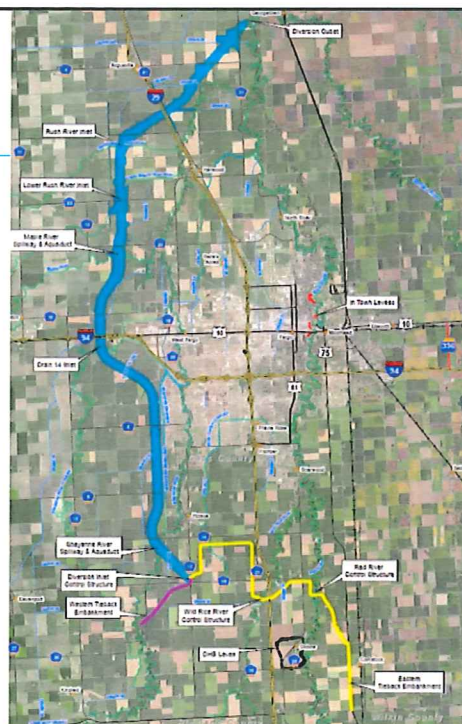


# Fargo-Moorhead Metropolitan Area Flood Risk Management Project

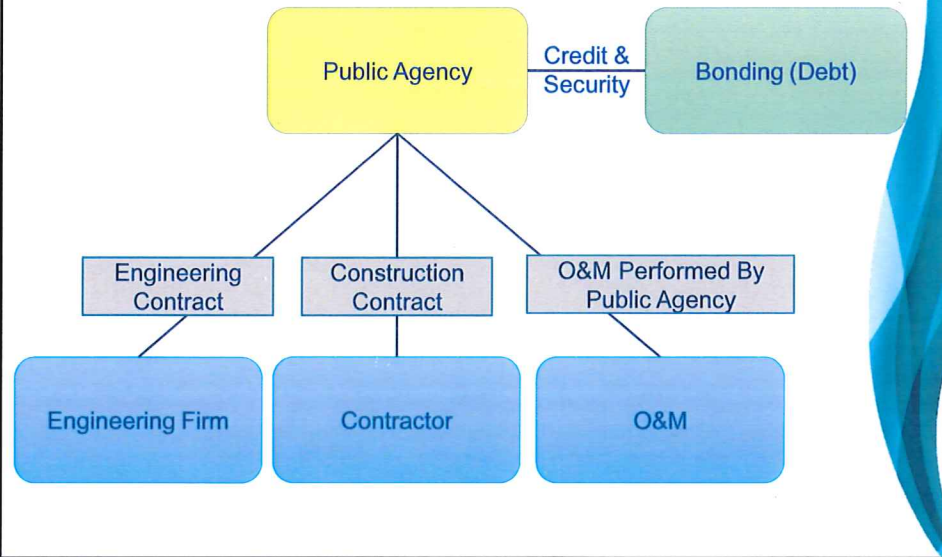
## P3 Update and Executive Summary

### P3 Split Delivery Plan

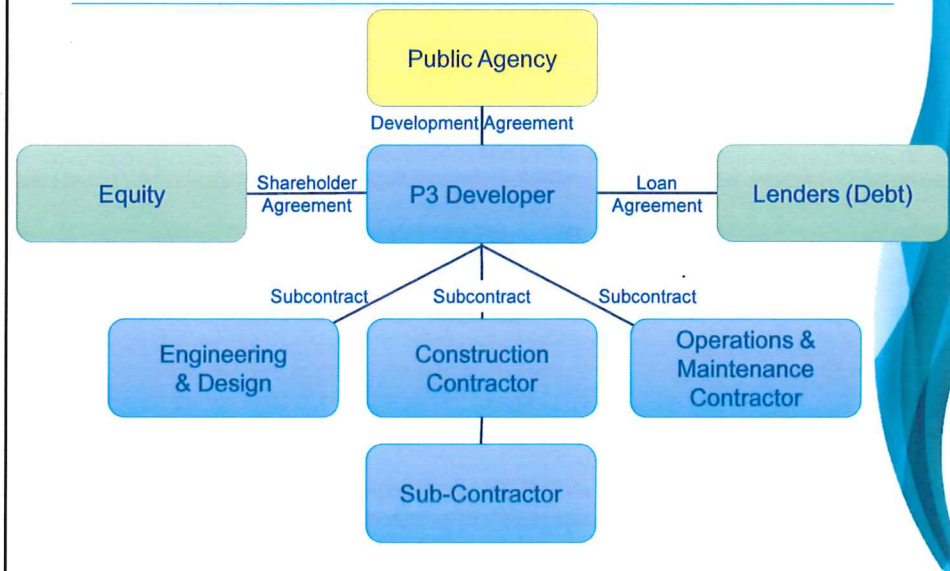
- PPA (Project Partnership Agreement) established split delivery of Project July 11, 2016
- P3 MOU outlined USACE interface in P3 process, July 11, 2016
- Diversion Channel and Associated Infrastructure
  - Non-Federal Sponsors
    - Metro Flood Diversion Authority
    - P3 Procurement
- Southern Embankment and Associated Infrastructure and Mitigation
  - Corps of Engineers



## Traditional Delivery Method (DBB)



## Typical P3 Model (DBFOM)



## P3 Procurement



## P3 Highlights

- ▶ Public agency retains ownership and control over the asset even when some responsibilities are transferred to the private sector partner
  - ❖ *DCAI will be owned by DA*
- ▶ Public agency retains control over establishment of user rates, operating standards, and other requirements
  - ❖ *DCAI will be operated and maintained in accordance with USACE/DA standards*
- ▶ Degree to which responsibilities are retained or shared is defined in P3 agreement
  - ❖ *USACE involved in review & comment regarding Project Agreement*

## P3 Highlights (cont'd)

- ▶ Private sector partner delivers innovative technical solutions within technical requirements provided by the public agency
  - ❖ *ITCs: bridge design*
  - ❖ *Challenges for the future of P3: convergence of environmental approvals vs. innovation*
  
- ▶ Engineer and contractor work collaboratively to lower construction cost and deploy new technology

## P3 Highlights (cont'd)

- ▶ Public agency receives a fixed price bid and private sector partner assumes the risks of delay, cost escalation, etc.
  
- ▶ P3 delivery method speeds up the delivery of the project
  
- ▶ Private entity holds debt and is incentivized to deliver project in order to receive Availability Payment

## P3 Advantages

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- ▶ Certainty in cost
- ▶ Certainty in schedule
- ▶ Incentivizes innovative designs
- ▶ Reduces taxpayer costs by identifying capital costs and operations & maintenance costs at time of bid
- ▶ Creates efficiencies not seen in other models
- ▶ Long-term Availability Payment acts like an insurance policy
- ▶ Contractor and engineer are invested in project & on the same team
- ▶ Brings private equity into projects

## Action Items to Move Forward with P3 Procurement

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- ▶ Finalize updated costs and Financial Plan
- ▶ Minnesota Permit
- ▶ Removal of Injunction

# Questions

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# John Hoeven



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FOR IMMEDIATE RELEASE  
October 17, 2018

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## HOEVEN OUTLINES HIS RECENTLY-PASSED MEASURES TO RESOLVE EASEMENT ISSUES, SUPPORT P3s & PROVIDE FLEXIBLE FUNDING FOR CONSTRUCTION OF FARGO-MOORHEAD REGION FLOOD PROTECTION PROJECT

FARGO, N.D. – In a meeting with MG Scott Spellmon, Deputy Commanding General for the U.S. Army Corps of Engineers, and leaders from the Fargo-Moorhead region today, Senator John Hoeven outlined provisions he secured in the [Water Resources Development Act \(WRDA\)](#) and the [Fiscal Year 2019 Energy and Water funding bill](#) to help resolve the easement issue and provide funding to move forward construction of comprehensive flood protection in the Red River Valley. Both the WRDA and Energy and Water funding bill were recently approved by Congress and sent to the president to be signed into law.

### WATER RESOURCES DEVELOPMENT ACT

- **Resolves easement issue to Enable Route B:** Hoeven included his provision to resolve easements on land purchased with Hazard Mitigation Grant Program (HMGP) funding. The senator's provision grants the authority needed to implement Route B, the changes recommended by the joint task force convened by Governors Doug Burgum and Mark Dayton. Accordingly, Hoeven urged MG Spellmon to help ensure funding is included for the project's construction in the Corps' Fiscal Year (FY) 2019 work plan.

### FISCAL YEAR 2019 ENERGY AND WATER FUNDING BILL

As a member of the Senate Energy and Water Development Appropriations Committee, Hoeven secured the following priorities in the bill:

- **Increases the Corps' construction account** by \$150 million to ensure priorities like flood protection in the Red River Valley continue to receive funding.
- **Implements the Water Infrastructure Finance and Innovation Act (WIFIA) Program** to provide states and local governments with low-cost, flexible funding sources when building water infrastructure.
  - The legislation directs the Corps to complete a detailed plan for implementing WIFIA and provides up to \$6 million to support WIFIA program implementation. This aligns with Hoeven's legislation [to extend the WIFIA program](#).
- **Ensures fair treatment of public-private partnership (P3) projects** and others that use alternative financing methods during the Corps' cost-benefit analysis, including flood protection in the Fargo-Moorhead region.

- The bill requires the Corps to develop a policy on how it will evaluate P3s and incorporate them into its budget.
- Hoeven also helped advance a provision in the Senate-passed Financial Services and General Government funding bill ensuring the Corps can fund P3s.

“We’ve worked hard to clear the way for the construction of Fargo-Moorhead’s comprehensive flood protection,” Hoeven said. “Our provision in WRDA resolves the easements that would’ve prevented the project from being realigned. That’s a big win for the region. Now, we are going to continue our efforts to secure funding, through the Corps and programs like WIFIA. The funding bill we passed earlier this year advances these priorities by increasing the Corps’ construction account and provides funding to implement the Corps’ WIFIA program. Coupled with our measures in support of P3 projects, this project is well-positioned to receive funding in next year’s work plan. That is exactly what we are urging MG Spellmon and other Corps officials to do, and we appreciate him taking the time to visit the region and learn more about this critical effort.”

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