

FISCAL ESTIMATE

DOA-2048 N(R10/94)

- ORIGINAL UPDATED
 CORRECTED SUPPLEMENTAL

Subject

High Capacity Well Approvals

Fiscal Effect

State: No State Fiscal Effect

Check columns below only if bill makes a direct appropriation or affects a sum sufficient appropriation.

- Increase Existing Appropriation Increase Existing Revenues
 Decrease Existing Appropriation Decrease Existing Revenues
 Create New Appropriation

Increase Costs - May be possible to Absorb Within Agency's Budget Yes No

Decrease Costs

Local: No local government costs

1. Increase Costs
 Permissive Mandatory
2. Decrease Costs
 Permissive Mandatory

3. Increase Revenues
 Permissive Mandatory
4. Decrease Revenues
 Permissive Mandatory

5. Types of Local Government Units Affected:
 Towns Villages Cities
 Counties WTCS Districts
 School Districts Others _____

Fund Sources Affected

- GPR FED PRO PRS SEG SEG-S

Affected Ch. 20 Appropriations

20.370 (4) (ma)

Assumptions Used in Arriving at Fiscal Estimate

SUMMARY OF BILL -

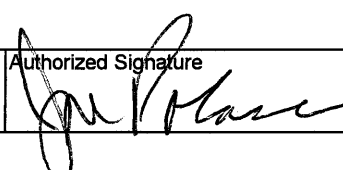
Current law prohibits a person from constructing or operating one or more wells on one property that withdraw a total of more than 100,000 gallons of water a day (high-capacity well withdrawal) without the approval of the Department of Natural Resources (DNR). If the DNR finds that the proposed withdrawal will adversely affect the water supply of a public water utility, DNR must disapprove the withdrawal or condition its approval so that the water supply of the public water utility will not be impaired.

This bill provides that if the DNR finds that a proposed high-capacity well withdrawal will adversely affect public rights in navigable waters, the DNR must disapprove the withdrawal or condition its approval so that public rights in navigable waters will be protected.

FISCAL IMPACT -

This bill will increase costs to the Department by an estimated \$165,000 in salary and supplies related expenditures associated with 2.80 FTE. 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 six high capacity permit applicants--whose proposed wells were identified as possibly adversely affecting public rights in navigable waters--with assessing the possible impacts of their proposed wells; 3) Department review of the six impact assessments prepared by high capacity permit applicants; and 4) long term follow-up review of the actual impacts of the high capacity wells.

Long-Range Fiscal Implications

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Assumptions Used in Arriving at Fiscal Estimate

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 four 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 impact public rights in navigable waters.

200 x 4 hrs/ application = 800 hours

800 hours x \$27.521/hour (Env. Engineer Advance) = \$22,017 + \$8,278 (37.60% fringe benefits) + \$2100 supplies and services = \$32,400.

Impact Assessment: Following the initial reviews and screening, the Department estimates that approximately six applications per year would be identified as possibly impacting public rights in navigable waters. The estimate of six applications per year is based on the number of wells identified this year--without official screening--as potentially impacting navigable waters (four), plus 50% to account for the additional applications identified through screening. 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 \$420,000.

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 160 hours of an advanced hydrogeologist's time per study.

160 hours x 6 applications = 960 hours

960 hours x \$20.220/hour(Hydrogeologist Advance) = \$19,411 + \$7,299 (37.60% fringe benefits) + \$2500 supplies and services = \$29,200.

Note, the Department's estimate of six 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 public rights in navigable waters. If the Department is not able to do so, the time and cost estimates in this fiscal note will increase considerably.

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 6 applications = 2,400 hours

2,400 hours x \$20.220/hour(Hydrogeologist Advance) = \$48,528 + \$18,247 (37.60% fringe benefits) + \$6200 supplies and services = \$73,000.

Follow-up Review: Follow-up review is required to assess the actual impacts of the high capacity wells that were identified as possibly impacting the public rights in navigable waters, 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 500 hours of staff time the first year and 1000 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.

1,000 x \$20.220/hour (Hydrogeologist Advance) = \$20,220 + 7,603 (37.60% fringe benefits) + \$2600 supplies and services = \$30,400.

The Department assumes that this bill would increase costs to local government units only if those units were the permit applicant.

FISCAL ESTIMATE WORKSHEET

1999 Session

Detailed Estimate of Annual Fiscal Effect
DOA-2047 (R10/94)

ORIGINAL UPDATED
 CORRECTED SUPPLEMENTAL

LRB or Bill No./Adm. Rule No. AB 775, 99-4536/1	Amendment No.
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Subject
High Capacity Well Approvals

I. One-Time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):

\$14,000 for computers and other startup expenses.

II. Annualized Costs:	Annualized Fiscal impact on State funds from:	
A. State Costs by Category	Increased Costs	Decreased Costs
State Operations - Salaries and Fringes	\$151,600	
(FTE Position Changes)	2.80	
State Operations - Other Costs	\$13,400	
Local Assistance		
Aids to Individuals or Organizations		
TOTAL State Costs by Category	\$165,000	
B. State Costs by Source of Funds	Increased Costs	Decreased Costs
GPR	\$165,000	
FED		
PRO/PRS		
SEG/SEG-S		
III. State Revenues:	Increased Rev.	Decreased Rev.
<small>Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)</small>		
GPR Taxes		
GPR Earned		
FED		
PRO/PRS		
SEG/SEG-S		
TOTAL State Revenues		

NET ANNUALIZED IMPACT

STATE

LOCAL

NET CHANGE IN COSTS

\$165,000

NET CHANGE IN REVENUES

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