



UPDATED

COST-SHARE POLICY

The State Water Commission's (SWC) Cost-Share Policy, Procedure, and General Requirements (Policy) exists to support local sponsors in development of sustainable water-related projects in North Dakota. The policy reflects the agency's cost-share priorities and provides the basic requirements for all projects considered for funding assistance through the Department of Water Resources (DWR). The policy also ensures projects and studies that receive funding from the DWR's appropriated funds are consistent with the public interest.

In December of 2021, the SWC initiated the process of reviewing several policies and questions that needed modernization or clarification. From those discussions, DWR staff were directed to draft modifications to the policy.

In July 2022, draft policy and prioritization modifications were presented at eight State Water Commissioner-hosted basin meetings across the state. Water stakeholders were encouraged to provide comments at those meetings related to the modifications. In addition, a 45-day comment period was also opened during that same time frame to allow for the submission of detailed comments from the public.

In response to input gained from the basin meetings, the public comment period, and multiple meetings and discussions involving Commissioners, staff, interested individuals and stakeholder groups, revised policy and prioritization guidance documents were prepared for

SWC consideration in September 2022. The Commission met several times following that meeting to address each of the remaining policy issues and modifications that had not been finalized. The final draft of the policy was adopted December 9, 2022, and **implementation will begin at the onset of the next budget cycle - during the 2023-2025 biennium.**

Though there are several changes to the cost-share policy, the following are some of the most notable changes for project sponsors to consider.



PERMITS & CAPITAL IMPROVEMENT PLANS

The status of required permitting must be submitted with Tier II (Construction) applications, including submission of **approved** drain, sovereign land, or construction permits if required by state statute.

A completed Capital Improvement Plan (CIP) for water supply projects as outlined in the Commission's CIP guidance must also be provided for construction funding requests. A completed CIP should include demonstration of a sustainable Capital Improvement Fund (CIF), that at a minimum sets aside a percentage of the cost of the asset(s) for which the Commission is cost-sharing over the expected life of the asset(s). DWR and the SWC will be drafting CIP guidance materials in the coming months.

AGREEMENT & DISTRIBUTION OF FUNDS

Local sponsors **must** identify with signage that the completed project was paid for through a cooperative effort with the DWR.

LITIGATION

It is the sponsor's responsibility to notify the SWC and DWR of any litigation related to their projects.

ECONOMIC ANALYSIS

Projects that will result in FEMA accredited flood protection for communities may be **exempt** from the requirement of using the benefit-cost ratio as a percentage of the allowable cost-share.

INELIGIBLE ITEMS

Elements of finished water storage projects that are sized **in excess of** the capacity necessary for peak daily consumption are ineligible for cost-share funding. Additional storage capacity beyond what is necessary to serve peak daily consumption is considered a local funding responsibility. This excludes storage associated with water treatment plants. Peak daily consumption means the peak reported water usage identified during the previous ten-year period.



Invoices that are dated **one year or more** before the date they are received by DWR for reimbursement are ineligible for cost-share funding. Invoices submitted by agricultural producers who have been approved for cost-share through the Drought Disaster Livestock Water Assistance Program are exempt.

ELIGIBLE ITEMS

Basic Asset Inventory and Capital Improvement Planning (BAIACIP) is eligible for cost-share. The SWC encourages planning efforts that support the long-term financial sustainability of water supply infrastructure projects. The primary purpose of the BAIACIP program is to help local project sponsors with the development and establishment of capital improvement funds necessary for proactive financial management of their water supply systems.

Main Street Initiative projects are eligible for additional cost-share assistance of 10 percent beyond existing cost-share percentages, with a maximum of \$250,000 in supplemental funding if additional policy requirements are met.

Water supply cost-share for the transmission of reclaimed water for beneficial use may be an eligible cost.

Water supply cost-share remained at up to 75 percent for rural and 60 percent for municipal projects.

Drought Disaster Livestock Water Assistance Program cost-share was set at up to 65 percent, but no more than \$10,000 per project, and three projects per applicant.

Water retention projects may receive cost-share for up to 60 percent of eligible project costs, including purchase price of the property. **No reduction** in DWR cost-share percentage will occur if the project receives federal funding.

For additional details about the SWC's Cost-Share Program policy changes, email dwrcostshare@nd.gov or call (701) 328-4989.