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Item No. 12

August 04, 2015

435534.D3.33.10.5A

Diversion Board of Authority
Attn: Bruce Grubb
200 3rd Street North
Fargo ND 58102

Diversion Board of Authority
Attn: Keith Berndt
211 9th Street S
Fargo, ND 58108-2806

Subject: **Task Order No. 5, Amendment No. 2**
Pre-Project Partnership Agreement (PPA) Technical, Public Outreach, and Land Support Services

Gentlemen:

Activities related to the Public Private Partnership (PPP) delivery of the Diversion Project through a Split Delivery model are ramping up. Interest in the PPP delivery by potential bidders is increasing, as evidenced by the recent meeting requests from interested contractors and financial firms. Good initial progress was made with the USACE Technical teams in the July 20-22 meeting in Minneapolis, but as you know, resolution of several key enablers and issues must be realized, and significant work with the technical teams and on the procurement process must be completed before the Authority is ready to implement the project using the PPP model.

Attached is a draft of Amendment No. 2 for Task Order No. 5 from August 2015 through February 2016. The need for an amendment at this time is due to the increased level of support that the Diversion Authority needs to advance the PPP for the approximately \$1B split-delivery of the Project. This amendment also reflects the higher level of effort required to support increased activities since WRRDA and project authorization, including the development of the PPA Framework Plan, and negotiation of the Project Partnership Agreement (PPA) with the Corps. In keeping with the previous approach to the task order, the compensation is on a lump sum per month basis and the scope allows for flexibility to adapt to changes in project needs and requests from the Diversion Authority.

Two new scope activities are identified in the amendment. The first is to update and provide financial information to Ernst & Young, the Authority's Financial Advisor. This includes updating the cost estimate to reflect 2015 dollars, as well as reflect the change in delivery model to PPP for the Authority's portion of the split delivery. The cost-loaded schedule also needs to be revised to reflect the PPP delivery. An accurate cost-loaded schedule is required to provide cash flows to Ernst & Young for input into their financial model. The financial model results will drive the timing and types of funding required to deliver the project, and is key to developing the financial and procurement strategy for the PPP.

The second scope activity in the amendment is required to provide assistance with developing the PPP procurement support documents, including issuing a Notice of Intent (NOI), and working with the USACE staff to define the performance, prescriptive, and regulatory specifications. Increased level of effort to assist in the development of the PPA Framework Plan, and participate in the negotiation of the PPA with the Corps

is included, as well as efforts to develop the PPP Procurement strategy, selection criteria, and schedule. Draft content for the Request for Qualifications (RFQ), and Request for Proposals (RFP) will also be developed, and the coordination and content for educational and informative sessions with key stakeholders will be provided as required. The scope also includes coordination of technical work by HMG (a new Task Order 19 – PPP Document Preparation Support, is being concurrently presented to the Authority Board for consideration) and the Corps to support the PPP procurement.

This amendment will allow for 1) increased support from existing part-time staff such as Martin Nicholson (who has recently increased to essentially full time), Tom Waters, Matt Chiller, and Rod Brauer; 2) engagement of our cost estimating group; and 3) addition of two full time Fargo-based staff.

The table below shows the estimated allocation of the monthly billing changes for Task Order 5.

Scope Item Description	Existing Task Order 5 Budget (\$/mo)	Proposed Task Order 5 Budget (\$/mo)
Task Order 5	\$310,000	\$425,000
A. Program Services	\$17,000	\$32,000
B. Technical Support Services	\$195,000	\$270,000
C. Legislative Support Services	\$18,000	\$43,000
D. Public Outreach Support Services	\$75,000	\$75,000
E. Land Support Services	\$5,000	\$5,000

Land acquisition support remains the same for the Diversion Authority Contract. We are also submitting an amendment to the CCJWRD Board for Task Order No. 1, Land Acquisition Management Support Services, for a person to support property management and other land activities (Coldwell-Banker's existing property management contract is being terminated).

Please let us know when you would like to discuss and we can move these forward for the August Finance Committee meeting.

Sincerely,

CH2M HILL Engineers, INC.

Thomas J. Helgeson
Vice President and Area Manager

Bruce J. Spiller, P.E.
Program Manager

Attachments: Task Order No. 5, Amendment 2

Copies:

Mark Brodshaug/CCJWRD

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AMENDMENT NO. 2
to
CH2M HILL Task Order No. 5
Diversion Board of Authority
Metro Flood Diversion Project
Pre-Project Partnership Agreement (PPA) Program, Technical, Legislative Support, Project Implementation, Public Outreach, and Land Support Services

This Amendment No. 2 is to CH2M HILL's Task Order No. 5, Pre-Project Partnership Agreement (PPA) Program, Technical, Legislative Support, Project Implementation, Public Outreach, and Land Support Services for the Fargo-Moorhead Metro Flood Diversion Project.

The purpose of this Amendment is to increase the scope and budget for services under Task Order No. 5, as described in this Amendment.

1. Modify the Scope of Services as follows:
 - a. Subtask 5.B.6: ADD the sentence: "Develop and provide projected program cost estimates and cash flows to the Owner's Financial Advisor, and provide assistance to Owner's financial staff on budget reporting".
 - b. Subtask 5.D: ADD the sentences: "Develop, in conjunction with Owner's Legal and Financial Advisors, Public Private Partnership (PPP) procurement support documents, including issuing a Notice of Intent (NOI) and working with the USACE staff to define the performance, prescriptive, and regulatory specifications. Assist in the development of the PPA Framework Plan, and participate in the negotiation of the PPA with the USACE. Develop the PPP Procurement strategy and schedule, including preparation of draft content for the Request for Qualifications (RFQ), and Request for Proposals (RFP). Participate in educational and informative sessions with key stakeholders as requested.
2. Modify the Scope not included in this Task Order as follows: Add the following: Development of Final RFQ and RFP procurement Documents and managing the PPP Procurement process is not included and will be covered in future Task Orders once the Authority decides to move forward with the PPP Procurement.
3. Modify the Time for Rendering Services as follows: no change
4. Modify the Payments to ENGINEER as follows:
 - a. Total Compensation and Budget –
 - i. Monthly Rate – Change \$310,000 to \$425,000.
 - ii. Increase Budget by "\$805,000."
5. Other Modifications to the Agreement: no change.

This Amendment and the services covered by this Amendment will be performed in accordance with the Provisions and any attachments or schedules of the Agreement. This Amendment will become a part of the referenced Agreement when executed by both parties.

Diversion Board of Authority:

CH2M HILL ENGINEERS, INC.:

Signature _____
Name Darrell Vanyo
Title Chairman
Date _____

Signature _____
Name Thomas J. Helgeson
Title Vice President and Area Manager
Date _____