

# USACE ALTERNATIVE DELIVERY PROGRAM

**Kayla Eckert Uptmor**  
**Chief, Civil Works**  
**Omaha District**

**Robert Matya**  
**Project Manager**  
**Denver & Adams Counties Project**  
**Omaha District**

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**US Army Corps  
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## USACE Alternative Delivery Program\* Overview



- The Assistant Secretary of the Army Civil Works (ASA(CW)) directed USACE to establish a pilot program with the **goal of demonstrating the viability of new delivery methods that significantly reduce the cost and time of project delivery.**
- **Goal is to save time and money compared to Traditional Delivery for both the Federal government and non-Federal partners.**
- **\*USACE approach to alternative delivery is broad** – anything that delivers a project outside of “traditional” delivery that accelerates delivery and/or reduces costs. This is the reason for the name change from the Public-Private Partnership (P3) Program to the Alternative Delivery Program.
  - Enables non-federal partners to employ practices that incentivize efficiency and performance, often leading to realizing benefits sooner.
  - Provides non-Federal partners more control over project delivery but can result in additional risk.
  - Provides a way for communities to spread payments for infrastructure assets over the life of the asset, while removing risk from the Federal government.
- The pilot program is open to anyone. We are still in the piloting phase and are working to better understand the benefits to alternative delivery and how to incorporate them in the budgeting process and broadly throughout the Corps.



## USACE Alternative Delivery Program



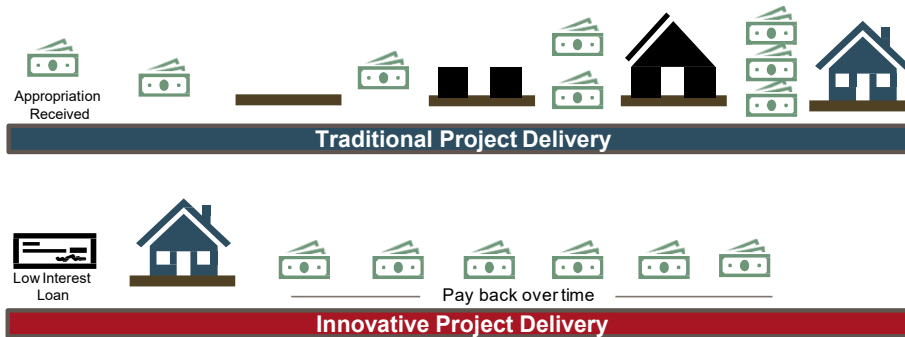
- Project sponsors seeking an alternative delivery approach can apply to the pilot program.
- To date, the USACE pilot program has projected Federal savings of more than \$450M and more than 20 years.
- Current USACE Alternative Delivery Pilot Projects include:
  - Brazos Island Harbor ("BIH") Channel Improvement Project (pending implementation)
  - Los Angeles River Ecosystem Restoration Project (pending implementation)
  - **Adams & Denver Counties, CO Ecosystem Restoration and Flood Risk Management Project\* (under consideration)**
  - Fargo-Moorhead Metropolitan Area Flood Risk Management Project (under construction)

*\*Has yet to be designated an official pilot by the DCW but is under active consideration.*



# P3 Program

## Benefits of Innovative Financing vs. Traditional Delivery



Takes longer to build due to the ebb and flow of funding.

Funded upfront; allowing for accelerated project delivery.

## Different Approach – Different Results

- Output based approach:
  - USACE and Sponsors agree upfront on technical specifications and expected outputs
  - Sponsors via Contract (and PPA) are fully responsible to deliver on those specifications and outputs
  - Limited USACE review of sponsor led design and construction
  - Contractor (via sponsor) has contractual responsibility to deliver project or payments are withheld
  - Contractual obligation for O&M – equal to annual repayment period



## USACE Alternative Delivery Eligibility and Screening



- To be considered for inclusion in the pilot program, viable project proposals must:
  - Have a construction cost in excess of \$50 million;
  - Have non-federal sponsor support;
  - Include design, build, finance, operation and maintenance (DBFOM) or some combination thereof for federally authorized projects;
  - Accelerate project delivery;
  - Have the ability to generate revenue or leverage non-Federal funding sources;
  - Be executable under existing authorities
  - Provide a qualitative assessment demonstrating that the proposal will deliver the project faster and/or more cost effectively than traditional delivery
- A Value for Money analysis is not required for initial submissions but will be required before detailed structuring of the approach begins. USACE team will assist with the analysis.



## USACE Alternative Delivery Process



- Under an alternative delivery approach, non-federal partners are empowered to deliver a portion of a project.
  - Portion for which non-federal partners have responsibility can be financed using traditional municipal financing or project financing arrangements.
  - Remaining portion for which the Federal government is responsible for constructing requires full Federal funding for each work package prior to construction (Traditional Delivery).
  - When possible, Federal costs will be capped, and diverse project elements will be bundled together.

1

**Projects submitted for consideration**

2

**Projects developed and validated**

3

**Coordination within Army (pilot designation), OMB, and Congress to implement identified approach**

4

**Identification as New Start and execution of PPA (If applicable)**

5

**Implementation**



## Alternative Delivery Approaches / Authorities



### Split Delivery

- Divide responsibility for specific reaches to implement project using both USACE and non-federal partner capabilities.
- New roles and responsibilities compared to traditional delivery.
- Memorialized in Project Partnership Agreement and supporting MOUs.
- **Authority: Section 221 – Work In-Kind (see [ER 1165-2-208](#)).**
- Example: Fargo-Moorhead FRM

### Non-Federal Implementation

- Non-federal partner has full project management and control for construction or a separable element of the project.
- USACE transfers appropriated funds to non-federal partner to cover Federal share of construction.
- Memorialized in Project Partnership Agreement and supporting MOUs.
- **Authority: Section 1043(b) – Non-Federal Implementation Pilot Program (see [implementation guidance and report](#))**
- Example: Clear Creek, TX, FRM

### Others

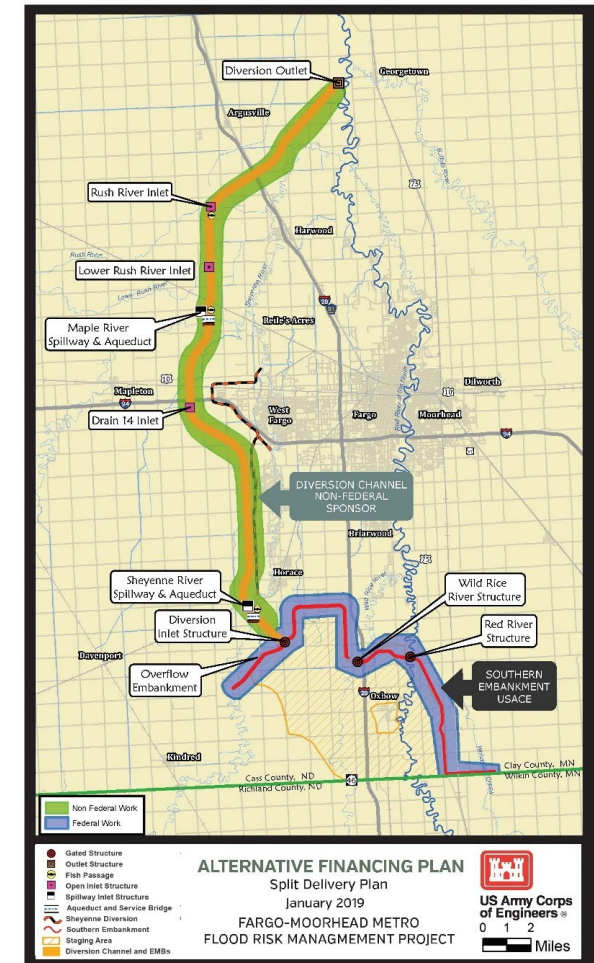
- Hybrid P3/1043(b) approach whereby USACE makes milestone payments and rest is done under DBFM or DBM.
- Others TBD.



# Fargo-Moorhead Metropolitan Area Flood Risk Management Project (P3 Alternative Split Delivery)



- **Status:** Under construction
- **Investment Size:** \$2.84B
- **Non-Federal Sponsor(s):** Metro Flood Diversion Authority; City of Fargo, North Dakota; and City of Moorhead, Minnesota
- **Alternate Delivery Elements:** Design, Build, Finance, Operate/Maintain (29-years) - (DBFOM)
- **Cost / Time Savings:** \$278M Federal and 10 years
- **Federal Funds to Date:** \$313M Approps/\$437M IIJA
- **Next Steps:** Complete project, incorporate lessons learned
- **Notes:**
  - This project is one of the only flood diversion channels in the world to be procured as a P3 and is the first in North America.
  - The non-Federal sponsors signed the P3 contract in October 2021.
  - The P3 approach, which combines bonds, bank debt, a private placement, and public funding, has resulted in the use of an output-based engineering approach by USACE, reductions to program administration, enhanced project level flexibility, and a competitive bid environment.
  - USACE – Southern embankment (Purple Line) and NEPA for entire project.
  - Sponsors – Diversion (Green Line)







## P3 Alternative Delivery Goals and Steps



- Fargo is a great example of a project where a split delivery approach has worked well, but this approach is not the only option for a USACE P3 project.
- Goal: Encourage innovative thinking and find an alternative delivery approach that best suits the needs of this project and its sponsor.

**Review and evaluate  
funding, financing, and  
delivery options**

**Conduct initial  
Value-for-Money  
Assessment**

**Draft and sign MOU  
outlining proposed roles,  
schedule, approach, etc.**

 **WE ARE HERE**

**Establish baseline terms  
and conditions of  
delivery approach**

**Further define  
structuring details  
of proposed approach**

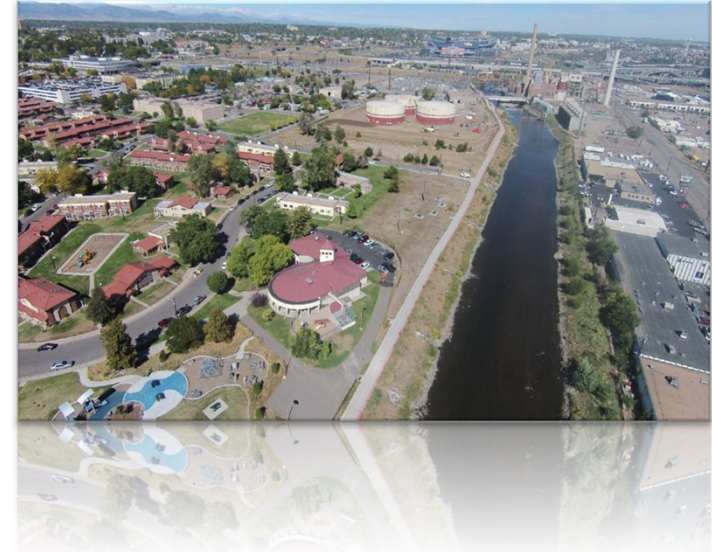
**Draft and sign PPA  
(dependent on  
Funding, New Start)**



## Adams and Denver Counties, CO Ecosystem Restoration and Flood Risk Management Project



- **Status:** Under consideration
- **Investment Size:** \$550M
- **Non-Federal Sponsor(s):** City and County of Denver, CO
- **Alternate Delivery Elements:** Design, Build, Finance, and possible Operate/Maintain
- **Non-Federal Revenue Source(s):** Sales tax, wastewater fees, assessment district, state grants, and private entities
- **Cost / Time Savings:** TBD / 5-10 years – Projected
- **Federal Funds to Date:** \$400K FY22 Approps. / \$349.6M FY22 IIJA
- **Next Steps:** Sign DA and PPA with Sponsor
- **Notes:**
  - Funded to completion/new start in IIJA \$349,600,000. Proposed approach includes use of Section 1043(b) for the ecosystem features which could be executed in P3 contract(s). FRM features may be delivered by the Corps using more traditional delivery but could include D-B. Corps and Sponsors to be responsible for individual portions of project. Proposal to use Section 1043(b) and Section 221 – WIK, federal construction participation limit of \$350M.
  - Sponsors looking for increased flexibility with real estate (allowance for easements) and crediting (allowance for consideration of local regulatory/financing tools). Sponsors would like to see delivery to scope – allowing for savings to accrue to responsible party.





# ADAMS AND DENVER COUNTIES, CO

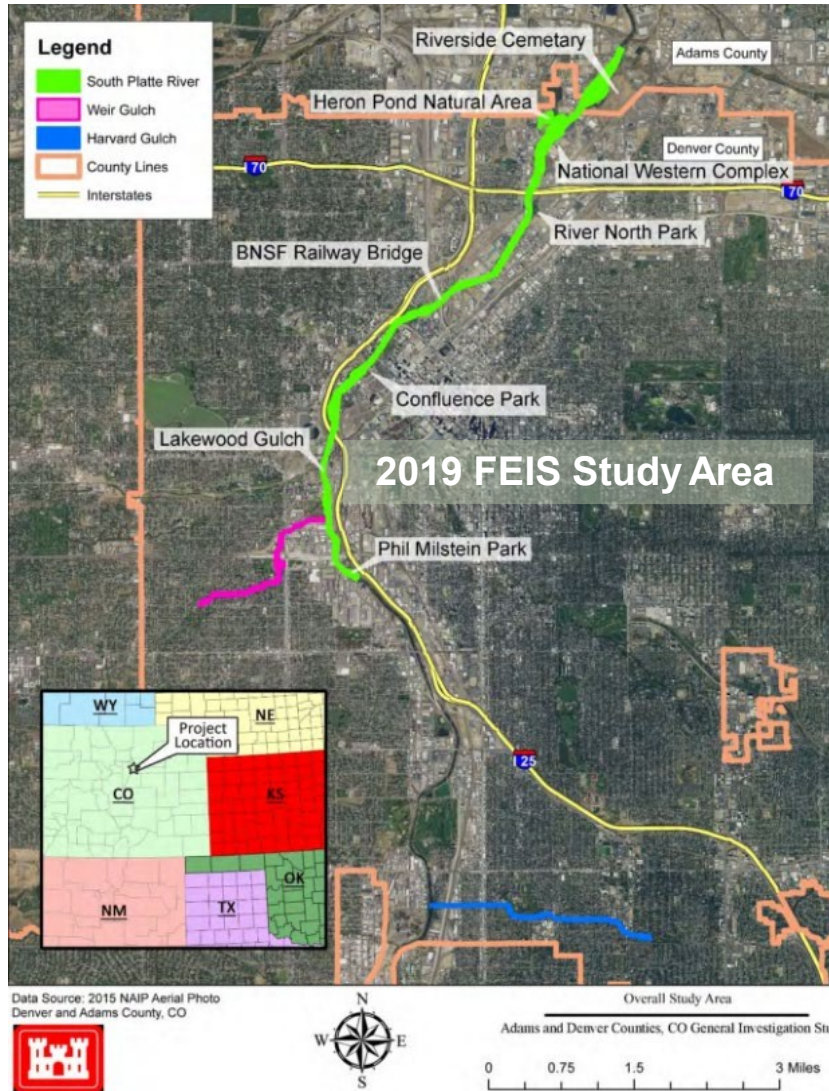
## Ecosystem Restoration and Flood Risk Management Project (a.k.a “Denver South Platte River & Tributaries (SPRT)” project

Non-Federal Sponsor: City and County of Denver (CCD)

Study area divided into 3 project areas:

- South Platte River (ER)
- Weir Gulch (FRM)
- Harvard Gulch (FRM)

South Platte River: A 6.5-mile long ecosystem restoration project that improves ~450 acres of nationally, regionally, and locally significant habitat on the South Platte River corridor, while removing ~100 structures from the 100-yr floodplain. This plan also includes ancillary recreation features integrating the project with the over \$1B of on-going local investment.



## Map of Omaha District (NWO) Boundaries



Weir Gulch: An approximately 3-mile long channel improvement project that removes ~360 structures from the existing 100-yr floodplain in the socially vulnerable Weir Gulch Community.

Harvard Gulch: A Non-structural Flood Risk Management plan for over 170 structures throughout the community.



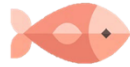
# NATIONAL SIGNIFICANCE

160 acres



Riparian corridor & wetland habitat

100 acres



Wetland habitat

190 acres

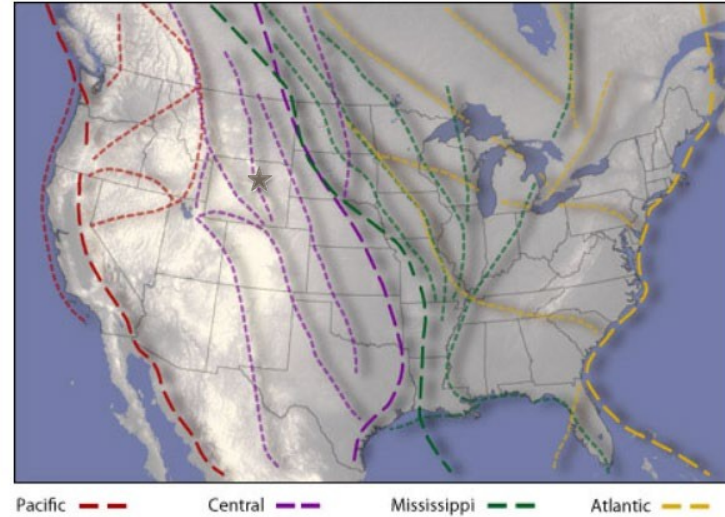


Reconnected existing habitat

## Project provides:

- A remedy to degradation due to the USACE Tri-Lakes Project;
- An Integral connection in the **Central Flyway**;
- Mitigation in an area that has seen a 66% decline in waterfowl numbers over last 28 years;
- Improved habitat, potentially benefiting:
  - 3 endangered species,
  - 12 state listed bird species, and
  - 15 bird species listed on the national birds of conservation list;
- Benefit to 80% of Colorado wildlife which use wetland and riparian habitats;
- An antidote to the > 50% decrease in wetland acreage since pre-urbanization; and
- An increase in vegetated wetland from 0.7% to 6.5% of land mass within the City boundaries.

Flyways of North America



DENVER  
THE MILE HIGH CITY

MHFD  
MILE HIGH FLOOD DISTRICT





# Flood Risk Management

## Prioritizing and Reducing Life Safety Risk

### Weir Gulch

- Vulnerable neighborhood
- 360 structures removed from floodplain designation
- Improves neighborhood connectivity
- Creates a more resilient environment for both stormwater and wildlife
- Reduces risk by 60%

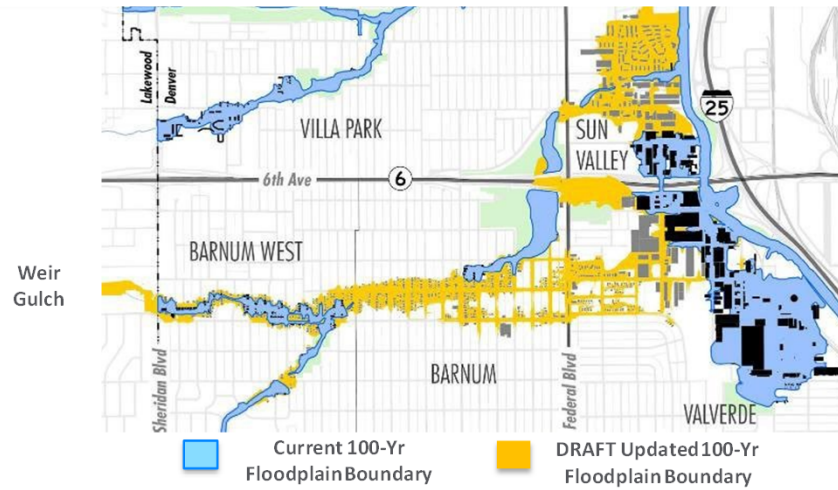


### Harvard Gulch

- Non-structural plan
- 176 structures to be modified:
  - 77 Commercial
  - 99 Residential

### South Platte River

- Incidental flood risk benefit for 100 structures



Weir Gulch Undergrounded and Inaccessible Concrete Channel – an Opportunity for Environmental Justice

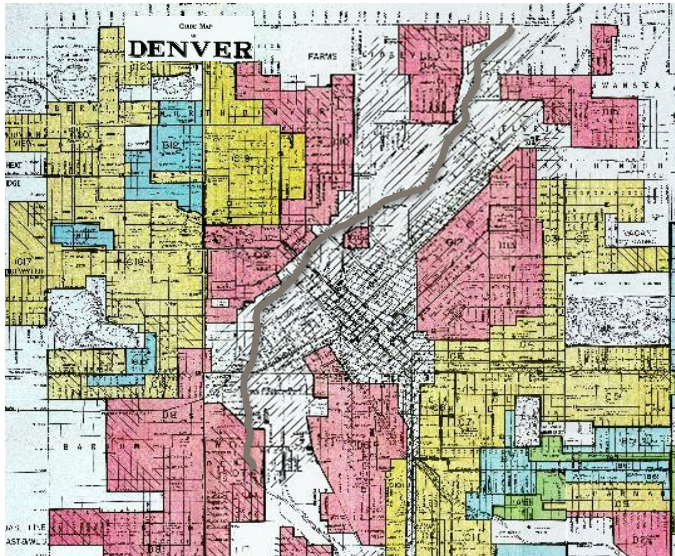




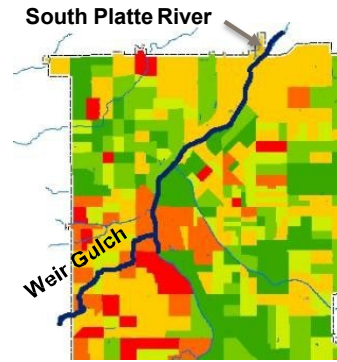
# COMPLEMENTARY PRIORITIES

## Along the South Platte River:

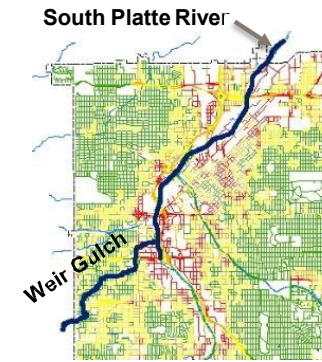
- Diverse, culturally vibrant neighborhoods
- History of economic inequities and environmental injustices



Denver Residential Security Map, 1938



DOTI Equity Index



Denver Street Segments Coded by Relative Heat Classes

## Benefits beyond the EIS:

- Workforce Development
- Economic Recovery
- Leverages other Federal Programs
- Promotes Environmental Sustainability including:
  - Drought Tolerance
  - Climate Resiliency
  - Carbon Sequestration
  - Ground level ozone reduction
  - Stream temperature reduction
  - Heat island reduction



**DENVER**  
THE MILE HIGH CITY

**MHFD**  
MILE HIGH FLOOD DISTRICT





# SOUTH PLATTE RIVER



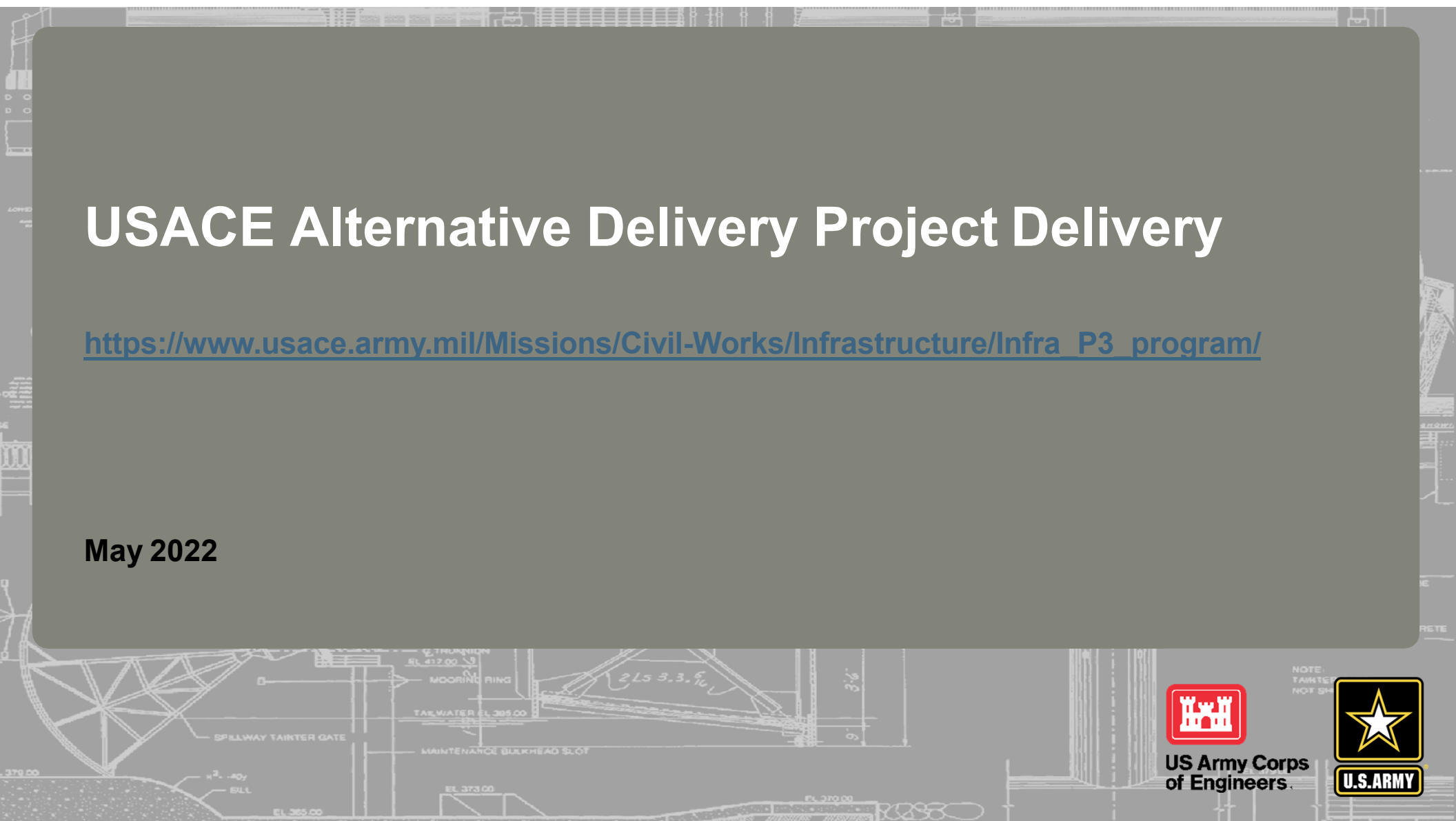
# WEIR GULCH



# USACE Alternative Delivery Project Delivery

[https://www.usace.army.mil/Missions/Civil-Works/Infrastructure/Infra\\_P3\\_program/](https://www.usace.army.mil/Missions/Civil-Works/Infrastructure/Infra_P3_program/)

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