

REPORT OF ACTION

UTILITY COMMITTEE

Project: N/A

Type: Effluent Reuse Facility Ownership Transfer-CRWUD & City of Fargo

Location: Water Reclamation Facility

Date of Hearing: 6-10-2026

<u>Routing</u>	<u>Date</u>
City Commission	<u>6-22-2026</u>
Project File	<u> </u>

Jim Hausauer, Water Reclamation Utility Director, presented the attached memo and Bill of Sale for ownership transfer of the Effluent Reuse Facility (ERF) located in the Fargo/Regional Water Reclamation Facility campus. The ND Soybean Processors (NDSP) constructed a soybean processing facility near Casselton, ND and utilize water & wastewater services from the City of Fargo and Cass Rural Water Users District (CRWUD). An executed Memorandum of Understanding (MOU) involved a three-party agreement between the NDSP, CRWUD and the City of Fargo. In the MOU, the City agreed to sell treated wastewater to CRWUD, and CRWUD will sell treated wastewater to NDSP for use at its soybean processing plant. The parties each agreed to perform certain obligations, including the financing, construction, operation, and maintenance of the infrastructure necessary for delivery of treated wastewater and for the return of plant wastewater to and from the soybean processing plant. Improvements necessary to satisfy the request include construction of an additional Effluent Reuse Facility (ERF) and a transmission pipeline to deliver water from the Fargo ERF and wastewater return pipeline from NDSP. CRWUD provided financing for the infrastructure improvements, with the NDSP repaying the debt. Now that start-up is complete, the ERF infrastructure will now be transferred/owned by the City of Fargo. The City agreed to allow CRWUD to construct the membrane treatment plant and the pumping station on property owned by the City, through a ground lease for these construction activities. The District was responsible for insuring the membrane treatment plant and pumping station through the start-up period. Following the start-up period, CRWUD will transfer ownership of the membrane treatment plant and pumping station to the City in exchange for payment of Ten Dollars (\$10.00). CRWUD will cooperate to enforce warranties and indemnities on behalf of the City. This ownership transfer will commence upon the effective date of the attached agreement.

On a motion by Troy Hall, seconded by Tom Knakmuhs, the Utility Committee voted to approve the Bill of Sale and ownership transfer of the Effluent Reuse Facility from Cass Rural Water Users District to the City of Fargo.

Recommended Motion

Concur with the Utility Committee recommendation to approve the Bill of Sale and ownership transfer of the Effluent Reuse Facility from Cass Rural Water Users District to the City of Fargo.

COMMITTEE:	Present	Yes	No	Unanimous	X
					X
					Proxy

Denise Kolpack, City Commissioner					
Susan Thompson, Finance Director	X	X	Virtual		
Brian Ward, Water Plant Superintendent					
Mark Miller, Water Reclamation Plant Supt.	X	X			
Bruce Grubb, Temp. PT City Administrator	X	X			
Vacant, City Forester					
Scott Olson, Solid Waste Utility Director	X	X			
Jim Hausauer, Water Reclamation Utility Dir.	X	X			
Troy Hall, Water Utility Director	X	X			
Ben Dow, Public Works Operations Director	X	X	Virtual		
Tom Knakmuhs, City Engineer	X	X			
Dan Portlock, Water Utility Engineer	X	X			
Brenda Derrig, Asst. City Administrator					

ATTEST:

Jim Hausauer
Water Reclamation Utility Director

C: Mayor Mahoney
Commissioner Strand
Commissioner Piepkorn
Commissioner Turnberg



Memorandum

June 10th, 2026

To: Utility Committee
From: Jim Hausauer, Water Reclamation Utility Director 
RE: Effluent Reuse Facility-Ownership Transfer
Cass Rural Water Users District & City of Fargo

Background

The ND Soybean Processors (NDSP) have constructed a soybean processing facility near Casselton, ND and utilize water & wastewater services from the City of Fargo and Cass Rural Water Users District (CRWUD). An executed Memorandum of Understanding (MOU) involved a three-party agreement between the NDSP, CRWUD and the City of Fargo. In the MOU, the City agreed to sell treated wastewater to CRWUD, and CRWUD will sell treated wastewater to NDSP for use at its soybean processing plant. The parties each agreed to perform certain obligations, including the financing, construction, operation, and maintenance of the infrastructure necessary for delivery of treated wastewater and for the return of plant wastewater to and from the soybean processing plant. Improvements necessary to satisfy the request include construction of an additional Effluent Reuse Facility (ERF) and a transmission pipeline to deliver water from the Fargo ERF and wastewater return pipeline from NDSP. CRWUD provided financing for the infrastructure improvements, with the NDSP repaying the debt. Now that start-up is complete, the ERF infrastructure will now be transferred/owned by the City of Fargo.

Ownership Transfer

CRWUD agreed to construct the project, including a membrane treatment plant and a treated wastewater pump station. The City agreed to allow CRWUD to construct the membrane treatment plant and the pumping station on property owned by the City, through a ground lease for these construction activities. The District was responsible for insuring the membrane treatment plant and pumping station through the start-up period. Following the start-up period, CRWUD will transfer ownership of the membrane treatment plant and pumping station to the City in exchange for payment of Ten Dollars (\$10.00). CRWUD will cooperate to enforce warranties and indemnities on behalf of the City. This ownership transfer will commence upon the effective date of the attached agreement.

Recommended Motion

Approve the attached Bill of Sale between Cass Rural Water User District and the City of Fargo for the purposes of ownership transfer of the Effluent Reuse Facility to the City of Fargo.

BILL OF SALE

THIS BILL OF SALE is made this _____ day of _____, 2026, by and between the Cass Rural Water Users District, a North Dakota political subdivision, whose post office address is 131 Maple Street, P.O. Box 98, Kindred, North Dakota 58051 (the "District"); and the City of Fargo, a North Dakota municipal corporation, whose post office address is 225 4th Street North, Fargo, North Dakota 58102 (the "City").

RECITALS

A. The District and the City entered into a Memorandum of Understanding, dated August 29, 2022 (the "MOU"), with North Dakota Soybean Processors, LLC ("NDSP"), for the construction and operation of infrastructure to supply treated wastewater to NDSP and to treat wastewater return flow from NDSP (the "Project").

B. Capitalized terms in this Bill of Sale that are not otherwise defined will have the meanings set forth in the MOU.

C. As part of the MOU, the District agreed to construct a Membrane Treatment Plant and Treated Wastewater Pumping Station (collectively, the "Effluent Reuse Facility") on real property owned by the City, and leased to the District through a Ground Lease dated October 31, 2022 (the "Ground Lease"), in the location identified in **Exhibit A**.

D. Following the completion of construction and Start-up, the parties agreed that the District would transfer ownership and insurance, operation, and maintenance responsibilities of the Effluent Reuse Facility to the City and that the Ground Lease would terminate.

E. The District and the City agree that construction and Start-up have reached successful completion and now desire to transfer ownership and insurance, operation, and maintenance responsibilities of the Effluent Reuse Facility to the City and to terminate the Ground Lease in accordance with the terms of the MOU.

In consideration of the mutual covenants contained in this Bill of Sale, and other good and valuable consideration, the receipt and sufficiency of which the Parties acknowledge, the Parties agree as follows:

AGREEMENT

1. Start-up and Final Completion. The District remained responsible for all utility payments for the Effluent Reuse Facility through the effective date of Start-up and the six-month Start-up period; the parties agree successful Start-up occurred on October 22, 2024, and the successful six-month Start-up period was completed on April 22, 2026 (the "Start-up Completion Date"). Final completion of the Effluent Reuse Facility, including final inspection and acceptance, was on June 11, 2025. The parties agree Start-up was successfully completed under Section 3.1.1 of the MOU, allowing for the District's sale of the Effluent Reuse Facility to the City.

2. Purchase. The District hereby sells, and the City hereby purchases, the Effluent Reuse Facility constructed as a part of the Project and pursuant to the MOU. The District has delivered the Effluent Reuse Facility to the City, and the City hereby assumes ownership and insurance, operation, and maintenance responsibilities regarding the Effluent Reuse Facility. The District retains no on-going obligations with respect to the Effluent Reuse Facility aside from remitting remaining debt service payments pledged to obligations issued for construction of the Effluent Reuse Facility. The City was responsible for all utility payments regarding the Effluent Reuse Facility beginning on the Start-up Completion Date. The Effluent Reuse Facility is, as of the effective date of this Bill of Sale, not subject to any mortgages, liens, or encumbrances.

3. Assignment of Warranties. With the sale of the Effluent Reuse Facility to the City, the District hereby assigns any and all existing contractor or vendor warranties for the Effluent Reuse Facility, or any components thereof, to the City to the extent permissible under such contractor and vendor agreements. The District is not currently pursuing any rights or remedies against a contractor or vendor available to it under a respective agreement or under applicable law; in the event the City concludes pursuit of any rights or remedies is necessary, the District will provide reasonable assistance.

4. Purchase Price. The purchase price for the Effluent Reuse Facility is Ten and No/100 Dollars (\$10.00), receipt of which is acknowledged by the District.

5. Ground Lease Termination. The parties agree that the Ground Lease is hereby terminated and that neither party owes any outstanding obligations to the other under the Ground Lease.

6. Acknowledgment. The District and the City acknowledge that they have the full authority and approval to execute this Bill of Sale.

7. MOU. The parties agree that this Bill of Sale satisfies the District's obligations set forth in Section 3.1.1 regarding the Effluent Reuse Facility and that the District has no remaining obligations to the City regarding the Effluent Reuse Facility under the MOU. The parties additionally agree and acknowledge that the MOU remains in full force and effect.

8. Severability. If any court of competent jurisdiction declares any provision or part of this Bill of Sale invalid or unenforceable, all remaining terms and provisions of this Bill of Sale will remain binding and enforceable. The parties, however, will reconvene good faith negotiations and will reform or replace any invalid, illegal, or unenforceable provision or portion of the Bill of Sale with an alternative provision that is enforceable and bears as close resemblance as possible to any provision determined invalid, illegal, or unenforceable.

9. Headings. Headings in this Bill of Sale are for convenience only and will not be used to interpret or construe its provisions.

10. Interpretation. This Bill of Sale will be construed as if prepared by both parties.

11. Effective Date. This Bill of Sale will become effective on the date of execution by the last party to sign.

12. Governing Law. This Bill of Sale will be construed and enforced in accordance with North Dakota law. Any litigation arising out of this Bill of Sale will be venued in North Dakota State District Court in Cass County, North Dakota. The parties waive any objection to personal jurisdiction or venue, and neither party can or will assert the law of any other state, country, or jurisdiction to avoid liability or to challenge jurisdiction or venue.

(Signatures appear on the following pages.)

*Cass Rural Water Users District
City of Fargo
Bill of Sale – NDSP Effluent Refuse Facility*

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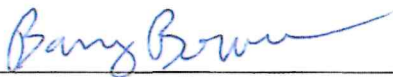
IN WITNESS WHEREOF, the Parties executed this Bill of Sale on the date written above.

CASS RURAL WATER USERS DISTRICT



Todd Ellison, President

ATTEST:



Barry Bowman, Secretary

Approved: 5-28, 2026

***Cass Rural Water Users District
City of Fargo
Bill of Sale – NDSP Effluent Refuse Facility***

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CITY OF FARGO

Timothy J. Mahoney, Mayor

ATTEST:

Susan Thompson, City Auditor

Approved: _____, 2026

Exhibit A

Map of Effluent Reuse Facility

