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Detroit Water and Sewerage Department

Preliminary Review and Analysis

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Executive Summary

- DWSD has approximately $5.3 billion of non-SRF and $0.5 billion of SRF debt outstanding[1]
- DWSD currently projects that it will generate an average of up to $159 million in annual net income from FY 2013 through FY 2016 after the payment of debt service but before any application to CIP
- The existing bond ordinances effectively trap this net income within the respective Surplus Funds
- Subject to review by bond/tax counsel, this restriction can be overcome using several methods:
  - A defeasance and/or repurchase of all existing debt using either (i) a traditional tax-exempt/taxable refinancing transaction or (ii) an all tax-exempt refinancing in the context of a "true sale" transaction
  - A defeasance and/or repurchase of enough existing debt to obtain consent rights on at least 51% of outstanding debt per ordinance
    - Identification of the "cheapest to refund" 51%; "breaking the least amount of china"
    - Potential new money financings can also assist
  - Scales: 'AAA' and "Low A"
- Refinancing provides the opportunity to restructure debt service to increase net income over the near and medium terms
- Requires the creation of a framework for the equitable division of net income between the City and major wholesale community customers
- Potential identification of benefits to bond insurers for use in G.O. / Pension COP negotiations

1 *For purposes of this preliminary analysis, we have focused on the non-SRF debt*

1. Overview of Detroit Water and Sewerage Department ("DWSD")

DWSD vs. National Peers

DWSD operates one of the largest water systems in the nation, but service appears to be expensive relative to its peers

Detroit Water and Sewer Ranks in the Top Ten Among Comparable Water Systems for both Service Area and Population[1]

Service Area

City	Square Miles
San Francisco	1,762
San Diego	1,480
Detroit	**1,079**
Jacksonville	874
Chicago	806
Memphis	784
Dallas	699
San Antonio	642
Houston	600
Phoenix	540
Average	927

Population

City	Population
New York	8,175,133
Chicago	5,296,094
Los Angeles	3,900,000
Detroit	**3,800,000**
San Diego	3,201,714
Houston	2,800,000
San Francisco	2,600,000
Dallas	2,400,000
Boston	2,200,000
Baltimore	1,800,000
Average	3,617,294

Detroit Water and Sewer Charges are High Relative to Peer Systems[2,3,4]

Single Family Residential

City	Annual Charge
Memphis	$402
Chicago	443
Phoenix	457
Milwaukee	657
San Antonio	669
Dallas	749
Los Angeles	755
Baltimore	862
Indianapolis	886
Houston	891
San Jose	909
Columbus	912
New York	939
Detroit	**941**
Philadelphia	954
Jacksonville	1,072
Boston	1,107
Austin	1,145
San Diego	1,205
San Francisco	1 490
Average	$872

Commercial

City	Annual Charge
Memphis	$5,321
Chicago	5,534
San Antonio	7 439
Dallas	7,486
Milwaukee	7,832
Indianapolis	8,683
Phoenix	8,997
Baltimore	9,281
San Jose	9,752
Los Angeles	10,093
Houston	10,648
Columbus	10,856
San Diego	10,953
New York	11,738
Jacksonville	11,821
Philadelphia	12,199
Boston	15,198
San Francisco	15,493
Detroit	**16,166**
Austin	16,590
Average	$10,604

Industrial

City	Annual Charge
Memphis	$351,237
Milwaukee	509,754
Dallas	556,068
San Antonio	630,694
Indianapolis	633,714
Chicago	646,974
Philadelphia	736,163
Columbus	822,035
Baltimore	822,579
Detroit	**847,110**
San Jose	851,000
Jacksonville	905,132
Houston	970,914
Los Angeles	976,813
San Diego	1,021,597
Phoenix	1,069 192
New York	1,173,810
Austin	1,348,003
San Francisco	1,524,356
Boston	1 674,658
Average	$903,590

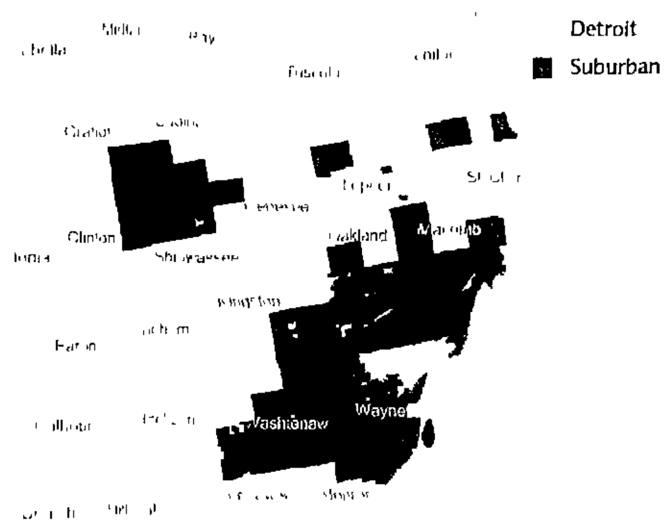
1 *Based on most recently available data provided by the respective water systems.*
2 *Source New York City Municipal Water Finance Authority, Water and Sewer System Revenue Bonds, Fiscal 2014 Series AA Official Statement*
3 *Charges for all cities reflect rate schedules in effect in March 2013*
4 *Peer systems based on City of Detroit, MI Water Supply System Revenue Bonds, Series 2011A-C Official Statement*

DWSD Service Area Key Characteristics

DWSD serves up to 40% of Michigan's population across eight counties

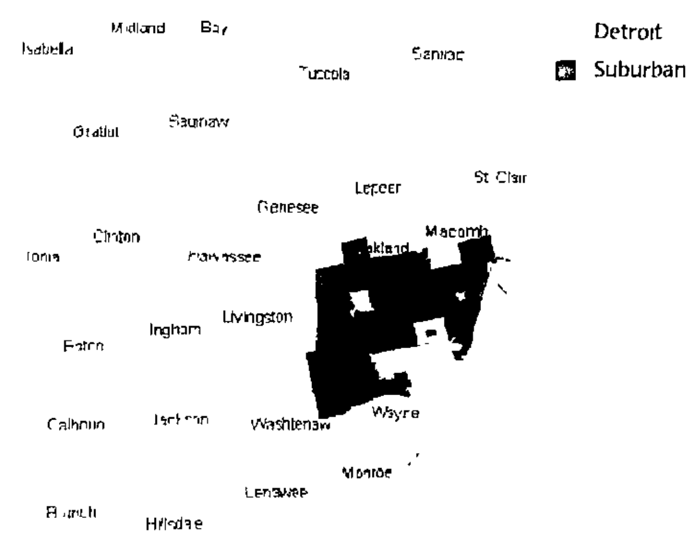
Water Supply System

- **Service Area:** 1,079 square miles including Detroit and 126 neighboring communities located in Wayne, Oakland, Macomb, Lapeer, Genesee, Washtenaw, St. Clair and Monroe counties
- **Service Population:** 3.8 million, or almost 40% of the population of the State of Michigan
- **Ratepayer Base:** Suburban customers account for 80% of total customers and 77% of total revenue



Sewage Disposal System

- **Service Area:** 946 square miles including Detroit and 76 neighboring communities located in Wayne, Oakland and Macomb counties
- **Service Population:** 2.8 million, or almost 30% of the population of the State of Michigan
- **Ratepayer Base:** Suburban customers account for 75% of total customers and 55% of total revenue



10 Largest Water Customers

In FY 2011, 10 wholesale water customers accounted for approximately 32% and 28% of water billed volume and revenue

Summary of Wholesale Water Supply Contracts						
	County	Contract Origination Date[1]	Total Billed Volume FY 2011 (Mcf)[2]	% of Total Billed Volume FY 2011	Total Billed Revenue FY 2011 ($)	% of Total Billed Revenue FY 2011
Flint	Genesee[3]	1967	1,310,873	6.5%	$17,103,752	5.4%
Southeast Oakland County Water	Oakland	2009	1,177,239	5.8%	10,293,814	3.3%
Rochester Hills	Oakland	2009	387,655	1.9%	9,047,860	2.9%
Shelby Township	Macomb	2010	432,413	2.1%	8,175,322	2.6%
Sterling Heights	Macomb	2008	683,223	3.4%	8,113,053	2.6%
Livonia	Wayne	2009	570,035	2.8%	7,804,684	2.5%
Farmington Hills	Oakland	2009	406,750	2.0%	7,775,635	2.5%
Warren	Macomb	2010	829,583	4.1%	7,532,208	2.4%
Troy	Oakland	2008	484,895	2.4%	7,295,491	2.3%
Novi	Oakland	2009	289,650	1.4%	7,063,698	2.2%
Totals			**6,572,316**	**32.4%**	**$90,205,517**	**28.4%**

1 *Subject to further diligence, contracts are typically 35 years in length*
2 *Thousands of cubic feet.*
3 *The Karegnondi Water Authority, comprising Genesee County and the City of Flint, has started an initiative to leave the Detroit Water System. In 2012, Flint made total payments of approximately $25 million to DWSD*

Condition of DWSD System

The 2011 Engineering Reports confirm that the Water System and Sewage System are in adequate to good condition[1]

Water Supply

- Additional major improvements beyond the five-year Capital Improvement Plan ("CIP") will be necessary to maintain the reliable operation of the System.
- While operation and maintenance of the Water System is adequate, additional personnel would facilitate the filling of shift schedules, allow for increased training of operating personnel, and provide for better routine and preventative maintenance of the Water System.

Sewage Disposal

- Major capital improvements at the Plant have been completed over the last several years and there are numerous projects in the CIP designed to support a sustainable operating condition.

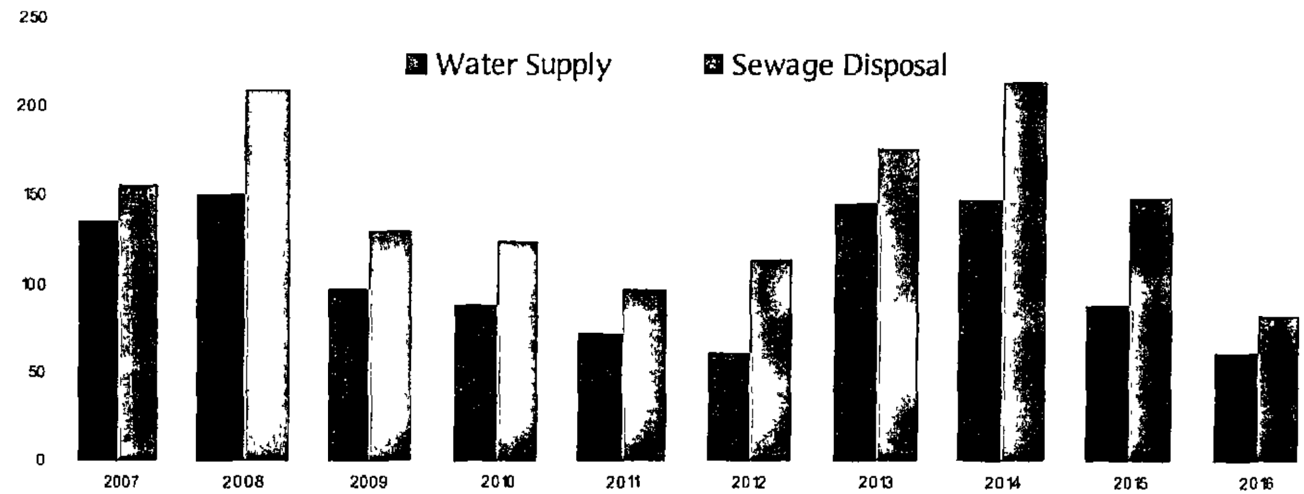
1 *Sources City of Detroit, Michigan Water Supply System Revenue Bonds, Series 2011A-C Official Statement and City of Detroit, Michigan Sewage Disposal System Revenue and Refunding Bonds, Series 2012A Official Statement*

CIP Summary and Projected Funding Sources[1]

DWSD utilizes a five-year CIP to improve the Water and Sewage Disposal Systems, meet regulatory standards and achieve greater operating & maintenance efficiency

- Only the first year or two of the CIPs are actually funded.
- Based on prior reports[2], DSWD expected to fund the CIP from a combination of revenue bond proceeds (48%) and revenues, additional SRF Loans and funds on hand (52%).

Actual and Projected Expenditures by Fiscal Year ($MM)



1 Sources Detroit Water Supply System Capital Improvement Plan January 2013 Update and Sewage Disposal System Capital Improvement Program January 2013 Update
2 Sources City of Detroit, Michigan Water Supply System Revenue Bonds, Series 2011A-C Official Statement and City of Detroit, Michigan Sewage Disposal System Revenue and Refunding Bonds, Series 2012A Official Statement.

DWSD Historical and Projected Operating Results – Water Supply

	Actual							Projected				
	2007	2008	2009	2010	2011	2012	CAGR	2013	2014	2015	2016	CAGR
Rates (Retail/Wholesale)[1]:	$13.56/ $11.81	$14.42/ $12.86	$15.17/ $13.68	$16.59/ $14.43	$18.09/ $15.72	$19.84/ $16.99	7.9%/ 7.5%	$21.55/ $18.45	$23.38/ $20.02	$25.15/ $21.54	$27.04/ $23.16	8.0%/ 8.1%
Water Sales Volumes:												
Suburban Wholesale[2]	18.4	18.4	16.7	15.7	16.1	16.3	(2.4%)	16.0	16.0	16.0	16.0	(0.5%)
Detroit Retail[2]	4.9	4.1	4.1	3.9	4.2	3.9	(4.5%)	4.1	4.1	4.1	4.1	1.3%
Total	**23.3**	**22.6**	**20.8**	**19.6**	**20.3**	**20.2**	**(2.8%)**	**20.1**	**20.1**	**20.1**	**20.1**	**(0.1%)**
Total Water Production	28.1	29.4	27.2	25.1	26.5	27.2	(0.6%)	N/A	N/A	N/A	N/A	
Operating Revenues:												
Water Sales – Detroit	$57.9	$74.4	$65.4	$70.0	$74.8	$71.0	4.2%	N/A	N/A	N/A	N/A	
Water Sales – Suburban	208.0	216.9	206.3	210.7	237.1	259.1	4.5%	N/A	N/A	N/A	N/A	
Other	2.3	1.7	2.5	4.8	4.1	6.0	21.1%	N/A	N/A	N/A	N/A	
Total Operating Revenues	$268.3	$293.0	$274.1	$285.5	$316.0	$336.1	4.6%	$379.5	$411.4	$442.1	$474.7	9.0%
O&M Expenses	146.3	141.4	149.9	146.6	146.9	165.1	2.4%	162.9	166.2	169.5	172.9	1.2%
Net Operating Revenues	$122.0	$151.6	$124.2	$138.9	$169.1	$171.0	7.0%	$216.6	$245 2	$272.6	$301.8	15.3%
Non-Operating Revenues	34.1	29.3	13.7	7.1	4.3	7.8	(25.5%)	3.8	4.6	4.2	4.0	(15.4%)
Net Revenues	**$156.0**	**$180.9**	**$138.0**	**$146.0**	**$173.4**	**$178.8**	2.8%	**$220.4**	**$249.8**	**$276.7**	**$305.8**	**14.4%**
Debt Service Requirements:												
Senior Lien[3]	$82.3	$97.5	$110.1	$109.8	$116.2	$115.0		$130.2	$140.2	$150.2	$153.3	
Senior and Second Lien	115.2	133.6	155.0	155.7	162.3	151.4		170.6	180.7	193.2	196.2	
All Bonds	$115.4	$135.2	$156.8	$157.6	$164.4	$153.5		$172.8	$183.0	$195.6	$198.6	
Net Revenues After Debt Service:	**$40.6**	**$45.7**	**($18.8)**	**($11.6)**	**$9.0**	**$25.3**	(9.0%)	**$47.5**	**$66.8**	**$81.2**	**$107.2**	43.5%
Debt Service Coverage:												
Senior Lien	1.90x	1.86x	1.25x	1.33x	1.49x	1.56x		1.69x	1.78x	1.84x	2.00x	
Senior and Second Lien	1.35x	1.35x	0.89x	0.94x	1.07x	1.18x		1.29x	1.38x	1.43x	1.56x	
All Bonds	1.35x	1.34x	0.88x	0.94x	1.05x	1.16x		1.28x	1.36x	1.42x	1.54x	

1 *Commodity charge per Mcf (thousand cubic feet)*
2 *Thousands of cubic feet*
3. *Projected debt service for Senior Lien debt includes $200 million of new bonds with 5 00% coupon*

DWSD Historical and Projected Operating Results – Sewage Disposal

	Actual							Projected				
	2007	2008	2009	2010	2011	2012	CAGR	2013	2014	2015	2016	CAGR
Rates:	TBD	TBD	TBD	TBD	TBD	TBD		TBD	TBD	TBD	TBD	
CAGR	TBD	TBD	TBD	TBD	TBD	TBD		TBD	TBD	TBD	TBD	
Wastewater Sales Volumes:												
Suburban Wholesale[1]	15.7	15.3	16.5	13.5	15.1	15.1	(0.8%)	15.1	15.1	15.1	15.1	0.0%
Detroit Retail[1]	4.3	3.7	4.0	3.6	3.7	3.4	(4.6%)	3.8	3.8	3.8	3.8	2.8%
Total	**20.0**	**19.0**	**20.4**	**17.1**	**18.8**	**18.4**	**(1.7%)**	**18.9**	**18.9**	**18.9**	**18.9**	**0.7%**
Operating Revenues:												
Retail Billings	$130.6	$136.0	$162.8	$168.0	$189.0	$186.6	7.4%	N/A	N/A	N/A	N/A	
Wholesale billings	192.0	201.7	219.6	187.9	213.9	242.8	4.8%	N/A	N/A	N/A	N/A	
Other	24.3	9.2	7.7	9.7	7.9	8.2	(19 5%)	N/A	N/A	N/A	N/A	
Total Operating Revenues	$346.9	$346.9	$390.1	$365.5	$410.7	$437.7	4.8%	$520.6	$537.1	$571 7	$605.7	8.5%
O&M Expenses	200.0	202.3	195.5	197.3	230.8	217.0	1.6%	230.3	236.1	247.0	255.5	4.2%
Net Operating Revenues	$146.9	$144.6	$194.6	$168.2	$179.9	$220.6	8.5%	$290.3	$301.0	$324.8	$350.2	12.2%
Non-Operating Revenues	33.6	27.6	11.5	5.9	12.2	6.8	(27.4%)	2.3	1.8	1.6	1.6	(30.4%)
Net Revenues	**$180.5**	**$172.2**	**$206.1**	**$174.1**	**$192.1**	**$227.4**	**4.7%**	**$292.6**	**$302.8**	**$326.3**	**$351.8**	**11.5%**
Debt Service Requirements[2]:												
Senior Lien	$106.2	$104.2	$117.9	$117.2	$113.2	$110.6	0.8%	$138.9	$135.8	$136.3	$144.0	
Senior and Second Lien	129.8	148.3	168.2	173.5	173.2	$173.8	6.0%	194.8	199.9	200.0	198.8	
All Bonds	$156.6	$175.2	$195.5	$201.0	$209.1	$209.9	6.0%	$231.2	$237.1	$237.2	$236.5	
Net Revenues After Debt Service:	**$23.9**	**($3.0)**	**$10.6**	**($26.9)**	**($17.0)**	**$17.5**	(6.0%)	**$61.4**	**$65.7**	**$89.1**	**$115.3**	**60.2%**
Debt Service Coverage:												
Senior Lien	1.70x	1.65x	1.75x	1.49x	1.70x	2.06x		2.11x	2.23x	2 39x	2.44x	
Senior and Second Lien	1.39x	1.16x	1.23x	1.00x	1.11x	1.31x		1.50x	1.51x	1.63x	1.77x	
All Bonds	1.15x	0.98x	1.05x	0.87x	0.92x	1.08x		1.27x	1 28x	1.38x	1.49x	

1 *Thousands of cubic feet.*
2 *Excludes any potential new money borrowings*

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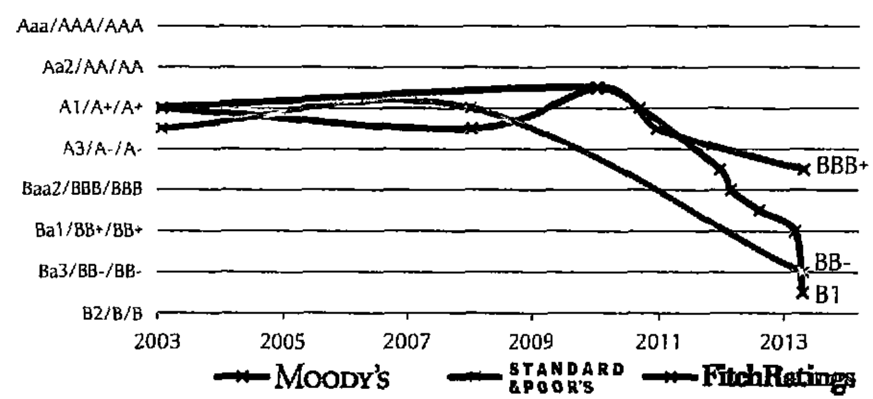
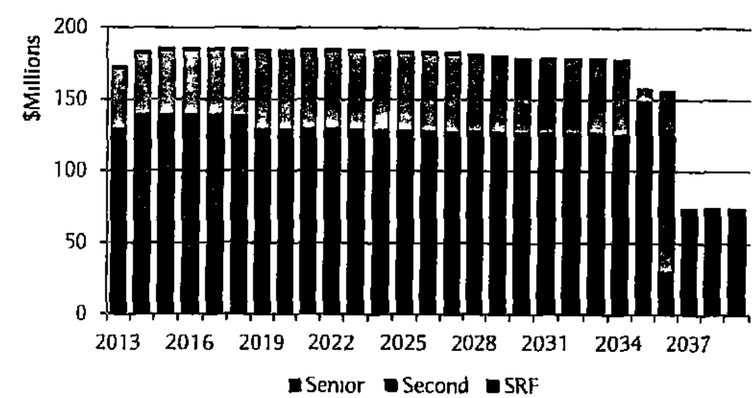
2. Summary of Existing Bonds

Summary of Existing Bonds – Water Supply

Unenhanced Senior Lien Rating History[1]



Annual Debt Service



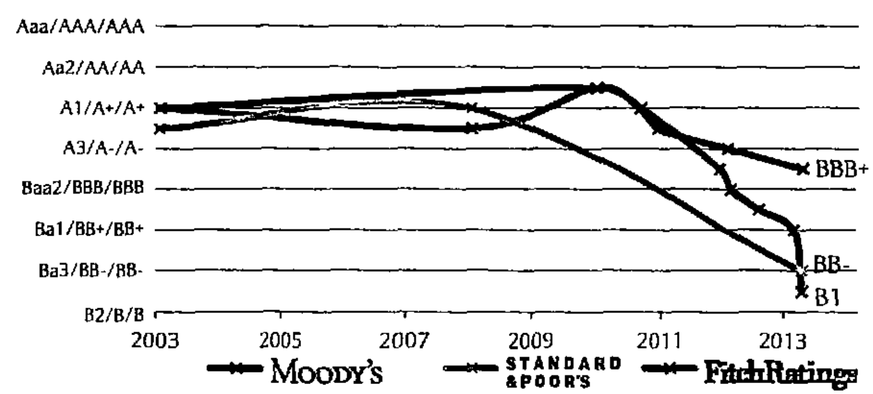
Summary of Bonds Outstanding Excluding SRF[2]

Series	Lien	Par Outstanding ($MM)	Insurance	First Call Date (Price)	Maturity Range (7/1)	Coupon Range	Advance Refundable?	Estimated Market Price ($MM)
1993	Senior	$24 7	NPFG	Non-Callable	2014 – 2015	6.500%	No	$25 3
1997 A	Senior	13.4	NPFG	Non-Callable	2014 – 2015	6.000%	Yes	13 6
2001 A	Senior	73.8	NPFG	7/1/2011 (100%)	2029 – 2030	5.000%	Yes	68.6
2001 C	Second	188.3	BHAC / FGIC	7/1/2018 (100%)	2014 – 2029	3 500% - 5 750%	No	195.4
2003 A	Senior	178 8	NPFG	7/1/2013 (100%)	2019 – 2034	4 500% - 5 000%	Yes	164 5
2003 B	Second	41.8	NPFG	7/1/2013 (100%)	2034	5.000%	Yes	37.3
2003 C	Senior	27.7	NPFG	7/1/2013 (100%)	2014 – 2022	4 000% - 5.250%	Partially	27 6
2003 D	Senior	140 6	NPFG	7/1/2016 (100%)	2014 – 2033	4 000% - 5.000%	No	130.5
2004 A	Second	68.6	NPFG	7/1/2016 (100%)	2014 – 2025	4.500% -5 250%	No	67 8
2004 B	Senior	114.7	NPFG	7/1/2016 (100%)	2014 – 2023	4.000% - 5 000%	No	113 8
2005 A	Senior	88.4	NPFG	7/1/2015 (100%)	2014 – 2035	3.750% - 5 000%	Yes	81.5
2005 B	Senior	187 3	BHAC / FGIC	7/1/2018 (100%)	2014 – 2035	4.000% - 5.500%	Yes	185.4
2005 C	Senior	109.2	NPFG	7/1/2015 (100%)	2014 – 2022	5.000%	No	108.9
2006 A	Senior	260.2	AGM	7/1/2016 (100%)	2014 – 2034	5 000%	Yes	246.0
2006 B	Second	119.7	AGM	7/1/2019 (100%)	2014 – 2036	Variable	Yes	122.8
2006 C	Second	216 7	AGM	7/1/2016 (100%)	2014 – 2033	4 000% - 5.000%	No	202.1
2006 D	Senior	142 2	AGM	7/1/2016 (100%)	2014 – 2032	4.000% - 5.000%	No	133.9
2011 A	Senior	370.8	None	7/1/2021 (100%)	2014 – 2041	5.000% - 5.750%	Yes	343 3
2011 B	Senior	15 5	None	7/1/2021 (100%)	2014 – 2033	2 496% - 6.000%	Yes	13 9
2011 C	Senior	102 7	None	7/1/2021 (100%)	2021 - 2041	5.000% - 5 250%	No	95 1
Total		$2,485.1			2014 – 2041	3.500% - 6.500%		$2,377.3

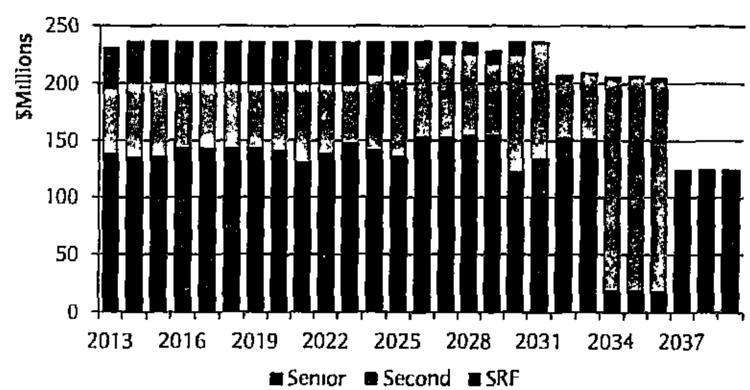
1 *Second Lien debt is currently rated B2/BB-/BBB*
2 *As of June 30, 2012, the Water System had approximately $23 0 million of State Revolving Loans outstanding*

Summary of Existing Bonds – Sewage Disposal

Unenhanced Senior Lien Rating History[1]



Annual Debt Service



Summary of Bonds Outstanding Excluding SRF[2]

Series	Lien	Par Outstanding ($MM)	Insurance	First Call Date (Price)	Maturity Range (7/1)	Coupon Range	Advance Refundable?	Estimated Market Price ($MM)
1998 A	Senior	$62 6	AGM/ NPFG	7/1/2017 (100%)	2014 – 2023	5 250% - 5.500%	No	$62.5
1998 B	Senior	62.2	NPFG	7/1/2017 (100%)	2014 – 2023	5 250% - 5.500%	No	62 1
1999 A	Senior	55 6	NPFG	Non-Callable	2014 – 2021	0.00%	Yes	45 6
2001 B	Second	110.6	NPFG	Non-Callable	2023 – 2029	5 500%	Yes	106.8
2001 C-1	Senior	152 4	AGM	7/1/2019 (100%)	2014 – 2027	5 250% - 7 000%	No	159 5
2001 C-2	Senior	121 4	BHAC / FGIC	7/1/2018 (100%)	2014 – 2029	4 000% - 5.250%	No	119.8
2001 D-2	Second	21 3	NPFG	1/1/2012 (100%)	2032	4 831%	Yes	21.3
2001 E	Second	136.2	BHAC / FGIC	7/1/2018 (100%)	2024 – 2031	5.750%	Yes	139.2
2003 A	Senior	184 3	AGM	7/1/2013 (100%)	2014 – 2032	3 500% - 5.000%	Partially	177 8
2003 B	Senior	150 0	AGM	7/1/2019 (100%)	2032 – 2033	7.500%	Yes	159.7
2004 A	Senior	60.8	AGM	Non-Callable	2014 – 2024	5.000% - 5 250%	No	60 8
2005 A	Second	237 9	NPFG	7/1/2015 (100%)	2014 – 2035	3 600% - 5.125%	Yes	207.0
2005 B	Second	37 2	NPFG	Non-Callable	2014 – 2022	5 000% - 5 500%	No	37 2
2005 C	Second	49 6	NPFG	7/1/2015 (100%)	2014 –2025	5 000%	No	49 0
2006 A	Second	123 7	BHAC / FGIC	7/1/2018 (100%)	2034 – 2036	5 500%	Yes	123.0
2006 B	Second	243 2	NPFG	7/1/2016 (100%)	2014 -2036	4 250% - 5 000%	Yes	212.3
2006 C	Senior	26 6	NPFG	7/1/2016 (100%)	2016 –2018	5 000% - 5 250%	No	26.6
2006 D	Senior	288 8	AGM	7/1/2011 (100%)	2014 –2032	4 105%	No	210.9
2012 A	Senior	659.8	AGM	7/1/2017 (100%)	2014 –2039	5 000% - 5.250%	Yes	615.0
Total		**$2,783.9**			**2014 – 2039**	**3.500% - 7.000%**		**$2,596.0**

1 Second Lien debt is currently rated B2/BB-/BBB
2 As of June 30, 2012, the Sewage Disposal System had approximately $508 2 million of State Revolving Loans outstanding

BARCLAYS

Summary of Statutes Relevant to the City

Existing Statutes in the State of Michigan

Charter Water Authority Act[1]

- Allows any two or more cities, villages or townships, or any combination thereof, having a combined current state equalized valuation of not less than $200,000,000, by vote of their respective electors, to incorporate an authority for the purpose of acquiring, constructing, purchasing, operating and maintaining a water supply and transmission system.
- Limited to water supply and transmission.

Municipal Sewage and Water Supply Systems[2]

- Allows any two or more municipalities to incorporate an authority for the purpose of acquiring, owning, improving, enlarging, extending, and operating a sewage disposal system, a water supply system, a solid waste management system, or a combination of systems by the adoption of articles of incorporation by the legislative body of each of the municipalities
- Earlier this year, the City of Flint, representing approximately 6% of DWSD water revenues, elected to leave DWSD and join a newly-formed Municipal Water Supply System under this statute, citing long-term savings.
- Potential vehicle for regionalization.

1 *State of Michigan, Charter Water Authority Act – Act 4 of 1957*
2 *State of Michigan, Municipal Sewage and Water Supply Systems Act 233 of 1955.*

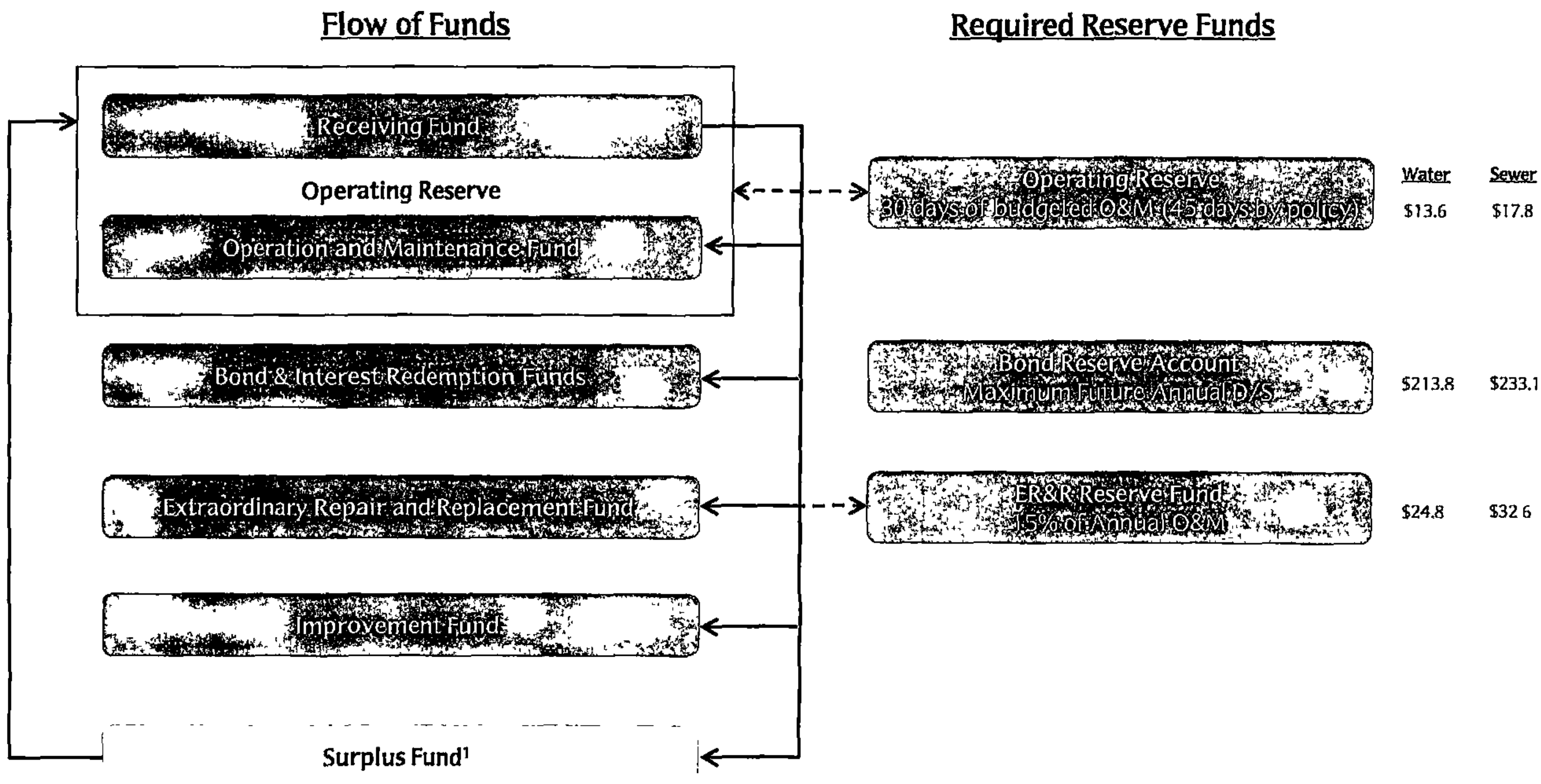
Summary of Water Revenue Bond Ordinance/Indenture

Security	Pledge of Pledged Assets, including Net Revenues, funds and accounts established by the Ordinance except for the Operation and Maintenance Fund and the Construction Fund, investments of amounts credited to any fund, account of subaccount that is a Pledged Asset, and any income or gain realized from investments that are Pledged Assets to the extent that such income or gain is not a Net Revenue.	Section 5
Rate Covenant	The rates for water service and the regulation shall be fixed and revised from time to time as may be expected to be necessary to produce the greater of: (i) to provide for the payment of O&M; (ii) to provide for the payment of indebtedness coming due for the Fiscal Year of calculation; (iii) to provide for the creation and maintenance of reserves as required by the Ordinance; and (iv) to provide for such other expenditures and funds for the System as required by the Ordinance OR the Required Combined Coverage.	Section 9
Coverage Requirement	The coverage requirements for determining the Required Combined Coverage are the following percentages: Senior Lien Indebtedness: 120%; Second Lien Indebtedness: 110%; SRF Junior Lien Indebtedness: 100%.	Section 9
Additional Bonds Test	The City may issue Additional Securities of any Priority of Lien for repairs extensions, enlargements, and improvements to the System, refunding all or a part of any Outstanding Securities and paying the costs of issuing such Additional Securities, if, but only if, there is Required Combined Coverage under either the Projected Net Revenues Test (Net Revenues of the System for the then current or the next succeeding FY / the maximum composite Annual Debt Service in any FY on Outstanding Securities and the Additional Securities to be issued) or the Historical Net Revenues Test (actual Net Revenues of the System for the immediately preceding audited FY / the maximum composite Annual Debt Service in any future Fiscal Year on Outstanding Securities and the Additional Securities to be issued.)	Section 20
Refunding	The City may issue Refunding Securities without regard to the Coverage Requirements if, but only if, the combined Annual Debt Service in the current Fiscal Year and each Fiscal Year thereafter is less than the combined Annual Debt Service coming due in the current Fiscal Year and each Fiscal Year thereafter without giving effect to the refunding.	Section 20
Defeasance Provisions	A security is "defeased" for purposes of the Ordinance if there has been deposited in trust sufficient cash and Permitted Investments constituting Government Obligations, not callable by the issuer, the principal of and interest on which mature at the times and in the amounts, without the reinvestment thereof, necessary to pay principal of and interest on such security to its maturity, or, if called for redemption, to the date fixed for redemption, together with the amount of the redemption premium, if any; provided however, that the sufficiency of the deposit to effectuate the defeasance of a Security shall have been verified by a nationally recognized accounting firm.	Section 21
Investments	Permitted Investments include direct obligations of the U.S. or obligations the principal of and interest on which is fully guaranteed by the U.S., including U.S. Treasury Trust Receipts. Investments shall mature at such times as it is estimated the funds therefrom will be required, but shall be limited to obligations bearing maturity dates or subject to redemption, at the option of the Holder thereof, not later than five years from the date of investment.	Section 17
Consent Rights	With the consent of the Holders of not less than 51% in principal amount of Securities ("Securities" means all Senior Lien and all Junior Lien Bonds; "Junior Lien" means all securities issued pursuant to the Ordinance other than Senior Lien Bonds) then Outstanding, the City may from time to time and at any time amend the Ordinance in any manner by Act of Council; provided, that such an amendment shall not conflict with certain provisions of the Ordinance.	Section 22

Summary of Wastewater Revenue Bond Ordinance/Indenture

Security	Pledge of Pledged Assets, including Net Revenues, funds and accounts established by the Ordinance except for the Operation and Maintenance Fund and the Construction Fund, investments of amounts credited to any fund, account of subaccount that is a Pledged Asset, and any income or gain realized from investments that are Pledged Assets to the extent that such income or gain is not a Net Revenue.	Section 5
Rate Covenant	The rates for sewage disposal service and the regulation shall be fixed and revised from time to time as may be expected to be necessary to produce the greater of: (i) to provide for the payment of O&M; (ii) to provide for the payment of indebtedness coming due for the Fiscal Year of calculation; (iii) to provide for the creation and maintenance of reserves as required by the Ordinance; and (iv) to provide for such other expenditures and funds for the System as required by the Ordinance <u>OR</u> the Required Combined Coverage.	Section 9
Coverage Requirement	The coverage requirements for determining the Required Combined Coverage are the following percentages: Senior Lien Indebtedness: 120%; Second Lien Indebtedness: 110%; SRF Junior Lien Indebtedness: 100%.	Section 9
Additional Bonds Test	The City may issue Additional Securities of any Priority of Lien for repairs extensions, enlargements, and improvements to the System, refunding all or a part of any Outstanding Securities and paying the costs of issuing such Additional Securities, if, but only if, there is Required Combined Coverage under either the Projected Net Revenues Test (Net Revenues of the System for the then current or the next succeeding FY / the maximum composite Annual Debt Service in any FY on Outstanding Securities and the Additional Securities to be issued) or the Historical Net Revenues Test (actual Net Revenues of the System for the immediately preceding audited FY / the maximum composite Annual Debt Service in any future Fiscal Year on Outstanding Securities and the Additional Securities to be issued.)	Section 20
Refunding	The City may issue Refunding Securities without regard to the Coverage Requirements if, but only if, the combined Annual Debt Service in the current Fiscal Year and each Fiscal Year thereafter is less than the combined Annual Debt Service coming due in the current Fiscal Year and each Fiscal Year thereafter without giving effect to the refunding.	Section 21
Defeasance Provisions	A security is "defeased" for purposes of the Ordinance if there has been deposited in trust sufficient cash and Permitted Investments constituting Government Obligations, not callable by the issuer, the principal of and interest on which mature at the times and in the amounts, without the reinvestment thereof, necessary to pay principal of and interest on such security to its maturity, or, if called for redemption, to the date fixed for redemption, together with the amount of the redemption premium, if any; provided however, that the sufficiency of the deposit to effectuate the defeasance of a Security shall have been verified by a nationally recognized accounting firm.	Section 22
Investments	Permitted Investments include direct obligations of the U.S. or obligations the principal of and interest on which is fully guaranteed by the U.S., including U.S. Treasury Trust Receipts. Investments shall mature at such times as it is estimated the funds therefrom will be required, but shall be limited to obligations bearing maturity dates or subject to redemption, at the option of the Holder thereof, not later than five years from the date of investment.	Section 18
Consent Rights	With the consent of the Holders of not less than 51% in principal amount of Securities ("Securities" means all Senior Lien and all Junior Lien Bonds; "Junior Lien" means all securities issued pursuant to the Ordinance other than Senior Lien Bonds) then Outstanding, the City may from time to time and at any time amend the Ordinance in any manner by Act of Council; provided, that such an amendment shall not conflict with certain provisions of the Ordinance.	Section 23

DSWD Flow of Funds and Required Reserves



1 *Provided that deficits do not exist in the Operation and Maintenance Fund or any Interest and Redemption Fund (including any Reserve Account), at the option of the Commissioners, amounts in the Surplus Fund may be used and applied for any purposes related to the System for which the funds and accounts were established or for any other lawful purpose of the System.*

Debt Service Reserve Funds

Bond Ordinances for the Water and Sewage Disposal Funds establish Senior Lien and Second Lien Bond Reserve Accounts equal to Maximum Future Annual Debt Service

Water Supply[1]

$ millions

	Senior Lien	Second Lien	Aggregate
Estimated MADS	$140.2	$51.1[2]	$191.3
Reported Reserve Requirement	$150.0	$63.8	$213.8
Funding Amounts:			
Cash and Investments	33.1	19.7	52.7
Forward Supply Agreements	23.5	0	23.5
Credit Enhancement	93.7	45.8	139.5
Total	**$150.2**	**$65.5**	**$215.7**
Vs. Required Amounts	**$0.2**	**$1.7**	**$1.9**

Sewage Disposal[3]

$ millions

	Senior Lien	Second Lien	Aggregate
Estimated MADS	$155.4	$80.6[2]	$236.0
Reported Reserve Requirement	$152.8	$80.3	$233.1
Funding Amounts:			
Cash and Investments	74.9	29.0	104.0
Credit Enhancement	77.9	51.4	129.2
Total	**$152.8**	**$80.4**	**$233.2**
Vs. Required Amounts	**$0.0**	**$0.1**	**$0.1**

1 As of December 22, 2011
2 Represents Average Annual Debt Service
3 As of June 26, 2012

3. Restructuring Assumptions and Preliminary Results

Preliminary Restructuring Alternatives and Key Assumptions

Three Indicative Structures, all Exclusive of any Bankruptcy/Cramdown Provisions

Traditional Defeasance

- Issue a mix of tax-exempt and taxable bonds to defease 100% of outstanding Water and Sewer bonds (ex. SRF)
- 'AAA' range rating
- 10-year par call
- "Matched-maturity" transaction, no extension of final maturity date
- Excludes DSRF effects

True Sale

- Use only tax-exempt bonds to defease 100% of outstanding Water and Sewer bonds (ex. SRF)
- 'AAA' range rating
- 10-year par call
- "Matched-maturity" transaction, no extension of final maturity date
- Excludes DSRF effects

51% Consent

- Issue new tax-exempt bonds to defease/repurchase outstanding Water and Sewer bonds (ex. SRF) and issue approximately $250 million of new money to consenting bondholders to achieve control of 51% in principal amount of outstanding securities
- "Low A" range rating
- 10-year par call
- "Matched-maturity" transaction, no extension of final maturity date
- 25% of certain non-current refundable bonds tendered at 103% of current market value
- Excludes DSRF effects

1 *State of Michigan, Charter Water Authority Act - Act 4 of 1957*
2 *State of Michigan, Municipal Sewage and Water Supply Systems Act 233 of 1955*

Summary of Financing Results

$ millions

	Traditional Defeasance	True Sale	51% Consent: Water Series A	51% Consent: Sewage Series B	51% Consent: Total
Description	➢ Defease 100% of existing debt with TE and TX Bonds	➢ Defease 100% of existing debt with TE Bonds	➢ Defease/repurchase existing debt with TE Bond ➢ Issue $250MM New Money	➢ Defease/repurchase existing debt with TE Bond ➢ Issue $250MM New Money	➢ 51% Consent Scenario Totals
Refinancing Bond Size	Par Amount: $5,725.4 Premium: 381.4 Total Proceeds: $6,106.8	Par Amount: $5,490.2 Premium. 614.5 Total Proceeds: $6,104.7	Par Amount: $1,419.4 Premium: 69.4 Total Proceeds: $1,488.8	Par Amount: $1,325.1 Premium: 74.4 Total Proceeds: $1,399.5	Par Amount: $2,744.5 Premium: 143.8 Total Proceeds: $2,888.3
Escrow Deposit	$6,059.0	$5,238.1	$1,221.8	$1,133.3	$2,355.1
Project Fund Deposit	$0	$0	$254.6	$254.6	$509.2
Bond Type	Fixed Rate	Fixed Rate	Fixed Rate	Fixed Rate	Fixed Rate
Tax Status	Tax-Exempt ($3,807) / Taxable ($1,919)	Tax-Exempt	Tax-Exempt	Tax-Exempt	Tax-Exempt
Maturity Range	2014 - 2041	2014 - 2041	2014 - 2043	2014 - 2043	2014 – 2043
Coupon Range	3.00% - 5.00%	3.00% - 5.00%	3.00% - 5.25%	3.00% - 5.25%	3.00% - 5.25%
Gross Loss	($212.3)	($137.5)	($27.3)	($8.9)	($36.2)
NPV Loss ($)	($133.6)	($87 9)	($16.8)	($3.7)	($20.5)
NPV Loss (%)	(2.53%)	(1.67%)	(1.51%)	(0.36%)	(0.95%)
Escrow Negative Arbitrage	$460.0	$420.6	$81.9	$59.3	$141.2
All-in TIC	4.10%	4.02%	4.57%	4.66%	4.61%
NPV Loss @ "Low A"	($437.4)	($388.8)	--	--	--

1 *Estimated*

Traditional Defeasance of DWSD[1]

Significant Gross & PV Losses, Even at "AAA"

$ millions

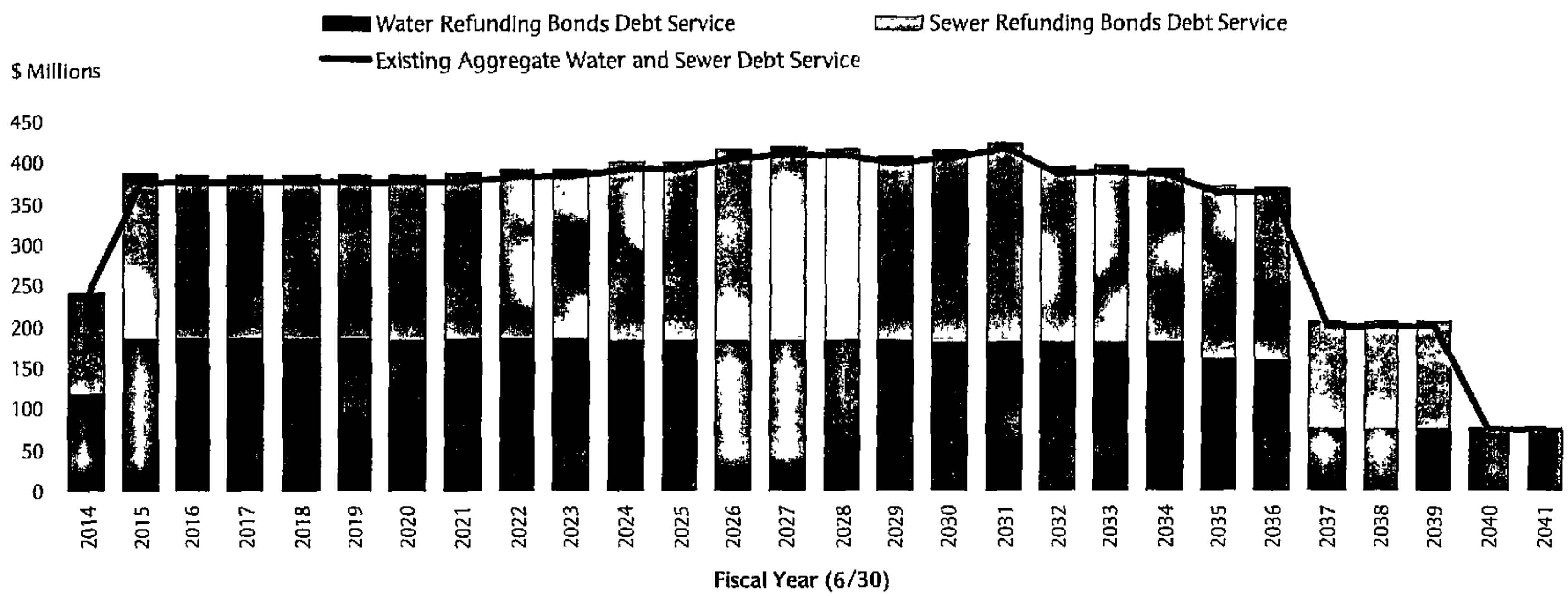
	Water Refunding Bonds	Sewer Refunding Bonds	Total
Refinancing Bond Size	Par Amount: $2,694.2 Premium: 146.8 Total Proceeds: $2,841.1	Par Amount: $3,031.1 Premium: 234.6 Total Proceeds: $3,265.7	Par Amount. $5,725.4 Premium: 381.4 Total Proceeds: $6,106.8
Par Refunded	$2,484.9	$2,753.1	$5,238.1
Bond Type	Fixed Rate	Fixed Rate	Fixed Rate
Tax Status	Tax-Exempt ($1,491) / Taxable ($1,204)	Tax-Exempt ($2,316) / Taxable ($715)	Tax-Exempt ($3,807) / Taxable ($1,919)
Maturity Range	2014 - 2041	2014 - 2039	2014 - 2041
Coupon Range	3.00% - 5.00%	3.00% - 5.00%	3.00% - 5.00%
Gross Loss	($75.8)	($136.5)	($212.3)
NPV Loss ($)	($46.1)	($87.5)	($133.6)
NPV Loss (%)	(1.85%)	(3.14%)	(2.53%)
Escrow Negative Arbitrage	$208.9	$251.1	$460.0
All-in TIC	4.11%	4.10%	4.10%

1 Estimated

Traditional Defeasance Pro-Forma Debt Service

Comparison of Debt Service Patterns

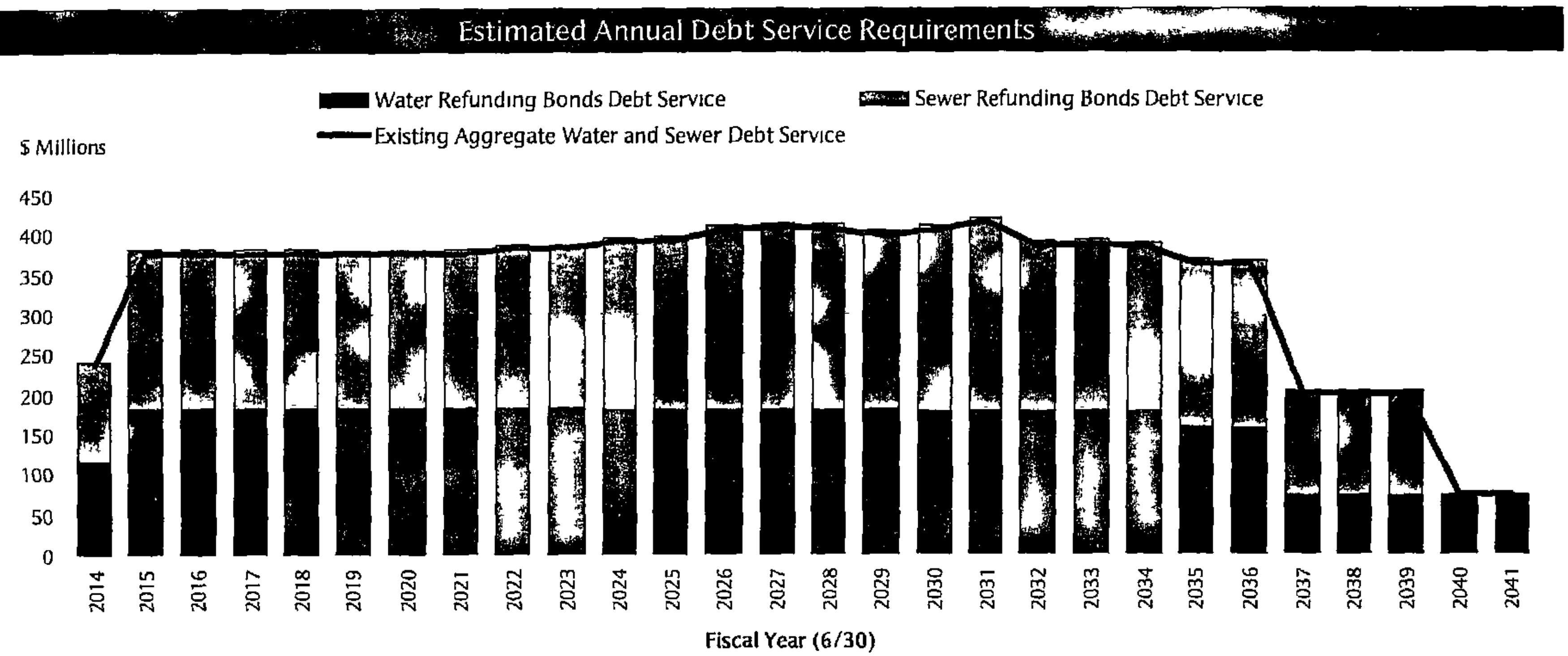
Estimated Annual Debt Service Requirements



																												Total
Change vs. Existing ($MM)	4	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	7	7	7	7	7	7	7	7	7	7	3	3	212

True Sale Pro-Forma Debt Service

Comparison of Debt Service Patterns



																													Total
Change vs. Existing ($MM)	3	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	3	5	5	5	5	5	5	138

Water System – 51% Consent Scenario[1]

Effectively PV Neutral at "Low A" Scale

$ millions

	Water Refunding Bonds	Water New Money Bonds	Total
Refinancing Bond Size	Par Amount: $1,169.4 Premium: 62.6 Total Proceeds: $1,232.0	Par Amount: $250.0 Premium: 6.8 Total Proceeds: $256.8	Par Amount: $1,419.4 Premium: 69.4 Total Proceeds: $1,488.8
Escrow Deposit	$1,221.8	--	$1,221.8
Project Fund Deposit	--	$254.6	$254.6
Bond Type	Fixed Rate	Fixed Rate	Fixed Rate
Tax Status	Tax-Exempt	Tax-Exempt	Tax-Exempt
Maturity Range	2014 - 2043	2014 - 2043	2014 - 2043
Coupon Range	3.00% - 5.25%	3.00% - 5.25%	3.00% - 5.25%
Gross Loss	($27.3)	--	($27.3)
NPV Loss ($)	($16.8)	--	($16.8)
NPV Loss (%)	(1.51%)	--	(1.51%)
Escrow Negative Arbitrage	$81.9	--	$81.9
All-in TIC	4.49%	4.88%	4.57%

1 *Estimated*

Water System – 51% Consent Scenario[1]

Proof of Consent Requirement

Calculation of Assumed Consenting Bond Holders	
2014 Refunding Bonds	$1,169.4
2014 New Money Bonds	250.0
Assumed Total SRF Bonds Outstanding[1,2]	22.3
Subtotal: Bonds Held by Consenting Holders	**$1,441.7**
Unrefunded Bond Holders	1,372.1
Total Outstanding Bonds	**$2,813.8**
Percent Consenting	**51%**

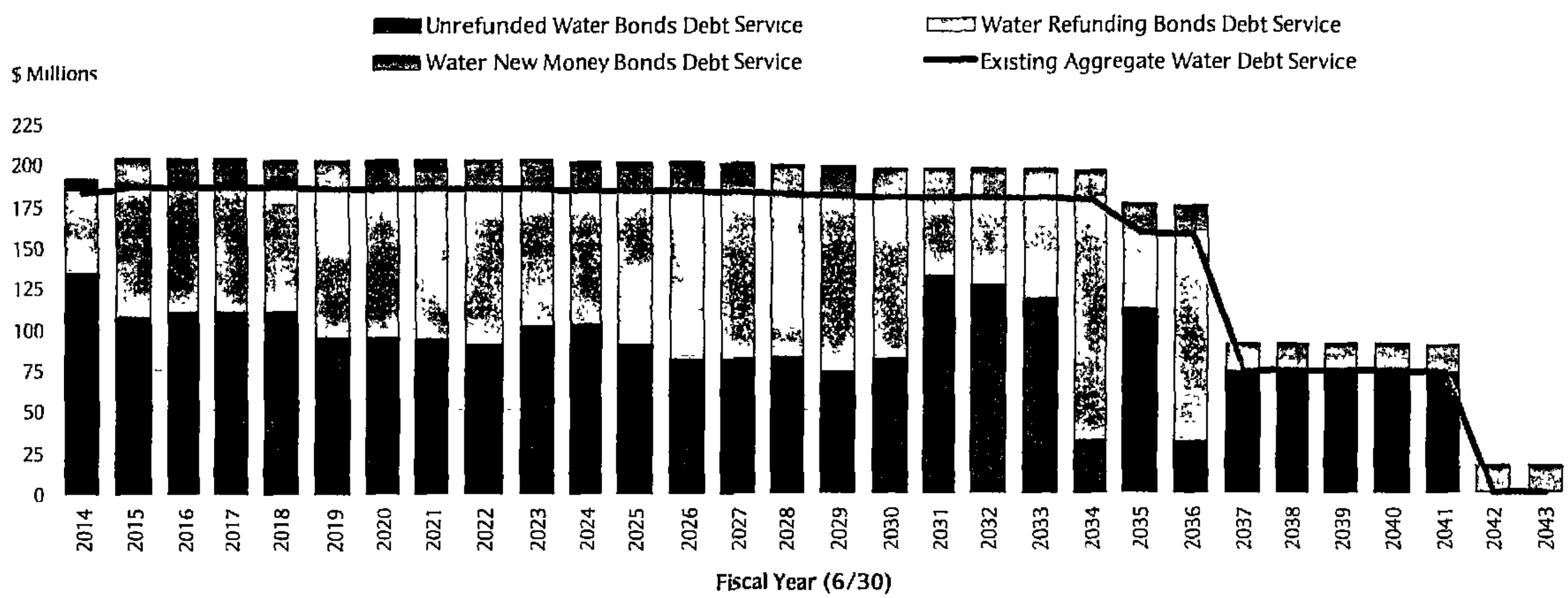
$ millions

Series	Par Amount Outstanding	Par Amount Refunded	Remaining Par Outstanding
1993 Senior Lien Bonds	24.7	-	24.7
1997A Senior Lien Bonds	13.4	13.4	-
2001A Senior Lien Bonds	73.8	73.8	-
2001C Second Lien Bonds	188.3	168.2	20.1
2003A Senior Lien Bonds	178.8	178.8	-
2003B Second Lien Bonds	41.8	41.8	-
2003C Senior Lien Bonds	27.7	27.7	-
2003D Senior Lien Bonds	140.6	34.1	106.5
2004A Second Lien Bonds	68.6	17.1	51.5
2004B Senior Lien Bonds	114.7	28.5	86.2
2005A Senior Lien Bonds	88.4	88.4	-
2005B Senior Lien Bonds	187.3	61.3	126.1
2005C Senior Lien Bonds	109.2	-	109.2
2006A Senior Lien Bonds	260.2	260.2	-
2006B Second Lien Bonds	119.7	119.7	-
2006C Second Lien Bonds	216.7	-	216.7
2006D Senior Lien Bonds	142.2	-	142.2
2011A Senior Lien Bonds	370.8	-	370.8
2011B Senior Lien Bonds	15.5	-	15.5
2011C Senior Lien Bonds	102.7	-	102.7
Totals	**2,484.9**	**1,112.8**	**1,372.1**

1 Calculated based on SRF principal outstanding as a percentage of total principal outstanding as of June 30, 2012
2 Assumes that the State has the authority to vote for SRF Bonds.

Pro-Forma Debt Service – Water System

Comparison of Debt Service Patterns



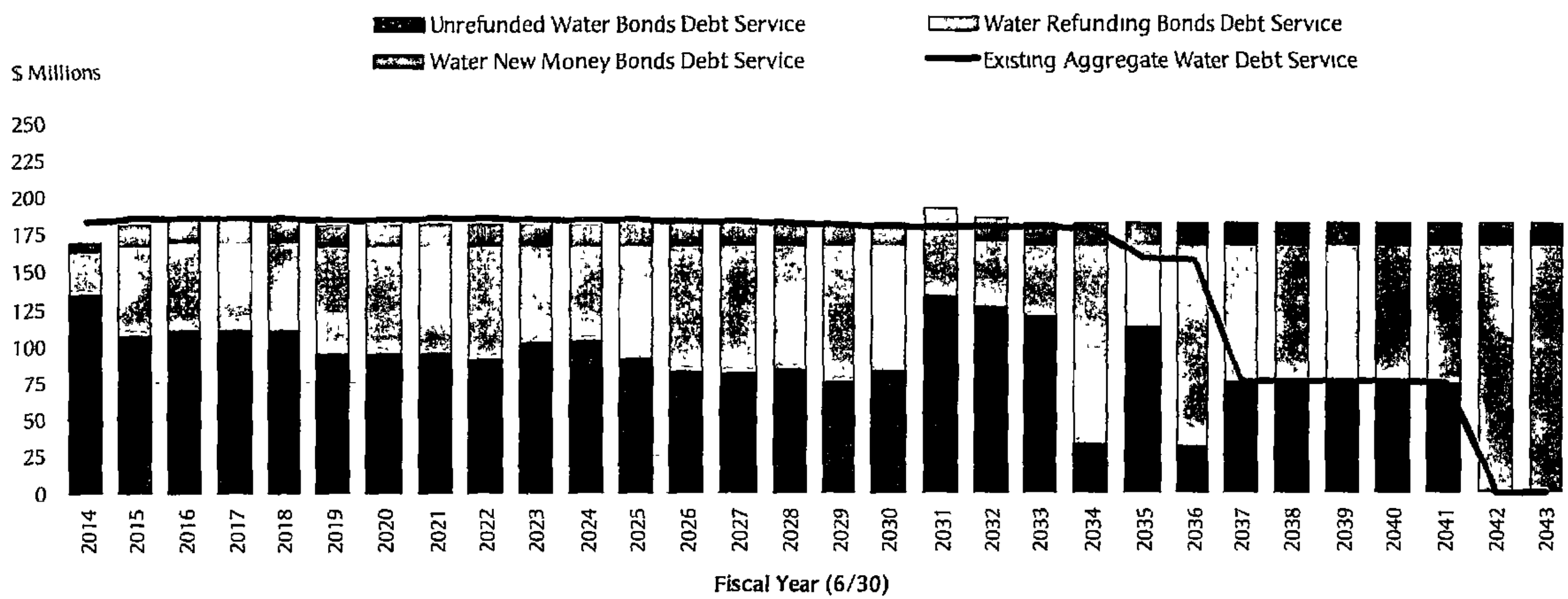
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	Total
Change vs. Existing ($MM)	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	0	0	0	0	0	0	0	27

Pro-Forma Debt Service – Water System

Comparison of Debt Service Patterns

- Gross Loss: $458 million
- NPV Savings: $10.0 million
- NPV Savings (%): 0.90% of refunded par

Estimated Annual Debt Service Requirements



																															Total
Change vs. Existing ($MM)	(22)	(20)	(18)	(18)	(18)	(19)	(19)	(19)	(19)	(19)	(18)	(18)	(18)	(17)	(16)	(15)	(13)	(4)	(11)	(14)	(13)	8	9	91	91	91	91	93	166	166	458

Sewage System – 51% Consent Scenario[1]

Effectively PV Neutral

$ millions

	Sewer Refunding Bonds	Sewer New Money Bonds	Total
Refinancing Bond Size	Par Amount: $1,075.1 Premium: 67.6 Total Proceeds: $1,142.7	Par Amount: $250.0 Premium: 6.8 Total Proceeds: $256.8	Par Amount: $1,325.1 Premium 74.4 Total Proceeds: $1,399.5
Escrow Deposit	$1,133.3	--	$1,133.3
Project Fund Deposit	--	$254.6	$254.6
Bond Type	Fixed Rate	Fixed Rate	Fixed Rate
Tax Status	Tax-Exempt	Tax-Exempt	Tax-Exempt
Maturity Range	2014 - 2043	2014 - 2043	2014 - 2043
Coupon Range	3.00% - 5.25%	3.00% - 5.25%	3 00% - 5.25%
Gross Loss	($8.9)	--	($8.9)
NPV Loss ($)	($3.7)	--	($3.7)
NPV Loss (%)	(0.36%)	--	(0.36%)
Escrow Negative Arbitrage	$59.3	--	$59.3
All-in TIC	4.61%	4.88%	4.66%

1 *Estimated*

Sewage System – 51% Consent Scenario[1]

Proof of Consent Requirement

Calculation of Assumed Consenting Bond Holders	
2014 Refunding Bonds	$1,075.1
2014 New Money Bonds	250.0
Assumed Total SRF Bonds Outstanding[1,2]	494.4
Subtotal: Bonds Held by Consenting Holders	**$1,819.4**
Unrefunded Bond Holders	1,746.7
Total Outstanding Bonds	**$3,566.1**
Percent Consenting	**51%**

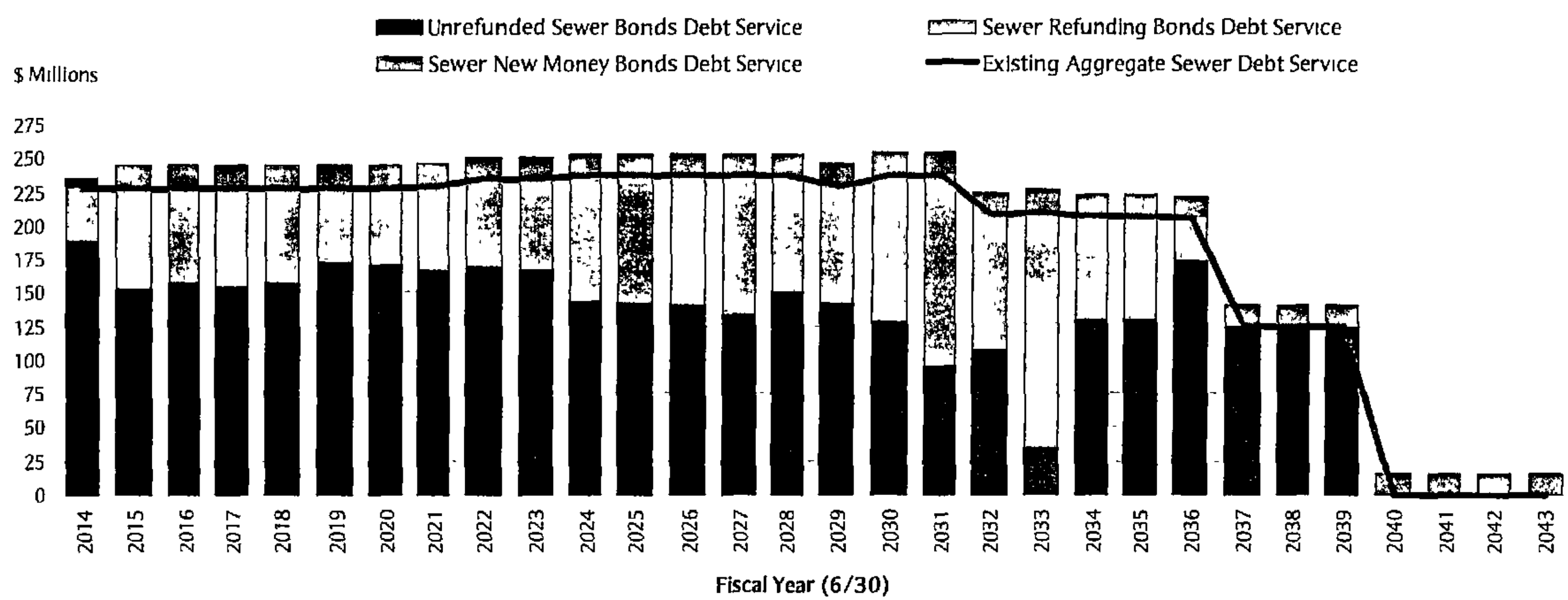
$ millions

Series	Par Amount Outstanding	Par Amount Refunded	Remaining Par Outstanding
1998A Senior Lien Bonds	62.6	15.6	47.0
1998B Senior Lien Bonds	62.2	15.5	46.7
Senior Lien 1999 CABs	57.3	-	57.3
2001B Second Lien Bonds	110.6	-	110.9
2001C1 Senior Lien Bonds	152.4	-	152.4
2001C2 Senior Lien Bonds	121.4	-	121.4
2001D2 Second Lien Bonds	21.3	21.3	-
2001E Second Lien Bonds	136.2	34.0	102.2
2003A Senior Lien Bonds	184.3	184.3	-
2003B Senior Lien Bonds	150.0	150.0	-
2004A Senior Lien Bonds	60.8	-	60.8
2005A Second Lien Bonds	237.9	190.9	47.0
2005B Second Lien Bonds	37.2	-	37.2
2005C Second Lien Bonds	49.6	-	49.6
2006A Second Lien Bonds	123.7	30.0	93.7
2006B Second Lien Bonds	243.2	52.6	190.6
2006C Senior Lien Bonds	26.6	-	26.6
2006D Senior Lien Bonds	288.8	288.8	-
2012A Senior Lien Bonds	659.8	55.9	603.9
Totals	**2,785.6**	**1,039.0**	**1,746.7**

1 *Calculated based on SRF principal outstanding as a percentage of total principal outstanding as of June 30, 2012*
2 *Assumes that the State has the authority to vote for SRF Bonds.*

Pro-Forma Debt Service – Sewage System

Comparison of Debt Service Patterns



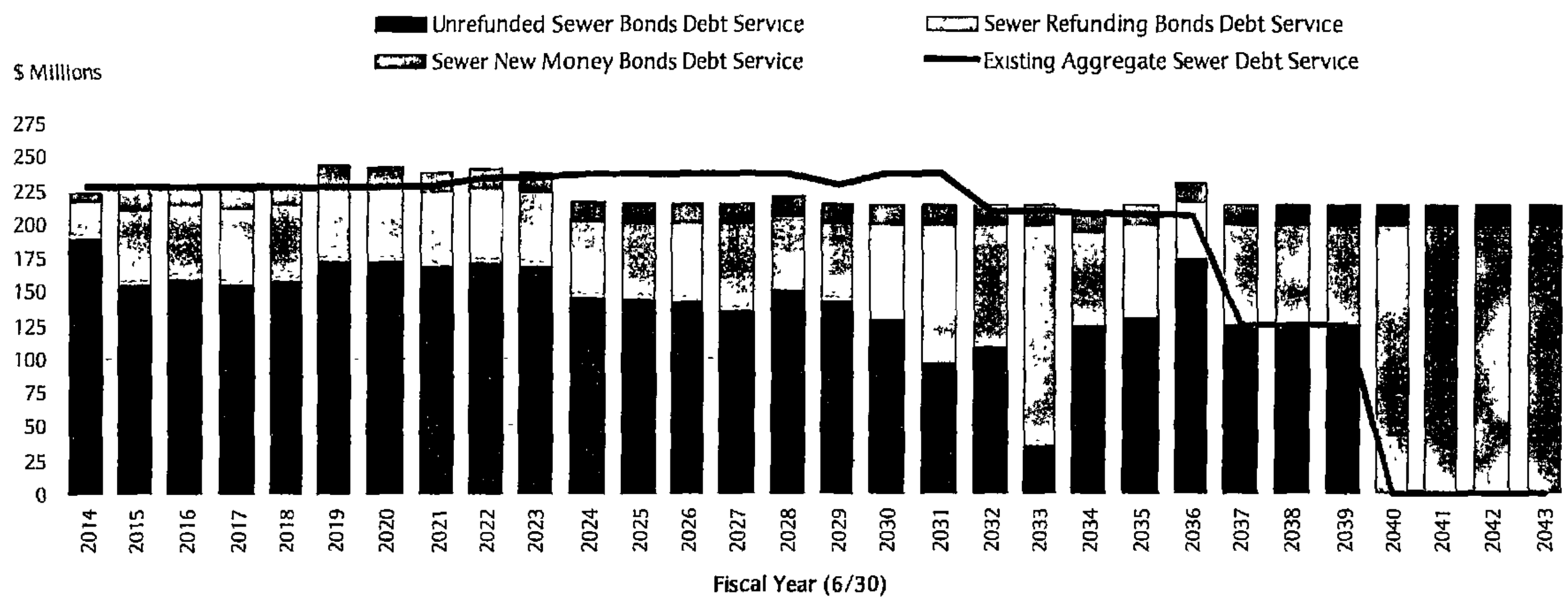
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	Total
Change vs. Existing ($MM)	0.2	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0	0	0	0	0	0	0	8.9

Pro-Forma Debt Service – Sewage System

Comparison of Debt Service Patterns

- Gross Loss: $552.5 million
- NPV Loss: $3.5 million
- NPV Loss (%): 0.34% of refunded par

Estimated Annual Debt Service Requirements



	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	Total
Change vs. Existing ($MM)	(12)	(20)	(16)	(19)	(16)	(1)	(3)	(8)	(10)	(13)	(38)	(39)	(40)	(40)	(33)	(32)	(40)	(40)	(11)	(13)	(9)	(9)	8	72	72	72	197	197	197	197	552

Appendices

A. Insurance Exposure and Commutation Analysis

DWSD's Major Bond Insurers

The Good, the Bad, and the Ugly

Summary of Detroit Water and Sewerage Department Insurers

Insurer	Operational Status	Current Credit Ratings (M/SP/F)	Total Claims Paying Resources ($B)	Par Amount of Insured Obligations, Total ($B)	Par Amount of Insured Obligations, Below Inv. Grade ($B)	Moody's Recent Commentary	Commutation History
Assured Guaranty	Active	A2/AA-/NR	$6.7	$279.0	$8.7	"Insured portfolio's credit quality and capital adequacy remain strong."	Yes, in CDS and Reinsurance; No evidence in Munis
Berkshire Hathaway Assurance Corp.	Active	Aa1/AA+/AA+	NA	NA	NA	NA	NA
FGIC	Rehabilitation	NR/NR/NR	NA	NA	NA	NA	NA
National Public Finance Guarantee (MBIA)	Run-Off	Baa1/A/NR	$5.7	$308 7	$2.6	"While National's insured portfolio is expected to generate losses that are well covered by its claims paying resources, its business position is characterized by a lack of participation in the market for the last five years, and by its continued affiliation with the much weaker MBIA Corp."	Yes, in Structured Finance; No evidence in Munis incl. Jeffco

Summary of Insurers' Exposure Levels – Water

AGM, FGIC and NPFG collectively insure $2.0 billion of the Sewage Disposal System's outstanding principal

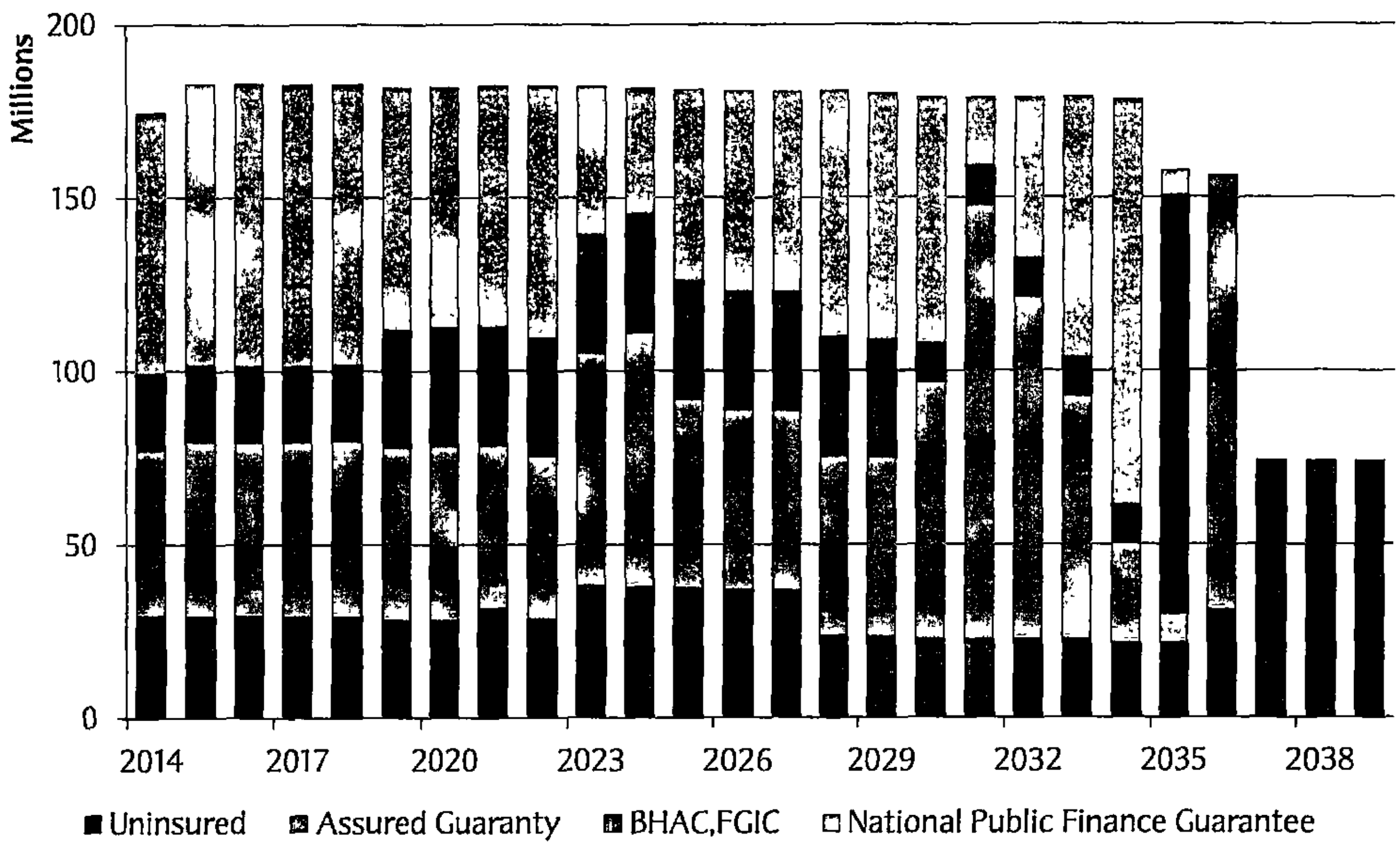
Insurers' Detroit Water and Sewerage Department Exposure

							Insured Principal as Percentage of		
Insurer	Credit	Principal ($MM)	Average Life (Yrs)	DS to Maturity ($MM)	Fiscal Years 2014 – 2017 DS ($MM)	Estimated Unamortized Premium ($MM)	Total Insured Principal	Insurer's BIG Exposure	Insurer's Claims Paying Resources
Assured Guaranty	A2/AA-/NR	738.76	15.42	1,363.01	196.52	6.8	31.2%	8.5%	11.0%
Berkshire Hathaway Assurance Corp.	Aa1/AA+/AA +	375.59	14.60	673.88	89.84	3.4	15.8%	N/A	N/A
FGIC	NR/NR/NR	375.59	14.60	673.88	89.84	3.4	15.8%	N/A	N/A
National Public Finance Guarantee	Baa1/A/NR	881.64	11.77	1,405.94	318.86	7.0	37.2%	33.9%	15.5%
Subtotal, Insured Debt	---	**1,995.98**	**13.65**	**3,442.92**	**605.22**	**20.6**	**100.0%**	---	---
Uninsured	---	488.95	21.03	1,038.07	118.33	--	---	---	---
Total	---	**2,484.93**	**15.11**	**4,480.98**	**723.55**	**20.6**	---	---	---

Summary of Insurers' Exposure Levels – Water

Debt Service Requirements

Debt Service Requirements of Water System by Insurer



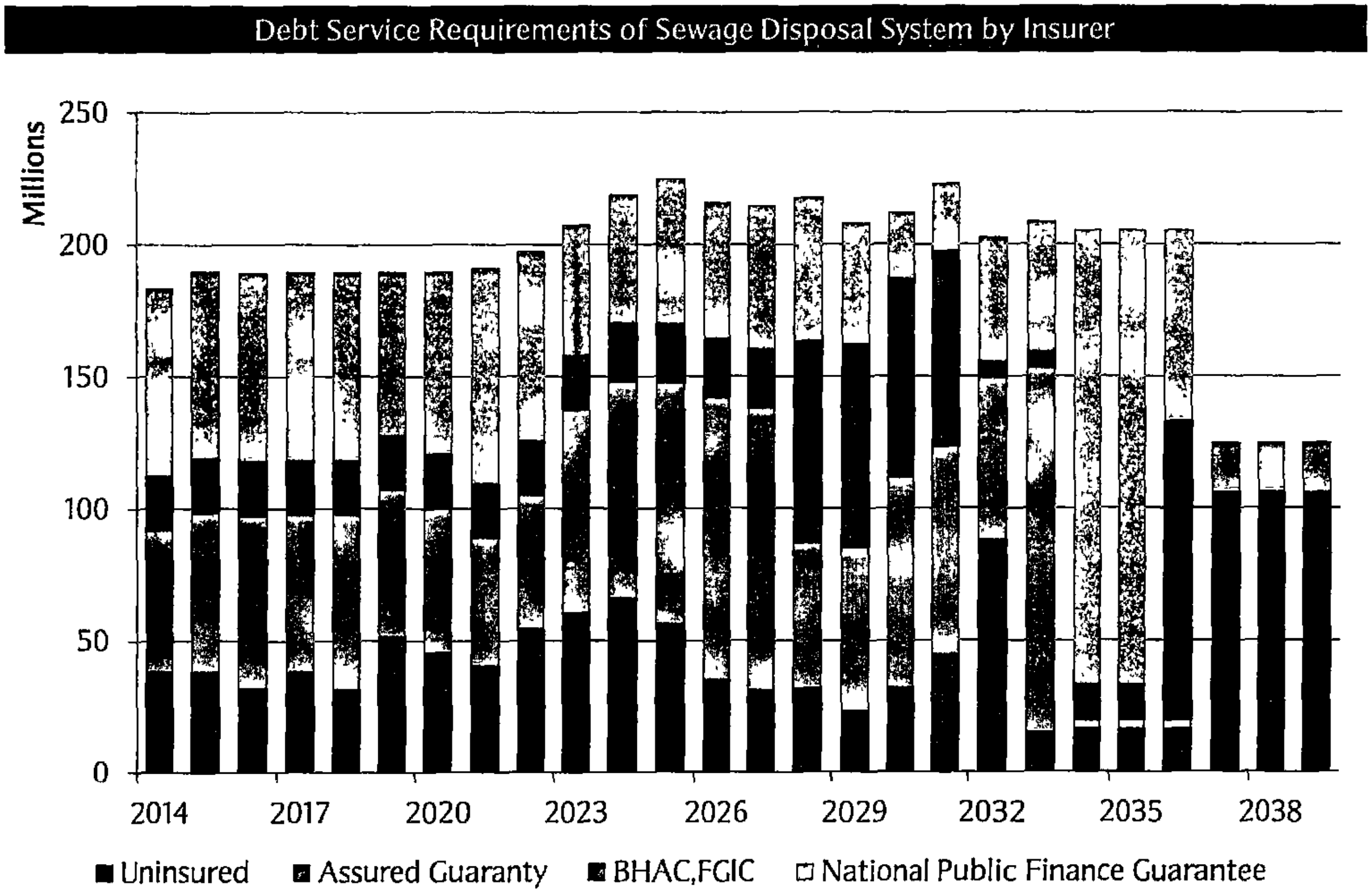
Summary of Insurers' Exposure Levels – Sewer

AGM, FGIC and NPFG collectively insure $2.1 billion of the Sewage Disposal System's outstanding principal

Insurers' Detroit Water and Sewerage Department Exposure							Insured Principal as Percentage of		
Insurer	Credit	Principal ($MM)	Average Life (Yrs)	DS to Maturity ($MM)	Fiscal Years 2014 – 2017 DS ($MM)	Estimated Unamortized Premium ($MM)	Total Insured Principal	Insurer's BIG Exposure	Insurer's Claims Paying Resources
Assured Guaranty	A2/AA-/NR	879.86	13.81	1,497.68	234.68	7.5	35.1%	10.1%	13.1%
Berkshire Hathaway Assurance Corp.	Aa1/AA+/AA +	381.16	18.04	767.08	85 04	3.8	15.2%	N/A	N/A
FGIC	NR/NR/NR	381.16	18.04	767.08	85.04	3.8	15.2%	N/A	N/A
National Public Finance Guarantee	Baa1/A/NR	862.56	14.83	1,560.32	284.89	7.8	34.4%	33.2%	15.1%
Subtotal, Insured Debt	---	**2,123.58**	**14.98**	**3,825.08**	**604.61**	**23.0**	**100.0%**	---	---
Uninsured	---	629.15	18.00	1,234.02	149.17	--	---	---	---
Total	---	**2,752.73**	**15.67**	**5,059.11**	**753.78**	**23.0**	---	---	---

Summary of Insurers' Exposure Levels – Sewer

Debt Service Requirements



B. Preliminary, Indicative Interest Rate Scales

'AAA'

Tax-Exempt Scale

Maturity	MMD	Coupon	Spread	Yield
2014	0.18%	3.00%	0.03%	0.21%
2015	0.35%	4.00%	0.05%	0.40%
2016	0.55%	4.00%	0.08%	0.63%
2017	0.85%	5.00%	0.08%	0.93%
2018	1.15%	5.00%	0.08%	1.23%
2019	1.53%	5.00%	0.10%	1.63%
2020	1.86%	5.00%	0.10%	1.96%
2021	2.16%	5.00%	0.12%	2.28%
2022	2.33%	5.00%	0.15%	2.48%
2023	2.50%	5.00%	0.15%	2.65%
2024	2.66%	5.00%	0 20%	2.86%
2025	2.82%	5.00%	0.20%	3.02%
2026	2.98%	5.00%	0.20%	3.18%
2027	3.13%	5.00%	0.20%	3.33%
2028	3.27%	5.00%	0 20%	3.47%
2029	3.39%	5.00%	0.20%	3.59%
2030	3.51%	5.00%	0.20%	3.71%
2031	3.59%	5.00%	0.20%	3.79%
2032	3.68%	5.00%	0.20%	3.88%
2033	3.74%	5.00%	0.20%	3.94%
2038T	3.99%	5.00%	0.20%	4.19%
2043T	4.08%	5.00%	0.20%	4.28%

Taxable (MWC)

UST	UST	UST Yield	Spread	Gross Yield
2014	1-year	0.10%	0.10%	0.20%
2015	2-year	0.30%	0.15%	0.45%
2016	3-year	0.59%	0.25%	0.84%
2017	5-year	1.29%	0.15%	1.44%
2018	5-year	1.29%	0.50%	1.79%
2019	7-year	1.90%	0 35%	2.25%
2020	7-year	1.90%	0.65%	2.55%
2021	10-year	2.51%	0.40%	2.91%
2022	10-year	2.51%	0.60%	3.11%
2023	10-year	2.51%	0.75%	3.26%
2024	10-year	2.51%	0.90%	3.41%
2025	10-year	2.51%	1.05%	3.56%
2026	10-year	2.51%	1.20%	3.71%
2027	10-year	2.51%	1.30%	3.81%
2028	10-year	2.51%	1.40%	3.91%
2033T	30-year	3.60%	0.75%	4.35%
2043T	30-year	3.60%	0.85%	4.45%

1 As of November 5, 2013.

"Low A"

Tax-Exempt Scale

Maturity	MMD	Coupon	Spread	Yield
2014	0.18%	3.00%	0.15%	0.33%
2015	0.35%	4.00%	0.30%	0.65%
2016	0.55%	4.00%	0.40%	0.95%
2017	0.85%	5.00%	0.50%	1.35%
2018	1.15%	5.00%	0.55%	1.70%
2019	1.53%	5.00%	0.65%	2.18%
2020	1.86%	5.00%	0.70%	2.56%
2021	2.16%	5.00%	0.75%	2.91%
2022	2.33%	5.00%	0.80%	3.13%
2023	2.50%	5.00%	0.85%	3.35%
2024	2.66%	5.00%	0.90%	3.56%
2025	2.82%	5.00%	0.95%	3.77%
2026	2.98%	5.00%	0.95%	3.93%
2027	3.13%	5.00%	0 95%	4.08%
2028	3.27%	5.00%	0.95%	4 22%
2029	3.39%	5.25%	0.95%	4.34%
2030	3.51%	5.25%	0.95%	4.46%
2031	3.59%	5.25%	0.95%	4.54%
2032	3.68%	5.25%	0.95%	4.63%
2033	3.74%	5.25%	0.95%	4.69%
2038T	3.99%	5.00%	0.95%	4.94%
2043T	4.08%	5.00%	0.95%	5.03%

Taxable (MWC)

Maturity	UST	UST Yield	Spread	Gross Yield
2014	1-year	0.10%	0.40%	0.50%
2015	2-year	0.30%	0.50%	0.80%
2016	3-year	0.59%	0.80%	1.39%
2017	5-year	1.29%	0.65%	1.94%
2018	5-year	1.29%	1.15%	2.44%
2019	7-year	1.90%	0.90%	2.80%
2020	7-year	1.90%	1.40%	3 30%
2021	10-year	2.51%	1.10%	3.61%
2022	10-year	2.51%	1.30%	3.81%
2023	10-year	2.51%	1.50%	4.01%
2024	10-year	2 51%	1 65%	4.16%
2025	10-year	2.51%	1.80%	4.31%
2026	10-year	2.51%	1.95%	4.46%
2027	10-year	2.51%	2.05%	4.56%
2028	10-year	2.51%	2.15%	4.66%
2033T	30-year	3.60%	1.55%	5.15%
2043T	30-year	3.60%	1.75%	5.35%

1 As of November 5 2013

C. “Vanilla” Refunding Using “Low A” Scale

Indicative Refunding Opportunities – Water System Bonds[1]

- Using a "low A" range scale, approximately $373.7 million of Water System Revenue Bonds can be current or advance refunded with a combination of non-AMT and Federally Taxable bonds to produce net present value savings of approximately $19.6 million (5.24% of refunded par).

$millions

	Tax-Exempt, Non-AMT	Federally Taxable	Total
Refunding Par	$254.4	$111.5	$365.9
OIP	$27.2	$0.0	$27.2
Issuance Costs	$1.8	$0.8	$2.6
Escrow Deposit	$279.7	$110.7	$390.4
Refunded Par	$267.8	$105.9	$373.7
Refunded Series	2003A&C, 2005A, 2006A	2003C (Second), 2005C	--
Call Date Range	2014 - 2016	2014 – 2015	--
Gross Savings	$20.7	$5.4	$26.1
NPV Savings	$14.8	$4.8	$19.6
NPV Savings (%)	5.51%	4.52%	5.24%
Negative Arbitrage	$8.0	$2.5	$10 5
Amortization	2014 - 2033	2014 – 2022	2014 - 2033
Average Life (yrs)	10.2	4.6	--
All-in-TIC	3.82%	2.90%	--

Key Assumptions

- Dated/Delivery Date: 1/7/2014
- "Low A" range refunding scales
- COI: $7/$1,000
- 10-year par call (non-AMT)
- Make-whole call (Federally Taxable)

1 Analysis subject to legal/tax review

Indicative Refunding Opportunities – Sewage Disposal System Bonds[1]

- Using a "low A" range scale, approximately $248.8million of Sewage Disposal System Revenue Bonds can be current or advance refunded with a combination of non-AMT and Federally Taxable bonds to produce net present value savings of approximately $12.4 million (4.98% of refunded par).

$millions

	Tax-Exempt, Non-AMT	Federally Taxable	Total
Refunding Par	$135.9	$106.6	$242.5
OIP	$12.9	$0.0	$12.9
Issuance Costs	$1.0	$0.7	$1.7
Escrow Deposit	$147.9	$105.8	$253.7
Refunded Par	$146.0	$102.8	$248.8
Refunded Series	2003A, 2005A, 2006B	2003A, 2005C, 2006D	--
Call Date Range	2014 – 2016	2014 – 2015	2014 – 2016
Gross Savings	$13.6	$3.4	$17.0
NPV Savings	$9.6	$2.8	$12.4
NPV Savings (%)	6.59%	2.68%	4.98%
Negative Arbitrage	$1.4	$2.0	$3.4
Amortization	2014 - 2032	2014 - 2028	2014 - 2032
Average Life (yrs)	11.6	9.0	--
All-in-TIC	4.10%	4.13%	--

Key Assumptions

- Dated/Delivery Date: 1/7/2014
- "Low A" range refunding scales
- COI: $7/$1,000
- 10-year par call (non-AMT)
- Make-whole call (Federally Taxable)

1 *Analysis subject to legal/tax review*

D. Summary of Existing SRF Bonds

DRAFT

Summary of Existing SRF Bonds – Water Supply[1]

Summary of Existing SRF Bonds					
Series	**Issuance Date**	**Amount Issued ($MM)**	**Range of Interest Rates**	**Maturity Dates**	**Balance June 30, 2012**
2005-SRF-1	9/22/2005	$13.8	2.125%	10/1/12-26	$10.6
2005-SRF-2	9/22/2005	8.9	2.125%	10/1/12-26	6.6
2006-SRF-1	9/21/2006	5.2	2.125%	10/1/12-26	3.9
2008-SRF-1	9/29/2008	2.6	2.500%	10/1/12-26	1.8
Totals		**$30.5**			**$23.0**

1 *As of June 30, 2012*

Summary of Existing SRF Bonds – Sewage Disposal[1]

Summary of Existing SRF Bonds					
Series	Issuance Date	Amount Issued ($MM)	Range of Interest Rates	Maturity Dates	Balance June 30, 2012
1997-B-SRF	9/30/1997	$5.4	2.250%	10/1/12-18	$2.2
1999-SRF-1	6/24/1999	21.5	2.500%	4/1/13-20	9.9
1999-SRF-2	9/30/1999	46.0	2.500%	10/1/12-22	28.1
1999-SRF-3	9/30/1999	31.0	2.500%	10/1/12-20	15.9
1999-SRF-4	9/30/1999	40.7	2.500%	10/1/12-20	20.8
2000-SRF-1	3/30/2000	44.2	2.500%	10/1/12-22	23.9
2000-SRF-2	9/28/2000	64.4	2.500%	10/1/12-22	39.2
2001-SRF-1	6/28/2001	82.2	2.500%	10/1/12-24	58.0
2001-SRF-2	12/20/2001	59.9	2.500%	10/1/12-24	42.2
2002-SRF-1	6/27/2002	19.0	2.500%	4/1/13-23	11.6
2002-SRF-2	6/27/2002	1.5	2.500%	4/1/13-23	0.9
2002-SRF-3	12/19/2002	31.5	2.500%	10/1/12-24	20.6
2003-SRF-1	6/28/2003	48.5	2.500%	10/1/12-25	36.4
2003-SRF-2	9/25/2003	25.1	2.500%	4/1/13-25	17.6
2004-SRF-1	6/24/2004	2.9	2.125%	10/1/12-24	2.0
2004-SRF-2	6/24/2004	18.4	2.125%	4/1/13-25	12.7
2004-SRF-3	6/24/2004	12.7	2.125%	4/1/13-25	8.8
2007-SRF-1	9/20/2007	156.7	1.625%	10/1/12-29	142.3
2009-SRF-1	4/17/2009	22.7	2.500%	4/1/13-30	10.2
2010-SRF-1	1/22/2010	6.8	2.500%	4/1/13-31	3.3
Totals		$753.9			$508.2

1 As of June 30, 2012

E. DSWD Surplus Fund

DSWD Surplus Fund

Surplus Fund

- For planning purposes, operating revenues generated to finance capital improvements are transferred to the Improvement & Extension ("I&E") Fund and entirely spent the following year.
  - These funds are technically available to be transferred to the Surplus Fund and to other System funds for any System use.

Projected Revenue Generated Fund Balances	2012	2013	2014	2015	2016
Operating Fund					
Beginning Balance	$20.0	$22.2	$24.4	$26.7	$29.1
Deposit from Operations	2.2	2.3	2.3	2.4	2.4
Ending Balance	**$22.2**	**$24.4**	**$26.7**	**$29.1**	**$31.5**
ER&R Fund					
Beginning Balance	$23.9	$23.9	$24.4	$24.9	$25.4
Transfers In	-	0.5	0.5	0.5	0.5
Ending Balance	**$23.9**	**$24.4**	**$24.9**	**$25.4**	**$25.9**
I&E Fund					
Beginning Balance	$8.9	$23.7	$31.5	$50.3	$64.3
Revenue Financed Capital	23.7	31.5	50.3	64.3	90.0
Capital Expenditures	(8.9)	(23.7)	(31.5)	(50.3)	(64.3)
Ending Balances	**$23.7**	**$31.5**	**$50.3**	**$64.3**	**$90.0**
Total Revenue Generated Funds					
Beginning Balance	$52.8	$69.8	$80.4	$101.9	$118.8
Net Transfers	17.0	1.1	21.6	16.9	28.6
Ending Balances	**$69.8**	**$70.9**	**$101.9**	**$118.8**	**$147.5**

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City of Flint Financial and Operating Plan - Fiscal Year 2013

Introduction

This Financial and Operating Plan for the City of Flint is submitted by the Emergency Financial Manager for the City of Flint to Governor Rick Snyder, through the Department of Treasury for the State of Michigan, in accordance with Public Act 72, Section 141.1220.

This report includes a summary of the financial conditions, goals for the City of Flint, plans to conduct the operations of the city and the planned and on-going actions being taken to resolve the financial emergency. This plan will be posted on the city's website: www.cityofflint.com

Summary of Financial Condition of the City of Flint

In the report to Governor Snyder, dated November 7, 2011, the Flint Financial Review Team summarized the findings of the Preliminary Review conducted by the Treasury Department (August 29 – September 12, 2011) and then reported the existence of, or likely occurrence of, the specific conditions set forth in Section 13(3) of Act 4 which led to the recommendation of the appointment of an Emergency Manager.

Preliminary Review Findings:

- The City has incurred cumulative deficits in many of its funds over several years. The unaudited 2011 cumulative deficit is estimated to be $25.7 million.
- The deficit elimination plan submitted to the Department of Treasury by city officials has not been followed and the general fund deficit has increased and is now estimated to be approximately $11.0 million.
- The general fund expenditures have exceeded revenues since 2007.
- The City relied upon transfers from the water supply and sewage disposal fund for general city operations.
- City officials also borrowed from other funds to compensate for cash shortages including the public improvement fund, the local street fund and the self insurance fund.
- The City continued to experience a cash shortage.
- The City's ability to pay short term obligations was uncertain.
- The pension system was less than 60 percent funded.
- City officials failed to make staff reductions in accordance with the deficit elimination plan.

Flint Financial Review Team Findings:

- The City has a general fund deficit of $14,621,546 as of June 30, 2010 which was not eliminated within the two year preceding period.

- The City previously submitted a five year deficit elimination plan for a cumulative general fund deficit of $7,046,820 as of June 30, 2008. However, by June 30, 2010 the cumulative general fund deficit had grown to $14,621,546. An updated plan submitted for 2010 does not purport to eliminate the cumulative deficit until 2030 and that relies upon the issuance of an additional $12 million of debt in 2013.
- A structural operating deficit existed in the general fund as of June 30, 2007, 2008, 2009, 2010 and the general fund is projected to have a $6,768,864 deficit as of June 30, 2011.

The Comprehensive Annual Financial Report for the Fiscal Year ended June 30, 2011 was received in December 2011. The City's General Fund, which had a $14.6 million deficit at the beginning of the year, ended it with an $8.9 million deficit. The reduction in the deficit was due solely to an $8 million Fiscal Stabilization Bond issued by the city in March 2011. In total, excluding the impact of the FSB proceeds and the Genesee Towers judgment levy, expenses in the General Fund exceeded revenues.

The City's Water Supply and Sewage Disposal systems also reported losses of $6.6 million and $14.1 million respectively. Increases in water and sewer fees have been implemented since the end of the fiscal year in an effort to forestall additional losses. However, the increases do not appear sufficient to address past deficits.

The City had actuarial accrued liability for post employment benefits other than pension (OPEB) of $862 million at June 30, 2011. Currently, the City is operating on a pay-as-you-go basis. In FY11, $19.6 million was spent on premiums for health care, compared to the recommended amount of $61.4 million.

The Auditors comments continued to note concerns with cash flow and with the timeliness of certain account and bank reconciliations.

Background

Several conditions developed over a period of decades to place the City of Flint in a situation of chronic fiscal stress. The major employer, General Motors, significantly reduced operations in Flint (in 1978 GM employed over 80,000 people, by 2006 employment totaled 8,000). The population of the City declined 18 percent between the census of 2000 and 2010. Owner occupied housing decreased from a high of 73.1 percent in 1960 to a 2010 low of 44.7 percent. The jobless rate for the 2010 annual reporting period was 23.2 percent. State Shared Revenue which accounts for 31 percent of the General Fund decreased 13 percent over the past five years.

In addition to the above noted reduced State Shared Revenue, the City's two other sources of revenue, property tax and income tax, have both suffered significant reductions. Between

2006 and 2011, property tax revenue has decreased 33 percent and income tax revenue has decreased 39 percent.

As revenue decreased, the City of Flint implemented numerous cost controls. The workforce has been reduced by 50% since 2001; yet the total cost of wages, benefits, and retiree premiums have continued to increase. Note that the liability for services already rendered is essentially a fixed cost which is now borne by fewer active employees and reduced city revenues.

Note: the statistics quoted above are taken from the report by Eric Scorsone, Ph.D. titled "Long-Term Crisis and Systemic Failure: Taking the Fiscal Stress of America's Older Cities Seriously Case Study: City of Flint, Michigan" dated September 2011.

Goals

The overall goals for the City are:

1. long-term financial stability;
2. an increase in revenue base to provide quality services to its residents;
3. a reduction in government costs through negotiated union contracts, consolidation and shared services, and ongoing professional development of staff;
4. continue to maintain and modernize the infrastructure of the city in alignment with the current population counts;
5. to streamline the processes necessary for businesses to locate, and continue operations, in the city;
6. to utilize the Master Plan to stabilize and then increase both the commercial and residential base of the city;
7. to provide public safety services, focusing on reducing violent crime, commensurate with cities of comparable size and resources.

Planning Process

The City of Flint was determined to be in a financial emergency by the Flint Financial Review Team as noted in the above section: **Summary of Financial Condition of the City of Flint**. On November 1, 2011 Governor Rick Snyder appointed Michael K. Brown as Emergency Financial Manager. EM Brown developed a Financial and Operating Plan utilizing the resources of a five person Advisory Committee as well as five additional advisory committees. The EM sought broad expertise to ensure public engagement and to maintain a sense of continuity with the Mayor and the City Council. In fact, all nine Council Members and over fifty other citizens participated in the advisory committees.
The Advisory Committees are:

- Finance/Administration – Chair Armando Hernandez,
- Public Safety – Chair Diana Kelly,

- Infrastructure/Development – Chair George Wilkinson,
- Grants/DCED – Chair Sue Peters,
- Pension and OPEB Underfunding – Chair Ed Kurtz.

The EM's Financial and Operating Plan was updated in the Emergency Manager's June 1, 2012 report to the State Treasurer.

Upon the appointment of the Emergency Financial Manager, Edward J. Kurtz, on August 8, 2012 a new Advisory Committee was established and the State Treasurer approved the following individuals to serve on the City of Flint Emergency Financial Manager's Advisory Committee:

Mayor Dayne Walling	Kenyetta Dotson
Reverend Phillip Thompson	Tim Herman

Mr. Kurtz has also asked three others to serve as well: Dan Cady, Armando Hernandez and Adam Thomason.

The Emergency Financial Manager has utilized the Advisory Team, the City of Flint Management Team and the updated Financial and Operating Plan to develop this Financial and Operating Plan for Fiscal Year 2013.

Management appointments have been made to ensure that the essential services necessary for the public's health, safety and welfare are assured and to continue to conduct all aspects of the City of Flint's operation within the resources available. Any employment contracts were extended with the approval of the Treasury Department.

Actions Taken To-Date

ORDER No.1 PROCEDURES FOR PURCHASING
Requests to procure goods and services, in any amount, are to be forwarded to the Purchasing Department for processing Departments shall not procure any goods or contract any services without the proper authorization from the Emergency Financial Manager or Purchasing Department. Any procured goods or contracted services made without proper authorization shall not be approved and the City shall not be bound.

ORDER No.2 PROCEDURE FOR SUBMISSION OF RESOLUTIONS AND ORDINANCES
The procedure is described for the submission of resolutions and ordinances; effective immediately.

ORDER No.3 BUDGETARY OVERSIGHT & TERMINATION OF LINE ITEM LEVEL
All City officials, department heads and division heads shall adhere to the prescribed budgetary guidelines and responsibilities.

ORDER No. 4 ADVISORY COMMITTEE
Pursuant to the Contract for Emergency Financial Manager Services signed by the Local

Emergency Financial Assistance Loan Board on August 8, 2012, the Emergency Financial Manager shall appoint an advisory committee consisting of three to five members to provide advice and counsel regarding the Manager's decisions and actions to resolve the City's distress. The Emergency Financial Manager shall meet with the advisory committee regularly, but no less frequently than monthly. The Emergency Financial Manager has recommended and the State Treasurer has approved the following individuals to serve on the City of Flint Emergency Financial Manager's Advisory Committee:

- *Mayor Dayne Walling*
- *Kenyetta Dotson*
- *Reverend Phillip Thompson*
- *Tim Herman*

ORDER No. 5 CITY TREASURER AUTHORIZED TO CORRECT ASSESSMENTS OR FEES IF PROPERTY OWNER ENTITLED TO WAIVER
The City Treasurer is authorized to make the necessary correction to an assessment or fee that was placed on the tax roll in the event it is determined that property owner is entitled to a waiver, including, but not limited to combination of parcels.

ORDER No. 6 OVERTIME
Based on the foregoing, all overtime must be directly approved by the department head in advance, with the exception of emergency overtime that can be clearly documented. In the Police Department, requests for overtime should be directed to Chief Alvern Lock. In the Fire Department, requests for overtime should be directed to Public Safety Administrator Barnett Jones.

All Departments

Department Management reconfigurations have been completed in anticipation of reduced staffing levels as provided in the FY(13) Budget. (See Attachment # 1 Organizational Chart)

Financial/Administration/IT

Cash Flow

A realistic analysis of cash flow has been developed by the Finance Director, and is being monitored on a monthly basis. Cash flow for this nearly $200 million operation is minimal at best, with pooled cash balances since January ranging from nearly $13 million in February to approximately $8 million at the end of April. These amounts have been slightly above projections.

FY13 Budget

Development of a budget which moves the City toward financial stability was accomplished with the FY13 budget. FY13 began July 1, 2012.

The process of implementing the FY13 budget is now underway. It is balanced realistically, and encompasses significant revenue increases and expenditure reductions. The process started with a projected gap of $25 million between projected revenues and projected expenses. The result was a total budget of $192 million, of which $82 million is sewer and water; $58 million is General Fund and $30 million is federal CDBG.

The budget encompasses expenditure reductions which included the elimination of nearly 150 positions (20% of the workforce); employee concessions including a restructuring of health and pension benefits and employee costs; and various organizational changes.

On July 1, new health care plans for active employees was put in place, as well changes in pension benefits. Health care plans for retirees began on August 1 for pre-65 retirees; this was followed with changes for Medicare-eligible retirees on September 1. The City has been sued in Federal District Court, but no decisions have resulted to date. If the City is precluded from implementing these changes in health care for retirees, there will be a projected (unbudgeted) increase in expenses of $3.5 million in FY13.

For future employees, city retiree health care will no longer be an option, and the traditional defined benefit pension plan for non-police and fire employees will be replaced with a hybrid pension plan. There are also numerous changes which increase management flexibility and reduce other employee costs.

The budget also implements new revenues in order to provide the level of revenues still needed – in spite of expense reductions – to continue the marginal level of city funded public safety personnel and basic city services. These revenues include numerous fee increases; a $143 annual fee for waste collection (replacing a dedicated 3 mill tax levy); a $62 special assessment fee for operation, maintenance, and improvement of street lights (in the past this was a $2.85 million general fund expense); and an overall 25% increase in water and sewer rates (12.5% water; 45% sewer). Unfortunately, the reliance on fees and assessments will create hardship for many of the City's residents. However, the choices for increasing revenues at this time were limited.

If the budget can be implemented as planned, a significant objective - not spending more than the City takes in - will be accomplished, and will have done this while avoiding public safety reductions beyond those associated with expiring grant funds.

However, the City faces several legal challenges. While the challenges may not be sustained in the long term, any impediments to implementing the budget will have severe financial impacts.

For example, legal challenges which prohibit the City from implementing revenue increases or expenditure decreases will require immediate actions to further reduce spending – including public safety – and may impact the City's ability to function at an adequate level, particularly in light of the marginal cash flow.

Potential challenges the City may face from budgetary perspective include ones associated with the numerous rate increases incorporated into the budget, changes in retiree health care, and the unilateral implementation of changes to three collective bargaining agreements. It should be noted that through the Emergency Manager the City of Flint was able to reach tentative agreements with three of the six bargaining units. To this point, the City was recently sued over the pending implementation of increased water and sewer rates, by the President of the City Council et al. This is a prime example of litigation that could impede the COF's ability to maintain fiscal solvency.

Financing the Deficits

In April, the Emergency Manager filed a Deficit Elimination Plan focused on the accumulated deficit as of June 30, 2011. That plan indicated the City's intent to request authorization to borrow approximately $9 million in Fiscal Stabilization Bonds in order to address the accumulated General Fund deficit once a credible FY13 budget was in place. The Deficit Elimination Plan was approved by the State. On May 24, 2012 the City filed an application for borrowing with the State Administrative Board, and the Department of Treasury has issued a memorandum stating that the request satisfies the necessary statutory requirements. At this time, Treasury has not authorized the borrowing as proposed n the Deficit Elimination Plan.

While this borrowing addresses the accumulated FY11 deficit, there was an additional deficit at the end of FY12. It is estimated at this time that an additional $10 million will need to be financed in order to address the FY12 deficit. However, if the FY13 budget is implemented as it was adopted, there should be no additional General Fund deficit. There will be ongoing deficits in the water and sewer funds, but only as related to unfunded OPEB liabilities.

Audit

The Comprehensive Annual Financial Report for the year ended June 30, 2011 has been received and filed with the Department of Treasury.

Labor Agreements

Labor Counsel held meet and confer sessions with the City's six bargaining units. A target of 20% equivalent wage reductions has been achieved. Tentative Agreements were reached with four of these bargaining units. As contract settlement was necessary prior to adopting the budget, the EM invoked the 19K provision in Public Act 4 from the State Treasurer for the bargaining units which had not achieved

Tentative Agreements (EM Orders 18 and 26) and with Local 1799 which had approved a TA but had not ratified (EM Order 27).

Economic Vitality Incentive Program (EVIP) Requirements and Activities

The Flint Economic Vitality Incentive Program Certification of Consolidation of Services (EVIP) was filed December 30, 2011 which qualified the City of Flint to receive State Shared Revenue as of January 2012.

The Economic Vitality Incentive Program Certification of Employee Compensation was filed on April 25, 2012 which fulfilled the City's third obligation to receive the next allocation of State Shared Revenue.

The City is now preparing the October 1, 2012 filing of the EVIP Dashboard, Citizens Review and Projected FY14 budget

The City has contracted with Plante Moran to conduct a study to evaluate the potential of shared services between the City and Genesee County treasury functions. This study has been funded by the Mott Foundation.

Income tax processing is being handled through a joint project with the Cities of Grand Rapids and Lansing.

The City's Human Resources Department is working on a joint project with the Genesee County HR Department and the Genesee Intermediate School District to integrate electronic capabilities for HR records.

Prescription Drug Program

City of Flint has suspended the planned implementation of a modified prescription drug program which requires the issuance of a generic drug unless a name brand drug is determined to be medically necessary. This action resulted due to a lawsuit, Yurk et al. v. City of Flint, pending in Genesse County Circuit Court before Hon. Archie Hayman. Judge Hayman granted a temporary restraining order and has completed a hearing on plaintiffs' motion for preliminary injunction. However, the court took the motion under advisement and has not issued a decision.

Dependent Eligibility Audit

The Risk Management Office is currently in the process of conducting a dependent eligibility audit which is expected to be completed before the end of the year.

Administrative Reorganizations

The City of Flint Human Relations Commission (HRC) has been reorganized to address constituent and citizen services. This reorganization was developed in relation to elimination of departments (Ombudsman and Civil Service Commission), as well as reductions in executive staff. The HRC will now be the First Stop Office at City Hall with a focus on prompt citizen response.

Prior to the start of FY13 the Information Services Department eliminated all positions and then rehired fewer employees with new job descriptions. The new structure allowed more flexibility and greater utilization of personnel.

Infrastructure/Development

Water Issues
The City is working with the Detroit Water and Sewerage Department (DWSD) to revise the contractual policy restrictions on blended lake and river water. This revision could provide significant savings to the city water customers.

The Genesee County Drain Commissioner has begun the engineering work for the Karegnondi Water Authority. The City of Flint expects to participate as a partner in the construction and operation of the new water line from Port Huron, but has not yet signed that agreement. Again, blended Flint River water, DWSD water and/or treated Karegnondi water is being evaluated in this scenario as well.

U. S. Department of Environmental Quality S2 Grant
An S2 DEQ grant to study infrastructure condition for water pollution control was accepted. The study was defined to encompass the City's entire sanitary sewer system including the overall collection system, the capacity and condition of the system, potential upgrade recommendations to the lift stations and the pumping stations, and to make recommendations for necessary investments to maintain the system.

U.S. Department of Energy Grant
The City of Flint has negotiated an agreement with the Department of Energy to terminate the Energy Efficiency and Conservation Block Grant (EECBG). While the agreement has not yet been finalized, it appears likely to be completed shortly. It provides that there was no finding of wrongdoing by the City. The grant was terminated because there was insufficient time to complete the project under the performance period of the grant. The mutually agreed upon termination of the grant will not adversely affect the City of Flint's qualification and eligibility to receive future grants or contracts from the D.O.E.

Golf Courses
Three of the city's four golf courses were leased to private organizations. Two courses were operational this summer.

Senior Centers
The Pierce Senior Center closed on April 30, 2012 as funding was no longer available. A Request for Proposal is being issued to seek operators for both

Hasselbring and Brennan Senior Centers. The City is also exploring the potential for a non-profit organization to take over the centers, however, that may require programs and services take place at the non-profit's location. Further talks continue with the County for other potential means of operation.

Smith Village Development
The Smith Village housing project is funded primarily with HUD and NSP2 grants. Phase I, which includes 30 housing units, has been completed as scheduled. HUD has determined February 10, 2012 is the goal to expend 50% of the allocation. The Smith Village housing project will meet that development goal. On May 18, 2012, the City announced that Phase II of the Smith Village development will be undertaken by Ginosko Development Company and Rohde Construction Company. Ginosko's site plan was approved by the Flint Planning Commission on May 22, 2012.

Master Plan
The City of Flint continues to make progress on the preparation of its first comprehensive Master Plan in fifty years through a $1.5 million HUD Community Challenge Planning Grant. As a result of this grant, a Chief Planning Officer and two Associate Planners have been hired. These staff members coordinate monthly Steering Committee meetings to discuss the Master Plan with Flint residents and the many citizens that participated in the ward meetings earlier this year.

A website,www.steeringflintfoward.com has been established to inform citizens about the planning process and to solicit their input. A $50,000 grant from the Ruth Mott Foundation has been received, as well as a commitment from the C.S. Mott Foundation in the amount of $263,804 for the Master Plan.

U. S. Department of Housing and Urban Development Monitoring
After the February 2012 HUD Monitoring of the HOME Program, The City of Flint received notice from HUD that it has capacity to run the HOME program.

Real Estate Transactions
In August 2012 the City of Flint sold the Genesee Towers to Uptown Redevelopment Corporation for $1 and committed $750,000 CDBG dollars toward the over $4 million cost of demolition. Genesee Towers has been a liability for the City since December, 2010 when the city assessed a one time millage to cover the $9.0 million judgment.

A quit claim deed for Chevy-in-the-Hole site has been transacted between the EDC and the City of Flint. EPA money for clean up has been agreed upon.

Public Safety

A Police and Fire Protection Millage request for 6 mils has been placed on the November ballot. If this millage request passes, this will begin the process of stabilizing both the Police and Fire Departments.

Based on input from the State Police, Governor's Office and a Michigan State University Criminal Justice Study, it is clear that the Genesee County Criminal Justice System and the Flint Police Department could benefit from improved coordination and policy development. The restructuring and expansion of an existing criminal justice planning group is underway.

A Public Safety Plan was introduced to the public on May 4, 2012. This plan addresses Police and Fire department organizational plan, operation of the lock-up, transition to 800 MHz communications system and the formation of the Criminal Justice Policy Advisory Council.

The Police Department changed to a 12 hour shift operation within a four District Patrol plan. Both of these plans were implemented at the end of June, 2012.

The Public Safety Department recommended selection of the Genesee County Sheriff as the operator of the Flint lock-up. It is expected that the lock-up will be operational by October 1, 2012.

The City received a 6 month grant renewal from the C. S. Mott Foundation for the Community Policing grant which has funded 10 officers and 1 sergeant. The grant also includes other criminal justice system personnel support, including the addition of Neighborhood Safety Officers who would be responsible for enforcement of blight violations, vehicle ticketing for impound and other neighborhood duties. This grant was submitted in conjunction with the Michigan State University School of Criminal Justice Training and Assistance team. The MSU team will assist the City in implementing several phases of the Public Safety plan.

The City of Flint is continuing its existing collaborative efforts with regional partners. Examples: Flint Area Narcotics Unit, Safe Streets Task Force, and U.S. Attorney's Office Zero Tolerance gun violence reduction initiative, LifeLines (formerly known as CeaseFire), and other programs to help eliminate gang activity and prevent other violent acts.

CopLogic is an Internet based, crime record system through which residents self-report crimes with no suspects and little chance of solvability. CopLogic was introduced in July, 2012.

A protocol was finalized for the transition to the Genesee County Sheriff's Department to handle the paramedic calls in the City of Flint. This millage is now being managed only by Genesee County. Completion date was July 1, 2012.

The FEMA funded SAFER Grant which supports the wages and benefits of 39 firefighters was renewed on June 10, 2012 for two years. The new grant totaled $6.9 million. It is very rare that a city would be awarded a full funding request in back-to-back granting periods.

Projects in Progress

The Emergency Financial Manager has determined that the projects noted in the following list are the top priorities:

1. Waste Collection Operation	November 1
2. Issue RFP Demolition Plan/Contracts	October 15
3. Start new construction at Smith Village	October 1
4. Budget Review and amendment	October 1
5. Contract/Commit all HUD funds (DCED, NSP2 and 3 focus)	October 15
6. 800 MHZ/911 merger study	November 1
7. Open Lockup	October 1
8. Complete FERS to MERS/Retiree Healthcare changes	October 1
9. SBI decision	October 15
10. Weekly Press Briefings	September 12 and each Wednesday after
11. KWA Decision	November 1
12. Senior Centers Plan	November 1

OTHER ISSUES

1. Street Light Special Assessment District
2. Indigent fund for water
3. EVIP List
4. Labor Contract implementation
5. Boards and Commissions

6. MSU Med school
7. Quarterly Report to Treasury
8. Next step on Genesee Towers
9. Complete the Plante Moran Study
10. Close FY12 books, prepare for audit
11. Plan to file an FY12 Deficit Elimination Plan

Financial/Administration/IT

The Finance Director received approval from the Flint Employee Retirement System (FERS) Board to transfer the general administration, management and responsibility for the Flint retirement system to the Michigan Employee Retirement System (MERS). This transfer is expected to be completed in time for the first MERS check to retirees to be issued on October 18, 2012. The City has already been sued to stop the transfer of assets. The basis of the suit was that the Councilman who was newly appointed to the FERS Board was not sworn in to the FERS Board before voting on the transfer from FERS to MERS.

Cash flow, which was identified in the audit as an area of ongoing concern, has been reviewed. Thanks in part to the receipt of $8 million from the Financial Stabilization bond and the use of $3.7 million in accumulated funds for retiree health care, cash flow should be minimally adequate for a short time. However, little progress has been made to date in addressing the extent of inter-fund borrowing. The situation continues to be monitored to assure sufficient cash to pay for current expenses, and options for long term solutions will be developed.

Recently implemented rate increases appear to have been nearly sufficient (within $700,000) to cover current operations in the Water Fund, exclusive of OPEB liabilities. With depreciation and OPEB liabilities included, the $12.4 million deficit at the end of FY 11 is projected to increase to $13.2 million.

The FY11 deficit of less than $500,000 in the Sewer Fund, however, is projected to increase to nearly $7 million, inclusive of depreciation and OPEB liabilities.

Options for addressing these shortfalls are being developed, including the possibility of additional borrowing in concert with expenditure reductions.

The City is closing the books on FY12 and preparing for the audit. This will be followed by an analysis to determine the extent to which projections were valid. It is anticipated that there will be a need to file a Deficit Elimination Plan based on the FY12 audit.

The Finance Department and the IT Department are completing the planning and preparing for the implementation for the upgrade of the City's financial management software (moving from BS&A Pervasive to Dot net.)

The Finance Department is also proceeding with the following projects:

- implementation of a Procurement Card system and the associated changes to the City's Purchasing Policies,
- completion of the update of the pension and OPEB liabilities,
- continued aggressive monitoring of revenue and expense activities as compared to the FY13 budget, with particular emphasis on revenue collections, position counts and overtime expenditures,
- development and implementation of employee development programs focusing on financial management, supervision and labor relations, and leadership development.

The City Attorney is continuing with efforts to improve litigation management through claim evaluation, claim reporting, attorney training and trial preparation. The City Attorney continues to emphasize the "litigation team" approach to case handling, with weekly review of pending matters and discussion of how best to protect the City of Flint's legal interests.

Collaborative economic development efforts are underway with the Genesee Regional Chamber of Commerce to attract and retain businesses; and to receive and apply new tools such as the Next Michigan Development Corporation and Smart Zone designation. The city will continue to work with RACER Trust for brownfield development, including Buick City.

The City of Flint is challenged in its current financial condition to provide significant investment into job creation and Economic Development. However, the City has developed a unique and effective partnership with the Genesee Regional Chamber of Commerce (GRCC) which is the recognized economic development entity for Genesee County. The City receives specific community and economic development services from GRCC each year. Attached is a brief summary of achievements resulting from this partnership.

<u>Infrastructure/Development</u>

Determine City of Flint's level of participation in the Karegnondi Water Authority (KWA) water pipeline project.

The City is reviewing proposals from companies interested in operating waste, compost and recycling collection.

The Smith Village project is proceeding with the construction of new homes which will bring the total of completed homes to 40 by February 14, 2013. HUD has approved this plan with the understanding that the remaining planned homes (up to 83) will be built as proceeds become available from the sale of the first 40 homes.

Public Safety

Continue patrol assistance from Michigan State Police. This is a crime deterrent and increases traffic safety compliance.

Continue existing collaborative efforts with regional partners. Examples: Flint Area Narcotics Unit, Safe Streets Task Force, and U.S. Attorney's Office Zero Tolerance gun violence reduction initiative, CeaseFire, and other programs to help eliminate gang activity and prevent other violent acts.

Apply new technologies and information systems to improve police efficiencies and improve targeting and effectiveness including New World, CopLogic, Shotspotter and DDACTS.

Transition to an 800 MHz communications system is underway. New mobile and portable radios have been purchased and templating is completed. Region 3 issued a purchase order to Motorola Systems for 9-1-1 Console upgrade and construction of a Point to Point Microwave link.

Investigate potential to return automobile impound lot to a City of Flint operation.

Projects Under Assessment

All Departments

Review all departments and services for potential merger, consolidation, contracted service, shared services with other governmental entities, privatization or elimination. As a result of this review determine if these functions should be subsidized with general property tax dollars and what will be paid by the users.

Review current expenditures for significant reduction.

Review all city owned assets (both real property and capital equipment) and determine if disposal should be pursued.

Review necessary ordinance and charter revisions which would increase flexibility for department reorganization and budget flexibility.

Investigate appropriate investments necessary to achieve longer term savings, cost avoidance, and improved efficiencies.

Review the process for all grants to the City of Flint for appropriate use of funds, potential for continued funding, and timely reapplication.

Develop a system of benchmarking costs to determine whether to maintain City of Flint operations or outsource services.

Financial/Administration/IT

Request a legal opinion with regard to retiree pension and OPEB contractual versus constitutional issues.

Risk Management Office is reviewing various Employee/Retiree health care options including plan design, delivery systems, Medicare Advantage, Medicare Wrap Around, benefit carve-outs, etc. in an effort to control health care costs.

Infrastructure/Development

Monitoring and review of the Smith Village Housing Project is continuing. The Grants/DCED Advisory Committee has been reviewing issues relating to compliance with HUD and NSP2 guidelines.

Conduct a comprehensive review of water and sewer systems to identify opportunities to utilize resources and infrastructure to increase efficiencies, generate revenues, and reduce liability.

Determine if current City operations can sell excess capacity.

Investigate the feasibility for utilizing available technology for remote operations.

Investigate the status of the Hamilton Dam project and consider implications for both water treatment plant volume control and storm water management.

The EFM is addressing the financial crisis and also working on meeting the many other needs of residents and continuing development of the city. Numerous grant applications have been submitted to implement a wide range of programs.
Grants submitted:

- Application to Environmental Protection Agency for nearshore health and non point source pollution, watershed remediation for "Chevy-in-the-Hole" stormwater wetlands. $600,000
- Application to the Administration for Children and Families for Community Economic Development (CED) projects. $800,000
- Application to the Department of Justice for the Byrne Criminal Justice Innovation FY 12 Grant – revitalizing neighborhoods and reduce crime (partner applicant in two grants).

- The City of Flint is also a partner applicant in the Building Neighborhood Capacity Program (Wards 1 & 3) and Promise Neighborhood (Wards 1 & 2) which are part of the Federal Neighborhood Revitalization Initiative. ($225,000)
- The City of Flint and the Flint Farmer's Market have applied for an Urban Farmer's Market Program which provides funds to entitlement communities, in this application the request is for equipment and fees for the SNAP and Double UP Food Bucks. ($21,742)

Public Safety

Review department day-to-day operations for more efficient utilization of personnel and other resources.

Restructure Fire Department, 911 and emergency response operations to adjust to eliminated Federal and County revenue sources. Review options for shared services, station configurations, staffing levels, contract services and technology applications.

Investigate 911 re-consolidation. Determine costs to align equipment with County 911 system; determine metrics to evaluate level of service to City of Flint; and determine process to evaluate City personnel participation in a consolidated system.

Next Steps

- Implement department reorganizations, contract agreements, proposed shared services, mergers and consolidations.
- Manage FY13 budget compliance.
- Maintain the safety of the residents of the city during this transition and keep the citizenry informed of plans throughout this process.
- Complete the transfer of the employee retirement system from FERS to MERS.
- Make and implement key decisions on Infrastructure – particularly water and sewer operations.
- Develop a plan to increase revenue: millage, income tax and other. Include potential for urban homesteading.
- Decide timing and leadership for potential Charter revision.
- Issue RFP's for private contractors for various services.

Conclusions

Personnel assignments have been made to ensure continued operation of the public services necessary for the citizens of Flint. The Department Directors have reviewed the financial and operational status of the City. They have made substantial recommendations for revisions in the City's operation and are currently implementing those recommendations

The City of Flint acknowledges an on-going financial crisis. Also, the City of Flint realizes that it is a high priority to address the tremendous public safety issues through the improved coordination throughout the criminal justice system in Genesee County. Aggressive efforts are being undertaken to clarify and resolve all issues presented in this report.

A second report of the City's Financial and Operating Plan is due six months following the appointment of the Emergency Financial Manager. Updates will also be provided as appropriate.

Edward J. Kurtz
Emergency Financial Manager
City of Flint

Attachments:

- #1 Organizational Chart
- #2 City of Flint FY13 Budget
- #3 City of Flint FY12 Preliminary Close

City of Flint: Organizational Chart

EMERGENCY FINANCIAL MANAGER
Edward J. Kurtz

68th DISTRICT COURT

CITY COUNCIL
9 Members

MAYOR
Dayne Walling

CITY ADMINISTRATOR
Michael K. Brown

CITY ATTORNEY
Peter Bade

PUBLIC SAFETY
Barnett Jones

- Police
- Fire
- 911

FINANCE/ADMINISTRATION/IT
Gerald Ambrose

- Treasury
- Budget
- Risk Management
- Assessment and Tax Collection
- Human Resources
    - Human Relations Commission
- Information Technology
- Purchasing
- Accounting
- Pension
- City Clerk – Licensing, Permitting, and Elections

INFRASTRUCTURE/DEVELOPMENT
Howard Croft

- Community and Economic Development – Planning/Zoning and Grants Management
- Development – Building Inspections, Blight and Demolition
- Facilities Maintenance
- Fleet
- Parks & Recreation and Forestry
- Sanitation
- Street Maintenance
- Transportation – Central Administration and Accounting
- Transportation – Traffic Engineering
- Transportation – Engineering
- Utilities – Water Pollution Control Facility
- Utilities – Water Service Center
- Utilities – Water Plant
- Utilities – Water Treatment Center

Attachment # 1

Attachment # 2

City of Flint
FY 2013 Budget

City of Flint, Michigan

BUDGET

for Fiscal Year 2012-2013

Michael K. Brown, Emergency Manager

City of Flint
FY13 Budget

It is well known that the City of Flint is confronted with a financial emergency. It has been in state receivership since November 2011. The City is projected to have more than an $18 million deficit by June 30, 2012. Cash flow is extremely narrow, and any major unexpected expense or revenue loss at this time could be catastrophic.

The Emergency Manager is committed to seeing Flint not only return to financial solvency, but become the thriving municipality it once was, attracting residents, businesses, and visitors.

The challenge is great – financial insolvency; a population base reduced by 50%; declining property values; high numbers of vacant houses and persons in poverty, crumbling infrastructure, and high crime.

The first step to recovery is to stabilize the City's finances, in order to provide basic services to our citizens. With a focus on a next year's budget that is realistically balanced on attainable revenue estimates, and with assistance from the state to address the accumulated deficits from past years, our journey into the future can begin.

It will not be easy. The current level of expenses for city services significantly exceeds the current amount of revenues which will be received, and choices for new revenues are limited. Consequently, while efforts continue to identify new sources of revenue, current services and workforce will be reduced significantly. Where new sources of revenue are found and implemented, it will mean increased costs to taxpayers. There is no other choice – expenses must be reduced, revenues must be increased, or a combination of both must occur.

This budget is based on conservative assumptions regarding revenues and expenses. If there is uncertainty about a revenue stream, it is not included. When projecting expense items over which the City has little direct control, they have been projected on the high side. The result can be characterized as a "worst case" budget. However, since the budget is a flexible plan, new developments –such as additional revenue sources – can be added if and when they become available.

THE FY13 BUDGET

The FY13 Budget for the City of Flint totals $195 million for all funds, including $58 million for the General Fund plus Special Revenue Funds, Capital Improvement and Enterprise Funds. It provides for a workforce of 539 employees. The amount of funds available, and the size of the workforce afforded by those revenues, are significantly less than in the current and prior years.

As this budget process began, there was a projected gap of some $25 million between the amount of funds projected to be received and the cost of continuing all services and positions in the same manner as currently done. This gap has been closed by a mixture of revenue increases and expenditure decreases.

REVENUES

City services are funded by a mix of property taxes, income taxes, state and federal shared revenues, and fees, charges, and assessments. The current property tax rate for city services is 15.5 mills, or $15.50 for each $1,000 of taxable value. Residents and businesses also pay a 1% income tax, while non-residents pay one-half that amount, the limit set by state law.

The revenue stream supporting city services in this budget is different from the current year's in some significant ways:

- With property values continuing to decrease, property tax revenues are decreased by more than 20%. These revenues are decreased even further as the 3 mill levy for waste collection is eliminated in favor of a new waste collection fee designed to cover the entire cost of that service.

- State shared revenue remains at the reduced level legislated by the state beginning in FY12.

- Revenues from some major grant sources – the SAFER grant for firefighters and the MOTT grant for community policing – are not included, as there is no certainty those funds will be received.

- Revenues from a new city-wide special assessment will reduce the cost burden on the City's General Fund while providing funding for the operation, maintenance, and improvement of the City's street lighting system.

- Additionally, it is necessary to increase water and sewer rates significantly in order to have sufficient funds to operate the system. A system capable of serving more than 200,000 users is now utilized by less than half that number. The systems are old, in need of repair, and costly to maintain. Costs from the primary supply source - the Detroit Water System – have also increased significantly over the past several years. While there have been significant increases in rates over the past few years, they have not been sufficient to cover the operating costs of the systems. While there are currently significant and positive efforts being made to make the systems more efficient and cost effective, they will not affect the cost of operating the systems this year.

The impact of these changes in the revenue stream will vary on taxpayers, businesses and residents. Compared to the current year, many taxpayers will see an increase in their total payments for city services, with the amount varying to the extent that their property values have reduced.

However, when compared to total payments for city services made in 2005 – before the precipitous drop in property values began - many taxpayers will still be paying less. It appears that owners of property with a taxable value of more than $53,450 in 2005 will still pay less for city services in FY13 than they paid in FY2005. Property owners with a taxable value of less than $53,450 in 2005, however, will pay more for city services in FY13 than they paid even in FY2005.

Unfortunately, with the tools at hand for raising revenues at this time, it is not possible to spread the impact differently. Alternatives such as raising the property tax millage or the income tax rate require voter approval and, in the case of the income tax, state legislative approval as well. However, these alternatives are being evaluated for future use.

EXPENSES

The revenues collected pursuant to this budget will be used to provide a very basic level of services in the areas traditionally provided by the City. Police and fire protection and other public safety services, water and sewer service, trash collection, street maintenance and lighting, parks maintenance, building inspection, code compliance, demolition and other community development activities, will all be continued, although in different ways and at reduced levels. Citizens can expect that response times for certain services or requests for information will be slowed.

The City's workforce will be reduced by more than 20% and, unfortunately, layoffs will occur. The extent of these reductions has been lessened significantly with concessions obtained from employee bargaining units.

Reductions equivalent to 20% of the wage base have been negotiated with three of the six city bargaining units (IAFF, FPOA Sgts, and FPOA Command), and a final vote on similar concessions with AFSCME 1799 is pending. Concession discussions with AFSCME 1600 and FPOA Patrol continue, but no agreements have been achieved. This budget assumes implementation of similar concessions across all bargaining units and exempt employees.

Similarly, reductions in the cost of retiree health care are also anticipated. The cost for the City's 1,500 retirees is projected at nearly $25 million for FY13, an amount which severely constrains the ability of the City to provide services to its residents. The City has determined that there are alternative means by which health care can be provided to retirees but at a significantly reduced cost. The City intends to implement the less costly alternative and has incorporated more than $4 million in anticipated cost reductions savings into this budget. Without such cost reductions, the City's workforce will be reduced even further.

Within the context of these revenue constraints and overall expense reductions, a very basic level of services will be provided to the residents and businesses in Flint in 2013:

PUBLIC SAFETY

Police – With the continued loss of tax and grant revenue, the Police Department will be minimally staffed at a level of 108 sworn officers and 21 non-sworn personnel. This represents the current level of staffing less 19 officers funded by grants which have expired. Requests for continuation funding are in process but have not been approved at this time.

Given the financial condition of the City, funding at this level represents a significant commitment to pubic safety, but it is recognized that more must be done. In the ensuing year, the department will be transitioning to 12 hour shifts. This transition will reduce overtime expenses and should increase the number of officers on patrol at any one time. The efforts of the FPD will continue to be assisted with continuing support from the Michigan State Police, and contracted services from Hurley Hospital and Kettering University. Aggressive efforts will be made to seek the renewal of grants and to seek additional permanent funding for this essential service.

911 - 911 Dispatch will continue at current staffing, while efforts continue to consolidate City and County dispatch operations. Communications with and between officers will be enhanced with the projected move to the 800 MHz system on July 1, 2012.

Fire - With the expiration of the federal SAFER grant, funding for 39 firefighters would be lost, potentially reducing total staffing in the Fire Department to 54. However, with the reductions in costs attributable to union concessions, and an assessment of the impact this would have on the ability of the City to provide virtually any level of fire response, staffing in this budget is at 62.

Given the staffing constraints, three of the current five stations will remain open pending the decision on the SAFER grant. In addition, with Genesee County now providing paramedic response, the City's paramedic personnel will be assigned to suppression.

The City is aggressively pursuing renewal of the SAFER grant and, should it be received, the number of stations in operation could be increased.

Court - As required by law, the City will continue to financially support the operation of the 68th District Court. Recognizing the financial circumstances of the City, along with the court's decreased caseload and offsetting revenues, court funding is reduced in this budget.

Lock-up – The City has been aggressively working to receive funding from the State of Michigan for re-opening the City Lock-up. At this time an operational plan is being developed as a condition for receiving consideration for funding. There are no City funds allocated in this budget for operation of the Lock-Up.

INFRASTRUCTURE

Water and Sewer - The expenses of the Water and Sewer system can be viewed in three categories – operations and maintenance, capital improvements, and purchase of water. Operational costs, in terms of personnel, have been reduced to the minimum necessary to operate the collection and distribution systems, but ongoing increases in compensation-related costs, such as pension and healthcare, make significant dollar reductions difficult.

Ongoing capital expenses are a necessity, as significant repair and replacement activities such as replacing broken water meters and keeping pump stations operational and in regulatory compliance, are necessary on an ongoing basis. Improvements are also necessary to improve the efficiency of operations, such as implementing remote monitoring of pump stations.

Finally, the purchase of water at ever-increasing rates is a significant cost of the operations, and while efforts to contain these costs are ongoing, they will not likely affect the cost of operations in FY13.

The costs of operations for water and sewer are projected at $85 million, with projected revenues at current rates totaling approximately $65 million. Recent rate increases do not generate sufficient revenues to cover the total costs of operations. Thus, in order to keep the systems financially solvent and provide funds for operation and maintenance, the overall rates for water and sewer will be increased in total by an average of 25%. Sewer rates are projected to increase by 45% while water rates are projected to increase by 12.5%. Even with this increase, it is not possible to set aside funds for pre-funding retiree health care, so formal balance sheets will still show deficits.

Waste Collection – The City has historically provided weekly trash pick-up for all residents, with the costs presumably paid from a special 3 mill property tax levy. However, the amount collected from the levy has reduced as property values have fallen, and costs of collection -- personnel costs being a significant portion - have increased. As a result, the City's General Fund has subsidized the difference, by as much as $1.5 million in the past year.

Consequently, the 3 mill levy for waste collection will be discontinued, and a collection fee on residential properties will be implemented. It is anticipated that in the first year (starting July 1, 2012) the waste collection process will continue on a weekly pick-up schedule and will include composting. Fall leaf pick up will be restored. In the second year, it is expected that the waste collection service will be expanded to include recycling, and by that time a thorough evaluation of the means by which the service is carried out will be completed.

The fee for this service will be added to the property tax bill for owners of residential property, and is currently projected to be $143 in FY13, based on the projected cost of the service as reflected in the budget and the number of property owners billed. The amount will be adjusted on an annual basis to assure that it is reflecting the cost of the service.

Streets and Transportation – Funding for streets and transportation activities – with the notable exception of street lighting– is provided primarily from the state collected gas and weight tax allocated by formula to the City. That amount has been decreasing over the past years, making the ability to maintain local and major streets, sidewalks, and traffic control mechanisms very difficult. As with sewer and water, the City's road system is built to accommodate more than 200,000, and the City's population is now 102,000. This population drop has also contributed to the City's reduced level of gas and weight tax. As a result, the City's road system is currently rated a "3" on a scale of 1-10, demonstrating the effect of the lack of maintenance. The road maintenance activities for FY13 are focused primarily on preventive maintenance rather than targeted resurfacing, and will be chosen on the basis of most critical need and best return on investment.

Financing of infrastructure in the FY13 budget and beyond will be aided by use of a special assessment for street lighting, which is currently a general fund cost of nearly $3 million. The implementation of a city-wide special assessment district will provide for the operational costs of the current system and will enable upgrades and improvements to street lighting throughout the City. The assessment will be added to the property tax bill for all property owners, and is currently projected to be less than $100 per property in FY13. The amount to be assessed will be adjusted annually to reflect the projected cost for the operational, maintenance and improvement costs, and the number of property owners.

Parks - Maintenance of the City's 64 parks and its many trees in the rights of way will be funded primarily from the .5 mill special parks millage. Maintenance of the City-owned recreation/ community centers are also supported by the General Fund. Maintenance of parks, including play equipment, rights of way, and trees is minimal, and consists primarily of mowing, paying utilities, and responding to emergencies. There has not been any significant investment or maintenance of play structures in the parks for several years. Unfortunately, this level of investment will at best continue with the funds provided in this budget. Efforts will continue, as they have this year with golf courses, to find alternative ways to sustain the City's recreational assets. Continuing efforts will also be made to engage volunteers, neighborhood groups, and others to support specific parks and recreation centers.

Development - Building Inspection and Code Compliance activities will continue to the extent funds are available. Grant funds are budgeted at a reduced level to continue demolition activities and building inspection and code compliance fees are being reviewed again to see if the level and type of fees and fines are sufficient to cover costs and encourage voluntary compliance. In FY13, demolition activities will be done primarily by contractors in order that full cost recovery can be obtained from grant funds.

Planning and zoning activities will continue to the extent funds are available. Grant funds are budgeted to continue the upgrade to the City's master plan.

Community and Economic Development – Minimal ongoing financial support of economic development, in the form of CDBG funds, is also continued. Administration of the City's CDBG and NSP programs will continue, although grant funds are reduced. Evaluation of the administrative structure has resulted in reduced costs to the General Fund.

FINANCE AND ADMINISTRATION

All organizations have internal functions which support the delivery of services to the organization's constituency. In the City of Flint, these functions include assessing, accounting and budgeting, human resources, purchasing, information technology, risk management, fleet, facilities, treasury, and tax collections. Some of these functions are scalable to the size of the organization (such as human resources and risk management); others are not (such as tax billing and assessing). Regardless, with a decreasing base of business, and a corresponding reduction in workforce delivering services externally, there is compelling pressure to reevaluate processes and workforce numbers involved in all of these processes.

Changes are reflected in the size of the workforce appropriate to the current financial situation. It is also necessary to change internal processes to reflect an organization closer in size to 500 employees rather than 1,500. Changes beginning or planned include:

- Streamlined purchasing processes, including use of procurement cards for smaller purchases
- Simplification of processes for approving purchases
- Use of electronic means for processing payables and purchase orders
- Elimination of staffed stock rooms

- Changes in pension system administration and performance
- More reliance on Third Party Administration for workers' compensation related activities
- Elimination of manned security cameras where appropriate
- Evaluation of costs associated with custodial services
- More reliance on computer access for customer inquiries
- Consolidation of customer service functions
- More investment in technology to enhance productivity
- Commitment to funding necessary capital improvements which provide the workforce with proper equipment and facilities
- Implementation of a performance measurement system
- Commitment to rebuilding financial reserves by annual appropriation to a Budget Stabilization Fund

PUBLIC IMPROVEMENT FUND

The City Charter requires setting aside the proceeds of a 2.5 mill levy for the purposes of capital improvements and debt service. For the foreseeable future, these funds will be dedicated solely to current and anticipated debt service. A significant increase is expected as the City recognizes the need to increase its share of debt service for the downtown parking ramp debt, for making its required debt service of the initial Fiscal Stabilization Bonds, and for incurring future debt associated with additional bonding to alleviate the accumulated General Fund deficit. For FY13, it is projected that approximately $1 million will be available for the new debt service associated with additional Fiscal Stabilization bonds; in FY14 the amount available for debt service is projected to grow to approximately $1.5 million as current debt service for equipment ends.

GOVERNANCE AND OVERSIGHT

Core offices associated with governance and oversight traditionally include Council, Mayor, Administrator, City Attorney, City Clerk, Ombudsman, and Civil Service. Under receivership, there is also an Emergency Manager.

Several changes resulting in cost reductions were implemented by the Emergency Manager. These include: a reduction in salaries for the Council and Mayor, elimination of funding for the Ombudsman and Civil Service Commission, and the appointment of personnel to assist, either paid only on an hourly basis without fringe benefits, or loaned from another source. These cost reductions are continued in the FY13 budget.
Additionally, the costs of issuing business permits through the City Clerk's Office indicate that the costs of administration appear to significantly exceed the revenues collected. It will be necessary in the future to either reduce costs or increase permit fees to offset this imbalance.

CONCLUSION

The financial decisions made in this budget are significant but unavoidable. The budget reflects difficult decisions on the part of administrators and employees made to enable the City to provide services in FY13 at the levels its resources allow. The service levels will be low and not at a level anyone finds acceptable over the long term.

These decisions, however, provide the basis for going forward in a positive way. The budget is realistically balanced, with full expectation that when June 30, 2013 arrives, the City will not have once again spent more than it has taken in. It will have also put into place the financing to address the accumulated deficits of the past. Significant progress is being made to achieve financial solvency.

While there will certainly be financial challenges, decisions made in this process will assist in going forward. The decisions regarding employee compensation not only helped to address the short term financial challenge, but will assist in controlling expenses in the future, as the growth in future unfunded liabilities is slowed.

If the City government of Flint is to be a positive force in making Flint a safe and attractive place for residents, businesses, and visitors, it must have its own house in order. It cannot teeter on the edge of financial insolvency and hope to lead the way.

BUILDING THE FUTURE

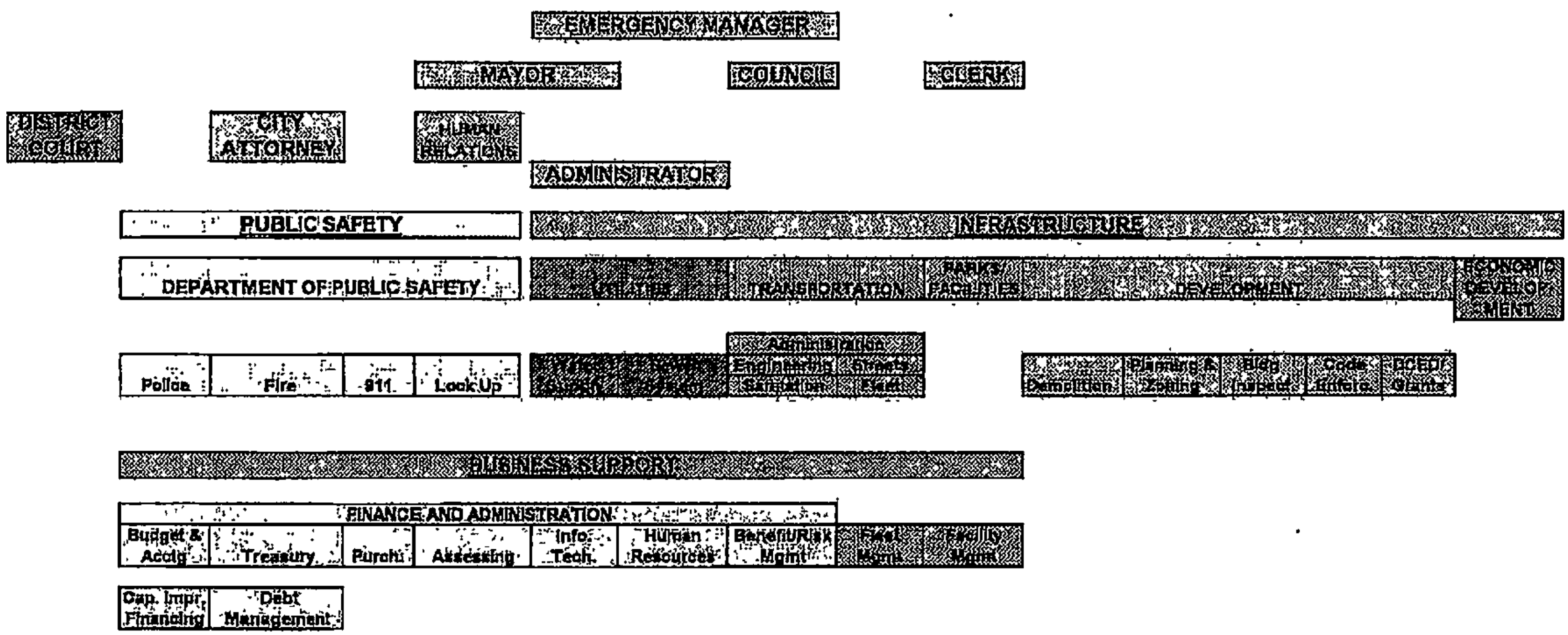
The focus of the 2013 budget process remains on the future of Flint. While this budget includes sharp reductions in both revenues and expenses, WE SEE HOPE FOR THE FUTURE.

These hopes are based on some very tangible and promising factors:

- Expense reductions are designed to live with current realistic revenue projections;
- New revenue options for fiscal year 2014 and beyond will include actual fees for services, special assessment districts and other revenue options;
- Partnership with the State Police and other law enforcement agencies will be expanded to create a safer environment for our citizens;
- Additional resources will be secured to house individuals who are continually abusing our residents in the neighborhoods; the City Lock-up will open and remain open;
- New public and private partnerships will be developed to provide waste collection services, senior citizen services, youth employment and training programs;
- Internal City operations will be improved in regard to finance and accounting, more efficient operation of licensing and permitting, and expanded training for our employees, including supervisory training;
- The City's information and technology capability will be improved, enhancing the capacity throughout the City, from paying bills on time to public safety issues faced by our police and fire operations.

As the City moves beyond the 2013 budget year, and the management of our affairs improves, citizens will see better response times from police, removal of individuals who are harming our children and seniors from our neighborhoods, improved code enforcement at homes owned by absentee landlords and expanded opportunities for our young people.

CITY OF FLINT - ORGANIZATIONAL CHART



FY13
Expenditures

		General Fund		Dedicated Millage Funds		Other Funds		TOTAL
Governance								
Mayor	$	185,578					$	185,578
Council	$	352,899					$	352,899
Clerk-records	$	423,573					$	423,573
Clerk-elections	$	424,324					$	424,324
Administrator	$	711,981					$	711,981
City Attorney	$	1,057,484					$	1,057,484
Human Relations Commission	$	40,103					$	40,103
Total	$	3,195,942					$	3,195,942
Public Safety								
District Court	$	5,358,479					$	5,358,479
Police	$	21,026,009	$	1,962,180			$	22,988,189
Drug Forfeiture	$	-			$	216,472	$	216,472
Fire	$	10,916,429					$	10,916,429
911	$	3,314,413					$	3,314,413
Total	$	40,615,330	$	1,962,180	$	216,472	$	42,793,982
Infrastructure								
Water and Sewer					$	82,220,420	$	82,220,420
Sanitation/Waste Collection					$	4,901,202	$	4,901,202
Major/Local Streets					$	10,419,564	$	10,419,564
Major/Local Streets - Streetlights	$	2,850,000					$	2,850,000
Parks/Golf	$	546,841	$	389,400	$	6,743	$	942,984
Development -Building Inspection, Planning	$	1,085,639			$	3,366,835	$	4,452,474
Dept of Community and Economic Dev.	$	1,890,694			$	29,029,314	$	30,920,008
Total	$	6,373,174	$	389,400	$	129,944,078	$	136,706,652
Finance and Administration								
Accounting and Budgeting	$	1,033,341					$	1,033,341
Assessing	$	1,109,772					$	1,109,772
Budget Stabilization Fund	$	100,000					$	100,000
Capital Improvements/Debt Service	$	-	$	2,104,906			$	2,104,906
Facilities	$	1,263,526					$	1,263,526
Human Resources	$	670,428					$	670,428
Purchasing and Stockrooms	$	155,204					$	155,204
Risk	$	66,500					$	66,500
Treasury and Collections	$	2,772,338					$	2,772,338
Total	$	7,171,109	$	2,104,906	$	-	$	9,276,015
General Government	$	161,751					$	161,751
TOTAL EXPENSES	$	57,517,306	$	4,456,486	$	130,160,550	$	192,134,342

FY13

Revenues

REVENUE SOURCE	General Fund Services	Police Millage	Drug Forfeiture	Parks Millage	Senior Center	Major Streets	Local Streets	Building Inspection	Trash Collection	Sewer	Water	Public Improv.	Budget Stabil.	Community Development	TOTAL
Property Tax	$ 6,720,000	$1,544,000		$389,400								$1,930,400			$ 9,583,800
Income tax	$ 14,950,000														$ 14,950,000
Special Assessments	$ 2,855,000														$ 2,855,000
Federal Revenues	$ 594,324						$ 400,000	$1,500,000			$ 400,000			$ 28,301,892	$ 31,195,216
State Revenues	$ 357,000					$ 6,399,412	$1,815,765							$ 300,000	$ 8,872,177
State Revenue Sharing	$ 13,140,585														$ 13,140,585
Licensing and Permits	$ 1,287,931							$1,853,703							$ 3,141,634
Fines and Forfeits	$ 1,394,611		$ 150,000												$ 1,544,611
Charges for Services	$ 11,958,698					$ 125,000		$ 258,400	$5,000,000	$31,333,816	$ 50,400,736			$ 1,625	$ 99,078,272
Loan Proceeds	$ -														$ -
Other	$ 6,259,150	$ 418,180	$ 6,000		$ 58,913	$ 334,652	$1,047,222	$ -	$ -	$ 40,000	$ 45,867	$ 389,480	$ 100,000	$ 620,416	$ 8,317,690
TOTAL REVENUES	$ 57,517,306	$1,962,180	$ 156,000	$389,400	$ 58,913	$ 6,859,064	$3,262,987	$3,612,103	$5,000,000	$31,373,816	$ 50,846,603	$2,319,880	$ 100,000	$ 29,223,933	$ 192,680,185
TOTAL EXPENSES	$ 57,517,306	$1,962,180	$ 216,472	$389,400	$ 8,743	$ 6,957,106	$3,462,458	$3,366,835	$4,901,202	$31,373,816	$ 50,846,603	$2,104,906	$ -	$ 29,029,314	$ 192,134,341
REVENUES- EXPENSES	$ -	$ -	$ (60,472)	$ -	$ 50,170	$ (98,042)	$ (199,471)	$ 245,268	$ 98,798	$ -	$ -	$ 214,974	$ 100,000	$ 194,619	$ 545,844
Unassigned Fund Balance	$ (9,129,189)	$ 10,828	$ 871,734	$ 11,048	$ 61,265	$ 877,688	$1,100,858	$ 250,606	$ 104,980	$(14,711,469)	$(20,308,803)	$1,326,921	$ 100,000	$ 675,073	$ (38,959,551)

SUMMARY OF REVENUES AND EXPENDITURES-MAJOR FUNDS

	FY 11 ACTUAL			FY12 PROJECTED			FY13 BUDGET		
	Revenues	Expenses	Difference	Revenues	Expenses	Difference	Revenues	Expenses	Difference
General Fund	$ 70,169,069	$ 70,823,662	$ (654,593)	$ 55,202,299	$ 64,468,351	$ (9,266,052)	$ 57,517,306	$ 57,517,306	$ -
Police Millage	$ 2,468,866	$ 2,497,087	$ (28,221)	$ 3,055,890	$ 3,505,890	$ (450,000)	$ 1,962,180	$ 1,962,180	$ -
Drug Forfeiture	$ 201,576	$ 71,628	$ 129,948	$ 128,765	$ 110,491	$ 18,274	$ 156,000	$ 216,472	$ (60,472)
Parks Millage	$ 587,894	$ 618,147	$ (30,253)	$ 609,393	$ 944,393	$ (335,000)	$ 389,400	$ 389,400	$ -
Parks Senior Center	$ 248,525	$ 248,467	$ 58	$ 310,094	$ 310,094	$ -	$ 56,913	$ 6,743	$ 50,170
Major Streets	$ 7,650,057	$ 7,985,392	$ (335,335)	$ 7,261,815	$ 7,254,916	$ 6,899	$ 6,859,064	$ 6,957,106	$ (98,042)
Local Streets	$ 3,161,985	$ 3,139,751	$ 22,234	$ 2,983,574	$ 3,161,533	$ (177,959)	$ 3,262,987	$ 3,462,458	$ (199,471)
Building Inspection	$ 6,928,996	$ 7,266,055	$ (337,059)	$ 5,975,112	$ 7,071,442	$ (1,096,330)	$ 3,612,103	$ 3,366,835	$ 245,268
Trash Collection	$ 3,391,059	$ 4,405,114	$ (1,014,055)	$ 2,900,885	$ 4,534,513	$ (1,633,628)	$ 5,000,000	$ 4,901,202	$ 98,798
Sewer	$ 17,684,609	$ 27,075,322	$ (9,390,713)	$ 21,930,134	$ 28,468,248	$ (6,538,114)	$ 31,373,816	$ 31,373,816	$ -
Water	$ 36,842,470	$ 39,974,925	$ (3,132,455)	$ 46,349,053	$ 46,964,592	$ (615,539)	$ 50,846,604	$ 50,846,604	$ -
Public Improvement Fund	$ 3,499,011	$ 4,105,965	$ (606,954)	$ 2,846,200	$ 3,392,698	$ (546,498)	$ 2,319,880	$ 2,104,906	$ 214,974
Budget Stabilization	$ -	$ -	$ -	$ -	$ -	$ -	$ 100,000	$ -	$ 100,000
Total w/o Community Development	$ 152,834,117	$ 168,211,515	$ (15,377,398)	$ 149,353,214	$ 170,187,161	$ (20,633,947)	$ 163,456,253	$ 163,105,028	$ 351,225
Community Development	$ 15,188,603	$ 15,468,130	$ (279,527)	$ 37,075,470	$ 37,284,853	$ (209,383)	$ 29,223,933	$ 29,029,314	$ 194,619
Total w/Community Development	$ 168,022,720	$ 183,679,645	$ (15,656,925)	$ 186,628,684	$ 207,472,014	$ (20,843,330)	$ 192,680,186	$ 192,134,342	$ 545,844

Staffing in the FY13 Budget

As of April, 2012, the City of Flint has 686 permanent full-time employees. In this budget, that number will be 539, a reduction of 147 employees. Reductions are virtually in every area of city service. The distribution of positions for FY13 will be as follows:

Governance (including the offices of Mayor, Council, Clerk, Emergency Manager, City Attorney, and Human Relations Commission) – Permanent full-time staffing will be 18, a reduction of 3 from the current 21.

Public Safety (including District Court, Police, Fire, and 911) – Permanent full-time staffing will be 245, a reduction of 55 from the current 300. The reductions are exclusively related to the loss of grant funding for police officers and fire fighters.

Infrastructure (including Water and Sewer operations, Waste Collection, Street Maintenance and Engineering, Parks, Development, DCED, Facilities, and Fleet) – Permanent full-time staffing will be 222, a reduction of 54 from the current 275.

Finance and Administration (including Finance, Treasury, Purchasing, Assessing, Information Services, Human Resources, and Risk Management) – Permanent full-time staffing will be 54, a reduction of 36 from the current 90.

ESTIMATED IMPACT OF FINANCING CHANGES

The FY13 Budget contains changes in the financing of city services.

The overall property tax levy for city services is reduced by 3 mills as the levy for trash pick up is removed. However, there is a new fee implemented for trash pick-up which will reflect the actual cost of the service.

There is also a special assessment district covering the entire city which will assess the costs of maintaining and improving street lighting throughout the City

Additionally, water and sewer rates are increased in order that the systems remain financially solvent.

In the upcoming tax year, most property owners will pay more in total for property taxes, street lighting, trash pick-up and water and sewer charges than they paid in 2011.

However, property owners whose property had a taxable value of more than $53,450 in 2005 will pay less in the upcoming year than they paid in 2005.

Property owners whose property had a taxable value of less than $53,450 in 2005 will pay more in the upcoming year than they paid in 2005.

TAX LEVIES, FEES AND CHARGES ON TAX BILL: JULY 2012 - JUNE 2013

Tax year:		2005	2011	2012
Property Value:		Market:	Market:	Market:
Tax year 2012;		$ 106,900	$ 74,039	$ 59,971
Taxable Values are 56.1% of 2005 Values		Taxable	Taxable	Taxable
Tax year 2011		$ 53,450	$ 37,019	$ 29,985
Taxable Values are 69.3% of 2005 Values				
Type	**(Mills)**	**Total Cost**	**Total Cost**	**Total Cost**
Property tax - General	7.5	$ 401	$ 278	$ 225
Property tax- Police	2.0	$ 107	$ 74	$ 60
Property tax- Garbage (levy in 2005 & 2011 only)	3.0	$ 160	$ 111	$ -
Property tax - Parks	0.5	$ 27	$ 19	$ 15
Property tax - Public Improvement	2.5	$ 134	$ 93	$ 75
Propert tax - County, schools, etc in 2005	41.5	$ 2,218	-	-
Property tax - County,schools,etc in 2011 and 2012	47.4	-	$ 1,755	$ 1,421
Total tax millage in 2005 was 57 mills, including 15.5 city		$ 3,047	$ 2,329	$ 1,796
Total tax millage in 2011 was 62.9 mills, including 15.5 city				
Total tax millage in 2012 will be 59.9 mills, including 12.5 City				
	($)			
Special Assessment - Lights (new in 2012)		$ -	$ -	$ 100
Waste Collection Fee (new in 2012)		$ -	$ -	$ 165
Water & Sewer Charges (est average charge)		$ 685	$ 990	$ 1,670
TOTAL TAXES, ASSESSMENTS, & FEES:		$ 3,732	$ 3,319	$ 3,731

DEFICIT REDUCTION PROGRESS

		Deficit FY11		Projected Deficit FY12		Projected Deficit FY13
General Fund	$	(16,863,133)	$	(18,129,186)	$	(9,129,186)
*Fiscal Stabilization Bonds**	$	8,000,000	$	9,000,000	$	10,000,000
Net General Fund Deficit	$	(8,863,133)	$	(9,129,186)	$	870,814
Police Millage	$	6,017	$	10,826	$	10,826
Drug Forfeiture	$	913,932	$	932,206	$	871,734
Parks Millage	$	163,096	$	41,651	$	11,048
Parks Senior Center	$	11,095	$	11,095	$	61,265
Major Streets	$	768,828	$	775,727	$	677,686
Local Streets	$	1,478,308	$	1,300,329	$	1,100,858
Building Inspection	$	1,666	$	5,336	$	250,606
Trash Collection	$	119,711	$	6,082	$	104,880
Community Development	$	689,838	$	480,454	$	675,073
Sewer Operating Deficit	$	(9,390,713)	$	(5,961,459)	$	-
Water Operating Deficit	$	(3,132,455)	$	(615,539)	$	-
Public Improvement Fund	$	1,657,445	$	1,110,947	$	1,325,921
Budget Stabilization	$	-	$	-	$	100,000
	$	(15,576,365)	$	(11,031,531)	$	6,060,711
Sewer OPEB Liability	$	(16,449,351)	$	(21,199,351)	$	(26,199,351)
Water OPEB Liability	$	(12,092,943)	$	(15,592,943)	$	(19,342,943)
	$	(44,118,659)	$	(47,823,825)	$	(39,481,583)

** Fiscal Stabilization Bonds Issued in 2011 in the amount of $8 million*
Request has been made as part of the FY11 Deficit Elimination Plan to borrow an additional $9 million in 2012
City also anticipates a final borrowing of up to $10 million in FY13 to address the final portion of the deficit
Assuming the FY13 budget is implemented as planned, the deficit should be eliminated
The Public Improvement Fund is being reserved for debt service for the 3 borrowings, but additional sources of funds - primarily the General Fund - will also be used.

CITY OF FLINT
Department of Finance
Gerald Ambrose, Director
1101 S. Saginaw Street
Flint, Michigan 48502
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Attachment # 3

City of Flint
FY12 Preliminary Close

09/19/2012

REVENUE & EXPENDITURE REPORT FOR CITY OF FLINT

Month Ended 06/30/2012

* NOTE: Available Balance / Pct Budget Used does not reflect amounts encumbered.

ACCOUNT	DESCRIPTION	2011-12 ENDED BUDGET	YEAR-TO-DATE THRU 06/30/12	ACTIVITY FOR MONTH ENDED 06/30/2012	AVAILABLE BALANCE	% OF BUDGET USED
Fund 101 - General Fund						
Revenues						
	Property Taxes	6,933,440.40	6,961,737.34	28,294.77	(28,296.94)	100.41
	Income taxes	14,500,000.00	14,839,998.58	2,659,601.49	(339,998.58)	102.34
	Special assessment taxes	0.00	(9,319.53)	0.00	9,319.53	100.00
	Federal revenues	2,139,510.62	1,405,714.62	890,881.04	733,796.00	65.70
	State revenues	13,441,489.58	13,444,049.97	4,411,351.61	(2,560.39)	100.02
	License and Permits	1,278,815.00	1,324,558.61	314,333.63	(45,743.61)	103.58
	Fines and forfeitures	1,732,092.92	2,056,123.99	166,954.86	(324,031.07)	118.71
	Charges for service rendered	9,405,203.38	9,325,869.74	957,916.17	79,333.64	99.16
	Interest and dividend income	181,510.88	233,829.81	86,221.32	(52,318.93)	128.82
	Judgement Levy	1,695.00	1,000.00	0.00	695.00	59.00
	Other revenues	2,616,100.66	1,983,919.63	136,665.57	632,181.03	75.83
	Proceeds from sale of capital assets	2,500.00	1,300.00	0.00	1,200.00	52.00
	Gain on sale of fixed assets	18,000.00	23,000.00	23,000.00	(5,000.00)	127.78
	Transfers in	2,990,000.00	2,990,000.00	0.00	0.00	100.00
	Drawings from fund balance	8,669,165.84	0.00	0.00	8,669,165.84	0.00
Total Revenues		63,909,524.28	54,581,782.76	9,675,220.46	9,327,741.52	85.40
Expenditures						
	Legislative	1,189,526.95	1,162,661.62	136,992.17	26,865.33	97.74
	Judicial	5,499,796.98	5,419,097.09	589,718.09	80,699.89	98.53
	General government	9,155,982.22	8,831,480.98	1,206,566.43	324,501.24	96.46
	Police	19,826,993.12	20,106,279.19	2,941,399.32	(279,286.07)	101.41
	Emergency dispatch	3,083,374.89	3,064,882.83	390,174.98	18,492.06	99.40
	Fire	12,072,053.94	11,905,759.77	1,549,101.63	166,294.17	98.62
	Building inspections	177,363.96	173,326.00	18,236.01	4,037.96	97.72
	Transportation	2,775,000.00	2,738,442.31	433,455.89	36,557.69	98.68
	Parks and recreation	2,958,572.13	2,415,369.49	258,322.50	543,202.64	81.64

Community development	2,597,652.05	2,457,117.84	1,395,071.49	140,534.21	94.59
Transfers out	4,451,000.00	4,451,000.00	4,451,000.00	0.00	100.00
Total Expenditures	63,787,316.24	62,725,417.12	13,370,038.51	1,061,899.12	98.34
NET OF REVENUES AND EXPENDITURES	122,208.04	(8,143,634.36)	(3,694,818.05)	8,265,842.40	
Fund 202 - Major Street Fund					
Revenues					
State revenues	6,235,740.00	6,760,209.82	1,640,603.43	(524,469.82)	108.41
Charges for service rendered	212,420.73	14,324.13	6,900.60	198,096.60	6.74
Interest and dividend income	267.94	308.01	0.00	(40.07)	114.95
Other revenues	1,137,629.06	1,052,788.46	536,944.12	84,840.60	92.54
Transfers in	43,000.00	43,000.00	43,000.00	0.00	100.00
Drawings from fund balance	(236,284.44)	0.00	0.00	(236,284.44)	0.00
Total Revenues	7,392,773.29	7,870,630.42	2,227,448.15	(477,857.13)	106.46
Expenditures					
General government	46,963.74	45,973.34	7,397.69	990.40	97.89
Transportation	7,220,117.00	6,512,947.63	671,327.69	707,169.37	90.21
Parks and recreation	9,270.43	9,270.43	0.00	0.00	100.00
Debt services - principal	118,620.12	108,434.72	0.00	10,185.40	91.41
Debt services - interest	0.00	10,185.40	0.00	(10,185.40)	100.00
Total Expenditures	7,394,971.29	6,686,811.52	678,725.38	708,159.77	90.42
NET OF REVENUES AND EXPENDITURES	(2,198.00)	1,183,818.90	1,548,722.77	(1,186,016.90)	
Fund 203 - Local Street Fund					
Revenues					
Federal revenues	373,065.49	250,604.76	98,515.93	122,460.73	67.17
State revenues	1,730,852.00	1,858,728.78	455,253.68	(127,876.78)	107.39
Interest and dividend income	0.00	(580.78)	0.00	580.78	100.00
Other revenues	771,685.41	575,700.04	497,559.03	195,985.37	74.60
Transfers in	43,349.67	0.00	0.00	43,349.67	0.00
Drawings from fund balance	115,682.76	0.00	0.00	115,682.76	0.00
Total Revenues	3,034,635.33	2,684,452.80	1,051,328.64	350,182.53	88.46
Expenditures					

General government	27,436.36	26,446.01	2,020.68	990.35	96.39
Transportation	2,957,516.97	2,661,493.73	210,080.18	296,023.24	89.99
Transfers out	43,000.00	43,000.00	43,000.00	0.00	100.00
Total Expenditures	3,027,953.33	2,730,939.74	255,100.86	297,013.59	90.19
NET OF REVENUES AND EXPENDITURES	6,682.00	(46,486.94)	796,227.78	53,168.94	
Fund 207 - Police Fund					
Revenues					
Property Taxes	1,856,910.25	1,863,996.99	7,086.74	(7,086.74)	100.38
Fines and forfeitures	438,615.00	0.00	0.00	438,615.00	0.00
Charges for service rendered	306,935.00	306,460.00	148,075.00	475.00	99.85
Interest and dividend income	351.87	351.27	0.00	0.60	99.83
Other revenues	625,969.14	642,383.13	210,084.13	(16,413.99)	102.62
Transfers in	125,000.00	125,000.00	125,000.00	0.00	100.00
Drawings from fund balance	(47,511.60)	0.00	0.00	(47,511.60)	0.00
Total Revenues	3,306,269.66	2,938,191.39	490,245.87	368,078.27	88.87
Expenditures					
Police	3,306,269.66	3,086,121.59	327,718.77	220,148.07	93.34
Total Expenditures	3,306,269.66	3,086,121.59	327,718.77	220,148.07	93.34
NET OF REVENUES AND EXPENDITURES	0.00	(147,930.20)	162,527.10	147,930.20	
Fund 208 - Park/Recreation Fund					
Revenues					
Property Taxes	465,369.68	467,141.36	1,771.68	(1,771.68)	100.38
Interest and dividend income	92.00	73.35	0.00	18.65	79.73
Other revenues	35,240.00	35,240.00	0.00	0.00	100.00
Transfers in	365,000.00	425,000.00	425,000.00	(60,000.00)	116.44
Drawings from fund balance	(5,132.23)	0.00	0.00	(5,132.23)	0.00
Total Revenues	860,569.45	927,454.71	426,771.68	(66,885.26)	107.77
Expenditures					
Parks and recreation	860,569.45	891,738.78	136,242.70	(31,169.33)	103.62
Total Expenditures	860,569.45	891,738.78	136,242.70	(31,169.33)	103.62

NET OF REVENUES AND EXPENDITURES	0.00	35,715.93	290,528.98	(35,715.93)	
Fund 213 - Park & Recreation Senior Citizen Centers					
Revenues					
Local grants	296,921.80	267,883.09	49,028.68	29,038.71	90.22
Interest and dividend income	0.00	(61.39)	0.00	61.39	100.00
Transfers in	0.00	51,000.00	51,000.00	(51,000.00)	100.00
Total Revenues	296,921.80	318,821.70	100,028.68	(21,899.90)	107.38
Expenditures					
Parks and recreation	296,921.80	296,921.80	33,408.17	0.00	100.00
Total Expenditures	296,921.80	296,921.80	33,408.17	0.00	100.00
NET OF REVENUES AND EXPENDITURES	0.00	21,899.90	66,620.51	(21,899.90)	
Fund 226 - Rubbish Collection Fund					
Revenues					
Property Taxes	2,785,033.87	2,795,663.98	10,630.11	(10,630.11)	100.38
License and Permits	1,620.00	1,740.00	360.00	(120.00)	107.41
Interest and dividend income	530.00	399.62	0.00	130.38	75.40
Other revenues	4,085.25	4,085.25	0.00	0.00	100.00
Transfers in	1,875,000.00	1,875,000.00	1,875,000.00	0.00	100.00
Drawings from fund balance	(41,852.92)	0.00	0.00	(41,852.92)	0.00
Total Revenues	4,624,416.20	4,676,888.85	1,885,990.11	(52,472.65)	101.13
Expenditures					
Public works	4,624,416.20	4,695,207.02	633,928.19	(70,790.82)	101.53
Total Expenditures	4,624,416.20	4,695,207.02	633,928.19	(70,790.82)	101.53
NET OF REVENUES AND EXPENDITURES	0.00	(18,318.17)	1,252,061.92	18,318.17	
Fund 238 - Hud Grants - 2009 & prior					
Revenues					
Federal revenues	715,811.99	629,428.95	128,923.13	86,383.04	87.93
Other revenues	9,672.26	0.00	0.00	9,672.26	0.00
Total Revenues	725,484.25	629,428.95	128,923.13	96,055.30	86.76

Expenditures					
General government	12,000.00	12,000.00	0.00	0.00	100.00
Community development	713,484.25	732,775.78	118,329.63	(19,291.53)	102.70
Total Expenditures	725,484.25	744,775.78	118,329.63	(19,291.53)	102.66
NET OF REVENUES AND EXPENDITURES	0.00	(115,346.83)	10,593.50	115,346.83	
Fund 241 - State Revolv Loan Fund - Edc					
Revenues					
Charges for service rendered	450.00	0.00	0.00	450.00	0.00
Interest and dividend income	40,150.00	42,298.12	2,245.99	(2,148.12)	105.35
Other revenues	23,000.00	21,650.46	0.00	1,349.54	94.13
Drawings from fund balance	49,661.80	0.00	0.00	49,661.80	0.00
Total Revenues	113,261.80	63,948.58	2,245.99	49,313.22	56.46
Expenditures					
Community development	113,261.80	21,199.08	1,108.99	92,062.72	18.72
Total Expenditures	113,261.80	21,199.08	1,108.99	92,062.72	18.72
NET OF REVENUES AND EXPENDITURES	0.00	42,749.50	1,137.00	(42,749.50)	
Fund 244 - Economic Develop Corp Fund					
Revenues					
State revenues	70,185.48	26,300.20	26,300.20	43,885.28	37.47
Charges for service rendered	62,287.50	109,209.27	9,720.06	(46,921.77)	175.33
Other revenues	20,415.65	20,415.65	0.00	0.00	100.00
Proceeds from loan	8,435,000.00	8,435,000.00	0.00	0.00	100.00
Total Revenues	8,587,888.63	8,590,925.12	36,020.26	(3,036.49)	100.04
Expenditures					
Community development	8,164,400.54	8,131,186.23	14,560.92	33,214.31	99.59
Total Expenditures	8,164,400.54	8,131,186.23	14,560.92	33,214.31	99.59
NET OF REVENUES AND EXPENDITURES	423,488.09	459,738.89	21,459.34	(36,250.80)	

Fund 246 - COF - EDA Revolving loan fund					
Revenues					
Charges for service rendered	720.00	720.00	0.00	0.00	100.00
Interest and dividend income	18,825.00	18,426.52	1,624.98	398.48	97.88
Other revenues	24,000.00	23,953.30	2,311.44	46.70	99.81
Drawings from fund balance	183,947.16	0.00	0.00	183,947.16	0.00
Total Revenues	227,492.16	43,099.82	3,936.42	184,392.34	18.95
Expenditures					
Community development	227,492.16	9,576.43	804.07	217,915.73	4.21
Total Expenditures	227,492.16	9,576.43	804.07	217,915.73	4.21
NET OF REVENUES AND EXPENDITURES	0.00	33,523.39	3,132.35	(33,523.39)	
Fund 265 - Drug Law Enforcement Fund					
Revenues					
Fines and forfeitures	113,673.94	79,749.54	75.60	33,924.40	70.16
Interest and dividend income	1,497.47	1,642.15	0.00	(144.68)	109.66
Other revenues	18,513.70	17,094.10	3,665.37	1,419.60	92.33
Drawings from fund balance	(28,046.00)	0.00	0.00	(28,046.00)	0.00
Total Revenues	105,639.11	98,485.79	3,740.97	7,153.32	93.23
Expenditures					
Police	105,639.11	61,086.85	9,231.98	44,552.26	57.83
Total Expenditures	105,639.11	61,086.85	9,231.98	44,552.26	57.83
NET OF REVENUES AND EXPENDITURES	0.00	37,398.94	(5,491.01)	(37,398.94)	
Fund 270 - Hud Grant - 2010					
Revenues					
Federal revenues	0.00	2,532.60	0.00	(2,532.60)	100.00
Total Revenues	0.00	2,532.60	0.00	(2,532.60)	100.00
NET OF REVENUES AND EXPENDITURES	0.00	2,532.60	0.00	(2,532.60)	
Fund 271 - Hud Grant - 2011					

Revenues					
Federal revenues	1,679,820.63	1,953,593.29	270,923.01	(273,772.66)	116.30
Other revenues	0.00	19,069.35	19,069.35	(19,069.35)	100.00
Total Revenues	1,679,820.63	1,972,662.64	289,992.36	(292,842.01)	117.43
Expenditures					
General government	41,523.13	49,601.99	8,078.86	(8,078.86)	119.46
Building inspections	892,855.41	892,855.41	0.00	0.00	100.00
Transportation	152,088.83	250,604.76	98,515.93	(98,515.93)	164.78
Community development	593,353.26	598,753.80	34,404.55	(5,400.54)	100.91
Total Expenditures	1,679,820.63	1,791,815.96	140,999.34	(111,995.33)	106.67
NET OF REVENUES AND EXPENDITURES	0.00	180,846.68	148,993.02	(180,846.68)	
Fund 272 - Hud Grant - 2012					
Revenues					
Federal revenues	1,023,534.42	1,512,717.50	1,321,678.10	(489,183.08)	147.79
Other revenues	0.00	83.76	83.76	(83.76)	100.00
Total Revenues	1,023,534.42	1,512,801.26	1,321,761.86	(489,266.84)	147.80
Expenditures					
General government	13,433.76	13,433.76	12,525.02	0.00	100.00
Building inspections	0.00	56,812.56	56,812.56	(56,812.56)	100.00
Community development	1,010,100.66	1,563,836.06	664,839.89	(553,735.40)	154.82
Total Expenditures	1,023,534.42	1,634,082.38	734,177.47	(610,547.96)	159.65
NET OF REVENUES AND EXPENDITURES	0.00	(121,281.12)	587,584.39	121,281.12	
Fund 279 - Hud Grant - 2009					
Revenues					
Federal revenues	0.00	235,418.98	5,000.00	(235,418.98)	100.00
Total Revenues	0.00	235,418.98	5,000.00	(235,418.98)	100.00
Expenditures					
Community development	0.00	0.00	25.00	0.00	0.00
Total Expenditures	0.00	0.00	25.00	0.00	0.00

NET OF REVENUES AND EXPENDITURES	0.00	235,418.98	4,975.00	(235,418.98)	
Fund 296 - Other Grants Fund					
Revenues					
Federal revenues	596,198.97	547,589.31	312,617.91	48,609.66	91.85
State revenues	457,468.99	73,707.87	0.00	383,761.12	16.11
Fines and forfeitures	61,311.94	0.00	0.00	61,311.94	0.00
Charges for service rendered	750.00	508.66	0.00	241.34	67.82
Interest and dividend income	6,200.00	303,047.26	7,141.82	(296,847.26)	4,887.86
Net increase in fair value of investment	0.00	91,560.00	32,432.00	(91,560.00)	100.00
Other revenues	17,567.19	121,103.37	(49,372.24)	(103,536.18)	689.37
Drawings from fund balance	50,000.00	0.00	0.00	50,000.00	0.00
Total Revenues	1,189,497.09	1,137,516.47	302,819.49	51,980.62	95.63
Expenditures					
Community development	1,189,497.09	1,200,870.11	148,978.17	(11,373.02)	100.96
Total Expenditures	1,189,497.09	1,200,870.11	148,978.17	(11,373.02)	100.96
NET OF REVENUES AND EXPENDITURES	0.00	(63,353.64)	153,841.32	63,353.64	
Fund 297 - Federal Stimulus Fund					
Revenues					
Federal revenues	12,875,732.58	12,094,718.10	2,249,867.35	781,014.48	93.93
Other revenues	0.00	39,539.98	39,539.98	(39,539.98)	100.00
Total Revenues	12,875,732.58	12,134,258.08	2,289,407.33	741,474.50	94.24
Expenditures					
Police	608,673.42	556,946.02	52,421.25	51,727.40	91.50
Fire	3,597,253.31	3,274,863.87	340,538.87	322,389.44	91.04
Building inspections	26,620.32	26,620.32	26,620.32	0.00	100.00
Community development	8,643,185.53	8,533,896.90	979,814.45	109,288.63	98.74
Total Expenditures	12,875,732.58	12,392,327.11	1,399,394.89	483,405.47	96.25
NET OF REVENUES AND EXPENDITURES	0.00	(258,069.03)	890,012.44	258,069.03	

Fund 301 - General Debt Serv(Voted Bonds)

Revenues					
Transfers in	726,598.00	726,598.00	0.00	0.00	100.00
Total Revenues	726,598.00	726,598.00	0.00	0.00	100.00
Expenditures					
Debt services - principal	245,000.00	245,000.00	0.00	0.00	100.00
Debt services - interest	481,598.00	481,597.50	0.00	0.50	100.00
Total Expenditures	726,598.00	726,597.50	0.00	0.50	100.00
NET OF REVENUES AND EXPENDITURES	0.00	0.50	0.00	(0.50)	
Fund 402 - Public Improvement Fund					
Revenues					
Property Taxes	2,321,311.08	2,330,169.50	8,858.42	(8,858.42)	100.38
Interest and dividend income	2,030.61	2,214.75	0.00	(184.14)	109.07
Other revenues	726,597.50	726,597.50	0.00	0.00	100.00
Drawings from fund balance	574,912.68	0.00	0.00	574,912.68	0.00
Total Revenues	3,624,851.87	3,058,981.75	8,858.42	565,870.12	84.39
Expenditures					
Judicial	714,992.50	69,918.67	0.00	645,073.83	9.78
General government	351,900.00	351,900.00	29,325.00	0.00	100.00
Public works	0.00	1,633,677.76	1,633,677.76	(1,633,677.76)	100.00
Parks and recreation	140,445.80	138,195.80	20,680.37	2,250.00	98.40
Debt services - principal	185,000.00	0.00	0.00	185,000.00	0.00
Debt services - interest	440,754.57	440,754.57	0.00	0.00	100.00
Transfers out	1,623,339.00	1,623,339.00	74,728.38	0.00	100.00
Total Expenditures	3,456,431.87	4,257,785.80	1,758,411.51	(801,353.93)	123.18
NET OF REVENUES AND EXPENDITURES	168,420.00	(1,198,804.05)	(1,749,553.09)	1,367,224.05	
Fund 493 - Drinking Water Revolv Loan Fund					
Revenues					
Transfers in	2,802,907.00	2,802,907.00	0.00	0.00	100.00
Total Revenues	2,802,907.00	2,802,907.00	0.00	0.00	100.00
Expenditures					

Utilities	2,100,000.00	2,018,310.43	93,310.43	81,689.57	96.11
Debt services - interest	702,907.00	694,504.23	0.00	8,402.77	98.80
Total Expenditures	2,802,907.00	2,712,814.66	93,310.43	90,092.34	96.79
NET OF REVENUES AND EXPENDITURES	0.00	90,092.34	(93,310.43)	(90,092.34)	
Fund 542 - Building Inspection Fund					
Revenues					
Federal revenues	1,823,049.12	1,747,666.41	230,236.90	75,382.71	95.87
State revenues	92,857.00	92,857.00	49,235.00	0.00	100.00
License and Permits	1,379,192.46	1,291,607.81	114,731.40	87,584.65	93.65
Charges for service rendered	3,260,188.67	2,529,766.33	135,485.68	730,422.34	77.60
Other revenues	10,818.00	16,355.99	1,381.00	(5,537.99)	151.19
Transfers in	1,100,000.00	1,100,000.00	1,100,000.00	0.00	100.00
Drawings from fund balance	(749,824.31)	0.00	0.00	(749,824.31)	0.00
Total Revenues	6,916,280.94	6,778,253.54	1,631,069.98	138,027.40	98.00
Expenditures					
General government	500.00	(1,166.25)	(114.06)	1,666.25	(233.25)
Building inspections	6,140,145.78	5,973,816.14	486,652.38	166,329.64	97.29
Community development	775,635.16	771,617.62	25,735.88	4,017.54	99.48
Total Expenditures	6,916,280.94	6,744,267.51	512,274.20	172,013.43	97.51
NET OF REVENUES AND EXPENDITURES	0.00	33,986.03	1,118,795.78	(33,986.03)	
Fund 583 - Oak Business Center Fund					
Revenues					
Federal revenues	0.00	253,326.56	253,326.56	(253,326.56)	100.00
Fines and forfeitures	100.00	0.00	0.00	100.00	0.00
Charges for service rendered	600.00	593.50	50.00	6.50	98.92
Other revenues	140,436.00	71,704.53	6,518.54	68,731.47	51.06
Total Revenues	141,136.00	325,624.59	259,895.10	(184,488.59)	230.72
Expenditures					
General government	950.00	11,292.50	(4,832.50)	(10,342.50)	1,188.68
Community development	140,186.00	157,008.21	26,124.12	(16,822.21)	112.00
Total Expenditures	141,136.00	168,300.71	21,291.62	(27,164.71)	119.25

NET OF REVENUES AND EXPENDITURES	0.00	157,323.88	238,603.48	(157,323.88)	
Fund 584 - Golf Fund					
Revenues					
Charges for service rendered	221,162.51	220,972.87	153.23	189.64	99.91
Other revenues	2,461.05	2,461.05	0.00	0.00	100.00
Drawings from fund balance	486,434.44	0.00	0.00	486,434.44	0.00
Total Revenues	710,058.00	223,433.92	153.23	486,624.08	31.47
Expenditures					
General government	59,025.24	59,234.01	4,748.08	(208.77)	100.35
Parks and recreation	651,032.76	569,654.60	84,167.35	81,378.16	87.50
Total Expenditures	710,058.00	628,888.61	88,915.43	81,169.39	88.57
NET OF REVENUES AND EXPENDITURES	0.00	(405,454.69)	(88,762.20)	405,454.69	
Fund 590 - Sewer Fund					
Revenues					
State revenues	0.00	59,011.35	59,011.35	(59,011.35)	100.00
Charges for service rendered	21,809,823.36	22,454,272.83	2,222,717.60	(644,449.47)	102.95
Interest and dividend income	206,546.62	207,526.80	0.00	(980.18)	100.47
Other revenues	155,518.14	141,044.78	0.00	14,473.36	90.69
Drawings from fund balance	11,681,366.13	0.00	0.00	11,681,366.13	0.00
Total Revenues	33,853,254.25	22,861,855.76	2,281,728.95	10,991,398.49	67.53
Expenditures					
General government	2,698,518.85	2,408,309.91	216,574.87	290,208.94	89.25
Community development	400,000.00	364,086.07	0.00	35,913.93	91.02
Utilities	28,895,196.72	23,190,788.50	2,564,696.03	5,704,408.22	80.26
Debt services - principal	2,000.00	555.12	0.00	1,444.88	27.76
Debt services - interest	242.68	0.00	0.00	242.68	0.00
Transfers out	1,860,000.00	1,860,000.00	0.00	0.00	100.00
Total Expenditures	33,855,958.25	27,823,739.60	2,781,270.90	6,032,218.65	82.18
NET OF REVENUES AND EXPENDITURES	(2,704.00)	(4,961,883.84)	(499,541.95)	4,959,179.84	

Fund 591 - Water Fund					
Revenues					
Charges for service rendered	44,234,641.03	44,387,320.63	3,869,251.82	(152,679.60)	100.35
Interest and dividend income	1,380.12	1,651.89	0.00	(271.77)	119.69
Other revenues	17,528.05	16,884.65	299.00	643.40	96.33
Gain on sale of fixed assets	56,343.42	58,737.43	4,944.01	(2,394.01)	104.25
Drawings from fund balance	8,186,913.71	0.00	0.00	8,186,913.71	0.00
Total Revenues	52,496,806.33	44,464,594.60	3,874,494.83	8,032,211.73	84.70
Expenditures					
General government	2,957,791.39	2,684,819.62	248,038.60	272,971.77	90.77
Community development	377,000.00	375,532.16	0.00	1,467.84	99.61
Utilities	41,061,539.94	35,997,137.05	7,828,918.53	5,064,402.89	87.67
Transfers out	3,932,907.00	3,932,907.00	0.00	0.00	100.00
Total Expenditures	48,329,238.33	42,990,395.83	8,076,957.13	5,338,842.50	88.95
NET OF REVENUES AND EXPENDITURES	4,167,568.00	1,474,198.77	(4,202,462.30)	2,693,369.23	
Fund 627 - Fringe Benefit Fund					
Revenues					
Charges for service rendered	32,704,087.80	32,346,747.79	5,748,402.18	357,340.01	98.91
Other revenues	290,471.45	288,691.65	1,981.94	1,779.80	99.39
Drawings from fund balance	767.57	0.00	0.00	767.57	0.00
Total Revenues	32,995,326.82	32,635,439.44	5,750,384.12	359,887.38	98.91
Expenditures					
General government	32,995,326.82	30,620,369.59	2,558,180.45	2,374,957.23	92.80
Total Expenditures	32,995,326.82	30,620,369.59	2,558,180.45	2,374,957.23	92.80
NET OF REVENUES AND EXPENDITURES	0.00	2,015,069.85	3,192,203.67	(2,015,069.85)	
Fund 636 - Information Services Fund					
Revenues					
Charges for service rendered	3,200,000.00	3,027,000.79	711,690.32	172,999.21	94.59
Interest and dividend income	930.13	1,021.52	0.00	(91.39)	109.83
Drawings from fund balance	(144,777.06)	0.00	0.00	(144,777.06)	0.00

Total Revenues	3,056,153.07	3,028,022.31	711,690.32	28,130.76	99.08
Expenditures					
General government	3,054,058.07	3,008,597.86	272,443.82	45,460.21	98.51
Debt services - principal	2,095.00	0.00	0.00	2,095.00	0.00
Total Expenditures	3,056,153.07	3,008,597.86	272,443.82	47,555.21	98.44
NET OF REVENUES AND EXPENDITURES	0.00	19,424.45	439,246.50	(19,424.45)	
Fund 661 - Fleet/Central Garage Fund					
Revenues					
Charges for service rendered	4,698,085.37	5,642,544.65	814,016.91	(944,459.28)	120.10
Interest and dividend income	1,620.42	1,757.79	0.00	(137.37)	108.48
Other revenues	8,847.00	8,347.00	0.00	500.00	94.35
Transfers in	1,771,741.00	1,771,741.00	949,728.38	0.00	100.00
Drawings from fund balance	(28,196.15)	0.00	0.00	(28,196.15)	0.00
Total Revenues	6,452,097.64	7,424,390.44	1,763,745.29	(972,292.80)	115.07
Expenditures					
General government	407,188.94	402,205.47	35,342.13	4,983.47	98.78
Public works	6,009,834.70	5,734,114.83	510,273.88	275,719.87	95.41
Total Expenditures	6,417,023.64	6,136,320.30	545,616.01	280,703.34	95.63
NET OF REVENUES AND EXPENDITURES	35,074.00	1,288,070.14	1,218,129.28	(1,252,996.14)	
Fund 677 - Self Insurance Fund					
Revenues					
Charges for service rendered	4,233,986.00	4,233,986.26	354,307.38	(0.26)	100.00
Interest and dividend income	5,001.36	5,496.94	0.00	(495.58)	109.91
Other revenues	30,000.00	28,097.35	0.00	1,902.65	93.66
Transfers in	50,000.00	0.00	0.00	50,000.00	0.00
Drawings from fund balance	(136,556.56)	0.00	0.00	(136,556.56)	0.00
Total Revenues	4,182,430.80	4,267,580.55	354,307.38	(85,149.75)	102.04
Expenditures					
General government	4,182,430.80	4,114,477.04	470,740.12	67,953.76	98.38
Total Expenditures	4,182,430.80	4,114,477.04	470,740.12	67,953.76	98.38

NET OF REVENUES AND EXPENDITURES	0.00	153,103.51	(116,432.74)	(153,103.51)	
Fund 710 - Atwood Stadium Trust Fund					
Revenues					
Interest and dividend income	6.77	7.41	0.00	(0.64)	109.45
Drawings from fund balance	(6.77)	0.00	0.00	(6.77)	0.00
Total Revenues	0.00	7.41	0.00	(7.41)	100.00
NET OF REVENUES AND EXPENDITURES	0.00	7.41	0.00	(7.41)	
Fund 715 - City Park Endowment Fund					
Revenues					
Interest and dividend income	8.38	9.18	0.00	(0.80)	109.55
Drawings from fund balance	(8.38)	0.00	0.00	(8.38)	0.00
Total Revenues	0.00	9.18	0.00	(9.18)	100.00
NET OF REVENUES AND EXPENDITURES	0.00	9.18	0.00	(9.18)	
Fund 717 - Rt Longway Charitable Trust Fund					
Revenues					
Interest and dividend income	9.36	10.25	0.00	(0.89)	109.51
Drawings from fund balance	(9.36)	0.00	0.00	(9.36)	0.00
Total Revenues	0.00	10.25	0.00	(10.25)	100.00
NET OF REVENUES AND EXPENDITURES	0.00	10.25	0.00	(10.25)	
Fund 731 - Retirement System Fund					
Revenues					
Charges for service rendered	311,410.60	323,131.97	22,864.86	(11,721.37)	103.76
Interest and dividend income	2,168,271.84	2,904,551.42	262,163.36	(736,279.58)	133.96
Dividend income	2,664,217.39	3,143,359.66	303,886.49	(479,142.27)	117.98
Net increase in fair value of investment	12,878,022.09	1,068,876.69	13,561,749.26	11,809,145.40	8.30
Other revenues	606,680.88	608,981.43	(1,417.20)	(2,300.55)	100.38
Members' contribution	4,086,451.62	3,771,541.88	297,610.17	314,909.74	92.29

Employer contribution	14,155,509.18	14,736,788.13	2,127,394.05	(581,278.95)	104.11
Drawings from fund balance	40,447,203.61	0.00	0.00	40,447,203.61	0.00
Total Revenues	77,317,767.21	26,557,231.18	16,574,250.99	50,760,536.03	34.35
Expenditures					
General government	70,305,558.85	68,897,883.60	6,076,774.79	1,407,675.25	98.00
Total Expenditures	70,305,558.85	68,897,883.60	6,076,774.79	1,407,675.25	98.00
NET OF REVENUES AND EXPENDITURES	7,012,208.36	(42,340,652.42)	10,497,476.20	49,352,860.78	
Fund 733 - Excess Pension Trust Fund					
Revenues					
Employer contribution	37,913.00	0.00	0.00	37,913.00	0.00
Total Revenues	37,913.00	0.00	0.00	37,913.00	0.00
Expenditures					
General government	37,913.00	0.00	0.00	37,913.00	0.00
Total Expenditures	37,913.00	0.00	0.00	37,913.00	0.00
NET OF REVENUES AND EXPENDITURES	0.00	0.00	0.00	0.00	
Fund 735 - Retirees' Life Insurance Fund					
Revenues					
Interest and dividend income	12.49	12.49	0.00	0.00	100.00
Dividend income	2,631.22	5,454.62	2,663.27	(2,823.40)	207.30
Net increase in fair value of investment	12,185.27	(934.22)	13,972.70	13,119.49	(7.67)
Members' contribution	3,780.90	3,977.77	0.00	(196.87)	105.21
Drawings from fund balance	81,990.12	0.00	0.00	81,990.12	0.00
Total Revenues	100,600.00	8,510.66	16,635.97	92,089.34	8.46
Expenditures					
General government	100,600.00	91,802.95	15,000.00	8,797.05	91.26
Total Expenditures	100,600.00	91,802.95	15,000.00	8,797.05	91.26
NET OF REVENUES AND EXPENDITURES	0.00	(83,292.29)	1,635.97	83,292.29	

Fund 736 - Public Employee Health Care Fund					
Revenues					
Charges for service rendered	258,869.12	233,258.69	20,553.51	25,610.43	90.11
Other revenues	1,142,153.54	1,142,153.54	171,694.14	0.00	100.00
Employer contribution	18,593,498.88	18,593,498.88	1,549,458.24	0.00	100.00
Drawings from fund balance	(948,281.05)	0.00	0.00	(948,281.05)	0.00
Total Revenues	19,046,240.49	19,968,911.11	1,741,705.89	(922,670.62)	104.84
Expenditures					
General government	19,046,240.49	19,063,832.47	1,829,121.78	(17,591.98)	100.09
Total Expenditures	19,046,240.49	19,063,832.47	1,829,121.78	(17,591.98)	100.09
NET OF REVENUES AND EXPENDITURES	0.00	905,078.64	(87,415.89)	(905,078.64)	
Fund 737 - Voluntary Employees Benefit Association					
Revenues					
Interest and dividend income	8.98	8.98	0.00	0.00	100.00
Dividend income	7,541.99	7,546.18	1.09	(4.19)	100.06
Net increase in fair value of investment	0.00	(200,901.95)	0.00	200,901.95	100.00
Members' contribution	182,542.60	188,872.15	20,591.11	(6,329.55)	103.47
Drawings from fund balance	(190,093.57)	0.00	0.00	(190,093.57)	0.00
Total Revenues	0.00	(4,474.64)	20,592.20	4,474.64	100.00
NET OF REVENUES AND EXPENDITURES	0.00	(4,474.64)	20,592.20	4,474.64	
Fund 999 - GASB full accrual fund					
Expenditures					
Legislative	0.00	(8,365.25)	(8,365.25)	8,365.25	100.00
Judicial	0.00	(5,971.51)	(5,971.51)	5,971.51	100.00
General government	0.00	(242,310.29)	(242,310.29)	242,310.29	100.00
Police	0.00	(643,742.16)	(643,742.16)	643,742.16	100.00
Emergency dispatch	0.00	(6,967.19)	(6,967.19)	6,967.19	100.00
Fire	0.00	(445,289.55)	(445,289.55)	445,289.55	100.00
Building inspections	0.00	(30,242.66)	(30,242.66)	30,242.66	100.00
Transportation	0.00	(25,031.52)	(25,031.52)	25,031.52	100.00
Public works	0.00	8,170.31	8,170.31	(8,170.31)	100.00
Parks and recreation	0.00	(129,797.55)	(129,797.55)	129,797.55	100.00

Community development	0.00	(40,521.41)	(40,521.41)	40,521.41	100.00
Total Expenditures	0.00	(1,570,068.78)	(1,570,068.78)	1,570,068.78	100.00
NET OF REVENUES AND EXPENDITURES	0.00	1,570,068.78	1,570,068.78	(1,570,068.78)	
TOTAL REVENUES - ALL FUNDS	354,413,882.10	275,547,187.97	55,230,394.07	78,866,694.13	77.75
TOTAL EXPENDITURES - ALL FUNDS	342,483,135.61	323,516,082.75	41,533,012.45	18,967,052.86	94.46
NET OF REVENUES AND EXPENDITURES	11,930,746.49	(47,968,894.78)	13,697,381.62	59,899,641.27	

Sanders, William (TREASURY)

From:	Headen, Frederick (Treasury)
Sent:	Wednesday, October 03, 2012 9:04 AM
To:	Schafer, Suzanne K. (Treasury); Goodrich, Harlan G. (Treasury)
Subject:	FW: Financial and Operating Plan FY13
Attachments:	Financial and Operating Plan FY13.pdf

FYI.

From: Maxine Murray [mailto:mmurray@cityofflint.com]
Sent: Wednesday, September 26, 2012 12:20 PM
To: Headen, Frederick (Treasury)
Cc: Ed Kurtz; Michael Brown
Subject: Financial and Operating Plan FY13

Good afternoon Mr. Headen:

Attached is the FY13 Financial and Operating Plan for the City of Flint.

Thank you.

Maxine Murray
Executive Assistant to
Mayor Dayne Walling
Edward J. Kurtz, Emergency Financial Manager
Michael K. Brown, City Administrator
1101 S. Saginaw Street
Flint, MI 48502
810.237.2035 Telephone
810.766.7218 Fax

Koryzno, Edward (Treasury)

From: Koryzno, Edward (Treasury)
Sent: Thursday, November 07, 2013 3:50 PM
To: Workman, Wayne (TREASURY)
Subject: RE: E & Y Statement of Work

I saw it, I agree about getting started with the Water. Will wait for Darnell to answer your question.

Edward B. Koryzno, Jr. | Administrator - Office of Fiscal Responsibility
State of Michigan | 430 W. Allegan Street, 1st Floor | Lansing, MI 48922
(517) 373-4415 | (517) 373-0633 (fax)
KoryznoE@michigan.gov

From: Workman, Wayne (TREASURY)
Sent: Thursday, November 07, 2013 3:44 PM
To: Koryzno, Edward (Treasury)
Subject: Re: E & Y Statement of Work

I am OK, but see Darnell's note and my response

Sent from my iPad

On Nov 7, 2013, at 1:43 PM, "Koryzno, Edward (Treasury)" <KoryznoE@michigan.gov> wrote:

> Are you comfortable with the information provided?
>
> <image003.jpg> Edward B. Koryzno, Jr. | Administrator - Office of Fiscal Responsibility
> State of Michigan | 430 W. Allegan Street, 1st Floor | Lansing, MI 48922
> (517) 373-4415 | (517) 373-0633 (fax)
> KoryznoE@michigan.gov
>
> Think Green! Don't print this e-mail unless you need to.
>
> *CONFIDENTIALITY NOTICE: This e-mail, and any attachments, is for the sole use of the intended recipient(s) and may contain information that is confidential and protected from disclosure under the law. Any unauthorized review, use, disclosure, or distribution is prohibited. If you are not the intended recipient, please contact the sender by reply e-mail, and delete/destroy all copies of the*

original message and attachments.
Thank you

From: Juan.Santambrogio@ey.com [mailto:Juan.Santambrogio@ey.com]
Sent: Thursday, November 07, 2013 1:57 PM
To: Koryzno, Edward (Treasury)
Cc: 'dearley@cityofflint.com' (dearley@cityofflint.com) (dearley@cityofflint.com); Jerry Ambrose (gambrose@cityofflint.com); Gaurav Malhotra (Gaurav.Malhotra@ey.com); Workman, Wayne (TREASURY)
Subject: Re: E & Y Statement of Work

Ed,

Our team is available to start on Monday 11/11. We would like to schedule the following meetings subject to the City's availability:

- Monday afternoon: Water and Sewer. Please advise who would participate from on the City side. Objective would be to get a good understanding of the status of the Water and Sewer operations, key initiatives and key metrics

- Tuesday afternoon: Hurley. It would probably make sense to schedule a short initial meeting with City management first followed by a meeting at Hurley with Hurley management. Our team would stay in Flint on Wednesday to continue the diligence process with Hurley management

The EY team will be structured as follows:

Core team:
- Gaurav Malhotra
- Juan Santambrogio
- Deven Patel
- Jarod Kimble

Water and Sewer Team
- Joe Fontana (Global Utilities Leader)
- Mitch Fane (Utilities Valuation)
- Stephanie Chesnick (Utilities Valuation)

Hurley Team
- Matt Vitellaro (Hospital Valuation)
- Etan Finkel (Hospital Valuation)

Please let us know if you have any questions.
We look forward to hearing back on the City's availability and to get started soon

Juan

<ATT00001.gif>	**Juan Santambrogio** | Restructuring Ernst & Young LLP 55 Ivan Allen Jr Blvd - Suite 1000, Atlanta, GA 30005, United States of America Office +1 404 817 5156 | Mobile +1[redacted] | juan santambrogio@ey com Website http //www ey com

From	"Koryzno, Edward (Treasury)" <KoryznoE@michigan gov>
To	"dearley@cityofflint com' (dearley@cityofflint com) (dearley@cityofflint com)" <dearley@cityofflint com>, "Jerry Ambrose (gambrose@cityofflint com)" <gambrose@cityofflint com>,

Cc	"Gaurav Malhotra (Gaurav Malhotra@ey com)" <Gaurav Malhotra@ey com>, "Juan.Santambrogio@ey.com" <Juan Santambrogio@ey.com>, "Workman, Wayne (TREASURY)" <WorkmanW@michigan.gov>
Date	11/07/2013 09:50 AM
Subject	E & Y Statement of Work

Gentlemen,

Attached is the proposed Statement of Work concerning Hurley Medical Center and the Flint Water Service Center

The City of Flint has agreed to proceed with this project and the Department of Treasury agrees to reimburse the City for the costs of accomplishing this statement of work.

The Department of Treasury requests E & Y provide a list of staff who will be performing this work and a start date for the project

Please contact me if you should have any questions.

Ed

<ATT00002.jpg>	Edward B. Koryzno, Jr. | Administrator - Office of Fiscal Responsibility State of Michigan | 430 W. Allegan Street, 1st Floor | Lansing, MI 48922 (517) 373[redacted] | (517) 373-0633 (fax) KoryznoE@michigan.gov

Think Green! Don't print this e-mail unless you need to.

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Thank you

[attachment "City of Flint SOW Nov 4 13.pdf" deleted by Juan Santambrogio/TAS/EYLLP/US]

Koryzno, Edward (Treasury)

From: Koryzno, Edward (Treasury)
Sent: Thursday, November 07, 2013 6:41 PM
To: Workman, Wayne (TREASURY)
Subject: Fwd: E & Y Statement of Work

I think this is a reasonable request. Your thoughts?

Sent from my iPhone

Begin forwarded message:

> **From:** Darnell Earley <dearley@cityofflint.com>
> **Date:** November 7, 2013 at 5:05:01 PM EST
> **To:** "Workman, Wayne (TREASURY)" <WorkmanW@michigan.gov>
> **Cc:** "Koryzno, Edward (Treasury)" <KoryznoE@michigan.gov>, Gerald Ambrose <gambrose@cityofflint.com>
> **Subject: Re: E & Y Statement of Work**
>
> Well, Monday is going to be a very full day with the swearing in of the new City Council, a Veteran's Day ceremony, as well as other meetings already scheduled. I would still like to hold off at least until after Wednesday, so that we can be as prepared as possible to begin any significant meetings with E&Y.
>
> Perhaps they can send us a list of information that we need to prepare for their visit, so that we can have an opportunity to pull the data together on the studies they propose to conduct---and then we schedule a meeting, preferably after Wednesday. That way we we can talk about both projects at the same time. I understand the urgency, but would feel much better if we can get as prepared as possible, including the preliminary discussions with Hurley, before proceeding with setting a firm meeting date for all projects within their proposed scope of work.
>
> Darnell Earley, ICMA-CM, MPA
> Emergency Manager
> Flint, MI
>
> On Thu, Nov 7, 2013 at 3:42 PM, Workman, Wayne (TREASURY) <WorkmanW@michigan.gov> wrote:
> I agree about you seeing Hurley first, but can the water part start. We are anxious to get this going
>
> Sent from my iPad
>
> On Nov 7, 2013, at 2:33 PM, "Darnell Earley" <dearley@cityofflint.com<mailto:dearley@cityofflint.com>> wrote:

Good Afternoon Ed:

I think that next Monday for a meeting date is a little bit premature. I have a meeting scheduled with the Hurley CEO and CFO for next Wednesday. I would like to see this meeting take place before we engage any consultants to begin any onsite visits or work plans. Doing so would also give me a better perspective on the issue from Hurley's point of view prior to moving forward with the analysis. I would like to propose that we meet with E&Y the following week which would put us into the 18th or anytime thereafter. Please advise.

[https://mail.google.com/mail/ca/?ui=2&ik=312d296a84&view=att&th=141a7da1072e14a9&attid=0.1&disp=inline&realattid=f_hmnhraou0&safe=1&zw&saduie=AG9B_P_wN04UKfH1BFk3EVbqY6Gr&sadet=1381500635078&sads=DWg2J5eW01KyoKxu_qk-rchTnCo&sadssc=1][cid:]
Darnell Earley, ICMA-CM, MPA
Emergency Manager
Flint, MI

On Thu, Nov 7, 2013 at 9:50 AM, Koryzno, Edward (Treasury) <KoryznoE@michigan.gov<mailto:KoryznoE@michigan.gov>> wrote:
Gentlemen,

Attached is the proposed Statement of Work concerning Hurley Medical Center and the Flint Water Service Center.

The City of Flint has agreed to proceed with this project and the Department of Treasury agrees to reimburse the City for the costs of accomplishing this statement of work.

The Department of Treasury requests E & Y provide a list of staff who will be performing this work and a start date for the project.

Please contact me if you should have any questions.

Ed

<image002.jpg>

Edward B. Koryzno, Jr. | Administrator - Office of Fiscal Responsibility
State of Michigan | 430 W. Allegan Street, 1st Floor | Lansing, MI 48922
(517) 373-4415 | (517) 373-0633 (fax)
KoryznoE@michigan.gov<mailto:KoryznoE@michigan.gov>

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Byrne, Randall (Treasury)

From: Byrne, Randall (Treasury)
Sent: Wednesday, November 13, 2013 5:14 PM
To: Koryzno, Edward (Treasury)
Subject: RE: Weekly Conference Call - Flint

Thanks for the information.

From: Koryzno, Edward (Treasury)
Sent: Wednesday, November 13, 2013 5:00 PM
To: Byrne, Randall (Treasury)
Subject: Weekly Conference Call - Flint

Conf. call Darnell, Jerry, et al 11/13/13
Brian Larkin, Rich Baird, Wayne, Harvey Hollins, Darnell, Jerry, Liz

City of Flint Weekly 10am Phone Conference Agenda

1) Budget Update
   FY 13 – Audit: continues, delivery 12/1/13
   FY 14 – current status: on track w/ budget
   FY 15 – plan: prelim discussions depending upon involvement with Mayor & Council, last year involved Mayor, council President and council chair of finance committee

1. Model Labor Contracts – status: mgmt. team met w/ FPOA, no response to proposal, next mtg. 11/21, AFSCME group next to meet

1. KWA, Water Plant Preparation: resolution sent to Treasury to engage firm to upgrade plant, another one for electrical distribution equipment, rebid it and added to it, key mtg. today with Land

1. City Ordinance Review: Legal dept. is compiling and review ordinances, critical to transition, more comprehensive project than originally anticipated,

1. Deficit Elimination Plan – Treasury: will have review completed by Friday.

1. Master Plan Implementation Activity
   Zoning Ordinance Revision: Restructuring Planning Dept. Chief Planner will become Director of the Dept., and provide assistance for Community, Economic Inspections and Licensing within the Dept.

1. Retiree Law Suit Status: No News to report, Giarmarco is the attorney firm,

1. Public Safety Activity: Sergeants exam completed in September, Chief had executive training session yesterday, Chief and Darnell have met with Sheriff & Prosecutor, Beth Clement has agreed to review CGAP grant app. SAFER grant decision by the end of the month.

1. Status Report on the Flint City Council: new council member openly against PA 436, Kurtz issued order requiring signature of a document agreeing to cooperation under PA 436 or forfeit pay, Darnell plans to amend it and reissue.

1. Governance Revision: Darnell will appoint a 21 member blue ribbon committee to share thoughts on this topic, next step may be Charter review commission

1. 9-1-1 Reconsolidation Plan: incompatible records management system, meeting with Motorola tomorrow, may gravitate towards MSP system,

1. BS&A Upgrade: Progressing, overall technological advancements improving, finalist for Strong City, Strong Community grant,

1. Other:

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KoryznoE@michigan.gov

Notes

Monday, December 03, 2012 10:22 AM

<u>Weekly phone call to Ed Kurtz</u>
<u>12-5-2012</u> - Concerns: Hearing on PA 72 validity @ 4:00 pm today, concerns, Ed needs to know; 2nd meeting w/ DWSD, potential to reduce cost for water by $5 million, another meeting w/ them, station re Imlay city station, could buy or lease portion of pipeline,

Outsource trash pick, contract will go to Roger next week, MERC filing challenge by AFSCME ULP relative to outsourcing relative to outsourcing and demolition, saves $1 million per year and includes recycling, union company that will hire most of the former employees,

Police officers ruled that PA4 contract was valid, but did not have authority, 312 started before PA 4,

Mayor is on board with potential court decision, Ed has extended offer to council to work with them,

Ed signed contract for $1,000 a month, amend contract to $3,000 per month retro November 8th,,

Starting work on next year's budget developing 5 yr plans,

<u>Weekly phone call with Ed Kurtz -12-11-12</u>

Contracts that Mike imposed Police , rulings from admin judges stating when PA 4 overturned no longer valid. ULP filed either bargain or go to 312.

Trash contract was supposed to be implemented this week AFSCME will file ULP, supposed to sell trucks postponed negotiate the impact of employees being laid off,

DWSD supposed to make final recommendation, potential to buy Imlay city pipeline, tough decision, still leaning toward KWA, could save $ in short run w/DWSD, but no guarantees about future increases, spending more time on this than Ed wanted. Need to meet w. Andy btwn 12/20 and 1/15/13. Would like to s

TYJ&T asking about membership of the of the Authority, Ed wants to se report before they meet with Andy.

Requested authority to reduce assessor level, request our help, hearing on 12/13.

Kincaid v. Kurtz - AG response to amended complaint, the judge has to dismiss it because already tried in different circuit court, double jeopardy,

Special Election unbudgeted, cost TBD after meeting with clerk,

<u>12/19/12 Weekly Phone Call</u>

<u>DWSD</u> - Ed Kurtz confirmed that DWSD is to provide their proposal by 12/20/12
<u>Contract amendemnt</u> - I confirmed with Ed that the ELB wil amend his contactat their january meeting to effectively increase his allowance from $1,000 per month to $3,000 per month during Nov 2012 thru March 2012.
<u>Negotiations</u> - negotiating with AFSCME & Police today. Plan to talk to fire fighters, 2/3 of budgetd O.T. has been used in the first 4 months of the year.

Budget amdnemnt - anmended the budgetr to move some funds, no impact on bottom line.
Lawsut Circuit Court - for select retirees ruled against the city.
Filing audit - 12/31/12 defict for 2012 fro $8 million to $19 million. Projected at $18.2, Genesee towers addded $2 million.

1/2/13 Weekly Phone call - Ed Kurtz

Water System: DWSD proposal is spread out over 5 years and is of concern. Only savings in year 1 is by signing the model contract. 2nd year savings by having no redundancy and must still supply the county with water. 5th year blending finally implemented.

City will provide DWSD with questions, not sure how to calculate DWSD's charges. Last three increases from DWSD have been in the double digits. Ed thinks DWSD is using the average cost to the 84 member communities and is applying it to Flint.

TYJ&T report provided to Rowe Eng. Rowe will report to the Drain Commissioner and letter to City by 1/4/13 with any inconsistencies they perceive in the report.

Audit: Deficit will be larger than anticipated because of the Genesee Towers debt. Findings include a problem with reconciling bank accounts on a timely basis.

*No way to eliminate the deficit w/o the bonds. (borrowing). $1.9 million deficit. Would like to know before preparing paperwork about the potential for borrowing. CHECK W/ ROGER.

Waste Collection Proposal; Meeting next week w/ AFSCME, city received their proposal, amended corrections to the proposal, cost is too high and they plan to outsource.

Plan is two have to more meeting w/ AFSCME, one to discuss rejection of proposal and one to discuss impacts of outsourcing.

FOPA meetings: Ed willing to give something back to them. Avg cut for everyone else was 20-22%, FPOA took at 27
% reduction.

Fire Negotiations: have used 2/3 of O.T. already. Capable of implementing 12 hour shifts and they will be discussing the use of part-time FF with the union.

Income Tax: Ed wants to work with Legislative leaders to implement an increased tax 1.5% fro residents and .75% for non redsidents. Would like to have it on the August of November ballot. Must get support of two reps who will be running for vacant senate seat.

Hurley Hospital: What happens to hospital if the go into bankruptcy? Want to have an internal conversation to determine what si best for the hospital. Perhaps create an authority and they want to kniow what the hospital is looking for.

*C-GAP applications: Submitted two applications 1)911, $2.1 million towers, 2) Human Resources cooperation w/ ISD computerization of the process. What is status of application

Demolition grant submitted with Land Bank.

Two applications submitted by the County cooperating with Flint. 1) purchasing, 2)public safety.

1/11/13 - Trent Farnsworth Flint IAFF President, shared with me his concerns that revenue generating optons such as, charging for rescues, charging for guarding downed power lines and EM services are not being pursued. He also mentioned that items (money saving) negotiated in the last collective bargaining agreement have not been implemented. Told him I would share info with Roger.

2/14/13 - Phone conference with Ed Kurtz, Jerry Ambrose:

DEP-met 2 weeks ago with Harlan & Suzanne, waiting to hear, how long

Waste Collection-Republic had orientation for former employers last weekend, ended up hiring 20, unin shop, March 1 last day city picks up trash. Republic collects 3/4 recycling starts 90 days,

KWA - Genesee county is ready to move forward, Roger, 72" water mains,

Ed off tomorrow and Monday. Ed will call roger next Tuesday.

**Flint Lockup - When can they get their money, operating the lockup with the assumption the State will reimburse. (appropriation) HOW CAN THEY GET THEIR $

**67 & 68 District Courts - City is eager to merge the two courts, city court is busy, out county is not, legislation supposedly exists that prohibits merger of district courts.,

Fees - 8,000 H20 customers more than 60 days delinquent, many are senior citizens, business licensing fee, suspect 1/2 of businesses in city are illegal, inability to enforce, exploring options for both,

2/20/2013 Phone conference with Ed Kurtz

DEP - proposed DEP is winding its way thru the org, Harlan will try to expedite.

Letter requesting governor appoint TAB from Mayor and City Council - this afternoon

KWA - spoke to roger, waiting for Andy, Governor, decision by state important and TIMELY,

2014 Budget - focusing on preparation, rollout budget first part of April,

Smith Village - low income housing project going on for 16 years, this is low moderate provision of market place housing project University Village. On track to have 40 (25 prefab/16 stick built) homes open by May 2013, prefab homes built, not sold, significant construction problems,

Fees, Charges - administrative problems and collections, rental inspection, blight elimination, code enforcement all problematic,

Fire Chief interviews next week,

Somebody in mind to appoint as Deputy Police Chief.

Golf course = execute contract with contractor

Senior center - contract with non profit

Charter Issues - like to see Jerry on working group

2/26/13 Phone Conference with Ed Kurtz

DEP -

KWA - *Intake bids opened yesterday bid $3 million less than TYJ&T estimated (see Ed's email) total with* with all contingencies is $31 million, bond authorization @ 435 million NEED TO EXPEDITE STATE'S DECISION

2014 Budget - reorganization of 3 divisions into 4 planning & development (blight, code enf.) GF projecting $4 milllion shortfall in revenues, work to do, projected to 2018 $16 million.

Fire Chief - interviews tomorrow thru Monday, intent to have someone on board by 3/15.

Deputy Police Chief - met with union command unit (Lt. & Captains) 5 members, Dep. chief exempt position but most be filled from ranks (Lt. or Captain), history of provisional promotions, must fill vacancy in 91 days, current provisional appts. that exceed 3 years, proposed allowing outside appt. and taking card of provisional appts. Union voted 5-0 against.

Trash collection - starts next Monday, truck sold on this Saturday, hired 20 of 24 former city employees,

Mayor State of City - when nes law is effective, eliminate EFM, replace with FAB, plan on submitting proposal to Governor before PA 426 becomes effective. Scott Kincaid filed lawsuit asking water rates to be rolled back to 201 levels, creates $15 milllin shourt fall, Mayor, Council President, Council vice president attend first budget retreat, mission, goals, org chart preliminary rev est resulted from meeting, assigning chair to each of the reorg box review each of the city's activites, on track to have a 5 yr. budgt by 4/1/13, Follow up meeting in 3 weeks.

Model Charter - development governors committee Jerry would like to participate.

<u>3/6/13 Phone Conference with Ed Kurtz</u>

Republic Services - 4 complaints, less than ususal

KWA - **March 22 deadline bids** will go out to engineers to size the pipeline. PA 72 does not have a $50k approval provision.

Request for TAB - council asked attorney to draft proposal for their 3/25/13 meeting. Ed preparing a 5 year budget, What budget plan should they prepare based upon letter from council. Appointment of TAB would increase costs, Ombudsman, civil service ($550k) salaries set by charter and provide staff.

EFM meeting - Andy mentioned template and asking EFM what needs to be done and time frame to declare emergency is over.

Mayor Meeting w/ Governor - meeting to discuss the TAB 3/8/13.

DEP - budget is being built on DEP and budget out by 4/1/13. Ask Suzanne what the hold up is.

Water Cost Driving low income people out of city - Ed to send me his house. Met with DHS max fee is $200 for water fee, City will amend from #350. Water rate study will be performed.

Fire Chief - 6 interviewd, 2 coming back plan to hire by 3/15/13.

Genesee Towers - closing on 3/20/13. Imploding building in April/May.

Budget - committees coming back togethr 3/26 w/ objectives, budget recommendations, activity, funding, meaurement of outcomes.

Hired Poice Officers - hired 7 started on street 3/3/13, 10 is the goal,

<u>3/13/13 Phone call Ed Kurtz, Mike Brown, Jerry Ambrose</u>

EM exist strategy/quarterly report format/quarterly meeting -

KWA - Treasure discussing with Governor -

Council update - debated KWA for 3 hours and tabled until next week. (backstory doing something before EM appointed in Detroit and 3/22). Special council meeting next Monday (anticipated 8/1 or 7/2 in favor of KWA). Did not approve it Monday for political reasons.

FY 2013 budget - on track with budget 3/4 of the way thru the year.

5 year budget plan - focused on reorg the way the city does business, who does what activity, Hr inundated with union requests down to 4 people, outsourcing city engineers save $350K, budget adoption early April

Sanitary Sewer backups - $20-$30 million issue to fix everything, heavy rain sewers backup, 72" pipe becomes a 48" pipe under the river. Study will be completed by July 2013. Stolen manhole covers, locking cost $800, 300-400 have storm water grates, single hole takes 3 million gallons during storm event. 1/3 of the problem in the SW portion of the city.

Fire Chief - Second interview 3/22, waiting for new chief to evaluate dept before making CBA changes

Police Officers - recruiting campaign starting but will have to run an academy which is 16 weeks long, still have 5 positn to fill now and more in June due to retirements.

Solid Waste is going well

Jeff Barnes meeting with Milke Brown, putting budget together commitment for year 2 for the lock up. 4 million in the executive budget, $ 2 million used to open the lock up, Barnes confirmed to Mike that it is in the exec budget and mike is preparing the report.

Master Plan mtg - 500 people attended 75% from the city.

(3/13/13) Retiree Health Care Law suit - Per Ed changes to retiree healthcare on hold under federal judge makes a decision. Reduction challenged, now retiree healthcare is exceed the city's cap, so trying to implement $150 charge for each retiree. Told they can not differentiate between 45 year retiree who may be receiving $17,000 in healthcare versus 65 year old retiree who is on Medicaid. Not sure of how the cap an subsequent charge will be viewed by the jusge in the case.

3/15/13 Jerry Ambrose - Retiree Healthcare lawsuit, AG has intervened, court assigned questions re: PA 4 & PA 436, that is when AG got involved, challenge is getting retired employees to accept beneftis that active employees have, imposed hard cap and retiree helathcare will exceed caps, will send letter in the next month to retirees stating they will have to pay $150 monthly, financially reitree expenses (1900) will exceed cap by $3.5 million, If they don't pay it, city pays it, Range is +2 to –1million, pre 65 is the group suing over violating previous MOU 1200, similar case progresing
with Pontiac, attorney's are feeling more positve than negative,

<u>3/18/13 Phone Call w/ Ed Kurtz</u>

Budget will be adopted in early April

Currently in middle of process of setting priorities, setting activities assigning activities, will be putting numbers to the budget in the next two weeks

Revenues are down $3 million, the have a $1 million deficit elimination payment so the target for cuts is $4 million.

Challenge is 70% of their budget is comprised of Police, Fire, 911 and Courts.

<u>3/20/13 Phone call Ed Kurtz et al</u>

EM salaries paid by State, info forthcoming -

What can I do to help?

KWA - DWSD issued press release stating KWA info is incorrect. (aatachd email), Ed K will support KWA publicly,

FY 2014 Budget - meeting 3/26 to put numbers to the budget, next year okay, 14% TV loss, following year 8% cut in TV,
Need to find new revenue for FY 14-14, $19 million gf deficit, actuarial FY 14 retiree healthcare, pension and current healthcare total $40 million, current and reitreees cost is $65,000, $32 million pension and retiree healthcare, $8 million current empolyee healthcare, total FY 14 GF revenue $50 million, 5 year budget by 4/13

Jeff Barnes - discussion good, exec budget includes lock up costs, prisoner transfer if overcrowded

Mayor Council Salary, $90K reduced to $55k + benefits, $23K reduced to $7K, no benefits

<u>3/21/13 Phone conference Ed Kurtz, Mike Brown, Roger</u>

RE: MSP feedback on flint

1. Concerns about how FPD operates, cops function on the street, not interviewing witnesses, taking statements, and as a result this work fall upon the detectives. There is no FTO program or monitorig of younger officers by senior officers (per Ed Kurtz, policy issue not CBA issue). Suggestion: get operating chief, CBA mandates Dep. Chief comes from ranks of Captain unit, Ed waiting for PA 436 to become effective. Jerry and Kim providing advice per the grant from the Mott Foundation. Asking Mott to renew for another year.
2. Joint Detective Bureau, detectives spending a lot of time on petty work, not on homocides etc.
3. Continued funding for Jerry & Kim(?) see #1 above, grant was btwn MSU & Mott, not Mott and COF. Ed in the processs of preparing a list of additonal services that the grant could fund.
4. Propoerty Room - potential for securing funding to "clean up the room" Per Ed they areselling stuff via the property room. Complementaty of the lock up, opening it to other jusrisdiictions. "Life Line" concept good, implementation not good & counter productive. Record Managmeent system- impression is Chief wants separate system, state-wide system that are integrated. MSP has system w/ 55 participants. *Would like to explore this program for Flint.*

<u>4/10/13 phone call with Ed Kurtz</u>

Andy wants to know when the budget will be ready for Treasury review? Early May because they are doing significant reorganizaton, 5 year budget, and impact Lawsuit, everyone has submitted numbers, staff needs to assemble

KWA -

Kincaid, Lawler per the Mayor that getting indication that weeks away from getting a TAB,

Starting to meet with John Clark to review CBA's next week

Lawsuit filed by 6 retirees over amendments to helathcare, last week federal judge ruled against the city, it pertains to 6 plantiffs, will attempt to make it a class action suit, file for reconsiderationto have stay removed. If the retirees prevail in this suit ($3.5 M this year, $5M next year) OPEB liability from $850M to $360M, this wold be last straw city no longer viable, bankiruptcy is only option,

Drafting a resoltuion to reestablish the Mayors salary (1/2), Kincaid suggested that Ed order council not meet, not going to do that will probably reinstate salary at $7K require they meet once a month, getting training as part of restoring their pay a condition of pay,

Phone call w/ Ed K 4/17/13

KWA - signed resolution to go with KWA. Fausone sent Andy email DWSD plans to terminate Flint's contract in 12 months with the intent to charge Flint an increase fee for capital costs, they receive notice today

Meeting with city staff to get plant up to treating Lake Huron and river water, meeting w/ county stafff tomorrow next steps evaluate plant & wellls to have the ability to produce sufficient H2O instead of buying from DWSD

Budget - propsed budget due to us next week, had good meeting with E&Y, 2 track effort, city prepares their budget, E&Y does their thing and the two are merged, E&Y has expertise in benefits management savings

John Clark met w/ them to dwvelop a "model" contract.

Meeting w/ GC Services 4/18/13

Present: Scott Cole (GC), Roger F., Ed Kurtz, City Treasurer, Mike Brown Jerry Ambrose

Flint wants to explore collections for water, courts, misc.

GC provided with current RFP

GC will provide a proposal

E&Y Study, Ed K> will talk to Treasurer about paying for E&Y study, if state does not pay, we will use Scarsone

Flint's positon on E&Y studyis that thye will validate Flint's proposed 5 yr. plan

FPD - issue in p[olice and fire is provisional appointments, (90 days), have been in place for years.

Homideicde solve rate at 70%, 10% above national avergae

5/1/13 Ed Kurtz phone call

KWA now done, press briefing today told Orr that they want DWSD as backup and still want to buy pipeline,sell 6 miles of pipeline to the County, enter into contract with KWA, still neogitiate with detroit to but the pipe from Imlay city to Potter Baxter. County wants to buy Flint portion.

Will begin discussing shared service for water with the County (personnel, operationg the water plant (flint)

Sent emails yesterday 1) sent budget and timetable,

5 year budget plan, $3 million shortfall each year/cut $12 million during the next 4 year, losing $7 in grants, FY 14-15 reduce staff

Working with MEDC to keep Citizens/Merrit Bank in the city

Resignation from Ed Kurtz to be submitted June 1st

**Ed needs to meet and someone in treasury needs to set it up

Draft FY 14 and preliminary 5 year plan submitted to Treasury

Examining FY more closely, pretty

E&Y there everyday, 3 week contract @ $35K a week, Treasury will pay 1/2 + expenses, Ed must find $52.5K
Preliminary analysis strategic alternatives for Hurley; review healthcare and benefits plans and review shared services and IT opportunities; review of exec team 5 year plan, evaluate and offer changes

Andy/Brom sent them Detroit paperwork for an RFP for a reorganization

Ed needs to know how much state will pay for to develop Model contracts?****

Brom wants Ed to set appointment w/ Tom Curran to discuss health care cost savings,

5/7/13 Phone call w/ Ed Kurtz

John Clark, engage for model contract, state will reimburse. Send ed K. note that asking to reimburse for model contract.

Tell me about new Labor Relations guy. 30 year general motors, 15 genensee county contract, will handle greivnaaces

Fire Chief on board, good so far

Mtg wl Lt & Captains tomorrow re: meet & confer 12(1)k

Relatioship btwn Locke and St. Police agreed on dep. chief candidate

Resolution from 911 board of support for reconsolidation

Ed signed E&Y contract today, draft report 30 days? 50% + expenses

<u>5/15/13 Phone conference w/ Ed</u>

Continue over $50K no bid, will send to me for approval

Editorial bd , Council Monday evening 9finance committee council invited

Council meets once a month

Move ahead on income tax amendments, woodrow, anich, emerson, get on november ballot,

Police Deputy Chief - meet and confer w/ lts. unit, appears they will not agree, deputy chief must come from that unit, offer to make them all captains for a day, rejected (what is 12(1)k procedures)

Working on model contract in final draft form will send to us for review, going to PTO policy, no ecomic changes mostly management rights changes, 50-60 pages to 25

End of month will send resignation effective 7/3/13, 30 day requirement

New labor relations guy on board,

$1.8 m grant to build tower 800Mhz coverage, consortium voted unanimously to support tower

Waiting for KWA board to approve flint joining

$260k netted from surplus equipment auction, $1,300 raised to buy Santa &reindeer gave back to city.

<u>5/21/13 phone call Ed Kurtz</u>

Ask about Garceau, Allegations; offered increase and fpoa walked & filed for 312, Ed said pick increase or 312, retaliatory act filed grievance and lost,

Sending letter of resignation today effective 7/3

Quarterly report 7/15 instead of 6/28 ???

Six month report 9/28 ???

Proceeding w/ adopting budget

Problem w/ justifying 12(1)k

Is lockup funding 2nd yr in Gov's budget??

Met w/ Woodrow And Jim Annich re: income tax increase, Woodrow said need backing from Gov. and Treas. Backing. Want face time w/ Gov.

<u>6/5/13 meeting with Andy, Ed Kurtz, Mike Brown, Jerry Ambrose, Phil Shaltz, Duane Miller, Larry Moon, Mayor Walling, Bob Emerson</u>

Discussion of steps necessary to place Income Tax increase on the November ballot

Need to cut $5 million out of $20 million in health care expenses

Using hard cap to meet EVIP

Andy requested they 1) line up a firm to fine tune pension system (MERS currently doing that); 2) line up firm to fine tune OPEB, perhaps MILLIman; 3) put capital investment amount into the 5 year plan and adjust OPEB line.

City needs to determine the amount of investment needed in the city

Structural budget gap is $3 million income tax increase creates $7 million, the remaing $3 million could be used for investment.

Andy will contact Ed Kurtz after 6/5 meeting with Governor

OPEB is $360 million all city, no Hurley Hospital

<u>Phone call Ed Kurtz et al. 6/12/13</u>

Replacement for Ed Kurtz, ?

<u>Phone Call Ed Kurtz 6/19/13</u>

Laying off 27 people effective 7/1/13 hit the papers

Meeting w/ John Clark on gettng a model contract. Still missing on what to do with healthcare, paid days off, moving towards all paid time off

Deputy Police Chief backed out, may look at one of two remainaing finalists or add others

$20-25 million, can demolish 1,600 structures, go into high sev areas and demo homes, homes will have to be sold to Genesee Land bank who will sell to State Land Bank to create a mortgage that can be forgiven. Potentially 6,000 vacant homes

KWA contract not signed by Ed yet, working with legal department, ground breaking next week for the intake in Port Huron, 5 incorporators Flint, Genesee Cnty, Lapeer City, Lapeer Cnty, Sanilac Cnty, 10 additional members based upon who ever buys capapcity currently Flint (3) and Genesee County (7) votes Ed wants to wrap up contract before he leaves

Ed volunteered to work on KWA issues after he officially resigns

6/26/13

Lawsuit -treating it as a class, but not certifying it as a class, Hitichock recommedned stop collecting from retirees and returning the prior benefits to all, notify BCBS, not sure how fast they will react, $1.7.5 million, $5 million FY 14, Bade believes class could be overturned. Effective date of injunction March 13

Preparing memorandum and wil use opportunity update and revise the operating and finance plan

Skip next week's call

7/17/13 Call w/ Mike Brown and Jerry Ambrose

- Explanation of Police Union vote of No Confidence; Ongoing issue since Mike started in 2011. He imposed union contract changes and gave management more control (o.t. out of control, Chief need admin. Support) many issues still exist. No confidence vote and continuing violence instigated meeting with Capt. Arnold and Col. Etue this week. Union president has led this issue, not good union official, 85% of officers voted no confidence, African American officers did not vote and white officers who stated they did not vote, Mike not giving vote much credibility and working with John Clark to address issues thru contract language changes,

- Mike is going to appoint chief of staff for Chief, create over sight committee including lt. Bolger and Capt. Arnold, mike ,the chief and some Flint admin staff. Work closely with al and chief of staff to ensure changes are being implemented. Candidates for COS vetted with Col. Etue. COS to implement new union contract, interaction btwn St. Police and Flint Det. Command structure "a mess" promotions granted on provisional basis without testing because no union contract for 10 years,

- Mott grant to work on police issues, result 12 hour shifts, prioritization of minor crime calls,

- Deputy chief candidate backed out because of 436 process that challenged change

- Status of Ed Kurtz final report: Maxine to send now. Quarterly report turned into final exit report

- Mike working with council on FY 15budget and adopted within 90 days,
- Kurtz working on blight plan as a volunteer (weeds , dumping ,code enf., abandon cars) working w/ MSHDA to address blight in "tipping neighborhoods"

<u>Phone call w/ Mike brown & Jerry Ambrose 7/24/13</u>

Water & Sewer Operations Group - Jeff Wright folks, City council folks, County commision membes, looking at collaboration, working together , what the county could do for the city in the future,

Press conference yesterday MSP, Flint briefing to day, 7 murders occurred last week, 4 people in custof=dy for 4 of the murders,

Mike is proceeding with appointing Chief of Staff in FPD, non sworn, 150 officers very inefficient, plans to make a selection, oversight committee

Involving Mayor & council in policy decisions for FY 15 budget, charter amendments, transition to TAB,

Resolutions to renew and expand IT contract, move public safety technology upgrades,

Working on FY 16 budget, many challenges,

<u>Phone call with Mike Brown et al 8/7/13</u>

- Pipeline valuation 8/21

- Model union contracts (Treas paying 1/2), FPOA contract almost complete, local 1600 next , and finalize Fire. When ready meet w/ Treasury and John Clark,
- MERS won't take over full admin or enroll in medical savings account until CBA's are finalized
- Will request meeting w/ Treasury in 1 week from today.

- CBA finalization will resolve Deputy Chief issue in Police Department.
- Part-time officer and fire fighters will be allowed under new contracts.

- Resolutions reaffirming his reappointment administrative staff and Mayor and City Council salary *adjustment*

- DEP status, what is holding it up, Are we supportive of the path that they are pursuing

Grant request to MHSDA for $25 million will address 50% of blighted structures, plan to use in tipping point neighborhoods, hire neighborhood safety officers (ordinance enforcement) September/October decision for grant

Met w/ Mayor & council individually to increase their participation an think about transition, Master Planning process/updates, Finance Committee includes council involvement in preparing FY15 budget, their role,

Mike needs to know "Is the City on the Right Path"????? Getting Serious about transition

Increasing council base salary from $7k to $100 a meeting and put them at $10,000, more in line of compensation is similar sized cities, recognize their efforts, get positive public perception of council involvement, Increase Mayor's compensation, as well. Orders will be forthcoming.

Audit: Goal to have it completed by Thanksgiving, 45 days early,

Income Tax, need Treasurer and Governor's support,

Want to talk to DWSD, 1) purchase of pipeline from Imlay City to Baxter/Potter water main and 2) DWSD becoming backup for KWA for 30 years.

Police officers added 10 positions, 20 total, SAFER grant ends 95 ff to 76ff, need help w/ feds FEMA from Governor, need waiver, recei ved full safer grant two years in a row

FY 15 Grant expiration concerns,

Operating w/o liability insurance June 30 $1m coverage, $1m deductible, carrier declined to renew, buying $10M w/ $3M deductible

<u>Conference Call 8/14/13</u>

Process to turn around $50K approval

Public Safety meeting, Monday, Harvey Hollings staff, Col. Etue, Captain Arnold, Lt. Bolger,

Andy called yesterday to have Mike Brown and Chief Locke at his office on 8/21/13 @ 11:30 am meeting Col. Etue,

John Clark city close to finalizing CBA's ready to negotiate with 6 unions, 90% of pension has been transferred to MERS,

Pipe Sale, SRR wanted $18K, using someone else,

Working on details of implementation of using the water plant, DWSD no longer providing to Flint after 4/14 accelerating CIP to the plant $15M,will provide details later in writing, Mike wants to meet w/ Kevyn Orr purchase of pipe by KWA, potential of DWSD being backup to KWA

Income tax position by the State.

Genesee County land bank submitted $25M application to demo home (majority) in Flint

Will send resolution increasing the salary for the Mayr, City Council and Administrative Satff

<u>Fact to Face meeting w/ Mike & Wayne in Lansing 8/21/13</u>

Policing: *Mike will meet with Col. Etue and take her lead on the status of the poice chief. Model* contract will be complete this week. Intent is to meet and confer and proceed with 12(1)(k)

E & Y: discussed that they will be back and will examine Hurley long term liabilities

Liability Insurance: gave the ok to pursue $10M cap and $3M deductible

H2O Line valuation: gave the ok to proceed with $11k proposal

District court: Mile will provide potential savings to the city from court consolidation**

Meeting w/ Kevyn Orr: Suggested Mike meet with Sue McCormick

<u>8/28/13 Phone call Mike Brown</u>

Model Contracts - Length? no more than 1 year agreements, wants to do 3 years agreements,

Hurley Hospital Board appointments,

Copy of MOU w/ MSP

Budget amendment for salary adjustments

5 day turn around for resolutions

FY 13 expect to reduce the $19M to the $16M's, controlled expenses, better than expected experience in health care, cash position form $15M to $40M at end of FY13 (delayed h2O/sewer projects), retiree helathcare did well, fringe benefits came in under est. ($5-$6M), public safety millage (2 levies) ($5M) added fund balance in road fund($1M)

***4 point plan for model contract Cornerstone evaluating it; 1),currently using hard cap, costs are below hard cap and no premiums are paid by employees, thinking about adopting 80/20 option, 2) tell non vested employees not guarantee retiree healthcare, 3) vested employees will get retiree healthcare, those who retiree after 1/14 will be told premium share for pre 65 will be limited same premium share of post 65 employees. Setting date of 1/14 and implement contracts in 10/13 people will retire and new employees hired who will have no healthcare; 4) effective 1/14 new police & fire employees will be moved to the hybrid plan (1.75 multiplier and city matches contribution up to 5% with a total combined limit of 10% . Partial est. due week of 9/9/13

**Concern about ability to deliver water by next April, County open to include city n bonding for water plant improvements, $11M in H2O/Sewer fund could be a source, $28M in water bonds, would state be open to divert payment for 3 years, in order to spend bond payments on capital improvement necessary for connection to KWA. Are we willing to help???

MOU and detailed list w/ dates (Who is sending Beth or Mike?)

<u>In person meeting w/ Mike, Wayne 9/4/13</u>

Status of Rowe contract

Concern about temporarily delaying SRF payments for 3 years to make needed improvements at H2O plant

Sue McCormick has contacted Mike about meeting to discuss city buying DWSD pipe

Have not received E&Y amended proposal Ed will email Gaurav)

Model contracts awaiting our approval (send to Randy), 3-4 meetings w/ police to finalize contract

Safer grant applied for on 8/30/13

Anticipate $2+M excess revenues over expenses year end FY2013, cash flow continues to improve,

Beginning work on FY 15 budget, including Mayor and Council in the process

Need to develop cost estimates of savings due to retirement changes (MERS)

Cornerstone working on cost savings from OPEB changes (partial cost savings due next week)

Getting costs estimates for water plant upgrades next week

Weekly Meeting w/ Flint EM
September 25, 2013
Agenda

EM contracts

Holding Jail Resolution

E & Y Proposal

Water Billing Resolution

Vehicle Replacement Resolution

Other

Phone conf call 10/9/13

Negotiate/Impose Retirement Contract changes
Complete/Negotiate/Impose Model Labor contracts
Actively resist Retiree Health Care Lawsuit
Complete Pipeline Sale (KWA)
Plan for interim water supply source/plant upgrades(KWA)
Finance WTP Improvements (KWA)
Complete 911 Tower Install
Develop/Implement FY15 budget
Pursue 911 Consolidation
Develop potential District Court transfer to County
Update Public Safety Plan
Evaluate Hurley as possible asset sale
Evaluate Water and Sewer System for possible sale/lease
Consider E&Y Proposal and alternatives

Pipeline Sale KWA: Mike providing a briefing next week with Ed Kurtz, Darnell & Drain Commissioner

Retiree Healthcare suit - arguments made before the judge on 10/1/13

Briefings by Mike Brown to Darnell et al on KWA and Public Safety plan to take place next week

Quarterly report is in draft form and needs approval, includes proposed change to DEP focusing on changing transfer between funds to long term debt obligations and legal opinion allowing this previously sent to Treas.

Restructuring is moving forward

Mike Brown's role during the next 3 weeks will be well documented to ensure that the public and State know what he is doing.

Police Chief begins work 10/14 and will immediately work on public safety plan

Phone conf. w/ E & Y, Wayne, Darnell, Jerry 10/10/13

E&Y Scope of Work
Hurley
Feasibility & Value of the H2O system
OPEB in the scope of the ARC
Update 5 year projections based upon recent changes

Per jerry, *OPEB valuation done in one week, analysis of options will take place the week after the* valuations are complete.

Per Jerry, MERS pension valuation complete near the end of calendar 13

Phase II - Hurley Water System

Phase III - OPEB, 5 yr projections,

Juan will prepare a Scope based upon two phases

Phone call w/ Darnell 10/17/13

Council candidate collecting referendum signatures PA236 could derail the city's participation
Talk to AG about PA 436 trumping the referendum law.

Darnell is exploring a water rate study

Phone call Darnell 10/24/13

Water line valuation (draft on hand, trying to make sense)

**Reviewing DEP

Referendum drive re: KWA (robo call 2 question survey, go w/ KWA, firm in her conviction Liz Murphy)

E & Y Phase II proposal (Nothing)

Public Safety Plan update

Retiree health care lawsuit update? (

OPEB analysis update (still in draft form)

**Resolution for insurance renewal policy begins 11/1/13

**Darnell met w/ prosecutor, he has no concerns, based upon reference from Wayne County prosecutor,

**initiate Water rate study (impact of KWA)

** Planning Dir. Resigned part of restructuring

**What is the term of Darnell's appointment term

Phone call Darnell 10/30/13

Public Safety Plan update reviewing plan 11/1/14 draft will be amended to include

E & Y proposal,to be sent this week

DEP - Suzanne will call you about it in the next week

DWSD termination notice 4/1/14, joined KWA, likely cost to expand H2O plant $6-$10M, need to order $2M of equipment in next 2 weeks, want to use firms and bids from before, sendinginfio today/tomorrow

Other issue is how Flint pays for this, cover costs internally, want a short term loan up to $5M for 36 months, problem is that no valve exits to stop DWSD water flowing into Flint

John Clark model contracts review, negotiations begin 11/4/13 (Review his emails)

Master Plan unanimously approved by city council.

Darnell to make org. changes to make planning/econ dev.

Phase II Hurley, Water system evaluation, Phase III update 5 yr. plan, remind treasurer of commitment to pay 100% of cost

MSP/Gov/Treas/City phone call 11/6/13

Warrant sweep last week

Moving forward with new world system software & training

Overdue items addressed, focus on items coming up

17% down in homicides

Met w/ police union this week

Meeting w/ Sheriff today to discuss issues

Phone call Darnell 11/6/13

Audit underway

Met w/ Treasury re: DEP,

Water system re: funds

CBA FPOA meeting on 11/4

Reorganizing Planning & Dev. dept. , including update of zoning ord

911 consolidation met last week, hesitation from outcounty

Conf Call w/ Darnell, Jerry 11/7/13

E & Y proposal discussion

Conf. call Darnell, Jerry, et al 11/13/13
Brian Larkin, Rich Baird, Wayne, Harvey Hollins, Darnell, Jerry, Liz

City of Flint Weekly 10am Phone Conference Agenda

1) Budget Update

FY 13 – Audit: continues, delivery 12/1/13
FY 14 – current status: on track w/ budget
FY 15 – plan: prelim discussions depending upon involvement with Mayor & Council, last year involved Mayor, council President and council chair of finance committee

1) Model Labor Contracts – status: mgmt. team met w/ FPOA, no response to proposal, next mtg. 11/21, AFSCME group next to meet

1) KWA, Water Plant Preparation: resolution sent to Treasury to engage firm to upgrade plant, another one for electrical distribution equipment, rebid it and added to it, key mtg. today with Land

1) City Ordinance Review: Legal dept. is compiling and review ordinances, critical to transition, more comprehensive project than originally anticipated,

1) Deficit Elimination Plan – Treasury: will have review completed by Friday.

1) Master Plan Implementation Activity
   Zoning Ordinance Revision: Restructuring Planning Dept. Chief Planner will become Director of the Dept., and provide assistance for Community, Economic Inspections and Licensing within the Dept.

1) Retiree Law Suit Status: No News to report, Giarmarco is the attorney firm,

1) Public Safety Activity: Sergeants exam completed in September, Chief had executive training session yesterday, Chief and Darnell have met with Sheriff & Prosecutor, Beth Clement has agreed to review CGAP grant app. SAFER grant decision by the end of the month.

1) Status Report on the Flint City Council: new council member openly against PA 436, Kurtz issued order requiring signature of a document agreeing to cooperation under PA 436 or forfeit pay, Darnell plans to amend it and reissue.

1) Governance Revision: Darnell will appoint a 21 member blue ribbon committee to share thoughts on this topic, next step may be Charter review commission

1) 9-1-1 Reconsolidation Plan: incompatible records management system, meeting with Motorola tomorrow, may gravitate towards MSP system,

1) BS&A Upgrade: Progressing, overall technological advancements improving, finalist for Strong City, Strong Community grant,

1) Other:

Dayne Walling
Mayor

CITY OF FLINT, MICHIGAN
Department of Finance

City Hall, Room #203
1101 South Saginaw Street
Flint, MI 48502
(810) 766-7268 / (810) 766-8675 (fax)

Darnell Earley
Emergency Manager

Gerald Ambrose
Finance Director

TO: Darnell Earley
Emergency Manager

FROM: Jerry Ambrose
Finance Director

DATE: November 14, 2013

SUBJECT: Resolution Authorizing a Change Order to the Contract with Lockwood, Andrews and Newman to provide for final design work, construction engineering and necessary regulatory submittals related to the expansion of the Water Treatment Plant

LAN was retained earlier this year with approval from the Department of Treasury at a cost of $171,000 to study the feasibility of utilizing the Flint River as the City's source of water on a temporary basis, and to develop preliminary associated cost estimates for expanding the Water Treatment Plant.

LAN's work concluded that using the Flint River on a temporary basis only was feasible, and provided a cost estimate of between $7 million and $10 million, depending on the expenses associated with lime disposal. However, their work also concluded that work must begin immediately if the April 2014 deadline is to be met.

Accordingly, LAN was requested to provide us with a proposal for conducting final design work, construction engineering, and necessary regulatory submittals associated with the expansion of the Water Treatment Plant. Their proposal is for an amount not to exceed $962,800.

We have been working with MDEQ to be assured that the course of action being pursued is consistent with their expectations. Most recently (this morning), we met with MDEQ representatives and reviewed the proposed course of action. While formal approval cannot be given until detailed working drawings are presented, the representatives indicated their conceptual approval.

Because time is of the essence, I recommend approval of the Change Order, and request that it be submitted to Treasury as soon as possible. I am attaching LAN's Scope of Work proposal, as well as a letter from Rowe Engineering stating that the Scope of Work is comprehensive and the price is reasonable.

Please contact me if you have any questions.

13-5423

EM SUBMISSION NO.: EME0482013

PRESENTED: 11-14-13

ADOPTED: ____________________

BY THE EMERGENCY MANAGER:

Resolution Authorizing Change Order #2 to the Lockwood, Andrews & Newnam Contract for the Implementation of Water Plant Operations

The City of Flint entered into a contract with Lockwood, Andrews & Newnam to study the feasibility and develop cost estimates for utilizing the Water Plant as a primary drinking water source in an amount not to exceed $171,000.00; and

Authorization is needed to enter into change order #2 to the existing contract no. 13-046 with Lockwood, Andrews & Newnam for additional funding of $962,800.00 for a total contract price not –to-exceed $1,133,800.00. The additional services will include final design work, construction engineering and necessary regulatory submittals to operate the Water Plant off the river until the KWA water source is completed; and

These funds are made available in account in 591-536.100-801.000; and

IT RESOLVED, Appropriate City Officials are to do all things necessary to enter into change order #2 to the existing contract no. 13-046 with Lockwood, Andrews & Newnam for an additional contract price of $962,800.00 for a total contract price not-to-exceed $1,133,800.00. Funding will come from the account 591-536.100-801.000.

APPROVED AS TO FORM:

____
Peter M. Bade, Chief Legal Officer

APPROVED AS TO FINANCE:

____
Jerry Ambrose, Finance Director

EM DISPOSITION:

ENACT __________ **FAIL** __________ **DATED** __________

____
Darnell Earley, Emergency Manager

RESOLUTION STAFF REVIEW

November 13, 2013

Agenda Item Title: Water Plant Electrical Distribution Upgrade

Prepared By: Daugherty A. Johnson Utilities Administrator

Background/Summary of Proposed Action:

Water Plant depends on switchgear for its power distribution to the facility's motor control centers, which control the treatment processes, the pumping stations and reservoirs which provide potable water to the citizens of Flint. The current switchgear is obsolete, unreliable and in urgent need of replacement. Without adequate and reliable switchgear the City of Flint will not be permitted by the DEQ to operate as our primary drinking water source.

Financial Implications:

Please issue a purchase order for the approved FY2014 budgeted amount of $1,512,000.00. Use account number 591-545.300-977.000 ($1,512,000.00) when issuing this purchase order.

Budgeted Expenditure? Yes ☒ No☐ Please explain if no:

Account No.: 591-545.300-977.000 $1,512,000.00

Pre-encumbered? Yes ☒ No☐ Requisition:

Other Implications (i.e., collective bargaining): None.

Staff Recommendation: Approve

Staff Person: ____________________
(Dept Head or other Authorized Staff)

H:\My Documents\Water Plant\River Operation\Purchasing issues\WP Electrical Distribution Upgrade staff review doc

Dayne Walling
Mayor

CITY OF FLINT, MICHIGAN
Department of Finance

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Flint, MI 48502
(810) 766-7268 / (810) 766-8675 (fax)

Darnell Earley
Emergency Manager

Gerald Ambrose
Finance Director

TO: Darnell Earley
Emergency Manager

FROM: Jerry Ambrose
Finance Director

DATE: November 14, 2013

SUBJECT: Electrical Distribution Upgrade for the Water Treatment Plant

The City of Flint is now a member of the KWA, and anticipates receiving its raw water from the KWA pipeline within the next three years. Water will continue to be received from DWSD until April 17, 2014, the date on which DWDS has notified us that it is terminating its Water Supply contract with the City. Given this decision by DWSD, the City now has less than six months to find an alternate source of water.

Working with DEQ and our consulting engineers (Lockwood, Andrews, and Newnam), the City has determined that it is feasible to utilize the Flint River as its alternate supply source. It has also determined that utilizing the river until KWA is available will be to the financial advantage of the City, in comparison to continuing to use DWSD, even at its current charges.

However, accomplishing that within the April 17, 2014 deadline will require expediting the upgrades necessary for the WTP to receive raw water, be it from the Flint River in the short term or KWA in the long term. The biggest impediment to meeting this deadline is the procurement and installation of electrical and distribution equipment. The lead time for building and installing the equipment alone is estimated to take three to four months.

The City's Purchasing Department has just concluded its procurement process for the needed electrical and distribution equipment. Six companies were solicited, however, only one company responded.

The Utilities Administrator, Infrastructure Director and Purchasing Director are recommending that the Purchase Order for the equipment needed for the electrical distribution upgrade be issued to McNaughton McKay in an amount not to exceed $1,512,000 to be delivered in time for installation to be complete and in operation no later than the end of March 2014.

I support their recommendation and request your approval to submit it to the Department of Treasury for their approval as soon as possible. In order to assure timely approval of the equipment, a Purchase Order needs to be issued by Friday, November 15.

13-5437

(Bid No. 001400055)

EM SUBMISSION NO.: EME04620

PRESENTED: 11-14-13

ADOPTED: ______________

BY THE EMERGENCY MANAGER:

RESOLUTION TO McNAUGHTON-McKAY ELECTRIC FOR CEDAR ST. PUMPING STATION SWITCHGEAR UPGRADES

BY THE EMERGENCY MANAGER

RESOLUTION

The Department of Purchases and Supplies has solicited a bid Cedar St. pumping station switchgear upgrades as requested by the Utilities Division/Water Plant; and

McNaughton-McKay Electric, 1011 E. Fifth Ave., Flint, MI was the sole vendor to submit a response from six solicitations for said requirements. The funding for this purchase will come from the following account number: 591-545.300-977.000; and

IT IS RESOLVED, that the Proper City Officials, upon the Emergency Manager's approval, are hereby authorized to enter into a contract with McNaughton-McKay for pumping station switchgear upgrades in an amount not to exceed $505,000.00. (Water Fund)

APPROVED PURCHASING DEPT:

Derrick Jones, Purchasing Manager

APPROVED AS TO FINANCE:

Gerald Ambrose, Finance Director

APPROVED AS TO FORM:

Peter M. Bade, City Attorney

\EFM DISPOSITION:

ENACT ________ **REFER TO COUNCIL** ________ **FAIL** ________

______________________________ **DATED:** ____________

Darnell Earley, Emergency Manager

071013-DFJ-Revised

Dayne Walling
Mayor

CITY OF FLINT, MICHIGAN
Department of Finance

City Hall, Room #203
1101 South Saginaw Street
Flint, MI 48502
(810) 766-7268 / (810) 766-8675 (fax)

Darnell Earley
Emergency Manager

Gerald Ambrose
Finance Director

TO: Darnell Earley
Emergency Manager

FROM: Jerry Ambrose
Finance Director

DATE: November 14, 2013

SUBJECT: Switchgear Upgrade for Cedar Street Pumping Station

The Cedar Street Pumping Station is in need of a Switchgear Upgrade. The City's Purchasing Department has concluded its procurement process for the needed equipment.

This is the second time bids have been solicited. Like the first time, however, only one response was received.

The Utilities Administrator, Director of Infrastructure, and Purchasing Director are recommending that a Purchase Order be issued to McNaughton-McKay in an amount not to exceed $505,000 for the needed equipment.

I support their recommendation and request your approval to submit it to the Department of Treasury for their approval as soon as possible.

RESOLUTION STAFF REVIEW

November 13, 2013

Agenda Item Title: Cedar Street Pumping Station Switchgear Upgrade.

Prepared By: Daugherty A. Johnson, Utilities Administrator

Background/Summary of Proposed Action:

The Water Plant relies on medium voltage switchgear and MCCs for electrical distribution at its Cedar Street pumping station. Without replacement of the very obsolete equipment, Cedar Street could have a catastrophic failure, resulting in power outages for the station. Power outages at this station will cause a serious reduction in the City's capability of fighting fires and providing adequate water pressure to its citizens.

Financial Implications:

There is adequate funding in the yearly budget, account number 591-545.300-977.000 in the amount of $505,000.00.

Budgeted Expenditure? **Yes** ☒ **No** ☐ **Please explain if no:**

Account No.: 591-545.300-977.000- $505,000.00

Pre-encumbered? Yes xx No Requisition #

Other Implications (i.e., collective bargaining): None.

Staff Recommendation: Recommend Approval

Staff Person: ______________
(Dept Head or other authorized staff)

CITY OF FLINT
DEPARTMENT OF PURCHASES AND SUPPLIES

City Hall
1101 S Saginaw Street – Flint, Michigan 48502
(810) 766-7340 FAX (810) 766-7240 www cityofflint.com TDD 766-7120

Michael K. Brown
Emergency Manager

Dayne Walling
Mayor

INVITATION TO BID

OWNER/RETURN TO:

THE CITY OF FLINT
DEPARTMENT OF PURCHASES AND SUPPLIES
1101 S. SAGINAW ST , ROOM 304, 3RD FLOOR
FLINT, MI 48502

BID NO.: 14-073

SCOPE OF WORK:

The City of Flint, Department of Purchases & Supplies, is soliciting sealed bids for providing

ELECTRICAL DISTRIBUTION/SWITCHGEAR UPGRADE EQUIPMENT WATER PLANT AND CEDAR ST. PUMP

Per all additional requirements.

If your firm is interested in providing the requested goods or services, please submit one (1) original and one (1) copy of your detailed bid to the City of Flint, Department of Purchases and Supplies, 1101 S. Saginaw St., Room 304, Flint, MI, 48502, **Tuesday, November 12, 2013 @ 3:00 PM (EST)**. Please note all detailed bids received after 3 00 PM (EST) will not be considered. Bids must be in a sealed envelope clearly identifying the bid and bid number Faxed bids into the Purchasing Department are not accepted.

All additional bid documents, requirements, addendums, specifications, and plans/drawings (if utilized) are available on the Purchasing page of the City of Flint's web site at www.cityofflint.com/purchasing under "open bids" and the specific bid or proposal number assigned to this notice.

New vendors should complete and submit a vendor application, IRS W-9 Form, and Vendor ACH Authorization Form with the City of Flint. Links to these forms are available at www.cityofflint.com/purchasing.

Bid results may be viewed next business day online at www.cityofflint.com/purchasing under "bid results".

Any questions regarding the bid process must be submitted in writing by 11/5/13 and may be directed to Bryan Bond @ bdbond@cityofflint.com

Sincerely,

Bryan Bond
Department of Purchases and Supplies

BID REQUIREMENTS / TABULATION

ELECTRICAL DISTRIBUTION/SWITCHGEAR UPGRADE EQUIPMENT WATER PLANT AND CEDAR ST. PUMP FOR FURTHER INFORMATION, CONTACT BRENT WRIGHT @810 787 6537 EXT#3510	
Only the specifier has the responsibility and judgment for determining whether a proposed substitution is an "or equal or exceeding" specification. Mfg., model #, and supporting documentation of specifications for alternates must be provided.	
DESCRIPTION	**TOTAL BID AMOUNT**
CEDAR STREET SWITCHGEAR UPGRADES PER THE ATTACHED SCOPE OF REQUIREMENTS AND SPECIFICATIONS	**$**
WATER PLANT ELECTRICAL DISTRIBUTION SWITCHGEAR & TRANSFORMER UPGRADES **ALL EQUIPMENT FOR UPGRADES AT THE WATER PLANT SHOULD INDICATE DELIVERY LEAD TIME(S) ON AN EXPEDITED BASIS WITH TARGET DELIVERY OF MARCH 1, 2013** PER THE ATTACHED SCOPE OF REQUIREMENTS AND SPECIFICATIONS	**$**
GRAND TOTAL	**$**

THIS PAGE MUST BE COMPLETED AND INCLUDED WITH SUBMITTAL:
The undersigned herby certifies, on behalf of the respondent named in this Certification (the "Respondent"), that the information provided in this offer submitted to the City of Flint is accurate and complete, and that I am duly authorized to submit same. I hereby certify that the Respondent has reviewed all documents and requirements included in this offer and accept its terms and conditions

Cash Discounts will be computed from the date of receipt of invoice Prices firm unless stated otherwise by bidder Delivery can be made in ( ) days ARO (after receipt of order)

Payment Terms: ____________ Delivery Dest.: ____________ Fed ID #: ______________
(All Freight Terms are considered F.O.B., Prepaid unless otherwise noted by seller)

COMPANY NAME (Respondent): ______________________________
(Printed)
ADDRESS ______________________________

CITY/STATE/ZIP ______________________________

PHONE ______________________ FAX ______________________

EMAIL ______________________________

PRINT NAME and Title ______________________________
(Authorized Representative)
SIGNED ______________________________ DATE ____________
(Authorized Representative)

Please submit original documents plus one copy.

New vendors are required to complete and submit an IRS W-9 Form and Vendor ACH Form with the City of Flint. Link is available at www cityofflint com/finance/purchasing

Bid results may be viewed next business day online at www cityofflint.com/finance/purchasing

INSTRUCTIONS TO VENDORS

1) **PRE-BID INFORMATION AND QUESTIONS:** Each bid that is timely received will be evaluated on its merit and completeness of all requested information. In preparing bids, Bidders are advised to rely only upon the contents of this ITB and accompanying documents and any written clarifications or addenda issued by the City of Flint. If a Bidder finds a discrepancy, error or omission in the ITB package, or requires any written addendum thereto, the Bidder is requested to notify the Purchasing contact noted on the cover of this ITB, so that written clarification may be sent to all prospective Bidders **THE CITY OF FLINT IS NOT RESPONSIBLE FOR ANY ORAL INSTRUCTIONS.**

2) **ITB MODIFICATIONS:** The City of Flint has the right to correct, modify or cancel the ITB, in whole or in part, or to reject any Bid, in whole or in part, within the discretion of the City of Flint, or their designee. If any such changes are made, all known recipients of the ITB will be sent a copy of such changes. If any changes are made to this ITB document by any party other than the City of Flint, the original document in the City of Flint's files takes precedence.

3) **BID SUBMISSION:**
   a) The Bidder must include the following items, or the bid may be deemed non-responsive.
      i.e. All forms contained in this ITB, fully completed
   b) Bids must be submitted to the Purchasing Department, City of Flint, 1101 S Saginaw Street – Room 304, Flint, Michigan 48502 by the date and time indicated as the deadline. The Purchasing Department time stamp will determine the official receipt time It is each Bidder's responsibility to insure that its bid is time stamped by the Purchasing Department by the deadline. This responsibility rests entirely with the Bidder, regardless of delays resulting from postal handling or for any other reasons. Bids will be accepted at any time during the normal course of business only, said hours being 8:00 a.m. to 5 00 p m Local Time, Monday through Friday, legal holidays as exception
   c) Bids must be enclosed in a sealed, non-transparent envelope, box or package, and clearly marked on the outside with the following: ITB Title, ITB Number, Deadline and Bidder's name.
   d) Submission of a bid establishes a conclusive presumption that the Bidder is thoroughly familiar with the Invitation to Bid (ITB), and that the Bidder understands and agrees to abide by each and all of the stipulations and requirements contained therein
   e) All prices and notations must be typed or printed in ink. No erasures are permitted Mistakes may be crossed out and corrections must be initialed in ink by the person(s) signing the bid.
   f) Bids sent by email, facsimile or other electronic means will not be considered unless specifically authorized in this ITB
   g) All costs incurred in the preparation and presentation of the bid are the Bidder's sole responsibility; no pre-bid costs will be reimbursed to any Bidder All documentation submitted with the bid will become the property of the City of Flint
   h) Bids must be held firm for a minimum of 120 days.
   i) Term - Contract and/or all other procurement documents shall be effective until completed to the satisfaction of the City of Flint. The City of Flint reserves the right to cancel or not renew all or any part of the procurement agreement/contract at any time.

4) **EXCEPTIONS:** Bidder shall clearly identify any proposed deviations from the Terms or Scope in the Invitation for Bid. Each exception must be clearly defined and referenced to the proper paragraph in this ITB. The exception shall include, at a minimum, the Bidder's proposed substitute language and

opinion as to why the suggested substitution will provide equivalent or better service and performance. If no exceptions are noted in the Bidder's bid, the City of Flint will assume complete conformance with this specification and the successful Bidder will be required to perform accordingly Bids not meeting all requirements may be rejected.

5) **DUPLICATE BIDS:** No more than one (1) bid from any Bidder, including its subsidiaries, affiliated companies and franchises will be considered by the City of Flint. In the event multiple bids are submitted in violation of this provision, the City will have the right to determine which bid will be considered, or at its sole option, reject all such multiple bids

6) **WITHDRAWAL:** Bids may only be withdrawn by written notice prior to the date and time set for the opening of bids. No Bid may be withdrawn after the deadline for submission.

7) **REJECTION/GOOD STANDING:** The City of Flint reserves the right to reject any or all bids, or to accept or reject any bid in part, and to waive any minor informality or irregularity in bids received if it is determined by the City of Flint, or their designee, that the best interest of the City will be served by doing so. No Bid will be considered from any person, firm or corporation in arrears or in default to the City on any contract, debt, taxes or other obligation, or if the Bidder is debarred by the City of Flint from consideration for a contract award pursuant to Section 18-21.5 (d) of Article IV of the "Purchasing Ordinance of the City of Flint.

8) **PROCUREMENT POLICY:** Procurement for the City of Flint will be handled in a manner providing fair opportunity to all businesses. This will be accomplished without abrogation or sacrifice of quality and as determined to be in the best interest of the City. The City of Flint and their officials have the vested authority to execute a contract, subject to City Council and Mayoral approval where required

9) **BID SIGNATURES:** Bids must be signed by an authorized official of the Bidder. Each signature represents binding commitment upon the Bidder to provide the goods and/or services offered to the City of Flint if the Bidder is determined to be the lowest Responsive and Responsible Bidder

10) **CONTRACT AWARD/SPLIT AWARDS:** The City of Flint reserves the right to award by item, group of items, or total bid to the lowest responsive, responsible Bidder The Bidder to whom the award is made will be notified at the earliest possible date. Tentative acceptance of the bid, intent to recommend award of a contract, and actual award of the contract will be provided by written notice sent to the Bidder at the address designated in the bid if a separate Agreement is required to be executed After a final award of the Agreement by the City of Flint, the Contractor/Vendor must execute and perform said Agreement. All bids must be firm for at least 120 days from the due date of the bid. If, for any reason, a contract is not executed with the selected Bidder within 14 days after notice of recommendation for award, then the City may recommend the next lowest responsive and responsible Bidder

11) **NO ITB RESPONSE:** Bidders who receive this ITB but who do not submit a bid should return this ITB package stating "No Bid" and are encouraged to list the reason(s) for not responding Failure to return this form may result in removal of the Bidder's name from all bidder lists.

12) **FREEDOM OF INFORMATION ACT REQUIREMENTS:** Bids are subject to public disclosure after the deadline for submission in accordance with state law

13) **ARBITRATION:** Contractor/Vendor agrees to submit to arbitration all claims, counterclaims, disputes and other matters in question arising out of or relating to this agreement or the breach thereof The Contractor's agreement to arbitrate shall be specifically enforceable under the prevailing law of any court having jurisdiction to hear such matters Contractor's obligation to submit to arbitration shall be subject to the following provisions:

(a) Notice of demand for arbitration must be submitted to the City in writing within a reasonable time after the claim, dispute or other matter in question has arisen A reasonable time is hereby determined to be fourteen (14) days from the date the party demanding the arbitration knows or should have known the facts giving rise to his claim, dispute or question In no event may the demand for arbitration be made after the time when institution of legal or equitable proceedings based on such claim dispute or other matters in question would be barred by the applicable statute of limitation.

(b) Within fourteen (14) days from the date demand for arbitration is received by the City, each party shall submit to the other the name of one person to serve as an arbitrator. The two arbitrators together shall then select a third person, the three together shall then serve as a panel in all proceedings Any decision concurred in by a majority of the three shall be a final binding decision.

(c) The final decision rendered by said arbitrators shall be binding and conclusive and shall be subject to specific enforcement by a court of competent jurisdiction.

(d) The costs of the arbitration shall be split and borne equally between the parties and such costs are not subject to shifting by the arbitrator.

14) **BID HOLD:** The City of Flint may hold bids for a period of one hundred twenty - (120) days from opening, for the purpose of reviewing the results and investigating the qualifications of bidders prior to making an award

15) **NONCOMPLIANCE:** Failure to deliver in accordance with specifications will be cause for the City of Flint and they may cancel the contract or any part thereof and purchase on the open market, charging any additional cost to the Contractor/Vendor

16) **DISCLAIMER OF CONTRACTUAL RELATIONSHIP:** Nothing contained in these documents shall create any contractual relationship between the City and any Subcontractor or Sub-subcontractor

17) **ERRORS AND OMISSIONS:** Bidder is not permitted to take advantage of any obvious errors or omissions in specifications.

18) **INTERPRETATION:** In the event that any provision contained herein shall be determined by a court of competent jurisdiction or an appropriate administrative tribunal to be contrary to the provision of law or to be unenforceable for any reason, then, to the extent necessary and possible to render the remainder of this Agreement enforceable, such provision may be modified or severed by such court or administrative tribunal having jurisdiction over this Agreement and the interpretation thereof, or the parties hereto, so as to, as nearly as possible, carry out the intention of the parties hereto, considering the purpose of the entire Agreement in relation to such provision.

19) **LAWS AND ORDINANCES:** The bidder shall obey and abide by all of the laws, rules and regulations of the Federal Government, State of Michigan, Genesee County and the City of Flint, applicable to the performance of this agreement, including, but not limited to, labor laws, and laws regulating or applying to public improvement, local government, and its operational requirements.

20) **LOCAL PREFERENCE:** Bidders located within the corporate city limits of Flint, Michigan may be given a seven percent (7%) competitive price advantage Additionally, if the lowest responsible bidder is not located within the limits of the City of Flint, but is located within the County of Genesee, and said bidder does not exceed the bid of the lowest non-local bidder by more than three and one-half percent (3-1/2%), then said lowest Genesee County bidder may be determined to be the lowest responsible bidder, and make the award to such Genesee County bidder accordingly, subject to the approval of the city council

21) **MATERIAL WORKMANSHIP AND STANDARDS OF PERFORMANCE:** The bidder agrees to exercise independent judgment and to complete performance under this Agreement in accordance with sound professional practices. In entering into this Agreement, the City is relying upon the professional reputation, experience, certification and ability of the bidder. The bidder agrees that all of the obligations required by him/her pursuant to this Agreement shall be performed by him/her or by other employed by him/her and working under his/her direction and control. The continued effectiveness of this Agreement during its term or any renewal term shall be contingent, in part, upon the bidder maintaining his operating qualifications in accordance with the requirements of federal, state and local laws. All materials furnished must be new, of latest model and standard first grade quality, or best workmanship and design, unless otherwise expressly specified Bidder, if required, must furnish satisfactory evidence of quality materials; offers of experimental or unproven equipment may be disregarded

22) **MODIFICATIONS/CHANGES/PRICE VARIATIONS:** Any modification to this agreement must be in writing and signed by the authorized employee, officer, board or council representative authorized to make such modifications pursuant to the State law and local ordinances. Commodities subject to market price variation shall be considered on all term agreements subject to a 30-day advance written notification from the vendor. Such notice must be substantiated by a written price change from the manufacturer and shall be required for both price increases and decreases

23) **NON-COLLUSION:** The bidder acknowledges that by signing this document that he/she is duly authorized to make said offer on behalf of the company he/she represents and that said bid is genuine and not sham or collusive and not made in the interests or on behalf of any person not therein named, and that he/she and said bidder have not directly induced or solicited any other person(s) or corporation to refrain from responding to this solicitation and that he/she and said bidder have not in any manner sought by collusion to secure to himself/herself and said bidder any advantage over any other bidder.

24) **NON-DISCRIMINATION:** Pursuant to the requirements of 1976 P.A. 453 (Michigan Civil Rights Act) and 1976 P A. 220 (Michigan Handicapped Rights Act), the local unit and its agent agree not to

discriminate against any employee or applicant for employment with respect to hire, tenure, terms, conditions, or privileges of employment or a matter directly or indirectly related to employment because of race, color, religion, national origin, age, sex, height, weight, marital status or because of a handicap that is unrelated to the person's ability to perform the duties of nondiscrimination provision identical to this provision and binding upon any and all contractors and subcontractors A breach of this covenant shall be regarded as a material breach of this contract.

25) **SUBCONTRACTING:** No subcontract work shall be started prior to the written approval of the subcontractor by the City The City reserves the right to accept or reject any subcontractor.

26) **UNION COMPLIANCE:** Contractor agrees to comply with all regulations and requirements of any national or local union(s) that may have jurisdiction over any of the materials, facilities, services or personnel to be furnished by the City.

27) **WAIVER:** Failure of the City to insist upon strict compliance with any of the terms, covenants or conditions of this Agreement shall not be deemed a waiver of that term, covenant or condition or of any other term, covenant or condition Any waiver or relinquishment of any right or power hereunder at any one or more times shall not be deemed a waiver or relinquishment of that right or power at any other time

28) **PREVAILING WAGE:** If applicable, the successful bidder providing any contractual labor services must comply with all requirements and pay prevailing wages and fringe benefits on this project per the City's Resolution R-12 adopted 4/8/91. The bidder is aware of City of Flint Resolution #R-12 dated April 8, 1991, a copy of which is annexed hereto and incorporated herein, and agrees to abide by all of the applicable covenants and requirements set forth in said resolution. This prevailing wage information is available on the city's website @ www cityofflint.com/purchasing.

29) **CITY INCOME TAX WITHHOLDING:** Contractor and any subcontractor engaged in this contract shall withhold from each payment to his employees the City income tax on all of their compensation subject to tax, after giving effect to exemptions, as follows:

(a) Residents of the City:
At a rate equal to 1% of all compensation paid to the employee who is a resident of the City of Flint

(b) Non-residents:
At a rate equal to 1/2% of the compensation paid to the employee for work done or services performed in the City of Flint

These taxes shall be held in trust and paid over to the City of Flint in accordance with City ordinances and State law Any failure to do so shall constitute a substantial and material breach of this contract.

30) **CONTRACT/PROCUREMENT DOCUMENTS:** The invitation for bids, instructions to bidders, proposal, affidavit, addenda (if any), statement of bidder's qualifications (when required), general conditions, special conditions, performance bond, labor and material payment bond, insurance certificates, (if required), technical specifications, and drawings, together with this agreement, form the contract, and they are as fully a part of the contract as if attached hereto or repeated herein

31) **DISCLAIMER OF CONTRACTUAL RELATIONSHIP WITH SUBCONTRACTORS:** Nothing contained in the Contract Documents shall create any contractual relationship between the City and any Subcontractor or Sub-subcontractor

33) **EFFECTIVE DATE:** Any agreement between the City and the contractor shall be effective upon the date that it is executed by all parties hereto

34) **FORCE MAJEURE:** Neither party shall be responsible for damages or delays caused by Force Majeure nor other events beyond the control of the other party and which could not reasonably have anticipated the control of the other party and which could not reasonably have been anticipated or prevented For purposes of this Agreement, Force Majeure includes, but is not limited to, adverse weather conditions, floods, epidemics, war, riot, strikes, lockouts, and other industrial disturbances, unknown site conditions, accidents, sabotage, fire, and acts of God Should Force Majeure occur, the parties shall mutually agree on the terms and conditions upon which the services may continue.

35) **INDEMNIFICATION:** To the fullest extent permitted by law, Contractor agrees to defend, pay on behalf of, indemnify, and hold harmless the City of Flint, its elected and appointed officials, employees and volunteers and others working on behalf of the City of Flint, including the Project Manager, against any and all claims, demands, suits, or losses, including all costs connected therewith, and for any damages which may be asserted, claimed, or recovered against or from the City of Flint, its elected and appointed officials, employees, volunteers or others working on behalf of the City of Flint, by reason of personal injury, including bodily injury or death and/or property damage, including loss of use thereof, which may arise as a result of Contractor's acts, omissions, faults, and negligence or that of any of his employees, agents, and representatives in connection with the performance of this contract. Should the Contractor fail to indemnify the City in the above-mentioned circumstances, the City may exercise its option to deduct the cost that it incurs from the contract price forthwith

36) **INDEPENDENT CONTRACTOR:** No provision of this contract shall be construed as creating an employer-employee relationship It is hereby expressly understood and agreed that Contractor is an "independent contractor" as that phrase has been defined and interpreted by the courts of the State of Michigan and, as such, Contractor is not entitled to any benefits not otherwise specified herein

37) **NO THIRD-PARTY BENEFICIARY:** No contractor, subcontractor, mechanic, material man, laborer, vendor, or other person dealing with the principal Contractor shall be, nor shall any of them be deemed to be, third-party beneficiaries of this contract, but each such person shall be deemed to have agreed (a) that they shall look to the principal Contractor as their sole source of recovery if not paid, and (b) except as otherwise agreed to by the principal Contractor and any such person in writing, they may not enter any claim or bring any such action against the City under any circumstances. Except as provided by law, or as otherwise agreed to in writing between the City and such person, each such person shall be deemed to have waived in writing all rights to seek redress from the City under any circumstances whatsoever

38) **NON-ASSIGNABILITY:** Contractor shall not assign or transfer any interest in this contract without the prior written consent of the City provided, however, that claims for money due or to become due to Contractor from the City under this contract may be assigned to a bank, trust company, or other financial institution without such approval. Notice of any such assignment or transfer shall be furnished promptly to the City

39) **NON-DISCLOSURE/CONFIDENTIALITY:** Contractor agrees that the documents identified herein as the contract documents are confidential information intended for the sole use of the City and that Contractor will not disclose any such information, or in any other way make such documents public, without the express written approval of the City or the order of the court of appropriate jurisdiction or as required by the laws of the State of Michigan.

40) **RECORDS PROPERTY OF CITY:** All documents, information, reports and the like prepared or generated by Contractor as a result of this contract shall become the sole property of the City of Flint.

41) **SEVERABILITY:** In the event that any provision contained herein shall be determined by a court or administrative tribunal to be contrary to a provision of state or federal law or to be unenforceable for any reason, then, to the extent necessary and possible to render the remainder of this Agreement enforceable, such provision may be modified or severed by such court or administrative tribunal so as

to, as nearly as possible, carry out the intention of the parties hereto, considering the purpose of the entire Agreement in relation to such provision. The invalidation of one or more terms of this contract shall not affect the validity of the remaining terms.

42) **TERMINATION:** This contract may be terminated by either party hereto by submitting a notice of termination to the other party Such notice shall be in writing and shall be effective 30 days from the date it is submitted unless otherwise agreed to by the parties hereto. Contractor, upon receiving such notice and prorated payment upon termination of this contract shall give to the City all pertinent records, data, and information created up to the date of termination to which the City, under the terms of this contract, is entitled.

43) **TIME PERFORMANCE:** Contractor's services shall commence immediately upon receipt of the notice to proceed and shall be carried out forthwith and without reasonable delay.

44) **EVALUATION OF BIDS/PROPOSALS:** In the City's evaluation of bids/proposals, at minimum, cost, serviceability, financial stability, and all requirements set forth in this document shall be considered as selection and award criteria unless otherwise as specified

Koryzno, Edward (Treasury)

From: Koryzno, Edward (Treasury)
Sent: Thursday, November 14, 2013 4:21 PM
To: Gerald Ambrose
Cc: Darnell Earley; Dempkowski, Angela (Treasury) (DempkowskiA@michigan.gov)
Subject: RE: Engineering Services and Water Treatment Plant Equipment

Hi Jerry,

We are aware of your deadline and will every effort to expedite this request.

Ed

Edward B. Koryzno, Jr. | **Administrator - Office of Fiscal Responsibility**
State of Michigan | 430 W. Allegan Street, 1st Floor | Lansing, MI 48922
(517) 373-4415 | (517) 373-0633 (fax)
KoryznoE@michigan.gov

From: Gerald Ambrose [mailto:gambrose@cityofflint.com]
Sent: Thursday, November 14, 2013 2:43 PM
To: Koryzno, Edward (Treasury)
Cc: Darnell Earley
Subject: Engineering Services and Water Treatment Plant Equipment

Hello Ed,

Per our conversation Wednesday, today we submitted for Treasury approval 1) authorization to utilize LAN for engineering services related to upgrading the Water Treatment Plant, and 2) authorization to issue purchase orders for electrical distribution and other equipment equipment related to the upgrade.

Because of the time necessary for construction, delivery, and installation of the equipment, it is critical that we issue purchase orders as quickly as possible. Friday November 15 will assure delivery within the needed time frames.

Anything you can do to expedite the approval of these resolutions will be greatly appreciated.

Thanks and please contact me if you have any questions.

Jerry

3500 (Rev 01-11)

STATE OF MICHIGAN
DEPARTMENT OF TREASURY

RICK SNYDER
GOVERNOR

R. KEVIN CLINTON
STATE TREASURER

DATE: November 15, 2013

TO: Suzanne Schafer, Administrator

FROM: Angelica Zahrt, Auditor

SUBJECT: **MEMO for the City of Flint**

- In 2013, transfers in the amount of $4,077,998 were made.
- Two of the transfers were made from the Sewer and Water Funds, which is concerning since in 2012 the Water Fund had a deficit, and the City is projecting a deficit in the Sewer Fund for 2013. Why is the City making transfers out of funds with deficits?
- Admin fees for employees housed in GF
  Two of the transfers were from the Employee Health Care and the Voluntary Employee Beneficiary Association Funds. These funds typically do not allow for transfers to be made, their purpose is specific. Can the City provide an explanation for why these two funds made transfers to the General Fund? And if the transfers are allowed? VEBA xfr in, then out
- The Public Improvement Fund in 2012 reduced its fund balance by 1.2 million, and now the City would like to use this Fund for debt service payments from the General Fund to Water and Sewer. How is this fund going to sustain with debt service of $835,000 from the General Fund and roughly $800,000 from the General Government?
- NO Can the City clarify if the Water& Sewer loan ($10.8 million) referenced in Attachment #1 has already been "loaned" or if this is on top of the 2012 Advances of $11 million
- NO Attachment #1 shows **Budgeted Appropriations Eliminating $8.1 million for the General Fund.** However if you total the row for the General fund line item- it is actually only $3.1 million and no detail is given for the budget appropriations. Can we get the City to provide specific details on the $3.1 million reductions will be from 2015-2017?
- NO The submitted DEP letter addressed to Harlan Goodrich states that the remaining deficit of $3 million will be eliminated over the next 3 years by committing to expenditure reductions or revenue increases- Will the City be supplying us with a projected multi-year budget showing the $3 million in budget appropriations?
- In addition, the City needs to confirm if the remaining deficit is $3 million or $3.9 million after the proposed W&S "loan. Several documents say $3 million and several say $3.9 million. $3.1

CITY OF FLINT

OFFICE OF THE EMERGENCY MANAGER

Darnell Earley, ICMA-CM, MPA
Emergency Manager

November 21, 2013

Mr. R. Kevin Clinton, State Treasurer
Michigan Department of Treasury
4th Floor Treasury Building
430 West Allegan Street
Lansing, MI 48922

Dear Mr. Clinton:

Attached please find Update 4 for the City of Flint Financial and Operating Plan. This update is submitted by the Emergency Manager for the City of Flint to Governor Rick Snyder, through the Department of Treasury for the State of Michigan, in accordance with Public Act 436, Section 11.

The City of Flint had previously submitted a Financial and Operating Plan under PA 4 and PA 72; the City was not required under PA 436 to submit a new plan. However, with my appointment as Emergency Manager on October 8, 2013, it was appropriate to prepare an update to the current plan.

This report includes a summary of the financial conditions and goals for the City of Flint, the plan to conduct the operations of the City and the on-going actions being taken to resolve the financial emergency. This update will be posted on the City's website: www.cityofflint.com .

Respectfully submitted,

Darnell Earley

Darnell Earley, ICMA-CM, MPA
Emergency Manager

cc: Governor Rick Snyder
W. Workman, Dept. of Treasury
E. Koryzno, Dept. of Treasury
I. Brown, Clerk of the City of Flint

closely and recommendations developed to meet this required activity while containing and reducing costs.

I strongly encourage the State to continue the process of working to consolidate the 67th and 68th District Courts. As of mid-November 2013 a bill which would allow this consolidation to proceed has passed the MI Senate and two versions of the bill approach second reading in the House.

Department of Public Works

Utilities Division

Karegnondi Water Authority (KWA)

In March 2013 both the City Council and EM Kurtz adopted resolutions to enter into a contract with KWA to partner with Genesee County, City of Lapeer, Lapeer County and Sanilac County in the construction of a pipeline to deliver raw water to the City of Flint. This decision followed many months of analysis by the City of Flint, the Genesee County Drain Commissioner's office, and ultimately involved the State Treasurer and Governor Snyder. This conclusion to join KWA is momentous for the City and the entire region. The City looks forward to a safe, reliable water supply through which water costs can be stabilized for the KWA participants.

Immediately after the KWA decision the Detroit Water and Sewer Department (DWSD) notified the City that it will terminate the contract with the City for the delivery of water in 12 months. The City is currently developing its plans to assure water service between April 2014 and the full operation of the KWA pipeline (approximately 36 months after construction begins).

There are many details to be addressed in the implementation of this project including the use of existing pipeline.

Water Department

Upgrades to the City's Water Treatment Plant are required prior to the transition to the KWA water source and any temporary use of the Flint River. KWA water from Lake Huron will be "raw" and will require treatment by the city prior to customer distribution. Engineering work is well underway.

An evaluation is taking place to implement an effective Preventive Maintenance plan which focuses on controlling water loss (leakage). This is expected to involve a combination of outsourcing, in-house work, and shared services with the County.

There are currently no major water main leaks and the crews are now working on the small leaks such as curb boxes, etc.

A plan is being reviewed to replace all water meters in the City. Currently $700,000 has been allocated in FY 14 for that purpose.

Discussions have begun with the Genesee County Drain Commissioner on a wide range of shared services and partnerships for both water and sewer operations.

Sewage Treatment Division
The automation of one of the City's pump stations (which was staffed 24 hrs a day) has been completed. This will result in the elimination of overtime and a savings of over $500,000 annually.

The planned shutdown of the City's incinerator has begun with engineering plans for a new load-out facility and is expected to reach completion in early Spring 2014. The estimated savings from this project is an annual $400,000.

U. S. Department of Environmental Quality S2 Grant
An S2 DEQ grant to study infrastructure condition for water pollution control was accepted. The study was defined to encompass the City's entire sanitary sewer system including the overall collection system, the capacity and condition of the system, potential upgrade recommendations to the lift stations and the pumping stations, and to make recommendations for necessary investments to maintain the system.

Storm Water Management Plan
A draft new storm water ordinance that shifts the cost allocation to the larger users has been developed.

Swedish Biogas International (SBI)
In conjunction with the City of Flint sewage treatment plant shut-down of the sludge incinerator, Swedish Biogas International (SBI) proposes to accept sludge output and produce electricity. The city will agree to purchase the electricity at a reduced rate compared to purchase from Consumer's Energy. The SBI contract has completed the City's review process and is now awaiting SBI's Board of Directors' authorization.

Transportation Division
Solid Waste Management Division
In early February 2013, the Infrastructure Department signed a contract with Republic Services, a private waste collection company. The City of Flint no longer collects or disposes of household waste. Through this new contract, residents city-wide now have access to curb-side recycling. It is expected that the fee for waste collection service will continue to be billed and collected by the City.

Outsourcing of Sanitation is complete and the process of establishing city composting is underway with a permit application to DEQ submitted and a site plan of action being prepared for the EPA.

Street Maintenance and Engineering
Discussions have started with the County Road Commissioner on possible shared services.

Both road paving and engineering are seasonal activities and these are at ever decreasing levels. These are under review as areas to downsize or eliminate. Consideration is being given to developing service sharing arrangements or creating the ability to source on an as needed basis. Only crack sealing and pothole repair was conducted this season; no repaving of any City streets occurred.

Facilities Management
A private company held an on-line auction in January 2013 to dispose of surplus equipment from a variety of departments in the City. This one day auction netted \$130,000. A second auction was held in May 2013 which netted an additional \$250,000. An auction at the impound lot was held in June 2013, netting over \$30,000 for the City.

The Facilities manager is reviewing all city owned assets (both real property and capital equipment) to determine if disposal should be pursued.

All city owned facilities are under review for energy savings, revenue generation from tenants, or possible liquidation.

Parks and Recreation
The City contracted with two vendors who have the capacity to mow all of the city parks (64) multiple times at a rate that fits the current millage. The City also actively sought neighborhood groups and organizations who would adopt one or more of the City's parks, traffic triangles or medians. The current Parks millage generates enough money for reduced parks mowing and limited tree removal where property has been damaged or streets are blocked.

Golf Courses
All four of the city's golf courses were leased to private organizations. Two courses were operational summer 2012 and both reopened for the summer of 2013.

Senior Centers
The Pierce Senior Center closed on April 30, 2012 as funding was no longer available. The City of Flint continued to explore its options with the two open Senior Centers: Brennen and Hasselbring. In June 2013 contracts were successfully negotiated with United Senior Network for the operation and sale of

Cline, Richard (Treasury)

From:	Cline, Richard (Treasury)
Sent:	Thursday, November 21, 2013 10:05 AM
To:	Dempkowski, Angela (Treasury)
Cc:	Byrne, Randall (Treasury)
Subject:	FW: Two Resolutions for Approval: EME0412013 and EME0422013
Attachments:	EME0412013.PDF; EME0422013.PDF
Categories:	Orange Category

Angela,

I have received clarification (below0 from the City regarding my questions. After review, I am recommending approval of these resolutions.

If there are questions, please let me know.

1. EME0412013 - Resolution to Wachs Valve nd Hydrant Services for Year One of a Three Year Valve Exercising/Maintenance Agreement - $$60,000.00 (Water Fund)

The City of Flint has approximately 20,000 valves ranging in size from 4" to 54" in its distribution system. Obviously we won't get all 20,000 valves exercised for $60,000. The COF as it moves forward with its required asset management plan must have all valves inventoried and located as part of that program We should also know how/if they function properly/at all The goal is to use the first $60,000 to address as many of the transmission main valves as we can in the COF which would be 16" and larger. It is not expecting to get a huge number of them done as most will be time consuming.

2. EME0422013 - Resolution to HD Supply Waterwork for Water and Sewer Distribution Parts - $200,000.00 (Sewer Fund, Water Fund)

The Purchasing Department assembled a bid that included every size of gate valves, catch basins (along with grates, various rings, risers, and covers that are parts for catch basins), and fire hydrants (along with different sizes of extensions). These parts represent an inventory of items that are used during the course of the fiscal year by the City's Water Service Division The Division is requesting a blanket purchase order to be issued to purchase these types of parts that will not exceed their approved budget of $200,000. When the bids were received, the City reviewed the prices and is seeking approval to award the request to the vendor who submitted the lowest unit price for the items that were requested.

Eric Cline | Unit Operations Specialist - Office of Fiscal Responsibility
State of Michigan | Michigan Department of Treasury
430 W. Allegan Street, 3rd Floor | Lansing, MI 48922
(517) 335-2078 | cliner1@michigan.gov

From: Dempkowski, Angela (Treasury)
Sent: Friday, November 15, 2013 12:58 PM

13-5430

(Proposal #848)

EM SUBMISSION NO.: EME0412013

PRESENTED: 11-8-13

ADOPTED: ____________

BY THE EMERGENCY MANAGER:

RESOLUTION TO WACHS VALVE AND HYDRANT SERVICES FOR YR.(1) OF A THREE YEAR VALVE EXERCSING/MAINTENANCE AGREEMENT

BY THE EMERGENCY MANAGER

RESOLUTION

The Department of Purchases and Supplies has solicited proposals for a three (3) year water main valve exercising/maintenance services agreement as requested by the Utilities Division Water Service Center, and

Wachs Valve and Hydrant Services, 801 Asbury Drive, Buffalo grove, Illinois 60089 was the lowest responsive proposer for these requirements. Funding will come from the following account number: 591-540.100-801.000; and

IT IS RESOLVED, that the appropriate city officials, upon the Emergency Manager's approval, are hereby authorized to enter into a contract with Wachs Valve and Hydrant Services for the first year of a three (3) year water main valve exercising/maintenance services agreement in the amount of $60,000.00 (Water Fund)

APPROVED-PURCHASING DEPT:

Derrick F. Jones, Purchasing Manager

APPROVED AS TO FINANCE:

Gerald Ambrose, Finance Director

For

APPROVED AS TO FORM:

Peter M. Bade, City Attorney

EM DISPOSITION:

ENACT ________ REFER TO COUNCIL ________ FAIL ________

____________________ DATED: ____________

Darnell Earley, Emergency Manager

11/04/13 - BDB

PROPOSAL #848

Three (3) Yr. Water Main Valve Exercising/Maintenance Services

Bidders:

- M.E. Simpson Co., Inc. 3450 Valpraiso Ave. Valpraiso, IN 46383
- Utility Service Co. 1230 Peachtree St. NE, Suite 1100 Promenade Atlanta, GA 30309
- Mueller Service Co. 2004 Wood Court Ste C Plant City, FL 33563
- Joe Raica Excavating Inc. 3840 Nicholson Rd. Fowlerville, MI 48836
- Wachs Valve and Hydrant Sevices 801 Asbury Dr. Buffalo Grove, IL 60089

1. Valve assessment, exercising, and GPS mapping:
Full valve services including: locate, clean out, inspect, exercise, document and GPS Mapping. All Spins free valves will be charged at the price for the size of the valve and the valve will be operated 500 turns in each direction and documented in the data base as a spins free.

Valve Size	Year 1	Year 2	Year 3
6"	/ea.	/ea.	/ea.
8"	/ea.	/ea.	/ea.
12"	/ea	/ea.	/ea.
16"	/ea.	/ea.	/ea.
18"	/ea.	/ea	/ea.
20"	/ea.	/ea.	/ea.
24"	/ea.	/ea.	/ea.
30"	/ea.	/ea.	/ea.
36"	/ea.	/ea.	/ea.
42"	/ea.	/ea.	/ea.
Minor Repairs	Time and Material Rate:		

Valve Size	M.E. Simpson Year 1	Year 2	Year 3	Utility Service Year 1	Year 2	Year 3
6"	$69.00	$70.00	$72.00	$51.00	$52.00	$54.00
8"	$69.00	$70.00	$72.00	$51.00	$52.00	$54.00
12"	$99.00	$100.00	$105.00	$51.00	$52.00	$54.00
16"	$178.00	$180.00	$185.00	$51.00	$52.00	$54.00
18"	$178.00	$180.00	$185.00	$76.00	$76.00	$80.00
20"	$230.00	$240.00	$245.00	$76.00	$76.00	$80.00
24"	$230.00	$240.00	$245.00	$360.00	$369.00	$376.00
30"	$270.00	$280.00	$245.00	$500.00	$512.00	$525.00
36"	$279.00	$280.00	$285.00	$500.00	$512.00	$525.00
42"	$359.00	$360.00	$285.00	$500.00	$512.00	$520.00
Minor Repairs	$280.00			$		

Valve Size	Mueller Year 1	Year 2	Year 3	Joe Raica Year 1	Year 2	Year 3	Wachs Year 1	Year 2	Year 3
6"	$81.40	$81.40	$81.40	$65.00	$68.00	$71.00	$46.00	$48.00	$48.00
8"	$85.54	$85.84	$85.84	$65.00	$68.00	$71.00	$51.00	$51.00	$51.00
12"	$91.78	$91.78	$91.78	$65.00	$68.00	$71.00	$54.00	$54.00	$54.00
16"	$111.00	$111.00	$111.00	$85.00	$90.00	$95.00	$69.00	$69.00	$69.00
18"	$126.60	$126.60	$126.60	$85.00	$90.00	$95.00	$69.00	$69.00	$69.00
20"	$170.20	$170.20	$170.20	$95.00	$100.00	$105.00	$74.00	$78.00	$78.00
24"	$177.80	$177.80	$177.80	$101.00	$106.00	$111.00	$80.00	$80.00	$80.00
30"	$238.60	$238.60	$238.60	$101.00	$106.00	$111.00	$90.00	$90.00	$90.00
36"	$370.00	$370.00	$370.00	$101.00	$106.00	$111.00	$110.00	$110.00	$110.00
42"	$466.20	$466.20	$466.20	$101.00	$106.00	$111.00	$115.00	$115.00	$115.00
Minor Repairs	$200.00			$			$225.00		

2. All inoperable valves including rounded or missing op nuts, misaligned boxes, buried valves, paved over valves and cannot locate valves (except for spins free valves) will be documented as such on a work order and billed as follows. Repairable valves will be noted on a work order and an estimate may be requested. (If the valve cannot be located after searching for fifteen minutes, the valve will be labeled "cannot locate")

	M.E. Simpson	Utility Service	Mueller	Joe Raica	Wachs
Year 1 $____/valve	$70.00	$51.00	$85.00	$35.00	$35.00
Year 2 $____/valve	$70.00	$51.00	$85.00	$38.00	$38.00
Year 3 $____/valve	$70.00	$51.00	$85.00	$44.00	$38.00

13-5431

(Bid No. 001400032)

EM SUBMISSION NO.: EME04222013

PRESENTED: 11-8-13

ADOPTED: ______________________

BY THE EMERGENCY MANAGER:

RESOLUTION TO HD SUPPLY WATERWORK FOR WATER AND SEWER DISTRIBUTION PARTS

BY THE EMERGENCY MANAGER

RESOLUTION

The Department of Purchases and Supplies has solicited a bid for water and sewer distribution parts as requested by the Utilities Department/Water Service Center; and

HD Supply Waterwork, 4910 Dewitt Rd., Canton, MI was the lowest responsive vendor to submit a response from five solicitations for said requirements. The funding for this purchase will come from the following account numbers: 590-560.208-726.000 ($100,000), 591-540.202-726.000 ($100,000); and

IT IS RESOLVED, that the Department of Purchases and Supplies, upon the Emergency Manager's approval, is hereby authorized to issue a purchase order to HD Supply Waterwork for water and sewer distribution parts in an amount not to exceed $200,000.00. (Sewer Fund, Water Fund)

APPROVED-PURCHASING DEPT:

Derrick Jones, Purchasing Manager

APPROVED AS TO FINANCE:

Gerald Ambrose, Finance Director

APPROVED AS TO FORM:

for

Peter M. Bade, City Attorney

\EFM DISPOSITION:

ENACT ________ REFER TO COUNCIL ________ FAIL ________

______________________________ DATED: ______________

Darnell Earley, Emergency Manager

071013-DFJ

SEALED BIDS RECEIVED PURCHASING DEPARTMENT ON JUNE 19, 2013
WATER & SEWER DISTRIBUTION PARTS
BID # 14-032

Hd Supply Water Work 4901 Dewitt Rd. Canton, MI	EJ USA, Inc. 301 Spring St. East Jordan, MI
Total	Total
$17,166.93	$18,489.96

Cost listed above represent total unit price/per item as listed in the solicitation