

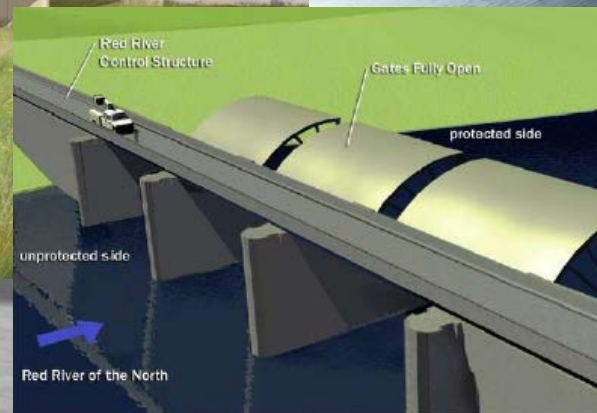
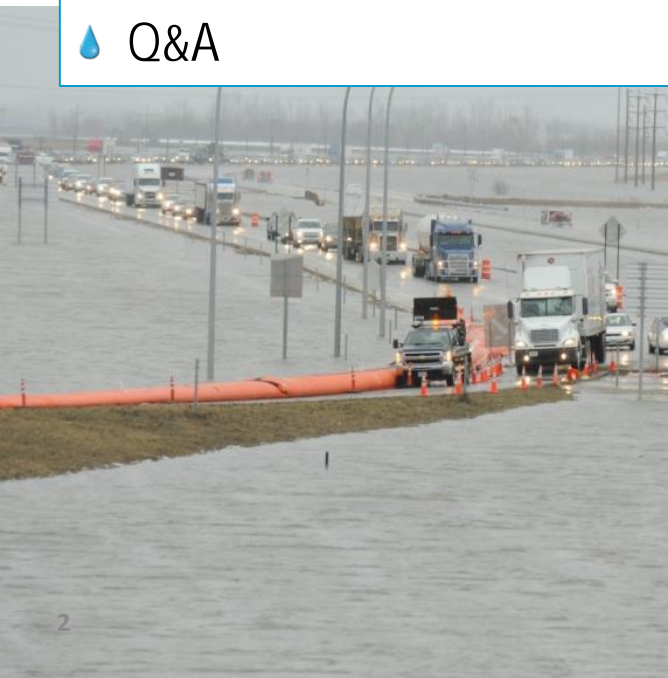
Fargo-Moorhead Metro Area Diversion Project P3

Industry Day Presentation

June 7, 2016

Presentation Agenda

- Background, Flood History, and Project Need
- USACE Perspective and Gated Inlet Structure Project
- Financial Plan Overview
- Project Features and Operations
- Enabling Agreements
- P3 Procurement Process
- Q&A





Background, Flood History & Project Need

Red River Basin

North
Dakota

North
Dakota

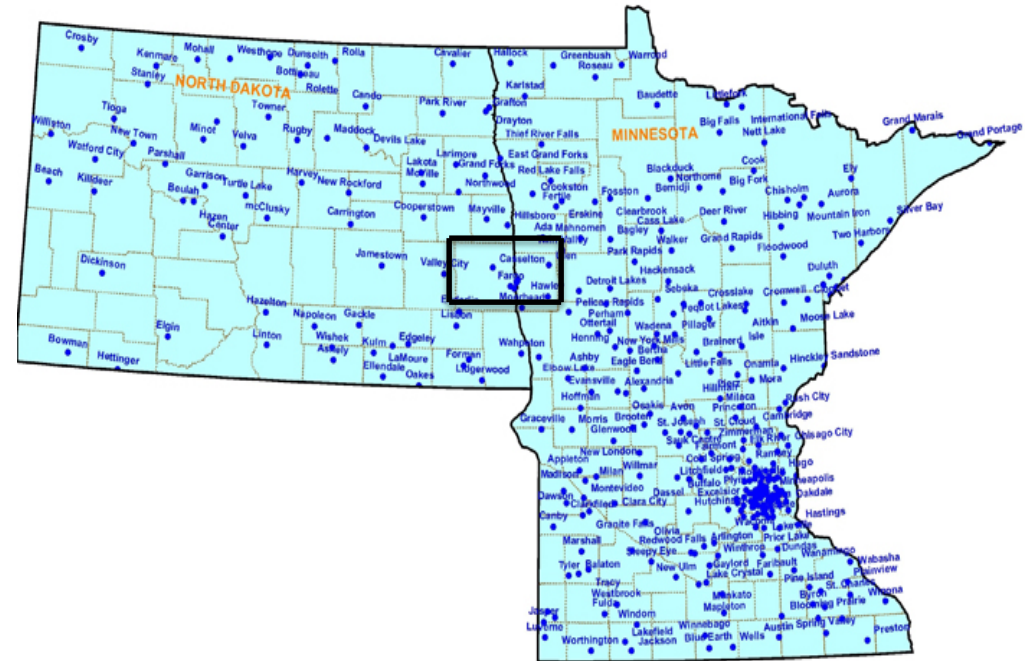
South
Dakota



Who is the Diversion Authority?

💧 Diversion Authority (DA)

- *Fargo, North Dakota*
- *Cass County, North Dakota*
- *Cass County Joint Water Resource District (North Dakota)*
- *Moorhead, Minnesota*
- *Clay County, Minnesota*



Water Everywhere



Moorhead, MN & Fargo, ND

Transportation Challenges

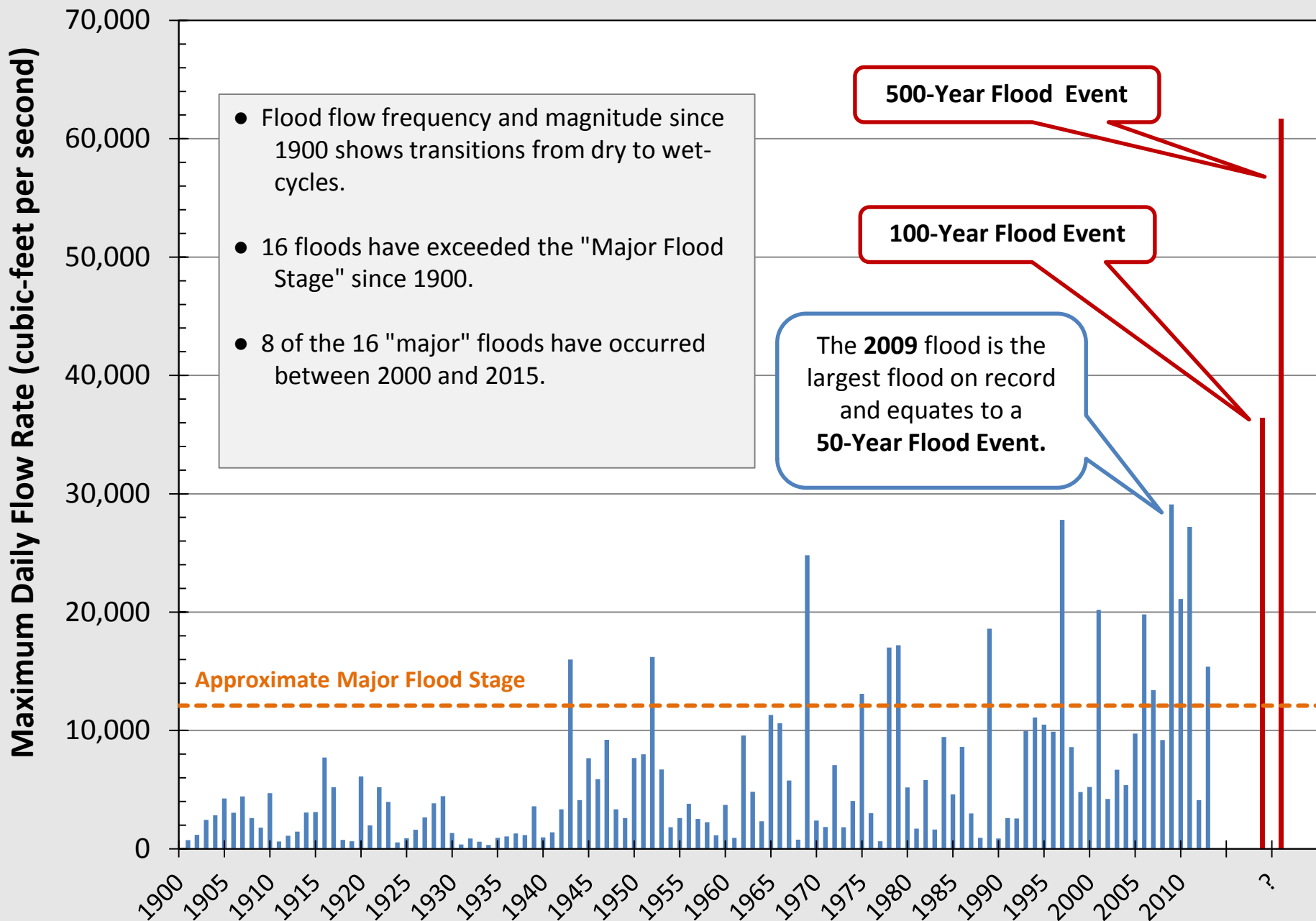


Interstate 29

Closed April 10. Reopened April 15, 2011.

Detour added = 22.8 miles

Red River of the North at Fargo, North Dakota



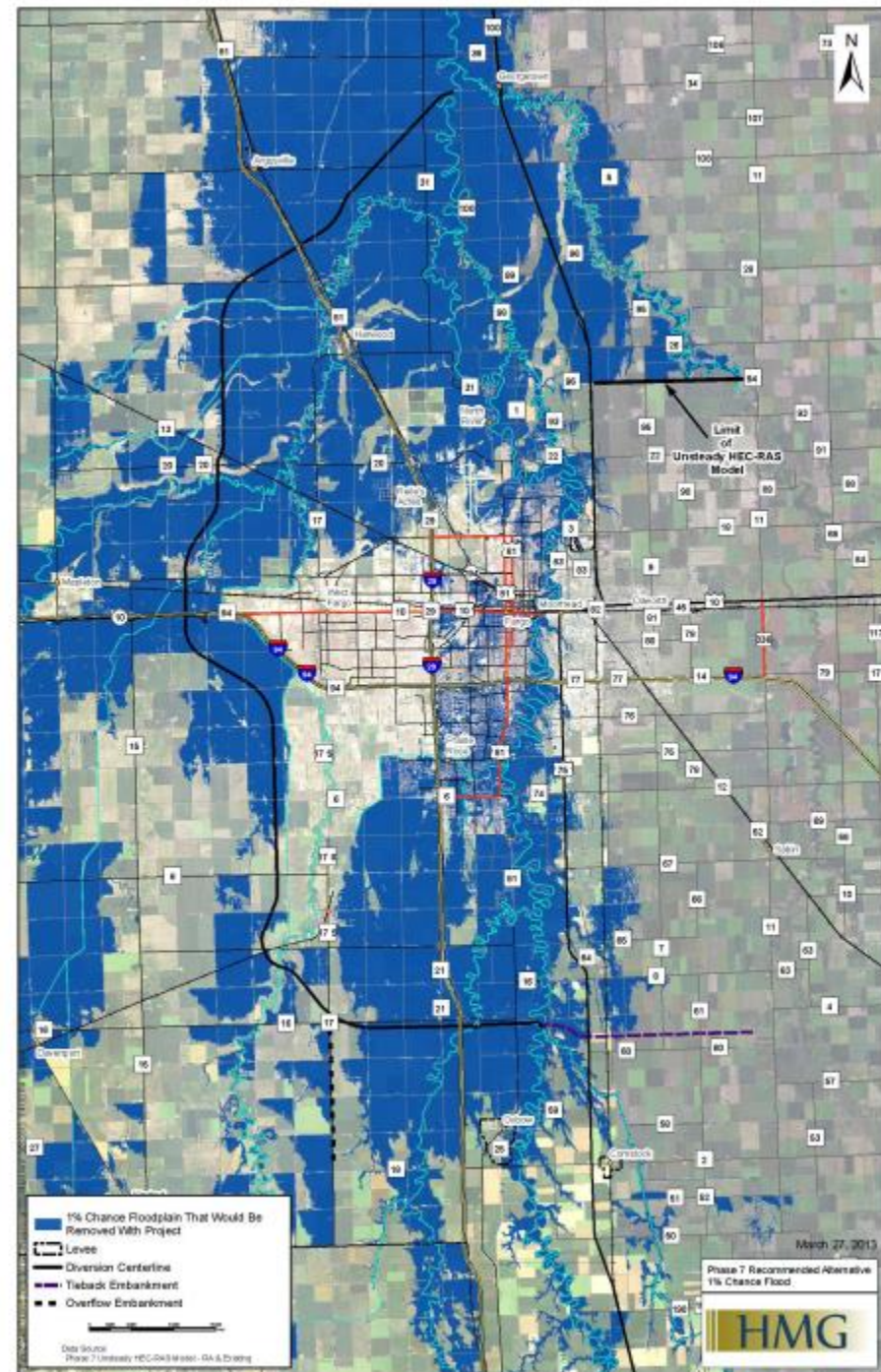
Diversion Projects Have Proven Success

- 💧 Red River Diversion Project in Winnipeg in place since 1969
 - *Was recently expanded from 90-year flood protection to 700-year flood protection*
 - *Has operated more than 20 times since its completion*
 - *Has prevented \$32 billion in flood damages*



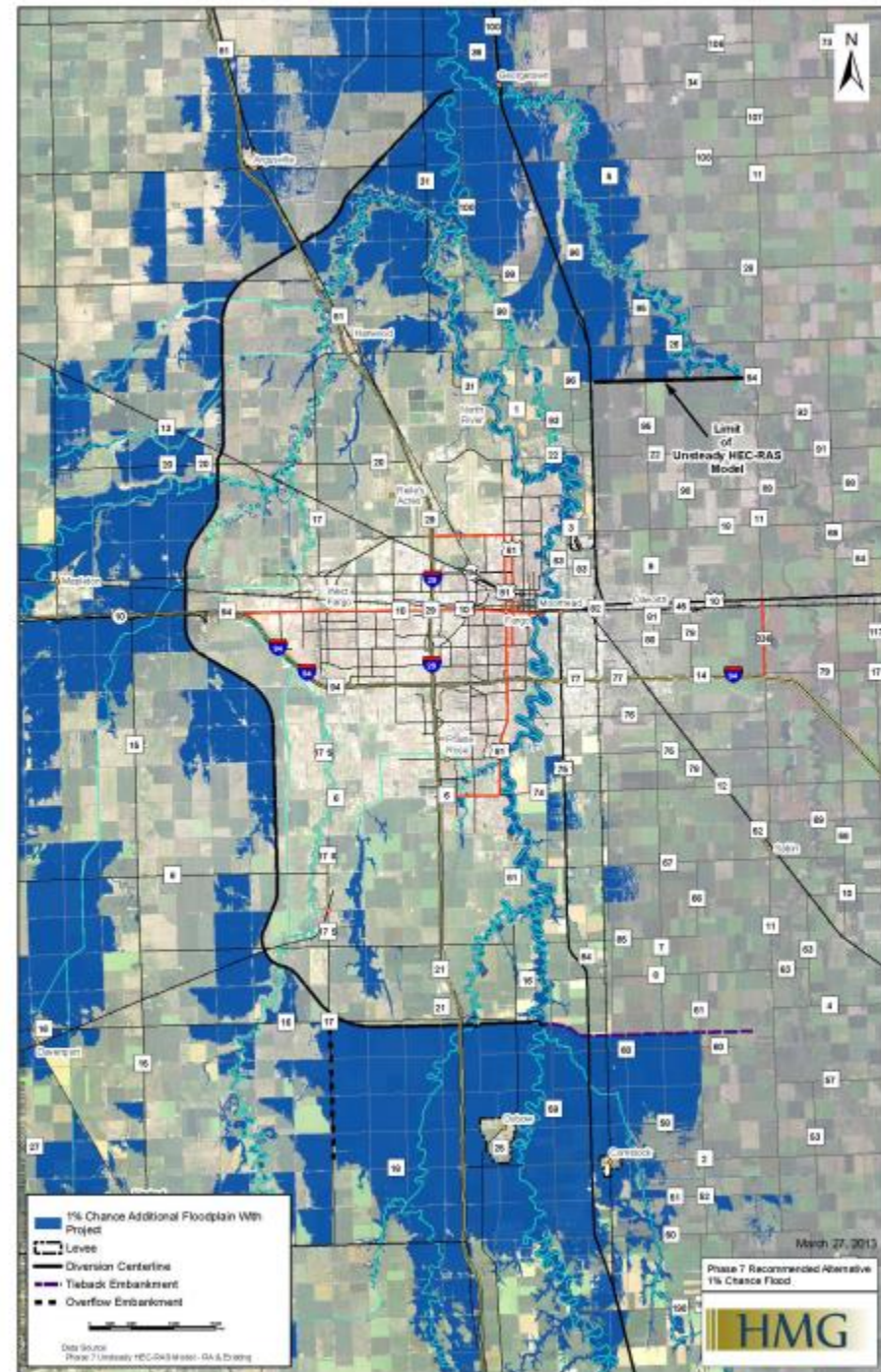
FM Area Flooding Without The Diversion (100-year)

Blue = Existing 100-year Floodplain (USACE)



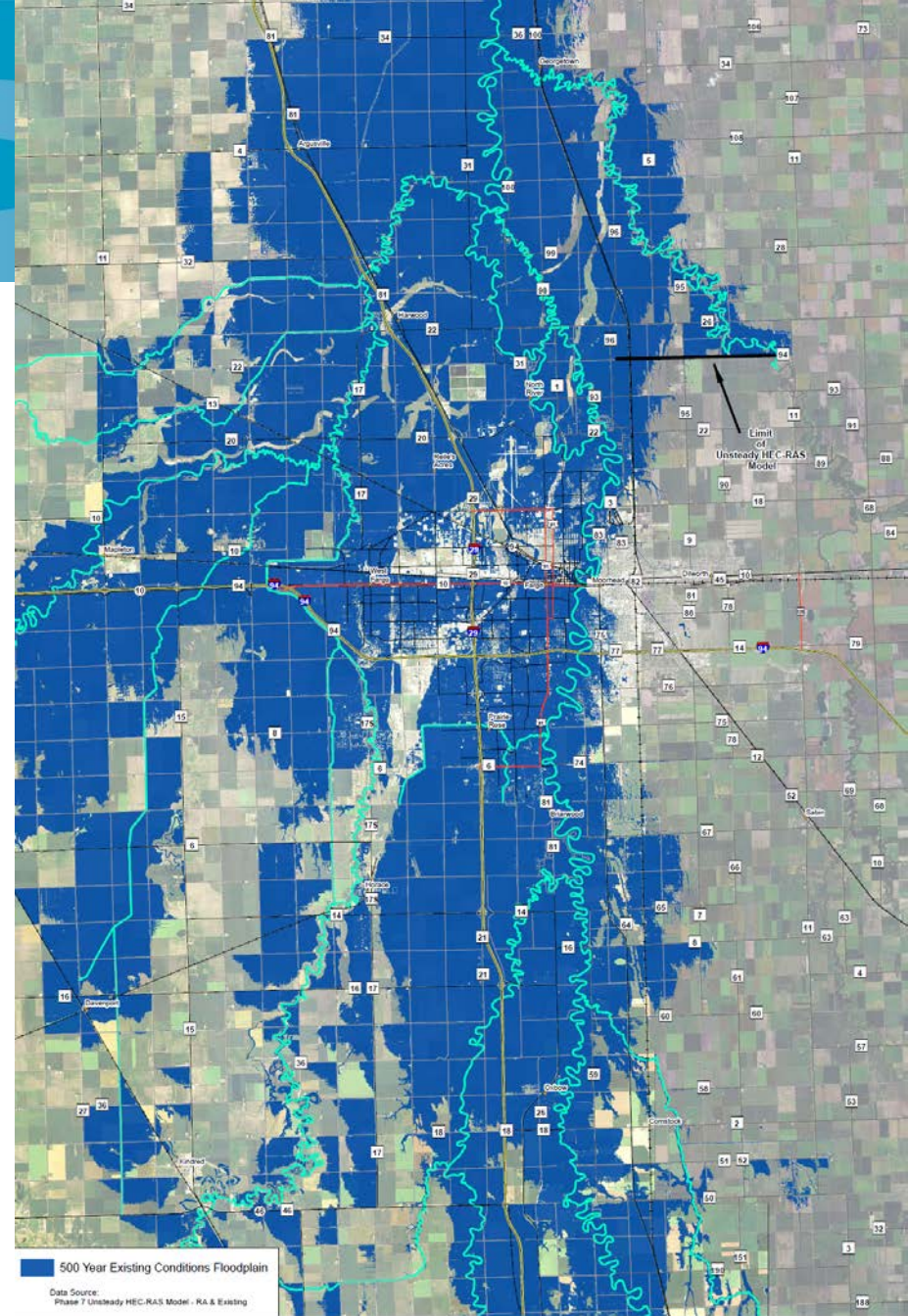
FM Area Flooding With The Diversion (100-year)

Blue = With Project 100-year
Floodplain (USACE)



FM Area Flooding Without The Diversion (500-year)

Blue = Existing 500-year Floodplain (USACE)



Phase 7 Existing Conditions
500 Year Floodplain

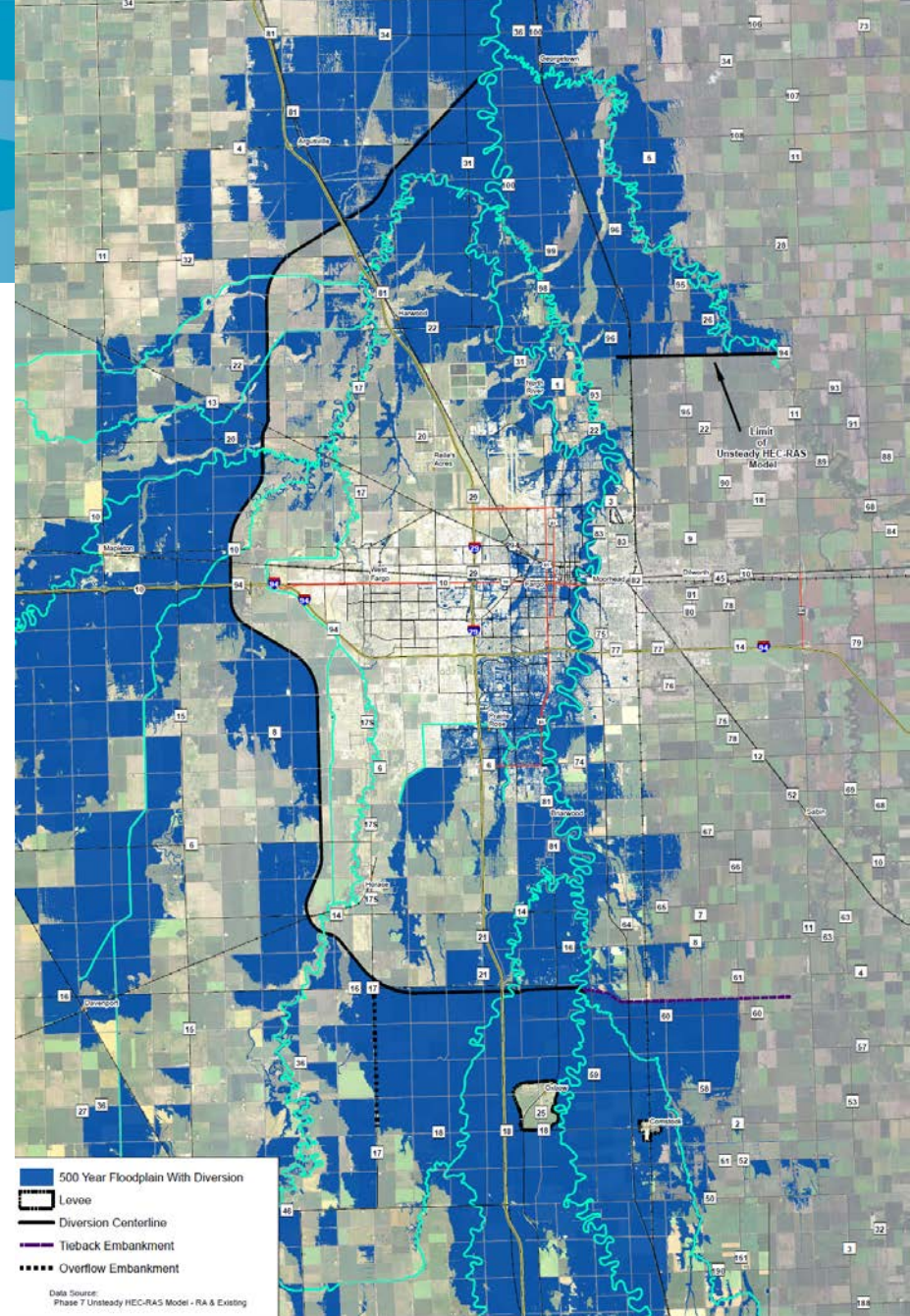


HMG

Created By: HMG Date Created: 8/10/2014 Date Revised: 8/10/2014 Image: 2012 County Aerial Revision Date: 01/10/2014
Project: FM Area Floodplain Study
Phase 7 Unsteady HEC-RAS Model - RA & Existing
Map Scale: 1:50,000
Map Date: 8/10/2014
Map Author: HMG
Map Reviewer: HMG

FM Area Flooding With The Diversion (500-year)

💧 Blue = With Project 500-year Floodplain (USACE)



Phase 7 With Diversion
500 Year Floodplain



0 0.75 1.5 3
Miles

HMG

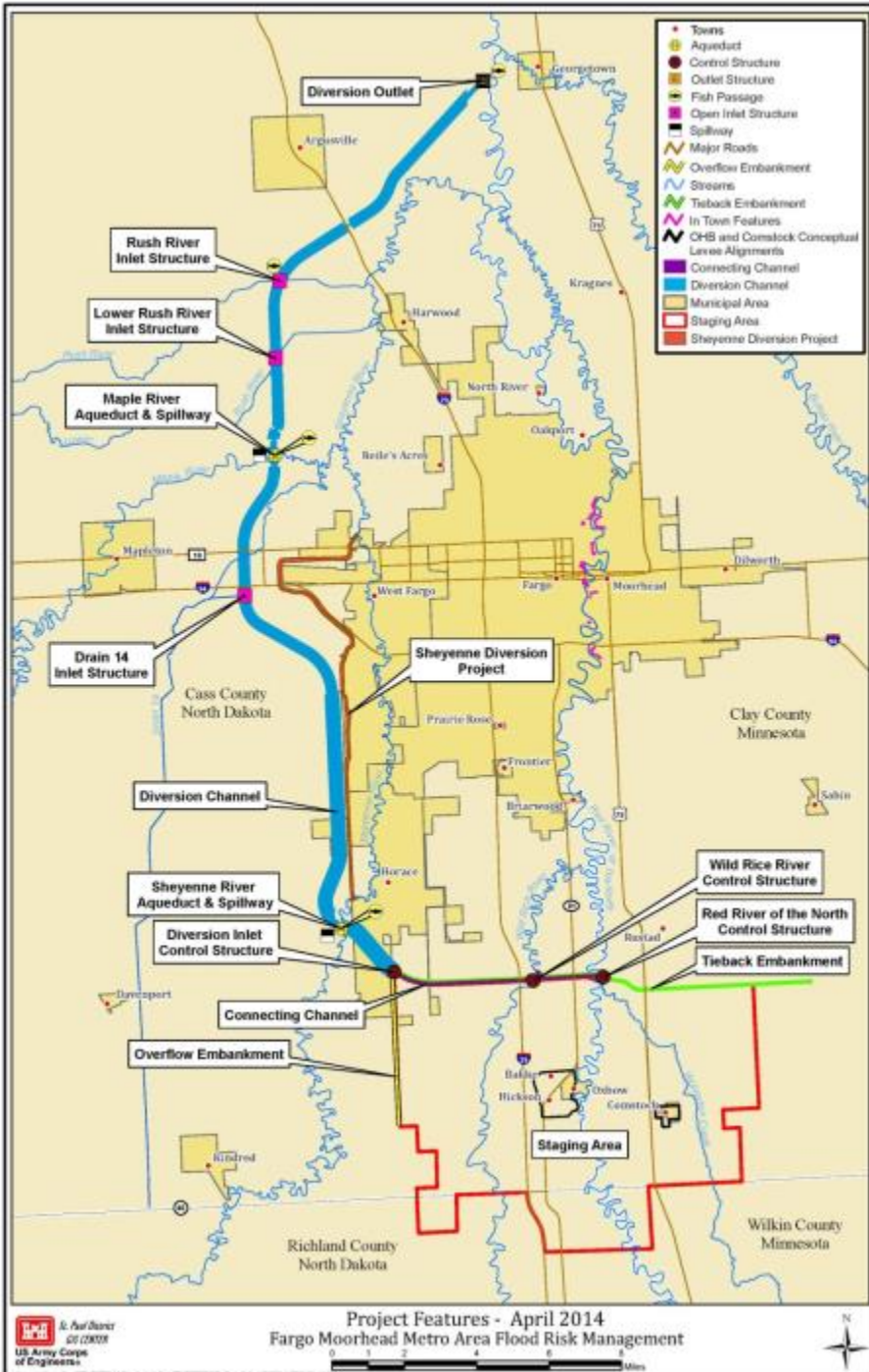
Project by: emvsn Date Created: 6/10/2014 Date Plotted: 6/10/2014 Image: 2011 Study Area Revision Date: 10/1/2014
MapScale: 1:25000 MapScale: 1:25000 MapScale: 1:25000
\\p01\cadd\10212012_248_2010\RA\Drawings\update\ra\ra.dwg

Path to Federal Appropriation and New Start

- 💧 *July 2011 - Feasibility Report and Federal EIS Completed*
- 💧 *December 2011 - USACE Chief's Report signed*
- 💧 *March 28, 2012 - Office of Management & Budget clearance*
- 💧 *April 3, 2012 - Record of Decision (ROD) signed*
- 💧 *April 2012 - Forwarded to Congress for Congressional authorization for construction*
- 💧 *June 2014 - Authorized for construction in WRRDA 2014*
- 💧 *February 2015 - F-M Diversion named as USACE P3 Demonstration Project*
- 💧 *February 2016 – Received USACE “New Start” and appropriation*

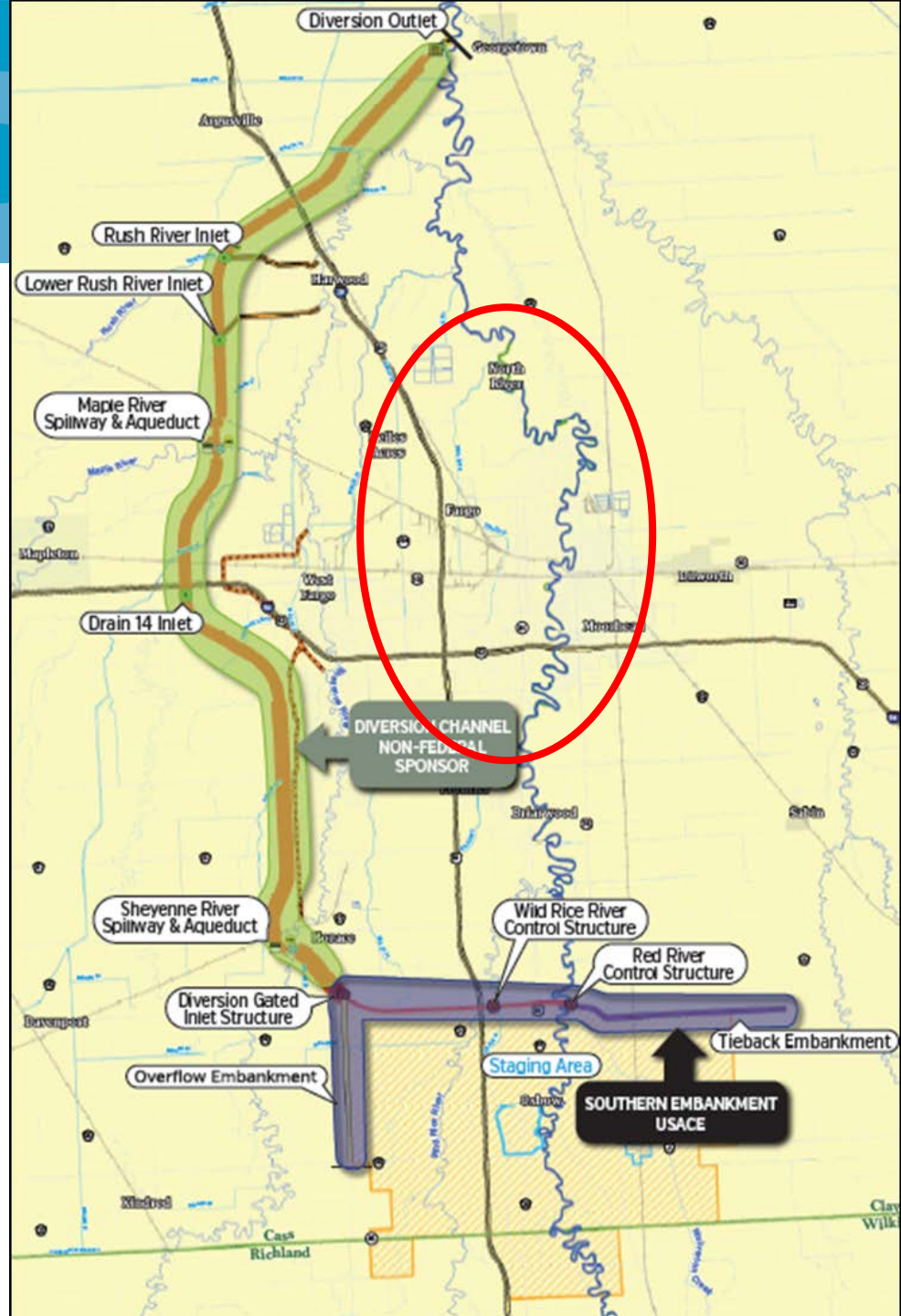
FM Metro Area Diversion Project

- 💧 Federally Authorized Project
- 💧 Inlet north of Oxbow, ND
- 💧 Outlet near Georgetown, MN
- 💧 1,600-foot wide Diversion Channel in ND with 150,000 acre-feet of Upstream Staging
- 💧 Provides 100-year Flood Risk Protection
- 💧 Extreme Events are Flood - Fightable



FM Metro Flood Protection Projects

- Projects Complementary to Diversion Authority Projects
 - City of Fargo
 - Mitigation Projects
 - County-wide Projects
- Included in the Financial Plan
- Not part of today's presentation



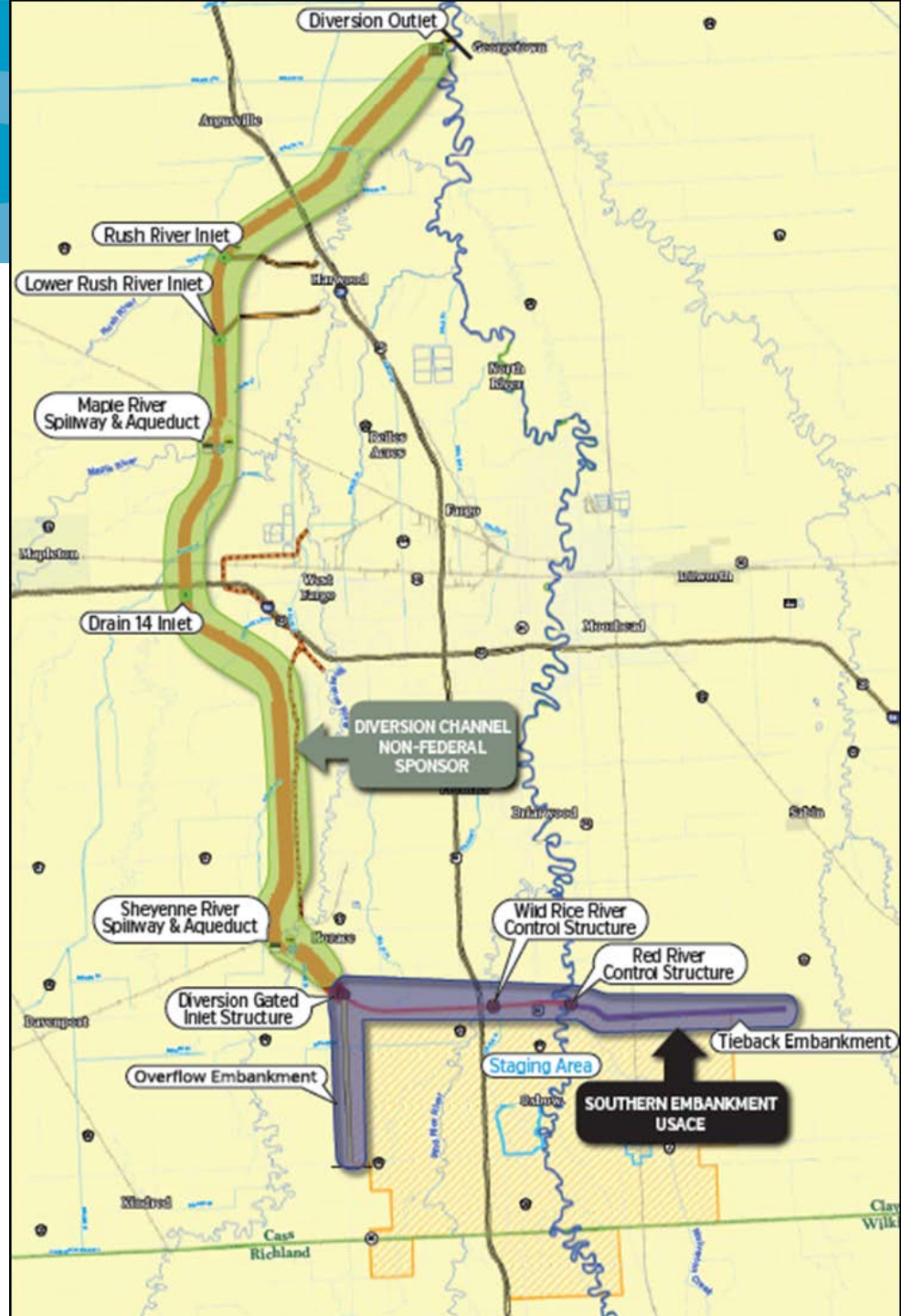
FM Metro Area Diversion Split Delivery

Non-Federal Sponsors

Diversion Channel
and Associated Infrastructure

USACE

Southern Embankment and
Associated Infrastructure, and
Mitigation



FM Metro Area Flood Protection Includes Multiple Delivery Models

💧 *City of Fargo*

- *Flood projects using traditional design-bid-build*

💧 *Diversions Authority*

- *Diversions Channel & Associated Infrastructure (DCAI) using a Public Private Partnership (P3) delivery model*
- *Traditional design-bid-build for some construction*
 - *County Road 16/17 project (physical interface with P3)*
- *Other project elements, including land acquisition*

💧 *U.S. Army Corps*

- *Southern Embankment using traditional design-bid-build*

USACE Perspective and Delivery of SEAI



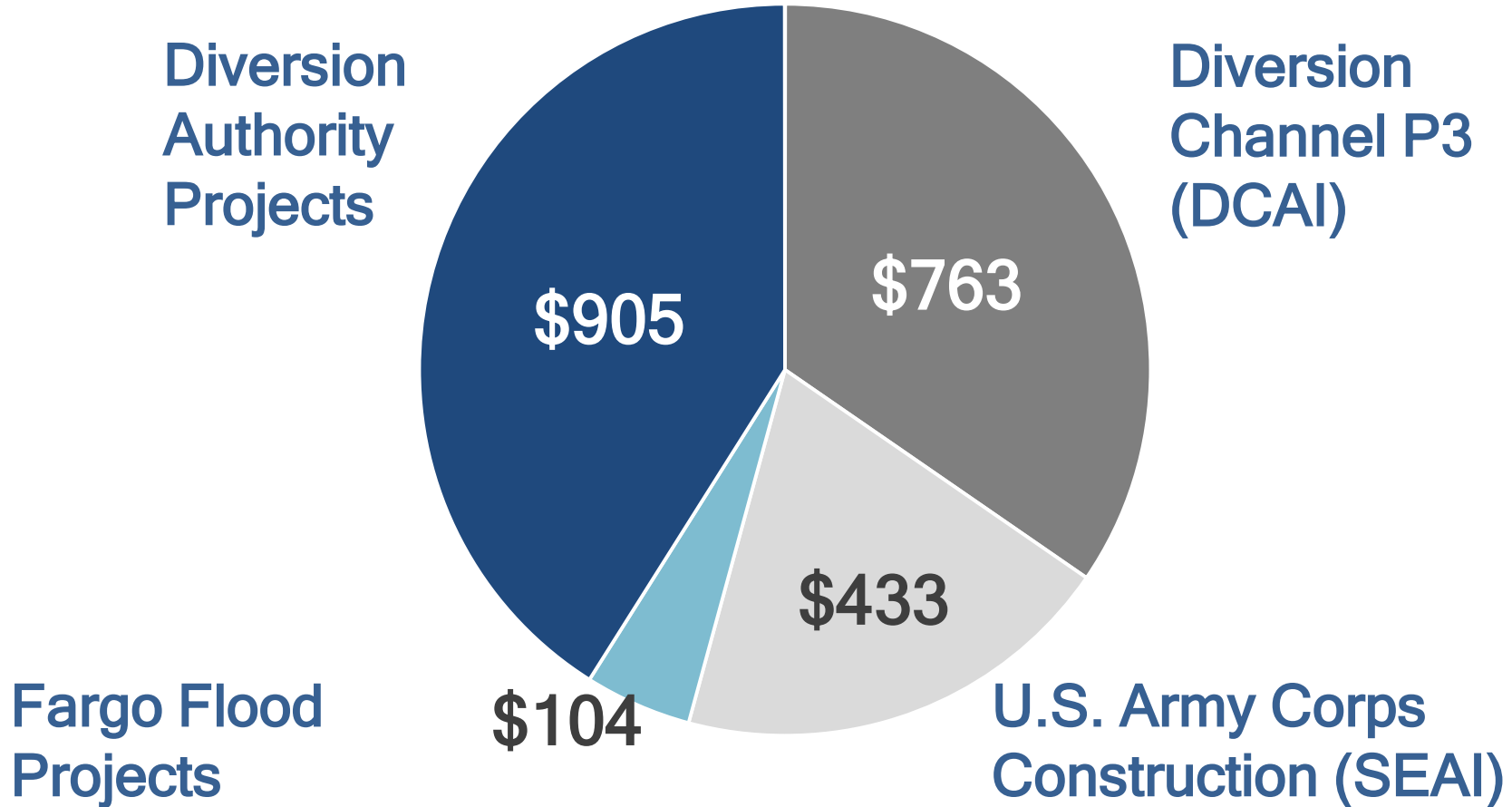
Financial Plan Overview

Financial Plan Overview

Key features:

- *Multiple financing tools, including a mix of public and private financing to achieve a robust and cost-effective financial profile and risk transfer*
 - P3 financing to enhance project delivery
- *Long-term extension of existing sales taxes at current rates (subject to voter approval in November 2016)*
 - Sales Tax Revenues will be used towards long-term public debt, PAYGO during construction, and Availability Payments to the P3 Developer
- *Availability of special assessment mechanism through an Improvement District is a key credit enhancement*
 - No special assessments are anticipated to be required under the current plan of finance

Financial Plan Includes Diversion Authority and Fargo Flood Projects Totaling \$2.2B



(2015 \$ Million)

Sources of Funding and Financing

💧 Federal Funding

- *\$450 million (2015\$) to fund USACE portion of the Project, escalating to year-of-expenditure per PPA*

💧 State Funding

- *\$450 million from North Dakota for DA projects (committed)*
- *\$120 million from North Dakota for In-Town Projects (committed)*
- *\$43 million from Minnesota (to be requested)*

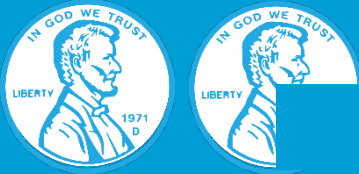
💧 Sales Tax Revenues

- *1¾ cent sales taxes allocated to FM Metro Flood Protection*
- *Covers all PAYGO and debt service requirements*

💧 Improvement District

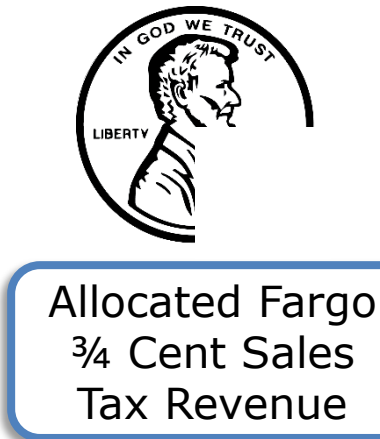
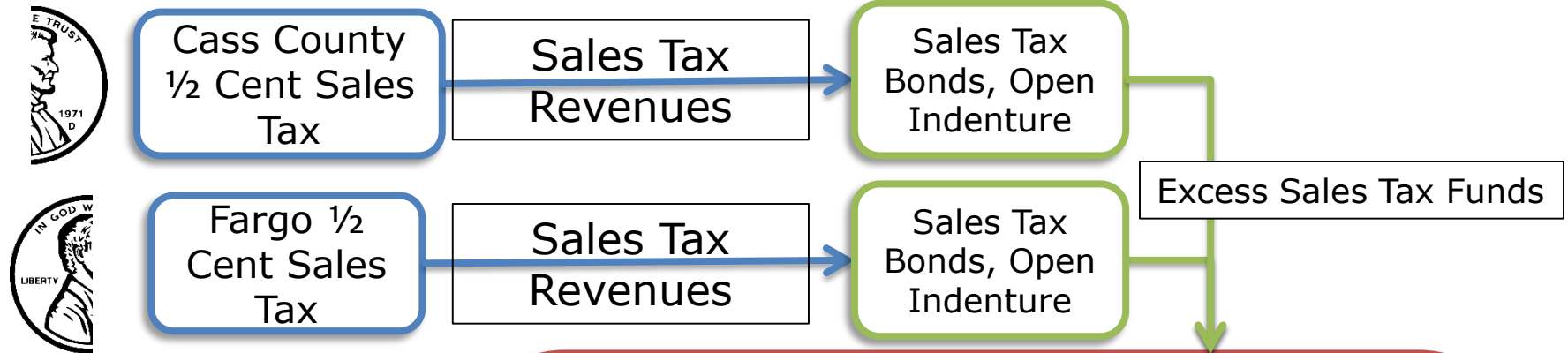
- *Authorization of up to \$725 million in Improvement District assessments in the event of revenue shortfall*
- *Secures Improvement Bonds and Availability Payments*

Financial Plan Uses Existing City of Fargo and Cass County Sales Taxes

	City of Fargo						Cass Co.*
	1 ¢			½ ¢	½ ¢		½ ¢
Expiration Date	2028			2032	2028		2031
Funding Intent	¼ ¢ Water	¼ ¢ Waste Water	¼ ¢ Streets	¼ ¢ Flood Control	Infrastructure Flood Control	FM Diversion Project	FM Diversion Project
Sales Tax Funding for FM Metro Flood Protection				 1 ¾ ¢			

*Accounts for other County-wide flood projects

Flow Chart of Permanent Financing



Improvement Bonds Issued by CCJWRD

- Credit Enhancement Debt Instrument
 - No Reserve Fund required
 - No Coverage Test requirements
- Uses sales tax funds available after payment of sales tax bonds & use of funds are subordinate to sales tax bonds issued by Cass County and Fargo
- Also used to secure Availability Payments
- Annual assessments are **not** projected to be needed & only used if sales and use tax funds and Reserve Fund are insufficient

Long-Term Financing

💧 Improvement Bonds (Assessment District)

- *CCJWRD will appropriate to the Improvement Bond all of the sales & use tax funds & special assessments (if ever needed) pledged to the payment of the Improvement Bonds*
- *CCJWRD must prepare and file with the County Auditor of Cass County on or before Feb. 1 of each year a complete statement of the condition & resources of the Bond Fund; in February of each year the Board of County Commissioners of Cass County is required by Section 61-16.1-25 of the North Dakota Century Code to review such statement and determine whether there has been or will likely occur a default in the financial obligations secured by such Bond Fund coming due in the next 13 months; & if such a determination is made, the Board shall pay from the County General Fund, or levy a general property tax upon all taxable property within the County, unlimited as to rate or amount to produce an amount which will be sufficient, along with the funds in the Bond Fund to equal 100% of the principal & interest coming due on the Bonds within the next 12 months*

P3 Payment Structure

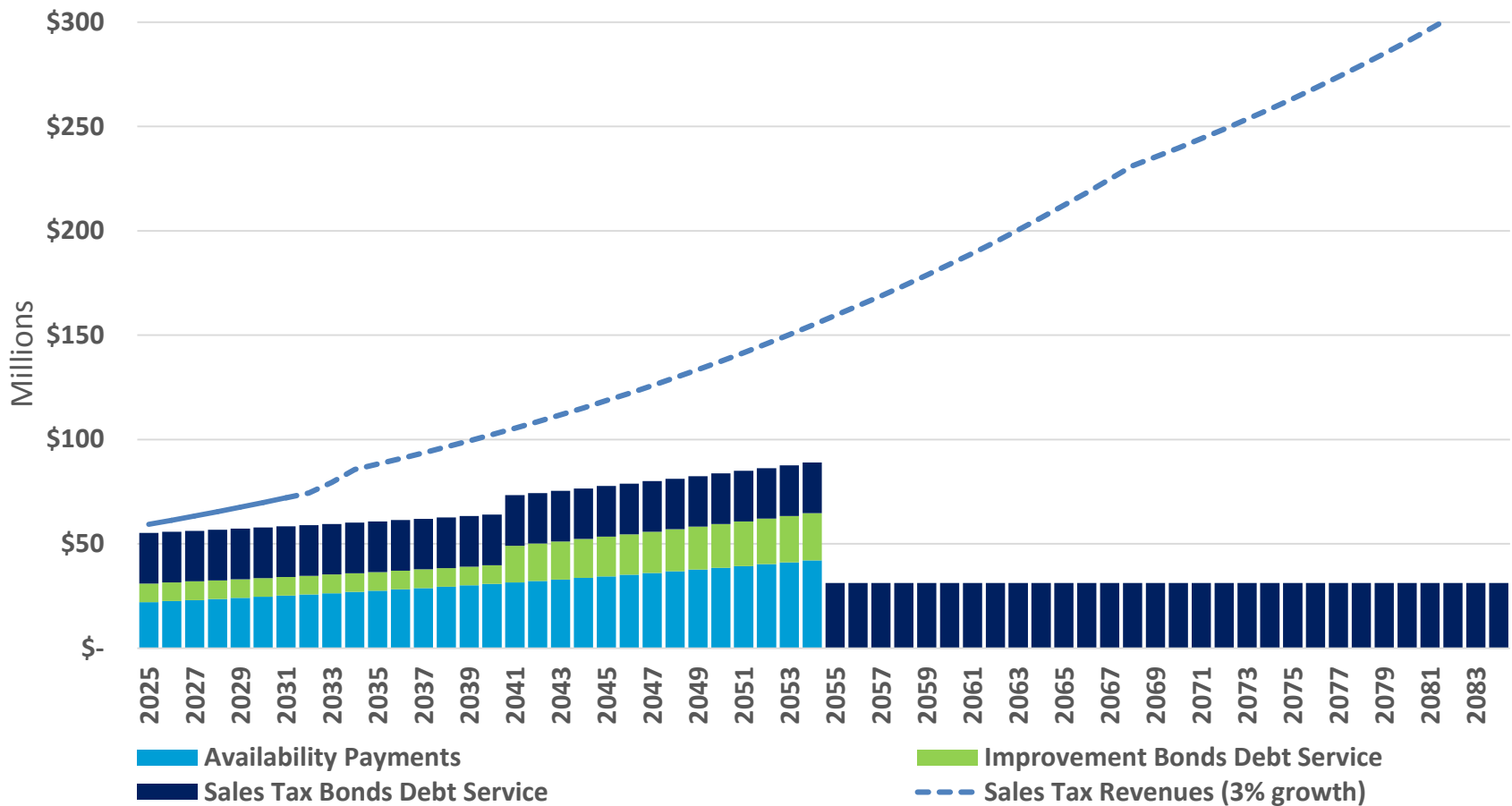
💧 Construction Milestone Payments

- *Milestone Payments expected to be funded from state appropriations, Sales Tax Bonds and Improvement Bonds*

💧 Availability Payments

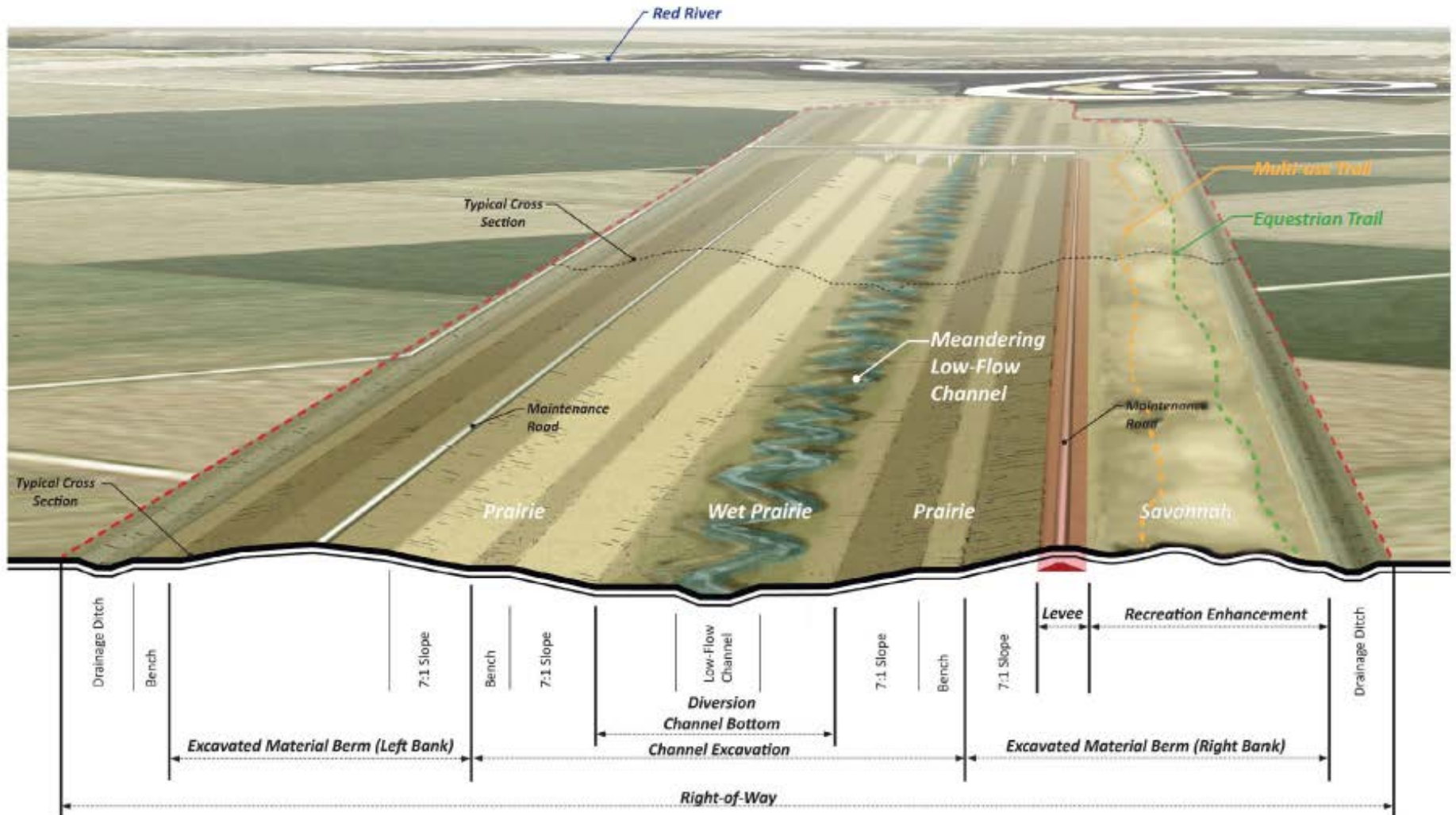
- *Financial Plan anticipates long-term P3 financing (debt and equity) of approximately \$400 million*
- *Availability Payments commence upon substantial completion for term of Project Agreement (assumed to be 30 years in the Financial Plan), subject to deductions based upon performance*
- *Availability Payments secured by special assessments and expected to be funded from sales and use taxes*

Long Term Financing – Illustrative Cashflows After Construction



Project Features and Operations

Diversion Channel Cross Section (Downstream End)

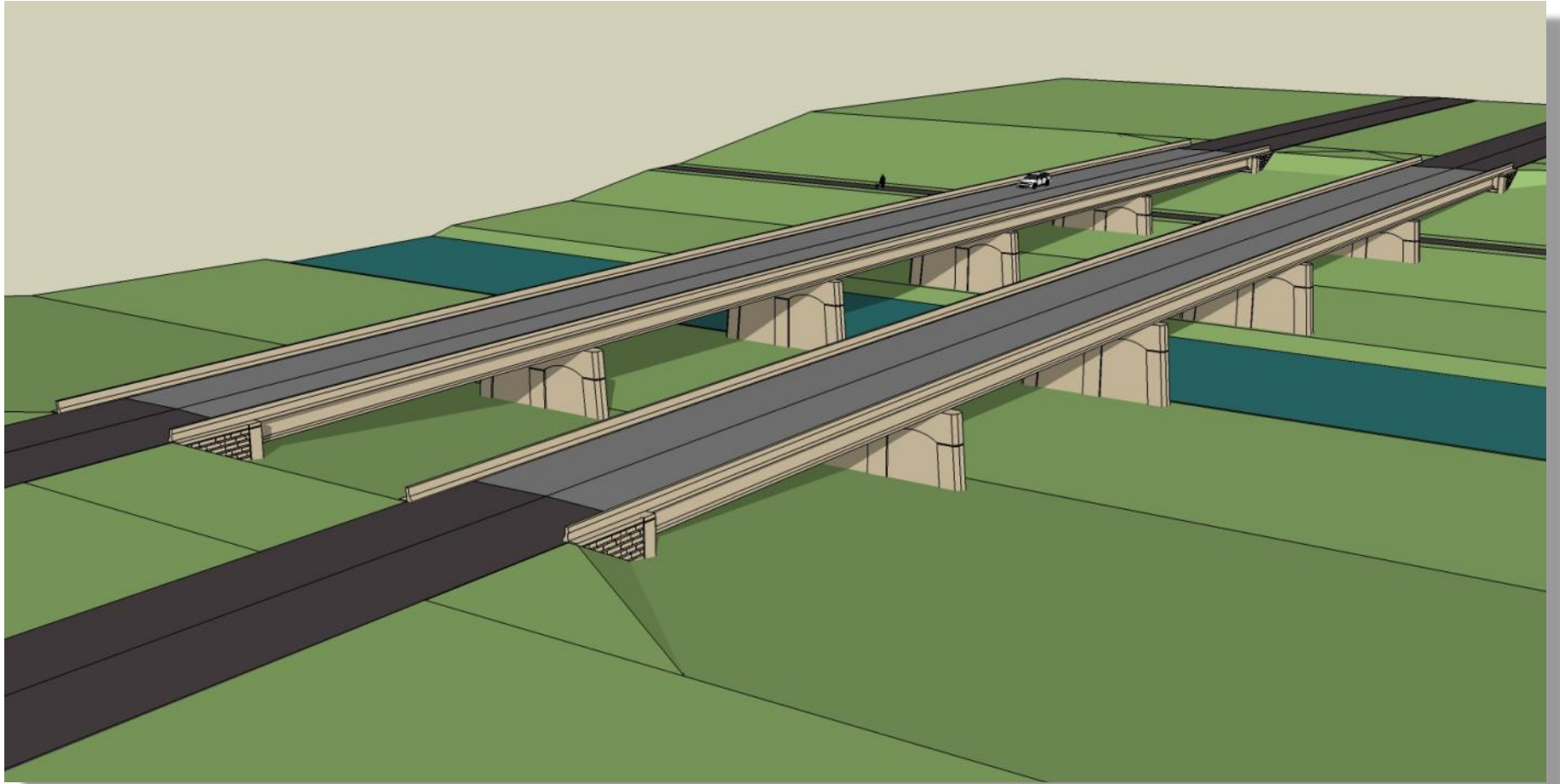


Total Width = Approx 1,600 feet

Typical County Bridge



I-29 Bridge Rendering



Maple River Aqueduct

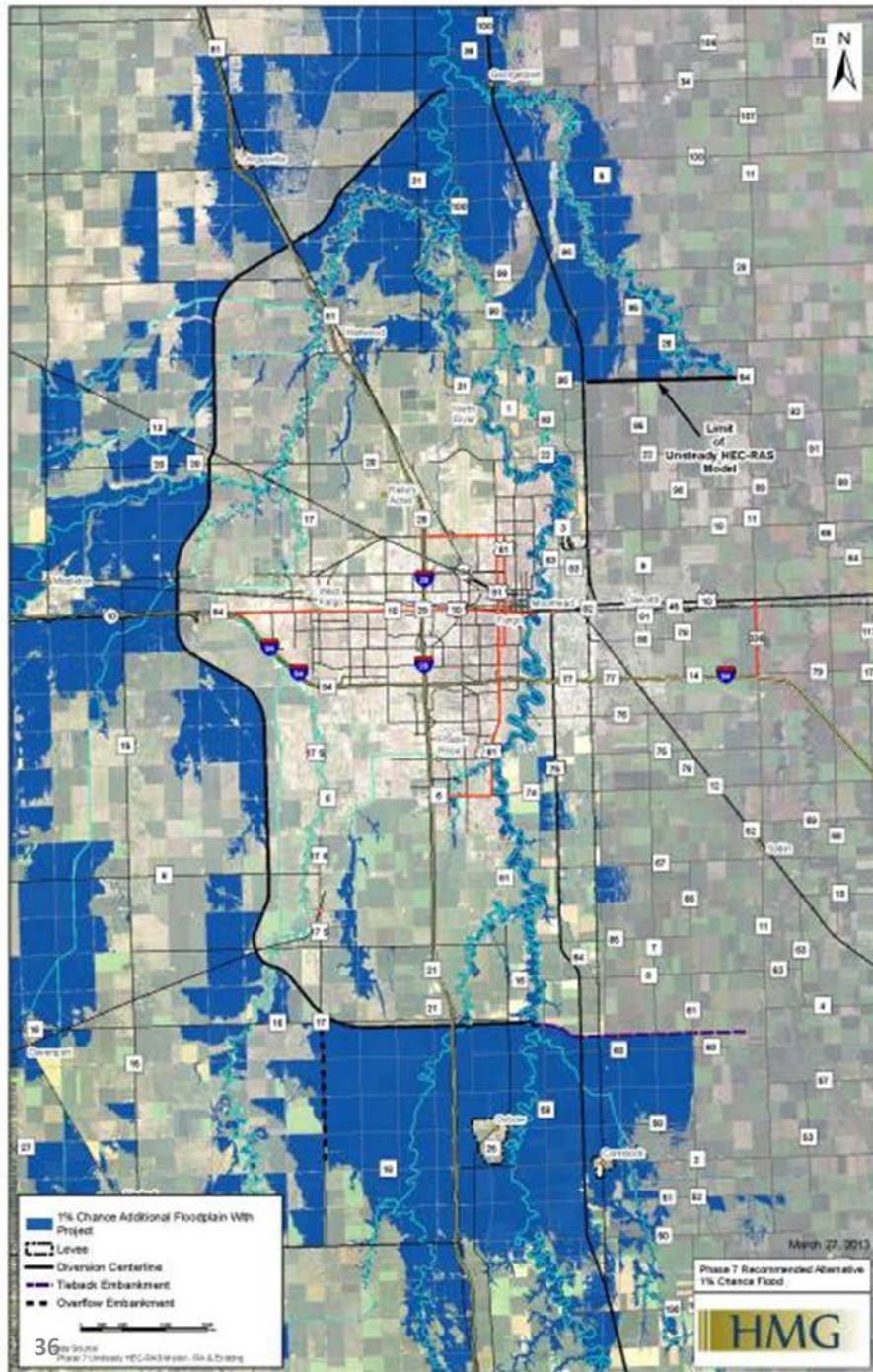




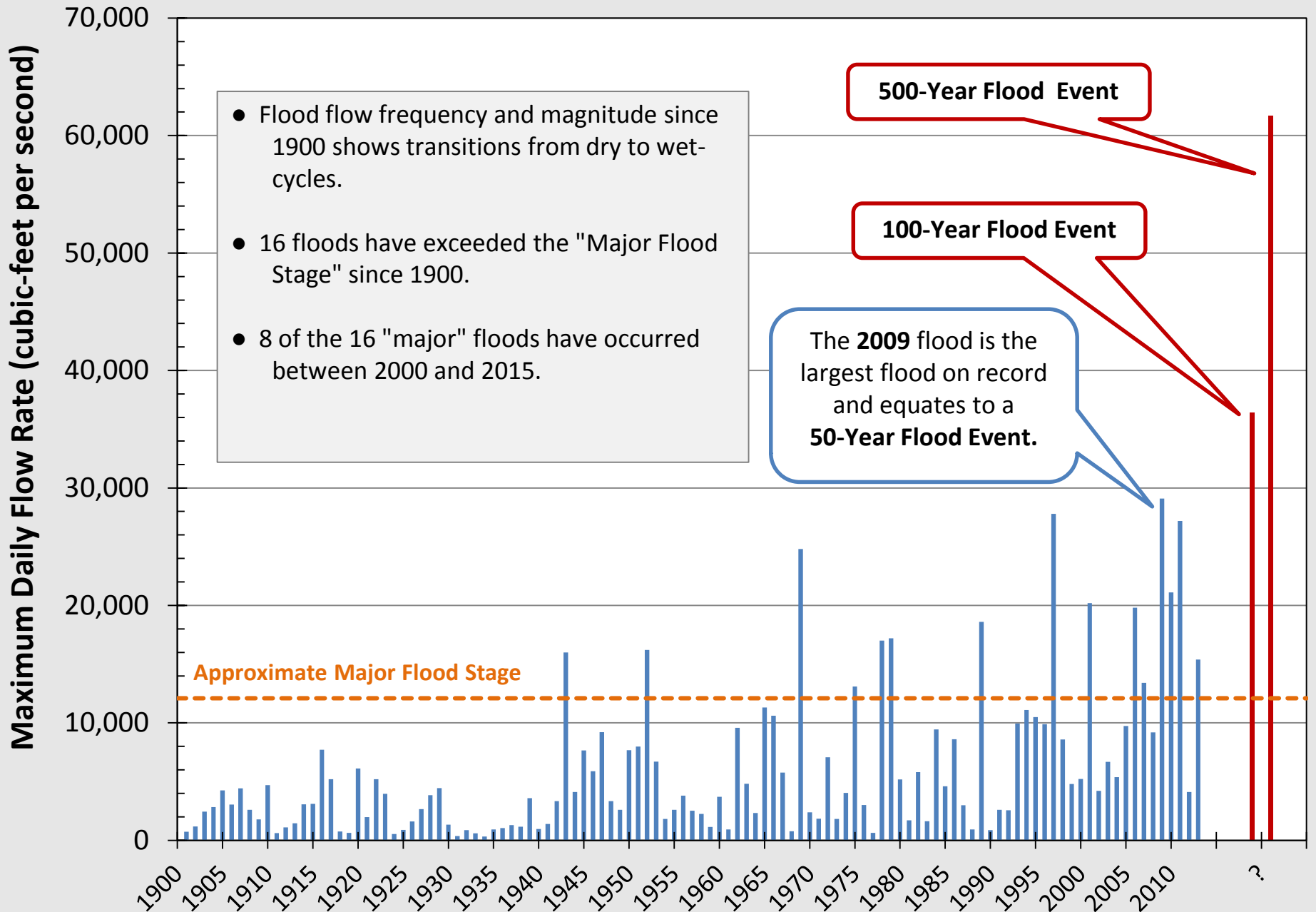
Conceptual Maple River Aqueduct Structure Illustration

Flood Operation

- 💧 Agreement will “define” frequency and size events when Diversion Channel will be used
- 💧 Diversion Channel conveys 20,000 cubic feet per second (cfs) in a 100-year flood



Red River of the North at Fargo, North Dakota

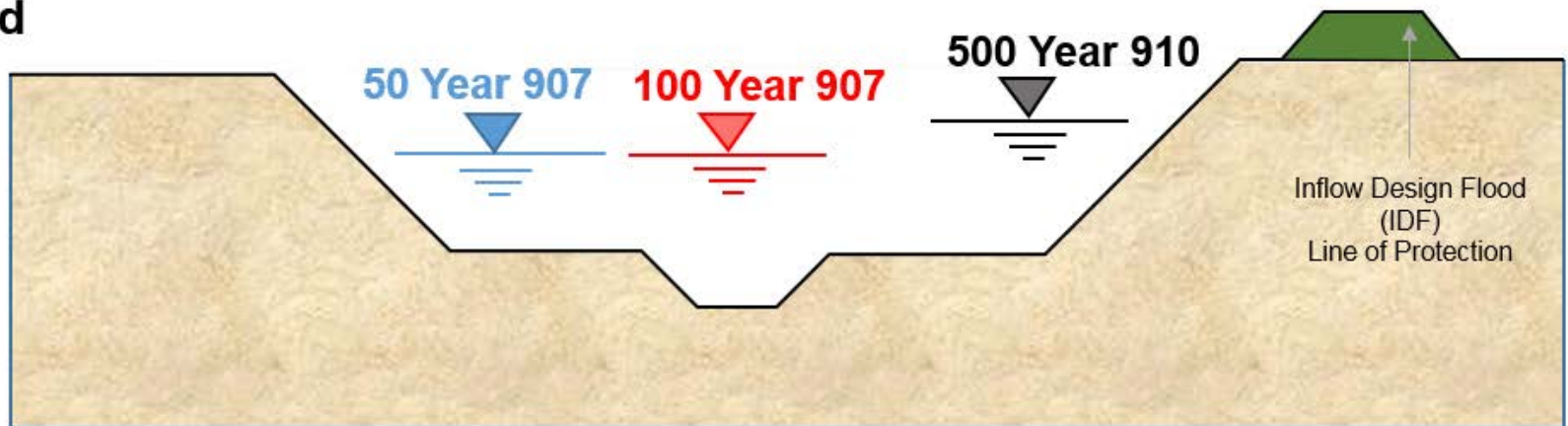


Approximate Water Surface Elevations at Sheyenne River



**Note: Excavated
Material not shown**

**Existing
Ground
915**



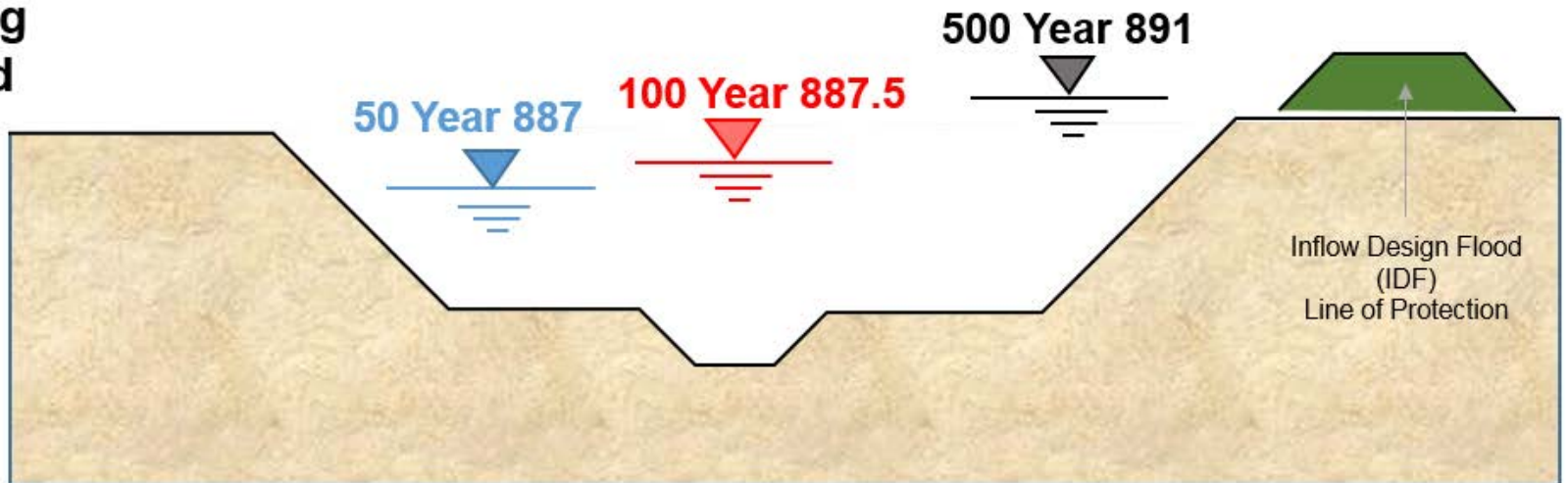
Not To Scale

Approximate Water Surface Elevations Upstream I-94



**Note: Excavated
Material not shown**

**Existing
Ground
889**



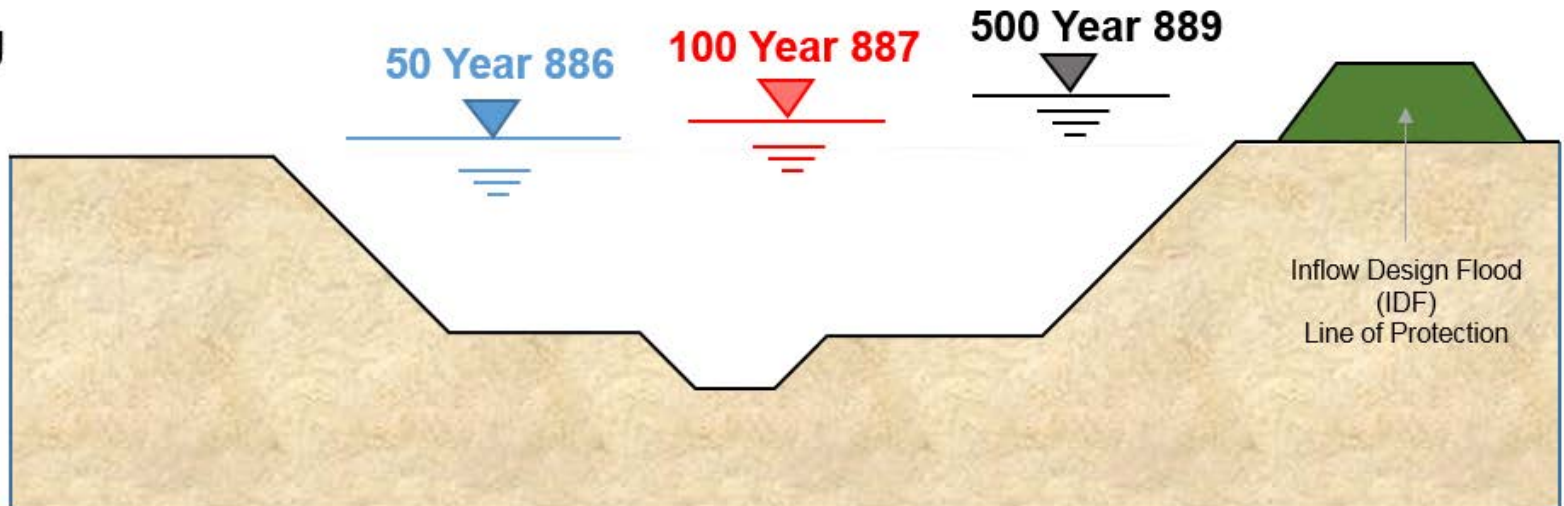
Not To Scale

Approximate Water Surface Elevations Upstream I-29



**Note: Excavated
Material not shown**

**Existing
Ground
885**



Not To Scale

Enabling Agreements

Status of Enabling Actions from September 2015 Notice of Intent

- 💧 Federal Appropriation and New Start
 - *Received appropriation and new start Feb 9, 2016*
 - *Requires PPA signing by Aug 31, 2016*
- 💧 Federal Lawsuit
 - *All counts against USACE dismissed*
 - *2 remaining counts – require completion of MN EIS*
 - *Preliminary Injunction remains in place*
- 💧 MN EIS
 - *Final EIS completed in May 2016*
 - *Anticipate “Adequacy Determination” in June/July*

Limited Joint Powers Agreement

- 💧 Limited Joint Powers Agreement – 2011
 - *Created Diversion Authority*
 - *Terminates on or before execution of PPA with USACE*

Joint Powers Agreement (JPA)

- 💧 A new agreement that replaces the existing Limited Joint Powers Agreement
- 💧 A permanent agreement between “Member Entities”
 - *City of Moorhead (scheduled for June 13)*
 - *City of Fargo (approved June 6)*
 - *Clay County (approved May 23)*
 - *Cass County (approved May 16)*
 - *Cass County Joint Water Resource District (approved May 26)*
- 💧 JPA adds Executive Director position
 - *Chief administrative officer of Diversion Authority*
 - *Chief purchasing agent of Diversion Authority*
 - *Chosen on basis of training, experience, executive and administrative qualifications*
- 💧 Establishes the financial structure, duties, responsibilities, and obligations for the Flood Diversion Project

Sources of Revenue

- 💧 Project financed from sales and use taxes, grants, donations, and any other funds from Member Entities ("Pledged Revenues")
- 💧 If Pledged Revenues insufficient: propose sales and use tax increase to voters (Fargo/Cass County) and/or use Improvement District (CCJWRD)

- 💧 Project Partnership Agreement (PPA)
 - *Agreement between USACE and Non-Federal Sponsors (Diversion Authority, City of Fargo, City of Moorhead)*
- 💧 P3 MOU
 - *Sets forth rules & responsibilities of Diversion Authority and USACE with respect to P3 procurement process*

Third Party Agreements

Utilities	Townships (all North Dakota)	Counties (all North Dakota)	Water Resource Districts (all North Dakota)	Transportation
Centurylink	Pleasant Township	Cass County	Cass County Joint Water Resource District	ND Department of Transportation
Cass County Electric	Stanley Township		Southeast Cass Water Resource District	BNSF
Minnkota Power	Warren Township		Maple River Water Resource District	Red River Valley & Western Railroad Company
Cass Rural Water	Mapleton Township		Rush River Water Resource District	
Centurylink	Raymond Township		North Cass Water Resource District	
Magellen	Berlin Township			
WAPA	Harwood Township			
Midcontinent	Wiser Township			
Cenex				
Dakota Carrier Network				
Xcel Energy				
Sprint				
AT&T				
NuStar Energy				
Otter Tail Power Co.				

Third Party Agreements

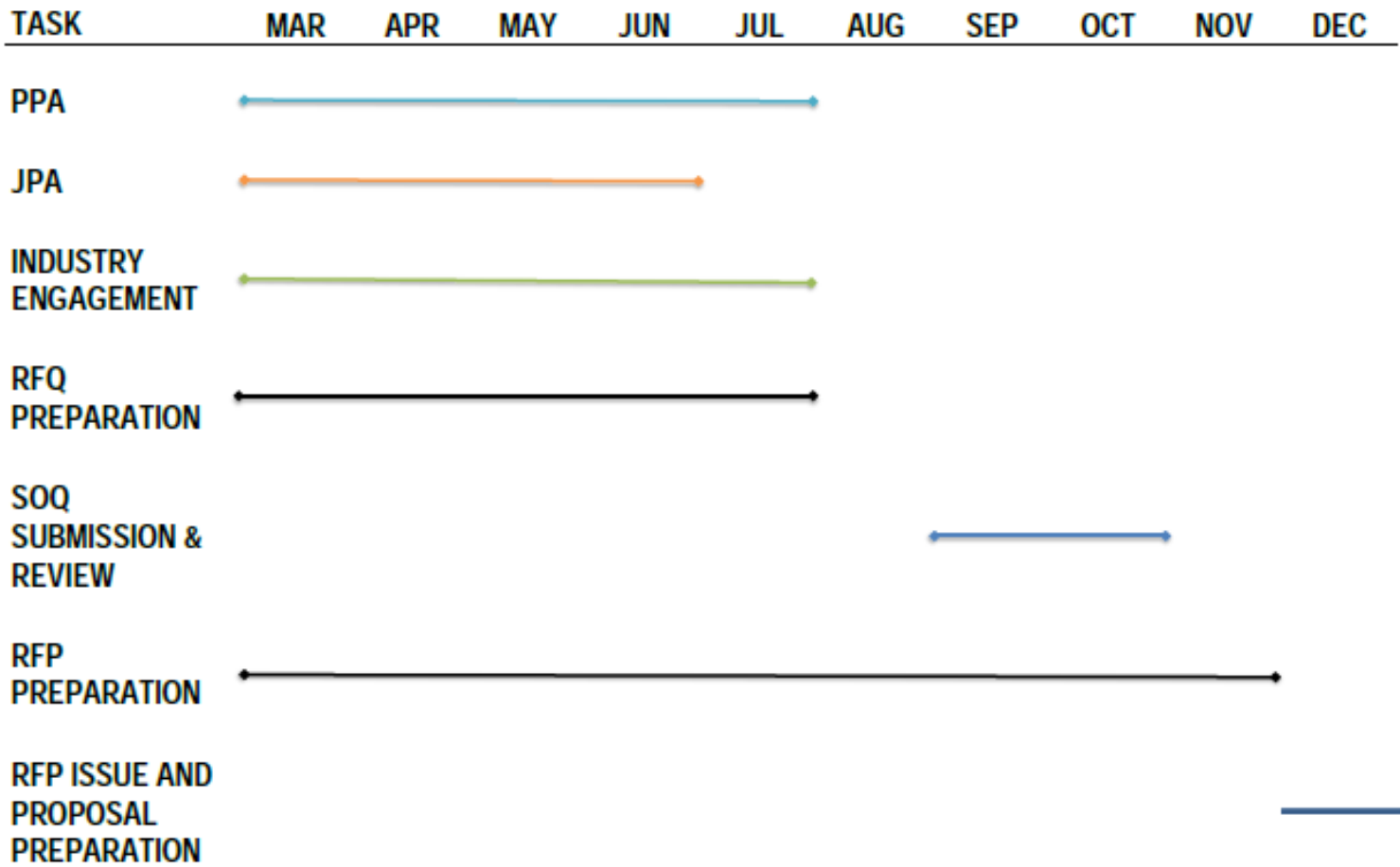
💧 Status of Agreements

- *Third parties have been contacted and draft agreements are being developed*
- *Intend to have these agreements complete by the date the RFP will be issued*

P3 Procurement Process

Procurement Timeline Overview

2016 PROCUREMENT TIMELINE



Procurement Steps

- 💧 Request for Qualifications
 - *Being drafted; expected to be issued in late July (after signing of the PPA)*
- 💧 Statements of Qualifications
 - *Due date expected to be September 2016*
- 💧 Request for Proposals
 - *To include ITP, Project Agreement and Technical Requirements; expected to be issued in November/December 2016*
- 💧 Data Room
 - *Will be online as of the date of release of the RFP*
- 💧 Proposal Responses
 - *Due date expected to be Q3 of 2017*
- 💧 Preferred Proposer selection
 - *Expected to be Q3/Q4 of 2017*
- 💧 Financial Close
 - *Expected to be Q1/Q2 of 2018*

Key Elements of the RFP Process

- 💧 Innovative Technical Concepts (ITCs)
- 💧 Project Agreement development
- 💧 Dialogue will be regular and important:
 - *1-on-1 meetings*
 - *Calls on discrete subject matter items, e.g., insurance*

More information at www.FMDiversion.com

F-M Area Diversion Search FM Diversion

HOME CONSTRUCTION UPDATES ABOUT THE PROJECT NEWS MEETINGS MEDIA LIBRARY FAQs PPP/P3 CONTACT US

Corps Impressed with Diversion Project's Momentum

Congressional Delegation Works with Diversion Authority on Next Steps
Members and staff of the North Dakota and Minnesota Congressional delegations are working with the...

Diversion Authority Approves 2016 Budget

Bill Provides Authorization and Funding for Flood Protection Construction

About the FM Diversion

The Diversion would protect 1 in 5 of all North Dakotans.

The Fargo Moorhead Metropolitan area is prone to flooding. Flood fighting efforts cost the region millions of dollars. If these emergency flood fighting efforts were overwhelmed, the results would be catastrophic. The Fargo-Moorhead (FM) Area Diversion Project will establish permanent flood protection measures for the region. The current plan includes a 20,000 cubic feet per second, 36-mile long diversion channel with 32,500 acres of upstream staging. The total width of the channel is 1,500-1,600 feet, which includes a bottom width of 300-400 feet, side slopes, excavated

