water management. The total financial need to implement all of the projects in the 2019-2021 inventory is about $1.7 billion. The state's share of that total could be about $902 million. However, those estimates will evolve pending closer analyses of cost-share requirements once a request for funding has been made to the Commission. The federal government and local project sponsors would be responsible to make up the balance.

The 2019-2021 totals do not account for projects that may receive additional funding in the current 2017-2019 biennium. It should also be noted that water development projects can be delayed as a result of local or federal funding problems, permits, or environmental issues, which can substantially influence the actual need for any given biennium. Furthermore, the unpredictability of floods, droughts, and other unforeseen events can result in new funding needs that were not documented at the time this report was developed. As a result, the actual need for the upcoming biennium has the potential to change from what is presented here.

TRIBAL PROJECT FUNDING

Water projects submitted by tribal governments could be included in the inventory if partnered with eligible local sponsors per NDCC 61-02-24 and NDCC 61-02-24.1.

FLOOD CONTROL

PLEASE NOTE: This inventory of financial needs is for planning and budgeting purposes only. It does not guarantee, in any way, that projects listed will receive funding from the state. In addition, the estimated financial needs from the state (grant or loan) may change based on further review of the projects in accordance with cost-share program eligibility requirements.

LOCAL SPONSOR	PROJECT NAME	PRIORITY	BASIN	FEDERAL FUNDING 2019-2021	POTENTIAL SWC COST - SHARE 2019-2021	LOCAL FUNDING 2019-2021	OTHER FUNDING 2019-2021	TOTAL 2019-2021
Burleigh County WRD	Sibley Island Flood Control Project	High	Lower Missouri	$-	$201,148	$134,098	$-	$335,246
Cass County Joint WRD	Sheldon Subdivision Flood Protection	High	Upper Red	$-	$390,000	$260,000	$-	$650,000
Cass County Joint WRD, Rush River WRD & Amenia	City of Amenia Flood Protection	High	Upper Red	$-	$2,400,000	$1,600,000	$-	$4,000,000
City of Beulah	West Tributary Flood Mitigation	High	Upper Missouri	$-	$120,000	$80,000	$-	$200,000
City of Fargo, Cass County, Cass County Joint WRD	Fargo-West Fargo Flood Control	High	Lower Red	$200,000,000	$166,500,000	$195,000,000	$21,500,000	$583,000,000
City of Jamestown & Stutsman County WRD	Southwest Planning Area Storm Water Sewer - System 1	High	James	$-	$1,800,000	$1,200,000	$-	$3,000,000
City of LaMoure	LaMoure Flood Control Project	High	James	$-	$2,400,000	$1,600,000	$-	$4,000,000
City of Lisbon	Sheyenne River Flood Control	High	Upper Red	$-	$7,080,000	$1,770,000	$-	$8,850,000
City of Minot	Minot Levee Erosion Repair	High	Mouse	$-	$1,080,000	$800,000	$-	$1,880,000

Table 8- Water Project Funding Needs, 2019-2021 Biennium.

FLOOD CONTROL (continued)

PLEASE NOTE: This inventory of financial needs is for planning and budgeting purposes only. It does not guarantee, in any way, that projects listed will receive funding from the state. In addition, the estimated financial needs from the state (grant or loan) may change based on further review of the projects in accordance with cost-share program eligibility requirements.

LOCAL SPONSOR	PROJECT NAME	PRIORITY	BASIN	FEDERAL FUNDING 2019-2021	POTENTIAL SWC COST - SHARE 2019-2021	LOCAL FUNDING 2019-2021	OTHER FUNDING 2019-2021	TOTAL 2019-2021
City of Neche	Neche Levee Certification Project, Design & Certification	High	Lower Red	$-	$750,000	$500,000	$-	$1,250,000
Valley City	Valley City Permanent Flood Protection	High	Upper Red	$-	$11,240,000	$2,810,000	$-	$14,050,000
Grand Forks County WRD	Village of Arvill Flood Control	High	Lower Red	$-	$480,000	$70,000	$250,000	$800,000
Lower Heart River WRD	Lower Heart River Flood Risk Reduction Project	High	Lower Missouri	$-	$21,000,000	$14,000,000	$-	$35,000,000
Maple River WRD & City of Davenport	City of Davenport Flood Protection	High	Upper Red	$-	$3,000,000	$2,000,000	$-	$5,000,000
Park Joint WRD	North Branch Park River Flood Control - Crystal	High	Lower Red	$-	$2,400,000	$1,600,000	$-	$4,000,000
Souris River Joint Board	Mouse River Enhanced Flood Protection	High	Mouse	$-	$186,200,000	$94,900,000	$-	$281,100,000
Southeast Cass WRD	Sheyenne-Maple Flood Control Project #2 Improvements	High	Upper Red	$-	$600,000	$400,000	$-	$1,000,000

FLOOD CONTROL (continued)

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LOCAL SPONSOR	PROJECT NAME	PRIORITY	BASIN	FEDERAL FUNDING 2019-2021	POTENTIAL SWC COST - SHARE 2019-2021	LOCAL FUNDING 2019-2021	OTHER FUNDING 2019-2021	TOTAL 2019-2021
State of North Dakota	Devils Lake Outlet Operation	High	Devils Lake	$-	$10,000,000	$-	$-	$10,000,000
Ward County WRD	Des Lacs River Diversion Channels	High	Mouse	$25,000	$650,000	$800,000	$25,000	$1,500,000
Ward County WRD	Puppy Dog Coulee High Flow Bypass Channel	High	Mouse	$-	$1,800,000	$1,200,000	$-	$3,000,000
Barnes County WRD	Eckelson Lake Outlet Improvement	Moderate	Upper Red	$-	$1,500,000	$1,000,000	$-	$2,500,000
Cass County Joint WRD	Upper Maple River Watershed Detention - Site #1	Moderate	Upper Red	$2,500,000	$5,000,000	$5,000,000	$-	$12,500,000
Cass County Joint WRD	Upper Maple River Watershed Detention Site #2	Moderate	Upper Red	$2,500,000	$5,000,000	$5,000,000	$-	$12,500,000
Forest River Joint WRD	Forest River Flood Control	Moderate	Lower Red	$-	$4,860,000	$5,940,000	$-	$10,800,000
Forest River Joint WRD	Forest River Floodwater (Detention)	Moderate	Lower Red	$-	$2,415,000	$3,485,000	$-	$5,900,000

FLOOD CONTROL (continued)

PLEASE NOTE: This inventory of financial needs is for planning and budgeting purposes only. It does not guarantee, in any way, that projects listed will receive funding from the state. In addition, the estimated financial needs from the state (grant or loan) may change based on further review of the projects in accordance with cost-share program eligibility requirements.

LOCAL SPONSOR	PROJECT NAME	PRIORITY	BASIN	FEDERAL FUNDING 2019-2021	POTENTIAL SWC COST - SHARE 2019-2021	LOCAL FUNDING 2019-2021	OTHER FUNDING 2019-2021	TOTAL 2019-2021
Logan County WRD	McKenna Lake & Napoleon Aquifer Drainage & Improvement Project - Construction Permit & Construction	Moderate	Lower Missouri	$-	$1,000,000	$900,000	$100,000	$2,000,000
McLean County WRD	Lower Buffalo Creek Flood Mitigation	Moderate	Upper Missouri	$-	$270,000	$30,000	$300,000	$600,000
McLean County WRD	Painted Woods Lake Flood Control - High Flow Channel Phase 2	Moderate	Upper Missouri	$-	$900,000	$1,100,000	$600,000	$2,600,000
McLean County WRD	Turtle Creek Rural Flood Control	Moderate	Upper Missouri	$-	$900,000	$500,000	$600,000	$2,000,000
Park Joint WRD	North Branch Park River Detention	Moderate	Lower Red	$-	$15,000,000	$10,000,000	$-	$25,000,000
Pembina County WRD	Tongue River Retention	Moderate	Lower Red	$-	$6,000,000	$4,000,000	$-	$10,000,000
Sargent County WRD	Shortfoot Creek Detention	Moderate	Upper Red	$-	$5,400,000	$3,600,000	$-	$9,000,000
Steele County WRD	Lake Tobiason Improvement	Moderate	Upper Red	$-	$112,500	$37,500	$-	$150,000

FLOOD CONTROL (continued)

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LOCAL SPONSOR	PROJECT NAME	PRIORITY	BASIN	FEDERAL FUNDING 2019-2021	POTENTIAL SWC COST-SHARE 2019-2021	LOCAL FUNDING 2019-2021	OTHER FUNDING 2019-2021	TOTAL 2019-2021
Ward County WRD	Makoti Lake Stabilization	Moderate	Mouse	$-	$900,000	$1,100,000	$-	$2,000,000
City of LaMoure	Permanent Flood Protection Feasibility Study	Moderate	James	$-	$35,000	$65,000	$-	$100,000
City of Williston	Water Resource Recovery Facility Flood Scenario Planning	Low	Upper Missouri	$-	$61,250	$113,750	$-	$175,000
Grand Forks County WRD	Hazen Brook Detention Site - Study	Low	Lower Red	$-	$20,475	$18,525	$19,500	$58,500
Grand Forks County WRD	Johnstown Detention Site - Study	Low	Lower Red	$-	$40,000	$40,000	$40,000	$120,000
Logan County WRD	McKenna Lake & Napoleon Aquifer Drainage & Improvement Project - Engineering Design & Development	Low	Lower Missouri	$-	$35,000	$65,000	$-	$100,000
Steele County WRD	Golden Lakes Improvement	Low	Upper Red	$-	$198,000	$297,000	$-	$495,000
Walsh County WRD	Oslo Area Flood Control Project	Low	Lower Red	$-	$234,000	$286,000	$-	$520,000

FLOOD CONTROL (continued)

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LOCAL SPONSOR	PROJECT NAME	PRIORITY	BASIN	FEDERAL FUNDING 2019-2021	POTENTIAL SWC COST - SHARE 2019-2021	LOCAL FUNDING 2019-2021	OTHER FUNDING 2019-2021	TOTAL 2019-2021
LOW PRIORITY FLOOD CONTROL TOTAL				$-	$623,725	$885,275	$59,500	$1,568,500
MODERATE PRIORITY FLOOD CONTROL TOTAL				$5,000,000	$49,257,500	$41,692,500	$1,600,000	$97,550,000
HIGH PRIORITY FLOOD CONTROL TOTAL				$200,025,000	$420,091,148	$320,724,098	$21,775,000	$962,615,246
FLOOD CONTROL TOTAL				**$205,025,000**	**$469,972,373**	**$363,301,873**	**$23,434,500**	**$1,061,733,746**

MUNICIPAL WATER SUPPLY

PLEASE NOTE: This inventory of financial needs is for planning and budgeting purposes only. It does not guarantee, in any way, that projects listed will receive funding from the state. In addition, the estimated financial needs from the state (grant or loan) may change based on further review of the projects in accordance with cost-share program eligibility requirements.

LOCAL SPONSOR	PROJECT NAME	PRIORITY	BASIN	FEDERAL FUNDING 2019-2021	POTENTIAL SWC COST - SHARE 2019-2021	LOCAL FUNDING 2019-2021	OTHER FUNDING 2019-2021	TOTAL 2019-2021
City of Bismarck	Zone 4 Lockport Water Pump Station	Moderate	Lower Missouri	$-	$1,980,000	$1,320,000	$-	$3,300,000
City of Burlington & North Prairie Rural Water	Burlington South Water Tower	Moderate	Mouse	$-	$936,000	$624,000	$-	$1,560,000
City of Columbus	Water Main Improvements - Phase I	Moderate	Mouse	$-	$365,400	$243,600	$-	$609,000
City of Columbus	Water Main Improvements - Phase II	Moderate	Mouse	$-	$346,710	$231,140	$-	$577,850
City of Columbus	Water Main Improvements - Phase III	Moderate	Mouse	$260,890	$234,801	$156,534	$-	$652,225
City of Dickinson	Water Supply Improvements (6th St, 7th St, Sims St.)	Moderate	Lower Missouri	$-	$1,980,000	$1,320,000	$-	$3,300,000
City of Dickinson	North Side Water Storage Tank	Moderate	Lower Missouri	$-	$60,000	$40,000	$-	$100,000
City of Garrison	Water Supply & Treatment Expansion	Moderate	Upper Missouri	$-	$2,700,000	$1,800,000	$-	$4,500,000

MUNICIPAL WATER SUPPLY (continued)

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LOCAL SPONSOR	PROJECT NAME	PRIORITY	BASIN	FEDERAL FUNDING 2019-2021	POTENTIAL SWC COST - SHARE 2019-2021	LOCAL FUNDING 2019-2021	OTHER FUNDING 2019-2021	TOTAL 2019-2021
City of Garrison	Water Transmission & Supply Line	Moderate	Upper Missouri	$-	$720,000	$480,000	$-	$1,200,000
City of Grand Forks	Regional WTP	Moderate	Lower Red	$-	$9,875,000	$9,875,000	$-	$19,750,000
City of Killdeer	HWBL Water	Moderate	Lower Missouri	$-	$294,000	$196,000	$-	$490,000
City of Killdeer	Southwest Utility Extension and Lift Station	Moderate	Lower Missouri	$-	$216,720	$144,480	$-	$361,200
City of Larimore	Install New Water Main & Appurtenances	Moderate	Lower Red	$-	$231,750	$154,500	$-	$386,250
City of Mapleton	Mapleton Water Storage Tank	Moderate	Upper Red	$-	$705,000	$695,000	$-	$1,400,000
City of Minot	SW Elevated Water Tank	Moderate	Mouse	$-	$2,760,000	$1,840,000	$-	$4,600,000
Watford City	12th St NE (Between HWY 23 and 17th Ave N)	Moderate	Upper Missouri	$-	$390,000	$260,000	$-	$650,000

MUNICIPAL WATER SUPPLY (continued)

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LOCAL SPONSOR	PROJECT NAME	PRIORITY	BASIN	FEDERAL FUNDING 2019-2021	POTENTIAL SWC COST - SHARE 2019-2021	LOCAL FUNDING 2019-2021	OTHER FUNDING 2019-2021	TOTAL 2019-2021
Watford City	14th St NW (Between 10th Ave NW and 17th Ave NW)	Moderate	Upper Missouri	$-	$240,000	$160,000	$-	$400,000
Watford City	17th Ave NE (Between Pheasant Ridge & 12 St NE)	Moderate	Upper Missouri	$-	$282,000	$188,000	$-	$470,000
Watford City	17th Ave NW (Between Main St & 14th St NW)	Moderate	Upper Missouri	$-	$510,000	$340,000	$-	$850,000
City of West Fargo	9th St NW Water Main Looping	Moderate	Upper Red	$-	$150,000	$100,000	$-	$250,000
City of Benedict	Water Main Replacement	Low	Lower Missouri	$-	$921,043	$614,029	$-	$1,535,072
City of Beulah	Water & Waste Water Main Rehabilitation Project	Low	Upper Missouri	$2,000,000	$500,000	$600,000	$-	$3,100,000
City of Bowbells	Water Main Improvements	Low	Mouse	$-	$79,200	$52,800	$-	$132,000
City of Bowman	Water Tank Rehabilitation	Low	Lower Missouri	$-	$447,000	$298,000	$-	$745,000

MUNICIPAL WATER SUPPLY (continued)

PLEASE NOTE: This inventory of financial needs is for planning and budgeting purposes only. It does not guarantee, in any way, that projects listed will receive funding from the state. In addition, the estimated financial needs from the state (grant or loan) may change based on further review of the projects in accordance with cost-share program eligibility requirements.

LOCAL SPONSOR	PROJECT NAME	PRIORITY	BASIN	FEDERAL FUNDING 2019-2021	POTENTIAL SWC COST - SHARE 2019-2021	LOCAL FUNDING 2019-2021	OTHER FUNDING 2019-2021	TOTAL 2019-2021
City of Cavalier	Water Tower & Ground Storage Reservoir	Low	Upper Red	$-	$1,620,000	$1,080,000	$-	$2,700,000
City of Center	Street & Utility Improvements	Low	Lower Missouri	$-	$70,800	$47,200	$-	$118,000
City of Colfax	Water Supply Looping Project	Low	Lower Red	$-	$286,800	$191,200	$-	$478,000
City of Davenport	Water Storage, Booster Station & Transmission Lines	Low	Upper Red	$-	$429,600	$286,400	$-	$716,000
City of Dickinson	Water Utility Master Plan Update	Low	Lower Missouri	$-	$35,000	$65,000	$-	$100,000
City of Drayton	Water Treatment Plant Improvements	Low	Upper Red	$-	$2,163,000	$1,442,000	$-	$3,605,000
City of Drayton	Clearwell Replacement	Low	Upper Red	$-	$540,750	$360,500	$-	$901,250
City of Elgin	ACP Replacement	Low	Lower Missouri	$1,800,000	$264,000	$176,000	$-	$2,240,000

MUNICIPAL WATER SUPPLY (continued)

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LOCAL SPONSOR	PROJECT NAME	PRIORITY	BASIN	FEDERAL FUNDING 2019-2021	POTENTIAL SWC COST - SHARE 2019-2021	LOCAL FUNDING 2019-2021	OTHER FUNDING 2019-2021	TOTAL 2019-2021
City of Enderlin	New Lime Softening WTP	Low	Upper Red	$-	$4,839,000	$3,226,000	$-	$8,065,000
City of Enderlin	New Wells	Low	Upper Red	$-	$442,200	$294,800	$-	$737,000
City of Enderlin	Transmission Line	Low	Upper Red	$-	$330,000	$220,000	$-	$550,000
City of Enderlin	Water Tower Replacement	Low	Upper Red	$-	$1,173,000	$782,000	$-	$1,955,000
City of Fargo	New Downtown Elevated Storage	Low	Lower Red	$-	$1,725,000	$1,725,000	$-	$3,450,000
City of Fargo	Ozone AOP Improvements	Low	Lower Red	$-	$2,125,000	$2,125,000	$-	$4,250,000
City of Fargo	Water Treatment Plant Facility Plan - Phase II Existing Facility Upgrades	Low	Lower Red	$-	$1,927,500	$1,927,500	$-	$3,855,000
City of Fargo	Water Treatment Plant Residuals Facility	Low	Lower Red	$-	$8,000,000	$8,000,000	$-	$16,000,000

MUNICIPAL WATER SUPPLY (continued)

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City of Flaxton	Water Quality Treatment	Low	Mouse	$-	$150,000	$100,000		$250,000
City of Grenora	Water Tower Replacement	Low	Upper Missouri	$-	$2,220,000	$1,480,000	$-	$3,700,000
City of Harvey	Water Supply & Treatment Upgrades	Low	Lower Red	$-	$420,000	$280,000	$-	$700,000
City of Harwood	Water Main Looping	Low	Upper Red	$-	$17,500	$32,500	$-	$50,000
City of Hazen	New Water Tower/ Storage System Expansion	Low	Lower Missouri	$-	$885,000	$615,000	$-	$1,500,000
City of Hebron	80,000 Gallon Water Tower	Low	Lower Missouri	$-	$480,000	$320,000	$-	$800,000
City of Horace	Water Treatment Plant Upgrades	Low	Upper Red	$-	$1,218,000	$812,000	$-	$2,030,000
City of Horace	Elevated Tank Improvements	Low	Upper Red	$-	$115,200	$76,800	$-	$192,000

MUNICIPAL WATER SUPPLY (continued)

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LOCAL SPONSOR	PROJECT NAME	PRIORITY	BASIN	FEDERAL FUNDING 2019-2021	POTENTIAL SWC COST - SHARE 2019-2021	LOCAL FUNDING 2019-2021	OTHER FUNDING 2019-2021	TOTAL 2019-2021
City of Killdeer	South Water Storage Reservoir	Low	Lower Missouri	$-	$270,000	$180,000	$-	$450,000
City of Kindred	Newport Ridge - Water Main Looping	Low	Upper Red	$-	$115,000	$125,000	$-	$240,000
City of Larimore	City-Wide Water System Replacement	Low	Lower Red	$-	$1,500,000	$1,000,000	$-	$2,500,000
City of Lincoln	Water Tank Replacement	Low	Lower Missouri	$-	$810,000	$540,000	$-	$1,350,000
City of Lisbon	New Well Field & Raw Water Transmission Line	Low	Upper Red	$-	$336,000	$224,000	$-	$560,000
City of Lisbon	Water Main Looping	Low	Upper Red	$-	$246,000	$164,000	$-	$410,000
City of Lisbon	WTP Rehabilitation	Low	Upper Red	$-	$300,000	$200,000	$-	$500,000
City of Makoti	New Wells & Transmission Line	Low	Upper Missouri	$-	$360,000	$240,000	$-	$600,000

MUNICIPAL WATER SUPPLY (continued)

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City of Mandan	New Raw Water Intake	Low	Lower Missouri	$-	$9,955,200	$6,636,800	$-	$16,592,000
City of Mayville	New/Replacement Transmission Lines & Related Works	Low	Lower Red	$-	$90,000	$60,000	$-	$150,000
City of Mayville	Water Treatment Plant Upgrades - Joint Project With Traill Rural	Low	Lower Red	$-	$180,000	$120,000	$-	$300,000
City of McVille	Water Treatment Plant Upgrades - Joint Project With Tri-County Rural	Low	Lower Red	$-	$270,000	$180,000	$-	$450,000
City of Michigan	Water Tower Replacement	Low	Lower Red	$-	$300,000	$200,000	$-	$500,000
City of Minto	Stoltman's Addition Water Main Replacement	Low	Lower Red	$-	$418,200	$278,800	$-	$697,000
City of Mohall	Water Main Looping	Low	Mouse	$-	$216,000	$144,000	$-	$360,000
City of Mooreton	Replace Gate Valves	Low	Upper Red	$-	$120,000	$80,000	$-	$200,000

MUNICIPAL WATER SUPPLY (continued)

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City of Noonan	Water Main Replace	Low	Mouse	$-	$317,856	$211,904	$-	$529,760
City of Oakes	New Well, Transmission Line, & Water Treatment Plant Expansion	Low	James	$-	$1,200,000	$800,000	$-	$2,000,000
City of Oberon	Well Installation	Low	Lower Red	$-	$159,500	$140,500	$-	$300,000
City of Park River	Water Main Update	Low	Upper Red	$-	$924,405	$771,835	$-	$1,696,240
City of Parshall	Parshall Water Tower	Low	Upper Missouri	$-	$1,200,000	$800,000	$-	$2,000,000
City of Rhame	Water Main Replacements	Low	Lower Missouri	$-	$266,900	$177,960	$-	$444,860
City of Richardton	Water Main Replacements	Low	Lower Missouri	$-	$1,116,093	$744,062	$-	$1,860,155
City of Riverdale	Water Storage Improvements	Low	Lower Missouri	$-	$1,000,000	$160,155	$700,000	$1,860,155

MUNICIPAL WATER SUPPLY (continued)

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City of Sherwood	Water Supply Improvements	Low	Mouse	$-	$367,750	$260,250	$-	$628,000
City of Souris	Transmission Line Replacement	Low	Mouse	$-	$105,000	$70,000	$-	$175,000
City of Streeter	Well Installation	Low	Lower Missouri	$-	$354,075	$275,925	$-	$630,000
City of Sykeston	Water System Improvements	Low	James	$-	$800,000	$270,000	$-	$1,070,000
Valley City	Water Improvements (NW & NE Quadrants)	Low	Upper Red	$-	$900,000	$600,000	$-	$1,500,000
City of West Fargo	2nd St. E. Water Main Replacement	Low	Upper Red	$-	$300,000	$200,000	$-	$500,000
City of West Fargo	2nd St. W. Water Main Replacement	Low	Upper Red	$-	$300,000	$200,000	$-	$500,000
City of Westhope	Water Main Improvements	Low	Mouse	$-	$360,000	$240,000	$-	$600,000

MUNICIPAL WATER SUPPLY (continued)

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City of Williston	16th Avenue Water Main	Low	Upper Missouri	$-	$621,000	$414,000	$-	$1,035,000
City of Williston	42nd Street Water Main	Low	Upper Missouri	$-	$791,400	$527,600	$-	$1,319,000
City of Williston	Borsheim Addition	Low	Upper Missouri	$-	$1,320,000	$880,000	$-	$2,200,000
City of Williston	Front Street & Reiger Driv Water Main	Low	Upper Missouri	$-	$869,400	$579,600	$-	$1,449,000
City of Williston	Sunset - Kettler Subdivisions	Low	Upper Missouri	$-	$1,050,000	$700,000	$-	$1,750,000
City of Williston	47th Street Water Main	Low	Upper Missouri	$-	$414,000	$276,000	$-	$690,000
City of Wilton	2019 Utility Improvements	Low	Lower Missouri	$489,260	$97,852	$65,234	$-	$652,346
City of Wing	Refurbishing Water Tower	Low	Lower Missouri	$-	$630,000	$420,000	$-	$1,050,000

MUNICIPAL WATER SUPPLY (continued)

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City of Wyndmere	Distribution System Replacement	Low	Upper Red	$-	$9,300,000	$6,200,000	$-	$15,500,000
LOW PRIORITY MUNICIPAL WATER SUPPLY TOTAL				$4,289,260	$73,676,223	$53,587,354	$700,000	$132,252,838
MODERATE PRIORITY MUNICIPAL WATER SUPPLY TOTAL				$260,890	$24,977,381	$20,168,254	$-	$45,406,525
HIGH PRIORITY MUNICIPAL WATER SUPPLY TOTAL				$-	$-	$-	$-	$-
MUNICIPAL WATER SUPPLY TOTAL				**$4,550,150**	**$98,653,605**	**$73,755,608**	**$700,000**	**$177,659,363**

RURAL WATER SUPPLY

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Stutsman Rural Water District	Water Supply To Streeter	High	James	$-	$378,000	$126,000	$-	$504,000
Walsh Rural Water District	Water Supply To Drayton	High	Lower Red	$-	$5,684,240	$1,894,747	$-	$7,578,987
Agassiz Water Users District	AWUD System Expansion & Interconnect	Moderate	Upper Red	$-	$3,375,000	$1,125,000	$-	$4,500,000
All Seasons Water Users District	System 1 Expansion Project	Moderate	Mouse	$-	$5,409,000	$1,803,000	$-	$7,212,000
Dakota Rural Water District	User Expansion	Moderate	Upper Red	$-	$6,832,500	$2,277,500	$-	$9,110,000
East Central Regional Water District	Transmission Expansion, Well Expansion & District Interconnect	Moderate	Upper Red	$-	$4,650,000	$1,550,000	$-	$6,200,000
Greater Ramsey Water District	Expansion Project - Oswald Bay	Moderate	Devils Lake	$-	$937,500	$312,500	$-	$1,250,000
McLean-Sheridan Rural Water District	System Wide Improvements/ Expansion Project	Moderate	Lower Missouri	$-	$12,141,000	$4,047,000	$-	$16,188,000

RURAL WATER SUPPLY (continued)

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Missouri West Water System	Harmon Lake Area Expansion Project	Moderate	Lower Missouri	$-	$637,500	$212,500	$-	$850,000
Missouri West Water System	North Mandan/ Highway 25 Project	Moderate	Lower Missouri	$-	$600,000	$600,000	$-	$1,200,000
Missouri West Water System	HWY 1806 - Huff & Fort Rice Expansion	Moderate	Lower Missouri	$-	$1,125,000	$375,000	$-	$1,500,000
Northeast Regional Water District	User Expansion Phase II	Moderate	Devils Lake	$-	$2,250,000	$750,000	$-	$3,000,000
Northeast Regional Water District	City of Devils Lake Phase II	Moderate	Devils Lake	$-	$1,500,000	$500,000	$-	$2,000,000
Southeast Water Users District	System Wide Expansion	Moderate	Multi-Basin	$-	$900,000	$300,000	$-	$1,200,000
Tri-County Water District	Rural Distribution Pipeline Expansion	Moderate	Devils Lake	$-	$738,750	$246,250	$-	$985,000
Walsh Rural Water District	Transmission Pipeline Expansion Phase II	Moderate	Upper Red	$-	$1,875,000	$625,000	$-	$2,500,000

RURAL WATER SUPPLY (continued)

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North Central Regional Water District	Water Distribution System	Low	Upper Missouri	$-	$270,000	$180,000	$-	$450,000
North Prairie Rural Water District	Minot To Velva Hwy 52 Project	Low	Mouse	$-	$2,640,000	$1,760,000	$-	$4,400,000
North Prairie Rural Water District	Satellite Water Treatment Plant - NAWS Supply	Low	Mouse	$-	$1,950,000	$1,300,000	$-	$3,250,000
Northeast Regional Water District	Water Loss Infrastructure	Low	Devils Lake	$-	$600,000	$400,000	$-	$1,000,000
South Central Regional Water District	North Burleigh Water Treatment Plant Pretreatment Improvements	Low	Lower Missouri	$-	$1,250,400	$833,600	$-	$2,084,000
Southeast Water Users District	Regionalization of West Water Treatment Plant	Low	James	$-	$4,800,000	$3,200,000	$-	$8,000,000
Southeast Water Users District	Replacement of 1.5" Glued Pipe	Low	Lower Red	$-	$930,000	$620,000	$-	$1,550,000
Southeast Water Users District	Automatic Meter Reading Improvements	Low	Multi-Basin	$-	$1,794,000	$1,196,000	$-	$2,990,000

RURAL WATER SUPPLY (continued)

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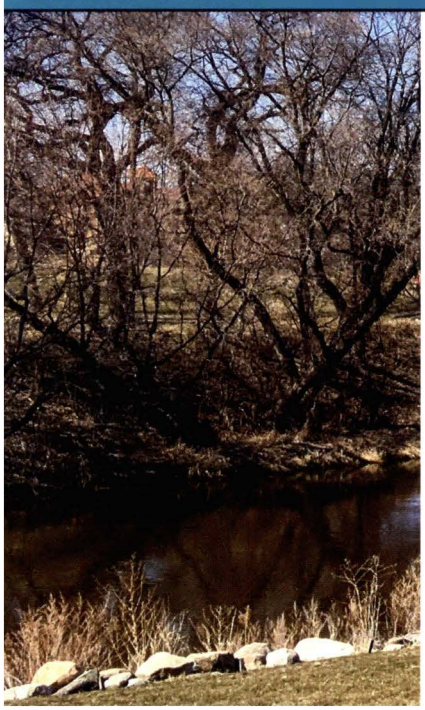
Stutsman Rural Water District	SRWD Phase 7 Water Supply	Low	James	$-	$1,800,000	$1,200,000	$-	$3,000,000
West River Water District	Water Service Replacement	Low	Mouse	$-	$393,600	$262,400	$-	$656,000
North Dakota Rural Water Systems Association	Water Supply System Sustainability Circuit Rider Program	Low	Multi-Basin	$-	TBD	$230,000	$-	$230,000
LOW PRIORITY RURAL WATER SUPPLY TOTAL				$-	$16,428,000	$11,182,000	$-	$27,610,000
MODERATE PRIORITY RURAL WATER SUPPLY TOTAL				$-	$42,971,250	$14,723,750	$-	$57,695,000
HIGH PRIORITY RURAL WATER SUPPLY TOTAL				$-	$6,062,240	$2,020,746	$-	$8,082,987
RURAL WATER SUPPLY TOTAL				**$-**	**$65,461,490**	**$27,926,497**	**$-**	**$93,387,987**



REGIONAL WATER SUPPLY

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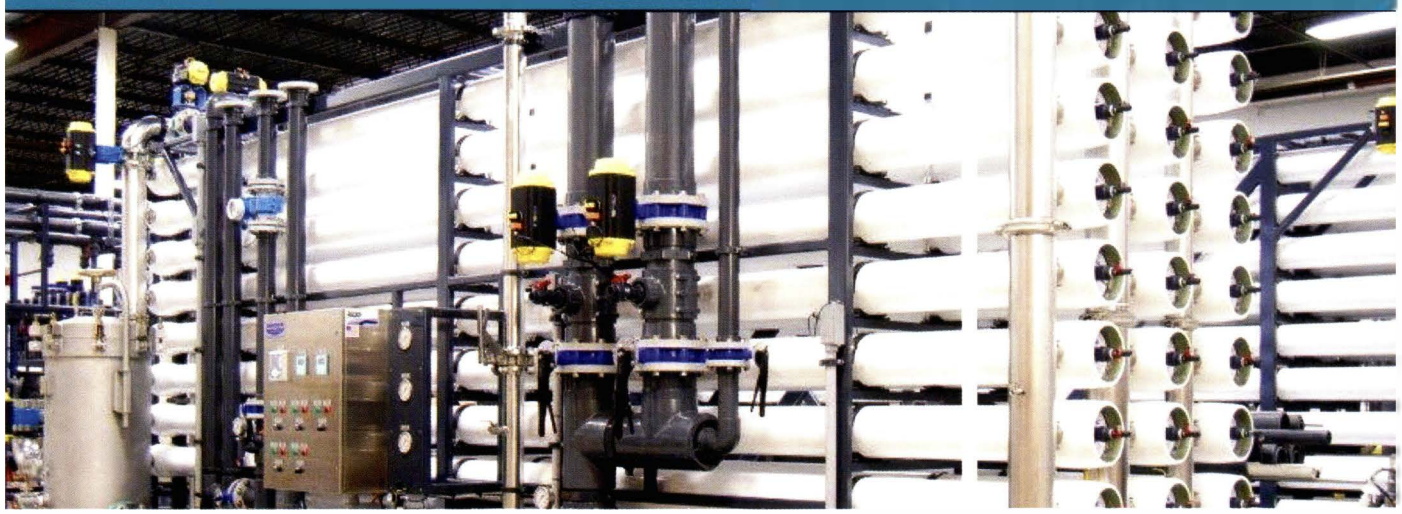
LOCAL SPONSOR	PROJECT NAME	PRIORITY	BASIN	FEDERAL FUNDING 2019-2021	POTENTIAL SWC COST - SHARE 2019-2021	LOCAL FUNDING 2019-2021	OTHER FUNDING 2019-2021	TOTAL 2019-2021
Garrison Diversion & Lake Agassiz Water Authority	Red River Valley Water Supply	High	Multi-Basin	$-	$50,000,000	$16,666,666	$-	$66,666,666
State of North Dakota & Southwest Water Authority	Southwest Pipeline Project	High	Lower Missouri	$-	$30,500,000	$-	$-	$30,500,000
State of North Dakota & City of Minot	Northwest Area Water Supply Project	High	Mouse	$-	$82,000,000	$2,000,000	$-	$84,000,000
Western Area Water Supply Authority	Improvements/ Expansions	High	Upper Missouri	$-	$37,500,000	$12,500,000	$-	$50,000,000
LOW PRIORITY REGIONAL WATER SUPPLY TOTAL				$-	$-	$-	$-	$-
MODERATE PRIORITY REGIONAL WATER SUPPLY TOTAL				$-	$-	$-	$-	$-
HIGH PRIORITY REGIONAL WATER SUPPLY TOTAL				$-	$200,000,000	$31,166,666	$-	$231,166,666
REGIONAL WATER SUPPLY TOTAL				**$-**	**$200,000,000**	**$31,166,666**	**$-**	**$231,166,666**



CONVEYANCE

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Barnes County WRD	10 Mile Lake Outlet Improvement	Moderate	Upper Red	$-	$900,000	$1,100,000	$-	$2,000,000
Bottineau County WRD	Baumann Drain	Moderate	Mouse	$-	$445,000	$545,000	$600,000	$1,590,000
Bottineau County WRD	Landa Project	Moderate	Mouse	$-	$855,000	$1,045,000	$-	$1,900,000
Bottineau County WRD	Russell Drain	Moderate	Mouse	$-	$315,000	$385,000	$-	$700,000
Bottineau County WRD	Stone Cr. Lateral A	Moderate	Mouse	$-	$58,000	$72,000	$-	$130,000
Bottineau County WRD	Zahn International Drain	Moderate	Mouse	$-	$20,000	$50,000	$-	$70,000
City of Fargo	New Drainage Improvement District - Proposed Channel	Moderate	Upper Red	$-	$675,000	$825,000	$-	$1,500,000
Dickey County WRD	Drain No. Channel Improvement	Moderate	James	$-	$1,012,500	$1,237,500	$-	$2,250,000

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Maple River WRD	FM Metro Diversion Impacts On Legal Drains - Maple River WRD	Moderate	Upper Red	$-	$450,000	$550,000	$-	$1,000,000
Maple River WRD	Tower Township Improvement District No. 77	Moderate	Upper Red	$-	$3,465,000	$4,235,000	$-	$7,700,000
Pembina County WRD	Drain No. 82	Moderate	Lower Red	$-	$540,000	$700,000	$-	$1,240,000
Pembina County WRD	Drain No. 80 Establishment	Moderate	Upper Red	$-	$1,485,000	$1,815,000	$-	$3,300,000
Renville County WRD	Renville County Assessment Drain	Moderate	Mouse	$-	$2,700,000	$3,300,000	$-	$6,000,000
Rush River WRD	FM Metro Diversion Impacts On Legal Drains - Rush River WRD	Moderate	Upper Red	$-	$450,000	$550,000	$-	$1,000,000
Sargent County WRD	Drain No. 2 Extension	Moderate	Upper Red	$-	$225,000	$275,000	$-	$500,000
Traill County WRD	Camrud Drain No. 79	Moderate	Lower Red	$-	$675,000	$825,000	$-	$1,500,000

CONVEYANCE (continued)

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Traill County WRD	Thompson Drain No. 71 - New Channel Construction	Moderate	Lower Red	$-	$450,000	$550,000	$-	$1,000,000
Walsh County WRD	Establishment of Drain No. 30-2	Moderate	Lower Red	$-	$320,041	$8,733	$497,372	$826,146
Barnes County WRD	Drain No. 40 Channel Improvement	Low	Upper Red	$-	$675,000	$825,000	$-	$1,500,000
Barnes-Griggs Joint WRD	Reconstruction of Silver Creek	Low	Upper Red	$-	$315,000	$385,000	$-	$700,000
Barnes-Griggs Joint WRD	Drain No. 53 Channel Improvement	Low	Upper Red	$-	$900,000	$1,100,000	$-	$2,000,000
Bottineau County WRD	Kane/Tacoma Outlet Channel	Low	Mouse	$-	$94,000	$116,000	$-	$210,000
Bottineau County WRD	Drain No. 11 Channel Improvement	Low	Upper Red	$-	$450,000	$550,000	$-	$1,000,000
Bottineau County WRD	Drain No. 12 Channel Improvement	Low	Upper Red	$-	$405,000	$495,000	$-	$900,000

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Bottineau County WRD	Drain No. 3 Channel Improvement	Low	Upper Red	$-	$225,000	$275,000	$-	$500,000
Bottineau County WRD	Drain No. 4 Channel Improvement	Low	Upper Red	$-	$562,500	$687,500	$-	$1,250,000
Bottineau County WRD	Drain No. 6 Channel Improvement	Low	Upper Red	$-	$405,000	$495,000	$-	$900,000
Bottineau County WRD	Drain No. 8 Channel Improvement	Low	Upper Red	$-	$405,000	$495,000	$-	$900,000
City of Fargo	Drain No. 27 Improvements	Low	Lower Red	$-	$1,350,000	$1,650,000	$-	$3,000,000
City of Harwood	Morgan Drain No. 36 Channel Improvement	Low	Lower Red	$-	$900,000	$1,100,000	$-	$2,000,000
City of Harwood	Preston Floodway Improvement	Low	Lower Red	$-	$562,500	$687,500	$-	$1,250,000
Grand Forks County WRD	Legal Drain No. 13 - Improvement	Low	Lower Red	$-	$54,000	$66,000	$-	$120,000

CONVEYANCE (continued)

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LOCAL SPONSOR	PROJECT NAME	PRIORITY	BASIN	FEDERAL FUNDING 2019-2021	POTENTIAL SWC COST - SHARE 2019-2021	LOCAL FUNDING 2019-2021	OTHER FUNDING 2019-2021	TOTAL 2019-2021
Grand Forks County WRD	Legal Drain No. 19 - Improvement	Low	Lower Red	$-	$99,000	$121,000	$-	$220,000
Grand Forks County WRD	Legal Drain No. 23 - Improvement	Low	Lower Red	$-	$45,000	$55,000	$-	$100,000
Grand Forks County WRD	Legal Drain No. 59	Low	Lower Red	$-	$1,000,000	$1,350,000	$-	$2,350,000
Grand Forks County WRD	Legal Drain No. 9 - Improvement	Low	Lower Red	$-	$250,000	$350,000	$-	$600,000
Maple River WRD	Drain 46 Channel Improvement	Low	Upper Red	$-	$337,500	$412,500	$-	$750,000
Maple River WRD	Drain No. 1 (MR-1) Channel Improvement - Phase II	Low	Upper Red	$-	$450,000	$550,000	$-	$1,000,000
Maple River WRD	Drain No. 2 (MR-2) Channel Improvement - Phase II	Low	Upper Red	$-	$900,000	$1,100,000	$-	$2,000,000
Maple River WRD	Buffalo-Lynchburg Channel Improvement - Phase II	Low	Upper Red	$-	$675,000	$825,000	$-	$1,500,000

CONVEYANCE (continued)

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LOCAL SPONSOR	PROJECT NAME	PRIORITY	BASIN	FEDERAL FUNDING 2019-2021	POTENTIAL SWC COST - SHARE 2019-2021	LOCAL FUNDING 2019-2021	OTHER FUNDING 2019-2021	TOTAL 2019-2021
North Cass WRD	Drain No. 18 Channel Improvement (NC-1) - Phase II	Low	Upper Red	$-	$450,000	$550,000	$-	$1,000,000
North Cass WRD	Drain No. 26 Channel Improvement	Low	Upper Red	$-	$315,000	$385,000	$-	$700,000
North Cass WRD	Drain No. 18 Channel Improvement (NC-1) - Phase I	Low	Upper Red	$-	$450,000	$550,000	$-	$1,000,000
Pembina County WRD	Drain No. 81	Low	Lower Red	$-	$720,000	$900,000	$-	$1,620,000
Pembina County WRD	Drain No. 66-1 Supplemental Outlet	Low	Lower Red	$-	$945,000	$1,155,000	$-	$2,100,000
Richland County WRD	Drain No. 3 Reconstruction	Low	Upper Red	$-	$500,000	$750,000	$-	$1,250,000
Sargent County WRD	Drain No. 11 Channel Improvement	Low	Upper Red	$-	$1,125,000	$1,375,000	$-	$2,500,000
Sargent County WRD	Drain No. 12 Channel Improvement	Low	Upper Red	$-	$225,000	$275,000	$-	$500,000

CONVEYANCE (continued)

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LOCAL SPONSOR	PROJECT NAME	PRIORITY	BASIN	FEDERAL FUNDING 2019-2021	POTENTIAL SWC COST - SHARE 2019-2021	LOCAL FUNDING 2019-2021	OTHER FUNDING 2019-2021	TOTAL 2019-2021
Sargent County WRD	Drain No. 7 Channel Improvement (Downstream Reach From Milnor) Phase II	Low	Upper Red	$-	$450,000	$550,000	$-	$1,000,000
Traill County WRD	Roseville Drain No. 19 Channel Improvement	Low	Lower Red	$-	$900,000	$1,100,000	$-	$2,000,000
Traill County WRD	Norway Drain No. 38	Low	Lower Red	$-	$337,500	$412,500	$-	$750,000
Traill County WRD	Paulson Drain No. 7	Low	Lower Red	$-	$450,000	$550,000	$-	$1,000,000
Traill County WRD	Hatton Drain No. 45 Channel Improvement	Low	Lower Red	$-	$337,500	$412,500	$-	$750,000
Traill County WRD	Hillsboro Drain No. 26 Channel Improvement	Low	Lower Red	$-	$337,500	$412,500	$-	$750,000
Traill County WRD	Drain No. 23-40 Channel Improvement (Blanchard Norman)	Low	Lower Red	$-	$675,000	$825,000	$-	$1,500,000
Tri-County Joint WRD	Drain No. 6 Reconstruction - Phase II	Low	Upper Red	$-	$735,000	$910,000	$-	$1,645,000

CONVEYANCE (continued)

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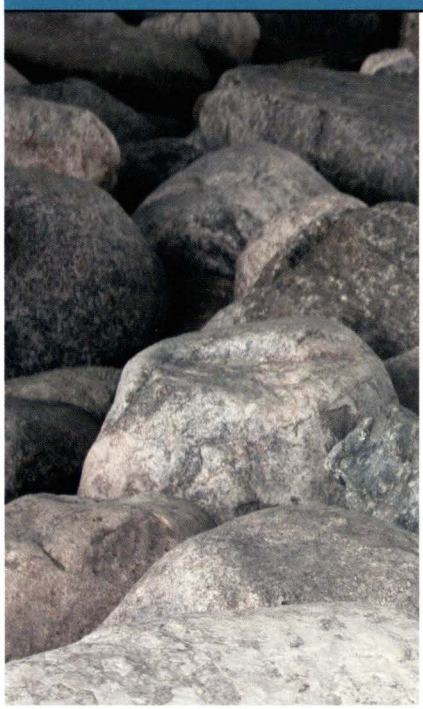
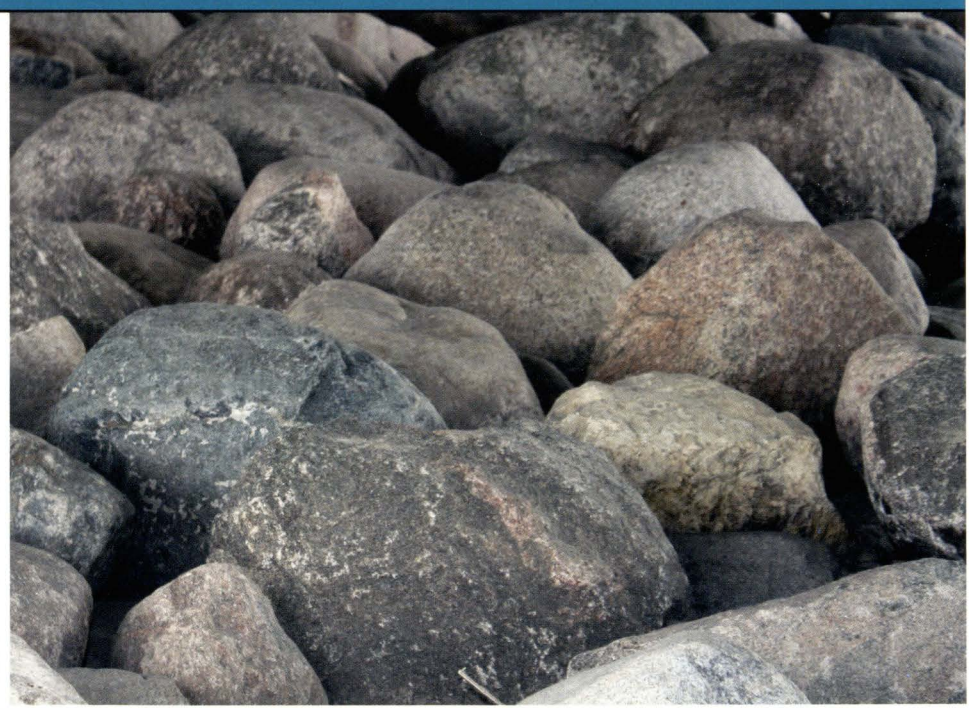
LOCAL SPONSOR	PROJECT NAME	PRIORITY	BASIN	FEDERAL FUNDING 2019-2021	POTENTIAL SWC COST - SHARE 2019-2021	LOCAL FUNDING 2019-2021	OTHER FUNDING 2019-2021	TOTAL 2019-2021
Walsh County WRD	Drain No. 31 Improvements	Low	Lower Red	$-	$350,000	$630,000	$-	$980,000
Walsh County WRD	Drain No. 50 Improvements	Low	Lower Red	$-	$656,200	$984,300	$-	$1,640,500
Walsh County WRD	Drain No. 90 Improvement	Low	Lower Red	$-	$4,500,000	$7,700,000	$-	$12,200,000
	LOW PRIORITY CONVEYANCE TOTAL			$-	$25,518,200	$34,117,300	$-	$59,635,500
	MODERATE PRIORITY CONVEYANCE TOTAL			$-	$15,040,541	$18,068,233	$1,097,372	$34,206,146
	HIGH PRIORITY CONVEYANCE TOTAL			$-	$-	$-	$-	$-
	CONVEYANCE TOTAL			**$-**	**$40,558,741**	**$52,185,533**	**$1,097,372**	**$93,841,646**





GENERAL WATER MANAGEMENT

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LOCAL SPONSOR	PROJECT NAME	PRIORITY	BASIN	FEDERAL FUNDING 2019-2021	POTENTIAL SWC COST - SHARE 2019-2021	LOCAL FUNDING 2019-2021	OTHER FUNDING 2019-2021	TOTAL 2019-2021
Adams County WRD	Orange Dam Rehabilitation	Moderate	Lower Missouri	$-	$900,000	$150,000	$150,000	$1,200,000
Barnes County WRD	Brown Dam Repurposing/ Repair	Moderate	Upper Red	$-	$28,000	$52,000	$-	$80,000
Barnes County WRD	Little Dam Repurposing	Moderate	Upper Red	$-	$975,000	$325,000	$-	$1,300,000
Benson County WRD	Bouret Dam Rehabilitation	Moderate	Devils Lake	$-	$900,000	$150,000	$150,000	$1,200,000
Burke County WRD	Burke Dam Rehabilitation	Moderate	Mouse	$270,000	$1,147,500	$282,500	$100,000	$1,800,000
Valley City	Mill Dam Rehabilitation Project	Moderate	Upper Red	$200,000	$800,000	$270,000	$-	$1,270,000
Dickey-Sargent Irrigation District	Oakes Test Area Supplemental Water Supply	Moderate	James	$-	$2,500,000	$2,500,000	$-	$5,000,000
Elm River Joint WRD	Elm River Dam #1 Spillway Improvements	Moderate	Upper Red	$-	$1,125,000	$375,000	$-	$1,500,000

GENERAL WATER MANAGEMENT (continued)

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LOCAL SPONSOR	PROJECT NAME	PRIORITY	BASIN	FEDERAL FUNDING 2019-2021	POTENTIAL SWC COST - SHARE 2019-2021	LOCAL FUNDING 2019-2021	OTHER FUNDING 2019-2021	TOTAL 2019-2021
Garrison Diversion CD	McClusky Canal Irrigation	Moderate	Multi-Basin	$-	$2,500,000	$3,000,000	$-	$5,500,000
Golden Valley County WRD	Odland Dam Rehabilitation	Moderate	Upper Missouri	$-	$562,500	$187,500	$-	$750,000
Hettinger County WRD	Karey Dam Rehabilitation Project	Moderate	Lower Missouri	$-	$900,000	$150,000	$150,000	$1,200,000
Hettinger County WRD	Blickensderfer Dam Repair	Moderate	Lower Missouri	$-	$31,500	$10,500	$-	$42,000
LaMoure County WRD	LaMoure City Dam Removal/ Rehabilitation	Moderate	James	$-	$750,000	$100,000	$150,000	$1,000,000
LaMoure County WRD	Memorial Park Dam Removal/ Rehabilitation	Moderate	James	$-	$750,000	$100,000	$150,000	$1,000,000
Logan County WRD	Beaver Lake Dam Rehabilitation	Moderate	Lower Missouri	$-	$1,050,000	$100,000	$250,000	$1,400,000
Logan County WRD	Sperle Dam Removal Project	Moderate	James	$-	$225,000	$15,000	$60,000	$300,000

GENERAL WATER MANAGEMENT (continued)

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LOCAL SPONSOR	PROJECT NAME	PRIORITY	BASIN	FEDERAL FUNDING 2019-2021	POTENTIAL SWC COST - SHARE 2019-2021	LOCAL FUNDING 2019-2021	OTHER FUNDING 2019-2021	TOTAL 2019-2021
McLean County WRD	Katz Dam & Lost Lake Dam Repurposing	Moderate	Upper Missouri	$100,000	$1,200,000	$400,000	$300,000	$2,000,000
ND Game & Fish Dept.	Baukol-Noonan Dam Repair	Moderate	Mouse	$-	$112,500	$37,500	$-	$150,000
ND Game & Fish Dept.	Camels Hump Dam Spillway Repair	Moderate	Upper Missouri	$-	$225,000	$75,000	$-	$300,000
ND Game & Fish Dept.	Indian Creek Dam	Moderate	Lower Missouri	$-	$22,500	$7,500	$-	$30,000
Nelson County WRD & City of McVille	McVille Dam Spillway Improvements	Moderate	Lower Red	$-	$750,000	$250,000	$-	$1,000,000
Pembina County & Cavalier County	Tongue River Watershed Dam Safety Repairs	Moderate	Lower Red	$-	$1,050,000	$350,000	$-	$1,400,000
Sargent County WRD	Gwinner Dam Improvements	Moderate	Upper Red	$-	$600,000	$400,000	$-	$1,000,000
Sargent County WRD	Silver Lake Dam Repairs/ Embankment Seepage	Moderate	Upper Red	$-	$150,000	$50,000	$-	$200,000

GENERAL WATER MANAGEMENT (continued)

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LOCAL SPONSOR	PROJECT NAME	PRIORITY	BASIN	FEDERAL FUNDING 2019-2021	POTENTIAL SWC COST - SHARE 2019-2021	LOCAL FUNDING 2019-2021	OTHER FUNDING 2019-2021	TOTAL 2019-2021
Upper Sheyenne River Joint WRD	Sheyenne River Riparian Corridor Management Projects	Moderate	Upper Red	$2,620,000	$171,000	$109,000	$100,000	$3,000,000
Walsh County WRD	Matecjek Dam Rehabilitation	Moderate	Lower Red	$16,250,000	$6,562,500	$2,187,500	$-	$25,000,000
Burke County WRD	Watershed Studies & General Water Management	Low	Mouse	$-	$175,000	$175,000	$150,000	$500,000
Burleigh County WRD	McDowell Dam Supplemental Water Supply	Low	Lower Missouri	$-	$348,000	$522,000	$-	$870,000
Grand Forks County WRD	Upper Turtle River Dam Site No. 10 - Study	Low	Lower Red	$-	$14,700	$27,300	$-	$42,000
Pembina County WRD	Herzog Dam Assessment	Low	Lower Red	$-	$700,000	$975,000	$325,000	$2,000,000
Assiniboine River Basin Initiative	Framework Plan Implementation	Low	Mouse	$-	$200,000	$80,000	$-	$280,000
Red River Basin Comm.	Base Funding & NRFP Implementation	Low	Upper Red	$-	$300,000	$-	$450,000	$750,000

GENERAL WATER MANAGEMENT (continued)

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LOCAL SPONSOR	PROJECT NAME	PRIORITY	BASIN	FEDERAL FUNDING 2019-2021	POTENTIAL SWC COST - SHARE 2019-2021	LOCAL FUNDING 2019-2021	OTHER FUNDING 2019-2021	TOTAL 2019-2021
LOW PRIORITY GENERAL WATER MANAGEMENT TOTAL				$-	$1,737,700	$1,779,300	$925,000	$4,442,000
MODERATE PRIORITY GENERAL WATER MANAGEMENT TOTAL				$19,440,000	$25,988,000	$11,634,000	$1,560,000	$58,622,000
HIGH PRIORITY GENERAL WATER MANAGEMENT TOTAL				$-	$-	$-	$-	$-
GENERAL WATER MANAGEMENT TOTAL				**$19,440,000**	**$27,725,700**	**$13,413,300**	**$2,485,000**	**$63,064,000**

SUMMARY OF WATER DEVELOPMENT NEEDS

PROJECT PURPOSES	FEDERAL 2019-2021	POTENTIAL SWC GRANT 2019-2021	LOCAL 2019-2021	OTHER FUNDING 2019-2021	TOTAL 2019-2021
Flood Control Total	$205,025,000	$469,972,373	$363,301,873	$23,434,500	$1,061,733,746
Municipal Water Supply Total	$4,550,150	$98,653,605	$73,755,608	$700,000	$177,659,363
Rural Water Supply Total	$0	$65,461,490	$27,926,497	$0	$93,387,987
Regional Water Supply Total	$0*	$200,000,000	$31,166,666	$0	$231,166,666
Conveyance Total	$0	$40,558,741	$52,185,533	$1,097,372	$93,841,646
General Water Management Total	$19,440,000	$27,725,700	$13,413,300	$2,485,000	$63,064,000
TOTAL	$229,015,150	$902,371,909	$561,749,477	$27,716,872	**$1,720,853,408**

Table 9- Summary Of Water Development Needs, 2019-2021 Biennium.

*It is anticipated that a portion of the state's funding share for NAWS will be reimbursed by the federal government.

PROJECT TOTALS BY PRIORITY

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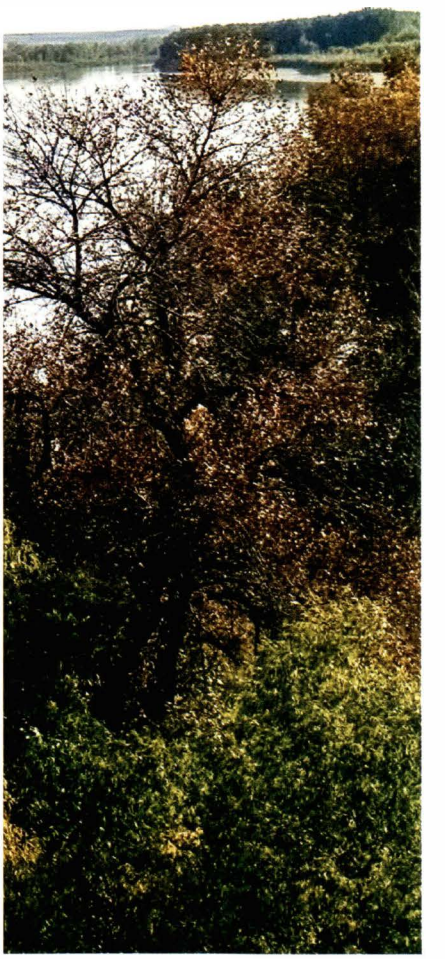
	FEDERAL FUNDING 2019-2021	POTENTIAL SWC COST - SHARE 2019-2021	LOCAL FUNDING 2019-2021	OTHER FUNDING 2019-2021	TOTAL 2019-2021
LOW PRIORITY TOTAL	$4,289,260	$117,983,849	$101,551,229	$1,684,500	$225,508,838
MODERATE PRIORITY TOTAL	$24,700,890	$158,234,672	$106,286,737	$4,257,372	$293,479,671
HIGH PRIORITY TOTAL	$200,025,000	$626,153,388	$353,911,511	$21,775,000	$1,201,864,899
ALL PROJECTS TOTAL	**$229,015,150**	**$902,371,909**	**$561,749,477**	**$27,716,872**	**$1,720,853,408**

Table 10 - Project Totals By Priority, 2019-2021 Biennium.



LONG-TERM (10 & 20 YEAR) WATER DEVELOPMENT INFRASTRUCTURE FUNDING NEED ESTIMATES

Many of North Dakota's largest water projects cannot be completed in one or even two biennia, and therefore, require longer-term planning. This is particularly the case for some of North Dakota's larger water project funding priorities. In addition, North Dakota, along with most other states, has existing water supply infrastructure that has been aging for decades. This is becoming a greater financial challenge at the local and state level as that infrastructure reaches, or in many cases has already exceeded, its useful life. With those issues in mind, it is worthwhile to recognize and plan for future commitments that may be needed to support critical water infrastructure in future biennia – for decades to come.

Therefore, in addition to the detailed project funding needs that have been outlined for the 2019-2021 biennium, longer-term funding needs have also been estimated by the State Water Commission for 10- and 20-year planning horizons. Fifty-year estimates for major water supply infrastructure repairs, rehabilitations, and new projects in municipal and rural systems are also presented – addressing questions about the nature and extent of aging infrastructure in those systems.

Table 22 and Table 23 summarize and estimate North Dakota's potential 10- and 20-year funding needs for water development. They also provide a projection of potential project budget shortfalls over 10- and 20-year horizons, based on multiple revenue ranges. The following sections outline the basis for those estimates – including close cooperation with project sponsors, the water project inventory, and municipal and rural water supply system infrastructure survey results.

ONGOING PRIORITY PROJECTS

The State Water Commission worked closely with the state's seven large-scale water development priority projects to identify their estimated long-term funding needs. Those projects include some that currently exist and are expanding/improving – like Southwest Pipeline Project and Western Area Water Supply. And others that are in beginning, or more recent stages of development – like the Fargo-West Fargo Flood Control Project, Mouse River Enhanced Flood Protection, Northwest Area Water Supply, Red River Valley Water Supply, and Sheyenne River Flood Control.

The long-term funding need estimates for these projects were provided by the project sponsors themselves. In many cases, they represent remaining costs to complete all known planned project components for the foreseeable future. It is possible with adequate funding that all of the foreseeable costs for these projects could be completed over the course of the next ten years, as outlined in Table 22. However, because of the potential uncertainties associated with water project development, (i.e. funding, permitting, environmental compliance), it is unlikely that all of these projects will be completed within a 10-year timeframe. Therefore, the financial needs estimated for the 20-year timeframe is the same as that of the 10-year timeframe for most of the aforementioned seven large-scale priority projects. This is also the case for the Lower Heart Flood Risk Reduction Project, which is in very early stages of development.

MUNICIPAL WATER SUPPLY INFRASTRUCTURE

In the spring of 2018, a survey was initiated through a cooperative effort involving the North Dakota League of Cities and the State Water Commission. The purpose of the survey was to gain a better understanding of North Dakota's existing and future municipal water supply infrastructure needs. More specifically, cities were asked to provide water supply replacement, rehabilitation, and new infrastructure information related to their: storage, distribution/supply lines, wells and intakes, and water treatment plants – over the course of the next 50 years.

Of the state's 357 cities, 105 responded to the survey. However, in terms of making statewide estimates based on sample size, the number of responding cities is less important than the population represented within those communities. Using population of the cities responding appropriately resulted in a much larger representative sample size. Percentages of the state's total municipal population represented in the responses ranged from 79 percent to 66 percent, depending on the type of infrastructure.

In addition, it is also important to recognize that the amount and type of infrastructure will vary, depending on the size of a community. For that reason, cities were separated into three population categories for the sake of making statewide estimates. The three population breaks included in the analysis were cities with: populations greater than 5,000, populations between 4,999 and 1,000, and populations less than 1,000.

To provide statewide estimates, the percentage of the population represented in the surveys was then used to establish a multiplier, which then was applied to the sample to make estimates for the entire state municipal population – by infrastructure type, and city size range.

The following tables summarize the results of the municipal infrastructure survey, based on type of infrastructure, and city size.

STORAGE INFRASTRUCTURE SUMMARY FOR CITIES

CITIES WITH POPULATION > 5,000	POPULATION REPRESENTED	AVERAGE AGE STORAGE (YEARS)	FUNDING NEEDS (MIL. $)		
			10 YEAR	20 YEAR	50+ YEAR
Responding Cities	86%	40	$74	$83	$205
State of ND Estimate			$86	$97	$238
CITIES WITH POPULATION 4,999 - 1,000					
	POPULATION REPRESENTED	AVERAGE AGE STORAGE (YEARS)	FUNDING NEEDS (MIL. $)		
			10 YEAR	20 YEAR	50+ YEAR
Responding Cities	73%	37	$30	$35	$79
State of ND Estimate			$41	$48	$108
CITIES WITH POPULATION < 1,000					
	POPULATION REPRESENTED	AVERAGE AGE STORAGE (YEARS)	FUNDING NEEDS (MIL. $)		
			10 YEAR	20 YEAR	50+ YEAR
Responding Cities	33%	54	$41	$59	$80
State of ND Estimate			$124	$179	$242
EST. ND TOTALS	79%		$251	$324	$588

Table 11 - Municipal Water Supply Storage Infrastructure Needs.

WATER LINE INFRASTRUCTURE SUMMARY FOR CITIES

CITIES WITH POPULATION > 5,000	POPULATION REPRESENTED	LINEAR FEET NEEDS			FUNDING NEEDS (MIL. $)		
		10 YEAR	20 YEAR	50+ YEAR	10 YEAR	20 YEAR	50+ YEAR
Responding Cities	85%	689,107	1,552,533	4,090,491	$81	$241	$718
State of ND Estimate		810,714	1,826,509	4,812,342	$95	$284	$844
CITIES WITH POPULATION 4,999 - 1,000							
	POPULATION REPRESENTED	LINEAR FEET NEEDS			FUNDING NEEDS (MIL. $)		
		10 YEAR	20 YEAR	50+ YEAR	10 YEAR	20 YEAR	50+ YEAR
Responding Cities	68%	308,311	427,599	1,330,648	$57	$68	$239
State of ND Estimate		453,398	628,822	1,956,835	$84	$100	$351
CITIES WITH POPULATION < 1,000							
	POPULATION REPRESENTED	LINEAR FEET NEEDS			FUNDING NEEDS (MIL. $)		
		10 YEAR	20 YEAR	50+ YEAR	10 YEAR	20 YEAR	50+ YEAR
Responding Cities	30%	223,711	452,590	1,015,358	$69	$127	$229
State of ND Estimate		745,703	1,508,633	3,384,526	$230	$423	$763
EST. ND TOTALS	76%	2,009,815	3,963,964	10,153,703	$409	$807	$1,958

Table 12- Municipal Water Line Infrastructure Needs.

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WELL/INTAKE INFRASTRUCTURE SUMMARY FOR CITIES

CITIES WITH POPULATION > 5,000	POPULATION REPRESENTED	AVERAGE AGE WELL/INTAKE (YEARS)	FUNDING NEEDS (MIL. $)		
			10 YEAR	20 YEAR	50+ YEAR
Responding Cities	78%	40	$34	$57	$108
State of ND Estimate			$44	$73	$138
CITIES WITH POPULATION 4,999 - 1,000					
	POPULATION REPRESENTED	AVERAGE AGE WELL/INTAKE (YEARS)	FUNDING NEEDS (MIL. $)		
			10 YEAR	20 YEAR	50+ YEAR
Responding Cities	39%	35	$5	$5	$7
State of ND Estimate			$13	$13	$18
CITIES WITH POPULATION < 1,000					
	POPULATION REPRESENTED	AVERAGE AGE WELL/INTAKE (YEARS)	FUNDING NEEDS (MIL. $)		
			10 YEAR	20 YEAR	50+ YEAR
Responding Cities	11%	30	$3	$4	$9
State of ND Estimate			$27	$36	$82
EST. ND TOTALS	66%		$84	$122	$238

Table 13 - Municipal Water Intake/Well Infrastructure Needs.

WATER TREATMENT INFRASTRUCTURE (WTI) SUMMARY FOR CITIES

CITIES WITH POPULATION > 5,000	POPULATION REPRESENTED	AVERAGE AGE WTI (YEARS)	FUNDING NEEDS (MIL. $)		
			10 YEAR	20 YEAR	50+ YEAR
Responding Cities	87%	33	$137	$195	$524
State of ND Estimate			$157	$224	$602
CITIES WITH POPULATION 4,999 - 1,000					
	POPULATION REPRESENTED	AVERAGE AGE WTI (YEARS)	FUNDING NEEDS (MIL. $)		
			10 YEAR	20 YEAR	50+ YEAR
Responding Cities	55%	24	$15	$33	$67
State of ND Estimate			$27	$60	$122
CITIES WITH POPULATION < 1,000					
	POPULATION REPRESENTED	AVERAGE AGE WTI (YEARS)	FUNDING NEEDS (MIL. $)		
			10 YEAR	20 YEAR	50+ YEAR
Responding Cities	24%	28	$41	$19	$80
State of ND Estimate			$171	$79	$333
EST. ND TOTALS	75%		$356	$363	$1,057

Table 14 - Municipal Water Treatment Plant Infrastructure Needs.

MUNICIPAL WATER SUPPLY INFRASTRUCTURE NEED SUMMARY

STATE OF NORTH DAKOTA

	FUNDING NEEDS (MIL. $)		
	10 YEAR	20 YEAR	50+ YEAR
Storage Infrastructure	$251	$324	$588
Water Line Infrastructure	$409	$807	$1,958
Water Intake/Well Infrastructure	$84	$122	$238
Treatment Plant Infrastructure	$356	$363	$1,057
ESTIMATED ND TOTALS	$1,100	$1,616	$3,841

Table 15 - Municipal Water Supply Infrastructure Need Summary.

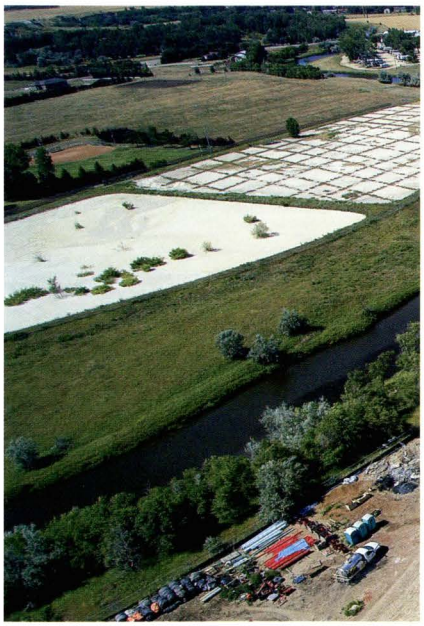
RURAL WATER SUPPLY INFRASTRUCTURE

Also in the spring of 2018, a survey was initiated through a cooperative effort involving the North Dakota Rural Water Systems Association and the State Water Commission. Like the municipal survey, the purpose of this similar survey was to gain a better understanding of North Dakota's existing and future rural water supply infrastructure needs. More specifically, rural water systems were asked to provide water supply replacement, rehabilitation, and new infrastructure information related to their: storage, distribution/supply lines, wells and intakes, and water treatment plants – covering the next 50 years.

Of the state's 27 rural water systems (not counting the state's four large regional systems), 16 responded to the survey. In terms of percentages of the state's total rural water users represented in the responses, they ranged from 76 percent to 67 percent, depending on the type of infrastructure.

To provide statewide estimates, the percentage of the state's rural water users represented in the surveys was then used to establish a multiplier, which then was used to make estimates for all of the rural water systems in the state – by infrastructure type. However, it is important to note that in some cases, rural systems will count a single farmstead as a "water user," while also counting a city of 500 people that receives bulk service as a "water user." Therefore, the statewide estimates for all rural water systems based on the number of users in the survey sample should be used with some caution. But, based on available data, and without participation in the survey by all rural water systems, this is the most reasonable approach.

The following tables summarize the results of the rural water system infrastructure survey, based on type of infrastructure.



STORAGE INFRASTRUCTURE SUMMARY FOR RURAL SYSTEMS

RURAL SYSTEMS	RESPONDING/ REPRESENTED	AVERAGE AGE STORAGE (YEARS)	FUNDING NEEDS (MIL. $)		
			10 YEAR	20 YEAR	50+ YEAR
Responding Systems	16 of 27	29	$17	$38	$134
Users Represented	76%				
EST. ND TOTALS			$23	$50	$176

Table 16 - Rural Water Supply Storage Infrastructure Needs.

WATER SUPPLY LINE INFRASTRUCTURE SUMMARY FOR RURAL SYSTEMS

RURAL SYSTEMS	RESPONDING/ REPRESENTED	MILES OF WATER LINE NEEDS			FUNDING NEEDS (MIL. $)		
		10 YEAR	20 YEAR	50+ YEAR	10 YEAR	20 YEAR	50+ YEAR
Responding Systems	15 of 27	3,291	6,039	14,693	$184	$290	$703
Users Represented	69%						
EST. ND TOTALS		4,770	8,753	21,294	$267	$420	$1,019

Table 17 - Rural Water Supply Line Infrastructure Needs.

WATER WELL/INTAKE INFRASTRUCTURE SUMMARY FOR RURAL SYSTEMS

RURAL SYSTEMS	RESPONDING/ REPRESENTED	AVERAGE AGE WELL/INTAKE (YEARS)	FUNDING NEEDS (MIL. $)		
			10 YEAR	20 YEAR	50+ YEAR
Responding Systems	12 of 27	27	$9	$11	$13
Users Represented	74%				
EST. ND TOTALS			$12	$15	$18

Table 18 - Rural Water Supply Intake/Well Infrastructure Needs.

WATER TREATMENT INFRASTRUCTURE SUMMARY FOR RURAL SYSTEMS

RURAL SYSTEMS	RESPONDING/ REPRESENTED	AVERAGE AGE WTI (YEARS)	FUNDING NEEDS (MIL. $)		
			10 YEAR	20 YEAR	50+ YEAR
Responding Systems	14 of 21*	25	$12	$88	$152
Users Represented	67%				
EST. ND TOTALS			$18	$131	$227

Table 19 - Rural Water Supply Treatment Plant Infrastructure Needs.

*21 systems with their own WTP

RURAL WATER SUPPLY SYSTEMS INFRASTRUCTURE NEED SUMMARY				
RESPONDING RURAL WATER SUPPLY SYSTEMS				
INFRASTRUCTURE	SYSTEMS REPRESENTED	FUNDING NEEDS (MIL. $)		
		10 YEAR	20 YEAR	50+ YEAR
Storage	16 of 27	$17	$38	$134
Water Lines	15 of 27	$184	$290	$703
Wells & Intakes	12 of 27	$9	$11	$13
Treatment*	13 of 21	$12	$88	$152
RESPONDING SYSTEMS TOTAL		$222	$427	$1,002

Table 20 - Summary Of Responding Rural Water Supply Systems Infrastructure Needs. *21 Systems With Their Own WTP

STATE OF ND RURAL WATER SUPPLY SYSTEMS				
INFRASTRUCTURE	SYSTEMS REPRESENTED	FUNDING NEEDS (MIL. $)		
		10 YEAR	20 YEAR	50+ YEAR
Storage	State of ND Estimate	$23	$50	$176
Water Lines	State of ND Estimate	$267	$420	$1,019
Wells & Intakes	State of ND Estimate	$12	$15	$18
Treatment*	State of ND Estimate	$18	$131	$227
EST. ND TOTAL		$320	$616	$1,440

Table 21 - Summary Of Rural Water Supply Systems Infrastructure Needs (Statewide). *21 Systems With Their Own WTP

GENERAL WATER, IRRIGATION, OTHER FLOOD CONTROL, & WATER CONVEYANCE INFRASTRUCTURE

Estimates were also developed for general water, irrigation, other flood control, and water conveyance infrastructure covering 10- and 20-year planning horizons. These longer-term projections were primarily based on information provided during the 2019 Water Development Plan inventory process, which included input from project sponsors.

AGENCY OPERATIONS

For the last several biennia, the State Water Commission's operational budget has been covered using revenues from the Resources Trust Fund. As such, it was deemed necessary to account for those operational expenses over the 10- and 20-year projection timeframes, as those expenses impact revenue available for project funding. Devils Lake Outlet operations are also an ongoing agency operational expense, and are therefore included in projections as well.

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ESTIMATED 10-YEAR WATER PROJECT FUNDING NEEDS (2018 DOLLARS) & REVENUE COMPARISONS

10-YEAR OUTLOOK

PROJECT	STATE	LOCAL	FEDERAL	TOTAL COST	NOTES
Agency Operations	$135,000,000	$-	$-	$135,000,000	Based on current operational budget estimates.
Water Supply	$2,280,200,000	$875,100,000	$-	$3,155,300,000	
Southwest Pipeline Project	$206,300,000	$-	$-	$206,300,000	Based on input provided by project sponsor to complete all known foreseeable project components.
Red River Valley Water Supply Project	$835,500,000	$278,500,000	$-	$1,114,000,000	Estimate based on 75/25 cost-share per SWC policy, and on input provided by project sponsor to complete all known foreseeable project components.
Western Area Water Supply	$157,500,000	$52,500,000	$-	$210,000,000	Based on input provided by project sponsor to complete all known foreseeable project components.
Northwest Area Water Supply	$180,900,000	$24,100,000	TBD	$205,000,000	Based on input provided by project sponsor to complete all known foreseeable project components. A portion of the state share is expected to be federal.
Municipal Water	$660,000,000	$440,000,000	$-	$1,100,000,000	Based on results of municipal water supply system surveys, and 2019 project inventory information collection efforts.
Rural Water	$240,000,000	$80,000,000	$-	$320,000,000	Based on results of rural water supply system surveys, and 2019 project inventory information collection efforts.
Flood Control	$1,126,345,000	$1,312,955,000	$851,000,000	$3,290,300,000	
Devils Lake Outlet Operations	$50,000,000	$-	$-	$50,000,000	Based on current operational budget estimates.
Mouse River Enhanced Flood Protection	$463,685,000	$244,315,000	$40,000,000	$748,000,000	Based on input provided by project sponsor to complete all known foreseeable project components.
Valley City	$78,000,000	$19,000,000	$-	$97,000,000	Based on input provided by project sponsor to complete all known foreseeable project components.
Lisbon	$14,160,000	$3,540,000	$-	$17,700,000	Based on input provided by project sponsor to complete all known foreseeable project components.
Fargo-West Fargo Flood Control Project	$499,500,000	$1,032,100,000	$811,000,000	$2,342,600,000	Based on input provided by project sponsor to complete all known foreseeable project components. An additional $86 million is anticipated from Minnesota.
Lower Heart (Mandan) Flood Risk Reduction	$21,000,000	$14,000,000	$-	$35,000,000	Based on input provided by project sponsor to complete all known foreseeable project components.
Irrigation	$5,000,000	$5,000,000	$-	$10,000,000	Based on 2011-2021 trends.
Other Flood Control & Conveyance	$108,500,000	$106,700,000	$5,000,000	$220,200,000	Based on 2019-2021 needs, and 10-years to implement all known projects.
General Water	$15,000,000	$15,000,000	$-	$30,000,000	Based on 2011-2021 trends.
TOTALS	$3,670,045,000	$2,314,755,000	$856,000,000	$6,840,800,000	

CORRESPONDING REVENUE & NEEDS COMPARISON ESTIMATES

AT $300 MILLION PER BIENNIUM FROM RESOURCES TRUST FUND	
Resources Trust Fund At $300M/Biennium	$1,500,000,000
Water Development Trust Fund At $18M/Biennium	$90,000,000
REVENUE TOTAL	$1,590,000,000
STATE SHORTFALL	$(2,080,045,000)

AT $400 MILLION PER BIENNIUM FROM RESOURCES TRUST FUND	
Resources Trust Fund At $400M/Biennium	$2,000,000,000
Water Development Trust Fund At $18M/Biennium	$90,000,000
REVENUE TOTAL	$2,090,000,000
STATE SHORTFALL	$(1,580,045,000)

AT $500 MILLION PER BIENNIUM FROM RESOURCES TRUST FUND	
Resources Trust Fund At $500M/Biennium	$2,500,000,000
Water Development Trust Fund At $18M/Biennium	$90,000,000
REVENUE TOTAL	$2,590,000,000
STATE SHORTFALL	$(1,080,045,000)

Table 22 - Estimated 10-Year Water Project Funding Needs (2018 $) And Revenue Comparisons.

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ESTIMATED 20-YEAR WATER PROJECT FUNDING NEEDS (2018 DOLLARS) & REVENUE COMPARISONS

20-YEAR OUTLOOK

PROJECT	STATE	LOCAL	FEDERAL	TOTAL COST	NOTES
Agency Operations	$270,000,000	$-	$-	$270,000,000	Based on current operational budget estimates.
Water Supply	$3,043,500,000	$1,155,500,000	$-	$4,199,000,000	
Southwest Pipeline Project	$438,000,000	$-	$-	$438,000,000	Based on input provided by project sponsor to complete all known foreseeable project components, and infrastructure survey results.
Red River Valley Water Supply Project	$835,500,000	$278,500,000	$-	$1,114,000,000	Estimate based on 75/25 cost-share per SWC policy, and input provided by project sponsor to complete all known foreseeable project components.
Western Area Water Supply	$157,500,000	$52,500,000	$-	$210,000,000	Based on input provided by project sponsor to complete all known foreseeable project components.
Northwest Area Water Supply	$180,900,000	$24,100,000	TBD	$205,000,000	Based on input provided by project sponsor to complete all known foreseeable project components. A portion of the state share is expected to be federal.
Municipal Water	$969,600,000	$646,400,000	$-	$1,616,000,000	Based on results of municipal water supply system surveys.
Rural Water	$462,000,000	$154,000,000	$-	$616,000,000	Based on results of rural water supply system surveys.
Flood Control	$1,176,345,000	$1,312,955,000	$851,000,000	$3,340,300,000	
Devils Lake Outlet Operations	$100,000,000	$-	$-	$100,000,000	Based on current operational budget estimates.
Mouse River Enhanced Flood Protection	$463,685,000	$244,315,000	$40,000,000	$748,000,000	Based on input provided by project sponsor to complete all known foreseeable project components.
Valley City	$78,000,000	$19,000,000	$-	$97,000,000	Based on input provided by project sponsor to complete all known foreseeable project components.
Lisbon	$14,160,000	$3,540,000	$-	$17,700,000	Based on input provided by project sponsor to complete all known foreseeable project components.
Fargo-West Fargo Flood Control Project	$499,500,000	$1,032,100,000	$811,000,000	$2,342,600,000	Based on input provided by project sponsor to complete all known foreseeable project components. An additional $86 million is anticipated from Minnesota.
Lower Heart (Mandan) Flood Risk Reduction	$21,000,000	$14,000,000	$-	$35,000,000	Based on input provided by project sponsor to complete all known foreseeable project components.
Irrigation	$10,000,000	$10,000,000	$-	$20,000,000	Based on 10-year assumptions over a 20-year timeframe.
Other Flood Control & Conveyance	$217,000,000	$213,400,000	$10,000,000	$440,400,000	Based on 10-year assumptions over a 20-year timeframe.
General Water	$30,000,000	$30,000,000	$-	$60,000,000	Based on 10-year assumptions over a 20-year timeframe.
TOTALS	$4,746,845,000	$2,721,855,000	$861,000,000	$8,329,700,000	

CORRESPONDING REVENUE & NEEDS COMPARISON ESTIMATES

AT $300 MILLION PER BIENNIUM FROM RESOURCES TRUST FUND	
Resources Trust Fund At $300M/Biennium	$3,000,000,000
Water Development Trust Fund At $18M/Biennium	$180,000,000
REVENUE TOTAL	$3,180,000,000
STATE SHORTFALL	$(1,566,845,000)

AT $400 MILLION PER BIENNIUM FROM RESOURCES TRUST FUND	
Resources Trust Fund At $400M/Biennium	$4,000,000,000
Water Development Trust Fund At $18M/Biennium	$180,000,000
REVENUE TOTAL	$4,180,000,000
STATE SHORTFALL	$(566,845,000)

AT $500 MILLION PER BIENNIUM FROM RESOURCES TRUST FUND	
Resources Trust Fund At $500M/Biennium	$5,000,000,000
Water Development Trust Fund At $18M/Biennium	$180,000,000
REVENUE TOTAL	$5,180,000,000
STATE SURPLUS	$433,155,000

Table 23 - Estimated 20-Year Water Project Funding Needs (2018 $) And Revenue Comparisons.

WATER PROJECT FUNDING & REVENUE SOURCES

North Dakota funds a majority of its water projects through the State Water Commission. Funding that is provided through the Commission for water development has historically come from several sources, including the: state's General Fund; Dakota Water Resources Act, federal Municipal, Rural, and Industrial (MR&I) Water Supply Program; Resources Trust Fund; and Water Development Trust Fund. In addition to these sources, the Commission is also authorized to issue revenue bonds for water projects, and has shared control of the Drinking Water State Revolving Fund. There are also other federal funding sources that will be briefly discussed.

GENERAL FUND

The proposed State Water Commission budget does not include any revenue from the state's General Fund. Since the 2013 Legislative Assembly, the agency's operational functions were funded entirely through the Resources Trust Fund.

RESOURCES TRUST FUND

Section 57-51.1-07.1 (2) of North Dakota Century Code requires that every legislative bill appropriating monies from the Resources Trust Fund (RTF), pursuant to subsection one, must be accompanied by a State Water Commission report. This 2019 Water Development Plan, satisfies that requirement for requesting funding from the RTF for the 2019-2021 budget cycle.

The RTF is funded with 20 percent of the revenues from the oil extraction tax. A percentage of the RTF has been designated by the Legislature to be used for water-related projects and energy conservation. The Water Commission budgets for cost-share based on a forecast of oil extraction tax revenue for the biennium, which is provided by the Office of Management and Budget.

Revenues into the RTF for the 2017-2019 biennium are expected to total $374 million. When combined with the fund's 2017 beginning balance of $306.4 million, less the estimated expenditures of $348.8 million, the balance in the RTF at the beginning of the 2019-2021 biennium could be $331.6 million. $293.7 million of the estimated $331.6 million beginning balance will have been committed to projects that are anticipated to be carried into the next biennium.

Because revenues from the oil extraction tax are highly dependent on oil prices and production, it is very difficult to predict future funding levels (Figure 27). With that in mind, the December 2018 forecast includes $370 million for the 2019-2021 biennium from oil extraction.

Additional revenue into the RTF will come from Southwest Pipeline Project reimbursements, State Water Commission water supply program loan repayments, interest earnings, and oil royalties. These are estimated to total an additional $15.5 million. Historic and estimated RTF revenues are outlined in Figure 28.

NORTH DAKOTA OIL PRODUCTION & RESOURCES TRUST FUND REVENUES

JULY 1999 - NOVEMBER 2018

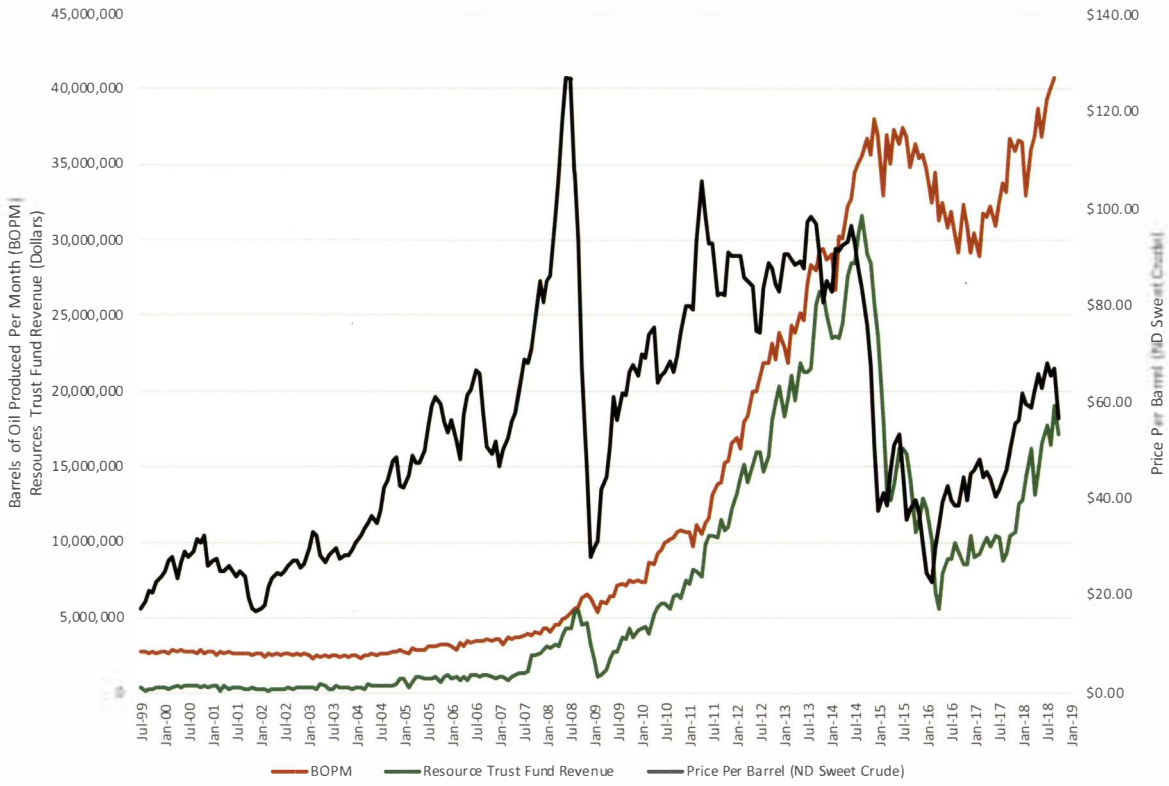

Figure 27 - North Dakota Oil Production And Resources Trust Fund Revenues.

RESOURCES TRUST FUND REVENUES

1997-2021

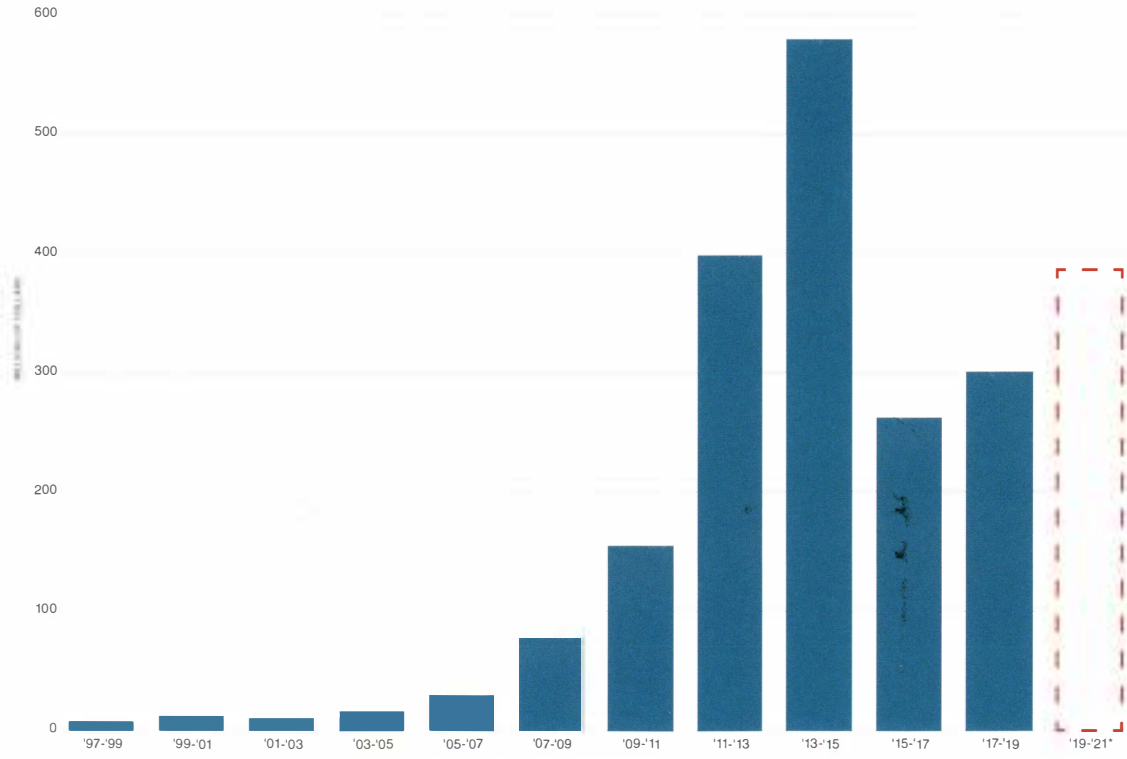

Figure 28 - Resources Trust Fund Revenues, 1997-2021.

*Projected

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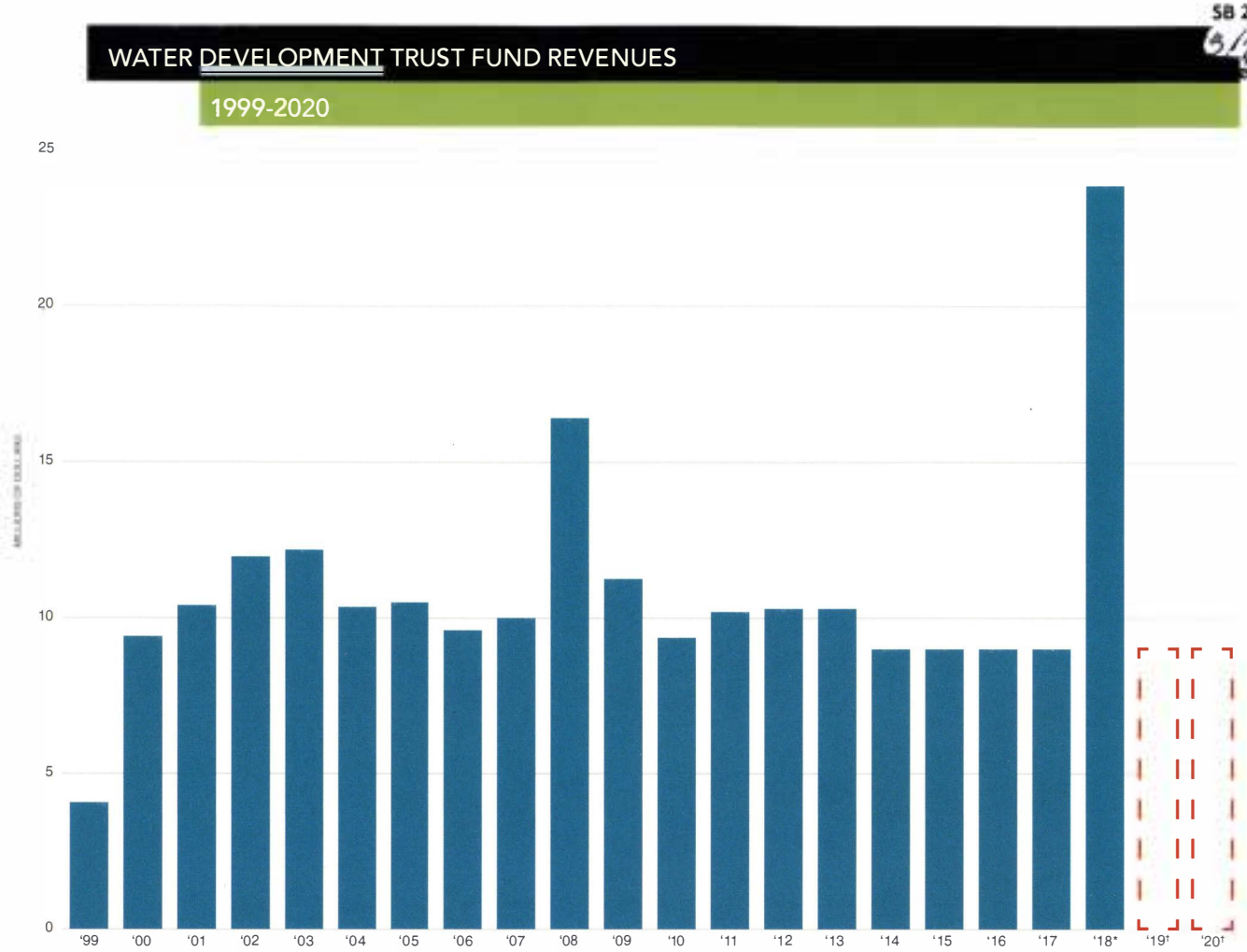


Figure 29- Water Development Trust Fund Revenues, 1999-2020. †Projected. *In 2018, the WDTF received a one-time payment due to a settlement agreement between the state and tobacco companies over enforcement of the 1998 Tobacco Master Settlement Agreement.

WATER DEVELOPMENT TRUST FUND

Senate Bill 2188 (1999) set up the Water Development Trust Fund as a primary means of repaying bonds it authorized. House Bill 1475 (1999) allocated 45 percent of the funds received by the state from the 1998 tobacco settlement into the Water Development Trust Fund.

Revenues into the Water Development Trust Fund for the 2017-2019 biennium are expected to total about $32.8 million. The Office of Management and Budget estimates revenues of $16 million for the 2019-2021 biennium (Figure 29).

Payments into the fund are scheduled indefinitely at a level based on inflation and tobacco consumption.

BONDING

The Water Commission has bonding authority (NDCC 61-02-46) to issue revenue bonds of up to $2 million per project. The Legislature must authorize revenue bond authority beyond $2 million per project. In 1991, the Legislature authorized full revenue bond authority for the Northwest Area Water Supply Project, in 1997 it authorized $15 million of revenue bonds for the Southwest Pipeline, and in 2001 it raised the Southwest Pipeline authority to $25 million. The Water Commission has no outstanding bonds at this time.

INFRASTRUCTURE REVOLVING LOAN FUND

An Infrastructure Revolving Loan Fund (IRLF) was established during the 2013 Legislative Assembly. NDCC 61-02-78 requires that a fund be established as of January 1, 2015, within the RTF to provide loans for water supply, flood protection, or other water development and management projects. Funding for the IRLF comes from ten percent of oil extraction revenue deposited in the RTF.

The Water Commission approves projects and loans from the IRLF, and the Bank of North Dakota manages and administers the loans. Specific requirements and terms are established and approved by the Water Commission for each loan.

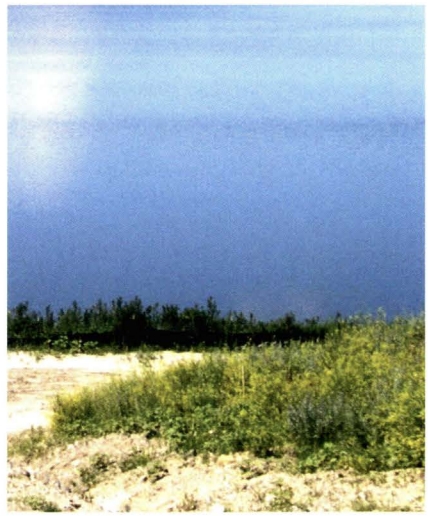
Section 25 of House Bill 1020 included a cap on the Infrastructure Revolving Loan Fund, stating that any oil extraction moneys exceeding $26 million will be deposited into the Resources Trust Fund. Western Area Water Supply, North Prairie Rural Water, Northeast Rural Water, Walsh Rural Water, Barnes Rural Water, North Central Rural Water, Stutsman Rural Water, and the cities of Beulah, Lisbon, Valley City, and Grafton all secured loans from this funding source as of October 2018.

DRINKING WATER STATE REVOLVING FUND

An additional source of funding for water supply development projects is the Drinking Water State Revolving Fund (DWSRF). Funding is distributed in the form of a loan program through the Environmental Protection Agency and administered by the North Dakota Department of Health. The DWSRF provides loans to public water systems for capital improvements aimed at increasing public health protection and compliance under the federal Safe Drinking Water Act.

The Water Commission's involvement with the DWSRF is two-fold. First, the Department of Health must administer and disburse funds with the approval of the Commission. Second, the Department of Health must establish assistance priorities and expend grant funds pursuant to the priority list for the DWSRF, after consulting with, and obtaining Commission approval.

The process of prioritizing new or modified projects is completed on an annual basis. Each year, the Department of Health provides an Intended Use Plan, which contains a comprehensive project priority list and a fundable project list. The 2018 comprehensive project priority list includes 246 projects with a cumulative total project funding need of $586 million.



FEDERAL MUNICIPAL, RURAL, AND INDUSTRIAL (MR&I) WATER SUPPLY PROGRAM

A major source of grant funding for water supply development in North Dakota in previous biennia has been through the federal MR&I Water Supply Program. Funding of this program was authorized by Congress though the 1986 Garrison Diversion Unit Reformulation Act, and it is jointly administered by the Garrison Diversion Conservancy District, and Water Commission.

The 1986 Garrison Reformulation Act authorized a federal MR&I grant program of $200 million. All of that funding has been expended. Additional federal funding authorization for the MR&I program resulted from the passage of the Dakota Water Resources Act of 2000. An additional $600 million, indexed for inflation, was authorized; which includes a $200 million grant for state MR&I, a $200 million grant for North Dakota Tribal MR&I, and a $200 million loan for a Red River Valley Water Supply Project. The act provides resources for general MR&I projects, the Northwest Area Water Supply Project, the Southwest Pipeline Project, and a project to address water supply issues in the Red River Valley.

Annual MR&I funding is dependent upon U.S. Congressional appropriation. As of September 2018, $378.2 million in federal funds had been approved for North Dakota's MR&I program, with $9 million and $12 million for federal fiscal years 2017 and 2018 (Figure 30).

OTHER FEDERAL FUNDING

With regard to other federal funding, the U.S. Army Corps of Engineers provides significant assistance to North Dakota for flood control and water supply projects. The Environmental Protection Agency, U.S. Bureau of Reclamation, U.S. Geological Survey, and the Natural Resources Conservation Service also contribute to the state's water development efforts in many different ways, including studies, project design, and construction.

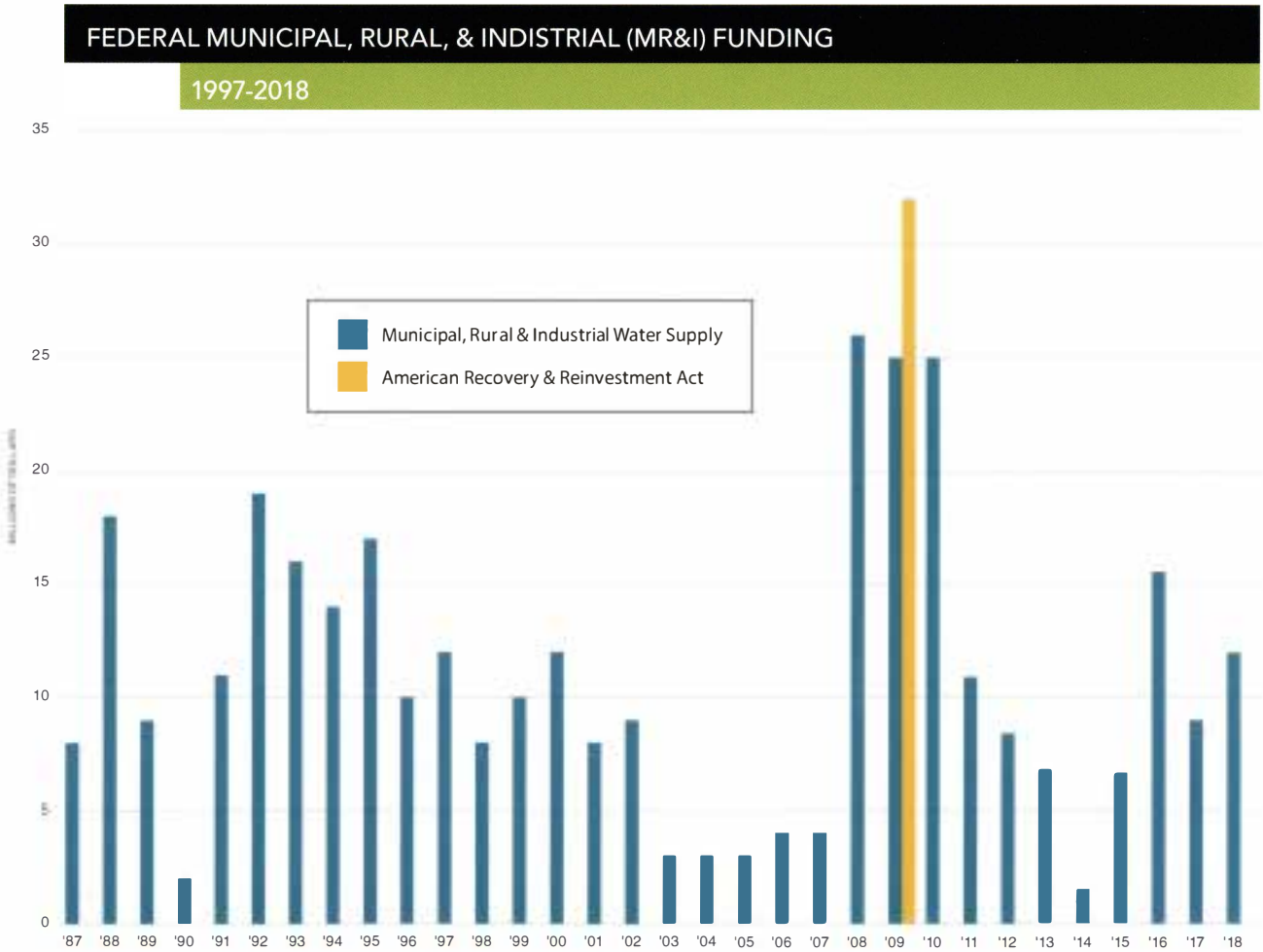


Figure 30 - Federal Municipal, Rural, and Industrial (MR&I) Funding, 1997-2018.

STATE WATER COMMISSION FUNDING RECOMMENDATIONS, & PRIORITIES: 2019-2021 BIENNIUM

This section discusses the Water Commission's priority water development efforts and funding recommendations for the 2019-2021 biennium. It includes one course of action for water development in North Dakota that is subject to change during the 66th Legislative Assembly, further review of SWC cost-share requirements and eligibility, and other unforeseen events that may occur during the biennium.

The following priorities were established as a result of extensive project reviews, face-to-face interactions with sponsors at Commissioner-hosted basin meetings, and through careful consideration of the agency's revised Project Prioritization Guidance Policy.

2019-2021 STATE WATER COMMISSION FUNDING PRIORITIES	
PROJECTS	$478M FUNDING SCENARIO
Devils Lake Outlet Operations	$8.0
Fargo-West Fargo Area Flood Control	$166.5
General Water Management	$10.0
Mouse River Flood Control	$70.0
Municipal Water Supply	$20.0
Northwest Area Water Supply	$75.0*
Other Flood Control & Conveyance	$6.0
Red River Valley Water Supply	$30.0
Rural Water Supply	$30.0
Sheyenne River Flood Control	$11.0
Southwest Pipeline Project	$16.5
Western Area Water Supply	$35.0
PROJECTS TOTAL	**$478.0**

Table 24 - SWC Purpose Funding Recommendations, 2019-2021 Biennium.

*Represents a line of credit.

DEVILS LAKE OUTLET OPERATIONS

The state's west end Devils Lake outlet was initially completed in 2005 with an operational capacity of 100 cubic feet per second (cfs). In summer 2010, an expansion was completed, increasing the outlet's capacity to 250 cfs.

During summer 2012, the Water Commission completed an additional outlet from East Devils Lake (See Map Appendix). This outlet has a maximum operating capacity of 350 cfs. Together, the combined operating capacity of the west end and East Devils Lake outlets is 600 cfs.

Until Devils Lake ceases to be a threat to human safety and infrastructure, the State Water Commission will continue to operate both outlets within the confines of permit requirements, and in consideration of the state's Devils Lake Outlet Operation Plans.

The Water Commission's funding recommendation for this project during the 2019-2021 biennium is $8 million.

FARGO-WEST FARGO FLOOD CONTROL

After the flood of 2009, it became apparent that a large-scale flood control project was needed to better serve both Fargo and Moorhead, and the greater metro area. Since that time, the U.S. Army Corps of Engineers, in cooperation with Flood Diversion Board of Authority members (Fargo and West Fargo, ND; Moorhead, MN; Cass County, ND; Clay County, MN; and the Cass County Joint Water Resources District) worked jointly to complete an EIS to assess potential measures to reduce the entire metro area's flood risk.

The EIS was completed in late 2011, and a Record of Decision was signed by the Assistant Secretary of the Army in April 2012. In 2014, President Obama signed the Water Resource Reform and Development Act (WRRDA), which authorized the Fargo-Moorhead area diversion project. The signing of WRRDA allows the federal government to appropriate funding for construction.

Meanwhile, a lawsuit filed against the Project in 2013 eventually led to an injunction in September 2017, halting construction completely. In order to move the project forward, Governor Doug Burgum of North Dakota and Governor Mark Dayton of Minnesota created a joint Task Force to propose a framework that would be acceptable for all stakeholders impacted by the project. The result of the Task Force is a project change known as Plan B, which is currently being reviewed in the form of a Supplemental Environmental Impact Statement. The review process is expected to be complete in late 2018. A permit decision is expected soon thereafter.

The diversion project is a 30-mile long, 1,500-foot wide diversion channel on the North Dakota side of the Red River that will divert water around the Fargo-Moorhead metro area. The project also includes 28,000 acres (132,000 acre-feet) of upstream floodwater staging (See Map Appendix).

In addition to the diversion project, Fargo is also working to complete in-town flood protection projects that work directly with the diversion.

The state's current total commitment for this project is capped at $570 million – as directed by the passage of Senate Bill 2020 during the 2015 Legislative Assembly. Of that total commitment, $450 million is for the diversion project, and $120 million is for Fargo interior flood control efforts.

The Water Commission's funding recommendation for this project during the 2019-2021 biennium is $166.5 million.

GENERAL WATER MANAGEMENT

General water management projects include, recreational projects, dam repairs, irrigation, planning efforts, and special studies.

As part of the Water Development Plan project inventory process, the Water Commission identified about $63 million in general water management project needs. Of that amount, approximately $27.7 million could potentially be eligible for cost-share from the state.

The Water Commission's funding recommendation for this project purpose during the 2019-2021 biennium is $10 million.

MOUSE RIVER FLOOD PROTECTION

On June 25, 2011, Mouse River flood flows peaked in Minot at 27,400 cfs. This was more than five times greater than the city's existing flood control channels and levees had been designed to handle, and almost nine times greater than any documented flood since the construction of major upstream storage reservoirs decades before.

The record breaking flooding of 2011 overwhelmed most flood fighting efforts along the entire reach of the Mouse River in North Dakota, causing unprecedented damages to homes, businesses, public facilities, infrastructure, and rural areas. The U.S. Army Corps of Engineers estimates that 4,700 commercial, public, and residential structures in Ward, Renville, and McHenry counties sustained structural and content damages totaling almost $700 million. Had no emergency flood fighting measures been implemented, it is estimated that number could have totaled about $900 million.

Immediately following the devastating flood events in summer 2011, stakeholder workshops were held in late 2011 and early 2012. Preliminary engineering reports and basin-wide erosion, sedimentation, and hydrologic modeling were completed a year later. And in summer 2013, the Rural Reaches Alternatives Report and final Mouse River Reconnaissance Study were issued. The result of these efforts is a Mouse River Enhanced Flood Protection Project (MREFPP) that is designed to provide flood relief to Mouse River valley residents – both urban and rural (See Map Appendix).

Implementation of the MREFPP continued to move forward during the 2017-2019 biennium. These efforts are ongoing and will continue into the 2019-2021 biennium and beyond. The Souris River Joint Water Resource Board (SRJB) has developed a long-range capital improvements program through 2039. According to the SRJB, the MREFPP could be completed in as little as seven years, dependent on the availability of funding.

The SRJB has estimated a total financial need of about $281 million for the MREFPP through the end of fiscal year 2021. At traditional cost-share levels, approximately $186 million could be eligible for state cost-share assistance. Costs at that level would include new construction on Phases IV and V in the city of Minot, flood protection in the cities of Burlington, Sawyer, and Velva, and additional work in Renville and Ward Counties. The funding would also allow design and permitting to begin on Phases VI and VII in the city of Minot, and levees in rural Ward County.

As directed by the 65th Legislative Assembly in 2017 within House Bill 1020, the MREFPP will receive no more than $193 million in state funding within the city limits of Minot through the 2023-2025 biennium.

The Water Commission's funding recommendation for this project during the 2019-2021 biennium is $70 million.

MUNICIPAL WATER SUPPLIES

During the 2019 Water Development Plan project inventory process, the Water Commission received 106 projects from cities around the state. Projects include new water supply trunk lines, water towers, new water treatment plants and plant improvements, supply line improvements, and new water supply source developments, as a few examples.

While no high priority municipal water supply projects were received, the Water Commission identified about $45 million in moderate priority municipal water supply project needs for the 2019-2021 biennium. Of that amount, approximately $25 million could potentially be eligible for cost-share grants from the state.

The Water Commission's funding recommendation for this project purpose during the 2019-2021 biennium is $20 million.

NORTHWEST AREA WATER SUPPLY

NDCC, Section 61-24.6 declares necessary the pursuit of a project "…that would supply and distribute water to the people of northwestern North Dakota through a pipeline transmission and delivery system…" NDCC 61-24.6 authorizes the Water Commission to construct, operate, and manage a project to deliver water throughout northwestern North Dakota.

The Water Commission began construction on the Northwest Area Water Supply (NAWS) project in April 2002 (See Map Appendix). The first four contracts involving 45 miles of pipeline between the Missouri River and Minot were completed in the spring of 2009. However, additional work will be required in the future to fill existing gaps in the pipeline. NAWS is currently providing water service to Minot, Berthold, Burlington, Kenmare, Sherwood, Des Lacs, Mohall, West River Rural Water, All Seasons Rural Water, Upper Souris Rural Water, North Prairie Rural Water, and the Minot Air Force Base through an agreement with Minot.

In 2010 the US Bureau of Reclamation began work on a SEIS as remanded by the courts as part of an ongoing lawsuit. A draft was completed in 2014, with the final completed in 2015. A Record of Decision was signed in August 2015, and court briefings took place during the first half of 2016. In August 2017, NAWS received a favorable ruling when the District of Columbia District Court ruled in favor of NAWS, allowing the State of North Dakota to move forward with construction of the project. An appeal remains from the State of Missouri based on their standing in the case.

NAWS has estimated a total financial need of $83 million for the 2019-2021 biennium. Of that total, approximately $81 million could be eligible for cost-share assistance from the Water Commission, due to previous local contributions.

NAWS continues to be a very high priority of the state, and progress on this project during the 2019-2021 biennium appears to be free of litigation-related delays for the first time in over a decade. The Water Commission's funding recommendation for NAWS during the 2019-2021 biennium is $75 million.

OTHER FLOOD CONTROL & CONVEYANCE

During the 2019 Water Plan project inventory process, the Water Commission received 37 flood control projects from around the state – this number excludes the large flood control projects mentioned separately in this section. Projects include levees, bypass channels, detention sites, and flood walls.

Of those 37 projects, 16 were identified as high priority with an approximate financial need of $66 million. Of that amount, approximately $39 million could be potentially eligible for cost-share grants from the state.

Also during the 2019 Water Plan project inventory process, the Water Commission received 62 water conveyance projects from around the state. Projects almost exclusively include drains.

Although no conveyance projects were identified as high priority, 18 of the projects were classified as moderate priority per the Commission's Project Prioritization Guidance Policy. Approximately $34 million in total financial needs were identified for moderate priority projects. Of that amount, approximately $15 million could be eligible for cost-share grants from the state.

The Water Commission's funding recommendation for other flood control and conveyance projects during the 2019-2021 biennium is $6 million.

RED RIVER VALLEY WATER SUPPLY

Over the years, various projects have been proposed to supply Missouri River water to eastern North Dakota. More recently, between 2000 and 2007, the U.S. Bureau of Reclamation and Garrison Diversion Conservancy District developed plans for a Red River Valley Water Supply Project (RRVWSP). This effort culminated in an EIS and preferred alternative, but the Secretary of the Interior never signed a Record of Decision – a requirement to move that federal project forward. In 2013, when it became apparent that a Record of Decision would not be signed, the State Water Commission, in cooperation with the Lake Agassiz Water Authority and Garrison Diversion Conservancy District began pursuit of a state and local project.

The general purpose of the project would be to deliver water via pipeline from a conventional intake in the Missouri River, or horizontal groundwater collector wells adjacent to the river near Washburn, to Baldhill Creek or the Sheyenne River in the Red River Valley (See Map Appendix). This project would provide a supplemental water supply to users in central and eastern North Dakota. To avoid concerns with transboundary diversion of water, the water would be treated before crossing the divide.

In 2016, project conceptual engineering was completed – covering conventional and horizontal collector well intakes, pipeline alignments, and a discharge structure at Baldhill Creek. A preliminary design report on the intake and pipeline alignments from Washburn to Baldhill Creek was completed in February 2018 to identify potential future water users of the project. The process of securing or reaffirming existing easements began in summer 2018, and strategic construction is forecast to begin in mid-2019.

The proposed work plan for the RRVWSP during the 2019-2021 biennium currently includes: a Missouri River intake pumping wetwell, preliminary design of a biota water plant, a discharge structure on the Sheyenne River, land acquisitions, and some pipeline placement.

The RRVWSP received Legislative intent for $30 million in the 2017-2019 biennium, and have estimated a total financial need of $66.7 million in the 2019-2021 biennium. Of that total, approximately $50 million could be eligible for cost-share assistance from the Water Commission. In addition, RRVWSP has $13 million remaining in legislative intent from the 2017 Legislative Session for construction costs.

The Water Commission's funding recommendation for this project during the 2019-2021 biennium is $30 million.

RURAL WATER SUPPLIES

During the 2019 Water Plan project inventory process, the Water Commission received 28 projects from rural water systems around the state. Projects include expansions, storage, and various types of other system improvements.

Of the rural water supply project needs submitted to the State Water Commission, two of the projects were classified as high priority, and 12 of the projects were classified as moderate priority per the Commission's Project Prioritization Guidance Policy. Approximately $8 million and $57 million in total financial needs were identified for high and moderate priority projects, respectively. Of those amounts, approximately $6 million for high priority projects, and $43 million for moderate priority prjoects, could potentially be eligible for cost-share grants from the state.

The Water Commission's funding recommendation for this project purpose during the 2019-2021 biennium is $30 million.

SHEYENNE RIVER FLOOD CONTROL

Flood events along the Sheyenne River in recent years have severely impacted and tested communities like Valley City and Lisbon. For that reason, both communities are working to implement more permanent flood protection.

Valley City has initiated a multi-phased approach to developing permanent flood protection. As outlined earlier in this report, Phase I was completed in 2016. The Phase II project is currently under construction, and will protect portions of downtown Valley City, including Main Street and a power transfer station.

Phase III of Valley City's flood control project is in the final phases of design and will be bid for construction in 2019. Phase III will include a continuation of property acquisitions; construction of flood walls and levees; erosion mitigation; street, water main, sanitary sewer, and utility adjustments; and storm sewer modifications. Phase IV is also in the design phase.

Valley City has estimated a total financial need of approximately $14 million in the 2019-2021 biennium, including a combination of grants and loans from the state. This level of funding would be primarily used for Phase IV levees.

Like Valley City, Lisbon is moving forward with a multi-phased approach to permanent flood protection. Lisbon's Phase I involves five separate levee locations, with two on the west side of the Sheyenne River, and three on the east side. Of those five Phase I levee alignments, all but one will be completed before the end of 2018.

Phase II involves additional flood protection in the south portion of Lisbon. However, Lisbon has indicated that Phase II can wait until a time when funding is more certain.

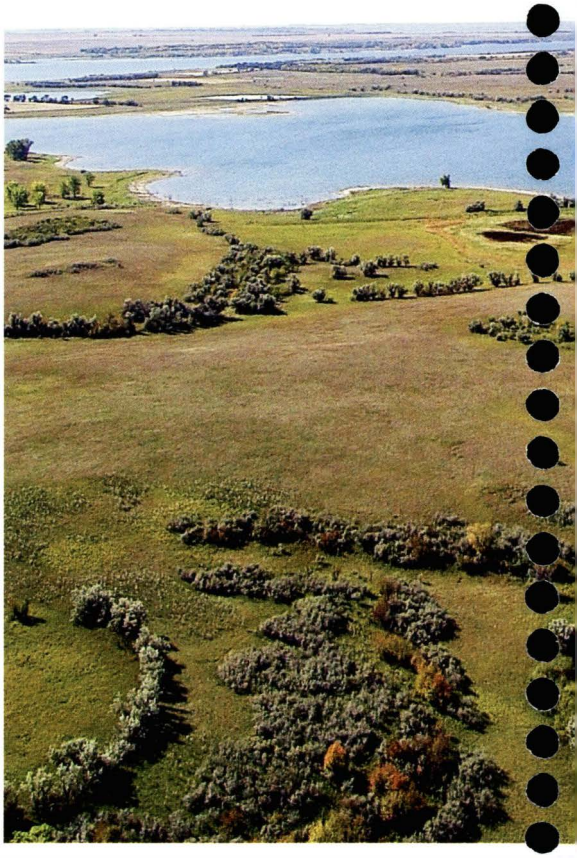
The Water Commission's funding recommendation for these projects during the 2019-2021 biennium is $11 million.

SOUTHWEST PIPELINE PROJECT

NDCC, Section 61-24.3 declares necessary that the Southwest Pipeline Project "…be established and constructed, to provide for the supplementation of the water resources of a portion of the area of North Dakota south and west of the Missouri River with water supplies from the Missouri River for multiple purposes, including domestic, rural, and municipal uses." The Water Commission has been working to develop the Southwest Pipeline ever since – with construction beginning in 1986. (NDCC 61-24.5 authorizes the Commission and Southwest Water Authority to construct, operate, and maintain the project.)

Southwest Pipeline is currently serving about 56,000 residents, including more than 7,100 rural customers, 33 communities, and 21 raw water customers (See Map Appendix).

The Southwest Water Authority provided the Water Commission with a list of projects for the 2019-2021 biennium with a total cost of about $30.5 million. Projects included in that



amount of financial need are: a supplemental intake pump station at Lake Sakakawea; reservoirs/tanks at Davis Buttes and Belfield; Ray Christensen Pump Station upgrades; and various alignments of parallel pipelines. At a minimum funding level, the Southwest Water Authority would like to complete its highest priority projects, including: intake pump station work, a second Davis Buttes reservoir, a second Belfield Reservoir, and rural distribution upgrades.

The Water Commission's funding recommendation for this project during the 2019-2021 biennium is $16.5 million.

WESTERN AREA WATER SUPPLY

Western Area Water Supply (WAWS) project has involved a collaborative effort between the city of Williston, Northwest Rural Water District (formerly Williams Rural Water District), McKenzie Water Resource District, Burke-Divide-Williams Rural Water, and R&T Water Supply Association (including the cities of Ray, Tioga, and Stanley).

WAWS utilizes a combination of Missouri River water treated at the Williston Regional Water Treatment Plant and groundwater treated by the R&T Water Supply Commerce Authority's Water Treatment Plant in Ray. The overall purpose of this project is to meet the water supply needs of municipal, rural, and industrial users in the five northwestern North Dakota counties of Burke, Divide, McKenzie, Mountrail, and Williams. (See Map Appendix).

In response to continuing demand for water service and the associated planning efforts that have been completed, the WAWS Authority board of directors has requested funding to complete several projects during the 2019-2021 biennium - totaling about $50 million. Of that total, a maximum of up to approximately $37.5 million could be eligible for cost-share grants from the Water Commission. Specific projects that could be advanced at that funding level would include: part two of a McKenzie County system expansion; R&T system Stanley, White Earth, and Powers Lake rural distributions; and Williams Rural north and 29-mile rural distribution efforts.

The Water Commission's funding recommendation for this project during the 2019-2021 biennium is $35 million.

APPENDIX

NORTH DAKOTA STATE WATER COMMISSION

PROJECT FUNDING POLICY, PROCEDURE, AND GENERAL REQUIREMENTS

The State Water Commission has adopted this policy to support local sponsors in development of sustainable water related projects in North Dakota. This policy reflects the State Water Commission's cost-share priorities and provides basic requirements for all projects considered for prioritization during the agency's budgeting process. Projects and studies that receive funding from the agency's appropriated funds are consistent with the public interest. The State Water Commission values and relies on local sponsors and their participation to assure on-the-ground support for projects and prudent expenditure of funding for evaluations and project construction. It is the policy of the State Water Commission that only the items described in this document will be eligible for cost-share upon approval by the State Water Commission, unless specifically authorized by State Water Commission action.

I. DEFINITIONS

A. **CONSTRUCTION COSTS** include earthwork, concrete, mobilization and demobilization, dewatering, materials, seeding, rip-rap, crop damages, re-routing electrical transmission lines, moving storm and sanitary sewer system and other underground utilities and conveyance systems affected by construction, mitigation required by law related to the construction contract, water supply works, irrigation supply works, and other items and services provided by the contractor. Construction costs are only eligible for cost-share if incurred after State Water Commission approval and if the local sponsor has complied with North Dakota Century Code (N.D.C.C.) in soliciting and awarding bids and contracts, and complied with all applicable federal, state, and local laws.

B. **COST-SHARE** means funds appropriated by the legislative assembly or otherwise transferred by the Commission to a local entity under commission policy as reimbursement for a percentage of the total approved cost of a project approved by the Commission.

C. **GRANT** means a one-time sum of money appropriated by the legislative assembly and transferred by the commission to a local entity for a particular purpose. A grant is not dependent on the local entity providing a particular percentage of the cost of the project.

D. **LOAN** means an amount of money lent to a sponsor of a project approved by the commission to assist with funding approved project components. A loan may be stand-alone financial assistance.

E. **WATER CONVEYANCE PROJECT** means any surface or subsurface drainage works, bank stabilization, or snagging and clearing of water bodies.

F. **ENGINEERING SERVICES** include pre-construction and construction engineering. Pre-construction engineering is the engineering necessary to develop plans and specifications for permitting and construction of a project including preliminary and final design, material testing, flood insurance studies, hydraulic models, and geotechnical investigations. Construction engineering is the engineering necessary to build the project designed in the pre-construction phase including construction contract management, and construction observation. Administrative and support services not specific to the approved project are not engineering services. Engineering services are eligible costs if incurred after State Water Commission approval. If the total anticipated engineering costs are greater than the threshold stipulated in NDCC 54-44.7-04, then the local sponsor must follow the engineering selection process provided in NDCC 54-44.7 and provide a copy of the selection committee report to the Chief Engineer. The local sponsor will be considered to have complied with this requirement if they have completed a selection process for a general engineering services agreement at least once every three years and have formally assigned work to a firm or firms under an agreement. The local sponsor must inform the Chief Engineer of any change in the provider of general engineering services.

G. **IMPROVEMENTS** are construction related projects that upgrade a facility to provide increased efficiency, capacity, or redundancy. Improvements do not include any activities that are maintenance, replacement, or reconstruction.

H. **EXPANSIONS** are construction related projects that increase the project area or users served. Expansions do not include maintenance, replacement, or reconstruction activities.

I. **LOCAL SPONSOR** is the entity submitting a cost-share application and must be a political subdivision, state entity, or commission legislatively granted North Dakota recognition that applies the necessary local share of funding to match State Water Commission cost-share. They provide direction for studies and projects, public point of contact for communication on public benefits and local concerns, and acquire necessary permits and rights-of-way.

J. **REGULAR MAINTENANCE COSTS** include normal repairs and general upkeep of facilities to allow facilities to continue proper operation and function. These maintenance items occur on a regular or annual basis. Regular maintenance activities simply help ensure the asset will remain serviceable throughout its originally predicted useful life.

K. **EXTRAORDINARY MAINTENANCE COSTS** include the repair or replacement of portions of facilities or components that extends the overall life of the system or components that are above and beyond regular or normal maintenance. Extraordinary maintenance activities extend the asset's useful life beyond its originally predicted useful life.

L. **SUSTAINABLE OPERATION, MAINTENANCE, AND REPLACEMENT PLAN** is a description of the anticipated operation, maintenance, and replacement costs with a statement that the operation, maintenance, and replacement of the project will be sustainable by the local sponsor. For water supply projects, a summary of the project sponsor's Capital Improvement Fund must also be included.

M. **CAPITAL IMPROVEMENT FUND** is money set aside using a portion of user fees for future asset replacement and a cost share application shall include documentation of the following:

1. Current capital improvement fund balance
2. Existing and new assets
3. Replacement cost of assets
4. Average life of assets
5. Current and future monthly reserve per user

II. INELIGIBLE ITEMS excluded from cost-share include:

1 Administrative costs, including salaries for local sponsor members and employees as well as consultant services that are not project specific and other incidental costs incurred by the sponsor;

2 Property and easement acquisition costs paid to the landowner unless specifically identified as eligible within the Flood Recovery Property Acquisition Program, the Flood Protection Program, or the Water Retention Projects;

3 Work and costs incurred prior to a cost-share approval date, except for emergencies as determined by the Chief Engineer;

4 Project related operation and regular maintenance costs;

5 Funding contributions provided by federal, other state, or other North Dakota state entities that supplant costs;

6 Work incurred outside the scope of the approved study or project;

7 The removal of vegetative material and sediment for water conveyance projects.

8 Local requirements imposed beyond State and Federal requirements for the project may be ineligible.

III. COST-SHARE APPLICATION AND APPROVAL PROCEDURES

The State Water Commission will not consider any cost-share applications unless the local sponsor first makes an application to the Chief Engineer. No funds will be used in violation of Article X, § 18 of the North Dakota Constitution (Anti-Gift Clause).

A. APPLICATION REQUIRED. An application for cost-share is required in all cases and must be submitted by the local sponsor on the State Water Commission Cost-Share Application form. Applications for cost-share are accepted at any time. Applications received less than 45 days before a State Water Commission meeting will not be considered at that meeting and will be held for consideration at a future meeting unless specifically exempted by the Chief Engineer. The application form is maintained and updated by the Chief Engineer. A completed application must include the following:

1. Category of cost-share activity
2. Location of the proposed project or study area shown on a map
3. Description, purpose, goal, objective, narrative of the proposed activities
4. Delineation of costs
5. Anticipated timeline of project from preliminary study through final closeout
6. Potential federal, other state, or other North Dakota state entity participation
7. Documentation of an engineering selection process if engineering costs are anticipated to be greater than the threshold provided in NDCC 54-44.7-04
8. Engineering plans, if applicable
9. Status of required permitting
10. Potential territorial service area conflicts or service area agreements, if applicable
11. Sustainable operation, maintenance, and replacement plan for projects
12. Additional information as deemed appropriate by the Chief Engineer

Applications for cost-share are separate and distinct from the State Water Commission biennial project information collection effort that is part of the budgeting process and published as the State Water Plan. All local sponsors are encouraged to submit project financial needs for the State Water Plan. Projects not submitted as part of the State Water Plan development process may be held until action can be taken on those that were included during budgeting, unless determined to be an emergency that directly impacts human health and safety or that are a direct result of a natural disaster.

B. PRE-APPLICATION. A pre-application process is allowed for cost-share of assessment projects. This process will require the local sponsor to submit a brief narrative of the project, preliminary designs, and a delineation of costs. The Chief Engineer will then review the material presented, make a determination of project eligibility, and estimate the cost-share funding the project may anticipate receiving. A project eligibility letter will then be sent to the local sponsor noting the percent of cost-share assistance that may be expected on eligible items as well as listing those items that are not considered to be eligible costs. In addition, the project eligibility letter will state that the Chief Engineer will recommend approval when all cost-share requirements are addressed. The local sponsor may use the project eligibility letter to develop a project budget for use in the assessment voting process. Upon completion of the assessment vote and all other requirements an application for cost-share can be submitted.

C. **REVIEW.** Upon receiving an application for cost-share, the Chief Engineer will review the application and accompanying information. If the Chief Engineer is satisfied that the proposal meets all requirements, the local sponsor will be asked to present the application, and the Chief Engineer will provide a recommendation to the State Water Commission for its action. The Chief Engineer's review of the application will include the following items and any other considerations that the Chief Engineer deems necessary and appropriate.

1 Applicable engineering plans;
2 Field inspection, if deemed necessary by the Chief Engineer;
3 The percent and limit of proposed cost-share determined by category of cost-share activity and eligible expenses;
4 Assurance of sustainable operation, maintenance, and replacement of project facilities by the local sponsor;
5 Status of permitting and service area agreements;
6 Available funding in the State Water Commission budget, if in the State Water Plan, and a priority ranking when appropriate.

For cost-share applications over $100 million, additional information requested by the State Water Commission will be used to determine cost-share.

The Chief Engineer is authorized to approve cost-share up to $75,000 and also approve cost overruns up to $75,000 without State Water Commission action. The Chief Engineer will respond to such requests within 60 days of receipt of the request. A final decision may be deferred if warranted by funding or regulatory consideration.

D. **NOTICE**. The Chief Engineer will give a 10-day notice to local sponsors when their application for cost-share is placed on the tentative agenda of the State Water Commission's next meeting.

E. **AGREEMENT AND DISTRIBUTION OF FUNDS**. No funds will be disbursed until the State Water Commission and local sponsor have entered into an agreement for cost-share participation. No agreement for construction funding will be entered into until all required State Engineer permits have been acquired.

For construction projects, the agreement will address indemnification and vicarious liability language. The local sponsor must require that the local sponsor and the state be made an additional insured on the contractor's commercial general liability policy including any excess policies, to the extent applicable. The levels and types of insurance required in any contract must be reviewed and agreed to by the Chief Engineer. The local sponsor may not agree to any provision that indemnifies or limits the liability of a contractor.

For any property acquisition, the agreement will specify that if the property is later sold, the local sponsor is required to reimburse the Commission the percent of sale price equal to the percent of original cost-share.

The Chief Engineer may make partial payment of cost-sharing funds as deemed appropriate. Upon notice by the local sponsor that all work or construction has been

completed, the Chief Engineer may conduct a final field inspection. If the Chief Engineer is satisfied that the work has been completed in accordance with the agreement, the final payment will be disbursed to the local sponsor, less any partial payment previously made.

The project sponsor must provide a progress report to the Commission at least once every four years if the term of the project exceeds four years. If a progress report is not received in a timely fashion or, if after a review of the progress report the Commission determines the project has not made sufficient progress, the Commission may terminate the agreement for project funding. The project sponsor may submit a new application to the Commission for funding for a project for which the Commission previously terminated funding.

F. **LITIGATION**. If a project submitted for cost-share is the subject of litigation, the application may be deferred until the litigation is resolved. If a project approved for cost-share becomes the subject of litigation before all funds have been disbursed, the Chief Engineer may withhold funds until the litigation is resolved. Litigation for this policy is defined as legal action that would materially affect the ability of the local sponsor to construct the project; that would delay construction such that the authorized funds could not be spent; or is between political subdivisions related to the project.

IV. COST-SHARE CATEGORIES

The State Water Commission supports the following categories of projects for cost-share. Engineering expenses related to construction are cost-shared at the same percent as the construction costs when approved by the State Water Commission.

A. **PRE-CONSTRUCTION EXPENSES.** The State Water Commission supports local sponsor development of feasibility studies, engineering designs, and mapping as part of pre-construction activities to develop support for projects within this cost-share policy. The following projects and studies are eligible.

1 Feasibility studies to identify water related problems, evaluate options to solve or alleviate the problems based on technical and financial feasibility, and provide recommendation and cost estimate, of the best option to pursue.

2 Engineering design to develop plans and specifications for permitting and construction of a project, including associated cultural resource and archeological studies.

3 Mapping and surveying to gather data for a specific task such as flood insurance studies and flood plain mapping, LiDAR acquisition, and flood imagery attainment, which are valuable to managing water resources.

Copies of the deliverables must be provided to the Chief Engineer upon completion. The Chief Engineer will determine the payment schedule and interim progress report requirements.

B. WATER SUPPLY

1 **RURAL AND MUNICIPAL WATER SUPPLY PROJECTS.** The State Water Commission supports water supply efforts. The local sponsor may apply for funding, and the application will be reviewed to determine project priority. Debt per capita, water rates and financial need may be considered by the Commission when determining an appropriate cost share percentage. The Commission reserves flexibility to adjust percentages on a case by case basis, but generally:

Up to 75% cost-share may be provided for:

- Rural Water System Expansions and Improvements
- Connection of communities to a regional system
- Improvements required to meet primary drinking water standards

Up to 60% cost-share may be provided for:

- Municipal Water Supply Expansions and Improvements
- Connection of new rural water customers located within extraterritorial areas of a municipality

Water Depots for industrial use receiving water from facilities constructed using State Water Commission funding or loans have the following additional requirements:

a) Domestic water supply has priority over industrial water supply in times of shortage. This must be explicit in the water service contracts with industrial users.

b) If industrial water service will be contracted, public notice of availability of water service contracts is required when the depot becomes operational.

c) Public access to water on a non-contracted basis must be provided at all depots.

2 **FEDERAL MUNICIPAL, RURAL, AND INDUSTRIAL WATER SUPPLY PROGRAM.** The Municipal, Rural, and Industrial Water Supply Program, which uses federal funds, is administered according to North Dakota Administrative Code Article 89-12.

3 **DROUGHT DISASTER LIVESTOCK WATER SUPPLY PROJECT ASSISTANCE PROGRAM.** This program is to provide assistance with water supply for livestock impacted during drought declarations and is administered according to North Dakota Administrative Code Article 89-11.

C. FLOOD CONTROL.

The State Water Commission may provide cost-share for eligible items of flood control projects protecting communities from flooding and may include the repair of dams that provide a flood control benefit.

1 **FLOOD RECOVERY PROPERTY ACQUISITION PROGRAM.** This program is used to assist local sponsors with flood recovery expenses that provide long term flood damage reduction benefits through purchase and removal of structures in areas where flood damage has occurred. All contracted costs directly associated with the acquisition will be considered eligible for cost-share. Contracted costs may include: appraisals, legal fees (title and abstract search or update, etc.), property survey, closing costs, hazardous materials abatement needs (asbestos, lead paint, etc.), and site restoration.

The State Water Commission may provide cost-share of the eligible costs of approved flood recovery expenses that provide long term flood reduction benefits based on the following criteria and priority order:

a) Local Sponsor has flood damage and property may be needed for construction of temporary or long-term flood control projects, may be cost-shared up to 75 percent.
b) Local Sponsor has flood damage and property would increase conveyance or provide other flood control benefits, may be cost-shared up to 60 percent.

Prior to applying for assistance, the local sponsor must adopt and provide to the Chief Engineer an acquisition plan (similar to plans required by Hazard Mitigation Grant Program (HMGP)) that includes the description and map of properties to be acquired, the estimated cost of property acquisition including contract costs, removal of structures, the benefit of acquiring the properties, and information regarding the ineligibility for HMGP funding. Property eligible for HMGP funding is not eligible for this program. The acquisition plan must also include a description of how the local sponsor will insure there is not a duplication of benefits.

Over the long-term development of a flood control project following a voluntary acquisition program, the local sponsor's governing body must officially adopt a flood risk reduction plan or proposal including the flow to be mitigated. The flow used to develop the flood risk reduction plan must be included in zoning discussions to limit new development on other flood-prone property. An excerpt of the meeting minutes documenting the local sponsor's official action must be provided to the Chief Engineer.

Local sponsor must fund the local share for acquisitions; this requirement will not be waived. Federal funds are considered "local" for this program if they are entirely under the authority and control of the local sponsor.

The local sponsor must include a perpetual restrictive covenant similar to the restrictions required by the federal HMGP funding with the additional exceptions being that the property may be utilized for flood control structures and related infrastructure, paved surfaces, and bridges. These covenants must be recorded either in the deed or in a restrictive covenant that would apply to multiple deeds.

The local sponsor must provide justification, acceptable to the Chief Engineer, describing the property's ineligibility to receive federal HMGP funding. This is not meant to require submission and rejection by the federal government, but rather an explanation of why the property would not be eligible for federal funding. Example explanations include: permanent flood control structures may be built on the property; project will not achieve required benefit-cost analysis to support HMGP eligibility; or lack of available HMGP funding. If inability to receive federal funding is not shown to the satisfaction of the Chief Engineer, following consultation with the North Dakota Department of Emergency Services, the cost-share application will be returned to the local sponsor for submittal for federal funding prior to use of these funds.

2 **FLOOD PROTECTION PROGRAM.** This program supports local sponsor efforts to prevent future property damage due to flood events. The State Water Commission may provide cost-share up to 60 percent of eligible costs. For projects with federal participation, the cost-share may be up to 50 percent of eligible non-federal costs. The State Water Commission may consider a greater level of cost participation for projects involving a total cost greater than $100 million and having a basin wide or regional benefit.

Local share must be provided on a timely basis. The State Water Commission may lend a portion of the local share based on demonstrated financial need.

Property acquisition costs limited to the purchase price of the property that is not eligible for HMGP funding and within the footprint of a project may be eligible under this program. The local sponsor must include a perpetual restrictive covenant on any properties purchased under this program similar to the restrictions required by the federal HMGP funding with the additional exceptions being that the property may be utilized for flood control structures and related infrastructure, paved surfaces, and bridges. These covenants must be recorded either in the deed or in a restrictive covenant that would apply to multiple deeds.

Costs for property acquired, by easement or fee title, to preserve the existing conveyance of a breakout corridor recognized as essential to FEMA system accreditation may be eligible under this program.

The cost-share application must include the return interval or design flow for which the structure will provide protection. The Commission will calculate the amount of its financial assistance, based on the needs for protection against:

1. One-hundred year flood event as determined by a federal agency;

2. The national economic development alternative; or

3. The local sponsor's preferred alternative if the Commission first determines the historical flood prevention costs and flood damages and the risk of future flood prevention costs and flood damages, warrant protection to the level of the local sponsor's preferred alternative.

Storm water management is not an eligible cost-share category. In order to differentiate between a flood control project and storm water management, the Commission may reduce the cost-share provided by the percentage of the contributing watershed that is located within the community's corporate limits as calculated on an acreage basis

3 **FEMA Levee System Accreditation Program.** The State Water Commission may provide cost-share up to 60 percent for eligible services for FEMA 44 CFR 65.10 flood control or reduction levee system certification analysis. The analysis is required for FEMA to accredit the levee system for flood insurance mapping purposes. Typical eligible costs include site visits and field surveys to include travel expenses, hydraulic evaluations, closure evaluations, geotechnical evaluations, embankment protection, soils investigations, interior drainage evaluations, internal drainage hydrology and hydraulic reports, system modifications, break-out flows and all other engineering services required by FEMA. The analysis will result in a comprehensive report to be submitted to FEMA and the Chief Engineer.

Administrative costs to gather existing information or to recreate required documents, maintenance and operations plans and updates, and emergency warning systems implementation are not eligible.

4 **Dam Safety and Emergency Action Plans.** The State Water Commission supports dam safety including repairs and removals, as well as emergency action plans. The State Water Commission may provide cost-share for up to 75 percent of the eligible items for dam safety repair projects and dam breach or removal projects. Dam safety repair projects that are funded with federal or other agency funds may be cost-shared up to 75 percent of the eligible non-federal costs. The intent of these projects is to return the dam to a state of being safe from the condition of failure, damage, error, accidents, harm or other events that are considered a threat to public safety. The State Water Commission may lend a portion of the local share based on demonstrated financial need.

The State Water Commission may provide cost-share up to 80 percent, for emergency action plans (EAPs) of each dam classified as high or medium/significant hazard. The cost of a dam break model is only eligible for reimbursement for dams classified as a high hazard.

5 **Water Retention Projects.** The goal of water retention projects is to reduce flood damages by storing floodwater upstream of areas prone to flood damage. The State Water Commission may provide cost-share up to 60 percent of eligible costs for water retention projects including purchase price of the property. For projects with federal participation, the cost-share may be up to 50 percent. Water retention structures constructed with State Water Commission cost-share must meet state dam safety requirements, including the potential of cascade failure. A hydrologic analysis including an operation plan and a quantification of the flood reduction benefits for 25, 50, and 100-year events must be submitted with the cost-share application.

6 **INDIVIDUAL RURAL AND FARMSTEAD RING DIKE PROGRAM.** This program is intended to protect individual rural homes and farmsteads through ring dike programs established by water resource districts. All ring dikes within the program are subject to the Commission's Individual Rural and Farmstead Ring Dike Criteria provided in Attachment A. Protection of a city, community or development area does not fall under this program but may be eligible for the flood control program. The State Water Commission may provide up to 60 percent cost-share of eligible items for ring dikes up to a limit of $55,000 per ring dike.

Landowners enrolled in the Natural Resource Conservation Service's (NRCS) Environmental Quality Incentive Program (EQIP) who intend to construct rural or farmstead ring dikes that meet the State Water Commission's elevation design criteria are eligible for a cost-share reimbursement of 20 percent of the NRCS construction payment, limited to a combined NRCS and State Water Commission contribution of 80 percent of project costs.

D. WATER CONVEYANCE.

1 **RURAL FLOOD CONTROL.** These projects are intended to improve the drainage and management of runoff from agricultural sources. The State Water Commission may provide cost-share up to 45 percent of the eligible items for the construction of drains, channels, or diversion ditches. Construction costs for public road crossings that are integral to the project are eligible for cost-share as defined in N.D.C.C. § 61-21-31 and 61-21-32. If an assessment-based rural flood control project involves multiple districts, each district involved must join in the cost-share application.

Cost-share applications for rural assessment drains will only be processed after the assessment vote has passed, the final design is complete, and a drain permit has been obtained. If the local sponsor wishes to submit a cost-share application prior to completion of the aforementioned steps, a pre-application process will be followed.

A sediment analysis must be provided with any application for cost-share assistance for reconstruction of an existing drain. The analysis must be completed by a qualified professional engineer and must clearly indicate the percentage volume of sediment removal involved in the project. The cost of that removal must be deducted from the total for which cost-share assistance is being requested.

2 **BANK STABILIZATION**. The State Water Commission may provide cost-share up to 50 percent of eligible items for bank stabilization projects on public lands or those lands under easement by federal, state, or political subdivisions. Bank stabilization projects are intended to stabilize the banks of lakes or watercourses, as defined in N.D.C.C § 61-01-06, with the purpose of protecting public facilities. Drop structures and outlets are not considered for funding as bank stabilization projects, but may be eligible under other cost-share program categories. Bank stabilization projects typically consist of a rock or vegetative design and are

intended to prevent damage to public facilities including utilities, roads, or buildings adjacent to a lake or watercourse

3 **SNAGGING AND CLEARING**. These projects are ineligible for State Water Commission funding.

E. **RECREATION**. The State Water Commission may provide cost-share up to 40 percent for projects intended to provide water-based recreation. Typical projects provide or complement water-based recreation associated with dams.

F. **IRRIGATION.** The State Water Commission may provide cost-share for up to 50 percent of the eligible items for irrigation projects. The items eligible for cost-share are those associated with the off-farm portion of new central supply works, including water storage facilities, intake structures, wells, pumps, power units, primary water conveyance facilities, and electrical transmission and control facilities. The Commission will only enter into cost share agreements with political subdivisions, including irrigation districts, and not with individual producers.

ATTACHMENT A
INDIVIDUAL RURAL AND FARMSTEAD RING DIKE CRITERIA

MINIMUM DESIGN CRITERIA

- HEIGHT: The dike must be built to an elevation 2 ft above either the 100-year flood or the documented high water mark of a flood event of greater magnitude, whichever is greater.
- TOP WIDTH:
  - If dike height is 5 ft or less: 4 ft top width
  - If dike height is between 5 ft and 14 ft: 6 ft top width
  - If dike height is greater than 14 ft: 8 ft top width
- SIDE SLOPES: 3 horizontal to 1 vertical
- STRIP TOPSOIL AND VEGETATION: 1 ft
- ADEQUATE EMBANKMENT COMPACTION: Fill in 6-8 inch layers, compact with passes of equipment
- SPREAD TOPSOIL AND SEED ON RING DIKE

LANDOWNER RESPONSIBILITY

Landowners are responsible to address internal drainage on ring dikes. If culverts and flap gates are installed, these costs are eligible for cost-share. The landowner has the option of completing the work or hiring a contractor to complete the work.

If contractor does the work, payment is for actual costs with documented receipts.
If landowner does the work, payment is based on the following unit prices:

- STRIPPING, SPREADING TOPSOIL, AND EMBANKMENT FILL: Chief Engineer will determine rate schedule based on current local rates
- SEEDING: Cost of seed times 200%
- CULVERTS: Cost of culverts times 150%
- FLAP GATES: Cost of flap gates times 150%

OTHER FACTS AND CRITERIA

- The topsoil and embankment quantities will be estimated based on dike dimensions. Construction costs in excess of the 3:1 side slope standard will be the responsibility of the landowner. Invoices will be used for the cost of seed, culverts, and flap gates.
- Height can be determined by existing FIRM data or known elevations available at county floodplain management offices. Engineers or surveyors may also assist in establishing height elevations.
- The projects will not require extensive engineering design or extensive cross sections.
- A dike permit is required if the interior volume of the dike consists of 50 acre-feet, or more.

AUGUST 2018

SWC PROJECT PRIORITIZATION GUIDANCE

Projects submitted during the project planning inventory process[I] that meet SWC cost-share eligibility requirements will be considered for prioritization. In the interest of strategically investing in the state's highest water development priorities, the Water Commission will give funding preference to projects designated as higher priorities for the first 12 months of each budget cycle.

ESSENTIAL PROJECTS *(No Priority Ranking)*

Agency operational expenses.

An imminent water supply loss to an existing multi-user system, an immediate flood or dam related threat to human life or primary residences, or emergency response efforts.

Existing agency debt obligations.

SWC project mitigation.

HIGH PRIORITY PROJECTS

Federally authorized water supply or flood control projects with a federal funding appropriation.

Federally authorized water supply or flood control projects that do not have a federal appropriation.

Corrects a lack of water supply for a group of water users or connects a city to a regional/rural system.

Corrects a violation of a primary water quality condition in a water supply system.

Addresses severe or anticipated water supply shortages for domestic use in a service area or city with rapid population growth.

Protects primary residences or businesses from flooding in population centers or involves flood recovery property acquisitions.

MODERATE PRIORITY PROJECTS

Dam safety repairs and emergency action plans.

Expansion of an existing water supply system.

Levee system accreditations, water retention, or flood protection property acquisitions.

Irrigation system construction.

New rural flood control projects.

Bank stabilization.

LOW PRIORITY PROJECTS

Studies, reports, analyses, surveys, models, evaluations, mapping projects, or engineering designs.[II]

Improvement or extraordinary maintenance of a water supply system.

Improvement or extraordinary maintenance of rural flood control projects.

Recreation projects.

Individual rural and farmstead ring dike constructions.

Footnotes

I. All local sponsors are encouraged to submit project financial needs during the budgeting process. Projects not submitted as part of the project information collection effort may be held until action can be taken on those that were included during budgeting, unless determined to be an emergency that directly impacts human health and safety or that are a direct result of a natural disaster.

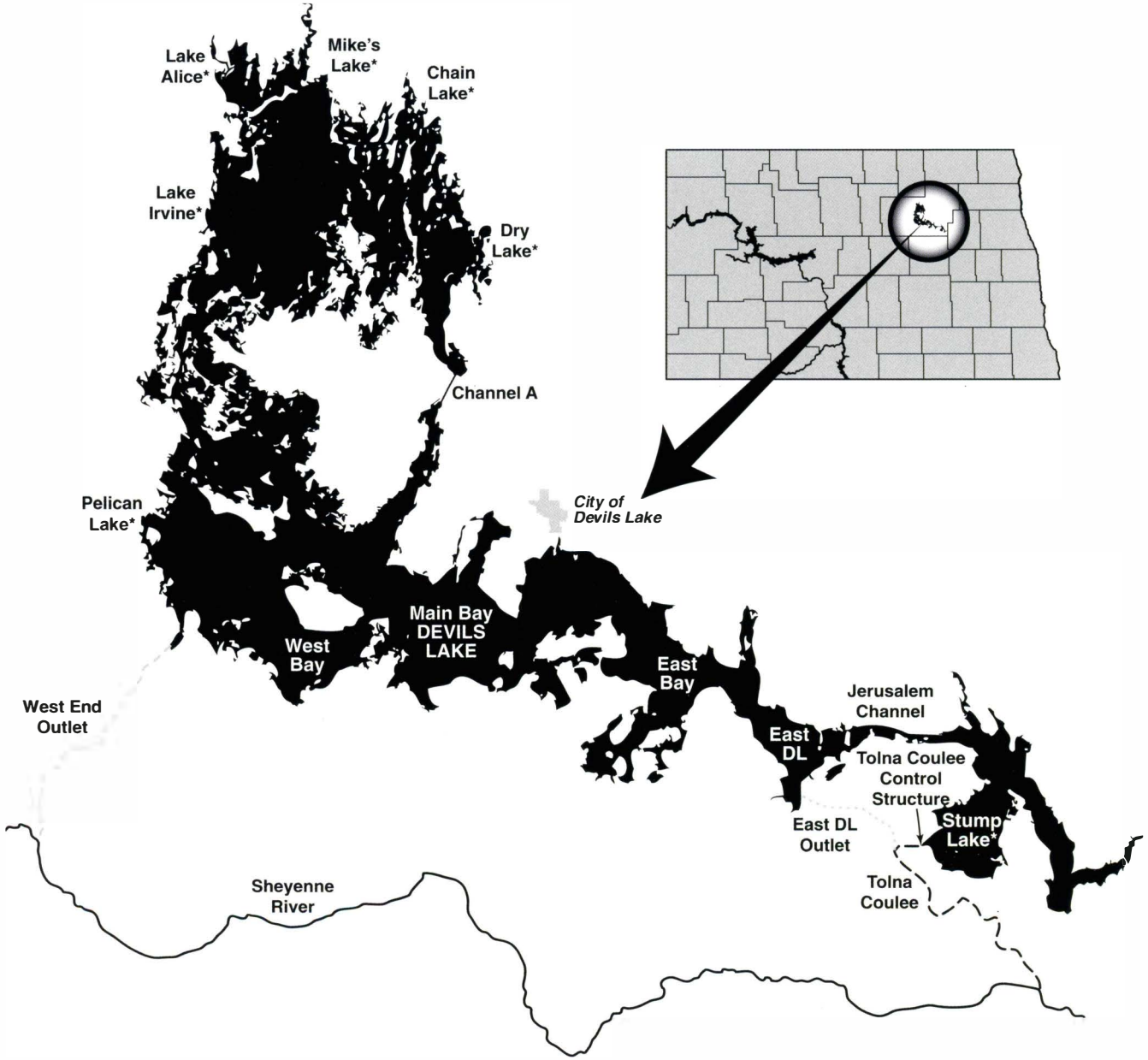
II. May be considered as a higher priority if the related project is of higher priority.

Disclaimer

This process is meant to provide guidance for prioritizing water projects during the budgeting process that may be eligible for cost-share assistance through the State Water Commission. Interpretation and deviations from the process are within the discretion of the state as authorized by the State Water Commission or Legislature.

MAP APPENDIX

DEVILS LAKE OUTLETS



*As the Lake has risen, a series of smaller lakes have been absorbed by Devils Lake.

SB 2020
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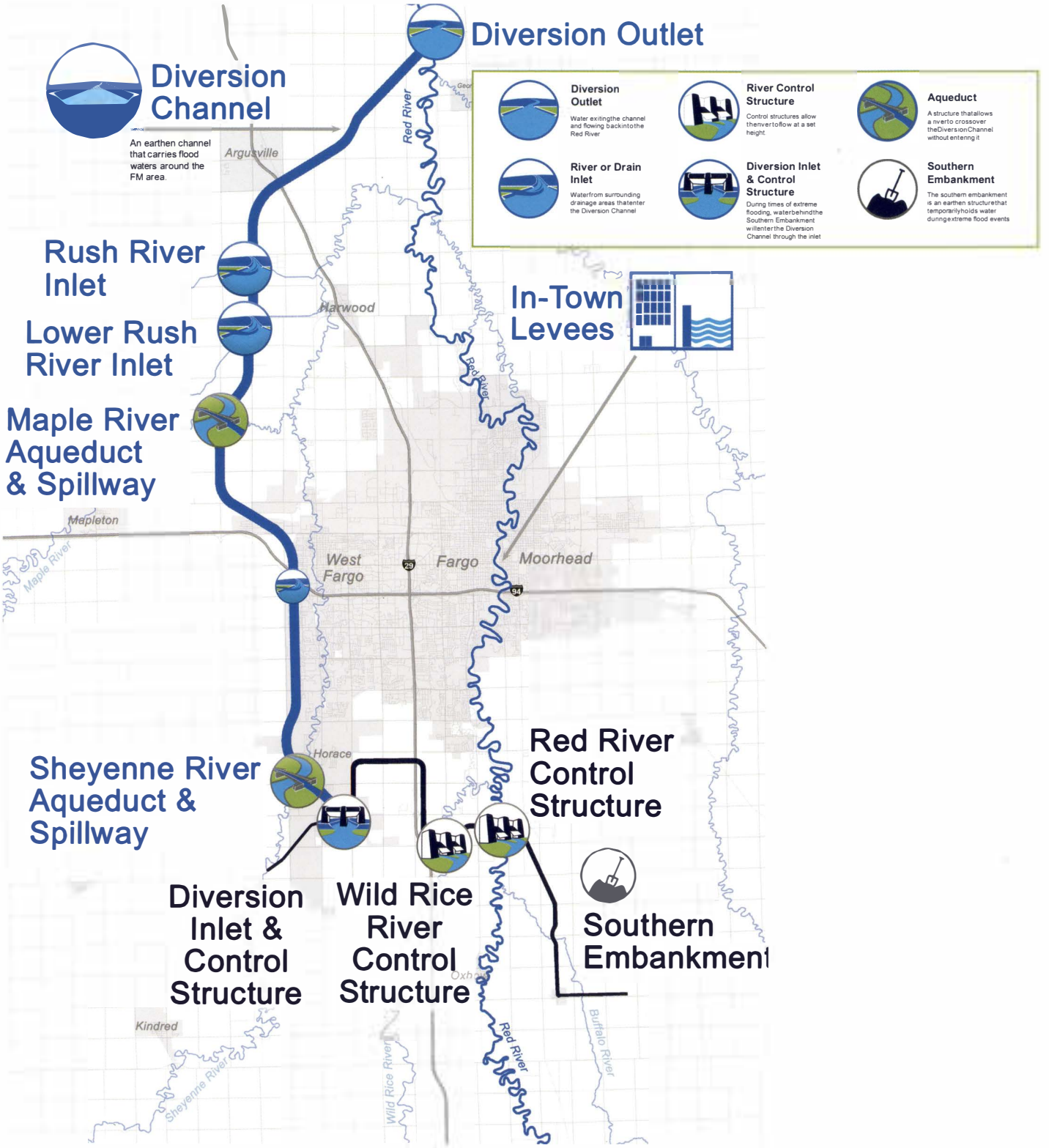
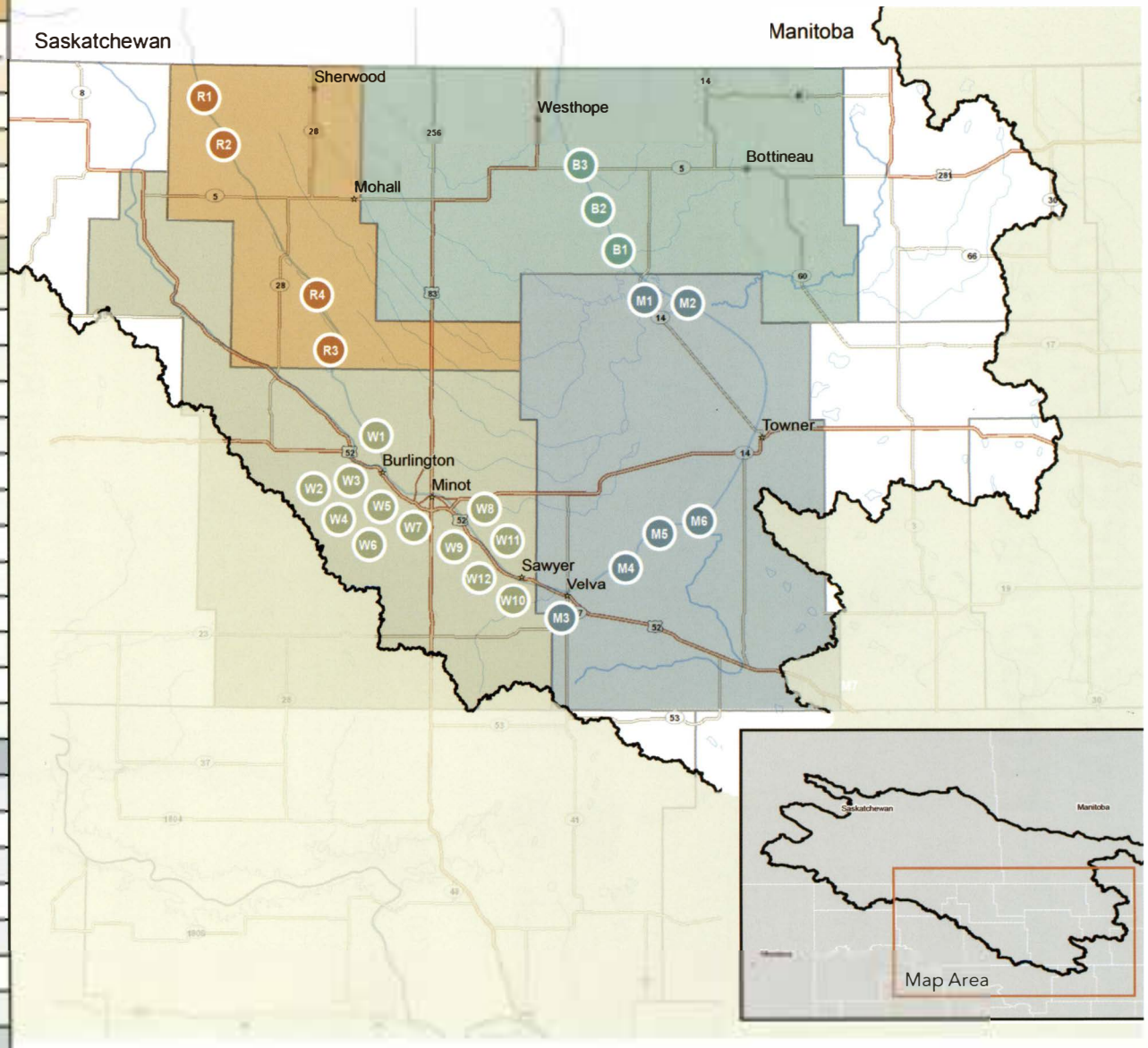
Attachment 3

FARGO-WEST FARGO FLOOD PROTECTION



MOUSE RIVER ENHANCED FLOOD PROTECTION PROJECT

Renville County Projects (Thru 2039)	
Rural Structure Acquisition, Relocation or Ring Dike	$2 M
Mouse River Park Levee Improvements	$21 M
Lake Darling Dam Operational Modifications	$3 M
Rural Bridge / Road Modifications	$13 M
Remove Trapped Water	$1 M
Renville County Subtotal	$40 M
Ward County Projects (Thru 2039)	
Rural Structure Acquisition, Relocation or Ring Dike	$25 M
Burlington Levee System	$36 M
Robinwood / Brooks Addition Levee System	$59 M
Talbott's Levee System	$7 M
King's Court Levee System	$17 M
Tierracita Vallejo Levee System	$17 M
Minot Levee System	$564 M
Apple Grove Levee System	$25 M
Eastside Estates Levee System	$13 M
Sawyer Levee System	$28 M
Rural Bridge / Road Modifications	$40 M
Remove Trapped Water	$1 M
Ward County Subtotal	$832 M
McHenry County Projects (Thru 2039)	
J. Clark Salyer Structure Modifications	$21 M
Rural Structure Acquisition, Relocation or Ring Dike	$5 M
Velva Levee System	$21 M
Rural Channel Modifications	$15 M
Rural Bridge / Road Modifications	$21 M
Remove Trapped Water	$3 M
McHenry County Subtotal	$86 M
Bottineau County Projects (Thru 2039)	
J. Clark Salyer Structure Modifications	$32 M
Rural Channel Modifications	$17 M
Rural Bridge / Road Modifications	$21 M
Bottineau [illegible] Subtotal	$70 M



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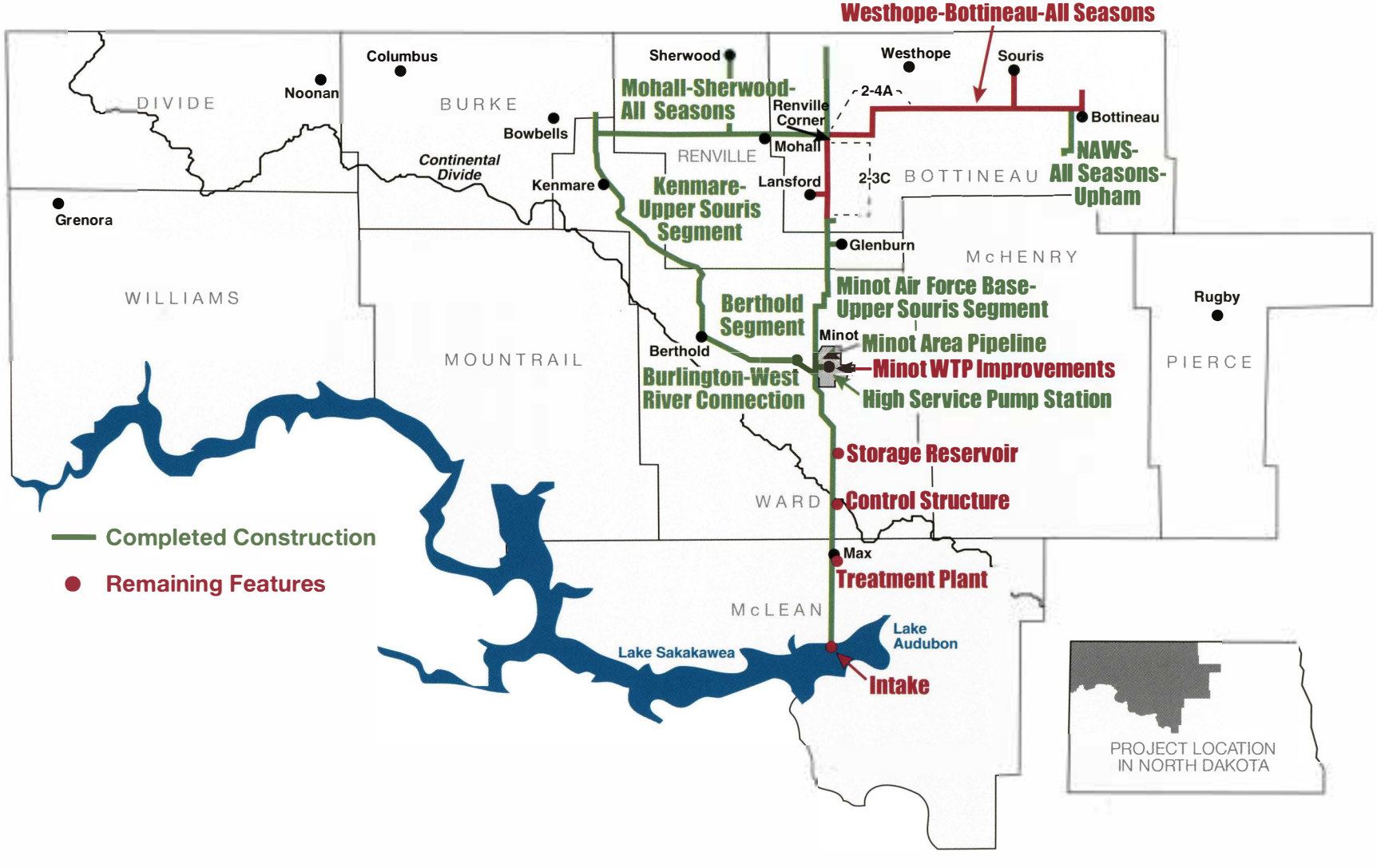
Attachment 3

NORTHWEST AREA WATER SUPPLY



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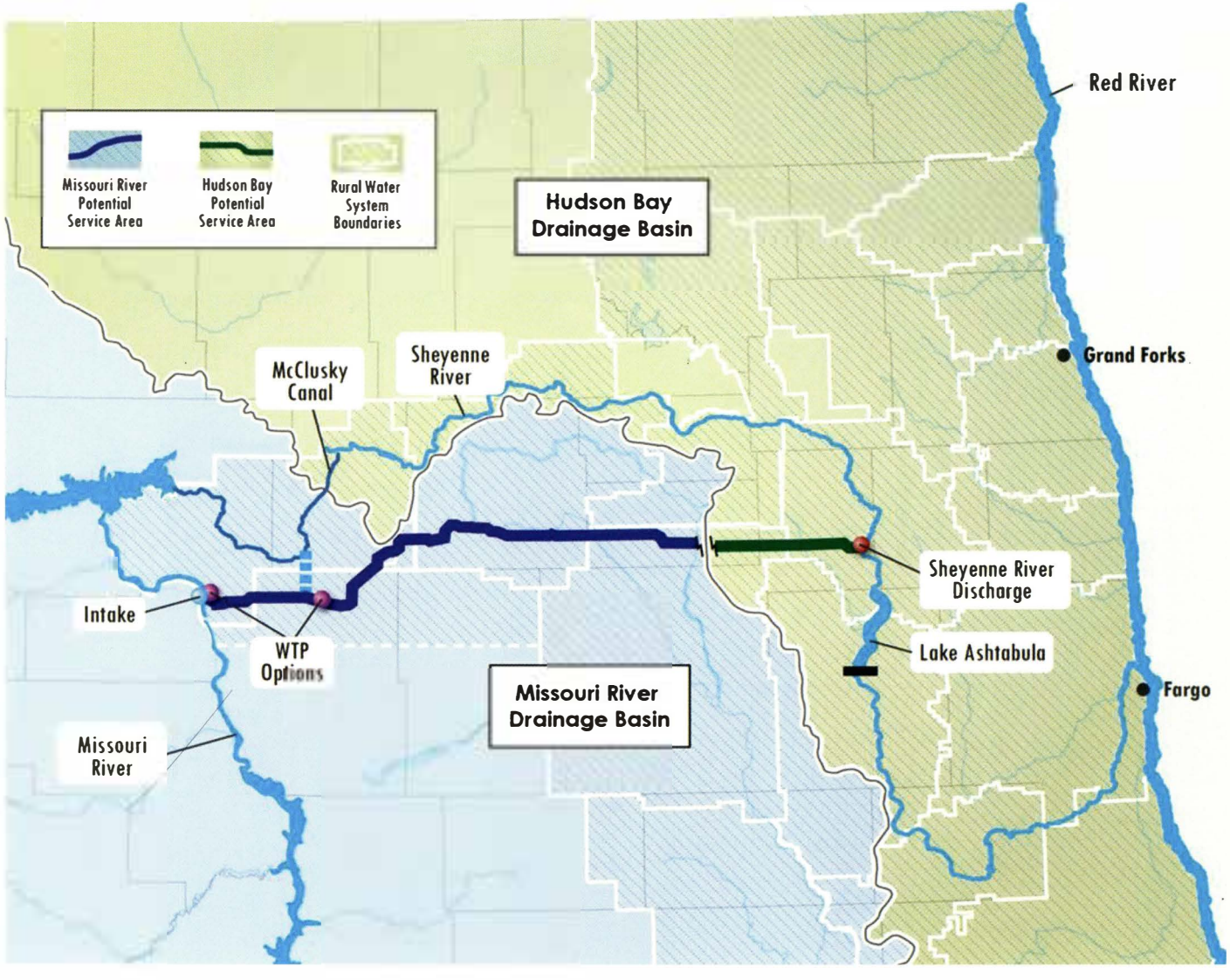
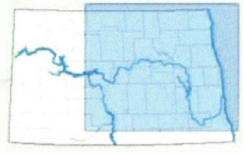
Attachment 3

RED RIVER VALLEY WATER SUPPLY





PROJECT MAP INCLUDES ONLY THE HIGHLIGHTED PORTION OF NORTH DAKOTA

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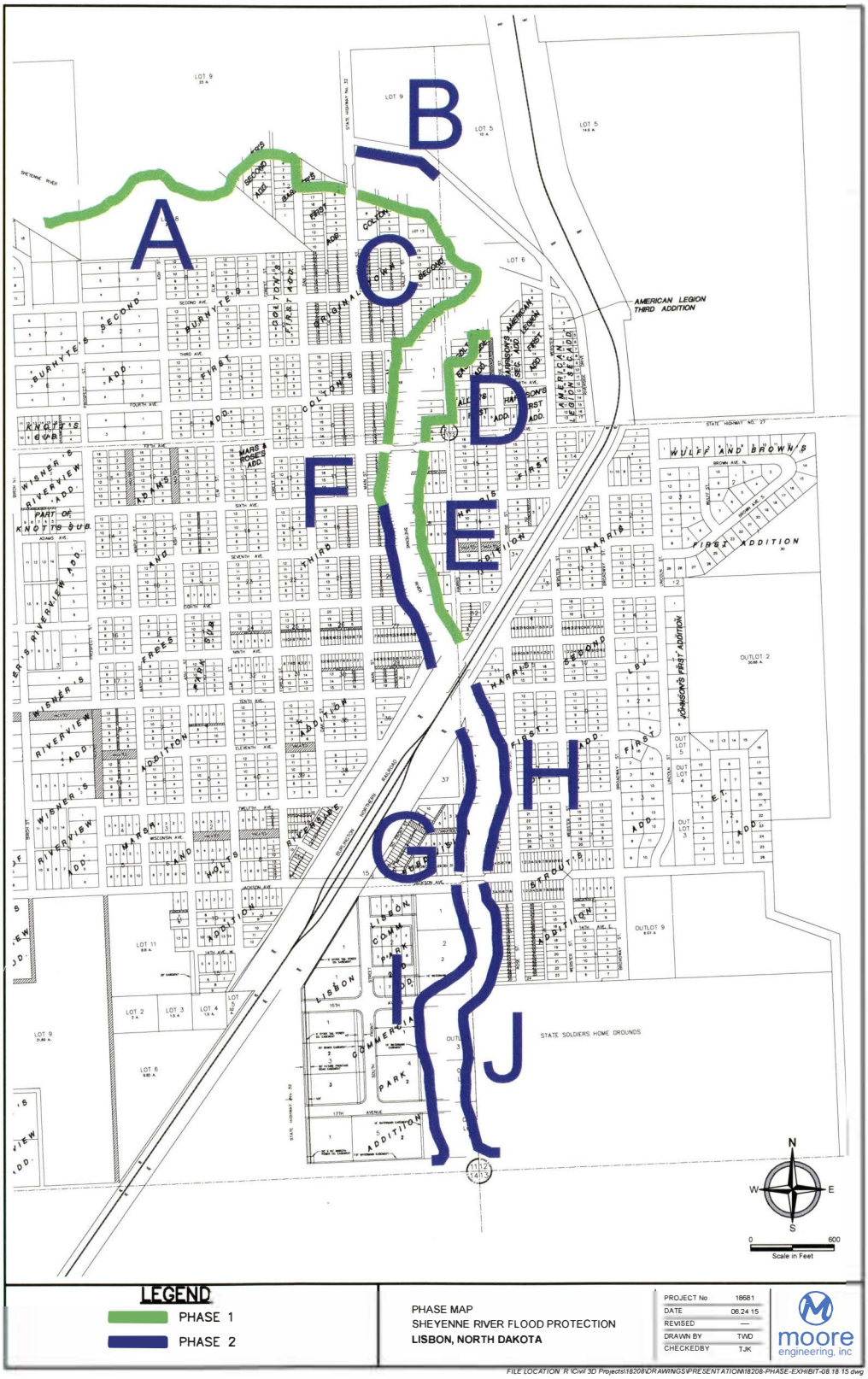
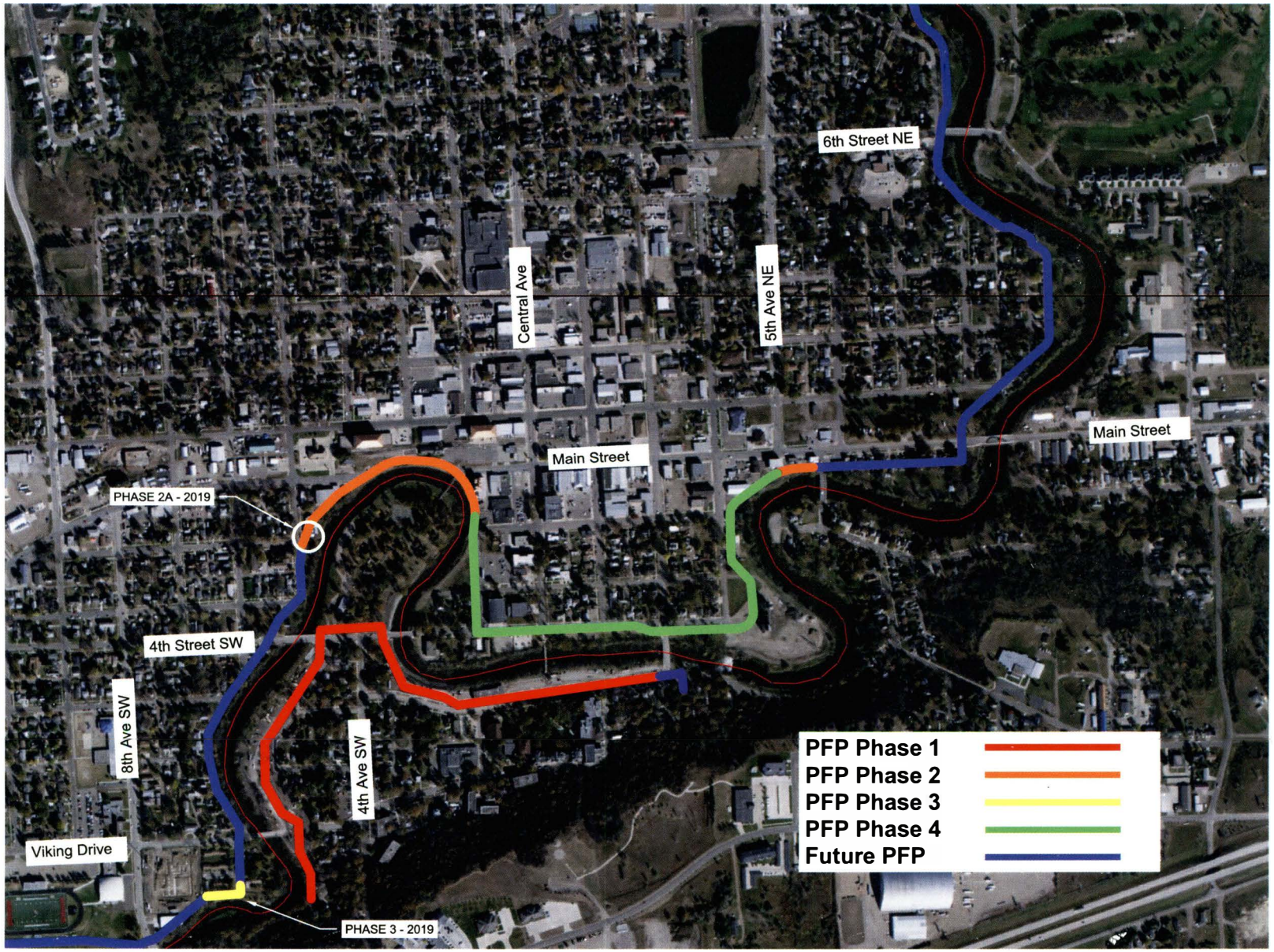
Attachment 3

SHEYENNE RIVER FLOOD PROTECTION (LISBON)



SHEYENNE RIVER FLOOD PROTECTION (VALLEY CITY)



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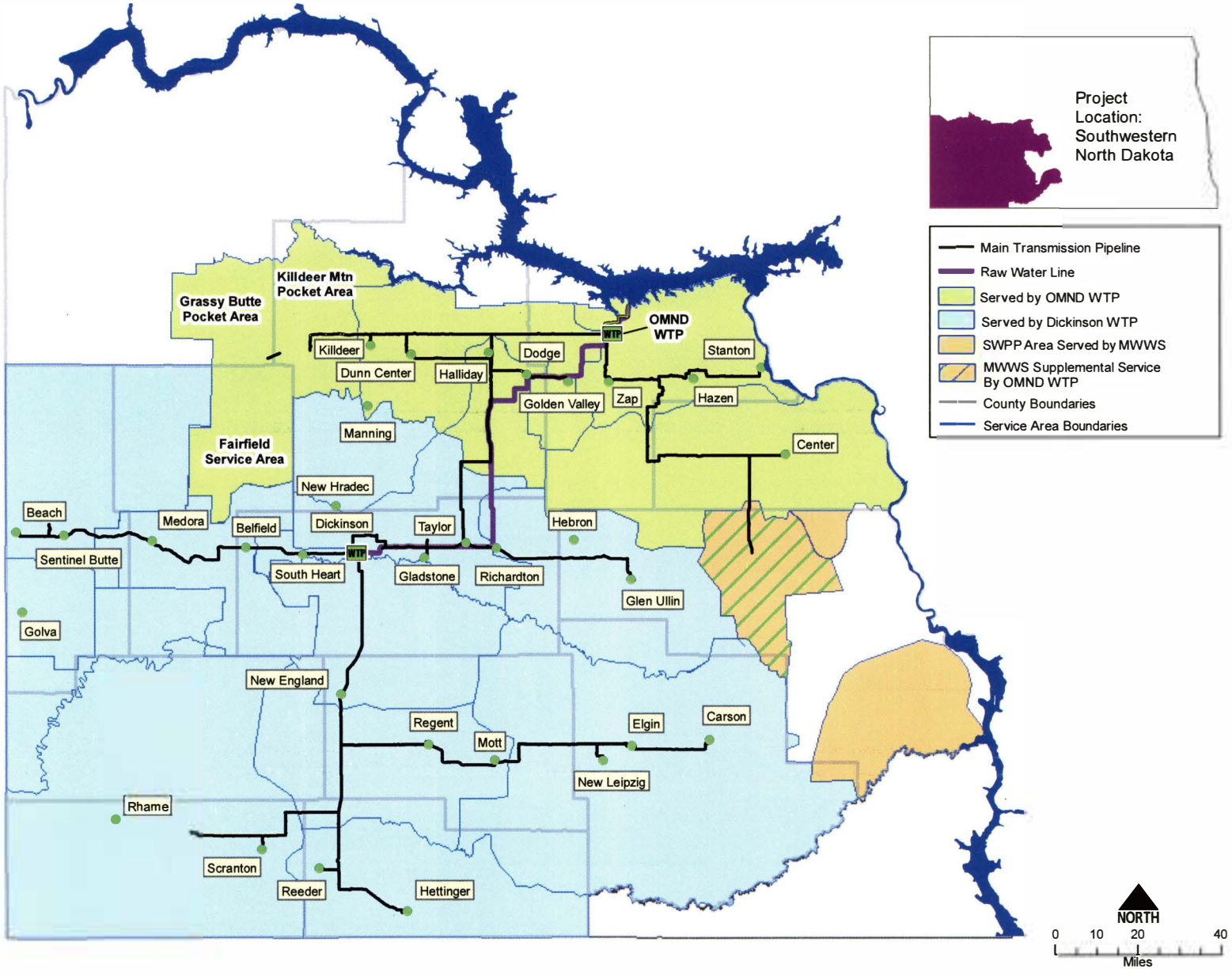
SOUTHWEST PIPELINE PROJECT



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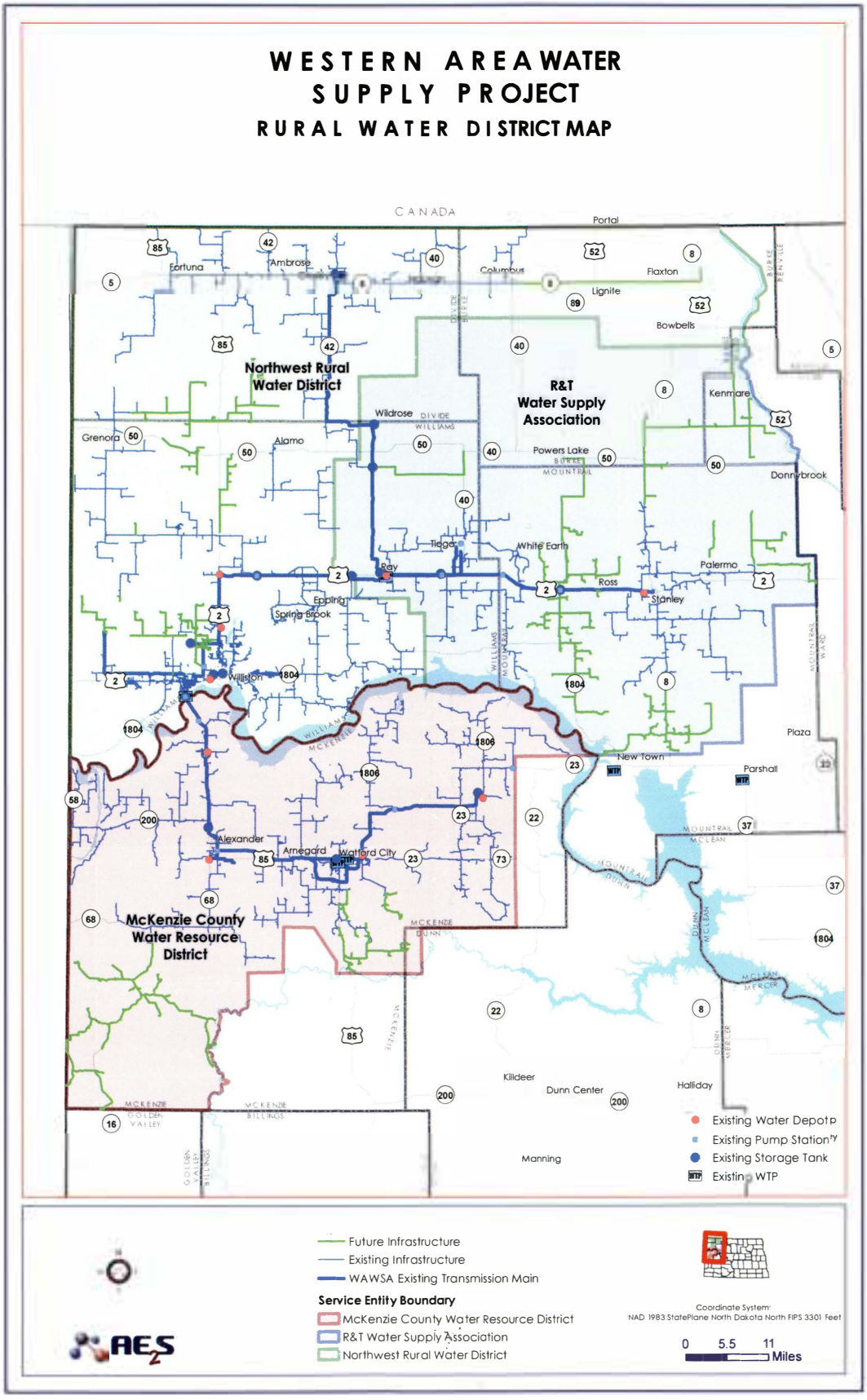
Attachment 3

WESTERN AREA WATER SUPPLY



North Dakota State Water Commission
& Office of The State Engineer Testimony
Engrossed Senate Bill 2020
House Appropriations – Education & Environment Division
March 7, 2019

Good morning Chairman Monson, and members of the House Appropriations, Education and Environment Division. I am Garland Erbele, North Dakota's State Engineer and Chief Engineer-Secretary to the North Dakota State Water Commission.

It is my pleasure to appear before you today regarding Engrossed Senate Bill (SB) 2020. My testimony will cover:

- An organizational overview of the Office of the State Engineer and State Water Commission;
- The agency's 2017-2019 appropriation and related spending;
- The agency's proposed budget, anticipated revenues and federal funding changes, and 2019-2021 one-time funding needs;
- 2019-2021 purpose funding priorities and long-term planning; and
- Other agency issues.

ORGANIZATIONAL OVERVIEW

As illustrated by our organizational chart, the State Water Commission and Office of the State Engineer are comprised of 93 Full Time Employees (FTE). This is a reduction of 4 FTE from the previous biennium. As indicated in my introduction, I serve as both North Dakota's State Engineer, and as Chief Engineer-Secretary to the State Water Commission.

January 2019

North Dakota State Water Commission Organizational Chart

(Total Full Time Equivalents of 93 personnel.)

OFFICE OF THE GOVERNOR

STATE WATER COMMISSION
Governor - Chairman
7 appointed members
Agriculture Commissioner
NDCC 61-02

Chief Engineer and Secretary to Water Commission
Garland Erbele, P.E.

State Engineer
Garland Erbele, P.E.
NDCC 61-03

Assistant State Engineer
John Paczkowski, P.E., CFM

Administrative Staff Officer
Cheryl Fitzgerald

Information Technology
Chris Bader
FTE: 4

DIVISION	DIVISION	DIVISION	DIVISION	DIVISION	DIVISION
ADMINISTRATIVE SERVICES *David Laschkewitsch* FTE: 5	**ATMOSPHERIC RESOURCES** *Darin Langerud* FTE: 4	**PLANNING AND EDUCATION** *Patrick Fridgen* FTE: 8	**REGULATORY** *Aaron Carranza, P.E., CFM* FTE: 12	**WATER APPROPRIATION** *Jon Patch, P.E.* FTE: 28	**WATER DEVELOPMENT** *Craig Odenbach, P.E., CFM* FTE: 29
• General Support • Legal • Accounting • Human Resources	• Cloud Modification Program • Weather Research • Data Collection • License and Permits • Radar Operations	• State Water Plan • Water Education Program • Media Relations • Public Outreach and Information • Livestock Water Supply Program	• Construction Permits • Sovereign Lands • Dam Safety • Floodplain Management • Silver Jacket Program • Drainage Permits	• Water Rights • Water Permitting • Ground Water Management • Surface Water Management • Subsurface Exploration • Hydrologic Data • Water Resource Investigations	• Investigations and Surveying • Construction Operations • Cost-Share Program • MR&I Program • Southwest Pipeline • NAWS • Red River Office • Devils Lake Outlet Operations

SB 2020
3/7/19
Attachment 4

The Assistant State Engineer, John Paczkowski, provides direction and support for all efforts under the regulatory authorities of the Office of the State Engineer, as well as water development functions through the State Water Commission. The Assistant State Engineer also represents North Dakota on the Congressionally authorized Missouri River Recovery Implementation Committee.

The Administrative Services Division, directed by Dave Laschkewitsch, provides agency operational support including accounting, human resources, records management, and legal support coordination for all agency projects and programs.

The Water Appropriations Division, directed by Jon Patch, is responsible for the processing of water permit applications, water rights evaluations, hydrologic data collection, water supply investigations, and economic development support activities.

The Atmospheric Resources Division, directed by Darin Langerud, is responsible for the administration of cloud seeding activities in the state, conducts atmospheric research, provides student intern training opportunities, and performs weather-related data collection and analyses.

The Water Development Division, directed by Craig Odenbach, is responsible for project engineering, construction, and maintenance; Municipal, Rural and Industrial water supply program, and State Water Supply Program administration; flood response and recovery; cost-share program administration; Southwest Pipeline and Northwest Area Water Supply projects management; and operation of the Devils Lake outlets.

The Information Technology (IT) Section, managed by Chris Bader, is responsible for providing the technology infrastructure required to support the scientific and regulatory functions for the agency; the office and back-office automation functions to address workflow and integration requirements; and the development and maintenance of the data management infrastructure used to support agency water resource management initiatives.

The Planning and Education Division, directed by Patrick Fridgen, develops and maintains the State Water Development Plan; the agency's Strategic Plan; provides technical assistance and collaboration on local, regional, and international natural resource planning initiatives; and manages the Drought Disaster Livestock Water Supply Assistance Program, public information and water education programs, media relations, environmental reviews, and open records requests.

And finally, the Regulatory Division, directed by Aaron Carranza, is responsible for the review and permitting of drain, dike, dam, and sovereign land applications; administration of North Dakota's Dam Safety Program; assisting communities with floodplain management through the National Flood Insurance Program; administration of FEMA's Map Modernization program; and sovereign land management, including ordinary high water mark delineations.

I would also like to bring to your attention that since the 2017 session, we have seven new Governor-appointed members on the State Water Commission – representing the state's major river basins. They are Katie Andersen (James River Basin), Michael Anderson (Lower Red River Basin), Richard Johnson (Devils Lake Basin), Dr. Leander "Russ"

McDonald (Lower Missouri River Basin), Mark Owan (Upper Missouri River Basin), Matthew Pedersen (Upper Red River Basin), and Jason Zimmerman (Mouse River Basin).

An excellent source of information regarding our agency and our major projects and programs is the newly developed 2019-2021 Water Commission and Office of the State Engineer Strategic Plan. A copy of that report was provided for your reference, and it is available for electronic download via our website at swc.nd.gov.

2017-2019 APPROPRIATION & SPENDING

2017-2019 Appropriation and Related Spending

During the current 2017-2019 biennium, the State Water Commission reimbursed $277.9 million for water projects through January 2019. It is anticipated that an additional $34.6 million will be reimbursed through June 2019. We estimate that we will carry $350 million of the committed contract fund projects forward into the 2019-2021 biennium. The agency's 2017 appropriation included a $75 million line of credit, which could be considered one-time funding. We ask the Legislative Assembly to again include a $75 million line of credit in our 2019-2021 biennium budget. Engrossed Senate Bill 2020 does include this line of credit.

2017-2019 Purpose Funding Overview

The Water Commission's 2017 appropriation included water project funding for four purposes – including water supply, rural water supply, flood control, and general water management. The total appropriation included in House Bill 1020 for new project funding was $298.8 million, as outlined in the following table.

FUNDING PURPOSE	HB 1020
Water Supply	$120,125,000
Rural Water Supply	$27,000,000
Flood Control	$136,000,000
General Water Management	$15,750,000
FUNDING TOTAL	**$298,875,000**

Specific projects that have been funded by the Water Commission under each of the purpose funding categories, the total amount of funding approved, and existing balances as of February 2019 are attached as an addendum (Addendum I) to this testimony for your information.

ENGROSSED SB 2020 AND ESTIMATED 2019-2021 FUNDING

Section 1 of Engrossed Senate Bill 2020 contains the Senate's budget recommendation for the State Water Commission for the 2019-2021 biennium.

As outlined in the following table, the Executive recommendation totals $836,198,186. This is a decrease of $9,018,274 from the recommended appropriation included in Engrossed SB 2020, which totals $845,216,460. Also note that agency FTE from the current biennium to the Executive and Senate recommendations have decreased by three. It is our understanding that the Governor's recommendation version of Senate Bill 2020 has been attached to the Legislative Council budget information sheets (Green Sheets) for your reference. That information is also attached to this testimony (Addendum II).

	BASE LEVEL	EXECUTIVE RECOMMENDATION	ENGROSSED SB 2020
Salaries & Wages	$19,659,298	$20,111,564	$19,833,131
Operating Expenses	$58,044,691	$43,787,553	$43,855,753
Capital Assets	$124,819,442	$113,213,758	$147,938,758
Project Carryover	$274,867,897	$308,333,818	$308,333,818
New Projects	$169,782,147	$350,751,493	$0
Water Supply Grants	$0	$0	$115,000,000
Rural Water Supply Grants	$0	$0	$30,000,000
Flood Control Grants	$0	$0	$145,000,000
General Water Grants	$0	$0	$35,255,000
TOTAL SPECIAL FUNDS	**$647,173,475**	**$836,198,186**	**$845,216,460**
FULL-TIME EQUIVALENT POSITIONS	93	90	90
LINE OF CREDIT (BND)	$75,000,000	$0	$75,000,000

Available Funding

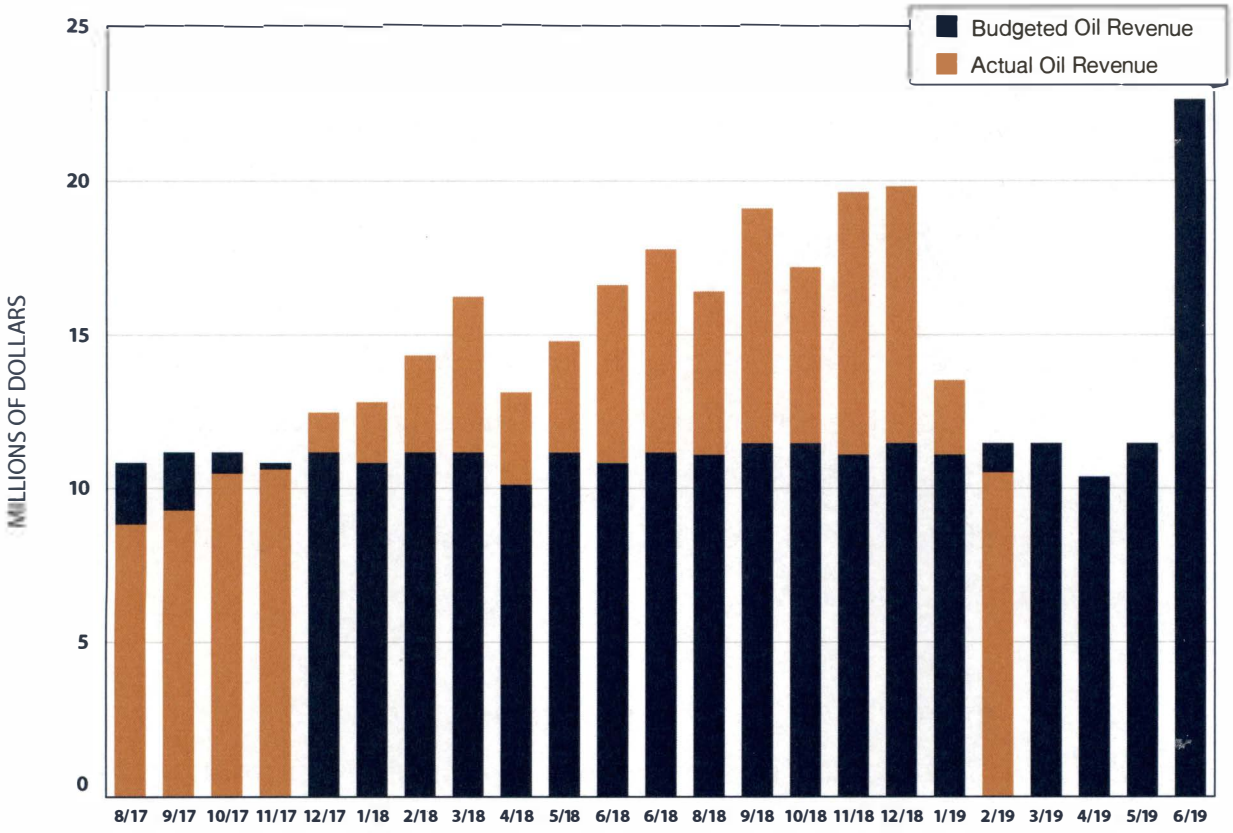
The Legislative Assembly removed all General Fund dollars from the Water Commission's budget in the 2013-2015 biennium. Since that time, Executive budget recommendations have followed suit, and have not included any General Fund dollars.

Federal funds totaling $39.1 million were included in the Senate and Executive budget recommendations. This is an increase of $11.6 million from the 2017-2019 biennium. This increase is primarily due to an anticipated increase of federal funding available through the Municipal, Rural, and Industrial Water Supply Program.

Revised revenue projections are scheduled to be presented next week, which will likely result in changes to the following information. With that in mind, the November 2018 revenue forecast projected the Resources Trust Fund revenues for the 2017-2019 biennium to total $374 million.

When combined with the fund's beginning balance of $306.4 million, less the estimated expenditures of $348.8 million, the balance in the Resources Trust Fund at the beginning of the 2019-2021 biennium would be $331.6 million. All of those funds will be for projects carried forward from the 2017-2019 biennium.

Revenues from the oil extraction tax are highly dependent on world oil prices and production. Therefore, it is very difficult to predict future funding levels – as outlined in the table below. The November 2018 forecast included $370 million for the 2019-2021 biennium from oil extraction. Additional revenue into the Resources Trust Fund will come from Southwest Pipeline Project reimbursements, State Water Commission water supply program loan repayments, interest, and oil royalties. These are estimated to total an additional $18.1 million.



The other large funding source for the Water Commission is the Water Development Trust Fund. The Water Development Trust Fund is projected to bring in $16.1 million in new revenue during the 2019-2021 biennium. When combined with an estimated beginning balance of $58.2 million, the Executive recommendation includes $72.8 million of spending authority from this fund.

In total, the Executive budget recommendation included $403 million for new projects and $350 million for uncompleted projects from the previous biennium. The $350 million includes $308.3 million from the project carryover line, and $41.7 million from the capital assets line.

As mentioned previously, in addition to the traditional revenue sources outlined above, the State Water Commission also requested a line of credit in the amount of $75 million from the Bank of North Dakota, which is included in Engrossed SB 2020. The line of credit would be used to fund development of the biota water treatment plant at Max as part of the Northwest Area Water Supply (NAWS) project. This element of NAWS is a federal responsibility. However, in consideration of potential delays in appropriation of sufficient funding from the federal government, we are proposing the state front the costs of constructing this project element – with reimbursement from the federal government in the future.

In terms of background to this issue, after more than a decade of legal proceedings filed by the Canadian Province of Manitoba and the State of Missouri against the US Bureau of Reclamation (Bureau) and State of North Dakota, NAWS received a favorable ruling in August 2017. The District of Columbia District Court ruled in favor of NAWS, allowing the State of North Dakota to move forward with construction of the project.

Additionally, in June 2018, the Bureau and State of North Dakota reached a settlement with Manitoba, ending its appeal of the US District Court's August 2017 ruling. The settlement has resolved Manitoba's appeal, and summary judgement has been granted in favor of NAWS. While a settlement was reached with Manitoba, an appeal remains from the State of Missouri based on their standing in the case. However, there is no longer an injunction in place, so we can once again continue with construction. With the project now cleared to proceed after decades of challenges, we believe an aggressive approach to moving this project forward as expeditiously as possible is warranted.

FUTURE WATER DEVELOPMENT AND PLANNING

2019-2021 Agency Funding Priorities

In developing water project funding priorities for the 2019-2021 biennium, the Water Commission worked closely with project sponsors from across the state to understand and identify their projects and associated financial needs.

In early 2018, the agency contacted project sponsors and asked them to submit information about water projects they would like to move forward in the 2019-2021 and future biennia. The information included detailed information about the projects and their financial needs. About 300 projects were submitted to the agency, and each one was individually reviewed for potential eligibility and priority by State Water Commission members and staff. Ultimately, that inventory of projects was presented to the water community and general public at seven Commissioner-hosted basin meetings – held around the state.

The result of this process is a comprehensive inventory of water projects throughout North Dakota that could come forward for new or additional cost-share in future biennia. The projects are organized in the 2019 Water Development Plan by project type, major river basin, and priority beginning on page 39.

The agency's priorities for the 2019-2021 biennium are also outlined in the 2019 Water Development Plan and in the following table. This $478 million funding plan was based on earlier revenue projections, and assumed the agency would be granted authority for a $75 million line of credit from the Bank of North Dakota.

2019-2021 STATE WATER COMMISSION FUNDING PRIORITIES	
PROJECTS	$478M FUNDING SCENARIO
Devils Lake Outlet Operations	$8.0
Fargo-West Fargo Area Flood Control	$166.5
General Water Management	$10.0
Mouse River Flood Control	$70.0
Municipal Water Supply	$20.0
Northwest Area Water Supply	$75.0*
Other Flood Control & Conveyance	$6.0
Red River Valley Water Supply	$30.0
Rural Water Supply	$30.0
Sheyenne River Flood Control	$11.0
Southwest Pipeline Project	$16.5
Western Area Water Supply	$35.0
PROJECTS TOTAL	**$478.0**

*Represents a line of credit.

Because of potential changes to revenues, we understand that adjustments may be necessary to the amount of funding available for projects. However, I would like to bring to your attention that a tremendous amount of information related to the state's water development priorities is included in the 2019 Water Development Plan for your reference as you consider funding allocations. This includes both historical background information, as well as future funding need estimates – beginning on page 15.

Long-Term Planning

On a final note related to the agency's funding priorities, I feel it's important to emphasize that many of our state's priority water projects are far too large to complete in one, or even several biennia. For that reason, we put additional effort into forecasting 10- and 20-year water development funding needs as part of the 2019 water development planning process. This effort involved a great deal of coordination with major project sponsors, as well as an extensive survey of municipal and rural water systems through a cooperative effort with the League of Cities and the North Dakota Rural Water Systems Association.

Along with the forecast of longer-term funding needs, we have also provided comparisons of those needs with various ranges of revenue streams to demonstrate potential long-term funding shortfalls or surpluses that may come to fruition. That information is available for your consideration beginning on page 76, with summary tables on pages 83 and 84 of the 2019 Water Development Plan.

OTHER AGENCY SPECIFICS

In other agency specifics, I would like to bring to your attention the issue of employee compensation. Over the course of this current biennium, we experienced a reduction of 4 FTEs, we have not been able to provide pay increases, and we have seen workloads and mandates rise – while anticipating additional reductions in FTEs for the upcoming biennium.

As a result of these circumstances, we have had outstanding employees leave, including some to other states. And our ability to attract and retain talent continues to erode in an increasingly competitive job market – despite the presence of the state's benefit packages.

In the interest of attracting and retaining high quality employees to support management and development of our state's water resources, I respectfully request your consideration of a salary increase package that, at a minimum, meets the Executive recommendation.

On a final note related to this issue, I would like you to know that we have an outstanding team at the State Water Commission. They are talented, dedicated professionals. They care deeply about making a difference in the lives of the people they serve. And for those of you who have a history of working with our staff members – you already know those things about them.

CONCLUSION

In closing, I would like to say that the State Water Commission members, and all of the agency's staff look forward to working with you for the remainder of this Legislative session, as well as during the upcoming interim. If you have questions, or need additional information, please

feel free to contact us, and we will do our best to provide you with the information you've requested. Our contact information has been provided for your reference and convenience.

Mr. Chairman and members of the committee, this concludes my testimony. I will be happy to answer any questions that you or any members of the committee may have at this time.

ADDENDUM I

(Rural Water Supply, Water Supply, Flood Control, and General Water Management Purpose Funding Summaries)

RURAL WATER SUPPLY PURPOSE FUNDING: 2017-2019 BIENNIUM		
	PURPOSE FUNDING TOTAL	$27,000,000
Obligated This Biennium	East Central Regional Water District - Grand Forks System	$4,150,000
	East Central Regional Water District - Traill System	$1,396,880
	East Central Regional Water District - Larimore Interconnect	$513,750
	East Central Regional Water District - Phase 3 Agassiz WUD	$232,795
	Northeast / East Central Regional Water District - Northeast Area Master Plan	$107,000
	Greater Ramsey Water District - Devils Lake Regionalization	$599,000
	North Prairie Rural Water District - Mountrail County	$6,516,000
	Southeast Water User District - System Wide Expansion	$2,749,000
	Stutsman Rural Water District - Phase 6 Pettibone	$2,100,000
	Walsh Rural Water District - System Improvements	$1,300,000
	North Prairie Rural Water District - Silver Spring Surrey	$107,430
	North Prairie Rural Water District - Reservoir 9	$1,114,620
	Cass Rural Water User District - Horace Storage Tank	$1,846,000
	McLean-Sheridan Rural Water District - Turtle Lake Tower	$2,378,450
	Tri-County Rural Water District - System Expansion	$2,803,250
	TOTAL APPROVED	$27,914,175
	FUNDING TURNED BACK	$952,515
	REMAINING BALANCE (FEBRUARY 2019)	**$38,340**

WATER SUPPLY PURPOSE FUNDING: 2017-2019 BIENNIUM		
PURPOSE FUNDING TOTAL		$120,125,000
Obligated This Biennium	Grand Forks - Water Treatment Plant	$30,000,000
	Lake Agassiz Water Authority - Red River Valley Water Supply	$17,000,000
	Lincoln - Water Supply Main	$1,130,000
	Mandan - Sunset Reservoir Transmission Line	$3,135,000
	Mercer - McLean-Sheridan Connection	$166,950
	Minot - Northwest Area Water Supply	$14,600,000
	New Town - Water Tower	$1,940,000
	State Water Commission - Southwest Pipeline Project	$13,500,000
	West Fargo - Brooks Harbor Water Tower	$1,950,000
	West Fargo - North Loop Connection	$510,000
	West Fargo - West Loop Connection	$1,110,000
	Western Area Water Supply - Phase 5	$20,000,000
	Williston - US Highway 2 Water Main	$434,400
	Williston - 9th Avenue E Water Main	$246,000
	Williston - 18th Street Water Main	$2,090,000
	Wing - Water Tower	$72,000
TOTAL APPROVED		$107,884,350
FUNDING TURNED BACK		$2,497,208
REMAINING BALANCE (FEBRUARY 2019)		**$14,737,858**

FLOOD CONTROL PURPOSE FUNDING: 2017-2019 BIENNIUM		
	PURPOSE FUNDING TOTAL	$136,000,000
Obligated This Biennium	Mouse River Flood Control	$64,295,217
	Valley City Flood Control	$3,958,104
	Maple River WRD - Davenport Flood Risk Reduction	$35,000
	Pembina County WRD - Drain #81	$56,000
	Southeast Cass WRD - Raymond-Mapleton Township Imp. District #76	$3,043
	Bottineau County WRD - Baumann Legal Drain	$41,427
	Bottineau County WRD - Baumann Legal Drain	$391,742
	Traill County WRD - Norway Drain #38	$61,917
	Richland County WRD - Legal Drain #7	$274,541
	Mapleton Re-Certification	$213,670
	Michigan Spillway Flood Assessment	$42,053
	Cass County Joint WRD - Sheldon Subdivision Levee	$370,200
	Walsh County Drain 30-02	$328,042
	City Of Belfield - Flood Control Study	$27,000
	Lower Heart River WRD - Mandan Flood Control	$280,000
	Metro Flood Diversion Authority - FM Area Diversion	$66,500,000
	TOTAL APPROVED	$136,877,956
	FUNDING TURNED BACK	$1,642,398
	REMAINING BALANCE (FEBRUARY 2019)	**$764,442**

GENERAL WATER MANAGEMENT PURPOSE FUNDING: 2017-2019 BIENNIUM		
	PURPOSE FUNDING TOTAL	$15,750,000
Obligated This Biennium	Garrison Diversion Unit - Mile 42 Irrigation	$937,207
	Garrison Diversion - Mile Marker 0 & 0.4 Irrigation	$1,673,793
	Drought Disaster Livestock Water Supply	$1,775,000
	Barnes County WRD - Kathryn Dam	$754,875
	McLean County WRD - Painted Woods Lake	$284,768
	McLean County WRD - Yanktonai Dam EAP	$11,793
	Valley City Water Treatment Plant	$586,350
	AEM - Survey Funding	$425,000
	Golden Valley County WRD - Odland Dam Rehab	$110,055
	Walsh County WRD - Matacjek Dam	$279,750
	USGS Cooperative Hydrologic Monitoring	$553,790
	USGS Stream Gage Joint Funding - FY 2019	$422,870
	Sargent County WRD - Brummond-Lubke Dam	$317,111
	Hettinger County WRD - Karey Dam Engineering	$67,916
	PMP Update	$600,000
	NPS Pollution - Department of Health	$200,000
	Red River Basin Commission	$200,000
	Assiniboine River Basin Commission	$100,000
	State Engineer Approvals	$971,545
	Wildlife Services - ND Department of Agriculture	$125,000
	Yellowstone Irrigation District	$692,500
	TOTAL APPROVED	$11,089,323
	FUNDING TURNED BACK	$591,243
	REMAINING BALANCE (FEBRUARY 2019)	**$5,251,920**

ADDENDUM II

(Governor's Recommendation Version of Senate Bill 2020)

Sixty-sixth
Legislative Assembly
of North Dakota

SENATE BILL NO. 2020
(Governor's Recommendation)

Introduced by

Appropriations Committee

(At the request of the Governor)

A bill for an Act to provide an appropriation for defraying the expenses of the state water commission; to provide a contingent appropriation; to amend and reenact section 61-02-79 of the North Dakota Century Code, relating to a Bank of North Dakota line of credit; to provide for a transfer; and to provide an exemption.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. APPROPRIATION. The funds provided in this section, or so much of the funds as may be necessary, are appropriated from special funds derived from federal funds and other income, to the state water commission for the purpose of defraying the expenses of the state water commission, for the biennium beginning July 1, 2017, and ending June 30, 2019, as follows:

	Base level	Adjustments or Enhancements	Appropriation
Salaries and wages	$19,651,385	$460,179	$20,111,564
Operating expenses	47,608,165	(3,820,612)	43,787,553
Capital assets	112,219,442	994,316	113,213,758
Grants - local cost share	467,694,483	(116,942,990)	350,751,493
Grants- carryover	0	308,333,818	308,333,818
Total all funds	$647,173,475	$189,024,711	$836,198,186
Full-time equivalent positions	93.00	(3.00)	90.00

SECTION 2. ONE-TIME FUNDING – EFFECT ON BASE BUDGET – REPORT TO SIXTY-SIXTH LEGISLATIVE ASSEMBLY. The following amounts reflect the one-time funding items approved by the sixty-fourth legislative assembly for the 2015-17 biennium and the 2017-19 one-time funding items included in the grand total appropriation in section 1 of this Act:

One-Time Funding Description	2017-19	2019-21
Line of credit – Bank of North Dakota	75,000,000	0
Total all funds	$75,000,000	$0

SECTION 3. ADDITIONAL INCOME - APPROPRIATION. In addition to the amounts included in the estimated income line item in section 1 of this Act, any additional amounts in the resources trust fund and water development trust fund that become available are appropriated to the state water commission for the purpose of defraying the expenses of that agency, for the biennium beginning July 1, 2019, and ending June 30, 2021.

SECTION 4. GRANTS - WATER-RELATED PROJECTS - CARRYOVER AUTHORITY. Section 54-44.1-11 does not apply to funding for grants or water-related projects included in the capital assets, capital construction carryover, or grants line items in section 1 of this Act. However, this exclusion is only in effect for two years after June 30, 2021. Any unexpended funds appropriated from the resources trust fund after that period has expired must be transferred to the resources trust fund and any unexpended funds appropriated from the water development trust fund after that period has expired must be transferred to the water development trust fund.

SECTION 5. LINE ITEM TRANSFERS. The chief engineer/secretary of the state water commission may transfer between the salaries and wages, operating, capital assets, capital construction carryover, and grants line item in Section 1 of this Act when it is cost-effective for construction of water projects. The state water commission shall notify the office of management and budget of any transfers made pursuant to this section.

SECTION 6. AMENDMENT. Section 61-02-79 of the North Dakota Century Code is amended and reenacted as follows:

61-02-79. Bank of North Dakota - Line of credit.

The Bank of North Dakota shall extend a line of credit not to exceed seventy-five million dollars at a rate of one and one-half percent over the three month London interbank offered rate, but may not exceed three percent to the state water commission. The state water commission shall repay the line of credit from funds available in the resources trust fund, water development trust fund, or other funds, as appropriated by the legislative assembly. The state water commission may access the line of credit, as necessary, to provide funding as authorized by the legislative assembly for water supply projects approved before June 30, ~~2019~~2021, and flood control projects that have approval for funding before June 30, ~~2019~~2021.

SECTION 7. CONTINGENT APPROPRIATION – BANK OF NORTH DAKOTA LINE OF CREDIT. The sum of $75,000,000, or so much of the sum as necessary, from a Bank of North Dakota line of credit included in section 6 of this Act, may be transferred to the state water commission for the purpose of funding water projects for the biennium beginning July 1, 2019, and ending June 30, 2021.

MOUSE RIVER PLAN

AHS SB 2020 3/7/19

Project Summary

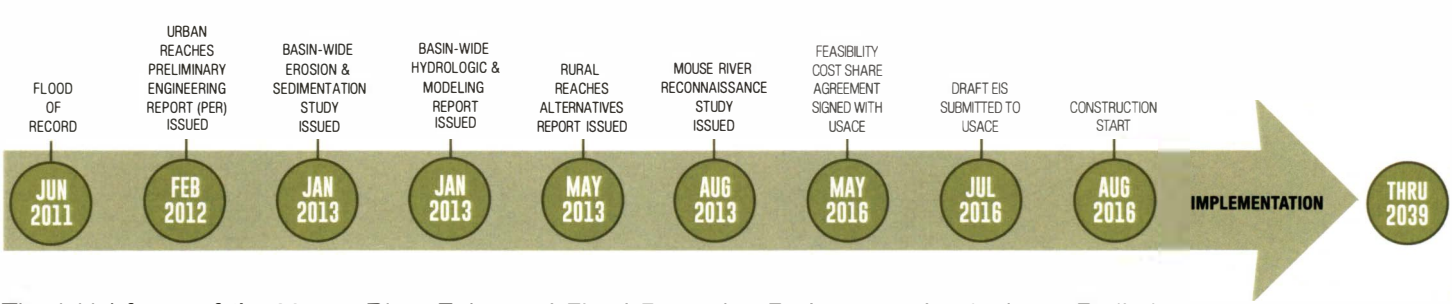
MARCH 2019

A HISTORY OF SEVERE FLOODING

On June 25, 2011, the Mouse River flowed under Minot's Broadway Bridge at a record rate of 27,400 cubic feet per second (cfs) – more than five times the rate that existing channels and levees had been designed for. Not since 1882 had flows in excess of 20,000 cfs been seen. For weeks during the 2011 flood, water levels were too high for passenger and emergency vehicles to safely cross numerous area bridges. After flood waters receded, many bridges remained out of service for months while damages were assessed and repaired.

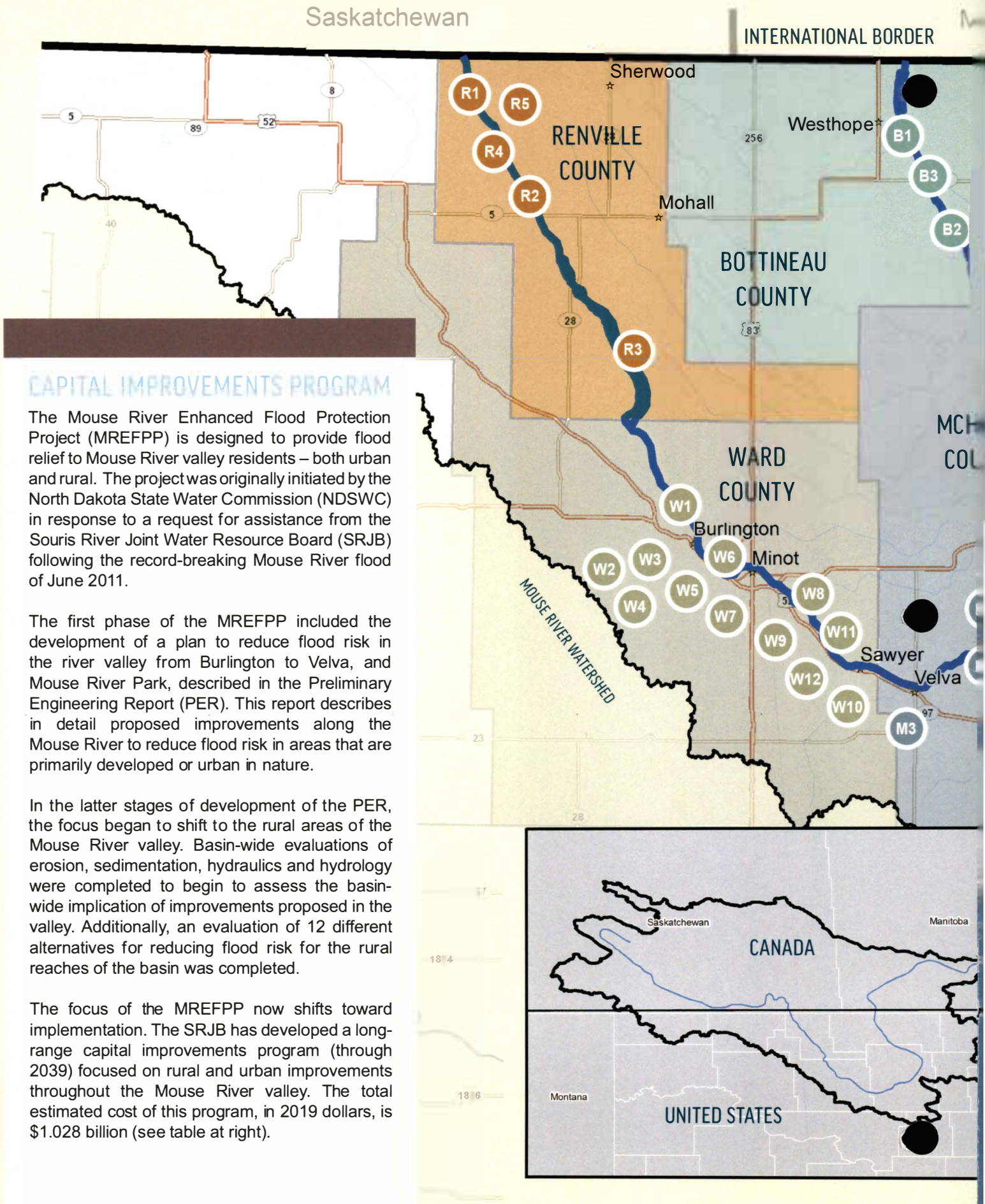
The record-breaking flow overwhelmed most flood fighting efforts along the entire reach of the Mouse River, causing extensive damages to homes, businesses, public facilities, infrastructure, farms and ranches. According to the U.S. Army Corps of Engineers (USACE), 4,700 residential, commercial and public structures in Renville, Ward and McHenry Counties sustained building and content damages totaling more than $690 million. If emergency flood fighting measures had not been implemented, structure damages would have totaled roughly $900 million. Infrastructure damages totaled hundreds of millions of dollars in the city of Minot alone.

Agricultural and rural infrastructure losses eclipsed $100 million. The rural reaches of the Mouse River valley in North Dakota have endured frequent flood damages over the past two decades. Flooding has had significant impacts on the rural residents who make their livelihood along the river. Impacts from flooding in the rural areas are varied and widespread, including crop and hay losses, damage to structures, impacts to livestock, and loss of commerce due to inundated roads and bridges.



The initial focus of the Mouse River Enhanced Flood Protection Project was developing a Preliminary Engineering Report for the urbanized portions of the basin. Additional reports identified potential solutions for the rural reaches of the valley. The current focus is on implementation.

1775 SB 2020 3/7/19



CAPITAL IMPROVEMENTS PROGRAM

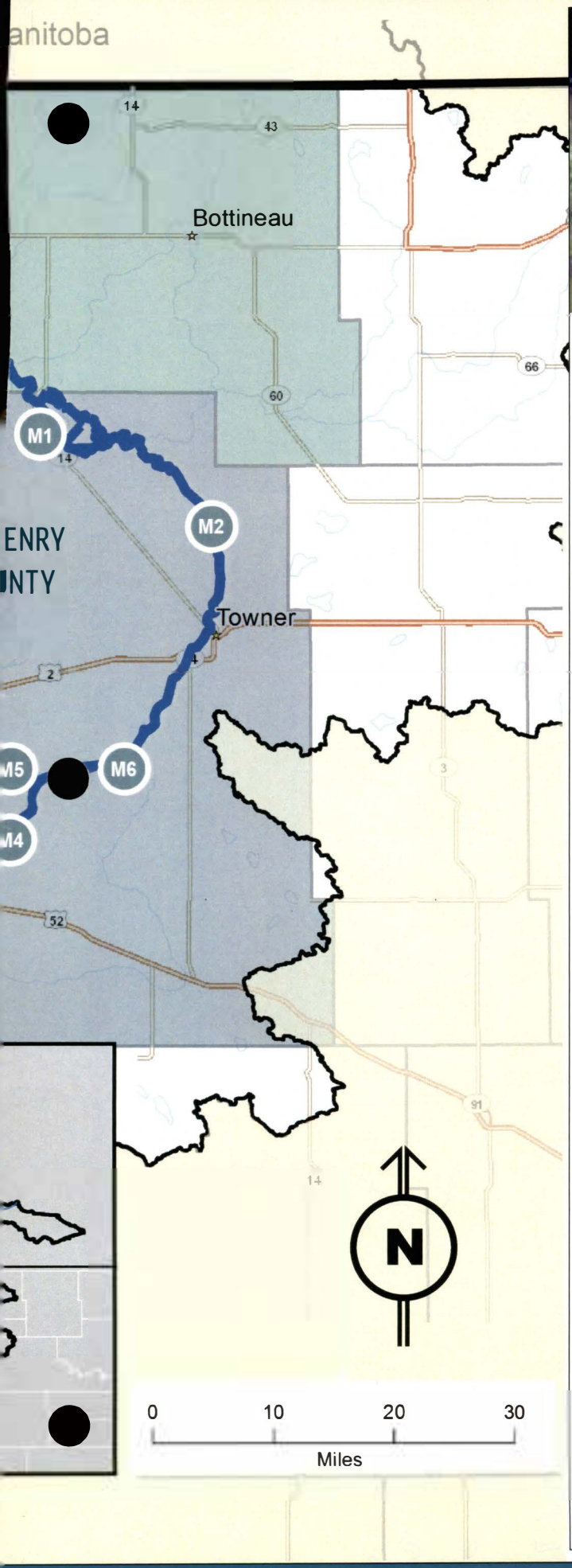
The Mouse River Enhanced Flood Protection Project (MREFPP) is designed to provide flood relief to Mouse River valley residents – both urban and rural. The project was originally initiated by the North Dakota State Water Commission (NDSWC) in response to a request for assistance from the Souris River Joint Water Resource Board (SRJB) following the record-breaking Mouse River flood of June 2011.

The first phase of the MREFPP included the development of a plan to reduce flood risk in the river valley from Burlington to Velva, and Mouse River Park, described in the Preliminary Engineering Report (PER). This report describes in detail proposed improvements along the Mouse River to reduce flood risk in areas that are primarily developed or urban in nature.

In the latter stages of development of the PER, the focus began to shift to the rural areas of the Mouse River valley. Basin-wide evaluations of erosion, sedimentation, hydraulics and hydrology were completed to begin to assess the basin-wide implication of improvements proposed in the valley. Additionally, an evaluation of 12 different alternatives for reducing flood risk for the rural reaches of the basin was completed.

The focus of the MREFPP now shifts toward implementation. The SRJB has developed a long-range capital improvements program (through 2039) focused on rural and urban improvements throughout the Mouse River valley. The total estimated cost of this program, in 2019 dollars, is $1.028 billion (see table at right).

Att 5 SB 2020 3/17/19



BASIN-WIDE IMPROVEMENTS

BENEFITING RENVILLE, WARD, MCHENRY AND BOTTINEAU COUNTIES

Renville County Projects (Thru 2039)		
R1	Rural Structure Acquisition, Relocation or Ring Dike	$2 M
R2	Mouse River Park Levee Improvements	$21 M
R3	Lake Darling Dam Operational Modifications	$3 M
R4	Rural Bridge / Road Modifications	$13 M
R5	Remove Trapped Water	$1 M
	Renville County Subtotal	**$40 M**

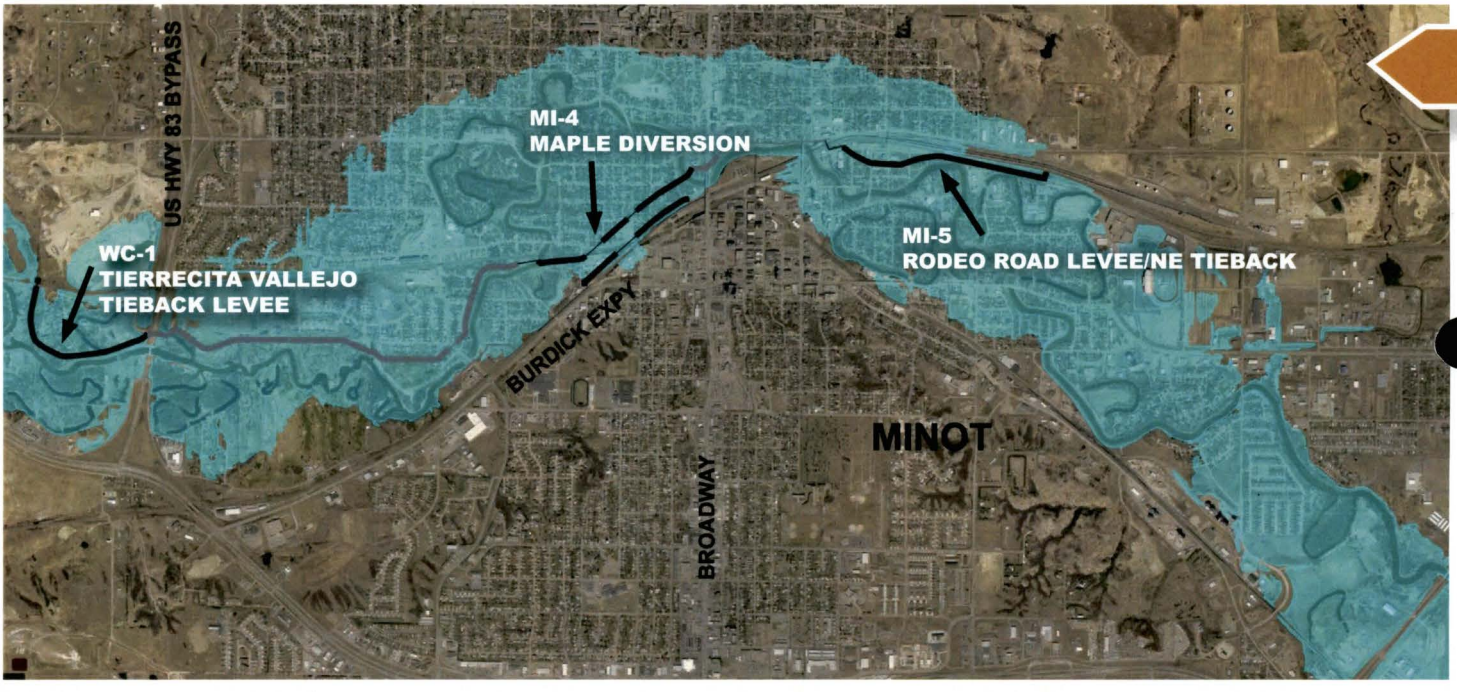
Ward County Projects (Thru 2039)		
W1	Rural Structure Acquisition, Relocation or Ring Dike	$25 M
W2	Burlington Levee System	$36 M
W3	Robinwood / Brooks Addition Levee System	$59 M
W4	Talbott's Levee System	$7 M
W5	King's Court Levee System	$17 M
W6	Tierracita Vallejo Levee System	$17 M
W7	Minot Levee System	$564 M
W8	Apple Grove Levee System	$25 M
W9	Eastside Estates Levee System	$13 M
W10	Sawyer Levee System	$28 M
W11	Rural Bridge / Road Modifications	$40 M
W12	Remove Trapped Water	$1 M
	Ward County Subtotal	**$832 M**

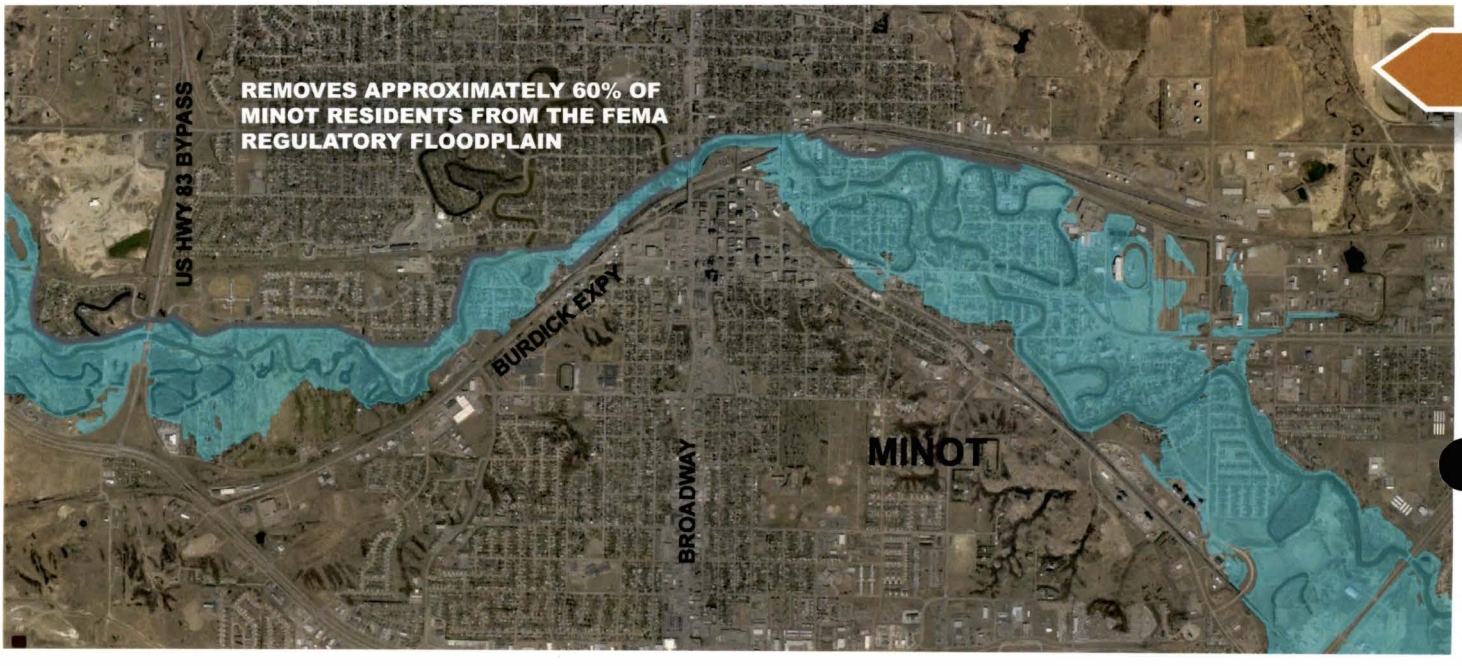
McHenry County Projects (Thru 2039)		
M1	J. Clark Salyer Structure Modifications	$21 M
M2	Rural Structure Acquisition, Relocation or Ring Dike	$5 M
M3	Velva Levee System	$21 M
M4	Rural Channel Modifications	$15 M
M5	Rural Bridge / Road Modifications	$21 M
M6	Remove Trapped Water	$3 M
	McHenry County Subtotal	**$86 M**

Bottineau County Projects (Thru 2039)		
B1	J. Clark Salyer Structure Modifications	$32 M
B2	Rural Channel Modifications	$17 M
B3	Rural Bridge / Road Modifications	$21 M
	Bottineau County Subtotal	**$70 M**

GRAND TOTAL: $1.028 BILLION

Att 5 SB 2020 3/7/19





Atts SB 2020 3/17/19

CURRENT WORK

The Federal Emergency Management Agency (FEMA) is in the process of updating the Flood Insurance Rate Maps for Ward County, including the city of Minot. FEMA's proposal will double the 100-year discharge, which is used to establish the regulatory floodplain, from 5,000 to 10,000 cubic feet per second. The current effective regulatory floodplain is confined to the banks of the Mouse River. Once FEMA's new Flood Insurance Rate Maps become effective, the regulatory floodplain will resemble what is shown in this figure in blue. Nearly 3,000 homes will be placed into the regulatory floodplain, mandating purchase of high risk flood insurance that will cost residents of the basin millions of dollars annually.

FUTURE WORK

Future phases of the project include the construction of the Maple Diversion and high ground tieback levees at the western edge of Minot at Tierrecita Vallejo and in northeast Minot along 4th Avenue. Recent work by the Souris River Joint Board and the US Army Corps of Engineers as part of the federal Feasibility Study has identified a potential federal interest in the construction of these features. This study is expected to be completed in February 2019. If a federal interest is identified, two important additional Congressional milestones must be achieved to bring the project to fruition – authorization and appropriation. Each of these actions is typically delivered in the form of a Water Resources Development Act (WRDA) Bill.

INTERIM MILESTONE

Following the construction of these initial phases of the project in Minot, the regulatory floodplain will be amended in the interim to remove approximately 60% of the homes affected in Minot. The interim regulatory floodplain is shown to the left in blue. Significant resources and support from federal, state and local governments will be necessary to implement flood risk reduction features that benefit the remainder of the Mouse River basin.

Construction work is complete on the portion of the flood control project around Minot's water treatment plant. Construction is currently underway for the Napa Valley levee, Forest Road levee, and 4th Avenue floodwall portions of the project in Minot (shown on the map to the left).

Construction of the floodwall and stormwater pump station to protect the water treatment plant in 2016.

A portion of floodwall near 16th Street Southwest and the Minot Water Treatment Plant.

New roadway closure structure at 16th Street Southwest near the Minot Water Treatment Plant.

FUNDING

Atts
SB 2020
3/7/19

Federal Funding

To begin the process of securing federal funds for construction, the Souris River Joint Board (SRJB) executed a Feasibility Cost Share Agreement with the US Army Corps of Engineers (USACE) in May 2016. The execution of this agreement began a three-year process that will ultimately determine if there is a federal interest in constructing a flood-risk-reduction project within the Mouse River basin.

If a federal interest is determined, two additional and important milestones must be achieved through action by Congress – authorization and appropriation.

The extent of possible federal funding is unknown at this time. The timeframe for authorization and appropriation is also uncertain, as these Congressional actions are taken in the form of Water Resources Development Act (WRDA) bills.

Local Funding

The City of Minot continues to provide leadership for northwest North Dakota. Through its commitment to provide all of the local share for the Northwest Area Water Supply (NAWS) project and the Mouse River Plan, Minot has committed significant financial resources intended to benefit tens of thousands of residents that do not live within the limits of the city.

Presently, the City of Minot is collecting a 0.7% sales tax for flood control which is generating approximately $7 million per year.

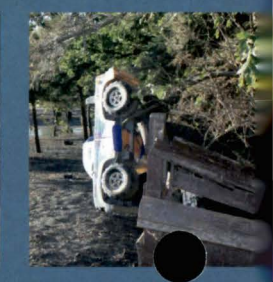
Discussions are ongoing to examine the possibilities associated with increasing revenues through additional sales taxes, property taxes or other fees.

The City of Minot has been fortunate enough to receive Disaster Recovery assistance from the U.S. Department of Housing and Urban Development (HUD). Despite a long list of unmet recovery needs, the City has elected to utilize these HUD funds for flood control acquisitions. This is being done for the benefit of the entire region.

It should be noted that HUD funds may not be used for the construction of flood control features.

State Funding

Funding through the North Dakota State Water Commission has been coupled with local funding to allow the Mouse River Plan to progress since its inception by the State of North Dakota following the 2011 flood. To date, major activities undertaken with state funds include acquisitions, environmental documentation, design and some construction. Generally, funding from the State of North Dakota has provided up to 75% of the total cost for acquisitions and up to 65% of the total cost for other activities.



FINANCIAL HARDSHIP

Several communities along the Mouse River - Burlington, Sawyer, Velva, the unincorporated subdivisions in Ward and Renville counties, and the rural reaches of the valley - do not have the ability to raise funding sufficient to cover the local share of the flood control project. Because of its commitment to the region's success, the City of Minot has agreed to be the primary source of local funding for the project. Sales tax is the most likely source, with a 0.7% sales tax currently being levied by the City of Minot for flood control.

While sales taxes may be increased, it should be noted that **residents of Minot are currently paying a total of 7.5% in sales taxes – tied for the highest rate among North Dakota's largest five cities.** Currently, a portion of the sales taxes levied by the City of Minot are used for property tax relief. **Should sales tax rates for flood control increase, the likelihood of higher property taxes also increases.**

The residents of the Mouse River basin were devastated by the 2011 flood. Residents of Minot and the surrounding communities witnessed the Mouse River cause hundreds of thousands of dollars of damage to their personal property. While partial recovery assistance was made available through federal and state programs, **the typical resident of the Mouse River basin was still left with massive debt as a result of the 2011 flood,** since a majority of the assistance provided to Mouse River residents was in the form of loans, not grants. In many instances, the amount owed by property owners is in excess of the value of the property.

Additionally, **flood insurance reforms by the federal government will place most of those directly impacted by the 2011 flood into the regulatory floodplain, mandating payment of flood insurance premiums that, in some cases, will increase from $500 per year to in excess of $10,000 per year.** Flood insurance reform, expected to become effective in 2020, will directly impact those most vulnerable and directly impacted as a result of the 2011 flood.

Local taxes, whether they are generated through sales tax or property tax collections, directly impact those who pay them. A significant portion of **those who pay these taxes are also those who are attempting to overcome the hardships associated with recovering from the 2011 flood and those who will also be forced to overcome the hardships associated with flood insurance reform.**

The City of Minot is also paying the 35% local share for the NAWS project through collection of local sales taxes. Minot's commitment to this important project for northwest North Dakota is unwavering. **Minot's leadership in this endeavor, however, represents another hardship to raising local funds for the Mouse River Plan.**

Atts SB 2020 3/7/19

2019-2021 Unmet Needs **$281 Million**

The SRJB has developed a prioritized list of specific initiatives and projects for implementation through the end of fiscal year 2021 (June 30, 2021). Through the end of fiscal year 2021, the estimated total unmet need for the program is $281 million.

2019- 2021 Request **$186 Million**

The SRJB is requesting $186 million from the State of North Dakota to continue implementation of the Mouse River Enhanced Flood Protection Project for fiscal years 2020 and 2021. This funding level request is based on the current cost share policy of the State Water Commission.

Emergency Levee Constructed in 2011.

DESCRIPTION		2019-2021 BIENNIUM FUNDING REQUEST (MILLION)
Property Acquisitions		$35.0
DESIGN & PERMITTING	Phase MI-4: Maple Diversion	$6.0
	Phase WC-2: Robinwood Levee	$4.0
	Phase WC-3: Kings Court Levee	$2.0
	Phase MI-6: Eastwood Park Floodwall	$6.0
	Phase MI-7: Valker Road South Levee	$3.0
	Phase RU-1: Rural Conveyance Improvements	$1.0
CONSTRUCTION	Phase MI-4: Maple Diversion	$115.0
	Phase MI-5: Northeast Tieback Levee	$40.0
	Phase WC-1: Tierrecita Vallejo Levee	$20.0
	Phase BU-1: Burlington Levee	$30.0
	Phase SA-1: Sawyer Bridge	$4.0
	Phase VE-1: Velva Bridge	$4.0
	Phase RC-1: Mouse River Park Bridge	$4.0
	Phase RU-1: Rural Conveyance Improvements	$7.0
	Total	**$281.0**
	State Funds (2019-2021)	**$186.2**
	Local Funds (2019-2021)	**$94.9**

NORTH DAKOTA SRJB SOURIS RIVER JOINT BOARD

For additional information, please contact:

Souris River Joint Water Resource Board
David Ashley, Chairman
P.O. Box 1516
Minot, North Dakota 58702
Ph: (701) 626-1566

Testimony to House Appropriations Committee – Education and Environment Division

Re: Senate Bill 2020
Date: Thursday, March 7, 2019
By: Dan Jonasson, Director (Minot), Souris River Joint Board

We have distributed a document that summarizes the impacts that the Mouse River has had on the basin since 2011, the actions that have been taken to date to mitigate those impacts, a discussion on the pursuit of federal funding for the project, and a synopsis of the unmet needs for the project as the next biennium approaches. The total unmet need of $281 million for the 2019-2021 Biennium and the corresponding State request of $186 million for the 2019-2021 Biennium have been communicated to water project stakeholders statewide and also to the State Water Commission staff during their planning process ahead of the legislative session. We fully acknowledge that the resources are not available to fully satisfy our request, but if the resources were available, the figures previously mentioned are those that could be achieved.

The Souris River Joint Board is a multi-jurisdictional entity that has representation from each of the four counties along the Mouse River in North Dakota along with a fifth representative from the City of Minot. The Souris River Joint Board is the local sponsor of the Mouse River Enhanced Flood Protection Project. We are fortunate to have two of our mayors from the basin today. Mayor Shaun Sipma from Minot will be providing some remarks regarding the plan through Minot and Mayor Jeanine Kabanuk from Burlington will speak to the importance of the project to Burlington and its residents.

Our mission is to reduce flood risk throughout the basin, including the communities of Minot, Burlington, Sawyer, and Velva, and rural developments, farms and ranches. Our vision is holistic, with an emphasis on building levees and floodwalls for the benefit of the urban areas and managing reservoir operations for the benefit of the rural reaches along the river.

Since the 2011 flood, the Souris River Joint Board has sustained this basin-wide mantra in its quest for solutions to flooding problems that have caused in excess of a billion dollars of damage in the last decade alone. As a result, there has been no organized opposition to the project. There are stakeholder groups with differing views, but those groups have been able to come to the table to constructively identify solutions for the betterment of the entire basin.

The Mouse River Plan started as a State Water Commission initiative in the wake of the 2011 flood. After the development of the initial master plans for the project, control was transitioned to the local sponsor, the Souris River Joint Board. To date, the local funding for the project is being provided primarily by the City of Minot, through collection of sales tax, with additional contributions coming from all four counties throughout the basin. When fully implemented, the urban and rural components of the plan are estimated to cost approximately $1 billion, as illustrated on the second and third pages of the handout.

We would like to provide a synopsis of the funding that has been spent in the current biennium.

In the current biennium, there is a total of $106.8 million in authority for various tasks related to the Mouse River Enhanced Flood Protection Project. Of that total, $63.9 million is new authority granted to the State Water Commission by House Bill 1020 in the 65th Legislative Assembly. The remaining $42.9 million is authority carried over from previous biennia.

While much of the funding remains unspent, it is important to recognize that all of the funding is contractually obligated and is in the process of being paid out as the various contractors complete their work.

Of the $63.9 million authorized by the State Water Commission, $57.7 million has been authorized for improvements related to the Mouse River Enhanced Flood Protection Project within the city limits of Minot. This is important to consider in the context of Section 6 of House Bill 1020 of the previous legislative session.

Construction of Phases MI-1, MI-2 and MI-3, which were the focus of the Water Topics Overview Committee tour last summer, account for $49.4 million. Design engineering in the current biennium for Minot phases of the project accounts for $2.1 million; acquisitions within the City of Minot account for the remaining $6.2 million. To reiterate, all of this funding is contractually obligated but much of it remains unpaid, as the Souris River Joint Board will not pay contractors in advance of the work being completed and the City of Minot will not pay for acquisitions until the closings are completed.

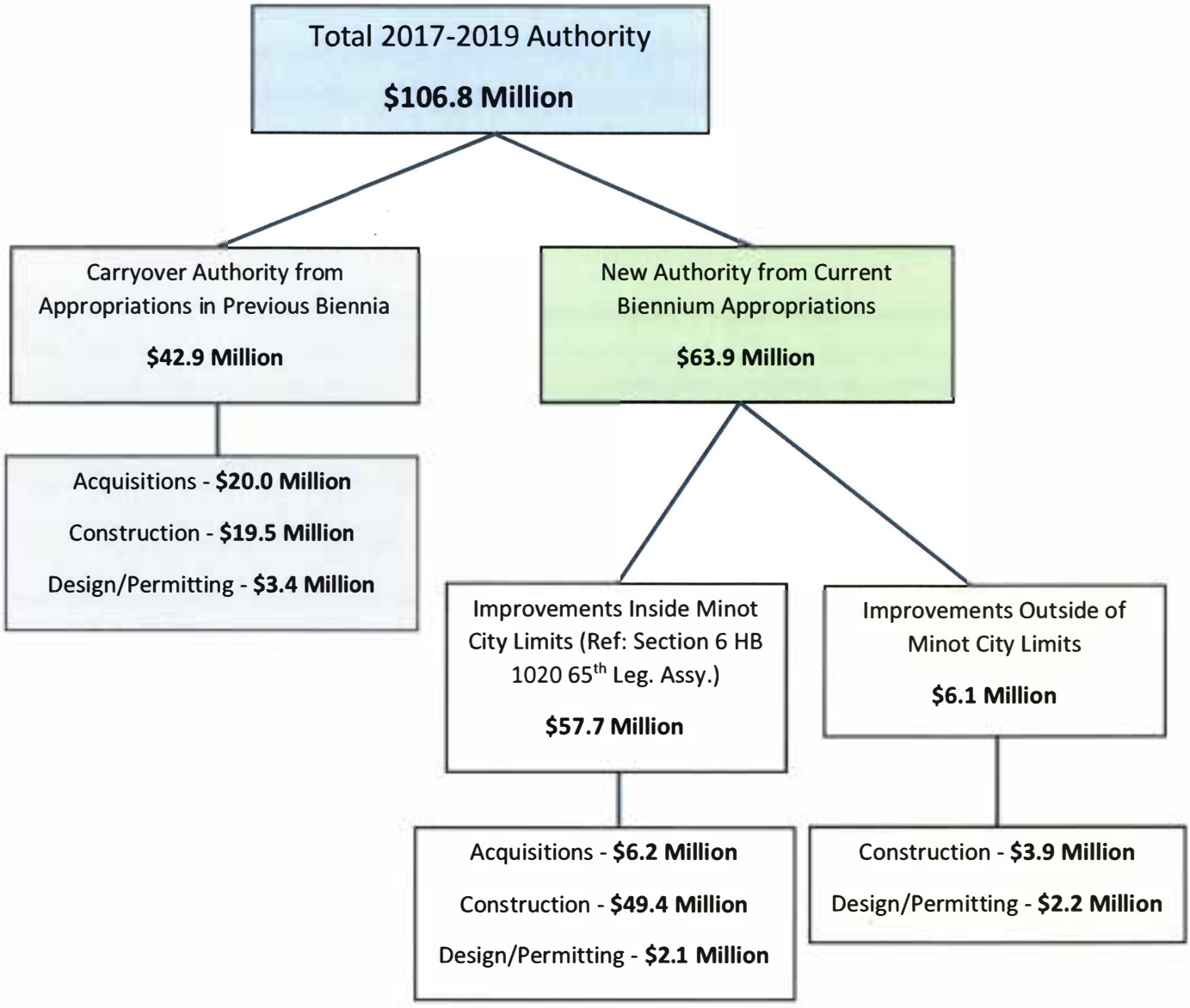
Of the $63.9 million authorized by the State Water Commission, $6.1 million has been authorized for improvements outside of Minot. Construction projects in Burlington and McHenry County account for $3.9 million. Design engineering for bridge replacements to increase conveyance in Renville County, the City of Sawyer and the City of Velva account for $0.9 million. Design engineering for the Tierrecita Vallejo levee located upstream of Minot accounts for $1.2 million. Flood-specific emergency action plans for the four counties in the basin account for $0.1 million.

In the current biennium, approximately $53 million has been spent to date. The project financial burn rate, in terms of State funds, has been approximately $2.7 million per month since the start of the current biennium. Our spending figures may differ from those of the State Water Commission simply due to timing of when the reports were processed. Our figures include spending through February of this year.

Recognizing that the need identified on the back page of the distributed document exceeds the resources that will be available, we have also developed alternative scenarios for funding that would equal $70 million in state funding and $100 million in state funding. Scenario 1 is based on the unrestricted funding assumption, which was the basis of the needs identified in the State Water Development Plan by the State Water Commission. In this scenario, the state request is $186.2 million, with $129.3 million identified for improvements within the city limits of Minot.

In Scenario 2, the program has been trimmed down significantly to meet the budget recommended by Governor Burgum and adopted by the State Water Commission in December. In this scenario, the State request is for $70 million, with $34.3 million identified for improvements within the city limits of Minot.

In Scenario 3, which was adopted by the Water Coalition through dialogue with water project stakeholders from across the State, the State request is for $100 million, with $50.8 million identified for improvements within the city limits of Minot.


Total 2017-2019 Authority
$106.8 Million
Carryover Authority from Appropriations in Previous Biennia
$42.9 Million
New Authority from Current Biennium Appropriations
$63.9 Million
Acquisitions - $20.0 Million
Construction - $19.5 Million
Design/Permitting - $3.4 Million
Improvements Inside Minot City Limits (Ref: Section 6 HB 1020 65th Leg. Assy.)
$57.7 Million
Improvements Outside of Minot City Limits
$6.1 Million
Acquisitions - $6.2 Million
Construction - $49.4 Million
Design/Permitting - $2.1 Million
Construction - $3.9 Million
Design/Permitting - $2.2 Million

Scenario 1 - Unrestricted Funding (Basis of Needs in State Water Development Plan)

Property Acquisitions - Minot		$ 25.0	*
Property Acquisitions - Outside of Minot		$ 10.0	
DESIGN & PERMITTING	Phase MI-4: Maple Diversion	$ 6.0	*
	Phase WC-2: Robinwood Levee	$ 4.0	
	Phase WC-3: Kings Court Levee	$ 2.0	
	Phase MI-6: Eastwood Park Floodwall	$ 6.0	*
	Phase MI-7: Valker Road South Levee	$ 3.0	*
	Phase RU-1: Rural Conveyance Improvements	$ 1.0	
CONSTRUCTION	Phase MI-4: Maple Diversion	$ 115.0	*
	Phase MI-5: Northeast Tieback Levee	$ 40.0	*
	Phase WC-1: Tierrecita Vallejo Levee	$ 20.0	
	Phase BU-1: Burlington Levee	$ 30.0	
	Phase SA-1: Sawyer Bridge	$ 4.0	
	Phase VE-1: Velva Bridge	$ 4.0	
	Phase RC-1: Mouse River Park Bridge	$ 4.0	
	Phase RU-1: Rural Conveyance Improvements	$ 7.0	
	Total	**$ 281.0**	
	State Funds (2019-2021)	**$ 186.2**	
	Local Funds (2019-2021)	**$ 94.9**	
	*** State Funds (2019-2021) Minot Improvements**	**$ 129.3**	

Scenario 2 - SWC Adopted Budget / Executive Recommendation

Property Acquisitions - Minot		$ 11.0	*
Property Acquisitions - Outside of Minot		$ 4.3	
DESIGN & PERMITTING	Phase MI-4: Maple Diversion	$ 6.0	*
	Phase MI-6: Eastwood Park Floodwall	$ 6.0	*
CONSTRUCTION	Phase MI-5: Northeast Tieback Levee	$ 28.0	*
	Phase WC-1: Tierrecita Vallejo Levee	$ 20.0	
	Phase BU-1: Burlington Levee	$ 30.0	
Total		**$ 105.3**	
State Funds (2019-2021)		**$ 70.0**	
Local Funds (2019-2021)		**$ 35.3**	
*** State Funds (2019-2021) Minot Improvements**		**$ 34.3**	

Scenario 3 - Statewide Water Stakeholders Recommendation

Property Acquisitions - Minot		$ 14.0	*
Property Acquisitions - Outside of Minot		$ 4.9	
DESIGN & PERMITTING	Phase MI-4: Maple Diversion	$ 6.0	*
	Phase MI-6: Eastwood Park Floodwall	$ 6.0	*
	Phase RU-1: Rural Conveyance Improvements	$ 1.0	
CONSTRUCTION	Phase MI-4: Maple Diversion (partial)	$ 10.0	*
	Phase MI-5: Northeast Tieback Levee	$ 40.0	*
	Phase WC-1: Tierrecita Vallejo Levee	$ 20.0	
	Phase BU-1: Burlington Levee	$ 30.0	
	Phase SA-1: Sawyer Bridge	$ 4.0	
	Phase VE-1: Velva Bridge	$ 4.0	
	Phase RC-1: Mouse River Park Bridge	$ 4.0	
	Phase RU-1: Rural Conveyance Improvements	$ 7.0	
Total		**$ 150.9**	
State Funds (2019-2021)		**$ 100.0**	
Local Funds (2019-2021)		**$ 50.9**	
*** State Funds (2019-2021) Minot Improvements**		**$ 50.8**	

Testimony to House Appropriations Committee – Education and Environment Division

Re: Senate Bill 2020
Date: Thursday, March 7, 2019
By: Shaun Sipma, Minot Mayor

The billion dollar economic hit that the basin took as a result of floods in 2009 and 2011 are being further compounded by FEMA's ongoing work to update Flood Insurance Rate Maps in Ward County. Through FEMA's process, the 100-year flow rate for the Mouse River is expected to double from 5,000 to 10,000 cubic feet per second. The corresponding regulatory floodplain that is currently within the banks of the river will expand to encompass thousands of homes through the very heart of our city. The economic impact of this move by FEMA will be staggering. An approximate indication of this future regulatory floodplain for one small reach of the basin in western Minot is shown on the top of Page 4 of the handout distributed earlier.

I'll offer an example in an attempt to illustrate the economic impact of the flood and flood insurance to local residents.

There is a family of seven that lives in central Minot within the floodplain near the Arrowhead Shopping Center. Their home is located underneath the arrowhead related to the 'Forest Road Levee' label in the map at the top of Page 4. This family purchased their home for $220,000 in 2010. Their mortgage amount was $200,000. When the 2011 flood occurred, their home experienced water nearly up to the eaves and the total damage was approximately $150,000. They did receive a grant for individual assistance from FEMA for approximately $30,000. There was no place to go following the flood, so they chose to rebuild their home using the $30,000 FEMA individual assistance grant combined with $120,000 in additional loans through SBA.

Once rebuilt, they had approximately $320,000 of outstanding debt for a home valued at $220,000 prior to the flood. That is also before the revised Flood Insurance Rate Maps. Based on FEMA's preliminary figures and the location of their home, their annual flood insurance premium through the National Flood Insurance Program or NFIP will be approximately $12,000 annually once the rates become actuarial. The payment of this premium will be mandated by their lenders. To put this into perspective $12,000 per year as a 30-year mortgage payment will get you a home worth about $225,000.

The economic impact of flood insurance is likely to devalue their property by $100,000 or more. So, this family could have in excess of $300,000 in outstanding debt for a home valued at around $100,000.

The $12,000 flood insurance premium a year on top of a substantial mortgage compounded through the valley will also mean a devaluation of about a quarter of our cities homes in the valley impacting property taxes. Values decline in the valley and inversely values on the hills rise but not to the same degree. The cost to provide essential services in the city remain level with only a slight increase for inflation would lead to mill levee increases to offset the difference. The financial impact would be city wide.

Valley residents paying absorbent flood insurance rates would also have substantially less disposable

income as millions of dollars flow out of the city to the NFIP. Residents having less to spend would also then impact our sales tax revenues which at this juncture is our only revenue source for our local funding mechanism.

Farther downstream in the project beyond MI-4 homeowners in the path of flood protection also wait knowing their home will need to be acquired but don't know when. They are unable to plan or if needed in some cases move on as the limbo ensues.

This is a real example of the crippling impacts that Mouse River flooding will continue to have on the residents of this basin until flood protection is in place. And this story is not unique. There are thousands of people with similar stories.

Our implementation approach is intended to remove as many people from the proposed regulatory floodplain as quickly as possible. The top map on Page 4 illustrates work that is currently under construction. This construction was also shown first hand to several members of the Water Topics Overview Committee during the interim.

We have been actively working to secure federal funding for the project since 2011. The US Army Corps of Engineers was previously prohibited from issuing a new start for the Mouse River project, but that prohibition on new projects was lifted in 2014 and we worked with the Congressional Delegation to secure a new start from the US Army Corps of Engineers for the project. In May 2016, the Souris River Joint Board and the Corps of Engineers signed a Feasibility Cost Share Agreement, which launched a three-year study of the basin by the Corps of Engineers to determine if there is a federal interest in all or a portion of the project. This study is complete and awaiting signature by the Chief of Engineers in Washington, DC.

Based on the Chief of Engineer's report, there is a federal interest in the Maple Diversion and other components of the plan. We are being very strategic in our discussions and decisions with the US Army Corps of Engineers to maximize the potential for federal funding for the project. However, we have concerns with the federal process and the amount of time that it will take to get both authorization and appropriation from Congress. We are working diligently with Senator Hoeven on this issue.

We sincerely thank the Legislature, the Governor, the State Engineer and the State Water Commission for their collective support over the past seven and a half years as the basin continues to recover from the 2011 flood.

Testimony to House Appropriations Committee – Education and Environment Division

Re: Senate Bill 2020
Date: Thursday, March 7, 2019
By: Jeanine Kabanuk, Burlington Mayor

Good morning, Chairman Monson and members of the House Appropriations Subcommittee. My name is Jeanine Kabanuk, and I am the mayor of Burlington. I am here today to express the City's support for House Bill 2020 and for the Souris River Joint Board's work plan, which includes the construction of a levee around the City of Burlington. During the last legislative session, I addressed the Senate appropriations committee and expressed support for House Bill 1020 with cautious optimism that funding for constructing flood control within the City of Burlington would be made available in the next biennium. We hope that time is now.

Like Minot, Burlington experienced horrific flooding in 2011. Around half of our houses in Burlington were flooded, including my home. We have since rebuilt as residents and as a community. But like Minot, we live in fear of a future flood and we live in fear of the looming high costs of federally mandated flood insurance. The economic hardship of recovering from hundreds of thousands of dollars of damage in our home is going to be further complicated by mandatory high flood insurance premiums of several thousand dollars per year. We hope to act quickly to do the best we can for our residents.

The Burlington phase of the Mouse River Enhanced Flood Protection Project is fully designed and is awaiting funding for construction. The Souris River Joint Board recently opened bids for a small phase of the project, which will replace a restrictive bridge across the Mouse River at Colton Avenue in Burlington. We are excited to see this phase of the project be constructed beginning this spring.

We understand the constraints of the budget and how the Joint Board's request of $186 million needs to be reduced to meet the funding that is available. We are hopeful that the adjustments made to the budget include ample room for additional improvements in Minot, the project around Burlington and other improvements across the basin.

Thank you for your support.

TESTIMONY BOOKLET

ND House Appropriations
Education and Environment Division

March 7, 2019

FM Area Diversion Project Update

Mayor Tim Mahoney

City of Fargo

SB 2020
3/7/19
Attachment 6

Presentation Agenda

- Federal and Minnesota Funding Updates
- Litigation
- Permitting – North Dakota and Minnesota
- Update on In-Town Flood Protection
- Cost Estimate, Financial Plan Summary, and Funding Request

SB 2020
3/7/19
Attachment 6

FM AREA DIVERSION PROJECT

Federal & Minnesota Funding Updates

Tony Grindberg, Fargo City Commissioner and
Diversion Authority Finance Committee Chair

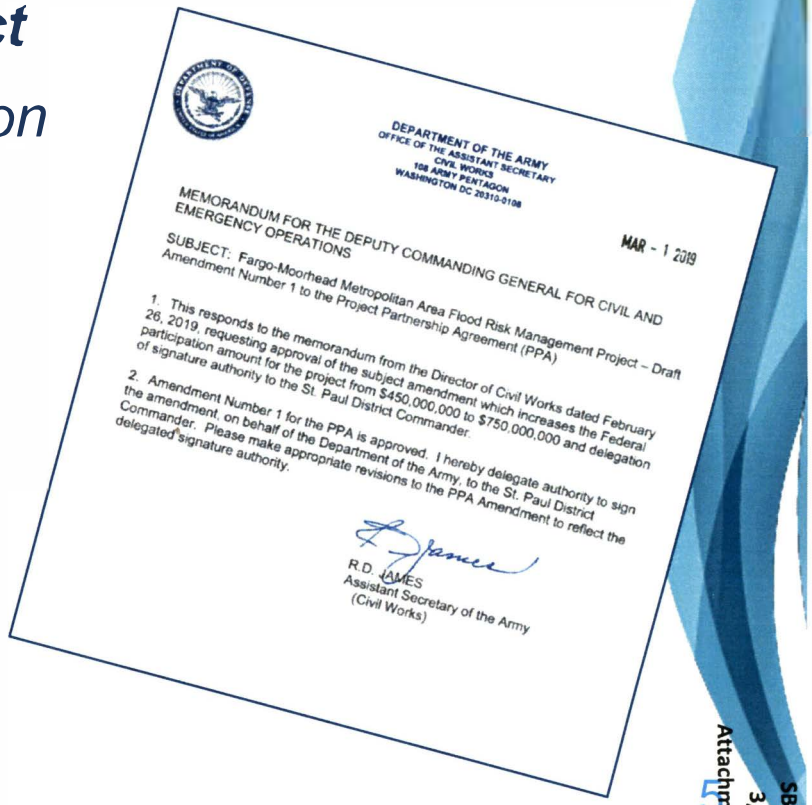
SB 2020
3/7/19
Attachment 6

Federal Funding Update!

- March 5, 2019 – from Sen. Hoeven's Press Release

  R.D. James, the Assistant Secretary of the Army (ASA) for Civil Works has … directed the Army Corps to ***increase the federal participation in the project to $750 million****, up from $450 million*

- To date, federal appropriations have totaled $127M of its total commitment



DEPARTMENT OF THE ARMY
OFFICE OF THE ASSISTANT SECRETARY
CIVIL WORKS
108 ARMY PENTAGON
WASHINGTON DC 20310-0108

MAR - 1 2019

MEMORANDUM FOR THE DEPUTY COMMANDING GENERAL FOR CIVIL AND EMERGENCY OPERATIONS

SUBJECT: Fargo-Moorhead Metropolitan Area Flood Risk Management Project – Draft Amendment Number 1 to the Project Partnership Agreement (PPA)

1. This responds to the memorandum from the Director of Civil Works dated February 26, 2019, requesting approval of the subject amendment which increases the Federal participation amount for the project from $450,000,000 to $750,000,000 and delegation of signature authority to the St. Paul District Commander.

2. Amendment Number 1 for the PPA is approved. I hereby delegate authority to sign the amendment, on behalf of the Department of the Army, to the St. Paul District Commander. Please make appropriate revisions to the PPA Amendment to reflect the delegated signature authority.

R.D. JAMES
Assistant Secretary of the Army
(Civil Works)

SB 2020
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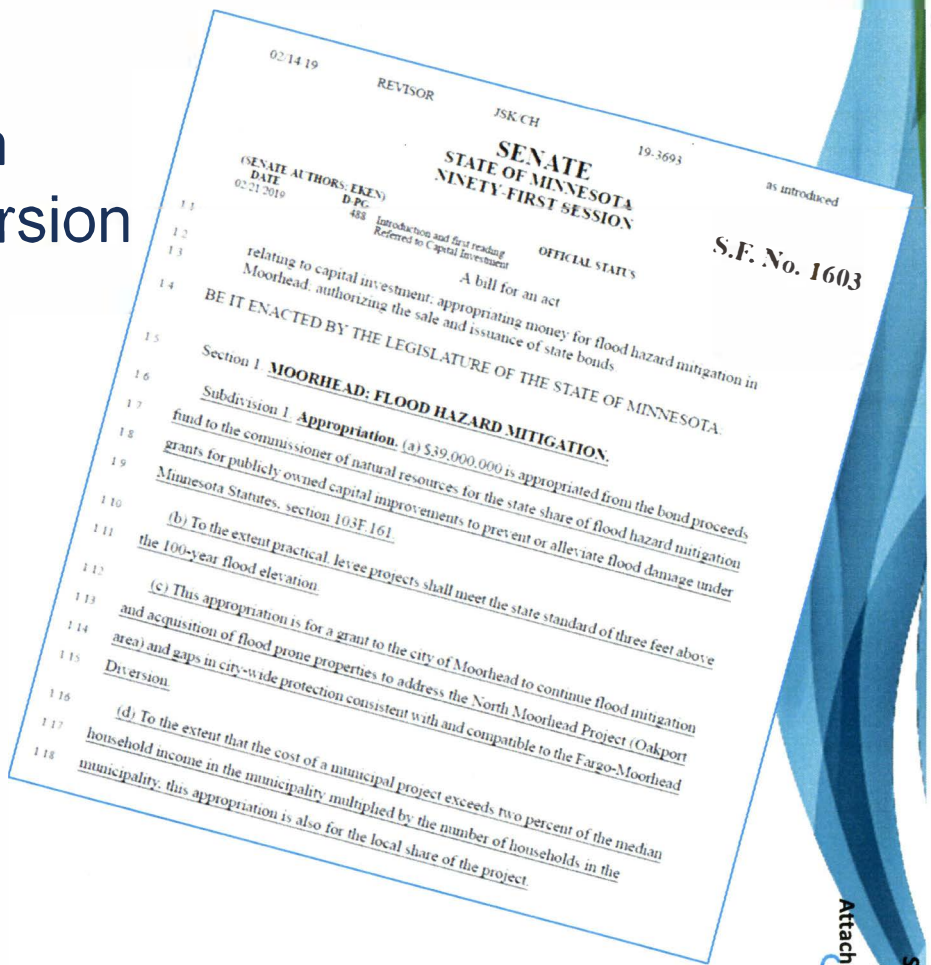
Minnesota Funding Update

- Minnesota has spent $140M to date on local flood protection
- An additional $86M has been requested for additional Diversion Project related work
  - Current legislation in MN, SF1603, includes $39M (included in your packet)



02/14/19 REVISOR JSK/CH 19-3693 as introduced

SENATE
STATE OF MINNESOTA
NINETY-FIRST SESSION

S.F. No. 1603

(SENATE AUTHORS: EKEN)
DATE 02/21/2019
D-PG 488

Introduction and first reading
Referred to Capital Investment

OFFICIAL STATUS

A bill for an act

relating to capital investment; appropriating money for flood hazard mitigation in Moorhead; authorizing the sale and issuance of state bonds.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

Section 1. **MOORHEAD; FLOOD HAZARD MITIGATION.**

Subdivision 1. **Appropriation.** (a) $39,000,000 is appropriated from the bond proceeds fund to the commissioner of natural resources for the state share of flood hazard mitigation grants for publicly owned capital improvements to prevent or alleviate flood damage under Minnesota Statutes, section 103F.161.

(b) To the extent practical, levee projects shall meet the state standard of three feet above the 100-year flood elevation.

(c) This appropriation is for a grant to the city of Moorhead to continue flood mitigation and acquisition of flood prone properties to address the North Moorhead Project (Oakport area) and gaps in city-wide protection consistent with and compatible to the Fargo-Moorhead Diversion.

(d) To the extent that the cost of a municipal project exceeds two percent of the median household income in the municipality multiplied by the number of households in the municipality, this appropriation is also for the local share of the project.

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Litigation

Chad Peterson, Cass County Commission
and
John Shockley, General Counsel - Diversion Authority

SB 2020
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Litigation Update

- The Richland/Wilkin County JPA filed a lawsuit against the U.S. Army Corps of Engineers in 2013. The lawsuit was later joined by the Fargo-Moorhead Diversion Authority and by the State of Minnesota.
  - A majority of the claims were previously dismissed
- All remaining claims should be dismissed soon:
  - Minnesota has granted a permit for Plan B
  - Plan B means the current litigation is moot
- Diversion Authority is working with the Minnesota DNR on process for dismissing
- A court schedule has been set; briefs due March 11th & 21st and a hearing has been scheduled for April 1

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Permitting – North Dakota and Minnesota

Nathan Boerboom, City of Fargo Division Engineer

SB 2020
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Minnesota Permit

DEPARTMENT OF NATURAL RESOURCES

- On Dec. 27, DNR granted a Dam Safety and Public Waters Work Permit for the Project (Permit #2018-0819)
- The permit includes 54 conditions governing project design, construction, operation, and maintenance.
  - For reference: two other dam safety permits issued in Nov. 2018 included 46 and 51 conditions respectively
  - Conditions were expected, even requested by the DA to ensure implementation goes as planned
- The DNR, like the SWC, will have an ongoing role through design, construction, and operation

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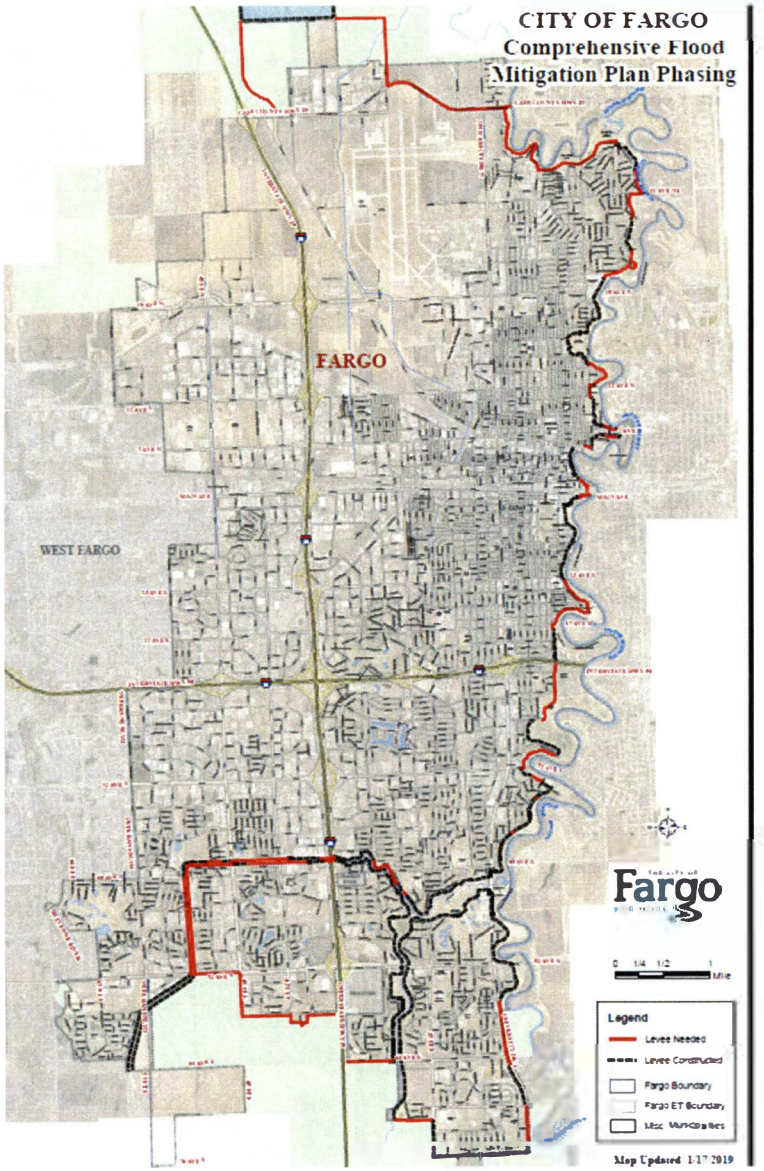
FM AREA DIVERSION PROJECT

Update on In-town Flood Protection

Nathan Boerboom, City of Fargo Division Engineer

SB 2020
3/7/19
Attachment 6

Fargo In-Town projects: Much has been done, but Diversion needed for 100-year protection



- $280M has been spent in Fargo
  - Over 21 miles of levees
  - 17 pump stations
- Levees and floodwalls cannot provide 100-year flood protection alone
- Temporary flood-fighting measures are still required to fight a 100-year event
  - Approximately One Million Sandbags
  - 20 miles of Emergency Levees
- Plan B requires ~$130M more to accommodate 37-feet through town

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FM AREA DIVERSION PROJECT

Cost Estimate, Financial Plan Summary, and Funding Request

Martin Nicholson, CH2M / Jacobs

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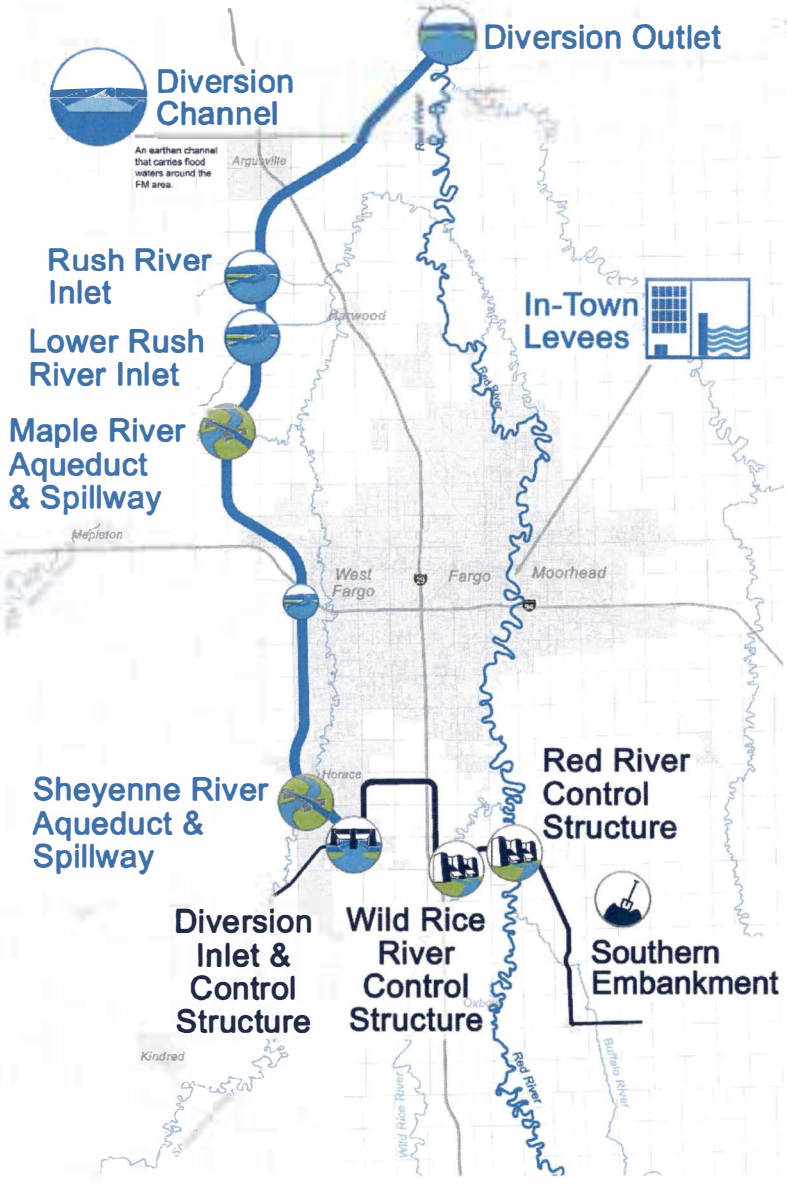
$2.75B (2018$) Cost Estimate Includes All Project Costs to Construct the Project



- USACE Projects
- Channel / P3
- Mitigation of Impacted Properties, Acquisition of Property Rights, and Business and Residential Relocations
- Projects to Accommodate Increased Flows Through Town (River Stage 37 ft.)
- Non-Construction Costs

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3/7/19
Attachment 6

Cost Estimate Methodology

- Lands and Impacted Property Mitigation
  - Purchases to date, mitigation study
- Diversion Channel and Associated Infrastructure Projects
  - Crew and productivity, quantity/commodity based
- Southern Embankment/USACE Projects
  - Crew and productivity, quantity/commodity-based, updated to Plan B (USACE)
- Fargo and Moorhead In-Town Projects
  - Historical bids/similar projects (Fargo & Moorhead)
- Non-Construction Costs
  - Costs to date plus estimated level of effort to complete
- Includes joint risk and contingency workshops and Monte Carlo analysis to determine probabilistic costs

SB 2020
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Attachment 6

FM Diversion Cost Estimate is $2.75B in 2018$

Category	Base Cost	Contingency and Risk/ Opportunity	Current Opinion of Estimated Cost
Lands/Impacted Properties Mitigation	$466	$36	$502
Channel / P3	$979	$10	$989
USACE / SEAI	$585	$118	$703
Fargo and Moorhead In-Town Projects	$240	$26	$266
Other/Mitigation Construction	$44	--	$44
Non-Construction Costs*	$185	$65	$250
TOTAL	$2,499	$255	$2,754

*Legal/Financial/Designs/Studies/Procurement/PgM/CM/General Contingency

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Attachment 6

Costs to Date are $430M
Remaining Costs are Approximately $2.3B

Category	Current Opinion of Estimated Cost	Spent to Date (Dec 2018)	Remaining Costs
Lands/Impacted Properties Mitigation	$502	$179	$323
Channel / P3	$989	$14	$975
USACE / SEAI	$703	$41	$662
Fargo and Moorhead In-Town Projects	$266	$81**	$185
Other/Mitigation Construction	$44	$24	$20
Non-Construction Costs*	$250	$91	$159
TOTAL	$2,754	$430	$2,324

*Legal/Financial/Designs/Studies/Procurement/PgM/CM/General Contingency

** In-Town does not include all work done by the Cities of Fargo and Moorhead that are complimentary to the DA Project

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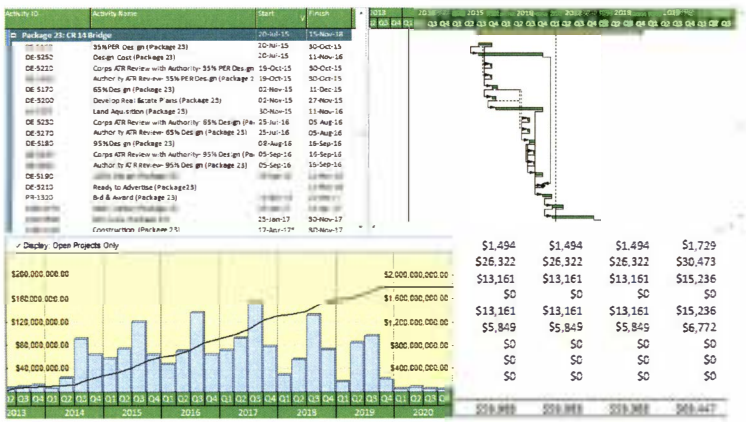
Attachment 6

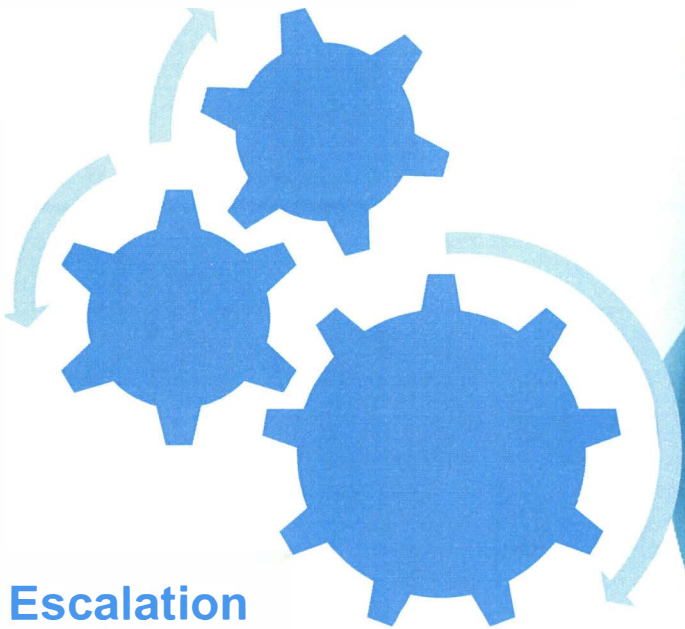
Iterative Process and Tools Enable Informed Funding and Finance Decisions

Cost-loaded Schedule



- Project Activities
- Implementation Logic
- Costs by Month

Ernst and Young Infrastructure Advisors Financial Model



- Cost Escalation
- Interest Rates
- Revenue Sources

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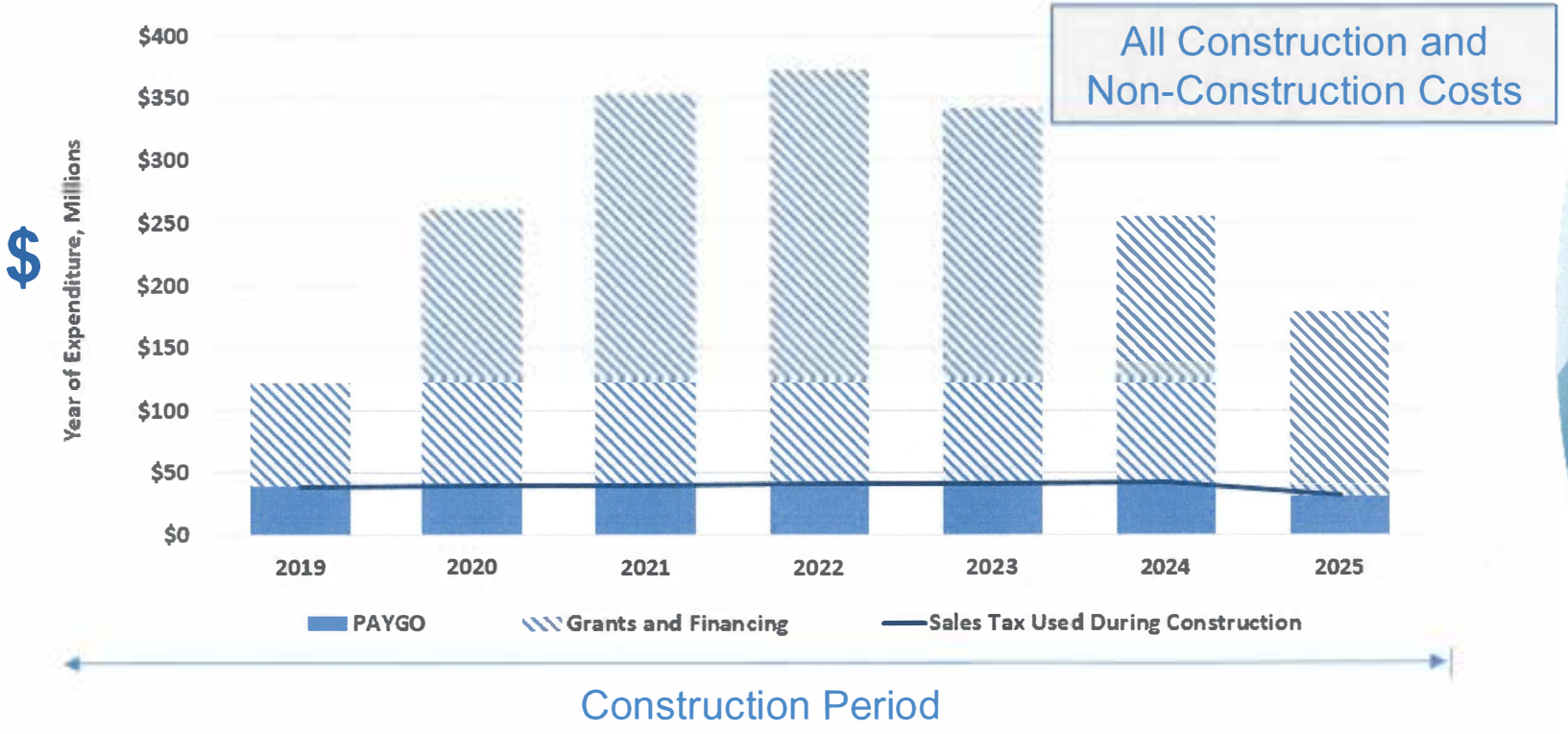
Financial Plan Determines Funding and Financing Needs to Cover All Costs Through Construction

- Funding sources through construction:
  - Grant funds: Federal, State of ND, State of MN
  - Sales tax revenues
  - Public financing (short and long-term)
  - P3 financing (debt and equity)



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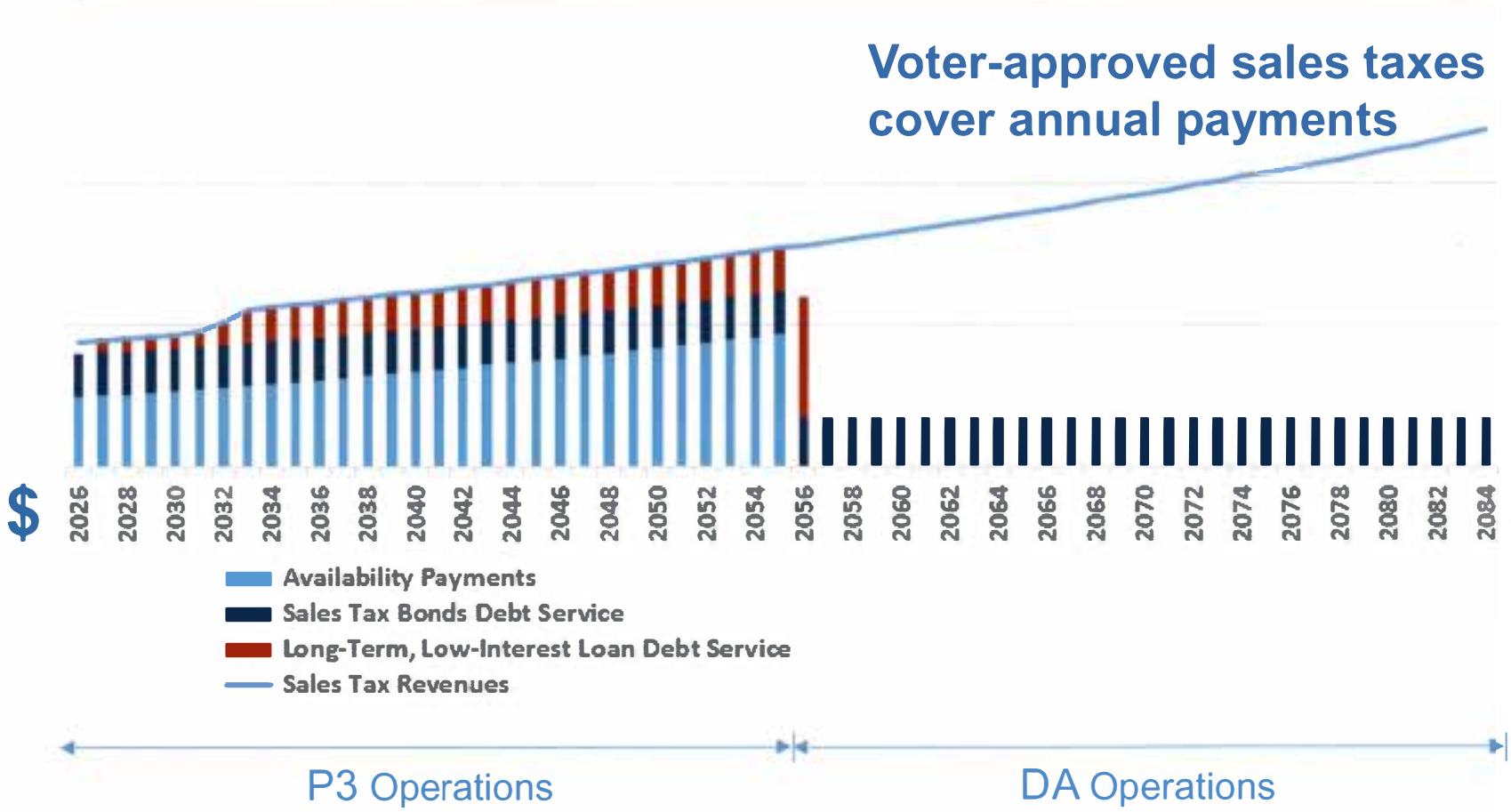
Financial Plan also Determines Funding and Financing Needs to Cover Costs Through Operations and Long-Term Debt Repayments



Changes since 2016 Financial Plan

Budgeted Program Costs have increased due to escalation and Plan B	Up 25%
Sales Tax Base revenues are down	Down 9%
Estimated Sales Tax Growth Rate has decreased	Reduced rate by 1.5% per year
Short-term borrowing rates have increased	Up 1.12%
Long-term borrowing rates have increased	Up 0.91%

Conclusions

- Project is not bankable with the existing funding amounts, sales tax revenues and assessment district capacity.
- Additional Federal and State grant funds, and low-cost, long-term loans are required to ensure sales tax revenues cover annual payments

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Funding Request Based On Analyzing Multiple Scenarios

Summary Findings	+$250M federal funds (2018$)	+$300M federal funds (2018$)	+$250M ND funding ('19,'21,'23,'25)	+$250M ND funding ('19,'21,'23)	+$300M ND funding ('19,'21,'23,'25)	+$300M ND funding ('19,'21,'23)	CFP Loan Amount
Scenario A[X]	✓		✓				$425M
Scenario B	✓			✓			$400M
Scenario C	✓				✓		$350M
Scenario D	✓					✓	$325M
Scenario E		✓			✓		$275M
Scenario F		✓				✓	$250M

Note: Scenarios based on 1.5% annual sales tax growth and $86M MN funding. Scenarios not shown included $150M - $300M Federal, $260M - $500M State, and $250M - $500M loans in multiple combinations.
[X]Not bankable

Observations:

- Decreasing grant funds by $50M increases loan by $75M
- ND funds over 4 bienniums versus 3 bienniums increases loan by $25M

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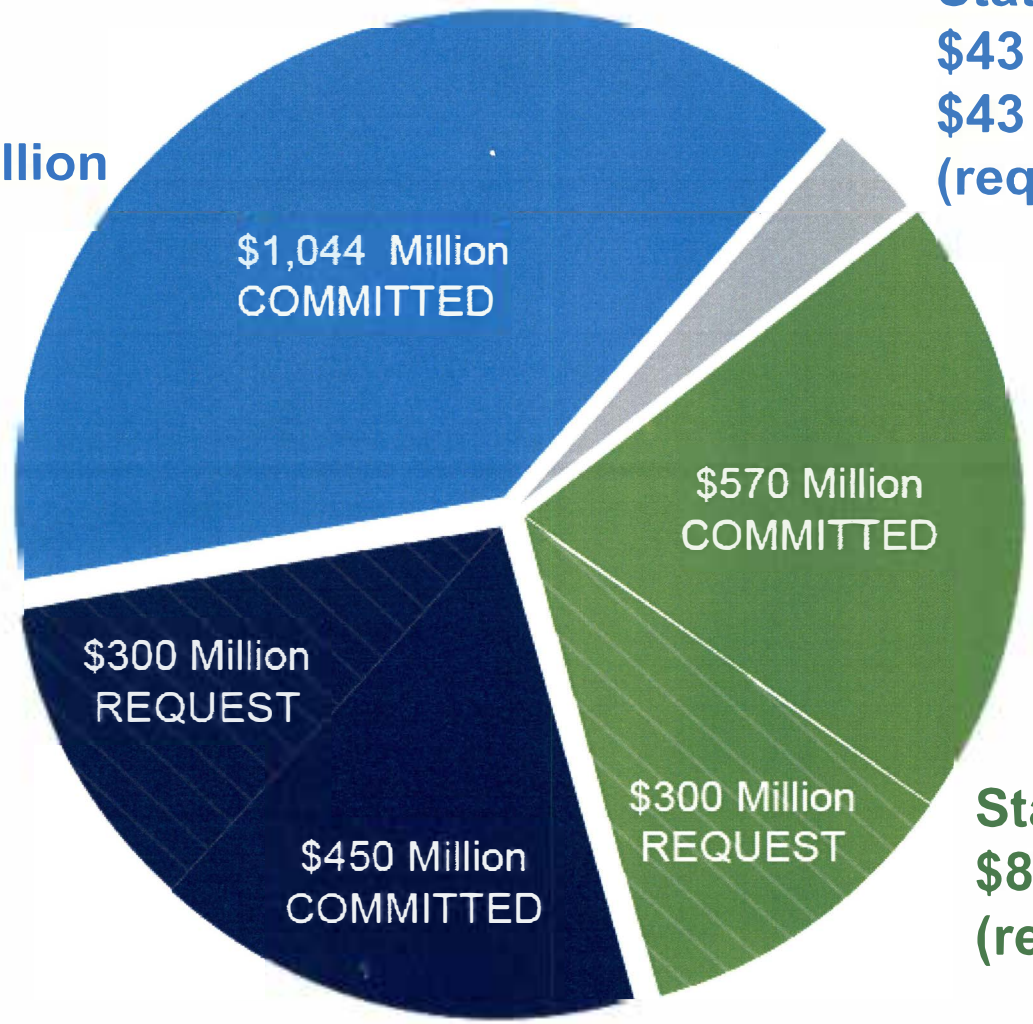
Proposed Funding Ensures Sales Tax Revenues Cover Annual Payments

Local
$1,044 Million

State of MN
$43 Million Project
$43 Million In-Town
(request initiated)



Federal
$750 Million
(SECURED)

State of ND
$870 Million
(request initiated)

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ND State Funding

State of ND Available Funding Balances ($M)		Year							
		2019	2020	2021	2022	2023	2024	...	2027
Existing State Funding Commitment	$570.0								
State Funding to Date	$370.5								
State Funding Remaining	$199.5								
State Funding Granted to Date	$304.0								
State Funding Reimbursed to Date	$247.0								
Remaining Balance	$ 57.0								
2017-2019 Request (Feb 2019)	$ 66.5								
Remaining + 2017-2019 Request	$123.5	$123.5							
Previous Legislative Intent ($199.5M Remainin		$ 66.5		$ 66.5		$ 66.5			
Additional Request ($300M)		$100.0		$100.0		$ 100.0			
Total Existing Legislative Intent and Additional		$166.5		$166.5		$ 166.5			
Cumulative ND Funding		$290.0		$456.5		$ 623.0		...	
Cumulative Cash Use During Construction		$131.1	$305.3	$718.4	$953.0	$1,305.0	$1,411.5	...	$1,835.7

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Cash Uses During Construction (Year-of-Expenditure $)

DA Cash Uses during Construction	Total $M	YEAR 2019	2020	2021	2022	2023	2024	2025	2026	2027
Total	$ 1,836	$ 131	$ 174	$ 413	$ 235	$ 352	$ 106	$ 222	$ 27	$ 174
Cumulative Cash Uses		$ 131	$ 305	$ 718	$ 953	$ 1,305	$ 1,411	$ 1,634	$ 1,661	$ 1,836
January 2019 DRAFT: Data based on $2.75B (2018$) Estimate										

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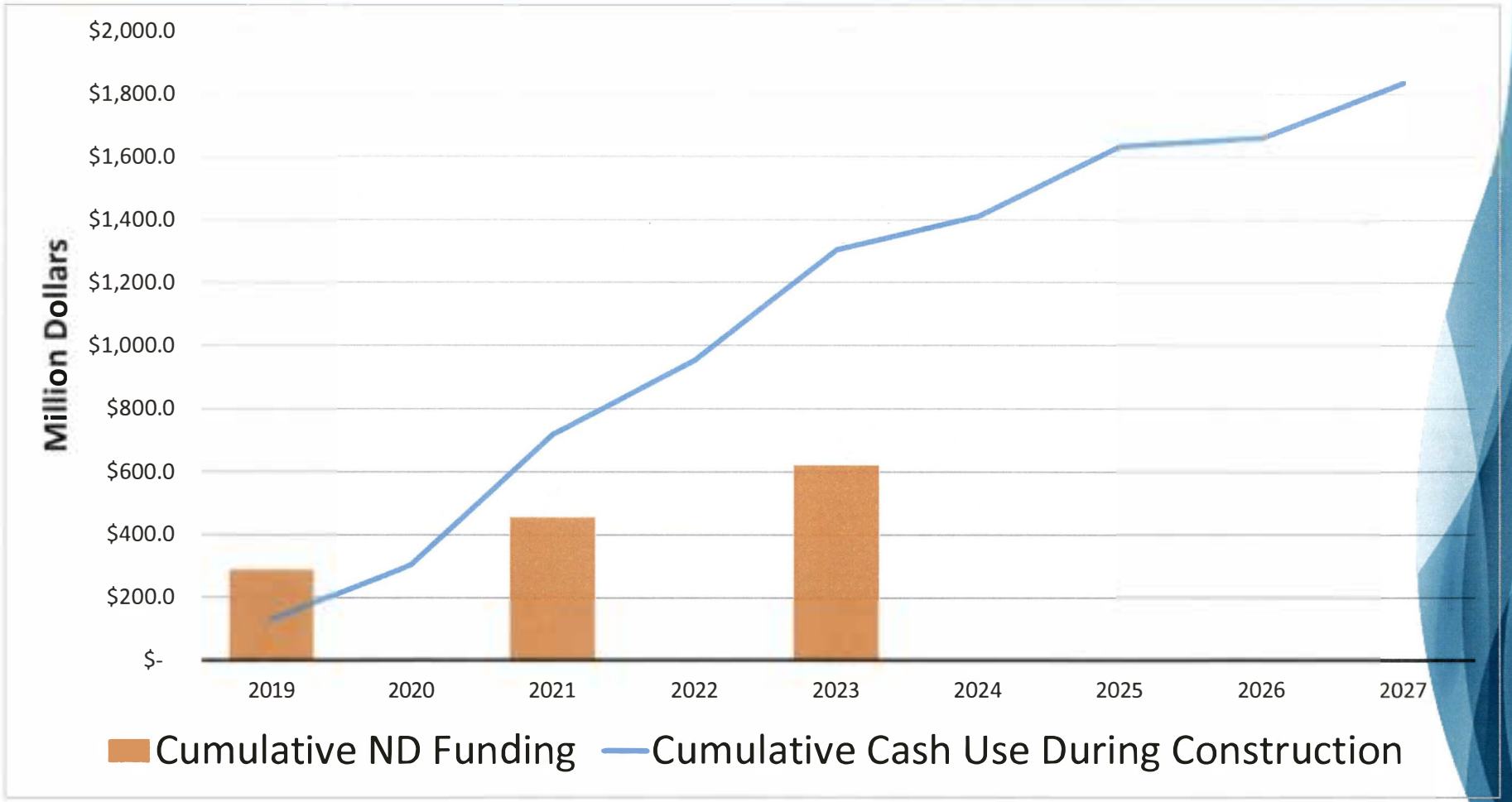
Cash Uses During Construction Exceed ND State Funding Request



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SB 2020 Presents Significant Funding and Financing Challenges

State of ND Requested Funding ($M)	Biennium					
	2019	2021	2023	2025	2027	Total
Original Request	$ 166.5	$ 166.5	$ 166.5			$ 499.5
SB 2020	$ 66.5	$ 66.5	$ 66.5	$ 66.5	$ 66.5	$ 332.5
					Direct Funding Gap	$ (167.0)

- Insufficient sales tax revenues to support borrowing and repaying the funds required to build the project (not bankable)
- Lacks sufficient legislative intent to proceed with the Public Private Partnership (P3)

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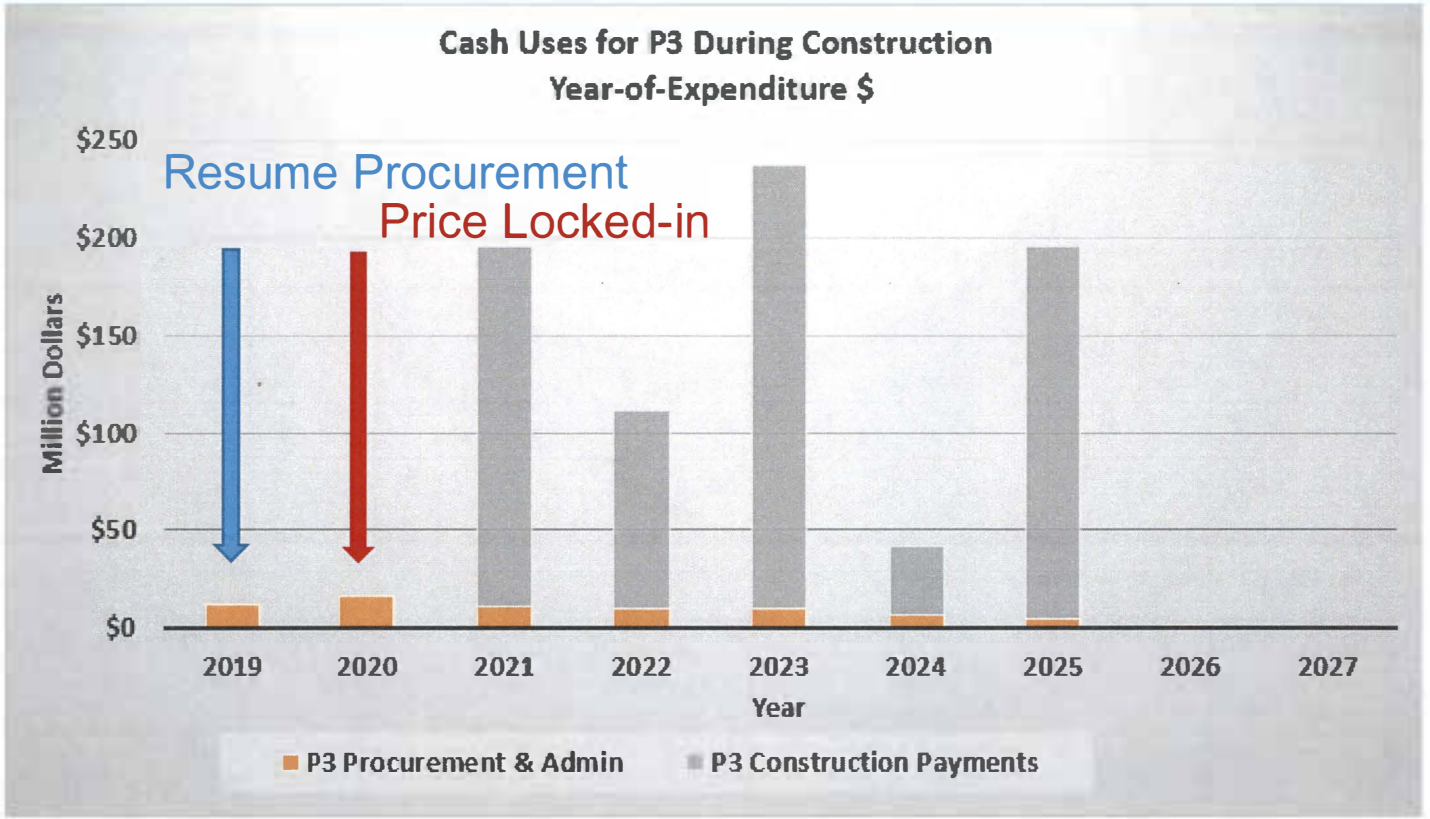
Legislative Intent is Required to Secure Private Financing from the P3 Developer



- Legislative intent provides P3 bidders confidence to invest a minimum of $400M in private debt and equity
- P3 provides cost certainty by "locking in" almost $1B of construction costs early in the project

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Closing Comments

FM Diversion Project Will Be Built

- MN Permit has been issued and permit conditions can be met
- Contested Case Hearing process will be resolved before next legislative session
- Injunction is expected to be resolved with MN permit
- Federal Funding is Secured
- MN funding process underway
- ND Legislative Intent will facilitate a balanced Financial Plan and ability to proceed

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Questions?

FMDiversion.com

@FMDiversion

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SB2020

Red River Valley Emergency Flood Fight

Peak 40.82 Feet March 28, 2009

69 MILES OF EMERGENCY MEASURES

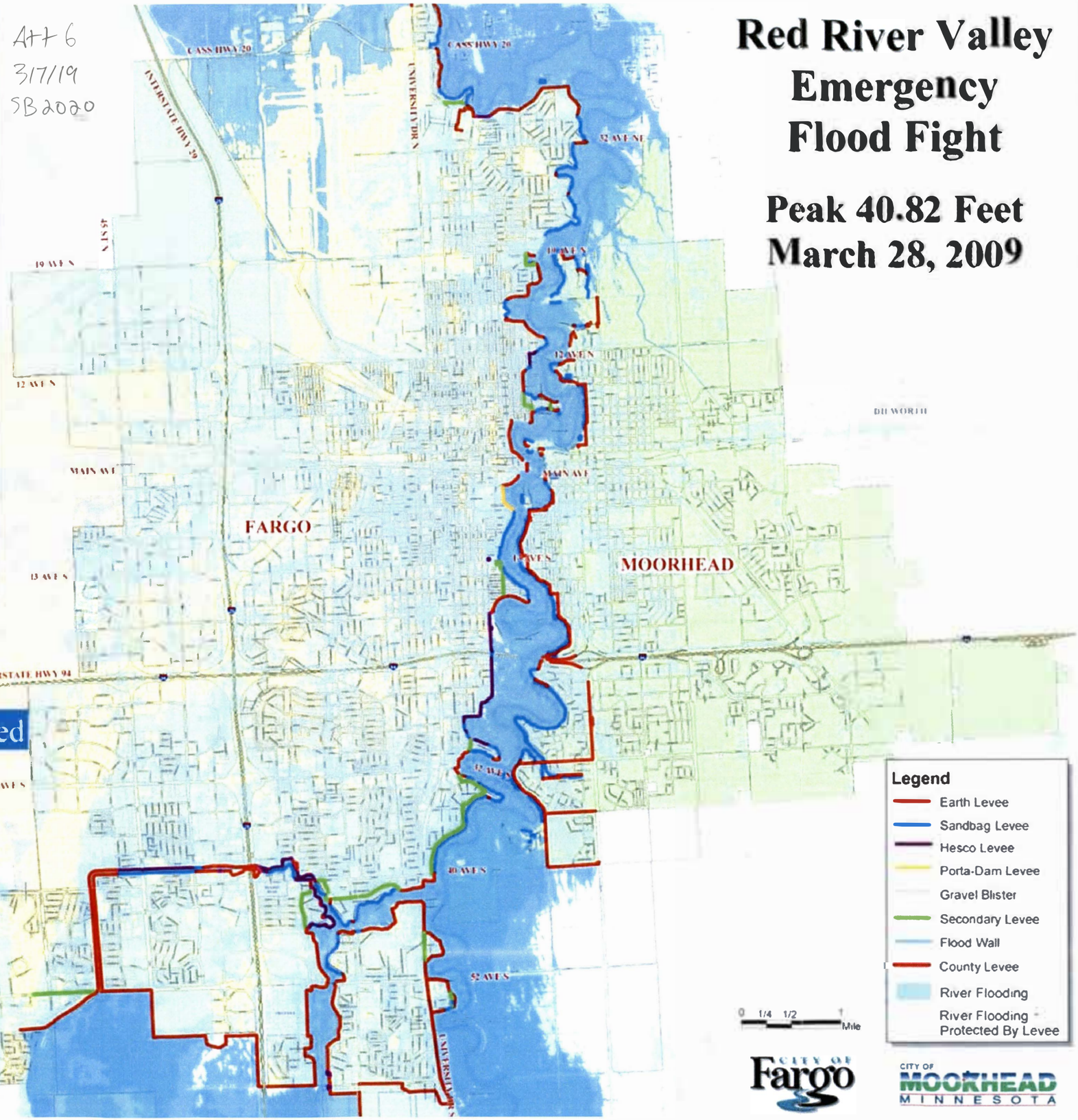
42 MILES OF TEMPORARY LEVEE

8 MILES OF HESCO

0.3 MILES OF PORTA-DAM

19 MILES OF SANDBAG

7.3+ Million Sandbags Used



CITY OF FARGO
Comprehensive Flood Mitigation Plan Phasing

AH 6 3/17/19 SB 2020

CASS COUNTY HWY 20

CASS COUNTY HWY 20

UNIVERSITY DR N

INTERSTATE HWY 29

32 AVE NE

45 ST N

19 AVE N

19 AVE N

FARGO

12 AVE N

12 AVE N

7 AVE N

7 AVE N

MAIN AVE

MAIN AVE

WEST FARGO

13 AVE S

13 AVE S

17 AVE S

17 AVE S

INTERSTATE HWY 94

INTERSTATE HWY 94

VETERANS BLVD

32 AVE S

32 AVE S

40 AVE S

40 AVE S

66 ST S

SHEYENNE RIVER

52 AVE S

52 AVE S

63 ST S

45 ST S

42 ST S

25 ST S

64 AVE S

64 AVE S

57 ST S

45 ST S

76 AVE S

PRAIRIE ROSE

FRONTIER

RED RIVER OF THE NORTH

THE CITY OF Fargo FAR MORE

0 1/4 1/2 1 Mile

Legend

- Levee Needed
- Levee Constructed
- Fargo Boundary
- Fargo ET Boundary
- Misc. Municipalities

Map Updated: 1/17/2019

M:\Lorshbough, 1/17/2019 M:\GIS\FargoData\Dwgs\Admin\MAP_Projects\Departments\Engineering\Flood\Flood_Risk_Management\Comp_Plan_Status_Update\Comprehensive_Flood_Mitigation_Plan_Phasing_Red_11x17.mxd

DEPARTMENT OF THE ARMY
OFFICE OF THE ASSISTANT SECRETARY
CIVIL WORKS
108 ARMY PENTAGON
WASHINGTON DC 20310-0108

MAR - 1 2019

MEMORANDUM FOR THE DEPUTY COMMANDING GENERAL FOR CIVIL AND EMERGENCY OPERATIONS

SUBJECT: Fargo-Moorhead Metropolitan Area Flood Risk Management Project – Draft Amendment Number 1 to the Project Partnership Agreement (PPA)

1. This responds to the memorandum from the Director of Civil Works dated February 26, 2019, requesting approval of the subject amendment which increases the Federal participation amount for the project from $450,000,000 to $750,000,000 and delegation of signature authority to the St. Paul District Commander.

2. Amendment Number 1 for the PPA is approved. I hereby delegate authority to sign the amendment, on behalf of the Department of the Army, to the St. Paul District Commander. Please make appropriate revisions to the PPA Amendment to reflect the delegated signature authority.

R.D. JAMES
Assistant Secretary of the Army
(Civil Works)

03.05.19

HOEVEN: ASSISTANT SECRETARY OF THE ARMY APPROVES PPA RENEGOTIATION FOR RED RIVER VALLEY FLOOD PROTECTION WITH INCREASED FEDERAL PARTICIPATION OF $750 MILLION

Senator Worked to Advance New PPA with Acting White House Chief of Staff, OMB Acting Director, ASA James & Army Corps Chief

WASHINGTON – Senator John Hoeven today announced that R.D. James, the Assistant Secretary of the Army (ASA) for Civil Works, has approved **the renegotiation of the Project Partnership Agreement (PPA)** for comprehensive flood protection in the Red River Valley. Further, James directed the Army Corps to **increase the federal participation in the project to $750 million**, up from $450 million. The full memorandum approving the changes to the PPA can be found here.

This will help to both secure future federal funding in Army Corps work plans, building on the **$100 million in construction funding Hoeven has helped secure for the project to date**, and provide certainty to the North Dakota legislature as it considers funding for the project. Hoeven has worked consistently in recent months to advance the new PPA with administration officials, both in person and over the phone, including:

- Acting White House Chief of Staff Mick Mulvaney.
- Office of Management and Budget Acting Director Russ Vought.
- ASA R.D. James.
- Army Corps Chief Todd Semonite.

"Renegotiating the PPA is a vital step in advancing the construction of comprehensive flood protection in the Red River Valley," Hoeven said. "We've been working closely with officials across the administration to bring the new agreement to completion as soon as possible. We appreciate ASA James' recent action, which includes the increased federal commitment of $750 million. This is essential in our continued efforts to move Plan B forward, as well as in working with the state legislature to fund the project."

In addition to the new PPA, Hoeven is working to secure continued federal funding to support the implementation of Plan B, which will address the concerns of the Minnesota Department of Natural Resources (DNR) and reduce upstream impacts. To this end, Hoeven recently organized a meeting between officials at the OMB and leaders from the Fargo-Moorhead region to urge that the project be included in the President's forthcoming budget request.

January 23, 2019

Governor Tim Walz
130 State Capitol
75 Rev Dr. Martin Luther King Jr. Blvd.
St. Paul, MN 55155

Commissioner Sarah Strommen
Minnesota Department of Natural Resources
500 Lafayette Rd. St. Paul, 55155

Senator Kent Eken
95 University Avenue W.
Minnesota Senate Bldg, Room 2211
St. Paul, MN 55155

Representative Ben Lien
415 State Office Building
St. Paul, MN 55155

Governor Walz, Commissioner Strommen, Senator Eken and Representative Lien,

We, the undersigned, are writing today to share the next steps being planned by the Metro Flood Diversion Authority and its Minnesota member entities of Clay County and the City of Moorhead. Specifically, we want to provide an update on current and future funding requests that are being made following the issuance of a Dam Safety & Public Waters Work Permit (Permit Number 2018-0819) by the MDNR for "Plan B", the Federal project commonly referred to as the Fargo-Moorhead Diversion Project.

The issuance of the MDNR permit, and the joint cooperation with our partners in North Dakota and with the U.S. Army Corps of Engineers, would not have been possible without the extraordinary efforts of Governor Dayton and the leadership within the MDNR. Together with Governor Doug Burgum of North Dakota, a Joint Governors' Task Force was formed to bring an end to the years of debate and consternation over how best to protect our communities and the greater regional metro area in which we belong. Following a successful five full days of meetings between the two governors and sixteen appointed Task Force members, and an investment of hundreds of hours of technical analysis;

recommendations were made and a new permit application for "Plan B" was submitted to, and subsequently approved by, the MDNR.

We are eager to begin implementing the project that was first conceived 11 years ago as part of a Federal feasibility study completed by the Army Corps and local partners including the City of Moorhead. With the MDNR permit issued, we believe it is time to request the necessary funds from the State of Minnesota for completion of this project, including $43 million for the joint Federal-two State project, along with an additional $39 million in complementary work needed within the City of Moorhead as required by the Governors' Task Force recommendations and MDNR permit. This $39 million, plus $4 million already committed by the State, includes funding to complete flood mitigation efforts in the City of Moorhead, such as the on-going project in the former portions of Oakport Township that have been annexed into the City of Moorhead.

As you can see in the attached project funding summary, the $86 million being requested from the State of Minnesota is being matched by over $1.9 billion from our partners in North Dakota and an additional $750 million from the Federal government. Over $2 billion has been committed to the project so far, with the remaining Minnesota, Federal, and North Dakota shares in a request stage. Completing this project on schedule is critical to providing permanent flood protection for the Fargo-Moorhead metropolitan region. To keep the project on schedule and meet our Minnesota obligations, **we are requesting that you, Governor Walz, and our Moorhead legislators prioritize $27.33 million in each of the next three biennium for the Diversion Project and remaining in-town levees and flood control work**. We have laid the legislative groundwork for these requests over the past several years, keeping Capital Investment and Environment Finance committee chairs and members informed about the status of the project and we look forward to continuing these conversations with legislators and the Executive Branch over the next six years.

At the most recent executive session of the Diversion Authority Board, we directed our litigation counsel to move forward on efforts to resolve ongoing litigation with the MDNR and Richland/Wilkin JPA. With the permit granted by the MDNR, now is the time to focus on getting project built and mitigating the impacts.

Thank you for your continued support of flood risk reduction projects across the state. Our work in Moorhead and Clay County is nearing its end. Our success, and our public safety, would not be possible without you.

Sincerely,

Johnathan R. Judd

Johnathan Judd
City of Moorhead, Mayor

Grant Weyland
Clay County, Chair

SENATE
STATE OF MINNESOTA
NINETY-FIRST SESSION

S.F. No. 1603

(SENATE AUTHORS: EKEN)

DATE	D-PG	OFFICIAL STATUS
02/21/2019	488	Introduction and first reading Referred to Capital Investment

A bill for an act

relating to capital investment; appropriating money for flood hazard mitigation in Moorhead; authorizing the sale and issuance of state bonds.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

Section 1. **MOORHEAD; FLOOD HAZARD MITIGATION.**

Subdivision 1. **Appropriation.** (a) $39,000,000 is appropriated from the bond proceeds fund to the commissioner of natural resources for the state share of flood hazard mitigation grants for publicly owned capital improvements to prevent or alleviate flood damage under Minnesota Statutes, section 103F.161.

(b) To the extent practical, levee projects shall meet the state standard of three feet above the 100-year flood elevation.

(c) This appropriation is for a grant to the city of Moorhead to continue flood mitigation and acquisition of flood prone properties to address the North Moorhead Project (Oakport area) and gaps in city-wide protection consistent with and compatible to the Fargo-Moorhead Diversion.

(d) To the extent that the cost of a municipal project exceeds two percent of the median household income in the municipality multiplied by the number of households in the municipality, this appropriation is also for the local share of the project.

Subd. 2. **Bond sale.** To provide the money appropriated in this section from the bond proceeds fund, the commissioner of management and budget shall sell and issue bonds of the state in an amount up to $39,000,000 in the manner, upon the terms, and with the effect

prescribed by Minnesota Statutes, sections 16A.631 to 16A.675, and by the Minnesota Constitution, article XI, sections 4 to 7.

EFFECTIVE DATE. This section is effective the day following final enactment.

DEPARTMENT OF NATURAL RESOURCES

MNDNR PERMITTING AND REPORTING SYSTEM

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Attachment 6

Permit Number

2018-0819

Dam Safety & Public Waters Work Permit

Expiration Date: 12/27/2023

Pursuant to Minnesota Statutes, Chapter 103G, and on the basis of statements and information contained in the permit application, letters, maps, and plans submitted by the applicant and other supporting data, all of which are made part hereof by reference, **PERMISSION IS HEREBY GRANTED** to the applicant to perform actions as authorized below.

Project Name:	**County:**	**Watershed:**	**Resource:**
Fargo-Moorhead Metropolitan Area Flood Risk Management Project	Clay	Upper Red River of the North	Stream/River: Unnamed Creek (H-026-060); Stream/River: Red River (H-026); Stream/River: Red River

Purpose of Permit:	**Authorized Action:**
Dam Safety - Construction, Culvert Construction/Modification/Replacement, Channelization/Realignment	To construct, operate, and maintain the dam; to excavate and fill in Public Waters; to realign a portion of the Red River; and to construct the Red River Control Structure and the Wolverton Creek Structure; all associated with the Fargo-Moorhead Metropolitan Area Flood Risk Management Project, as described in the permit application and support references and according to the Permit Conditions. The first phase of the dam is shown on plans titled "FMM Diversion Inlet Structure" by the U.S. Army Corps of Engineers and signed by Michael Bart, P.E. in May of 2016. The maximum authorized height of the dam is elevation 928.5 feet (NAVD88). Specific written authorization will be required for each phase of dam construction. Specific written authorization (impoundment approval) will be required prior to project operation.
Permittees (4):	**Authorized Agents (3):**

CITY OF FARGO
CONTACT: BOERBOOM, NATHAN, (701) 476-6743
200 N. 3RD STREET
FARGO, ND 58102
(701) 241-1554

METRO FLOOD DIVERSION AUTHORITY
CONTACT: MICHAEL J. , REDLINGER, (701) 476-4135
211 NINTH STREET SOUTH
BOX 2806
FARGO, ND 56078
(701) 282-4692

U.S. ARMY CORPS OF ENGINEERS
CONTACT: WILLIAMS, TERRY, (651) 590-5517
180 FIFTH STREET EAST, SUITE 700
ST. PAUL, MN 55101
(651) 290-5252

CITY OF MOORHEAD
CONTACT: ZIMMERMAN, ROBERT, (701) 299-5390
P.O.BOX 779
MOORHEAD, MN 56561-0779
(218) 299-5383

JACOBS
CONTACT: GLATZMAIER, JOHN, (651) 253-5910
64 4TH STREET N
SUITE 300
FARGO, ND 58102
(701) 566-5470

HOUSTON-MOORE GROUP
CONTACT: THIELMAN, C GREGG, (701) 237-5065
925 10TH AVENUE EAST
WEST FARGO, ND 58078
(701) 282-4692

HOUSTON ENGINEERING, INC.
CONTACT: BASKERVILLE, EMMY
6901 EAST FISH LAKE ROAD
SUITE 140
MAPLE GROVE, MN 55369
(763) 493-4522

Property Description (*land owned or leased or where work will be conducted*):

UTM zone 15N, 214952m east, 5171013m north (centroid),
SWSE of Section 34, T137N, R48W,
UTM zone 15N, 210773m east, 5179437m north,
Section 6, T137N, R48E

High Hazard Dam. NID MN01721

Issued Date: 12/27/2018	**Effective Date:** 12/27/2018	**Expiration Date:** 12/27/2023	
Authorized Issuer:	**Title:**	**Email Address:**	**Phone Number:**
Tom Landwehr	DNR Commissioner	commissioner.dnr@state.mn.us	651-259-5555

This permit is granted **subject to** the following **CONDITIONS**:

APPLICABLE FEDERAL, STATE, OR LOCAL REGULATIONS: The permittee is not released from any rules, regulations, requirements, or standards of any applicable federal, state, or local agencies; including, but not limited to, the U.S. Army Corps of Engineers, Board of Water and Soil Resources, MN Pollution Control Agency, watershed districts, water management organizations, county, city and township zoning.

NOT ASSIGNABLE: This permit is not assignable by the permittee except with the written consent of the Commissioner of Natural Resources.

NO CHANGES: The permittee shall make no changes, without written permission or amendment previously obtained from the Commissioner of Natural Resources, in the dimensions, capacity or location of any items of work authorized hereunder.

SITE ACCESS: The permittee shall grant access to the site at all reasonable times during and after construction to authorized representatives of the Commissioner of Natural Resources for inspection of the work authorized hereunder.

TERMINATION: This permit may be terminated by the Commissioner of Natural Resources at any time deemed necessary for the conservation of water resources of the state, or in the interest of public health and welfare, or for violation of any of the conditions or applicable laws, unless otherwise provided in the permit.

COMPLETION DATE: Construction work authorized under this permit shall be completed on or before the date specified above. The permittee may request an extension of the time to complete the project by submitting a written request, stating the reason thereof, to the Commissioner of Natural Resources.

CONDITIONS continued on next page...

WRITTEN CONSENT: In all cases where the permittee by performing the work authorized by this permit shall involve the taking, using, or damaging of any property rights or interests of any other person or persons, or of any publicly owned lands or improvements thereon or interests therein, the permittee, before proceeding, shall obtain the written consent of all persons, agencies, or authorities concerned, and shall acquire all property, rights, and interests needed for the work.

PERMISSIVE ONLY / NO LIABILITY: This permit is permissive only. No liability shall be imposed by the State of Minnesota or any of its officers, agents or employees, officially or personally, on account of the granting hereof or on account of any damage to any person or property resulting from any act or omission of the permittee or any of its agents, employees, or contractors. This permit shall not be construed as estopping or limiting any legal claims or right of action of any person other than the state against the permittee, its agents, employees, or contractors, for any damage or injury resulting from any such act or omission, or as estopping or limiting any legal claim or right of action of the state against the permittee, its agents, employees, or contractors for violation of or failure to comply with the permit or applicable conditions.

EXTENSION OF PUBLIC WATERS: Any extension of the surface of public waters from work authorized by this permit shall become public waters and left open and unobstructed for use by the public.

WETLAND CONSERVATION ACT: Where the work authorized by this permit involves the draining or filling of wetlands not subject to DNR regulations, the permittee shall not initiate any work under this permit until the permittee has obtained official approval from the responsible local government unit as required by the Minnesota Wetland Conservation Act.

CONTRACTOR RESPONSIBILITY: The permittee shall ensure the contractor has received and thoroughly understands all conditions of this permit. Contractors must obtain a signed statement from the property owner stating that permits required for work have been obtained or that a permit is not required, and mail a copy of the statement to the regional DNR Enforcement office where the proposed work is located. The Landowner Statement and Contractor Responsibility Form can be found at: http://www.bwsr.state.mn.us/wetlands/wca/index.html#general.

INVASIVE SPECIES - EQUIPMENT DECONTAMINATION: All equipment intended for use at a project site must be free of prohibited invasive species and aquatic plants prior to being transported into or within the state and placed into state waters. All equipment used in designated infested waters, shall be inspected by the Permittee or their authorized agent and adequately decontaminated prior to being transported from the worksite. The DNR is available to train inspectors and/or assist in these inspections. For more information refer to the "Best Practices for Preventing the Spread of Aquatic Invasive Species" at http://files.dnr.state.mn.us/publications/ewr/invasives/ais/best_practices_for_prevention_ais.pdf. Contact your regional Invasive Species Specialist for assistance at www.mndnr.gov/invasives/contacts.html. A list of designated infested waters is available at www.mndnr.gov/invasives/ais/infested.html. A list of prohibited invasive species is available at www.mndnr.gov/invasives/laws.html#prohibited.

13. LIMITATIONS: (a) Any violation of the terms and provisions of this permit shall constitute a violation of Minnesota Statute, Chapter 103G. (b) This permit is permissive only. No liability shall be imposed upon or incurred by the State of Minnesota or any of its employees, on account of the granting hereof or on account of any damage to any person or property resulting from any act or omission of the Permittee relating to any matter hereunder. This permit shall not be construed as estopping or limiting any legal claims or right of actions by any person other than the state against the Permittee, for any damage or injury resulting from any such act or omission, or as estopping or limiting any legal claim or right of action of the state against the Permittee, for violation of or failure to comply with the provisions of the permit or applicable provisions of law. The Permittee shall obtain the written consent of all persons, agencies, or authorities concerned, and shall acquire all property, rights, and interests necessary, before proceeding with any activity authorized by this permit involving the taking, using, or damaging of any property, rights or interests of any other person or persons, or of any publicly owned lands or improvements thereon or interests therein. (c) This permit shall not release the Permittee from any other permit requirements or liability or obligation imposed by Minnesota Statutes, Federal Law, or local ordinances relating thereto and shall remain in force subject to all conditions and limitations now or hereafter imposed by law. (d) Unless explicitly specified, this permit does not authorize any alterations of the beds or banks of any public (protected) waters or wetlands. A separate permit must be obtained from the Department of Natural Resources prior to any such alteration. (e) Unless explicitly specified herein, this permit does not authorize the appropriation of the state's water resources for either consumptive use or dewatering. Separate permit(s) must be obtained from the Department of Natural Resources prior to the appropriation of Minnesota waters that may be necessary for the construction, operation and maintenance of the project pursuant to this permit.

14. ADDITIONAL SITE ACCESS: The Commissioner may inspect any work authorized by this Permit. The Permittee shall supply such information concerning the design, construction, operation, and maintenance of the work authorized

CONDITIONS continued on next page...

CONDITIONS (*Continued from previous page*)

hereunder as the Commissioner may require.

15. ADDITIONAL WRITTEN CONSENT: Any permissions or extension of time made and granted by the DNR shall be made in writing.

16. CONSTRUCTION DEWATERING GENERAL: In Minnesota, all construction dewatering in excess of 10,000 gallons per day or one million gallons per year must be authorized by a separate water appropriation permit. All worksite discharge water must be treated for sediment reduction prior to return to any surface water. Water from designated infested waters shall not be diverted to other waters, transported on a public road, or transported or appropriated off property riparian to the infested waters without a DNR invasive species permit. All equipment in contact with infested waters must be decontaminated before leaving the site. In North Dakota, the Permittee shall obtain all dewatering permits that may be required by the state of North Dakota.

17. EXCAVATED MATERIALS RUNOFF: Excavated materials must be deposited or stored in an upland area. The Permittee shall prepare a spoil disposal plan for all spoils created by work authorized under this permit. Departure from any previously approved spoil disposal plans may be allowed only through permit amendment. Additionally the Permittee shall obtain and comply with the terms of any stormwater runoff permit that may be required by either federal or state law including any applicable National Pollutant Discharge Elimination System (NPDES) permit.

18. EROSION AND SEDIMENT CONTROL: Erosion control measures shall be adequately designed for the site characteristics. They may include staked hay bales, diversion channels, sediment ponds, or sediment fences. They shall be installed in accordance with the latest version of "The Minnesota Stormwater Manual" by the Minnesota Pollution Control Agency (MPCA), prior to commencement of construction and maintained throughout the project. All exposed soil shall be stabilized as soon as possible. Topsoil should be used to re dress disturbed soil areas and indigenous plant species should be used to revegetate disturbed areas whenever possible. Additionally, the Permittee shall obtain and comply with the terms of any stormwater runoff permit that may be required by either federal or state law, including any applicable NPDES permit.

19. FUTURE TRANSFER OF OWNERSHIP: Neither this permit, nor the ownership of the dam, may be transferred except with the written consent of the Commissioner as evidenced by the issuance of a dam safety permit to a new owner. A transfer of land ownership does not automatically transfer either the permit or dam ownership. As a prerequisite to the transfer of the dam permit, the existing owner/Permittee must inform any buyer of land underlying the dam of the dam's existence. This notice must be in writing and a copy must be sent to the DNR. The DNR will not approve a transfer of this permit unless the new dam owner can meet the requirements of Minnesota Rules regarding the transfer of dam ownership.

20. EMERGENCY REPAIRS: All repair work on the project authorized by this permit may only be undertaken with the prior written approval of the DNR. Where, however, conditions arise that require immediate action to protect the public health, safety and welfare, repairs may be started immediately, provided that the Permittee notifies the Commissioner and the State Duty Officer of the need to make emergency repairs immediately upon discovery of the need for an emergency repair. As soon as practicable thereafter, the Permittee shall apply for a permit amendment for the necessary emergency repairs.

21. OTHER PERMITS: Construction shall not commence until the Permittee has obtained all required federal, state, and local permits, authorizations, and permissions necessary to undertake the work authorized in this permit.

22. PROPERTY RIGHTS: Property rights shall be acquired for all property necessary for construction of the Project prior to the commencement of construction. Property rights shall include fee simple absolute acquisition of all property of the Project footprint. Temporary construction easements shall be acquired on all property that will be used for construction of the Project. In Minnesota, in accordance with the 5th Amendment Takings Requirement of the US Constitution and in accordance with the Minnesota Constitution Article XIII Section 4, prior to dam operation, property rights shall be acquired for all land and structures that will be impacted by the Project when the Project is operated at maximum capacity. All lands with structures that will be impacted will be acquired in fee simple absolute, unless the structure will be relocated, elevated or floodproofed. For all other property impacted when the dam is operated at maximum capacity that is not acquired in fee simple absolute, flowage easements are required. In Minnesota, these acquisitions must comport with the requirements of Minnesota Statutes Chapter 117.

23. FLOWAGE EASEMENTS: In Minnesota, each flowage easement obtained/required for the Project shall contain language prohibiting the storage of certain materials (such as recognized environmental contaminants) in the area subject to the easement to prevent the release of said materials during project operations. Permittee shall address damages to the underlying fee resulting from the storage of floodwater pursuant to the flowage easement, such as contamination of

CONDITIONS continued on next page...

soils, removal of debris, presence of invasive species, etc. Permittee shall comply with the Post-Operation Debris Clean-Up Plan for both private and public lands as described in the Property Rights Acquisition and Mitigation Plan. Easements and land acquisition must comply with MN Statutes Chapter 117.

24. DAMAGES: In Minnesota, in accordance with the Minnesota Constitution Article XIII Section 4, nothing in this permit alleviates the responsibility of the Permittee to make whole any party damaged by the construction or operation of the Project.

25. CEMETERY IMPACTS: In Minnesota, prior to dam operation, the Permittee shall provide to the DNR written, mutually agreed upon mitigation for impacts to cemeteries in the storage area. No impoundment of water is allowed by this permit until all property rights are acquired and DNR receives and approves signed agreements executed by each affected cemetery and the Permittee. In Minnesota and North Dakota, any mitigation of historic properties must comply with the requirements of Section 106 of the National Historic Preservation Act and the Permittee shall comply with State Historic Preservation Office (SHPO) recommendations made by the SHPO in the applicable state.

26. ORGANIC FARMS: In Minnesota, Permittee shall comply with the Organic Farmland Acquisition Plan as detailed in the Property Rights Acquisition and Mitigation Plan. The Permittee shall comply with Minnesota Statutes Section 117.186 requiring compensation to a Minnesota business owner or land owner for business losses (loss of "going concern").

27. ENVIRONMENTAL MITIGATION: Within five (5) years of permit issuance and no later than the start of construction of the Red River Structure, the Permittee shall have a legally binding commitment to fund the Drayton Dam Project, and construction shall have commenced within this same time period. The Drayton Dam Project, which includes the removal of the existing dam and construction of a rock arch rapids, shall serve as partial mitigation for impacts of the Project on the ecology of the Red River, including impacts to connectivity, fish passage, and aquatic resources. The Permittee shall work with DNR on the design of the Drayton Dam Project to ensure that it satisfies the mitigation requirements of this permit. Within five (5) years of permit issuance, the Permittee shall have a legally binding commitment to fund a portion of the restoration work on the Lower Otter Tail River and construction shall have commenced within this same five-year period. The Permittee shall fund the Lower Otter Tail River Restoration Project to a dollar amount that would ensure replacement of all ecological resource values and functions of the public waters impacted by the Project. Ecological resource values will be calculated by the DNR using Habitat or Resource Equivalency Analysis. If the Lower Otter Tail River Restoration Project does not proceed, a similar project shall be funded as an alternative mitigation for the impacted public waters of the Red River and Wolverton Creek. The alternative restoration shall be selected by the DNR in consultation with the USACE. Both the Drayton Dam project and the Lower Otter Tail River project will require permits from the DNR. These required mitigation projects shall be completed one year prior to completion of construction of the project.

28. CONTINGENCY ACTION PLAN: Prior to construction of the last phase of dam construction (currently the Southern embankment in Minnesota), the Permittee shall obtain written approval from the DNR of a Contingency Action Plan (CAP). Construction of the last phase of the dam may not commence until such approval is obtained. The CAP shall contain all applicable elements of the Federal Guidelines for Emergency Action Planning for Dams (FEMA Publication No. P-64). Dam breach inundation maps shall be prepared using a 2-dimensional dam breach analysis. Breaches at several locations on the dam shall be modeled. Both the modeled breach locations and the overall modeling approach require DNR consultation and agreement. The breach models shall extend downstream to a point where water level increases due to a breach are less than one foot. If there is no feasible or practical means to provide for adequate evacuation warning in sufficient time, the Permittee shall notify all potentially affected property owners of that fact.

29. WATER CONTROL MANUAL: Prior to completion of dam construction, the Permittee shall submit a Water Control Manual to the DNR. No impoundment of water is allowed by this permit until written approval of the Water Control manual is obtained from the DNR.

30. OPERATION, MAINTENANCE, REPAIR, REPLACMENT, AND REHABILITATION MANUAL: Prior to completion of dam construction, the Permittee shall submit a complete Operation, Maintenance, Repair, Replacement, and Rehabilitation (OMRR&R) manual to the DNR. No impoundment of water is allowed by this permit until written approval of the OMRR&R manual is obtained from the DNR.

31. OPERATION, MAINTENANCE, MONITORING, AND INSPECTION PLAN: Prior to completion of dam construction (currently the Southern embankment in Minnesota), the Permittee shall obtain written approval from the DNR of the Operation, Maintenance, Monitoring, and Inspection (OMMI) Plan. No impoundment of water is allowed by this permit until such approval is obtained. The OMMI Plan shall have content sufficient to instruct the operations engineer on how the dam (including control structures) is to be operated, maintained, monitored, and inspected; and shall include at a minimum the project operations plan (describing when and how gates will be operated); a maintenance plan (describing how the dam

CONDITIONS continued on next page...

will be maintained); an instrumentation and monitoring plan (including all geotechnical and water related instrumentation to be installed, what the instrumentation would be measuring, the frequency of readings, who is responsible for reading, and who is responsible for analyzing against expected outcome); and an inspection plan (frequency of inspections, level of detail for each inspection, and requirements for special inspections such as pre- and post- operations inspections). Any changes to the Operation and Maintenance Plan require prior written permission from the DNR. The Permittee shall develop a Memorandum of Understanding (MOU) related to Project operation with DNR and state and local governments in Minnesota and North Dakota potentially affected by the Project. The MOU shall include criteria and methods for notifying the public prior to dam operations. The Permittee shall submit an annual financial statement to the DNR detailing the amount of funds currently available in the Operation and Maintenance Funding Program, as well as projected future expenses and revenue. The financial statement shall be due on or before January 31 of each year.

32. CONSTRUCTION PHASE APPROVAL: Written approval must be obtained from the DNR prior to construction of any phase of dam construction. The dam must act as a whole, with all parts being integral to its integrity and safety. At least 120 days prior to the anticipated start of a phase of construction of the dam, the Permittee shall submit to the DNR a design report, detailed plans and specifications, and documentation showing that land rights have been acquired for that phase of dam construction. The design report shall contain all items required in Minnesota Rules 6115.0410, subp. 6 and 6115.0240, subp. 3. Prior to the start of construction of a phase of the dam, the Permittee shall obtain written approval from the DNR of the design (design, plans, specifications, and rights acquisition, of that construction phase. Construction of that phase of the dam may not commence until such written approval is obtained. Permittee shall develop and maintain a worksheet to record, track, and show approval date of all changes made to the design, construction, and operations.

33. CONSTRUCTION PROGRESS REPORTS: The Permittee shall submit monthly reports to the DNR on construction observation and quality control to ensure conformity with approved designs, plans, and specifications, including but not limited to those items set forth in Minnesota Rules part 6115.0410, subpart 9.

34. INTERIM CONSTRUCTION REPORTS: Within 90 days following the completion of each phase of dam construction, the Permittee shall provide the DNR an Interim Construction Report, together with a statement by the designer or professional engineer in charge of the project that attests that the dam phase has been completed in accordance with the approved designs, plans and specifications and any approved revisions thereof. The Interim Construction Reports shall address the items set forth in Minnesota Rules part 6115.0410, subparts 9 through 11. The Interim Construction Reports shall also include record drawings, materials sampling and testing as performed, photographs of the phases of construction, and any other items that may be of permanent value on the adequacy and permanency of the dam. The Interim Construction Reports shall be signed or co signed by a qualified engineer.

35. ANNUAL CONSTRUCTION AND MONITORING REPORT: The Permittee shall submit an annual report to the DNR that describes the following: 1) proposed dam construction for the upcoming year; 2) any changes or variations in dam design, construction, or operations from previously approved plans; 3) a summary of the past year's construction activities and quality control tests; 4) a summary of the past year's operation, maintenance, inspection, and monitoring activities; 5) a discussion of any construction, operation, maintenance, inspection, or monitoring activities that were unscheduled, or out of the ordinary, or deviated from the approved plan; 6) photographs; 7) graphical presentations of all dam instrumentation data, including but not limited to data from water level gages, piezometers, inclinometers, extensiometers, and settlement plates; and 8) a brief discussion of any monitoring results that appear to be irregular or out of tolerance. Tabular instrumentation data shall be submitted with the report in an electronic format and submitted on a CD, DVD, or flash drive. The Annual Report shall be due on or before January 31 of each year.

36. FINAL CONSTRUCTION REPORT: Within 90 days following the completion of final construction, the Permittee shall provide the DNR a Final Construction Report, together with a statement by the designer or professional engineer in charge of the project that attests that the dam has been completed in accordance with the approved designs, plans and specifications and any approved revisions thereof. The Final Construction Report shall address the items set forth in Minnesota Rules part 6115.0410, subparts 9 through 11. The Final Construction Report shall also include record drawings, materials sampling and testing as performed, photographs of the phases of construction, and any other items that may be of permanent value on the adequacy and permanency of the dam. The Final Construction Report shall be signed or co signed by a qualified engineer.

37. IMPOUNDMENT APPROVAL: Written approval to impound water must be obtained from the DNR prior to project operation. No impoundment of water is allowed by this permit until written approval is obtained from the DNR, and such written approval shall not be granted until the Permittee has acquired all land rights necessary for project operation up to and including the maximum capacity of the dam.

CONDITIONS continued on next page...

CONDITIONS (*Continued from previous page*)

38. SAFETY INSPECTIONS: The Permittee shall arrange for an annual dam safety inspection and a dam safety inspection report to be prepared by a qualified dam safety engineer registered in Minnesota. The annual dam safety inspection report shall be sent to the DNR on or before January 31 of each year.

39. OPERATION AND MAINTENANCE RESPONSIBILITY: The Permittee shall operate the dam authorized by this permit in accordance with all dam safety standards. The Permittee shall maintain the dimensions and elevations of the dam as described herein and in accordance with the Operation, Maintenance, Monitoring, and Inspection Plan. A permit amendment is required for any construction or repair that would change the hydraulic capacity or structural character of the dam that is not authorized in this Permit or impoundment approval, such as conduit replacement or embankment excavation. Routine dam maintenance, such as mowing or debris removal, does not require prior DNR approval.

40. AFTER ACTION OPERATION REPORT: The Permittee shall submit an after action operation report to the DNR within 90 days of Project operation. The report shall include details of conditions leading up to the operation and details of the operation.

41. PERPETUAL MAINTENANCE: The Permittee shall perpetually maintain the dam and all of its components to ensure the integrity of all structures.

42. FREEBOARD REQUIREMENT: The Permittee shall maintain enough available flood storage capacity to store the inflow maximum capacity event with at least 5 feet of freeboard remaining to the top of dam. Portions of the Western Tieback and Eastern Tieback may be constructed with less freeboard as designed to allow for planned overtopping of those sections in the event of misoperation, e.g. not operating the control structures, or extreme floods.

43. WOLVERTON CREEK CROSSING: Permittee shall coordinate the final design of the Wolverton Creek Structure with the Buffalo Red River Watershed District (BRRWD) to ensure compatibility with the Wolverton Creek Restoration Project. No construction of the Wolverton Creek Structure is allowed by this permit until written approval of the final design is obtained from the DNR.

44. ADAPTIVE MANAGEMENT AND MONITORING PLAN: Permittee shall submit an updated and revised Adaptive Management and Monitoring Plan (AMMP) to the DNR, including monitoring of geomorphological impacts, fish passage impacts, fish stranding, particularly identifying action triggers and the corresponding actions to mitigate the impacts. The Adaptive Management Team will meet within 30 days of the identification of a trigger and the corrective action identified within 30 days of the meeting. Construction in Minnesota shall not commence until DNR approval of the AMMP is granted.

45. LIMITATION OF UPSTREAM AND DOWNSTREAM DEVELOPMENT: Impoundment of water upstream of the dam poses risk. DNR recommends that local governmental units adopt requirements that any new structure in the storage area be relocated, elevated or floodproofed, such that it is not impacted by Project operations at any flow event.A breach of the dam could create hazards downstream to human life, particularly in areas adjacent to the dam and along the river channels. DNR recommends that local governmental units adopt requirements that no development be allowed within one quarter mile of the dam or along river channels.

46. CROP LOSS: No less than three years prior to completion of the Project, the Permittee shall provide a financial analysis that demonstrates that it has created the necessary reserve fund to compensate for crop loss.

47. ENVIRONMENTAL MITIGATION-COLD WEATHER IMPACTS: The Permittee shall monitor aqueduct impacts to the riverine system, provide heating components in the aqueduct to reduce the potential for freezing or ice buildup, and install gages to ensure flow is not restricted by ice in the aqueduct.

48. ENVIRONMENTAL MITIGATION-INVASIVE SPECIES: As described in the AMMP, the Permittee shall ensure that all construction equipment will be free of invasive species, shall develop an invasive species management plan prior to the start of construction, and shall control noxious weeds

49. ENVIRONMENTAL MITIGATION-COVER TYPE IMPACTS: As described in the AMMP, the Permittee shall mitigate the loss of floodplain forests and to wooded/forested cover types by replacement at a 2:1 ratio and shall monitor the mitigation sites.

50. ENVIRONMENTAL MITIGATION-GEOMORPHOLOGICAL IMPACTS: The Permittee shall identify potential areas of geomorphological impacts, erosion and sedimentation; undertake required monitoring; and set forth a commitment to mitigate geomorphological impacts, erosion and sedimentation predicted to result from Project operation.

51. CLEAN FILL: The Permittee shall use fill material which is clean and free of all contaminants.

CONDITIONS continued on next page...

CONDITIONS (*Continued from previous page*)

52. LIST OF FLOWAGE EASEMENT HOLDERS: The Permittee shall submit a list of persons with substantial interest in the Project consistent with Minnesota Rule 6115.0201, subp. 7H. The Permittee shall maintain a public list of flowage easement holders and shall contact each flowage easement holder on a five-year basis. As recommended by the State FEIS, the Diversion Authority and each member of the Diversion Authority shall post on its respective website a list of the properties that it will acquire for the Project, the nature of the property interest it will acquire for each identified property, an acquisition timeline, a detailed description of the process the acquiring authority with undertake to acquire property within its jurisdiction, and a contact person(s) and contact information for contact person(s) available to answer further questions.

53. WORK EXCLUSION DATES FOR FISH SPAWNING AND MOVEMENT: Work within Public Waters may be restricted due to fish spawning, migration concerns, or the protection of fish habitat. Dates of fish spawning and migration vary by species and location throughout the state. Specific dates for each DNR Region may be found on page 3 of Chapter 1 of the manual: Best Practices for Meeting DNR General Waters Work Permit GP2004-0001. http://www.dnr.state.mn.us/waters/watermgmt_section/pwpermits/gp_2004_0001_manual.html. Work in the water is not allowed within these dates. The DNR Area Hydrologist shall be contacted about waiving work exclusion dates where work is essential and/or where Permittee demonstrates that a project will minimize impacts to fish habitat, spawning, and migration. All waivers require approval of the Area Fisheries Supervisor.

54. FUTURE ORDERS: The DNR reserves the right to review and revise this permit and the conditions attached hereto as additional hydrologic data becomes available. The DNR also reserves the right to issue any order it may deem necessary to protect the public interest, including but not limited to the public health, safety, and welfare. Should the dam be abandoned at a future date for any reason or fall into a state of disrepair, the Permittee shall be solely responsible for all debris removal and site restoration work and any associated damage to public or private property, including to the waters of the state.

ALL CONDITIONS: All conditions apply to activities in both states unless specified otherwise.

DAM: Refers to the Western Tieback, Southern Embankment, and Eastern Tieback, as well as the Diversion Inlet Structure, Wild Rice Structure, Red River Structure, and Wolverton Structure as described in the permit application.

DAM CONSTRUCTION: The act of changing, removing, or adding to the artificial barrier, along with appurtenant works, which does or may impound water and/or waste materials containing water.

DAM OPERATIONS: The act of lowering control gates with the intent to store water for project operations.

CONTINGENCY ACTION PLAN: Plan detailing initial response to potential emergency conditions. Same as Emergency Action Plan.

FREEBOARD: The difference in elevation between the water level due to the design inflow flood event and the lowest point of the top of the dam. Freeboard is a factor of safety above a predicted flood level to compensate for unknown factors that could contribute to flood heights that are greater than the height calculated.

OPERATION AND MAINTENANCE PLAN: Plan detailing how the dam will be operated, maintained, monitored, and inspected during all phases of the project.

PERMITEE: The Cities of Fargo, North Dakota and Moorhead, Minnesota together with the U.S. Army Corps of Engineers and the Flood Diversion Board Authority.

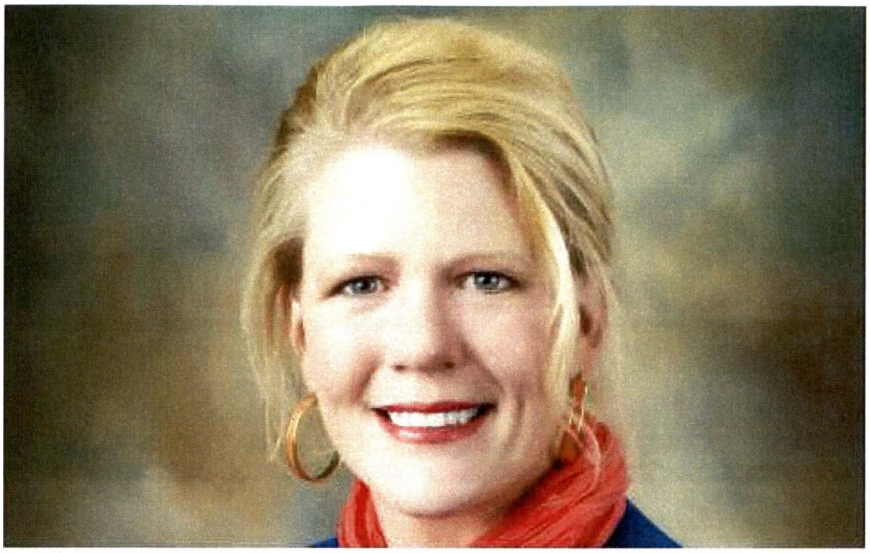
PHASE: A certain construction feature of the Project, as described in Attachment 5 of the permit application (Construction Placement Schedule date 2018-02-27).

STORAGE AREA: The area upstream of the dam where water levels due to the Project would be higher than they would have been without the Project during the design (maximum capacity) flood event.

CONDITIONS continued on next page...

cc: Rodger Hemphill, Area Hydrologist
Erik Anthonisen, EWR District Manager
Stan Thurlow- City Planner, Dillworth
Christina Volkers, Moorhead - City Manager
Pamela Guest, Comstock - Clerk-Treasurer
Janelle Krump, Wolverton - Clerk
Don Bajumpaa, Wilkin SWCD
Bruce Albright, Watershed District, BUFFALO-RED RIVER WD
Kevin Kassenborg, SWCD, Clay SWCD

Letter: Diversion Authority plans to reach out to all impacted property owners



Mary Scherling

With the recent warning from the National Weather Service of increased flooding this spring, it is a good time to reflect that this year marks 10-years since the record-setting 2009 flood that nearly devastated Fargo-Moorhead and all of the many important surrounding communities.

There are not many issues more sentimental or emotion-inducing for area residents than to talk about the history of flooding, and the predictions of future flooding. Tremendous efforts and improvements have been made over the last 10 years to reduce the flood risk in the most vulnerable areas, but more work is needed to ensure that another 10 years, or even a 100 years from now, our citizens remain safe from flooding.

On Dec. 27, the Minnesota Department of Natural Resources granted the Diversion Project a Dam Safety & Public Waters Work Permit (Permit Number 2018-0819). The project that was permitted is a compromise developed through the work of Govs. Doug Burgum and Mark Dayton and their 16-person Task Force.

In the end, 33 alternative plans were evaluated. The compromise project comes with provisions that are not unilaterally accepted by proponents or opponents, but that is the important point of a compromise. The oversight from the states of Minnesota and North Dakota and federal government ensures an implementation process that is fair, by the book, and makes sure that the balance between public safety and personal property is in check.

It was clear from the discussions at the Governors' Task Force between the governors that the acquisition of the land needed for the project is a top priority, as is fairly compensating those who own land that will be temporarily impacted during the operation of the project. With that in mind, soon over 500 letters are being sent from the Diversion Authority to private property owners who may potentially have some level of impact on their property.

This much-needed outreach furthers the process of communication and discussion with property owners and eventually acquiring the property rights necessary to construct and operate the project in order to protect the metro area in times of extreme flooding. Please understand, not all affected property will be purchased. Much of the property rights needed will be affected by additional water only during extreme flood events. The remainder of time, the land will continue to be productive farmland.

I understand that we are asking impacted property owners to sacrifice. We also hope that those who are impacted understand that we have an obligation to treat you fairly and properly compensate you for your impacts. With a project as important as this to the safety and way of life of our citizens, we must continue to move forward in a timely manner. Now is the time to move forward and acquire the land needed.

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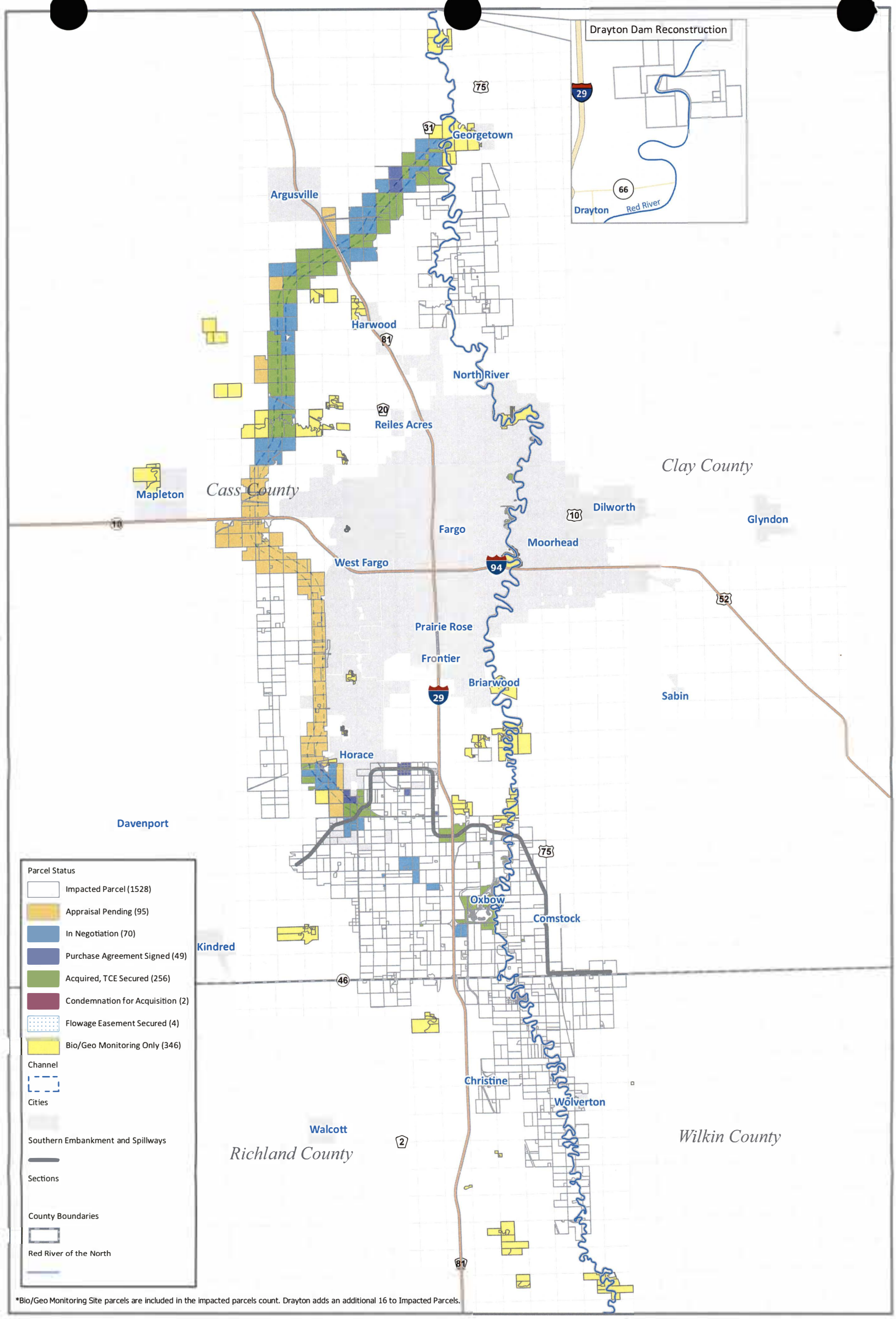

Information depicted may include data unverified by AE2S. Any reliance upon such data is at the user's own risk. AE2S does not warrant this map or its features are either spatially or temporally accurate.
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PROPERTY ACQUISITION STATUS REPORT

Date: 2/22/2019

FM AREA DIVERSION PROJECT

A16 SB 2020
3/7/2019

FM AREA DIVERSION PROJECT

Property Rights Acquisition and Mitigation Plan Summary

August 2018

Table of Contents

The full Mitigation Plan is 115 pages and includes the following items.

- Property Acquisition Philosophies
- Typical Property Acquisition Process
- Appraisal Review Plan
- Offer Presentation and Negotiation Process
- Property Rights Map
- Property Acquisition Schedule
- Early Property Acquisition Program
- Organic Farmland Acquisition Plan
- Disposal of Excess Property
- Mitigation of Properties in the Upstream Mitigation Area
- USACE/FEMA Coordination Plan
- Flowage Easement Plan
- Sample Flowage Easement
- Dispute Resolution Board
- Cemetery Mitigation Plan
- Mitigation of Historic Places
- Post-Operation Debris Clean-Up Plan: Private Lands
- Post-Operation Repair and Clean-Up Plan: Public Lands
- Summer Operation Supplemental Crop Loss Program
- Financial Assurance Plan for O&M, On-going Mitigation
- Mitigation Communications Plan
- Oxbow-Hickson-Bakke Mitigation Project
- In-Town Levee Mitigation Projects
- Pre-PPA Medical Hardship Acquisition Program
- Adaptive Management and Mitigation Plan

The Metro Flood Diversion Authority (Diversion Authority) has prepared the Property Rights Acquisition and Mitigation Plan to document the property rights acquisition and mitigation policies that will be followed for the Fargo-Moorhead (FM) Area Diversion Project (Project). This Property Rights Acquisition and Mitigation Plan has been drafted in coordination with the US Army Corps of Engineers (USACE), and in consultation with the North Dakota State Water Commission (NDSWC) and the Minnesota Department of Natural Resources (MDNR) along with input from the Diversion Authority's Land Management Committee and the Agriculture Policy Subcommittee. Throughout the Property Rights Acquisition and Mitigation Plan, the Project is commonly referred to as the 'FM Area Diversion Project', but it should be noted that USACE, other agencies, and certain documents identify the Project as the 'Fargo-Moorhead Metro Flood Risk Management Project'.

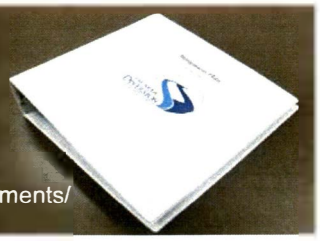
It should also be noted that the Project being referenced in the Property Rights Acquisition and Mitigation Plan is a refined and updated version of the Project that the Diversion Authority has submitted to MDNR as part of a permit application. The Project is now considered "Plan B", and is intended to be consistent with the recommendations of the Governors' Task Force.

The Property Rights Acquisition and Mitigation Plan is intended to be a living document that will be reviewed and amended periodically as additional information and operations prompt updates.

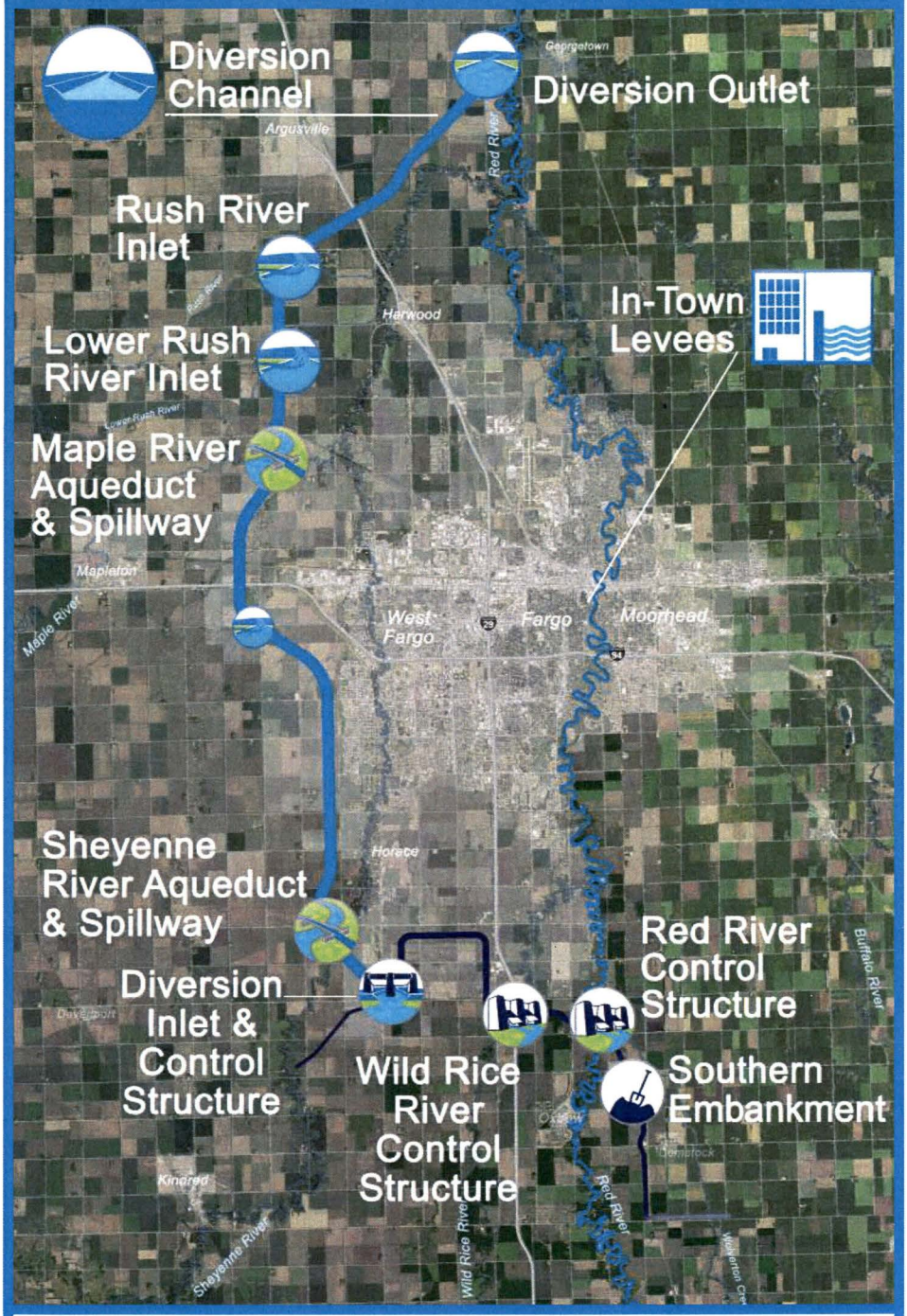
This Property Rights Acquisition and Mitigation Plan contains information about the acquisition of property rights needed for the Project and property mitigation programs. The document is a compilation of a series of plans for a variety of topics. Collectively, the individual topics contained within the document serve as the comprehensive Property Rights Acquisition and Mitigation Plan for the Project.

Full Mitigation Plan Document Available

www.fmdiversion.com/studies-technical-documents/



Project Map



Diversion Outlet
Water exiting the channel and entering the Red River.

River or Drain Inlet
Water from surrounding drainage areas that enter the Diversion Channel.

Aqueduct & Spillway
A structure that allows a river normally to cross the Diversion Channel and "spill" into the Channel during flood events.

Diversion Inlet & Control Structure
During times of extreme flooding, water behind the Southern Embankment will enter the Diversion Channel through the inlet.

Southern Embankment
The southern embankment is an earthen structure that temporarily holds water during extreme flood events.

River Control Structure
Control structures safely regulate the flow of water.

Process and Procedure

3/7/20
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Attachment 6

The Diversion Authority has adopted a thorough process for acquiring property. The mission of the Authority is to acquire necessary property in compliance with State and Federal guidelines and in accordance with the philosophy of being friendly, fair, and flexible to those whose property is required for the project.

The Diversion Authority aims to acquire properties following a timeline based on design and construction schedules. That being said, and now that the Project Partnership Agreement (PPA) has been executed with the Federal Government, the Diversion Authority will entertain requests for early acquisition. The intention of this program is to allow property to be acquired early if the property owners desire.

By the Numbers

- Approximately 1,240 total impacted parcels
- Flowage easements on approximately 875 parcels
- Approximately 365 parcels to acquire in fee title
- 1,060 North Dakota parcels
- 180 Minnesota parcels

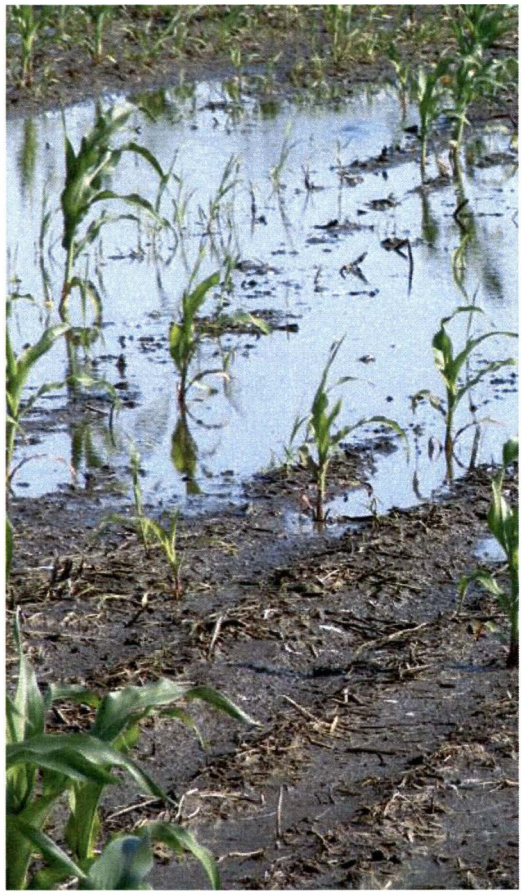
Excess Property

If requested by the property owner, the Diversion Authority may purchase full parcels of land rather than simply the bare minimum property needed to implement the Project. If, as a result, the Diversion Authority owns excess property, the remnants will be sold via public sale in a timely fashion.

Overview Of Some Key Elements

CLEAN UP PLANS

Operation of the Project will result in the staging and retention of flood waters upstream of the Fargo-Moorhead metro area. The upstream retention area will impact a different amount of acres for each flood event depending on the magnitude of the flood. The Diversion Authority will obtain flowage easements on the properties that are within a defined mitigation area. The flowage easement will compensate property owners for the impacts associated with the Project. However, in recognition that operation of the upstream retention area may cause debris (logs, straw, trash, etc.) to accumulate within and along the edges of the upstream retention area, the Diversion Authority has developed post-operation debris clean-up plans for both private and public properties. The private-lands debris clean-up plan is patterned after the "clean-up week" approached used in the metro area where items to be disposed of are piled up at the curb. The public-lands repair and debris clean-up plan is patterned after the approach FEMA uses for post-disaster damage assessment and reimbursement where local government units are reimbursed for cleanup costs.



FLOWAGE EASEMENTS

The FM Area Diversion Project includes a mitigation area upstream of the Project. The mitigation area is a necessary component of the Project, and it will occasionally and temporarily store flood waters. Flowage Easements will be purchased and applied to the properties in the upstream mitigation area. The value of each flowage easement will be determined through an appraisal that will consider the depth, duration, and frequency of additional flooding, and the highest and best use of the property to determine the market value of the property. Phase 1 of valuation study is underway now.

SUPPLEMENTAL CROP LOSS PROGRAM

Summer operation of the Project would likely damage growing crops. Even though summer operation is extremely unlikely, the Diversion Authority will adopt a Summer Operation Supplemental Crop Loss program to provide additional assurance to producers in the upstream mitigation area. The Program would provide producers with coverage for the risk associated with Project induced flooding on growing crops if the Project operates during summer. The Diversion Authority understands and acknowledges that this program is important to the agricultural community because under these events, it is anticipated that producers will not be able to utilize the federal crop insurance program(s) for damages caused by operation of the Project.

CEMETERIES

There are 5 cemeteries upstream of the Diversion Project that may potentially be impacted by varying levels (ranging from 0.3 feet to 6.3 feet) of additional water during major floods due to operation of the Project in a 100-year (one-percent annual chance) flood. Additionally, there are 21 cemeteries that currently would flood within the protected area that will now have improved flood protection due to construction of the Project.

Some of the recommended mitigation steps for cemeteries include protective berms, access changes, debris fencing, anchoring headstones, and/or raising the site. The previously completed cemetery studies can be found at www.fmdiversion.com/studies-technical-documents/.

FINANCIAL CONSIDERATIONS

The Diversion Authority will establish an on-going O&M Funding Program and utilize either sales taxes or a maintenance district, or a combination of both to fund the program. In addition, the Diversion Authority will make sure that all of the mitigation costs outlined in the Mitigation Plan will be eligible for funding through the O&M Funding Program. The O&M Funding Program will also provide a mechanism for funding unforeseen mitigation needs that may arise due to Project operation.

DISPUTE RESOLUTION BOARD

In addition to acquiring the necessary property rights from property owners, the Diversion Authority will provide an informal, administrative forum for property owners to file claims for damages. The Diversion Authority will establish the Alternative Dispute Resolution Board for such purposes. It should be noted that the Dispute Resolution Board is modeled after a similar process created by the North Dakota State Water Commission (NDSWC) for the Devils Lake outlet project. The Dispute Resolution Board provides a fair and independent process and mechanism for property owners who believe they were impacted by the Project to submit a claim of damages. The Board will be relied upon for property owners outside of the mitigation boundaries described in the Property Rights Acquisition and Mitigation Plan.

FM Area Diversion Project – Key Issues for ND Legislature

March 5, 2019

Injunction is expected to be resolved

- The federal court ordered a preliminary injunction against construction in September 2017. The injunction was predicated on the lack of a Minnesota permit. The MDNR issued permit (Permit Number 2018-0819) on December 27, 2018.
- The court has set a schedule which provides that briefs are due on March 11th and 21st, 2019 and a hearing to consider lifting the injunction has been scheduled for April 1, 2019. The Diversion Authority believes that the issuance of the Minnesota permit should result in lifting the injunction.
- The State of Minnesota and the Diversion Authority agree that the Project and MDNR permit is defensible against continued upstream opposition.
- The preliminary injunction does not prevent the acquisition of land or continued in-town flood protection works that complement the Diversion Project. The Diversion Authority will focus on these activities in 2019.

Contested Case Hearing may or may not be a delay

- A Contested Case Hearing is a Minnesota administrative process established to allow challenges to the MDNR Permit.
- Minnesota law allows for permit issuance to be challenged within 30 days of the issuance of the permit. The Buffalo Red River Watershed District (BRRWD) has requested a Contested Case Hearing. The MDNR is currently reviewing the request, and meeting with BRRWD representatives to understand the concerns of BRRWD.
- If the request is granted, the MDNR will develop the scope of the Contested Case Hearing and request that administrative law judge conduct the trial and case regarding the issuance of the permit. The MDNR is in favor of working through resolution of concerns outside of another court process.
- If a Contested Case Hearing is granted, the process would take many months according to the DNR. The Diversion Authority and the MDNR would be on the same side of the Hearing in defense of the issued permit.
- Barb Naramore, DNR Assistant Commissioner, recently defended the issuance of MDNR permit and was reported to say, "We feel like we actually have a very extensive set of findings that accompanied our permitting decision", she said. "We feel like we actually did explain the basis for our decision in those findings."

MDNR Permit Conditions can all be achieved

- The MDNR issued a Dam Safety & Public Waters Work Permit (Permit #2018-0819) for the Project on Dec 27, 2018.
- Minnesota issued three similar permits in 2018. Respectively, those permits had 46, 51, and 54 permit conditions. Permit conditions are standard.
- Most of the permit conditions are construction monitoring and reporting requirements that are routine and customary during construction. Many of the permit conditions are not directly related to construction activity or are post-construction provisions. There are minimal number of conditions that must be adhered to prior to construction, such as acquiring the property rights and obtaining other necessary permits. These are obvious items that are typical of every project.
- ND State Engineer Garland Eberle testified to the Senate Appropriations Committee that he had reviewed the conditions and did not see any concern.

Funding Intent is critical

- The diversion channel and associated infrastructure (e.g. bridges, aqueducts, and drain inlets) is being delivered through a Public-Private Partnership (P3). The P3 bidders will contribute approximately $400 Million of private financing as part of their bid.
- To proceed with securing bids for construction of the Diversion Channel, the Diversion Authority and the P3 developers need confidence in the overall project funding and financing plan. Legislative intent satisfactorily provides this confidence.
- Without enough legislative intent, the P3 developers will likely be reluctant to invest their $400 Million into the Project, which is an essential component of the P3 agreement and Diversion Authority financial plan.
- A delay in legislative intent to the 2021 legislative session could result in delaying or re-starting the P3 procurement process and result in $150 Million or more in additional costs.

Federal Funding increase secured

- To date, the Federal Government has appropriated $127 Million to the Project, thanks to our congressional delegation, especially Senator Hoeven (a champion of the project and member of the Senate Appropriations Committee).
- The Diversion Authority signed a Project partnership Agreement (PPA) with the federal government (signed by the Assistant Secretary of the Army for Civil Works (ASA(CW)) on July 11, 2016) that committed the U.S. Army Corps of Engineers (USACE) to a total of $450 Million in Federal funding.
- The Diversion Authority formally requested the ASA(CW) amend the PPA to increase the Federal funding to $750 Million in January 2019, and Diversion Authority Leadership met with ND and MN Congressional Delegations, USACE headquarters, the ASA, and The White House (Office of Management and Budget) the week of February 4, 2019.
- The ASA(CW) authorized the PPA Amendment on March 1, 2019. The PPA Amendment increases federal funding to $750 Million in 2015 dollars. Federal funds will be inflated to the time of construction, which is estimated to exceed $900 Million in total federal construction funding for the Project.

2019 - 2021 BIENNIUM FUNDING REQUEST

SB 2020 - STATE WATER COMMISSION FUNDING

SB 2020
3/7/19
Attachment 7

VALLEY CITY-SHEYENNE RIVER

PERMANENT FLOOD PROTECTION

Thank you

for your continued support of the Valley City Permanent Flood Protection Project.
With your help we can continue to work to protect our city.

DAVID SCHELKOPH | VALLEY CITY ADMINISTRATOR | DSCHELKOPH@VALLEYCITY.US | 701 845 1700

Chairman Delzer and Members of the House Appropriations Committee:

Valley City sits along the Sheyenne River and is the first community downstream from Baldhill Dam. During the spring of each year, the Sheyenne River swells from snow melt with water levels peaking in March and April. During the spring of 2009, our community encountered a record flood, only to repeat it with a near-record flood in the spring of 2011. Additionally, our community reached flood stage in the summer of 2011 from one episode of heavy rains. Each time our community experiences flood conditions, considerable amounts of resources are expended to combat the rising waters. With nearly back-to-back annual flooding events, City and community resources have been stressed financially and socially. Economic impacts are felt months and years after the flood waters have receded. Years of facility and infrastructure repairs follow these floods.

To mitigate these disruptions to the community, our City is implementing permanent flood protection. The completed projects will provide permanent flood protection for our community, eliminating the need for emergency flood fighting efforts for our citizens. Not needing to construct and remove emergency levees will mitigate damage to already-aging city infrastructure that would be damaged by heavy construction equipment.

Once completed, the goal of our project is to protect the community from the one percent (100-year) flood event as described by the Flood Insurance Rate Maps mapped by the Federal Emergency Management Agency (FEMA).

We are thankful for the legislature's support of our flood protection project to date. Valley City has developed a long-term plan for providing permanent flood protection for the community based on the continued support from the State Water Commission. Modifications to the funding structure jeopardizes the ability of Valley City to provide permanent flood protection.

Through the passage of Senate Bill 2020, which includes our requested funding of $10.9 million during the 2019-2021 biennium, we will complete the fourth phase of the flood project, which will expand safety and protection in the economic heart of our community, our downtown.

CURRENT PROGRESS

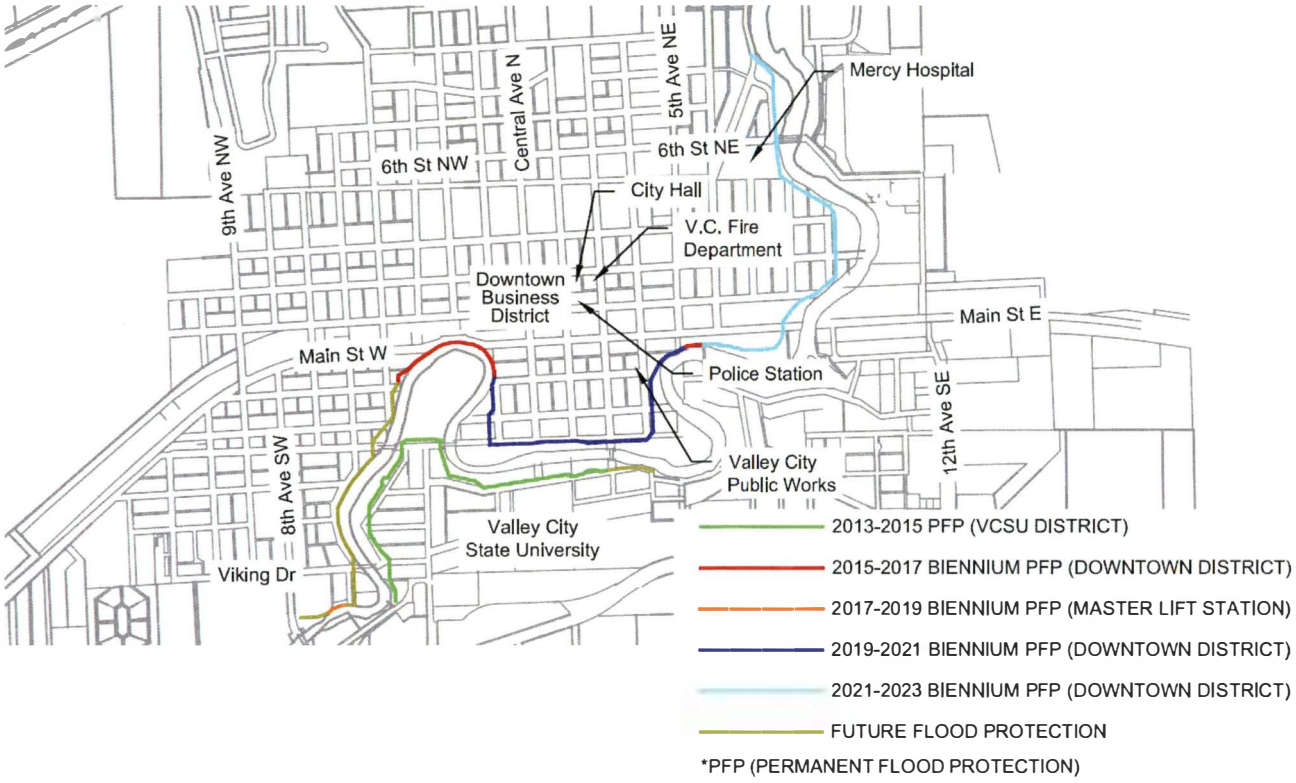
The permanent flood protection plan is outlined in multiple phases. Phase 1, completed in 2016, was centered on the area near Valley City State University (VCSU). Phase 1 was funded in the 2013-2015 Legislative Biennium.

Phase 2 of permanent flood protection concentrates on a portion of the downtown area. This includes the section of Main Street which is located along the Sheyenne River in addition to protecting the area behind the power substation – critical infrastructure for the community. Construction started in the fall of 2017 and will be completed during the summer of 2019. Phase 2 was funded as part of the 2015-2017 Legislative Biennium.

Phase 3 of permanent flood protection includes a small segment of floodwall that will protect the City's Master Lift Station. The Master Lift Station is constructed on the bank of the Sheyenne River and serves the entire city. Construction will be completed in 2019. Phase 3 was funded in the 2017-2019 Legislative Biennium.

NEXT STEPS

Valley City is ready to move on to Phase 4 of our flood protection project. As discussed above, Phase 2 only covers a portion of the downtown area, leaving a number of critical infrastructure components unprotected. Included in the elements that are unprotected are City Hall, Fire Department, Police Department, Public Works, Mercy Hospital and two medical clinics. These critical facilities are used both during normal day-to-day operations, and more importantly, during natural disasters and emergencies such as floods.



Due to the importance of the downtown area to Valley City, the next proposed phase will concentrate on continuing this area's permanent flood protection infrastructure elements. During the current biennium, Valley City has focused its efforts on property acquisition, permitting, and design for Phase 4 permanent flood protection. Valley City understands the importance of being shovel ready when construction funds become available and looks to continue this approach moving forward.

Phase 4 concentrates on continuing to expand the protection of the downtown heart of Valley City through these construction activities:

- Building flood walls and permanent levees to protect the downtown business district, critical city infrastructure, and surrounding neighborhoods
- Address erosion concerns along the project corridor
- Street, water main, sanitary sewer and utility adjustments
- Storm sewer modifications as required to protect the City from flooding from the inside-out

REQUEST

The City of Valley City asks for your support of Senate Bill 2020 and the funding of $10.9 million in grant funding through the State Water Commission for the completion of Phase 4 of the Valley City Flood Protection Project.

Chairman Monson and committee members:

I am David Schelkoph, City Administrator for Valley City and a representative of the Valley City Flood Task Force. The city of Lisbon is not asking for any additional dollars in SB 2020 and therefore is not represented at this committee hearing.

Thank you for your past support. Valley City has made great strides in protecting our city from flooding. This would not be possible unless monies were made available to us from you the legislative body and the State Water Commission (SWC). With your help Valley City has to date eliminated the need for over 250,000 sandbags and has built approximately 25% of the total Permanent Flood Protection (PFP) needed to once and for all protect Valley City from the ravages of flooding.

Valley City has been working with our Water Coalition members and within the constraints of the SWC's budget to secure enough money to build what we can when we can. At the risk of being repetitive. To date, with the SWC and legislative help, we have built approximately 25% of the total flood protection infrastructure needed for our city. Total investment or commitment to date from the SWC and city is $48,448,960. Of this total Valley City has committed $11,121,414. The SWC has committed the balance of this money or $37,327,546. This is where we are today financially.

We have stood before this committee for the last three bienniums and have asked for continued support of the Valley City Permanent Flood Protection (PFP) project. We are grateful for the past support of our work. This is very important now as spring returns and flooding becomes a greater possibility in the Sheyenne River. Valley City is better prepared for the next flood but not out of the woods yet. This is why I am here today to ask for $10.9 million as a part of SB 2020. This allocation would allow Valley City to continue the flood protection work we started over six years ago.

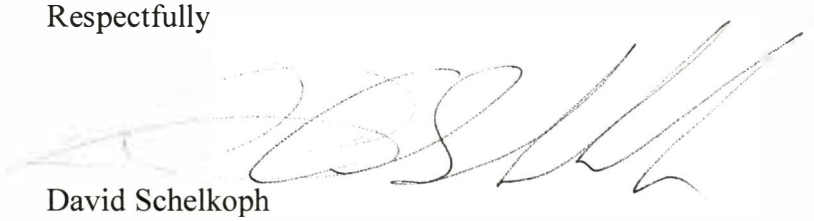
If this committee and the State legislature agrees with Valley City on funding, the state will have committed nearly $49 million to help Valley City with our flood protection with Valley City on the hook for nearly $14 million. Big picture costs for a completed PFP project in Valley City is approximately $145 million. To pay for our financial commitment to PFP, Valley City has committed to a 0.5% sales tax for a term of 30 years.

During the last biennium the State legislature and SWC had allocated $3 million to Valley City for our PFP project. Valley City reduced their initial ask by 90% to help with the budget shortfall the state was experiencing. Everyone was feeling the pinch and Valley City felt that it was only fair to reduce our financial request and put our PFP project on life support through the current biennium. We then went to work on making lemonade out of the lemons. With this $3 million Valley City invested in smaller projects protecting critical infrastructure and correcting erosion issues along the river. Valley City did one more thing with this $3 million. We had the next phase or Phase IV of the city's PFP project designed and permits secured so that when the funding became available we could start the project immediately. If the current numbers hold true in SB 2020, and Valley City is included in the mix for $10.9 million dollars, we are shovel ready for this project and will have this money spent by the end of the 2019-21

biennium. No carry over. All finances allocated for the biennium is spent in the biennium. In fact this is Valley City's commitment to the state. We will no longer ask for money in the biennium budget process we cannot spend in that biennium. To make sure Valley City can keep this commitment we have included in the $10.9 million request money to help pay for design engineering of Phase V PFP work. When Valley City comes before this committee during the next biennium budget hearing we will be shovel ready once again. This is important in that there is just not enough money to go around in any of the state budget coffers. We believe it is not fair to tie up money that will not be used within the biennium of the request. We also understand that there are certain requests from large water projects that exceed the biennium budget of the SWC and that banking such requests is the only way of securing the funds needed for a project. Valley City understands the limits and supports the legislative process to determine when and how much should be set aside for each biennium. I only ask that when it is fiscally feasible, every financial request that is included in SB 2020 be spent in the biennium it was budgeted.

Thank you for your time and consideration for Valley City's petition. I stand ready to answer any questions you may have.

Respectfully



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Valley City, City Administrator

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Testimony of Michael Grafsgaard

City of Devils Lake

In Support of SB 2020

March 7, 2019

Good morning Mr. Chairman and members of the Education and Environment Appropriations Sub-Committee. I am Mike Grafsgaard, City Engineer for Devils Lake. Thank you for allowing us to visit with you today about the Red River Valley Water Supply Project (RRVWSP) and how it pertains to Devils Lake.

The City of Devils Lake got involved with the RRVWSP approximately 2 ½ years ago when we met with Duane DeKrey and Steve Burian related to the City of Devils Lake potentially signing up for industrial water that could be provided through the project. As part of this meeting, we also had some discussion related to how the RRVWSP could potentially be used for Devils Lake (the lake) and discussed how the Upper Sheyenne River could be reviewed as a potential conveyance mechanism for RRVWSP water.

Our thought behind the request was related to the understanding that during extended extreme drought conditions, when the Red River Valley will need a supplemental water supply, Devils Lake too, will need water in order to maintain the excellent fishery and recreational resource it provides the State and our area. If the RRVWSP water was available in the Upper Sheyenne River without additional cost to the project, we felt this could go a long way in developing a project for Devils Lake that could prevent catastrophic low lake levels from impacting our area, yet be affordable.

We also understood that the vast majority of the RRVWSP water is intended for supplemental water supply during periods of extreme drought. When periods of extreme drought are over or interrupted by wet periods, these supplemental flows provided by the RRVWSP will not be needed by project stakeholders and could be available for other purposes and areas that have also been impacted by dry conditions. In our case, Devils Lake. Looking back to the 1930's when very little flow existed in the Red River, Devils lake was also nearly dry, reaching a low of near 1400 feet, a full 48 feet lower than it exists today. However, unlike a river that can quickly recover from a drought through a few rain events, history has taught us that Devils Lake may go several years with little to no inflow and may take decades to recover.

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We believe our predecessors understood the significant importance of Devils Lake as they developed plans for the Garrison Diversion Project. That is why Devils Lake was made a key component of the project. Now, scores of years later, we must not lose sight of the fact that Devils Lake was part of the original Garrison plan and must not be completely alienated from it. Recent numbers provided to us by the ND Game and Fish Department suggest direct angler expenditures by anglers fishing Devils Lake are near $89 million annually. Our area currently has over 3,000 seasonal camp sites and we are home to the busiest park in the State. We feel losing this resource would be devasting to our area and the State and we would like to work together to develop a strategy that could help ensure our continued vitality.

Devils Lake's request for review of possible use of the Upper Sheyenne River for conveying RRVWSP water culminated into several technical memos over the course of the past couple of years. Upon review of the memos and information provided to us, we feel significant cost savings can be realized by the RRVWSP by utilizing the Upper Sheyenne River as part of the project. This cost savings, coupled with the benefit of reducing cost to potentially benefit our area in the future, inspired us to push for continued technical review of the Upper Sheyenne in an effort to develop a path for its possible incorporation into the project. For the Committee's benefit, I have attached images at the back of this testimony that show the different options for the RRVWSP pipeline routes.

Although the technical memos suggest potential significant costs savings could be realized using the Upper Sheyenne route, the memos also outlined concerns related to its implementation. Such concerns included uncertainty for water loss, political, legal, permitting and scheduling concerns that may impact project implementation. Some of these uncertainties are engineering related and can be analyzed through additional testing and study. Other challenges will require additional review from attorneys and appropriate experts. This review may take some time, but based on the potential cost savings and overall implementation schedule for such a large scale project, we feel a thorough review of these challenges should be completed. We also understand the importance of continuing forward with the project and feel work on the project does not need to stop to complete this review.

The proposed RRVWSP has a water intake, pump station and roughly 87 miles of pipe prior to the proposed turnout for the Upper Sheyenne Alternative. We recommend completing design and construction on the water intake and portions of the 87 miles of pipe that may be used for either alternative while proper evaluations and review of the Upper Sheyenne Alternative can be made.

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To address potential challenges posed by changing course and developing a project that could utilize the Upper Sheyenne, RRVWSP proponents have suggested the RRVWSP be expanded to include an extension pipeline that would branch off the main RRVWSP project and extend to the Upper Sheyenne River. The intent of the extension pipeline would be to transfer water to the upper reach of the Sheyenne River when it is not needed as a supplemental water supply and could be available for use by a separate project to supply Devils Lake, if necessary.

Although we are not opposed to such a strategy, we are concerned on how it could be developed financially in such a way as to provide an affordable option for our area. The extension pipeline alone is estimated to cost over $200 million. Although the extension pipeline will provide benefit to approximately 190 miles of river during times of drought, it will provide no direct benefit to Devils Lake, and has limited additional benefit to RRVWSP stakeholders that have signed on to the project. Therefore, we are concerned that the additional $200 million cost may make it prohibitive in the future.

It is important to mention that in addition to the Upper Sheyenne Alternative or Upper Sheyenne Extension pipeline, an entirely separate project would be required to get water into Devils Lake to prevent catastrophic low levels in the future. This additional project would have to be developed, reviewed, and approved by the State and potentially Garrison Diversion and the Lake Agassiz Water Authority, based on its own merits at some future time. Preliminary estimates for this separate project are near $150 million.

Our specific request to you today is that your committee do what it can to ensure Devils Lake can be part of the project and work with stakeholders so that the RRVWSP can be developed in such a fashion that it would meet all of the purposes and need requirements of the project for supplemental, municipal and industrial water supply when it is needed for those purposes and still be able to provide other beneficial purposes for the State when project water is not needed for supplemental water supply.

In other words, we ask that RRVWSP be developed with an understanding that could allow water to be available for use by a separate project that could bring water to Devils Lake, should the lake experience extremely low levels that could be devastating to our fishery and recreational use of the lake. Any water to Devils Lake, when needed in the future, could only happen through a project cooperatively developed with the State and RRVWSP stakeholders in a joint effort to save this tremendous resource. We feel our community could support the same local level of funding, on a per capita basis, as Fargo should a project be completed that makes water available to our lake to prevent catastrophic low lake levels.

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3/7/2019

Fargo, Grand Forks and other RRVWSP stakeholders have been very good to work with related to this project and we hope that relationship continues. We understand the importance of the RRVWSP to their cities and hope they can understand how important this project could potentially be to our area. We very much want to support the project and are requesting that Devils Lake be made a significant part of it, similar to the important role Devils Lake played in the original Garrison project. We ask that the RRVWSP project be developed in such a fashion that it could be used by other areas of the State, including Devils Lake, when it is not needed for supplemental water supply.

Thank you for the opportunity to testify in support of SB 2020 and outline how critical the RRVWSP can be in the future of the Devils Lake area. I would be happy to answer any questions the Committee has.

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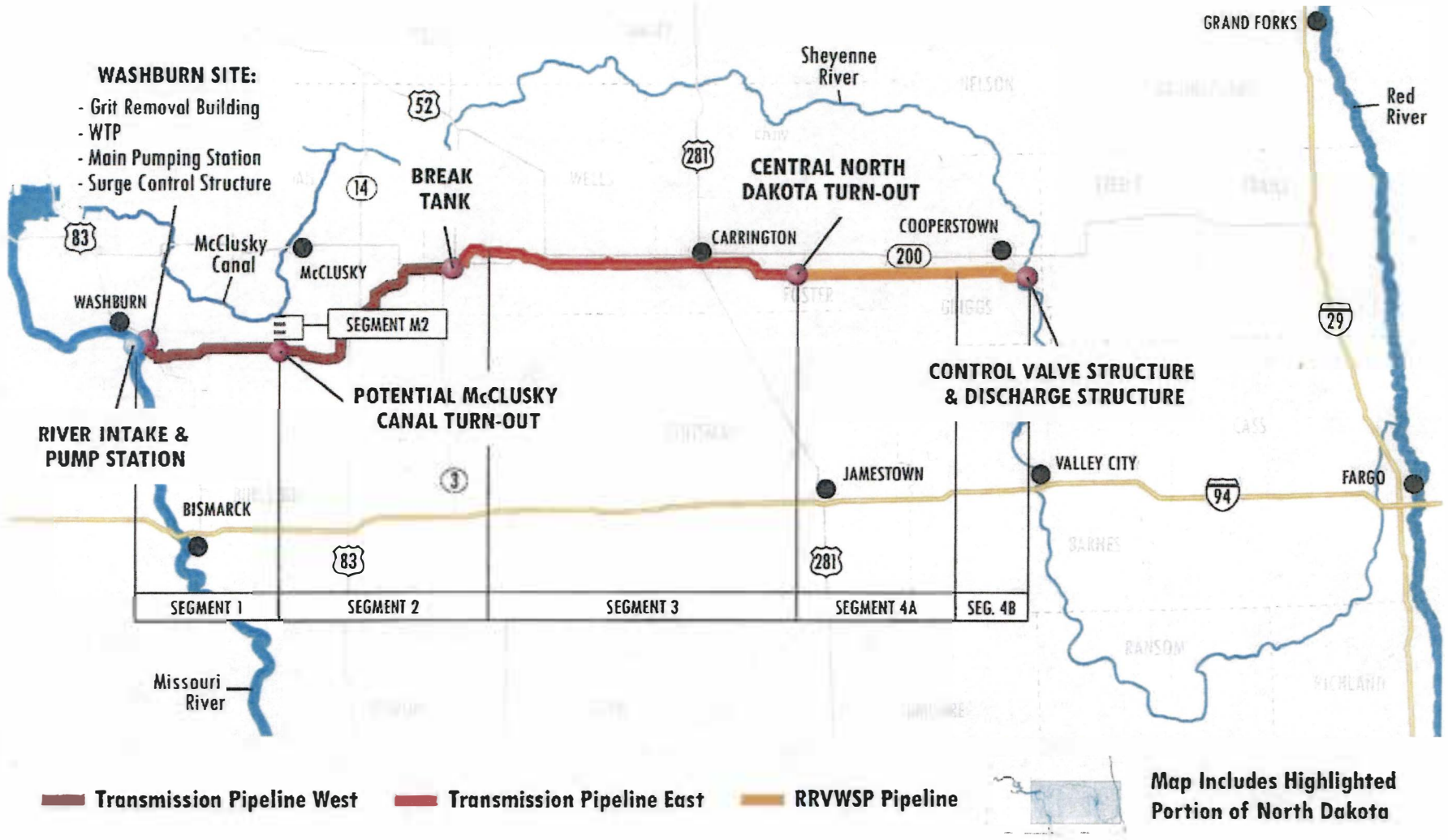
RRVWSP Pipeline Route



Lake Ashtabula Discharge Location

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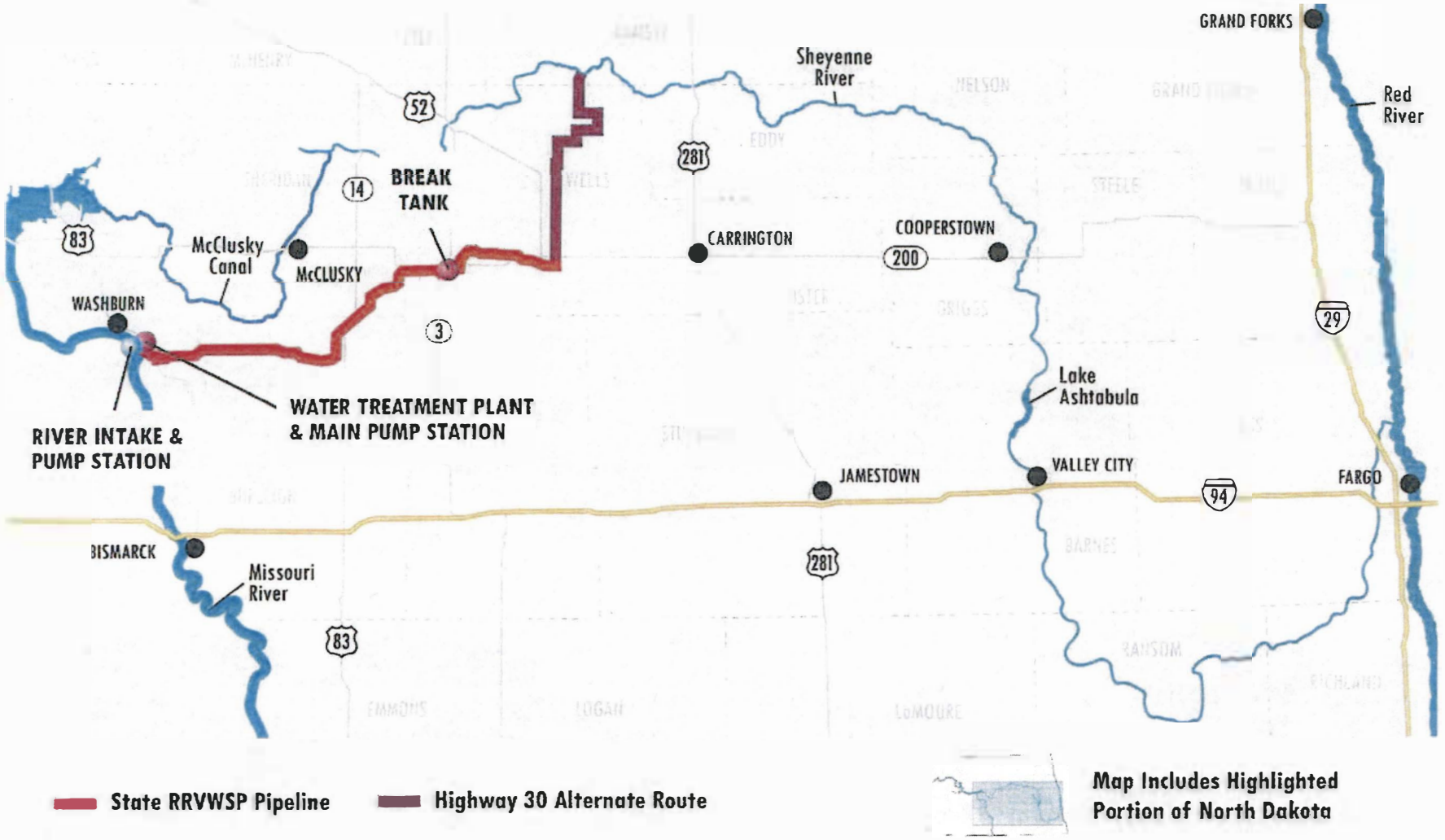
Upper Sheyenne Alternative



Upper Sheyenne River Discharge Location

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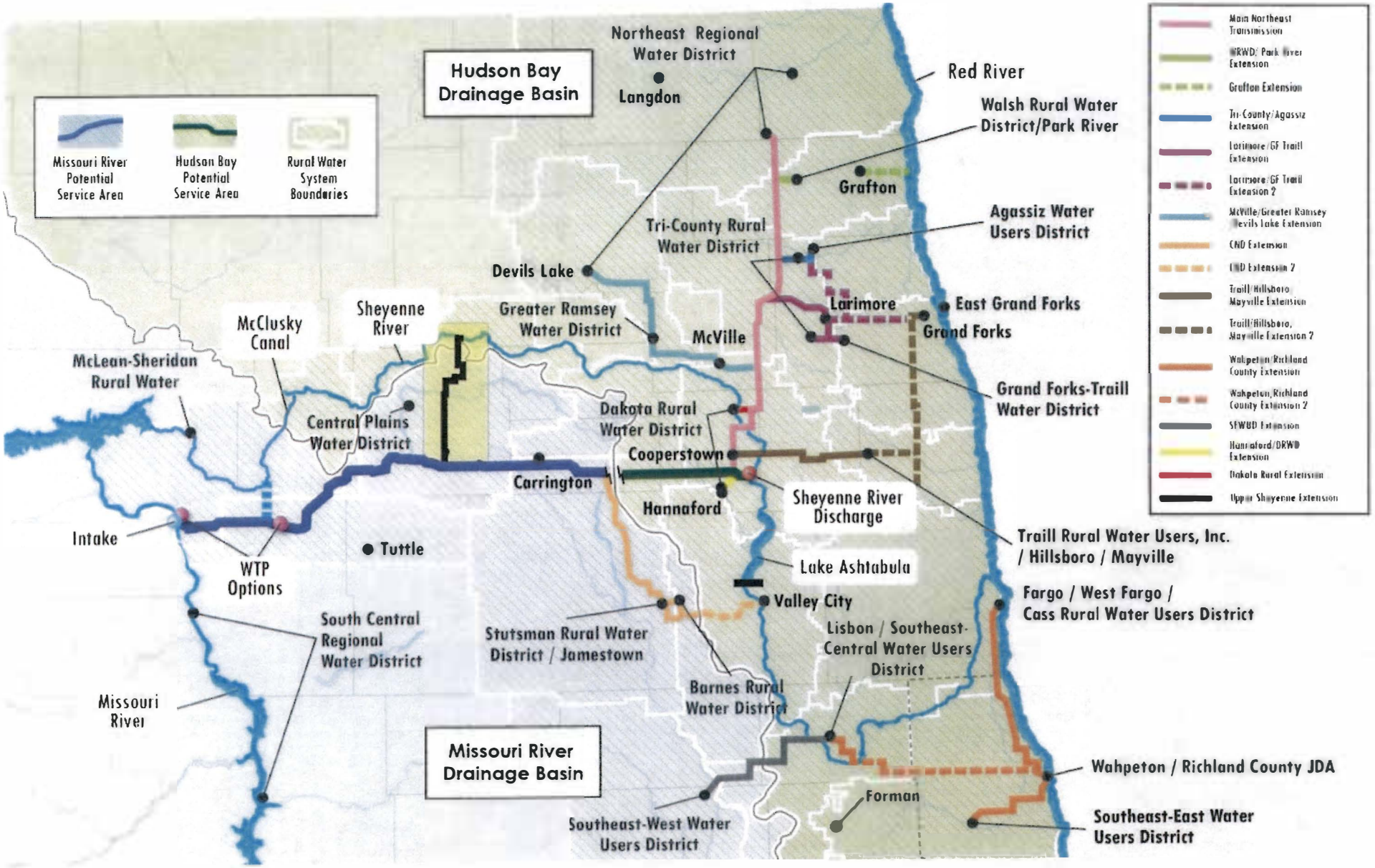
Upper Sheyenne Extension Pipeline



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RED RIVER VALLEY WATER SUPPLY PROJECT

Serving the Water Supply Needs of Central North Dakota and the Red River Valley

HOUSE APPROPRIATIONS COMMITTEE

SB 2020

MARCH 7, 2019

GARRISON DIVERSION

Lake Agassiz Water Authority

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PRESENTATION OVERVIEW

2017-2019 WORK PLAN

- Progress to Date
- On-Going Tasks
- Early Out Construction

2019-2021 LEGISLATIVE ASKS

DEVILS LAKE REROUTE REQUEST

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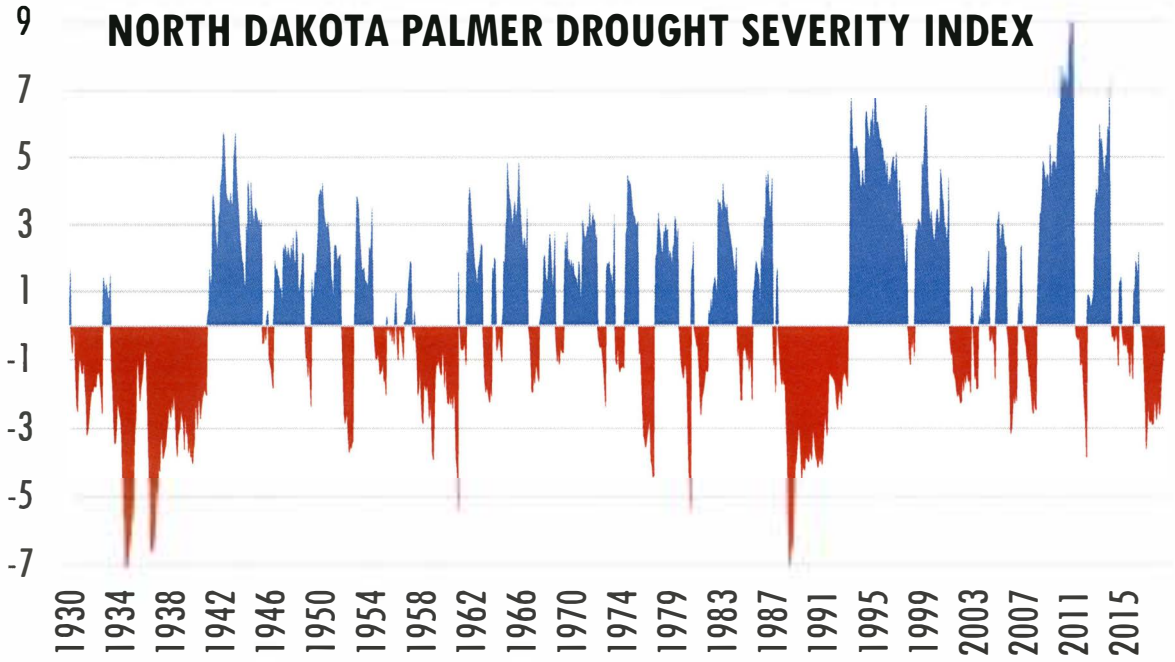
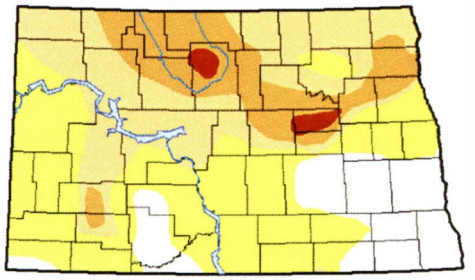
MITIGATING DROUGHT



SOURCE: NOAA National Centers for Environmental information, Climate at a Glance: Statewide Time Series



SEP. 25, 2018

- Abnormally Dry
- Moderate Drought
- Severe Drought
- Extreme Drought
- Exceptional Drought

EXISTING WATER SUPPLIES WILL BE INADEQUATE DURING DROUGHT

CLIMATOLOGISTS PREDICT A 1930S-TYPE DROUGHT WILL LIKELY REPEAT BY 2050

EXPECTED ECONOMIC IMPACT ~ $25 BILLION OVER 10 YEARS (2015$)

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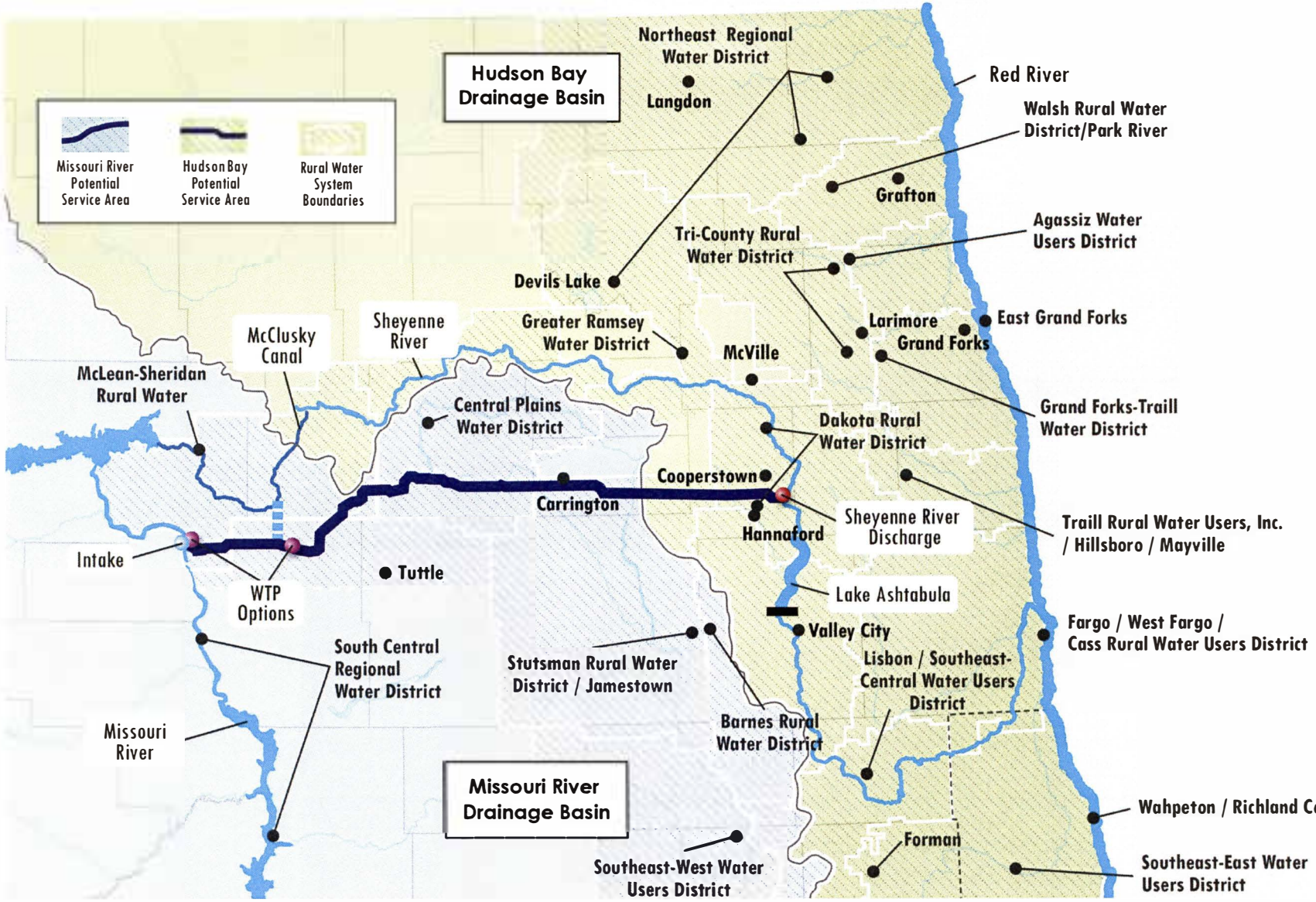
RRVWSP CORE PIPELINE
35 CITIES & WATER SYSTEMS



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ESTIMATED TOTAL PROJECT COST (2018$)

RRVWSP ESTIMATED PROJECT COST*	
	165 cfs System
Conventional Intake, Intake Pumps, & Supply Cost	$66.8 M
Transmission Pipeline Costs (including ROW)	$962.1 M
Pump Stations, Break Tank, & Hydraulic Structures	$54.3 M
Practical Treatment - Water Treatment Plant Costs	$68.6 M
Discharge Structure Costs	$9.2 M
TOTAL PROJECT COST	**$1.16 B**

*Excludes Pipeline Extensions/Includes Admin, Engineering, Legal, and Real Estate

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2017 TO 2019 WORK PLAN

$30 M LEGISLATIVE APPROPRIATION

$17 M ›

- Planning and Design
- Permitting
- Land Acquisition

PREPARE FOR EARLY OUT CONSTRUCTION AND 10-YEAR PROJECT SCHEDULE

$13 M ›

- Early Out Construction

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2017 TO 2019 WORK PLAN

PROGRESS

- Obtained Missouri River Intake Permit
- 95% of Right-of-Way Acquisition for the Initial 28-Mile Segment Secured
- Obtained Jurisdictional Determination on Wetlands From USACE on the Entire 156-Mile Route

- **Completed 90% Design on:**
  - Intake Structure Shaft
  - Discharge Structure
  - Initial 28-Mile Segment of Pipe
  - Initial Trenchless Crossings Package

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2017 TO 2019 WORK PLAN

ONGOING TASKS

OBTAIN EASEMENTS/OPTIONS FOR REMAINING PIPELINE ROUTE

ACQUIRE LAND FOR INTAKE & DISCHARGE

FINALIZE DESIGNS FOR INTAKE STRUCTURE SHAFT, DISCHARGE STRUCTURE, & INITIAL TRENCHLESS CROSSINGS PACKAGES FOR BIDDING

SOVEREIGN LANDS PERMIT: EXPECTED SOON

WATER APPROPRIATION PERMIT: EXISTING PERMIT TRANSFER

NDPDES PERMIT: DRAFT EXPECTED EARLY SUMMER
FINAL EXPECTED EARLY FALL

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2017 TO 2019 WORK PLAN

UTILIZATION OF REMAINING $13M

EARLY OUT CONSTRUCTION WILL BE READY TO BID IN SPRING/SUMMER 2019

Missouri River Intake - Wet Well › Trenchless Crossings (along pipeline route) › Discharge Structure

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IMPORTANCE OF EARLY OUT CONSTRUCTION

WOTUS

- 2015 WOTUS Rule Federalizes the Prairie Pothole Region
- 2015 WOTUS Rule is Stayed until Feb. 6, 2020
- Trump Trying to Replace WOTUS Rule
- Litigation in Federal Court/US Supreme Court
- Outcome Unknown. **Commencing Construction is Crucial**

NWP12

- Expires 2022

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RRVWSP'S REQUEST 2019-2021

AFFORDABLE COST-SHARE

Striking the right cost-share to ensure affordability

LONG-TERM, LOW INTEREST LOAN FROM STATE

Affordable and predictable financing for local users

DROUGHT OPERATION PLAN

Member systems propose to partner with State on drought operation costs; Similar to funding of Devils Lake Outlet operations

PROJECT FUNDING PLAN

Request State to commit to funding State share of Project over next 5-biennia to reduce risks and financial impacts for the State and local users

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UNIQUE FINANCIAL IMPACT

THE RRVWSP IS UNIQUE IN THAT IT WILL DELIVER EMERGENCY BACKUP WATER SUPPLIES TO USERS

1

THE RRVWSP WILL NOT REPLACE EXISTING FACILITIES

2

EXISTING INFRASTRUCTURE WILL BE CONTINUOUSLY USED AND MAINTAINED BY CURRENT USERS

3

THE RRVWSP IS AN ADDITIONAL COST TO ALL WATER SYSTEMS

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2019 TO 2021 FUNDING PRIORITIES
$50 MILLION REQUEST

FUNDING PRIORITIES	$50 MILLION WORK PLAN
CONSTRUCTION Install 4 miles of 72" pipeline	$27.0 M
LAND ACQUISITION Exercise Options & Obtain Easements & Real Estate	$6.0 M
ENGINEERING, DESIGN, AND BIDDING ASSISTANCE Facility and Additional Pipeline Design	$14.6 M
LEGAL, FINANCIAL, ADMINISTRATIVE, AND COMMUNICATIONS	$2.4 M
TOTAL	**$50.0 M**

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2019 TO 2021 FUNDING PRIORITIES
AFFORDABLE COST-SHARE

A REASONABLE COST-SHARE IS NECESSARY TO ENSURE AFFORDABILITY

80% STATE / **20%** LOCAL

ESPECIALLY AS A SUPPLEMENTAL WATER SUPPLY

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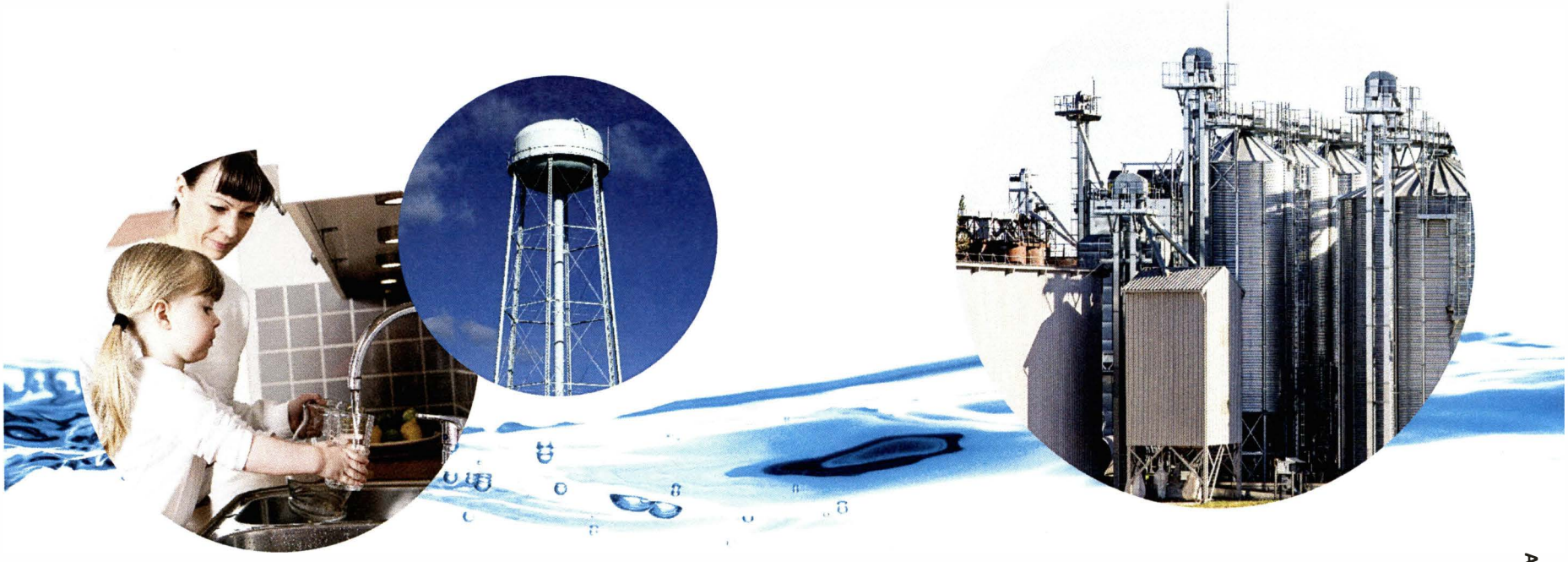
RED RIVER VALLEY WATER SUPPLY PROJECT

RRVWSP IS A LONG-TERM EMERGENCY AND INDUSTRIAL WATER SUPPLY!



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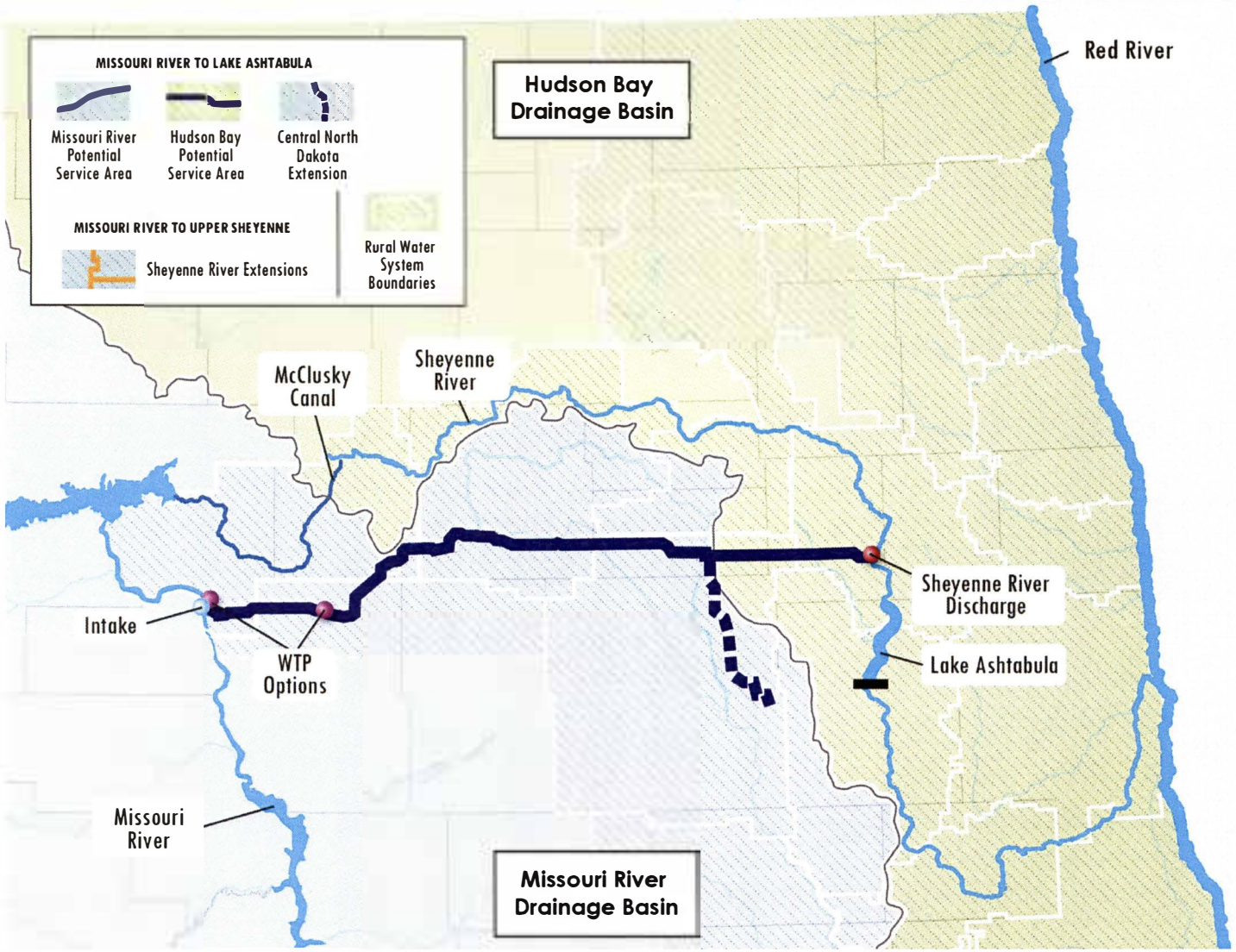
RRVWSP ROUTE



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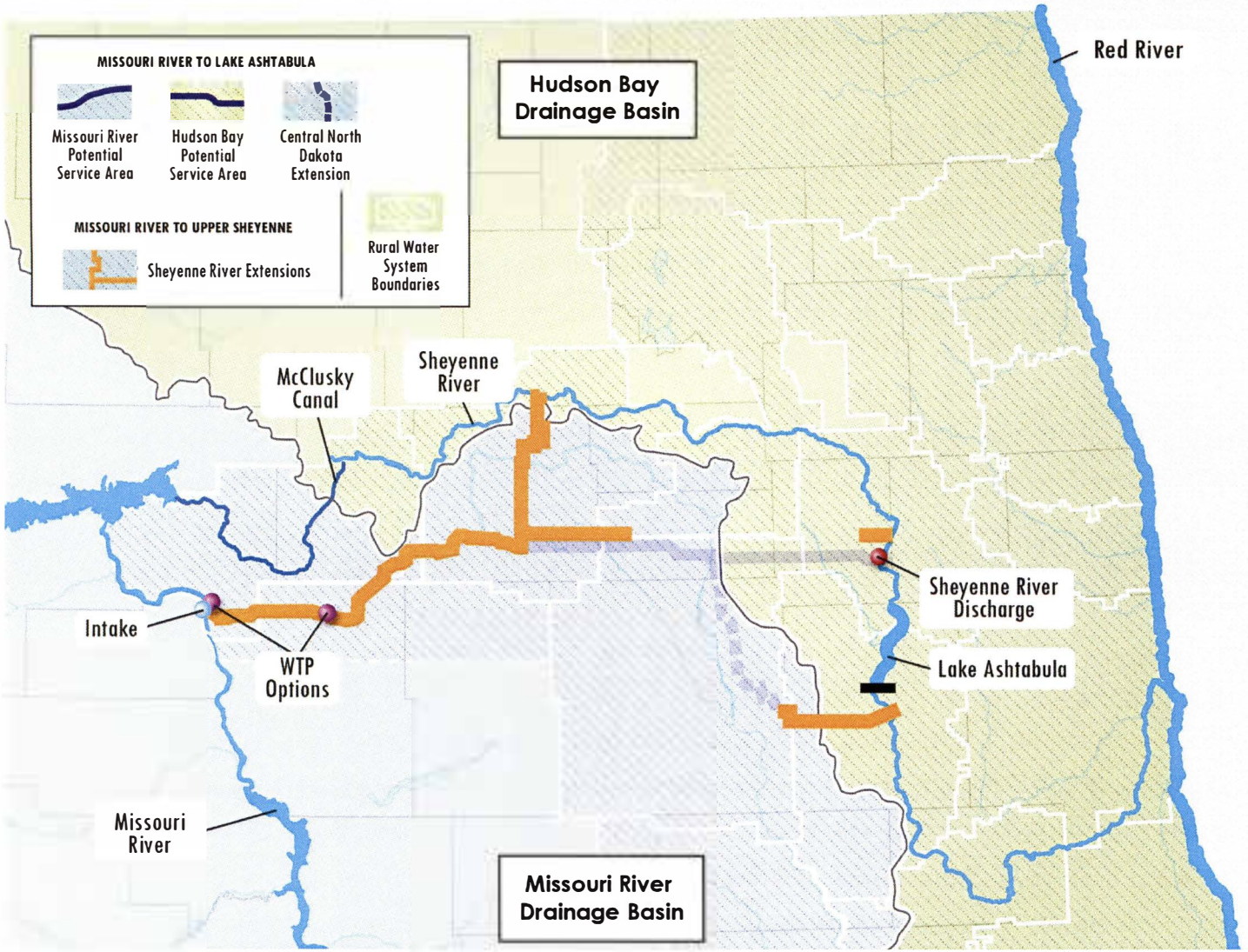
DEVILS LAKE SUGGESTED REROUTE



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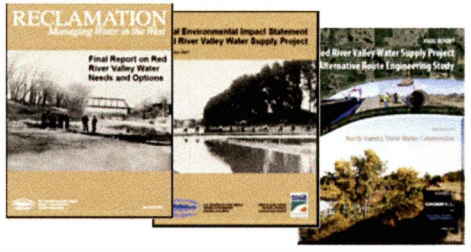
UPPER SHEYENNE DISCHARGE
REPEATEDLY STUDIED AND ELIMINATED

- Federal RRVWSP Needs Assessment – Reclamation, 2000
- Federal EIS – Reclamation and Garrison Diversion, 2007
- RRVWSP State Phase I Alternative Analysis – B&V/AE2S, March 2012
- SWC Led RRVWSP Value Engineering: Alternative Route Engineering Study – CH2M Hill, 2014

ALL ELIMINATED FROM FURTHER CONSIDERATION



DESKTOP REVIEW – B&V/AE2S, MARCH 2017

- Upon Request from City of Devils Lake

UPPER SHEYENNE DISCHARGE ANALYSIS REVIEW – B&V/AE2S TASK ORDER, AUGUST 2017

- Per Governor Request

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UPPER SHEYENNE DISCHARGE ANALYSIS

- Adds 189 Miles of Open Channel Flow
  - Reduces Pipe Length by 42 Miles

- Increased Water Losses Due to Evaporation, Transpiration, and Seepage Anticipated

- Increased Pipeline Size Will Be Dependent on Losses

- Incomplete Technical Data Limits Ability to Predict Losses

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UPPER SHEYENNE DISCHARGE

LIFE-CYCLE COST ANALYSIS

	CAPACITY (CFS)	CAPITAL COST SAVINGS	50 YEAR O&M INCREASE	LIFE-CYCLE COST SAVINGS
	165	($197,214,000)	0	$197,214,000
+10%	180	($181,114,000)	$18,400,000	$162,634,000
+20%	200	($79,240,000)	$40,600,000	$38,640,000
+30%	215	($63,140,000)	$61,320,000	$1,820,000

+ $8.5 M to Extend Service to Carrington

+ $7.7 M to Serve Stutsman/Spiritwood

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RISKS

RISK OF WATER LOSS

Additional 189 River Miles

- Evaporation
- Evapotranspiration
- Seepage Loss

INCREASED LIFE CYCLE COSTS

- Lower Capital Costs for Main Line
- Increased Costs for:
  - Upsized Intake, Pumps, & WTP
  - Pipeline Extensions to CND
  - Annual O&M

WINTER OPERATION

Along the Upper Sheyenne River

HORIZONTAL COLLECTOR WELLS

Not Enough Well Field Capacity

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RISKS

DELAYS

Preliminary Design Jurisdictional Wetlands Easements

REOPEN MISSOURI RIVER INTAKE PERMIT

DEPARTMENT OF INTERIOR APPROVAL TO CROSS NEW ROCKFORD CANAL

WOTUS EXPOSURE

REOPEN DISCHARGE PERMIT

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BARRIERS TO UPPER SHEYENNE RIVER

FEDERAL RESTRICTIONS:

PROHIBITS USE OF GARRISON DIVERSION UNIT FACILITIES

Eliminates potential for $171 million in construction cost savings using McClusky Canal as an option for water supply

DWRA SECTION 8(F)

"No funds authorized under this Act may be used to carry out the portion of the feasibility study of the Devils Lake basin, North Dakota, authorized under the Energy and Water Development Appropriation Act of 1993 (Public Law 102-377), that addresses the needs of the area for stabilized lake levels through inlet controls, **or to otherwise study any facility or carry out any activity that would permit the transfer of water from the Missouri River drainage basin into Devils Lake, North Dakota."**

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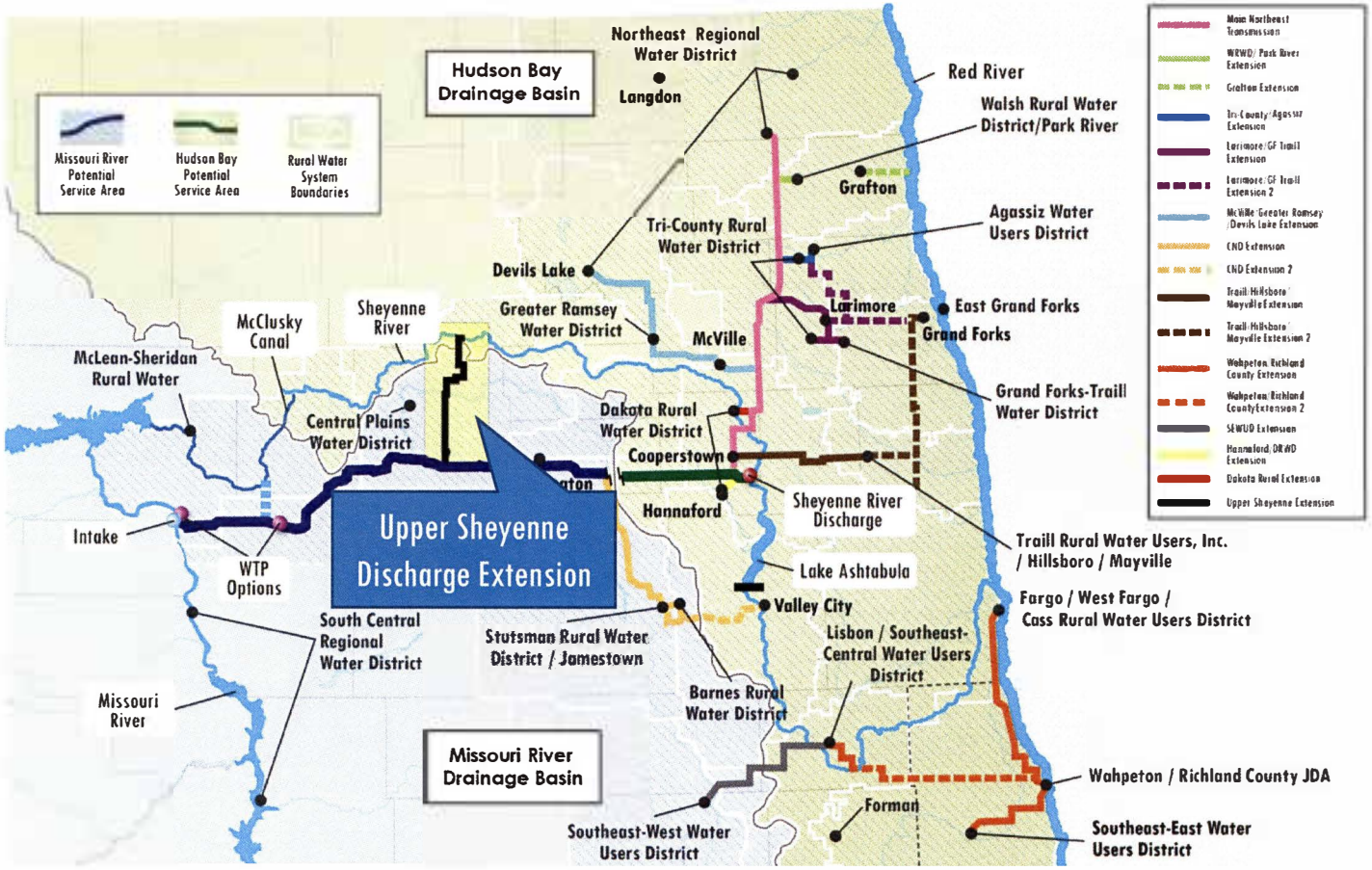
"AND" STRATEGY

REASONABLE COMPROMISE IS A POSSIBLE FUTURE TURNOUT TO THE UPPER SHEYENNE



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RED RIVER VALLEY WATER SUPPLY PROJECT

Serving the Water Supply Needs of Central North Dakota and the Red River Valley

THANK YOU!

www.rrvwsp.com facebook.com/RRVWSP @RRVWSP

Lake Agassiz Water Authority

GARRISON DIVERSION

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A4.4.1
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Testimony of Eric Volk, Executive Director

ND Rural Water Systems Association

Senate Bill 2020

House Appropriations Education and Environment Division Committee

March 7, 2019

Chairman Monson and members of the House Appropriations Education and Environment Division Committee, my name is Eric Volk. I am the executive director of the North Dakota Rural Water Systems Association (NDRWSA). Our vision is to ensure all of North Dakota has access to affordable, ample, and quality water.

NDRWSA is committed to completing and maintaining North Dakota's water infrastructure for economic growth and quality of life. Today I am submitting testimony in support of a State Water Commission (SWC) budget that allows for adequate funding to meet the critical water needs of North Dakota.

In addition to the Southwest Pipeline Project, Northwest Area Water System, the Red River Valley Water Supply Project and the Western Area Water Supply Project, there are currently many other rural and regional projects in various stages of development across the state. Some examples of these projects are the completion of the large expansion of the Southeast Water Users District, the further development of the Northeast Regional Water District, and the completion of a county wide expansion of Stutsman Rural Water District, in addition to several others; many of them located in the oil impacted areas of our state. The total cost of these rural and regional projects for the next biennium is nearly $70 million ($50 million state grant is needed). (Please see attached spreadsheet and map).

These projects are designed to meet similar needs. Those needs include water quality and quantity. On the water quality side, the projects will help communities comply with non-funded federal mandates required by the Safe Drinking Water Act, including arsenic levels, nitrates, disinfection by-products, and total coliform bacteria. Quality issues also include water very high

in sodium, sulfates, iron, and manganese. On the quantity side, many families do not have a potable source of water and even in this day and age must haul water for their families and livestock.

Meeting the demands of repairing & replacing aging infrastructure and complying with rules & regulations are taking its toll on many small and rural water systems. A study completed by the United States Environmental Protection Agency revealed the rates needed to cover future infrastructure repair and replacement for small systems will be four times as high as their larger counterparts. Another major challenge facing rural and small water systems is the ever increasing rural to urban migration, which continues to decrease the population base, and which adds to the cost to the individual consumer. This does offer a challenge in finding affordable ways to bring quality water to rural areas. These projects are expensive to fund and without significant state grant funding, the cost to the consumer is just too much for the average family to afford.

The money spent on water projects in the past has been an investment in the future of North Dakota – an investment in economic development and quality of life for our citizens. Every rural water system that has been built in our state is still operating. They are providing safe, clean water to their customers, reducing their debt, putting money in reserve, complying with every state and federal regulation, and doing so with a prudent rate structure; albeit higher than most municipalities charge (see attached rate schedule). Not only do rural water systems serve over 150,000 rural residents, they also provide water to 263 (74%) of the state's 357 incorporated cities.

With that said, the NDRWSA supports a State Water Commission budget that allows for adequate funding to meet the critical water needs of North Dakota. Thank you for giving me the opportunity to provide testimony on behalf of the members of the NDRWSA. Eric Volk, ericvolk@ndrw.org

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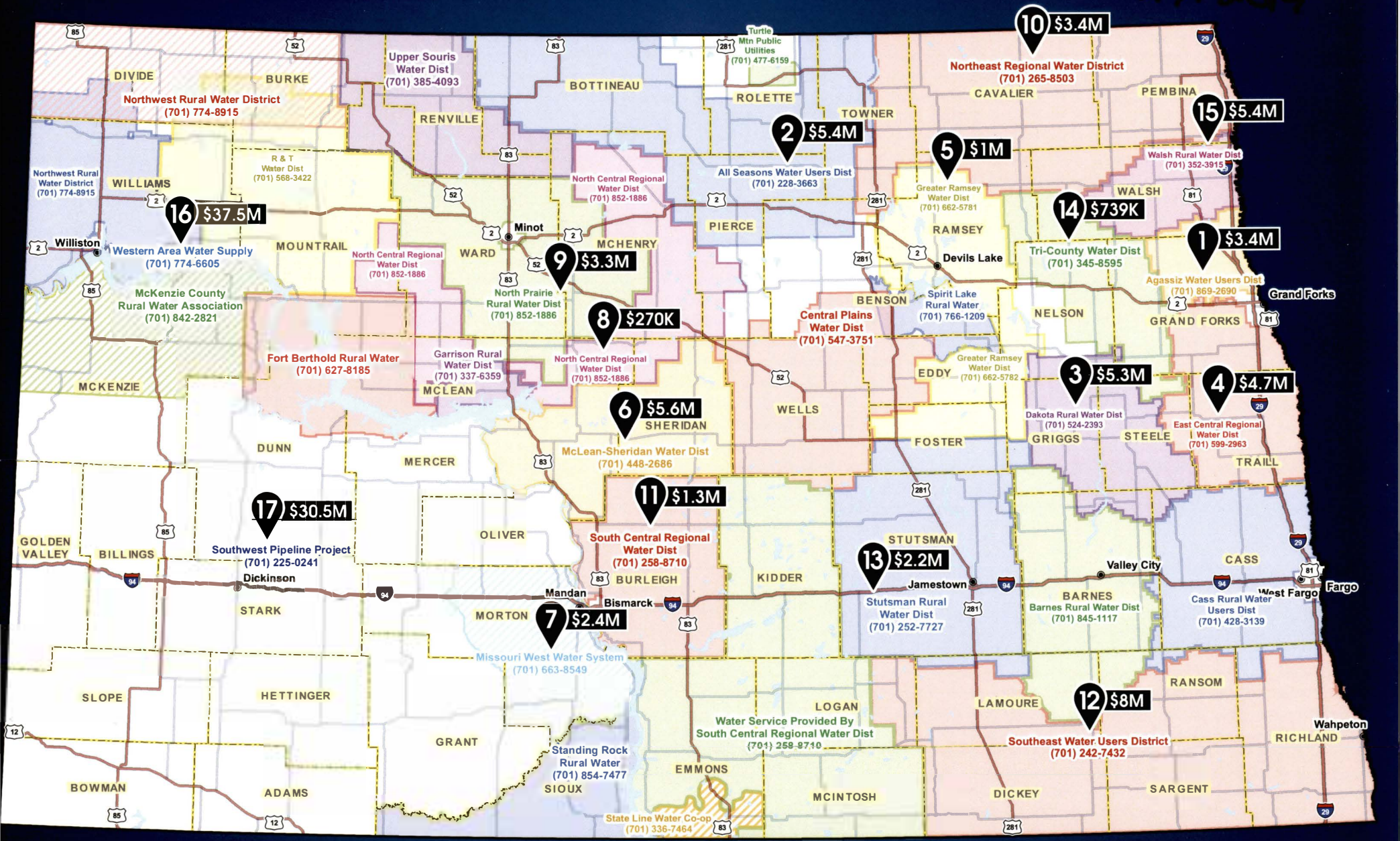

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1 – **AGASSIZ WATER USERS DISTRICT – GILBY**
System Expansion and Interconnect Project

2 – **ALL SEASONS WATER USERS DISTRICT – BOTTINEAU**
Expansion Project

3 – **DAKOTA RURAL WATER DISTRICT – FINLEY**
User Expansion

4 – **EAST CENTRAL REGIONAL WATER DISTRICT – THOMPSON**
User, Transmission Pipeline Expansion, Well Expansion and District Interconnect

5 – **GREATER RAMSEY WATER DISTRICT – DEVILS LAKE**
Expansion Project – Oswald Bay

6 – **MCLEAN SHERIDAN RURAL WATER DISTRICT – TURTLE LAKE**
System Wide Improvements/Expansion Project

7 – **MISSOURI WEST WATER SYSTEM – MANDAN**
Harmon Lake Area, North Mandan/Highway 25, and Hwy 1806 - Huff & Fort Rice Expansion

8 – **NORTH CENTRAL REGIONAL WATER DISTRICT – MINOT**
City of Benedict Water Distribution System

9 – **NORTH PRAIRIE RURAL WATER DISTRICT – MINOT**
Minot to Velva Hwy 52 Project

10 – **NORTHEAST REGIONAL WATER DISTRICT – CAVALIER**
Water Loss Infrastructure, User Expansion Phase II, and City of Devils Lake Phase II

11 – **SOUTH CENTRAL REGIONAL WATER DISTRICT – BISMARCK**
North Burleigh Water Treatment Plant Pretreatment Improvements

12 – **SOUTHEAST WATER USERS DISTRICT – MANTADOR**
Replacement of Existing 1.5" Glued Pipe, Regionalization Water Treatment Plant, and System Wide Expansion

13 – **STUTSMAN RURAL WATER DISTRICT – JAMESTOWN**
Water Supply to Streeter, Phase 7 Water Supply

14 – **TRI-COUNTY WATER DISTRICT – PETERSBURG**
Rural Distribution Pipeline Expansion

15 – **WALSH RURAL WATER DISTRICT – GRAFTON**
User, Transmission Pipeline Expansion Phase II, Connection to Drayton

16 – **WESTERN AREA WATER SUPPLY – WILLISTON**
System Wide Distribution Expansion

17 – **SOUTHWEST PIPELINE PROJECT – DICKINSON**
System Upgrades

4

New Horizons in Rural Living
NORTH DAKOTA
Rural Water
SYSTEMS ASSOCIATION
2718 Gateway Avenue #201 • Bismarck, ND 58503
Phone: 701-258-9249 • FAX: 701-258-5002
Email: ndrw@ndrw.org • www.ndrw.org

OUR VISION
All of North Dakota has access to affordable, ample, and quality water.

Quality On Tap!
Our Commitment Our Profession

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RURAL WATER SUPPLY PURPOSE FUNDING: 2017-2019 BIENNIUM		
	PURPOSE FUNDING TOTAL	$27,000,000
Obligated This Biennium	East Central Regional Water District - Grand Forks System	$4,150,000
	East Central Regional Water District - Traill System	$1,396,880
	East Central Regional Water District - Larimore Interconnect	$513,750
	East Central Regional Water District - Phase 3 Agassiz WUD	$232,795
	Northeast / East Central Regional Water District - Northeast Area Master Plan	$107,000
	Greater Ramsey Water District - Devils Lake Regionalization	$599,000
	North Prairie Rural Water District - Mountrail County	$6,516,000
	Southeast Water User District - System Wide Expansion	$2,749,000
	Stutsman Rural Water District - Phase 6 Pettibone	$2,100,000
	Walsh Rural Water District - System Improvements	$1,300,000
	North Prairie Rural Water District - Silver Spring Surrey	$107,430
	North Prairie Rural Water District - Reservoir 9	$1,114,620
	Cass Rural Water User District - Horace Storage Tank	$1,846,000
	McLean-Sheridan Rural Water District - Turtle Lake Tower	$2,378,450
	Tri-County Rural Water District - System Expansion	$2,803,250
	TOTAL APPROVED	$27,914,175
	FUNDING TURNED BACK	$952,515
	REMAINING BALANCE (FEBRUARY 2019)	**$38,340**

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All Seasons	$292,500
Garrison RW	$459,869
Missouri West	$161,906
Dakota RW	$38,240
Total	$952,515

Rural Water System	Project	Approved Date	Total Approved	Total Payments	Balance	% of Balance			
Barnes	Improvements	3/11/2015	$1,096,634	$1,096,634	$0	0.00%			
North Central	Carpio/Berthold Phase 2	4/1/2015	$2,425,167	$1,497,718	$927,449	3.00%			
All Seasons	Bottineau County Extentsion, Phase 1	7/29/2015	$299,358	$57,503	$241,855	0.78%			
Stutsman	Phase V Storage & Pipeline Expansion Project	10/6/2015	$1,172,760	$1,172,760	$0	0.00%			
North Prairie	Storage & Water Main	10/6/2015	$1,968,086	$949,565	$1,018,521	3.30%			
Dakota	Reservoir C Expansion	12/11/2015	$52,601	$52,601	$0	0.00%			
Northeast	City of Devils Lake Water Supply Project	12/11/2015	$12,789,020	$12,437,390	$351,630	1.14%			
Walsh	Phase 1 & 2 System Expansion	12/11/2015	$1,639,753	$1,382,441	$257,312	0.83%			
All Seasons	System 4 Connection to System 1	12/11/2015	$4,900,000	$0	$4,900,000	15.87%	24.93%	$7,696,767	2015
Garrison	System Expansion Project	3/9/2016	$1,271,241	$1,271,241	$0	0.00%			
North Central	Granville-Deering Area	10/24/2016	$1,831,540	$1,372,348	$459,192	1.49%	1.49%	$459,192	2016
Greater Ramsey	SW Nelson County Expansion	8/23/2017	$1,364,794	$720,670	$644,124	2.09%			
Southeast	System Wide Expansion	8/23/2017	$13,159,145	$8,636,350	$4,522,795	14.65%			
Grand Forks-Traill	Eastern Expansion & TRWD Interconnect	8/23/2017	$126,000	$126,000	$0	0.00%			
North Central	Mountrail Expasion Phase 2	8/23/2017	$3,086,000	$47,128	$3,038,872	9.84%			
North Central	Mountrail Expasion Phase 3	8/23/2017	$3,430,000	$0	$3,430,000	11.11%			
Traill	Expansion/Interconnect	8/23/2017	$150,880	$150,880	$0	0.00%	37.70%	$11,635,791	2017
Walsh	System Expansion Project	4/12/2018	$1,300,000	$488,708	$811,292	2.63%			
Stutsman	Phase 6 Pettibone Project	4/12/2018	$2,100,000	$778,359	$1,321,641	4.28%			
North Prairie	Reservoir 9 Water Supply	6/12/2018	$1,114,620	$613,716	$500,904	1.62%			
North Prairie	Surrey/Silver Spring	6/12/2018	$107,430	$85,079	$22,351	0.07%			
McLean-Sheridan	Turtle Lake Water Tower	8/9/2018	$2,378,450	$1,106,234	$1,272,216	4.12%			
Tri-County	System Expansion Project	8/9/2018	$2,803,250	$151,191	$2,652,059	8.59%			
East Central	Grand Forks/Traill Project	8/9/2018	$6,091,545	$3,549,025	$2,542,520	8.24%			
Cass	Horace Storage Tank	10/11/2018	$1,846,000	$0	$1,846,000	5.98%			
Northeast	Master Plan	10/11/2018	$107,000	$0	$107,000	0.35%	35.88%	$11,075,983	2018
			$68,611,274	$37,743,541	$30,867,733	100.00%			
				55.01%	44.99%		100.00%	$30,867,733	

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Rural Water System Rates
February 2019

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SYSTEM	# of Users	Minimum Cost	Minimum Gal.	$/1000 Gal.	$/6000 Gal.
Agassiz Water Users District	1334	$20.00	0	$5.50	$53.00
All Seasons Water Users District System 1-4	722	$34.00	0	$7.00	$76.00
All Seasons Water Users District System 4 Phase 1&2	107	$44.00	0	$7.00	$86.00
All Seasons Water Users District System 5	480	$44.00	0	$7.00	$86.00
Barnes Rural Water District #1	1377	$43.00	0	$5.00	$73.00
Barnes Rural Water District #2	261	$59.00	0	$5.00	$89.00
Barnes Rural Water District #3	350	$52.00	0	$5.00	$82.00
Cass Rural Water District	5789	$27.00	0	$5.40	$59.40
Central Plains Water District (Old)	790	$30.00	0	$6.00	$66.00
Central Plains Water District (New)	340	$56.00	0	$7.25	$99.50
Dakota Rural Water District	599	$45.00	0	$4.80	$73.80
Dakota Rural Water District Expansion	188	$53.00	0	$4.80	$81.80
East Central Regional Water District	2429	$29.40	0	$5.78	$64.08
East Central Regional Water District	315	$55.00	0	$5.78	$89.68
East Central Regional Water District	779	$55.00	0	$7.00	$97.00
Garrison Rural Water Association	736	$33.15	0	$4.00	$57.15
Garrison Rural Water Association		$58.15	0	$4.00	$82.15
Greater Ramsey Water District	1892	$20.00	0	$4.25	$45.50
Greater Ramsey Water District Expansion	351	$45.00	0	$4.25	$70.50
McKenzie County Water Resource District	1175	$45.90	0	$5.57	$79.32
McLean Sheridan Rural Water	700	$49.00	0	$6.91	$90.46
McLean Sheridan Rural Water/Washburn Project	150	$59.00	0	$6.91	$100.46
Missouri West Water System	1654	$35.00	0	$5.51	$68.06
North Central Regional Water District	1578	$65 00	0	$7.65	$110.90
North Prairie Rural Water District	2767	$54.00	0	$7.60	$99.60
Northeast Regional Water District/Langdon Branch	979	$55.00	0	$6.00	$91.00
Northeast Regional Water District/North Valley Branch	1370	$39.00	0	$6.00	$75.00
Northwest Rural Water District	2259	$45.00	0	$8.57	$96.42
R&T Water Supply Association	600	$45.00	0	$6.50	$84.00
South Central Regional Water District	5988	$34.00	500	$7.50	$75.25
South Central Regional Water District	1100	$40.00	0	$5.15	$70.90
Southeast Water Users District Central	791	$45.00	0	$5.75	$79.50
Southeast Water Users District East	1699	$26.00	0	$4.50	$53.00
Southeast Water Users District New Construction	500	$55.00	0	$4.50	$82.00
Southeast Water Users District West	544	$45.00	0	$3.50	$66.00
Southwest Water Authority	6858	$47.00	0	$5.91	$82.46
State Line Water Cooperative	452	$40.00	0	$6.25	$77.50
Stutsman Rural Water District	1236	$43.00	0	$5.00	$73.00
Stutsman Rural Water District Expansion Project	1090	$48.00	0	$5.00	$78.00
Tri-County Water District	700	$54.00	0	$6.00	$90.00
Tri-County Water District Expansion	240	$54.00	0	$6.00	$90.00
Tri-County Water District Expansion	9	$54.00	0	$6.00	$90.00
Upper Souris Water District	620	$30.00	0	$9.00	$84.00
Walsh Rural Water District C1	22	$42.00	0	$7.50	$87.00
Walsh Rural Water District C2	3	$68.00	0	$7.50	$113.00
Walsh Rural Water District R1	1252	$36.00	0	$7.50	$81.00
Walsh Rural Water District R3	159	$48.00	0	$7.50	$93.00
Walsh Rural Water District R4	85	$55.00	0	$7.50	$100.00
	55419				
Median		$45.00		$6.00	$82.00
Average		$44.97		$6.03	$81.09
Yearly Average					$973.10

AH 2
SB 2020
3/7/2019

March 7, 2019
SB 2020
House Appropriations—Education and Environment Division
Rep. David Monson, Chairman

Chairman Monson and members of the Committee, for the record Blake Crosby, Executive Director of the North Dakota League of Cities.

With the elimination of a separate funding bucket for municipalities, those potential funds are now combined in the Water Supply bucket along with Red River Valley Water Supply, Southwest Water, WAWS, NAWS and the Grand Forks Water Treatment Plant.

For the 2017-19 biennium there were about $231 million in municipal project requests including $60+ million for the Grand Forks Regional Water Treatment plant. For 2019-21 there is about $178 million in total project requests including about $20 million for the Grand Forks WTP. I mention the Grand Forks WTP as that funding was to be provided over multiple biennia and since the plant is anticipated to be completed in June of 2020 (page 30, 2019 SWC Water Development Plan), it needs to be funded.

As I reviewed projects submitted for 2019-2021, I noted many were categorized as water storage or water mains. Presuming the passage of HB 1066, the Prairie Dog bill, it is possible that some of that funding will be used to jump-start water projects. Adding into my crystal ball forecasting the continuing increase in steel and aluminum prices created by the tariffs, and some of the projects falling into the rural water regionalization arena at a 75% cost share, I would respectfully request that municipal water supply funding be increased to $30 million for the 2019-21 biennium.

As 2019-21 will be the first use of the Life Cycle Cost Analysis (LCCA), it will be interesting to see the options available for constructing, operating, maintaining and disposing of water supply projects. Mix new technology in with the LCCA and we may be able to complete more projects at the same cost in a faster time frame.

The attached Purpose Funding Totals for Water Supply and Rural Water can indicate the breakdown of funding directly to city projects and the amounts for large projects. These attachments are included in the 2019 SWC Water Development Plan on pages 33 and 34.

Many of projects on the 2019-21 Municipal Water Supply list are much less than $1 million so we could really clear the deck with prudent use of funds. Especially keeping in mind the 75+ years useful life of a project like a water tower. Once they are up and running they last a long time.

Thank you for your time and consideration. I ask for a DO-PASS on SB 2020 with the change in funding I suggested.

I will try to answer any questions.

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WATER SUPPLY PURPOSE FUNDING: 2017-2019 BIENNIUM		
	PURPOSE FUNDING TOTAL	$120,125,000
Obligated This Biennium	Grand Forks - Water Treatment Plant	$30,000,000
	Lake Agassiz Water Authority - Red River Valley Water Supply	$17,000,000
	Lincoln - Water Supply Main	$1,130,000
	Mandan - Sunset Reservoir Transmission Line	$3,135,000
	Mercer - McLean-Sheridan Connection	$166,950
	Minot - Northwest Area Water Supply	$14,600,000
	New Town - Water Tower	$1,940,000
	State Water Commission - Southwest Pipeline Project	$13,500,000
	West Fargo - Brooks Harbor Water Tower	$1,950,000
	West Fargo - North Loop Connection	$510,000
	West Fargo - West Loop Connection	$1,110,000
	Western Area Water Supply - Phase 5	$20,000,000
	Williston - US Highway 2 Water Main	$434,400
	Williston - 9th Avenue E Water Main	$246,000
	Williston - 18th Street Water Main	$2,090,000
	Wing - Water Tower	$72,000
	TOTAL APPROVED	$107,884,350
	FUNDING TURNED BACK	$2,497,208
	REMAINING BALANCE (FEBRUARY 2019)	**$14,737,858**

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RURAL WATER SUPPLY PURPOSE FUNDING: 2017-2019 BIENNIUM		
	PURPOSE FUNDING TOTAL	$27,000,000
Obligated This Biennium	East Central Regional Water District - Grand Forks System	$4,150,000
	East Central Regional Water District - Traill System	$1,396,880
	East Central Regional Water District - Larimore Interconnect	$513,750
	East Central Regional Water District - Phase 3 Agassiz WUD	$232,795
	Northeast / East Central Regional Water District - Northeast Area Master Plan	$107,000
	Greater Ramsey Water District - Devils Lake Regionalization	$599,000
	North Prairie Rural Water District - Mountrail County	$6,516,000
	Southeast Water User District - System Wide Expansion	$2,749,000
	Stutsman Rural Water District - Phase 6 Pettibone	$2,100,000
	Walsh Rural Water District - System Improvements	$1,300,000
	North Prairie Rural Water District - Silver Spring Surrey	$107,430
	North Prairie Rural Water District - Reservoir 9	$1,114,620
	Cass Rural Water User District - Horace Storage Tank	$1,846,000
	McLean-Sheridan Rural Water District - Turtle Lake Tower	$2,378,450
	Tri-County Rural Water District - System Expansion	$2,803,250
	TOTAL APPROVED	$27,914,175
	FUNDING TURNED BACK	$952,515
	REMAINING BALANCE (FEBRUARY 2019)	**$38,340**

AM 3

SB 2020

3/7/2019

Testimony of Curtis Wilson, Executive Director, WAWSA
State Water Commission Budget – SB 2020
House Appropriations Education and Environment Division Subcommittee
Bismarck, North Dakota –March 7, 2019

Introduction

Chairman Monson and members of the House Appropriations Education and Environment Division Subcommittee, my name is Curtis Wilson and I serve as the Executive Director for the Western Area Water Supply Authority (WAWSA).

WAWSA Background

In 2011, the North Dakota State Legislature created the WAWSA and funded it with $110 million. The founding member entities include the City of Williston, McKenzie County Water Resource District (MCWRD), Northwest Rural Water District (NWRWD), R&T Water District (R&TWD), and the Burke-Divide-Williams (BDW) Water System Association.

The Western Area Water Supply Project (WAWSP) grew out of a need in northwestern North Dakota for high-quality, abundant drinking water due to widespread water quality and quantity concerns. WAWSA provides water to Burke, Divide, McKenzie, Mountrail, and Williams Counties via the Williston Regional Water Treatment Plant which treats water from the Missouri River and transports the treated water to cities and rural customers. The R&T Water Treatment Plant also provides a supplementary water supply.

WAWSA members have come together in a way that no other regional water entities have. They agreed to pool their infrastructure resources to support the project. The City of Williston turned over the management of and agreed to sell its Regional Water Treatment Plant to WAWSA in order to better serve Williston as well as the entire WAWSA service area. Other WAWSA Members have "turned over" parts of their infrastructure and water fill depots for the benefit of all in the region.

The people and businesses of northwest North Dakota will continue to benefit from WAWSA funding priorities by:

1. **Placing a high priority on reaching additional rural populations with clean, adequate drinking water;**

2. **Construction of strategic transmission pipelines to key population centers and economic hubs; and**
3. **The continuation of WAWSA's focus on regionalization, rather than independent and redundant infrastructure.**

Meeting Regional Water Needs

In the eight years since WAWSA was created by the North Dakota State Legislature, WAWSA has delivered water to 60,000 people in cities and rural areas of Burke, Divide, McKenzie, Mountrail, and Williams Counties. The cities served by WAWSA include Columbus, Crosby, Fortuna, Noonan, Ray, Ross, Stanley, Tioga, Watford City, Wildrose, Williston, and recently added Arnegard.

Over the past eight years, WAWSA also increased the capacity of the Williston Regional Water Treatment Plant to 21 million gallons per day, installed thousands of miles of pipeline, built 10 reservoirs, three water towers, and 14 pump stations across the five-county area to accomplish its mission.

Industrial Water Sales

A unique feature of the WAWSA system is that a large portion of the project costs are being paid for through the sale of industrial water to the oil and gas industry in a public private partnership. In 2013, the State of North Dakota assumed liability for the industrial revenues and loans in a settlement with private water providers regarding franchise protection for public water systems.

A slowdown in the energy industry starting in 2015 led to industrial revenue shortfalls to pay the principle and interest on the State's industrial loans. In 2017, HB1020 provided appropriate loan amortizations by reducing interest rates and authorizing the Bank of North Dakota to consolidate loans and provided flexibility in the payback period of loans. The effect of those loan refinancing measures reduced WAWSA's gross industrial break-even sales from over $25 million to approximately $13 million for 2018.

We are happy to report we exceeded our break-even revenue requirements by selling $14.5 million in 2017 and $17.8 million in 2018 in industrial water. Our outlook for 2019 is very promising as well as we project to exceed our 2018 gross industrial sales revenue. However, our consolidated loan with the Bank of North Dakota is a variable rate loan. Recent interest rate increases will increase our break-even point and any future rate hikes will only exacerbate the upward pressure on our break-even point.

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WAWSA Capital Accounting

As of January 2019, the WAWSP's total cost is projected to be $511 million. Of that $345 million has been allocated, $341 million has been contracted, and $327 million, or 95 percent, of our allocated funds have been spent.

Because the capacity and design of the WAWSP is tied closely to future population projections, WAWSA follows population trends and forecasts, such as the population studies released regularly by North Dakota State University. Along with population projections, WAWSA strives to meet the industrial demands and utilize the commercial and industrial development in the region to support and meet the needs of rural water users in an affordable manner.

The priority for WAWSA has always been meeting the current and future rural water needs. As oil prices stabilize or increase, the Bakken region continues to see population growth. WAWSA and regional water supplies are the key to keeping populations stable in the region and meeting the demands of our communities and residents.

Project Status

WAWSA's focus is to continue bringing water service to our communities and rural customers with water supply and quality concerns. There are still over 600 miles of pipeline to install, as well as required expansions of our water treatment, pumping, and water storage systems.

As one of our users, Heather Wisness, stated, "Good water is absolutely invaluable to us." "Our old well water was very hard and I spent a majority of my time cleaning up the old house after the mess the water made." This benefit is true for the Wisness family, but our work is not done yet.

Funding Request

WAWSA is seeking $40 million for the WAWSP in the State Water Commission's budget – SB2020 for the 2019-2021 biennium. That $40 million would be matched with $15 million in loan funds to provide WAWSA $55 million in total capital improvements funding.

With a $55 million investment, the people and businesses of Northwest North Dakota will benefit from WAWSA funding priorities by:

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1. **A continued emphasis on reaching rural populations with clean, adequate drinking water through service to approximately 500 new rural customers.**
2. **Construction of strategic transmission pipelines to key population centers and economic hubs.**
3. **Permitting, preliminary, and final design for the next phase of expansion of the Williston Regional Water Treatment Plant.**
4. **A focus on regionalization, rather than independent and redundant infrastructure.**

Some of the key projects that will be completed if WAWSA's $55 million request is granted include R&T Water District transmission and rural water expansion projects, McKenzie County Water Resource District rural water expansions, rural water expansions for in Northwest Williams and south-central Divide County or Northwest Rural Water District.

In addition to those domestic water service expansion projects, it is also imperative that WAWSA begin the planning, permitting, and design for the next phase of expansion at the Williston Regional Water Treatment Plant. In 2018, WAWSA was utilizing over 80 percent of our total water treatment capacity during the summer months. To keep our treatment capacity ahead of our growing water demands, we must begin the expansion process now as it will take up to 4 years for the expansion to be completed, 2 years for planning, permitting, and design and 2 years for construction. Based on current population and water demand projections, WAWSA could be forced into water rationing as soon as 2024 if treatment capacity is not expanded.

In Conclusion

As we reflect on the past eight years of success, WAWSA has benefited from the deep-rooted support of its member entities, guidance from State agencies, and support for regionalization from the State of North Dakota. As we look forward to the next biennium and beyond, WAWSA continues to be committed to meeting the current and future drinking water needs of residents of the Bakken, reaching rural areas in northwest North Dakota, and ultimately supplying quality water now and for future economic development and diversification.

We look forward to our continued work with the State to ensure that the needs of northwest North Dakota are met in the short term, and that, together, we create future opportunities for legacy generations. Thank you for your support over the past eight years.

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2019-2021 LEGISLATIVE REQUEST: $55M

By the end of 2019, Western Area Water Supply Authority (WAWSA) will have completed approximately $345 million worth of water supply, treatment, transmission, and distribution projects across five counties in northwest North Dakota.

The WAWSA Board is grateful for the North Dakota Legislature's ongoing support for the project. We've delivered drinking water to about 60,000 people so far, including over 1,800 new rural users. However, there are still rural areas that are waiting for service from WAWS, including approximately 500 more users that are planned to be served this biennium.

WAWSA is requesting $55 million in grant and loan funding. If the funding request is approved, WAWSA will be able to complete projects in several rural areas where current water supplies are limited and generally of poor quality, as well as begin the next phase of water treatment capacity expansion. The projects proposed for the 2019-2021 biennium:

R&T Water Supply Commerce Authority - East White Earth Alternates | *Estimated Cost: $6 million*
This rural water service expansion in central Mountrail County is located east of the White Earth River Valley. The project will provide service via 75 miles of pipeline. A phased approach may be implemented to stay within budget due to the increased interest in service from rural residents.

R&T Water Supply Commerce Authority - West White Earth Alternates | *Estimated Cost: $3 million*
The project would expand services to rural users through 25 miles of pipeline in western Mountrail County and eastern Williams County, west of the White Earth River Valley.

McKenzie County Water Resource District – System I Expansion Part 2 | *Estimated Cost: $7 million*
A rural water service expansion would benefit new users in central McKenzie County, south of Watford City through 65 miles of pipeline. Very poor water quality is of concern in this area due to high concentrations of dissolved minerals in ground and surface waters with nitrogen concentrations that have been fatal to livestock.

Northwest Rural Water District - North 200K Rural Distribution | *Estimated Cost: $3.5 million*
New rural customers in central Williams County to the northwest of Williston would receive WAWSA service via 50 miles of pipeline. Similar to the R&T East White Earth Alternates project, it is likely this will be phased to stay within the project budget due to increased interest in water service.

29 Mile Rural Distribution | *Estimated Cost: $8.5 million*
Northwest Williams County and south-central Divide County would benefit from the construction of 93 miles of pipeline for new rural customers. This project will likely be phased to stay within the project budget due to increased interest in water service.

R&T Water Supply Commerce Authority Service to Powers Lake | *Estimated Cost: $5 million*
The City of Powers Lake and rural users would receive WAWSA service through 15 miles of pipeline.

R&T Water Supply Commerce Service to Stanley – Phase II | *Estimated Cost: $12 million*
This project will add approximately 16.5 miles of a 20-inch transmission line between the R&T Water Supply Commerce Authority's Tioga High Point and Ross High Point reservoirs to complete a phased transmission expansion to Stanley. The result of the project will be an increased capacity to serve the cities of Ross and Stanley.

Stanley Rural Distribution Part 2 | *Estimated Cost: $5 million*
Rural customers in south-central Mountrail County would benefit from 56 miles of pipeline. Similar to several other projects, Stanley Rural Distribution Part 2 will likely be phased to stay within the project budget due to increased interest in water service.

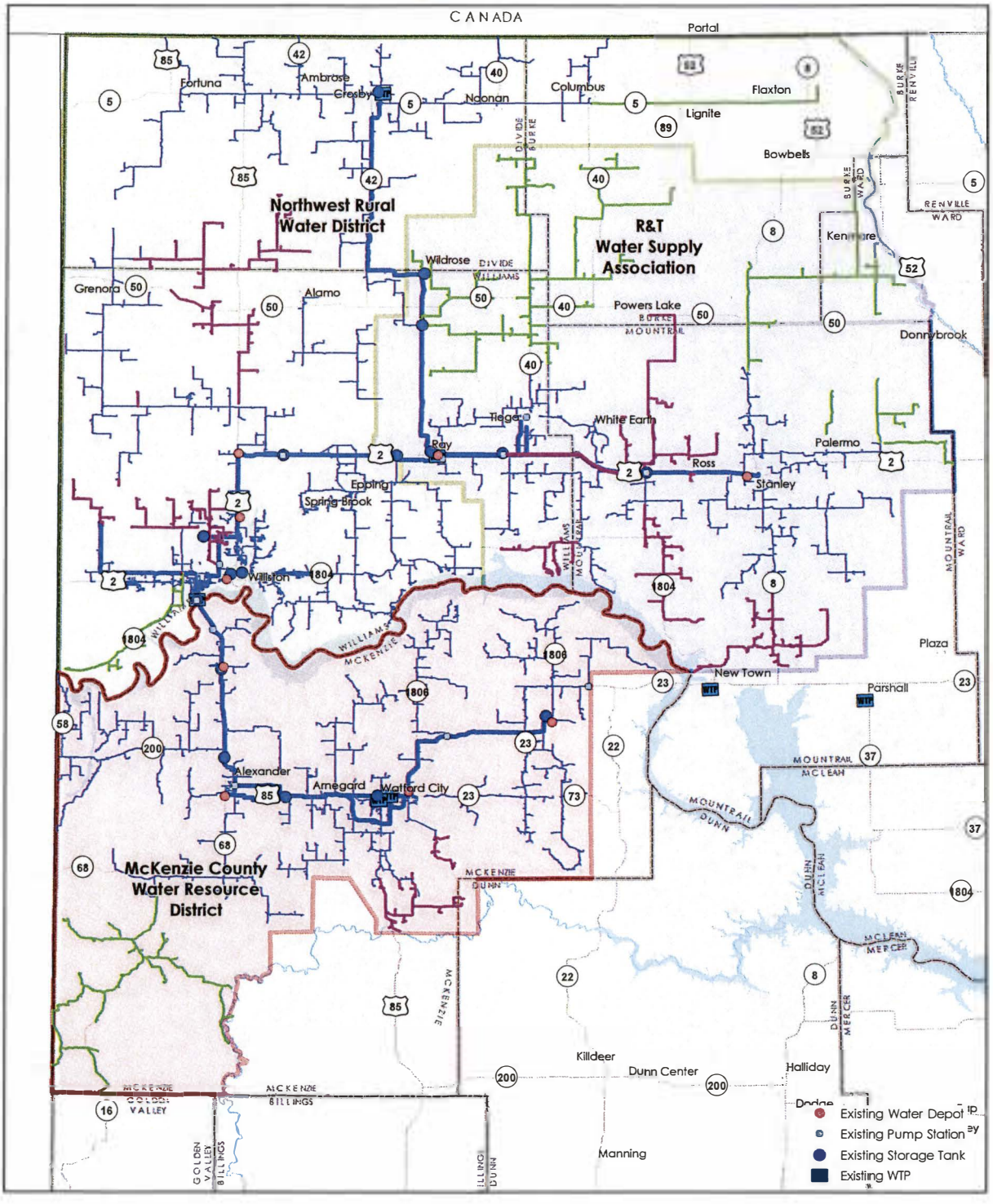
Williston Water Treatment Plant Expansion | *Estimated Cost: $5 million*
In 2018, WAWSA utilized over 80 percent of its total treatment capacity during summer months. To keep treatment capacity ahead of growing water demands, the expansion for our supply and treatment systems must begin now. The planning, permitting (US Army Corps of Engineers Permit required for intake expansion), and design will take nearly two years and the construction phase will take an additional two years, making available treatment capacity available sometime in 2023. Current domestic water demands are projected to exceed existing supply and treatment capacity as early as 2024.

WESTERN AREA WATER SUPPLY PROJECT

RURAL WATER DISTRICT MAP

A#3
SB 2020
3/7/2019

WESTERN AREA WATER SUPPLY AUTHORITY



WAWSA Existing Transmission Main
Existing Funded Infrastructure including 2017-2019
Future Funded Infrastructure 2021-2023 & Beyond
2019 - 2021 Biennium Funding*

*Includes R&T Service to Stanley - 20" Transmission Main from Tioga Reservoir to Stanley Reservoir

Service Entity Boundary

McKenzie County Water Resource District
R&T Water Supply Association
Northwest Rural Water District

Date: 11/26/2018

Coordinate System:
NAD 1983 StatePlane North Dakota North FIPS 3301 Feet

0 5.5 11 Miles

AE2S

6

SOUTHWEST WATER AUTHORITY

QUALITY WATER FOR SOUTHWEST NORTH DAKOTA

SOUTHWEST PIPELINE PROJECT

AMY
SB 2020
3/7/2019

Service Area & Customers Served

- Population served is ~56,000
- Over 7,185 rural customers
- 33 communities
- 23 contract customers
- 2 additional rural water systems
- 21 raw water customers
- 3 crew camps
- 2 raw water depots
- Water sales for 2018 were 2.3 billion gallons
- Water revenue for 2018 was $14.2 million
- Water sales for 2019 projected at 2.4 billion gallons
- Water revenue for 2019 projected at $16.7 million
- 3 water treatment plants
- 49 employees

Installation of main transmission pipeline

SOUTHWEST WATER AUTHORITY

QUALITY WATER FOR SOUTHWEST NORTH DAKOTA

SOUTHWEST PIPELINE PROJECT

Contact Information

Att 4
SB 2020
3/7/2019

Mary Massad, Manager/CEO
Southwest Water Authority
mmassad@swwater.com

4665 Second Street SW
Dickinson, ND 58601-7231

Phone: 701-225-0241
Toll-Free: 888-425-0241
Fax: 701-225-4058

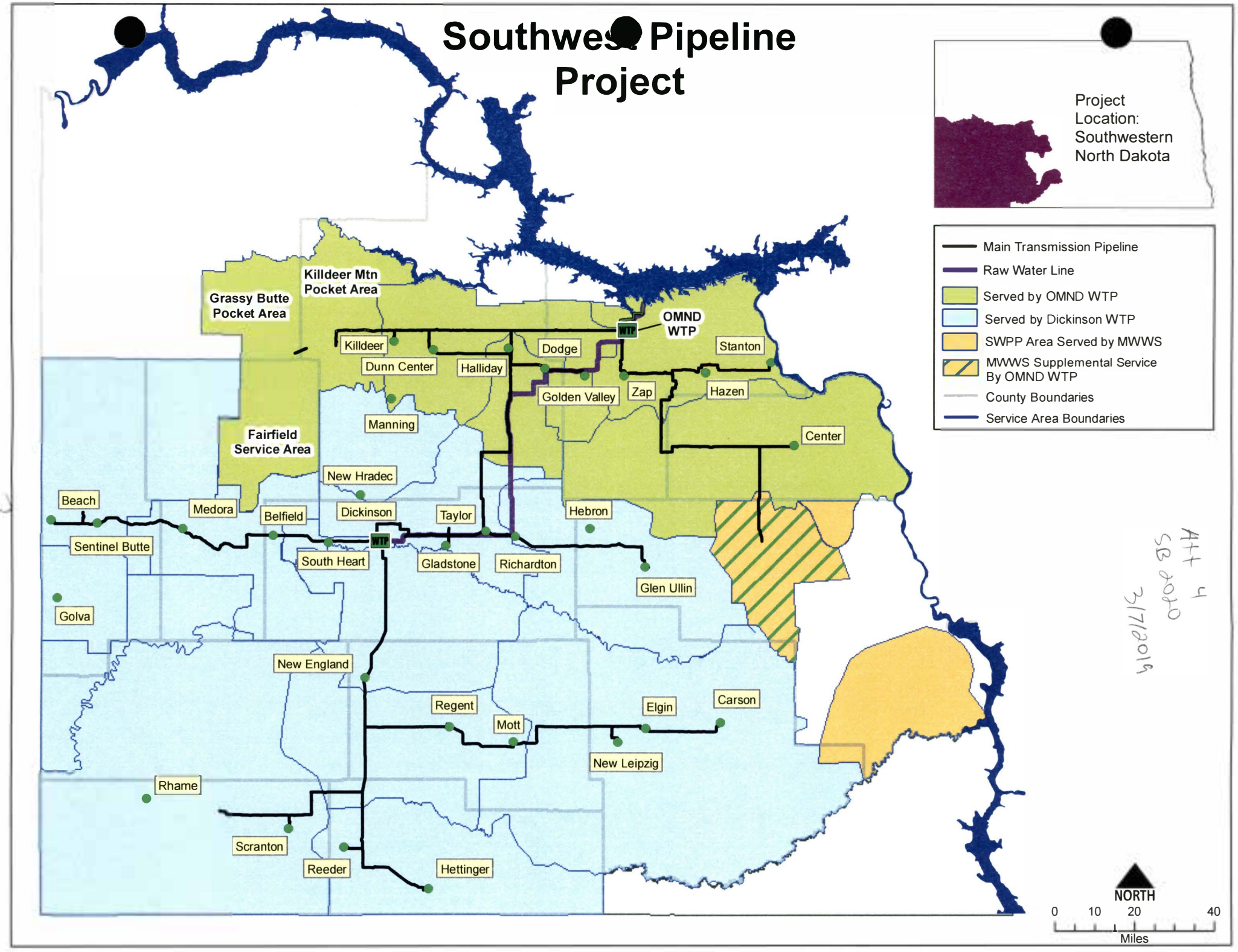
swa@swwater.com
www.swwater.com

Vision Statement

People and business succeeding with quality water

www.facebook.com/swwater

www.twitter.com/SWwaterND



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SB2020
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SOUTHWEST WATER AUTHORITY

QUALITY WATER FOR SOUTHWEST NORTH DAKOTA

SOUTHWEST PIPELINE PROJECT

Southwest Water Authority

Operations & Maintenance

- The Southwest Pipeline Project (SWPP) is owned by North Dakota and administered by the State Water Commission
- Southwest Water Authority (SWA) was established in 1991
- Operations and management of the SWPP were transferred to SWA on January 1, 1996
- SWA manages, operates, and maintains all SWPP features

REM Fund

- The Replacement & Extraordinary Maintenance (REM) Fund covers costs of an extraordinary nature or to replace parts of the SWPP system that reach their life expectancy
- Originally, the rate was set at 30 cents per thousand gallons of water sold and the 2019 rate is 70 cents

Contract Contributions	**$**	**16,620,411**
Rural Contributions	**$**	**2,805,486**
Interest	**$**	**4,740,911**
Dividends	**$**	**237,850**
Fiduciary Fees	**$**	**(657,352)**
Disbursements	**$**	**(4,598,390)**
Ending Balance	**$**	**19,148,915**

(As of February 28, 2019)

Mill Levy

- SWA receives one mill from each of the 12 counties served
- Mill levy began in 1991, extended in 1995 and 2001, again in 2009, and currently sunsets in 2020
- The mill levy for SWA is used for administration expenses

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Current Board of Directors

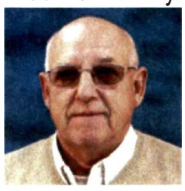
Jonathon Eaton
Adams County

James Odermann*
Billings County

Rick Seifert
Bowman County

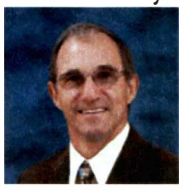
Glenn Eckelberg
Dunn County

Mark Begger
Golden Valley County

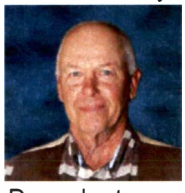

Brian Roth
Grant County

Don Schaible
Hettinger County

Marie Johnson
Mercer County


George Saxowsky
Morton County

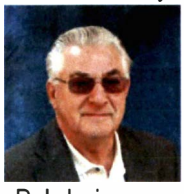
Mike Tietz
Oliver County


Dave Juntunen
Slope County

Steve Schneider*
Stark County

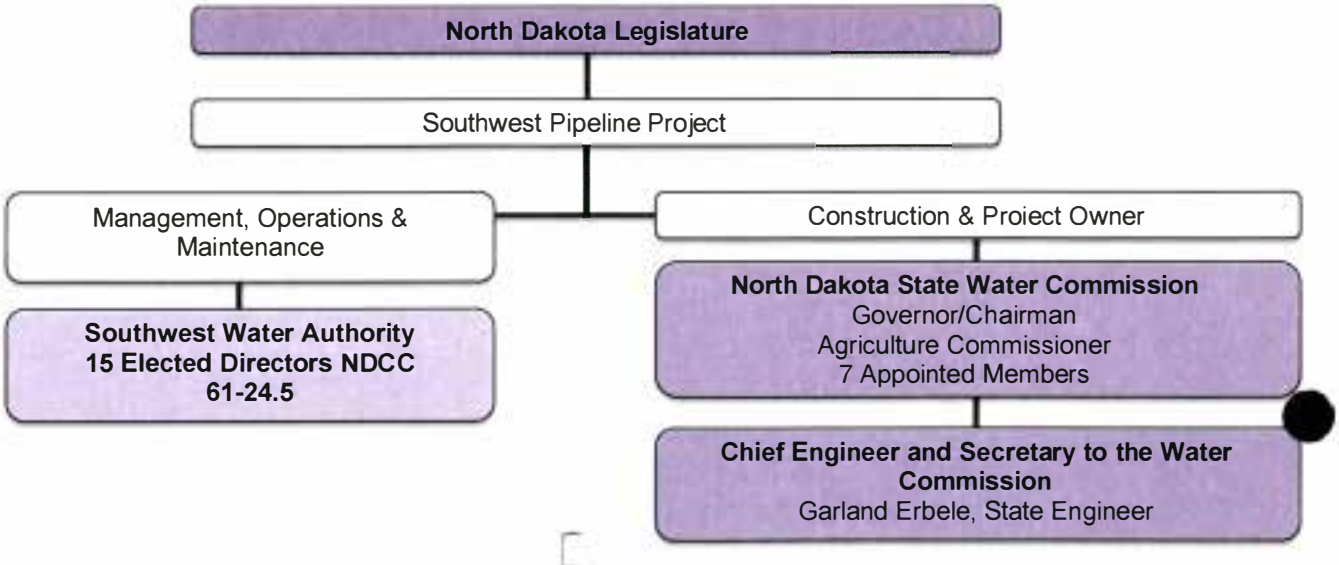
Larry Bares*
City of Dickinson

Jason Bentz
City of Dickinson


Bob Leingang
City of Mandan

**Executive Committee Members*

- Governed by a 15-member board representing 12 counties in the service area
- In 1991, SWA had 27 board members
- In 2001, SWA's Board of Directors was downsized to 14 members
- In 2009, the City of Mandan was added as a board member, increasing the board to 15 members
- Board members serve four-year terms with half the board up for election every two years in the June primary



Southwest Pipeline Project
Funding Needs
2019 and Beyond

Att 4
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Contract	Description	Detail	Estimated Project Cost
1-1B	Intake Pump Station Upgrade	Miscellaneous Piping and Appurtenances	$342,000
1-2B	Supplementary Intake Pump Station	Intake Pump Station Building and Pumps	$8,850,000
2-3J	Parallel Pipe from Dickinson Reservoir to Dickinson WTP	1.43 miles 24" DIP	$5,834,000
	Capacity upgrades necessary for regional growth		
2019-1	Blowoff Replacements	Raw Water Main Transmission Line Blowoff Upgrades	$335,000
5-13A	2nd Davis Buttes Reservoir	1 Million Gallon Ground Storage Reservoir, 60' diameter x 47'high	$2,022,000
	Deferred construction		
5-9A	2nd Belfield Reservoir	750,000 Gallon Ground Storage Reservoir, 52' diameter x 47' high	$1,532,000
	Capacity upgrades necessary for regional growth		
	Rural Needs 2019-2021	Potential Customers on Waiting Lists	$5,000,000
	SWC Agency Operations 2019-2021	$850,000 per biennium	$850,000
3-3	12 Million Gallon per Day Water Treatment Plant	Replacement of the Original Water Treatment Plant in Dickinson	$72,000,000
	Rural Needs 2021-2023	Potential Customers on Waiting Lists	$5,000,000
	SWC Agency Operations 2021-2023	$850,000 per biennium	$850,000
6	SCADA	SCADA for System Upgrades	$820,000
4-3A	Ray Christensen Pump Station Upgrades	Pump Upgrades for Increased Distribution Capacity	$13,000,000
	Capacity upgrades necessary for regional growth		
2-3I	Parallel Pipe from Richardton to Dickinson Reservoir	5 miles 24" DIP	$13,624,000
	Capacity upgrades necessary for regional growth		
	Rural Needs 2023-2025	Potential Customers on Waiting Lists	$5,000,000
	SWC Agency Operations 2023-2025	$850,000 per biennium	$850,000
2-2I	Parallel Pipe from Zap to Richardton	20.4 miles 30" Steel and DIP	$58,162,000
	Capacity upgrades necessary for regional growth		
	Rural Needs 2025-2027	Potential Customers on Waiting Lists	$5,000,000
	SWC Agency Operations 2025-2027	$850,000 per biennium	$850,000
8-4	Golva Tank	150,000 Gallon Standpipe, 25' diameter x 41' high	$560,000
	Deferred construction		
	Rural Needs 2027-2029	Potential Customers on Waiting Lists	$5,000,000
	SWC Agency Operations 2027-2029	$850,000 per biennium	$850,000
	Total Estimated Project Cost		**$206,331,000**

County	Waiting List Locations	Standard Service	Pasture Tap Service	High Consumption	Other
Adams	16 locations	9	6	1	0
Billings	58 locations	25	26	2	5
Bowman	36 locations	17	13	3	3
Dunn	160 locations	89	58	5	8
Golden Valley	54 locations	30	21	2	1
Grant	42 locations	21	18	2	1
Hettinger	54 locations	36	16	2	0
Mercer	4 locations	0	3	0	1
Morton	45 locations	21	19	3	2
Oliver	0 locations	0	0	0	0
Slope	26 locations	12	11	1	2
Stark	123 locations	87	19	11	6
Grassy Butte (McKenzie County)	27 locations	14	5	2	6
Total Waiting List	**645**	**361**	**215**	**34**	**35**

Other: Subdivisions, Additional Capacity, or Higher Usage

February 2019

Southwest Pipeline Project

Service Area and Waiting List

November 2018

Locations Requesting Water
Main Transmission Pipeline
Raw Water Line
Served by OMND WTP
Served by Dickinson WTP
SWPP Area Served by MWWS
MWWS Supplemental Service By OMND WTP
County Boundaries
Service Area Boundaries

Grassy Butte Pocket Area
Killdeer Mtn Pocket Area
Fairfield Service Area
OMND WTP
WTP
Killdeer
Dunn Center
Halliday
Dodge
Stanton
Golden Valley
Zap
Hazen
Manning
Center
New Hradec
Beach
Medora
Belfield
Dickinson
Taylor
Hebron
Sentinel Butte
South Heart
Gladstone
Richardton
Glen Ullin
Golva
New England
Regent
Elgin
Carson
Mott
New Leipzig
Rhame
Scranton
Reeder
Hettinger

NORTH
0 10 20 40
Miles

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SB 2020

SOUTHWEST PIPELINE PROJECT

FACILITY UPGRADE FUNDING NEEDS

SOUTHWEST PIPELINE PROJECT

NORTH
NOT TO SCALE

LEGEND

- EXISTING RAW WATER PIPELINE
- EXISTING SWWP PIPELINE
- EXISTING MWWS PIPELINE
- PROPOSED RAW WATER PIPELINE
- SERVICE AREA BOUNDARY
- COUNTY BOUNDARY
- COMPLETED
- UNDERWAY
- FUTURE
- PROPOSED FOR 2019-2021 BIENNIUM
- EXISTING INTAKE
- WATER TREATMENT PLANT
- TANK
- PUMP STATION

SUPPLEMENTARY INTAKE

SUPPLEMENTARY INTAKE PUMP STATION

3.6 MILES 30" PARALLEL PIPE

5.5 MILES 30" PARALLEL PIPE

DODGE PUMP STATION UPGRADES

14.8 MILES 30" PARALLEL PIPE

2ND DAVIS BUTTES RESERVOIR

5.3 MILES 24" PARALLEL PIPE

2ND BELFIELD RESERVOIR

1.7 MILES 24" PARALLEL PIPE

2ND RICHARDTON RESERVOIR

RICHARDTON PUMP STATION UPGRADES

NEW GOLVA RESERVOIR

RESIDUALS HANDLING FACILITY

SOUTHWEST WTP, 6 MGD

2ND DICKINSON RESERVOIR

MCKENZIE COUNTY
DUNN COUNTY
MERCER COUNTY
BILLINGS COUNTY
STARK COUNTY
OLIVER COUNTY
MORTON COUNTY
KILLDEER
DUNN CENTER
HALLIDAY
DODGE
GOLDEN VALLEY
PICK CITY
RIVERDALE
STANTON
HAZEN
ZAP
BEULAH
HANNOVER
CENTER
TAYLOR
RICHARDTON
HEBRON
GLADSTONE
SOUTH HEART
DICKINSON
NEW SALEM
GLEN ULLIN
MANDAN

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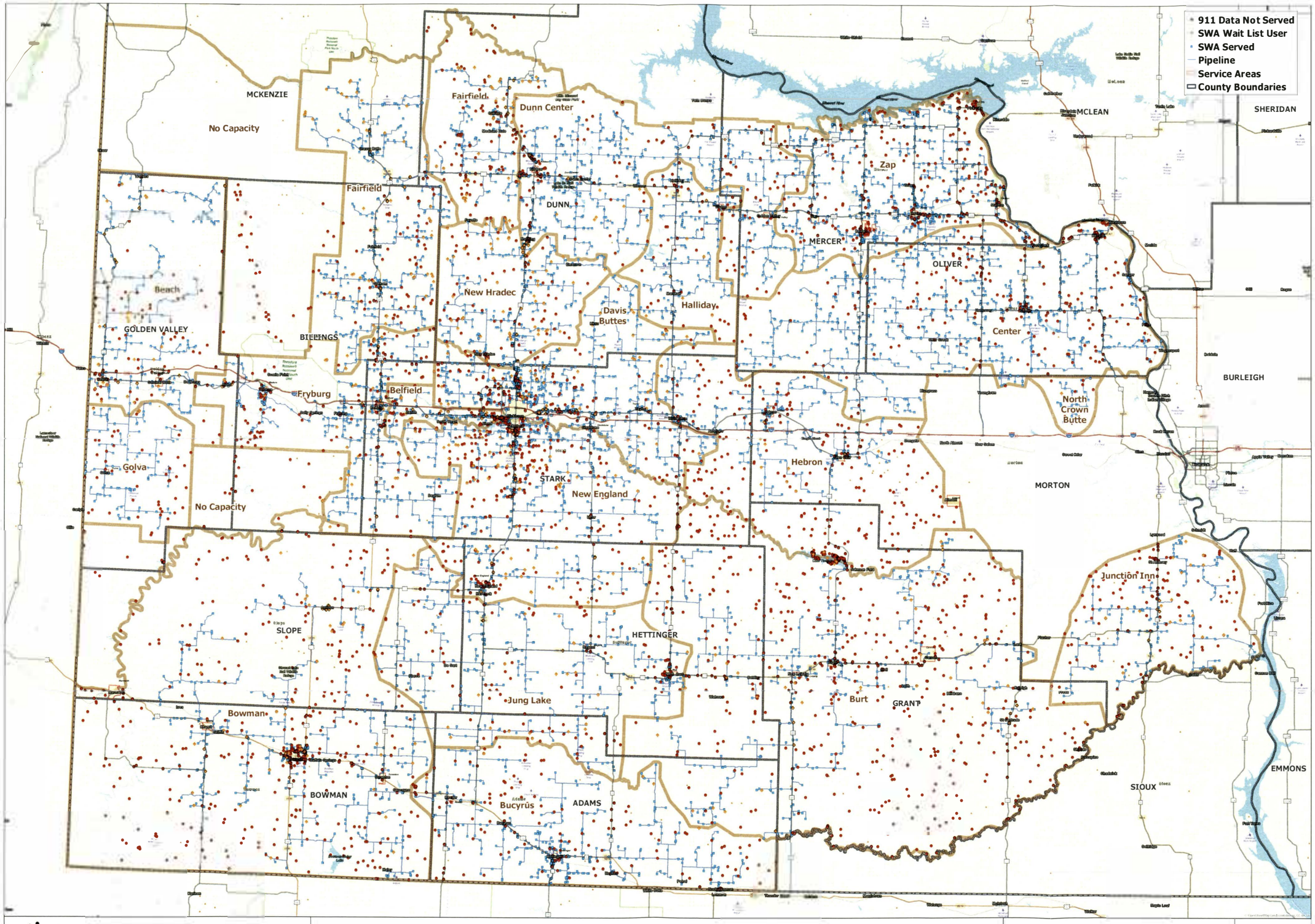
Drawing name: F:\Proj\30690\30333\30333.010\autocad\Overall & Misc Maps\SWPP Project Area Maps UPDATED.dwg Layout name: MTL Facility Upgrades (2) Plotted by: JMM1123 Plotted on: Jan 30, 2019 - 2:19pm

AH 4 5/7/2019
SB 2088



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Center

North Crown Butte

Davis Buttes

Hebron

Burt

Junction Inn

New Salem

Almont

Flasher

Raleigh

New Leipzig

Mandan

Bismarck

Lincoln

Cannon Ball

Solen

911 Data Not Served (298)
SWA Wait List User (41)
SWA Served (366)
Pipeline
County
Service Areas

SOUTHWEST PIPELINE PROJECT

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911 Data Analysis-Not Served Locations
Morton County, North Dakota

0 3.5 7 14 Miles

N W E S

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SOUTHWEST WATER AUTHORITY

QUALITY WATER FOR SOUTHWEST NORTH DAKOTA

SOUTHWEST PIPELINE PROJECT

Project Funding

Southwest Pipeline Project (SWPP) Funding Sources

State Funding (in millions of dollars)

Resources Trust Fund	$231.98
Water Development Trust Fund	$8.47
Subtotal	**$240.45**

Federal Funding

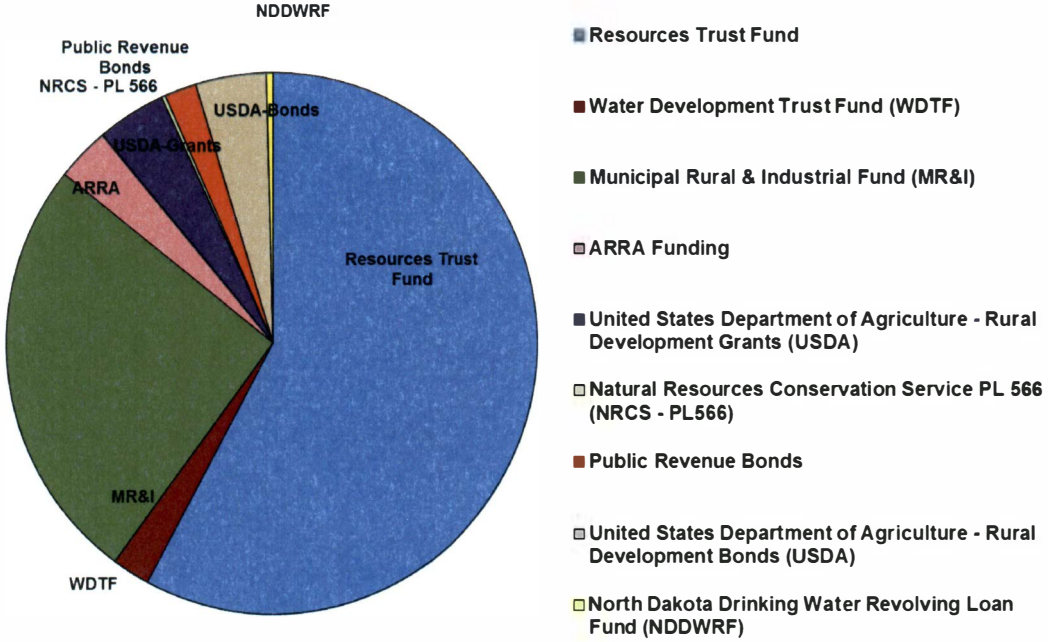
Garrison Diversion Conservatory District	
Municipal Rural & Industrial (MR&I) Fund (ARRA Funding $11.90)	$105.92
United States Department of Agriculture – Rural Development (RUS)	$15.32
Natural Resources Conservation Service PL566	$0.93
Subtotal	**$122.17**

Bonds

Public Revenue Bonds	$7.04
United States Department of Agriculture – Rural Development	$15.70
ND Drinking Water Revolving Loan Fund	$1.50
Subtotal	**$24.24**

Total Funding $386.86

(As of January 31, 2019)



Southwest Pipeline Project (SWPP) Timeline

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	1971	1972	1973	1974-76	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993
Projects:	West River Diversion				SW Area Water Supply				Southwest Pipeline Project (SWPP)												
Organizations:							West River Water Supply District				West River Joint Board							SWA (Non-Profit)	SWA (Political Subdivision)		

	1994	1995	1996	1997-2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Projects:	Southwest Pipeline Project (SWPP)										Southwest Pipeline Project (SWPP)											
Organizations:	Southwest Water Authority (SWA) (Political Subdivision)										Southwest Water Authority (SWA) (Political Subdivision)											

SWPP Historical Events:

1981 – SWPP Authorized
1983 – SWPP Final Design Authorized
1985 – SWPP Construction Authorized
1986 – Construction Begins Garrison MR&I Funding
1991 – Rural Water Integration Service to Dickinson
1992 – First Rural Water Service (Roshau Subdivision)
1994 – Service Beyond Dickinson
1995 Full Scale Rural Service
1996 – Transfer of O&M to SWA 1997 – USDA Rural Development Funds and Revenue Bonds
1998 – Garrison MR&I Funding
1999 – SB 2188 Passed – Water Development Trust Fund
2001 – State Funding Bowman-Scranton Phase
2003 – Medora-Beach Phase
2005 – State USDA Funding Medora-Beach Phase II 2007 – State USDA Funding
Medora-Beach Phase III 2008 – Received MR&I Funding – First time since 1999
2009 – SB 2193 Passed – Expanded Authority ARRA Funding for OMND WTP
2011 – Federal & State Funding for OMND
2012 – Service to OMND
2013 – Completion of Zap I & II Service Areas
2014 – 19 Contracts Under Construction
2015 – City of Killdeer received service – Finished Water Pump Station Completed
2016 – Construction of 6 MGD Supplemental WTP
2017 – Completion of OMND Service Area

Funding (in millions):	1971	1972	1973	1974-76	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
State Resources Trust Fund								----	----	----	23.60	----	----	----	----	----	----	----	0.04	0.06	0.68	0.77	1.46	1.77
Garrison Diversion MR&I															7.38	8.33	6.67	2.65	5.32	6.87	5.30	10.10	7.77	5.41
Natural Resources Conservation Service																						.13	0.41	.39
TOTAL:											**23.60**				**7.38**	**8.33**	**6.67**	**2.65**	**5.36**	**6.93**	**5.98**	**11.00**	**9.64**	**7.57**

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Total
State Resources Trust Fund	1.18	0.70	1.34	4.21	0.83	0.33	3.06	2.38	3.05	1.62	0.69	2.70	5.43	1.27	4.73	8.86	13.00	29.68	42.41	30.76	25.33	19.22	.82	**231.98**
Garrison Diversion MR&I	0.18	2.47	1.24									2.94	1.13	4.64	16.91	5.64	1.97			3.00				**105.92**
Natural Resources Conservation Service																								**0.93**
Revenue Bonds	3.96	3.08																						**7.04**
USDA Rural Development (loans)		3.50	0.02	1.38	0.50	0.23	1.63	1.54		2.47	1.43	3.00												**15.70**
USDA Rural Development (grants)		1.04	1.54	1.59	2.48	0.92	1.04	0.56	1.30	1.93	0.52	2.07	0.10				.23							**15.32**
Drinking Water State Revolving Loan Fund				1.00	0.50																			**1.50**
Water Development Trust Fund					1.45	5.17	0.26	0.45		0.09	1.05													**8.47**
TOTAL:	**5.32**	**10.79**	**4.14**	**8.18**	**5.76**	**6.65**	**5.99**	**4.93**	**4.35**	**6.11**	**3.69**	**10.71**	**6.66**	**5.91**	**21.64**	**14.50**	**15.20**	**29.68**	**42.41**	**33.76**	**25.33**	**19.22**	**.82**	**386.86**

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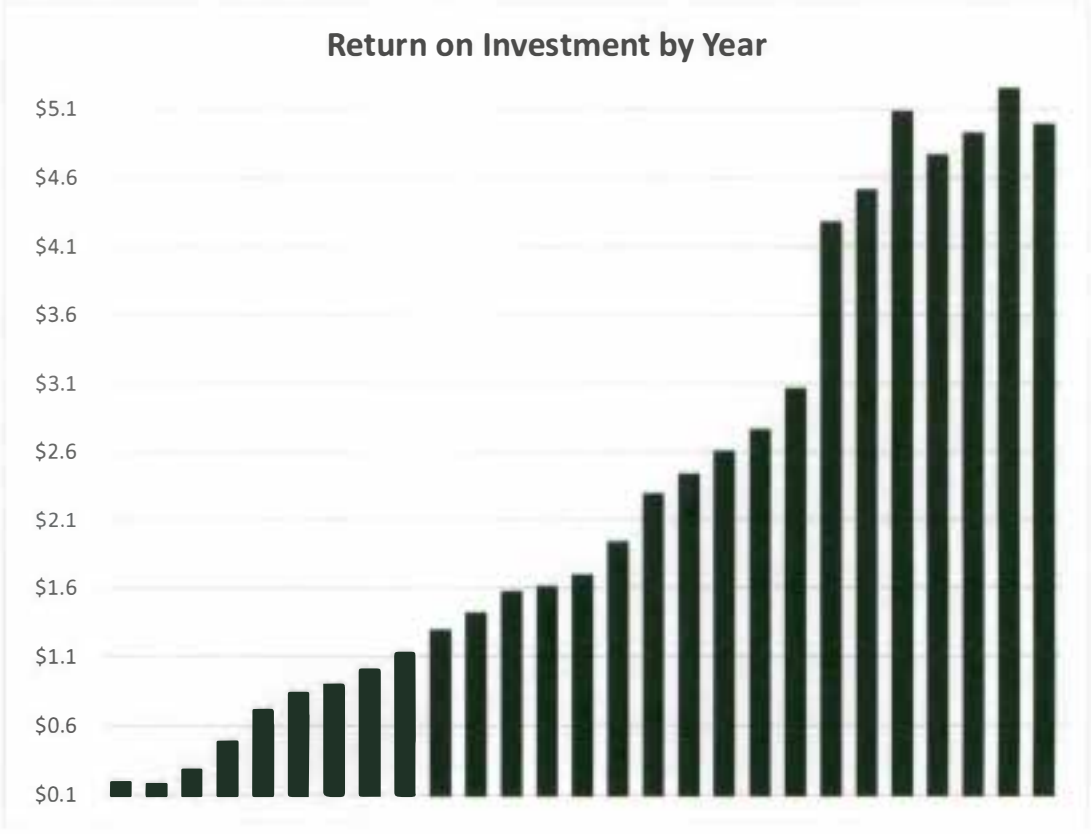
SOUTHWEST WATER AUTHORITY

QUALITY WATER FOR SOUTHWEST NORTH DAKOTA

SOUTHWEST PIPELINE PROJECT

Return on Investment

- Currently, North Dakota's return on investment in the Southwest Pipeline Project is over $63,300,000!
- Every business, city, industry, or family benefiting from being connected to quality water pays monthly into North Dakota's Resources Trust Fund.
- Eventually those benefiting from receiving quality water will have paid back the state's investment in the Southwest Pipeline Project.
- It all adds up to why Southwest Water Authority's team remains dedicated to the Southwest Pipeline Project and continuing on its mission of providing quality water for the people and business of southwest North Dakota.



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SB 2020

Southwest Pipeline Project
Return on Investment

YEAR	RESOURCES TRUST FUND	BOND PAYMENTS	TOTAL
1991	$ 11,166.00		$ 11,166.00
1992	$ 212,899.00		$ 212,899.00
1993	$ 195,973.00		$ 195,973.00
1994	$ 300,472.00		$ 300,472.00
1995	$ 504,179.00		$ 504,179.00
1996	$ 734,994.15		$ 734,994.15
1997	$ 389,111.41	$ 468,801.59	$ 857,913.00
1998	$ 415,197.60	$ 500,593.77	$ 915,791.37
1999	$ 349,574.05	$ 676,423.19	$ 1,025,997.24
2000	$ 418,164.86	$ 728,614.91	$ 1,146,779.77
2001	$ 475,021.15	$ 833,246.78	$ 1,308,267.93
2002	$ 416,859.08	$ 1,015,365.60	$ 1,432,224.68
2003	$ 458,780.10	$ 1,122,504.11	$ 1,581,284.21
2004	$ 615,337.62	$ 1,005,901.63	$ 1,621,239.25
2005	$ 661,099.95	$ 1,045,858.38	$ 1,706,958.33
2006	$ 611,674.29	$ 1,336,805.97	$ 1,948,480.26
2007	$ 856,597.12	$ 1,451,468.74	$ 2,308,065.86
2008	$ 1,451,385.68	$ 1,004,121.20	$ 2,455,506.88
2009	$ 1,504,429.59	$ 1,114,558.52	$ 2,618,988.11
2010	$ 877,624.28	$ 1,898,922.31	$ 2,776,546.59
2011	$ 1,793,563.59	$ 1,282,852.85	$ 3,076,416.44
2012	$ 3,303,608.16	$ 983,667.70	$ 4,287,275.86
2013	$ 3,080,405.43	$ 1,441,235.41	$ 4,521,640.84
2014	$ 3,753,622.85	$ 1,340,702.63	$ 5,094,325.48
2015	$ 4,776,377.17		$ 4,776,377.17
2016	$ 4,936,757.79		$ 4,936,757.79
2017	$ 5,258,182.90		$ 5,258,182.90
2018	$ 5,015,416.74		$ 5,015,416.74
2019	$ 732,938.66		$ 732,938.66
	$ 44,111,413.22	**$ 19,251,645.29**	**$ 63,363,058.51**
Jan	$ 348,608.10		$ 348,608.10
Feb	$ 384,330.56		$ 732,938.66

McKENZIE

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Area Served by OMND WTP

West Killdeer VFD Booster Area
Grassy Butte Pocket Area
Killdeer Mtn Area
Killdeer Mtn Booster
Killdeer Mtn Tank
N. Fairfield Booster
Grassy Butte
Trotters
Trotters Pocket Area
NO CAPACITY
BILLINGS
Beach Service Area
Beach
GOLDEN VALLEY
Sentinel Butte
Beach Booster
Beach Tank
Golva VFD Booster
Future Golva Tank
Golva Service Area
Golva
NO CAPACITY
West Medora VFD Booster
Fryburg Service Area
Medora
Fryburg
Belfield
Fryburg Booster
Fryburg Tank
West Medora VFD Booster Area
Belfield Service Area
Belfield Tank
South Fryburg Pocket Area
South Fryburg VFD Booster
South Fryburg VFD Booster Area
NO CAPACITY
No Capacity
NO CAPACITY
NO CAPACITY
Fairfield
Fairfield Reservoir
Fairfield Service Area
Fairfield VFD Booster
New Hradec Service Area
New Hradec
New Hradec Booster
New Hradec Tank
Contract 8-1A
SCS PL566 Watershed Project
Davis Buttes Service Area
Davis Buttes Reservoir
Dickinson
Dickinson Booster
Dickinson Reservoir
Dickinson Water Treatment Plant & 6 MGD WTP
South Heart
Gladstone
New England Service Area
Lefor
New England Reservoir
New England
Jung Lake Pump Station
HETTINGER
Amidon
West Rainy Butte VFD Booster Area
West Rainy Butte VFD Booster
North Rhame Pocket Area
Twin Buttes Service Area
SLOPE
Marmarth
Rhame
Rhame VFD Booster
Rhame VFD Booster Area
Bowman
Scranton
Gascoyne
BOWMAN
Bowman-Haley Lake Pocket Area
Scranton Booster
Bowman Tank
Future Bowman Booster
Future Scranton Tank
Bucyrus Booster
Reeder
Bucyrus
Bucyrus Reservoir
ADAMS
Bucyrus Service Area
Hettinger
Haynes
(Bulk)
Jung Lake Elevated Tank
Jung Lake Service Area
Regent
Mott
South Mott Pneumatic Booster Area
South Mott Pneumatic Booster
Burt Booster
Burt Tank
Burt Service Area
North Mott VFD Booster Area
North Mott VFD Booster
Coffin Butte VFD Booster
Butte VFD Booster Area
NO CAPACITY
NO CAPACITY
NO CAPACITY
NO CAPACITY
Elgin
New Leipzig
Carson
Leith
PLC VFD Booster
Raleigh
PLC VFD Booster Area
Flasher
GRANT
SIOUX
Junction Inn Service Area
Tower Hills Pocket Area
Tower Hill VFD Booster
MWWS
MWWS (Bulk)
New Salem
Almont
Glen Ullin
Hebron Service Area
Hebron
Richardton
Richardton Raw Water Reservoir & Pump Station
Hebron VFD Booster
Hebron VFD Booster Area
Taylor
Control Vault
Halliday
Halliday Service Area
Halliday Booster
Halliday Tank
Dunn Center Pump Station
Golden Valley VFD Booster
Golden Valley VFD Booster Area
Golden Valley
Dunn Center
Dunn Center Service Area
Killdeer
Manning
Dunn Center Booster
Dunn Center Tank
DUNN
Gunn Center Booster
Zap Potable Water Reservoirs
Zap Raw Water Reservoirs
Water Intake & Pump Station
Hwy 1806 VFD Booster Area
Hwy 1806 VFD Booster
Lake Sakakawea
Riverdale
Zap
Zap Service Area
MERCER
Beulah
Golden Valley
Ridge
Stanton
Zap
Center Booster
Center Tank
Center Service Area
Center
Hannover
OLIVER
South Center VFD Booster
South Center VFD Booster Area
North Crown Butte Pocket Area
North Crown Butte VFD Booster
Mandan
NO CAPACITY
NO CAPACITY

LEGEND

PIPELINE
- Raw Water Line
- Main Transmission Line
- Rural Distribution Line
- Missouri West Water System

FACILITIES

Tanks
- MTL
- SMTL
- RWL
- Future

Other
- Booster
- Future Booster
- Bulk Meter
- Control Vault
- Pump Station (Raw)
- Pump Station
- T-1 PRV
- Intake
- Intake Future
- Treatment Plant
- Future Treatment Plant

BOUNDARIES
- No Capacity Areas
- Areas Served
- Pocket or VFD Areas
- Service Area Boundary
- Oliver, Mercer, North Dunn WTP Service Boundary

NORTH
NOT TO SCALE

NORTH DAKOTA State Water Commission
"Stewardship of North Dakota's water resources."

SOUTHWEST WATER AUTHORITY

SOUTHWEST PIPELINE PROJECT

PROJECT MAP

Bartlett & West | AECOM

Drawing: F:\Proj\3000\[illegible]\010\dgn\[illegible] & Misc Maps\SWPP Project Area Maps (UPDATED).dwg Layout name: Project Status Map Plotted by: ddm00439 Plotted on: Dec 18, 2017 – 10:56am

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SOUTHWEST WATER AUTHORITY

QUALITY WATER FOR SOUTHWEST NORTH DAKOTA

SOUTHWEST PIPELINE PROJECT

Testimonials

What People Are Saying...

"Southwest Water Authority is responsible for the mission of quality water for southwest North Dakota to meet the needs of its residents and growing population."
~ Rich Wardner, North Dakota State Senator

"We are all on the clean water team, and as a vital resource for residential, agricultural and industrial uses, we are grateful to Southwest Water Authority for their continued role serving award winning, quality water throughout Southwest North Dakota."
~ Doug Burgum, Governor of North Dakota

"Few things in life are as important to the overall health and welfare of people as access to high quality potable water supplies. The Southwest Water Authority's ability to provide quality drinking water has been crucial to the communities and rural areas of southwestern North Dakota."
~ Garland Erbele, P.E., North Dakota State Engineer

"Water is essential to the well-being of the residents we serve and to our economy. They are the reasons the Southwest Pipeline Project and Southwest Water Authority exist."
~ Larry Bares, Chairman, SWA Board of Directors

"This Project water is better than bottled spring water. It's clear, tastes great, doesn't stain anything, has constant pressure compared to a well kicking in and out; we really appreciate having quality water."
~ Chris and Traci, Southwest residents

Why the SWPP Construction Is Not Done...

"We are still waiting for water we can drink and cook with and not be afraid it will harm our family's health or that of our livestock."
~ Duane and Karen, Southwest residents

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SOUTHWEST WATER AUTHORITY

QUALITY WATER FOR SOUTHWEST NORTH DAKOTA

SOUTHWEST PIPELINE PROJECT

Construction of the Southwest Water Treatment Plant in Dickinson

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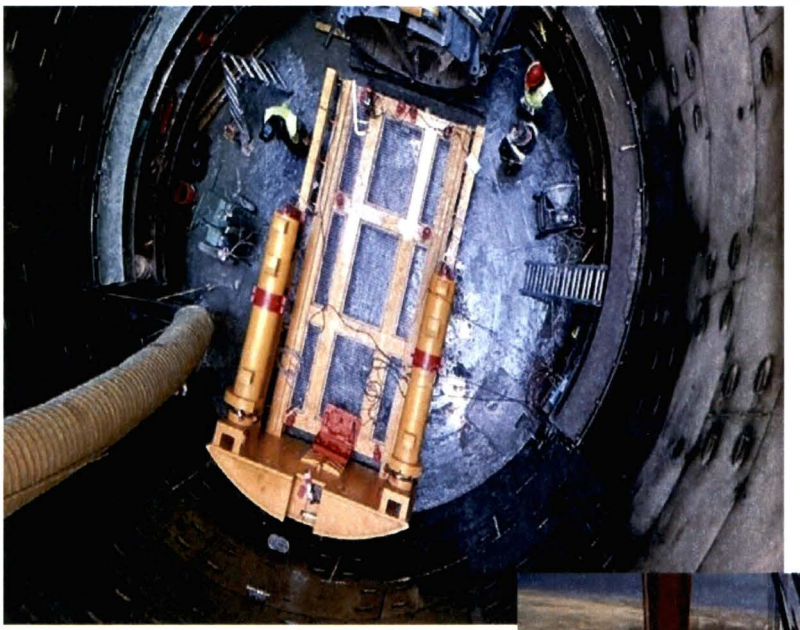
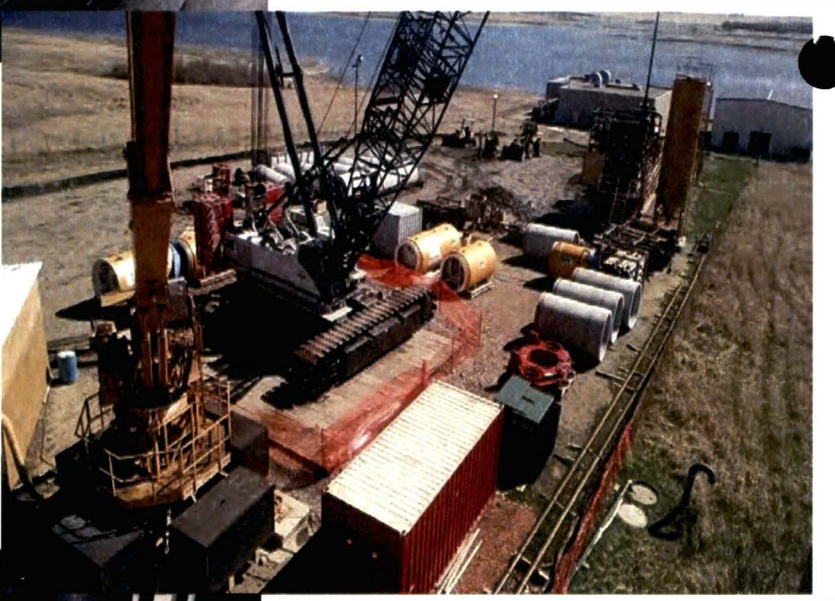
SOUTHWEST WATER AUTHORITY

QUALITY WATER FOR SOUTHWEST NORTH DAKOTA

SOUTHWEST PIPELINE PROJECT



Construction of the Supplemental Intake on Renner Bay at Lake Sakakawea



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Att 4
SB 2020
3/7/19

Testimony by Duane Schwab, Licensed Real-Estate Agent,
Southwest North Dakota
On behalf of the
Southwest Pipeline Project
to the
House Appropriations Committee
Hearing on Senate Bill 2020
Thursday, March 7, 2019

Mr. Chairman and members of the committee, my name is Duane Schwab. For over four decades, I have been a licensed real-estate agent in southwest North Dakota. I am asking for your continued support in funding of the Southwest Pipeline Project (SWPP); a water project which is crucial not only for the quality of life in southwest North Dakota, but for the economics of the entire state.

Specializing in commercial properties, I certainly understand the importance of quality water when it comes to the economy. Which is why I have always appreciated the Southwest Pipeline Project (SWPP), paid connection fees, paid back to the state for its investment in the project on multiple properties, and have gladly provided free easements for its progress.

Recently in developing a commercial property, just east of Dickinson, I was able to sell six of the industrial lots which were already connected to the SWPP. An additional industrial lot, however, has a potential buyer, yet it cannot be connected to the SWPP due to capacity issues.

There are many reasons to continue funding the SWPP. For one, it makes economic sense for businesses, like in the case of a potential buyer, in that it supports employment in urban areas. It also helps ensure a quality of life for the thousands of people working and living in southwest North Dakota.

I stand in support of SB2020. Should additional funds be available it is our hope, funding for the SWPP will increase to meet the continued and growing demand for quality water.

On behalf of the realtors of southwest North Dakota and those still waiting for quality water, I respectfully request continued funding of the SWPP. It is with your support, we can continue to have quality water to those still waiting.

Thank you.

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3/7/19

Testimony by Don Schmeling, Realtor,
Southwest North Dakota
On behalf of the
Southwest Pipeline Project
to the
House Appropriations Committee
Hearing on Senate Bill 2020
Thursday, March 7, 2019

Mr. Chairman and members of the committee, my name is Don Schmeling. I am a realtor in southwest North Dakota. I am asking for your continued support in funding of the Southwest Pipeline Project (SWPP); a water project which is crucial not only for the quality of life in southwest North Dakota, but for the economics of the entire state.

As a realtor in southwest North Dakota, I am finding that development north, south, east, and west of the city of Dickinson is coming to a halt because of lack of water. We are in desperate need of more capacity from the Southwest Pipeline Project (SWPP). I have developers that have bought land, gone through planning and zoning, developed the property, marketed for sale, but their property is now not saleable without quality water.

One particular developer purchased 160 acres of land to help meet the growing Commercial and Industrial demand, moved millions of yards of earth, platted and zoned a new subdivision, built a concrete road through the property, brought in utilities, (including stubbing water pipeline into every lot as per SWPP specifications), and is now being told he is on a waiting list for water due to capacity and pressure.

Personally, I own a ranch that has only well water, which is dark in color, high in sodium, has a sulfur smell, and not great to bathe in. I have been on a waiting list for SWPP's water for a few years and I have been told there is no definite timeframe in which they can promise me, or neighboring ranchers, water.

While many of the rural residents of southwest North Dakota are now receiving safe, high-quality water, there are hundreds who wait to be connected or are on a waiting list. Being a Realtor, I know of several developments that are on hold and cannot sell properties or homes due to the lack of safe drinking water. In many areas, drilling a water well is just not feasible due to the depth of reaching any water much less finding quality water.

The issues listed above are why I am requesting the SWPP continue to be funded for the sake of quality of life and the economics of those living and working in southwest North Dakota. I definitely stand in support of the necessary funding for the SWPP to meet the continued and growing demand for quality water.

Thank you.

Testimony by Carl Kirschenheiter, Land Developer and Contractor,
Southwest North Dakota
On behalf of the
Southwest Pipeline Project
to the
House Appropriations Committee
Hearing on Senate Bill 2020
Thursday, March 7, 2019

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3/7/19

Mr. Chairman and members of the committee, my name is Carl Kirschenheiter. I am a land developer and contractor, who was born and raised in North Dakota. I am asking for your continued support of funding the Southwest Pipeline Project (SWPP); there are hundreds of people who wait for reliable, quality water.

For over a decade I have waited to connect an industrial park and two rural residential subdivisions, nestled east of Dickinson, to the SWPP. I have personally invested over $200,000.00 and have built the infrastructure required to connect to the SWPP and there's no more connections to be purchased. Buyers wait on the sidelines. My business is on hold for lack of safe, quality water. While groundwater may be technically an option, in the southwest region, it's not reliable and can be unsafe for human consumption.

Today I wait, along with several other developers, businesses, real estate agents, contractors, and homeowners, to learn when the capacity of the SWPP can be increased. This is why I am in support of economic growth and the quality of life that continuing to fund the SWPP can mean to so many people.

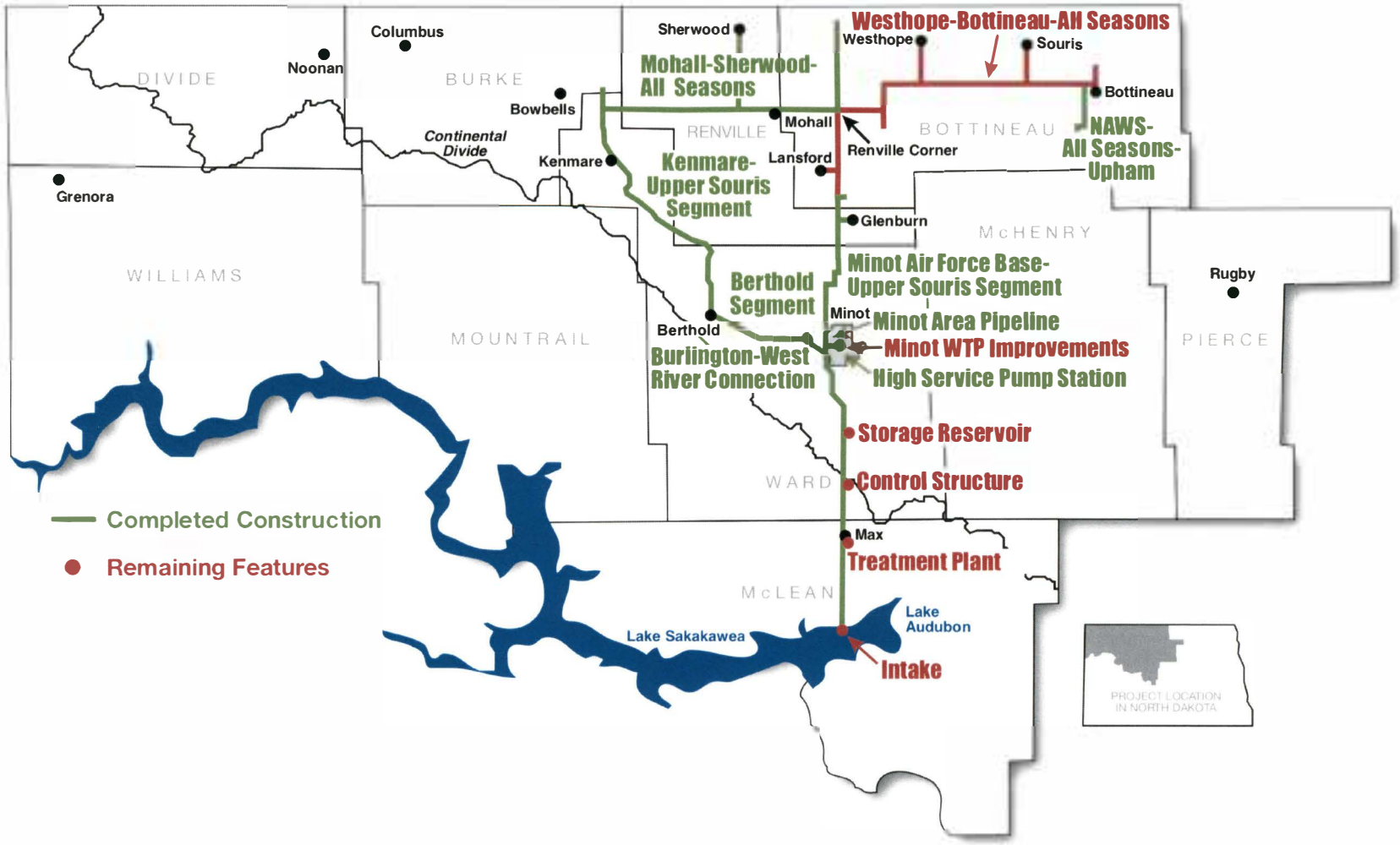
Thank you.

AM 5

SB 2020

3/7/2019

Northwest Area Water Supply (NAWS)



Att 5
SB 2020
3/7/2019

Northwest Area Water Supply Project
Remaining Project Features - Estimates to Complete
2/28/19

Contract	Description	Purpose	Opinion of Probable Project Cost
6-1A	Snake Creek Pumping Facility Retrofit	Provide an intake facility for the raw water pipeline	$ 17,538,000
7-1D/4-1A	Biota WTP and Pump Station Phase I	First phase of the Biota Water Treament Facility	$ 59,804,000
7-1E/4-2B	Biota WTP and Pump Station Phase II	Second phase of the Biota Water Treatment Facility	$ 31,892,000
7-1F/4-1C	Biota WTP and Pump Station Phase III	Third phase of the Biota Water Treatment Facility	$ 27,047,000
5-2A	South Prairie Control Structure and Reservoir Bypass	Hydraulic control structure located at the continental divide to control pipeline operations	$ 3,315,000
5-2B	South Prairie Reservoir	Pre-treated storage reservoir	$ 12,286,000
2-1E	Supply System Evaluation and Initiation	Existing pre-treated pipeline inspection, testing, operational preparation	$ 2,660,000
7-1B	Phase II Minot WTP	Softening basin expansion at the Minot Water Treatment Plant	$ 28,775,000
7-1C	Phase III Minot WTP	Retrofit of previously existing softening basins, finishing remaining items at plant	$ 10,090,000
4-3A/5-3A	Lansford Reservoir/BPS	Main storage and pumping station on finished water line, necessary to bring full service to Bottineau and northern tier	$ 22,256,000
4-2D	Inline BPS's	Finished water pipeline booster pump stations	$ 1,762,000
5-4A	Bottineau/ASWUD Pumps and Storage	Finished water storage and pumping to supply design flow to Bottineau area	$ 10,569,000
2-3C	Glenburn to Renville Corner Segment	Finished water pipeline necessary to complete system loop and provide	$ 6,531,000
2-4A	Westhope and All Seasons System III Segment	Finished water pipeline to provide service to Westhope and better serve All Seasons	$ 4,939,000
2-4B	Westhope to Souris Corner Segment	Finished water pipeline to provide service to Souris	$ 9,076,000
2-4C	Souris Corner to Bottineau and ASWU System I Segment	Finished water pipeline to provide service to Bottineau and All Seasons System I	$ 7,132,000
		Total remaininig:	**$ 255,672,000**
		Total unfunded remaining:	**$ 202,621,962**

North Dakota
Water Resource
Districts Association

JACK P. DWYER, EXECUTIVE SECRETARY
P.O. Box 2254 • Bismarck, North Dakota 58502
701-223-4615 (o) • 701-730-5469 (c)

AH 6
SB 2020
3/7/2019

Testimony, SB 2020
8:30 AM, March 7, 2019
Roughrider Room, State Capitol, Bismarck, ND
Gary Thompson, Traill County WRD, Chairman, Red River Joint Water Board, and Board of Directors, ND Water Resource Districts Association

Mr. Chairman and Members of the Appropriations Committee:

My name is Gary Thompson and I serve on the Board of Directors for the ND Water Resource Districts Association, the Traill County Water Resource District, and I serve as Chairman of the Red River Joint Board. I have almost 25 years of working with water resource districts in the Red River Valley.

Water resource districts have a long history of providing valuable services in North Dakota to the local constituents in their respective counties and regions. Enabling legislation for the establishment of water resource districts was first passed in 1935. In a nutshell, the responsibility of water resource districts is the management of water from a local and regional perspective for beneficial uses of water, as well as for protection against flooding, erosion, and other detrimental effects of too much water. The beneficial uses of water and protection against damages caused by flooding is critical to the agricultural and other local economies, as well as the social well-being of our citizens.

An important piece of providing these vital services has been NDSWC funding. Without this funding, many important flood control, erosion protection, and beneficial use projects would not have been completed, and thus our citizens would have been poorer for it. ND Water Resource Districts Association requests additional funding for water resource districts' projects.

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Following the 2017 Legislative Session, water resource districts were advised by NDSWC staff that water conveyance projects were to be funded out of the Flood Control funding bucket, per legislative action. However, most of this funding was allocated in large part for the Mouse River and FM Diversion flood projects. As a result, water resource districts were provided approximately $1.3M of state grants for water conveyance projects this biennium.

The version of SB 2020 that passed the Senate allocated $35.255M for the General Water Management bucket, and we hope that this number is not reduced. In addition, we hope that this body includes legislative intent language that water conveyance projects can be funded from this bucket. The need for funding general water management and water conveyance is much greater than this number, but this will allow several high-priority, shovel-ready projects to be completed.

- Legislative intent provided that $1M out of the flood control bucket was intended for water conveyance for the 2017-2019 biennium.
- Grants that were approved for water conveyance projects in the 2017-2019 biennium totaled approximately $1.3M. (This number is higher than the $1M allocated to water conveyance projects because of money turned back to the resources trust fund from water conveyance projects approved in previous bienniums).
- The current need for the next biennium is $156,905,646 (Source: North Dakota Water Development Plan 2019. This number is the estimated total project cost of all general water management and water conveyance projects).

I would be happy to answer any questions the committee may have regarding this testimony.

Thank you.

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Testimony on Senate Bill 2020
House Appropriations Committee, Education & Environment Division
Loren DeWitz, Vice Chairman, North Dakota Irrigation Association
8:30 a.m., March 7, 2019

Mr. Chairman and members of the Senate Appropriations Committee, my name is Loren DeWitz. I serve as Vice Chairman of the North Dakota Irrigation Association. The Association is made up of irrigators, irrigation equipment dealers, businesses and other interests who support irrigation and irrigation development.

North Dakota has approximately 290,000 acres of irrigation used in the production of a variety of crops including corn and cereal grain crops, livestock forage, and high value crops such as potatoes, sugar beets, and onions. The French fry plants at Grand Forks and Jamestown rely almost exclusively on irrigated production for their raw potatoes. The sugar beets raised in the western part of the state are also irrigated. Agriculture statistical data shows that on a state-wide basis, three to four dryland acres are needed to equal the gross returns from one irrigated acre.

Corn is the number one irrigated crop, with over 105,000 acres planted. More than 50% of the corn produced under irrigation goes into livestock production, adding value to the livestock sold in the state. Irrigated production also adds stability to our livestock industry by producing consistent yields, even in dry years. A substantial part of the corn production goes to the ethanol plants at Casselton, Hankinson, Richardton, Spiritwood, and Underwood. The ethanol industry is a significant part of the state's economy and provides important jobs to the communities. Distiller grain, a byproduct of the plants, is a desirable feed supplement for the livestock industry.

Recent data shows 58,000 acres of irrigated soybeans. The high value crops produced under irrigation include 25,700 acres of potatoes, 10,600 acres of sugar beets and 1,100 acres of onions.

Irrigation provides the opportunity to grow the higher value crops where top yields and exceptional quality are necessary. High quality coupled with substantial yielding potatoes has made the French fry industry successful in the state. The acreage of onions in the state is smaller than the other crops but this crop may have an important role in the future as markets are developed. Other fruit and vegetable crops can be produced and processed in

the state and the development of the markets for these crops is needed. Irrigation does and can diversify and strengthen the agricultural economy of the state.

North Dakota has a substantial potential of increasing irrigation. Approximately 300,000 acres in the Missouri River corridor have the water and soils suitable for irrigation. The Missouri River would be the water source for much of the land. In other parts of the state an additional 200,000 acres have the soil and the water for successful irrigation.

The North Dakota State water Commission (SWC) was created in 1937 to help develop irrigation. The SWC was authorized to provide financial assistance to irrigation districts to construct infrastructure to convey the water to the land. It continues to support irrigation development being done by public entities like the Garrison Diversion and Irrigation Districts. Besides isolated expansion across the state, additional irrigation is being developed using water from the McClusky Canal as authorized by the Dakota Water Resources Act. The Act authorizes 51,700 acres for development. In December the SWC provided $1.67 million of cost-share assistance for the central supply works including pumps, valves and transmission pipes to develop irrigation on an additional 2,800 acres in McLean County. The Garrison Diversion Conservancy District is leading the development. We appreciate the state's support of this, and other irrigation projects.

We ask your support of SB 2020 to help provide funding to expand and strengthen irrigation in North Dakota. The Irrigation Association supports targeting at least $1 million, but anticipates that up to $5 million could be reserved during the biennium to help develop North Dakota's irrigation potential.

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3/7/2019

Testimony of Steve Hansen
In Support of Senate Bill 2020

House Appropriations – Education and Environment Division
March 7, 2019

Mr. Chairman and Members of the Committee:

Thank you for the opportunity to testify in support of SB 2020. My name is Steve Hansen. I run a family farm in the Oakes area. I have been irrigating for 24 years and roughly half of my acres are irrigated. We currently pump water out of the James River along with subsurface wells.

In our area, there is a tremendous amount of land that could be developed for irrigation, which could significantly enhance its productivity. The State Water Commission is now moving forward with electromagnetic sonar to find out the extent of aquifers and how much water we actually have access to. The funding that is provided to the SWC is helping to gather the information we need to get more irrigation in the area.

As you probably already know, when the Garrison Diversion came to the Oakes area, it was originally planned to irrigate roughly 40,000 acres. Of that only 5,000 was actually developed. Imagine if all that land was developed, what it could do for the economy of the State of North Dakota. We cannot expand these irrigated acres without the help of the SWC funding.

Presently, there are ongoing discussions regarding the title transfer to the Dickey Sargent Irrigation District from the federal government. We are hopeful and confident that will happen. When it does, the SWC could play a huge role in getting more land developed into irrigation. But it probably will not happen if funding is not there.

The cost-share that the state provides through the SWC is crucial for irrigation development in my area in Southeast North Dakota. I'm sure it is equally important in other parts of the state.

I would ask that you please support the funding authorized in SB 2020 to push irrigation development forward not only for agriculture producers but for the whole state of North Dakota.

Thank you for your time today and allowing me to present my comments.

North Dakota
WATER
COALITION
PO Box 2254
Bismarck, ND 58502
(701) 223-4330
FAX (701) 223-4645

Barnes Rural Water District
Cass County Government
Cass County Joint Board
Devils Lake
Devils Lake Basin Joint Board
Dickinson
Fargo
Garrison Diversion Conservancy District
Grafton
Grand Forks
Grand Forks – Traill Water District
Lake Agassiz Water Authority
Lisbon
Mandan
McLean-Sheridan Rural Water
Mercer County Water Resource District
Minot
Missouri River Joint Board
North Central Regional Water District
North Dakota Association of Counties
North Dakota Farmers Union
North Dakota Irrigation Association
North Dakota League of Cities
North Dakota Public Finance Authority
North Dakota Rural Water Systems Association
North Dakota Soybean Growers Association
North Dakota State Water Commission
North Dakota Water Resource Districts Association
North Dakota Water Users Association
North Dakota Weather Modification Association
Northeast Regional Water District
Northwest Area Water Supply
Red River Joint Water Board
Souris River Joint Board
South Central Regional Water District
Southwest Water Authority
Stutsman Rural Water District
Valley City
West Fargo
Western Area Water Supply
Williston

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3/7/2019

Testimony of Alan Walter
North Dakota Water Users Association and
North Dakota Water Coalition
In Support of SB 2020
March 7, 2019

Mr. Chairman and members of the House Appropriations Education and Environment Division, my name is Alan Walter and I am president of the North Dakota Water Users Association and I am here today representing the North Dakota Water Coalition.

The North Dakota Water Users Association is comprised of over 300 local, statewide and regional organizations joined together to protect, develop and manage North Dakota's water resources.

The North Dakota Water Coalition was formed in 1994 and brings together more than 40 water project sponsors and groups to work toward consensus and unity for support of water projects across North Dakota. The Water Coalition has found that collaboration within the water community and building consensus regarding funding needs and priorities are essential in meeting the water resource management needs of North Dakota.

The Water Coalition met throughout the interim to discuss funding needs for the 2019-2021 biennium.

There is a critical need for financial support for water projects across the State. We recognize the limitations and have worked to implement concessions in an effort to prioritize the water funding needs. It is difficult to accomplish all the projects with the revenues projected in the Resources Trust Fund for the next biennium. As you will learn from testifiers on behalf of each project and sector, the projects are vital but, unfortunately collectively expensive. The following is recommended to meet the critical water needs of our state:

- Fund State Water Commission administrative operations from the State General Fund
- Oppose any reduction or diversion of the 20 percent of oil and gas extraction taxes from the Resources Trust Fund which supports water projects and infrastructure
- Support lending programs and credit options up to $150 million, through the Bank of North Dakota and the Legacy Fund to finance the completion of state water infrastructure

The testimony you have heard today came from various water projects throughout the state that each share a critical role in the advancement of North Dakota's water infrastructure. These projects, which are summarized in the *Meeting the Challenge XI* document have been and will continue to be driving forces in the future of North Dakota.

We appreciate your past support and urge your continued support of North Dakota's water infrastructure and for the water project funding authorized in SB 2020.

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SB 2020
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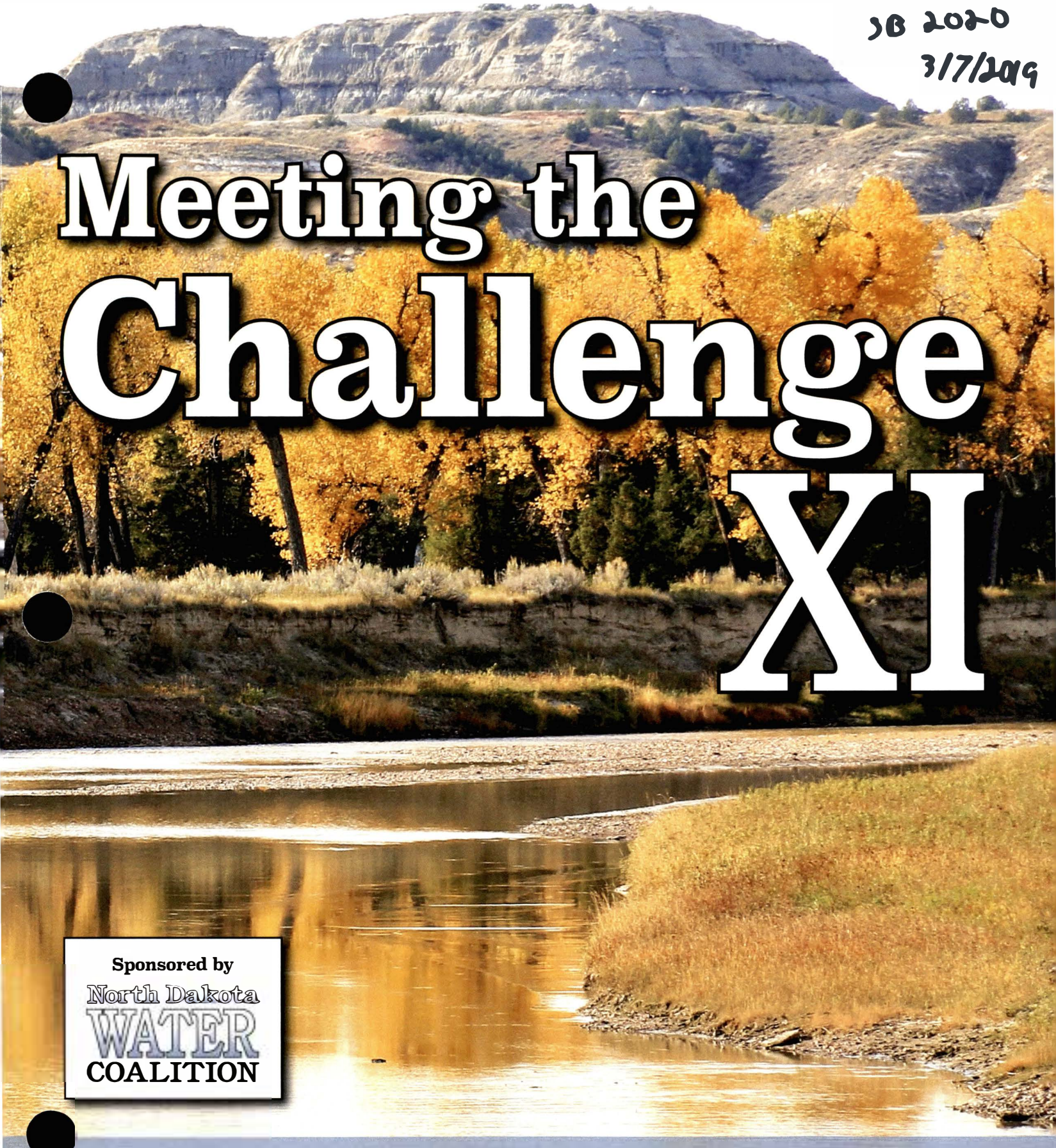
Meeting the Challenge XI



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North Dakota
WATER
COALITION

2019-21 Critical Water Needs Summary

January 2019

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Meeting the

Fargo-Moorhead Area Diversion Project

The Fargo-Moorhead Area Diversion Project will establish in excess of 100-year flood protection for the 230,000 people within its protective boundaries. The federally authorized project reduces flood risk through construction of a 30-mile, 20,000-cubic-feet-per-second diversion channel, upstream retention and an intricate system of in-town levees. The project provides flood risk reduction from six rivers, including the Red, Wild Rice, Sheyenne, Maple, Rush and Lower Rush Rivers. The project includes an embankment and tie-back levee that will temporarily retain flood waters upstream of the metropolitan area in times of extreme flooding to ensure no downstream impacts. In addition to the diversion channel, the project will include in-town levees along the Red River through Fargo. These levees will enable flood waters to safely pass through the metro area, as well as the diversion channel, which will help reduce project impacts and will provide more robust flood risk reduction.

The project was federally authorized in 2014 through the passage of the Water Resources Reform & Development Act and a Project Partnership Agreement was signed with the U.S. Army Corps of Engineers in 2016. Efforts are also underway with permitting agencies in North Dakota and Minnesota, including a new permit application submitted to Minnesota in March of 2018. A permit decision is expected in the winter of 2018.

In December 2018, the Diversion Authority released a new $2.75 billion cost estimate. The proposed funding plan for the Project includes $750 million from the deferral government ($450 million committed to date), $870 million for the State of North Dakota ($570 committed to date), and over a billion dollars locally provided by approved sales taxes in Fargo and Cass County.

Souris/Mouse River Flood Protection Project

The Mouse River Flood Protection plan consists of an overall project from the 49th Parallel (Sherwood) to 49th Parallel (Westhope). The preliminary alignment for protection measures is an area from the Mouse River State Park to Velva and consists of levees, floodwalls, river diversions and closure features, transportation closure structures, interior pump stations, ring dikes, and residential and commercial property acquisitions in the flood alignment boundary. Levees comprise nearly 90 percent of the alignment, totaling 21.6 miles. The remainder of the alignment consists of 2.8 miles of floodwalls and 30 transportation closure structures (19 roadway and 11 railroad). In addition, the project would require 33 stormwater pump stations.

The estimated project cost is $820 million, based on the current level of design based on a 27,400 cfs flood event. Of this estimated cost, $565 million is related to construction, $154 million is related to property acquisition, and the remaining $101 million covers planning, engineering, and program management costs. In addition to the urban portion from Mouse River Park to Velva, there is also a rural reaches portion that is the STaRR program, which is looking at structure acquisition, ring dike, and relocation options. There are also plans to look at enhanced conveyance from Velva to the Canadian border. The rural reaches portion is approximately $180 million, bringing the entire project to over $1 billion.

Sheyenne River Flood Protection

In the fall of 2011, Valley City began developing investment strategies for permanent flood protection. Funds were originally approved for the Valley City Permanent Flood Protection during the 2013 ND Legislative Session. This flood protection consists of a combination of clay levees, floodwalls and select property acquisitions. Phase 1 of the project, protecting residential property and Valley City State University, was completed in the fall of 2016. The second phase will focus on Main Street and one of the city's Distribution Power Substations. Design for Phase 2 is getting started with work anticipated to begin in 2017. Overall completion is expected within eight years assuming an average of $25 million in state funding each biennium over that time period.

Lisbon developed a permanent flood protection p which includes home acquisitions and levee constru along the Sheyenne River. With the help of the State Water Commission, the city began construction on Levee A in 2014. Levee A tied into existing high ground on the northwest side of the city and extended east to ND State Hwy 32. The following year, the city constructed Levee C, which started just east of ND State Hwy 32 and extends south to a point that is just north of ND State Hwy 27. The city is currently constructing Levee E, which includes 1,100 feet of flood protection on the east side of the Sheyenne River between ND State Hwy 27 and 8th Ave. The city is currently in the design process for Levee D and Levee F and look to be under construction in 2017 and 2018, respectively. Once Levee D and Levee F are constructed, levee work will be completed in the northern portion of the city.

Devils Lake Outlet Operations

The state completed construction of an outlet from the west end of Devils Lake to the Sheyenne River in 2005. The original west-end pumps were designed with a maximum capacity of 100 cubic feet per second (cfs). Modifications constructed in early 2010 increased that capacity to 250 cfs. During the summer of 2012, as th flood water continued to rise in the Devils Lake Basi state also completed an outlet from East Devils Lak a maximum capacity of 350 cfs. The combined operating capacity of the West and East Devils Lake outlets is 600 cfs, and together, the outlets have discharged over 1.16 million acre-feet. At the current lake elevation, this

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Challenge XI

volume corresponds to approximately 6.5 feet of flood water on top of the lake surface. The funding request for Devils Lake Outlet Operations go towards the costs associated with operating the Devils Lake Outlets, monitoring the outlet and downstream water quality, and providing mitigation for those who are adversely impacted by outlet operation.

Rural Water Supply

Regional/rural water systems provide a safe, reliable, high-quality, and affordable water supply to North Dakota residents, farms, industries, subdivisions, and small communities. In order to meet the growing statewide water needs, Garrison Diversion Conservancy District, the State Water Commission, the four Tribal Nations, and the North Dakota Rural Water Systems Association are working cooperatively to solve water quality and quantity problems.

Projects for the 2019-2021 biennium include, but are not limited to, expansions of Agassiz WUD, All Seasons WUD, Dakota RWD, East Central RWD, Greater Ramsey WD, McLean- Sheridan RWD, Missouri West Water System, North Prairie RWD, North Central RWD [illegible]heast RWD, South Central RWD, Southeast RWD, [illegible]sman RWD, Tri-County WD, and Walsh RWD. Without assistance, many systems could not reasonably afford to bring water to people who desperately need it or comply with complex regulations and mandates.

Municipal Water Supply

North Dakota's 357 incorporated cities generate over 90% of in-state sales tax annually. A critical component of their revenue generating ability is a sustainable municipal water infrastructure that supports water demand and water quality. The partnership of local and state funding for water infrastructure capital investments encourage and strengthen a growing state economy. These projects not only serve municipal and industrial customers, but also serve rural water customers through current and future water supply regionalization partnerships.

Red River Valley Water Supply Project (RRVWSP)

The Red River Valley Water Supply Project (RRVWSP) is a plan to safeguard water for North Dakota communities and rural water systems in times of drought [illegible]elivering water from the Missouri River to central and [illegible]rn North Dakota through a buried pipeline. Upon its completion, the RRVWSP will benefit about half of North Dakota's population by providing an emergency water supply during droughts.

The water will also provide opportunities for industrial development, as a current lack of industrial water supply has driven industries to obtain water through less desirable means and/or relocation out of North Dakota.

Funding requested is to be allocated towards construction of a pipeline segment, as well as completing the final design of key components and the land acquisition process for the RRVWSP.

Southwest Pipeline Project (SWPP)

The Southwest Pipeline Project (SWPP) continues its mission of quality water for southwest North Dakota. The North Dakota State Water Commission (SWC) has been constructing a complex network of pipelines, pump stations, reservoirs and treatment facilities since 1986. More than 56,000 North Dakota residents receive quality water from the SWPP with service provided to more than 7,150 rural locations through over 5,262 miles of pipeline. Service is also available to three crew camps, two raw water depots, Red Trail Energy Ethanol Plant, 21 raw water customers, Missouri West Water System and Perkins County Rural Water System.

The SWPP continues construction on the supplemental intake at Renner Bay on Lake Sakakawea. Progress is being made on the raw-water main transmission pipeline. Construction is also continuing on the Residuals Handling Facility in Dickinson. The third WTP recently came online. The Project is increasing its storage capacity with the additional Dickinson and Richardton raw water reservoirs.

Rural areas and communities currently served by the SWPP are basing their current and future growth on the availability of quality water. Addressing the waiting list, water treatment plant replacement and additional capacity for both raw and potable water are necessary. Growth in southwest North Dakota is able to be sustained with the continued growth and increased capacity of the Pipeline.

The Western Area Water Supply Project (WAWSP)

The Western Area Water Supply Project (WAWSP) utilizes water from the Missouri River in Williston, treats it at the Williston Regional Water Treatment Plant, and then transports it to cities and rural areas in all or parts of Burke, Divide, McKenzie, Mountrail, and Williams Counties in northwestern North Dakota. The WAWSP's service area is forecast to reach 125,000 people by the year 2038, according to a 2014 study completed by the North Dakota State University Department of Agribusiness and Applied Economics. The Western Area Water Supply Authority (WAWSA) has constructed more than 1,042 miles of transmission lines and rural water distribution networks, as well as pump stations, reservoirs, and other critical infrastructure, in order to serve an estimated 65,000 people in the service area.

The WAWSP Business Plan is a first-of-its-kind public- private partnership in North Dakota. To date, the North Dakota Legislature has obligated $309 million to

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complete the project. In order to repay its loans, WAWSA is selling the system's unused water capacity to the oil industry during the population growth period to pay for a significant portion of the project's $469 million cost. Specific projects that could be advanced this biennium include part two of a McKenzie County system expansion, R&T system Stanley, White Earth and Powers Lake rural distributions, and Williams Rural north and 29-mile rural distribution efforts.

Northwest Area Water Supply (NAWS)

The Northwest Area Water Supply (NAWS) is delivering drinking water to areas in north central North Dakota. NAWS currently has approximately 230 miles of pipe (185 miles of distribution pipeline and 45 miles of raw water transmission pipeline), one high service pump station, two ground storage reservoirs, one elevated storage reservoir, and four booster pump stations. The project currently serves Burlington, West River Water and Sewer, Berthold, Kenmare, Sherwood, Mohall, Upper Souris Water District, and All Seasons Water Users District with water purchased from Minot through an interim water supply agreement. The project also distributes water for the city through two connections to the Minot water distribution system, the Minot Air Force Base, and multiple connections to North Prairie Rural Water. The project had been in litigation since 2002 and under a federal injunction since 2005. In August 2017, the US District Court for the District of Columbia ruled in favor of the State and Bureau of Reclamation and vacated the injunction. Manitoba and Missouri appealed the district court decision, but Manitoba has since settled its case with Reclamation.

Work is currently underway to replace the softening basins and associated systems at the Minot Water Treatment Plant and design in underway for the Biota Water Treatment Plant at Max and for the intake modifications at Snake Creek Pumping Plant. Contracts will be bid over the winter of 2018-19 for the first two pipeline contracts to extend the distribution system towards Bottineau for construction in the 2019 construction season. Design is underway for the remaining pipeline to Bottineau for construction in the 2020 season along with other critical project components. The water needs in the Bottineau area are critical and the aquifers currently serving the project through contracts with the City of Minot are not a sustainable water source.

General Water Management

In addition to the many large-scale water projects being developed across the state, there are dozens of smaller local water management projects that benefit individuals and local communities. The State Water Commission provides support for these water management projects by cost-sharing with local entities, primarily water resource districts. Joint water boards also play a key role in these local water management projects. Examples of general water management projects that typically receive cost-share assistance from the state include: rural flood control, snagging and clearing, channel improvements, recreation projects, dam certification and repairs, planning efforts, special studies, and other water management projects.

Irrigation

Irrigation provides the opportunity for producers to grow high-value crops that meet high-quality market standards and to consistently raise high-yielding good quality traditional crops. According to a 2014 NDSU study, investment in irrigation provides positive returns over dryland crop rotations. North Dakota has about 290,000 acres of land under irrigation, but a 2012 study showed a potential for 550,000 additional irrigated acres in North Dakota. The SWC provides up to 50% cost-share for off-farm irrigation supply works, storage facilities, intake structures, pumps, and electrical power.

Project Funding

The North Dakota Water Coalition has assembled a priority list of minimum state funding levels needed to assist projects and categories during the 2019-2021 biennium which total $552.4 million. The projects sponsors have coordinated to prioritize the water funding needs to align with the anticipated $403 million available for water projects. Because the minimum amounts of critical water project funding needs exceed the projected revenues the Water Coalition recommends the following to help meet the critical water needs of our state:

- Fund of State Water Commission administrative operations from the State General Fund
- Oppose any reduction or diversion of 20 percent of oil and gas extraction taxes from the Resources Trust Fund which supports water projects and infrastructure
- Support lending programs and credit options up to $150 million, through the Bank of North Dakota and the Legacy Fund to finance the completion of state water infrastructure

2019 and Beyond

Water needs are clearly greater than our resources. We must work hard to "Meet the Challenge" and "*complete North Dakota's water infrastructure for economic growth and quality of life.*"

Att 10 SB2020

Bowman COUNTY

BOARD OF COMMISSIONERS

3/7/2019

104 First Street NW, Suite One • Bowman, ND 58623 • Phone: 701-523-3130

March 5, 2019

State of North Dakota
Representative David Monson, Chair
Appropriations -- Education and Environment Division
600 East Boulevard Avenue
Bismarck, ND 58505-0001

RE: North Dakota Atmospheric Resource Management Program – SB 2020

Dear Representative Monson,

The Bowman County Commissioners were challenged with opposition, by a few landowners living in the county. We recommended the petition process, as outlined in North Dakota Century Code 61-04.1-30. A valid petition was presented, validated and approved. The measure was placed on the November 2016 General Election ballot, with seventy percent of the voters voting to retain the cloud seeding program.

We, as Bowman County Commissioners, support the election outcome for the continuance of the cloud seeding program in Bowman County.

Respectfully submitted,

Bowman County Board of Commissioners

Pine A. Abrahamson Rick Braaten Lynn Brackel Jerry Jeffers Josh Buchmann

/

County Measure, Abolish of Weather Modification Authority

Att 10
SB 2020
3/7/2019

2016 General Election - OFFICIAL RESULTS

Precinct	Yes	No	TOTALS
Bowman City	174 - 21.04%	653 - 78.96%	827
Bowman Four Seasons	116 - 28.16%	296 - 71.84%	412
Rhame	77 - 36.67%	133 - 63.33%	210
Scranton	165 - 49.70%	167 - 50.30%	332
TOTAL	532	1249 70.138	1781

Results provided by the Office of North Dakota Secretary of State

Att 10 SB 2020

March 5, 2019 3/7/2019

To: House Appropriations Committee
Education and Environment Subcommittee

RE: Senate Bill 2020

The local Weather Modification program provides hail suppression benefits to the agricultural producers of our county, as well as property owners in general by helping to prevent hail damages. This program was on the Bowman County ballot in 2016. The election results indicated the program was supported by 70% of the voters of our county.

Six counties in southwestern North Dakota, one in Montana and one is South Dakota have partnered with the Atmospheric Resource Board to provide the Bowman radar imagery to the public for the eight months it is not being utilized by the local weather modification program. With the lack of NOAA weather radar coverage in the southwestern part of our state, this partnership is providing an essential annual service. What will become of this service should the state portion of the funding for the weather modification program no longer exist, be decreased or eliminated?

As the Board of the local Bowman County Weather Modification Authority, we are asking that you continue to provide state funding support for the weather modification program at the current levels in the budget of the State Water Commission.

Signed By Bowman County Weather Modification Board:

Wes Andrews

Dean Pearson

Wayne Mrnak

Bob Brewer

Wade Schaaf

AH 11 SB 2020 3/7/2019

MnDak Upstream Coalition

A coalition of concerned citizens, both directly and indirectly affected by the proposed Fargo Dam PO Box 35 ▪ Christine, ND 58015

MnDak Upstream Coalition remains committed to a reasonable and fair approach to flood protection for Fargo-Moorhead, and the rest of the Red River Valley. A smaller, less expensive diversion can be built that would protect the city of Fargo and not develop the natural flood plain. Shifting flood impacts to areas upstream is unethical, and unfair to those residents and communities. The current situation is described in the following points.

Minnesota Issues

-Minnesota issued a permit order on December 28th, 2018, shortly before Governor Dayton left office. If there is no objection, a permit will be issued 30 days following the order.

-The cities of Comstock, Wolverton and the Buffalo Red Watershed District voted to file a contested case motion to the order. Minnesota statute says if a contested case hearing is requested within 30 days, the permit will not be issued until the hearing process is complete. The Diversion Authority filed a similar motion after the original permit application was denied, and the hearing was scheduled 16 months after the request.

-Fargo attorneys have asked that the federal injunction on construction be lifted. If the injunction were lifted, construction would be allowed to resume in North Dakota, however, a Minnesota permit would depend on the results of the contested case and the limitations to the permit listed in the DNR's permit order.

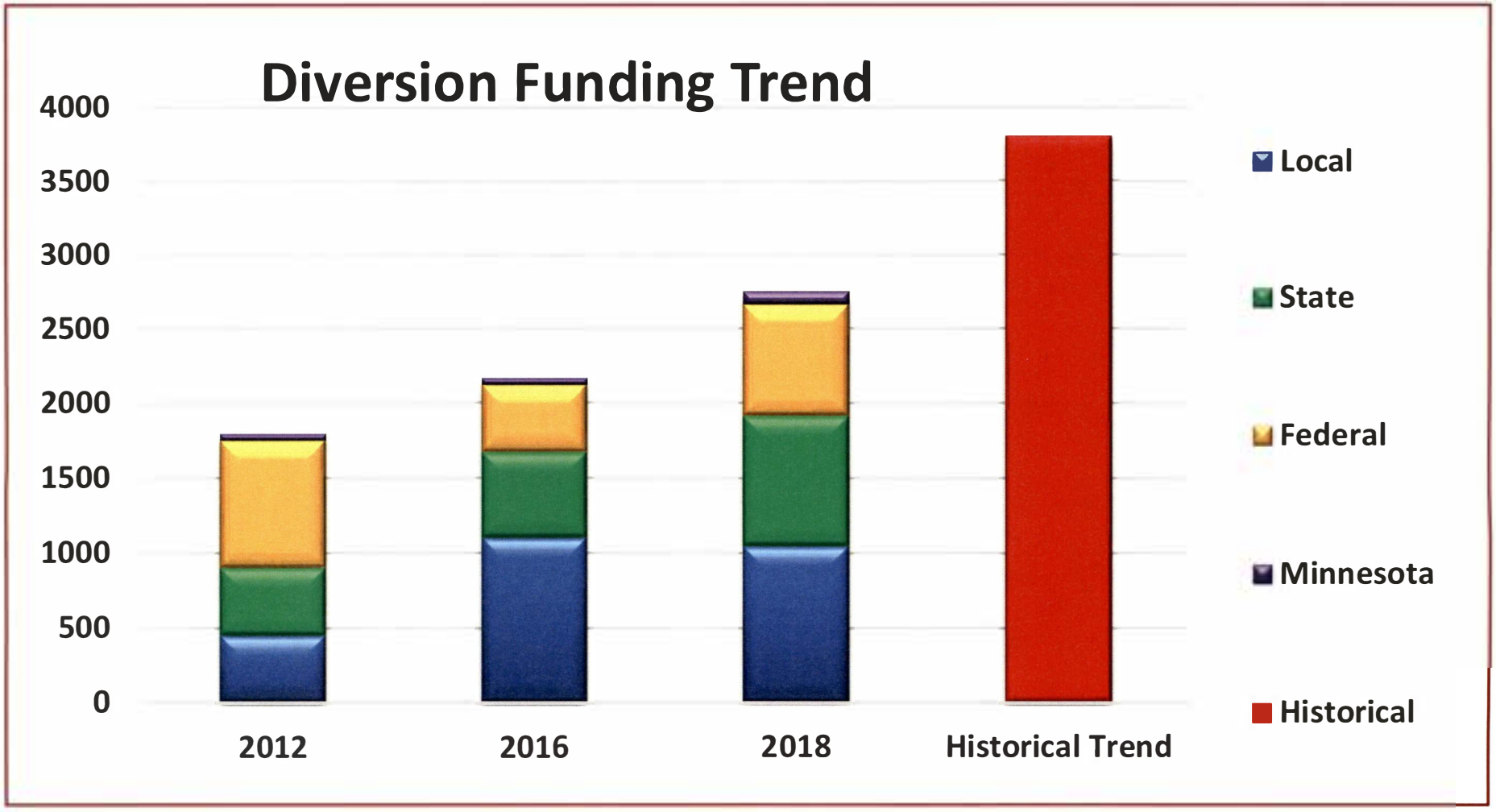
Financial Issues

-Expected damages to communities and residents upstream are significant, and we don't believe current funding is sufficient to pay for them. The Kindred School District has already lost a significant number of students in the Hickson-Oxbow-Bakke area and will face additional losses as well as potential for future growth, when the dam is constructed. There has been no consideration for the resulting economic losses to the local residents or communities.

-The most recent official cost estimate for the project is $2.75 billion in 2018 dollars. The current fully funded cost is $3.13 billion. The Oxbow Country Club reconstruction as well as the homes and ring dike were projected to cost $65 million. So far, $130 million has been spent and the ring dike is half done. Fargo's in-town levees were projected to cost $256 million, but the current projection is close to $500 million. The St. Paul Army Corps has undertaken two diversions of less than five miles in the past ten years, and neither one is complete, and both have doubled in cost. It seems unlikely the final cost would be less than $4 billion.

-There has never been a federal appropriation from the President's budget. OMB's benefit cost ratio on the original project is now below one. Federal funding has come from the Army Corps' Civil Works Budget. The benefit cost ratio calculated in the Minnesota DNR Environmental Impact statement was below .5, meaning there is 50 cents in benefits for every $1 spent.

-Fargo and Cass County's share of projects cost is to be financed by sales tax. Since 2014, sales tax collections have dropped by 11.7%. Financing the project required sales tax collections to grow by 3% annually. Even if they were to return to 3% growth today, total sales tax revenues would be $250 million below budget by 2036.



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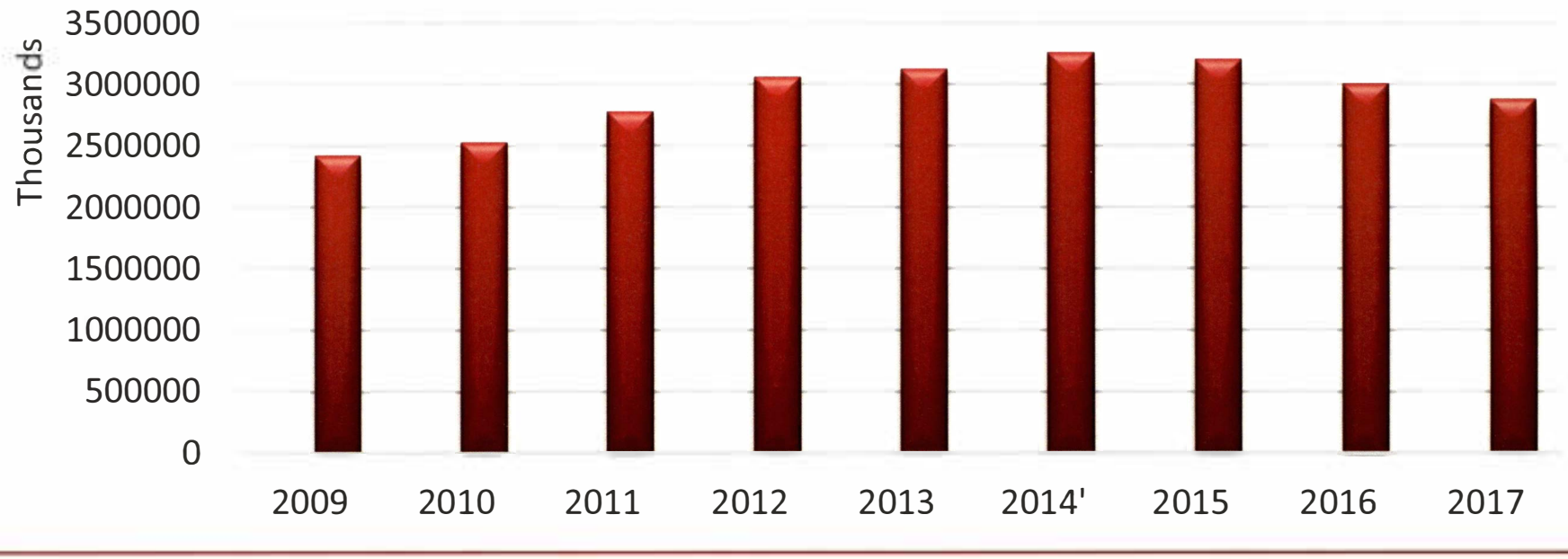
AH 11 SB 2020
3/7/2019

Cass County Taxable Sales and Purchases



3

A-7 11 SB 2020

3/7/2019

Att 12
SB 2020
3/7/2019

ALTERNATE PLAN FOR FARGO DIVERSION

Presented by Larry Richard, 17177 50th St. SE, Horace, ND 58047 Cell: 701.371.5195

We agree that Fargo needs permanent flood protection.

We also agree that Fargo needs to be able to grow to the south of the city.

1st Problem: I strongly disagree with the $2.8 billion-dollar price tag on this project which will continue to increase before the project is finished.

2nd Problem: Fargo has failed for 10 years since the 2009 flood to complete its permanent dike system in the city limits along the Red River. If flood protection is so urgent, why haven't they completed the permanent dikes along the river? The city has put its citizens at risk for not getting these dikes finished.

3rd Problem: The dikes they have built are not high enough. The concrete walls are built to a flood stage of 45 feet. The earthen dikes are two feet lower to the level of 43 feet. The highest crest level in Fargo over the last 145 years has been 40.8 feet. During that history Fargo should have experienced "the 100-year flood." A question Fargo should have to answer to the state legislature is: "Why hasn't the city completed the permanent dikes along the Red River?"

4th Problem: Fargo has constructed the concrete wall dikes to 45 feet river flood stage level. (These walls are about 8 to 10 feet high.) Fargo has built the earthen dikes along the river to only 43 feet river flood stage level. What is the logic to making the earthen dike to only 43 feet which is 2 feet lower than the concrete structure? Fargo should equalize protection to 45 feet in the areas protected by the earthen dikes. Side note: earthen dikes are cheaper to build and maintain. Most of the earthen dikes along the river are only 6 to 8 feet high. Fargo says you cannot build them too high because they can fail. Is Grand Forks in trouble because some of their dikes are almost 20 feet high? Fargo built a dike near St. John's Hospital in the late 50's or early 60's that is 20 ft high. That dike has not failed and has protected that part of Fargo through 9 major floods. Yet the engineers say an 8- foot dike cannot protect the city. That should be challenged because they are not telling you the truth. It is not uncommon for engineering firms to receive 10% cost of a project. For the Fargo Diversion, that would amount

to $280 million dollars, creating a lack of incentive to design the project with a less costly alternative.

5th Problem: What would Fargo do if it has a major flood this spring since it has not completed its permanent dikes? Fargo would have to exercise its contingency flood plan like they have successfully done in the last 9 major floods since 1969. First, they will build temporary earthen and sandbag dikes inside the city limits along the river and legal drains to fill in the areas with no permanent dikes. This fight this spring will be greatly reduced compared to the 2009 flood since it has 70 plus percent of the permanent dikes in place. Those dikes will protect the city along the river. 2nd, the city of Fargo has major problems of overland flooding coming from the south cross-country, off the farm fields. This water is caused by flood water coming from the Wild Rice River. What will Fargo have to do to stop the overland flooding. Fargo would do the same as it has done in the other major floods of the past. Fargo would go about ½ mile south of the city and build a temporary dike about 5 feet high from the Wild Rice River going west to near Horace where they would tie into the legal drain that has a permanent dike in place. This plan is how they would stop the overland water from entering Fargo uncontrolled.

The question the members of this committee should ask Fargo is this: "Would the city successfully protect Fargo by using its contingency flood plan from a major flood this spring using all if its resources like they have been done in the past? The answer is absolutely, YES. Why? Because they have used this method successfully many times in the past. Except the battle this spring would be greatly reduced because of the all permanent dikes already in place that protects the major portion of the city.

I have built 2 ring dikes around my farmstead, shop and grain bins. In the farm fields the water depth is only 2-3 feet deep. I have built dikes approximately 6/10 of a mile long with an average height of 4 ½ feet. I have spent a grand total of $22,000. We have successfully held out 7 major floods. Earthen dikes do work. I have watched and observed 9 major floods, so I understand what needs to be done. I understand how floods work. I have seen when there are 25 square miles of flood water coming from where my farm is located headed north to Fargo. The "Waffle Plan" works by storing a tremendous amount of water waiting to flow thru Fargo. After the

flood crested in 1997, my son and I have assisted Fargo by bringing my tractor and 12" pump in town during the 1997 flood to pump water across a dike. I also assisted in building a temporary dike at Cardinal Muench Seminary in north Fargo during the 1997 flood. I had to argue and explain to the seminary's Rector that he needed to unplug a storm sewer to allow the water to rise to a certain level in order to not blow the sewer line connected to the river side of the dike. I do understand how floods threaten a town.

So what is the solution. The city of Fargo needs to build its earthen dikes to the same protection level that the concrete walls are built to which is 45 feet. Fargo needs to complete all the permanent dikes inside the city limits. The problem of the overland flood from the Wild Rice River can be solved by building a permanent earthen dike 2 miles south of Fargo from the Wild Rice River going west to the legal drain near Horace. (see the map of Stanley township) This dike would be about 5 miles long through farm fields. There is only 2 to 3 feet of water in the open farm fields, so build an earthen dike to 6-7 feet, which would have 3-4 feet free board so it could be certified by FEMA. The farmsteads and homes south of this dike would need to be protected by ring dikes

This plan accomplishes the following:

1st – Fargo has permanent protection to the 45-foot flood stage level.

2nd – Fargo can work with FEMA to certify the dike to reduce flood insurance.

3rd – This plan gives Fargo approximately 10 square miles for future growth to the south.

4th – After Fargo has grown into this area, Fargo can go another 2 more miles south and build a 2nd dike for Fargo to grow into. After the new dike is in place, the city can bulldoze the first dike level and continue to build there on top of the first dike.

5th – Most importantly, this will save the tax payers of North Dakota billions of dollars. Fargo would not have to continually come back to the legislature for more and more money.

If you do not allocate money to Fargo, you will have money in the budget available for many other needs that North Dakota has. New schools, roads, education, social services, other flood

projects, water supply systems to the western and eastern parts of the state and higher education institutions.

The Fargo Diversion monstrosity is $2.8 billion project and growing. Reject Fargo's request to fund this diversion. Fargo will be back again in 2 years and then 4 and 6 years asking for more money. What happens the money well runs dry? What happens if the diversion is not completed and the state cannot add more money to the project? The Fargo diversion will become a ditch to nowhere.

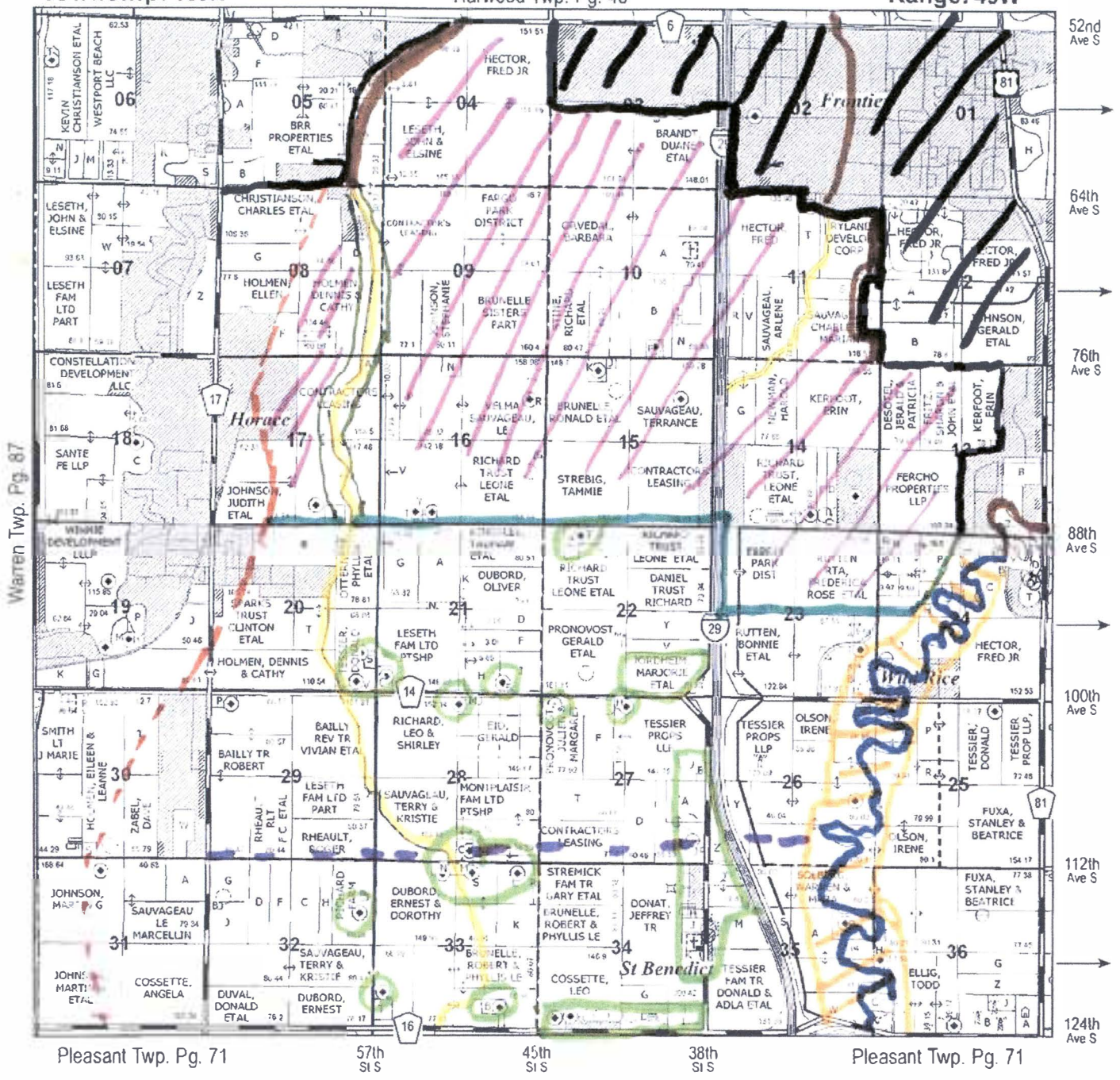
Larry Richard and his wife Susan farm 10 miles south of Fargo on a 4th generation family farm started in 1880. Their home, shop, bin sites, and storage facilities would all have to be eliminated to provide for the damn storage area for the diversion. Their land is also all located within the damn storage area, making it virtually impossible for the 5th generation to take over the family farm.

Aft 12 SB 2020

3/7/19

Stanley Township

Township: 138N Harwood Twp. Pg. 45 **Range: 49W**



Small Tract Owners

01H	HECTOR, FRED M JR	63.46	08G	NEW HORIZON HOMES LLC,	52.29	14G	NEWMAN, HAROLD	50.74
05A	SMYLIE, MICHAEL & CAROL	34.29	10A	CONTRACTORS LEASING, ETAL	70.45	15J	KUNGEL, DARIN S	2.41
05B	CATHOLIC CH. EXPANSION FUND	22.68	10B	BREIVOLD TR, GRACE LORRAINE	73.55	15K	BRUNS, CHARLOTTE ANN	10.11
05D	GENSLER, HOWARD & BARBARA	42.10	10L	RHEAULT INDENTURE OF TR, ALPHA	40.24	16L	IRONS, JUSTIN M & KIMBERLY	3.16
05F	DIEDE, LYLA & NORMAN	46.07	10N	DIOCESE OF FARGO,	59.58	16N	MINNKOTA POWER COOP. INC,	8.19
05G	FARGO CITY,	2.91	10P	RHEAULT, RONALD & BARBARA	6.94	16P	RHEAULT, GEORGE	40.16
05T	RINDY, DEAN A & STACY J	1.09	11R	MILLER R & C INC,	25.25	16R	SAUVAGEAU, JEFFREY & DEANNA	1.71
06J	NEIMAN, JAMES L ETAL	13.33	11S	RYLAND, STANLEY & PATRICIA	37.94	16S	RICHARD, GERALD & VICKIE	2.00
06K	SHEYENNE STABLES LLC,	13.01	11T	NORDHOUGEN, BRYAN L ETAL	34.95	16T	TROTTIER, RONALD & SHERYL	1.11
06M	INGSTAD, BROOKE	13.33	11V	SNYDER, DENNIS G & JUDY	25.88	16V	RICHARD, ANTHONY & LEONE	10.03
06N	BERNHARDSON, WALFRED JR & KELLY	9.87	12A	FARGO PUBLIC SCHOOL DIS	78.70	16Y	TROTTIER, RONALD & SHERYL	1.38
06R	DULLEA, MICHAEL T & JANET M	23.26	12B	ENGEBRETSON, PEDER & LINDA	78.80	17A	MINNKOTA POWER COOP	1.29
06S	KLOSE, DAVID C ETAL	23.42	13A	JOHNSON, DAVID B ETAL	14.63	17Z	CULLEN, ANTHONY & DOTTIE	8.44
06T	GRANT, GREGORY & KATHLEEN	6.62	13B	PEARSON, ROGER & PATRICIA	23.91	18C	SINCLAIR, BRAD A	43.86
07W	BRAKKEN, HARVEY	30.21	13Z	HOFER, TODD D & CAMELLA D	16.39	19G	ARNOLD, JOE & SHARON	8.86
07Z	KAUTZMAN FAMILY LTD PTSHP,	63.42	14C	BIERLE, ERIE ANA C ETAL	2.00	19H	OUSE, JESSE L & SARAH M	6.83
08D	SHAIKH, MUHAMMED AKHTAR	24.55	14D	BAKER, KENNETH A	17.94	19J	HOLMEN, DENNIS ETAL	50.46
08F	MARTINSON, JARED A ETAL	25.57	14F	STEARNS, RICHARD & SHIRLEY	19.02	19K	HOLMEN, EILEEN ETAL	23.34

AH 12

SB 2020

3/7/19

RE: Alternate Proposed Permanent Fargo Dike

Colored Legend:

Black — Present City of Fargo Area being developed

Brown — Legal drains that have permanent dikes built by city and county:

Red — Natural ridge separating Sheyenne/Wild Rice Rivers

Yellow/Green — Natural coulees that need dikes extended to south dike

Green — Proposed six foot high dike

Purple — Future dike after area north of green dike is developed

Blue/Orange — Wild Rice River with designated permanent greenway

Pink — Protected area for future development in city of Fargo

Lime Green — Farmsteads and rural properties needed to be ring diked

Notes: Most of this area has been flooded in the 1997 and 2009 flood. The field depth of water is between 2 and 3 feet. If we build the permanent dike 6 feet high, this would give a 3 foot free board required by FEMA. The flooded area south of the dike would naturally drain after the Red and Wild Rice Rivers recede after the crest. The water would not be held for a longer period of time as the current Fargo Diversion plan proposes.

Att 12 3/7/19
SB 2020

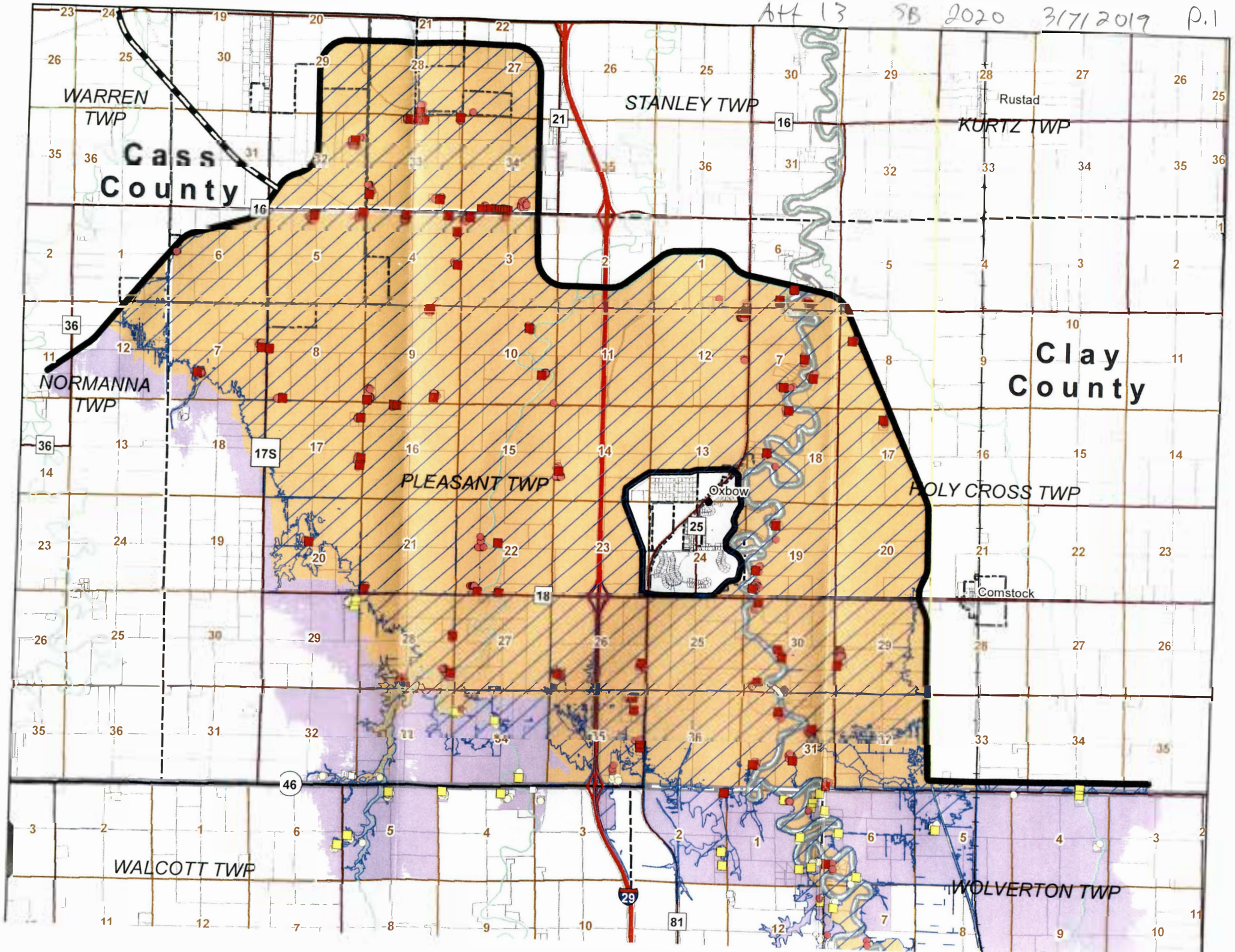
Att 12
SB 2620
3/7/19

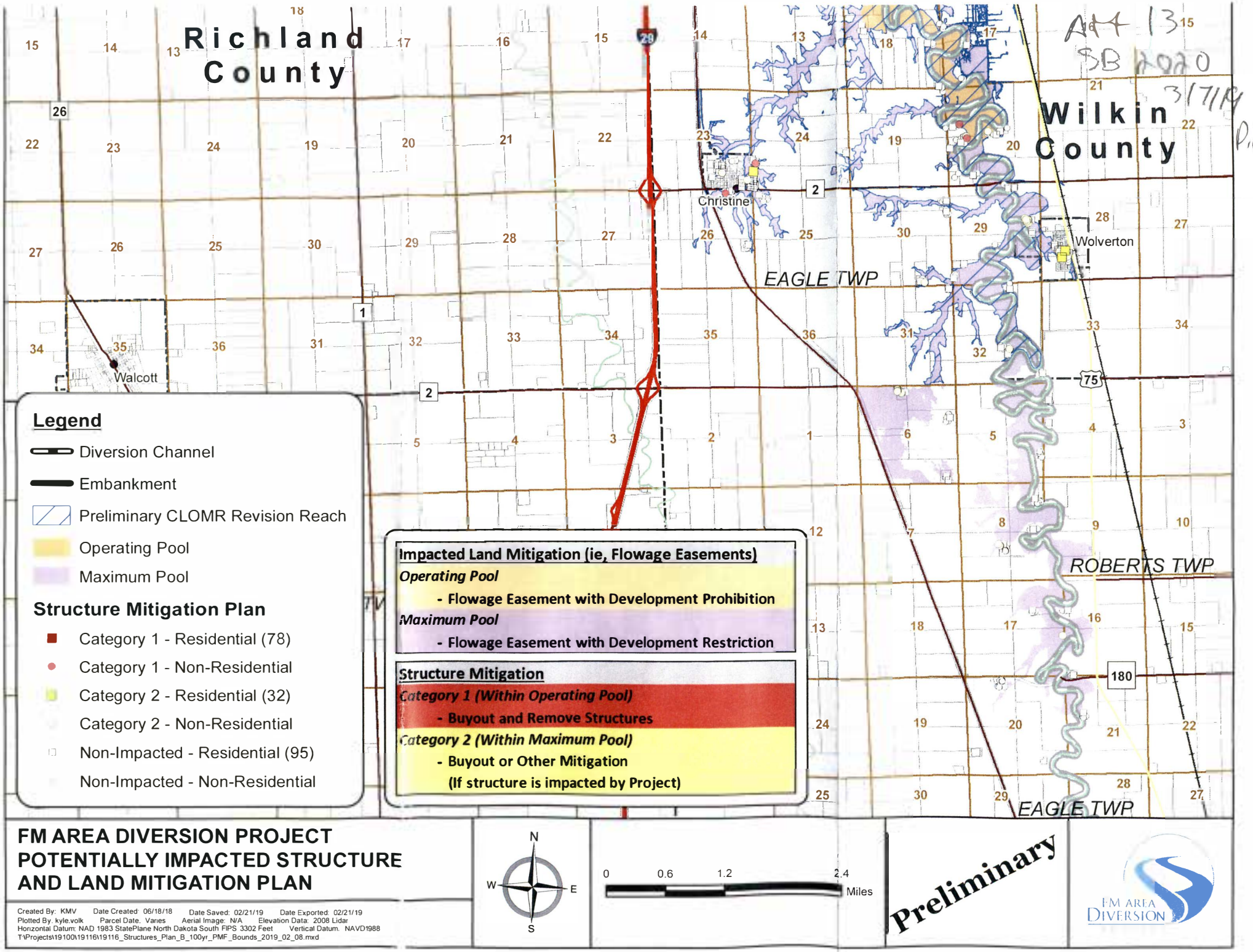
Att 12

SB 2020

3/7/19

Att 13 SB 2020 3/7/2019 p.1





FM AREA DIVERSION PROJECT POTENTIALLY IMPACTED STRUCTURE AND LAND MITIGATION PLAN

Created By: KMV Date Created: 06/18/18 Date Saved: 02/21/19 Date Exported: 02/21/19
Plotted By: kyle.volk Parcel Date: Varies Aerial Image: N/A Elevation Data: 2008 Lidar
Horizontal Datum: NAD 1983 StatePlane North Dakota South FIPS 3302 Feet Vertical Datum: NAVD1988
T:\Projects\19100\19116\19116_Structures_Plan_B_100yr_PMF_Bounds_2019_02_08.mxd

WEATHER MODIFICATION INTERNATIONAL

Att 14
SB 2020
3/7/19

March 7, 2019

3802 20th Street North
Fargo, ND 58102

RE: Testimony submitted by Neil Brackin reference SB2020:

Facts and Observations Regarding the Cloud Seeding Industry

Weather Modification International based in Fargo, ND executes operational cloud seeding programs supported by leading research organizations nationally and internationally such as:

- National Science Foundation
- National Center for Atmospheric Research
- Naval Research Labs
- The Aerospace Corporation
- Universities of North Dakota, Wyoming, Colorado and Illinois

These Research and Academic institutions oversee, design and validate WMI operational cloud seeding programs that are SPONSORED by:

- States of California, Nevada, Arizona, Utah, Colorado, Wyoming, Idaho, New Mexico and North Dakota
- Six-Agency Committee of Los Angeles
- Central Arizona Water Authority
- Southern Nevada Water Authority
- Numerous private industry contributors including Hydro-Power, Water Management and Recreational companies.

Outside the United States, WMI is involved at various levels of support with operational cloud seeding programs in Canada, India, South Korea, Greece and China; among a total of 16 foreign countries currently. These programs involve research and atmospheric science organizations such as Korean Meteorological Administration, China Meteorological Administration, Indian Institute of Tropical Meteorology and others.

The most recent studies from multi-year programs in Idaho and Wyoming demonstrate the indisputable fact that cloud seeding produces additional precipitation in designated target areas both visually and measured.

The North Dakota Cloud Modification Project has been independently studied numerous times since 1975 to determine the impact on hail reduction, precipitation enhancement (in target areas and downwind) as well as for economic impact. The results of every published and peer reviewed report is positive with objective determinations: 45% reduction in crop-hail damage, 5-15% precipitation increase and economic impact of 15-24:1 for every dollar invested.

These numbers and results are consistent with published, peer-reviewed studies performed in other states and countries further validating the reports

WEATHER MODIFICATION INTERNATIONAL

A 4t 14
SB 2020
3/7/19

The University of North Dakota is a globally recognized leader in Atmospheric Science. UND participation in studies and evaluation of the science applied to the NDCMP with associated published positive results supporting the NDCMP.
North Dakota State University is a globally recognized leader in Agricultural Studies. NDSU 2009 evaluation of the agricultural economic impact of the NDCMP on North Dakota place the benefits from 15-24:1 for every dollar invested.

National respected organizations, International Research Institutes and numerous academic institutions have all recently published reports on the positive impacts of cloud seeding. 10 western states, private industry, ground water authorities and water districts are all investing to initiate and expand cloud seeding operations in the United States.

North Dakota is the birthplace of modern, targeted and scientifically based cloud seeding.
North Dakota has the longest continuous operational cloud seeding program in the world.
North Dakota is home to the largest private company dedicated to cloud seeding and atmospheric research; which grew from the NDCMP and works closely with our State Universities.

> Objective review of the program through the lens of independent scientific evaluation, quantitative analysis, economic impact, value provided to constituents and global benchmarking all support continual funding and expansion of the program.

Cloud seeding is a North Dakota technology that is being exported across the United States and increasingly around the world. As 10 states, numerous countries and private industry put mechanisms in place to support and expand cloud seeding, North Dakota needs to continue to do the same in order to maintain our leadership position. We can accomplish this by supporting the continued funding for the North Dakota Cloud Modification project and SB2020.

Respectfully Submitted,

Neil Brackin
President, WMI

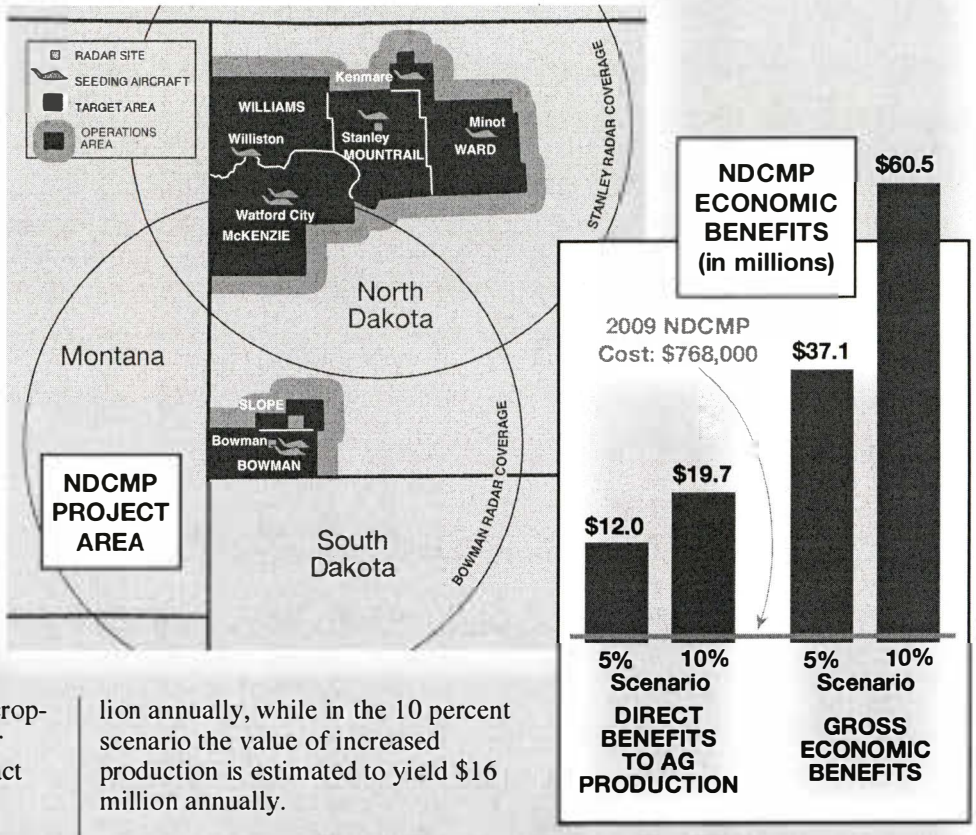
Att 14 SB 2020 3/7/19

THE
ATMOSPHERIC RESERVOIR
Examining the Atmosphere and Atmospheric Resource Management

Cloud Seeding Has Big Economic Impact

By Darin Langerud

The North Dakota Cloud Modification Project (NDCMP) has a 50-year history of conducting cloud seeding operations to increase rainfall and reduce hail in participating western North Dakota counties (see map). The project's previous measures of success have been determined by rainfall increases or crop-hail damage reductions. In fact, several independent, long-term evaluations of the project show it increases summer rainfall 5 to 10 percent and reduces crop-hail damage by 45 percent.



But how does this increase in rain and reduction of crop-hail damage translate into dollar amounts? And how does it impact North Dakota's economy?

A recent study by Dean Bangsund and Dr. Larry Leistritz at North Dakota State University shows the NDCMP provides a significant impact to the local and state agricultural economy.

Direct Impacts for the NDCMP

The economic impact of rainfall enhancement from cloud seeding was evaluated at two intervals: 5 and 10 percent. These two numbers reflect the long-term evaluations of the NDCMP's ability to increase rainfall. In the 5 percent scenario, the value of increased crop production is estimated to yield $8.4 million annually, while in the 10 percent scenario the value of increased production is estimated to yield $16 million annually.

The analysis of hail reduction – or hail suppression – shows the average crop value saved through cloud seeding is $3.7 million per year. Including hail suppression benefits, the total direct impact in the 5 percent rainfall scenario is $12 million annually, while the total direct impact in the 10 percent scenario is $19.7 million. These results yield a benefit-to-cost ratio, based on anticipated 2009 project costs, of 16 to 1 for the 5 percent scenario, and 26 to 1 under the 10 percent scenario.

"From a producer's perspective, the direct economic value of cloud seeding, averaged across the NDCMP counties, is estimated to range from $5.16 to $8.41 per planted acre," said study author Dean Bangsund. "Those values represent a meaningful boost in revenues to producers."

Total Impacts for the NDCMP

Under the 5 percent rainfall scenario, total direct impacts from the NDCMP were estimated to average $12 million annually. This additional net revenue would generate secondary economic activity of $25 million annually, resulting in gross

Att 14 SB 2020 3/7/19

AVERAGE NDCMP IMPACTS (per planted acre)

	VALUE OF HAIL SUPPRESSION	VALUE OF RAIN ENHANCEMENT	COMBINED DIRECT IMPACT	GROSS BUSINESS VOLUME
5% Scenario	$ 1.57	$ 3.58	$ 5.16	$ 15.87
10% Scenario	$ 1.57	$ 6.84	$ 8.41	$ 25.89

POTENTIAL STATEWIDE IMPACTS

	PLANTED ACRES	VALUE OF HAIL SUPPRESSION	VALUE OF RAIN ENHANCEMENT	COMBINED DIRECT IMPACT	GROSS BUSINESS VOLUME
5% Scenario	19.6 M	$ 53.3 M	$ 42.1 M	$ 95.4 M	$ 293.8 M
10% Scenario	19.6 M	$ 53.3 M	$ 81.3 M	$ 134.5 M	$ 414.2 M

business volume of over $37 million, or $15.87 per planted acre.

In the 10 percent rainfall scenario, total direct impacts from the NDCMP were estimated to average $19.7 million annually. This additional net revenue would generate secondary economic activity of $40.9 million annually, resulting in gross business volume of $60.5 million, or $25.89 per planted acre.

State Tax Revenues

Governmental revenues are another important measure of economic impacts. Collections from personal, corporate, and sales and use taxes were estimated based on the secondary economic activity generated by increased agriculture revenues. For the NDCMP, annual collections from personal, corporate, and sales and use taxes were estimated at $745,000 and $1.2 million respectively, for the 5 and 10 percent rainfall scenarios.

Study Methods

The economic effects of cloud seeding were calculated by estimating the agricultural value of reducing crop-hail losses and enhancing rainfall at the levels determined from prior studies. Consistent with previous research, this study used data over a ten-year period (1998-2007) and selected the top eight crops based on harvested acreage over the study period. Due to the regional importance of forage crops in the state, alfalfa was also included.

Economic impacts were computed by calculating the crop output saved due to hail suppression and increased crop yields under two enhanced rainfall scenarios, 5 and 10 percent. Yield responses for each crop were then computed based on these criteria. Once increased crop yields were calculated, the value of those enhanced yields were computed: these are the direct impacts from the cloud seeding efforts. As those direct impacts are worked through the North Dakota economy, additional economic activity is created. The combination of direct and secondary economic activity is the gross business volume or total economic activity.

Potential Statewide Benefits

In addition to estimating the benefits from current cloud seeding operations, the study calculated the potential benefits of a hypothetical statewide program. As you can see from the table on the left, the potential impacts are enormous.

NDCMP results are comparable to other long-term cloud seeding programs around the world. Analysis of a long-running hail suppression program in southwestern France indicates reductions in hail size and damage on the order of 40 to 50 percent. Further, a recent analysis of a rain enhancement project in Australia over a 45-year period found rainfall increases in the range of 5 to 14 percent. These are just two of several examples of successful programs with findings similar to the NDCMP.

Overall, cloud seeding in North Dakota is a small investment that provides significant benefits through increased rainfall and decreased crop-hail damage, while contributing significantly to North Dakota's economy.

Atmospheric Resource Board
North Dakota State Water Commission
900 East Boulevard, Bismarck, ND 58505
(701) 328-2788
http://swc.nd.gov

ND Weather Modification Association
PO Box 2599, Bismarck, ND 58502
(701) 223-4232

Att 1S
SB 2020
3/7/19

CITY OF HORACE FOUNDED 1882

It's Happening in Horace

March 6, 2019

Dear Chairman Delzer,

Chairman Delzer and members of the committee, my name is Kory Peterson, Mayor for the City of Horace. I appear before you today to express the City of Horace's opposition of a portion of SB 2020 regarding the Fargo Moorhead Diversion.

Last month, the City came before the Senate appropriations committee to express opposition to SB 2020, based on the City's concerns regarding new Plan "B" alignment for the Fargo-Morehead Diversion. Today, I would like to reiterate the City's concerns regarding the Plan "B" alignment. Based on its configuration, we expect that it will have significant impact on our City's future social and economic development. As noted in front of the Senate, the City will lose approximately 10,200 acres of developable land for this diversion plan without any compensation to the City. This would result in a substantial economic loss to the City, which we estimate at over $70 million. In addition to our concerns with the new alignment, the Diversion concept been a point of contention for over a decade in the City of Horace.

Since our presentation to the Senate Appropriations Committee, the City of Horace has meet with officials from the City of Fargo and Cass County in good faith to discuss our concerns related to this project and how it impacts our community and its long-term well-being. These meetings have been engaging and constructive. Consequently, we see potential that the City's concerns can be resolved, and the impacts of the project mitigated in a manner which both the City of Horace and the FM Diversion Authority (and its constituent entities) can both see success. We are currently in the early stages of our discussions, but all parties appear committed to establish realistic goals and time frames for completion.

The City of Horace appreciates the committee time in these hearings. We would appreciate the opportunity to update the committee members, Chairman Delzer and our legislators regarding the progress in resolving the City's concerns with the FM Diversion (and its constituent entities), during the pendency of the legislator's consideration of this issue

Thank you for your time and consideration.

Kory Peterson
Mayor, Horace, North Dakota

AH 16

SB 2020

3/7/19

Memo

To: North Dakota Legislators

From: Mountrail County Weather Modification Authority

Date: March 5, 2019

Re: ND Cloud Modification Project Support

The Mountrail Weather Modification Authority Members would like to express our support for the weather modification projects in the state of North Dakota. We feel that a majority of the people we represent are also in support of the projects. The positive economic impact it creates is well worth the investment. The reduction of hail and increased rainfall benefits not only the farming community but everyone in the state.

The Mountrail County Commission also voted unanimously to renew our 5 year resolution to continue the weather modification program in June of 2018.

Sincerely,

Mountrail County Weather Modification Authority

Aaron Skarsgard, Chairman

Tim Johnson

Lynn Heinle

Hayley Jung

Att 16
SB 2020
3/7/19

March 4, 2019

To whom it may concern,

My name is John Hovde. I am a rancher and land owner in Truax township, Williams County, ND.

I am writing in regard to SB 2020.

I am strongly in support of the weather modification program and I am asking that the legislature continues to support and fund the program.

John B. Hovde
5059 121st Rd. NW
Epping, ND 58843
701-770-4051

Att 16
SB 2020
3/7/19

Williams COUNTY

Statement of Support
House Appropriations Committee
March 7, 2019
By the Williams County Board of Commissioners

Re: Senate Bill no. 2020
A BILL for an Act to provide an appropriation for defraying the expenses of the state water commission

Mr. Chairman and members of the Committee:

Please accept this statement by the Williams County Board of Commissioners as an indicator of support for Senate Bill No. 2020, with regards to funding for weather modification programs.

For more than 20 years, Williams County has been a continuous cost-share participant in the Cloud Modification Project in northwestern North Dakota facilitated by North Dakota's Atmospheric Resource Board (ARB).

Two elements of the project, hail suppression and rain enhancement, provide immediate, practical benefits to Williams County farmers and citizens. Over time, within the region, there have been positive impacts from the project according to a 2009 report[1] from the ARB, such as a 45% reduction in damage to crops from hail and a 5-10% increase in rainfall.

Williams County looks forward to an opportunity to continue to provide preventative measures for hail damage to our valuable agricultural resources by cost-sharing over the next biennium with the State Water Commission for Weather Modification programming.

Sincerely,

David Montgomery

David Montgomery
Chairman, Williams Count Board of Commissioners

[1] http://www.swc.nd.gov/arb/news/atmospheric_reservoir/pdfs/2009_06%20-%20Cloud%20Seeding%20Has%20Big%20Economic%20Impact.pdf

BOARD OF COMMISSIONERS
First District – Beau Anderson | Second District – Steve Kemp | Third District – Cory Hanson
Fourth District – David Montgomery | Fifth District – Barry Ramberg
PO Box 2047 | 206 E. Broadway | Williston, ND 58802-2047 | Phone 701.577.4500 | Fax 701.577.4570 | www.williamsnd.com

US Army Corps of Engineers

AH 1
SB2020
3/8/2019

News Release

Corps of Engineers completes Environmental Assessment for latest changes to the Fargo-Moorhead flood risk management Project

Published March 4, 2019

ST. PAUL, Minn. –Col. Sam Calkins, commander of the U.S. Army Corps of Engineers, St. Paul District, signed a 'Finding of No Significant Impact' for an Environmental Assessment, or EA, completed for the proposed Fargo, N.D./Moorhead, Minn., Metropolitan Area Flood Risk Management Project Feb. 28.

This EA, called the 'Final Supplemental Environmental Assessment #2,' was prepared to look at changes to the project following recommendations by a taskforce assembled by the governors of Minnesota and North Dakota. These changes are commonly referred to as 'Plan B.'

[redacted] proposed project involves the construction of a 30-mile long diversion channel located in North Dakota that will direct floodwater around the Fargo-Moorhead metropolitan area, upstream staging of water and in-town levees. 'Plan B' includes allowing an additional 2 feet of water to flow through downtown Fargo-Moorhead during a 100-year flood and modifications to the alignment of the southern embankment.

The EA package includes the signed 'Finding of No Significant Impact,' signed Clean Water Act Section 404(b)(1) Evaluation Supplement, and responses to public comments received on the draft EA. It was open for public comment from Aug. 27-Sept. 27, 2018.

The documents is posted on the Corps of Engineers website, www.mvp.usace.army.mil/FMM_FRM/, as well as the Fargo-Moorhead Metro Flood Diversion Authority website, www.FMDiversion.com/library.

The project would protect more than 200,000 people and 70 square miles of infrastructure in the communities of Fargo, Moorhead, West Fargo, Horace and Harwood.

– 30 –

[redacted]vironmental Assessment

State Water Commission - Budget No. 770
Senate Bill No. 2020
Base Level Funding Changes

Att 1 SB2020 3/15/2019

	Executive Budget Recommendation				Senate Version				Senate Changes to Executive Budget Increase (Decrease) - Executive Budget			
	FTE Position	General Fund	Other Funds	Total	FTE Position	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
2019-21 Biennium Base Level	93.00	$0	$647,173,475	$647,173,475	93.00	$0	$647,173,475	$647,173,475	0.00	$0	$0	$0
2019-21 Ongoing Funding Changes												
Base payroll changes			($285,707)	($285,707)			($285,707)	($285,707)				$0
Salary increase			799,386	799,386			559,891	559,891			(239,495)	(239,495)
Health insurance increase			355,238	355,238			419,435	419,435			64,197	64,197
Retirement contribution increase			103,135	103,135				0			(103,135)	(103,135)
Removes 4 FTE unspecified positions	(4.00)		(693,912)	(693,912)	(4.00)		(693,912)	(693,912)				0
Adds 1 FTE risk mapping position	1.00		174,126	174,126	1.00		174,126	174,126				0
Adjusts funding available for new projects			180,969,346	180,969,346			(169,782,147)	(169,782,147)			(350,751,493)	(350,751,493)
Adjusts funding available for project carryover			33,465,921	33,465,921			33,465,921	33,465,921				0
Adjusts capital assets			(11,605,684)	(11,605,684)			(51,880,684)	(51,880,684)			(40,275,000)	(40,275,000)
Adjusts operating expenses			(14,257,138)	(14,257,138)			(14,257,138)	(14,257,138)				0
Adds Microsoft Office 365 licensing				0			68,200	68,200			68,200	68,200
Adds water supply - Grants line item				0			115,000,000	115,000,000			115,000,000	115,000,000
Adds rural water supply - Grants line item				0			30,000,000	30,000,000			30,000,000	30,000,000
Adds flood control - Grants line item				0			145,000,000	145,000,000			145,000,000	145,000,000
Adds general water - Grants line item				0			35,255,000	35,255,000			35,255,000	35,255,000
Total ongoing funding changes	(3.00)	$0	$189,024,711	$189,024,711	(3.00)	$0	$123,042,985	$123,042,985	0.00	$0	($65,981,726)	($65,981,726)
One-time funding items												
Adds Bank of North Dakota line of credit				$0			$75,000,000	$75,000,000			$75,000,000	$75,000,000
Total one-time funding changes	0.00	$0	$0	$0	0.00	$0	$75,000,000	$75,000,000	0.00	$0	$75,000,000	$75,000,000
Total Changes to Base Level Funding	(3.00)	$0	$189,024,711	$189,024,711	(3.00)	$0	$198,042,985	$198,042,985	0.00	$0	$9,018,274	$9,018,274
2019-21 Total Funding	90.00	$0	$836,198,186	$836,198,186	90.00	$0	$845,216,460	$845,216,460	0 00	$0	$9,018,274	$9,018,274

Other Sections for State Water Commission - Budget No. 770

	Executive Budget Recommendation	Senate Version
Exemption - Water-related projects	Section 4 would provide that funds appropriated for grants or water-related projects in Section 1 are exempt from North Dakota Century Code Section 54-44.1-11 for 2 years after June 30, 2021. Any unexpended funds appropriated from the resources trust fund or the water development trust fund after that period has expired must be transferred to the originating fund.	Section 3 provides that funds appropriated for grants or water-related projects in Section 1 are exempt from North Dakota Century Code Section 54-44.1-11 for 2 years after June 30, 2021. Any unexpended funds appropriated from the resources trust fund or the water development trust fund after that period has expired must be transferred to the originating fund.
Additional income	Section 3 would appropriate any additional income from the resources trust fund or water development trust fund that becomes available to the State Water Commission during the 2019-21 biennium.	Section 4 provides that in addition to the amounts appropriated to the State Water Commission from the resources trust fund and the water development trust fund, any additional amounts that become available in those funds are appropriated, subject to Budget Section approval, to the State Water Commission for the purpose of defraying the expenses of the State Water Commission for the 2019-21 biennium.

Att 1 SB 2020 3/15/2019

Other Sections for State Water Commission - Budget No. 770

	Executive Budget Recommendation	Senate Version
Line item transfers	Section 5 would authorize the State Water Commission to transfer funds between line items in Section 1 of the bill, when it is cost-effective for the construction of water projects. The department must report transfers to the Office of Management and Budget.	
Legislative intent - Fargo flood control project		Section 5 provides legislative intent the state provide a portion of the local cost-share of the Fargo flood control project not to exceed $703 million and that the $332.5 million yet to be designated by the state be provided in equal installments over the next 5 bienniums, beginning July 1, 2019.
Legislative intent - Red River Valley Water Supply Project - Report to Legislative Management		Section 6 provides legislative intent the State Water Commission provide, in the form of a grant, up to $50 million to the Garrison Diversion Conservancy District for the Red River Valley Water Supply Project during the 2019-21 biennium and that the State Water Commission provide state funding at an 80 percent state cost-share after June 30, 2021.
Red River Valley Water Supply Project - Report to Legislative Management - Budget Section approval		Section 7 establishes certain requirements the Garrison Diversion Conservancy District must meet regarding the planning and permitting process and requires the district obtain certification from the State Water Commission and the State Engineer that those items are complete. The section also requires approval from the Budget Section of the certification and for construction to begin before the funding can be provided to the Garrison Diversion Conservancy District for the Red River Valley Water Supply Project.
Bank of North Dakota - Line of credit	Section 6 would extend authorization of a line of credit at the Bank of North Dakota, not to exceed $75 million, at an annual percentage rate of 1.5 percent over the 3 month LIBOR rate, but may not exceed 3 percent to the State Water Commission. The State Water Commission must repay the line of credit from funds available in the resources trust fund, water development trust fund, or other funds, as appropriated by the Legislative Assembly. The State Water Commission may access the line of credit, as necessary, to provide funding as authorized by the Legislative Assembly for water supply and flood control projects approved for funding before June 30, 2021.	Section 8 continues the authorization of a line of credit at the Bank of North Dakota, not to exceed $75 million, at an annual percentage rate of 1.5 percent over the 3 month LIBOR rate, but may not exceed 3 percent to the State Water Commission. The State Water Commission must repay the line of credit from funds available in the resources trust fund, water development trust fund, or other funds, as appropriated by the Legislative Assembly. The State Water Commission may access the line of credit, as necessary, to provide funding as authorized by the Legislative Assembly for water supply and flood control projects approved for funding before June 30, 2021.
Contingent appropriation - Bank of North Dakota line of credit	Section 7 would provide a contingent appropriation of $75 million, from funds obtained through a Bank of North Dakota line of credit, to the State Water Commission for the purpose of funding water projects for the 2019-21 biennium.	

Att 2
SB 2020
3/15/2019

Prepared by the Legislative Council staff

ANALYSIS OF THE 2019–21 BIENNIUM SENATE BILL NO. 2020 FOR THE STATE WATER COMMISSION

The worksheet below provides information regarding the 2019-21 biennium executive recommendation for the State Water Commission, proposed changes to Senate Bill No. 2020 and detail of the funding available for water projects.

Executive Recommendation for Senate Bill No. 2020		Senate Version	
Line item	2019-21 Biennium	Proposed	Variance
Salaries and wages	$20,111,564	$19,833,131	($278,433)
Operating expenses[1]	43,787,553	43,855,753	68,200
Capital assets[2]	113,213,758	147,938,758	34,725,000
Project carryover - Grants	308,333,818	308,333,818	0
New projects - Grants	350,751,493		(350,751,493)
Water supply -Grants		115,000,000	115,000,000
Rural water supply - Grants		30,000,000	30,000,000
Flood control - Grants		145,000,000	145,000,000
General water - Grants		35,255,000	35,255,000
Total appropriation	$836,198,186	$845,216,460	$9,018,274

Detail of Available Funding			Senate Version			
Funding Source	2019-21 Biennium		2019-21 Biennium		Variance	
NAWS Operations fund	$2,011,851		$2,011,851		$0	
NAWS Project reserve fund	75,000		75,000		0	
Reimbursements from political subdivisions	14,993,776		14,993,776		0	
Water rights filing fees	275,500		275,500		0	
Total other income		$17,356,127		$17,356,127		$0
Federal funds		39,122,817		39,122,817		0
Water development trust fund		72,792,076		72,860,276		68,200
Resources trust fund (January 2019 legislative revenue forecast)		650,652,206		640,877,240		(9,774,966)
Bank of North Dakota line of credit				75,000,000		75,000,000
Total revenue available for appropriation		$779,923,226		$845,216,460		$65,293,234
Balance (Shortfall)		($56,274,960)		$0		

[1]Includes funding for Devils Lake Outlet electricity
[2]Includes funding for state owned water projects (Northwest Area Water Supply and Southwest Pipeline)

March 2019

AH2

SB 2020
3/15/2019

ANALYSIS OF THE 2019–21 BIENNIUM SENATE BILL NO. 2020 FOR THE STATE WATER COMMISSION

The worksheet below provides information regarding the 2019-21 biennium executive recommendation for the State Water Commission, proposed changes to Senate Bill No. 2020 and detail of the funding available for water projects.

Executive Recommendation for Senate Bill No. 2020		Senate Version		
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Capital assets[2]	113,213,758	147,938,758		34,725,000
Project carryover - Grants	308,333,818	308,333,818		0
New projects - Grants	350,751,493			(350,751,493)
Water supply -Grants		115,000,000		115,000,000
Rural water supply - Grants		30,000,000		30,000,000
Flood control - Grants		145,000,000		145,000,000
General water - Grants		35,255,000		35,255,000
Total appropriation	$836,198,186	$845,216,460		$9,018,274

Detail of Water Project Funding			Senate Version			
State-owned water project funding	2019-21 Biennium		2019-21 Biennium		Variance	
Capital assets	$113,213,758		$147,938,758		$34,725,000	
Less capital asset project carryover	(41,666,182)		(41,666,182)		0	
Less NAWS federal funds	(23,402,500)		(23,402,500)		0	
Less NAWS local cost share	(8,700,000)		(8,700,000)		0	
Less equipment over $5,000	(217,450)		(217,450)		0	
New capital asset project funding		$39,227,626		$73,952,626		$34,725,000
Capital asset project carryover		41,666,182		41,666,182		0
Total projects in capital assets		$80,893,808		$115,618,808		$34,725,000
Grant funding available for water projects						
New projects - Grants	350,751,493		325,255,000		($25,496,493)	
Bank of North Dakota line of credit			-		-	
Less federal funds	(1,750,000)		(1,750,000)		0	
Less ARB local cost share in new projects - Grants	(2,343,776)		(2,343,776)		0	
Total state funding for new water projects - Grants		$346,657,717		$321,161,224		($25,496,493)
Project carryover - Grants		308,333,818		308,333,818		0
Total state funding for water projects - Grants		$654,991,535		$629,495,042		($25,496,493)

Total State Water Commission funding			Senate Version			
	2019-21 Biennium		2019-21 Biennium		Variance	
New projects - State funding	$385,885,343		395,113,850		$9,228,507	
Project carryover - State funding	350,000,000		350,000,000		0	
Total projects - State funding		$735,885,343		$745,113,850		$9,228,507
Agency operating costs		64,116,567		63,906,334		(210,233)
NAWS federal funds		23,402,500		23,402,500		0
Other federal funds included in grant funding		1,750,000		1,750,000		0
Capital assets local cost share		8,700,000		8,700,000		0
Atmospheric Resource Board (ARB) local cost share		2,343,776		2,343,776		0
Total appropriation		$836,198,186		$845,216,460		$9,018,274

Detail of Available Funding			Senate Version			
Funding Source	2019-21 Biennium		2019-21 Biennium		Variance	
NAWS Operations fund	$2,011,851		$2,011,851		$0	
NAWS Project reserve fund	75,000		75,000		0	
Reimbursements from political subdivisions	14,993,776		14,993,776		0	
Water rights filing fees	275,500		275,500		0	
Total other income		$17,356,127		$17,356,127		$0
Federal funds		39,122,817		39,122,817		0
Water development trust fund		72,792,076		72,860,276		68,200
Resources trust fund (January 2019 legislative revenue forecast)		650,652,206		640,877,240		(9,774,966)
Bank of North Dakota line of credit				75,000,000		75,000,000
Total revenue available for appropriation		$779,923,226		$845,216,460		$65,293,234
Balance (Shortfall)		($56,274,960)		$0		

[1]Includes funding for Devils Lake Outlet electricity
[2]Includes funding for state owned water projects (Northwest Area Water Supply and Southwest Pipeline)

AH 3 SB 2020 3/15/2019

LEGISLATIVE INTENT - MOUSE RIVER FLOOD CONTROL PROJECT FUNDING. Except for funding provided during biennium's prior to the 2019-21 biennium, it is the intent of the sixty-sixth legislative assembly that the state provide $135,300,000 of state funding for Mouse River flood control projects for work within the city limits of Minot. It is the intent of the sixty-sixth legislative assembly that the $135,300,000 be made available during the 2019-21, 2021-23, and 2023-25 biennium's.

Att 4

SB 2020

3/15/2019

19.0233.01003
Title.

Prepared by the Legislative Council staff for
Representative Lefor
February 9, 2019

PROPOSED AMENDMENTS TO SENATE BILL NO. 2020

Page 1, line 2, after "commission" insert "; and to amend and reenact sections 61-02-04 and 61-02-07 of the North Dakota Century Code, relating to the number of state water commission members and votes to bind the commission"

Page 1, after line 24, insert:

"**SECTION 3. AMENDMENT.** Section 61-02-04 of the North Dakota Century Code is amended and reenacted as follows:

61-02-04. State water commission - Members - Terms - Qualifications.

The state water commission consists of the governor, agriculture commissioner, and ~~seven~~eight other members appointed by the governor who shall take into account reasonable geographic considerations in making the appointments with the intent of having each of the ~~seven~~eight major drainage basins represented by a commissioner who resides in the basin. The major drainage basins are the upper Missouri River basin~~,~~; the lower Missouri River basin~~,~~; the James River basin~~,~~; the upper Red River basin~~,~~; the lower Red River basin~~,~~; the Mouse River basin~~, and~~; the Devils Lake basin; and the Little Missouri River, upper Heart River, and upper Cannonball River basin. The governor or the agriculture commissioner, or both, may appoint a representative to serve in that official's capacity at meetings that official is unable to attend. The ~~seven~~eight appointive members of the commission must be appointed for a term of six years each with the terms of office so arranged that ~~two terms and~~ not more than ~~three~~four terms expire on the first day of July of each odd-numbered year. Each appointive member must be a qualified elector of the state and is subject to removal by judicial procedure. In case of a vacancy, the vacancy must be filled by appointment by the governor for the remainder of the unexpired term. Before entering upon the discharge of official duties, each appointive member shall take, subscribe, and file with the secretary of state the oath prescribed for civil officers.

SECTION 4. AMENDMENT. Section 61-02-07 of the North Dakota Century Code is amended and reenacted as follows:

61-02-07. Quorum - What constitutes.

A majority of the members of the commission constitutes a quorum, and the affirmative or negative vote of ~~five~~six members is necessary to bind the commission except for adjournment."

Renumber accordingly

AHS SB 2020 3/15/2019

19.0233.02003
Title.

Prepared by the Legislative Council staff for
Representative Steiner
March 13, 2019

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2020

Page 1, line 2, after the semicolon insert "to create and enact a new section to chapter 61-01 of the North Dakota Century Code, relating to the Missouri River improvements council;"

Page 1, line 5, remove "and"

Page 1, line 5, after "intent" insert "; and to provide an expiration date"

Page 4, after line 16, insert:

"**SECTION 8.** A new section to chapter 61-01 of the North Dakota Century Code is created and enacted as follows:

Missouri River improvements council - Report to legislative management and governor.

1. The Missouri River improvements council is composed of:

   a. An elected official of each of the following counties appointed by the county board of commissioners:

      (1) Burleigh;

      (2) Dunn;

      (3) McLean;

      (4) McKenzie;

      (5) Mercer;

      (6) Morton;

      (7) Mountrail;

      (8) Oliver; and

      (9) Williams.

   b. The chairman of the Three Affiliated Tribes of the Fort Berthold Reservation or the chairman's designee.

   c. Two legislators appointed by the majority leader of the house of representatives.

   d. Two legislators appointed by the majority leader of the senate.

   e. The mayor of Bismarck or the mayor's designee.

2. The council shall meet at the call of the chairman. A majority of the membership constitutes a quorum.

3. The council shall collaborate with other organizations to make recommendations and accomplish objectives in the areas of irrigation, hydropower, water supply, energy development, conservation and wildlife,

and Lake Sakakawea. The council shall work to strengthen the state's working relationship with the army corps of engineers and enhance the economic development of the state.

4. The council shall hold hearings to receive complaints regarding the development of the Missouri River shoreline from the public and attempt to resolve the complaints.

5. Annually, before September first, the council shall report to the governor and the legislative management on the activities of the council. The report must include any recommendations from the council and any legislation required to implement the recommendations.

6. A member of the council who is not a member of the legislative assembly or the tribal representative is entitled to receive mileage and expenses from the political subdivision the member represents, in the amount provided by law for state officers and employees. The tribal representative may receive compensation or reimbursement as provided by the tribe. A member of the council who is a member of the legislative assembly is entitled to receive compensation, mileage, and expenses as provided under section 54-03-20."

Page 4, after line 27, insert:

"**SECTION 10. EXPIRATION DATE.** Section 8 of this Act is effective through December 31, 2023, and after that date is ineffective."

Renumber accordingly

AH6

SB 2020

3/15/2019

19.0233.02001
Title.

Prepared by the Legislative Council staff for
Representative Delzer
March 11, 2019

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2020

Page 1, line 2, replace "section" with "sections 61-02.1-04 and"

Page 1, line 3, after the first "to" insert "the water development trust fund and"

Page 1, line 3, after the semicolon insert "to repeal section 61-02.1-05, related to bond payments from the water development trust fund;"

Page 4, after line 27, insert:

"**SECTION 9. AMENDMENT.** Section 61-02.1-04 of the North Dakota Century Code is amended and reenacted as follows:

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

1. Principal and interest on bonds issued for flood control or reduction projects as provided in this chapter are payable 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, then~~ from transfers to be made and appropriated by the legislative assembly from revenues in the resources trust fund other than revenues from state taxes, then from appropriations of other available revenues in the then current biennium, and then from 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. 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.

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 water development trust fund as provided in section 61-02.1-05, then~~ from transfers to be made and appropriated by the legislative assembly from revenues in the resources trust fund other than revenues from state taxes, then from appropriations of other available revenues in the then current biennium, or from payment from the Perkins County rural water system, and then from 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. 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

AHG

SB 2020

3/15/2019

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.

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 water development trust fund as provided in section 61-02.1-05, then~~ from transfers to be made and appropriated by the legislative assembly from revenues in the resources trust fund other than revenues from state taxes, then from appropriations of other available revenues in the then current biennium, and then from 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. 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.

4. Obligations issued as provided in 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 as provided in 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 non-general 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.

6. Principal and interest on bonds issued for projects authorized pursuant to section 61-02.1-02.1 are payable 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, then~~ from transfers to be made and appropriated by the legislative assembly from revenues in the resources trust fund other than revenues from state taxes, then from appropriations of other available revenues in the then current biennium, and then from any other revenues the state water commission makes available during the then current biennium for that purpose. 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.

SECTION 10. REPEAL. Section 61-02.1-05 of the North Dakota Century Code is repealed."

Renumber accordingly

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FLOOD DIVERSION AUTHORITY

211 Ninth Street South, Box 2806, Fargo, ND 58108-2806
Phone 701-298-2381

March 13, 2019

Representative David Monson, Chairman
House Appropriations – Education and Environment Division
66th Legislative Assembly North Dakota

Dear Chairman Monson and members of the House Appropriations Education and Environment Division:

Thank you for the opportunity to testify on March 7th and March 8th regarding funding for flood protection in Fargo and across much of Cass County. We appreciate the time and the thoughtful questions posed regarding the complex problem we face, and the project developed to solve it.

As promised, this letter and attached information respond to your question related to the frequency of project operation, federal crop insurance, and impacts within Richland County. Please find attached three documents from the USDA Risk Management Agency regarding the availability of federal crop insurance related to water containment and diversion projects. As noted in the documents, federal crop insurance is available when the acreage can be "timely planted to an insurable crop according to University recommended good farming practices". Please recognize that most flood events occur before regional planting begins and the probability of Project operation while crops are growing is very low. The timing of floods and timing of planting is well documented in the agricultural impacts study conducted by the NDSU Ag Econ department, which can be found on the Project website at: https://www.fmdiversion.com/wp-content/uploads/2015/02/NDSU-FM-Diversion-Expanded-Geography-Final-Aug-31-2016.pdf.

However, as discussed during the hearing, federal crop insurance may not apply if the Project was to operate and cause impacts on growing crops. As such, the Diversion Authority has developed a 'summer operation supplemental crop loss program'. Information about the program can be found on page 99 of the 'Property Rights Acquisition and Mitigation Plan' found on the project website at: https://fmdiversion.com/full-property-rights-acquisition-plan/. The information is also attached for your convenience.

As noted during the hearing, summer operation of the Project will be extremely rare. There has been no summer event in history of the Red River Valley that would have caused operation of the Project. The largest recorded historic summer flood event on the Red River at Fargo occurred in 1975 and produced a peak river stage of 33.3 feet at the USGS Fargo stream gage. The Project will not operate until the river gage reaches 37 feet. The FM Diversion Authority has analyzed what type of rainfall event would require operation of the Project as part of an Extreme Rainfall Analysis study in 2013. Rainfall events are

typically not uniform across a watershed as large as the Red River Watershed and the largest rainfall tends to be fairly localized. Based on the Extreme Rainfall Analysis study, a localized rainfall of more than 8 inches, (larger than a 200-year 24-hour rainfall event) over a significant portion of the watershed upstream of the metro area would be required to cause the river to rise to a level that would threaten the community enough to cause Project operation. More details about extreme rainfall analysis can be found in a report on the Project website at: https://fmdiversion.com/technical-memo-extreme-rainfall-analysis/.

The Committee also inquired about the impacts in Richland County and what land rights are required in Richland County. While most Project impacts are contained with Cass County, the impacts do extend into Richland County, primarily along the channel of the Red River. Last week, approximately 550 letters were sent to property owners whose land is affected by the Project, with 115 of those letters being sent to property owners who own land in Richland County. Per the permit conditions, we are required to purchase a property right, assumed to be a Flowage Easement, on approximately 3,700 acres within the properties in Richland County. The flowage easements will be acquired in accordance with State and federal law, and will be valued using an independent appraisal. The flowage easement will not restrict farming practices, but the flowage easements will include floodplain development restrictions, including development prohibition on approximately 420 acres of that total.

If you have any additional questions about the Project or the mitigation plans, please do not hesitate to contact us.

Sincerely,

Mayor Tim Mahoney
City of Fargo

Commissioner Tony Grindberg
City of Fargo

Commissioner Chad Peterson
Cass County

USDA

d States
rtment of
Agriculture

Risk
Management
Agency

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Att 7
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3/15/2019

April 5, 2011

Rodger Olson
15141 52st. SE.
Leonard, ND 58052

Dear Mr. Olson,

I received your March 31st letter regarding the City of Fargo's diversion study for the Red River. In your letter you stated that ultimately the project will divert and stage water up stream on to agriculture land adjacent to the river. Also, farmers in the affected area are questioning if they would qualify for insurance coverage on this acreage and what the limitations might be.

The Common Crop Insurance Policy Basic Provisions states the following in Section 12, Causes of Loss:
Insurance is provided only to protect against **unavoidable, naturally occurring events**. A list of the covered naturally occurring events is contained in the applicable Crop Provisions. All other causes of loss, including but not limited to the following, are NOT covered:

(a) Any act by any person that affects the yield, quality or price of the insured crop (e.g., chemical drift, fire, terrorism, etc.);
(b) Failure to follow recognized good farming practices for the insured crop;
(c) Water that is contained by or within structures that are designed to contain a specific amount of water, such as dams, locks or reservoir projects, etc., on any acreage when such water stays within the designed limit (however, if the producer planted on acreage that was above the designated staged elevation and additional moisture causes flooding of acreage above that level, any damage to such acreage would be covered as an insurable cause of loss).

The same Basic Provisions state in the definition of Prevented Planting - Failure to plant the insured crop by the final planting date designated in the Special Provisions for the insured crop in the county, or within any applicable late planting period, **due to an insured cause of loss that is general to the surrounding area** and that prevents other producers from planting acreage with similar characteristics. Failure to plant because of uninsured causes such as lack of proper equipment or labor to plant acreage, or use of a particular production method, is not considered prevented planting.

The Basic Provisions in Section 17, Prevented Planting also state "However, if it is possible for you to plant on or prior to the final planting date when other producers in the area are planting and you fail to plant, no prevented planting payment will be made……" Therefore, if the producer is delayed planting due to the water diversion while other producers are planting and when the land is finally dry enough to plant is then prevented from planting due to normal rain; **no prevented planting coverage is available on this**

acreage. Since the delay in timely planting the acreage by the final planting date would not be an unavoidable, naturally occurring event, prevented planting coverage is not available.

However, if the acreage that contains diverted water can still be timely planted to an insurable crop according to University recommended good farming practices, **insurance coverage will attach**. If the crop is planted after the end of the final planting date and in the late planting period the following reductions apply:

The production guarantee or amount of insurance for each acre planted to the insured crop during the late planting period will be reduced by 1 percent per day for each day planted after the final planting date.

(b) Acreage planted after the late planting period (or after the final planting date for crops that do not have a late planting period) may be insured as follows:

(1) The production guarantee or amount of insurance for each acre planted will be determined by multiplying the production guarantee or amount of insurance that is provided for acreage of the insured crop that is timely planted by the prevented planting coverage level percentage you elected, or that is contained in the Crop Provisions if you did not elect a prevented planting coverage level percentage;

(2) Planting on such acreage must have been prevented by the final planting date (or during the late planting period, if applicable) **by an insurable cause** occurring within the insurance period for prevented planting coverage; and

(3) All production from insured acreage as specified in this section will be included as production to count for the unit.

I hope this information is helpful in responding to producer concerns that might arise from this situation; if you have any additional questions, please contact our office.

Sincerely,

Doug Hagel
Director

2011 CROP INSURANCE FACT SHEET RELATED TO WATER CONTAINMENT AND DIVERSION PROJECTS

THIS FACT SHEET POINTS OUT CERTAIN FEATURES OF CROP INSURANCE AND IS NOT INTENDED TO BE COMPREHENSIVE. THE INFORMATION BELOW NEITHER MODIFIES NOR REPLACES TERMS AND CONDITIONS OF THE BASIC PROVISIONS, CROP PROVISIONS, OR COUNTY ACTUARIAL DOCUMENTS. Producers should always consult with their crop insurance agent for further clarification.

- Section 508(a)(1) of the Federal Crop Insurance Act states in relevant part: "To qualify for coverage under a plan of insurance, the losses of the insured commodity must be due to **drought, flood, or other natural disaster (as determined by the Secretary)**.

- Crop insurance is provided for losses due to **unavoidable, naturally occurring events**. This language is found in Section 12 of the Basic Provisions of the Common Crop Insurance Policy (11-BR).

- Causes of loss that are not covered are shown in Section 12(a)-(f) of the Basic Provisions. Section 12 (a)-(c) are shown below:

  Insurance is provided only to protect against unavoidable, naturally occurring events. A list of the covered naturally occurring events is contained in the applicable Crop Provisions. All other causes of loss, including but not limited to the following, are NOT covered:
  (a) Any act by any person that affects the yield, quality or price of the insured crop (e.g., chemical drift, fire, terrorism, etc.);
  (b) Failure to follow recognized good farming practices for the insured crop;
  ***(c) Water that is contained by or within structures that are designed to contain a specific amount of water, such as dams, locks or reservoir projects, etc., on any acreage when such water stays within the designed limit** (however, if the producer planted on acreage that was above the designated staged elevation and additional moisture causes flooding of acreage above that level, any damage would be covered as an insurable cause of loss).*

Therefore, a circumstance where land that is not planted or that is flooded solely due to a water containment or diversion project that otherwise would not have flooded or was not flooded by a naturally occurring event may not be an insurable loss. Flooding issues that may arise regarding compliance with applicable policy provisions and the insurability of crop losses will be reviewed and assessed by the Risk Management Agency.

- Section 1 of the Basic Provisions contains definitions, including prevented planting which states:
  - **Prevented planting** - Failure to plant the insured crop by the final planting date designated in the Special Provisions for the insured crop in the county, or within any applicable late planting period, **due to an insured cause of loss that is general to the surrounding area** and that prevents other producers from planting acreage with similar characteristics. Failure to plant because of uninsured causes such as lack of proper equipment or labor to plant acreage, or use of a particular production method, is not considered prevented planting.

- Section 17(d)2 of the Basic Provisions also states in relevant part, "However, if it is possible for you to plant on or prior to the final planting date when other producers in the area are planting and you fail to plant, no prevented planting payment will be made....."

If the acreage impacted by stored or diverted water can still be timely planted to an insurable crop according to recommended good farming practices (as determined by agricultural experts for the area, as defined in section 1 of the Basic Provisions), **insurance coverage will attach**. If the crop is planted after the end of the final planting date and in the late planting period the following reductions apply in accordance with section 16 of the Basic Provisions:

- The production guarantee or amount of insurance for each acre planted to the insured crop during the late planting period will be reduced by 1 percent per day for each day planted after the final planting date.
- Acreage planted after the late planting period (or after the final planting date for crops that do not have a late planting period) may be insured as follows:
  - The production guarantee or amount of insurance for each acre planted will be determined by multiplying the production guarantee or amount of insurance that is provided for acreage of the insured crop that is timely planted by the prevented planting coverage level percentage you elected, or that is contained in the Crop Provisions if you did not elect a prevented planting coverage level percentage;
  - Planting on such acreage must have been prevented by the final planting date (or during the late planting period, if applicable) **by an insurable cause** occurring within the insurance period for prevented planting coverage; and
  - All production from insured acreage as specified in this section will be included as production to count for the unit.
- The Late Planting Period (LPP) extends 25 days past the final planting date for most crops. Canola has a 15 day LPP.
- Forage Seeding does not have either Late Planting or Prevented Planting coverage available.

Final Planting Dates – The following final planting dates are applicable for crops in Clay and Wilkin Counties of Minnesota and Cass and Richland Counties of North Dakota:

Clay County, Minnesota
May 31 – Barley, Canola, Corn Grain, Forage Seeding, Oats, Sugar Beets, and Wheat
June 5 – Corn Silage
June 10 – Flax, Dry Beans, Potatoes, Soybeans, and Sunflowers

Wilkin County, Minnesota
5/31 - Barley, Canola, Corn Grain, Flax, Forage Seeding, Oats, Sugar Beets, and Wheat
June 5 – Corn Silage
June 10 – Dry Beans, Potatoes, Soybeans, and Sunflowers

Cass County, North Dakota
May 15 – Canola
May 20 – Dry Peas
May 31 – Barley, Corn Grain, Forage Seeding, Oats, Sugar Beets, and Wheat
June 5 – Corn Silage
June 10 – Dry Beans, Flax, Potatoes, Soybeans, and Sunflowers

Richland County, North Dakota
May 15 – Canola
May 20 – Dry Peas
May 31 – Barley, Corn Grain, Forage Seeding, Oats, Sugar Beets, and Wheat
June 5 – Corn Silage
June 10 – Dry Beans, Flax, Potatoes, Soybeans, and Sunflowers

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2011 CROP INSURANCE SPEAKING POINTS FOR WATER CONTAINMENT AND DIVERSION PROJECTS

❖ Crop insurance is provided for losses due to unavoidable, naturally occurring events.

❖ Acreage flooded by water contained by or within structures such as dams, locks or reservoir projects is not considered to be an insurable cause of loss if the water stays *within* the designed limit.

❖ Flood damage to acreage located *above* the design limit is considered to be an insurable cause of loss.

❖ Insurance coverage will attach to acreage impacted by stored or diverted water if the acreage can be timely planted to an insurable crop using good farming practices. Any subsequent loss must be from an insurable cause of loss occurring within the insurance period.

❖ Contact your local crop insurance agent to determine final plant dates, late plant and prevented planting procedure for your specific crop/county.

Summer Operation Supplemental Crop Loss Program

Introduction

The Project requires the temporary and occasional retention of flood waters immediately upstream of the southern embankment of the Project. The Diversion Authority will provide mitigation for properties in the upstream mitigation area, and the mitigation has generally been considered to be the acquisition of a permanent flowage easement and associated payment to the property owners, which is required by USACE. Generally, the permanent easement would restrict construction of structures/buildings, but it would allow the land to continue to be used for agriculture production including growing crops, livestock, and hay production.

The flowage easement is intended to provide compensation for impacts associated with the Project and is expected to be a one-time payment at the time the easement is purchased. Under this plan, the one-time payment for the flowage easement would compensate the land-owner for the potential impacts associated with delayed planting, prevented planting, debris, loss of development rights, etc.

The Diversion Authority recognizes the potential impact to the agricultural community on both the North Dakota and Minnesota side of the Red River, and has studied and considered supplemental mitigation solutions, which are greater than what has historically been provided to property owners. In recognition of: (a) the importance of the farm economy to the region; (b) that summer operation would damage growing crops; (c) and that summer operation of the Project is extremely unlikely, the Diversion Authority will adopt a Summer Operation Supplemental Crop Loss Program to provide additional assurance to producers in the upstream mitigation area. The Program would provide producers coverage for the risk associated with Project induced flooding on growing crops during the unlikely summer operation of the Project. The Diversion Authority understands and acknowledges that this program is important to the agricultural community because under these events, it is believed that producers may not be able to utilize the federal crop insurance program(s) for crop damages directly caused by operation of the Project. This program will be available for producers in the upstream mitigation area, which is defined as the area below the elevation of the spillway, which is expected to be 923.5 feet (NAV88). This is the same area where the Diversion Authority will obtain flowage easements.

Proposed Summer Operation Supplemental Crop Loss Program

The Diversion Authority, with the assistance of its insurance advisory, AON, has studied the cost of purchasing a private insurance product, and found that the premiums for the summer flood events may be cost prohibitive. As such, the Diversion Authority will create a self-funded insurance reserve fund for the Summer Operation Supplemental Crop Loss Program. The Program will compensate producers in the upstream mitigation area for crop losses directly caused by operation of the Project during the normal crop growing season.

Given the complexity associated with reviewing and administering crop loss claims, the Diversion Authority will seek the assistance from a neutral and independent third party to administer damage

claims associated with summer operation of the Project and to determine whether payments should be made from the Program. The Diversion Authority intends to coordinate with existing state agencies to determine if the state(s) could assist as the neutral and independent third party in administering any damage claims. The Diversion Authority will be developing additional information regarding the Program within the next 12 to 24 months. The Diversion Authority would be responsible to make timely payment claims based on the adjustment decisions of the third party agent.

Though there has never been a summer flood event in recorded history that would have triggered the operation of the Project, it is possible that an event could happen. If such a major rain event occurs during the normal growing season, and if the rain is significant enough to cause the Project to operate, flooding will occur on farmlands due to the rain event. It is envisioned that a producer could then submit a damage claim and then the claims adjuster would evaluate the claim to determine liability, if any for the damages. If the claims administrator and adjuster find the Project is liable, then the Diversion Authority would make the payment to the producer from its self-funded reserve fund.

To be eligible for the program, a producer must participate in a federal crop insurance program, have growing crops within the upstream mitigation area, and have notified the Diversion Authority of his/her intent to participate in the Summer Operation Supplemental Crop Loss Program. It is the Diversion Authority's understanding that agricultural producers obtain various rates of coverage through federal crop insurance program. Some are insured for 65 percent, others insure for upwards of 80 percent based upon the year and type of crop grown. The Diversion Authority's Program would provide 90 percent coverage for all crop damages directly caused by summer operation of the Project, regardless of year or crop grown.

Additional Background:

- The FM Diversion Project includes an upstream mitigation area for staging of flood waters as a necessary feature of the Project.
- USACE has defined a portion of the upstream mitigation area as an "operating pool". This area is necessary to offset the potential downstream impacts that would exist without upstream mitigation, and the operating pool is based on areas with potential impacts greater than 1-foot (generally).
- The upstream mitigation area extends beyond the "operating pool" for a total area of approximately 38,000 acres.
- The NDSWC and MDNR have suggested using the top elevation of the Limited Service Spillway, or the maximum pool elevation, which are both expected to be 923.5-feet, to define the area of mitigation.
- Mitigation is generally considered acquisition of a flowage easement and associated payment to the property owner, as USACE has mandated that the Diversion Authority obtain a flowage easement for areas within the Staging Area.
- The flowage easement will cover impacts associated with the Project, and is expected to be a one-time payment at the time the easement is secured. Under this plan, the flowage easement would cover impacts associated with delayed planting, loss of development rights, etc.

- The Diversion Authority has considered additional mitigation solutions such as Summer Operation Supplemental Crop Loss Program. One of the primary considerations of additional farm mitigation is to help ensure producers are covered for the risk of Project induced summer flooding on growing crops. Under these events, producers may not be able to tap into federal crop insurance.
- Based on insured values and crop types in 2014, along with the size of the upstream mitigation area, the total estimated maximum loss for all crops in the operating pool is approx. $20-25M. (Note that the value of agricultural commodities has decline significantly from 2014 levels. In some cases, the price of commodities have declined by up to forty percent (40%).)
- The Diversion Authority will self-fund the program. The Diversion Authority has the financial strength to sustain a self-funded insurance reserve fund in order to assume the risk of this type of event, given that the probability of events that would cause summer operation are extremely low, and given the O&M Funding Program that will be established.
- If this Program is utilized, the Diversion Authority would utilize an O&M Funding Program to fund/finance the costs associated the Summer Operation Supplemental Crop Loss Program payments.

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3/15/2017

Economic Forecasting & Industry Report

THE STATE OF NORTH DAKOTA

March 12, 2019

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I. Project Overview

North Dakota Legislative Assembly goals:

- The North Dakota Legislative Assembly sought the support of a professional services firm with the capabilities to support the state's revenue estimating and economic forecasting efforts.
- The Legislative Assembly required that a consultant either have or develop the economic modeling framework that can address how the economy impacts its revenue streams.
- The end-product required of the Legislative Assembly's consultant will be used for updating the 2017-19 biennium revenue forecast and developing the 2019-21 biennium revenue forecast.
- The information must be provided in context of both short- and long-term economic behavior (out to 2021 and 2025, respectively) with forecast expectations of the national economy as well as detailed economic forecasts specific to North Dakota's economy.
- All forecasted values will be provided in terms of a baseline, optimistic, and pessimistic scenarios with probability assignments to each outcome. And finally, in addition to their quantitative requests, the North Dakota Legislative Assembly requires the qualitative assessment of both national and local economic conditions and demographic trends that are driving these projections.

About IHS Markit

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- By providing in-depth analysis and forecasts down to the local level, IHS Economics team of over 300 of economists and analysts serve as valuable extensions to our client organizations' staff and provide the data and analysis they need to make high impact business and policy decisions.
- As much as possible, IHS Markit has utilized our existing US Macroeconomic and Regional modeling infrastructure to meet the Legislative Management's economic forecasting requirements. This allowed IHS Markit to immediately begin the more detailed work on behalf of the State tax revenue models and minimized the development cost associated with building new models.

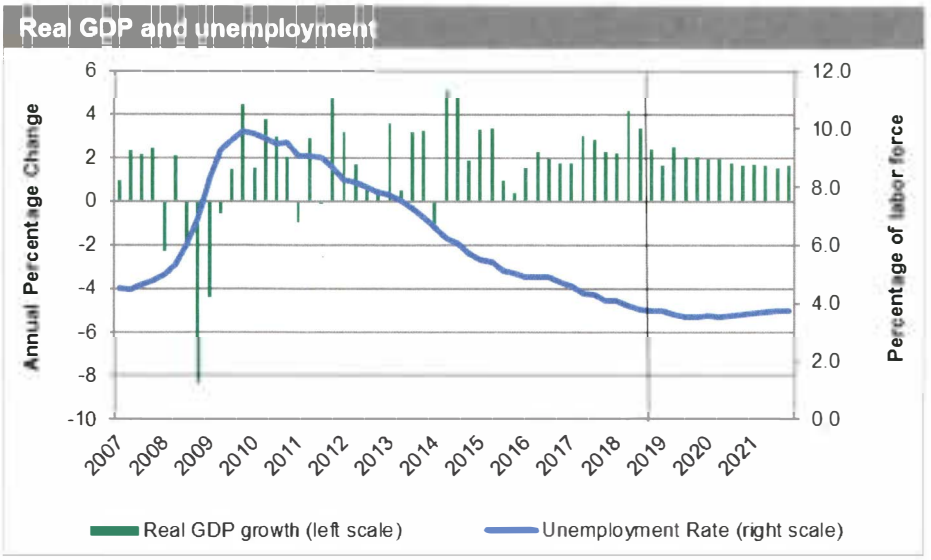
II. Major Economic and Demographic Drivers in the North Dakota Economy

US Macroeconomy

OVERVIEW

Financial conditions improve as Fed Pauses; US growth slows

- Strong 3.4% growth in the third quarter was paced by robust consumer spending, with expenditures on durables, nondurables, and services all rising strongly. Growth slipped in the fourth quarter to 2.6% (our estimate) largely because inventory gains weakened
- The fundamentals for the US economy remain sound. With the recovery in financial conditions, aided by the Federal Reserve's pause in hiking interest rates, moderate growth around 2.1% will continue through 2019.
- Abstracting from inventory and net export swings, final sales to domestic purchasers rose a robust 3.1% in 2018, roughly matching the gain in GDP.
- Slowing global growth, a strong dollar, fading fiscal stimulus, tightening monetary policy, weaker stock prices, the effects of recent tariffs, and approaching capacity constraints point to a material slowing in the pace of US growth in 2019 to just 2.1%.
- Labor markets are expected to tighten somewhat further, with the unemployment rate expected to reach a cyclical low of 3.6% this spring, where it will stay through 2020 before gradually rising as growth drops below trend. Slowing global growth, soft commodity prices, and steady inflation expectations are keeping inflation in check.
- Risks of a downturn rise as the US transitions from above-trend growth in 2018–19 to below-trend growth in 2020
- Inflation by a variety of measures slipped from the first half of last year to the second half, thanks in part to steady-to-declining oil prices after a jump from 2017 levels and slowing import price inflation as the dollar rose sharply over the year.
- Those same developments will help to subdue headline inflation early in 2019, while we expect core inflation to move up to 2% after a soft run last year
- If trade talks falter and the United States goes ahead with the proposed jump in tariff rates, inflation could temporarily prove a few tenths of a percentage point stronger than forecast here
- Inflation fundamentals are still expected to push personal consumption expenditure (PCE) price inflation to 2.2% by 2022
- We now expect only one more funds rate hike in 2019 and one more in 2020, to just 2.90%.
- The 10-year Treasury -note yield averaged 3.03% in fourth quarter 2018, and is expected to edge up to 3.28% by fourth quarter 2020.



Trend growth of 1.9%; near-term growth modestly higher

- On the supply side of the economy, we project potential, or trend, GDP growth of 1.9% per year through 2029, but there is a shift in the contributions to growth away from growth in the labor force and towards growth in productivity. Growth of full-employment (or "potential") productivity is projected to rise from 1% in 2018 to roughly 1.7% by 2023. However, most of that increase is accounted for by an assumed increase in the growth of total factor productivity. The contribution from capital deepening, consistent with our forecast of business fixed investment, averages around 0.8 percentage point. Growth of the labor force slows both because population growth slows and a near-term cyclical rise in the participation rate gives way to a secular decline driven by aging of the population.
- GDP growth from the third quarter of 2018 through the second quarter of 2020 is projected to average 2.1%, roughly 0.2 percentage above our estimate of potential growth. The second half of 2020 sees a transition from above-trend to below-trend growth that then persists all the way through 2025.
- Through mid-2020, several factors will support growth of aggregate demand modestly above trend: 1) the 2017 Tax Cuts and Jobs Act is still supporting private final demand while the Bipartisan Budget Act of 2018 is still supporting government spending; 2) interest rates, while rising, remain low; 3) recent gains in wealth, employment, and compensation, along with still-elevated consumer confidence, support solid growth of consumer spending; 4) a further increase in housing starts is necessary to accommodate annual household formations, projected at nearly 1.4 million, without continuous declines in the housing vacancy rate; and 5) foreign growth, while having peaked, remains supportive of US exports.

- Real GDP growth in 2018 was boosted 0.55 percentage point by the combination of increases in federal consumption and investment (C&GI) and changes in private inventories. However, as the ramp-up in federal discretionary spending (predicated on the Bipartisan Budget and Consolidated Appropriations Acts of 2018) flattens in mid-2019, the contribution to growth from federal C&GI turns negative by 2020. Furthermore, we judge inventory stocks to be adequate entering 2019, so the contribution to growth from inventory investment drops from 0.3 percentage point in 2018 to near zero in 2019. Together, these contributions more than account for the swing from above-trend GDP growth in 2018 to below-trend growth by 2020.

Energy prices are partly responsible for the recent pause in inflation

- The consumer price index (CPI) reports suggest that PCE inflation remained quiet through the end of 2018. The overall CPI was unchanged (0.0%) in January for the third straight month, reflecting a 3.1% decline in the energy CPI; the core CPI increased 0.2%. The 12-month change in the core CPI was 2.2%.
- Energy prices are partly responsible for the recent pause in inflation. The spot price of Brent crude oil bottomed out at $60/barrel in late December, a decline of more than 40% from its early-October peak, lowering production and transportation costs across multiple sectors. The dollar's strength has been another dampening force. Powered both by trade disputes and expectations of higher interest rates, the Federal Reserve's broad trade-weighted dollar index peaked in December at its highest value since April 2002, dampening price growth of imported goods as well as goods that compete with imports.
- Starting at the beginning of 2019, these inflationary pressures began to gently reverse. Oil and other commodities have posted modest rebounds. The IHS Markit Materials Price Index (MPI) increased for each of the five weeks ending 3 February, although individual commodities charted varied paths. (Ironically, this bounce has been enhanced by the recently more-dovish tone of Fed communications, which were likely influenced in part by the muted inflation environment.) The dollar fell about 1.2% in January. However, a sharp uptick in inflation is unlikely; lingering effects of these dampening forces will remain, global demand is softer, and some firms continue to report limited pricing power, suggesting that any firming of inflation is likely to be gradual.
- We have modestly revised downward our core inflation outlook, but still expect core inflation to gradually firm. We expect energy prices to perk up modestly in mid-2019, though we do foresee another dip in 2020, which will help to hold down the rise in core inflation. The primary fundamentals supporting inflation (aside from energy) remain: labor markets are tight, consumer demand is stable, and inflation expectations remain well-anchored. Furthermore, the full effect of tariffs may not yet have been felt. The inflation-adjusted value of the dollar is expected to continue to fall—by 2% more than in the previous forecast in 2020, thanks to the Federal Reserve's U-turn on rate hikes.
- Wage growth remains the bright spot in the inflation picture. The 12-month increase in average hourly earnings in January was 3.2%, well above readings in the mid-2% range just over one year ago. The Employment Cost Index

increased 2.9% year on year in the fourth quarter of 2018, the joint-strongest since the third quarter of 2008. Private sector wage and salary inflation scored a 3.1% growth rate.

Growth in business fixed investment peaked last year, and boost in growth from inventory-building is likely done

- Growth of business fixed investment is estimated to have to peaked last year. After rising 5.3% in 2017, business fixed investment picked up to growth of 6.8% last year and is expected to slow to 3.6% this year. Beyond 2019, business fixed investment grows at an average annual rate of about 2.8% through 2023. Driving this forecast is a pickup and then slowdown in growth of nonfarm business-sector output. As output growth rose—from 1.6% in 2016 to 3.5% last year—businesses stepped up investment in plant and equipment so that capacity could keep pace with sales. As output growth slows in the forecast, so too will growth of investment spending.
- Also contributing to the projected slowdown in investment spending are recent financial stresses, as indicated by the widening trend in risk spreads over the last year, recent declines in oil prices, and (arguably) uncertainty surrounding US trade policy. The decline in oil prices contributes to slowing fixed investment in structures, and spending growth in the mining and petroleum component dramatically downshifts from 30.1% last year to only a 1.0% average over 2020–23. Equipment spending growth is expected to slow from 7.3% last year to a 2.7% average over 2020–23. Investment gains in intellectual property products (IPP) slow from 7.3% last year to 3.0% per year over 2020–23.

Net exports resume declining trend as dollar remains elevated

- The United States nearly became a petroleum net exporter in November, as the petroleum deficit shrank to an all-time low of $623 million. The nonpetroleum deficit also narrowed in November, although it is still expanding in size and relative to GDP. In 2009, it amounted to 1.2% of GDP; it was 2.8% in the third quarter of 2018.
- Wider trade deficits translate into a larger foreign debt. The BEA reported that the US net international investment position decreased by $782 billion (i.e., the foreign debt got bigger) to −$9,627 billion at the end of the third quarter of 2018, although nearly all the increase can be traced to price and exchange-rate changes.
- This forecast includes all tariffs and retaliations that have been imposed to date, including 10% tariffs on $200 billion of goods imported from China that went into effect in late September 2018. This tariff rate was originally scheduled to increase to 25% effective 1 January 2019. However, in early December, the Trump administration announced a 90-day delay in the step-up until early March 2019; the forecast assumes that the rate stays at 10%.
- The nominal, broad dollar peaked in the fourth quarter of 2018. We expect it to slowly edge down by about 3% through the end of 2022. The projected path

for the nominal dollar in this month's forecast is lower than in last month's forecast, largely reflecting the softening of US interest rates and the new dovish tone recently communicated by the Federal Open Market Committee.

- Net exports have been on a declining trend since early 2014. We look for this to continue over the next few years, with net exports subtracting an average of 0.2 percentage point per quarter from GDP growth through 2022. Note that the forecast does not incorporate the November trade release. Had it, trade's contribution to fourth-quarter GDP growth would have been +0.1 percentage point, instead of the forecast -0.87 percentage point.

Focus on China

- China's GDP growth decelerated to 6.6% in 2018, down 0.2 percentage point from 2017, according to a 21 January release from the National Bureau of Statistics (NBS), in line with the IHS Markit forecast. The deceleration was present across sectors.
- China's economy is becoming more dependent on the services sector, as it accounted for 59.7% of nominal GDP in 2018, or 0.1 percentage point high than a year earlier.
- Relaxation of pollution curbs by the Xi government helped industrial-sector growth to increase by 0.5 percentage point q/q in the fourth quarter. On the demand side, domestic consumption saw a huge jump in 2018, rising by 18.6 percentage points over its 2017 value of 76.2%. One the other hand, net exports were a drag on real growth in 2018 (down 8.6%), whereas 2017 saw net exports yield a positive contribution to growth (up 9.1%), a reflection of softening global demand and trade war uncertainty.
- It's important to note that China's economy has critical weaknesses beyond exports, as lethargic fixed investment growth (a result of the deleveraging campaign that has substantially tightened credit conditions) has weakened consumer demand, especially on purchases of big-ticket items. Imports for domestic use have also declined, falling 3.4% y/y in December. Manufacturing purchasing managers' indexes (from both IHS Markit and the NBS) have fallen into negative territory (below 50). In response to widespread economic weakening, the Chinese government has signaled since late 2017 that it will shift policy towards stability preservation, easing the pace of the deleveraging and relaunching stimulus policy; however, their ability to do so is still constrained by the massive debt overhang.
- In this downturn, however, the Chinese government has far less control over the trade war with the United States, since much remains up in the air. Recent news concerning the trade talks have been optimistic, with reports of both sides nearing a deal and hopes rising that the framework of said deal could be finalized in a meeting between President Trump and Chinese President Xi Jinping, although a meeting date has not yet been set. If an agreement is not reached by the 1 March deadline, the current 10% tariffs on $200-billion worth of Chinese exports to the United States will escalate to 25%, and Beijing will surely respond with much stronger stimulus policies. We have not included this

escalation in our baseline forecast due to the trade truce announced at the G20 meeting in Argentina by Trump and Xi. That aid, the direct short-term impact of the current tariffs should not be alarmingly significant because the tariffs, relative to China's large economy, account for just 0.3% of GDP.

Employment levels to remain strong

- The unemployment rate bottoms out near 3.5% in 2019 and rises towards the full-employment unemployment rate for most of the remaining forecast, eventually settling around 4.8%.
- Slower long-run increases in the labor force indicate more moderate long-run employment growth in the future. Total civilian employment will rise at an average annual rate of 0.6% from 2018 to 2048. Total establishment employment will rise from 153 million in 2018 to 184 million in 2048. Manufacturing's share of total employment will continue to decline over the forecast period, falling to 6.8% in 2048, from 8.5% in 2018. The broad service sector will generate an increasing share of employment growth in the forecast period, although the federal government's share of employment will decline during the forecast period.

The federal budget remains in deficit through 2048

- The federal budget remains in deficit through 2048. With the economy growing faster than the pace of government spending, the government sector's share of GDP will decline over the forecast period. The state and local government sector maintains the dominant share of total government purchases, growing from 62% in 2017 to 66% in 2048. At the federal level, the military accounted for 60% of federal purchases in 2017, and accounts for 59% in 2048.

Growing more slowly but not slumping - yet

- Growth is slowing in most of the world's key economies. At best, these economies are reverting to trend. More worrisome is the rising risk that growth will drift below trend. Perhaps an even bigger problem is that potential growth everywhere has been drifting down because of diminishing labor-force growth rates and sluggish gains in productivity.
- IHS Markit projects global growth to slow from 3.2% in 2018 to 2.9% in 2019 and 2.8% in 2020.
- As growth slows, vulnerability to shocks will increase, leading to rising recession risks in the next few years. In the near term, trade tensions are, arguably, the single biggest threat to world economic growth. Despite these growing near-term threats, we believe that the probability of a recession in 2019 is still relatively low largely thanks to continued policy accommodation.

Bottom line for the US economy

- The fundamentals for the US economy remain sound. That, together with the recovery in financial conditions, aided by the Federal Reserve's pause in hiking rates, suggests that moderate growth around 2.1% will continue through 2019.

- Recent volatility in financial conditions has been fed by slipping confidence in the strength of the global expansion. That stems in part from signs of slowing growth abroad, rising uncertainty over a trade war, and heightened fears that US rate increases will slow growth more than previously expected, perhaps culminating in a recession.
- Labor markets are expected to tighten somewhat further, with the unemployment rate expected to reach a cycle low of 3.6% this spring, where it will stay through 2020 before starting a gradual rise as growth drops below trend. Globally slowing growth, soft commodity prices, and steady inflation expectations are keeping inflation in check.
- Risks of a downturn rise as the United States transitions from above-trend growth in 2018–19 to below-trend growth in 2020.

Real GDP and its components

Percent change	2017	2018	2019	2020
Real GDP	2.2	2.9	2.4	2.0
Consumption	2.5	2.7	2.6	2.4
Residential investment	3.3	-0.2	-0.8	4.1
Business fixed investment	5.3	6.8	3.6	2.8
Federal government	0.7	2.8	3.7	0.5
State & local government	-0.5	1.0	1.3	1.1
Exports	3.0	4.0	3.9	5.3
Imports	4.6	4.9	5.7	6.0

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Key indicators

Percent change	2017	2018	2019	2020
Industrial Production	1.6	4.0	2.7	1.5
Payroll employment	1.6	1.7	1.7	0.9
Light-vehicle sales (million units)	17.1	17.2	16.8	16.6
Housing starts (million units)	1.2	1.3	1.3	1.4
Consumer Price Index	2.1	2.4	2.0	2.1
Core CPI	1.8	2.1	2.2	2.3
Brent crude oil price (USD/barrel)	54.8	71.0	68.5	65.0
Federal funds rate (%)	1.0	1.8	2.5	2.8
10-year Treasury yield (%)	2.3	2.9	2.9	3.2

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North Dakota State Economy

A stabilizing year for the North Dakota economy

- North Dakota's overall state economy has performed with the volatility of a rollarcoaster ride mainly due to its local ties to the energy economy, and most recently, the state has began its upward climb. Losses associated with the oil industry began to soften over the latter part of 2016 and slowly grew in 2017; we expect the upward momentum to continue over the next few years.
- While the western part of the state remains heavily dependent on the Bakken formation and the oil industry, the metros in the eastern part of the state have made strides in diversifying their economies over the years and no longer have huge dependence on the oil industry.
- Employment will expand at a 1.2% average annual pace from 2017 to 2022, outpacing national average (0.9%). Employment plunged in 2016, and remained relatively weak through much of 2017. Prospects will pick up markedly in 2018 as the energy industry begins to be a positive force on the state economy again.
- By the third quarter of 2019 we expect overall employment growth to be solid, increasing by 1.9% y/y.
- Despite low oil prices we remain optimistic about the longer-term prospects for North Dakota's energy industry. It was a very challenging time over 2015–17, but as energy firms become more efficient and prices recover so will drilling activity in the Bakken, which will create economic opportunities over the medium term.

North Dakota's labor market has been up-and-down since early 2017

- Employment prospects have improved markedly from the devastating losses in 2015 and 2016. Employment fell 0.7% year over-year (y/y) in the second quarter of 2018, but quarter-over-quarter growth was strong, indicating a recent turn for the better.
- The dramatic downturn in oil exploration crippled the broader state economy with sectors tied to the oil industry simply tanking. Those poor performing energy-related sectors are finally trending higher again thanks to oil prices that are well above the early 2016 lows and rig counts that have been increasing since May 2016.
- Mining employment surged by 15% y/y during the second quarter of 2018 as activity picks back up in the Bakken. It is important to note that levels are severely depressed (mining jobs are still at early-2012 levels), so the high growth rates are indicative of a low base with a long way to go.
- The trade sectors are also showing signs of life after being hit incredibly hard.
- Transportation and warehousing employment had a poor second quarter (down 0.3% y/y) but it had been one of the most consistently growing sectors since early 2017. This looks to be a bump in the road as increased upstream activity will inevitably lead to more trucking-related hiring as that sector rebounds from double-digit declines over the second half of 2015 and all of 2016.
- The construction sector has yet to show sustained strength since the oil downturn, but conditions are improving.

- Service sector growth has been disappointing but there have been signs of a turnaround in the leisure/hospitality, finance, and professional/business sectors, with all experiencing strong quarter-on-quarter growth from April to June.
- The construction, natural resources, and mining sector will be among the top-performing sectors over 2017–22 due to strength in the middle years of the outlook. Professional and business services will be the top job creator and represent a consistent source of employment growth.

The state of the US oil industry will be a dominant force behind the performance of North Dakota's economy over the next several years

- The good news is that oil prices have firmed and US oil production is ramping up.
- The Bakken, however, has not seen growth as robust as other areas, particularly the Permian in West Texas, which has been the epi-center of production growth following the oil price downturn. With that said, rig counts in the Bakken are on the rise, albeit slowly, with North Dakota rigs range-bound in the 50s from July 2017 to July 2018 but well above the low of 22 in mid-2016.
- With oil prices remaining firm the state could break through the 50-rig ceiling and climb higher in the coming quarters. Before the crash, rigs in North Dakota peaked at 189 in late 2014, so there is a ways to go to get back to previous rig activity.
- Production will be faster to rebound since efficiency has improved dramatically over the past few years. Any way you slice it, the rebound in Bakken activity has not been "V" shaped and is adding an extra layer of volatility to the employment data. Conditions are slowly improving, which is a big plus for the broader economy.

Labor force and demographics

- In 2016, North Dakota was the 47th-largest state by population. The state's total population increased by just 0.1%, to nearly 760,000. This is well below the 2.0%-plus average seen during 2011–15 when the state was one of the fastest growing in the nation. The mass in-migration sparked by the oil industry was the main driver behind the outsized population growth, and there was payback as oil field workers left the state. Population growth will pick up in the coming years along with upstream energy activity.
- One trend that has not changed is the declining share of the state's population living in rural areas. North Dakota had been losing rural population steadily since 1984, with rural residents' share of the total population decreasing from 66% in 1975 to 56% in 2000. Most of this decline was during the 1980s farm crisis, when both rural and metropolitan areas saw residents relocate to other states. More recent data from the decennial census show that in 2010 this share fell further, to 52%. Although this population decline has recently decelerated, due largely to the influx of people to rural northwestern North

Dakota for the Bakken shale play, it is still under way because of ongoing migration from rural areas to the state's metropolitan areas such as Fargo and Bismarck.

- North Dakota boasts a well-educated work force: its educational system has the nation's highest percentage (92%) of ninth-graders who go on to graduate from high school; the national average is 82%. In addition, the state has a significantly higher proportion of population possessing at least an associate's degree, which stood at 43% in 2016, in comparison to the national average of 40%.

Economic structure

- North Dakota has one of the smallest concentrations of industrial jobs in the country. In all, manufacturing firms make up just 6% of nonfarm employment, versus the national average of 9%. Industrial activity is driven by a few segments: agricultural and construction machinery; food products; printing and publishing; transportation equipment; fabricated metals; and stone, clay, and glass.
- Agriculture has a large influence on the state's manufacturing economy, affecting local agricultural machinery manufacturers, as well as transportation providers. Major local manufacturers include Melroe/Ingersoll Rand, Imation, Marvin Windows, and American Crystal Sugar.
- The most notable economic change is the recent explosion of growth in the energy sector due to the Bakken shale. While the mining and natural resources sector still accounts for only 5.0% of North Dakota's total nonfarm employment, this is up from just 1% 10 years ago. Although the Bakken shale region has experienced quite a boom since the mid-2000s, the low-oil-price environment that emerged in late 2014 and has continued through 2015 and 2016 has led to a dramatic decline in upstream energy activity although the longer-term prospects remain relatively bright for the Bakken play.
- Fargo generates almost one-third of both jobs and gross state product. The metro area serves as a center for farm-related trade, distribution, and manufacturing, and has a large service sector that is highly concentrated in the healthcare and other knowledge-based industries. Fargo's low-cost structure makes it ideal for the back-office operations of many financial services firms, including Wells Fargo.

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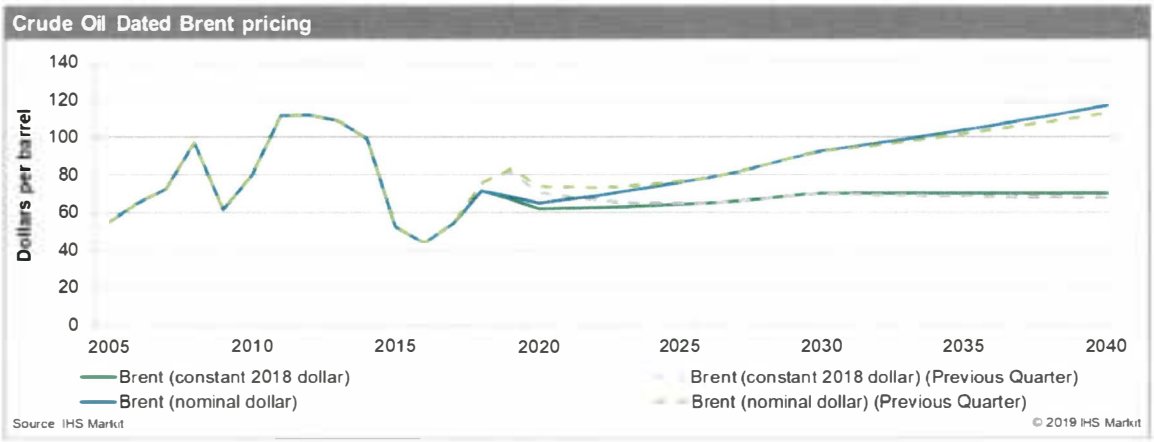
III. Special Industries

Oil

North Dakota's oil production sectors have grown significantly in their importance to the state's economy over the past ten years. As state legislation has been updated to better reflect the industries' importance and improve capture of related revenue streams in royalties, extraction and production, oil price forecast accuracy is essential for stable budget projections.

IHS Markit's Energy division maintains a forecast on oil prices and production for much of the world and updates models regularly to stay abreast of changes among operators and within the industry. IHS Markit has lowered its 2019-2024 price outlook compared to the 4Q2018 Long-Term price outlook, reflecting the rapid supply growth from the US, which has compelled the "Vienna Alliance" to return to a supply management stance. The near-term Brent price outlook has been lowered to an average of ~$68.5/bbl for 2019 and ~$65/bbl in 2020. During the forecast horizon of 2019-2021, the outlook assumes that WTI averages about $60/bbl.

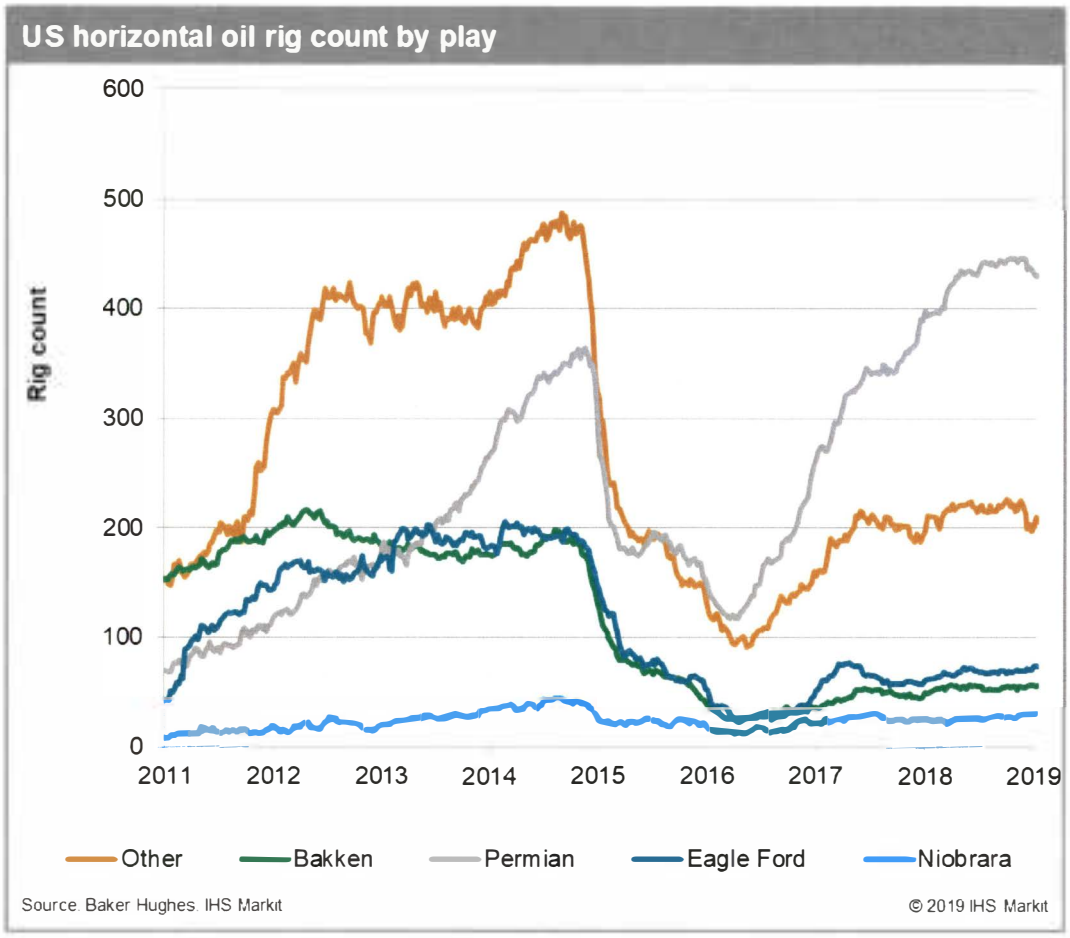


While North Dakota is out of the energy-induced recession, it still has a long way to go to get back to its 2014 peaks.

- The energy sector is moving in a positive direction, with prospects towards growth over the near term.
- The state of the US oil industry will be a dominant force behind the performance of North Dakota's economy over the next several years.
- While the oil correction is behind us, an important pivot point for North Dakota is ahead, as the state transitions from recession into recovery.
- The oil-related jobs that were aggressively cut when oil prices fell in 2015 and 2016 are expected to transition into large-scale hiring as field activity picks up. Employment is projected to increase in 2019 as the energy industry slowly recovers.

Rig counts and mining employment

Rig counts in the Bakken were on the rise, albeit slowly, with North Dakota rigs range-bound in the 50s from July 2017 to December 2018 but well above the low of 22 in mid-2016. However, US rig count growth appears to have plateaued for now.



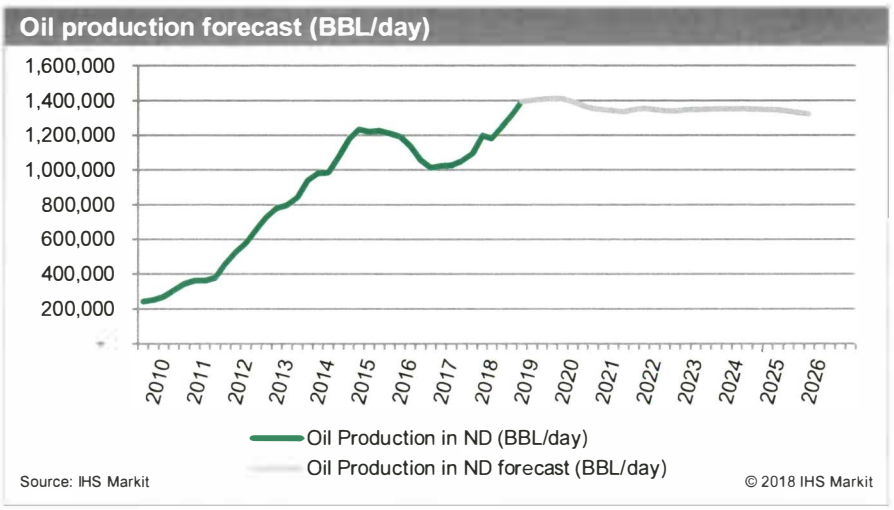
While we observed peaks in trends for revenue collection streams during the 2011/2012 expansion period, sales and use tax revenues were most strongly correlated with new well counts. Increases in construction and investment spending related to the oil industry overshadows other industry activity in North Dakota.

Following the guidance of NDLM and local industry experts, and due to extreme uncertainty that surrounds oil prices and production, we elected to provide a more conservative long-term forecast based on a flat monthly well completion trend of 80, in addition to IHSM's more optimistic well completion forecast. For reference, IHSM's well completion forecast ranges from 15% to 30% higher on a monthly basis over the 5-year analysis period.

> "Operators set their capital budgets on an annual basis. They will adjust to price swings, but operator spending plans are unlikely to change on a few dollars change in oil price. The most important considerations are current and projected price when operator capital budgets are set, so 6 months reaction time is reasonable." *--Imre Kruger, IHS Markit-Energy*

Investment Outlook

The uptick in Bakken production is expected to peak in 2019/2020, over the short-term. From late 2015 to present, the number of drill days reduced from 14 days to about 11 days. Pad drilling is more common today, which enhances spud-spud rates for rigs as well. Drill days have been flat at 10-12 days for the past 2 years, and we expect drill days to remain flat. Recent efficiency gains that have reduced well costs by $50k or so won't affect investment behavior. Regardless of drill days, the overall drilling and completion costs remain similar [to costs prior to efficiency gains]. However, with the most recent efficiency gains, operators can do more with fewer rigs today compared with 2015-16.



Barrel per day production from the Bakken is expected to peak in 2019, with y/y increase averaged at around 10% in daily production between August 2018 and 2019, peaking in winter 2019/2020, and then falling gradually through the remainder of the biennium.

Local industry experts have highlighted risks specific to North Dakota's oil and gas industry, which IHSM has considered in its forecasts, among which are:

- High potential for workforce shortages
- Changes to natural gas flaring regulations, which require capture/utilize rates from 85% of natural gas produced to 88% starting in fourth quarter of 2018. The challenges surrounding the development of gathering line infrastructure have led to additional difficulty and cost among some operators, particularly those drilling outside the core 4-county region, in meeting the new capture regulations. Many operators are already complying with the 88% flaring requirement, and most activity is expected to stay in the core area, so these risks are limited.
- Extreme weather, particularly in winter months.

IHS Markit Assumptions for Average Wells and Profitability

IHSM calculations for a second quintile well, a typical example for this region, (21-40% performance ranking per lateral ft), with the following estimates:

> DRILLING AND COMPLETION CAPEX: $7-8MM
> WELL LIFE: 30 YEARS
> PAYBACK PERIOD: 27 MONTHS

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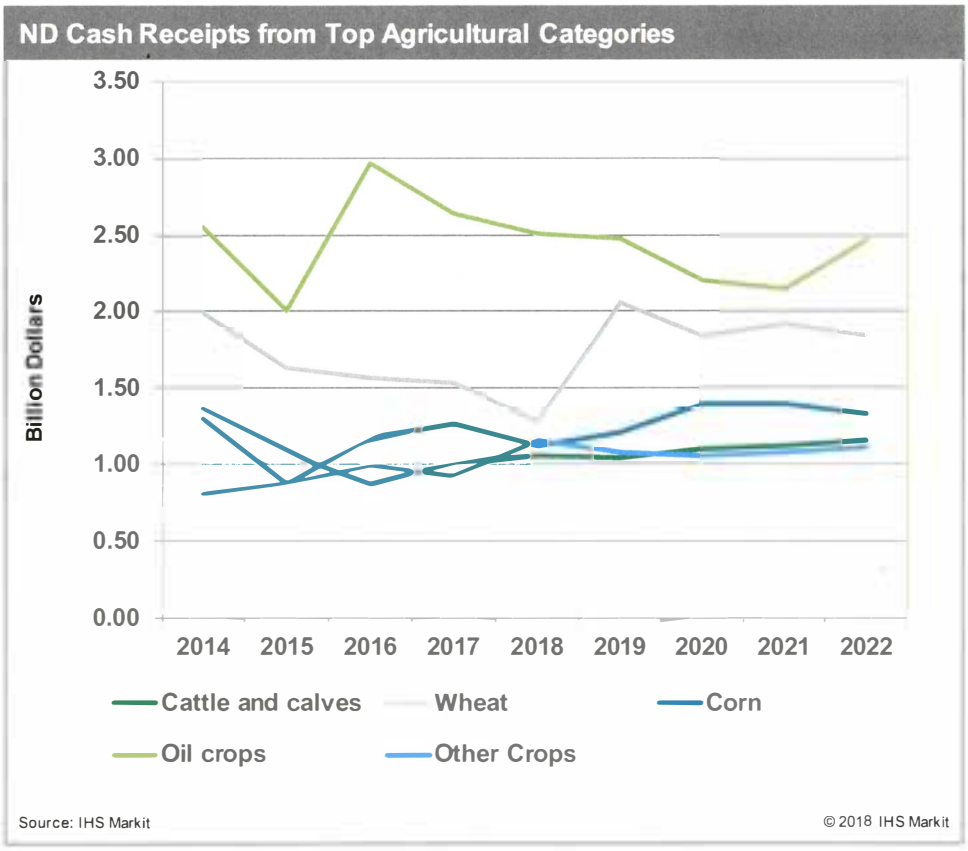
Agriculture

IHS Markit acknowledges the importance of the agricultural industry to the North Dakota economy. Agriculture influences the state's manufacturing economy, most noticeably in local agricultural machinery manufacturers but also among transportation providers. CNH (Case New Holland) in Fargo, previously known as the Steiger Tractor plant, is a tractor assembly plant which is an example of the interconnectedness - the lines of equipment they build in the Fargo plant saw considerable strength in second half of 2018, coming off of several down years that resulted during a weaker ag economy. The sales pace for the larger articulated tractors such as those built in Fargo has become more erratic in recent months, a sign that the pent up demand may be catching up and growth will be more tempered in 2019 than in 2018.

North Dakota's agricultural mix is diverse with crops from soybeans to hay and pulse crops all being important contributors to the Ag economy. We have provided the outlook for some top 4 commodities for reference.



Oilseed

- North Dakota is a top producer of oilseed crops generating over one-third of the states total agricultural receipts. Soybeans top the list of important crops in

the state bringing in over $2 billion. North Dakota's canola crop is the country's primary domestic source of canola valued at $445 million in 2017. North Dakota also ranks first in sunflower and flax seed output.

- Current trade tension with China and the US has hit the soybean market hard, reduced exports and rising crop inventory levels have reduced price prospects considerably. US Soybean stocks are expected to double to roughly 900 million bushel, pressuring prices down by nearly a dollar per bushel.
- The Canada canola crop came in as the second-best on record, according Agri-food Canada. Given the continued strong production outlook in Canada as opposed to the dwindling domestic production estimates in the EU, Canadian canola price softens in relation to the EU rapeseed price.

Soybean

With the continuation of the trade conflict with China we have elected to lower US soybean plantings for the 2019/20 season to 86.2 million acres and at this time in our opinion should represent the lower end of where 2019/20 soybean area eventually settles out. Prices are much lower than last year at this time but the soybean to corn price ratio is still in neutral territory. However with surging stock piles the greater story will come in the 2020/21 season with area dropping to 82.2 million acres to keep prices at a supported level. For 2019/20 total US soybean production will fall from 4.6 billion bushels to 4.2 billion bushels.

2018/19 US soybean crush is anticipated to reach a new record high of 2.08 billion bushels and mostly maintains that level in 2019/20 from both domestic and foreign demand for co-products. US soybean exports have been revised lower this forecast to 1.88 billion bushels and this level should still be viewed as overly optimistic given the US weekly export reports. The last report dated 27 December, due to the government shut down, indicated that if US exports wanted to align to their ten-year average pace for this time of the year, total exports for the 2018/19 season would only reach 1.65 billion bushels. We have revised our 2018/19 ending stock level to 970 million bushels and rises to 1.0 billion bushels in 2019/20. The average farm level price for soybeans sets at $8.85 per bushel and rises slightly to $8.96 per bushel in 2019/20. This supportive price forecast carries a large amount of downside risk if 2018/19 exports fail to meet our expectation and acres come in above 86 million acres in 2019/20

Wheat

Wheat crops account for nearly one-fifth of North Dakota's agricultural cash receipts and with a production value of $1.3 billion in 2017.

- North Dakota wheat producers saw exceptional yields in 2018 with Durum production up 31% y/y and Other Spring are projected to increase 50%. Price prospects for the 2018 US wheat crop are favorable – up 10% y/y for the 2018

crop. As wheat is the most internationally diverse crop grown, price strength generally doesn't last too long without event changes.

- USDA reduced global ending stocks estimates in 2018/19 crop year as rest of world production has fallen and US production is doing well, indicative that the current wheat crop should be very positive for ND farmers.
- US winter wheat plantings have been revised lower this forecast and now are expected to come in below 2018/19's weak level of 32.5 million acres. Durum wheat plantings are forecast at 2.1 million acres, up very slightly from 2018/19 while other spring wheat plantings rise to 13.3 million acres. All wheat plantings for 2019/20 are seen falling from 47.8 million acres to 47.7 million acres. With yields increasing to 48.5 bushels per acre production gains season over season to just below 2.0 billion bushels.
- 2018/19 food seed and industrial use rises to 969 million bushels, is unchanged from the previous forecast and rises minimally to 970 million bushels in 2019/20. Feed and residual rises to 103 million bushels in 2018/19, gains further momentum rising to 110 million bushels in 2019/20 but still lags its ten-year average. 2018/19 US wheat exports have been revised higher to 945 million bushels and increases to 1.0 billion bushels in the following season. The 2018/19 all wheat average farm price has been revised higher to $5.10 per bushel and rises to $5.64 per bushel in 2019/20. Given the smaller US domestic use, if US exports fail to meet our expectations, prices will be under bearish pressure.

Corn

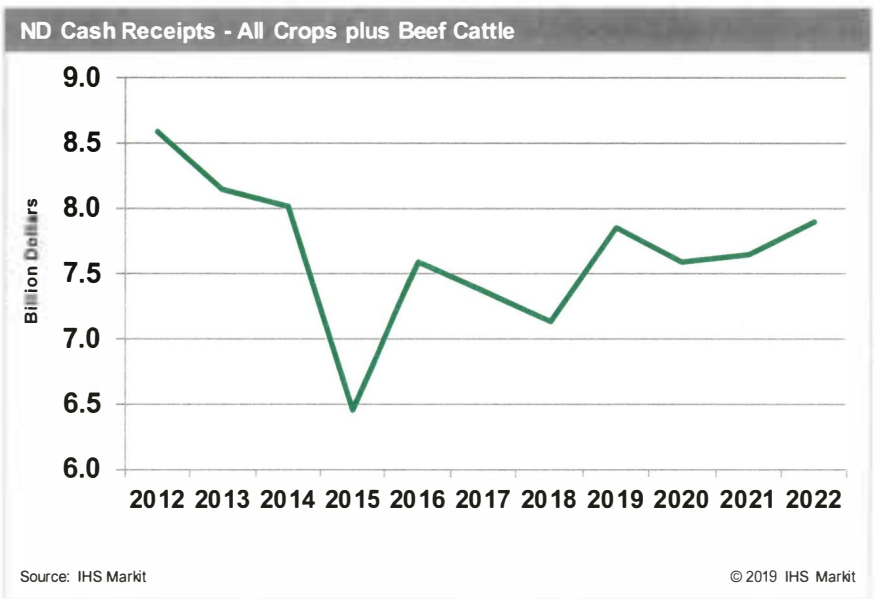
Broadly, corn is the third most valuable crop in North Dakota, valued at $1.3 billion in 2017, but ND accounts for less than 3% of US agricultural receipts for corn.

2019/20 corn plantings have been revised higher this forecast as the US and Chinese trade conflict continues keeping soybean prices under pressure. New crop corn plantings are seen reaching 92.3 million bushels and with trend line yields of 170.1 bushels per acre production declines season over season from 14.6 billion bushels to 14.4 billion bushels. As stocks continue to tighten, US corn acres are expected to rise further in 2020/21 to 93.1 million acres.

Feed and residual use is set to reach 5.5 billion bushels in 2018/19 as the crop size rises and livestock production continues to rise. 2019/20 feed and residual use falls slightly to 5.41 billion bushels as the crop size shrinks and prices rise. With the slowing of US weekly ethanol production, corn for ethanol has been revised lower season over season to just under 5.6 billion bushels. If weekly ethanol production continues to fall this level may be reduced in upcoming forecast. Corn demand for HFCS remains flat in 2018/19 at 460 million bushels but does rise slightly in 2019/20. US corn exports are seen reaching 2.5 billion bushels in 2018/19 and fall slightly to 2.3 billion bushels from rising prices and greater competition from other major exporters. 2018/19 US corn ending stocks have been revised lower this forecast to 1.81 billion bushels but fall to 1.6 billion bushels the following season. 2018/19 US corn price remains forecast at $3.8 per bushel, and rallies to $4.0 per bushel in 2019/20.

- North Dakota corn yields are estimated at 153 bu/acre up 14 bu from last year. Strong yields in 2018 will add incentive for ND farmers to increase corn area in 2019.
- Since 2013, 75% of demand for US corn comes from feed and ethanol production, on average, with just 15% of US Corn production exported.
- While trade is important to all agricultural commodities, much of the US corn crop is used at home for feed, ethanol and food.
- China does not typically purchase much, if any, corn on the international market and, in some years, represents export competition.

Overall, farm receipts from ND Agriculture will increase roughly 10% in 2019 primarily driven by strength in wheat marketings. A modest downward correction is anticipated for 2020 followed by gradual improvement across most all categories. The oil seed sector, particularly soybeans, will remain a dampening force on farm receipts and income. While farm receipts and income will not likely reach the 2012 peak anytime soon, we do expect that improving farm income is the most likely path during the next several years.



IV. Deep Dive into the Tax Streams

To forecast the tax revenues for North Dakota, IHS has developed custom econometric models for major sources of state tax revenue.

- The forecasted amounts are based on quarterly data with quarterly economic drivers associated with the underlying economic activity. The economic drivers were carefully selected after reviewing historical data and comparing economic data to the tax collections.
- Quarterly forecast are aggregated into fiscal year totals and biennial totals.
- This is the first "run" of the models and the output from the models will continue to be reviewed, and if needed, adjusted to make the forecasts as accurate as possible.
- The forecast amounts will be updated in January and March to reflect the most current information available for the economic outlook.

March 2019 Preliminary Forecasts

Revenue Source	2017-19 Biennium Forecast (Original)	2017-19 Biennium Forecast	2019-21 Biennium Forecast
Sales and use tax	1,701,747,285	1,770,298,530 *3.1%*	1,670,864,200 *-5.6%*
Motor vehicle excise tax	220,003,000	241,960,797 *9.1%*	266,883,010 *10.3%*
Individual income tax	698,728,000	744,086,447 *11.6%*	793,043,320 *6.6%*
Corporate income tax	102,088,415	218,734,303 *31.1%*	195,179,730 *-10.8%*

Note: The percentages in the table reflect the change from the prior biennium

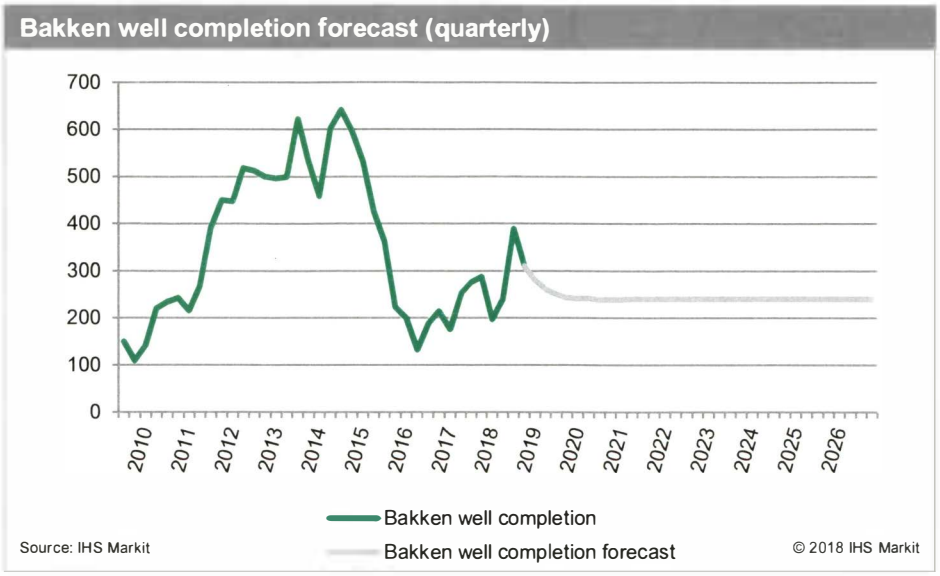
The specific market drivers and concept behind each of the forecasted tax steams are provided in detail below.

Sales and use tax

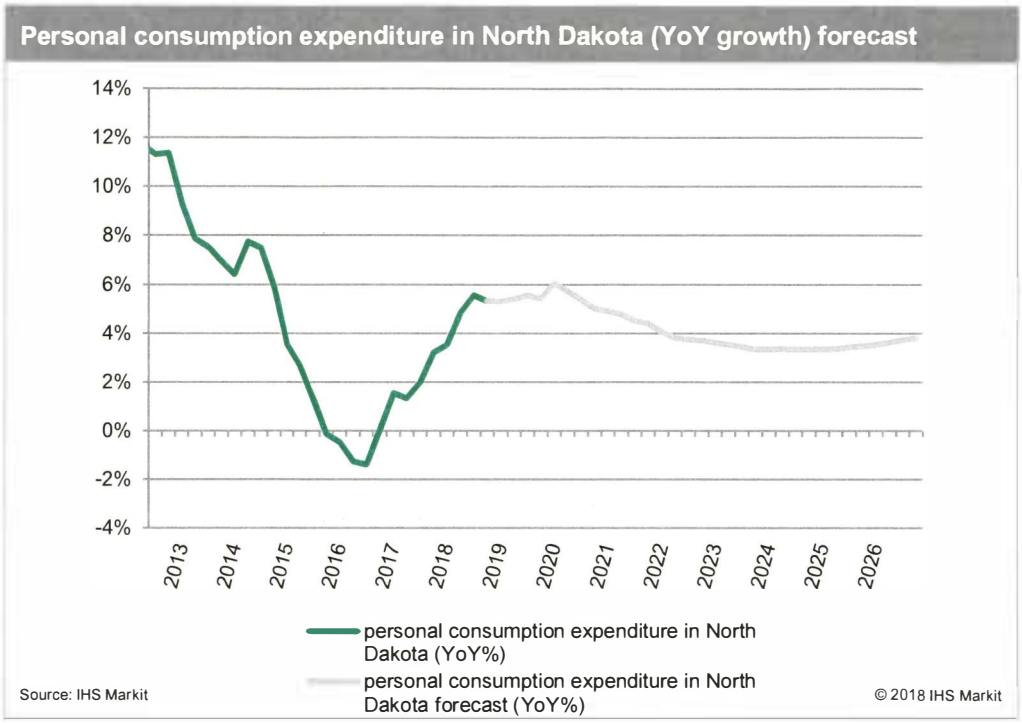
- The primary market drivers behind the sales are use tax revenue forecast are: (1) Bakken new well completions and (2) personal consumption expenditures
- There is a close (97%) historical correlation between sales and use tax revenue in North Dakota and new well completions in the Bakken. (Please note that IHSM provides well completion forecast for Bakken instead of North Dakota.) In addition, due to extreme uncertainty that surrounds oil prices and production, we elected to provide a more conservative forecast based on a monthly well completion trend of 80 in the longer term, in addition to IHSM's more optimistic well completion forecast. For reference, IHSM's well completion forecast ranges from 15% to 30% higher on a quarterly basis over the 5-year analysis period.

- To further assess the impact of well completions on sales tax, we simulated the sales tax model to get sales and use tax revenue in 2019-21 biennium under two alternative assumptions: 15 more wells per quarter v.s. trend of 80, as well as 30 more wells per quarter v.s. trend of 80.

Sales and use tax	Baseline	15 More Wells per Quarter	30 More Wells per Quarter
2019-21 Biennium	1,670,864,200	1,716,580,100	1,763,546,900
	-5.6%	*-3.7%*	*-1.7%*

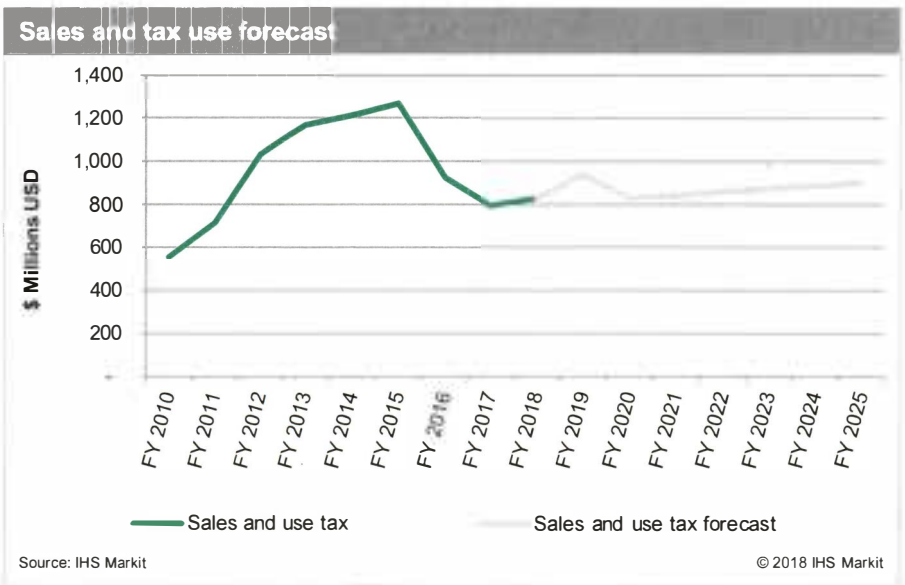


- In addition to new well completions, the model captures the effect of tax revenue coming into the state due to other taxable purchases using personal consumption expenditures (PCE) in the state of North Dakota. PCE measures the dollar value of all goods and services purchased by consumers.
- Fueled by strong income growth, personal consumption expenditures in North Dakota is expected to grow 3-5% year-over-year for the next couple of years. Our model estimates that with PCE growing that strongly over the next couple of years, sales and use tax revenue will grow by at least half of that amount.



> On online sales, IHSM calculates that Wayfair ruling will bring a one-time 2.5% tax increase starting from 2018Q4.

> As a result, IHSM forecast a 13.5% growth in sales and use tax in FY 2019, followed by -11.8% in FY 2020 and 1.3% in FY 2021.



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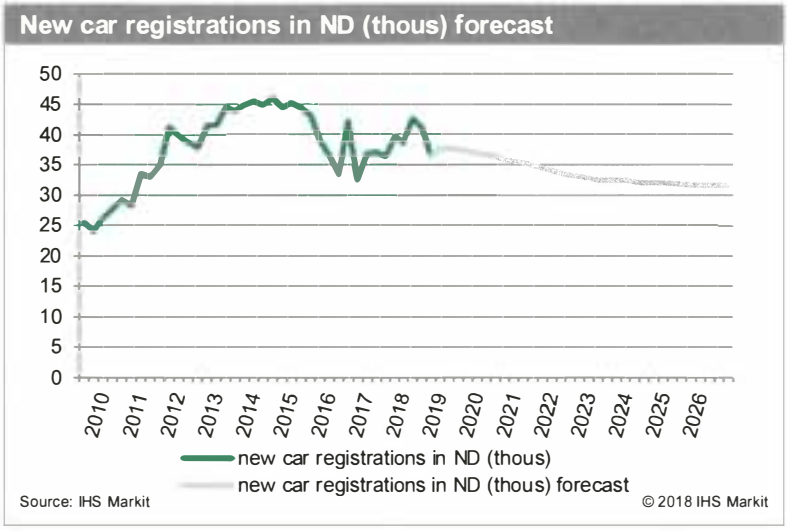
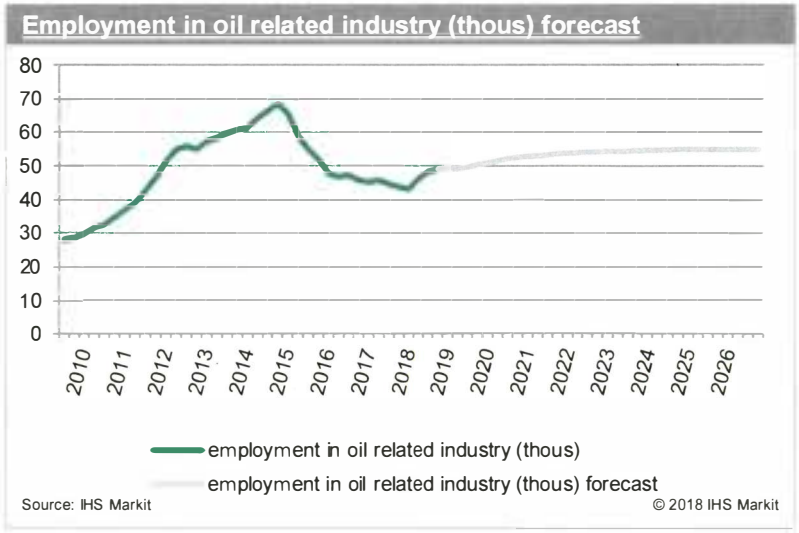
Motor vehicle excise tax

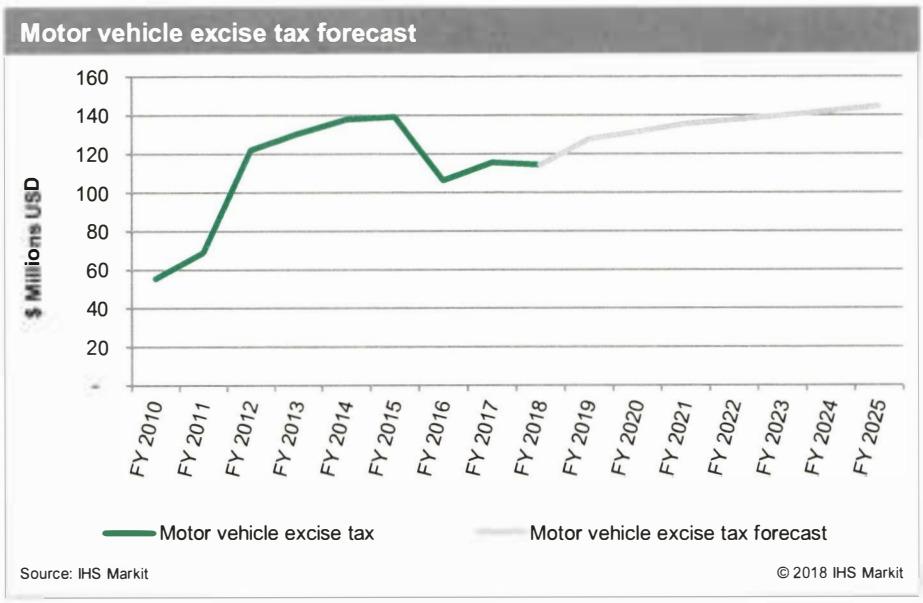
- The main drivers of motor vehicle excise tax are (1) new passenger and light truck registrations for the state and (2) employment in oil related industry.
- New car registrations in North Dakota have declined from the 2014 peak and while the normalization in number of registrations will continue through 2025 (see graph below), the value/price increase of new vehicles will continue to improve in the forecast.



- ND has a significant proportion of workforce in the oil industry, therefore, changes in the natural resource sector employment account for added impacts of oil industry on the tax base. IHSM expects the hiring from this industry to steadily increase through 2021 and stablize at around 55 thousand jobs after that.



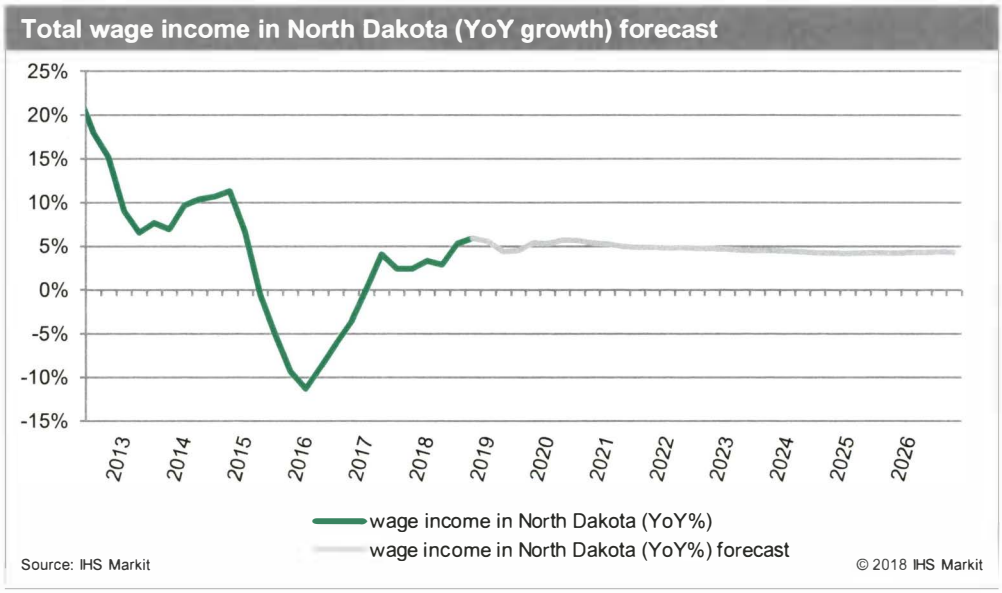
> Strengthening oil industry employment offsets declining new car registrations. Overall, IHSM expects motor vehicle tax to grow 11.6% in FY 2019, 2.9% in FY 2020 and 3.2% in FY 2021.



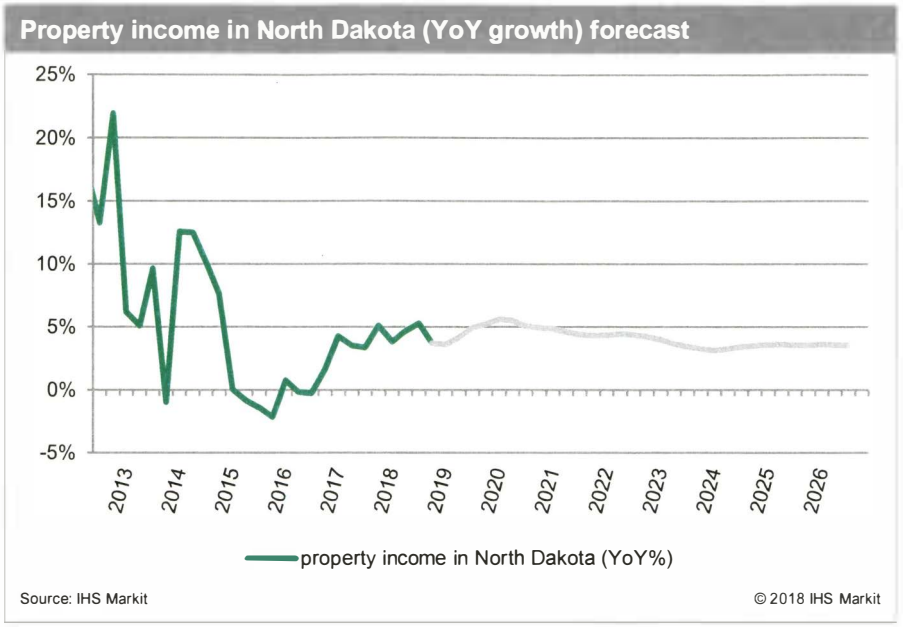
Individual income tax

> To model and forecast individual income tax revenues, IHSM built separate models for individual income tax submitted as withholdings versus as estimated payments.

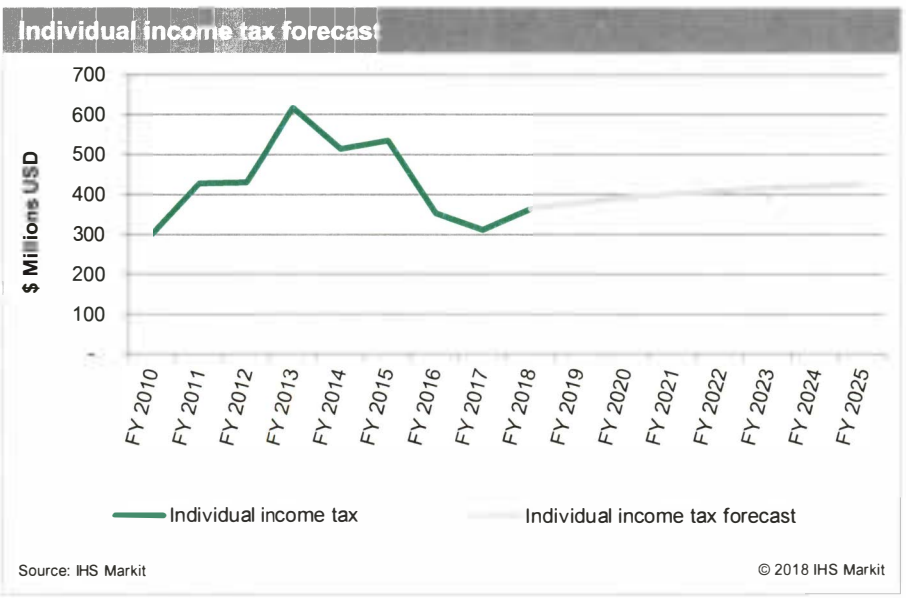
> Our model for individual income tax submitted as withholdings has a single driver: (1) total wage income in North Dakota. As income withholding is relatively stable and largely driven by total wage income in the state, the elasticity of income withholding with respect to total income is approximately one. This means that one percent growth of wage income will translate to one percent of withholding. As a result, IHSM expects individual income submitted as withholding to growth around 5% during the forecast horizon, driven by 5% growth in total wage income.



> The tax base of individual income tax submitted as estimated payments, on the other hand, is more volatile due to the nature of capital gains realization. That being said, a reasonable amount of variations in the tax base of individual income estimated payments is captured by changes in the (1) state's property income, i.e., personal rental income, personal dividend income, and personal interest income. State property income is the single driver for individual income tax submitted as estimated payments.

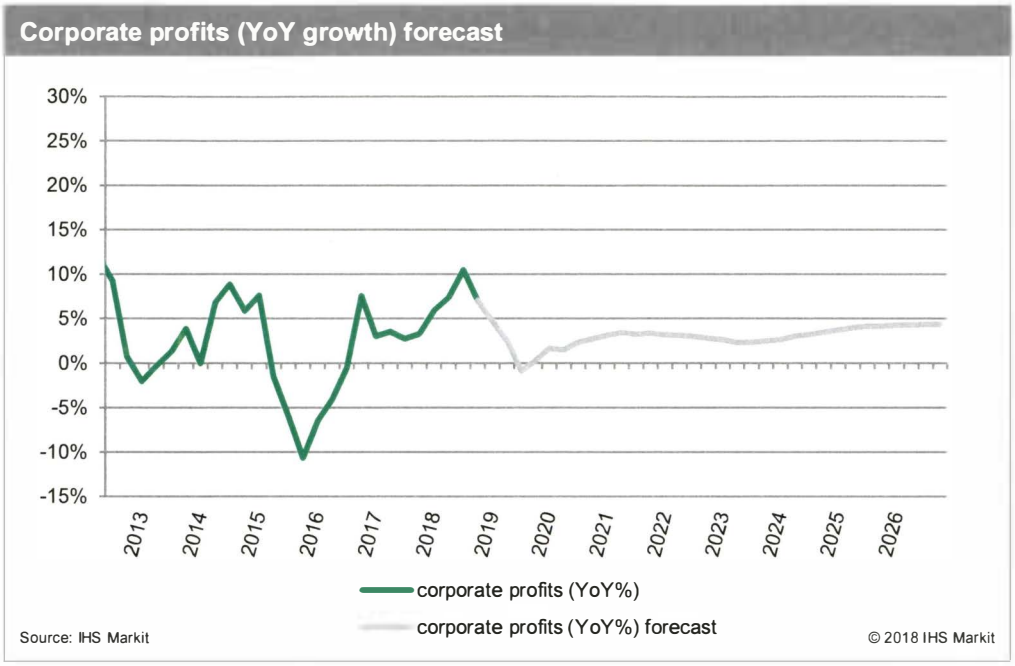


- IHSM also made adjustments for Federal Tax Cuts and Jobs Act (TCJA). IHSM expects that TCJA to have positive impacts on individual income tax in both 2017-19 Biennium and 2019-21 Biennium.
- Combined, IHSM expects individual income tax to grow at 4.3% in FY 2019, followed by 3.1% in FY 2020 and 2.6% in FY 2021.

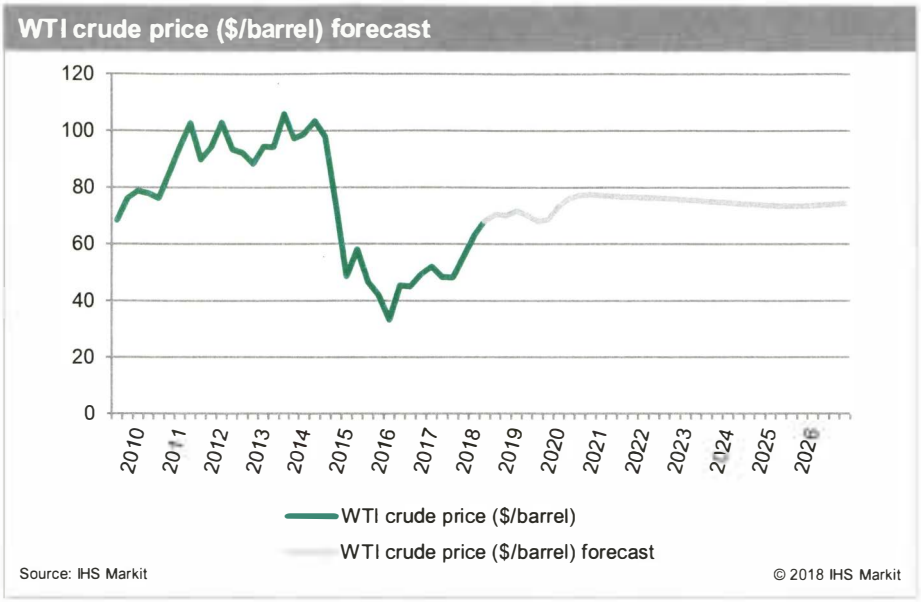


Corporate income tax

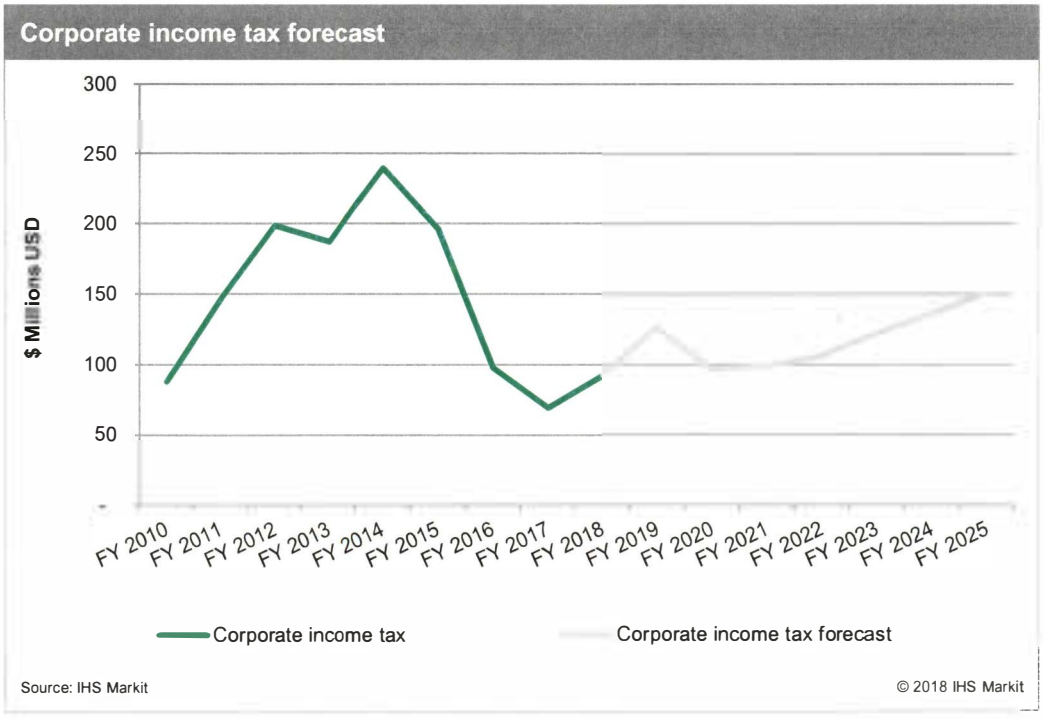
> The tax base of corporate income tax is affected by several factors including corporate profits and apportionment rule. To untangle the compounding impacts of changing apportionment rule on tax collection, IHSM selected (1) national before-tax corporate profits with inventory valuation adjustment and (2) capital consumption adjustment as the main drivers of corporate income tax collection. (3) Crude oil price is another driver as it affects oil company's profits.



> IHSM expects that the corporate profits will experience a short-term correction in 2019 before gradually normalizing to 3%. During the forecast horizon of 2019-2021, WTI averages about $60/bbl. IHSM corporate tax forecast also make adjustments for the elective single-sales factor income apportionment method and the federal tax reform.



> Both apportionment method and TCJA have negative impacts on corporate tax collection. As a result, IHSM forecast 36.9% growth in FY 2019 followed by a -23.6% decline in FY 2020, and a 2.2% growth in FY 2021.



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V. Scenarios

Given the significant fiscal impacts of oil price variations in North Dakota, IHSM customizes high/low scenarios. The Optimistic scenario simulates a crude oil price $10 above baseline, while a Pessimistic scenario simulates a crude oil price $15 below baseline. We assign an equal probability of occurance at 25% each. IHSM then runs the model under each scenario to create forecast for major revenue streams.

Revenue Source	2017-19 Biennium Baseline (50% probability)	2017-19 Biennium Optimistic (25% probability)	2017-19 Biennium Pessimistic (25% probability)
Sales and use tax	1,770,298,530 *3.1%*	1,775,322,930 *3.3%*	1,762,936,030 *2.6%*
Motor vehicle excise tax	241,960,797 *9.1%*	242,608,757 *9.4%*	240,998,797 *8.7%*
Individual income tax	744,086,447 *11.6%*	746,247,091 *11.9%*	740,874,249 *11.1%*
Corporate income tax	218,734,303 *31.1%*	229,039,923 *37.3%*	206,719,003 *23.9%*

Revenue Source	2019-21 Biennium Baseline (50% probability)	2019-21 Biennium Optimistic (25% probability)	2019-21 Biennium Pessimistic (25% probability)
Sales and use tax	1,670,864,200 *-5.6%*	1,803,160,900 *1.6%*	1,491,837,900 *-15.4%*
Motor vehicle excise tax	266,883,010 *10.3%*	283,450,320 *16.8%*	243,802,880 *1.2%*
Individual income tax	793,043,320 *6.6%*	823,652,745 *10.4%*	749,952,193 *1.2%*
Corporate income tax	195,179,730 *-10.8%*	264,088,910 *15.3%*	143,800,407 *-30.4%*

Note: The percentages in the table reflect the change from the prior biennium

V. Disclosures

The forecasts included in this report, including, but not limited to, those regarding tax revenues, are estimates, which have been prepared on the basis of certain assumptions and hypotheses. No representation or warranty of any kind is or can be made with respect to the accuracy or completeness of, and no representation or warranty should be inferred from, these forecasts. The tax revenue forecast contained in this report is based upon assumptions as to future events and, accordingly, is subject to varying degrees of uncertainty. Some assumptions inevitably will not materialize and, additionally, unanticipated events and circumstances may occur. Therefore, for example, actual tax revenues inevitably will vary from the forecasts included in this report and the variations may be material and adverse.

Att 1
SB 2020
3/21/2019

Prepared by the Legislative Council staff

ANALYSIS OF THE 2019–21 BIENNIUM SENATE BILL NO. 2020 FOR THE STATE WATER COMMISSION

The worksheet below provides information regarding the 2019-21 biennium budget for the State Water Commission comparing the Senate's version of Senate Bill No. 2020 to proposed changes included in the House's version and detail of the funding available for water projects.

Senate Bill No. 2020	Senate Version		House Version		Variance from Senate Version	
Line item		Proposed		Proposed		
Salaries and wages		$19,833,131		$19,752,241		($80,890)
Operating expenses[1]		43,855,753		43,855,753		0
Capital assets[2]		147,938,758		147,938,758		0
Project carryover - Grants		308,333,818		308,333,818		0
New projects - Grants						0
Water supply -Grants		115,000,000		115,000,000		0
Rural water supply - Grants		30,000,000		30,000,000		0
Flood control - Grants		145,000,000		145,000,000		0
General water - Grants		35,255,000		35,255,000		0
Total appropriation		$845,216,460		$845,135,570		($80,890)
Detail of Water Project Funding	**Senate Version**		**House Version**			
State-owned water project funding	**2019-21 Biennium**		**2019-21 Biennium**		**Variance**	
Capital assets	$147,938,758		$147,938,758		$0	
Less capital asset project carryover	(41,666,182)		(41,666,182)		0	
Less NAWS federal funds	(23,402,500)		(23,402,500)		0	
Less NAWS local cost share	(8,700,000)		(8,700,000)		0	
Less equipment over $5,000	(217,450)		(217,450)		0	
New capital asset project funding		$73,952,626		$73,952,626		$0
Capital asset project carryover		41,666,182		41,666,182		0
Total projects in capital assets		$115,618,808		$115,618,808		$0
Grant funding available for water projects						
New projects - Grants	325,255,000		325,255,000		$0	
Bank of North Dakota line of credit	-				0	
Less federal funds	(1,750,000)		(1,750,000)		0	
Less ARB local cost share in new projects - Grants	(2,343,776)		(2,343,776)		0	
Total state funding for new water projects - Grants		$321,161,224		$321,161,224		$0
Project carryover - Grants		308,333,818		308,333,818		0
Total state funding for water projects - Grants		$629,495,042		$629,495,042		$0
Total State Water Commission funding	**Senate Version**		**House Version**			
	2019-21 Biennium		**2019-21 Biennium**		**Variance**	
New projects - State funding	395,113,850		395,113,850		$0	
Project carryover - State funding	350,000,000		350,000,000		0	
Total projects - State funding		$745,113,850		$745,113,850		$0
Agency operating costs		63,906,334		63,825,444		(80,890)
NAWS federal funds		23,402,500		23,402,500		0
Other federal funds included in grant funding		1,750,000		1,750,000		0
Capital assets local cost share		8,700,000		8,700,000		0
Atmospheric Resource Board (ARB) local cost share		2,343,776		2,343,776		0
Total appropriation		$845,216,460		$845,135,570		($80,890)
Detail of Available Funding	**Senate Version**		**House Version**			
Funding Source	**2019-21 Biennium**		**2019-21 Biennium**		**Variance**	
NAWS Operations fund	$2,011,851		$2,011,851		$0	
NAWS Project reserve fund	75,000		75,000		0	
Reimbursements from political subdivisions	14,993,776		14,993,776		0	
Water rights filing fees	275,500		275,500		0	
Total other income		$17,356,127		$17,356,127		$0
Federal funds		39,122,817		39,122,817		0
Water development trust fund		72,860,276		72,860,276		0
Resources trust fund (January 2019 legislative revenue forecast)		640,877,240		640,877,240		0
Unallocated resources trust fund balance - Crossover[3]				9,774,966		9,774,966
Unallocated resources trust fund revenue - March 2019 forecast[3]				71,800,000		71,800,000
Unallocated water development trust fund balance - Crossover[3]				1,576,381		1,576,381
SB 2275 - Infrastructure revolving loan fund[3]				23,000,000		23,000,000
Preliminary impact of SB 2362 on the resources trust fund[3]				45,360,000		45,360,000
Bank of North Dakota line of credit		75,000,000		75,000,000		0
Total revenue available for appropriation		$845,216,460		$996,727,807		$151,511,347
Balance (Shortfall)		$0		$151,592,237		

[1]Includes funding for Devils Lake Outlet electricity

[2]Includes funding for state owned water projects (Northwest Area Water Supply and Southwest Pipeline)

[3]Unallocated resource trust fund balance totals $81,574,966, of which $71,800,000 is additional revenue from the March 2019 legislative revenue forecast. SB 2275 if passed could provide $23 million towards the end of the biennium, based on current loans outstanding. SB 2362 if passed could provide $45.36 million, based on preliminary estimates, in additional revenue through the oil allocation formula.

Att 2
SB 2020 3/20/2019

Funding scenarios for various levels of appropriations

Mouse River Enhanced Flood Protection Project

Scenario 1 - Unrestricted Funding (Basis of Needs in State Water Development Plan)

Property Acquisitions - Minot		$ 25.0	*
Property Acquisitions - Outside of Minot		$ 10.0	
DESIGN & PERMITTING	Phase MI-4: Maple Diversion	$ 6.0	*
	Phase WC-2: Robinwood Levee	$ 4.0	
	Phase WC-3: Kings Court Levee	$ 2.0	
	Phase MI-6: Eastwood Park Floodwall	$ 6.0	*
	Phase MI-7: Valker Road South Levee	$ 3.0	*
	Phase RU-1: Rural Conveyance Improvements	$ 1.0	
CONSTRUCTION	Phase MI-4: Maple Diversion	$ 115.0	*
	Phase MI-5: Northeast Tieback Levee	$ 40.0	*
	Phase WC-1: Tierrecita Vallejo Levee	$ 20.0	
	Phase BU-1: Burlington Levee	$ 30.0	
	Phase SA-1: Sawyer Bridge	$ 4.0	
	Phase VE-1: Velva Bridge	$ 4.0	
	Phase RC-1: Mouse River Park Bridge	$ 4.0	
	Phase RU-1: Rural Conveyance Improvements	$ 7.0	
Total		**$ 281.0**	
State Funds (2019-2021)		**$ 186.2**	
Local Funds (2019-2021)		**$ 94.9**	
*** State Funds (2019-2021) Minot Improvements**		**$ 129.3**	

Att 2

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Scenario 2 - SWC Adopted Budget / Executive Recommendation

Property Acquisitions - Minot		$ 11.0	*
Property Acquisitions - Outside of Minot		$ 4.3	
DESIGN & PERMITTING	Phase MI-4: Maple Diversion	$ 6.0	*
	Phase MI-6: Eastwood Park Floodwall	$ 6.0	*
CONSTRUCTION	Phase MI-5: Northeast Tieback Levee	$ 28.0	*
	Phase WC-1: Tierrecita Vallejo Levee	$ 20.0	
	Phase BU-1: Burlington Levee	$ 30.0	
	Total	**$ 105.3**	
	State Funds (2019-2021)	**$ 70.0**	
	Local Funds (2019-2021)	**$ 35.3**	
	*** State Funds (2019-2021) Minot Improvements**	**$ 34.3**	

Scenario 3 - Statewide Water Stakeholders Recommendation

Property Acquisitions - Minot		$ 14.0	*
Property Acquisitions - Outside of Minot		$ 4.9	
DESIGN & PERMITTING	Phase MI-4: Maple Diversion	$ 6.0	*
	Phase MI-6: Eastwood Park Floodwall	$ 6.0	*
	Phase RU-1: Rural Conveyance Improvements	$ 1.0	
CONSTRUCTION	Phase MI-4: Maple Diversion (partial)	$ 10.0	*
	Phase MI-5: Northeast Tieback Levee	$ 40.0	*
	Phase WC-1: Tierrecita Vallejo Levee	$ 20.0	
	Phase BU-1: Burlington Levee	$ 30.0	
	Phase SA-1: Sawyer Bridge	$ 4.0	
	Phase VE-1: Velva Bridge	$ 4.0	
	Phase RC-1: Mouse River Park Bridge	$ 4.0	
	Phase RU-1: Rural Conveyance Improvements	$ 7.0	
	Total	**$ 150.9**	
	State Funds (2019-2021)	**$ 100.0**	
	Local Funds (2019-2021)	**$ 50.9**	
	*** State Funds (2019-2021) Minot Improvements**	**$ 50.8**	

Att 2
SB 2020
3/21/2019

Summary of $100 Million Vs $70 Million State allocation

Property acquisitions reduced in Minot from $14.0 Million to $11.0 million

Maple Diversion (Minot) would not be able to proceed, or it would have to be further phased to be completed in portions until funding is available

MI-5 (Northeast tieback levee would have to be scaled back and phased, which is more costly in the long run or delayed until all needed funds are available in 2021-2023 biennium

Sawyer, Velva, Mouse River Bridges delayed until 2021-2023

Rural Conveyance design delayed until 2021-2023

Rural Conveyance delayed until 2012-2023

AH 3
SB 2020
3/21/2019

FLOOD DIVERSION AUTHORITY

211 Ninth Street South, Box 2806, Fargo, ND 58108-2806
Phone 701-298-2381

March 13, 2019

Representative David Monson, Chairman
House Appropriations – Education and Environment Division
66th Legislative Assembly North Dakota

Dear Chairman Monson and members of the House Appropriations Education and Environment Division:

Thank you for the opportunity to testify on March 7th and March 8th regarding funding for flood protection in Fargo and across much of Cass County. We appreciate the time and the thoughtful questions posed regarding the complex problem we face, and the project developed to solve it.

As promised, this letter and attached information respond to your question related to the frequency of project operation, federal crop insurance, and impacts within Richland County. Please find attached three documents from the USDA Risk Management Agency regarding the availability of federal crop insurance related to water containment and diversion projects. As noted in the documents, federal crop insurance is available when the acreage can be "timely planted to an insurable crop according to University recommended good farming practices". Please recognize that most flood events occur before regional planting begins and the probability of Project operation while crops are growing is very low. The timing of floods and timing of planting is well documented in the agricultural impacts study conducted by the NDSU Ag Econ department, which can be found on the Project website at: https://www.fmdiversion.com/wp-content/uploads/2015/02/NDSU-FM-Diversion-Expanded-Geography-Final-Aug-31-2016.pdf.

However, as discussed during the hearing, federal crop insurance may not apply if the Project was to operate and cause impacts on growing crops. As such, the Diversion Authority has developed a 'summer operation supplemental crop loss program'. Information about the program can be found on page 99 of the 'Property Rights Acquisition and Mitigation Plan' found on the project website at: https://fmdiversion.com/full-property-rights-acquisition-plan/. The information is also attached for your convenience.

As noted during the hearing, summer operation of the Project will be extremely rare. There has been no summer event in history of the Red River Valley that would have caused operation of the Project. The largest recorded historic summer flood event on the Red River at Fargo occurred in 1975 and produced a peak river stage of 33.3 feet at the USGS Fargo stream gage. The Project will not operate until the river gage reaches 37 feet. The FM Diversion Authority has analyzed what type of rainfall event would require operation of the Project as part of an Extreme Rainfall Analysis study in 2013. Rainfall events are

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typically not uniform across a watershed as large as the Red River Watershed and the largest rainfall tends to be fairly localized. Based on the Extreme Rainfall Analysis study, a localized rainfall of more than 8 inches, (larger than a 200-year 24-hour rainfall event) over a significant portion of the watershed upstream of the metro area would be required to cause the river to rise to a level that would threaten the community enough to cause Project operation. More details about extreme rainfall analysis can be found in a report on the Project website at: https://fmdiversion.com/technical-memo-extreme-rainfall-analysis/.

The Committee also inquired about the impacts in Richland County and what land rights are required in Richland County. While most Project impacts are contained with Cass County, the impacts do extend into Richland County, primarily along the channel of the Red River. Last week, approximately 550 letters were sent to property owners whose land is affected by the Project, with 115 of those letters being sent to property owners who own land in Richland County. Per the permit conditions, we are required to purchase a property right, assumed to be a Flowage Easement, on approximately 3,700 acres within the properties in Richland County. The flowage easements will be acquired in accordance with State and federal law, and will be valued using an independent appraisal. The flowage easement will not restrict farming practices, but the flowage easements will include floodplain development restrictions, including development prohibition on approximately 420 acres of that total.

If you have any additional questions about the Project or the mitigation plans, please do not hesitate to contact us.

Sincerely,

Mayor Tim Mahoney
City of Fargo

Commissioner Tony Grindberg
City of Fargo

Commissioner Chad Peterson
Cass County

USDA

United States Department of Agriculture

Risk Management Agency

Billings Regional Office

3490 Gabel Road
Suite 100
Billings, MT 59102

Tel: 406-657-6447
Fax: 406-657-6573

April 5, 2011

Att 3
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3/21/2019

Rodger Olson
15141 52st. SE.
Leonard, ND 58052

Dear Mr. Olson,

I received your March 31st letter regarding the City of Fargo's diversion study for the Red River. In your letter you stated that ultimately the project will divert and stage water up stream on to agriculture land adjacent to the river. Also, farmers in the affected area are questioning if they would qualify for insurance coverage on this acreage and what the limitations might be.

The Common Crop Insurance Policy Basic Provisions states the following in Section 12, Causes of Loss:
Insurance is provided only to protect against **unavoidable, naturally occurring events**. A list of the covered naturally occurring events is contained in the applicable Crop Provisions. All other causes of loss, including but not limited to the following, are NOT covered:

(a) Any act by any person that affects the yield, quality or price of the insured crop (e.g., chemical drift, fire, terrorism, etc.);
(b) Failure to follow recognized good farming practices for the insured crop;
(c) Water that is contained by or within structures that are designed to contain a specific amount of water, such as dams, locks or reservoir projects, etc., on any acreage when such water stays within the designed limit (however, if the producer planted on acreage that was above the designated staged elevation and additional moisture causes flooding of acreage above that level, any damage to such acreage would be covered as an insurable cause of loss).

The same Basic Provisions state in the definition of Prevented Planting - Failure to plant the insured crop by the final planting date designated in the Special Provisions for the insured crop in the county, or within any applicable late planting period, **due to an insured cause of loss that is general to the surrounding area** and that prevents other producers from planting acreage with similar characteristics. Failure to plant because of uninsured causes such as lack of proper equipment or labor to plant acreage, or use of a particular production method, is not considered prevented planting.

The Basic Provisions in Section 17, Prevented Planting also state "However, if it is possible for you to plant on or prior to the final planting date when other producers in the area are planting and you fail to plant, no prevented planting payment will be made....." Therefore, if the producer is delayed planting due to the water diversion while other producers are planting and when the land is finally dry enough to plant is then prevented from planting due to normal rain; **no prevented planting coverage is available on this**

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acreage. Since the delay in timely planting the acreage by the final planting date would not be an unavoidable, naturally occurring event, prevented planting coverage is not available.

However, if the acreage that contains diverted water can still be timely planted to an insurable crop according to University recommended good farming practices, **insurance coverage will attach**. If the crop is planted after the end of the final planting date and in the late planting period the following reductions apply:

The production guarantee or amount of insurance for each acre planted to the insured crop during the late planting period will be reduced by 1 percent per day for each day planted after the final planting date.

(b) Acreage planted after the late planting period (or after the final planting date for crops that do not have a late planting period) may be insured as follows:

(1) The production guarantee or amount of insurance for each acre planted will be determined by multiplying the production guarantee or amount of insurance that is provided for acreage of the insured crop that is timely planted by the prevented planting coverage level percentage you elected, or that is contained in the Crop Provisions if you did not elect a prevented planting coverage level percentage;

(2) Planting on such acreage must have been prevented by the final planting date (or during the late planting period, if applicable) **by an insurable cause** occurring within the insurance period for prevented planting coverage; and

(3) All production from insured acreage as specified in this section will be included as production to count for the unit.

I hope this information is helpful in responding to producer concerns that might arise from this situation; if you have any additional questions, please contact our office.

Sincerely,

Doug Hagel
Director

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2011 CROP INSURANCE FACT SHEET RELATED TO WATER CONTAINMENT AND DIVERSION PROJECTS

THIS FACT SHEET POINTS OUT CERTAIN FEATURES OF CROP INSURANCE AND IS NOT INTENDED TO BE COMPREHENSIVE. THE INFORMATION BELOW NEITHER MODIFIES NOR REPLACES TERMS AND CONDITIONS OF THE BASIC PROVISIONS, CROP PROVISIONS, OR COUNTY ACTUARIAL DOCUMENTS. Producers should always consult with their crop insurance agent for further clarification.

- Section 508(a)(1) of the Federal Crop Insurance Act states in relevant part: "To qualify for coverage under a plan of insurance, the losses of the insured commodity must be due to **drought, flood, or other natural disaster (as determined by the Secretary)**.

- Crop insurance is provided for losses due to **unavoidable, naturally occurring events**. This language is found in Section 12 of the Basic Provisions of the Common Crop Insurance Policy (11-BR).

- Causes of loss that are not covered are shown in Section 12(a)-(f) of the Basic Provisions. Section 12 (a)-(c) are shown below:

  Insurance is provided only to protect against unavoidable, naturally occurring events. A list of the covered naturally occurring events is contained in the applicable Crop Provisions. All other causes of loss, including but not limited to the following, are NOT covered:
  (a) Any act by any person that affects the yield, quality or price of the insured crop (e.g., chemical drift, fire, terrorism, etc.);
  (b) Failure to follow recognized good farming practices for the insured crop;
  ***(c) Water that is contained by or within structures that are designed to contain a specific amount of water, such as dams, locks or reservoir projects, etc., on any acreage when such water stays within the designed limit** (however, if the producer planted on acreage that was above the designated staged elevation and additional moisture causes flooding of acreage above that level, any damage would be covered as an insurable cause of loss).*

Therefore, a circumstance where land that is not planted or that is flooded solely due to a water containment or diversion project that otherwise would not have flooded or was not flooded by a naturally occurring event may not be an insurable loss. Flooding issues that may arise regarding compliance with applicable policy provisions and the insurability of crop losses will be reviewed and assessed by the Risk Management Agency.

- Section 1 of the Basic Provisions contains definitions, including prevented planting which states:
  - **Prevented planting** - Failure to plant the insured crop by the final planting date designated in the Special Provisions for the insured crop in the county, or within any applicable late planting period, **due to an insured cause of loss that is general to the surrounding area** and that prevents other producers from planting acreage with similar characteristics. Failure to plant because of uninsured causes such as lack of proper equipment or labor to plant acreage, or use of a particular production method, is not considered prevented planting.

- Section 17(d)2 of the Basic Provisions also states in relevant part, "However, if it is possible for you to plant on or prior to the final planting date when other producers in the area are planting and you fail to plant, no prevented planting payment will be made....."

If the acreage impacted by stored or diverted water can still be timely planted to an insurable crop according to recommended good farming practices (as determined by agricultural experts for the area, as defined in section 1 of the Basic Provisions), **insurance coverage will attach**. If the crop is planted after the end of the final planting date and in the late planting period the following reductions apply in accordance with section 16 of the Basic Provisions:

- The production guarantee or amount of insurance for each acre planted to the insured crop during the late planting period will be reduced by 1 percent per day for each day planted after the final planting date.
- Acreage planted after the late planting period (or after the final planting date for crops that do not have a late planting period) may be insured as follows:
  - The production guarantee or amount of insurance for each acre planted will be determined by multiplying the production guarantee or amount of insurance that is provided for acreage of the insured crop that is timely planted by the prevented planting coverage level percentage you elected, or that is contained in the Crop Provisions if you did not elect a prevented planting coverage level percentage;
  - Planting on such acreage must have been prevented by the final planting date (or during the late planting period, if applicable) **by an insurable cause** occurring within the insurance period for prevented planting coverage; and
  - All production from insured acreage as specified in this section will be included as production to count for the unit.
- The Late Planting Period (LPP) extends 25 days past the final planting date for most crops. Canola has a 15 day LPP.
- Forage Seeding does not have either Late Planting or Prevented Planting coverage available.

Final Planting Dates – The following final planting dates are applicable for crops in Clay and Wilkin Counties of Minnesota and Cass and Richland Counties of North Dakota:

Clay County, Minnesota
May 31 – Barley, Canola, Corn Grain, Forage Seeding, Oats, Sugar Beets, and Wheat
June 5 – Corn Silage
June 10 – Flax, Dry Beans, Potatoes, Soybeans, and Sunflowers

Wilkin County, Minnesota
5/31 - Barley, Canola, Corn Grain, Flax, Forage Seeding, Oats, Sugar Beets, and Wheat
June 5 – Corn Silage
June 10 – Dry Beans, Potatoes, Soybeans, and Sunflowers

Cass County, North Dakota
May 15 – Canola
May 20 – Dry Peas
May 31 – Barley, Corn Grain, Forage Seeding, Oats, Sugar Beets, and Wheat
June 5 – Corn Silage
June 10 – Dry Beans, Flax, Potatoes, Soybeans, and Sunflowers

Richland County, North Dakota
May 15 – Canola
May 20 – Dry Peas
May 31 – Barley, Corn Grain, Forage Seeding, Oats, Sugar Beets, and Wheat
June 5 – Corn Silage
June 10 – Dry Beans, Flax, Potatoes, Soybeans, and Sunflowers

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2011 CROP INSURANCE SPEAKING POINTS FOR WATER CONTAINMENT AND DIVERSION PROJECTS

❖ Crop insurance is provided for losses due to unavoidable, naturally occurring events.

❖ Acreage flooded by water contained by or within structures such as dams, locks or reservoir projects is not considered to be an insurable cause of loss if the water stays *within* the designed limit.

❖ Flood damage to acreage located *above* the design limit is considered to be an insurable cause of loss.

❖ Insurance coverage will attach to acreage impacted by stored or diverted water if the acreage can be timely planted to an insurable crop using good farming practices. Any subsequent loss must be from an insurable cause of loss occurring within the insurance period.

❖ Contact your local crop insurance agent to determine final plant dates, late plant and prevented planting procedure for your specific crop/county.

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FLOOD DIVERSION

Summer Operation Supplemental Crop Loss Program

Introduction

The Project requires the temporary and occasional retention of flood waters immediately upstream of the southern embankment of the Project. The Diversion Authority will provide mitigation for properties in the upstream mitigation area, and the mitigation has generally been considered to be the acquisition of a permanent flowage easement and associated payment to the property owners, which is required by USACE. Generally, the permanent easement would restrict construction of structures/buildings, but it would allow the land to continue to be used for agriculture production including growing crops, livestock, and hay production.

The flowage easement is intended to provide compensation for impacts associated with the Project and is expected to be a one-time payment at the time the easement is purchased. Under this plan, the one-time payment for the flowage easement would compensate the land-owner for the potential impacts associated with delayed planting, prevented planting, debris, loss of development rights, etc.

The Diversion Authority recognizes the potential impact to the agricultural community on both the North Dakota and Minnesota side of the Red River, and has studied and considered supplemental mitigation solutions, which are greater than what has historically been provided to property owners. In recognition of: (a) the importance of the farm economy to the region; (b) that summer operation would damage growing crops; (c) and that summer operation of the Project is extremely unlikely, the Diversion Authority will adopt a Summer Operation Supplemental Crop Loss Program to provide additional assurance to producers in the upstream mitigation area. The Program would provide producers coverage for the risk associated with Project induced flooding on growing crops during the unlikely summer operation of the Project. The Diversion Authority understands and acknowledges that this program is important to the agricultural community because under these events, it is believed that producers may not be able to utilize the federal crop insurance program(s) for crop damages directly caused by operation of the Project. This program will be available for producers in the upstream mitigation area, which is defined as the area below the elevation of the spillway, which is expected to be 923.5 feet (NAV88). This is the same area where the Diversion Authority will obtain flowage easements.

Proposed Summer Operation Supplemental Crop Loss Program

The Diversion Authority, with the assistance of its insurance advisory, AON, has studied the cost of purchasing a private insurance product, and found that the premiums for the summer flood events may be cost prohibitive. As such, the Diversion Authority will create a self-funded insurance reserve fund for the Summer Operation Supplemental Crop Loss Program. The Program will compensate producers in the upstream mitigation area for crop losses directly caused by operation of the Project during the normal crop growing season.

Given the complexity associated with reviewing and administering crop loss claims, the Diversion Authority will seek the assistance from a neutral and independent third party to administer damage

claims associated with summer operation of the Project and to determine whether payments should be made from the Program. The Diversion Authority intends to coordinate with existing state agencies to determine if the state(s) could assist as the neutral and independent third party in administering any damage claims. The Diversion Authority will be developing additional information regarding the Program within the next 12 to 24 months. The Diversion Authority would be responsible to make timely payment claims based on the adjustment decisions of the third party agent.

Though there has never been a summer flood event in recorded history that would have triggered the operation of the Project, it is possible that an event could happen. If such a major rain event occurs during the normal growing season, and if the rain is significant enough to cause the Project to operate, flooding will occur on farmlands due to the rain event. It is envisioned that a producer could then submit a damage claim and then the claims adjuster would evaluate the claim to determine liability, if any for the damages. If the claims administrator and adjuster find the Project is liable, then the Diversion Authority would make the payment to the producer from its self-funded reserve fund.

To be eligible for the program, a producer must participate in a federal crop insurance program, have growing crops within the upstream mitigation area, and have notified the Diversion Authority of his/her intent to participate in the Summer Operation Supplemental Crop Loss Program. It is the Diversion Authority's understanding that agricultural producers obtain various rates of coverage through federal crop insurance program. Some are insured for 65 percent, others insure for upwards of 80 percent based upon the year and type of crop grown. The Diversion Authority's Program would provide 90 percent coverage for all crop damages directly caused by summer operation of the Project, regardless of year or crop grown.

Additional Background:

- The FM Diversion Project includes an upstream mitigation area for staging of flood waters as a necessary feature of the Project.
- USACE has defined a portion of the upstream mitigation area as an "operating pool". This area is necessary to offset the potential downstream impacts that would exist without upstream mitigation, and the operating pool is based on areas with potential impacts greater than 1-foot (generally).
- The upstream mitigation area extends beyond the "operating pool" for a total area of approximately 38,000 acres.
- The NDSWC and MDNR have suggested using the top elevation of the Limited Service Spillway, or the maximum pool elevation, which are both expected to be 923.5-feet, to define the area of mitigation.
- Mitigation is generally considered acquisition of a flowage easement and associated payment to the property owner, as USACE has mandated that the Diversion Authority obtain a flowage easement for areas within the Staging Area.
- The flowage easement will cover impacts associated with the Project, and is expected to be a one-time payment at the time the easement is secured. Under this plan, the flowage easement would cover impacts associated with delayed planting, loss of development rights, etc.

- The Diversion Authority has considered additional mitigation solutions such as Summer Operation Supplemental Crop Loss Program. One of the primary considerations of additional farm mitigation is to help ensure producers are covered for the risk of Project induced summer flooding on growing crops. Under these events, producers may not be able to tap into federal crop insurance.
- Based on insured values and crop types in 2014, along with the size of the upstream mitigation area, the total estimated maximum loss for all crops in the operating pool is approx. $20-25M. (Note that the value of agricultural commodities has decline significantly from 2014 levels. In some cases, the price of commodities have declined by up to forty percent (40%).)
- The Diversion Authority will self-fund the program. The Diversion Authority has the financial strength to sustain a self-funded insurance reserve fund in order to assume the risk of this type of event, given that the probability of events that would cause summer operation are extremely low, and given the O&M Funding Program that will be established.
- If this Program is utilized, the Diversion Authority would utilize an O&M Funding Program to fund/finance the costs associated the Summer Operation Supplemental Crop Loss Program payments.

FM AREA DIVERSION PROJECT

March 21, 2019

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Federal Funding Summary

On March 19, 2019 an amended Project Partnership Agreement (PPA) was signed by the cities of Fargo and Moorhead, the Diversion Authority, and the U.S. Army Corps of Engineers. The PPA amendment increases the federal participation to $750M (2015 dollars) in total construction funding, of which $98M has been appropriated. This amount does not include previously appropriated funding, including; $11M for Feasibility Study, and $29M for Planning Engineering, and Design.

The following table details the federal funding received to date by the St. Paul District of the Corps.

Planning, Eng., Design		Feasibility		Construction	
Date	**Amount**	**Date**	**Amount**	**Date**	**Amount**
5/19/2011	$2,500,000.00	8/21/2008	$600,000.00	3/10/2016	$5,000,000.00
1/26/2012	$400,000.00	4/17/2009	$478,000.00	5/13/2016	$49,999.00
2/3/2012	$11,480,000.00	5/1/2009	$11,100.00	11/17/2016	$49,999.00
9/6/2012	$60,000.00	5/14/2009	$210,900.00	11/17/2016	$49,999.00
3/26/2013	$49,999.00	8/31/2009	$89,000.00	12/19/2016	$49,999.00
7/10/2013	$7,385,200.00	9/21/2009	$100,000.00	12/21/2016	$550,000.00
8/16/2013	$737,558.74	12/3/2009	$1,900,000.00	6/13/2017	$20,000,000.00
12/13/2013	$95,000.00	1/26/2010	$368,000.00	9/11/2017	$2,300,000.00
4/9/2014	$6,300,000.00	4/9/2010	$400,000.00	6/25/2018	$19,745,000.00
		5/6/2010	$232,000.00	7/10/2018	$15,255,000.00
		7/23/2010	$682,000.00	FY2019 Work Plan	$35,000,000.00
		5/19/2011	$7,500,000.00		
		8/16/2013	$(737,558.74)		
Total Rec'd	**$ 29,007,757.74**	**Total Rec'd**	**$ 11,033,441.26**	**Total Rec'd**	**$ 98,049,996.00**

The PPA is a contract between the non-federal sponsors and USACE whereby the parties have agreed to split delivery of the Comprehensive Project. USACE will use its funds to design, bid and construct the Diversion Inlet, Wild Rice and River Control Structure and approximately twenty miles of earthen levee connecting the Diversion Inlet, Wild Rice and River Control Structure. As a result, the federal funds flow directly into the USACE projects.

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State Dollars Summary:

- State legislature has approved $370.5 Million to date
- State Water Commission has approved cost-share of $247M of the $370.5M to date

Results from State Cost Shared Work:

- Constructed 17 Pump Stations and 21 miles of Levees and Floodwalls (reduces the number of sandbags from 6.5 million to 1 million for a 2009 type flood fight) ($280M)
- Purchased 240 homes in Fargo to make way for in-town levees and floodwalls
- Additionally, the Diversion Authority has acquired nearly 200 properties and over 3,000 acres of land necessary for the Project
- Mitigated the impacts to the City of Oxbow and improved flood protection by constructing the Oxbow side of the ring levee
- Completed environmental clearance for the Project following the National Environmental Policy Act (NEPA)
- Developed indicative design of the Diversion Project
- Developed policies on appraisal and acquisition of property rights, including flowage easements
- Developed policies for the mitigation of agricultural impacts including a supplemental crop loss (ie, crop insurance) program, post-operation debris clean-up, and organic farmland mitigation

'19-'21 Biennium Work Plan:

- Acquire all remaining lands needed for construction of the Diversion Channel ($62M)
- Offer to acquire property needed for Southern Embankment ($39M)
- Offer to acquire property in Upstream Mitigation Area ($204M)
- Remove or relocate flood buyout homes from the impacted area to a safe location
- Additional in-town construction necessary for Plan B compromise ($130M more in total)
- Sign contract with P3 Developer for construction of the entire Diversion Channel, including two aqueducts, 12 county highway bridges, four interstate bridges and 4 rail road bridges (estimated to be near a one billion dollar contract)
- Start construction on P3 portion – which utilizes state and local funding
- Continue work on Southern Embankment / Federal construction (which does not include state funding)
    - Diversion Inlet Structure
    - Wild Rice River Structure
    - Southern Embankment – first reach
    - Mitigation – Drayton Dam, Wetland and Floodplain Forest Restoration, Cultural Resources

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FM Area Diversion Project **Compliance Plan for MDNR Dam Safety & Public Waters Work Permit 2018-0819**

1 Conditions for each phase of construction must be met before each phase of construction can begin
2 Conditions must be met during construction
3 Conditions must be met after construction, or are not related to construction

	Condition Number	Condition Title	Summarized Condition	Required Activity/Action Items	Responsible Party	Reoccurring? Y or N	Anticipated Completion	General Notes
1	1	Applicable Federal, State or Local Regulations	DA is not released from applicable agencies regulations	Determine applicable regulations to be applied for each element of construction at the time of construction.	Diversion Authority	N	on-going	DA applied for BBRWD permit and determining if other permits are applicable
3	2	Not Assignable	DA cannot assign permit w/o consent from MnDNR	None	Diversion Authority	N	N/A	No work required to meet this condition
3	3	No Changes	DA cannot change dimensions, capacity or location of dam w/o MnDNR approval	None Pending	Diversion Authority	N	Life of Project	Changes will most likely occur but will be reviewed by MnDNR under phased permitting process
2	4	Site Access	DA shall allow DNR on site at all times during and after construction for inspection	None Pending	Diversion Authority	Y	Life of Project	No work required to meet this condition
3	5	Termination	DNR reserves to terminate permit at any time	None	Diversion Authority	N	N/A	No work required to meet this condition
2	6	Completion Date	DA must request extension of permit by writing	Request Permit Extension	Diversion Authority	N	2023	Winter of 2023 DA will need to request extension
1	7	Written Consent	DA acquiring property rights for each element of project prior to commencing construction of that element	Acquire Property Rights & Execute MOUs	Diversion Authority	N	2026	DA to obtain land fee title and flowage easements as planned per the PRAM & as required under DNR conditions #22 & 31
3	8	Permissive Only/No Liability	No liability assumed by State of MN for issuance of permit	None	Diversion Authority	N	N/A	No work required to meet this condition
3	9	Extension of Public Waters	Any newly constructed river channel shall be available for public use	None	Diversion Authority	N	Life of Project	Red River Control Structure will be connect to Red River and available for public use. Box culvert in Wolverton creek will be similar to existing structures in creek.
2	10	Wetland Conservation Act	DA must follow WACA (wetland mitigation)	Mitigate Wetlands Impacted by Project	Corps & DA	N	2025	Corps is planning on completing wetland mitigation concurrent with construction impacts. DA will be responsible for long term functionality of newly created wetlands.
2	11	Contractor Responsibility	DA must notify contractors of permit conditions	Contractor complete DNR form certifying the notification	Diversion Authority	N	2023	DNR has form for work in wetlands and public waters that contractor and land owner must complete. DA will be the land owner at the time of construction.
2	12	Invasive Species - Equipment Decontamination	Must follow BMPs that DNR has in place to prevent spread of invasive species	Contractor follow BMP guidance	Corps	N	2026	Corps contracts will require following of BMPs and Corps will be required to enforce their contract language.
3	13	Limitations	General Permit Terms	None	Diversion Authority	N	N/A	No work required to meet this condition
3	14	Additional Site Access	DNR may inspect any work authorized by Permit.	None Pending	Diversion Authority	N	Life of Project	No work required to meet this condition
3	15	Additional Written Consent	Any permissions or extensions granted by DNR will be done in writing	None	Diversion Authority	N	N/A	No work required to meet this condition
2	16	Construction Dewatering General	Construction dewatering permit requirements	Require Contractor to follow	Corps	N	2026	Corps contracts will require contractors to acquire dewatering permits, as necessary
2	17	Excavated Materials Runoff	A disposal plan must be developed for excavated materials. A stormwater permit (NPDES permit) shall also be acquired.	Disposal plan will be developed during design. Contractor will be required to get NPDES permit.	Corps	N	2026	Corps' plans and specs, which will have disposal plan included, will be reviewed and approved by DNR prior to construction starting.
2	18	Erosion and Sediment Control	Standard erosion control requirements	Design will include erosion control and contractor will be required to develop a plan.	Corps	N	2026	Corps' plans and specs will have this included. Contractor will be required to implement.
3	19	Future Transfer of Ownership	Ownership of dam cannot be transferred without DNR approval.	None	Diversion Authority	N	N/A	No work required to meet this condition
3	20	Emergency Repairs	Standard repair work must be approved by DNR. Emergency repairs can be done with notification to DNR.	None Pending	Diversion Authority	N	Life of Project	DA will obtain approval from DNR for repair work once dam is constructed.
1	21	Other Permits	Construction of each element shall not start until all required permits are obtained for that element	Determine applicable regulations to be applied for.	Diversion Authority	N	2026	Obtain required construction, demolition, building permit.
1	22	Property Rights	Fee title required for property within Project footprint and easements are required to max capacity of dam	Acquire Property Rights	Diversion Authority	N	2026	DA to obtain land fee title and flowage easements as planned per the PRAM & acquisitions in MN must follow MN Statutes
3	23	Flowage Easements	Flowage easement requirements for limiting contaminants within staging area and requirement to comply with the Mitigation Plan Clean-up Plan	Incorporate requirements within draft flowage easement language	Diversion Authority	N	2026	
2	24	Damages	Permit does not remove DA's responsibility to make whole any party damaged by the construction or operation of the project	Acquire property rights and implement dispute resolution board	Diversion Authority	Y	2026	DA needs to formalize dispute resolution framework
1	25	Cemetery Impacts	DA must executed agreements with impacted cemeteries on planned mitigation for impacts	Reengage cemetery owners	Diversion Authority	N	2026	DA needs to work with impacted cemeteries to determine appropriate mitigation

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FM Area Diversion Project **Compliance Plan for MDNR Dam Safety & Public Waters Work Permit 2018-0819**

1 Conditions for each phase of construction must be met before each phase of construction can begin
2 Conditions must be met during construction
3 Conditions must be met after construction, or are not related to construction

	Condition Number	Condition Title	Summarized Condition	Required Activity/Action Items	Responsible Party	Reoccurring? Y or N	Anticipated Completion	General Notes
1	26	Organic Farms	DA must comply with organic farmland acquisition plan as detailed in Mitigation Plan	Acquire organic farms early in the process	Diversion Authority	N	2023	Organic farms need to be acquired 3 years in advance of project completion
1	27	Environmental Mitigation	Within 5 years of permit issuance, DA shall have agreement in place and construction started on Drayton Dam and assisted in funding lower Ottertail River project	DA needs to execute MOU with Drayton and acquire land	Corps & DA	N	2025	Corps will be contracting and constructing Drayton Dam project
2	28	Contingency Action Plan	DA must receive approval from DNR on evacuation plan prior to last construction phase starting	DA needs to develop evacuation plan with assistance from Corps	Corps & DA	N	2023	Corps will need to complete dam breach modeling
2	29	Water Control Manual	DA must receive approval from DNR on manual prior to completion of construction	Completion of water control manual	Corps & DA	N	2026	Corps will need to provide assistance on development of this manual
2	30	Operation, Maintenance, Repair, Replacement and Rehabilitation Manual	DA must receive approval from DNR on manual prior to completion of construction	Complete OMRR&R manual	Corps & DA	N	2026	Corps will need to provide assistance on development of this manual
2	31	Operation, Maintenance, Monitoring and Inspection Plan	DA must receive approval from DNR on manual prior to completion of construction	Complete OMM&I manual	Corps & DA	N	2026	Corps will need to assist. Includes requirement of MOU related to project operation with DNR and other state and local governments. MOU should include methods of notifying public prior to dam operation.
	31	Operation, Maintenance, Monitoring and Inspection Plan	DA must provide annual financial statement to DNR detailing funds available for O&M by 1/31 of each year.	Provide annual statement	DA	Y	Life of Project	Statement shall also include projected expenses and revenue.
2	32	Construction Phase Approval	DNR must approve any phase of construction prior to the start of that construction.	Provide DDR, plans, specs and land rights documentation for each phase	Corps & DA	Y	2023	All required information must be submitted to DNR at least 120 days prior to anticipated construction start of that phase.
2	33	Construction Progress Reports	Monthly construction and quality reports must be submitted to DNR during construction	Submit monthly reports	Corps & DA	Y	2026	
2	34	Interim Construction Reports	After each construction phase, a report certifying that construction has been completed in accordance with the approved plans and specs must be submitted to the DNR.	Submit reports after each phase	Corps & DA	Y	2026	Reports should include record drawings, materials sampling & testing and photographs
2	35	Annual Construction and Monitoring Report	DA to submit annual report covering: upcoming construction, changes to previously approved plans under construction, summary of last year's construction, summary of last year's O&M, discussion on any unscheduled activities, photos, instrumentation data and any monitoring that may be irregular	Submit annual report	Corps & DA	Y	Life of Project	Annual report must be submitted by 1/31 of each year
3	36	Final Construction Report	90 days after completion of final construction the final construction report shall be submitted to the DNR with certification by engineer in charge that plans and specs have been followed.	Submit final report	Corps & DA	N	2026	Final report needs to include record drawings, materials sampling & testing and photos.
2	37	Impoundment Approval	Impoundment of water is not allowed until approval by DNR and approval won't be granted until all land rights (flowage easements) are in place.	Acquire flowage easements	DA	N	2026	DA to obtain land fee title and flowage easements as planned per the PRAM & as required under DNR conditions #22 & 31
2	38	Safety Inspections	DA shall have annual dam inspections completed by a dam safety engineer registered in MN with report sent to DNR by 1/31	Complete annual report	DA	Y	Life of Project	
3	39	Operation and Maintenance Responsibility	DA shall maintain dam to dimensions and elevations approved by this permit. An change to dam needs to have a permit amendment completed by DNR	Follow O&M Plan	DA	Y	Life of Project	No work required to meet this condition unless change to dam is to occur during post construction phase of project.
3	40	After Action Operation Report	DA to submit after action report within 90 days of Project operation.	Submit reports as appropriate	DA	Y	Life of Project	No work required until project operates. Report to include details leading up to operation as well.
3	41	Perpetual Maintenance	DA shall perpetually maintain the dam	Follow O&M Plan	DA	Y	Life of Project	Follow O&M condition reporting requirements.
2	42	Freeboard Requirement	Dam should be constructed with 5-feet of freeboard above the PMF except on the planned western and eastern tiebacks	Design will meet this requirement	Corps	N	2023	Corps guidelines require this freeboard elevation as well
1	43	Wolverton Creek Crossing	DA shall coordinate final design with BRRWD on the Wolverton Creek Structure. No construction on this structure will be allowed until written approval from DNR is received.	Coordinate with BRRWD and DNR on final design of this crossing.	Corps & DA	N	2021	Corps will be designing this crossing.

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FM Area Diversion Project — Compliance Plan for MDNR Dam Safety & Public Waters Work Permit 2018-0819

1 Conditions for each phase of construction must be met before each phase of construction can begin
2 Conditions must be met during construction
3 Conditions must be met after construction, or are not related to construction

	Condition Number	Condition Title	Summarized Condition	Required Activity/Action Items	Responsible Party	Reoccurring? Y or N	Anticipated Completion	General Notes
2	44	Adaptive Management and Monitoring Plan	Updated AMMP to be developed with DNR to address geomorph, fish passage & stranding impacts. AMMP shall include action triggers and corresponding actions to mitigate.	Coordinate with both ND & MN agencies on final AMMP.	Corps & DA	Y	Life of Project	Corps will lead the final development of the AMMP.
3	45	Limitation of Upstream and Downstream Development	DNR recommends any structure located within the storage area to be mitigate as well as have requirements on any new structures within the storage area. DNR also recommends no development downstream of the dam for a 1/4 mile.	DA to follow permit condition #22 for existing structures and also enforce flowage easement language that controls where and how new structures can be constructed in the staging area.	DA	Y	Life of Project	DA will need to continually monitor staging area after completion of project to ensure that no new structures are constructed in areas they shouldn't be. The local communities will also have to review the final dam breach modeling that will be completed by the Corps to determine any downstream development restrictions.
2	46	Crop Loss	DNR requires a financial analysis to be done to demonstrate DA's ability to compensate for crop loss. Must be done no less than 3 years prior to completion of construction.	Further develop summer crop loss insurance program, which shall include a financial analysis	DA	N	2023	Summer crop loss program development should include the agricultural community.
3	47	Environmental Mitigation - Cold Weather Impacts	DA shall monitor aqueducts impacts on rivers and provide heating components to prevent freezing of rivers to maintain flows.	Requirement is within P3 documents. DA will need to review P3 design and monitor post construction.	DA	Y	Life of Project	No annual reporting requirements to DNR on this condition
2	48	Environmental Mitigation - Invasive Species	Plan shall be developed to ensure that transfer of invasive species does not occur during construction.	As required under condition #12, DA & Corps to develop a BMP plan for invasive species.	Corps & DA	N	2026	Contractor will be required to follow plan.
2	49	Environmental Mitigation - Cover Type Impacts	Mitigation shall be done on impacted floodplain forest and wooded forested covers. Monitoring of establishment is required as well.	Mitigation will be completed to 2:1 ratio and done concurrently with impacts	Corps & DA	Y	Until forests are established	Corps will be completing mitigation for these impacts. DA will be responsible for long term monitoring per the AMMP.
2	50	Environmental Mitigation - Geomorphological Impacts	DA shall monitor geomorph, erosion and sedimentation impacts from project and have a commitment to mitigate any impacts.	Continue with geomorph studies prior to completion of project and complete additional monitoring post project to determine any impacts.	Corps & DA	Y	Unknown	Corps has completed two studies to date and have at least one more planned prior to project completion for baseline establishment. DA is required to get long term easements for the monitoring sites.
2	51	Clean Fill	Fill material used for construction shall be clean and free of all contaminants.	Specs to incorporate requirement	Corps	N	2026	Corps specs will closely govern what type of fill is used in the dam construction. Their specs should meet or exceed this condition.
3	52	List of Flowage Easement Holders	DA shall maintain a list of flowage easement holders on our website and individually notify each holder on a reoccurring 5 year basis. Prior to construction, DA shall also provide a comprehensive list of acquisitions needed for the project on our website and timeline for that acquisition.	Finalize the comprehensive list, timeline and acquisition process and then post on website	DA	Y	Life of Project	Notification process will be similar to FEMA's requirement with an approved LOMR
2	53	Work Exclusion Dates for Fish Spawning and Movement	Work shall not be completed in public waters during fish spawning or migration periods.	Construction contract specs will incorporate this requirement	Corps	N	2026	Corps will require contractors to not complete any work within the rivers during these spawning periods, as laid out by the DNR.
3	54	Future Orders	DNR reserves the right to review and revise this permit and its conditions as additional data becomes available.	None Pending	DA	N	Life of Project	No working pending to meet this condition

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The FM Diversion Project shall include provisions to mitigate negative downstream impacts resulting from the construction and operations of the FM Diversion project on North Dakota communities that have certified flood protection systems in place.

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PROJECT USERS

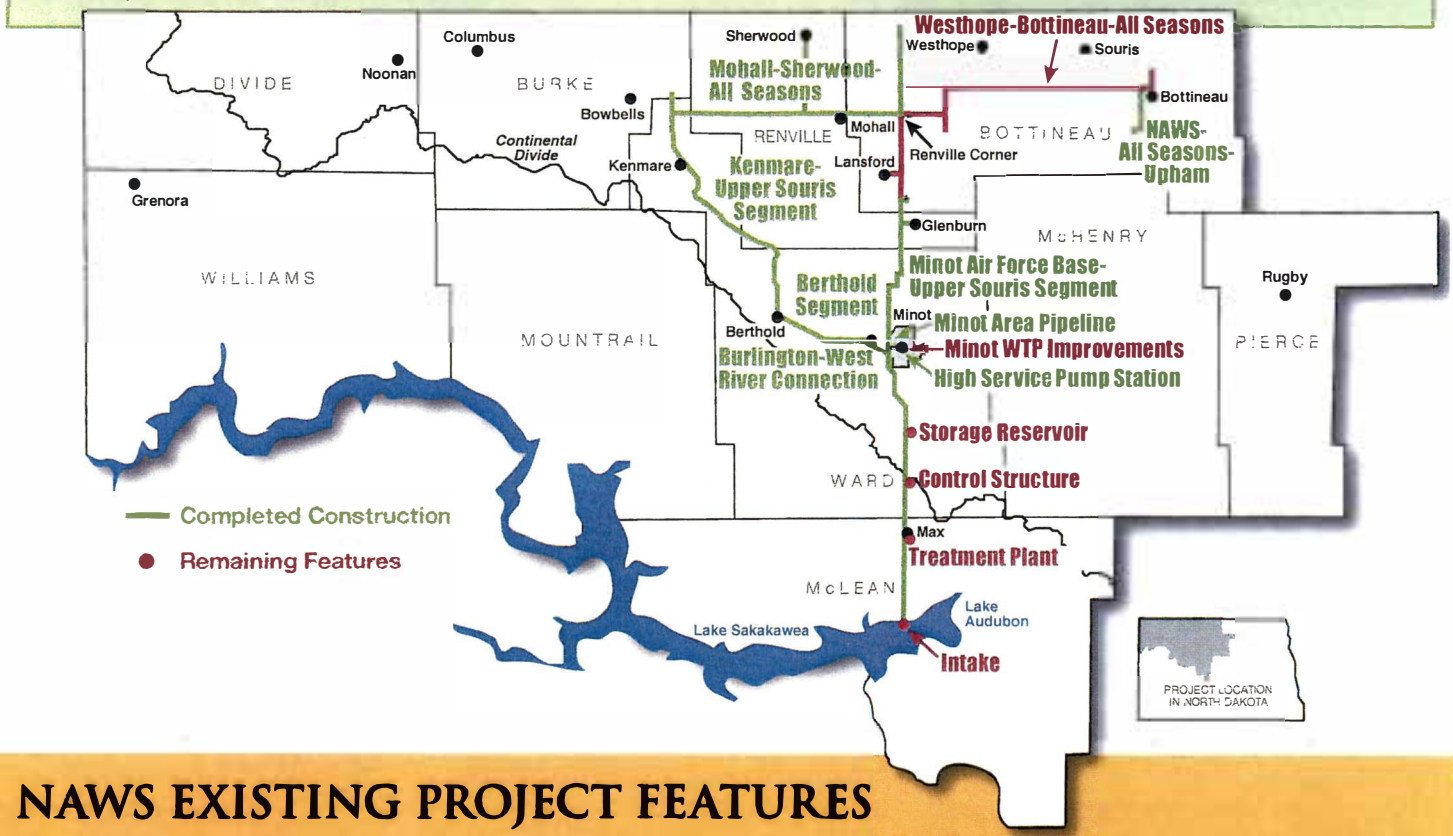
NAWS is designed to service a project area of 81,000 people, (63,000 in urban areas). While population projections for the service area were based upon long-term historical trends in the region, namely outmigration and rural to urban migration, the oil and energy development that the state is currently experiencing means projections used in the original project scoping may be conservative. For example, population projections in the EIS were to the year 2060 when water use is estimated to be 32% higher than today. However, in a 2012 study conducted by North Dakota State University, the seven counties in the area where NAWS will ultimately provide service are projected to increase in population by 35% by 2025.

PUBLIC WATER SYSTEMS CURRENTLY BEING SERVED

Minot, Burlington, North Prairie, West River, Berthold, Upper Souris Water Users District, Kenmare, Sherwood, Mohall, All Seasons-Antler, Minot Air Force Base, Des Lacs

COMMUNITIES TO BE SERVED IN THE FUTURE

Westhope, Souris, Bottineau, Lansford



NAWS EXISTING PROJECT FEATURES

- Approx 230 Miles Of Pipe (185 Distribution, 45 Raw Water Transmission)
- 1 High Service Pump Station (2 million gal storage)
- 2 Ground Storage Reservoirs (1.25 million gal storage)
- 1 Elevated Storage Reservoir (1 million gal storage)
- 4 Booster Pump Stations
- Upgrade of Minot's Water Treatment Plant (Filtration, Backwash, and Controls System)
- 4 MGD (million gallon per day) In Use (2013)

NAWS WATER USE (COMPARISON)

Missouri River System Capacity = 69.4 MAF (million acre feet)

Projected Average Annual NAWS Water Use In 2060 = 0.0136 MAF

Average Annual NAWS Water Use = 0.02% of Total Missouri River System Capacity

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Northwest Area Water Supply Project
Remaining Project Features - Estimates to Complete
3/21/19

	Contract	Description	Purpose	Remaining	City of Minot Eligible Cost Share	State/Fed Cost			
2019-2021 Biennium Required Projects	2-4B	Westhope to Souris Corner Segment	Finished water pipeline to provide service to Souris	$ 8,771,401	$ 3,069,990	$ 5,701,410			
	2-4C	Souris Corner to Bottineau and ASWU System I Segment	Finished water pipeline to provide service to Bottineau and All Seasons System I	$ 6,832,208	$ 2,391,273	$ 4,440,935			
	7-1D/4-1A	Biota WTP and Pump Station Phase I	First phase of the Biota Water Treament Facility	$ 54,817,500		$ 54,817,500			
	6-1A	Snake Creek Pumping Facility Retrofit	Provide an Intake facility for the raw water pipeline	$ 15,312,688	$ 5,359,441	$ 9,953,247			
	5-2A	South Prairie Control Structure and Reservoir Bypass	Hydraulic control structure located at the continental divide to control pipeline operations	$ 3,315,472	$ 1,160,415	$ 2,155,057		Total:	$ 91,709,693
	2-1E	Supply System Evaluation and Initiation	Existing pre-treated pipeline inspection, testing, operational preparation	$ 2,660,425	$ 931,149	$ 1,729,276		State/Fed Total:	$ 70,982,388
2019-2021 Optional Projects	4-3A/5-3A	Lansford Reservoir/BPS	Main storage and pumping station on finished water line, necessary to bring full service to Bottineau and northern tier	$ 22,256,221	$ 7,789,677	$ 14,466,544			
	5-2B	South Prairie Reservoir	Pre-treated storage reservoir	$ 12,285,681	$ 4,299,988	$ 7,985,693		Total:	$ 36,303,417
	4-2D	Inline BPS's	Finished water pipeline booster pump stations	$ 1,761,515	$ 616,530	$ 1,144,985		State/Fed Total:	$ 23,597,221
	7-1E/4-2B	Biota WTP and Pump Station Phase II	Second phase of the Biota Water Treatment Facility	$ 31,892,236		$ 31,892,236			
	5-4A	Bottineau/ASWUD Pumps and Storage	Finished water storage and pumping to supply design flow to Bottineau area	$ 10,569,320	$ 3,699,262	$ 6,870,058			
	7-1C	Phase III Minot WTP	Retrofit of previously existing softening basins, finishing remaining items at plant	$ 10,090,395	$ 3,531,638	$ 6,558,757			
	7-1F/4-1C	Biota WTP and Pump Station Phase III	Third phase of the Biota Water Treatment Facility	$ 27,047,406		$ 27,047,406			
				$ 207,612,467	$ 22,849,363.83	$ 184,763,103.14			

Bold numbers are under contract/specific authoriztion, the rest are estimates

Green shaded items are on the raw water supply system
Gray shaded items are treatment related
Blue shaded items are on the potable distribution system

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Title.

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Prepared by the Legislative Council staff for
Representative Sanford
March 25, 2019

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2020

Page 4, after line 27, insert:

"**SECTION 9. FARGO FLOOD CONTROL PROJECT DOWNSTREAM IMPACT MITIGATION.** The Fargo flood control project must include provisions mitigating negative downstream impacts resulting from the construction and operation of the Fargo-Moorhead diversion project on North Dakota communities that have certified flood protection systems in place before the diversion project construction is complete, for the biennium beginning July 1, 2019, and ending June 30, 2021."

Renumber accordingly

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US Army Corps of Engineers®
St. Paul District

Fargo-Moorhead Metropolitan Area Flood Risk Management Project

Hydrology and Hydraulics

August 8, 2018

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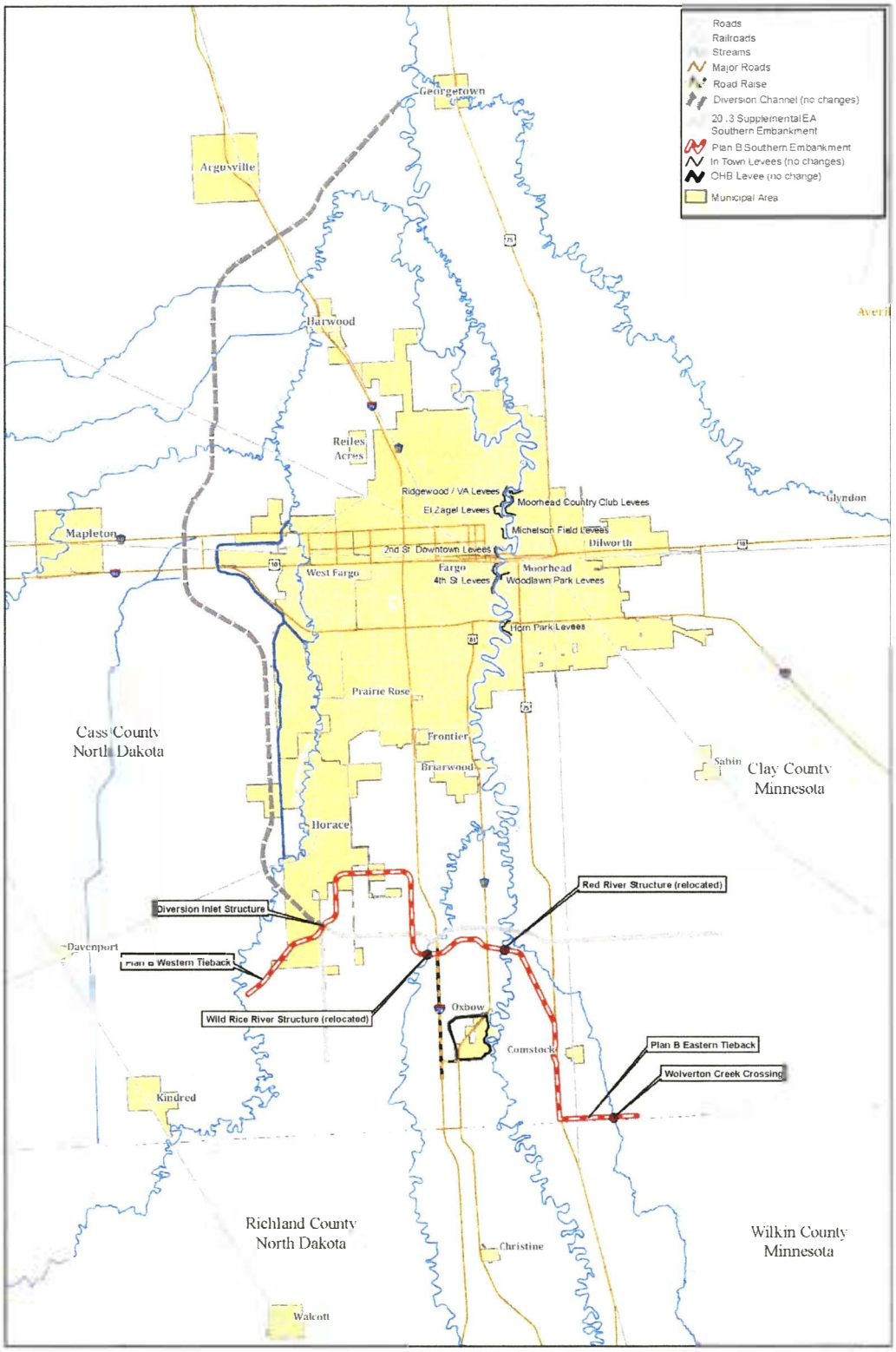
Figure 1: Project Change Map



Project Change Map - June 2018
Fargo Moorhead Metro Area Flood Risk Management

0 1 2 4 6 8

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Hydrology and Hydraulics

1 OVERVIEW OF CHANGES SINCE 2013 SUPPLEMENTAL ENVIRONMENTAL ASSESSMENT

The Fargo-Moorhead Metropolitan Area is a flood prone area located in Cass County, North Dakota and Clay County, Minnesota. The Final Feasibility Report and Environmental Impact Statement (FEIS) for the Fargo-Moorhead Metropolitan Area Flood Risk Management Project (Project) was completed in July 2011 by the U.S. Army Corps of Engineers (USACE), and a Supplemental Environmental Assessment was completed in September 2013 to address proposed modifications to the Project (2013 SEA). Current river and floodplain conditions will be referred to as "Existing" conditions. With-project conditions have changed as the Project has evolved. The proposed with-project plan, developed based on recommendations by the Governors' Task Force and informed by additional analysis by the Technical Advisory Group, will be referred to as "Plan B". This report on the hydrology and hydraulics of Plan B will be an appendix to USACE's 2018 Supplemental Environmental Assessment (2018 SEA). Additional information on the background of the Project and the history of the Plan B modifications is located in section 2.1 of the 2018 SEA.

As illustrated in Figure 1, Plan B includes physical modifications to the Southern Embankment alignment, including the location of the Wild Rice River and Red River Structures and the addition of culverts where the Southern Embankment crosses Wolverton Creek. Plan B also involves using Period of Record (POR) hydrology vs. Expert Opinion Elicitation (EOE) hydrology and operating with a 37-foot stage through town instead of the previously proposed 35-foot stage through town. While the Project purposes are the same as they were prior to the Task Force meetings, the Plan B modifications make it difficult to perform an apples-to-apples comparison between pre-Governors' Task Force hydraulic model results (Phase 8.1) and the Plan B hydraulic model results (Phase 9.0). Comparisons to previous hydraulic model results should be made with care.

It should be noted that all elevations in this document are referenced to the North American Vertical Datum 1988 (NAVD 88), unless otherwise specified. Additionally, all dam embankment elevations referenced in this document refer to post-settlement elevations, unless otherwise specified.

2 HYDROLOGY

Inflow hydrology was originally developed during the Project's FEIS. Initially, POR hydrology was developed; but as the study progressed, the hydrology was revised to focus on a shorter period of record developed by an EOE panel. The EOE hydrology produced peak flow and balanced hydrographs that vary over time; however, the design effort focused on assuring the Project would meet operational goals for the highest peak flow and volume conditions identified via the EOE panel. This hydrology is known as the Wet Cycle Hydrology, which will be referred to as the EOE/WET hydrology. The inflow hydrographs (main

each of these boundaries does not quantify the depth of inundation, rather only the footprint of inundation itself.

Similar to Figure 16 through Figure 25, Figure 26 through Figure 35 describe the floodplain and benefitted areas for each of the 10%, 5%, 2%, 1%, and 0.2% ACE events, but also annotates stages and how flow is moving throughout the system. Like Figure 16 through Figure 25, each of the boundaries illustrated in Figure 26 through Figure 35 does not quantify the depth of inundation, but rather only the footprint of inundation itself.

The additional flooding seen immediately upstream of the Southern Embankment for the 10% and 5% ACE events (Figures 16, 17, 21, 22, 26, 27, 31, and 32), events where the gates are not operated, will be investigated as the design effort progresses. Ditch sizing, culverts, berms, and flap gates will be investigated to reduce this additional flooding as much as possible.

The reduction in flooding within the benefitted area for the 10% and 5% ACE events (see Figures 16, 17, 21, 22, 26, 27, 31, and 32) is due to the presence of the Southern Embankment and the diversion channel, which alter the path of floodplain flow, even for events where the gates are not operated.

4.3 Stage Impacts

Stage impacts in Canada have been a concern for the Project. In both the FEIS and the 2013 SEA, the hydraulic modeling effort demonstrated that the Project could be operated to produce no stage impacts at the border with Canada for the 10%, 2%, and 1% ACE events and minimal stage impacts at the border with Canada for the 0.2% ACE event when comparing with-project conditions to Existing conditions, assuming no emergency measures for either with-project or Existing conditions.

Previous iterations of the hydraulic model extended downstream to the border with Canada, but the additional model size and run time made this impractical to sustain. However, this modeling indicated that stage impact results at the border with Canada are no worse than they are at Drayton, North Dakota. Therefore the stage impacts reported at Drayton represent the stage impacts at the border with Canada. While stage impacts are reported to the traditional 0.01 foot typical of steady flow hydraulic modeling, the model results are, at best, considered accurate to the nearest 0.1 foot (i.e., 0.04 foot impacts should be interpreted as 0.0 foot impacts).

Stage impact tables comparing the Existing condition water surface elevations to the Plan B condition water surface elevations have been generated at 17 different locations throughout the basin for the 10%, 5%, 2%, 1%, and 0.2% ACE events. The results of this analysis are included in Table 1 to Table 10. Stage impact results for the 5% ACE event were not reported in the FEIS or 2013 SEA. Previous with-project alternatives included storing water upstream of the Southern Embankment for the 5% ACE event, and therefore Project operation would have been adjusted to reduce stage impacts at Drayton to 0.0 foot. However, Plan B does not store water upstream of the Southern Embankment for the 5% ACE event. The minor stage impact is a result of the change in Project operation.

Figure 36 through Figure 40 represent the maximum total depth difference between the Existing and Plan B conditions water surface elevations for each of the 10%, 5%, 2%, 1%, and 0.2% ACE events using POR

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the Fargo gage is allowed to exceed 40.0 feet

- The PMF hydrograph, having a peak flow of 204,000 cfs and a 15-day volume of approximately 3,876,000 acre-feet, would generate the maximum pool elevation

4.1.5 Maximum Pool Elevation

An evacuation order will be issued for the Fargo-Moorhead urban area as the pool approaches the maximum pool elevation. To prevent the pool elevation from exceeding the maximum pool elevation, the RRS and WRRS gates would be opened to maintain the maximum pool elevation and stages would rise above 40.0 feet at the Fargo gage resulting in flooding of the Fargo-Moorhead urban area. There is sufficient flow capacity at the gated structures and Eastern Tieback to maintain the maximum pool level up through the PMF event. Figure 15 shows the maximum water surface elevations within the pool during the PMF event. As shown in Figure 15, the pool is not a flat pool; generally, water surface elevations increase going east from the Western Tieback and going south from the dam. This is due in part to the topography and slope of the basin, as well as the numerous roads that are elevated above natural ground. For example, the PMF pool increases approximately 2.6 feet in elevation between the dam embankment near the RRS and the Cass/Richland County line along the Red River.

4.1.6 Pool Drawdown

After the flood peak has passed and the pool begins to be drawn down, RRS and WRRS gate opening changes will be limited to ensure the rate of stage fall is in line with the natural rate of stage fall, which reduces the potential for bank instability and fish stranding. The operation plan limits the reduction in pool stage to no more than 2 feet per day, which is the historically-observed rate at USGS gage 05051522 – Red River of the North at Hickson, ND.

4.2 Floodplain Difference

Floodplain difference figures were generated to compare Existing to Plan B conditions. Comparisons were made for these conditions assuming two scenarios: "with emergency measures," which assumes that emergency measures are fully in place, as required by the MN DNR and "without emergency measures," which assumes that emergency measures are not in place, as required by USACE policy. It is noted that the "without emergency measures" scenario only accounts for levees that are certified. It does not account for levees that have been constructed but are not certified. All figures contained in this document representing the "with emergency measures" condition equate to a levee crest elevation equivalent to a water surface profile of 44 feet measured at USGS Gage 05054000, Red River at Fargo.

Figure 16 through Figure 25 illustrate the Existing and Plan B condition floodplains for each of the 10%, 5%, 2%, 1%, and 0.2% ACE events under both the "with emergency measures" and "without emergency measures" scenarios using POR hydrology. It should be noted that only structures located upstream of the Southern Embankment are displayed. In each of these figures, the dark blue areas represent regions that will be inundated under both the Existing and Plan B conditions. The light blue areas characterize the regions that are dry under Existing conditions, but will now be within the floodplain as a result of the Project. Finally, the green-hatched areas describe regions that are within the floodplain under Existing conditions, but will remain dry as a result of the Project, for that particular event. It should be noted that

→ Only takes into account accredited levees, no emergency measures

Table 7: 1% ACE Water Surface Elevation and Impact Table, No Emergency Measures (POR Hydrology)

Location Name	With Project	Existing Conditions	Difference (ft)
Drayton, ND (30 mi. to Canada)	802.36	802.33	0.03
Oslo, MN	813.53	813.52	0.01
Grand Forks, ND	832.78	832.71	0.07
Thompson, ND	846.74	846.80	-0.06
Climax, MN	856.80	856.93	-0.13
Nielsville, MN	860.84	860.97	-0.13
Shelly, MN	864.92	865.03	-0.11
Halstad, MN	868.14	868.25	-0.11
Hendrum, MN	872.41	872.61	-0.20
Perley, MN	877.21	877.30	-0.09
Georgetown, MN	881.93	881.82	0.11
Fargo/Moorhead (Fargo Gage)	899.65	903.28	-3.63
Western Tieback	920.85	913.86	6.99
Upstream of Dam, Wild Rice River	920.92	916.18	4.74
Upstream of Dam, Red River	921.02	914.10	6.92
County Line @ Red River	921.92	918.27	3.65
County Line @ Wild Rice River	922.43	922.27	0.16

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→ Takes into account all flood control features.

Table 8: 1% ACE Water Surface Elevation and Impact Table with Emergency Measures (POR Hydrology)

Location Name	With Project	Existing Conditions	Difference (ft)
Drayton, ND (30 mi. to Canada)	802.37	802.33	0.04
Oslo, MN	813.53	813.52	0.01
Grand Forks, ND	832.79	832.72	0.07
Thompson, ND	846.76	846.78	-0.02
Climax, MN	856.83	856.88	-0.05
Nielsville, MN	860.86	860.92	-0.06
Shelly, MN	864.94	864.99	-0.05
Halstad, MN	868.15	868.22	-0.07
Hendrum, MN	872.42	872.57	-0.15
Perley, MN	877.22	877.26	-0.04
Georgetown, MN	881.93	881.79	0.14
Fargo/Moorhead (Fargo Gage)	899.73	904.16	-4.43
Western Tieback	920.85	913.87	6.98
Upstream of Dam, Wild Rice River	920.92	916.18	4.74
Upstream of Dam, Red River	921.02	914.12	6.90
County Line @ Red River	921.92	918.28	3.64
County Line @ Wild Rice River	922.43	922.27	0.16

Table 9: 0.2% ACE Water Surface Elevation and Impact Table, No Emergency Measures (POR Hydrology)

Location Name	With Project	Existing Conditions	Difference (ft)
Drayton, ND (30 mi. to Canada)	804.03	803.95	0.08
Oslo, MN	814.33	814.28	0.05
Grand Forks, ND	836.97	836.72	0.25
Thompson, ND	849.97	849.95	0.02
Climax, MN	862.55	862.57	-0.02
Nielsville, MN	866.41	866.47	-0.06
Shelly, MN	868.34	868.40	-0.06
Halstad, MN	870.47	870.61	-0.14
Hendrum, MN	874.54	874.73	-0.19
Perley, MN	878.08	878.24	-0.16
Georgetown, MN	882.74	882.75	-0.01
Fargo/Moorhead (Fargo Gage)	902.10	905.48	-3.38
Western Tieback	922.42	914.48	7.94
Upstream of Dam, Wild Rice River	922.54	916.66	5.88
Upstream of Dam, Red River	922.73	915.71	7.02
County Line @ Red River	923.83	922.34	1.49
County Line @ Wild Rice River	923.96	923.86	0.10

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Table 10: 0.2% ACE Water Surface Elevation and Impact Table with Emergency Measures (POR Hydrology)

Location Name	With Project	Existing Conditions	Difference (ft)
Drayton, ND (30 mi. to Canada)	804.04	803.87	0.17
Oslo, MN	814.33	814.21	0.12
Grand Forks, ND	836.98	836.40	0.58
Thompson, ND	849.98	849.73	0.25
Climax, MN	862.56	862.06	0.50
Nielsville, MN	866.43	865.93	0.50
Shelly, MN	868.35	868.00	0.35
Halstad, MN	870.48	870.27	0.21
Hendrum, MN	874.56	874.36	0.20
Perley, MN	878.09	878.08	0.01
Georgetown, MN	882.75	882.58	0.17
Fargo/Moorhead (Fargo Gage)	902.70	907.32	-4.62
Western Tieback	922.42	914.49	7.93
Upstream of Dam, Wild Rice River	922.54	916.66	5.88
Upstream of Dam, Red River	922.73	915.74	6.99
County Line @ Red River	923.83	922.34	1.49
County Line @ Wild Rice River	923.96	923.86	0.10

Table 11: Pool Structure and Acre Impact above Existing Conditions Summary Table (POR Hydrology)

County	Location	10% ACE	5% ACE	2% ACE	1% ACE	0.2% ACE
Cass County	Additional Acres	462	624	6,576	7,294	5,233
Cass County	Number of Additional Residential Structures	0	0	37	42	31
Cass County	Number of Additional Non-Residential Structures	0	8	165	173	135
Richland County	Additional Acres	0	0	321	616	268
Richland County	Number of Additional Residential Structures	0	0	0	3	1
Richland County	Number of Additional Non-Residential Structures	0	0	5	18	7
Clay County	Additional Acres	0	0	2,828	3,090	1,529
Clay County	Number of Additional Residential Structures	0	0	8	9	7
Clay County	Number of Additional Non-Residential Structures	0	0	62	90	52
Clay County	Additional Acres	0	0	88	372	5
Clay County	Number of Additional Residential Structures	0	0	0	1	2
Clay County	Number of Additional Non-Residential Structures	0	0	8	10	3

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11,372 acres
55 residential structures
291 non-residential

7,035 acres
41 residential strs.
197 non-residential

10

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FIGURES

11

19.0233.02005 Att 3
Title.

Prepared by the Legislative Council staff for
Representative Schmidt
March 25, 2019

SB 2020 3/26/2019

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2020

Page 1, line 4, after the first semicolon insert "to provide for transfers;"

Page 2, after line 11, insert:

"**SECTION 3. EXEMPTION - LINE ITEM TRANSFERS.** Notwithstanding section 54-16-04, the director of the office of management and budget shall transfer appropriation authority between the line items of capital assets, project carryover, rural water supply - grants, flood control - grants, and general water - grants line items in section 1 of this Act as requested by the state engineer for the state water commission when project carryover funding within the respective line item is no longer needed for the project, to allow the commission to allocate those funds to new projects. The state water commission shall notify the legislative council of any transfers made pursuant to this section."

Renumber accordingly

19.0233.02004
Title.

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Prepared by the Legislative Council staff for
Representative Schmidt
March 20, 2019

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2020

Page 1, line 2, after the semicolon insert "to create and enact section 6-09.4-28 of the North Dakota Century Code, relating to the infrastructure revolving loan fund debt repayments;"

Page 1, line 2, replace "section" with "sections 6-09-49, 6-09.4-06, and 6-09.4-10, subsection 6 of section 21-03-07, and sections 21-03-19, 57-15-06.6, 57-47-02, and"

Page 1, line 3, after the first "to" insert "the infrastructure revolving loan fund, borrowing and lending authority, reserve funds, expanded bonding authority for counties, and"

Page 1, line 3, after the semicolon insert "to repeal section 61-02-78 of the North Dakota Century Code, relating to a revolving loan fund for water projects;"

Page 1, line 4, after the first semicolon insert "to provide a continuing appropriation;"

Page 1, line 4, after the second semicolon insert "to provide for a transfer; to provide a bond issuance limitation;"

Page 1, line 5, remove "and"

Page 1, line 5, after "intent" insert "; and to provide an effective date"

Page 4, after line 16, insert:

"**SECTION 8. AMENDMENT.** Section 6-09-49 of the North Dakota Century Code is amended and reenacted as follows:

6-09-49. ~~Infrastructure revolving loan fund - Continuing appropriation.~~

~~1. The infrastructure revolving loan fund is a special fund in the state treasury from which the Bank of North Dakota shall provide loans to political subdivisions for essential infrastructure projects. The Bank shall administer the infrastructure revolving loan fund. The maximum term of a loan made under this section is thirty years. A loan made from the fund under this section must have an interest rate that does not exceed two percent per year.~~

~~2. For purposes of this section, "essential infrastructure projects" means capital construction projects for the following:~~

~~a. New or replacement of existing water treatment plants;~~

~~b. New or replacement of existing wastewater treatment plants;~~

~~c. New or replacement of existing sewer lines and water lines; and~~

~~d. New or replacement of existing storm water and transportation infrastructure, including curb and gutter construction.~~

~~3. In processing political subdivision loan applications under this section, the Bank shall calculate the maximum loan amount for which a qualified applicant may qualify, not to exceed fifteen million dollars per loan. The~~

~~Bank shall consider the applicant's ability to repay the loan when processing the application and shall issue loans only to applicants that provide reasonable assurance of sufficient future income to repay the loan.~~

~~4. The Bank shall deposit in the infrastructure revolving loan fund all payments of interest and principal paid under loans made from the infrastructure revolving loan fund. The Bank may use a portion of the interest paid on the outstanding loans as a servicing fee to pay for administrative costs which may not exceed one-half of one percent of the amount of the interest payment. All moneys transferred to the fund, interest upon moneys in the fund, and payments to the fund of principal and interest are appropriated to the Bank on a continuing basis for administrative costs and for loan disbursement according to this section.~~

~~5. The Bank may adopt policies and establish guidelines to administer this loan program in accordance with the provisions of this section and to supplement and leverage the funds in the infrastructure revolving loan fund. Additionally, the Bank may adopt policies allowing participation by local financial institutions.~~

Infrastructure revolving loan fund - Bank of North Dakota - Continuing appropriation.

1. The infrastructure revolving loan fund is a special fund in the state treasury administered by the Bank of North Dakota. The Bank shall use moneys in the fund to provide loans to political subdivisions for eligible infrastructure projects pursuant to subsections 6 and 7 and to provide loans to institutions of higher education for eligible infrastructure projects pursuant to subsection 8.

2. The Bank may adopt policies and establish guidelines to administer the loan program in accordance with this section, including policies to supplement and leverage the moneys in the fund and policies to allow participation by local financial institutions. A loan made from the fund must have an interest rate that does not exceed two percent per year. The maximum term of a loan for an infrastructure project under subsections 6 and 8 is thirty years, and the maximum term of a loan for an infrastructure project under subsection 7 is forty years.

3. All principal and interest payments received on loans made from the infrastructure revolving loan fund must be deposited into the fund. The Bank may use a portion of the interest paid on the outstanding loans as a servicing fee to pay administrative costs, which may not exceed one-half of one percent of the amount of the interest payment. All moneys transferred to the fund, interest upon moneys in the fund, and payments to the fund of principal and interest are appropriated to the Bank on a continuing basis for administrative costs and for loan disbursement according to this section.

4. An applicant shall issue an evidence of indebtedness as authorized by law. An institution of higher eduction shall identify at least one funding source for the debt repayment, including:

   a. Tuition or fee revenue collected by the institution of higher education;

b. Distributions of state aid received by the institution of higher education under chapter 15-18.2; or

c. Other sources of revenue.

5. In processing loan applications under this section, the Bank shall calculate the maximum loan amount available to a qualified applicant. Each applicant may have up to twenty-five million dollars of outstanding loans from the fund for infrastructure projects under subsections 6 and 8. The Bank shall consider the ability of the applicant to repay the loan when processing the application and shall issue loans only to applicants that provide reasonable assurance of sufficient future income to repay the loan. If an infrastructure project qualifies for funding through the state revolving fund established pursuant to chapters 61-28.1 and 61-28.2, the Bank shall verify the loan application only is for the portion of the project that is ineligible to receive funding from the state revolving fund.

6. Eligible infrastructure projects are capital construction projects to construct new infrastructure or to replace existing infrastructure, which provide the fixed installations necessary for the function of a political subdivision and are in the public interest. Capital construction projects exclude routine maintenance and repair projects, but include the following:

   a. Water treatment plants;

   b. Wastewater treatment plants;

   c. Sewer lines and water lines, including lift stations and pumping systems;

   d. Water storage systems, including dams, water tanks, and water towers;

   e. Storm water infrastructure, including curb and gutter construction;

   f. Road and bridge infrastructure, including paved and unpaved roads and bridges;

   g. Airport infrastructure;

   h. Electricity transmission infrastructure;

   i. Natural gas transmission infrastructure; and

   j. Communications infrastructure.

7. Eligible infrastructure projects are capital construction projects to construct new infrastructure or to replace existing infrastructure, which provide the fixed installations necessary for the function of a political subdivision and are in the public interest. Capital construction projects exclude routine maintenance and repair projects, but include the following:

   a. Flood control;

   b. Water supply; and

   c. Water management.

8. Eligible infrastructure projects for institutions of higher education are capital construction projects to construct new infrastructure or to replace existing infrastructure, which provide the fixed installations necessary for the function of the institution and are in the public interest. Capital construction projects exclude routine maintenance and repair projects, but include the following:

   a. Sewer lines and water lines;

   b. Storm water infrastructure, including curb and gutter construction; and

   c. Road infrastructure.

SECTION 9. AMENDMENT. Section 6-09.4-06 of the North Dakota Century Code is amended and reenacted as follows:

6-09.4-06. Lending and borrowing powers generally.

1. The public finance authority may lend money to political subdivisions or other contracting parties through the purchase or holding of municipal securities which, in the opinion of the attorney general, are properly eligible for purchase or holding by the public finance authority under this chapter or chapter 40-57 and for purposes of the public finance authority's capital financing program the principal amount of any one issue does not exceed five hundred thousand dollars. However, the public finance authority may lend money to political subdivisions through the purchase of securities issued by the political subdivisions through the capital financing program without regard to the principal amount of the bonds issued, if the industrial commission approves a resolution that authorizes the public finance authority to purchase the securities. The capital financing program authorizing resolution must state that the industrial commission has determined that private bond markets will not be responsive to the needs of the issuing political subdivision concerning the securities or, if it appears that the securities can be sold through private bond markets without the involvement of the public finance authority, the authorizing resolution must state reasons for the public finance authority's involvement in the bond issue. The public finance authority may hold such municipal securities for any length of time it finds to be necessary. The public finance authority, for the purposes authorized by this chapter or chapter 40-57, may issue its bonds payable solely from the revenues available to the public finance authority which are authorized or pledged for payment of public finance authority obligations, and to otherwise assist political subdivisions or other contracting parties as provided in this chapter or chapter 40-57.

2. The public finance authority may lend or transfer money to the Bank of North Dakota ~~under~~as follows:

   a. Under terms and conditions requiring the Bank to use the proceeds to make loans for agricultural improvements that qualify for assistance under the revolving loan fund program established ~~by~~under chapter 61-28.2; and

   b. Under terms and conditions requiring the Bank to use the transferred proceeds to make loans for infrastructure projects that qualify for assistance under the infrastructure revolving loan fund established

under section 6-09-49 and to use the transferred proceeds to support the resources trust fund. Bonds issued for this purpose are payable in each biennium solely from amounts the legislative assembly may appropriate for debt service for any biennium or from a reserve fund established for the bonds. This section may not be construed to require the state to appropriate funds sufficient to make debt service payments with respect to the bonds or replenish a related reserve fund. The bonds are not a debt of the Bank or the state, and the full faith, credit, and taxing powers of the state are not pledged to the payment of the bonds. The obligation of the public finance authority with respect to the bonds must terminate and the bonds are no longer outstanding as of the date appropriated funds and reserves are not sufficient to pay debt service on the bonds. In addition to providing funds for transfers to the Bank, the public finance authority may use the bond proceeds to pay the costs of issuance of the bonds and establish a reserve fund for the bonds.

3. Bonds of the public finance authority issued under this chapter or chapter 40-57 are not in any way a debt or liability of the state and do not constitute a loan of the credit of the state or create any debt or debts, liability or liabilities, on behalf of the state, or constitute a pledge of the faith and credit of the state, but all such bonds are payable solely from revenues pledged or available for their payment as authorized in this chapter. Each bond must contain on its face a statement to the effect that the public finance authority is obligated to pay such principal or interest, and redemption premium, if any, and that neither the faith and credit nor the taxing power of the state is pledged to the payment of the principal of or the interest on such bonds. Specific funds pledged to fulfill the public finance authority's obligations are obligations of the public finance authority.

4. All expenses incurred in carrying out the purposes of this chapter or chapter 40-57 are payable solely from revenues or funds provided or to be provided under this chapter or chapter 40-57 and nothing in this chapter may be construed to authorize the public finance authority to incur any indebtedness or liability on behalf of or payable by the state.

SECTION 10. AMENDMENT. Section 6-09.4-10 of the North Dakota Century Code is amended and reenacted as follows:

6-09.4-10. Reserve fund.

1. The public finance authority shall establish and maintain a reserve fund in which there must be deposited all moneys appropriated by the state for the purpose of the fund, all proceeds of bonds required to be deposited therein by terms of any contract between the public finance authority and its bondholders or any resolution of the public finance authority with respect to the proceeds of bonds, any other moneys or funds of the public finance authority which it determines to deposit therein, any contractual right to the receipt of moneys by the public finance authority for the purpose of the fund, including a letter of credit or similar instrument, and any other moneys made available to the public finance authority only for the purposes of the fund from any other source or sources. Moneys in the reserve fund must be held and applied solely to the payment of the interest

on and the principal of bonds and sinking fund payments as the same become due and payable and for the retirement of bonds, including payment of any redemption premium required to be paid when any bonds are redeemed or retired prior to maturity. Moneys in the reserve fund may not be withdrawn therefrom if the withdrawal would reduce the amount in the reserve fund to an amount less than the required debt service reserve, except for payment of interest then due and payable on bonds and the principal of bonds then maturing and payable and sinking fund payments and for the retirement of bonds in accordance with the terms of any contract between the public finance authority and its bondholders and for the payments on account of which interest or principal or sinking fund payments or retirement of bonds, other moneys of the public finance authority are not then available in accordance with the terms of the contract. The required debt service reserve must be an aggregate amount equal to at least the largest amount of money required by the terms of all contracts between the public finance authority and its bondholders to be raised in the then current or any succeeding calendar year for the payment of interest on and maturing principal of outstanding bonds, and sinking fund payments required by the terms of any contracts to sinking funds established for the payment or redemption of the bonds.

2. If the establishment of the reserve fund for an issue or the maintenance of an existing reserve fund at a required level under this section would necessitate the investment of all or any portion of a new reserve fund or all or any portion of an existing reserve fund at a restricted yield, because to not restrict the yield may cause the bonds to be taxable under the Internal Revenue Code, then at the discretion of the public finance authority no reserve fund need be established prior to the issuance of bonds or the reserve fund need not be funded to the levels required by other subsections of this section or an existing reserve fund may be reduced.

3. No bonds may be issued by the public finance authority unless there is in the reserve fund the required debt service reserve for all bonds then issued and outstanding and the bonds to be issued. Nothing in this chapter prevents or precludes the public finance authority from satisfying the foregoing requirement by depositing so much of the proceeds of the bonds to be issued, upon their issuance, as is needed to achieve the required debt service reserve. The public finance authority may at any time issue its bonds or notes for the purpose of providing any amount necessary to increase the amount in the reserve fund to the required debt service reserve, or to meet such higher or additional reserve as may be fixed by the public finance authority with respect to such fund.

4. In order to assure the maintenance of the required debt service reserve, there shall be appropriated by the legislative assembly and paid to the public finance authority for deposit in the reserve fund, such sum, if any, as shall be certified by the industrial commission as necessary to restore the reserve fund to an amount equal to the required debt service reserve. However, the commission may approve a resolution for the issuance of bonds, as provided by section 6-09.4-06, which states in substance that this subsection is not applicable to the required debt service reserve for bonds issued under that resolution.

5. If the maturity of a series of bonds of the public finance authority is three years or less from the date of issuance of the bonds, the public finance authority may determine that no reserve fund need be established for that respective series of bonds. If such a determination is made, holders of that respective series of bonds may have no interest in or claim on existing reserve funds established for the security of the holders of previously issued public finance authority bonds, and may have no interest in or claim on reserve funds established for the holders of subsequent issues of bonds of the public finance authority.

6. The industrial commission may determine ~~that~~ this section is inapplicable in whole or in part for bonds issued ~~under section~~as follows:

   a. Under section 6-09.4-06;

   b. Under section 6-09.4-24; or ~~under~~

   c. Under the public finance authority's state revolving fund program.

SECTION 11. Section 6-09.4-28 of the North Dakota Century Code is created and enacted as follows:

6-09.4-28. Debt service requirements - Infrastructure revolving loan fund - Resources trust fund.

Each biennium, the public finance authority shall request from the legislative assembly an appropriation from the general fund to meet the debt service requirements for evidences of indebtedness issued by the authority to support the infrastructure revolving loan fund and the resources trust fund.

SECTION 12. AMENDMENT. Subsection 6 of section 21-03-07 of the North Dakota Century Code is amended and reenacted as follows:

6. The governing body of any county may also by resolution adopted by a two-thirds vote dedicate the tax levy authorized by section 57-15-06.6 and subsection 5 of section 57-15-06.7 and may authorize and issue general obligation bonds to be paid by the dedicated levy for the ~~purpose of providing funds for the purchase, construction, reconstruction, or repair of regional or county correction centers, or parks and recreational facilities~~purposes identified under section 57-15-06.6 and subsection 5 of section 57-15-06.7; provided, that the initial resolution authorizing the tax levy dedication and general obligation bonds must be published in the official newspaper, and any owner of taxable property within the county may, within sixty days after publication, file with the county auditor a protest against the adoption of the resolution. Protests must be in writing and must describe the property which is the subject of the protest. If the governing body finds such protests to have been signed by the owners of taxable property having an assessed valuation equal to five percent or more of the assessed valuation of all taxable property within the county, as theretofore last finally equalized, all further proceedings under the initial resolution are barred.

SECTION 13. AMENDMENT. Section 21-03-19 of the North Dakota Century Code is amended and reenacted as follows:

21-03-19. Bonds - Terms. Att 4 SB 2020 3/26/2019

Bonds issued under this chapter must be authorized by resolution, bear such date or dates, be in such denomination or denominations, be in such form, be subject to redemption with or without premium, and be subject to such other terms or conditions as in the judgment of the municipality are in the public interest of the municipality, and must provide that the last installment of principal falls due not more than twenty years from the date of the bonds or not more than thirty years for bonds sold to the entities under section 21-03-30. The requirements of this section apply to each new issue of bonds, or if so determined by the governing body, to the bonds of a new issue combined with all of the outstanding bonds of one or more designated issues of bonds previously issued and similarly payable from taxes or other sources of revenues, or both, as the case may be.

SECTION 14. AMENDMENT. Section 57-15-06.6 of the North Dakota Century Code is amended and reenacted as follows:

57-15-06.6. County capital projects levy.

1. The board of county commissioners of each county may levy an annual tax not exceeding ten mills plus any voter-approved additional levy as provided in subsection 8 of section 57-15-06.7 for the purpose of the following capital projects:

~~1.~~ a. Constructing and equipping and maintaining structural and mechanical components of regional or county corrections centers or for the purpose of contracting for corrections center space capacity from another public or private entity.

~~2.~~ b. Acquiring real estate as a site for public parks and construction and equipping and maintaining structural and mechanical components of recreational facilities under section 11-28-06.

~~3.~~ c. Acquiring real estate as a site for county buildings and operations and constructing and equipping and maintaining structural and mechanical components of county buildings and property.

~~4.~~ d. Acquiring real estate as a site for county fair buildings and operations and constructing and equipping and maintaining structural and mechanical components of county fair buildings and property as provided in section 4-02-26.

~~5.~~ e. Acquiring and developing real estate, capital improvements, buildings, pavement, equipment, and debt service associated with financing for county supported airports or airport authorities.

~~6.~~ f. Expenditures for the cost of leasing as an alternative means of financing for any of the purposes for which expenditures are authorized under ~~subsections 1~~subdivisions a through ~~5~~e.

g. Improvement of the county road system, including the acquisition of land, construction of new paved and unpaved roads and bridges, replacement of existing paved and unpaved roads and bridges, and maintenance and repair of existing paved and unpaved roads and bridges.

2. Any voter-approved levy for the purposes specified in this section approved by the electors before January 1, 2015, remains effective through 2024 or the period of time for which it was approved by the electors, whichever is less, under the provisions of law in effect at the time it was approved. After January 1, 2015, approval or reauthorization by electors of increased levy authority under this section may not be effective for more than ten taxable years.

SECTION 15. AMENDMENT. Section 57-47-02 of the North Dakota Century Code is amended and reenacted as follows:

57-47-02. County authorized to borrow - Term - Interest rate.

Whenever in the judgment of the board of county commissioners all taxes authorized to be levied in any one year for general or special county purposes are insufficient to carry on the primary governmental functions, or to pay the mandatory obligations imposed by law upon a county, then such a county may borrow money in such an amount as the board shall determine to be necessary to meet the deficiencies existing in its general or special funds, or to carry on primary governmental functions, and to pay mandatory obligations. For the purpose of borrowing, a county may issue evidences of indebtedness, which must consist of an agreement by the county to pay a stated sum on a specified date, or on or before a specified date, not more than ~~five~~twenty years in the future, together with interest thereon at a rate or rates resulting in an average annual net interest cost not to exceed twelve percent per annum if sold privately, or with no interest rate ceiling if sold at a public sale or to the state of North Dakota or any of its agencies or instrumentalities. A public sale must comply with the procedures set out in chapter 21-03. There is no requirement for an advertisement for bids if an evidence of indebtedness is sold privately or to the state of North Dakota or any of its agencies or instrumentalities."

Page 4, after line 27, insert:

"**SECTION 17. REPEAL.** Section 61-02-78 of the North Dakota Century Code is repealed.

SECTION 18. TRANSFER INFRASTRUCTURE REVOLVING LOAN FUND FOR WATER PROJECTS TO INFRASTRUCTURE REVOLVING LOAN FUND. The state water commission shall transfer any outstanding loans from the infrastructure revolving loan fund under section 61-02-78 to the infrastructure revolving loan fund during the biennium beginning July 1, 2019, and ending June 30, 2021.

SECTION 19. PUBLIC FINANCE AUTHORITY - BOND ISSUANCE LIMITATION. Pursuant to the bonding authority under section 6-09.4-06, the public finance authority may issue up to $500,000,000 of evidences of indebtedness, but not in an amount that would cause the repayments to exceed $55,000,000 per biennium, for the purpose of supporting the infrastructure revolving loan fund and the resources trust fund during the biennium beginning July 1, 2019, and ending June 30, 2021. Of the total evidences of indebtedness issued by the public finance authority, an amount equal to the transfer under section 18 of this Act must be used to support the resources trust fund, and the remaining amount must be used to support the infrastructure revolving loan fund. The term of any evidences of indebtedness issued under this section may not exceed thirty years. The public finance authority may issue bond anticipation notes for the purpose of financing loans under the infrastructure revolving loan fund prior to a bond issuance.

SECTION 20. APPROPRIATION. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of $26,000,000, or so much of the sum as may be necessary, to the public finance authority for the purpose of debt service repayments associated with bonds issued to support the infrastructure revolving loan fund, for the biennium beginning July 1, 2019, and ending June 30, 2021.

SECTION 21. EFFECTIVE DATE. Section 17 of this Act becomes effective July 1, 2021."

Renumber accordingly

State Water Commission - Budget No. 770
Senate Bill No. 2020
Base Level Funding Changes

A+S
SB 2020 3/26/2019

	Senate Version				House Version				House Changes to Senate Version			
									Increase (Decrease) - Senate Version			
	FTE Position	General Fund	Other Funds	Total	FTE Position	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
2019-21 Biennium Base Level	93.00	$0	$647,173,475	$647,173,475	93.00	$0	$647,173,475	$647,173,475	0.00	$0	$0	$0
2019-21 Ongoing Funding Changes												
Base payroll changes			($285,707)	($285,707)			($285,707)	($285,707)				$0
Salary increase			559,891	559,891			479,001	479,001			(80,890)	(80,890)
Health insurance increase			419,435	419,435			419,435	419,435				0
Retirement contribution increase				0				0				0
Removes 4 FTE unspecified positions	(4.00)		(693,912)	(693,912)	(4.00)		(693,912)	(693,912)				0
Adds 1 FTE risk mapping position	1.00		174,126	174,126	1.00		174,126	174,126				0
Adjusts funding available for new projects			(169,782,147)	(169,782,147)			(169,782,147)	(169,782,147)				0
Adjusts funding available for project carryover			33,465,921	33,465,921			33,465,921	33,465,921				0
Adjusts capital assets			(51,880,684)	(51,880,684)			(51,880,684)	(51,880,684)				0
Adjusts operating expenses			(14,257,138)	(14,257,138)			(14,257,138)	(14,257,138)				0
Adds Microsoft Office 365 licensing			68,200	68,200			68,200	68,200				0
Adds water supply - Grants line item			115,000,000	115,000,000			115,000,000	115,000,000				0
Adds rural water supply - Grants line item			30,000,000	30,000,000			30,000,000	30,000,000				0
Adds flood control - Grants line item			145,000,000	145,000,000			145,000,000	145,000,000				0
Adds general water - Grants line item			35,255,000	35,255,000			35,255,000	35,255,000				0
Total ongoing funding changes	(3.00)	$0	$123,042,985	$123,042,985	(3.00)	$0	$122,962,095	$122,962,095	0.00	$0	($80,890)	($80,890)
One-time funding items												
Adds Bank of North Dakota line of credit			$75,000,000	$75,000,000			$75,000,000	$75,000,000				$0
Total one-time funding changes	0.00	$0	$75,000,000	$75,000,000	0.00	$0	$75,000,000	$75,000,000	0.00	$0	$0	$0
Total Changes to Base Level Funding	(3.00)	$0	$198,042,985	$198,042,985	(3.00)	$0	$197,962,095	$197,962,095	0.00	$0	($80,890)	($80,890)
2019-21 Total Funding	90.00	$0	$845,216,460	$845,216,460	90.00	$0	$845,135,570	$845,135,570	0.00	$0	($80,890)	($80,890)

Other Sections for State Water Commission - Budget No. 770

	Senate Version	House Version
Exemption - Water-related projects	Section 3 provides that funds appropriated for grants or water-related projects in Section 1 are exempt from North Dakota Century Code Section 54-44.1-11 for 2 years after June 30, 2021. Any unexpended funds appropriated from the resources trust fund or the water development trust fund after that period has expired must be transferred to the originating fund.	Section 3 provides that funds appropriated for grants or water-related projects in Section 1 are exempt from North Dakota Century Code Section 54-44.1-11 for 2 years after June 30, 2021. Any unexpended funds appropriated from the resources trust fund or the water development trust fund after that period has expired must be transferred to the originating fund.
Additional income	Section 4 provides that in addition to the amounts appropriated to the State Water Commission from the resources trust fund and the water development trust fund, any additional amounts that become available in those funds are appropriated, subject to Budget Section approval, to the State Water Commission for the purpose of defraying the expenses of the State Water Commission for the 2019-21 biennium.	Section 4 provides that in addition to the amounts appropriated to the State Water Commission from the resources trust fund and the water development trust fund, any additional amounts that become available in those funds are appropriated, subject to Budget Section approval, to the State Water Commission for the purpose of defraying the expenses of the State Water Commission for the 2019-21 biennium.

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Other Sections for State Water Commission - Budget No. 770

	Senate Version	House Version
Line item transfers		
Legislative intent - Fargo flood control project	Section 5 provides legislative intent the state provide a portion of the local cost-share of the Fargo flood control project not to exceed $703 million and that the $332.5 million yet to be designated by the state be provided in equal installments over the next 5 bienniums, beginning July 1, 2019.	
Legislative intent - Red River Valley Water Supply Project - Report to Legislative Management	Section 6 provides legislative intent the State Water Commission provide, in the form of a grant, up to $50 million to the Garrison Diversion Conservancy District for the Red River Valley Water Supply Project during the 2019-21 biennium and that the State Water Commission provide state funding at an 80 percent state cost-share after June 30, 2021.	
Red River Valley Water Supply Project - Report to Legislative Management - Budget Section approval	Section 7 establishes certain requirements the Garrison Diversion Conservancy District must meet regarding the planning and permitting process and requires the district obtain certification from the State Water Commission and the State Engineer that those items are complete. The section also requires approval from the Budget Section of the certification and for construction to begin before the funding can be provided to the Garrison Diversion Conservancy District for the Red River Valley Water Supply Project.	Section 7 establishes certain requirements the Garrison Diversion Conservancy District must meet regarding the planning and permitting process and requires the district obtain certification from the State Water Commission and the State Engineer that those items are complete. The section also requires approval from the Budget Section of the certification and for construction to begin before the funding can be provided to the Garrison Diversion Conservancy District for the Red River Valley Water Supply Project.
Bank of North Dakota - Line of credit	Section 8 continues the authorization of a line of credit at the Bank of North Dakota, not to exceed $75 million, at an annual percentage rate of 1.5 percent over the 3 month LIBOR rate, but may not exceed 3 percent to the State Water Commission. The State Water Commission must repay the line of credit from funds available in the resources trust fund, water development trust fund, or other funds, as appropriated by the Legislative Assembly. The State Water Commission may access the line of credit, as necessary, to provide funding as authorized by the Legislative Assembly for water supply and flood control projects approved for funding before June 30, 2021.	Section 8 continues the authorization of a line of credit at the Bank of North Dakota, not to exceed $75 million, at an annual percentage rate of 1.5 percent over the 3 month LIBOR rate, but may not exceed 3 percent to the State Water Commission. The State Water Commission must repay the line of credit from funds available in the resources trust fund, water development trust fund, or other funds, as appropriated by the Legislative Assembly. The State Water Commission may access the line of credit, as necessary, to provide funding as authorized by the Legislative Assembly for water supply and flood control projects approved for funding before June 30, 2021.
Contingent appropriation - Bank of North Dakota line of credit		

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1. Of the funds appropriated in the water and atmospheric resources line item in section 1 of this Act from funds available in the resources trust fund and water development trust fund, $298,875,000 is designated as follows:

   a. $120,125,000 for water supply;

   b. $27,000,000 for rural water supply;

   c. $136,000,000 for flood control; and

   d. $15,750,000 for general water.

2. The funding designated in this section is for the specific purposes identified; however, the state water commission may transfer funding among these items, subject to budget section approval and upon notification to the legislative management's water topics overview committee.

SECTION 6. LEGISLATIVE INTENT - ~~MOUSE RIVER FLOOD CONTROL PROJECT~~ Red River Valley Water Supply Project FUNDING. Except for funding provided during bienniums prior to the ~~2017-19~~ 2017-19 biennium, it is the intent of the sixty-~~fifth~~ sixth legislative assembly that the state provide no more than ~~$193,000,000~~ $250,000,000 of state funding for ~~Mouse~~ RRVWSP River ~~flood control~~ projects ~~within the city limits of Minot~~. It is the intent of the sixty-~~fifth~~ sixth legislative assembly that the ~~$193,000,000~~ $250,000,000 be made available during the ~~2017-19~~ 2019-21, 2021-23, ~~and 2023-25~~ and bienniums.

SECTION 7. LEGISLATIVE INTENT - RED RIVER VALLEY WATER SUPPLY PROJECT - BUDGET SECTION APPROVAL. It is the intent of the sixty-fifth legislative assembly that the state water commission provide, in the form of a grant, up to $30,000,000, of which $17,000,000 is for the completion of the planning and permitting process and $13,000,000 is to initiate construction of phase one prioritized project features identified in accordance with subsection 2 of section 8 of this Act, to the Garrison diversion conservancy district for the Red River valley water supply project, for the biennium beginning July 1, 2017, and ending June 30, 2019. The Garrison diversion conservancy district must receive budget section approval prior to changing any funding between designations identified in this section.

SECTION 8. RED RIVER VALLEY WATER SUPPLY PROJECT - REPORT TO LEGISLATIVE MANAGEMENT - BUDGET SECTION APPROVAL. Any funding received by the Garrison diversion conservancy district from the state water commission for the Red River valley water supply project during the biennium beginning July 1, 2017, and ending June 30, 2019, is subject to the following requirements:

1. Any funding received for the completion of the planning and permitting process of the Red River valley water supply project must result in the following accomplishments:

   a. The completed Red River valley water supply plan document that will be the basis and justification for project construction and must include alternative selection, water supply needs, projected project costs, easement acquisitions, environmental regulation compliance to include the Boundary Waters Treaty of 1909, and an implementation schedule;

   b. Acquisition of all state and federal permits required for the construction of any project features intended to be constructed with funding provided during the 2017-19 biennium;

   c. A signed bureau of reclamation water service contract agreeing to a minimum of one hundred sixty-five cubic feet per second over a minimum of forty years or equivalent to ensure an adequate water source for the project's needs;

   d. Prioritized project features for phase one construction; and

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2019-2021 LEGISLATIVE REQUEST: $55M

By the end of 2019, Western Area Water Supply Authority (WAWSA) will have completed approximately $345 million worth of water supply, treatment, transmission, and distribution projects across five counties in northwest North Dakota.

The WAWSA Board is grateful for the North Dakota Legislature's ongoing support for the project. We've delivered drinking water to about 60,000 people so far, including over 1,800 new rural users. However, there are still rural areas that are waiting for service from WAWS, including approximately 500 more users that are planned to be served this biennium.

WAWSA is requesting $55 million in grant and loan funding. If the funding request is approved, WAWSA will be able to complete projects in several rural areas where current water supplies are limited and generally of poor quality, as well as begin the next phase of water treatment capacity expansion. The Projects proposed for the 2019-2021 biennium:

R&T Water Supply Commerce Authority - East White Earth Alternates | *Estimated Cost: $6 million*
This rural water service expansion in central Mountrail County is located east of the White Earth River Valley. The project will provide service via 75 miles of pipeline. A phased approach may be implemented to stay within budget due to the increased interest in service from rural residents.

R&T Water Supply Commerce Authority - West White Earth Alternates | *Estimated Cost: $3 million*
The project would expand services to rural users through 25 miles of pipeline in western Mountrail County and eastern Williams County, west of the White Earth River Valley.

McKenzie County Water Resource District – System I Expansion Part 2 | *Estimated Cost: $7 million*
A rural water service expansion would benefit new users in central McKenzie County, south of Watford City through 65 miles of pipeline. Very poor water quality is of concern in this area due to high concentrations of dissolved minerals in ground and surface waters with nitrogen concentrations that have been fatal to livestock.

Northwest Rural Water District - North 200K Rural Distribution | *Estimated Cost: $3.5 million*
New rural customers in central Williams County to the northwest of Williston would receive WAWSA service via 50 miles of pipeline. Similar to the R&T East White Earth Alternates project, it is likely this will be phased to stay within the project budget due to increased interest in water service.

29 Mile Rural Distribution | *Estimated Cost: $8.5 million*
Northwest Williams County and south-central Divide County would benefit from the construction of 93 miles of pipeline for new rural customers. This project will likely be phased to stay within the project budget due to increased interest in water service.

R&T Water Supply Commerce Authority Service to Powers Lake | *Estimated Cost: $5 million*
The City of Powers Lake and rural users would receive WAWSA service through 15 miles of pipeline.

R&T Water Supply Commerce Service to Stanley – Phase II | *Estimated Cost: $12 million*
This project will add approximately 16.5 miles of a 20-inch transmission line between the R&T Water Supply Commerce Authority's Tioga High Point and Ross High Point reservoirs to complete a phased transmission expansion to Stanley. The result of the project will be an increased capacity to serve the cities of Ross and Stanley.

Stanley Rural Distribution Part 2 | *Estimated Cost: $5 million*
Rural customers in south-central Mountrail County would benefit from 56 miles of pipeline. Similar to several other projects, Stanley Rural Distribution Part 2 will likely be phased to stay within the project budget due to increased interest in water service.

Williston Water Treatment Plant Expansion | *Estimated Cost: $5 million*
In 2018, WAWSA utilized over 80 percent of its total treatment capacity during summer months. To keep treatment capacity ahead of growing water demands, the expansion for our supply and treatment systems must begin now. The planning, permitting (US Army Corps of Engineers Permit required for intake expansion), and design will take nearly two years and the construction phase will take an additional two years, making available treatment capacity available sometime in 2023. Current domestic water demands are projected to exceed existing supply and treatment capacity as early as 2024.

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Utilizing Bank of North Dakota as A Long-Term Funding Source

Assume $23,000,000 at	1.5%	Interest Received	$ 5,646,531
Borrow $23,000,000 at	3.75%	Interest [redacted] Cost	$15,507,445
Interest Rate Delta	2.25%	Cost to BND	$ 9,860,914

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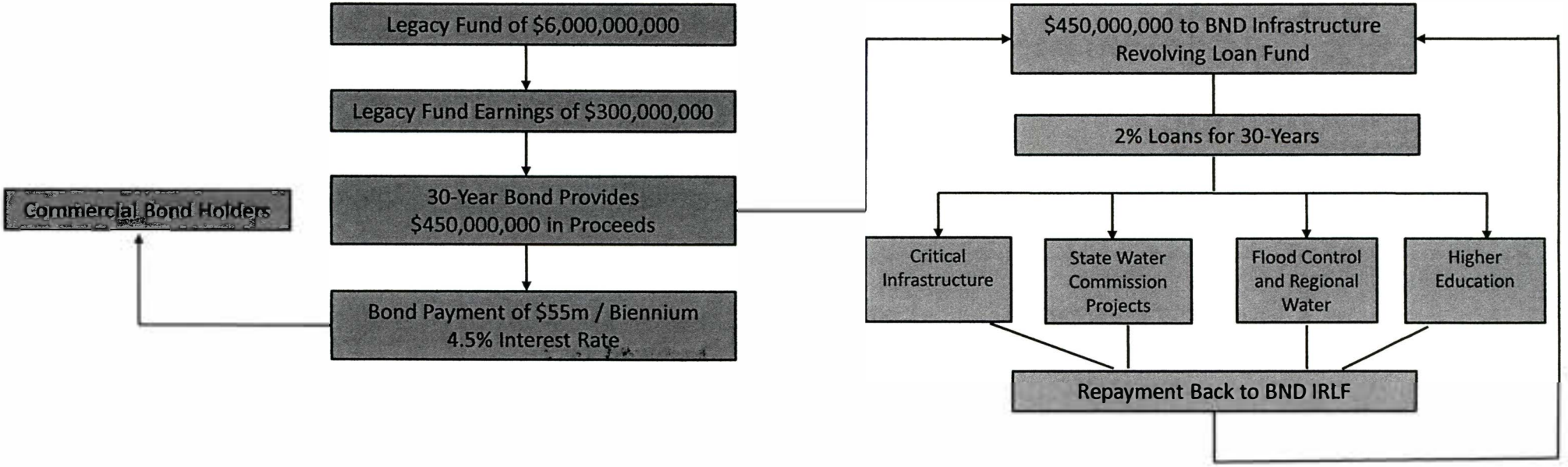
3/26/2019

Utilizing Legacy Fund Earnings As A Repayment Source For Infrastructure Funding

Concept: To "Disconnect" the Repayment and Interest Rate of A Revenue Bond from the Repayment and Interest Rate of a Loan to A Local Political Subdivision.



AH1

SB 2020

3/28/2019

RED RIVER VALLEY WATER SUPPLY PROJECT

LEGISLATIVE ASKS

March 27, 2019

ISSUES	REQUEST	SB2020	HOUSE APPROPRIATIONS E/E (draft)	COMMENTS
2017-2019 Funding	$13 million early out	Approved last biennium	Approved last biennium	Substantial reliance on Missouri River Intake Permit Avoid WOTOS changes by initiating pipeline construction Substantial reliance on NDPDES Permit by constructing discharge
2019-2021 Funding	$50 million	$50 million	$30 million	$40M to $50M needed to continue progress and reinforce substantial reliance on permits
Cost Share	90/10	80/20	60/40	80/20 * Hint that 75/25 may be acceptable to LAWA with long-term, low-interest loan * Will lose some small systems
Long-Term Low-Interest Loan	40 years @ 2%	SB2275; 40 years @2%	Nothing	40 years @ 2% * Comparable financing **critica**l to affordability of project
Progress During Potential Lawsuit	Ability to Construct Non-Contested Assets	Section 7; Sub-Section 2 * NDSWC Review * "Any" Funds	Section 7; Sub-Section 2 * NDSWC Review * "Any" Funds	Allow $13M to proceed in all cases Allow non-contested components to move forward as funding permits * Land Acquisition * Engineering * Non-contested Construction

Southwest Water Authority

Southwest Pipeline Project
Funding Needs
2019 and Beyond

AH2
SB 2020
3/28/2019

SOUTHWEST PIPELINE PROJECT

Contract	Description	Detail	Estimated Project Cost
1-1B	Intake Pump Station Upgrade	Miscellaneous Piping and Appurtenances	$342,000
1-2B	Supplementary Intake Pump Station	Intake Pump Station Building and Pumps	$8,850,000
2-3J	Parallel Pipe from Dickinson Reservoir to Dickinson WTP	1.43 miles 24" DIP	$5,834,000
	Capacity upgrades necessary for regional growth		
2019-1	Blowoff Replacements	Raw Water Main Transmission Line Blowoff Upgrades	$335,000
5-13A	2nd Davis Buttes Reservoir	1 Million Gallon Ground Storage Reservoir, 60' diameter x 47'high	$2,022,000
	Deferred construction		
5-9A	2nd Belfield Reservoir	750,000 Gallon Ground Storage Reservoir, 52' diameter x 47' high	$1,532,000
	Capacity upgrades necessary for regional growth		
	Rural Needs 2019-2021	Potential Customers on Waiting Lists	$5,000,000
	SWC Agency Operations 2019-2021	$850,000 per biennium	$850,000
3-3	12 Million Gallon per Day Water Treatment Plant	Replacement of the Original Water Treatment Plant in Dickinson	$72,000,000
	Rural Needs 2021-2023	Potential Customers on Waiting Lists	$5,000,000
	SWC Agency Operations 2021-2023	$850,000 per biennium	$850,000
6	SCADA	SCADA for System Upgrades	$820,000
4-3A	Ray Christensen Pump Station Upgrades	Pump Upgrades for Increased Distribution Capacity	$13,000,000
	Capacity upgrades necessary for regional growth		
2-3I	Parallel Pipe from Richardton to Dickinson Reservoir	5 miles 24" DIP	$13,624,000
	Capacity upgrades necessary for regional growth		
	Rural Needs 2023-2025	Potential Customers on Waiting Lists	$5,000,000
	SWC Agency Operations 2023-2025	$850,000 per biennium	$850,000
2-2I	Parallel Pipe from Zap to Richardton →	20.4 miles 30" Steel and DIP	$58,162,000
	Capacity upgrades necessary for regional growth		
	Rural Needs 2025-2027	Potential Customers on Waiting Lists	$5,000,000
	SWC Agency Operations 2025-2027	$850,000 per biennium	$850,000
8-4	Golva Tank	150,000 Gallon Standpipe, 25' diameter x 41' high	$560,000
	Deferred construction		
	Rural Needs 2027-2029	Potential Customers on Waiting Lists	$5,000,000
	SWC Agency Operations 2027-2029	$850,000 per biennium	$850,000
	Total Estimated Project Cost		**$206,331,000**

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Prepared by the Legislative Council staff for
Representative Sanford
April 1, 2019

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2020

Page 4, after line 27, insert:

"**SECTION 9. FARGO FLOOD CONTROL PROJECT DOWNSTREAM IMPACT MITIGATION.** The Fargo flood control project may not reduce the overall effectiveness of existing downstream certified flood protection systems in North Dakota. The Fargo flood control project shall mitigate negative downstream impacts resulting from the construction or operations of the Fargo flood control project if the water surface profile is raised by more than 0.10 feet for the 100-year, 200-year or 500-year events. The mitigation plan must be approved by the state water commission and the impacted community."

Renumber accordingly

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All moderate projects in 1st year

	A	B	C	D	E	F
1	**Project Name***	**Local Sponsor***	**SWC 2019-2021***	**Local 2019-2021***	**Total**	**Running SWC total**
2	Water supply looping project	City of Colfax	$ 286,800.00	$ 191,200.00	**$ 478,000.00**	$ 286,800.00
3	City of Elgin - ACP Replacement	City of Elgin, ND	$ 264,000.00	$ 176,000.00	**$ 440,000.00**	$ 550,800.00
4	Water Main Looping	City of Harwood	$ 17,500.00	$ 32,500.00	**$ 50,000.00**	$ 568,300.00
5	Water Supply & Treatment Upgrades	City of Harvey	$ 420,000 00	$ 280,000 00	**$ 700,000.00**	$ 988,300 00
6	Water Treatment Plant Upgrades	City of Horace	$ 1,218,000.00	$ 812,000.00	**$ 2,030,000.00**	$ 2,206,300.00
7	Elevated Tank Improvements	City of Horace	$ 115,200.00	$ 76,800.00	**$ 192,000.00**	$ 2,321,500.00
8	Water Treatment Plant Upgrades - Joint Project with Tri-County Rural Water District	City of McVille	$ 270,000.00	$ 180,000.00	**$ 450,000.00**	$ 2,591,500.00
9	South Water Storage Reservoir	City of Killdeer	$ 270,000.00	$ 180,000.00	**$ 450,000.00**	$ 2,861,500.00
10	HWBL Water	City of Killdeer	$ 294,000.00	$ 196,000.00	**$ 490,000.00**	$ 3,155,500.00
11	Southwest Utility Extension and Lift Station	City of Killdeer	$ 216,720.00	$ 144,480.00	**$ 361,200.00**	$ 3,372,220.00
12	9th St NW Water Main Looping	City of West Fargo	$ 150,000.00	$ 100,000 00	**$ 250,000.00**	$ 3,522,220.00
13	2nd St W Water Main Replacement	City of West Fargo	$ 300,000.00	$ 200,000 00	**$ 500,000.00**	$ 3,822,220.00
14	Grand Forks Regional WTP	City of Grand Forks	$ 9,875,000 00	$ 9,875,000 00	**$19,750,000.00**	$ 13,697,220.00
15	Beulah Water & Waste Water Main Rehabilitation Project	City of Beulah	$ 500,000.00	$ 600,000.00	**$ 1,100,000.00**	$ 14,197,220.00
16	Zone 4 Lockport Water Pump Station	City of Bismarck	$ 1,980,000.00	$ 1,320,000.00	**$ 3,300,000.00**	$ 16,177,220.00
17	Burlington South Water Tower	City of Burlington and North Prairie Rural Water	$ 936,000.00	$ 624,000.00	**$ 1,560,000.00**	$ 17,113,220.00
18	City Wide Water Main Improvements - Phase 1	City of Columbus	$ 365,400.00	$ 243,600.00	**$ 609,000.00**	$ 17,478,620.00
19	City Wide Water Main Improvements - Phase 2	City of Columbus	$ 346,710.00	$ 231,140.00	**$ 577,850.00**	$ 17,825,330.00
20	City Wide Water Main Improvements - Phase 3	City of Columbus	$ 234,801.00	$ 156,534.00	**$ 391,335.00**	$ 18,060,131.00
21	Dickinson City Wide System Improvements (6th St, 7th St, Sims St.)	City of Dickinson	$ 1,980,000.00	$ 1,320,000.00	**$ 3,300,000.00**	$ 20,040,131.00

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	A	B	C	D	E	F
1	**Project Name***	**Local Sponsor***	**SWC 2019-2021***	**Local 2019-2021***	**Total**	**Running SWC total**
22	Dickinson North Side Water Storage Tank	City of Dickinson	$ 60,000.00	$ 40,000.00	**$ 100,000.00**	$ 20,100,131.00
23	Water Supply & Treatment Expansion	City of Garrison	$ 2,700,000.00	$ 1,800,000.00	**$ 4,500,000.00**	$ 22,800,131.00
24	Water Transmission ans Supply Line	City of Garrison	$ 720,000.00	$ 480,000.00	**$ 1,200,000.00**	$ 23,520,131.00
25	Install New Watermains and appurtenances	City of Larimore	$ 231,750.00	$ 154,500.00	**$ 386,250.00**	$ 23,751,881.00
26	Mapleton Water Storage Tank	City of Mapleton	$ 705,000.00	$ 695,000.00	**$ 1,400,000.00**	$ 24,456,881.00
27	Minot SW Elevated water tank	City of Minot	$ 2,760,000.00	$ 1,840,000.00	**$ 4,600,000.00**	$ 27,216,881.00
28	12th St NE (Between HWY 23 and 17th Ave N)	City of Watford City	$ 390,000.00	$ 260,000.00	**$ 650,000.00**	$ 27,606,881.00
29	14th St NW (between 10th Ave NW and 17th AVe NW)	City of Watford City	$ 240,000.00	$ 160,000.00	**$ 400,000.00**	$ 27,846,881.00
30	17th Ave NE (Between Pheasant Ridge & 12 St NE)	City of Watford City	$ 282,000.00	$ 188,000.00	**$ 470,000.00**	$ 28,128,881.00
31	17th Ave NW (Between Main St & 14th St NW)	City of Watford City	$ 510,000.00	$ 340,000.00	**$ 850,000.00**	$ 28,638,881.00
32	2018-2019 Street and Utility Improvements	City of Center, ND	$ 70,800.00	$ 47,200.00	**$ 118,000.00**	$ 28,709,681.00
33	New Wells	City of Enderlin	$ 442,200.00	$ 294,800.00	**$ 737,000.00**	$ 29,151,881.00
34	Well Installation	City of Oberon	$ 159,500.00	$ 140,500.00	**$ 300,000.00**	$ 29,311,381.00
35	City of Souris - Water Transmission Line Replacement	City of Souris	$ 105,000.00	$ 70,000.00	**$ 175,000.00**	$ 29,416,381.00
36	42nd Street Watermain	City of Williston	$ 791,400.00	$ 527,600.00	**$ 1,319,000.00**	$ 30,207,781.00
37	16th Avenue Watermain	City of Williston	$ 621,000.00	$ 414,000.00	**$ 1,035,000.00**	$ 30,828,781.00
38	City Water Quality Treatment	City of Flaxton	$ 150,000.00	$ 50,000.00	**$ 200,000.00**	$ 30,978,781.00
39	**$30 million appropriation level**					
40	2019 Utility Improvements	City of Wilton, ND	$ 489,260.00	$ 97,852.00	**$ 587,112.00**	$ 31,468,041.00
41	Newport Ridge - Water Main Looping	City of Kindred	$ 115,000.00	$ 125,000.00	**$ 240,000.00**	$ 31,583,041.00
42	Water Tank Replacement	City of Lincoln	$ 810,000.00	$ 540,000.00	**$ 1,350,000.00**	$ 32,393,041.00
43	WTP Rehabilitation	City of Lisbon	$ 300,000.00	$ 200,000.00	**$ 500,000.00**	$ 32,693,041.00

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	A	B	C	D	E	F
1	**Project Name***	**Local Sponsor***	**SWC 2019-2021***	**Local 2019-2021***	**Total**	**Running SWC total**
44	New Well Field and Raw Water Transmission Line	City of Lisbon	$ 336,000.00	$ 224,000.00	**$ 560,000.00**	$ 33,029,041.00
45	Water Treatment Plant Upgrades - Joint Regional Project with Traill Rural Water District	City of Mayville	$ 180,000.00	$ 120,000.00	**$ 300,000.00**	$ 33,209,041.00
46	New Wells & Transmission Line	City of Makoti	$ 360,000.00	$ 240,000.00	**$ 600,000.00**	$ 33,569,041.00
47	New Downtown Elevated Storage Tank	City of Fargo	$ 1,725,000.00	$ 1,725,000.00	**$ 3,450,000.00**	$ 35,294,041.00
48	Water Improvements (NW and NE Quadrants)	City of Valley City	$ 900,000.00	$ 600,000.00	**$ 1,500,000.00**	$ 36,194,041.00
49	Water Treatment Plant Improvements	City of Drayton	$ 2,163,000.00	$ 1,442,000.00	**$ 3,605,000.00**	$ 38,357,041.00
50	Sherwood Water Supply Improvements	City of Sherwood	$ 367,750.00	$ 260,250.00	**$ 628,000.00**	$ 38,724,791.00
51	Water Main Update	City of Park River	$ 924,405.00	$ 771,835.00	**$ 1,696,240.00**	$ 39,649,196.00
52	New Well, Transmission Line, and Water Treatment Plant Expansion	City of Oakes	$ 1,200,000.00	$ 800,000.00	**$ 2,000,000.00**	$ 40,849,196.00
53	Multiple Location Water Main Replacement	City of Rhame	$ 266,900.00	$ 177,960.00	**$ 444,860.00**	$ 41,116,096.00
54	Replace Gate Valves	City of Mooreton, ND	$ 120,000.00	$ 80,000.00	**$ 200,000.00**	$ 41,236,096.00
55	Bowbells Water Main Improvements	City of Bowbells	$ 79,200.00	$ 52,800.00	**$ 132,000.00**	$ 41,315,296.00
56	**$40 million appropriation level**					
57	Parshall Water Tower	City of Parshall	$ 1,200,000.00	$ 800,000.00	**$ 2,000,000.00**	$ 42,515,296.00
58	Water Main Replace	City of Noonan	$ 317,856.00	$ 211,904.00	**$ 529,760.00**	$ 42,833,152.00
59	Minto Stoltman's Addition Watermain Replacement	City of Minto	$ 418,200.00	$ 278,800.00	**$ 697,000.00**	$ 43,251,352.00
60	2018-2019 Water Storage Improvements	City of Riverdale, ND	$ 1,000,000.00	$ 160,155.00	**$ 1,160,155.00**	$ 44,251,352.00
61	Water storage, booster station and treated water transmission lines.	City of Davenport	$ 429,600.00	$ 286,400.00	**$ 716,000.00**	$ 44,680,952.00
62	New Water Tower/Storage System Expansion	City of Hazen	$ 885,000.00	$ 615,000.00	**$ 1,500,000.00**	$ 45,565,952.00

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	A	B	C	D	E	F
1	**Project Name***	**Local Sponsor***	**SWC 2019-2021***	**Local 2019-2021***	**Total**	**Running SWC total**
63	City of Hebron 80,000 Gallon Water Tower Replacement Project	City of Hebron	$ 480,000.00	$ 320,000.00	**$ 800,000.00**	$ 46,045,952.00
64			**$45 million appropriation level**			
65		Totals	$ 46,045,952.00	$ 34,569,810.00	$80,615,762.00	
66						
67	* From 2019 SWC North Dakota Water Development Plan					

Rural water

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4/2/2019

Local Sponsor	Project Name	SWC 2019-2021	Local 2019-2021	Total Project Cost	SWC Priority
Stutsman Rural Water District	Water Supply to Streeter	$ 378,000	$ 126,000	$ 504,000	
Walsh Rural Water District	WRWD: User, Transmission Pipeline Expansion Phase II, Water Supply to Drayton	$ 5,325,000	$ 1,775,000	$ 7,100,000	
Agassiz Water Users District	AWUD System Expansion and Interconnect Project	$ 3,375,000	$ 1,125,000	$ 4,500,000	Moderate
All Seasons Water Users District	All Seasons Water Users District System 1 Expansion Project	$ 5,409,000	$ 1,803,000	$ 7,212,000	Moderate
Dakota Rural Water District	DRWD: User Expansion	$ 5,250,000	$ 1,750,000	$ 7,000,000	Moderate
East Central Regional Water District	ECRWD: User, Transmission Pipeline Expansion, Well Expansion and District Interconnect	$ 4,650,000	$ 1,550,000	$ 6,200,000	Moderate
Greater Ramsey Water District	Greater Ramsey Expansion Project - Oswald Bay	$ 937,500	$ 312,500	$ 1,250,000	Moderate
McLean Sheridan Rural Water District	2019 System Wide Improvements/Expansion Project - Phased Approach	$ 5,625,000	$ 1,875,000	$ 7,500,000	$30,949,500
Missouri West Water System	Harmon Lake Area Expansion Project	$ 637,500	$ 212,500	$ 850,000	Moderate
Missouri West Water System	North Mandan/Highway 25 Project	$ 600,000	$ 600,000	$ 1,200,000	Moderate
North Central Regional Water District	City of Benedict Water Distribution System	$ 270,000	$ 180,000	$ 450,000	Moderate
Northeast Regional Water District	NRWD: User Expansion Phase II	$ 750,000	$ 250,000	$ 1,000,000	Moderate
Northeast Regional Water District	NRWD: City of Devils Lake Phase II	$ 1,500,000	$ 500,000	$ 2,000,000	$34,707,000
Southeast Water Users District	SEWUD System Wide Expansion	$ 900,000	$ 300,000	$ 1,200,000	Moderate
Tri-County Water District	Tri-County Water District Rural Distribution Pipeline Expansion	$ 738,750	$ 246,250	$ 985,000	Moderate
North Prairie Rural Water District	NPRWD Minot to Velva Hwy 52 Project	$ 3,300,000	$ 1,100,000	$ 4,400,000	$39,145,750
Northeast Regional Water District	NRWD: Water Loss Infrastructure	$ 750,000	$ 250,000	$ 1,000,000	Low
South Central Regional Water District	North Burleigh Water Treatment Plant Pretreatment Improvements	$ 1,250,000	$ 834,000	$ 2,084,000	Low
Southeast Water Users District	Replacement of Existing 1.5" Glued Pipe	$ 1,162,500	$ 387,500	$ 1,550,000	Low
Southeast Water Users District	Regionalization of Southeast Water Users District West Water Treatment Plant	$ 6,000,000	$ 2,000,000	$ 8,000,000	Low
Stutsman Rural Water District	Phase 7 Water Supply	$ 1,800,000	$ 1,200,000	$ 3,000,000	Low
		$ 50,608,250	$ 18,376,750	$ 68,985,000	

$ 5,703,000		
$ 30,642,750	Moderate	$ 36,345,750
$ 14,262,500	Low	
$ 50,608,250		

Att 4 SB 2020 4/2/2019

Ness, Claire J.

From: Ness, Claire J.
Sent: Tuesday, March 19, 2019 11:10 PM
To: Sorvaag, Ronald G.; Lee, Gary A.; Schmidt, James E.
Cc: Kadrmas, Chris J.
Subject: Draft amendment language

All,

Per our conversation this afternoon, I drafted the language below as a possible condition on the State Water Commission appropriations. Please let me know if you want me to put it into an amendment and, if so, what the dollar amount or percentage should be in subsection 2.

"The appropriations to the state water commission in section 1 of this Act for the biennium beginning July 1, 2019, and ending June 30, 2021, are conditioned upon:

1. The state water commission expending only funds appropriated for "Flood control – grants" under section 1 of this Act for the Souris River flood control project, the Sheyenne River flood control project, and the flood control project in and around Fargo including the Fargo Moorhead area diversion project; and
2. The state water commission expending no more than _____ percent of the funds appropriated for "Flood control – grants" under section 1 of this Act for any flood control project. For this purpose, the flood control project in and around Fargo including the Fargo Moorhead area diversion project constitutes one project."

Alternatively, you may want to use a dollar amount rather than a percentage in subsection 2.

Thanks,
Claire

19.0233.02007
Title.

AHS
SB 2020
4/2/2019

Prepared by the Legislative Council staff for
Representative Schmidt
March 27, 2019

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2020

Page 1, line 5, remove "and"

Page 1, line 5, replace "a statement" with "statements"

Page 1, line 5, after "intent" insert "; and to declare an emergency"

Page 3, replace lines 7 through 16 with:

"**SECTION 6. LEGISLATIVE INTENT - RED RIVER VALLEY WATER SUPPLY PROJECT - REPORT TO LEGISLATIVE MANAGEMENT - APPLICATION.** It is the intent of the sixty-sixth legislative assembly that the state water commission provide, in the form of a grant, up to $13,000,000 to the Garrison Diversion Conservancy District for the Red River valley water supply project, to initiate construction of phase one prioritized project features identified in accordance with subsections 2 and 3 of section 8 of this Act, for the biennium beginning July 1, 2019, and ending June 30, 2021. The Garrison Diversion Conservancy District shall report on a regular basis to the legislative management's water topics overview committee during the 2019-20 interim regarding the progress of the Red River valley water supply project. The provisions of section 7 of this Act do not apply to the funding referenced in this section.

SECTION 7. LEGISLATIVE INTENT - RED RIVER VALLEY WATER SUPPLY PROJECT. It is the intent of the sixty-sixth legislative assembly that the state water commission provide no more than $30,000,000 to the Garrison Diversion Conservancy District for the Red River valley water supply project during the 2019-21 biennium and 2021-23 biennium and that the state funding be provided at a sixty percent state cost-share."

Page 4, after line 27, insert:

"**SECTION 10. EMERGENCY.** Section 8 of this Act is declared to be an emergency measure."

Renumber accordingly

A+t 6

SB 2020

4/2/2019

19.0233.02008
Title.

Prepared by the Legislative Council staff for
Representative Schmidt
March 27, 2019

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2020

Page 1, line 5, replace "a statement" with "statements"

Page 4, after line 16, insert:

"**SECTION 8. LEGISLATIVE INTENT - MOUSE RIVER FLOOD CONTROL PROJECT FUNDING.** Except for funding provided during bienniums prior to the 2017-19 biennium, it is the intent of the sixty-sixth legislative assembly that the state provide no more than $193,000,000 of state funding for Mouse River flood control projects within the city limits of Minot. It is the intent of the sixty-sixth legislative assembly that the $193,000,000 be made available during the 2017-19, 2019-21, 2021-23, and 2023-25 bienniums. It is the intent of the sixty-sixth legislative assembly that of the $193,000,000, the state provide $57,713,284 during the 2017-19 biennium and that the $135,286,716 yet to be designated by the state for the Mouse River flood control projects, within the city limits of Minot, be provided during the 2019-21, 2021-23, and 2023-25 bienniums."

Renumber accordingly

AH 7
SB2020
4/2/2019

Proposed Amendments to Senate Bill 2020

Page 4, Line 21, after "at" replace "~~a rate of one and one-half percent over the three month London interbank offered rate, but may not exceed three percent to the state water commission~~" with "the prevailing interest rate charged to North Dakota governmental entities"

Rural [redacted] ater

SB 2020
4/8/19
Att 1

Local Sponsor	Project Name	SWC 2019-2021	Local 2019-2021	Total Project Cost	SWC Priority
Stutsman Rural Water District	Water Supply to Streeter	$ 378,000	$ 126,000	$ 504,000	
Walsh Rural Water District	WRWD: User, Transmission Pipeline Expansion Phase II, Water Supply to Drayton	$ 5,325,000	$ 1,775,000	$ 7,100,000	
Agassiz Water Users District	AWUD System Expansion and Interconnect Project	$ 3,375,000	$ 1,125,000	$ 4,500,000	
All Seasons Water Users District	All Seasons Water Users District System 1 Expansion Project	$ 5,409,000	$ 1,803,000	$ 7,212,000	
Dakota Rural Water District	DRWD: User Expansion	$ 5,250,000	$ 1,750,000	$ 7,000,000	
East Central Regional Water District	ECRWD: User, Transmission Pipeline Expansion, Well Expansion and District Interconnect	$ 4,650,000	$ 1,550,000	$ 6,200,000	
Greater Ramsey Water District	Greater Ramsey Expansion Project - Oswald Bay	$ 937,500	$ 312,500	$ 1,250,000	
McLean Sheridan Rural Water District	2019 System Wide Improvements/Expansion Project - Phased Approach	$ 5,625,000	$ 1,875,000	$ 7,500,000	$30,949,500
Missouri West Water System	Harmon Lake Area Expansion Project	$ 637,500	$ 212,500	$ 850,000	
Missouri West Water System	North Mandan/Highway 25 Project	$ 600,000	$ 600,000	$ 1,200,000	
North Central Regional Water District	City of Benedict Water Distribution System	$ 270,000	$ 180,000	$ 450,000	
Northeast Regional Water District	NRWD: User Expansion Phase II	$ 750,000	$ 250,000	$ 1,000,000	
Northeast Regional Water District	NRWD: City of Devils Lake Phase II	$ 1,500,000	$ 500,000	$ 2,000,000	$34,707,000
Southeast Water Users District	SEWUD System Wide Expansion	$ 900,000	$ 300,000	$ 1,200,000	
Tri-County Water District	Tri-County Water District Rural Distribution Pipeline Expansion	$ 738,750	$ 246,250	$ 985,000	
North Prairie Rural Water District	NPRWD Minot to Velva Hwy 52 Project	$ 3,300,000	$ 1,100,000	$ 4,400,000	$39,645,750
Northeast Regional Water District	NRWD: Water Loss Infrastructure	$ 750,000	$ 250,000	$ 1,000,000	
South Central Regional Water District	North Burleigh Water Treatment Plant Pretreatment Improvements	$ 1,250,000	$ 834,000	$ 2,084,000	
Southeast Water Users District	Replacement of Existing 1.5" Glued Pipe	$ 1,162,500	$ 387,500	$ 1,550,000	
Southeast Water Users District	Regionalization of Southeast Water Users District West Water Treatment Plant	$ 6,000,000	$ 2,000,000	$ 8,000,000	
Stutsman Rural Water District	Phase 7 Water Supply	$ 1,800,000	$ 1,200,000	$ 3,000,000	
		$ 50,608,250	$ 18,376,750	$ 68,985,000	

$ 5,703,000	
$ 30,642,750	$ 36,345,750
$ 14,262,500	
$ 50,608,250	

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#1 SB2020
4-17-19
Pg 1

State Water Commission - Budget No. 770
Senate Bill No. 2020
Base Level Funding Changes

	Senate Version				House Version				House Changes to Senate Version Increase (Decrease) - Senate Version			
	FTE Position	General Fund	Other Funds	Total	FTE Position	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
2019-21 Biennium Base Level	93.00	$0	$647,173,475	$647,173,475	93.00	$0	$647,173,475	$647,173,475	0.00	$0	$0	$0
2019-21 Ongoing Funding Changes												
Base payroll changes			($285,707)	($285,707)			($285,707)	($285,707)				$0
Salary increase			559,891	559,891			558,746	558,746			(1,145)	(1,145)
Health insurance increase			419,435	419,435			419,435	419,435				0
Retirement contribution increase				0				0				0
Removes 4 FTE unspecified positions	(4.00)		(693,912)	(693,912)	(4.00)		(693,912)	(693,912)				0
Adds 1 FTE risk mapping position	1.00		174,126	174,126	1.00		174,126	174,126				0
Adjusts funding available for new projects			(169,782,147)	(169,782,147)			(169,782,147)	(169,782,147)				0
Adjusts funding available for project carryover			33,465,921	33,465,921			33,465,921	33,465,921				0
Adjusts capital assets			(51,880,684)	(51,880,684)			(18,880,684)	(18,880,684)			33,000,000	33,000,000
Adjusts operating expenses			(14,257,138)	(14,257,138)			(14,257,138)	(14,257,138)				0
Adds Microsoft Office 365 licensing			68,200	68,200			68,200	68,200				0
Adds water supply - Grants line item			115,000,000	115,000,000			128,000,000	128,000,000			13,000,000	13,000,000
Adds rural water supply - Grants line item			30,000,000	30,000,000			37,200,000	37,200,000			7,200,000	7,200,000
Adds flood control - Grants line item			145,000,000	145,000,000			0	0			(145,000,000)	(145,000,000)
Adds Fargo flood control - line item				0			66,500,000	66,500,000			66,500,000	66,500,000
Adds mouse river flood control - line item				0			82,500,000	82,500,000			82,500,000	82,500,000
Adds flood control other than Fargo area flood control - line item				0			48,000,000	48,000,000			48,000,000	48,000,000
Adds general water - Grants line item			35,255,000	35,255,000			27,093,776	27,093,776			(8,161,224)	(8,161,224)
Total ongoing funding changes	(3.00)	$0	$123,042,985	$123,042,985	(3.00)	$0	$220,080,616	$220,080,616	0.00	$0	$97,037,631	$97,037,631
One-time funding items												
Adds Bank of North Dakota line of credit			$75,000,000	$75,000,000			$75,000,000	$75,000,000				$0
Adds funding to payoff outstanding Bank of North Dakota loan				0			25,900,000	25,900,000			25,900,000	25,900,000
Total one-time funding changes	0.00	$0	$75,000,000	$75,000,000	0.00	$0	$100,900,000	$100,900,000	0.00	$0	$25,900,000	$25,900,000
Total Changes to Base Level Funding	(3.00)	$0	$198,042,985	$198,042,985	(3.00)	$0	$320,980,616	$320,980,616	0.00	$0	$122,937,631	$122,937,631
2019-21 Total Funding	90.00	$0	$845,216,460	$845,216,460	90.00	$0	$968,154,091	$968,154,091	0.00	$0	$122,937,631	$122,937,631

Other Sections for State Water Commission - Budget No. 770

	Senate Version	House Version
Exemption - Water-related projects	Section 3 provides that funds appropriated for grants or water-related projects in Section 1 are exempt from North Dakota Century Code Section 54-44.1-11 for 2 years after June 30, 2021. Any unexpended funds appropriated from the resources trust fund or the water development trust fund after that period has expired must be transferred to the originating fund.	Section 3 provides that funds appropriated for grants or water-related projects in Section 1 are exempt from North Dakota Century Code Section 54-44.1-11 for 2 years after June 30, 2021. Any unexpended funds appropriated from the resources trust fund or the water development trust fund after that period has expired must be transferred to the originating fund.
Additional income	Section 4 provides that in addition to the amounts appropriated to the State Water Commission from the resources trust fund and the water development trust fund, any additional amounts that become available in those funds are appropriated, subject to Budget Section approval, to the State Water Commission for the purpose of defraying the expenses of the State Water Commission for the 2019-21 biennium.	Section 4 provides that in addition to the amounts appropriated to the State Water Commission from the resources trust fund and the water development trust fund, any additional amounts that become available in those funds are appropriated, subject to Budget Section approval, to the State Water Commission for the purpose of defraying the expenses of the State Water Commission for the 2019-21 biennium.

Other Sections for State Water Commission - Budget No. 770

	Senate Version	House Version
Conditions on appropriations		Sections 5, 6, & 7 apply conditions on the appropriation to limit new funding provided for the Fargo flood control project to $66.5 million for the 2019-21 biennium.
Conditions on appropriations		Section 8 provides provides conditions on funding appropriated and allocated for the Fargo diversion project, to restrict the use of those funds.
Legislative intent - Fargo flood control project	Section 5 provides legislative intent the state provide a portion of the local cost-share of the Fargo flood control project not to exceed $703 million and that the $332.5 million yet to be designated by the state be provided in equal installments over the next 5 bienniums, beginning July 1, 2019.	Section 9 provides legislative intent the state provide a portion of the local cost-share of the Fargo flood control project not to exceed $703 million and that the $332.5 million yet to be designated by the state be provided in equal installments over the next 5 bienniums, beginning July 1, 2019.
Fargo flood control project downstream impact		Section 10 restricts the Fargo Moorhead metropolitan flood risk management project operations from causing a downstream federal emergency management agency accredited flood protection system in North Dakota to lose its accreditation.
Legislative intent - Mouse River flood control project funding		Section 11 provides legislative intent to provide no more than $193 million of state funding for Mouse River flood control projects within the city limits of Minot during the 2017-19, 2019-21, 2021-23, and 2023-25 bienniums. The section provides legislative intent that of the $193 million, $57,713,284 was provided during the 2017-19 biennium and that the $135,286,716 yet to be designated by the state for the Mouse River flood control projects, within the city limits of Minot, be provided during the 2019-21, 2021-23, and 2023-25 bienniums.
Legislative intent - Red River Valley Water Supply Project - Report to Legislative Management	Section 6 provides legislative intent the State Water Commission provide, in the form of a grant, up to $50 million to the Garrison Diversion Conservancy District for the Red River Valley Water Supply Project during the 2019-21 biennium and that the State Water Commission provide state funding at an 80 percent state cost-share after June 30, 2021.	Section 12 provides legislative intent the State Water Commission provide, in the form of a grant, up to $13 million to the Garrison Diversion Conservancy District for the Red River Valley Water Supply Project during the 2019-21 biennium, to reappropriate unallocated funds during the 2017-19 biennium, and that the Garrison Diversion Conservancy District report to Legislative Management's Water Topics Overview Committee during the 2019-20 interim.
Legislative intent - Red River Valley Water Supply Project		Section 13 provides legislative intent to provide no more than $30 million of state funding for Red River Valley Water Supply Project during the 2019-21 and 2021-23 bienniums, and that the State Water Commission provide state funding at a 60 percent state cost-share after June 30, 2021..
Red River Valley Water Supply Project - Report to Legislative Management - Budget Section approval	Section 7 establishes certain requirements the Garrison Diversion Conservancy District must meet regarding the planning and permitting process and requires the district obtain certification from the State Water Commission and the State Engineer that those items are complete. The section also requires approval from the Budget Section of the certification and for construction to begin before the funding can be provided to the Garrison Diversion Conservancy District for the Red River Valley Water Supply Project.	Section 14 establishes certain requirements the Garrison Diversion Conservancy District must meet regarding the planning and permitting process and requires the district obtain certification from the State Water Commission and the State Engineer that those items are complete. The section also requires approval from the Budget Section of the certification and for construction to begin before the funding can be provided to the Garrison Diversion Conservancy District for the Red River Valley Water Supply Project.

#1 SB 2020
4-17-19
Pg 3

Other Sections for State Water Commission - Budget No. 770

	Senate Version	House Version
Bank of North Dakota - Line of credit	Section 8 continues the authorization of a line of credit at the Bank of North Dakota, not to exceed $75 million, at an annual percentage rate of 1.5 percent over the 3 month LIBOR rate, but may not exceed 3 percent to the State Water Commission. The State Water Commission must repay the line of credit from funds available in the resources trust fund, water development trust fund, or other funds, as appropriated by the Legislative Assembly. The State Water Commission may access the line of credit, as necessary, to provide funding as authorized by the Legislative Assembly for water supply and flood control projects approved for funding before June 30, 2021.	Section 15 continues the authorization of a line of credit at the Bank of North Dakota, not to exceed $75 million, at the prevailing interest rate charged to North Dakota government entities. The State Water Commission must repay the line of credit from funds available in the resources trust fund, water development trust fund, or other funds, as appropriated by the Legislative Assembly. The State Water Commission may access the line of credit, as necessary, to provide funding as authorized by the Legislative Assembly for water supply and flood control projects approved for funding before June 30, 2021.
Emergency		Section 16 declares the bill to be an emergency measure.

#2

19.0233.02017
Title.
Fiscal No. 2

Prepared by the Legislative Council staff for
Representative Schmidt
April 16, 2019

SB 2020
4-17-19
Pg 1

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2020

That the House recede from its amendments as printed on pages 1496-1498 of the Senate Journal and pages 1639-1641 of the House Journal and that Engrossed Senate Bill No. 2020 be amended as follows:

Page 1, line 4, replace "a report" with "reports"

Page 1, line 5, replace "and" with "to provide conditions on appropriations;"

Page 1, line 5, replace "a statement" with "statements"

Page 1, line 5, after "intent" insert "to provide for a pilot project; and to declare an emergency"

Page 1, line 10, replace "biennium" with "period"

Page 1, line 10, replace "July 1, 2019" with "with the effective date of this Act"

Page 1, replace lines 14 through 24 with:

"Salaries and wages	$19,659,298	$172,688	$19,831,986
Operating expenses	58,044,691	11,711,062	69,755,753
Capital assets	124,819,442	56,119,316	180,938,758
Project carryover	274,867,897	33,465,921	308,333,818
New projects	169,782,147	(169,782,147)	0
Water supply - grants	0	128,000,000	128,000,000
Rural water supply - grants	0	37,200,000	37,200,000
Fargo area flood control including the Fargo Moorhead diversion	0	66,500,000	66,500,000
Mouse River flood control	0	82,500,000	82,500,000
Flood control projects other than Fargo area flood control including the Fargo Moorhead diversion	0	48,000,000	48,000,000
General water - grants	0	27,093,776	27,093,776
Total special funds	$647,173,475	$320,980,616	$968,154,091
Full-time equivalent positions	93.00	(3.00)	90.00"

Page 2, replace lines 6 and 7 with:

"Line of credit - Bank of North Dakota	$75,000,000	$75,000,000
Payoff of outstanding debt	0	25,900,000
Total special funds	$75,000,000	$100,900,000"

Page 2, line 11, replace "biennium" with "period"

Page 2, line 11, replace "July 1, 2019" with "with the effective date of this Act"

Page 2, line 14, replace "and new projects" with ", water supply - grants, rural water supply - grants, Fargo area flood control including the Fargo Moorhead diversion, Mouse River flood control, flood control projects other than Fargo area flood control including the Fargo Moorhead diversion, and general water - grants"

Page 2, after line 29, insert:

"**SECTION 5. CONDITION ON FARGO AREA FLOOD CONTROL LINE ITEM.** The $66,500,000 appropriated to the state water commission for Fargo area flood control including the Fargo Moorhead diversion in section 1 of this Act for the period beginning with the effective date of this Act, and ending June 30, 2021, may be used only for Fargo area flood control projects including the Fargo Moorhead area diversion, and the appropriation of those funds is conditioned on having no other funds appropriated in section 1 being expended on Fargo area flood control including the Fargo Moorhead diversion. This condition does not prohibit the use of funds appropriated for project carryover in section 1 of this Act for Fargo area flood control projects, subject to section 7 of this Act.

SECTION 6. CONDITION ON OTHER SECTION 1 LINE ITEMS. The $593,320,273 appropriated to the state water commission for salaries and wages, operating expenses, capital assets, water supply - grants, rural water supply - grants, Mouse River flood control, flood control projects other than Fargo area flood control including the Fargo Moorhead diversion, and general water - grants in section 1 of this Act for the period beginning with the effective date of this Act, and ending June 30, 2021, may be used only for salaries and wages, operating expenses, capital assets, water supply - grants, rural water supply - grants, Mouse River flood control, flood control projects other than Fargo area flood control including the Fargo Moorhead diversion, and general water - grants, respectively, and the appropriation of those funds is conditioned on the funds not being expended on Fargo area flood control projects including the Fargo Moorhead diversion.

SECTION 7. CONDITION ON PROJECT CARRYOVER FUNDS. The $308,333,818 appropriated to the state water commission for project carryover in section 1 of this Act for the period beginning with the effective date of this Act, and ending June 30, 2021, may be used only for project carryover, and the appropriation of those funds is conditioned on having no more than the amount the state water commission approved for Fargo area flood control including the Fargo Moorhead diversion by April 1, 2019, expended from the project carryover funds on Fargo area flood control including the Fargo Moorhead diversion.

SECTION 8. CONDITION ON APPROPRIATIONS. The $66,500,000 appropriated to the state water commission for Fargo area flood control including the Fargo Moorhead diversion in section 1 of this Act and the amount the state water commission approved for Fargo area flood control including the Fargo Moorhead diversion by April 1, 2019, which amount is included in project carryover funds appropriated in section 1 of this Act, may not be used for any work under Plan B for the Fargo Moorhead diversion project; except for constructing or repairing levees and dikes and purchasing land, easements, and options or rights of first refusal to purchase land, necessary for flood control; until:

1. The federal court injunction on Plan B is modified to allow construction of Plan B to continue;

2. The Congress of the United States appropriates federal funds for construction of Plan B;

3. The state engineer approves the mitigation plan for Plan B;

4. The office of state engineer issues all necessary permits the state engineer requires for Plan B; and

5. The Minnesota state legislature appropriates funds for construction of Plan B."

Page 3, replace lines 7 through 16 with:

"**SECTION 10. FARGO FLOOD CONTROL PROJECT DOWNSTREAM IMPACT MITIGATION.** The Fargo Moorhead metropolitan flood risk management project operations may not cause a downstream federal emergency management agency accredited flood protection system in North Dakota to lose its accreditation. The metropolitan flood diversion authority shall take reasonable measures to mitigate downstream impacts to accredited flood protection systems, existing as of April 1, 2019, located in North Dakota bordering the Red River resulting from the operations of the Fargo Moorhead diversion. For purposes of this section, negative downstream impacts to accredited flood protection systems are caused when the water surface profile passing through such systems is raised by more than one-tenth of one foot for the one hundred year event or when the ability of the accredited flood protection system to protect against a two hundred year or five hundred year event is compromised. The metropolitan flood diversion authority shall collaborate with the state engineer and accredited flood protection systems in North Dakota to implement this requirement.

SECTION 11. LEGISLATIVE INTENT - MOUSE RIVER FLOOD CONTROL PROJECT FUNDING. Except for funding provided during bienniums prior to the 2017-19 biennium, it is the intent of the sixty-sixth legislative assembly that the state provide no more than $193,000,000 of state funding for Mouse River flood control projects within the city limits of Minot. It is the intent of the sixty-sixth legislative assembly that the $193,000,000 be made available during the 2017-19, 2019-21, 2021-23, and 2023-25 bienniums. It is the intent of the sixty-sixth legislative assembly that of the $193,000,000, the state provide $57,713,284 during the 2017-19 biennium and that the $135,286,716 yet to be designated by the state for the Mouse River flood control projects, within the city limits of Minot, be provided during the 2019-21, 2021-23, and 2023-25 bienniums.

SECTION 12. LEGISLATIVE INTENT - RED RIVER VALLEY WATER SUPPLY PROJECT - REPORT TO LEGISLATIVE MANAGEMENT - APPLICATION. It is the intent of the sixty-sixth legislative assembly that the state water commission provide, in the form of a grant, up to $13,000,000, to the Garrison Diversion Conservancy District for the Red River valley water supply project, to initiate construction of phase one prioritized project features identified in accordance with subsections 2 and 3 of section 14 of this Act, for the period beginning with the effective date of this Act, and ending June 30, 2021. The Garrison Diversion Conservancy District shall report on a regular basis to the legislative management's water topics overview committee during the 2019-20 interim regarding the progress of the Red River valley water supply project. The provisions of section 13 of this Act do not apply to the funding referenced in this section.

SECTION 13. LEGISLATIVE INTENT - RED RIVER VALLEY WATER SUPPLY PROJECT. It is the intent of the sixty-sixth legislative assembly that the state water commission provide no more than $30,000,000 to the Garrison Diversion Conservancy District for the Red River valley water supply project during the 2019-21 biennium and 2021-23 biennium and that the state funding be provided at a sixty percent state cost-share."

Page 4, after line 16, insert:

"**SECTION 15. PILOT PROJECT - IMPLEMENTATION OF A BASINWIDE PLAN - REPORT TO THE LEGISLATIVE MANAGEMENT.** Up to $1,000,000 of the $48,000,000 appropriated to the state water commission for flood control projects other than Fargo area flood control including the Fargo Moorhead diversion in section 1 of this Act for the period beginning with the effective date of this Act, and ending June 30, 2021, may be used to provide grants under the pilot project in this section.

1. If all the water resource districts and joint water resource districts in a basin develop a basinwide water plan identifying water conveyance, flood control, and other water projects to be undertaken in the basin, the districts jointly may apply to the state water commission for a grant of up to $1,000,000 for implementation of the plan. The state water commission may select a basinwide plan submitted under this subsection for funding and enter into one cooperative agreement with the water resource districts and joint water resource districts that submitted the plan.

2. The cooperative agreement must include the amount of funding the state water commission will provide, the applicable cost-share requirements, a prohibition on using funds provided under the agreement for planning or any purpose other than implementation of the basinwide plan, and the obligations of the state water commission and each water resource district and joint water resource district in the basin in implementing the basinwide plan. The agreement also must provide for monitoring and oversight of the basinwide plan's implementation.

3. The state water commission shall report to the legislative management on the results of this pilot project no later than August 1, 2020."

Page 4, after line 27, insert:

"**SECTION 17. EMERGENCY.** This Act is declared to be an emergency measure."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

Senate Bill No. 2020 - State Water Commission - Conference Committee Action

	Base Budget	Senate Version	Conference Committee Changes	Conference Committee Version	House Version	Comparison to House
Salaries and wages	$19,659,298	$19,833,131	($1,145)	$19,831,986	$19,831,986	
Operating expenses	58,044,691	43,855,753	25,900,000	69,755,753	69,755,753	
Capital assets	124,819,442	147,938,758	33,000,000	180,938,758	180,938,758	
Project carryover	274,867,897	308,333,818		308,333,818	308,333,818	
New projects	169,782,147					
Flood control - Grants		145,000,000	(145,000,000)			
General water - Grants		35,255,000	(8,161,224)	27,093,776	27,093,776	
Rural water supply - Grants		30,000,000	7,200,000	37,200,000	37,200,000	
Water supply - Grants		115,000,000	13,000,000	128,000,000	128,000,000	
Fargo area flood control			66,500,000	66,500,000	66,500,000	
Mouse River flood control			82,500,000	82,500,000	82,500,000	
Other flood control projects			48,000,000	48,000,000	48,000,000	
Total all funds	$647,173,475	$845,216,460	$122,937,631	$968,154,091	$968,154,091	$0
Less estimated income	647,173,475	845,216,460	122,937,631	968,154,091	968,154,091	0
General fund	$0	$0	$0	$0	$0	$0
FTE	93.00	90.00	0.00	90.00	90.00	0.00

Department 770 - State Water Commission - Detail of Conference Committee Changes

	Adjusts Funding for Salary Increases[1]	Adds Funding for Capital Assets[2]	Adds Funding for Water Supply - Grants[3]	Adds Funding for Rural Water Supply - Grants[4]	Removes Flood Control - Grants Line Item[5]	Adds Funding for Fargo Area Flood Control Including the Fargo Moorhead Diversion[6]
Salaries and wages	($1,145)					
Operating expenses						
Capital assets		$33,000,000				
Project carryover						
New projects						
Flood control - Grants					($145,000,000)	
General water - Grants						
Rural water supply - Grants				$7,200,000		
Water supply - Grants			$13,000,000			
Fargo area flood control						$66,500,000
Mouse River flood control						
Other flood control projects						
Total all funds	($1,145)	$33,000,000	$13,000,000	$7,200,000	($145,000,000)	$66,500,000
Less estimated income	(1,145)	33,000,000	13,000,000	7,200,000	(145,000,000)	66,500,000
General fund	$0	$0	$0	$0	$0	$0
FTE	0.00	0.00	0.00	0.00	0.00	0.00

	Adds Funding for Mouse River Flood Control[7]	Adds Funding for Other Flood Control Projects[8]	Reduces Funding for General Water - Grants[9]	Adds Funding to Payoff Outstanding Debt[10]	Total Conference Committee Changes
Salaries and wages					($1,145)
Operating expenses				$25,900,000	25,900,000
Capital assets					33,000,000
Project carryover					
New projects					
Flood control - Grants					(145,000,000)
General water - Grants			($8,161,224)		(8,161,224)
Rural water supply - Grants					7,200,000
Water supply - Grants					13,000,000
Fargo area flood control					66,500,000
Mouse River flood control	$82,500,000				82,500,000
Other flood control projects		$48,000,000			48,000,000
Total all funds	$82,500,000	$48,000,000	($8,161,224)	$25,900,000	$122,937,631
Less estimated income	82,500,000	48,000,000	(8,161,224)	25,900,000	122,937,631
General fund	$0	$0	$0	$0	$0
FTE	0.00	0.00	0.00	0.00	0.00

[1] Funding is added to provide for employee salary increases of 2 percent on July 1, 2019, with a minimum monthly increase of $120 and a maximum monthly increase of $200, and an increase of 2.5 percent on July 1, 2020. The Senate provided funding for salary increases of 2 percent on July 1, 2019, and 3 percent on July 1, 2020.

[2] The House increased capital assets by $33 million to provide additional funding for state-owned water projects within the capital assets line item to provide total capital assets funding of $180,938,758. The Senate version included capital assets of $147,938,758.

[3] The House increased water supply - grants by $13 million to provide additional funding for municipal water supply projects to provide a total of $128 million in the water supply - grants line item. The Senate version included capital assets of $115 million.

[4] The House increased rural water supply - grants by $7.2 million to provide additional funding for rural water supply projects to provide a total of $37.2 million in the rural water supply - grants line item. The Senate version included capital assets of $30 million.

[5] The House removed the flood control - grants line item to specifically identify funding for flood control projects. The Senate version included $145 million in the flood control - grants line item.

[6] The House identified $66.5 million in funding for the Fargo area flood control, including the Fargo Moorhead diversion. The Senate version included funding for Fargo area flood control in the flood control - grants line item.

[7] The House identified $82.5 million in funding for the Mouse River flood control project. The Senate version included funding for Mouse River flood control in the flood control - grants line item.

[8] The House identified $48 million in funding for flood control projects other than Fargo area flood control, including the Fargo Moorhead diversion. The Senate version included funding for other flood control projects in the flood control - grants line item.

[9] The House identified $27,093,776 in funding for general water projects. The Senate version included $35,255,000 of funding for the general water - grants line item.

[10] The House provided one-time funding of $25,900,000 in the operating expenses line item to pay off outstanding debt of the State Water Commission. The Senate version did not include this item.

This amendment also:

- Applies conditions on the Fargo area flood control, including the Fargo Moorhead diversion line item, to identify the $66.5 million appropriated to the State Water Commission in the Fargo area flood control including the Fargo Moorhead diversion line item of the bill, is to be used only for Fargo area flood control, including the Fargo Moorhead diversion, and the appropriation of those funds is conditioned on having no other funds appropriated in Section 1 of the bill being expended on Fargo area flood control, including the Fargo Moorhead diversion. The condition does not prohibit the use of funds appropriated for project carryover for Fargo area flood control projects. The Senate version did not include this section.
- Applies conditions on other Section 1 line items to identify $593,320,273 appropriated to the State Water Commission for salaries and wages, operating expenses, capital assets, water supply - grants, rural water supply - grants, Mouse River flood control, flood control projects other than Fargo area flood control including the Fargo Moorhead diversion, and general water - grants, may be used only for these purposes, and the appropriation of these funds are conditioned on the funds not being expended on Fargo area flood control projects including the Fargo Moorhead diversion. The Senate version did not include this section.
- Applies conditions on project carryover funds to identify $308,333,818 appropriated to the State Water Commission for project carryover and provides that the funds may be used only for project carryover. The appropriation of these funds is conditioned on having no more than the amount the State Water Commission approved for Fargo area flood control including the Fargo Moorhead diversion by April 1, 2019, expended from the project carryover funds on Fargo area flood control including the Fargo Moorhead diversion. The Senate version did not include this section.
- Applies conditions on the Fargo area flood control, including the Fargo Moorhead diversion line item and funds within the project carryover line item, to limit the use of funds allocated to the Fargo Moorhead flood control project until the project has received a federal appropriation, an appropriation from the state of Minnesota, necessary permits from the State Engineer's office, and federal courts have approved construction on plan B of the project.
- Provides that the Fargo flood control project must not cause a downstream Federal Emergency Management Agency certified flood protection system in North Dakota to lose certification and requires the Fargo Moorhead Diversion Authority to take reasonable measures to mitigate downstream impacts to currently certified flood protection systems in North Dakota bordering the Red River resulting from the operations of the Fargo flood control project.
- Provides legislative intent that the state provide no more than $193 million of state funding for Mouse River flood control projects within the city limits of Minot during the 2017-19, 2019-21, 2021-23, and 2023-25 bienniums and that the state provided $57,713,284 during the 2017-19 biennium, and the remaining to be designated over the 2019-21, 2021-23, and 2023-25 bienniums. The Senate version did not include this section.
- Provides legislative intent that the State Water Commission provide, in the form of a grant, up to $13 million to the Garrison Diversion Conservancy District for the Red River Valley Water Supply Project, to initiate construction of Phase I prioritized project features, to the Garrison Diversion Conservancy District for the Red River Valley Water Supply Project during the 2019-21 biennium. The Senate version did not include this section.
- Provides legislative intent that the State Water Commission provide, in the form of a grant, up to $30 million to the Garrison Diversion Conservancy District for the Red River Valley Water Supply Project during the 2019-21 biennium and that the State Water Commission provide state funding at a 60 percent state cost-share after June 30, 2021. The Senate version provided for a grant up to $50 million to the Garrison Diversion Conservancy District for the Red River Valley Water Supply Project during the 2019-21 biennium and that the State Water Commission provide state funding at an 80 percent state cost-share after June 30, 2021.
- Provides the State Water Commission may provide up to $1 million in grants to water resource districts to develop basinwide water plans.

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- Declares the bill to be an emergency measure. The Senate version did not include this section.

19.0233.02016

Sixty-sixth
Legislative Assembly
of North Dakota

Introduced by

Appropriations Committee

FIRST ENGROSSMENT #3

ENGROSSED SENATE BILL NO. 2020

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4-17-19
pg 1

A BILL for an Act to provide an appropriation for defraying the expenses of the state water commission; to amend and reenact section 61-02-79 of the North Dakota Century Code, relating to the authorization of a Bank of North Dakota line of credit; to provide for Red River valley water supply requirements; to provide an exemption; to provide for a report to the legislative management; ~~and~~to provide conditions on appropriations; to provide ~~a statement~~statements of legislative intent; and to declare an emergency.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. APPROPRIATION. The funds provided in this section, or so much of the funds as may be necessary, are appropriated from special funds derived from federal funds and other income, to the state water commission for the purpose of defraying the expenses of the state water commission, for the ~~biennium~~period beginning ~~July 1, 2019~~with the effective date of this Act, and ending June 30, 2021, as follows:

	Base Level	Adjustments or Enhancements	Appropriation
~~Salaries and wages~~	~~$19,659,298~~	~~$173,833~~	~~$19,833,131~~
~~Operating expenses~~	~~58,044,691~~	~~(14,188,938)~~	~~43,855,753~~
~~Capital assets~~	~~124,819,442~~	~~23,119,316~~	~~147,938,758~~
~~Project carryover~~	~~274,867,897~~	~~33,465,921~~	~~308,333,818~~
~~New projects~~	~~169,782,147~~	~~(169,782,147)~~	~~0~~
~~Water supply - grants~~	~~0~~	~~115,000,000~~	~~115,000,000~~
~~Rural water supply - grants~~	~~0~~	~~30,000,000~~	~~30,000,000~~
~~Flood control - grants~~	~~0~~	~~145,000,000~~	~~145,000,000~~
~~General water - grants~~	~~0~~	~~35,255,000~~	~~35,255,000~~
~~Total special funds~~	~~$647,173,475~~	~~$198,042,985~~	~~$845,216,460~~

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~~Full-time equivalent positions~~	~~93.00~~	~~(3.00)~~	~~90.00~~
Salaries and wages	$19,659,298	$172,688	$19,831,986
Operating expenses	58,044,691	11,711,062	69,755,753
Capital assets	124,819,442	56,119,316	180,938,758
Project carryover	274,867,897	33,465,921	308,333,818
New projects	169,782,147	(169,782,147)	0
Water supply - grants	0	128,000,000	128,000,000
Rural water supply - grants	0	37,200,000	37,200,000
Fargo area flood control including the Fargo Moorhead diversion	0	66,500,000	66,500,000
Mouse River flood control	0	82,500,000	82,500,000
Flood control projects other than Fargo area flood control including the Fargo Moorhead diversion	0	48,000,000	48,000,000
General water - grants	0	27,093,776	27,093,776
Total special funds	$647,173,475	$320,980,616	$968,154,091
Full-time equivalent positions	93.00	(3.00)	90.00

SECTION 2. ONE-TIME FUNDING - REPORT TO THE SIXTY-SEVENTH LEGISLATIVE ASSEMBLY. The following amounts reflect the one-time funding items approved by the sixty-fifth legislative assembly for the 2017-19 biennium and the 2019-21 biennium one-time funding items included in the appropriation in section 1 of this Act:

One-Time Funding Description	2017-19	2019-21
~~Line of credit - Bank of North Dakota~~	~~$75,000,000~~	~~$75,000,000~~
~~Total all funds~~	~~$75,000,000~~	~~$75,000,000~~
Line of credit - Bank of North Dakota	$75,000,000	$75,000,000
Payoff of outstanding debt	0	25,900,000
Total special funds	$75,000,000	$100,900,000

The 2019-21 biennium one-time funding amounts are not a part of the entity's base budget for the 2019-21 biennium. The state water commission shall report to the appropriations committees of the sixty-seventh legislative assembly on the use of this one-time funding for the

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~~biennium~~period beginning ~~July 1, 2019~~with the effective date of this Act, and ending June 30, 2021.

SECTION 3. EXEMPTION - GRANTS - WATER-RELATED PROJECTS - CARRYOVER AUTHORITY. Section 54-44.1-11 does not apply to funding for grants or water-related projects included in the project carryover ~~and new projects~~, water supply - grants, rural water supply - grants, Fargo area flood control including the Fargo Moorhead diversion, Mouse River flood control, flood control projects other than Fargo area flood control including the Fargo Moorhead diversion, and general water - grants line items in section 1 of this Act. However, this exclusion is only in effect for two years after June 30, 2021. Any unexpended funds appropriated from the resources trust fund after that period has expired must be transferred to the resources trust fund and any unexpended funds appropriated from the water development trust fund after that period has expired must be transferred to the water development trust fund.

SECTION 4. ADDITIONAL INCOME - APPROPRIATION - BUDGET SECTION APPROVAL. In addition to the amounts appropriated in section 1 of this Act, any additional amounts in the resources trust fund and water development trust fund which become available are appropriated, subject to budget section approval, to the state water commission for the purpose of defraying the expenses of that agency, for the biennium beginning July 1, 2019, and ending June 30, 2021. Before approving any request, the budget section shall determine:

1. Approving additional appropriations will not negatively affect the sixty-seventh legislative assembly's ability to address water-related needs;
2. The proposed use of the additional income complies with legislative intent; and
3. The proposed use of the additional income will not result in future funding commitments.

SECTION 5. CONDITION ON FARGO AREA FLOOD CONTROL LINE ITEM. The $66,500,000 appropriated to the state water commission for Fargo area flood control including the Fargo Moorhead diversion in section 1 of this Act for the period beginning with the effective date of this Act, and ending June 30, 2021, may be used only for Fargo area flood control projects including the Fargo Moorhead area diversion, and the appropriation of those funds is conditioned on having no other funds appropriated in section 1 being expended on Fargo area flood control including the Fargo Moorhead diversion. This condition does not prohibit the use of

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funds appropriated for project carryover in section 1 of this Act for Fargo area flood control projects, subject to section 7 of this Act.

SECTION 6. CONDITION ON OTHER SECTION 1 LINE ITEMS. The $593,320,273 appropriated to the state water commission for salaries and wages, operating expenses, capital assets, water supply - grants, rural water supply - grants, Mouse River flood control, flood control projects other than Fargo area flood control including the Fargo Moorhead diversion, and general water - grants in section 1 of this Act for the period beginning with the effective date of this Act, and ending June 30, 2021, may be used only for salaries and wages, operating expenses, capital assets, water supply - grants, rural water supply - grants, Mouse River flood control, flood control projects other than Fargo area flood control including the Fargo Moorhead diversion, and general water - grants, respectively, and the appropriation of those funds is conditioned on the funds not being expended on Fargo area flood control projects including the Fargo Moorhead diversion.

SECTION 7. CONDITION ON PROJECT CARRYOVER FUNDS. The $308,333,818 appropriated to the state water commission for project carryover in section 1 of this Act for the period beginning with the effective date of this Act, and ending June 30, 2021, may be used only for project carryover, and the appropriation of those funds is conditioned on having no more than the amount the state water commission approved for Fargo area flood control including the Fargo Moorhead diversion by April 1, 2019, expended from the project carryover funds on Fargo area flood control including the Fargo Moorhead diversion.

SECTION 8. CONDITION ON APPROPRIATIONS. The $66,500,000 appropriated to the state water commission for Fargo area flood control including the Fargo Moorhead diversion in section 1 of this Act and the amount the state water commission approved for Fargo area flood control including the Fargo Moorhead diversion by April 1, 2019, which amount is included in project carryover funds appropriated in section 1 of this Act, may not be used for any work under Plan B for the Fargo Moorhead diversion project; except for constructing or repairing levees and dikes and purchasing land, easements, and options or rights of first refusal to purchase land, necessary for flood control; until:

1. The federal court injunction on Plan B is modified to allow construction of Plan B to continue;

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2. The Congress of the United States appropriates federal funds for construction of Plan B;
3. The state engineer approves the mitigation plan for Plan B;
4. The office of state engineer issues all necessary permits the state engineer requires for Plan B; and
5. The Minnesota state legislature appropriates funds for construction of Plan B.

SECTION 9. LEGISLATIVE INTENT - FARGO FLOOD CONTROL PROJECT FUNDING. It is the intent of the sixty-sixth legislative assembly that the state provide a portion of the local cost-share of Fargo flood control projects, including constructing a federally authorized Fargo flood control project, and that total Fargo flood control project funding to be provided by the state not exceed $703,000,000, which includes $120,000,000 originally designated for Fargo interior flood control. It is the intent of the sixty-sixth legislative assembly that the $332,500,000 yet to be designated by the state for the Fargo flood control project be made available in equal installments over the next five bienniums, beginning July 1, 2019.

~~**SECTION 6. LEGISLATIVE INTENT - RED RIVER VALLEY WATER SUPPLY PROJECT - REPORT TO LEGISLATIVE MANAGEMENT.** It is the intent of the sixty-sixth legislative assembly that the state water commission provide, in the form of a grant, up to $50,000,000 to the Garrison Diversion Conservancy District for the Red River valley water supply project, for the biennium beginning July 1, 2019, and ending June 30, 2021. It is further the intent of the sixty-sixth legislative assembly that the state water commission provide state funding at an eighty percent state cost-share to the Garrison Diversion Conservancy District for the Red River valley water supply project after June 30, 2021. The Garrison Diversion Conservancy District shall report on a regular basis to the legislative management's water topics overview committee during the 2019-20 interim regarding the progress of the Red River valley water supply project.~~

SECTION 10. FARGO FLOOD CONTROL PROJECT DOWNSTREAM IMPACT MITIGATION. The Fargo Moorhead metropolitan flood risk management project operations may not cause a downstream federal emergency management agency accredited flood protection system in North Dakota to lose its accreditation. The metropolitan flood diversion authority shall take reasonable measures to mitigate downstream impacts to accredited flood protection systems, existing as of April 1, 2019, located in North Dakota bordering the Red River resulting from the operations of the Fargo Moorhead diversion. For purposes of this section, negative

downstream impacts to accredited flood protection systems are caused when the water surface profile passing through such systems is raised by more than one-tenth of one foot for the one hundred year event or when the ability of the accredited flood protection system to protect against a two hundred year or five hundred year event is compromised. The metropolitan flood diversion authority shall collaborate with the state engineer and accredited flood protection systems in North Dakota to implement this requirement.

SECTION 11. LEGISLATIVE INTENT - MOUSE RIVER FLOOD CONTROL PROJECT FUNDING. Except for funding provided during bienniums prior to the 2017-19 biennium, it is the intent of the sixty-sixth legislative assembly that the state provide no more than $193,000,000 of state funding for Mouse River flood control projects within the city limits of Minot. It is the intent of the sixty-sixth legislative assembly that the $193,000,000 be made available during the 2017-19, 2019-21, 2021-23, and 2023-25 bienniums. It is the intent of the sixty-sixth legislative assembly that of the $193,000,000, the state provide $57,713,284 during the 2017-19 biennium and that the $135,286,716 yet to be designated by the state for the Mouse River flood control projects, within the city limits of Minot, be provided during the 2019-21, 2021-23, and 2023-25 bienniums.

SECTION 12. LEGISLATIVE INTENT - RED RIVER VALLEY WATER SUPPLY PROJECT - REPORT TO LEGISLATIVE MANAGEMENT - APPLICATION. It is the intent of the sixty-sixth legislative assembly that the state water commission provide, in the form of a grant, up to $13,000,000, to the Garrison Diversion Conservancy District for the Red River valley water supply project, to initiate construction of phase one prioritized project features identified in accordance with subsections 2 and 3 of section 14 of this Act, for the period beginning with the effective date of this Act, and ending June 30, 2021. The Garrison Diversion Conservancy District shall report on a regular basis to the legislative management's water topics overview committee during the 2019-20 interim regarding the progress of the Red River valley water supply project. The provisions of section 13 of this Act do not apply to the funding referenced in this section.

SECTION 13. LEGISLATIVE INTENT - RED RIVER VALLEY WATER SUPPLY PROJECT. It is the intent of the sixty-sixth legislative assembly that the state water commission provide no more than $30,000,000 to the Garrison Diversion Conservancy District for the Red River valley

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water supply project during the 2019-21 biennium and 2021-23 biennium and that the state funding be provided at a sixty percent state cost-share.

SECTION 14. RED RIVER VALLEY WATER SUPPLY PROJECT - REPORT TO LEGISLATIVE MANAGEMENT - BUDGET SECTION APPROVAL. Any funding received by the Garrison Diversion Conservancy District from the state water commission for the Red River valley water supply project during the 2017-19 biennium and the biennium beginning July 1, 2019, and ending June 30, 2021, is subject to the following requirements:

1. Any funding received for the completion of the planning and permitting process of the Red River valley water supply project must result in the following accomplishments:
   a. The completed Red River valley water supply plan document, which will be the basis and justification for project construction, must include alternative selection, water supply needs, projected project costs, easement acquisitions, environmental regulation compliance to include issuance of a final national pollutant discharge elimination system permit, and acquisition of all other state and federal permits required for the construction of any project features intended to be constructed with funding provided during the 2017-19 biennium and the 2019-21 biennium;
   b. A signed bureau of reclamation water service contract agreeing to a minimum of one hundred sixty-five cubic feet per second over a minimum of forty years or equivalent to ensure an adequate water source for the project's needs;
   c. Prioritized project features for phase one construction; and
   d. A recommendation of funding options for all phases of the Red River valley water supply project.
2. The state water commission shall review any associated appeals or litigation before releasing any funds for the project.
3. Any funding received to initiate construction of phase one prioritized project features identified in subsection 1 may be spent and construction of phase one may begin only after the budget section receives and approves certification from the state water commission and the state engineer that all items listed in subsection 1 have been accomplished.

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4. Quarterly progress reports on the Red River valley water supply project from the Garrison Diversion Conservancy District to the water topics overview committee of the legislative management, during the 2019-21 interim.

SECTION 15. AMENDMENT. Section 61-02-79 of the North Dakota Century Code is amended and reenacted as follows:

61-02-79. Bank of North Dakota - Line of credit.

The Bank of North Dakota shall extend a line of credit not to exceed seventy-five million dollars at a rate of one and one-half percent over the three month London interbank offered rate, but may not exceed three percent to the state water commission. The state water commission shall repay the line of credit from funds available in the resources trust fund, water development trust fund, or other funds, as appropriated by the legislative assembly. The state water commission may access the line of credit, as necessary, to provide funding as authorized by the legislative assembly for water supply projects approved before June 30, ~~2019~~2021, and flood control projects that have approval for funding before June 30, ~~2019~~2021.

SECTION 16. EMERGENCY. This Act is declared to be an emergency measure.

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19.0233.02018
Title.

Prepared by the Legislative Council staff for
Senator Sorvaag
April 16, 2019

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2020

That the House recede from its amendments as printed on pages 1496-1502 of the Senate Journal and pages 1639-1644 of the House Journal and that Senate Bill No. 2020 be amended as follows:

Page 3, line 3, replace "$703,000,000" with "$870,000,000"

Page 3, line 4, replace "$332,500,000" with "$499,500,000"

Page 3, line 5, remove "equal"

Page 3, line 6, replace "installments over the next five bienniums, beginning July 1, 2019" with "installments as follows: $66,500,000 during the 2019-21, 2021-23, and 2023-25 bienniums, and $75,000,000 during the 2025-27, 2027-29, 2029-31, and 2031-33 bienniums"

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

The section of legislative intent for the Fargo flood control project is changed to increase state funding from $703 million to $870 million and provides for the funds to be made available in installments as follows: $66,500,000 during the 2019-21, 2021-23, and 2023-25 bienniums, and $75,000,000 during the 2025-27, 2027-29, 2029-31, and 2031-33 bienniums.