

Fiscal Estimate - 2003 Session

Original Updated Corrected Supplemental

LRB Number 03-0870/1		Introduction Number AB-191	
Subject Change requirements for approving high-capacity wells			
Fiscal Effect			
State:			
<input type="checkbox"/> No State Fiscal Effect			
<input type="checkbox"/> Indeterminate			
<input type="checkbox"/> Increase Existing Appropriations		<input type="checkbox"/> Increase Existing Revenues	
<input type="checkbox"/> Decrease Existing Appropriations		<input type="checkbox"/> Decrease Existing Revenues	
<input type="checkbox"/> Create New Appropriations		<input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget	
		<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
		<input type="checkbox"/> Decrease Costs	
Local:			
<input type="checkbox"/> No Local Government Costs			
<input type="checkbox"/> Indeterminate			
1. <input type="checkbox"/> Increase Costs		3. <input type="checkbox"/> Increase Revenue	
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory		<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	
2. <input type="checkbox"/> Decrease Costs		4. <input type="checkbox"/> Decrease Revenue	
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory		<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	
5. Types of Local Government Units Affected			
<input type="checkbox"/> Towns		<input type="checkbox"/> Village <input type="checkbox"/> Cities	
<input type="checkbox"/> Counties		<input type="checkbox"/> Others	
<input type="checkbox"/> School Districts		<input type="checkbox"/> WTCS Districts	
Fund Sources Affected		Affected Ch. 20 Appropriations	
<input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input checked="" type="checkbox"/> SEG <input type="checkbox"/> SEGS 20.370(4)(mq)			
Agency/Prepared By		Authorized Signature	
DNR/ Joe Polasek (608) 266-2794		Joe Polasek (608) 266-2794	
		Date	
		4/1/2003	

Fiscal Estimate Narratives

DNR 4/1/2003

LRB Number	03-0870/1	Introduction Number	AB-191	Estimate Type	Original
Subject					
Change requirements for approving high-capacity wells					

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 condition its approval so that the water supply of the public water utility will not be impaired. This bill requires DNR to disapprove the application for a high capacity well or condition its approval to ensure the waters of the state will be protected.

Fiscal Estimate:

The bill will increase costs to the Department by an estimated \$1,028,200 of salary and supplies related expenditures associated with 16.1 FTE. This estimate of fiscal impact includes costs associated with 1) conducting initial reviews and screening of 250 high-capacity well permit applications per year; 2) assisting and guiding 35 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 35 impact assessments prepared by high-capacity permit applicants and 4) long term follow-up review of the actual impacts of the high-capacity wells. Additionally, the Department estimates that local government costs will increase by \$660,000 annually, based on an assumption that 6 of the 35 applications (where the proposed wells were identified as possibly adversely affecting waters of the state) would be submitted by local governments.

Initial Review and Screening: Based on prior years' experience with high-capacity well approvals, the Department estimates that there will be approximately 250 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 250 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.

$250 \times 8 \text{ hrs/ application} = 2000$

$2000 \text{ hours}/1800 \text{ hours per FTE} = 1.1 \text{ FTE (Water Supply Engineer - Adv.)}$

$\text{Water Supply Engineer - Adv. } (\$33.24/\text{hr salary \& fringe}) \times 2080 \text{ hours} + \$5200 \text{ supplies related expenditures} = \$74,300 \times 1.1 \text{ FTE} = \$81,700$

Impact Assessment: Following the initial reviews and screening, the Department estimates that approximately 35 applications per year would be identified as possibly adversely affecting waters of the state. The estimate of 35 applications per year is based on the number of wells identified in a typical year -- without official screening--as potentially impacting surface waters (four), plus 50% to account for the additional applications identified through screening (two), plus the number of high capacity wells constructed in a typical year in areas of significantly declining water levels (29). Once this identification has been made, a detailed assessment of the possible impacts of the well would be required. The Department assumes that this detailed assessment would cost approximately \$110,000 for municipal wells (with a range of costs from \$40,000 to \$180,000) and approximately \$90,000 for non-municipal wells (with a range of costs from \$40,000 to \$140,000). The Department assumes that it would take about 12 months to complete the assessment. The Department assumes that it can require that the applicant or the applicant's consultants develop the study and 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 \$2,610,660. Based on past applications, the Department assumes that 6 of the 35 applications would be submitted by local government units, therefore local government units would bear \$660,000 (6 x \$110,000) of the estimated \$2,610,660 in additional costs annually related to studies assessing the impact of the proposed wells.

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 35 applications = 7000

7000 hours/1800 hours per FTE = 3.9 FTE (Hydrogeologist - Adv.)

Hydrogeologist - Adv. (\$27.85/hr salary & fringe) x 2080 hours + \$5200 supplies related expenditures = \$63,100 x 3.9 FTE = \$246,100

Note, the Department's estimate of 35 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 protecting the 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.

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 35 applications = 14,000

14,000 hours/1800 hours per FTE = 7.8 FTE (Hydrogeologist - Adv.)

Hydrogeologist - Adv. (\$27.85/hr salary & fringe) x 2080 hours + \$5,200 supplies related expenditures = \$63,100 x 7.8 FTE = \$492,200

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 3000 hours of staff time the first year and 6000 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.

6000 hours/1800 hours per FTE = 3.3 FTE (Hydrogeologist - Adv.)

Hydrogeologist - Adv. (\$27.85/hr salary & fringe) x 2080 hours + \$5,200 supplies related expenditures = \$63,100 x 3.3 FTE = \$208,200

Long-Range Fiscal Implications

None.

Fiscal Estimate Worksheet - 2003 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

LRB Number 03-0870/1		Introduction Number AB-191	
Subject			
Change requirements for approving high-capacity wells			
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):			
II. Annualized Costs:		Annualized Fiscal Impact on funds from:	
		Increased Costs	Decreased Costs
A. State Costs by Category			
State Operations - Salaries and Fringes		\$944,400	
(FTE Position Changes)		(16.1 FTE)	
State Operations - Other Costs		83,800	
Local Assistance			
Aids to Individuals or Organizations			
TOTAL State Costs by Category		\$1,028,200	\$
B. State Costs by Source of Funds			
GPR			
FED			
PRO/PRS			
SEG/SEG-S		1,028,200	
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, ets.)			
		Increased Rev	Decreased Rev
GPR Taxes		\$	\$
GPR Earned			
FED			
PRO/PRS			
SEG/SEG-S			
TOTAL State Revenues		\$	\$
NET ANNUALIZED FISCAL IMPACT			
		<u>State</u>	<u>Local</u>
NET CHANGE IN COSTS		\$1,028,200	\$660,000
NET CHANGE IN REVENUE		\$	\$
Agency/Prepared By		Authorized Signature	Date
DNR/ Joe Polasek (608) 266-2794		Joe Polasek (608) 266-2794	4/1/2003