

Four Lakes Task Force

On Behalf of the Four Lakes Special Assessment District

September Board Meeting

September 10, 2020



Four Lakes Task Force

Virtual Public Meeting

2

- We received questions via email prior to the meeting and have structured the presentation to address most of them
 - ▣ We will strive to respond to everyone's email
- If you have questions or comments you have not yet submitted, you can do so using the “questions” feature in GoToWebinar
 - ▣ We will answer public questions during the final 30 minutes of this meeting
 - ▣ Some questions will be answered during the presentation. Questions that are not answered during the presentation will be answered during the Q&A

Agenda

- Call to order
- Roll Call
- Old Business
 - Minutes approval
- New Business: 6-month Plan
 - Post-dam Failure Situation and Recovery
 - Restoration Effort
- Voting of Plan
- Voting of Governance Document
- Q&A

Recovery and Restoration Timeline*

Four Lakes Program: Gain Community and Government Support for a Plan to Acquire, Restore and Rebuild the Four Lakes and Dams



Status of Bankruptcy Filing

- On July 31, 2020, Boyce Hydro, LLC and Boyce Hydro Power, LLC, filed for bankruptcy protection pursuant to Chapter 11 of the US Bankruptcy Code
 - Boyce Hydro Power, LLC is the Boyce entity that owns the three Federal Energy Regulatory Commission (FERC) licenses for the Sanford, Secord and Smallwood dams. Boyce Hydro, LLC is the Boyce entity that operates the dams
 - A separate limited liability company owns each of the dams, and certain bottom lands are owned by other Boyce entities. At this time, none of these other Boyce entities have filed for bankruptcy
- In a Chapter 11 bankruptcy proceeding, in most cases, the business remains open and operational. When a bankruptcy case is filed, all efforts to collect on a debt are halted (“stayed”), and anyone having a claim on a creditor must proceed in the bankruptcy court to receive what is owed to them
 - FLTF has claims against Boyce Hydro Power
- FLTF remains confident the counties will acquire the property

Post-dam Failure Recovery Effort

Stabilization, Erosion, Debris

- FLTF is the local sponsor for Natural Resource Conservation Service (NRCS)
 - Emergency Watershed Protection (EWP) program which provides 75% of construction funds
 - \$2.5 million pending approval from the Governor
- Significant work needed to stabilize dams
 - State of Michigan, FLTF and NRCS project underway for Tobacco Spillway
 - Funding for Sanford Dam debris removal approved by NRCS
 - Winter repairs and changes on Secord and Smallwood remain unknown
- Manage shoreline erosion and remove debris
 - \$20 million in work needed
 - First 11 have been approved and 50 projects submitted

Apply for the EWP program at bit.ly/erosion-financing

Restoration Feasibility Study Plan

- FLTF is initiating a feasibility study and anticipates this study to be completed by March 2021
- We anticipate the cost of this study to be \$600,000
- Below is an outline for this study
 - ▣ Intended Future Uses
 - ▣ Regulatory Framework and Design Standards
 - ▣ Design Concept Screening
 - ▣ Financing and Affordability
 - ▣ Implementation Schedule

Feasibility Study Outline

A. Flood study

1. Probable maximum precipitation (PMP) calculation
2. Probable maximum flood (PMF) study calculation
3. Qualitative assessment of impacts
4. Confirm flood design for each dam

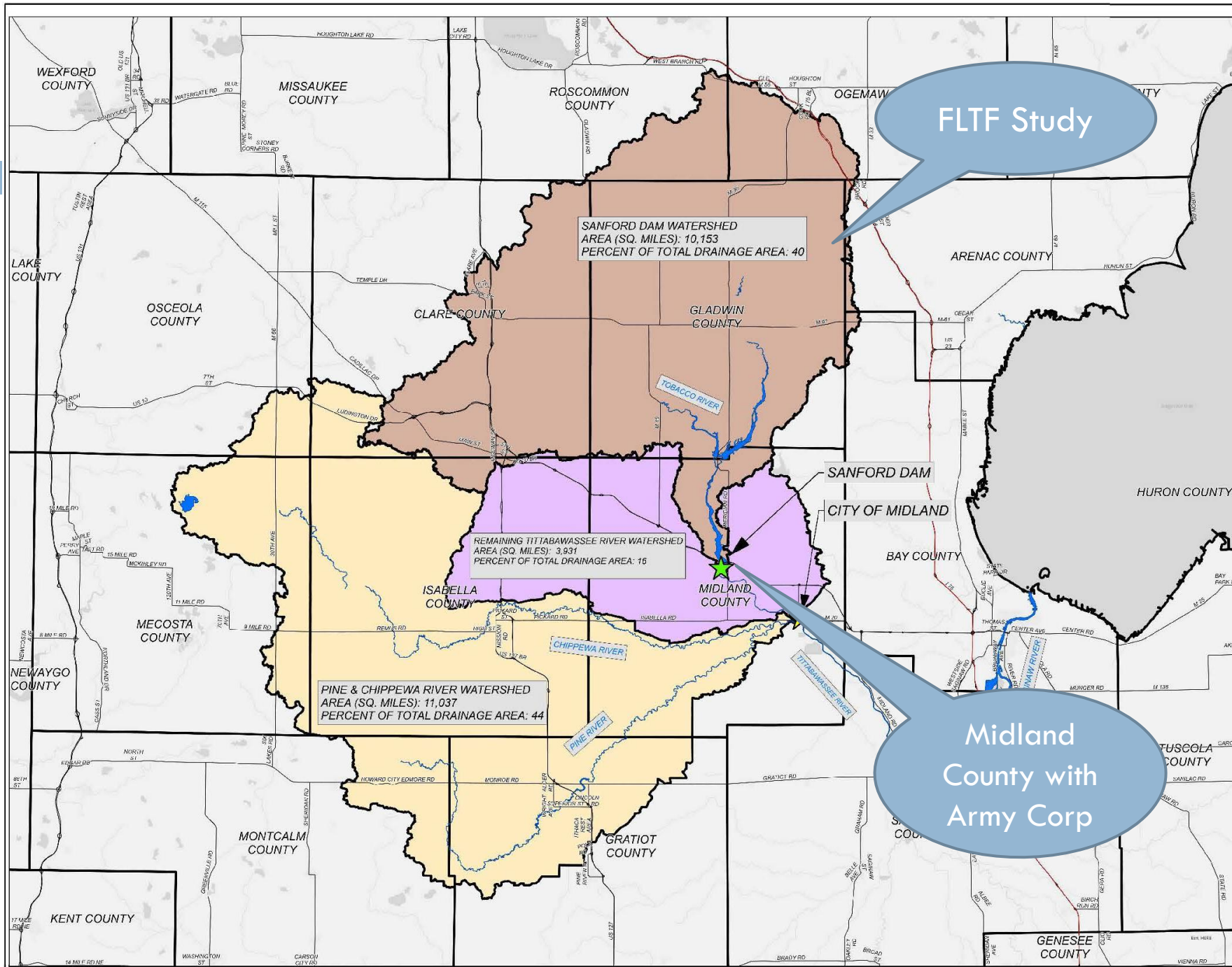
B. Engineering

1. Value engineering exercise of key design parameters
2. Non-structural design criteria
3. Develop preliminary designs to rebuild or replace each dam
4. Construction cost estimate

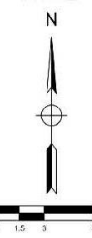
C. Financial analyses

D. Implementation plan/schedule

E. Operation and maintenance



AREA MAP
NOT TO SCALE



LEGEND

- MICHIGAN COUNTIES
- CITY OF MIDLAND
- SANFORD DAM
- PINE & CHIPPEWA RIVER WATERSHED
- REMAINING PORTION OF TITTABAWASSEE RIVER WATERSHED
- SANFORD DAM WATERSHED BOUNDARY (DEVELOPED WITH PMF STUDY)
- STATE ROADS

WATERSHED NAME	TOTAL AREA (SQ. MILES)	PERCENT DRAINAGE TOTAL
PINE & CHIPPEWA RIVER WATERSHED	11,037	44.00%
REMAINING PORTION OF TITTABAWASSEE RIVER WATERSHED	3,931	15.00%
SANFORD DAM WATERSHED	10,153	40.00%

BY	MARK	REVISIONS	DATE

CONTRIBUTING DRAINAGE AREA
CITY OF MIDLAND
LOCATION MAP



DE BY: HTE	CH BY: WTM	PROJECT NO:
DR BY: HTE	APP: 031 WTM	
DATE: SEPTEMBER 2020		FILE NO:
SCALE: 1"=15.144'	SHEET 1 OF 1	DR 1

Financial Review of Costs and Assessments

- Expert planning level opinion from GEI Consulting of probable construction cost
- Estimate is approximately \$338 million, most being spent from 2022 to 2024
- Useful life of 75 years or greater
- Confidence range between \$250 million and \$400 million
- \$15.5 million interim financing needed for Engineering Study

Cost Basis for Estimated Homeowner Assessment

- Feasibility study will determine the project cost ranges and options for financing
- Estimated assessment to homeowners will vary by lake – each lake paying its own repair costs

Operations and Maintenance Plan

□ **Key objectives through this year:**

- Keep legal lake levels under existing condition of the four dams
- Manage bottomlands, dams and property boundaries
- Investigate options to restore the water levels for Smallwood and Secord lakes to safely bring them back to “normal” lake levels
- Continue to make safety a top priority for residents and the community

□ **FLTF is putting an organization in place that will:**

- Operate and maintain the dams
- Perform regulatory compliance and reporting
- Provide engineering support and oversight
- Establish and maintain a property records system
- Provide routine surveillance and inspection of FLTF properties to ensure safe, secure and compliant conditions

Financial Review of Costs and Assessments

Repair Estimate – Base Case

	Secord	Smallwood	Wixom	Sanford	Total
Repair Estimate	\$24 million	\$14 million	\$208 million	\$92 million	\$338 million

Number of Properties

	Secord	Smallwood	Wixom	Sanford
Front Lots	1,888	634	2,531	878
Back Lots	94	48	531	706

First Pass – Assessment Estimates

	Secord	Smallwood	Wixom	Sanford
Base Case Annual Cost (30-year Financing)	\$445	\$769	\$2,772	\$3,098
Base Case Annual Cost (40-year Financing)	\$339	\$585	\$2,110	\$2,357
Best Case annual cost (40-year Financing)	\$237	\$410	\$1,477	\$1,650

Note: backlot estimates can be calculated as 25% of front lot estimates.

- **Estimated Assessment Range for a Residential Lake Home**
 - ▣ 40-year financing is critical in reducing the assessment
 - ▣ Assumption that project costs are between “low” and “base” range of GEI
 - ▣ Spillway capacity is the major item to address

Critical Issues

- **Affordability:**
 - Current financing in Part 307 limits long-term financing options. We need to be allowed to finance projects over 40 years
 - FLTF is committed to exhaust all efforts to find other funding sources beyond just Special Assessment District
- **Recovery costs are significant:**
 - This is a responsibility of Boyce Hydro, but has become the burden of the community
 - The Natural Resource Conservation Service (NRCS) covers 75% of the dam and bottomland erosion and debris removal costs, however it will still require approximately \$10 to 15 million of state, local or property owner match (25%). For those impacted by erosion, this is a sizeable investment
- **Time and property access:**
 - FLTF cannot access properties to do vital work until property access from Boyce Hydro is possible. As time passes the ecosystem suffers more and more; homes and livelihoods of many residents and small businesses face prolonged risk

Communications

- Upcoming meetings each month with various stakeholders to discuss plans, obtain community feedback and answer questions are scheduled frequently throughout the next several months

See the FLTF “Meetings” tab for a full list:

<https://www.four-lakes-taskforce-mi.com/meetings.html>

- **Lake Community Surveys:** In Q1 2021, an extensive community survey will be sent to all property owners to understand their acceptability of the assessments and the burden the assessment may create



***Together we will restore our lakes, dams and communities.
Thank you for your participation, collaboration and support!***

Questions?

Submit them in the “questions” feature
in GoToWebinar and we will answer as
many as we can.

Questions?

Submit them in the “questions” feature in GoToWebinar and we will answer as many as we can.

Donate to help bring back the lakes.

bit.ly/FLTF-donate

Subscribe to receive email updates.

bit.ly/FLTF-subs

Apply for erosion control and financial aid.

bit.ly/erosion-financing

Four Lakes Task Force

On Behalf of the Four Lakes Special Assessment District

Board of Directors Action:

- Restoration and Recovery Plan
- Governance Document



Four Lakes Task Force