

TO: Robert Donley
FROM: Doug True
RE: Flood of 2008 – Status
DATE: July 14, 2008

This is an update of the prior weekly status reports.

The Corps of Engineers continues to cut back the outflow at the Coralville Reservoir. Current lake level is ~692 feet. The Corps intends to gradually reduce the lake level until the pool reaches 683 feet; this will take approximately 7 to 10 days. Travel difficulties in and around Iowa City have eased substantially; North Dubuque Street opened last week and the Park Road Bridge near Hancher Auditorium opened today. The east bound lane of Iowa Avenue over the Iowa River near the English Philosophy Building was closed last week due the formation of a sink hole. The pedestrian bridges over the Iowa River at the IMU and Hancher Auditorium remained closed. The University does not anticipate removing the dikes and barricades constructed to protect buildings adjacent to the river until early August.

The Main Library was opened last week. Air samples are being taken at the Stanley Hydraulics Lab in anticipation of re-opening of this facility this week.

A contract was awarded by the University to Miron Construction Company of Cedar Rapids to restore the mechanical and electrical systems at the Adler Journalism Building and the Becker Communication Studies Building. The award was \$2.85 million. Flood damage was limited almost exclusively to the basement areas of the buildings where these systems are located. Four companies bid on this project utilizing an accelerated bidding process approved by the Board. Miron was the general contractor when the Adler Building was completed in 2005. The contract contains both incentive and penalty clauses to encourage completion of this project by the beginning of the fall semester.

Recovery work, including mechanical, electrical and general construction work, in the English Philosophy Building is scheduled to be bid next Monday, July 21. Contractors have been invited to two pre-bid meetings to be held this week utilizing a similar procedure as was used for Adler/Becker.

Remediation of the Mayflower Residence Hall is progressing. Mechanical work is being done by AAA Mechanical. Shive-Hattery has inspected the facility and informed the University that it found no structural problems. Air samples were taken on the upper levels and the results have been good. The basic clean-up work (except for sand bag removal) is to be completed by the end of the day Monday. Two of the four elevators are not functioning now and that is the focus of considerable attention.

Cleaning, demolition and evaluation of mechanical and electrical systems continue in the Iowa Memorial Union, the Iowa Advanced Technology Labs and buildings on the Arts Campus. The two recovery firms engaged to do the clean-up work – BMS and Cotton USA – continue to make progress on the remaining buildings. The University and these firms are beginning to discuss an exit strategy for continuing temporary ventilation of

buildings anticipating that in the next two to three weeks the majority of the work in this phase of the recovery will have been completed.

University Utilities

The University continues to work with Stanley Consultants of Muscatine to devise a plan to bring the Power Plant back on line and to develop a strategy to address the utility tunnel system, or alternative utility delivery systems. Temporary Boilers 1 and 2, located at the Main Power Plant, are ready to be energized and will be used to provide a redundant source of steam later this week for the west campus, including UIHC. This action will be taken as soon as the steam lines running through the Burlington Street tunnel are re-insulated. A redundant source of steam for the east campus is expected next week; again the date is dependent upon the status of steam lines.

The portable steam generators on the east and west campuses are performing satisfactorily as are the temporary chillers. The two additional, one-ton electrical chillers (each) are being installed on the west campus and are expected to be operational this week, perhaps as early as Tuesday.

A separate utility system recovery plan will be provided later this week. Complications in assessing options have delayed completing this plan.

Academic Concerns

The Office of the Provost is confident that all classes scheduled for the fall semester will be offered. The exact location of some classes remains to be determined, but options have been identified. The University has executed a number of leases in the Iowa City area to house classes offered by the School of Music and the School of Art and Art History. The Board office has been consulted in all these actions and a list of these leases will be presented at the August meeting of the Board. The leases involve some improvements to be completed by the owner in time for the start of fall classes. The University is responsible for these costs.

Insurance Coverage and Damages

Prior reports have described the University's commercial flood insurance and national insurance coverages (see June 30 and July 8 reports).

The University of Iowa prepared a preliminary estimate of the total damage to the campus. This estimate was prepared at the direction of FEMA which required that the estimate be submitted by July 3, 2008. University risk management professionals and a representative of FM Global, the University's insurer, compiled the preliminary estimate. However, knowledge of damage in many instances is tenuous. For this specific purpose, the University estimated that the total damage resulting from the flood is \$231.75 million. Business interruption claims are excluded in the FEMA report.

Extra expenses include such things as the cost of natural gas for power generation instead of less expensive coal and oat hulls, and leases for space for classes in

departments that will not be able to offer classes in their buildings in the fall: music, theatre arts, and art and art history.

Increasingly inquiries are being made about the estimate of non-reimbursed, flood-related expense the University may bear. Like the estimate of total damages above, estimates of non-reimbursed out of pocket expense is extremely uncertain at this point in the recovery process. What is certain is that the physical recovery of the campus and the processing of claims with FEMA will take many months or even years. A preliminary assessment is that the University's exposure could be between \$30 and \$60 million. This estimated range is based upon the University receiving the full amount of insurance reimbursement from FM Global (\$40 million on buildings in the 100 year flood plain and 100% insurance recovery of expense on those buildings outside this area) and recovery of \$7.5 million from the federal flood insurance policy. It also assumes recovery from FEMA of at least 75% of the remaining flood recovery expenses.

The University has engaged the services of a consultant to assist us in our dealings with FEMA – James Lee Witt Associates. This firm has a national reputation and is also providing services and advice to the State of Iowa. Representatives of James Lee Witt Associates will be on campus throughout the week assisting the University as FEMA returns to campus. It is hoped that in the meetings this week with FEMA that we are able to define as closely as possible the extent and conditions of FEMA's financial support for UI flood recovery.

Communications

The University will continue to work closely with the Board Office and Board leadership utilizing the temporary changes in the capital project processes approved by the Board at its special meeting on July 2. The University will report on capital projects undertaken due to the flood at the August Board of Regents meeting – projects utilizing either the Board's normal capital procedures or an accelerated process.

The Governor's Emergency Declaration is valid until July 23. The University will be in contact with the Board Office and leadership in the event an extension of this declaration is needed.

For additional information on flood related matters, please visit the University's flood website: <http://uiflood.blogspot.com/>

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