

Byrne, Randall (Treasury)

From: Koryzno, Edward (Treasury)
Sent: Wednesday, March 05, 2014 9:18 PM
To: Byrne, Randall (Treasury)
Cc: Workman, Wayne (TREASURY)
Subject: Fwd: Consent Order re lime disposal - Flint WTP

Randy,

Have Drew or Eric contact Mr. Craig to determine what the status of this issue is and what we can do to move it along.

Ed

Sent from my iPad

Begin forwarded message:

From: Gerald Ambrose <gambrose@cityofflint.com>
Date: March 5, 2014, 6:16:33 PM EST
To: "Workman, Wayne (TREASURY)" <WorkmanW@michigan.gov>, "Koryzno, Edward (Treasury)" <KoryznoE@michigan.gov>
Cc: Darnell Earley <dearley@cityofflint.com>
Subject: Consent Order re lime disposal - Flint WTP

Wayne and Ed,

John Craig in Enforcement at DEQ is the contact.

Thanks for any help you can give.

KWA has rating agency calls scheduled for Friday AM.

Jerry

Cline, Richard (Treasury)

From: Cline, Richard (Treasury)
Sent: Thursday, March 06, 2014 10:28 AM
To: Dempkowski, Angela (Treasury)
Cc: Byrne, Randall (Treasury)
Subject: RE: One Resolution for Approval EME1792014

Angela,

FYI. I am holding on this.

I cannot determine if this project was bid or if this is a sole source expenditure.

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

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From: Dempkowski, Angela (Treasury)
Sent: Thursday, March 06, 2014 9:16 AM
To: Cline, Richard (Treasury)
Subject: FW: One Resolution for Approval EME1792014

Angela Dempkowski
Senior Executive Management Assistant
Michigan Department of Treasury
dempkowskia@michigan.gov
(517) 373-4415

From: Maxine Murray [<mailto:mmurray@cityoffilint.com>]
Sent: Thursday, March 06, 2014 9:00 AM
To: Dempkowski, Angela (Treasury)
Subject: One Resolution for Approval EME1792014

Angela,

We are submitting the following resolution for State approval:

EME1792014 - Resolution to Metron-Farnier for Residential Water Meters - \$199,645.00 (Water Fund, Sewer Fund)

Please see attached.

14-5041

(Bid #14-095)

EM SUBMISSION NO.: EME1792014

PRESENTED: 2-28-14

ADOPTED: _____

BY THE EMERGENCY MANAGER:

RESOLUTION TO METRON-FARNIER FOR RESIDENTIAL WATER METERS

BY THE EMERGENCY MANAGER

RESOLUTION

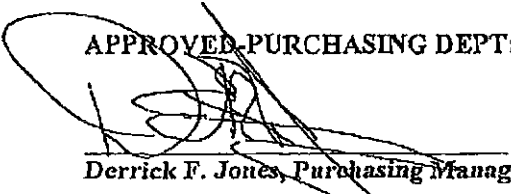
The Utilities/Water Service Center has estimated the need to purchase 1,065 each 5/8" residential water meters to process requests for water turn-ons and to replace non-functioning older meters through the remainder of the fiscal year budget, and

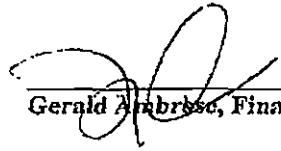
Metron-Farnier, LLC, 5661 Airport Blvd., Suite B, Boulder, Colorado is the manufacturer of said 5/8" residential composite water meters that are supported by the city's automated meter reading system. Funding will come from the following account numbers 591-540.200-726.000 (\$89,840.25), 590-540.207-726.000 (\$109,804.75); 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 Metron-Farnier, LLC for purchase of 1,065 each 5/8" residential water meters in the amount of \$199,645.00. (Water Fund, Sewer Fund)

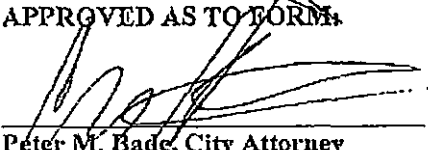
APPROVED-PURCHASING DEPT:

APPROVED AS TO FINANCE:


Derrick F. Jones, Purchasing Manager


Gerald Ambrose, Finance Director

APPROVED AS TO FORM:


Peter M. Bade, City Attorney

EM DISPOSITION:

ENACT _____ REFER TO COUNCIL _____ FAIL _____

Darnell Earley, Emergency Manager

DATED: _____

02/24/14- BDB

RESOLUTION STAFF REVIEW

DATE: 1-25-14

Agenda Item Title: Water Meters

Prepared By: Cheri Priest, WSC Support Technician

Background/Summary of Proposed Action: The Water Service Center is requesting the purchase of 1065 5/8" residential water meters. The WSC meter stock is currently depleted with very limited stock on hand. Unfortunately, without meters, the City is unable to process water turn-ons or any other order that requires a meter to be set or changed.

Financial Implications: Adequate funding exists in the below listed accounts

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

Account No.: 590-540.207-726-000 \$109,804.75
591-540.200-726-000 \$ 89,840.25

Pre-encumbered? Yes ☒ No ☐ Requisition # 140000039

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

Staff Recommendation: Recommend Approval

Staff Person: Robert Burch
(Dept Head or other authorized staff)

Cline, Richard (Treasury)

From: Cline, Richard (Treasury)
Sent: Thursday, March 06, 2014 10:31 AM
To: mmurray@cityoffint.com
Cc: Dempkowski, Angela (Treasury)
Subject: FW: One Resolution for Approval EME1792014
Attachments: EME1792014.PDF

Tracking:	Recipient	Delivery
	mmurray@cityoffint.com	
	Dempkowski, Angela (Treasury)	Delivered: 3/6/2014 10:31 AM

Maxine,

Good morning.

I have a question on this specific resolution. Was this project bid and Metron-Farnier is the winning bid?

I am unclear if they are the winning bid or if they are a sole source provider of these water meters. I want to ensure that other providers have been examined.

Please clarify.

Thank you.

Regards,

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

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From: Dempkowski, Angela (Treasury)
Sent: Thursday, March 06, 2014 9:16 AM
To: Cline, Richard (Treasury)
Subject: FW: One Resolution for Approval EME1792014

Angela Dempkowski
Senior Executive Management Assistant
Michigan Department of Treasury
dempkowskia@michigan.gov
(517) 373-4415

	Debit	Credit	Debit	Credit	Debit Reduction	12,895,642	Comments
FY 2014							
General Fund #101			Neighborhood Policing #207				
Due to Other Funds	142,183		Cash	142,183			
Cash		142,183	Due from Other Funds	142,183			
General Fund #101			Fringe Benefits #627				
Due to Other Funds	1,500,000		Debt Forgiveness (Exp)	1,500,000	1,500,000	11,795,642	Debt Forgiveness
Debt Forgiveness (Rev)		1,500,000	Due from Other Funds	1,500,000			
General Fund #101			Data Processing #586				
Due to Other Funds	500,000		Debt Forgiveness (Exp)	500,000	500,000	10,895,642	Debt Forgiveness
Debt Forgiveness (Rev)		500,000	Due from Other Funds	500,000			
General Fund #101			Building Department #542				
Due to Other Funds	110,000		Debt Forgiveness (Exp)	110,000	110,000	10,795,642	Debt Forgiveness
Debt Forgiveness (Rev)		110,000	Due from Other Funds	110,000			
FY 2014							
General Fund #101			Water Fund #521				
Cash	1,000,000		Cash	1,000,000			
Expenditures		53,548,116	Advance to Other Funds	1,000,000	0	9,795,642	Budget revenues over expenditures by 1,000,000
Revenue							
General Fund #101			Public Improvement #402				
Advance from Other Funds	1,000,000		Transfer to Other Funds	800,000	800,000	6,195,642	Transfer
Cash		800,000	Cash	800,000			
General Fund #101			Sewage Disposal Division #590				
Advance from Other Funds	800,000		Advance to Other Funds	800,000	0	5,395,642	Only BS accounts impacted, does not change deficit. (not included in DEP as reducing deficit)
Cash		800,000					
FY 2015							
General Fund #101							
Cash	1,000,000						
Expenditures		53,548,116					
Revenue							
General Fund #101			Public Improvement #402				
Cash	800,000		Transfer to Other Funds	800,000	800,000	7,195,642	Transfer
Transfer from Other Funds		800,000	Cash	800,000			
General Fund #101			Sewage Disposal Division #590				
Advance from Other Funds	800,000		Advance to Other Funds	800,000	0	7,195,642	Only BS accounts impacted, does not change deficit. (not included in DEP as reducing deficit)
Cash		800,000					
FY 2016							
General Fund #101							
Cash	1,000,000						
Expenditures		53,548,116					
Revenue							
General Fund #101			Public Improvement #402				
Cash	800,000		Transfer to Other Funds	800,000	800,000	5,395,642	Transfer
Transfer from Other Funds		800,000	Cash	800,000			
General Fund #101			Sewage Disposal Division #590				
Advance from Other Funds	800,000		Advance to Other Funds	800,000	0	5,395,642	Only BS accounts impacted, does not change deficit. (not included in DEP as reducing deficit)
Cash		800,000					
FY 2017							
General Fund #101							
Cash	1,000,000						
Expenditures		53,548,116					
Revenue							
General Fund #101			Public Improvement #402				
Cash	800,000		Transfer to Other Funds	800,000	800,000	3,595,642	Transfer
Transfer from Other Funds		800,000	Cash	800,000			
General Fund #101			Sewage Disposal Division #590				
Advance from Other Funds	800,000		Advance to Other Funds	800,000	0	3,595,642	Only BS accounts impacted, does not change deficit. (not included in DEP as reducing deficit)
Cash		800,000					
FY 2018							
General Fund #101							
Cash	1,000,000						
Expenditures		53,548,116					
Revenue							
General Fund #101			Public Improvement #402				
Cash	800,000		Transfer to Other Funds	800,000	800,000	1,795,642	Transfer
Transfer from Other Funds		800,000	Cash	800,000			
General Fund #101			Sewage Disposal Division #590				
Advance from Other Funds	800,000		Advance to Other Funds	800,000	0	1,795,642	Only BS accounts impacted, does not change deficit. (not included in DEP as reducing deficit)
Cash		800,000					
FY 2019							
General Fund #101							
Cash	1,000,000						
Expenditures		53,548,116					
Revenue							
General Fund #101			Public Improvement #402				
Cash	800,000		Transfer to Other Funds	800,000	800,000	(4,358)	Transfer
Transfer from Other Funds		800,000	Cash	800,000			
General Fund #101			Sewage Disposal Division #590				
Advance from Other Funds	800,000		Advance to Other Funds	800,000	0	(4,358)	Only BS accounts impacted, does not change deficit. (not included in DEP as reducing deficit)
Cash		800,000					

Unassigned Fund Balances
 26,300,000
 → shown about future capital projects now?

→ repay sewer

Byrne, Randall (Treasury)

From: Gerald Ambrose <gambrose@cityofflint.com>
Sent: Thursday, March 06, 2014 3:55 PM
To: Cline, Richard (Treasury)
Cc: Byrne, Randall (Treasury); Koryzno, Edward (Treasury); Dempkowski, Angela (Treasury); Darnell Earley
Subject: Re: DEQ Consent Order - Flint WTP

Richard,

Thanks so much for taking the time to contact DEQ!

Jerry

On Thu, Mar 6, 2014 at 3:08 PM, Cline, Richard (Treasury) <cliner1@michigan.gov> wrote:
All:

I spoke with Mr. Craig at the DEQ and he was working on the current version of the Consent Order when I called.

Mr. Craig indicated that the order is intended to temporarily reopen the lime disposal area so the WTP upgrades can go forward. In the future the area would be evaluated for clean-up or capping (or other measures after an environmental assessment occurs).

Mr. Craig stated that he hopes to send his comments back to the City's attorney at Werner, Norcross & Judd either tomorrow or Monday.

I requested periodic updates on the status of this project but if anyone wishes any follow-up, please let me know.

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

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CITY OF FLINT
OFFICE OF THE EMERGENCY MANAGER



Darnell Earley, ICMA-CM, MPA
Emergency Manager

ELECTRONIC COMMUNICATION

March 7, 2014

Ms. Sue McCormick
Detroit Water and Sewer Department
Detroit, Michigan

RE: DWSD Water Rates

Dear Ms. McCormick:

Thank you for the correspondence dated February 12, 2014 which provides Flint with the option of continuing to purchase water from DWSD following the termination of the current contract as of April 17, 2014.

Following DWSD's April 17, 2013 notice of termination of the water service contract between the City of Flint and DWSD, the City of Flint has actively pursued using the Flint River as a temporary water source while the KWA pipeline is being constructed. We expect that the Flint Water Treatment Plant will be fully operational and capable of treating Flint River water prior to the date of termination. In that case, there will be no need for Flint to continue purchasing water to serve its residents and businesses after April 17, 2014.

We are aware that Genesee County has been in negotiations with DWSD to purchase water from DWSD following the termination of our contract, and we understand that an agreement may be imminent. Should that occur, there would be no further need for the City to discuss with DWSD any continuing purchase of water. Should that not occur, however, we would be interested, if Genesee County were to so request, to purchase water from DWSD for some period of time. In such an event, our demand for water would be only for the amount necessary to provide Genesee County with water. That amount would be approximately half of the amount Flint is currently purchasing from DWSD.

Ms. Sue McCormick

March 7, 2014

Page 2

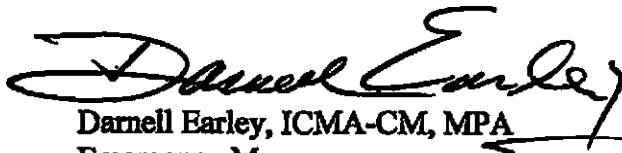
However, in the very unlikely event that the City of Flint is not able to draw water from the Flint River no later than April 17, 2014, then the City would like the option of continuing to purchase water from DWSD for a period of time, up to the time water is available from KWA.

Consequently, I am requesting that you clarify your proposal for the City of Flint to continue purchasing water from DWSD under the following scenarios:

- Flint, upon the request of Genesee County, purchases water for sale to Genesee County for up to 3 years, beginning April 17, 2014, in an amount approximately 50% of the volume currently purchased by the City;
- Flint purchases water from DWSD in approximately the same volume as currently, for up to 3 years, beginning April 17, 2014, with the ability to reduce that volume by up to 50% during that period, upon 30 days notice to DWSD
- Flint purchases water from DWSD in approximately the same volume as currently, for up to 3 years, beginning April 17, 2014, with the ability to reduce that volume by up to 50% during that period, upon 30 days notice to DWSD, and further, to terminate the reduced volume purchase should Genesee County and DWSD reach an agreement whereby Genesee County directly purchases water from DWSD.

Thank you and please contact me if you have any questions. I look forward to your response.

Sincerely,



Darnell Earley, ICMA-CM, MPA
Emergency Manager
City of Flint

Koryzno, Edward (Treasury)

From: Cline, Richard (Treasury)
Sent: Monday, March 10, 2014 1:12 PM
To: Koryzno, Edward (Treasury); Byrne, Randall (Treasury)
Cc: Dempkowski, Angela (Treasury)
Subject: FW: City of Flint

FYI.

Here is the current status on KWA, as sent by the DEQ.

I will keep you posted as I receive information.

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

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From: Craig, John (DEQ)
Sent: Friday, March 07, 2014 5:13 PM
To: Cline, Richard (Treasury)
Cc: Feighner, Bryce (DEQ); Shekter Smith, Liane (DEQ)
Subject: City of Flint

Mr. Cline,

This is to let you know that we just send the revised draft consent order regarding the City's Bray Road site to Mr. Michael Robinson, Warner Norcross & Judd. As I discussed with you earlier this week, Mr. Robinson is representing the City regarding its Safe Drinking Water Act permit and the environmental issues at the Bray Road site – the site the City intends to use to manage the residuals from its water treatment plant as it moves forward to use the Flint River as source water for the treatment plant. I expect that Mr. Robinson will be contacting the Department of Environmental Quality staff that he has been working with to schedule a meeting to discuss the draft document.

If you require any information regarding the progress of the discussions between the City and DEQ, please do not hesitate to contact me.

Sincerely,

John

John Craig, Chief,
Enforcement Section*
Office of Waste Management and Radiological Protection
Department of Environmental Quality
Constitution Hall
525 W. Allegan Street
P.O. Box 30241
Lansing, MI 48909
☎ Phone: 517-284-6546 | 📠 Facsimile: 517-373-4797 | Internet: www.michigan.gov/deq

Cline, Richard (Treasury)

From: Cline, Richard (Treasury)
Sent: Tuesday, March 11, 2014 8:47 AM
To: Dempkowski, Angela (Treasury)
Cc: Byrne, Randall (Treasury)
Subject: FW: One Resolution for Approval EME1792014
Attachments: EME1792014.PDF

Categories: Orange Category

Angela,

I have received a reply from Flint regarding the following resolution:

EME1792014 - Resolution to Metron-Farnier for Residential Water Meters - \$199,645.00 (Water Fund, Sewer Fund)

It appears that the quoted price for these meters was bid out and this price was the lowest bid and this cost has been continued by the vendor for a while.

As such, I am recommending approval of this resolution.

Please note that I have also been informed that the City's supply of spare meters is currently exhausted, so they are requesting prompt attention to this resolution.

If there are further questions, please let me know.

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

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Good morning Mr. Cline,

Please see the requested clarification below from Mr. Jones.

Thank you.

Maxine

----- Forwarded message -----

From: Derrick Jones <djones@cityofflint.com>
Date: Mon, Mar 10, 2014 at 9:33 AM

Subject: Re: FW: One Resolution for Approval EME1792014
To: Maxine Murray <mmurray@cityofflint.com>

Good Morning Max;
Please see the explanation below concerning the resolution in question:

The City of Flint has nearly 35,000 water meters, in which approximately 30% of these meters are well past their expected life cycle. The City solicited a proposal in 2009 to determine the most feasible and cost effective solution for replacing meters, while retaining our current water meter remote reading system. The City also must obtain meters that adhere to the NSF/ANSI Standard 61 that require meters with no lead while continuing to be compatible to our system. After reviewing the proposal it was determined that the City would continue to purchase meters from the lowest price vendor, Metron. The product is compatible with our current remote reading system and adheres to the aforementioned standard.

The City is requesting to replenish the stock of meters and it is not feasible to change meters when the inventory is depleted, therefore, Metron the sole provider for our requirements.

Please let me know if Mr. Cline needs additional information.

On Thu, Mar 6, 2014 at 2:10 PM, Maxine Murray <mmurray@cityofflint.com> wrote:
Derrick,

Please see below from Mr. Cline regarding EME1792014.

--
Maxine Murray
Executive Assistant to
Mayor Dayne Walling
Damell Earley, Emergency Manager
1101 S. Saginaw Street
Flint, MI 48502
810.237.2035 Telephone
810.766.7218 Fax

From: Dempkowski, Angela (Treasury)
Sent: Thursday, March 06, 2014 9:16 AM
To: Cline, Richard (Treasury)
Subject: FW: One Resolution for Approval EME1792014

Angela Dempkowski
Senior Executive Management Assistant
Michigan Department of Treasury
dempkowskia@michigan.gov
(517) 373-4415

From: Maxine Murray [<mailto:mmurray@cityofflint.com>]
Sent: Thursday, March 06, 2014 9:00 AM
To: Dempkowski, Angela (Treasury)
Subject: One Resolution for Approval EME1792014

Angela,

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EME1792014 - Resolution to Metron-Farnier for Residential Water Meters - \$199,645.00 (Water Fund, Sewer Fund)

Please see attached.

Thank you.

--
Maxine Murray
Executive Assistant to
Mayor Dayne Walling
Darnell Earley, Emergency Manager
1101 S. Saginaw Street
Flint, MI 48502
810.237.2035 Telephone
810.766.7218 Fax

14-5041

(Bid #14-095)

EM SUBMISSION NO.: EME1792014

PRESENTED: 2-28-14

ADOPTED: _____

BY THE EMERGENCY MANAGER:

RESOLUTION TO METRON-FARNIER FOR RESIDENTIAL WATER METERS

BY THE EMERGENCY MANAGER

RESOLUTION

The Utilities/Water Service Center has estimated the need to purchase 1,065 each 5/8" residential water meters to process requests for water turn-ons and to replace non-functioning older meters through the remainder of the fiscal year budget, and

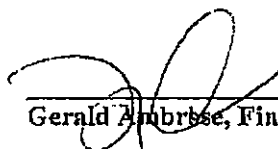
Metron-Farnier, LLC, 5661 Airport Blvd., Suite B, Boulder, Colorado is the manufacturer of said 5/8" residential composite water meters that are supported by the city's automated meter reading system. Funding will come from the following account numbers 591-540.200-726.000 (\$89,840.25), 590-540.207-726.000 (\$109,804.75); 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 Metron-Farnier, LLC for purchase of 1,065 each 5/8" residential water meters in the amount of \$199,645.00. (Water Fund, Sewer Fund)

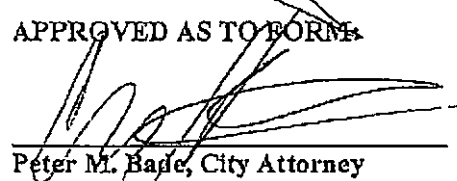
APPROVED-PURCHASING DEPT:

APPROVED AS TO FINANCE:


Derrick F. Jones, Purchasing Manager


Gerald Ambrose, Finance Director

APPROVED AS TO FORM:


Peter M. Bade, City Attorney

EM DISPOSITION:

ENACT _____ REFER TO COUNCIL _____ FAIL _____

Darnell Earley, Emergency Manager

DATED: _____

02/24/14- BDB

RESOLUTION STAFF REVIEW

DATE: 1-25-14

Agenda Item Title: Water Meters

Prepared By: Cheri Priest, WSC Support Technician

Background/Summary of Proposed Action: The Water Service Center is requesting the purchase of 1065 5/8" residential water meters. The WSC meter stock is currently depleted with very limited stock on hand. Unfortunately, without meters, the City is unable to process water turn-ons or any other order that requires a meter to be set or changed.

Financial Implications: Adequate funding exists in the below listed accounts

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

Account No.: 590-540.207-726-000 \$109,804.75
591-540.200-726-000 \$ 89,840.25

Pre-encumbered? Yes ☒ No ☐ Requisition # 140000039

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

Staff Recommendation: Recommend Approval

Staff Person: Robert Burch
(Dept Head or other authorized staff)

Goodrich, Harlan G. (Treasury)

From: Goodrich, Harlan G. (Treasury)
Sent: Friday, March 14, 2014 10:41 AM
To: Schafer, Suzanne K. (Treasury)
Cc: Zahrt, Angelica (Treasury); Schwartz, Jeffrey (Treasury)
Subject: RE: Fund Names, Flint DEP/RAP

Suzanne,

Our comments regarding the Flint DEP are as follows:

1. Item #1 for \$142,183 repayment of loan, while not necessarily a bad thing, doesn't reduce the deficit (only impacts balance sheet).
2. Item #2 for \$2,110,000 loan forgiveness – we're okay here.
3. Item #3 for \$1,000,000, do we want copy of future budgets showing revenue > expenditures by \$1,000,000? We think this will be okay.
4. Item #3 for \$800,000, we can't confirm what they're doing here based on their explanation. We think we know what they want to do (transfer from other fund to general fund), but need to confirm – will probably be okay.
5. FY19 shows \$843,459 budget surplus instead of \$1,000,000. Looks like this is a plug to get accumulated deficit to \$0. Should confirm it's still \$1,000,000, and will be transferred to sewer fund.

I will provide details of the above when needed.

Harlan

From: Schafer, Suzanne K. (Treasury)
Sent: Monday, March 10, 2014 11:28 AM
To: Goodrich, Harlan G. (Treasury)
Subject: FW: Fund Names, Flint DEP/RAP

This will help with the review of the DEP.

From: Gerald Ambrose [<mailto:gambrose@cityofflint.com>]
Sent: Monday, March 10, 2014 10:59 AM
To: Schafer, Suzanne K. (Treasury)
Cc: Antonio Brown
Subject: Fund Names, Flint DEP/RAP

Hi Suzanne,

Attached please find the fund names referenced in the draft DEP/RAP. When we get to finalizing the document, we can include the names if that is more appropriate.

Thanks for the quick review and please contact me if you have any other questions or comments.

Jerry

Byrne, Randall (Treasury)

From: Workman, Wayne (TREASURY)
Sent: Tuesday, March 18, 2014 10:49 AM
To: Dempkowski, Angela (Treasury); Koryzno, Edward (Treasury); Byrne, Randall (Treasury)
Cc: Cline, Richard (Treasury)
Subject: FW: One Resolution for Approval - EME1982014
Attachments: EME1982014.PDF

Given our conversation today about who approves what can we put the reference in each approval under PA 436 or the EM contract as to who can approve each transaction?

Wayne Workman | Deputy State Treasurer
State of Michigan | 430 W Allegan Street | Lansing, MI 48922

From: Dempkowski, Angela (Treasury)
Sent: Tuesday, March 18, 2014 10:33 AM
To: Workman, Wayne (TREASURY)
Subject: FW: One Resolution for Approval - EME1982014

Please approve.

Angela Dempkowski
Senior Executive Management Assistant
Michigan Department of Treasury
dempkowskia@michigan.gov
(517) 373-4415

From: Cline, Richard (Treasury)
Sent: Tuesday, March 18, 2014 10:24 AM
To: Dempkowski, Angela (Treasury)
Cc: Byrne, Randall (Treasury)
Subject: FW: One Resolution for Approval - EME1982014

Angela,

I have reviewed the following resolution:

EME1982014 - Resolution to Zito Construction for Initial Watermain Cut-In @ the Water Plant - \$676,300.00 (Water Fund)

The recommended vendor was the only submission to the City's request for bid. Typically, I have concerns about awarding bids to only one bidder

However, the City has a very aggressive timeline in order to meet an April completion date before losing service from DWSD. The City also stated that they held multiple meetings to encourage maximum vendor participation, however, this aggressive timeline may have impacted the number of bids received.

The City appears confident that this contract can execute the requested work. Given the aggressive timeline, I am, therefore, recommending approval of this resolution.

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

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From: Dempkowski, Angela (Treasury)
Sent: Tuesday, March 18, 2014 9:43 AM
To: Cline, Richard (Treasury)
Subject: FW: One Resolution for Approval - EME1982014

Angela Dempkowski
Senior Executive Management Assistant
Michigan Department of Treasury
dempkowskia@michigan.gov
(517) 373-4415

From: Maxine Murray [<mailto:mmurray@cityofflint.com>]
Sent: Monday, March 17, 2014 11:37 AM
To: Dempkowski, Angela (Treasury)
Subject: One Resolution for Approval - EME1982014

Good morning Angela,

I am submitting the following resolution for State approval:

EME1982014 - Resolution to Zito Construction for Initial Watermain Cut-In @ the Water Plant - \$676,300.00 (Water Fund)

Please see the attached.

Thank you.

--

Maxine Murray
Executive Assistant to
Mayor Dayne Walling
Darnell Earley, Emergency Manager
1101 S. Saginaw Street
Flint, MI 48502
810.237.2035 Telephone
810.766.7218 Fax

17-2068

(Bid No 14-092)

EM SUBMISSION NO.: EME 1982014

PRESENTED: 3-13-14

ADOPTED: _____

BY THE EMERGENCY MANAGER:

RESOLUTION TO ZITO CONSTRUCTION FOR INITIAL WATERMAIN CUT-IN @ WATER PLANT

BY THE EMERGENCY MANAGER

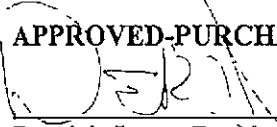
RESOLUTION

The Department of Purchases and Supplies has solicited a bid for an initial watermain cut-in @ the Water Plant as part of an upgrade project to said facility; and

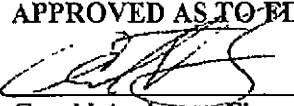
Zito Construction was the sole bidder from eight solicitations for said requirements. The funding for this request will come from the following account number: 591-545.300-801.000; and

IT IS RESOLVED, that the Proper City Official, upon the Emergency Manager's approval, are hereby authorized to enter into a contract with Zito Construction for watermain cut-in at the Water Plant in an amount not to exceed \$676,300.00. (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

For

EFM DISPOSITION:

ENACT _____ REFER TO COUNCIL _____ FAIL _____

Darnell Earley, Emergency Manager

DATED: _____

071013 - DFJ

RESOLUTION STAFF REVIEW

DATE:

March 13, 2014

Agenda Item Title:

Water Main Cut-in

Prepared By:

Brent Wright, Water Plant Supervisor

Background/Summary of Proposed Action:

The City of Flint is upgrading its Water Treatment Plant to become our Primary Drinking water source. As part that overall project the Initial Water Main Cut-in and midpoint Chlorination process systems must be completed. This will allow for the use of the River as source water and prepare the connection for the KWA source once completed.

The City did have two pre-conference meeting to discuss the aforementioned projects to encourage maximum participation from the vendor community. The City received one vendor to submit and we are requesting the approval of Zito Construction to perform the work.

Financial Implications: Funding available for purchase

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

Account Nos: 591-545.300-801.000

Pre-encumbered? Yes ☐ No ☐ Requisition # (Various)

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

The City is requesting that this request be expedited in order to meet aggressive timeline.

Staff Recommendation: Recommend Approval

Staff Person:


(Dept Head or other authorized staff)

Koryzno, Edward (Treasury)

From: Maxine Murray <mmurray@cityofflint.com>
Sent: Tuesday, March 18, 2014 4:15 PM
To: ByrneR1@michigan.gov; Deasy, Thomas (MSP); Kapp, Gene (MSP); Lee, Nichole (MSP); Muchmore, Dennis (GOV); Roberts, John (DTMB); Sands, Thomas (MSP); Sipes, Stephen (MSP); West, Samantha (GOV); Dempkowski, Angela (Treasury); Baird, Richard (GOV); Larkin, Brian (GOV); Darnell Earley; Koryzno, Edward (Treasury); Clement, Elizabeth (GOV); Elizabeth Murphy; Etue, Kriste (MSP); Hollins, Harvey (GOV); James Tolbert; Jerry Ambrose; Klotz, Josephine (MSP); O'Neill, Stephen (MSP); Saxton, Thomas (Treasury); Workman, Wayne (TREASURY)
Subject: Conference Call Agenda
Attachments: Agenda 031914 Conf. Call with Treasury.pdf

Good afternoon,

Please find attached the agenda for the conference call scheduled for Wednesday, March 19, 9:00 am.

Thank you.

--

Maxine Murray
Executive Assistant to
Mayor Dayne Walling
Darnell Earley, Emergency Manager
1101 S. Saginaw Street
Flint, MI 48502
810.237.2035 Telephone
810.766.7218 Fax

**City of Flint Wednesday 9:00 am Phone Conference Agenda
March 19, 2014**

1) Public Safety Update – FPD, MSP (FFD if needed)

- a) Per H. Hollins request Criminal Justice System Advisory Council met with a hybrid group March 12, 2014. Results: see attachment A.
- b) Series of supportive stories for SAFER grant renewal from Flint Journal.
- c) Other update by Chief Tolbert and MSP.

2) Governor's Office Update –Rich Baird, H. Hollins

3) Retiree Lawsuit – Status, Issues

There was a 3/14/14 meeting with attorneys and healthcare consultant. There are 3 objectives going forward: 1) reimbursement process in place; 2) provide financial impact to plaintiff attorney; 3) work toward goal of getting judge to reverse injunction.

4) Financial Update

- a) Deficit Elimination Plan – S. Schafer found no accounting concerns. COF is intending to proceed along lines of DEP as we await formal approval.
- b) Approval of the budget amendment still pending – 4 weeks. Because of Water Treatment Plant update expense and timeline, we are proceeding as we await formal approval of the amendment. That is also important because the amendment maintains the \$1million in deficit reduction.
- c) Thanks to Treasury for assistance in moving Administrative Consent Order through the DEQ, however the process is still moving slowly. ACO is still not approved.
- d) Update on E&Y contract: held a phone conference with Treasury about Hurley, Water and Sewer study and their update of the 5 year financial projections.

5) City Council Update

- a) A timeline has been issued for the FY15 and 16 Budget prep and approval process (see attachment B). Strategic Plan revisions are also approaching

completion – Council is to vote on Mar 24 meeting. This process re-engages Mayor and Council in the planning and budget process.

b) Council is also re-scheduling the Mar 12, 2014 meeting to receive MML training on Ethics and Parliamentary Procedure. Cancelled due to bad weather for trainer's travel.

c) 7 Point Plan for Transition Management is being refined and will be on City Council agenda in March 24 for approval/acceptance.

d) The next City Council meeting is scheduled for Monday, March 24, 2014.

6) Blue Ribbon Committee

BRC held its fifth meeting on 3/13/14. Committee is working its way through a list of issues for form of government revision; seeking to achieve group consensus. Council-Manager form of government is receiving strong support.

7) Water Issues

The Water Plant held a ceremonial ground-breaking for the update to the water treatment plant in preparation to transition to Flint River use as drinking water source.

We will know by the first of next week the certainty of being on the river in April.

We are currently in negotiations with GCDC on purchase of pipeline. COF is making counter-proposal on sale of pipeline (using \$4million appraisal value). Need to know Treasury will approve sale using this appraisal.

8) Scrap Metal Bill (HR 4593)

Brian Larkin to update at this meeting.

9) Other items

Created on: 03/17/14

1-888-557-8511, access code 3389106

Attachments:

- A. Public Safety Initiatives
- B. Proposed FY 15 and 16 Budget Calendar

Pleyte, Beth (Treasury)

From: Saxton, Thomas (Treasury)
Sent: Wednesday, March 19, 2014 9:18 AM
To: Workman, Wayne (TREASURY)
Cc: Koryzno, Edward (Treasury); Stibitz, Brom (Treasury)
Subject: RE: order for Flint

I think her # is [REDACTED] Although that might be her cell.

From: Workman, Wayne (TREASURY)
Sent: Wednesday, March 19, 2014 8:58 AM
To: Saxton, Thomas (Treasury); Stibitz, Brom (Treasury)
Cc: Koryzno, Edward (Treasury)
Subject: RE: order for Flint

Is Madhu there. I can call her

Wayne Workman | Deputy State Treasurer
State of Michigan | 430 W. Allegan Street | Lansing, MI 48922

From: Saxton, Thomas (Treasury)
Sent: Wednesday, March 19, 2014 8:45 AM
To: Workman, Wayne (TREASURY); Stibitz, Brom (Treasury)
Cc: Koryzno, Edward (Treasury)
Subject: RE: order for Flint

I can send an email to Dan & Sygo to get it started (& maybe Madhu)

From: Workman, Wayne (TREASURY)
Sent: Wednesday, March 19, 2014 7:19 AM
To: Saxton, Thomas (Treasury); Stibitz, Brom (Treasury)
Cc: Koryzno, Edward (Treasury)
Subject: FW: order for Flint

See Gerry Ambrose and Dave Massaron's comments about need for DEQ approval of the Flint water project. Can we get a call into the Director to push this through? No one appears to be doubting the need but they can't get to the market without DEQ approving the ACO. Thanks, Wayne

Wayne Workman | Deputy State Treasurer
State of Michigan | 430 W. Allegan Street | Lansing, MI 48922

From: Gerald Ambrose [<mailto:gambrose@cityofflint.com>]
Sent: Tuesday, March 18, 2014 5:22 PM
To: Workman, Wayne (TREASURY); Koryzno, Edward (Treasury)
Cc: Darnell Earley; Cline, Richard (Treasury)
Subject: Fwd: order for Flint

Wayne and Ed,

We greatly appreciate the call made after our last meeting to DEQ by Eric Cline regarding the pending ACO. It has moved along, but still in process.

Any additional assistance you can give would be greatly appreciated. As you can see from Dave Massaron's email, formal approval of the ACO is required in order for the bond sale to proceed.

Thanks and see you tomorrow.

Jerry

----- Forwarded message -----

From: **Massaron, David P.** <Massaron@millercanfield.com>

Date: Tue, Mar 18, 2014 at 2:53 PM

Subject: RE: order for Flint

To: Gerald Ambrose <gambrose@cityofflint.com>

Cc: Darnell Earley <dearley@cityofflint.com>, Elizabeth Murphy <emurphy@cityofflint.com>, "Robinson, Michael" <MRobinson@wnj.com>

Jerry,

As you know the KWA is far along in the process of issuing the first series of bonds (approximately \$220,000,000) for the construction of the pipeline. It has received Treasury Approval, engaged an underwriter, and begun the rating process. Paul Stauder, as financial advisor to KWA, and TJ Whitehouse, as KWA's investment banker at JPMorgan, are working hard on the rating agencies now in hopes of having a rating by the end of the week.

The next step is to post investor disclosure after receipt of ratings. Once that investor disclosure, or preliminary official statement, is posted, KWA can close on its bond issue within two weeks according to its banker and financial advisor.

However, we cannot take that step until the DEQ Administrative Consent Order ("ACO") is effective. The DEQ order is necessary for two reasons: 1) There is extensive disclosure on the water treatment plant, ACO and Flint's ability to use that plant in the POS and 2) More importantly, if the KWA project is done to comply with an ACO, the debt associated with the project would not "count" towards the City's debt limit. As you know, the City of Flint has lived through a dramatic decline in property values and state revenue sharing. These declines have dramatically reduced its debt capacity under the Home Rule City Act. In order to ensure that the entire project can be financed (1st and 2nd series of bonds) and that the City will have some debt capacity in the future, the ACO is a condition precedent to proceeding with transaction. Put another way, we will cannot continue with the transaction without the ACO. If there is much more of a delay, the KWA will have expended its initial resources and be forced to stop construction and the project will be delayed for at least one construction cycle. Assuming the ratings come in as planned, the City needs the ACO in place by the end of this week.

By way of background, it is my understanding that there is not disagreement at DEQ about what is being ordered in the ACO. In fact, what is being ordered is exactly why Flint is moving forward with KWA. The ACO simply states that after Detroit cancelled the contract and Flint decided to use its water treatment plant, the City has two options under current DEQ standards. It can either undertake the KWA improvement project or it will need to undertake other public improvement projects to use the Flint River as a water source. Flint, in consultation with its engineers, has decided that improvements needed to use the river are more costly than the KWA project.

Hope this helps,

-Dave

David P. Massaron | Attorney and Counselor at Law

Miller Canfield

Detroit 1.313.496.7523 | **Lansing** 1.517.483.4912 |

Mobile 1. [REDACTED] | **Fax** 1.313.496.8451 |

massaron@millercanfield.com | [View Profile + VCard](#)

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Byrne, Randall (Treasury)

From: Byrne, Randall (Treasury)
Sent: Wednesday, March 19, 2014 10:30 AM
To: Workman, Wayne (TREASURY); Koryzno, Edward (Treasury)
Cc: Dempkowski, Angela (Treasury)
Subject: Appraisal for Flint's 72 inch waterline
Attachments: 72_inch_Valuation_Final_Report_01 28 14.pdf

Wayne and Ed:

I've attached the executive summary for Flint's 72 inch waterline appraisal. Please let me know if you have any questions.

Thanks,
Randy,



Randall D. Byrne, Manager, Office of Fiscal Responsibility
State of Michigan 430 W. Allegan St. , Lansing, MI 48922
ByrneR1@michigan.gov (517) 335-2521



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Present Value Analysis of 72-inch Water Transmission Main for City of Flint

Final Report – January 28, 2014

Lockwood, Andrews & Newnam, Inc.

Project # 130-10701-001



**Lockwood, Andrews
& Newnam, Inc.**
A LEO A DALY COMPANY

PLANNING ENGINEERING PROGRAM MANAGEMENT

Introduction

Lockwood, Andrews, & Newnam, Inc. (LAN) was retained by the City of Flint (City) to perform a pipeline value assessment of the existing 72-inch water transmission main from the Detroit pipeline connection at the intersection of Baxter and Potter Roads to the Flint Water Treatment Plant (FWTP). The 72-inch transmission main was constructed from 1966 to 1968 to supply the FWTP with water from the Detroit Water and Sewerage Department (DWSD). With the original 30 year contract with DWSD expired, the City of Flint plans to establish a new contract with the Karegnondi Water Authority (KWA) beginning in 2015, which would require the KWA to provide raw water to the FWTP.

In order to provide raw water to the FWTP, the KWA will connect a 36-inch transmission main to the existing City-owned 72-inch water main near the northeast corner of Center and Pierson Roads. The Genesee County Drain Commissioner's Office-Division of Water & Waste is interested in purchasing the east portion of the 72-inch transmission main from this connection to the DWSD connection at Baxter and Potter Roads which is being defined in this analysis as Segment 1, while KWA has requested the use of the 72-inch pipeline west of this connection point to the FWTP which is being classified as Segment 2. Our analysis of these two segments is intended to help the City establish an equitable monetary value of both sections. A schematic of the limits of the pipeline and segments 1 & 2 is shown in Attachment A.

Analyses

In order to value the segments of the 72-inch transmission main requested, quantities were derived from original construction drawings. Using the as-built cost established from the quantity take off, two (2) analyses were performed on the water main based on different valuation methods. Original Cost Less Depreciation (OCLD) and Reproduction Cost New Less Depreciation (RCNLD) methods were used in conjunction with the sinking fund depreciation technique to develop a credible current value assessment of the pipeline.

Quantity Take-Off

Using the Consoer, Townsend & Associates construction drawings dated 1966 (Attachment B) and the payment document dated January 1969 (Attachment C), a quantity take-off analysis was performed to determine the original construction cost of the section of 72-inch water main as described above. Line items originally listed as "linear feet" or "each" were summed to determine the value within the evaluation limits. Lump sum line items with information available, such as "gate valves complete in place" and "rubber seated butterfly valves," were counted and the ratio of the items within the limits to the whole project was applied to the lump sum price. For any unit with no quantifiable documentation, such as "sand and gravel refill" and "sand and gravel backfill," the ratio of the 72-inch pipeline within the evaluation limits to the whole project was applied to the total cost for the unknown line item. Line items determined to be outside the limits of the valuation were listed with a zero percent ratio.

OCLD Analysis

The Original Cost Less Depreciation valuation method uses the original cost of the project when constructed minus the depreciated value to determine the current value. The initial asset value was determined using the information established from the quantity take-off analysis and the original cost information found in the payment document dated January 1969.

RCNLD Analysis

Reproduction Cost New Less Depreciation is a valuation method that translates initial project costs to present day cost of construction. A new present day construction cost is calculated based on the original construction, followed by a depreciation method used to calculate the current book

value of the asset. The Engineering News-Record (ENR) Construction Index and the Handy-Whitman Cost Index for Concrete Cylinder Mains were possible references to determine the ratio used in calculating the present day cost. For this evaluation, the ENR index was selected to calculate the RCNLD initial asset value. A ratio of the current ENR index from September 2013 (9551.58) to the bid date ENR index from May 1966 (1014) was multiplied by the OCLD asset value to get the RCNLD initial asset value.

Sinking Fund Depreciation

The sinking fund depreciation method is commonly used within the utility industry. This method of depreciation accurately reflects the service life of a utility line, having a low initial depreciation upon installation due to low maintenance during the early years of a utility. As the service life of a utility progresses and maintenance becomes more frequent and comprehensive, the depreciation of the asset increases over time.

Due to the fact that a transmission pipeline must be functional and meet all necessary standards of service until the day it is taken out of service, an intrinsic value will always remain; therefore, a salvage value must be determined prior to the depreciation calculation. Similarly, the useful life of the asset must be pre-determined. The industry standard for the useful life of a pipeline ranges from 50 to 100 years. Typically, lower useful life values are used for distribution mains, whereas higher values are used for transmission systems. For transmission mains similar to the 72-inch being analyzed, a useful life of 75 to 90 years is common. We have selected a useful life of 80 years for this analysis.

In addition to the salvage value and useful life, sinking fund depreciation requires a sinking fund rate, which was selected as 4.50% and 0.75% for OCLD and RCNLD respectively, reflecting the federal discount rate during the construction time analyzed. Due to the sinking fund rate, the annual depreciation varies depending on the year and can be calculated using Eq. 1 and Eq. 2 below.

$$\text{Eq. 1} \quad D_t = \frac{(A-S) \cdot (1+j)^{(t-1)}}{S_{n|j}}$$

$$\text{Eq. 2} \quad S_{n|j} = \frac{(1+j)^n - 1}{j}$$

where:

t	=	Evaluation time (years)
D _t	=	Depreciation at year t
A	=	Initial asset value
S	=	Salvage value of asset
J	=	Sinking fund rate

The sum of the annual depreciation values until the evaluation year is subtracted from the initial value to calculate the current book value of the asset value.

Results

Segment 1

RCNLD and OCLD analyses were performed using a sinking fund depreciation of the 72-inch pipeline and appurtenances from the DWSD connection at Baxter and Potter Roads, west to the

proposed 36-inch KWA connection at Center and Pierson Roads. Due to the size of the project and the portion involved in this segment (similar size piping and valves only) the RCNLD value of \$27,400,000 was determined to be unrepresentative of the actual asset value. Utilizing the OCLD values listed below, a **book value of \$3,988,000** was calculated for this portion of the pipeline.

Table 1 – Segment 1 OCLD Analysis

ORIGINAL COST LESS DEPRECIATION SINKING FUND DEPRECIATION ANALYSIS	
INPUTS	
Initial Cost	\$ 4,735,900
Useful Life (years)	80
Salvage Value at End of Life*	\$ 1,184,000
Sinking Fund Rate	4.50%
Evaluation Year	47
OUTPUTS	
$S_{n j}$	729.56
Total Depreciation at Year 47	\$ 748,200
Book Value	\$ 3,987,700

*25% Salvage value

Segment 2

RCNLD and OCLD analyses were performed using a sinking fund depreciation of the 72-inch pipeline and appurtenances beginning at the KWA tie-in at Center and Pierson Roads, west to the property line of the FWTP. Utilizing the RCNLD values listed below, a book value of \$5,269,600 was calculated for this portion of the pipeline using the following evaluation criteria:

Table 2 – Segment 2 RCNLD Analysis

REAL COST NEW LESS DEPRECIATION SINKING FUND DEPRECIATION ANALYSIS	
INPUTS	
Initial Cost	\$ 8,953,900
Useful Life (years)	80
Salvage Value at End of Life*	\$ 1,790,800
Sinking Fund Rate	4.50%
Evaluation Year	47
OUTPUTS	
$S_{n j}$	109.07
Total Depreciation at Year 47	\$ 3,684,300
Book Value	\$ 5,269,600

*20% Salvage value

Utilizing the OCLD values listed below, a book value of \$790,400 was calculated for this portion of the pipeline using the following evaluation criteria:

Table 3 – Segment 2 OCLD Analysis

ORIGINAL COST LESS DEPRECIATION SINKING FUND DEPRECIATION ANALYSIS	
INPUTS	
Initial Cost	\$ 950,600
Useful Life (years)	80
Salvage Value at End of Life*	\$ 190,100
Sinking Fund Rate	4.50%
Evaluation Year	47
OUTPUTS	
$S_{n j}$	729.56
Total Depreciation at Year 47	\$ 160,200
Book Value	\$ 790,400

*20% Salvage value

The asset value of segment 2 was determined using the average of the OCLD and RCNLD analyses. **A current book value of \$3,030,000 was calculated.**

Summary

OCLD and RCNLD analyses are an effective method of calculating the depreciation of an installed utility, as well as the opportunity cost to the buyer of purchasing an installed utility. After performing these analyses using the sinking fund method of depreciation, current book values of the segments were determined. The portion of the 72-inch transmission main from the DWSD connection at Baxter and Potter Roads, west to the proposed 36-inch KWA connection at Center and Pierson Road, **Segment 1, has a current book value of \$3,987,700.** The portion of the 72-inch transmission main beginning at the KWA tie-in at Center and Pierson Roads, west to the property line of the FWTP, **Segment 2, has a current book value of \$3,030,000.**

Attachment A

Byrne, Randall (Treasury)

From: Gerald Ambrose <gambrose@cityofflint.com>
Sent: Thursday, March 20, 2014 12:21 PM
To: Byrne, Randall (Treasury)
Cc: Koryzno, Edward (Treasury)
Subject: Status of ZITO resolution

Follow Up Flag: Follow up
Flag Status: Completed

Hi Randy,

Can you please advise when we can expect approval?

This is beginning to impact our time schedule.

Thanks,

Jerry

Koryzno, Edward (Treasury)

From: Byrne, Randall (Treasury)
Sent: Friday, March 21, 2014 12:03 PM
To: Gerald Ambrose
Cc: Koryzno, Edward (Treasury); Workman, Wayne (TREASURY); Dempkowski, Angela (Treasury); Cline, Richard (Treasury)
Subject: 72 inch Water Transmission Main Present value analysis

Jerry:

I wanted to follow-up on our earlier telephone conversation on the valuation analysis for this water main. You have approval to discuss this with the Genesee County Drain Office. The number for the sale needs to be the book value stated in the study. This will also need to be approved by the Treasurer. Let me know if you have any questions.

Thanks,
Randy,



Randall D. Byrne, Manager, Office of Fiscal Responsibility
State of Michigan 430 W. Allegan St. , Lansing, MI 48922
ByrneR1@michigan.gov (517) 335-2521



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Cline, Richard (Treasury)

From: Cline, Richard (Treasury)
Sent: Wednesday, March 26, 2014 8:53 AM
To: mmurray@cityofflint.com
Cc: Dempkowski, Angela (Treasury); Byrne, Randall (Treasury)
Subject: FW: Two Resolutions for Approval EME2132014 and EME2142014
Attachments: EME2132014.PDF; ATT00001.htm; EME2142014.PDF; ATT00002.htm

Importance: High

Maxine,

Good morning.

The .pdf's attached to this document are defective and unable to be read. Please resend them, though it might require the creation of a new .pdf.

I was able to read a very small portion of the Zito resolution. If the repair is a true emergency and poses a potential threat then consideration should be given to addressing the issue. I don't want to see a true crisis develop while we are sorting out defective .pdf's.

If you have additional questions, please let me know.

Regards,

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

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From: Dempkowski, Angela (Treasury)
Sent: Tuesday, March 25, 2014 10:02 AM
To: Cline, Richard (Treasury)
Subject: Fwd: Two Resolutions for Approval EME2132014 and EME2142014

FYI

Sent from my iPhone

Begin forwarded message:

From: "Maxine Murray" <mmurray@cityofflint.com>
To: "Dempkowski, Angela (Treasury)" <DempkowskiA@michigan.gov>
Subject: Two Resolutions for Approval EME2132014 and EME2142014

Good morning Angela,

We are submitting the following two resolutions for State approval:

1. Resolution to Zito Construction for Emergency Underground Utility Excavation and Repair in the 716 W. Pierson Road Area - \$82,500.00 (Sewer Fund)
2. Resolution to Mersino Dewatering for Emergency Pumping/Bypass Services for the Sewer Repair in the 716 W. Pierson Road Area - (Sewer Fund)

Please see the attached.

Thank you.

--

Maxine Murray
Executive Assistant to
Mayor Dayne Walling
Darnell Earley, Emergency Manager
1101 S. Saginaw Street
Flint, MI 48502
810.237.2035 Telephone
810.766.7218 Fax



RICK SNYDER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

R. KEVIN CLINTON
STATE TREASURER

MEMORANDUM

TO: Darnell Early, Emergency Manager, City of Flint

FROM: Wayne Workman, Deputy State Treasurer

SUBJECT: City of Flint Emergency Manager Spending Resolutions

DATE: March 26, 2014

The Department of Treasury has been reviewing the requirements regarding the City's submission of Emergency Manager Spending Resolutions that are over \$50,000 in total value to the Office of Fiscal Responsibility for review and recommendation prior to execution. Treasury staff has determined that the current review process is generally inconsistent with the provisions contained within Public Act 436 of 2012 and largely unnecessary. Therefore, I am ordering an immediate end to this review process for an spending resolution that does not fall within the parameters outlined in P.A. 436.

P.A. 436 contains three sections where Treasury must review items with a total value exceeding \$50,000. These sections are Section 12 (3), Section 15 (1), and Section 19 (1). Section 12 (3) requires an Emergency Manager to competitively bid any contract with a cumulative value exceeding \$50,000 unless the State Treasurer authorizes a waiver from this requirement.

Section 15 (1) requires an Emergency Manager to acquire the approval of the State Treasurer before selling an asset with a value in excess of \$50,000 unless said action is already contained within the Financial and Operating Plan. Section 19 (1) requires that the actions taken under Section 12 (1)(r) or Section 14 (d) and have a value in excess of \$50,000 must be submitted to the governing body of the local government for approval.

Provided that any future Emergency Manager actions conform to the three aforementioned sections, all other review of Emergency Manager spending resolutions can stop immediately.

If you have further questions regarding this issue, please contact me.

S:\OFR\Cities\City of Flint\Financial\City of Flint.EM Spending Resolutions.03-26-14.doc

Koryzno, Edward (Treasury)

From: Workman, Wayne (TREASURY)
Sent: Wednesday, March 26, 2014 2:38 PM
To: Koryzno, Edward (Treasury); Byrne, Randall (Treasury)
Cc: Gelisse, Ashley (TREASURY)
Subject: FW: Contracts for Flint Water Treatment Plant expansion

Who needs to approve Treasurer or Governor? We need to expedite

Wayne Workman | Deputy State Treasurer
State of Michigan | 430 W. Allegan Street | Lansing, MI 48922

From: Gerald Ambrose [mailto:gambrose@cityofflint.com]
Sent: Wednesday, March 26, 2014 2:27 PM
To: Workman, Wayne (TREASURY); Koryzno, Edward (Treasury)
Cc: Byrne, Randall (Treasury); Darnell Earley
Subject: Contracts for Flint Water Treatment Plant expansion

Hello Wayne and Ed.

There are 2 contracts related to the Flint WTP expansion at Treasury for approval. As you know, time is of the essence and the contractor (Zito) is unwilling to begin work without knowledge that the proposed contract is approved.

Any assistance you can give in getting these contracts approved is greatly appreciated.

Thanks!

Jerry

Byrne, Randall (Treasury)

From: Workman, Wayne (TREASURY)
Sent: Thursday, March 27, 2014 7:45 AM
To: Gelisse, Ashley (TREASURY)
Cc: Koryzno, Edward (Treasury); Byrne, Randall (Treasury)
Subject: RE: Contracts for Flint Water Treatment Plant expansion

OK

Wayne Workman | Deputy State Treasurer
State of Michigan | 430 W Allegan Street | Lansing, MI 48922

From: Gelisse, Ashley (TREASURY)
Sent: Thursday, March 27, 2014 7:41 AM
To: Workman, Wayne (TREASURY)
Cc: Koryzno, Edward (Treasury); Byrne, Randall (Treasury)
Subject: Re: Contracts for Flint Water Treatment Plant expansion

You're right, if it's in the F&O plan it doesn't need approval. I thought when we discussed this last week or so it wasn't in the F&O plan. Is this the same project related to sale of the water pipeline? Maybe this project is different than what I thought it was. We'll talk in a bit.

Sent from my iPhone

On Mar 27, 2014, at 7:16 AM, "Workman, Wayne (TREASURY)" <WorkmanW@michigan.gov> wrote:

lets discuss as staff think if they are competitively bid and in the financial plan they are OK to proceed

Wayne Workman | Deputy State Treasurer
State of Michigan | 430 W. Allegan Street | Lansing, MI 48922

From: Gelisse, Ashley (TREASURY)
Sent: Wednesday, March 26, 2014 5:33 PM
To: Workman, Wayne (TREASURY)
Cc: Koryzno, Edward (Treasury); Byrne, Randall (Treasury)
Subject: Re: Contracts for Flint Water Treatment Plant expansion

Both will need to approve in this case.

Sent from my iPad

On Mar 26, 2014, at 2:37 PM, "Workman, Wayne (TREASURY)" <WorkmanW@michigan.gov> wrote:

Who needs to approve Treasurer or Governor? We need to expedite

Wayne Workman | Deputy State Treasurer
State of Michigan | 430 W. Allegan Street | Lansing, MI 48922

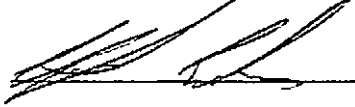
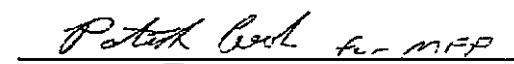
PERMIT APPLICATION FOR WATER SUPPLY SYSTEMS
 (CONSTRUCTION - ALTERATION - ADDITION OR IMPROVEMENT) AS DESCRIBED HEREIN
Required under the Authority of 1976 PA 399, as amended

This application becomes an Act 399 Permit only when signed and issued by authorized Michigan Department of Environmental Quality (DEQ) Staff. See instructions below for completion of this application.

1. Municipality or Organization, Address and WSSN that will own or control the water facilities to be constructed. This permit is to be issued to: City of Flint 4500 North Dort Highway Flint, MI 48505 WSSN: 02310	Permit Stamp Area (DEQ use only) MICHIGAN DEPARTMENT OF ENVIRONMENTAL QUALITY PERMIT NO. 140026 APR 09 2014 EXAMINED AND APPROVED FOR COMPLIANCE WITH ACT 399, P.A. 1976	
2. Owner's Contact Person (provide name for questions). Contact: Brent Wright Title: Plant Supervisor Phone: 810-787-6537		
3. Project Name (Provide phase number if project is segmented) Flint WTP Phase II, Segment II - Lime Residual Disposal	4. Project Location (City, Village, Township): City of Flint	5. County (location of project): Genesee County

ISSUED UNDER THE AUTHORITY OF THE DIRECTOR OF THE DEPARTMENT OF ENVIRONMENTAL QUALITY

cc:

Issued by: Reviewed by: 

For Mike Prusby

☐ **If this box is marked see attached special conditions.**

Instructions: Complete items 1 through 5 above and 6 through 21 on the following pages of this application. Print or type all information except for signatures. Mail completed application, plans and specifications, and any attachments to the DEQ District Office having jurisdiction in the area of the proposed construction.

Please Note:

- This PERMIT only authorizes the construction, alteration, addition or improvement of the water system described herein and is issued solely under the authority of 1976 PA 399, as amended.
- The issuance of this PERMIT does not authorize violation of any federal, state or local laws or regulations, nor does it obviate the necessity of obtaining such permits, including any other DEQ permits, or approvals from other units of government as may be required by law.
- This PERMIT expires two (2) years after the date of issuance in accordance with R 325.11306, 1976 PA 399, administrative rules, unless construction has been initiated prior to expiration.
- Noncompliance with the conditions of this permit and the requirements of the Act constitutes a violation of the Act.
- Applicant must give notice to public utilities in accordance with 1974 PA 53, (MISS DIG), being Section 460.701 to 460.718 of the Michigan Compiled Laws, and comply with each of the requirements of that Act.
- All earth changing activities must be conducted in accordance with the requirements of the Soil Erosion and Sedimentation Control Act, Part 91, 1994 PA 451, as amended.
- All construction activity impacting wetlands must be conducted in accordance with the Wetland Protection Act, Part 303, 1994 PA 451, as amended.
- Intentionally providing false information in this application constitutes fraud which is punishable by fine and/or imprisonment.
- Where applicable for water withdrawals, the issuance of this permit indicates compliance with the requirements of Part 327 of Act 451, Great Lakes Preservation Act.

MICHIGAN DEPARTMENT OF ENVIRONMENTAL QUALITY

Permit Application for Water Systems (Continued)

6. **Facilities Description** – In the space below provide a detailed description of the proposed project. Applications without adequate facilities descriptions will be returned. SEE EXAMPLES BELOW. Use additional sheets if needed.

Improvements to the City of Flint Lime Sludge Lagoons at Bray Road to allow lime sludge from the the Flint WTP to be stored during the interim period when the plant will be treating Flint River water. The lagoons will not be needed for continuous use when the plant switches to treatment of raw water from the KWA Lake Huron Water Supply:

PHASE II, SEGMENT II - LIME RESIDUAL DISPOSAL (@BRAY ROAD):

- * Plugging and abandonment of 8" inlet piping; construction of 306 LF of new 10" inlet piping; installation of bulkhead on existing outlet structure to prevent discharge to surface water.
- * Clay Berm barrier improvements to separate concrete debris pile from lime sludge.
- * Construction of new decant tower structure, 8" gravity sewer, and decant pump station (duplex submersible) with CO2 feed system for pH adjustment. Vortex Impeller pumps (2) shall each be rated at 140 gpm at 22' TDH; CO2 feed consists of 6 ton storage tank, 15 pph pH controlled feed system, SS gas piping, and diffusers installed in the decant tower.
- * Construction of approx. 3,800 LF of 6" HDPE decant forcemain and connection to existing City sanitary sewer system.

EXAMPLES – EXAMPLES – EXAMPLES – EXAMPLES – EXAMPLES – EXAMPLES

Water Mains	500 feet of 8-inch water main in First Street from Main Street north to State Street. OR 250 feet of 12-inch water main in Clark Road from an existing 8-inch main in Third Avenue north to a hydrant.
Booster Stations	A booster station located at the southwest corner of Third Avenue and Main Street, and equipped with two, 15 Hp pumps each rated 150 gpm @ 200 feet TDH. Station includes backup power and all other equipment as required for proper operation.
Elevated Storage Tank	A 300,000 gallon elevated storage tank located in City Park. The proposed tank shall be spherical, all welded construction and supported on a single pedestal. The tank shall be 150 feet in height, 40 feet in diameter with a normal operating range of 130 – 145 feet. The interior coating system shall be ANSI/NSF Standard 61 approved or equivalent. The tank will be equipped with a cathodic protection system, and includes a tank level control system with telemetry.
Chemical Feed	A positive displacement chemical feed pump, rated at 24 gpd @ 110 psi to apply a chlorine solution for Well No. 1. Chlorine is 12.5% NaOCL, ANSI/NSF Standard 60 approved and will be applied at a rate of 1.0 mg/l of actual chlorine.
Water Supply Well	Well No. 3, a 200 foot deep well with 170 feet of 8-inch casing and 30 feet of 8-inch, 10 slot screen. The well will be equipped with a 20 Hp submersible pump and motor rated 200 gpm @ 225 feet TDH, set at 160 feet below land surface.
Treatment Facilities	A 5 million gpd water treatment plant located at the north end of Second Avenue. The facility will include 6 low service pumps, 2 rapid mix basins, 4 flocculation/sedimentation basins, 8 dual media filters, 3 million gallon water storage reservoir and 6 high service pumps. Also included are chemical feed pumps and related appurtenances for the addition of alum, fluoride, phosphate and chlorine.

MICHIGAN DEPARTMENT OF ENVIRONMENTAL QUALITY

Permit Application for Water Systems (Continued)

General Project Information – Complete all boxes below.	
7. Design engineer's name, engineering firm, address, phone number, and email address: Jeremy N. Nakashima, PE Lockwood, Andrews & Newnam, Inc. 1 Oakbrook Terrace, Suite 207 Oakbrook Terrace, IL 60181 630-495-4123 / jnnakashima@lan-inc.com	8. Indicate who will provide project construction inspection: ☒ Organization listed in Box 1. ☒ Engineering firm listed in Box 7. ☐ Other - name, address, and phone number listed below.
9. Is a basis of design attached? ☒ YES ☐ NO If no, briefly explain why a basis of design is not needed. Submitted previously under separate cover.	
10. Are sealed and signed engineering plans attached? ☒ YES ☐ NO If no, briefly explain why engineering plans are not needed. Plans and specs submitted previously under separate cover.	
11. Are sealed and signed construction specifications attached? ☒ YES ☐ NO If specifications are not attached, they need to be on file at DEQ.	
12. Were Recommended Standards for Water Works, Suggested Practice for Water Works, AWWA guidelines, and the requirements of Act 399 and its administrative rules followed? ☒ YES ☐ NO If no, explain which deviations were made and why.	
13. Are all coatings, chemical additives and construction materials ANSI/NSF or other adequate 3rd party approved? ☒ YES ☐ NO If no, describe what coatings, additives or materials did not meet the applicable standard and why.	
14. Are all water system facilities being installed in the public right-of-way or a dedicated utility easement? (For projects not located in the public right-of-way, utility easements must be shown on the plans.) ☐ YES ☒ NO If no, explain how access will be obtained. Most work will be on City owned property, except forcemain.	
15. Is the project construction activity within a wetland (as defined by Section 324.30301(d)) of Part 303, 1994 PA 451? ☐ YES ☒ NO If yes, a wetland permit must be obtained.	
16. Is the project construction activity within a 100-year floodplain (as defined by R 323.1311(e)) of Part 31, 1994 PA 451, administrative rules? ☐ YES ☒ NO If yes, a flood plain permit must be obtained.	
17. Is the project construction activity within 500 feet of a lake, reservoir, or stream? ☒ YES ☐ NO If yes, a Soil and Erosion Control Permit must be obtained or indicate if the owner listed in box 2 of this application is an Authorized Public Agency (Section 10 of Part 91, 1994 PA 451) ☐ Owner is APA.	

MICHIGAN DEPARTMENT OF ENVIRONMENTAL QUALITY

Permit Application for Water Systems (Continued)

18. Will the proposed construction activity be part of a project involving the disturbance of five (5) or more acres of land?

☐ YES ☒ NO

If yes, is this activity regulated by the National Pollutant Discharge Elimination System storm water regulations?

☐ YES: NPDES Authorization to discharge storm water from construction activities must be obtained.

☐ NO: Describe why activity is not regulated:

Please call 517-241-8993 with questions regarding the applicability of the storm water regulations.

19. Is the project in or adjacent to a site of suspected or known soil or groundwater contamination?

☐ YES ☒ NO

If yes, attach a copy of a plan acceptable to the DEQ for handling contaminated soils and/or groundwater disturbed during construction. Contact the local DEQ district office for listings of Michigan sites of environmental contamination.

20. IF YOU ARE A CUSTOMER/WHOLESALE/BULK PURCHASER, COMPLETE THE FOLLOWING

1) Name and WSSN of source water supply system (seller) _____

2) Does the water service contract require water producer/seller to review and approve customer/wholesale/bulk purchaser water system construction plans?

☐ YES ☐ NO

If yes to #2, the producer/seller approval letter must be attached when submitted to DEQ.

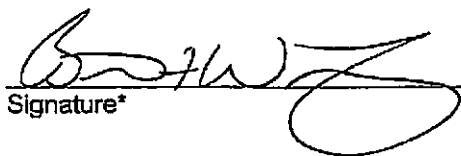
21. **Owner's Certification** The owner of the proposed facilities or the owner's authorized representative shall complete the owner's certification. It is anticipated that the owner will either be a governmental agency (city, village, township, county, etc.) or a private owner (individual, company, association, etc.) of a Type I public water supply.

OWNER'S CERTIFICATION

I, BRENT F. WRIGHT (name), acting as the WATER PLANT SUPERVISOR (title/position) for

CITY OF FLINT (entity owning proposed facilities) certify that this project has

been reviewed and approved as detailed by the Plans and Specifications submitted under this application, and is in compliance with the requirements of 1976 PA 399, as amended, and its administrative rules.


Signature*

3-31-2014
Date

(810) 787-6537
Phone

*Original signature only, no photocopies will be accepted.

Permit Application for Water Systems (Continued)

PROJECT BASIS OF DESIGN – FOR WATER MAIN PROJECTS

PROJECT NAME: _____

For this PROJECT the following information must be provided per Act 399 unless waived by the Department. For projects other than water main installation, or if additional space is needed, attach separate sheet(s) with detailed Basis of Design calculations.

- A. A general map of the initial and ultimate service areas
☐ Included on engineering plans ☐ Attached separately
- B. Number of service connections served by this permit application _____
- C. Total number of service connections ultimately served by entire project _____
- D. Residential Equivalent Units (REUs) served by this permit application _____
- E. Total Residential Equivalent Units (REUs) ultimately served by entire project _____
- F. Water flow rates for proposed project based on REUs listed in "D" and "E" above
1. Initial design average day flow (mgd) _____
 2. Initial design maximum day flow (mgd) _____
 3. Total design average day flow (mgd) _____
 4. Total design maximum day flow (mgd) _____
 5. Required fire flows: ⁽¹⁾ _____ gpm for _____ hours
- G. Actual flows and pressures of existing system at the connection point(s) ⁽²⁾
- _____ gpm at _____ psi
 _____ gpm at _____ psi
 _____ gpm at _____ psi
 _____ gpm at _____ psi
- H. Estimated minimum flows and pressures within the proposed water main system ⁽³⁾
- _____ gpm at _____ psi

(1) Every water system must decide what levels of fire fighting flows they wish to provide. Fire flow should be appropriate for the area (residential, commercial, industrial) being served by the project. Typical fire flow rates can be obtained from the water supply, local fire dept., ISO or AWWA. The water system must then be designed to be able to provide the required fire flows while maintaining at least 20 psi in all portions of the distribution system.

(2) Flows and pressures at the connection points must be given to determine if the existing water main(s) are able to deliver water to the new service area. These numbers can be obtained from a properly modeled and calibrated distribution system hydraulic analysis or hydrant flow tests performed in the field. If more than one connection is proposed, list as needed.

(3) List what the estimated minimum flows can be expected in the proposed water mains based on estimated water demands, head losses, elevation changes and other factors that may affect flows, such as dead end mains.