

**FLOOD DIVERSION FINANCE COMMITTEE  
FEBRUARY 21, 2018—4:00 PM**

**1. MEETING TO ORDER**

A meeting of the Flood Diversion Finance Committee was held on Wednesday, February 21, 2018, at 4:00 PM in the River Room, Fargo City Hall, with the following present: Cass County Commissioner Vern Bennett; Fargo Finance Director Kent Costin; Fargo City Commissioner Tony Gehrig; Fargo City Commissioner Tony Grindberg; Moorhead City Councilman Chuck Hendrickson; Cass County Auditor Michael Montplaisir; Fargo City Assistant Administrator Michael Redlinger; Cass County Commissioner Rick Steen; and Moorhead Finance Director Wanda Wagner. Cass County Joint Water Resource District Chairman Dan Jacobson; Clay County Auditor/Treasurer Lori Johnson; and Fargo City Mayor Tim Mahoney were absent.

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

**2. APPROVAL OF MINUTES FROM PREVIOUS MEETING**

*MOTION, passed*

**Mr. Montplaisir moved and Mr. Costin seconded to approve the minutes from the January 17, 2018, meeting as presented. Motion carried.**

**3. APPROVAL OF BILLS**

*MOTION, passed*

**Mr. Steen moved and Mr. Gehrig seconded to approve the bills in the amount of \$1,785,315.71 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 January. About \$4.1 million has been expended from the FY 2018 budget, and the total disbursed for the project to date is \$419,891,691. The net position is \$69.0 million.

Mr. Bennett asked for an explanation of a vendor payment to NDSU for Ag Risk Study Services. Eric Dodds of AE2S said this expenditure is for a study that looks at the impacts of the diversion project on farm revenues. The original study was done in 2014 with a subsequent update by the water commission. Another study is also underway but has been put on hold for the time being.

Mr. Costin asked for clarification on a \$154,505 expenditure to Houston-Moore Group for permit submittal in January. Robert Cowen of CH2M said this expenditure is related to support for the Governors' Task Force, and similar expenditures may begin to show up on the expenses summary over the next few months.

Mr. Hendrickson asked if a detailed account of activities related to program management for CH2M is available. Martin Nicholson of CH2M said detailed invoices are submitted each month during the billing process but this committee generally only sees a summary of invoices paid. The detailed invoices can be provided.

## 5. **PMC UPDATE**

Mr. Cowen reviewed the Program Management Consultant (PMC) report, including the overall program status and the FY 2018 cash budget.

Mr. Steen said the overall program budget of \$2.2 billion has not changed since 2015. Mr. Steen asked when it will be appropriate to update this number, with the understanding that current circumstances prevent any updates at the moment.

Mr. Redlinger said high level work on the matter is being done at this time and revised numbers may be available in March or April. The southern alignment will be identified before moving forward with detailed updated budget numbers.

Mr. Dodds cautioned that various budget numbers are beginning to be reported in the media without basis.

Mr. Nicholson said high level costs are needed before a more detailed budget will become available. Once a plan is finalized for the southern alignment a better estimate can be created. Initial estimates will be conservative.

## 6. **RECOMMENDED CONTRACTING ACTIONS**

Mr. Cowen reviewed the following contracting action:

### Change Order

- Meyer Contracting (OHB Ring Levee)—add additional project components; add price adjustment due to changed conditions; relocate utility lines and stock piles to avoid construction conflicts; add additional drainage grading; add expedited freight charges; and add 6.5 days to Milestone 8 in the amount of \$38,822.49.

### ***MOTION, passed***

**Mr. Montplaisir moved and Mr. Hendrickson seconded to approve the appropriation of funds for the outlined change order with Meyers Contracting as presented, and to forward the recommendation to the Metro Flood Diversion Authority. Discussion: Mr. Montplaisir asked how much work is left to be completed in Oxbow. Mr. Cowen said among other things, two to three miles of ring levee need to be constructed, in addition to a road raise, the park relocation, and wetland mitigation. On roll call vote, the motion carried unanimously.**

## 7. **TECHNICAL AND POLICY GROUP UPDATES**

Mr. Redlinger said the technical and policy groups continue to meet and meetings are productive, but there is no breakthrough on the final alignment at this time.

The MN DNR appears to be more positive about piecing out the permit process to the benefit of the Diversion Authority and the DNR.

Mr. Montplaisir asked if the MN DNR will commit to a timeline for the permitting process. Mr. Redlinger said an expedited process will be requested.

8. **OTHER BUSINESS**

Project financing

Mr. Steen asked if updated financial modeling will be available in the near future as several factors have affected the financial model as it currently stands, including a decrease in sales tax revenues and the effects of the federal tax bill, which has increased the price of tax exempt debt.

Mr. Steen said despite forthcoming additional project costs, local financing is not as high as previously modeled. Attorney John Shockley the next financing model will use the lower sales tax growth and higher debt costs, reflecting the need for additional funding from additional sources.

Mr. Grindberg said hopefully Minnesota and the federal government will assist with project costs, but a guaranteed project is needed before other entities will consider contributing.

9. **NEXT MEETING**

The next meeting is scheduled for March 21<sup>st</sup> at 4:00 PM.

10. **ADJOURNMENT**

***MOTION, passed***

**On motion by Mr. Steen seconded by Mr. Costin and all in favor,  
the meeting was adjourned at 4:25 PM.**

Minutes prepared by Brielle Edwards, HR Assistant