



Metropolitan Water Reclamation District of Greater Chicago

100 East Erie Street
Chicago, IL 60611

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TRANSMITTAL LETTER FOR BOARD MEETING OF AUGUST 12, 2010

COMMITTEE ON STORMWATER MANAGEMENT

Mr. Richard Lanyon, Executive Director

Report on Deer Creek Reservoir

Dear Sir:

On July 10, 1997, the Board of Commissioners (Board) approved participation as the Local Sponsor for construction of the Deer Creek Reservoir in the Village of Ford Heights (Village) in cooperation with the U.S. Army Corps of Engineers (Corps). A Project Cooperation Agreement (PCA) was signed by the Corps and the Village August 21, 2002 at which time the total project cost was expected to be \$8,309,000.00. As the non-federal sponsor, the Village was required to contribute a minimum of 35% of the project costs. A Report to the Board on February 20, 2003 indicated that additional agencies making commitments to assist with the Village's project contribution were the Illinois Department of Natural Resources (IDNR) in the amount of \$1,600,000.00, Cook County in the amount of \$500,000.00, and the District in the amount of \$700,000.00. The District also agreed to maintain the reservoir's spillway and diversion structure.

In 2006, the project's construction cost increased primarily because of an underestimate in the quantity of required excavation; the total construction cost increased to \$9,936,000.00, leaving approximately \$1.5 million of work unfunded. The Corps provided approximately \$1 million towards the remaining work and the required matching funds to be provided by the Village were \$503,000.00. On May 4, 2006, the Board approved providing \$250,000.00 and the District continued working with the Illinois Department of Commerce and Economic Opportunity (DCEO) to obtain a grant for the remaining \$253,000.00. On May 14, 2007, DCEO awarded a grant of \$253,000.00 to the District with an expiration date of December 31, 2008. The DCEO grant contained numerous stipulations that needed be resolved between the Corps, the Village, and the District before the District could release the funds to the Village. One issue involved the Corps being required by the DCEO grant to provide on-site mitigation for impacted wetlands. Due to site constraints, the Corps appealed to IDNR to approve offsite mitigation; IDNR approved the offsite mitigation request and informed DCEO of their approval on June 23, 2009. Another issue, which is ongoing, involves execution of an escrow agreement

between the District and the Village. The original expiration date of the DCEO grant was December 31, 2008. In order to assure DCEO the funds have been committed to the Deer Creek Reservoir project, the Board approved sequestering and committing the DCEO funds to the project on December 4, 2008. DCEO approved an extension until December 31, 2010. At this time, the District is waiting for the Village to identify a bank to serve as the escrow agent and to execute the escrow agreement.

To date, the District has contributed \$950,000.00, secured a DCEO grant for \$253,000.00, and agreed to maintain the reservoir's spillway and diversion structure.

Respectfully Submitted, Kenneth A. Kits, Director of Engineering, WSS:JPM

Recommended, Richard Lanyon, Executive Director

Respectfully Submitted, Debra Shore, Chairman Committee on Stormwater Management

Disposition of this agenda item will be documented in the official Regular Board Meeting Minutes of the Board of Commissioners for August 12, 2010