



## Secord Specifics from FLTF Project Planning & Timing Webinar – 10/15/23

For those that follow our frequent updates on the path to restore Secord, you are aware of the complexity, uncertainty and cost escalators facing this project. We are very careful to report information shared by the FLTF for Secord. **We report what we learn from FLTF at the time realizing things will and do change.** We believe it is better to report what we know at the time rather than not to share. Not sharing is easy, researching and preparing updates is difficult as the situation is fluid and complex. We will continue to provide Secord specific information from the FLTF.

On October 12th the FLTF held a 90 minute webinar where they shared disappointing news that impacts the entire system. You can listen to the entire presentation at this link: <https://register.gotowebinar.com/recording/1428525523692323417>

The challenge with this webinar format is time. They cover all 4 dam projects with financing updates in about 60 minutes, leaving 30 minutes for questions. We follow up with FLTF with questions after the session. **Here is the update specific to Secord:**


**Timing** – When the bid to rebuild Secord was awarded in December 2022, FLTF informed us the timeline was pushed to the end of 2024. We reported the reasons behind this along with the complexity of the entire bid process.

This summer FLTF indicated issues due to dewatering at Secord caused a 4 month delay coupled with an additional cost of \$4 million (engineering and construction). The FLTF shared the potential for a delay to March 2025.

**Today FLTF informed us the new completion target for Secord is September 2025.** They indicated this date includes a fully functioning dam with an EGLE permit to fill. This timing contains a variance of “plus or minus 3 months”. The FLTF slide below contains the reasons provided for the construction delay:

### Secord Dam – Behind Schedule

- 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



We reached out to FLTF to learn more. They are developing contingency plans to compress the timeframe with the goal of reducing this by 2-3 months. One of the contingencies was approved by EGLE this past week. This includes the use of the auxiliary spillway to divert the water allowing for the use of a coffer dam to complete the work on the primary spillway and gates. As communicated, this will involve a modest rise in water in the spring of 2024. The FLTF is working on other plans to try to compress the timing to allow for boating the summer of 2025. We look forward to sharing details of contingency plans.

Here is the updated timeline for all 4 dam projects. Secord and Smallwood are permitted, have completed the bid process and are under construction. There are significant delays at Sanford and Wixom due to permitting issues. FLTF slide:

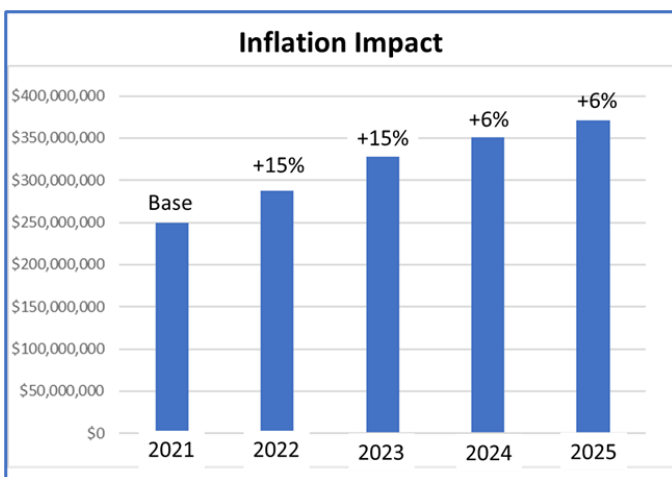
**October 2023 – Estimate of Lake Use**

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 Costs** – for those that follow our updates, the impact of **double-digit annual inflation over several years, coupled with competition within the construction industry for these types of projects continues to drive up costs.**

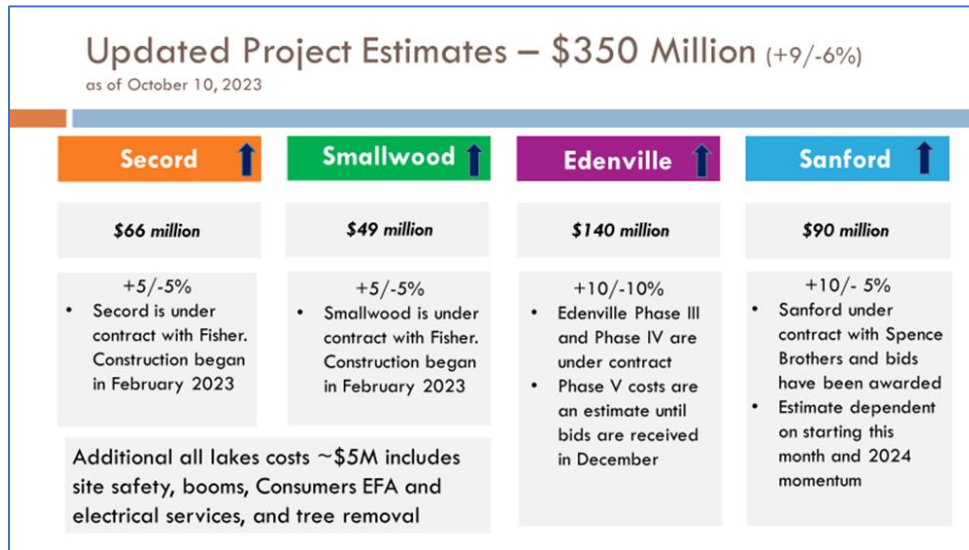
While the initial projection shared in early 2022 indicated a planning cost of \$250 million, as FLTF shared earlier this year that number is no longer valid. The new planning cost estimate is \$350 million. One may ask how the costs can increase by \$100 million? The chart below illustrates the impact of inflation over a four-year period.



This is an illustration created by the Secord Lake Association. The base is \$250 million and shows the compounding of annual inflation using the construction industry cost increase indexes shared by FLTF in previous presentations.

This is shared to illustrate the impact of inflation over several years.

Here is an updated slide provided by FLTF of dam cost estimates. As explained during the webinar the bid does not contain all the costs to rebuild the dam. As shared at our SLA update meetings, other costs outside of the bid include engineering, permitting, site preparation, pull ahead projects and gates.



To answer a question raised in the webinar, the state of MI grant of \$200 million offsets the \$350 million. In simple terms, this leaves a balance (special assessment) to be funded or financed of about \$150 million (\$350 less \$200 = \$150).

**Construction Special Assessment** – Increasing interest rates have put additional pressure on the assessment costs for property owners. The FLTF indicates the US Army Corps of Engineers Loan Program was recently approved and they will submit loan application shortly. This **new** federal program has benefits to property owners that include a lower interest rate than available in the municipal bond market along with flexibility. There will be more shared about this program in the months ahead.

The FLTF table below illustrates the projected construction special assessment based on the assumptions laid out in the table.

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

Illustrative Example  
Current Assessment Estimates are +15/-20%

Assessment	Principal Payment	Median Annual Assessment	Median Annual Assessment	Percent of Properties
High End of Range (1)	\$32,000	\$1,800	\$1,800 or Greater	7%
Average Assessment (.75)	\$24,000	\$1,400	\$1,500 to \$1,800	21%
Low End of Range (.25)	\$8,000	\$450	\$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

**These estimated assessment amounts are larger than what was shared in early 2022. The combination of inflation and higher construction costs coupled with increasing interest rates are the drivers.** The FLTF will have more information over the coming months as the counties go through the process to review and approve. **The FLTF continues to pursue additional grants and financial support at the state, federal and private levels. As shared at our association meetings, members of our Secord team continue to assist in this effort with state and federal elected officials.**



- Discussion with Congressman Moolenaar.
- Discussion with senior staffers from US Senator Stabenow and US Senator Peters offices.
- Discussion among FLTF with MI Chiefs of Staff for both Congressman Kildee and Congressman Moolenaar.

This slide from the August update meeting.

From left to right:

Joel Vernier, Secord Township Supervisor (Secord Lake Association); **Congressman John Moolenaar**; Karen Moore, Chair Gladwin County Board of Commissioners (Wixom Lake Association); Jeff Sorensen (Secord Lake Association).

In closing, there is a lot to unpack. We encourage you to listen to the FLTF webinar to learn more <https://register.gotowebinar.com/recording/1428525523692323417>

We just received this information as well. We have additional questions and seek yours. We will research the questions and provide answers. [SecordLakeAssociation@gmail.com](mailto:SecordLakeAssociation@gmail.com)

**Future Communications:** We will share more information and details as it becomes available. We expect to know more in the coming weeks / months. These are the areas we will focus additional communications on:

- 1) The EGLE permit to divert water over the Auxiliary Spillway when completed and the impact on water levels for Secord starting in spring 2024.
- 2) Continued updates on Secord construction timeline and contingency plans to compress timing.
- 3) Construction special assessment updates to include estimates, timing, and additional grants.

Our last Secord Lake Association public meeting for this season is Saturday, October 21<sup>st</sup> at 10 AM – Secord Township Hall located at Three Rivers and Secord Dam Roads. We will have a recap presentation where we will look at the recent past, the present and the future. There will also be Q&A session.

**The goal is to restore Secord.** For that to occur, the entire system needs to be restored. The FLTF plan is and remains the only viable option to make this happen. The FLTF plan to make this a reality initially had a cost range of \$250 to \$400 million (in summer 2020 before inflation) and did not include significant grant money. Like most long-term plans, things within the plan changed over a four-year period. Many things are outside of the FLTF or our control. **We are focused on the goal.** While we are disappointed, this is another challenge of our patience, but not our resolve. **We will see Secord restored.**

As volunteers we commit our time, energy, and resources to restoring Secord. We will continue to prepare Secord to receive water and inform our lake community with the updates based on guidance from the FLTF.

[www.SecordLakeAssociation.org](http://www.SecordLakeAssociation.org)