



DEPARTMENT OF THE ARMY
OFFICE OF THE ASSISTANT SECRETARY
CIVIL WORKS
108 ARMY PENTAGON
WASHINGTON DC 20310-0108

APR - 3 2012

Honorable Joseph R. Biden, Jr.
President of the Senate
U.S. Capital Building, Room S-212
Washington, D.C. 20510-0012

Dear Mr. President:

In response to a Senate Resolution adopted September 30, 1974, by the Committee on Environment and Public Works, the Secretary of the Army recommends authorization of the Fargo-Moorhead Metropolitan Area, North Dakota and Minnesota flood risk management project. The proposal is described in the Report of the Chief of Engineers dated December 19, 2011, which includes other pertinent reports and comments. The views of the State of North Dakota, State of Minnesota, and the Department of the Interior are set forth in the enclosed communications. The Secretary of the Army plans to implement the project at the appropriate time, considering National priorities and the availability of funds.

The recommended plan would provide flood risk management and recreation to the greater Fargo, North Dakota and Moorhead, Minnesota metropolitan area. The recommended flood risk management plan consists of a 36-mile-long diversion channel with a 20,000 cubic-foot-per-second (cfs) discharge capacity. The channel would start approximately four miles south of the confluence of the Red and Wild Rice rivers, extend west and north around the North Dakota cities of Horace, Fargo, West Fargo and Harwood, and ultimately re-enter the Red River of the North downstream of the confluence of the Red and Sheyenne rivers near Georgetown, Minnesota. The channel would cross the Wild Rice, Sheyenne, Maple, Lower Rush, and Rush rivers and incorporate the existing Horace to West Fargo Sheyenne River diversion channel. The main line of protection at the south end of the project would include the embankments adjacent to the diversion channel, floodwater storage area embankments, and two tie-back levees. Unavoidable environmental impacts would be mitigated by constructing fish passage channels along the Red and Wild Rice River structures, constructing additional fish passage projects in the Red River basin, restoring streams on tributaries near the project, converting floodplain agricultural land to floodplain forest, and creating wetlands within the diversion channel footprint. These mitigation features would be monitored and adaptively managed for up to 20 years to ensure their performance. The recommended recreation plan includes 44 miles of recreational trails, trailheads with support facilities, benches and interpretive signage. The recommended plan deviates from the National Economic Development (NED) Plan and is the locally preferred plan.

Based on October 2011 price levels, the estimated first cost of the recommended flood risk management plan is approximately \$1,745,033,000. The plan would protect the communities against the 1-percent-chance flood event. It would reduce average annual flood damages by 84 percent and leave average annual residual damages estimated at \$32,000,000. Based on a 4.0-percent discount rate and a 50-year period of analysis, the total equivalent average annual costs for flood risk management, including operations, maintenance, repair, replacement, and rehabilitation (OMRR&R), are estimated to be \$98,098,000. The average annual flood risk management benefits are estimated at \$174,617,000 with net average annual benefits of \$76,519,000 and a benefit-to-cost ratio of 1.8 to 1.

Since the recommended plan provides fewer benefits for flood risk management than the NED Plan, the Federal cost share is limited to the Federal share of the least cost plan that would provide similar benefits. The estimated first cost of the least cost plan is \$1,205,207,000, and in accordance with Section 103 of the Water Resources Development Act of 1986, as amended, the estimated Federal share for that plan and the recommended plan is approximately \$783,384,000 (44.9 percent of the recommended plan). The non-Federal sponsors would be responsible for the remainder of the costs of the recommended flood risk management features, resulting in a non-Federal cost share estimated at about \$961,649,000 (55.1 percent).

The estimated first cost of the recommended recreation features is \$36,315,000 and the total equivalent average annual cost, including OMRR&R, is estimated at \$1,854,000. The average annual recreation benefits are estimated at \$5,130,000 and the estimated net average annual benefits are \$3,276,000. The benefit- to-cost ratio for recreation is 2.8 to 1. In accordance with Section 103 the Federal and non-Federal shares for separable recreation costs are estimated at \$18,157,500 (50 percent) each.

The total estimated first cost of the recommended plan is \$1,781,348,000. The total equivalent average annual cost, including OMRR&R, is estimated at \$99,952,000. The equivalent average annual benefits are estimated to be \$179,747,000 resulting in total net average annual benefits of \$79,795,000 and an overall project benefit-to-cost ratio of 1.8 to 1. The total Federal share of first costs is estimated at \$801,542,000 (45.0 percent), and the total non-Federal share is estimated at \$979,806,000 (55.0 percent).

The Office of Management and Budget advises that there is no objection to the submission of the report to the Congress. However, OMB also advises that should Congress decide to authorize this project for construction, to please be aware that the project will be required to compete for funds with other proposed investments considered in future budgets. A copy of OMB's letter dated March 28, 2012, is enclosed. I am providing a copy of my letter to the Senate Committee on Appropriations Subcommittee on Energy and Water Development, and the Senate Committee on Environment and Public Works Subcommittee on Transportation and Infrastructure. I am providing an identical letter to the Speaker of the House of Representatives.

Very truly yours,


Jo-Ellen Darcy
Assistant Secretary of the Army
(Civil Works)

Enclosures

8 Enclosures

1. Report of the Chief of Engineers, December 19, 2011
2. Record of Decision, dated, April 2, 2012
3. OMB Clearance Letter, dated, March 28, 2012
4. Department of the Interior Letter to USACE, October 24, 2011
5. USACE Response to Department of the Interior, December 22, 2011
6. State of North Dakota Letter to USACE, November 07, 2011
7. State of Minnesota Letter to USACE, November 04, 2011
8. Feasibility Report and Environmental Impact Statement, July 2011, as revised November 2011



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Speaker of the House
of Representatives
Washington, D.C. 20515

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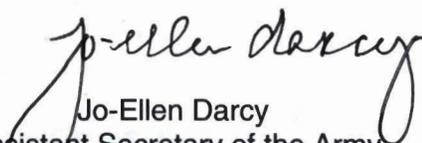
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