



Super Bowl Weekend Frequently Asked Questions

February 14, 2024

Since our release on Saturday morning (read it [HERE](#)) we've received additional questions. While it would be nice to be able to respond to every Facebook question or comment, that media is not conducive to providing thorough detailed answers. We wish we had simple "Facebook type" answers to complex questions - - - we do not share our opinion, rather we provide answers to complicated questions.

For those that follow the Secord Lake Association updates, these questions and related answers may look familiar. With 25 townhall meetings and over 75 published articles in the past few years, most of this material has been covered. **Our meetings, townhalls, website, Facebook page and publications are available to all.** You do not need to be a Member to participate.

Before we jump in - - - this situation is frustrating to all of us. It is complicated and confusing. We are all disappointed with the assessment amounts. For those just catching up to the complexity of the restoration projects due to the assessments, the situation may appear overwhelming.

We recognize information over the past 3 years has changed as the restoration plan moves forward. We believe having accurate information, even if we don't like it, is better than either no information or wrong information. If you have questions, we welcome them at SecordLakeAssociation@gmail.com

You can also visit the <https://www.four-lakes-taskforce-mi.com/> or www.SecordLakeAssociation.org

What is being done to help secure additional grants to reduce assessments for all property owners?

We have almost 2 years before the capital assessment starts. The FLTF continues to seek additional funding from state, federal and private entities. Members of our Association continue to seek additional funding from state and federal elected officials for the 4 Lakes Special Assessment District. Due to term limits in the State of Michigan, the key Michigan elected officials that worked to secure the 2022 Michigan grant of \$200 Million are no longer in office. The leadership of both the House and Senate in Lansing changed after the November 2022 election.

Here are the specific action items the Secord Lake Association is taking:

- 1) All realize the assessment to property owners and businesses is too high. We recognize the disaster took place after a lack of oversight at the federal level over a course of decades. **The RestoreTheLakes team is creating a new campaign to seek additional funding from state, federal and private sources.** As this team is made up of volunteers, they need time to finalize the campaign and rebuild the website. If you want to volunteer to help or have ideas, send a note to RestoreTheLakes@gmail.com
- 2) Toward the end of the document [at this link](#), we provide contact information of elected officials you can write to now.
- 3) RestoreTheLakes is **exploring other ideas that may reduce the burden or cost to property owners.** We seek ideas and will work to identify which can be implemented to focus resources. We seek ideas on how to help and support our local lakeside businesses. Ideas to RestoreTheLakes@gmail.com

- 4) **Our board plans to bring Members of the Association concepts this Spring of how we can pivot our fund-raising efforts to contribute to a program to assist people with their annual assessment under hardship circumstances.** The Association will not directly manage or disburse this assistance, but rather work through a third-party fiduciary organization. More details to come.
- 5) **We will continue to provide updates to the Secord Lake community via townhall meetings and written communications to keep all informed.**

There are comments on Facebook about an appeal or class action of some type. Could this slow down, stop or curtail the Secord and Smallwood construction projects?

If for some reason the appeals process is tied up in court, then YES, the ability to secure the bond to keep the Secord and Smallwood project funded will be delayed.

With construction at all 4 dams, the grant money will be **exhausted** by mid-year. **To continue work on Secord and Smallwood a loan is required** to fund the balance of the project. The FLTF will seek bond funding of \$80 million by June 1, 2024, to continue to fund the Secord, Smallwood, and Sanford projects.

To secure the bond, all appeals to the construction or capital assessment need to be resolved prior to disbursement of funds.

The appeals process is administrative or routine in nature. It is part of the overall special assessment procedure as individual appeals are regularly resolved by the circuit courts.

If for some reason the appeals process is tied up in court, then YES, the ability to secure the bond to keep the Secord and Smallwood project funded will be delayed.

The contractors, engineers, and consultants without a clear line of sight to funding will likely disengage from the project(s). As there is ample work available in the heavy infrastructure market, these professionals may simply move on to other projects.

The other unintended consequence of a delay is loss of engineering and construction talent currently engaged on the projects, litigation by contractors for contracts in place, costs to stabilize the dams as construction ceases and start-up costs with permitting, bidding and construction costs when the project is restarted. All of this will cost property owners in the special assessment district more in terms of money and time to restore the lakes.

We look forward to the completion of the appeals process by the Midland circuit court. Secord and Smallwood have been delayed due to circumstances outside of our control and we do not seek another delay that could turn into years.

How did the project costs almost double since April 2021?

The planning estimates in 2021-22 were created using construction forecasts by the engineers for similar work on similar projects. Due to the unprecedented circumstances outlined below, these estimates did not hold.

- 1) **A tight market for heavy infrastructure projects as several federal programs infused the market at the federal, state, and local levels with funding for infrastructure projects.** Contractors and engineers that build bridges, locks, airports, dams, and roads are in high demand with large backloads of work. This type of market pushes prices higher.

As communicated over the past 18 months or so, the FLTF held a national search in 2022 for qualified contractors for the Secord and Smallwood projects. Thirteen companies reviewed the projects - - all 13 indicated the timeline for completion was too aggressive and construction would stretch well into calendar 2025, perhaps early 2026. Of the initial 13 contractors, 8 qualified for the bid package. Of the 8 issued the bid package, only 2 submitted bids for the Secord and Smallwood projects. Both bidders were higher than the estimates at the time. The other non-bidders indicated they had filled their schedules with other jobs and would not be able to deliver completion in the 2025-26 timeframe, hence they did not bid.

The FLTF had an option - - reject both bids and start over “hoping” to get a bidder that could meet the timeline at a lower cost or select one of the qualified bidders. The market reality indicated that would not have been possible to rebid a better contract and the FLTF did not want to extend the timeline another 6 months or more due to a rebid. Hence, Secord and Smallwood were under contract in late 2022 / early 2023.

The FLTF experienced the same thing with the Sanford bid in the middle of 2023. Only two bids were submitted, both extremely higher than estimated (one was 50% higher, the other 100% over construction estimate). Feedback from contractors indicated in their world these are smaller dollar projects and they agreed to do the work for a premium. The FLTF rejected both bids, set a new path that reduced the cost by over \$10 Million with the Sanford project not starting until late 2023.

- 2) **Record annual compounding inflation in the construction market for infrastructure work.**

	YR 1		YR 2		YR 3		YR 4		YR 5	
	Annual Inflation		Annual Inflation		Annual Inflation		Annual Inflation		Annual Inflation	
\$250,000,000	15%	\$287,500,000								
		\$287,500,000	15%	\$330,625,000						
				\$330,625,000	6%	\$350,462,500				
						\$350,462,500	6%	\$371,490,250		
								\$371,490,250	6%	\$393,779,665
The Result of Compounding Annual Inflation										
An infrastructure project with an estimated cost of \$250 Million in 2021,										
has a cost to complete of \$393.8 Million in 2026.										

- 3) **As this part of this project cost is financed via borrowing money, and interest rates continue to escalate, this has impacted costs as well.**

- 4) **Unexpected challenges at the construction site.** At Secord, as excavating took place for the auxiliary spillway, the ground started to weep water from the water table. The engineers spent about 4 months designing a “dewatering plan” that EGLE agreed with. This added about \$4 million in cost to the project due to engineering and the remedy for dewatering. As one can expect with most regulated projects of this complexity, there will be challenges discovered only after construction begins.

When did the FLTF begin managing this as ONE 4 Lakes project rather than 4 individual projects?

On April 11, 2022, the FLTF announced the benefits of the grant and how it would help fund the entire 4 Lakes system.

- About three months after the FERC mandated drawdown, in **August 2020**, the FLTF indicated the only funding mechanism to pay for restoration was for each lake to assume its own costs. We communicated to our lake community both assessments need to be in place **before** loan application. Once the loan is secured, the EGLE permit could be applied for. In April 2021 it appeared this **path's timeline forecast construction to start sometime in late 2023 or 2024 assuming both the special assessments were in place by winter 2022**. The FLTF "loan by lake" scenario discussed in August 2020 remained until the state of Michigan grant award in April 2022.
- **On April 11, 2022, the FLTF announced the benefits of the State grant** and how it would help fund the entire 4 Lakes system:

Principles for Financing

1. To fund all property owners to the point where construction can begin.
2. To apply grants to get the assessment to the lowest common capital assessment number based on benefit, with no lake paying more than they would if they financed on their own.
3. FLTF will do everything that can safely be done to remain under current project planning estimate of \$250 million.

In **July 2022**, the Counties approved the operations and maintenance assessment / construction budget. **An EGLE permit was issued and pull ahead construction on Secord / Smallwood began in Fall 2022 with no construction assessment costs to property owners.**

The property benefits factor is used to **equalize payments** across the system with reduced payments for all property owners.

From April 2022, all FLTF discussions have focused on funding the entire system. Despite what some on Facebook believe today, this methodology has been in place for almost 2 years.

- **The Secord Lake Association continued the FLTF communication by using this slide during our townhalls and publications since April 2022. In May 2022 there were at least 6 townhall meetings** to explain the replacement of "loan by lake" and how the grant benefits all property owners. These held at various times of the week to include the Sunday of Memorial Day weekend 2022 at the Secord Eagles.

Grant Principles

The grant is to the property owners, not the specific dam.

State of MICHIGAN

1. To the **delegated authority for the 4 Lakes Special Assessment District.**
2. For **construction** of the dams.
3. Recipients must be able to demonstrate **20% match** via a SAD or other.
4. Funds appropriated are **subject to applicable federal audit** and reporting requirements.
5. The tentative **completion date is September 30, 2025**

FLTF on behalf of Gladwin and Midland Counties

1. To fund **all** property owners to the point where construction can begin.
2. To apply grants to get the assessment to the **lowest common capital assessment** number based on benefit, with no lake paying more than they would if they financed on their own.
3. FLTF will do everything that can safely be done to remain **under** current project planning estimate of \$250 million.

Source: Approved MI Senate Bill 565 & FLTF Board Meeting 4/11/2022

The grant is to the **4 Lakes Special Assessment District** to fund construction, **not** to a specific dam.

There was **NEVER** a grant allocation methodology by lake discussed or presented by FLTF or the Secord Lake Association.

The grant requires a **20% match**.

The objective is the lowest common capital assessment based on benefit with no lake paying more than they would if financed on their own.

Why did the construction or capital assessment amount change three times since Dec 6, 2023?

Construction costs are never final until the project is complete. The FLTF has always reported this project in the form of a “range.” A low number, a high number, and a projected number.

VIEW ONE: On Dec 6th, the 4 Lakes Project and capital assessment figures were presented as a range with a low and high number. The higher represents the “not to exceed” number.

VIEW TWO: After the Dec 6th webinar, the FLTF was advised by the US Army Corps of Engineers (USACE) that the USACE cannot approve a loan with a “range”. There must be **one** amount applied for. USACE recommended application for the top of the range, or the “not to exceed” amount as the USACE cannot go back to adjust a loan amount up once the loan is approved and dispersed. The FLTF does not need to borrow the “not to exceed” amount, rather will only borrow what is needed to complete the project. Toward the end of December, based on USACE guidance, the construction assessment was changed to reflect the “not to exceed number.”

VIEW THREE: There is an appeals process where people could seek an adjustment to their assessment. There was a process to appeal in writing or in person up until January 15, 2024. The FLTF reports approximately half of the 707 objections were related to specific costs, benefit factors, and property issues that FLTF took into consideration for change, however the FLTF ultimately changed the apportionment on over 1,400 properties. For example, 40% were lowered to the 0.25 floor on backlots to recognize lower benefit calculations, and 17% were lowered because of limited ability to develop. These types of changes that adjusted the benefit factors were then spread to all applicable properties.

The special assessment district is like a balloon that needs a certain amount of air. If an assessment is lowered by reducing air, then another assessment is increased to add air. In the case of the most recent view, with 1,400 adjustments some went down while others went up. This is the reason behind the last view we had containing individual portions of the “not to exceed” number.

REMEMBER:

- **In the event less than the maximum amount is required, the loan will be that lesser amount and thus the capital assessments will be lower.**
- **If additional grants are secured, the loan and thus capital assessments will be reduced to reflect those new grants.**
- The final numbers will not be available until the end of the project, in the 2025-2027 timeframe.

Can the FLTF increase the special assessment costs by 10% per year as Facebook claims?

NO, the FLTF cannot increase the special assessment by 10% per year as claimed on Facebook.

FLTF is the delegated authority for the 4 Lakes Special Assessment District located in Gladwin and Midland Counties. The law states, “the county board shall approve the cost and the special assessment roll by resolution.” The law goes on to state, “The special assessment roll with the assessments listed shall be final and conclusive unless appealed in a court within 15 days after county board approval”.

The law stipulates any increase in assessments must go through the formal process of public hearings, and approval of both the Gladwin & Midland Commissioners (the process just completed). **The answer is NO, the FLTF cannot increase the special assessment by 10% per year as claimed on Facebook.**

Facebook claims the FLTF owns the dams and bottomland.

The county owns the dam and bottom lands. The FLTF is the delegated authority to manage the restoration of the lakes for the counties. To expedite the Secord construction schedule, the FLTF purchased a piece of property on the east side of Secord dam required for construction of the auxiliary spillway. Title to this property will be transferred to the county.

Facebook claims the FLTF Board is being paid.

All 7 FLTF Board members, including Dave Kepler, President are volunteers. They receive no compensation. Two board members are from Secord, two from Wixom, two from Sanford and one from Smallwood.

The FLTF does have limited paid staff (or contract help) to include expertise in finance, legal, communications, operations, and project management.

Since these are public lakes, everyone should pay to rebuild, not just property owners.

The FLTF indicates \$247 Million has been contributed by taxpayers via State or Federal grants (with another \$5 Million in private donations). To put this into perspective, this amount represents over 10 years of the Gladwin County budget. Another reference point is the State of Michigan in May allocated \$15.3 Million toward 14 Michigan dam projects.

Taxpayers via the State of Michigan and Federal grants have contributed to the rebuilding effort. The significant Michigan grant requires a 20% match, which is typical for this type of government support.

This does not stop us from seeking additional grants and support to reduce the assessments for all property owners.

There are some that have the position that everyone in Gladwin County should be assessed for the rebuilding.

Gladwin and Midland Counties along with the townships, contribute to the annual maintenance and operations assessment. **Getting Gladwin voters to approve a millage to rebuild may prove a challenge as it would need to go to a referendum.**

Convincing voters on lakes like Lancer, Lancelot, and Wiggins to agree to this millage will be challenging as they already pay assessments for their dams. Getting Gladwin County voters with no ties to the lake will be a challenge.

With this said, if anyone wants to champion an initiative to create a county wide millage, there is a process to do so. You can contact the Gladwin County Board of Commissioners to learn more.

If you have additional questions or ideas, you can email them to secordlakeassociation@gmail.com We will do our best to respond to questions with another Secord Lake Association communication as others may have similar questions.

The Secord Lake Association supports and assists the FLTF efforts to seek additional grants from various sources as well as researching other avenues to offset costs to property owners. We will be introducing more opportunities for property owners and Members to help. You can expect continued updates. **There is a plan in full motion to restore Secord dam in 2025.** The Association continues to focus on what is required to prepare Secord to return.

www.SecordLakeAssociation.org