

**Western Area Water Supply Authority  
Board of Directors Meeting  
WAWSA Office September 19, 2019**

**Attendees**

Members Present: Doug Anderson, Raoul Brandt, Chris Brostuen, Ellis Haake, Ward Koeser, Larry Novak, Mark Owan (via video call), and Gary Rust.

Members Absent: Vawnita Best, Richard Liesener

Others Present: Curtis Wilson (WAWSA), Kim Schilke (WAWSA), Weston McGruder (AE2S), Cory Chorne (AE2S), Seth Thompson (Vogel Law Firm), Tami Madsen (WAWSA), Jason Slater (WAWSA), Liz Suhr (R & T), Craig Haskins (R & T), Ben Clarys (NWRWD), Kent Ritterman (Moore Engineering), Kevin Bucholz (Moore Engineering), Justin Smith (Watford City), Grace Demars (Watford City), Dave Bell (City of Williston), Brad Carstensen (Carstensen Contracting), Wade Luggar (Carstensen Contracting) and Tyson Schatz (Brady, Martz & Associates) via video call.

**Meeting Called to Order**

Vice Chairman Brostuen called the meeting to order at 9:00am.

**Approval of Agenda**

The agenda was presented for approval. Wilson requested to add "Amendment #2 to the Agreement for Cost-Share Reimbursement for Phase 5" under the Executive Director's report NDIC/SWC Updates. **Rust moved to approve the amended agenda, Haake seconded.**

MOTION CARRIED UNANIMOUSLY BY VOICE VOTE.

**Approval of the Minutes**

Minutes of the August 15, 2019 board meeting were presented for approval. **Haake moved to approve the minutes as presented, Koeser seconded.**

AYE: Haake, Haake voting for Owan, Novak, Novak voting for Best, Brandt, Brandt voting for Leisner, Koeser, Anderson, Rust, Brostuen

NAY: 0

CARRIED: 10-0

**Financial Report**

The August General financial reports and the August Industrial financial reports were presented to the board for their consideration and discussion. **Rust moved to approve the financial reports as presented, Haake seconded.**

AYE: Haake, Haake voting for Owan, Novak, Novak voting for Best, Brandt, Brandt voting for Leisner, Koeser, Anderson, Rust, Brostuen

NAY: 0

CARRIED: 10-0

9:10 am Mark Owan joined meeting via video call

**2018 WAWSA Financial Audit**

Tyson Schatz with Brady, Martz & Associates, P.C. presented the 2018 Audited Financial Statements. The 2018 Audit contains reports for Domestic and Industrial. **Koeser moved to accept the 2018 Audited Financial Statements, Rust seconded.**

AYE: Haake, Novak, Novak voting for Best, Brandt, Brandt voting for Leisner, Koeser, Anderson, Rust, Brostuen and Owan  
NAY: 0  
CARRIED: 10-0

### **System Updates**

Wilson gave updates to the system. He reported that due to the high turbidity in the river that WAWS has closed all but two lanes at the depots until the turbidity clears up.

Wilson presented the "Amendment #2 to the Agreement for Cost-Share Reimbursement for Project Phase 5". The amendment to the Agreement provides an additional cost-share of up to \$2,400,000 for the construction cost of the MCWRD Regional Storage Project Arnegard Tower. The additional \$2.4M grant was a grant that the City of Watford City had for the purpose of constructing a storage project. The City of Watford City authorized the State Water Commission to transfer the grant to WAWSA to aid in the construction of the Arnegard Tower. **Haake made a motion to approve the agreement, Novak seconded.**

AYE: Haake, Novak, Novak voting for Best, Brandt, Brandt voting for Leisner, Koeser, Anderson, Rust, Brostuen and Owan  
NAY: 0  
CARRIED: 10-0

Wilson reported that at the next State Water Commission meeting WAWSA will be proposing that the commission transfer the excess grant balance on the Phase 4 \$60M grant to this biennium projects.

### **City of Watford City**

Justin Smith with the City of Watford City addressed the board concerning the industrial reimbursement rate that Watford City receives from the sale of wastewater. Last fall the City of Watford City requested and was approved for \$1.67/1000 gal (\$.07 per barrel) industrial reimbursement rate. Smith presented the City of Watford City Resolution No. 2019-09 stating that the City of Watford City has adopted a rate of \$5.95/1000 gallons (\$.25 per barrel) for treated wastewater. Smith stated that this request goes back to the fact that the City of Watford City has not received their baseline sales for 2016, 2017 and 2018 and this rate increase is to try offset the loss of their baseline sales. The wastewater is given to the golf course for irrigation during the summer months. Koeser questioned why the water could be given away for half the year yet they want to charge WAWSA for the water from October to March. Legal suggested reviewing the agreements since the water is given away. The actual cost for producing the wastewater is \$3.60/kgal. Koeser pointed out the wastewater is an expense for every system. WAWSA has a five-year contract for the wastewater for \$.30 per barrel. Anderson and Brostuen expressed concerns that if this agreement would be approved it would affect WAWSA's agreements with other members. This rate increase would also have to approved by the NDIC. **Haake made a motion to table until legal counsel has reviewed the agreement, Anderson seconded.**

AYE: Haake, Novak, Novak voting for Best, Brandt, Brandt voting for Leisner, Koeser, Anderson, Rust, Brostuen and Owan  
NAY: 0  
CARRIED: 10-0

### **Williston Regional Water Treatment Plant**

Wilson presented a draft of a Memorandum of Understanding to the City of Williston calling for a negotiated transition (per the Williston Output Agreement) to buy the water treatment plant once the debt is paid off. WAWSA has been paying the debt since 2012. WAWSA will secure financing for the \$8.56M Williston loans (balances as of November 2019) to pay off the current level of debt. There is no additional debt being financed. Wilson stated that he has confirmation from the NDIC that the new loan will continue to be paid off with industrial revenues. Owan feels this step needs to be taken to become a regional water system. Wilson stated that WAWSA staff has already compiled the SRF loan application. The loan would be for the same terms and interest rate as the City of Williston's loans. Koeser asked if the City of Williston comfortable with this transition? Wilson stated he and Dave Tuan have met. Dave Bell stated there have been questions on the transition concerning infrastructure that is shared and the City is waiting on a Standard Operational Policy from WAWSA. Koeser asked Bell if the MOU were to be amended to March 2021 would that be better for the City. Dave Bell felt that March 2021 would better transition date. Brostuen stated that we do not

want to rush into this transition. A transition plan needs to be in place and that takes a lot of planning before the transition. **Koeser made a motion to approve the MOU with the City of Williston amended to the degree that the final date of acquisition would be March 1, 2021 and adjust all other dates in the MOU to correspond with the March 1, 2021 acquisition date, Rust seconded.**

10:00 am Owan left the meeting

Seth Thompson commented that since the board is just hearing about it now and this is a big issue with three board members not in the board meeting the board may want to take some time to think about the acquisition.

Novak stated his concerns on the dates and terms of refinancing the loans and that WAWSA will be paying additional interest if the loans are refinanced. Madsen said that WAWSA and the City of Williston are basically changing names on the loans. Madsen said the way it was explained to her by Shannon Fisher with DWSRF there would be no additional cost to WAWSA.

AYE: Haake, Haake voting for Owan, Novak, Novak voting for Best, Brandt, Brandt voting for Leisner, Koeser, Anderson, Rust, Brostuen  
NAY: 0  
CARRIED: 10-0

**Rust made a motion to file the application for the SRF Loan to refinance the Williston WTP loans, Ellis seconded.**

AYE: Haake, Haake voting for Owan, Novak, Novak voting for Best, Brandt, Brandt voting for Leisner, Koeser, Anderson, Rust, Brostuen  
NAY: 0  
CARRIED: 10-0

#### **Executive Director Review**

The board was given the Executive Director's Employee Self Review, that had been requested by Chairman Owan. In his review Wilson had asked the board for an additional week of vacation. In lieu of an additional week of vacation the board discussed letting Wilson work away from the office for a week. **Haake made a motion to increase Wilson's salary by 13% effective January 1, 2020 and to give Wilson the flexibility to work away from the office, Rust seconded.**

AYE: Haake, Haake voting for Owan, Novak, Novak voting for Best, Brandt, Brandt voting for Leisner, Koeser, Anderson, Rust, Brostuen  
NAY: 0  
CARRIED: 10-0

#### **Legal Updates**

Seth Thompson gave an update on the legal items he is working on. He reported the DEQ has control over the Castle Oilfield spill. He has been working on contract reviews, easements and the Ray High Point Reservoir leak.

#### **Project Updates**

McGruder presented a current water demand report and presented the project updates for the board.

Chorne presented the capital accounting for August

Novak left meeting

#### **R&T Stanley Rural Distribution Alternates 1, 2 & 3 TO #32A**

McGruder present Carstensen Contracting, Inc. Balancing Change Orders, Certificate of Substantial Completions and Final Inspection and Acceptances for the Stanley Rural Distribution Alternates 1, 2, and 3 to the board for their approval. **Rust made a motion to approve Balancing Change Orders, Certificate of Substantial Completions and Final Inspection and Acceptances for the Stanley Rural Distribution Alternates 1, 2, and 3, Koeser seconded**

AYE: Haake, Haake voting for Owan, Brandt, Brandt voting for Leisner, Koeser, Anderson, Rust, Brostuen  
NAY: 0  
CARRIED: 8-0

#### **R&T White Earth West Rural Distribution TO #43A**

McGruder present Carstensen Contracting, Inc. Balancing Change Order, Certificate of Substantial Completion and Final Inspection and Acceptance for the White Earth West Rural Distribution to the board for their approval. **Koeser made a motion to approve the Balancing Change Order, Certificate of Substantial Completion and Final Inspection and Acceptance for the White Earth West Rural Distribution, Haake seconded**

AYE: Haake, Haake voting for Owan, Brandt, Brandt voting for Leisner, Koeser, Anderson, Rust, Brostuen  
NAY: 0  
CARRIED: 8-0

#### **MCWRD Spring Creek TO #50**

McGruder presented Carstensen Contracting, Inc. Change Order #1 in the amount of \$118,500.00 to the board for the approval. **Koeser made a motion to approve Change Order #1, Rust seconded.**

AYE: Haake, Haake voting for Owan, Brandt, Brandt voting for Leisner, Koeser, Anderson, Rust, Brostuen  
NAY: 0  
CARRIED: 8-0

McGruder presented Carstensen Contracting, Inc. Change Order #2 in the amount of \$242,809.00 for looping pipelines connecting MCWRD System I to IV and System I to II to the board for their approval. **Haake made a motion to approve the change order contingent on MCWRD paying for the work if WAWSA fails to secure additional funding from the SWC for this construction season, Anderson seconded.**

AYE: Haake, Haake voting for Owan, Brandt, Brandt voting for Leisner, Koeser, Anderson, Rust, Brostuen  
NAY: 0  
CARRIED: 8-0

#### **Williston Regional WTP Pretreatment Part 3**

McGruder presented American General Contractors Change Order #2 in the amount of \$209,655.00 for the installation of an elevator and upgrade to the board for their approval. **Koeser made a motion to approve the change order, Rust seconded.**

AYE: Haake, Haake voting for Owan, Brandt, Brandt voting for Leisner, Koeser, Anderson, Rust, Brostuen  
NAY: 0  
CARRIED: 8-0

#### **WAWSA 2018 Transmission Main Improvements**

McGruder present BEK Consulting, LLC. Balancing Change Order, Certificate of Substantial Completion and Final Inspection and Acceptance for the WAWSA 2018 Transmission Main Improvements to the board for their approval. **Haake made a motion to approve the Balancing Change Order, Certificate of Substantial Completion and Final Inspection and Acceptance for the WAWSA 2018 Transmission Main Improvements, Rust seconded.**

AYE: Haake, Haake voting for Owan, Brandt, Brandt voting for Leisner, Koeser, Anderson, Rust, Brostuen  
NAY: 0  
CARRIED: 8-0

#### **NDIC Industrial Reimbursement**

NDIC reimbursement request for \$173,083.60 for upgrades to the Alexander and Indian Hills pumps and upsizing 3 miles of pipe and construction on the Watford City ground water line replacement was presented for the board to

approve. The reimbursement request will be presented to the NDIC for approval to be reimburse from the industrial account. **Koeser made a motion to approve the request, Haake seconded.**

AYE: Haake, Haake voting for Owan, Brandt, Brandt voting for Leisner, Koeser, Anderson, Rust, Brostuen  
NAY: 0  
CARRIED: 8-0

**SWC Grant Requests**

The SWC \$20M Grant monthly request #23-091819 was presented to the board for their approval. **Koeser moved to approve the SWC grant requests, Rust seconded.**

AYE: Haake, Haake voting for Owan, Brandt, Brandt voting for Leisner, Koeser, Anderson, Rust, Brostuen  
NAY: 0  
CARRIED: 8-0

**NWRWD 29 Mile**

Ritterman (Moore Engineering) gave an update on the 29 Mile project. They are working on canvassing and water user sign ups. Informational meetings are scheduled Oct 1<sup>st</sup> and 15<sup>th</sup>.

**Rust moved to adjourn; Haake seconded.**

Vice Chairman Brostuen adjourned the meeting.

  
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Mark Owan, Chairman

  
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Kim Schilke, Secretary