

**FLOOD DIVERSION FINANCE COMMITTEE
DECEMBER 13, 2017—4:00 PM**

1. MEETING TO ORDER

A meeting of the Flood Diversion Finance Committee was held on Wednesday, December 13, 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 Grindberg; Moorhead City Councilman Chuck Hendrickson; 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; Cass County Commission Representative Darrell Vanyo; and Moorhead Finance Director Wanda Wagner. Fargo City Commissioner Tony Gehrig was absent.

Robert Cowen of CH2M was also present.

2. APPROVAL OF MINUTES FROM PREVIOUS MEETING

MOTION, passed

Mr. Steen moved and Mr. Hendrickson seconded to approve the minutes from the November 15, 2017, meeting as presented.

Motion carried.

Ms. Johnson, Dr. Mahoney, Mr. Vanyo, and Ms. Wagner arrived for the remainder of the meeting.

3. PROPOSED 2018 BUDGET

Robert Cowen of CH2M was present to review the draft FY 2018 Cash Budget.

The recommended cash budget is \$82.5 million, based on the current stand down project status. If circumstances change, the budget will be revised for the remainder of the year.

Mr. Cowen said there is nothing or very little budgeted for the Diversion Channel & Associated Infrastructure; Southern Embankment & Associated Infrastructure; and Enabling Works. These categories include P3 Developer procurement, U.S. Army Corps of Engineer support, and the realignment of Cass County Roads 16 and 17.

Mr. Cowen said several line items will be further reduced before final budget approval to reflect recent expenditures accounted for in the FY 2017 Cash Budget.

Mr. Vanyo said \$220,768 has been budgeted for detention funding. Mr. Vanyo asked if this is for a request received from the Buffalo-Red River Watershed District. Mr. Cowen said yes.

Mr. Vanyo asked if there are any known detention projects in North Dakota. Mr. Brodshaug said while three detention studies have taken place, only one will move forward at this time and it is unlikely it will impact the diversion or be eligible for a diversion cost share.

Mr. Vanyo said while the Program Management line item has been reduced from \$9.3 million to \$5.8 million, it is still a substantial sum considering the project is currently in

stand down mode. Mr. Cowen said costs associated with program management have been steadily decreasing since the injunction was put in place and program management will still provide accounts payable services, general technical services, public outreach, and management for in-town work in 2018.

Mr. Steen noted the decreased budget for legal expenses and asked if there is a plan in place for the next 12 months of activity for the Diversion Authority. Mr. Cowen said planned 2018 projects include in-town flood protection work, and land acquisition and mitigation work associated with the OHB Levee and not affected by the injunction.

Dr. Mahoney said the Governor's Task Force will issue a formal written recommendation in 30 days that should provide clarity going forward. Discussions held during the task force meetings indicated that the task force was not concerned with the increased cost of some options. The Diversion Authority will need to look at the recommendations of the task force and figure out the affordability of the options presented.

Mr. Grindberg said while the options discussed by the task force need to be fully vetted, it is in the best interest of the project to set a deadline to have an agreement with the MN DNR on whether or not the project will receive a permit so the project can move forward and identify further funding sources if needed. It is important to leverage the current moment of action that has been prompted by the task force. An answer is needed by early spring and at that time important decisions about the path forward can be made.

Mr. Steen said he does not anticipate the Diversion Authority will remain in stand down mode for 12 months, and he asked what the plan going forward is.

Mr. Redlinger said the stand down budget is a placeholder which will need to be revisited once the recommendations of the task force and the needs of the Diversion Authority are known.

Mr. Vanyo said the task force has been beneficial in providing education on the complexity of the project and he is hopeful that there will be an amenable outcome; however, it is concerning that a current discussion involves \$300 million in additional project costs to protect less people and less land with increased risks. Mr. Vanyo remains hopeful that a solution will be identified but every project has a tipping point in which the project is no longer viable.

Mr. Grindberg said he agrees with Mr. Vanyo. The vast majority of Cass and Clay County residents support the diversion, and over \$400 million has been expended for the project to date. The local communities have done their share to fund the project.

4. **NEXT MEETING**

The next meeting is scheduled for December 20th at 8:00 AM, in the River Room at Fargo City Hall.

5. **ADJOURNMENT**

MOTION, passed

**On motion by Mr. Steen seconded by Mr. Vanyo and all in favor,
the meeting was adjourned at 4:27 PM.**