

North Dakota State Water Commission

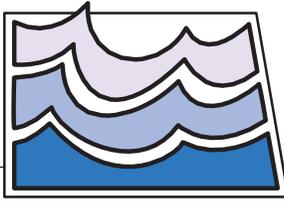
900 EAST BOULEVARD AVENUE, DEPT 770 BISMARCK, NORTH DAKOTA 58505-0850
(701) 328-2750 • TTY 1-800-366-6888 or 711 • FAX (701) 328-3696 • <http://swc.nd.gov>

**North Dakota State Water Commission
Cost-Share Policy Meeting
Pioneer Room, Judicial Wing, State Capitol
Bismarck, North Dakota
January 11, 2018
9:00 a.m., CST**

AGENDA

- A. Project Prioritization Process
- B. Cost-Share Policy
 - 1. **Definition of Cost-Share***
 - 2. Water Conveyance
 - 3. Engineering Selection Process
 - 4. Ineligible Items
 - 5. Pre-Application Process
 - 6. Chief Engineer will present “with a recommendation”
 - 7. Chief Engineer authorization for projects up to \$75,000
 - 8. Pre-Construction expenses (engineering) at 35%
 - 9. Water Supply Percentages
 - Categories
 - 80% Total Loan and Cost-Share Cap
 - 10. Flood Control Percentages
 - Current Exceptions
 - Minot
 - Grafton
 - Fargo
 - Valley City/Lisbon
 - 11. **Flood Control Design Events***
 - 12. Flood Control and City Infrastructure Relocation
 - 13. **Snagging and Clearing Language***
 - 14. Rural Flood Control
 - Permit Requirements
 - **Sediment Removal***
 - 15. Storm Water vs Flood Control/Rural Flood Control
 - 16. **Four-Year Updates***
 - 17. Irrigation
- C. Governance
- D. Appendix
 - State Water Commission Cost-Share Policy Summary
 - State Water Commission Project Prioritization Guidance

**Legislation Impacts Current Language*



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MEMORANDUM

TO: Governor Doug Burgum
Members of the State Water Commission
FROM: Garland Erbele, P.E., Chief Engineer/Secretary
SUBJECT: Cost-Share Policy Items
DATE: January 4, 2018

Project Prioritization Process

Overview

In 2013, the ND Legislature passed HB 1206, requiring Legislative Management to “evaluate current water project prioritization processes for effectiveness in determining high-priority water projects for State Water Commission funding.” At that time, there was no formal process for prioritizing water projects. In response, Water Commission staff developed the SWC Project Prioritization Guidance Policy, in cooperation with the Interim Legislative Water Topics Overview Committee.

During the 2013-2015 interim period, Water Commission staff presented the draft prioritization guidance policy at two separate rounds of basin meetings around the state, and presented drafts to the Interim Legislative Water Topics Overview Committee on multiple occasions. In the fall of 2014, the SWC Project Prioritization Guidance Policy was approved by the State Water Commission and endorsed by the Interim Legislative Water Topics Overview Committee. Since that time, the policy has remained largely the same, with only minor amendments.

The 2017 Legislative Assembly amended NDCC Section 61-02-01.4 - requiring the State Water Commission to “review, gather stakeholder input on, and rewrite as necessary the Commission’s Cost-Share Policy, Procedure and General Requirements, and Project Prioritization Guidance documents.

Staff Recommendations

- **2017 amendments to NDCC Section 61-02-01.4 prohibit the Water Commission from providing cost-share for removal of vegetative materials and sediment for water conveyance projects. As such, it is recommended that snagging and clearing projects be removed from the prioritization criteria.**
- **Strike the following language: “Projects that do not meet local cost-share match requirements, (per SWC cost-share policies), will be dropped to the next lowest priority.”**
- **Language similar to the following should be added to address the timing of funding for various priorities: “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 “High Priorities” for the first 12 months of each budget cycle.”**

Please note - the direction to staff when originally creating a priority guidance document was to develop a process that was simple to use and understand, offered flexibility, and effectively prioritized projects of all types. Though the current SWC Project Prioritization Guidance does those things, it does not provide guidance to prioritize *within* each of the priority categories. On one hand, this offers the Commission flexibility to fund projects within categories as they are ready to proceed. On the other hand, if there are more financial needs, and projects ready to proceed within a given priority category than can be funded, the policy does not specifically address which of those will receive priority.

Does the Commission want to prioritize the project types within each of the priority categories, or leave the guidance as-is to afford more flexibility?

The project types within each of the priority categories is also another element that could be reconsidered by the Commission.

Definition of Cost-Share

Our policy currently defines “Cost-Share” as:

Cost-Share is grant or loan funds provided through the State Water Commission.

However, HB 1374 provided separate definitions for cost-share, grant, and loan as follows:

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.

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

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.

Our recommendation is to eliminate the current definition of “Cost-Share” and incorporate the new statutory definitions within our policy.

Water Conveyance

HB 1374 (NDCC 61-02-02 provides a definition of a new category, Water Conveyance:

“Water Conveyance Project’ means any surface or subsurface drainage works, bank stabilization, or snagging and clearing of water bodies.”

Staff recommends this definition be added to policy.

With this additional category, it would also be appropriate to add water conveyance as a category of cost-share. This would become Item D with rural flood control and bank stabilization as sub-items. The Rural Ring Dike Program would then be most appropriately moved to sub-item 6 under Flood Control.

Staff volunteers to provide a revised document with these changes to the outline.

Engineering Selection Process

Current policy states:

...If cost-share is expected to be greater than \$25,000, the local sponsor must follow the engineering selection process 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 this 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.

From its inception, this has been a fairly unpopular requirement with the local sponsors who typically have no statutory requirement to complete an engineering selection process. Many have long standing relationships with a particular consulting firm. They have completed the process to satisfy our policy, but most selection processes have resulted in the same firms being selected, and they view it as an unnecessary and unproductive mandate.

If it is the wish of the Commission to keep this requirement in place, there are other clarifications that would be beneficial to staff. In the initial implementation of this policy, we, as a matter of interpretation, waived the requirement if they had an engineer already hired for a specific project. Now, as we near the three-year expiration of those first selection processes, the question exists as to whether or not a new selection process is required for a project for which a selection process was originally completed but the project is not yet complete after three years. It should also be noted that the basis of the \$25,000 limit was the statutory limit for when a state agency must complete a selection process. That limit has now been raised to \$35,000.

Staff recommends removing the requirement for an engineering selection process. However, if the Commission retains this requirement, staff recommendation on the latter issue is that the local sponsor should not have to go through a new selection process for specific projects that outlive the three-year selection period, and the threshold should be increased to \$35,000.

Ineligible Items

On Page 2, policy specifically identifies ineligible items. One of those ineligible items is:

Work and costs incurred prior to a cost-share approval date, except for emergencies as determined by the Chief Engineer.

Members of this Commission have questioned why we do not pay for work completed prior to cost-share approval. Obviously, a line needs to be drawn somewhere; it would be inappropriate for funding requests to be considered for projects completed years ago. Given the need to establish a line somewhere, the cost-share approval date was believed to be the most appropriate and documentable line. It has varied somewhat through the years; at one time, pre-construction engineering costs incurred up to two years prior to the cost-share approval date were allowed. That was phased out as we began to provide cost-share for pre-construction engineering ahead of approving construction funding.

It was suggested by members of this Commission during prior discussions that this policy penalizes local sponsors for being proactive and being ahead of the process. However, with our willingness to provide cost-share for pre-construction engineering for project development, and now that we are required to meet every two months, local sponsors have adequate ability to have funding obligated prior to beginning work on a project.

Staff recommendation is to leave costs incurred prior to cost-share approval as an ineligible item.

Pre-Application Process

Our cost-share policy includes a “Pre-Application Process” for assessment projects. This allows a project sponsor to provide the Chief Engineer with a project narrative, preliminary design, and cost estimates. The Chief Engineer then reviews that material and estimates the cost-share funding the project may anticipate receiving in a letter to the sponsor. The local sponsor may then use that information in their assessment voting process.

In the past, the Commission allowed project sponsors to come before them and obtain conditional approval, conditioned on a positive assessment vote, and that was typically done to allow the local assessment votes to be cast using the cost-share amounts. The current Pre-Application process was developed as an alternative approach, and the advantage over the prior approach is that the Commission is not bogged down with requests that may fail the local vote, monies are not obligated to projects that ultimately fail a vote, and the sponsor is still provided with a mechanism that allows the landowners to vote the true cost shared commitment.

Staff recommendation is to leave this policy intact.

Chief Engineer will present “with a recommendation”

Current policy states:

If the Chief Engineer is satisfied that the proposal meets all requirements, the Chief Engineer will present the application along with a recommendation to the State Water Commission for its action.

Does this Commission want the Chief Engineer to continue presenting requests along with a recommendation?

Staff offers no recommendation on this issue.

Chief Engineer authorization for projects up to \$75,000

Current policy states:

The Chief Engineer is authorized to approve cost-share up to \$75,000 in state funds and also approve cost overruns up to \$75,000 in state funds without State Water Commission action.

This has been a long-standing provision within policy. The limit has been adjusted upward periodically. The last adjustment, from \$50,000 to \$75,000 was adopted by a prior Commission on October 1, 2014. The process does provide a mechanism for smaller projects to be approved while eliminating the need for the Commission to consider such small requests.

Staff recommendation is to leave the policy in place. Staff makes no recommendation as to the appropriateness of the limit.

Pre-Construction expenses (engineering) at 35%

Current policy provides cost-share of 35% for pre-construction engineering with construction engineering cost-shared at whatever percentage is applicable for the particular project category. This was included in today's agenda because members of the past Commission had expressed the desire to re-visit this issue.

This policy has varied dramatically and frequently through the years. At various times engineering was not an eligible cost at all. At other times engineering has been fully eligible. During the most recent iteration, when engineering costs became fully ineligible, the cost-share percentages under each category were raised, and an analysis was completed to show that the ineligibility of engineering costs coupled with the increased cost-share percentages resulted in no net loss of funding assistance in almost all cases. Then when the policy was again amended to the current version, the cost-share percentages were not accordingly revised downward.

The current policy, with pre-construction engineering funded at 35%, constitutes a compromise or middle-ground relative to the two extremes between which our policy has fluctuated.

Staff recommendation is to retain the current policy.

Water Supply Percentages Categories and 80% Combined Cap

Current policy includes cost-share percentages for water supply based on four categories.

Category	Description	Percentage
1	Addresses improvements to meet drinking water standards or expansion into new rural water service areas	75%
2	Supports improvements or connection of new customers within the existing service area of a municipal water system	60%
3	Water treatment improvements addressing impacts from other State Water Commission projects.	Case by Case
4	Addresses extraordinary repairs or replacement needs of a water supply system due to damages from a recent natural disaster.	Loan Only

NDCC 61-02-01.4 provides that the Commission’s policy must provide that a water supply project is eligible for a cost -share up to 75% and that all project costs shall be considered eligible except the Commission may exclude operations expense and regular maintenance.

Based on that language, the policy provides guidance as to which projects are eligible for the full 75%. Category 1 which includes improvements to meet drinking water standards or expansions into new service areas meets those criteria. By practice regionalization projects have also been funded at 75% because regionalizations do typically result in new rural water service areas.

Most municipal improvements fall into Category 2 and have been accordingly funded at 60%.

Another consideration is the 80% cap. Current policy provides:

...The combination of grant and loan funding will not exceed 80 percent from the State Water Commission.

This has been an unpopular limitation with local project sponsors, especially when they receive a 75% cost-share (formerly referred to as a grant) and need to cover the remaining share with a loan, they can only get another 5% from this agency in the form of a loan and then need to secure a second loan, typically from SRF, for the other 20%. The view from local sponsors is that it’s hardly worth the effort to take our loan when it’s only for 5% and they have to go through all the effort to secure another loan for the remaining 20%. This is maybe less of an issue today, given the current scarcity of loan funds available from the SWC, but it is an issue we have heard about and will again should more loan funds become available.

Staff recommendation is to leave the cost-share percentages the same and to remove the 80% limitation.

Flood Control Percentages and Current Exceptions

The percentages for the various sub-categories of flood control provided in the current policy are summarized as follows.

Category	Percentage
Flood Recovery Acquisition Program	75% if damaged and needed for construction 60% if damaged and removal increases conveyance
Flood Protection Program	60% if non-federal project 50% of non-federal share if federal project
Levee Accreditation	60% of eligible costs
Dam Safety	75%
Emergency Action Plans	80%
Water Retention	60% if non-federal 50% of non-federal if federal project
Snagging and Clearing	50% (No longer eligible)

Prior Commissions have made various exceptions to this policy, mostly for the larger flood control projects. Those projects currently under construction for which exceptions have been made are summarized below:

Project	Percentage
Fargo	Earmarks and legislative intent of providing \$570 M
Minot	65% of non-federal (includes engineering)
Grafton	75%
Valley City	85% engineering; 80% construction
Lisbon	90% engineering; 80% construction

Some of those exceptions were made with consideration of the statement in our current policy that:

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.

The Fargo Flood Control Project funding was largely determined by legislative action both in the form of earmarks and expressed legislative intent. A specific exception was made for the Mouse River flood control project due to its large cost, the regional benefits, and to some degree in recognition of the contributions Minot has already made both for the regional flood control project as well as the Northwest Area Water Supply Project. The exception for the Grafton project was made based on the community's ability to afford the project and the SWC's ability to complete this project and provide some finality to the flooding problems in Grafton. The exception in terms of the engineering cost-share for Valley City and Lisbon were made largely upon consideration of their ability to pay, especially coming off multiple significant flood fight efforts. The exceptions for construction for Valley City and Lisbon were based on providing the standard 60% and then another 20% to mitigate potential impacts from operation of the Devils Lake outlets.

The one exception that continues to come up in discussion with both the prior and current Commissions is the Valley City and Lisbon exceptions. Members of the prior Commission expressed the thought that the period of time during which the outlets will be operated is finite and possibly drawing to a close, and therefore the extra 20% for construction should be re-examined. At least one member of this Commission has indicated that the financial planning for these projects has all been completed under the assumption that the current level of cost-share support would continue to project completion. Also, it appears likely that we will be operating the Devils Lake outlets again next season.

Staff recommends the basic percentages in our policy remain the same. Staff offers no recommendation regarding the current exceptions.

Flood Control Design Events

Current policy does not include language relative to any particular limitation regarding the design event for flood control projects. Prior Commissioners have questioned whether or not we should cap financial support at the 100-year recurrence interval event (1% annual chance). Typically, funding has been provided for whatever design has been chosen by the local sponsor. Some projects are being designed and constructed for the 1% chance event with sufficient freeboard to ensure FEMA accreditation. Others are being and have been designed to protect to the flood of record, in those cases where the flood of record exceeds the 1% chance event.

Legislation approved last session and codified in NDCC 61-02-80 states:

Except for flood control projects authorized by the legislative assembly or the commission before July 1, 2017, the commission shall calculate the amount of its financial assistance, including loans, grants, cost-share, and issuance of bonds, based on the needs for protection of health, property, and enterprise against:

- 1. One hundred year flood events 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.*

This language provides the Commission with significant latitude in making a funding determination while providing some side boards for making funding obligations to a project with a design providing protection to something greater than either the 100-year event or the NED alternative.

Because there is no language in our policy that is in conflict with the new statutory language, no changes are required, but it may be appropriate to incorporate this statutory language directly in our policy.

Staff recommendation is to include the statutory language in policy.

Flood Control and City Infrastructure Relocation

A prior Commissioner expressed concern with the amount of municipal infrastructure that is at times incorporated in design and construction of large municipal flood control projects. While it is often necessary to make significant improvements in storm water utilities located behind a levee system, those improvements occasionally involve tearing up streets and sometimes other utilities as well. The concern that has been expressed in the past is that the Commission should be paying only for the flood control itself, and not for those utilities and subsequent street reconstructions.

We do not have any language in our policy that attempts to define a limit or boundary for utility improvements associated with flood control projects. Some language could be proposed, or the Commission can continue looking to staff to assess the appropriateness of utility improvements submitted as part of flood control projects.

Staff suggests this remain left to judgement of staff but is open to suggested language.

Snagging and Clearing Language

Snagging and Clearing is identified in our current policy as a cost-share category, eligible for 50% cost-share assistance. However, language in HB 1374 last session and now codified in NDCC 61-02-01.4 stipulates that the Commission shall exclude the removal of vegetative materials as eligible items.

Therefore, the staff recommendation is to remove the paragraph addressing Snagging and Clearing from the policy.

Rural Flood Control Permit Requirements and Sediment Removal

Policy currently states that *“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.”*

Current practice has been to bring the requests before the Commission once the assessment vote has been approved and a drain permit application has at least been received. If the Commission approves the request, then the agreement is held until the drain permit is approved and filed with the State Engineer. The reason we don't bring the requests before the Commission before the assessment vote has been approved is the frequency with which assessment votes fail, leaving monies obligated to projects that won't move forward. The permit is less often the limiting consideration.

Staff is looking for feedback as to the acceptability of continuing this approach.

Language adopted in HB 1374 (NDCC 61-02-01.4) stipulates that the removal of sediment as part of a water conveyance project is not eligible for cost-share. This is not typically an issue when funding the construction of a new drain, but will become an issue when considering funding requests for reconstructions. What we typically see is a drain being reconstructed with a wider bottom and flatter side slopes than the original geometry.

In years past the Commission would require a sediment analysis and the percentage of the soil removed for the reconstruction that was determined to consist of sediment deposited into the original geometry was declared ineligible. At the time, only 30% cost-share was provided for construction if no sediment analysis was completed, and 35% was provided for the non-sediment percentage of the project if an analysis was completed. It would appear that a policy requiring a sediment analysis for any reconstruction will need to be required to ensure compliance with the legislation.

The following language is proposed to be added to the Rural Flood Control Section:

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.

Storm Water vs Flood Control/Rural Flood Control

Flood Control and Rural Flood Control have long been eligible categories for cost-share assistance from the Commission. The Commission has never recognized municipal storm water management as an eligible category. At times, differentiating between the two has been an issue. While it is not expressed anywhere in policy, the precedent that has been established and followed in several examples is to make a determination of eligibility based on the percentage of the watershed contributing to the project that lies within city limits and the percentage that lies outside the city limits and remains rural in nature.

The most recent example of this precedent being applied was last year when a request from the City of Williston was considered. The cost-share approved was discounted by the percentage of the watershed lying within the Williston city limits. The overlying assumption is that managing the runoff from those acres is a storm water management issue and not eligible for cost-share.

A prior Commissioner expressed the idea that the percentage split should be based on a modelled discharge rather than an acreage basis. While we understand the intention of this suggestion, approaching the problem in this fashion would greatly increase the complexity and the subjectivity of the solution. Hydrologic modelling is as much an art as a science, and no two modellers are going to come up with the exact same solution.

Staff recommends a continuance of the acreage basis approach, but is open to suggestions as well as suggestions as to whether or not this precedent should be formally incorporated into the policy document.

Four-Year Updates

The Commission typically carries a significant amount of funding over from one biennium to the next. This is largely a function of the fact that water projects tend to take time to complete, spanning more than one biennium, especially the larger and more costly projects. In an effort to de-obligate any funding that is not needed, and hopefully reduce that carryover, we have made it an internal process to inquire with the local sponsor as to a project's status and timeline for completion whenever funding remains unspent three years after approval. This is currently undertaken on a rolling monthly basis.

HB 1374 (NDCC 61-02-14.3) stipulates:

An agreement for funding which is approved by the commission to fund a water project under this chapter must require a progress report to the commission at least every four years if the term of the project exceeds four years. If a progress report is not timely received or, if after a review of a 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.

Any agreements provided to project sponsors since the effective date of HB1374 have included language explicitly requiring a progress report in four years. The question staff has for the Commission pertains to how the Commission would like to handle the review of the four-year progress report. Does the Commission want to review each of the written progress reports and make a determination as to the sufficiency of the report themselves, or does the Commission want that delegated to staff? If so, does the Commission want a recommendation from staff to continue or to terminate in all cases? Does the Commission want to take action on all progress reports?

Staff simply seeks direction on how the Commission desires to handle this new requirement.

Irrigation

Policy currently states the following:

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 new central supply works, including water storage facilities, intake structures, wells, pumps, power units, primary water conveyance facilities, and electrical transmission and control facilities.

Practice has been to only approve funding to irrigation districts for their central supply works and not to any individual producers, yet our policy is silent on that issue. This should be explicitly stated in policy.

Another question for consideration by the Commission is where to appropriately draw the line between central supply works and 'on field' facilities. Requests brought before the Commission in recent years for irrigation development by the Garrison Diversion Conservancy District have typically involved one, two or three producers, and everything but the pipe from the field edge to the pivot has been presented as part of the central supply works.

There are also potential constitutional considerations, specifically the need to comply with the anti-gift clause. This has been the basis for only cost-sharing with a district and not with individual producers.

Staff solicits feedback from the Commission and indicates their willingness to draft suggested language to address these issues based on that feedback.

Governance

Meetings

- Reimbursement for non-SWC Meeting Attendance

- Frequency – once every two months/more often

- Commissioner-hosted meeting – State Water Development Plan

Project Presentation

- Sponsor

- Staff Recommendation

Sub-Committees

- Cost-Share Policy

- Project Planning Review

 - Flood Control

 - Rural Water Supply

 - Regional and Municipal Water Supply

 - General Water Management

State Water Commission Cost-Share Policy Summary

Effective October 2016

Cost-Share Policy Outline	Description	Prelim Eng	Design Eng	Const Eng	Construction
I. Definitions and Eligibility	Cost-share is defined as a grant or loan, or a combination of the two. The policy provides definitions that are necessary to administer the program.				
II. Application and Approval Procedures	An application for cost-share is required in all cases, and must be submitted on SFN 60439. Applications are accepted at any time, however, applications must be received at least 30 days in advance to be considered for any Water Commission agenda. The Chief Engineer is authorized to approve up to \$75,000 without SWC approval. A pre-application process is available for assessment projects.				
III. Cost-Share Categories	The SWC supports the following categories for cost-share.				
A. Pre-Construction Expenses	Development of feasibility studies, engineering designs, and mapping.	Up to 35%			0%
B. Water Supply	Loan funding available for all categories, with a combination of grant and loan up to 80%.				
1. Water Supply Projects	(1) Addresses upgrades of a water supply to SDWA primary standards, expansion into new service areas, or connection of communities to regional/rural systems.	Up to 35%			Total up to 80% with up to 75% grant
	(1) Improvements in rural water systems that upgrade facilities to provide increased efficiency or capacity.	Up to 35%			Total up to 80% with up to 60% grant
	(2) Improvements or connection of new customers within the existing service area of a municipal water system.	Up to 35%			Total up to 80% with up to 60% grant
	(3) Water treatment improvements that address impacts from other SWC projects.	Based on level of impact			
	(4) Addresses extraordinary repairs or replacement needs of a water supply system due to damages from a recent natural disaster.	Up to 80% loan			
2. Federal MR&I Water Supply Program	Federally funded with no preliminary engineering cost-share.	0%			Up to 75% grant
3. Drought Disaster Livestock Water Supply Project Assistance Program	Uses state funding in support of a federal initiative. This program is defined in Administrative Code 89-11.	Up to 50% (Max of \$3,500 per project, and three projects per applicant)			
C. Flood Control Projects	Protect communities from flooding and may include repair of dams that provide flood control benefits.				
1. Flood Recovery Property Acquisition Grant Program	Flood damage has occurred. Property needed for construction of flood protection.	Up to 75%			
	Flood damage has occurred. Property needed for conveyance.	Up to 60%			
2. Flood Protection Program	Support projects that prevent future damages related to flooding, and there is no federal participation.	Up to 35%			Up to 60%
	Support projects that prevent future damages related to flooding, and there is federal participation.	Up to 35%			Up to 50% of non-federal share
3. FEMA Levee System Accreditation Program	FEMA requirement to accredit a levee system for flood insurance mapping purposes.	Up to 60%			
4. Dam Safety and Emergency Action Plans (EAP)	Addresses dam safety issues.	Up to 35%			Up to 75%
	EAP for high or medium/significant hazard dams. Dam break models are funded only on high hazard dams.	Up to 80%			0%
5. Water Retention Projects	Reduce flood damages by storing water upstream of property and infrastructure, and there is no federal participation.	Up to 35%			Up to 60%
	Reduce flood damages by storing water upstream of property and infrastructure, and there is federal participation.	Up to 35%			Up to 50% of non-federal share
D. Rural Flood Control	Manage runoff from agricultural sources or provide flood control in rural settings.				
1. Drains, Channels, or Diversions	Improve water management and reduce flood-related impacts in rural settings. Expansions and improvements may be cost-shared on the basis of increased drainage capacity achieved or increased area served.	Up to 35%			Up to 45%
2. Ring Dike Program	This program is for rural homes and farmsteads. Cost-share up to \$40,000 is available, with combined NRCS and SWC funding capped at 80% of eligible costs.	Up to 35%			Up to 60%
E. Recreation	Water-based recreation, typically associated with dams.	Up to 35%			Up to 40%
F. Irrigation	Costs associated with principal supply works.	Up to 35%			Up to 50%
G. Bank Stabilization	Protects public infrastructure or facilities on public land.	Up to 35%			Up to 50%

SWC PROJECT PRIORITIZATION GUIDANCE

Projects submitted during the project planning inventory process¹ that meet SWC cost-share eligibility requirements will be considered for prioritization. Projects that do not meet local cost-share match requirements, (per SWC cost-share policies), will be dropped to the next lowest priority category. Ineligible projects will be diverted toward alternative funding sources.



Footnotes

I. All local sponsors are encouraged to submit project and study financial needs during the budgeting process. Projects and studies 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.