



SOUTHWESTERN ILLINOIS FLOOD PREVENTION DISTRICT COUNCIL  
BOARD OF DIRECTORS MEETING  
**December 19, 2012 7:30 am**

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

1. Call to Order  
*Jim Pennkamp, President*
2. Approval of Minutes of November 21, 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. Update to Project Financial Plan  
*Roy Torkelson, ButcherMark Financial Advisors*
7. Revised Project Budget  
*Les Sterman, Chief Supervisor*
8. Design and Construction Update  
*Jay Martin, AMEC Environment & Infrastructure*
9. Payment to U.S. Army Corps of Engineers for Design of Common Project Elements Wood River Levee and Drainage District
10. Payment to U.S. Army Corps of Engineers for Design of Common Project Elements Metro East Sanitary District
11. Authorization to Pay Fee to the Illinois Environmental Protection Agency for Processing of Sec. 401 Water Quality Certification
12. Minority Business and Workforce Engagement Plan
13. Amendment to AMEC Work Order 6 – Sec. 408 Review

AGENDA

14. Amendment to AMEC Work Order 8 – Construction Management
15. Public Comment
16. Other Business  
Executive Session (if necessary)
17. Adjournment

**Next Meeting: January 16, 2013**

## MINUTES

### SOUTHWESTERN ILLINOIS FLOOD PREVENTION DISTRICT COUNCIL BOARD OF DIRECTORS MEETING November 21, 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 November 21, 2012.

#### Members in Attendance

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

#### Others in Attendance

Mark Kern, St. Clair County Board Chair  
Alan Dunstan, Madison County Board Chair  
Delbert Wittenauer, Monroe County Board Chair  
Les Sterman, SW Illinois FPD Council  
Kathy Andria, American Bottom Conservancy  
Randy Bolle, Prairie DuPont Levee and Sanitary District  
Rich Connor, Leadership Council SW Illinois  
Scott Harding, SCI Engineering  
Gary Hoelscher, Hoelscher Engineering  
Charles Juneau, Juneau Assoc.  
Joe Kellett, U.S. Army Corps of Engineers  
Tracy Kelsey, U.S. Army Corps of Engineers  
Ellen Krohne, Leadership Council SW Illinois  
Jule Levin, Prairie DuPont Levee and Sanitary District  
Jay Martin, AMEC Environment & Infrastructure  
Ron O'Connor, O'Conner & Partners, Inc.  
Jon Omvig, AMEC Environment & Infrastructure  
Herb Simmons, Mayor, Village of East Carondelet  
Mike Sullivan, Prairie DuPont Levee and Sanitary District

#### **Call to order**

President Jim Pennekamp called the meeting to order.

### **Approval of minutes of October 17, 2012**

A motion was made by Ron Polka, seconded by Paul Bergkoetter, to approve the minutes of the October 17, 2012 meeting. Mr. Conrad 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 – absent  
Mr. Parks – Aye  
Mr. Pennekamp – Aye

The motion was approved.

### **Public Comment on Pending Agenda Items**

Mr. Pennekamp asked if there were any comments from the public on any agenda item on today's agenda. There were none.

### **Program Status Report**

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

Work is continuing to complete the design of the project, particularly in areas where the 60% design has been reworked to replace or redesign graded filters. Our consulting team has collected more primary data about subsurface conditions through additional borings, and done more sophisticated modeling to better calibrate the design.

A revised project schedule has now been developed and vetted with the Corps. A new project cost estimate has been developed as well. Jay Martin will talk about those items later in the agenda. I will also ask you to adopt the revised cost estimate and schedule at the December meeting, so we can be clear about the expectations for the project and so that we can communicate those expectations to the public.

The most important message at this time is that we can produce an affordable project that will meet FEMA standards while keeping our commitment to finish the project by 2015. That is not to discount the significant challenges ahead. The Corps Sec. 408 process is a continuing concern. While the Corps has committed to a schedule of initial reviews, the resolution of comments in those reviews continues in an ambiguous and onerous fashion that has no schedule. Similarly, the Sec. 401 water quality permit being addressed by the Illinois Environmental Protection Agency is ongoing, but with a schedule for completion that is still a little murky at this point.

There has been great progress in revising our financial plan. ButcherMark Financial Advisors has now provided two drafts of modeling results that evaluate some new financing strategies, along with changes in the interest rate environment, project schedule, and cash flow expectations. The objective is to determine how much money can be raised from the proceeds of the FPD sales tax. While additional funds will not be needed directly for our project, they will be essential to match federal appropriations for Corps projects and to pay for ongoing operation and maintenance of improvements to the levee system.

The Council's first construction contract, a small one, with Noeth Excavating Systems for restoration of culverts and trench drains in the MESD area is now virtually complete. It was completed on schedule and under budget.

I issued a Request for Proposal for Real Estate Services on November 8. The purpose of the services that we are seeking is to secure appraisals for the property interests (mainly easements for construction access) that we will require and to negotiate for acquisition of those interests. Proposals are due on December 7. I am asking for Board members to volunteer to serve on a committee to evaluate the proposals and recommend a selection to the full Board of Directors at the December meeting. Dan has already volunteered.

Discussions with the Illinois Environmental Protection Agency continue on the analysis that will be the basis for Sec. 401 water quality certification. The public notice of the certification went out yesterday.

I have reviewed and edited the draft of the minority business/workforce utilization plan developed by Marks and Associates that was presented to you at the October meeting. As we discussed at that time, the draft is being reviewed by stakeholders to assess whether the goals and methods of the Plan are realistic. That process is taking place and I expect to have a recommendation to adopt the Plan at the December Board meeting.

We are working with the Corps of Engineers to identify design elements that are common to our project to achieve FEMA standards and to the Corps' ongoing project to meet the authorized level of flood protection. It would be to our advantage for the Corps to undertake parts of our project and partially pay for construction using Federal funds, thereby producing a cost saving to our project. Unfortunately, it's not that easy. In a meeting this month, we identified a number of areas that seemed like candidates for Corps participation. However, for Corps participation to be of value to us, four conditions must be met:

- 1. The improvements must contribute to achieving the FEMA standard.*
- 2. There must be a net cost saving to the FPD; i.e. the local cost-share of the Corps work must not exceed the cost for the FPD to accomplish the same work.*
- 3. The Corps must be able to meet our schedule so that the 2015 completion date is not compromised.*
- 4. There must be certainty that the Corps has adequate appropriated funds to accomplish the agreed upon work.*

While we will make every effort to work with the Corps to accomplish our mutual objectives, there should be no illusion that this will be doable. The Corps has very limited appropriations at this time and the future is hardly certain. Our goal remains very specific and non-negotiable – meet the FEMA standard by 2015 at a cost that we can afford using solely the receipts from the FPD sales tax.

Mr. Sterman congratulated all of the elected officials present on their recent re-election.

A motion was made by Mr. Parks, seconded by Mr. Bergkoetter, to accept the Program Status Report for October 2012. At Mr. Pennekamp's request, Mr. Conrad 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 – absent  
Mr. Parks – Aye  
Mr. Pennekamp – Aye

The motion was approved unanimously by those present.

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

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

Accrued expenditures for the current fiscal year are \$2,898,069 while revenues amounted to \$970,539. This imbalance results largely from the semiannual payment of principal and interest on the Council's Series 2010 bonds. Expenditures included a surplus held by the bond Trustee of \$633,532 through the end of October that was returned to the counties as required by the bond indenture. A total of \$10,956,773 is now held by the counties in their respective FPD sales tax funds.

Monthly sales tax receipts for August 2012 were down by about 3.02% year over year primarily due to a significant unexplained drop in receipts from Madison County for the month, but are up about 2% for the first six months of the year, trends that are slightly below our financial plan projections.

Total disbursements for the month were \$1,014,365.75. The largest payment was to AMEC and its subcontractors for design and construction management services. The interest rate subsidy totaling \$455,069.99 from the IRS was also transferred to the bond trustee as required by our indenture.

A motion was made by Mr. Parks, seconded by Mr. Bergkoetter, to accept the budget report and approve the disbursements for October 2012. At Mr. Pennekamp's request, Mr. Conrad 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 – absent  
Mr. Parks – Aye  
Mr. Pennekamp – Aye

The motion was approved unanimously by those present.

### **Project Budget and Schedule**

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

Mr. Martin distributed a project schedule to the members. He said that this has not changed significantly from the one distributed last month, except that it shows the FEMA certification process at the end of the project.

The current project cost estimate is \$114.6 million for all levee districts. Mr. Martin described the types of fixes and their costs. He also enumerated the cost for each bid package shown on the schedule. The bid packages range from \$15-\$20 million. AMEC has also developed a drawdown schedule for costs that is being provided to our financial consultant.

Mr. Martin described the upcoming schedule for meetings with the Corps. We are working closely with the Corps to try to maintain the project schedule. We will also meet with each of the levee districts so they better understand our proposal and to get their input as the project moves forward.

Uncertainties on the project are the Sec. 404 and Sec. 401 permits, the Sec. 408 review, weather and available right-of-way required for the project.

Bid package #2a is moving through the Corps review process. There were 59 total comments with 7 remaining to be resolved. Relief well testing is ongoing.

Mr. Maher asked whether there would be a public hearing on the Sec. 401 permit. Mr. Sterman responded that the current thinking would be to hold the public hearing. We are confident that likely questions have already been addressed by us and IEPA, so holding the hearing at the outset might actually expedite the process.

Mr. Parks asked what effects that Hurricane Sandy might have on flood protection standards. Mr. Sterman said that he did not expect an immediate effect on standards, but it will increase the

fiscal pressure on the federal flood insurance program. Long-term it will raise new doubts about the safety of levee systems. There will likely be more local areas that will take the responsibility for improving flood protection because of the slowness of the federal government to respond.

Mr. Maher described his recent experience with increasing flood insurance rates affecting St. Clair County.

Mr. Pennekamp asked for a motion to accept Mr. Martin's progress report. A motion was made by Mr. Parks with a second by Mr. Maher to accept the AMEC progress report. Mr. Conrad 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 – absent  
Mr. Parks – Aye  
Mr. Pennekamp – Aye

The motion was approved.

### **Corps of Engineers Update on Federal Project**

Mr. Pennekamp asked Tracey Kelsey of the Corps of Engineers to provide a report.

Ms. Kelsey described the ongoing activities in each levee district. \$4.4 million in federal funds are available in Wood River, but the expenditure of those funds hinge on successfully identifying common elements of our projects. We are in the process of signing a Design Agreement. The next step will be to sign a Project Partnership Agreement. In MESD \$1.8 million in federal funds are available. These dollar amount aren't great, but they are significant and we don't want to risk those funds going unused, since that will affect the availability of future funding.

Ms. Kelsey then described work on the Sec. 408 process. The Safety Assurance Review for the cutoff walls is underway with the award of a contract to Shannon & Wilson.

Mr. Parks made motion to accept the report by the Corps of Engineers. The motion was seconded by Mr. Maher and approved unanimously by voice vote.

### **Design Agreement with U.S. Army Corps of Engineers for Wood River Design Deficiency Correction**

Mr. Sterman stated that we approved a similar agreement for MESD back in April. The Corps of Engineers is expecting a Federal appropriation of funds for design deficiency correction in the Wood River Drainage and Levee District. The President's budget for FY2013 contains \$4,202,000 for this purpose, although those funds have not yet been appropriated by Congress. Additional monies may be coming in Federal FY2014. The FY2013 appropriation would need



to be matched by \$2,263,000 in local funds provided by the Council. The next step in advancing the Federal project is the engineering design. The subject agreement covers the design of the Federal project, for which the total cost is projected to be \$5,442,000. Of that amount, the non-federal share is 25% or \$1,360,500. Note that this amount covers the design of the entire project, a project currently estimated by the Corps to cost \$50.3 million.

While the agreement is one-sided in the Corps' favor, but there is no risk to the Council since we will separately authorize each expenditure under the contract. While the objective of the Corps project is to achieve the 500-year or authorized level of protection, the agency has previously agreed to prioritize expenditures so that these funds would be expended on levee system improvements that contribute to the Council's goal of FEMA certification and accreditation.

In order for the Corps to continue to work with us on the project, the Council needs to execute a Design Agreement. This agreement spells out the cost-share arrangement wherein the Council would pay the local cost share for design work. The Board will approve expenditures prior to any work.

Mr. Maher made a motion to authorize the Chief Supervisor to execute the Design Agreement with the Corps of Engineers, contingent upon assent by the Wood River Levee and Drainage District. Any expenditure made by the Council under the terms of this agreement must be separately approved by the Board of Directors. The motion was seconded by Mr. Bergkoetter.

Mr. Conrad 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 – absent
- Mr. Parks – Aye
- Mr. Pennekamp – Aye

The motion was approved.

### **Public Comment**

Mr. Pennekamp asked whether there were any comments from the public.

Ms. Andria suggested that there needs to be a reassessment of what a 100-year flood might be, particularly considering the impact of climate change.

Mr. Harding asked if we had any further information on the schedule for the Sec. 404 permit. Mr. Omvig responded by describing the current status of the permitting process.

## **Other Business**

There was no other business.

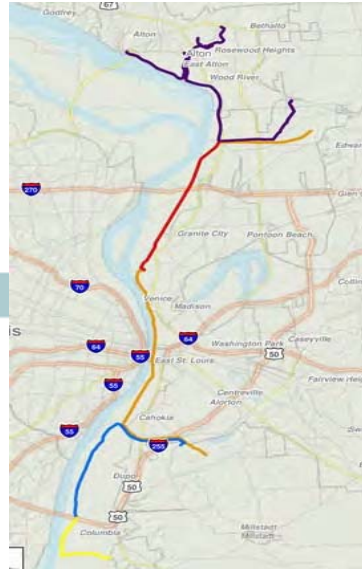
## **Adjournment**

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

Respectfully submitted,

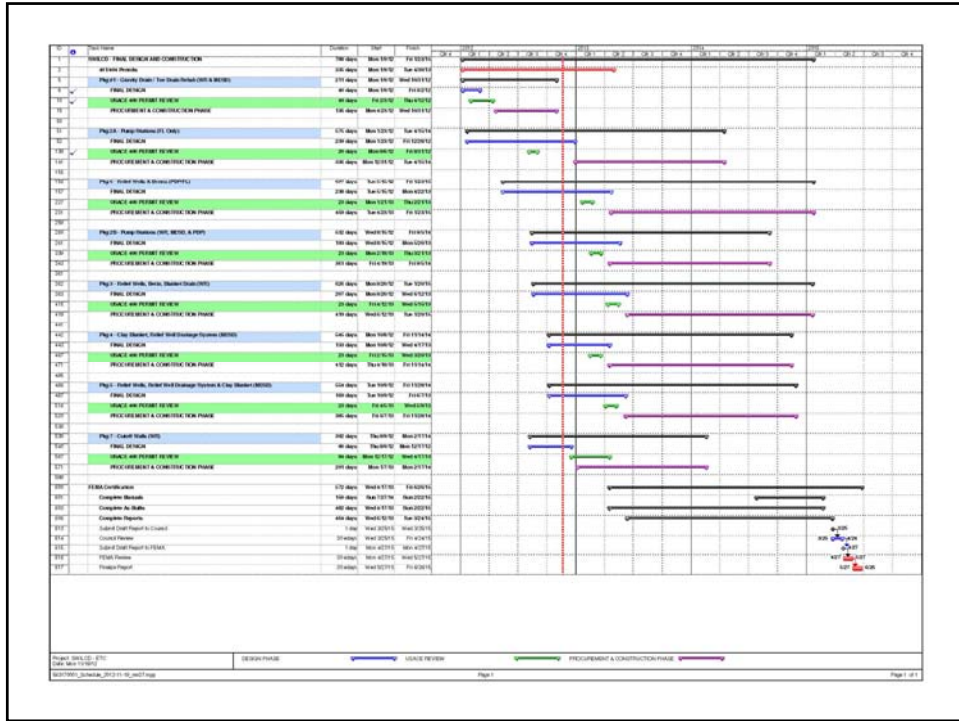
John Conrad,  
Secretary/Treasurer, Board of Directors

**Progress Report**  
**November 21, 2012**  
**SW IL Levee System**  
By Jay Martin



**Update**

- Schedule
- Construction Cost Estimate
- Design Update
- Permitting
  - 401



Bid Package	Task	Start Date	Finish Date
2A	Final Design - Pump Stations (FL Only)	1/12/2012	12/28/2012
	USACE 408 Permit Review	8/6/2012	8/31/2012
	408 Permit Approval		4/30/2013
2B	Final Design - Pump Stations (WR, MESD, PDP)	8/15/2012	5/20/2013
	USACE 408 Permit Review	2/18/2013	3/21/2013
	408 Permit Approval		5/20/2013
3	Final Design - Relief Wells, Berm, Blanket Drain (WR)	8/20/2012	6/12/2013
	USACE 408 Permit Review	4/12/2013	5/15/2013
	408 Permit Approval		6/12/2013
4	Final Design - Clay Blanket, Relief Well Sys. (MESD)	10/8/2012	4/17/2013
	USACE 408 Permit Review	2/15/2013	3/20/2013
	408 Permit Approval		4/30/2013
5	Final Design - Clay Blanket, Relief Well Sys. (MESD)	10/9/2012	6/7/2013
	USACE 408 Permit Review	4/5/2013	5/8/2013
	408 Permit Approval		6/7/2013
6	Final Design - Relief Wells & Berms (PDP/FL)	5/15/2012	4/22/2013
	USACE 408 Permit Review	1/21/2013	2/21/2013
	408 Permit Approval		4/30/2013
7	Final Design - Cutoff Walls (WR)	8/9/2012	12/17/2012
	USACE 408 Permit Review	12/17/2012	4/17/2013
	408 Permit Approval		5/17/2013

## Current Construction Cost Estimate



Description	Revised Construction Cost
Wood River - Total	\$41.3 M
MESD - Total	\$38.7 M
PdP/FL - Total	\$ 34.6M
<b>Project -Total</b>	<b>\$114.6M</b>

- Includes 20% Contingency (30% on cutoff walls)

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## Major Estimated Construction Costs



Line Item	Cost
Cut Off Walls	\$13,406,188
Pump Stations	\$10,017,000
Relief Wells	\$20,610,090
ROW Acquisition	\$13,793,974
Utilities	\$6,241,685
Wetlands Mitigations	\$2,425,071
Seepage Berm Material	\$6,552,806
Misc. Fill Material	\$1,469,656
Clay Fill	\$7,854,212
Excavation	\$2,139,883
Dewatering	\$4,972,546

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## Construction Cost Estimate by Bid Package



Bid Package Number	Estimated Construction Cost
BP # 2A	\$1,364,332
BP # 2B	\$9,248,044
BP # 3	\$18,784,346
BP # 4	\$13,073,633
BP # 5	\$20,146,443
BP # 6	\$30,920,099
BP # 7A	\$2,784,973
BP # 7B	\$18,344,093

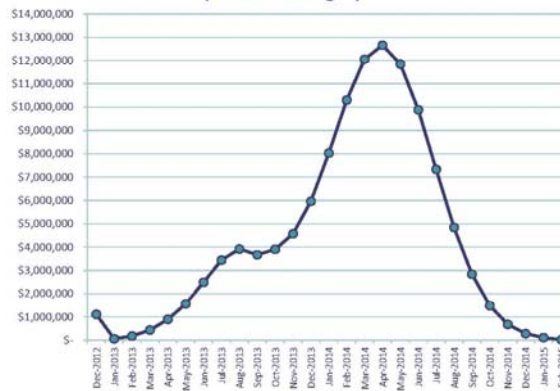
### Southwestern Illinois Levee Certification Design Monthly Cost Disbursements Entire Project (All Bid Packages)



December 1, 2012	\$ 1,114,997
January 1, 2013	\$ 66,362
February 1, 2013	\$ 185,225
March 1, 2013	\$ 441,443
April 1, 2013	\$ 898,370
May 1, 2013	\$ 1,564,853
June 1, 2013	\$ 2,496,660
July 1, 2013	\$ 3,446,957
August 1, 2013	\$ 3,922,572
September 1, 2013	\$ 3,677,647
October 1, 2013	\$ 3,908,758
November 1, 2013	\$ 4,575,858
December 1, 2013	\$ 5,967,616
January 1, 2014	\$ 8,031,143
February 1, 2014	\$ 10,301,529
March 1, 2014	\$ 12,059,052
April 1, 2014	\$ 12,666,782
May 1, 2014	\$ 11,847,637
June 1, 2014	\$ 9,881,772
July 1, 2014	\$ 7,334,128
August 1, 2014	\$ 4,842,669
September 1, 2014	\$ 2,842,259
October 1, 2014	\$ 1,484,487
November 1, 2014	\$ 683,417
December 1, 2014	\$ 286,369
January 1, 2015	\$ 118,397
February 1, 2015	\$ 25,027

Sum: \$ 114,671,986

Estimated Monthly Disbursements  
(All Bid Packages)



## Next Steps



- Meeting scheduled for November 28<sup>th</sup> to further explore reaches that could align with the Corps plans
- Meeting with the Corps for further cutoff walls discussions November 29<sup>th</sup>
- Complete designs and press forward with 408 submittals to the Corps – next is C/O walls mid December
- Schedule a meeting each district on the revised solutions (December)
- Work through certification of Mel Price and COR

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## Uncertainties



- Permits
  - 404
  - 401
- 408 Reviews
- Weather
- ROE for construction (railroads, highway, industry)

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## 401 – IL Water Quality



- Anticipate 401 approval by April 30, 2013

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## Bid Package #2A



- Dr Checks comments posted (59 Total Comments)
- Our responses posted and resolving with the Corps:
  - Meeting November 7
  - 31 Comments Closed
  - 28 Comments Open (18 Comments to be closed by Corps)
    - 7 are being worked through with Corps (3 Related to 401/404)


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- Relief well testing







## Metro East Levees System


**Wood River Levee District**

- Ongoing Activities
  - Execution of Design Agreement
  - Pending FPD documents and MVD final approval
  - Final signatures by 27Nov12
  - Funds available: \$6.4M (\$4.2M Fed, \$2.2M Non Fed)
  - Request sponsor funds
  - Meeting with AMEC to identify common features
  - COE crews ready to initiate field work first week of December
  - Prepare draft PPA for review

**Metro East Sanitary District**

- Ongoing Activities
  - Design Agreement executed Nov 13, 2012
  - Funds Available: \$2.8M (\$1.8M Fed, \$994k Non Fed)
  - Request sponsor funds
  - Meeting with AMEC to identify common features
  - COE ready to initiate design
  - Draft PPA complete for review

Note: Funds not utilized will be reprogrammed; future allocations may be jeopardized.



## Metro East Levees System

**408 Review Activities**

- Award of SAR contract - \$254k, Shannon & Wilson
- Initial SAR meeting and site visit 13-14Nov12
- 408 Federal funds utilized - \$316k
- Provided template for applicant prepared documents
- Provided template for Risk Assessment
- Continue meetings with AMEC to discuss submittal schedule and cutoff walls





Memo to: Board of Directors  
From: Les Sterman  
Subject: Program Status Report for December, 2012  
Date: December 17, 2012

December 17 is a major milestone for the project as we submit over 6000 pages of plans, specifications, data, analysis and narrative to the Corps of Engineers documenting our proposal for shallow and deep cutoff walls. Because the Corps has dubbed cutoff walls an “other than minor” alteration to the levee system, this marks the beginning of an extensive six month Section 408 review process, including reviews by the St. Louis District, the Mississippi Valley Division, and Headquarters offices, supplemented by internal peer reviews and an independent external peer review. Some might call this excessive, and I certainly wouldn’t challenge that view.

Since AMEC submitted a revision to the cost estimate and schedule corresponding to their proposed design, I have developed a revised project cost estimate and schedule that will be presented at December meeting. The estimate is an “all-in” estimate that not only includes the cost of the AMEC design, but also cost-share for Corps expenditures for reconstruction projects in the Wood River and Prairie DuPont levee systems, and other professional services (real estate, legal, etc.) that will be required to finish the project. This is the most complete cost estimate for the project developed to-date. The total cost estimate for the project has increased by about 2.5% since the first estimate produced in July 2011, the increase due entirely to the incorporation of already expended amounts for cost-share on Corps projects that were not included in earlier estimates. The cost of construction and professional services for the FPD project actually decreased from the earlier estimate by about 8%. Adoption of an updated project cost estimate and schedule is a yearly event that reflects the maturing of the project design and financing plan as we move toward construction and allows us to be clear about our expectations for the project and to communicate those expectations to the public.

A draft of a revision to the Financial Plan has been developed for us by ButcherMark Financial Advisors. The Plan describes some new financing strategies, and reflects changes in the interest rate environment, project schedule, and cash flow expectations. Briefly, the Plan outlines an approach that uses short- and long-term financing, together with current “surplus” amounts in the county FPD funds to generate as much as \$220 million in net proceeds that can be used for the project. Representatives from ButcherMark will present the draft Financial Plan at the December meeting.

In sum, the message remains the same -- we can produce an affordable project that will meet FEMA standards while keeping our commitment to finish the project by 2015. That is not to diminish the significant challenges ahead, which have been discussed almost constantly over the last year but bear repeating. The Corps Sec. 408 review process continues to generate more costs, measured both in dollars and time. While the Corps has committed to a schedule of initial reviews, the resolution of comments in those reviews continues in an ambiguous and onerous fashion that has no schedule. Similarly, the uncertain course of the review of the cutoff wall proposal defies rational explanation.

On a more positive note, there is more clarity with respect to the Sec. 401 water quality certification from the Illinois Environmental Protection Agency. The agency has now issued the public notice of its tentative finding that water quality impacts of the project are negligible and more than offset by substantial public benefits. The public comment period has now been initiated and a public hearing is scheduled for January 3 in our office. Public comment will play a role in the final determination on the certification by the IEPA. We worked closely with the IEPA to provide them with all of the data and analysis necessary to support their tentative conclusion and to address questions and comments that are likely to arise during the comment period. IEPA has worked diligently to expedite the review of the project in recent months in recognition of its importance to the community.

The Council issued a Request for Proposal for Real Estate Services on November 8. The purpose of the services that we are seeking is to secure appraisals for the property interests (mainly easements for construction access) that we will require and to negotiate for acquisition of those interests. We received five proposals on December 7. As is our custom, a committee will meet on December 18 to review the proposals and develop a recommendation that will go to the Board at the December meeting.

The minority business/workforce utilization plan developed by Marks and Associates has now been edited and reviewed by stakeholders to assess whether the goals and methods of the Plan are realistic. I anticipate recommending the adoption of the Plan at the December Board meeting.

We continue to work with the Corps of Engineers to identify design elements that are common to our project to achieve FEMA standards and to the Corps' ongoing project to meet the authorized level of flood protection. While we have reached no formal conclusion yet, discussions have been sufficiently positive that I will recommend that we provide some limited cost-share funds to pay for the Corps to advance some design for promising levee segments. The goal would be for the Corps to undertake parts of our project and partially pay for construction using Federal funds, thereby producing a cost saving to our project. The challenges for the Corps are to meet our schedule requirements and to secure sufficient Federal appropriations to provide certainty of funding.



Memo to: Board of Directors  
From: Les Sterman  
Subject: Budget and Disbursement Report for November 2012  
Date: December 19, 2012

Budget Highlights

Attached is the financial statement for November 2012 prepared by our fiscal agent, CliftonLarsonAllen. The report includes an accounting of revenues and expenditures for the month ending November 30, 2012, as compared to our fiscal year budget.

Accrued expenditures for the current fiscal year are \$3,594,054 while revenues amounted to \$1,892,397. Expenditures included a surplus held by the bond Trustee of \$633,532 through the end of November that was returned to the counties as required by the bond indenture. A total of \$11,358,397 is now held by the counties in their respective FPD sales tax funds and is available for the Council's use on the project.

Monthly sales tax receipts for September 2012 were down by about 2.13% year over year, the fourth straight month of decline, but are up about 0.85% for the first nine months of the year, trends that are below our financial plan projections.

Disbursements

Attached are lists of bank transactions for November 2012. Total disbursements for the month were \$297,530.11. The largest payment was to AMEC and its subcontractors for design and construction management services. The closing balance on November 30 was \$133,539.23

Recommendation:

Accept the budget report and disbursements for November 2012.







**SOUTHWESTERN ILLINOIS FLOOD PREVENTION  
DISTRICT COUNCIL**

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

**TWO MONTHS ENDING NOVEMBER 2012 AND 2011**



**CliftonLarsonAllen**

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 two months ended November 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, 2013 and 2012, 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.

A handwritten signature in cursive script that reads "Clifton Larson Allen LLP".

CliftonLarsonAllen LLP

St. Louis, Missouri  
December 17, 2012

**SOUTHWESTERN ILLINOIS FLOOD PROTECTION DISTRICT COUNCIL  
GENERAL FUND  
STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL  
TWO MONTHS ENDED NOVEMBER 30, 2012 (Actual)  
FISCAL YEAR ENDING SEPTEMBER 30, 2013 (Budget)**

	BUDGET		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL		FINAL BUDGET
				POSITIVE (NEGATIVE)
<b>REVENUES</b>				
Sales Tax Proceeds From Districts	\$ 11,639,000	\$ 11,639,000	\$ 1,818,297	\$ 9,820,703
Interest Income	960,000	960,000	74,100	885,900
Other Contributions	-	-	-	-
Total Revenues	12,599,000	12,599,000	1,892,397	10,706,603
<b>EXPENDITURES</b>				
Current				
Design and Construction				
Engineering Design & Construction Management	6,000,000	6,000,000	476,728	5,523,272
Construction	42,600,000	42,600,000	70,739	42,529,261
Construction and design by US ACE	1,400,000	1,400,000	-	1,400,000
Federal Cost-Share	-	-	-	-
Total Design and Construction	50,000,000	50,000,000	547,467	49,452,533
Professional Services				
Legal & Legislative Consulting	126,000	126,000	7,045	118,955
Construction Oversight	160,000	160,000	-	160,000
Impact Analysis/Research	10,000	10,000	-	10,000
Financial Advisor	20,000	20,000	-	20,000
Bond Underwriter/Conduit Issuer	93,529	93,529	940	92,589
Total Design and Construction	409,529	409,529	7,985	401,544
Refund of Surplus Funds to County FPD Accounts				
Madison County	2,955,782	2,955,782	489,339	2,466,443
Monroe County	280,157	280,157	47,969	232,188
St. Clair County	2,907,860	2,907,860	497,848	2,410,012
Total Refund of Surplus Funds to County	6,143,799	6,143,799	1,035,156	5,108,643
Debt Service				
Principal and Interest	7,107,440	7,107,440	2,298,720	4,808,721
Federal Interest Subsidy	(910,140)	(910,140)	(343,732)	(566,408)
Total Debt Service	6,197,300	6,197,300	1,954,988	4,242,313
Total Operating Expenses	62,750,628	62,750,628	3,545,596	59,205,033
General and Administrative Costs				
Salaries, Benefits	192,331	192,331	41,149	151,182
Advertising	-	-	-	-
Bank Service Charges	420	420	87	333
Conference Registration	500	500	61	439
Equipment and Software	3,000	3,000	-	3,000
Fiscal Agency Services (EWG)	23,000	23,000	3,650	19,350
Furniture	-	-	-	-
Meeting Expenses	1,000	1,000	-	1,000
Postage/Delivery	400	400	133	267
Printing/Photocopies	2,500	2,500	514	1,986
Professional Services	15,000	15,000	-	15,000
Publications/Subscriptions	250	250	-	250
Supplies	1,500	1,500	412	1,088
Telecommunications/Internet	2,000	2,000	275	1,725
Travel	15,000	15,000	1,200	13,800
Insurance	1,000	1,000	977	23
Total General & Administrative Costs	257,901	257,901	48,458	209,443
Total Expenditures	63,008,529	63,008,529	3,594,054	59,414,476
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(50,409,529)	(50,409,529)	(1,701,657)	48,707,873
<b>OTHER FINANCING SOURCES</b>				
Proceeds From Borrowing	-	-	-	-
<b>NET CHANGE IN FUND BALANCE</b>	\$ (50,409,529)	\$ (50,409,529)	\$ (1,701,657)	\$ 48,707,873

**SOUTHWESTERN ILLINOIS FLOOD PROTECTION DISTRICT COUNCIL  
GENERAL FUND  
STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL  
TWO MONTHS ENDED NOVEMBER 30, 2011 (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	\$ 1,865,387	\$ 9,134,613
Interest Income	878,365	878,365	423	877,942
Other Contributions	-	-	-	-
Total Revenues	11,878,365	11,878,365	1,865,810	10,012,555
<b>EXPENDITURES</b>				
Current				
Design and Construction				
Engineering Design & Construction Management	6,000,000	6,000,000	1,047,052	4,952,948
Construction	20,000,000	20,000,000	17,077	19,982,923
Construction and design by US ACE	1,100,000	1,100,000	-	1,100,000
Federal Cost-Share	-	-	-	-
Total Design and Construction	27,100,000	27,100,000	1,064,129	26,035,871
Professional Services				
Legal & Legislative Consulting	126,000	126,000	18,845	107,155
Construction Oversight	160,000	160,000	16,869	143,131
Impact Analysis/Research	1,000	1,000	-	1,000
Financial Advisor	20,000	20,000	941	19,059
Bond Underwriter/Conduit Issuer	93,529	93,529	-	93,529
Total Design and Construction	400,529	400,529	36,655	363,874
Refund of Surplus Funds to County FPD Accounts				
Madison County	1,999,276	1,999,276	205,380	1,793,896
Monroe County	260,706	260,706	20,133	240,573
St. Clair County	1,241,796	1,241,796	208,952	1,032,844
Total Refund of Surplus Funds to County	3,501,778	3,501,778	434,465	3,067,313
Debt Service				
Principal and Interest	7,107,440	7,107,440	-	7,107,440
Federal Interest Subsidy	(910,140)	(910,140)	-	(910,140)
Total Debt Service	6,197,300	6,197,300	-	6,197,300
Total Operating Expenses	37,199,607	37,199,607	1,535,249	35,664,358
General and Administrative Costs				
Salaries, Benefits	189,365	189,365	30,407	158,958
Advertising	2,500	2,500	-	2,500
Bank Service Charges	420	420	163	257
Conference Registration	700	700	-	700
Equipment and Software	2,300	2,300	-	2,300
Fiscal Agency Services	20,000	20,000	10,224	9,776
Furniture	300	300	-	300
Meeting Expenses	1,000	1,000	83	917
Miscellaneous Startup Expenses	-	-	-	-
Office Rental	-	-	-	-
Postage/Delivery	600	600	-	600
Printing/Photocopies	2,500	2,500	-	2,500
Professional Services	18,000	18,000	75	17,925
Publications/Subscriptions	200	200	-	200
Supplies	1,350	1,350	291	1,059
Telecommunications/Internet	3,500	3,500	591	2,909
Travel	12,500	12,500	1,244	11,256
Other Business Expenses	-	-	-	-
Insurance	3,000	3,000	990	2,010
Total General & Administrative Costs	258,235	258,235	44,068	214,167
Total Expenditures	37,457,842	37,457,842	1,579,317	35,878,525
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>				
	(25,579,477)	(25,579,477)	286,493	25,865,970
<b>OTHER FINANCING SOURCES</b>				
Proceeds From Borrowing	-	-	-	-
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ (25,579,477)</b>	<b>\$ (25,579,477)</b>	<b>\$ 286,493</b>	<b>\$ 25,865,970</b>

□

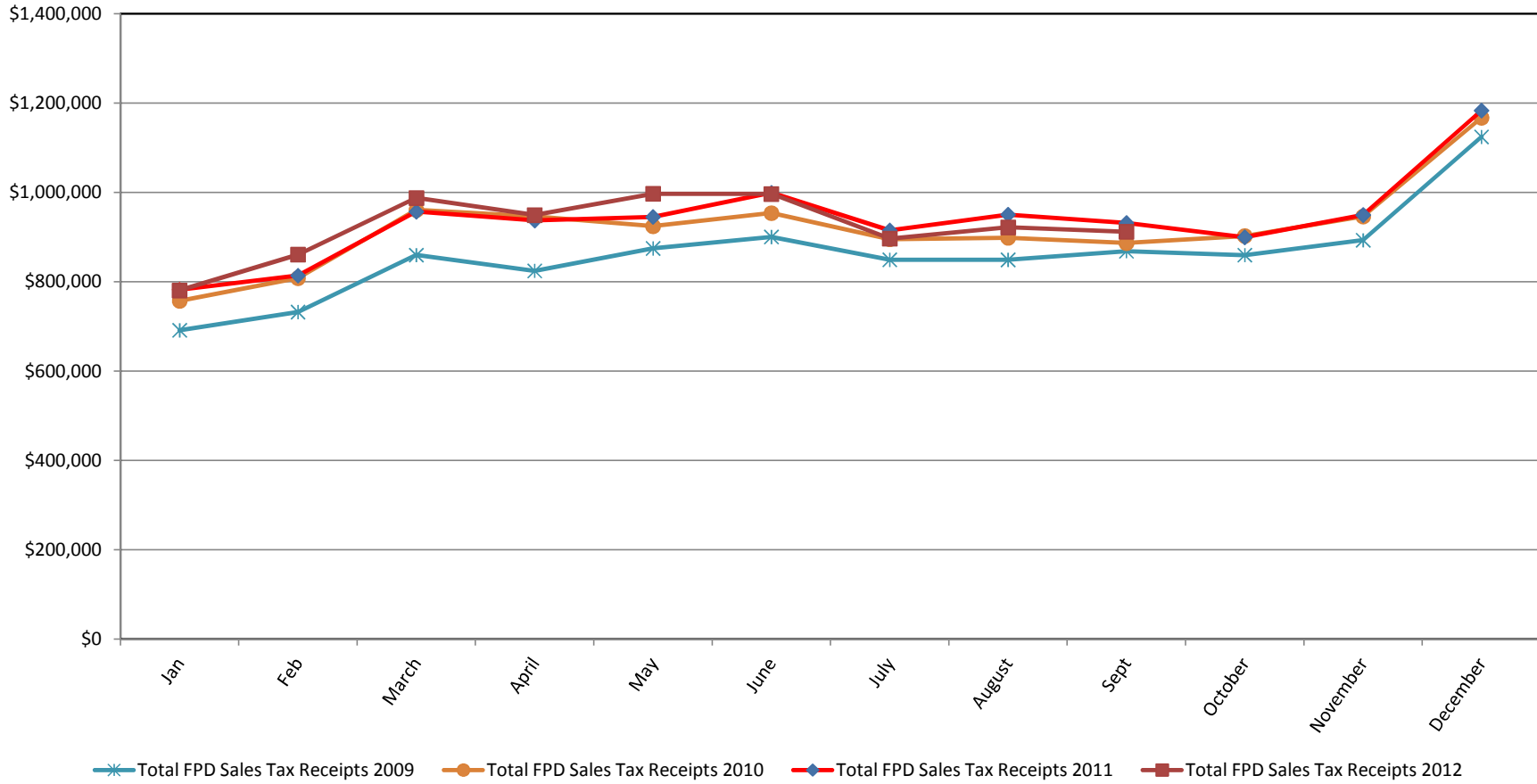
**SOUTHWESTERN ILLINOIS FLOOD PREVENTION DISTRICT COUNCIL  
SUPPLEMENTARY SUPPORTING SCHEDULE  
BANK TRANSACTIONS  
11/30/2012**

		November		
Beginning Bank Balance November 1				137,748.01
Receipts				
UMB Bank	11/14/2012	Funds Transfer	288,585.65	
UMB Bank	11/14/2012	Funds Transfer	3,661.38	
The Bank Of Edwardsville	11/15/2012	Funds Transfer	1,000.00	
The Bank Of Edwardsville	11/30/2012	November Interest BOE	74.30	
Total Receipts				293,321.33
Disbursements				
Arvato Digital Services	41215	Software	57.47	
Amazon Marketplace	41220	Supplies	23.77	
AMEC Earth & Environmental, Inc.	41225	Construction/Design	285,585.65	
CliftonLarsonAllen LLP	41225	Fiscal Agent	1,800.00	
Dorgan, McPike & Assoc, LTD	41225	Legal	3,000.00	
East-West Gateway Council of Governn	41225	Printing	514.36	
The Bank-Service Fees	41227	Bank Charges	10.00	
The Bank Of Edwardsville	41228	Funds Transfer	1,000.00	
Adobe	41228	Software	211.44	
Husch Blackwell Sanders	41232	Legal	4,146.30	
UMB Bank, NA	41232	Trustee Fees	940.50	
Wisper ISP, Inc.	41239	Internet	179.98	
The Bank Of Edwardsville	41243	November bank charges	15.64	
Cricket Wireless	41243	Phone Service	45.00	
Total Disbursements				297,530.11
Ending Bank Balance November 30				133,539.23

## Flood Prevention District Sales Tax Trends 2009-2012

<b>2009</b>														County Share
Jan	Feb	March	April	May	June	July	August	Sept	October	November	December	Total		
Madison	\$321,968	\$336,765	\$397,425	\$387,385	\$414,350	\$421,402	\$399,616	\$401,188	\$400,090	\$404,847	\$405,930	\$492,814	\$4,783,780	46.319%
St. Clair	\$337,979	\$362,696	\$424,556	\$398,395	\$419,126	\$438,230	\$411,968	\$410,484	\$429,852	\$412,637	\$446,806	\$581,721	\$5,074,450	49.134%
Monroe	\$31,641	\$32,903	\$37,830	\$38,757	\$41,326	\$40,847	\$37,817	\$37,497	\$38,652	\$42,270	\$40,332	\$49,755	\$469,627	4.547%
Total Month	\$691,588	\$732,364	\$859,811	\$824,537	\$874,802	\$900,479	\$849,401	\$849,169	\$868,594	\$859,754	\$893,068	\$1,124,290	\$10,327,857	
Cumulative Total	\$691,588	\$1,423,952	\$2,283,763	\$3,108,300	\$3,983,102	\$4,883,581	\$5,732,982	\$6,582,151	\$7,450,745	\$8,310,499	\$9,203,567	\$10,327,857		
<b>2010</b>														
Madison	\$353,146	\$374,416	\$456,795	\$462,697	\$440,815	\$452,308	\$427,329	\$433,047	\$419,455	430,210	\$442,904	\$529,069	\$5,222,191	47.272%
St. Clair	\$367,458	\$399,480	\$464,089	\$439,748	\$439,139	\$458,299	\$421,447	\$423,718	\$424,971	\$429,581	\$457,927	587067	\$5,312,924	48.094%
Monroe	\$36,770	\$34,324	\$39,884	\$43,769	\$44,358	\$43,102	\$46,499	\$41,816	\$42,207	\$42,746	\$45,411	\$51,004	\$511,890	4.634%
Total Month	\$757,374	\$808,220	\$960,768	\$946,214	\$924,312	\$953,709	\$895,275	\$898,581	\$886,633	\$902,537	\$946,242	\$1,167,140	\$11,047,005	
Cumulative Total	\$757,374	\$1,565,594	\$2,526,362	\$3,472,576	\$4,396,888	\$5,350,597	\$6,245,872	\$7,144,453	\$8,031,086	\$8,933,623	\$9,879,865	\$11,047,005		
% change/month	9.51%	10.36%	11.74%	14.8%	5.7%	5.9%	5.4%	5.8%	2.1%	5.0%	6.0%	3.8%		
% change/total	9.51%	9.95%	10.62%	11.72%	10.39%	9.56%	8.95%	8.54%	7.79%	7.50%	7.35%	6.96%	6.96%	
<b>2011</b>														
Madison	\$380,021	\$383,976	\$460,129	\$454,562	\$466,904	\$477,396	\$436,637	\$473,303	\$448,256	\$444,204	\$455,842	\$538,000	\$5,419,230	48.108%
St. Clair	\$363,984	\$395,231	\$455,562	\$437,820	\$436,490	\$475,972	\$433,460	\$433,777	\$441,030	\$412,793	\$451,390	\$594,129	\$5,331,638	47.330%
Monroe	\$38,315	\$34,759	\$41,192	\$44,975	\$41,786	\$45,836	\$44,887	\$43,323	\$42,564	\$42,690	\$42,252	\$51,266	\$513,845	4.562%
Total Month	\$782,320	\$813,966	\$956,883	\$937,357	\$945,180	\$999,204	\$914,984	\$950,403	\$931,850	\$899,687	\$949,484	\$1,183,395	\$11,264,713	
Cumulative Total	\$782,320	\$1,596,286	\$2,553,169	\$3,490,526	\$4,435,706	\$5,434,910	\$6,349,894	\$7,300,297	\$8,232,147	\$9,131,834	\$10,081,318	\$11,264,713		
% change/month	3.29%	0.71%	-0.40%	-0.94%	2.26%	4.77%	2.20%	5.77%	5.10%	-0.32%	0.34%	1.39%		
% change/total	3.29%	1.96%	1.06%	0.52%	0.88%	1.58%	1.67%	2.18%	2.50%	2.22%	2.04%	1.97%	1.97%	
<b>2012</b>														
Madison	\$381,470	\$406,476	\$473,049	\$471,191	\$481,989	\$477,254	\$427,562	\$434,603	\$428,193					
St. Clair	\$361,727	\$415,491	\$468,490	\$432,173	\$468,782	\$473,567	\$425,923	\$441,838	\$438,184					
Monroe	\$37,471	\$38,904	\$46,086	\$46,051	\$46,231	\$45,671	\$43,063	\$45,307	\$45,641					
Total Month	\$780,668	\$860,871	\$987,625	\$949,415	\$997,002	\$996,492	\$896,548	\$921,748	\$912,018					
Cumulative Total	\$780,668	\$1,641,539	\$2,629,164	\$3,578,579	\$4,575,581	\$5,572,073	\$6,468,621	\$7,390,369	\$8,302,387					
% change/month	-0.21%	5.76%	3.21%	1.29%	5.48%	-0.27%	-2.01%	-3.02%	-2.13%					
% change/total	-0.21%	2.83%	2.98%	2.52%	3.15%	2.52%	1.87%	1.23%	0.85%					

## FPD Sales Tax Trends Actual Receipts 2009-2011







Memo to: Board of Directors  
From: Les Sterman  
Subject: Update to Project Financial Plan  
Date: December 16, 2012

For the past several months we have been working with our Financial Advisor, ButcherMark to update the project financial plan. The original plan was developed in 2010 and was the basis for our Series 2010 bond issue. The project design and cost estimate has evolved since that time, and there have been significant changes in financial markets. Also, we are mindful of future financial needs going beyond the immediate FPD construction project. The Corps of Engineers will be making further investments in the levee system to increase the level of protection. For that to happen, we will need to provide local funding to match the federal dollars. Also, we need to make sure that the levee districts are able to carry forward with ongoing maintenance and reconstruction needs so that the Council's investments in levee improvements are adequately maintained over time.

Since we have a new project cost estimate and schedule, it is an appropriate time to revisit the financial plan. Attached is a draft of a revised plan prepared by ButcherMark. It explores a number of options that would allow us to leverage the existing sales tax to generate additional proceeds to meet our needs. No decisions are necessary at this time; the plan update lays out options for us to consider in the future once our financial needs become better defined.

Staff from ButcherMark will be at the December Board meeting to explain the plan update and answer your questions.



# Southwestern Illinois Flood Prevention Project Financial Plan Update

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DRAFT

December 19, 2012

**Prepared by:**

**ButcherMark Financial Advisors**

1120 Avenue of the Americas 4<sup>th</sup> Floor  
New York, NY 10036



# Southwestern Illinois Flood Prevention Project Financial Plan Update

## I. Background

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ButcherMark Financial Advisors (“ButcherMark”) has prepared this report at the request of the Southwest Illinois Flood Prevention District Council (the “Council”). The report analyzes the Council’s financing capacity for the flood prevention project it is currently implementing.

The Council was created in 2009 for the purpose of making improvements to the levee system protecting the St. Louis Metro East region (the “Project”). The funding for the Project is primarily derived from a quarter percent sales tax levied that has been collected since January 2009 in the Council’s three-county region. The Council issued its 2010 Series Senior Bonds in November 2010 to fund the initial portions of the project with the expectation of issuing additional financings on a subordinated basis in the future to complete the Project. Current project cost estimates and other flood protection needs suggest that Council should identify ways to maximize its financing capacity utilizing the available quarter percent sales tax revenue resources available to it.

Previously, in July 2011, a Project Cost Estimate was developed for \$150.7 million and a Financing Plan Update was prepared by ButcherMark which identified a maximum capacity of approximately \$150.5 million from future sales tax revenues. That report assumed future bond issuances in 2013 and 2014 consistent with the Council’s construction schedule at that time, and used sales tax revenue and market interest rate information available in 2011.

This update of the above financing plan is based on more recent revenue and market information as well as a revised construction schedule and cost estimate. Additionally, based on bond counsel review and approval, a two stage subordinated financing technique is proposed and analyzed, which, as described below, can increase flexibility for the Council in funding the Project and future levee improvements by the Council and others.

This update also provides results of sensitivity studies to show how the financing capacity under proposed technique is impacted by changes in inputs assumptions such as interest rates and timing of the financings.

## II. Discussion

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The Council has generated funding for the project so far primarily through the issuance of its Series 2010 Senior Bonds. The bond issue resulted in a total deposit to the Project Fund of approximately \$87.3 million. The current aggregate balance in the Series 2010 ABC Project Fund (2010 A Project Fund, 2010 B Project Fund and 2010 C Project Fund combined), as of November 30, 2012, is approximately \$74 million as indicated in Exhibit I. As indicated in Exhibit II, the projected future actual construction cost estimate for the Council’s project, as of December 1, 2012, aggregates to approximately \$115 million. This does not include the costs of professional services for design, construction management, real estate acquisition, etc. Also, the Council anticipates additional funding requirements (yet to be determined) for related projects (such as matching funding requirements for projects anticipated to be undertaken by the Corps of Engineers; and funding

requirements for maintenance). This reports presents an analysis of the Council's financing capacity to meet these funding needs.

Since the enabling statutes restrict the maturity of the Council's bonds to a maximum of 25 years from the issuance date of any bonds, the Series 2010 Senior Bonds could only leverage the sales tax revenues from 2010 to 2036.

The Series 2010 Senior Bonds were also structured to have a revenue coverage of 1.5 times the gross debt service to comply with anticipated rating agency requirements to receive a AA/Aa3 ratings from Standard and Poor's and Moody's respectively. Since senior debt service coverage is over 100% of principal and interest payments, excess revenues have been freed up from the Indenture and sent pro rata to the three county sales tax funds since 2010 and are available for the Council to apply to pay costs incurred for the Project. As of October 2012 such excess revenues in the three county sales tax funds amount to approximately \$10.4 million.

Going forward, additional financing opportunities are available to the Council by utilizing the future revenues remaining after making provision for the payment of debt service on the Series 2010 Senior Bonds and the operational expenses of the Council. While these remaining revenues can be leveraged with a future long term subordinated bond issue, these bonds can have a maturity of only 25 years from the issue date to comply with the Council's authorizing statute. Thus, they can leverage only 25 years of revenues beyond the issuance of these bonds. Since the Project construction is expected to be completed by 2015, a standalone long term subordinated bond issuance prior to (or during) the project construction period can only take advantage of leveraging sales tax revenues through 2040 at most. This approach would only capture five more years of capacity beyond the financing capacity utilized by the 2010 Series Senior Bonds.

Since estimated project costs may be higher, ButcherMark would propose consideration of a financing technique that can increase the Council's financing capacity for the Project by allowing the Council to leverage sales tax revenues for a period longer than 25 years after the completion of the Project. Under this technique, the Council would issue a **short term subordinated financing** instrument at an appropriate time to match its capital needs. This short term financing instrument would be payable from either available excess cash revenues or from proceeds of a future long term subordinated bond issue, issued, for example, 5 years after the end of the construction period. In accordance with the Council's formation statutes, this bond issue could have a maturity of 25 years from that issuance date. In combination with the short term financing, this technique would permit the Council to leverage an additional 5 years of sales tax revenues (as compared to a single standalone long term bond issuance), resulting in an increased financing capacity for the Project. A brief description this two stage financing is discussed below.

### III. The Role of Short Term Financing

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ButcherMark proposes the Council issue two types of short term financings in the form of Revenue Anticipation Notes ("RANs") and Bond Anticipation Notes (BANs). Both of these financings would be subordinated to the outstanding Series 2010 Senior Bonds, and can be issued as Series A (RANs) and Series B (BANs) in a single offering. A short description of RANs and BANs is given below.

*Revenue Anticipation Notes* are short term borrowing instruments issued by municipalities to fund current expenses with a commitment of paying off the RANs from anticipated future excess cash

revenues. The maturities of these instruments range from less than a year to three years. The payoff periods of these instruments can be extended with rollover of these instruments at their stated maturities.

*Bond Anticipation Notes* are similar to RANs except that BANs are issued with the intention of paying them off from proceeds of the sale of long term bonds in the future.

## IV. Implementing the Proposed Financing Plan

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The following is an outline of the elements of ButcherMark's proposed financing plan.

- Utilize the remaining proceeds from the Series 2010 Senior Bonds to fund Project expenses.
- Fund additional expenses of the project on a "pay-as-you-go" basis from excess revenues (net of debt service on Series 2010 Bonds and Council's operational expenses) that have been or are flowing out of the Indenture as "surplus" to the county FPD sales tax funds prior to the issuance of short term financing.
- Just prior to the time additional Project funding is needed, issue short term financings on a subordinated basis in the form of Revenue Anticipation Notes ("RANs"), and Bond Anticipation Notes ("BANs") and apply all the proceeds of these short term issuances to pay Project costs in a timely fashion.
- Prior to the issuance of long term subordinated bonds (see below) apply all excess revenues, after paying net debt service on Series 2010 Bonds and Council expenses, to the payment of the short term RANs.
- Issue long term subordinated bonds and apply its proceeds to retire the short term BANs.
- After the issuance of the long term bonds (see above) release excess revenues (after paying debt service on the Series 2010 bonds, debt service on the new long term subordinated bonds and the Council's expenses) for other appropriate project related purposes.
- We note here that we consider in our analysis only the financing capacity from leveraging the Council's quarter cent sales tax revenue, and do not include other sources that may be available to the Council.

## V. Base Case Scenario Assumptions and Analysis

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ButcherMark has made the following assumptions for the basic analysis of the future financing capacity available to the Council under the above proposed financing plan. We label this analysis as the **2012 Base Case Scenario** analysis. We have also provided sensitivity analyses showing the impacts created by making changes in inputs such as interest rates, timing of financing, provision of a subordinated debt service reserve fund, and other aspects of the analysis as described further.

Base Year Revenues and Revenue Growth Rate: Sales tax collection data provided by the Council for the calendar years 2009-2011 indicate a compounded annual growth rate of 4.4%. Based on this number we recommend continuing with a sales tax revenue growth rate of 3% consistent with the assumption used in the previous Financing Plan Update as a conservative number for the current analysis.

We calculate the revenue projection for the previous 12 month period to be \$11,401,876 for the period July 2011 through June 2012. This number adjusted, at 3% growth, for the Fiscal Year

ending September 2012 is \$11,514,773. We use the fiscal year ending September 30, 2012 as the base year and this amount as the base year revenue for projecting future revenues in our analysis.

We have assumed a Base Year amount of \$300,000 for the Council's expenses and assumed a modest growth rate of 3% in these expenses.

Federal Subsidies: We have assumed the Federal Build America Bond and Economic Recovery Zone Bond subsidies for the Series 2010 Senior Bonds to continue at the levels as indicated in the Series 2010 Senior Bonds Official Statement.

Interest Rates: We use average interest rates of 3% and 7% respectively, for the short-term RANs and BANs and long-term bonds respectively. Actual rates in the current market indicate these interest rate levels to be conservative.

Timing of the Financing: Consistent with the timing of the need for additional Project funding, we have assumed, for the base case scenario that the Council will issue its RANs and BANs financing in 2013. We have also assumed that the Council will issue its long-term bonds in 2020 for the purpose of paying off its BANs.

Coverage and Debt Service Reserve Fund: We anticipate that the Council will issue the new long-term bonds as subordinate to the Series 2010 Senior Bonds in accordance with the Council's Bond Indenture. Given the expected continuing growth in sales tax revenues, we have assumed coverage of 105% (that is, coverage of gross debt service of Series 2010 Senior Bonds and the gross debt service of the new subordinated bonds by total sales tax revenues projected for a 12-month period prior to the issue of the new subordinated bonds). We believe that this coverage would be consistent with obtaining single "A/A" ratings from Moody's and Standard and Poor's, respectively, for the subordinate bonds.

We believe that a debt service reserve fund would not be necessary to achieve the desired ratings for this subordinated issuance because the expected growth in revenues would significantly over collateralize the subordinated debt service. We have therefore not assumed any debt service reserve fund for the base case.

Base Case Results: Analysis of the base case results is illustrated in Exhibit III which indicates that, under the above assumptions, the Council's financing capacity from future sales tax revenues is approximately \$122 million. Together with the proceeds of Series 2010 Senior Bonds and the current excess funds balances in the three county sales tax revenue funds that the total financing capacity for the Project is calculated to be \$220 million. This outcome is based upon leveraging only the ¼ percent sales tax revenues, does not include financing options from other sources that could increase the Council's financing capacity for the for the Project.

A comparison of the financing capacity calculated In the 2012 Base Case scenario with the financing capacity calculated in the 2011 Financial Plan Update is shown in Exhibit IV. The comparison indicates that the significant increase in the financing capacity in the 2012 Base Case is from the new proposed two stage financing technique.



## VI. Sensitivity Analysis

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Using the framework of the Base Case Scenario, we have analyzed other scenarios to study the impact of changing the assumptions used in that Base Case analysis. The results of these scenario analyses are illustrated in Exhibit V. These results show the impact on the financing capacity due to changes in certain factors outside the Council's control, such as interest rates at the time of financing. They also show the impact on financing capacity due to a range of options available in the financing plan. These options include for example, the timing of the take out of the BANs by issuance of the long term bonds and the provision and sizing of a debt service reserve fund for the long term subordinated bonds.

Quantitative results shown in Exhibit III indicate that the timing of the long term subordinated bond issuance has the most significant impact on the financing capacity. As shown in that Exhibit, delaying the issuance of the long term subordinated bonds by five years can increase the financing capacity by more than \$51 million.

The interest rates used also have a significant impact on the financing capacity potentially increasing it by more than \$17 million for a 1% drop in interest rates from the levels assumed in the Base Case analyses.

## VII. Conclusions

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Analysis discussed in this financial plan update indicates that the Council can significantly enhance its financing capacity for the Project by pursuing a two stage financing against future sales tax revenues. Additional funding flexibility can be created for the Council by adjusting the timing of the issuance of the contemplated long term bonds.





Corporate Trust Services  
 P.O. Box 419692  
 Kansas City, MO 64141-7014

SW IL Flood Prevention District Council  
 104 UNITED DRIVE  
 COLLINSVILLE IL US 62234

Account Title **SW IL Flood Control Series 2010 ABC  
 2010 A PROJECT FUND**

Account Number **136993.8**

Statement Period **11/01/2012 - 11/30/2012**

Administrator: Richard F. Novosak  
 314.612.8483  
 RICHARD.NOVOSEK@UMB.COM

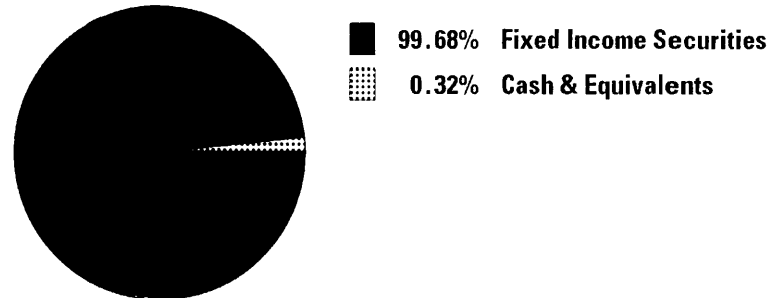
Associate Administrator: Theresa Stansbury  
 THERESA.STANSBURY@UMB.COM

Senior Officer: Sandra Battas  
 314.612.8481  
 Sandra.Battas@umb.com

## Investment Summary

	<u>Cost Basis</u>	<u>Market Value</u>
Fixed Income Securities	60,319,773.27	60,319,773.27
Cash & Equivalents	190,846.31	190,846.31
<b>Total Assets</b>	<b>60,510,619.58</b>	<b>60,510,619.58</b>
<b>Account Total</b>	<b>60,510,619.58</b>	<b>60,510,619.58</b>

**Total Invested Value \$60,510,619.58**



Please review this statement carefully and notify us in writing within 30 days if you have any questions or concerns about the information it contains. Unless we receive written notice within 30 days, we will assume that you have approved the statement.



Corporate Trust Services  
P.O. Box 419692  
Kansas City, MO 64141-7014

SW IL Flood Prevention District Council  
104 UNITED DRIVE  
COLLINSVILLE IL US 62234

Account Title	<b>SW IL Flood Control Series 2010 ABC 2010 B PROJECT FUND</b>	<b>1</b>
Account Number	<b>136993.9</b>	
Statement Period	<b>11/01/2012 - 11/30/2012</b>	
Administrator:	Richard F. Novosak 314.612.8483 RICHARD.NOVOSAK@UMB.COM	
Associate Administrator:	Theresa Stansbury THERESA.STANSBURY@UMB.COM	
Senior Officer:	Sandra Battas 314.612.8481 Sandra.Battas@umb.com	

## Portfolio(s) Included in Statement

Portfolio Number	<b>136993.9</b>	Portfolio Name	<b>SW IL Flood Control 2010 B Project Fund</b>
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Please review this statement carefully and notify us in writing within 30 days if you have any questions or concerns about the information it contains. Unless we receive written notice within 30 days, we will assume that you have approved the statement.

EXHIBIT I (PAGE 3 OF 3)



Corporate Trust Services  
 P.O. Box 419692  
 Kansas City, MO 64141-7014

SW IL Flood Prevention District Council  
 104 UNITED DRIVE  
 COLLINSVILLE IL US 62234

Account Title **SW IL Flood Control Series 2010 ABC  
 2010 C PROJECT FUND**

Account Number **136993.10**

Statement Period **11/01/2012 - 11/30/2012**

Administrator: Richard F. Novosak  
 314.612.8483  
 RICHARD.NOVOSAK@UMB.COM

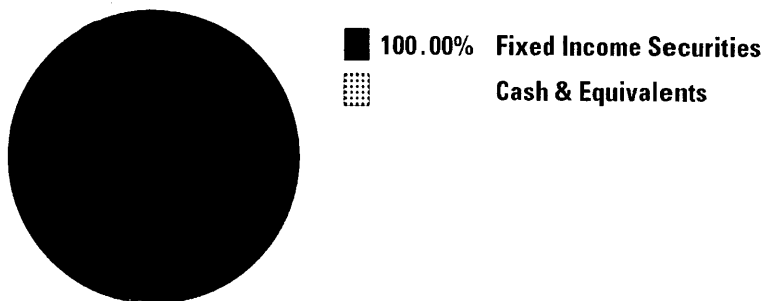
Associate Administrator: Theresa Stansbury  
 THERESA.STANSBURY@UMB.COM

Senior Officer: Sandra Battas  
 314.612.8481  
 Sandra.Battas@umb.com

Investment Summary

	<u>Cost Basis</u>	<u>Market Value</u>
Fixed Income Securities	13,438,143.69	13,438,143.69
Cash & Equivalents	0.60	0.60
<b>Total Assets</b>	<b>13,438,144.29</b>	<b>13,438,144.29</b>
<b>Account Total</b>	<b>13,438,144.29</b>	<b>13,438,144.29</b>

**Total Invested Value \$13,438,144.29**



**Southwestern Illinois Levee Certification Design**  
**Monthly Cost Disbursements**  
**Entire Project (All Bid Packages)**



December 1, 2012	\$ 1,114,997
January 1, 2013	\$ 66,362
February 1, 2013	\$ 185,225
March 1, 2013	\$ 441,443
April 1, 2013	\$ 898,370
May 1, 2013	\$ 1,564,853
June 1, 2013	\$ 2,496,660
July 1, 2013	\$ 3,446,957
August 1, 2013	\$ 3,922,572
September 1, 2013	\$ 3,677,647
October 1, 2013	\$ 3,908,758
November 1, 2013	\$ 4,575,858
December 1, 2013	\$ 5,967,616
January 1, 2014	\$ 8,031,143
February 1, 2014	\$ 10,301,529
March 1, 2014	\$ 12,059,052
April 1, 2014	\$ 12,666,782
May 1, 2014	\$ 11,847,637
June 1, 2014	\$ 9,881,772
July 1, 2014	\$ 7,334,128
August 1, 2014	\$ 4,842,669
September 1, 2014	\$ 2,842,259
October 1, 2014	\$ 1,484,487
November 1, 2014	\$ 683,417
December 1, 2014	\$ 286,369
January 1, 2015	\$ 118,397
February 1, 2015	\$ 25,027

Sum: \$ 114,671,986

**Estimated Monthly Disbursements**  
**(All Bid Packages)**

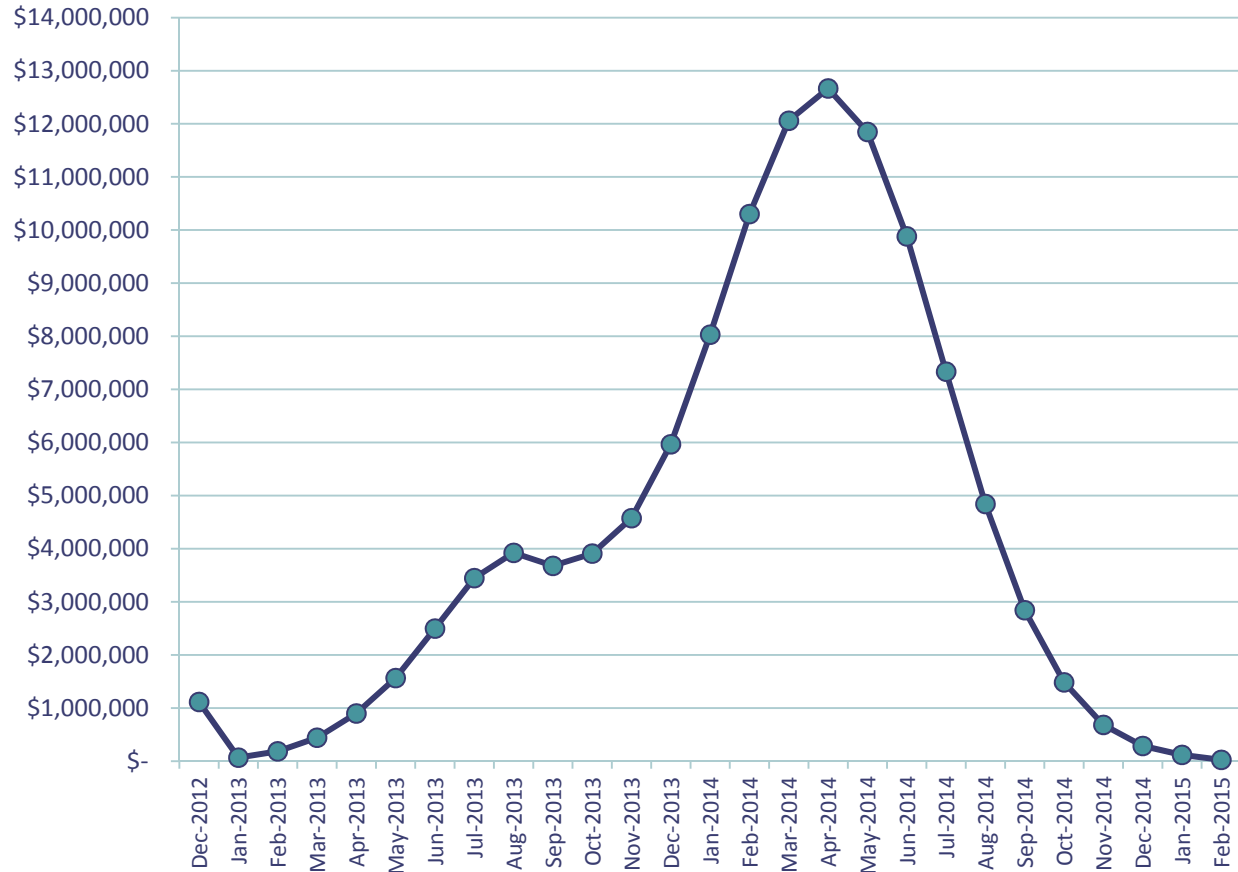


EXHIBIT III

**BUTCHERMARK**

Southwestern Illinois Flood Prevention District Council  
Financial Plan: Scenario Analysis for Estimating Financing Capacity

Base Case Analysis and Results

Assumptions

Analytical Results

Current Balance in Revenue Fund Available for Construction:	10,423,241	Project Conclusion Fiscal Year:	2015	Future Revenues Available for Application to Project during Construction:	5,367,917
Base Year for Sales Tax Revenue Projection:	2012	Short Term Financing Year (Ser. A RANs):	2014	Proceeds from Short-Term Financing (Ser A RANs) to be Retired with Future Revenues (Revenues to be received after End of Project and Before Bond Issuance):	35,459,534
Base Year Sales Tax Revenues :	11,514,773	Short Term Financing Year (Ser. B BANs):	2014	Proceeds from Short-Term Financing (Ser B BANs) to be paid off with proceeds of Bonds:	80,986,994
Annual Revenue Growth Rate:	3.0000%	Long Term Bond Financing to Retire Ser. B BANs	2020	Total Derivable from Financing against future Revenues.	121,814,445
Council Expenses in Base Year :	300,000	Debt Service Reserve Fund for Long Term Bond:	0%		
Short Term Financing Rate:	3.0000%	(Max. allowable in % and \$Amount)			
Long Term Financing Rate:	7.0000%		219,569,532		
Cost of Issuance:	1.0000%			Current Balance in Excess Revenue fund available for Project:	10,423,241
Rev Coverage for Additional Bonds Test:	105.0000%			Proceeds from Series 2010 Bond Issuance:	87,331,845

Total Financing Capacity for the Project: **219,569,532**

Fiscal Year	Sales Tax BOFY Balance	Projected Sales Tax Revenues	Gross Debt Service of Series 2010 Senior Bonds		Expected Subsidy For Ser 2010	Revenues Less Net DS on Ser 2010	Council Expenses	Revenues Less Series 2010 Net DS and Expenses	Revenues Applied to Project Pay-As-You-Go	Revenues Remaining	Net Proceeds of Series A RANs	Net Proceeds of Series B BANs	Revs Applied to Retiring Ser A RANs	Contribution to Bond Proceeds (PV of [11] to Ser A Issue Date)	Pay Off of Ser B BANs With Bond Proceeds	Contribution to Bond Proceeds (PV of [13] to Ser B Issue Date)	Revenues Available for Long Term Bonds Debt Service	Allowable Max DS for Bonds from Coverage Requirements	Coverage of Bond DS By Revenues	Contribution to Bond Proceeds (PV of [16] to Bond Issue Date)	Revenues After Council Cost DS and Cap App	
			[4]	[5]=[3]/[4]																		[6]
2013	0	11,860,216	7,102,439	167%	910,140	5,667,917	300,000	5,367,917	5,367,917	0	0	0	0	0	0	0	0	0	0	0	0	
2014	0	12,216,023	7,102,339	172%	910,140	6,023,823	309,000	5,714,823	5,714,823	35,459,534	80,986,994	5,714,823	5,548,372	0	0	0	0	0	0	0	0	
2015	0	12,582,503	7,101,239	177%	910,140	6,391,404	318,270	6,073,134	6,073,134	0	0	6,073,134	5,724,511	0	0	0	0	0	0	0	0	
2016	0	12,959,978	7,103,089	182%	910,140	6,767,029	327,818	6,439,211	6,439,211	0	0	6,439,211	5,892,790	0	0	0	0	0	0	0	0	
2017	0	13,348,778	7,103,839	188%	910,140	7,155,079	337,653	6,817,426	6,817,426	0	0	6,817,426	6,057,195	0	0	0	0	0	0	0	0	
2018	0	13,749,241	7,100,339	194%	910,140	7,559,042	347,782	7,211,260	7,211,260	0	0	7,211,260	6,220,496	0	0	0	0	0	0	0	0	
2019	0	14,161,718	7,102,339	199%	910,140	7,969,519	358,216	7,611,303	7,611,303	0	0	7,611,303	6,374,347	0	0	0	0	0	0	0	0	
2020	0	14,586,570	7,100,239	205%	910,140	8,396,471	368,962	8,027,509	8,027,509	0	0	8,027,509	0	0	97,679,501	81,805,044	8,027,509	6,791,732	118%	6,347,413	1,235,776	
2021	1,235,776	15,024,167	7,102,539	212%	910,140	8,831,768	380,031	8,451,737	8,451,737	0	0	8,451,737	0	0	0	0	8,451,737	6,789,432	124%	5,930,153	1,662,304	
2022	2,898,081	15,474,892	7,103,264	218%	910,140	9,281,768	391,432	8,890,336	8,890,336	0	0	8,890,336	0	0	0	0	8,890,336	6,788,707	131%	5,541,607	2,101,629	
2023	4,999,709	15,939,139	7,101,514	224%	910,140	9,747,765	403,175	9,344,590	9,344,590	0	0	9,344,590	0	0	0	0	9,344,590	6,790,457	138%	5,180,407	2,554,132	
2024	7,553,841	16,417,313	7,101,314	231%	910,140	10,226,139	415,270	9,810,869	9,810,869	0	0	9,810,869	0	0	0	0	9,810,869	6,790,657	144%	4,841,645	3,020,211	
2025	10,574,053	16,909,832	7,104,564	238%	910,140	10,715,408	427,728	10,287,680	10,287,680	0	0	10,287,680	0	0	0	0	10,287,680	6,787,407	152%	4,522,736	3,500,273	
2026	14,074,325	17,417,127	7,102,764	245%	910,140	11,224,503	440,560	10,783,943	10,783,943	0	0	10,783,943	0	0	0	0	10,783,943	6,789,207	159%	4,227,977	3,994,736	
2027	18,069,061	17,939,641	7,101,414	253%	910,140	11,748,367	453,777	11,294,590	11,294,590	0	0	11,294,590	0	0	0	0	11,294,590	6,790,557	166%	3,952,166	4,504,033	
2028	22,573,093	18,477,830	7,101,777	260%	910,140	12,286,194	467,390	11,818,803	11,818,803	0	0	11,818,803	0	0	0	0	11,818,803	6,790,195	174%	3,693,416	5,028,609	
2029	27,601,702	19,032,165	7,103,427	268%	910,140	12,838,879	481,412	12,357,467	12,357,467	0	0	12,357,467	0	0	0	0	12,357,467	6,788,545	182%	3,450,952	5,568,922	
2030	33,170,624	19,603,130	7,100,864	276%	910,140	13,412,406	495,854	12,916,552	12,916,552	0	0	12,916,552	0	0	0	0	12,916,552	6,791,107	190%	3,226,406	6,125,444	
2031	39,296,068	20,191,224	7,093,914	285%	910,140	14,007,450	510,730	13,496,720	13,496,720	0	0	13,496,720	0	0	0	0	13,496,720	6,798,057	199%	3,018,419	6,698,663	
2032	45,994,731	20,796,961	6,982,335	298%	788,837	14,603,463	526,052	14,077,411	14,077,411	0	0	14,077,411	0	0	0	0	14,077,411	6,909,636	204%	2,867,253	7,167,775	
2033	53,162,506	21,420,870	6,842,146	313%	653,465	15,232,190	541,833	14,690,356	14,690,356	0	0	14,690,356	0	0	0	0	14,690,356	7,049,826	208%	2,734,044	7,640,530	
2034	60,803,036	22,063,496	6,667,449	331%	478,102	15,874,149	558,088	15,316,061	15,316,061	0	0	15,316,061	0	0	0	0	15,316,061	7,224,523	212%	2,618,500	8,091,538	
2035	68,894,574	22,725,401	6,670,813	319%	295,743	19,350,331	574,831	18,775,500	18,775,500	0	0	18,775,500	0	0	0	0	18,775,500	10,221,158	184%	3,462,260	8,554,341	
2036	77,448,915	23,407,163	0	NA	53,113	23,460,276	592,076	22,868,200	22,868,200	0	0	22,868,200	0	0	0	0	22,868,200	13,891,971	165%	4,397,842	8,976,229	
2037	86,425,144	24,109,378	NA	NA	24,109,378	24,109,378	609,838	23,499,539	23,499,539	0	0	23,499,539	0	0	0	0	23,499,539	13,891,971	169%	4,110,133	9,607,568	
2038	96,032,712	24,832,659	NA	NA	24,832,659	24,832,659	628,133	24,204,526	24,204,526	0	0	24,204,526	0	0	0	0	24,204,526	13,891,971	174%	3,841,246	10,312,554	
2039	106,345,266	25,577,639	NA	NA	25,577,639	25,577,639	646,977	24,930,661	24,930,661	0	0	24,930,661	0	0	0	0	24,930,661	13,891,971	179%	3,589,949	11,038,690	
2040	117,383,956	26,344,968	NA	NA	26,344,968	26,344,968	666,387	25,678,581	25,678,581	0	0	25,678,581	0	0	0	0	25,678,581	13,891,971	185%	3,355,093	11,786,610	
2041	129,170,566	27,135,317	NA	NA	27,135,317	27,135,317	686,378	26,448,939	26,448,939	0	0	26,448,939	0	0	0	0	26,448,939	13,891,971	190%	3,135,601	12,556,967	
2042	141,727,533	27,949,376	NA	NA	27,949,376	27,949,376	706,970	27,242,407	27,242,407	0	0	27,242,407	0	0	0	0	27,242,407	13,891,971	196%	2,930,468	13,350,435	
2043	155,077,969	28,787,858	NA	NA	28,787,858	28,787,858	728,179	28,059,679	28,059,679	0	0	28,059,679	0	0	0	0	28,059,679	13,891,971	202%	2,738,755	14,167,708	
2044	169,245,676	29,651,493	NA	NA	29,651,493	29,651,493	750,024	28,901,469	28,901,469	0	0	28,901,469	0	0	0	0	28,901,469	13,891,971	208%	2,559,584	15,009,498	
2045	184,255,174	30,541,038	NA	NA	30,541,038	30,541,038	772,525	29,768,513	29,768,513	0	0	29,768,513	0	0	0	0	29,768,513	13,891,971	214%	2,392,135	15,876,542	
2046	200,131,716	31,457,269	NA	NA	31,457,269	31,457,269	795,701	30,661,569	30,661,569	0	0	30,661,569	0	0	0	0	30,661,569	0	NA	0	30,661,569	
2047	230,793,285	32,400,987	NA	NA	32,400,987	32,400,987	819,572	31,581,416	31,581,416	0	0	31,581,416	0	0	0	0	31,581,416	0	NA	0	31,581,416	
2048	262,374,701	33,373,017	NA	NA	33,373,017	33,373,017	844,159	32,528,858	32,528,858	0	0	32,528,858	0	0	0	0	32,528,858	0	NA	0	32,528,858	
2049	294,903,559	34,374,208	NA	NA	34,374,208	34,374,208	869,483	33,504,724	33,504,724	0	0	33,504,724	0	0	0	0	33,504,724	0	NA	0	33,504,724	
2050	328,408,283	35,405,434	NA	NA	35,405,434	35,405,434	895,568	34,509,866	34,509,866	0	0	34,509,866	0	0	0	0	34,509,866	0	NA	0	34,509,866	
2051	362,918,149	36,467,597	NA	NA	36,467,597	36,467,597	922,435	35,545,162	35,545,162	0	0	35,545,162	0	0	0	0	35,545,162	0	NA	0	35,545,162	
2052	398,463,310	37,561,625	NA	NA	37,561,625	37,561,625	950,108	36,611,517	36,611,517	0	0	36,611,517	0	0	0	0	36,611,517	0	NA	0	36,611,517	
2053	435,074,827	38,688,473	NA	NA	38,688,473	38,688,473	978,611	37,709,862	37,709,862	0	0	37,709,862	0	0	0	0	37,709,862	0	NA	0	37,709,862	
=====																						
		932,963,715	159,095,958		19,561,917	793,429,674	23,598,989	769,830,684	5,367,917	764,462,767	35,459,534	80,986,994	39,867,158	35,817,711	97,679,501	81,805,044	724,595,610	251,810,920		98,666,163	472,784,689	
														358,177		818,050					986,662	
																					0	
														35,459,534		80,986,994					97,679,501	

Note 1: The Debt Service Fund associated with the

## Exhibit IV

### Southwester Illinois Flood Prevention District Council Financial Plan Update

#### Comparison of 2012 Base Case Financing Capacity with Financing Capacity Calculated in the 2011 Financing Plan Update

<u>Source</u>	<u>2011 Financing Plan Update</u>		<u>2012 Financing Plan Update</u>	
Senior Lien Bonds Issued and outstanding:	Proceeds of 2010 Bonds deposited to Construction Fund and Estimated Earnings thereon:	\$87,409,570 [Note 1]	Proceeds of 2010 bonds deposited to Construction fund:	\$87,331,845 [Note 2,3]
Proceeds of Council Financings Proposed to be Issued as subordinated financings under the Indenture	Proceeds of Proposed 2013 Fixed Rate Bonds:	\$21,917,669	Proposed 2013 RANs [Note 4]	\$35,459,534
	Proceeds of Proposed 2015 Fixed Rate Bonds:	\$20,937,672	Proposed 2013 BANs [Note 4]	\$80,986,994
Direct Application of Surplus Revenues	Surplus Draws:	\$17,226,292	Balance in Surplus Rev.	\$10,423,241
			Pay-as-you go application of future surplus revenues.	\$5,367,917
Other Items	Estimated Construction Fund Earnings	\$2,018,753		\$0 [Note 3]
	Estimated Reserve Fund Earnings	\$1,000,543		\$0 [Note 3]
<b>Total Financing Capacity</b>		<b><u>\$150,510,499</u></b>		<b><u>\$219,569,531</u></b>

=====

Note 1: Includes earnings retained in the Construction Fund

Note 2: From the 2010 Series Senior Bonds Official Statement

Note 3: RANs are proposed to be paid from excess sales tax revenues; and BANs are expected to be paid from proceeds of a subordinate bonds to be issued in 2020.

Note 3: In the 2012 Financial Plan update, the earnings on construction and reserve funds are not included for a conservative analysis



**Southwestern Illinois Flood Prevention District Council**  
**Financial Plan Update**  
**Sensitivity Studies for Base Case Financing Capacity Due to Changes in Assumptions**

Input Changes		Financing Capacity and Change from Base Case (\$Millions)			
		2015	2018	2020*	2025
A	Issuance Year for Long Term Bonds	2015	2018	2020*	2025
	Financing Capacity	\$171	\$200	\$220	\$271
	Change from Base Case	-\$48	-\$20	\$0	\$51
B	Interest Rates (+Higher/-Lower)	1%	0%*	-1%	-2%
	Financing Capacity	\$206	\$220	\$236	\$256
	Change from Base Case	-\$14	\$0	\$17	\$37
C	Revenue Coverage for Long Term Bonds	100%	105%*	110%	115%
	Financing Capacity	\$226	\$220	\$213	\$208
	Change from Base Case	\$7	\$0	-\$6	-\$12
D	Provision of Debt Service Reserve Funds for Long Term Bonds	0%*	50%	100%	
	Financing Capacity	\$220	\$215	\$211	
	Change from Base Case	\$0	-\$4	-\$8	
E	Revenue Growth Rates	0%	2%	3%*	5%
	Financing Capacity	\$182	\$206	\$220	\$249
	Change from Base Case	-\$37	-\$13	\$0	\$29

=====

\* Base Case from Exhibit I





Memo to: Board of Directors  
From: Les Sterman  
Subject: Revised Project Cost Estimate and Schedule  
Date: December 19, 2012

Last December, following the submission of the 60% design and cost estimate by AMEC, the Board adopted a revised project cost estimate. Since that time, the design has continued to evolve. As the design moves toward completed construction documents certain features have been eliminated, others added and some refined. Construction quantities have changed, unit costs have become more detailed, and construction conditions are better known. In general, the cost estimate becomes more reliable and more accurate as the design process advances. In November 2012 AMEC submitted an updated construction cost estimate.

In July, 2011 the Board of Directors adopted a Project Implementation Plan that included a description of the basic design features of the project, an implementation schedule, a cost estimate and financial plan. The information now available as the design process progresses allows us to assess the accuracy of the Plan and our progress in following it.

The success of the project hinges on effectively managing time and money. Our goal since the outset of the project was to reach the desired outcome, i.e. a fully accredited levee system, with the money that can be leveraged with the local sales tax revenue and to do so within five years. The Project Implementation Plan is a roadmap for accomplishing that broad purpose. At each critical stage of the project it will be important to determine where we stand with respect to that roadmap.

Table 1 shows the effect of changes to the design on the project cost estimate. To summarize, the overall FPD project construction cost estimate has been reduced by \$11.4 million, or about 8.4%, as a result of continuing progress on the design and a concerted effort by AMEC to reduce costs. However, costs for professional services have increased somewhat, mainly due to external factors such as more extensive and costly Corps review processes, the unwillingness of the Corps to certify levees they own or where they are responsible for improvements, and by changes in the project schedule. In addition, we had not previously budgeted for our obligation to provide local cost-share for Corps sponsored reconstruction projects or project development work amounting to some \$11.6 million. Taken together, therefore, the overall project cost estimate has increased by 1.9%.

Given some of the uncertainties in the early design, and considering that the cost estimate now reflects almost \$11.6 million in unbudgeted costs from Corps projects, this is positive news.

Overall, I think we can be more confident in the cost estimate as we near the completion of design. The estimate continues to include a 20% contingency for all construction, except for the cutoff walls, for which the contingency is 30%. Nonetheless, risks remain that could affect the cost estimate and schedule:

1. We have been unable to get any significant relief from the onerous, costly, and, in our view needlessly burdensome, Corps of Engineers review process. That review process has resulted in a budgeted amount of nearly \$1.1 million, a sum that has now been incorporated in the project estimate. Perhaps even more significant is the schedule risk and uncertainty of the review process itself, which is largely new to the Corps for a project like ours. This could have a budget impact that we cannot as yet estimate.
2. The Corps has now indicated that they will not certify either the Chain of Rocks levee, (that the agency owns and maintains), or the levee reach adjacent to the Mel Price Lock and Dam (where the design deficiency is a direct result of the construction of the new lock and dam in the 1990s). Although the Corps has sole responsibility for assuring that these levee reaches perform at the authorized (500-year) level of protection, their internal policy does not allow certification of any levee segment less than a full system. As a consequence, the FPD must incur the cost of the levee inspection, performance analysis, and preparation of certification documentation. The inspection cost is estimated to be \$155,000 with the cost of additional borings and other required tests unknown at this point (a rough estimate based on our work on the remainder of the system suggests a cost of at least \$500,000, a cost that has now been incorporated into our project cost estimate). While the Corps has committed to providing required data and analysis to support the certification, we are not certain that will be timely or sufficient.

Figure 1 shows the construction schedule that was presented to the Board at the November meeting. This schedule is consistent with the current design and continues to meet the desired 2015 completion date for the project. Note that following the completion of construction, it will take time to develop and submit the required certification documentation to FEMA.

Except for external schedule risks that we cannot control, e.g. Corps of Engineers review or weather, *the project remains on schedule and within budget*. Since our intention is to maintain the Project Implementation Plan as a current and timely document, I am recommending that the Board of Directors amend the Plan to include the attached budget and project schedule.

**Recommendation:** Amend the Project Implementation Plan to include the December 2012 revised project cost estimate and schedule.

Table 1  
**Revised Project Cost Estimate**  
(12.19.2012)

	<i>7.2011 Estimate (30% Design)</i>	<i>12.2011 Estimate (60% Design)</i>	<i>12.2012 Estimate</i>	<i>Change from 7.2011 Estimate</i>	<i>% Change</i>
<b><u>Construction-FPD</u></b>					
Wood River	\$52,170,000	\$48,156,000	\$42,351,000	(\$9,819,000)	-18.8%
MESD	\$59,698,000	\$40,108,000	\$39,727,000	(\$19,971,000)	-33.5%
PdP/FL	\$17,612,000	\$28,916,000	\$35,516,000	\$17,904,000	101.7%
COR/Mel Price		\$500,000	\$500,000	\$500,000	NA
Construction Testing	\$5,668,000	\$5,668,000	\$5,668,000	\$0	0.0%
<b>Subtotal-Const.-FPD</b>	<b>\$135,148,000</b>	<b>\$123,348,000</b>	<b>\$123,762,000</b>	<b>(\$11,386,000)</b>	<b>-8.4%</b>
<b><u>Construction-Others</u></b>					
Wood River			\$10,811,255	\$10,811,255	NA
PdP/FL			\$763,417	\$763,417	NA
<b>Subtotal-Const.- Others</b>			<b>\$11,574,672</b>	<b>\$11,574,672</b>	
<b><u>Professional Services</u></b>					
Program Management	\$2,200,000	\$2,200,000	\$2,950,000	\$750,000	34.1%
Design	\$7,799,000	\$8,501,374	\$8,501,374	\$702,374	9.0%
Construction Management	\$5,183,000	\$5,183,000	\$5,183,000	\$0	0.0%
Corps Review Support		\$681,000	\$1,086,535	\$1,086,535	NA
Certification	\$325,000	\$480,000	\$480,000	\$155,000	47.7%
<b>Subtotal-Prof. Services</b>	<b>\$15,507,000</b>	<b>\$17,045,374</b>	<b>\$18,200,909</b>	<b>\$2,693,909</b>	<b>17.4%</b>
<b>Total Project Cost</b>	<b>\$150,655,000</b>	<b>\$140,393,374</b>	<b>\$153,537,581</b>	<b>\$2,882,581</b>	<b>1.9%</b>

Notes:

1. All construction costs are in year of expenditure dollars and include a contingency of approximately 20%, except for cutoff walls where contingency is 30%.
2. Corps review support includes additional consulting fees to comply with analysis, documentation, and design to comply with requirements of Sec. 408 review.
3. Additional certification inspection, documentation and construction costs will be incurred by the FPD to develop needed documentation for levee reaches and improvements that are Corps responsibility.
4. Operations/Administration (Council staffing and operating cost) estimated at \$3,186,000 during the period of design and construction is not included in this total, but is deducted from sales tax prior to payment of interest and principal on Series 2010 bonds .



Figure 1 - Revised Project Schedule 12.19.2012

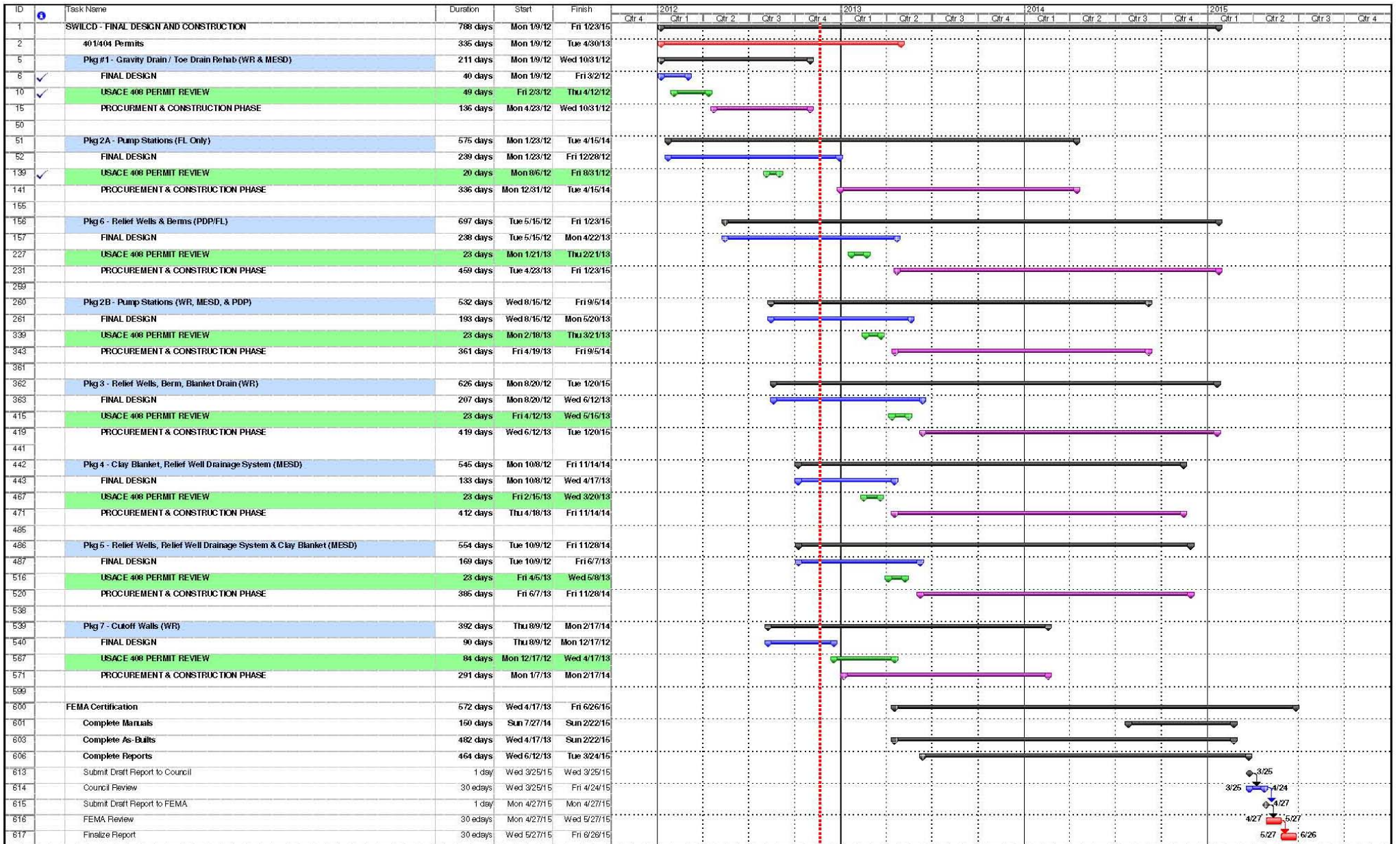


Table 2 - Project Milestones

Bid Package	Task	Start Date	Finish Date
2A	Final Design - Pump Stations (FL Only)	1/12/2012	12/28/2012
	USACE 408 Permit Review	8/6/2012	8/31/2012
	408 Permit Approval		4/30/2013
2B	Final Design - Pump Stations (WR, MESD, PDP)	8/15/2012	5/20/2013
	USACE 408 Permit Review	2/18/2013	3/21/2013
	408 Permit Approval		5/20/2013
3	Final Design - Relief Wells, Berm, Blanket Drain (WR)	8/20/2012	6/12/2013
	USACE 408 Permit Review	4/12/2013	5/15/2013
	408 Permit Approval		6/12/2013
4	Final Design - Clay Blanket, Relief Well Sys. (MESD)	10/8/2012	4/17/2013
	USACE 408 Permit Review	2/15/2013	3/20/2013
	408 Permit Approval		4/30/2013
5	Final Design - Clay Blanket, Relief Well Sys. (MESD)	10/9/2012	6/7/2013
	USACE 408 Permit Review	4/5/2013	5/8/2013
	408 Permit Approval		6/7/2013
6	Final Design - Relief Wells & Berms (PDP/FL)	5/15/2012	4/22/2013
	USACE 408 Permit Review	1/21/2013	2/21/2013
	408 Permit Approval		4/30/2013
7	Final Design - Cutoff Walls (WR)	8/9/2012	12/17/2012
	USACE 408 Permit Review	12/17/2012	4/17/2013
	408 Permit Approval		5/17/2013





Memo to: Board of Directors

From: Les Sterman

Subject: USACE Request for Cost-Share to Fund Design Activities for Shared Design Features in the Wood River Drainage and Levee District

Date: December 14, 2012

At the November Board meeting, I was authorized to execute a Design Agreement with the Corps of Engineers so that the Council can provide the required sponsor funds to match Federal funds appropriated to carry out the Corps' project to achieve the authorized level of flood protection. As we have maintained, however, our intention at this time is to only support those activities by the Corps that would contribute to achieving our immediate goal of meeting FEMA flood protection standards by 2015. While we support the full restoration of the authorized level of protection, and expect to achieve that objective over time, we cannot delay meeting the FEMA standard by a piecemeal approach to meeting that long term objective. At this time, the Corps has available \$4,202,000 for design and construction of the Wood River project.

Accordingly, we are working with the Corps to identify elements of their project that will cost-effectively contribute to achieving our project to meet FEMA standards. We have not yet completed that analysis, although preliminary discussions seem promising. As we have previously noted, we are requiring that any part of the Federal project that we support financially will result in a net cost saving to the Council and that it can clearly be accomplished by 2015.

I am therefore seeking authority to provide up to \$100,000 to the Corps, which will match \$300,000 in Federal funds, for the purpose of designing levee system improvements that will meet our objectives and result in a cost savings to the Council as measured against the most recent project cost estimate (November 2012).

If approved by the Board, the Council will pay these costs from the construction fund of the series 2010 bonds.

**Recommendation:** Authorize the Chief Supervisor to pay the U.S. Army Corps of Engineers up to \$100,000 serve as cost-share for design activities in the Wood River Drainage and Levee District. Those funds will be used only for improvements that contribute to achieving the FEMA standard for flood protection or better, and reduce the cost to the Council to meet that standard.



REPLY TO

DEPARTMENT OF THE ARMY  
ST. LOUIS DISTRICT CORPS OF ENGINEERS  
1222 SPRUCE STREET  
ST. LOUIS, MISSOURI 63103-2833

DEC 14 2012

Programs and Project Management Division  
Project Development Branch

Mr. Les Sterman, Chief Supervisor of Construction and the Works  
Southwestern Illinois Flood Prevention District Council  
104 Untied Drive  
Collinsville, Illinois 62234

Dear Mr. Sterman:

In accordance with Article II B.1 of the Design Agreement executed between the Southwestern Illinois Flood Protection District Council (FPD) and the U.S. Army Corps of Engineers (Corps) for the Design Deficiency Corrections for Wood River, Illinois Flood Protection Project, I am requesting the FPD's Fiscal Year 2013 sponsor contribution. The FY13 Federal appropriations have not been finalized; however the President's Budget amount for the project is \$4,202,000. You have indicated a willingness to recommend to the FPD Board that \$100,000 of cost share funds be provided to initiate FY13 project work.

Note that once the FY13 Federal appropriations for the project have been finalized, the required non-Federal cost share match may be adjusted.

The check should be made payable to "FAO, USAED, St. Louis (B3)" and should be mailed to:

U.S. Army Corps of Engineers  
St. Louis District  
Attention: CEMVS-PM-N (Kerr)  
1222 Spruce Street  
St. Louis, Missouri 63103-2833.

If preferred, funds may be provided to the St. Louis District by Electronic Funds Transfer. Steve Husky, Chief of Finance and Accounting Branch (314-331-8091) will be happy to assist you and your bank to facilitate the funds transfer.

If you have any questions, please contact me at (314) 331-8780 or e-mail  
Timothy.J.Kerr@usace.army.mil.

Sincerely,

Timothy J. Kerr, PMP  
Project Manager  
Programs and Project Management



Memo to: Board of Directors

From: Les Sterman

Subject: USACE Request for Cost-Share to Fund Design Activities for Shared Design Features in the Metro East Sanitary District

Date: December 14, 2012

At the November Board meeting, I was authorized to execute a Design Agreement with the Corps of Engineers so that the Council can provide the required sponsor funds to match Federal funds appropriated to carry out the Corps' project to achieve the authorized level of flood protection. As we have maintained, however, our intention at this time is to only support those activities by the Corps that would contribute to achieving our immediate goal of meeting FEMA flood protection standards by 2015. While we support the full restoration of the authorized level of protection, and expect to achieve that objective over time, we cannot delay meeting the FEMA standard by a piecemeal approach to meeting that long term objective. At this time, the Corps has available \$2,140,000 for FY2012 and FY2013 for design and construction of the MESD project.

Accordingly, we are working with the Corps to identify elements of their project that will cost-effectively contribute to achieving our project to meet FEMA standards. We have not yet completed that analysis, although preliminary discussions seem promising. As we have previously noted, we are requiring that any part of the Federal project that we support financially will result in a net cost saving to the Council and that it can clearly be accomplished by 2015.

I am therefore seeking authority to provide up to \$100,000 to the Corps, which will match \$300,000 in Federal funds, for the purpose of designing levee system improvements in the Metro-East Sanitary District that will meet our objectives and result in a cost savings to the Council as measured against the most recent project cost estimate (November 2012).

If approved by the Board, the Council will make this payment from the construction fund of the series 2010 bonds.

**Recommendation:** Authorize the Chief Supervisor to pay the U.S. Army Corps of Engineers up to \$100,000 serve as cost-share for design activities in the Metro-East Sanitary District. Those funds will be used only for improvements that contribute to achieving the FEMA standard for flood protection or better, and reduce the cost to the Council to meet that standard.



REPLY TO

DEPARTMENT OF THE ARMY  
ST. LOUIS DISTRICT CORPS OF ENGINEERS  
1222 SPRUCE STREET  
ST. LOUIS, MISSOURI 63103-2833

DEC 14 2012

Programs and Project Management Division  
Project Development Branch

Mr. Les Sterman, Chief Supervisor of Construction and the Works  
Southwestern Illinois Flood Prevention District Council  
104 Untied Drive  
Collinsville, Illinois 62234

Dear Mr. Sterman:

In accordance with Article II B.1 of the Design Agreement executed between the Southwestern Illinois Flood Protection District Council (FPD) and the U.S. Army Corps of Engineers (Corps) for the Design Deficiency Corrections for East St. Louis, Illinois Flood Protection Project, I am requesting the FPD's Fiscal Year 2013 sponsor contribution. The FY13 Federal appropriations have not been finalized; however the President's Budget amount for the project is \$1,290,000. In addition, \$850,000 was provided in the FY12 President's Budget. Of this amount, \$253,772.84 will not be cost shared. Therefore, the total anticipated Federal cost shared funds available for use in FY13 is \$1,886,227.16. You have indicated a willingness to recommend to the FPD Board that \$100,000 of cost share funds be provided to initiate FY13 project work.

Note that once the FY13 Federal appropriations for the project have been finalized, the required non-Federal cost share match may be adjusted.

The check should be made payable to "FAO, USAED, St. Louis (B3)" and should be mailed to:

U.S. Army Corps of Engineers  
St. Louis District  
Attention: CEMVS-PM-N (Kelsey)  
1222 Spruce Street  
St. Louis, Missouri 63103-2833.

If preferred, funds may be provided to the St. Louis District by Electronic Funds Transfer. Steve Husky, Chief of Finance and Accounting Branch (314-331-8091) will be happy to assist you and your bank to facilitate the funds transfer.

If you have any questions, please contact me at (314) 331-8477 or e-mail Tracey.B.Kelsey@usace.army.mil.

Sincerely,

Tracey Kelsey, P.E., PMP  
Program Manager  
Programs and Project Management



Memo to: Board of Directors

From: Les Sterman

Subject: Payment of Fee to the Illinois Environmental Protection Agency for Processing Section 401 Water Quality Certification

Date: December 14, 2012

The levee improvement project requires a Section 401 Water Quality Certification granted by the Illinois Environmental Protection Agency in order to begin construction. We have been working with the agency for over a year to provide the information necessary to secure that certification. After considerable review and analysis, IEPA has come to the tentative conclusion that:

*“the proposed activity would result in the attainment of water quality standards; that all existing uses of the wetlands would be maintained or mitigated; that all technically and economically reasonable measures to avoid or minimize the extent of the proposed increase in pollutant loading have been incorporated into the proposed activity; and that this activity would provide social and economic benefits to the community at large by providing public safety from flooding events and allowing for attainment of FEMA accreditation.”*

This is not, however, a final decision. Comment received during the public notice period will be evaluated by IEPA before a final decision is made by the agency.

Under the terms of Illinois statute, applicants for water quality certifications are required to pay a fee of 1% of the gross value of the proposed project, not to exceed \$10,000, before a certification is issued. In our case, there are three distinct projects – one for each levee system. Therefore, the total fee would be \$30,000.

**Recommendation:** Authorize the Chief Supervisor to pay a total of \$30,000 to the Illinois Environmental Protection Agency for processing the Section 401 Water Quality Certification for levee system improvements in the Wood River, Metro-East Sanitary and Prairie DuPont/Fish Lake levee systems.



# ILLINOIS ENVIRONMENTAL PROTECTION AGENCY

1021 NORTH GRAND AVENUE EAST, P.O. BOX 19276, SPRINGFIELD, ILLINOIS 62794-9276 • (217) 782-3397  
PAT QUINN, GOVERNOR JOHN J. KIM, INTERIM DIRECTOR

217/782-3362

NOV 20 2012

Mr. Les Sterman  
Southwestern Illinois Flood Prevention District Council  
104 United Drive  
Collinsville, IL 62234

Re: Southwestern Illinois Flood Prevention District Council – Prairie du Pont and Fish Lake Levee repairs  
Log # C-0003-2012 [CoE# 2011-808]  
Fee Request

Dear Mr. Sterman:

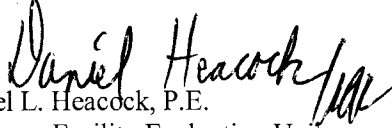
We received your application for Section 401 water quality certification on December 20, 2011 and have reviewed the documents submitted. A fee for the certification is required under the Illinois Environmental Protection Act, Section 12.6 (415 ILCS 5/12.6). Section 12.6 states, in part, that

- (a) Beginning July 1, 2003, the Agency shall collect a fee in the amount set forth in subsection (b) from each applicant for a state water quality certification...
- (b) The amount of the fee for a state water quality certification is \$350 or 1% of the gross value of the proposed project, whichever is greater, but not to exceed \$10,000.

Section 12.6 does not allow the Agency to issue the certification if the appropriate fee is not submitted. Fees paid under this requirement are not refundable. The attached "Section 401 Water Quality Certification Fee Worksheet" must be completed and provided to this office prior to issuance of the certification. The Worksheet must be completed and signed by the applicant applying for the certification or his or her designee. If signed by a designee, the Worksheet must be accompanied by a letter signed by the applicant so designating that person to act on their behalf for purposes of providing details concerning and remitting the appropriate fees.

If you have any questions on these matters, please contact me at 217-782-3362.

Sincerely,

  
Daniel L. Heacock, P.E.  
Manager, Facility Evaluation Unit  
Permit Section  
Division of Water Pollution Control

DLH:TJF:0003-12fee.docx

Attachment

cc: IEPA, Records Unit  
Corps of Engineers, St. Louis District  
Mr. Jon Omgvig, AMEC



# ILLINOIS ENVIRONMENTAL PROTECTION AGENCY

1021 NORTH GRAND AVENUE EAST, P.O. BOX 19276, SPRINGFIELD, ILLINOIS 62794-9276 • (217) 782-3397

PAT QUINN, GOVERNOR

JOHN J. KIM, INTERIM DIRECTOR

217/782-3362

NOV 29 2012

Mr. Les Sterman  
Southwestern Illinois Flood Prevention District Council  
104 United Drive  
Collinsville, IL 62234

Re: Southwestern Illinois Flood Prevention District Council – Wood River District Levee repairs  
Log # C-0002-2012 [CoE# 2011-806]  
Fee Request

Dear Mr. Sterman:

We received your application for Section 401 water quality certification on December 20, 2011 and have reviewed the documents submitted. A fee for the certification is required under the Illinois Environmental Protection Act, Section 12.6 (415 ILCS 5/12.6). Section 12.6 states, in part, that

- (a) Beginning July 1, 2003, the Agency shall collect a fee in the amount set forth in subsection (b) from each applicant for a state water quality certification...
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If you have any questions on these matters, please contact me at 217-782-3362.

Sincerely,

Daniel L. Heacock, P.E.  
Manager, Facility Evaluation Unit  
Permit Section  
Division of Water Pollution Control

DLH:TJF:0002-12fee.docx

Attachment

cc: IEPA, Records Unit  
Corps of Engineers, St. Louis District  
Mr. Jon Omvig, AMEC



# ILLINOIS ENVIRONMENTAL PROTECTION AGENCY

1021 NORTH GRAND AVENUE EAST, P.O. BOX 19276, SPRINGFIELD, ILLINOIS 62794-9276 • (217) 782-3397

PAT QUINN, GOVERNOR

JOHN J. KIM, INTERIM DIRECTOR

217/782-3362

NOV 20 2012

Mr. Les Sterman  
Southwestern Illinois Flood Prevention District Council  
104 United Drive  
Collinsville, IL 62234

Re: Southwestern Illinois Flood Prevention District Council – Metro East Sanitary District Levee repairs  
Log # C-0001-2012 [CoE# 2011-805]  
Fee Request

Dear Mr. Sterman:

We received your application for Section 401 water quality certification on December 20, 2011 and have reviewed the documents submitted. A fee for the certification is required under the Illinois Environmental Protection Act, Section 12.6 (415 ILCS 5/12.6). Section 12.6 states, in part, that

- (a) Beginning July 1, 2003, the Agency shall collect a fee in the amount set forth in subsection (b) from each applicant for a state water quality certification...
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If you have any questions on these matters, please contact me at 217-782-3362.

Sincerely,

Daniel L. Heacock, P.E.  
Manager, Facility Evaluation Unit  
Permit Section  
Division of Water Pollution Control

DLH:TJF:0001-12fee.docx

Attachment

cc: IEPA, Records Unit  
Corps of Engineers, St. Louis District  
Mr. Jon Omvig, AMEC





Memo to: Board of Directors  
From: Les Sterman  
Subject: Minority Business and Workforce Utilization Plan  
Date: December 16, 2012

For the past several months we have been working with Marks & Associates to develop a Minority Business and Workforce Utilization Plan for the project. One of the hallmarks of the project since its inception has been our commitment to use the local tax dollars dedicated to the project to invest, to the maximum extent possible, in our local business and workforce. We endorsed the use of a Project Labor Agreement to codify our commitment to the use of local labor on the project, and we are taking all necessary steps to comply with the Illinois Prevailing Wage Act. Additionally, we have taken steps, through the development of a Minority Business and Workforce Utilization Plan, to invest in local minority businesses and workers.

At the October meeting, a preliminary draft of the Plan was provided to the Board for review. Since that time, the document has been substantially edited and reviewed internally, and input sought from labor groups and others. Of particular concern is assuring that the Plan is realistic, effective, and not unduly burdensome or costly for contractors working on the project.

The Plan emphasizes the commitment of the Council to make a strong and genuine effort to include qualified minority firms and workers on the project. There is a focus on outreach and communication to assure that qualified firms and individuals will have maximum opportunity to work on the project and succeed once on the job. The Plan also emphasizes continuous monitoring to assure that commitments to hire minority firms and workers are being met. Monitoring activities will be coordinated with data gathering and reporting that will be put in place to assure compliance with the PLA and prevailing wage.

The Plan does not call for the Council to adopt a fixed numerical goal as a commitment to the use of minority firms and workers. Rather, it calls for the following general policy to guide the Council's continuing and genuine efforts to engage such firms and workers on the project:

*“The Southwestern Illinois Flood Prevention District Council is committed to the development and expansion of the minority and women business sector through the implementation of effective policies and procedures in the procurement and delivery of construction services on the Illinois Levee Improvement Project. To that end, it shall be the goal of each prime and subcontractor doing business on the Project to make effective efforts to utilize certified, minority and women business*

*A regional partnership to rebuild Mississippi River flood protection*

*enterprises and be held accountable for outcomes that will meet the FPD's objectives.*

*We are also committed to the development and expansion of minority and female workers and professionals in the construction industry through the implementation of effective policies and procedures in the recruitment, hiring, and retention of workforce on the Project. To this end, it shall be the goal of each prime and subcontractor doing business on the Illinois Levee Project to utilize minority and female trades people and professionals to the fullest extent possible.”*

**Recommendation:** Adopt the Minority Business and Workforce Utilization Plan and the policies and strategies described in the Plan and direct the Chief Supervisor to take the necessary steps to implement the Plan.

# Minority Business and Workforce Utilization Plan

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December 17, 2012

Prepared by:

**Marks and Associates**

56 Bellerive Drive

St. Louis, Missouri 63121

# Minority Business and Work Force Utilization Plan

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## Contents

- I. Introduction
- II. Policy and Strategies
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  - b. Prequalifying-Assessment Process
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  - d. Bid Solicitation
  - e. Pre-Bid Conferences
  - f. Competitive Bid Process
  - g. Workforce and Employment
- III. Contract Compliance and Risk Mitigation
- IV. Reporting

### Attachments

- a. Proposed Implementation Timeline
- b. Prequalification and Assessment Flow Chart
- c. Required Forms for Reporting

# I. Introduction

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A goal of the Southwestern Illinois Flood Prevention District Council (FPD) is to make a genuine and effective effort to utilize minority and women owned businesses on the Southwestern Illinois Levee System project (the Project). The FPD recognizes the importance of minority business participation and has engaged Marks and Associates to develop a plan to achieve that goal. This plan describes both the FPD's objectives and a series of strategies to achieve those objectives.

## Goals

- Communicate the experience and capacity building opportunities that will be available as part of the Project
- Collaborate with regional business and workforce development partners to increase the level of knowledge, skill and business intelligence of the local minority and women owned construction firms and workers.
- Assist majority and minority owned firms with navigating a prequalification process for participation on the Project.
- Assist prequalified firms with identifying, pursuing, proposing/bidding and successfully performing work in accordance with project requirements and contract documents.
- Develop and implement workforce goals, tracking and reporting to meet project workforce objectives
- Create new and stronger businesses, strategic alliances and overall program development results that strengthen the local construction industry
- Create new and stronger businesses, strategic alliances and overall program development results that demonstrate fruitful and sustainable communities in St. Clair, Madison, and Monroe Counties.

## Objectives

- To establish an effective program to encourage the participation of minority owned businesses and workers in the construction of the Project.
- To be accountable for achieving measurable outcomes of minority engagement in the Project.
- To be open and transparent in the implementation and documented outcomes of minority engagement programs on the Project.

- To provide qualified firms and individuals with timely and accurate information to support successful and meaningful engagement with the Project. This assistance includes such areas as strategies to do business with the contracting agency, the designated CM and/or design firms, prime subcontractors through 2<sup>nd</sup> and 3<sup>rd</sup> tier subcontracting, joint venturing, mentoring and direct award of goods and services.

## Definitions

1. “*Minority Owned Business*” means any business concern which is organized to engage in commercial transactions within the State of Illinois and which is at least 51% owned by minority persons whose management and daily operations are controlled by such persons.
2. “*Certified Minority Business Enterprise*” (CMBE) means a business, which has been certified by a governing and/or certifying agency with the authority to designate such a business as a “Certified Minority Business Enterprise”. The business which claims to be a Certified Minority Business must demonstrate with the proper documentation of such approval and certification.
3. “*Diversity Program Manager*” (DPM) means the firm or individual engaged by the FPD to provide professional services to develop the plan for minority business and workforce plan and implementation of the plan. The DPM is also responsible for the monitoring and reporting of all data related to the plan implementation as directed by the FPD.
4. “*Agency*” refers to the Southwestern Illinois Flood Prevention District Council, the agency that will be funding and contracting for construction work on the Project.
5. “*Prime Contractor*” refers to the contractor that has a contract with FPD to perform significant construction work and has the full responsibility for its completion. A prime contractor undertakes to perform a complete contract, and may employ (and manage) one or more subcontractors to carry out specific parts of the contract.
6. “*Construction Manager (CM)*” represents the FPD as the owner of the Project and is responsible for oversight of the Project, including the bidding process, quality assurance, quality control, scheduling, and other activities involving the day-to-day management and coordination of construction work.

## II. Policy and Strategies

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### **Policy Statement**

*The Southwestern Illinois Flood Prevention District Council is committed to the development and expansion of the minority and women business sector through the implementation of effective policies and procedures in the procurement and delivery of construction services on the Illinois Levee Improvement Project. To that end, it shall be the goal of each prime and subcontractor doing business on the Project to make effective efforts to utilize certified, minority and women business enterprises and be held accountable for outcomes that will meet the FPD's objectives.*

*We are also committed to the development and expansion of minority and female workers and professionals in the construction industry through the implementation of effective policies and procedures in the recruitment, hiring, and retention of workforce on the Project. To this end, it shall be the goal of each prime and subcontractor doing business on the Illinois Levee Project to utilize minority and female trades people and professionals to the fullest extent possible.*

### **Strategies**

The Diversity Program Manager (DPM) shall be charged with the overall responsibility for the administration of the Illinois Levee Minority Business and Workforce Utilization Plan. The duties and responsibilities of the DPM shall include:

1. Outreach to MBE/WBE firms, regional business and workforce development partners, apprenticeship and union representatives for participating trades, project stakeholders, and the community-at-large
2. Pre-assessment and Prequalification of Certified MBE/WBE firms to identify those that are fully prepared and ready for immediate contract opportunities as well as those needing additional assistance to reach that level of preparation for future contract opportunities.
3. Providing information and needed assistance to minority owned firms to increase their ability to compete effectively for contract opportunities.
4. Assisting the FPD with defining bid packages to increase potential for achieving the objectives of the Plan.
5. Assisting the FPD, prime, and subcontractors in soliciting bids from prequalified firms and documenting acceptable levels of good faith effort to meet the FPD's minority engagement objectives.

6. Assisting the FPD, CM, prime, and subcontractors in evaluating the responsiveness of bids to the FPD's minority engagement objectives.
7. Monitoring the Project throughout its duration to measure and report the effectiveness of the implementation of the minority engagement efforts.
8. Providing contract, payment, and workforce utilization data to the FPD on a routine basis to track project outcomes and ensure early identification of threats to achieving the expected outcomes.

### Outreach

As part of the initial outreach efforts and implementation process for the Minority Business and Workforce Utilization Plan, Certified Minority and Women Business Enterprises will be contacted and encouraged to apply for prequalified status thereby affording the opportunity to compete and perform on the project. This process includes the pre-assessment of each firm to validate the readiness to successfully work on the Project, including such factors as experience, resources, staffing, work load capacity, etc. (See Attachment: Prequalification Flowchart)

### Pre-Qualifying and Assessment

- Pre-assessing contractors can minimize many of the cultural and other barriers that affect the engagement of minority firms on large construction projects. Pre-assessing contractors can improve the level of trust and cooperation during project performance.
- Pre-assessment will seek to identify primary issues and critical challenges to successful project performance, e.g., early identification of contracting opportunities; assuring cash flow to meet payroll; sufficient resources to purchase material, labor, and lease equipment and having sufficient control over employing skilled laborers to perform on the job.
- All interested minority firms will have the opportunity to complete the pre-assessment process that will determine capacity and capability. This may include additional documentation, in-person interviews, clarification of their firm's operating position, staff and other available resources.



### Bid Package Breakdown

Bid packages can be subdivided to enhance the potential for inclusion of minority owned businesses, which are typically smaller firms.

### Bid Solicitation - Relationship Building

- With a continuous effort being made to capitalize on relationships found within the various construction trade associations, the DPM will encourage prime contractors and minority businesses to seek mentor-protégé' relationships. Many prime subcontractors, based on their lack of knowledge about the availability and capability of minority owned firms in the area, have tended to use only those firms who have performed satisfactorily on past projects. Newly formed mentor-protégé relationships will be carefully monitored to determine whether tangible benefits accrue to both contractors.
- All contractors, including minority and women owned businesses will be kept informed of changes to drawings, related scope of work and progress of current work by the FPD and/or Construction Manager. The CM will make a diligent effort to respond to all queries regarding scope changes, pricing, etc. in a timely manner, employing strategies to reduce barriers to teaming relationships when minority contractors have limited records of accomplishment in the construction industry. The CM will be available to address concerns and provide technical assistance specific to barriers that have excluded minorities and women on past projects, i.e., regular meetings, follow-up phone calls, on-site monitoring to identify, support, assess and evaluate relationships.

### Pre-Bid Conferences

Attendance at the pre-bid meeting will be a critical evaluation factor for any firm submitting a bid or proposal for work on the Project. The intent of the pre-bid conference is two-fold. First, to provide information to primes and subcontractors about the project in general, including scope of work, specifications, size, and other consideration associated with concerns such as maintenance of traffic, noise and other issues affecting surrounding property owners. Second, the pre-bid conference is an opportunity for prime and minority contractors to interact and increase potential for collaborating on projects. The FPD, CM and DPM will be available to discuss all issues and concerns associated with the project that may need further clarification.

### Competitive Bid Process

- All bid packages will be made available for pick-up at the designated project office requiring signature for the added purpose of documentation and tracking of the participation of minority owned businesses.
- Competitive bid prices will be solicited per advertisement, community postings, and phone calls to notify and remind qualified M/WBE contractors.

- A focused effort will be made to award bids to minority firms that demonstrate experience, competitive pricing and growth potential as a result of their participation on the Project. Bids will be awarded as a result of a competitive process, with the ultimate responsibility of award to the bidder that represents the best value to the FPD.
- In determining the best value the FPD will give weight to a bidder's commitment and approach to engaging minority businesses on the Project, including both the level of participation and effort to promote mentor protégé relationships.

## Workforce and Employment

The FPD has entered into a Project Labor Agreement (PLA) with the Southwestern Illinois Building Trades Council (SWIBTC). Within the administration of this PLA,

- Pre-job conferences will be held with each awarded contractor prior to the start of any work on the project.
- Representatives of the contractor and the affected union(s) shall meet as required but not less than once a month to review the operation of the PLA. The representatives at this meeting shall be empowered to resolve any dispute over the intent and application of the agreement.
- The Contractor shall make available in writing to the affected union(s) no less than one week prior to these meetings a job status report, planned activities for the next 30 day period, actual numbers of craft employees on the project and estimated numbers of employees by craft required for the next 30 day period. The purpose of this report is to allow time to address any potential jurisdictional problems and to ensure that no party signatory to the Agreement is hindering the continuous progress of the project through a lack of planning or shortage of manpower.

A focused effort will be made to identify meaningful employment opportunities for minorities and women on the project. Working with the SWIBTC, signatory union representatives will be encouraged to support initiatives for engaging minority workers.

As part of the pre-job conferences, the DPM will be available to review the project-specific workforce commitments made by the Contractor during the bidding process so that all signatory parties can address any potential problems in meeting the stated workforce commitments.

As part of the contractor prequalification process the DPM will:

- Benchmark the contractor's existing workforce (in the field and in the office)
- Help identify workforce demands for the duration of the Project as well as future workforce demands based on overall company philosophy, culture, and customer base
- Assist contractors and the signatory unions in any Career Mentor/Protégé relationships formed with training and skill competencies identified and monitored to demonstrate

participating workers receive beneficial training toward their personal and professional goals.

### III. Contract Compliance and Risk Mitigation

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All prequalified, certified, minority and women business enterprises will be contacted and encouraged to bid on the area of work in which they are qualified, thereby affording each firm the opportunity to develop and grow. During construction, periodic monitoring will take place to assure that legal and contractual responsibilities are being met. All such monitoring will be coordinated, and, where possible, combined with the ongoing data collection to monitor compliance with the Project Labor Agreement, the Illinois Prevailing Wage Act and other contractual and legal requirements.

- Each contractor will be provided details and information regarding the plans, specifications and requirements of the contract in an effort to facilitate their participation.
- Good faith negotiations between prime contractors and each subcontractor will commence as part of the post-bid review process. No minority business enterprise or minority person will be rejected as unqualified without evidence based upon a thorough and documented investigation of their capabilities and experience.
- Selected, responsive and qualified subcontractors will be invited to attend all pertinent meetings with the CM and its representatives. All project guidelines will be discussed with the subcontractors. Input from the subcontractors will be solicited and encouraged in an effort to ensure complete and proper channels of open communication and common understanding.
- Upon commencement of the project, all selected and utilized certified minority and women owned firms will be periodically monitored in an effort to ensure all contractual responsibilities are being met and that these firms receive all compensation as provided within the scope of the contract.
- Upon commencement of the project, the workforce will be routinely monitored in an effort to ensure that all contractual commitments are being met and that the minority and female workforce is receiving required training and compensation for their jobsite duties and responsibilities.

#### Risk Mitigation

The following actions will be taken throughout the duration of the project to reduce risks and improve outcomes:

1. Meeting with selected contractors on a regular basis to address elements identified as critical characteristics to success for minority firms working on the Project including the following:
  - Jobs being performed well, within budget, and on time;

- Payment for work performed is timely;
  - Problems are reported and managed effectively;
  - An adequate and skilled labor pool being available to perform the work.
  - Communication with prime subcontractors, inspectors, and other subcontractors being open, continuous, and respectful.
2. Continuous effort will be undertaken to help alleviate barriers to inclusion and develop the skills of minority businesses. Development of the capacity and capability of minority firms will be encouraged in relevant areas of knowledge, skills, and abilities, particularly in the following:
- Effective communication skills
  - The ability to read and interpret plans and specifications
  - Problem identification and problem solving skills
  - Understanding industry terminology including knowledge of fundamental physics and mathematics supporting the work and
  - Willingness to get to know the prime subcontractor and gain confidence by their ability to perform.
3. Actions will be taken to evaluate and diminish economic barriers to growth and development of existing firms in the following areas:
- Gaining access to capital to sustain business growth and increase profitability.
  - Utilizing existing business development opportunities to improve technical skills and business operations.
  - Enforcing good faith efforts to ensure effective outreach and contract compliance.
  - Improving trusting relationships between primes and minority contractors.
  - Tapping into professional trade organizations to raise awareness about the industry and to increase contracting opportunities.
  - Providing prompt and timely payment for services performed.
  - Expanding the availability of skilled labor in the construction industry.
  - Assistance with certification/recertification processes.
4. Working diligently to achieve success on the Project, it is also hoped that practices utilized in working with diverse contractors will help ensure future access to opportunities in the area for minority and majority contractors. The following represents measurable outcomes for the Project.
- Resource directory for all contractors currently working on the project, including the name of the contractor, services provided, capability of participation, capacity, contact person, and telephone/fax numbers.
  - Data monitoring of key participation and economic outcomes on the project. This will include documentation concerning the individuals participating on this project (minority and non) provided in reports to the FPD showing the project's workforce demographics, hours worked, overall hours worked

toward apprenticeship or promotion targets, new jobs created, new relationships established in the industry, support provided to those needing assistance and the outcomes of that support provided by the assisting organization.

- Documentation of the bidding process.
- Matriculation of workers from one level to another will be celebrated as part of the jobsite and project outreach, training, and counseling activities, further creating a culture of diversity on this project that will ultimately serve as a model for other projects with similar workforce diversity commitments and expectations.

### Contingency Planning

The achievement of Project goals (particularly those where performance may fall below expectations) must be viewed in the context of the condition of the relevant industry and market conditions in that industry. Historically, some performance issues may be related to ineffective management by the design and construction team, particularly in such areas as timely dissemination of project information, follow-through with commitments, bidding irregularities, relationship-driven side deals and deliberate dissemination of misinformation. The FPD, working through the DPM, will undertake actions to address factors that impede achievement of the FPD policy on minority engagement in the Project.

As a first step, the DPM will undertake to identify and support qualified minority firms. These firms must be well prepared to work on the Project, including deploying the appropriate resources during the pre-construction. In addition, they must be developing the relationships with the FPD, prime contractor, CM and labor so that they can fully understand and adapt to the requirements of the project.

The scheduled phasing/sequencing of the project may directly affect the implementation or timing of certain outreach, training and development activities for the subcontracting community and potential small professional services firms seeking opportunities on the project. The DPM will effectively utilize the master project schedule as it unfolds to anticipate opportunities for effective involvement of minority firms over the duration of the project.

If inclusion falls below expectations during construction, that generally means a failure of one or more minority businesses to adequately perform on their contract. When this occurs, effort will be made to replace that firm by another minority firm.

## Challenges

There will be certain inherent challenges that typically are obstacles to achieving ambitious goals of minority engagement on large construction projects. If these challenges are recognized at the outset, the risk of falling short of goals can be minimized.

### 1. Preconstruction

- Understanding the preconstruction services and integrating the FPD's minority engagement policy into the pre-construction program for reasons of understanding:
- Segregation of scope and relationship between the construction manager and contractors
- Right-sizing the bid packages for incorporating minority firms into the project
- Master schedule development to delineate summary level and break-out detail of activities to understand where the smaller firms can and will impact the project and site. Projecting manpower cycles – tracking workforce thru scheduling and technology
- Administration of appropriate insurance and safety programs
- Global safety training requirements including OSHA partnership requirements
- Impact of potential jurisdictional Issues
- Coordination with local and state officials, fire marshalls, code officials.

### 2. Insurance

Preparing subcontractors for inclusion in the project insurance program must start immediately as part of the pre-construction preparation of minority firms. Lack of preparation in this key project area will render many subcontractors subject to increased risk and compromised eligibility.

### 3. Quality of Participation

Exposing smaller firms to such a large program during design and preconstruction greatly increases their industry exposure and technical horizon. There are learning opportunities available through participation in the submittals, meetings, coordination, preliminary and final reviews from the FPD and CM.

## IV. Reporting

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A detailed and comprehensive monthly report that will include and identify all contracts and dollar values, amounts paid to date, change orders issued, total work hours for the reporting period, onsite minority and female work hours, and an executive summary with action items will be submitted to SWIFPC for review. This report will be done in concert with ongoing reporting on workforce and wages required to verify compliance with the Project Labor Agreement and the Illinois Prevailing Wage Act.

The following forms will be completed and submitted in a timely manner as directed:

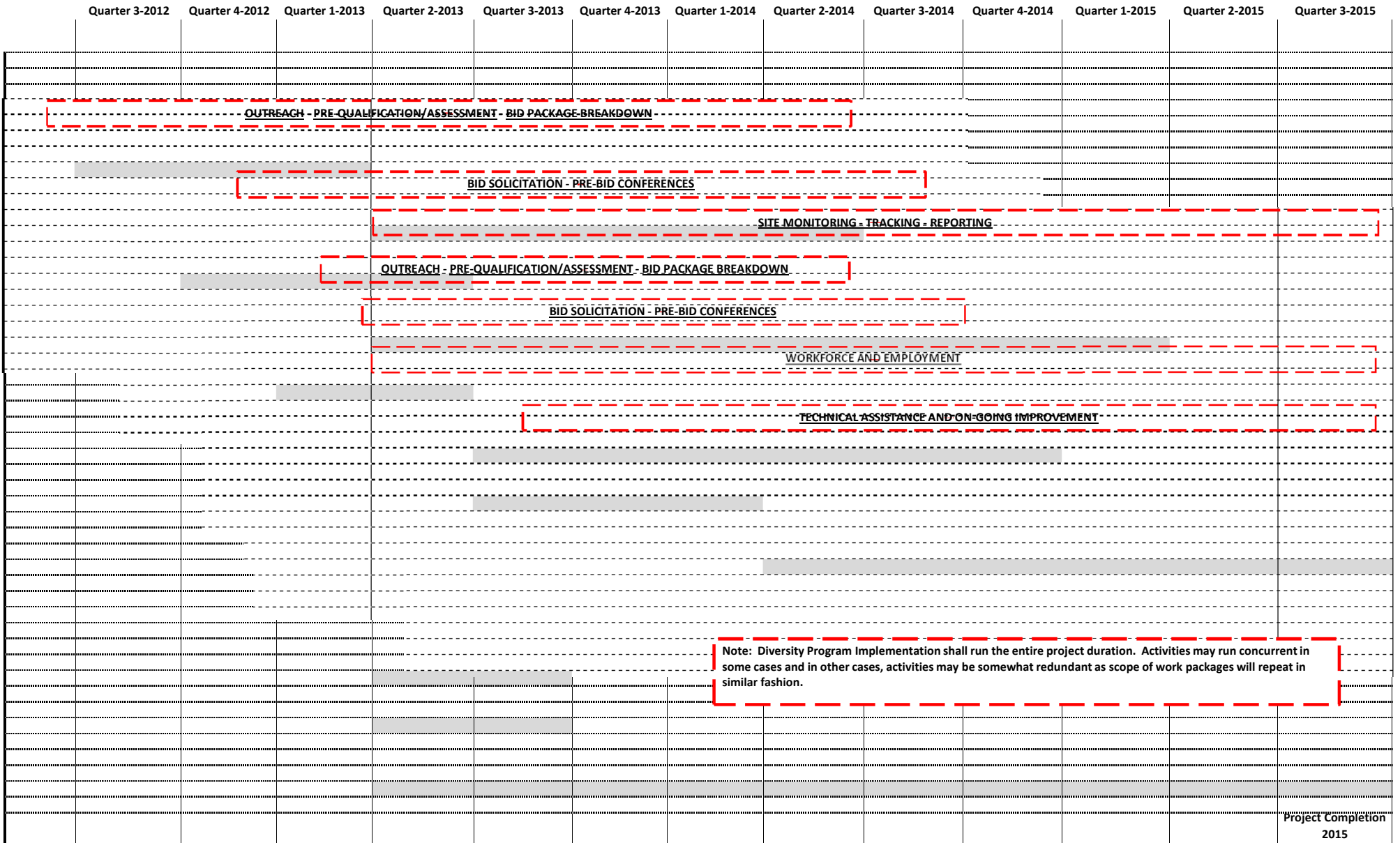
- Minority Business and Workforce Utilization Statement
- Subcontractor Verification of Contract Award and Scope of Work to be Performed
- Contractor's Good Faith Efforts Report
- Record of Payments to Subcontractors
- Weekly Manpower Report
- Final Utilization Report



# Attachments

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**Illinois Levee Project**  
 MBE/WBE and Workforce Utilization Plan  
 Implementation Outline





# Minority Business and Work Force Utilization Program Pre-Assessment Review

## Pre-Tool Box Assessment and Evaluation

- Identification and prequalification of certified select firms potential participation
- Prequalification and orientation of pending firms for the process
- Final determination of firms based on review of applicants experience, resources, EMR designation, workload and capacity
- Make recommendations of candidates to be part of the bid process

## Application Completion and Submittal

- Pre-screened and recommended contractors will receive the Pre-Assessment Questionnaire for completion
- Assist applicants with interpretation and completion of the documents including the compilation of required accompanying documents.
- Review submittal for completeness prior to final subcontractor/contractor application submittal

## Review – Questions – Clarifications

- Assist candidates with responding to specific/applicable questions and clarifications during the review process
- Assist candidates with developing any required back-up data as part of the response including organizational data, schedules, financial data, reports, etc.
- Assist with the completeness of the response and resubmittal

## Monitoring and Continuous Improvement

- Follow-up with participating MBE firms on current project events
- Periodic review of firm during the calendar year to check for major changes in the firms work load, financial position, insurance EMR , etc.


## Project Entry and Orientation

- Orientate firms with the RFP/bid solicitation process and upcoming Project bid opportunities based on the schedule of procurement and buyout established by the CM.
- Orientate firms to project requirements/operations with respect to Job-site rules, billing, insurance, bonding program requirements, preconstruction meetings, safety and other project rules of engagement.

## Selection and Notification

- Meet with all applicants to assist with completing all final program documentation.
- Assist firms as applicable to establish appropriate responses, recommendations for corrective action on the part of the applicant(s) for improvements. Identify potential applicants for conditional approvals for program acceptance
- Notification of applicants on approved or rejected program status

Continuous Review and Improvement Process



**SOUTHWESTERN ILLINOIS FLOOD PREVENTION DISTRICT COUNCIL**

**ILLINOIS LEVEE PROJECT**

**FINAL UTILIZATION REPORT**

PRIME CONTRACTOR: \_\_\_\_\_ MWBE Expectation: \_\_\_\_\_%

FINAL CONTRACT AMOUNT: \_\_\_\_\_ MWBE Actual: \_\_\_\_\_%

Subcontractor or Supplier Name	MBE or WBE	Total Dollar Amount Paid to Subcontractor or Supplier

Preparer's Signature: \_\_\_\_\_ Date: \_\_\_\_\_  
Owner Rep: \_\_\_\_\_ Date: \_\_\_\_\_

**SOUTHWESTERN ILLINOIS FLOOD PREVENTION DISTRICT COUNCIL**

**ILLINOIS LEVEE PROJECT**

**CONTRACTORS' GOOD FAITH EFFORTS STATEMENT**

	<b>Yes</b>	<b>No</b>
Sponsored a pre-bid conference on this project		
Instructed the prime/sub contractor to select portions of work proposed to be performed by M/WBEs in order to increase the likelihood of meeting the participation expectations.		
Instructed the prime/sub contractor to solicit individuals by written notification at least fourteen (14) calendar days prior to bid opening to participate in the contract as subcontractor, consultant, or material supplier for specific items or type of work.		
Instructed the prime/subcontractor to follow up the initial solicitation of interest by contacting firms to determine whether or not said firms will submit a bid.		
Instructed the prime/subcontractor to provide interested firms with adequate information regarding plans, specifications and requirements for bidding on the project.		
Instructed the prime/subcontractor to negotiate in good faith with M/WBE firms. M/WBE firms shall not be disqualified without sound reasons based upon a thorough investigation of their capabilities.		
Instructed the prime/subcontractor to make efforts to negotiate with firms for specific items of work		
Instructed the prime/subcontractor to make efforts to assist firms that requested assistance in obtaining bonding, insurance, or lines of credit required to participate in the project.		
Notified in writing, organizations that provide assistance in the recruitment and placement of firms of the types of work, materials, or services considered on this project.		
Instructed the prime/subcontractor to recruit, hire, and/or retain minorities and females to meet project expectations		

**Prime/Subcontractor Authorized Signature**

**Title**

**Date**

\_\_\_\_\_

**SOUTHWESTERN ILLINOIS FLOOD PREVENTION DISTRICT COUNCIL**

**ILLINOIS LEVEE PROJECT**

**MBE/WBE UTILIZATION STATEMENT**

PRIME CONTRACTOR: \_\_\_\_\_

PRIME CONTRACT AMOUNT: \_\_\_\_\_

Name, Complete Mailing Address of Subcontractor	Scope of Work To Be Performed (Division)	M/WBE Certification	Subcontract Dollar Amount	Estimated Start/Completion Date

Preparer's Signature: \_\_\_\_\_ Date: \_\_\_\_\_  
Owner Rep: \_\_\_\_\_ Date: \_\_\_\_\_

**SOUTHWESTERN ILLINOIS FLOOD PREVENTION DISTRICT COUNCIL**

**ILLINOIS LEVEE PROJECT**

**SUBCONTRACTOR VERIFICATION OF CONTRACT AWARD AND SCOPE**

NAME OF PROJECT: \_\_\_\_\_ BID PACKAGE# \_\_\_\_\_  
PRIME CONTRACTOR: \_\_\_\_\_

**SCOPE OF WORK TO BE PROVIDED: (Indicate whether you are supplying/installing or both)**

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Subcontract Dollar Amount: \_\_\_\_\_  
Estimated Start: \_\_\_\_\_ Estimated Completion: \_\_\_\_\_

Subcontractor: \_\_\_\_\_ Authorized Signature: \_\_\_\_\_ Date \_\_\_\_\_  
Certification (MBE or WBE) \_\_\_\_\_ (Certification Verification Attached)

**SOUTHWESTERN ILLINOIS FLOOD PREVENTION DISTRICT COUNCIL**

**ILLINOIS LEVEE PROJECT**

**RECORD OF PAYMENTS TO SUBCONTRACTORS**

PRIME CONTRACTOR: \_\_\_\_\_

DATE: \_\_\_\_\_ FOR PERIOD ENDING: \_\_\_\_\_

Subcontractor or Supplier Name	Current Contract Amount (Including Change Orders)	Billed this Pay Period	Payments this Pay Period

**SOUTHWESTERN ILLINOIS FLOOD PREVENTION DISTRICT COUNCIL**

Preparer's Signature: _____	Date: _____
Owner Rep: _____	Date: _____





Memo to: Board of Directors

From: Les Sterman

Subject: Amendment to AMEC Work Order 6 – Consulting Services for Section 408 Project Review

Date: December 15, 2012

The Corps has imposed on our project an extensive review process under the authority provided to them by 33 USC Section 408. The review process imposes added costs in the form of extensive additional documentation that must be prepared and submitted, attending meetings with the Corps review teams, formally responding to Corps comments and questions on the design, and developing a series of individual permit application packages.

Recognizing that the extent of effort required to respond to the Corps' review process was not adequately anticipated in our design budget or in the existing design work orders with AMEC, we entered into a separate Work Order 6 to accommodate the Sec. 408 review. The purpose of this work order is to provide AMEC with the resources to engage the Corps in the review process and to allow us to separately account for the cost of the review.

As I indicated when Work Order 6 was originally approved by the Board in December 2011 and later amended in June 2012, the level of effort required was unpredictable, given the limited experience of the Corps and the Council with the Sec. 408 review process, making the amount of this work order subject to revision in the future. As the review process unfolded and the technical debate over various design features expanded and escalated in recent months, AMEC has been asked to expend significant resources on additional analysis and data collection. Given the high cost of meeting the Corps' expectations for the performance of graded filters/trench drains included in the 60% design, a significant effort was expended first to try to accommodate the Corps' requirements, and ultimately to design alternative underseepage control features that would be more likely to meet with Corps approval at a reasonable cost. AMEC, therefore, incurred substantial costs for providing additional data and analysis and, in most cases, redesigning features included in the 60% design submission.

In addition, we anticipated that the cutoff walls that are part of the current design would be built using a design/build approach, thereby offloading much of the design process to the contractor selected for the work, who we believed would be in the best position to optimize construction methods and achieve the most cost-effective design. Unfortunately, this approach is simply not compatible with the Sec. 408 review process, wherein the Corps expects to sign off on a more

complete and finished design. Doing so significantly reduces the options available for a contractor by making the process more proscriptive. Accommodating the Corp process voids most or all of the efficiencies that would result from design/build. The cutoff wall design and construction process now looks more like a traditional design/bid/build – in effect moving the bulk of the design work to our consulting team, rather than the construction contractor. Moreover, since the cutoff walls have now been dubbed a “major” (or “other than minor” in Corps-speak) improvement under Corps guidance, the approval process extends throughout the Corps hierarchy all the way to their headquarters. It will also require a separate independent external peer review. All of this process will require more analysis, more documentation, and more interaction – simply a lot more work on our part.

In our view, the Sec. 408 review process as defined by the Corps is excessive, redundant, and often wasteful, needlessly consuming time and resources by all parties (the value of this Work Order is a reasonable measure of the resources that we are expending, and the Corps itself is incurring large costs). Unfortunately, our ability to influence the content and course of this review is limited and we have little choice but to cooperate if we are to be successful in building the project.

The original budget for Work Order 6, approved in December 2011, was \$181,000. In June, 2012 the Board approved an additional \$466,940, mainly for dealing with the graded filter issue and other aspects of the review of the 60% design. At the time of the last amendment, I indicated that it was likely that one more amendment would be required to cover the extended review expected for cutoff walls. It is my hope that this amendment will reflect the final budget for Work Order 6, encompassing all expected activities to be done as part of the Sec. 408 review. The amount requested in this second amendment of Work Order 6 is \$438,595, bringing the total amount authorized for this Order to \$1,086,535. A copy of the amended work order and a budget for the amendment is attached.

The budget impact of this additional work is somewhat offset because we had already included \$500,000 in the budget for the required external review, a cost that the Corps has now agreed to pay. The impact on the overall budget is not substantial at this time, in part because the construction cost estimate has been reduced since the adoption of the last budget in December 2011.

As I have for each version of this Work Order, I am making the following recommendation reluctantly, and only because it seems that we have little choice but to comply with the Corps’ requirements. There should be little doubt, however, that the funds expended on this review process would have otherwise been better spent on levee improvements that would actually reduce risk to the public.

**Recommendation:** Authorize the Chief Supervisor to execute an amendment to Work Order #6 – USACE 408 Reviews with AMEC Environment & Infrastructure. The cost of the amendment to provide the services described in the work order will not exceed \$438,595 and cover a period through December 31, 2013. The total cost of Work Order 8 including the original amount and two amendments will be \$1,086,535.



**WORK ORDER NO: MSA01-WO06-AMD01**

**USACE 408 Review – Amendment #2**

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

By and Between

AMEC Earth & Environmental, Inc. (AMEC)

and

**Southwestern Illinois Flood Prevention District Council (CLIENT)**

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

1. SCOPE OF WORK: See Attachment A (incorporated herein by reference)
2. LOCATION/CLIENT FACILITY INVOLVED: Wood River Drainage and Levee District, Metro - East Sanitary District, Prairie du Pont Drainage and Levee District and Fish Lake Drainage and Levee District
3. PERIOD OF PERFORMANCE: December 1, 2011 through December 31, 2013
4. AUTHORIZED FUNDING: \$1,086,535
5. SPECIAL PROVISIONS: n/a

**Southwestern Illinois Flood Prevention District Council**

**AMEC Environment & Infrastructure, Inc.**

By: \_\_\_\_\_

Name: Les Sterman

Title: Chief Supervisor of Construction and the Works

Date: \_\_\_\_\_

Address: 104 United Drive  
Collinsville, IL 62234

By: \_\_\_\_\_

Name: Jim Shepard

Title: Senior Vice President

Date: \_\_\_\_\_

Address: 15933 Clayton Road, Suite 215  
Ballwin, MO 63011

**Attachment A  
Scope of Work**

**WORK ORDER NO: MSA01-WO06  
USACE 408 Reviews**

**AMEC Project No: 56317001**

Services to be provided by AMEC under this Work Order include meeting preparation, meeting attendance, permit application, response to Corps comments, and consolidation of technical data and technical analysis. The Scope of Services for this task order covers those activities not initially identified or anticipated in the proposal for levee design services.

Prior to completion of services included in Work Order MSA01-WO06, AMEC will solicit the concurrence of the Chief of the Works before proceeding to any additional investigations and analysis. Services to be provided by AMEC under this Work Order include:

**1. MEETING PREPARATION AND ATTENDANCE**

- 1.1. In order to identify Corps submittal requirements for the 408 process, prepare summaries of design criteria for design solutions and present at meetings with USACE. ***(Ongoing)***
- 1.2. Prepare meeting summaries, and compile additional info for submittal to USACE as a follow up to meetings ***(Ongoing)***

**2. DATA COLLECTION AND CONSOLIDATION FOR 60% SUBMITTAL**

- 2.1. Once USACE determines 408 submittal requirements, format existing data and design information into a format appropriate for review by USACE. ***(Completed)***

**3. 408 ENVIRONMENTAL ASSESSMENT SUPPORT**

- 3.1. Collect additional information and provide to USACE for inclusion in the Environmental Assessment they will prepare as part of the 408 process. This excludes data/analysis that is part of the 404 submittal package. ***(Completed, Corps will Amend)***

**4. RESPOND TO USACE 60 % COMMENTS AT INFORMAL MEETING WITH THE CORPS**

- 4.1. Have Discipline Leads for each levee attend an informal review meeting with USACE prior to entering formal comments into Dr. Checks to ensure that review is centered on 408 review rather than conformance with USACE Design Criteria. ***(Completed)***

**5. RESPOND TO USACE 60 % COMMENTS USING Dr. Checks REVIEW**

- 5.1. Compile list of reviewers, with appropriate contact information and provide to USACE for inclusion in Dr. Checks, register and load access for Dr. Checks. ***(Completed)***
- 5.2. Review USACE comments and provide response in Dr. Checks. ***(Ongoing)***

**6. TECHNICAL ANALYSIS AND ADEQUACY OF DESIGN**

- 6.1. Meet with Corps to determine submittal requirements for documentation of adequacy of design. ***(Ongoing)***

- 6.2. Analyze for PDPFL whether the proposed berms provide as great a safety factor as the existing relief wells. **(In Progress)**
- 6.3. Prepare additional slope stability analyses for cutoff walls (more than the one section that is done to date), including calculations and adequate subsurface information that can be provided to COE. **(Completed)**
- 6.4. Analyze the gravel size specified on the filter details, with regard to erosion. **(Completed, Design Concept abandoned)**
- 6.5. Review constructability issues (biopolymer slurry). **(Design Concept abandoned)**
- 6.6. Provide flow analyses for 100% free draining trench/filter, 50% clogged and 100% clogged scenarios, and translate results into O&M program. **(Completed Design Concept abandoned)**
- 6.7. Model Conroy-proposed trench design with flow piped upward through risers **(Completed Design Concept abandoned)**

6.8.

## 7. PERMIT APPLICATION

- 7.1. Complete eight Bid Packages, and upon determination of Permit Application format and submittal requirements, prepare individual permit applications for each bid package. **(In Progress)**

## 8. REAL ESTATE ANALYSIS

- 8.1. Provide surveys made during final design, showing limits of construction, property ownership, and fee simple acquisition or easements. **(Completed, will be amended on a Bid Package basis)**

## 9. RISK ANALYSIS

- 9.1. Prepare short narrative describing the fact that the proposed improvements are reducing flood risks. **(In Progress)**

## 10. RESPONSE TO USACE COMMENTS

- 10.1. Upon USACE completion of initial Technical Review, prepare response to USACE comments. This response may be in the form of formal written documentation, or may be accomplished during informal meetings with the USACE. **(Ongoing)**
- 10.2. Upon completion of USACE 408 application review, respond to comments using DRChecks. **(Ongoing)**
- 10.3. In response to USACE request for additional analysis or documentation, conduct additional analysis. **(Ongoing)**

## **Amendment #1 – Scope of Work**

### **11. GRADED FILTER INTERIM SUBMITTALS (FOR BID PACKAGES 2B, 3, 4,& 5)**

#### **Terminated activity**

- 11.1. Evaluate existing conditions using USACE criteria for drain gradient and aquifer permeability, as per May 14-15 meeting (**Completed Design Concept abandoned**)
- 11.2. Conduct sensitivity analyses for aquifer permeability and/or boundary conditions at selected cross sections, as per May 14-15 meeting (**Completed Design Concept abandoned**)
- 11.3. Develop cross sections and profiles as per USACE review checklist, provided after May 14-15 meeting (**Completed Design Concept abandoned**)
- 11.4. Select/design filter and (as needed) piping (**Completed Design Concept abandoned**)
- 11.5. DrChecks review and responses **Terminated activity**
- 11.6. Prepare submittal packages as per USACE review checklist **Not Initiated due to Graded Filters being eliminated**
- 11.7. Review DrChecks comments and respond in writing **Not Initiated due to Graded Filters being eliminated**
- 11.8. Attend up to two meetings at SLD office to discuss questions/designs **Not Initiated due to Graded Filters being eliminated**

### **12. PUMP STATION – BID PACKAGE 2A complete**

- 12.1. Review comments from USACE via DR CHECKS **Complete**
- 12.2. Evaluate comments and determine response to comments **Complete**
- 12.3. Revise pump station calculations as deemed necessary by AMEC in response to USACE Comments **Complete**
- 12.4. Revise pump station construction drawings as deemed necessary by AMEC in response to USACE comments **Ongoing**
- 12.5. Revise pump station specification and operation and maintenance manuals as deemed necessary by AMEC in response to USACE comments **Ongoing**
- 12.6. Resubmit Bid Package 2A to USACE for final review and issuance of permit **Ongoing**

## **Amendment #2 – Scope of Work**

### **Task 7 Permit Application**

- 7.1 *Identify changes in Wetland and Cultural Resource impacts, and determine whether there is any impact on EA or 404 Mitigation Plan.*
- 7.2 *Prepare 408 Applications for each of the Bid Package to include Real Estate, Environmental, Technical Adequacy, Risk Analysis, Plans and Spec, Calculations and supporting Documentation.*

### **Task 13 - Cut Off Wall Packages 7A and 7B**

- 13.1 *Reviewing Comments*
- 13.2 *Responding to Comments*
- 13.3 *Analysis and Design*
  - 13.3.1 *Develop strength parameters*

- 13.3.2 *Size work platform*
- 13.3.3 *Stability analyses for shallow and deep walls*
- 13.3.4 *Site walk with SAR team*
- 13.3.5 *408 Workshops with Corps*

- 13.4 *Revise calculations as deemed necessary by AMEC in response to USACE Comments*
- 13.5 *Revise construction drawings as deemed necessary by AMEC in response to USACE comments*
- 13.6 *Revise specification and operation and maintenance manuals as deemed necessary by AMEC in response to USACE comments*
- 13.7 *Resubmit Bid Packages to USACE for final review and issuance of permit*

**Task 14 - Bid Packages -2B, 3, 4, 5 and 6**

- 14.1 *Reviewing Comments*
- 14.2 *Responding to Comments*
- 14.3. *Analysis and Design*
  - 14.3.1 *Finish conversion of design from graded filter to other solutions as a result of abandoning Graded Filter*
  - 14.3.2 *ITR expenses related to conversion from filter to other solutions*
  - 14.3.3 *Compare USACE-AMEC solutions, coordination with USACE, conveyance and PS information*
- 14.4 *Revise calculations as deemed necessary by AMEC in response to USACE Comments*
- 14.5 *Revise construction drawings as deemed necessary by AMEC in response to USACE comments*
- 14.6 *Revise specification and operation and maintenance manuals as deemed necessary by AMEC in response to USACE comments*
- 14.7 *Resubmit Bid Packages to USACE for final review and issuance of permit*

# MAN-HOUR ESTIMATE



## 408 Review - Amendment #1

Task	Project Manager	Disp. Leads	Project Engineers	CADD Support	Proj Assistant	Total Hours	Labor Cost	Direct Cost	Subconsultant Cost	Total Cost
<b>Task 7 Permit Application</b>										
7.1 408 Applications for Bid Package 2B, 3, 4, 5, 6, 7A, and 7B	24	200	240	0	60	524	\$81,780	\$300	\$0	\$82,080
<b>Task 7 Permit Application - Subtotal</b>	<b>24</b>	<b>200</b>	<b>240</b>	<b>0</b>	<b>60</b>	<b>524</b>	<b>\$81,780</b>	<b>\$300</b>	<b>\$0</b>	<b>\$82,080</b>
<b>Task 13 - Cut Off Wall Packages 7A and 7B</b>										
13.1 Reviewing Comments	8	4	4	0	4	20	\$3,480		\$8,000	\$11,480
13.2 Responding to Comments	12	8	24	0	4	48	\$7,740		\$15,000	\$22,740
13.3 Analysis Design	12	30	40	24	16	122	\$18,010	\$7,000	\$17,500	\$42,510
13.4 Resubmit to USACE	0	1	30	18	14	63	\$7,545	\$2,000	\$8,500	\$18,045
<b>Task 13 - Cut Off Wall Packages 7A and 7B - Subtotal</b>	<b>32</b>	<b>43</b>	<b>98</b>	<b>42</b>	<b>38</b>	<b>253</b>	<b>\$36,775</b>	<b>\$9,000</b>	<b>\$49,000</b>	<b>\$94,775</b>
<b>Task 14 -Bid Package 2B, 3, 4, 5 and 6</b>										
14.1 Reviewing Comments	32	40	80	0	32	184	\$28,600	\$200	\$3,200	\$32,000
14.2 Responding to Comments	32	80	180	0	48	340	\$51,080	\$2,500	\$6,000	\$59,580
14.3 Analysis and Design	8	72	100	0	36	216	\$32,580	\$200	\$10,000	\$42,780
14.4 Revisions to Calculations & QA/QC	4	40	80	50	12	186	\$25,840		\$2,000	\$27,840
14.5 Revisions to Construction Drawings & QA/QC	8	32	40	140	12	232	\$29,860	\$800	\$20,000	\$50,660
14.6 Revisions to Specifications / O&M Manual & QA/QC	8	12	80	0	12	112	\$15,760	\$500	\$18,000	\$34,260
14.7 Resubmit to USACE	12	8	32	0	12	64	\$9,620	\$4,000	\$1,000	\$14,620
<b>Task 14 -Bid Package 2B, 3, 4, 5 and 6 - Subtotal</b>	<b>104</b>	<b>284</b>	<b>592</b>	<b>190</b>	<b>164</b>	<b>1,334</b>	<b>\$193,340</b>	<b>\$8,200</b>	<b>\$60,200</b>	<b>\$261,740</b>
<b>Total 408 mod</b>	<b>160</b>	<b>527</b>	<b>930</b>	<b>232</b>	<b>262</b>	<b>2,111</b>	<b>311,895</b>	<b>17,500</b>	<b>109,200</b>	<b>438,595</b>





Memo to: Board of Directors

From: Les Sterman

Subject: Amendment to AMEC Work Order 8 – Construction Management for Construction Packages 2a, 7a, and 7b

Date: December 15, 2012

Our agreement with AMEC Environment & Infrastructure provides for the firm to serve as the Council's construction manager for the project. The adopted project budget includes a total of \$5,183,000 for this purpose. The role of the construction manager is to act as the Council's representative in managing all phases of the construction process, including administration of construction contracts, assuring that all work meets the standards shown in contract documents, managing decisions in the field to interpret or clarify plans and specifications, and determining amounts to be paid to contractors. With the expected award of the construction contract for Construction Package #2a pump stations in the Fish Lake levee system in several months and the pre-construction activities beginning for Construction Package #7a and #7b (shallow and deep cutoff walls in the MESD and Wood River systems), we need to execute a Work Order with AMEC to define the scope and budget of construction management services for this work. In May 2012, the Board adopted a Work Order that described the scope of construction management activities in detail and authorized funding for Construction Package #1. We will be periodically amending this Work Order as construction work is better defined and ready to proceed.

A detailed scope of work and cost estimate for the construction management services for the three subject construction packages is shown as an attachment to this memo. The attachment also summarizes the current funding commitments to Work Order 8. The cost of associated with this amendment is \$271,000 and the total committed to Work Order 8 would be \$298,000.

**Recommendation:** Authorize the Chief Supervisor to execute Amendment 1 to Work Order 8 with AMEC Environment & Infrastructure as shown in Attachment 1 for \$271,000 to provide construction management services for Construction Packages 2a, 7a, and 7b.





**Attachment A  
Scope of Work**

**WORK ORDER NO: MSA01-WO08  
CONSTRUCTION PHASE SERVICES**

**AMEC Project No: 56317001**

**I. Services Provided by the Engineer (AMEC) during the Construction Phase**

- A. Upon successful completion of the Bidding and Negotiating Phase, and upon written authorization from Owner, Engineer shall:
1. General Administration of Construction Contracts: Consult with Owner and act as Owner's representative as provided in the Construction Contract. The extent and limitations of the duties, responsibilities, and authority of Engineer as assigned in the Construction Contract shall not be modified, except as Engineer may otherwise agree in writing. All of Owner's instructions to Contractor will be issued through Engineer, which shall have authority to act on behalf of Owner in dealings with Contractor to the extent provided in this Agreement and the Construction Contract except as otherwise provided in writing.
  2. Resident Project Representative (RPR): Provide the services of an RPR at the Site to assist the Engineer and to provide more extensive observation of Contractor's work. Duties, responsibilities, and authority of the RPR are as set forth in Section II below. The furnishing of such RPR's services will not limit, extend, or modify Engineer's responsibilities or authority except as expressly set forth in Section II below.
  3. Selecting Independent Testing Laboratory: Assist Owner in the selection of an independent testing laboratory to perform the services required.
  4. Pre-Construction Conference: Participate in a Pre-Construction Conference prior to commencement of Work at the Site.
  5. Schedules: Receive, review, and determine the acceptability of any and all schedules that Contractor is required to submit to Engineer, including the Progress Schedule, Schedule of Submittals, and Schedule of Values.
  6. Baselines and Benchmarks: As appropriate, establish baselines and benchmarks for locating the Work which in Engineer's judgment are necessary to enable Contractor to proceed.
  7. Visits to Site and Observation of Construction: In connection with observations of Contractor's Work while it is in progress:
    - a. Make visits to the Site at intervals appropriate to the various stages of construction, as Engineer deems necessary, to observe as an experienced and qualified design professional the progress of Contractor's executed Work. Such visits and observations by Engineer, and the Resident Project Representative, if any, are not intended to be exhaustive or to extend to every aspect of

Contractor's Work in progress or to involve detailed inspections of Contractor's Work in progress beyond the responsibilities specifically assigned to Engineer in this Agreement and the Contract Documents, but rather are to be limited to spot checking, selective sampling, and similar methods of general observation of the Work based on Engineer's exercise of professional judgment, as assisted by the Resident Project Representative, if any. Based on information obtained during such visits and observations, Engineer will determine in general if the Work is proceeding in accordance with the Contract Documents, and Engineer shall keep Owner informed of the progress of the Work.

- b. The purpose of Engineer's visits to, and representation by the Resident Project Representative, if any, at the Site, will be to enable Engineer to better carry out the duties and responsibilities assigned to and undertaken by Engineer during the Construction Phase, and, in addition, by the exercise of Engineer's efforts as an experienced and qualified design professional, to provide for Owner a greater degree of confidence that the completed Work will conform in general to the Contract Documents and that Contractor has implemented and maintained the integrity of the design concept of the completed Project as a functioning whole as indicated in the Contract Documents. Engineer shall not, during such visits or as a result of such observations of Contractor's Work in progress, supervise, direct, or have control over Contractor's Work, nor shall Engineer have authority over or responsibility for the means, methods, techniques, sequences, or procedures of construction selected or used by Contractor, for security or safety at the Site, for safety precautions and programs incident to Contractor's Work, nor for any failure of Contractor to comply with Laws and Regulations applicable to Contractor's furnishing and performing the Work. Accordingly, Engineer neither guarantees the performance of any Contractor nor assumes responsibility for any Contractor's failure to furnish or perform the Work in accordance with the Contract Documents.
8. Defective Work: Reject Work if, on the basis of Engineer's observations, Engineer believes that such Work (a) is defective under the standards set forth in the Contract Documents, (b) will not produce a completed Project that conforms to the Contract Documents, or (c) will imperil the integrity of the design concept of the completed Project as a functioning whole as indicated by the Contract Documents.
9. Clarifications and Interpretations; Field Orders: Issue necessary clarifications and interpretations of the Contract Documents as appropriate to the orderly completion of Contractor's work. Such clarifications and interpretations will be consistent with the intent of and reasonably inferable from the Contract Documents. Subject to any limitations in the Contract Documents, Engineer may issue field orders authorizing minor variations in the Work from the requirements of the Contract Documents.
10. Change Orders and Work Change Directives: Recommend change orders and work change directives to Owner, as appropriate, and prepare change orders and work change directives as required.
11. Shop Drawings and Samples: Review and approve or take other appropriate action in respect to Shop Drawings and Samples and other data which Contractor is required to submit, but only for conformance with the information given in the Contract Documents and compatibility with the design concept of the completed Project as a functioning whole as indicated by the Contract Documents. Such reviews and approvals or other action will not extend to means, methods, techniques, sequences,

or procedures of construction or to safety precautions and programs incident thereto. Engineer shall meet any Contractor's submittal schedule that Engineer has accepted.

12. Substitutes and "or-equal": Evaluate and determine the acceptability of substitute or "or-equal" materials and equipment proposed by Contractor as required.
13. Inspections and Tests: Require such special inspections or tests of Contractor's work as deemed reasonably necessary, and receive and review all certificates of inspections, tests, and approvals required by Laws and Regulations or the Contract Documents. Engineer's review of such certificates will be for the purpose of determining that the results certified indicate compliance with the Contract Documents and will not constitute an independent evaluation that the content or procedures of such inspections, tests, or approvals comply with the requirements of the Contract Documents. Engineer shall be entitled to rely on the results of such tests.
14. Disagreements between Owner and Contractor: Render formal written decisions on all duly submitted issues relating to the acceptability of Contractor's work or the interpretation of the requirements of the Contract Documents pertaining to the execution, performance, or progress of Contractor's Work; review each duly submitted Claim by Owner or Contractor, and in writing either deny such Claim in whole or in part, approve such Claim, or decline to resolve such Claim if Engineer in its discretion concludes that to do so would be inappropriate. In rendering such decisions, Engineer shall be fair and not show partiality to Owner or Contractor and shall not be liable in connection with any decision rendered in good faith in such capacity.
15. Applications for Payment: Based on Engineer's observations as an experienced and qualified design professional and on review of Applications for Payment and accompanying supporting documentation:
  - a. Determine the amounts that Engineer recommends Contractor be paid. Such recommendations of payment will be in writing and will constitute Engineer's representation to Owner, based on such observations and review, that, to the best of Engineer's knowledge, information and belief, Contractor's Work has progressed to the point indicated, the Work is generally in accordance with the Contract Documents (subject to an evaluation of the Work as a functioning whole prior to or upon Substantial Completion, to the results of any subsequent tests called for in the Contract Documents, and to any other qualifications stated in the recommendation), and the conditions precedent to Contractor's being entitled to such payment appear to have been fulfilled in so far as it is Engineer's responsibility to observe Contractor's Work. In the case of unit price work, Engineer's recommendations of payment will include final determinations of quantities and classifications of Contractor's Work (subject to any subsequent adjustments allowed by the Contract Documents).
  - b. By recommending any payment, Engineer shall not thereby be deemed to have represented that observations made by Engineer to check the quality or quantity of Contractor's Work as it is performed and furnished have been exhaustive, extended to every aspect of Contractor's Work in progress, or involved detailed inspections of the Work beyond the responsibilities specifically assigned to Engineer in this Agreement and the Contract Documents. Neither Engineer's

review of Contractor's Work for the purposes of recommending payments nor Engineer's recommendation of any payment including final payment will impose on Engineer responsibility to supervise, direct, or control Contractor's Work in progress or for the means, methods, techniques, sequences, or procedures of construction or safety precautions or programs incident thereto, or Contractor's compliance with Laws and Regulations applicable to Contractor's furnishing and performing the Work. It will also not impose responsibility on Engineer to make any examination to ascertain how or for what purposes Contractor has used the moneys paid on account of the Contract Price, or to determine that title to any portion of the Work in progress, materials, or equipment has passed to Owner free and clear of any liens, claims, security interests, or encumbrances, or that there may not be other matters at issue between Owner and Contractor that might affect the amount that should be paid.

16. Contractor's Completion Documents: Receive, review, and transmit to Owner maintenance and operating instructions, schedules, guarantees, bonds, certificates or other evidence of insurance required by the Contract Documents, certificates of inspection, tests and approvals, Shop Drawings, Samples and other data approved as provided above, and transmit the annotated record documents which are to be assembled by Contractor in accordance with the Contract Documents to obtain final payment. The extent of such review by Engineer will be limited as provided above.
  17. Substantial Completion: Promptly after notice from Contractor that Contractor considers the entire Work ready for its intended use, in company with Owner and Contractor, visit the Project to determine if the Work is substantially complete. If after considering any objections of Owner, Engineer considers the Work substantially complete, Engineer shall deliver a certificate of Substantial Completion to Owner and Contractor.
  18. Additional Tasks: Perform or provide the following additional Construction Phase tasks or deliverables:
    - a. No additional tasks identified.
  19. Final Notice of Acceptability of the Work: Conduct a final visit to the Project to determine if the completed Work of Contractor is acceptable so that Engineer may recommend, in writing, final payment to Contractor. Accompanying the recommendation for final payment, Engineer shall also provide a notice in the form attached hereto as Attachment B (the "Notice of Acceptability of Work") that the Work is acceptable (subject to the provisions of Paragraph I.A.15.b) to the best of Engineer's knowledge, information, and belief and based on the extent of the services provided by Engineer under this Agreement.
- B. Duration of Construction Phase: The Construction Phase will commence with the execution of the first Construction Contract for the Project or any part thereof and will terminate upon written recommendation by Engineer for final payment to Contractor for the last active project.
- C. Limitation of Responsibilities: Engineer shall not be responsible for the acts or omissions of any Contractor, Subcontractor or Supplier, or other individuals or entities performing or furnishing any of the Work, for safety or security at the Site, or for safety precautions and programs incident to Contractor's Work, during the Construction Phase or otherwise.

Engineer shall not be responsible for the failure of any Contractor to perform or furnish the Work in accordance with the Contract Documents.

## II. Resident Project Representative

- A. Engineer shall furnish a Resident Project Representative (“RPR”) to assist Engineer in observing progress and quality of the Work. The RPR may provide full time representation or may provide representation to a lesser degree.
- B. Through RPR's observations of Contractor's work in progress and field checks of materials and equipment, Engineer shall endeavor to provide further protection for Owner against defects and deficiencies in the Work. However, Engineer shall not, during such RPR field checks or as a result of such RPR observations of Contractor's work in progress, supervise, direct, or have control over Contractor's Work, nor shall Engineer (including the RPR) have authority over or responsibility for the means, methods, techniques, sequences, or procedures of construction selected or used by any contractor, for security or safety at the Site, for safety precautions and programs incident to any contractor's work in progress, or for any failure of a contractor to comply with Laws and Regulations applicable to such contractor's performing and furnishing of its work. The Engineer (including RPR) neither guarantees the performances of any contractor nor assumes responsibility for Contractor's failure to furnish and perform the Work in accordance with the Contract Documents. In addition, the specific terms set forth in Section I above are applicable.
- C. The duties and responsibilities of the RPR are as follows:
  - 1. General: RPR is Engineer's representative at the Site, will act as directed by and under the supervision of Engineer, and will confer with Engineer regarding RPR's actions. RPR's dealings in matters pertaining to the Contractor's work in progress shall in general be with Engineer and Contractor. RPR's dealings with Subcontractors shall only be through or with the full knowledge and approval of Contractor. RPR shall generally communicate with Owner only with the knowledge of and under the direction of Engineer.
  - 2. Schedules: Review the progress schedule, schedule of Shop Drawing and Sample submittals, and schedule of values prepared by Contractor and consult with Engineer concerning acceptability.
  - 3. Conferences and Meetings: Attend meetings with Contractor, such as preconstruction conferences, progress meetings, job conferences and other project-related meetings, and prepare and circulate copies of minutes thereof.
  - 4. Liaison:
    - a. Serve as Engineer's liaison with Contractor. Working principally through Contractor's authorized representative or designee, assist in providing information regarding the intent of the Contract Documents.
    - b. Assist Engineer in serving as Owner's liaison with Contractor when Contractor's operations affect Owner's on-Site operations.



- c. Assist in obtaining from Owner additional details or information, when required for proper execution of the Work.
5. Interpretation of Contract Documents: Report to Engineer when clarifications and interpretations of the Contract Documents are needed and transmit to Contractor clarifications and interpretations as issued by Engineer.
6. Shop Drawings and Samples:
  - a. Record date of receipt of Samples and approved Shop Drawings.
  - b. Receive Samples which are furnished at the Site by Contractor, and notify Engineer of availability of Samples for examination.
  - c. Advise Engineer and Contractor of the commencement of any portion of the Work requiring a Shop Drawing or Sample submittal for which RPR believes that the submittal has not been approved by Engineer.
7. Modifications: Consider and evaluate Contractor's suggestions for modifications in Drawings or Specifications and report such suggestions, together with RPR's recommendations, to Engineer. Transmit to Contractor in writing decisions as issued by Engineer.
8. Review of Work and Rejection of Defective Work:
  - a. Conduct on-Site observations of Contractor's work in progress to assist Engineer in determining if the Work is in general proceeding in accordance with the Contract Documents.
  - b. Report to Engineer whenever RPR believes that any part of Contractor's work in progress will not produce a completed Project that conforms generally to the Contract Documents or will imperil the integrity of the design concept of the completed Project as a functioning whole as indicated in the Contract Documents, or has been damaged, or does not meet the requirements of any inspection, test or approval required to be made; and advise Engineer of that part of work in progress that RPR believes should be corrected or rejected or should be uncovered for observation, or requires special testing, inspection, or approval.
9. Inspections, Tests, and System Start-ups:
  - a. Consult with Engineer in advance of scheduled inspections, tests, and systems start-ups.
  - b. Verify that tests, equipment, and systems start-ups and operating and maintenance training are conducted in the presence of appropriate Owner's personnel, and that Contractor maintains adequate records thereof.
  - c. Observe, record, and report to Engineer appropriate details relative to the test procedures and systems start-ups.

- d. Accompany visiting inspectors representing public or other agencies having jurisdiction over the Project, record the results of these inspections, and report to Engineer.

10. Records:

- a. Maintain at the Site orderly files for correspondence, reports of job conferences, reproductions of original Contract Documents including all change orders, field orders, work change directives, addenda, additional Drawings issued subsequent to the execution of the Construction Contract, Engineer's clarifications and interpretations of the Contract Documents, progress reports, Shop Drawing and Sample submittals received from and delivered to Contractor, and other Project-related documents.
- b. Prepare a daily report or keep a diary or log book, recording Contractor's hours on the Site, weather conditions, data relative to questions of change orders, field orders, work change directives, or changed conditions, Site visitors, daily activities, decisions, observations in general, and specific observations in more detail as in the case of observing test procedures; and send copies to Engineer.
- c. Record names, addresses, fax numbers, e-mail addresses, web site locations, and telephone numbers of all Contractors, Subcontractors, and major Suppliers of materials and equipment.
- d. Maintain records for use in preparing Project documentation.
- e. Upon completion of the Work, furnish original set of all RPR Project documentation to Engineer.

11. Reports:

- a. Furnish to Engineer periodic reports as required of progress of the Work and of Contractor's compliance with the progress schedule and schedule of Shop Drawing and Sample submittals.
- b. Draft and recommend to Engineer proposed change orders, work change directives, and field orders. Obtain backup material from Contractor.
- c. Furnish to Engineer and Owner copies of all inspection, test, and system start-up reports.
- d. Immediately notify Engineer of the occurrence of any Site accidents, emergencies, acts of God endangering the Work, damage to property by fire or other causes, or the discovery of any Constituent of Concern.

12. Payment Requests: Review applications for payment with Contractor for compliance with the established procedure for their submission and forward with recommendations to Engineer, noting particularly the relationship of the payment requested to the schedule of values, Work completed, and materials and equipment delivered at the Site but not incorporated in the Work.

13. Certificates, Operation and Maintenance Manuals: During the course of the Work, verify that materials and equipment certificates, operation and maintenance manuals and other data required by the Contract Documents to be assembled and furnished by Contractor are applicable to the items actually installed and in accordance with the Contract Documents, and have these documents delivered to Engineer for review and forwarding to Owner prior to payment for that part of the Work.
14. Completion:
  - a. Participate in visits to the Project to determine Substantial Completion, assist in the determination of Substantial Completion and the preparation of lists of items to be completed or corrected.
  - b. Participate in a final visit to the Project in the company of Engineer, Owner, and Contractor, and prepare a final list of items to be completed and deficiencies to be remedied.
  - c. Observe whether all items on the final list have been completed or corrected and make recommendations to Engineer concerning acceptance and issuance of the Notice of Acceptability of the Work (Attachment B).

D. Resident Project Representative shall not:

1. Authorize any deviation from the Contract Documents or substitution of materials or equipment (including "or-equal" items).
2. Exceed limitations of Engineer's authority as set forth in this Agreement.
3. Undertake any of the responsibilities of Contractor, Subcontractors or Suppliers.
4. Advise on, issue directions relative to, or assume control over any aspect of the means, methods, techniques, sequences or procedures of Contractor's work.
5. Advise on, issue directions regarding, or assume control over security or safety practices, precautions, and programs in connection with the activities or operations of Owner or Contractor.
6. Participate in specialized field or laboratory tests or inspections conducted off-site by others except as specifically authorized by Engineer.
7. Accept shop drawing or sample submittals from anyone other than Contractor.
8. Authorize Owner to occupy the Project in whole or in part.

### **III. Scope of Construction Phase Service**

- A. Engineer shall furnish construction phase services as defined herein, for each construction contract (Bid Package). Currently, a total of eight (8) construction contracts anticipated. Each construction contract or Bid Package shall be a standalone single project, with a stipulated sum construction contract and a general contractor managing subcontractors, if any.

- B. The method of delivery shall be either design-bid-build (D-B-B) or design-build (D-B) in accordance with Table III-1 below.
- C. The schedule and duration of construction phase services are estimated as described in Table III-1 below.

<b>Table III-1</b>				
<b>Bid Package</b>	<b>Description</b>	<b>Delivery</b>	<b>Start Date</b>	<b>End Date</b>
1	Gravity Drain & Toe Drain Rehabilitation	D-B-B	MAY 2012	JAN 2013
2A	Pump Stations (FL)	D-B-B	JAN 2013	DEC 2013
2B	Pump Stations (PdP, WR & MESD)	D-B-B	APR 2013	SEP 2014
3	Relief Wells, Blanket Drain, & Seepage Berms (WR)	D-B-B	JUN 2013	JAN 2015
4	Clay Blanket, Relief Wells, Relief Well Collection System (MESD)	D-B-B	APR 2013	NOV 2014
5	Clay Blanket, Relief Wells, Relief Well Collection System (MESD)	D-B-B	JUN 2013	NOV 2014
6	Relief Wells & Berms (PdP/FL)	D-B-B	APR 2013	JAN 2015
7A	Cutoff Walls (Shallow)	D-B-B	JAN 2013	APR 2014
7B	Cutoff Walls (Deep)	D-B-B	MAY 2013	DEC 2014

- D. Bid Package estimated budgets are shown in Table III-2. This original agreement was for Bid Package 1, subsequent Bid Packages will be handled as Change Orders to this Work Order.

<b>Table III-2</b>		
<b>Bid Package</b>	<b>Description</b>	<b>Cost Estimate</b>
1	Gravity Drain & Toe Drain Rehabilitation (Original Agreement)	250,000
2B	Pump Stations (PdP, WR & MESD)	9,248,044
7A	Cutoff Walls (Shallow)	2,855,449
7B	Cutoff Walls (Deep)	18,808,305

- E.

## **Original Agreement– Scope of Work**

### **Bid Package 01**

- 1) Pre-Construction Conference (**complete**)
- 2) Responding to Requests for Information (RFIs) (**complete**)
- 3) Reviewing Shop Drawings (**complete**)
- 4) Observation, Inspection and Construction Management (**complete**)

**Total for Bid Package 01 = \$ 27,0000**

## **Amendment 1- Scope of Work**

### **Bid Package 2B**

- 1) Pre-Construction Conference/meetings, \$13,100
- 2) USACE Meetings, \$48,000
- 3) Responding to Requests for Information (RFIs), \$13,280
- 4) Reviewing Shop Drawings, \$15,680
- 5) Observation, Inspection and Construction Management, \$0

**Total for Bid Package 2B = \$ 90,060**

### **Bid Package 7A**

- 1) Pre-Construction Conference/meetings, \$10,820
- 2) USACE Meetings, \$ 40,140
- 3) Responding to Requests for Information (RFIs), \$16,100
- 4) Reviewing Shop Drawings, \$15,580
- 5) Observation, Inspection and Construction Management, \$0

**Total for Bid Package 2B = \$ 82,715**

### **Bid Package 7B**

- 1) Pre-Construction Conference/meetings, \$17,220
- 2) USACE Meetings, \$34,850
- 3) Responding to Requests for Information (RFIs), \$24,100
- 4) Reviewing Shop Drawings, \$22,080
- 5) Observation, Inspection and Construction Management, \$0

**Total for Bid Package 2B = \$ 98,225**

**Total for Amendment 1 = \$271,000**

**Attachment B  
Notice of Acceptability of Work**

**WORK ORDER NO: MSA01-WO08  
CONSTRUCTION PHASE SERVICES**

**AMEC Project No: 56317001**

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NOTICE OF ACCEPTABILITY OF WORK

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PROJECT:

OWNER:

CONTRACTOR:

OWNER'S CONSTRUCTION CONTRACT IDENTIFICATION:

EFFECTIVE DATE OF THE CONSTRUCTION CONTRACT:

ENGINEER:

NOTICE DATE:

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To: \_\_\_\_\_  
Owner

And To: \_\_\_\_\_  
Contractor

From: \_\_\_\_\_  
Engineer

The Engineer hereby gives notice to the above Owner and Contractor that the completed Work furnished and performed by Contractor under the above Contract is acceptable, expressly subject to the provisions of the related Contract Documents, the Agreement between Owner and Engineer for Professional Services dated \_\_\_\_, \_\_\_\_, and the terms and conditions set forth in this Notice.

By: \_\_\_\_\_

Title: \_\_\_\_\_

Dated: \_\_\_\_\_

# MAN-HOUR ESTIMATE



## 408 Review - Amendment #1

Task	Project Manager	Resident Engineer / Disp. Leads	Field Engineers / Project Engineers	Field Support / CADD Support	Proj Assistant	Total Hours	Labor Cost	Direct Cost	Subconsultant Cost	Total Cost
<b>CM Services - BP2B</b>										
1 Pre-Construction Conference	4	40	12	4	4	64	\$11,100	\$2,000	\$0	\$13,100
2 USACE Meetings	80	60	80	20	20	260	\$44,000	\$4,000	\$0	\$48,000
3 Responding to Requests For Information (RFIs)	4	20	40	10	20	94	\$13,180	\$100	\$0	\$13,280
4 Reviewing Shop Drawings	4	30	60		10	104	\$15,580	\$100	\$0	\$15,680
5 Observation, Inspection and Construction Management						0	\$0	\$0	\$0	\$0
<b>CM Services - BP2B - Subtotal</b>	<b>92</b>	<b>150</b>	<b>192</b>	<b>34</b>	<b>54</b>	<b>522</b>	<b>\$83,860</b>	<b>\$6,200</b>	<b>\$0</b>	<b>\$90,060</b>
<b>CM Services - BP7A</b>										
1 Pre-Construction Conference	4	24	12	4	12	56	\$8,820	\$2,000	\$0	\$10,820
2 USACE Meetings	60	60	60	16	16	212	\$36,140	\$4,000	\$0	\$40,140
3 Responding to Requests For Information (RFIs)	5	20	60	10	20	115	\$16,000	\$100	\$0	\$16,100
4 Reviewing Shop Drawings	4	30	60		10	104	\$15,580	\$75	\$0	\$15,655
5 Observation, Inspection and Construction Management						0	\$0	\$0	\$0	\$0
<b>CM Services - BP7A - Subtotal</b>	<b>73</b>	<b>134</b>	<b>192</b>	<b>30</b>	<b>58</b>	<b>487</b>	<b>\$76,540</b>	<b>\$6,175</b>	<b>\$0</b>	<b>\$82,715</b>
<b>CM Services - BP7B</b>										
1 Pre-Construction Conference	4	24	12	4	12	56	\$8,820	\$2,000	\$6,400	\$17,220
2 USACE Meetings	40	30	30	20	20	140	\$22,850	\$4,000	\$8,000	\$34,850
3 Responding to Requests For Information (RFIs)	5	20	60	10	20	115	\$16,000	\$100	\$8,000	\$24,100
4 Reviewing Shop Drawings	4	30	60		10	104	\$15,580	\$75	\$6,400	\$22,055
5 Observation, Inspection and Construction Management						0	\$0	\$0	\$0	\$0
<b>CM Services - BP7B - Subtotal</b>	<b>53</b>	<b>104</b>	<b>162</b>	<b>34</b>	<b>62</b>	<b>415</b>	<b>\$63,250</b>	<b>\$6,175</b>	<b>\$28,800</b>	<b>\$98,225</b>
<b>TOTAL</b>	<b>218</b>	<b>388</b>	<b>546</b>	<b>98</b>	<b>174</b>	<b>1,424</b>	<b>223,650</b>	<b>18,550</b>	<b>\$28,800</b>	<b>\$271,000</b>