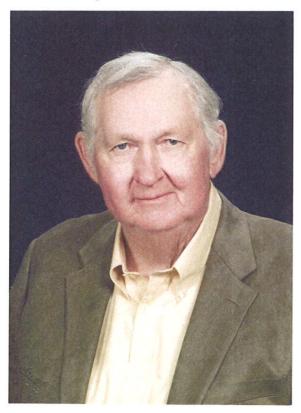
BOARD OF COMMISSIONERS SNY ISLAND LEVEE DRAINAGE DISTRICT

2009 ANNUAL NEWSLETTER

A LEGACY OF SERVICE

Many newsletters of the past have recounted the rich tradition and history that is the Sny Island Levee Drainage District. The Sny landscape is dotted with leaders of vision, integrity, wisdom, grit, determination, strength and selfless service to his fellow man. These were but a few of the traits essential to those who would steer the course of the Sny from its infancy in the 1870s to its current status today. In this past year, we were forced to come to grips with the loss of two of those leaders who played such a vital role in the life of the Sny.

George D. Borrowman

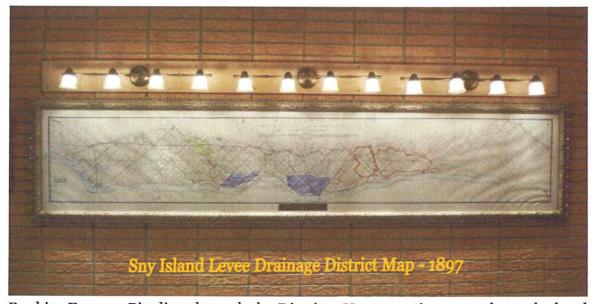


John E. Kinscherff



John E. Kinscherff, a businessman, farmer, life long resident of the Pleasant Hill area and Sny Commissioner for 18 years passed away on July 12. John served on the Sny Board from September of 1968 through August of 1986. Even after formally leaving the Board, he continued to work behind the scenes on behalf of the District. John was keenly aware of the state and national political landscape and its impact not only on the daily functioning of the District, but also the long term ramifications decisions in Washington, D.C. and Springfield, Illinois would have on the future of the Sny. He maintained contact with the staff and Board, attending meetings on occasion, as well as offering his encouragement and advice on a variety of matters. His leadership is truly missed.

George D. Borrowman, a life long resident and farmer in the Sny passed away on March 14, 2009. George had the longest tenure on the Sny Board of any Commissioner in its history, having served more than 36 years covering two separate time frames; 1967 – 1970 and from 1976 until the time of his passing. George loved the Sny and everything it stands for. He was active in the affairs of the District right up to the end, having talked with the District Superintendent just a few days before his passing to check on progress with the installation of the



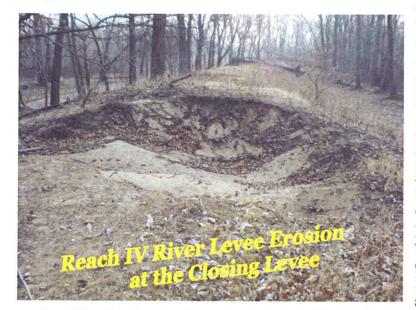
Rockies Express Pipeline through the District. He was active not only on the local level with the daily activities throughout the District, but also walked the halls of Congress and the Pentagon in Washington, D.C. to share the Sny's story with our elected leaders, Corps of Engineers officials and the Assistant Secretary of the Army for Civil Works. His "common sense" approach and spirit of cooperation were hallmarks of his tenure. One of his most prized possessions was a framed, hand-drawn reproduction of a map of the Drainage District from 1897. It was proudly displayed on a wall in George's home in Quincy for many years. Upon his passing, George and his wife Sharen graciously donated the map to the residents and landowners of the Sny. It is now on display in the Sny Business Office in New Canton for all to enjoy.

The passing of these two prominent gentlemen in the life of the Sny has left a void for those of us left to fill. We honor the lives that John and George led by moving forward with the vision they shared of families living and prospering safely in the Sny Island Levee Drainage District.

2008 FLOOD RECOVERY UPDATE

As much as we wanted to put the '08 flood behind us, we continued to deal with its aftermath this year. The restoration the of levee to its certified elevation was full speed this ahead summer after beginning November 3, 2008. Completion "pushdown" of the delayed was winter weather, high elevations river throughout much of





this year as well as levee clean-up and road work. The pushdown was finally completed in October of this year, advance of the District's annual inspection by the Corps in November. Adding gravel to some of the roads still needs to be done, but for the most part, the Sny's part of the recovery work is completely done. However, repair work still is vet to be

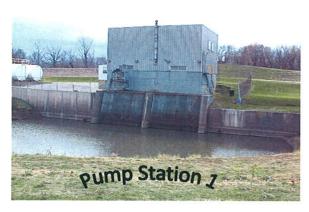
completed by the Corps of Engineers. A sinkhole that developed on the west side of Pump Station 1 requires attention as well as severe levee erosion (pictured above) where the Reach IV main stem river levee meets the south closing levee.

Slope restoration is to be done at this site with the restored area protected on the river side by riprap. Questions still remain on additional river levee slope work requested by Sny officials. A January meeting with the Rock Island District Commander and members of his staff is scheduled here in the Sny when additional discussion and a field inspection will occur.

PUMP STATIONS

The 2008 flood event was history. Once again the people of the Sny came together along with volunteers from throughout the country and numerous local, state, and federal agencies to do battle with Mother Nature in fending off the potential devastation that her Mississippi River floodwaters carried. With yet another successful flood fight tucked away in our memory banks, life in the Sny moved forward. We turned the page on 2008, eagerly anticipating all the promise that the shiny new year of 2009 offered; a mild winter, the perfect spring for planting, timely showers, warm summer days and evenings providing the optimum in growing conditions and perfect fall weather for the harvest and fall tillage. Oh, but Mother Nature had something else in mind.

National Weather Service data shows rainfall in Adams, Pike and Calhoun Counties totaling 40" – 50" plus through mid December. On at least three occasions this year, we had rainfall totals over a 24 – 36 hour period of 4" or more throughout the entire District. To say it's been a wet year would be an understatement. Obviously, this translated into a very busy pumping season at



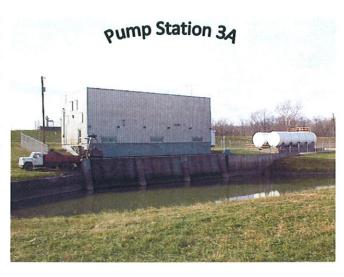
all three of the District's pump stations. Total fuel purchased thus far this year is surpassed only by fuel purchased in the two disaster declaration years of 1993(827,946 gallons/\$537,660.07) and 2008 gallons/\$2,013,296.06). (551,424 Thus far in 2009, the District has purchased 396,265 gallons of diesel fuel just for the operation of the pump stations at a cost of \$714,926.14. In other words, 2009 ranks second only to 2008 in total dollars spent for Pump

Station fuel and third in total gallons purchased dating back to 1993. If all pump station engines are running 24 hours per day, the District uses 7,500 gallons of diesel fuel about every 2 ½ days. That exact scenario occurred for several weeks this year. As a side note, the tanks have yet to be topped off at the end of the year due to budget constraints. Actual usage has exceeded 400,000 gallons.

Pump Station 1, located approximately 3.4 river miles south of Lock & Dam 22, is managed by Bryan Chapman. Pump Station 1 is equipped with two 78" pumps, each powered by 1,000 horsepower Fairbanks Morse engines. Under optimum conditions, the total pumping capacity at Pump Station 1 is 400,000 gallons of water per minute. On site diesel fuel storage totals 50,000 gallons.

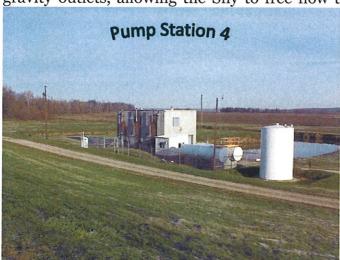
Bryan and his staff of part time operators were kept busy throughout the year, often times running 24 hours per day, seven days per week. Total pumping hours through November 30 this year is 1,893. The average annual pumping hours over the 12 years prior to the 2008 disaster year was 671.

Pump Station 3A located 1/2 mile south of Lock & Dam 24 west of Pleasant Hill is managed by Brad Motley. Pump Station 3A is equipped with three 72" pumps, each powered by 800 Fairbanks Morse horsepower engines. Total pump capacity at 3A under optimum conditions is 535,000 gallons nearly minute. On site fuel storage at 3 A is 60,000 gallons. Pump Station 3A is also equipped with gravity outlets allowing the Sny to free flow into the river if river



stages are low enough. We have been able to open our gravity gates for only a short period of time so far this year. Throughout much of 2009, 3A ran 24 hours per day, seven days per week, with total running hours of 9,313. The average annual running hours for the past 12 years excluding the 2008 flood year is 4,404.

Pump Station 4 is located 4 ½ river miles south of Lock & Dam 24 in Calhoun County. This facility is managed by Brad Bess. Pump Station 4 is equipped with three 42" pumps, each powered by a Caterpillar 3406 diesel engine generating 420 horsepower at 1550 rpm's. The total pumping capacity at Pump Station 4 is about 160,500 gallons of water per minute. The fuel storage capacity at Station 4 is 22,000 gallons. Pump Station 4 is also equipped with gravity outlets, allowing the Sny to free flow to the river if river stages are low



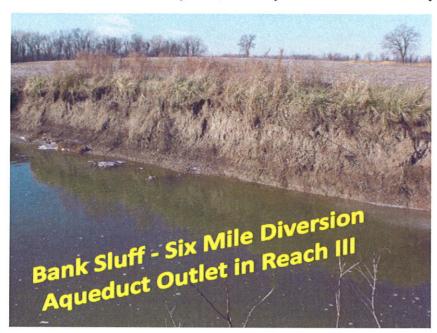
enough. We were able to open up to the river for only a few days all year until

December 17. Our pumping hours for 2009 exceed 4,400 hours. The average running hours per year for the 12 years previous to the 2008 flood year is 1,747.

All in all, it was an especially busy year at all three pumping facilities. Bryan, the two Brads and all the part time staff did a great job of keeping the pumps going without any major mechanical problems. Just a few days ago, Klingner & Associates completed pump tests at all the Sny's Pump Stations to calculate the pumping efficiency on all of the District's pumps. We anxiously await the results of those tests to see if attention needs to be given to any of the eight individual pumps. If so, every effort will be made to complete needed repairs in advance of the 2010 pumping season.

FIELD OPERATIONS

For the last two years, the Sny's staff has been busy dealing with the '08



flood event and the clean-up work that left in was its aftermath. Our attention is now focused on backlog of ditch maintenance as we the move into winter. Due to the extremely wet vear in 2009, we have experienced unusual amount of ditch and Sny bank sluffing. The repeated heavy rainfall we experienced this

year coupled with the resulting high water in the Sny and ditches draining to it

resulted in a high degree of saturation on the ditch banks. In many areas, when the water levels receded, the banks gave way causing drainage problems. Due to the backlog of ditches to clean, the District has rented a Caterpillar 324DL trackhoe equipped with a "thumb" to help not only with ditch excavation, but also with brush removal. At times, the 324 DL will work in advance of the District's larger 350L track hoe in removing brush from the



banks of the District's wider/deeper ditches with the 350L following up with

excavation. In speaking of brush removal, the District continues to offer a





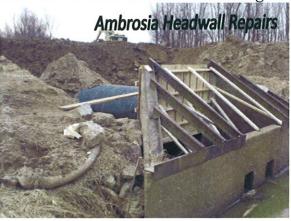
program to assist landowners with brush control on "District ditches". Interested landowners may participate by simply contacting the Sny office to secure a voucher that can be redeemed for Crossbow at the local place of business working with the District on the program. This past year, the District purchased 120 gallons of Crossbow at a cost of \$5,520.00 for Sny landowners to spray on District ditches running through or adjacent to their property.



long and the restoration of the inlet headwall. In an effort to stretch our budget

dollars as far as possible, the entire project was completed by the Sny staff using Sny equipment. This past year, we have employed on a part time basis Mr. Jack Buchanan as our Field Project Supervisor. Jack continues to be involved in his own construction business but is also working to coordinate and supervise our many field projects. Jack is assisted by our two full time heavy equipment operators, Willard Lynch and David Shonhart. In

A major project completed this summer was the installation of a new outlet tube in Ambrosia Basin. The original outlet tube installed when the basin was first constructed in the late 1970's failed this summer causing severe erosion at the basin outlet. Repair work involved complete removal of the old outlet tube, partial removal of the inlet headwall, installation of a new 6' diameter polycoat tube nearly 70'.



addition, Paul Kenady and Kevin Keithly assist with field work on a part time basis.



An addition to the Sny's fleet of equipment this past year was a 2010 Mack MP8-485M road It was purchased to tractor. replace the Sny's 1973 Mack road The 1973 unit had tractor. experienced several mechanical and structural failures in the past few years with the structural problems severe enough that repair shops would not guarantee the repair work would last. The ability to safely and dependably move the Sny's heavy equipment

throughout the District is essential in providing timely attention to drainage problems our landowners deserve. The District and local dealers spent several weeks attempting to locate a good used unit for the District to purchase. None was available at a reasonable price. Please note that what makes this type of road tractor so unique is having three axles capable of locking in and pulling at one time as well as being constructed heavy enough to withstand the rigors of moving an oversize piece of equipment like the 350L (120,000 lbs.) safely. The Sny went through several weeks of having to employ a private firm to move the District's 350L trackhoe while looking for a used tractor. The cost for moving the hoe each time was anywhere from \$1,200.00 to \$1,500.00. The District finally decided to move forward with proposals on the purchase of a new unit and decided on the This tractor is capable of handling the District's needs for the safe portability of its equipment far into the future. Due to a generous donation by Alterfer Cat coupled with a flood recovery cost/share on the use of the unit, the District was also able to add a Cat 257 B2 skid steer to its fleet of equipment. Flood recovery work also allowed the District to exercise its option on the second year of a lease/purchase agreement on a Caterpillar D6T bulldozer.



ON THE LEGAL FRONT



In 2008, the Sny underwent a reassessment process resulting in the District's first across the board increase in drainage assessments since 1979. This increase was needed to offset increased operating costs and some degree of deficit spending to fund the District's dredging operation as well as to replenish emergency reserve funds depleted by the Sny's share of '08 flood expenses and '08 operating expenses incurred prior to the disaster declaration making them non-reimbursable. Another part of the reassessment process was to equitably assess the benefits extended to railroads, pipelines and utilities crossing through the District. It is the Sny's contention that these entities derive significantly more benefits than each has paid for in the past (some have paid nothing in the past)

with the local landowners sharing in the burden of protecting their assets. The Commissioners unanimously felt it was time these entities paid their fair share of assessments and not be further subsidized on the backs of local Sny landowners. Even as the Sny successfully overcame a challenge to the amount of the reassessment in October of 2008 from some local landowners in Circuit Court proceedings in Pittsfield, no challenges were filed by any of the railroads, utilities and pipelines. However, five months later in April of 2009, Norfolk Southern Railroad and Kansas City Southern Railroad filed an action in Federal Court in Springfield alleging the Sny discriminated against the railroads in the reassessment process. Legal proceedings have followed allowing the railroads to submit their 2009 annual assessments, \$179,461.60, to the Clerk of the Court in Springfield to be held in escrow until such time as the case is resolved. It should also be noted that the other pipelines and utilities, except for Verizon, have paid their assessments in full. We will keep you up-to-date on this matter as court proceedings continue.

NEWS FROM WASHINGTON, D.C.



Numerous changes have evolved from our nation's capital in the last 12 - 18 months. Major legislation is currently before Congress that dramatically impacts the future of this District. We are adding this section to our annual newsletter to keep you up-todate on exactly how these legislative issues under consideration in our nation's capital will impact your life in

the Sny. Sny officials traveled to Washington on three separate occasions this year to discuss with our elected representatives recent legislative proposals and policy changes. Visits were made to Congressmen Johnson, Hare, Shimkus, Costello and Schock as well as Senators Durbin and Burris from the Illinois delegation, Congressmen Carnahan and Leutkemeyer and Senator's McCaskill and Bond from the Missouri delegation and Congressmen Boswell and Loebsack



from Iowa. These face-to-face visits, along with follow-up contacts over the phone and via e-mail upon our return home, are vital to keeping their offices current on how events in Washington, D.C. affect our lives locally.

This past year, the Sny has implemented a database of e-mail addresses to facilitate better communication with

our landowners. In today's society, nothing seems to take the place of e-mail, especially if we're dealing with legislative issues on a national scale. We truly appreciate all of you (almost 150) who have agreed to provide us with your addresses. It is our intent to immediately inform you via e-mail if your help is needed in contacting our elected officials to better inform them of how their votes are impacting us back home. We also will be periodically posting various items of information about the operation of the District on our website and inform you of it. Our annual newsletter will also be posted on the website for your use. For anyone who is just finding out about this program, please call Trudi Brummell, our Administrative Assistant, at the Sny Business Office so she might discuss adding your e-mail address to our listing. Please be assured the addresses will not be used for any other purpose than to keep you informed of issues facing the life of the Sny. Now let's take a look at some of these issues and how they impact us.



<u>Clean Water Restoration Act</u>: Senate Bill 787, if enacted, would bring about an expansion of federal authority over all the waters, land and people of this country. Its approval would overturn two Supreme Court decisions that limit the expanding jurisdiction of the U.S. Government under the existing Clean Water Act. A 2001 decision by the Supreme Court ruled that the Clean

Water Act does not provide regulatory authority over isolated wetlands. Instead, any such jurisdiction is within the authority of the affected state. In 2006, the Supreme Court issued a ruling further limiting federal authority under the Clean Water Act to only those cases where there is a clear connection to navigable water. If approved, the act would replace "navigable waters" with the term "waters of the U.S.", including farm ponds, sloughs, potholes, and private drainage ditches. As you can see, the impact would be devastating to all landowners and those charged with providing adequate drainage; more red tape, permits, bureaucracy, loss of individual rights. This is bad legislation.

National Levee Safety Committee: This entity was formed in the aftermath of the destruction left by Gulf Coast hurricanes in 2008. In essence, the federal government is implementing a program of levee identification, rating and testing in an effort to make one size fit all. Levees protecting cities from hurricanes react differently than levees offering protection

from river floods. <u>One Size Does Not Fit All!</u> In January of this year, the Committee released a report containing recommendations for a National Levee Safety Program. Among the recommendations is a <u>mandatory requirement of risked based flood insurance</u> for those who live in areas protected by levees, regardless of their record of flood fighting successes. In addition, a



national levee database has evolved in which the basis for evaluating the condition and capabilities of a levee system is how it looks on paper.

Sustainable Watershed Planning Act: This act, in draft form, creates a White House water resources "czar", a new water resources council and an overall Federally dominated regional watershed planning group.

<u>Comprehensive Plan for Flood Control:</u> Approved by the Mississippi River Commission and moved on through the office of the Assistant Secretary of the Army for Civil Works to the Congress, this would allow for a system wide approach for flood control in the Upper Mississippi River Valley. This is truly historic in that never in the history of the upper valley has such a plan progressed this far. If approved, it would allow most levee and drainage districts, including the Sny, to go to a 500-year level of flood protection.

WRDA 2010: This particular piece of legislation is yet to be drafted. However, Congressman Hare is gathering information from throughout his District for flood control projects that might be included in this potential bill. The Sny has submitted a \$12,000,000.00 levee improvement project for Reach I and a \$4,500,000.00 improvement to add pumping capacity for Pump Station 3A. Just because we have submitted projects for such a bill doesn't mean we will stop trying to make progress locally in improving our levees and adding to the overall capabilities of our pump stations. In fact, it is our intention to initiate dredging to improve the levees in Reach I as soon as weather and river conditions permit in 2010. We will also be exploring opportunities to enlist the services of a private contractor to assist us so progress in improving our levees can be expedited.

This legislation is only the tip of the iceberg. We will make every effort to keep you as informed as possible as to how this legislation is proceeding.

The Christmas Season is upon us. The Commissioners and staff of the Sny want to wish you a joyous and safe Christmas Holiday and a

Happy New Year. We truly hope that 2010 brings you nothing but the best of what the New Year has to offer. In addition, in observance of the holiday season, the Sny Business Office will be closed on December 24, 25, 31 and January 1.

Brady Borrowman - Commissione

The financial report included

with this year's newsletter reflects audited figures for the fiscal year ending October 31, 2008. 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, 2008

| | ~ | | | Capital rojects Fund | - | Permanent Fund | | Total |
|------------------------------------|----|---|--------|----------------------|-----------|----------------|----|--------------|
| | | eneral Annual Maintenance | | eserve Fund | | Reserve Fund | (| Governmental |
| REVENUES | 1 | viaintenance | | Fall Creek | - | Seepage | - | Funds |
| Assessments | \$ | 786 835 \$ | \$ | | \$ | | \$ | 786 835 |
| Material and pipe sales | | 82 135 | Φ | | Ψ | | Φ | 82 135 |
| Lease income | | 23 130 | | | | | | 23 130 |
| Farm income | | 32 580 | | | | | | 32 580 |
| Investment earnings | | 24 064 | | 13 557 | | 49 835 | | 87 456 |
| Miscellaneous | | 21 965 | | | | 1,7 323 | | 21 965 |
| Disaster income - FEMA | | 3 554 911 | | | | | | 3 554 911 |
| Total revenue | | 4 525 620 | | 13 557 | • | 49 835 | | 4 589 012 |
| EXPENDITURES | | | _ | | • | | ~ | |
| Current: | | | | | | | | |
| General administration | | | | | | | | |
| Payroll | | 104 531 | | | | | | 104 531 |
| Office supplies | | 7 996 | | | | | | 7 996 |
| Building utilities and maintenance | | 11 800 | | | | | | 11 800 |
| Insurance | | 78 499 | | | | | | 78 499 |
| Legal and audit | | 80 075 | | | | | | 80 075 |
| Engineering | | 3 220 | | | | | | 3 220 |
| Miscellaneous | | 26 786 | | | | | | 26 786 |
| Pumping Operations | | _0 , 00 | | | | | | 20.00 |
| Payroll | | 208 293 | | | | | | 208 293 |
| Operating expenses | | 996 280 | | | | | | 996 280 |
| Heavy Equipment Operations | | ,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,, | | | | | | 370200 |
| Payroll | | 91 186 | | | | | | 91 186 |
| Equipment expenses | | 44 652 | | | | | | 44 652 |
| Other Operations | | | | | | | | |
| Payroll | | 4 965 | | | | | | 4 965 |
| Equipment expenses | | 64 457 | | | | | | 64 457 |
| Pipe and wire rope | | 71 417 | | | | | | 71 417 |
| Shop supplies and maintenance | | 7 3 1 5 | | | | | | 7 3 1 5 |
| Dredge | | 207 | | | | | | 207 |
| Levee and ditch maintenance | | 20 818 | | | | | | 20 818 |
| Other | | 395 | | | | | | 395 |
| Miscellaneous | | | | | | | | |
| Payroll taxes | | 42 822 | | | | | | 42 822 |
| Employee benefits | | 76 990 | | | | | | 76 990 |
| Interest | | 35 701 | | | | | | 35 701 |
| Capital Outlay | | 93 813 | | | | | | 93 813 |
| Flood | | 3 612 972 | | | | | | 3 612 972 |
| Total expenditures | - | 5 685 190 | ****** | | | | • | 5 685 190 |
| Net change in fund balances | _ | (1 159 570) | | 13 557 | - | 49 835 | | (1 096 178) |
| Fund balances - beginning | _ | (625 576) | | 535 299 | - | 1 703 512 | - | 1 613 235 |
| Fund balances - ending | \$ | (1 785 146) | \$_ | 548 856 | \$ | 1 753 347 | \$ | 517 057 |

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