FM Flood Risk Management District No. 1

Informational Meeting

www.fmdiversion.com/assessment
Meeting format:
- 5:30 – 6:00 Open House
- 6:00 – 6:45 Presentation
- 6:45 – 7:30 Open House
The Cass County Joint Water Resource District (CCJWRD) is a member of the Diversion Authority.

CCJWRD has the ability under the North Dakota Century Code to administer an assessment district throughout the benefitted area in North Dakota.

CCJWRD formed the Diversion Project Assessment Committee (DPAC), which includes representatives from Fargo, West Fargo, Cass County, and the CCJWRD board.

DPAC worked for over 2 years to establish a methodology to assign direct and indirect benefits across the benefiting area.

All property owners receiving an assessment receive a vote.
Information Topics to be Discussed:

• Flooding and the need for flood protection
• FM Area Diversion Project
• Need for financing
• Development of the assessment district
• Ballot and voting information packet
FLOODING AND THE NEED FOR THE PROJECT
Flooding is the Problem
• Red River Flood Stage = 18 feet on the Fargo gage
  • Exceeded in 50 of the past 111 years
  • Exceeded 20 of the last 21 years
• Catastrophic damages have been prevented by emergency measures
  • 8 of the 16 “major” floods on record have occurred since 2000
• 2009 was the flood of record
  • Stage of 40.8 feet
  • 2-percent chance (50 year) event
  • Emergency measures cost approximately $70M
  • Cost of losing would have been astronomical
EVER CHANGING FLOODPLAIN RISK

- Pre-2015 FEMA Floodplain
  - 38.5 Feet River Gage (29,300 cfs)
  - 475 Impacted Structures
  - 19,700 Acres Impacted

- 2015 FEMA Floodplain
  - 39.4 Feet River Gage (29,300 cfs)
  - Approx. 2,300 Impacted Structures
  - 27,600 Acres Impacted

- Future USACE Floodplain
  - 41.1 River Gage (34,700 cfs)
  - Approx. 19,400 Impacted Structures
  - 36,430 Acres Impacted
FM AREA DIVERSION PROJECT

- Drain 14 Inlet Structure
- Sheyenne Diversion Project
- Diversion Channel
- Sheyenne Diversion Aqueduct & Spillway
- Diversion Inlet Control Structure
- Connecting Channel
- Wild Rice River Control Structure
- Red River of the North Control Structure
- Tieback Embankment
- Overflow Embankment
- Cass County
- North Dakota
- Prairie Rose
- Frontier
- Briarwood
- Red River
- Rustad
- Frontier
- Davenport
- Bakke
- Hickson
- Oxbow
- Comstock
- Staging Area
- Clay County
- Minnesota
- Sabin
• Federally Authorized Project
• 1,600 ft wide Diversion Channel in ND with 150,000 acre-feet of Upstream Staging
• Selected after federal feasibility study of all alternatives
• Provides 1-percent (100-year) Risk Reduction
• Extreme Events are Flood-Fightable
OVERALL FUNDING APPROACH

$800M
Federal Cost Share

$1,000M
Non-Federal Cost Share

$725M
$450M
Local + $275M
ND State (remaining)

$175M
ND State (to date)

$100M
MN
Local Funding

- Voters have approved two dedicated sales tax measures for flood protection
- Sales tax projections estimate collections to total $700 Million over the remainder of the taxes
  - More than covers the local cost share

ND State Funding

- State legislature has appropriated $175M with legislative intent to give another $275M
STRONG HISTORY OF SALES TAX REVENUE

4.4% Annual Average Growth Since 1997

![Bar Chart]

- Millions
- Growth from $0 to $3,000 million
NEED FOR FINANCING
• Construction costs will outpace the sales tax revenues

• Financing will be required in order to construct the Diversion Project efficiently and in a timely manner

• Even with a strong historical record, sales tax financing would cost more than the special assessment alternative
CONSTRUCTION COSTS OUTPACE SALES TAX REVENUES

Projected Annual Project Expenses vs. Sales Tax Collection

- Blue bars: Annual Project Expense
- Red line: Annual Sales Tax Collection

Millions

- $350
- $300
- $250
- $200
- $150
- $100
- $50
- $0

Years:

# SHORT-TERM AND LONG-TERM FINANCING OPTIONS

<table>
<thead>
<tr>
<th>Financing Option</th>
<th>Short-Term</th>
<th>Long-Term</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pay-Go</td>
<td>✔</td>
<td></td>
</tr>
<tr>
<td>Capital Financing Program – ND Public Finance Authority Program (Sales Tax Revenue Bond)</td>
<td>✔</td>
<td>✔</td>
</tr>
<tr>
<td>Bank of North Dakota Loan</td>
<td>✔</td>
<td></td>
</tr>
<tr>
<td>General Obligation Bonds</td>
<td>✔</td>
<td>✔</td>
</tr>
<tr>
<td>Direct-Funded Loan (Bank Financing)</td>
<td>✔</td>
<td></td>
</tr>
<tr>
<td>Special Assessment Backed Bonds</td>
<td></td>
<td>✔</td>
</tr>
</tbody>
</table>
WHY SPECIAL ASSESSMENT DISTRICT FINANCING?

• Assessment District will Provide Better Borrowing Terms
  – Lower Interest Rate
  – Lower Coverage Requirements
• Assessment District will Save Taxpayers Money
• Assessment District could Provide Operating Revenue for Maintenance
DIVERSION PROJECT
COST TO ASSESS

- Estimated Project Cost = $1,781.5M
- Less State of North Dakota Funding (to date) - $175.0M
- Less Estimated Federal Funding - $801.5M
- Less Estimated State of Minnesota Funding - $100.0M

Project Cost to Finance / Assess = $725.0M

(Project Cost Estimates are Based on Federal Environmental Impact Statement)
DEVELOPMENT OF
THE ASSESSMENT DISTRICT
## WHO GETS A VOTE?

<table>
<thead>
<tr>
<th>Direct Benefits</th>
<th>Indirect Benefits</th>
<th>Acquired Right of Way</th>
</tr>
</thead>
<tbody>
<tr>
<td>Measured Benefits to Individual Parcels</td>
<td>Global Benefits Assigned to Jurisdictions</td>
<td>Voting Power to Impacted Parcels</td>
</tr>
<tr>
<td>Consider: • Flood Risk Reduction • Existing Protection Level • Property Value Protected • Area Protected</td>
<td>Consider: • Infrastructure • Community &amp; Lifestyle • Business &amp; Economy • Salient Benefits</td>
<td>Consider: • Fixed Voting Amount Based on County Assessor’s Value of Lands Impacted</td>
</tr>
</tbody>
</table>

**Vote by Property Owners (Vote is equal to dollars assessed)**

- 49,208 Ballots

**Vote by Jurisdiction Leaders (Vote is equal to dollars assessed)**

- 20 Ballots

**Vote by Property Owners (Vote is equal to assessor’s value of impacted property)**

- 901 Ballots

Parcels receive no assessments
• Assessments to property are determined by benefit region, property value (true & full), and total area of the parcel

• Benefit regions incorporate:
  – Existing floodplains
  – Project-specific floodplains
  – FEMA floodplain information
  – Elevation models
  – Local knowledge & professional expertise

• Utilized scientific flood risk reduction analysis to group parcels & neighborhoods with similar benefits into benefit regions

• All parcels within each benefit region are given the same level of benefit
DIRECT ASSESSMENTS

- Property owners being asked to “Co-Sign” the loan
- Sales taxes will pay the “Mortgage Payment”
- Special assessments will not be certified to property as long as sales tax revenues are sufficient
- Assessments will still be a liability against the property
- Assessment liability will reduce over time
CERTIFIED VS. UNCERTIFIED

• Assessments will not be certified to property as long as sales tax revenues are sufficient

• Uncertified special assessments do not appear on property tax bills

• Assessments will still be considered liabilities against the property in terms of real estate transactions

• Assessments will reduce over time as annual payments from sales tax revenues are made and as assessment liabilities are redistributed due to reinvestment in the community
Total Liability will Reduce Over Time due to:

- Payments from Sales Tax Funds
- Redistribution of liability due to reinvestment in the community
PROPERTY ASSESSMENTS

• Example “liability” for a home valued at $200,000:
  – In South Fargo
    • $5,909 Total Initial Liability, $363 Annually
  – In West Fargo
    • $788 Total Initial Liability, $48 Annually

• Liability will be reduced Annually through Sales Tax Payments and Continued Regional Growth

• Flood Insurance Policy in South Fargo Approximately $2,000-$4,000 Annually
## Average Home Assessments

<table>
<thead>
<tr>
<th>Location</th>
<th>Average Home Value</th>
<th>Total Assessment Liability</th>
</tr>
</thead>
<tbody>
<tr>
<td>West Fargo (N. of I94)</td>
<td>$166,525</td>
<td>$655</td>
</tr>
<tr>
<td>Horace &amp; West Fargo (S. of I94)</td>
<td>$201,877</td>
<td>$1,200</td>
</tr>
<tr>
<td>Fargo (N. of I94)</td>
<td>$145,031</td>
<td>$2,854</td>
</tr>
<tr>
<td>Fargo (S. of I94)</td>
<td>$199,357</td>
<td>$5,900</td>
</tr>
</tbody>
</table>
BALLOT AND VOTING
PACK INFORMATION
Three versions of the Cover Letter are below.

- Direct Benefit Ballot Cover Letter (sent to benefiting parcels)
- Indirect Benefit Ballot Cover Letter (sent to benefiting counties, townships, and cities)
- ROW Impacted Ballot Cover Letter (sent to impacted parcels)

- Sample Ballot
- Ballot Information and Instructions
- Notice of Hearing
- Benefit Region Map
- Resolution Determining Benefitted Property
- Preliminary Assessment List
- Engineer's Report

Available at www.fmddiversion.com/assessment
FM FLOOD RISK MANAGEMENT DISTRICT NO.1 - BALLOT

Parcel Number: 99-9999-9999-999
Record Number: 999999
Location: CITY
SEC: 99
TWP: 99999
RGE: 99W
Legal Description: LOT 1 BLOCK 1 OF DEVELOPMENT 1

Address: 1234 FAKE ST
Owner: JOHN J & JANE M DOE

Area Assessed: 0.25 Acres
Amount Assessed: $3,000.00

Should the Cass County Joint Water Resource District proceed with the creation of the FM Flood Risk Management District No. 1 Assessment District as described herein?

[ ] Yes  [ ] No

Please have all owners sign ballot and return to:
Cass County Joint Water Resource District
1201 Main Avenue West
West Fargo, ND 58078-1301

Signature

Signature

Signature
If ownership information has changed, please request a corrected ballot

- Call Cass County Joint Water Resources District (701) 298-2381

All property owners listed on ballot should sign in order to get the full weight of the vote

In case of multiple owners, ballot will only be sent to the address in the county database
Only original signatures on ballots will be accepted. Ballots emailed or faxed will not be accepted.

Ballots must be returned by 5:00pm April 30, 2015

Return envelope is included

Vote is successful if 50 percent or more of the weight of the returned ballots indicate a YES vote.
QUESTIONS?