



December 21, 2023

To: Four Lakes Task Force Board

Memo: Operations and Maintenance Assessment for the Four Lakes Special Assessment District

One of the matters for the January 15th, 2024, public hearing is to approve the Operations and Maintenance (O&M) Computation of Costs for 2025-2029 and Assessment Roll. The purpose of this memo is to provide an explanation of the Operations and Maintenance Computation of Costs funded by the Operations and Maintenance Assessment.

It is important that we review these assessments, recognizing the system failed because it was not maintained or improved enough over time. That cannot happen again. The community has a collective obligation to manage a natural resource from which they benefit, and ensure that the resource is well maintained, and the environment and public are protected. The restoration plan we are implementing has a stated target to have more robust and safer dams, industry standards for operations, and a more sustainable future for our communities' economy and the environment.

These dams are being built for a 100+ year life of structural integrity but we will need to maintain them throughout their design life. Funding of the Operations and Maintenance Assessment is necessary to ensure the dams receive the continuous maintenance and care required.

A frequent question FLTF gets: Will there always be an Operations and Maintenance Assessment? Yes, we had an O&M Assessment from 2022-2024 and we are now seeking approval on a 2025-2029 O&M Assessment. In 2029, the FLTF team will seek an updated O&M Assessment to fund the next 5-10 years. These dams will always have O&M needs and it's the responsibility of the community to ensure these needs are met.

Kayla Stryker, along with input from FLTF management and our consultants, prepared the Operations and Maintenance Computation and Cost and Assessment calculations. The costs are broken down in this document in the pages that follow. It also includes commentary on the necessary investments to come in 2029 and beyond to ensure sustainable management of these systems for generations to come.

The costs reflect the numbers discussed at our last board meeting. The document will be posted on the website for review as well as included in the minutes of the January 15, 2024, public hearing.

Sincerely,

A handwritten signature in black ink, appearing to read "Dave Kepler", is written over a light blue horizontal line.

Dave Kepler
President
Four Lakes Task Force President



Four Lakes Operations and Maintenance Assessment 2025-2029

The Four Lakes Operations and Maintenance Assessment for the years 2025 through 2029 includes administration, operations and maintenance costs that will be ongoing, as well as one-time costs which include establishment of the Special Assessment District. The Computation of Cost for those five years is estimated to be \$8.8 million, which will be funded by special assessments which will be normalized at \$1,775,200 per year for this period. The Computation of Costs is broken down into five categories that are described in the narrative below using 2025 budgets as illustrative examples. Cost by line item is broken down and described in **Appendix A, including cost by year.**

Computation of Costs for Operations and Maintenance

1. Administration

2025 Budget: \$370,000

These are the costs associated with maintaining financial, communication, legal and administrative oversight of Four Lakes Task Force. FLTF has regular reporting responsibilities to state and federal agencies that are managed in addition to regular payments to vendors and budget tracking. The program office also manages administration and HR for the organization. The program office covers the cost of FLTF's general counsel for all governance and lake level operations items as well as legal defense costs. In addition, the program office covers the cost for FLTF communications which include weekly email updates, website updates and frequent webinars covering a variety of topics.

2. Operations and Maintenance

2025 Budget: \$1,220,00

The Four dams are regulated by the Michigan Department of Environment, Great Lakes, and Energy (EGLE) under Part 307, Inland Lake Levels (Part 307) and Part 315, Dam Safety (Part 315), of the Natural Resources and Environmental Protection Act, 1994 PA 451, as amended (NREPA). FLTF's key responsibilities, as delegated authority over the four dams, per the provisions of Parts 307 and 315, and its administrative rules can be found on EGLE's website at www.mi.gov/damsafety.

The Four Lakes Task Force Operations group has tasks to complete to ensure safe and operable systems in this interim period and to ensure compliance with Part 315, Part 307 and Part 301 requirements following the restoration of the dams. FLTF Operations personnel are dedicated to ensuring that the structures associated with Secord, Smallwood, Edenville, and Sanford dams are in safe and operational condition to the extent that their current under-construction conditions allow. Operations and maintenance procedures are in place for current conditions and have expanded to establish a set program of work activities for the facilities as we bring the facilities back online. Operations will be engaged in commissioning and operating the dams to meet the legal lake requirements. Operations must be knowledgeable of the dams and its equipment's characteristics and be able to assess its status and ensure that proper steps are taken to keep them in good working order. More information on FLTF Operations can be found at <https://www.four-lakes-taskforce-mi.com/operations.html>.



3. Establishment of Special Assessment District

2025 Budget: \$150,000

These are the costs associated with the establishment of the Special Assessment District. These costs are for preparation of the assessment roll, surveying, preliminary days of review, hearings, public notices, and mailings. This also covers the cost of legal review and assistance in implementing the SAD.

4. Appeals (one-time)

2025 Budget: \$25,000

This covers the legal fees in managing legal appeals to the 2025-2029 O&M Assessment.

5. Contingency

2025 Budget: \$165,000

Contingency of 10% is included if needed for the scope of this project and the variability of costs based on seasonal and economic changes that may vary during this period. Part 307 allows for up to a 15% contingency.



Four Lakes Task Force

APPENDIX A

2025 to 2029 Computation of Costs

Computation of Costs

		Total 5 year	2025	2026	2027	2028	2029
	Expense of Maintenance of the Lake Level Structure						
1	Administration	\$1,210,000	\$370,000	\$390,000	\$145,000	\$150,000	\$155,000
1a	Labor (Finance and Administration)		230,000	240,000	75,000	80,000	85,000
1b	Legal		60,000	66,000	24,000	24,000	24,000
1c	Communications		50,000	52,000	12,000	12,000	12,000
1d	Insurance, Bank Services and Supplies		20,000	21,000	22,000	23,000	24,000
1e	Accounting Services, Annual Audit		10,000	11,000	12,000	11,000	10,000
2	Operations and Maintenance	\$6,685,000	\$1,220,000	\$1,280,000	\$1,325,000	\$1,395,000	\$1,465,000
2a	Labor		570,000	600,000	625,000	655,000	695,000
2b	Insurance		7,000	7,300	7,700	8,100	8,500
2c	Utilities and Telecommunications		125,000	130,000	140,000	147,000	155,000
2d	Vehicles		28,000	29,450	32,000	33,000	35,000
2e	Supplies		45,000	48,000	50,000	53,000	55,500
2f	Contract Labor		275,000	285,000	185,000	193,000	200,000
2g	Equipment Rental		5,000	5,250	5,500	5,900	6,000
2h	Consulting Services		165,000	175,000	279,800	300,000	310,000
3	Establishment of Special Assessment District	\$150,000	\$50,000	\$25,000	\$25,000	\$25,000	\$25,000
3a	Preparation of Assessment Roll, Surveying, Hearings, Cost of Levying Assessments, Roll Maintenance		40,000	25,000	25,000	25,000	25,000
3b	Estimated Cost of Mailing, Publishing, Notices		10,000				
4	Appeals	\$25,000					
	Gross Sum of Expenses	\$8,070,000	\$1,665,000	\$1,695,000	\$1,495,000	\$1,570,000	\$1,645,000
5	Contingency 10%	\$806,000	\$165,000	\$170,000	\$150,000	\$157,000	\$164,000
Computation of Costs Total Sum		\$8,876,000	\$1,830,000	\$1,865,000	\$1,645,000	\$1,727,000	\$1,809,000
Annual Assessment Amount		\$8,876,000	\$1,775,200	\$1,775,200	\$1,775,200	\$1,775,200	\$1,775,200



Computation of Cost Explanation of Line Items

Cost		Comments
1	Administration	
	1a	Labor (Finance and Administration)
	1b	Legal (General Counsel)
	1c	Communications
	1d	Insurance, Bank Services and Supplies
	1e	Accounting Services, Annual Audit
2	Operations and Maintenance	
	2a	Labor
	2b	Insurance
	2c	Utilities and Telecommunications
	2d	Vehicles
	2e	Supplies
	2f	Contract Labor
	2g	Equipment Rental
	2h	Consulting Services
3	Establishment of Special Assessment District	
	3a	Preparation of Assessment Roll, Surveying, Hearings, Cost of Levying Assessments, Roll Maintenance
	3b	Estimated Cost of Mailing, Publishing, Notices
4	Appeals	
5	Contingency	