



City Council

Agenda Item

Subject: Approval to raise the project budget from \$1,800,000.00 to \$2,650,000.00 and authorize the Finance Officer to issue a Special Check to the U.S. Army Corp of Engineers for the Flood Control Feasibility Study, Project No. 2118, in the amount of \$185,000.00

Meeting: City Council - Dec 16 2024

From: Kristen Bobzien, Interim City Manager/Chief Financial Officer

BACKGROUND INFORMATION:

This motion is to increase the project budget for the Flood Control Feasibility Study with the U.S. Army Corps of Engineers (USACE) from \$1,800,000.00 to \$2,650,000.00. The local share would increase from \$900,000 to \$1,250,000. The City has received financial assistance from the SDDANR through a State Water Resources Management System (SWRMS) grant for a total of \$450,000.00. With the additional increase, the City would also apply for additional state funding in the amount of \$175,000.00 to cover half of the local share. If approved by the State, the total City cost would be \$625,000.00.

In August 2022, the City entered into an Agreement with the US Army Corps of Engineers (USACE) to fund a flood control feasibility study as a 50/50 matching funds agreement between the USACE and the City. Typically, the cost of these studies is \$3,000,000.00. However, the Corps estimated that the overall study could be completed at a much lower cost due to the previously detailed efforts from past years' work.

Initial study costs were estimated to be \$1,800,000.00, with the Federal Government's share of \$900,000.00 and the Non-Federal Sponsor's (City's) share of \$900,000.00. These amounts were estimates that are subject to adjustment by the Federal Government and are not to be construed as the total financial responsibilities of the Government and the City. The increase in project costs is due to several additional alternatives that were analyzed and a required risk assessment. An independent external peer review is being performed that is being entirely funded by the USACE.

Additional Background

Over the past three decades, the US Army Corps of Engineers (USACE) has worked with the City to sponsor and perform a feasibility level study for a flood control project that protects the City of Watertown from eminent flood damage due to the Big Sioux River. Staff records show several milestone dates of the initial and past updates to the feasibility study, to include 1994, 1998, 2003, and 2005.

After the recurrence of flooding events in the past decade, The USACE and City have continued to request/preserve funding for updating the feasibility study with the goal of identifying flood mitigation solutions.

Upon thirty (30) calendar days written notice to the other party, either party may elect at any time, without penalty, to suspend or terminate future performance of the Study.

FINANCIAL CONSIDERATIONS:

The project is budgeted for \$1,800,000.00 in account number 212-43280-43966.

The City has received \$450,000.00 from the SDDANR through a State Water Resources Management System (SWRMS) grant and will apply for an additional \$175,000.00 from SDDANR in the future.

The City has paid \$900,000.00, which leaves a current balance of \$1,350,000.00. This balance will cover the special check to USACE for \$185,000.00 and the future request of \$165,000.00.

OVERSIGHT / PROJECT RESPONSIBILITY:

Heath VonEye, Assistant City Manager/Public Works Director

Justin Petersen, City Engineer

Brandi Hanten, Community Development Manager

STAFF RECOMMENDATION / SUGGESTED MOTION:

Staff recommends approval of the budget amendment and issuance of a special check with the following motion:

I move to approve raising the project budget from \$1,800,000.00 to \$2,650,000.00 and authorize the Finance Officer to issue a Special Check to the U.S. Army Corp of Engineers for the Flood Control Feasibility Study, Project No. 2118, in the amount of \$185,000.00.

ATTACHMENT(S):

[20240828 504570 Watertown FY25FundsRequest](#)

[2118 COE Funds Request Tables](#)



REPLY TO
ATTENTION OF

DEPARTMENT OF THE ARMY
U.S. ARMY CORPS OF ENGINEERS, OMAHA DISTRICT
1616 CAPITOL AVENUE
OMAHA NE 68102-4901

August 28, 2024

Planning, Programs, and Project Management Division

Ms. Amanda Mack
City Manager, City of Watertown
23 2nd Street NE, P.O. Box 910
Watertown, South Dakota 57201

Dear Ms. Mack:

We are pleased to be partnering with the City of Watertown for the Watertown Feasibility Study. We have completed the alternative analysis, hosted the tentatively selected plan (TSP) meeting, drafted the feasibility report and integrated environmental assessment (FR/IEA), and prepared for the public meeting to discuss the release of the draft FR/IEA. In addition to these major tasks, we have participated in numerous meetings with the city, stakeholders, and outside agencies.

In accordance with the Federal Cost Share Agreement (FCSA) executed between the Department of the Army and City of Watertown on August 19, 2022, for the Watertown Feasibility cost-shared study, the estimated feasibility phase of this study was \$1,800,000. Updated costs estimate have increased the total Feasibility Phase cost of the project to \$2,650,000. This requires an additional \$850,000 which will be \$500,000 of federal cash and , \$350,000 of sponsor cash. A breakdown of the total costs and the Non-Federal Sponsor's share is shown in Table 1.

Table 1. Project Cost Share

Feasibility Study	Total Cost	Federal Share	Non-Federal Sponsor's Share		
			Total	In-Kind	Cash
Totals	\$2,650,000	\$1,400,000	\$1,250,000	\$0	\$1,250,000

In accordance with Article II, Paragraph B.3, we are now requesting the FY25 cost match share of funds. To continue the study as efficiently as possible, we request that the City of Watertown provide the amount of \$410,000 for FY25 efforts. This will bring your total contributions to \$1,085,000 which will leave an additional \$165,000 to be requested at a later date.

You may send your payment via Electronic Funds Transfer (EFT – preferred) or check. Using EFT reduces the processing time by approximately 2 weeks. If you wish to pay using EFT please follow the guidance attached. For specific questions related to EFT please contact Kevin Heath at (901) 873-9135.

If you wish to pay by check, please make your check payable to the "U.S. Army Corps of Engineers, Omaha District." Please note "City of Watertown, South Dakota Feasibility Study" on the check and send to the following address:

U.S. Army Corps of Engineers, Omaha District
Attn: CENWO-PM-P (Brittney Raggett)
1616 Capitol Avenue
Omaha, NE 68102-4901

If you have any questions, please contact Ms. Sarah Miller, Project Manager, at (402) 995-2699 or email at Sarah.J.Miller2@usace.army.mil or Ms. Brittney Raggett, Program Analyst, at (402) 995-2643 or email at Brittney.L.Raggett@usace.army.mil.

Sincerely,

Drew D. Minert

Drew D. Minert
Chief, Planning Branch

Enclosure

TABLE 1- PROJECT COST SUMMARY

	August 2022 Estimate	September 2024/Final Cost	Difference
Total Project Cost	\$1,800,000	\$2,650,000	\$850,000
Local Share	\$900,000	\$1,250,000	\$350,000
State Funding	\$450,000	\$625,000	\$175,000
Total City Cost	\$450,000	\$625,000	\$175,000
<i>City Cost if additional SDDANR funding is NOT awarded:</i>		\$800,000	\$350,000

TABLE 2- BUDGET IMPACT SUMMARY

Budget	\$1,800,000
Local Share-Spent	(\$900,000)
State Funding	\$450,000
Current Balance	\$1,350,000
Special Check- 12/16/24	(\$185,000)
Pay Request- (Future)	(\$165,000)
Remaining Budget	\$1,000,000
<i>Additional State Funding</i>	<i>\$175,000</i>
Final Balance	\$1,175,000