

Minutes of Meeting

Souris River Joint Water Resource Board

Thursday, April 13, 2017

A regular meeting of the board of directors of the Souris River Joint Water Resource Board was called to order by Chairman David Ashley on Thursday, April 13, 2017, in the Community Room of the Minot City Auditorium in Minot, North Dakota. Joint Board members attending the meeting were Dave Ashley, Clif Issendorf, Roger Sauer and Tom Klein. Dan Jonasson appeared via conference call. A roster of those attending the meeting is listed on Attachment A.

The Joint Board discussed the proposed Agenda for the meeting. Clif Issendorf added a StARR Update Presentation under Agenda Item No. 16(a). David Ashley added an additional bill to be discussed under Agenda Item No. 5 and an additional report under Agenda Item No. 8(a). Clif Issendorf made a motion to adopt the Agenda as revised. Roger Sauer seconded the motion. The motion passed without opposition.

The Minutes of the March 9, 2017, meeting were discussed. Roger Sauer made a motion to approve the Minutes of the March 9, 2017, meeting, and Tom Klein seconded the motion. The motion was approved without opposition.

The Joint Board discussed contract amendments under Agenda Item No. 4. Ryan Ackerman explained that during the review process for the EIS, the USACE identified several additional tasks that were to be completed by the Souris River Joint Board that were not in the original scope of services. Ryan Ackerman indicated that the estimated cost to develop an Addendum to the Draft EIS to accommodate National Disaster Resilience Competition (NDRC) buyout alternative is \$40,000.00. Ryan Ackerman indicated that the estimate to perform standing structure surveys and complete Class 3 cultural resource investigation for Construction Stage 1.5 project reach is \$180,000.00, which is required in order to complete the Section 404 permitting, as the USACE is looking to issue a 404 permit that applies to not only Phases 1 through 3, but Phases 4, 5, and 6, as well. Ryan Ackerman indicated that the estimate to incorporate the NDRC buyout alternative as the preferred alternative into the Final EIS is \$30,000.00. Clif Issendorf asked whether the NDRC funding would provide payment for the items that were necessary because of the NDRC. Ryan Ackerman indicated that the NDRC would not fund these additional items. A motion was made by Roger Sauer to approve Amendment 4 to the Barr Engineering Contract for \$250,000.00. Dan Jonasson seconded the motion. The motion was approved without opposition.

The Joint Board discussed Agenda Item No. 5 regarding bills. It was suggested that the bills be presented in advance with more lead time for future meetings. The following bills were discussed:

- Barr Engineering	(MI-2A Construction Perkett)	\$2,557.50
	(USACE Feasibility Study)	\$658.50
	(StARR Program)	\$25,051.92
	(BU-1 Burlington)	\$366,582.32
	(Outlaw Creek)	\$9,405.85

- Houston Engineering	(Engineering & Design)	\$117,757.14
	(MI-5 4 th Ave Tieback)	\$41,066.00
- Ackerman-Estvold	(Administration)	\$4,836.33
- Ackerman-Estvold	(USACE Feasibility Study-WIK)	\$2,410.00
- XCEL	(Utility Relocate)	\$30,027.13
- MDU	(StARR Program Acq. Utilities)	\$55.78
- Verendrye	(StARR Program Acq. Utilities)	\$36.46
- HDR Engineering	(IEPR)	\$21,412.50
- Dwyer Law Office	(Legal)	\$5,102.00
- <u>ND Guaranty</u>	<u>(StARR Acquisition)</u>	<u>\$351,966.56</u>
- TOTAL		\$978,925.99

Clif Issendorf asked whether the StARR Program was subject to a 65% percent cost share. Ryan Ackerman indicated that, as a blended rate, the StARR Program cost share would be approximately 65%. Ryan Ackerman indicated that the bills for MDU and Verendrye were for properties acquired by the StARR Program, and that the XCEL bill for \$30,027.13 was for work performed on the MI-2A (Perkett Ditch). The bill for ND Guaranty for \$351,966.56 was for a house (with attached garage and outbuilding) being acquired near Burlington. Roger Sauer moved to approve the bills. Dan Jonasson seconded the motion. The motion was approved without opposition.

Ryan Ackerman presented a bill from Ducks Unlimited for 3.5 reserved wetland credits in the amount of \$238,000.00. It was discussed that the wetland credits acquired from Ducks Unlimited would satisfy the mitigation requirements under Rule 404 of the Clean Water Act. Ryan Ackerman indicated that it was important to move forward due to demand for the few credits that are available in the Souris River basin. It was discussed that the wetland credits would be maintained by others, where easements acquired by the Joint Board could be subject to long term maintenance requirements. Ryan Ackerman explained that these credits were not marketable to third parties. Dan Jonasson made a motion to approve the bill from Ducks Unlimited in the amount of \$238,000.00 contingent upon the Joint Board securing a cost share from the State Water Commission or some other agreement with the City of Minot. Roger Sauer seconded the motion. The motion was approved without opposition.

The Joint Board discussed the requirement imposed by the USACE to perform regular video inspections for the existing federal levee system, as set forth in pages 145 through 162 of the board packet. Clif Issendorf made a motion to authorize the expenditure of up to \$150,000 for pipe inspections and request reimbursement from the appropriate agencies responsible for ordinary operations and maintenance per the maintenance agreements associated with the existing federal project. Tom Klein seconded the motion. Roger Sauer indicated that there may be one box culvert that is questionable whether it was included in the scope of work included with the board packet. Ryan Ackerman indicated that he would follow up with the USACE to see if this is necessary. The motion was approved without opposition.

Ryan Ackerman provided an update to the Joint Board regarding the National Disaster Resilience Competition. Of the total \$74,340,770 awarded to the City of Minot, \$20,975,000 was allocated for

reducing flood risk. The City of Minot has indicated that it intends to utilize this funding to acquire properties that are within the footprint of the Project, and the City of Minot has indicated that it intends to acquire three properties outside of the footprint of the Project, which may alter the configuration of the Souris River joint Board's preferred alternative. The three properties that will be acquired by the City of Minot will be the Moose Lodge neighborhood (Site 1), the Leite-Brekke neighborhood (Site 2), and the Kemper neighborhood (Site 4), as set forth in the board packet. Roger Sauer made a motion to adopt a revised footprint for the Mouse River Enhanced Flood Protection Project consistent with the City of Minot's National Disaster Resilience Competition application including the acquisition of Sites 1, 2, and 4 as specified by the City of Minot. Dan Jonasson seconded the motion. The motion passed without opposition.

Ryan Ackerman provided a report to the Joint Board regarding current activity for the StARR Program. David Ashley called upon Vern Kongsli to address the Joint Board regarding the StARR Program. Mr. Vern Kongsli indicated that he was appearing on behalf of Lynn, Justin, and himself. Mr. Kongsli provided written documents to the Joint Board, which are attached as Attachment C. Mr. Kongsli requested that the Joint Board revise the offer that was received by the Kongslies to be consistent with replacement cost.

Ryan Ackerman provided an update to the Joint Board regarding the Feasibility Study. Ryan Ackerman indicated that the Study was likely going to be completed within the three year timeline.

Jerry Bents provided an updated to the Joint Board regarding Phase 1 and Phase 5. Recent work has focused on right-of-way acquisition, design variation, environmental permitting, and wetland mitigation.

Jason Westbrook provided an update to the Joint Board regarding Phase 2 and 3 and Burlington. Jason Westbrook reported that the bulk of recent work was focused on the addendum to the environmental document. Barr has issued a 30% plan set for Burlington, and has been value-engineering the Burlington design.

Ryan Ackerman provided a legislative update to the Joint Board regarding Bill 1020, relating to water project appropriations, and Bill 1374, a policy bill. The House version of Bill 1020 authorizes up to \$180 million, and the Senate version authorizes up to \$193 million for the Project. Bill 1374 limits flood risk reduction projects to the 100-year event, so the Joint Board and its consultants are reaching out to legislators to carve out wording that will allow the Project to continue despite the 100-year event limitation currently set forth in Bill 1374.

The Joint Board discussed current basin conditions. David Ashley indicated that the Souris River is receding. Frank Durbian indicated that flooding has caused damage to infrastructure. Clif Issendorf reported that two bridges were lost in Bottineau County. Frank Durbian reported that additional water will be released in Canada. Roger Sauer thanked Frank Durbian and the U.S. Fish and Wildlife Service for the operational plan at Lake Darling, which worked phenomenal.

The Joint Board discussed the StARR administration. Clif Issendorf requested that StARR administrators provide a report on how the StARR Program is being administered at the next Joint Board meeting for review by the Joint Board.

There being no further business, the meeting was adjourned.



Jack Dwyer



3330 Fiechtner Dr. • Suite #102 • Fargo, ND 58103
PHONE: (701) 235-2040 EMAIL: Jack@NDwaterlaw.com

4-13-2017
Souris River Joint Water Resource Board
Public Meeting
Sign-in sheet

Clifford Assendorf

Dave Ashker

Roger Sauv

Jack Dwyer

Lynn R/Kongala

Lorinda Haman

Josh Wolsky

Vern Kongslie

Shelly Weppler

Tom Fay
Shannon STRAIGHT
Nancy Simpson

Maurice Joler

Tom Klein

DAVE SCHWENGLER

~~JERRY BENT~~

Jason Westbrock

Ryan Ackerman

Dan Jonasson } via phone
Sally Johnson }
Frank Dubois }

BCWRD

SRSB - MacGill

RLWRD

SRTB Dwyer law

Town Rancher

McHenry County - 15RB

The Minot Voice.com

Towner

Ward County Commission

Owe staff
City of Minot
City of Minot

NDW Comm

~~W~~ WCWRD

HOUSTON ENGINEERING

HOUSTON ENG

Aur

Ackerman - Estrada

FWS



Great Plains Regional Office
2525 River Road
Bismarck, ND 58503-9011
(701) 355-3500 • Fax (701) 355-3575
www.ducks.org

April 4, 2017

INVOICE # GPRO-DEFINV-2017-32

TO: Dave Ashley
Souris River Joint Board
PO Box 2599
Bismarck, ND 58502-2599

FROM: Ducks Unlimited, Inc.
2525 River Road
Bismarck, ND 58503-9011

FOR: Wetland Mitigation credits through the Ducks Unlimited – North Dakota In-Lieu Fee program approved by the Army Corps of Engineers.

Souris River Watershed:

- 3.50 reserved wetland credits

Total Due: \$238,000.00

Please make check payable to Ducks Unlimited, Inc. and send to the address listed above.

Thank you.

Dusty Zimmerman

Ackerman-Estovold Engineering

2-23-2017

My brothers and I would like to submit a value appeal to the SRJWB Committee for some of the offers that we received for our structures.

The first structure is the Single Family Residence (145423) which we feel that the appraiser has way too low of a replacement cost figure in his calculations. We are quoting from the documents sent to us previously from SRJWB in the following paragraph.

(Replacement Cost is defined as the cost of construction at current prices of a building having utility equivalent to the building being appraised, but built with modern materials and according to current standards, design, and layout.)

The appraiser's Unit Cost New was \$71.97 sq ft which is not even close to today's actual sq ft cost replacement cost. His final total replacement cost with the multiplier factor was \$134,858.51 without water and sewer.

We got an estimate from Rugby Lumber and the owner Jim Bower said it would be \$129 sq ft for this home. I have an estimate from him submitted with this appeal for \$218,268.00 which does not include sewer and water. There is no multiplier factors with this estimate either. If we add the 1.12 Developers Profit & Overhead Multiplier the final total replacement cost will be \$244,460.16 without water and sewer.

We also have an estimate from DLC Construction from Minot ND for \$130 sq ft for our home submitted with this appeal in the form of an email from the owner Lucas Brown. When you read his email estimate read from the bottom of sheet to the top to get the final correct estimate. In our first correspondence he thought we wanted a 4 ft foundation with a crawl space instead of a full basement. His total replacement cost with a full basement without water and sewer was \$219,960.00. If we add the 1.12 Developers Profit & Overhead Multiplier the final total replacement cost will be \$246,355.52 without water and sewer.

We got an estimate from K & R Contracting Minot ND and excavation for a new basement would be \$5500, 300 feet of water line installation would be \$2250, Basement slab would be \$13,956, 8 foot foundation using ICF (Insulated Concrete Forms) would be \$41,316, septic system would be \$10,000, and a new well would be \$6500 for a total of \$79,522.00 for a new basement for the home. We are submitting a copy of this estimate to show you that it is expensive to replace the basement, water, and sewer for this home and that your offer is way too low.

The home is 1692 sq ft for the main floor with 1692 sq ft for a full basement. The home just had new shingles and rain gutter installed in July of 2016. In the nineties my father had a contractor update the septic system and installed a 1500 gallon holding tank onto

the existing septic tank with two valves so that in case of a flood he could shut the drainfield off and store the sewage in the holding tank. In the nineties my father also built a new addition onto the home. A new entry door and storm door was also installed in the early 2000's. The home has been well maintained. The appraiser used a 40% depreciation factor which we feel should only be 20% and request that it be changed. You can see why we feel the SRJB's offer is too low. Also in your offer nothing has been mentioned about the sewer system for this home. The above estimates from DLC Construction and Rugby Lumber do not include the sewer system. The current sewer system would be at least \$13,000.00 to replace. We request the home sewer system be added to the main location values. I did request in the Administrative Appeal letter about this sewer system not being included.

The second structure we would like a revised offer from SRJB is the big two story red barn (149433). Again we feel the Unit Cost New figure used by the appraiser is too low. He used \$24.32 sq ft which should be \$34.32 sq ft. Also the barn has a full second story wooden floor which actually makes the sq ft 2800 sq ft of useable space. So we feel the sq footage should be increased and the price per sq ft should be increased. The barn has been well maintained with new shingles, doors, and paint. The appraiser used 60% depreciation factor which we feel should be 20%. This barn had an addition added on in 2007 and the appraiser used 30% depreciation factor which we feel should only be 10% for the addition.

The third structure we would like a revised offer is the Calving Barn at the south location (149432). The appraiser made the statement that this barn was built in the 1950's with an addition in 2005. That is not correct. The first half was built in 1985 with an addition in 2007 that doubled its size. We request that the depreciation factor be changed from 30% to 20%.

The fourth structure we would like a revised offer is the green and white barn or shed (148426). This building has been well maintained and is very good condition. The appraiser used 75% depreciation factor so we request it be changed to 25%.

The fifth structure we would like a revised offer is the shop (149431). The shop has been well maintained with a heated floor that is still working. We just installed a new walk in door December of 2016. The shop is fully finished and the appraiser used a 40% depreciation factor and we request that it be changed to 20%.

The next item we would like to appeal is the depreciation figure of 75% used in the calculation of the corrals, gates, windbreak, fountains, wells, and electric at the main location. These items have been maintained, updated, or replaced through the years and we request a 25% depreciation factor.

We request the same depreciation factor of 25% at all of the locations concerning the corrals, gates, windbreak, fountains, wells, and electric.

Vern, Lynn, and Justin Kongsli

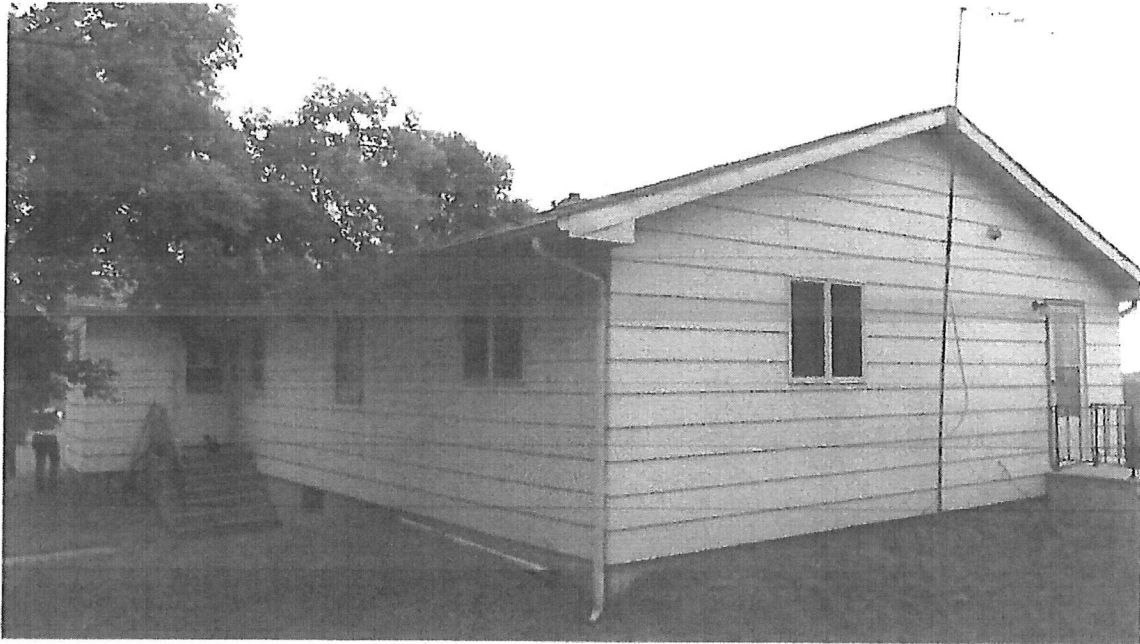
Vern Kongstie



Use: Barn

Description/Comments: This was built in the 50's with the addition in 2005. Portions have a concrete floor and other areas are dirt.

Structure ID	149433	
Section and Page	Section 17 Page 30	Section 17 Page 30
Class and Type	D - Average	S - Average
Unit Cost New	\$24.32	\$21.75
Current Cost Multiplier	0.96	0.98
Local Multiplier	1.03	1.07
Adjusted Base Cost	\$24.05	\$22.81
Total Size (SF)	1,400	1,128
Replacement Cost New	49000 \$33,667	25000 \$25,726
Developers Profit and Overhead	1.12	1.12
Total Replacement Cost New	54880 \$37,706.66	28000 \$28,813.51
Depreciation	60%	30%
Depreciated Replacement Cost	32928 \$22,624	8400 \$8,644
Remaining Value	21952 \$15,083	19600 \$20,169
Summation	\$35,252	41552



Use: Single Family Residence

Description/Comments: This house was built in 1963 with an add on in the 90's. A basement and new siding were also added in the 90's. The house is in good condition.

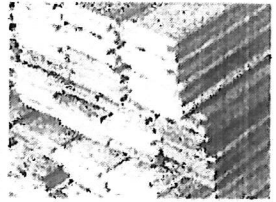
Structure ID	145423
Section and Page	Section 12 Page 25
Class and Type	D - Fair
Unit Cost New ⁷⁷	129 \$71.97
Current Cost Multiplier	0.96
Local Multiplier	1.03
Adjusted Base Cost	\$71.16
Total Size (SF)	1,692
Replacement Cost New	218268 \$120,409
Developers Profit and Overhead	1.12
Total Replacement Cost New	244460 \$134,858.51
Depreciation	40%
Depreciated Replacement Cost	97784 \$53,943
Remaining Value	146676 \$80,915

RUGBY LUMBER, INC. Estimate

Lumber & Building Supplies
Jim Bauer, Owner-Manager

PO Box 256 - Rugby, ND 58368
Phone 776-6000 • Fax 776-6251

LUMBER



Name: Vern Kongsle Date: 10-28-16
Address: Towner
Project: 30x56 + 8x9 entry Phone: _____

Replacement

Price for new Bldg Approximately \$ 219,000.00

1692 ft²

Ranch Home

Thanks!!
Jim Bauer

Vern

From: "Lucas Brown" <lucasbrown81@yahoo.com>
Date: Thursday, December 1, 2016 1:53 PM
To: <kong234@srt.com>
Subject: Re: House price

if that is the case the \$130/sf will cover the extra concrete work and excavation.

Lucas Brown
Project Superintendent
DLC Construction
4415 East Burdick Expressway
Minot, ND 58701
Phone (701) 837-0190
Fax (701) 837-0122
Cell (701) 729-8481

On Thursday, December 1, 2016 1:47 PM, "kong234@srt.com" <kong234@srt.com> wrote:

We would be looking at a full 8 ft basement with cement floor of 1692 sq ft in the basement or 30' by 55' with an entry of 9' by 8'. We also have a sump pit and drain tile completely around the outside footings. Thank you. Vern

----- Original Message -----

From: [Lucas Brown](#)
To: kong234@srt.com
Sent: Thursday, December 01, 2016 1:24 PM
Subject: Re: House price

That includes a 4' foundation with pea rock and sump pit.

Sent from Yahoo Mail on Android

On Thu, Dec 1, 2016 at 12:09 PM, kong234@srt.com
<kong234@srt.com> wrote:

I forgot to ask you if this price is just for the house part and does not include the basement. Vern

----- Original Message -----

From: [Lucas Brown](#)
To: kong234@srt.com
Sent: Thursday, December 01, 2016 8:36 AM
Subject: House price

Vern,

The average cost for a house with mid level finishes cost \$120-\$130/sf. This would put replacement cost around \$203,040.00-\$219,960.00. Let me know if you need

COST APPROACH

The Cost Approach estimates the value based upon the reproduction or the new replacement cost of the improvements, less accrued depreciation from physical, functional, and locational obsolescence, if any. To this is added the Market Value of the site, which is estimated at its Highest and Best Use.

The Cost Approach to value is based upon the principle of substitution. This is a valuation principle that states a prudent purchaser would pay no more for real property than the cost of acquiring an equally desirable substitute on the open market. The principle of substitution presumes that the purchaser will consider the alternatives available to him and that he will act rationally or prudently on the basis of his information about these alternatives, and that time is not a significant factor. Substitution may assume the form of the purchase of an existing property with the same utility or the acquiring of a vacant land and the building of a structure upon that lot having the same general utility as the property being appraised.

Replacement Cost is defined as the cost of construction at current prices of a building having utility equivalent to the building being appraised, but built with modern materials and according to current standards, design, and layout.

The use of the replacement cost presumably eliminates some forms of functional obsolescence and is utilized in this valuation.

Site Valuation is the first step in the Cost Approach to value, which is to estimate the value of the underlying land and excess land. However, in this case, the value of the land is not to be included.