

**FLOOD DIVERSION FINANCE COMMITTEE
MAY 24, 2017—4:00 PM**

1. MEETING TO ORDER

A meeting of the Flood Diversion Finance Committee was held on Wednesday, May 24, 2017, at 4:00 PM in the Fargo City Commission Chambers, Fargo City Hall, with the following present: Cass County Joint Water Resource District Chairman Mark Brodshaug; Fargo City Commissioner Tony Grindberg; Clay County Auditor/Treasurer Lori Johnson; Fargo City Mayor Tim Mahoney; Cass County Auditor Mike Montplaisir; Fargo City Assistant Administrator Mike Redlinger; Cass County Commissioner Rick Steen; and Cass County Commission Representative Darrell Vanyo. Fargo Finance Director Kent Costin; Fargo City Commissioner Tony Gehrig; Moorhead City Councilman Chuck Hendrickson; and Moorhead Finance Director Wanda Wagner were absent.

Robert Cowen, CH2M; Randy Richardson, CH2M; Ty Smith, CH2M; Eric Dodds, AE2S; and John Shockley, Ohnstad Twichell were also present.

2. APPROVAL OF MINUTES FROM PREVIOUS MEETING

MOTION, passed

Dr. Mahoney moved and Mr. Redlinger seconded to approve the minutes from the April 26, 2017, and May 11, 2017, meetings as presented. Motion carried.

3. APPROVAL OF BILLS

MOTION, passed

Dr. Mahoney moved and Mr. Montplaisir seconded to approve the bills in the amount of \$1,526,370.61 and to forward them to the Metro Flood Diversion Authority. On roll call vote, the motion carried unanimously.

4. FINANCIAL UPDATE

Mr. Montplaisir reviewed the financial statements for April. About \$25.2 million has been expended from the FY 2017 budget, and the total disbursed for the project to date is \$357,632,197.

Mr. Montplaisir said cash on hand remains steady as revenues and expenditures have been relatively even.

MOTION, passed

Mr. Montplaisir moved and Mr. Brodshaug seconded to approve the financial statement for April and to forward it to the Metro Flood Diversion Authority. Motion carried.

5. OXBOW LOT SALES REPORT

Mr. Brodshaug reviewed the Oxbow Lot Report for the month of April. Mr. Brodshaug said Oxbow has continued to deliver timely reimbursement payments. A \$375,000 advance from the Diversion Authority to Oxbow has also been repaid.

6. PMC UPDATE

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

7. **BANK LOAN REFINANCING**

Mr. Montplaisir said the City of Fargo and Cass County each have two \$50 million loans through Wells Fargo. Each entity has a loan due on July 31, 2017, and a loan due on July 31, 2018.

Mr. Montplaisir said after negotiations with Wells Fargo, the recommendation is for Fargo and Cass County to refinance all four loans so that the county and city each have one \$100 million loan due on July 31, 2019. Due to the extension of pledged sales taxes, interest rates would be more favorable and the ability to borrow additional debt more flexible. Longer term fixed-rate debt may be issued later this year should additional funds be needed.

A proposal for fixed rates was also studied, but it was not advantageous.

Mr. Montplaisir said the Finance Committee and Diversion Authority are asked to endorse the refinancing proposal; however, the notes were issued to the City of Fargo and Cass County, whose boards will need to approve the new notes by July 31st.

MOTION, passed

Dr. Mahoney moved and Mr. Vanyo seconded to endorse the bank loan refinancing plan as presented and to forward the recommendation to the Metro Flood Diversion Authority. On roll call vote, the motion carried unanimously.

Dr. Mahoney left for the remainder of the meeting.

8. **RECOMMENDED CONTRACTING ACTIONS**

Ty Smith of CH2M was present to review the following contracting actions:

Construction Change Order

- Industrial Builders, Inc. (2nd Street floodwall north of pump station)—Asphalt paving; BNSF railroad ties; floodwall cap; traffic control; additional differing subsurface conditions; and balance quantities in the amount of \$55,605.75.

MOTION, passed

Mr. Vanyo moved and Mr. Steen seconded to approve the appropriation of funds for the outlined Change Order with Industrial Builders, Inc., and to forward the recommendation to the Metro Flood Diversion Authority. On roll call vote, the motion carried unanimously.

Recommendation of Award

- Landwehr Construction, Inc. (WP 43E.2.F – Riverbend Road removals)—removal of remaining homes along Riverbend Road in the amount of \$234,593.50.

MOTION, passed

Mr. Montplaisir moved and Mr. Redlinger seconded to approve the appropriation of funds for the outlined contract with Landwehr Construction, Inc., and to forward the recommendation to the Metro Flood Diversion Authority. On roll call vote, the motion carried unanimously.

9. **WESTERN AREA POWER ADMINISTRATION PRELIMINARY AGREEMENT**

Randy Richardson of CH2M was present to discuss a preliminary agreement with the Western Area Power Administration (WAPA). Mr. Richardson said multiple agreements must be made with third parties for the Diversion Project. While most agreements will be rolled into the P3 process, preliminary work regarding the removal of large transmission lines needs to begin immediately. A preliminary estimate of work has been submitted for approval in an amount not to exceed \$30,000, pending a more formal contract to be written and approved in the near future.

Attorney John Shockley said WAPA requires pre-payment for services. Prior to the financial close of the P3, the Diversion Authority is responsible for paying third party agreements. After the financial close the P3 developer will be responsible.

Mr. Grindberg asked what the total estimate for this work will be once the formal contract is developed. Mr. Richardson said it is expected to stay around \$30,000.

MOTION, passed

Mr. Redlinger moved and Mr. Brodshaug seconded to approve a preliminary agreement with the Western Area Power Administration not to exceed \$30,000, and to forward the recommendation to the Metro Flood Diversion Authority. On roll call vote, the motion carried unanimously.

10. **OXBOW CITY PARK RELOCATION**

Eric Dodds of AE2S was present to discuss the Oxbow City Park relocation project, which was bid out but tabled at a previous meeting without awarding the contract.

Mr. Dodds said the work package was tabled as concerns were voiced over the scope of the project and what constitutes betterments to be paid by Oxbow.

Mr. Dodds recommends that the bid now be formally rejected so that the project can be re-bid with a different scope of work. The new scope includes a base bid to re-use current playground equipment, a gravel parking lot, a number of trees to match the number of trees in the current park, and the relocation the current warming house. Alternate bids will include new playground equipment, a paved parking lot, additional trees, and a new warming house. Oxbow may elect to choose any or all of the alternate bids as betterments to be paid by Oxbow.

Mr. Vanyo said he supports Mr. Dodd's recommendation and understands the need to re-bid the project. However, Mr. Vanyo is disgruntled with the additional cost associated with the re-bid and the circumstances which make it necessary. Going forward, there should be consensus among the Finance Committee, Diversion Authority, and program management consultants on the scope of projects before they are bid out.

Mr. Vanyo said Oxbow Mayor Nyhof is in agreement with the new scope of work as presented by Mr. Dodds.

Mr. Vanyo asked if there are any legal consequences to rejecting the initial bids for this project. Mr. Shockley said the bid documents had a provision to allow for the rejection of bids and there are no legal ramifications for this action.

MOTION, passed

Mr. Vanyo moved and Mr. Montplaisir seconded to reject all bids received for Work Package 43E.3 – Oxbow City Park Relocation; to proceed with re-bidding the project with a revised scope of work; and to forward the recommendation to the Metro Flood Diversion Authority. Discussion: Mr. Grindberg asked what the amount of the bid for the original work package was. Mr. Vanyo said it was around \$620,000. On roll call vote, the motion carried unanimously.

11. LAND ACQUISITION STATUS REPORT

Mr. Dodds reviewed the Land Acquisition Status Report. Mr. Dodds noted a new category on the Key Acquisition Areas map designated as “Diversion Channel Phase 2+”. The P3 proposers have requested access to certain areas earlier than previously anticipated, so some parcels previously designated as Phase 3 will be moved to Phase 2. These parcels are shown as Phase 2+; going forward they will simply be shown as Phase 2.

Mr. Dodds said the overall budget on the property status report shows a Land Assets category. Several years ago the Diversion Authority was approached by landowners to purchase full parcels of land before the exact channel was identified. Some of the land purchased lies outside of the project area. There are plans to use this land to trade or sell.

12. LAND ACQUISITION DIRECTIVES

Mr. Dodds said there are two Land Acquisition Directives to be approved.

The first directive is for several opportunistic acquisitions for landowners who contacted the Diversion Authority for buyouts.

The second directive is for 23 parcels formerly designated as Phase 3 that will be moved to Phase 2 by request of the P3 proposers.

MOTION, passed

Mr. Vanyo moved and Mr. Redlinger seconded to approve LAD-OPP-01 REV-04 and LAD-00017 REV-1 as presented. On roll call vote, the motion carried unanimously.

13. NEXT MEETING

The next meeting will be held on June 21st, at 4:00 PM.

14. ADJOURNMENT***MOTION, passed***

On motion by Mr. Steen, seconded by Mr. Vanyo and all in favor, the meeting was adjourned at 4:45 PM.