



Metropolitan Water Reclamation District of Greater Chicago

100 East Erie Street
Chicago, IL 60611

Legislation Text

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TRANSMITTAL LETTER FOR BOARD MEETING OF JANUARY 24, 2019

COMMITTEE ON ENGINEERING

Mr. Brian A. Perkovich, Executive Director

Authority to enter into a Project Partnership Agreement and to amend the Project Cooperation Agreement with the Department of the Army, represented by the United States Army Corps of Engineers, for the completion of the design and construction of remaining elements of the McCook Reservoir Stage 2, Project 73-161-2H

Dear Sir:

On May 10, 1999, the Metropolitan Water Reclamation District of Greater Chicago (District) entered into a Project Cooperation Agreement (PCA) with the U.S. Army Corps of Engineers (Corps) for the McCook Reservoir. The PCA specifies a project cost contribution of 25 percent by the District with the Corps providing the remaining funds. In addition, the Corps is responsible for design and construction of the major reservoir features.

At a special meeting held on November 20, 2017, authority was granted for the Metropolitan Water Reclamation District of Greater Chicago (District) to assume responsibility for the completion of the design and construction of remaining elements of the McCook Reservoir Stage 2 in exchange for receiving a lump sum payment from the Corps for the federal government's share of the estimated remaining costs. The decision to assume such responsibilities was the result of inadequate funding levels appropriated by Congress for Stage 2 and indications that support for continued funding was declining and could not be guaranteed in the future. In lieu of continued annual funding, the Corps and the Office of Management and Budget supported the use of a special provision, Section 1043 of the Water Resources Development Act of 2014, allowing for a non-federal sponsor to carry out construction of projects for flood risk management. As a result, the Corps has secured \$34,700,000.00 for the federal share of estimated Stage 2 costs that will be transferred to the District, less approximately \$880,000.00 for the estimated cost of the Corps participation activities in completion of the project.

It was initially intended to amend the 1999 PCA to include the terms for the transfer of funds from the Corps to the District and to outline the District's responsibilities for completion of design and construction of Stage 2. However, after working through the draft amendment, the Corps recently decided that a new Project Partnership Agreement (PPA), formerly known as a PCA, would be required. The existing PCA will be amended simply to clarify that completion of construction of Stage 2 will be pursuant to the new PPA.

The PPA will define the terms for the transfer of funds as well as the responsibilities of both the Corps and District. As the non-federal sponsor in this PPA, the District's responsibilities will include completion of the design and construction of the remaining elements of the McCook Reservoir Stage 2. The District will also be responsible for maintaining the structural and mechanical components of the reservoir upon completion of construction.

Design and construction costs for the remaining portions of Stage 2 are estimated to be \$46,267,000.00, of which the District's 25 percent cost share would be \$11,567,000.00, and the Corps would be responsible for

\$34,700,000.00. As part of the agreement, the District would be responsible for any cost overruns.

Based on the foregoing, it is respectfully requested that the Board of Commissioners grant authority to enter into a PPA with the Corps, for design and construction of the remaining portions of the McCook Reservoir Stage 2 Project, and to amend the existing PCA accordingly. It is further requested that the Chairman of the Committee on Finance, Executive Director, and Clerk be authorized to execute said agreement on behalf of the District, as well as any documents necessary to effectuate the transaction and conveyance, upon approval by the Director of Engineering as to technical matters and by the General Counsel as to form and legality.

Requested, Catherine A. O'Connor, Director of Engineering, WSS:KMF

Recommended, Brian A. Perkovich, Executive Director

Respectfully Submitted, Frank Avila, Chairman Committee on Engineering

Disposition of this agenda item will be documented in the official Regular Board Meeting Minutes of the Board of Commissioners for January 24, 2019