

**FLOOD DIVERSION FINANCE COMMITTEE
DECEMBER 20, 2017—8:00 AM**

1. MEETING TO ORDER

A meeting of the Flood Diversion Finance Committee was held on Wednesday, December 20, 2017, at 8:00 AM in the River Room, Fargo City Hall, with the following present: Fargo Finance Director Kent Costin; Fargo City Commissioner Tony Grindberg; Moorhead City Councilman Chuck Hendrickson; Clay County Auditor/Treasurer Lori Johnson; Cass County Auditor Mike Montplaisir; Cass County Joint Water Resource District Vice Chairman Rodger Olson; Fargo City Assistant Administrator Mike Redlinger; Cass County Commissioner Rick Steen; and Cass County Commission Representative Darrell Vanyo. Cass County Joint Water Resource District Chairman Mark Brodshaug; Fargo City Commissioner Tony Gehrig; Fargo City Mayor Tim Mahoney; and Moorhead Finance Director Wanda Wagner were absent.

Eric Dodds, AE2S; Robert Cowen, CH2M; Martin Nicholson, CH2M; and John Shockley, Ohnstad Twichell were also present.

2. APPROVAL OF MINUTES FROM PREVIOUS MEETING

MOTION, passed

Mr. Steen moved and Mr. Vanyo seconded to approve the minutes from the December 13, 2017, meeting as presented. Motion carried.

3. APPROVAL OF BILLS

Mr. Grindberg asked if the bill from the North Dakota Water Users Association is typical. Mr. Redlinger said the Diversion Authority has paid yearly membership dues to the organization for the past several years.

MOTION, passed

Mr. Costin moved and Mr. Montplaisir seconded to approve the bills in the amount of \$4,223,013.22 and to forward them to the Metro Flood Diversion Authority. On roll call vote, the motion carried unanimously.

4. FINANCIAL UPDATE

Mr. Costin reviewed the financial statement for November. About \$73.7 million has been expended from the FY 2017 budget, and the total disbursed for the project to date is \$406,060,478. The net position is \$70.0 million.

Mr. Steen said the Financial Report shows a breakdown of yearly revenues per entity. In 2016, revenues from Cass County were about \$111.7 million, which includes a \$100 million loan. Mr. Steen asked if the City of Fargo also took out a loan during this time. Mr. Costin said the City of Fargo took out a \$50 million loan but yearly revenues do not clearly show this. Mr. Costin will look further into the matter to provide additional information.

Mr. Montplaisir asked if the City of Fargo will turn back an additional \$50 million they have yet to draw on. Mr. Costin said at this time they will not. Mr. Costin is hesitant to collapse this source of funding without knowing if operations will ramp up again in the near future.

Mr. Olson arrived for the remainder of the meeting.

Mr. Steen said the FY 2017 Summary Budget Report outlines several budget categories that are only partially expended and have large outstanding encumbrances listed. Robert Cowen of CH2M said many of the outstanding encumbrances go beyond the physical year and will be shifted into the 2018 budget.

MOTION, passed

Mr. Vanyo moved and Mr. Steen seconded to approve the Financial Statement for November as presented. Motion carried.

5. PMC UPDATE

Robert Cowen of CH2M reviewed the Program Management Consultant (PMC) report, including the overall program status and the FY 2017 cash budget.

There was discussion on the overall program budget and how the budget categories may change based on the recommendations of the Governors' Task Force and the decisions of the Diversion Authority.

Martin Nicholson of CH2M said the design costs are indeterminate at this time and are largely managed by the US Army Corps of Engineers. As such, the separate entity is in charge of managing the costs that the Diversion Authority will incur and be responsible for paying.

Mr. Steen asked who would pay for additional design fees as it is his understanding that the Diversion Authority has already paid the required matching funds to the Corps. Mr. Nicholson said once recommendations from the task force are known cost estimates can be concluded and alternate sources of revenues can be studied.

Mr. Montplaisir asked how additional costs may affect the cost benefit ratio for the project. Mr. Dodds said the changes will most likely be considered betterments, which are not eligible for federal funds.

Mr. Vanyo said he understands the sense of urgency to act following the work and recommendations of the task force. However, at this point in the project revenue streams should be identified before moving forward and there should be a concrete answer on whether or not the project will get the necessary permit.

Attorney John Shockley said the P3 market will also want to know how the project will be funded before moving forward.

6. CROWN APPRAISALS MASTER SERVICES AGREEMENT

Mr. Dodds said a Master Services Agreement between Crown Appraisals and the Diversion Authority was drafted to remain consistent with similar agreements with other entities. It is necessary to authorize the agreement to move ahead with a task order for Crown Appraisals.

Mr. Vanyo asked if four proposals were received for the appraisal work. Mr. Dodds said yes. Proposals were received around the time of the injunction and Crown Appraisals was a clear front runner due to creative solutions for valuing flowage easements. Crown Appraisals proposed building a model based on hard data gathered from around the country. Hopefully, the approach will ultimately result in cost savings with fewer condemnations.

MOTION, passed

Mr. Montplaisir moved and Mr. Vanyo seconded to approve the Master Agreement for Professional Services with Crown Appraisals, Inc. as presented, and to forward the recommendation to the Metro Flood Diversion Authority. On roll call vote, the motion carried unanimously.

7. RECOMMENDED CONTRACTING ACTIONSTask Order

- Crown Appraisals, Inc.—Phase 1 of flowage easements valuation in the amount of \$500,000.

Mr. Dodds said as the staging area is no longer known this appraisal work has been divided into two phases. This task order will authorize Phase 1, which includes building data into a database and regression model. Phase 2 will include utilizing the results from Phase 1 to streamline individual valuation reports.

Mr. Olson asked if additional costs are anticipated. Mr. Dodds said yes. The original scope of work was estimated to cost \$750,000 for both phases. Without knowing where the staging area is, it is difficult to estimate what the final cost will be. Mr. Dodds anticipates that Phase 2 will most likely be upwards of \$250,000.

There was discussion on the methods that will be used by Crown Appraisals to value land, which will be based on productivity and market data.

MOTION, passed

Mr. Olson moved and Mr. Montplaisir seconded to approve the appropriation of funds for the outlined task order as presented, and to forward the recommendation to the Metro Flood Diversion Authority. On roll call vote, the motion carried unanimously.

Mr. Cowen reviewed the following contracting actions:

Change Orders

- Industrial Builders, Inc. (2nd Street N, north of pump station)—final unit price quantity balancing; add fiber optic conduit and cable; add sidewalk traffic control; and add vibration monitoring in the amount of \$6,875.42.
- Meyer Contracting (OHB Ring Levee)—incorporate previously approved work change directives; add additional borrow pit stripping; add additional utility removals, protection, relocations and damage repair; and add temporary access road in the amount of \$508,207.56.
- Industrial Builders, Inc. (2nd Street N Pump Station)—modify lubrication system; add submersible transducer; and furnish track rack guides in the amount of \$12,898.48.

MOTION, passed

Mr. Costin moved and Mr. Hendrickson seconded to approve the appropriation of funds for the outlined change orders as presented, and to forward the recommendations to the Metro Flood Diversion Authority. On roll call vote, the motion carried unanimously.

8. **PROPOSED 2018 BUDGET**

Mr. Cowen said four budget categories were adjusted in the FY 2018 proposed budget due to funds being expended in the FY 2017 budget or pushed into the FY 2018 budget. The total net change from the draft budget that was presented at the previous meeting is an additional \$38,000.

9. **2018 MEETING SCHEDULE**

Mr. Grindberg said the proposed 2018 meeting schedule for this committee is to meet on Tuesdays at 12:30 PM. Scheduling is based on room availability and an attempt to schedule all committee meetings back to back.

Mr. Grindberg said he is not in favor of the meeting time and would like to keep the January meeting on Wednesday at 4:00 PM as he is unavailable for the newly proposed meeting day and time in January.

Mr. Redlinger said other rooms may be considered in order to keep the current day and time for 2018.

10. **NEXT MEETING**

The next meeting is scheduled for January 17th at 4:00 PM.

11. **ADJOURNMENT**

MOTION, passed

On motion by Mr. Steen seconded by Mr. Hendrickson and all in favor, the meeting was adjourned at 8:56 AM.