

**Western Area Water Supply Authority  
Board of Directors Meeting  
Williston Community Library  
Wednesday April 17, 2013**

**Attendees**

Members Present: Brent Bogar, Ward Heidbreder, Richard Liesener, Jeffrey Mattern (SWC via phone), Mark Owan, Gary Rust, Gene Veeder and Denton Zubke.

Members Absent: Bert Anderson, Ben Clarys, and Ward Koeser.

Others Present: Jaret Wirtz (WAWSA), Kim Schilke (WAWSA), Sherrie Pattern (WAWSA), Tina Oberzan (WAWSA), Tami Norgard (Vogel Law Firm via phone), Cory Chorne (AE2S), Dustin Schultz (AE2S), Cal Thelen (AE2S), Cory Chorne (AE2S via phone), Jeff Romig (Armstrong), Kent Bickler (R & T), Jon R. Cameron (US Senator John Hoeven), Paul & Joan Eisenschenk (Centerville Development Croup), Bill Sheldon,(IWP) and Chuck McKay (2SA/CSD).

**Meeting Called to Order**

Chairman Denton Zubke called the meeting to order at 1:15pm.

**Approval of Agenda**

Items to add to the agenda under the Executive Director's Report are Item 13 - Request for a Turnout from WRWD for domestic water and Item 14 – Industrial Contracts for approval.

**Rust moved to approve the changes to the agenda, Bogar seconded.**

MOTION CARRIED UNANIMOUSLY BY VOICE VOTE.

**Approval of the Minutes**

Minutes of the March 28, 2013 board meeting were presented for approval. **Owan moved to approve the minutes, Liesener seconded.**

AYES: Veeder, Liesener, Owan, Zubke, Heidbreder, Bogar, Rust, Mattern.

NAY: 0

CARRIED: 8-0

**Financial Report**

The financial reports were present for consideration and discussion. **Veeder moved to approve the financial reports, Owan seconded.**

AYES: Veeder, Liesener, Owan, Zubke, Heidbreder, Bogar, Rust, Mattern.

NAY: 0

CARRIED: 8-0

## Payment Voucher

The Bank of North Dakota Payment Voucher 06-041713 for \$1,071,902.26 was presented for approval. **Heidbreder moved to approve the payments requests, Bogar seconded.**

AYES: Veeder, Liesener, Owan, Zubke, Heidbreder, Bogar, Rust, Mattern.

NAY: 0

CARRIED: 8-0

## Executive Director's Report

### Legislative Update

Jaret Wirtz gave an update on North Dakota SB 2233 & HB 1020.

### Industrial Water Sales

The industrial water sales for 2013 were reviewed by the board. Jaret Wirtz reported that some depot lanes had to be shut down for a few weeks because of the mud from frost coming out of the ground.

### Williston WTP Intakes

Cory Chorne presented the board with information concerning the Williston WTP Intakes. US Highway 85 is being rebuilt and the bridge is being moved. The existing WTP Intakes will have to be moved. NDDOT may do some cost share, but how much has not been determined.

### Diamond Resources Contract

A contract with Diamond Resources was presented for easement procurement services on the bypass on one transmission line project. Jaret Wirtz reported on his experience and discussions with other entities for right of way acquisition services, concluding that this is a very competitive proposal, particularly since Diamond Resources has local offices and employees, eliminating the costs charged by some other companies for mileage, local hotels and drive time for staff to travel weekly from Bismarck. Further, since Diamond Resources has worked on many oil pipeline right of way projects within the WAWSA area, they have relationships and a reputation established among some of the rural landowners being impacted. As such, this proposal should be among the most competitive of the right of way services that Jaret talked to and has experience with. The contract is structured as a hourly contract. **Bogar moved to approve the contract, Veeder seconded.**

AYES: Veeder, Liesener, Owan, Zubke, Heidbreder, Bogar, Rust, Mattern.

NAY: 0

CARRIED: 8-0

### R & T Request for Water Increase

R & T request for an increase in water was tabled until after the legislative session, to determined how much funding WAWSA will be receiving and what projects will be able to be completed.

### R & T Well Expansion Technical Memorandum



Cory Chorne presented the R & T Well Expansion Technical Memorandum. Cory pointed out at this time WAWS has 20.9mgd of water contracted to its member entities. The State Water Commission has temporarily granted R & T additional 500 acre feet for 2013 and 2014 out of their well field. It would add approximately 1.5 million gallons of water per day. In order to produce that additional water, an expansion of the well field through three additional wells and improvements to the facility to keep it operational are needed. This would increase the amount of water produced from 2mgd to 3mgd, during peak times. R & T is asking WAWSA for \$1,377,500.00 to cover the cost of their improvements. This cost does not include the cost of land for the three new wells which require one acre per well. Jaret Wirtz asked if R & T would be able to cost share on the land. Richard Liesener stated he could possibly have the cost of the land by next meeting and would present the cost share on the land to the R & T board. Jeffrey Mattern asked how the \$1.4 million fits into the budget. There is room in the Capital Accounting to add the \$1.4 million project and stay under WAWSA's \$119 million cap. R & T is in need of additional water to meet their water needs and developer requests. **Owan made a motion to approve spending approximately \$1,377,500.00 for the rehabilitation and other minor improvements to the R & T WTP, as well as design and construction of three raw water wells. This amount does not include land for the wells. Rust seconded.**

AYES: Veeder, Liesener, Owan, Zubke, Heidbreder, Bogar, Rust, Mattern.

NAY: 0

CARRIED: 8-0

**A motion to delegate the responsibility to make a land purchase for the R & T three water wells, if necessary, to the Executive Committee was made by Veeder, Rust seconded.**

AYES: Veeder, Liesener, Owan, Zubke, Heidbreder, Bogar, Rust, Mattern.

NAY: 0

CARRIED: 8-0

#### **Amendment to MCWRD Access & Use Agreement Schedule 1.01(c)**

MCWRD Access & Use Agreement has three projects and expected debts stated in the agreement that have been contemplated to be paid by WAWSA. One is System 1, which was originally a domestic project and needs to be removed from the MCWRD Access & Use Agreement since that does not deliver industrial water supplies, so WAWSA should not be paying for that. The second project in the agreement is the System 2 project around Keene. The loan for System 2 was anticipated to be \$2,191,000.00, which was specifically denoted as an estimate. Upon completion of the project, the actual amount of the loan to cover that project ended up being \$3,490,000.00. That project was anticipated to be substantially paid by industrial water sales. The amount of the loan needs to be adjusted from the \$2.191 million estimate in the agreement to reflect the \$3.490 million actual loan. The third project is the regional transmission project that runs across McKenzie County south of Williston, which had an original loan amount anticipated to be \$8.2 million dollars. Given the cost increases associated with these projects and the fact that MCWRD reached its \$10 million statutory debt cap, in order to meet contractor payment obligations, McKenzie County had to step in and fund \$2 million of the \$8.2 MCWRD's loan. MCWRD had only drawn \$7.7 million on the loan and has paid it down to \$5.7 million. In total, MCWRD accumulated debt to McKenzie County for supplemental funds to pay for the industrial water infrastructure contemplated under the MCWRD Access & Use Agreement of \$4.5 million.. This McKenzie County loan arose after the MCWRD Access & Use Agreement and was specifically required since MCWRD hit its debt ceiling. While the loan itself was not specifically listed in the MCWRD Access and Use Agreement, the projects that were paid for with the McKenzie County loan funding include the two projects that WAWSA had specifically agreed to

pay the debt load on. The repayment of loans for both the System 2, around Keene, and the transmission line projects require funding from industrial sales to repay the loan obligations. The proposed amendment for the WAWSA board's consideration removes the one domestic loan obligation and adds the repayment of the McKenzie County loan, which was made to fund the infrastructure construction costs that WAWSA had otherwise agreed to pay for. This situation was very carefully laid out for the legislators during their committee hearings on SB2233, resulting in a unanimous vote to include the McKenzie County loan in the amounts to be paid through industrial water sales. This Amendment was prepared to document what was and is the intention of the parties. MCWRD has approved the Amendment and is submitting the Amendment for WAWSA approval. **Motion made by Heidbreder to approve the Amendment to MCWRD Access and Use Agreement, Bogar seconded.**

AYES: Veeder, Liesener, Owan, Zubke, Heidbreder, Bogar, Rust, Mattern.

NAY: 0

CARRIED: 8-0

#### **Taylor Ag/WAWSA Agreement**

Taylor Ag is asking for permission to use the Watford City Depot approach to access its business. Taylor Ag will need to sign an easement with WAWSA. The City of Watford City has asked that the approach be concreted or asphalted. Taylor Ag is being asked to cost share in concreting or asphaltting of the approach. **Owan moved to approve the negotiation of such an agreement with Taylor Ag, Rust seconded.**

AYES: Veeder, Liesener, Owan, Zubke, Heidbreder, Bogar, Rust, Mattern.

NAY: 0

CARRIED: 8-0

#### **R & T Depot Land Purchase Agreement**

Jaret Wirtz reported on a proposed agreement with a developer who will donate land for a depot in exchange for \$250,000.00 in credit for future water infrastructure cost sharing obligations for an additional water line that will deliver them water. Jaret Wirtz outlined the terms of an agreement he would like to offer to the developer. **Veeder moved to approve the land purchase, Bogar seconded.**

AYES: Veeder, Liesener, Owan, Zubke, Heidbreder, Bogar, Rust, Mattern.

NAY: 0

CARRIED: 8-0

#### **Amendment to BDW Water Supply Agreement**

Since adding Crosby as a sub-member, BDW's final agreement does not have the correct Minimum Monthly Quantity and Peak Instantaneous Flow figures. The minimum monthly quantity needs to be corrected from 1,060,000 to 5,490,000 gallons and the peak instantaneous flow corrected from 120 gpm to 770 gpm. The amendment would correct the agreement. **Veeder moved to approve the amendment to the BDW Water Supply Agreement, Rust seconded.**

AYES: Veeder, Liesener, Owan, Zubke, Heidbreder, Bogar, Rust, Mattern.

NAY: 0

CARRIED: 8-0



### Centerville and Ross

Paul and Jean Eisenschenk, representing Centerville Development Group, addressed the WAWS board asking for a water commitment for their development. While they are in the R&T service area, since there is not adequate constant capacity to support another domestic user of this size on the R&T line in that area, Centerville approached WAWSA to see if WAWSA could identify any options for domestic service. The WAWSA Board discussed options to serve Centerville, deciding that this is a R & T water supply issue. If R&T does not have the constant supply to add another large domestic user on the system in that area, WAWSA would be open to a discussion of some other options for Centerville, which will be also discussed with R&T..

### Skid Steer Purchase

**Owan moved to approve the purchase of a Skid Steer for \$48,000.00 and trailer for \$5,000.00, Liesener seconded.**

AYES: Veeder, Liesener, Owan, Zubke, Heidbreder, Bogar, Rust, Mattern.

NAY: 0

CARRIED: 8-0

### Turnout for WRWD

A request was made by WRWD for a domestic turn out between 13 mile and Ray on the transmission line, to be paid by the developer. **Heidbreder moved to approve the turnout, Liesener seconded.**

AYES: Veeder, Liesener, Owan, Zubke, Heidbreder, Bogar, Rust, Mattern.

NAY: 0

CARRIED: 8-0

### Industrial Contracts with Armstrong

The Board previously approved the form of water supply contracts to be offered to WAWSA water depot and Armstrong customers for a water supply. Denton Zubke has signed a number of these contracts on behalf of WAWSA to date based on that approval. For clarity, Denton Zubke asked for a motion that the board authorize the Chairman to sign all future water depot contacts with industrial water users as water depot supplies allow, and also ratify Denton Zubke's prior industrial water supply contracts for depots that have been signed to date. **Bogar made the motion, Veeder seconded.**

AYES: Veeder, Liesener, Owan, Zubke, Heidbreder, Bogar, Rust, Mattern.

NAY: 0

CARRIED: 8-0

Contracts with Oasis and Continental are in progress. The Chairman asked for authorization to sign the contracts for industrial water. **Owan made the motion to authorization the Chairman to sign the Oasis and Continental contracts, Rust seconded.**

AYES: Veeder, Liesener, Owan, Zubke, Heidbreder, Bogar, Rust, Mattern.

NAY: 0

CARRIED: 8-0

## Capital Accounting

Cory Chorne presented the Capital Accounting Report.

## Project Updates

### Williston Treatment Plant

Cory Chorne presented Change Order #2 for Colstrip Electric in the amount of \$16,984.00 for the additional costs for the transmission tower at the Williston WTP for the telemetry system. **Owan moved to approve Change Order # 2 in the amount of \$16,984.00, Veeder seconded.**

AYES: Veeder, Liesener, Owan, Heidbreder, Bogar, Rust, Mattern, Zubke

NAY: 0

CARRIED: 8-0

Cory Chorne presented Change Order #3 for PKG Contracting, Inc. in the amount of \$58,818.00, for the cost of installing additional piping. **Bogar moved to approve Change Order #3 in the amount of \$58,818.00, Rust seconded.**

AYES: Veeder, Liesener, Owan, Heidbreder, Bogar, Rust, Mattern, Zubke

NAY: 0

CARRIED: 8-0

**Rust made a motion to give approval to begin the bidding process on the WTP 21mgd Expansion, on the condition that the SWC approves the plans, Liesener seconded.**

AYES: Veeder, Liesener, Owan, Heidbreder, Bogar, Rust, Mattern, Zubke

NAY: 0

CARRIED: 8-0

### Pump Stations/Meter Vaults

Cory Chorne presented Change Order #8 for John T Jones Construction and Change Order #3 for John's Refrigeration, each asking for extension in their completion date. **Rust moved to approve the change orders, Liesener seconded.**

AYES: Veeder, Liesener, Owan, Heidbreder, Bogar, Rust, Mattern, Zubke

NAY: 0

CARRIED: 8-0

### Williams Rural Water West Expansion

Cory Chorne presented a balancing Change Order #2 for Western Municipal Change Order in the amount of \$24,407.00. **Heidbreder moved to approve Change Order #2 in the amount of \$24,407.00, Bogar seconded.**

### Board Entered Executive Session

The purpose of the Executive Session is to discuss the legal claims made by SJ Louis and strategy for the upcoming mediation. **A motion was made by Rust and seconded by Veeder to move into executive session.**

AYES: Veeder, Liesener, Owan, Heidbreder, Bogar, Rust, Mattern, Zubke

NAY: 0

CARRIED: 8-0

The board entered executive session at 3:45pm.

**A motion was made by Liesener and seconded by Bogar to move out of executive session at 3:55pm.**

AYES: Veeder, Liesener, Owan, Heidbreder, Bogar, Rust, Mattern, Zubke

NAY: 0

CARRIED: 8-0

**Motion to adjourn was made by Bogar, seconded by Rust.**

MOTION CARRIED UNANIMOUSLY BY VOICE VOTE.



Denton Zubke, Chairman



Kim Schilke, Secretary