



PROJECT PROGRESS REPORT

Western Area Water Supply Project

Authorized under HB 1206

NORTH DAKOTA LEGISLATIVE MANAGEMENT

WATER-RELATED TOPICS OVERVIEW COMMITTEE

Monday, October 10, 2011



Project Background

In response to the rapidly increasing water demands, a consortium of northwest North Dakota communities and rural water systems worked together to develop a regional solution, entitled the Western Area Water Supply Project (WAWSP) with lasting, long-term benefits.

The project will utilize Missouri River water to meet the municipal, rural, and industrial water needs for all or parts of McKenzie, Williams, Divide, Burke, and Mountrail Counties (including the Cities of Williston, Watford City, Ray, Tioga, Stanley, Wildrose, and Crosby). The primary focus of the project is to supply drinking water for an estimated 48,000 people (peak pop.) expected by 2032.

The WAWSP will maximize and expand upon existing water infrastructure through a partnership of most of the communities and rural water providers in northwest North Dakota, providing a comprehensive solution to the ever-increasing water demands.

While the WAWSP is designed to meet the long-term peak day domestic water needs, the latent capacity in the interim will be available for industrial water sales. Further, storage reservoirs and bulk fill depots will be placed at strategic locations along major state highways to reduce wear and tear on county and township roads and facilitate efficient water delivery to bulk users throughout the entire region.

Legislative Approval

During the 2011 Legislative Session, legislators considered and ultimately approved HB 1206 by large margins and Governor Dalrymple hosted a bill signing ceremony in Watford City on May 3, 2011. HB 1206 created the Western Area Water Supply Authority (WAWSA) and provided the following key provisions:

- Directed the membership of the initial Board of Directors
- Provided an outline of authorities granted to the WAWSA
- Granted oversight to the State Water Commission through planning, bidding, and construction
- Granted easements on public lands
- Provided a \$110 million loan package and outlined fundamental terms of the financing package
- Provided legislative intent for an additional \$40 million appropriation at a later time to complete the project
- Declared HB 1206 an “emergency”

Development of WAWSA

This consortium was formalized through the establishment of the WAWSA in spring 2011. The WAWSP participants include the founding members of the WAWSA (shown in bold) and consecutive users listed in the table on the following page.

WAWSP Project Participants	
City of Williston	R&T Water Supply Association
Trenton Water Users Cooperative	City of Ray
Williams Rural Water District	City of Tioga
City of Grenora	City of Stanley
Blacktail Dam Service Area Expansion	City of Wildrose
Ray/Tioga Service Area Expansion	City of Crosby
McKenzie County Water Resource District	City of Ross
City of Watford City	BDW Rural Water System
MCWRD – System I	City of Fortuna
MCWRD – System II	City of Ambrose
MCWRD – System IV	City of Noonan
	City of Columbus

Board of Director Election

The initial Board of Directors, according to HB 1206, includes the members from the following entities:

- Williams Rural Water District (2)
- McKenzie County Water Resource District (2)
- City of Williston (2)
- BDW Water System Association (2)
- R&T Water Supply Association (2)
- State Water Commission (1)

The governing body of each member entity selected two representatives to the WAWSA Board of Directors who are water users of the member entity. The State Engineer or designee is also a voting member of the Board of Directors. The member entities appointed the following Directors to the Board of Directors:

- Williams Rural Water District: Mark Owan, Karen Burau, and Ben Clarys (alternate)
- McKenzie County Water Resource District: Gene Veeder and Denton Zubke
- City of Williston: Ward Koeser and Brent Bogar
- BDW Water System Association: Bert Anderson and Gary Rust
- R&T Water Supply Association: Liz Suhr and Jerry Ranum
- State Engineer Designee (State Water Commission): Michelle Klose

The Board of Directors also appointed Larry Hanson, State Water Commission member, as an Associate Director.

At the WAWSA's Board of Directors organization meeting on May 31, 2011, the Board of Directors elected the following officers:

- Denton Zubke, Chairman
- Brent Bogar, Vice-Chairman
- Karen Burau, Secretary
- Liz Suhr, Treasurer

Bylaws

At the May 31, 2011 meeting, the WAWSA approved bylaws. The bylaws were also subject to review and approval by the ND Attorney General before becoming effective. The bylaws were forwarded to the the ND Attorney General for review and approval has been granted.

Moving Forward

During this time of rapid growth and implementation of the project, the WAWSA has been actively meeting on a bi-weekly schedule, in addition to special meetings when necessary, in order to continue to make progress on its implementation plan. Over the past two months, the WAWSA has selected engineering and legal services, set-up business systems, created public information tools, and proceed through the loan process to fund design and begin construction of Phase I projects in 2011. The WAWSA is also busy going through the process of hiring WAWSA management staff, acquiring rights-of-way, developing water rate models, establishing water purchase contracts, and completing the remaining requirements to finalize loan documents on the remaining loan amount.

Project Progress – Phase I

Funding Status

At the June 21, 2011 State Water Commission Meeting, WAWSA was granted permission to proceed with Phase I projects and the first \$25 million of the \$110 loan package via the Resources Trust Fund was released. The WAWSA worked with the Bank of North Dakota to help it complete it financial due diligence of WAWSP and met with the State Industrial Commission during the summer months. Approval of the \$110 loan package was approved in July of 2011.

During the process to finalize the loan the member entities of the WAWSA injected the needed dollars necessary to provide temporary financing to issue contracts. The interim financing was necessary in order to be able to issue construction contracts to complete Phase I projects on schedule.

The loan documents have recently been executed for the first \$25 million of the \$110 million loan package and the WAWSA will be working towards the timely execution of the remaining \$85 million in loans.

Of Special Note:

During the sign-up for the western region of McKenzie County Rural Water System IV, the sign-ups were more than double what had been originally anticipated. In 2007, McKenzie County WRD had about 100 signups in western McKenzie County. Since that time, they had difficulty funding a rural water service, until it was rolled into the scope of WAWSP. Since the change in scope, a series of public informational meetings were held, and as a result, an additional 100+ users have signed up. Engineers usually plan for a 20-25% increase in users so this is well above that planning mark.

The higher number of rural water system sign-ups means the project cost will climb. Early estimates placed the price of serving 100 users at about four million dollars. Depending on the location of the additional landowners who sign-up, the cost could rise to as much as eight million dollars.

Project Status

AE2S continued moving ahead with planning, design, and construction of a number of projects under Phase I. AE2S was also selected to continue to serve as the WAWSA engineering consultant and now in the planning and design stages for some of the projects under Phase II of the WAWSP.

Construction has been in full swing all summer. As of the end of September, three projects have been bid and are in construction.

Phase I Project Status

Task Order	Project	Estimated Start Date	Estimated Completion Date	Status	Estimated Construction	Actual Bid
4a	Williams RWD Regional Pipeline – Hwy 2 to County Rd 7	4/1/11	12/31/11	Construction is wrapping up on this segment of the pipeline.	\$5,775,000 (Engineers Estimate)	Low Bid: \$3,810,050 by Metro Construction
4b	Williams RWD Regional Pipeline – Reservoir #1 to Bakken Industrial Park	4/1/11	5/31/12	Construction is on schedule and will be wrapping up in late fall.	\$5,300,500 (Engineers Estimate)	Low Bid: \$3,096,300 by Merryman Excavation Inc.
4c	Williams RWD Regional Pipeline – 26 th Street Pump Station Upgrade	4/1/11	5/31/12	Construction is on schedule and will be wrapping up in late fall.	\$667,000 (Engineers Estimate)	Low Bid: \$713,000 John T Jones Construction
5	Williams RWD Regional Reservoir	4/1/11	6/30/12	Siting of reservoir is currently being completed. Final design work geotechnical investigations are underway. The project is scheduled to bid in December 2011.	\$ 5,000,000	
6	Regional Water Service From R&T WSA to the City of Crosby/BDW	4/1/11	9/30/12	The routing is completed and easements are being prepared. AE2S met with the State Water Commission in September and will do so again in mid October to continue to move the project forward with a bid date set for November.	\$ 4,000,000	
7	MCRWS System IV Improvements	4/1/11	12/31/12	Preliminary routing maps are prepared and land ownership information is being obtained. The portion of the project is designed and will be going out for bids in December.	\$ 3,700,000	

Project Progress – Phase II

In order to keep on schedule in the tight time frame for this project, it was imperative that progress be made on Phase II segments of the project as well. Currently, AE2S is working on five of the eight task orders or segments for Phase II projects as shown below:

Task Order	Project	Estimated Start Date	Estimated Completion Date	Status	Estimated Construction
10	Williston Regional Water Service – WTP Expansion from 10 MGD to 14 MGD	7/1/11	6/30/13	In addition to an expansion to the plant, this segment will include an evaluation of the existing intake, a horizontal collector well evaluation, and preliminary engineering to expand the plant further from 14 to 21 MGD. Currently, the intake evaluation is being completed.	\$ 11,000,000
11a	Pipeline Design – McKenzie County – Enbridge to corner of HWY 85/16, corner of HWY 85/16 to Watford City, and Watford City to Keene	10/1/11	12/31/12	Surveying in the area is complete and the work on wetland and cultural resource evaluations is in progress along with preliminary design work.	\$24,000,000
11b	Pipeline Design – Williams County – Williston to 13 mile corner, 13 mile corner to Ray, and 13 mile corner to 26 mile corner	10/1/11	12/31/12	Surveying in the area is complete and the work on wetland and cultural resource evaluations is in progress along with preliminary design work.	\$23,700,000
12	Reservoirs and Pump Stations	10/1/11	12/31/12	Currently completing siting for reservoir location and initial design work is moving forward on the south side.	\$14,000,000
14	Fill Depots	11/1/11	12/31/12	A preliminary design memo is being prepared. WAWSA will consider this information to determine the location and number of fill depots needed.	TBD
15a	Rural Water Expansion – Williams Rural Water Master Plan	11/1/11	12/31/12	Preparing to meet with Williams Rural Water District to evaluate current levels of service and projected service growth areas in rural areas adjacent to Williston.	TBD
15b	Rural Water Expansion – Preliminary Engineering Black Tail Dam Area	11/1/11	12/31/12	Public information meetings and user signup campaigns are being scheduled to determine the scope of the service area.	TBD
15c	Rural Water Expansion – Preliminary Engineering on Ray and Tioga Area	11/1/11	12/31/12	Public information meetings and user signup campaigns are being scheduled to determine the scope of the service area.	TBD
15d	Rural Water Expansion – Preliminary Engineering Watford City-Tobacco Garden Area	10/1/11	12/31/12	Public information meetings and user signup campaigns are being scheduled to determine the scope of the service area.	TBD

Looking Ahead

Progress seems as though it can't happen fast enough. Population continues to reach record highs and the need for water to support this growth is central to our infrastructure needs. The WAWSA has been planning and positioning itself to successfully manage the project both financially and technically. The WAWSA is currently working on preliminary engineering and funding plans for approval by State Water Commission on Phase II at its December meeting.

The loan documents require that State Water Commission approval and the water service agreements be executed by the members to release the remaining funds. The team is working diligently to secure and complete water service contracts by the end of January for Phase II and have financing for this phase completed in February.

Phase II water treatment plant expansion, transmission pipelines and fill depot construction projects will start at the earliest possible time pending the weather with a deadline for completion on all segments of the transmission lines and fill depots by December 2012. The water plant expansion is schedule for completion in July of 2013. The rural water expansions are scheduled for bidding in June of 2012.