FM Flood Risk Management District No. 1

Informational Meeting

www.fmd diversion.com/assessments
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.
WHY ARE WE HERE?

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
Flooding is the Problem

Interstate 29 near Harwood

Closed April 10. Reopened April 15, 2011.

Detour added = 22.8 miles
FLOODING IS THE PROBLEM

Sheyenne River Flooding
North of West Fargo
• 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
- Diversion Inlet Control Structure
- Sheyenne Flood Aqueduct & Spillway
- Connecting Channel
- Wild Rice River Control Structure
- Red River of the North Control Structure
- Tieback Embankment
- Overflow Embankment
- Cass County North Dakota
- Clay County Minnesota
FM AREA DIVERSION PROJECT

- 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

Federal Cost Share: $800M
Non-Federal Cost Share: $1,000M

$175M ND State (to date)
$100M MN

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

$3,000

$2,500

$2,000

$1,500

$1,000

$500

$0

1997 1999 2001 2003 2005 2007 2009 2011 2013

4.4% Annual Average Growth Since 1997

Millions
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

- Estimated Project Expenses
- Annual Sales Tax Collection
<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:</td>
<td>Consider:</td>
<td>Consider:</td>
</tr>
<tr>
<td>• Flood Risk Reduction</td>
<td>• Infrastructure</td>
<td>• Fixed Voting Amount Based on County Assessor’s Value of Lands Impacted</td>
</tr>
<tr>
<td>• Existing Protection Level</td>
<td>• Community &amp; Lifestyle</td>
<td></td>
</tr>
<tr>
<td>• Property Value Protected</td>
<td>• Business &amp; Economy</td>
<td></td>
</tr>
<tr>
<td>• Area Protected</td>
<td>• Salient Benefits</td>
<td></td>
</tr>
<tr>
<td><strong>Vote by Property Owners</strong></td>
<td><strong>Vote by Jurisdiction Leaders</strong></td>
<td><strong>Vote by Property Owners</strong></td>
</tr>
<tr>
<td><em>(Vote is equal to dollars assessed)</em></td>
<td><em>(Vote is equal to dollars assessed)</em></td>
<td><em>(Vote is equal to assessor’s value of impacted property)</em></td>
</tr>
<tr>
<td><strong>49,208 Ballots</strong></td>
<td><strong>20 Ballots</strong></td>
<td><strong>901 Ballots</strong></td>
</tr>
</tbody>
</table>

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.

The same benefit methodology was applied to all parcels.
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>North of West Fargo / Reiles Acres / West Harwood</td>
<td>$173,008</td>
<td>$7,448</td>
</tr>
<tr>
<td>Fargo (S. of I94)</td>
<td>$199,357</td>
<td>$5,900</td>
</tr>
</tbody>
</table>
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/assessments
SAMPLE BALLOT

FM FLOOD RISK MANAGEMENT DISTRICT NO.1 - BALLOT

Parcel Number: 99-9999-99999-99999
Record Number: 999999
Location: CITY
SEC: 99
TWP. 99N
RGE: 99W
Legal Description: LOT 1 BLOCK 1 OF DEVELOPMENT 11

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

T99, P9, **ALL** 5-DIGIT 99999
Jan M Doe
1234 Fake St
City ND 99999

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
VOTING INFORMATION AND INSTRUCTIONS

• 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?
### Agricultural Assessments

- Ag-Land makes up approximately 1.2% of the total assessment amount
- Ag-Land makes up over half the total area
- Benefit to Ag-land was determined by the benefit region, the county valuation (not market value), and by total acreage. The same formula as is applied to all property.

<table>
<thead>
<tr>
<th>Benefit Region</th>
<th>Average Assessment per Acre</th>
<th>Hypothetical Annualized Amount per Acre</th>
</tr>
</thead>
<tbody>
<tr>
<td>Benefit Region 1 (25% Benefit)</td>
<td>$68</td>
<td>~ $4</td>
</tr>
<tr>
<td>Benefit Region 2 (100% Benefit)</td>
<td>$271</td>
<td>~ $16</td>
</tr>
</tbody>
</table>