



AGENDA

**SOUTHWESTERN ILLINOIS FLOOD PREVENTION DISTRICT COUNCIL
BOARD OF DIRECTORS MEETING
July 20, 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 June 15, 2011
3. Program Status Report and Budget Update
Les Sterman, Chief Supervisor
4. Approval of Disbursements
5. Progress Report on Design/Construction
Jay Martin, Project Manager, AMEC
6. Approval of Draft Project Implementation Plan
Les Sterman, Chief Supervisor
7. Draft FY2012 FPD Council Budget
8. Evaluation of Proposals for Fiscal Agent
9. Other Business

Executive Session (if necessary)
10. Adjournment

Next Meeting: August 17, 2011

MINUTES

SOUTHWESTERN ILLINOIS FLOOD PREVENTION DISTRICT COUNCIL BOARD OF DIRECTORS MEETING

June 15, 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, June 15, 2011.

Members in Attendance

Dan Maher, President (Chair, St. Clair County Flood Prevention District)
John Conrad, Vice-President (Chair, Monroe County Flood Prevention District)
James Pennekamp, Secretary/Treasurer (Chair, Madison County Flood Prevention District)
Tom Long, Madison County Flood Prevention District
Ron Motil, Madison County Flood Prevention District Bruce Brinkman, Monroe County Flood Prevention District
Alvin Parks, Jr., St. Clair County Flood Prevention District
Ronald Polka, Monroe County Flood Prevention District

Members Absent

Paul Bergkoetter, St. Clair County Flood Prevention District

Others in Attendance

Mark Kern, St. Clair County Board Chair
Alan Dunstan, Madison County Board Chair
Les Serman, SW Illinois FPD Council
Kathy Andria, American Bottoms Conservancy
Gary Andruska, U.S. Army Corps of Engineers
Randy Bolle, Prairie DuPont Levee District
Doug Campion, Campion Group
Chuck Critti, Proctor & Gamble
Darryl Elbe, Hoelscher Engineering
Laurie Farmer, U.S. Army Corps of Engineers
Scott Harding, SCI Engineering
John Herzog, Madison County Community Development
Terry Hillig, St. Louis Post-Dispatch
Gary Hoelscher, Hoelscher Engineering
Kevin Hutchinson, Mayor, City of Columbia
Charlie Juneau, Juneau Assoc.
Joe Kellett, U.S. Army Corps of Engineers
Linda Lehr, Monroe County
Matt Macarney, Sen. Durbin's Office
Jay Martin, AMEC Earth & Environmental
Patrick McKeegan, Leadership Council SW Illinois
Frank Miles, Tri-City Port District
Jack Norman

Jon Omvig, AMEC
Alan Ortvals, Illinois Business Journal
Joe Parente, Madison County
Lisa Peck, Madison County Community Development
Randy Pollard, Office of Senator Mark Kirk
Cas Sheppard, Sheppard, Morgan & Schwab
Bob Shipley, Metro-East Sanitary District
Bill Stahlman, Tri-City Port District
Dale Stewart, Southwest Illinois Building and Construction Trades
Mike Sullivan, Prairie DuPont Levee District
Steve Tomaszewski, Rep. Shimkus' Office
Gary Toribio, URS
Dan Turner, Volkert
Chuck Unger, The Bank of Edwardsville
David Walster, Prairie DuPont Drainage and Levee District
Dennis Wilmsmeyer, Tri-City Port District

Call to order

President Dan Maher called the meeting to order.

Approval of minutes of May 18, 2011

A motion was made by Jim Pennekamp, seconded by Tom Long, to approve the minutes of the May 18, 2011 meeting. The motion was approved, all members voting aye.

Program Status Report and Budget Update

Mr. Maher asked Mr. Sterman to provide a status report for the project.

Mr. Sterman noted that you will see later in the agenda something called a project implementation plan. This is my attempt to bring together a number of disparate project including the design, financial plan and schedule elements into a coherent overall plan.

Our first meeting was in June 2009 and we've come through two years of project development and now it's time to commit to the next steps.

Following the submittal of the 30% design documents last month, AMEC is beginning the process of advancing the design and moving forward with developing submissions to state and federal agencies to receive the required permits for construction. We have executed the next work order with AMEC to take us through the 60% design of the project. Meetings have been held with state and federal agencies to clarify submittal requirements and schedules for receiving permits. Besides high water, permitting is our biggest worry.

Discussions have continued regarding the extent of the process required for the Corps of Engineers to issue a "Section 408" permission that will be required to make alterations to a federal levee. A plain English reading of the law, the Corps' internal guidance and relevant regulations suggests that our project should not be subject to such a layered and time consuming review. I asked our special counsel, Husch Blackwell, to review the legal basis for the Corps' position and to advise us on a course of action. Husch prepared a legal review that concluded, in

part, that because the actions defined in our project are contributing to maintaining the federally authorized level of protection, an engineering analysis done by the District is all that would be necessary for the Corps to grant its permission to the Council. We met with the Corps on June 8 to discuss the issue, and although Corps staff understands our position and does not want to cause undue delays for the project, the outcome of the decision-making process remains uncertain. The Corps is currently assessing the various options and the uncertainty could remain for a number of months. Joe Kellett, the Deputy District Engineer, will address the 408 issue later in the agenda. We continue to hope that the Corps can be persuaded to adopt a more reasonable, common-sense approach to granting the 408 permission.

We recently received a response from the Corps of Engineers to my May 4 letter that requested a commitment to expedite processing of permits and to provide certification documentation to FEMA for the Chain of Rocks levee and the Mel Price Lock and Dam levee segment. Col. O'Hara's response to my letter is attached to your memo. My conclusion is that the response to these requests was not particularly satisfying. While once again confirming the Corps' support for the project, the letter did not contain the specific commitments that we will need. For example, the letter noted that the Corps will "maintain visibility of all permit submittal requirements...and advocate judicious processing of permits." Perhaps this is a poor choice of words, but that was not exactly what we were looking for from the Corps.

We are continuing discussions regarding the Corps undertaking a limited portion of the project for which they can access funding over the next few years.

When the STAR bonds legislation was approved by the Illinois General Assembly last year and the site of the subject project was changed late in the session, there were provisions remaining in the bill that applied to our area. Of immediate concern to us were provisions that related to the FPD sales tax that specified conditions under which the proceeds of the tax could be diverted to support a STAR bonds project. While those provisions are inoperative in the absence of a specific project in our area, I thought it would be prudent to have those provisions removed as a technical correction to the bill. Sen. Haine and Rep. Holbrook agreed to sponsor a bill to make such a correction. SB 1712 was successfully passed by the General Assembly and was sent to Gov. Quinn for signature. I sent a letter to the Governor requesting that he sign the bill. Our lobbyist, Jim McPike, was instrumental in getting the bill developed and advocating for its approval.

We continue to await the federal court's ruling on FEMA's motion to dismiss our lawsuit. A teleconference between the parties and the federal judge to discuss the status of the pending motions has been scheduled for June 22.

As I indicated several months ago, the Council's arrangement with East-West Gateway to serve as our fiscal agent will no longer work well as we ramp up activities and move into later design and construction phases of the project. The workload has already increased to the point where EWG staff has difficulty accommodating our needs within their normal work schedules. The arrangement has been very cost-effective for the Council up to now, but our need for additional assistance means that we must seek a new fiscal agent. Several weeks ago I sent out a request for proposal to private accounting firms and posted the RFP on our website. Proposals are due on Friday, June 17.

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

Expenditures for the current fiscal year are \$11.8 million. Expenditures are running at the expected pace, except that we probably will use only a small amount of the budgeted construction costs.

Sales tax receipts are running behind the rate of increase from last year, but it's too early to tell if that is a trend.

John Conrad made a motion to put the progress and budget report on file. The motion was seconded by Mr. Pennekamp. The motion was approved by voice vote with all members present voting aye.

Total disbursements for April 2011 were \$643,438. The largest payments were to AMEC Earth & Environmental for pre-construction activities, preliminary design and program management.

Motion made by Mr. Long, second by Mr. Brinkman to approve the disbursements for April, 2011. At Mr. Maher's request, Mr. Pennekamp called the roll and the following votes were made on the motion:

Mr. Polka - Aye
Mr. Brinkman - Aye
Mr. Conrad - Aye
Mr. Long - Aye
Mr. Motil - Aye
Mr. Parks - Aye
Mr. Maher - Aye
Mr. Pennekamp - Aye

The motion was approved unanimously with the eight members present voting aye.

Mr. Sterman introduced Ron Polka as a new member of the Board of Directors appointed by Monroe County replacing Dave Baxmeyer, who resigned from the Board.

Draft Project Implementation Plan

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

This document is at your places. Good progress has been made in the nearly two years that the Council has been in existence toward the regional goal of maintaining a high level of flood protection for the American Bottom. Much of this time has been spent determining if this project is feasible and desirable. A preliminary design is done, costs have been estimated, and financing put in place. The Council has adopted some definitive goals and is now in a position to set forth how those goals will be achieved. This report is something of a guide to the completion of the project.

Now is the time to take the next step in advancing the project by adopting a plan to bring it to a successful conclusion – implementing flood protection improvements and achieving FEMA accreditation of area levee systems.

Mr. Sterman cautioned that this is a work in progress because conditions will change over time. He then reviewed the report with the Board.

The purpose of this report is to summarize and outline in plain English the basic components of the design, cost estimate, schedule, and financial plan for the project to improve the region's flood protection system. This report will establish a baseline plan that will be updated in the future as better information becomes available or conditions change.

Having a plan in place, even one that may be subject to adjustment from time to time, is an essential ingredient in helping businesses and citizens prepare for the future, to restore investor confidence in the area, and to assure taxpayers that their money is being spent effectively.

The plan is being provided in draft form at this point. Some additional work is necessary to align the project schedule and financing and to give the Board sufficient time to review the document. I anticipate asking for adoption of the Plan at the July meeting. Adoption will be a commitment to essential design, schedule and financing elements of the project.

Based on the analysis in the report, we believe that the Council can produce enough money through the FPD sales tax to pay for the project. This will involve additional borrowing as well as the use of surplus funds (after paying interest and principal on bonds) in the county FPD funds. We will need to make certain that all funds in the county FPD sales tax funds are reserved for this project in order to implement our plan. Additional funds could be available through the borrowing power of the levee districts, but we would prefer to preserve their financial capacity for ongoing maintenance. Also, the Corps could accomplish parts of the project, which will reduce our costs.

The schedule and financial plan don't exactly align at this point, so we still have some work to do bring them closer together.

The conclusion is that we have a feasible project and the money to pay for it. We know what the project looks like and we have a schedule to get it done. This is an important landmark for the project and a statement from us that will be important to the public.

Mr. Dunstan asked if we are ahead of the game compared to other areas around the country. Mr. Sterman said he thought we were a little ahead of most other areas.

Mr. Kern asked how realistic it is to get certification done quickly once construction is done. Mr. Sterman and Jay Martin from AMEC responded that we thought the schedule was reasonable.

Mr. Pennekamp remarked that the report is a good confirmation of the extensive work that we have done.

Corps of Engineers Sec. 408 Status

Mr. Kellett presented this item on behalf of the Corps of Engineers.

He noted that he and Mr. Sterman had a good discussion about the response to the May 4 letter. The Corps now understands that we were looking for a more definitive statement from them. He made a commitment that within 120 days after we submitted an application for the Sec. 404 permit, we would have an answer back. He also commented on the issues relating to the certification of the two levee segments that are the responsibility of the Corps.

Mr. Kellett described the ongoing partnership between the Corps and the local levee sponsors. It is important that we hold that partnership together even through some recent strains. He commented that this area is way out in front of other areas around the country.

He then used a PowerPoint® presentation to illustrate the remainder of his remarks. He described the past history of work in the area including more than \$94 million in work since FY2000. Also important is the PL 84-99 program that is used to repair flood damage to the levee system. The Corps also provides flood fighting assistance.

Mr. Kellett noted that our objective – to address the 100-year level of protection to meet FEMA standards – is different from the Corps' objective to meet the 500-year level authorized by Congress.

Mr. Sterman noted that the scale of dollars spent over the last ten years by the Corps is only a fraction of what we need to do in the future. Mr. Kellett agreed, although he noted that their cost estimate has now come down, and part of the reason we didn't get more money in the past is that we weren't in a position to ask for it.

Mr. Kellett then discussed the requirements of 33 USC Sec. 408 for the Corps to grant permission for alterations to a levee. He described the level of approval authority for various types of improvements.

Mr. Pennekamp asked if we know how much of our project falls within each level of approving authority. Mr. Kellett responded that we are working on an answer to that question now. In response to a question from Mr. Sterman, Mr. Kellett described the terms structural geometry and hydraulic capacity.

He then described the steps involved in obtaining a Section 408 permission. He noted that many of the steps are already being accomplished by the Corps and other steps are things that we would want to do anyway. One problematic area is the Safety Assurance Review, which has cost and schedule impact. This review is done by a panel selected by the National Academy of Sciences.

Mr. Sterman asked whether the project needed to be 100% designed in order for us to enter the process. This would not be compatible with the approach that we are taking for this project. Mr. Kellett responded that we don't know the answer to that question right now.

Mr. Kellett suggested that an “aggressive by achievable” schedule is to get the permission granted within 120 days from receipt of 100% design documents. The next steps begin with the technical review to determine the authority level required for each type of improvement. He said that his objective is to answer all the relevant questions within the next 30 days.

Discussion of Labor Agreements

As the Council enters the construction phases of the flood protection improvement project, there are several actions that are either beneficial or required that the Council should take to define the relationship with workers on the project. Of particular importance is the commitment to pay prevailing wages to employees working on the job, an assurance required by Illinois law, and a pre-hire agreement with organized labor that will establish certain basic terms and conditions of employment on the project, including a “no-strike” pledge by unions and employees.

As a first step to compliance with the Illinois Prevailing Wage law, the Board could adopt a resolution setting forth the Council’s commitment to full compliance. An example of such a resolution is attached as Exhibit 2 in your memo. We would then take appropriate administrative steps to implement the resolution through our solicitation and contracting process.

A Project Labor Agreement (PLA), also known as a Community Workforce Agreement, is a pre-hire collective bargaining agreement with one or more labor organizations that establishes the terms and conditions of employment for a specific construction project. The terms of the agreement, which typically includes an agreement foregoing strikes, lockouts, or work stoppages, apply to all contractors and subcontractors who successfully bid on the project, and the agreement supersedes any existing collective bargaining agreements. The Council has two important goals to which the PLA will contribute: maintaining the project schedule and maximizing opportunities for local workers and communities to benefit from the project.

Project Labor Agreements have been successfully used on many public and private construction projects throughout the region. While the use of a PLA is not required, Mr. Sterman said that he believes that such an agreement is in our best interest and that of the community.

Two recent examples of project labor agreements are attached. Exhibit 3 is modeled after a recent PLA for a project at MidAmerica St. Louis Airport. Exhibit 4 is a prototype provide by the Southwestern Illinois Building & Construction Trades Council.

At this point Mr. Sterman indicated that he is looking for some direction from the Board on these items. He made the following recommendations to the Board:

1. Authorize the Chief Supervisor to develop a resolution for approval by the Board of Directors to assure Council compliance with the Illinois Prevailing Wage Act.
2. Authorize the Chief Supervisor to develop a Project Labor Agreement for approval of the Board of Directors for use on the project.

Mr. Maher noted the serious penalties involved for failure to follow the requirements of the Prevailing Wage Act. He also noted that the use of project labor agreements has, in his experience, saved a lot of money on construction projects.

Motion made by Ron Motil, seconded by Alvin Parks to adopt the recommendations made by Mr. Sterman.

Mr. Parks asked if we had an attorney to help us with these agreements. Mr. Maher suggested that we should check with our own attorney to see if it is within his range of experience.

Mr. Long asked whether a project labor agreement would foreclose any contractor from working on the job if he doesn't have an existing agreement with a union. Mr. Sterman responded that it would not prevent any firm from working on the project, but they would have to execute a project-only agreement that meets the terms we have negotiated in the PLA for the job. Mr. Long wanted the assurance that nothing we are doing would foreclose anyone from working on the project.

At Mr. Maher's request, Mr. Pennekamp called the roll and the following votes were made on the motion:

Mr. Polka - Aye
Mr. Brinkman – Aye
Mr. Conrad - Aye
Mr. Long – Aye
Mr. Motil - Aye
Mr. Parks - Aye
Mr. Maher – Aye
Mr. Pennekamp – Aye

Other Business

There was no other business.

Adjournment

Motion made by Mr. Parks, seconded by Mr. Motil to adjourn the meeting. The motion was approved unanimously by voice vote, all voting aye.

Respectfully submitted,

James Pennekamp,
Secretary/Treasurer, Board of Directors

Flood Prevention District

June 15, 2011

Joe Kellett

Deputy District Engineer



US Army Corps of Engineers
BUILDING STRONG



Agenda

- USACE Partnership and Support

- 408 Permission
 - ▶ Authority
 - ▶ Requirements
 - ▶ Challenges
 - ▶ Next Steps



BUILDING STRONG

USACE Partnership & Support

Projects	Authorized for Construction	Authorized for Reconstruction
Prairie Du Pont Levee and Pump Stations	1936	Recon Completed 2004 Authorized 2007 Feasibility Report Required
Metro East Sanitary District	1936	1988
Wood River Levee and Pump Stations	1938	2007
Chain of Rocks Levee	1945	1999
Fish Lake Levee	1954	Recon Completed 2004 Authorized 2007 Feasibility Report Required
East St. Louis Interior Flood Control Blue Waters Ditch & Pump Station Ecosystem Restoration	1965 1976 2007	
Wood River Grassy Lake Pump Station	2004	

BUILDING STRONG®

USACE Partnership & Support

Drainage & Levee District	USACE Funding for Metro East Flood Protection FY 2000 to Present
Prairie Du Pont/Fish Lake	\$ 1.5 Million
Metro East Sanitary District	\$13 Million (\$40 Million since 1990)
Chain of Rocks	\$45 Million
Wood River	\$34 Million
Total	\$94.5 Million



BUILDING STRONG®

USACE Partnership & Support

- **PL 84-99**
 - ✓ Annual Levee Inspections
 - ✓ Periodic Inspections Every 5 Years
 - ✓ Repair Flood Damage at 100% Federal Expense

- **Flood Fighting Assistance**
 - ✓ 41/73 years since 1938 the Mississippi River has have had elevations above flood stage on the St. Louis Gage.



BUILDING STRONG®

408 Permission

- United States Code
 - ▶ Title 33: Navigation and Navigable Waters
 - ▶ Chapter 9, Subchapter 1, Section 408

- *(Condensed)* It shall not be lawful for any person or person to build upon, alter, deface, destroy, move, injure, obstruct or in any manner whatever impair the usefulness of any levee or other work built by the United States

- . . . That the Secretary may, on the recommendation of the Chief of Engineers, grant permission for the alteration or permanent occupation or use of any of the aforementioned public works when in the judgment of the Secretary such occupation or use will not be injurious to the public interest and will not impair the usefulness of such work



BUILDING STRONG®

408 Permission Authority

- Operation and Maintenance Under Agreements with USACE.

No Additional Authority Required

- Alterations that restore or improve the protection and do not change the structural geometry or hydraulic capacity.

Authorized by the District Engineer

- All other Alterations and Work In Kind Credit

Authorized by the USACE Director of Civil Works

- *Unsure – Engineering analysis to determine the impact of the alterations on the systems performance.*



BUILDING STRONG®

408 Permission Requirements

- Request Letter
- Agency Technical Review
- Real Estate Analysis
- Environmental Analysis and Environment Assessment
- Policy and Legal Compliance
- Risk Analysis
- Safety Assurance Review
- Division Review
- HQ Review



BUILDING STRONG®

408 Permission Challenges

- **Maintaining the Schedule with Required Reviews**
 - ▶ Aggressive but achievable schedule is 120 days from receipt of 100% design to Director's 408 Permission
 - ▶ SAR must be well coordinated throughout the project

- **Additional Costs for Preparation and SAR**
 - ▶ USACE has completed many of the requirements while developing the Limited Re-Evaluation Reports
 - ▶ USACE will closely coordinate with the FPD Contractors (AMEC)
 - ▶ Exploring using USACE SAR as an umbrella for the required SAR



BUILDING STRONG®

408 Permission Next Steps

- Perform the Technical Review to Determine Authority Level Required
- Determine if the authority level can vary for each phase of work or if a single 408 permission is required
- Coordinate with the FPD and AMEC to incorporate the 408 permission into the schedule
- Coordinate with the FPD and AMEC to prepare the required documents
- Determine SAR requirements



BUILDING STRONG®



Memo to: Board of Directors
From: Les Sterman
Subject: Program Status Report for July, 2011
Date: July 18, 2011

At the June meeting of the Board of Directors I presented a draft of the Project Implementation Plan for your consideration. Since that time I have done some additional work to better align the financial plan and construction schedule, improved some of the graphics in the report and addressed suggestions from several people. My hope is to have the report adopted at the July meeting. Having this *Plan* in place, even recognizing that it may be subject to adjustment from time to time, is an essential ingredient in helping businesses and citizens prepare for the future, to restore investor confidence in the area, and to assure taxpayers that their money is being spent effectively.

Design/Construction

AMEC's current work is focused mainly on the process of advancing the design toward the 60% stage of completion later this year and moving forward with the development of submissions to state and federal agencies to receive the required permits for construction. Meetings have been held with state and federal agencies to clarify submittal requirements and schedules for receiving permits. Permitting will be a critical path item on our schedule.

The financial plan was reworked to align with a "draw schedule" that AMEC developed for the project so that we can fit our financing capability with the construction schedule. The resulting plan shifted the timing of future bond issuances and changed the relative balance of bond financing and use of surplus sales tax monies from the counties. The revisions to the plan will be reflected in the latest Project Implementation Plan presented to the Board in July.

Discussions have continued regarding the extent of the process required for the Corps of Engineers to issue a "Section 408" permission that will be required to make alterations to a federal levee. To recap the situation, the Corps has suggested that to make improvements to the levee system, such as those contemplated in our project, the process for granting the necessary permission would effectively follow the identical project planning and development process that they would follow on a similar project. As you know, this lengthy process is exactly what we are choosing to avoid by funding the project with local monies. At their invitation, I travelled to Washington for a meeting on July 7 for a meeting with our four member (Durbin, Kirk, Costello,

Shimkus) congressional delegation to provide a briefing on the permitting issues and how they would affect the project. The delegation was well-briefed, understood the situation quite well, and agreed to request a meeting with Jo-Ellen Darcy, who is the Assistant Secretary of the Army (Civil Works). That request is still pending. A copy of the briefing materials that I provided to the delegation is attached.

In addition, I have been in contact with the City of Dallas and the various interests representing the Sacramento area concerning our shared experiences (and frustrations) working with the Corps and FEMA. There have been several conference calls to identify common interests and strategies. Problems with the Sec. 408 process are clearly one of those common interests. I have authorized our attorneys at Husch Blackwell to work with the group to develop an issue paper that can be presented to the Corps and to our legislative delegations to try to bring about sensible change in this process.

The Corps has still not provided answers to a number of important questions that we have about the permitting process. These questions relate to the timing, submission requirements and approval authorities for permits. It is my understanding that the District office is working to clarify the permitting processes with Division and Headquarters offices.

We are continuing discussions regarding the Corps undertaking a limited portion of the project for which they can access funding over the next few years. The Corps reports that about \$850,000 has been included in the President's budget for MESD for FY2012 beginning on October 1. That amount of federal money would require nearly \$460,000 in local cost-share. It remains to be seen if that investment will be cost-effective for us.

The limited reevaluation reports for the Wood River and Prairie DuPont design deficiency corrections have essentially been completed and are moving through the Corps review and approval process. The approval of those documents will lead to the authorization of those projects, qualifying them to receive federal funding. I have signed letters of intent for our participation that are required to continue processing those reports.

Legal

There was a hearing in federal court in Benton, Illinois on July 14 for the two sides to present arguments related to FEMA's motion to dismiss our case and our motion for a preliminary injunction to prevent FEMA from issuing new flood insurance rate maps.

Our attorneys addressed all points raised by the judge and made a vigorous argument in opposition to the motion to dismiss based primarily on the fact that there is no analysis to support the August, 2007 decision to de-accredit our levee systems, nor did FEMA follow the legally prescribed process to do so. Those failures by FEMA were continuing to cause great economic harm to our area. FEMA, on the other hand, argued that since the mapping process is on hold because of the recent decision to re-examine the "without levee" methodology of mapping areas behind de-accredited levees, the case is moot. In effect, they argued that our levee are currently accredited on the existing maps, there has been no official adoption of new maps, so our lawsuit is not "ripe" for filing. The judge asked if, given those circumstances, FEMA would then comply with our request to withdraw the preliminary maps and the October, 2007 letter to local governments announcing the de-accreditation decision. FEMA responded that they would not

withdraw those documents. The judge indicated that he would make a decision in the next two weeks.

Administrative

Proposals to serve as the Council's fiscal agent were received from five firms on June 17. I have reviewed these proposals and will recommend that three firms be interviewed prior to a selection. A report will be made at the July meeting.



Memo to: Board of Directors
From: Les Sterman
Subject: Budget Report through June 31, 2011
Date: July 19, 2011

Attached is the budget report for June 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 current fiscal year are \$12,873,274. There are minor variances from budget amounts, mainly due to increases in bond issuance costs that were explained in previous month's budget reports. Expenditures are running at the expected pace, except that we will use only a small amount of the budgeted construction costs. Except for pre-construction testing such as soil borings and relief well testing, significant construction activities will likely not begin until the first quarter of 2012.

Growth in sales tax receipts has slowed in 2011, falling to a growth rate of 0.5% for the year. It remains to be seen if this represents a continuing trend or is simply an anomaly caused by a transient condition affecting retail sales. Since our financial plan is based on the expectation of 3% annual growth in sales tax receipts over time, a continuation of this trend would be problematic.

Southwestern Illinois Flood Protection District Council
 Comparison of Budget to Actual (accrual basis)
 June 30, 2011

	Budget Period October 2010 - September 2011			Prior Year		
	Approved Budget	October 1, 2010 thru June 30, 2011	Balance Remaining	Approved Budget	October 1, 2009 thru September 30, 2010	Balance Remaining
<u>Budget Summary</u>						
Resources						
Flood Prevention Tax Proceeds	\$10,510,886	\$4,753,255	\$5,757,631	\$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	4,414	330,646	1,200,000	2,162	\$1,197,838
Other Contributions	-	-	-	80,000	75,921	\$4,079
Total Resources	<u>\$95,114,708</u>	<u>\$100,621,663</u>	<u>-\$5,506,955</u>	<u>\$148,287,652</u>	<u>\$103,752,032</u>	<u>\$44,535,620</u>
Expenditures						
Design and Construction	\$58,248,265	\$8,002,922	\$50,245,343	\$27,010,000	\$7,166,332	\$19,843,668
Professional Services	286,833	184,285	102,548	130,000	517,466	(387,466)
Bond Issuance Costs	1,152,000	1,359,116	(207,116)	-	-	-
Reimbursement of Advance Funding	3,501,778	3,501,778	-	1,750,890	-	1,750,890
Debt Service	10,718,389	(359,000)	11,077,389	6,600,000	-	6,600,000
General and Administrative Costs	248,355	184,173	64,182	228,345	204,240	24,105
Contingency				1,368,417	-	1,368,417
Total Expenditures	<u>\$74,155,620</u>	<u>\$12,873,274</u>	<u>\$61,282,346</u>	<u>\$37,087,652</u>	<u>\$7,888,038</u>	<u>\$29,199,614</u>

Southwestern Illinois Flood Protection District Council
 Comparison of Budget to Actual (accrual basis)
 June 30, 2011

	Budget Period October 2010 - September 2011			Prior Year		
	Approved Budget	October 1, 2010 thru June 30, 2011	Balance Remaining	Approved Budget	October 1, 2009 thru September 30, 2010	Balance Remaining
<u>Resources</u>						
<i>Flood Prevention Occupation</i>						
<i>Tax Proceeds</i>						
St. Clair	\$5,130,239	\$2,280,881	\$2,849,358	\$18,503,826	\$3,904,978	\$3,006,516
Madison	4,900,790	\$2,083,380	\$2,817,410	\$17,023,520	3,592,579	\$2,961,994
Monroe	479,857	\$388,994	\$90,863	\$1,480,306	312,398	\$103,435
Subtotal Tax Proceeds	10,510,886	\$4,753,255	\$5,757,631	\$37,007,652	\$7,809,955	\$6,071,944
<i>Bond Proceeds ⁽¹⁾</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	4,414	330,646	1,200,000	2,162	330,425
<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	\$100,621,663	-\$5,506,955	\$148,287,652	\$103,752,032	-\$5,149,813
<u>EXPENDITURES</u>						
Design and Construction						
<i>Flood Prevention District Council Design</i>						
<i>and Construction Costs</i>						
<i>Engineering Design & Construction</i>						
Management	\$ 6,598,265	\$ 3,174,166	\$ 3,424,099	\$ 75,000	\$ 535,845	\$ (460,845)
Construction	50,000,000	3,691,192	46,308,808	20,000,000	423,974	19,576,026
<i>Construction and design by US ACE -</i>						
<i>Federal Cost-Share</i>						
Wood River	600,000	591,231	8,769	6,935,000	6,066,846	868,154
MESD ⁽²⁾	450,000		450,000		-	-
Prairie DuPont/Fish Lake ⁽³⁾	600,000	546,333	53,667	-	139,667	(139,667)
	58,248,265	8,002,922	50,245,343	27,010,000	7,166,332	19,843,668

Southwestern Illinois Flood Protection District Council
Comparison of Budget to Actual (accrual basis)
June 30, 2011

	Budget Period October 2010 - September 2011			Prior Year		
	Approved Budget	October 1, 2010 thru June 30, 2011	Balance Remaining	Approved Budget	October 1, 2009 thru September 30, 2010	Balance Remaining
Professional Services						
Legal & Legislative Consulting	126,000	66,885	59,115	20,000	206,353	(186,353)
Construction Oversight	140,833	81,916	58,917	-	-	-
Impact Analysis/Research ⁽⁴⁾	20,000	-	20,000	50,000	13,616	36,384
Financial Advisor		35,484	(35,484)	60,000	297,497	(237,497)
	286,833	184,285	102,548	130,000	517,466	(387,466)
Bond Issuance Costs						
Underwriter's fees	536,000	642,363	(106,363)			
Underwriter's Counsel	80,000	102,275	(22,275)			
Issuer's Counsel	10,000	8,500	1,500			
Bond Counsel	330,000	330,000	-			
Financial Advisor	105,000	93,735	11,265			
Rating Agencies fees	81,000	85,300	(4,300)			
Trustee fee	5,000	2,141	2,859			
Printing	5,000	1,273	3,727			
Conduit Issuer's fees	-	93,529	(93,529)			
	1,152,000	1,359,116	(207,116)			
Reimbursement of Advance Funding						
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
	3,501,778	3,501,778	-	1,750,890	-	1,750,890
Debt Service						
Supplemental Bond Reserve Fund ⁽⁵⁾	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)	(359,000)	(920,886)			-
	10,718,389	(359,000)	11,077,389	6,600,000	-	6,600,000
Subtotal	\$73,907,265	\$12,689,101	61,218,164	35,490,890	7,683,798	27,807,092

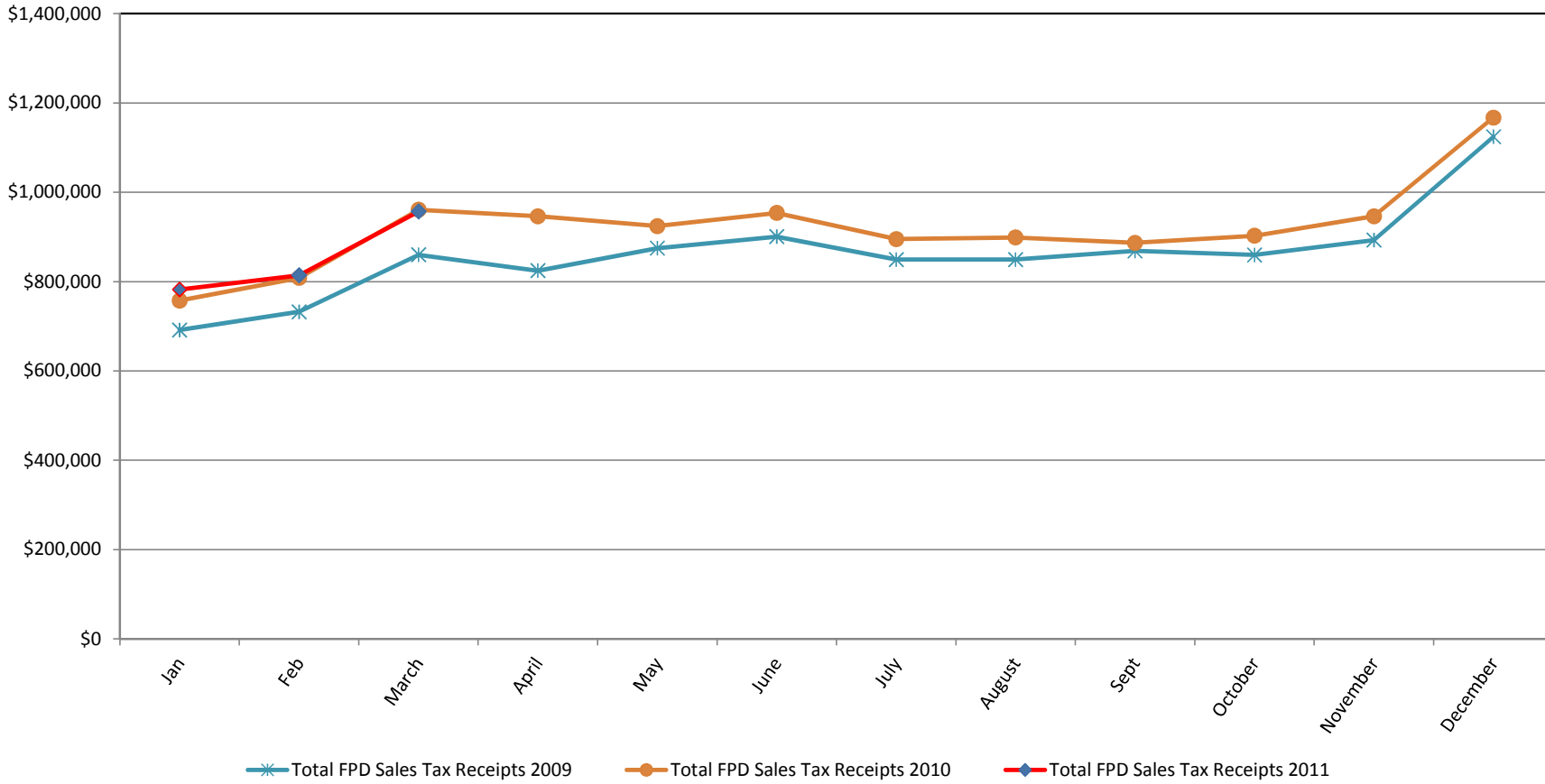
Southwestern Illinois Flood Protection District Council
 Comparison of Budget to Actual (accrual basis)
 June 30, 2011

	Budget Period October 2010 - September 2011			Prior Year		
	Approved Budget	October 1, 2010 thru June 30, 2011	Balance Remaining	Approved Budget	October 1, 2009 thru September 30, 2010	Balance Remaining
General and Administrative Costs						
Salaries, benefits	183,885	133,880	50,005	169,044	175,491	(6,447)
Advertising	2,500	-	2,500	630	-	630
Bank service charges	420	429	(9)	600	357	243
Conference registration	700	-	700	500	-	500
Equipment and software	3,800	5,124	(1,324)	1,000	1,077	(77)
Fiscal agency services (EWG)	16,500	15,642	858	11,367	8,160	3,207
Furniture	1,000	933	67	1,200	-	1,200
Meeting expenses	400	701	(301)	600	242	358
Miscellaneous startup expenses	-	-	-	250	600	(350)
Office rental	7,200	-	7,200	-	-	-
Postage/delivery	500	210	290	180	307	(127)
Printing/photocopies	1,350	552	798	400	220	180
Professional services	12,500	15,324	(2,824)	24,000	4,725	19,275
Publications/subscriptions	200	-	200	200	139	61
Supplies	1,260	1,058	202	250	1,023	(773)
Telecommunications/internet	3,190	2,280	910	2,660	3,386	(726)
Travel	8,200	6,590	1,610	12,464	8,113	4,351
Other business expenses	1,750	472	1,278	1,000	400	600
Insurance	3,000	978	2,022	2,000	-	2,000
Subtotal	\$248,355	\$184,173	\$64,182	\$228,345	\$204,240	\$24,105
Contingency				1,368,417.0		1,368,417
Total Expenditures	\$74,155,620	\$12,873,274	\$61,282,346	\$37,087,652	\$7,888,038	\$27,831,197

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

FPD Sales Tax Trends Actual Receipts 2009-2011





Memo to: Board of Directors
From: Les Sterman
Subject: June, 2011 Disbursements
Date: July 19, 2011

Total disbursements for April 2011 were \$1,812,681.72. The largest payments were to AMEC Earth & Environmental for pre-construction activities, preliminary design and program management. Monroe County was also reimbursed for advanced project cost. All of the counties have now been reimbursed for costs incurred on the project prior to the start of the FPD sales tax. In addition, AMEC (through Husch Blackwell) was paid for the contract retainage on the AMEC levee inspection contract. These costs are paid from funds held in the Construction Account by the bond Trustee or by funds paid by the counties from earlier invoices. Council administrative costs are paid from the Administration Account held by the Trustee.

Recommendation: Accept disbursement report.

Southwestern Illinois Flood Prevention District Council
Bank Transactions
June 2011

Beginning Bank Balance, June 1: \$ 93,503.99

Receipts:

Customer:	Date		Amount
St. Clair County FPD	06/06/2011	Inv. 43	70,847.79
UMB Bank, Bond Trustee	06/30/2011	Admin account, Req.#4	25,813.62
UMB Bank, Bond Trustee	06/30/2011	Construction account, req#5	1,689,929.70
UMB Bank, Bond Trustee	06/30/2011	Admin account, Req.#5	23,434.88
The Bank of Edwardsville	05/31/2011	Interest earned	68.96
Total receipts			1,810,094.95

Disbursements:

<u>Payee:</u>	<u>Date</u>	<u>Check No</u>	<u>Purpose</u>	<u>Amount</u>
Monroe County, Illinois	06/07/2011	1111	reimbursement -advance payments	76,249.30
Hostgator.com	06/07/2011	auto w/d	web hosting, June.11	9.95
Warehouse of Fixtures	06/16/2011	auto w/d	furniture, desk chair	291.84
Hostgator.com	06/22/2011	auto w/d	web hosting, Jul 2011 - Jun 2012	119.40
Walmart	06/23/2011	auto w/d	office supplies	23.62
East West Gateway Council of Govts	06/28/2011	1112	contract payment	44,187.64
Scott-Balice Strategies	06/28/2011	1113	contract payment	139.70
East West Gateway Council of Govts	06/28/2011	1114	contract payment	1,670.33
UMB Bank, NA - VOIDED CHECK	06/28/2011	1115	trustee fees	-
Dorgan, McPike & Assoc.	06/28/2011	1116	contract payment	3,000.00
Husch Blackwell	06/28/2011	1117	contract payment	68,274.04
Campion Group, LLC	06/28/2011	1118	contract payment	56,883.09
AMEC Earth & Environmental	06/28/2011	1119	contract payment	1,561,772.57
The Bank of Edwardsville	06/28/2011	auto w/d	wire transfer fees	30.00
Labelvalue.com	06/30/2011	auto w/d	office supplies	14.72
The Bank of Edwardsville	06/30/2011	auto w/d	bank service fees	15.52
Total disbursements				1,812,681.72

Ending Bank Balance, June 30, 2011 \$ 90,917.22



Memo to: Board of Directors
From: Les Sterman
Subject: Project Implementation Plan
Date: July 18, 2011

At the June meeting of the Board of Directors I presented a draft of the Project Implementation Plan for your consideration. Since that time I have done some additional work to better align the financial plan and construction schedule, improved some of the graphics in the report and addressed suggestions from several people. Having this *Plan* in place, even recognizing that it may be subject to adjustment from time to time, is an essential ingredient in helping businesses and citizens prepare for the future, to restore investor confidence in the area, and to assure taxpayers that their money is being spent effectively.

Much progress has been made in the nearly two years that the Council has been in existence toward the regional goal of maintaining a high level of flood protection for the residents, property owners and businesses in the American Bottom. Doing so is a regional priority and the Council has acted with a sense of urgency in conceiving major improvements to the flood protection system. That process has now reached an important milestone. A preliminary design is done, costs have been estimated, and financing put in place. The Council has adopted some definitive goals and is now in a position to set forth how those goals will be achieved. Accordingly, this report is something of a guide to the completion of the project.

Recognizing that the Plan will be a work in progress, at least until the design is fully complete, adoption by the Council will be a commitment to essential design, schedule and financing elements of the project. This commitment will be a reassurance to the community in planning for the future.

The Plan provides for substantial completion of construction of the project in 2014 and the preparation and submission of certification information in 2015. The cost of the project is about \$150.6 million exclusive of Council administrative costs, cost to reimburse the counties for funding they advanced to the project in 2008, and other project development costs that have been incurred prior to the first quarter of 2010.

With regard to the critical question of the Council's capability to finance the project, the current cost estimate and financial capacity (the amount that can be raised from the FPD sales tax) are almost precisely in balance at \$150.6 million. While the analysis is sufficient to conclude that

the project is fiscally feasible from existing resources, there are many variables that will affect both cost and revenue over the next five years, so the Council must continue to make every effort to reduce costs, avoid delays, and maximize potential revenues. *For this project every penny will indeed count.*

In September, 2009 the Council adopted a process for analyzing the problem and conceiving solutions. That process has been successfully executed and is now virtually complete. With the conclusion of the project planning strategy, it is now time to take the next step by adopting a plan to bring the project to a successful conclusion – implementing flood protection improvements and achieving FEMA accreditation of area levee systems.

The Plan described in this report can accomplish that goal, with cautious optimism that it can be achieved by 2015 and lift the cloud of uncertainty that has enveloped the area since 2007.

Recommendation: Adopt the Project Implementation Plan for the Southwestern Illinois Flood Prevention Initiative.



Memo to: Board of Directors
From: Les Sterman
Subject: Proposed FY 2012 Budget
Date: July 14, 2011

Attached is a proposed FPD Council budget for FY 2012. By law, the Council's budget must be adopted by August 31 of each year for the fiscal year beginning October 1. The budget must be submitted to the county boards for approval after which they have 30 days to act on it.

A number of assumptions were necessary to construct a budget for next year, particularly because the beginning of the fiscal year is still several months in the future. As the financing, planning and design of the project progresses, however, the uncertainties are narrowing and the future is becoming a little more predictable. The most significant assumptions were made about future rate of expenditures on design and construction. While our design consultant has proposed a schedule of future expenditures, there are a number of variables that will affect the pace of the project, such as the approval of necessary permits. In general, expenditures have been estimated more aggressively and revenues more conservatively to account for the risk of advance budgeting.

Key assumptions are:

1. Costs of issuance on the initial bond issue are amortized over the 25 year life of the bonds as required by accounting practice.
2. Construction will start in the second quarter of FY2012 and continue through FY2015.
3. The level of Council staffing does not change in FY2012, and general and administrative costs increase by less than 3% and remain a very small portion of the project expenditures (less than 1%). Staff resources are supplemented however, by the continued use of a project management oversight consultant as well as a contractual arrangement with the Corps of Engineers for a dedicated liaison for the project.
4. In accordance with the bond indenture, all sales tax receipts come to the Trustee and any surpluses after payment of debt service and Council administrative costs will be transferred back to the county FPD funds for use in future project financing. These transfers are shown as expenditures in the budget.
5. The counties were fully reimbursed in FY2011 for their advance funding of the project.

There are some other, less significant assumptions that I will be able to explain at the meeting. I anticipate that the Board will simply discuss the budget at the July meeting and adopt it at the August meeting so that I will have an opportunity to accommodate your suggestions and amendments.

Southwestern Illinois Flood Protection District Council

Proposed Budget

October 1, 2011 - September 30, 2012

	Audited Expenditures October 1, 2009 thru September 30, 2010	Projected Expenditures October 1, 2010 thru September 30, 2011	Proposed Budget October 1, 2011 thru September 30, 2012
<u>Budget Summary</u>			
Resources:			
Flood Prevention Tax	\$7,809,955	\$8,241,174	\$11,000,000
Bond proceeds	0	94,195,000	\$0
Interest Income	2,162	357,000	\$878,365
Other Contributions	75,921	0	\$0
Total Resources	<u>\$7,888,038</u>	<u>\$102,793,174</u>	<u>\$11,878,365</u>
Expenditures:			
Design and Construction	\$6,206,512	\$10,137,564	\$27,100,000
Professional Services	1,482,626	390,362	400,529
Reimbursement of Advance Funding	0	3,501,778	\$0
Debt Service	0	7,670,553	\$7,107,440
General and Administrative Costs	198,900	251,545	258,235
Transfer of Surplus Bond Fund Moneys to County FPD funds		3,644,245	\$4,197,060
Total Expenditures	<u>\$7,888,038</u>	<u>\$25,596,048</u>	<u>\$39,063,264</u>
Net change	\$0	\$77,197,126	-\$27,184,899
Funds available from prior period	<u>\$0</u>	<u>\$0</u>	<u>\$77,197,126</u>
Net funds available end of period	<u><u>\$0</u></u>	<u><u>\$77,197,126</u></u>	<u><u>\$50,012,227</u></u>

Southwestern Illinois Flood Protection District Council

Proposed Budget

October 1, 2011 - September 30, 2012

	Audited Expenditures October 1, 2009 thru September 30, 2010	Projected Expenditures October 1, 2010 thru September 30, 2011	Proposed Budget October 1, 2011 thru September 30, 2012
<u>Resources</u>			
<i>Flood Prevention Occupation Tax Proceeds:</i>			
St. Clair	\$3,837,030	3,964,005	5,291,000
Madison	3,617,572	3,898,075	5,203,000
Monroe	355,353	379,094	506,000
Subtotal Tax Proceeds	\$7,809,955	\$8,241,174	\$11,000,000
<i>Bond Proceeds ⁽¹⁾</i>		\$94,195,000	\$0
<i>Interest Income</i>	1,952	357,000	878,365
<i>Other Contributions:</i>			
St. Clair	37,980	0	0
Madison	34,944	0	0
Monroe	3,039	0	0
Subtotal Other Contributions	\$75,963	\$0	
Total Resources	\$7,887,870	\$102,793,174	\$11,878,365
<u>Expenditures</u>			
Design and Construction			
<i>Flood Prevention District Council Design and Construction Costs</i>			
<i>Engineering Design & Construction</i>			
Management	\$825,397	\$5,000,000	6,000,000
Construction		4,000,000	20,000,000
<i>Construction and design by US ACE - Federal Cost-Share</i>			
Wood River	6,066,846	591,231	
MESD ⁽²⁾	0	0	1,100,000
Prairie DuPont/Fish Lake ⁽³⁾	139,667	546,333	
	7,031,910	10,137,564	27,100,000
Professional Services			
Legal & Legislative Consulting	250,650	126,000	126,000
Construction oversight		140,833	160,000
Impact Analysis/Research ⁽⁴⁾	13,996		1,000
Financial Advisor	177,900	30,000	\$20,000
Bond underwriter/conduit issuer		93,529	\$93,529
	442,546	390,362	400,529

Southwestern Illinois Flood Protection District Council

Proposed Budget

October 1, 2011 - September 30, 2012

	Audited Expenditures October 1, 2009 thru September 30, 2010	Projected Expenditures October 1, 2010 thru September 30, 2011	Proposed Budget October 1, 2011 thru September 30, 2012
Reimbursement of Advance Funding			
St. Clair	0	1,241,796	0
Madison	0	1,999,276	0
Monroe	0	260,706	0
	0	3,501,778	
Debt Service			
Supplemental Bond Reserve Fund ⁽⁵⁾		6,194,424	0
Principal and Interest		1,835,129	7,107,440
Federal Interest Subsidy		-359,000	-910,140
	0	7,670,553	6,197,300
Subtotal	\$7,474,456	\$21,700,257	\$33,697,829
General and Administrative Costs			
Salaries, benefits	\$175,491	\$183,885	\$189,365
Advertising	0	2,500	2,500
Bank service charges	357	420	420
Conference registration	0	700	700
Equipment and software	1,077	6,000	2,300
Fiscal agency services (EWG)	8,160	18,500	20,000
Furniture	0	1,000	300
Meeting expenses	242	1,000	1,000
Miscellaneous startup expenses	600	0	0
Office rental		0	0
Postage/delivery	307	500	600
Printing/photocopies	220	1,350	2,500
Professional services	4,725	18,000	18,000
Publications/subscriptions	139	200	200
Supplies	1,023	1,350	1,350
Telecommunications/internet	3,386	3,190	3,500
Travel	8,113	8,200	12,500
Other business expenses	400	1,750	0
Insurance	0	3,000	3,000
Subtotal	\$204,240	\$251,545	\$258,235
Total Expenditures	\$7,678,696	\$25,453,581	\$33,956,064

Notes

- (1) Net proceeds from 2010 bond issuance
- (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



Memo to: Board of Directors
From: Les Sterman
Subject: Evaluation of Fiscal Agent Proposals
Date: July 15, 2011

As I indicated several months ago, the Council's arrangement with East-West Gateway to serve as our fiscal agent will no longer work well as we move into later design and construction phases of the project. The workload has already increased to the point where EWG staff has difficulty accommodating our needs within their normal work schedules. The arrangement has been very cost-effective for the Council up to now, but our need for additional assistance means that we must seek a new fiscal agent.

On May 25, 2011 I sent out a request for proposal to private accounting firms and posted the RFP on our website. As is our custom, we focused on firms that have a strong local presence. Proposals were submitted by five firms on Friday, June 17.

LarsonAllen, LLP –
J.W. Boyle & Co.
Diel & Ferguson Financial Group, L.L.C.
CBIZ MHM, L.L.C. – St. Louis
Scheffel & Company, PC

The services to be provided by the fiscal agent will include the following:

- Maintain general ledger, fixed assets ledger, accounts receivable, general journal, and accounts payable.
- Review invoices for services provided to the Council prior to payment to determine compliance with the Council's contracts, agreements and policies.
- Prepare invoices and funding requests to bond Trustee, county treasurers, or other agencies or entities, as authorized by the Council, to pay expenses.
- Receive payments from the bond Trustee, counties or other agencies or entities on Council's behalf and prepare payments of invoices for execution by Council staff or Board members.

- Prepare regular statements of financial activity, including monthly statements showing accrued expenditures, budget comparisons, and disbursements, for Council Board meetings.
- Provide the Council and auditors with information and financial statements required for annual audits.
- Receive and deposit funds in the Council's bank account.
- Assist in developing annual Council budget.
- Provide assistance in developing financial management provisions of Council contracts with consultants and contractors.

We required that the following information be provided in the proposal:

1. Description of the experience of the firm relevant to the scope of services.
2. A list of similar accounts served by the firm and by the proposed personnel.
3. Specific staff assignments and availability to perform the required services on a timely basis.
 - Participation of qualified personnel assigned to the engagement.
 - Availability of personnel to be assigned to the Council's work.
4. Assurances regarding the continuous assignment of permanent personnel to the engagement.
5. Description of proposed procedures to be used to address the scope of work including control procedures to adequately safeguard the Council's assets and prevent fraudulent activity.
6. A fee proposal to perform the scope of work for a two year period, along with a fee schedule for additional services that may be required beyond the scope and a description of the circumstances that would require any increases in fee.
7. Estimated number of hours required on a monthly basis to accomplish the scope of work by classification of employee, e.g. partners, senior, junior.
8. Detail of expenses expected to be incurred as additional costs, i.e. report printing, etc.

The evaluation factors shown in the RFP are primarily related to quality of the proposal and qualifications, i.e. responsiveness of the proposal – clear understanding of the work to be performed; technical experience and qualifications of the assigned staff; qualifications of the firm, including experience in doing similar work, references, and other financial services offered by the firm. The proposed fee is also a factor in the evaluation.

In general, the proposals recognized that the Council will require both ongoing routine services and annual services such as assistance in the preparation of the budget or preparation for the annual audit. One proposer also suggested that there would be startup costs as well. Proposed costs to provide the services requested in the Council's RFP ranged from \$16,200 to \$70,760 annually. This wide range of cost estimates results from differing views of the amount of time that would be required to provide necessary services. Based on our current experience, I would estimate that we would require 20-25 hours a month, which would be a blend of staffing types. This estimate could increase over the next couple of years as the Council begins to engage construction contractors and the number and complexity of invoices to review will grow.

The following briefly summarizes the proposals:

Scheffel and Company has a range of experience in accounting and audit work for various sizes of local government entities in the area. The firm did the Council's first audits for 2009 and 2010. Their proposal was responsive to the request and would meet the needs of the Council. Scheffel's proposed fee is \$42,010 a year broken down into regular monthly services of \$35,760 and annual services of \$6,250. The firm estimates that a staff time commitment of about 24 hours a month and an additional 48 hours annually would be needed to accomplish the scope of work. Representative local clients include: Madison County Flood Prevention District (audit), St. Clair County Transit District, Madison County (audit), City of Alton (audit).

JW Boyle and Company is a local accounting firm that provides services to area governments and other clients. Their proposal was responsive to the request. The firm did not provide an overall cost estimate, but did provide an estimate of hours and hourly rates from which a cost estimate could be constructed. Boyle estimated that the work would require an average of 2 hours per month and a total annual estimate of about \$16,800 per year. Representative local clients include: Village of Alorton (outsourced accounting), Monroe County Flood Prevention District (audit), St. Clair County Flood Prevention District (audit).

LarsonAllen is a large and capable regional accounting firm with offices in southwestern Illinois. They have a number of representative local clients for whom they do similar work as we are requesting. Their proposed annual fee is \$21,600, which includes 20-25 hours of staff and principal time a month. The firm did not separately show additional hours for annual tasks but has indicated that those tasks would be accomplished within their proposed monthly fee. Representative local clients include: Great Rivers Greenway District (outsourced accounting and budgeting), Metro East Park & Recreation District (outsourced accounting and budgeting), and Southwestern Illinois College (audit and financial statements).

CBIZ is a large national accounting and financial management firm with clients across the nation. They are best known for outsourced accounting work such as that sought by the Council. Their proposal is detailed and thorough. The proposed annual fee ranges between \$50,040 and \$70,760 in the first year and \$45,340 and \$64,780 in the second year. Representative clients include the Comprehensive Behavioral Health Center of St. Clair County (outsourced accounting and financial management), the Bi-State Development Agency (audit and annual financial statements), and the Calleguas Municipal Water District (outsourced accounting and other financial services).

Diel & Forguson Financial Group is a local firm based in O'Fallon that provides accounting and other financial consulting services. Their proposal was responsive to the request. Diel & Forguson estimates their annual fee at \$16,200 for the first year and \$16,800 for the second year. The estimate includes 15-20 hours per month of staff accountant and principal time. Representative clients include: Leadership Council Southwestern Illinois (outsourced accounting and audit), Village of Marissa (audit), and the Village of Caseyville (treasurer).

In general, the five firms that proposed on the work are qualified, although the larger regional and national firms have more directly related experience in outsourced accounting services. The proposals reflected a wide range of costs, but three seem most cost-effective: JW Boyle, Diel & Forguson, and LarsonAllen. Among the three, LarsonAllen has the most directly related experience, having provided outsourced accounting to a large number of clients. Because the selected firm will have an important and ongoing working relationship with the Council, I think it's important that we have an opportunity to meet the assigned staff and principals and discuss the assignment. I am therefore recommending that we schedule an interview with JW Boyle, Diel & Forguson and LarsonAllen, prior to making a recommendation to the Board at the August meeting.