



Memo to: Board of Directors

From: Les Sterman

Subject: Program Status Report for January, 2014

Date: January 13, 2014

The transition process to the incoming Chief Supervisor, Chuck Etwert, has been taking place over the last month. In addition to building understanding of the project, there are numerous administrative processes and procedures that need to be maintained. One of the disadvantages of a one person operation is that there is no institutional support that will remain after my departure, so the transition process is more difficult. I am confident that Chuck will be able to carry on the work of the Council without interruption after my departure. However, I will make myself available following my official last day of work on January 15 to respond to questions or assist in any way that Mr. Etwert or the Board thinks is necessary or appropriate.

The process of property acquisition continues to move along. Several important transactions have been closed, including acquisition from Pulcher and Vogt, but a significant transaction with Cates has been delayed and will likely be concluded later this month. Several other owners in Madison County, involving relatively small transactions, have engaged attorneys and communications have gotten more difficult. A more detailed report will be made at the Board meeting.

The Corps believes that they completed the design work for the Wood River cutoff walls on December 13. However, AMEC has raised a number of questions as part of their participation on the agency technical review (ATR) team, and those questions have not yet been fully addressed by the Corps, so we do not agree that the design is complete. AMEC has been communicating productively with the Corps and the hope is that the design can be completed and handed off to AMEC in the next couple of weeks.

We received four proposals from firms to serve as the Council's financial advisor. Based on the written proposals, two firms were selected for an interview, which was held on January 10. Based on the written proposals and interview, the recommendation will be to retain Columbia Capital as the Council's financial advisor.

The St. Louis District of the Corps has received a waiver from Headquarters that would allow them to use federal funds to perform a levee system evaluation of the Upper Wood River and East St. Louis (MESD) levee systems. This evaluation would substitute for the certification required by FEMA and would address two levee reaches of concern to us: the Mel Price

uncontrolled underseepage area, and the Chain of Rocks levee. In the former case, AMEC has indicated it would not be able to certify the levee under the current circumstances. In the latter, AMEC will likely be able to certify, but significant data gaps will have to be filled at substantial expense to the Council. The potential problem with accepting the offer from the Corps will be the bifurcation of the design and certification process. The Council purposely combined the two processes under a contract with a single party to assure that, once designed and constructed, the improvements would be certified. It is possible, especially given our experience on the Sec. 408 review, that the Corps may not fully agree with the current design. That would create an untenable situation that would jeopardize the progress of the entire project. We have been working with the Corps to assess the risk of allowing the Corps to undertake the certification process. The initial analysis suggest that the risk of any technical disagreements for Upper Wood River (which contains the Mel Price segment), is very low. Such risks would be marginally greater in the MESD area, because the design is more robust and complex. At this point, it would be my recommendation to request that the Corps undertake the levee system evaluation for the Upper Wood River levee system. In that case, the small risk is justified by eliminating the near certainty that AMEC would not be able to certify that system as meeting the FEMA criteria.

Since this is my last progress report on the project I would like to thank the Board, the county board chairs and the many supporters of the project who have made my job so much more enjoyable. Together, I think we have advanced the project urgently and cost-effectively. The cost estimate to build the improvements to meet the FEMA standards has been significantly reduced, so we will clearly have the financial capacity to keep moving the levee system toward the 500-year level of protection for which it was designed. While I was initially hopeful that the project would move more quickly, and I would continue to serve in my position until the project was completed, events have conspired to make that goal unrealistic.

The regional cooperation that is the hallmark of our work has been remarkable, and it should be a reminder that much more can be accomplished for Southwestern Illinois by working together to solve other difficult problems.