

MEMORANDUM

TO: Programs, Projects and Operations Subcommittee

FROM: Ralph Puls

SUBJECT: Review of Pigeon/Jones Watershed Site 15

DATE: May 30, 2006

Significant progress has been made in the Pigeon/Jones Watershed including the completion of four of the smaller watershed dams. On March 27, 2006 Dakota County approved an Interlocal Agreement with the P-MRNRD that provides the details regarding the construction of roads at Site 15, the schedule for construction and how the costs will be shared between the two entities. In addition, the project consultant, Olsson Associates has completed the project economic, scientific and technical feasibility studies and the results show the project is feasible.

Attached is a Fact Sheet that summarizes much of the information regarding the economic feasibility of the project. **The overall cost estimate of the project is considerably higher than when the Pre-Feasibility Report was completed in January, 2005.** The total project cost is now estimated at \$9,740,000, an increase of 38% over the original estimate of \$7,070,000. The major factors contributing to the increase in costs are shown on the Fact Sheet under Total Project Costs. Additional recreational amenities and their cost of construction, an increase in the cost of the dam for technical reasons, an increase in the number of acres of project lands and a steep increase in land values account for the majority of the increase in total costs.

The Fact Sheet also shows that the Project Benefits are substantial and that the Rate of Return on Investment makes the project economically feasible. The Nebraska Resources Development Application will be submitted following a public meeting on the project to be held on June 27, 2006. It is anticipated that NRDF funding for the project will be 60 to 70 % of the total project costs.

Also attached for the Subcommittees information is a revised Site 15 Master Plan.

May 30, 2006

Pigeon/Jones Creek Site 15 Feasibility Study Fact Sheet

Total Project Costs (\$9,740,000)

- * Total project cost is \$9,740,000, a 38% increase from \$7,070,000 estimate in Pre-Feasibility Study
- * Total project cost increase is \$2,670,000
- * \$1,250,000 increase in project costs due to project additions (\$700,000 construction, \$420,000 land rights & \$130,000 design)
- * \$750,000 increase in base land rights costs due to increase in land value for original park acres
- * \$670,000 increase primarily due to increased unit prices (would have been significantly higher without design cost savings)

Construction Costs

- * Added tie-back levee and off-line storage area at a total construction cost of \$400,000
- * Added \$300,000 in additional recreation amenities (due to public input) generating \$250,000 in annual recreation benefits
- * Unit prices (based on water resources and NDOR project bid tabs) have increased 35% since early 2004
- * Total construction costs have only increased \$1,200,000 (24%) due to design improvement cost savings

Land Rights Costs

- * 100 fee title acres added to park and 6 fee title acres added for tie-back levee
- * 20 return flow easement acres added and 110 easement acres added for the off-line storage area
- * Mean land value increased from \$1,250 per acre (2004) to \$2,000 per acre (2006) based on new UNL Survey
- * 20% contingency added to land rights as a result of appraiser comment and market trends
- * Total land rights cost increase is 97%

Project Benefits

- * Annual flood control benefits total \$61,100
- * Annual recreation benefits total \$649,402
- * Calculations use \$5.74 recreation day value from the year 2000; NDNR will not update until new Guidelines are released
- * Updated recreation day value of \$6.70 would increase recreation benefits to \$758,013

Project Rate of Return on Investment

- * Project IRR is 4.6%
- * Project IRR with updated recreation day value of \$6.70 would be 5.7%

NRDF Application Schedule

- * Complete Draft Application is in internal QA/QC review process
- * Draft Application scheduled to be submitted to NDNR during the first or second week of June, 2006
- * Public meeting tentatively scheduled for June 27, 2006
- * Final Application submitted following public meeting

Best-Case Project Schedule

- * Winter 2006 - Dam, road, tie-back levee, off-line storage area, and rough park grading design
- * Summer 2007 - Land Rights acquisition
- * Summer 2008 - Dam, road, tie-back levee, off-line storage area construction, rough park grading
- * Winter 2008 - Recreation design
- * Summer 2009 - Recreation area construction
- * Summer 2010 - Open park



**P-MRNRD Pigeon/Jones Creek
SITE 15 MASTER PLAN**
May 2006

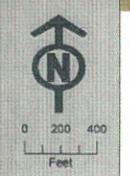


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