



**County
Administrator**

Keith Berndt

M E M O

TO: Cass County Commissioners
FROM: Keith Berndt
DATE: December 14, 2015
SUBJECT: FY2016 Diversion Budget

The Limited Joint Powers Agreement that governs the FM Diversion Board of Authority requires the annual budget of the board to be approved by each of the member entities every year.

I've attached the budget and budget summary for 2016. I recommend approval of the 2016 budget at this time by the County Commission.

SUGGESTED MOTION:

Approve the proposed Fiscal Year 2016 Diversion Budget.

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Program Budget	Remaining Obligated	FY2016 New	FY2016 Total	State Water Commission Eligible
PROGRAM	96,300,000	141,200,000	237,500,000	150,000,000
Land Acquisition	44,100,000	65,800,000	109,900,000	109,900,000
In Town Levees (WP-42)	11,816,032	1,000,000	12,816,032	12,816,032
OHB Levee (WP-43)	29,132,882	14,554,689	43,687,571	43,687,571
DCAI Phase 1 (50%)	-	10,000,000	10,000,000	10,000,000
Staging Area (WP-38)	1,526,000	7,000,000	8,526,000	8,526,000
CR16/17 and Gated Inlet (WP-26, WP-28)	-	1,228,371	1,228,371	1,228,371
The following USACE projects go to bid April 2018 Wild Rice Control Structure I29 Bridge and Road Raise CR-81 Bridge and Road Raise BNSF Moorhead RR Raise Hwy 75 Bridge and Road Raise Drayton Dam Mitigation Wild Rice Mitigation	-	14,248,217	14,248,217	14,248,217
Hardship	800,900	3,000,000	3,800,900	3,800,900
Opportunistic	865,497	7,000,000	7,865,497	7,865,497
Land Acquisition Mgmt	-	7,755,000	7,755,000	7,755,000
Construction	39,600,000	48,400,000	88,000,000	42,800,000
In-Town Levees (WP-42)	30,176,712	22,849,888	53,026,600	25,513,300
WP-42A.1/A.3: 4th St. Pump Station and Floodwall	9,458,410	-	9,458,410	4,729,205
WP-42A.2: 2nd St. N Pump Station	3,231,532	-	3,231,532	1,615,766
WP-42F.1S: Flood Control, 2nd St. N, So. of 3rd	16,396,882	-	16,396,882	8,198,441
WP-42F.1N: Flood Control, 2nd St. N, No. of 3rd	-	16,500,000	16,500,000	8,250,000
WP-42C.1: Demolition, HoJo, Shakey's, FPS	-	2,000,000	-	-
WP-42C.2: Demolition, Park East Apartments	1,089,888	1,089,888	2,179,776	1,089,888
WP-42H.2: El Zagal Phase 2 Levee	-	2,100,000	2,100,000	1,050,000
WP-42I: Mickelson Levee Extension	-	1,160,000	1,160,000	580,000
OHB Levee (WP-43)	432,666	10,207,500	10,640,166	5,128,750
FY 2015 Schnell & Other Demos	50,000	207,500	257,500	128,750
WP-43B/D/E: Pump Station, Gatewell, Road Raise, Levee	-	10,000,000	10,000,000	5,000,000
Other	8,948,152	15,350,000	24,298,152	12,149,076
Oxbow Development (OJDA)	536,000	100,000	636,000	318,000
WP-28: CR16/17 Bridge	-	10,000,000	10,000,000	5,000,000
Oxbow Country Club Golf Course (RTJ II)	7,023,661	-	7,023,661	3,511,830
Construction Management	-	2,750,000	2,750,000	1,375,000
Services During Construction	1,049,491	2,000,000	3,049,491	1,524,746
Materials Testing (Braun [WP43]; Terracon [WP42])	339,000	500,000	839,000	419,500
Design/Permitting	5,100,000	2,400,000	7,500,000	3,000,000
HMG	3,574,348	2,145,983	5,720,331	2,855,166
TO-1: Project Management	678,346	450,000	1,128,346	564,173
TO-6: Land Management Services	34,968	200,000	234,968	117,484
TO-8: Work-In-Kind	211,766	400,000	611,766	305,883
TO-9: Hydrology & Hydraulic Modeling	319,935	300,000	619,935	309,968
TO-10: Utility Design	181,602	-	181,602	90,801
TO-13: Levee Design	998,134	-	998,134	499,067
TO-15: Draft Operations Plan	175,309	-	175,309	87,655
TO-16: Permit Submittal Preparation and Other Related Services	127,908	100,000	227,908	113,954
TO-18: CR16/17 Bridge Design	596,380	-	596,380	298,190
TO-19: PPP Development	250,000	500,000	750,000	375,000
Beaver Creek	111,000	-	111,000	55,500
Task Order 01 - Cultural Resources Investigations	111,000	-	111,000	55,500
URS	260,639	-	260,639	130,320
Task Order 01 - Cultural Resources Investigations	260,639	-	260,639	130,320
MN DNR	1,200,000	300,000	1,500,000	-
Proj Mgmt/Legal/Financing	1,000,000	11,900,000	12,900,000	6,400,000
Corps	-	-	-	-
PMC	840,000	7,000,000	7,840,000	3,920,000
Legal	-	3,500,000	3,500,000	1,750,000
Financing	156,209	1,350,000	1,506,209	753,105
Mitigation	-	800,000	800,000	400,000
Riparian / Wetlands	-	-	-	-
Cemeteries	-	-	-	-
Agricultural	-	-	-	-
Utility Relocates	6,100,000	10,900,000	17,000,000	8,000,000
In-Town Levee (WP-42) Utility Relocation	5,339,394	1,000,000	6,339,394	2,669,697
CenturyLink	2,586,742	-	2,586,742	1,293,371
CableOne	148,511	-	148,511	74,256
702 Communications	75,953	-	75,953	37,976
Enventis	1,491,567	-	1,491,567	745,783
Xcel	874,255	-	874,255	437,128
AT&T	162,366	-	162,366	81,183
DCAI Utility Relocations	-	7,774,500	7,774,500	3,887,250
Cass Rural Water	-	465,000	465,000	232,500
Cass County Electric	-	696,000	696,000	348,000
Cenex	-	1,203,000	1,203,000	601,500
Century Link	-	219,000	219,000	109,500
Midcontinent Communications	-	87,500	87,500	43,750
WAPA	-	650,000	650,000	325,000
Magellan	-	900,000	900,000	450,000
Minnkota Power	-	3,554,000	3,554,000	1,777,000
OHB Ring Levee (WP-43) Utility Relocations	697,752	2,114,263	2,812,015	1,406,008
Cass Rural Water District	-	761,000	761,000	380,500
Cass County Electric	347,752	458,997	806,749	403,375
Sprint	350,000	-	350,000	175,000
Red River Communications	-	52,230	52,230	26,115
Midcontinent Communications	-	391,036	391,036	195,518
City of Fargo	-	451,000	451,000	225,500
Retention	400,000	1,000,000	1,400,000	-
Phase 1 Funding - Bois de Sioux WD, Brandrup 9	32,980	250,000	282,980	-
Phase 1 Funding - Bois de Sioux WD, RedPath	90,000	250,000	340,000	-
Phase 1 Funding - Bois de Sioux WD, Western 32	22,400	250,000	272,400	-
Phase 1 Funding - BRRWD, Stoney Creek	86,000	250,000	336,000	-
Phase 1 Funding - BRRWD, Upper South Branch	74,022	-	74,022	-
Phase 1 Funding - BRRWD, Bamesville Township	60,746	-	60,746	-
Phase 2 Funding - LA / Project Design	-	-	-	-
Phase 3 Funding - Construction	-	-	-	-

Fiscal Year 2016 Budget Summary

December 15, 2015

Overview

The Diversion Authority Fiscal Year 2016 (FY16) budget is presented to continue to implement permanent flood protection for the metro area and achieve the following:

1. Continue On-Going Activities
 - a. Support MN DNR through completion of its EIS
 - b. Complete substantial portions of in-town flood protection for downtown Fargo, El Zagal, and Mickelson
 - c. Support Corps and Local Design and Construction Projects
 - d. Advance Mitigation Projects
 - e. Support Diversion Commitment to Retention Projects
 - f. Fulfill Non-Federal Sponsor Requirements

2. Prepare for Split Delivery Project Implementation
 - a. Negotiate the Project Partnership Agreement with the Corps
 - b. Complete a Financial Plan to support P3 delivery
 - c. Initiate the procurement of a P3 contractor
 - d. Amend Diversion Authority JPA
 - e. Acquire lands along the channel and diversion inlet
 - f. Support Corps construction contracts on Southern Embankment and Associated Infrastructure split delivery

Background

The Diversion Authority FY16 is on a calendar year basis, which will begin January 1, 2016 and end December 31, 2016. Previously, fiscal years paralleled the federal fiscal year basis, October 1 through September 30. The fiscal year basis was changed by the Diversion Authority Board in 2015 and FY15 was changed to a 15-month fiscal year ending on December 31, 2015.

Summary of previous budgets:

FY12 -- \$13M

FY13 -- \$32M

FY14 -- \$70M

FY15 -- \$224M (\$13M carryover from FY2014 and \$211M new)

Construction

The budget for construction includes continued construction of In-Town Levees (WP-42) (including completion of the 2nd Street and 4th Street pump stations), construction of the 2nd Street floodwall and road relocation, levee construction in El Zagal and Mickelson, demolition of Howard Johnson's and Fargo Public Schools (partial) and demolition or removal of houses. The budget also includes resuming construction of the OHB Ring Levee (WP-43), including portions of the levee, storm water pump station, ponds and piping, and road raises, as well as demolition or relocation of houses in Oxbow. Also included in the budget is CR 16/17 bridge and road project (WP-28).

This portion of the budget also includes construction management, materials testing, and construction surveying.

Management/Legal/Financial

The budget includes services for program management, including oversight of Diversion Authority contracts, coordination with the Corps, coordination with DNR, change management, public involvement, government affairs, schedule and budget control, and document control; legal, including local development and review of contracts and agreements, outside counsel for litigation support, and outside counsel for P3 Developer procurement support; and financial advisor overall P3 funding and procurement support.

Mitigation

The budget includes design of river restorations and riparian wetland mitigation around OHB utilizing the golf course holes outside the ring levee footprint. Initiate additional local cemetery mitigation outreach is included. Also within the budget is funding for additional study of agricultural mitigation, including supplemental income / crop insurance.

Utility Relocates

The budget includes utility relocates for OHB Ring Levee (WP-43), the Diversion Channel and Associated Infrastructure, and In-Town Levees (WP-42).

Retention

The budget includes cost share funding for Phase I retention project upstream of Halstad. Projects proposed and recommended for Phase I funding approval include six projects in Minnesota; including three Buffalo Red River Watershed District projects and three Bois de Sioux Watershed District projects.

Diversion Authority All-Entity Informational Meeting

FY16 Budget Presentation

December 15, 2015

Informational Meeting in support of the FY16 Diversion Authority Budget

- 💧 **6 Entities entered into a Joint Powers Agreement**
 - Agreed that a flood risk management project is necessary
 - Agreed to cooperate to plan, design, and manage the Project
- 💧 **FY16 Diversion Authority Budget Process**
 - Diversion Authority Finance and Technical Advisory Staff previewed budget in November
 - Each of the six entities and the Diversion Authority will be presented the FY16 Budget for formal consideration
- 💧 **This is an informational briefing – no action is being requested at this time**
- 💧 **PMC and Corps cost estimates expected in early 2016**

Budget Presentation Proposed Schedule

6-Entity Informational Meeting	December 15
Diversion Authority	December 17
CCJWRD	December 17
Cass County	December 21
Fargo	December 21
Clay County	December 22
Moorhead	January 11
BRRWD	January 11

Budget Overview

💧 **FY16 Budget = \$237.5 Million (FY15 was \$224M)**

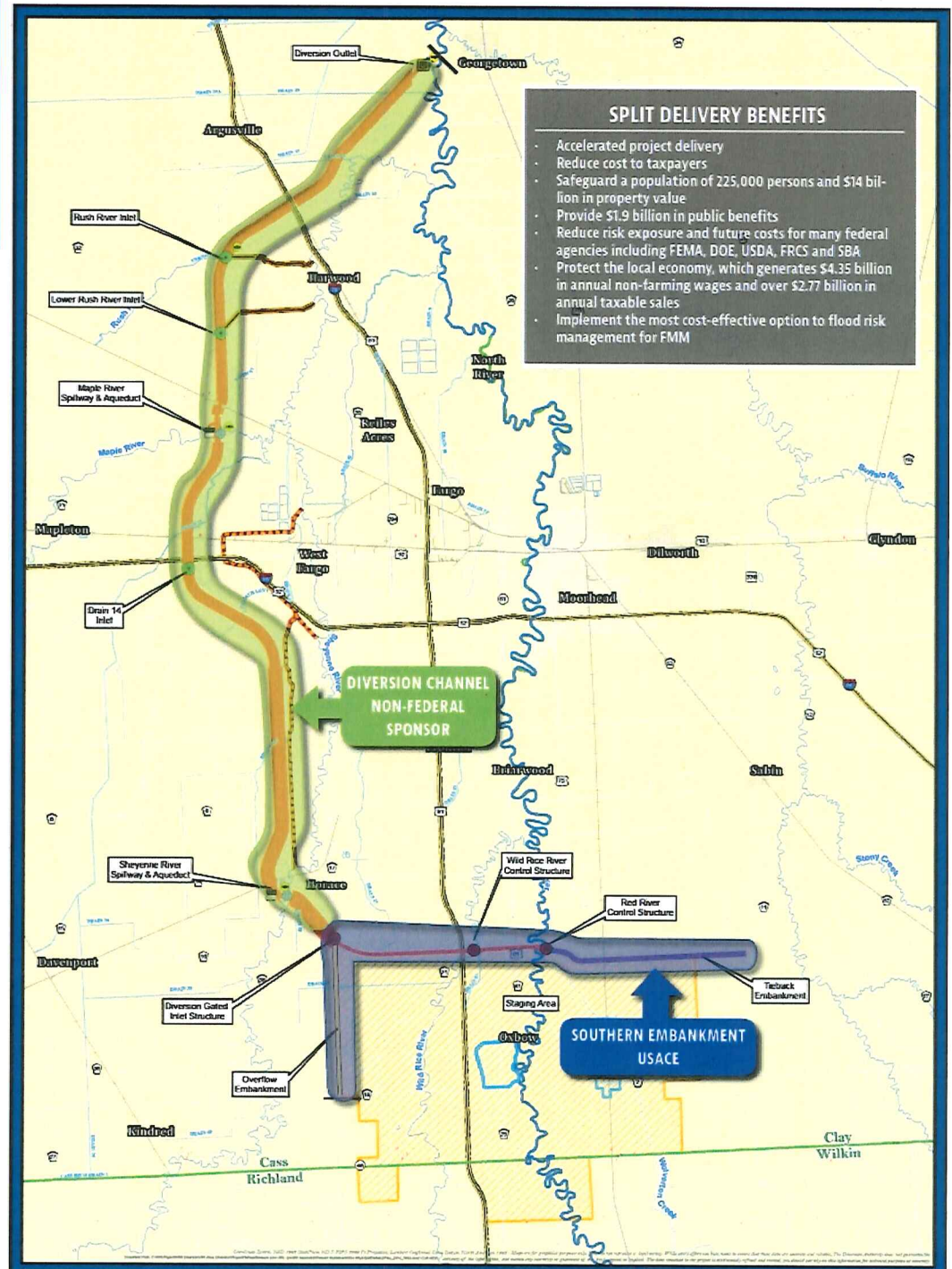
- Includes existing obligations of \$96.3 Million
- New obligations of \$141.2 Million
- \$150 Million is eligible for potential ND SWC cost share credit

💧 **Budget Assumptions for 2016**

- MN DNR will issue Final EIS
- Litigation will be resolved
- Federal appropriations and a new start are obtained

Budget Goals:

- Continue On-going Activities
- Prepare for Split Delivery Project Implementation



Budget Goal: Continue On-going Activities

- 💧 Support MN DNR through completion of its EIS
- 💧 Complete substantial portions of in-town protection for downtown Fargo, El Zagal, and Mickelson
- 💧 Support Corps and Local Design and Construction Projects
- 💧 Advance Mitigation Projects
- 💧 Support Diversion Commitment to Retention Projects
- 💧 Fulfill Non-Federal Sponsor Requirements

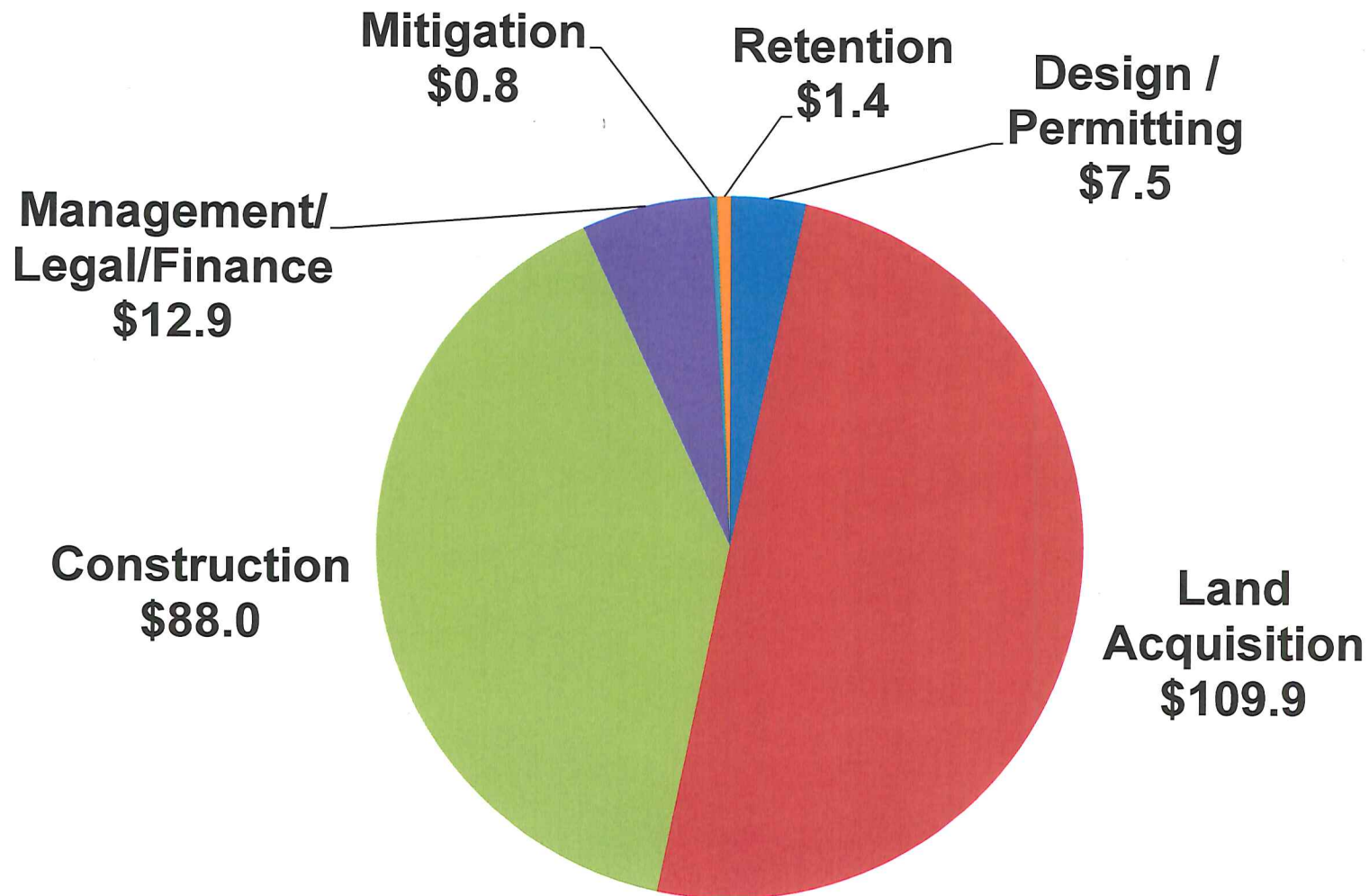
Budget Goal: Prepare for Split Delivery Project Implementation

- 💧 Negotiate the Project Partnership Agreement with the Corps
- 💧 Complete a Financial Plan to support P3 delivery
- 💧 Initiate the procurement of a P3 contractor
- 💧 Amend Diversion Authority JPA
- 💧 Acquire lands along the channel and diversion inlet
- 💧 Support Corps construction contracts on Southern Embankment and Associated Infrastructure split delivery

An aerial photograph of a residential neighborhood with several houses and trees. The image is overlaid with a semi-transparent blue filter that has a wavy, organic shape, covering the left and bottom portions of the frame. The text 'FY16 Budget' is printed in white on the blue background.

FY16 Budget

FY16 Budget Components



FY 2016 Budget = \$237.5 Million

Design & Permitting

- 💧 **Additional funding for the MN DNR to complete its EIS**
- 💧 **Completion of design**
 - In-Town Levees (WP-42)
 - OHB Ring Levee (WP-43)
- 💧 **Support for Corps design of the Southern Embankment and Associated Infrastructure (Split Delivery)**
- 💧 **Technical support for P3 procurement**
- 💧 **Engineering services during construction**

Land Acquisition

- 💧 **Completion of acquisitions for In-Town Levees (WP-42) and OHB Ring Levee (WP-43)**
- 💧 **Acquisitions for CR16/17 bridge and road project (WP-28)**
- 💧 **Acquisition for Diversion Inlet (WP-26)**
- 💧 **Land acquisition along the Diversion Channel to accommodate P3 delivery**
 - To be completed in three phases spread over 3 years
 - The FY16 budget includes 50 percent of the Phase 1 acquisitions
- 💧 **Additional medical hardship acquisitions and other opportunistic land purchases as they arise**
- 💧 **Land acquisition services (appraisers, negotiators, closing services, etc.)**

Construction

💧 In-Town Levees (WP-42)

- El Zagal
- Mickelson
- 2nd Street and 4th Street pump stations
- 2nd Street floodwall and road relocation

💧 Resume construction of the OHB Ring Levee (WP-43) after MN EIS is complete and legal clearance is obtained

💧 CR 16/17 bridge and road project (WP-28)

💧 Construction management, materials testing, and construction surveying



Management/Legal/Financial

- 💧 Manage and support design, construction, and P3 procurement activities
- 💧 Provide legal and litigation support
- 💧 Engage legal counsel for P3 procurement
- 💧 Develop overall financial plan and P3 procurement
- 💧 Support Authority's responsibilities as the Non-Federal Sponsor

Mitigation

- 💧 River restorations and riparian wetland mitigation
- 💧 Initiate local cemetery mitigation outreach following the release of MN EIS
- 💧 Additional study of agricultural mitigation



Utility Relocates

Utility relocates

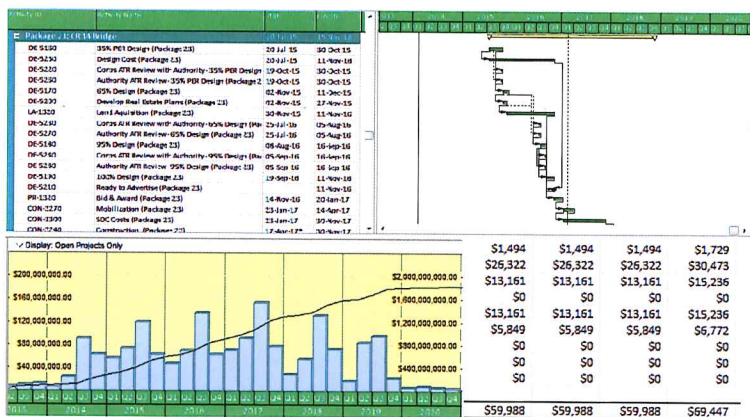
- OHB Ring Levee (WP-43)
- Diversion Channel and Associated Infrastructure
- In-Town Levees (WP-42)

Retention (Study and Fund)

Projects	Committed Budget (to date)	Maximum Eligible FMDA Funding	Estimated Total Project Cost	Remaining Retention Budget (\$)
Upstream Retention Commitment				\$25,000,000
RRBC – HUR Study	\$500,000			\$24,500,000
BRRWD: Stony Creek FDR and Restoration	\$86,800	\$1,736,000	\$10,000,000	\$22,764,000
BdSWD: Brandrup 9 Impoundment	\$32,980	\$659,600	\$6,500,000	\$22,104,400
BdSWD: Redpath	\$90,000	\$1,800,000	\$34,600,000	\$20,304,400
BdSWD: Western 32	\$22,400	\$448,000	\$5,600,000	\$19,856,400
BRRWD: Upper South Branch	\$74,022	\$1,480,440	\$21,100,000	\$18,375,960
BRRWD: Barnesville Township	\$60,746	\$1,214,920	\$15,200,000	\$17,161,040
Total:	\$866,948	\$7,338,960	\$93,000,000	

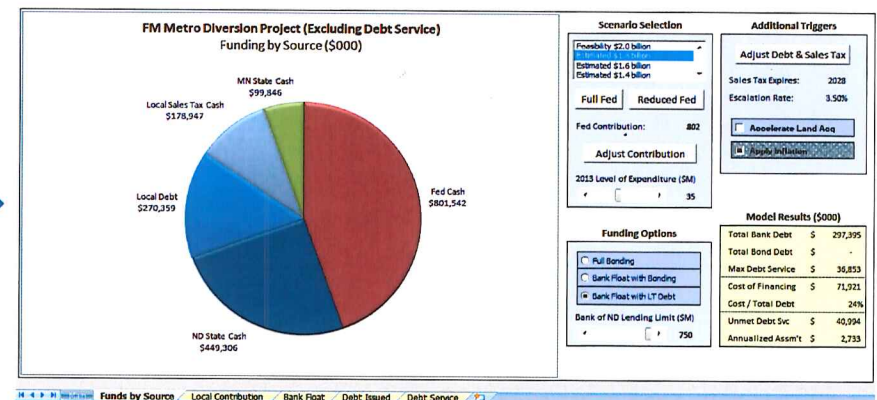
2016 Budget Supports Integrating the Cost Estimates, Schedule, and Financial Plan

Cost-loaded Schedule



- Project Activities
- Implementation Logic
- Costs (Capital and O&M)

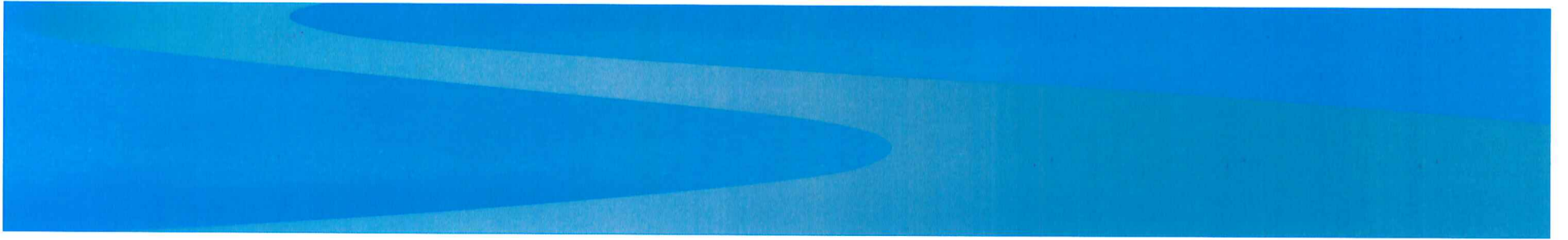
Financial Model



- Construction Funding
- Long-term Financing Structure
- Revenue Streams (e.g. sales tax)
- Availability Payments

Questions?

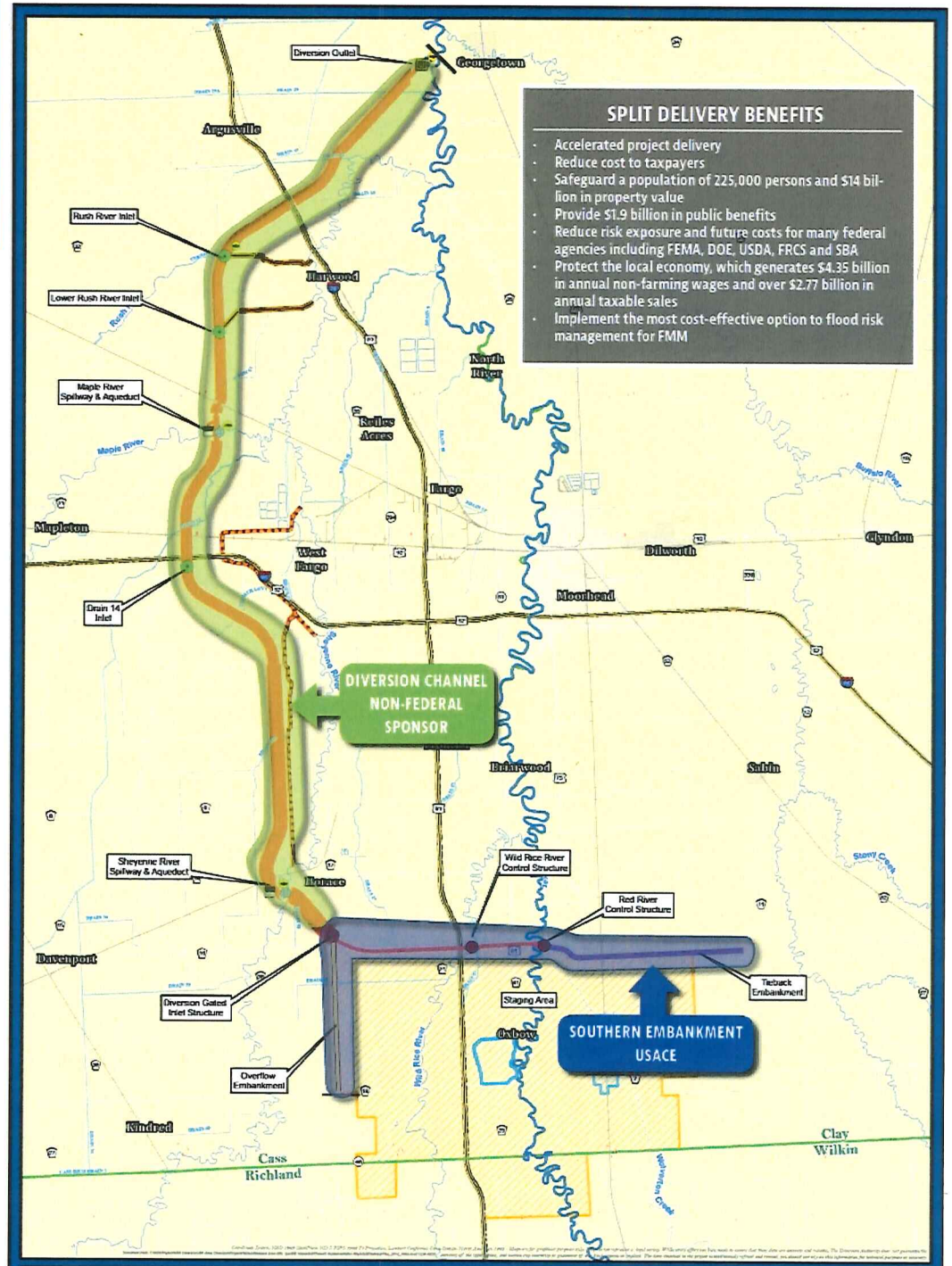




Other Optional Slides Following

PPP Split Delivery Plan

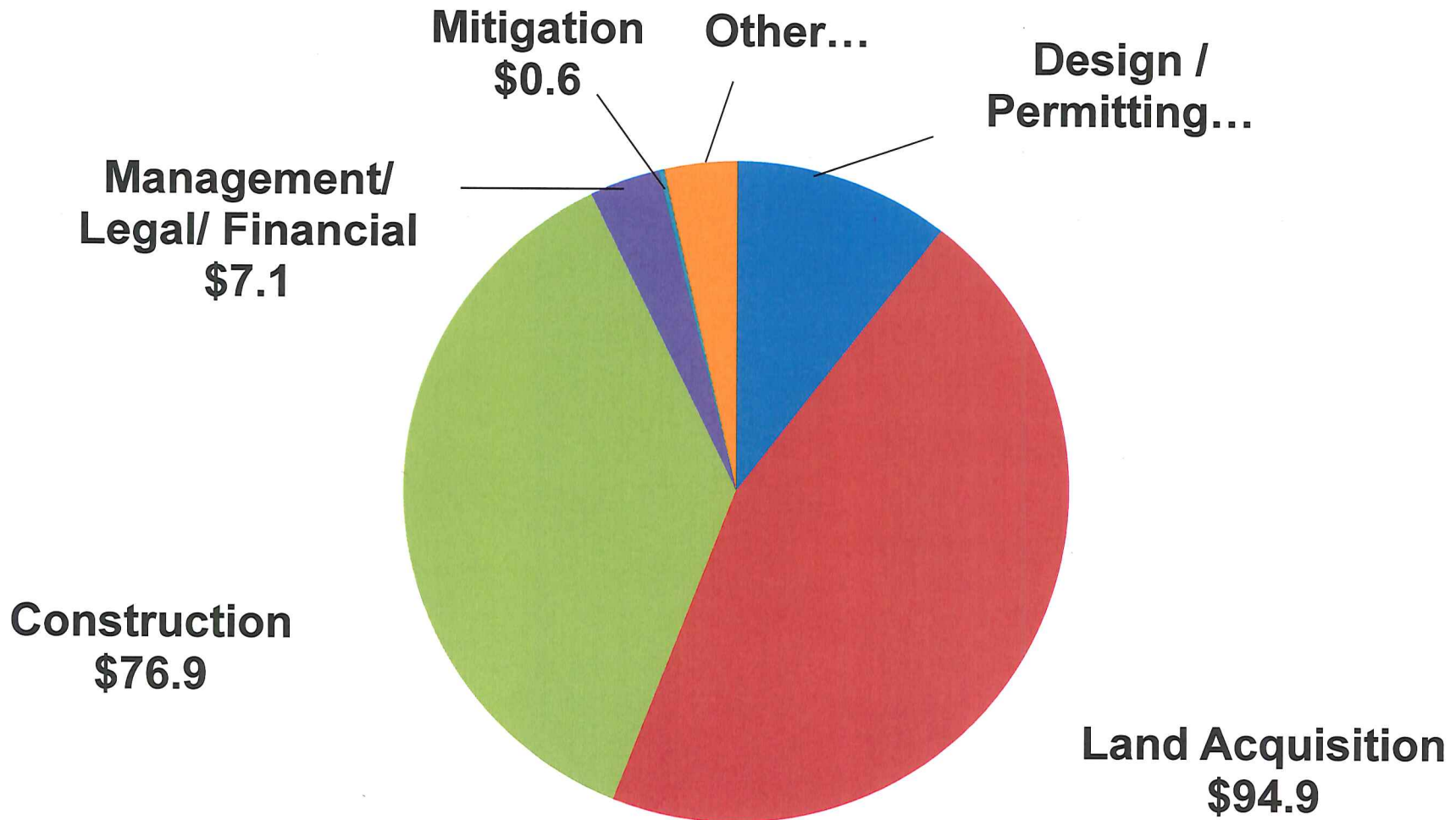
- **Diversion Channel and Associated Infrastructure**
 - Non-Federal Sponsors (Diversion Authority)
- **Southern Embankment and Associated Infrastructure, and Mitigation**
 - USACE



Federal Path Forward

- 💧 Continue to aggressively pursue FY2016 Construction Start and Funding as a PPP Demo Project
- 💧 Continue to pursue FY2016 Appropriations for a New Construction Start
 - *Current Senate Appropriations and Water bill*
 - *“The Committee believes that the Corps of Engineers should demonstrate the value of projects that use a Partnership model and directs that, of the six new construction starts, at least one shall be either a navigation or flood risk management project that utilizes such a Partnership.”*
- 💧 Negotiate the Project Partnership Agreement (PPA)

2015 Spent and Obligated



FY 2016 Budget = \$239.7 Million