

The Future of Sanford Lake

Last August, residents on Sanford Lake experienced a rude awakening when “serious leaks” in the dam forced the lowering of the lake by about three feet, leaving frustrated homeowners suddenly scrambling to get their watercraft out of the water. The company that owns the dam, Edenville-based Boyce Hydro Power, LLC says it spent \$153,000 last September to reinforce the dam’s existing structure in an effort designed to plug the leaks. A subsequent analysis by the Federal Energy Regulatory Commission (FERC) discovered additional repairs, in a different part of the dam, were still necessary. This second phase of work, estimated to cost \$83,000 is money Boyce officials say they cannot afford. (Source: Midland Daily News, Jon Becker 2.2.11)

Bill Gebo, who serves as a director on the board of Sanford Lake Association talked about the history and background leading up to the current situation.

“The board of directors of SLA feels that it is important at this time to provide all property owners with a summary of recent events affecting the lake and what may potentially occur in the future. Sanford Lake is an impoundment created by the Sanford Dam, which was constructed as a power dam in the 1920’s. The dam, along with three others upstream, has been owned since 2006 by Boyce Hydro Power, LLC, a property of the W. D. Boyce Testamentary Trusts. Boyce sells electric power produced at the dams. The Federal Energy Regulatory Commission (FERC) is the regulatory body that issues and oversees operating licenses for hydro power projects, including Sanford.

While the sudden drawdown of the lake last August, and the subsequent repair work has been the most visible of the issues, there have been a number of things transpiring over the last year or so.

Property Taxes: In the past, as a form of tax protest, Boyce made a decision to stop paying property tax on the parcels of land that make up the lake bottom. Midland County eventually foreclosed on those tax parcels in March, 2010, and Boyce voluntarily relinquished ownership of the lake bottomlands. In April, the County Commissioners voted to retain ownership of the lake bottom-

lands, and pay off back taxes from their budget. The county continues to hold ownership today.

Boyce’s operating license, however, requires them to own or control the lake bottomlands. FERC learned of the tax foreclosure in April 2010, and gave notice to Boyce that they had one year to resolve the tax issue with the county and either recover the bottomlands or work out a flowage lease agreement acceptable to FERC. Failing this, Boyce could be subject to civil penalties or, ultimately, revocation of their license. Discussions between the county and Boyce have been ongoing with no resolution being announced thus far. Recently, Boyce petitioned FERC for a one year extension until April 2012 to resolve the issue.

Dike Repairs: Boyce has stated that in June of 2010 they noticed seepage at several spots on the west end of the dike. They began to monitor these spots and ultimately informed FERC, as they were required to do. Boyce and FERC agreed that installing toe drains would solve the seepage problem. By August, Boyce determined that the seepages were severe enough that the water level of the lake needed to be lowered in order to dry up the dike.

The drawdown was done abruptly with little notice to lake residents or the Sanford Lake Association. It was this event that first made most lake residents aware of (and often upset with) Boyce’s issues. It is difficult to know if the abrupt drawdown was necessary, or whether a few days notice could have been given by Boyce. While everyone has an opinion about this, only the Boyce and FERC people will ever know for sure. Lee Mueller of Boyce did state at the September SLA board meeting that, while the immediate drawdown of the lake was a necessity, Boyce could have done a better job of communicating this to lake residents.

During the last few months of 2010, Lee Mueller of Boyce spoke at various local meet-



Crews continue to make repairs to the Sanford Lake dam in Sanford. The water levels have been lowered so crews can make much needed repairs to the berm portion of the dam.

ings and indicated that, while Boyce had completed the work directly resulting from the seepages (at a cost of \$153,000), FERC wanted additional toe drains installed along the balance of the dike. Mr. Mueller stated on these occasions that Boyce did not have the funds available (\$83,000) to do the additional work, and that the lake level would remain down until the funds were available. This was also stated by Boyce to FERC in a letter dated January 4, 2011.

During this time, a small group of lakefront property owners got together (calling themselves the Sanford Lake Preservation Association—SLPA) and pledged the \$83,000 for Boyce to use to complete the repairs, providing the repairs were completed by early spring. Additional pressure from FERC was evident when, in response to Boyce’s letter of January 4, FERC sent Boyce a February 8 letter stating that leaving the dam in an unsafe condition (leaving the lake level down) and not completing the work was a violation of their license. Lack of funding was not an acceptable justification. FERC gave Boyce until April 29 to complete the work and raise the lake level. Boyce is now apparently in the process of completing the work and sent a work schedule to FERC on February 11.

Long-Term Viability of Sanford Dam: The actions taken by Boyce, whether lake residents feel are justified or not, are signs that the underlying economic viability of the power dam may be in jeopardy. The future cost of identified necessary repairs will be a significant drag on the profitability of the dam operation in the coming years.

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Lee Mueller of Boyce presented his position to certain SLA board members, the County Commission, and at the December public meeting of the Sanford Lake Improvement Board. At that meeting, he stated that he needed the homeowners and recreational users of the lake to make an annual contribution of about \$50-60,000 to dam maintenance. Without this contribution, the viability of the economics of the dam operation may well be in question given the upgrades required by FERC. As a result, Boyce likely would be forced to surrender its FERC license. Should Boyce surrender its license, it ultimately could lead to the removal of the dam and draining of the lake. Boyce's attorneys voiced this same position in a letter to FERC dated January 18, 2011."

For now, the Sanford Lake Association, Sanford Lake Preservation Association, Boyce officials, local governments and other stakeholders are weighing their options and continue in their efforts to find a solution.

Readers interested in learning more about the future of Sanford Lake may visit the Sanford Lake Association website at sanfordlake-association.org for regularly posted updates.

Publisher's comment: The concerns and issues raised and identified in this article are not just those of Sanford Lake. Any property owner living on a body of water which is partly or completely created by a dam should be concerned with who pays and/or who is responsible when dams fail or need to be maintained.



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