



## Fiscal Estimate Narratives

DNR 4/30/01

|   |           |                     |        |               |          |
|---|-----------|---------------------|--------|---------------|----------|
| LRB Number  | 01-2634/2 | Introduction Number | AB-311 | Estimate Type | Original |
| <b>Subject</b>  |           |                     |        |               |          |
| Condition approval of high capacity well on protecting rights in navigable waters |           |                     |        |               |          |

### Assumptions Used in Arriving at Fiscal Estimate

#### Bill Summary:

Current law prohibits a person from constructing or operating one or more wells on one property that withdraw a total of more than 100,000 gallons of water a day (high-capacity well) without the approval of the Department of Natural Resources

(DNR). If DNR finds that a proposed withdrawal will adversely affect the water supply of a public water utility, DNR must disapprove the high-capacity well or impose conditions relating to location, depth, pumping capacity, rate of flow, and

ultimate use so that the water supply of the public water utility will not be impaired. This bill provides that if DNR finds that a withdrawal by a proposed high-capacity well will adversely affect waters of the state, DNR may disapprove the high-capacity well or impose any kind of conditions that will protect the waters of the state.

#### Fiscal Estimate:

The bill, when fully implemented, will increase ongoing costs to the Department by an estimated \$303,200 of salary and supplies related expenditures associated with 5.3 FTE. However, the Department anticipates that this bill will be implemented in two phases. The first phase, protecting against impacts to surface waters and wetlands, would be fully implemented approximately two years after passage of the bill and would require approximately 2.8 FTE. The remaining 2.5 FTE would be required beginning in two years, when the Department implemented the second phase of the bill -- protecting aquifers that are experiencing significant declines in water levels.

This estimate of fiscal impact includes costs associated with: 1) conducting initial reviews and screening of 200 high capacity well permit applications per year; 2) assisting and guiding 10 high capacity permit applicants--whose proposed wells were identified as possibly adversely affecting the waters of the state--with assessing the possible impacts of their proposed wells; 3) Department review of the 10 impact assessments prepared by high capacity permit applicants; and 4) long-term follow-up review of the actual impacts of the high capacity wells.

**Initial Review and Screening:** Based on prior years' experience with high capacity well approvals, the Department estimates that there will be approximately 200 high capacity well applications submitted to the DNR per year. In order to implement the requirements of this bill the Department estimates that water supply engineers will have to spend an additional 8 hours above the existing review time on each of these 200 applications. This additional time will be used to review and screen the applications to determine which wells may adversely affect the waters of the state.

200 x 8 hrs/ application = 1600

1600 hours/1820 hours per FTE = 0.9 FTE (Water Supply Engineer - Adv.)

Water Supply Engineer - Adv. (\$31/hr salary & fringe) x 2080 hours + \$4000 supplies related expenditures = \$68,500

x 0.9 FTE = \$61,600

**Impact Assessment:** Following the initial reviews and screening, the Department estimates that approximately 10 applications per year would be identified as possibly adversely affecting waters of the state. The estimate of 10 applications per year is based on the number of wells identified this year--without official screening--as potentially impacting navigable waters (four), plus applications for high capacity wells in areas of significantly declining water levels (6). Once this identification has been made, a detailed assessment of the possible impacts of the well would be required. The Department assumes that, based on an estimate given to Perrier by the U.S. Geological Survey, this assessment would cost approximately \$70,000 and take about 12 months to

complete. The Department assumes that it can require that the cost of the study be borne by the applicant. The Department estimates that the annual cost to applicants for these studies would be \$700,000.

DNR staff would be involved during development of the study by providing assistance and guidelines to the applicant and responding to questions from the applicant, its consultant, and other interested parties. Because technical studies of this type are not common and consultants will likely have many questions, the Department estimates that DNR staff involvement during the study development would require approximately 200 hours of an advanced hydrogeologist's time per study.

200 hours x 10 applications = 2000

2000 hours/1820 hours per FTE = 1.1 FTE (Hydrogeologist - Adv.)

Hydrogeologist - Adv. (\$24.47/hr salary & fringe) x 2080 hours + \$4000 supplies related expenditures = \$54,900

x 1.1 FTE = \$60,400

Note: The Department's estimate of 10 high capacity well permit applications per year requiring a detailed study assumes that a quantitative standard for screening applications can be developed through DNR administrative rules. That is, the Department assumes that it will be able to set--by administrative rule--a minimum threshold for an adverse effect on waters of the state. If the Department is not able to do so, the time and cost estimates in this fiscal note will increase considerably.

It is assumed that the one-time cost of developing these administrative rules would be \$140,500 in staffing costs, utilizing exiting staff.

Review of Impact Assessment: Following completion and submittal of the above study, the Department estimates that approximately 400 hours of DNR staff time would be required to review the study, recommend an action (approval or disapproval) and any required conditions of an approval, and provide the public with an opportunity to comment on the action. This estimated time is based on the amount of time currently spent by Department staff conducting a completeness review of a landfill feasibility study, which is a comparably complex study.

400 hours x 10 applications = 4000

4000 hours/1820 hours per FTE = 2.2 FTE (Hydrogeologist - Adv.)

Hydrogeologist - Adv. (\$24.47/hr salary & fringe) x 2080 hours + \$4000 supplies related expenditures = \$54,900

x 2.2 FTE = \$120,800

Follow-up Review: Follow-up review is required to assess the actual impacts of the high capacity wells that were identified as possibly impacting waters of the state, and that were permitted--or conditionally permitted--by the Department. This follow-up review would involve reviewing monitoring data, reporting on impacts and preparing summary documents for the Legislature and other interested parties. The Department estimates that approximately 1000 hours of staff time the first three years and 2000 hours per year thereafter would be required for follow-up review of these potentially impacting high capacity wells. This assumes that the impact of a well would stabilize within two years and no longer require follow-up.

2000 hours/1820 hours per FTE = 1.1 FTE (Hydrogeologist - Adv.)

Hydrogeologist - Adv. (\$24.47/hr salary & fringe) x 2080 hours + \$4000 supplies related expenditures = \$54,900

x 1.1 FTE = \$60,400.

### **Long-Range Fiscal Implications**

None.

## Fiscal Estimate Worksheet - 2001 Session

Detailed Estimate of Annual Fiscal Effect

Original     
  Updated     
  Corrected     
  Supplemental

|  |  |  |                 |
|--|--|--|-----------------|
| <b>LRB Number</b> 01-2634/2  |  | <b>Introduction Number</b> AB-311              |                 |
| <b>Subject</b>   |  |  |                 |
| Condition approval of high capacity well on protecting rights in navigable waters  |  |  |                 |
| <b>I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):</b>  |  |  |                 |
| \$140,500 in staffing costs related to developing and codifying a mechanism in administrative rule for screening high cap well applications for their impact to waters of the state. |  |  |                 |
| <b>II. Annualized Costs:</b>   |  | <b>Annualized Fiscal Impact on funds from:</b> |                 |
|  |  | Increased Costs                                | Decreased Costs |
| <b>A. State Costs by Category</b>  |  |  |                 |
| State Operations - Salaries and Fringes  |  | \$282,000                                      |                 |
| (FTE Position Changes)   |  | (5.3 FTE)                                      |                 |
| State Operations - Other Costs   |  | 21,200   |                 |
| Local Assistance   |  |  |                 |
| Aids to Individuals or Organizations   |  |  |                 |
| <b>TOTAL State Costs by Category</b>   |  | <b>\$303,200</b>                               | <b>\$</b>       |
| <b>B. State Costs by Source of Funds</b>   |  |  |                 |
| GPR  |  | 303,200  |                 |
| FED  |  |  |                 |
| PRO/PRS  |  |  |                 |
| SEG/SEG-S  |  |  |                 |
| <b>III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)</b>                           |  |  |                 |
|  |  | Increased Rev                                  | Decreased Rev   |
| GPR Taxes  |  | \$   | \$              |
| GPR Earned   |  |  |                 |
| FED  |  |  |                 |
| PRO/PRS  |  |  |                 |
| SEG/SEG-S  |  |  |                 |
| <b>TOTAL State Revenues</b>  |  | <b>\$</b>                                      | <b>\$</b>       |
| <b>NET ANNUALIZED FISCAL IMPACT</b>  |  |  |                 |
|  |  | State  | Local           |
| NET CHANGE IN COSTS  |  | \$303,200                                      | \$              |
| NET CHANGE IN REVENUE  |  | \$   | \$              |
| <b>Agency/Prepared By</b>  |  | <b>Authorized Signature</b>                    | <b>Date</b>     |
| DNR/ Joe Polasek (608) 266-2794  |  | Joe Polasek (608) 266-2794                     | 4/30/01         |