



Memo to: Board of Directors

From: Les Sterman

Subject: Program Status Report for April, 2012

Date: April 18, 2012

The technical debate with the Corps continues on the “graded filter” design which is a critical part of the 60% design submission. Our design team has responded to Corps concerns about this design feature by submitting additional analysis and modeling results. AMEC’s approach has been to focus on a single graded filter in the Wood River district as a prototype in an attempt to determine how the Corps’ concerns can be satisfied in concept. The hope is that if we can agree on design concepts, assumptions, and parameters in this one instance, we can use that information to redesign (where necessary) the remaining occurrences of this design feature. Most recently, we agreed to redesign this particular example to conform to a prototypical design taken from Corps design guidance. While there was every indication that doing so would relieve the Corps’ concerns, after review the Corps again responded negatively. Our design team strongly disagrees with the Corps’ conclusions and we will respond accordingly.

While the Corps has insisted that there have been no project deadlines missed as of yet because of the review process, it is only a matter of time before that happens. The next two bid packages are for pump stations, which are the linchpins of the project. Two 100% design packages for pump stations are scheduled to be submitted in early June. Until we reach agreement with the Corps on underseepage controls we cannot know the volume of water that will need to be discharged and consequently our design team will not be able to design and size pump stations. And until pump stations are built, we cannot build underseepage controls without risking interior flooding should a high water event occur. In summary, unless we get agreement on essential design features soon, there will be a cascading series of missed deadlines. Failure to resolve this problem clearly jeopardizes the schedule and budget for the project.

We are responding this week to Illinois Environmental Protection Agency comments on the application for a Section 401 water quality permit. Once IEPA is satisfied that they have all of the necessary information they will start a 30-day comment period. Our hope is that a permit can be issued soon thereafter. The issue of NPDES permits for relief wells still remains; we are providing information to IEPA this week that we hope will help resolve this matter.

On April 18 I travelled to Washington DC, along with Jay Martin from AMEC and our special counsel David Human, to meet with our congressional delegation, Jo Ellen Darcy, the Assistant

Secretary of the Army for Civil Works and various Corps leadership staff regarding our concerns with the Corps review process and the progress of the project. We had a very frank exchange of views and got great support from Sen. Durbin and Congressman Costello, who were present at the meeting and actively engaged in the conversation. In particular, I highlighted three problems for the group – the wasteful requirement for external reviews of the project, the Corps’ unwillingness to certify their own levees, and the continuing problematic attitude of Corps staff who seem inclined to view this as a federal project, thereby imposing costly and unrealistic demands on us. Although we received continuing pledges of support and commitments to “look into” our concerns, this is not the first time that we’ve heard similar supportive rhetoric. Our congressional delegation has committed to hold the Corps accountable for progress on the project, which is helpful, and the opportunity to air our grievances candidly was much appreciated. We are following up on the meeting with legal memoranda dealing with the external review and certification issues, since there was some apparent misunderstanding of these matters.

Discussions are continuing with the Corps on finding the most productive use for the FY 2012 federal appropriation of about \$850,000 on the MESD portion of the levee system. The local cost-share for this project is about \$370,000, so in order to justify that expenditure from our budget I have suggested to the Corps that any project must meet two conditions:

1. *All project elements of the Corps project must coincide with or contribute to the Council’s project design to meet FEMA criteria for accreditation.*
2. *The amount of the cost-share for the Corps project cannot exceed the variable cost to the Council of doing the same work itself.*

Working with our consultants, the Corps was only able to identify 8 relief wells that coincided with our project design. That is simply not enough to satisfy the above conditions. Even worse, there would be no productive use, i.e. contributing to FEMA accreditation, for the FY2013 appropriation, which would leave the FPD in the unhappy situation of turning down federal funds because accepting them would diminish the budget for accomplishing our project. We are working with the Corps to rethink elements of both projects in an effort to align the project designs in a way that would facilitate more cost-effective use of federal funds.

The first construction package, mainly consisting of maintenance projects on the MESD portions of the levee system will be advertised shortly if authorized by the Board at the April 20 meeting. Assuming that final issues with the Corps are worked out, we expect to start construction on June 6, about two weeks later than originally scheduled, a small delay that will not have any effect on the overall project schedule.

APRIL 18, 2012

DURBIN, COSTELLO MEET WITH ARMY ASSISTANT SECRETARY REGARDING METRO EAST LEVEES

Army Corps to Nominate Project for Expedited Review

[WASHINGTON, D.C.] – U.S. Senator Dick Durbin (D-IL) and U.S. Congressman Jerry Costello (D-IL) today held a meeting with Assistant Secretary of the Army Corps of Engineers, Jo-Ellen Darcy, commander of the St. Louis District, Colonel Christopher Hall, and the head of the Southwestern Illinois Flood Prevention District Council, Les Sterman, to discuss streamlining the review process for the Metro East levee project. The Army Corps pledged their continued commitment to the project, and will nominate the planned improvements to the flood prevention systems in the Metro East for expedited review. A representative from U.S. Senator Mark Kirk (R-IL)'s office also attended the meeting.

“By recommending this project for expedited review, Assistant Secretary Darcy confirms that the Metro East levee project is one of national significance. I am confident that the Army Corps of Engineers is committed to working with Metro East communities to upgrade the levee system as quickly and as cost-effectively as possible,” said Durbin. “I will continue to work in Washington with Congressmen Costello and Shimkus and Senator Kirk to help avoid any future delays for this important project.”

“We had a productive meeting today and Assistant Secretary Darcy pledged to find ways to ensure this project stays on schedule. There was an informative exchange regarding some of the roadblocks that continue to exist and how to address them. While nominating the project for expedited executive branch review is a very positive step, we will continue to work to make the current process is effective,” said Costello.

“Fast tracking the Metro East levee system project is important not only for public safety, but also acknowledges the Southwestern Illinois Flood Prevention District's innovative approach for the planned improvements,” said a spokesperson for Senator Kirk. “The Corps' recognition of the project's importance underscores the need for a timely review process.”

Earlier this month, Durbin, Kirk, Costello and U.S. Congressman John Shimkus (R-IL) sent a letter to the Army Corps of Engineers asking them to recommend including the Metro East levee system repair project in the list of projects to be considered by the President for expedited review. A recent Executive Order, "Improving Performance of Federal Permitting and Review of Infrastructure Projects," creates a Steering Committee that will work to streamline federal permitting and review processes affecting important projects across the country. The President's Executive Order also calls on certain executive agencies to submit projects of national or regional significance to the Steering Committee so their status can be tracked on a new online Projects Dashboard.

The Metro East levee system reduces flood risk for approximately 260,000 residents and \$4.6 billion in industrial, commercial, and residential property along the Mississippi River. The Metro East levee project needs approximately \$170 million to repair and strengthen the five levees comprising the system. Key Army Corps officials support the much-needed repair and upgrade work on this levee system. Major General John W. Peabody, commander of the Mississippi Valley Division, and Colonel Christopher G. Hall, commander of the St. Louis District, consider strengthening the system their top priority in the St. Louis District. General Peabody believes that the importance of a stronger Metro East levee system will be realized not only through the significantly increased safety of those living and working behind the levee system, but also through the system's use as a model for future levee improvements across the country.