



## AGENDA

**SOUTHWESTERN ILLINOIS FLOOD PREVENTION DISTRICT COUNCIL  
BOARD OF DIRECTORS MEETING  
February 16, 2011 7:30 a.m.**

Metro-East Park and Recreation District Office  
104 United Drive, Collinsville, Illinois 62234

1. Call to Order  
*Dan Maher, President*
2. Approval of Minutes of January 19, 2010
3. Program Status Report and Budget Update  
*Les Sterman, Chief Supervisor*
4. Approval of Disbursements
5. Progress Report on Design/Construction  
*Jon Omvig, Project Manager, AMEC*
6. Discussion of Project Management Oversight Activities  
*Doug Campion, Campion Group*
7. Amendment of AMEC Work Orders 2 and 3
8. 2011 Legislative Agenda
9. Other Business  
  
Executive Session (if necessary)
10. Adjournment

**Next Meeting: March 16, 2011**

## MINUTES

### SOUTHWESTERN ILLINOIS FLOOD PREVENTION DISTRICT COUNCIL BOARD OF DIRECTORS MEETING

January 19, 2011

The regular meeting of the Board of Directors was held at the Metro-East Park and Recreation District Office, 104 United Drive, Collinsville, Illinois at 7:30 a.m. on Wednesday, January 19, 2011.

#### Members in Attendance

Dan Maher, President (Chair, St. Clair County Flood Prevention District)  
David Baxmeyer, Monroe County Flood Prevention District  
James Pennekamp, Secretary/Treasurer (Chair, Madison County Flood Prevention District)  
Paul Bergkoetter, St. Clair County Flood Prevention District  
Bruce Brinkman, Monroe County Flood Prevention District  
Alvin Parks, Jr., St. Clair County Flood Prevention District

#### Members Absent

John Conrad, Vice-President (Chair, Monroe County Flood Prevention District)  
Tom Long, Madison County Flood Prevention District  
Ron Motil, Madison County Flood Prevention District

#### Others in Attendance

Mark Kern, St. Clair County Board Chair  
Delbert Wittenauer, Monroe County Board Chair  
Kevin Hutchinson, Mayor Columbia, IL  
Kevin Koenigstein, Monroe County Treasurer  
Les Sterman, SW Illinois FPD Council  
Ron Auld, Volkert Assoc.  
Randy Bolle, Prairie DuPont Levee District  
Craig Brauer, TWM, Inc.  
Doug Champion, Champion Group  
Darryl Elbe, Hoelscher Engineering  
Mike Feldmann, U.S. Army Corps of Engineers  
Scott Harding, SCI Engineering  
Terry Hillig, St. Louis Post-Dispatch  
Pam Hobbs, Geotechnology  
Gary Hoelscher, Hoelscher Engineering  
Mike Huber, KdG  
Charles Juneau, Juneau Associates, Inc. P.C.  
Teresa King, U.S. Army Corps of Engineers  
David Leake, KdG  
Linda Lehr, Monroe County  
Jay Martin, AMEC  
Patrick McKeehan, Leadership Council Southwestern Illinois  
Marsia Murphy, Kaskaskia Engineering

Jon Omvig, AMEC  
Joe Parente, Madison County  
Lisa Peck, Madison County Community Development  
Bob Shipley, Metro-East Sanitary District  
Bill Stahlman, Tri-City Port District  
Dale Stewart, SW Illinois Building and Construction Trades  
Mike Sullivan, Prairie DuPont Drainage and Sanitary District  
Dan Turner, Volkert Assoc.  
David Walster, Prairie DuPont Drainage and Sanitary District  
Rich Wilburn, Oates Assoc.  
Daniel Wilson, KdG

### **Call to order**

President Dan Maher called the meeting to order.

### **Approval of minutes of December 15, 2010**

A motion was made by David Baxmeyer, seconded by Paul Bergkoetter, to approve the minutes of the December 15, 2010 meeting. Motion approved, all voting aye.

### **Program Status Report and Budget Update**

Mr. Maher asked Mr. Sterman to provide the program status report.

Mr. Sterman reported that a lot took place in the last month, as usual. Subsurface borings to support the design are nearly complete. Difficulty in negotiating site access agreements with Conoco Phillips in the Cahokia area is delaying some key borings. AMEC is attempting to negotiate a legal agreement with Conoco Phillips but there are some concerns by both parties about liability issues.

During the last month, the agreement with the Corps of Engineers was executed to provide dedicated part-time staffing to serve as a liaison with the Corps.

We received three proposals on December 3 in response to our RFP to provide project management oversight. A selection committee met on January 12 and will make a recommendation to the Board later on in today's agenda. Mr. Sterman indicated that as soon as the Board approves the selection he will negotiate a scope and cost and execute a contract.

In the next two weeks, the results of the Corps of Engineers inspection of the MESD levees should be received and we are told to expect that there will some items that are determined to be unacceptable. If certain of these items are not addressed in 60 days, the Corps can declare the District as inactive in the PL 84-99 emergency levee repair program. Much like the issue we addressed in Prairie DuPont/Fish Lake, any such findings must be dealt with immediately. We will assist the MESD staff in any way that we can to resolve any negative inspection findings.

We successfully invested the proceeds on our bonds with BB&T Bank and Deutsch Bank. We are now paying our bills with the proceeds of the bond issue.

Mr. Sterman said that he has been working with the Corps and with members of the area's Congressional delegation on some legislative proposals that will help us advance our project as well as provide resources for future federal projects. We will also want to renew our call for legislation to postpone the imposition of new flood insurance rate maps and mandatory flood insurance. In the absence of such legislation or successful legal action, the new maps will become effective at the end of this year.

As everyone knows by now, we filed suit against FEMA on November 15. Our attorneys have been working with the court and with opposing legal counsel from the Justice Department to expedite the proceedings in our suit against FEMA. We expect FEMA to make a motion to dismiss our case in the near future and our attorneys are preparing the material to oppose such a motion. We have renewed our request for the administrative record that supports the de-accreditation decision and we are told that it will be forthcoming "soon." There are still several outstanding FOIA requests of both FEMA and the Corps. We did get a letter from the Corps yesterday essentially saying that we already have everything that we are going to get.

Draft audits for 2009 and 2010 have been completed by Scheffel and Co. and will be presented later on in today's agenda.

The Park and Recreation District has proposed a renewal of our no-cost lease for our office space. This space will meet our needs for the foreseeable future, so a lease renewal is on today's agenda. We have also worked out a cost-sharing arrangement for a large format printer in the office so I will be able to print engineering drawings to maintain in the office.

Mr. Sterman indicated that he had concluded that it is time for the Council to have its own website to be able to communicate with the public about the project and to have a place to advertise requests for bids and proposals. A proposal to develop the site will be presented later in the agenda.

Some issues have come up, not unexpectedly, with commercial insurers in the area. Mr. Sterman said that he has recently attended meetings with developers and area economic development professionals concerning a major new warehouse user in the Gateway Commerce Park where the issue of heightened flood risk has been raised by FM Global, the largest commercial provider of such insurance. Along with representatives of our design team, Mr. Sterman recently met with the engineers from FM Global to review the status of the project and to discuss the condition of the flood protection system. It was a productive meeting and there was agreement to share information as the project moves ahead. It is our hope that having up-to-date and accurate information will help support reasonable judgments about risk of flooding and will allow critical development to move forward during the time that levee improvements are being made.

Mr. Maher asked Mr. Sterman to provide a budget update.

Accrued expenditures for the fiscal year are \$6,511,155. About half of that total is reimbursement of advance funding from St. Clair and Madison County. Bond issuance costs were about \$1.3 million with most of the remainder for design and construction.

Significant variances from the budgeted amounts are in the revenue category, where bond proceeds are about \$11.6 million higher than budgeted because favorable market conditions led to a decision to sell more bonds than originally estimated. That additional amount is partially offset by lower sales tax proceeds, as those funds are not coming to the Council, but are intercepted by the Trustee to pay principal and interest on bonds, Council administrative costs and some bond issuance costs. There is a significant variance on the expenditure side in bond issuance costs, which were under-budgeted because the costs from the conduit issuer (SWIDA) were inadvertently not budgeted, and underwriting fees were higher due to the additional amount of bonds that were sold.

In 2009, an estimated \$10.3 million was collected in FPD sales taxes in the three counties, a total slightly higher than projected earlier in the year. For the first ten months of 2010, sales tax collections are about 7.5% higher than the same period in 2009. October's receipts were about 5% higher than in 2009, so the trend remains positive.

Total disbursements for December 2010 were \$1.39 million. The largest payments were to the Corps of Engineers for cost share in the Prairie DuPont/Fish Lake levee districts for completion of the Limited Reevaluation Report, to Chapman and Cutler for bond counsel fees, and to Gilmore and Bell for underwriter's counsel fees. There were several other fees paid in December related to bond issuance.

Large payments were received from Madison and St. Clair counties that will be used to pay back the advance funding from those counties under the policy adopted by the Board in November.

Motion made by Mr. Parks, second by Mr. Baxmeyer to approve the disbursements for December, 2010. The Secretary called the roll and the following votes were made on the motion:

- Mr. Maher – Aye
- Mr. Baxmeyer - Aye
- Mr. Brinkman – Aye
- Mr. Bergkoetter – Aye
- Mr. Parks - Aye
- Mr. Pennekamp – Aye

The motion was approved unanimously with six aye votes.

### **Presentation of Draft FY2009 and FY2010 Audited Financial Statements**

Mr. Sterman discussed the need for the audit and thanked our auditor and fiscal agent for putting in a lot of work in a short period of time to meet our deadlines for submitting the audit to the bond rating agencies.

Steve Langendorf, a principal with Scheffel and Company, presented the draft financial statements from 2009 and 2010. He noted that although the reports are drafts, he doesn't expect that there will be any significant changes prior to making them final. Mr. Langendorf described the contents of the reports and noted their opinion at the end of the reports, which is a "clean"

opinion. He discussed each table, generally describing the purpose and organization of each table.

Mr. Maher asked whether we need to take action on the report. Mr. Sterman suggested that Board accept these reports, recognizing that they are drafts and any significant change will need to come back for Board review.

A motion was made by Mr. Parks and seconded by Mr. Bergkoetter to accept the draft audit reports with a condition that the Board review the reports again if any significant changes were made as the drafts are finalized. The Secretary called the roll and the following votes were made on the motion:

Mr. Baxmeyer - Aye  
Mr. Maher – Aye  
Mr. Brinkman – Aye  
Mr. Bergkoetter – Aye  
Mr. Parks - Aye  
Mr. Pennekamp – Aye

The motion was approved unanimously with six aye votes.

### **Progress Report on Design/Construction**

Mr. Sterman indicated that Jay Martin, the project manager for AMEC Earth & Environmental will give a report.

Mr. Martin used a PowerPoint® presentation (copy attached) to support his presentation. He said most of the activities over the last month are continuations of the activities from the previous month.

There are no safety issues to report even though there are many man-hours of field work committed on the project. We are continuing to coordinate with the Corps, including a weekly conference call, and effort is being made to coordinate schedules. Coordination of permitting activities with the Corps will be critical.

Two of the current work orders are set to expire on March 1 and AMEC will be requesting a no-cost extension to complete all tasks.

Mr. Martin showed a schedule with symbols indicating completion of tasks.

The project is on schedule, with the exception of borings in the two properties in the MESD area where we do not yet have right of entry. Almost all boring have now been completed. The project has entered a new phase, moving from field work to analysis and design.

The budget is tracking according to plan and we don't see anything ahead that would cause a major impact on the budget.

Mr. Martin then reported on issues and concerns. The weather cooperated until recently, but winter is now here so progress will be a little more difficult. There are some concerns about cultural resources and the time that will be needed for permitting since some of the areas where we are working are culturally rich. Where there is a “high value” site, the mitigation needed may be substantial. Mr. Martin noted a couple of place where the Corps will have an involvement in the certification and we will need to make sure that there is close coordination.

Near Wanda Road there is a railroad embankment that serves as a levee. The good news for us is that the water level against that embankment is relatively low and it will not come into play in a 100-year event.

Mr. Martin then described some opportunities for cost savings by reducing the need for a deep cutoff wall in Wood River, as well as some other places where savings might be possible. He also noted some possible savings in MESD and Prairie DuPont, as well as some difficult issues where the underseepage solutions might become more costly.

Mr. Martin then discussed the activities planned for the month ahead.

Mr. Wittenauer observed that costs seem to be moving in the right direction. Mr. Martin suggested that there will be some trade-offs and not all opportunities for savings will be realized. We will have some better answers in March.

Mr. Wittenauer asked how we would prioritize levee improvements. Mr. Omvig said those decisions will be made in the future in collaboration with the Board and the levee districts. Mr. Martin said that the primary goal at this point was to determine which solutions would work.

### **Selection of Project Management Oversight Consultants**

Mr. Maher asked Mr. Sterman to report on the recommendation of the consultant selection committee.

Mr. Sterman said that the business model for the levee improvement project is to have a very small staff that will facilitate work by a team of private consultants and contractors. Because the internal staff of the Council is limited and so much responsibility has been entrusted to our design consultants, it is prudent to have some independent capability to provide oversight, particularly in dealing with critical schedule and cost issues. The goal is not to second-guess the AMEC team on design issues, but to provide better understanding and critical oversight of decisions that will affect the schedule and cost of the project, functions that might normally be the role of in-house staff. The PMO consultant will advise both the Chief Supervisor and the Board.

While the PMO consultant will need to have a working familiarity with the design issues, the focus will be on project management skills, particularly on organization, scheduling, and cost-estimation. The Council should be able to independently determine whether schedule and cost goals are being met, to assess major risks in meeting those goals, and to determine whether our design consultants are complying with contract terms. The PMO consultant is, in effect, a second set of “eyes” on the project. About \$100,000 has been included in our 2010-2011 budget for this purpose, which is a very small portion of our overall expenditures. This would be a one-

year contract, renewable annually, so we can assess the benefit of this work after the first year to determine if there is sufficient added value before renewing the contract.

On November 4, 2010 the Council issued a request-for-proposal for Levee System Project Management Oversight. On December 3, the Council received three responses from area consulting firms to provide the requested services:

Kuhlmann Design Group  
Oates Associates  
Campion Group/ Shively Geotechnical/ Thouvenot, Wade, & Moerchen

Electronic copies of the proposal were sent out to the members of the FPD Board and key staff members, and volunteers were sought to serve on a selection panel.

The selection panel met on January 12, 2011 to consider the proposals submitted to provide project management oversight services to the Council. An evaluation form was subsequently provided to the members of the panel.

Each of the respondents has the basic qualifications for the assignment, but their approaches to the work are quite different, and ultimately it was the approach to the project that was the differentiator in evaluating the proposals.

The Kuhlmann (KdG) proposal puts significantly more focus on the Council's relationship with the Corps of Engineers and the sequencing of work leading to the 500-year level of flood protection. KdG's project manager and principal advisor are former staff members of the Corps, so that focus is understandable. They view managing the relationship between the Council and the Corps as fundamental to a successful project. However, many of the tasks they propose were not requested in the RFP and would be duplicative of existing work.

The Campion/Shively/TWM (CST) proposal is focused principally on effective project management techniques and identification of risk, supported by external peer reviews of the project design. The proposal describes a number of project management, cost control and scheduling techniques that the team would use to help identify risks and provide the Council with better information to make decisions about managing the project.

The Oates Associates (OA) proposal provided a very limited scope of work that responds to the Council's outline request. David Oates, who is a well-respected local engineer and former owner of the firm (recently retired from that role) is the project manager. He is supported by other members of the firm who are experienced in stormwater engineering and civil works.

Each of the proposals indicated a willingness to perform the work for the budgeted cost (\$100,000 annually), although the KdG and CST proposals imply that their proposed scope might not be achievable for that amount.

The KdG and CST proposals are clearly more extensive and detailed than that provided by OA. The experience of KdG and CST staff on large and complex projects is also deeper than that described in the OA proposal.



While the consultants that responded to the Council's RFP are all qualified for this work, the committee felt that on balance the understanding of the Council's needs and the approach to the project are better represented in the CST proposal. This conclusion was reflected both in the discussion of the proposals by the selection panel and in the quantitative scoring of the proposals.

The panel recommends that the Chief Supervisor be authorized to negotiate and execute a contract with the Campion Group, LLC and subcontractors Shively Geotechnical and Thouvenot, Wade & Moerchen, Inc. to provide project management oversight at a cost not to exceed \$100,000 for a period to conclude September 30, 2011. At the conclusion of that period the Council will consider annual renewals of the contract for amounts to be negotiated.

Motion made by Mr. Parks, second by Mr. Baxmeyer to approve the recommendation of the selection panel. Mr. Maher asked the Secretary to call the roll. Members voted as follows:

Mr. Maher – Aye  
Mr. Baxmeyer - Aye  
Mr. Brinkman – Aye  
Mr. Bergkoetter – Aye  
Mr. Parks - Aye  
Mr. Pennekamp – Aye

The motion was approved unanimously with six aye votes.

#### **Development of Website for FPD Council**

Mr. Sterman noted that as the Council ramps up design and construction activities in the near future, it will be important to have a means to communicate with community leaders, the public, affected property owners, the development community, and other interested groups. We will also need a mechanism to post requests for bids and proposals for contractors.

The goal is to develop a simple website for the Council that will be used primarily to provide information on the organization's current activities, to post public announcements, and to advertise requests for bids and proposals. The site will be set up such that updates can be posted in-house so that other than hosting, any costs after the initial development will be minimal.

Because the Hauser Group has been engaged in the flood protection issue on behalf of the Leadership Council and has already developed the Levee Issues Alliance website, Mr. Sterman said that he concluded that they would likely be the most cost-effective alternative to develop the new site.

Estimated cost of developing the site as described in the Hauser Group proposal is between \$7,000 and \$8,500 plus production expenses (which should be minimal). Based on our experience with the Levee Issues Alliance website, the quality of work from the Hauser Group is excellent and because of their previous experience with the subject matter they can work very cost-effectively and quickly on this assignment.

Mr. Pennekamp asked if there is an ongoing maintenance need for the website. Mr. Sterman said that the idea was to create a simple site that could he could update himself or have an intern perform this function.

A motion was made by Mr. Bergkoetter, seconded by Mr. Baxmeyer to authorize the Chief Supervisor to enter into contract with the Hauser Group to develop a website for the FPD Council at a cost not to exceed \$8,500 plus production expenses.

Mr. Maher asked the Secretary to call the roll. Members voted on the motion as follows:

Mr. Maher – Aye  
Mr. Baxmeyer - Aye  
Mr. Brinkman – Aye  
Mr. Bergkoetter – Aye  
Mr. Parks - Aye  
Mr. Pennekamp – Aye

The motion was approved unanimously with six aye votes.

#### **Payment for Emergency Levee Repairs in Prairie DuPont/Fish Lake Levee Districts**

Mr. Maher asked Mr. Sterman to explain this item.

At the December 2010 meeting, the Board approved a \$25,000 expenditure to inspect and line two gravity drains in the Fish Lake levee district. These deficient items were disclosed in a recent inspection by the Corps of Engineers that resulted in an “unacceptable” rating of the levee system. The expenditure was authorized because the failure to address these items immediately would result in the levee districts being removed from the Corps’ program to provide emergency operations and rehabilitation of flood control works, an action that would have significant consequences for the districts and for the Council.

Mr. Sterman said they he had made a mistake in the recommendation at the December meeting and the earlier action did not include sufficient funding to address both gravity drains. The proper request should have been \$25,000 for *each* drain. The levee districts have now obtained actual bids for lining the two gravity drains and an invoice for the video inspection that revealed the extent of the problem.

I am therefore requesting authorization to reimburse the Prairie DuPont Drainage and Sanitary District \$47,750 to reline the two gravity drains that received the unacceptable rating from the Corps and an additional \$837.50 to pay for the video inspection. These repairs are consistent with the improvements being planned by AMEC, the costs are reasonable, and the improvements will have lasting value and contribute to the accomplishment of our overall project to achieve certification and accreditation. These repairs, therefore, will not result in a net increase in cost for the project.

Mr. Pennekamp made a motion to reimburse the Prairie DuPont levee district in an amount not to exceed \$48,587.50 for their costs to repair two gravity drains. The motion was seconded by Mr. Parks.

Mr. Maher asked the Secretary to call the roll for members to vote on the motion.

Mr. Maher – Aye  
Mr. Baxmeyer - Aye  
Mr. Brinkman – Aye  
Mr. Bergkoetter – Aye  
Mr. Parks - Aye  
Mr. Pennekamp – Aye

The motion was approved unanimously with six aye votes.

**Renewal of Lease with Metro East Park and Recreation District**

Mr. Sterman indicated that when the Council began operations in July 2009 we explored a number of potential office locations and ultimately chose the offices of the Metro East Park and Recreation District because of its central location, the availability of good meeting facilities, and the District’s willingness to provide space at no cost. This arrangement has worked out very well and the District has made available some additional space that can be used by our consultants or shared Corps of Engineers staff. Mike Buehlhorn and the other MEPRD staff have been extremely generous and hospitable and have worked to meet all of our organizational needs.

The District has offered to renew our lease for another year at the same terms.

Mr. Maher asked whether the lease has any requirements for insurance. Mr. Sterman responded that the lease requires us to carry liability insurance and we do carry such insurance.

Motion made by Mr. Parks, seconded by Mr. Bergkoetter to renew the Council’s existing office lease with the Metro East Park and Recreation District.

Mr. Maher asked the Secretary to call the roll for members to vote on the motion.

Mr. Maher – Aye  
Mr. Baxmeyer - Aye  
Mr. Brinkman – Aye  
Mr. Bergkoetter – Aye  
Mr. Parks - Aye  
Mr. Pennekamp – Aye

The motion was approved unanimously with six aye votes.

**Other Business**

Mr. Sterman asked Joe Kellett and Teresa King to clarify the amount of time that we have to respond to any unsatisfactory items that come up during levee inspections. Mr. Kellett responded that for items that could lead to a failure, the time for correction is 60 days. For other items as much as two years might be allowed to implement a correction.

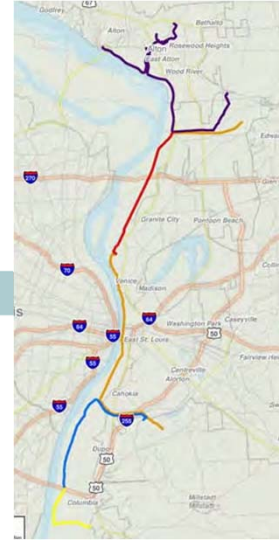
**Adjournment**

There being no other business, a motion by was made by Mr. Pennekamp, seconded by Mr. Parks to adjourn the meeting. Motion approved, all voting aye.

Respectfully submitted,

James Pennekamp,  
Secretary/Treasurer, Board of Directors

# Progress Report January 19, 2011 SW IL Levee System By Jay Martin



## Major Areas

- Program Management
- Field Activities
- Preliminary Design
- Schedule
- Budget
- Look ahead



## Program Management



- Health and Safety
  - No reportable incidents project to date.
- Weekly calls with the USACE (and periodic meetings) to coordinate and share information
  - Disciplines
  - Permitting
  - Schedules
  - 100 year solutions coordinated with USACE 500 year
  - Design submittal process
- Work Orders
  - Mod time on two existing
  - Begin developing scope and cost for WO #4

3

## Field activities (developing data for both evaluation and design)



	Wood River	MESD	PdP/FL
SPT (LF)	2320	4565	2925
CPT (LF)	9280	7650	6300
SONIC (LF)	1500	1875	N/A
% Complete (# of borings)	90% (144)	92% (254) (berms)	100% (155)
Geophysical	Complete	Complete	Complete
ROE	√	One property	√

4

## Preliminary Design and Evaluation Activities



	WR	MESD	PdP/FL
H&H (freeboard)	√	√	√
Geotechnical (including field)	■	■	■
Under seepage	√	√	√
Through seepage	■	■	■
Stability	■	■	■
Civil	■	■	■
Cultural Resources	●	●	●
Wetlands	●	●	●
Environmental – Haz Waste	■	■	√
Relief Wells	●	●	●
Evaluation Report	√	√	√

- Started (0 - 20%)
- In process (20 - 80%)
- √ Nearly complete (80%+)

5

## Preliminary Design and Evaluation Activities – All Levees



- Water Resources - H&H analysis is complete for all systems. Flank levee freeboard, develop break-point between where MS River backwater controls WSE.
- Geotechnical Engineering - Under-seepage analysis nearly complete. Through seepage and stability analysis underway.
- Civil Engineering – Locations for many of the specific remedial measures have been delivered to the civil team. Continue developing plans. Boundary Surveys substantially complete in WR.
- System-wide GIS plans that show interior flooding, potential cultural sites, wetland areas, boring and relief well locations
- Developed a combined list of 'deficiencies' that need to be addressed as part of the civil design or by O&M.
- Cultural strategy developed. Coordinated with USACE
- Wetlands impacts better understood. Initial permit discussions and mitigation options explored.

6

## Schedule



- Working to deliver 30% design in March for all levees.
- Select activities originally scheduled for completion by 30% will be extended beyond current WO date of March 1.



7

## Budget



- Fourth invoice prepared for Les
- Budget status
  - Program Management \$197,000 spent, 13.4% of budget
  - Preliminary Design \$859,000 spent, 26.6% of budget
  - Preliminary Construction \$1,708,000 spent, 30.0% of budget
- Wood River – No issues have been identified that would cause an overrun.
- MESD – Currently expected to be complete within or under budget. However, the cost for treating potentially contaminated water or disposal of environmentally contaminated soils is unknown.
- PdP/FL – Currently expected to be complete within or under budget.

8



## Issues & Concerns



- Potential schedule impacts in MESD
- Cultural resources – strategy, meet with SHPO
- Wetlands permits
- Coordination with the Corps – maximize efforts
- Chain of Rocks and Mel Price - schedule

9



### Wood River...

- 5000 LF of deep C/O wall – replace with berms and RW
- Indian Creek in LWR – RW to berms (engineering driven)
- Wanda Rd – berms to C/O wall? RR embankment.

10

**amec**

*MESD...*

- DC/W by tank farm ConocoPhillips – replace with RW and berms
- Elbow complex – berms to walls or RW and berms or toe drain
- Golf course area, Blue Water ditch – DC/W to RW and berms or possibly eliminate (based on Corps PdP Creek borings)

11

**Look Ahead – Wood River**

**amec**

- Continue to coordinate with COE on work (improvements) that has been accomplished.
- Complete through seepage and stability analysis.
- Identify locations of cut-off wall.
- Identify additional exploration that is needed for Phase II work.
- Continue to refine solutions - seepage berm locations, relief wells, etc.
- Continue relief well evaluation.
- Geotechnical data report for cut off walls.
- Continue development of civil sheets with improvements.
- Preliminary re-evaluation of cost estimate

12

## Look Ahead – MESD



- Complete Phase I borings – one property.
- Identify Phase II borings.
- Civil Engineering: Continue to develop drawings/plans with improvements and incorporate utility knowledge.
- Refine seepage berm locations and evaluate hybrid solutions.
- Continue analysis of cut off walls.
- Complete pipe videos by the end of February.
- Structural review and direction.
- Continue relief well evaluation.
- Geotechnical data report for cut off walls.
- Preliminary re-evaluation of cost estimate.

13

## Look Ahead – PdP/FL



- Collaborate with USACE to stay abreast of potential overlapping/conflicting solutions footprints.
- Water Resources: No action planned.
- Civil Engineering: Continue to develop drawings/plans with improvements.
- Environmental Engineering: No action planned.
- Cultural Resources: Meeting with SHPO.
- Geotechnical Engineering: Continue to evaluate and refine solutions – working closely with civil.
- Continue relief well evaluation.
- Preliminary re-evaluation of cost estimate.
- Identify Phase II exploration.

14

# QUESTIONS?





Memo to: Board of Directors  
From: Les Sterman  
Subject: Program Status Report  
Date: February 14, 2011

#### Design/Construction

Most of the testing to support the design of the project is complete. AMEC still does not have site access to private property owned by Conoco Phillips in the Cahokia area which has delayed some key borings and will introduce some uncertainty into the preliminary design to be completed in late March. Clearly this is an issue that the Council must tackle prior to any construction can proceed on the site.

The project management oversight consultant is now under contract and his work has started. Doug Campion will brief the Board at the February meeting on the various oversight activities that will be taking place.

AMEC has been working at a fast pace to finish the 30% design drawings to provide to us on or about March 1. During the month of March we will be working with the levee districts, the Corps of Engineers and other stakeholders to refine the design. I anticipate that the March Board meeting will be extended to allow for a full review of design by the Board.

In the last three weeks we received the results of the Corps of Engineers inspection of the MESD levees. While there were a number of items that were noted as "unacceptable," it appeared that these were items that could be addressed by the District staff in short order and we expect to have a full and complete response to the Corps shortly. We will assist the MESD staff in any way that we can to resolve any negative inspection findings.

#### Legislation and Advocacy

I will present a 2011 legislative agenda at the February meeting of the Board. This agenda is made up of a variety of proposals aimed at both reducing the negative economic impacts of FEMA remapping and providing federal financial support to the project. Once approved by the Board, I will consult with local groups and our area congressional delegation to help advance these proposals.

The Levee Issues Alliance is in the process of outlining an advocacy program to better explain the flood protection situation to area businesses and the development community. One of the purposes of this program would be to focus on the development opportunity in the American Bottom, particularly with a strengthened and improved flood protection system in place.

#### Legal

FEMA's attorneys submitted a motion to dismiss our lawsuit against the agency. This was anticipated and our attorneys are working on a response to the motion. Our request for the administrative record that supports the de-accreditation decision has not yet been fulfilled despite promises that it would be delivered a couple of weeks ago. Responses to our FOIA requests from FEMA are still incomplete

#### Project Administration

Final audits for 2009 and 2010 have been completed by Scheffel and Co. Copies will be provided to the Board at the February meeting.

The Council's website is under development and should "go live" in the next few weeks.

#### Other

Discussions are continuing with developers, owners of property, and tenants in Gateway Commerce Center about the effects of levee deaccreditation on the insurability of buildings and contents in this large transportation/distribution center. FM Global, the largest commercial provider of flood insurance to tenants on the site has recently raised doubts about flood protection, a concern that may already have driven away one large prospective tenant. While we had a productive meeting and we agreed to share information with FMGlobal as the project moves ahead, these developments are an indication of the economic challenges that the area will be encountering because of FEMA and Corps statements about the condition of the flood protection system. It is my hope that having up-to-date and accurate information will help support reasonable judgments about risk of flooding and will allow critical development to move forward during the time that levee improvements are being made.



Memo to: Board of Directors  
From: Les Sterman  
Subject: Budget Report through January 31, 2010  
Date: February 14, 2010

Attached is the budget report for January 2011. It includes an accounting of revenues and expenditures in the current year and the year ended on September 30, 2010. Accrued expenditures for the fiscal year are \$6,637,927. About half of that total is reimbursement of advance funding from St. Clair and Madison County. Bond issuance costs were about \$1.3 million with most of the remainder for design and construction. The largest components of the latter were cost-share on Corps projects in Wood River and Prairie DuPont, and bond issuance costs.

Significant variances from the budgeted amounts were described in the budget report last month and have not changed. Those variances are in the revenue category, where bond proceeds are about \$11.6 million higher than budgeted because favorable market conditions led to a decision to sell more bonds than originally estimated. That additional amount is partially offset by lower sales tax proceeds, as those funds are not coming to the Council, but are intercepted by the Trustee to pay principal and interest on bonds, Council administrative costs and some bond issuance costs. There is a significant variance on the expenditure side in bond issuance costs, which were under-budgeted because the costs from the conduit issuer (SWIDA) were inadvertently not budgeted, and underwriting fees were higher due to the additional amount of bonds that were sold.

In 2009, an estimated \$10.3 million was collected in FPD sales taxes in the three counties, a total slightly higher than projected earlier in the year. For the first eleven months of 2010, sales tax collections are about 7.4% higher than the same period in 2009. November's receipts were about 6% higher than in 2009, so the trend remains positive. We are on track to collect close to \$11 million in 2010 receipts, depending on how fared in the all-important final month of the year.

All sales tax receipts are now being intercepted and forwarded to the Trustee, who will use those funds to make principal and interest payments on bonds, to pay design and construction costs and to pay for the Council's budgeted administrative costs. Residual funds will then be returned to the counties' FPD sales tax funds. We have done one draw on the bond funds at this point to pay for expenses in the last month.

Southwestern Illinois Flood Protection District Council  
 Comparison of Budget to Actual (accrual basis)  
 January 31, 2011

	Budget Period October 2010 - September 2011			Prior Year		
	Approved Budget	October 1, 2010 thru January 31, 2011	Balance Remaining	Approved Budget	October 1, 2009 thru September 30, 2010	Balance Remaining
<b><u>Budget Summary</u></b>						
Resources						
Flood Prevention Tax Proceeds	\$10,510,886	\$4,497,950	\$6,012,936	\$37,007,652	\$7,809,955	\$29,197,697
Bond Proceeds	84,268,762	95,863,994	(11,595,232)	110,000,000	95,863,994	\$14,136,006
Interest Income	335,060	2,200	332,860	1,200,000	2,162	\$1,197,838
Other Contributions	-	-	-	80,000	75,921	\$4,079
<b>Total Resources</b>	<b>\$95,114,708</b>	<b>\$100,364,144</b>	<b>-\$5,249,436</b>	<b>\$148,287,652</b>	<b>\$103,752,032</b>	<b>\$44,535,620</b>
Expenditures						
Design and Construction	\$58,248,265	\$1,985,288	\$56,262,977	\$27,010,000	\$7,166,332	\$19,843,668
Professional Services	286,833	44,754	242,079	130,000	517,466	(387,466)
Bond Issuance Costs	1,152,000	1,292,239	(140,239)	-	-	-
Reimbursement of Advance Funding	3,501,778	3,241,072	260,706	1,750,890	-	1,750,890
Debt Service	10,718,389	-	10,718,389	6,600,000	-	6,600,000
General and Administrative Costs	248,355	74,574	173,781	228,345	204,240	24,105
Contingency				1,368,417	-	1,368,417
<b>Total Expenditures</b>	<b>\$74,155,620</b>	<b>\$6,637,927</b>	<b>\$67,517,693</b>	<b>\$37,087,652</b>	<b>\$7,888,038</b>	<b>\$29,199,614</b>



Southwestern Illinois Flood Protection District Council  
 Comparison of Budget to Actual (accrual basis)  
 January 31, 2011

		Budget Period October 2010 - September 2011			Prior Year		
		Approved Budget	October 1, 2010 thru January 31, 2011	Balance Remaining	Approved Budget	October 1, 2009 thru September 30, 2010	Balance Remaining
<b>Resources</b>							
<i>Flood Prevention Occupation Tax Proceeds</i>							
	St. Clair	\$5,130,239	\$2,210,033	\$2,920,206	\$18,503,826	\$3,904,978	\$3,077,364
	Madison	4,900,790	\$2,083,380	\$2,817,410	\$17,023,520	3,592,579	\$2,961,994
	Monroe	479,857	\$204,537	\$275,320	\$1,480,306	312,398	\$287,892
	Subtotal Tax Proceeds	10,510,886	\$4,497,950	\$6,012,936	\$37,007,652	\$7,809,955	\$6,327,249
	<i>Bond Proceeds <sup>(1)</sup></i>	84,268,762	95,863,994	(11,595,232)	110,000,000	95,863,994	(11,595,232)
	<i>Interest Income</i>	335,060	2,200	332,860	1,200,000	2,162	332,639
<i>Other Contributions</i>							
	St. Clair		-	-	25,000	37,959	16,525
	Madison		-	-	25,000	34,924	19,203
	Monroe		-	-	5,000	3,038	7,322
	Other				25,000		
	Subtotal Other Contributions	-	-	-	80,000	75,921	43,050
Total Resources		\$95,114,708	\$100,364,144	-\$5,249,436	\$148,287,652	\$103,752,032	-\$4,892,294
<b>EXPENDITURES</b>							
<b>Design and Construction</b>							
<i>Flood Prevention District Council Design and Construction Costs</i>							
Engineering Design & Construction							
	Management	\$ 6,598,265	\$ 553,454	\$ 6,044,811	\$ 75,000	\$ 535,845	\$ (460,845)
	Construction	50,000,000	294,270	49,705,730	20,000,000	423,974	19,576,026
<i>Construction and design by US ACE - Federal Cost-Share</i>							
	Wood River	600,000	591,231	8,769	6,935,000	6,066,846	868,154
	MESD <sup>(2)</sup>	450,000		450,000		-	-
	Prairie DuPont/Fish Lake <sup>(3)</sup>	600,000	546,333	53,667	-	139,667	(139,667)
		58,248,265	1,985,288	56,262,977	27,010,000	7,166,332	19,843,668

Southwestern Illinois Flood Protection District Council  
 Comparison of Budget to Actual (accrual basis)  
 January 31, 2011

	Budget Period October 2010 - September 2011			Prior Year		
	Approved Budget	October 1, 2010 thru January 31, 2011	Balance Remaining	Approved Budget	October 1, 2009 thru September 30, 2010	Balance Remaining
<b>Professional Services</b>						
Legal & Legislative Consulting	126,000	44,754	81,246	20,000	206,353	(186,353)
Construction Oversight	140,833	-	140,833	-	-	-
Impact Analysis/Research <sup>(4)</sup>	20,000	-	20,000	50,000	13,616	36,384
Financial Advisor		-	-	60,000	297,497	(237,497)
	<u>286,833</u>	<u>44,754</u>	<u>242,079</u>	<u>130,000</u>	<u>517,466</u>	<u>(387,466)</u>
<b>Bond Issuance Costs</b>						
Underwriter's fees	536,000	642,362	(106,362)			
Underwriter's Counsel	80,000	102,275	(22,275)			
Issuer's Counsel	10,000	7,500	2,500			
Bond Counsel	330,000	330,000	-			
Financial Advisor	105,000	30,000	75,000			
Rating Agencies fees	81,000	85,300	(4,300)			
Trustee fee	5,000	-	5,000			
Printing	5,000	1,273	3,727			
Conduit Issuer's fees	-	93,529	(93,529)			
	<u>1,152,000</u>	<u>1,292,239</u>	<u>(140,239)</u>			
<b>Reimbursement of Advance Funding</b>						
St. Clair	1,241,796	1,241,796	-	620,898	-	620,898
Madison	1,999,276	1,999,276	-	999,638	-	999,638
Monroe	260,706	-	260,706	130,354	-	130,354
	<u>3,501,778</u>	<u>3,241,072</u>	<u>260,706</u>	<u>1,750,890</u>	<u>-</u>	<u>1,750,890</u>
<b>Debt Service</b>						
Supplemental Bond Reserve Fund <sup>(5)</sup>	5,731,238	-	5,731,238			-
Principal and Interest	6,267,037	-	6,267,037	6,600,000		6,600,000
Federal Interest Subsidy	(1,279,886)	-	(1,279,886)			-
	<u>10,718,389</u>	<u>-</u>	<u>10,718,389</u>	<u>6,600,000</u>	<u>-</u>	<u>6,600,000</u>
Subtotal	<u>\$73,907,265</u>	<u>6,563,353</u>	<u>67,343,912</u>	<u>35,490,890</u>	<u>7,683,798</u>	<u>27,807,092</u>

Southwestern Illinois Flood Protection District Council  
 Comparison of Budget to Actual (accrual basis)  
 January 31, 2011

	Budget Period October 2010 - September 2011			Prior Year		
	Approved Budget	October 1, 2010 thru January 31, 2011	Balance Remaining	Approved Budget	October 1, 2009 thru September 30, 2010	Balance Remaining
<b>General and Administrative Costs</b>						
Salaries, benefits	183,885	56,492	127,393	169,044	175,491	(6,447)
Advertising	2,500	-	2,500	630	-	630
Bank service charges	420	178	242	600	357	243
Conference registration	700	-	700	500	-	500
Equipment and software	3,800	2,627	1,173	1,000	1,077	(77)
Fiscal agency services (EWG)	16,500	9,311	7,189	11,367	8,160	3,207
Furniture	1,000	641	359	1,200	-	1,200
Meeting expenses	400	-	400	600	242	358
Miscellaneous startup expenses	-	-	-	250	600	(350)
Office rental	7,200	-	7,200			-
Postage/delivery	500	84	416	180	307	(127)
Printing/photocopies	1,350		1,350	400	220	180
Professional services	12,500		12,500	24,000	4,725	19,275
Publications/subscriptions	200	-	200	200	139	61
Supplies	1,260	856	404	250	1,023	(773)
Telecommunications/internet	3,190	912	2,278	2,660	3,386	(726)
Travel	8,200	2,434	5,766	12,464	8,113	4,351
Other business expenses	1,750	61	1,689	1,000	400	600
Insurance	3,000	978	2,022	2,000	-	2,000
Subtotal	<u>\$248,355</u>	<u>\$74,574</u>	<u>\$173,781</u>	<u>\$228,345</u>	<u>\$204,240</u>	<u>\$24,105</u>
Contingency				1,368,417.0		1,368,417
Total Expenditures	<u><u>\$74,155,620</u></u>	<u><u>\$6,637,927</u></u>	<u><u>\$67,517,693</u></u>	<u><u>\$37,087,652</u></u>	<u><u>\$7,888,038</u></u>	<u><u>\$27,831,197</u></u>

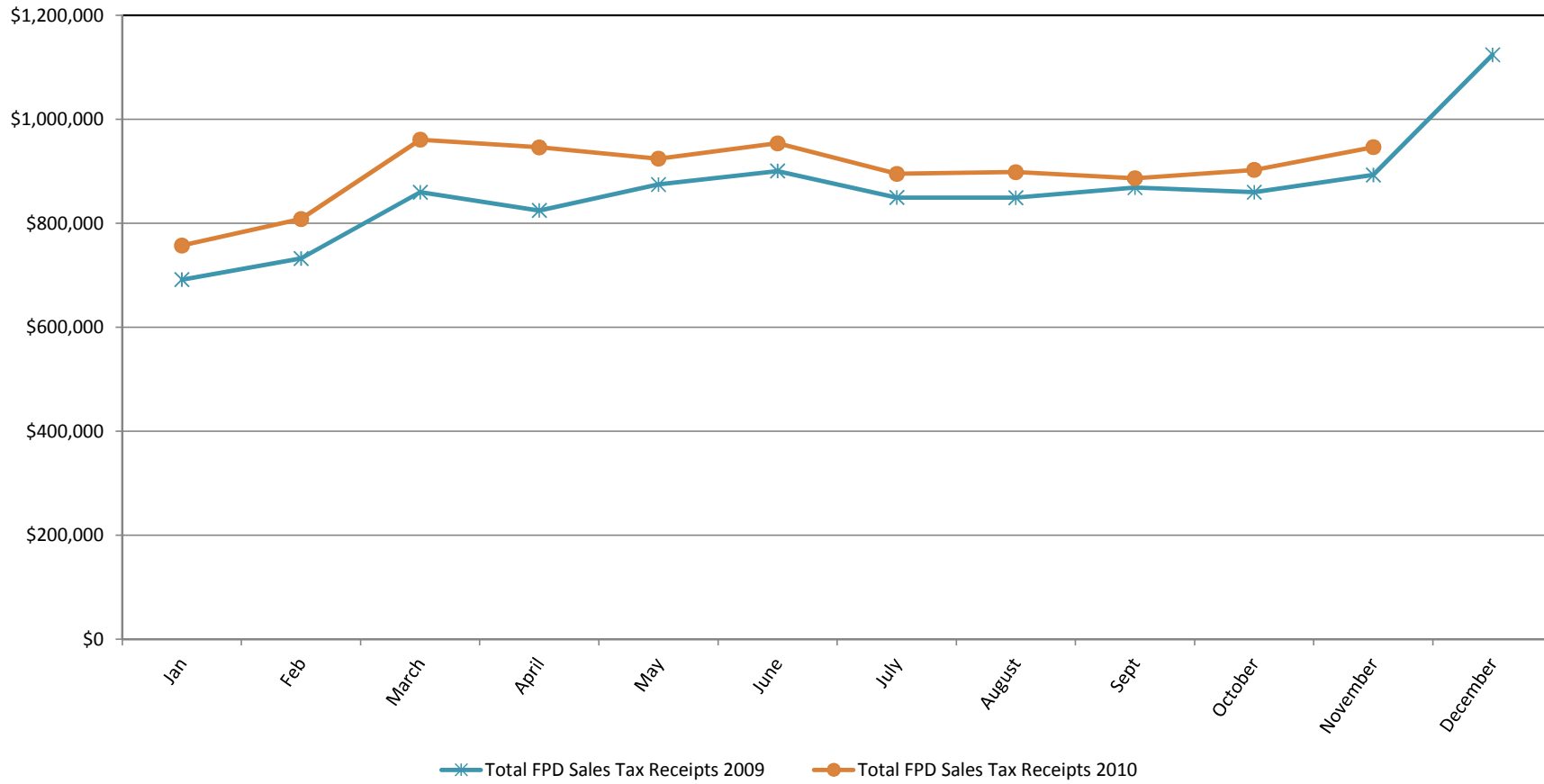
Notes

- (1) Par value of bonds issued plus premium
- (2) Share to be paid from MESD resources until exhausted
- (3) FY2011 amount to be determined
- (4) Various analysis and research efforts
- (5) Contractually required reserve trust funds held for the benefit of the bond issuer and bondholders

## Flood Prevention District Sales Tax Trends

	Jan	Feb	March	April	May	June	July	August	Sept	October	November	December	Total	County Share
Madison	\$321,968	\$336,765	\$397,425	\$387,385	\$414,350	\$421,402	\$399,616	\$401,188	\$400,090	\$404,847	\$405,930	\$492,814	\$4,783,780	0.463
St. Clair	\$337,979	\$362,696	\$424,556	\$398,395	\$419,126	\$438,230	\$411,968	\$410,484	\$429,852	\$412,637	\$446,806	\$581,721	\$5,074,450	0.491
Monroe	\$31,641	\$32,903	\$37,830	\$38,757	\$41,326	\$40,847	\$37,817	\$37,497	\$38,652	\$42,270	\$40,332	\$49,755	\$469,627	0.045
Total Month	\$691,588	\$732,364	\$859,811	\$824,537	\$874,802	\$900,479	\$849,401	\$849,169	\$868,594	\$859,754	\$893,068	\$1,124,290	\$10,327,857	
Cumulative Total	\$691,588	\$1,423,952	\$2,283,763	\$3,108,300	\$3,983,102	\$4,883,581	\$5,732,982	\$6,582,151	\$7,450,745	\$8,310,499	\$9,203,567	\$10,327,857		
Madison	\$353,146	\$374,416	\$456,795	\$462,697	\$440,815	\$452,308	\$427,329	\$433,047	\$419,455	430,210	\$442,904		\$4,693,122	0.525
St. Clair	\$367,458	\$399,480	\$464,089	\$439,748	\$439,139	\$458,299	\$421,447	\$423,718	\$424,971	\$429,581	\$457,927		\$4,725,857	0.529
Monroe	\$36,770	\$34,324	\$39,884	\$43,769	\$44,358	\$43,102	\$46,499	\$41,816	\$42,207	\$42,746	\$45,411		\$460,886	0.052
Total Month	\$757,374	\$808,220	\$960,768	\$946,214	\$924,312	\$953,709	\$895,275	\$898,581	\$886,633	\$902,537	\$946,242		\$9,879,865	
Cumulative Total	\$757,374	\$1,565,594	\$2,526,362	\$3,472,576	\$4,396,888	\$5,350,597	\$6,245,872	\$7,144,453	\$8,031,086	\$8,933,623	\$9,879,865			
% change/month	9.51%	10.36%	11.74%	14.8%	5.7%	5.9%	5.4%	5.8%	2.1%	5.0%	6.0%			
% change/total	9.51%	9.95%	10.62%	11.72%	10.39%	9.56%	8.95%	8.54%	7.79%	7.50%	7.35%			

### FPD Sales Tax Trends Actual Receipts 2009-2010





Memo to: Board of Directors  
From: Les Sterman  
Subject: January, 2011 Disbursements  
Date: February 14, 2011

Total disbursements for January 2011 were \$1.21 million. The largest payments were to the Corps of Engineers for cost share in the Wood River Levee District for work to be done using annual federal appropriations, and to the Madison County FPD for a refund of a previous payment that could not be matched by the other counties. As we completed expenditures from the county FPD tax funds, there were insufficient funds to pay the Council's final invoice in St. Clair and Monroe counties, so the funds already paid on that invoice by Madison County were refunded and costs paid from the bond issue proceeds instead.

Recommendation: Accept disbursement report.

Southwestern Illinois Flood Prevention District Council  
Bank Transactions  
January 2011

Beginning Bank Balance: \$ 2,795,539.83

Receipts:

Customer:	Date		Amount
UMB Bank, Bond Trustee	01/26/2011	tfr in from cost of issuance bond account	76,300.00
UMB Bank, Bond Trustee	01/26/2011	tfr in from Construction bond account	1,136,253.29
The Bank of Edwardsville	01/31/2011	Interest Earned	1,206.71

1,213,760.00

Disbursements:

Payee:	Date		Amount
Madison County FPD	01/19/2011	refund on billing error	273,858.20
The Bank of Edwardsville	01/26/2011	wire transfer fee	10.00
The Bank of Edwardsville	01/26/2011	wire transfer fee	10.00
USACE	01/31/2011	Wood River Proj.	591,230.77
The Bank of Edwardsville	01/31/2011	wire transfer fee	20.00
The Bank of Edwardsville	01/31/2011	bank service fees	15.32

865,144.29

Ending Bank Balance

\$ 3,144,155.54



Memo to: Board of Directors  
From: Les Sterman  
Subject: Amendment to AMEC Work Orders 2 and 3  
Date: February 13, 2011

AMEC has requested no-cost time extensions for two work orders.

Work Order 2 is for Preliminary Design Services and is now scheduled to conclude on March 1, 2011. AMEC is meeting its schedule commitments that require the submission of 30% design drawings by March 1. However, in order to accommodate reviews by the levee districts, Corps of Engineers, and the Council's Board, and make any adjustments that result from those reviews, I believe that it is prudent to extend Work Order No. 2 until April 30 at no additional cost to the Council.

Work Order No. 3 is for subsurface investigation and relief well testing. Because of matters not under AMEC's control, such as permitting and site access, some of the proposed activities could not be accomplished by the March 1 conclusion of this work order. More importantly, we believe that additional investigations may be necessary throughout the design process. As a result, we believe that this work order should be extended through much of the duration of the project until January 31, 2013. No additional costs are anticipated at this time.

Copies of the work order amendments are attached

Recommendation: Approve amendments to AMEC Work Order No. 2 and Work Order No.3 providing for no-cost time extensions until April 30, 2011 and January 31, 2013 respectively.





EXHIBIT 1

FIRST AMENDMENT TO WORK ORDER NO: 2

Preliminary Design Services

Issued Pursuant to Master Services Agreement Effective August 18, 2010,

By and Between

AMEC Earth & Environmental, Inc. (AMEC)

and

Southwestern Illinois Flood Prevention District Council (CLIENT)

CLIENT Office:	<u>104 United Drive</u> <u>Collinsville IL, 62234</u>	AMEC Project No:	<u>563170001</u>
CLIENT Contact:	<u>Les Sterman</u>	Work Order Type: (Check One)	
AMEC Office:	<u>15933 Clayton Road</u> <u>Suite 215</u> <u>Ballwin, MO 63011</u>	Time and Materials (rates attached)	<u>X</u>
		Fixed Price	<u></u>
AMEC Contact:	<u>Jon Omvig</u>	CLIENT Reference No:	<u>n/a</u>

WHEREAS, the parties desire to extend the time for completion to April 30, 2011, provided that all other terms of the Contract shall remain in full force and effect with no change of scope or price.

NOW, THEREFORE, for good and valuable consideration, Southwestern Illinois Flood Prevention District Council and Consultant agree as follows:

1. Time of Performance. Work under this Contract shall be completed on or before April 30, 2011 unless the time thereof is extended by agreement of the parties evidenced in writing.
2. All terms and conditions of the Contract shall remain in full force and effect except as amended herein.

IN WITNESS WHEREOF the parties hereto have entered into this Amendment as of the date first above written, as evidenced by signature of their respective authorized officials below

**Southwestern  
Illinois Flood Prevention District Council**

By: \_\_\_\_\_  
Name: **Les Sterman**  
Title: **Chief Supervisor of  
Construction and the Works**  
Date: \_\_\_\_\_  
Address: **104 United Drive**  
**Collinsville, IL 62234**

**AMEC Earth & Environmental, Inc.**

By: \_\_\_\_\_  
Name: **Jim Shepard**  
Title: **Sr. Vice President**  
Date: \_\_\_\_\_  
Address: **15933 Clayton Road, Suite 215**  
**Ballwin, MO 63011**



**Southwestern  
Illinois Flood Prevention District Council**

By: \_\_\_\_\_  
Name: **Les Sterman**  
Title: **Chief Supervisor of  
Construction and the Works**  
Date: \_\_\_\_\_  
Address: **104 United Drive**  
**Collinsville, IL 62234**

**AMEC Earth & Environmental, Inc.**

By: \_\_\_\_\_  
Name: **Jim Shepard**  
Title: **Sr. Vice President**  
Date: \_\_\_\_\_  
Address: **15933 Clayton Road, Suite 215**  
**Ballwin, MO 63011**



Memo to: Board of Directors  
From: Les Sterman  
Subject: 2011 Council Legislative Agenda  
Date: February 13, 2011

The Council's legislative interests fall into two major categories: (1) limiting the economic damages to the region during the period when levee improvements are being made (3-5 years); and (2) maximizing the contribution of federal funds to make those improvements. While our legislative proposals are designed to meet our particular needs, in my view the adoption of these proposals would have a broadly positive effect nationally by encouraging local sponsors to pay for and aggressively pursue improvements to local flood protection systems. Our proposals are not intended to provide a "free pass" to those areas that do not choose to recognize flood risks or simply want to postpone the inevitable recognition of those risks. In addition, these proposals are particularly timely given the current efforts to reduce federal spending and the historically very long timeframes for the Corps of Engineers to pay for and implement flood protection improvements.

In the area of limiting economic damages, there are a couple of approaches that we should support:

1. Postpone FEMA adoption of new flood insurance rate maps. The adoption of new FIRMs should be postponed for a period of up to seven years providing that a local sponsor can credibly demonstrate a good-faith effort to make levee improvements to address deficiencies in flood protection disclosed through a FEMA certification inspection. In order to take advantage of this provision, a local sponsor would need to have a funded plan to make necessary levee improvements, make significant efforts to promote the purchase of flood insurance, adopt a robust reconnaissance plan to be used during high water events, and develop and adopt an evacuation plan to be used during a catastrophic flood event.

This proposal mirrors H.R. 3415 introduced by Congressman Costello in 2010. It differs from that adopted by the House in 2010, particularly in the conditions attached to the postponement of the remapping process.

2. Change the methodology by which FEMA remaps areas behind de-accredited levees. Under current procedure, following a levee de-accreditation by FEMA, new FIRMs are drawn with the assumption that there are no levees or other flood protection systems in

place at all. This approach significantly exaggerates flood risk and has profound economic effects on the levee-protected area, including loss of property value and limitations on economic growth. We would advocate an approach that recognizes the historical performance of local flood protection systems and considers typical floodfighting efforts in determining the boundaries of special flood hazard areas.

Senator Durbin and a number of his colleagues have proposed legislation to advance this proposal and have also requested that FEMA administratively implement this proposal.

3. Expedite FEMA reviews necessary for accreditation. Often, FEMA reviews for levee accreditation or the granting of flood insurance map revisions can be quite time-consuming, sometimes taking years. Congress could choose to put some strict time constraints and communication or reporting requirement on those reviews. This would in no way compromise the integrity or thoroughness of reviews, but would require FEMA to put more resources into the process to simply expedite those reviews and provide more accountability to the public.
4. Extending the A99 flood insurance rate map classification to consider projects done with local funds by local sponsors. Under current FEMA regulation 44 CFR 61.12 the Administrator can grant A99 zone designation after 100 percent of the funds have been authorized for a project that will remove an area from a special flood hazard zone, at least 60 percent of the funds have been appropriated, and 50 percent spent. The significance of the A99 zone is that flood insurance rates will be the same as if the area was fully protected. The problem now is that this provision only applies for those projects using Federal funds. If this provision can be broadened to include projects funded locally, local sponsor may be able to significantly reduce the time that higher flood insurance rates would be in force.

The overall objective of the following proposals would be to provide meaningful incentives for local sponsors to invest in flood protection improvements, rather than wait for the federal government to do so. This would clearly serve the public interest by more expeditiously advancing projects that protect public safety. Projects would continue to be subject to the federal project authorization and appropriation processes before becoming eligible for federal participation, and sponsors would therefore have to bear the risk of uncertainty of future federal payment, but at least there would be some kind of recognition of federal responsibility.

5. Allow federal reimbursement for reasonable expenses to improve a federal levee. Where the Corps of Engineers has identified a design deficiency in a levee or a need for reconstruction (as distinguished from a maintenance problem) there should be a way for a local sponsor to pay for and carry out construction quickly. The project development process that the Corps must follow, combined with the legislative authorization and appropriation process, can take decades. In addition, work done by the Corps tends to be significantly more expensive because of procedural and other costly hurdles. Yet, local sponsors are often reluctant to pay for and perform urgently needed work because they do not want to forego the option of leveraging federal funds with their local dollars.

It is inconsistent for FEMA and the Corps to argue that the need for levee improvements is urgent, and for the Corps to publish project schedules that often don't show completion until decades into the future. In the absence of immediately available federal funds to make levee system improvements, the federal government could agree to reimburse (contingent on federal appropriation) local sponsors for work that they pay for and perform themselves, as long as the work elements contribute to the accomplishment of a federally authorized project. The rate of reimbursement would be the same as if the project would be done by the Corps of Engineers (generally 65% of project costs). Again, local sponsors would only be eligible for reimbursement if the project meets three criteria: a) it is a federal levee (eligible under the PL 84-99 program); b) the project has been authorized by Congress; and c) the work elements done by the local sponsor contribute to the accomplishment of the authorized federal project.

6. Allow for local expenditures to improve a federal levee to serve as the local-share for future federal projects. This is known as a credit for "work-in-kind." In the absence of direct reimbursement for local expenditures as described in (5) above, local expenditures meeting the same criteria could be considered as the local cost-share for future federal projects. In this way, urgently needed improvements to allow levee systems to be certified at the 100-year level could proceed expeditiously when paid for and performed by a local sponsor, and those expenditures would count toward the cost-share for future federal projects to bring the levee systems to the authorized (500-year) level. There are provisions now for advancing local funding of projects, but only when the work is done by the Corps, which compromises the cost and schedule of urgently needed work. This proposal would extend the principle of advance funding already in federal law, but would allow local sponsors to do the work, rather than the Corps.

The authority for work-in-kind credit has already been provided in the Water Resources Development Act (WRDA) of 2007, Section 2003, titled "Written Agreement for Water Resources Projects." This credit would apply to all planning, design, and construction associated with design deficiency corrections and reconstruction of all levees. The problem is that current legislation authorizing work-in-kind credit pertains to only projects authorized after 1986. The projects in our area however, were authorized in Flood Control Acts passed in the 1930's, so this provision would need to be changed or waived in order for the Council to receive federal credit for local expenditures on the project.

7. Waive the five percent direct cash contribution for federal projects. Federal law requires that local sponsors make at least 5 percent direct cash contribution that is currently required for Flood Control projects as outlined in WRDA 1986, Section 103, titled "Flood Control and Other Purposes," even if work-in-kind credits provide sufficient local cost share. If our local funds are exhausted by the current project, there may not be sufficient cash to meet this provision of federal law in the future. This purpose of this provision is to assure that local sponsors have a stake in the project by requiring a local financial commitment. The Council's financial commitment is actually far in excess of this requirement, but current law would not recognize that, and potentially eliminate the potential for work-in-kind credits.

8. Allow the Corps greater flexibility in reprogramming funds between authorized projects by removing Committee approval requirements for reprogramming. There are multiple discret authorized federal projects in our area. Even though these projects are part of a single system, appropriations are made by individual project and may not reflect current priorities. For example, the largest appropriations made in the last several years have been for the federally-owned Chain of Rocks Levee, even though the condition of the levee is sufficient to achieve certification. It makes little sense to invest greater sums in this levee as long as surrounding levee systems are not brought to the same standard. Greater flexibility with reprogramming granted to the Corps would facilitate the most cost-effective and productive management approach to improving the levee system. The arrangement will help develop focus on priorities of the region from a systems view if small funding amounts for individual projects prohibit advancement toward achieving major milestones.
  
9. Provide for a full funding project commitment. Levee projects become much more difficult to accomplish because of the great uncertainty and unpredictability of federal appropriations from year to year. The Federal Transit Administration uses a Full Funding Grant Agreement to define the project scope, to establish a firm date for project completion, and to provide a mechanism for designating funds for future years. This also leads to the development of more accurate cost estimates, and permits the use of state and local funding for early project activities without jeopardizing future Federal funding for those activities. Moreover, this is at least an acknowledgement of federal responsibility to participate financially in the project, subject to appropriations. This agreement could be used in conjunction with the above two suggestions to better define the local-federal partnership.