



**SOUTHWESTERN ILLINOIS FLOOD PREVENTION DISTRICT COUNCIL
BOARD OF DIRECTORS MEETING
November 20, 2013 7:30 am**

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

1. Call to Order
Dan Maher, President
2. Approval of Minutes of October 16, 2013
3. Public Comment on Pending Agenda Items
4. Program Status Report
Les Sterman, Chief Supervisor
5. Budget Update and Approval of Disbursements
6. Design and Construction Update
Jay Martin, AMEC Environment & Infrastructure
7. Implementation Strategy for Bid Package #7a/7b
Wood River Cutoff Walls
8. Update from Corps of Engineers
9. Public Comment
- Executive Session
10. Real Estate Transactions
Les Sterman, Chief Supervisor
11. Chief Supervisor Recruitment Update
Jim Pennekamp, Chair – Search Committee
12. Other Business
13. Adjournment

Next Meeting: December 18, 2013

MINUTES

SOUTHWESTERN ILLINOIS FLOOD PREVENTION DISTRICT COUNCIL BOARD OF DIRECTORS MEETING October 16, 2013

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 October 16, 2013.

Members in Attendance

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
Tom Long, Madison County Flood Prevention District
Bruce Brinkman, Monroe County Flood Prevention District
Ronald Polka, Monroe County Flood Prevention District None

Members Absent

Paul Bergkoetter, St. Clair County Flood Prevention District
Ron Motil, Madison County Flood Prevention District
James Pennekamp, President (Chair, Madison County Flood Prevention District)

Others in Attendance

Alan Dunstan, Madison County Board Chair
Mark Kern, St. Clair County Board Chair
Delbert Wittenauer, Monroe County Board Chair
Les Sterman, SW Illinois FPD Council
Nick Bauer, Republic Services
Randy Bolle, Prairie DuPont Levee District
Rick Fancher, Metro-East Sanitary District
Walter Greathouse, Metro-East Sanitary District
Bobby Green, Laborers Local #100
Mark Harms, SCI Engineering
Gary Hoelscher, Hoelscher Engineering
Mike Huber, KdE
Phil Johnson, Phil Johnson Realtor
Charles Juneau, Juneau Associates
Aaron Karlas, Republic Services
Ellen Krohne, Leadership Council Southwestern Illinois
Linda Lehr, Monroe County
Jay Martin, AMEC Environment & Infrastructure
Jack Norman, Southern Illinois Groundwater Advisory Council
Jon Omvig, AMEC Environment & Infrastructure
Bob Shipley, Metro East Sanitary District
Brennan Soval, Husch Blackwell

Dale Stewart, Southwestern Illinois Building Trades Council
Mike Sullivan, Prairie DuPont Levee District
Dale Vehlewald, AMEC Environment & Infrastructure

Call to order

President Dan Maher noted the presence of a quorum and called the meeting to order at 7:30 am.

Approval of minutes of September 18, 2013

A motion was made by Tom Long, seconded by Bruce Brinkman, to approve the minutes of the Board meeting held on September 18, 2013. Mr. Conrad called the roll and the following votes were made on the motion:

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

The motion was approved.

Public Comment on Pending Agenda Items

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

Mr. Parks arrived at this time.

Program Status Report

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

Bids were opened on October 1 for Bid Package #2b, which includes five pump stations. We received four bids that will be discussed later in the agenda.

The process of property acquisition is moving more slowly than I would like, and the process remains on the critical path for the project. Several property owners have offers from us and we are awaiting responses from them; our property acquisition consultants maintain continuous contact with these owners to remind them of the urgency of the situation. On October 7 we hosted a meeting for remaining affected property owners in St. Clair and Madison counties to provide an opportunity for them to meet with the engineering team and the property acquisition specialists. Turnout for the meeting was light, but we will now make individual contact with affected property owners.

The Corps is proceeding on design work for the Wood River cutoff wall as we agreed. They are apparently still working during the government shutdown, since the project is funded by FY 2013 money.

I met with the Corps on October 7 to discuss the requirements for a Sec. 408 review of the project should the Council assume the responsibility for construction. It was a productive meeting, but there are still some unanswered questions that need to be resolved. While the review appears to be a limited one, it will need to be approved by Corps Division and Headquarters, which will likely add time to the schedule. Best guess is that the review might take four months, assuming that there are no significant changes to the Corps design or construction process.

On October 3 the Corps hosted a meeting to provide additional information regarding the decision reached in early July that denied our request to encourage or require the use of a project labor agreement for the Wood River cutoff wall. In addition to me and Jim Pennekamp from the Council, the meeting was attended by representatives of the Leadership Council, Sen. Durbin's staff, representatives from IDOT, Governor Quinn's office, and the Director of IDNR. Dale Stewart, representing the labor community, also attended. The Corps was represented by their legal counsel, contracting staff, Col. Hall, and a number of planning, design and construction staff. The end result of the meeting was that we are no more clear on the basis for the decision than we were in July. What did result from the meeting was our strong belief that the Corps made its decision based on an erroneous understanding of how a PLA functions. Handouts provided at the meeting indicated that the Corps believed that a PLA would preclude (or put at a great competitive disadvantage) firms that are not based in the region, and would otherwise make the job more costly. Those conclusions are factually inaccurate or demonstrably false. I followed up on the meeting with a letter to the Corps asking to reopen the decision-making process (copy attached).

On October 3 I signed the Sec. 404 permit, which cleared a significant regulatory hurdle for the project. We are now finalizing the final details of our contract with Republic Services to begin construction on the wetland mitigation.

The House version of the Water Resources Development Act has been drafted, but it has stalled because of federal budget issues that are consuming all time for floor debate. At this point, it does not seem that any of our legislative priorities have been addressed in the House bill, but we are still pressing the case with our delegation and congressional staff. Because several of our issues were addressed in the Senate version of this bill, it appears that our best opportunity for success will be in a conference committee once the House bill is approved.

The Council receives subsidies for certain interest payments that we make on Build America Bonds. These credits provided by the U.S. Treasury amount to more than \$910,000 annually. We have been notified by the IRS that our credits will be reduced by 8.7% as the result of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended (the "sequester"). This will result in a loss of previously anticipated revenue of more than \$79,000 a year.

At the direction of the Search Committee, I placed advertisements in the Post-Dispatch, Belleville News-Democrat, Illinois Business Journal and a number of online services for the Chief Supervisor position opening. I have also been networking to try to encourage qualified people to apply for the job. The closing date for applications is October 21. We have a large number of applications.

Mr. Kern noted that the Corps' cost to build similar projects is a lot higher than ours. He asked whether at some point would it just make more sense for us to go ahead and build all pieces of the project ourselves and just leave the Mel Price segment to the Corps. Mr. Sterman responded that doing so was a possibility that the Board would have to consider.

Mr. Wittenauer questioned whether having the Corps build the Wood River cutoff wall would actually save the taxpayers money. Mr. Sterman said that we would prefer that the money be shifted to the Mel Price project, which is a greater need at this point.

A motion was made by Mr. Polka, seconded by Mr. Long, to accept the Program Status Report for October, 2013. Mr. Conrad called the roll and the following votes were made on the motion:

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

The motion was approved.

Budget Update and Approval of Disbursements

Mr. Sterman said that the financial statement for September 2013 prepared by our fiscal agent, CliftonLarsonAllen was provided in your packet. The report includes an accounting of revenues and expenditures for the month ending September 30, 2013, as compared to our fiscal year budget.

Accrued expenditures for the current fiscal year are \$15,254,705 while revenues amounted to \$11,888,061, resulting in a deficit of \$3,366,644. Expenditures include a surplus for the year held by the bond Trustee of \$4,397,568 through the end of September that was returned to the counties as required by the bond indenture. A total of approximately \$15,122,553 is now held by the counties in their respective FPD sales tax funds and is available for the Council's use on the project.

Sales tax receipts showed a very modest rebound in July 2013 (the latest month reported by the Illinois Department of Revenue). Receipts increased by about 0.6% from last year but remain down by about 3.14% year over year.

You received a list of bank transactions for September 2013. Total disbursements for the month were \$748,536.31. The largest payments were to AMEC and its subcontractors for design and construction management services, to the Corps of Engineers for cost-share for the Wood River design deficiency correction project, to Husch Blackwell/Bernardin Lochmueller for property appraisals and preparation of legal documents for property acquisition, and to the East-West Gateway Council of Governments for salary and benefits for the Chief Supervisor.

Mr. Sterman recommended that the Board accept the budget report and disbursements for September 2013.

A motion was made by Alvin Parks, seconded by Bruce Brinkman, to accept the budget report and approve the disbursements for September 2013. Mr. Conrad called the roll and the following votes were made on the motion:

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

The motion was approved unanimously.

Design and Construction Update

Mr. Maher called on Jay Martin, AMEC's project manager, to provide a report. Mr. Martin used a PowerPoint® presentation to illustrate his remarks. He focused his presentation on the status of each bid package as follows:

Update Status of Bid Packages Construction Related Activities

- BP #2A – *Fish Lake Pump Station*
 - Contract signed October 11, 2013
 - Pump tubes and pumps order and fabrication
 - Construction expected in November.
- BP#6 – *PDP/FL Seepage Improvements*
 - Contract signed October 14, 2013
 - Awaiting several key property acquisitions
 - Construction expected in November

- BP # 05 – *MESD Seepage Improvements (MESD excluding Conoco Phillips)*
 - Public meeting held October 7, 2013
 - Advertised October 13, 2013
 - Still need to complete property acquisition
 - Pre-bid meeting October 24, 2013
 - Bids due December 3, 2013
 - Recommendation to the Board expected December 18, 2013
- BP # 03 – *WR Seepage Improvements (Excluding Cut Off Walls)*
 - Public meeting held October 7, 2013
 - Advertised October 10, 2013.
 - Pre-bid meeting October 24, 2013
 - Bids due December 3, 2013
 - Recommendation to the Board expected December 18, 2013
- BP# 4 – *MESD Seepage Improvements (Conoco Phillips)*
 - Re - advertise October 20, 2013 – pending resolution of easements
 - Pre-bid meeting October 31, 2013 (Tentative)
 - Bids due December 3, 2013
 - Recommendation to the Board December 18, 2013
- BP #2B - *WR/MESD/PDP Pump Stations*
 - Bids opened October 1, 2013 as planned
 - Evaluated packages and made recommendation
 - Approval on agenda for Flood Prevention District Council Meeting 10/16/2013
- BP#7A and #7B – *Deep and Shallow Cutoff Walls*
 - Interfacing and monitoring COE design of walls in WR
 - VE study was completed mid-September; AMEC has requested and is waiting to receive.
 - COE has extended the start of the ATR from October 7th to October 14th. Files for the lower WR, deep wall are uploaded. Shallow wall lagging behind. Reviews are scheduled to be completed by 21 October (DrChecks comments posted).
 - COE reports they are on schedule for an advertisement date of December 17, 2013.
- Construction Activities
 - Relief well design in progress
 - 30 submitted with 15 more this week
 - 7 approved
- Other Activities...
 - Land acquisition – Weekly calls with the team. Process moving forward. Timing is critical to schedule.
 - Construction QC – Completed MSA (10/9 and 11) with service providers

Mr. Long asked if relief wells aren't all essentially the same, why do we have to do additional submittals to the Corps of Engineers. Mr. Martin said that was a provision of the Sec. 408 permission. Each relief well has to be designed to address the subsurface conditions at that location, so there is some additional design work that needs to be done once the pilot holes are drilled.

Mr. Long asked when construction work will be done. Mr. Martin said that by the end of the next year we will have the majority of the work completed, weather permitting. The Wood River cutoff wall will not be complete by next year. Mel Price remains a problem.

Mr. Long asked whether we have the money to pay for all the work next year. Mr. Sterman said responded affirmatively.

Mr. Wittenauer asked if we decide to do the cutoff walls ourselves, how much additional time will that take. Mr. Martin responded that it will be a minimum of four months before we can get the project out for bids. Mr. Sterman said that a lot will depend on how much of the documentation and design will come in the appropriate electronic format. Mr. Martin noted that there are some design issues as well that will need to be resolved. Discussion ensued on the question of the "window" that the Corps proposes to leave in the cutoff wall and how underseepage through this opening will be addressed in the design.

Mr. Wittenauer asked whether we shouldn't simply use AMEC's design. Mr. Martin said that we don't want to go down that path since we'll have a hard time getting through the review process.

Mr. Brinkman asked what the river level needs to be to permit construction. Mr. Martin said that he doesn't recall the exact figure, but that we've generally lost all the float in the schedule to accommodate for weather delays.

Mr. Maher asked for a motion to accept Mr. Martin's progress report. A motion was made by Mr. Parks with a second by Mr. Polka 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 - absent
Mr. Conrad - Aye
Mr. Long - Aye
Mr. Maher - Aye
Mr. Motil - absent
Mr. Parks - Aye
Mr. Pennekamp - absent

The motion was approved unanimously.

Update of Council Procurement and Disbursement Policies

Mr. Maher asked Mr. Sterman to provide a report.

Mr. Sterman said that the Council adopted a policy on disbursements at one of our initial meetings in 2009. Procurements have been done in accordance with our authorizing legislation, which in turn cites separate Illinois statutes that govern procurements for professional services and other purchases.

The disbursement policy is out of date in several respects, most notably its reference to the East-West Gateway Council of Governments, which was our fiscal agent until two years ago. We have never adopted a formal procurement policy, since we relied on the relevant statutes for guidance. However, since we are embarking on a period of greater expenditures and we will be transitioning to new staff, I thought it would be important for our spending policies to be up-to-date and transparent. Accordingly, I have drafted the policies distributed in your mailing for procurement and disbursements.

The proposed policies are consistent with the practices of the Council since our inception. They are somewhat more restrictive than allowed by law. For example, state law allows purchases under \$20,000 to be done without competition; in practice, our limit is \$10,000. We also have related internal policies, such as a requirement that all contracts of any kind that involve amounts in excess of \$10,000 be specifically approved by the Board of Directors. The procurement policy also provides for a waiver of certain provisions in the case of an “emergency” as allowed by law.

Mr. Sterman then summarized the proposed policies that we previously distributed to the Board. (Those policies are shown below).

Southwestern Illinois Flood Prevention District Council Disbursements Policy

1. The Chief Supervisor of Construction and the Works (the Chief Supervisor) has (a) expenditure approval up to the parameters set by the annual operating budget as approved by the Board, and (b) single signature authority for expenditures in an amount up to and including \$10,000, with the exception of the Chief Supervisor’s salary and fringe benefits, for the use and benefit of the Council. Amounts exceeding \$10,000 must be approved by two signers. The deliberate splitting of vouchers or invoices for the sole purpose of meeting the parameters of this authority is expressly prohibited.
2. The Chief Supervisor approves payment requests after reviewing supporting documentation and presenting a signed requisition for payment along with an invoice or other documentation to the fiscal agent. All disbursements paid by check will be printed on pre-numbered checks only with approved payment requests. The unsigned check, support and request are presented to authorized check signers for their

signatures (information on checks is compared to support for accuracy). Blank or unprepared checks shall not be submitted for signature.

3. All disbursements are made by check or electronically and are accompanied by substantiating documentation. The Council's fiscal agent may initiate electronic disbursements at the direction of the Chief Supervisor for the purposes of investment of excess funds or payment of an approved payment request.
4. All disbursements including electronic withdrawals and checks are accounted for monthly to the Board.
5. No checks may be written to "cash" or "bearer".
6. Blank checks are stored in a locked drawer.
7. All invoices and check requests will be marked "PAID" once they have been paid.
8. The Chief Supervisor and either the President, Vice-President, or the Secretary/Treasurer are the two signatures that are required on all checks over approved limits. In the event of the unavailability of the Chief Supervisor, the President and either the Vice-President or Secretary/Treasurer will constitute the two required signatures.
10. Blank checks may never be signed in advance.

Southwestern Illinois Flood Prevention District Council Procurement Policy

Procurement of professional services and bidding for construction work by the Council will be done in accordance with the requirements of the Illinois Flood Prevention District Act (70 ILCS 750). Applicable provisions of the statute are shown below:

(70 ILCS 750/45) Sec. 45. Procurement. The District shall conduct all procurements in accordance with the requirements of the Local Government Professional Services Selection Act and any competitive bid requirements contained in Section 5-1022 of the Counties Code. (Source: P.A. 95-719, eff. 5-21-08; 95-723, eff. 6-23-08.)

(70 ILCS 750/50) Sec. 50. Contracts for construction. A request for any construction contract of more than \$10,000 by the District must be submitted for approval to the county board of the county in which the district is situated. The county board has 30 calendar days to approve the construction contract. If the county board does not approve or disapprove the construction contract within 30 calendar days after the receipt of such request, the request shall be deemed approved. (Source: P.A. 95-719, eff. 5-21-08; 95-723, eff. 6-23-08.)

All Council purchases in excess of \$10,000, whether for professional services, equipment, supplies, or construction work, shall be done through a competitive process,. The evaluation and selection process for professional services shall be qualification-based, as required by Illinois law. Other procurements will be done through a competitive bidding process.

Procurement of Professional Services

The Council will solicit professional services (engineers, architects, land surveyors, attorneys, accountants, financial advisors and other consulting professions as determined by the Council) by providing notice on the agency website and through direct contact with at least three known qualified vendors. The selection process shall consist of the following steps:

1. *Solicitation.* A request-for-proposal will be provided to potential respondents that includes a description of the project, a statement of the work required, a list of items required for a responsive submittal, and a list of evaluation criteria.
2. *Evaluation Procedure.* The Chief Supervisor shall evaluate the firms submitting proposals, taking into account qualifications, ability of professional personnel, past record and experience, performance data on file, willingness to meet time requirements, location, workload of the firm, and such other qualifications-based factors as the Council may determine are applicable. The Council may conduct discussions with and require public presentations by firms deemed to be the most qualified regarding their qualifications, approach to the project, and ability to furnish the required services. At the request of the Chief Supervisor or the Board of Directors, a Selection Committee consisting of Board members and/or other qualified persons may be appointed by the President and participate in the evaluation and selection process.
3. *Selection procedure.* On the basis of evaluations, discussions and presentations, the Council's Board of Directors shall, upon recommendation from a Selection Committee or the Chief Supervisor, select firms that it determines to be the most qualified to provide services for the project and rank them in order of qualifications to provide services regarding the specific project. The Council shall then contact the firm ranked most preferred and attempt to negotiate a contract at a fair and reasonable compensation, taking into account the estimated value, scope, complexity, and professional nature of the services to be rendered.
4. *Contract negotiation.* The Council shall prepare a written description of the scope of the proposed services to be used as a basis for negotiations and shall negotiate a contract with the highest qualified firm at compensation that the Council determines to be fair and reasonable. In making this decision the Council shall take into account the estimated value, scope, complexity and professional nature of the services to be rendered. If the Council is unable to negotiate a satisfactory contract with the firm which is most preferred, negotiations with that firm shall be terminated. The Council shall then begin negotiations with the firm that is next preferred. If the Council is unable to negotiate a satisfactory contract with that firm, negotiations with that firm shall be terminated. The Council shall then begin negotiations with the firm that is next preferred. If the Council is unable to negotiate a satisfactory contract with any of the selected firms, a request for proposal shall be reissued to additional qualified firms.

Waiver of competition. The Council may waive the requirement for competitive procurement of professional services if the Board of Directors determines that:

1. An emergency situation exists and a firm must be selected in an expeditious manner, or the cost of architectural, engineering, and land surveying services for the project is expected to be less than \$10,000.
2. There is a current satisfactory contractual relationship with a qualified firm that can provide the professional services.

The Board of Directors shall approve all contracts for professional services after a final scope of work, cost and contract provisions have been negotiated and agreed to by the firm and the Chief Supervisor.

Procurement of Goods and Services through Competitive Bids

All purchases of services, materials, equipment or supplies in excess of \$10,000, other than professional services, shall be done through a competitive process to determine the lowest responsible bidder after advertising for bids on the Council's website and in a newspaper published in the three county area served by the Council. The Council shall provide all potential bidders with a complete copy of plans and specifications for the project for which bids are being sought.

In determining the lowest responsible bidder, the Council shall take into consideration the qualities of the articles or work to be supplied, conformity with the specifications, suitability to the requirements of the Council, compatibility to existing facilities, compliance with relevant Council policies, and the delivery terms. This process does not apply to contracts by a Council with the federal government or to purchases of used equipment, purchases at auction or similar transactions that by their nature are not suitable to competitive bids, pursuant to approval by the Board of Directors.

Bids submitted to, and contracts executed by, the Council may require a certification by the bidder or contractor that the bidder or contractor is not barred from bidding for or entering into a contract with local or state governments in Illinois and that the bidder or contractor acknowledges that the Council may declare the contract void if the certification completed pursuant to this subsection is false.

The Council may waive the requirement for competitive bidding if the Board of Directors determines that an emergency situation exists and goods or services must be selected in an expeditious manner, or the cost of such goods and services is expected to be less than \$10,000.

The Board of Directors shall approve all contracts for goods and services after a final contract, including cost and other contract provisions have been negotiated and agreed to by the firm and the Chief Supervisor.

For any construction contract of more than \$10,000 the Council shall seek the approval of the Madison, St. Clair and Monroe county boards. The county boards have 30 calendar days to approve the construction contract. If the county board does not approve or disapprove the construction contract within 30 calendar days after the receipt of such request, the request shall be deemed approved.

Mr. Long said that he thought the policies are good, but asked about who approves expenses by the Chief Supervisor. Mr. Sterman said that there is no specific approval required, other than the review of the fiscal agent. He indicated that he thought it would be a good idea to require approval of a Board member for expenses of employees.

Mr. Maher asked for a motion to accept Mr. Sterman's recommendation with the addition of a provision for approving employee expenses. A motion was made by Mr. Long with a second by

Mr. Parks to approve Mr. Sterman's recommendation. Mr. Conrad called the roll and the following votes were made on the motion:

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

The motion was approved unanimously.

Selection of Contractor(s) to Perform Construction Activitiew

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

Bid Package #2b is generally for construction of five pump stations. The Council issued an invitation to bid on the subject contract on August 4, 2013. A copy of the invitation is included as Attachment 1.

An advertisement for bid was published in the following newspapers the week of August 4, 2013: St. Louis Post Dispatch, Edwardsville Intelligencer, Belleville News Democrat, East St. Louis Monitor and the Republic Times.

A pre-bid meeting was held on Thursday, August 15, 2013 at the council offices. The meeting was attended by 29 individuals, including staff and a representative from Marks & Associates to explain the minority outreach program.

On June 11, 2013 the Bid Closing was extended to October 1, 2013.

An additional minority outreach event was coordinated by Marks & Associates on June 17, 2013.

On October 1, 2013, bids were received from four firms and read aloud. Results are as follows:

Korte & Luitjohan (Highland, IL):	\$3,865,405.00
Plocher Construction (Highland, IL):	\$4,135,000.00
Contegra (Edwardsville, IL):	\$4,246,824.00
Haier Plumbing (Okawville, IL):	\$4,596,715.00

The apparent low bid was Korte & Luitjohan for \$3,865,405.

The bid tabulations were included in the Board mailing for your review.

To assess whether the bids were complete and responsive, AMEC, our construction manager, performed the following reviews:

- Confirmed the prequalification status as stated on the bid form
- Confirmed the addendums were acknowledged
- Verified the math on the schedule of values
- Confirmed the bid form was signed and attested
- Reviewed the bid bond
- Contacted and reviewed references
- Reviewed and discussed exploring utilization of M/D/WBE subcontractors

AMEC further reviewed the specifications, bonding requirements, QA/QC material testing procedures and payment procedures to verify the District is protected during construction and quality construction is provided.

We reviewed the bids for primary difference between the four bidders. The prices for the nine bid items per pump station varied across all the bidders. The detailed bids are attached.

Based on their review, AMEC concludes that Korte & Luitjohan is qualified to perform the work and has recommended that the Council select this company to perform Construction Package #2B.

Mr. Sterman requested that the Chief Supervisor request approval of the County Boards of St. Clair, Madison and Monroe counties and, subject to their approval, enter into contract with Korte Luitjohan Contractors to perform Construction Package #2b at a total cost not to exceed \$3,865,405.00.

Mr. Sterman asked Dale Vehlewald how the bid compared to the estimate for this project. Mr. Vehlewald responded that it was very close to the estimate.

Mr. Maher asked for a motion to accept Mr. Sterman's recommendation. A motion was made by Mr. Parks with a second by Mr. Brinkman to accept Mr. Sterman's report. Mr. Conrad called the roll and the following votes were made on the motion:

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

The motion was approved unanimously.

Audit Services for 2013

Mr. Maher asked Mr. Sterman to report on this item. Mr. Sterman said that the Council solicited competitive proposals from firms to perform annual financial audits in late 2010 and selected Scheffel & Co to audit the Council's financial statements for fiscal years 2009-2012.

Scheffel has done an excellent job, particularly given the added effort that the firm put in to fully understand the terms and functioning of our bond issue, the regional nature of our finances, and other aspects of our sometimes atypical financial structure. Next year will be a transition year for the Council as a new Chief Supervisor comes onboard. There will be a steep learning curve for both the new staff and a new auditor. Under those circumstances I believe that the Board should consider at least a one-year extension of our engagement with Scheffel to audit our financial statements. The cost for the FY2012 audit was \$13,700. At my request, the firm provided a cost proposal for a one year extension of \$14,100. They also provided a cost for a three year extension of \$13,700, \$14,100, and \$14,500 for fiscal years 2013-2015.

Under the circumstances, I believe that it would be prudent to engage Scheffel to perform the Council's audit for FY2013. The incoming Chief Supervisor can determine whether to extend the arrangement further or to seek proposals for audit services for FY2014 and beyond.

Mr. Sterman asked that he be authorized to engage Scheffel & Company to perform the Council's financial audit for fiscal year 2013 at a cost not to exceed \$14,100.

A motion was made by Mr. Long with a second by Mr. Parks to select Scheffel & Company to perform the Council's financial audit for fiscal year 2013. Mr. Conrad called the roll and the following votes were made on the motion:

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

The motion was approved.

Corps of Engineers Update

Mr. Sterman noted that Corps of Engineers staff were not present due to the government shutdown. However, Tracey Kelsey provided a one page update on Corps activities which has been provided to the Board.

Public Comment

Mr. Maher asked if there is any public comment. There was none.

Mr. Maher asked to convene an executive session to address real estate matters.

Mr. Long made a motion at 8:25 am to convene a closed session under 5ILCS 120.2 for the purpose of discussing the purchase or lease of real property by a public agency. The motion was seconded by Mr. Parks. Mr. Sterman indicated that all Board members should be present, along with Phil Johnson, the county board chairs and our attorneys should be present. Mr. Conrad called the roll and the following votes were made on the motion:

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

The motion was approved unanimously and the Board went into executive session.

Mr. Polka made a motion to adjourn the executive session at 8:40 am to go back into public session. Mr. Long seconded the motion. Mr. Conrad called the roll and the following votes were made on the motion:

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

Mr. Maher called the meeting to order.

Real Estate Transactions

A motion was made by Mr. Parks, and seconded by Mr. Long to authorize the Chief Supervisor to negotiate the acquisition of the above properties required to construct levee improvements needed to comply with Federal Emergency Management Agency standards for flood protection in accordance with the following conditions:

Authorize the Chief Supervisor to negotiate the acquisition of the above properties in accordance with the following conditions:

1. For those acquisitions that fall within the Council's real estate acquisition policy, no further Board action is required.
2. Acquire easements from Southeast Properties at a price not to exceed 120% of appraised value.
3. Acquire easements from Mitten at a price not to exceed 120% of appraised value.
4. Acquire 11.3 acres from Vogt for \$85,000 (approx. \$7500/acre), including the 8.42 acres of uneconomic remnants not required for the project (with the understanding that the FPD will subsequently sell the property not required for the project at not less than \$5000/acre).
5. Acquire 19.94 acres from Cates for \$149,550 (\$7500/acre), including the 13.92 acres of uneconomic remnants not required for the project (with the understanding that the FPD will subsequently sell the property not required for the project at not less than \$5000/acre).
6. Acquire 3 parcels shown in Table 1 from the St. Clair County Trustee at a price totaling \$2,340. All parcels are required for the project, fall within the levee right-of-way and would be useful for future levee maintenance. Each parcel was appraised and all of the acquisition prices designated by the County Trustee fall within the permitted price ranges per our acquisition policies.

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

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

The motion was approved unanimously.

Other Business

There was no other business.

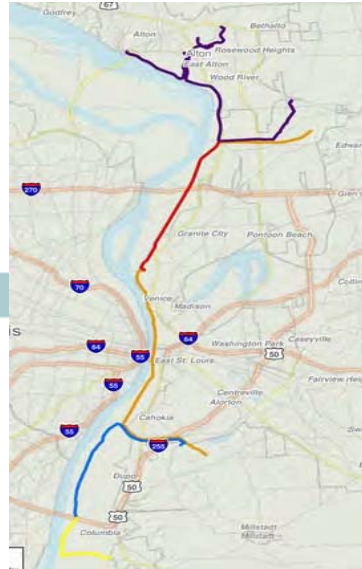
Adjournment

A motion was 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,

James R. Pennekamp,
Secretary/Treasurer, Board of Directors

**Progress Report
October 16, 2013
SW IL Levee System
By Jay Martin**



**Update Status of Bid Packages
Construction Related Activities**

BP #2A – Fish Lake Pump Station



- Contract signed October 11, 2013
- Pump tubes and pumps order and fabrication
- Construction expected in November.

3

BP#6 – PDP/FL Seepage Improvements



- Contract signed October 14, 2013
- Awaiting several key property acquisitions
- Construction expected in November

4

**BP # 05 – MESD Seepage Improvements
(MESD excluding Conoco Phillips)**



- Public meeting held October 7, 2013
- Advertised October 13, 2013
- Still need to complete property acquisition
- Pre-bid meeting October 24, 2013
- Bids due December 3, 2013
- Recommendation to the Board expected December 18, 2013

**BP # 03 – WR Seepage Improvements
(Excluding Cut Off Walls)**



- Public meeting held October 7, 2013
- Advertised October 10, 2013.
- Pre-bid meeting October 24, 2013
- Bids due December 3, 2013
- Recommendation to the Board expected December 18, 2013

**BP# 4 – MESD Seepage
Improvements (Conoco Phillips)**



- Re - advertise October 20, 2013 – pending resolution of easements
- Pre-bid meeting October 31, 2013 (Tentative)
- Bids due December 3, 2013
- Recommendation to the Board December 18, 2013

BP #2B - WR/MESD/PDP Pump Stations



- Bids opened October 1, 2013 as planned
- Evaluated packages and made recommendation
- Approval on agenda for Flood Prevention District Council Meeting
10/16/2013

BP#7A and #7B – *Deep and Shallow Cutoff Walls*



Interfacing and monitoring COE design of walls in WR

- VE study was completed mid-September; AMEC has requested and is waiting to receive.
- COE has extended the start of the ATR from October 7th to October 14th. Files for the lower WR, deep wall are uploaded. Shallow wall lagging behind. Reviews are scheduled to be completed by 21 October (DrChecks comments posted).
- COE reports they are on schedule for an advertisement date of December 17, 2013.

9

Construction Activities



- Relief well design in progress
 - 30 submitted with 15 more this week
 - 7 approved

10

Other Activities...



- Land acquisition – Weekly calls with the team. Process moving forward. Timing is critical to schedule.
- Construction QC – Completed MSA (10/9 and 11) with service providers

11



Questions?

12

Wood River

- Design
 - On schedule
 - VE Study complete; Final report in progress
 - ATR (Agency Technical Review) in progress
 - SAR on schedule for completion December 13, 2013
 - Continue bi-monthly status reports to FPD/AMEC

- Schedule
 - Project is currently on schedule
 - PPA execution

408 Review

- Continue 408 review of FPD relief well design
- Conducted meeting with FPD/AMEC regarding 408 permit requirements for FPD construction of Wood River cutoff walls





Memo to: Board of Directors
From: Les Sterman
Subject: Program Status Report for November, 2013
Date: November 18, 2013

Notice to proceed was provided to contractors on bid packages #2a, #2b and #6. Pre-construction meetings were held with contractors on #2a and #6 and work is now underway. Bids on three remaining bid packages are due on December 3, so we would hope to award contracts for the entire project, with the exception of bid packages #7a/7b by the end of the year and have construction fully underway early next year.

I have completed an updated estimate of the cost to complete the project that will be presented at the November meeting. The last such estimate was completed in June 2013. There are a number of key decisions, including whether and how to do future financing, and whether to assume responsibility for the construction of the Wood River cutoff walls that are affected by this critical financial analysis.

The process of property acquisition is moving slowly but surely, and the process remains on the critical path for the project. Key properties have been acquired and other acquisitions are in progress. There are only a couple of problem properties where negotiations have not yet produced results. We will report on those at the Board meeting.

The Corps continues with design work for the Wood River cutoff walls as we agreed. AMEC is monitoring progress and will be able to report further at the Board meeting. The Corps continues to confirm the December 13 deadline for completion of design, but there remains much to be done to address all of the comments on the incomplete design. The responsibility for construction of the cutoff walls remains an open question. A decision on how to proceed is on our agenda for the November meeting.

The contract for wetland mitigation has been executed and we have made the initial payment to Republic services to begin construction.

The House version of the Water Resources Development Act was approved overwhelmingly and a conference committee appointed to work out the differences with the bill passed by the Senate. Congressman Davis has been appointed to the committee, which may be helpful in pursuing some of the Council's legislative priorities. Foremost among those priorities are two provisions of the Senate bill that will allow the Corps to shift appropriated funds among the projects on our

levee system so that we can optimize the allocation of those funds to the most needed projects. Also, the Senate bill includes a provision that will allow us to take credit for the cost of work we have done on the federal project against cost-share on future federal projects.

We received four proposals from firms to serve as the Council's financial advisor. I will be reviewing these proposals over the coming weeks and will ask that a selection committee be appointed to assist in that process. I hope to make a recommendation at the December meeting.

The deadline for applications for the position of Chief Supervisor was October 21, and we received 55 applications for the position, so there was a good pool of applicants. The Search Committee has been working through a selection process and will report to the Board at the November meeting. The goal would be to have the position filled by the middle of December to provide for a reasonable transition period. As always, I remain committed to making this process as seamless as possible and will be available to assist where needed following my planned January 15 departure.



Memo to: Board of Directors

From: Les Sterman

Subject: Budget and Disbursement Report for November 2013

Date: November 18, 2013

Analysis of Cost to Complete Project

As the project comes closer to completion it will be critical to monitor costs and financing needs to that we can be certain that the project remains affordable and that sufficient funds will be available to pay for ongoing costs. Further, there are pending decisions, such as determining the responsibility for the funding the construction of the Wood River cutoff walls, that will hinge, at least partially, on the Council's financial condition.

As the design is completed, property is appraised and acquired, and construction projects are bid, the cost estimate for the project becomes more accurate and reliable. This leads to greater certainty and confidence in the budget to complete the project. The last such budget was developed in June 2013, and in the few short months since that time there have been a number of important developments, including bids on two major construction packages, completion of appraisals on all required property, execution of contracts for quality control and materials testing, and identification of utility costs.

A detailed cost estimate is shown in Table 1. Total "all-in" costs to complete the project, including the Wood River cutoff walls and certification of the entire system (except for the Mel Price reach) to meet the FEMA standard, are \$110,547,945. This estimate supersedes the estimate prepared in June 2013 of \$118,808,126 and includes a number of key updates.

1. Deducts amounts already expended, so the estimate reflects only anticipated costs going forward from November 1, 2013.
2. Estimates for all bid packages are either the actual construction bid, or the current estimate prepared by AMEC.
3. For bid package #7a/7b the cost estimate is the upper bound provided by the USACE in March, 2013.
4. A contingency of 7% on all construction packages has been included, except for bid packages #7a/7b for which the contingency is 35%.P
5. Property acquisition costs are based on actual acquisition costs for completed transactions, and, for all others, appraised amounts plus 25%.
6. Interest rate subsidies are reduced by 8.7% due to federal budget sequester.

7. Professional services costs have been increased to provide for staff leadership transition.
8. New line item costs have been added for quality control, utility relocation, and certification of the Chain of Rocks levee.
9. Design and construction management costs have been added for bid packages #7a/7b in the event that the Council takes responsibility for those projects.

Table 2 shows estimated revenue through the completion of the project on December 31, 2015. The total revenue estimate is \$114,393,189, which compares to \$116,221,725 estimated in June, 2013. This estimate assumes that sales tax revenues are flat at about 2011 levels.

Table 3 shows the annual surplus/deficit as revenues are spent down to pay for project costs. At the end of 2015 it shows a surplus of \$3,845,245. This figure would effectively be an added contingency amount in the event that costs rise beyond projections or revenue falls short.

Table 4 shows that the Council has added capacity to raise additional funds through financing using the surplus sales tax revenue that is not required to pay for the principal and interest on the Series 2010 bonds and the agency's administrative costs. This is a conservative estimate that does not rely on some of the creative approaches described in the latest financial plan. Using the most conservative assumptions on interest rates and sales tax growth, the Council can raise in excess of \$40 million in additional capital to pay for additional levee system improvements or cost-share for federal projects to achieve the federally authorized level of flood protection.

In sum, the Council is well-positioned to complete the project (including the Wood River cutoff walls for which a federal appropriation could be available) without additional borrowing, leaving the Council with additional financial capacity for future maintenance and capital improvements. This fortuitous conclusion results from several key factors, including continuous efforts to reduce construction costs through design, good competition in the bidding process, and stretching out of the project schedule to delay expenditures. The latter factor was not by design and, while helpful from a financial standpoint, leaves little "float" in the schedule to account for weather and other delays in construction.

Current Budget Highlights

Attached is the financial statement for October 2013 prepared by our fiscal agent, CliftonLarsonAllen. The report includes an accounting of revenues and expenditures for the month ending October 31, 2013, as compared to our fiscal year budget.

Accrued expenditures for the current fiscal year beginning on October 1, 2013 are \$3,319,254 while revenues amounted to \$974,289, resulting in a deficit of \$2,344,975. A total of approximately \$15,122,553 is now held by the counties in their respective FPD sales tax funds and is available for the Council's use on the project.

Sales tax receipts showed a very small decline in August 2013 (the latest month reported by the Illinois Department of Revenue). Receipts decreased by about 0.21% from last year but remain down by about 2.77% year over year. In general, receipts are running slightly ahead of 2010 levels.

Monthly Disbursements

Attached are lists of bank transactions for October 2013. Total disbursements for the month were \$994,666.35. The largest payments were to AMEC and its subcontractors for design and construction management services, and to Husch Blackwell/Bernardin Lochmueller for property appraisals and preparation of legal documents for property acquisition. The bond Trustee also made the first payment of principal and interest for the year on the Council's Series 2010 bonds of \$2,273,000.

Recommendation:

Accept the budget report and disbursements for October 2013.

Table 1
Detail of Expenses 11.1.2013 - 12.31.2015

Construction	Calendar Year			TOTAL	7.1.2013 Estimate	Difference 7.1.2013 - 11.13.2013
	2013	2014	2015			
<i>Bid Package #1</i>	\$0	\$0	\$0	\$0	\$0	\$0
<i>Bid Package #2a</i>	\$112,125	\$635,375	\$0	\$747,500	\$822,255	(\$74,755)
<i>Bid Package #2b</i>	\$579,900	\$3,286,100	\$0	\$3,866,000	\$6,913,000	(\$3,047,000)
<i>Bid Package #3</i>		\$10,982,000	\$1,938,000	\$12,920,000	\$16,865,000	(\$3,945,000)
<i>Bid Package #4</i>		\$4,012,000	\$708,000	\$4,720,000	\$4,763,000	(\$43,000)
<i>Bid Package #5</i>		\$12,313,950	\$2,173,050	\$14,487,000	\$17,408,000	(\$2,921,000)
<i>Bid Package #6</i>	\$1,928,700	\$10,929,300	\$0	\$12,858,000	\$14,142,841	(\$1,284,841)
<i>Bid Package #7a</i>		\$233,333	\$1,322,222	\$1,555,556		
<i>Bid Package #7b</i>	\$0	\$2,154,762	\$12,210,317	\$14,365,079	\$23,104,000	(\$7,183,365)
<i>Contingency</i>	\$183,451	\$3,786,944	\$5,073,722	\$9,044,117		\$9,044,117
<i>Pre-Const. Testing</i>	\$831,000	\$0	\$0	\$831,000	\$1,546,185	(\$715,185)
<i>Const. Mgmt.</i>	\$552,100	\$2,760,500	\$2,208,400	\$5,521,000	\$5,120,184	\$400,816
<i>QC/Materials Testing</i>		\$1,375,902	\$589,672	\$1,965,574		
<i>Utilities</i>		\$925,000		\$925,000		\$925,000
<i>Property Acquisition</i>	\$2,000,000	\$0	\$0	\$2,000,000	\$4,000,000	(\$2,000,000)
<i>Wetland Mitigation</i>	\$1,000,000	\$500,000	\$0	\$1,500,000	\$1,500,000	\$0
<i>HazMat Mitigation</i>	\$0	\$1,800,000	\$200,000	\$2,000,000	\$2,000,000	\$0
<i>Repair & Cost Share to LD</i>	\$1,000,000	\$700,000	\$300,000	\$2,000,000	\$2,000,000	\$0
TOTAL CONSTRUCTION	\$8,187,276	\$56,395,166	\$26,723,384	\$91,305,826	\$100,184,465	(\$8,878,639)
Design						
<i>Program Mgmt.</i>	\$101,500	\$507,500	\$406,000	\$1,015,000	\$1,027,660	(\$12,660)
<i>30% Design</i>	\$0	\$0	\$0	\$0	\$0	\$0
<i>60% Design</i>	\$0	\$0	\$0	\$0	\$0	\$0
<i>100% Design</i>	\$74,000	\$0	\$0	\$74,000	\$501,899	(\$427,899)
<i>Design #7a/7b</i>	\$70,000	\$630,000		\$700,000		\$700,000
<i>408 Review</i>	\$24,200	\$72,600	\$24,200	\$121,000	\$181,747	(\$60,747)
<i>408 Review #7a/7b</i>		\$220,000		\$220,000		\$220,000
<i>Certification COR</i>		\$208,300	\$1,874,700	\$2,083,000		\$2,083,000
<i>Certification</i>	\$15,000	\$130,000	\$180,000	\$325,000	\$325,000	\$0
TOTAL DESIGN	\$284,700	\$1,768,400	\$2,484,900	\$4,538,000	\$2,036,306	\$2,501,694
Operations & Financing						
<i>General & Administrative</i>	\$88,000	\$300,000	\$300,000	\$688,000	\$688,000	\$0
<i>Debt Service</i>	\$0	\$7,076,792	\$7,101,242	\$14,178,034	\$16,451,705	(\$2,273,671)
<i>Interest Rate Subsidy</i>		(\$830,958)	(\$830,958)	(\$1,661,916)	(\$2,275,350)	\$613,434
<i>Professional Services</i>	\$369,000	\$259,000	\$85,000	\$713,000	\$713,000	\$0
<i>Legal</i>	\$80,000	\$60,000	\$36,000	\$176,000	\$216,000	(\$40,000)
<i>Legislative</i>	\$20,000	\$108,000	\$108,000	\$236,000	\$324,000	(\$88,000)
<i>Financial Advisor</i>	\$10,000	\$20,000	\$10,000	\$40,000	\$40,000	\$0
<i>Appraisal & Prop. Acq.</i>	\$60,000	\$10,000	\$0	\$70,000	\$110,000	(\$40,000)
<i>Diversity Program Mgr.</i>	\$45,000	\$150,000	\$20,000	\$215,000	\$290,000	(\$75,000)
<i>Other</i>	\$30,000	\$10,000	\$10,000	\$50,000	\$30,000	\$20,000
TOTAL OPERATIONS	\$702,000	\$7,162,834	\$6,839,284	\$14,704,118	\$16,587,355	(\$1,883,237)
TOTAL EXPENSES	\$9,173,976	\$65,326,400	\$36,047,568	\$110,547,945	\$118,808,126	(\$8,260,181)
Cumulative Expenses	\$9,173,976	\$74,500,376	\$110,547,945			

Table 2
Estimated Revenue 11.1.2013 – 12.31.2015

Fund Sources	Calendar Year			TOTAL	7.1.2013 Estimate	Diff. 7.2013 - 11.2013
	2013	2014	2015			
<i>Sales Tax Revenue</i>	\$1,872,833	\$11,237,000	\$11,237,000	\$24,346,833	\$28,153,000	(\$3,806,167)
<i>Interest Income</i>	\$480,000	\$300,000	\$100,000	\$880,000	\$880,000	\$0
<i>County FPD Tax Balance</i>	\$15,122,553			\$15,122,553	\$14,000,000	\$1,122,553
<i>Cash on hand</i>	\$1,975,120			\$1,975,120		\$1,975,120
<i>Bond Funds Balance</i>	\$72,068,683			\$72,068,683	\$73,188,725	(\$1,120,042)
TOTAL FUNDS AVAILABLE	\$91,519,189	\$11,537,000	\$11,337,000	\$114,393,189	\$116,221,725	(\$1,828,536)
Cumulative Sources	\$91,519,189	\$103,056,189	\$114,393,189			

Table 3
Annual Surplus/Deficit 2013-2015

Fund Sources	Calendar Year			TOTAL	7.1.2013 Estimate	Diff. 7.2013 - 11.2013
	2013	2014	2015			
<i>Revenue</i>	\$91,519,189	\$11,537,000	\$11,337,000	\$114,393,189	\$116,221,725	(\$1,828,536)
<i>Expenses</i>	\$9,173,976	\$65,326,400	\$36,047,568	\$110,547,945	\$118,808,126	(\$8,260,181)
Surplus/Deficit	\$82,345,214	(\$53,789,400)	(\$24,710,568)	\$3,845,245	(\$2,586,401)	\$6,431,646

Table 4
*Subordinate Lien Capacity
Bond Proceeds for Construction*

Interest Rate	Sales Tax Growth Rate			
	0%	1%	2%	3%
4%	57,340,972	58,958,246	60,577,760	62,199,515
5%	50,347,886	51,803,116	53,260,586	54,720,295
6%	45,004,849	46,316,656	47,630,703	48,946,990
7%	40,617,897	41,823,011	43,030,365	44,239,959

Assumptions:

1. Issuance in 2014
2. 25 year final maturity
3. Fully funded debt service reserve fund
4. 1% cost of issuance
5. 1.10x gross debt service coverage

Source: Raymond James, July 9, 2013

**SOUTHWESTERN ILLINOIS FLOOD PREVENTION
DISTRICT COUNCIL**

**GENERAL FUND
STATEMENT OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL
ONE MONTH ENDING OCTOBER 2013 AND 2012**



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 one month ended October 2013 and 2012. 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, 2014 and 2013, 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
November 18, 2013

**SOUTHWESTERN ILLINOIS FLOOD PROTECTION DISTRICT COUNCIL
GENERAL FUND
STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
ONE MONTH ENDED OCTOBER, 2013 (Actual)
FISCAL YEAR ENDING SEPTEMBER 30, 2014 (Budget)**

	BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Sales Tax Proceeds From Districts	\$ 11,237,000	\$ 11,237,000	\$ 902,251	\$ 10,334,749
Interest Income	650,000	650,000	72,028	577,972
Other Contributions	-	-	-	-
Total Revenues	<u>11,887,000</u>	<u>11,887,000</u>	<u>974,279</u>	<u>10,912,721</u>
EXPENDITURES				
Current				
Design and Construction				
Engineering Design & Construction Management	4,000,000	4,000,000	722,562	3,277,438
Construction	60,000,000	60,000,000	245,493	59,754,507
Construction and design by US ACE Federal Cost-Share	1,000,000	1,000,000	-	1,000,000
	-	-	-	-
Total Design and Construction	<u>65,000,000</u>	<u>65,000,000</u>	<u>968,055</u>	<u>64,031,945</u>
Professional Services				
Legal & Legislative Consulting	210,000	210,000	47,836	162,164
Diversity Program Manager	210,000	210,000	-	210,000
Construction Oversight	-	-	-	-
Other	-	-	-	-
Financial Advisor	40,000	40,000	-	40,000
Bond Underwriter/Conduit Issuer	100,000	100,000	-	100,000
Total Professional Services	<u>560,000</u>	<u>560,000</u>	<u>47,836</u>	<u>512,164</u>
Refund of Surplus Funds to County FPD Accounts				
Madison County	2,270,400	2,270,400	-	2,270,400
Monroe County	220,800	220,800	-	220,800
St. Clair County	2,308,800	2,308,800	-	2,308,800
Total Refund of Surplus Funds to County	<u>4,800,000</u>	<u>4,800,000</u>	<u>-</u>	<u>4,800,000</u>
Debt Service				
Principal and Interest	7,107,440	7,107,440	2,273,670	4,833,770
Federal Interest Subsidy	(910,140)	(910,140)	-	(910,140)
Total Debt Service	<u>6,197,300</u>	<u>6,197,300</u>	<u>2,273,670</u>	<u>3,923,630</u>
Total Operating Expenses	<u>76,557,300</u>	<u>76,557,300</u>	<u>3,289,561</u>	<u>73,267,739</u>
General and Administrative Costs				
Salaries, Benefits	192,331	192,331	18,170	174,161
Advertising	-	-	-	-
Bank Service Charges	600	600	38	562
Conference Registration	500	500	61	439
Equipment and Software	4,000	4,000	-	4,000
Fiscal Agency Services	23,000	23,000	1,850	21,150
Furniture	-	-	-	-
Meeting Expenses	1,000	1,000	-	1,000
Postage/Delivery	400	400	38	362
Printing/Photocopies	2,500	2,500	126	2,374
Professional Services	20,000	20,000	5,000	15,000
Publications/Subscriptions	250	250	1,713	(1,463)
Supplies	1,500	1,500	-	1,500
Telecommunications/Internet	2,000	2,000	1,116	884
Travel	15,000	15,000	600	14,400
Insurance	1,000	1,000	981	19
Total General & Administrative Costs	<u>264,081</u>	<u>264,081</u>	<u>29,693</u>	<u>234,388</u>
Total Expenditures	<u>76,821,381</u>	<u>76,821,381</u>	<u>3,319,254</u>	<u>73,502,127</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(64,934,381)	(64,934,381)	(2,344,975)	62,589,406
OTHER FINANCING SOURCES				
Proceeds From Borrowing	10,000,000	10,000,000	-	10,000,000
NET CHANGE IN FUND BALANCE	<u>\$ (54,934,381)</u>	<u>\$ (54,934,381)</u>	<u>\$ (2,344,975)</u>	<u>\$ 72,589,406</u>

SOUTHWESTERN ILLINOIS FLOOD PROTECTION DISTRICT COUNCIL
GENERAL FUND
STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
ONE MONTH ENDED OCTOBER 31, 2012 (Actual)
FISCAL YEAR ENDING SEPTEMBER 30, 2013 (Budget)

	BUDGET		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL		FINAL BUDGET
				POSITIVE (NEGATIVE)
REVENUES				
Sales Tax Proceeds From Districts	\$ 11,639,000	\$ 11,639,000	\$ 896,547	\$ 10,742,453
Interest Income	960,000	960,000	73,992	886,008
Other Contributions	-	-	-	-
Total Revenues	12,599,000	12,599,000	970,539	11,628,461
EXPENDITURES				
Current				
Design and Construction				
Engineering Design & Construction Management	6,000,000	6,000,000	259,332	5,740,668
Construction	42,600,000	42,600,000	26,254	42,573,746
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	285,586	49,714,414
Professional Services				
Legal & Legislative Consulting	126,000	126,000	3,000	123,000
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	-	93,529
Total Professional Services	409,529	409,529	3,000	406,529
Refund of Surplus Funds to County FPD Accounts				
Madison County	2,955,782	2,955,782	299,469	2,656,313
Monroe County	280,157	280,157	29,356	250,801
St. Clair County	2,907,860	2,907,860	304,677	2,603,183
Total Refund of Surplus Funds to County	6,143,799	6,143,799	633,502	5,510,297
Debt Service				
Principal and Interest	7,107,440	7,107,440	2,298,720	4,808,720
Federal Interest Subsidy	(910,140)	(910,140)	(343,732)	(566,408)
Total Debt Service	6,197,300	6,197,300	1,954,988	4,242,312
Total Operating Expenses	62,750,628	62,750,628	2,877,076	59,873,552
General and Administrative Costs				
Salaries, Benefits	192,331	192,331	16,688	175,643
Advertising	-	-	-	-
Bank Service Charges	420	420	52	368
Conference Registration	500	500	61	439
Equipment and Software	3,000	3,000	-	3,000
Fiscal Agency Services	23,000	23,000	1,800	21,200
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	119	1,381
Telecommunications/Internet	2,000	2,000	50	1,950
Travel	15,000	15,000	600	14,400
Insurance	1,000	1,000	977	23
Total General & Administrative Costs	257,901	257,901	20,994	236,907
Total Expenditures	63,008,529	63,008,529	2,898,070	60,110,459
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(50,409,529)	(50,409,529)	(1,927,531)	48,481,998
OTHER FINANCING SOURCES				
Proceeds From Borrowing	-	-	-	-
NET CHANGE IN FUND BALANCE	\$ (50,409,529)	\$ (50,409,529)	\$ (1,927,531)	\$ 48,481,998

Flood Prevention District Sales Tax Trends 2009-2013

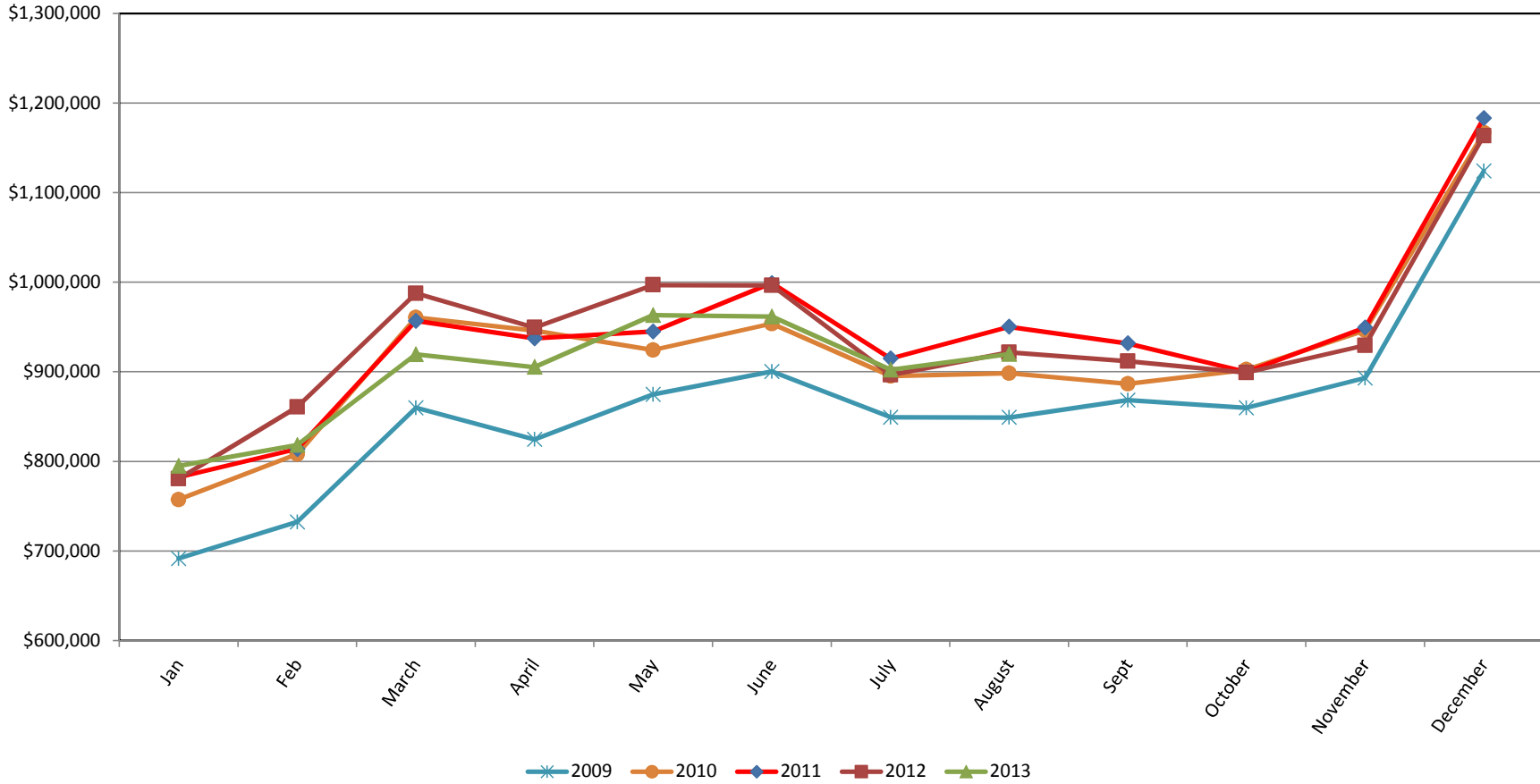
2009														County Share
Jan	Feb	March	April	May	June	July	August	Sept	October	November	December	Total		
Madison	\$321,968	\$336,765	\$397,425	\$387,385	\$414,350	\$421,402	\$399,616	\$401,188	\$400,090	\$404,847	\$405,930	\$492,814	\$4,783,780	46.319%
St. Clair	\$337,979	\$362,696	\$424,556	\$398,395	\$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		
2010														
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%	
2011														
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%	
2012														
Madison	\$381,470	\$406,476	\$473,049	\$471,191	\$481,989	\$477,254	\$427,562	\$434,603	\$428,193	\$428,521	\$429,127	\$523,240	\$5,362,675	47.481%
St. Clair	\$361,727	\$415,491	\$468,490	\$432,173	\$468,782	\$473,567	\$425,923	\$441,838	\$438,184	\$424,289	\$454,916	\$589,183	\$5,394,563	47.763%
Monroe	\$37,471	\$38,904	\$46,086	\$46,051	\$46,231	\$45,671	\$43,063	\$45,307	\$45,641	\$46,230	\$45,429	\$51,062	\$537,146	4.756%
Total Month	\$780,668	\$860,871	\$987,625	\$949,415	\$997,002	\$996,492	\$896,548	\$921,748	\$912,018	\$899,040	\$929,472	\$1,163,485	\$11,294,384	
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	\$9,201,427	\$10,130,899	\$11,294,384		
% change/month	-0.21%	5.76%	3.21%	1.29%	5.48%	-0.27%	-2.01%	-3.02%	-2.13%	-0.07%	-2.11%	-1.68%		
% change/total	-0.21%	2.83%	2.98%	2.52%	3.15%	2.52%	1.87%	1.23%	0.85%	0.76%	0.49%	0.26%	0.26%	

Flood Prevention District Sales Tax Trends 2009-2013

	2013												
	Jan	Feb	March	April	May	June	July	August	Sept	October	November	December	Total
Madison	\$375,398	\$383,170	\$424,507	\$425,469	\$457,212	\$451,494	\$436,686	\$442,449					\$3,396,385
St. Clair	\$381,645	\$395,527	\$449,397	\$434,001	\$457,942	\$462,603	\$422,892	\$432,195					\$3,436,202
Monroe	\$37,888	\$39,679	\$45,689	\$45,913	\$48,212	\$47,694	\$42,672	\$45,143					\$352,890
Total Month	\$794,931	\$818,376	\$919,593	\$905,383	\$963,366	\$961,791	\$902,250	\$919,787					\$7,185,477
Cumulative Total	\$794,931	\$1,613,307	\$2,532,900	\$3,438,283	\$4,401,649	\$5,363,440	\$6,265,690	\$7,185,477					
% change/month	1.83%	-4.94%	-6.89%	-4.64%	-3.37%	-3.48%	0.64%	-0.21%					
% change/total	1.83%	-1.72%	-3.66%	-3.92%	-3.80%	-3.74%	-3.14%	-2.77%					

Flood Prevention District Sales Tax Trends 2009-2013

Actual Receipts 2009-2013



**SOUTHWESTERN ILLINOIS FLOOD PREVENTION DISTRICT COUNCIL
 SUPPLEMENTARY SUPPORTING SCHEDULE
 BANK TRANSACTIONS
 OCTOBER 31, 2013**

Beginning Bank Balance October 1			\$ 1,013,444.28
Receipts			
UMB	10/22/2013	Funds Transfer Admin	12,739.94
UMB	10/28/2013	Funds Transfer Construcion	520,293.64
Bank of Edwardsville	10/31/2013	October Interest	141.44
			533,175.02
Disbursements			
Cost Less Copy Center	10/15/2013	Board meeting materials	116.00
Selective Insurance Co. of America	10/15/2013	Insurance	981.00
Belleville News Democrat	10/18/2013	Ad for Chief Supervisor Position	905.00
CliftonLarsonAllen LLP	10/18/2013	Fiscal Agent	1,850.00
Husch Blackwell Sanders	10/18/2013	Professional Services	44,836.23
Illinois Business Journal	10/18/2013	Ad for Chief Supervisor Position	500.00
Marks & Associates	10/18/2013	Professional Services	14,749.58
Metroeast Park and Recreation Distric	10/18/2013	Telecommunications & Internet	859.50
Smith Dawson & Andrews	10/18/2013	Professional Services	5,000.00
Wisper ISP, Inc.	10/18/2013	Internet Service	54.99
The Bank-Service Fees	10/22/2013	Wire Transfer Fee	10.00
AMEC Earth & Environmental, Inc.	10/25/2013	Construction	419,407.83
CliftonLarsonAllen LLP	10/25/2013	Fiscal Agent	1,850.00
Cost Less Copy Center	10/25/2013	Board meeting materials	126.00
Daniel E & Ronda L Sauget	10/25/2013	Easement	100.00
Dorgan, McPike & Assoc, LTD	10/25/2013	Professional Services	3,000.00
East-West Gateway Council of Govern	10/25/2013	Salary and other expenses	18,769.96
J & M Two Rivers Farm Corporation	10/25/2013	Easement	18,800.00
K & E Stumpf Farms LP	10/25/2013	Easement	15,000.00
Lindhorst Farms	10/25/2013	Easement	400.00
Monroe County Independent	10/25/2013	Ad for Chief Supervisor Position	307.50
Virgil R & Darleen A Gummersheimer	10/25/2013	Easement	4,000.00
The Bank-Service Fees	10/28/2013	Wire Transfer Fee	10.00
The Bank-Service Fees	10/31/2013	Bank Fees	18.04
HostGator.com	10/07/2013	Web Page	9.95
Illinois Lobbyist	10/11/2013	Registration	61.00
AT&T	10/11/2013	Telephone	72.54
HostGator.com	10/15/2013	Web Page	119.40
FEDEX	10/31/2013	Delivery	38.43
			551,952.95
			\$ 994,666.35



Memo to: Board of Directors

From: Les Serman

Subject: Bid Packages 7a/7b – Wood River Cutoff Walls

Date: November 18, 2013

The U.S. Army Corps of Engineers (USACE) is currently designing the subject project – two cutoff walls in the Wood River Levee District. The location of the project is shown in Figure 1. The project consists of a shallow cutoff wall extending into a clay layer of approximately 1800 ft. in length, and a deep cutoff extending into bedrock of approximately 1900 ft. in length, along with a number of associated relief wells and appurtenances.

Consultants to the Flood Prevention District Council (FPD) have already designed this project and submitted a completed design and the associated data and calculations to the USACE for their review in December, 2012. This project was determined by the Corps to be an “other than minor” alteration to the levee system that would require extensive review and approval by District, Division and Headquarters offices under the provisions of Sec. 408. Early in the review process it became apparent that the duration of the review would be indeterminate, perhaps taking two years or more (based on the experience of other local sponsors).

The USACE received a substantial appropriation in FY2013 for use on the Wood River design deficiency correction project (the cutoff walls are included in that overall project authorization). After several months of attempting to identify an appropriate use for these funds that would contribute to achieving the FPD’s goal to meet the FEMA flood protection standard, the USACE and the Council determined that the most effective way to use the funds would be for the shallow and deep cutoff walls in the Wood River project. In doing so, the USACE indicated that, despite the completed design that was done for the FPD, the agency would have to complete a new design on its own. However, since a Corps project does not require a Sec. 408 review, the end result would be a substantial time savings and reduction in schedule uncertainty. In short, the USACE could design a project faster than they could review an already completed design.

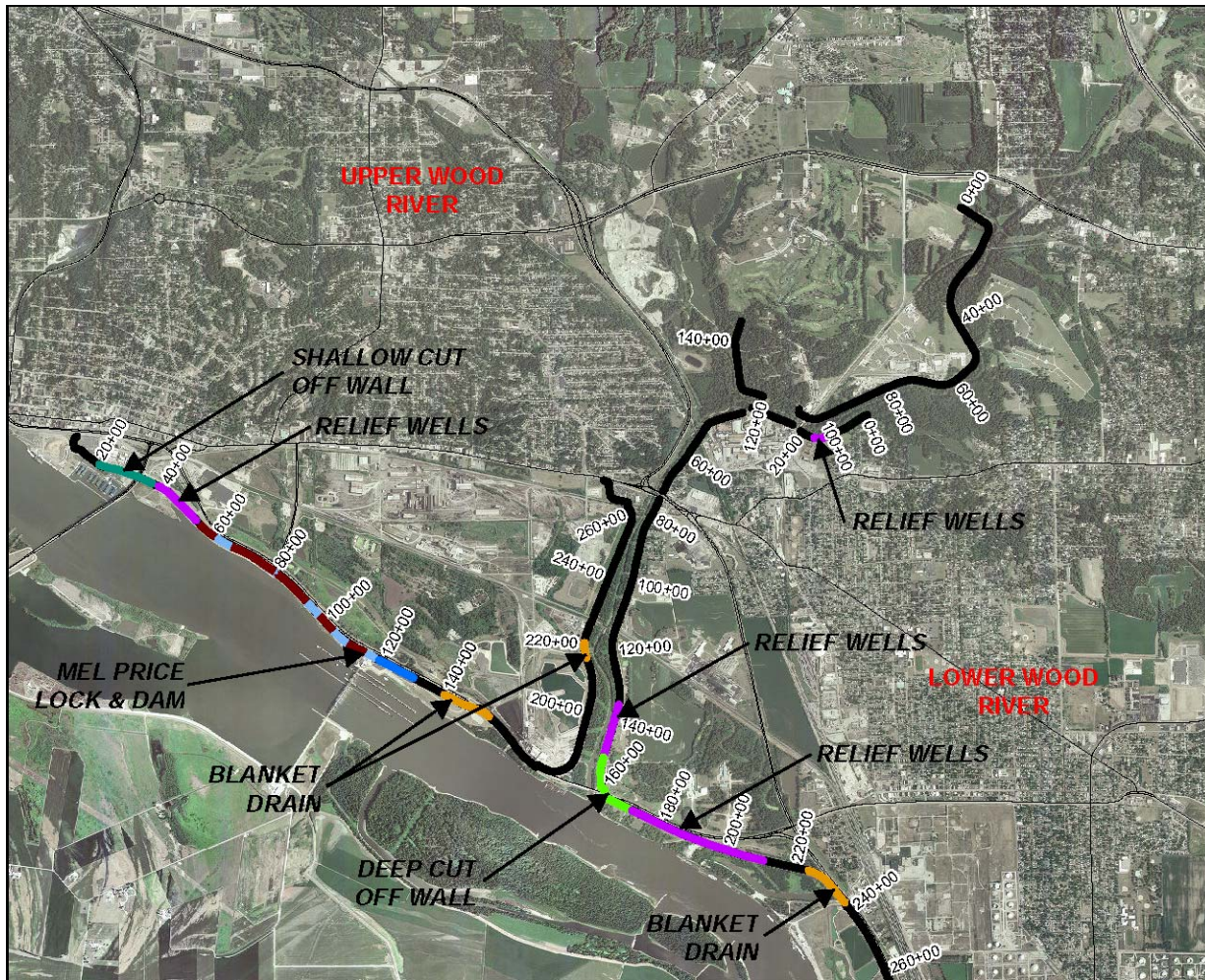


Figure 1
Levee System Improvements in the Wood River District

In two installments in December, 2012 and April 2013, the Board agreed to provide \$375,000 in cost share for the design of the cutoff wall project. In making that commitment, the Board did not pledge to provide cost-share for construction of this project. This decision would depend on a number of factors: the availability of federal funds, relative costs, ability to meet a predictable cost and schedule, and compliance with FPD policies

The Corps has proceeded with the design of the project, doing extensive additional primary data collection and committing the resources to produce complete plans and specifications. The agency expects to complete the design process and the various required reviews and products by December 13, 2013.

The Council's consultants have tracked the design process through attendance at progress meetings, weekly conference calls, and review of analyses and products. They have

participated as members of the in-house peer-review team. This collaborative process is important, because the Council must certify the project as meeting FEMA standards. At this point, about one month away from the conclusion of the design process, our consultants have not yet seen sufficient analysis to support the Corps' design.

The Corps is planning on putting the project out for bid by January 2014 (assuming the design is completed and approved on schedule), and in order for the agency to move ahead on this schedule, a commitment of funding from a local sponsor will be required. The cost-share for the project is 35% of construction cost plus ancillary costs such as land acquisition, utility relocation, and mitigation of any hazardous or toxic materials. The Corps has not yet produced a firm cost estimate for the project. Should the Council agree to be the local sponsor, we would sign a Project Partnership Agreement that commits the local cost-share, and agrees to a variety of other terms and conditions. As we have often discussed, a contract with the Corps is essentially open-ended, with no legal commitment to complete the project within a fixed and predictable budget or schedule. If costs increase, the Council would need to provide additional cost-share to complete the project.

Should the Council assume responsibility for construction there will be a delay of as much as six months before the project can be advertised for bid. Since the Corps will not agree to assume legal responsibility for their design, the Council's consultants, AMEC Environment & Infrastructure, would need to do so. It will take about two months for AMEC to assimilate the design and make any changes necessary to satisfy their internal requirements for affixing their seal to the construction drawings. Perhaps more paradoxically, the Corps will need to do a Sec. 408 review on their own design. While this process is wholly redundant, given the internal and external reviews done during the Corps design process, the course of the Sec. 408 review is made less predictable because it will need approval from Corps Division and Headquarters offices. While we have been told that the review will be "streamlined," we estimate that it will take four months, assuming that we make no substantive changes to the Corps design. While completion of the project by the end of 2015 remains doable, there would be little or no room for schedule slippage.

So the decision before the Council is whether to agree to enter into a Project Partnership Agreement with the Corps and committing local tax dollars to pay the cost-share for the project. The essential decision factors are:

1. Funding. There is a federal appropriation committed to the Wood River design deficiency correction and the Council has the required cost-share funds. The Council also has sufficient funds to build the project without federal assistance. Tables 1-4, which summarize the costs to complete the entire project, *including the subject cutoff walls*, demonstrate that the Council has sufficient funds to build the project while maintaining substantial future financial capacity to make

additional levee system improvements that go beyond the current project to meet FEMA standards.

2. Cost. The Corps has not supplied a current cost estimate for the project, but our experience suggests that the Council can build equivalent levee system improvements for less money. While the cost differential depends on the size and scope of the project, a local procurement is typically more cost-effective. That has been demonstrated by the initial bidding process on Council projects.
3. Schedule. The Corps has made a commitment to maintaining an aggressive schedule for the project, although they cannot be contractually committed to a deadline, and the agency's record of meeting deadlines is mixed. The Council, should it build the project, must absorb a six-month delay in the project schedule, due mostly to the Sec. 408 review. Once the review is complete, however, the Council will obviously act with a great sense of urgency to finish the project on schedule.
4. Control. The Council has a demonstrated track record of keeping projects within budget and on schedule when we are in control of the decision-making process and the pace of work. When other agencies, particularly federal agencies, are involved, we have no control of those factors and no recourse if cost estimates or deadlines are not met.
5. Commitment to Local Workforce. The Council has made a strong commitment to make an investment in the local workforce by maximizing the participation of local firms and workers, including minorities, in the project. Even after much discussion and effort by business, civic and labor interests to convince the Corps to accept the Council's policies, the agency has been unwilling or unable to do so.
6. Economic Impact. By investing in the local workforce, the economic multiplier effect of the Council's expenditures is substantial, resulting in an impact as much as seven times the actual outlay. Workers imported from outside the area will not produce that kind of local economic impact.
7. Policy Impact. By assuming responsibility for construction, the Council will be said to be turning down federal funds. In addition, by doing so, there is a suggestion that it will bias federal decision-makers to avoid committing future appropriations to local levee improvement projects. On the other hand, it has been our position that available federal funds should logically be committed to the most urgent project on the levee system, to fix the uncontrolled underseepage problem caused by the design errors from the Mel Price Lock and Dam. While the administrative and procedural hurdles to shift the Wood River design deficiency correction money to the Mel Price project are substantial, we believe that spending

scarce federal dollars on a project that local sponsors have already committed to build, while allowing a far greater risk to public safety to persist, is irresponsible. It is true that when local sponsors are unable to move federally funded projects ahead, it will often prejudice future funding decisions. However, that principle generally applies when projects fail because of inability to meet funding commitments, unreasonable delays, or lack of good faith effort. Our situation is the opposite – a local sponsor will be moving a project ahead with adequate local funding and great urgency. We should be rewarded for our initiative and fiscal commitment, not penalized.

Table 1
Summary of Costs to Complete (11.1.2013 - 12.31.2015)

	Calendar Year			TOTAL
	2013	2014	2015	
<i>Construction</i>	\$8,187,276	\$56,395,166	\$26,723,384	\$91,305,826
<i>Design</i>	\$284,700	\$1,768,400	\$2,484,900	\$4,538,000
<i>Operations</i>	\$702,000	\$7,162,834	\$6,839,284	\$14,704,118
TOTAL EXPENSES	\$9,173,976	\$65,326,400	\$36,047,568	\$110,547,945
Cumulative Expenses	\$9,173,976	\$74,500,376	\$110,547,945	

Note: Construction costs include all anticipated projects, including those already awarded, those currently out to bid, and the Wood River cutoff walls. The cost estimate for the cutoff walls is the upper bound of costs from the March, 2013 scope of work submitted to the Council by the USACE, plus a 35% contingency. A 7% contingency is included for all other construction work. All other costs to complete the project, including construction management, materials testing, land acquisition, utility relocations, certification, and other ancillary costs are included.

Table 2
Estimated Revenue (11.1.2013 – 12.31.2015)

Fund Sources	Calendar Year			TOTAL
	2013	2014	2015	
<i>Sales Tax Revenue</i>	\$1,872,833	\$11,237,000	\$11,237,000	\$24,346,833
<i>Interest Income</i>	\$480,000	\$300,000	\$100,000	\$880,000
<i>County FPD Tax Balance</i>	\$15,122,553			\$15,122,553
<i>Cash on hand</i>	\$1,975,120			\$1,975,120
<i>Bond Funds Balance</i>	\$72,068,683			\$72,068,683
TOTAL FUNDS AVAILABLE	\$91,519,189	\$11,537,000	\$11,337,000	\$114,393,189
Cumulative Sources	\$91,519,189	\$103,056,189	\$114,393,189	

Table 3
Annual Surplus/Deficit 2013-2015

Fund Sources	Calendar Year			TOTAL
	2013	2014	2015	
Revenue	\$91,519,189	\$11,537,000	\$11,337,000	\$114,393,189
Expenses	\$9,173,976	\$65,326,400	\$36,047,568	\$110,547,945
Surplus/Deficit	\$82,345,214	(\$53,789,400)	(\$24,710,568)	\$3,845,245

Table 4
Subordinate Lien Capacity
Bond Proceeds for Construction

Interest Rate	Sales Tax Growth Rate			
	0%	1%	2%	3%
4%	57,340,972	58,958,246	60,577,760	62,199,515
5%	50,347,886	51,803,116	53,260,586	54,720,295
6%	45,004,849	46,316,656	47,630,703	48,946,990
7%	40,617,897	41,823,011	43,030,365	44,239,959

There is no analytically “correct” decision in this matter. In my view, the decision needs to be driven by our ability to serve the region by meeting our often-repeated goal of improving the levee system to meet FEMA standards by 2015 with the funds from the dedicated sales tax, while limiting economic hardship in the area. We are on track to meet those commitments on projects that we are designing and building ourselves. The principal threat to meeting our goals are from projects that we don’t control.

On balance, I believe that the best course of action for the Council is to assume control of construction of the Wood River cutoff wall projects. I make this recommendation for the following reasons:

1. The open-ended contractual arrangement with the Corps is not something that the Council would accept from any other contractor. Even with the design process nearing a completion, the Corps has not produced a detailed cost estimate for the project. Without a binding commitment to cost and schedule there is no assurance that the Council’s goals will be met.
2. The Corps of Engineers is unable to meet the Council’s adopted policies and longstanding commitments relating to the use of the local workforce (a

commitment initially made by area legislators when they advanced the FPD sales tax legislation).

3. It has always been the Council's intent to build the subject levee improvements, and money has been budgeted for this purpose. Experience shows that when the Council is in control of decision-making, the outcome of the project will be more predictable.
4. Local funds are available to build the project, while still leaving substantial financial capacity for future levee improvements, either locally-funded or cost-shared federal projects.
5. The record provides substantial evidence that a locally funded project will cost less to build than a federal cost-shared project, thereby diminishing potential savings to the Council from using federal funds.
6. This strategy allows for continued advocacy of reprogramming federal funds to address the most critical risk on the levee system, and the single biggest obstacle to certification – the uncontrolled underseepage at the Mel Price lock and dam.

Surely, there are some downside risks of this approach, mainly to the project schedule and future funding, but those risks are manageable, and, to a large degree, speculative.

Recommendation: The Chief Supervisor should notify the Corps of Engineers of the Council's intent to take responsibility for the construction of the shallow and deep cutoff walls in the Wood River district, and our unwillingness to execute a Project Partnership Agreement for this project under the current terms and conditions. The Chief Supervisor should be authorized to negotiate with AMEC for the additional design tasks to produce final plans and specifications for the project and for the construction management activities required to complete the project.