

**BOARD OF COMMISSIONERS
SNY ISLAND LEVEE DRAINAGE DISTRICT**

**2010
ANNUAL NEWSLETTER**

A YEAR IN REVIEW

At a recent meeting of the Mississippi Valley Flood Control Association in New Orleans, Major General Mike Walsh, Commander of the Mississippi Valley Division of the U.S. Army Corps of Engineers was commenting on the make-up of an organization. He said, "We gather insights and lessons from the past to build a vision for the future." The history of the Sny is a treasure chest full of courage, determination,



integrity, imagination and heart. The list goes on and on. We have that invaluable history to draw on as we look to the future of this valley.

These truly are challenging times in the Sny Island Levee Drainage District. Since 2008, the Sny has faced ongoing difficulties and often times arbitrary demands in a

struggle to protect a legacy of security for a way of life unparalleled in the upper Mississippi River Valley. The 2008 Flood fight was unmatched in its magnitude except for the Great Flood of '93. 2009 also proved to be a struggle in working through the recovery process from the previous year's flood fight while at the same time battling persistent rainfall and high river conditions. When the page was turned on 2009, we all hoped the problems of the past were left behind amidst the gleaming promise of 2010. Yet, it was not to be. The Sny faced the reality of record rainfall throughout the District from February through August. Interior flooding issues were a serious concern as the threat of another river flood lurked in the background. As the District worked

through these day-to-day issues, a struggle continued in Federal Court to protect the legitimacy of the 2008 reassessment from challenges by two railroads. At the same time, a levee certification process pursued by the Federal Government in an arbitrary and often confrontational manner posed a daunting threat to the future viability of the District's participation in the Federal levee program. Thomas Paine's statement, *"These are the times that try men's souls"* came to mind numerous times as the struggles continued. But in the face of all of this, we are moving forward with determination and resiliency. We are meeting these challenges head-on. Our actions in meeting these demands defines us, just as those who came before us were defined by the way they faced adversity.

2010 FLOOD ISSUES INSIDE THE DISTRICT AND FROM THE RIVER

From nearly the onset, 2010 was a wet year. Moderate to heavy rainfall persisted through the spring. Only brief intervals of relatively dry weather allowed most crops to be planted. Unfortunately, these extremely wet conditions experienced locally



were prevalent throughout the upper Midwest. Continual heavy rainfall in northeast Missouri and Iowa led to high river conditions all year. With these elevated river stages, the District was unable to open gravity outlets at Pump Stations 3A and 4 to allow the

Sny to free flow to the river. Instead, the gates remained closed until early December. As spring gave way to summer, the heavy rainfall continued. On at least three occasions, the Sny experienced 4" to 6" of rainfall from Pleasant Hill to East Hannibal. Reach 4 south of Pleasant Hill didn't fare much better with rainfall often exceeding 2". The Sny's three pump stations ran 24 hours-per-day, seven days-per-week for much of the year. More than \$1,500,000.00 worth of diesel fuel was used at the pump stations this year. This included more than 588,000 gallons of diesel fuel used for this year's operation in addition to at least another 75,000 gallons that is needed to top off tanks

in advance of 2011's operation. The total gallon figure is surpassed only by the amount of fuel purchased during the Great Flood of '93. Pumping hours at the stations totaled 24,583 in 2010. Again, that figure is exceeded only by pumping hours



in the '93 flood.

The last of the heavy rain events occurred from July 19 through July 24 when as much as 9" of rain fell over some parts of the District. 4" to 5" was common nearly everywhere.

For the first time ever, water overtopped the west levee of Six Mile Basin in Reach 3 as well as the levees at Grubb Basin in Reach 2. A landowner in the East Hannibal area of Reach 1 reported 18" of rain in just the month of July. To say that interior flooding was a concern would be an understatement. Interior flooding and the resulting damages led to a Federal Disaster Declaration for Adams and Pike Counties covering the time frame of July 19 thru August 7. This would be the second Federal Disaster declared in the Sny in the past three years.

In looking back, the hours of operation on the equipment at our three pump stations were not only a concern this year, (24,583 hours), but also for the last three years. Specifically, from 1995 thru 2007, the average pumping hours per year at our three pump stations was 6,834. Since 2008, the



average pumping hours per year is 20,775. In terms of cost, this obviously means more diesel fuel and man-hours. However, wear and tear on equipment is also a major worry. On Sunday morning, August 1, in the midst of major interior flooding



that led to the disaster

declaration, a sudden and catastrophic failure to pump #2 at Pump Station 3A occurred. The damage was so devastating that some of the parts to the system were never found. A scuba diver was called in from Quincy to assist with the de-watering of pump

bay #2, a prelude to the removal of the pump from the facility. Staff from Awerkamp Machine of Quincy assisted Sny personnel with the dismantlement of the equipment so it could be transported to Quincy for repairs. It was later found that not only were repairs required to the pump itself, but also to the structure anchoring the pump to the foundation of the building. Since the pumping capacity of Pump Station 3A was seriously restricted with the loss of pump #2, the aqueducts on the Reach 1 side of the Hadley McCraney Diversion Channel were closed as soon as Sny elevations permitted, containing run-off from that segment of the District to Reach 1. The



aqueducts remained closed until late November. Repairs took four months to complete with the pump re-installed and set for operation on December 2. Repair costs to the pump are estimated at more than \$80,000.00.

As if the pump failure at Pump Station 3A wasn't enough, a break-down occurred to gearbox #2 at Pump Station 1 on October 18. The problem involved a failure in the gearbox's right angle gear caused by excessive wear on the input shaft. The District



keeps an extra set of right angle gears for pump stations because the delivery date for new gears can be as long as four months. The gearbox is currently at Awerkamp Machine in Quincy with repairs to be finalized in the next couple of weeks. At that

time, the equipment will be re-installed and the pump station fully operational by early 2011. The District is now researching the purchase of a new set of right angle gears to replace the set used in this repair. One estimate received thus far puts the cost at \$143,925.00 with a four month delivery date.

In view of the ever improving drainage methods utilized by our landowners, ongoing high river stages leading to increased seepage as well as the frequency of heavy rain events resulting in serious interior flooding, Klingner &



Associates was retained by the District to complete a thorough study of the overall efficiency of the District's drainage system. Recommendations based on the findings

of the study will be made in an effort to improve the overall efficiency of the system. Although the final draft of the study is yet to be completed, one of the initial findings reflected the need for increased pumping capacity at Pump Station 3A. We are applying for grant assistance through the Illinois Department of Commerce and Economic Opportunity to fund this potential improvement. If the grant process does not work out, consideration will be given to a general obligation bond issue to fund such a project.

As the heavy rains and interior flooding persisted, high river stages on the Mississippi loomed in the background. River stages surpassed technical flood stage off and on from March 12 thru October 17. With the threat of yet another major flood developing, on

June 23 the decision was made to install plastic with sandbag anchors along a 1.1 mile stretch of levee in the East Hannibal area where seepage is particularly troublesome.



East Hannibal looking South



U.S. 54 looking South

Crews from the Illinois Department of Corrections facilities at Clayton and Pittsfield as well as Sheriff Paul Petty and his staff assisted the Sny with the project. On June 24, the river stage in Hannibal reached 22.59. On June 25, the decision was made to station sandbags along two additional levee

sections notorious for severe seepage in Reach 3 in case plastic had to be installed and anchored there. One area was along a segment from Kiser Creek south to Snyder's Landing. The other was from U.S. 54 south to the Kansas City Southern rail line. Fortunately, the threat from the river subsided and no further flood fighting efforts along the river were needed, this year.

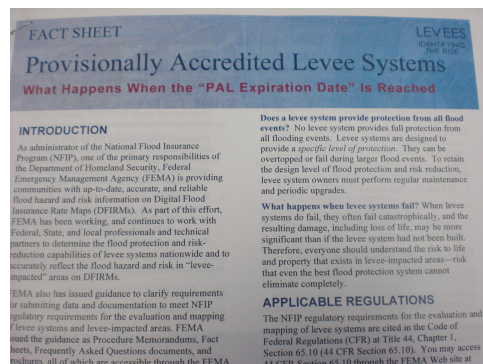
100-YEAR FLOOD PROTECTION CERTIFICATION FLOOD PLAIN RE-MAPPING



In 2003, the Sny completed the process of upgrading our flood protection certification from a 50-year level of protection to our current 100-year level of protection. The recertification of the Sny was the largest ever completed in the United States. What were the benefits? Much lower flood insurance premiums on buildings in the District, the opportunity to maintain that level of certification if river elevations delineating that standard were to increase in the future and fewer restrictions for construction projects in the District. This was a huge accomplishment. We continue to maintain this level of certification, yet ever-changing and more stringent arbitrary standards for levee designs imposed by the Federal government pose a serious threat to our future rating.

Why and how has this happened? In the aftermath of Hurricanes Katrina and Rita that devastated New Orleans and the gulf coast region in 2005, the Federal Government turned up the pressure to standardize design criteria and inspection procedures on all levees throughout the United States. A national levee database was to be established with all levees in the country registered. Strict, unyielding standards were utilized in a “one size fits all” manner, with no consideration given to the past performance of a levee system. A nationwide flood map modernization program containing FEMA’s updated flood ratings on all areas impacted was also initiated. This new flood map modernization effort directly impacted flood insurance premiums.

In November of 2008, the Sny was forced to sign an agreement with FEMA designating the District’s levees as “Provisionally Accepted Levees” (PAL). If the decision were made not to sign the agreement, the District would have immediately lost its 100-year flood protection certification. By signing the PAL agreement, the District was given two years to provide sufficient data that the Sny’s levees conformed to new standards of protection. This process started in the aftermath of the second highest flood in the history of the Hannibal gauge, yet no consideration was given to delaying the process at least one year to give the Sny as well as other levee districts time to clean up and make repairs resulting from the ‘08 flood. Considerable slope work on both the river and land sides of our levees was needed in Reaches 1 & 3 in order to conform to appropriate standards. Efforts were initiated to secure a commitment from the U.S. Army Corps of Engineers



that the Federal Government would make the necessary repairs to the river side of the levees under their PL84-99 program since it could be clearly shown that the levees were damaged in the '08 flood. We continue to work with the Corps to resolve this issue. In January, the Sny contracted with Reichert Trucking to haul sand from their sand pit in Fall Creek Township to the land side slope of levee sections at the north end of the District. A large stockpile of sand was also on hand at Lock & Dam 22. It was deposited there due to a



past agreement with the Corps providing the site for the deposit of spoil from their channel maintenance program in the immediate area of the dam. The decision was made to rent two 40-ton quarry trucks and begin transporting the sand on March 19 to various sections of Reach 1 to correct slope deficiencies. The program proved to be so successful, that the trucks continued to haul from the site until early November. At the same time this was going on, the District continued to work with Corps officials to develop two additional spoil sites for channel maintenance necessary just south of Hannibal. As the river finally began to fall, barges started running aground in this area. Due to an emergency channel closure the first week of September, a mechanical



dredge project began so barge traffic could resume. Approximately 17,000 cubic yards of sand was taken from the channel and stockpiled on the land side slope of the river levee in an area locally known as the "Hackler Farm". It was then loaded on the quarry trucks and hauled to various nearby areas to address slope issues. Then the Corps hydraulic dredge "Goetz" was moved into the area to begin a more extensive channel

maintenance effort. Corps staff worked 24 hours-per-day, seven days-per-week from November 11 to December 2 dredging sand to a spoil site in an area of Reach 1 locally



known as Mathena's Crossing. An estimated 300,000 cubic yards of sand was placed on the site. This material is currently being transported with quarry trucks to address slope issues from just south of the Crossing northward to the Norfolk Southern rail line. When combining the material dredged by the Sny dredge with the sand already hauled from the Lock & Dam 22 and Hackler Farm sites and scheduled to be hauled yet this winter from the Mathena's Crossing site, more than 1,000,000 cubic yards of sand will

have been placed on Sny levees since 2003 to improve flood protection.



As all of this activity has unfolded over this past year, we have also been working on levee improvements in Reach 3. Slope repairs are necessary along various segments of river levee from Kiser Creek south to the Delair Wildlife Refuge in Ross Township.

Fortunately, we do not have to address these types of slope issues in Reach 4. At the time the main Sny project was done, the river levee was overbuilt so much that we meet all the new standards for 100-year certification in that area.

We are looking at four different scenarios for improving land side slopes in Reach 3.

1. We have been working with a local contractor to have sand moved to levee sections in need of slope repairs by barge or truck. The material would be dredged from the river onto barges that would then be moved to the levee and off-loaded. The sand would then be moved with quarry trucks to correct slope deficiencies.
2. We have discussed the idea of hydraulically dredging sand directly to the levees and stockpiling it in various areas. Again, the sand would be hauled with quarry trucks to areas in need of work.
3. We have looked at land currently farmed near the levee that might contain large deposits of sand. Some sampling has been done to verify the sand would be of the quality for use on the levee. Additional soil borings will be done to see how extensive some of the sand deposits might be. If sufficient quantity is present, we will be working with those landowners to excavate the sand from that land and place it on the levees using quarry trucks.
4. We continue to work with the St. Louis Corps District to convince them that when hydraulic dredging is necessary for channel maintenance south of Lock & Dam 22, move the sand completely out of the floodway and deposit it on spoil sites in our District in a similar manner as the Rock Island District does. The material can then be used to correct slope deficiencies on Reach 3 levees. To date, sand removed as a part of channel maintenance is deposited off to the side of the channel behind dikes and chevrons.

DISTRICT WATERWAY MAINTENANCE



Officially encompassing 114,000 acres, the Sny maintains more than 300 miles of creek channels and drainage ditches. We rely heavily on our landowners to insure that these facilities are providing good drainage. We currently have quite a backlog of District Ditches to dig yet this winter, most of which were brought to our attention by our landowners. If you see drainage problems in your area, don't hesitate to bring it to our attention

to see if we might be of assistance. If you have access to your own excavation

equipment and would like to perform your own maintenance on a District Ditch in your area, please contact us. We have no objection to your completing the necessary work on your own; we would just like to be aware of it so we can agree on the method and note it in our ditch excavation records.

A particular aspect of our operation that goes hand in hand with cleaning District Ditches is limiting the amount of siltation that enters the ditch. We have found that the use of drainage tubes to direct the water from field drains to ditches rather than having the water run directly into the ditch dramatically limits the amount of silt



deposited into the ditches. The image on the left shows the installation of field drainage tubes into areas that formerly drained directly into the ditch. Please note in the background the deposit of silt into the ditch from fields draining directly into the ditch.

As always, the Sny maintains a large inventory of both

galvanized and polyethylene drainage tubes as well as flapgates at the District's New Canton Business Office. We can also



place special orders to our suppliers for those specialty items you might need for your particular application. You will also find that our products are competitively priced in today's market place.

Not to be forgotten in the discussion of ditch maintenance, brush control goes right



along with excavation as central to good drainage. Keeping ditch banks clear of woody plant growth promotes the establishment of grasses, a major contributor to stabilizing ditch banks. We now have three components to our brush control program. Our Alamo Brush Axe mounted on one of our John Deere 7710s works throughout the winter months cutting

brush along District Ditches. You will note in the picture above the clean cut on the ditch bank behind the unit. This equipment will work as conditions permit until next spring when crops are planted. An addition to our brush control program this year

was the purchase of a pre-owned Wag-Way brush cutting unit capable of being attached to the District's 324 DL trackhoe. This unit is capable of cutting larger diameter growth on creek and ditch banks. It has proved to be ideal in maintaining more than four miles of riprap on



the District's creek and river levees. The third component in our brush control program is the application of the chemical Crossbow for the management of woody plant growth. The Sny furnishes Crossbow to interested landowners for application on brush along District Ditches on their property. To participate, just contact the Sny office where a voucher can be obtained to get Crossbow from the authorized chemical dealer assisting with the program in the District. Again, Crossbow obtained through this program is for use only on those ditches recognized as "District Ditches".



ON THE LEGAL FRONT



Litigation continues in the lawsuit brought by Norfolk Southern and Kansas City Southern railroads against the Sny's 2008 re-assessment. Neither railroad challenged the re-assessment at the Circuit Court level in Pittsfield. It was in Federal District Court in Springfield that both railroads brought suit against the Sny, questioning the amount and method of calculation of their particular assessments. The railroads failed in their challenge at the District Court level with the Sny prevailing on all counts. The railroads then appealed the Federal District Court Judge's ruling at the 7th Circuit Court of Appeals in Chicago. A hearing was held on the appeal on September 29. No decision has been reached on the appeal as of this writing. During the process of this challenge, the annual assessment of the railroads is being paid into the Federal Court Registry, not to the Sny.



NEWS FROM OUR NATION'S CAPITAL

What an interesting year in politics! From the estate tax issue, to income taxes, ethanol, national security, health care, etc., etc., etc. The list goes on and on. There is no shortage of debate on any issue, regardless of which side of the aisle you're on. One theme that seems to have resounded as a result of the 2010 mid-term elections is that your opinion really does matter. **AND IT DOES!** Communication to your elected representatives is essential to the political process. The Commissioners and staff of the Sny make every effort to stay in touch with elected representatives from throughout the mid-west in Washington, D.C. to keep them informed as to how their decisions impact our lives. Your Sny Commissioners and Superintendent are in Washington annually to meet face-to-face with our Senators and Congressmen or their aids to discuss a variety of issues affecting the Sny. Also included in those visits are officials from the Corps of Engineers' headquarters, the Department of Transportation, FERC, EPA and FEMA to address topics specific to their agencies. In other words, we work hard to make your voices heard in our nation's capital.

Of specific concern right now is an effort underway in this current lame duck session of Congress to push through the "Clean Water Act". It was originally thought that action on this bill would be delayed until the new Congress sits in January. We have now learned that S.787, the Clean Water Restoration Act (CWRA) has been placed on

the legislative calendar in the Senate. This bill has wide-spread opposition. The feeling is the bill will be attached as a part of other legislation in an attempt by the Senate to approve it during the final days of this Congress. You are encouraged to contact either Senator Durbin (202/224-2152) or Senator Kirk (202/224-2854) to voice your opposition to passing this bill. It is of major concern to us because it would expand the jurisdiction of the Clean Water Act to all waterbodies in the United States. The bill would replace the phrase "navigable waters" with "waters of the United States", defining waters of the United States as all waters subject to the ebb and flow of the tide, the territorial seas, and all interstate and intrastate waters, including lakes, rivers, streams (including intermittent streams), mudflats, sandflats, wetlands, sloughs, prairie potholes, wet meadows, playa lakes, and natural ponds, all tributaries of any of the above waters, and all impoundments of the foregoing." The Sny adamantly opposes this legislation and urges you to do so also.

SPECIAL NOTE ON FINANCES

We want to take this opportunity to keep all property owners informed about the serious financial condition of our District. You already know that two years ago we had to increase the Annual Drainage Assessment by more than 100% for farmland and by a much higher percentage for railroads, pipelines and utilities. Although this helped greatly, our expenses still exceed our income...primarily due to the necessity to operate our large diesel powered pumps. We have almost no flexibility as to when and how long we must pump...rainfall and river levels dictate this to us. The past three years required the same amount of pumping as the total for the preceding ten years! Additionally, diesel fuel has more than doubled in price in this same time frame.

The Commissioners have decided to continue the levee strengthening project that started in Reach 2 and now is in Reach 1. This is to prevent a future levee failure, maintain our 100 year levee certification by meeting the revised required elevations and to address the difficult FEMA regulations. We are concerned that future levee work may be severely curtailed by additional regulations, so we must do everything we can now.

Our legal battle with the two large railroad companies is still dragging on. As noted earlier in this newsletter, the Federal Court has two year's assessments (\$365,000.00) held in escrow that we cannot spend while we are incurring legal expenses of even greater amounts. Although successful in Federal District Court, we are still waiting on a ruling from the Federal Appeals Court after our September hearing.

Your Commissioners and Sny Staff continuously strive to reduce costs. For example:

We have delayed equipment replacement & have purchased used or leased units where appropriate.

We do more repairs in-house but several very large failures have required the use of outside firms.

We have limited payroll costs as much as possible. Most employees are part-time without benefits. We use Federal and State job programs as much as possible. However, the excellent Illinois Work Camp program has been severely reduced because our State has no money to transport inmates to the worksite and properly supervise them.

The biggest cost remains the diesel fuel that powers our large pump stations. In 2010, this amounted to more than \$1,500,000.00.

Your Commissioners are keenly aware of the ramifications of these financial strains and are prepared to institute changes to the District's income structure or seek some type of other long-term financing. What eventually happens will depend on several things, including:

- Outcome of the Federal lawsuit by the railroads

- Feasibility of additional pumping capacity at 3A; cost estimate-\$6,700,000.00

- Ability of District to meet FEMA requirements and how much repair the Corps of Engineers is able to complete on the river side of the levees under the PL84-99 program.

- Cost of diesel fuel, river elevations, equipment repairs and rainfall amounts in 2011.

Needless to say...we need a more "normal" weather year in 2011!

THE HOLIDAY SEASON

A joyous Christmas Season is upon us. We at the Sny hope you are experiencing all the happiness that this time of the year stands for and are wishing for you and yours a holiday season filled with warmth, joy and nothing but great memories. Merry Christmas and Happy New Year! In addition, in observance of the holiday season, the Sny Business Office will be closed on December 24, 27, 31 and January 4.



The financial report included with this year's newsletter reflects audited figures for the fiscal year ending October 31, 2009. 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


Russell E. Koeller - President


Brady Borrowman - Secretary


Dan Lundberg - Commissioner

SNY ISLAND LEVEE DRAINAGE DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED OCTOBER 31, 2009

	General Annual Maintenance	Capital Projects Fund Reserve Fund Fall Creek	Permanent Fund Reserve Fund Seepage	Total Governmental Funds
REVENUES				
Assessments	\$ 1 852 457	\$	\$	\$ 1 852 457
Material and pipe sales	53 752			53 752
Lease income	21 450			21 450
Farm income	32 580			32 580
Investment earnings	22 961	5 657	26 846	55 464
Miscellaneous	45 408			45 408
Disaster income - FEMA	1 618 451			1 618 451
Total revenue	<u>3 647 059</u>	<u>5 657</u>	<u>26 846</u>	<u>3 679 562</u>
EXPENDITURES				
Current:				
General administration				
Payroll	106 488			106 488
Office supplies	10 659			10 659
Building utilities and maintenance	10 117			10 117
Insurance	95 543			95 543
Legal and audit	223 354			223 354
Engineering	88 151			88 151
Miscellaneous	63 780			63 780
Pumping Operations				
Payroll	147 044			147 044
Operating expenses	631 310			631 310
Heavy Equipment Operations				
Payroll	115 819			115 819
Equipment expenses	148 453			148 453
Other Operations				
Payroll	20 572			20 572
Equipment expenses	67 957			67 957
Pipe and wire rope	45 267			45 267
Shop supplies and maintenance	16 447			16 447
Dredge	5 781			5 781
Levee and ditch maintenance	40 535			40 535
Other	356			356
Miscellaneous				
Payroll taxes	36 195			36 195
Employee benefits	79 104			79 104
Interest	52 963			52 963
Capital Outlay	168 175			168 175
Flood	1 464 239			1 464 239
Total expenditures	<u>3 638 309</u>	<u>-</u>	<u>-</u>	<u>3 638 309</u>
Net change in fund balances	8 750	5 657	26 846	41 253
Fund balances - beginning	<u>(1 785 146)</u>	<u>548 856</u>	<u>1 753 347</u>	<u>517 057</u>
Fund balances - ending	<u>\$ (1 776 396)</u>	<u>\$ 554 513</u>	<u>\$ 1 780 193</u>	<u>\$ 558 310</u>

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