



Memo to: Board of Directors

From: Chuck Etwert

Subject: Program Status Report for December 2015

Date: December 14, 2015

Approximately 71% of the \$62.1 million of construction, involved in all nine current construction bid packages, has been completed thru November. The amount of work completed during the month was just under \$400,000., due to an unusual high river condition at this time of year and the process of obtaining approvals by the Corps of Engineers on the replacement of the High Density Polyethylene Pipe (HDPE) with Reinforced Concrete Pipe (RCP) on the various bid packages. The total amount of construction completed is now \$44.1 million.

As I have previously informed you, the sale of the Council's 2015 Series AB bonds has been very successful. Net proceeds for the project will total \$25.7 million (senior bonds) and \$51.8 million for the (subordinate bonds) for a total of \$77.5 million. In the approved FY 2016 budget we had estimated \$65 million, so this is great news. Columbia Capital will provide an update on the sale at the meeting.

I have attached the Council's additional comments submitted to the Corps of Engineers regarding the Wood River Cutoff Wall Phase 2 Solicitation and the Corps' response to our suggestions, which thanked us for our comments but didn't result in any changes.

As you are aware last week the Corps requested (copy attached) the Council to make a commitment to provide cost share funds for the Wood River Upper Shallow Cutoff Wall project no later than December 16, 2015. The project would be bid by the Corps utilizing the Best Value Tradeoff approach instead of the Lowest-Price Technically Acceptable approach.

The Best Value Tradeoff approach would utilize a weighting system and there would be no guarantee that the proposal selected would have a Project Labor Agreement (PLA). The only information available after the award of the contract would be the name of the selected offeror, the price, if a PLA was included and the number of proposals received.

I responded to the Corps' request with questions regarding the utilization of Work In-Kind credit accrued on a project being still being built, the project cost estimate, and the draft solicitation for the project. I have attached a copy of the Corps' response to the questions raised.

The answer received to the question of “utilizing Work In-Kind credit accrued on a project still being constructed” was that utilizing Work In-Kind credit for cost share can only be afforded after approval of the Integral Determination Report (IDR) and that IDR approval will not take place prior to December 16<sup>th</sup>.

If the FPD could utilize Work In-Kind credit for this project along with the 5% cash already contributed, the Corps could test this Best Value Tradeoff Approach process and see how it performs. It could be a win win situation, with the FPD not committing funds where a PLA isn't guaranteed and the Corps utilizing a new process. It's hard to justify committing a million dollars now, when it might be possible in a few months to use Work In-Kind credit to achieve the same end result. Unfortunately, no one knows how long it will take to obtain IDR approval, but it may be worth the wait.

The Corps stressed that the decision to provide a cash cost share contribution better positions the Corps for future federal appropriations, but a Work In-Kind credit alternative aligns with the “Workforce Policies” included in the Council's Resolution Expressing the Official Intent to Restore the Federally Authorized Level of Mississippi Flood River Protection in the Metro-East.

The Corps' cost estimate is an estimate, and once a cost share commitment is made, the FPD would be locked into a 35% share even if the selected offeror comes in much higher.

A final version of the solicitation itself, would only be available after receipt of FPD funds. Our solicitation comments regarding the rating factors haven't resulted in any changes to date.

On another topic, the Corps of Engineers has informed the Council that it will evaluate the East St. Louis Flood Protection Project system for the purposes of National Flood Insurance Program (NFIP) accreditation. The NFIP evaluation will be completed at full federal expense, pending availability of funds. I have asked the Corps when this determination of funding availability will be known. A copy of the Corps' letter is attached.

The Corps has also informed the Council that it is likely that there will be insufficient federal funds available to complete the preliminary design efforts necessary for all of the bid packages the FPD has identified for completion. We will continue to work with the Corps to determine project costs and express our position on where the limited funds that are available to the Corps should be spent. Of course, with the success of our 2015 bond issue, we have the funds available to start building projects once Amec Foster Wheeler completes the design. It appears that the Corps would like to use a portion of their funds to complete the design of the Wood River Deep and East St. Louis Cutoff Walls, which the Council provided the non-federal share to them back in September of 2014. At this time the Corps doesn't have funds to build either of these projects. A copy of the Corps' letter is attached.

I am pleased to report that FEMA has updated their website regarding the updating of their flood maps. The project status is still shown as “On-hold” but the Projected Effective Date is now 06/21/2017 instead of 06/16/2016. This new date coincides well with our latest schedule of having all construction completed by September 2016 and all certifications submitted by the end of the year.

I have also included in your Board packet, a copy of an article from The Bond Buyer regarding our subordinate bond issue and Amec Foster Wheeler's Monthly Progress Report for December.