



**US Army Corps
of Engineers®**
St. Paul District

Fargo-Moorhead Diversion ALTERNATIVE FINANCING (P3) Demonstration Project

*An innovative solution
to meet the Nation's
water resource needs*

Consistent with the **President's Building a Stronger America: American Infrastructure Initiative**, alternative financing of Fargo-Moorhead Diversion will improve collaboration between the public and private sectors, and develop new financing of infrastructure while safeguarding communities, and the environment.

The Fargo-Moorhead Diversion Alternative Financing approach is designed to **efficiently** and **effectively deliver** water resource solutions. The approach **reallocates** risk, **expands** partnerships, and optimizes use of technical expertise while **significantly reducing** the cost and time of project delivery. Implementing this approach will allow the Corps to be **relevant, responsive, reliable** and efficient in the 21st Century economy. Applying this model will allow the Corps to deliver more projects to the American people in a continually constrained environment.

Alternative Financing:

- ▶ Responsive to the President's and Nation's call for innovative financing
- ▶ Demonstrates what can be done within existing laws and policies
- ▶ Innovative approach leading to significant gains in efficiency, productivity, and resiliency
- ▶ Supports, promotes, and expands opportunities for infrastructure investments
- ▶ Improves project delivery for Civil Works
- ▶ Cost effective investment

What is Alternative Financing? An approach that will transfer risk and leverage public and private resources to construct the FMM Flood Risk Management Project in a cost effective and timely manner.

What can Alternative Financing do? It will save the Federal Government \$100M in project costs and reduce the project delivery timeline by more than 50% compared with traditional approaches.

Why this project? This is the first flood risk management project well suited to demonstrate the effective use of a Public Private Partnership: 1)the Corps and local sponsors have a **strong partnership**; 2)**local funding is secured**; and 3)**Federal funding is secured** to continue Federal construction. Fargo-Moorhead is a cultural, commercial, manufacturing, health care and education hub for the region, and with the development of energy resources in North Dakota, the communities are critical to the national economy and national energy security.

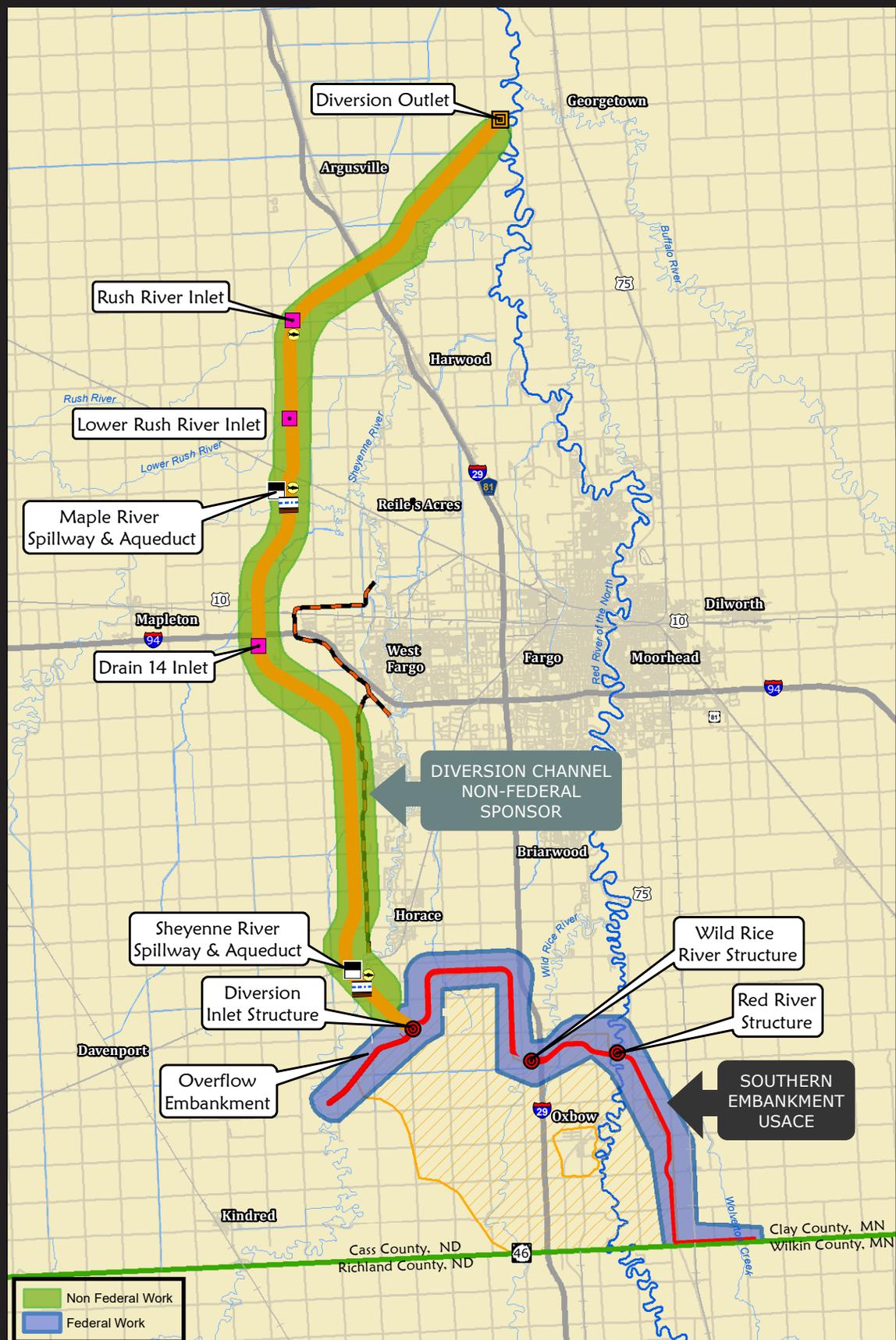
When will this project start? Local Sponsors have issued a Notice of Intent to construct the diversion channel using P3 and have commenced the procurement process. The RFP was issued in December 2016. Federal construction was initiated in 2017 at the Diversion Inlet Structure.

What's needed to make this a reality? We currently have funding and authority to continue construction. Continued support in future years will be critical.

Alternative Financing Outperforms Traditional Project Delivery

| | Alternative Financing (P3) | Traditional Delivery |
|---------------------------------------|----------------------------|----------------------|
| Authorized | YES | YES |
| Transfers Risk | YES | NO |
| Federal Share | \$750M | \$850M |
| Federal Cost Savings | \$100M | \$0 |
| Project Operational | 6.5 years | 16+ years |
| Federal Return on Investment | 410% | 360% |
| MINIMIZES Federal Risk | YES | NO |
| Implementable TODAY | YES | YES |
| Addresses USACE project backlog | YES | NO |
| Addresses COST and TIME growth issues | YES | NO |
| Number of Construction Contracts | 11 | 28 |

Alternative financing of the Fargo-Moorhead Diversion will safeguard 235,000 people, save the federal government \$100M, shorten construction, increase the return on investment, transform Civil Works project delivery and improve the Nation's resiliency.



ALTERNATIVE FINANCING BENEFITS

ACCELERATED project delivery

REDUCE COST to tax payers

Provide benefits **QUICKER and CHEAPER:**

SAFEGUARD a population of 235,000 persons & **\$19 billion** in property value

Provide **\$1.9 BILLION** in public benefits

REDUCE RISK, EXPOSURE & FUTURE COSTS for many federal agencies including **FEMA, DOE, USDA, NRCS and SBA**

PROTECT the local economy, which generates **\$5.48 billion** in annual non-farming wages and over **\$3.51 billion** in annual taxable sales

ALTERNATIVE FINANCING is the most **COST-EFFECTIVE** option to flood risk management for FMM

ALTERNATIVE FINANCING PLAN
 Split Delivery Plan
 January 2019
FARGO-MOORHEAD METRO FLOOD RISK MANAGEMENT PROJECT



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Miles

- Non Federal Work
- Federal Work
- Gated Structure
- Outlet Structure
- Fish Passage
- Open Inlet Structure
- Spillway Inlet Structure
- Aqueduct and Service Bridge
- Sheyenne Diversion
- Southern Embankment
- Staging Area
- Diversion Channel and EMBs