

BOARD OF COMMISSIONERS SNY ISLAND LEVEE DRAINAGE DISTRICT

2008 ANNUAL NEWSLETTER

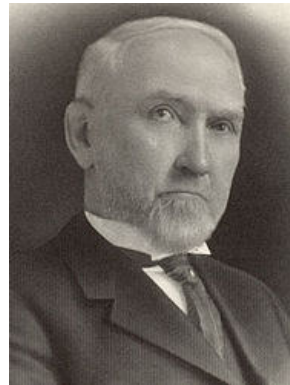
With the hustle and bustle we all face in today's seeming non-stop way of life, it is truly hard to keep track of all the activity and it's ultimate impact on us. All too often, significant occurrences unfold and are played out in what we see as just a normal routine chain of events on a daily basis. After all, we are living these times. They become a part of how we live, go about our business or interact with our colleagues. It's nothing special. We as human beings experience dramatic events or achieve significant milestones during the course of a year's activities, yet fail to actually realize their historic significance. I'm sure that Charles Clark, a Hannibal businessman who owned property in the Sny in the 1870's, didn't see it as a big deal to try to work legislation through the Illinois General Assembly that would allow for the construction of levees to provide protection against flooding from the Mississippi in what was the Sny basin. Yet his efforts led to the development of drainage law in the State of Illinois and the organization of the Sny as the State's first levee and drainage district. In the 1890's, the Sny Commissioners required the services of an attorney to represent them before the United States Circuit Court of Appeals in Chicago in a drainage bond case. They retained the services of Benjamin Harrison, the 23rd President of the United States, having left the

presidency in 1893. The Sny prevailed. The case was appealed to the United States Supreme Court. President Harrison died before the case was argued so the Commissioners were again faced with securing legal representation. They retained the services of Mr. W.H.H. Miller, the Attorney General of the United States under President



President
Benjamin
Harrison

The Sny
Levee
Bond Case
1878



Attorney General
W.H.H. Miller

Harrison. Again, the Sny prevailed. Now, let's review just for a moment these formative days of the Sny:

- The first drainage district in the State of Illinois.
- The Sny was the foundation of Illinois drainage law
- Representation by a former President of the United States
- Representation by a former Attorney General of the United States

- Prevailed in a case before the United States Supreme Court
- A rich and treasured history to say the least.

Yet the Commissioners were going about their business on a daily basis in order to sustain the life of the district. Wonder if they were aware of the truly historic events they were a part of? We do because we have the benefit of looking back to see history played out. Such may be the case of future generations who will look back on where we've been in 2008 in what is fondly known as life of the Sny.

Deja Vous, All Over Again
Yet Another High Water Event!

At the outset of 2008, there was uneasiness in the air with the development of weather patterns that were a bit wetter than what we had become accustomed to in the last few years. We began to experience a steady pattern of localized rainfall in February as well as significant precipitation centered mainly over the State of Iowa. This rainfall to our north caused river stages to rise to a level that prevented the opening of our gravity gates which allow the Sny to flow directly into the river. Therefore, we began the operation of our pump stations earlier than in the recent past, early February. With the approach of April, the intensity of the rainfall increased, especially north of us. As we moved from April into the month of May, our three pump stations were running 24-hours a day, seven days a week. In fact, in just the month of May the District purchased nearly 127,000 gallons of diesel fuel just for the pump stations. During a normal year, we would



purchase 170,000 gallons for the entire year. River stages continued to creep upward along with the elevations of the three large Iowa reservoirs that provide us with flood relief. We were maintaining daily contact with both the St. Louis and Rock Island District Corps offices to monitor river stages that surged past the 20' mark on the Hannibal gauge as rainfall continued both locally and to our north. On Wednesday, June 11, the Commissioners directed that the staff contact all available heavy equipment

contractors to secure bulldozers to push up the Sny's 54 miles of main stem Mississippi River levee to withstand a flood crest predicted at that time to go to 29.5' on the Hannibal gauge. At one point, 75 bulldozers and four trackhoes were running 18 – 24 hours a day to push the levee up to gain an extra four to five feet of elevation. Six tractor-trailer loads of plastic were delivered for placement over the freshly pushed up sand to alleviate seepage problems. As the work progressed, flood crest forecasts from both St. Louis and Rock Island were revised upward to 32' on the Hannibal gauge. Sandbagging operations were initiated at the fairgrounds in Pleasant Hill, the old grade school in New Canton, Hull Elementary School and the Pittsfield work camp. U.S. 54 crossing the Mississippi



at Pike Station was closed. More than 500 Illinois National Guard troops moved into Western Junior High in Kinderhook and Pleasant Hill grade school. 160 inmates were dispatched daily from the work camps in Pittsfield and Green County to provide much-needed assistance.

Volunteers from throughout the area came into the District offering help where needed. Meals were prepared in New Canton and Hull to feed the hundreds of flood workers. Equipment and manpower provided by townships and counties from throughout the region poured into the Sny as we battled yet another major flood.

Volunteers

Along Side

Work
Camp

Inmates





**2008
FLOOD SCENES**





GLIMPSES OF THE '08 FLOOD



The battle continued throughout the District non-stop from June 11 thru July 1 when the threat eased to the extent that all could begin to relax. During that time frame, three separate flood crests passed by the Sny. We experienced a crest of 29.54' in Hannibal on June 18. The

river then began to subside due to levee failures to our north, but came back to crest again in Hannibal at 29.47' on June 23rd. Again the river began to fall due to additional levee failures to our north, but came back to crest one more time in Hannibal on June 26 at 28.91'. As



the elation of having won the battle moved to the feeling of relief we all experienced, the physical and mental exhaustion that had been allayed by the adrenalin of being in the battle set in. But, we made it! We won this time! We lived it and experienced it day in and day out, but didn't realize the magnitude of what was accomplished. The success we all achieved in this battle is truly historic, since our Sny flood fighters held back the 2nd, 3rd and 4th highest flood levels in the entire history of the Hannibal gauge. No small feat, to say the least. A word of emphasis in all of this is **WE!** Take just a moment to look back again at the last two pages full of pictures. Without the thousands of volunteers, some of whom are shown in these images, who worked tirelessly to fill sandbags, lay plastic, prepare meals, drive trucks, operate heavy equipment, answer the phones, haul supplies, deliver meals, donate money, patrol levees, monitor boils and seeps, the list goes on and on and on, the success **WE** all realized in this battle would never have been achieved. We needed the commitment that William Clark had when he saw the vision of what the Sny could be in the 1870's when drainage law didn't even exist. We needed the same commitment that the Commissioners of the Sny had in the 1890's when they had the audacity of retaining a former President of the United States to argue their case before a Federal Appeals Court in Chicago, Illinois. We needed the same commitment that the Sny Commissioners had when they retained the services of a former Attorney General of the United States to represent them before the highest court in the land, the United States Supreme Court. Do you know what the common threads are that are woven through the fabric of Sny history from our '08 flood fight to William Clark's vision, President Harrison's support and Attorney General Miller's representation? **WE, COMMITMENT AND SUCCESS!**

Now comes the recovery and cleanup. Work has progressed almost non-stop since mid-August on our recovery effort. 98% of the more than 40 miles of 6-mil black plastic sheeting used to combat seepage has been removed. Quite a lot of it has been baled into

large round bales in preparation for its removal to the Quincy Recycling Center. We still have about 15 miles of plastic yet to bale which will now have to wait for better weather conditions. Nearly all of the hundreds of thousands of sandbags have been dumped on the levee with the empty bags hauled to the landfill. Removal of debris left not only on the river sides of the river levees, but also the diversion channels and closing levees will continue most of the winter and into the early spring as weather permits. The almost unspeakable has also begun, **the push down**. Yes, we are required to push the levees back down to our certified elevation as time permits. This process started on November 3 at the north end of Reach IV. Willard Lynch is leading the Sny effort on this part of our recovery effort. Our staff was able to complete the push down in Reach IV on December 16. As weather permits, we will be moving this phase of the recovery effort to Reach II.



COMPREHENSIVE PLAN FOR FLOOD CONTROL UPPER MISSISSIPPI

In the aftermath of all this, another event of historic significance took place this summer along the Sny that wasn't given much attention. On August 14, 2008, the Mississippi



River Commission held its 378th meeting on Board the motor vessel Mississippi V that was docked on Hannibal's riverfront. At that meeting, the Commission was briefed by the U.S. Army Corps of Engineers on the status and benefits offered by a Comprehensive Plan for Flood Control on the Upper Mississippi River. If approved by Congress, this plan would allow most levee and drainage districts north of St. Louis to have river levees that

provide 500-year flood protection. That includes the Sny. This was truly a historic meeting because at exactly 3:42 P.M. that day, the Commission voted to approve Option

“G” of the Comprehensive Plan, thus recommending its implementation to Corps headquarters and to Congress. This is the first formal plan for flood control that has ever been approved by the Commission in the history of the United States. We must commit to working for the approval of this plan by the Congress so that its implementation may benefit future generations in the upper valley.

ROCKIES EXPRESS PIPELINE

Rockies Express Pipeline has been in the local news for almost two years. The pipeline is a \$4.4 billion joint venture of Kinder Morgan Energy Partners, Sempra Pipelines and Storage and ConocoPhillips. Rockies Express proposed to install a 42” pipeline to move natural gas under 1,400 psi pressure from Colorado to Ohio. The 1,679 mile underground pipeline is one



Assembled Pipeline Running West to the river levee across Plum Point Ditch

of the largest ever undertaken in the country and its path takes in through the middle of Reach III here in the Sny. The 42” pipeline is the largest pipeline ever installed using the method of horizontal directional drilling under the Mississippi River, crossing just north of the Champ Clark Bridge in Louisiana, Missouri. Negotiations between Rockies officials and the Sny Commissioners began almost two years ago regarding the method by which the pipeline would cross not only the Sny’s river levee, but also several district ditches as it passed through the Sny bottoms eastward to the bluff. The Sny had no objections to Rockies installing the pipeline under the District waterways, including the Sny channel. However, the Board insisted that the pipeline be laid up and over the main stem river levee; not under it. The Commissioners feared that the horizontal directional drill method of running the pipeline under the levee would make the levee unstable, especially during flood events. Follow-up contacts with numerous levee and drainage officials up and down the river as well as Corps District Offices reinforced the Commissioners’ position that the pipeline be laid over the levee. Not one engineer or levee official felt the pipeline should be placed under the levee.



The Commissioners also met with officials from the Federal Energy Regulatory Commission in Washington, D.C. as well as regional Congressional and Senate offices to outline the Sny's position. Congressman Phil Hare also met with area landowners and the

Commissioners in the Sny office to lend his support to the District's position. Following several more months of negotiations, Rockies officials ultimately agreed that the pipeline would be laid up and over the levee, not under it. After nearly two years of work, on

November 14, 2008, the Commissioners formally approved and signed the appropriate permits and easements permitting the installation of the pipeline over the river levee and through the Sny bottoms on its way eastward to Ohio. As far as the river crossing is concerned the initial pilot hole has been bored under both the



Salt and Mississippi Rivers. Approximately 1,300' of the horizontal directional drilling has also been completed with a 36" reamer on the river portion. The pipeline has been almost completely laid out above ground across the bottoms and is in the process of being buried east of the Sny channel in Ross Township. We have been informed that all work on the pipeline is to be halted on December 22 until the beginning of the year in observance of the holiday season.

2008 SNY REASSESSMENT

As you are aware, your drainage taxes have taken a dramatic increase. The District Commissioners approved this increase, the first across the board increase since 1979, only after many discussions and serious consideration. The basic fact is that your District needs this amount to remain solvent and functional. The primary factors that created this financial situation can be summed up as:

1. Since the dredging project was started five years ago, the District has been operating at a deficit. We were aware of the need for either more income or less expenses or some combination. We have been increasing income through farming leases, hunting leases and timber sales. Expenses were reduced by the reduction of full-time staff positions, reduction in employee benefits and delayed equipment purchases. We decided that it would be appropriate to use some of the District reserve monies to cover this annual cash shortfall rather than ask the taxpayers to pay more while we still had what appeared to be adequate reserve funds.
2. Then the 2008 pumping season began in the second week of February and coincided with the skyrocketing price of diesel fuel! Above normal rainfall and increased seep water from high river levels required us to pump many more hours than normal. In fact, we spent the District's entire 2008 tax income on fuel just for the pump stations before the flood fight began in June! Total fuel costs for the year were nearly eight times those of an average year. The majority of these costs were paid with money from our declining reserve funds.
3. The 2008 Mississippi River flood fight and recovery consumed the remainder of our reserves and more. Our total flood fight and recovery expenses along with resulting levee repair costs will total more than 9 million dollars. Thankfully, FEMA and the U.S. Army Corps of Engineers are reimbursing a majority of the expenses. However, the Sny District will incur costs of nearly \$750,000.00 as our share of the event. To put this amount into perspective, it is nearly the total taxes we collected in 2008.

Because of increasing fuel costs, we initiated the process for a tax increase last fall. At that time we planned an increase of \$5.00 per acre which we thought would be sufficient...but subsequent events caused us to request the Court to grant this larger increase. We believe that your assets in our District could suffer major declines in value if we were not financially able to mount a maximum effort during high river events. This \$10.00 per acre increase now might help to prevent a possible several thousand dollar per acre decrease in value caused by a levee breach. The Commissioners, the Superintendent and all Sny employees are committed to reducing expenses and to give you real value for your taxes. Our plan is to reduce the amount levied each year as soon as all bills are paid and our reserve funds are built back to an appropriate level.



Space in this year's newsletter is running short. With the major events of the flood, reassessment, Rockies Express and the comprehensive plan there just wasn't enough time for some of our routine subjects in this year's edition. However, rest assured, our ditch maintenance program resumed as time permitted. We have recently finished cleaning the Sny channel in Reach IV along with Edwards Pond Ditch. We have quite a schedule of waterways to clean out yet this winter throughout the District. We also continue to maintain a good inventory of

drainage tubes and accessories at our Business Office in New Canton. Our brush control program is ongoing and critical to providing the best system of drainage possible. And please rest assured that your Sny Commissioners and staff are dedicated to providing the landowners, residents and farmers of the Sny Island Levee Drainage District the optimum in customer service throughout the year.

As this most precious holiday season is upon us, we at the Sny want to extend to all of you our warmest regards for a Merry Christmas and a Happy New Year! It is our sincere hope that 2009 brings to all of you the very best that the new year has to offer.

In observance of the holiday season, the Sny Business Office will be closed on December 25 & 26 and January 1 & 2.




Russell E. Koeller - President


Dan Lundberg - Secretary


George D. Borrowman - Commissioner

The financial report included with this year's newsletter reflects audited figures for the fiscal year ending October 31, 2007. If you would like to access this year's as well as previous newsletters electronically, it can be found in PDF format at www.snyisland.org/newsletter.htm

SNY ISLAND LEVEE DRAINAGE DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED OCTOBER 31, 2007

	General Annual Maintenance	Capital Projects Fund Reserve Fund Fall Creek	Permanent Fund Reserve Fund Seepage	Total Governmental Funds
REVENUES				
Assessments	\$ 787 246	\$	\$	\$ 787 246
Material and pipe sales	30 748			30 748
Lease income	20 725			20 725
Farm income	29 286			29 286
Investment earnings	25 505	18 193	68 331	112 029
Miscellaneous	3 794			3 794
Total revenue	<u>897 304</u>	<u>18 193</u>	<u>68 331</u>	<u>983 828</u>
EXPENDITURES				
Current:				
General administration				
Payroll	101 121			101 121
Office supplies	8 392			8 392
Building utilities and maintenance	8 784			8 784
Insurance	85 797			85 797
Legal and audit	15 958			15 958
Engineering	3 657			3 657
Miscellaneous	21 285			21 285
Pumping Operations				
Payroll	114 667			114 667
Operating expenses	293 691			293 691
Heavy Equipment Operations				
Payroll	79 677			79 677
Equipment expenses	72 520			72 520
Other Operations				
Payroll	8 479			8 479
Equipment expenses	75 282			75 282
Pipe and wire rope	28 548			28 548
Shop supplies and maintenance	12 636			12 636
Dredge	72 238			72 238
Levee and ditch maintenance	26 707			26 707
Other	871			871
Miscellaneous				
Payroll taxes	28 482			28 482
Employee benefits	85 598			85 598
Interest	33 262			33 262
Capital Outlay	42 483			42 483
Total expenditures	<u>1 220 135</u>	<u>-</u>	<u>-</u>	<u>1 220 135</u>
Net change in fund balances	(322 831)	18 193	68 331	(236 307)
Fund balances - beginning	<u>(302 745)</u>	<u>517 106</u>	<u>1 635 181</u>	<u>1 849 542</u>
Fund balances - ending	\$ <u>(625 576)</u>	\$ <u>535 299</u>	\$ <u>1 703 512</u>	\$ <u>1 613 235</u>

The accompanying notes are an integral part of these financial statements.