

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1055-04
Bill No.: Truly Agreed to and Finally Passed SCS for SB 431
Subject: Conveyance of water rights to Clarence Cannon Wholesale Water Commission
Type: Original
Date: May 1, 2001

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
General Revenue	\$80,000 to \$90,000	\$80,000 to \$90,000	\$80,000 to \$90,000
Total Estimated Net Effect on <u>All</u> State Funds	\$80,000 to \$90,000	\$80,000 to \$90,000	\$80,000 to \$90,000

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
None			
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
Local Government	(\$80,000 to \$90,000)	(\$80,000 to \$90,000)	(\$80,000 to \$90,000)

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 5 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Clarence Cannon Wholesale Water Commission (CCWWC)** state the total principal amount of cost of storage space in Mark Twain Lake is \$16,266,678. The contract requires that interest at the rate of 3.22% per year be paid on any portion of the storage space that is not being used (Future use interest). The principal does not have to be paid until the storage space is actually used (Present use principal and interest).

The CCWWC states the current contract allocates the 16 million gallons per day (mgd) storage space between themselves and the state at 3.1 mgd and 12.9 mgd respectively. This converts into a principal commitment of \$3,189,694 for the CCWWC and \$13,273,241 for the state. The state is currently paying the interest only on their portion of the principal and their proportionate share of operation and maintenance (O&M) expense as determined by the Corps of Engineers.

The CCWWC estimates that the effect of transferring an additional 1.9 mgd of water storage space from the state to the CCWWC will bring the new allocation to 5.0 mgd for the CCWWC and 11.0 mgd for the state. With this transfer, a proportional amount of expenses (interest and O&M) will also be transferred, resulting in a savings for the state and an additional cost to the CCWWC.

The CCWWC estimates that the transference will annually save the state \$62,950 in future use interest as well as \$22,522 in operation and maintenance expenses for a total of \$85,472. This amount could vary somewhat each year depending upon the actual O&M expenses as determined by the U.S. Army Corps of Engineers.

Officials from the **Department of Natural Resources** state that although this proposal has no direct fiscal impact on the Department of Natural Resources, the Office of Administration relies on the department to review the annual statement of account from the U.S. Army Corps of Engineers. Currently, the state's allocation of the 16 million gallons/day of water supply storage is 12.9 million gallons/day. Clarence Cannon Wholesale Water Commission's (CCWWC) allocation of the 16 million gallons/day of water supply storage is currently 3.1 million gallons/day.

Currently, the state pays \$416,381.57 of interest annually, plus its proportional amount of actual operation and maintenance (O&M) costs. O&M costs can vary up or down by tens of thousands of dollars. A reasonable estimate of annual O&M costs is approximately \$140,000 - \$150,000.

This proposal would authorize the Governor to immediately convey rights to water supply storage of an additional 1.9 million gallons/day from the state to CCWWC. Since CCWWC would pay the principal, interest and proportionate share of O&M costs on their new allocation

ASSUMPTION (continued)

total of 5 million gallons per day ($3.1 + 1.9 = 5$), the state's obligation would decrease accordingly. The department estimates the annual savings to General Revenue would range from \$80,000 - \$90,000.

Oversight assumes the state would realize the following savings with the conveyance of 1.9 mgd of the states' 12.9 mgd water rights to the CCWWC:

Interest	$1.9\text{mgd} / 12.9\text{mgd} \times \$416,382$	= \$61,328
Operation and Maintenance	$1.9\text{mgd} / 12.9\text{mgd} \times \$140,000$	= <u>\$20,620</u>
Total savings realized by the state		<u>\$81,948</u>

Since the operation and maintenance expenses will vary from year to year, Oversight has ranged the saving that the state will realize from the conveyance of an additional 1.9 million gallons per day water storage to the Clarence Cannon Wholesale Water Commission from \$80,000 to \$90,000.

In response to similar legislation, officials from the **Department of Economic Development - Public Service Commission (PSC)** stated that as the Clarence Cannon Wholesale Water Commission is no longer regulated by the PSC, this bill will have no impact on their agency.

In response to similar legislation, officials from the **Department of Economic Development - Office of Public Counsel** assumed this proposal will not cause a significant fiscal impact on their agency.

In response to similar legislation, officials from the **Office of the Attorney General** assumed they could absorb any costs resulting from this proposal with existing resources.

Officials from the **Office of Administration - Design and Construction** assume this proposal would not fiscally impact their agency.

Officials from the **Office of the Governor** assume this proposal would have not direct costs to the Governor's Office.

FISCAL IMPACT - State Government FY 2002 FY 2003 FY 2004

GENERAL REVENUE

<u>Savings</u> - Conveyance of water rights and related expenses to CCWWC	\$80,000 to \$90,000	\$80,000 to \$90,000	\$80,000 to \$90,000
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FISCAL IMPACT - Local Government FY 2002 FY 2003 FY 2004

<u>Costs</u> - Conveyance of water rights and related expenses from the state	(\$80,000) to (\$90,000)	(\$80,000) to (\$90,000)	(\$80,000) to (\$90,000)
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FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

DESCRIPTION

This proposal authorizes the Governor to bargain, transfer and convey to the Clarence Cannon Wholesale Water Commission rights in the water and water storage of Mark Twain Lake.

The Attorney General shall approve the instrument of conveyance.

This act contains an emergency clause.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Natural Resources
Department of Economic Development
Public Service Commission
Office of Public Counsel
Clarence Cannon Wholesale Water Commission

SOURCES OF INFORMATION (continued)

Office of Administration - Design and Construction
Office of the Governor

A handwritten signature in black ink, appearing to read "Jeanne Jarrett". The signature is stylized with a large initial "J" and a cursive "e" at the end.

Jeanne Jarrett, CPA
Director
May 1, 2001