
From: Robert Daddow <daddowr@oakgov.com>
Sent: Friday, February 13, 2015 11:38 PM
To: Baird, Richard (GOV)
Subject: Re: Flint

Nikki seems interested.

> On Feb 13, 2015, at 6:45 PM, Nicolette Bateson <bateson@dwsd.org> wrote:

>

> Hi Bob: I just saw your message. Interesting development!

>

> All: May I suggest a conference call to evaluate the options? I am available at any time and can send out the call-in number.

>

> Regards,

>

> Nickie

>

> Nicolette N. Bateson, CPA

> Chief Financial Officer

> Detroit Water & Sewerage Department

> 735 Randolph, Room 1608

> Detroit, Michigan 48226

> Office: (313)964-9225

> Cell: PPI

> Fax: (313) 964-9219

> bateson@dwsd.org

> City of Detroit

> Mike Duggan, Mayor

>

> ----- Original Message -----

> From: "Robert Daddow" <daddowr@oakgov.com>

> To: "Bart Foster" [REDACTED], "Nicolette Bateson"

> <bateson@dwsd.org>, jfausone@fb-firm.com, "Sue McCormick"

> <mccormick@dwsd.org>

> Cc: "Brian Baker" <bbaker@sterling-heights.net>

> Sent: Friday, February 13, 2015 1:53:06 PM

> Subject: RE: Flint

>

> Guys – I think we can craft a win here. In talking with Rich Baird,
> who has been working with Flint on this matter along with Dennis
> Muchmore from the Governor's staff, apparently Flint is consider this
> but is choking a bit on the amount to be billed. While I recognize
> that this amount is based on the prior contract, we are in a unique
> position over the next two weeks or so and before the BOWC takes
> action on the rates, budget, CIP and other related efforts on March 11
> th (formally March 4 th). The win would be solving the water problem

> in Flint (generally agreed that this is there issue and comes from a
 > poor decision to remove themselves from the DWSD's quality water
 > product), serving to reduce the
 > FY-2016 suburban water rates already now in the public by perhaps 2%
 > to 3%, and help to tamp down the media frenzy on this matter. It also
 > demonstrates that flow is part of the problem – DWSD adds flow, rates
 > go down.
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 > Right now, no one wins with Flint off the system – the rates for water
 > remain at 11% for suburban wholesale, Flint has bad water and the
 > press for both of us continues on this matter, along with the rate
 > media issues.
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 > Here is what I propose. Drop the monthly rate for a defined period of
 > time – they need a 15 month period. So let's drop the rate by say
 > \$50K monthly and make it a rate of \$800K / month, fixed. In doing so,
 > I suspect that the 11% rate can be dropped to roughly 8.5% to 9%
 > (subject the Foster Group's more detailed analysis) – which show the public good
 > faith. Then, if they go past the 15 month time frame, we can add costs
 > on the rate at a semi-punitive approach - \$850K \$875K or more.
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 >
 > I believe that there is a win / win here. If the proposal is not
 > acceptable, then I'd like to hear an alternative if at all possible –
 > particularly since th3e 11% isn't selling well in the media, given the
 > misinformation out there in the public. RJD
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 > From: Bart Foster [REDACTED]
 > Sent: Thursday, February 12, 2015 10:33 PM
 > To: Robert Daddow
 > Cc: Nicolette Bateson
 > Subject: Re: Flint
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 >
 > Actually, my quick take is about 8%.
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 > Some background:

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> When Flint left, the annual revenue profile for the Water System was
> initially reduced by \$12.5 million, However, we immediately
> recalculated the rate for Genesee County (recognizing their higher
> demands), to effectively “claw back” about \$2 million of the
> reduction, so the net Flint impact is ~ \$10.5 million, or just under
> 2.5% of the
> (reduced) Water System rate revenue. Assuming that same amount could
> be replaced, and all else being equal, the “system rate increase”
> could be reduced by about 3 percent, with a bit more of the reduction
> occurring in the suburban wholesale rate structure. Safe to say that
> (again, absent any other changes) the average suburban water rate
> increase would be closer to 8 percent compared to the current 11.1%.

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>
> Hope this helps . . .

>
>
>
> -- Bart Foster
> President
> THE FOSTER GROUP
> (913) 345-1410
> (913) 345-1640 fax
> PPI Cell

>
>
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> attachments are intended for the exclusive use of the addressee and
> may contain confidential or privileged information. If you are not
> the intended recipient, please do not forward, copy or print the
> message or its attachments: notify me at the above address and delete
> this message and any attachments.
> Thank you.

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> On Feb 12, 2015, at 7:02 PM, Bart Foster <[REDACTED]>
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> wrote:

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