



Memo to: Board of Directors

From: Les Sterman

Subject: Program Status Report for July, 2012

Date: July 18, 2012

In late June, we submitted a revised project schedule to the Corps of Engineers. The revision was made necessary because of the protracted and uncertain Corps review process, particularly related to the use of “graded filters” as a prominent design feature of our proposed levee system improvements. Until that issue was resolved, it was not possible to complete the 100% design of the project. Project construction, which was slated to be substantially complete in 2014, is now pushed back into the second quarter of 2015, owing primarily to the delays that were absorbed into the schedule from Corps reviews since the 60% design submittal on December 6, 2011. While the completion of construction has been pushed back several months, I believe that we can achieve our goal of certification by 2015. The new schedule is aggressive. We have assumed a very rapid Corps review of construction packages since there has already been so much scrutiny of design assumptions and parameters, and we have already reached substantial agreement on these conditions.

The revised schedule will have an impact on the cost of the project and our financing plan, but we do not yet have the information to determine the extent of those impacts. More significantly, the more conservative assumptions, design methods and construction details that are being advocated by the Corps will increase the cost of the project. We will not know the extent of cost increases due to schedule and design changes for several weeks, pending more progress on the design. Once that information is available, I plan to review our financial plan, including an update to the financing model, to determine if the project remains affordable.

We will have a very limited ability to absorb any further delays in the schedule or cost increases without compromising our 2015 goal for certification.

The most complex remaining design features are cutoff walls. We have not reached a common understanding with the Corps of the review process to support our proposal to use a design-build approach to construction. AMEC is meeting with Corps staff on this subject and we should have some direction on this subject this month.. We do, however, plan on submitting plans for this design package by the end of this year.

Work began this month on the Council’s first construction contract, a small contract with Noeth Excavating Systems for restoration of culverts and trench drains in the MESD area. I anticipate

that the next contracts for construction will be for construction/improvement of pump stations in the PdP/Fish Lake levee districts late this year.

AMEC is continuing to work on the 100% design, which can largely proceed now that the design of “graded filters” has been substantially resolved.

Discussions with the Illinois Environmental Protection Agency continue on the contents and approach of the Sec. 401 water quality permit. On July 10 we submitted additional materials to IEPA that outline our legal and technical justification to proceed with the Sec. 401 permit process. Because the levee improvement project will not exacerbate the existing natural flow of pollutants between American Bottom groundwater and the Mississippi River or add pollutants that are not currently discharging, we again requested an unconditional Sec. 401 Unless a resolution of this issue happens soon, there is an increasing likelihood that it will affect the project schedule. On a positive note, IEPA staff is now fully engaged in seeking workable solutions and I remain cautiously optimistic that agreement will occur in the near future.

We are currently awaiting a decision on inclusion of the project on the project on the Federal Infrastructure Projects Dashboard as requested by our congressional delegation. The Dashboard is the result of the Executive Order by the President for *Improving Performance of Federal Permitting and Review of Infrastructure Projects*. The Executive Order created an inter-agency initiative, spearheaded by the Office of Management and Budget, to institutionalize best practices to reduce the amount of time required to make permitting and review decisions and improve environmental and community outcomes. I believe that inclusion of the project on the Dashboard will sharpen the focus on the project at the federal level and lead to more expeditious and responsive administrative and technical reviews of the project.

One of the matters to be resolved before major construction on the project begins is the Council policy on the involvement on minority firms. While there are no federal funds being used by the Council, we are not subject to a range of federal agency requirements, but we have a commitment to engaging to engaging local firms and workers on the project and I am making every effort to meet that pledge. At the brainstorming session on June 7 involving representatives from labor, minority contractors, design consultants, and others, it was generally agreed that the Council would need to augment its capabilities and resources if we are to be effective in maximizing minority participation in the project. After considering a variety of alternatives I have asked Sandra Marks of Marks & Associates to prepare a Minority Business/Workforce Utilization Plan for the project. Ms. Marks is highly qualified in this area; a description of her relevant education/experience is attached. The cost of preparing the plan will not exceed \$9,000 and be completed in 60 days. It should be noted that there are no federal funds being used on the project, so our policy is determined solely by the Board of Directors.

My biggest current concern remains the status of our project budget. Until we have more information from our project designers, however, and the resolution of remaining design and construction issues, we will not have clarity on our budget. I remain cautiously optimistic, but I will be seeking more certainty over the next month or two, before major construction begins.

Sandra Marks

Marks and Associates

President

Education: B.S. Business Administration, University of Missouri St. Louis

Masters, Business Administration, Washington University in St. Louis

Expertise: Ms. Marks, a native of St. Louis, has been integrally involved in issues around diversity, entrepreneurial development, supplier diversity program management, and workforce development for over 20 years. She has mentored hundreds of aspiring and existing entrepreneurs and has helped several establish contractual relationships with the public, private, consumer and corporate business sectors.

Relevant Experience

- Consultant to Lambert International Airport and City of St. Louis DBE Program Office responsible for reviewing operations and establishing standard operating procedures to ensure quality and efficient service.
- Consultant to Washington University managing their supplier diversity initiative which has been recognized for its innovative payment policies and overall impact as a major consumer of construction. Assisted the university in expanding their spending with MWBE firms 200% since 1999.
- Consultant to HNTB and CMT, designers of the New Mississippi River Bridge and I-70 Missouri Interchanges managed by the Missouri Department of Transportation and the Illinois Department of Transportation. Responsible for advising and recommending policies and procedures for the DBE and Workforce Utilization Program on the \$640 million project.
- Executive Director of The Minority Youth Entrepreneurship Program, a six week summer program to expose African-American high school juniors and seniors to the world of ownership and business. Mentoring the over 800 alumni as they pursue their professional careers and entrepreneurial aspirations.
- Served on the Economic Review Council established by METRO, Regional Commerce and Growth Association (RCGA), and St. Louis Minority Business Council for the purposes of developing a plan for addressing minority contractor and minority workforce capacity in the St. Louis region.
- Chair of Diversity Committee of the St. Louis Council of Construction Consumers which initiated the annual Construction Career Day Event for high school juniors and seniors, the annual Diversity Awards Recognition for owners, contractors, MWBEs, and annual Diversity workshops to help build relationships between MWBE contractors and project managers of major construction consumers.
- Consultant to the Access Collaborative Board, a group of twenty (20) construction industry stakeholder organizations committed to a collaborative effort to build MWBE capacity and the economic base of the St. Louis region.
- Member of the board of directors for the newly formed Regional Union Contractor Center, an incubator established by the PRIDE Incubator Task Force to provide technical and business assistance to minority union contractors in the St. Louis region.
- Formerly consultant and director of The Business of Construction Course, an 8-week course sponsored by Washington University and the AGC of St. Louis to assist emerging contractors in understanding the business side of construction.