

**FLOOD DIVERSION FINANCE COMMITTEE  
OCTOBER 30, 2019—4:16 PM**

**1. MEETING TO ORDER**

A meeting of the Flood Diversion Finance Committee was held on Wednesday, October 30, 2019, at 4:16 PM in the Commission Chambers, 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; Moorhead Finance Director Karla McCall; Cass County Auditor Michael Montplaisir; Cass County Commissioner Chad Peterson; Fargo City Assistant Administrator Michael Redlinger; and Cass County Commissioner Rick Steen. Fargo City Commissioner Tony Gehrig and Fargo City Mayor Tim Mahoney were absent.

Diversion Authority Executive Director Joel Paulsen; John Shockley of Ohnstad Twichell; Nathan Boerboom of the City of Fargo; Martin Nicholson of Jacobs; and Eric Dodds of AE2S were also present.

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

***MOTION, passed***

**Ms. McCall moved and Mr. Hendrickson seconded to approve the minutes from the September 25, 2019, meeting as presented. Motion carried.**

**3. APPROVAL OF BILLS**

Mr. Costin reviewed the bills for the month, including a bill to the City of Fargo for reimbursement for in-town flood protection projects from January 1 – August 31, 2019. The bill includes over \$5 million in buy-outs and has been verified through the program management group.

***MOTION, passed***

**Mr. Redlinger moved and Mr. Steen seconded to approve the bills in the amount of \$9,348,624.77, and to forward them to the Metro Flood Diversion Authority. On roll call vote, the motion carried unanimously.**

**4. FINANCIAL UPDATE**

Mr. Costin reviewed the financial report for September. About \$41.9 million has been expended from the FY 2019 budget, and the total disbursed for the project to date is \$495,631,883. The net position is \$99.6 million.

Mr. Costin said the Program Revenue Report included in the Executive Director Report should align with the data in the Summary Budget Report to show budgeted revenues versus actual revenues.

***MOTION, passed***

**Mr. Jacobson moved and Mr. Peterson seconded to receive and file the Financial Report for September as presented. Motion carried.**

**5. EXECUTIVE DIRECTOR REPORT**

Diversion Authority Executive Director Joel Paulsen reviewed the Executive Director

Report, including the overall program status and FY 2019 program revenues.

Mr. Paulsen gave an update on a recent trip to Washington, D.C. that was attended by several Diversion Authority board members and himself. The purpose of the visit was to clarify and solidify federal funding for forecast year 2020. Overall, the trip was successful and the group met at the U.S. Army Corps of Engineers headquarters and with the Office of Management and Budget (OMB).

## 6. **CONTRACTING ACTIONS**

Attorney John Shockley reviewed the following contracting action:

### Task Order

- MetroCOG – digital ortho aerial photography and LiDAR mapping (2020), in the amount of \$328,500.

Mr. Shockley said the Diversion Authority has an existing, 10-year contract with MetroCOG that was signed in 2017 for LiDAR and other mapping that the project will rely upon for technical features. The City of Fargo has issued a Request for Proposals on behalf of metro area jurisdictions for the work, and the estimated cost that will be attributable to the Diversion Authority is \$328,500.

Mr. Grindberg asked what the specific use of the mapping will be as there have been many previous mapping and LiDAR projects over the years.

City of Fargo Engineer Nathan Boerboom said the key reason to continue to collect the LiDAR is for depth of management for the overall project, including to provide baselines with data sources for the project before and after operation commences to confirm whether or not the project is affecting various environmental and geomorphological factors. It is also part of an overall adaptive management plan put in place with the MN DNR and Game and Fish Department.

Mr. Peterson asked if there are any cursory benefits for the city and county GIS departments. Mr. Boerboom said yes; associated cities and counties also pay for a portion of the project and benefit from the aerial photography and modeling.

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

**Mr. Peterson moved and Ms. McCall seconded to approve the MetroCOG Task Order in the amount of \$328,500 as presented, and to forward the recommendation to the Metro Flood Diversion Authority. On roll call vote, the motion carried unanimously.**

Mr. Paulsen reviewed the Executive Director approved contracting actions and the Minnesota Clay County Joint Powers Authority approved contracting actions. There were no Cass County Joint Water Resource District contracting actions.

## 7. **FY 2020 CASH BUDGET**

Mr. Paulsen said information on the FY 2020 cash budget will be presented at the next meeting.

## 8. **WIFIA UPDATE AND TIMELINE**

Mr. Shockley said the Diversion Authority has been chosen to submit an application for

funding through the Water Infrastructure Finance and Innovation Act (WIFIA) loan program through the Environmental Protection Agency (EPA). The application process is a lengthy, in-depth process that is expected to take up to 16 months to complete.

Mr. Shockley said he would like to make the committee aware that an application fee of approximately \$100,000 and other costs and fees totaling approximately \$400,000 can be expected. The advantage of a WIFIA loan is that once approved, the interest rate is locked in. WIFIA loans are also drawdown loans, which allow funds to be pulled as needed. Debt service payments can also be sculpted based on ability to pay, and payments do not begin until project completion. The cost savings are expected to be \$600 million and will shorten debt service repayment by 20 years.

Mr. Shockley said loan funds are not permitted to be used for fees and the recommendation is that flood sales tax funds be used for the application and associated fees. Mr. Shockley will provide a formal resolution at the next meeting for approval.

Mr. Montplaisir asked if there is a way in the current accounting system to track the revenue source of various expenditures. Mr. Shockley said the process is currently in development.

***MOTION, passed***

**Ms. McCall moved and Mr. Montplaisir seconded to authorize that proceeds from the flood sales tax be designated to pay for the WIFIA application fee and other associated costs, and to forward the recommendation to the Metro Flood Diversion Authority. On roll call vote, the motion carried unanimously.**

**9. LAND ACQUISITION DIRECTIVE**

Eric Dodds of AE2S presented a Land Acquisition Directive for approval. Mr. Dodds said it includes the project's final real estate needs for the western tieback, adding four additional properties from a previous directive.

***MOTION, passed***

**Mr. Steen moved and Mr. Redlinger seconded to approve LAD-00027 REV-02. On roll call vote, the motion carried unanimously.**

**10. PROPERTY STATUS REPORT**

Mr. Dodds said over 320 properties have been acquired for the project to-date, and negotiations are on-going for many additional properties. He said some property owners have not agreed with the appraised values, which has prompted an evaluation of the quick take process. After the initial "informal" negotiations, the next phase is "formal" negotiations. Formal negotiations have begun on approximately 50 parcels.

Mr. Steen said he heard some discussion on recreational improvements on the channel, and he would like to know if there are any cost estimates at this time.

Mr. Dodds said there are some base recreational components in the plan, but there is no determination yet on a preliminary scope.

Martin Nicholson of Jacobs said a recommended approach for MetroCOG for recreational components in the P3 bid has not been finalized, but most likely the P3 bid will include some base components plus alternate bids for additional elements.

**11. COST SHARE RESOLUTION**

Mr. Shockley presented a resolution regarding allowing the City of Fargo to undertake engineering services for project in-kind work elements for the sanitary lift station, hydraulic modeling, and regional water service to Cass Rural Water District for the City of Horace.

Mr. Steen asked if the cost of reimbursement will be above and beyond the \$5 million Horace request. Mr. Shockley said yes; there is an opportunity to optimize water infrastructure in the area and ultimately save money in the long-run.

Mr. Steen asked what the approximate cost of the study will be. Mr. Shockley said approximately \$60,000.

***MOTION, passed***

**Mr. Steen moved and Mr. Peterson seconded to approve Resolution Requesting the City of Fargo to Undertake Engineering Services for Project In-Kind Work Elements, and Authorizing the Reimbursement of Related Engineering Costs, with a cap of \$60,000 for reimbursement, and to forward the recommendation to the Metro Flood Diversion Authority. On roll call vote, the motion carried unanimously.**

**12. NEXT MEETING**

The next meeting is scheduled for November 20<sup>th</sup> at 4:00 PM in the River Room.

**13. ADJOURNMENT*****MOTION, passed***

**On motion by Mr. Peterson, seconded by Mr. Steen and all in favor, the meeting was adjourned at 5:10 PM.**