

**FLOOD DIVERSION BOARD OF AUTHORITY
MARCH 13, 2014—3:30 PM**

1. MEETING TO ORDER

A meeting of the Flood Diversion Board of Authority was held Thursday, March 13, 2014, at 3:30 PM in the Fargo City Commission Room with the following members present: Cass County Commissioner Darrell Vanyo; Cass County Commissioner Ken Pawluk; West Fargo City Commissioner Mike Thorstad; Fargo Mayor Dennis Walaker; Fargo City Commissioner Tim Mahoney; Fargo City Commissioner Melissa Sobolik; Cass County Joint Water Resource District Manager Rodger Olson; Clay County Commissioner Kevin Campbell; and Moorhead City Council Member Nancy Otto.

Staff members and others present: Cass County Administrator Keith Berndt; Fargo City Administrator Pat Zavoral; Moorhead City Manager Michael Redlinger; Fargo City Director of Engineering Mark Bittner; Fargo City Engineer April Walker; Moorhead City Engineer Bob Zimmerman; Cass County Engineer Jason Benson; Bruce Spiller, CH2MHill; Ann McConn, Chamber of Commerce Business Leader Task Force for Permanent Flood Protection; Brett Coleman, Project Manager, Corps of Engineers; and Terry Williams, Project Manager, Corps of Engineers.

2. MINUTES APPROVED

MOTION, passed

Mr. Mahoney moved and Ms. Otto seconded to approve minutes from the February 13, 2014, meeting as presented. Motion carried.

3. AGENDA ORDER

MOTION, passed

Mr. Campbell moved and Ms. Otto seconded to approve the order of the agenda with the addition of an update from the Red River Basin Commission. Motion carried.

4. MANAGEMENT UPDATE

Program management consultant (PMC) report

Bruce Spiller provided an update on activities over the last month including ongoing design work on the Oxbow/Hickson/Bakke (O/H/B) levee; work on the in-town levee designs in coordination with the new Fargo City Hall building; continued work on land acquisition policies; and on-going process with the Minnesota EIS (Environmental Impact Statement).

Corps of Engineers report

Brett Coleman provided an update of activities by Corps of Engineers staff including continued work on the Maple River aqueduct physical modeling; continued coordination and information to the Minnesota DNR in support of their EIS process; and participation in weekly meetings on the O/H/B levee. He said the Corps received \$6.3 million in federal funding for the project, which continues to await federal authorization.

Mr. Coleman presented a short video of the Maple River physical model, which is a tool to ensure the most efficient design is built to move the flow of water. The model also serves as a method to determine if any changes are necessary to the design.

5. ADMINISTRATIVE/LEGAL UPDATE

Lawsuit update

Erik Johnson, Attorney, provided a short update regarding the lawsuit filed by the Richland-Wilkin Joint Powers Authority v. Corps of Engineers. He said a hearing is scheduled for April 3rd in Duluth regarding a motion to dismiss the case.

Task Order Amendments with CH2MHill for Program Management Consultants

Mr. Berndt discussed two amendments to task orders with CH2MHill that would extend their current contract for another six months. Mr. Pawluk asked if funds are available to cover the additional cost, and Mr. Berndt said the expense is within the budget for this year.

MOTION, passed

Mr. Walaker moved and Mr. Pawluk seconded to approve Amendment One to CH2MHill Task Order No. 3 and Amendment One to CH2MHill Task Order No. 4. On roll call vote, the motion carried unanimously.

6. TECHNICAL UPDATE

Design Contracts / Task Orders / Authority Work Directives (AWD)

Mr. Spiller reviewed Task Orders with Houston Moore Group (HMG) as follows: Task Order No. 9, Amendment 10 for hydrology and hydraulic modeling at a cost of \$25,000, and Task Order No. 13, Amendment 4 for levee design and design support for the 4th Street levee pump station at a cost of \$600,000.

Mr. Vanyo asked about the cost for the 4th Street levee pump station improvements, and whether it is the sole responsibility of the diversion authority or could there be a cost share arrangement with Fargo. He asked engineering staff to look at the item for future consideration by the Finance Committee.

MOTION, passed

Mr. Pawluk moved and Ms. Otto seconded to approve Task Order No. 9, Amendment 10 with HMG and Task Order No. 13, Amendment 4 with HMG for a total cost of \$625,000, with Task Order No. 13 being subject to review by the Finance Committee of whether a pro-rata share between Fargo and the Diversion Authority is appropriate. Discussion: Mr. Mahoney questioned whether this cost is any different than other components of the project and said more water is being sent through the city to make the project viable. The improvements to the 4th Street levee pump station are needed because of the additional water through town. April Walker said engineering staff will do an analysis to determine what is deemed integral by the Corps of Engineers as part of the diversion project. On roll call vote, the motion carried unanimously.

7. RED RIVER BASIN COMMISSION, Final report on Halstad Upstream Retention Study

Jeff Lewis from the Red River Basin Commission provided an update on the Halstad Upstream Retention (HUR) Study. He said they have finalized the report, which is now available to the public. The study identified 96 local sites with conceptual locations, providing tools necessary to consider specific projects for regional performance. He said the HUR report does not evaluate retention as an alternative to the current diversion project. He said the next step is for the diversion authority to review the policy recommendations and finalize the application package.

Mr. Mahoney asked how long it would take to build 96 retention sites. Mr. Lewis said 20 years would be a very optimistic estimate. Using a rough estimate of \$2,000 per acre-foot of storage, the cost would be \$1.2 billion.

MOTION, passed

Mr. Walaker moved and Ms. Otto seconded to approve the final report of the Halstad Upstream Retention Study conducted by the Red River Basin Commission. Discussion: Mr. Vanyo said the study establishes how the diversion board may look at retention projects that are submitted for consideration. Motion carried.

8. PUBLIC OUTREACH UPDATE

Committee report

The Public Outreach Committee met on March 12th. Rocky Schneider, Diversion Consultant, discussed numerous outreach activities including: helped distribute information about the Red River Basin Commission retention study; prepared information for trip by diversion members and staff to Washington, D.C.; participated in a meeting with the Homebuilders Association to provide the latest project update; and continued communication with federal congressional offices regarding project authorization through the WRDA/WRRDA legislation.

Business Leaders Task Force update

Ann McConn said the task force continues to support the activities of the diversion authority, and is willing to provide any assistance that is needed to help educate others regarding the project.

9. LAND MANAGEMENT UPDATE

Committee report

Mr. Walaker said the Land Management Committee met earlier this afternoon. He said the committee discussed farmland acquisitions, and necessary paperwork that may need to be signed during the process. The diversion authority has hired the Pifer Group to provide farmland management services. Currently, the diversion chairman is the only person allowed to execute documents from the U.S. Department of Agriculture (USDA) related to farm programs. A recommendation was made to appoint other individuals to sign the necessary paperwork in order to move the process along.

MOTION, passed

Mr. Walaker moved and Mr. Pawluk seconded that the Metro Flood Diversion Authority authorize and appoint Carol Harbeke Lewis in her capacity as Secretary-Treasurer of the Cass County Joint Water Resource District, whose post office address is 1201 Main Avenue West, West Fargo, North Dakota 58078-1301, and Dwight Hofland of The Pifer Group, Inc., whose post office address is 1506 29th Avenue South, Moorhead, Minnesota 56560, in its capacity as Agent under the Agreement Between Owner and Agent for Farmland Management Services as its representatives to execute all documents necessary on its behalf for all FSA (Farm Services Agency), CCC (Commodity Credit Corporation), and NRCS (Natural Resources Conservation Service) programs or any other program operated by the U.S. Department of Agriculture. Furthermore, each such representative may exercise the authority and powers granted independently of the other representative. Motion carried.

Eric Dodds from AE2S said six different options for agricultural risk mitigation have been reviewed relating to crop insurance. He said most likely a combination of a few of the options will be used.

CCJWRD update

Mark Brodshaug said appraisal teams are working on a group of homes in Oxbow that will be purchased, and a draft appraisal on the Oxbow golf course is being reviewed.

10. FINANCE UPDATE***Committee report***

Michael Montplaisir, Cass County Auditor, said the Finance Committee met on March 12th. He said local funds have been used as the funding source and about \$8 million has been spent in 2014 with most of the dollars going toward land purchases. The committee discussed financing options for the North Dakota local cost share. He said the PFM Group has drafted Request for Information (RFI) proposals that will be sent to local, regional and national banks for tax-exempt direct funded loans. Another financing option that has been studied over the last year and a half is creation of a special assessment district.

Special Assessment District Financing Option

Mr. Brodshaug said the Cass County Joint Water Resource District (CCJWRD) formed the Diversion Project Assessment Committee (DPAC) to study special assessments as a financing option.

Mr. Brodshaug discussed some factors regarding why special assessments are being considered including that financing will be required for the project; bonds backed by sales tax financing have higher interest rates; an assessment district will save taxpayers money; and an assessment district will provide a mechanism for maintenance costs of the project.

Mr. Schneider said the DPAC established a methodology to assign direct and indirect benefits across the benefiting area, which is limited to the footprint of the diversion channel.

Mr. Campbell said the different financing methods being discussed are “backup” plans to be used to obtain better interest rates on loans. Mr. Schneider also said that project maintenance costs will most likely be administered through an assessment district.

Voucher approval

Mr. Montplaisir said the bills for the month are for legal services with Erik Johnson & Associates and Dorsey Whitney.

MOTION, passed

Mr. Pawluk moved and Ms. Sobolik seconded to approve the vouchers for February, 2014. On roll call vote, the motion carried unanimously.

11. NEXT MEETING DATE

The next meeting will be held on Thursday, April 10, 2014, at 3:30 PM.

12. ADJOURNMENT

MOTION, passed

On motion by Mr. Walaker, seconded by Ms. Otto, and all voting in favor, the meeting was adjourned at 5:05 PM.