

**SANITARY AND IMPROVEMENT DISTRICT
NO. 1 OF CASS COUNTY, NEBRASKA
(Lake Wa-Con-Da)
10250 Regency Circle, Suite 300
Omaha, NE 68114**

June 23, 2020

To: Lake Wa-Con-Da Property Owners

Re: Levee Improvement Update

Dear Property Owners:

As you already know, Sanitary and Improvement District No. 1, of Cass County, Nebraska (the "District") has been engaged over the last several months with the United States Army Corps of Engineers (the "Corps") to discuss the Corps' proposed improvements to our levee. The Corps has produced its complete design plan for the levee improvements and protections (the "Levee Plan"). Documents and materials related to the Levee Plan can be found on the www.sid1.org website.

In general terms, the Levee Plan is a full-scale application of the Corps' best practices to make a wide variety of improvements to the levee and the surrounding area. Most of this plan incorporates seepage berms along most of the levee that is very similar to the work done following the 2011 flooding. It is very important to understand that those levee improvements that were made performed extremely well for us during the 2019 flooding. It should be noted that the proposed Levee Plan is about mitigation of risk and future levee failure and identifying some issues and "fixing" them. Most of the costs of the project would be paid for by the Corps, but the total amount of the District's share of the costs would be significant, with the current estimate being \$4,000,000+.

Also noteworthy is that the Levee Plan would require the demolition of 6 or 7 houses in and near Bullfrog Bay. The individual property owners that might be affected by the implementation of the Levee Plan have already been notified. We would hate to lose any member of our community. With that being said, we have asked the Corps to look at all possible revisions of the Levee Plan which would impact fewer property owners, and the present Levee Plan is the smallest impact the Corps would approve.

There are two primary benefits to the District of proceeding with the Levee Plan. First is the fact that the Corps will bear most of the expense for these levee improvements. The second is that implementing the Levee Plan is required in order for the levee to remain in the United States PL84-99 Levee Program (the "Levee Program"). By participating in the Levee Program, there is an 80/20 cost share formula for much of the work. There are a number of extra and ancillary costs associated with this project that we, as a District, would owe at a 100% rate. These combined costs are estimated to be approximately \$4,000,000. If the District refused to implement the Levee Plan, the levee will be classified as "inactive" and the District will be ineligible for cost sharing on any future rehabilitation or repair efforts until such time the District brings the levee up to

Corps minimum standards at the District's 100% cost. If our levee is no longer in the Levee Program, the Corps will immediately inform FEMA of the change in status. There is concern that future revisions to FEMA flood maps are more likely to show the Lake Wa-Con-Da development at increased risk. If and when this happens, costs of flood insurance could rise substantially. While the District would still be entitled to assistance from FEMA in the event of a disaster declaration, and would still receive emergency assistance from the Corps, costs of flood insurance and the cost for levee maintenance and improvements would be born entirely by the residents and tax payers of the District.

If the District chooses not to proceed with improvements contemplated by the Levee Plan, there are still significant efforts the District would want to undertake to improve levee protections and mitigate future risk. This would include some, but not all, of the improvements contemplated by the Levee Plan. The costs of implementing the improvements which the District believes are most important and most impactful is approximately \$3,000,000+. While this would not be as robust of a solution as contemplated by the Levee Plan, the District believes that the cost benefit analysis for these improvements would provide most of the protection contemplated by the Levee Plan with a lower overall cost. This prospective plan would likely result in the loss of 3 homes.

Whether the District proceeds with the Levee Plan or with a smaller, self-funded project, the expenses to the District will be paid by property owners through property taxes. The District would, as we have done in the past, issue bonds and pay those bonds back through tax increases on individual houses. Roughly speaking, every \$1,000,000.00 that the District needs to raise would increase annual property taxes by \$100.00 each year for every \$100,000.00 in property valuation. If the District were to proceed under the Levee Plan, property taxes on a \$250,000.00 home would increase by approximately \$1,000 each year, while, if the District were to implement its own improvement plan, the taxes on that home would increase by \$750 annually. Additionally, there may be an increase in costs for flood insurance. The District has been unable to determine what that increase may be.

We want to reiterate that this is a complex issue. There are many variables, some known and some unknown. There are essentially 4 basic outcomes (each with varying degrees of detail).

1. We DO agree to this plan and the levee DOES NOT breach or fail.
2. We DO agree to this plan and the levee DOES breach or fail.
3. We DO NOT agree to this plan, do our own mitigation project and the levee DOES NOT breach or fail.
4. We DO NOT agree to this plan, do our own mitigation project and the levee DOES breach or fail.

Obviously we will never know if a decision to agree to complete the Levee Project or not is the reason the levee would potentially fail or not. However, scenario 4 listed here is a compelling argument to agree to the project and move forward with it.

The District has worked with its engineers, fiscal professionals, and attorneys through review of the Levee Plan and related options. At this point, we have gathered as much information as we expect to have available before the Corps will require a decision of the District. The District has not made any decision, one way or the other, as to how to proceed at this time. This is an extremely important, complicated and emotional decision. The District Board of Trustees continues to weigh the cost and tax burden, risk to lives and property, and, ultimately, the continued viability of Lake Wa-Con-Da.

As Trustees, we feel it is important to present this information and thought process to the residents and property owners, as we believe we owe a duty of transparency to everyone who will be impacted by the Board's decision. After having significant and continued discussions with the Corps and compiling all the information available, the District believes the time has come to present this information to property owners and residents for questions, comment and feedback.

There will be multiple opportunities for this. We hope to have a meeting at the lake however, we are very aware of the need for social distancing. This may be in person or via ZOOM or both. We have created an FAQ page on the SID website. Functionally, as questions are posed to us, we will post both the question and the answer to create a living document for everyone to review on demand. Please direct your questions or comments to Jon Meyers at jmeyers@nebraskawarehouse.com

The SID Board Members are interested in your opinion. After reading both this letter and the FAQs posted on the SID website, please go to this survey link <https://www.surveymonkey.com/r/5M8PLGX> and tell us if you are in favor of proceeding with the Levee Plan. You must enter your Lot #. (this link is also posted on the Levee Page on the website)

We want to take the time to thank you for your patience in allowing us to assemble this information and present you with a clearer picture of the options presented. Please be sure to access the "IMPORTANT LEVEE INFO" button on the homepage www.sid1.org website that will take you to an area devoted to resources related to this project. We also want to thank you in advance for your input because we think it is important to hear the questions and concerns of the neighborhood. This is a very difficult decision that the Board will have to make, but we promise to consider the input of the residents before determining how to proceed.

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