



Memo to: Board of Directors

From: Les Sterman

Subject: Program Status Report for August, 2013

Date: August 18, 2013

Solicitations for bids on two more construction packages were advertised this month. Bid package #4 consists of improvements to the Metro East Sanitary District levee system including modifying existing relief wells, constructing a protruding riverside clay cap, constructing relief wells and a pipe conveyance system to convey flow to a new pump station. Bids on package #4 were due on August 30. However, due to some potential design changes relating to a problem in acquiring a necessary easement, the due date will likely be postponed until the issue is resolved. Bid package #2b consists of the construction of five new pump stations in three levee districts. Bids on package #2b are due on October 1 with the contract award at the October Board meeting.

Before construction can start on the projects that are currently out for bid, we will need to complete any required property acquisition and make progress in completing our final wetland mitigation plan. The process of assembling required property descriptions and appraisals has moved more quickly in recent weeks, with offers and counteroffers made on many properties and a few agreements being concluded. For the first two construction packages, outstanding acquisition issues are with properties owned by three railroads and environmental issues with one owner. For two railroads, there are no substantive obstacles to concluding an agreement. Rather, the issue is the length of time to get approval through the corporate hierarchy. One railroad has an unrelated concern involving the affected levee district that is impeding our ability to conclude an agreement. It may take some design changes to address the environmental concerns of one owner.

The Corps is proceeding on design work for the Wood River cutoff wall as we agreed. AMEC is monitoring progress and will be able to report further at the Board meeting.

We continue to take issue with the Corps decision to deny our request to encourage the use of a project labor agreement for bid packages 7a/7b, the shallow and deep cutoff walls in the Wood River district. We requested a written explanation of the decision and received a brief letter in response that effectively reiterated their position, without providing any logic or reason to support the conclusion by their contract officer. The rationale described by Col. Hall at the July Board meeting was similarly unconvincing and incomplete. Our bipartisan congressional delegation supports our policy to use a PLA on the project. I recently attended a meeting with Sen. Durbin and he committed to support our effort.

Since the Corps refusal to endorse the use of a PLA on the Wood River cutoff wall projects conflicts with Council policy, I have developed an alternative strategy that I believe will address the concerns of all parties. This would involve directing all appropriated and anticipated federal funds to addressing the most serious problem on the region's levee system, the uncontrolled underseepage in the Wood River district at the Mel Price lock and dam. The Corps has started the design of the project, but has not yet received any appropriations for finishing the design or for construction. As we have discussed at a number of previous meetings, the Corps' interim solution to the problem will likely not be adequate for certification, and that will jeopardize the certification of the system. In my view, the urgency of this problem, and the affect is could have on our ability to achieve accreditation and avoid the attendant disastrous economic impact, has been understated by the Corps. Shifting available federal funding to address this need will have two affects: it will fix the most serious and threatening problem on the levee system, and we can build the Wood River cutoff walls in compliance with our policies regarding our local workforce. I have attached a brief paper that has been provided to our congressional delegation and local leadership that describes this proposal in more detail.

Another precursor to construction will be to finalize a wetland mitigation plan and put implementation of that plan into motion. A draft of the final plan has now been developed by SCI Engineering and provided to Republic services.

We are in the process of finalizing agreements with ABNA Engineering and a team led by Juneau Associates to provide quality control and materials testing services. Final agreements will be presented for approval at the August Board meeting.

The August Board meeting is also the "annual meeting" of the Council where the Board adopts a budget and annual report for submittal to the county boards for approval, and where new officers are elected for the coming fiscal year.

**Reassessing Federal Funding Priorities
For the
St. Louis Metro-East (Illinois) Flood Protection Projects**

The 74-mile levee system in the St. Louis Metro-East Area has four local owners, the Wood River Drainage and Levee District, the Metro-East Sanitary District, the Prairie DuPont Sanitary and Levee District, and the Fish Lake Drainage and Levee District. In addition, an approximately 10-mile stretch of levee, the Chain of Rocks Levee, is owned and maintained by the U.S. Army Corps of Engineers. Each of these owners is associated with a federal project for design deficiency correction. Except for Chain of Rocks, the Limited Reevaluation Report that is precursor to federal funding has been completed and approved in the last two years.

The levee system design deficiencies identified by the Corps were of a magnitude that led the agency to conclude that the system would neither meet the authorized level of protection, nor meet the FEMA standard for flood protection. The consequences of that conclusion were so potentially threatening to the public safety and economic health of the area that state legislation and local ordinances were approved to levy a new sales tax in the three affected counties to design and build levee system improvements more quickly and cost-effectively than could be expected of the Corps of Engineers. A new regional organization, the Southwestern Illinois Flood Prevention District Council, was formed to undertake the design and construction of levee system improvements.

In 2009, the Corps identified yet another, potentially more serious problem that if not addressed immediately could lead to a levee system failure. This problem had previously escaped notice in the Corps' annual and periodic inspections. When the rebuilding of the Mel Price Lock and Dam was completed in 1989, it raised the pool of water behind the levee system in an area two miles downstream from the original lock and dam. The increased pressure from the raised pool has caused uncontrolled seepage under the levee system. This is such a critical problem that costly interim measures were immediately developed and an operations plan was put into place to respond to raised river elevations. The Corps has agreed that this was a design mistake¹ and has accepted full responsibility for fixing the problem, both temporarily and for the long-term. The operations plan is costly – in addition to ongoing monitoring, emergency measures have now been implemented twice at a total cost nearing \$2 million.

Because of the late discovery of the critical Mel Price underseepage problem and the length of time that it has taken the Corps between the discovery of the problem in 2009 and the approval of the Limited Reevaluation Report in 2013, no funding for construction of a permanent fix is expected before FY2015. At the same time, significant sums are potentially available from FY2013 and FY2014 for other projects in Metro-East that are much less priority, especially since

¹ The Corps of Engineers noted in the Limited Reevaluation Report Melvin Price - Wood River Underseepage Design Deficiency Project Madison County, Illinois that *“Because the current underseepage concerns are the result of incorrect seepage analyses conducted for the Melvin Price Locks and Dam project, they are design deficiencies for that project. The underseepage concerns are not the result of any changed site conditions associated with the Wood River Levee project.”*

local authorities are independently making levee system improvements in these areas without federal funds.

Table 1 shows the amounts currently appropriated or included in the President's FY 2014 budget for the projects in the Metro-East levee system. While some of these funds have already been obligated or spent, most of the funds have not yet been committed to a project because of problems in aligning the local and federal projects.

Table 1
**FY 2012/2013 Appropriations and FY2014 Proposed Budget Amounts
For Metro-East Levee Projects**

<i>Project</i>	<i>FY2012</i>	<i>FY2013</i>	<i>FY2014¹</i>	<i>TOTAL</i>
East St. Louis	0	\$1,541,000	\$12,855,000	\$14,396,000
Chain of Rocks	0	\$2,994,000	\$400,000	\$3,394,000
Mel Price ²	0	0	0	0
Wood River	\$212,000	\$4,039,000	\$20,860,000	\$25,111,000
<i>TOTAL</i>	\$212,000	\$8,574,000	\$34,115,000	\$42,901,000

¹ President's budget amount

² Amount for flood control only; does not include amount for navigation improvements

The cost of the proposed underseepage correction project associated with the Mel Price Lock and Dam was estimated at approximately \$32 million in 2012.² The actual cost may be higher.

Because of changed conditions over the last several years and the long lead time in the development and funding of federal water resources projects, the funding and relative priorities of federal flood protection projects in the Metro-East are now fundamentally misaligned. Those changed conditions include:

1. Local sponsors are undertaking levee improvements using local funds that will substantially reduce risks throughout the levee system, thereby diminishing the urgency and benefit-cost ratio of existing projects.
2. The uncontrolled underseepage problem identified by the Corps at the Mel Price Lock and Dam is more immediate and of greater severity than any other deficiency identified throughout the levee system.
3. Implementing the interim operations plan for the Mel Price levee reach is costly (reported to be about \$1 million for each high water event as well as ongoing costs for continuous monitoring), and there would be significant savings to the Federal Government by accelerating the permanent improvement.
4. Should there be a failure at the Mel Price Lock and Dam – and it is currently the weakest link in the entire system – the entire American Bottom area would likely be inundated. This would be an unprecedented economic and environmental disaster resulting in loss of

² U.S. Army Corps of Engineers. Draft Limited Reevaluation Report Melvin Price - Wood River Underseepage Design Deficiency Project. March 2012.

ATTACHMENT 1

life and property. The Corps has also suggested that the navigation system on the Mississippi River could be disrupted, so the economic impacts would have national significance.

For the above reasons, common sense and prudence suggests that there be a reordering of federal project priorities in the Metro-East levee system and that currently appropriated and unspent federal funds be redirected to the immediate design and construction of a permanent solution to the uncontrolled underseepage problem at the Mel Price Lock and Dam.