

Southwestern Illinois Flood
Prevention District Council

Annual Report 2014-2015



August 19, 2015



**Southwestern
Illinois
Flood Prevention
District Council**

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August 19, 2015

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Chairman, Monroe County Board of Commissioners
100 South Main Street
Waterloo, IL 62298

Charles M. Ewert
Chief Supervisor of
Construction and the Works

Sirs:

Transmitted herewith is the 2014-2015 Annual Report of the Southwestern Illinois Flood Prevention District Council. The submission of this report is in satisfaction of the requirement of our authorizing statute (70 ILCS 750/).

The Council has adopted two primary goals: to assure accreditation by the Federal Emergency Management Agency of area levee systems and to limit any economic damage to the region during the period during which accreditation is being sought. The Council has continued to make great progress toward achieving both goals during the last year.

We will enter FY2016 with four of the current nine construction packages complete, and three more packages being completed by the end of the the year. This will leave only BP #3, which was delayed due to easement obtainment, and BP #7B, the Wood River Deep Cutoff Wall Project, which had to be rebid, to complete. BP #3 should be completed by March and BP #7B should have the cutoff wall portion completed by the end of the year, with grading and turf restoration being completed by May 2016.

a regional partnership to rebuild Mississippi River flood protection

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Certification reports will be submitted to FEMA, as each levee system is completed. This will occur approximately four months after completion of construction, with FEMA accreditation anticipated in another four months.

Easements, high river stages, and construction delays have pushed the accreditation schedule back but the Council is well on its way to achieving accreditation by the end of 2016, using only revenue available from the dedicated FPF sales tax.

With the interim goal of achieving FEMA accreditation in sight and the Corps of Engineers' decision on the utilization of Project Labor Agreements (PLAs), the Board of Directors, by resolution in February, established its official intent to restore the federally Authorized 500-Year Level of Mississippi Flood River Protection in the Metro-East to the best of its financial capabilities.

It is currently estimated that the cost of the 100-Year FEMA projects will come in under budget, and a fund balance of over \$22 million will remain. In addition, it is currently estimated that there is the potential to generate an additional \$65 million through an additional bond issue. It is the intent, to use these funds on capital expenditures on flood protection, building the most cost effective and highest priority projects throughout the Counties of Madison, Monroe, and St. Clair, Illinois.

The Board of Directors has already accepted an Authorized Level Project Summary Report for the Wood River Levee System and authorized the design of three bid packages. Summary Reports and design identification for the Metro East Sanitary District Levee and the Prairie Du Pont/Fish Lake Levee will be prepared next.

The Council continues to work with the Corps of Engineers regarding the process of the Council moving ahead with the 500-Year Authorized Level of protection projects to ensure that the work the Council does is eligible for future Work In-Kind Credit.

In summary, I am pleased to report on behalf of our Board of Directors, that we continue to make progress in building and financing significant improvements to the flood protection systems in Metro-East.

Thank you for supporting our efforts throughout the year.

Sincerely,



Charles M. Etwert
Chief Supervisor of Construction and the Works

I. Introduction

On August 15, 2007 the Federal Emergency Management Agency announced their intention to “de-accredit” the Mississippi River levee systems protecting a 174 square mile area in three Illinois counties known as the American Bottom. The practical effect of this action would be to cripple the area economically and put an enormous financial burden on businesses and residents in this area. The threat of this action by FEMA prompted a chain of events that is without precedent in the area. The end result is a cooperative regional effort to improve flood protection and secure FEMA accreditation for the levee system protecting the American Bottom from flooding.

The American Bottom is an area of incalculable economic value and historical significance. It is home to some 155,000 residents. Businesses in the area employ upwards of 55,000 people. Some of the nation’s most prestigious companies have major manufacturing facilities having national significance in the area. Additionally, the area is rich in multimodal transportation assets that make it well-positioned as a future center of commerce and industry.

The region’s leadership recognized that extraordinary measures were necessary to protect this economic asset and the homes and livelihoods of a large portion of the region’s population. A new revenue source was created in 2008 and a regional organization was formed to carry out an ambitious plan to maintain a level of flood protection that has been in place for some 70 years. That plan is now being implemented.

Acting on a plan to improve flood protection, even one that may be subject to adjustment from time to time, is an essential ingredient in helping businesses and citizens prepare for the future, to restore investor confidence in the area, and to assure taxpayers that their money is being spent effectively. The unpredictability of the Mississippi River serves as constant reminder that we need to demonstrate real progress in carrying out that plan.

The purpose of this report is to outline the activities of the Southwestern Illinois Flood Prevention District Council in 2014-2015 towards implementing flood protection improvements.

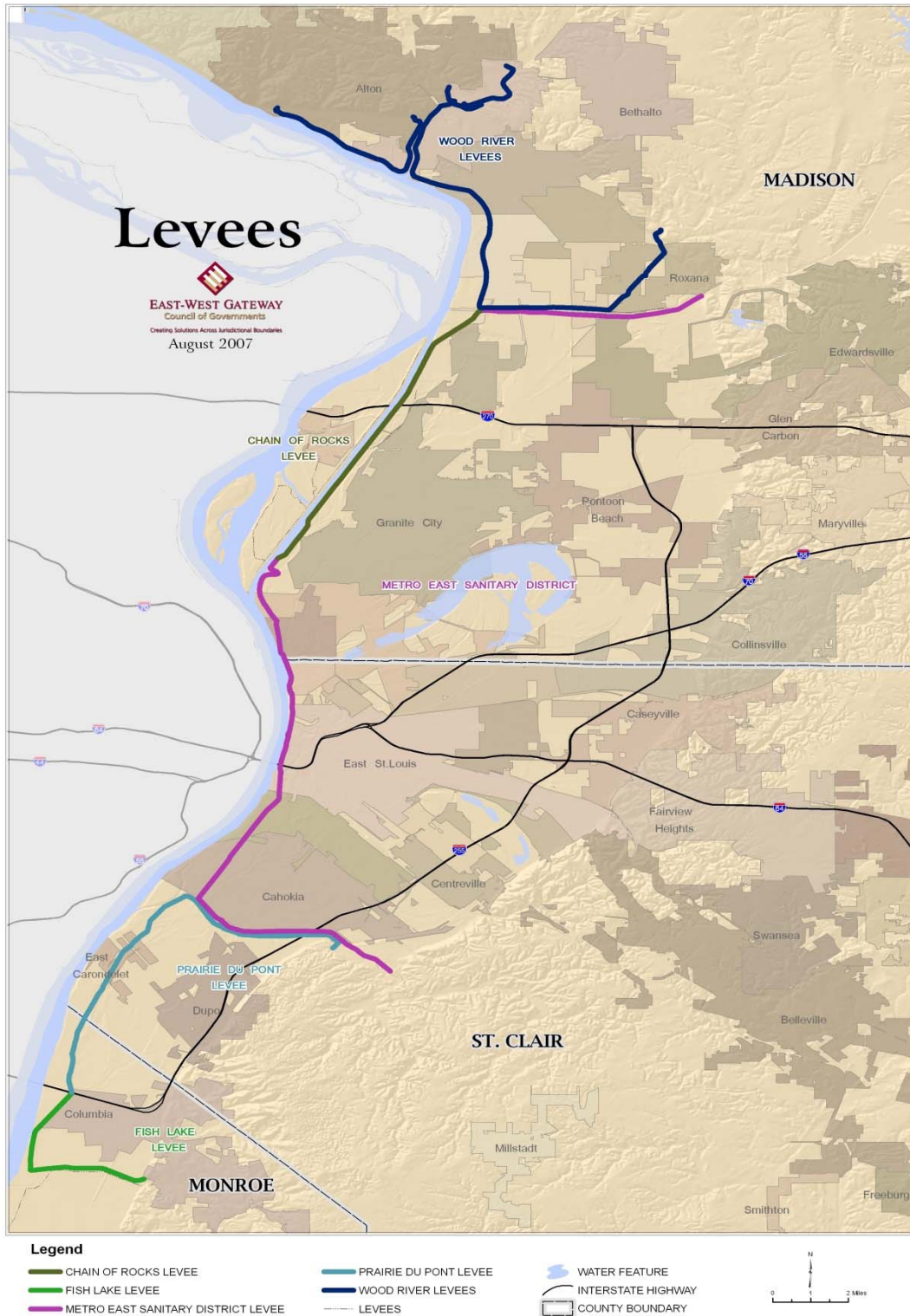
II. Background

A system of 85 miles of mainline and wing levees protects an area called the American Bottom in Southwestern Illinois from flooding by the Mississippi River. The American Bottom is an area of 174 square miles that is home to 156,000 people and 55,000 jobs. The levee system was authorized by Congress and designed and built by the U.S. Army Corps of Engineers to provide protection from a flood event on the Mississippi River of 54 feet on the St. Louis gauge. The American Bottom has not been flooded by the Mississippi River in the 70 years since the flood protection system was initially built, including during the flood of record in 1993, reportedly as much as a 380-year event.

Mississippi River flood protection consists of five “federal” levees (see Figure 1), i.e. levees designed and built by the federal government and whose owners participate in the Corps of Engineers Public Law 84-99 emergency assistance program. The construction of the following five (5) levees was authorized in federal law:

- **Wood River levee**, operated and maintained by the Wood River Drainage and Levee District. Construction was authorized under Section 4 of the Flood Control Act of 1938, Pub. L. 75-761, with subsequent improvement was authorized under Section 1001(20) of the Water Resources Development Act of 2007, Pub. L. 110-114 (“WRDA 2007”)
- **Chain of Rocks canal, levee, and locks**, operated and maintained by the Corps. Construction was authorized under the River & Harbors Act of 1945, Pub. L. 79-114
- **East St. Louis levee**, operated and maintained by the Metro East Sanitary District. Construction was authorized by the Flood Control Act of 1936, Pub. Law 74-738, as modified by the Flood Control Act of 1965, Pub. L. 89-298, and the Water Resources Development Act of 1976, Pub. L. 94-587. Subsequent improvement was authorized under the Energy and Water Development Appropriations Act of 1988, Pub. L. 100-202
- **Prairie Du Pont levee**, operated and maintained by the Prairie Du Pont Levee and Sanitary District. Construction was authorized under the Federal Flood Control Act of 1936. Subsequent improvement was authorized under Section 102(8) of the Water Resources Development Act of 2000, Pub. L. 106-541 (“WRDA 2000”) and Section 5070 of the WRDA 2007
- **Fish Lake levee**, operated and maintained by the Fish Lake Drainage and Levee District. Construction was authorized by the Flood Control Act of 1954. Subsequent improvement was authorized under Section 102(8) of WRDA 2000 and Section 5070 of WRDA 2007

The Metro-East Sanitary District (formerly the East Side Levee and Sanitary District, originally formed in 1910) is authorized by the Metro-East Sanitary District Act of 1974, 70 ILCS 2905/. The Wood River and Fish Lake districts were authorized by the Illinois Drainage Code, 70 ILCS 605/. The Prairie DuPont district was authorized by the Sanitary District Act of 1907, 70 ILCS 2205/. The levee districts own and have primary responsibility for maintaining the levee systems (with the exception of the Chain of Rocks levee, which is owned and maintained by the Corps of Engineers).



**Figure 1 –
 Levee Systems**

The Southwestern Illinois Flood Prevention District Council was formed in 2009 through an Intergovernmental Agreement between the Flood Prevention Districts of Madison, St. Clair and Monroe counties as authorized by the Illinois Flood Prevention District Act of 2008, 70 ILCS 750/. The primary responsibility of the FPD Council is to plan, finance, design, and build capital improvements to the levee system. The Council's principal goal is to assure accreditation by FEMA in accordance with criteria described in 44 CFR 65.10 – Mapping of Areas Protected by Levee Systems.

In 2007, the Corps indicated that the agency had “reduced confidence” that the levee system could protect against a flood that has a 1% chance of being equaled or exceeded in any single year (commonly referred to as a 100-year flood or a base flood) without flood fighting. FEMA's announced decision to deaccredit the levee systems in our area, which is the industrial core of the St. Louis region, was based on this assertion by the Corps. In July, 2009 FEMA issued preliminary flood insurance rate maps for the area that showed the American Bottom as a flood hazard area with no protection from flooding. Appeals of those maps were submitted by a number of local governments during the 90-day period provided by law; all of those appeals were denied in September, 2010.

The region's leadership did not agree with the decision by FEMA to deaccredit the levee system. A number of area governments, businesses and citizens joined to file a lawsuit challenging this decision based, in part, on the lack of any documentation of levee system deficiencies. In part as a result of that lawsuit and complaints about the mapping process across the country, FEMA agreed to revamp its mapping process and has not yet issued any new flood insurance rate maps from the area.

While the levee systems in this area were built by the Corps generally in the 1940s and 1950s using design standards in place at the time for a high level of flood protection, the current “design deficiencies” are measured relative to current engineering standards, so the issue is not a failure of adequate maintenance by local levee districts, or any dramatic change in the condition of the levees, but primarily a change in engineering standards and in the procedures for measuring risk. The levee systems have consistently been determined to be in *acceptable* or *marginally acceptable* condition by annual and more thorough 3-year periodic inspections by the Corps.

According to its own preliminary evaluations and cost estimates the Corps suggested that it could cost hundreds of millions of dollars to restore and maintain the authorized (54 feet flood elevation) level of flood protection. Further, the schedule to make these investments would essentially be open-ended, dependent entirely on the pace of federal appropriations. Making assumptions consistent with typical levels of federal appropriations, the project could take decades to complete. While the federal government could pay as much as 65% of the cost, it could take decades for those funds to be authorized and appropriated, so there would be significant uncertainty about the cost and schedule of the project. That continued uncertainty would impose very high costs on residents and businesses in the area, and, more importantly, would subject the area to increased flood risk.

Because of the uncertainty of federal funding and the complexity and time consuming nature of the USACE project development process, levee improvements will be primarily locally funded. The three affected counties have imposed a ¼% sales tax to pay for the restoration of the levee system and formed a new organization, the Southwestern Illinois Flood Prevention District Council, to carry out the levee improvement project. The tax has been collected since January 2009 and produces about \$11.2 million annually.

III. FPD Council Activities

The following describes the work of the Council over its six year existence. Work done this year has brought the Council much closer to meeting its objectives. While some uncertainty remains, the probability of success has significantly increased in the last year. The Project Timeline since the announcement of de-accreditation by FEMA is shown in Figure 2.

Over the last couple of years the greatest challenge and source of doubt about the project has been the continued involvement of the Corps of Engineers in granting permission for most of the improvements to the levee system that the Council has proposed. The Corps is an institution that moves very deliberately, is governed by elaborate and extensive guidelines and procedures, most of which apply to federally funded projects but are being applied to our locally funded project. This process caused significant delays in the design process, but most of that is now behind us. The focus now is completing construction by June 2016.

The FPD Council began operations in July, 2009. Since that time, the organization has:

- Completed a comprehensive inspection of the levee system
- Performed an economic analysis of the costs of mandatory flood insurance
- Provided support to local governments to appeal preliminary flood insurance rate maps,
- Conducted a design competition to determine the most cost-effective approach to assuring compliance with FEMA standards for levee system accreditation
- Sold \$94 million in bonds to pay for levee improvements.
- Completed the design of levee system improvements that will meet FEMA standards
- Developed a budget to complete the project solely with the proceeds from the FPD sales tax
- Received all required permits from state and federal agencies to proceed with construction
- Awarded contracts on the eight construction packages required to complete the project

The Council's general goals have been to:

- assure compliance with FEMA accreditation standards with currently available revenue sources by end of year 2016 (originally 2015 but extended due to obtainment of easements, high river stages, and construction delays); and
- minimize economic and financial hardship should the levee systems be de-accredited by FEMA

Notwithstanding the Council's strong disagreements with FEMA's decision to deaccredit the Metro-East levees and the agency's continuing efforts to overturn that decision, every effort is being made to remove all doubt about compliance with FEMA accreditation criteria. In October 2010, the Council engaged a team of engineering consultants led by AMEC Environment & Infrastructure, Inc. to design and manage construction of improvements to the levee system. Today, after more than two years of design work, multiple levee system inspections, drilling nearly 2000 borings along the entire length of the levee system, and submitting thousands of pages and many gigabytes of electronic files of design documentation to the Corps of Engineers, the Council is performing major construction. The design is complete, construction is occurring, financial plans have been developed and kept updated, and a current project budget demonstrates convincingly that the Council can afford to build

the project using only the funds from the dedicated sales tax. So the essential elements of the project plan have now come together.

The general design features of the project are shown in Appendix I to this report.

The Council has adopted policies that emphasize the use of our local workforce on the construction of the project. It is our policy that all contractors working on the project will use a Project Labor Agreement (PLA) and comply with Illinois law regarding the use of prevailing wages. The Council is also implementing a minority business and workforce utilization policy. We remain committed to employing local labor and local firms to the maximum extent possible on the project, and to paying fair wages and providing good working conditions for everyone working on the project.

The Corps of Engineers has reviewed the Project Labor Agreement issue the last two years. The Corps agrees that PLAs can contribute to project cost savings and efficiency, however, they cannot mandate the use of PLAs. The Corps is currently drafting evaluation criteria that would give weight to proposals that include PLAs and demonstrate the ability to achieve economy and efficiency. The Council will review the evaluation criteria and selection process prior to any decision regarding sponsor cost share funding on future projects.

The Council has worked to comply with all relevant environmental laws and regulations. The Illinois Environmental Protection Agency has granted approval for the project under Sec. 401 of the Clean Water Act to certify that the project will not discharging pollutants into any bodies of water. Similarly, the Corps of Engineers has granted conditional approval under Sec. 404 of the Clean Water Act for mitigating the project's impact on wetlands.

We have continued to work closely with our congressional delegation throughout the year to help expedite the project and to advance legislation that would streamline future design approvals and would enable future funding of improvements to the levee system. All of the members continue to be very supportive of the project and are working on our behalf to advance our interests with the Corps, with FEMA, and in Congress.

With the interim goal of achieving FEMA accreditation in sight and the Corps of Engineers' decision on the utilization of Project Labor Agreements, the Board of Directors, by resolution (Appendix II), in February, established its official intent to restore the federally Authorized 500-Year Level of Mississippi Flood Protection in the Metro-East to the best of its financial capabilities.

It is currently estimated that the cost of the 100-Year FEMA projects will come in under budget, and a fund balance of over \$22 million will remain. In addition, the ¼ % sales tax will support an another bond issue, which could raise an additional \$65 million. It is the intent, to use these funds on capital expenditures for the 500-Year Authorized Level flood protection, building the most cost effective and highest priority projects throughout the Counties of Madison, Monroe, and St. Clair, Illinois.

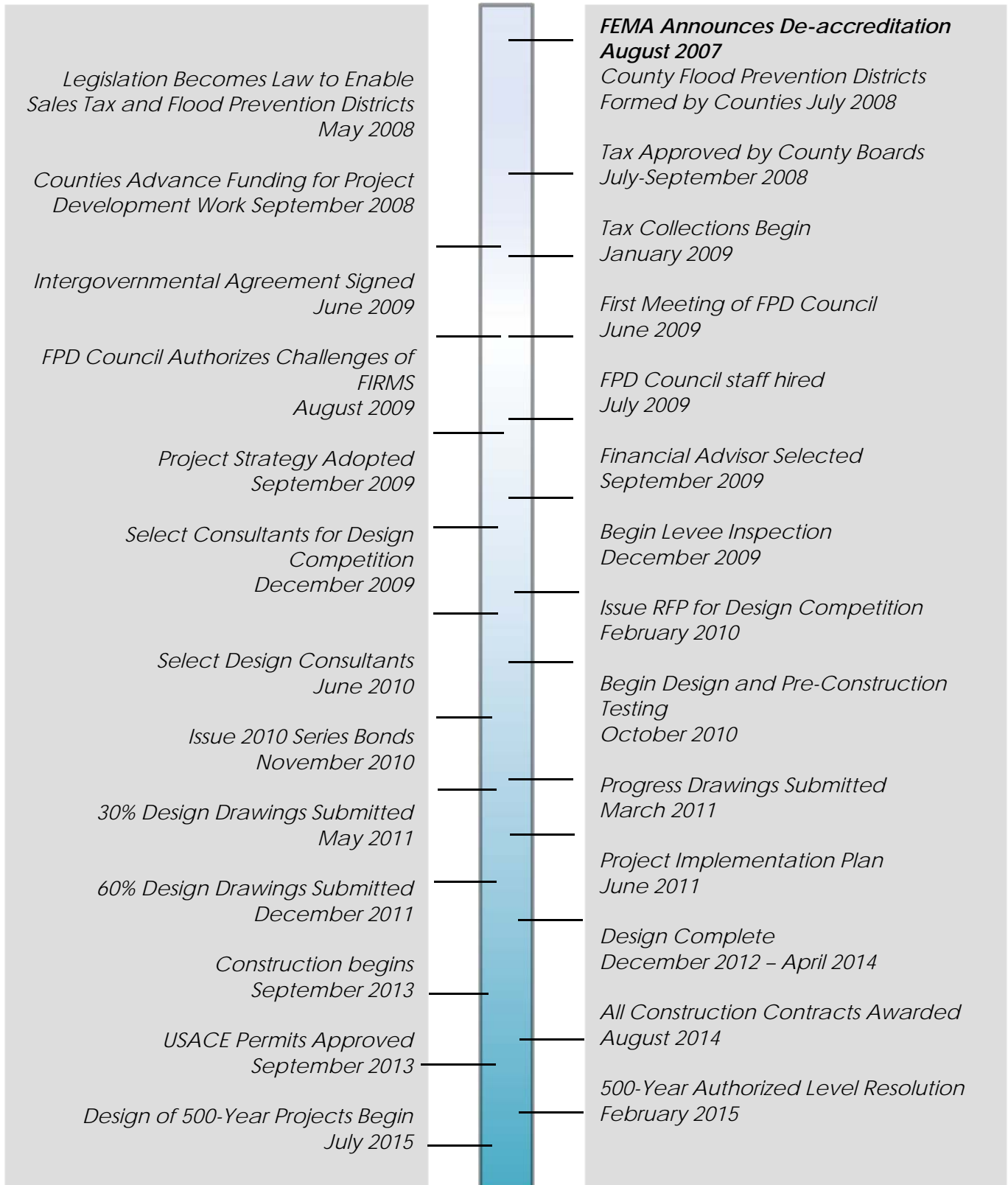
The Board of Directors has already accepted an Authorized Level Project Summary Report for the Wood River Levee System and approved the design of three bid packages. Summary Reports with design recommendations for the Metro East Sanitary District Levee and the Prairie Du Pont/Fish Lake Levee will be prepared next.

The general design features of the Wood River Authorized Level Projects are provided in Section V and Appendix III of this report.

The Council continues to work with the Corps of Engineers regarding the process of the Council moving ahead with the 500-Year Authorized Level of protection projects to ensure that the work the council does is eligible for future Work In-Kind Credit.

In summary, progress continues in building and financing significant improvements to the flood protection systems in Metro-East. There are still procedural concerns regarding the certification documentation on the Chain of Rocks levee and the segment in the vicinity of the Mel Price Lock and Dam. However, the Council remains committed to achieving accreditation by the end of 2016. With the continued support of the area's leadership and cooperation from the Corps of Engineers, we will be able to meet any remaining challenges to completion of the project.

Figure 2
Project Timeline



IV. Financing and Budget

Table 1 is a financial summary of the Council's activities through September 30, 2014.

Revenue from a dedicated sales tax was used to support the Council's ongoing design and construction activities. While sales tax revenue showed substantial growth in 2009, 2010 and 2011 coming out of the recession, growth was slowed in 2012, declined in 2013, but reached a new high in 2014. (See Figure 3). This trend is important, because it will affect the Council's ability to finance future expenditures for flood protection.

The Council issued bonds in the amount of \$94,195,000 in November 2010. After setting aside funds for a debt service reserve and costs of issuance, around \$87 million is available to fund construction of the project. No additional bond issues will be needed to complete the project, current projections indicate a possible surplus balance of \$22,300,000 may be achieved. This balance of funds plus the ability to issue additional debt will allow for the funding of additional levee system improvements. The Council will meet the goals of achieving FEMA certification in 2016 with the revenue available from the dedicated FPD sales tax.

Figure 3
Flood Prevention District Sales Tax Trends 2009-2015

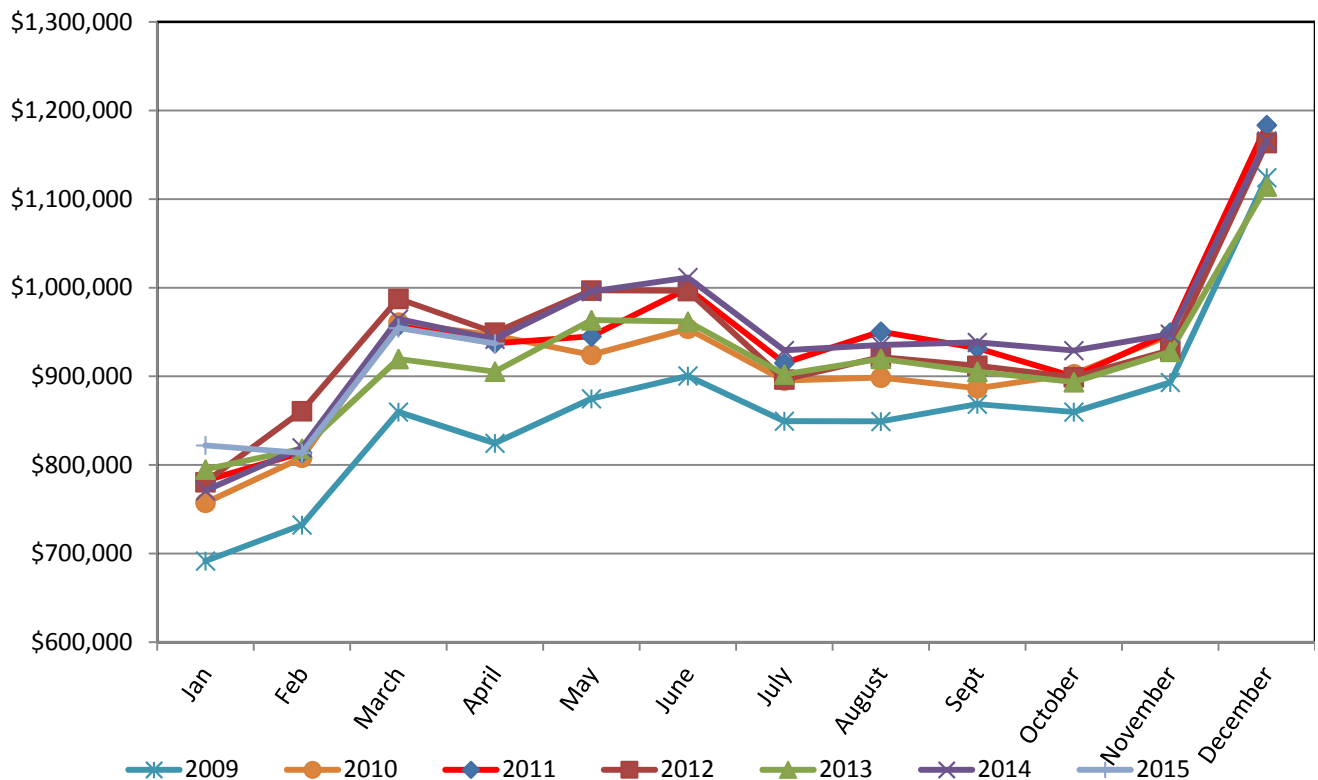


Table 1

**SOUTHWESTERN ILLINOIS FLOOD PREVENTION DISTRICT COUNCIL
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES- GOVERNMENTAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

REVENUES:	
District Sales Tax	\$ 11,209,511
Less: Return of Excess Sales Tax to Districts	(5,641,642)
Intergovernmental Grant	100,000
Interest Income	670,341
Unrealized Loss on Investments	<u>(203,806)</u>
Total Revenues	\$ 6,134,404
EXPENDITURES:	
Current:	
General and Administrative	\$ 265,323
Design and Construction	25,040,804
Professional Services	383,376
Debt Service:	
Principal	2,555,000
Interest	4,547,339
Less: Federal Interest Subsidy	(844,610)
Capital Outlay	<u>1,054</u>
Total Expenditures	<u>\$ 31,948,286</u>
NET CHANGE IN FUND BALANCE	\$ (25,813,882)
FUND BALANCES:	
Beginning of Year	<u>81,130,570</u>
End of Year	<u>\$ 55,316,688</u>

Table 2 summarizes estimated project costs for FY2015 and FY2016. Tables 3, 4, and 5 illustrate the fiscal capacity of the Council using only the proceeds of the FPD sales tax revenues, and based on conservative assumptions. This information illustrates that *the Council is well-positioned to meet our goals of achieving FEMA certification in 2016 with the revenue available from the dedicated FPD sales tax*. This positive conclusion results largely from two factors: a concerted effort throughout the design process to reduce costs, and a delay of over two years from the original construction schedule as it was originally conceived in 2010. With all of the necessary property acquired and all construction under contract, the risks to successful completion of the project have diminished greatly.

Table 2

Estimated Project Expenditures 10.1.2014 -9.30.2016

Design & Construction			TOTAL 2 YEAR COST
	FY 2015	FY 2016	
Engineering Design			
<i>W. O. #1 Program Mgmt.</i>	\$245,000	\$300,000	\$545,000
<i>W. O. #3 Preconstruction Activities</i>	\$107,000	\$45,000	\$152,000
<i>W. O. #5 COR Investigation</i>	\$1,241	\$80,000	\$81,241
<i>W. O. #7 Final Design</i>	\$23,665	\$0	\$23,665
<i>W. O. #9 Wood River Cutoff Walls</i>	\$208,596	\$100,000	\$308,596
<i>W. O. #11 FEMA Certification Services</i>	\$75,000	\$250,000	\$325,000
<i>W. O. #12 Authorized Level Planning Services</i>	\$71,100	\$198,900	\$270,000
Additional Authorized Level Work Orders			
<i>Wood River Field Activities BP #8, BP #9, & BP #10</i>	\$22,500	\$520,000	\$542,500
<i>Wood River Design BP #8, BP #9, & BP #10</i>	\$0	\$1,521,000	\$1,521,000
<i>MESD Field Activities</i>	\$21,000	\$4,800,000	\$4,821,000
<i>MESD Design</i>	\$0	\$725,000	\$725,000
<i>Prairie Du Pont/Fish Lake Field Activities</i>	\$21,000	\$2,400,000	\$2,421,000
<i>Prairie Du Pont/Fish Lake Design</i>	\$0	\$650,000	\$650,000
<i>Corps of Engineers Authorized Level Costs</i>	\$0	\$2,739,245	\$2,739,245
Construction Management.			
<i>W. O. #8 Construction Management BP #1 - #6</i>	\$1,828,000	\$450,000	\$2,278,000
<i>W. O. #10 Construction Management BP #7A & #7B</i>	\$387,000	\$1,275,000	\$1,662,000
<i>QC/Materials Testing</i>	\$375,000	\$625,000	\$1,000,000
TOTAL ENGINEERING DESIGN & CONSTRUCT. MGMT.	\$3,386,102	\$16,679,145	\$20,065,247
Construction			
<i>Bid Package #2a</i>	\$76,377		\$76,377
<i>Bid Package #2b</i>	\$1,337,988		\$1,337,988
<i>Bid Package #2c</i>		\$281,632	\$281,632
<i>Bid Package #3</i>	\$5,752,690	\$5,452,091	\$11,204,781
<i>Bid Package #4</i>	\$2,579,680	\$525,087	\$3,104,767
<i>Bid Package #5</i>	\$4,554,217	\$2,334,807	\$6,889,024
<i>Bid Package #6</i>	\$8,239,743	\$1,380,253	\$9,619,996
<i>Bid Package #7A</i>	\$3,375,350		\$3,375,350
<i>Bid Package #7B</i>	\$2,886,673	\$11,104,327	\$13,991,000
<i>Contingency (10% of Remaining Construction)</i>	\$467,901	\$2,180,849	\$2,648,750
<i>Utilities</i>	\$14,775	\$0	\$14,775
<i>Property Acquisition 100-Year Projects</i>	\$803,000		\$803,000
<i>Property Acquisition Authorized Level - Wood River</i>		\$400,000	\$400,000
<i>Wetland Mitigation</i>	\$27,970	\$27,970	\$55,940
<i>HazMat Mitigation</i>	\$400,000	\$1,600,000	\$2,000,000
<i>Legal</i>	\$313,729	\$580,000	\$893,729
TOTAL CONSTRUCTION	\$30,099,793	\$26,597,316	\$56,697,109

TOTAL DESIGN & CONSTRUCTION	\$33,485,895	\$43,276,461	\$76,762,356
Operations & Financing			
<i>General & Administrative</i>	\$244,471	\$270,500	\$514,971
<i>Debt Service</i>	\$7,101,239	\$7,103,089	\$14,204,328
<i>Interest Rate Subsidy</i>	(\$843,700)	(\$843,700)	(\$1,687,400)
<i>Professional Services</i>			
<i>Legal</i>	\$182,325	\$295,000	\$477,325
<i>Legislative</i>	\$96,000	\$96,000	\$192,000
<i>Financial Advisor</i>	\$44,725	\$83,200	\$127,925
<i>Diversity Program Mgr.</i>	\$64,380	\$25,130	\$89,510
<i>Bond Trustee</i>	\$9,778	\$10,000	\$19,778
TOTAL OPERATIONS	\$6,899,218	\$7,039,219	\$13,938,437
TOTAL EXPENSES	\$40,385,113	\$50,315,680	\$90,700,793

Table 3

Estimated Revenue 10.1.2014 – 9.30.2016

Fund Sources	FY2015	FY2016	TOTAL
<i>Sales Tax Revenue</i>	\$11,384,692	\$11,500,000	\$22,884,692
<i>Interest Income</i>	\$270,000	\$75,000	\$345,000
<i>Cash on hand (9/30/14)</i>	\$1,546,104		\$1,546,104
<i>Bond Funds Balance (9/30/14)</i>	\$50,585,265		\$50,585,265
TOTAL FUNDS AVAILABLE	\$63,786,061	\$11,575,000	\$75,361,061

Table 4

Surplus/Deficit FY2015-FY2016

Fund Sources	FY2015	FY2016	TOTAL
<i>Revenue</i>	\$63,786,061	\$11,575,000	\$75,361,061
<i>Expenses</i>	\$40,385,113	\$50,315,680	\$90,700,793
Surplus/Deficit	\$23,400,948	(\$38,740,680)	(\$15,339,732)

Table 5

Estimated Revenue Available from County FPD Sales Tax Funds

<i>County FPD Tax Bal. (as of 7/31/15)</i>	\$23,467,977
Less Deficit	(\$15,339,732)
Estimated Remaining Revenue From 100-Year Projects Available for Future Authorized Level Projects	\$8,128,245
Estimated Expenditures on Authorized Level Projects in FY2015 & FY2016	\$14,164,745
Actual Estimated Surplus Funds From 100- Year Projects	\$22,292,990

In summary, after completing the 100-Year Projects there will be an estimated remaining balance of \$22,292,990. Using \$14,164,745 on the 500-Year Authorized Level Projects in FY2015 and FY2016, will leave a balance of \$8,128,245 for additional 500-Year Authorized Level Projects in future years.

Projected Funds Available for 500-Year Authorized Level Projects

Authorized Level Expenditures in FY2015 & FY2016	\$ 14,164,745
Funds remaining from 100-Year Projects after FY2016	8,128,245
Funds Anticipated from Issuance of Additional Bonds	<u>65,000,000</u>
Total	\$ 87,292,990

V. Estimated Construction Costs and Completion to Dates

Southwestern Illinois Flood Prevention District Council FEMA Certification Levee Improvement Projects

BID PACKAGE	LOCATION/PROJECT	CONTRACTOR	CONSTRUCTION CONTRACT	ESTIMATED COMPLETION
2A	Fish Lake 1 Pump Station	Korte & Luitjohan Contractors, Inc.	\$797,599.53	December 2014
2B	Prairie Du Pont, MESD, and Wood River 5 Pump Stations	Korte & Luitjohan Contractors, Inc.	\$4,022,210.92	April 2015
2C	MESD Site 12 Force Mains	Haier Plumbing	\$281,632.00	December 2015
3	Wood River Blanket Drains, Earth Fill, Relief Wells, Seepage Berms, Piping, Weirs	Keller Construction, Inc.	\$11,543,240.39	March 2016
4	MESD 1 Pump Station, Clay Cap, Piping, Relief Wells	Haier Plumbing & Heating, Inc.	\$3,397,844.41	September 2015
5	MESD Clay Cap, Earth Fill, Piping, Relief Wells Rip Rap, Sluice Gate Rehabs	Keller Construction, Inc.	\$8,736,165.32	December 2015
6	Prairie Du Pont & Fish Lake Clay Cap, Seepage Berms, Piping, Relief Wells, Sluice Gate Rehabs	The Lane Construction Corporation	\$15,068,478.86	December 2015
7A	Upper Wood River Shallow Cutoff Wall	Kamadulski Excavating & Grading Co., Inc.	\$3,375,350.25	June 2015
7B	Lower Wood River Deep Cutoff Wall	TREVIICOS South, Inc.	\$13,991,000.00	May 2016
		TOTAL	\$61,213,521.68	

Southwestern Illinois Flood Prevention District Council Authorized Level Levee Improvement Projects

To date, the Board of Directors has approved the design of the following Authorized Level Projects in the Wood River Levee System.

Bid Package 8 – Comprised of four USACE decision segments and spans from Levee Station 123+75 to 455+50. Construction of a new pump station, between Stations 430+65 and 455+15, and 40 relief wells.

Estimated Construction Cost \$ 9,559,292.

Bid Package 9 – Comprised of two USACE decision segments and spans from Levee Station 493+35 to 480+15. Construction of a new pump station, between Stations 455+50 and 450+15, and 18 relief wells.

Estimated Construction Cost \$ 4,776,688.

Bid Package 10 – Comprised of seven USACE decision segments and spans from Levee Station 530+50 to 630+30. Construction of a new pump station, at Station 530+50, and 36 tributary relief wells. Also, includes seepage berm and fill areas. Two seepage berms, 5 feet thick and 100 feet wide, are to be constructed between Stations 608+85 and 613+70 & 627+00 and 630+30, for a total of 815 linear feet of berm. In addition, 1,010 linear feet of fill is to be added to landside depressions between Stations 613+70 and 623+80.

Estimated Construction Cost \$11,461,714.

The design of additional Authorized Level Projects will begin upon completion of the Authorized Level Summary Reports for the Metro East Sanitary District Levee and the Prairie Du Pont/Fish Lake Levee.

VI. FEMA Certification and Mapping

Certification reports will be submitted to FEMA as each levee system is completed. Amec Foster Wheeler will be preparing reports for Lower Wood River, Wood River East/West Forks, and Prairie Du Pont/Fish Lake.

Amec Foster Wheeler will also be preparing the report for East St. Louis (MESD), including the Chain of Rocks levee segment. Development of the Chain of Rocks portion of this report is subject to specific reports and information being received from the USACE St. Louis District. There is currently ongoing discussions regarding the transfer of the required information.

The USACE will prepare the Upper Wood River report, which includes the Mel Price uncontrolled underseepage area. Amec Foster Wheeler will provide documentation to the USACE on all segments except the Mel Price levee segment.

Concern remains about the timeline for the Corps of Engineers to make necessary improvements to a critical stretch of levee in the Wood River area in the vicinity of the Mel Price Lock and Dam. This is the most serious problem on the entire levee system. Fortunately, FEMA has agreed to accept the Corps' certification of that portion of the system with the Corps utilizing an interim operations plan until final improvements can be made.

Certification reports will be submitted to FEMA approximately four months after completion of construction, with FEMA accreditation anticipated in another four months.

As it now stands, the FEMA mapping process has been interrupted while the agency implements better methodology for developing maps, especially for those areas protected by de-accredited levees. The FEMA website currently indicates that the Project Status is On-Hold, however, a Projected Effective Date of 06/16/2016 is shown. There aren't any suggestions that new maps would differ significantly from those issued a few years ago, so the urgency of making levee system improvements is not diminished.

All levee improvements leading to certification will be completed by June 2016. Levee certification documentation will be submitted to FEMA as each levee system is completed.

The intent is to work closely with FEMA to ensure that when the new maps are issued, they reflect these levee improvements.

VII. Work In-Kind Credit

The Council continues to work with the Corps of Engineers regarding the process of the Council moving ahead with the 500-Year Authorized Level of protection projects to ensure that the work the Council does is eligible for future Work In-Kind Credit.

This is an elaborate and multi tasked process that can take up to two years before a project is completely guaranteed to be eligible for Work In-Kind Credit. A project is only guaranteed to be eligible if there is a properly executed Project Partnership Agreement (PPA) for the Levee System.

The Council is currently operating under Memorandums of Understanding, which allows for work to be considered for Work In-Kind Credit prior to the execution of an amended Project Partnership Agreement. The credit is only good towards the non-Federal contribution of funds for a project, and it will not be considered for the 5 percent cash requirement.

However, prior to executing a Project Partnership Agreement, there needs to be an Integral Determination Report (IDR) approved. The Corps' St. Louis District has completed the draft Integral Determination Reports for Wood River and East St. Louis that identify the work the Councils intends to perform as In-Kind contributions, however, it cannot forward them to headquarters for approval, until the implementation guidelines for this section of the Water Resources Reform and Development Act (WRRDA) 2014 are issued.

These guidelines were expected in June, but have been delayed. Once received and implemented, it is expected that approval of the IDRs would occur within four to twelve months. Amendments to Project Partnership Agreements would take an additional twelve months.

The Corps' St. Louis District expects to have a draft of the Integral Determination Report for Prairie Du Pont/ Fish Lake finished early next year.

Risk decreases substantially after IDR approval, and is eliminated after the amended PPA is approved, however, it could take two year to reach that point.

There is a risk of moving forward without approved Integral Determination Reports and amended Project Partnership Agreements, however, it is felt that the risk is low since the Council is working with the Corps and will be designing and constructing project that the Corps has identified as part of the Authorized Level of protection.

Starting the design process now with a low risk, means projects will be built sooner and provide additional flood protection to the Metro-East area.

VIII. Conclusions, Issues and Next Steps

Much progress has been made in the six years that the Council has been in existence toward the regional goal of maintaining a high level of flood protection for the American Bottom. Doing so is a regional priority and the Council has acted with a great sense of urgency, commitment, and cooperation in conceiving major improvements to the flood protection system. That process reached an important milestone this year with over one half of the construction being completed as of May of this year, and the remaining half estimated to be completed within the next year.

With the interim goal of achieving FEMA accreditation in sight, the process of achieving the long term goal of 500-Year Authorized Level of protection can begin. The Council's intent has been expressed by resolution, action has been initiated by the authorization of design of Authorized Level Projects in the Wood River Levee System, and a bond sale is scheduled for late 2015.

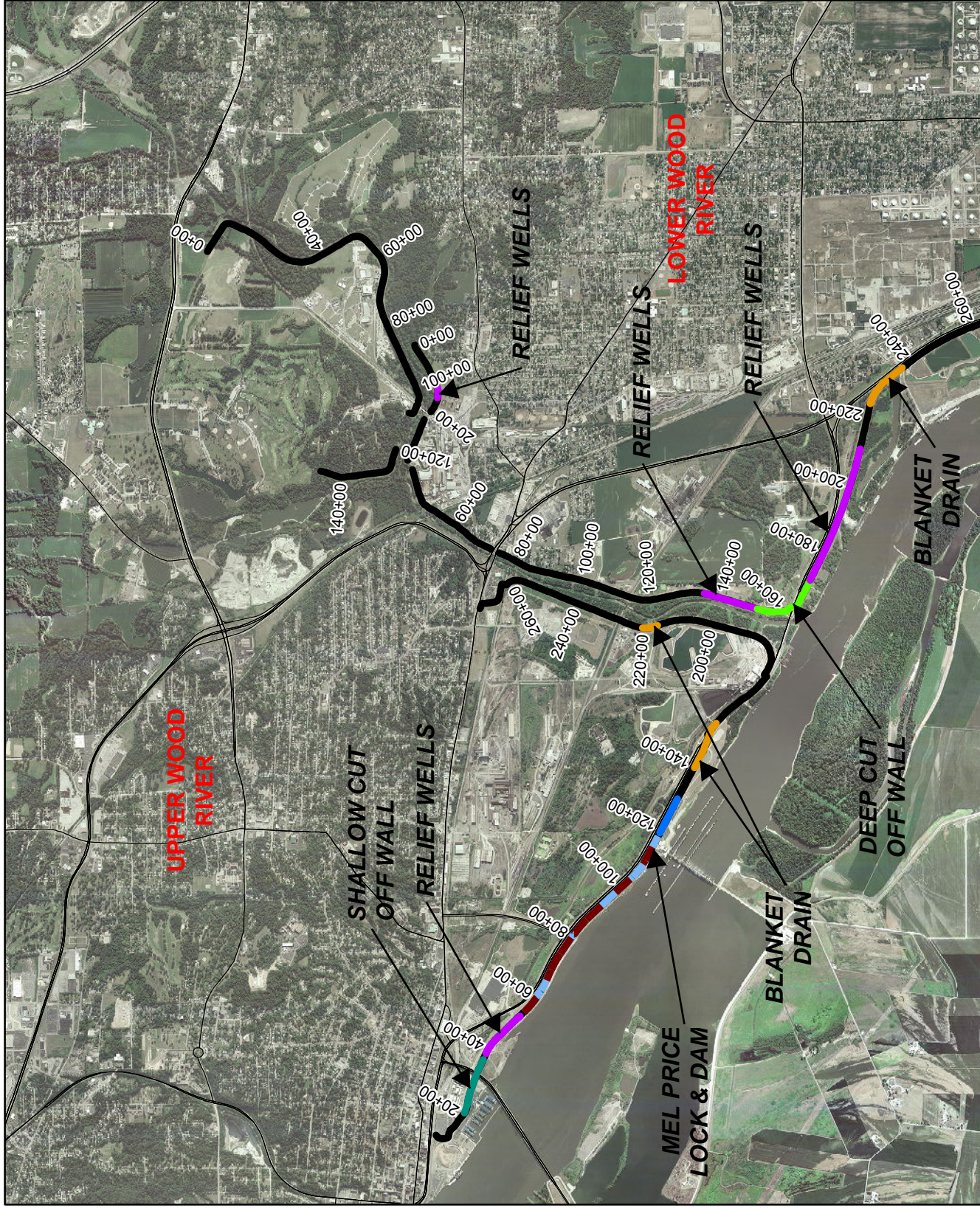
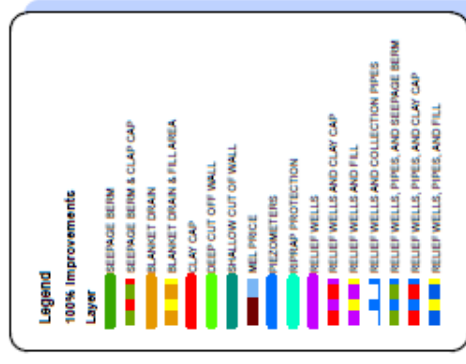
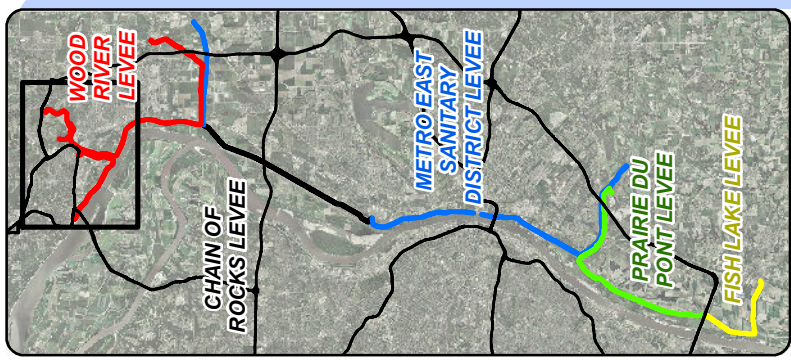
There are a number of critical next steps as we move forward:

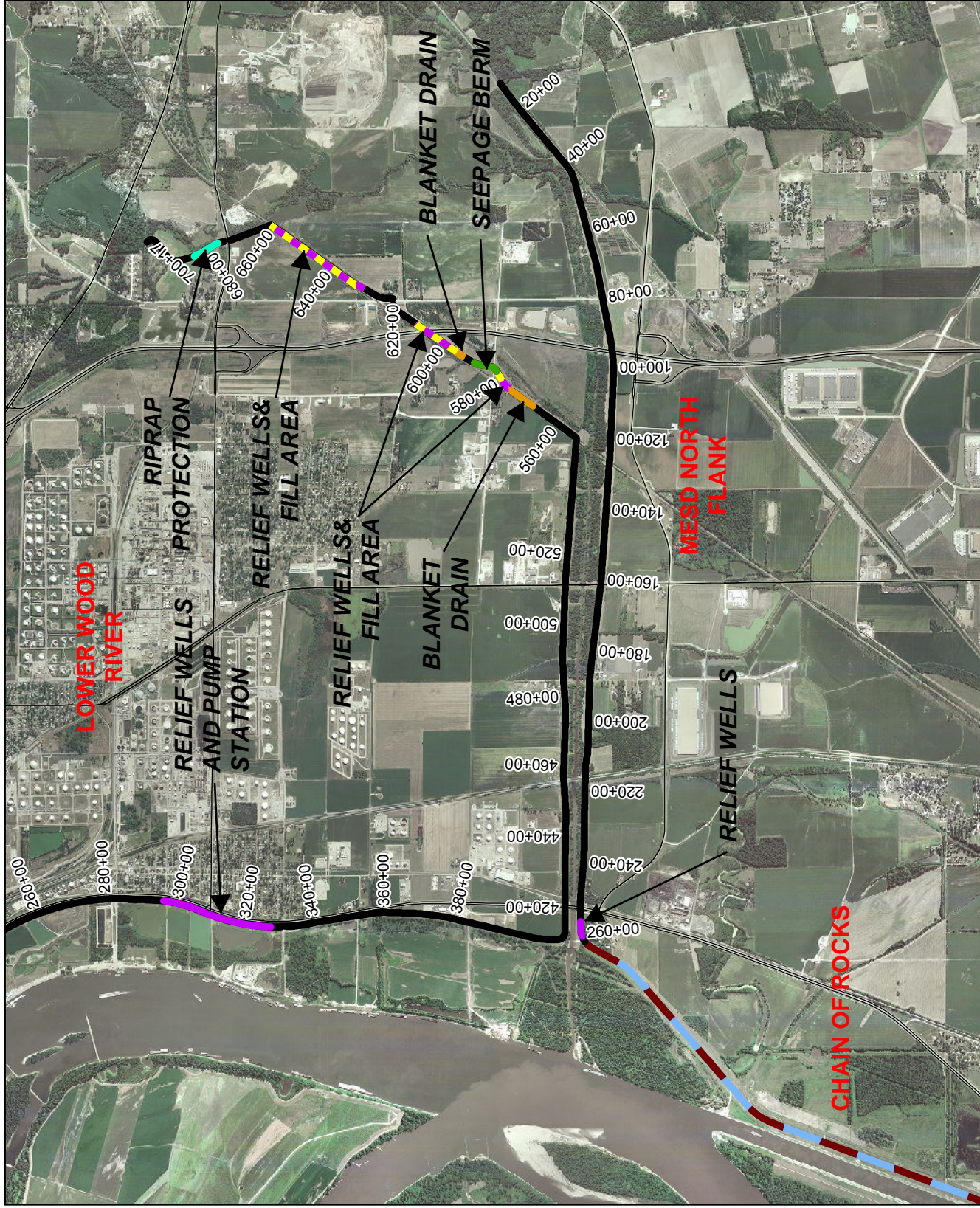
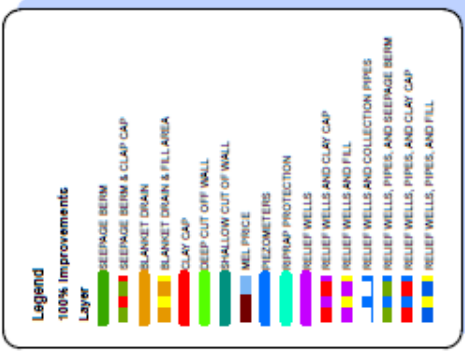
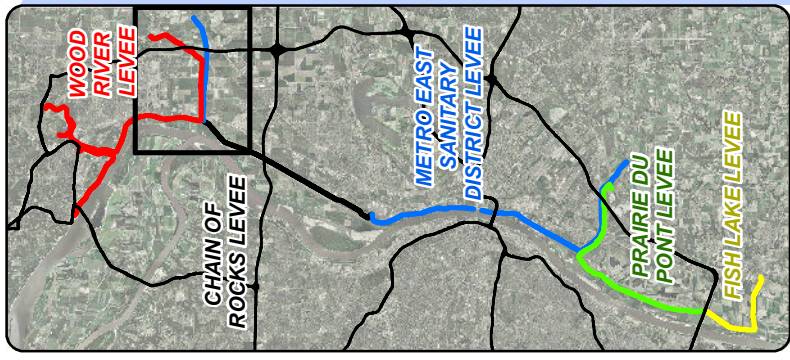
- Complete remaining 100-Year Construction
- Submit Certification reports as each individual levee system is completed
- Resolve certification procedures on the Chain of Rocks and Mel Price segments of the levee system.
- Work with levee districts to establish sufficient funding for ongoing maintenance of improvements.
- Identify the Authorized Level Projects in the East St. Louis (MESD) and the Prairie Du Pont/Fish Lake systems
- Sale of additional bonds for Authorized Level Projects

Easements, high river stages, and construction delays may have pushed accreditation back, but the Council will meet its interim goal of achieving FEMA certification with the revenue available from the dedicated FPD sales tax. In addition, the Council is getting a jump start on the ultimate goal of providing Authorized Level protection to the Metro-East.

Appendix I

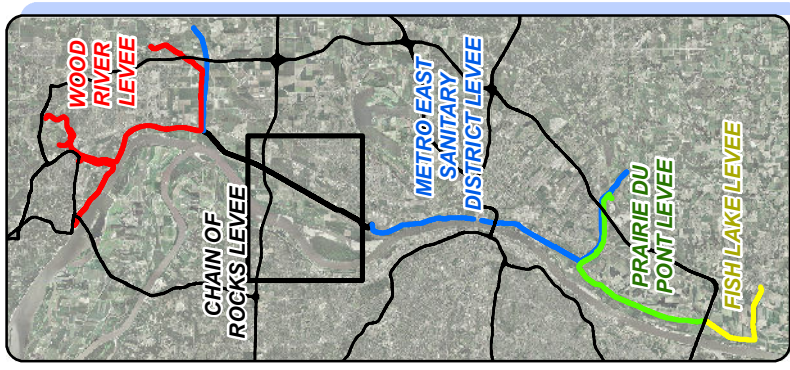
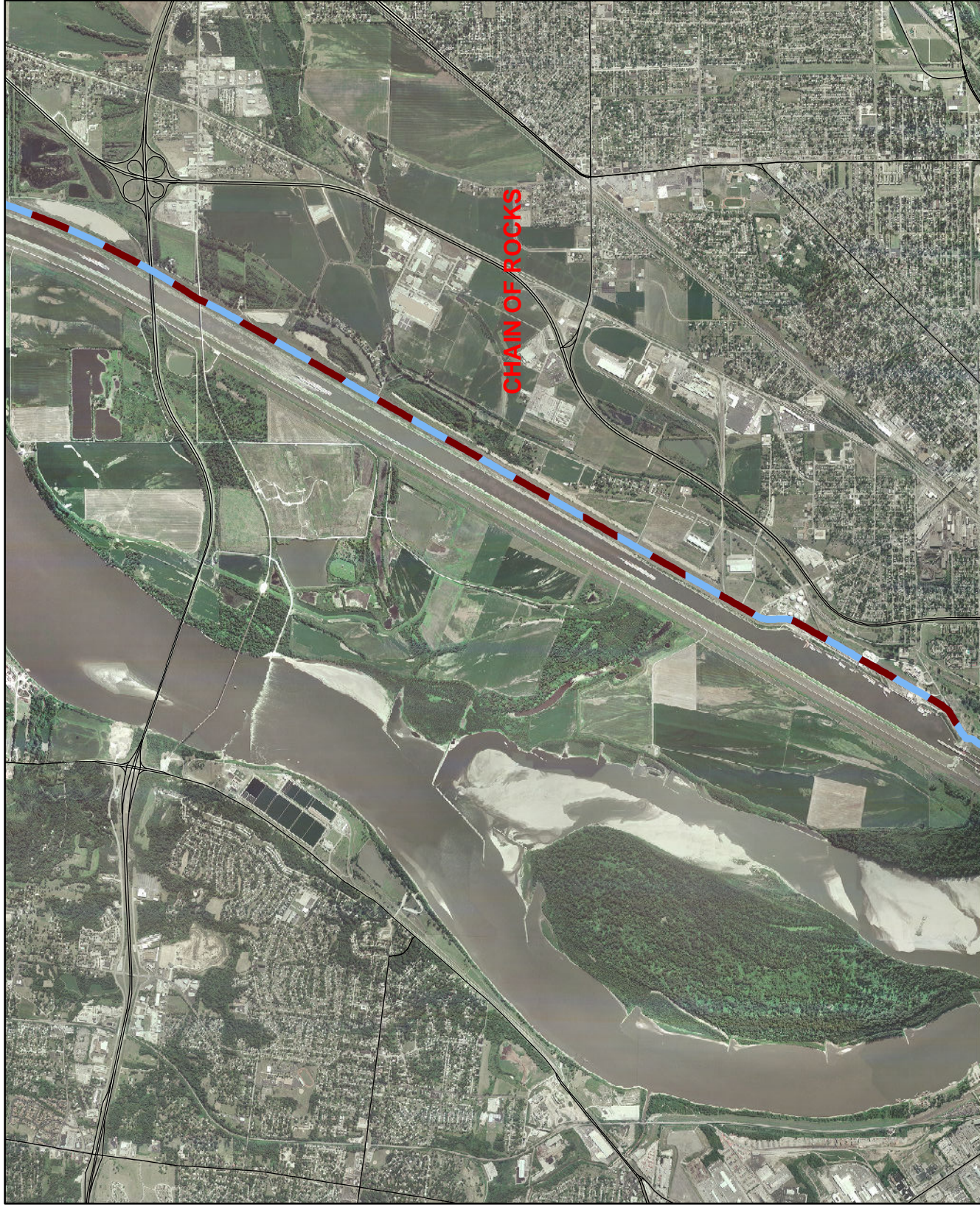
Proposed FEMA Certification Levee System Improvements





FEMA CERTIFICATION DESIGN - 100% SOLUTIONS

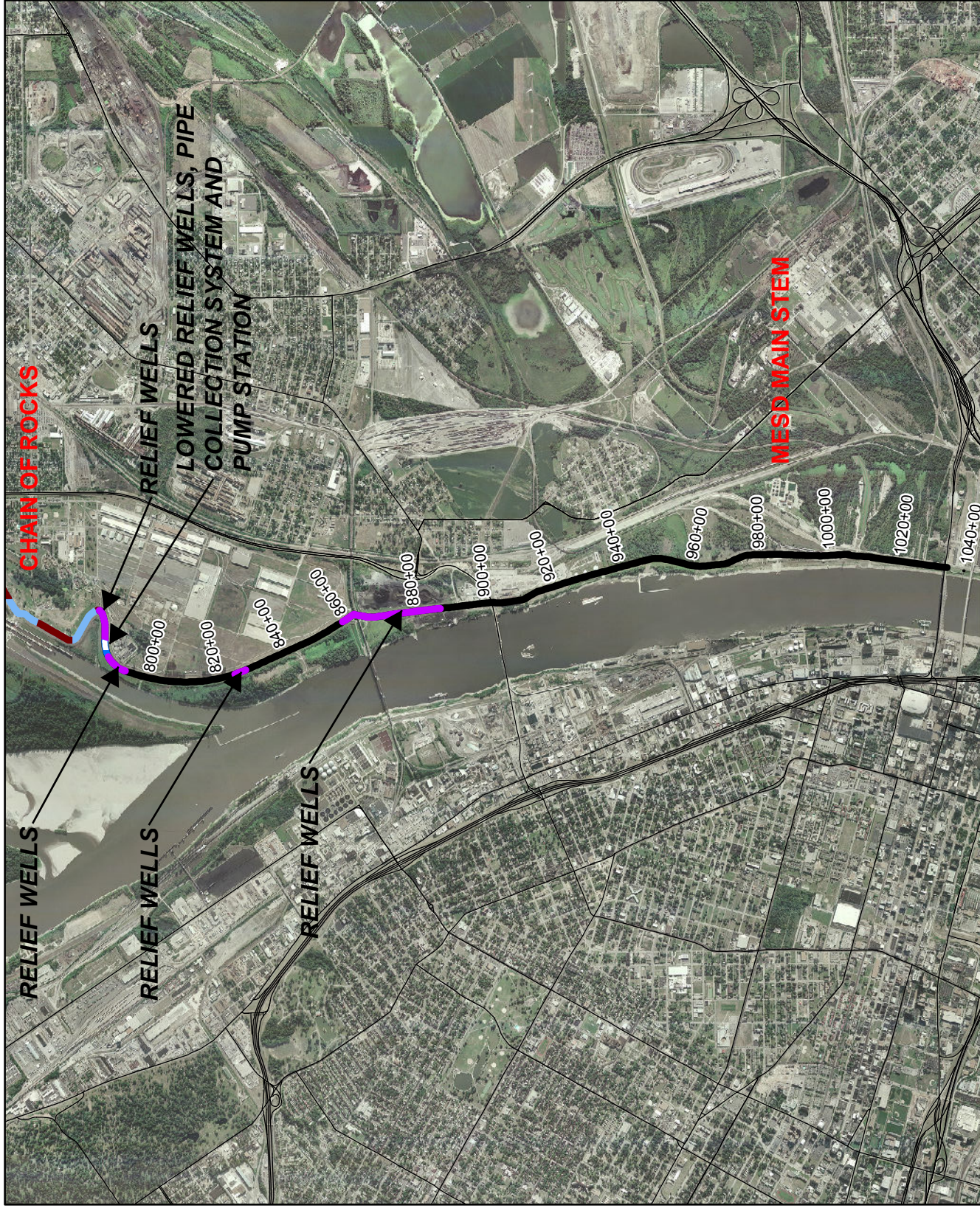
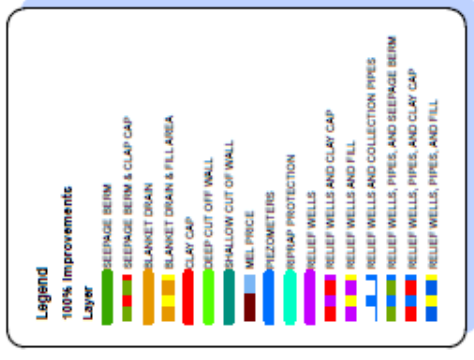
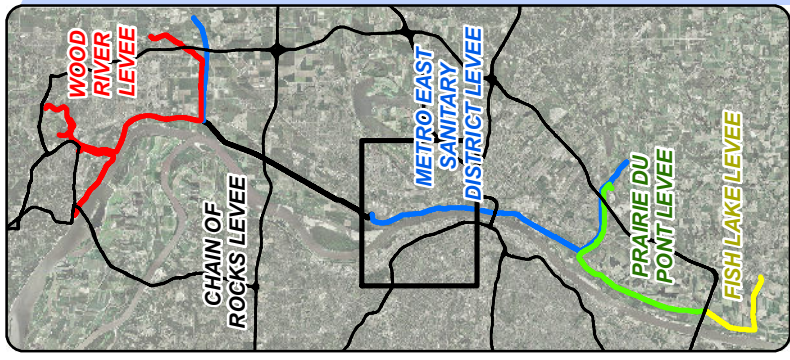
WOOD RIVER (WR) & METRO EAST SANITARY DISTRICT (MESD) LEVEES

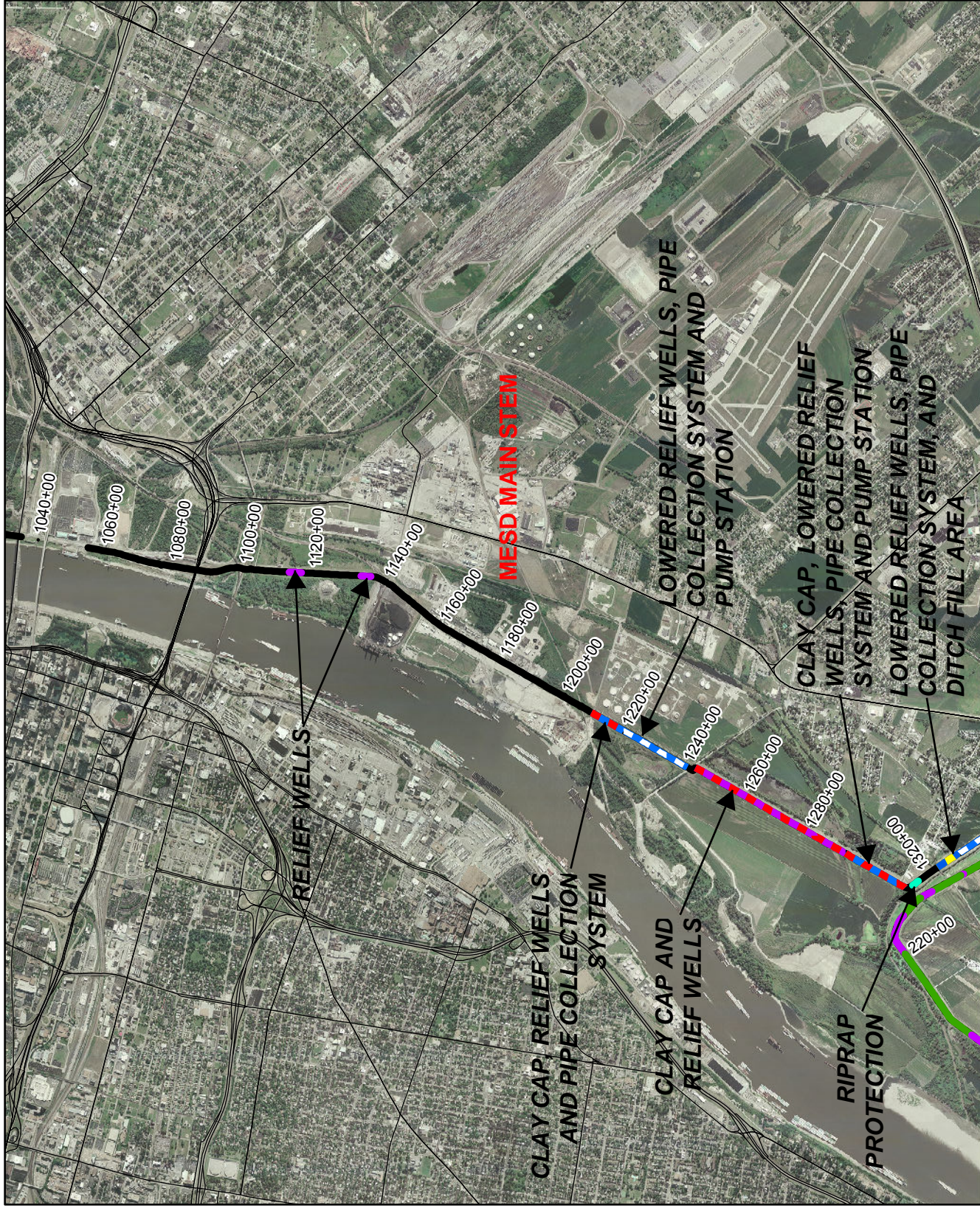
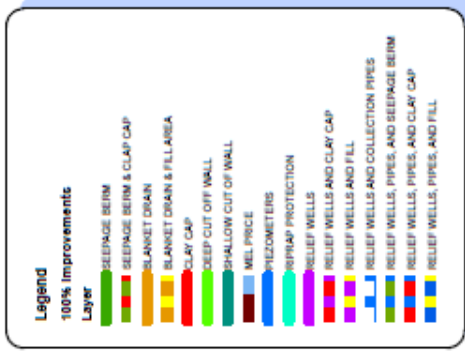
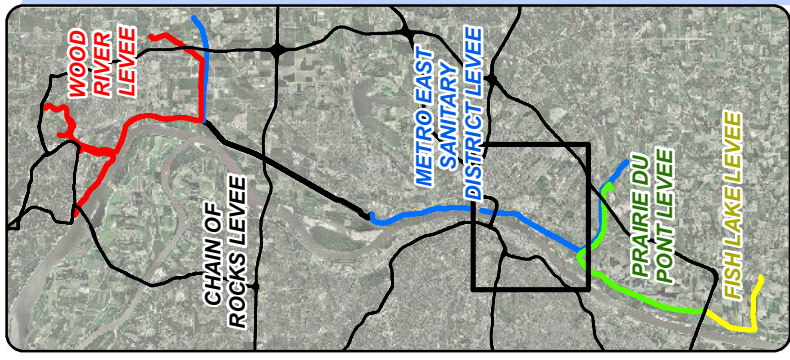


Legend

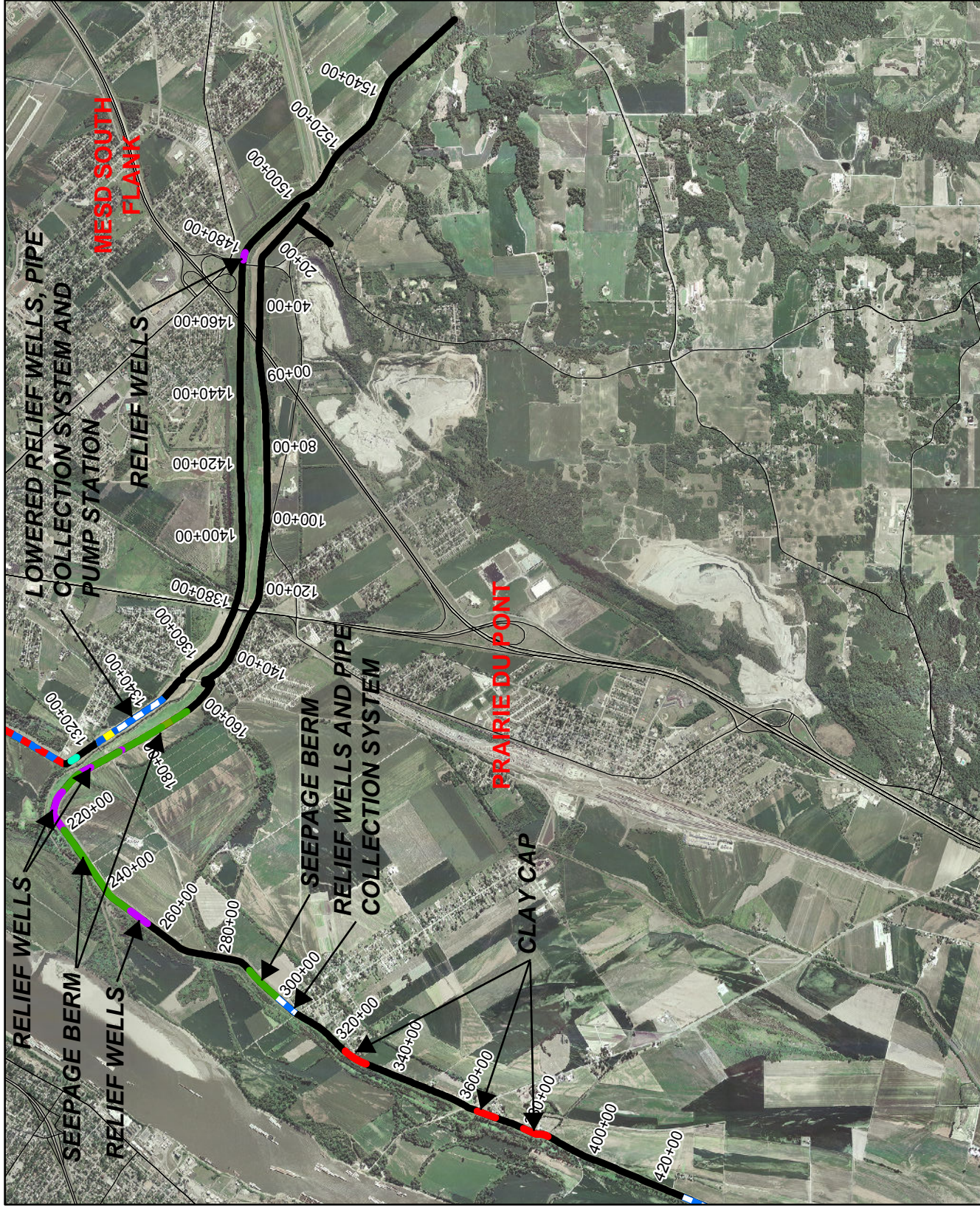
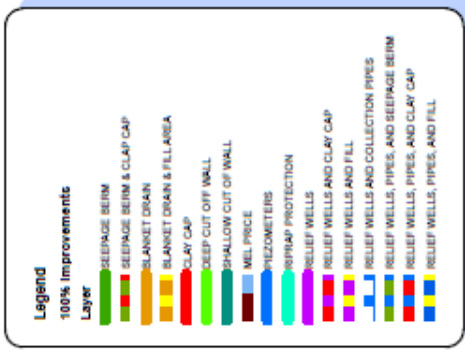
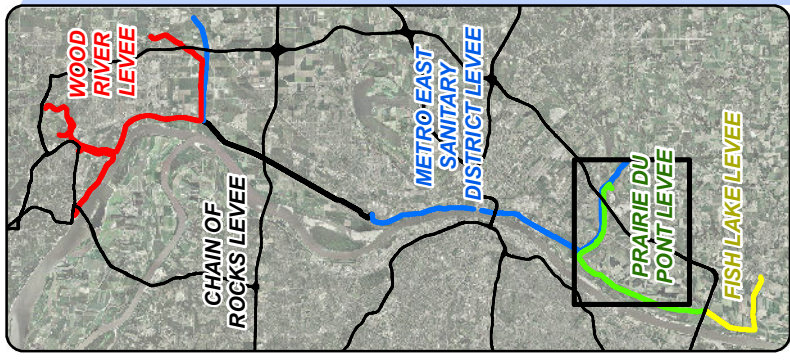
100% Improvements

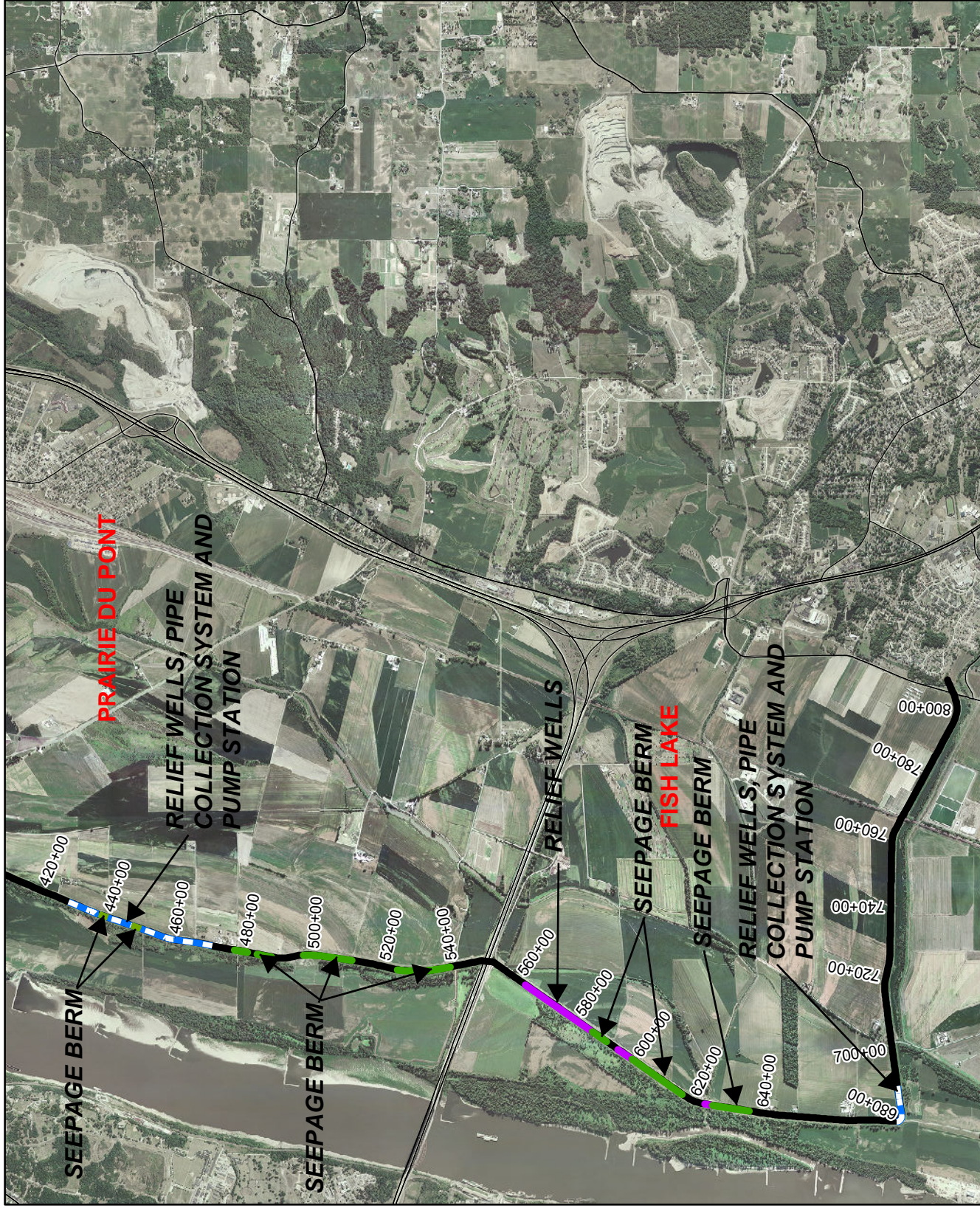
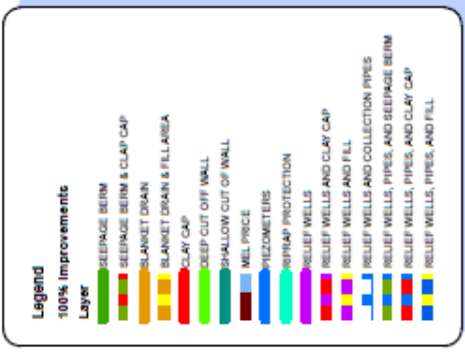
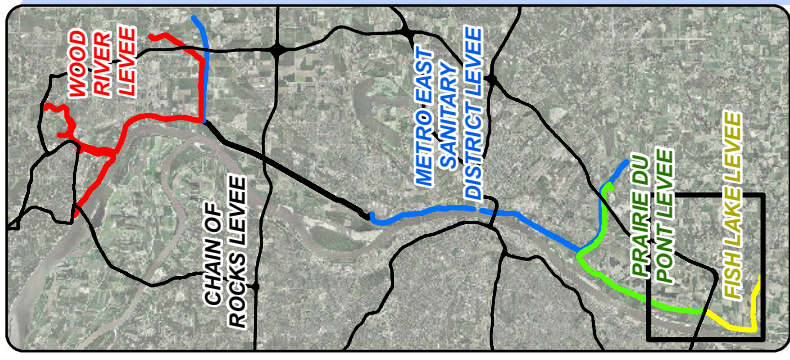
Layer	Improvement Type
Green	SEEPAGE BEHM & CLAY CAP
Yellow	SEEPAGE BEHM
Orange	BLANKET DRAIN
Red	BLANKET DRAIN & FILL AREA
Light Blue	CLAY CAP
Dark Blue	DEEP CUT OFF WALL
Light Green	SHALLOW CUT OFF WALL
Dark Green	WEL PRICE
Light Purple	PIEZOMETERS
Light Cyan	SEEPAGE PROTECTION
Light Yellow	RELIEF WELLS
Light Blue	RELIEF WELLS AND CLAY CAP
Light Green	RELIEF WELLS AND FILL
Light Purple	RELIEF WELLS AND COLLECTION PIPES
Light Cyan	RELIEF WELLS, PIPES, AND SEEPAGE BEHM
Light Yellow	RELIEF WELLS, PIPES, AND CLAY CAP
Light Blue	RELIEF WELLS, PIPES, AND FILL





FEMA CERTIFICATION DESIGN - 100% SOLUTIONS
METRO EAST SANITARY DISTRICT (MESD) LEVEE





Appendix II

Southwestern Illinois Flood Prevention District Council

Resolution Expressing the Official Intent To Restore the federally Authorized level of Mississippi Flood River protection in the Metro-East

Southwestern Illinois Flood Prevention District Council

RESOLUTION Expressing the Official Intent To Restore the Federally Authorized Level of Mississippi Flood River Protection in the Metro-East

WHEREAS, the Southwestern Illinois Flood Prevention District Council has made great progress towards meeting its goal of fully protecting the Metro-East from a 100-year flood by the end of 2015; and,

WHEREAS, the threat from the Federal Emergency Management Agency to classify the area as prone to flooding will be averted, along with the terrible economic consequences of the action; and

WHEREAS, the Council has demonstrated that the most expeditious and cost-effective approach to improve flood protection over the last several years is to use local funds to undertake critical flood protection projects; and

WHEREAS, the Council cannot continue to delay needed improvements to flood protection because of the lengthy, unpredictable, and costly design and construction process conducted by the U.S. Army Corps of Engineers; and

WHEREAS, the Corps of Engineers is unwilling to comply with local workforce policies; and

WHEREAS, dramatic progress can be made when the pace and cost of construction is determined locally; and

WHEREAS, the design and construction of projects by the FPD can move ahead rapidly and at a far lower cost than by delegating this work to the Corps of Engineers; and

WHEREAS, the FPD has available funds and availability of future federal funding is unknown; and

WHEREAS, the design and construction of projects built by the FPD using local funds may be considered for future Work In-Kind Credit by the Corps of Engineers as allowed by the use of Memoranda of Understanding, the inclusion in Integral Determination Reports, and the amendment of Project Partnership Agreements; and

WHEREAS, economic growth can be expected if the authorized level of protection is being pursued; and

WHEREAS, now is the time to initiate the restoration of the federally authorized level of flood protection in the Metro-East providing the region with a higher level of flood protection, while simultaneously completing the 100-year level projects; and

WHEREAS, the long-term goal of the FPD is to fully restore the federally authorized level of flood protection (Mississippi River elevation of 54 feet on the St. Louis gauge -- also known as the 500-Year flood).

NOW, THEREFORE, It Is Hereby Resolved by the Board of Directors of the Southwestern Illinois Flood Prevention District Council that it is the intent to restore the federally authorized 500-year level of Mississippi River flood protection through the following actions:

1. *Design.* Immediately begin the design of the most critical and cost-effective projects to restore the federally authorized level of flood protection; and

2. *Funding Strategy.* Take immediate steps to implement a funding strategy with the FPD being totally responsible for the design and the construction of flood protection (authorized level) projects. This includes using current surplus funds and judicious borrowing to maximize the available funding for capital expenditures on flood protection through the year 2020 (\$94,500,000 is currently estimated to be available), building the most cost effective and highest priority projects throughout the Counties of Madison, Monroe, and St. Clair, Illinois; and


3. *Workforce Policies.* Comply with all current FPD workforce policies to ensure fair wages and working conditions for project workers, encourage the use of local workers, and avoid any work stoppages that could delay projection completion; and

4. *Levee Districts Participation.* Seek the financial participation of each Levee District to generate additional funds to supplement FPD funding and enable additional construction; and

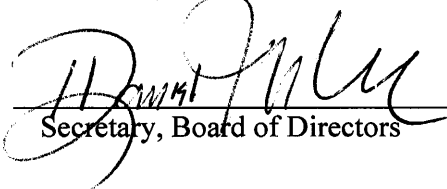
5. *Corps of Engineers Participation.* Notify the Corps of Engineers of the FPD's strategy and request that the Corps expedite projects that are 100% federally funded, such as the emergency design deficiency correction at the Melvin Price Locks and Dam, a project-that was identified as an emergency need six years ago, but still lacks a federally sanctioned permanent design solution and any funding for construction..

If any section, paragraph or provision of this Resolution shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph or provision shall not affect any of the remaining provisions of this Resolution.

This resolution was approved February 18, 2015.

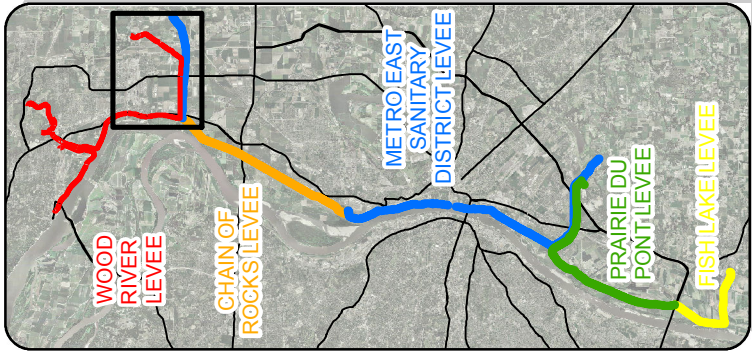
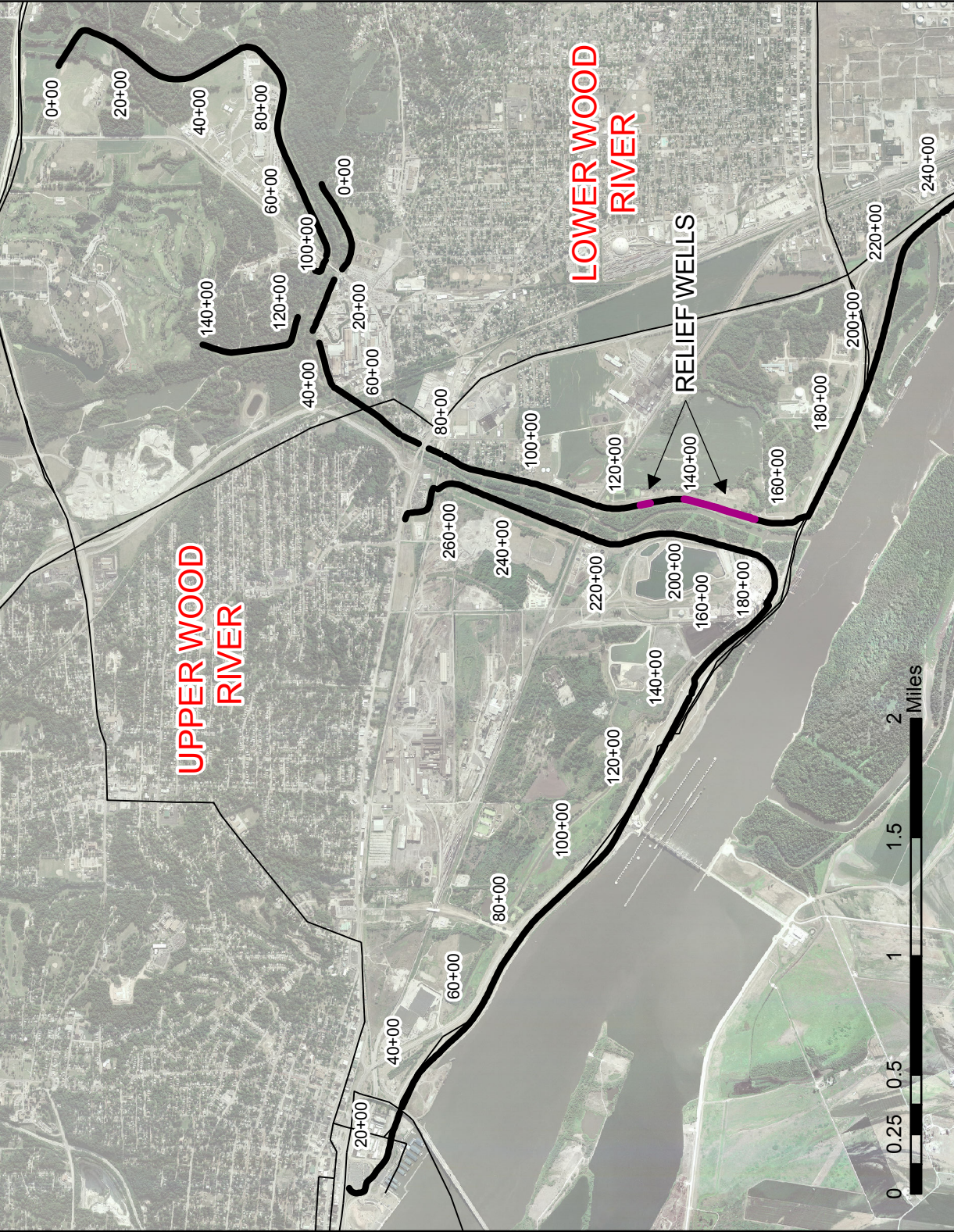


President, Board of Directors



Secretary, Board of Directors

Appendix III
Proposed 500-Year Authorized Level Levee System Improvements
Wood River Levee System



AUTHORIZED LEVEL DESIGN

WOOD RIVER LEVEE



AUTHORIZED LEVEL DESIGN WOOD RIVER LEVEE

