



## AGENDA

SOUTHWESTERN ILLINOIS FLOOD PREVENTION DISTRICT COUNCIL  
ANNUAL MEETING  
BOARD OF DIRECTORS MEETING  
**August 15, 2012 7:30 a.m.**

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

1. Call to Order  
*John Conrad, President*
2. Approval of Minutes of July 18, 2012
3. Public Comment on Pending Agenda Items
4. Program Status Report  
*Les Sterman, Chief Supervisor*
5. Budget Update and Approval of Disbursements  
*Les Sterman, Chief Supervisor*
6. Design and Construction Update  
*Jay Martin, AMEC Environment & Infrastructure*
7. FY2013 Council Budget
8. 2012 Annual Report of the FPD Council
9. Update on Minority Business/Workforce Utilization Plan  
*Sandra Marks, Marks and Associates*
10. Public Comment
11. Other Business  
  
Executive Session
12. Adjournment

**Next Meeting: September 19, 2012**

*A regional partnership to rebuild Mississippi River flood protection*

## MINUTES

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

July 18, 2012

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 July 18, 2012.

#### Members in Attendance

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

#### Members Absent

Tom Long, Madison County Flood Prevention District

#### Others in Attendance

Alan Dunstan, Madison County Board Chair  
Mark Kern, St. Clair County Board Chair  
Mike Kovarik, Monroe County Board Member  
Les Sterman, SW Illinois FPD Council  
Kathy Andria, American Bottoms Conservancy  
David Baxmeyer, Baxmeyer Construction  
Doug Champion, Champion Group  
Rich Connor, Leadership Council SW Illinois  
Darryl Elbe, Hoelscher Assoc.  
Scott Harding, SCI Engineering  
Pam Hobbs, Geotechnology  
Gary Hoelscher, Hoelscher Engineering  
Charles Juneau, Juneau Assoc.  
Tracy Kelsey, U.S. Army Corps of Engineers  
Ellen Krohne, Leadership Council SW Illinois  
Linda Lehr, Monroe County  
Matt MacAnarney, Office of U.S. Sen. Durbin  
Sandra Marks, Marks and Associates  
Jay Martin, AMEC Environment & Infrastructure  
Jack Norman, Groundwater Advisory Council  
Jon Omvig, AMEC  
Randy Pollard, office of U.S. Sen. Kirk  
Scott Schanuel, Leadership Council SW Illinois

Bob Shipley, MESD  
Mike Sullivan, Prairie DuPont Levee District  
Gary Toribio, URS  
Amanus Williams, Marks and Associates

**Call to order**

President John Conrad called the meeting to order.

**Approval of minutes of June 20, 2012**

A motion was made by Jim Pennekamp, seconded by Ron Polka, to approve the minutes of the June 20, 2012 meeting. Mr. Maher called the roll and the following votes were made on the motion:

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

The motion was approved.

**Program Status Report**

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

In late June, we submitted a revised project schedule to the Corps of Engineers. The revision was made necessary because of the long Corps review process, particularly related to the use of “graded filters” as a prominent design feature of our proposed levee system improvements. Until that issue was resolved, it was not possible to complete the 100% design of the project. Project construction, which was slated to be substantially complete in 2014, is now pushed back into the second quarter of 2015, primarily because of the delays that were absorbed into the schedule from Corps reviews since the 60% design submittal on December 6, 2011. While the completion of construction has been pushed back several months, I believe that we can achieve our goal of certification by 2015.

The revised schedule will have an impact on the cost of the project and our financing plan, but we do not yet have the information to determine the extent of those impacts. More significantly, the more conservative assumptions, design methods and construction details that are being advocated by the Corps will increase the cost of the project. We will not know the extent of cost increases due to schedule and design changes for several weeks, pending more progress on the

design. Once that information is available, I plan to review our financial plan, including an update to the financing model, to determine if the project remains affordable.

We will have a very limited ability to absorb any further delays in the schedule or cost increases without compromising our 2015 goal for certification.

The most complex remaining design features are cutoff walls. We have not reached a common understanding with the Corps of the review process to support our proposal to use a design-build approach to construction. AMEC is meeting with Corps staff on this subject and we should have some direction on this subject this month.. We do, however, plan on submitting plans for this design package by the end of this year.

Work began this month on the Council's first construction contract, a small contract with Noeth Excavating Systems for restoration of culverts and trench drains in the MESD area. I anticipate that the next contracts for construction will be for construction/improvement of pump stations in the Pdp/Fish Lake levee districts late this year.

AMEC is continuing to work on the 100% design, which can largely proceed now that the design of "graded filters" has been substantially resolved.

Discussions with the Illinois Environmental Protection Agency continue on the contents and approach of the Sec. 401 water quality permit. Last week we submitted additional materials to IEPA that outline our legal and technical justification to proceed with the Sec. 401 permit process. Because the levee improvement project will not exacerbate the existing natural flow of pollutants between American Bottom groundwater and the Mississippi River or add pollutants that are not currently discharging, we again requested an unconditional Sec. 401 Unless a resolution of this issue happens soon, there is an increasing likelihood that it will affect the project schedule.

We are currently awaiting a decision on inclusion of the project on the project on the Federal Infrastructure Projects Dashboard as requested by our congressional delegation. The Dashboard is the result of the Executive Order by the President for Improving Performance of Federal Permitting and Review of Infrastructure Projects. The Executive Order created an inter-agency initiative, spearheaded by the Office of Management and Budget, to institutionalize best practices to reduce the amount of time required to make permitting and review decisions and improve environmental and community outcomes. I believe that inclusion of the project on the Dashboard will be of benefit to our project.

One of the matters to be resolved before major construction on the project begins is the Council policy on the involvement on minority firms. While there are no federal funds being used by the Council, we are not subject to a range of federal agency requirements, but we have a commitment to engaging to engaging local firms and workers on the project and I am making every effort to meet that pledge. At the brainstorming session on June 7 involving representatives from labor, minority contractors, design consultants, and others, it was generally

agreed that the Council would need to augment its capabilities and resources if we are to be effective in maximizing minority participation in the project. After considering a variety of alternatives I have asked Sandra Marks of Marks & Associates to prepare a Minority Business/Workforce Utilization Plan for the project. Ms. Marks is highly qualified in this area; a description of her relevant education/experience is attached. The cost of preparing the plan will not exceed \$9,000 and be completed in 60 days. It should be noted that there are no federal funds being used on the project, so our policy is determined solely by the Board of Directors.

My biggest current concern remains the status of our project budget. If the Corps pushes us into designs that we can't afford, we will have a problem. Until we have more information from our project designers, however, and the resolution of remaining design and construction issues, we will not have clarity on our budget. I remain cautiously optimistic, but I will be seeking more certainty over the next month or two, before major construction begins.

A motion was made by Mr. Motil, seconded by Mr. Bergkoetter, to accept the Chief Supervisor's program status report for April 2012. At Mr. Conrad's request, Mr. Maher called the roll and the following votes were made on the motion:

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

The motion was approved.

### **Budget Update and Approval of Disbursements**

Mr. Sterman noted that the Board has the budget report for June 2012 prepared by our fiscal agent, LarsonAllen and distributed as part of the Board packet.

Attached is the budget report for June 2012 prepared by our fiscal agent, LarsonAllen. The report includes an accounting of revenues and expenditures for the month ending June 30, 2012, as compared to our fiscal year budget for the year ending on September 30, 2012.

Accrued expenditures for the current fiscal year are \$13,966,271 while revenues amounted to \$9,331,723. Revenues include the interest rate subsidy of \$455,070 that was received from the IRS in April that has been remitted to the bond trustee as required by our indenture. Expenditures included a surplus held by the bond Trustee of \$3,738,682 through the end of May that was returned to the counties as required by the bond indenture.

Sales tax receipts for April 2012 were up by about 1.29% year over year and are up about 2.52% for the first four months of the year, trends that are consistent with our finance plan projections.

#### Disbursements

Attached are lists of bank transactions for June 2012. Total disbursements for the month were \$125,808.59. The largest payments were to AMEC for design and pre-construction services and to East-West Gateway for staff costs.

Design costs are paid from funds held in the Construction Account by the bond Trustee. Legal and administrative costs are paid from the Administration Account held by the Trustee.

A motion was made by Mr. Pennekamp, seconded by Mr. Brinkman, to accept the budget report and approve the disbursements for April 2012. At Mr. Conrad's request, Mr. Maher called the roll and the following votes were made on the motion:

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

The motion was approved unanimously.

Mr. Parks arrived at this time.

#### **Revision of Project Schedule**

Mr. Conrad called on Jay Martin, AMEC's project manager, to provide a report.

Mr. Martin used a PowerPoint® presentation to illustrate his remarks (copy attached). His presentation focused on the details of the project schedule, especially over the next three months that are critical to the project. He showed several views of the schedule. Over the next month or so AMEC will make a number of interim design submissions that reflect design of graded filters. We are working to get as much material to the Corps as quickly as possible.

Mr. Martin noted that construction will finish in the second quarter of 2015, but we still plan to submit the certification package to FEMA in 2015. There is very little capacity to absorb further schedule delays without compromising our completion date or budget.

Mr. Maher asked about whether the Corps was prepared to turn the reviews around as quickly as the schedule provides for. Mr. Martin said that the Corps was committed to meeting the schedule.

Mr. Martin said that we recently had a meeting with the Corps regarding the cutoff walls and the ability to accommodate a design-build approach to construction.

Mr. Pennekamp noted that he has a concern about our ability to work with the Corps in getting timely approvals of the design. He asked if there is any reason to be optimistic in the future. Mr. Martin said that we have a good plan for working with the Corps, but we will need to work that plan.

Mr. Sterman said that the Corps has agreed to the schedule, but there are always “outs” for the Corps, especially where there are disagreements as part of the review.

Mr. Conrad asked for a motion to accept Mr. Martin’s progress report. A motion was made by Mr. Bergkoetter with a second by Mr. Parks to accept the AMEC progress report. Mr. Maher called the roll and the following votes were made on the motion:

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

The motion was approved.

### **Draft Fiscal Year 2013 Council Budget**

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. While the financing, planning and design of the project have progressed in the last year, we did not make as much progress as expected and some uncertainties remain. In particular, the extended reviews by the Corps of Engineers have led to a schedule delay and are contributing to cost increases beyond our existing project budget. However, it appears that the logjam regarding acceptance by the Corps of key features of our project design has been broken and the project should be able to move along a more predictable schedule from this point.

Significant assumptions are made in this budget 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. Making similar assumptions last year led to overbudgeting design and construction expenditures. Administrative expenditures, which are a relatively small portion of our costs, came in very close to budget.

This document is a draft and doesn't require any action by the Board.

### **Policy on Public Comment During Board Meetings**

Mr. Sterman noted that at the meeting last month, you asked to have a policy put together regarding public comments at Board meetings. A draft was provided in the memo included in the Board packet.

The Council has allowed public comment at all of its Board meetings. Often, the Chair has invited public comments or has recognized someone who asked to be heard. Sometimes public comments have been allowed in response to a specific agenda item as part of the discussion of that item; other times public comments have been made at the conclusion of the agenda under the *other business* agenda item. While the discussion during meetings has been generally manageable and orderly, there is potential for abuse. It is good practice, therefore, to have a policy that both explicitly allows and manages the participation by the public in Board meetings.

The proposal essentially provides two opportunities for comment. Comment on listed agenda items will be heard during a comment period at the beginning of each meeting. Other comments will be entertained at the end of the meeting.

Mr. Pennekamp noted that the proposal does not provide for a time limit and he believes that we should include such a limit. Mr. Motil described his reasons for asking for this policy, particularly because our business has been interrupted by questions from the public. He said that he liked the idea of two opportunities for public comment, although some groups have been getting away from the requirement for submitting a written request to speak.

Kathy Andria said that she was concerned about the need to submit a written request to make comments, since matters may come up during the course of the meeting that might not be anticipated.

Mr. Pennekamp made a motion to adopt the following public comment policy including the addition of a five minute time limit on comments by a member of the public. Mr. Motil seconded the motion.



**Southwestern Illinois Flood Prevention District Council**  
**PUBLIC COMMENT POLICY**

**I. PURPOSE**

*The purpose of this policy is to encourage public comment on Council business in a fair, consistent, and informative manner.*

*The Council recognizes the importance of remaining open to public comment on issues of concern to the Council and the public. Comments from the public are often useful as the Council deliberates upon specific matters and general issues which come before it in the course of business. On the other hand, in certain circumstances, uncontrolled or ill-timed public comment has the potential to interfere with the conduct of the public's business and can give rise to an unfair or unequal exchange of information. As a result, it is helpful to establish a consistent method for receiving public comment that provides for adequate access by the public and does not give rise to unfair or inappropriate instances of public comment.*

**II. PUBLIC COMMENT**

*At each formal meeting there will be two (2) opportunities for public comment, as follows:*

*A. Comment on Agenda Action Items: All members of the public attending Council Board meetings shall have the right to comment on matters to be acted on at the meeting. At the discretion of the Chair, comments may not be allowed on any item not listed for action at the meeting in question. Comment on agenda items will be heard during a comment period at the beginning of each meeting.*

*B. Request to be placed on Agenda: Any citizen shall have the right to request an opportunity to be heard at a formal meeting of the Council. To present an item to the Council at a formal meeting the person desiring to be heard shall submit a request form (to be made available at the meeting) to the Chief Supervisor of Construction and the Works prior to the start of the meeting. The request must include the name, address, phone number and e-mail address, if available, of the person who desires to appear before the Council. The request shall briefly describe the nature of the issue which is the topic of the presentation. The Board must vote to add the requested matter to the meeting agenda. The Council reserves the right to postpone any such request to a later meeting. The Council also reserves the right to disallow any request if the issue involves privacy rights of an employee or elected official or the request pertains to information which is otherwise protected by Illinois law.*

*The Board Chair will recognize members of the public to speak and public comments cannot be offered unless and until they are permitted by the Chair. There is a five minute time limit imposed on comments by any one individual but the Chair may impose additional limits for a particular agenda item, or for an individual, for the purpose of maintaining the orderly and efficient conduct of business.*

**III. DECORUM**

*All persons who wish to comment publicly should at all times be courteous and use proper decorum. Any person who violates this policy may be removed from the meeting and/or barred from all future public comments.*

Mr. Maher called the roll and the following votes were made on the motion.

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

The motion was approved.

### **Other Business**

#### **Executive Session to Discuss the Appointment, Employment, Compensation, and Performance of an Employee**

Mr. Conrad asked for a motion to enter executive session. Mr. Motil made motion to enter into executive session to discuss the appointment, employment , compensation and performance of an employee. Mr. Parks seconded the motion. The time was 8:16 am.

Mr. Maher called the roll and the following votes were made on the motion:

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

The motion was approved unanimously and the open session was adjourned to conduct the executive session. Mr. Conrad asked Mr. Kern and Mr. Dunstan to join the executive session.

#### **Reconvene Open Session**

The open session of the Board was reconvened and called to order by Mr. Conrad at 8:28 am. A motion was made by Mr. Pennekamp, with a second by Mr. Parks to extend the employment agreement for Les Serman as Chief Supervisor of Construction and the Works for one year with no change to current compensation, terms and conditions, with options to renew the agreement for one year terms by mutual agreement.

Mr. Maher called the roll and the following votes were made on the motion:

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

The motion was approved.

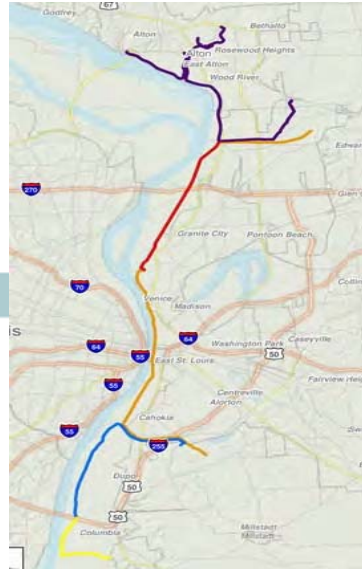
**Adjournment**

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

Respectfully submitted,

Dan Maher,  
Secretary/Treasurer, Board of Directors

**Progress Report  
July 18, 2012  
SW IL Levee System  
By Jay Martin**



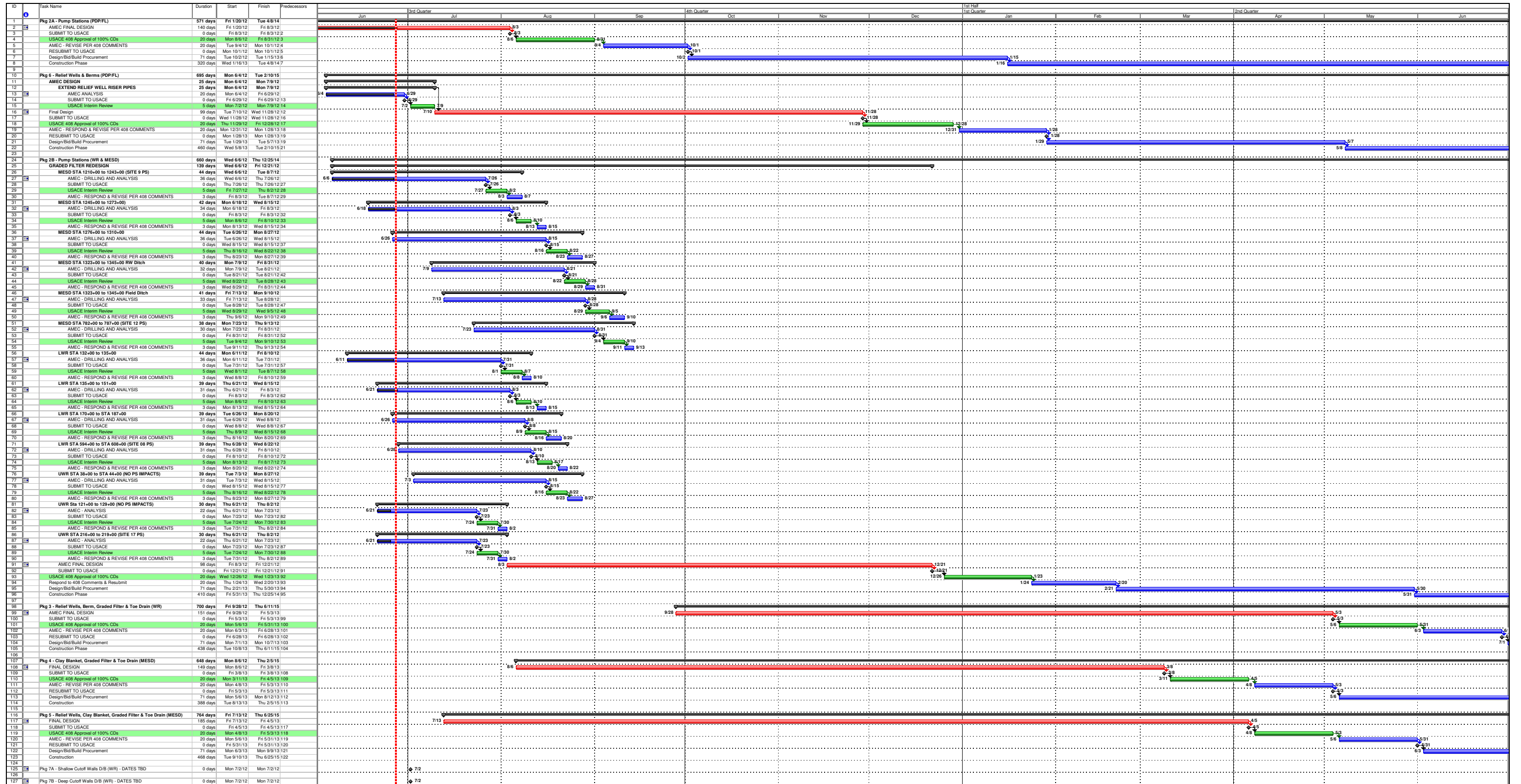
**Schedule Update – Overall and Interim**

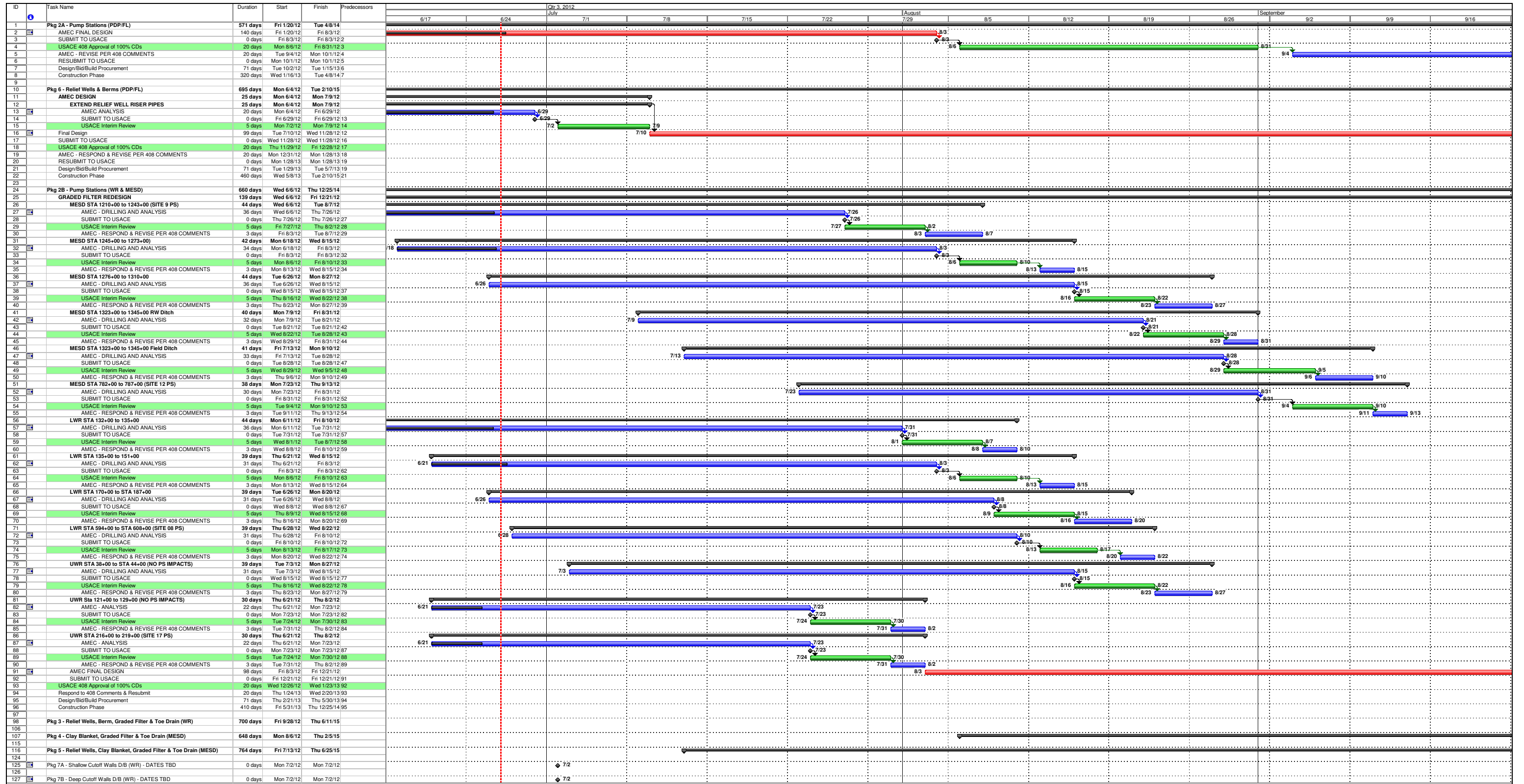
- Three “views” of the revised schedule...
  - “Complete version” which shows the entire project through construction
  - An “All Reviews” schedule...6/22/2012 through 6/22/2013 shows all of the required Corps reviews
  - A “3 month” version from 6/22/2012 through 9/22/2012 that shows how the interim submittals will be delivered and the overlapping of reviews.
  
- A table of submittal dates and review times.

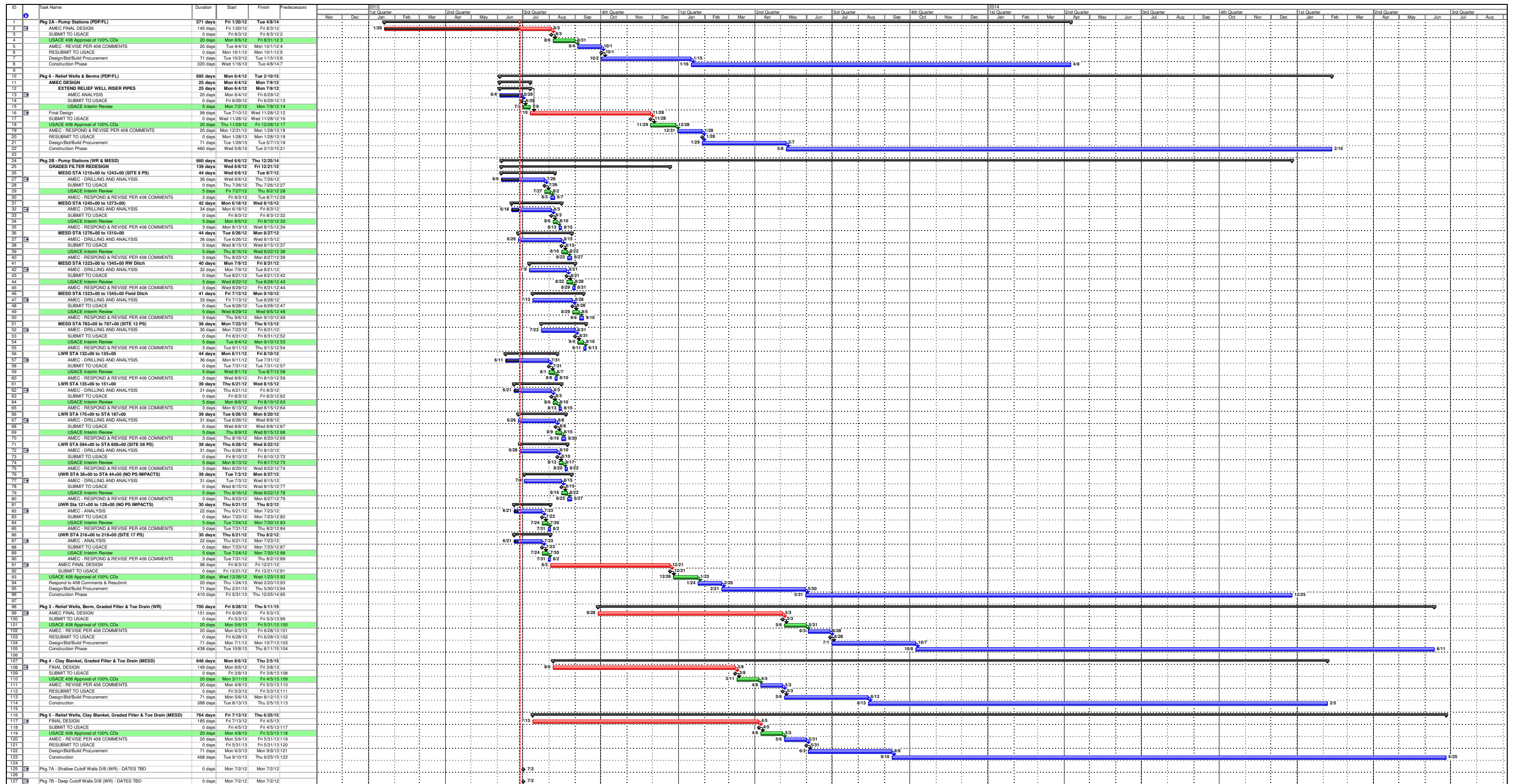
- Construction completion has slid to the second quarter of 2015.
- Although construction completion has been pushed back several months, we still plan to submit the certification package in 2015.
- The revised schedule is tight...we have very limited ability to absorb any further delays without compromising our 2015 goal.
- The revised schedule will have an impact on the cost of the project and the Council's financing plan.
- A revised schedule has not been provided for the cutoff wall construction packages, but will be updated soon based on recent discussion with the USACE.

# QUESTIONS?











<b><i>Graded Filter Reviews</i></b>	<b>Duration</b>	<b>Submittal</b>	<b>Review</b>	
	<b>(Calendar Days)</b>	<b>Date (COB)</b>	<b>Start Date</b>	<b>End Date</b>
UWR Sta 121+00 to 129+00 (NO PS IMPACTS) - USACE Interim Review	5 days	7/23/2012	7/24/2012	7/30/2012
UWR STA 216+00 to 219+00 (SITE 17 PS) - USACE Interim Review	5 days	7/23/2012	7/24/2012	7/30/2012
MESD STA 1210+00 to 1243+00 (SITE 9 PS) - USACE Interim Review	5 days	7/26/2012	7/27/2012	8/2/2012
LWR STA 132+00 to 135+00 - USACE Interim Review	5 days	7/31/2012	8/1/2012	8/7/2012
MESD STA 1245+00 to 1273+00) - USACE Interim Review	5 days	8/3/2012	8/6/2012	8/10/2012
LWR STA 135+00 to 151+00 - USACE Interim Review	5 days	8/3/2012	8/6/2012	8/10/2012
LWR STA 170+00 to STA 187+00 - USACE Interim Review	5 days	8/8/2012	8/9/2012	8/15/2012
LWR STA 594+00 to STA 608+00 (SITE 08 PS) - USACE Interim Review	5 days	8/10/2012	8/13/2012	8/17/2012
MESD STA 1276+00 to 1310+00 - USACE Interim Review	5 days	8/15/2012	8/16/2012	8/22/2012
UWR STA 38+00 to STA 44+00 (NO PS IMPACTS) - USACE Interim Review	5 days	8/15/2012	8/16/2012	8/22/2012
MESD STA 1323+00 to 1345+00 RW Ditch - USACE Interim Review	5 days	8/21/2012	8/22/2012	8/28/2012
MESD STA 1323+00 to 1345+00 Field Ditch - USACE Interim Review	5 days	8/28/2012	8/29/2012	9/5/2012
MESD STA 782+00 to 787+00 (SITE 12 PS) - USACE Interim Review	5 days	8/31/2012	9/4/2012	9/10/2012



Memo to: Board of Directors  
From: Les Sterman  
Subject: Program Status Report for August, 2012  
Date: August 13, 2012

Addressing design issues continued to dominate the work effort in July and August. What was thought to be a breakthrough in June in achieving acceptance by the Corps of Engineers of trench drains or “graded filters” as a cost-effective underseepage control has turned out to be an illusion. While accepting the concept, the Corps has conditioned their approval on incorporating the use of number of very conservative design assumptions. Doing so either dramatically increases the costs of these features or makes their construction impractical. The most onerous conditions relate to assumptions about the amount of underseepage to be accommodated in the design.

In brief, we have done over 2,200 borings and related tests to determine the permeability and other properties of the ground under the levees. That information was used to make an estimate of the maximum amount of underseepage that could be reasonably expected during a 100-year flood event. The design was based on that calculation. Instead, the Corps has asked that we consider the 500-year event in the design (about a seven foot increase in river elevation), as well as make assumptions about the variability of soil properties to allow for a far greater flow, as much as 10 times greater, and to assume that the system be 80% efficient or less in reducing pressures and conveying underseepage. Taken together, these assumptions require that our design accommodate about 8 to 10 times the maximum estimated flow and be further modified to reflect a significant loss of efficiency. What this means is that the trenches must be dramatically deepened and widened, and pipes and other conveyance systems be significantly enlarged. These changes add huge costs, making the project effectively unaffordable. In some cases, trenches become so deep that proper placement of filter material and drainage pipes becomes highly problematic, making construction impractical.

While we believe it is possible to cost-effectively design for about 2.5 times the maximum flow, it seems likely that half or more of the graded filters included in the 60% design may no longer be cost-effective or feasible to construct if we go much beyond that benchmark.

We believe that the conditions imposed by the Corps represent a faulty and damaging logic. All concerned agree that our design will indeed provide the 100-year level of protection that is the goal of the project. While the Corps is not unreasonable in asking us to consider a 500-year event, because we need to confirm that the levee system will not be “injured” at its authorized

level of protection, they are making the underlying assumption that the system will indeed provide that level of protection now, an assumption vigorously and repeatedly pronounced as inaccurate.

For nearly 20 years, the Corps has represented that the design deficiency of the area's levee system threatens its performance during a 500-year event. In fact, their representation to FEMA that the system would not perform during a 100-year event was the trigger for the current project. Currently, the Corps has no funding or schedule for restoring the levee system to its authorized level of protection, yet they are measuring our design against that of a fully restored system. In essence, the Corps' position is that rather than significantly increase the level of protection based on our design, it is preferable to leave the levee system in its currently compromised state, accepting the related safety and economic threats that accompany that decision. We cannot accept that judgment.

As the result of the apparent impasse with the Corps, we are now considering other design, financial and legal options. I have asked AMEC to revisit the design to determine if there is an affordable alternative in the areas where grader filters may not meet the Corps' requirements. I am also asking our financial consultant to produce an updated financial model that reflects the current financial conditions and project schedule.

Unless the impasse with the Corps is resolved soon, the project schedule submitted last month may no longer be achievable nor will the current budget be adequate. While some activities continue to move ahead, particularly in the Prairie DuPont/Fish Lake districts, we will soon reach a point where the schedule will be threatened. The Levee Issues Alliance has stopped the "countdown clock" on their website, which I believe to be an accurate reflection of the current situation.

*As I indicated last month we will have a very limited ability to absorb any further delays in the schedule or cost increases without compromising our 2015 goal for certification.*

The Corps has informed us that they have likely reached their authorized spending limit (about \$23.5 million) on the Wood River reconstruction project. That limit is set by Congress in the Water Resources Development Act. The Corps can exceed the authorized amount by a maximum of 20%, which they have already done. While the project is mostly complete, there are a number of essential elements that are unfinished. The Corps is seeking approval of additional funding, but there is no guarantee of that happening any time soon. I am working with the levee district to figure out how to address high priority items with local funds, but these are additional unanticipated costs to our project that were previously assumed to be on the Corps' side of the ledger.

Work is ongoing on the Council's first construction contract, a small contract with Noeth Excavating Systems for restoration of culverts and trench drains in the MESD area.

Discussions with the Illinois Environmental Protection Agency continue on the contents and approach of the Sec. 401 water quality permit. On July 10 we submitted additional materials to IEPA that outline our legal and technical justification to proceed with the Sec. 401 permit

process. Because the levee improvement project will not exacerbate the existing natural flow of pollutants between American Bottom groundwater and the Mississippi River or add pollutants that are not currently discharging, we again requested an unconditional Sec. 401 permit. IEPA responded with a request for significant additional data and analysis that we believe to be unnecessary and excessive. Sen. Haine is facilitating a meeting with IEPA in the near future to try to bring the issue to closure.

There has been no decision yet announced on inclusion of the project on the Federal Infrastructure Projects Dashboard as requested by our congressional delegation. The Dashboard is the result of the Executive Order by the President for *Improving Performance of Federal Permitting and Review of Infrastructure Projects*. The Executive Order created an inter-agency initiative, spearheaded by the Office of Management and Budget, to institutionalize best practices to reduce the amount of time required to make permitting and review decisions and improve environmental and community outcomes. Clearly, this process would be of benefit, since permitting and review processes have been the biggest obstacle to successfully meeting our goals.

Marks and Associates is currently developing our minority business/workforce utilization plan. She will make a report on progress at the August Board meeting. It should be noted that there are no federal funds being used on the project, so our policy is determined solely by the Board of Directors.

The concern about the project budget and schedule that I have expressed at the last few Board meetings has only intensified as a result of recent developments involving the design review by the Corps. Until the current design issues are resolved, it is simply not possible to produce an accurate revision to the project cost estimate and schedule. If we can resolve our differences with the Corps in the next month or two, we should be able to keep the project on track.





Memo to: Board of Directors  
From: Les Sterman  
Subject: Budget and Disbursement Report for July 2012  
Date: August 13, 2012

Budget Highlights

Attached is the budget report for July 2012 prepared by our fiscal agent, LarsonAllen. The report includes an accounting of revenues and expenditures for the month ending July 31, 2012, as compared to our fiscal year budget for the year ending on September 30, 2012.

Accrued expenditures for the current fiscal year are \$14,595,992 while revenues amounted to \$10,256,572. Expenditures included a surplus held by the bond Trustee of \$4,187,280 through the end of May that was returned to the counties as required by the bond indenture.

Because of delays in permitting and approvals by others, expenditures for design and construction are far below budget. Nearly all other costs remain within budgeted amounts.

Sales tax receipts for May 2012 were up by about 5.48% year over year and are up about 3.15% for the first four months of the year, trends that are consistent with our finance plan projections.

Disbursements

Attached are lists of bank transactions for June 2012. Total disbursements for the month were \$45,044.45. The largest payments were to Husch Blackwell for legal services involved in permitting and to Scheffel and Company for the annual audit.

Recommendation:

Accept the budget report and disbursements for July 2012.

**SOUTHWESTERN ILLINOIS FLOOD PREVENTION  
DISTRICT COUNCIL**

**GENERAL FUND  
STATEMENT OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL**

**TEN MONTHS ENDING JULY 2012 AND 2011**



CliftonLarsonAllen LLP  
www.cliftonlarsonallen.com

Board Members  
Southwestern Illinois Flood Prevention District Council  
Collinsville, Illinois

We have compiled the accompanying General Fund Statement of Revenues and Expenditures – Budget and Actual of Southwestern Illinois Flood Prevention District Council (the “Council”) for the ten months ended July 2012 and 2011. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the compilation in accordance with Statement on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide assurance that there are no material modifications that should be made to the financial statements. During our compilation we did become aware of departures from accounting principles generally accepted in the United States of America that are described in the following paragraph.

Management has omitted the management discussion and analysis. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

Management has not presented government-wide financial statements to display the financial position and changes in financial position of its governmental activity. Accounting principles generally accepted in the United States of America require the presentation of government-wide financial statements. The change in fund balance for the Council's governmental activity is not reasonably determinable.

Management has not presented a balance sheet for the general fund. Accounting principles generally accepted in the United States of America require the presentation of a balance sheet for each fund contained in the financial statements. The amounts that would be reported in a balance sheet of the general fund for the Council are not reasonably determinable.



Management has not presented a change in fund balance on the Statement of Revenues and Expenditures – Budget and Actual. Accounting principles generally accepted in the United States of America require the Statement of Revenues, Expenditures and Changes in Fund Balance include a presentation of changes in fund balance. The amounts that would be reported in government-wide financial statements for the Council's governmental activity is not reasonably determinable.

Management has also elected to omit substantially all of the disclosures required by generally accepted accounting principles. If the omitted disclosures were included with the financial statements, they might influence the user's conclusions about the Council's results of operations. Accordingly, these financial statements are not designed for those who are not informed about such matters.

The accompanying original and final budget amounts presented on the General Fund Statement of Revenues and Expenditures – Budget and Actual presented for the year ending September 30, 2012 and 2011, have not been compiled or examined by us, and, accordingly, we do not express an opinion or any other form of assurance on them.

We are not independent with respect to Southwestern Illinois Flood Prevention District Council.

  
CliftonLarsonAllen LLP

St. Louis, Missouri  
July 12, 2012

**SOUTHWESTERN ILLINOIS FLOOD PROTECTION DISTRICT COUNCIL  
GENERAL FUND  
STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL  
TEN MONTHS ENDED JULY 31, 2012 (Actual)  
FISCAL YEAR ENDING SEPTEMBER 30, 2012 (Budget)**

	BUDGET		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL		FINAL BUDGET
				POSITIVE (NEGATIVE)
<b>REVENUES</b>				
Sales Tax Proceeds From Districts	\$ 11,000,000	\$ 11,000,000	\$ 9,408,381	\$ 1,591,619
Interest Income	878,365	878,365	848,191	30,174
Other Contributions	-	-	-	-
Total Revenues	<u>11,878,365</u>	<u>11,878,365</u>	<u>10,256,572</u>	<u>1,621,793</u>
<b>EXPENDITURES</b>				
Current				
Design and Construction				
Engineering Design & Construction Management	6,000,000	6,000,000	2,787,395	3,212,605
Construction	20,000,000	20,000,000	811,872	19,188,128
Construction and design by US ACE	1,100,000	1,100,000	-	1,100,000
Federal Cost-Share	-	-	-	-
Total Design and Construction	<u>27,100,000</u>	<u>27,100,000</u>	<u>3,599,267</u>	<u>23,500,733</u>
Professional Services				
Legal & Legislative Consulting	126,000	126,000	120,744	5,256
Construction Oversight	160,000	160,000	40,147	119,853
Impact Analysis/Research	1,000	1,000	-	1,000
Financial Advisor	20,000	20,000	2,085	17,915
Bond Underwriter/Conduit Issuer	93,529	93,529	-	93,529
Total Design and Construction	<u>400,529</u>	<u>400,529</u>	<u>162,976</u>	<u>237,553</u>
Refund of Surplus Funds to County FPD Accounts				
Madison County	1,999,276	1,999,276	1,979,411	19,865
Monroe County	260,706	26,706	194,039	(167,333)
St. Clair County	1,241,796	1,241,796	2,013,830	(772,034)
Total Refund of Surplus Funds to County	<u>3,501,778</u>	<u>3,267,778</u>	<u>4,187,280</u>	<u>(919,502)</u>
Debt Service				
Principal and Interest	6,197,300	6,197,300	7,101,539	(904,239)
Federal Interest Subsidy	-	-	(455,070)	455,070
Total Debt Service	<u>13,200,856</u>	<u>12,732,856</u>	<u>6,646,469</u>	<u>(449,169)</u>
Total Operating Expenses	<u>44,203,163</u>	<u>43,501,163</u>	<u>14,595,992</u>	<u>22,369,615</u>
General and Administrative Costs				
Salaries, Benefits	189,365	189,365	156,251	33,114
Advertising	2,500	2,500	-	2,500
Bank Service Charges	420	420	513	(93)
Conference Registration	700	700	336	364
Equipment and Software	2,300	2,300	-	2,300
Fiscal Agency Services	20,000	20,000	31,271	(11,271)
Furniture	300	300	-	300
Meeting Expenses	1,000	1,000	186	814
Miscellaneous Startup Expenses	-	-	-	-
Office Rental	-	-	-	-
Postage/Delivery	600	600	225	375
Printing/Photocopies	2,500	2,500	351	2,149
Professional Services	18,000	18,000	14,900	3,100
Publications/Subscriptions	200	200	-	200
Supplies	1,350	1,350	1,095	255
Telecommunications/Internet	3,500	3,500	3,137	363
Travel	12,500	12,500	7,854	4,646
Other Business Expenses	-	-	-	-
Insurance	3,000	3,000	990	2,010
Total General & Administrative Costs	<u>258,235</u>	<u>258,235</u>	<u>217,109</u>	<u>41,126</u>
Total Expenditures	<u>44,461,398</u>	<u>43,759,398</u>	<u>14,813,101</u>	<u>22,410,741</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(32,583,033)	(31,881,033)	(4,556,529)	27,324,504
OTHER FINANCING SOURCES				
Proceeds From Borrowing	-	-	-	-
NET CHANGE IN FUND BALANCE	<u>\$ (32,583,033)</u>	<u>\$ (31,881,033)</u>	<u>\$ (4,556,529)</u>	<u>\$ 27,324,504</u>

**SOUTHWESTERN ILLINOIS FLOOD PROTECTION DISTRICT COUNCIL  
GENERAL FUND  
STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL  
TEN MONTHS ENDED JULY 31, 2011 (Actual)  
FISCAL YEAR ENDING SEPTEMBER 30, 2011 (Budget)**

	BUDGET		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL		FINAL BUDGET
				POSITIVE (NEGATIVE)
<b>REVENUES</b>				
Sales Tax Proceeds From Districts	\$ 10,510,886	\$ 10,510,886	\$ 4,753,255	\$ 5,757,631
Interest Income	335,060	335,060	4,558	330,502
Other Contributions	-	-	-	-
Total Revenues	<u>10,845,946</u>	<u>10,845,946</u>	<u>4,757,813</u>	<u>6,088,133</u>
<b>EXPENDITURES</b>				
Current				
Design and Construction				
Engineering Design & Construction Management	6,598,265	6,598,265	3,321,554	3,276,711
Construction	50,000,000	50,000,000	3,745,982	46,254,018
Construction and design by US ACE	1,650,000	1,650,000	1,137,564	512,436
Federal Cost-Share	-	-	-	-
Total Design and Construction	<u>58,248,265</u>	<u>58,248,265</u>	<u>8,205,100</u>	<u>50,043,165</u>
Professional Services				
Legal & Legislative Consulting	126,000	126,000	83,999	42,001
Construction Oversight	140,833	140,833	81,916	58,917
Impact Analysis/Research	20,000	20,000	-	20,000
Financial Advisor	-	-	35,484	(35,484)
Bond Underwriter/Conduit Issuer	-	-	-	-
Total Design and Construction	<u>286,833</u>	<u>286,833</u>	<u>201,399</u>	<u>85,434</u>
Bond Issuance Costs	<u>1,152,000</u>	<u>1,152,000</u>	<u>1,359,116</u>	<u>(207,116)</u>
Reimbursement of Advance Funding	<u>3,501,778</u>	<u>3,501,778</u>	<u>3,501,778</u>	<u>-</u>
Debt Service				
Supplemental Bond Reserve Fund	5,731,238	5,731,238	-	5,731,238
Principal and Interest	4,987,151	4,987,151	(359,000)	5,346,151
Total Debt Service	<u>10,718,389</u>	<u>10,718,389</u>	<u>(359,000)</u>	<u>11,077,389</u>
Total Operating Expenses	<u>73,907,265</u>	<u>73,907,265</u>	<u>12,908,393</u>	<u>60,998,872</u>
General and Administrative Costs				
Salaries, Benefits	183,885	183,885	145,375	38,510
Advertising	2,500	2,500	-	2,500
Bank Service Charges	420	420	465	(45)
Conference Registration	700	700	-	700
Equipment and Software	3,800	3,800	5,212	(1,412)
Fiscal Agency Services (EWG)	16,500	16,500	17,689	(1,189)
Furniture	1,000	1,000	933	67
Meeting Expenses	400	400	701	(301)
Miscellaneous Startup Expenses	-	-	-	-
Office Rental	7,200	7,200	-	7,200
Postage/Delivery	500	500	210	290
Printing/Photocopies	1,350	1,350	552	798
Professional Services	12,500	12,500	15,774	(3,274)
Publications/Subscriptions	200	200	-	200
Supplies	1,260	1,260	1,058	202
Telecommunications/Internet	3,190	3,190	2,551	639
Travel	8,200	8,200	7,216	984
Other Business Expenses	1,750	1,750	472	1,278
Insurance	3,000	3,000	978	2,022
Total General & Administrative Costs	<u>248,355</u>	<u>248,355</u>	<u>199,186</u>	<u>49,169</u>
Total Expenditures	<u>74,155,620</u>	<u>74,155,620</u>	<u>13,107,579</u>	<u>61,048,041</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(63,309,674)	(63,309,674)	(8,349,766)	54,959,908
OTHER FINANCING SOURCES				
Proceeds From Borrowing	84,268,762	84,268,762	95,863,994	11,595,232
NET CHANGE IN FUND BALANCE	<u>\$ 20,959,088</u>	<u>\$ 20,959,088</u>	<u>\$ 87,514,228</u>	<u>\$ 66,555,140</u>

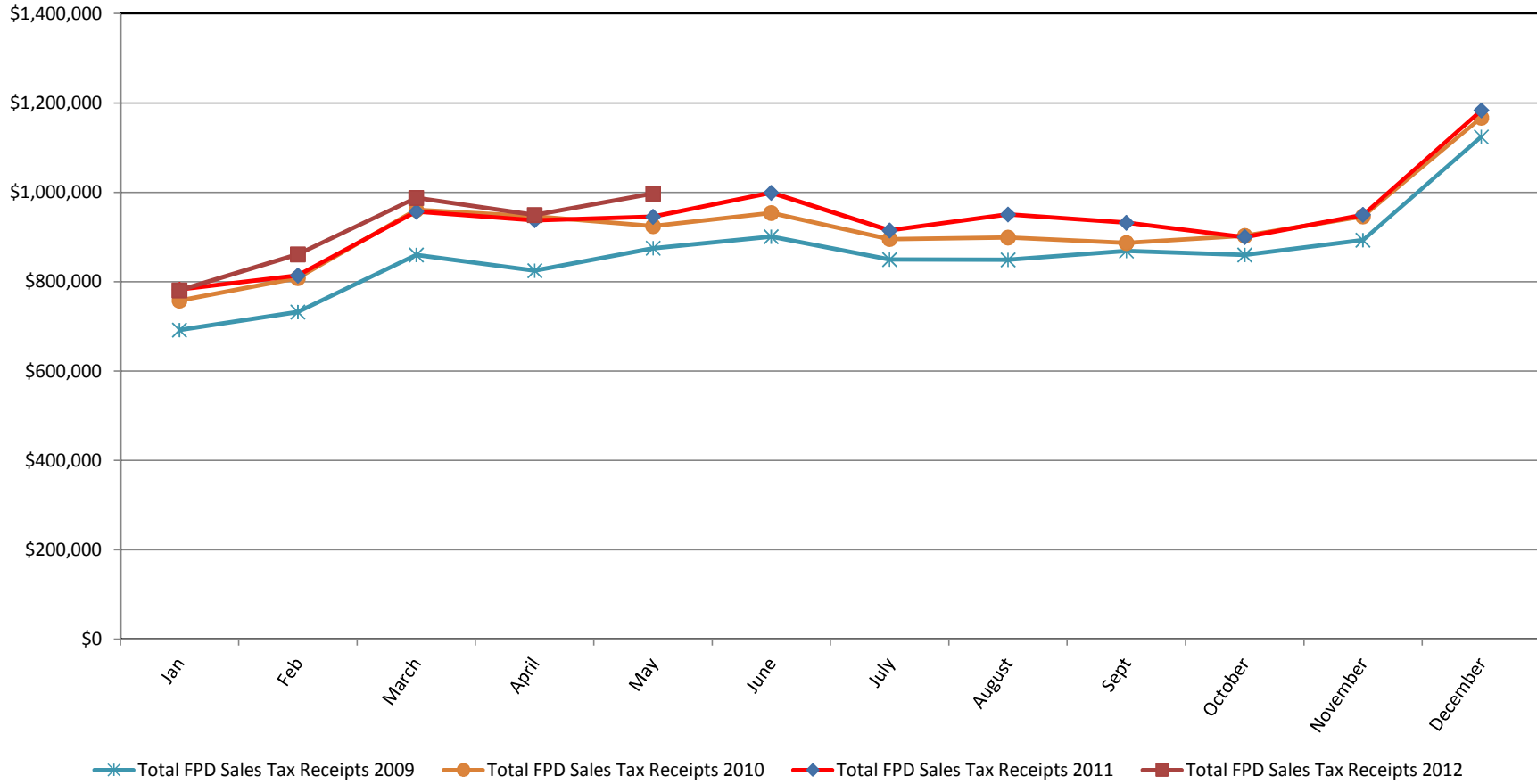
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**SOUTHWESTERN ILLINOIS FLOOD PREVENTION DISTRICT COUNCIL  
SUPPLEMENTARY SUPPORTING SCHEDULE  
BANK TRANSACTIONS  
7/31/2012**

Beginning Bank Balance July 1			125,808.59
Receipts			
UMB Bank	07/20/2012	Funds Transfer	60,656.88
Bank of Edwardsville	07/31/2012	Interest Deposit	34.28
	Total Receipts		60,691.16
Disbursements			
HostGator.com	07/05/2012	Web	119.40
AT&T	07/11/2012	Telephone	152.35
Walmart	07/13/2012	Supplies	16.17
CliftonLarsonAllen LLP	07/16/2012	Fiscal Agent	1,800.00
Dorgan, McPike & Assoc, LTD	07/16/2012	Legal	3,000.00
Husch Blackwell Sanders	07/16/2012	Legal	19,030.59
Scheffel & Company, PC	07/16/2012	Professional Fees	13,250.00
Micro Center	07/16/2012	Supplies	76.59
FEDEX	07/16/2012	Delivery Expense	17.68
The Bank-Service Fees	07/20/2012	Wire Transfer Fees	10.00
Dorgan, McPike & Assoc, LTD	07/24/2012	Legal	3,000.00
Marks & Associates	07/24/2012	Professional Fees	4,500.00
Wisper ISP, Inc.	07/24/2012	Internet Service	4.67
FEDEX	07/26/2012	Delivery Expense	12.51
T-Mobile	07/27/2012	Telephone	38.37
The Bank-Service Fees	07/31/2012	Monthly Bank Fees	16.12
	Total Disbursements		45,044.45
Ending Bank Balance July 31			<u><u>141,455.30</u></u>



## FPD Sales Tax Trends Actual Receipts 2009-2011





Memo to: Board of Directors  
From: Les Sterman  
Subject: FY 2013 Annual Budget  
Date: August 13, 2012

Attached is a proposed FPD Council budget for FY 2013. This budget was presented in draft form at the July Board meeting. 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. While the financing, planning and design of the project have progressed in the last year, we did not make as much progress as expected and some uncertainties remain. In particular, the extended reviews by the Corps of Engineers have led to a schedule delay and are contributing to cost increases beyond our existing project budget, some of which cannot be effectively predicted at this point.

Significant assumptions are made in this budget about the future rate of expenditures on design and construction. While our design consultant has proposed a schedule of future expenditures, there are a number of significant variables and unknowns 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. Making similar assumptions last year led to overbudgeting design and construction expenditures. Administrative expenditures, which are a relatively small portion of our costs, came in very close to budget.

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. Major construction will start in the second quarter of FY2013 and continue through FY2015.
3. The level of Council staffing does not change in FY2013, and general and administrative costs do not increase 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.
4. In accordance with the bond indenture, all sales tax receipts are intercepted by 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.

The only change made from the draft presented at the July meeting is an additional \$10,000 budgeted for our financial advisor to reflect additional work necessary to analyze the impacts of likely changes to the project budget and schedule.

Recommendation: Authorize the Chief Supervisor to submit the proposed FY2013 annual budget for the Council to the boards of St. Clair, Madison, and Monroe counties as presented.



**SOUTHWESTERN ILLINOIS FLOOD PROTECTION DISTRICT COUNCIL  
PROPOSED BUDGET  
OCTOBER 1, 2012 THRU SEPTEMBER 30, 2013**

	<b>PROJECTED EXPENDITURES OCTOBER 1, 2011 THRU SEPTEMBER 30, 2012</b>	<b>ADOPTED BUDGET OCTOBER 1, 2011 THRU SEPTEMBER 30, 2012</b>	<b>PROPOSED BUDGET OCTOBER 1, 2012 THRU SEPTEMBER 30, 2013</b>
<b>REVENUES</b>			
Sales Tax Proceeds From Districts	\$ 11,278,621	\$ 11,000,000	\$ 11,639,000
Interest Income	1,163,676	878,365	960,000
Total Revenues	<u>\$ 12,442,297</u>	<u>\$ 11,878,365</u>	<u>\$ 12,599,000</u>
<b>EXPENDITURES</b>			
Current			
Design and Construction			
Engineering Design & Construction	3,699,669	6,000,000	6,000,000
Management	-	-	-
Construction	1,328,005	20,000,000	42,600,000
Construction and design by USACE	77,263	1,100,000	1,400,000
Total Design and Construction	<u>\$ 5,104,937</u>	<u>\$ 27,100,000</u>	<u>\$ 50,000,000</u>
Professional Services			
Legal & Legislative Consulting	156,992	126,000	126,000
Construction Oversight	53,529	160,000	160,000
Other	-	10,000	10,000
Financial Advisor	1,255	20,000	30,000
Bond Underwriter/Conduit Issuer	-	93,529	93,529
Total Design and Construction	<u>\$ 211,776</u>	<u>\$ 409,529</u>	<u>\$ 419,529</u>
Refund of Surplus Funds to County FPD Accounts			
Madison County	2,356,467	2,357,862	2,955,782
Monroe County	231,000	229,306	280,157
St. Clair County	2,397,443	2,397,741	2,907,860
Total Refund of Surplus Funds to County	<u>\$ 4,984,909</u>	<u>\$ 4,984,909</u>	<u>\$ 6,143,799</u>
Debt Service			
Principal and Interest	7,101,539	7,107,440	7,107,440
Federal Interest Subsidy	(910,140)	(910,140)	(910,140)
Total Debt Service	<u>\$ 6,191,399</u>	<u>\$ 6,197,300</u>	<u>\$ 6,197,300</u>
Total Operating Expenses	<u>\$ 16,493,021</u>	<u>\$ 38,691,738</u>	<u>\$ 62,760,628</u>
General and Administrative Costs			
Salaries, Benefits	189,627	189,365	192,331
Advertising	-	2,500	-
Bank Service Charges	649	420	420
Conference Registration	448	700	500
Equipment and Software	-	2,300	3,000
Fiscal Agency Services	35,817	20,000	23,000
Furniture	-	300	-
Meeting Expenses	248	1,000	1,000
Postage/Delivery	260	600	400
Printing/Photocopies	468	2,500	2,500
Professional Services	16,550	18,000	15,000
Publications/Subscriptions	-	200	250
Supplies	1,336	1,350	1,500
Telecommunications/Internet	3,643	3,500	2,000
Travel	9,672	12,500	15,000
Insurance	990	3,000	1,000
Total General & Administrative Costs	<u>\$ 259,708</u>	<u>\$ 258,235</u>	<u>\$ 257,901</u>
Total Expenditures	<u>\$ 16,752,730</u>	<u>\$ 38,949,973</u>	<u>\$ 63,018,529</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>\$ (4,310,432)</u>	<u>\$ (27,071,608)</u>	<u>\$ (50,419,529)</u>
<b>OTHER FINANCING SOURCES</b>			
Proceeds From Borrowing	\$ -	\$ -	\$ -
<b>NET CHANGE IN FUND BALANCE</b>	<u><u>\$ (4,310,432)</u></u>	<u><u>\$ (27,071,608)</u></u>	<u><u>\$ (50,419,529)</u></u>



Memo to: Board of Directors

From: Les Sterman

Subject: Annual Report

Date: August 13, 2012

Attached is a draft of the Council's Annual Report for FY 2012. By law, the Council must submit an Annual Report to each county board describing activities for the past year. We generally submit this report with our annual request for approval of our budget.

The report simply chronicles the activities of the last year and builds on previous reports, so it is essentially a summary of the Council's cumulative activities since its inception in June 2009.

Recommendation: Authorize the Chief Supervisor to submit the FY 2012 Annual Report to the county boards of St. Clair, Madison, and Monroe counties.

Southwestern Illinois Flood  
Prevention District Council

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Annual Report 2011-2012



August 15, 2012





**Southwestern  
Illinois  
Flood Prevention  
District Council**

104 United Drive  
Collinsville, IL 62234

618-343-9120  
Fax 618-343-9132

August 17, 2012

Hon. Mark Kern  
County Board Chairman  
St. Clair County  
10 Public Square  
Belleville, IL 62220-1623

**Board of Directors**

Dan Maher  
President

John Conrad  
Vice President

Jim Pennekamp  
Secretary-Treasurer

Hon. Alan Dunstan  
County Board Chairman  
Madison County Administration Building  
157 N. Main Street, Suite 165  
Edwardsville, IL 62025-1963

Dave Baxmeyer

Paul Bergkoetter

Bruce Brinkmann

Thomas Long

Ron Motil

Alvin L. Parks Jr.

Hon. Delbert Wittenauer  
Chairman, Monroe County Board of Commissioners  
100 South Main Street  
Waterloo, IL 62298

Sirs:

Les Sterman  
Chief Supervisor of  
Construction and the Works

Transmitted herewith is the 2011-2012 Annual Report of the Southwestern Illinois Flood Prevention District Council. The submission of this report is in satisfaction of the requirement of our authorizing statute (70 ILCS 750/).

The Council has adopted two primary goals: to assure accreditation by the Federal Emergency Management Agency of area levee systems and to limit any economic damage to the region during the period during which accreditation is being sought. In 2012, the Council made great progress toward both goals. Sixty percent design documents were completed in December, 2011 and application was made for all required permits. Unfortunately, getting approval from the Corps of Engineers and the various regulatory agencies is taking far longer and is more problematic than anticipated, so progress has slowed in recent months. At this point, the ability to achieve our goals is not out of reach, but we should all recognize the uncertainty that lies ahead.

FEMA is reworking the flood insurance rate mapping process nationwide to address complaints from areas like ours. While we continue to question FEMA's process in coming to conclusions about the adequacy of our levee systems, we will now have more time to make improvements that can assure all concerned that our flood protection system is safe.

*a regional partnership to rebuild Mississippi River flood protection*

Hon. Mark Kern  
Hon. Alan Dunstan  
Hon. Delbert Wittenauer  
August 17, 2012  
Page 2

In summary, I am pleased to report on behalf of our Board of Directors, that we continue to make progress in designing, building and financing a significant improvement to flood protection systems in metro-east. The problem is not yet solved, though. It will take even more effort by our elected leaders, the business community and civic interests, in addition to the continuing work of the Council and design team, if we are to reach a successful conclusion. In the end however, this project will be an investment in the future prosperity of your counties and the region.

Thank you for supporting our efforts throughout the year.

Sincerely,

Les Sterman  
Chief Supervisor of Construction and the Works

## I. Introduction

---

On August 15, 2007 the Federal Emergency Management Agency announced their intention to “de-accredit” the Mississippi River levee systems protecting a 174 square mile area in three Illinois counties known as the American Bottom. The practical effect of this action would be to cripple the area economically and put an enormous financial burden on businesses and residents in this area. The threat of this action by FEMA prompted a chain of events that is without precedent in the area. The end result is a cooperative regional effort to improve flood protection and secure FEMA accreditation for the levee system protecting the American Bottom from flooding.

The American Bottom is an area of incalculable economic value and historical significance. It is home to some 155,000 residents. Businesses in the area employ upwards of 55,000 people. Some of the nation’s most prestigious companies have major manufacturing facilities having national significance in the area. The region’s leadership recognized that extraordinary measures were necessary to protect this economic asset and the homes and livelihoods of a large portion of the region’s population. A new revenue source was created in 2008 and a regional organization was formed to carry out an ambitious plan to maintain a level of flood protection that has been in place for some 70 years. That plan is now taking shape.

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 purpose of this report is to outline the activities of the Southwestern Illinois Flood Prevention District Council in 2011 toward planning and implementing flood protection improvements.





## II. Background

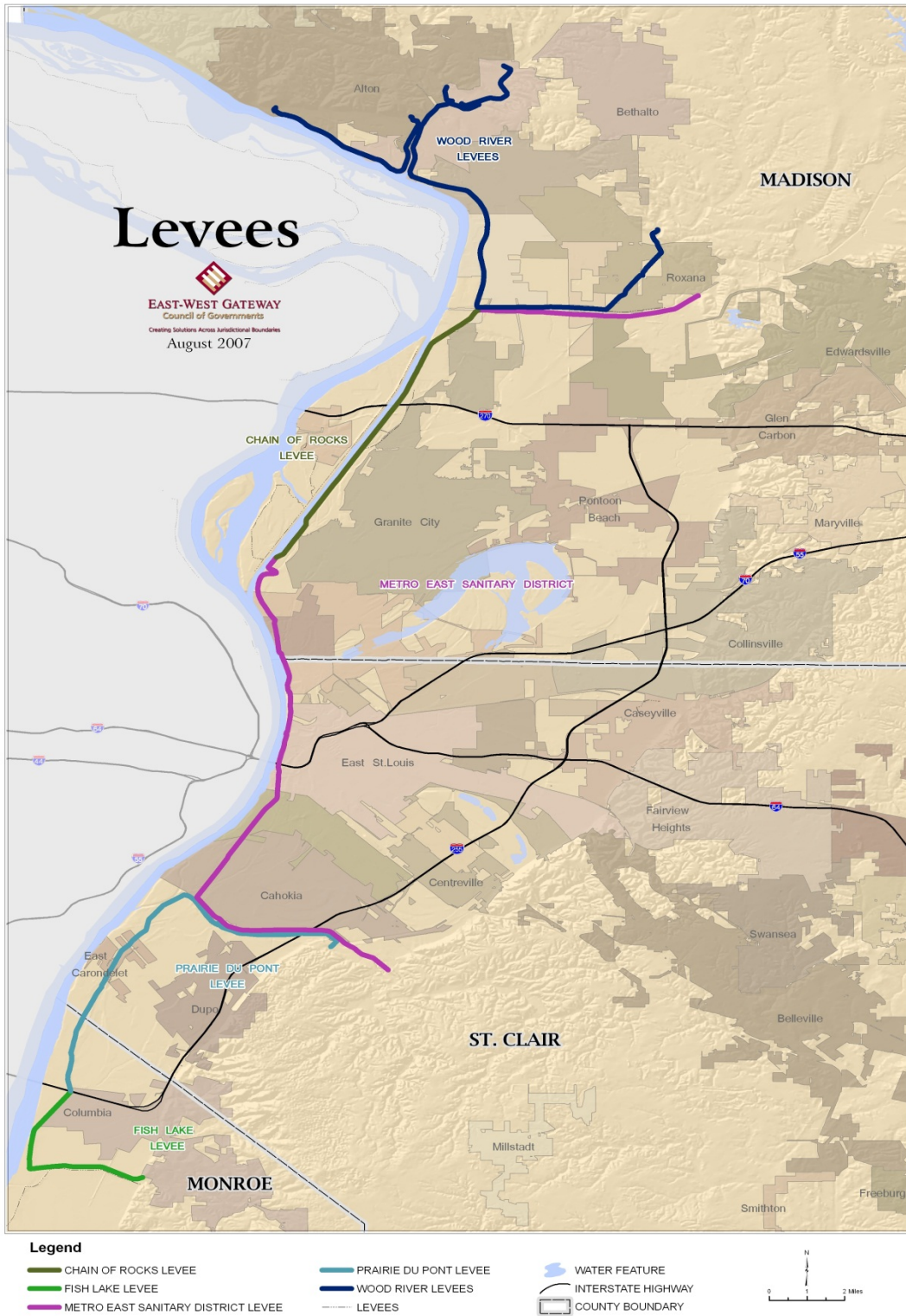
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A system of 74 miles of mainline levees protects an area called the American Bottom in Southwestern Illinois from flooding by the Mississippi River. The American Bottom is an area of 174 square miles that is home to 156,000 people and 55,000 jobs. The levee system was authorized by Congress and designed and built by the U.S. Army Corps of Engineers to provide protection from a 500-year flood event on the Mississippi River. The American Bottom has not been flooded by the Mississippi River in the 70 years since the flood protection system was initially built, including during the flood of record in 1993, a 300-year event.

Mississippi River flood protection consists of five “federal” levees (see Figure 1), i.e. levees designed and built by the federal government and whose owners participate in the Corps of Engineers Public Law 84-99 emergency assistance program. The construction of the following five (5) levees was authorized in federal law:

- **Wood River levee**, operated and maintained by the Wood River Drainage and Levee District. Construction was authorized under Section 4 of the Flood Control Act of 1938, Pub. L. 75-761, with subsequent improvement was authorized under Section 1001(20) of the Water Resources Development Act of 2007, Pub. L. 110-114 (“WRDA 2007”)
- **Chain of Rocks canal, levee, and locks**, operated and maintained by the Corps. Construction was authorized under the River & Harbors Act of 1945, Pub. L. 79-114
- **East St. Louis levee**, operated and maintained by the Metro East Sanitary District. Construction was authorized by the Flood Control Act of 1936, Pub. Law 74-738, as modified by the Flood Control Act of 1965, Pub. L. 89-298, and the Water Resources Development Act of 1976, Pub. L. 94-587. Subsequent improvement was authorized under the Energy and Water Development Appropriations Act of 1988, Pub. L. 100-202
- **Prairie Du Pont levee**, operated and maintained by the Prairie Du Pont Levee and Sanitary District. Construction was authorized under the Federal Flood Control Act of 1936. Subsequent improvement was authorized under Section 102(8) of the Water Resources Development Act of 2000, Pub. L. 106-541 (“WRDA 2000”) and Section 5070 of the WRDA 2007
- **Fish Lake levee**, operated and maintained by the Fish Lake Drainage and Levee District. Construction was authorized by the Flood Control Act of 1954. Subsequent improvement was authorized under Section 102(8) of WRDA 2000 and Section 5070 of WRDA 2007

The Metro-East Sanitary District (formerly the East Side Levee and Sanitary District, originally formed in 1910) is authorized by the Metro-East Sanitary District Act of 1974, 70 ILCS 2905/. The Wood River and Fish Lake districts were authorized by the Illinois Drainage Code, 70 ILCS 605/. The Prairie DuPont district was authorized by the Sanitary District Act of 1907, 70 ILCS 2205/. The levee districts own and have primary responsibility for maintaining the levee systems (with the exception of the Chain of Rocks levee, which is owned and maintained by the Corps of Engineers).



**Figure 1 - Levee Systems**

The Southwestern Illinois Flood Prevention District Council was formed in 2009 through an Intergovernmental Agreement between the Flood Prevention Districts of Madison, St. Clair and Monroe counties as authorized by the Illinois Flood Prevention District Act of 2008, 70 ILCS 750/. The primary responsibility of the FPD Council is to plan, finance, design and build capital improvements to the levee system. The Council's principal goal is to assure accreditation by FEMA in accordance with criteria described in 44 CFR 65.10 – Mapping of Areas Protected by Levee Systems.

In 2007, the Corps indicated that the agency had “reduced confidence” that the levee system could protect against a flood that has a 1% chance of being equaled or exceeded in any single year (commonly referred to as a 100-year flood or a base flood) without floodfighting. FEMA's announced decision to deaccredit the levee systems in our area, which is the industrial core of the St. Louis region, was based on this assertion by the Corps.

The region's leadership does not agree with the decision by FEMA to deaccredit the levee system. A number of area governments, businesses and citizens have joined to file a lawsuit challenging this decision based, in part, on the lack of any documentation of levee system deficiencies. However, given the significant economic consequences of FEMA's decision, should it stand, area leaders are moving aggressively to make improvements to the levee systems to assure that it will meet all applicable current standards.

While the levee systems in this area were built by the Corps generally in the 1940s and 1950s using design standards in place at the time for 500-year protection, the current “design deficiencies” are measured relative to current engineering standards, so the issue is not a failure of adequate maintenance by local levee districts, or any dramatic change in the condition of the levees, but primarily a change in engineering standards and in the procedures for measuring risk. The levee systems have consistently been determined to be in *acceptable* or *marginally acceptable* condition by annual and more thorough 3-year periodic inspections by the Corps.

According to its own preliminary evaluations and cost estimates the Corps suggests that it could potentially cost \$500 million or more in today's dollars to maintain the authorized (500-year) level of flood protection. Further, the schedule to make these investments would essentially be open-ended, because the federal funding is not yet available. Making assumptions consistent with typical levels of federal appropriations, the project would take forty years or more complete. While the federal government could pay as much as 65% of the cost, it could take decades for those funds to be authorized and appropriated, so there would be significant uncertainty about the cost and schedule of the project.

Because of the uncertainty of federal funding and the complexity and time consuming nature of the USACE project development process, levee improvements will be primarily locally funded. The three affected counties have imposed a ¼% sales tax to pay for the restoration of the levee system and formed a new organization, the Southwestern Illinois Flood Prevention District Council to carry out the levee improvement project. The tax has been collected since January 2009 and produces about \$11 million annually.

In July, 2009 FEMA issued Preliminary Flood Insurance Rate Maps for the areas protected by the Metro-East levees. Appeals of those maps were submitted by a variety of local governments during the 90-day period provided by law; all of those appeals (some were described as protests by FEMA) were denied in September, 2010.

### III. FPD Council Activities

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The following describes the work of the Council over its three year existence. Work done this year has brought the Council closer to meeting its objectives, but despite very meaningful progress, much uncertainty remains. The source of that uncertainty is primarily beyond the Council's control, namely the continued involvement of the Corps of Engineers in granting permission for most of the improvements to the levee system that the Council has proposed. The Corps is an institution that moves very deliberately, is governed by elaborate and extensive guidelines and procedures, most of which apply to federally funded projects but are being applied to our locally funded project. This process has caused significant delays in the design process. The hope is that once the design is approved, the project can proceed more expeditiously.

The FPD Council began operations in July, 2009. Since that time, the organization has completed a comprehensive inspection of the levee system, performed an economic analysis of the costs of mandatory flood insurance, provided support to local governments to appeal preliminary flood insurance rate maps, conducted a design competition to determine the most cost-effective approach to assuring compliance with FEMA standards for levee system accreditation, and sold \$94 million in bonds to pay for levee improvements. The Council's general goals have been to:

- assure compliance with FEMA accreditation standards with currently available revenue sources by end of year 2015; and
- minimize economic and financial hardship should the levee systems be de-accredited by FEMA

Notwithstanding the Council's strong disagreements with FEMA's decision to deaccredit the Metro-East levees and the agency's continuing efforts to overturn that decision, every effort is being made to remove all doubt about compliance with FEMA accreditation criteria. In October 2010, the Council engaged a team of engineering consultants led by AMEC Earth & Environmental to design and manage construction of improvements to the levee system. In early May, 2011 the Council received the 30% design and cost estimate submittal from the consulting team. This submittal was the culmination of about 7 months of effort involving substantial subsurface testing and analysis, discussions and review sessions with all affected parties including the levee districts and the Corps of Engineers, a careful review of many design alternatives and a value engineering review.

Based on the 30% design, the Council developed a revised financial plan to determine the best way to utilize existing revenue to generate sufficient capital funds to pay for the project. That plan was finalized in June 2011 and concluded that with a careful mix of borrowing and management of cash flow, the Council could raise upwards of \$150 million, an amount sufficient to pay for the project.

With the submission of the 30% design documents, and the financial plan completed in June 2011, and the adoption of a schedule, the essential elements of the project plan came together. The Project Implementation Plan was adopted at the July, 2011 meeting of the Board of Directors, and then modified in December, 2011 when the 60% design documents were submitted. A revised schedule

was adopted in July 2012. A copy of the project implementation plan is available on the Council's website at:

<http://www.floodpreventiondistrict.org/wp-content/uploads/2011/07/Project-Implementation-Plan-report-ver.-1.7.pdf>

Sixty percent complete construction drawings were submitted by the Council's design consultants on schedule on December 16, 2011. These plans, along with all of the supporting data and analyses, were submitted to the Corps of Engineers for its review at that time.

In order for the project to proceed, the Corps of Engineers must grant "permission" for us to perform work on the levee system. This process, commonly known as a Section 408 review (Sec. 408 of the Rivers and Harbors Act of 1899), has turned out to be ill-defined and onerous. Because it is not typical for local sponsors to be constructing major levee improvements, the Corps (particularly the St. Louis District) has little experience in this type of review and they are approaching our work "as if it were a Corps project." This has led to a variety of technical disagreements between our design team and Corps staff and has caused the Council to invest far more in data collection, analysis and staff time than originally envisioned. The Corps review process remains the biggest single obstacle to successfully completing the project.

The 60% design documents have not yet been approved by the Corps and discussion is ongoing about how best to resolve lingering design questions.

Despite the delay in approving the 60% design, the Council was able to move ahead with a small construction project in the Metro-East Sanitary District area. This project, costing about \$200,000 was able to move ahead because it consists primarily of maintenance and restoration of existing facilities and doesn't require any significant permitting.

Prior to construction activities beginning, the Council adopted a Project Labor Agreement and took steps to comply with Illinois law regarding the use of prevailing wages on the project. The Council is also undertaking to develop a minority business and workforce utilization plan. We remain committed to employing local labor and local firms to the maximum extent possible on the project.

As part of the regulatory process, the Council developed a plan for mitigating damage to wetlands, or replacing wetlands affected by the project. This plan was submitted for approval and a request for proposal was circulated for entities that would provide or create wetlands to compensate for the activities of the levee project. Republic Services was selected to provide the wetland mitigation.

Application was also made to the Illinois Environmental Protection Agency for approval under Sec. 401 of the Clean Water Act. We have some concerns about how the IEPA is going about evaluating the impacts of the project on water quality, particularly since the project is not creating any pollutants, and we are working with IEPA to resolve the issue.

We have continued to work closely with our congressional delegation throughout the year to help expedite the project through the review by the Corps of Engineers. All of the members continue to be

very supportive of the project and are working on our behalf to advance our interests with the Corps and with FEMA.

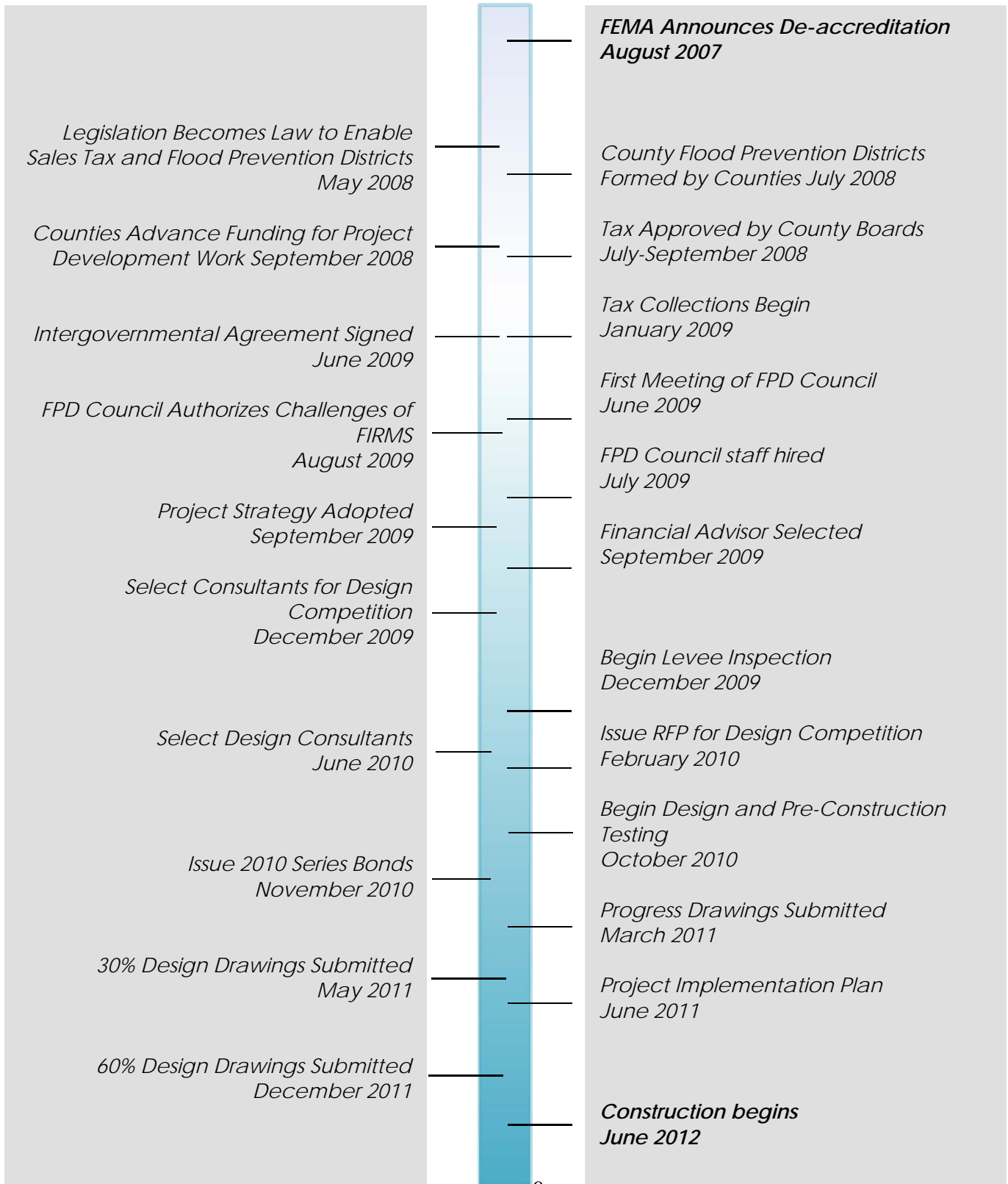
As it now stands, the FEMA mapping process has been interrupted while the agency implements better methodology for developing maps, especially for those areas protected by de-accredited levees. There is no schedule for producing new preliminary maps, nor is there any suggestion that new maps would differ significantly from those issued two years ago, so the urgency of making levee system improvements is not diminished. However, we do not believe that new maps will be produced or finalized before 2014, and it remains our hope that levee improvements leading to certification will be substantially completed by that time.

The Council believes that levee certification documentation will be submitted in 2015. However, the Corps is responsible for providing certification information to our design team for two levee segments, the Chain of Rocks levee, and a segment in the vicinity of the Mel Price Lock and Dam. The Corps will not submit certification documentation to FEMA, but will instead provide it to the Council. Whether the Council's engineers can then certify those segments remains an unresolved question.

In summary, substantial progress has been made on the project, but significant uncertainty remains. The project must work within budget and time limitations, and the Council remains committed to working within those constraints.



**Figure 2  
Project Timeline**





## IV. Financing and Budget

Table 1 is a financial summary of the Council’s activities through September 30, 2011.

Revenue from a dedicated sales tax was used to support the Council’s ongoing design and construction activities. While sales tax revenue showed substantial growth in 2009 coming out of the recession, growth has been slowed in 2010 (see Figure 3). This trend is critical, because the financial plan assumes an annual growth rate in sales tax revenues of 3%, a figure that is consistent with long-term trends.

The Council issued bonds in the amount of \$94,195,000 in November 2010. After setting aside funds for a debt service reserve and costs of issuance around \$87 million is available to fund construction of the project. Future bond issues are expected in 2013 and 2015 to complete the financing of the project. The financing plan adopted by the Council is anticipated to produce about \$151 million to pay for the project. That plan assumes that all receipts from the FPD sales tax in all three counties will be solely devoted to the project. At this point in the design process, the project is expected to consume all available funds and perhaps require additional borrowing by the affected levee districts. Table 2 summarizes estimated project costs.

**Figure 3**  
**Flood Prevention District Sales Tax Trends 2009-2011**

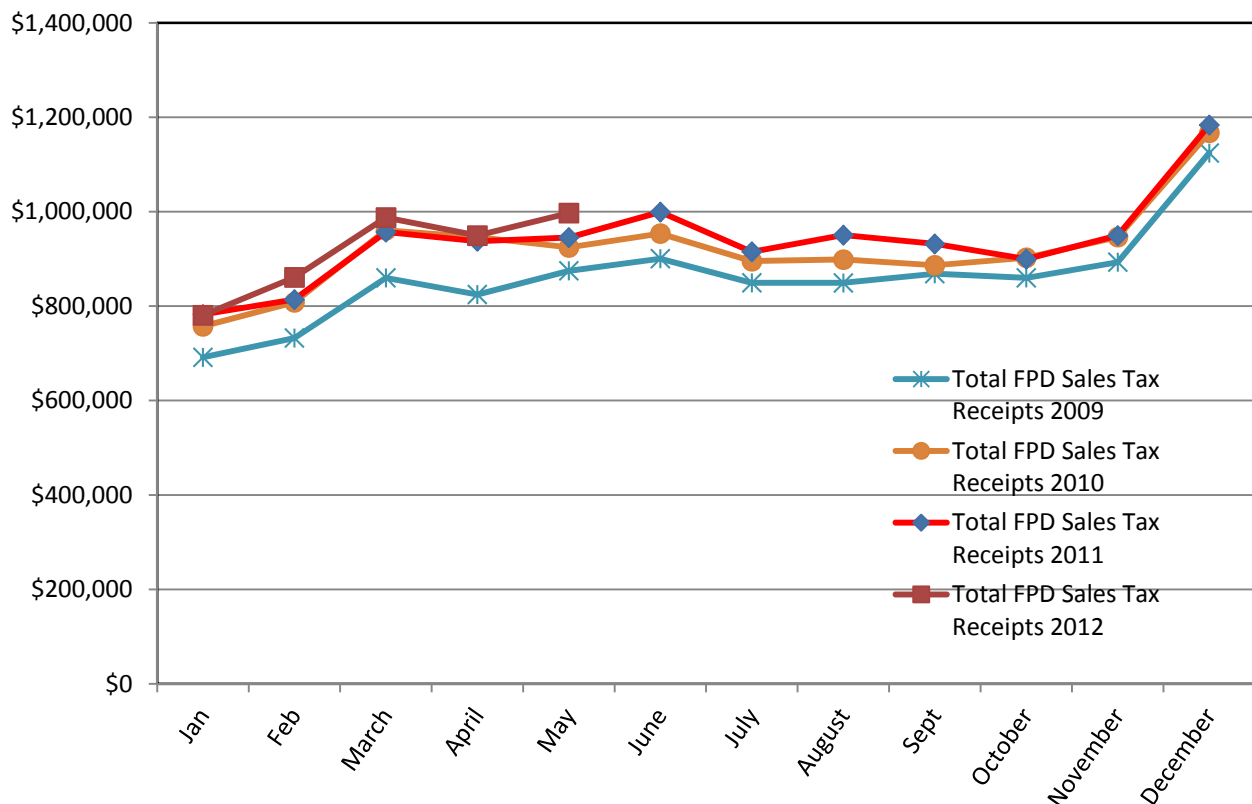


Table 1  
**Southwestern Illinois Flood Protection District Council**  
**Financial Report**  
**October 1, 2011 - September 30, 2012**

<b>Resources:</b>	
Flood Prevention Tax	\$7,809,955
Interest Income	2,162
<b>Total Resources</b>	<b>\$7,888,038</b>
<b>Expenditures:</b>	
Design and Construction Mgmt.	\$3,699,669
Construction	1,328,005
USACE Construction	77,263
Professional Services	211,776
Debt Service	6,191,399
General and Administrative Costs	259,708
Transfer of Surplus Bond Fund Moneys to County FPD funds	4,984,909
<b>Total Expenditures</b>	<b>\$16,752,730</b>
Excess (Deficiency)	(\$4,310,432)

## V. Conclusions, Issues and Next Steps

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Much progress has been made in the three years that the Council has been in existence toward the regional goal of maintaining a high level of flood protection for the American Bottom. Doing so is a regional priority and the Council has acted with a great sense of urgency, commitment and cooperation in conceiving major improvements to the flood protection system. That process has reached several milestones but much work remains and critical obstacles need to be overcome. 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. However, the approval of external parties, most notably the U.S. Army Corps of Engineers, is required before substantial construction can move ahead. So far, those approvals have been elusive.

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 general in balance at about \$160 million. However, design changes driven by more conservative design criteria dictated by review agencies will drive costs higher, 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 addition to adopting the plan there are a number of critical next steps for the project. Notably, these are the same critical steps that were reported at this time last year, so there is clearly some unfinished business:

- Continue the design process with a goal of reducing costs and any negative impacts of construction.
- Work with regulatory agencies to expedite the project permitting process.
- Refine the project schedule and better align it with the sequence of financing.
- Maintain commitment from counties that all FPD sales taxes will be devoted to the project.
- See assurances from the USACE that federal funds will be directed to assist in a timely manner to focus on elements of the Council's project.
- Work with levee districts to provide for sufficient funding for ongoing maintenance of improvements and to identify capital funding to "backstop" the sales tax for funding the project.

In September, 2009 the Council adopted a process for analyzing the problem and conceiving solutions. That was successfully executed and is now virtually complete. With the adoption of the Project Implementation Plan in July, 2011 the project began moving toward construction. However, there are continuing threats to the schedule that include unfavorable regulatory delays, weather, and high water. Our goal remains, however, to achieve certification of the Metro-East levee system by FEMA in 2015.