



City of Grand Forks Staff Report

Committee of the Whole – December 9, 2019

City Council – December 16, 2019

Agenda Item: Northern Plains Nitrogen, LLP – Letter of Intent Agreement Extension

Submitted by: Todd Feland, City Administrator

Staff Recommended Action: Approve extending the Letter of Intent (LOI) Agreement with the Northern Plains Nitrogen, LLP (NPN) related to Industrial Water Supply and Discharge Permitting from January 1, 2020 to June 30, 2020, subject to the City Attorney's Office final review and approval.

Committee Recommended Action:

Council Action:

BACKGROUND:

The NPN Project has continued to be worked on in the second half of 2019 by the NPN Project sponsors. Specifically NPN officials continue to work on the investment component of the project and remain cautiously optimistic regarding this important component of the project, especially in light of the significant progress that has been made to “derisk” the project specifically related to environmental and engineering perspectives. Until a successful financial close is more imminent, City staff is pausing regarding moving forward with a final draft agreement on serving NPN related to such matters as infrastructure development, design and construction requirements, and health and safety considerations. In addition, the City of Grand Forks would plan to further involve the State of North Dakota regarding the NPN project and related funding support and partnership as the NPN project becomes closer to reality.

NPN's Chief Operating Officer Larry Mackie is planning to be at the Committee of the Whole and City Council meetings on Monday, December 9 and 16, 2019 respectively to provide a project update briefings and to answer questions.

ANALYSIS AND FINDINGS OF FACT:

NPN Project Status

- Expanded Pre-Front End Engineering Design (FEED) completed.
- All major project related property purchased.
- Site plan finalized.

- City of Grand Forks infrastructure development plan and associated cost estimates completed.
- Detailed site works package ready to issue for proposals.
- Initial geo-tech drilling complete.
- Detailed rail network and service plan developed with R&R Contracting and BNSF.
- BNSF New Business Review is complete and submitted.
- Wastewater reuse testing is complete.
- Surface Transportation Study is complete and NPN presents no significant issues on existing federal and state transportation corridors.
- Grand Forks/East Grand Forks Metropolitan Planning Organization (MPO) Rail Service Study Completed.
- ND State Water Commission (SWC) industrial water supply permits approved. These noted industrial water supply permits for Red River surface water and City of Grand Forks wastewater have been submitted for permit renewal to the SWC.
- Cultural Resource Study completed.
- Phase 1 Environmental Site Assessment completed.
- Wetlands study completed.
- Visual and thermal plumes modeled.
- Updated Visual Exhaust Plume Aviation Analysis For Proposed Northern Plains Nitrogen Facility Final Report dated July 28, 2015 and associated letters from the Grand Forks Regional Airport Authority dated September 24, 2015 and University of North Dakota dated September 16, 2015.

Currently the Grand Forks Regional Airport Authority is completing an updated airport master plan. This airport master plan includes the reconstruction of the current commercial North/South runway. In order to maintain commercial service availability during the noted reconstruction project, the current leading solution is to extend an existing East/West runway so that this runway can accept commercial aircraft service. This extension of the East/West runway may require additional study and modeling related to the NPN project and the previously modeled and analyzed visual and thermal plumes.

- FAA Determination of No Hazard to Air Navigation.
- City of Grand Forks approved annexation, platting, and rezoning of land for industrial use.
- Redundant utility power supply procured.
- Natural gas transportation rates for both WBI and Viking.
- North Dakota Department of Health Air Quality Permit approval and the permit has been renewed.
- FEED proposals received from Engineering Procurement Construction (EPC) firms.

NPN Project Future Timeline

- FEED Study Completion – 9 to 12 months.
- Construction – 36 months.
- Total timeframe of 48 months from successful financial close.

SUPPORT MATERIALS:

- Proposed LOI Extension from January 1, 2020 to June 30, 2020.
- LOI dated May 20, 2013

December 6, 2019

Mr. Larry Mackie
NORTHERN PLAINS NITROGEN, LLP
4200 James Ray Drive
Grand Forks, ND 58203

Dear Mr. Mackie:

This letter is intended to act as an extension of the parties' previous agreement of intent originally dated May 20, 2013 between the City of Grand Forks, a North Dakota municipal corporation and Northern Plains Nitrogen, LLP. The original letter agreement of intent was to terminate on December 31, 2014 and the parties have mutually agreed to extend the terms of the May 20, 2013 agreement of intent to December 31, 2019. This letter hereby memorializes the intent of both parties to modify, in part, the original agreement so as to provide for a termination date of June 30, 2020, unless extended further by mutual agreement of the parties. All other terms of the original letter agreement of intent remain in effect.

CITY OF GRAND FORKS

By: _____
MICHAEL R. BROWN, Mayor

Attest:

MAUREEN STORSTAD, City Auditor

Agreed to and accepted by: **NORTHERN PLAINS NITROGEN, LLP**

By: _____

Its: _____