
From: Wurfel, Sara (GOV)
Sent: Wednesday, October 31, 2012 12:34 PM
To: Snyder, PPI
Cc: Muchmore, Dennis (GOV); Roberts, John (GOV); Scott, Allison (GOV); Lasher, GERALYN (GOV); Silfven, Ken (GOV)
Subject: FW: Genesee Co water supply project TODAY's FLINT JOURNAL
Attachments: Genesee County Water issue.doc; Flint Emergency Manager Michael Brown says selling city water and sewer systems can't be ruled out.docx

Importance: High

Governor --

Just wanted you to be aware of a potential issue -- Genesee Co. water supply -- that you may get asked about today from Flint media.

Recent news articles below and one attached from earlier this year that talks about then Emergency Manager's Mike Brown's comments. Also, attached is brief history and timeline from DEQ and a quick summary below from Treasury as they'll be meeting with Flint and Detroit officials tomorrow.

Bottom line: this has been an ongoing issue and sets up potential conflict between these two communities. Many Flint and Genesee Co. officials say it will save the city and region much money; Detroit says it won't be cost-effective and is very much opposed. Treasury will be getting the details tomorrow of the proposed pipeline plan and doesn't have an opinion yet. Because of the EM situation and particulars, it requires state approval for Flint to participate. Without Flint's participation, rest of area likely can't cover. Though sounds like EM Kurtz is now leaning toward moving in the pipeline direction. Treasury recommends a very high level response at this time. We agree.

Please let us know if there's anything else you may need or want on this front.

Officials from Flint, Genesee County, Detroit to meet with state treasury on region's water future, officials say (Oct. 31)

http://www.mlive.com/news/flint/index.ssf/2012/10/officials_from_genesee_county.html

Building an intake is one of four giant steps toward building water pipeline (Oct. 28)

http://www.mlive.com/news/flint/index.ssf/2012/10/pipeline_timeline_heres_what_t.html

Genesee County approves borrowing \$35 million to build Lake Huron water pipeline intake

http://www.mlive.com/news/flint/index.ssf/2012/10/genesee_county_puts_up_35_mill.html

From: Buhs, Caleb (Treasury)
Sent: Wednesday, October 31, 2012 11:46 AM
To: Wurfel, Sara (GOV); Stanton, Terry A. (Treasury)
Subject: RE: Genesee Co water supply project TODAY's FLINT JOURNAL

The article is correct, we will be meeting with both proponents and opponents of the potential pipeline project. There isn't much to say at this point, Treasury does not have an opinion yet, as we will be getting the full briefing tomorrow.

Here is what we know:

-A group is proposing a water pipeline from Lake Huron to the Flint Metro area, which would eliminate the need to purchase water from Detroit Water and Sewer Department (DWSD).

-The design and cost estimates have yet to be completed.

-The City of Flint has contributed about \$25-30k towards the costs of the studies.

-DWSD is opposed to the plan for the obvious reason that they would lose customers. DWSD officials have pointed out that a study was done in the 90's that concluded that a project of this nature would not be cost effective.

-This would allow Flint to control their own water costs and quality and provide opportunities for industrial growth.

Since Treasury officials have not been briefed on all the information yet, I would keep the statement from the Governor rather high-level, something like:

Treasury officials are meeting tomorrow to get the details of the proposed pipeline plan. Until the ultimate costs are known and the various studies have been conducted, the benefits to the citizens of Flint and Genesee County cannot be determined.

Feel free to call me if you have any questions.

Caleb

From: Wurfel, Sara (GOV)
Sent: Wednesday, October 31, 2012
To: Buhs, Caleb (Treasury); Stanton, Terry A. (Treasury)
Subject: FW: Genesee Co water supply project TODAY's FLINT JOURNAL
Importance: High

Per our quick conversation earlier, Caleb. Any update you can provide ASAP from Treasury role and perspective will be great.

From: Wurfel, Brad (DEQ)
Sent: Wednesday, October 31, 2012
To: Wurfel, Sara (GOV)
Subject: RE: Genesee Co water supply project TODAY's FLINT JOURNAL

Officials from Flint, Genesee County, Detroit to meet with state treasury on region's water future, officials say



By Kristin Longley | klongley1@mlive.com The Flint Journal
on October 31, 2012 at 7:16 AM, updated October 31, 2012 at 7:17 AM
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Flint water treatment plant *Ryan Garza | MLive.com file photo*

GENESEE COUNTY, MI -- In a meeting of all the major stakeholders, the city of Flint is expected to make its case to the state Thursday that joining a regional effort to build a **new pipeline from Lake Huron** is the best option for Flint's future water.

The meeting is expected to include representatives from Flint emergency financial manager Ed Kurtz's administration as well as the Genesee County Drain Commissioner's Office, Detroit Water and Sewerage Department and the Michigan Treasury department, Flint officials said this week.

"The state is looking to bring all the parties to one place to look at the numbers," said Howard Croft, Flint's director of infrastructure. "All the pros and cons and all the people involved will be in the room."

Flint and Genesee County have been getting water from Detroit under a 30-year contract that is now expired, and are looking to break away because of continuing price increases.

Officials with the Flint emergency manager's office have been exploring several options for water since the city was taken over by the state in December. The options included treated Flint River water as well as blending Detroit water with Flint River water.

Now, Flint authorities say joining with Genesee County officials on **building a new pipeline from Lake Huron** is the best bet in order to stabilize Flint water rates over the long term.

The pipeline would service a wider region that could also include Lapeer, Sanilac County and Lapeer County, called the Karegnondi Water Authority.

"We're comfortable with the work we've done. We believe the numbers bear out," Croft said. "This is taking it to the next level, taking it to the state and saying these are our options."

Kurtz said that, under the emergency financial manager law, the state treasurer has to sign off on any deal more than \$50,000 -- which certainly applies to the pipeline project that's expected to cost the three-county region up to \$300 million.

The Genesee County Board of Commissioners took steps last week to borrow up to \$35 million to cover the initial construction costs for the pipeline.

Genesee County Drain Commissioner Jeff Wright said he was asked to attend the meeting Thursday in Lansing. He said his office will be glad to be there to answer any questions about the KWA proposal.

County officials claim that continuing to buy water from the city of Detroit will cost the region \$2.1 billion during the next 25 years. By building a pipeline, that cost would no more than \$1.9 billion over the same period.

"It's cheaper to build our own system than to continue to pay more and more to the city of Detroit," Wright said. "This is about the least expensive way for our people to get the best quality water."

Croft said the Flint River isn't the best option for Flint's primary source because of concerns about capacity during drought conditions and questions about what the city and county would rely on as their state-required backup source, which is currently the river.

If the city were to make the Flint River its primary source, major upgrades would have to be made to the dams and other infrastructure, Croft said.

Blending river water with Detroit water would still leave Flint vulnerable to future rate increases from Detroit, he said.

Going with the KWA pipeline, on the other hand, would mean a fixed water cost, Croft said.

"A lot of things are conditional (with blending)," Croft said. "That's not a good scenario for us. We're looking for a long-term solution not a short-term one."

Still, no decisions have been finalized, he said.

"The state has to support any decision of this magnitude," he said. "This is about us making the best-informed decision we can make

Brad Wurfel
Communications Director

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From: Milne, James (DEQ)

Sent: Wednesday, October 31, 2012

To: Wurfel, Brad (DEQ)

Cc: Fisher, Brant (DEQ); LeBaron, Andrew (DEQ)

Subject: Genesee Co water supply project

See if the attached files give you what you need. Brant Fisher & Andy LeBaron are probably the best people to talk to about this project.

Jim Milne, Great Lakes Shorelands Unit Chief

Water Resources Division

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