
From: Muchmore, Dennis (GOV)
Sent: Monday, February 16, 2015 12:42 PM
To: Hollins, Harvey (GOV)
Subject: FW: Flint Water Bills
Attachments: Water Forum - Final.ppt; WATER RATES deposits.doc

This is an old note which summarizes some of the early issues with the system and why they wanted to go to the KWA. Thought you might be interested. Did we get any info for the ministers about how the Detroit bill extensions and cut offs are working?

From: Stibitz, Brom (Treasury)
Sent: Monday, March 04, 2013 4:00 PM
To: Muchmore, Dennis (GOV)
Cc: Dillon, Andy (Treasury)
Subject: Flint Water Bills

Dennis,

There is some information attached on the Flint water issue you asked us about. I summarize a few of the key points:

- The water system has been running at deficits for years. When the previous EFM left the City in 2004, the water system has a reserve of approximately \$60 million. When Mike Brown was appointed, this had turned into a \$20 million deficit due to years of not passing along to consumers the rate increases of over 10% hitting the system from DWSD. Slides 5 & 6 of the attached power point show this pretty dramatically.
- Substantial increases over the past few years are an attempt to reflect the actual costs of running the system.
- Another concern raised by DHS was the increase in the deposit for rental properties. This was necessary because renters paid the previous \$100 deposit, then racked up water bills in excess of this amount and walked away. Of the affidavits currently out there, 82% are past due. I would also note that this is not mandatory, it is only required if a landlord is not willing to put the water bill in their name.
- The bottom line is that they realize it is an issue, but the General Fund doesn't have the money to run general City operations, much less subsidize water rates.

The two page word document (attached) provided by the EFM gives you a good overview of what is going on. They believe that a switch to KWA is part of the solution for high water rates in the City.

Brom