

Benefits of Public-Private Partnership (P3) Delivery

Enhances Affordability

The P3 delivery method utilizes both public funding and private financing, which will be paid back using sales tax revenues over a long period of time. Much like a person obtaining a home mortgage based on their income, the Fargo-Moorhead community will enjoy the benefits of a completed project while paying for it over time within the voter-approved sales tax revenues, avoiding property tax assessments.

Appropriately Allocates Risk, Increases Cost-Effectiveness

Design, permitting, construction, operation, maintenance and other project risks are quantified early in the process and cost-effectively allocated to the partner best suited to manage each risk, which reduces contingency requirements for the project as a whole. The P3 Partner then approaches and manages their risks on a life cycle basis. Utilizing performance-based outcomes and optimizing capital and operations costs over the term of the Agreement, integrated P3 delivery can greatly improve the value received for the dollars spent over traditionally delivered projects with multiple parties and interfaces. This method also provides incentive to complete the Project as quickly as possible, thus providing flood protection sooner.

Provides Long-Term Certainty

The P3 Agreement between the Diversion Authority and the P3 Partner is expected to be signed in 2018. Unlike traditional bid-build projects, the public entity has certainty as to the costs of operations and maintenance for the Channel. It will lock-in the annual payments to pay back the P3 partner for designing, building, financing, operating, and maintaining the Diversion Channel for 30 years. Payments will begin when the project is completed, available and becomes operational.

Helped Enable Federal Authorization/Appropriations

P3 project delivery is consistent with both the outgoing and incoming Federal Administrations' focus on infrastructure and innovative delivery, and the U.S. Army Corps of Engineers selected the Diversion Project as its first P3 Demonstration Project. These factors played heavily in the Federal authorization and appropriations processes which moved this important Federal Project forward, and will also support future appropriations.

WHAT IS A P3 AGREEMENT?

A legally binding contract between a public sector partner (Diversion Authority) and a private sector partner (P3 Partner). The parties agree to share some portions of the risks and rewards involved in an infrastructure project.

HOW DOES IT WORK?



Diversion Authority Identifies Need for Infrastructure

Develops Solution



Diversion Channel with Upstream Storage & In-Town Levees

Diversion Authority Selects P3 Partner and signs a Project Agreement



Diversion Authority issues a Request for Qualifications (RFQ) to see which companies are qualified. Then a Request for Proposals (RFP) process is used to select the P3 Partner.

P3 Partner Designs and Builds Project


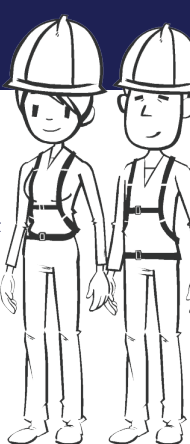


The P3 Partner is responsible for partially financing the project up front, and is then paid back by the Diversion Authority.

Operation & Maintenance of Project



The P3 Partner maintains the Project for 30 years, but it is owned by the Diversion Authority

PUBLIC Diversion Authority	PRIVATE P3 Partner
 <p>ROLE</p> <ul style="list-style-type: none"> Select the P3 Partner Provide public funding Fulfill Project Agreement requirements throughout the operating period Own the infrastructure <p>REWARD</p> <ul style="list-style-type: none"> Timely project completion Cost certainty Increased value for dollars spent Diversion Authority retains ownership of the Channel 	 <p>ROLE</p> <ul style="list-style-type: none"> Provide private financing to supplement public funding Design and construct the project Operate and maintain the project for 30 years Hand back the project in good condition. <p>REWARD</p> <ul style="list-style-type: none"> Predictable, market-tested returns 30-year revenue stream based on satisfactory performance