**FLOOD DIVERSION FINANCE COMMITTEE**

**FEBRUARY 22, 2017—4:00 PM**

1. **MEETING TO ORDER**

A meeting of the Flood Diversion Finance Committee was held on Wednesday, February 22, 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 Finance Director Kent Costin; Fargo City Commissioner Tony Gehrig; Fargo City Commissioner Tony Grindberg; Moorhead City Councilman Chuck Hendrickson; Cass County Auditor Mike Montplaisir; Fargo City Assistant Administrator Mike Redlinger; Cass County Commissioner Rick Steen; and Moorhead Finance Director Wanda Wagner. Cass County Commission Representative Darrell Vanyo was present via teleconference. Clay County Auditor/Treasurer Lori Johnson and Fargo City Mayor Tim Mahoney were absent.

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

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

 ***MOTION, passed***

**Mr. Costin moved and Mr. Brodshaug seconded to approve the minutes from the January 25, 2017, meeting as presented. Motion carried.**

1. **APPROVAL OF BILLS**

Mr. Costin said bills received for the month total around $2.6 million.

 ***MOTION, passed***

**Mr. Redlinger moved and Mr. Steen seconded to approve the bills in the amount of $2,587,701.30 and to forward them to the Metro Flood Diversion Authority. On roll call vote, the motion carried unanimously.**

1. **FINANCIAL UPDATE**

Mr. Costin reviewed the financial statements for January. About $5.1 million has been expended from the FY2017 budget, and the total disbursed for the project to date is $337,512,432.

Mr. Costin said the Diversion Authority has a cash balance of about $80.9 million and the net position is about $80.1 million.

***MOTION, passed***

**Mr. Brodshaug moved and Mr. Gehrig seconded to approve the financial statement for January as presented. On roll call vote, the motion carried unanimously.**

Mr. Montplaisir arrived for the remainder of the meeting.

1. **PMC UPDATE**

Randy Richardson of CH2M reviewed the Program Management Consultant (PMC) report.

Mr. Richardson explained the discrepancies that exist between the financial statement reported by Mr. Costin and the financial reports included in the PMC report, and said that while the discrepancies are minor at this time, they will be substantial once the P3 contractor begins work.

1. **RECOMMENDED CONTRACTING ACTION**

Ty Smith of CH2M reviewed the following contracted action:

Construction Change Order

* Landwehr Construction, Inc. Change Order 4 (Demolition/Renovation of Howard Johnson Hotel, Old Shakey’s Pizza, Fargo Public Schools)—final cost accounting for asbestos removal of insulated fittings in the amount of $5,744.23.

***MOTION, passed***

**Mr. Montplaisir moved and Mr. Gehrig seconded to approve the appropriation of funds for the outlined Change Order, and to forward the recommendation to the Metro Flood Diversion Authority. On roll call vote, the motion carried unanimously.**

1. **LAND ACQUISITION DIRECTIVES**

Eric Dodds of AE2S said there are two Land Acquisition Directives up for approval.

There was discussion on the price per acre budgeted for farmland. The budget assumes an average price of $6,000 per acre, which does not include soft costs such as appraisals, easements, and other fees not paid to the landowner; the soft costs are also accounted for in the budget.

Mr. Costin said perhaps a map or some sort of disclosure outlining the progress of land acquisitions would be a meaningful report for this committee to review. Mr. Gehrig said he would also like to see data outlining the percentage of acquisition funds expended in regard to the percentage of land acquired for the purpose of tracking acquisition progress.

***MOTION, passed***

**Mr. Gehrig moved and Mr. Montplaisir seconded to approve Land Acquisition Directives LAD-OPP-01 REV-02 and LAD-00017 as presented. On roll call vote, the motion carried unanimously.**

1. **EXTENSION OF HMG MASTER SERVICES AGREEMENT**

Attorney John Shockley said the Master Services Agreement with Houston-Moore Group, LLC (HMG) expires on March 8th. A contract amendment under the same terms as the original agreement is needed to extend the current agreement for 30 days.

***MOTION, passed***

**Mr. Gehrig moved and Mr. Hendrickson seconded to approve Amendment No. 1 to the agreement between the Metro Flood Diversion Authority and Houston-Moore Group, LLC for professional services and to forward the recommendation to the Metro Flood Diversion Authority. On roll call vote, the motion carried unanimously.**

1. **P3 PROCUREMENT CANCELLATION PAYMENT**

Mr. Shockley said one-on-one meetings were recently held with the four short-listed teams for the P3 procurement. Each of the teams voiced concern over the MN DNR’s decision to join a lawsuit to halt construction on the diversion. The current cancellation payment to the proposers in the event that the procurement is cancelled by the Diversion Authority is $500,000. The cancellation payment is only paid out in the event that the procurement is cancelled by the Diversion Authority, at no fault of the proposers. The proposers have requested an increase in the cancellation payment amount.

Mr. Brodshaug said risk has always existed with the project, and the proposers were aware of potential risks when they initiated involvement in the process. Mr. Shockley said he does not disagree, but direct involvement in litigation by the MN DNR was not a factor when the proposers entered the project.

Mr. Shockley said cancellation payments only occur if the procurement is cancelled in the time after the proposers have signed the project agreement but before the preferred proposer is chosen. The proposers have until May 1st to sign the agreement; the successful proposer will be chosen in October.

Mr. Shockley cautioned that there may be ramifications if the cancellation amount is not adjusted.

1. **PROFESSIONAL SERVICES RECRUITMENT FOR EXECUTIVE DIRECTOR**

Mr. Redlinger said proposals from four firms were received for a consultant package for the recruitment of the Executive Director position. Each firm offers an enhanced profile, along with recruitment strategies and access to candidates that otherwise would not be reached.

The firm that will be recommended to the Diversion Authority Board is CPS HR Consulting, which is based out of California, for an all-inclusive fee of $26,500.

Mr. Vanyo said salary consultant Fox Lawson will review the position and provide a guideline for a potential salary range.

Mr. Vanyo said the City of Fargo or Cass County may be asked to handle payroll for the position.

1. **OTHER BUSINESS**

Oxbow buyout homes

Mr. Vanyo provided follow-up to an issue raised at a previous meeting regarding the demolition of buyout homes in Oxbow. Oxbow Mayor Nyhof has made it clear that Oxbow would prefer that demolition of buyout homes be avoided if possible. Oxbow will remain flexible with the timeline of the removal of homes while taking into account security issues associated with the existence of vacant dwellings for an extended period of time.

Mr. Hendrickson left for the remainder of the meeting.

Diversion Authority website

Mr. Dodds said there is added content and functionality on the Diversion Authority website.

1. **NEXT MEETING**

The next meeting will be held on March 22nd, at 4:00 PM.

1. **ADJOURNMENT**

***MOTION, passed***

**On motion by Mr. Gehrig, seconded by Mr. Steen and all in favor, the meeting was adjourned at 5:17 PM.**

 Minutes prepared by Brielle Edwards, HR Assistant