

**Western Area Water Supply Authority**  
**Board of Directors Meeting**  
**Williston City Hall**  
**Tuesday, February 14, 2012**  
**1:30 p.m.**

## **Attendees**

Members Present: Denton Zubke, Bert Anderson, Gary Rust, Gene Veeder, Karen Burau, Ward Koeser, Liz Suhr, Mark Owan, Jaret Wirtz, Kent Bickler, and Michelle Klose via telephone, Brent Bogar,

Members Absent:

Others Present: Cory Chorne (AE2S), Melinda Rasmussen (AE2S), David Johnson (AE2S), Steve Burian (AE2S), Tami Norgard (Vogel Law Firm), Jeff Nelson (Vogel Law Firm), Dan Musson (Armstrong International), Jeff Romig (Armstrong International), Hazen Kreis (Armstrong International) Steve Mortenson (IWP), Mike Forman (Legal Counsel for IWP and Lindale Pipeline), Bob Gannaway (R&T/WWRD), Corey Parizek (WWRD)

## **Meeting called to order**

Meeting was called to order at 1:30 pm by Chairman Denton Zubke.

## **Approval of Agenda**

Changes made to agenda: Under Executive Director's Report, add adopt resolution from Public Employees Retirement System (PERS). Under project updates for Regional Water Service to Crosby, add a discussion about eminent domain. Under Task orders, remove item 6, Right of Way Services Task Order. Replace 6 with Construction Services McKenzie County System IV. All items under Task order should be bolded as they do require action by the board. Under Bulk Fill Depots, item number 2, the board must discuss cost of land for upcoming fill depots.

Gene Veeder made a motion to approve the agenda with these changes. Bert Anderson seconded the motion, motion passed unanimously.

## **Approval of Minutes**

Discussion was held on the corrections made to the December 12, 2011 meeting minutes. The board was updated on the corrections made.

Corrections made to the January 10, 2012 minutes: Page 6 under McKenzie County System IV the dollar amount should read \$600,000. On Page 7 under MDU / Armstrong Services the dollar amount should read \$ 5.5 million, remove the % sign. Gene Veeder made a motion to accept the January 10, 2012 meeting minutes with these changes. Karen Burau seconded the motion, motion passed unanimously.

## **Financial Report**

The financial report was presented for consideration and was open for discussion.

Brent Bogar made a motion to accept the financial report, Liz Suhr seconded the motion, motion passed unanimously.

A proposed budget was presented for consideration and was open for discussion. Michelle Klose inquired on an estimated date of when water sales are expected to start. Denton Zubke clarified that some industrial water sales from Williston and McKenzie County started January 1, 2012. Ward Koeser asked for clarification as the Water Sales agreements have not been signed by the member entities and turned into the WAWSA Board. David Johnson clarified that the budget that was presented on the revenue stream assumed that all of the industrial sales for all of the entities would start January 1, 2012, the North Williston Fill Depot would go on line around April 1, 2012, the 13 Mile Corner and Alexander Fill Depots would go on line around September 1, 2012, and the remaining depots by the end of 2012. Denton Zubke clarified that although the Water Sales agreements have not been signed, the revenue stream would be retroactive back to January 1, 2012. Ward Koeser asked for clarification as to whether the expenses would also be retroactive to January 1, 2012. Denton Zubke clarified that the expenses would also be retroactive. Michelle Klose questioned as to whether the Fill Depot projects are still on schedule to begin on the dates mentioned by David Johnson. It was clarified that the fill depots are still on track to begin on the scheduled days.

## **Payment Voucher**

Denton Zubke opened discussion on payment voucher 8-22012. Michelle Klose questioned as to whether there was a rate increase for the engineering fees and what the increase was. Steve Burian explained that he believed the rate increase was close to 4%. Steve also opened the discussion that the board could set up a more formal process in terms of rate increases, and inquired as to whether the board had a preference as to how they would like to handle rate increases. Ward Koeser suggested that the board ask for notification on rate increases so that it could be discussed by the board if needed. Steve Burian offered to provide an explanation as to the current rate increase. The board agreed with this offer and for notification as to any rate increases. Michelle Klose passed on the information that the State Water Commission does have discussions and negotiations as to rate increases.

A corrected pay voucher was presented to the board showing corrected amounts for the AE2S invoices. Jaret Wirtz explained the current pay voucher and the corrections that were made to the AE2S invoices as per the questions that arose at the January 10, 2012 board meeting. The changes made should clean up all of the accounts receivable that have been carried in the books since April 2011.

Brent Bogar made a motion to approve payment voucher 8-22012 for \$905,146.28 with the request for explanation on the current rate increase and advanced notice of future rate increases. Bert Anderson seconded the motion, motion passed unanimously.

## **Executive Director Report**

Jaret Wirtz updated the board on the Administrative Assistant position. There were eight applicants and the position was offered to two of the applicants, both turned down the position due to better offers. Jaret has more interviews scheduled.

Jaret Wirtz updated the board on Office Space. Gary Wendel has stated that the project is still slated to be done some time in April. AE2S and Vogel Law Firm have both offered some temporary space until the office is available to move into. When staff is hired, Jaret and the administrative assistant will most likely have to take one of the offers for temporary space.



Jaret Wirtz updated the board on the quotes for the tablets to be used for board members and board packets. Discussions were held on options and preferences.

Gary Rust made a motion to purchase the Acer Tablets; one for each board member, one for Jaret Wirtz, and one for the Administrative Assistant. Karen Burau seconded the motion, motion carried unanimously.

Jaret Wirtz presented the board with a policy and procedures manual that was based off of the Southeast Water Users manual. This is just a starting point for the WAWSA policy and procedure manual. Jaret feels the board should try and adopt portions of the manual at every meeting until the manual is complete as opposed to adopting the entire manual at one time. Jaret would like the board to discuss permission to accept hook up requests to the main transmission line. The hook up connected to the main line would be the member entity's along with any tap that come off of that hook up. Any hook ups will still require engineer approval to insure integrity of the main line service to areas. With engineer approval, each hook up request would go to the WAWSA board for approval. Each request would be handled on a case by case basis. It was agreed that each hook up request should be handled by the member entity and submitted to WAWSA for approval. After engineer and WAWSA board approval, the request would be returned to the member entity. Karen Burau questioned whether engineering fees would be included in an application fee. Steve Burian informed the board that AE2S could come up with an estimated cost for engineer approval of hook ups to assist in setting an application fee.

Jaret Wirtz presented the board with a Crop Damage policy that was based off of the crop damage policy for Garrison Diversion Conservancy. Tami Norgard explained the policy to the board and asked if the board would adopt this policy so that it could be used in right of way negotiations. There is a worksheet included that can be used to show how the crop damage amount is figured. Denton requested that the last sentence of the policy that instructs questions to be directed to Jaret Wirtz be removed as this will be adopted as policy and the sentence should be added to the worksheet instead. Michelle Klose suggested some items to add to the form which include land owner address and phone number, land owner social security number for the 1099 tax form, and blanks for internal documentation of date the claim was settled, who completed the claim.

Mark Owan made a motion to adopt the presented policy with the corrections stated. Gary Rust seconded the motion, motion passed unanimously.

Discussion was started on funding for the upcoming biennium. Steve Burian referred everyone to the Capital Accounting documents to show the funding needed. The board needs to decide on an amount that they would like to ask for so that planning can start on working for the funding. The Water Coalition has earmarked \$40 million to WAWSA. Jaret Wirtz suggested that the request should be closer to \$80 million, one reason being the fact that the rural systems have grown from what was originally thought, another is the cost to do business in Western North Dakota. Some funding could be sought through grant money and some through loans from Bank of North Dakota.

Jaret Wirtz informed the board that there needs to be a resolution stating that the board wants to become a member of PERS.

Ward Koeser made a motion to become a member of PERS. Karen Burau seconded the motion, motion passed unanimously.



## Membership Agreements

Jeff Nelson updated the board on discussions held with Kent Reiersen, legal counsel for WRWD, and the memo that was included in the board packet explaining some of the topics discussed and changes asked for. R&T was also going to retain Mr. Reiersen for services. Wade Enget, who represents the City of Stanley, was also involved in requesting these changes.

One change that is not listed on the memo is the amounts for the 2010 baseline industrial water sales that would be given back to each community. R&T was able to supply true numbers for themselves and the communities under R&T. Ward Koeser suggested clarification on wording for mediation and negotiation for budgets. Denton Zubke updated the board on the discussions that have taken place to try and establish the final agreed upon draft of all member agreements. It was agreed that meetings will continue to happen to finalize agreements and keep moving forward. Steve Burian reminded the board that no additional funding could be requested without the water supply agreements being signed.

Gene Veeder made a motion to give the Executive Committee authority to finalize the Water Supply Agreements. Ward Koeser seconded the motion, motion passed unanimously.

Jaret Wirtz updated the board that Crosby would like to adjust the industrial water sales 2010 baseline amounts due to the fact that one of their wells was down during that time. Denton updated the board on discussions that have happened with Crosby. The board was also updated on the fact that the baseline numbers are based on the permitted amounts and not on actual amounts sold. In the same note, Tioga will not receive compensation for 2012 water sales from their wells until after the amount of overtake from previous years has been made up, however will receive compensation for water purchased from R&T water plant for the purpose of water sales.

Gene Veeder made a motion to approve 2010 baseline Industrial Sales as presented with the understanding that Tioga does not receive compensation for their 2012 Industrial Water Sales until they can commence producing them from their wells. Bert Anderson seconded the motion. Michelle Klose abstained from voting. The motion passed unanimously.

Jaret Wirtz updated the board to the fact that Ray and Tioga have both been approached by a private company that has offered to increase capacity on their waste water treatment plants, in doing so, there would be an agreement with the City that as they treated the water the private company could sell it for industrial use. This would create competition with WAWSA. Denton Zubke requested that more information be gathered before any discussion or decisions happen.

## Bulk Water Direct Connection Agreements

The board was updated on the changes made to the agreement that was handed out at the last board meeting. The changes included length of contract, minimum monthly fee, and the company will pay for all infrastructures associated with the connection fee. Tami Norgard suggested a correction to item 7 rewording it to say "labor, engineering, and materials". Michelle suggested changing the wording in section 5, second paragraph, changing "main transmission line" to "metered connection". Tami Norgard will make the suggested changes and return the completed document to the board. Mark Owan asked for clarification on page 1 item 3 where it talks about oil well maintenance or for other uses. It was suggested that it read as "other oilfield uses".

Gary Rust made a motion to approve the Bulk Water Direct Connection Agreement with the mentioned changes. Brent Bogar seconded the motion, motion carried unanimously.



## Project Updates

Steve Burian discussed the remainder of the capital accounting documents that were not discussed earlier. He noted that this is the first time where the board is obligated over the first \$25 million if bids are awarded and task orders are approved at the board meeting today. Steve also noted that the cash flow standing is still in good shape.

Jaret Wirtz updated the board on the McKenzie Regional Water Service project. Work is continuing on the transmission line as an executed easement has been received from the Corp of Engineers. The bore crew will return in about two to four weeks; however they continue to fuse pipe and will start open cutting. The pump station and fill depot are estimated to be completed May 1. The board would like to look into a temporary pump to get the pump station on line as soon as available.

Cory Chorne updated the board on System IV and presented agreement forms for signature.

Approximately 95% of easements have been sent out and some are starting to come back.

Denton Zubke updated the board on Regional Water Service to Crosby/BDW. There is one land owner that does not want to sign the easement. Tami Norgard suggested the board authorize her to initiate condemnation for any landowners on the Wildrose to Crosby line that have not returned signed easements, which includes Lesley Gunderson.

Bert Anderson made a motion to authorize Tami Norgard to initiate condemnation since there is a public need to take an easement on these properties. Ward Koeser seconded the motion, motion carried unanimously.

Cory Chorne explained the letter of recommendation for award of the construction contract. All alternatives do include additional infrastructure. AE2S is recommending awarding the contract with alternate 1 that uses a 14" pipe to allow some room for populations to grow. Ward Koeser noted that the City of Williston has reviewed the results of the population projections and felt they were very conservative.

Bert Anderson made a motion to award the contract with alternate 1, 14" line. Liz Suhr seconded the motion. Michelle Klose abstained from voting. Motion passed unanimously.

Cory Chorne submitted Change Order No. 2 involving various piping modifications, adding pressure gauges, and electrical modifications for the 26<sup>th</sup> Street Pump Station project. Cory made the recommendation to approve Change Order No. 2.

Ward Koeser made a motion to approve Change Order No. 2 for the 26<sup>th</sup> Street Pump Station project. Gary Rust seconded the motion, motion passed unanimously.

Cory Chorne presented the recommendation of award for construction of the Phase I Reservoir to Natgun.

Karen Bureau made a motion to award the contract to Natgun. Bert Anderson seconded the motion, motion carried unanimously.

Jaret Wirtz updated the board on the water treatment plant intake. In the last board meeting the board had approved the use of divers to free up the intake gate. The contractor was able to free up the second intake without the use of divers. Cory Chorne presented a memo concerning Montana Dakota Utilities (MDU) requesting a load shedding option on the backup generators. AE2S is recommending proceeding with

design of the generators with the emission standards specification being met as an alternate and enter into negotiations with MDU.

Cory Chorne presented three Phase II projects that AE2S is requesting approval to advertise contingent upon State Water Commission review.

Ward Koeser made a motion to advertise the Phase II Pipeline, pump stations, and reservoirs projects contingent on State Water Commission review. Gene Veeder seconded the motion, motion passed unanimously.

## Letter from IWP and Response

Denton Zubke opened discussion on the letter dated January 18, 2012 from the Independent Water Providers and the response memo to that letter dated January 20, 2012. Hearing no discussion, Denton will send the response letter to the IWP.

## Task Orders

Cory Chorne discussed the spreadsheet that explained the task orders that AE2S is presenting to the board for approval. Clarification was requested on whether the task orders were on a lump sum basis or on an hourly basis. Steve Burian explained why task order 10 and task order 14 are based on lump sum and the rest are on an hourly basis. Steve explained that for design AE2S generally does a lump sum as they are able to estimate the number of hours that are needed and control the effort. For construction, an hourly basis is used as there is less ability to calculate the number of hours it will take to complete a project.

Bert Anderson left 3:38 pm.

Cory Chorne gave a brief explanation of each task order before the board voted.

Brent Bogar made a motion to approve Task Order 14 for depot final design. Liz Suhr seconded the motion, motion passed unanimously.

Liz Suhr made a motion to approve Task Order 6 for construction services to Wildrose/Crosby. Gary Rust seconded the motion, motion passed unanimously.

Karen Bureau made a motion to approve Task Order 5 for construction services for the North Williston Reservoir. Ward Koeser seconded the motion, motion passed unanimously.

Brent Bogar made a motion to approve Task Order 10 for water treatment plant design. Kent Bickler seconded the motion, motion passed unanimously.

Dave Johnson presented a memo and explained the amendment to Task Order 8. Michelle Klose posed the concern about this task order as the work is not engineering work. It supports the need for more staff to be hired by WAWSA.

Liz Suhr made a motion to approve the amendment to Task Order 8. Brent Bogar seconded the motion. Michelle Klose abstained, motion passed unanimously.

Cory Chorne explained Task Order 7 for construction services for McKenzie County System IV. This task order is based on a worst case scenario from experience with previous projects.



Gary Rust made a motion to approve Task Order 7. Gene Veeder seconded the motion, motion passed unanimously.

## **Armstrong Agreements**

Jaret Wirtz updated the board to the fact that there have been no changes to the Armstrong Contracts and that all contracts with Armstrong have been signed and everything is moving forward.

## **Bulk Fill Depots**

Jaret Wirtz updated the board on the current information for the bulk fill depots. There is some discussion on the two depots at Alexander and Watford City. The Alexander depot is planned to be placed south of the Highway 68 and Highway 85 intersection. This location would be near an existing gas line that is parallel to Highway 68 that could be tied into. The Watford City Depot is planned to be on the East side of Watford City to accommodate the industrial needs in the Eastern part of McKenzie County and will be near an existing gas line that could be tied into.

Jeff Romig with Armstrong International updated the board on the construction of the bulk fill depots. The 2<sup>nd</sup> Street Station is the pilot project and is going well. The North Williston fill depot is still on track for an April 1 start. The next two sites to be completed will be the 13 Mile Corner and the Alexander site. Jeff Romig offered to give Jaret an update monthly to keep the board up to date on the bulk fill depots.

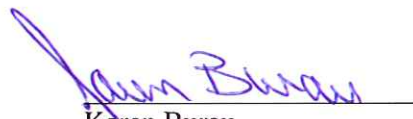
## **Open Discussion**

Michelle Klose proposed to have the website updated with all hand outs from each board meeting.

Brent Bogar made a motion to adjourn the meeting at 4:30 pm. Gary Rust seconded the motion, motion passed unanimously.



Denton Zibke  
Chairman



Karen Burau  
Secretary