



## FLTF Awards Bid for Secord Bid Results Force Timeline to Late 2024

January 28, 2023

This provides insight into two areas regarding Secord and Smallwood from the January 18<sup>th</sup> FLTF informational webinar. The first part of this update provides key Secord learning as we sought clarification. For those seeking more detail on Secord and Smallwood, it follows in a section we call *The Rest of the Story*.

**Secord Bid** –In simple terms the bid sought three things:

- 1) A **price** to complete the Scope of Work based on the final construction Engineering Plan approved by EGLE.
- 2) A **date or timeline** to have the work completed, with a targeted date that would allow for a possible 2024 summer fill.
- 3) **Value Engineering** or proposals, not in the bid specification to improve the project implementation.

When the bid window closed, FLTF received 2 bids. Neither bid met the requirements of construction timelines as both extended to late 2024.

- The Beaver Excavating Company **bid \$44.7 Million and an end of August timeline.**
- Fisher Contracting **bid \$37.2 Million and end of 2024 target**, with a proposal for a performance-incentive model as an alternative contracting model.

FLTF indicates the bids were disappointing on both the Costs and the Timeline. FLTF had three options:

- 1) **Reject both bids** and start the bid process over - - would result in at least a 6-month delay.
- 2) Pick Fisher as the **lowest** responsible bidder - - Fisher was \$7.5 Million lower for the Secord project.
- 3) **Pick Fisher and pursue a Target Costs Estimate (TCE) Model** to create a partnership where all parties have incentive to work together to lower the cost of the project while preserving the integrity of the final project.

Rejecting both bids and starting over was **not** a viable option. FLTF elected to award the Secord project to Fisher with the TCE model. More details on construction timelines will be shared when available.

FLTF understands the disappointment. It has the primary focus of implementation on Secord / Smallwood dams, and it did everything it could, including the pull ahead projects. While Secord / Smallwood dams will be restored in 2024, the FLTF worked hard for a spring or even early summer fill on the Northern Lakes. FLTF is disappointed the very early 2024 construction timeframe could not happen.

**There is a plan in full motion to restore Secord dam.** We are communicating with FLTF and Fisher to understand construction timelines to meet the 2024 target date. We look forward to sharing updates.

#### **4 Lakes Recovery Timelines**

– There was discussion regarding timelines for each of the 4 lakes. The Northern Dams **are permitted by EGLE** for construction, have gone through the bid process and **secured a contract for reconstruction to be completed in 2024**. There is recognition the desired completion moved from earlier in 2024 to later. At this point, Secord and Smallwood are moving toward a dam completion date in 2024, barring unforeseen issues.

The lengthy discussion was directed toward the Southern Dams (Sanford and Edenville).

The Southern Dams have **not** completed 100% Engineering and have **not** submitted for EGLE construction permits. The Southern Dams have a series of additional permitting issues that need to be resolved. The Southern Dams have **not** been through the bid process. There is **no** contract award. Hence **no** solid timeline.

The FLTF in this meeting outlined the issues for the Southern Dams and indicated if the series of permitting issues are not resolved by mid-year, the Southern Dams timeline may be delayed by up to 9 months.

**These issues do not impact Secord or Smallwood. The timelines for the Northern Dams are not contingent on the timelines for the Southern Dams.**

*The Rest of the Story . . .*



[www.secordlakeassociation.com](http://www.secordlakeassociation.com)

#### **Secord Lake Association - - - a volunteer organization focused on Secord**

We continue to provide information on the progress to Restore Secord using the most up to date information available. This project is complex with many moving parts. We understand information changes as does the plan over time. Our goal is to take the complicated issues impacting the project and break them down into digestible pieces. We have member/volunteers that attend meetings, webinars and read the materials carefully to help create the updates. When we have questions, we seek clarification. This recap is another example of our commitment to provide relevant information to the Secord Lake community.

We acknowledge this project is complex. The project has and will change. This can lead to confusion - - “what the heck is going on?” Which can lead to frustration. And frustration can lead to anger. Our goal is to share details to help remove some confusion to allow for better understanding.

Unfortunately, the complexity around the restoration process, which began summer of 2020, is not one that can easily be explained with a simple Facebook or Twitter type post. If you follow our updates, which are available on the website, some of the following recap will look familiar. [Secord Lake | Secord Lake Association | Restoring Secord](#)

## The Second Bid

**Let's go back 12 months - - - To obtain required construction permits, 3 things need to be in place.**

- 1) 100% Engineering with detailed construction and regulatory plans, **and**
- 2) Funding for construction, **and**
- 3) A flow of funding in place for long-term operations, repairs, and maintenance.

And here is what happened to meet these requirements:

- The \$200 Million State of MI grant to help fund construction awarded on March 31, 2022.
  - The Counties approved the special assessment for operations and maintenance on July 12, 2022.
  - 100% Engineering for Secord provided to the Regulatory Agencies in Aug-Sept 2022.
- ✓ The Secord construction permit was issued by EGLE on November 2, 2022.
  - ✓ Public bid acceptance process for Secord started November 2022.
  - ✓ FLTF awards Secord bid to Fisher Contracting for \$37.2 Million on December 13, 2022. This does not include Construction Management or the pull ahead sheet pile project.

## More on the extensive process to secure bids:

The FLTF advertised nationally for interested qualified contractors in Spring 2022 in anticipation of the formal bid for the Secord and Smallwood projects. FLTF had 13 contractors that expressed interest. The bid process followed the requirements outlined in Part 307. The contractors went through a rigorous process and 8 were qualified to bid. In simple terms the bid sought three things:

- 1) A **price to complete the Scope of Work** based on the final construction Engineering Plan approved by EGLE.
- 2) A **date or timeline** to have the work completed, with a targeted date that would allow for a possible 2024 summer fill.
- 3) **Value Engineering** or proposals, not in the bid specification to improve the project implementation.

When the bid window closed, FLTF received 2 bids. While both bids offered a price to complete the Scope Of Work, **neither bid met the desired timeline** to complete the work. Both bid offerings did not meet the requirements of the bid. Timelines extended to late 2024.

Bidder	Secord Project	Smallwood Project	Combined Difference
Beaver Excavating Company	\$44,707,651	\$38,001,828	
Fisher Contracting Company	\$37,184,983	\$31,703,565	
<b>Difference</b>	<b>(\$7,522,668)</b>	<b>(\$6,298,263)</b>	<b>(\$13,820,931)</b>

Source: FLTF Web Site 01/28/2023

FLTF indicates the bids were disappointing on both the Costs and the Timeline. FLTF had three options:

- 1) **Reject both bids** and start the bid process over.
- 2) **Pick Fisher as the lowest** responsible bidder.
- 3) **Pick Fisher and pursue a Target Costs Estimate (TCE) Model.** This creates a partnership where all parties have incentive to work together to lower the cost of the project while preserving the integrity of the final project.

Rejecting both bids and starting over was **not** a viable option. This would delay the project for 6 months, and would create significant issues, as the process yielded a market answer with the two bidders. It was clear that the market has major projects underway at the same time as FLTF. For example, Consumers Energy is preparing to invest hundreds of millions of dollars into the auxiliary spillway at the Hardy Dam.

The Fisher bids, on both Secord and Smallwood, are almost \$14 Million lower than the other. Fisher and FLTF are entering into a TCE model, a model successfully used by the Tennessee Valley Authority (TVA). With this model, project cost savings delivered under the bid are shared with 25% to Fisher and 75% to reduce the costs to the customer (in this case the Project). This allows the teams to work together on best methods of construction, and it is expected to reduced cost and time. FLTF elected to award the Secord and Smallwood projects to Fisher.

FLTF understands the disappointment. It has the primary focus of implementation on Secord Dam, and it did everything it could, including the pull ahead projects. While Secord dam will be restored in 2024, the FLTF worked hard for a spring or even early summer fill on the Northern Lakes. FLTF is disappointed the very early 2024 construction timeframe could not happen.

FLTF continues to focus on Safety, the balance of Cost and Time, while managing the environmental impacts and required permits. We will continue to keep you updated.

## Frequently Asked Questions

**Was it a financial decision to save the \$14 Million from the bid by Beaver? Would they have hit the timeline?**

No. The timeline of end of August or December would have not met a summer fill. FLTF does have a responsibility to manage the total cost of the restoration project of all 4 dam structures to keep the total costs down for all while focusing on safety, environmental impacts, required permits and timelines.

**When was the bid awarded and when did FLTF explain the timeline change?**

The bid was awarded on December 13, 2022. The FLTF scheduled and held the update webinar on January 18, 2023.

**If the contractor awarded the bid cannot meet the original timeline, can we get someone else?**

Unfortunately, this question was addressed as we explained the bid process. There appear to be no other qualified contractors available. Nationally the number of companies that are qualified for this type of project is limited. We are fortunate to have our project awarded to a qualified construction company.

**To obtain the regulatory agreement to fill Secord, at a high-level what 3 things need to be completed:**

- 1) The length of the Secord Dam earthen embankment needs to be strengthened, **and**
- 2) An appropriate auxiliary spillway needs to be constructed, **and**
- 3) The gates need to be upgraded.

The FLTF obtained agreement from EGLE for “pull ahead” projects at Secord. The installation of the rock and steel sheet piling is underway. Once completed, the rock and sheet piling will strengthen the embankment. These steel pieces are 65 feet in length and are being installed into the glacial till below the surface.

**When construction is complete, can't the gates simply be closed to fill the lake?**

There is regulation regarding Minimum Flow Requirements. Secord is part of a river system; the water needs to continue to flow through the system. There are detailed engineering and regulatory requirements pertaining to Minimum Flow. To close Secord completely is not possible.

**Who is Fisher Contracting?** [www.fisher-contracting.com](http://www.fisher-contracting.com)

A family-owned business founded in 1957, is a heavy/highway civil contractor. With operations in Michigan and Kentucky, they work on a wide variety of civil infrastructure projects. They own Central Concrete with locations in Mount Pleasant, Alma, and Clare, MI. They perform work for a variety of federal, state, municipal, and private clients throughout the Midwest and Southeast regions of the United States.

**In the effort to restore Secord dam in 2024, what key milestones have been achieved since 2020?**

Since the summer of 2020, FLTF had a target to restore the Secord Dam in 2024. FLTF has overcome several challenges to maintain that target. Here are key milestones:

1. **Acquired** the dam in December 2020 from Boyce.
2. **Stabilized** the dam under an emergency permit from EGLE.
3. Gained agreement with EGLE to have Secord Dam viewed as “serviceable infrastructure” to **avoid** the same environmental reviews as Edenville or Sanford. Those reviews extend permitting requirements and time for the Southern dams.
4. Secured **funding from grants, matching funds, and donations** to do the stabilization and engineering to get Secord to the construction permit phase.
5. Secured the **\$200 Million MI Grant** that ensures Secord reconstruction.
6. Implemented the **sheet piling is a pull ahead project** to help Secord meet the 2024 schedule.

### **How does the Secord project costs compare to the estimate?**

The FLTF announcement indicates “These bids represent only construction costs and do not include “pull-ahead work, or all-in project costs”.

Inflation continues to raise its’ ugly head. A quick Google search illustrates the pricing for construction related materials and labor over the past 12 months eclipses double digit increases. One can also assume the bid has future inflationary pressures built into it as this represents a 12 – 18-month construction project.

### **Is the FLTF competing for contractors, engineers, and resources to restore our lakes?**

The Federal Governments \$1.2 Trillion Infrastructure Bill funds infrastructure projects that are in direct competition with projects like our dam. This may help explain why several companies went through the qualification process that started in Spring 2022 with only 2 providing bids. The others may have filled their schedules with other projects funded by the Infrastructure Bill like roads, bridges, airports, locks, other dams, harbors, etc.

Here are examples of infrastructure projects here in Michigan that are in direct competition to our project:

- MDOT has announced \$4.3 Billion in projects for the 5 YRS over 2023-2025.
- Consumers Energy is preparing to invest hundreds of millions of dollars into the auxiliary spillway at the Hardy Dam.
- 13 dams owned by Consumers Energy need hundreds of millions of dollars in maintenance and upgrades.
- DNR to force draw down at Cheboygan County Lake (Cornwall) for dam safety concerns.

### **In Closing . . .**

The timeline change postpones the return of Secord Lake. The positive is that Secord is on its way to being restored in 2024. We hope this information helped you better understand the situation. Having an understanding will not remove the disappointment, but now you have *The Rest of the Story*.

There is a team of engineers from various organizations working on the construction plan for Secord and Smallwood. When details are available to us, we look forward to sharing them with our lake community.



FLTF Secord / Smallwood Construction Implementation Team Meeting – Jan 25, 2023

If you have additional questions you can email them to either [info@fourlaketaskforce.com](mailto:info@fourlaketaskforce.com) or [secordlakeassociation@gmail.com](mailto:secordlakeassociation@gmail.com) We will do our best to respond with another Secord Lake Association communication as others may have similar questions.

You can expect continued updates from the Secord Lake Association. These updates will include townhall meetings. Our team is working through these details now.

**There is a plan in full motion to restore Secord dam in 2024** – The Secord Lake Association is focused on what is required to prepare Secord to return. Keep an eye out for updates, there is more to come.

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