

**FLOOD DIVERSION FINANCE COMMITTEE  
APRIL 25, 2018—4:00 PM**

**1. MEETING TO ORDER**

A meeting of the Flood Diversion Finance Committee was held on Wednesday, April 25, 2018, at 4:00 PM in the River Room, Fargo City Hall, with the following present: Fargo Finance Director Kent Costin; Fargo City Commissioner Tony Grindberg; Moorhead City Councilman Chuck Hendrickson; Cass County Joint Water Resource District Chairman Dan Jacobson; Clay County Auditor/Treasurer Lori Johnson; Fargo City Mayor Tim Mahoney; Cass County Auditor Michael Montplaisir; Fargo City Assistant Administrator Michael Redlinger; Cass County Commissioner Rick Steen; and Moorhead Finance Director Wanda Wagner. Cass County Commissioner Vern Bennett and Fargo City Commissioner Tony Gehrig were absent.

Robert Cowen of CH2M; John Glatzmaier of CH2M; Nathan Boerboom of the City of Fargo; Jeff Volk of Moore Engineering; Jeff Ledoux of Houston Engineering; and John Shockley of Ohnstad Twichell were also present.

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

***MOTION, passed***

**Mr. Steen moved and Mr. Montplaisir seconded to approve the minutes from the March 21, 2018, meeting as presented. Motion carried.**

**3. ELECTION OF VICE CHAIR**

***MOTION, passed***

**Mr. Montplaisir moved and Mr. Costin seconded to cast a unanimous ballot and nominate Rick Steen as Vice Chair of the Flood Diversion Finance Committee. On roll call vote, the motion carried unanimously.**

**4. APPROVAL OF BILLS**

Dr. Mahoney arrived for the remainder of the meeting.

***MOTION, passed***

**Mr. Montplaisir moved and Mr. Steen seconded to approve the bills in the amount of \$1,103,436.76 and to forward them to the Metro Flood Diversion Authority. On roll call vote, the motion carried unanimously.**

**5. FINANCIAL UPDATE**

Mr. Costin reviewed the financial statement for March. About \$9.3 million has been expended from the FY 2018 budget, and the total disbursed for the project to date is \$425,144,632. The net position is \$75.0 million.

***MOTION, passed***

**Mr. Jacobson moved and Mr. Hendrickson seconded to approve the Financial Statement for March as presented. On roll call vote, the motion carried unanimously.**

**6. PMC UPDATE**

Robert Cowen of CH2M reviewed the Program Management Consultant (PMC) report,

including the overall program status and the FY 2018 cash budget.

## 7. RECOMMENDED CONTRACTING ACTIONS

John Glatzmaier of CH2M reviewed the following contracting action:

### Change Order

- Meyer Contracting, Inc. (OHB Ring Levee)—add additional tree removal; add 2017 cumulative delays and milestone date changes; add additional pump station luminaries; add additional fire hydrant removal; add sub-cut in levee footprint at Highway 81; add additional survey staking; add additional barricades; add daily and unit/lump sum stand-by time from January 1, 2018, through April 30, 2018; add Cass County Highway 81 overlay; assess liquidated damages; and incorporate temporary golf path in the amount of \$978,114.72.

Mr. Glatzmaier said this change order addresses all claims and changes for Meyer Contracting that occurred through December 31, 2017, plus stand-by time costs from January 1, 2018, through April 30, 2018.

Mr. Montplaisir asked if more costs may be forthcoming as this change order encompasses costs through April 30<sup>th</sup>. Mr. Glatzmaier said yes.

### ***MOTION, passed***

**Mr. Montplaisir moved and Mr. Costin seconded to approve the outlined change order with Meyer Contracting, Inc. as presented, and to forward the recommendation to the Metro Flood Diversion Authority. Discussion: Mr. Grindberg said all costs related to construction delays and stand-by time are being tracked. On roll call vote, the motion carried unanimously.**

## 8. PROPOSED 2018 HMG RATES

Mr. Redlinger said proposed increases to the HMG rates were tabled at the last meeting with a request for more information. Mr. Redlinger and Co-Executive Director Robert Wilson met with Jeff Volk and Jeff Ledoux from Houston Moore Group for clarification. Mr. Volk and Mr. Ledoux were present to discuss the proposed rates and answer questions.

Mr. Volk reviewed the history of Houston Moore Group, which was formed to perform work for the Diversion Authority. The HMG contract became effective in 2012, and in 2017 the rate schedule was negotiated with the Diversion Authority under the new HMG Master Services Agreement. This required HMG to obtain additional professional liability insurance that is not reimbursable from the Diversion Authority. When the contract ends it will be necessary to continue purchasing the insurance for an additional three to six years. Mr. Volk said the rate increase in 2017 was meant to off-set a portion of this additional cost, with the option to increase rates in subsequent years.

Mr. Volk said the largest operations cost for HMG is labor, and the five year history of salaries for engineering firms in North Dakota reflects a 25-35% increase in labor rates.

### ***MOTION, passed***

**Mr. Montplaisir moved and Dr. Mahoney seconded to approve the proposed 2018 HMG rates as presented. Discussion: Dr. Mahoney said it is helpful to understand the background of the**

**rate changes. On roll call vote, the motion carried unanimously.**

**9. OXBOW LOT SALES AND MAINTENANCE AGREEMENT**

Mr. Redlinger presented an amendment to the Oxbow MOU and an Assignment of Master Agreement that will modify the existing sales procedure for the remaining Oxbow lots, include a provision for the relocation of the Oxbow City Park, and reassign responsibilities of the Cass County Joint Water Resource District to the City of Oxbow.

Mr. Redlinger said the City of Oxbow will take over the sale of the 33 remaining lots, of which the first \$1 million of net proceeds will be retained by Oxbow. Thereafter, there will be a 65/35 revenue share split between the Diversion Authority and Oxbow, with the Diversion Authority receiving 65% of revenues, and Oxbow receiving 35%. The lots must be sold for a minimum of 85% of their appraised value, unless otherwise approved by the Co-Executive Directors. Oxbow will also take over maintenance of the remaining lots.

Mr. Redlinger said a cap of \$200,000 will also be imposed on the Diversion Authority's obligation for funding the Oxbow City Park. Any costs in excess of this amount will be paid for by Oxbow.

Mr. Redlinger said Mr. Montplaisir provided a cost analysis and the Diversion Authority will most likely break even or come out slightly ahead financially while removing some of the Diversion Authority's obligations to Oxbow and the Oxbow Country Club.

Mr. Grindberg said this is a good transition for the Diversion Authority to have less involvement with the Oxbow lot sales and golf course.

***MOTION, passed***

**Dr. Mahoney moved and Mr. Steen seconded to approve the Second Amendment to Memorandum of Understanding between the City of Oxbow and the Metro Flood Diversion Board of Authority as presented, and to approve the Assignment of Master Agreement between the City of Oxbow, Cass County Joint Water Resource District, and Oxbow Golf and Country Club as presented, and to forward the recommendations to the Metro Flood Diversion Authority. On roll call vote, the motion carried unanimously.**

**10. S&S LANDSCAPING SERVICES AGREEMENT**

Attorney John Shockley was present to discuss a draft of a Services Agreement with S&S Landscaping.

Mr. Shockley said the federal injunction halted work on Cass Highways 16 and 17 and the OHB Levee. Seeding, maintenance, and damage repair is required in some areas in order to maintain compliance with the ND Storm Water Permit. S&S Landscaping provided a cheaper quote than on-site contractors, and the agreement is in the amount of \$149,952.

***MOTION, passed***

**Mr. Jacobson moved and Mr. Costin seconded to approve the Services Agreement between the Metro Flood Diversion Authority and S&S Landscaping Company, Inc. as presented, and to forward the recommendation to the Metro Flood Diversion**

**Authority. On roll call vote, the motion carried unanimously.**

**11. NEXT MEETING**

The next meeting is scheduled for May 23<sup>rd</sup> at 4:00 PM.

**12. ADJOURNMENT**

***MOTION, passed***

**On motion by Mr. Montplaisir seconded by Mr. Steen and all in favor, the meeting was adjourned at 5:11 PM.**

Minutes prepared by Brielle Edwards, HR Assistant