



Memo to: Board of Directors  
From: Les Sterman  
Subject: Program Status Report  
Date: June 10, 2010

Progress continues in four principal areas: developing a financing plan, securing a conceptual design and cost estimate, completing the certification inspection and meeting our legislative and regulatory goals to reduce short-term economic hardship during the period when the project is under construction and accreditation is sought. Specific progress in the last month is described below:

#### Design

Proposals were received on May 21 from three design teams who were chosen to submit conceptual design proposals and cost estimates. The proposals were all thorough and responsive. Each included a conceptual design and cost estimate. Importantly, the cost estimates generally were inside of our financial capacity. At this stage of project scoping and development surprises are still possible, perhaps even likely, but this is the first indication that we can achieve certification and accreditation at a cost and time that are both affordable and predictable.

The written proposals were distributed to the Consultant Selection Advisory Committee appointed at the May Board meeting and to the levee districts for review. I prepared a memo summarizing the proposals that was distributed to the committee. On June 3 the committee met to interview the three consulting teams on June 3. Each team was interviewed for 90 minutes and there was good dialogue between the committee members and the consultants. Following the interviews, the committee discussed their impressions of the proposals and interviews and agreed that I should follow up with some additional questions for the consultants. The committee also agreed to complete score sheets that would evaluate each of the teams in accordance with the criteria included in the RFP.

Based on the foregoing, the committee will make a recommendation to the Board of Director at the June 16 meeting

#### Inspection

The levee certification inspection being conducted by a team led by AMEC Earth & Environmental is ongoing and is on schedule for completion by July.

### Financing

Several alternative financial strategies were presented at the May Board meeting by the financial advisory team retained by the Council. The choice of strategy will be determined by the amount of funding produced for construction of levee systems improvement and by the ability or willingness of the counties to participate in financing. Decisions should be made at the June Board meeting so that financing can be put in place to fund design and early construction activities later this year.

### Legislation

The Council has advocated for legislation and regulatory action to limit the temporary, but severe, economic consequences of levee deaccreditation including mandatory high cost flood insurance and constraints on building and development.

There is no additional progress to report on HR 3415, introduced by Congressmen Costello that would provide for a moratorium on mandatory flood insurance for up to seven years during the period levees systems are being restored. HR 5114, put forward by Congresswoman Maxine Waters, chair of the House Financial Services Committee Subcommittee on Housing and Community was passes by the subcommittee and by the full committee, where it was endorsed by the Committee Chairman, Congressman Barney Frank. HR 5114 provides for a five year moratorium on mandatory flood insurance. Unlike HR 3415, however, it does not prevent the issuance of new flood insurance rate maps. The bill has not yet been voted on by the House and prospects in the Senate are uncertain.

At the state level, SB 2556 that would mitigate the unintended impacts of a Governor's Executive Order issued in 2006 that would limit development even more severely than required by the federal flood insurance program is now on the Governor's desk awaiting signature. Similarly, SB 2520, legislation that would provide the Metro-East Sanitary District with the authority to annex areas now protected by the District's levee system, but who are not now part of the District, is also awaiting signature by Governor Quinn.

### Legal

Review of FEMA's response to the Council's FOIA request for information used as a basis to deaccredit the levee systems in our area is ongoing, but there does not appear to be any data, analysis or studies that would support the decision on deaccreditation. Rather, FEMA has taken the position that they relied completely on the Corps of Engineers for that information. The response to a similar request from the Corps last year also did not yield any data, analysis, or studies to support FEMA's findings or the Corps' opinion.

I am continuing to discuss the area's legal options with the three counties. The states' attorneys from those counties are involved in the discussions. The discussions are time sensitive, because FEMA's ruling on the DFIRM appeals is due any day and there is a 60-day period following the release of those appeals to file suit to stop the issuance of the new DFIRMS.

### Construction

The Corps is continuing construction activities on the Wood River levees, primarily using economic stimulus monies.

### Outreach

I am continuing to meet with communities and civic groups as requested and responding to many requests for information.

In summary, some significant steps were taken in the last month toward advancing the design and construction of levee improvements, along with better understanding the circumstances of FEMA's decision on levee system deaccreditation. The Board will be asked to make some key milestone decisions this month that will definitively advance the project.