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Orrick Public Finance Team Served as Bond Counsel in the First Flood Prevention P3 Project in North America.

P3 Awards 2022 Winner – Best Financial Structure-Fargo-Moorhead Metropolitan Area Flood Risk Management P3 Project

Orrick advised the Public Finance Authority, a nationwide governmental entity, as bond counsel in the first flood prevention public private partnership (P3) project in North America. The US$2.1 billion Fargo-Moorhead Metropolitan Area Flood Risk Management P3 includes the design, construction, financing operations and maintenance of a proposed diversion channel that will protect the Fargo-Moorhead-West Fargo metro area in times of extreme flooding.

The project features 30 miles of channels, a 20-mile embankment, as well as two aqueducts, two river inlets, four railroad bridges, four interstate highway bridges and 10 county road bridges and the channel outfall. This project is also the first in U.S. Army Corps of Engineers' (USACE) history to use a P3 structure that could benefit other federal projects and is the inaugural pilot project under its Revolutionize USACE Civil Works initiative to demonstrate the viability of new delivery methods that significantly reduce the cost and duration of project delivery. Funding for the $2.75 billion Fargo-Moorhead Area Diversion combines revenues, including $1.1 billion from voter approved local sales taxes in the City of Fargo and Cass County with critical funding and financing support from the states of North Dakota ($870 million) and Minnesota ($86 million) and the Federal Government ($750 million).

The project also included a $273 million tax-exempt "green" bond issued through the Wisconsin-based Public Finance Authority to help fund the $2.75 billion P3.

One key to the advancement of the Fargo Moorhead P3 was the "split procurement" model, which had three different sales taxes dedicated revenues to the project. This innovative model is being used as a template for future projects such as the LA River P3 Project and the Brazos Island Harbor Channel Improvement Project.

This first-of-kind project signals many more to come using the P3 model which streamlines delivery, shares risk and provides significant life-cycle cost savings. This first-of-kind project signals many more to come using the P3 model which streamlines delivery, shares risk and provides significant life-cycle cost savings.

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