



Memo to: Board of Directors

From: Les Sterman

Subject: Program Status Report for June, 2013

Date: June 14, 2013

We are continuing to work with the Corps of Engineers to complete the Sec. 408 review of all construction bid packages. That process seems like it is moving on a steady path to a positive conclusion. Final approval has already been given by the Corps for Bid Package 2a (a pump station in the Fish Lake district), and for Bid Package 6 (berms and relief wells in the PdP/FL). Bids for these construction package are being solicited now. Initial Sec. 408 submittals of all bid packages was completed a month ago. Final submissions to resolve Corps review comments on remaining packages will be happening over the next month or so, so good progress is being made on the review process. The current schedule calls for all construction work to be awarded by the September Board meeting.

The pre-bid conferences for packages 2a and 6 were held on May 17. They were well attended, suggesting that there will be a good response to our solicitation. On June 17 we will hold an outreach session for minority businesses in our office. For reasons enumerated below, we have postponed the bid opening and contract award for about a month. I now anticipate getting approval of winning bids at the July Board meeting, after which approval will be sought from the county boards as required by our authorizing statute. Optimistically, construction could begin as soon as mid-August.

Before construction can start on the projects that are currently out for bid, we will need to complete any required property acquisition and make progress in completing our final wetland mitigation plan. The process of assembling required property descriptions and appraisals has moved more slowly than expected, so negotiations with property and negotiations have only begun in the last couple of weeks. Discussions with property owners are ongoing; several design and legal issues have emerged from those discussions and our engineers and attorneys are addressing those issues as quickly as possible.

Another precursor to construction will be to finalize a wetland mitigation plan and put implementation of that plan into motion. We are still working on finalizing our agreement with Republic Services so that their contractor, SCI Engineering, can complete the design and cost estimate necessary to allow the mitigation plan to proceed. At this point, there are no substantive issues in finalizing that contract, but we are awaiting approval from the corporate attorneys at Republic.

Because of the uncertainty surrounding the property acquisition and wetland mitigation, we pushed back the bid-opening for the first two construction packages by about a month, to July 2. The schedule change will also allow us to ramp up the outreach to minority businesses, which only got underway about a month ago. The month delay in making the contract award will not have a significant impact on the overall project schedule. As one means to expedite the schedule, AMEC is recommending that some pre-construction activities begin immediately, so I am proposing to move certain activities now included in the scope of the construction contracts into Work Order 3 (Subsurface Investigation/Relief Well Testing Construction Services). There will be no net increase in cost from shifting these tasks. More detail on this recommendation will be provided at the Board meeting.

Proposals are due on June 28 in response to our solicitation for quality control and materials testing services for the project. There has been a lot of interest in this work so a number of responsive proposals are expected. I anticipate that a selection will be recommended at the July Board meeting.

The Corps is proceeding on design work for the Wood River cutoff wall as we agreed. AMEC is monitoring progress and will be able to report further at the Board meeting. Discussions are continuing to determine if there is a similar cost-effective and timely approach to the Corps using expected federal appropriations on portions of the project in the MESD area. However, I do not have useful cost and schedule information to come to a conclusion on that question. Unlike the Wood River situation, there are no improvements that we are planning in the MESD area that correspond to improvements that the Corps is planning for the authorized level flood.

Prior to any agreement by the Council to participate in construction costs for the Wood River cutoff wall we still need to resolve a key labor issue. We have asked that the Corps use a project labor agreement for all construction to comply with Council policy. The Corps agreed to move forward with their internal process to determine whether that would be in the best interest of the government. As the first step in that process, the Corps' performed a "market survey" about project labor agreements. The Council made a comprehensive submittal on May 8. A number of labor, business and civic organizations have made known their support for the use of a PLA on this project. In sum, our response to the Corps' market survey documented that there have been over 300 projects, large and small, public and private, that have been successfully completed using a PLA. The Corps initially determined that that they would make a decision on the use of a PLA on June 4. As the date neared, the Corps announced that the decision was postponed until July 9 because "the market research did not produce enough significant and relevant data to reach an appropriately informed decision." Candidly, that conclusion does not seem very credible, given the documentation of the hundreds of successful (measured by schedule and budget) projects done in our area using PLAs. Clearly, we have demonstrated the acceptance and efficacy of project labor agreements in this market.

Discussions with the Corps regarding provision of certification information for the Chain-of-Rocks levee and the Mel Price deficiency correction have not gone as hoped. We were previously given assurances that the Corps had authorization and budget to meet the data and analytical requirements for certification, including the collection of additional data where

necessary. That would minimize the effort that the Council would need to devote to certification in these areas. Unfortunately, the Corps has now limited the information provided to us to that already on-hand. Moreover, there may be some limits imposed on how much of that information can be publicly available for certification purposes, and the information will not be provided with the kind of official status needed for AMEC to accept liability for its accuracy. Consequently, AMEC will be required to do far more work than anticipated to certify these levee segments resulting in higher costs to the Council.

Following the last Board meeting, I worked with Marks and Associates to develop a revised budget for their work as Diversity Program Manager. I will request approval of that budget at the Board meeting. Marks has been very active over the last month in reaching out to qualified minority businesses in the area. The outreach session on June 17 will be a good indicator of the success of that effort. There is some urgency beginning the outreach work that is a big part of our Minority Business and Workforce Utilization Plan, since the bidding process is now underway and construction will begin shortly.

I will be travelling to Washington D.C. for meetings on June 20 and 21 with committee staff responsible for water resources matters in the House and Senate. I will also meet with legislative staff of the members of our delegation. There are a number of items on our legislative agenda that I hope to pursue, particularly relating to FEMA accreditation, flood insurance, cost-share crediting and the Sec. 408 review process.