

Four Lakes Task Force

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

October Informational Webinar: Project Financing & Timing

October 12, 2023



Four Lakes Task Force

This is an Information Session

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- This meeting is being held virtually to accommodate as many people as possible
 - This is not a board meeting or hearing – no formal action will occur
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- Please use the Q&A feature in GoToWebinar or email questions to info@fourlakestaskforce.org and we will answer questions during the meeting and at the end



Communication Meeting Format

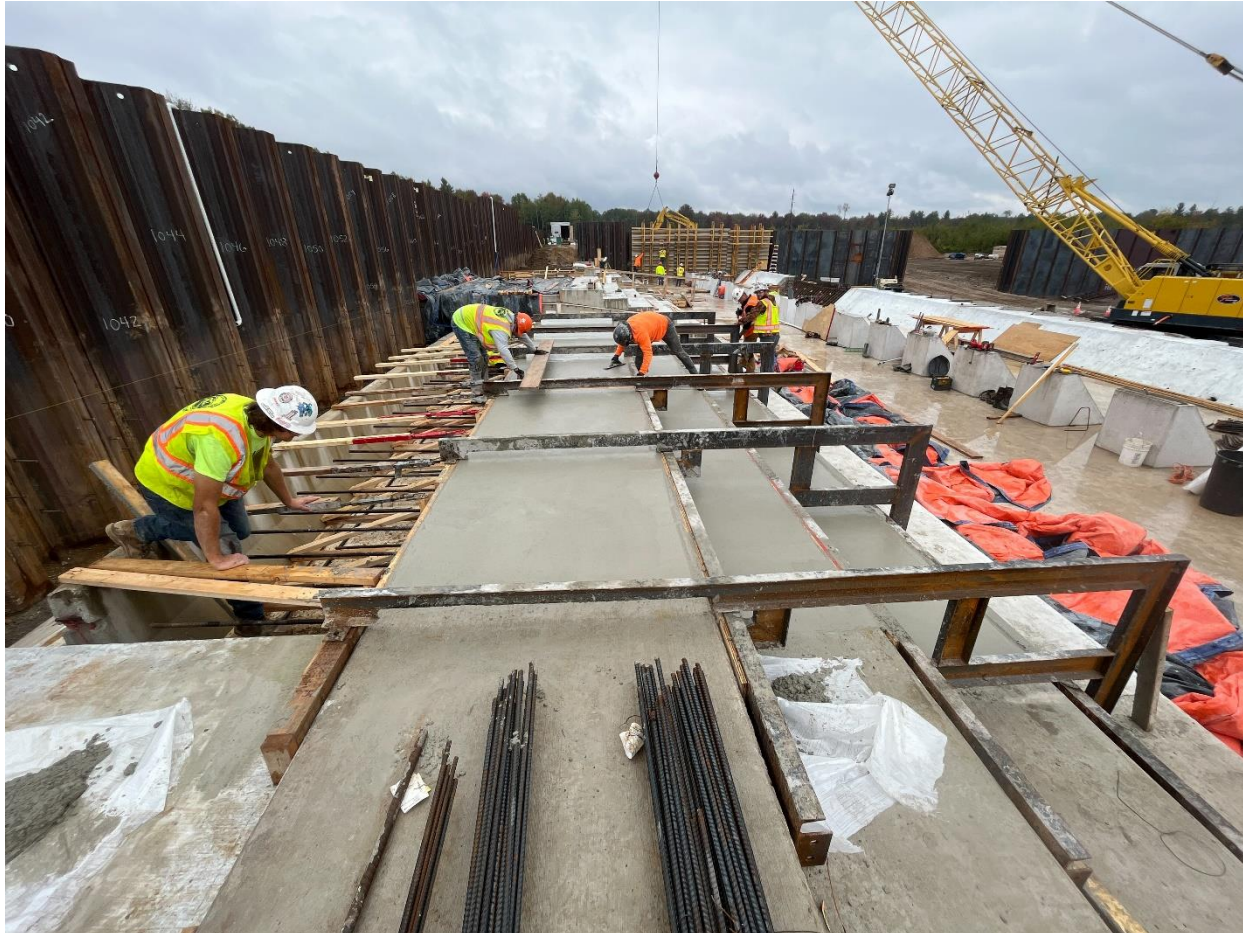
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- These meetings are focused on keeping the community informed and providing an opportunity to ask questions
- Today's subjects:
 - ▣ **STATUS UPDATE BY LAKE**
 - ▣ **NEWLY PUBLISHED SCHEDULES AND COSTS**
 - ▣ **SPECIAL ASSESSMENT TIMETABLE AND ESTIMATES**
- At the end, we will leave time to answer questions on other topics



Agenda

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- Status update on each dam
- Updated schedules and estimates
- Project cost estimates
- Assessments
- Additional funding opportunities
- Summary
- Q&A

Lake Restoration Objectives and Risks

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- Four Lakes Task Force restoration objectives:
 1. Return all four lakes to the normal (legal) lake levels
 2. Put in place a sustainable structure to manage and maintain the four dams to ensure a sustainable lake system
 3. Establish an environmental and recreational plan that can be managed by each lake's community

Requires the Four Lakes to be managed as one system



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Lake by Lake updates



Secord Dam – Behind Schedule

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- Significant issues with mobilization, dewatering and bracing to ensure safe excavation, significantly delayed the project
- The low-level outlet construction is complex; still ongoing and now making good progress
- Concrete pours on the auxiliary spillway and stilling basin continue
- Permit approved for diversion of water through auxiliary spillway reduce time but does not bring the project back to target



Smallwood Dam – Slightly Over Planning Target

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- Concrete pouring:
 - Low-level outlet walls
 - Upper chute stilling basin and baffle blocks
 - Upper spillway chute (pictured top)
 - End still (pictured bottom)

Edenville Dam – Embankment Underway

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- Embankment work and installation of the soil-cement-bentonite (SCB) seepage prevention wall is now on the dam embankment west of the M-30 bridge
 - ▣ After this phase, the final restoration of the embankment will continue through next summer
- Final phase construction (auxiliary and two primary spillways) will start in the spring
- Continuing to maintain compliance with soil erosion and sediment control permits



M-30 ROAD CLOSURE

Wednesday, October 18th –
November 1st

Traffic will be routed around the closure via Curtis Road, M-18 and Dale Road

Sanford Dam – No 2023 Construction Progress

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- ❑ Submitted permit – waiting for approval from Michigan Department of Environment, Great Lakes, and Energy (EGLE) and the Environmental Protection Agency (EPA)
- ❑ Construction agreement is complete
- ❑ Spence Brothers and Fisher Contracting are preparing the job site (i.e., trailers and laydown yard)
- ❑ All parties understand the need to start the project this month

Lake Improvement Projects Required for Permits

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Sanford

- ❑ Fish habitat downstream of Sanford Dam
- ❑ Fish habitat in areas of the lake
- ❑ Native vegetation buffers
- ❑ Natural shoreline projects throughout lakebottoms
- ❑ Wetland monitoring

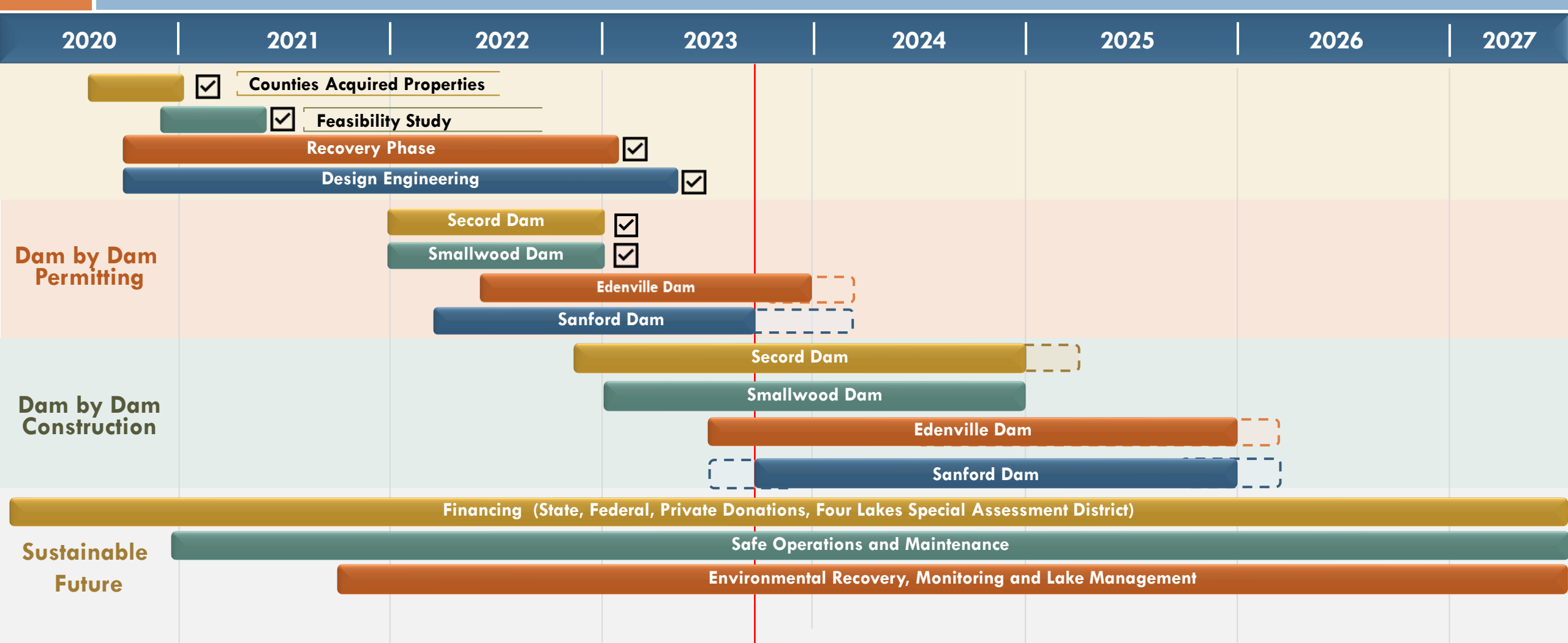
Wixom

- ❑ Projects are still under review with EGLE but we anticipate a similar list of mitigation projects to be required

Updated Schedule and Estimates

- **Schedule estimates**
 - The estimates are outside the 2022 range
- **Key messages:**
 - Unforeseen conditions on Secord created a slower start
 - We lost most of the summer for construction on Sanford
 - We were unable to get a firm quote on Edenville, putting the project in phases

Dam Restoration Timeline – July Webinar



— Where we are now

⌋ Shaded rectangle indicates uncertainty in permitting and contracting

October 2023 – Estimate of Lake Use

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Lake	Estimated Start Date	Prior Published July Estimate	Estimated Substantial Completion Date	Target Date for Lake Use	Comments
Secord	February 2023	January to April 2025	September 2025 +/-3 months	After Memorial Day 2025	Start up issues On track for new dates
Smallwood	January 2023	December 2024	March 2025 +/-3 months	Before Memorial Day 2025	On track for new dates
Wixom	April 2024 for spillways	January to April 2026	August 2026 +/-6 months	After Memorial Day 2026	Still high degree of uncertainty
Sanford	October 2023	January to April 2026	April 2026 -3/+8 months	Before Memorial Day 2026	Very dependent on 2024 construction season

- ❑ Secord and Smallwood reflect the current contracted construction schedules
- ❑ Wixom is an estimate until bids are received
- ❑ Sanford is contracted, but conditional based on permitting
- ❑ Next estimates to publish will be early December of 2023

Project Cost Estimates

Project estimates

- ❑ Current estimates are outside the 2022 planning range
- ❑ Very significant construction market cost escalations
- ❑ Formal planning number in December

Funding

- ❑ Financing is required in mid-2024 to complete the project
- ❑ Capital Assessment hearing planned for January 2024
 - ❑ For winter 2024 taxes
 - ❑ As well as Operation and Maintenance Assessment

What is Happening in the Market

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2022 Estimates

- ▣ \$250 million project estimate
 - \$230 to \$270 million range
 - This range was based on design estimates when we hadn't received any bids
 - Range was +/-25%
- ▣ Financing assumed
 - 30-year municipal financing at 3 to 3.5%

2023 Realities

- ▣ \$350 million project estimate
 - \$330 to \$380 million range
 - Increased certainty in range, 3/4 dams are under contract
- ▣ Last two years
 - Year-over-year construction costs increased by ~15% each year
 - 2023 ~ 6%
- ▣ Bi-partisan infrastructure bill
- ▣ Financing USACE Loan 35-year at ~5%

Updated Project Estimates – \$350 Million (+9/-6%)

as of October 10, 2023

Secord ↑

\$66 million

+5/-5%

- Secord is under contract with Fisher. Construction began in February 2023

Smallwood ↑

\$49 million

+5/-5%

- Smallwood is under contract with Fisher. Construction began in February 2023

Edenville ↑

\$140 million

+10/-10%

- Edenville Phase III and Phase IV are under contract
- Phase V costs are an estimate until bids are received in December

Sanford ↑

\$90 million

+10/- 5%

- Sanford under contract with Spence Brothers and bids have been awarded
- Estimate dependent on starting this month and 2024 momentum

Additional all lakes costs ~\$5M includes site safety, booms, Consumers EFA and electrical services, and tree removal

Capital Assessment Estimate is \$145 to \$195 million

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Illustrative Example

Current Assessment Estimates are +15/-20%

Assessment	Principal Payment	Median Annual Assessment
High End of Range (1)	\$32,000	\$1,800
Average Assessment (.75)	\$24,000	\$1,400
Low End of Range (.25)	\$8,000	\$450

Median Annual Assessment	Percent of Properties
\$1,800 or Greater	7%
\$1,500 to \$1,800	21%
\$1,000 to \$1,500	52%
\$500 to \$1,000	8%
Under \$500	12%

Example is a Capital Assessment of \$170 million with an Army Corps 35-year financing 5% interest loan, assuming median annual assessment with principal and interest

Flexibility with the US Army Corps Loan

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- The US Army Corps Water Infrastructure Financing Program (CWIFP) allows for flexibility with timing of principal payments
 - ▣ Lower interest rates than municipal financing
 - ▣ Deferral of principal for up to 4 years in Michigan
 - ▣ Options to shape the principal payment and to draw funds as needed
 - ▣ Principal paydown without penalty
- This allows for:
 - ▣ Lower payments in first 3 years, the time prior to lake fills
 - ▣ As new funding sources are identified, principal can be paid down
 - ▣ Refinancing in the future



\$100 Million Needed to Return to 2022 Assessment Estimates

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- Current focus is cost reductions (without compromising on safety) and ensuring we get approved for US Army Corps Financing

Are we pursuing grants, donations or other sources of funding?

YES!

This will be a major effort as we complete lake restoration

- FLTF will pursue funding opportunities with state and federal governments and private grant programs
- Currently an application is pending for a \$5M Community Development Block Grant from the US Dept. of Housing and Urban Development
- We are in discussion with DNR on an additional grant opportunity

Upcoming Milestones

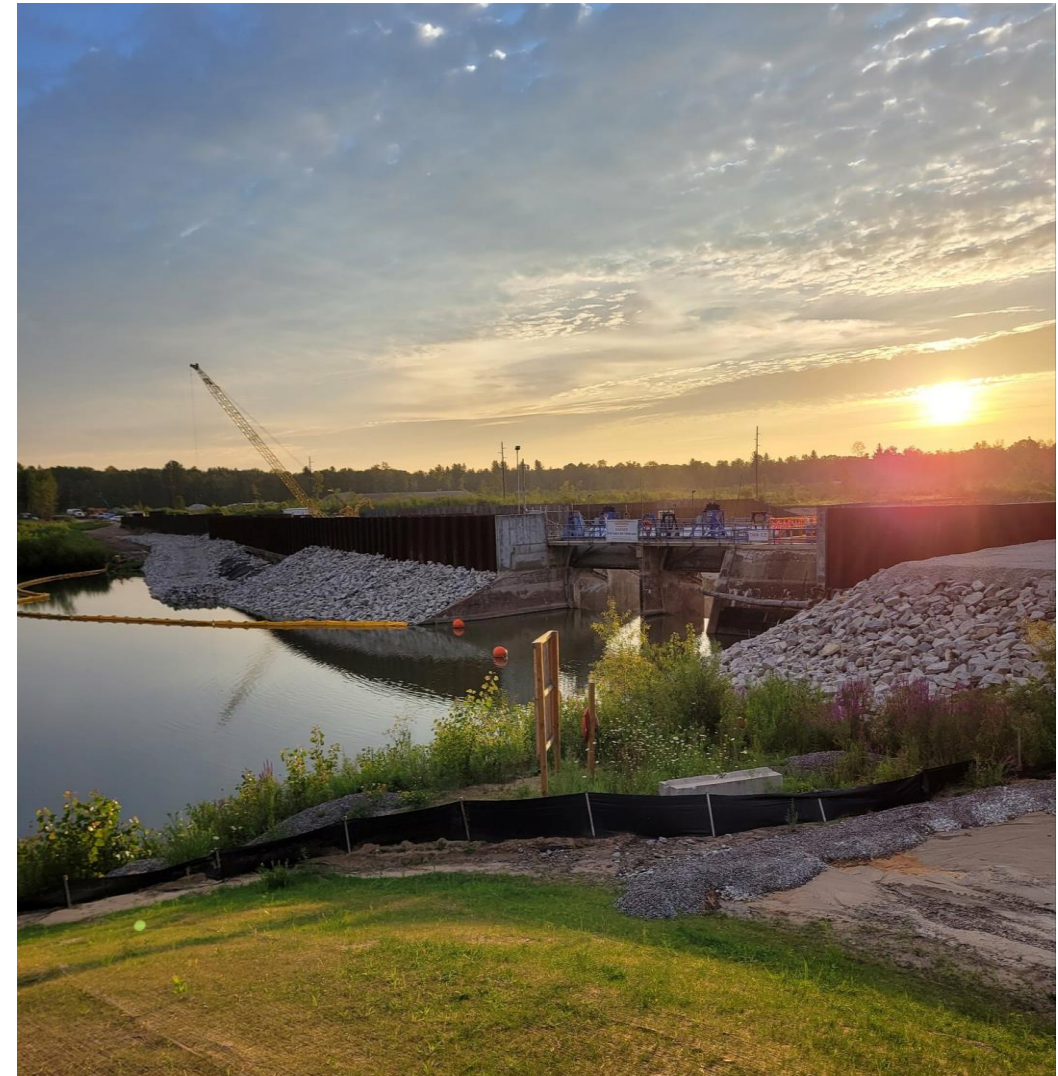
	October	November	December	January	February	Spring
CONSTRUCTION	<ul style="list-style-type: none"> Sanford permit Mobilize for Sanford restoration Notice of FEMA Conditional Letter of Map Revision (CLMOR) Start Sanford construction 	<ul style="list-style-type: none"> Complete cutoff wall on Edenville Dam Start Edenville embankment restoration Complete Smallwood auxiliary spillway 	<ul style="list-style-type: none"> Computation of project costs 	<ul style="list-style-type: none"> Receive Bids for Edenville 	<ul style="list-style-type: none"> Expect Edenville permit by March 	<ul style="list-style-type: none"> Complete Second auxiliary spillway (April 2024) M-30 bridge construction (March-October 2024)
MEETINGS & COMMUNICATIONS	<ul style="list-style-type: none"> Board Meeting Oct. 30th 	<ul style="list-style-type: none"> Communication on assessment process and timing 	<ul style="list-style-type: none"> Expect Army Corps loan application submission approval Webinar - Day of Review Dec. 6th Board Meeting Dec. 12th 	<ul style="list-style-type: none"> Conduct public hearing for Capital Assessment 	<ul style="list-style-type: none"> Request board approval of assessment 	



Summary

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- Computation of cost for Capital Assessment to come in December
 - Webinar on Day of Review December 6
 - Hearing in January 2024
 - County Board review in February 2024
- We understand the schedule and cost are disappointing, but FLTF is exploring all avenues to improve the schedule, reduce costs and seek additional funding
 - ▣ We will keep you informed on progress



General Questions and Answers

Please use the Q&A feature in GoToWebinar or email questions to info@fourlakestaskforce.org and we will address as many questions as we can