

**FLOOD DIVERSION FINANCE COMMITTEE  
FEBRUARY 27, 2019—4:00 PM**

**1. MEETING TO ORDER**

A meeting of the Flood Diversion Finance Committee was held on Wednesday, February 27, 2019, at 4:00 PM in the Fargo Commission Chambers, Fargo City Hall, with the following present: Moorhead City Councilman Chuck Hendrickson; Clay County Auditor/Treasurer Lori Johnson; Fargo City Mayor Tim Mahoney; Moorhead Finance Director Karla McCall; Cass County Auditor Michael Montplaisir; Cass County Joint Water Resource District Vice Chairman Rodger Olson; Cass County Commissioner Chad Peterson; Fargo City Assistant Administrator Michael Redlinger; and Cass County Commissioner Rick Steen. Fargo Finance Director Kent Costin; Fargo City Commissioner Tony Gehrig; Fargo City Commissioner Tony Grindberg; and Cass County Joint Water Resource District Chairman Dan Jacobson were absent.

Martin Nicholson of Jacobs was also present.

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

***MOTION, passed***

**Mr. Hendrickson moved and Ms. McCall seconded to approve the minutes from the January 23, 2019, meeting as presented. Motion carried.**

**3. APPROVAL OF BILLS**

***MOTION, passed***

**Mr. Montplaisir moved and Mr. Redlinger seconded to approve the bills in the amount of \$233,576.70, and to forward them to the Metro Flood Diversion Authority. On roll call vote, the motion carried unanimously.**

**4. FINANCIAL UPDATE**

Mr. Montplaisir reviewed the financial statement for January. About \$1.3 million has been expended from the FY 2019 budget, and the total disbursed for the project to date is \$455,045,657. Cumulative revenues for the project to date are \$542,835,652. The net position is \$87.8 million.

Mr. Montplaisir said total appropriations listed on the FY 2019 Summary Budget Report show a negative balance as the report only includes revenue sources for the Quarter 1 budget at this time.

Mr. Steen said about half of the projected revenues for the Q1 budget were received in January. Mr. Steen asked if it was an anomaly or if revenues were higher than previously anticipated. Mr. Montplaisir said the revenue number used in the Q1 budget was meant to balance the budget; a more accurate more accurate figure will be used for the full FY 2019 budget.

***MOTION, passed***

**Mr. Redlinger moved and Mr. Peterson seconded to receive and file the Financial Statement for January as presented. Motion carried.**

## 5. PMC UPDATE

Martin Nicholson of Jacobs reviewed the Program Management Consultant (PMC) report, including the overall program status and the FY 2019 cash budget. Budget numbers have been adjusted to reflect the 2018 project budget estimate of \$2.75 billion.

The FY 2019 cash budget will include only the Q1 budget figures until there is more clarity on a path forward for the project.

***MOTION, passed***

**Mr. Montplaisir moved and Mr. Peterson seconded to receive and file the Program Management Consultant Report for January as presented. Motion carried.**

Dr. Mahoney arrived for the remainder of the meeting.

## 6. CONTRACTING ACTIONS

Mr. Nicholson reviewed the following contracting actions:

### Change Orders

- Industrial Builders, Inc. (Change Order #1 – 2<sup>nd</sup> Street South and Main Avenue Flood Mitigation)—remove Main Avenue project overlap work items; and add CLSM pipe cradles, foundation debris removal, and gatewell structure fill in the amount of -\$240,636.15.
- Meyer Contracting, Inc. (Change Order #6 – OHB Ring Levee, Phases C & D)—balance unit quantities; add various changes to the contract; and add contract time in the amount of \$203,981.64.

### Task Orders

- Houston-Moore Group, LLC (Task Order 25, Amendment 02 – Hydrology and Hydraulic Modeling)—add additional scope and budget for Phase 9 hydrology and hydraulic modeling tasks; and extend period of performance to December 31, 2019, in the amount of \$194,816.
- Houston-Moore Group, LLC (Task Order 26, Amendment 01 – Work-in-Kind)—add budget for SEAI local drainage, transportation, and utility updates; add scope and budget for SEAI Design Reviews; and extend period of performance to December 31, 2019, in the amount of \$541,306.

Mr. Nicholson said all contracting actions were reviewed and approved by the Technical Advisory Group and the Co-Executive Directors.

***MOTION, passed***

**Mr. Montplaisir moved and Mr. Hendrickson seconded to approve the contracting actions as presented, and to forward the recommendation to the Metro Flood Diversion Authority. On roll call vote, the motion carried unanimously.**

## 7. 2019 HMG AND JACOBS LABOR RATES

Mr. Redlinger said per the Master Services Agreements, Houston-Moore Group (HMG) and the Program Management Consultant (PMC) team are allowed to request annual labor rate adjustments up to an average of 3.5% and 3%, respectively. The Co-Executive

Directors have reviewed and approved both requests for 2019, and both adjustments have been included in the 2019 budget.

Dr. Mahoney asked how the requested rate adjustments compare to the city and county employee cost of living adjustments (COLAs) in recent years. Mr. Redlinger said labor rate adjustments are different from COLAs as they are for private businesses that have different considerations and liabilities than governmental entities.

Mr. Steen said labor rate adjustments are to offset increases in the cost of doing business; they are not salary increases.

Mr. Hendrickson asked if supply and demand for personnel and resources are also a factor in the labor rate increases. Mr. Redlinger said yes, as evidenced by the differing rate increase requests across multiple categories per entity.

Mr. Peterson said while he will support the labor rate adjustments, he struggles with approving rate increases in that range.

***MOTION, passed***

**Mr. Redlinger moved and Dr. Mahoney seconded to approve the 2019 labor rates for Houston-Moore Group and Jacobs as presented, and to forward the recommendation to the Metro Flood Diversion Authority. On roll call vote, the motion carried unanimously.**

**8. PLAN B BUDGET REPORTING/UPDATE**

Mr. Nicholson presented two handouts regarding project financing that have been used for public outreach. The handouts include information on program costs, funding sources, and a proposed funding plan.

Mr. Steen asked when to expect to see a full FY 2019 budget. Mr. Redlinger said the annual budget should be ready for the March meeting.

**9. NEXT MEETING**

The next meeting is scheduled for March 27<sup>th</sup> at 4:00 PM.

**10. ADJOURNMENT**

***MOTION, passed***

**On motion by Mr. Peterson, seconded by Mr. Olson and all in favor, the meeting was adjourned at 4:29 PM.**