

MINUTES

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

October 27, 1999

The North Dakota State Water Commission held a telephone conference call meeting in the Governor's conference room, State Capitol, Bismarck, North Dakota, on October 27, 1999. Chairman, Governor Edward T. Schafer, called the meeting to order at 3:30 PM, and requested State Engineer, and Chief Engineer-Secretary, David A. Sprynczynatyk, to call the roll. The Chairman announced a quorum was present.

MEMBERS PRESENT:

Governor Edward T. Schafer, Chairman
Ken Junkert, representing Roger Johnson, Commissioner, Department of
Agriculture, Bismarck
Judith DeWitz, Member from Tappen
Larry Hanson, Member from Williston
Elmer Hillesland, Member from Grand Forks
Jack Olin, Member from Dickinson
Harley Swenson, Member from Bismarck
Robert Thompson, Member from Page
David A. Sprynczynatyk, State Engineer, and Chief Engineer-Secretary,
North Dakota State Water Commission, Bismarck

MEMBER ABSENT:

Florenz Bjornson, Member from West Fargo

OTHERS PRESENT:

State Water Commission Staff
Dave Koland, North Dakota Rural Water Systems, Bismarck

The attendance register is on file with the official minutes.

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

APPROVAL OF AGENDA

There being no additional items for the agenda, the Chairman announced the agenda approved, and requested Secretary Sprynczynatyk to present the agenda.

**SENATE BILL 2188 -
 APPROVAL OF SELECTION OF
 BOND TRUSTEE FOR WATER
 DEVELOPMENT TRUST FUND
 PROGRAM
 (SWC Project No. 1907-02)**

Senate Bill 2188 authorizes the State Water Commission to sell bonds during the 1999-2001 biennium for five projects: the Southwest Pipeline Project, Grand Forks, Wahpeton, Grafton, and Devils Lake. Secretary Sprynczynatyk explained that as a part

of the bonding process, the State Water Commission requested proposals for trustee services. The responsibilities of the bond trustee include receiving the funds from the bond sales and, upon request from the Commission, makes the payments to the appropriate parties. The bond trustee also makes principal and interest payments to the bond owners and develops a monthly statement of fiscal activity.

Proposals for bond trustee services were received from the Bank of North Dakota, Norwest Bank, Bank One, and US Bank. Each provided the following costs for providing trustee services:

	Due At Closing	Annual Fee
Bank of North Dakota	\$3,750	\$1,750
Norwest Bank	\$4,400	\$2,400
Bank One	\$6,000	\$3,000
US Bank	\$5,500	\$2,000

From the submitted costs, the Bank of North Dakota provided the lowest cost for trustee services. Secretary Sprynczynatyk said the proposal from the Bank of North Dakota included a \$20.00 per voucher payment (check) fee, which the Bank of North Dakota has agreed to waive. Evensen Dodge, Inc., financial advisor, reviewed the proposals for trustee services and determined the Bank of North Dakota's fees are the lowest offered in the four proposals.

It was the recommendation of the State Engineer that due to the state's long-term involvement with the Bank of North Dakota, that the State Water Commission select the Bank of North Dakota to provide the bond trustee services for the Water Development Trust Fund program.

It was moved by Commissioner Swenson and seconded by Commissioner Olin that the State Water Commission approve the selection of the Bank of North Dakota as the bond trustee for the Water Development Trust Fund program, contingent upon a waiver of the \$20.00 per voucher payment fee.

Commissioners DeWitz, Hanson, Hillesland, Ken Junkert representing Commissioner Roger Johnson, Olin, Swenson, Thompson, and Chairman Schafer voted aye. There were no nay votes. The Chairman announced the motion unanimously carried.

**SOUTHWEST PIPELINE PROJECT -
AWARD OF CONTRACT 5-6, BURT
TANK, TO ENGINEERING AMERICA
(SWC Project No. 1736)**

On October 19, 1999, bids were opened for Southwest Pipeline Project contract 5-6, for the Burt tank. Two alternates were bid: one for a welded and coated steel reservoir, and the other for a glass fused bolted steel reservoir.

Secretary Sprynczynatyk stated one bid was received on the glass fused bolted steel alternate from Engineering America of White Bear Lake, Minnesota. There were no bids on the welded and coated steel alternate.

The apparent low bid was received from Engineering America at a price of \$259,490 for the glass fused bolted steel alternate. Secretary Sprynczynatyk said this bid is \$54,510 lower than the engineer's estimate of \$314,000. The contract documents allow the State Water Commission to select the most advantageous bid. The engineer has reviewed the bid, found the bid responsive, and recommended award of the contract to Engineering America. State funds authorized by Senate Bill 2188 in the 1999 Legislative Assembly will be used for this contract as a portion of the state's share of the USDA, Rural Development Mott-Elgin phase. The contract will require approval by USDA, Rural Development. Secretary Sprynczynatyk stated the award of the contract and notice to proceed are dependent on the completion of the contract documents and a legal review. The time for completion of the contract is September 2, 2000. Engineering America indicated they would start work on this contract next spring.

Secretary Sprynczynatyk explained that the recently damaged New Hradec tank was constructed by Engineering America. The New Hradec tank was designed for a maximum wind speed of 100 mph. He said it is possible because of its location at the head of a valley that the tank experienced wind speeds greater than its design. The Burt tank is also located on top of a hill and it, too, could experience high wind speeds. Therefore, the Burt tank will be designed for maximum wind speeds of 175 mph.

It was the recommendation of the State Engineer that the State Water Commission approve the award of Southwest Pipeline Project contract 5-6, Burt tank, to Engineering America of White Bear Lake, Minnesota.

It was moved by Commissioner Olin and seconded by Commissioner Hanson that the State Water Commission approve the award of Southwest Pipeline Project contract 5-6, Burt tank, to Engineering America of White Bear Lake, Minnesota.

Commissioners DeWitz, Hanson, Hillesland, Ken Junkert representing Commissioner Roger Johnson, Olin, Swenson, Thompson, and Chairman Schafer voted aye. There were no nay votes. The Chairman announced the motion unanimously carried.

**SOUTHWEST PIPELINE PROJECT -
APPROVAL OF CAPITAL REPAYMENT
RATES AND DEBT SERVICE CREDIT
FOR 2000
(SWC Project No. 1736)**

Under the Agreement for the Transfer of Management, Operations, and Maintenance Responsibilities for the Southwest Pipeline Project, the Southwest Water Authority is required to submit a budget to the Secretary of the State Water Commission by December 15 of each year. The budget is deemed approved unless the Secretary of the Commission notifies the Authority of its disapproval by February 15. The Southwest Water Authority is currently preparing its budget.

On October 19, 1998, the State Water Commission approved an amendment to the Transfer of Operations Agreement, which changed the Consumer Price Index date used for calculating the project's capital repayment rates from January 1 to September 1. This amendment was necessary to bring the Transfer of Operations Agreement into line with the water service contracts and to streamline the budget process.

The contract specifies that the water rates for capital repayment be adjusted annually based on the Consumer Price Index. Secretary Sprynczynatyk explained that the State Water Commission has the responsibility of adjusting the capital repayment rates and approving the debt service credit for each year. Commissioner Swenson suggested that when the Southwest Pipeline Project has been completed, the Commission may want to consider other options for calculating the repayment rates to keep the rates from becoming cost prohibitive to the users.

The following projected capital repayment rates for 2000 were presented for the Commission's consideration:

Contract Users:	\$ 0.80	per thousand gallons
Rural Monthly:	\$ 24.50	per month

Secretary Sprynczynatyk stated that in conjunction with the 2000 capital repayment rates, in 1991, the State Water Commission approved a request from the city of Dickinson for credit for qualifying debt service according to the provisions of their water service contract. The credit for Dickinson is for 75 percent of the annual debt service payment for the bascule gates at Patterson Lake. At that time, the Commission approved a schedule of declining annual rates. The city of Dickinson is the only contract user with qualifying water supply facility debt service cost.

The city is seeking a reduction, or forgiveness of the bascule gates debt, which requires an act of Congress. Secretary Sprynczynatyk stated that while the legislative effort is underway, the Authority has been directed to deposit a portion of the city's monthly capital repayment, equal to the monthly credit, in an escrow account. The Authority is no longer granting the city the monthly credit, and has received a refund of the 1997 credit from the city.

Pending the federal legislative action on this issue, Secretary Sprynczynatyk said it may be appropriate to review the contract provisions, however, it is appropriate to establish the level of credit for 2000 of \$93,654 for the city of Dickinson, to be given as a monthly credit of \$7,805. This credit will only be given if the city makes a debt service payment to the Bureau of Reclamation, otherwise the credit will be deposited by the Authority pending the outcome of the federal legislation.

It was the recommendation of the State Engineer that the State Water Commission approve the projected capital repayment rates for 2000 for the Southwest Pipeline Project of \$0.80 per thousand gallons for contract users; \$24.50 per month for rural users; and a monthly debt service credit of \$7,805 for the city of Dickinson, provided the city makes a debt service payment to the Bureau of Reclamation, otherwise the credit will be deposited by the Southwest Water Authority pending the outcome of the federal legislation.

It was moved by Commissioner Olin and seconded by Commissioner Swenson that the State Water Commission approve the following capital repayment rates and debt service credit for 2000 for the Southwest Pipeline Project:

- 1) Contract Users: \$ 0.80 per thousand gallons***

- 2) Rural Monthly: \$ 24.50 per month***

- 3) ***Monthly debt service credit of \$7,805 for the city of Dickinson, provided the city makes a debt service payment to the Bureau of Reclamation, otherwise the credit will be deposited in an escrow account by the Southwest Water Authority pending the outcome of the federal legislation.***

Commissioners DeWitz, Hanson, Hillesland, Ken Junkert representing Commissioner Roger Johnson, Olin, Swenson, Thompson, and Chairman Schafer voted aye. There were no nay votes. The Chairman announced the motion unanimously carried.

**SOUTHWEST PIPELINE PROJECT -
PERKINS COUNTY, SOUTH DAKOTA
RURAL WATER SYSTEM
(SWC Project No. 1736)**

limited amount of funding for Fiscal Year 1999 for the engineering study and NEPA compliance. Construction is planned to start with the replacement of water lines in the city of Lemmon, South Dakota, after which the transmission pipeline connecting the system to the Southwest Pipeline Project will be built. Repayment to North Dakota will not occur until after the transmission line has been completed.

Federal legislation authorizing funding for the Perkins County, South Dakota, Rural Water System was introduced last fall and reintroduced this spring. The legislation includes a

Secretary Sprynczynatyk reported the project was recently approved by the U.S. House of Representatives. He said another version of the project authorization was passed by the U.S. Senate earlier this year. It is expected that there will be a conference committee on the project authorization by the end of 1999, which will allow the project to move forward.

**NORTHWEST AREA WATER
SUPPLY PROJECT -
RECOMMENDATION OF
COMMISSION MEMBER,
LARRY HANSON, TO SERVE ON
NAWS ADVISORY COMMITTEE
(SWC Project No. 237-04)**

one of the members of the committee shall be a member of the State Water Commission, recommended by the State Water Commission. Mike Ames previously represented the Commission on the Northwest Area Water Supply Project advisory committee.

On April 4, 1991, Senate Bill 2357 was signed by Governor Sinner establishing the Northwest Area Water Supply advisory committee. The committee consists of nine members appointed by the State Engineer according to guidelines specified in the legislation.

NDCC chapter 61-24.6-02 specifies that

It was moved by Commissioner Hillesland, seconded by Commissioner DeWitz, and unanimously carried, that the State Water Commission recommend Commission member, Larry Hanson, as a resident of the original Northwest Area Water Supply Project area, be appointed as the State Water Commission's representative on the Northwest Area Water Supply Project advisory committee.

Secretary Sprynczynatyk appointed Commission member, Larry Hanson, to serve on the Northwest Area Water Supply Project advisory committee to represent the State Water Commission.

**NEXT STATE WATER
COMMISSION MEETING**

The next meeting of the State Water Commission is scheduled for December 10, 1999 in Bismarck, ND.

The meeting will be held in conjunction with the annual North Dakota Water Convention, which is scheduled December 8-10, 1999.

There being no further business to come before the State Water Commission, Governor Schafer adjourned the telephone conference call meeting at 4:00 PM.

/S/ Edward T. Schafer _____
Edward T. Schafer
Governor-Chairman

SEAL

/S/ David A. Sprynczynatyk _____
David A. Sprynczynatyk
State Engineer, and
Chief Engineer-Secretary