



RED RIVER VALLEY WATER SUPPLY PROJECT

Serving the Water Supply Needs of Central North Dakota and the Red River Valley

PROJECT FUNDING and FINANCING UPDATE

Garrison Diversion Water Conference

October 21, 2021



Lake Agassiz
Water Authority





INTRODUCTIONS



Merri Mooridian

RRVWSP Deputy Program Manager

merrim@gdcd.org



Shawn Gaddie, P.E.

Infrastructure Management Services Director

shawn.gaddie@ae2s.com



DISCUSSION OVERVIEW



RECAP OF PROJECT COST COMPONENTS

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STATE AND LOCAL FUNDING UPDATE

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FINANCIAL PLAN AND PROJECT AFFORDABILITY

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ADDITIONAL AFFORDABILITY AND RISK MITIGATION APPROACHES

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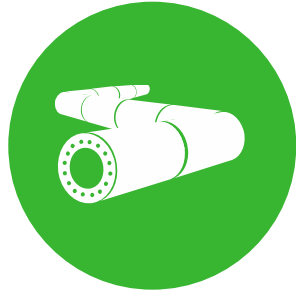
KEY NEEDS MOVING FORWARD

PROJECT COST COMPONENTS (2021\$)



\$70.3 M

Conventional Intake, Intake Pumps & Supply Cost



\$1.01 B

Transmission Pipeline Costs (including ROW)



\$71.4 M

Pump Stations, Break Tank & Hydraulic Structures



\$66.3 M

Practical Treatment – WTP Costs



\$10.0 M

Discharge Structure Costs

TOTAL PROJECT COSTS = \$1.22 B

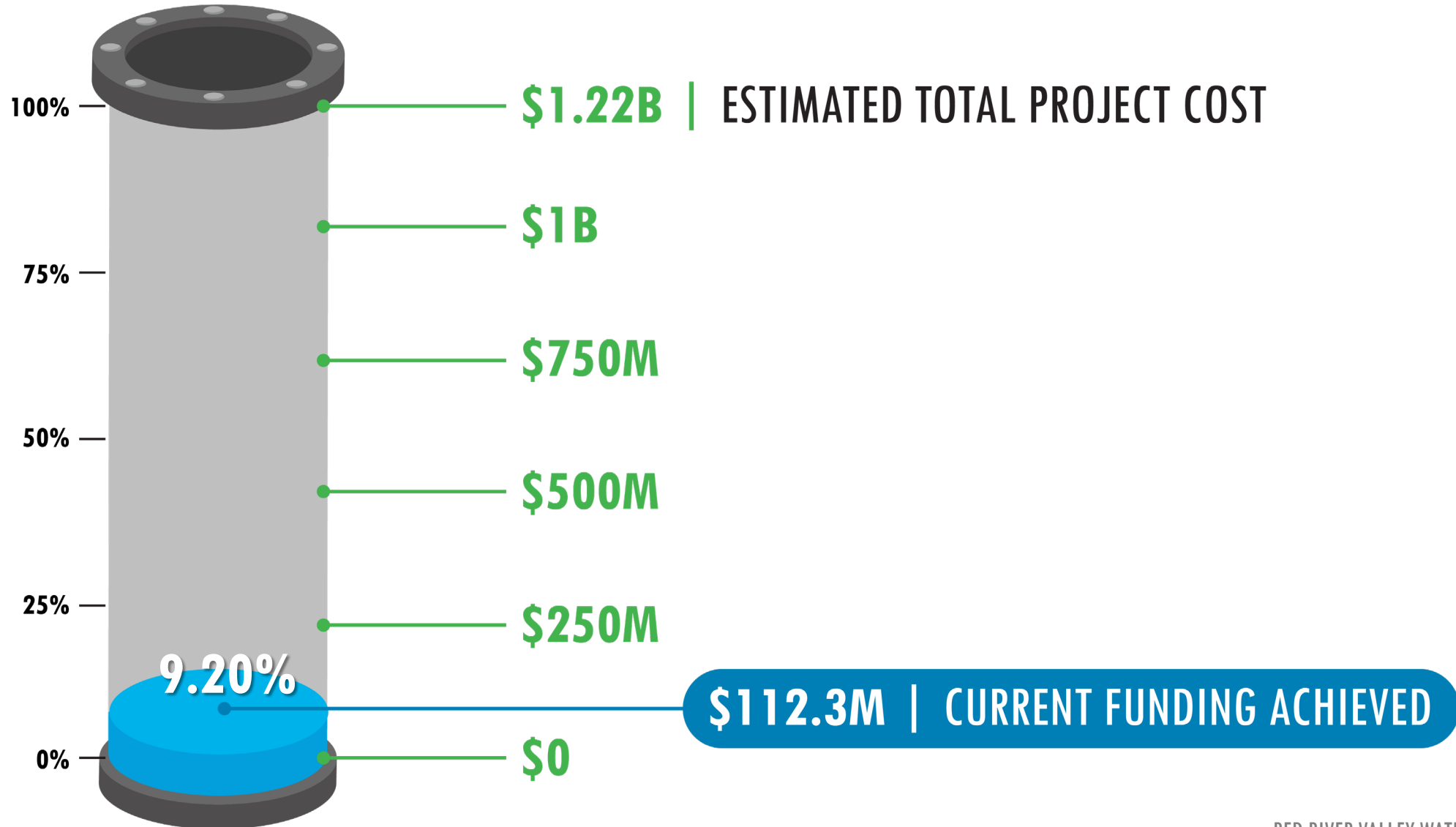
*Excludes Pipeline Extensions/Includes Admin, Engineering, Legal, and Real Estate | All Project Costs shown in October 2021 Dollars



PROJECT COSTS BEYOND CONSTRUCTION (2021\$)

COST COMPONENT	ESTIMATED COST (2021 DOLLARS)	DESCRIPTION
Baseline Operating	\$1.53M (Annually)	Operating costs under “low” flow conditions (year-round delivery of 4 cfs) to ensure appropriate water quality conditions and to maintain the Main Transmission Pipeline in good working condition and ready for “high” flow use
Project Renewal and Rehabilitation	\$1.86M (Annually)	Forecasted and annualized costs of renewing and rehabilitating the Main Transmission Pipeline for the first 40-years of project operation
Drought Operating (if applicable)	\$15.26M (Annually)	Operating costs under “high” flow conditions (year-round delivery of 165 cfs) in time of project water requests to mitigate drought
Branch Pipeline Capital (if applicable)	Varies by Location	Includes costs to construct additional pipeline and ancillary facilities to deliver water to smaller users that are not on the river systems downstream of Core Pipeline discharges
Branch Pipeline Operating (if applicable)	Varies by Location	To be determined

TOTAL FUNDING PROGRESS

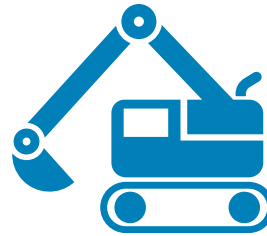


STATE FUNDING UPDATE

2019-2021

\$36.4 Million Appropriated

Obligated or Under Contract



2021-2023

\$50 Million Appropriated

\$0.5 Million Obligated or Under Contract

\$47.5 Million approved
at Oct. 14 SWC meeting

Less than \$2 Million of State Funding Remains

NEAR-TERM CONSTRUCTION FUNDING NEEDS

Pre-2023

ARPA Funding Request

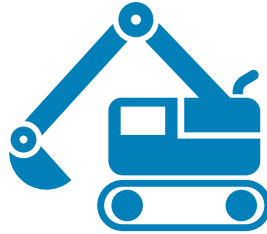
\$200 million

in shovel-ready projects



\$50 million

Immediate ARPA Request



2023-2025

2023 Legislative Request

Next biennium workplan projects at the ready are approximately

\$200 million



LOCAL FUNDING UPDATE - INTERIM AGREEMENTS

- **Interim Agreements** between **GDCD** and **LAWA**, through **Fargo and Grand Forks**, are currently funding the local share of ongoing work.
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- Fargo, Grand Forks, and Garrison Diversion are pre-paying these expenses, subject to later reimbursement by project participants.
.....
- Currently working on a **Project Participation Agreement and Water Supply Agreement** to identify all final project participants.



LOCAL FUNDING - INTERIM AGREEMENTS

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\$25.9M

Local Cost-Share

Approved to Date

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SUMMARY OF INTERIM AGREEMENTS:

Series A - Funds the 10% local share, up to \$1,444,444, of early out construction on the intake, pipeline and discharge structure.

Series B - Funds the 25% local share, up to \$2,050,000, of continued design, permitting, construction support, financial planning and project development.

Series C - Funds the 25% local share, up to \$22,430,000 of continued construction, land & easements, and project development.

RRVWSP – LONG-TERM FINANCIAL PLAN



AFFORDABLE COST-SHARE (Secured 75 State/25 Local)

Striking the right cost-share to ensure affordability



LONG-TERM, LOW INTEREST LOAN FROM STATE (Pursuing)

Affordable and predictable financing for local users



PROJECT FUNDING PLAN (Pursuing)

Request State to plan on funding State share of Project on a defined schedule to reduce risks and financial impacts for the State and local users

BENEFITS OF IMPROVED COST-SHARE AND LOAN PROGRAM

LOCAL COST-SHARE	PROJECTED LOCAL FINANCING COSTS AT COMPLETION (2031 DOLLARS)		
	STATE LOAN (40- YEAR @ 2%)	STATE LOAN (30-YEAR @ 2%)	MARKET DEBT* (30 YEAR @ MARKET RATES)
25%	\$13.60M	\$16.61M	\$34.79M
20%	\$10.88M	\$13.29M	\$27.83M

STRIKING THE RIGHT BALANCE TO DIAL-IN AFFORDABILITY



**LONG-TERM / LOW-INTEREST
STATE LOAN PROGRAM**



**AFFORDABLE
COST-SHARE**



**DEFINED CONSTRUCTION
SCHEDULE**



ADDITIONAL AFFORDABILITY AND RISK MITIGATION



**PROJECT
ACCELERATION**

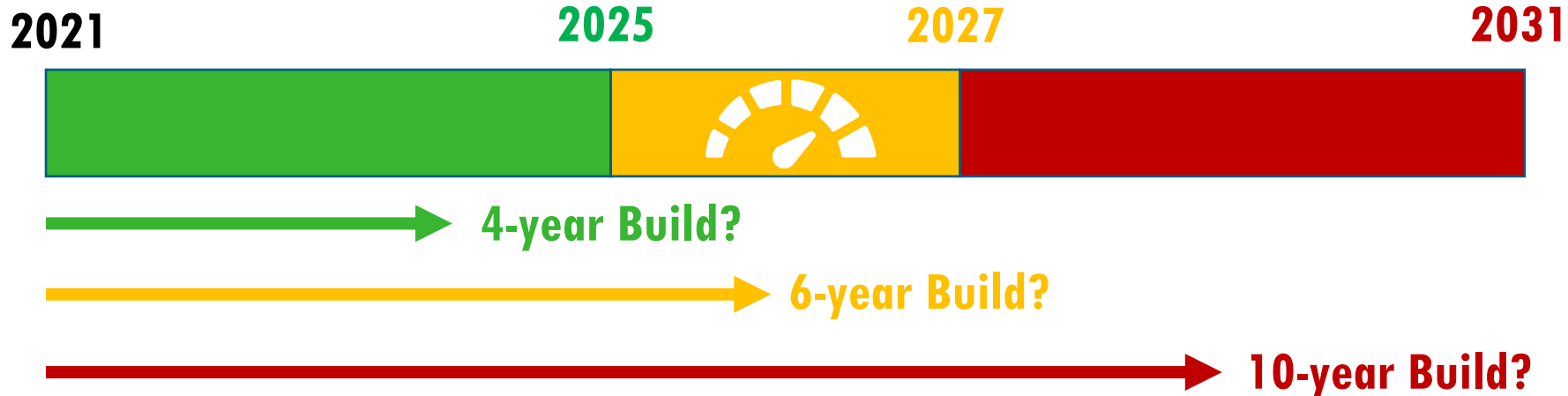


**FLEXIBLE
FINANCING**



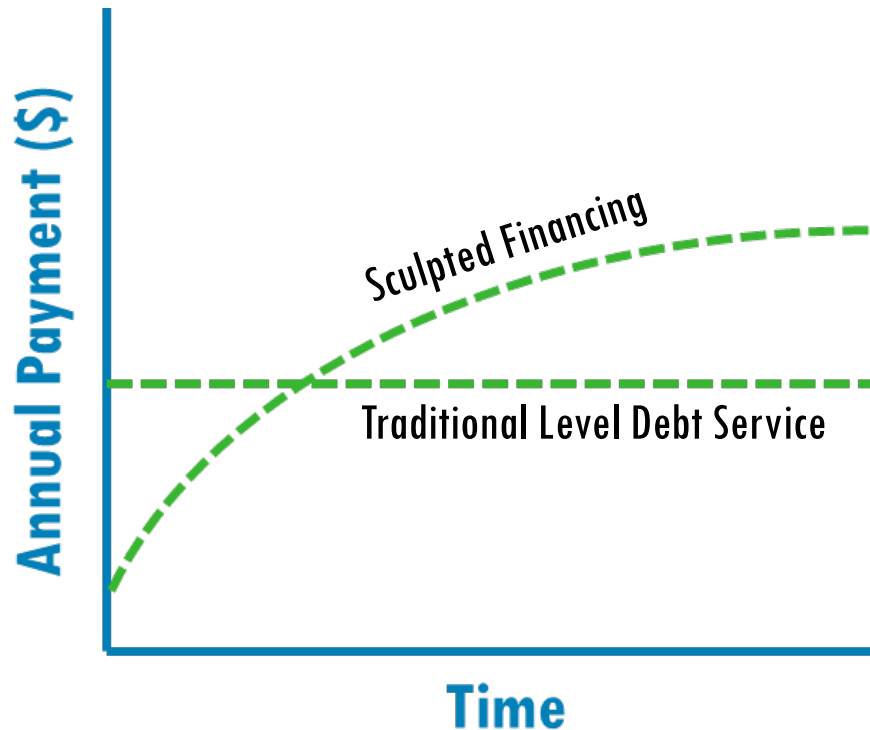
**ONE-TIME
OUTSIDE FUNDING**

PROJECT ACCELERATION



- Key recommendation from SWC Strategic Finance and Governance Study
- Potential to save the State and local stakeholders more than \$100M from current 10-year plan
- Significant risk mitigation measure for drought and increasing financial risks

FLEXIBLE FINANCING



Key Benefits of Shaped Financing:

- Intergenerational Equity
- Payments reflect time value of money considerations (i.e. hits the pocketbook of users today same as users in the future)
- Allows systems to grow into the cost of future capacity

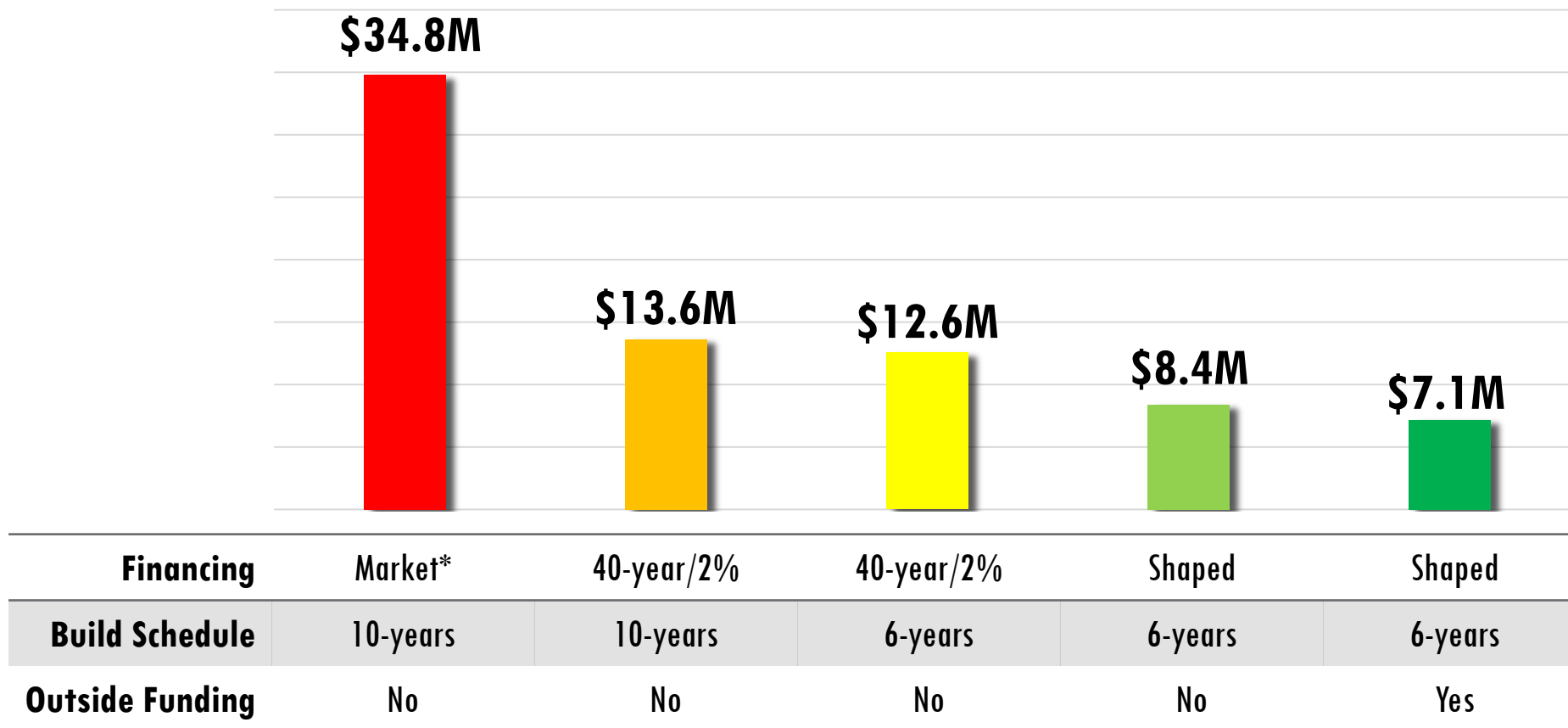
ONE-TIME OUTSIDE FUNDING BOOST



- Unique opportunity with unprecedented levels of federal funding to accelerate the RRVWSP without burdening the Resources Trust Fund
- **\$50M** for local level benefit currently being requested from legislature

ALTERNATIVE FUNDING AND FINANCING BENEFITS

PROJECTED TOTAL ANNUAL LOCAL FINANCING COSTS AT COMPLETION (2031\$)



ALTERNATIVE FUNDING AND FINANCING BENEFITS

PROJECTED MONTHLY WATER BILL IMPACTS

Large System Bill Impact	62%	30%	29%	22%	20%
Financing	Market*	40-year/2%	40-year/2%	Shaped	Shaped
Build Schedule	10-years	10-years	6-years	6-years	6-years
Outside Funding	No	No	No	No	Yes



PROJECT FUNDING / FINANCING – KEY NEXT STEPS

- **Significant Project progress** made with 2019-2021 and 2021-2023 funding levels
- **Continued funding momentum** is key to complete the project on a reasonable time frame
- **Many tools and options** are within reach to **achieve Project affordability** at both a State and local level
- **Work continues to create final financial plan with the greatest affordability and fastest implementation possible**

THANK YOU!



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WATER SUPPLY PROJECT**

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