

The following minutes are in draft form subject to review and approval by the Lake Agassiz Water Authority Board of Directors at its next meeting.

10-74

## **LAKE AGASSIZ WATER AUTHORITY**

### **BOARD OF DIRECTORS**

**Doublewood Inn  
Fargo, North Dakota  
June 8, 2010**

A meeting of the Lake Agassiz Water Authority (LAWA) was held at the Doublewood Inn of Fargo, North Dakota, on June 8, 2010. The meeting was called to order by Chair Furness at 1:05 p.m.

#### **MEMBERS PRESENT**

Chair Bruce Furness  
Vice Chair Keith Burley  
Director LaVonne Althoff  
Director Rick Bigwood  
Director Clark Cronquist  
Director Kenneth Evenson  
Director Curt Kreun  
Director Carol Siegert  
Alternate Randal Loeslie for Director John Drees  
Secretary Dave Koland

#### **MEMBERS ABSENT**

Director Kelli Poehls

#### **OTHERS PRESENT**

Staff members of the Garrison Diversion Conservancy District were present along with others. The registration sheet is attached to the original minutes.

The meeting was recorded to assist with compilation of the minutes.

#### **APPROVAL OF AGENDA**

The agenda stood approved as presented.

#### **CONSIDERATION OF THE MINUTES**

**Motion by Director Cronquist to approve the March 9, 2010, minutes as distributed. Second by Director Althoff. Upon voice vote, motion carried.**

#### **CONSIDERATION OF COMMUNICATIONS**

None

## **COMMITTEE REPORTS**

None

## **FINANCIAL REPORT**

Dave Koland, Secretary, referred to the LAWA 2010 budget analysis for the period of January 1 to May 31, 2010, a copy which is attached to these minutes as Annex I. The style of the report has been changed to show the budget approved for 2010, expenditures and the balance of the budget for the year.

Revenue collected through May 31 was \$28,131. Expenses were \$157,953.

LAWA's bank balance as of May 31 was \$20,722.

The bottom portion of the budget analysis lists the account activity.

Mr. Koland referred to and explained the billing statement for \$135,364.25 from Garrison Diversion on the Red River Valley Water Supply Project (RRVWSP) for the 2009-2010 work plan, of which the state pays 90 percent and LAWA cost shares 10 percent.

Chair Furness asked if another special assessment is being considered.

Mr. Koland said no, a second dues statement was recently mailed out to those members who have not paid their 2010 dues. In the meantime, we should be able to cover expenses.

Director Kreun suggested visiting with the members/systems that have not paid their dues. Many of these groups are questioning what is happening with the RRVWSP and need reassurance that the project is moving forward.

**Motion by Director Kreun to accept the financial statement for the period of January 1, 2010, to May 31, 2010. Second by Vice Chair Burley. Upon roll call vote, the following directors voted aye: Althoff, Bigwood, Burley, Cronquist, Evenson, Furness Kreun and Siegart. Alternates voting aye: Loeslie. Those voting nay: none. Absent and not voting: Poehls. Motion carried.**

**Audit Report** - - Mr. Koland reported that the audit report will be delayed until the next board meeting in September.

## **RED RIVER VALLEY WATER SUPPLY PROJECT UPDATE**

David Johnson, District Engineer, referred to the RRVWSP Status Reports dated May and June 2010, included in the meeting packet and reviewed recent project activities. A copy is attached to these minutes as Annex II.

**Right-of-Way** - - Mr. Johnson reported that work has been completed on the right-of-way efforts and there is access to the entire right-of-way. Approximately 75 percent of the option agreements have been signed.

**Permitting** - - A significant field effort remaining on the permitting and environmental services is wetland delineation work and topographic surveys of wetlands that are under easement from the US Fish and Wildlife Service.

**Operational Plan** - - Mr. Johnson said since the operational plan was presented at the last LAWA meeting, work is being done to complete the technical memorandums. Once these are completed, they will be sent to the work group for written comments.

**Preliminary Design** - - Work on engineering evaluations is 95 percent complete and should conclude in the next couple of weeks.

Mr. Johnson distributed a copy of the cost analysis, calling the board's attention to Table 7-2 on page 7-11, which lists the key technical decisions that were made based on all the information and the work that has been done and the cost impacts of the project. He reviewed and explained each of the items listed. A copy of the cost analysis is attached to these minutes as Annex II.

Mr. Johnson next referred to Figure 7-3 showing a comparison of costs between EIS documents and the Preliminary Design Report. These are the costs of the transmission pipeline for phase one only. It does not include the treatment plant or the phase two pipelines. With markups and escalation, this table shows that from 2005 to 2013, the cost of the project goes from \$370 million to \$460 million.

Mr. Koland said the vision, at this point, is that state and local funds would build the main supply pipeline feature that we are discussing here.

Chair Furness asked what the cost of the treatment plant would be.

Mr. Johnson replied that no work has been done on the cost of the treatment plant, but the Final EIS shows that cost to be approximately \$120 million. With a 15 percent markup, it would cost about \$140 million.

Vice Chair Burley asked if the second phase will be cost shared.

Mr. Koland said the project should end up with a 1/3 state, 1/3 federal, 1/3 local cost share. When we get to Phase II of the project, it will involve a greater proportion of federal dollars. This is dependent on what it costs to build the water treatment plant, which is considered to be part of the federal one-third share.

Mr. Johnson said the cost estimates seem to be very accurate, and the cost allocation model is a reasonable split of the costs.

Pat Zavoral, city of Fargo, suggested the board discuss strategies in terms of moving the project ahead without federal participation at this time. Do we want to develop a plan that would suggest if there is federal funding, this would be the schedule; if there is state funding, this would be the schedule; if we only have local participation, this would be the schedule and what parts of the project could be done.

Mr. Koland said yes, it is a good suggestion. In meetings with the engineers, they have spent a lot of time discussing the most efficient and economical size of the different parts of the project they could build. In other words, what is the optimum contract size so that as we

move forward with planning how the project will proceed, we are not advocating a size that is too small or too large to be broken up into workable components. There are a number of items that we can move forward on, such as right-of-way. The design is only 30 percent complete so there is 70 percent remaining. There are a number of options that can be laid out on somewhat of a time schedule and cash flow schedule.

Mr. Zavoral said there is the flood control project in Fargo, a Devils Lake Outlet issue and the RRVWSP. It would seem that we should put together our needs for the legislative bodies so they have a broad view of what those needs are. If we want a project for 2012, we have to ask in 2011.

Mr. Koland said it makes sense to have something in hand to talk to the legislative leadership. He believes that the state's view is going to include a plan over a number of bienniums to provide financing for these projects, and LAWA needs to be ready for that scenario.

Todd Sando, State Water Commission, said it will take several bienniums to complete both flood control and the water supply project. Any plan that we could come up with would be good.

John Leininger, Chairman, Garrison Diversion, said both projects are very important, and we need to move forward with both.

Mr. Zavoral said Fargo's priority right now is flood control, but if there were to be a dry August, all of a sudden priorities could change. He added that Fargo has talked to the governor about a three or four year biennium contribution for flood control so that it is not such a large contribution, and questioned whether the same could be done for the RRVWSP.

Mr. Zavoral said we will be working with the same legislators for both projects, and we should give them a budget for both, adding that Devils Lake be included so the state is seeing the entire vision.

Chair Furness stated that anything that can be done to help the legislature better understand the needs of both flood control and water from the west is to our advantage. Try to educate them and help them understand the problems and the solutions.

Mr. Koland said that we are working with the Water Coalition toward the legislative session and developing a strategy for completing these projects. The revenue outlook is good, but with a flood control project, a water supply project, Devils Lake and an infrastructure problem in western North Dakota, it will not be an easy task to get people thinking of a longer range vision and get all of these projects through to completion.

Mr. Koland added that we will certainly be working on how the RRVWSP can be broken into doable segments that can be accomplished.

Bruce Grubb, city of Fargo, asked if there was a plan for Devils Lake.

Mr. Sando said the state and congressional delegation are trying to come up with a plan for Devils Lake. He gave an update on the flooding situation and discussed a couple of the

possibilities that are being considered for getting more water out of the lake. He also reported that the outlet is being increased to 250 cfs in July.

Mr. Sando said it all needs to be blended in with trying to bring water from the Missouri River.

Chair Furness said this makes the point even stronger for the need for a coordinated effort so that we can go to the legislature with a united plan.

Chair Furness stated that staff will work to come up with a coordinated plan between flood control and the need for water, including Devils Lake.

There will be LAWA meetings in September and December. Following that, it may be necessary to meet monthly or more often during the legislative session.

### **UNFINISHED BUSINESS**

**State Water Commission Cost Share Request** - - Chair Furness referred to Garrison Diversion's letter to the State Water Commission dated May 7, as well as a memo from the State Engineer to the State Water Commission dated May 17. Both letters refer to the request for additional cost share funding for the value engineering process for the RRVWSP. The estimated cost of the study is \$220,000, and the request is for a 90 percent cost share, not to exceed \$200,000. Copies of the memo and letter are attached to these minutes as Annex IV.

The study process involves defining the review desired, selecting a review team, providing the documents for a 30-35 day review by the team, meeting for one week to develop recommendations to the owner and responses from the owner.

Mr. Koland reported that the State Water Commission approved the 90/10 cost share. We will go through a RFP process to select the participants in that study. The dates being looked at are in August.

**Stutsman County Request** - - Mr. Koland reported that Stutsman County has expressed interest in participating in the pipeline. We will treat them similar to Wahpeton/Richland County, which is a Tier 2 system. Conversations will continue with Stutsman County.

Stutsman County is not in the service area, but when they began developing their industrial park, the State Water Commission said they could get a water permit, but if a drought comes, they will have to back off in deference to the senior water right holders.

Jon Cameron, city of Valley City, asked if they will need to have a buy-in fee.

Mr. Koland said we need to have those discussions with them as we move forward, as well as look at the Century Code.

### **NEW BUSINESS**

**Frink Retirement** - - Mr. Koland reported that Dale Frink retires as of June 30, and Mr. Sando will be acting state engineer. The governor has appointed a committee that will lead a search for a new state engineer.

**Water Permits** - - Mr. Koland also informed the board of the Corps' decision not to allow new permits from Lake Sakakawea. The delegation and the governor have turned that around considerably, although it did not dissuade the Corps from proceeding with a study to determine allocations on the Missouri River and if there is surplus water in the reservoir.

South Central Regional Water District is building an intake in Emmons County, and the Corps was going to deny the permit until they completed the allocation study, which will take about seven years.

Mr. Koland said this was precipitated by requests from western North Dakota for access to the Missouri River for oil field fracturing. The Corps questioned whether North Dakota had the right to use the Missouri River for this purpose.

Mr. Koland stated that the Corps will continue with the study, but has agreed to continue with the process of issuing permits.

The other thing the Corps wants to do is charge the state for water out of the reservoir system.

Mr. Koland said this underlines how important the RR/VWSP is in order to put the Missouri River to beneficial use for the people of North Dakota.

Mr. Sando reiterated that this all precipitated because the state was looking at 50,000 acre-feet of permits to take water out of Lake Sakakawea for the oil fields.

Mr. Sando added that it is not about surplus water; the state should have the right to the natural and project flows.

### **OTHER**

**Next Meeting** - - The next board meeting will be at September 14, 2010, in Fargo at the Doublewood Inn at 1 p.m.

There being no further business to come before the board, the meeting adjourned at 2:30 p.m.

(SEAL)

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Bruce Furness, Chair

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Dave Koland, Secretary