

Four Lakes Task Force

Gladwin and Midland Counties' Delegated Authority
of the Four Lakes Special Assessment District

Communications Webinar

April 26, 2023



Four Lakes Task Force

Informational Communications Meeting

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- This is an informational session
 - ▣ This meeting is being held virtually to accommodate as many people as possible
- This is not a board meeting – no formal action will occur
- Please email questions to info@fourlakestaskforce.org and we will answer questions during the meeting and at the end



Agenda

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- Sanford and Edenville Status
- Restoration Phase Funding Estimates
- Capital Assessment
- Secord and Smallwood Updates
- Questions
- U.S. Fish & Wildlife Service: Sea



Lamprey Treatment



Email questions to info@fourlaketaskforce.org

Edenville & Sanford Status

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Edenville

- A Conditional Letter of Map Revision (CLOMR) for the Federal Emergency Management Agency (FEMA) 100-year Flood Insurance Plain is required for full restoration
 - ▣ Restoration bid was withdrawn based on timing of permits
 - ▣ Construction is planned for all the embankments and cutoff walls inside the embankments in 2023

Sanford

- Permit package submitted and expect to be administratively complete and ready for public comment in May
- The bids received last Friday were too high

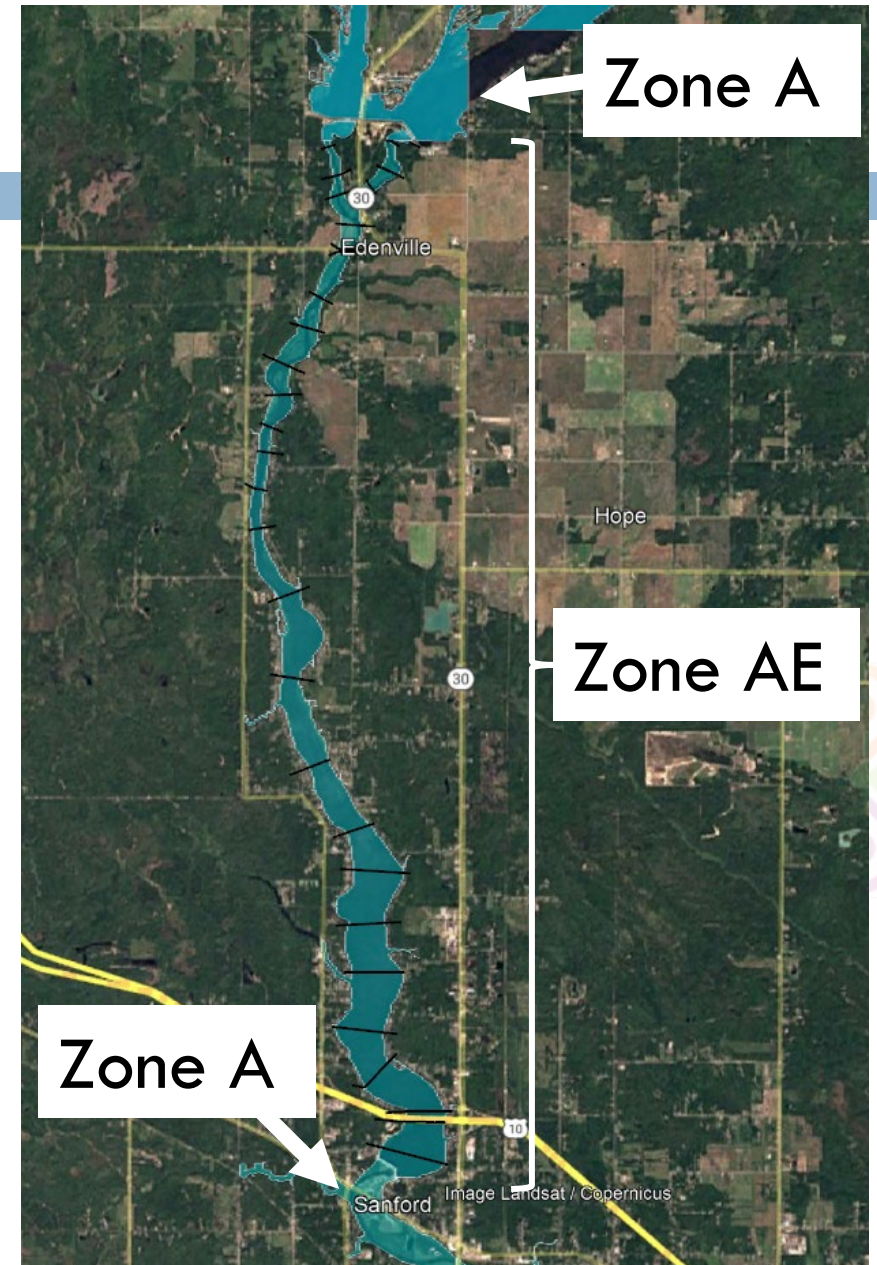
Flood Study Definitions

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- **Inflow Design Flood (IDF)**: The first step in evaluating and designing a dam is to address hydrologic potential failure modes and reduce risks to the public – A major Factor in Dam Safety (Environment, Great Lakes, and Energy (EGLE) part 315 Permitting).
- **100-Year Floodplain (EGLE Part 31)**: The land that is inundated by water during a flood event is defined as a floodplain. In Michigan, and nationally, the term floodplain has come to mean the land area that will be inundated by the overflow of water resulting from a 100-year flood.
- **National Flood Insurance Program (NFIP)**: A federal program, administered by the Federal Emergency Management Agency (FEMA), that makes flood insurance available in communities that agree to adopt and enforce floodplain management ordinances to reduce future flood damage.

Zone AE Floodplain

- The floodplain between Edenville and Sanford is a Zone AE
 - ▣ It has a 2012 detailed study on which the flood insurance 100-year plan is based
- The proposed Edenville Dam 100-year floodplain is lower on all properties compared to the dams in 2012 except for right below the Edenville Dam
 - ▣ No properties are taken out of the floodplain or put into it
 - ▣ But it still requires a set of studies and a letter submitted to FEMA (9-month process)



Sanford Restoration Bid

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- Sanford planning estimate - \$70 million
 - ▣ **Construction estimate** - \$55 million
 - ▣ Owner furnished equipment - \$8 million
 - ▣ Construction management and quality assurance - \$7 million
- Construction bids are 50% to 100% over **construction estimate**
 - ▣ Thalle Construction: \$82 million
 - ▣ Barnard: \$110 million



Edenville and Sanford Action

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- We did this bid early to better understand the market
 - ▣ This was based on learnings from Secord and Smallwood bidding
 - ▣ Provided the project team time to react if unfavorable results
- The Sanford bid has a 45-day response time
 - ▣ In discussion with contractors to understand their bid and offerings
 - ▣ In parallel we are looking at other contracting approaches
- In monthly discussions with FEMA on floodplain
- We won't be able to update the planning estimates until May



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Financing and Capital Assessment

What is the Capital Assessment?

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Pays for: The capital assessment is to pay for the remainder of restoration costs minus the funding FLTF has received from other sources



Duration: 30-40 years



Funding: Can be funded using municipal financing or U.S. Army Corps of Engineers (USACE) loan

- ▣ USACE financing is ideal path forward



Estimate: Capital assessment estimate in 2022 was between \$40-80 million

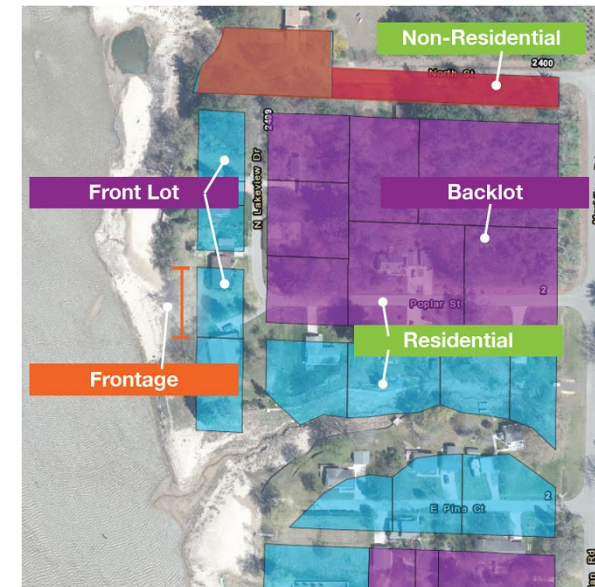
- ▣ We are likely not going to be less than \$60 million

Capital Assessment Methodology

- Methodology remains the same as the operations assessment
- Your benefit factor stays the same and will not change
- GIS map will be updated to show capital assessment estimate

$$\left(\frac{\text{Base} \times \text{Derived} \times \text{Frontage} \times \text{Waterfront View} \times \text{Water Depth} = \text{Parcel Factor}}{\text{Sum of all Parcel Benefit Factors}} \right) \times \left(\text{Capital Improvement Cost} \right)$$

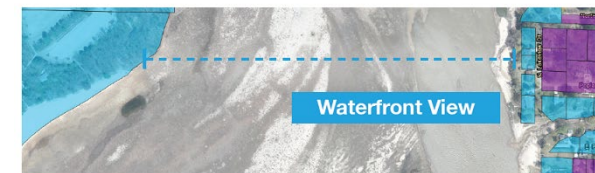
****Benefit factor is available on website**



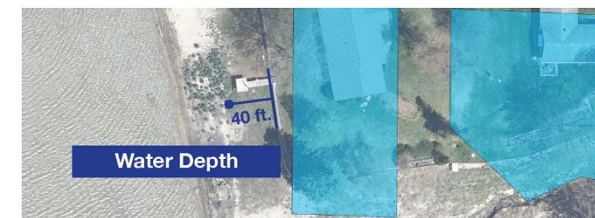
Base
Front lots face a body of water. Backlots have private easement, deeded or dedicated access to a body of water (lake, river, canal, tributary, etc.)

Derived
Residential parcels can be or are developed. Non-residential parcels are rental properties, marinas, RV parks, etc.

Frontage
The length of parcel that faces a body of water



Waterfront View
Width of waterway perpendicular to shoreline frontage of parcel



Water Depth
Estimated water depth 40 feet from shoreline when Part 307 lake levels are restored

USACE vs. Municipal Financing

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	U.S. Army Corps of Engineers	Municipal Financing
Financing	2024	2024
Assessment Hearing Assessment Start	2024 2025/2026	2023 2024/2025
Interest Rate	Treasury Rates plus one basis point (3.65% current)	5.5% current
Terms available	Up to 35 years Principal spread according to need	30 years or 40 years Equal principal payment model



USACE Financing is Key Strategic Focus

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- Tentative schedule assuming **U.S. Army Corps loan**:
 - Winter 2023 – GIS map updated
 - Mid-2024 – hearing and county approval
 - 2025 – capital assessment on winter tax bill
- **If municipal financing**, schedule will be financed in two different note issues and approximately 30% more expensive



Capital Assessment Estimate Changes

Using a .75 benefit (the mean assessment)

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- **2022 Estimate**
 - \$250 million project cost
 - \$7,073 assessment principal
 - \$345 annual assessment
- **Current Estimate**
 - \$250 million project costs
 - \$8,490 assessment principal
 - \$455 annual assessment
- **Factors influencing change:**
 - Number of years – 30 years to 35 years
 - USACE financing – principal distribution changes
 - Interest rate increase – 3% to 4%
 - Decreased normalized parcel count with final SAD roll

Assessments Estimates* Based on Project Cost

Assessment; 35 year term based on project cost, 4% interest				
Total restoration project cost	Total assessment principal	Annual payment by apportionment		
		25% of parcels are under (.5)	50% of parcels are under (.70)	75% of parcels are under (.80)
\$290 Million	\$ 14,155.00	\$ 505.00	\$ 705.00	\$ 808.00
\$270 Million	\$ 11,325.00	\$ 405.00	\$ 565.00	\$ 650.00
\$250 Million	\$ 8,490.00	\$ 305.00	\$ 425.00	\$ 485.00

**Assessment estimates assuming current State of Michigan funding, USACE financing*

Communications

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- Plan to have an updated estimate by end of *May*
- Situation is fluid and subject to change so we will increase our communications
- Will have monthly 1-hour webinars *May-August* to provide updates
 - ▣ Visit fourlakestaskforce.org/events to view the schedule and register



Project Updates

Email questions to info@fourlakestaskforce.org
and we will answer them during the meeting
and at the end

Secord and Smallwood

SECORD - Project Status April 26, 2023

Project Status Summary

1. The auxiliary spillway excavation dewatering issue has a defined path.
2. Pull ahead sheet pile installation is complete.
3. Site improvements are 75% complete.
4. Auxiliary spillway sheet pile installation is 15% complete.

KPIs

SSPI
1.0

Safety & Security

QPI
1.0

Quality

SPI
1.0

Schedule

CPI
1.0

Cost

SMALLWOOD - Project Status April 26, 2023

Project Status Summary

1. Auxiliary spillway sheet pile installation and excavation is underway and approximately 20% complete.
2. Site improvements are 60% complete.
3. Powerhouse demolition and machine removal to start soon.

KPIs

SSPI
1.0

Safety & Security

QPI
1.0

Quality

SPI
1.0

Schedule

CPI
1.0

Cost

KPI baselines are established and up-to-date project scores will be available by the next update.

Sanford and Edenville

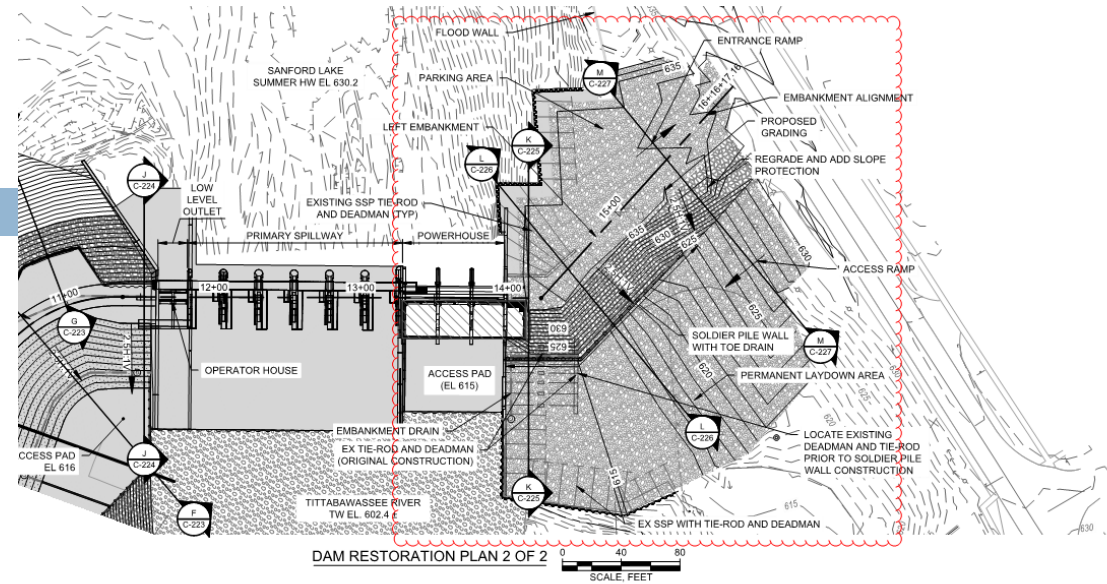
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Sanford

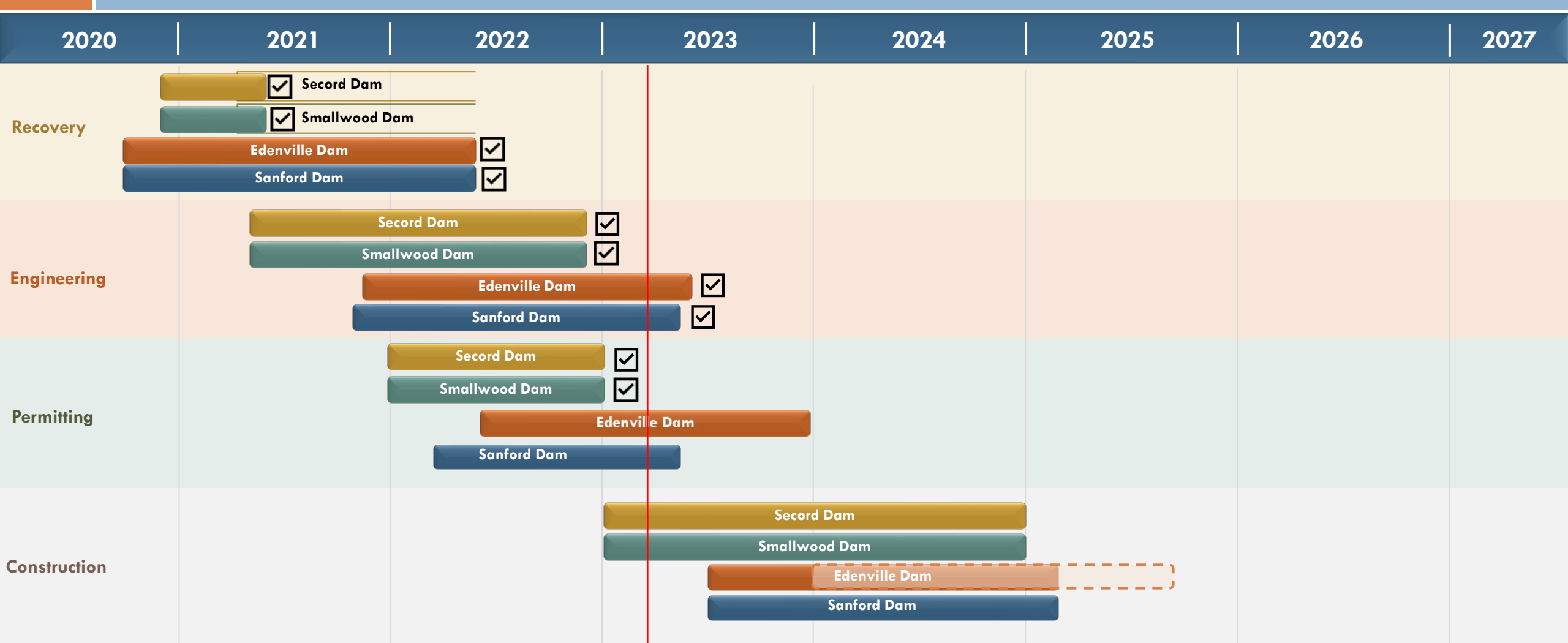
A pull-ahead work package is being assembled for construction readiness work to begin as soon as possible to keep the project on schedule while total restoration contracting options are explored.

Edenville

Contracting and planning are in the final stages for installing the SCB (soil cement bentonite) cutoff wall in the embankments. The work is planned to start at the beginning of June.



Dam Restoration Timeline



— Where we are now

▭ Shaded rectangles indicate timing if permits are received by the end of 2023

In Summary

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- FLTF is determining a strategy to reduce costs at Sanford and Edenville to keep the project within a range of affordability
- U.S. Army Corps loan funding will enable FLTF to keep annual assessment costs to the community down and also creates greater certainty in the FLTF timeline for financing
- Secord and Smallwood construction are underway, work will begin on Edenville and Sanford shortly
- We're increasing the frequency of webinars and dates will be shared

Questions

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Please email your questions to
info@fourlakestaskforce.org
and we will try to get to as
many as we can.

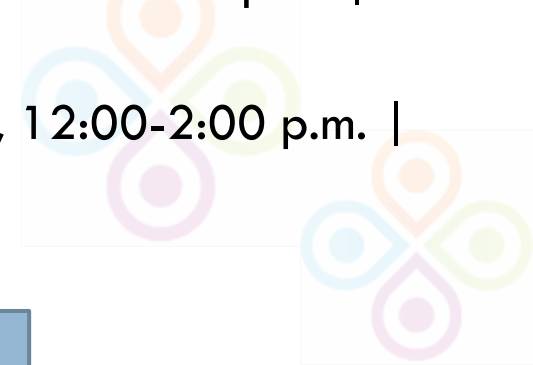
■ Board meetings:

- July 25, 2023, 12:00-2:00 p.m. | Location TBD
- October 24, 2023, 12:00-2:00 p.m. | Location TBD
- December 12, 2023, 12:00-2:00 p.m. | Location TBD

Up Next:

*Jenna Tews, Station Supervisor, Sea Lamprey Control
Program, U.S. Fish and Wildlife Service*

Sea lamprey treatment taking place May 9-18 in Tobacco River, Little
Molasses River and Black Creek



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Thank you for joining us