

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.

13-01

LAKE AGASSIZ WATER AUTHORITY

BOARD OF DIRECTORS

**Ramada Plaza Suites
Fargo, North Dakota
December 17, 2013**

A meeting of the Lake Agassiz Water Authority (LAWA) was held at the Ramada Plaza Suites of Fargo, North Dakota, on December 17, 2013. The meeting was called to order by Chair Furness at 10 a.m.

MEMBERS PRESENT

Chair Bruce Furness
Vice Chair Keith Burley
Director Rick Bigwood
Director Clark Cronquist
Director Ken Vein
Director Bob Werkhoven
Secretary Dave Koland

MEMBERS ABSENT

Director LaVonne Althoff
Director Winston Johnson
Director Rolf Mehnert-Meland
Director Carol Siegert

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 September 12, 2012, minutes as distributed. Second by Vice Chair Burley. Upon voice vote, motion carried.

CONSIDERATION OF COMMUNICATIONS

None

COMMITTEE REPORTS

None

FINANCIAL REPORT

2012 Audit - - Dave Koland, Secretary, referred to and reviewed the 2012 audit report prepared by EideBailly on LAWA's (Lake Agassiz Water Authority) financial statements for the year ended December 31, 2012. He also referred to EideBailly's letter to the board regarding their findings and reported that LAWA had a very clean audit. A copy of the LAWA 2012 audit can be obtained by contacting the Garrison Diversion Conservancy District.

Motion by Director Vein to accept the 2012 Lake Agassiz Water Authority audit report. Second by Director Bigwood. Upon roll call vote, the following directors voted aye: Bigwood, Burley, Cronquist, Furness, Vein and Workhoven. Those voting nay: none. Absent and not voting: Althoff, Johnson, Mehnert-Meland and Siegert. Motion carried.

2012 Budget Analysis Statement - - Mr. Koland referred to and reviewed the Budget Analysis statement for the period of January 1 to December 31, 2012, a copy which is attached to these minutes as Annex I.

Total income for 2012 is \$27,272. Expenses were \$43,857.

Mr. Koland also reviewed a list of bills paid with the board.

Motion by Director Werkhoven to accept the budget analysis statement for the period of January 1 to December 31, 2012. Second by Director Cronquist. Upon roll call vote, the following directors voted aye: Bigwood, Burley, Cronquist, Furness, Vein and Workhoven. Those voting nay: none. Absent and not voting: Althoff, Johnson, Mehnert-Meland and Siegert. Motion carried.

2013 Budget Analysis Statement - - Mr. Koland next referred to the Budget Analysis statement for the period of January 1 to November 30, 2013, a copy which is attached to these minutes as Annex II.

Total income for 2013 is \$315. Expenses are \$30,091.

Motion by Director Vein to accept the budget analysis statement for the period of January 1 to November 30, 2013. Second by Director Bigwood. Upon roll call vote, the following directors voted aye: Bigwood, Burley, Cronquist, Furness, Vein and Workhoven. Those voting nay: none. Absent and not voting: Althoff, Johnson, Mehnert-Meland and Siegert. Motion carried.

LEGISLATIVE UPDATE

HB1020 - - Mr. Koland referred to the copy of HB 1020, which is the house bill regarding the State Water Commission's appropriation. Section 12 refers to the funding appropriated to the Red River Valley Water Supply Project (RRVWSP). The amount appropriated to the project for the 2013-2015 biennium is \$11 million.

SB2233 - - Mr. Koland also referred to a copy of SB 2233, which is the senate bill regarding development of water policy, goals and objectives for water project development, including the Garrison Diversion Unit and the RRVWSP. Section 3 states that the Water Topics Overview Committee shall work collaboratively with the State Water Commission to develop policies to further define the state role in major flood control projects and in the prioritization of projects. It also states that during the 2013-2014 interim, the committee shall review water supply routes and alternatives for the RRVWSP. Section 12 includes language stating that the state by and through the State Water Commission provide a share of the cost of constructing the RRVWSP.

Mr. Koland commented that currently the work that has been done on the project has been 90 percent funded by the state and 10 percent by the users. In moving forward with the state providing \$11 million to spend on the project, using the same cost share format would mean that the users would have to contribute \$1 million.

Mr. Koland said referring to the review of water supply routes and alternatives, the governor has asked the State Water Commission to put out a request for proposals (RFP) that will review the corridors that have already been looked at. There are three corridors. Plan B uses most of the Preferred Alternative but goes from there down to the Missouri River. This has been referred to as the Highway 200 route. The second corridor that has been studied parallels I-94 and gets water from around Bismarck and follows I-94 over to the Red River Valley by direct pipeline. The third corridor gets water from near Bismarck and follows I-94 to Lake Ashtabula and uses Lake Ashtabula as a regulating reservoir. The RFP will ask for these options to be evaluated plus any new ideas that may be out there.

Chair Furness stated that it had been heard that the governor was giving indications that he was open to the RRVWSP being a joint project between the locals and the state, and he was asked to help set up a meeting with the governor, which was held in late October. At the meeting, the governor was very clear that since the state was going to be spending \$11 million on the project, the state needed to have some indication that the state would be protected and that is why the State Water Commission staff has been involved. It has been LAWA's position that LAWA would continue to work with Garrison Diversion because that was the entity that was originally selected to be the state representative in the joint study with Reclamation on the RRVWSP.

Chair Furness added from LAWA's point of view, we would like this to be a value engineering type study and look at what is currently available and the various options that have been studied. We do not believe it requires another complete study.

RED RIVER VALLEY WATER SUPPLY PROJECT UPDATE

Plan B Alternative - - Chair Furness said there have been some changes to the preferred alternative that did include the use of federal facilities. The revised alternative is referred to as Plan B, which would be a state and local project rather than a federal, state and local project.

Mr. Koland stated that at the last LAWA meeting, the board made a motion to further analyze Plan B. A considerable amount of more detailed work has been done on this plan since then. He called on Mr. Burian to walk through the plan with the board.

Steve Burian, Advanced Engineering, provided a PowerPoint presentation reviewing Plan B and the additional analysis that was completed. This plan involves constructing a pipeline from Washburn to Baldhill Creek. It does not include use of the Snake Creek Pumping Plant or the McClusky Canal.

2014-2015 WORK PLAN

Kip Kovar, District Engineer, Garrison Diversion, referred to and reviewed the 2014-2015 Draft LAWA Work Plan. Activities for 2014 include securing the remaining right-of-way, looking at a Baldhill Creek route and discharge location, further evaluating intake designs, developing Plan B alignment and preliminary design, securing right-of-way easements for Plan B and the water treatment plant and intake site and securing Baldhill Creek flowage easements.

Work items for 2015 include, reviewing and finalizing operation plans, completing final design of Highway 200 and Plan B, developing intake final design, obtaining permits for Highway 200, Plan B and Baldhill Creek, and completing the financial package.

A copy of the draft 2014-2015 work plan is attached to these minutes as Annex III.

2014 BUDGET

Mr. Koland referred to the 2014 LAWA budget, which assumes that LAWA will be contributing 10 percent of the total project expenditures. A total income of approximately \$1 million is needed to match state funding. This will be raised through member assessments and dues.

Expenses total approximately \$1 million. A major part of that is the 10 percent cost share with the State Water Commission.

A copy of the 2014 budget is attached to these minutes as Annex IV.

Pat Zavoral, city of Fargo, said one of the things that came up this morning was the independent study of the alternatives that have been studied for the RRVWSP. The governor has suggested that the analysis be done through the State Water Commission, and it was suggested that the Water Related Topics Overview Committee be the one to study the options from an independent review perspective. He asked Senator Grindberg to comment on this and whether the \$11 million in state money can be used toward some of the things listed in the work plan.

Senator Grindberg said first from a pragmatic standpoint, he does not know what the interim committee can accomplish other than set guidance and review their actions from the prior session and review water policy that is under development. So from the standpoint of the interim committee taking on that task, it is probably a little broad. Regarding the \$11 million, his expectation in supporting that was this was the installment for the down payment to start the pipeline project.

Chair Furness said the governor made it clear that he would like the State Water Commission to do a value engineering study and to look at the options and make sure that from a state point of view that Plan B makes the most sense.

Mr. Zavoral asked Senator Lee after hearing what was presented today in terms of the work done, does he have a sense that we have looked at all options possible and whether we are ready to do something more than conduct more studies.

Senator Lee said as Senator Grindberg mentioned before, this project has been studied for years. If we can get through the value engineering process in the relatively short window that is being talked about, to him it makes sense to do. The study will allow the State Water Commission to be on board with the alternative.

2013 AND 2014 DUES

Mr. Koland said statements for membership dues were not sent out in 2013 because we did not need the money, and as a board, we felt there was no need to raise money if it was not needed. It was put on the agenda today in case you are on a calendar year budget and there is a dues allocation included in the budget and you wanted to pay it, you can because now all cash is going to become important to us.

Mr. Koland stated that a 2013 dues billing could still be sent out and then bill for 2014 dues in January.

He asked the board members what they wish to do.

Following board discussion, it was agreed to bill for both 2013 and 2014 membership dues. It is up to the city or water system if they wish to pay 2013 now and wait with 2014 dues until after January or pay both now if they so desire.

Motion by Director Cronquist to send out a combined statement for 2013 and 2014 membership dues. Second by Director Vein. Upon roll call vote, the following directors voted aye: Bigwood, Burley, Cronquist, Furness, Vein and Workhoven. Those voting nay: none. Absent and not voting: Althoff, Johnson, Mehnert-Meland and Siegert. Motion carried.

2014 LAWA WORK PLAN AND BUDGET CONTINUED

Mr. Koland said now that there has been discussion, a motion to approve the work plan and budget would be in order. This would set us on the course of dealing with a special assessment and moving forward with the work plan as soon as possible.

Motion by Director Werkhoven to approve the 2014-2015 LAWA Work Plan and 2014 LAWA Budget. Second by Director Vein. Upon roll call vote, the following directors voted aye: Bigwood, Burley, Cronquist, Furness, Vein and Workhoven. Those voting nay: none. Absent and not voting: Althoff, Johnson, Mehnert-Meland and Siegert. Motion carried.

2014 AND 2015 VOLUNTARY ASSESSMENT

Mr. Koland said in order to raise \$1 million, a voluntary assessment sheet will be mailed out prior to the next meeting that is based on 2050 population, capacity and the 2008 voluntary assessment.

NEW BUSINESS

None.

OTHER

Next Meeting - - The next board meeting will be held in conjunction with the Water Topics Overview Committee meeting being held on February 4 in Fargo. The time and place is yet to be determined.

There being no further business to come before the committee, the meeting adjourned at 1:30 p.m.

Bruce Furness, Chair

Dave Koland, Secretary