



Memo to: Board of Directors

From: Chuck Etwert

Subject: Program Status Report for November 2014

Date: November 17, 2014

We continue to work on the acquisition of easements needed to complete the projects that have been awarded. We are now down to 4 owners involving 10 parcels on the BP #3 and BP #7B construction projects. The easements involve the Union Pacific Railroad, American Oil Company, Olin Corporation, one individual. As previously mention it is imperative that we reach agreements with these property owners as soon as possible. AMEC will be discussing in their update presentation the effects that not having these easements is having on the BP #3 and BP #7B projects. There may be an executive session at the end of the meeting to discuss one or two easement situations and litigation.

Approximately 40% of the \$44.0 million of construction involved in the seven current construction bid packages had been completed thru October 31<sup>st</sup>.

Construction continued to improve in October with over 3.2 million dollars' worth of construction being completed, our highest month to date.

We have numerous change orders on this month's agenda, involving BP #2B, BP #3, BP #4, BP #5, BP #6 and BP #7A. AMEC will be explaining each.

On October 29<sup>th</sup>, we received a response from the Corps of Engineers regarding our request for In-Kind Credit for the Wood River Levee System. The Corps has agreed to utilize a Memorandum of Understanding (MOU) regarding the use of In-Kind Credits until implementation guidelines for Section 1018 of the Water Resources Reform and Development Act (WRRDA) of 2014 can be finalized. A copy of the finalized MOU already e-mailed to you, will be provided at the meeting. At the request of the Corps, we followed up with a similar In-Kind Credit request for the East St. Louis Flood Protection Project and the Prairie Du Pont – Fish Lake Flood Protection System. On Wednesday's agenda, there will be an item requesting the authority (similar to that granted last month for the Wood River System) to enter into Memorandums of Understanding (MOUs) regarding these additional projects. A copy of the Corps response and out new request, both previously e-mailed to the Board, will also be available at the meeting.

On Friday, November 14<sup>th</sup>, we were informed of the Corps of Engineers' decision regarding the utilization of Project labor Agreements (PLAs). Unfortunately, the decision is nothing more than what Col. Hall indicated to the Board at the meeting in June. . The Corps would allow bidders to submit proposals with a PLA, without a PLA, or both. The lowest technically acceptable price would be selected with or without a PLA. There would be no guarantee of the utilization of a PLA. There wouldn't even be some type of weighting given to the use of a PLA in the evaluation process. It is very disappointing that it took seven months for them to come up with the same decision. Again no supporting evidence from their intensive market survey evaluation is provided to justify their decision. A copy of Col. Mitchell's letter is attached.

In addition, the Corps requested non-federal share funding for the design and for the construction of projects required to achieve the 500 year authorized level. The Corps has to submit its' FY2015 funding utilization plan before the end of the month.

Requested for design was \$2,915,600 for design in the Wood River and MESD Districts, which would have also required a \$2,025,000 work order with AMEC to provide subsurface investigations (utilizing PLAs) needed to support the Corps design activities, for a total of \$4,940,600.

Requested for construction was \$4,523,000 for the construction of a portion of the deep cutoff wall in MESD and \$5,385,000 for the construction of the Wood River Upper cutoff wall and the Wood River Lower cutoff wall.

In view of the PLA decision, I think it would be best to evaluate how the Corps' decision will affect the approach the FPD will take in the future, prior to making any additional commitment of funds.

Additionally, I wouldn't be comfortable authorizing almost \$15,000,000 of our estimated \$20,000,000 surplus at this stage of construction on our projects. As you will see later on in the meeting, it doesn't take long for change orders to add up when you multiple projects going on at the same time.

I have included in your Board packet a copy of AMEC's Monthly Progress Report for November. I will provide hardcopies of each of the Corps funding requests at the meeting.