

MINUTES

North Dakota State Water Commission Audio Conference Call Meeting Bismarck, North Dakota

July 29, 2008

The North Dakota State Water Commission held an audio conference call meeting in the Governor's conference room, Bismarck, North Dakota, on July 29, 2008. Governor John Hoeven, Chairman, called the meeting to order at 10:30 A.M., and requested Dale L. Frink, State Engineer, and Chief Engineer-Secretary to the State Water Commission, to call the roll. Governor Hoeven announced a quorum was present.

STATE WATER COMMISSION MEMBERS PRESENT:

Governor John Hoeven, Chairman
Jeff Weispenning, representing Roger Johnson, Commissioner,
North Dakota Department of Agriculture, Bismarck
Arne Berg, Member from Devils Lake
Maurice Foley, Member from Minot
Larry Hanson, Member from Williston
Jack Olin, Member from Dickinson
Harley Swenson, Member from Bismarck
Robert Thompson, Member from Page

STATE WATER COMMISSION MEMBER ABSENT:

Elmer Hillesland, Member from Grand Forks

OTHERS PRESENT:

Dale L. Frink, State Engineer, and Chief Engineer-Secretary,
North Dakota State Water Commission, Bismarck
State Water Commission Staff
Kevin Martin, Houston Engineering, Inc., Bismarck
Teresa Slocumb, Department of Emergency Services, Bismarck
Ralph Packulak, North Prairie Rural Water, Minot (via telephone)
Dan Jonassan, Assistant Public Works Director, Minot (via telephone)
Cindy Hemphill, Finance Director, Minot (via telephone)

The attendance register is on file with the official minutes.

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

CONSIDERATION OF AGENDA

Drought Disaster Livestock Water Supply Project Assistance program.

Secretary Frink announced the agenda would include a status report on the

NORTHWEST AREA WATER SUPPLY (NAWS) PROJECT - AMENDMENT I TO WATER SERVICE CONTRACT 237-4-2, CITY OF MINOT (SWC Project No. 237-04)

In 1999, the State Water Commission and the City of Minot entered into Northwest Area Water Supply (NAWS) Water Service Contract 237-4-2 to provide NAWS service to Minot. The NAWS project is ready to serve three connection

points, the NAWS-Minot south hill turnout and two NAWS-North Prairie Rural Water turnouts, from the Minot water treatment plant.

The Northwest Area Water Supply Project and the City of Berthold Memorandum of Understanding (MOU) was executed in June, 2007 between the State Water Commission, NAWS advisory committee, North Prairie Rural Water, North Central Water Consortium, and the City of Minot. The MOU outlined the ground work for the construction, operation, and water service of the Berthold pipeline. It was also recognized that in the interim, until water can be supplied from Lake Sakakawea, the NAWS project will be purchasing water from the City of Minot to provide water service to the cities of Minot and Berthold.

Michelle Klose, NAWS project manager, presented and explained an amendment to NAWS Water Service Contract 237-4-2, City of Minot, for the State Water Commission's consideration, which would allow for an interim period during which the State Water Commission will provide water service to the city of Minot from water supplied by the City of Minot rather than from water supplied by Lake Sakakawea.

It was the recommendation of Secretary Frink that the State Water Commission authorize the secretary to the State Water Commission to execute Amendment I to the NAWS Water Service Contract 237-4-2, City of Minot, to provide the terms for the interim supply.

It was moved by Commissioner Olin and seconded by Commissioner Hanson that the State Water Commission authorize the secretary to the State Water Commission to execute Amendment I to the Northwest Area Water Supply Project Water Service Contract 237-4-2, City of Minot, to provide the terms for the interim supply. SEE APPENDIX "A" (Executed Water Service Contract 237-4-2, City of Minot, and Amendment I)

Commissioners Berg, Foley, Hanson, Jeff Weispenning representing Commissioner Johnson, Olin, Swenson, Thompson, and Governor Hoeven voted aye. There were no nay votes. Governor Hoeven announced the motion unanimously carried.

NORTHWEST AREA WATER SUPPLY (NAWS) PROJECT - WATER SERVICE CONTRACT FOR NAWS PURCHASE OF INTERIM WATER SUPPLY FROM CITY OF MINOT (SWC Project No. 237-04)

The Northwest Area Water Supply (NAWS) Project and the City of Berthold Memorandum of Understanding (MOU) was executed in June, 2007 between the State Water Commission, NAWS advisory committee, North Prairie Rural Water, North Central Water Consortium,

and the City Minot. The MOU outlined the ground work for the construction, operation, and water service of the Berthold pipeline. It was also recognized that in the interim, until water can be supplied from Lake Sakakawea, the NAWS project will be purchasing water from the City of Minot's water treatment plant to provide water service to the cities of Minot and Berthold.

The draft water service contract for NAWS purchase of interim water supply from the City of Minot was presented for the State Water Commission's consideration. Michelle Klose explained the proposed contract terms and indicated that the draft language mirrored the NAWS water supply contracts with roles of water supplier and water provider being reversed. The City of Minot has determined a rate of \$1.57 per thousand gallons for 2008; the rate will be reviewed each September which will be effective on January 1st of the following year.

It was the recommendation of Secretary Frink that the State Water Commission authorize the secretary to the State Water Commission to execute the proposed water service contract for NAWS purchase of interim water supply from the City of Minot's water treatment plant.

It was moved by Commissioner Foley and seconded by Commissioner Berg that the State Water Commission authorize the secretary to the State Water Commission to execute the recommended water service contract for NAWS purchase of interim water supply from the City of Minot's water treatment plant. SEE APPENDIX "B" (Executed Water Service Contract)

Commissioners Berg, Foley, Hanson, Jeff Weispenning representing Commissioner Johnson, Olin, Swenson, Thompson, and Governor Hoeven voted aye. There were no nay votes. Governor Hoeven announced the motion unanimously carried.

**NORTHWEST AREA WATER
SUPPLY (NAWS) PROJECT -
NAWS WATER SERVICE CONTRACT
237-4-3, CITY OF BERTHOLD,
AND AMENDMENT
(SWC Project No. 237-04)**

The city of Berthold and other Northwest Area Water Supply (NAWS) Project communities executed water service contracts with the State Water Commission in 1994. The contract demonstrated a commitment from the community to purchase water and repay capital costs

associated with the construction of the NAWS project. The State Water Commission deferred executing the contract until the system was ready to serve the users. The NAWS project is now ready to serve the City of Berthold through an interim water supply from the City of Minot.

The Northwest Area Water Supply Project and the City of Berthold Memorandum of Understanding (MOU) was executed in June, 2007 between the State Water Commission, NAWS advisory committee, North Prairie Rural Water, North Central Water Consortium, and the City of Minot. The MOU outlined the ground work for the construction, operation, and water service of the Berthold pipeline. It was also recognized that in the interim, until water can be supplied from Lake Sakakawea, the NAWS project will be purchasing water from the City of Minot to provide water service to the cities of Minot and Berthold.

Michelle Klose presented the Northwest Area Water Supply Project Water Service Contract 237-4-3, City of Berthold, which provides the terms for project water service to the city, and the proposed amendment, which provides the terms for the interim supply and initial water rate, for the State Water Commission's consideration.

It was the recommendation of Secretary Frink that the State Water Commission authorize the secretary to the State Water Commission to execute Northwest Area Water Supply Project Water Service Contract 237-4-3, City of Berthold, and the proposed amendment to the contract, which provides the terms for the interim supply and initial water rate.

It was moved by Commissioner Swenson and seconded by Commissioner Hanson that the State Water Commission authorize the secretary to the State Water Commission to execute Northwest Area Water Supply Project Water Service Contract 237-4-3, City of Berthold, and an amendment to the contract, which provides the terms for the interim supply and initial water rate, as recommended. SEE APPENDIX "C" (Executed Water Service Contract 237-4-3, City of Berthold, and Amendment I)

Commissioners Berg, Foley, Hanson, Jeff Weispfenning representing Commissioner Johnson, Olin, Swenson, Thompson, and Governor Hoeven voted aye. There were no nay votes. Governor Hoeven announced the motion unanimously carried.

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Secretary Frink announced that the State Water Commission, the NAWS advisory committee, and the Bureau of Reclamation will host a function on August 18, 2008 in Berthold to recognize the delivery of project water service to the City of Berthold with connections for the City of Minot and North Prairie Rural Water.

NORTHWEST AREA WATER SUPPLY (NAWS) PROJECT - APPROVAL OF 2008 WATER RATES FOR CITIES OF MINOT AND BERTHOLD (SWC Project No. 237-04)

The Northwest Area Water Supply (NAWS) Project water service contracts that were executed in 1994 and 1999 stipulate that the water rates for the NAWS project are to be determined by the State Water Commission. The project water rate is based on capital costs, supply and treatment costs, operation and maintenance costs, and reserve for replacement and extraordinary maintenance (REM).

The following proposed NAWS water rates for the cities of Minot and Berthold for 2008 were presented for the State Water Commission's consideration:

<u>Capital costs:</u>	\$0.00 per thousand gallons
<u>Supply and Treatment Costs:</u>	City of Minot: \$0.00 per thousand gallons City of Berthold: \$1.57 per thousand gallons
<u>Operation and Maintenance Costs:</u>	City of Minot: \$0.13 per thousand gallons City of Berthold: \$0.38 per thousand gallons
<u>Replacement and Extraordinary Maintenance:</u>	\$0.15 per thousand gallons

It was the recommendation of Secretary Frink that the State Water Commission approve the following NAWS water rates for the 2008 calendar year: City of Minot - \$0.28 per thousand gallons; City of Berthold - \$2.10 per thousand gallons.

It was moved by Commissioner Berg and seconded by Commissioner Thompson that the State Water Commission approve the following Northwest Area Water Supply Project water rates for the 2008 calendar year:

<i>City of Minot:</i>	<i>\$0.28 per thousand gallons</i>
<i>City of Berthold:</i>	<i>\$2.10 per thousand gallons</i>

Commissioners Berg, Foley, Hanson, Jeff Weispenning representing Commissioner Johnson, Olin, Swenson, Thompson, and Governor Hoeven voted aye. There were no nay votes. Governor Hoeven announced the motion unanimously carried.

The State Water Commission members received status reports on the project construction, and the environmental impact statement (EIS). The Bureau of Reclamation has indicated its intent to have the EIS completed by the end of 2008.

***DROUGHT DISASTER LIVESTOCK
WATER SUPPLY PROJECT
ASSISTANCE PROGRAM -
STATUS REPORT
(SWC Project No. 1851)***

Secretary Frink provided a status report on the Drought Disaster Livestock Water Supply Project Assistance program, which is a state cost participation program administered by the State Water Commission that provides financial

assistance to existing livestock producers with water supply problems caused by drought. North Dakota Administrative Code Article 89-11 was adopted by the Commission on June 24, 1991 for program management.

On May 9, 2008, Governor Hoeven issued North Dakota Drought Emergency Proclamation, Executive Order 2008-02, which indicated that a drought emergency existed statewide in North Dakota. Executive Order 2008-02 ordered the State Water Commission convene to take the necessary measures to implement and fund the Drought Disaster Livestock Water Supply Project Assistance program. On May 14, 2008, the State Water Commission reinstated the Drought Disaster Livestock Water Supply Project Assistance program and approved the allocation of \$1,000,000 for the program; and on June 23, 2008, the Commission allocated an additional \$250,000, for a total state cost participation of \$1,250,000 since program reactivation on May 14, 2008.

Drought conditions persist over a large portion of the state and there is a significant need to provide assistance to producers with developing their water supplies. Approximately 464 applications, totaling 529 projects, have been received to date, of which 105 projects did not meet program requirements. Fourteen (14) projects have been completed, at an average cost of \$2,050 per project.

There being no further business to come before the State Water Commission, Governor Hoeven adjourned the audio conference call meeting at 11:20 A.M.



John Hoeven, Governor
Chairman, State Water Commission

Dale L. Frink
North Dakota State Engineer, and
Chief Engineer-Secretary to the
State Water Commission

