

**FLOOD DIVERSION FINANCE COMMITTEE
OCTOBER 24, 2018—4:00 PM**

1. MEETING TO ORDER

A meeting of the Flood Diversion Finance Committee was held on Wednesday, October 24, 2018, at 4:00 PM in the Commission Chambers, Old Fargo City Hall, with the following present: Fargo Finance Director Kent Costin; Moorhead City Councilman Chuck Hendrickson; Cass County Joint Water Resource District Chairman Dan Jacobson; Clay County Auditor/Treasurer Lori Johnson; 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; Fargo City Commissioner Tony Grindberg; Fargo City Commissioner Tony Gehrig; and Fargo City Mayor Tim Mahoney; were absent.

Eric Dodds of AE2S; and Martin Nicholson of Jacobs were also present.

2. APPROVAL OF MINUTES FROM PREVIOUS MEETING

MOTION, passed

Mr. Hendrickson moved and Mr. Jacobson seconded to approve the minutes from the September 26, 2018, meeting as presented. Motion carried.

3. APPROVAL OF BILLS

Mr. Costin said there are multiple line items on the Cass County Joint Water Resource District billing for Cass Rural Water Users for water connection services. Mr. Costin asked why these services have not been shut off. Eric Dodds of AE2S was present. Mr. Dodds said a number of properties are still occupied and the properties listed were recently purchased.

MOTION, passed

Mr. Montplaisir moved and Mr. Costin seconded to approve the bills in the amount of \$149,566.55, and to forward them to the Metro Flood Diversion Authority. Motion carried.

4. FINANCIAL UPDATE

Mr. Costin reviewed the financial statement for September. About \$30.6 million has been expended from the FY 2018 budget, and the total disbursed for the project to date is \$446,447,047. The net position is \$79.0 million.

Mr. Steen asked if the outstanding encumbrances listed on the FY 2018 Summary Budget Report in the amount of \$40,631,000 include encumbrances beyond the end of the fiscal year. Mr. Montplaisir said yes.

MOTION, passed

Mr. Montplaisir moved and Ms. Wagner seconded to approve the Financial Statement for September as presented. On roll call vote, the motion carried unanimously.

5. PMC UPDATE

Martin Nicholson of Jacobs reviewed the Program Management Consultant (PMC) report, including the overall program status and the FY 2018 cash budget.

6. DIVERSION AUTHORITY FINANCIAL AUDIT

Mr. Redlinger arrived for the remainder of the meeting.

Mr. Steen said Mr. Costin proposed a financial audit for the Diversion Authority about a year ago. The suggestion was tabled as it made sense at that time to wait until the Executive Director was hired and an organizational structure was solidified. As that process was put on hold, the issue should be revisited.

Mr. Costin said the Diversion Authority does not use accrual based financial statements and instead uses a cash-in-cash-out accounting system. A decision will need to be made on what kind of audit should be done and the scope. The City of Fargo uses Eide Bailly for auditing services. A representative from an auditing firm could provide recommendations on an audit.

Mr. Steen asked at what point the Diversion Authority should be expected to prepare accrual based statements. Mr. Montplaisir said he is unsure but agreed upon procedures could be put in place going forward.

Mr. Steen said a sub-committee can be formed to meet with an agent from the auditing firm to come up with a recommendation.

7. 2018 ADJUSTED BUDGET

Mr. Nicholson provided documentation for proposed FY 2018 cash budget revisions to realign budget category dollars, in addition to an estimate of unencumbered FY 2018 funds that will be rolled into the 2019 budget.

Mr. Montplaisir asked if approval is being sought to reduce the 2018 budget to reflect the estimated unencumbered balance, in addition to the budget revisions. Mr. Steen said only the budget revisions need to be approved.

MOTION, passed

Mr. Costin moved and Mr. Montplaisir seconded to approve the revisions to the FY 2018 Cash Budget as presented, and to forward the recommendation to the Metro Flood Diversion Authority. On roll call vote, the motion carried unanimously.

8. 2019 BUDGET PLAN

Mr. Steen said as a permit from MDNR has not been approved at this time there are too many unknowns to create a full FY 2019 budget. It is practical at this time to suggest creating a budget for only the first quarter of 2019; a full budget will be completed when a path forward is clear.

MOTION, passed

Mr. Hendrickson moved and Mr. Jacobson seconded to approve the formation of the budget for the first quarter of FY 2019, and to forward the recommendation to the Metro Flood Diversion Authority. On roll call vote, the motion carried unanimously.

9. RECOMMENDED CONTRACTING ACTIONS

Mr. Nicholson reviewed the following contracting action:

- Houston-Moore Group (2nd Street South and Main Avenue Flood Mitigation) – add

subtask B (Services During Construction) scope and budget for WP-42E; and extend the Period of Performance to June 30, 2020, in the amount of \$777,864.

MOTION, passed

Mr. Redlinger moved and Ms. Wagner seconded to approve Task Order 17, Amendment 6 for WP-42 SDB and SDC in the amount of \$777,864, and to forward the recommendation to the Metro Flood Diversion Authority. On roll call vote, the motion carried unanimously.

10. NEXT MEETING

Mr. Redlinger said the next meeting was previously scheduled for November 14th. As the regular board meeting has been moved to November 29th, the other committee meetings have moved to November 28th.

MOTION, passed

Mr. Montplaisir moved and Mr. Costin seconded that the next meeting of the Flood Diversion Finance Committee be moved to November 28th. Motion carried.

11. ADJOURNMENT

MOTION, passed

On motion by Mr. Montplaisir, seconded by Mr. Costin and all in favor, the meeting was adjourned at 4:43 PM.