



Forest Lake

Forest Lake Property Owners' Association
6180 Bobcat Tr., Alger, MI 48610 989-836-2155

Forest Lake 2021 Special Assessment Questions

August 2021

1. Why at this point do we have 5 of the 12 detailed items having a status of estimated? It has been 14 months since the event. One would think actual costs should be known.

Answer: The design for the spillway repairs is complete but we do not have an EGLE permit for construction. After the permit is issued the project will be issued for bids. The engineering work for the dredging project is just getting under way and the project will be issued for bids when the engineering is completed, and a bid package is available. Refer to the FLPOA Website under "Dam Information & Updates" for a complete history of past events.

2. Dredging Sediment Pond Contract (estimated) Is the estimated \$1,200,000 for dredging or are more sediment ponds needed or need work? Please clarify.

Answer: Prior to the flood, FLPOA had five sediment ponds and stop dams installed at major stream inlets to the lake to catch unwanted sediment, pollutants, nutrients, etc. that cause the lake significant water quality problems. Only one sediment pond/dam was not installed which was not accessible until dredging. Four of the five ponds/dams failed during the flood. They will be rebuilt during the dredging process. The added pond/dam and repair to the other four are included in the cost of dredging.

3. Permit Fees (estimated) Could you specify the exact permit fee or fees?

Answer: Until we have a dredging design, the local inspection agencies will not identify the cost of the soil erosion permit. Several State agencies are involved in the permitting process for the spillway repair and the final permit cost is unknown at this time.

4. Rental Docks repairs/replacement Per note 3, some of the work will be done by FLPOA maintenance crew. Does the \$100,000 estimated cost include FLPOA maintenance or just contractor cost?

Answer: The \$100,000 is an estimated cost as the contractor needs to re-quote the reduced scope of work as it has been reduced from \$129,800. The FLPOA maintenance crew cost is not included in the \$100,000 estimate.

5. Third party accounting expense. Who is the third party? What does the \$7,000 expense provide?

Answer: A quote from a local CPA firm is being considered but a contract has not been let. The purpose of the third-party activity is to isolate the special assessment funds handling, recording, depositing, dispensing of expenses, etc. from any normal FLPOA administration activity. Statements of record will be available to property owners on a regular periodic basis.

6. Does the dredging operation impact the fish population? Will there be an environmental impact study? If the fish population is negatively impacted will there be restocking and what is the cost?

Answer: The dredging operation will impact the fish population in a positive way. Please read the analysis presented by Restorative Lake Sciences, our lake manager, which was presented with the April 2021 Special Assessment mailing (Attachment F) mailed to each property owner.

7. Of the detailed costs listed, what has been spent to date and where did the money come from?

Answer: No cost has been expended on the Dredging Project to date. The dam/spillway preliminary engineering cost was paid with Dam Maintenance funds as indicated in the April 2021 Special Assessment mailing.

8. Paving cost is being reduced by decreasing pavement thickness. The cost went from \$84,300 to \$35,000. What is the numerical change in thickness? Based on a thinner road surface, what is the expected life of the thinner road surface? Are we saving money for short term gain and long-term costs?

Answer: The Arenac County Road Commission gave us an estimate based on several scenarios. The worst case (\$84,300) was originally considered and included complete removal of the old pavement and installation of new 3" thick asphalt paving. The current plan is to install a 2-inch cap without removing the old pavement.

9. Why are not all 1,175 property owners expected to participate? It is totally unfair to expect the remaining 1,000 property owners to cover the \$235,000 that the 175 non-participant property owners should be paying. This is a community where all property owners have access to the wonderful amenities and should share the costs equally. If you work on your premise of non-participants, then you open up a pandora's box of those who don't use docks having to pay for dock repair, those that don't use the lake etc.

Answer: FLPOA is a corporation with 1,178 shareholders as owners. We are an IRS tax exempt status Private Non-Profit 501 C4 organization. We have expenses to operate this corporation like any business does and we need revenue to meet the costs. The revenue that we have established other than annual dues from each shareholder, are rental incomes like the campground, boat dock rentals, RV storage, cabins, and house rentals, etc. Without these rentals, a deficit in revenue would cause a need to raise the annual dues to compensate.

The assessment is being charged to every Association member including the approximately 178 members that are delinquent in paying their dues. As indicated in Attachment B of the assessment, any

funds collected that are not used will be deposited in the Dam Maintenance fund for future use. Refer to the response to question No. 15 for additional information.

10. If dredging is delayed until 2022 project cost could increase by \$100,00, I think you meant \$100,000 due to less stable lake bottom. Is there an engineering report that provides solid evidence that the lake bottom will be less stable a year from now?

Answer: The areas to be dredged have not seen any lake water in over a year. A local contractor that is working with our engineering company has estimated a savings of \$100,000 if work can be performed before we raise the lake again and permeate the ground with water which will require a more expensive process to dredge because of reduced load bearing capacity of the soil for heavy equipment. There is no funding for a soils investigation to prove or disprove the assumption. Common sense and logic dictate that the lake bottom would be less stable if the lake level is raised before dredging.

11. This special assessment is only for the specific items and costs listed. Why is not the complete repair project i.e., the spillway repair provided in this notice? Have all those costs been determined and the source of coverage been determined? i.e., federal government, state government, local government, other Can that be provided to present the complete picture and provide complete transparency to put the lake back to its condition prior to May 2020? Will that part of the project require another special assessment?

Answer: The complete repair project for the spillway and the dredging project is spelled out very clearly and comprehensively in the Special Assessment Package that was mailed out to every property owner in April 2021. It is totally transparent as presented. All known costs have been identified with anticipated grant funding from various agencies and the remaining costs to be absorbed by the property owners (shareholders). Refer to the FLPOA Website for additional information.

12. If a good number of the property owners select the 10-year payment option, and a loan is necessary, has that loan been negotiated and ready to go since there seems to be some urgency as said in the assessment notice the “the board may need to borrow funds to complete the dredging project this year “.

Answer: The sense of urgency comes from the property owners that want their lake back. If we do not get enough property owners to contribute a lump sum up front it will reduce the funds available for what needs to be done immediately. The Board of Directors applied for a low interest loan from the Small Business Association several months ago. Our loan application has been approved and a loan offer is anticipated in the near future. When we knew how much money is coming in this year, we will know how much of a loan is required and we will be “ready to go”.

13. Most concerning is that the assessment notice did not provide a method of communication with the board in order to direct quests concerning this assessment. It is with some effort that we had to figure that out.

Answer: The FLPOA Board of Directors does not use Facebook, or any other form of social media, for communication with Association members. The FLPOA website is the official forum for obtaining factual information. There have been 16 updates published so far and a lot of information has been exchanged in open meetings, i.e., the recent June 2021 special meeting and the July annual meeting. A lot of time and effort went into explaining in simple detail in the Special Assessment notices everything that is known to date and the respective anticipated direction we are pursuing.

14. Could you attach copies of any document that provide work details and costs from any contractors and government agencies that align with the items listed?

Answer: All appropriate information will be available on the FLPOA website when available to us.

15. Once these questions have been answered, we will be willing to pay our share of \$1,344.68 based on all property owners paying their fair share.

Answer: Discounting your share of the cost transfers the burden of the delinquents to the Board of Directors to obtain additional funds elsewhere. The reality of the delinquents on annual dues is typically 10% so the members in good standing have always taken on the burden of the delinquents. If all members discounted their assessment, then the anticipated task to restore the lake would create a greater financial burden for the Board to deal with. The members on the Board of Directors are property owners and volunteers trying to do a job that is not easy or rewarding. A cooperative effort by all will make the task easier for everyone. For those who are concerned that the assessment is "unfair", we welcome your suggestion to resolve this issue and your time and effort to pursue rectification. Many property owners have already offered to pay more than their fair share knowing the reality of the situation.