Widigan, Robert (TREASURY)

From: Workman, Wayne (TREASURY)
Sent: Tuesday, March 03, 2015 10:30 AM
To: Saxton, Thomas (Treasury); Stanton, Terry A. (Treasury); Koryzno, Edward (Treasury); Byrne, Randall (Treasury); Widigan, Robert (TREASURY); Cline, Richard (Treasury)
Subject: FW: Electronic Communication
Attachments: Workman Communication.PDF; Utility Wide Water.PDF; Water Fund Expenses.PDF

Latest summary of Flint water issues with financial comparison. Would like to get this out today to Executive Office

From: Maxine Murray [mailto:mmurray@cityofflint.com]
Sent: Tuesday, March 03, 2015 10:14 AM
To: Workman, Wayne (TREASURY)
Cc: Jerry Ambrose
Subject: Electronic Communication

Good morning,

Please find attached an electronic communication with attachments from Emergency Manager Ambrose.

Thank you.

--
Maxine Murray
Executive Assistant to
Mayor Dayne Walling
Gerald Ambrose, Emergency Manager
Natasha Henderson, City Administrator
1101 S. Saginaw Street
Flint, MI 48502
810.237.2035 Telephone
810.766.7218 Fax

CITY OF FLINT

OFFICE OF THE EMERGENCY MANAGER

Gerald Ambrose
Emergency Manager

TO: Wayne Workman, Deputy Treasurer
Treasury Department
State of Michigan

FROM: Jerry Ambrose, Emergency Manager
City of Flint

DATE: March 3, 2015

As the Emergency Manager for the City of Flint, I am charged with restoring the City government to financial solvency, and working to assure that the City moves forward on a financially sustainable basis. The steps taken over the past three years have been difficult. Taxes and fees have been raised, services and workforce reduced, and ongoing costs, including legacy costs, have been constrained.

The current controversy surrounding the provision of water, and the path for resolution, has a potentially significant impact on the progress that is being made. I am satisfied that the water provided to Flint users <u>today</u> is within all MDEQ and EPA guidelines, as evidenced by the most recent water quality results conducted for MDEQ. We have a continuing commitment to maintain water safety and to improve water quality, and have dedicated resources to assure this commitment will be made.

The oft-repeated suggestion that the City should return to DWSD, even for a short period of time, would, in my judgment, have extremely negative financial consequences to the water system, and consequently to the rate payers. By the most conservative estimates, such a move would increase costs by at least $12 million annually, with that amount achieved only by eliminating virtually all budgeted improvements in the system. For a system with Unrestricted Assets of only $740,745, according to the June 30, 2014 audited financial statements, the only recourse within the City's control would be to increase revenues significantly. And in my judgment, that would come from raising rates for water by 30% or more . Further, changing the *source* of the city's water would not necessarily change any of the *aesthetics* of the water, including odor and discoloration, since those appear to be directly related to the aging pipes and other infrastructure that carry water from the treatment facility to our customers.

This direction of discussion also deviates from what, in my judgment, should be the focus: How can we not only operate and maintain a system to assure the delivery of safe and quality water dependably, but significantly reduce the cost of water and sewer to the users? At an average of $149 per month for water and sewer service for a residential user, the cost is extremely high in comparison to surrounding areas, as well as most areas across the state, and creates a significant financial burden for many users. In my judgment, we should all be concentrating on how to reduce rates by 50% or more. Unfortunately, there are no easy or evident answers, and continuation of the status will be an impediment to the sustainable recovery of the City of Flint. It is a conversation that I expect we will have with the recently created Water Quality Advisory Committee.

My reasoning for this conclusion is as follows:

One of the decisions made in the context of beginning to eliminate deficits and to restore financial stability to the City of Flint was to increase water and sewer rates significantly – the only choice available to financially stabilize a system that as of June 30, 2012, had a <u>deficit</u> of $8,758,091. Another was to leave DWDS for the KWA because it offered the opportunity to lower future rate increases. A third decision was to utilize the Flint River on an interim basis when DWSD unilaterally terminated the City's contract for water purchase. That decision was made because it also offered an immediate cost savings opportunity which translated into the ability to upgrade the Water Treatment Plant without having to seek financing. It was a reasonable decision because of our experience in using the river in a back-up capacity, including test runs on a quarterly basis for several decades.

Unfortunately, the switch to the river as a primary source was more challenging than anticipated, and the harsh winter of 2013-2014 resulted in much more damage to the aging water infrastructure than in previous years. The result was the issuance of required notices that water exceeded established guidelines for safety as it could affect certain vulnerable populations, and some users of the system experienced unpleasant odors and discoloration. Some users also appeared to have had some negative reactions to the new source of water. However, as soon as the test results were known, City staff took immediate actions to address the concerns. These actions are evidenced today by the fact that MDEQ has certified that our most recent testing shows water from all testing sites to be well within acceptable guidelines. Additionally, the City is continuing to taking the necessary actions to assure that the water supply remains safe and that water quality continues to improve.

As the City has moved to address the situation, the suggestion continues to be made that the City should re-engage with DWSD and purchase water at least until the KWA pipeline is supplying water. As evidenced by the most recent letter from DWSD, such a decision would immediately increase the City's cost by $846,700 per month, or $10,160,400 per year, just for the fixed cost portion of the price. The actual *purchase* of water would be an additional fee, and dependent upon the quantity purchased. We estimate the actual water purchase cost to average more than $1 million per month, for a grand total of approximately $22 million per year. Finally, the DWSD offer is conditioned upon the City (or presumably the KWA) agreeing to negotiate a long term contract (30 years) for back-up.

The $22 million annual estimate of increased costs to purchase water from DWSD would be minimally offset by an approximate $3 million in reduced operating costs, and could be further offset by an additional $9 million, but only if all funding for capital improvements to the system are eliminated. To eliminate all funding dedicated to repairing, stabilizing, and improving the system would be totally irresponsible and would have long term negative consequences to the City and to future rate payers.

As you are aware we have recently brought in outside expert assistance to evaluate the steps we have taken to assure that the water is safe and to continue to improve water quality. We are expecting specific recommendations within the next few weeks, and are committed to implementing those recommendations in a timely manner. Many steps have already been taken. I am confident that implementing their recommendations will assure a continuing supply of safe water as well as improved quality, and at far less cost than re-engaging DWSD.

We have also created a 40-member Water Advisory Committee and a 13-member Technical Advisory Committee to assure two-way communication with the public and users of the system. Those committees will begin to meet this week, and we look forward to answering their questions and receiving their input.

It is unfortunate that problems and concerns with quality have arisen, and we are working every day to address the issues that caused them. Maintaining safe water and improving quality is a top priority as we work to make the City of Flint an attractive place to live, work, study, and play.

02/09/2015

UTILITITY WIDE WATER FUND PROFESSIONAL SERVICES
PERIOD ENDING 02/28/2015

ACCOUNT	DESCRIPTION	2014-15 AMENDED BUDGET	ACTIVITY FOR MONTH 02/28/2015	YTD BALANCE 02/28/2015	ENCUMBERED YEAR-TO-DATE	UNENCUMBERED BALANCE	% BDGT USED
Dept 536.100-Utilities - Water Administration							
Fund 591 - Water Fund							
801.000	**Professional Service**	2,320,000.00	50,418.75	537,844.65	348,549.88	1,433,605.47	38.21
	ROWE City Engineering			contract	$ 79,000.00		
	Dump Site Analysis			contract	$ 42,892.00		
	LAN Water Implementation			contract	$ 244,900.00		
	JFA /U.S. Dept Interior					$ 27,295.00	
	Raftelis Financial Update					$ 23,810.00	
	Bray Road					$ 500,000.00	
	TTHM Violation Letters/Mailings					$ 25,000.00	
	MDEQ Permit Fees					$ 100,000.00	
	Energy Costs/Performance Contracts					$ 250,000.00	
	Veolia Water Consultant					$ 40,000.00	
	City Works/Assest Management					$ 350,000.00	
	Operational Contingency					$ 117,500.00	
Total Dept 536.100-Utilities - Water Administration					$ 366,792.00	$ 1,433,605.00	
Dept 540.100-Water Service Center Management							
Fund 591 - Water Fund							
801.000	**Professional Service**	374,400.00	0.00	74,877.03	250,869.51	48,653.46	87.00
	Sewerlines Cty Engineering			contract	$ 190,000.00		
	Internal Investigations			contract	$ 95,645.22		
	Landfill Services					$ 12,500.00	
	Janitorial Services					$ 4,260.00	
	After Hours Water & Staking					$ 2,500.00	
	Line Stopping					$ 25,000.00	
					285,645.22	44,260.00	

Dept 540.202-Wsc-Water Distriburion Mains							
Fund 591 - Water Fund							
801.000	**Professional Service**	60,000.00	0.00	0.00	500.00	59,500.00	0.83
	Fire Extinguisher Services			contract	500.00		
					500.00		
		Balance is being used for budget adjustment to cover overruns for garage charges					
	Current gararge overruns is $100.000.00					**59,500.00**	
Dept 540.300-Capital Improvement							
Fund 591 - Water Fund							
801.000	**Professional Service**	2,660,000.00	0.00	0.00	60,000.00	2,600,000.00	2.26
	Water Meters			contract	60,000.00		
	Water Main Replacement Iroquois					$ 2,500,000.00	
	Valve Exercising					$ 100,000.00	
Total Dept 540.300-Capital Improvement				$	**60,000.00**	$ **2,600,000.00**	
Dept 545.200-Water Plant - Operations							
Fund 591 - Water Fund							
801.000	**Professional Service**	80,000.00	0.00	8,866.98	10,323.02	60,810.00	23.99
	Lab Testing			contract	10,323.02		
	Dam inspections					$ 11,500.00	
	Comprehensive Reulatory Compliance					$ 40,000.00	
	Lab Proficiency Testing					$ 6,000.00	
	All Max Data Support					$ 2,500.00	
Total Dept 545.200-Water Plant - Operations				$	**10,323.02**	$ **60,000.00**	
Dept 545.201-Water Plant Maintenance							
Fund 591 - Water Fund							
801.000	**Professional Service**	26,000.00	0.00	3,700.00	12,955.00	9,345.00	64.06
	Vibration Analysis			contract $	5,500.00		
	Elevator Inspections & Services			contract $	2,455.00		
	Diving for Dams Inspection			contract $	5,000.00		
	RPZ Inpsection & Repair					$ 4,000.00	
	Generator Inspection & Services					$ 5,000.00	
Total Dept 545.201-Water Plant Maintenance		26,000.00	0.00	3,700.00 $	**12,955.00**	$ **9,000.00**	64.06

Dept 545.300-Water Plant - Capital Improvements

Fund 591 - Water Fund

801.000	**Professional Service**	2,900,000.00	0.00	927,098.07	1,296,474.81	676,427.12	76.67
	Installation of Storage Tanks			contract	$ 716,272.00		
	Motor Control Upgrade			contract	$ 440,157.00		
	Easement- Electrical Grounding			contract	$ 4,054.00		
	Lime Residual			contract	$ 135,991.81		
	Cedar Street Pumpt Station					$ 500,000.00	
	Pump Station Feeder					$ 125,000.00	
	TTHM Operationlal Evaluation					$ 50,000.00	
Total Dept 545.300-Water Plant - Capital improvements		2,900,000.00	0.00		**$ 1,296,474.81**	**$ 675,000.00**	76.67

Total	**Budgeted**	**YTD Balance**	**Encumbered**	**Unencumbered**
	$8,420,400.00	**$1,552,386.73**	**$2,032,690.05**	**$4,821,865.00**

WATER FUND EXPENSES

GL NUMBER	DESCRIPTION	2013-14 ACTIVITY	2014-15 AMENDED BUDGET	2015-16 APPROVED BUDGET	2015-16 BUDGET CHANGES FOR DWSD	2015-16 BUDGET CHANGES FOR DWSD	STATUS QUO REVISED 2015-16 BUDGET WITH DWSD	2015-16 BUDGET CHANGES WITH DWSD & ALL CAPITAL FUNDING ELIMINATED
Expenses - Water Fund								
Dept 536.100-Utilities - Water Administration								
	Wages and Fringes	$76,155	$528,777	$445,851			$445,851	
	Repairs and Improvements	$2,497,397	$2,320,000	$2,320,000		$0	$2,320,000	($2,320,000)
	Other Expenses	$2,295,410	$2,248,750	$2,248,750			$2,248,750	
Dept 540.100-Water Service Center Management								
	Wages and Fringes	$199,883	$228,451	$258,343			$258,343	
	Repairs and Improvements	$140,599	$374,400	$350,000		$0	$350,000	($350,000)
	Other Expenses	$108,780	$477,292	$547,849		$0	$547,849	
Dept 540.200-Wsc-Meter Reading - Water								
	Wages and Fringes	$499,351	$489,365	$481,316		$0	$481,316	
	Other Expenses	$151,894	$64,000	$64,000		$0	$64,000	
Dept 540.202-Wsc-Water Distribution Mains								
	Wages and Fringes	$2,383,598	$3,006,530	$3,024,627		$0	$3,024,627	
	Repairs and Improvements	$391	$60,000	$85,000		$0	$85,000	($85,000)
	Other	$1,210,118	$920,457	$849,500		$0	$849,500	
Dept 545.200-Water Plant - Operations								
	Wages and Fringes	$988,523	$1,827,003	$1,761,027	Staffing	($376,098)	$1,384,929	
	Repairs and Improvements	$48,723	$80,000	$60,000			$60,000	($60,000)
	Supplies, Utilities and Other	$22,779,389	$3,445,656	$3,318,656			$25,960,446	
					Fixed Charge DWSD	$10,160,400		
					Commodity Chg DWSD	$12,818,190		
					Chemical Purchase	($1,488,800)		
					Electrical Power	($850,000)		
Dept 545.202-Water Plant - Dam Operations		$119,216	$0	$0			$0	
Dept 545.203-Water Plant - Dam Maintenance		$126,823	$0	$0			$0	
Dept 545.900-Water Plant - Capital Improvements								
	Repairs and Improvements	$968,815	$2,900,000	$1,200,000			$1,200,000	($1,200,000)
	Other	$880,161	$3,700,000	$2,400,000			$2,400,000	
Dept 900.100-Cost Allocation and Retiree Healthcare		$3,111,682	$5,600,242	$6,077,577			$6,077,577	
Dept 968.101-PILOT Payment		$1,130,000	$1,130,000	$1,150,000			$1,130,000	
Dept 966.493-Debt Service		$2,698,071	$2,698,071	$2,698,071			$2,698,071	
Dept 540.900-Capital Improvement								
	Repairs and Improvements	$0	$2,660,000	$2,660,000			$2,660,000	($2,660,000)
	Other	$0	$530,000	$550,000			$530,000	
Dept 233.100-Purchasing	Wages and Fringes	$63,269	$0	$29,813			$29,313	
Dept 259.202-Bad Debt Expense		$161,959	$0	$0			$0	

GL NUMBER	DESCRIPTION	2013-14 ACTIVITY	2014-15 AMENDED BUDGET	2015-16 APPROVED BUDGET	2015-16 BUDGET CHANGES FOR DWSD	STATUS QUO REVISED 2015-16 BUDGET WITH DWSD	Inc.	2015-16 BUDGET CHANGES WITH DWSD & ALL CAPITAL FUNDING ELIMINATED	Inc.
Dept 536.206-Utilities - Water Cross Connection Prog		$100,914	$109,845	$108,182		$108,182			
Dept 549.201-Water Plant Maintenance									
	Wages and Fringes	$1,063,567	$1,147,848	$1,127,986		$1,127,986			
	Repairs and Improvements	$8,142	$26,000	$26,000		$26,000		($26,000)	
	Other	$420,048	$671,249	$689,000		$689,000			
591-538.100-990.200	KWA Operation Payment	$0	$584,000	$584,000		$584,000			
	Reserve	$0		$2,878,750		$2,878,750		($2,878,750)	
Total Expenses		**$44,210,032**	**$37,767,035**	**$37,886,000**	**$20,265,692**	**$58,151,692**		**$48,576,942**	

WATER FUND REVENUES

GL NUMBER	DESCRIPTION	2013-14 ACTIVITY	2014-15 AMENDED BUDGET	2015-16 APPROVED BUDGET	2015-16 BUDGET CHANGES FOR DWSD	STATUS QUO REVISED 2015-16 BUDGET WITH DWSD	Inc.	2015-16 BUDGET CHANGES WITH DWSD & ALL CAPITAL FUNDING ELIMINATED	Inc.
Revenues- Water Fund									
	Meter Water Sales	$42,132,946	$37,000,000	$37,000,000	$20,265,692	$57,265,692	55%	$48,576,942	31%
	Other Revenues	$1,589,155	$886,000	$886,000	$0	$886,000		$886,000	
	Asset Sale	$3,493,743	$0	$0	$0	$0		$0	
	Carry Over	$0	$3,263,505	$0	$0	$0		$0	
Total Revenues		$47,215,844	$41,149,505	$37,886,000	$20,265,692	$58,151,692		$48,576,942	

Byrne, Randall (Treasury)

From: Byrne, Randall (Treasury)
Sent: Tuesday, March 03, 2015 2:23 PM
To: Widigan, Robert (TREASURY); Cline, Richard (Treasury)
Subject: FW: Bi-Weekly Conference Call Agenda
Attachments: Agenda for Conference Call with Treasury 030415 (1).pdf

FYI

From: Maxine Murray [mailto:mmurray@cityofflint.com]
Sent: Tuesday, March 03, 2015 2:00 PM
To: Kapp, Gene (MSP); Muchmore, Dennis (GOV); Roberts, John (DTMB); Dempkowski, Angela (Treasury); Baird, Richard (GOV); Carter, Jerry (MSP); Deasy, Thomas (MSP); Koryzno, Edward (Treasury); Clement, Elizabeth (GOV); Elizabeth Murphy; Etue, Kriste (MSP); Hollins, Harvey (GOV); Hill, Darryl (MSP); James Tolbert; Jerry Ambrose; Klotz, Josephine (MSP); Lee, Nichole (MSP); McGowan, Emmitt (MSP); Smith, Paul (GOV); Byrne, Randall (Treasury); Sands, Thomas (MSP); Sipes, Stephen (MSP); O'Neill, Stephen (MSP); Saxton, Thomas (Treasury); Workman, Wayne (TREASURY); West, Samantha (GOV)
Subject: Bi-Weekly Conference Call Agenda

Good afternoon,

Please find attached the agenda for the conference call scheduled for **Wednesday, March 4th at 9:00 am.**

Thank you.

--

Maxine Murray
Executive Assistant to
Mayor Dayne Walling
Gerald Ambrose, Emergency Manager
Natasha Henderson, City Administrator
1101 S. Saginaw Street
Flint, MI 48502
810.237.2035 Telephone
810.766.7218 Fax

City of Flint Wednesday 9:00am [redacted]enda
1-8[redacted]cess [redacted]

March 4, 2015

			Status
1) Public Safety Update – FPD, MSP, (FFD, if needed)			
	a) FPD	Status Report	Update
	b) FFD	911 – public safety committee to give input on lease agreement	
	c) Other update from *Chief Tolbert and MSP*		
2) Governor's Office Update – R. Baird, H. Hollins, B. Clement			
	a) District Court Consolidation	County Commissioners voted on 12/10/14 to approve "pursuant to the terms and conditions set forth in a MOU to be approved between City of Flint and Gen. Cty "	Discussion will begin next week with County Controller. Appears County wants long term subsidy from City
	b) Local Income Tax Initiative	Additional source of funds still needed for City. H Hollins working to find a new sponsor Projected financial challenges associated with projection of FY17 budget may emphasize the rationale	No Change
3) Finance and Administrative Update			
	a) Management Vacancies	MML advertising for Treasurer, HR Director and Finance Director. Search for Fire Chief to be added	Update

- Not as many as like.
- late april early may schedule.
- Fire chief in july

		Last Report	Status
	b) Budget	Financial projections status. Projected gap between revenues and status quo expenses is less than last years projection of $4.5 - $5.0 million. Taxable values have declined 3%. (Total)	Update Projections for HC may not be as bad as projected.
	c) DEP/RAP Reviewing with LAFD	Progress under DEP/RAP being revised.	Discussion ongoing
	d) Purchasing	Revised purchasing ordinance being enacted.	No change
4) City Council Update			
	a) EM Order	Orders being developed defining organizational reporting relationships to new City Administrator.	No change → Developing
	b) Council/Mayor Compensation	Revision to Council and Mayor compensation is being developed.	No change → Step to full pay based on training.
5) Water Issues			
	a) MDEQ Violation Notice	Most recent TTHM sampling was tested by the MDEQ - confirmed our most recent internal tests findings that water is within federal/state guidelines. Expect to receive a violation notice from MDEQ, due to the running average calculation, in 7-10 days. The notice to customers will go out by mid-March	• 13 member ~~state~~ technical advisory committee meets today. Update
	b) Drinking Water Revolving Fund	Discussing possible restructuring of loans.	Discussion ongoing • Report from VIOLIA this week.
	c) Water Quality Consultant	Final report being compiled; will focus on assuring continued TTHM compliance and plans for hardness and discoloration improvement.	Update • Raftelis is reviewing water rate study.
	d) WAC/TAC	A 40 member Water Advisory Committee and a 13 member Technical Advisory Committee (including an EPA representative)have been formed as part of the process of improving communication and receiving additional feedback. Meeting this week.	Update
	e) Problem resolution	Letter from EM to Treasury notes that the basic problem with water in Flint is cost, not water quality, but that no quick resolution is evident	New

		Last Report	Status
6) 9-1-1 Reconsolidation Plan			
	a) Tower Transfer to Consortium	Tower Transfer justification package sent to Council 2/24/15. Will be discussed at Public Safety Committee 3/4/15. Sent grant amendment request to E. Cole for use of current C-GAP grant to pay for consolidation expenses, received note that request will be reviewed. No timeframe provided.	— Eva Chole received amendment. Update
7) Transition Activities			
	a) Transition Management	Next budget step will be for Council to adopt budget priorities and receive updated 5 Year revenue/expense projections. New Council committee structure in place	Update
	b) Transition date	Date specific transition calendar to be developed. RTAB to be appointed	Update
8) Other Items			
	MDNR and Purchase of CSX rail area	Requesting DNR authorize full amount of appraised property value to be paid by DNR grant.	Info Received. Project has many issues.

At a standstill — not much we can do.
∘Transfer should be a go in near future.

Flint Call/Meeting 9AM   S. O'neel, g. kapp, E. Murphy, Carter, Chief Tolbert,

4M credit - ssibly dump to pension

% 18↓ in crime

↑ in hom

Met w/ MSP to work in atherton area.

SRMS time schedule being worked out.

~~G. Kapp~~ ~~[illegible]~~ St. fire marshell for flint area w/ MSP

- Not being called out to arsons.
  - Issues w/ Fire Chief

2) District court merger → City to meet w/ county today to discuss.

NML → 9 for HR, 1 for finance, 1 for treasurer

- May need to contact TJ Adams or Gov HR

3) Exit to RTAB

- Review final orders - organizational orders, budget, etc...

Eloan → $6M ELoan will solve the deficit

- Define water issue separatly and look for DWRSF.

Pleyte, Beth (Treasury)

From:	Muchmore, Dennis (GOV)
Sent:	Tuesday, March 03, 2015 10:04 PM
To:	Workman, Wayne (TREASURY)
Cc:	Clement, Elizabeth (GOV); Saxton, Thomas (Treasury); Agen, Jarrod (GOV); Hollins, Harvey (GOV)
Subject:	Re: Contaminated Drink Water if Flint

No question although the city could use a little positive publicity right now.

On Mar 3, 2015, at 11:57 AM, Workman, Wayne (TREASURY) <WorkmanW@michigan.gov> wrote:

> If this does happen, we need to figure who would hand out the water. It should not be the City. It would undercut every point they are making. It probably should also be reserved for people who can't afford to buy water.
>
> **From:** Muchmore, Dennis (GOV)
> **Sent:** Monday, March 02, 2015 11:57 PM
> **To:** Clement, Elizabeth (GOV); Saxton, Thomas (Treasury); Workman, Wayne (TREASURY); Agen, Jarrod (GOV); Hollins, Harvey (GOV)
> **Subject:** Fwd: Contaminated Drink Water if Flint
>
> Might want to get Jarrod and Terry Stanton on this as well as Harvey. Otherwise it will get out of hand. It's in the city's long term interest to make the KWA work and we can make the river water safe, but we need to work with the ministers this week to help them out. It's tough for everyday people to listen to financial issues and water mumbo jumbo when all they see is problems. You can't expect the ministers to hold the tide on this problem.
>
> How about cutting a deal with Ice Mountain or Bill Young and buying some water for the people for a time? $250K buys a lot of drinking water and we could distribute it through the churches while we continue to make the water even safer.
>
> If we procrastinate much longer in doing something direct we'll have real trouble.
>
> Sent from my iPhone
>
> Begin forwarded message:
>
>> **From:** Kelly Rossman-McKinney <krossman@truscottrossman.com>
>> **Date:** March 2, 2015 at 8:26:34 AM EST
>> **To:** Dennis Muchmore <muchmored@michigan.gov>
>> **Subject: FW: Contaminated Drink Water if Flint**
>>
>> Please call me so we can discuss. This issue is out of hand. We do pro bono work for the city on an as-needed basis, plus we also work for Veolia, the water consultant they brought on board. I'm concerned about the implications that this may have racial overtones. Ugh.

TRUSCOTT ROSSMAN

Kelly Rossman-McKinney
CEO
Truscott Rossman • truscottrossman.com
Boji Tower • 124 W Allegan St , Ste 800 • Lansing, MI 48933
200 Renaissance Center, Ste 3160 • Detroit, MI 48243
125 Ottawa Ave N W , Ste 235 • Grand Rapids, MI 49503

Cell· (517) 749-0529
Office (517) 487-9320
Fax. (517) 487-5080

From: Gerald Ambrose [mailto:gambrose@cityofflint.com]
Sent: Monday, March 02, 2015 7:36 AM
To: Kelly Rossman-McKinney
Subject: Fwd: Contaminated Drink Water if Flint

Welcome to Monday. Please advise asap as to any next steps you recommend, if any.

---------- Forwarded message ----------
From: "Dayne Walling" <dwalling@cityofflint.com>
Date: Mar 2, 2015 7:29 AM
Subject: Fwd: Contaminated Drink Water if Flint
To: "Gerald Ambrose" <gambrose@cityofflint.com>, "Natasha Henderson" <nhenderson@cityofflint.com>, "Peter Bade" <pbade@cityofflint.com>
Cc:

FYI:
---------- Forwarded message ----------
From: **Arlington Dumas** <ac2dumas@yahoo.com>
Date: Sat, Feb 28, 2015 at 2:09 PM
Subject: Contaminated Drink Water if Flint
To: "randall@udayton.edc" <randall@udayton.edc>
Cc: "mail103@foxtv.com" <mail103@foxtv.com>, WFLT 1420 Am <wflt1420am@aol.com>, Abc12news <abc12news@abc12.com>, Wnem Desk <wnem@wnem.com>, Scot Johnson Wnem <scot.johnson@wnem.com>, "news@wjr.com" <news@wjr.com>, "assigmentdesk@wdiv.com" <assigmentdesk@wdiv.com>, "D. Adams" <dadams5@mlive.com>, fox2newsdesk@foxtv.com, "nikkibednarski@cumulus.com" <nikkibednarski@cumulus.com>, "mageorge@freepress.com" <mageorge@freepress.com>, "B. Thorne" <bthorne@flintjournal.com>, "Rev. Reggie Flynn" <pastorreggieflynn@yahoo.com>, "wxyzdesk@wxyz.com" <wxyzdesk@wxyz.com>, "wflt1420@aol.com" <wflt1420@aol.com>, "cspacouriernews@yahoo.com" <cspacouriernews@yahoo.com>, "dshepardson@depnewss.com" <dshepardson@depnewss.com>, "promotion@wsmh.com" <promotion@wsmh.com>, Eric Mays <emays@cityofflint.com>, Emergency Manager <em@cityofflint.com>, Brenda Williams <brwilliams@visionmpinc.com>, Wantwaz Davis <wantwazd@yahoo.com>, Monica Galloway <mgfavor32@comcast.net>,

Sheldon Neeley <neeleyward6@gmail.com>, Vicky Van Buren <vvanburen@cityofflint.com>, Jackie Poplar <jpoplar@cityofflint.com>, Josh Freeman <freeman3727@sbcglobal.net>, Wantwaz Davis <wdavis@cityofflint.com>, Brian Nolden <bnolden754@comcast.net>, "hwinford@cityofflint.com" <hwinford@cityofflint.com>, Inez Brown <ibrown@cityofflint.com>, Peter Bade <pbade@cityofflint.com>, "knelson@cityofflint.com" <knelson@cityofflint.com>, "Loyst Fletcher Jr." <lfletcherj@aol.com>, "skincaid9@comcast.net" <skincaid9@comcast.net>, Scott Kincaid <skincaid@cityofflint.com>, Dan Kildee <dkildee58@gmail.com>, "rfonger1@mlive.com" <rfonger1@mlive.com>, Gregory Eason <gregoryeason56@gmail.com>, "murphyquincy73@yahoo.com" <murphyquincy73@yahoo.com>, Wilbert Jarrett <jarrettacres@netspace.net>, Sally Haywood <sallyhaywood@comcast.net>, Jamie Curtis <talktojamiecurtis@gmail.com>, "Gregory T. Gibbs" <greggibbs51@sbcglobal.net>, Rev Wendell Anthony <wendellanthony@gmail.com>, Rev Bullock <dalexbull@aol.com>, Dyane Walling <dwalling@cityofflint.com>, Valdemar Washington <vlwlegal@aol.com>, "John W. Carpenter" <cmuparents@aol.com>, Johnnie Coleman Coleman <jalwaysc@yahoo.com>, Deloris Richardson <cfreeman0859@yahoo.com>, Jacki Pritchard <jpritch57@comcast.net>, Hershal Pritchard <pritch32@sbcglobal.net>, AC Dumas <ac2dumas@yahoo.com>

Good Afternoon, Attorney Randall!

Thank you for returning my call on the other day! Again, my concern as is others in the City of Flint, Michigan regarding the drinking water source for the water customers of the City of Flint. I have enclosed one of the lasted article written by the local newspaper, "The Flint Journal" regarding the Flint River water. Needless to say, the water is dangerous to our health! GM will not use the water at its Engine Plant in Flint to wash engines parts!

We need your help to guide us to the profession people that know about "Bad Drinking Water and Environmental Racism". I truly believe it's "Environmental Racism" at its worst or should I say best! As a resident of flint, Past President of the Flint Branch NAACP, newly elected VP of the Flint Branch NAACP and the most listen to broadcast host during that time on Flint's premiere gospel station, WFLT 1420AM, each Saturday morning from 9:30-10AM, I have challenged our elected officials to step up to the plate and fix this water problem!

I'll be asking the Executive Committee of the Flint Branch of the NAACP to request from our National Office if we can proceed with a possible "Environmental Racism" lawsuit with their assistance and the assistance of other civil rights groups and others to "file briefs in support of our efforts against those parties involved with the changing and the using of the Flint River as our water drinking source.

The City of Flint has Emergency Manager #4 since our "takeover", and cares less about the residents or the water concerns of its Customers of Flint! Please help us with our problem by directing us to the right professional people. Please go to www.actionpa.org/fluroride/ej.html regarding "Environmental Racism" I have attached an article from the Flint Journal, and may Google other articles regarding the Flint's water source, including how we arrived to where we are on today.

Thank you very much in advance!!

I remain.

AC Dumas, Concerned Resident

--
Dayne Walling
Mayor, City of Flint
City Hall, 1101 S. Saginaw St.
Flint, MI 48502
810-766-7346
mayor@cityofflint.com
www.cityofflint.com
follow me on twitter at http://twitter.com/mayorwalling

Pleyte, Beth (Treasury)

From:	Saxton, Thomas (Treasury)
Sent:	Wednesday, March 04, 2015 11:08 AM
To:	Gerald Ambrose
Cc:	Workman, Wayne (TREASURY)
Subject:	RE: SRF

John Barton will be our lead on the SRF. His number is 517/[redacted] Is there someone you want as a point of contact or do you want me to have him call you ?
We will get moving on it.

From: Gerald Ambrose [mailto:gambrose@cityofflint.com]
Sent: Wednesday, March 04, 2015 11:03 AM
To: Saxton, Thomas (Treasury)
Cc: Workman, Wayne (TREASURY)
Subject: Re: SRF

Tom,

I am good with restructuring the loans, as it positively impacts our need for capital funding. Let me know what you need from us.

Wayne, I also have some new thoughts on eliminating the deficit, so please call when you have a chance.

J

On Wed, Mar 4, 2015 at 10:48 AM, Saxton, Thomas (Treasury) <SaxtonT@michigan.gov> wrote:

I am just confirming... I think we (Treasury) are 'good to go' to restructure those Flint SRF loans. I can't remember exact numbers but it represents approx. $2mm up front in cash that you could use for say replacing a couple miles of transmission lines. Do you want us to start the process forward ?

From: Gerald Ambrose [mailto:gambrose@cityofflint.com]
Sent: Sunday, February 22, 2015 9:23 AM
To: Saxton, Thomas (Treasury)
Cc: Workman, Wayne (TREASURY)
Subject: Re: Response to City of Flint Council Member Freeman

Will do.

On Feb 22, 2015 8:14 AM, "Saxton, Thomas (Treasury)" <SaxtonT@michigan.gov> wrote:

hopefully this will settle down a bit at some point. Anything you can do to share any metrics on this periodically would be helpful... e.g., call volume re any complaints, number of contacts where you go to the residences for those complaints, # of quality tests/ results, specific dates as to when you will be replacing that 2 mile section, updates on progress of KWA, etc etc.

On Feb 21, 2015, at 8:31 AM, "Gerald Ambrose" <gambrose@cityofflint.com> wrote:

> Thanks, Tom, I did receive a copy. What I see is confirmation that we could rejoin on a short term basis on the financial terms outlined in the original letter while we (or presumably KWA) attempts to negotiate a long term back up agreement. And the quoted rates are only good til July 1, at which time (from the media I read) they will increase. Am I missing something?
>
> Rejoining on a short term basis would increase Flint's costs by at least $1 million a month....not possible without a significant rate increase (more than 25%) or a monthly gift of that amount from somewhere.
>
> Does someone really want Flint rate payers to send $1 million per month to DWSD or GLWA when our water supply is (by our internal testng today) within EPA/MDEQ guidelines and we are taking steps every day to improve water quality?
>
> J
>
> On Feb 21, 2015 6:47 AM, "Saxton, Thomas (Treasury)" <SaxtonT@michigan.gov> wrote:
>
> fyi in case you had not already rec'd this
>
> Begin forwarded message:
>
>> **From:** "Daddow, Robert" <daddowr@oakgov.com>
>> **To:** "Baird, Richard (GOV)" <bairdr@michigan.gov>, "Saxton, Thomas (Treasury)" <SaxtonT@michigan.gov>
>> **Subject: FW: Response to City of Flint Council Member Freeman**
>>
>> FYI – just received the attached letter on Flint. RJD
>>
>> From: Rechanda Willis [mailto:willis@dwsd.org]
>> Sent: Friday, February 20, 2015 3:23 PM
>> To: James Fausone; Robert Daddow
>> Subject: Response to City of Flint Council Member Freeman
>>
>> Attached is copy of the response to City of Flint Council Member Joshua Freeman's February 3, 2015 letter.
>>
>> Thank you
>>
>> Rechanda L. Willis
>> Assistant to the Deputy Director/Chief Customer Service Officer

Detroit Water and Sewerage Department
735 Randolph Street - Room 506
Detroit, Michigan 48226
(313) 224-4785 (office)
(313) 224-6067 (fax)
willis@dwsd.org<mailto:willis@dwsd.org>

Pleyte, Beth (Treasury)

From: Saxton, Thomas (Treasury)
Sent: Wednesday, March 04, 2015 5:45 PM
To: Workman, Wayne (TREASURY)
Subject: RE: Water

First that I have heard it. Who set it up ? You should get yourself invited (even by call in); although Jerry can handle himself. This is getting to be "classic".

From: Workman, Wayne (TREASURY)
Sent: Wednesday, March 04, 2015 4:32 PM
To: Saxton, Thomas (Treasury)
Subject: Fwd: Water

Know anything? I dont and this sounds like trouble

Sent from my iPhone

Begin forwarded message:

> **From:** Gerald Ambrose <gambrose@cityofflint.com>
> **Date:** March 4, 2015 at 4:21:12 PM EST
> **To:** "Wayne Workman (TREASURY)" <workmanw@michigan.gov>
> **Subject: Water**
>
> What do you know about a meeting Monday with Harvey Hollings, Rich Baird, Sue McCormick, and me?

Gerald Ambrose
Emergency Manager

Dayne Walling
Mayor

Jason Lorenz
Public Information Officer
(810) 237-2039
jlorenz@cityofflint.com

Elizabeth Murphy
emurphy@cityofflint.com
(810) 237-2025

For Immediate Release

City of Flint

Flint, Michigan – March 4, 2015 – Members of the newly established Flint Water Technical Advisory Committee met for two hours today at Flint City Hall to learn more about the steps the city is taking to confirm water safety and improve quality. Members include representatives from the Michigan State University, Genesee County Health Department, Kettering University, Mott Community College, and the Genesee County Medical Society. Joining them were experts from the Michigan Department of Environmental Quality and the EPA, along with several local elected officials.

The presentation included confirmation of the safety of Flint's water system and an overview of the opportunities available to improve water quality. Recent water testing results were shared that confirmed the city today is in compliance with all state guidelines.

Committee members were reminded that another notification to residents would be required later this month, despite the city's progress in improving and stabilizing water safety. The DEQ-required communication is related to test results from 2014. Committee members urged city officials to ensure the required communication focused on the progress and improvement made. Public health officials also offered to help

–CONTINUE–

communicate with health providers throughout the city in an effort to educate residents about the water's safety.

The Water Technical Advisory Committee is expected to meet on a monthly basis through the implementation of KWA as the city's primary water source.

–END–

Koryzno, Edward (Treasury)

From:	Byrne, Randall (Treasury)
Sent:	Thursday, March 05, 2015 8:02 AM
To:	Koryzno, Edward (Treasury)
Subject:	Weekly meeting
Attachments:	Meeting with Ed March 5.docx

Ed:

Hope to see at 9:00 a.m. today.

Thanks,
Randy,

Randall Byrne | State Administrative Mananger
Local Government Services - Office of Fiscal Responsibility
State of Michigan | 430 W. Allegan Street, 3rd Floor | Lansing, MI 48922
(517) 335-2521 | (517) 373-0633 (fax) | ByrneR1@michigan.gov

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Weekly Meeting with Ed—March 5, 2015

- **Staffing Update—**Specialist 13 has 54 applications. I am in the process of screening out at least 50 and Analyst 9 OFR has been approved.
- **Allen Park—** issue—The City Council is meeting tonight to approve the severance agreement with Karen. I told the Mayor yesterday to not take action tonight to hire an interim administrator. I stated that Treasury wanted to have a discussion with them as to the way forward.
- **Benton Harbor-** update of FDCVT Reappraisal grant award, any update on this.
- **Ecorse—**Five- year budget and Wayne disregard for our weekly telephone calls.
- **Flint –** Draft of the final EM Order. 911 tower issue. Meeting with Natasha and Jerry is being rescheduled for March 18th. Fiscal Stabilization Bonds/E-Loan. I should note that Jerry indicated that he wants an E-loan to resolve the deficit and will repair the water system with funding from the DEQ's revolving water program. Jerry's exit date extended through April or .longer? Flint water meeting this afternoon, I will be in attendance. Jerry indicated that only one candidate had applied for the Finance Directors position.
- **Hamtramck—** Issue between John Gabor and Katrina. I plan to meet with John. Segal has begun the pension consulting work. Police Chief Update. Katrina has begun to meet with City Council regarding the RTAB.
- **Highland Park—** RFP is being sent out. Vacant High School facility environmental RFP, a recommendation to Wayne will be completed soon. Water- Sewer billing update- may need **to** financially assist the City because Cathy wants to hire Pierce-Monroe to get it resolved. Need to discuss loan agreement items with Wayne.
- **Lincoln Park—** CM Search with Tom Adams is progressing. We are probably several weeks out from knowing the final candidate list. Pension millage request, police and fire are working to get it approved by voters. Two year Budget discussion and possible E-Loan. OPEB meetings with retirees update and overage on pension work performed to date. Cell tower sale of leases.
- **Inkster-** . Police Chief Search update. Judgment levy for water-sewer charges to Wayne County and DWSD. DEP. City Manager is requesting a meeting with Treasury to discuss status of consent agreement. Possible assistance on a risk management program.
- **Pontiac—** Mayor Waterman and I met with Tom Adams. Search is being processed for approval.
- River Rouge—Approval letter for police tentative agreements has been sent to Mayor Bowdler.
- **Royal Oak Township—** Meeting with Hazel Park has been scheduled for next week. FOIA request and reimbursement of FICA update. Issues Grant School, conflict of interest issue and Fire Contract.
- **Miscellaneous Items--** Vacation request for the week after Easter and Good Friday. Sale of Wayne County Sewer Plant. I may request a vacation day on Friday, March 13th.

Discussion notes:

Byrne, Randall (Treasury)

From: Byrne, Randall (Treasury)
Sent: Friday, March 06, 2015 8:27 AM
To: Workman, Wayne (TREASURY)
Subject: RE: Flint Water Advisory Committee meeting

Wayne:

I don't know if he was there or not. I have not met him.

Randy,

From: Workman, Wayne (TREASURY)
Sent: Friday, March 06, 2015 8:23 AM
To: Byrne, Randall (Treasury)
Cc: Koryzno, Edward (Treasury)
Subject: Re: Flint Water Advisory Committee meeting

Was Harvey Hollins there?

Sent from my iPad

On Mar 6, 2015, at 8:21 AM, "Byrne, Randall (Treasury)" <ByrneR1@michigan.gov> wrote:

> Wayne and Ed:
>
> I attended the Flint water advisory committee meeting in Flint yesterday. There were approximately 40 committee members and about 50 citizens in attendance. The meeting was facilitated by the Community Resolution Center. Veolia gave a presentation on the current status of TTHM issue. The next part of the meeting was devoted to answering questions that attendees posted on the walls in the room. The meeting broke down at that point. Jerry Ambrose was attempting to answer a question when the crowd began shouting and was generally unruly. The facilitators did a poor job of controlling the audience. The Flint PD escorted one person from the room. The major issues of course are the water quality, reconnecting to the DWSD, and the cost of the water. Please let me know if you have any questions.
>
> Thanks,
> Randy,
>
> <image001.jpg> Randall Byrne | State Administrative Mananger
> Local Government Services - Office of Fiscal Responsibility
> State of Michigan | 430 W. Allegan Street, 3rd Floor | Lansing, MI 48922
> (517) 335-2521 | (517) 373-0633 (fax) | ByrneR1@michigan.gov
>
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Pleyte, Beth (Treasury)

From:	Hollins, Harvey (GOV)
Sent:	Friday, March 06, 2015 9:53 AM
To:	Workman, Wayne (TREASURY); Saxton, Thomas (Treasury); Clayton, Stacie (GOV)
Subject:	Fwd: Tap Filters

Stacie,
Brad sent this to part of the group on the call yesterday. I added Tom and Wayne from treasury. If I missed anyone else, please forward this to them.

Best,
Harvey

Begin forwarded message:

> **From:** "Wurfel, Brad (DEQ)" <WurfelB@michigan.gov>
> **Date:** March 5, 2015 at 4:26:25 PM EST
> **To:** "Hollins, Harvey (GOV)" <hollinsh@michigan.gov>, "Wyant, Dan (DEQ)" <WyantD@michigan.gov>, "Agen, Jarrod (GOV)" <AgenJ@michigan.gov>
> **Cc:** "Baird, Richard (GOV)" <bairdr@michigan.gov>, "Wurfel, Sara (GOV)" <Wurfels@michigan.gov>
> **Subject: FW: Tap Filters**
>
> Harvey,
> Since group call Tuesday I have been working out how the filter idea might take shape.
>
> To reiterate some key points so we're all clear:
>
> 1. DEQ does not inspect individuals' homes in a situation like this. It's the city's system, their operators handle all complaints and maintenance. In fact, our folks alerted me that the city's got union rules in place forbidding any contractor from touching the system.
> 2. DEQ's role is limited to ensuring the plant is operating to state standards and the water it produces meets potability standards. The aesthetic issues drawing concern from residents – color, odor, taste – stem from a variety of things. Age of the system and prolonged lack of upkeep is the leading factor. But in some areas, another contributing factor is changes in water flow – source used to come from the south, now comes from the north, so some pipes are flowing in reverse, stirring up whatever was settled for a long time. In some sections, large pipes that historically served large communities are now serving a much smaller customer base, contributing to water stagnating in the system. In some areas, household connections are old and worn, so two neighbors may be having dramatically different experiences. My point is, the challenge takes many forms and there's no single solution that will bring sweeping change. The two consultants hired by the city have, as I understand it, both reinforced this idea in their assessments, so that's good.
>
> 3. The fix for this will be years in the making, truly. Even if full funding were available, 'big dig' projects can't all happen at once. The city needs to get an assessment of its infrastructure so it can prioritize its needs, and I understand they're working on that. In the near term, maintenance this spring / summer –

things like cleaning the pipes in key sections and flushing the system via the hydrants – could offer some short term results. I know nobody wants to just wait for spring, but that is something important to keep in mind.

4. In the meantime, the group discussed possibly making home water filters available somehow. The National Safety Foundation is a Michigan company, headquartered and founded in Ann Arbor, that develops standards for all kinds of infrastructure. They're a globally recognized source for standard setting. A look at their site reveals there are myriad filtration options on the market and within each type (faucet mounted, whole house line filters, etc) there are filters that focus on different aspects of purification.

   If this idea begins to get legs, I'd suggest testing some different models on the local water at the customer level to see if they work. I'd also suggest the idea be focused on tap-mounted models to promote clean, appealing drinking water. And I'd suggest this program could be funded in whole or in part by the state, but would need to be administered by the city (reinforcing the fact that they own, operate and service the system). I've got some information on filter models below.

   Two more considerations: One, while the state has provided residents in some communities with bottled water in the past, it always has to do with their water being somehow contaminated – as in, some kind of chemical plume that impaired local drinking water sources. This would be the first time the state took steps to deal with what is an aesthetic issue on a system where the water is meeting state drinking water standards.

Water filter info:
ANSI NSF Standard 42 Covers bacteriostasis, taste and odor (associated only with chlorine removal), and other aesthetic conditions
http://standards.nsf org/apps/group_public/download.php/19895/NSF_42-11%20-%20watermarked.pdf

ANSI NSF Standard 53 Covers health effects removal
http://standards.nsf.org/apps/group_public/download.php/19896/NSF_53-11a%20-%20watermarked.pdf

It is important to note that the filters are not required to meet all aspects of the standard, only the portions they want to make claims for. So product information for each filter must be reviewed to determine its applicability.

Most of these point of use filters are basic activated carbon filters that simply remove taste and odor specifically associated with chlorine, not other things like iron, manganese, hydrogen sulfide, etc. that can also impact taste and odor as well as color.

It is important to recognize that taste and odor is generally an individual preference and such standards have for the most part not been developed because groups of individuals may still consider taste and odor issues to exist even after levels for such a standard have been met.

Other considerations are that the test water for such filters attempting to meet the standard uses hardness levels of 170 mg/L or less. Flint's water at times may be above this level, which could then impact filter performance and longevity.

Most of these filters are designed to be replaced after 100 gallons or less of use, a period of about 3 months for most households. In addition the tests allow for initial pressure drops of up to 15 psi. This may limit use in households that already rely on minimum pressure within their household plumbing.

Regarding the health effects standards, as the Flint water system already meets such requirements, with the exception of the current TTHM locational running annual average, there is little point to the use of these filters for such a purpose.

To the point you'd asked about the other day, while Flint and Detroit are leading examples of unmaintained infrastructure, Flint is not alone by any means.

This recent infrastructure report card
http://www.infrastructurereportcard.org/michigan/michigan-overview/
Lists Michigan with a $13.8 Billion need over the next 20 years.

http://www.infrastructurereportcard.org/a/#p/state-facts/michigan

Here's a link to the 2009 Report Card for Michigan Infrastructure
http://www.michiganreportcard.com/

From the report:

"A significant portion of the state's primary distribution system is nearing 100 years old. CWS are facing a significant challenge to maintain the vast network of aging, underground infrastructure. Within the city of Detroit alone, approximately 80% of its distribution piping was installed prior to 1940, which is not unusual for CWS in Michigan."

"The age of the majority of the state's distribution system is the primary contributor to normal decay and failure. In many cases, pipe life has far exceeded useful service life. Much of the older water systems consist of undersized mains constructed of materials such as unlined cast iron pipe. Minor fluctuations in system flows or pressure may cause red water complaints and even result in pipe failure. All CWS should have routine flushing and valve maintenance programs; however many are hesitant due to the time and cost."

"Under the Stage 2 Disinfection Byproducts Rule, all CWS that disinfect are required to provide increased trihalomethane (THHM) and haloacetic acid (HAA5) monitoring due to the potential byproducts of chlorine reactions within the pipe system. Corrosion, scale, solid suspension on the interior sidewall of pipe, in addition to the age and condition of the system will require diligent rehabilitation investment to maintain system integrity."

"While better materials and advanced technology is available to replace the aging distribution system, resources remain scarce when compared with the magnitude of the rehabilitation task at hand. Too often, distribution system replacement costs are underfunded and the first item to be slashed when budget problems arise. Overall, distribution system maintenance is reactionary in much of the older systems. Since the majority of the antiquated system will require removal and replacement beyond the CWS funding resources for systematic upgrade, a reactionary rehabilitation program is inevitable and must be funded accordingly."

Call or email me if you need anything further.
b

Brad Wurfel
Communications Director
Michigan Department of Environmental Quality
517-284-6713
517-230-8006 cell

VEOLIA

FLINT, MICHIGAN
Water Quality Report

Water Quality Report
March 12, 2015

FROM
Veolia North America

TO
Emergency Manager Gerald Ambrose

Executive Summary

The City of Flint changed water sources, transitioning from Detroit's system to the Flint River. This change created water treatment challenges that have resulted in water quality violations. Aging cast-iron pipe has compounded the situation, leading to aesthetic issues including taste, odor and discoloration. Public interest and scrutiny of the drinking water system intensified following the distribution of required public notices of violation

The City of Flint has made a number of good decisions regarding treatment changes that have improved water quality However, this is a very complex water quality issue and the City is seeking additional advice on what to do to ensure healthful drinking water for the community.

Veolia appreciates the City's decision to seek independent third parties to review current treatment processes, maintenance procedures and actions taken to date, and provide ideas for improvement. We are pleased to present this final report to the City of Flint following our experts' 160-hour assessment of the water treatment plant, distribution system, customer service and communications programs, and capital plans and annual budget.

This report provides recommendations and a roadmap for improvement, though our engagement was limited in scope Our assessment included reviewing actions taken by the City to date, validating the City's plans going forward, and making recommendations for ideas not being considered.

Although a review of water quality records for the time period under our study indicates compliance with State and Federal water quality regulations, Veolia, as an operator and manager of comparable utilities, recommends a variety of actions to address improvements in water quality and related aesthetics including. operational changes and improvements, changes in water treatment processes, procedures and chemical dosing, adjustments in how current technologies are being used, increased maintenance and capital program activities; increased training, and, an enhanced customer communications program.

We are also providing a recommended schedule and estimated costs for implementing changes. It is our desire to help Flint residents and public officials better understand the current situation so that informed decisions can be made to ensure safe drinking water for the city's customers.

Review of Actions Taken to Date

To address water quality issues, the city has made operational changes, sought help from the State, hired engineering firm Lockwood, Andrews & Newnam, Inc. (LAN) to provide additional advice, and hired Veolia for an assessment from a utility operator's perspective. The City has also reached out to different specialty vendors (chemical suppliers, filter companies and tank aeration companies) for information about products to help with the TTHM issues. These are logical steps to take.

Flint is not alone in dealing with TTHM problems, as many utilities across the country are facing this challenge. The City appears to be following standard steps that many of those communities are taking to successfully correct the problem.

Although the primary focus of this review was based on solving the TTHM problem, the public has also expressed its frustration over discolored and hard water. Those aesthetic issues have understandably increased the level of concern about the safety of the water

The review of the water quality records during the time of Veolia's study shows the water to be in compliance with State and Federal regulations, and, based on those standards, the water is considered to meet drinking water requirements.

The City has been proactive in its efforts to reach out to the medical community, to set up a phone number and email address to receive complaints, to post State Water Quality reports, to provide the list of EPA required water tests, and offer to test the water at customers' homes.

From our review, these numerous efforts demonstrate how the city is trying to be transparent and responsive beyond what many other communities might do in similar circumstances.

State Report

The Michigan Department of Environmental Quality (MDEQ) has requested specific actions be taken related to the total trihalomethane (TTHM) issues. The February 2015 report from LAN (*Operational Evaluation Report TTHM Formation Concern*) indicated apparent reasons for the elevated levels of TTHM in the distribution system. These generally relate to high Total Organic Carbon (TOC) in the water source, improperly operating equipment both in the plant and the distribution system, less-than-optimal plant TOC removal and old cast-iron pipe in the distribution system. **Our assessment confirms that these reasons are likely given our on-site laboratory testing and analysis, as well as our first-hand observations.**

Due to time constraints, LAN's report to the State was submitted prior to Veolia's final analysis and recommendations, and contained a number of key initial and contingent steps the City should consider, including:

Initial Actions

- Hire a Third Party Water Quality Expert to Complete Independent Audit
- Obtain a THM Analyzer
- Carry Out Jar Testing
- Water Plant Optimization Softening
- Water Plant Optimization Disinfection of Filter Beds (Pre-Chlorination)
- Water Plant Optimization Polymer Aid to Coagulation and Flocculation
- Increase Water Main Flushing
- Water Modeling Cedar Street Pump Recirculation
- Water Modeling West Side Pump Recirculation
- Broken Valve Locations
- Increase Flushing

Contingent Actions

- Fix Ozone System
- Start Feeding Coagulant and Flocculation Polymer
- Convert to Lime and Soda Ash Softening
- Change Disinfection to Chloramine or Chlorine Dioxide Temporarily
- Install Pre-Oxidant at Intake
- Replace Filter Media Implement Advanced Treatment
- Increase Main Flushing
- Continue Valve Replacement
- Emphasize Cast Iron Pipe Replacement

Veolia's Recommendations

While many of Veolia's recommendations match the initial assessment provided by LAN, our approach, as an operator and manager of comparable utilities, considers a more comprehensive solution. These improvements include operational changes, differences in water treatment regimes and chemical dosing, increased maintenance, and increased training.

- **Addition of Permanganate** – The addition of a permanganate chemical will help reduce ozone demand as well as chlorine demand. The reduction of ozone is needed to help eliminate the possibility of violating the bromate limit. The addition of the chemical will require state approval, submission of design documents for approval, procurement of the equipment and installation. The State has indicated they will work with the City on expediting review and approval of any requested changes. The required dosage of permanganate is estimated to range from 0.5 mg/L to 1.2 mg/L with a corresponding price of $160,000 to $320,000 per year. (Please note – The water in the river is dynamic which means it will change with weather, seasons and other factors. The estimates provided are based on bench testing at a given time and as such require the operators to test water and to verify chemical dosages on a frequent basis.)
- **Reduction of Ozone Feed** – Treating water is a delicate balance - increasing ozone to fix the TTHM problem can raise bromate levels to a point of violation. The introduction of permanganate is being recommended to reduce the demand for ozone so that feed rates will not exceed 5 mg/L. The current ozone dosing has been as high as 8 mg/L and, as such, if allowed to continue, will increase the risk of violating the bromate levels.
- **Increase of Ferric Chloride** – Four coagulants were tested by Veolia -ferric chloride, ferric sulfate, polyaluminum chloride (PACl) and aluminum chlorohydrate (ACH). Ferric chloride and ACH were found to be the best choice of product for effectiveness in removing TOC, a precursor to TTHM formation. Current ferric chloride dosages are too low and dosages of 100 mg/L or more are recommended. Again, please note, that the amount of chemical needed changes with the nature of the river and as such, water must be tested multiple times a day with corresponding changes in chemical dosages. This increase to 100 mg/L is twice what is currently being fed and much higher than what had previously been fed last year. The increase in chemical costs could be up to $1,000,000 per year. This change in dosage (using ferric chloride) can be made immediately without state permit review.
- **Reduction of Lime** – Lime is currently being overfed. A higher dosage of lime does not necessarily mean better treatment. A review of different dosages with jar testing indicates that the current dosage of 280 mg/L can be reduced to 230 mg/L. This represents a potential range of savings of up to $270,000 per year. This change can be made immediately. It should be noted that the current softening equipment is in poor condition, which does complicate the treatment process with a poor balance of flow between the two basins, weirs that are not level causing bypassing with the softener basins, and simply old mechanical equipment that periodically breaks down. This equipment is not going to be needed when a change to lake water occurs. Addition of soda ash to help further reduce hardness in cold weather might require dosages up to 40 mg/L with an annual chemical cost up to $320,000. There have also been some questions or complaints from the public regarding hard water. The water entering the plant is currently 360 mg/L and the plant is reducing that level of hardness to about 210 mg/L. Optimization of the dosage can reduce the hardness

further to about 180 mg/L. This reduction however has been sporadic as equipment breakdowns and high flows have caused problems keeping the softening process on-line. As we have noted before, the dosage needs to be adjusted daily or more often based on process control monitoring. The raw water hardness in the summer is much less than in the winter For illustration purposes, the difference could be 360 mg/L in raw water in winter compared with 220 mg/Lin the summer

- **Eliminate Pre-Chlorination on the Filters** – The reduction of pre-chlorination on the filters during the summer months can help reduce TTHM formation. This action has to be considered carefully with procedures documented and reviewed for engineering principles. As such, it will take time for the design engineer to determine what could be done to assure the proper chlorine contact time and document that other safety protocols in water are met. This requires state approval Any submission should be considered along with a possible change in filter media. If Granulated Activated Carbon (GAC) is installed then the pre-chlorination would be stopped or drastically reduced because of the chlorine impact on the GAC filter media. Veolia's initial investigation into changes in chlorine feed point indicate that the recommended action can be accomplished while maintaining the required regulatory contact time for disinfection

- **Change Filters to Granulated Activated Carbon (GAC)** – The object of the other changes being made is to reduce the TOC before chlorine is added into the process. The plant by design is limited on the amount of TOC removal possible. A maximum removal of only 60% is likely if the plant is properly optimized. The change of filter media to GAC would provide the best reduction possible and provide better than 90% removal dramatically reducing the potential for TTHM formation and thus ensuring compliance with that parameter for the water system. The change in filter media; however, is complicated requiring approval by the state, design of the changes, procurement of the media and a contractor to install it. That will take time and is likely in a range of $1.5 million (more or less) in cost. The use of GAC also requires more testing and monitoring of the media and the TOC than with the current media. GAC will accumulate TOC and begin to become in effective after a period of time. Depending upon the level of TOC reaching the filters this could be as short as 3 months and as long as 9 months The amount of TOC is dependent upon the river water quality and operation of the other plant processes. Once the ability of the filters to remove TOC is diminished, the GAC media has to be replaced if river water continues as a source. The change to lake water will not require TOC removal and the media could continue to be used as filter media for that new water source.

- **Corrosion Control** – The primary focus of this study was to assure compliance with the TTHM limits. That is not the only problem facing the city and its customers though. Many people are frustrated and naturally concerned by the discoloration of the water with what primarily appears to be iron from the old unlined cast iron pipes. The water system could add a polyphosphate to the water as a way to minimize the amount of discolored water. Polyphosphate addition will not make discolored water issues go away. The system has been experiencing a tremendous number of water line breaks the last two winters. Just last week there were more than 14 in one day. Any break, work on broken valves or hydrant flushing will change the flow of water and potentially cause temporary discoloration

- **Eliminate a Storage Tank** - The water system has more storage than it requires, due to excess capacity in the water lines in combination with the storage tanks. The City has already employed LAN to update the hydraulic model. The hydraulic model should be used to help determine if water levels can be lowered further and even to remove some storage tanks from service. That decision may need to be made seasonally. For example demand during water main breaks last week required extensive amounts of water. The excess storage is more a problem with TTHM formation for the system in summer than winter.

- **Prioritize Valve Replacement** - The hydraulic model shows long water age in portions of the system that appear to be contributing to the TTHM problems LAN has updated the model to include the location of broken valves and that added information is being used to identify other system problems. The City has a contract for valve turning and repair work that should be focused on known broken valves, particularly in sections of the distribution system with old water age. This activity however must wait until warmer weather in fear of causing problems in the water system with lines freezing.
- **Target and Increase Flushing** – Flushing the fire hydrants can be useful in cleaning out lines to minimize discolored water complaints and also helping reduce the age of water. This DOES NOT mean just opening hydrants. The hydraulic model needs to be used to determine which hydrants should be opened and for how long to ensure the lines are properly cleaned. For example, this might require 15 minutes or even several hours of flushing depending on location The flushing of hydrants also needs to include records of hydrant condition, color of water initially and after periodic increments plus chlorine residual testing All of that information will help provide information to the engineers on the effectiveness of the procedure. Each crew doing the work should be trained to help explain the process to the public and also warn neighborhoods about flushing so that staining of laundry can be avoided.
- **Change to Lake Water** – The changes being made now to the water plant will not be the same changes required to treat lake water once it becomes available. A thorough analysis and plan needs to be made in preparation of that switch. This is going to need to include changes in how the plant is operated, like eliminating lime softening and reducing the dosages of many chemicals. Consideration will also have to be given to algae treatment when lake water is being used.
- **Operating Programs** – All of the changes discussed above are based on testing and techniques proposed by engineers and skilled operators of both LAN and Veolia. The staff will need further training and implementation of detailed protocols to successfully implement the changes and to ensure long-term success at the plant. This means the City needs to implement a series of programs to ensure success in these changes.
    - **Process Control Management Plan** (PCMP) – The amount of testing and resulting changes in chemical dosages, along with monitoring the impact on the water, will require a well-documented process that all operators follow An example of this is jar testing, which is used by the operators to identify the most effective chemicals and dosages to optimize treatment. The staff understands the basic treatment process but needs further practice and training to become proficient in the use of routine process control to adjust for water quality. This is commonly referred to as a PCMP and is used as a standard operating procedure so that the operators on the day shift can communicate with the night shift, that operators are following the same treatment plan for water, that the adjustments are unified between different shifts and different people, that a desired water treatment quality is defined and variations from it signal alarms and that the staff knows what to do when the water quality setpoints begin to drift away from its desired quality levels.
    - **Lab QA/QC** – The operation of the water plant is dependent upon accurate lab results. Standard operating procedure needs to be set and lab technicians trained in that process. EPA and the State

set procedures and standards to be met and the staff should strive to meet those standards. The City has already purchased a TTHM analyzer but should also consider a TOC analyzer that can be an online continuous device to provide immediate information on influent and effluent levels of TOC Part of the lab records should be historical review of data to help operators better understand the changes they make in the plant.

- **Maintenance Management** – The key to water equipment is having all the equipment effectively maintained and functioning properly. The current capital program is fixing many broken pieces of equipment and updating the plant to current standards This however must be followed with a rigorous maintenance program that ensures the proper preventive maintenance, is able to predict when maintenance is needed to keep equipment functioning properly and responsive to changes in flows and source water quality.
- **Training** – The changes being suggested are new to the staff and as such training needs to be provided in what the changes involve, why they are being made, the impact on the water quality, and how best to run the plant. A good demonstration of skill level is for the staff to become certified by the State as a licensed water plant operator. Many utilities now require all operators to hold at least the minimum certification level as a starting point and offer incentives to increase their certification level

- **Communication Program** – The city should lay out an immediate, written strategy for communicating with the public in the short-term, as well as a 6-to-12 month strategy that contemplates known, future events like the KWA pipeline and switch to lake water. A wide range of activities are underway to work with the public but a comprehensive and coordinated effort, with a strategic focus, will help the utility and its customers.
  - **Dedicated Communications Personnel** – The City has a single, dedicated public information officer, tasked with providing service to all of city government. The current focus on communications support for Public Works, and the anticipated needs over the next several years, indicate the city would benefit from the hiring of a staff person in Public Works who could establish a communications program designed to provide clear and concise information to a broad audience though a number of different channels. In the interim, the city could hire a communications intern, local communications firm, or somebody with experience who is able to provide reduced or no-cost services for the immediate future.
  - **Communications Planning – Public Notification** – The City should be congratulated on its efforts to keep the public informed. It is posting its monthly reports on the web page to provide transparency, though these reports are highly technical – and may be too technical for the customer base at large. They are valuable to those customers who do want this level of detail. The city should create a single-page dashboard of information that outlines the water utility's performance for the previous month, post the dashboard on the website, print copies for distribution at customer service or other reception areas, and be provided during speaking engagements or other events. This dashboard should be easy to understand, and include:
    - The number of water quality tests conducted the previous month
    - The number of violations reported

  - Whether these results are in or out of compliance
  - Information about other proactive measures such as main and hydrant replacements, or other programs to improve performance of the water utility
  - Benchmarking information so the reader has a greater understanding of how Flint compares with other similar utilities in the region and across the country

- **Public Meetings** –There should be additional, proactive coordination with neighborhood, community and civic groups to provide speakers on timely topics. Given the list of numerous responsibilities, the Public Works director cannot do it alone – the city should identify three or four other staff members, knowledgeable about the water utility who can also speak to various groups, provide information and answer questions. The development of an outreach strategy to target key neighborhood, community and civic groups also will advance the communications effort and the dissemination of information in both the short and long term.
- **Standard tools** – Work crews in the field are often the faces of the utility – the city should create standardized tools for communicating with the public that can be easily and quickly delivered to the community in the event of main breaks, flushing or pre-planned capital improvements. Tools should include:
  - Door hangers for individual distribution
  - Yard signs with simple messaging to be placed near work-sites
  - A simple tri-fold brochure with useful information about the utility and appropriate contact information
  - Specific flyers about a range of topics
  - Infographics about how the water system works, from the intake to the customer's site
- **Change In Billing Format** – The City currently has no real way to reach all customers on a regular basis and provide information. The city should consider changing from a billing postcard to using an envelope and bill stuffer. Monthly or bi-monthly bill inserts are typically used to provide educational material for customers and are standard ways to provide information. Understandably, budget considerations must be taken into account.
- **Use Public Affairs Programming and Opportunities** – The news media has been covering this topic quite extensively – there are other media-related opportunities that may reach a wider audience. Taking advantage of these opportunities will help the city relay information to its customers and the community
  - Participate in regular editorial-board meetings to provide background information and updates on key milestones or events.
  - Identify a local weekly television program and offer to provide guests to speak about key milestones or upcoming events.

Conclusions and Next Steps

The focus of this report is to help assure TTHM compliance and then improve general water quality The City had good results in its most recent TTHM tests, although that is to be expected with the changes made to date and the cooler weather which contributes to low TTHM formation. Warm weather will be a different situation both in the nature of the Flint River water quality and in the formation of TTHM With those changes coming, the City needs to act quickly to make improvements before additional testing takes place this spring and summer. The summary below provides the recommended actions, a priority for their implementation and projected costs either operational or capital The costs are rough orders of magnitude and will vary with changes in water quality, operational decisions, and engineering choices being made and in some cases require State approval. Although a priority is assigned many of these actions can take place simultaneously.

Priority	Action	Annual Operational Cost	One Time Capital Cost
1	Implement operating programs for process control, lab QA/QC, maintenance, and training. These programs are needed regardless of the TTHM issue and will help with transition to lake water. The City has decided upon a central maintenance software and the water system should be the first to utilize this program since costs are already budgeted. These programs should be initiated immediately	$ 25,000	$ 250,000 - $ 350,000
2	Contract with your engineer and initiate discussions with the State on the reduction of chlorine prior to the filters and changing the filter media to GAC. This activity has the longest time frame for design and approval, but also is extremely critical to assuring reduced TTHM production. The current filter cleaning and maintenance project needs to be adjusted to take into consideration the change in filter media both to dispose of the anthracite instead of cleaning and to install the GAC This entire project needs to be done by early July to assure a flow of water throughout the system. Several months are required for the engineering design, State approval, bidding of work and installation of GAC and as such needs to begin now.	$ 0	$1,500,000
	Contract with your engineer and initiate discussions with the State on the addition of 0 5 to 1.2 mg/L of either potassium permanganate (dry) or sodium permanganate (liquid). This will take time to get approved and to implement. The use of liquid tanks at the raw water pump station may be the quickest and least expensive alternative for a temporary measure	$ 160,000 - $ 320,000	$ 50,000

	Contract with your engineer and initiate discussions with the State on the addition of a corrosion control chemical. This action can be submitted and discussed with the state at the same time as the other chemical and filter changes saving time and effort. A target dosage of 0.5 mg/L phosphate is suggested for improved corrosion control.	$ 50,000	$ 50,000
3	Increase the ferric chloride dosage to 100 mg/L depending on river water TOC levels. (Lower TOC levels can be treated with less ferric chloride) This change can be made now and is allowed by the State.	$ 1,000,000	$ 0
	Reduce the ozone feed rate to 5 mg/. This change can be done now and does not require State approval.	($50,000 – $100,000	$ 0
	Reduce the lime dosage to minimize hardness levels after softening. This will eliminate magnesium removal during treatment, but will also reduce total hardness A reduction in carbon dioxide dosing for recarbonation treatment also is expected due to the reduction in lime feed. This change can be made now and does not require State approval	($270,000)	$ 0
4	Confirm with the engineer when the revised hydraulic model will be completed and if necessary for time to focus on areas of longest water age if that would speed up the effort. Identify impact of reducing tank levels or eliminating a tank seasonally to improve water age. Include with this effort a list of hydrants to flush along with time required to assure drawing fresh water through the system. The engineer has been assigned this task already and confirmation of the timing of a delivery is needed.	$ 0	Already Contracted
	Ask the engineer to identify closed valves on a map that are impacting water age and that can be bid for replacement as soon as weather permits. Have the engineer identify areas of the system where the valve contractor should be focused on finding and fixing closed valves	$ 0	Already Budgeted
5	Implement the recommendations in the communications program including a person assigned to public works education, using envelopes instead of cards along with bill stuffers for education and provide training for staff. Envelopes and bill stuffers are expensive and might be done periodically and not every month. The cost of TTHM notices, Annual Water Quality Reports and City notices should be figured into if any additional costs would exist. Many of these changes are underway now by the City.	Position Being Budgeted	

Notes

- The costs provided are rough order of magnitude which final engineering will firm up but will fluctuate with final decisions on engineering, operating technique and water quality.
- The change from river to lake water will dramatically cut the chemical costs as less is needed once the change occurs. This means that potassium permanganate will likely not be needed, ferric will drop as much as it went up, ozone levels will be lower and little lime will be needed.

Results Expected

The real question is what changes can be expected from these results in lowering the TTHM, improving the aesthetics and preparing for the change to lake water

- **TTHM** – The City has already made great strides in reducing the TTHM levels with the changes already made The additional suggestions by Veolia will further reduce TTHM in the water and help get the city released from the notices being provided to customers.
- **Hardness** – The hardness entering the plant this winter is 360 mg/L with the current system reducing it to 210 mg/L and optimization will reduce to about 180 mg/L. During the summer the levels will be lower probably in the 140 mg/L to 150 mg/L range. The target set by the current best operating practices is 120 mg/L to 150 mg/L.
- **Discolored Water** – The discolored water is caused by the old unlined cast iron pipe. The water from the plant can have an impact on discolored water, but a greater concern is the breaks and construction work that disrupt the flow of water causing discoloration A polyphosphate is suggested to help bind the old cast iron pipe reducing instances of discolored water. This along with improve flow of water and programmed hydrant flushing will help, BUT WILL NOT eliminate discolored water occurrences.
- **Change to Lake Water** – The recommendations include the suggestion of programs to help the staff better manage the treatment process, additional testing to adjust the plant and additional lab monitoring, a maintenance program focused on keeping equipment properly functioning and more training for staff to improve their skill level. Those actions will prepare the staff for the change of water sources when it comes next year in addition to developing a thorough plan for the switch

Resourcing the world

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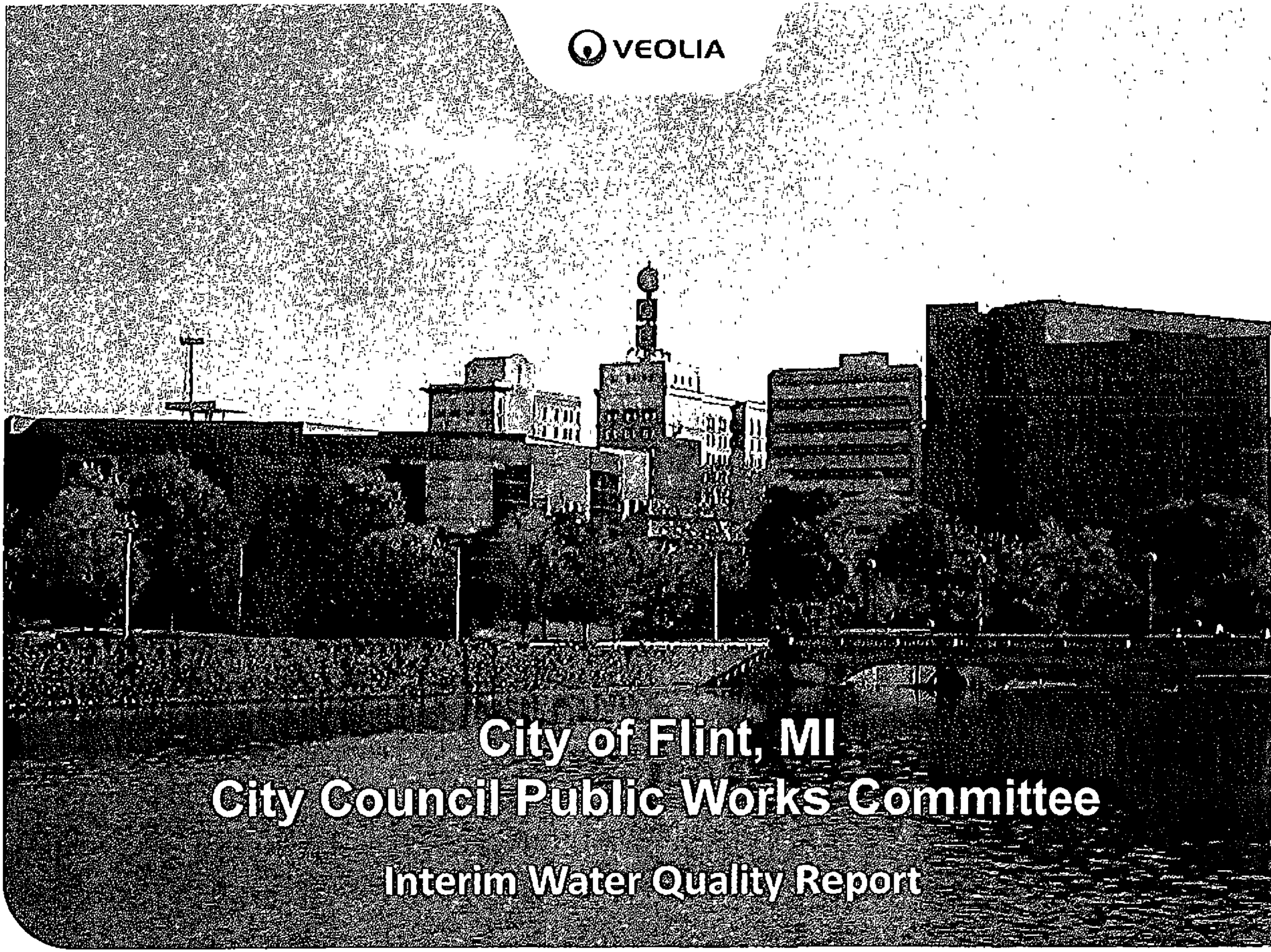

VEOLIA
City of Flint, MI
City Council Public Works Committee
Interim Water Quality Report

Veolia Scope of Work

Week 1

- Provide a review of current actions
- Engage staff, visit facilities and analyze data
- Make interim report

Week 2

- Carry out more detailed study of initial findings
- Make recommendations for Improving water quality
- Provide a plan, cost and schedule for change

Items of Note

- **Not in scope** – studying why the change from DWSD or the history of the utility
- **What we found** – A very frustrated community and a staff trying to solve the problem, having some success but frustrated with the pace of change

Everybody Is Checking the Safety of Water

- City, state, news media, universities and other groups
- Safe = compliance with state and federal standards and required testing
  - *Latest tests show water is in compliance with drinking water standards*
  - *Monthly report available on web page*
- More than 20,000 tests required annually for city
- Strict testing requirements in place (what and how to test)

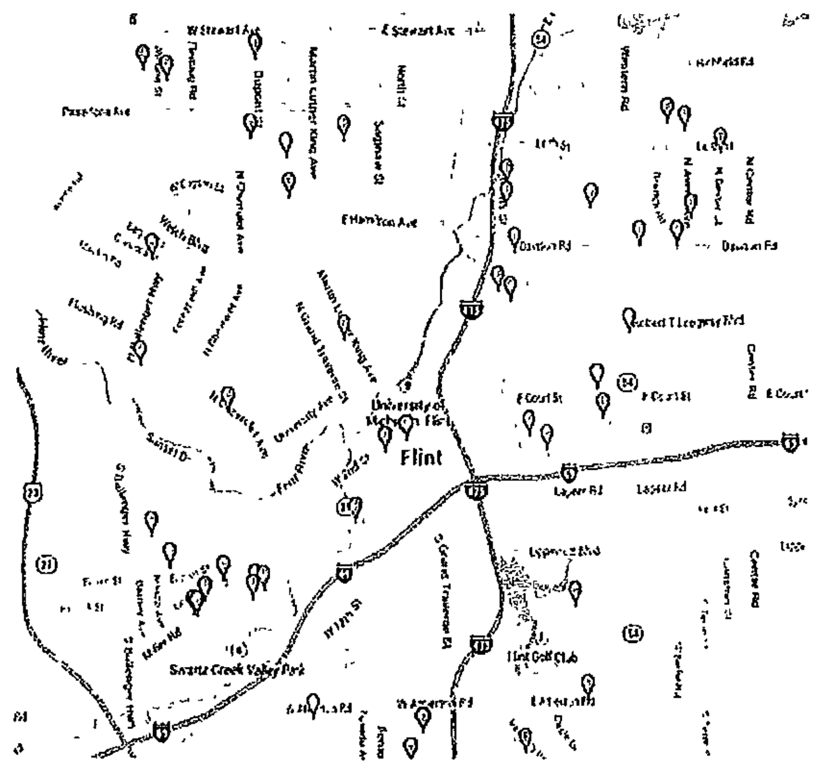
Why TTHM Notices?

- TTHM is formed as a result of the reaction between chlorine and organic material in the water
- City is required to test quarterly at 8 sites
  - *Last summer, several sites had more TTHM than allowed*
- City has reduced levels of TTHM and now all sites are in compliance
  - *Customer notification letters are required until tests are in compliance an average of four quarters*
- It will take at least 2 more quarters to lower average
  - *Even a change to DWSD water doesn't solve problem*
- Flint is not alone – hundreds of communities are facing TTHM issues

Why Discolored Water?

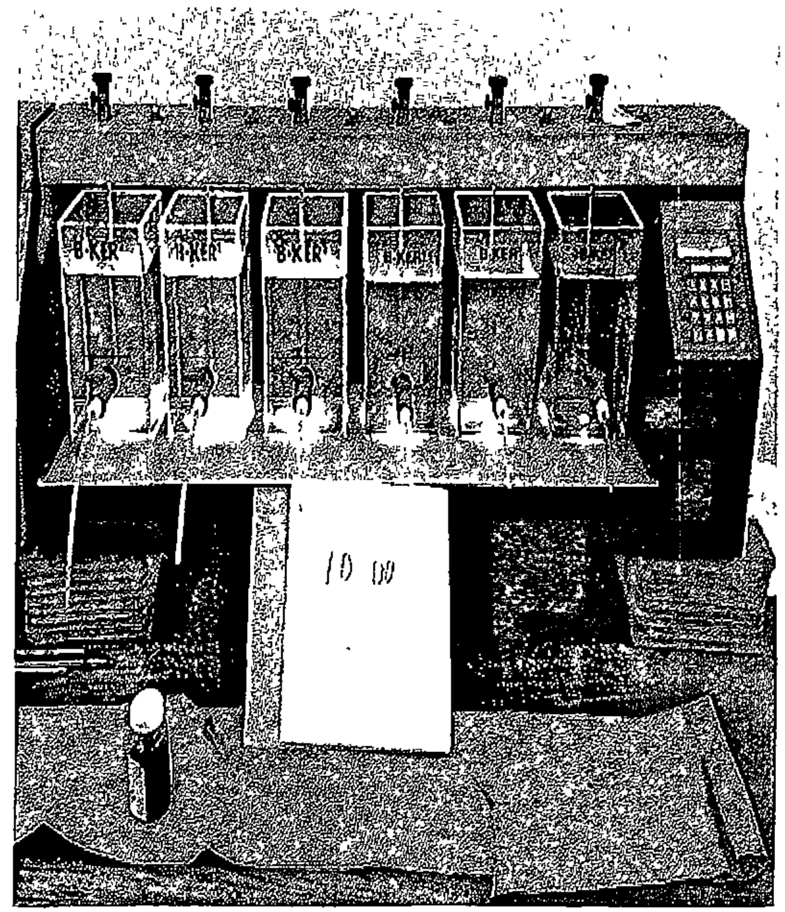
- Old cast iron pipes
- Always has been some discolored water problems – mostly after water breaks
- Efforts to reducing TTHM didn't help discoloration
  - *Doesn't mean the water is unsafe but it is not appealing and raises questions*
- City will test the water at your home – call 787-6537 or email flintwater@cityofflint.com
- Tracking customer complaints is important

Location of water quality complaints
The last 12 months – fewer than you think



Water Quality Can Be Improved

- Adjust the chemicals being fed – stop some, increase some and change some
- Provide better monitoring of water quality to help make adjustments
- Continue repair or replacement of broken parts
- Reduce the over capacity of the distribution system
- Do a better job explaining what is happening
- Do a better job of asking for help



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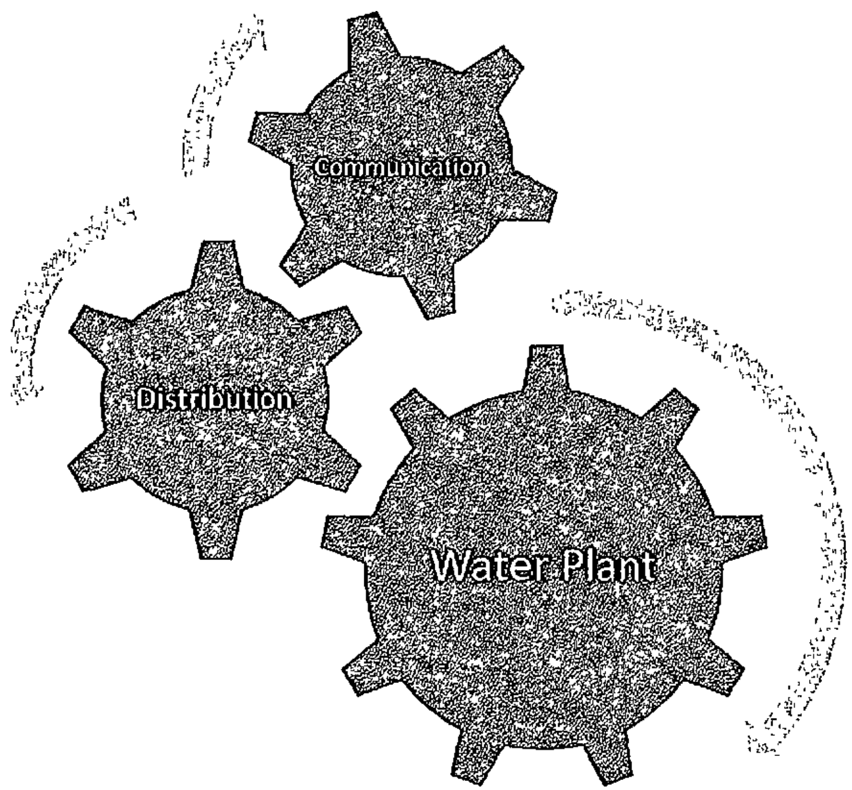
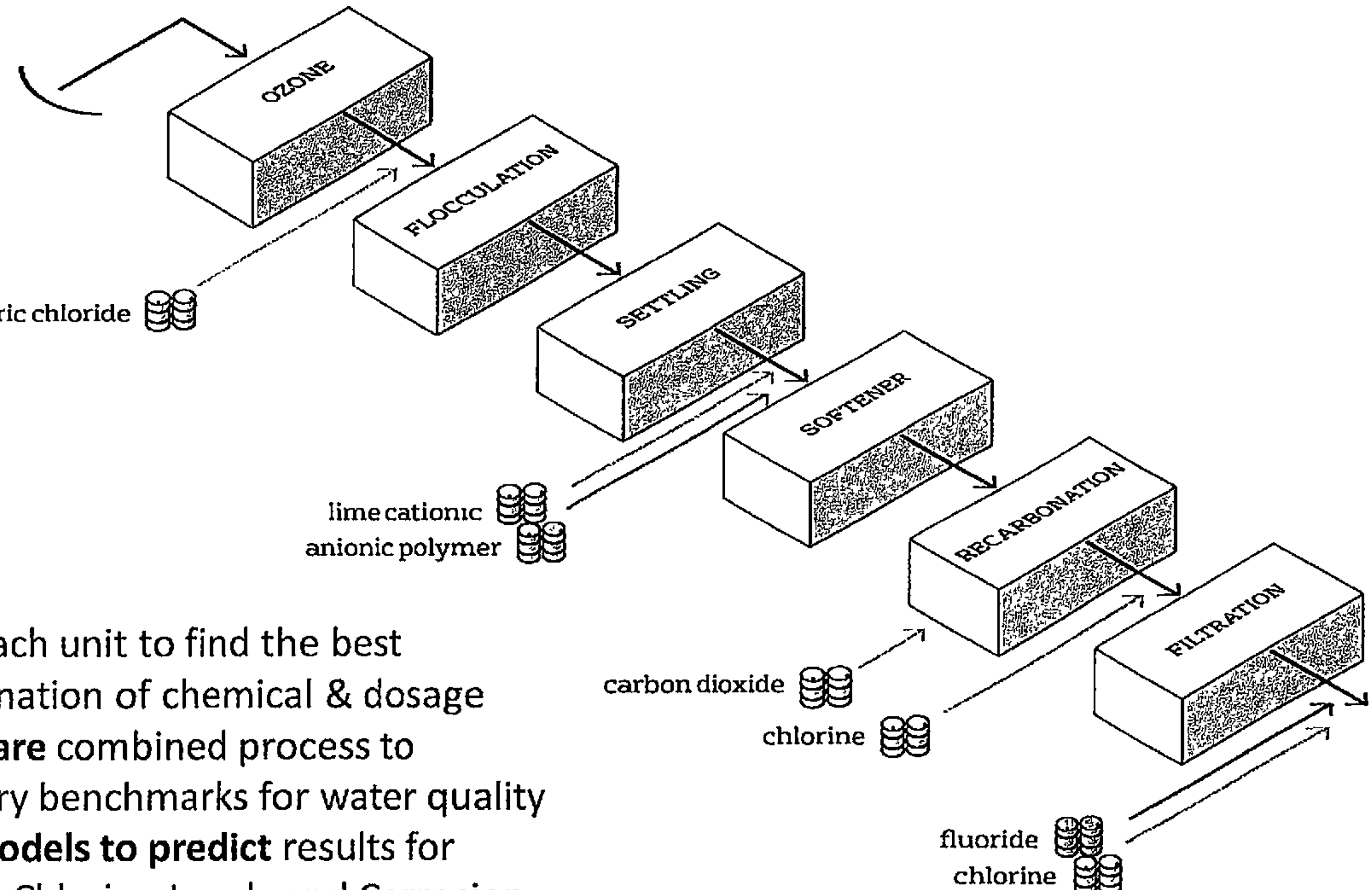
Further Explanation of Solutions

Solution Involves Coordination of 3 Activities



- Water plant improvements
  - *Optimize chemical dosages*
  - *Consider different chemicals*
  - *Change dosing points*
  - *Install granulated activated carbon*
  - *Complete plant upgrades*
  - *Implement best mgt practices*
- Distribution system improvements
  - *Fix broken valves*
  - *Ask for customer feedback*
  - *Reduce tank storage*
  - *Target line flushing*
  - *Run a hydraulic model*
- Better communication with customers
  - *Engage advisory committees*
  - *More accessible utility*
  - *Make it easy to access information*
  - *Better customer communication*

Optimize Plant Processes



- **Test** each unit to find the best combination of chemical & dosage
- **Compare** combined process to industry benchmarks for water quality
- **Use models to predict** results for TTHM, Chlorine Levels and Corrosion

Complete Plant Construction & Re Prioritize Capital

Cost effective plan in budget

- Complete water plant renovation
  - *Target SCADA and instrumentation in plant*
- Speed up valve turning contract & provide money for replacements
- Speed up hydraulic model update to reduce tank volume
- Evaluate installing of granulated activated carbon on filters

Weather can impact timing

Digging up a water valve for repair
Need good weather to start

Implement Best Management Practices

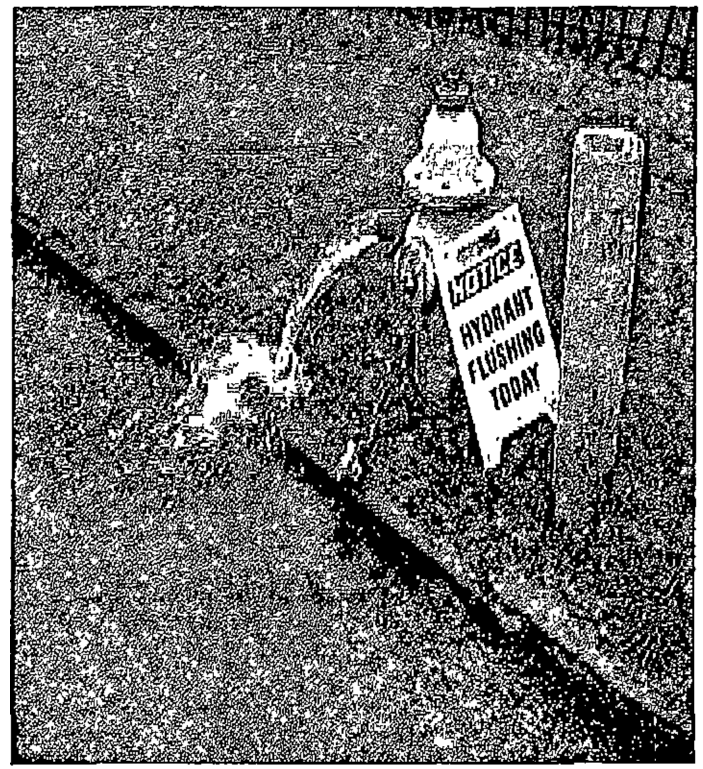
<u>Activities to Help Operators Maintain Good Water Quality</u>

- Process Control Management Plan
- Lab QA/QC Program
- Computerized Maintenance Management System
- Asset Management System
- Training and Certification Program
- Vulnerability Plan

Distribution System Improvements

- Speed up flow of water from plant to homes – 2 weeks plant to house
  - *Find closed valves & open them*
  - *Replace broken valves*
  - *Update hydraulic model*
  - *Reduce system storage*
- Track customer complaints
  - *Test customer water*
  - *Spot flush hydrants to clean areas of stagnant water in the system*

Flushing out discolored water



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Improving Customer Service

Make It Easy to Access Information and People

Develop a proactive customer communication plan

- Create advisory committees to help direct efforts and improve flow of information
- Establish a single point of contact to manage all water quality complaints
- Provide additional customer service training to staff
- Expand neighborhood and community outreach
- Change monthly billing statements from card to envelope with information

Example - Communicate in the field

NOTICE: ANNUAL FLUSHING PROGRAM

We are conducting our annual flushing program to enhance your water quality and clean the distribution system.

DC Water crews will be flushing hydrants in your area 10:00 p.m. to 6:30 a.m. on the following dates:

9/24 **through** 9/30

IMPORTANT INFORMATION

- Your water supply will not be shut off during hydrant flushing.
- You may notice slight water discoloration or low water pressure.
- During this time, customers can continue normal water usage, including drinking, bathing and laundry (unless water is discolored).

If you experience discolored water during this period:

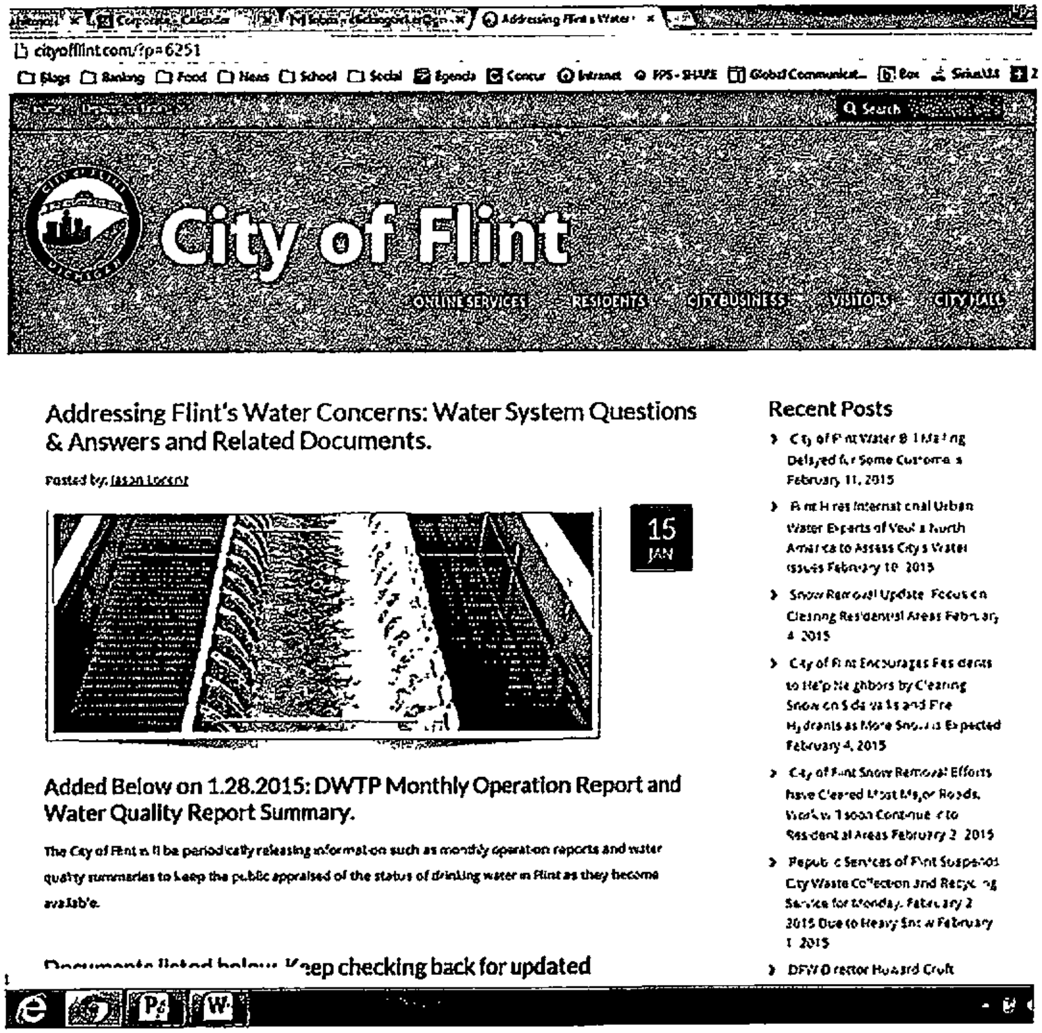
- Run your cold water taps for 15 minutes. If it does not clear up, please contact our Drinking Water Division.
- Do not run your hot water. If you experience discolored water from your hot water tap for several hours, then it is recommended to drain and flush your water heater tank.

Provide field crews with additional communications tools to use to address questions or concerns from the public

- *Create door hangers, flyers, or yard signs to notify neighborhoods about main breaks, hydrant flushing, or system maintenance that may affect the public*
- *Create a business card or other contact card with the name and phone number of the single point of contact with the Department of Public Works who is managing information flow*

**sample door hanger provided by DC Water & Sewer Authority*

Clear, concise information is key



- Simplify the reports on the web page dedicated to addressing water system questions
  - *Create a single-page, easy to understand report for the public*
  - *Use charts or provide other examples to demonstrate water quality testing and system or treatment plant improvements underway*
  - *Provide name, phone number and email address for identified point of contact so customers can request more information*
  - *Continue to provide Monthly Operation Report and Water Quality Report Summary for those customers interested in more technical information*
  - *Use site to provide additional notice of field work that may impact customers*

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What Is Next

Next Steps

Week 1

- Provide a review of current actions
- Engage staff, visit facilities and analyze data
- Make interim report

Week 2

- Carry out more detailed study of initial findings
- Make recommendations for Improving water quality
- Provide a plan, cost and schedule for change

Questions Being Heard

REMEMBER

We just started. Might not have an answer yet to your question

- **When will water improve -** The water has improved with current actions. More changes will occur over weeks and months because of safety reviews
- **Date of next update and final report** – An update will be provided next week and a report the following week.
- **Time frame for implementing recommendations** – The City is already started. Others a few days and some weeks or months due to State approval being required or weather.
- **Cost of changes** – Don't know yet but we are aware of the financial concerns

More Questions Being Heard

- **How are TTHM formed** – It's the reaction of chlorine to organics (leafs, dirt) in the water.
- **How to reduce TTHM** – Reduce organics before introducing chlorine and shorten time chlorine has to react with the organics
- **What causes discoloration** – Older lines, the iron parts of the system will leach iron into the water causing the discoloration. Other times its just air built up.
- **Why no discoloration with DWSD** – There was. Flint had a bad time with breaks of old line and is doing lots of construction. This stirred up the water and caused discoloration.

More Questions Being Heard

- **Can you test my water** – The city will test your water for free. But, only 2 of 20 people have taken the city up on the offer since it began offering the service.
- **Medical problems** – Some people may be sensitive to any water. Talk to your doctor. The City is communicating with the medical community.
- **Confidence that future problems will be avoided** – Recommendations will include putting programs in place to better respond to water changes and assure quality

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Questions?

Cline, Richard (Treasury)

From: Workman, Wayne (TREASURY)
Sent: Friday, March 13, 2015 4:56 PM
To: Koryzno, Edward (Treasury); Byrne, Randall (Treasury); Cline, Richard (Treasury); Headen, Frederick (Treasury)
Subject: Fwd: City of Flint Emergency Manager Order [MCPS-ACTIVE.FID982479]

FYI

Sent from my iPhone

Begin forwarded message:

> **From:** Gerald Ambrose <gambrose@cityofflint.com>
> **Date:** March 13, 2015 at 4:30:51 PM EDT
> **To:** "Wayne Workman (TREASURY)" <workmanw@michigan.gov>
> **Subject: Fwd: Re: City of Flint Emergency Manager Order [MCPS-ACTIVE.FID982479]**
>
> Here are answers to my questions...
>
> ---------- Forwarded message ----------
> From: "Bulger, Harold W., Jr." <bulger@millercanfield.com>
> Date: Mar 13, 2015 4:17 PM
> Subject: Re: City of Flint Emergency Manager Order [MCPS-ACTIVE.FID982479]
> To: "Gerald Ambrose" <gambrose@cityofflint.com>
> Cc: "Peter Bade" <pbade@cityofflint.com>, "Danhof, William J." <Danhof@millercanfield.com>
>
> Jerry,
> I got some minor comments from Alan Lambert of the AG's Office which I will incorporate in the EM Order on Monday and recirculate it for final sign off. The State Treasurer must approve the Restructuring under 436. John Barton has provided a form of a State Treasurer's Approval letter which I will modify and prepare for this restructuring as well as the memorandum from you to the Treasurer requesting approval. We will also prepare the tax-exemption waivers for the MFA and DEQ. Once these are done I anticipate that you should be able to sign and send the Memorandum and Order to the Treasurer by next Wednesday, if not sooner.
> Thanks
> Harold
>
> Sent from my iPhone
>
> On Mar 13, 2015, at 3:30 PM, Gerald Ambrose <gambrose@cityofflint.com> wrote:
>
>> I have reviewed and it is ok w me. What is the next step? Do I need Treasury approval before enacting. I will query Wayne Workman at Treasury as well...
>>
>> J

On Mar 11, 2015 3:28 PM, "Peter Bade" <pbade@cityofflint.com> wrote:
Jerry - please see the attached draft.

---------- Forwarded message ----------
From: **Gerald Ambrose** <gambrose@cityofflint.com>
Date: Mon, Mar 9, 2015 at 7:17 PM
Subject: Fwd: City of Flint Emergency Manager Order [MCPS-ACTIVE.FID982479]
To: Natasha Henderson <nhenderson@cityofflint.com>, Dayne Walling <dwalling@cityofflint.com>
Cc: Peter Bade <PBade@cityofflint.com>

For your thoughts -- Treasury appears willing to allow us to restructure the outstanding DWRF bonds to essentially move the April 2015 principal portion of the debt service payment to the end of the debt service. This would free up about $2.24 million of cash in the water fund to use for other capital projects.. Time of course is of the essence and we will have to define that (or those) capital improvements. Looking at the existing list of projects, the easy answer is additional miles of pipeline replacement. But I do not know right now if that would be the best answer - and no, it cannot be used to reduce rates:). or to put into the GF and then transfer to the Water Fund:). This is one reason the recommendations from Veolia are needed asap.

This is confidential to you until we have a plan. Peter Bade is reviewing...my only question with the draft is what might be the potential of the bonds losing tax exempt status - what is the likelihood and what would it cost us? I am asking Pete to follow up on that...

J

---------- Forwarded message ----------
From: **Gerald Ambrose** <gambrose@cityofflint.com>
Date: Mon, Mar 9, 2015 at 7:02 PM
Subject: Fwd: City of Flint Emergency Manager Order [MCPS-ACTIVE.FID982479]
To: Peter Bade <PBade@cityofflint.com>

FYI... bottom line is that this will allow us to postpone the April 2015 principal portion of debt service in teh amount of $2.24 million. This frees up cash which can be used for needed capital improvements...Obviously time is of the essence, given a payment date of April .

---------- Forwarded message ----------
From: **Bulger, Harold W., Jr.** <bulger@millercanfield.com>
Date: Mon, Mar 9, 2015 at 4:48 PM
Subject: City of Flint Emergency Manager Order [MCPS-ACTIVE.FID982479]
To: "Gerald Ambrose (gambrose@cityofflint.com)"

<gambrose@cityofflint.com>, "Barton, John (Treasury)" <BartonJ@michigan.gov>, "Bowman, Matthew (Treasury)" <BowmanM2@michigan.gov>, "Lambert, Alan (AG)" <LambertA@michigan.gov>, "Danhof, William J." <Danhof@millercanfield.com>

Attached for your review is an initial draft of the form of Emergency Manager Order to authorize the restructuring of the debt service schedules for the Flint Water Supply System Revenue Bonds, Series 1999, 2000, 2001 and 2002. I believe this draft incorporates the points we have discussed, but in the interest of time it has not been reviewed by Gerald Ambrose and therefore it is being circulated subject to any comments he may have. Please provide comments at your earliest opportunity.

Thanks,

Harold

Harold W. Bulger, Jr. | Attorney and Counselor at Law

Miller Canfield
150 West Jefferson, Suite 2500
Detroit, Michigan 48226 (USA)

T +1.313.496.7507 | **F** +1.313.496.8451 | **Mobile** +1.313.319.2443

bulger@millercanfield.com | View Profile + VCard

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Cline, Richard (Treasury)

From:	Byrne, Randall (Treasury)
Sent:	Monday, March 16, 2015 11:49 AM
To:	Koryzno, Edward (Treasury)
Cc:	Vandegrift, Drew (TREASURY); Cline, Richard (Treasury)
Subject:	FW: City of Flint Emergency Manager Order [MCPS-ACTIVE.FID982479]
Attachments:	Order.No.5.Restructuring.Water.System.Revenue.Bonds 03.11.15.docx

FYI,

Randy,

From: Gerald Ambrose [mailto:gambrose@cityofflint.com]
Sent: Monday, March 16, 2015 11:40 AM
To: Byrne, Randall (Treasury)
Subject: Fwd: City of Flint Emergency Manager Order [MCPS-ACTIVE.FID982479]

This is the most recent draft. Harold Bulger is working on another draft....
---------- Forwarded message ----------
From: **Peter Bade** <pbade@cityofflint.com>
Date: Wed, Mar 11, 2015 at 3:28 PM
Subject: Fwd: City of Flint Emergency Manager Order [MCPS-ACTIVE.FID982479]
To: Gerald Ambrose <gambrose@cityofflint.com>
Cc: Maxine Murray <mmurray@cityofflint.com>

Jerry - please see the attached draft.

---------- Forwarded message ----------
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Subject: Fwd: City of Flint Emergency Manager Order [MCPS-ACTIVE.FID982479]
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To: "Gerald Ambrose (gambrose@cityofflint.com)" <gambrose@cityofflint.com>, "Barton, John (Treasury)" <BartonJ@michigan.gov>, "Bowman, Matthew (Treasury)" <BowmanM2@michigan.gov>, "Lambert, Alan (AG)" <LambertA@michigan.gov>, "Danhof, William J." <Danhof@millercanfield.com>

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Thanks,

Harold

Harold W. Bulger, Jr. | Attorney and Counselor at Law

Miller Canfield
150 West Jefferson, Suite 2500
Detroit, Michigan 48226 (USA)

T +1.313.496 7507 | **F** +1.313.496.8451 | **Mobile** +1.313.319.2443

bulger@millercanfield.com | View Profile + VCard

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--

Peter M Bade
Chief Legal Officer
City of Flint
p 810 766 7146
f 810 232 2114

EMERGENCY MANAGER
CITY OF FLINT
GENESEE COUNTY MICHIGAN

ORDER No. 5

RESTRUCTURING OF OUTSTANDING WATER SUPPLY SYSTEM REVENUE BONDS, SERIES 1999, SERIES 2000, SERIES 2001 AND SERIES 2002

BY THE POWER AND AUTHORITY VESTED IN THE EMERGENCY MANAGER FOR THE CITY OF FLINT, MICHIGAN, PURSUANT TO ACT 436, PUBLIC ACTS OF MICHIGAN, 2012, THE LOCAL FINANCIAL STABILITY AND CHOICE ACT; GERALD AMBROSE, THE EMERGENCY MANAGER, ISSUES THE FOLLOWING ORDER:

The City of Flint, County of Genesee, State of Michigan (the "City") is in a state of financial emergency under Act 436;

Effective January 13, 2015, Gerald W. Ambrose was appointed as Emergency Manager (the "Emergency Manager") of the City, by the Governor of the State of Michigan (the "State") and the State Treasurer; and

Pursuant to Section 9(2) of Act 436, the Emergency Manager has broad powers in receivership to rectify the financial emergency and to assure the fiscal accountability of the City and its capacity to provide or cause to be provided necessary services essential to the public health, safety and welfare; and

Pursuant to Act 436, the Emergency Manager acts in place of local officials, specifically the Mayor and City Council, unless the Emergency Manager delegates specific authority; and

The City has heretofore issued and presently has the following bonds outstanding in the amounts indicated, the proceeds of which were used to finance the acquisition, construction and installation of Phase I, segments 1 through 4 of the rehabilitation of the Flint Water Treatment Plant (the "Plant"): (i) $2,543,000 Water Supply System Revenue Bonds, Series 1999, (the "1999 Bonds"); (ii) $3,275,000 Water Supply System Revenue Bonds, Series 2000, (the "2000 Bonds"); (iii) $4,256,408 Water Supply System Revenue Bonds, Series 2001 (the "2001 Bonds"); and (iv) $10,694,934 Water Supply System Revenue Bonds, Series 2002, (the "2002 Bonds", collectively with the 1999 Bonds, the 2000 Bonds and the 2001 Bonds, the "Bonds"); and

All of the Bonds were sold to and are currently owned by the Michigan Finance Authority (the "Authority"), as successor to the Michigan Municipal Bond Authority; and

The Plant and the water supply system are in need of further improvements and replacements (the "Improvements") to enhance the treatment of raw water processed by the Plant and the distribution of treated water from the Plant; and

The City does not have sufficient funds on hand to finance the Improvements and the Authority has tentatively agreed to allow the Emergency Manager to restructure and amend the debt service payments on the Bonds, by postponing the principal payments next coming due on April 1, 2015, for the 1999 Bonds of $395,000, the 2000 Bonds of $435,000 and the 2001 Bonds of $485,000 and on October 1, 2015, for the 2002 Bonds of $925,000, all as more particularly described in this Order (collectively, the "Restructuring"), to allow the amounts available for such principal payments to be used to pay for the Improvements; provided, that the current interest payments due on such principal payment dates shall remain due and payable thereon; and

Section 12(1)(x) of Act 436 authorizes the Emergency Manager to: "Enter into agreements with creditors or other persons or entities to restructure debt on terms, at rates of interest, and with security as shall be agreed among the parties, subject to the approval of the State Treasurer;" and

The interest on each series of the Bonds is presently excludable from gross income for federal income tax purposes and the City has covenanted, in each Bond Resolution which authorized each related series of the Bonds, among other things, to do all things necessary to assure that the interest on the respective series of Bonds will be and will remain excludable from gross income for federal income tax purposes (the "Bond Tax Covenant"); and

In connection with the issuance of each series of the Bonds, the City entered into a Supplemental Agreement ("the Supplemental Agreement") with the Authority and the State of Michigan, acting through its Department of Environmental Quality (the "DEQ"), under which the City covenanted, among other things, to the extent permitted by law, to take all actions within its control and not fail to take any action as may be necessary to maintain the exclusion of interest on the Bond from gross income for federal income tax purposes (the "Supplemental Agreement Tax Covenant"); and

In implementing the Restructuring, the City will use its best efforts to maintain the tax-exempt status of the Bonds; however, the Emergency Manager, the MFA and the DEQ desire to allow the Restructuring to occur even if as a result of the Restructuring, Miller, Canfield, Paddock and Stone, P.L.C., as bond counsel to the City ("Bond Counsel") delivers an opinion to the City and the MFA concluding that as a result of the Restructuring, the Bonds have lost their tax-exempt status (an "Unfavorable Tax Opinion"); and

As a precondition to the Restructuring, the Emergency Manager desires for the MFA, as holder of the Bonds, and the DEQ to conditionally waive the respective Tax Covenant and the Supplemental Agreement Tax Covenant related to each series of the Bonds, which waivers shall be rescinded automatically if Bond Counsel concludes that the Restructuring has not had a negative impact on the tax-exempt status of the Bonds, and

The Emergency Manager further desires to authorize and direct the Mayor, the Director of Finance, the City Clerk and all other authorized persons to perform all acts consistent with this Order, necessary and appropriate to complete the Restructuring as provided in this Order.

IT IS HEREBY ORDERED AS FOLLOWS:

1. The current debt service schedules attached as Exhibit A to each of the Bonds are hereby deleted in their entirety and in lieu thereof shall be attached to each respective Bond the amended and restated debt service schedules attached hereto as Exhibit A for the 1999 Bonds, Exhibit B for the 2000 Bonds, Exhibit C for the 2001 Bonds and Exhibit D for the 2002 Bonds.

2. Except as otherwise amended and restated hereby, all of the other terms and conditions of the Bonds shall remain the same; provided however, that if Bond Counsel delivers an Unfavorable Tax Opinion, the interest on the Bonds shall be taxable for federal income tax purposes; and

3. The Emergency Manager, the Mayor, the Director of Finance and the City Clerk are hereby authorized and directed to perform all acts consistent with this Order and enter into such agreements with the Authority and DEQ and provide such certificates as may be necessary and appropriate to complete the Restructuring.

4. The Restructuring is conditioned upon and shall not become effective unless and until (i) the Restructuring has been approved in writing by the Treasurer of the State of Michigan, pursuant to Section 12(1)(x) of Act 436; and, (ii) the MSF and the DEQ have approved the Restructuring and provided conditional waivers of the Bond Tax Covenants and the Supplemental Agreement Tax Covenants related to each series of the Bonds.

This Order is effective immediately upon the date of execution below.

This Order may be amended, modified, supplemented, repealed or terminated by any subsequent Order issued by the Emergency Manager.

Dated: ____________________ By: ________________________________

Gerald W. Ambrose
Emergency Manager
City of Flint

xc: State of Michigan Department of Treasury
Mayor Dayne Walling
Flint City Council
Inez Brown, City Clerk

S:\P Bade\EM2015\Orders\Order No 5 Restructuring.Water System Revenue Bonds 03 11 15 docx

Byrne, Randall (Treasury)

From: Koryzno, Edward (Treasury)
Sent: Monday, March 16, 2015 2:58 PM
To: Byrne, Randall (Treasury)
Cc: Workman, Wayne (TREASURY); Schafer, Suzanne K. (Treasury); Dempkowski, Angela (Treasury)
Subject: FW: City of Flint Emergency Manager Order [MCPS-ACTIVE.FID982479]

Randy,

You my contact Jerry and inform him that Treasury agrees that he is not required to have City Council approval to restructure the bonds. However, State Treasurer approval is required per Section 12(1)(x).

Because the bonds will be restructured through the MFA, Jerry will be working with John Barton and LAFD approval will not be required.

Ed

Edward B. Koryzno, Jr. | Director - Bureau of Local Government Services
State of Michigan | 430 W. Allegan Street, 3rd Floor | Lansing, MI 48922
(517) 373-4415 | (517) 373-0633 (fax)
KoryznoE@michigan.gov

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Thank you

From: Headen, Frederick (Treasury)
Sent: Monday, March 16, 2015 2:28 PM
To: Koryzno, Edward (Treasury); Barton, John (Treasury); Workman, Wayne (TREASURY)
Cc: Cline, Richard (Treasury); Byrne, Randall (Treasury)
Subject: RE: City of Flint Emergency Manager Order [MCPS-ACTIVE.FID982479]

Ed:

I spoke with Pete Bade, who forwarded a copy of the proposed EM order. As John indicated, reliance is being placed upon § 12(1)(x) of the Act. State Treasurer approval would be required, but due to § 12(1)(x), not due to any dollar value.

Fred

From: Koryzno, Edward (Treasury)
Sent: Monday, March 16, 2015 1:55 PM

To: Headen, Frederick (Treasury); Barton, John (Treasury); Workman, Wayne (TREASURY)
Cc: Cline, Richard (Treasury); Byrne, Randall (Treasury)
Subject: RE: City of Flint Emergency Manager Order [MCPS-ACTIVE.FID982479]

Fred,

OFR staff believes that the restructuring of the debt would not need City Council approval. However, because the amount is over $50K we believe it would require the Treasurer's approval. Do you agree?

Ed

Edward B. Koryzno, Jr. | Director - Bureau of Local Government Services
State of Michigan | 430 W. Allegan Street, 3rd Floor | Lansing, MI 48922
(517) 373-4415 | (517) 373-0633 (fax)
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Thank you

From: Headen, Frederick (Treasury)
Sent: Monday, March 16, 2015 1:22 PM
To: Barton, John (Treasury); Koryzno, Edward (Treasury); Workman, Wayne (TREASURY)
Cc: Cline, Richard (Treasury); Byrne, Randall (Treasury)
Subject: RE: City of Flint Emergency Manager Order [MCPS-ACTIVE.FID982479]

So, no new borrowing or issuance of debt is to occur? This is merely a restructuring of terms, such as a change in the maturity date?

From: Barton, John (Treasury)
Sent: Monday, March 16, 2015 12:59 PM
To: Koryzno, Edward (Treasury); Workman, Wayne (TREASURY); Headen, Frederick (Treasury)
Cc: Cline, Richard (Treasury); Byrne, Randall (Treasury)
Subject: RE: City of Flint Emergency Manager Order [MCPS-ACTIVE.FID982479]

I believe the provision referenced is 12(1)(x) of PA 436: Enter into agreements with creditors or other persons or entities to restructure debt on terms, at rates of interest, and with security as shall be agreed among the parties, subject to approval by the state treasurer.

From what I understand from Harold and Bill, the modification of the DWRF loans would not require City Council approval as it is simply a restructuring with the MFA.

Thanks
John

From: Koryzno, Edward (Treasury)
Sent: Monday, March 16, 2015 11:29 AM
To: Workman, Wayne (TREASURY); Headen, Frederick (Treasury)
Cc: Cline, Richard (Treasury); Byrne, Randall (Treasury); Barton, John (Treasury)
Subject: RE: City of Flint Emergency Manager Order [MCPS-ACTIVE.FID982479]

We are on it.

Edward B. Koryzno, Jr. | Director - Bureau of Local Government Services
State of Michigan | 430 W. Allegan Street, 3rd Floor | Lansing, MI 48922
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Thank you

From: Workman, Wayne (TREASURY)
Sent: Monday, March 16, 2015 11:14 AM
To: Headen, Frederick (Treasury)
Cc: Koryzno, Edward (Treasury); Cline, Richard (Treasury); Byrne, Randall (Treasury); Barton, John (Treasury)
Subject: Re: City of Flint Emergency Manager Order [MCPS-ACTIVE.FID982479]

Let's get with Harold and Jerry right away

Sent from my iPhone

On Mar 16, 2015, at 10:44 AM, Headen, Frederick (Treasury) <HeadenF@michigan.gov> wrote:

> Wayne:
>
> Included in the e-mail you forwarded on Friday was an e-mail from Harold Bulger, at Miller Canfield, stating that Treasury approval of the proposed restructuring would be required by Act 436. However, he did not state which provision of the Act he had in mind. Can someone in your shop pose that question to Harold or request a copy of the proposed EM order?
>
> One question that I would have is whether the proposed restructuring is a borrowing per § 12(1)(u) of the Act? Perhaps the answer is no. However, if yes, Jerry would have to submit the proposal to the City Council per § 19(1). Depending upon the disposition by the City Council, the matter might have to be submitted to the ELB. All of these steps would extend the approval process and Jerry indicated that time is of the essence given the currently scheduled April payment.
>
> I saw from some of the e-mail traffic that John Barton has been involved in this issue. So, I have added him to this reply.
>
> Fred

From: Koryzno, Edward (Treasury)
Sent: Monday, March 16, 2015 8:15 AM
To: Workman, Wayne (TREASURY); Headen, Frederick (Treasury); Cline, Richard (Treasury); Byrne, Randall (Treasury)
Subject: RE: City of Flint Emergency Manager Order [MCPS-ACTIVE.FID982479]

I believe the City will have to file a Qualifying Statement.

<image001.jpg>
Edward B. Koryzno, Jr. | Director - Bureau of Local Government Services
State of Michigan | 430 W. Allegan Street, 3rd Floor | Lansing, MI 48922
(517) 373-4415 | (517) 373-0633 (fax)
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From: Workman, Wayne (TREASURY)
Sent: Friday, March 13, 2015 4:08 PM
To: Headen, Frederick (Treasury); Koryzno, Edward (Treasury); Cline, Richard (Treasury); Byrne, Randall (Treasury)
Subject: Fwd: City of Flint Emergency Manager Order [MCPS-ACTIVE.FID982479]

Thoughts??

Sent from my iPhone

Begin forwarded message:

> **From:** Gerald Ambrose <gambrose@cityofflint.com>
> **Date:** March 13, 2015 at 3:33:16 PM EDT
> **To:** "Wayne Workman (TREASURY)" <workmanw@michigan.gov>
> **Cc:** "Harold W. Bulger Jr." <bulger@millercanfield.com>, Peter Bade <PBade@cityofflint.com>
> **Subject: Fwd: Re: Fwd: City of Flint Emergency Manager Order [MCPS-ACTIVE.FID982479]**
>
> Wayne,
> I have reviewed and approved the latest draft of an EM Order moving forward with restructuring the DWRF loans. Do I need any approval from Treasury before proceeding?
> Jerry

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From: "Gerald Ambrose" <gambrose@cityofflint.com>
Date: Mar 13, 2015 3:29 PM
Subject: Re: Fwd: City of Flint Emergency Manager Order [MCPS-ACTIVE.FID982479]
To: "Peter Bade" <pbade@cityofflint.com>, "Harold W. Bulger Jr." <bulger@millercanfield.com>
Cc:

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To: Natasha Henderson <nhenderson@cityofflint.com>, Dayne Walling <dwalling@cityofflint.com>
Cc: Peter Bade <PBade@cityofflint.com>

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To: Peter Bade <PBade@cityofflint.com>

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Subject: City of Flint Emergency Manager Order [MCPS-ACTIVE.FID982479]
To: "Gerald Ambrose (gambrose@cityofflint.com)" <gambrose@cityofflint.com>, "Barton, John (Treasury)" <BartonJ@michigan.gov>, "Bowman, Matthew (Treasury)" <BowmanM2@michigan.gov>, "Lambert, Alan (AG)" <LambertA@michigan.gov>, "Danhof, William J." <Danhof@millercanfield.com>

Attached for your review is an initial draft of the form of Emergency Manager Order to authorize the restructuring of the debt service schedules for the Flint Water Supply System Revenue Bonds, Series 1999, 2000, 2001 and 2002. I believe this draft incorporates the points we have discussed, but in the interest of time it has not been reviewed by Gerald Ambrose and therefore it is being circulated subject to any comments he may have. Please provide comments at your earliest opportunity.

Thanks,

Harold

Harold W. Bulger, Jr. | Attorney and Counselor at Law

Miller Canfield
150 West Jefferson, Suite 2500
Detroit, Michigan 48226 (USA)

T +1.313.496.7507 | **F** +1.313.496.8451 | **Mobile** +1.313.319.2443

bulger@millercanfield.com | View Profile + VCard

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--
Peter M Bade
Chief Legal Officer
City of Flint
p 810 766 7146
f 810 232 2114

Byrne, Randall (Treasury)

From:	Workman, Wayne (TREASURY)
Sent:	Tuesday, March 17, 2015 10:24 AM
To:	Koryzno, Edward (Treasury); Headen, Frederick (Treasury); Byrne, Randall (Treasury); Storberg, Ann Marie (TREASURY)
Cc:	Gerald Ambrose (gambrose@cityofflint.com)
Subject:	FW: Restructuring of Outstanding Water Debt [MCPS-ACTIVE.FID982479]

FYI

From: Gerald Ambrose [mailto:gambrose@cityofflint.com]
Sent: Tuesday, March 17, 2015 9:35 AM
To: Headen, Frederick (Treasury)
Cc: Bulger, Harold W., Jr.; Peter Bade; Workman, Wayne (TREASURY); Danhof, William J.
Subject: Re: Restructuring of Outstanding Water Debt [MCPS-ACTIVE.FID982479]

Great!

I am expecting the final draft of the letter and Order this morning from Mr. Bulger, which I will then send to Treasury for approval.

Jerry Ambrose

On Tue, Mar 17, 2015 at 7:49 AM, Headen, Frederick (Treasury) <HeadenF@michigan.gov> wrote:

Having now read the proposed EM order forwarded by Pete, I concur.

From: Bulger, Harold W., Jr. [mailto:bulger@millercanfield.com]
Sent: Monday, March 16, 2015 2:18 PM
To: Peter Bade; Gerald Ambrose; Workman, Wayne (TREASURY); Headen, Frederick (Treasury); Danhof, William J.
Subject: RE: Restructuring of Outstanding Water Debt [MCPS-ACTIVE.FID982479]

Peter,

We agree with your conclusion.

Harold

Harold W. Bulger, Jr. | Attorney and Counselor at Law

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150 West Jefferson, Suite 2500
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From: Peter Bade [mailto:pbade@cityofflint.com]
Sent: Monday, March 16, 2015 1:35 PM
To: Gerald Ambrose; Workman, Wayne (TREASURY); Headen, Frederick (Treasury); Bulger, Harold W., Jr.
Subject: Restructuring of Outstanding Water Debt

There has been some discussion of whether the attached order to restructure water debt is subject to the provisions of PA 436 section 19, which requires submission of certain proposals to council.

Because this order contemplates a restructuring of debt, not new borrowing, it is my opinion that it is not subject to Section 19.

The order references Section 12(1)(x), which empowers an emergency manager to:

(x) Enter into agreements with creditors or other persons or entities to restructure debt on terms, at rates of interest, and with security as shall be agreed among the parties, subject to approval by the state treasurer.

Byrne, Randall (Treasury)

From: Byrne, Randall (Treasury)
Sent: Tuesday, March 17, 2015 1:10 PM
To: Workman, Wayne (TREASURY)
Cc: Koryzno, Edward (Treasury)
Subject: RE: PRESS RELEASE: 2ND Water Advisory Committee Meeting

Wayne:

Yes, Robert will be attending because we are meeting with Inkster at Treasury.

Randy,

From: Workman, Wayne (TREASURY)
Sent: Tuesday, March 17, 2015 1:02 PM
To: Byrne, Randall (Treasury)
Subject: FW: PRESS RELEASE: 2ND Water Advisory Committee Meeting

Can you attend again or have someone for you

From: Jason Lorenz [mailto:jlorenz@cityofflint.com]
Sent: Tuesday, March 17, 2015 12:08 PM
Subject: PRESS RELEASE: 2ND Water Advisory Committee Meeting

For Immediate Release

Water Advisory Committee to Hold Second Meeting at Flint Public Library on Thursday, March 19, 2015

Flint, Michigan – March 17, 2015 – The Water Advisory Committee formed to help aid in communication between the City and the community is holding its second meeting on Thursday, March 19, 2015 from 2:00-4:00pm at the Flint Public Library. The committee will be updated on the current status of improvements to the water system, the next steps to be taken including cost and timing estimates and formatted responses to questions asked at the previous meeting. In addition, the committee will be provided with a comprehensive budget overview with clear cost breakdowns.

The purpose of the Water Advisory Committee is to provide the community with ongoing information on the City's work to maintain a safe water supply and to improve quality. In addition to gathering information from the City to share during their interactions with the community, committee members will also be expected to share the concerns they receive from the community in order for those concerns to be addressed.

All meetings by the Water Advisory Committee will be open to the public and will be held at easily accessible locations throughout the city. Meetings will be held on a regular basis as work continues at least until the City is receiving its water from the Karegnondi Water Authority, which is anticipated to be in 2016.

–END–

-Jason Lorenz
Public Information Officer
City of Flint
(810) 237-2039
jlorenz@cityofflint.com

STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

R. KEVIN CLINTON
STATE TREASURER

ANALYSIS REPORT – City of Flint – Section 17 Report

DATE: March 17, 2015

TO: Randall Byrne, State Administrative Manager; Office of Fiscal Responsibility

FROM: Robert Widigan, Departmental Analyst; Office of Fiscal Responsibility

SUBJECT: City of Flint – January 2015 Section 17 Report

Below is a review of the City of Flint's Section 17 three month report for the period October 1, 2014 through December 31, 2014, submitted by Emergency Manager Darnell Earley.

Analysis:
This report substantially complies with the requirements of the law. The following should be noted:

1. A list of each contract that the Emergency Manager awarded or approved with a cumulative value of $5,000 or more was provided. The City made multiple payments for legal services rendered from October 1st through December 31, 2014.
    - Law Offices of Dean T. Yeotis for legal services in the amount of $103K
    - Miller, Canfield, Paddock and Stone for legal services in the amount of $31.6K
    - Shedd, Frasier, PLC for legal services in the amount of $7.3K
    - Paesano Akkashian, PC for legal services in the amount of $25K

2. The Purchase Order Report for the City with post dates from October 1st through December 31, 2014 totals $5M.

3. A description of all expenditures with a cumulative value of $5,000 that was approved or denied during the reporting period was provided. It should be noted that the City made multiple payments for services rendered from October 1st through December 31, 2014.
    - Dept. 266, Law Office – Suits/Settlements, posted multiple invoices totaling $259K.
    - Dept. 451, Fleet Management, posted multiple invoices totaling $297K.
    - Dept. 000.105, Retiree Health Insurance, posted multiple invoices totaling $2.7M.

4. The City of Flint has not sought, approved or denied any loans during the reporting period of October 1st through December 31, 2014.

5. Per P.A. 436, a description of any new position created or any vacancy filled by the City must be provided to this office. It should be noted the City filled 12 vacancies and eliminated 1 position during this reporting period.

6. It should be noted that update number 8 to the Financial and Operation Plan for the City is included in this report; the full F&O Plan is listed on the City's website. This also includes a seven-point transition management plan, along with a strategic plan for the City's 2014-2019 First Quarter Update.

If additional information is desired, please let me know.

CITY OF FLINT

OFFICE OF THE EMERGENCY MANAGER

Darnell Earley, ICMA-CM, MPA
Emergency Manager

June 3, 2014

Mr. Scott Kincaid, President
Members of the Flint City Council
1101 S. Saginaw St.
Flint, MI 48502

Dear Mr. Kincaid and Members of the Flint City Council:

Transmitted herewith are the final numbers for the biennial budget beginning FY14-15 and ending FY 15-16

This budget is reflective of some of the recommended revisions offered following the Council's departmental budget hearings. All recommendations put forth by City Council were reviewed and thoroughly vetted at Treasury. The attached budget document was revised upwards by $90,000 and includes the details of the incorporated revisions.

The budget was revised to include your recommendations, along with those of the Mayor, which I felt could be implemented without adversely impacting the organizational structure, management, and the anticipated transition of the City of Flint to a Receivership Transition Advisory Board during the course of this spending plan.

Following the public hearing and consideration of the comments received, it is my intent to execute the order adopting the budget at the next Council meeting scheduled for June 23, 2014. At that time, Council will be able to officially receive the two-year budget consistent with PA 436 and the 7 Point Transition Management Plan.

You should also be aware that effective July 1, 2014, the day-to-day operations of the departments of Planning and Development, and Public Works will be shifted to Mayor Dayne Walling. The Mayor is currently putting together a plan for the allocation of resources within those departments. Similarly, Police Chief Tolbert and Fire Chief Cox are also putting together their work plans to utilize the final resource allocations for public safety.

Mr. Scott Kincaid, President
Members of the Flint City Council
June 3, 2014
Page 2

The assistance and cooperation from you and the Council given to me, the Mayor, and the Administration in this process is greatly appreciated. I think we can agree that this is a responsible and realistic snapshot of the City's financial stability over the next two years, given its myriad financial challenges.

Sincerely,

Darnell Earley, ICMA-CM, MPA
Emergency Manager

CC: Dayne Walling, Mayor
Inez Brown, City Clerk
Administration

Proposed Changes to the City of Flint Proposed FY15 & FY16 Budget

On April 30, 2014, Emergency Manager Darnell Earley transmitted a proposed bi-annual budget to the Mayor and City Council, with a request that the Mayor and Council review and comment on the proposed budget. Accordingly, the City Council, acting as Committee of the Whole chaired by Finance Chair Josh Freeman, met five times to review the budget. At the conclusion, a set of recommendations was adopted and given to the Emergency Manager.

This document summarizes the key recommendations of the Council and Mayor and outlines changes made to the proposed budget as a result.

Summary of Council and Mayor Recommended Changes to FY15 & FY16 Proposed Budget

1. The recommendation of the Council identifies $1,824,510 in additional funds to be used by the Police Department:

- Specifically, $1 million of the $2.5 million in state appropriated revenues for the Lock-Up is proposed to be moved to the Police Budget.
- In addition, $1 million is identified by increasing the allocation in the CIP Fund for the purpose of reducing the deficit, thus freeing up the $1 million in the General Fund which has been identified for deficit reduction. Of that $1 million, $763,000) ($628,000 + $135,000) would be moved to the Police budget. Additionally, $61,510 is identified to be moved from the Finance Budget to the Police Budget.

2. The remaining funds from the proposed re-appropriation of the freed-up General Fund revenues ($237,000) would be used for the following:

- $50,000 - District Court
- $72,000 - City Clerk
- $50,000 - City Council Staff
- $45,000 – Additional Pay Raises for Council
- $10,000 – Brennen Center
- $10,000 – Hasselbring

3. Finally, there is a recommendation to eliminate funding for the Human Relations Commission ($22,547) and split those funds equally between Brennen Center and Hasselbring:

- Brennen - $11,274
- Hasselbring - $11,274

4. The Mayor has also made recommendations in other areas, including:

- Adding capacity to Economic Development by replacing the 20% of 2 DCED staff currently subsidized by the GF with CDBG funds and directing that staff to perform 100%

CDGB activities. The freed-up funds ($51,458) would then be used to contract for economic development services.

- Reduce DCED program staff by 1 FTE and utilize CDBG administrative funds for 50% of administrative staff support in Planning and Development
- Add 1 new FTE in Planning and Development dedicated to the new Business Licensing function
- Add to the Strategic Plan a key objective under Governance and Administration: "Respond to a minimum of 500 constituent services per month, including those formerly addressed by the Human Relations Commission staff."

Changes to the Proposed FY15 & FY16 Recommended Budget in response to Council and Mayor recommended changes

The changes proposed by the Mayor and Council have been reviewed, and changes made as considered appropriate within the context of maintaining a viable financial plan for the next two years. The proposed budget, as submitted to the Mayor and Council on April 30, 2014, will be revised as follows in response:

1. The Proposed Budget anticipates a reduction in public safety staffing of 36 officers and 19 firefighters. However, it also does not anticipate these reductions (other than vacancies occurring through attrition) until the comprehensive study of the police and fire departments is concluded. That study is to be completed prior to the end of 2014. At that time, depending on the study recommendations, a decision will be made as to the need for additional resources, and to the extent that funds in the General Fund which are currently targeted for deficit reduction can be used. Although the State will not agree to utilize funds appropriated for the operation of the Lock-Up to fund Flint police officers and firefighters, the Mayor and Emergency Manager will continue their efforts to obtain other state funding to support police and fire operations in Flint during this critical time.
2. The concern of the City Clerk, and supported by both the Council and the Mayor, of her inability to properly conduct the upcoming elections with the proposed staffing reduction, is acknowledged. Accordingly, the proposed budget is revised to continue FY14 budget level of staffing within the Clerk's Office. The business license position, originally moved to the Planning and Zoning Department in the FY15 and FY16 Proposed Budget, has been restored back to City Clerk's department. The new Business Licensing process is scheduled to be implemented by January 1, 2015; at which time, the responsibility for the process will be assumed by the Department of Planning and Development. Since the Clerk's Office staff will remain the same while reducing the responsibilities of the Clerks' Office, there should be adequate staff to conduct the elections and to provide additional support to the Council Office. Until such time as the

Business Licensing process is assumed by the Department of Planning and Development, the Clerk is authorized to increase the hours of the current part-time employee in the Council Office. $15,000 in temporary wages is added to the Council's budget for FY15.

3. The concern of the Council and the Mayor that financial support be continued to assist in the transition of the senior citizen programming at the Brennen Center and Hasselbring is acknowledged. The end goal is for there to be successful senior citizen programming at these locations, supported in their entirety by the County's senior citizen millage, which has been approved by voters within the City of Flint as well as the rest of Genesee County. Instead of adding additional funding to the FY15 and FY16 budgets, however, an amendment to the FY14 budget is being prepared to make a one-time appropriation to each center in the amount of $20,000, for a total expenditure of $40,000. The purpose of this appropriation is to support this transition.
4. The concern of the Council to add additional resources to the District Court is noted. However, during the presentation by the Court at its budget hearing, it became apparent that the proposed strategy of the Court to utilize part time employees may not be consistent with the requirement that temporary employees working in excess of 29 hours per week must be provided access to health care to the extent that full time employees are. Thus, additional funds in the amount of $40,000 is added to the Court's budget to address this potential problem.
5. The recommendation of the Mayor to add additional capacity to economic development as stated in #4 above is acknowledged. Additional resources for economic development was also a stated priority of the Council. The change recommended by the Mayor provides $50,000 in financial capacity, is revenue neutral, and is incorporated into the budget.
6. The recommendation of the Mayor with respect to reducing DCED staff by 1 FTE and redistributing the funds as noted above are also incorporated into the budget.
7. The recommendation of the Mayor to add one new FTE in Planning and Development dedicated to the new Business Licensing function is also acknowledged as being valuable in helping to assure that the new process is implemented aggressively and successfully. Accordingly, $64,000 for wages and fringes is added to the budget of Planning and Development for that purpose.
8. Finally, the recommendation of the Mayor to add an additional objective to the Governance and Administration section of the Strategic Plan is acknowledged and will be incorporated. Accordingly, while the Human Relations Commission may continue as a volunteer board, the proposed allocation is eliminated. As it has become apparent that the Human Resources Director is fully engaged with managing the Human Resources function, the portion of the Director's salary allocated to the HRC budget will be transferred to the Human Resources Budget.

Implementing the changes noted above require identifying $119,000 in FY15 General Fund appropriations and $104,000 in FY16 appropriations. The revenue and expense projections in the budget have been reviewed, and the necessary funds have been identified from the following sources:

FY15:

- $39,000 - reduction in audit costs
- $ 2,600 – net reduction in HRC budget
- $38,400 - additional projected revenue - income tax revenue
- $39,000 – additional projected revenue – delinquent income tax collections

FY16:

- $31,000 - reduction in audit costs
- $ 2,678 – net reduction in HRC budget
- $32,000 - additional projected revenue - income tax revenue
- $38,322 - additional projected revenue - delinquent income tax collections

Appreciation is extended to the Mayor, Council, and staff for the time and effort spent reviewing the proposed budget. The citizens of Flint will be better served by the changes made.

Proposed Budget FY15 and FY16 Technical Adjustments

1. Included the pension expense in the Office of the Clerk - $29,519

2. Removed wages and fringes for GIS Technician from Assessing Department because it was already budgeted in the Planning and Zoning Department - $60,518

3. Corrected the inclusion of all salaries, wages, and fringes in the Planning and Zoning department for all the approved positions - $123,596

4. Corrected Fund 202 FY15 and FY16 fund balance use. The indirect cost allocation was double reported in FY15. This was a $536,000 reduction in cost in FY15. In FY16, wages in administration was entered in error causing salaries to be overstated by $812,000. This correction was made.

FLINT STRATEGIC PLAN

2015 -2019

Setting a Sustainable Course for the City of Flint

The Vision for the City Government of Flint:

A well managed, financially stable, and accountable government focused on creating and maintaining a vibrant and growing community which will attract and retain residents, businesses, students, and visitors and improve our quality of life.

The Mission of the City Government:

To assure that residents, businesses, students and visitors in the City of Flint receive municipal services in a customer friendly and financially responsible manner

The Goals:

In order to realize our Mission, residents, businesses, students and visitors can expect that:

The City will provide a highly trained and professional staff of elected leaders, appointed officials and employees

The City will provide for a safe, secure, and healthy environment in which to live, work, learn and play

The City will provide access to dependable and affordable water, sewer, and waste collection

The City will provide access to an adequate and well maintained transportation network serving motorized, non-motorized, and pedestrian needs

The City will foster cooperation between business, non-profit, ~~and~~ foundation partners and residents to create a climate that supports community and economic development

The City government will also:

Seek partnerships with Local, State and Federal governmental partners and other private entities in order to maximize efficiencies and resources in meeting its Mission

Provide municipal services consistent with the City's Master Plan and also work with residents, businesses, and others to foster development of the City and its infrastructure in a manner consistent with its Master Plan

Encourage partnerships for recreation and access to open space across the City

Enforce building and occupancy codes and to aggressively work with others to address blighted conditions

Assure that City ordinances and regulatory activities are consistent with the Master plan and supportive of economic development

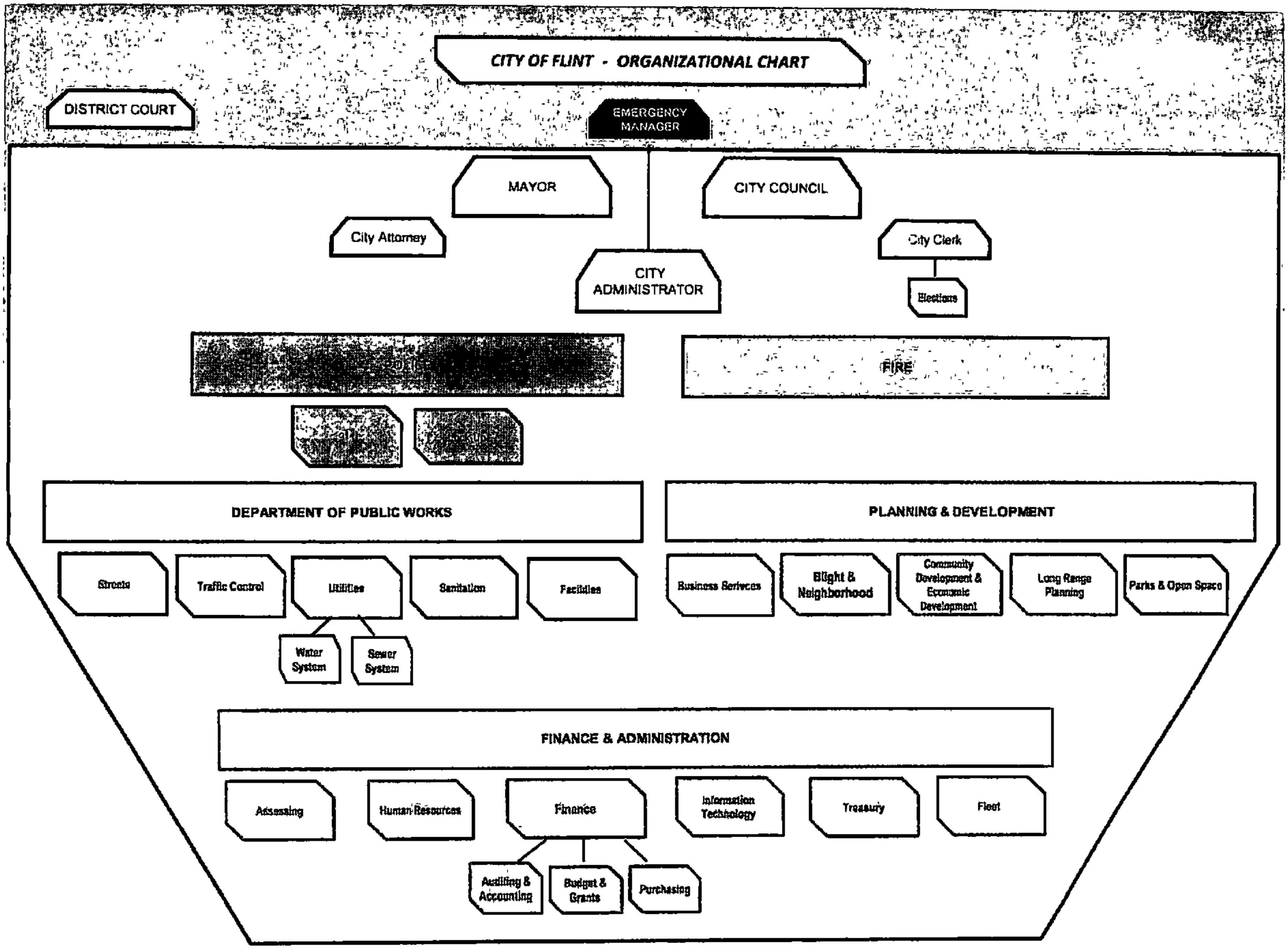
Operate in an open and financially sustainable manner, including improving citizen access, focusing on measurable results, improving the City's financial position, and eliminating accumulated deficits

Mayor and Council Priorities for Developing the Two-year (FY15 & FY16) Budget

The Mayor and Council request that the two-year budget to be developed will include a set of objective which, when achieved, will result in significant progress being made towards achieving their stated Vision, Mission, and Goals.

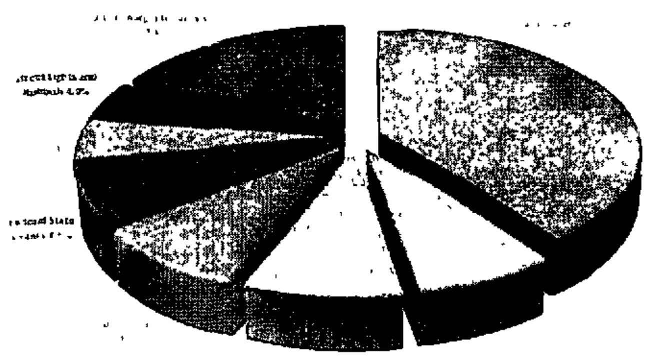
Additionally, the Mayor and Council request that the two-year budget to be developed address the following specific priorities:

1. Maintain police and fire staffing levels at the maximum level feasible
2. Reduce the General Fund deficit by at least $1 million
3. Continue efforts to reduce blight, including demolition
4. Hire an experienced and professional City Administrator
5. Assure that capacity exists to implement the Master Plan
6. Add capacity in the area of Economic Development
7. Fund years 1 & 2 of capital improvements identified in the Master Plan
8. Improve street maintenance
9. Establish parks partnerships
10. Improve customer service through training and technology
11. Increase removal of dead and diseased trees
12. Evaluate ways to reduce water and sewer rates for constituents in the budget process

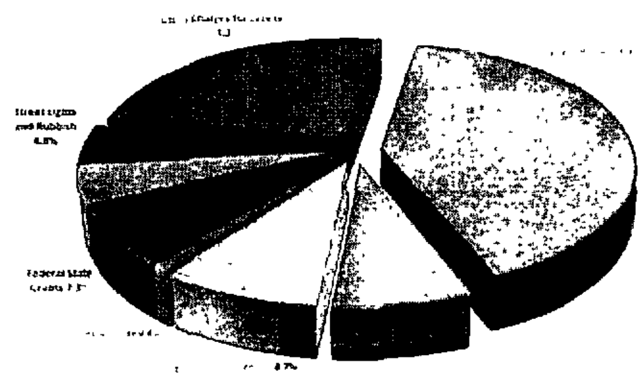

CITY OF FLINT - ORGANIZATIONAL CHART
DISTRICT COURT
EMERGENCY MANAGER
MAYOR
CITY COUNCIL
City Attorney
CITY ADMINISTRATOR
City Clerk
Elections
FIRE
DEPARTMENT OF PUBLIC WORKS
Streets
Traffic Control
Utilities
Water System
Sewer System
Sanitation
Facilities
PLANNING & DEVELOPMENT
Business Services
Blight & Neighborhood
Community Development & Economic Development
Long Range Planning
Parks & Open Space
FINANCE & ADMINISTRATION
Assessing
Human Resources
Finance
Auditing & Accounting
Budget & Grants
Purchasing
Information Technology
Treasury
Fleet

REVENUE - ALL FUNDS

FY15 $165,609,588

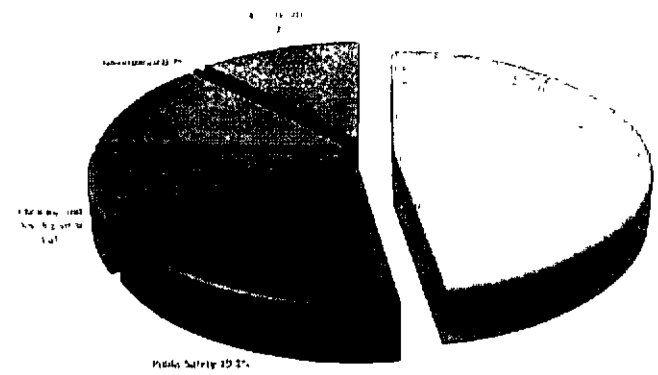


FY16 $169,482,080

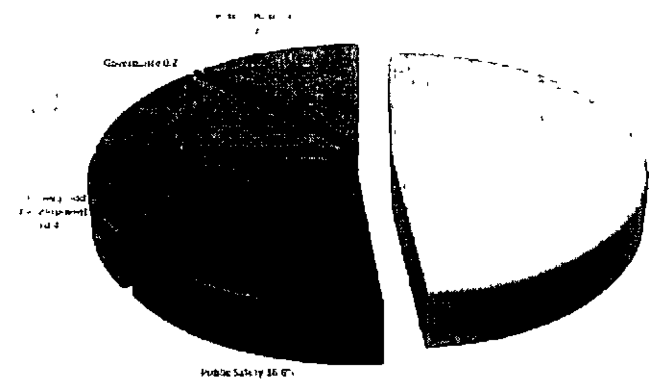


EXPENSES - ALL FUNDS

FY15 $162,186,042



FY16 $166,592,999



CITY OF FLINT - FIVE YEAR OUTLOOK

All Funds Summary

Fund			Current FY14	Adopted FY15	Adopted FY16	Projected FY17	Projected FY18	Projected FY19
General Fund		**101**						
	Revenues*		**$53,658,121**	**$55,097,880**	**$56,308,236**	**$56,815,010**	**$56,985,455**	**$57,498,324**
	Expenses		**$53,658,121**	**$55,097,880**	**$56,308,236**	**$58,616,874**	**$61,020,165**	**$63,644,033**
	Cumulative Gap		**$0**	**$0**	**$0**	**($1,801,864)**	**($5,836,574)**	**($11,982,282)**
	Annual Gap		**$0**	**$0**	**$0**	**($1,801,864)**	**($4,034,710)**	**($6,145,708)**
Major Streets		202						
	Revenues		$6,335,408	$7,022,888	$7,306,888	$7,511,255	$7,721,570	$7,945,495
	Expenses		$6,331,408	$7,022,888	$7,306,888	$7,577,015	$7,842,210	$8,124,530
	Cumulative Gap		$4,000	$0	$0	($65,760)	($188,400)	($368,435)
	Annual Gap		$0	$0	$0	($65,760)	($120,640)	($179,034)
Local Streets		203						
	Revenues		$2,601,090	$2,694,458	$2,783,112	$2,841,557	$2,904,072	$2,887,981
	Expenses		$2,601,090	$2,694,458	$2,783,112	$2,880,521	$2,872,698	$3,067,824
	Cumulative Gap		$0	$0	$0	($38,964)	($107,590)	($207,452)
	Annual Gap		$0	$0	$0	($38,964)	($68,626)	($99,863)
Police and Fire Millage		205						
	Revenues		$1,845,827	$9,258,560	$7,249,000	$4,484,640	$4,602,941	$4,671,885
	Expenses		$1,845,827	$9,258,560	$7,249,000	$7,638,880	$7,848,057	$8,169,628
	Cumulative Gap		$0	$0	$0	($3,074,420)	($6,318,537)	($9,817,378)
	Annual Gap		$0	$0	$0	($3,074,420)	($3,248,117)	($3,497,843)
Neighborhood Police Millage		207						
	Revenues		$1,550,180	$1,405,180	$1,418,300	$1,446,666	$1,491,513	$1,513,885
	Expenses		$1,550,180	$1,378,104	$1,408,660	$1,465,006	$1,525,072	$1,587,600
	Cumulative Gap		$0	$27,076	$9,640	($18,340)	($51,899)	($125,614)
	Annual Gap		$0	$0	$0	($18,340)	($33,559)	($73,714)
Parks Millage		208						
	Revenues		$373,084	$440,140	$344,370	$351,257	$362,148	$367,578
	Expenses		$373,084	$440,140	$344,343	$358,117	$372,800	$388,084
	Cumulative Gap		$0	$0	$27	($6,859)	($17,512)	($38,016)
	Annual Gap		$0	$0	$0	($6,859)	($10,653)	($20,505)
Lighting Special Assessment		219						
	Revenues		$2,982,880	$2,694,670	$2,698,300	$2,561,485	$2,433,411	$2,311,740
	Expenses		$2,982,880	$2,694,670	$2,698,300	$2,696,300	$2,698,300	$2,696,300
	Cumulative Gap		$0	$0	$0	($134,815)	($397,704)	($782,284)
	Annual Gap		$0	$0	$0	($134,815)	($262,889)	($384,560)

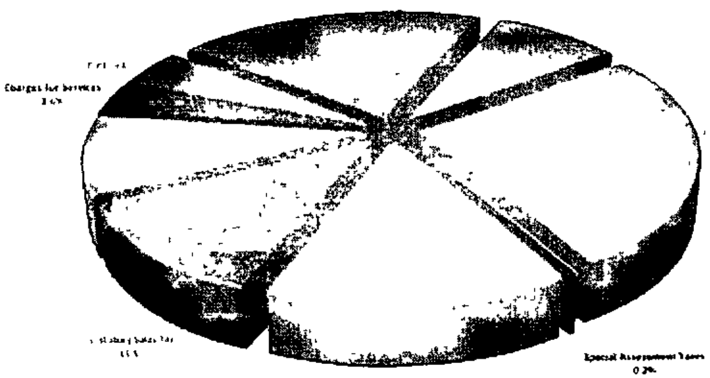
*Includes $1 million for deficit elimination

			Current FY14	Adopted FY15	Adopted FY16	Projected FY17	Projected FY18	Projected FY19
Waste Collection		226						
	Revenues		$5,132,480	$5,398,293	$5,450,723	$5,178,187	$4,919,276	$4,673,314
	Expenses		$5,132,480	$5,398,293	$5,450,723	$5,559,737	$5,870,932	$5,784,351
	Cumulative Gap		$0	$0	$0	($381,551)	($1,133,205)	($2,244,243)
	Annual Gap		$0	$0	$0	($381,551)	($751,655)	($1,111,037)
Drug Forfeiture		265						
	Revenues		$435,042	$439,083	$439,063	$452,235	$465,802	$479,776
	Expenses		$435,042	$425,083	$433,389	$446,401	$459,793	$473,887
	Cumulative Gap		$0	$14,000	$5,684	$5,834	$11,843	$18,032
	Annual Gap		$0	$0	$0	$5,834	$6,009	$6,189
HUD Grant 2014		274						
	Revenues		$11,767,729	$5,035,800	$5,035,800	$5,186,877	$5,342,586	$5,502,884
	Expenses		$11,767,729	$5,035,800	$5,035,800	$5,186,877	$5,342,586	$5,502,884
	Cumulative Gap		$0	$0	$0	$0	$0	$0
	Annual Gap		$0	$0	$0	$0	$0	$0
Other Grants		296						
	Revenues		$7,483,589	$4,864,976	$4,864,976	$5,010,925	$5,161,253	$5,316,091
	Expenses		$7,477,831	$4,864,976	$4,864,976	$5,010,925	$5,161,253	$5,316,091
	Cumulative Gap		$5,758	$0	$0	$0	$0	$0
	Annual Gap		$0	$0	$0	$0	$0	$0
Federal Stimulus Grant		297						
	Revenues		$4,524,108	$0	$0	$0	$0	$0
	Expenses		$4,524,108	$0	$0	$0	$0	$0
	Cumulative Gap		$0	$0	$0	$0	$0	$0
	Annual Gap		$0	$0	$0	$0	$0	$0
Public Improvement Fund		402						
	Revenues		$2,150,000	$2,850,957	$2,897,987	$2,625,347	$3,016,032	$3,061,273
	Expenses*		$2,150,000	$2,850,957	$2,897,987	$2,682,708	$3,102,015	$3,226,095
	Cumulative Gap		$0	$0	$0	($57,360)	($143,342)	($308,164)
	Annual Gap		$0	$0	$0	($57,360)	($85,983)	($164,822)
* Includes $800,000 for deficit elimination								
Building Safety Fund		542						
	Revenues		$2,548,458	$2,385,528	$2,484,700	$2,484,700	$2,484,700	$2,484,700
	Expenses		$2,548,458	$2,385,528	$2,484,700	$2,584,088	$2,687,452	$2,794,950
	Cumulative Gap		$0	$0	$0	($99,388)	($302,140)	($612,389)
	Annual Gap		$0	$0	$0	($99,388)	($202,752)	($310,250)
TOTAL General City								
	Revenues		$103,288,162	$99,596,694	$99,249,335	$97,230,141	$97,890,758	$98,794,987
	Expenses		$103,278,404	$99,555,618	$99,234,004	$102,903,628	$106,701,333	$110,776,135
	Cumulative Gap		$9,758	$41,076	$15,331	($5,673,486)	($14,484,061)	($26,466,209)
	Annual Gap		$0	$0	$0	($5,673,486)	($8,810,575)	($11,981,148)

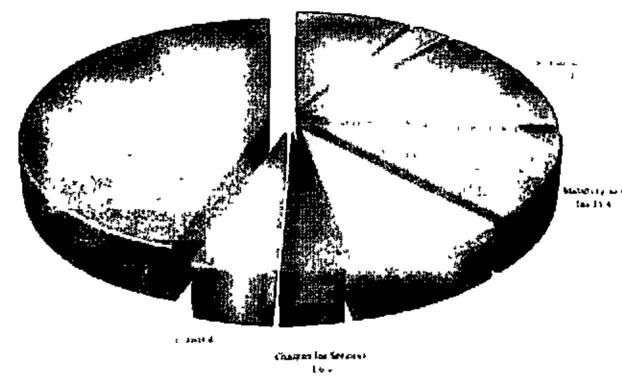
			Current FY14	Adopted FY15	Adopted FY16	Projected FY17	Projected FY18	Projected FY19
Sewer Fund		590						
	Revenues		$31,929,269	$28,126,894	$32,346,745	$32,346,745	$32,346,745	$32,346,745
	Expenses		$31,929,269	$28,126,894	$32,346,745	$34,609,099	$36,149,143	$37,216,957
	Cumulative Gap		$0	$0	$0	($2,262,354)	($6,064,752)	($10,934,964)
	Annual Gap		$0	$0	$0	($2,262,354)	($3,802,398)	($4,870,212)
Water Fund		591						
	Revenues		$47,896,872	$37,886,000	$37,886,000	$37,500,000	$37,500,000	$37,500,000
	Expenses		$47,896,872	$34,503,530	$35,012,250	$38,841,189	$40,741,906	$41,943,725
	Cumulative Gap		$0	$3,382,470	$2,873,750	($1,341,189)	($4,583,095)	($9,026,820)
	Annual Gap		$0	$0	$0	($1,341,189)	($3,241,906)	($4,443,725)
Water and Sewer		**590 & 591**						
	Revenues		**$79,826,141**	**$66,012,894**	**$70,232,745**	**$69,846,745**	**$69,846,745**	**$69,846,745**
	Expenses		**$79,826,141**	**$62,630,424**	**$67,358,995**	**$73,450,288**	**$76,891,049**	**$79,160,682**
	Cumulative Gap		**$0**	**$3,382,470**	**$2,873,750**	**($3,603,543)**	**($10,647,847)**	**($19,961,784)**
	Annual Gap		**$0**	**$0**	**$0**	**($3,603,543)**	**($7,044,304)**	**($9,313,937)**
TOTAL CITY								
	Revenues		**$183,114,303**	**$165,609,588**	**$169,482,080**	**$167,076,886**	**$167,737,503**	**$168,641,732**
	Expenses		**$183,104,545**	**$162,186,042**	**$166,592,999**	**$176,353,916**	**$183,592,382**	**$189,936,817**
	Cumulative Gap		**$9,758**	**$3,423,546**	**$2,889,081**	**($9,277,029)**	**($25,131,908)**	**($46,426,993)**
	Annual Gap		**$0**	**$0**	**$0**	**($9,277,029)**	**($15,854,879)**	**($21,295,085)**

REVENUE - GENERAL FUND

FY15 $55,097,880

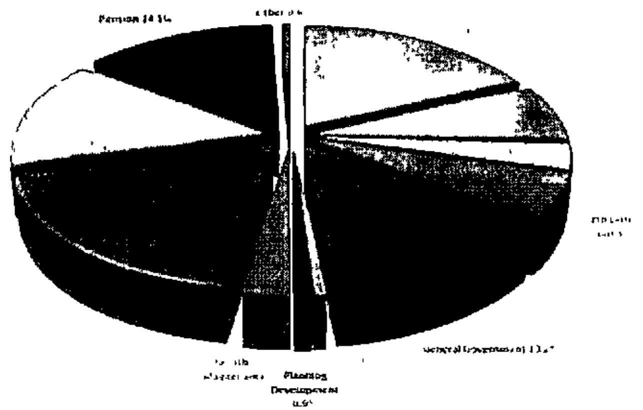


FY16 $56,308,239

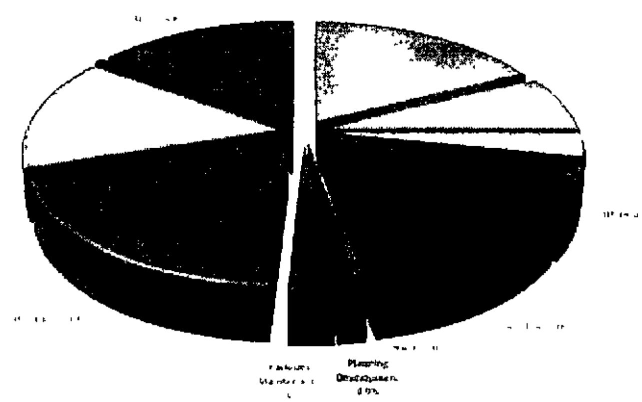


EXPENSES - GENERAL FUND

FY15 $55,097,880



FY16 $56,308,239



CITY OF FLINT PORPOSED FINANCIAL BUDGET
FOR FISCAL YEARS 2015 AND 2016
GENERAL FUND

DESCRIPTION		2013-14 AMENDED BUDGET		2014-15 PROPOSED BUDGET		2015-16 PROPOSED BUDGET
Fund 101 - General Fund						
ESTIMATED REVENUES						
Function: General government						
Property Taxes	$	4,622,000	$	4,970,000	$	5,069,400
Income taxes		14,210,000		14,238,400		14,354,000
Special assessment taxes		97,941		89,000		89,000
State revenues		16,730,120		17,181,829		17,347,719
License and Permits		1,303,626		1,296,626		1,398,626
Fines and forfeitures		1,825,000		1,862,600		1,967,000
Charges for service rendered		8,942,485		11,161,416		11,582,811
Interest and dividend income		650,000		919,000		1,118,325
Other revenues		898,946		601,011		606,360
Transfers In		4,077,998		3,777,998		3,777,998
Drawings from fund balance		(1,000,000)		(1,000,000)		(1,000,000)
Total - Function General government		53,558,116		55,097,880		56,308,239
TOTAL ESTIMATED REVENUES	$	53,558,116	$	55,097,880	$	56,308,239
APPROPRIATIONS						
Function: Legislative						
City Council	$	373,220	$	356,505	$	341,080
Total - Funciton Legislative		373,220		356,505		341,080
Function: General govememnt						
District Court		5,194,307		4,099,999		4,167,078
Office Of Mayor		228,813		215,426		218,278
City Administrator		386,646		352,912		358,034
Finance -Admin/Accounting/Payroll		1,188,137		951,331		962,846
Finance Purchasing		130,229		139,185		141,145
Total Finance and Purchasing Department		1,318,366		1,090,516		1,103,991
Office Of City Clerk		220,645		153,145		154,955
City Clerk-License And Permits		90,850		185,408		185,651
City Clerk-Board Of Review		10,500		11,601		11,601
City Clerk-Election		403,183		391,241		399,979
Cty Clk Elec Div. - Election Workers		138,654		179,591		179,627
Total City Clerk and Elections		863,832		920,986		931,813
Customer Services-Treasury Operations		380,321		275,977		278,810
Customer Services-Income Tax		465,825		432,000		433,740
Customer Services-Water Collection		1,018,852		1,240,933		1,263,429
Customer Service-Sewer collection		1,020,102		1,243,133		1,264,475
Delinquent Collections		167,686		263,063		267,313
Total Treasury Department		3,052,786		3,455,106		3,508,767
Assessment		1,084,221		1,160,515		1,175,686
Law Office Operations		962,042		940,589		953,797

Human Relations Commission	26,237		
Personnel Office	551,542	624,409	629,970
Personnel Office-Personnel-Training	70,625	55,500	56,415
Total Human Relations and Personnel	648,404	679,909	686,385
Police - Fleet	990,000	990,000	1,000,000
Police Reduction		(2,608,823)	(2,835,863)
Pol Admin Bureau - Admin	6,023,126	409,669	419,941
Pol Admin Bureau-Inspections	127,354	125,505	126,865
Pol Admin - City Lock up	2,673,649	2,554,329	2,534,329
Pol Tech Serv-Records & Identification	1,831,592	2,121,908	2,168,785
Pol Tech Serv-Planning, Research, & Trai	135,359	129,847	130,692
Pol Tech Serv - City Impound	437,323	438,575	439,969
Pol Invst Ovrhd - Criminal Invest Overh	2,469,997	2,369,062	2,398,335
Pol Invst Ovrhd - Police School Liason	764,011	751,475	760,749
Pol Invst Ovrhd - Special Operations	707,250	738,802	749,143
Patrol Bureau - Administration	5,502,823	4,263,373	4,328,180
Patrol Bureau-School Crossing Guards	267,854	285,712	285,712
Total Police Department	21,930,338	12,569,434	12,504,837
Public Safety 911 - Administration	3,746,525	2,604,021	2,540,188
Office Of Fire Chief	753,547	692,077	709,158
Fire Admin-Maintenance	116,000	412,500	424,500
Fire Admin - Training	253,400	161,541	164,771
Firefighting Division-Fire Battalion Chi	3,349,960	498,649	506,293
Firefighting Division-Fire Station Overh	5,858,149	4,101,133	4,168,260
SAFER Grant EMW-2011-FH-00843	1,083,370		
Fire Prevent - Inspection And Training	285,370	315,903	322,422
Total Fire Department	11,699,796	6,179,803	6,295,404
Development-Planning & Zoning	121,875	395,277	397,634
DCD - Administration	186,293	279,007	285,416
Golf Division - Kearsley Lake Gc	3,500		
Golf Division-Mott Park Gc		9,000	9,270
Golf Division-Swartz Crk Gc	1,600		
Total Planning and Development Department	313,268	683,284	692,320
Facilities Maint-Municipal Center	1,207,382	1,464,233	1,532,362
Total - Function General government	52,645,726	36,416,733	36,668,940
Cost Allocation and Retiree Healthcare		17,911,941	18,986,658
Transfer out to Fund 208		99,140	
Transfers out to fund 542	539,170	313,561	313,561
Total - Function Transfers out	539,170	412,701	313,561
TOTAL APPROPRIATIONS	$ 53,558,116	$ 55,097,880	$ 56,308,239
NET OF REVENUES/APPROPRIATIONS - FUND 101	0	0	0
BEGINNING FUND BALANCE	(12,895,642)	(11,895,642)	(10,895,642)
ENDING FUND BALANCE	(11,895,642)	(10,895,642)	(9,895,642)

CITY OF FLINT STAFFING PROJECTION

	FY11 ACTUAL	FY12 ACTUAL	FY13 ACTUAL	FY14 CURRENT	FY15 PROPOSED	FY16 PROPOSED
GOVERNANCE AND ADMINISTRATION	38.5	20	17	19	20	20
POLICE	150	148	144	151	115	115
911	25.5	23	22	23	23	23
FIRE	75	94	91	94	75	75
DISTRICT COURT	49	35	30	31	31	31
DEPARTMENT OF PUBLIC WORKS	263	207	156	166	173	173
PLANNING AND DEVELOPMENT	71	56	26	24	25	26
FINANCE AND ADMINISTRATION	120.5	103	60	57	60	60
TOTALS	792.5	686	546	565	522	523

PROJECTED FACILITIES IMPROVEMENTS FY15-FY19

IMPROVEMENT	RANK	COST	FY15	FY16	FY17	FY18	FY19
City Hall Elevators(2 main only)	1	400,000.00	$ 400,000.00				
Repl/Rep Chiller in city Hall - only 1.5 of 4 cmprs for air	2	155,000.00	$ 155,000.00				
Assessing Renovations	3	65,000.00	$ 65,000.00				
Roof Repair - Main Fire Station	4	127,400.00	$ 127,400.00				
Roof Repair - Atherton Rd Fire Station	5	10,000.00	$ 10,000.00				
Repair walkway between Police and City Hall Main Bldg	6	20,000.00	$ 20,000.00				
I.S. Water Leaks PART I OF II	7	50,000.00	$ 50,000.00				
Legal Renovations	8	40,000.00	$ 40,000.00				
Police Station Bridge to 5th St	9	30,000.00	$ 30,000.00				
Roof Repair - North building	10	99,384.00	$ 99,384.00				
Motion Lights, City Hall & Police	11	100,000.00	$ 100,000.00				
Pave City Hall Parking Lot	12	100,000.00		$ 100,000.00			
911 Consoles & Telephones	13	330,000.00		$ 330,000.00			
I.S. Water Leaks PART II OF II	14	50,000.00		$ 50,000.00			
Council Chambers Renovations PART I OF III	15	116,666.67		$ 116,666.67			
City Hall Building Facade PART I OF III	16	500,000.00		$ 500,000.00			
Parking lot lighting - City Hall, Pol, Stevens & 7th St Lots	17	250,000.00			$ 250,000.00		
Council Chambers Renovations PART II OF III	18	116,666.67			$ 116,666.67		
City Hall Building Facade PART II OF III	19	500,000.00			$ 500,000.00		
Council Chambers Renovations PART III OF III	20	116,666.67				$ 116,666.67	
City Hall Building Facade PART III OF III	21	500,000.00				$ 500,000.00	
Police Shooting Range	22	250,000.00				$ 250,000.00	
Fire Station Kitchens - Remodel	23	60,000.00				$ 60,000.00	
TOTAL		$3,926,784.00	$ 1,096,784.00	$ 1,096,666.67	$ 866,666.67	$ 926,666.67	$ -

IMPROVEMENT	RANK	COST	CUMULATIVE COST
City Hall Elevators(2 main only)	1	400,000.00	
Repl/Rep Chiller in city Hall - only 1.5 of 4 cmprs for air	2	155,000.00	$ 555,000.00
Assessing Renovations	3	65,000.00	$ 620,000.00
Roof Repair - Main Fire Station	4	127,400.00	$ 747,400.00
Roof Repair - Atherton Rd Fire Station	5	10,000.00	$ 757,400.00
Repair walkway between Police and City Hall Main Bldg	6	20,000.00	$ 777,400.00
I.S. Water Leaks PART I OF II	7	50,000.00	$ 827,400.00
Legal Renovations	8	40,000.00	$ 867,400.00
Police Station Bridge to 5th St	9	30,000.00	$ 897,400.00
Roof Repair - North building	10	99,384.00	$ 996,784.00
Motion Lights, City Hall & Police	11	100,000.00	$ 1,096,784.00
Pave City Hall Parking Lot	12	100,000.00	$ 1,196,784.00
911 Consoles & Telephones	13	330,000.00	$ 1,526,784.00
I.S. Water Leaks PART II OF II	14	50,000.00	$ 1,576,784.00
Council Chambers Renovations PART I OF III	15	116,666.67	$ 1,693,450.67
City Hall Building Facade PART I OF III	16	500,000.00	$ 2,193,450.67
Parking lot lighting - City Hall, Pol, Stevens & 7th St Lots	17	250,000.00	$ 2,443,450.67
Council Chambers Renovations PART II OF III	18	116,666.67	$ 2,560,117.33
City Hall Building Facade PART II OF III	19	500,000.00	$ 3,060,117.33
Council Chambers Renovations PART III OF III	20	116,666.67	$ 3,176,784.00
City Hall Building Facade PART III OF III	21	500,000.00	$ 3,676,784.00
Police Shooting Range	22	250,000.00	$ 3,926,784.00
Fire Station Kitchens - Remodel	23	60,000.00	$ 3,986,784.00
TOTAL		$3,926,784.00	$ 3,986,784.00

DEFICIT ELIMINATION AND RESERVE ACCUMULATION PROJECTIONS

FINANCIAL COMMITMENT NECESSARY TO ELIMINATE THE DEFICIT AND ACCUMULATE AN APPROPRIATE BUDGET STABILIZATION RESERVE OF 10% -15%

	DEFICIT REDUCTION						
	FY14	FY15	FY16	FY17	FY18	FY19	FY20
DEFICIT	($12,895,642)	($11,095,642)	($9,295,642)	($7,495,642)	($5,695,642)	($3,895,642)	($2,095,642)
GF CONTRIBUTION	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$1,000,000
CIP CONTRIBUTION	$800,000	$800,000	$800,000	$800,000	$800,000	$800,000	$800,000
REMAINING DEFICIT	($11,095,642)	($9,295,642)	($7,495,642)	($5,695,642)	($3,895,642)	($2,095,642)	($295,642)
GENERAL FUND REVENUE	$53,555,121	$55,080,609	$56,281,965	$56,788,503	$56,958 868	$57,471,498	$58,620,928

	RESERVE ACCUMULATION					
	FY21	FY22	FY23	FY24	FY25	
RESERVE	($295,642)	$1,504,358	$3,304,358	$5,104,358	$6,904,358	
GF CONTRIBUTION	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$1,000,000	
CIP CONTRIBUTION	$800,000	$800,000	$800,000	$800,000	$800,000	
ACCUMULATED RESERVE	$1,504,358	$3,304,358	$5,104,358	$6,904,358	$8,704,358	Equals 13% of GF Revenues
GENERAL FUND REVENUE	$59,793,347	$60,989,213	$62,208,998	$63,453,178	$64,722,241	

CITY OF FLINT - FIVE YEAR OUTLOOK
Pension and Retiree Healthcare Costs

Fund	Item	Fund No.	Current FY14	Adopted FY15	Adopted FY16	Projected FY17	Projected FY18	Projected FY19
General Fund		101						
	Retiree Healthcare Expense		$8,034,324	$10,167,701	$10,777,763	$11,424,429	$12,109,895	$12,836,489
	Pension Expense		$8,401,335	$7,981,672	$8,439,853	$8,946,244	$9,483,019	$10,052,000
	Other Expenses		$37,122,462	$36,948,608	$37,090,623	$38,246,204	$39,427,255	$40,755,548
	Total Expenses		$53,558,121	$55,097,981	$56,308,239	$58,616,877	$61,020,169	$63,644,036
	Retiree Healthcare as % of Total Expenses		15%	18%	19%	19%	20%	20%
	Pension as % of Total Expenses		16%	14%	15%	15%	16%	16%
	Healthcare & Pension Costs as % of Total		31%	33%	34%	35%	35%	36%
Major Streets		202						
	Retiree Healthcare		$598,155	$1,059,180	$1,119,851	$1,188,724	$1,257,928	$1,333,403
	Pension		$565,832	$551,415	$596,563	$632,357	$670,298	$710,516
	Other expenses		$5,167,418	$5,412,293	$6,400,554	$6,597,904	$6,783,353	$6,981,277
	Total		$6,331,408	$7,022,888	$8,116,868	$8,416,985	$8,711,579	$9,025,198
	Healthcare & Pension %		18%	23%	21%	22%	22%	23%
Local Streets		203						
	Retiree Healthcare		$388,761	$200,824	$212,873	$225,645	$239,184	$253,535
	Pension		$331,106	$330,318	$354,959	$376,257	$398,832	$422,762
	Other expenses		$1,881,223	$2,163,316	$2,215,280	$2,278,919	$2,334,682	$2,391,627
	Total		$2,601,090	$2,694,458	$2,783,112	$2,880,821	$2,972,698	$3,067,924
	Healthcare & Pension %		28%	20%	20%	21%	21%	22%
Police and Fire Millage		205						
	Retiree Healthcare		$0	$1,337,828	$1,416,098	$1,503,184	$1,593,375	$1,688,977
	Pension		$448,624	$2,593,093	$2,748,679	$2,913,600	$3,088,418	$3,273,721
	Other expenses		$1,397,303	$5,327,639	$3,082,223	$3,122,176	$3,166,267	$3,207,130
	Total		$1,848,927	$9,258,560	$7,249,000	$7,538,960	$7,848,057	$8,169,828
	Healthcare & Pension %		24%	42%	57%	59%	60%	61%
Neighborhood Police Millage		207						
	Retiree Healthcare		$0	$0	$0	$0	$0	$0
	Pension		$379,934	$300,795	$318,844	$337,975	$358,253	$379,748
	Other expenses		$1,170,246	$1,077,309	$915,030	$945,254	$977,588	$1,010,863
	Total		$1,550,180	$1,378,104	$1,233,874	$1,283,229	$1,335,841	$1,390,611
	Healthcare & Pension %		25%	22%	26%	26%	27%	27%
Parks Millage		208						
	Retiree Healthcare		$0	$0	$0	$0	$0	$0
	Pension		$5,591	$20,663	$20,663	$21,903	$23,217	$24,610
	Other expenses		$367,473	$419,477	$320,760	$333,177	$346,421	$360,183
	Total		$373,064	$440,140	$341,423	$355,080	$369,638	$384,793
	Healthcare & Pension %		1%	5%	6%	6%	6%	6%
Lighting Special Assessment		219						
	Retiree Healthcare		$0	$0	$0	$0	$0	$0
	Pension		$0	$6,029	$6,390	$6,773	$7,180	$7,611
	Other expenses		$2,982,960	$2,688,841	$2,689,910	$2,689,527	$2,689,120	$2,688,689
	Total		$2,982,960	$2,694,870	$2,696,300	$2,696,300	$2,696,300	$2,696,300
	Healthcare & Pension %		0%	0%	0%	0%	0%	0%

Fund	Item		Current FY14	Adopted FY15	Adopted FY16	Projected FY17	Projected FY18	Projected FY19
Waste Collection		228						
	Retiree Healthcare		$621,190	$411,202	$435,874	$482,026	$489,748	$519,133
	Pension		$28,335	$12,888	$13,767	$14,693	$15,469	$16,397
	Other expenses		$4,499,965	$4,972,103	$5,001,082	$5,063,118	$5,185,716	$5,248,821
	Total		$5,132,490	$5,396,293	$5,450,723	$5,559,737	$5,670,932	$5,784,351
	Healthcare & Pension %		13%	8%	8%	9%	9%	9%
Drug Forfeiture		265						
	Retiree Healthcare		$0	$0	$0	$0	$0	$0
	Pension		$122,739	$82,408	$87,351	$92,592	$98,148	$104,038
	Other expenses		$312,303	$342,657	$349,049	$353,809	$361,645	$369,650
	Total		$435,042	$425,063	$433,399	$446,401	$459,793	$473,687
	Healthcare & Pension %		28%	19%	20%	21%	21%	22%
HUD Grant 2014		274						
	Retiree Healthcare		$0	$0	$0	$0	$0	$0
	Pension		$230,159	$292,418	$292,418	$309,963	$328,561	$348,275
	Other expenses		$11,537,570	$4,743,481	$4,743,481	$4,877,013	$5,014,024	$5,154,688
	Total		$11,767,729	$5,035,899	$5,035,899	$5,186,976	$5,342,585	$5,502,963
	Healthcare & Pension %		2%	6%	6%	6%	6%	6%
Other Grants		298						
	Retiree Healthcare		$0	$0	$0	$0	$0	$0
	Pension		$40,027	$230,605	$230,605	$244,441	$259,108	$274,654
	Other expenses		$7,437,904	$4,634,371	$4,634,371	$4,766,484	$4,902,145	$5,041,438
	Total		$7,477,931	$4,864,976	$4,864,976	$5,010,925	$5,161,253	$5,316,091
	Healthcare & Pension %		1%	5%	5%	5%	5%	5%
Federal Stimulus Grant		207						
	Retiree Healthcare		$0	$0	$0	$0	$0	$0
	Pension		$1,355,931	$0	$0	$0	$0	$0
	Other expenses		$3,168,127	$0	$0	$0	$0	$0
	Total		$4,524,108	$0	$0	$0	$0	$0
	Healthcare & Pension %		30%	0%	0%	0%	0%	0%
Public Improvement Fund		402						
	Retiree Healthcare		$0	$0	$0	$0	$0	$0
	Pension		$0	$0	$0	$0	$0	$0
	Other expenses		$2,150,000	$2,850,957	$2,857,997	$2,982,708	$3,104,997	$3,232,302
	Total		$2,150,000	$2,850,957	$2,857,997	$2,982,708	$3,104,997	$3,232,302
	Healthcare & Pension %		0%	0%	0%	0%	0%	0%
Building Safety Fund		542						
	Retiree Healthcare		$552,954	$393,633	$417,251	$442,286	$468,823	$496,953
	Pension		$161,734	$237,628	$251,886	$266,999	$283,019	$300,000
	Other expenses		$1,833,769	$1,764,268	$1,815,563	$1,874,803	$1,935,609	$1,997,897
	Total		$2,548,458	$2,395,529	$2,484,700	$2,584,088	$2,687,452	$2,794,850
	Healthcare & Pension %		28%	26%	27%	27%	28%	29%
Internal Service Funds								
	Retiree Healthcare		$300,210	$722,428	$722,428	$764,504	$809,105	$858,382
	Pension		$382,106	$383,747	$383,747	$406,772	$431,178	$457,049
	Other expenses		$7,795,975	$6,760,612	$7,845,631	$8,116,902	$8,398,419	$8,684,357
	Total		$8,478,291	$7,866,787	$8,951,806	$9,288,178	$9,638,703	$9,997,788
	Healthcare & Pension %		8%	14%	12%	13%	13%	13%

TOTAL General City		Current FY14	Adopted FY15	Adopted FY16	Projected FY17	Projected FY18	Projected FY19
	Retiree Healthcare Expense	$10,605,694	$14,289,796	$15,103,638	$16,008,789	$16,968,087	$17,984,872
	Pension Expense	$12,440,403	$13,023,777	$13,745,725	$14,570,469	$15,444,687	$16,371,378
	Other Expenses	$97,288,989	$97,975,619	$98,920,349	$91,585,874	$94,241,949	$97,122,097
	Total Expenses	$118,302,313	$116,374,211	$118,854,931	$123,285,281	$127,873,827	$132,770,582
	Retiree Healthcare as % of Total Expenses	9%	12%	13%	13%	13%	14%
	Pension as % of Total Expenses	11%	11%	12%	12%	12%	12%
	Healthcare & Pension Costs as % of Total	19%	23%	24%	25%	25%	26%

			Current FY14	Adopted FY15	Adopted FY16	Projected FY17	Projected FY18	Projected FY19
Sewer Fund		590						
	Retiree Healthcare		$2,329,983	$2,447,856	$2,594,420	$2,750,085	$2,915,090	$3,089,996
	Pension		$2,179,100	$2,040,715	$2,163,159	$2,292,949	$2,430,525	$2,576,357
	Other expenses		$27,420,186	$25,788,264	$27,589,166	$29,866,085	$30,803,527	$31,550,804
	Total		$31,929,269	$30,266,845	$32,346,745	$34,609,099	$36,149,143	$37,216,557
	Healthcare & Pension %		14%	15%	15%	15%	15%	15%
Water Fund		591						
	Retiree Healthcare		$1,680,062	$2,963,588	$3,141,403	$3,329,887	$3,529,680	$3,741,461
	Pension		$1,816,687	$1,803,098	$1,911,284	$2,025,961	$2,147,519	$2,276,370
	Other expenses		$44,401,123	$29,736,844	$29,959,563	$33,485,341	$35,064,707	$35,825,894
	Total		$47,898,872	$34,503,530	$35,012,250	$38,841,189	$40,741,906	$41,843,726
	Healthcare & Pension %		7%	14%	14%	14%	14%	14%
Water and Sewer		590 & 591						
	Retiree Healthcare		$4,010,045	$5,411,154	$5,735,823	$6,079,972	$6,444,771	$6,831,457
	Pension		$3,994,787	$3,843,813	$4,074,443	$4,318,910	$4,578,044	$4,852,727
	Other expenses		$71,821,309	$55,505,108	$57,548,729	$63,051,406	$65,868,234	$67,476,498
	Total		$79,826,141	$64,760,075	$67,358,995	$73,450,288	$76,891,049	$79,160,682
	Retiree Healthcare as % of Total Expenses		5%	8%	8%	8%	8%	9%
	Pension as % of Total Expenses		5%	6%	6%	5%	6%	6%
	Healthcare & Pension %		10%	14%	15%	14%	14%	15%
TOTAL CITY								
	Retiree Healthcare		$14,515,639	$19,700,950	$20,839,661	$22,088,771	$23,412,828	$24,816,329
	Pension		$15,438,190	$16,867,590	$17,820,168	$18,889,378	$20,022,741	$21,224,105
	Other expenses		$169,110,288	$143,480,727	$148,469,078	$154,607,280	$160,110,180	$164,598,565
	Total		$198,128,454	$181,134,288	$186,213,926	$196,735,549	$204,764,876	$211,931,264
	Retiree Healthcare %		7%	11%	11%	11%	11%	12%
	Pension %		8%	9%	10%	10%	10%	10%
	Healthcare & Pension %		15%	20%	21%	21%	21%	22%

PROJECTED TAXPAYER IMPACT

$41,000 House, $40,000 Income

Values	FY14 Current Winter & Summer	FY15 Adopted Winter & Summer	FY16 Adopted Winter & Summer
House value	$41,000.00	$41,000.00	$41,000.00
Taxable value	$20,500.00	$20,500.00	$20,500.00
Annual Income	$40,000.00	$40,000.00	$40,000.00
Tax rate (mills)	65.88	65.88	65.88
Street Lights	$67.87	$70.94	$74.14
Garbage	$146.00	$162.63	$168.84
Water Bill	$1,800.00	$1,917.00	$2,032.02
Payments			
Property taxes	$1,351.00	$1,351.00	$1,351.00
Street lights	$67.87	$70.94	$74.14
Rubbish	$146.00	$162.63	$168.84
Income tax	$400.00	$400.00	$400.00
Water bill	$1,800.00	$1,917.00	$2,032.02
Total Payments	$3,764.87	$3,901.57	$4,026.00
		$137 3.6%	$124 3.2%

$61,500 House, $50,000 Income

Values	FY14 Current Winter & Summer	FY15 Adopted Winter & Summer	FY16 Adopted Winter & Summer
House value	$61,500.00	$61,500.00	$61,500.00
Taxable value	$30,750.00	$30,750.00	$30,750.00
Annual Income	$50,000.00	$50,000.00	$50,000.00
Tax rate (mills)	65.88	65.88	65.88
Street Lights	$67.87	$70.94	$74.14
Garbage	$146.00	$162.63	$168.84
Water Bill	$1,800.00	$1,917.00	$2,032.02
Payments			
Property taxes	$2,026.00	$2,026.00	$2,026.00
Street lights	$67.87	$70.94	$74.14
Garbage	$146.00	$162.63	$168.84
Income tax	$500.00	$500.00	$500.00
Water bill	$1,800.00	$1,917.00	$2,032.02
Total Payments	$4,539.87	$4,676.57	$4,801.00
		$137 3.0%	$124 2.7%

GL Number	Grant	GL Ref #	Vendor	Invoice Desc.	Invoice	Chk Date	Amount Cl
Fund 703 Current Tax Collection Fund							
Dept 001.102 2010 Mott Property Tax Levy							
				Total For Dept 001.102 2010 Mott Pro			251,022.99
Dept 001.103 2010 DDA prop tax levy							
703-001.103-274.000		U 272703	DOWNTOWN		TAX YR 14	11/14/14	6,949.86
				Total For Dept 001.103 2010 DDA prop			6,949.86
Dept 001.105 2010 Carman Property Tax Lev							
703-001.105-274.000		U 271224	CARMAN SCHOOL		TAX YR 14	10/31/14	30,465.18
703-001.105-274.000		U 272702	CARMAN SCHOOL		TAX YR 14	11/14/14	13,519.92
				Total For Dept 001.105 2010 Carman P			43,985.10
Dept 001.106 2010 Gisd Property Tax Lev							
703-001.106-274.000		U 270683	GENESEE		TAX YR 14	10/10/14	21,799.29
703-001.106-274.000		U 271227	GENESEE		TAX YR 14	10/31/14	47,534.12
703-001.106-274.000		U 272705	GENESEE		TAX YR 14	11/14/14	167,686.79
703-001.106-274.000		U 273161	GENESEE		TAX YR 14	11/21/14	42,227.19
703-001.106-274.000		U 274245	GENESEE		TAX YR 14	12/15/14	10,494.70
703-001.106-274.000		U 274590	GENESEE		TAX YR 14	12/19/14	16,988.64
				Total For Dept 001.106 2010 Gisd Pro			306,730.73
Dept 001.108 2010 Swartzcreek Property Tax Lev							
703-001.108-274.000		U 271229	SWARTZ CREEK SCHOOL		TAX YR 14	10/31/14	43,503.95
703-001.108-274.000		U 272707	SWARTZ CREEK SCHOOL		TAX YR 14	11/14/14	40,612.99
703-001.108-274.000		U 274592	SWARTZ CREEK SCHOOL		TAX YR 14	12/19/14	6,367.66
				Total For Dept 001.108 2010 Swartzcr			90,484.60
Dept 004.102 2010 Flint township prop tax levy							
703-004.102-274.000		U 272180	FLINT TOWNSHIP		TAX YR 14	11/14/14	190,409.22
				Total For Dept 004.102 2010 Flint to			190,409.22
Dept 004.106 2010 Mta Property Tax Levy							
703-004.106-274.000		U 271228	MASS TRANSPORTATION		TAX YR 14	10/31/14	8,071.20
703-004.106-274.000		U 272706	MASS TRANSPORTATION		TAX YR 14	11/14/14	28,471.32
703-004.106-274.000		U 273157	MASS TRANSPORTATION		TAX YR 14	11/21/14	7,169.77
				Total For Dept 004.106 2010 Mta Prop			43,712.29
Dept 011.100 2010 MET Prop Tax Levy							
703-011.100-274.000		U 270686	GENESEE COUNTY		TAX YR 14	10/10/14	36,989.14
703-011.100-274.000		U 271231	GENESEE COUNTY		TAX YR 14	10/31/14	85,084.14
703-011.100-274.000		U 272709	GENESEE COUNTY		TAX YR 14	11/14/14	271,954.96
703-011.100-274.000		U 273163	GENESEE COUNTY		TAX YR 14	11/21/14	69,733.02
703-011.100-274.000		U 274248	GENESEE COUNTY		TAX YR 14	12/15/14	17,823.87
703-011.100-274.000		U 274594	GENESEE COUNTY		TAX YR 14	12/19/14	25,979.53
				Total For Dept 011.100 2010 MET Prop			507,564.66
Dept 021.100 2010 Library prop tax levy							
703-021.100-274.000		U 270685	FLINT PUBLIC		TAX YR 14	10/10/14	20,977.99
703-021.100-274.000		U 271230	FLINT PUBLIC		TAX YR 14	10/31/14	45,739.46
703-021.100-274.000		U 272708	FLINT PUBLIC		TAX YR 14	11/14/14	161,349.77

GL Number	Grant	GL Ref #	Vendor	Invoice Desc.	Invoice	Chk Date	Amount	Ch
Fund 703 Current Tax Collection Fund								
Dept 021.100 2010 Library prop tax levy								
703-021.100-274.000		U 273159	FLINT PUBLIC		TAX YR 14	11/21/14	40,632.48	
703-021.100-274.000		U 274247	FLINT PUBLIC		TAX YR 14	12/15/14	10,100.02	
703-021.100-274.000		U 274593	FLINT PUBLIC		TAX YR 14	12/19/14	16,348.24	
				Total For Dept 021.100 2010 Library			295,147.96	
				Total For Fund 703 Current Tax Colle			3,287,575.05	
Fund 735 Retirees' Life Insurance Fund								
Dept 000.101 Retirement System-Death Benefits Admin								
735-000.101-874.500		D 271183	THE ESTATE	FI	10162014	10/23/14	7,500.00	1
735-000.101-874.500		D 273384	ELIZABETH LASLEY,	FI	11242014	11/26/14	7,500.00	1
735-000.101-874.500		D 274586	LENA L	FI	12172014	12/18/14	10,000.00	1
				Total For Dept 000.101 Retirement Sy			25,000.00	
				Total For Fund 735 Retirees' Life In			25,000.00	

GL Number	Grant	GL Ref #	Vendor	Invoice Desc.	Invoice	Chk Date	Amount Ch
			Fund Totals:				
				Fund 101 General Fund			1,208,528.19
				Fund 202 Major Street Fund			310,148.91
				Fund 203 Local Street Fund			30,780.82
				Fund 205 Public Safety			24,971.94
				Fund 207 Police Fund			259.29
				Fund 208 Park/Recreation Fund			90,812.00
				Fund 219 Street Light			600,495.77
				Fund 226 Rubbish Collection Fund			1,034,024.10
				Fund 244 Economic Develop Corp Fund			3,333.34
				Fund 265 Drug Law Enforcement Fund			560.74
				Fund 274 HUD CDBG, ESG, & HOME GRANT			777,671.14
				Fund 296 Other Grants Fund			430,721.17
				Fund 402 Public Improvement Fund			197,008.00
				Fund 542 Building Inspection Fund			667.75
				Fund 583 Oak Business Center Fund			1,666.66
				Fund 590 Sewer Fund			1,227,769.67
				Fund 591 Water Fund			1,997,252.83
				Fund 627 Fringe Benefit Fund			3,442,546.78
				Fund 636 Information Services Fund			327,082.20
				Fund 661 Fleet/Central Garage Fund			302,686.34
				Fund 677 Self Insurance Fund			474,047.32
				Fund 701 General Agency Fund			55,731.40
				Fund 703 Current Tax Collection Fund			3,287,575.05
				Fund 735 Retirees' Life Insurance Fu			25,000.00
							5,851,341.41

Section Separator

(b) A list of each contract that the emergency manager awarded or approved with a cumulative value of $5000 or more, the purpose of the contract, and the identity of the contractor.

PO NUMBER / ENTERED BY / DESCRIPTION	PO STATUS	PO TYPE / DEPARTMENT	REQUIRED DATE	DATE POSTED	AMOUNT	PO BALANCE	VENDOR INFORMATIO
14-000793 RJohnson 3- 2015 POLICE CRUISERS - FORD EXPLORERS P.I. UTILITY, 4WD	Open	Blanket POLICE		10/10/2014	78,879.00	78,879.00	0000004598 GORNO FORD Contact: Phone:
14-000804 DDunlap CLEANING & REPAIR OF TURNOUT GEAR	Partial	Blanket FIRE	07/01/2014	10/01/2014	10,000.00	6,682.09	0000000550 FIRESERVICE MANAGEMENT LLC Contact: Phone:
14-000805 KWallace CHLORINE SAFETY SHUT OFF VALVES	Completed	Regular WPC	07/01/2014	10/01/2014	44,886.50	0.00	0000001928 RS TECHNICAL SERVICES, INC Contact: Phone:
14-000806 DJones CHLORINE SAFETY SHUT OFF VALVES	Cancelled	Blanket WA PLANT		10/01/2014	29,176.00	0.00	0000001928 RS TECHNICAL SERVICES, INC Contact: Phone:
14-000808 KWallace FY 2015 WPC RENTAL OF EQUIPMENT	Partial	Regular WPC	07/01/2014	10/01/2014	5,500.00	3,951.43	0000005174 ALTA CONSTRUCTION EQUIPMENT LLC Contact: Phone:
14-000810 CDotson CO #3 TO 08-057, FNIPP FULL CODE REHAB	Partial	Regular CED	07/01/2014	10/02/2014	27,082.86	20,522.86	0000000081 FLINT NEIGHBORHOOD IMPRVT&PRES PROJ Contact: Phone:
14-000818 VFoster RENEWAL OF GENERAL LIABILITY INS WITH LAKE AGENCY	Completed	Regular FINANCE		10/07/2014	28,315.63	0.00	0000000619 LAKE AGENCY Contact: Phone:
14-000819 KWallace WPC FY 2015 ELECTRICAL SUPPORT	Open	Blanket WPC	07/01/2014	10/07/2014	38,500.00	38,500.00	0000000465 NEWKIRK ELECTRIC ASSOCIATES INC Contact: Phone:
14-000822 KWallace FY 2015 WPC VAREC REPAIR PARTS	Partial	Blanket WPC	07/01/2014	10/07/2014	5,000.00	3,855.00	0000000202 WATERWORKS Contact: Phone:

PO NUMBER / ENTERED BY / DESCRIPTION	PO STATUS	PO TYPE / DEPARTMENT	REQUIRED DATE	DATE POSTED	AMOUNT	PO BALANCE	VENDOR INFORMATIO
14-000823 CPriest M TECH	Open	Regular WSC	07/01/2014	10/07/2014	9,000.00	9,000.00	0000004980 M TECH COMPANY Contact: Phone:
14-000824 RJohnson AUCTIONEER SVC	Partial	Regular POLICE		10/10/2014	6,000.00	3,000.00	0000004911 MONSTER AUCTION LLC Contact: Phone:
14-000825 YGray WATER METERS	Completed	Regular WSC	09/23/2014	10/10/2014	49,245.00	0.00	0000002095 METRON-FARNIER, LLC Contact: Phone:
14-000826 DDunlap VARIOUS LOOSE FIRE TRUCK EQUIPMENT	Partial	Regular FIRE	09/22/2014	10/10/2014	13,763.00	16,312.00	0000000718 WEST SHORE FIRE INC Contact: Phone:
14-000827 KWallace FY 2015 WPC GRINDER (MUFFIN MONSTER) REPAIRS	Open	Blanket WPC	07/01/2014	10/10/2014	15,000.00	15,000.00	0000004963 JWC ENVIRONMENTAL LLC Contact: Phone:
14-000828 MRule AUTOMOTIVE AND TRUCK BATTERIES	Partial	Blanket FLEET	09/26/2014	10/10/2014	15,000.00	12,741.20	0000002447 UNIVERSAL LIFT PARTS Contact: Phone:
14-000829 CPriest SAFETY SUPPLIES	Partial	Blanket WSC	07/01/2014	10/10/2014	10,000.00	8,226.72	0000005153 RITZ SAFETY SUPPLIES Contact: Phone:
14-000830 RKelly SAFETY SUPPLIES	Open	Blanket WA PLANT	07/01/2014	10/10/2014	6,000.00	6,000.00	0000005153 RITZ SAFETY SUPPLIES Contact: Phone:
14-000833 KWallace SHAFTLESS SLUDGE SCREW CONVEYORS	Open	Regular WPC		10/14/2014	178,250.00	178,250.00	0000005203 SPIRAC USA INC Contact: Phone:

PO NUMBER ENTERED BY DESCRIPTION	PO STATUS	PO TYPE DEPARTMENT	REQUIRED DATE	DATE POSTED	AMOUNT	PO BALANCE	VENDOR INFORMATIO
14-000834 KRNEUMANN CHLORINE SAFETY SHUT OFF VALVES	Completed	Blanket WA PLANT		10/14/2014	29,176.00	0.00	0000001928 RS TECHNICAL SERVICES, INC Contact: Phone:
14-000836 KRNEUMANN MISCELLANEOUS LAB SUPPLIES	Partial	Blanket WA PLANT		10/14/2014	40,000.00	35,405.98	0000000196 VWR INTERNATIONAL Contact: Phone:
14-000837 KWallace FY 2015 WPC GENERAL LABORATORY SUPPLIES	Open	Regular WPC	07/01/2014	10/14/2014	18,000.00	18,000.00	0000000196 VWR INTERNATIONAL Contact: Phone:
14-000838 MPOISSON PLUMBING SUPPLIES	Partial	Blanket WA PLANT	07/01/2014	10/15/2014	10,000.00	4,304.80	0000000377 MACOMB GROUP Contact: Phone:
14-000843 KNeumann FILTER CHANGE & CLEANING IN ASSESSMENT OFFICE - AERO FILTER	Completed	Regular MAINT		10/16/2014	16,450.00	0.00	0000002221 AERO FILTER, INC. Contact: Phone:
14-000846 MPOISSON HYUNDAI IDEAL SYNCHRONIZING PANEL	Open	Regular WA PLANT	10/08/2014	10/16/2014	24,500.00	24,500.00	0000005202 HYUNDAI IDEAL ELECTRIC COMPANY Contact: Phone:
14-000847 DDunlap UNIFORM PANTS DEPARTMENT	Partial	Regular FIRE	07/01/2014	10/16/2014	7,500.00	60.00	0000000612 ALLIE BROTHERS INC Contact: Phone:
14-000848 RJohnson DRY CLEANING	Partial	Blanket POLICE		10/16/2014	9,000.00	8,025.75	0000002644 DIAMOND CLEANERS Contact: Phone:
14-000850 MRule GM OEM PARTS AND SUPPLIES - AUTO AND TRUCK	Partial	Blanket FLEET	07/01/2014	10/16/2014	25,000.00	24,534.67	0000000016 APPLEGATE CHEVROLET Contact: Phone:

PO NUMBER ENTERED BY DESCRIPTION	PO STATUS	PO TYPE DEPARTMENT	REQUIRED DATE	DATE POSTED	AMOUNT	PO BALANCE	VENDOR INFORMATIO
14-000851 DDunlap FIRE FIGHTING EQUIPMENT FY 15	Partial	Blanket FIRE	07/01/2014	10/16/2014	20,000.00	18,598.04	0000000062 DOUGLASS SAFETY SYSTEMS Contact: Phone:
14-000854 MRule TRUCK MOUNTED LEAF VACUUM	Completed	Blanket FLEET	08/29/2014	10/17/2014	214,000.00	0.00	0000000696 BELL EQUIPMENT COMPANY Contact: Phone:
14-000855 KWallace FY 2015 WPC FILTER BELT PRESS PARTS	Partial	Blanket WPC	07/01/2014	10/17/2014	22,000.00	20,280.00	0000003248 ANDRITZ SEPARATION INC Contact: Phone:
14-000856 CPriest SERVICE & HYDRANT PARTS	Partial	Blanket WSC	07/01/2014	10/17/2014	65,000.00	13,228.75	0000000069 ETNA SUPPLY COMPANY Contact: Phone:
14-000857 CDotson CO 2 TO 13-151, METRO ACTIVITY REIMBURSEMENT	Partial	Regular CED	09/25/2014	10/20/2014	96,114.86	77,586.86	0000004251 METRO COMMUNITY DEVELOPMENT, INC Contact: Phone:
14-000858 CDotson F14007 HOME REPAIRS AND REDEVELOPMENT	Open	Regular CED	07/01/2014	10/20/2014	1,148,343.00	1,148,343.00	0000005110 ARCO SYSTEMS LLC Contact: Phone:
14-000862 KNeumann INTERNAL & EXTERNAL LIGHTING AT CITY HALL	Partial	Blanket MAINT		10/21/2014	205,340.00	42,595.00	0000002701 WALKER ELECTRIC, INC. Contact: Phone:
14-000867 MPOISSON CHEMCO PRODUCTS VENDOR 5111 PW340 CATIONIC POLYMER-SOFTENING AID	Completed	Blanket WA PLANT	07/01/2014	10/22/2014	38,000.00	0.00	0000005111 CHEMCO PRODUCTS INC Contact: Phone:
14-000868 CDotson F14062 ADULT LITERACY HUD 14-15 ALLOCATION, PUB SVCS	Partial	Regular CED	07/01/2014	10/10/2014	87,581.00	76,043.90	0000004265 CHRIST ENRICHMENT CENTER Contact: Phone:

PO NUMBER ENTERED BY DESCRIPTION	PO STATUS	PO TYPE DEPARTMENT	REQUIRED DATE	DATE POSTED	AMOUNT	PO BALANCE	VENDOR INFORMATIO
14-000871 RJohnson .223 AMMO	Open	Regular POLICE		10/09/2014	7,600.00	7,600.00	0000005215 VANCE OUTDOORS INC Contact: Phone:
14-000879 MRule REPAIRS AND UPGRADES TO FIRE STATION #1 FUEL TANKS AND PIPING	Completed	Regular FLEET	10/16/2014	10/16/2014	9,000.00	0.00	0000004134 MID MICHIGAN STATION SERVICES Contact: Phone:
14-000882 JEvans	Completed	Regular CLERK		10/15/2014	5,000.00	0.00	0000003241 MILLER CONSULTATIONS & ELECTIONS, I Contact: Phone:
14-000886 VFoster SPUD SOFTWARE FOR WEBSITE PROJECT AND MGT	Partial	Regular IS	10/07/2014	10/08/2014	13,826.50	12,432.00	0000005200 SPUD SOFTWARE INC Contact: Phone:
14-000904 MRule FRONT MOUNTED SNOW PLOWS AND COMPONENT PARTS	Open	Regular FLEET	10/24/2014	10/24/2014	70,848.00	70,848.00	0000000474 CANNON ENGINEERING AND EQUIP CO, LL Contact: Phone:
14-000909 rtibbetts PUBLIC DEFENDER	Partial	Regular 68DC	11/03/2014	11/03/2014	9,000.00	7,000.00	0000005194 AMY K HARRIS PLC Contact: Phone:
14-000911 CPriest HAZARDOUS HOUSEHOLD WASTE COLLECTION	Open	CONTRACT WSC	07/01/2014	10/03/2014	42,000.00	42,000.00	0000004739 EQ THE ENVIRONMENTAL QUALITY CO Contact: Phone:
14-000912 KNeumann CARPET FOR BASEMENT - OLD I.S. OFFICES	Completed	Regular MAINT		11/03/2014	8,762.00	0.00	0000000682 FLINT CARPET CO Contact: Phone:
14-000913 rtibbetts JURY DUTY	Partial	Regular 68DC	11/04/2014	11/04/2014	20,000.00	18,054.44	0000000270 GENESEE COUNTY TREASURER Contact: Phone:

PO NUMBER / ENTERED BY / DESCRIPTION	PO STATUS	PO TYPE / DEPARTMENT	REQUIRED DATE	DATE POSTED	AMOUNT	PO BALANCE	VENDOR INFORMATIO
14-000916 CDotson F14060 BIG BROTHERS BIG SISTERS HUD 14-15, CB MENTORING	Partial	Regular CED	07/01/2014	10/10/2014	30,000.00	20,203.80	0000002524 BIG BROTHERS BIG SISTERS OF Contact: Phone:
14-000918 JEvans LAPTOP FOR ALL 9 CITY COUNCIL MEMBERS	Completed	Regular CLERK		11/07/2014	7,199.91	0.00	0000004499 NEWEGG INC. Contact: Phone:
14-000920 CDavila SUPERVISOR TRAINING	Partial	Blanket HR	10/30/2014	10/17/2014	17,500.00	10,500.00	0000003962 MICHIGAN STATE UNIVERSITY Contact: Phone:
14-000922 MRule REPAIRS TO VEHICLE 4368	Open	Confirming FLEET	11/07/2014	11/07/2014	6,876.54	6,876.54	0000000219 GRAFF TRUCK CENTER Contact: Phone:
14-000929 YGray 40 HOUR HAZWOPER TRAINING	Open	Regular WA PLANT	10/23/2014	10/23/2014	7,110.00	7,110.00	0000004797 LIFESAFE SERVICES LLC Contact: Phone:
14-000931 CDotson C/O #1 - SALEM DEVELOPER FEES, 1650 N GRAND, 611 WELCH	Partial	Regular CED	11/03/2014	10/23/2014	21,642.68	1,579.99	0000002233 SALEM HOUSING COMM DEVELOPMENT CORP Contact: Phone:
14-000936 BWideman RENTAL OF BOBCAT FOR SNOW REMOVAL DURING WINTER SEASON	Open	Regular STREET	10/24/2014	10/24/2014	5,300.00	5,300.00	0000005174 ALTA CONSTRUCTION EQUIPMENT LLC Contact: Phone:
14-000939 BWideman RENTAL OF LOADERS FOR LEAF/SNOW REMOVAL	Open	Regular STREET	10/13/2014	11/13/2014	49,600.00	49,600.00	0000000003 AIS CONSTRUCTION EQUIP&CONTRACTORS Contact: Phone:
14-000940 CDotson LSEM FAIR HOUSING, PUB SVCS, FHUD15 ALLOCATION, EME2842014	Open	Regular CED	07/01/2014	10/09/2014	20,000.00	20,000.00	0000000226 LEGAL SERVICES OF EASTERN MICHIGAN Contact: Phone:

PO NUMBER / ENTERED BY / DESCRIPTION	PO STATUS	PO TYPE / DEPARTMENT	REQUIRED DATE	DATE POSTED	AMOUNT	PO BALANCE	VENDOR INFORMATIO
14-000941 CDotson LSEM, CREDIT REPAIR BRPTCY, PUB SERVICES FHUD15 ALLOCATION	Open	Regular CED	07/01/2014	10/09/2014	24,000.00	24,000.00	0000000226 LEGAL SERVICES OF EASTERN MICHIGAN Contact: Phone:
14-000942 KRNEUMANN SNOW PLOWS	Completed	Blanket STREET		11/19/2014	36,000.00	0.00	0000005228 FARM DEPOT LTD Contact: Phone:
14-000943 CDotson GCLB CDBG DEMOLITION, ACTION PLAN HUD 14-15	Open	Regular CED	08/13/2014	10/09/2014	453,230.00	453,230.00	0000003238 GENESEE COUNTY LAND BANK AUTHORITY Contact: Phone:
14-000945 CDotson UNITED WAY F14080, HUD 14-15 YOUTH RECREATION PUB SVCS	Open	Regular CED	07/01/2014	10/10/2014	100,000.00	100,000.00	PKR0000540 UNITED WAY OF GENESEE COUNTY Contact: Phone:
14-000948 MRule SPINNER ASSEMBLIES FOR SALT TRUCKS	Open	Blanket FLEET	11/20/2014	11/20/2014	9,186.63	9,186.63	0000004614 VIKING-CIVES MIDWEST, INC Contact: Phone:
14-000956 MPOISSON OBSERVATION OF SYSTEM WHILE IN OPERATION AND TROUBLESHOOTING TO	Open	Regular WA PLANT	11/25/2014	11/25/2014	7,500.00	7,500.00	0000003583 OZONIA NORTH AMERICA Contact: Phone:
14-000958 KRNEUMANN CAMERAS & TELEMETRICS	Open	Regular STREET		11/18/2014	14,700.00	14,700.00	0000005228 FARM DEPOT LTD Contact: Phone:
14-000966 KRNEUMANN LEASING OF TRUCKS FOR SNOW REMOVAL	Partial	Regular STREET		11/11/2014	135,240.00	129,240.00	0000005228 FARM DEPOT LTD Contact: Phone:
14-000973 BWideman GEOMELT ANTI-ICING/DEICING MATERIAL AND REMOVAL OF TAINTED MATERIALS	Partial	Regular STREET	12/03/2014	12/03/2014	6,498.00	3.96	0000004370 ADVANCED DUST CONTROL Contact: Phone:

PO NUMBER ENTERED BY DESCRIPTION	PO STATUS	PO TYPE DEPARTMENT	REQUIRED DATE	DATE POSTED	AMOUNT	PO BALANCE	VENDOR INFORMATIO
14-000993 rtibbetts MAINTENANCE AGREEMENT DEC. 1, 2014 - NOV. 30, 2015	Open	Regular 68DC	12/10/2014	12/10/2014	8,000.00	8,000.00	0000003943 JEFFERSON AUDIO VIDEO SYSTEMS, INC Contact: Phone:
14-000994 MPOISSON MOTOR CONTROL CENTER UPGRADE	Open	Regular WA PLANT	09/19/2014	12/12/2014	440,157.00	440,157.00	0000000133 MCNAUGHTON MCKAY ELECTRIC CO Contact: Phone:
14-000995 KRNEUMANN INSTALL SNOW PLOW BLADES ON TRACTORS	Open	Blanket STREET		12/11/2014	10,000.00	10,000.00	0000005228 FARM DEPOT LTD Contact: Phone:
14-000996 MJarvis WADE TRIM ENGINEERING SERVICES FOR THE RIVERBANK PARK IMPROVEMENT PROJECT	Open	CONTRACT PARKS	11/03/2014	11/03/2014	14,000.00	14,000.00	0000000198 WADE TRIM, INC Contact: Phone:
14-000997 YGray ANNUAL PUBLIC WATER FEE	Open	Regular WA PLANT	11/05/2014	11/05/2014	26,708.63	26,708.63	SMI0001A04 STATE OF MICHIGAN Contact: Phone:
14-000999 KNeumann SNOW PLOWS	Open	Blanket STREET		12/10/2014	59,335.00	59,335.00	0000005237 SHAW BROS LIMITED Contact: Phone:
14-001012 BWideman RETROFITTING OF SALT TRUCK W/SPRAY BAR AND FITTINGS FOR DEICER	Open	Regular STREET		12/15/2014	5,000.00	5,000.00	0000005231 B2B CONSULTING INC Contact: Phone:
14-001013 VFoster GOOGLE LICENSES (CHANGE ORDER #11-108C)	Open	CONTRACT IS		12/17/2014	36,156.00	36,156.00	0000004698 ONIX NETWORKING CORPORATION Contact: Phone:
14-001017 CPriest WATER METERS	Open	Regular WSC		12/19/2014	110,811.00	110,811.00	0000002095 METRON-FARNIER, LLC Contact: Phone:

PO NUMBER ENTERED BY DESCRIPTION	PO STATUS	PO TYPE DEPARTMENT	REQUIRED DATE	DATE POSTED	AMOUNT	PO BALANCE	VENDOR INFORMATIO
14-001019 RKelly GENERATOR INSPECTION & SERVICE	Open	Blanket WA PLANT	07/01/2014	12/19/2014	5,000.00	5,000.00	0000002984 PM TECHNOLOGIES Contact: Phone:
14-001022 RKelly MACHINING SERVICE	Open	Blanket WA PLANT	07/01/2014	12/22/2014	5,000.00	5,000.00	0000000325 PLATINUM MECHANICAL INC Contact: Phone:
14-001023 YGray 2014 DRAIN TAX ROLL	Open	Regular WA PLANT	10/08/2014	12/22/2014	5,285.00	5,285.00	0000000847 GENESEE COUNTY DRAIN COMMISSIONER Contact: Phone:
14-001025 KWallace FY 2015 WPC THERMO ELECTRON CORP THC ANALYZER	Open	Regular WPC	07/01/2014	12/23/2014	6,000.00	6,000.00	0000003079 THERMO ENVIRONMENTAL INSTRUMENTS Contact: Phone:
14-001030 MRule VEHICLE LEASING	Open	Blanket FLEET	12/18/2014	12/18/2014	502,000.00	502,000.00	0000005240 ENTERPRISE FM TRUST Contact: Phone:
Grand Totals:		77			5,016,675.74	4,162,845.04	

Section Separator

(c) A description of each loan sought, approved, or disapproved during the reporting period that has a cumulative value of $5000 or more and the proposed use of the funds.

The City of Flint has not sought, approved or disapproved any loan during the reporting period of July 8, 2014 through October 8, 2014.

Section Separator

(d) A description of any new position created or any vacancy in a position filled by the appointing authority.

Vacancy Filled

CITY OF FLINT
Position Description

Class Title:	Receivables Enforcement Officer Trainee	Job Code Number:	20-C-122
Established:	December 18, 1989	Bargaining Unit:	Local 1600

GENERAL STATEMENT OF DUTIES:
In a learning situation, participates in the collection of the City of Flint receivables; performs related work as required. (This is a training position in which the employee will work with increasing independence and decreasing direct supervision over a one year period at the end of which the employee will be promoted to the position of Receivables Enforcement Officer if job performance has been satisfactory.)

SUPERVISION RECEIVED:
Work is performed under the supervision of the Deputy Treasurer or Assistant Customer Service Operations Supervisor.

ESSENTIAL DUTIES AND RESPONSIBILITIES:

1. Learns and assists in implementing and maintaining procedures and methods necessary to conduct a collection and enforcement program for the City of Flint receivables.

2. Assists in initiating enforcement and compliance procedures.

3. Assists in contacting taxpayers, accountants, attorneys and other parties through correspondence, telephone and personal contact relative to the collection of delinquent accounts or remittance of monies due the City.

4. Assists in the development and maintenance of records, and files pertaining to collection and enforcement policies and procedures.

5. Assists in assembling records and preparing documentation for court proceedings and attends hearings and court trials pertaining to such cases.

6. Answer questions concerning the collection process; explains penalties and other consequences of lack of compliance.

7. Learns enforcement procedures based on review of delinquent accounts in automated and manual systems; becomes familiar with City of Flint policies and procedures, ordinances and laws regarding collection and enforcement of City receivables.

MINIMUM ENTRANCE REQUIREMENTS:

A. A Bachelors Degree from an accredited college specializing in Business Administration, Public Administration or related field OR two (2) years of experience in the classification of Accountant, Auditor, Income Tax Examiner, Assistant Income Tax Examiner, Treasury Receivables Examiner or Senior Customer Service Clerk.
B. Knowledge of business English and commercial arithmetic.
C. Ability to effectively communicate both in writing and verbally.
D. Ability to follow written and verbal instructions.
E. Ability to read and interpret ordinances, laws, rules and regulations.
F. Ability to prepare accurate and clear reports and records.
G. Working knowledge of data processing systems and functions.

NECESSARY SPECIAL REQUIREMENT(S):
Possession of a valid State of Michigan Driver's license

PHYSICAL DEMANDS:
While performing the duties of this job, the employee is frequently required to sit and talk or hear. The employee is occasionally required to walk; use hands to finger, handle or feel objects, tools or controls; and reach with hands and arms. The employee must occasionally lift and/or move up to 25 pounds. Specific vision abilities required by this job include close vision and the ability to adjust focus. The noise level in the work environment is usually quiet.

Classification History:
Established: Personnel 12/18/99
Revised: Personnel 05/11/99, 06/14/96, 02/09/01
Revised: Human Resources 03/09/05
Revised: Human Resources 07/27/10
Revised: Human Resources 08/13/13

The job description does not constitute an employment agreement between the employer and employee and is subject to change by the employer as the needs of the employer and requirements of the job change.

Vacancy Filled

CITY OF FLINT
Position Description

Class Title:	Principal Clerk Typist	Job Code Number.	16-A-010
Established:	July 30, 1981	Bargaining Unit:	Local 1600

GENERAL STATEMENT OF DUTIES: Acts as secretary to the administrator of a large department or major operating division; performs difficult and complex clerical work involving a considerable degree of decision; performs related work as required.

SUPERVISION RECEIVED: Works under the supervision of an administrative employee who assigns work and reviews for accuracy, but allows considerable independence of action.

SUPERVISION EXERCISED: Exercises working supervision over a few clerical employees engaged in a variety of clerical duties.

ESSENTIAL DUTIES AND RESPONSIBILITIES:

1. Types from a variety of drafts, forms, letters, receipts, records, reports, tape recordings and other materials which includes frequent use of technical terminology; prepares rough draft narratives and tabulations.
2. Researches and gathers a variety of data for use in composing and typing correspondence, applying a knowledge of departmental operations and regulations.
3. Performs a variety of secretarial activities, taking action as necessary in disposing of matters assigned by superiors.
4. Receives and interviews visitors; makes appointments and arranges meetings; opens, reads, and distributes incoming mail: assembles pertinent files and materials relevant to reply; maintains confidential files.
5. Checks the accuracy and completeness of reports and computations made by others; makes difficult computations and tabulations; may perform bookkeeping work and maintain accounting records. Maintains petty cash fund.
6. Maintains payroll records; computes payroll distribution; distributes payroll checks to employees.
7. Performs a variety of clerical work such as answering the phone, waiting on the counter, receiving fees, copying and the requisitioning of supplies.
8. Operates various office machines; may operate a dictation machine or a variety of other word processing equipment.
9. May supervise or assist subordinate clerical employees in the performance of routine to moderately complex office work.

MINIMUM ENTRANCE REQUIREMENTS:

A. At least two years of experience in the performance of responsible and difficult clerical or secretarial work.
B. Considerable knowledge of modern office practices and procedures and of Business English and Arithmetic.
C. Ability to type from plain copy at the rate of fifty (50) net words per minute at a computer keyboard.
D. Ability to use computer software as related to office practices including electronic word processing, database, and spreadsheet packages.
E. Ability to compose letters and reports relative to work which does not depart substantially from routine.
F. Ability to keep involved clerical records; to assemble and organize data: and to prepare reports from such data.
G. Ability to prepare effective correspondence.
H. Ability to plan and supervise the work of subordinate clerical employees.
I. Ability to make decisions independently in accordance with rules, regulations and departmental policies and procedures.
J. Ability to deal with the public courteously and tactfully.

PHYSICAL DEMANDS:

While performing the duties of this job, the employee is frequently required to sit and talk or hear. The employee is occasionally required to walk; use hands to finger, handle, or feel objects, tools, or controls; and reach with hands and arms.

The employee must occasionally lift and/or move up to 25 pounds. Specific vision abilities required by this job include close vision and the ability to adjust focus. The noise level in the work environment is usually quiet.

Classification History

Established: Personnel 07/30/81
Reallocated: Personnel (Wage Inequity) 07/01/87
Revised: Personnel 04/20/98
Revised: Human Resources 10/06/04
Revised: Human Resources 02/25/05
Reallocated: Human Resources 10/22/06

The job description does not constitute an employment agreement between the employer and employee and is subject to change by the employer as the needs of the employer and requirements of the job change.

Vacancy Filled

Openings as of 1/5/2015

Snow Plow Operator JobID: 168

Position Type:
Transportation

Closing Date:
11/26/2014

Date Posted:
10/20/2014

Location:
12th Street Yards (Garage) - City of Flint

SNOW PLOW OPERATORS WANTED
TEMPORARY PART-TIME, DECEMBER 2014 TO APRIL 2015
(APPROXIMATELY 20 HOURS PER WEEK GUARANTEED)

The City of Flint, Michigan, is seeking qualified candidates to assist City of Flint Street Maintenance crews by plowing City streets and performing other winter maintenance activities as needed. Services may be required during the day or night as dictated by snow/ice events.

Requirements:

- Heavy equipment operator experience (three years experience required)
- CDL Class A, or Class B
-
- **NOTE: Qualified candidates in possession of a "TIP" (Temporary Instruction Permit) will be able to apply for this position with the understanding that if they are selected they must be in possession of a valid CDL "A" OR "B" by December 31, 2014 or be discharged from the position.)**
- Valid driver's license
- Ability to pass a background check, drug screen, and physical.
- Willingness to work during the day or night as dictated by snow/ice events
- Telephone available to receive call-ins on an as-needed basis

If you have snow removal experience and/or operated farm, construction equipment, pay loaders, bobcats, bulldozers, dump trucks, 4x4's with plows or other heavy equipment, please apply!

PHYSICAL DEMANDS:
While performing the duties of this job, the employee regularly works in outside weather conditions. The employee regularly works near moving mechanical parts and is exposed to inclement conditions, fumes or airborne particles, traffic, toxic or caustic chemicals, risk of electrical shock, and vibration. The employee is regularly required to reach with hands and arms and is required to stand and walk; and use hands to finger, handle, feel or operate objects, tools, or controls. The employee is occasionally required to sit; climb or balance; stoop, kneel, crouch, or crawl; and talk or hear.

The employee must frequently lift and/or move up to 25 pounds and occasionally lift and/or move more than 100 pounds. Specific vision abilities required by this job include close vision, and the ability to adjust focus.

Vacancy Filled

CITY OF FLINT
Position Description

Class Title:	School Crossing Guard	Job Code Number:	02-P-031
Established:	August 31, 1964	Bargaining Unit:	None

GENERAL STATEMENT OF DUTIES: Assists school children in safely crossing the streets at or near a school; notes traffic or other law violators and reports them to Police Department; performs related work as required.

SUPERVISION RECEIVED: Works under the supervision of Police personnel who makes assignments and frequent inspections.

ESSENTIAL DUTIES AND RESPONSIBILITIES:

1. Assists school children in crossing streets or street intersections by directing or halting traffic when necessary.

2. Gives directions answers questions, and otherwise assists the general public.

3. Observes traffic or other law violators and reports them to police authorities.

4. Performs related work as required.

MINIMUM ENTRANCE REQUIREMENTS:

A. At least 18 years of age or high school graduation. (Applicants beyond the age of 70 may be appointed to this position.)
B. Possession and maintenance of a valid Michigan Driver's License
C. Working knowledge of State laws and City ordinances pertaining to traffic regulations.
D. Working knowledge of the location of City streets and buildings.
E. Ability to follow oral and written directions.
F. Ability to deal courteously but firmly with the public.
G. Ability to deal successfully with school children, the general public and police officers.
H. No serious defects of vision, hearing, or members. (Vision, hearing, and cardiovascular system to be checked prior to start of each school year.)
I. Ability to meet the physical, mental, and visual standards of the job.
J. Ability and willingness to work in a manner that will not needlessly endanger the safety to one's self, other persons and equipment.

PHYSICAL DEMANDS:

While performing the duties of this job, the employee is frequently required to stand; sit; walk; talk or hear; use hands to finger or handle objects, tools or controls; and reach with hands and arms. While performing the duties of this job, the employee regularly works in outside weather conditions and around traffic. The employee is occasionally exposed to wet and/or humid conditions, fumes or airborne particles, extreme cold, extreme heat and vibration.

Classification History:
Allocated: CSC 07/01/63
Established: City Comm. 08/31/64
Revised: Personnel 06/21/79, 01/11/82
Revised: Human Resources March 2005

The job description does not constitute an employment agreement between the employer and employee and is subject to change by the employer as the needs of the employer and requirements of the job change.

Vacancy Filled

CITY OF FLINT
Position Description

Class Title:	Water Plant Operator Trainee	Job Code Number:	12-N-001
Established:	October 22, 1974	Bargaining Unit:	Local 1600

GENERAL STATEMENT OF DUTIES: Under an on-the-job training program with close supervision, maintains, operates and repairs water pumping, softening, disinfecting and other treatment equipment; performs related work as required. (After six (6) months experience as a Water Plant Operator Trainee, the employee will be eligible for **and must pass** ~~to take~~ the examination for promotion to Water Plant Maintainer.

SUPERVISION RECEIVED: Works under the direct supervision of the Water Plant Maintenance Supervisor or Water Plant Operations Foreman or another employee of higher grade who assigns work, provides assistance when needed and reviews work for satisfactory completion.

ESSENTIAL DUTIES AND RESPONSIBILITIES:

1. Inspects, cleans adjust and repairs water plant equipment such as filter beds, valves, controllers, recording gauges, coagulators, chlorinators, chemical feeders, softening equipment, sump and sludge pumps, compressors, pumps and motors.
2. Maintains, operates, and repairs settling basins, clear wells, hydraulic valves, and pumping equipment; operates and maintains dams.
3. Performs routine inspections of water treatment equipment and facilities; performs record keeping functions with regard to such inspections.
4. Backwash and cleans filters, checks filter valves, records loss of head, rate of flow; installs, and repairs water lines.
5. Takes water samples and makes simple chemical test such as hourly chlorine residuals of tap settled and effluent water; makes turbidity and coagulation tests.
6. Assists in maintaining and repairing plant buildings and appurtenances.
7. Loads and unloads material and supplies.

MINIMUM ENTRANCE REQUIREMENTS:

~~A. Completion of 10th grade in high school.~~ **High School Diploma or Equivalent.**
B. Working knowledge of the methods, practices, tools, and materials used in the mechanical trades.
C. Ability to perform mathematical calculations involving algebra and geometry.
D. Ability to perform semi-skilled maintenance task as directed.
E. Ability to use common hand tools with a reasonable degree of skill.
F. Ability to meet the physical, mental and visual standards of the job.
G. Ability and willingness to work in a manner that will not needlessly endanger the safety to one's self, other persons, or equipment.

NECESSARY SPECIAL REQUIREMENT:

- Possession of a valid State of Michigan Driver's License at the time of application.
- **Possession of an MDEQ F4 license is required within eighteen (18) months of appointment.**

PHYSICAL DEMANDS:

The employee occasionally works near moving mechanical parts and is occasionally exposed to wet and/or humid conditions, fumes or airborne particles, traffic, toxic or caustic chemicals, risk of electrical shock, and vibration. The employee is occasionally required to stand; walk; use hands to finger, handle, feel or operate objects, tools, or controls; and reach with hands and arms. The employee is occasionally required to sit; climb or balance; stoop, kneel, crouch, or crawl; talk or hear; and smell. The employee must occasionally lift and/or move up to 100 pounds. Specific vision abilities required by this job include close vision, distance vision, color vision, peripheral vision, depth perception, and the ability to adjust focus. Hand-eye coordination is necessary to operate computers and various pieces of office equipment.

Classification History:
Established CSC Mtg: 10-22-74
Revised: Personnel 06-27-78, 02-27-80, 04-15-85, 12-07-89
Revised & re-titled: Personnel 02-07-97 (formerly Water Trainee)
Revised: Human Resources 08/06/08
Revised: Human Resources 01/09/14

The job description does not constitute an employment agreement between the employer and employee and is subject to change by the employer as the needs of the employer and requirements of the job change.

Vacancy Filled

CITY OF FLINT
Position Description

Class Title:	City Administrator	Job Code Number:	NA
Established:	August 2002		Appointed

GENERAL STATEMENT OF DUTIES:
Performs high level administrative, technical and professional work in directing and supervising the administration of city government.

SUPERVISION RECEIVED:
Works under the broad policy guidance of the Mayor.

SUPERVISION EXERCISED:
Exercises supervision over all municipal employees, either directly or through appointed department officials.

ESSENTIAL DUTIES AND RESPONSIBILITIES:
1. Serves as the principal administrative officer, directly under the Chief Executive Officer, the Mayor, in implementation of executive policy and in directing the management of administrative activities and appointed staff officials.

2. Assembles financial and management information; meets and confers with City department heads to gather and assemble pertinent data and information and recommendations for the Mayor's consideration in making executive determinations and policy.

3. Translates executive decisions and policies of the Mayor into administrative procedures for the cost effective and efficient operation of the City.

4. Monitors and manages the administrative inter-activity of the City departments so the delivery of public services represents an effective coordinated effort.

5. Prepares and reviews correspondence, reports, speeches, resolutions, and other material for public relations purposes. Answers citizens and official inquiries regarding City policy matters.

6. Directs the preparation of the agenda for City Council meetings. Attends City Council meetings and Council Committees advising Committee members, and makes recommendations to committees consistent with administrative desires.

7. Attends, at the Mayor's discretion, public meetings and events giving speeches and information to the public.

MINIMUM ENTRANCE REQUIREMENTS:
A. Graduation from an accredited four-year college or university with a degree in public administration, political science, business management or a closely related field; Master's degree in public administration preferred.
B. Seven (7) years of increasingly responsible experience as a municipal administrator.
C. Five (5) years experience supervising a professional staff at the department head level.
D. Considerable knowledge of modern policies and practices of public administration.
E. Working knowledge of municipal finance, human resources, public works, public safety, and community development.

MINIMUM ENTRANCE REQUIREMENTS: (con't)

F. Skill in preparing and administering municipal budgets and planning, directing and administering municipal programs.
G. Demonstrated ability to facilitate organization development, delivery systems and evaluation in a complex municipal environment.
H. Ability to prepare and analyze comprehensive reports.
I. Ability to carry out assigned projects to their completion.
J. Ability to communicate effectively verbally and in writing.
K. Ability to make presentations to the public and elected officials regarding complex concepts.
L. Ability to establish and maintain effective working relationships with employees, City officials and the public; ability to efficiently and effectively administer a municipal government.

PHYSICAL DEMANDS:

The physical demands described here are representative of those that must be met by an employee to successfully perform the essential functions of this job. Reasonable accommodations may be made to enable individuals with disabilities to perform the essential functions.

While performing the duties of this job, the employee is frequently required to sit and talk or hear. The employee is occasionally required to walk; use hands to finger, handle or feel objects, tools, or controls; and reach with hands and arms.

Classification History:
Established: 8/9/02

The job description does not constitute an employment agreement between the employer and employee and is subject to change by the employer as the needs of the employer and requirements of the job change.

Vacancy Filled

CITY OF FLINT
Position Description

Class Title:	Water Distribution Operator Trainee	Job Code Number:	16-N-035
Established:	June 26, 1961	Bargaining Unit:	Local 1600

GENERAL STATEMENT OF DUTIES: Under an on-the-job training program with close supervision installs, maintains and repairs water mains, valves, meters, hydrants and other appurtenances of the water supply system; performs related work as required. As the training progresses, supervision may be proportionately decreased and the responsibility of assignments increased. After completion of 2080 paid working hours, not including overtime, of on-the-job training, in the Water Service Center Division, the training period will be considered complete and the employee eligible for examination for promotion to Water Distribution Operator.

SUPERVISION RECEIVED: Works under the direct supervision of a foreman or employee of a higher grade who assigns work and checks for proper performance of duties.

ESSENTIAL DUTIES AND RESPONSIBILITIES:

1. Installs water mains and new service lines; inserts tapping valves for new mains and service lines.
2. Lays and repairs water mains; repairs gate valves; installs, repairs and tests fire hydrants; constructs and repairs wells on line gates.
3. Installs service connections, including tapping water main and laying service pipe; connects and disconnects shut-off valves and stop box; digs and back-fills trenches; locates and digs up curb boxes as necessary; thaws frozen lines in winter.
4. Caulks joints, cuts pipe, cuts out broken pipe, puts on sleeves, shuts off gate valves, repairs stuffing boxes.
5. Installs and removes consumer water meters. Performs water turn on and offs.
6. Operates equipment such as air compressors, valve turning or other equipment associated with water distribution and repair.
7. Drives utility dump trucks or other vehicles; orders materials; makes out simple reports on work performed and materials used.
8. May work with one or more Water Service Center employees.
9. May clean and repack water meters and/or be assigned duties in the stockroom.
10. May be required to perform duties in Sewer Operations.

MINIMUM ENTRANCE REQUIREMENTS:

A. Ability to communicate orally and carry out oral instructions.
B. Skill in the use of the more common shop tools.
C. Ability to perform manual labor for extended periods under unfavorable climatic conditions or in mud or water.
D. Mechanical aptitude.
E. Ability to meet the physical, mental and visual standards of the job.
F. Ability and willingness to work in a manner that will not needlessly endanger the safety to one's self, other persons and equipment.
G. Underground excavation and heavy equipment experience preferred.

NECESSARY SPECIAL REQUIREMENT:

A. Possession and maintenance of a valid Driver's License.
B. Possession and maintenance of a valid CDL Class B Driver's License.
C. Progression in the training series to Senior Operator level is required to remain in the program. Must make continuous satisfactory progress in the training program including promotion to Operator within twelve (12) months to remain employed in the series. Operational knowledge and training progress will be assessed periodically by WSC supervision.
D. Employee must successfully complete six (6) month probationary period.

PHYSICAL DEMANDS:

While performing the duties of this job, the employee regularly works in outside weather conditions. The employee occasionally works near moving mechanical parts and is occasionally exposed to wet and/or humid conditions, fumes or airborne particles, traffic, toxic or caustic chemicals, risk of electrical shock, and vibration. The employee is occasionally required to stand; walk; use hands to finger, handle, feel or operate objects, tools, or controls; and reach with hands and arms. The employee is frequently required to sit; climb or balance; stoop, kneel, crouch, or crawl; talk or hear; and smell. The employee must frequently lift and/or move up to 50 pounds and occasionally lift and/or move up to 100 pounds. Specific vision abilities required by this job include close vision, distance vision, color vision, peripheral vision, depth perception, and the ability to adjust focus.

Classification History
Allocated: CSC MTG. 05/15/61
Established: SC MTG. 06/26/61
Reallocated: CSC MTG. 12/12/69
Re-titled: CSC MTG. 07/02/74
Revised: Personnel 07/07/81, 03/17/82,
05/03/90, 02/01/01, 02/25/11
Revised, Reallocated, Retitled: Human Resources 11/08/2013
(Formerly Water Distribution Maintainer Trainee)

The job description does not constitute an employment agreement between the employer and employee and is subject to change by the employer as the needs of the employer and requirements of the job change.

Vacancy Filled

CITY OF FLINT
Position Description

Class Title:	**Deputy Finance Director**	Job Code Number:	35-D-031
Established:	December 21, 1964	Union:	EXEMPT

GENERAL STATEMENT OF DUTIES:
Assists in planning, coordinating and directing the activities of the Department of Finance. Supervises the accounting procedures of the computerized accounting systems in the Department of Finance in accordance with modern accounting principles and applicable legal requirements and laws; performs related work as required.

SUPERVISION RECEIVED:
Works under the general supervision of the Finance Director who gives administrative guidance and instruction.

SUPERVISION EXERCISED:
Exercises supervision over employees engaged in a variety of tasks pertaining to the City's Finance and Accounting procedures and coordinates the activities of the different divisions of the Finance Department.

ESSENTIAL DUTIES AND RESPONSIBILITIES:

1. Assists in planning, coordinating and directing the activities of the Department of Finance for the City.
2. At the direction of the Finance Director, supervises the functions of Finance Department accounting such as income tax collection, payroll, insurance, risk and benefits, retirement activities and information systems.
3. Coordinates the development, design and implementation of computerized accounting systems for the Finance Department.
4. May assist in the design of accounting procedures for all City financial functions as a means of affording the Director of Finance continuing and detailed information concerning costs of various City department and division functions and operations.
5. May audit and have signature voucher checks, initiate voucher request for payments, all documents in the absence of the Finance Director; approves all journal vouchers and initiates journal entries.
6. Advises the Director of Finance as to the performance of the City's cash management function.
7. May prepare special schedules and reports such as computing effective interest at the sale of City bonds; informs contract auditors regarding City accounting policies and procedures.
8. As directed, attends meetings on behalf of the Finance Director and, as assigned, performs duties of the Director in his/her absence.
9. May provide guidance to department heads and other department officials on accounting matters; assists in the coordination of accounting procedures with activities of other departments. Supervises employees in the use and operation of the financial automated system on micro and mainframe computers.

MINIMUM ENTRANCE REQUIREMENTS:

A. Bachelor's Degree in Business Administration or Bachelor's of Science with major in Accounting. Master's Degree or CPA preferred. Graduation from college with specialization in Accounting, Business Administration or related field.

B. Four (4) years full time paid supervisory work experience in commercial, public, or governmental accounting.

C. Knowledge of accounting principles and procedures as applied to commercial, cost budgetary and encumbrance accounting.

D. Knowledge of the statutes, ordinances, resolution and policies applicable to budgetary activities.

E. Working knowledge of budgetary and fund accounting principles and practices.

F. Ability to develop and maintain data processing methods and procedures for processing basic accounting data.

G. Ability to design, monitor and maintain special accounting methods, procedures, policies, records and forms.

H. Ability to maintain satisfactory working relationships with the public, department heads, outside officials and others.

I. Ability to meet the physical, mental and visual standards of the job.

PHYSICAL DEMANDS:

While performing the duties of the job, the employee is frequently required to sit and talk or hear. The employee must occasionally lift or move up to 10 pounds. Specific vision abilities required by this job include close vision and the ability to adjust focus.

Classification History:
Revised: CSC 12/21/64, 7/22/69
Revised & Reallocated: Personnel 11/17/92
Reallocated: 03/01/06

The job description does not constitute an employment agreement between the employer and employee and is subject to change by the employer as the needs of the employer and requirements of the job change.

Vacancy Filled

EM SUBMISSION NO.: EMRE6362017

PRESENTED: 12-1-14

ADOPTED: 12-1-14

RESOLUTION TO EMPLOY THE SERVICES OF TIMOTHY SMITH

BY THE EMERGENCY MANAGER:

Pursuant to the authority granted by the Emergency Manager by Public Act 436 of 2012, Timothy Smith shall be employed by the City of Flint in the capacity of Truck and Heavy Equipment Mechanic for the Finance Department. Mr. Smith's employment with the City of Flint shall be at the will of the Emergency Manager until such time as the Emergency Manager determines that his employment shall cease, or until such time as the Emergency Manager's authority terminates by operation of law; and

Mr. Smith shall be compensated at the rate of $30 per hour. Mr. Smith shall be paid in bi-weekly installments consistent with established written policies and procedures of the City of Flint and subject to statutory tax withholding requirements; and

Mr. Smith shall not be entitled to any fringe benefits of employment; and

Mr. Smith's compensation shall be drawn from the budgeted and appropriated funds in line item 661-451.100-702.100, Wages and Salaries. Further, Mr. Smith's salary for the period of December 1, 2014 through March 31, 2015, under the authority of this resolution, shall not exceed $21,600.00.

IT IS RESOLVED, that the Emergency Manager does, on behalf of the City of Flint, authorize the employment of Timothy Smith under the terms and conditions stated above. Compensation shall be at an hourly rate of $30.00 per hour, drawn from the budgeted funds in line item 661-451.100-702.000, Wages and Salaries, and with statutory taxes being withheld as required by law. By virtue of this resolution, Mr. Smith's salary shall not exceed $21,600.00.

APPROVED AS TO FORM:

FOR

Peter M. Bade, City Attorney

APPROVED AS TO FINANCE:

Gerald Ambrose, Finance Director

EM DISPOSITION:

ENACT ✓ **REFER TO COUNCIL**______ **FAIL** ______

DATED: 12-01-14

Darnell Earley, ICMA-CM, MPA
Emergency Manager

RESOLUTION STAFF REVIEW

DATE: November 26, 2014

Agenda Item Title: Resolution to enter to employ the services of Timothy Smith

Prepared By: V. Foster

Background/Summary of Proposed Action: The Fleet Division is requesting to hire Timothy Smith as a temporary employee. It has been very difficult for the City to find permanent qualified individuals for its Truck and Heavy Equipment Mechanic positions.

As winter season approaches, there is much concern about the Fleet Division's ability to effectuate the necessary repairs on a regular basis at its current staffing level. Mr. Smith has agreed to perform these repairs on a temporary basis at the rate of $30 per hour. This agreement shall not include benefits.

Therefore, the Fleet Division is requesting to employ Timothy Smith for the period December 1, 2014 and ending March 31, 2015.

Financial Implications
None.

Budgeted Expenditure? X Yes No **Please explain if no:**

Account No.:

661-451.100-702.000

Pre-encumbered? n/a Yes No Requisition #

Other Implications (i.e., collective bargaining):

Staff Recommendation:

It is the recommendation of the Finance Director that the necessary steps be taken to employ the services of Timothy Smith.

Staff Person: Foster **Approval:** ok

	Title	Current Wage	Dual Rate	2nd Shift Rate	OT Rate	Expected OT	Wages (702.000)	Over Time (709.000)
Fy15	Rule	$29.865				0.00	$62,119.20	$0.000
	Stephens	$20.670			$31.005	0.00	$42,993.60	$0.000
	Rodriguez	$26.711			$40.067	30.00	$55,558.88	$1,201.995
	Vacant Mechanic	$16.510	$26.711		$24.765	30.00	$19,920.08	$742.950
	Cooper	$19.943			$29.915	25.00	$41,457.44	$747.863
	Taylor	$19.943			$29.915	25.00	$41,457.44	$747.863
	Mosher	$19.943	$26.711		$29.915	25.00	$41,457.44	$747.863
	Dollar	$19.374			$29.061	25.00	$40,273.92	$726.525
	Vacant Mechanic	$16.510			$24.765	25.00	$19,920.08	$619.125
	Vacant PT Helper	$14.569		$14.569	$21.854		$7,109.67	$0.000
	Vacant PT Helper	$14.569		$14.569	$21.854		$7,109.67	$0.000
	Vacant PT Stock Keeper	$0.000			$0.000		$0.00	$0.000
	Vacant PT Clerical	$0.000			$0.000		$0.00	$0.000
	Dual 1st shift	$26.711	(260 hrs sick/annual)		$40.067		$6,944.86	$0.000
	Dual 2nd shift	$0.000	$26.711	$26.711	$0.000		$18,163.48	$0.000
	Contract Mechanic	$30.000			$0.000		$19,680.000	$0.000
							$404,485.76	
					FY15 Budget		$428,419.00	
	Adjusted to 7 months				(+/-)		$23,933.24	

Vacancy Filled

EM SUBMISSION NO.: EME 6882014

PRESENTED: 12-23-14

ADOPTED: 12-23-14

BY THE EMERGENCY MANAGER:

RESOLUTION APPOINTING ALBERT MOONEY AS INTERIM CITY TREASURER AND SETTING COMPENSATION LEVEL

Pursuant to the authority granted the Emergency Manager by Public Act 436, Albert Mooney shall be appointed as Interim City Treasurer, effective December 29, 2014; and

Mr. Mooney shall be compensated at an hourly rate of $55.00, paid in biweekly installments consistent with established written policies and procedures of the City of Flint relative to salary. Mr. Mooney shall not be entitled to overtime, or any other fringe benefits of employment except for those benefits required by statute. Compensation shall be drawn from appropriated funds as follows: 10% from line item 101-253.200-702.000, 45% from line item 101-253.202-702.000; and, 45% from line item 101-253.203-702.000, Salary and Wages, with statutory benefits being drawn from appropriated funds pursuant to federal, state and local laws.

IT IS RESOLVED, that the Emergency Manager shall, on behalf of the City of Flint, appoint Albert Mooney as Interim City Treasurer, effective December 29, 2014, under the terms and conditions stated above. Hourly compensation of $55.00 shall be drawn from appropriated funds as follows: 10% from line item 101-253.200-702.000, 45% from line item 101-253.202-702.000; and, 45% from line item 101-253.203-702.000, Salary and Wages, with statutory benefits being drawn from appropriated funds pursuant to federal, state and local laws.

APPROVED AS TO FORM:

Peter M. Bade, City Attorney

APPROVED AS TO FINANCE:

Gerald Ambrose, Finance Director

EM DISPOSITION:

ENACT ✓ **REFER TO COUNCIL** ______ **FAIL** ______

Darnell Earley, Emergency Manager

DATED: 12/23/14

S:\P. Bade\EM2014\Resos\Albert Mooney Appt Interim City Treasurer 1222.14 doc

Vacancy Filled

CITY OF FLINT
Position Description

Class Title:	Account Clerk	Job Code Number:	16-D-001
Established:		Bargaining Unit:	Local 1600

GENERAL STATEMENT OF DUTIES:
Maintains routine account ledgers and files; reconciles accounts; processes unpaid and overdue accounts; performs routine typing; performs related work as required.

SUPERVISION RECEIVED:
Works under the direct supervision of an accounting employee of higher grade who assigns work and checks for accuracy and conformance with standard procedures.

ESSENTIAL DUTIES AND RESPONSIBILITIES:
1. Sorts vouchers; types vouchers; posts vouchers, receipts, and credits to proper account ledger; prepares collection accounts; maintains a file of vouchers.

2. Reconciles totals to individual accounts; verifies extensions and totals; checks for availability of funds for expenditures; runs tape to prove balances.

3. Checks ledger numbers for correct accounts; compiles and organizes pertinent data for processing by the computer.

4. Determines due dates and checks files for unpaid overdue accounts; analyzes computer print-outs and originates corrections and adjustments as deemed necessary after a detailed check or records.

5. Prepares routine reports of transferred accounts; maintains cards and lists of accounts by classification.

6. Answer telephones and assist the public as necessary.

7. Performs occasional typing, such as records, forms, correspondence, or vouchers.

MINIMUM ENTRANCE REQUIREMENTS:
A. Working knowledge of the application of bookkeeping principles to routine accounting transactions, and ability to apply these principles in keeping accounting records.
B. Working knowledge of office methods, procedures, and equipment.
C. Ability to make arithmetical computations quickly and accurately.
D. Ability to understand and follow oral and written instructions.

PHYSICAL DEMANDS:
While performing the duties of this job, the employee is frequently required to sit and talk or hear. The employee is occasionally required to walk; use hands to finger, handle or feel objects, tools or controls; and reach with hands and arms.
The employee must occasionally lift and/or move up to 25 pounds. Specific vision abilities required by this job include close vision and the ability to adjust focus. The noise level in the work environment is usually quiet.

Classification History
Revised: Personnel Office, 11-22-76
Revised & Reallocated: Wage Inequity, 07-01-83
Reallocated: Human Resources, June 12, 2006

The job description does not constitute an employment agreement between the employer and employee and is subject to change by the employer as the needs of the employer and requirements of the job change.

Section Separator

(e) A description of any position that has been eliminated or from which an employee has been laid off.

Laid off Position

CITY OF FLINT
Position Description

Class Title:	Casual Skilled Laborer (Street Maintenance)	Job Code Number:	12-V-001
Established:	9/2014	Bargaining Unit:	Local 1600

GENERAL STATEMENT OF DUTIES:
Performs a variety of manual laboring duties in a City department; performs related work as required.

SUPERVISION RECEIVED:
Works under the immediate supervision of a foreman or employee of higher grade who assigns and inspects work for conformance with standards.

ESSENTIAL DUTIES AND RESPONSIBILITIES:
1. Sweeps and cleans streets and gutters, collects and loads refuse into an accompanying truck or movable can; rakes leaves from streets and loads into trucks, shovels snow and breaks ice from streets and loads on trucks.
2. Performs pick and shovel work on asphalt, concrete and unpaved streets.
3. Performs simple tasks involved in building and repairing sidewalks, culverts, sewers, curbs, gutters, inlets and catch basins.
4. Loads and unloads trucks and care of pipe, cement and a variety of materials.
5. Lifts and loads sludge; mows and sprinkles golf course lawns; cuts weeds.
6. Skims clarifiers; washes signs and signal tanks.
7. Makes pavement markings and sign installation.
8. Assists with the removal, storing, and placing of park benches, tables, playground equipment and building supplies.
9. May on occasion operate a light or medium duty truck; may operate other non-driven power equipment and perform simple maintenance.

MINIMUM ENTRANCE REQUIREMENTS:
A. High School Diploma or Equivalent.
B. Preferably the ability to read and write.
C. Ability to follow simple oral instructions.
D. Ability to perform strenuous manual labor.
E. Ability to withstand exposure to variable weather conditions and to perform work which is generally out of doors.
F. Ability to meet the physical, mental and visual standards of the job.
G. Ability and willingness to work in a manner that will not needlessly endanger the safety to one's self, other persons, and equipment.

NECESSARY SPECIAL REQUIREMENT:
- Must possess a valid State of Michigan motor vehicle operator's license.

PHYSICAL DEMANDS:
While performing the duties of this job, the employee is frequently required to sit, talk, hear, stand, walk, use hands to finger, handle or operate objects, tools or controls, reach with hands and arms. The employee is occasionally required to climb or balance, stoop, kneel, crouch or crawl, taste and smell. The employee must frequently lift and/or move up to 50 pounds and occasionally lift and/or move up to 100 pounds. Specific vision abilities required by this job include close vision, distance vision, color vision, peripheral vision, depth perception and the ability to adjust focus.

Classification History
Established: 9/2014

The job description does not constitute an employment agreement between the employer and employee and is subject to change by the employer as the needs of the employer and requirements of the job change.

Section Separator

(f) A copy of the contract with the emergency manager as provided in section 9(3)(e).

89 (Rev. 02-11)

STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

ANDY DILLON
STATE TREASURER

CONTRACT FOR EMERGENCY MANAGER SERVICES

Rick Snyder, Governor of the State of Michigan (Governor) and the Michigan Department of Treasury retain and appoint Darnell Earley as the Emergency Manager (Emergency Manager) for the City of Flint (City) under Public Act 436 of 2012, the Local Financial Stability and Choice Act, MCL 141.1541 *et seq*, (the Act).

The Emergency Manager will provide services to the City pursuant to the terms and conditions set forth in this Contract and the Act.

The Emergency Manager's role is to remedy the financial distress of the City by requiring, within available resources, prudent fiscal management and an efficient provision of municipal services by exercising the necessary authority conferred herein to take appropriate action on behalf of the City and its residents. In accepting this appointment, the Emergency Manager agrees to leverage all the Emergency Manager's skills and abilities to accomplish these objectives on behalf of City residents.

1. PARTIES, PURPOSE, DUTIES, AND REPORTS

1.1 Parties. The parties to this Contract are the State of Michigan by the Department of Treasury and Darnell Earley.

1.2 Purpose. The parties to this Contract agree that Darnell Earley will act as the Emergency Manager for the City. The Emergency Manager's duties and responsibilities are delineated in the Act and include conducting all aspects of the operations of the City and establishing and implementing a written financial plan as required by Section 11 of the Act.

1.3 Duties. The Emergency Manager shall possess all the powers and duties authorized under the Act, including those specifically related to local governments. In addition, the Emergency Manager shall work cooperatively with the Office of the Governor and the State Treasurer. The Emergency Manager agrees to continue to keep these officials informed of major initiatives to be undertaken in furtherance of this Contract before their public announcement. The Emergency Manager shall seek the approval of the State Treasurer before entering into a new collective bargaining agreement.

1.4 Reports. The Emergency Manager shall file quarterly reports with the Department of Treasury beginning on January 15, 2014, for the immediately preceding quarter and shall file the first report required by Section 17 of the Act within six months of the Emergency Manager's appointment and every three months thereafter.

1.5 Communications. The Emergency Manager shall establish and maintain an appropriate protocol for ongoing communications with officials of the City, City residents, and the media. The communications protocol should include a variety of means, including personal interactions.

2. TERM OF CONTRACT

2.1 The Emergency Manager serves at the pleasure of the Governor except as provided in Section 9(3)(d) and Section 9(6)(c) of the Act.

2.2 Effective Date. This contract is effective on Tuesday October 8, 2013.

3. COMPENSATION FOR SERVICES PROVIDED

3.1 Source of Payment. The State shall pay the compensation of the Emergency Manager for all services rendered under this Contract.

3.2 Salary. The Emergency Manager's salary for services rendered under this Contract shall be $180,000.00 per year. If this Contract is terminated after the Emergency Manager has provided services for a portion of the month, the Emergency Manager shall be entitled, for that portion of that month, to $15,000.00 multiplied by the proportion that the number of days of the month for which services were provided bears to the number of days of the whole month.

3.3 Payment for Services. The Emergency Manager shall be paid in installments consistent with the established written policies and procedures of the Michigan Department of Treasury. If requested by the State Treasurer, the Emergency Manager shall provide to the Michigan Department of Treasury additional information regarding services performed pursuant to this Contract.

3.4 Reimbursement for Actual and Necessary Expenses. The actual and necessary expenses of the Emergency Manager, including customary expenses related to travel, meals, and lodging which are incurred in connection with service to the City will be reimbursed by the City. The Emergency Manager shall provide original copies of all receipts for meals, lodging, and travel reimbursement with any request for reimbursement. Any reimbursement for expenses under this contract shall be reviewed and approved in writing by the City's Chief Financial Officer.

4. ADDITIONAL STAFF AND CONSULTANT FEES

4.1 Staff. The Emergency Manager may, as provided in the Act, appoint additional staff as necessary to fulfill the obligations of the Emergency Manager's appointment and duties under this Contract. Payment of compensation for additional staff will be the obligation of the City. While authority to hire additional staff rests with the Emergency Manager, the Emergency Manager agrees to consult with the State Treasurer, or the designee of the State Treasurer, at least 24 hours before extending offers of employment for positions paying $50,000.00, or more, annually. The Emergency Manager shall issue a written employment contract to each individual hired pursuant to this Section, regardless of the compensation paid to that individual. The employment contract issued pursuant to this Section shall, as of the date the individual is hired by the Emergency Manager, prohibit the individual from engaging in any other employment for remuneration without the express written approval of the Emergency Manager. The Emergency Manager agrees to consult with the State Treasurer, or the designee of the State Treasurer, at least 24 hours before approving outside employment for any individual. A breach of this Section shall be a material breach of this Contract.

4.2 Professional Assistance. The Emergency Manager may, as provided in the Act, secure professional assistance as necessary to fulfill the obligations of the Emergency Manager's appointment and duties under this Contract. Payment of compensation for additional professional assistance will be the obligation of the City. The Emergency Manager agrees to consult with the State Treasurer, or the designee of the State Treasurer, at least 24 hours before authorizing professional services contracts of $50,000.00, or more, per engagement or project. If a contract under this Section, or under Section 4.1, has a value of $50,000 or more, the Emergency Manager shall not execute the contract unless the contract is subject to competitive bidding by the Emergency Manager or the Emergency Manager receives prior written approval from the State Treasurer.

4.3 Security. The Emergency Manager will be entitled to receive security protection in connection with the Emergency Manager's duties under this Contract. Security personnel will be retained only upon the approval of the State Treasurer, or the designee of the State Treasurer, and only after consultation with the Director of the Michigan Department of State Police, or the designee of the Director of the Michigan Department of State Police. Payment of compensation for security personnel will be the obligation of the City.

5. REPRESENTATIONS

5.1 Qualifications. By signing this Contract, the Emergency Manager, represents that the Emergency Manager meets the minimum qualifications for appointment set forth in the Act. The Emergency Manager shall perform the duties of that office on a full-time basis, except as otherwise approved by the State Treasurer, and shall not accept any other employment or engage in any other activity for remuneration without the express written approval of the State Treasurer.

5.2 Conflict of Interest. The Emergency Manager represents and warrants that the Emergency Manager has no personal or financial interest, and will not acquire any such interest, that would conflict in any manner or degree with the performance of this Contract.

5.3 Non-competition. The Emergency Manager represents and warrants that the Emergency Manager is not subject to any non-disclosure, non-competition, or similar clause with current or prior clients or employers that will interfere with the performance of this Contract. The State will not be subject to any liability for any such claim.

5.4 Facilities and Personnel. The City will provide the Emergency Manager with proper facilities and personnel to perform the services and work required to be performed pursuant to this Contract.

5.5 Records. The Emergency Manager shall maintain complete records in accordance with generally accepted accounting practices and sound business practices. This requirement applies to all information maintained or stored in the computer system of the Emergency Manager or computer system of the City. The State Treasurer and his designees shall have the right to inspect all records related to this Contract.

5.6 Non-Discrimination.

a) The Emergency Manager shall comply with Public Act 220 of 1976, the Persons with Disabilities Civil Rights Act, MCL 37.1101 *et seq.*, and all applicable federal, State, and local fair employment practices and equal opportunity laws. The Emergency Manager covenants that the Emergency Manager will not 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 a disability that is unrelated to the individual's ability to perform the duties of a particular job or position. The Emergency Manager shall impose this covenant upon every subcontractor that enters into an agreement for the performance of any obligation imposed by this Contract. A breach of this covenant shall be a material breach of this Contract.

b) The Emergency Manager shall comply with Public Act 453 of 1976, the Elliott-Larsen Civil Rights Act, MCL 37.2101 *et seq.*, and all applicable federal, State, and local fair employment practices and equal opportunity laws. The Emergency Manager covenants that the Emergency Manager will not discriminate against an 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, or marital status. The Emergency Manager shall impose this covenant upon every subcontractor that enters into an agreement for the performance of any obligation imposed by this Contract. A breach of this covenant shall be a material breach of this Contract.

5.7 Unfair Labor Practices. The Emergency Manager shall not enter into a contract for the performance of any obligation imposed by this Contract with a subcontractor, manufacturer, or supplier whose name appears in the register prepared pursuant to Public Act 278 of 1980, MCL 423.322, of employers found in contempt of court for failure to correct unfair labor practices. The State may void this Contract if the Emergency Manager, or any subcontractor, manufacturer, or supplier of the Emergency Manager that is a party to a contract for the performance of any obligation imposed by this Contract, appears in the above mentioned register.

5.8 Independent Contractor. The relationship of the Emergency Manager to the State and to the City under this Contract is that of an independent contractor. Except as specifically provided in the Act, no liability, benefits, workers compensation rights or liabilities, insurance rights or liabilities, or any other rights or liabilities arising out of, or related to, a contract for hire, nor employer-employee relationship, shall arise, accrue, or be implied to either party under this Contract or to an agent, subcontractor, or employee of either party under this Contract, as a result of the performance of this Contract.

6. NOTICES

6.1 The State Treasurer is the designee for this Contract unless notice of another designation is provided by the Governor. All notices, correspondence, requests, inquiries, billing statements, and other documents mentioned in this Contract shall be directed to the attention of the State Treasurer, Andy Dillon, and to the following:

For the State:

Michigan Department of Treasury
Office of Legal Affairs
Richard H. Austin Building, 430 West Allegan Street
Lansing, Michigan 48922
Phone: (517) 373-3223

For the Emergency Manager:

Darnell Earley
Flint City Hall
1101 South Saginaw Street
Flint, Michigan 48502

7. LIMITATION UPON LIABILITY

7.1 The State. The State, the Governor, the State Treasurer, and all other State officials are not liable for any obligation of or claim against the City resulting from actions taken in accordance with the Act or this Contract.

7.2 The Emergency Manager. Pursuant to the Act, in performing this Contract the Emergency Manager is engaging in a governmental function and is immune from liability for any action taken which the Emergency Manager reasonably believes to be within the scope of the Emergency Manager's authority granted by the Act or by this Contract.

8. INSURANCE

8.1 General. The Emergency Manager may procure and maintain, at the expense of the City, health, worker's compensation, general liability, professional liability, and motor vehicle insurance for the Emergency Manager and any employee, agent, appointee, or contractor of the Emergency Manager as may be provided to elected officials, appointed officials, or employees of the City. The insurance procured and maintained by the Emergency Manager may extend to any claim, demand, or lawsuit asserted or costs recovered against the Emergency Manager and any employee, agent, appointee, or contractor of the Emergency Manager to the extent permitted by the Act.

8.2 Post-Contract. If, after the date that the service of the Emergency Manager is concluded, the Emergency Manager or any employee, agent, appointee, or contractor of the Emergency Manager is subject to a claim, demand, or lawsuit arising from an action taken during the service of the Emergency Manager, and not covered by a procured insurance policy, litigation expenses, including but not limited to attorney fees, payments in satisfaction of judgments, and payments made in settlement as specified pursuant to the Act, shall be paid by the City. If such expenses are not paid by the City, they shall be treated as a debt owed to this State pursuant to section 17a(5) of Public Act 140 of 1971, the Glenn Steil State Revenue Sharing Act of 1971, MCL 141.917a.

8.3 Additional Insurance. If the City has purchased, or otherwise obtained, an errors and omissions policy, then the Emergency Manager may choose to be covered under such policy at the expense of the City.

8.4 Payment by City. All insurance required under this Contract shall be acquired at the expense of the City under valid and enforceable policies, issued by insurers of recognized responsibility. The State Treasurer reserves the right to reject as unacceptable any insurer.

9. TERMINATION OF CONTRACT AND APPOINTMENT

9.1 Termination by the State.

a) The State. The Emergency Manager serves at the pleasure of the Governor except as provided in Section 9(3)(d) and Section 9(6)(c) of the Act. The Governor has the power to rescind the appointment and terminate this Contract at any time, and without cause, by issuing a Notice of Termination to the Emergency Manager.

9.2 Termination Process. Upon receipt of a Notice of Termination, and except as otherwise directed, the Emergency Manager shall:

a) Cease work under this Contract upon the date and to the extent specified in the Notice of Termination;

b) Incur no costs beyond the date specified by the Notice of Termination;

c) Submit to the State Treasurer on the date the termination is effective all records, reports and documents as this State shall specify and carry out such directives as the State Treasurer may issue concerning the safeguarding and disposition of files and property; and

d) Submit within 30 calendar days a closing memorandum and final billing, which shall be paid within 30 days.

9.3 Termination by Emergency Manager. The Emergency Manager may terminate this Contract at any time, with or without cause, with 30 days written notice to the State Treasurer. Within 30 days of the Emergency Manager's final day of service, the Emergency Manager shall submit a closing memorandum and final billing, which shall be paid within 30 calendar days.

10. GENERAL PROVISIONS

10.1 Governing Law and Jurisdiction. This Contract shall be subject to, and construed according to, the laws of the State of Michigan, and no action shall be commenced against this State, its agents, or employees for any matter whatsoever arising out of this Contract, in any court other than a Michigan State court.

10.2 No Waiver. A party's failure to insist on the strict performance of this Contract shall not constitute waiver of any breach of the Contract.

10.3 Other Debts. The Emergency Manager represents and warrants that the Emergency Manager is not, and will not become, in arrears on any contract, debt, or other obligation to the State of Michigan, including taxes.

10.4 Invalidity. If any provision of this Contract or its application to any persons or circumstances shall, to any extent, be determined by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this Contract shall not be affected, and each remaining provision of this Contract shall be valid and enforceable to the fullest extent permitted by law.

10.5 Headings. Section headings contained in this Contract are for convenience only and shall not be used to interpret the scope or intent of this Contract.

10.6 Entire Agreement. This Contract represents the entire and exclusive agreement between the parties and supersedes all proposals or other prior agreements, oral or written, and all other communications between the parties.

10.7 Amendment. No Contract amendment will be effective and binding upon the parties to this Contract unless the amendment expressly makes reference to this Contract, is in writing, and is signed by duly authorized representatives of all parties and all the requisite State approvals are obtained.

10.8 Order of Priority. This Contract and the Act shall be read to be consistent one with the other. However, if a conflict is deemed to exist between the terms of this Contract and the Act, the Act shall supersede the terms of this Contract.

10.9 Counterparts. This Contract may be executed in separate counterparts, each of which when executed shall be deemed an original, but all of which when taken together shall constitute one and the same Contract.

IN WITNESS WHEREOF, the Governor and the Emergency Manager have signed and executed this Contract.

STATE OF MICHIGAN

Dated: 10|2|13

Rick Snyder, Governor

Dated: 10-3-13

Darnell Earley, Emergency Manager

Approved as to form and content pursuant to Section 9(3)(e) of Public Act 436 of 2012, the Local Financial Stability and Choice Act, MCL 141.1541 *et seq.*

Dated: 10/3/13

Andy Dillon, State Treasurer

Section Separator

(g) The salary and benefits of the emergency manager.

Salary and Benefits of the Emergency Manager:

Per the Emergency Manager's Contract Section 3. Compensation For Services Provided

3.1 Source of Payment. The State shall pay the compensation of the Emergency Manager for all services rendered under this Contract.

3.2 Salary. The Emergency Manager's salary for services rendered under this Contract shall be $180,000.00 per year. If this Contract is terminated after the Emergency Manager has provided services for a portion of the month, the Emergency Manager shall be entitled, for that portion of that month, to $15,000.00 multiplied by the proportion that the number of days of the month for which services were provided bears to the number of days of the whole month.

3.3 Payment for Services. The Emergency Manager shall be paid in installments consistent with the established written policies and procedures of the Michigan Department of Treasury. If requested by the State Treasurer, the Emergency Manager shall provide to the Michigan Department of Treasury additional information regarding services performed pursuant to the Contract.

3.4 Reimbursement for Actual and Necessary Expenses. The actual and necessary expenses of the Emergency Manager, including customary expenses related to travel, meals, and lodging which are incurred in connection with service to the City will be reimbursed by the City. The Emergency Manager shall provide original copies of all receipts for meals, lodging, and travel reimbursement with any request for reimbursement. Any reimbursement for expenses under this contract shall be reviewed and approved in writing by the City's Chief Financial Officer.

Section Separator

(h) The financial and operating plan as required under section 11. Update #8 to the Financial and Operating Plan for the City of Flint.

Financial and Operating Plan for the City of Flint – Update 8
October 8, 2014

Introduction

This update to the Financial and Operating Plan for the City of Flint 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 17.

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, the on-going actions being taken to resolve the financial emergency, and the outline of a plan to prepare for an eventual transition as prescribed in P.A. 436. This update will be posted on the City's website: www.cityofflint.com.

Summary of the EM/EFM Appointment Sequence and Development of the Operating and Financial Plan

The Flint Financial Review Team determined in November 2011 that the City of Flint was in a financial emergency. (See Attachment #1)

On December 1, 2011 Governor Rick Snyder appointed Michael K. Brown as Emergency Manager. EM Brown developed the Financial and Operating Plan utilizing the resources of a five person Advisory Committee as well as five additional advisory committees. EM Brown sought broad expertise to ensure public engagement and to maintain a sense of continuity with the Mayor and City Council. All nine City Council members and over fifty other citizens participated in the advisory committees.

EM Brown's original Financial and Operating Plan (45 Day Plan) was submitted to the State Treasurer on January 15, 2012; the first update to the Plan was submitted on June 1, 2012. On August 8, 2012, PA 4 was suspended and Edward J. Kurtz was appointed Emergency Financial Manager under P.A. 72. (Mr. Brown stepped aside as he was prohibited from serving as EFM due to his recent service as Interim Mayor for the City of Flint.)

EFM Kurtz established a new Advisory Committee in accordance with the requirements of P.A. 72. Utilizing the Advisory Committee and the City of Flint management team EFM Kurtz presented a second update to the Financial and Operating Plan and submitted this to the State Treasurer on February 8, 2013.

When P.A. 436 took effect on March 28, 2013 Mr. Kurtz was re-appointed by Governor Snyder as Flint's Emergency Manager. Mr. Kurtz continued in that capacity until his resignation after the end of fiscal year 2013. At that time Mr. Kurtz submitted his closing memorandum and the third update to the Financial and Operating Plan. Governor Snyder then reappointed Mr. Brown as Emergency Manager. On October 8, 2013 I was appointed by Governor Snyder as Flint's fifth Emergency Manager following Mr. Brown's resignation. On November 21, 2013 I submitted the

45 Day Plan as required by P.A. 436 Section 11(2); that plan became Update #4. The fifth, sixth and seventh updates to the Financial and Operating Plan fulfilled P.A. 436, Section 17 six month and subsequent three month report requirement.

This report, indicated as Update #8, again fulfills P.A. 436, Section 17 requirement for an update each subsequent three months.

Priority List for the Resolution of the Financial Emergency

- Stabilize the financial future of the City: maintain a balanced budget, eliminate the accumulated General Fund deficit, seek increased revenue, and reduce unfunded pension and OPEB liability.

- Re-establish Flint as one of the safest cities in Michigan both in reality and perception: provide public safety services, focusing on reducing violent crime, commensurate with cities of comparable size and resources, utilizing regional cooperation as appropriate. This includes implementation of the plan for the Flint 9-1-1 Center to join the Genesee County 9-I -1 Consortium.

- Implement the Blight Elimination Plan: manage demolitions, enforce blight ordinances.

- Maintain access to a clean, sustainable water source: implement the steps necessary to participate in the Karegnondi Water Authority (KWA) including interim water supply implementation, disposition of current pipeline sections, City Water Treatment Plant updates, a long term water supply back up plan, and a long term financial plan for the stability of the water and sewer funds.

- Implement the Master Plan of the City of Flint: update the Zoning Ordinance, evaluate the capital investment needs, and incorporate Master Plan activities in the annual budget development.

- Explore Governance Models for the City of Flint: receive report from the citizen's committee which was formed to evaluate city governance models, support the Charter Review Commission preparation as a part of transition discussions.

- Implement the 7 Point Transition Management Plan (Attachment #2) which has been adopted by the Flint City Council and Mayor Walling. This plan incorporates specific objectives which provide a strategy for determining and evaluating criteria for assessing when the City might be prepared to emerge from emergency management to home rule order with oversight of a Receivership Transition Advisory Board. This plan has been further refined with a chart encompassing specific implementation steps and completion dates.

Operations of the City of Flint

Shortly after his appointment as EM, Michael Brown took steps to reorganize the city government operations including: elimination of departments, consolidation of departments, elimination of management level positions, adjustment of the compensation of elected and appointed officials, elimination of the Civil Service operation and the Office of Ombudsman.

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

Department management reconfigurations were completed in anticipation of reductions in staffing levels as provided in the FY 13 Budget. Subsequently, as part of the FY 14 Budget process a Strategic Plan was adopted and more changes in the organizational structure occurred. The primary change was the inclusion of a new Planning and Development Department (See Attachment #3 Organizational Chart January 2015). I have made personnel adjustments to complete this reorganization of the Planning and Development Department.

The FY14 15 and FY15 16 biennial budget has been adopted. The budget process involved over 30 hours of active participation by the Mayor and the City Council Finance and Administration Committee sitting as the committee of the whole. As part of this process the Council adopted a five year Strategic Plan and a list of priorities for the development of the two year budget. This document has been updated to show the progress which has been made in each of the department level objectives (See Attachment #4 Strategic Plan of the City of Flint 2015-2019 2nd Quarter Update).

When P.A. 436 became effective in March 2013 the City Council members' and Mayor's compensation was eliminated. EM Kurtz partially restored compensation for Mayor and Council through Orders 1 and 2. These orders also defined specific responsibilities and requirements. For example, the City Council members were required to complete Level One of the Michigan Municipal League (MML) core course for municipal government and receive the MML education award within one year. I determined that this Order was still in effect, and the Council members all individually signed acceptance of these requirements as a condition of receiving compensation. Mayor Walling has fulfilled these obligations. All Council members have begun, but not yet fulfilled these obligations. Through adoption of EM Orders 15 and 16, beginning with the FY14 15 budget, the Mayor and Council received an increase in compensation commensurate with the increased duties assigned to them.

In the November 2014 general election, Councilman Bryant Nolden (Ward 3) was elected to the Genesee County Board of Commissioners and Councilman Sheldon Neeley (Ward 6) was elected to the Michigan House of Representatives. I requested self-nominations for new City Council members from residents of Wards 3 and 6. Upon review of the applicants, three nominees were selected for each Ward for interview and consideration by City Council. On January 5, 2015 Council selected Mr. Kerry Nelson to represent Ward 3, and Mr. Herbert Winfrey to represent Ward 6.

Also in the November 2014 general election six ballot initiatives were voted upon. These were recommended by the report of the Blue Ribbon Committee on Governance.

- The first proposal began the process to open the current Charter for a complete review:
  PROPOSAL I GENERAL REVISION OF CITY CHARTER
  This proposal passed and the election of Charter Commission members is scheduled for May 2015.

- These five initiatives were amendments to the current Flint City Charter:
  PROPOSAL 2 AN AMENDMENT TO REDUCE THE NUMBER OF MAYORAL PRINCIPAL STAFF APPOINTMENTS
  This proposal passed.

  PROPOSAL 3 AN AMENDMENT TO REQUIRE BUDGETARY BEST PRACTICES
  This proposal passed.

  PROPOSAL 4 AN AMENDMENT TO ELIMINATE FLINT CITY CHARTER SECTION 4-203(A), EXECUTIVE DEPARTMENTS
  This proposal passed.

  PROPOSAL 5 AN AMENDMENT TO ELIMINATE THE CIVIL SERVICE COMMISSION
  This proposal failed.

  PROPOSAL 6 AN AMENDMENT TO ELIMINATE THE OFFICE OF THE OMBUDSMAN
  This proposal failed.

All Orders and Directives issued by the Emergency Financial Manager (under P.A. 72) and Orders issued by the Emergency Manager (under PA4 and P.A. 436) are listed in Attachment #5: Orders and Directives of the EFM and EM.

The 7 Point Transition Management Plan which emphasizes re-engagement of the Mayor and City Council has been a top priority. The Council is meeting monthly on a regular basis; five Council Committees are operational: Finance/Administration, Legislative, Public Works, Public Safety, and Planning and Development. Each Committee is meeting regularly and then reporting at the following Council meeting. Order 8 was issued in March 2014 and defines format of action and participation at the Council meetings. Order 9 established monthly Council and Committee meetings; and Order 10 set the format of the Council meeting agenda. Additionally, Mayor Walling has been assigned day to day oversight of the Department of Public Works and the Department of Planning and Development. These steps as outlined in the 7 Point Transition Management Plan are part of preparing the City to resume local control under a Receivership Transition Advisory Board.

The 7 Point Transition Management Plan has been further refined through the development of a chart entitled: Steps to Prepare for Transition from Emergency Manager to a Transition

Receivership Advisory Board. This chart has set target completion dates for essential steps necessary to prepare for this transition (Attachment # 2).

A key element of the Transition Plan is the selection of a City Administrator. A nationwide advertisement was made and twenty-eight applications were received. Five semi-finalists were interviewed. Three finalists were identified. Background checks and second interviews were conducted. Natasha Henderson, current City Manager of Muskegon Heights, Michigan was selected as the new Flint City Administrator. She is expected to begin her new position in February 2015.

Financial Status

FY12 Budget and Audit

The Comprehensive Annual Financial Report (CAFR) for FY12 was completed and was filed with the State in a timely manner. The results were as expected, with fewer auditor comments than in past years. Deficits existed in the General Fund ($19.1 million) and in the Water Fund ($8.8 million).

The $19.1 million accumulated deficit reflected an excess of expenditures in the General Fund for FY12 of $10.2 million plus $8.9 million for FY11. This was anticipated by Emergency Manager Brown shortly after being appointed, which was almost six months into the FY12 year. Given that FY12 was nearly half over, and that significant unplanned reductions in services, primarily public safety, would need to occur if the projected deficit were to be immediately eliminated, the decision of the Emergency Manager, in consultation with Treasury, was to contain costs as much as possible but without significantly reducing services - especially public safety .for the balance of the year.

Pursuant to State statute, Deficit Elimination Plans for both FY11 and FY12 were submitted to the Department of Treasury. Both plans involved a mix of borrowing and expenditure reductions over the next five years. However, no final action was taken to implement the intended courses of action.

FY13 Budget and Audit

FY13 was the first budget developed and administered by the Emergency Manager and his team. Faced with a projected gap of more than $25 million, the FY13 budget was balanced through a mixture of significant revenue increases, significant expenditure decreases, and steps taken to reduce legacy costs. Previous reports detail the 25% increase in water and sewer rates, passage of a 6 mill property tax increase for police and fire, conversion of the waste collection millage to a fee and the creation of a special assessment for street lighting, elimination of 20% of the City's workforce, compensation decreases equivalent to a 20% wage reduction for remaining employees, and the restructuring of health and retirement benefits for current employees and retirees necessary to develop a credibly balanced spending plan.

Results of FY13 year-end show a surplus of revenues over expenses in the General Fund exceeding $6.2 million. This surplus reduced the City's accumulated $19.1 million deficit as of the end of FY12 to less than $12.9 million. Since the goal of the EM team was to assure that FY13 would not end with any additional deficit, this result significantly exceeded expectations.

The FY13 audit was completed and submitted to Treasury on December 20, 2013. All items surrounding the audit, including submission of the Form F-65 and Comprehensive Annual Financial Reporting Program were completed by December 31, 2013. The audit was presented to City Council as well on January 13, 2014.

FY 14 Budget, Strategic Plan and Audit

The FY14 budget was adopted via Emergency Manager Edward Kurtz Order #4 on June 7, 2013. This budget was developed with the same goal as FY13 - to assure the provision of essential services within the constraint of a balanced budget and continued deficit reduction. Accordingly, the FY14 budget included a $1.0 million commitment from the General Fund to further reduce the deficit. This is considered a minimum level of deficit reduction. The Emergency Manager's team, crafted a draft strategic plan in preparation for the FY14 budget development. Vision, Mission and Goals were established for the City government. Department managers then set specific, measurable objectives. Within the strategic plan was a five year financial projection.

Achieving the balanced budget again required reducing the workforce; however, with significant efforts from department heads and others involved in developing the budget, and building on ongoing reorganization of city processes, the level of services currently provided generally continued at FY13 levels. Most importantly, the quest to at least maintain FY13 levels of police and fire staffing was achieved, although one consequence was that the additional reductions in staffing came from non-public safety areas. This was equivalent to an additional 10% reduction of staffing in those areas.

One set of budget adjustments, with approval of Treasury was implemented in December 2013. A second budget adjustment was approved by Treasury and was adopted on April 3, 2014. The closing budget amendment was approved by resolution on June 25, 2014.

The City's cash flow has improved significantly from the $13 million cash on hand in December of 2011. Thirteen million dollars is less than one month's operating expenses. By comparison, the cash on hand on August 2014 was in excess of $60 million.

The FY 14 Audit has been completed and filed with Treasury on December 24, 2014. It confirmed the reduction in the General Fund deficit from $12.9 million as of June 30, 2013 to less than $9 million as of June 30, 2014.

Deficit Elimination Plan 2014

A deficit elimination plan which also incorporates a reserve accumulation plan was approved by the Department of Treasury and was adopted by EM Order 18 on July 15, 2014. The City recognizes that a goal needs to be set to develop a reserve equal to 15% of

General Fund revenues. This is one of many financial best practices which the City will incorporate to assure a sustainable municipal model. As of June 30, 2014 the deficit stands at less than $9 million. In succeeding budget years,$1.8 million will be committed to deficit reduction and then to reserve accumulation until the deficit is eliminated and a 15% General fund reserve is accumulated. At the current rate, the deficit will be eliminated (without borrowing) by June 30, 2019, slightly ahead of schedule.

FY 15-19 Strategic Plan and FY 15/FY 16 Budget

For the first time ever, the City of Flint has adopted a biennial budget, The FY15/FY16 budgets were developed within the context of an updated five year projection of revenues and expenses, and (for the first time ever) a Strategic Plan. This exercise pointed out the continuing challenge the City of Flint will have in achieving long term financial stability. The Mayor, City Council, Emergency Manager, and departments participated in the developments of the FY15-19 strategic plan and financial projections. The City Council formally adopted the FY15-FY19 Strategic Plan which included Mission, Vision, Goals and a Budget Priorities statement (Attachment #4: Strategic Plan of the City of Flint 2015-2019 2nd Quarter Update). Consulting firm Ernst & Young assisted the City with an update to the five year financial projections.

The Emergency Manager, Finance Director, and departments, working with the Mayor, developed a two year budget for FY15 and FY16. The goal continued to be to provide the best level of service possible within available resources while continuing to restore financial solvency. It is clear that in balancing these budgets the City will continue to be faced with addressing an on-going structural deficit; and the biggest challenge by far remains the outcome of the retiree health care lawsuit. It also demonstrates the vital importance continuing state assistance is to Flint's sustainability, not only in continued state revenue sharing, but in the active support of State Police and funding of the City Lock-Up. The City continues to emphasize the need for a new sustainable revenue source to support city services on an ongoing basis.

The City Council received the recommended two year budget April 30, 2014. The Finance/Administration Committee (sitting as the committee of the whole) used the first two weeks of May to hold five meetings on specific program areas. At the conclusion of the departmental reviews the Council send a list of budget revision proposals to me. Several of the recommendations were incorporated into the revised budget. The Council then held a public hearing on June 9, 2014.

Solely because of financial limitations, the FY15/FY16 budgets include significant staffing reductions in public safety. In the two prior budgets every other General Fund department, with the exception of police and fire, were reduced in size, combined, or contracted services. For this budget cycle, there were no other General Fund areas to reduce, except public safety services.

The targeted personnel reductions in public safety did not result in the lay-off of any police and fire personnel, as the decision was made to accomplish the reductions by attrition. The needed reductions in Police were accomplished for Fire within the first four months of

FY15, and reductions were within two positons of being accomplished by December 31, 2014. As part of the strategy to work successfully with reduced staffing the City contracted for a comprehensive study of the police and fire operations. Based on the results of this study, and the managed attrition reductions, the personnel levels in both Police and Fire will be re-evaluated as the FY16 budget is reviewed and updated, beginning in January, 2015.

The State budget which began October 1, 2014, contained an appropriation of $1.1 million for use in Flint's public safety departments. The boilerplate of the State budget includes:

> *The appropriation of $1,100,000.00 in part 1 for the city of Flint shall be allocated to support city police and firefighters. The emergency manager shall determine which public safety personnel are to be funded from this award. If the city has an appointed receivership transition advisory board, then that board is vested with the authority to make the determination of which personnel are funded from this award.*

The City is grateful to receive this funding and will use this to assist with the downsizing of the police and fire staffing and with implementing the recommendations of the Public Safety study which was concluded in December 2014.

The Emergency Manager's Order 13 adopted the biennial budget; Order 11 adopted the street lighting assessment for FY20 15 and FY20 16; Order 14 adopted the Strategic Plan; Resolution EME3302014 adopted the FY2015 and FY2016 Master Fee Schedule (which includes water and sewer rates, and waste collection fee); Resolution EME33 12014 adopted the 2014 and 2015 operating millage rates (Attachment #6 FY15 & FY16 Biennial Budget).

I additionally note that Mayor Walling and the City Council were fully engaged with City staff and me as this two year budget was developed. Also, as part of FY15, the day-to-day management of the Public Works Department and the Planning & Development Department has been handled by Mayor Walling.

Five Year Projection

FY15/FY16 budgets include more than $5 million each year in increased retiree health care, as a result of an injunction issued by the Federal District Court injunction. FY15 & FY16 is balanced, but projections for FY17 indicate a deficit between projected revenues and status quo expenses of $5 million. If there is no relief from the $5 million in increased retiree health care expenses, or no new revenue source, balancing the FY17 budget without compromising the City's ability to provide even the most basic level of city services . including public safety, will most likely not be possible. During the course of FY15, some progress was made in the challenge to the City's retiree healthcare decisions when the Federal Court's injunction was modified to allow for some of the City's changes to contimue on a temporary basis. The impact of this change will be seen when the FY16 budget is reviewed and the FY17 budget prepared, beginning in early 2015.

Retiree Health Insurance Revisions
The City's approach to containing its OPEB liabilities has been to restructure both active and retiree health care benefits, and to eliminate the promise of retiree health care for new employees. The changes have had a significant impact on the City's OPEB liabilities, reducing the total unfunded liability from nearly $900 million to less than $400 million, and reducing the Annual Required Contribution (ARC) from $60 million to $22 million. The most recent valuation has further reduced the OPEB

As previously reported, the City's effort to restructure retiree healthcare was challenged by a group of retirees in a federal lawsuit, Welch v City of Flint. On January 3, 2014, the U.S. 6th Circuit Court of Appeals reinstated an injunction prohibiting the City from modifying retiree health care benefits. The City is aggressively litigating this matter, as it does not have the resources to afford the current level of healthcare coverage, and projected cost increases for the upcoming fiscal years are substantial. If the federal district court's decision is not reversed, the City will be in an extremely precarious financial position, with insufficient resources to meet basic functions

The City has worked to comply with the court's order, beginning with establishment of a reimbursement program for retirees whose expenses since January 3, 2013 are greater than their old plans. Work is also proceeding in anticipation of a court hearing sometime in the future, and settlement options are being explored.

On June 30, 2014 Judge Tarnow issued an order modifying in part his preliminary injunction barring the City from modifying retiree health care benefits. The Judge's order now permits the City to modify retiree health care as the City had proposed in a settlement proposal which was previously submitted to the Court.

Work has been underway since the ruling to implement the changes authorized by the ruling, including the establishment of a hardship program for those most seriously impacted by the changes to retiree health care. Authorized changes in plan design were implemented in November 2014, and the hardship program is being implemented in January 2015. The financial impact of these changes will be incorporated into the FY16 and FY17 budgets as they are being reviewed and developed in early 2015.

The City continues to utilize Cornerstone Municipal Consulting in an ongoing review of 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. Administration of the City's health insurance benefits program is being handled by Cornerstone. In addition to the retiree lawsuit, attention is now focused on minimizing the City's cost for health care (for current employees and retirees) in the FY16 and FY17 budgets.

Operating Plan

The city continues to review all departments and services to reduce costs through contract rebidding, merger, consolidation, contracted service, shared services with other governmental entities, privatization or elimination. As a result of these reviews the City will determine what continuing activities should be subsidized with general property tax dollars, what will be paid by the users, which services can be eliminated, and which services or activities can be handled by lower cost vendors.

The functions, goals and key objectives of each department and functional area of the City of Flint have been encompassed in the Flint Strategic Plan 2015-2019. This plan also contains target dates for completion of each key objective. (Attachment #4: Strategic Plan for the City of Flint 2015-2019: 2nd Quarterly Report)

The progress made in this past second quarter of FY15 is presented in Attachment #4 and includes the narrative and the Strategic Plan with all objectives updated to the current status.

Major Up-coming Activities

68th District Court

- The City currently funds the operation of the 68th District Court; in FY14 this amounted to $3.5 million net. Senate Substitute for House Bill 5125 passed the Senate and the House in March 2014. The Bill authorizes consolidation of the 67th and 68th District Courts. It requires that the consolidation be approved by the City and the County. The County approval requires the affirmative vote of at least two-thirds of the County Board members. This affirmative vote was taken on December 10, 2014. Consolidation will be pursuant to the terms and conditions to be set forth in a Memorandum of Understanding to be approved between the City and Genesee County.

9-1-1 Operation

- On September 9, 2014 the Genesee County 9-1-1 Consortium voted to admit the City of Flint as a member of the Consortium. The goal to complete the incorporation of the Flint 9-1-1 Center operation into the Consortium is June 30, 2015. As part of this process the City of Flint will contribute $325,000 toward the $1.2 million cost for new equipment and building expansion at the Consortium's Corunna Rd. location. The City will also transfer the ownership of the simulcast tower. The City will also provide a no cost lease for the area on which the tower stands. The $325,000 is currently allocated for the Flint 9-1-1 phone system upgrade. This upgrade will not be required with the joining of operations.

Public Safety

- A data-driven public safety study to assess the operations of the City's Police and Fire Departments began in May 2014 utilizing the services of the Center for Public Safety Management. This report will be used to evaluate both departments' organization and staffing. A presentation of these reports will be made to the Public Safety Committee of the City Council on January 22, 2015.

7 Point Transition Plan

- A City Administrator was selected in December 2014 and will begin work in February 2015.

- The Firefighters (IAFF) contract is before the State Emergency Loan Board awaiting decision. In December 2014 the City Council proposed an alternate contract in accordance with PA 436.

- Implement the revisions to modify retiree health care as the City had proposed in a settlement proposal which was previously submitted to the Court.

Facilities Management

- 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.

- Formal assessment of the values of both Hurley Hospital and the City's utility system have been completed, concluding that no change in ownership status would be beneficial at this time.

Emergency Manager's Conclusions

Significant work has been accomplished to stabilize the financial situation of the City of Flint. The whole organization has been being restructured to reflect a smaller, leaner government operation. Services which were routinely provided are being inspected to determine if they should continue and if so, in what format. Technology solutions which can increase efficiencies are being implemented.

The many improvements to-date and those represented in the Strategic Plan have been based on data-driven management plans. The approval of the KWA participation, water and sewer rates, capital improvements, departments staffing and priorities are all based on using rational data analysis. Collecting, analyzing and then utilizing data concentrates work and dollars where the most beneficial results can be expected.

I acknowledge that substantial progress has been made, and the City is abating the financial emergency. Resolution of the financial emergency will not be complete without providing a basic framework for, and implementation of, an objective model for the organization to follow.

The 7 Point Transition Management Plan and the steps to Transition Chart which I have developed provides the roadmap to resolve the financial emergency and to achieve sustainability for the City of Flint. Significant progress has been made toward completion of the transition objectives.

A sustainable municipal organization incorporates the utilization of best practices financially, structures a governance model which clearly delineates between legislative, policy, and administrative responsibilities, and develops a management plan to provide services to residents in a consistent, reliable manner.

For two years, FY13 and FY14, the goal of containing overspending has been achieved. The city must continuously function within a balanced budget, eliminate the accumulated deficit and further reduce the legacy and pension costs. Projections through 2019 demonstrate Flint's continuing challenges. Projecting current revenues and expenses into the future shows a continuing gap of $2 to $4 million annually.

Stable revenue is necessary in order for this City, and most other cities in Michigan, to continue to avoid a bankruptcy situation. Flint residents have been asked to accept a significant 6 mill Police and Fire Protection Millage; and they have done so. A street lighting assessment and a waste collection fee have been imposed, as have significant water and sewer rate increases. However, our residents have not enjoyed increasing services, increasing property valuations or increasing employment opportunities.

As noted previously, there are very few additional revenue options. We are approaching the limit of the City's borrowing capability. Capital improvement funds are fully committed and the property tax millage rate in within .1 mill of maximum. State Revenue Sharing has increased but minimally. We made a request through our State Legislative representatives and the State Treasurer to push legislation to allow City voters the opportunity to decide to increase the income tax. This action could generate $7 million annually and would eliminate the City's structural deficit. A bill was introduced but was not acted upon in the most recent legislative session.

While the City will benefit from the temporary revision of Federal Judge Tarnow's order on retiree healthcare, it is important to remember that this lawsuit continues. Final resolution in the lawsuit will determine if the financial emergency is resolved or if it will force the City to consider bankruptcy. Bankruptcy is the alternative which we have worked diligently to avoid. If, by the beginning of FY17 the City of Flint does not receive permanent relief from retiree health care costs, either in the form of reduced city expenditures or additional revenues, it is unlikely that the City will be able to provide even the most basic level of city services.

I am preparing the process for the transition back to the Mayor Council management of the City. However, the City still has critical on-going budgeting issues. There has been action on several sections of the 7 Point Transition Management Plan, but more needs to be completed. Also, the City Council is still required to complete the Michigan Municipal League Level I Certification as required by Order 2 (04-12-13). So far, only Mayor Walling has met this requirement.

Flint has twice been placed in the hands of a State appointed emergency manager. A third failure should be avoided at all costs. I was very pleased to see that the voters of Flint approved a general revision of the City Charter.

I am now approaching the final quarter of my assignment as Emergency Manager in Flint. Many major steps have been taken to resolve the financial emergency. Flint is on a much more stable footing than it was three years ago when the financial emergency was first being addressed. However, the level of services being provided to the citizenry is at a minimal level, at best. I feel strongly that it is incumbent upon me to make sure that the city reaches its goal of sustained financial solvency. The financial emergency is not fully resolved until the long-term sustainable structure is secured.

Respectfully submitted,

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

Attachments:
1. Summary of Findings of the Flint Financial Review Team
2. 7 Point Transition Management Plan and Transition Status Chart
3. Organizational Chart January 2015
4. Strategic Plan for the City of Flint 2015-2019: 2nd Quarter Report
5. Orders and Directives of the EFM and EM
6. FY15 & FY16 Biennial Budget

Attachment 1. Summary of Findings of the Flint Financial Review Team

Summary of Findings of the Flint Financial Review Team

- 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 has grown to $14,621,546. An updated plan was 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.

Attachment 2. 7 Point Transition Management Plan and Transition Status Chart

City of Flint

Steps to Prepare for Transition From Emergency Manager to Receivership Transition Advisory Board

	Target	Completion	7 Pt. Trans. Plan #	Comments
Chief Administrative Officer			4	
* National Recruitment	9/1/14	12/18/2014		Started 9/1/14, open until filled
* Appoint Selection Committee	10/1/14	11/4/2014		
* Select finalists	11/10/14	11/4/2014		
* Conduct Interviews	11/24/14	11/12/2014		
* Recommend Candidate	12/15/14	12/1/2014		
* EM Appoints Selected Candidate	12/15/14	12/18/2014		
Organizational Development				
* EM/Mayor determine recommended City organizational structure	5/17/14	5/17/2014	4	
* EM/Mayor recommend Council action on ordinance changes to implement organizational structure		6/26/2014	4	
* Council to review and adopt revised organizational structure	5/17/14	6/26/2014	4	
* Finalization organizational structure roles: Mayor, Council, Administration	6/26/14	6/26/2014	4	
Complete Bargaining Units Contracts			4	
* Local 1600	7/1/14	Ratified		
* Local 1799	7/1/14	Ratified		
* FPOA	7/1/14	Imposed		
* PD - Sgts.	7/1/14	Ratified		
* PD -Capts & Lts.	7/1/14	Ratified		
* Fire Union	7/1/14			Sent to State Loan Board for decision

City of Flint

Steps to Prepare for Transition From Emergency Manager to Receivership Transition Advisory Board

	Target	Completion	7 Pt. Trans. Plan #	Comments
Comprehensive Public Safety Study			4	
* Contract with ICMA for Study		5/8/2014		
* Collect Data	5/9/14-9/30/14	9/30/2014		
* Receive Draft Report	9/30/14	11/1/2014		
* Receive Final Report	11/1/14	12/23/2014		
* Plan Implementation				
* Determine best, most appropriate use of $1.1 million State Allocation				
Retiree Health Care Lawsuit			5	
* City Notified of Lawsuit				
* Injunction Received		1/13/2014		
* Injunction Modified		6/30/2014		
Cornerstone determines impact on FY15				
* & 16 Budget	9/1/14			Tying into budget prep
* Implement Modifications	11/1/14			
* Scheduling Conference				
* Mayor and Council to support City's position on retiree health care or adopt measures offsetting increased costs	6/26/14	6/26/2014	5	
Biennial Budget Implementation			6	
* Biennial Budget Adopted		6/26/2014		
* 1st Quarter Status	10/1/14	10/13/2014		
* 2nd Quarter Status	1/1/15	1/8/2015		
FY 14 Budget Close Out				
* Preliminary Close				FY14 closed on June 30, 2014
* Audit Received	11/30/14	12/30/2014		
* Audit Presentation to City Council	12/15/14			

City of Flint

Steps to Prepare for Transition From Emergency Manager to Receivership Transition Advisory Board

	Target	Completion	7 Pt. Trans. Plan #	Comments
Governance				
* EM receives BRC Final Report	7/18/14	7/18/2014	3	
* Present Report to Mayor and City Council	7/28/14	7/28/14		
* Mayor and Council Submit Comments to EM	7/28/14	7/28/14	3	
* EM Orders BRC Recommended Charter Admendments and Charter Commission Initiative on Nov. Ballot	7/30/14	8/5/2014		Charter Review Cmte. approved by voters 11/4/14
* EM develops proposed governance structure and sends to governor			3	Part of Final Order
* Mayor and Council Comments on EM Proposal	7/28/14	7/28/2014	3	
* Define and incorporate financial and organizational best practices	3/25/13	3/25/2014	7	Reso on TAB
Deficit Elimination/Reserve Accumulation Plan				
* EM Submits Plan to Treasury	7/1/14	7/1/2014		
* Treasury Approval Received		7/16/2014		
* EM Orders DE/RAP Adoption		7/15/2014		
* City Council passes resolution of support for DE/RAP		3/25/2014	1	Reso on TAB
* Confirmation by Mayor and Council that DE/RAP actions will be a top priority in budgeting	6/26/14	6/26/2014	1	

City of Flint

Steps to Prepare for Transition From Emergency Manager to Receivership Transition Advisory Board

	Target	Completion	7 Pt. Trans. Plan #	Comments
City Council Activity				
* Council to receive quarterly reports from Mayor/Fin. Director on progress of achieving strategic objectives and priorities	9/22/14	10/13/2014	6	
* Completion of City Ordinance Review by Council as proposed by EM	9/22/14		3	
* Review Strategic Plan, FY16 Budget	1/20/15		6/7	
* 6 mos. FY15 Budget Review/Amendments	1/20/15		6/7	
* Strategic Plan to be updated annually	2/20/15		6	
* FY17 Budget Development	2/20/15			
* Completion of MML Level One Education Award per EM Order 2	3/28/14		7	
Five Year Financial Analysis			2	
* City Council adopts 5 Year Analysis	6/1/14	6/1/2014	2	
* Finance/Adm Cmte shall annually review analysis in February each year and Send to Council for approval	2/20/15		2	
Issue outgoing EM Order	4/8/2015			

7 Point Transition Management Plan

Goal: To provide a strategy for determining and evaluating relevant and specific criteria for assessing when the City of Flint might be prepared to emerge from Emergency Manager (EM) oversight to a Transition Advisory Board (TAB), as provided in Public Act 436. The seven points identified provide comprehensive and well defined benchmarks to be reviewed before the determination is made. The Plan also defines a data-driven and measurable process for the objective, results-oriented determination of facts. The Plan establishes the criteria now so that it is clear what the conditions are that will have to be satisfied before the Emergency Manager recommends the establishment of a Transition Advisory Board

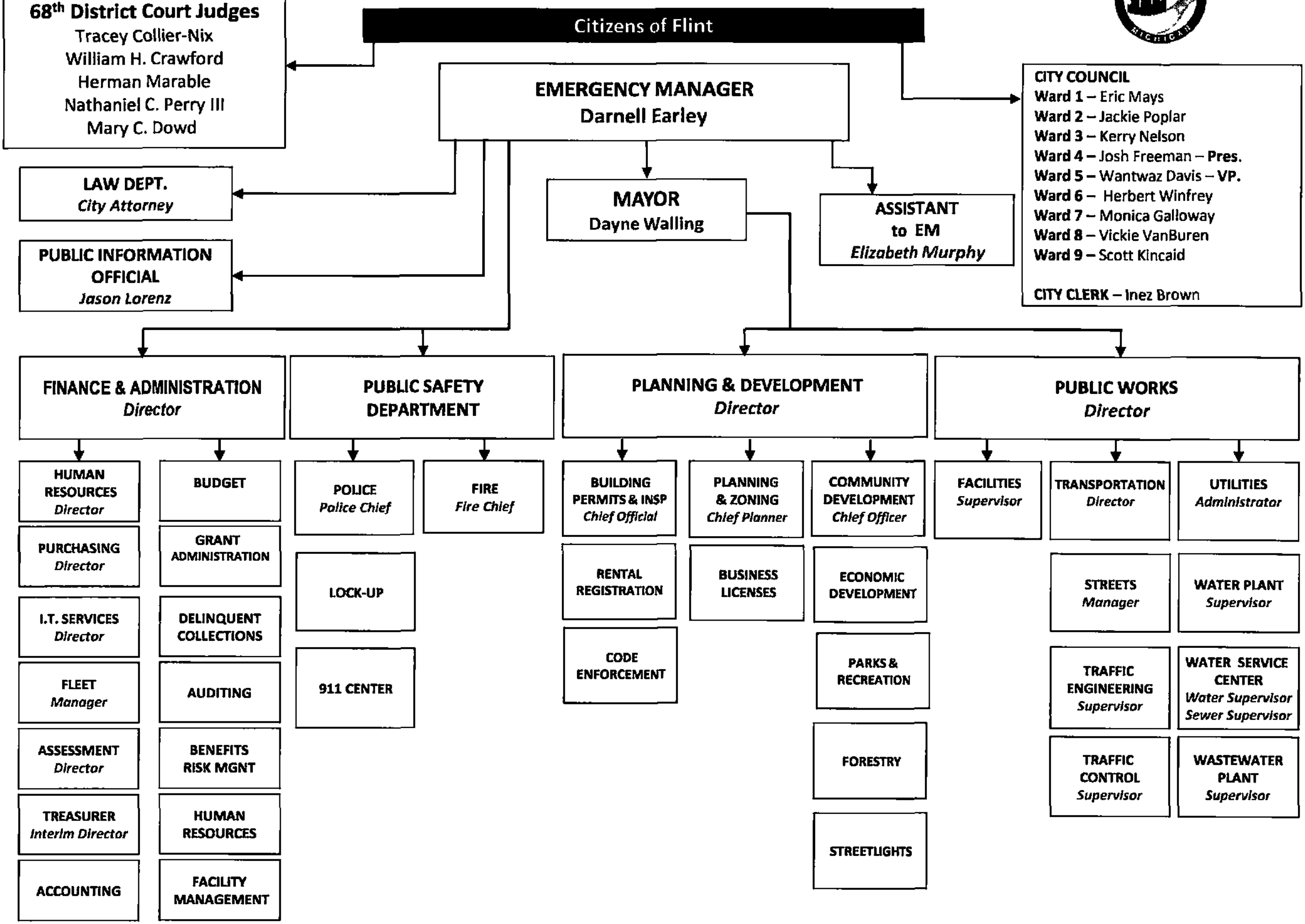
GOAL	STRATEGY	OBJECTIVES	STATUS
1. Deficit Elimination Plan	Deficit Elimination Plan and Reserve Accumulation Plan will be presented by the EM/Mayor/Finance Dir. to City Council through its Finance Committee to receive Council support Also a commitment by the Mayor and Council to implement the plan will be required	City Council to pass resolution of support for DEP/RAP from EM/Mayor/Fin. Dir. Receive Treasury acceptance of the DEP/RAP. Confirmation by Mayor and Council that DEP/RAP actions will be a top priority in budgeting	____ ____ ____
2. Five-Year Financial Analysis	The development, monitoring and updating of a five-year financial analysis is critical to the ongoing challenges of financial solvency. It must remain an ongoing process to measure the City's ability to fund services, produce budgets, and proactively manage expenditures It should be an expectation of the Council that the EM/Mayor/Fin. Dir. shall annually prepare and Council shall review and adopt said projection; and shall continue to use the projection as a basis for future budgeting actions.	EM/Mayor/Fin. Dir to annually prepare a 5 yr. R/E projection. Council Finance Committee review 5 yr. analysis and move to Council. City Council adopts 5 Year Analysis. Finance Committee shall annually review analysis in February each year and send to Council for approval.	____ ____ ____ ____
3. Governance	The EM will consider recommendations from the Blue Ribbon Committee, National Civic League Model Charter, proposed charter amendments, review of electoral structure, Executive appointments, etc. It is expected that a formal agreement would be reached among the EM, Mayor, and Council as to what governance revisions are to be implemented, including time frames for implementation.	Blue Ribbon Cmte. Complete Report and Submit to EM Mayor and Council Submit Comments on Report to EM EM developes proposed governance structure and sends to Governor. Mayor and Council have an opportunity to review and comment on EM proposal. Completion of City Ordinance review by Council as proposed by EM.	____ ____ ____ ____ ____

GOAL	STRATEGY	OBJECTIVES	STATUS
4. Organization Development	Review the City's organizational structure including: Public Safety, 9-1-1 plan, courts consolidation plan, recommendations on other long-term services, and role of the city administrator (who will be appointed prior to the TAB). Finalize the organizational relationship among Mayor, Administration and Council. This will result in an agreed upon detailed description of the roles and responsibilities of the Mayor and Council, including items such as respective roles in strategic planning, budgeting, monitoring and assessment of results, appointments, and protocols for addressing citizen complaints.	EM/Mayor determines recommended City organizational structure. EM/Mayor to recommend Council action (ordinance changes) to implement organizational structure Council to review and adopt revised organizational structure. EM/Mayor to hire City Administrator/Manager Finalize organization structure and roles: Mayor, Council, Administration. Labor contracts to be completed for all City unions	
5. Legacy Costs	Retiree Health Care remains the biggest challenge to managing legacy costs and the City is currently facing a legal challenge. It will be unlikely that the financial emergency will be declared resolved until this issue is settled in a manner which does not risk the solvency of the City. Sustaining the changes within RHC are essential to the City's future solvency.	Mayor and Council to support City's position on retiree health care or adopt measures offsetting the increased costs. Annual budgets to include payment of appropriate pension and health care costs and liabilities.	
6. Strategic Plan	The adoption of a long-range strategic plan by the Emergency Manager, Mayor, and Council for the governing actions of the City will provide a guidance mechanism for determining budgeting, priorities, goals and objectives.	EM/Mayor/Fin Dir. to present 5 yr Strategic Plan through Finance Cmte. to Council for approval. Council to set spending priorities. EM/Mayor to utilize Strategic Plan to develop budget. Council to adopt budget in line with Strategic Plan and budget priorities. Council to receive quarterly reports from Mayor/Fin. Dir. on progress of achieving strategic objectives and priorities. Strategic Plan to be updated annually	

GOAL	STRATEGY	OBJECTIVES	STATUS
7. Sustainability	Factors for determining sustainability are rooted in the 7 points. More specifically, the measures that will be evaluated include: achievement of consensus decision-making on the part of the Mayor and the Council, adoption of best practices, continuing commitment to training and development for the Mayor and Council members, ongoing monitoring and updating of plans necessary for the financial stability of the City including but not limited to 2-year budgets, 5-year financial analyses, and the ongoing implementation of the Master Plan.	Council and Mayor update methods to develop policy recommendations and achieving consensus	
		Council and Mayor attend all training sessions as scheduled by EM.	
		Council and Mayor to actively participate in development and adoption of 2 yr budget.	
		Implement Master Plan (evidence of Master Plan implementation in annual budget).	
		Define and incorporate financial and organizational best practices.	
		Implement system of performance measurement.	
		Utilize data-driven methods of decision making and performance measurement.	

Attachment 3. Organizational Chart January 2015

CITY OF FLINT – ORGANIZATIONAL CHART – *January 2015*



Attachment 4. Strategic Plan for the City of Flint October 1, 2014- December 31, 2014: 2nd Quarter Update

CITY OF FLINT

OFFICE OF THE EMERGENCY MANAGER

Darnell Earley, ICMA-CM, MPA
Emergency Manager

DATE: January 5, 2015

TO: Joshua Freeman, President
Flint City Council

FROM: Darnell Earley, Emergency Manager
Dayne Walling, Mayor

RE: City of Flint Strategic Plan, Second Quarter Report

In 2014 the City Council of Flint adopted a Strategic Plan for the City of Flint. This plan announced a vision, mission, and goals to guide the operation of the City government for the next five years and was adopted in the context of the City's recently adopted Master Plan for the community. It was followed by a statement of budget priorities adopted by the City Council and ultimately by a biennial budget for FY15 and 16. The budget also projected the city finances for the following three years – FY17, FY18, and FY19. During this same period a Deficit Elimination Plan and Reserve Accumulation Plan was approved by the State and a Seven Point Transition Management Plan was enacted to guide the way by which the operation of the City will be assumed by the Mayor and City Council. The integration of the Strategic Plan into the organizational processes of the City is a key component of the Seven Point Transition Management Plan.

In total, these actions comprise a broad framework guiding the direction of the Flint City government as it restores financial stability and once again becomes an active leader focused on making Flint a safe, secure city attractive to residents, businesses, students and visitors.

The first quarter of FY15 ended on September 30, 2014 and the results were reported to the public in October. A copy of that report is available on the City's web site.

We are pleased to report on the progress which has been made during the second quarter, which ended on December 31, 2014. While significant progress has been made on many fronts significant challenges and risks remain.

We wish to commend the Management Team and our employees for their dedicated efforts to move the City forward. We look forward to discussing the contents of the report with you.

City of Flint Strategic Plan

Quarterly Report

October 1, 2014 – December 31, 2014

City of Flint Quarterly Report
October 1, 2014 – December 31, 2014

Overview

The progress of the City of Flint is now defined by the steps it takes to achieve its stated vision, mission, and goals. Flint City government is focused on enabling Flint to become an attractive place to live, work, play, study, and visit. In order to do this, the city government must become and remain financially stable, must provide residents, businesses, students, and visitors with an adequate level of municipal services. It must also have the capacity to encourage and guide others in the achieving its vison and goals.

Achievement of the vison will be measured by the progress which is being made towards specific goals and objectives. Over 300 specific objectives are identified in the current plan, with nearly 100 completed. They include increasing public safety, improving infrastructure, creating jobs and development, eliminating blight, engaging citizens and managing the financial and administrative challenges which are reflective of an organization striving to regain sustainable financial solvency. Much of this work is done in partnership with the community and everyone is to be commended for their willingness to embrace change. Important areas of progress from this past quarter include:

- Voters approving the creation of a charter commission and the adoption of three charter amendments to strengthen financial management and reduce administrative costs.
- City Council supported the first reading of a package of ordinance reforms to codify the strategic planning process and the best practices in financial management.
- Flint recorded its lowest number of homicides in more than ten years and the overall violent crime rate was down in nearly all areas, compared to 2013.
- Flint's economy continues to improve steadily with coordinated economic development efforts supporting more than 300 jobs in 2014 including jobs with expanding companies in health care, manufacturing, retail, and environmental technologies along with new small businesses.
- Improvements in infrastructure are progressing in accordance with the strategic plan and nearly completed combined capital improvement plan.
- A new City of Flint website is ready to be launched in January, providing citizens, businesses, students and visitors have access to timely information regarding services and information.
- The FY2014 audit was completed on time and confirms the reduction in the General Fund deficit to less than $9 million and the stabilization of other City accounts.
- The transition from state oversight to home rule is advancing with the announcement of the new City Administrator and the preparation of a final list of items to be completed before April 2015.

Assuring Accountability to Adopted Plans and Budgets

As the City of Flint continues to work towards its adopted Vision of being, "a well-managed, financially stable, and accountable government," there is a shared commitment to continually updating and improving plans and budgets. The City Council is poised to adopt a package of ordinance reforms to codify the strategic planning process and the best practices in financial management. The ordinance reforms will require the City of Flint to establish priorities, regularly update the five year strategic plan, adopt a biennial budget, receive quarterly reports on the status of the budget, consider quarterly budget amendments, and develop appropriate fund balances and retiree health care reserves.

This is a report on the progress made during the three month period ended December 31, 2014. This three month period is the second quarter of the City's Fiscal Year 2014, which began July 1, 2014. A first quarter report was presented to the community in October, 2014, and is available on the City's web site.

Highlights

Increasing Public Safety

The City of Flint is increasing public safety through the involvement of the community, collaboration with the Michigan State Police, Genesee County Sheriff's Department and other law enforcement partners, and, most importantly, the hard work of the Flint Fire Department and Flint Police Department along with the 911 center and courts. While managing force reductions as required by the budget, success is notable in the following:

- The City has selected the State Records Management System for replacement of its current system.
- The Citizens Radio Patrol is now active and planning on expansion in 2015.
- Leads on Line has been implemented and is functional.
- 100% of Flint school children have been provided with fire safety and prevention education and all Senior Centers have been provided with fire safety and prevention information.
- Fire suppression personnel have distributed arson reward literature in the community.
- A reorganization has been implemented within District Court resulting is reduced costs and upgraded technology.
- A reduction in Violent Part 1 Crimes continues, including a 40% reduction in homicides; with the exception of arsons, other major areas are also showing a decline.
- Response time to calls for service for the Police Department has been reduced by 7.5%, but still short of the goal of 8%.
- An alternate plan to calls for service not requiring direct police response is being developed to further reduce response time and to improve effectiveness of available resources.
- An organizational study of the police and fire organization and staffing is nearing final completion, and will give guidance to future organizational and budgetary decisions regarding public safety

Improving Infrastructure

The mission of the City of Flint Government is to assure that residents, businesses, students and visitors receive municipal services in a customer friendly and financially responsible manner. Infrastructure, in the form of utilities, streets, trails, and waste collection, are vital municipal services that require ongoing attention due to the age of current systems and the express desire of the community for modern improvements. Despite evident challenges, the Department of Public Works has developed plans and steps are being taken to strengthen Flint's infrastructure systems. Strategic objectives have been met, or are in progress in these areas:

- A list of capital improvement needs for city facilities was developed and provided to the public for review as part of the development of the Capital Improvements Plan portion of the Master Planning process, which is scheduled for final submission to the Planning Commission and the Flint City Council in January 2015.
- Repairs and improvements to the City's water treatment and distribution system are being made to ensure the water is safe to drink and for all other purposes.
- A written pipe replacement matrix has been developed for determining the priority of pipe replacement annual plans.
- Infrastructure repairs on the water and sewer system continue with nearly 40 valves replaced this quarter alone.
- The process of selecting a vendor to replace all inoperable residential meters is underway.
- Engineering has started for the replacement of seven miles of underground pipe. Replacement is scheduled to begin this spring.
- Work has started on rebuilding manholes as a part of the water infiltration elimination program.
- A list of potential shared services opportunities with Genesee County has been developed.
- The process of selecting a vendor and funding mechanism to provide an energy evaluation of the City Hall campus is underway.

Fostering Jobs and Development

The City's Department of Planning and Development has the mission of organizing and facilitating, "targeted investment and rational, well-designed and physically integrated land use and development that advances economic prosperity, eliminates blight and stabilizes neighborhoods, protects the environment, and provides a better quality of life in the city." With the adopted *Master Plan for a Sustainable Flint* as a framework, the Department is working with partners to support long-term planning, comprehensive economic and community development including effective planning, zoning, business licensing and permitting, and parks maintenance. A number of efforts are being made to implement the specific strategies identified in the master plan, including developing a Capital Improvement Plan and a new zoning code. Other initiatives are underway that leverage grants and opportunities that fit within the community's vision. Areas of progress include:

- Coordinated economic development efforts supporting the creation more than 300 jobs and $850 Million in capital investment in 2014 including jobs with expanding companies in health care, manufacturing, retail, and environmental technologies along with new small businesses.

- A review of the process of submitting planning applications was conducted in order to assure that applications are processed in a timely manner.
- At least three "Adopt a Park" agreements have been executed to fulfill the initial commitment in the Strategic Plan and the "Friends of Berston" has been established as an independent non-profit organization.
- The capacity for conducting rental inspections will be increased shortly as a contract for inspection services is being finalized.
- Significant progress has been made with the sale of homes at Smith village, with only 9 of the 39 remaining unsold.
- Ongoing coordination with the Land Bank to continue demolitions.
- A draft of the City's comprehensive 5-Year Blight Elimination Framework has been completed and is being circulated for review by the public, partners and the Planning Commission with the intention of an adoption as a policy document in the coming quarter.
- An agreement with MDOT has been executed which will allow the construction of the Genesee Valley trail and connection to the new Chevy Commons to begin this spring.
- A preliminary draft of the City's Zoning Code has been completed and is being prepared for public review in 2015.
- A draft of the Capital Improvement Plan has been completed and shared with the public; consideration of adoption by City Council is planned for January 2015.
- A planning grant application to the EPA was submitted in order to provide for additional planning for the area around Chevy Commons.

Managing Financial and Administration Challenges

As the City of Flint moves to resolve the financial emergency, a number of financial and administrative challenges are being managed in accordance with the Strategic Plan. The following objectives have been completed:

- The City's accumulated General Fund deficit has now been reduced to less than $9 million from the $12.9 million which existed as of June 30, 2013, more than double the amount targeted in the state adopted Deficit Elimination Plan.
- A City Administrator has been selected to lead the City government as it transitions from oversight by an Emergency Manager back to home rule.
- A formal assessment of the values of both Hurley Hospital and the City's utility system have been completed, concluding that no change in ownership status would be beneficial at this time.
- A decision has been made to rejoin the County 911 Consortium, which will improve service to the Flint community while reducing overall costs.
- Video capabilities have been improved in City Council Chambers, providing for improved recording of Council proceedings.
- A review of professional development needs for city officials, department heads, and employees has been completed.
- A new fixed asset accounting policy has been implemented.
- The FY14 audit has been completed and filed with state
- An Internship program has been established for the Finance Department.
- Staffing is now in place to enhance delinquent collections.
- The office space for the Assessing Division has been renovated to address health and safety issues.

- New labor contracts were negotiated and implemented with AFSCME 1600 and 1799, and FPD Command officers, providing consistent benefit packages, achieving short and long term costs, and improving efficiency of operations.
- A new labor contract was imposed on FPOA for the same purposes.
- Modifications to exempt employee policies were approved for the same purposes.
- A new Family Medical Leave Act administration program was implemented
- A new Employee Assistance Program was implemented.
- Several specific vehicle and equipment acquisitions were made.
- New lease arrangements for several vehicles were also implemented.
- GPS tracking units were installed on several city vehicles as a pilot project.
- A regular schedule of seasonal meetings with DPW to assess vehicle readiness was established.
- A technology training calendar was established for all employees.

City of Flint Challenges Going Forward

Progress continues on the remaining objectives, with progress to be reported in the next quarterly report. Challenges to the City's progress continue in the form of events such as:

- While the transition from DWSD to KWA is underway, including the use of the Flint River on a temporary basis, the work of producing treated water continues to be complicated by the systems' aging infrastructure and varying temperatures.
- The departure of three key management staff in Finance and Human Resources will affect timelines for completion of some objectives.
- Difficulties in finding qualified candidates for plumbing and mechanical inspectors has affected the timeliness of providing inspections.
- The inability of the City and IAFF to reach a mutually acceptable labor contract patterned after the basic terms and conditions in all other contracts has resulted in a delay in achieving desired cost savings.
- The slow progress of the retiree health care lawsuit continues the uncertainty of the City's financial stability.
- Slow deployment of budgeted personnel assigned to delinquent tax collections may affect the ability to reach targeted revenues amounts.
- Evidence of consistent instances of water theft has required the assignment of public works, finance and public safety personnel to investigate and prosecute offenders.

Objectives Added or Removed

A viable plan must be flexible enough to adjust to unexpected circumstances and these modifications need to be made transparent to the community. Significant adjustments to this plan as of the end of the second quarter include:

- Objectives for improving City 911 operations are being replaced with the objective of transferring City 911 operations to the County 911 Consortium by July 1, 2015.
- An objective of developing an agreement with Genesee County for the consolidation of the 67th and 68th District Courts by January 1, 2016 will be added.
- An objective of improving inventory control in the Utilities and Fleet divisions by June 30, 2015 will be added.
- An objective of selecting permanent replacements for the City Treasurer, Human Resources Director, and Finance Director no later than April 30, 2015 will be added.

- An objective to reduce instances of water theft by 50% no later than June 30, 2015 will be added.
- An objective to develop policy review and recommendation regarding the "My Brother's Keeper Initiative" by February 1, 2015; and to develop and help launch action plan by September 1, 2016 will be added.
- Secure funding and complete construction of a road diet, and addition of bike lane, along Harrison Street by September 1, 2016, per the Master Plan, will be added.

Conclusion

Adoption and implementation of a strategic planning process is one of the elements identified by Flint's Emergency Manager in the 7-point Transition Plan as necessary for the transition back to Home Rule. Progress is being made in accordance with the expectations of the Strategic Plan and its specific objectives. Significant steps are being taken to improve its financial condition and to restructure the organization to improve efficiency and effectiveness. Steps are also being taken to prepare the City for return to traditional Home Rule governance.

The second quarter report shows completion of a number of specific objectives and progress on others. There have also been a number of unexpected events which have or will affect timely completion of objectives, or resulted in the elimination or addition of others. These types of adjustments are to be expected in the implementation of any plan.

The positive progress outlined in this report must be read in the context of the current overall condition of the City of Flint. The level of services currently provided by the City is marginal as it struggles to regain financial solvency. Flint continues to be challenged by population loss, relatively low per capita income, aging infrastructure, and an insufficient revenue stream to support a desired level of services. It still has a significant General Fund deficit to be addressed, along with significant legacy costs. And it still faces the possibility of insolvency should the challenge to changes in retiree health care prevail.

GOVERNANCE AND ADMINISTRATION

VISION Statement

The City of Flint's Governance will adapt to change and be a model of professionalism, transparency, and sustainability in order to provide effective government to each of our City's residents (as written in the Charter Preamble)

MISSION Statement

The Executive Management and Elected Leadership directs and guides the City government in order operate in an open and financially responsible manner, including improving citizen access, focusing on measurable results, improving the City's financial position, and eliminating accumulated deficits within the context of the City of Flint Master Plan

DIVISIONS	FUNCTIONS	KEY OBJECTIVES FY15 & FY16	1ST QTR STATUS	2ND QTR STATUS
EMERGENCY MANAGER		Formally assess City readiness for Transition Advisory Board and progress towards achievement of Seven-Point Plan	I	C
MAYOR & COUNCIL		Participate with MML and others on an ongoing basis in advocating for state reforms in municipal financing, including PPT and EVIP	C	C
	Management of City Government	Continue to participate with MML and partners with new legislative session in advocating for state reforms in municipal financing, including OPEB and Prop A	I	I
CITY ADMINISTRATOR	Chief Elected Official	Reduce deficit by no less than $1 8 million by end of FY15, and each year thereafter in accord with City Deficit Elimination Plan, and continuing to accumulate an appropriate level of reserves	I	I
	Legislative Body of the City	Begin search for City Administrator	C	C
MAYOR		Formally assess dept head's progress on attaining objectives and then semi-annually thereafter	I	I
		Conduct organizational review of all departments completing Public Safety in FY15 and Public Works in FY16	I	I
CITY COUNCIL		Resolve retiree healthcare lawsuit by December 31, 2015	I	I
		Conduct formal quarterly budget and strategic plan review with Council	I	I
HUMAN RELATIONS		Complete assessment of Hurley's future as a community hospital	I	C
		Apply for 20 grants annually and receive $10 million in competitive/non-entitlement awards, beginning in FY15	I	I
CIVIL SERVICE/OMBUDSMAN		Secure ongoing financial and other support for public safety and blight, including city lock-up, for FY15-FY16	I	I
		Develop proposals for 911 consolidation and courts consolidation	I	I
		Design citizen service system to process up to 500 requests each month	I	I
		All Council members and Mayor to attain MML Level Two certification	I	I
		Update the video capabilities of the City Council chambers to facilitate in-house recording, production and uploading of video	I	C
		EM and Mayor to approve professional development training schedule for department heads	I	C
		EM and Mayor to approve professional development training schedule for employees based on recommendations from department heads and Human Resources	I	I
		Updated web site to be implemented	I	I
		All appointments to City boards to be current	I	I
		Create 1,000 Volunteer opportunities annually	I	I
		Mayor/EM to implement policies and procedures for improving citizen access to City government	I	I
		Formally assess future city role in promoting economic and community development for consideration in FY16 budget	I	I
		Develop agreement with Genesee County for consolidation of 67th & 68th District Courts by January 1, 2016	-	N
		Secure permanent replacements for City Treasurer, Human Resources Director, and Finance Director no later than September 30, 2015	-	I

C = Complete I=In Progress
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GOVERNANCE AND ADMINISTRATION

(continued)

DIVISIONS	FUNCTIONS	KEY OBJECTIVES FY15 & FY16	1ST QTR STATUS	2ND QTR STATUS
CITY ATTORNEY				
CITY ATTORNEY'S OFFICE	Provide legal advice to Mayor, Council, City Administrator and Department Heads on matters of City business	Revised Business Licensing ordinance to be in effect on July 1, 2014, revised Zoning ordinance by November 2014, schedule of remaining ordinance revisions to be developed by July 1, 2015	I	I
	Prosecutes violations of City Ordinances	Develop strategy and timeline for renegotiating Cable Franchise agreement (agreement expires December 2016)	I	I
	Responds to FOIA requests	Handle 95% of litigation in-house	C	C
	Advises in labor relations and employment relations issues	Implement program for increasing amount of delinquent collections	I	I
	Represents City in lawsuits and other legal matters	Define proposed process for handling paper and digital files, including time frame for implementation	I	I
		Define process and procedures for improving standardization of procedures for common legal matters, including time frame for implementation	I	I
		Program for improving skill sets of all staff to be scheduled/implemented	I	I
		Proposal for improving the appearance of City Attorney's Office to be presented to Facilities	C	C
CITY CLERK				
CITY CLERK'S OFFICE	Records proceeding of City Council and other bodies	Define ongoing training needs of City Council staff, including law changes affecting legislative bodies (such as public notices, open meetings) and the Legistar cataloging system and implement training	I	I
	Provides administrative and professional support to City Council and other bodies	Review and update City Council's constituent complaint referral process	I	I
RECORDS	Custodian of City Records	Release a RFP by January 1, 2015 seeking comprehensive proposals for analyzing the state of all City current and historical records and providing recommendations for preserving, cataloging, and accessing records, utilizing a records retention schedule, with implementation to begin in FY16	N	I
	Codifies city ordinances every ten years	Assure orderly transition of the Licensing Division to the Planning & Development Department	I	I
ELECTIONS	Oversight of elections	Continue ongoing training calendar for Election Inspectors and City staff involved with elections	I	I
		Secure State grant for polling accessibility study to meet ADA requirements and continue to seek public and non-profit grants for election related activities	I	I

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POLICE DEPARTMENT

VISION Statement

The Flint Police Department will be the anchor resource in a collaborative effort with the community, businesses and visitors to the City of Flint We will provide model law enforcement services with an emphasis on innovation and technology

MISSION Statement

The City of Flint Police Department is committed to protecting and serving all the people of our community with respect, fairness, and compassion
Acting in partnership with our community to protect life and property, we strive to prevent crime and preserve peace, order and safety
We will seek just solutions with honesty and integrity
We encourage, need, and expect community involvement to work toward a mutual goal of enhancing the quality of life within our city

DIVISIONS	FUNCTIONS	KEY OBJECTIVES FY15 & FY16	1ST QTR STATUS	2ND QTR STATUS
POLICE				
ADMINISTRATION	Management & Planning	Recommend vendor for Record Management System by October 1, 2014, and propose funding and implementation strategy for inclusion in FY16 budget	C	C
		Establish criteria that identifies each supervisor's responsibilities in the supervision of their respective subordinates	C	C
		Review administrative responsibilities	C	C
		Revitalize the Flint Police Department's Chaplain Corps	I	I
	Community Policing	Launch FPD website	C	C
		Acquire and implement an online Crime Mapping capability that is accessible to community members	C	C
		Develop, train, and implement a "Citizen's Radio Patrol" utilizing Blue Badge Volunteers in their respective neighborhoods	I	C
INVESTIGATIONS	Investigation of Crimes	Evaluate call management strategies currently in place	C	C
		Increase use of IB techs at crime scenes, develop latent prints and compare to files to ID perpetrators by June 30, 2015	N	X
		Develop an informational document from the Detective Bureau to assist in identifying crime patterns	C	C
LOCKUP	Oversight of lock-up facility	Move to have GCSD handle entire booking process eliminate IB techs from process	N	N
PATROL	Deployment of officers on patrol	Reduce response time to calls for service by 8%	I	I

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POLICE DEPARTMENT

(continued)

DIVISIONS	FUNCTIONS	KEY OBJECTIVES FY15 & FY16	1ST QTR STATUS	2ND QTR STATUS
RECORDS/PROPERTY MANAGEMENT		Develop a data driven strategy that can be utilized by Patrol Lieutenants through recurring reports	C	C
	Custody of police records and confiscated properties	Examine other alternatives as it relates to calls for service or criminal complaints	C	C
		Complete refresh of property room	C	C
	IB section/ Property	Eliminate all unnecessary historical paper records in the Police Department	C	C
		Evaluate options and recommend location for new shooting range	N	X
	Department Management	A 3% to 20% reduction in Violent Part 1 crime	I	I
		Increase Community Policing efforts, measured by the MSU, proactive time study with an increase of 7-10%	I	I
Administration	Department Management	Use Blue Badge as the portal to all volunteer efforts, including 1). Citizen Radio Patrol, 2), Chaplain Corps, 3) Service Center/Mini Station workers with a goal of 30% increase	N	I
Administration	Department Management	Identify funding source to expand the NSO program in size and duties, specifically license compliance for problem businesses and scrap and secondhand merchants	C	C
Chief's Office	School Liaison	Per the COPS grant Hire 6 Officers and deploy in the schools with the emphasis on the school and the community therein, focus on safe routes and crimestoppers school program	I	X
Chief's Office	Department Management	1). Continue Partnership with FBI, ATF and USMS 2). Partner with MSP, FFD, FANG on Arson squad, 3). Partner GCSO on Auto Theft Team (GAIN), Develop Area Crime Team with MSP and GCSO	C	C
		Acquire and implement an online Crime Mapping capability that is accessible to community members	C	C
		Submit all requested materials from ICMA	C	C

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911

VISION STATEMENT

The City of Flint 911 Department will be a fully functional Next Gen 911 system, accessible 24/7 from any device

MISSION Statement

The City of Flint 911 Department is committed to serving our citizens, businesses and visitors with professional emergency services We will continuously strive to improve our services in the most effective and efficient manner possible

DIVISIONS	FUNCTIONS	KEY OBJECTIVES FY15 & FY16	1ST QTR STATUS	2ND QTR STATUS
911		Reduce use of 911 for non-emergency calls by 25%	I	C
TELEPHONE ANSWERING & DISPATCH	Receives call and dispatches resources	Develop plan for Next Gen 911 technology, including telephone upgrade and console upgrade	N	X
	Maintains records and consoles	Improve Response to incoming 911 and 7-digit calls by 10% and improve coordination with EMS dispatch	I	C
RECORDS MANAGEMENT	Management of 911 Center	Automate billing for structure fires	N	X
		Develop plan for Consolidation with Genesee County Consortium	I	I
ADMINISTRATION		Work with Human Resources to create a new employment roster	N	X
		Working with Fire Department, create program and process for utilizing Fire Fighters on light duty at 911	C	X
		Complete state required training for all employees	I	I
		Complete Tower construction	I	C
		Eliminate Provisional Appointments/Fill vacancies permanently	N	X
		Strengthen relations with community groups by participating in 24 meetings each year	I	C
		Implement Quality Assurance program	C	C

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FIRE DEPARTMENT

VISION Statement

A community educated on all matters related to fire safety and fire protection resulting in minimal damage and injury from fire incidents

MISSION Statement

Utilizing available resources, the Flint Fire Department will respond quickly and effectively to fire calls, and will lead efforts to educate the community on all matters relating to fire safety and protection

DIVISIONS	FUNCTIONS	KEY OBJECTIVES FY15 & FY16	1ST QTR STATUS	2ND QTR STATUS
FIRE ADMINISTRATION & EMERGENCY MANAGEMENT	Department Management; coordination of emergency management activities within city	Maintain average fire response time under 9 minutes in FY2015 and develop plan to reduce response time in FY16 to less than 8 minutes	I	I
		Turnaround time for Fire Inspections to be 5 days or less	C	C
FIRE SUPPRESSION	Deployment of Fire Fighters to emergencies	Implement new organizational structure based on 75 full-time positions	C	C
FIRE INSPECTION & ARSON INVESTIGATION	Investigation of suspicious fires; conduct of commercial building inspections	100% Flint School children contacted and provided with fire safety and prevention program	N	C
		100% of Senior Centers provided with fire safety and prevention program	N	C
		100% of City Block Clubs provided fire safety and prevention program	N	I
COMMUNITY EDUCATION	Education of residents and businesses in fire prevention	At least 4 times per year, the Fire Department will provide the community with information regarding fire safety and prevention	C	C
		Evaluate and define role of the Fire Department in Emergency Management, with report provided to EM	C	C
		Reduce energy in Fire Departments by 20%	I	I
		Continue progressive training once per week	I	I
		Continued training for Suppression Personnel as technology develops for today's high-tech environment	I	I
		Implement physical fitness program	I	I
		"Knock and Talk" Fire Suppression Crews and Prevention Staff to distribute Arson Reward literature to 100% of residents	I	C
		Educate juvenile firesetters by providing one-on-one discussion with 10 juveniles	I	I

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68th DISTRICT COURT

VISION Statement

The 68th Judicial District Court will be a leader among Michigan Courts in the provision of quality service, equal access to a fair and effective system of justice, and protection of the public's safety

MISSION Statement

The 68th Judicial District Court will provide timely, fair, and impartial justice in all matters properly presented to the Court.

DIVISIONS	FUNCTIONS	KEY OBJECTIVES FY15 & FY16	1ST QTR STATUS	2ND QTR STATUS
DISTRICT COURT				
ADMINISTRATION	Overall Court Management	To comply with all Trial Court Performance Standards-Annually, as dictated by the State Court Administrative Office	C	C
JUDICIAL PROCESSING	Courtroom activities	Improve Court collections-Annual increases by way of Amnesty and Collections Agency, comparing results at the end of each fiscal year to the previous year	I	I
PROBATION	Provides oversight of probationers	Re-establish Probation Department with (1) Probation Officer	I	I

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PUBLIC WORKS

VISION Statement

The vision of the Public Works Department is to be a well managed and well trained workforce that utilizes all available resources, technology, and collaborative means to maintain the City's above and underground infrastructure and facilities

MISSION Statement

The Public Works Department is committed to the development of qualified managers and workers with consistent ongoing training, data driven decisions, and the creation of new job performance measurables

The DPW will aggressively engage in strategic local and state level partnerships while continuously implementing new and improved technologies, procedures, and policies

DIVISIONS	FUNCTIONS	KEY OBJECTIVES FY15 & FY16	1ST QTR STATUS	2ND QTR STATUS
UTILITIES	Water Treatment			
WATER TREATMENT PLANT	Water Distribution	Complete the electrical upgrades on Cedar Street Pumping Facility	I	I
WATER POLLUTION CONTROL	Distribution System Maintenance	Complete the engineering design work for the Hamilton Dam upgrades	I	I
WATER SERVICE CENTER	Sanitary Sewer Operation & Maintenance	Complete the rehabilitation of the Torrey Road Booster Station	I	I
	Storm Water Maintenance	Complete and implement a comprehensive pay scale evaluation for all WTP employees	I	I
	Dam Maintenance	Complete phase II (of III) of the WTP upgrade in preparation of transition to KWA	I	I
	Water Turn On's/Off's	Create GIS maps of utility assets (including base-layer)	N	N
	Cut & Plugs	Implement tracking program for main breaks and sink holes with monthly reporting	I	I
	Wastewater Treatment	Develop and implement a written and sustainable "water loss" program. Program is to target the identification of a "baseline" loss and create means to maintain a loss percentage of under 16%	I	I
	Industrial Pretreatment Compliance	Replace 3,000 residential meters	I	I
		Develop and implement a written root control matrix to reduce infiltration into the sanitary sewer systems	I	I
		Develop a written pipe replacement matrix that uses multiple criteria to identify the priority pipes to replaced annually	I	C
		Identify a consultant to write the scope for a comprehensive energy audit of all Utility facilities and send RFP	I	I
		Develop list of shared service opportunities with Genesee County Drain Commissioner and setup a meeting schedule for talks	I	C
		Complete the de-commissioning of the incinerator and construction of a load out facility at the Wastewater Treatment Plant	I	I
		Complete the upgrade plan of turning methane gas from the digester into energy	I	I
		Complete the development and use of web site access for residents to report main breaks	I	I
		Complete Cut & Plug list for hardest hit demolitions	C	C
		Implement defined response time policy for WSC	N	I
		Develop capacity to effectuate 100% of non-pay water shut-off notices	C	C
		Implement plan for improved inventory control as developed by the Finance Department by June 1, 2015	-	N
		Reduce incidence of water theft by 50% no later than June 30, 2015	-	I

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PUBLIC WORKS
(continued)

DIVISIONS	FUNCTIONS	KEY OBJECTIVES FY15 & FY16	1ST QTR STATUS	2ND QTR STATUS
TRANSPORTATION	Maintenance and repair of sidewalks	Complete a sidewalk inventory that identifies the location and surface condition rating of all sidewalks within the City	N	N
STREET MAINTENANCE	Enforcement of Right-of-Way Ordinances	Implement a 50/50 Sidewalk Repair Program targeting enforcement of the Sidewalk Ordinance and repair of 500 sidewalk squares and repair of 1,000 squares	N	I
	Maintenance of City owned streets including paving, plowing and sweeping	Perform preventive maintenance activities on 15 miles of streets and pave 4 5 miles of streets in addition to preventive maintenance on another 15 miles of streets	I	I
	Maintenance of City street trees	Complete an inventory of city street trees	I	I
		Develop a Tree Maintenance plan that identifies the location of street trees, condition, risk factors, and schedule of planned maintenance activities over a six-year cycle	I	I
		Initiate a web-based application that will allow the public to electronically report pothole, street, street tree, and sidewalk complaints	C	C
CAPITAL PROJECTS ADMINISTRATION	Capital Improvement Projects (Planning and Management)	Develop and implement a written Public Participation Plan that details how the public will be engaged in the transportation planning process	N	N
		Invest $20,000 in non-motorized facilities by providing funding to secure preliminary engineering services for the Genesee Valley non-motorized trail project	C	C
		Develop a reconfiguration plan for Harrison Street and South Saginaw Street that includes facilities for multi-modal travel and traffic calming devices	I	I
		Identify a funding source to develop engineering plans to reopen Leith Street	N	N
TRAFFIC CONTROL	Maintenance of signs, traffic signals, and pavement markings	Perform an audit of all signalized intersections to identify unwarranted traffic signals and implement a preventive maintenance plan for traffic signals	I	I
	Barricading Activities/Special Events	Perform regulatory and warning sign upgrades in 3 areas of the City in FY15 and an additional 3 areas each year thereafter	I	I
		Complete construction of a road diet and addition of a bike lane along Harrison Street by September 1, 2015, contingent upon identifying of funding source by Planning & Development no later than July 1, 2015	-	N
SANITATION (Contract Management)	Monitoring of residential waste collection, composting, and recycling	Develop and execute a Compost Plan that will result in the processing and removal of compostable materials from the Chevy in the Hole site	C	C
		Issue Waste Collection Services RFP for new contract period	N	N
		Increase the City's recycling participation to 10% in FY15 and 12% in FY16	I	I
		Develop a recommendation on the feasibility of implementing a 96-gallon cart recycling program	I	I
		Monitor Waste Collection Services contractor's collection and disposal activities on a monthly basis to ensure compliance with contract provisions	I	I
		Formally evaluate performance of Waste Collection Services contractor	N	N
		Work with foundations, Police, and City partners to develop a new special event management protocol	C	C
		Provide timely instruction to public with respect to leaf collection process	C	C

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PUBLIC WORKS
(continued)

DIVISIONS	FUNCTIONS	KEY OBJECTIVES FY15 & FY16	1ST QTR STATUS	2ND QTR STATUS
FACILITY MAINTENANCE	Maintenance of city facilities and grounds	Complete disposition of Police Academy, Fire Station, FAEC, McKinley, and Park Supply buildings	I	I
	Planning for optimal facility usage	Elimination of unneeded storage and relocation of employees into a permanent workspace	I	I
	Facilitating use of city facilities	Implement new staffing plan for Facility Maintenance	C	C
		Increase capacity for maintenance services through a wider network of support vendors	C	C
		Establish a contract management performance review that has a semi-annual written report	C	C
		Develop a comprehensive routine and preventive maintenance plan that documents areas of concern, structures the way we effectuate repairs, and supports the CIP	I	I
		Develop 5-year capital improvement plan for City facilities and update annually thereafter	C	C
		Replace exterior City Hall lights with LED's and motion sensors	I	I
		Identify a vendor and a funding mechanism to provide an energy evaluation of the City Hall campus, producing a 2015 energy "baseline" in which to measure progress	I	C
		Modify 5-year Facility capital improvement plan annually prior to the budget presentation to Council	I	C
		Complete the transition of senior center operations to other entities contracting directly with the County for operational support	C	C

CHEVY COMMONS		Infrastructure remediation and Storm Sewer discharge compliance	I	I
	Future usable green space	Development and Construction of Phase 1 Green cap	I	I
		Implementation of USDA Phytoremediation $400k grant	I	I
		Events Management	C	C
		Implement compost operations DEQ Consent Decree	I	I

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PLANNING AND DEVELOPMENT

VISION Statement

The Planning and Development Department will partner with residents, businesses, and visitors to implement the Master Plan and help transform Flint into a safe, vibrant, sustainable, and healthy city

MISSION Statement

The Planning and Development Department is committed to ensuring the public safety, health, and well-being of Flint's residents, businesses and visitors through targeted investment and rational, well-designed and physically integrated land use and development that advances economic prosperity, eliminates blight and stabilizes neighborhoods, protects the environment, and promotes a better quality of life in the City

DIVISIONS	FUNCTIONS	KEY OBJECTIVES FY15 & FY16	1ST QTR STATUS	2ND QTR STATUS
CASE MANAGEMENT	Current Planning	Complete all plan reviews within 3 weeks and inspections within 72 hours	I	I
	Permitting	Implement a comprehensive form-based zoning code that streamlines the approval process for projects that adhere to the regulations	I	I
	Service Counter/Business Support	Process all planning applications within the prescribed time limits and minimize the number of discretionary cases to be reviewed quarterly thereafter	I	C
	Major Cases	Designate designated case manager to guide major projects through the City's determination process	C	C
		Complete acquisition of the Grand Traverse Greenway Trail	I	I
		Coordinate with Redevelopment Ready Communities to reorganize department procedures to provide a seamless case management process for new and existing businesses to help facilitate redevelopment	I	I
	Business Licensing	Implement P & D management of business licensing ordinance	I	I
		Achieve 25% licensing compliance in FY16	N	N
		Achieve 50% licensing compliance in FY17	N	N
		Achieve 90% licensing compliance in FY18	N	N

BLIGHT ELIMINATION & NEIGHBORHOOD STABILIZATION	Code Enforcement	Develop and implement a comprehensive code enforcement program	I	I
	Rental Registration	Implement an updated rental registration ordinance	N	I
		Achieve 25% rental registration compliance FY16	N	N
		Achieve 50% rental registration compliance FY17	N	N
		Achieve 90% rental registration compliance FY18	N	N
	Business License Enforcement	Secure funding and demolition assistance to demolish 1,200 homes and 60 commercial buildings each year for 5 years with progress measured annually	I	I
	Blight Elimination & Street Lighting Coordination	Secure formal commitment of at least 60 neighborhood groups and community organizations to maintain 2,000 vacant parcels	I	I

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PLANNING AND DEVELOPMENT
(continued)

DIVISIONS	FUNCTIONS	KEY OBJECTIVES FY15 & FY16	1ST QTR STATUS	2ND QTR STATUS
COMMUNITY DEVELOPMENT & ECONOMIC DEVELOPMENT	Neighborhood Planning	Comply with all HUD regulations and time submission requirements for all reports	I	I
	Small Neighborhood Projects	Implement a grants management system utilizing BS&A to better track performance	I	I
	Fair Housing	Provide ongoing technical assistance and training to all sub-recipients and sub-contractors to insure full compliance and timely processing of payments	I	I
	Historic Preservation	Process all requests for economic development support (tax abatements, etc) within prescribed time frames, to be monitored quarterly	I	I
	Program Management (CDBG, HOME)	Complete Smith Village development	I	I
		Sell all Smith Village and NSP homes	I	I
		Develop a policy review and recommendation report on the My Brother's Keeper Initiative by February 2015 and develop and help launch the action plan by September 2015	-	I
		Define the ongoing role for city involvement in economic development and present budgetary request for consideration in FY16 budget	I	I
	Economic Development	Implement a formally defined CDBG allocation process that is transparent and advances the goals of the Master Plan	C	C
	Major Development Projects	Complete a formal written comprehensive housing investment strategy to include a housing program that provides rehabilitation and home buyer incentives to encourage residents to move to or remain in Flint	I	I
	Workforce Development	Secure other sources of grant funding for entire department to increase available revenue by 10% per year, beginning with FY15	I	I
	Small Business Development	Respond in a timely manner to requests for assistance in expanding existing or attracting new businesses, with particular focus on small businesses and brownfields	I	I
		Implement the EDC Deficit Elimination Plan	C	C
	Oak Business Center & EDC	Attract new businesses to Oak Business Center to reduce vacancy rate to less than 15%	I	I
		Secure a monitoring and compliance contractor to allow staff to focus on proactive community development	I	X
LONG RANGE PLANNING	Master Plan Implementation	Develop a commercial investment framework based on the Master Plan	N	N
	Performance Management	In coordination with local, regional, and state economic development agencies, develop a formal long term strategy and role for the City government to help expand existing or attract new businesses, with particular focus on small businesses and brownfields, funding request to be presented for potential funding in FY16	I	I
	Transportation Planning	Create 8 subarea plans	I	I
	Public Safety Planning	Develop the City's first combined Capital Improvement Plan	I	I
	GIS Services	Hold annual engagement to discuss progress of Master Plan and solicit additional feedback on action plan	N	I
	Infrastructure Planning	Establish short-term (1-3 years) action plans for each chapter of the Master Plan	C	C
	Sustainability Planning	Develop between 10-15 neighborhood plans covering every residential area by 2020, at the rate of 20% per year	I	I
	Zone Changes	Develop a citywide sustainability plan	N	N
	Plan Amendments	Maintain on an ongoing basis updated demographic and housing data easily available to internal and external customers	I	I
		Develop a proposal for providing citywide Geographic Information Services to internal and external customers and implement plan	I	I
		Coordinate the implementation of at least 1 strategy in each chapter of the Master Plan every year, with progress measured annually	I	I
		Submit proposal to the EPA for a Brownfield Area wide Planning Grant or technical assistance grant to create a brownfield development for the area around the Chevy Commons	C	C
		Present blight elimination framework to the Planning Commission for adoption as part of the Master Plan Implementation	I	I
		Begin update of the Master Plan	N	N
		Complete a formal written blight elimination framework for neighborhoods	C	C
		Implement structure within P&D which has responsibility for developing a plan for improving street lighting within the City for managing the lighting special assessment and payment of bills	I	I
		Secure funding of a road diet and addition of a bike lane along Harrison Street per the Master Plan by July 1, 2015	-	I

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PLANNING AND DEVELOPMENT

(continued)

DIVISIONS	FUNCTIONS	KEY OBJECTIVES FY15 & FY16	1ST QTR STATUS	2ND QTR STATUS
PARKS & OPEN SPACE	Parks Maintenance	Refine the City's parks classification system and develop service standards that align with the MDNR and the needs and desires of the Flint community	I	I
		Assure that all city parks are mowed at least twice per month based upon individual plan for land management, contractor performance to be reviewed on a quarterly basis	C	C
	Parks Planning	Complete a naturalization demonstration in Max Brandon Park and then 3 other parks	I	I
		Complete improvements to Riverbank Park and McKinley Park as specified in the MDNR grant	I	I
		Complete improvements to McKinley Park as specified in the MDNR grant	I	I
		Update the Parks and Recreation Master Plan with additional focus on park equity and enhancing recreational use of the Flint River and adjacent parks and open spaces	N	N
	Parks Partnership	Establish at least 3 "Adopt A Park" agreements every year; complete the establishment of the "Friends of Berston" group	I	C
		Work with the County to establish a joint maintenance agreement for at least one of the City's larger parks	C	C
	Parks Programming	Develop a management plan for the City's 4 golf courses	I	I
		Develop the plan to adjust the CANUSA Games Housing and field of play locations	N	X
	Open Space	Submit at least one grant proposal each year for MDNR funding	C	C
	Trail Development	Complete construction of the Genesee Valley Trail	I	I

C = Complete I=In Progress
• X = Cancel N = Not Started

FINANCE AND ADMINISTRATION

VISION Statement

A robust division capable of meeting the external and internal needs of the City of Flint in the areas of finance treasury, assessments, human resources, information technology, and fleet

MISSION Statement

To manage the financial and administration division of the City of Flint through promoting fiscal responsibility and industry best practices in order to respond to the needs of the City of Flint with efficiency and timeliness

DIVISIONS	FUNCTIONS	KEY OBJECTIVES FY15 & FY16	1ST QTR STATUS	2ND QTR STATUS
FINANCE				
ACCOUNTING	Payroll Production & Reporting	Reduce the General Fund deficit by $1 8 million in FY15	C	C
		Reduce the General Fund deficit by $1 8 million in FY16	N	N
	Vendor Management and Payment	Convert to new fixed asset accounting and develop fixed asset policy	I	C
		Review rates and master fee schedule to ensure they are appropriately set	N	N
	Monitoring Financial Performance	Develop plan for Improving inventory control in Fleet and Utilities by May 1, 2015	-	I
AUDITING		Implement Finance Department reorganization	I	I
	Preparation of Financial Reports	Audit completed and filed with state	I	C
BUDGETING	Monitoring Grant Performance	Schedule and conduct 4 city wide finance and accounting training sessions	I	I
	Accounting for Revenues and Expenses	Establish and implement internship program for Finance	I	C
RISK MANAGEMENT	Development of Long Term Financial Projections, Deficit Elimination Plans and Strategies for Financial Solvency	Establish a paperless process for procuring goods and services	I	I
		Prepare a RPF for copier services in FY15 in time to allow issuance of request before contract expires in FY16	N	N
PURCHASING	Administration of Property and Liability Insurances	Provide recommendations for updating procurement policies to be used during and after transition and to increase efficiencies	I	I
		Increase the usage of P-cards to boost the City's annual rebate by 15% progress to be measured regularly	I	I
GRANT ADMIN	Selection and Monitoring of Benefit Program vendors	Establish management expectations of turn-around time on vendor payments, purchasing requests, position filling requests, and other areas, monitor performance, beginning with FY15 first quarter results to be evaluated and monitored monthly	I	I
		Establish formal process for reviewing, processing, and making timely decisions for applications on tax abatements	I	I
		Adopt stabilization ordinance and fund balance policy	I	I
		Establish expectations of turn-around time on purchasing requests and monitor performance, beginning with FY15 and evaluated quarterly	I	I

TREASURY				
		Identify additional $500,000 00 to $1,000,000 00 in unreported income tax, utilizing the 2011 State income tax data	N	N
CUSTOMER SERVICE		Increase the collection of delinquent taxes by 15-20% through continued efforts to collect delinquent income tax and personal property taxes and by new efforts to collect delinquent Miscellaneous Receivables and Water bills	N	I
		Reorganize Customer Service to assure that after that time, that all utility bills are mailed two weeks prior to the due date, that checks are processed within 10 days from the postmark date, and that customer wait time in the office and on the phone are reduced by 25%	I	I
DELINQUENT COLLECTIONS		Replace the current vendor for processing electronic payments with Point and Pay in order to allow the City to accept water, property tax miscellaneous receivables, special assessment and permit payments electronically	C	C
		Install a kiosk in the City Hall lobby in order to allow the City to accept water, property tax, miscellaneous receivables, special assessment and permit payments electronically	I	I
		Create description of City's efforts to manage delinquent water accounts while obtaining the City's financial goals and assisting those who are facing financial hardships	N	N
		Implement electronic income tax withholding	I	I
		Update City efforts to assist those unable to pay for utilities	N	N
		Re-examine efforts to assist individuals to pay utility bills	N	N
		Establish and implement an ongoing schedule of Customer Service", "Team Work" and "How to deal with difficult customer" training for all Treasury staff	I	I

C = Complete I=In Progress
• X = Cancel N = Not Started

FINANCE AND ADMINISTRATION
(continued)

DIVISIONS	FUNCTIONS	KEY OBJECTIVES FY15 & FY16	1ST QTR STATUS	2ND QTR STATUS
ASSESSING				
ASSESSORS OFFICE	Assessing of Properties	Determine schedule of staff training in Assessing net as necessary and for annual compliance with state requirements during course of FY15, and annually thereafter	C	C
	Administration of Valuation Appeals	Conduct comprehensive site inspections of residential and commercial tracts between April and November of each year in sufficient number annually to canvas 12 tracts annually	I	I
	Processing of Poverty Exemption requests	Secure contract to achieve the conversion of remaining hard copy records and drawings to digital format utilizing APEX and/or digital scanning, with financial plan submitted for FY16 budget	I	I
	Provision of property and tax information to businesses and residents	Provide for the timely process of MTT appeals, and split/combination applications 2012 and 2013 appeals will be completed by end of FY15 and appeals filed in 2014 will be resolved by end of FY16 The processing of splits and combination requests is required to be completed end of each year to be incorporated in the following year's assessment roll. *(Note 2012 Complete)*	I	I
		Working with Facilities, finalize plan for relocating Assessing from its temporary site	I	C
	Maintenance of Property descriptions and tax rolls	Analyze options for lessening the workload impact of processing poverty exemption applications	C	C
		Participate with Planning and Development, IT, and others to develop the ongoing process for establishing and maintaining of the parcel layer for City GIS, and for providing GIS services to internal and external customers.	C	C
HUMAN RESOURCES		Utilize a master position list for confirming the need to recruit, promote or reduce employees	C	C
EMPLOYMENT	Recruitment and Selection	Update personnel rules and procedures, including ordinances	I	I
	Testing	Update testing protocols for recruitment/selection	I	I
	Contract Negotiations	Complete and Implement 1600 contract	C	C
		Complete and Implement FPOA contract	I	C
		Complete and Implement updated 1799 contract	I	C
		Complete and Implement updated IAFF contract	N	I
		Complete and Implement updated Capt/Lt contract	I	C
		Complete and Implement Sergeants contract	I	C
LABOR RELATIONS	Employment law allegations	Inform department heads and supervisors of contract changes prior to implementation	C	C
	Grievances and Arbitrations	Answer 100% of all new grievances within required time frames, measured with quarterly reports	I	I
ENROLLMENT	Benefit administration	Complete and Implement changes to Exempt and Appointed benefit programs	I	C
	Payroll enrollment and changes	Develop and implement ongoing training curriculum and schedule in conjunction with Department Heads	C	C
	FMLA oversight	Implement new FMLA process	I	C
	Worker's Compensation Administration	Implement new EAP program	C	C
WORKERS SAFETY	MIOSHA/OSHA Administration	Redesign Occupational Health and Safety Program for the City	N	N
	Employee Clinic	Administrative policies/procedures to be updated	I	I

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FINANCE AND ADMINISTRATION
(continued)

DIVISIONS	FUNCTIONS	KEY OBJECTIVES FY15 & FY16	1ST QTR STATUS	2ND QTR STATUS
FLEET		Monthly rental of Special Operations vehicles	I	I
		Evaluate and make recommendation of GPS tracking units for DPW and Utilities vehicles	I	C
ADMINISTRATION	Maintains fleet inventory	Update the replacement schedule to reflect replaced, required, and disposed of vehicles and equipment, to be used in preparation of annual budget for annual budget preparation	N	I
		Jib Winch for Traffic bucket truck	I	C
		Purchase 10 Front Plows for DPW snow removal	I	C
		Purchase one-man Leaf Vac truck for Street Maintenance	I	C
		Evaluate use of farm equipment tractor rentals recommended by DPW for winter snow removal	I	C
		Dump trucks for Utilities/DPW snow removal	N	N
		Add-on and auxiliary equipment for Enterprise Lease vehicles	N	N
SERVICE WRITING AND PARTS MANAGEMENT		FY14 & FY15 Lease Vehicles and Equipment	I	C
		Complete 100% audit of City owned vehicles and equipment, including condition to be used in preparation of the annual budget	N	N
VEHICLE AND EQUIPMENT REPLACEMENT, ADDITION, DELETION		Complete the Fleet Focus software upgrade, install a mechanic workstation and bar code labels in the Stock Room	I	I
	Equips and repairs fleet	Complete a Stock Room audit and enter all parts into the Fleet Focus software program	I	I
VEHICLE AND EQUIPMENT REPAIR		Distribute to departments, PM and DOT schedule detailing responsibility of departments and drivers for daily inspections, compliance with DOT requirements, and maintenance responsibilities	I	I
	Recommends specifications of vehicles and equipment to be purchased	Monitor department and driver compliance with PM and DOT schedules and responsibilities on a quarterly basis	N	N
		Complete the bid process for DOT and PM services for heavy equipment and passenger vehicles	I	C
		Complete the bid process for vendor repair services, including 24-hour emergency response	I	I
	Develops and maintains vehicle and equipment replacement schedule	Complete evaluation and develop schedule annual departmental training needs and tool purchases	I	C
		Complete the bid process for alternate emergency fuel source	N	I
		Complete the sale and removal of the unused fuel tank at the Police Northside Precinct	C	C
		Determine if the fuel tank at Parks & Rec is still needed at this facility and take action accordingly	N	I
		Complete the removal of underground storage tanks at Fire Station #3 and determine if the above ground storage tank at Parks & Rec can be utilized there	I	I
		Recommend fueling station needs at current site	N	N
		Meet with all departments to discern fall and winter program needs	C	C
		Meet with all departments annually to discern spring program needs	N	N

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FINANCE AND ADMINISTRATION
(continued)

DIVISIONS	FUNCTIONS	KEY OBJECTIVES FY15 & FY16	1ST QTR STATUS	2ND QTR STATUS
INFORMATION TECHNOLOGY		Implement Governance Model	I	I
	Oversees the design, purchase, implementation, and operation of the City's technology infrastructure, provides professional and technical advice to departments in utilization of technology; identifies and provides technology related training	Complete implementation of BS&A net (BS&A implementation contract complete)	I	I
		Develop and schedule implementation of a telecommunications infrastructure upgrade	I	I
		Establish and implement a Technology Training Calendar for all employees	I	C
		Install 22 new fully functioning mobile data computers	I	I
		Maintain uptime for internet and intra net by 95% of the time, as measured by quarterly reports	C	C
		Reduce the number of shadow access systems by 40% (base number as of May 1, 2014)	I	I
		First issue resolution and same day resolution achieved for 70% of Help Desk tickets, as measured by quarterly reports	C	C
		Recommend vendor for Record Management System and propose funding and implementation strategy for inclusion in FY16 budget	I	I
		Complete a federally compliant IT Disaster Recovery and Security Plan	N	N
		Complete a Mobile Device Readiness Assessment	N	N
		Reduce telecommunication expenses by 30%	I	I
		Equip Mayor, Finance, South Bldg, Police and Fire Conference Rooms with access to technology	N	N
		Upgrade IT Training Room	I	I
		Develop plan to convert technology infrastructure to wireless	N	N
		Upgrade space housing IT servers etc	N	N

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• X = Cancel N = Not Started

Attachment 5. Orders and Directives of the EFM and EM

Executive Orders

DATE	ORDER #	DESCRIPTION
1/5/15	30	SPECIAL COUNCIL MEETING
12/17/14	29	SPECIAL COUNCIL MEETING
12/09/14	28	SPECIAL COUNCIL MEETING
11/06/14	27	ACCEPTANCE AND ADOPTION OF COLLECTIVE BARGAINING AGREEMENT WITH POLICE OFFICERS LABOR COUNCIL (POLICE CAPTAINS AND LIEUTENANTS)
11/06/14	26	ACCEPTANCE AND ADOPTION OF COLLECTIVE BARGAINING AGREEMENT WITH POLICE OFFICERS LABOR COUNCIL (POLICE SERGEANTS)
10/18/14	25	MONTHLY CITY COUNCIL MEETING SCHEDULE FOR THE REMAINDER OF 2014
09/12/14	24	ADOPTION OF BENEFIT MODIFICATIONS FOR NON-UNION EMPLOYEES
07/16/14	23	ACCEPTANCE AND IMPOSITION OF COLLECTIVE BARGAINING AGREEMENT WITH THE FLINT POLICE OFFICERS ASSOCIATION UNION
07/16/14	22	ACCEPTANCE AND ADOPTION OF COLLECTIVE BARGAINING AGREEMENT WITH AFSCME COUNCIL 25, LOCAL 1799
07/15/14	21	AMENDED WASTE COLLECTION USER FEE
07/01/14	20	ACCEPTANCE AND ADOPTION OF COLLECTWE BARGAIMNG AGREEMENT WITH AFSCME COUNCIL 25, LOCAL 1600
07/15/14	18	ADOPTION OF THE DEFICIT ELIMINATION/RESERVE ACCUMULATION PLAN
07/01/14	11	SPECIAL STREET LIGHTING ASSESSMENT FOR FY15 AND FY16
06/26/14	13	ADOPTION OF BIENNIAL BUDGET FOR FISCAL YEARS 2015 AND 2016
06/20/14	15	MAYOR DAYNE WALLING'S INCREASED RESPONSIBILITIES AND COMPENSATION
06/20/14	16	FLINT CITY COUNCIL'S INCREASED RESPONSIBILITIES AND COMPENSATION
06/20/14	14	ADOPTION OF STRATEGIC PLAN FOR THE CITY OF FLINT

04/30/14	12	COMPLIANCE WITH PUBLICLY FUNDED HEALTH INSURANCE CONTRIBUTION ACT, ACT 152 OF 2011
04/01/14	10	COUNCIL MEETING AGENDA
03/21/14	9.0	MONTHLY CITY COUNCIL AND COMMITTEE MEETING SCHEDULE
03/06/14	6.1	REVISION TO CONFIRMATION OF CITY COUNCIL COMMITTEE APPOINTMENTS
03/05/14	08	COUNCIL MEETING PROTOCOL
02/25/14	07	AUTHORITY FOR THE PRESENTATION OF TIIE MAYOR'S ANNUAL STATE OF THE CITY ADDRESS
02/25/14	06	CONFIRMATION OF CITY COUNCIL COMMITTEE APPOINTMENTS
01/31/14	05	CITY COUNCIL AND CITY COUNCIL COMMITTEE MEETING SCHEDULE FOR FEBRUARY 2014
01/31/14	04	CONFIRMATION OF CITY COUNCIL COMMITTEE APPOINTMENTS
12/11/13	003	DIRECTIVES TO COUNCILMAN ERIC MAYS
12/11/13	002	CANCELLATION OF CITY COUNCIL MEETING
12/11/13	002	CANCELLATION OF CITY COUNCIL MEETING
11/01/13	001	CITY COUNCIL MEETING SCHEDULE FOR THE REMAINDER OF 2013
06/13/13	004	ADOPTION OF FISCAL YEAR 2014 BUDGET
06/06/13	003	SPECIAL ASSESSMENT DISTRICT FOR STREET LIGHTING
04/12/13	002	CITY COUNCIL'S RESPONSIBILITIES AND PARTIAL RESTORATION OF COMPENSATION
03/28/13	001	MAYOR DAYNE WALLING'S RESPONSIBILITIES AND PARTIAL RESTORATION OF COMPENSATION
03/27/13	011	WATER SERVICE PROCEDURES
03/15/13	010	GRANT APPLICATIONS
12/12/12	EFM009	INVALIDATING COUNCIL ACTION
10/11/12	EFM008	POVERTY EXEMPTION TO STREET LIGHTING SPECIAL ASSESSMENT

10/11/12	EFM007	CITY COUNCIL ADOPTION OF AMENDMENT TO RENTAL INSPECTION ORDINANCE IS NULL AND VOID
09/14/12	EFM006	OVERTIME
09/12/12	EFM005	CITY TREASURER AUTHORIZED TO CORRECT ASSESSMENTS OR FEES IF PROPERTY OWNER ENTITLED TO WAIVER
08/24/12	EFM004	ADVISORY COMMITTEE
08/24/12	EFM003	BUDGETARY OVERSIGHT & TERMINATION OF LINE ITEM LEVEL
08/24/12	EFM002	PROCEDURE FOR SUBMISSION OF RESOLUTIONS AND ORDINANCES
08/24/12	EFM001	PROCEDURES FOR PURCHASING
08/08/12	034	FLINT POLICE OFFICERS ASSOCIATION UNION CONTRACT PROVISION MODIFICATION/ TERMINATION - TRANSFER TO THE MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM OF MICHIGAN
08/08/12	033	CONSOLIDATION OF FLINT AREA ENTERPRISE COMMUNITY WITH ECONOMIC DEVELOPMENT CORPORATION AND ELIMINATION OF CITIZENS DISTRICT COUNCILS
06/27/12	032	ESTABLISHMENT OF SPECIAL ASSESSMENT DISTRICT FOR STREET LIGHTING
05/30/12	031	WATER AND SEWER RATE INCREASES
05/30/12	030	SPECIAL ASSESSMENT DISTRICT FOR STREET LIGHTING
05/30/12	029	APPLICATION TO STATE ADMINISTRATIVE BOARD FOR APPROVAL TO ISSUE NOT TO EXCEED $9,300,000 IN FISCAL STABILIZATION BONDS
04/25/12	028	WASTE COLLECTION USER FEE
04/25/12	027	APPROVAL OF COLLECTIVE BARGAIN AGREEMENT WITH AFSCME LOCAL 1799
04/25/12	026	AFSCME LOCAL 1600 ("LOCAL 1600") CONTRACT PROVISION MODIFICATION/TERMINATION
04/25/12	025	AFSCME LOCAL 1799 RETIREE INSURANCE RECIPIENTS
04/25/12	024	AFSCME LOCAL 1600 RETIREE INSURANCE RECIPIENTS
04/25/12	023	FLINT I.A.F.F. - FLINT FIREFIGHTERS UNION RETIREE INSURANCE RECIPIENTS

04/25/12	022	FLINT POLICE OFFICERS ASSOCIATION UNION RETIREE INSURANCE RECIPIENTS
04/25/12	021	P.O.L.C. - FLINT POLICE CAPTAINS AND LIEUTENANTS UNION RETIREE INSURANCE RECIPIENTS
04/25/12	020	P.O.L.C. - FLINT POLICE SERGEANTS UNION RETIREE INSURANCE RECIPIENTS
04/25/12	019	NON-UNION ACTIVES AND RETIREE INSURANCE RECIPIENTS
04/25/12	018	FLINT POLICE OFFICERS ASSOCIATION CONTRACT PROVISION MODIFICATION/TERMINATION
04/25/12	017	ADOPTION OF FISCAL YEAR 2013 BUDGET
04/24/12	016	APPROVAL OF COLLECTIVE BARGAIN AGREEMENT WITH FLINT I.A.F.F. - FLINT FIREFIGHTERS UNION
04/24/12	015	APPROVAL OF COLLECTIVE BARGAIN AGREEMENT WITH P.O.L.C. - FLINT POLICE CAPTAINS AND LIEUTENANTS UNION
04/24/12	014	APPROVAL OF COLLECTIVE BARGAIN AGREEMENT WITH P.O.L.C. - FLINT POLICE SERGEANTS UNION
04/13/12	013	Modification of Section 10 of the settlement agreement and release of all claims dated OCTOBER 2, 2002, between the City of Flint and plaintiffs RICHARD DICKS, LEON NOVACK, SHIRLEY NOVACK, THE UNITED RETIREMENT GOVERNMENTAL EMPLOYEES (URGE), AND SANDRA YURK relating to prescription drug coverage for all retiree groups of the City of Flint
01/11/12	012	Monthly Meetings with Flint City Council
01/11/12	011	Procedure for Submission of Matters Involving a Recommendation by the Planning Commission
12/20/11	010	Council's Responsibilities & Compensation
12/20/11	009	Mayor's Responsibilities &Compensation
12/19/11	008	Advisory Committee
12/13/11	007	Budgetary Oversight & Termination of Line Item Level
12/08/11	006	Elimination of Civil Service Commission
12/08/11	005	Elimination of Office of Ombudsman

12/08/11	004	Procedures for Resolutions and Ordinances
12/08/11	003	Procedures for Purchasing
12/02/11	002	Elimination of Salaries for Mayor & Council
12/01/11	001	Termination of Appointments

Attachment 6. FY 14/15 and FY 15/16 Biennial Budget

CITY OF FLINT, MICHIGAN

Setting a Sustainable Course for the City of Flint

Five Year Financial Projections 2015-2019

Adopted Budgets for FY15 and FY16

Future Projections for FY17, FY18 and FY19

Darnell Earley, ICMA-CM, MPA
Emergency Manager

Prepared by
Department of Finance
Gerald Ambrose, Finance Director
Antonio Brown, Deputy Finance Director

Contents

City of Flint 5-Year Financial Plan

Preface

This adopted budget for the City of Flint covers the FY15 and FY16 fiscal years which begin July 1, 2014 and July 1, 2015 respectively. Financial projections for the following 3 fiscal years are included as well.

This budget has been developed within the context of the City's recently adopted Master Plan, the Vision, Mission, and Goals for the City government as adopted by the City Council, and the Budget Priorities as adopted by the City Council. Accompanying this budget is a preliminary statement of objectives initially proposed to be accomplished during the two years.

Taken together, the budget and strategic plan will serve as a template to move the City government forward to become a well-managed, financially stable, and accountable organization focused on creating a vibrant and growing community which will attract and retain residents, businesses, students, and visitors and improve our quality of life.

However, this budget demonstrates the continuing financial challenges facing the City of Flint. Stagnant revenue growth in property tax and income tax revenues, coupled with significant increases in legacy costs, retiree health care in particular, create a significant gap between revenues and expenses which require increases in other revenues and decreases in City staffing and services including the possibility of adjustments in public safety services.

Unfortunately, the financial forecast for the next several years beyond FY16 show a continuing gap between projected revenues and expenses. Within the next few years, without significant means to identify and collect additional revenues, or to further reduce the cost base, the City of Flint will be extremely challenged to provide even the most basic of City services.

Over the last several weeks, this adopted budget has been reviewed by the City Council, which will also held a public hearing to receive citizen input. The Mayor and Council subsequently provided comments and recommendations pertaining to the budget to the Emergency Manager.

Background

The City of Flint has been in state receivership since December, 2011, as a result of consistent deficits in the General Fund, a decline in pooled cash, unrealistic budgeting, and unfunded liabilities for postemployment benefits. Significant progress has been made in addressing these financial issues, as the $19.1 million deficit at the end of FY12 had been reduced to $12.9 million at the end of FY13, cash position had improved, and the FY14 budget was realistically balanced, with further reduction of the deficit anticipated.

The FY14 budget was designed and implemented with the same goals in mind – operating within the constraints of available revenues; restructuring operations and cost factors to enhance future financial stability, and continuing to reduce the remaining $12.9 million deficit. The FY14 budget was constructed with the specific intent of further reducing the deficit by a minimum of $1 million, by budgeting expenses at $1 million less than projected revenues. As of January 31, 2014, seven months into the FY14 year, revenues and expenses are on target.

In order to regain and maintain financial solvency, it is not only necessary to eliminate the remaining accumulated deficit but to have an adequate amount of reserves to protect the City in the event of unexpected financial losses. Planning to accomplish this requires a continual dedication of revenues over the next several years to eliminate the remaining deficit and establish an adequate reserve level. A draft deficit elimination plan to accomplish this is currently under review by the Michigan Department of Treasury.

Making progress to date has required hard decisions and sacrifices for all. The FY13 and FY14 budgets were balanced through a mixture of significant revenue increases, significant expenditure decreases, and steps taken to reduce legacy costs. Revenue increase included a 25 percent increase in water and sewer rates, passage of a 6 mill property tax increase for police and fire, establishment of a special assessment district for street lighting, and implementation of a fee sufficient to cover the cost of waste collection. Expenditure reductions included elimination of 20 percent of the City's workforce, compensation decreases equivalent to a 20 percent wage reduction for remaining employees, and the restructuring of health and retirement benefits for current employees and retirees necessary to develop a credibly balanced spending plan.

The actions taken to-date to restructure healthcare benefits for current employees and retirees have also had a significant impact on reducing both current costs and long-term liabilities. The 20% reduction in the workforce required significant reorganizational activities focused on reducing current costs. Long term liabilities were reduced by eliminating traditional defined benefit pension programs for new employees in favor of hybrid plans; by moving the City's retirement system into the a state wide retirement system; by restructuring health insurance benefits for current employees and placing retirees into those same plans; and by eliminating the promise of retiree health care for new employees in favor of providing retiree medical savings accounts. Much of the positive financial result in FY13 came from these actions. The restructuring, which was implemented during the course of FY12, reduced the City's OPEB liabilities alone from nearly $900 million to less than $325 million as noted in the FY13 audit.

The efforts of the City to regain financial solvency have been aided by support from numerous Federal, State and private partners. State police troopers have been placed in the City to support local law enforcement efforts, and funds have been allocated to enhance prosecution activities and to operate the City's lock up. The Governor's proposed budget continues this support.

The steps taken to begin to restore the City to financial solvency have not been without conflict and changing circumstances. A significant legal challenge has been made to the decision to move retirees from their historical health insurance plans into the same plans offered current employees. This action resulted in an initial cost reduction in FY13 of $3.5 million to the City and imposed deductibles and co-pays on retirees. This challenge is currently pending in federal court. If the challenge is ultimately upheld, it will pose a significant challenge to the City in its efforts to regain and maintain financial and service solvency. Due to the stay imposed by the federal court, the City must increase its budget for retiree healthcare costs in the FY15 budget by $5 million and may even need to pay more as retirees seek reimbursement for past medical expenses. These healthcare expenses will continue to increase in subsequent years.

Legacy costs in total will continue to be a cost burden to the City of Flint. In FY 14, the City budgeted $30.2 million for its retiree healthcare and pension costs, an amount equal to 17% of its total revenues. The General Fund alone budgeted $16.4 million, an amount equal to 31% of its total revenues. By FY19, it is projected that the City will need to budget over $43 million, an amount equal to 23% of its total revenues. For the General Fund alone, the amount projected to be needed will exceed $21 million, an amount equal to 34% of General Fund revenues.

The future financial solvency of Flint will also be challenged by a continuing structural deficit. As part of the planning for future financial solvency, five year projections and a strategic plan were developed. This exercise indicated a significant financial challenge forthcoming in FY15, due to the current status of the retiree health care lawsuit and the ending of a major grant supporting firefighting resources. Future year projections also show a continuing gap between revenues and projections.

Finally, the most important challenge to be addressed in the City of Flint will be instituting structural changes in the organization of the City to foster financial solvency as a core value and to assure that future governance and management of the City is conducted in a financially responsible manner. To this end, the current Emergency Manager has created a Blue Ribbon Committee on Governance, charged with developing recommended changes to current ordinances, procedures, and the Charter. The recommendations of the Task Force are anticipated within six months.

Overview

The City of Flint has spent considerable time planning for the community's future through the comprehensive master plan and creating an organizational framework focused on the City's new vision, mission, and goals. The 2-Year budget has been developed in a balanced manner to best meet the needs of a variety of service areas and challenges.

However, challenges to changes in retiree healthcare and the loss of grant funds have required that a new service baseline be established; this also poses significant and immediate challenges to the City's financial viability. Current court rulings in regards to the retiree health care lawsuit have increased retiree health care expenses nearly $5 million in FY15, and the loss of the SAFER grant ($ 3.4 million) eliminates funding for 39 of the City's 65 firefighters.

The harsh winter increased the need to remove hundreds (if not thousands) of damaged and fallen trees throughout the city, and to repair damaged roads and sidewalks. The winter also placed additional stress on the antiquated city facilities as they faced water leaks and damage to walkways and sidewalks. Implementing the master plan, and continuing to eliminate blight will also require dedicated resources going forward.

The recently completed study of the water and sewer system finances also demonstrated a shortfall in revenues needed to operate this critical service and provide for necessary maintenance. As much as the high rates for providing water and sewer services pose significant financial challenges and community implications, the alternative of not addressing basic maintenance and adjustments based on guidance in the master plan is equally challenging.

These factors have a significant effect on the adopted staffing levels. Reductions in city staffing over the past two years have come almost exclusively from City services other than police, fire, and 911. As a result, those remaining city services are thinly staffed, and despite valiant efforts of dedicated employees, service levels have been reduced. In some cases, the reductions have been severe and counter-productive. For example, reductions in customer service at Treasury and staffing at Utilities has reduced capacity to effectively pursue collection of delinquent bills. Reductions in Information Technology have slowed the implementation of technology which can improve effective processing. Reductions in Human Resources have slowed the process of hiring employees. Reductions in Building Safety have slowed the process of conducting inspections and issuing permits, and have eliminated much in the way of code compliance efforts.

Therefore, balancing the budget in a financially sustainable way requires addressing the impact of these issues. It also requires that they are addressed within the context of the Mayor's and Council's stated budget priorities. The Council's stated priorities are:

- Maintaining police and fire staffing levels at the maximum level feasible
- Reducing the General Fund deficit by at least $1 million
- Continuing efforts to reduce blight, including demolition
- Hiring an experienced City Administrator
- Assure that capacity exists to implement the Master Plan
- Add capacity in the areas of Economic Development

- Fund years 1 & 2 of capital improvements identified in the Master Plan
- Improve street maintenance
- Establish parks partnerships
- Improve customer service through training and technology
- Increase removal of dead and diseased trees
- Evaluate ways to reduce water and sewer rates for constituents in the budget process

Balancing the budget responsibly in the context of these immediate and significant financial challenges, while addressing stated priorities, is a significantly difficult task. The unplanned addition of $5 million in expenses for increased retiree health care is a "Game-Changer" and seriously undermines the ability of the City government to move forward in becoming a positive force helping to create a vibrant and growing community which will attract and retain residents, businesses, students, and visitors and improve quality of life.

As the development of the FY15 budget began, there was a significant gap between projected General Fund revenues and General Fund expenses alone. While some revenue sources indicated a slight increase over the current year, projected expenses were significantly above the current year. The expense increases are due primarily to a nearly $5 million increase in costs for retiree health care and an increase in the per person cost of pension contribution. In addition, there was recognition of the need to assure capacity to implement the Master Plan to continue addressing blight, to address increased costs of health care for current employees, and to address critically needed facility maintenance.

The budget presented here is balanced in a financially responsible manner, in that revenues and expenses meet. However, the consequence is that, where possible, revenues have been increased, and where necessary, expenses have been decreased. Whether the result is an acceptable result, in the context of the needs and the future of the City, is uncertain.

It is clear that proposed changes in service levels reflected in this budget are significant, and that at the same time the financial plan is being finalized within the confines of available revenues, considerable efforts will continue to mitigate the impacts. Continued efforts to achieve a satisfactory resolution of the retiree healthcare lawsuit, as well as to continue searching for additional sustainable funding, or to engage in mutually beneficial partnerships will continue. The changes necessary to achieve necessary balancing of revenues and expenses will be done in a managed way, not in a crisis response.

The financial projection for the years following FY15 and FY16 show the continuing challenge of a structural deficit. Without a means to identify a new significant revenue source or to sustain and even make further reductions in the City's cost base, such as retiree health care, Flint will be extremely challenged to provide even the most basic of City services in future years.

Highlights of the Adopted Budget

Costs to taxpayers are increased....

- Property tax levies remain <u>unchanged</u>
- Street lighting assessment increased to $71 in FY15 and $74 in FY16
- Solid Waste fee increased to $163 in FY15 and $169 in FY16
- Water and Sewer rates increased by a total of 6.5% in FY15 and 6% in FY16

Costs to City employees are increased....

- 20% premium share for health insurance implemented
- Premium contribution for non-Medicare eligible employees retiring after July 1, 2014 established
- 50% premium share for dental and vision insurance implemented
- Vacation and sick leave replaced with PTO, new accumulation caps established
- All new employees enrolled in hybrid pension plan
- All new employees enrolled in RMSA in lieu of promise of retiree health care

Legacy costs are increased significantly...

- General Fund costs for retiree health care are increased 25%, from $8 million to $10 million in FY15, increasing on an annual basis thereafter
- General Fund costs for retiree health care and pension in total are projected to increase from $16.4 million (31% of total revenues) in FY14 to $21.5 million (34% of total revenues) by FY19
- For all funds, total costs for retiree healthcare and pension are projected to increase from $30.4 million (or 17% of total revenues)in FY14 to $43.5 million (23% of total revenues) by FY19

City staffing is budgeted at 522 in FY15 and 523 in FY16.....

- Staffing is maintained in District Court, 911, Finance, Assessing, Transportation, IT, and Fleet
- Police Department – Total department staffing will be 115, with 7 vacant positions and 29 additional positions eliminated through attrition by end of FY15. Additionally, a recently offered COPS Hiring grant for six School Resource Officers will not be accepted. The next several months will be focused on mitigating the impact of this through reorganization with the assistance of consultants specialized in police and fire service; seeking additional funds; and obtaining assistance from law enforcement partners in order to achieve the best possible level of police response.
- Fire Department – Total department will be 75, with 19 positions eliminated as the SAFER grant expires. There are several vacant positions to be eliminated as part of this, with a goal of needed reduction no later than December, 2014. The next several months will be focused on mitigating the impact of this through reorganization and restructuring obtained with the assistance of consultants specialized in fire and police service.

- Planning and Development Department - Staffing is at 25, with adding 1 position. The department is being reorganized to assure capacity to implement the newly adopted Master Plan and continue efforts of blight management. Continued assistance in the form of grants and partnerships will be utilized, and general fund support for those activities is increased.
- Public Works Department - 6 positions are added to the Utilities division as the Water Treatment Plant begins operation as the primary source for Flint water; 1 position is added to Facilities to address critically needed maintenance issues.
- Finance and Administration Department - 3 positions are added to the Treasurer's Office to increase delinquent collections, with the added cost to be offset by additional revenues.
- Governance – As efforts to resolve the financial emergency progress, the position of City Administrator will be filled. Additionally, the salaries of Mayor and Council are partially restored as their role in governance increases.

Council budget priorities are addressed as follows:

- Maintaining police and fire staffing levels at the maximum level feasible – Due to revenue shortfall, increased retiree health care, and lack of other options, staffing is reduced. The Police and Fire millage funds will be used to fund 20 fire fighters and 26 police officers through FY15 and FY16. However, the accumulated millage funds will be fully used by the end of FY16.
- Reducing the General Fund deficit by at least $1 million – General Fund expenses are budgeted at $1 million less than revenues, and $800,000 in Capital Improvement Funds will be appropriated to the Utilities, thus reducing the General Funds debt to the Utility Fund by an additional $800,000. The plan is to continue this commitment for the next several years until the deficit is eliminated, and then the commitment will become one of building a financial reserve equal to 15% of General Fund revenues.
- Continuing efforts to reduce blight, including demolition – CDBG funds continue to be used for demolition and General Fund is assuming partial cost of the Blight Coordinator position
- Hiring an experienced City Administrator – Funds are included in budget.
- Assure that capacity exists to implement the Master Plan – General Fund is assuming partial cost of the Planning and Development Director, and Associate Planner, and a position of GIS technician is created, whose funding is shared among various city funds. Lead partners will be identified in each work area. Also, the Mayor has committed to overseeing the process of assuring that Master Plan implementation is an ongoing important part of city operations.
- Add capacity in the areas of Economic Development-The P&D Director is committed to defining a program for small business development, to be funded in FY16 through CDBG funds. Additionally, 20% of staff time of two DCED staffers and a portion of the Director's time will be devoted to economic development. Also, the Mayor has committed to leading the City's economic development efforts with partners and the assistance of this City staff.
- Fund years 1 & 2 of capital improvements identified in the Master Plan – the CIP portion of the Master Plan will be finalized in FY15, and the results will be considered for inclusion in the FY16 budget.

- Improve street maintenance – Due to minimal increases in state funding for streets, maintenance efforts will continue at the current levels. State financial support has been sought and obtained for some major street projects, in particular those related to economic development projects.

- Establish parks partnerships – The Planning and Development Department now has oversight of Parks, and as one of its strategic objectives, has committed to increase the number of parks partnerships in FY15 and FY16. Funding even the most basic of parks maintenance activities is increasingly challenging within the constraints of the parks millage funds. The goal is to eliminate General Fund support of these activities by the end of FY16.

- Improve customer service through training and technology– Human Resources, as it did in FY14, is committed to continuing ongoing training for supervisors and will be extending these efforts to all employees. IT likewise is committed to providing ongoing training for employees. Finally, most departments are including funds for ongoing training for employees. For example, the Treasury's customer service division is committed to specific customer service training for its front line employees.

- Increase removal of dead and diseased trees – Oversight of removal of trees within street right of ways is now the responsibility of the Transportation Division of Public Works, removal of trees within Parks is now the responsibility of Planning and Development; and removal of trees on other city properties is the responsibility of the Facilities Division of Public Works. Unfortunately, there is only a limited amount of funds available for these purposes, and the general effort will be focused on emergency responses. However, the Transportation Division is committed to attempting to secure assistance from other entities to increase capacity to address this problem.

- Evaluate ways to reduce water and sewer rates for constituents in the budget process-The results of the recent rate study confirm that it unlikely that water and sewer rates can be decreased at any time in the foreseeable future, and in fact, rates need to be increased. However, the actions taken to date to join KWA and to temporarily use the Flint River show that future rate increases will be less than had the City stayed with its prior provider.

Absent new sources of funding or reduced expenses in areas such as retiree healthcare, the commitments to progress and the staffing and service levels here are anticipated to continue for both FY15 and FY16. It is anticipated that the slight additional revenues in the General Fund for FY 16 will not be sufficient to cover increased costs, and it will be necessary to utilize additional funding from the police and fire millage to cover the costs of some police or fire positions in the General Fund in FY15. Depending on the rate of attrition in the Police Department, there should be sufficient remaining funds in the Police and Fire millage to avoid additional reductions in police or fire positions in FY16.

DT, Admin, SAM, RTAB Analyst
EM, CA, PD, MSP,
Harvey Hollins,

City of Flint Wednesday 9:00am Phone Conference Agenda

March 18, 2015 1[redacted], Access code [redacted]

		Last Report	**Status**	
1) Public Safety Update – FPD, MSP, (FFD, if needed)				
	a) FPD	Status Report – Murder ↑ 6 to 8 16%; overall 17% ↓ YTD Intense sweep in high murder area	Update	
	b) FFD			
	c) Other update from Chief Tolbert and MSP	– New service center being donated Work w/ businesses to hire PTE for special duty & rotate FTE to Patrol New ord to better enforce Trespass & loitering being drafted		
2) Governor's Office Update – R. Baird, H. Hollins, B. Clement				
	a) District Court Consolidation	County Commissioners voted on 12/10/14 to approve "pursuant to the terms and conditions set forth in a MOU to be approved between City of Flint and Gen. Cty."	Discussion beginning with County Countroller. Appears County wants long term subsidy from City. Counter proposal being developed.	More discussions planned will go before VC Potential loss of court emp? ← 68th Dist
	b) Local Income Tax Initiative	Additional source of funds still needed for City. H. Hollins working to find a new sponsor. Projected financial challenges associated with projection of FY17 budget may emphasize the rational.	No Change	
3) Finance and Administrative Update				
	a) Management Vacancies	MML advertising for Treasurer, HR Director and Finance Director. Fire Chief to remain until 2016.	Update	FD to remain until 2016
	b) Budget	Financial projections status. Projected gap between revenues and status quo expenses is between $4.5million and $5.0million.	Update	Gap < $4.5M – Mostly due to HC costs

		Last Report	Status	
	c) DEP/RAP	Progress under DEP/RAP being revised.	No change	Multiple Orders Pending
	d) Purchasing	Revised purchasing ordinance being enacted.	New	
4) City Council Update				
	a) EM Order	Orders being developed defining organizational reporting relationships to new City Administrator		
	b) Council/Mayor Compensation	Revision to Council and Mayor compensation is being developed.	Update	VC votes on budget priorities
5) Water Issues				
	a) MDEQ Violation Notice	Most recent TTHM sampling was tested by the MDEQ - confirmed our most recent internal test findings - that water is within federal/state guidelines. Received the violation notice from MDEQ, due to the running average calculation. The notice to customers will go out by mid-March, with more information included and medical community participation.	Update	Action Plan being developed from Veolia Report $6M EM Loan Package Water Rate Affordibility
	b) Drinking Water Revolving Fund	Discussing possible restructuring of loans.	No Change	
	c) Water Quality Consultant	Final report being compiled; will focus on TTHM compliance and plans for hardness and discoloration improvement.	Update	
	d) WAC/TAC	A 40 member Water Advisory Committee and a 13 member Technical Advisory Committee (including EPA representative) have met as part of the process of improving communication and receiving additional feedback. WAC 2nd meeting scheduled for 3/19/15.	Update	
	e) Problem resolution next steps	Administration to develop action plan based on Veolia study and input from WAC/TAC.	Update	
6) 9-1-1 Reconsolidation Plan				
	a) Tower Transfer to Consortium	Tower Transfer justification package sent to Council 2/24/15, there was no disagreement with the plan. Letter to Treasurer for transfer request to be sent shortly. C-GAP grant amendment to pay for consolidation expenses has ben approved.	Update	10 days - No VC action MOU w/ Fire Dept Pending

		Last Report	Status
7) Transition Activities			
	a) Transition Management	New Council committee structure in place. Budget process progressing.	Update
	b) Transition date	Date specific transition calendar developed. RTAB to be appointed. Need to determine date of final order.	Update
8) Other Items			

eMail to City on Fleet vehicle purchase ← Approval stands

Dempkowski, Angela (Treasury)

From:	Gerald Ambrose <gambrose@cityofflint.com>
Sent:	Wednesday, March 18, 2015 4:49 PM
To:	Elizabeth Murphy
Cc:	Howard Croft; Dayne Walling; Natasha Henderson; Kelly Rossman-McKinney; Jason Lorenz; Peter Bade; Workman, Wayne (TREASURY); Stanton, Terry A. (Treasury); Bulger, Harold W., Jr.
Subject:	Re: Draft release - restructuring of DWRF bonds

Jason,

Money to be available is $2.24 million.... and the interest rate remains at 2.5%.... Total interest to be paid ($12.1 million) is $228,000 greater than the total interest to be paid in the original issue ($11.9 m) over the life of the issue...

On Wed, Mar 18, 2015 at 4:39 PM, Elizabeth Murphy <emurphy@cityofflint.com> wrote:
Responding to items in the release:
1) is total amount now available $2.24 or $2.4 million? Both numbers are used in statement.
2)is new interest rate 2.5% + 2%? So 4.5%? That is how I am reading last line in the statement.
LIZ

On Wed, Mar 18, 2015 at 4:29 PM, Howard Croft <hcroft@cityofflint.com> wrote:
Jerry,

I think you make the point in the letter but is of note that the DWRF loan was **specific to the water fund** and not sewer. Along that same line is whether or not we intend to tie the the funds to a specific project like the $2 million dollar grant from treasury where there is a direct measurable link from the action to the result.

On Wed, Mar 18, 2015 at 3:45 PM, Gerald Ambrose <gambrose@cityofflint.com> wrote:
Attached for review and comment is a draft release regarding restructuring of the DWRF bonds. It is necessary for me to issue an order to do this, and it is still subject to Treasury approval. Treasury is waiting for the paperwork, so I am expecting approval. Timing is an issue because the restructuring affects debt service payments due April 1.

The plan is to sign the order tomorrow and get it to Treasury same day... so I see it as important to get our message out first.

Note that my discussions with Treasury have been towards freeing up funds for needed capital improvements. Not for reducing rates....

I am asking Jason/Kelly to get this to whomever else at the state should also review. I am copying Terry Stanton.

This needs to be ready for release early in the morning.

Please include Jason in responses regarding editorial comments. let me know if you have issues with substance or timing.

J

--

Howard Croft
Public Works Director
City of Flint
1101 S. Saginaw Street
Flint, MI 48502
PH# 810.766.7135 Ext.2043
hcroft@cityofflint.com

--

Liz Murphy
Assistant to the Emergency Manager
City of Flint
810 237 2025

Byrne, Randall (Treasury)

From: Byrne, Randall (Treasury)
Sent: Wednesday, March 18, 2015 1:22 PM
To: Porubsky, Carmen (TREASURY)
Subject: Flint report for files
Attachments: Flint Sec17 Report 010815.pdf

Carmen:

FYI,
Randy,

CITY OF FLINT

OFFICE OF THE EMERGENCY MANAGER

Darnell Earley, ICMA-CM, MPA
Emergency Manager

January 8, 2015

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 the three month report for the period October 9, 2014 through January 8, 2015 as required by Public Act 436, Section 17. This report is being submitted through you to Governor Rick Snyder.

The entire report will be posted on the City of Flint website www cityofflint.com as soon as it is approved.

Respectfully submitted,

Darnell Earley

Darnell Earley, ICMA-CM, MPA
Emergency Manager

cc:
Governor Rick Snyder
Arlan Meekof, Senate Majority Leader
Kevin Cotter, Speaker of the House of Representatives
James Ananich, State Senator
Sheldon Neeley, State Representative
Phil Phelps, State Representative
Inez Brown, Clerk of the City of Flint
Wayne Workman, Deputy Treasurer
Edward Koryzno, Bureau Director of Local Government Services
Randall Byrne, Office of Fiscal Responsibility

Public Act 436, Section 17: Three Month Report
January 8, 2015

Introduction

This Three Month Report of the status of the Financial and Operating Plan for the City of Flint is submitted to the Governor Rick Snyder, the Senate Majority Leader, the Speaker of the House of Representatives, and Clerk of the City of Flint through the Department of Treasury for the State of Michigan, in accordance with Public Act 436, Section 17 which requires this report beginning six months after the appointment of the Emergency Manager.

Included are the items detailed below from P.A. 436, Section 17:

a) A description of each expenditure made, approved, or disapproved during the reporting period that has a cumulative value of $5000 or more and the source of the funds.

b) A list of each contract that the emergency manager awarded or approved with a cumulative value of $5000 or more, the purpose of the contract, and the identity of the contractor.

c) A description of each loan sought, approved, or disapproved during the reporting period that has a cumulative value of $5000 or more and the proposed use of the funds.

d) A description of any new position created or any vacancy in a position filled by the appointing authority.

e) A description of any position that has been eliminated or from which an employee has been laid off.

f) A copy of the contract with the emergency manager as provided in section 9(3)(e).

g) The salary and benefits of the emergency manager.

h) The financial and operating plan as required under section 11. Update #8 to the Financial and Operating Plan for the City of Flint.

City of Flint
Water Improvements

DATE	IMPROVEMENT	EFFECT	COST
Nov.	Increased flushing efforts (as weather permits)	Reduced time of water in the system	N/A
Nov.	Adjusted operational softening to no less than 80%	Reduce chlorine demand	N/A
Dec.	Started hydraulic modeling of distribution system	Helps to identify locations of bad valves	$80,000
Dec.	Started evaluation of different polymers	Removal of organic carbon	N/A
Dec.	Started SCADA upgrades inside of Water Plant	Improvement of internal software controls	$424,000 Budgeted
Jan.	Hired vendor to upgrade efficiency of the ozone system	Better oxidation and disinfecting	$7,200
Jan.	Started jar testing	Assists in dosage amounts and polymer aids	N/A
Feb.	Hired consultant Veolia for process review	Professional recommendations	$40,000
Feb.	Leasing a TTHM analyzer	Increased internal testing ability	$8,000
Feb.	Adjustments to reservoir level to match demand	Reduce time of water in system	N/A
Mar.	Implement process controls	Professionalism / efficiency	~$300,000
Mar.	Utilize Granulated Activated Carbon Filtering	Large reduction in TOC	$1,500,000
Mar.	Increase ferric chloride / reduce ozone feed rate / reduce lime dosage	Reduction in hardness	~$600,000
Mar.	Build hydraulic model	Assists in identifying locations of bad valves	Budgeted
Mar.	Communication program	Community awareness	~$80,000

Byrne, Randall (Treasury)

From:	Dempkowski, Angela (Treasury)
Sent:	Wednesday, March 18, 2015 2:00 PM
To:	Byrne, Randall (Treasury)
Subject:	RE: Bullets for Wayne's meeting with the Governor
Attachments:	DRAFT Agenda for W Workman.docx

Randy: This looks good the way you have it set up. I just added a title.

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

From: Byrne, Randall (Treasury)
Sent: Wednesday, March 18, 2015 1:56 PM
To: Dempkowski, Angela (Treasury)
Subject: Bullets for Wayne's meeting with the Governor

Angela:

This is the list of bullet points. Please put this into an agenda format for me. The title of the meeting is," Local Government Update Agenda", March 30, 2015, 11:15 a.m. Please return to me, I will have to change some of the content of the bullets.

Thanks,
Randy,

Randall Byrne | State Administrative Manager
Local Government Services - Office of Fiscal Responsibility
State of Michigan | 430 W. Allegan Street, 3rd Floor | Lansing, MI 48922
(517) 335-2521 | (517) 373-0633 (fax) | ByrneR1@michigan.gov

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March 30, 2015
Meeting with Governor
Agenda

EMERGENCY MANAGER (EM)

Flint

- Deficit Elimination Plan: Emergency Manager (EM) Gerry Ambrose is preparing an E-Loan application that would provide a $6M E-loan to assist in eliminating the City's $9M General Fund deficit by June 30, 2015.
- The Michigan Department of Environmental Quality (MDEQ) Testing Lab has provided results to the City of Flint showing that test results for total trihalomethanes (TTHM) levels for the month of February are well within Environmental Protection Agency (EPA) guidelines for safe water. However, because EPA regulations require that the four month average for all testing sites be within guidelines, the City is still considered to be out of compliance by the MDEQ.
- The City was awarded $2M through the Financially Distressed Cities, Villages, and Townships Grant Program. These funds will be used to enhance the City's water system through improved waste management and leak detection and pipe assessments.
- EM Ambrose's exit from the City is tentatively scheduled for April 2015; however, to ensure water quality for the residents and eliminate current water issues, the EM's exit date should be delayed until July 2015.
- An EM Order is being prepared that would restructure Water System Revenue Bonds Series 1999 thru 2002 with the Michigan Finance Authority. This would postpone principal payments and free up $2.24M, allowing the City to further improve its water distribution system.

Lincoln Park

- FY 15 is projected to conclude with a $500k deficit, which may be offset by the one-time proceeds from the sale of a cellular tower, expected revenues of $900K.
- Pensions are poorly funded; police and fire pension is 31% funded while the general employees' pension is 22% funded. Retiree healthcare is funded on a pay as you go basis.
- Emergency Manager Coulter's plan to fund pensions to the 60% level by 2035 requires significant reductions to retiree healthcare. The current annual cost of $4.1M will be reduced to $600k, via section 12(1)(k) collective bargaining agreement (CBA) modification.
- An additional police and fire pension millage has been placed on the May 5 ballot. If passed by the electorate, this would raise 6 mills ($3M) for pension funding and other uses.

FINANCIAL REVIEW COMMISSION (FRC)

Detroit

RECEIVERSHIP TRANSITION ADVISORY BOARD (RTAB)

Ecorse

- The Ecorse RTAB continues to monitor the deteriorating conditions of the City. Preliminary assessment figures show a 26% decline in residential property values citywide.
- The City has been unable, during the past two years, to produce a balanced five-year budget. Such a multi-year budget is mandated by Emergency Manager Order.
- Previous financial projections predict significant operating deficits for FY 2016, and total exhaustion of the General Fund balance in FY 2017.
- The City's pension fund is 41% funded. The City is paying out more in benefits than in contributions to the plan. The Municipal Employees Pension System has suggested several options to improve the funding of the plan.

Hamtramck

- Current budget to actual reports show that the City is on track to realize the General Fund balance predicted in year one of Emergency Manager Square's two-year budget.
- The Police Chief resigned on March 11.

Allen Park

- City Administrator Karen Folks resigned on March 12, 2015, after RTAB approval of a Separation Agreement negotiated with the City Council.
- Finance Director Bob Cady was appointed Interim City Administrator. Treasury will be participating with the City in a search process for a permanent City Administrator.
- Renovation has begun on a temporary City Hall facility. The City expects to relocate to the new facility in May 2015.
- The City is preparing to issue a bond tender offer to reduce its outstanding debt. The tender offer process was previously delayed due to the uncertainty between the City Council and the City Administrator. A meeting is being scheduled.

Benton Harbor

- The City is projected to end the FY with a General Fund balance of $200k.
- The City was awarded $910K through the Financially Distressed Cities, Villages, and Townships Grant Program. These funds will be used to enhance the water system through water main replacements and fire hydrant repairs, and complete a property reappraisal to provide updated and accurate assessing records. Additionally, the City will provide community enhancement through blight management and sidewalk replacement.
- An estimated 35 residents are without water due to frozen water lines. The City has hired a local company to assist the residents in thawing the lines for $150 per residence. Even

though residents are responsible for maintaining the water lines on their property, the City stepping is offering assistance by paying $75 of the $150, and the resident paying the rest.

Pontiac

- The City was awarded $125K through the through the Financially Distressed Cities, Villages, and Townships Grant Program. These funds will be used to supplement the City's ongoing blight management programs.
- A new search process to hire a Deputy Mayor will begin shortly after a suitable candidate was not found through a Michigan Municipal League (MML) search.
- A new City Charter has been proposed by the City Charter Revision Commission and will appear on the May 5 ballot for approval by the electorate.

CONSENT AGREEMENT

Royal Oak Township

- The Township is continuing negotiations with the City of Hazel Park for the provision of police services. The Michigan State Police is currently providing dedicated police patrols to the Township on a temporary basis. The proposal from the City of Hazel Park for this service currently exceeds the Township's available revenue by over $200K. Discussions regarding the needed level of dedicated patrols within the Township are continuing between both entities.
- The Township is evaluating a proposal from the Ferndale School System to acquire Grant School (where the Township offices are located) for $1. The Township has retained McKenna & Associates to assist them in evaluating the feasibility of the Township owning and operating this facility. The building's unmet capital needs have been identified at $1.2M.
- Giarmarco, Mullins & Horton, P.C. has been appointed the Township Attorney via the issuance of a Consent Agreement Order. This firm replaces the firm of Pentiuk, Couvreur & Kobiljak. This change is estimated to save the Township $78K in budgeted legal service expenses.

Inkster

- City Treasurer Mark Stuhldreher currently has the Consent Agreement powers; City Manager Richard Marsh has requested that he be given those powers.
- The City was awarded $855K through the Financially Distressed Cities, Villages and Townships Grant Program. These funds will be used to complete a property reappraisal program, repair and replace fire hydrants and enhancing public safety by providing an officer to the multi-jurisdictional narcotic team and the deployment of one additional police officer, and a backup power supply and technology improvements.
- The City anticipates a General Fund surplus of less than $100K by the end of the current fiscal year, June 30, 2015. This is one year sooner than the approved Deficit Elimination Plan had indicated.

- A Consent judgment levy by the Detroit Water and Sewer Department and Wayne County will likely be placed on the July tax roll. The City owes DWSD $682K for unpaid water service and Wayne County $4.9M for unpaid sewer services.

River Rouge

- The City was awarded $592K through the Financially Distressed Cities, Villages, and Townships Grant Program. These funds will be used to enhance public safety through improved street lighting and infrastructure improvements to City Hall.
- A reduction in the healthcare benefits for active employees and retirees was implemented on November 1, 2014. The City estimates an annual savings of $400K.
- The City must develop a sustainable five year budget and have no funds with a deficit in order to exit from the Consent Agreement.

NEUTRAL EVALUATION

Highland Park

- The City has hired Pierce, Monroe & Associates to assess the adequacy and accuracy of billing records, develop a methodology for calculation of amounts due to the City per customer, develop a work plan for implementation of an accounting program, and calculation of outstanding account balances per customer account.
- The City made an initial offer of $2.2M to settle past due accounts to the Detroit Water and Sewerage Department (DWSD). The offer was rejected by DWSD. Discussions are ongoing.
- The City was awarded $2M through the Financially Distressed Cities, Villages, and Townships Grant Program. These funds will be used to enhance the City's water system through meter replacement, leak detection, and system repairs.
- The Request for proposal (RFP) for the selection of a third party to operate and maintain the City's water and sewer systems, as required by the City's Plan of Adjustment, are due on April 20, 2015.
- In August 2015, an emergency loan of $16.4M, which includes the restructuring of $4.8M in existing loans, will be used to refund $2.7M in Fiscal Stabilization Bonds, $5.2M in Financial Recovery Bonds, and $3.7M in State Revolving Fund Bonds.
- BenStaff has been hired by the City to make recommendations to reduce healthcare costs.
- The law firm of Lewis & Munday has been hired to assist the City with the restructuring of the other post-employment benefits (OPEB) benefits.

OTHER COMMUNITIES

Melvindale

- The City was awarded $88K through the Financially Distressed Cities, Villages, and Townships Grant Program. These funds will be used enhance public safety through fleet replacement of police vehicles and updated technology.

Wayne

- The City anticipates a General Fund deficit in the next two years.
- The City Manager signed a six month contract. This may lead to more instability in the City's administration.
- The City has approved a May 2015 ballot proposal of 3 mills for five years that if approved by voters, would assist in funding police and fire retirement costs.

Wayne County

- The Michigan Supreme Court ruled unanimously in favor of retirees who receive a 13th check to offset inflation. The County is required to return $32M to the Pension Equity Fund.
- Cash reserves reached its lowest point in August 2014 with pooled cash falling to approximately $73M, the average balance is $170M. This includes proceeds from a short term borrowing of $75M.

Lamphier, Wendy (Treasury)

From: Gelisse, Ashley (TREASURY)
Sent: Wednesday, March 18, 2015 12:43 PM
To: Bowman, Matthew (Treasury)
Cc: Workman, Wayne (TREASURY);Storberg, Ann Marie (TREASURY)
Subject: RE: Flint Drinking Water Loans
Attachments: Approval for Contracts Related to Joe Louis Arena.pdf

Follow Up Flag: Follow up
Flag Status: Flagged

Matt,

Thanks for sending this along. Wayne and I have previously discussed this, I don't have any concerns. Note - I'm copying Ann here because she'll be taking over these PA 436 approvals going forward, keeping her in the loop.

Two things we will need before we can finalize:

1) Please place on City of Flint letterhead
2) The EM should sign the request letter so it's clear that he's supportive before we ask Kevin so sign (see attached example from Detroit)

In terms of timing, Kevin is out of pocket all afternoon on Friday. So, if you can get us the aforementioned changes by tomorrow, that would be optimal. Thanks!

Ashley

From: Bowman, Matthew (Treasury)
Sent: Wednesday, March 18, 2015 10:49 AM
To: Gelisse, Ashley (TREASURY)
Subject: Flint Drinking Water Loans

Ashley,

As you are probably aware, we are in the process of amending the City of Flint's four Drinking Water loans through the MFA to provide some up-front cash relief. To accomplish this, the Treasurer will be required to give his approval on the attached memo. Please let me know by tomorrow if you have any concerns with this approval. The tentative plan is to have all the documents signed on Friday. If you have any questions, please let me know.

Thanks,

Matt Bowman
Bureau of State and Authority Finance
Michigan Department of Treasury
Bowmanm2@michigan.gov
517.335.6102

City of Detroit
Office of the Emergency Manager

Coleman A. Young Municipal Center
2 Woodward Ave., Suite 1126
Detroit, Michigan 48226
Phone 313•224•3703
Fax 313•224•4433
www.detroitmi.gov

Memorandum

To: Governor Rick Snyder
State of Michigan

From: Kevyn D. Orr, Emergency Manager
City of Detroit

Date: March 18, 2014

Re: PA 436 Approval for Contracts Related to the Joe Louis Arena

---

The Emergency Manager ("EM") has determined that it is in the best interests of the City of Detroit (the "City") and is consistent with the City's restructuring efforts and will promote the goals and purposes of Public Act 436 ("PA 436") to enter into the following contracts related to the Joe Louis Arena (the "JLA"):

- Sublease of Riverfront Arena (the "Sublease") between the City, Olympia Entertainment, Inc. ("OEI") and the Detroit Red Wings, Inc. (the "Red Wings")
- The Mutual Waiver and Release Agreement (the "Release") by and among the City, OEI and the Red Wings
- The Operating and Management Agreement (the "Parking Agreement", together with the Sublease and the Release, the "JLA Documents") between the City, OEI for the Riverfront Arena Parking Facility (the "JLA Garage").

The salient terms and benefits of the JLA Documents are as summarized below and shown on the attached term sheet, respectively:

- OEI will continue to sublease, operate and maintain the JLA from the City retroactive to July 1, 2010 through July 15, 2015, with the option to extend for five one-year terms during which time OEI will pay the City $1 million per year in rent less the amounts paid by OEI as property taxes on the JLA;
- OEI and the City each have the right to terminate the Sublease upon completion of a new arena for the Red Wings currently being designed and constructed, provided that OEI can extend the termination date if it were to occur during the NHL season or if it would impact events scheduled within 180 days of the proposed termination date;
- OEI will maintain all insurance for the JLA from January 1, 2014 going forward;
- OEI will have no obligation to make any major capital repairs to the JLA, and the costs of such repairs shall be allocated between the City and the OEI as agreed upon, provided that if such allocation cannot be agreed to, either OEI or the City can terminate the Sublease, provided, further, that the City can only terminate if such capital items are catastrophic capital items;
- OEI will pay an additional $250,000 in security payments to the City for the additional required police services during the initial term of the Sublease and an additional $100,000 per year thereafter;
- Following the termination of the Sublease, the City will demolish the JLA if it receives sufficient funds from the State of Michigan;
- OEI will continue to manage and operate the JLA Garage during such time as the Sublease is in effect and will be reimbursed for all operating expenses and be paid a 7% management fee;
- OEI will repair [600] parking spaces that are currently unusable in the JLA Garage by September 1, 2014;
- The City will be responsible for making any major repairs, i.e., those over $5,000, to the JLA Garage in such a manner as the City decides; and
- The City, OEI and the Red Wings have collectively released and waived all claims with respect to the JLA and the JLA Garage up to the date of execution including, but not limited to, such claims related to back rent, rent attributable to cable revenues, property taxes, operating expenses, capital repairs, or indemnification, provided that OEI shall pay the City $5.175 million over the next three years and the City and OEI shall reconcile current accounts to ensure that no amounts are due or owing on execution of the JLA Documents.

The JLA Documents involve the transfer of certain assets, liabilities, functions and responsibilities of the City, which were not provided in the City's financial and operating plan. Accordingly, pursuant to section 12(1)(r) of PA 436, the EM hereby submits the JLA Documents to you for review and request that you authorize the JLA Documents.

APPROVED

4/30/14
Date

Rick Snyder, Governor

Koryzno, Edward (Treasury)

From:	Dempkowski, Angela (Treasury)
Sent:	Wednesday, March 18, 2015 8:14 AM
To:	Koryzno, Edward (Treasury)
Subject:	Gov Memo
Attachments:	March Memo FINAL DRAFT.docx

Here it is

Angela Dempkowski | Senior Executive Management Assistant/Treasury
State of Michigan | 430 W. Allegan Street, 1st Floor | Lansing, MI 48922
(517) 373-4415 | (517) 373-0633 (fax)
dempkowskia@michigan.gov

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Thank you

STATE OF MICHIGAN
DEPARTMENT OF TREASURY

RICK SNYDER
GOVERNOR

R. KEVIN CLINTON
STATE TREASURER

DATE: March 17, 2015

TO: Rick Snyder, Governor

FROM: R. Kevin Clinton, Treasurer

SUBJECT: Status of Financially Stressed Local Governments

EMERGENCY MANAGER

Flint

Emergency Manager: Gerald Ambrose
Appointed: January 13, 2015
Anticipated Exit: April 2015

Recent Developments

- The City was awarded $2M through the Financially Distressed Cities, Villages, and Townships Grant Program. These funds will be used to enhance the City's water system through improved waste management, leak detection, and pipe assessments.
- An EM Order is being prepared that will restructure Water System Revenue Bonds Series 1999 through 2002 and the Michigan Finance Authority. This would postpone principal payments and free up $2.2M, allowing the City to further improve its water system.
- The Michigan Department of Environmental Quality (MDEQ) Testing Lab provided results to the City of Flint showing that the total trihalomethanes (TTHM) levels for the month of February are well within the Environmental Protection Agency (EPA) guidelines for safe water. However, because EPA regulations require that the four month average for all testing sites be within guidelines, the City is still considered to be non-compliant by the MDEQ.
- The City hired Veolia North America to provide a preliminary analysis of the City's water system. On February 18, 2015, Veolia North America presented a preliminary report to the City's Public Works Committee. Recommendations included water plant improvements, distribution system improvements, new policies and procedures, and better communication with customers. The estimated costs of implementing Veolia's recommendations will be determined after the second phase of the study is complete.
- An International City/County Management Association (ICMA) comprehensive public safety study has been completed, and was presented to the City Council on January 22, 2015. Several recommendations for both police and fire are currently being reviewed by the City. Of the 16 major recommendations for public safety, the following four are most crucial:

- Establish more aggressive protocols for responding to service demands from the public.
- Equip a minimum of one marked patrol car with an automated external defibrillator (AED) and an automatic license plate reader, and equip every car with e-ticket readers and printers.
- Develop a robust in-service training program.
- Establish and publish a clear multiyear strategic plan that includes specific performance goals and objectives for all units.

Significant Actions/Issues

- The General Fund accumulated deficit for FY 2014 was \$9M. In FY 2013, the General Fund had an accumulated deficit of \$12.9M. Noted areas of reduced expenditures within the governmental funds included Parks & Recreation reduced by \$5.6M, Community Development reduced by \$2.6M, Public Safety reduced by \$1.8M, and Building Inspections reduced by \$1.7 M.

Issues to Resolve before EM Exit

- Eliminate annual operating/structural deficit, which is projected at \$1.7M for FY 2017 and grows to \$11.9M by FY 2019, if the City loses the lawsuit over retiree healthcare. The City's current budget does not assume this potential additional \$5M expense. If the City loses this lawsuit, it will permanently add \$5M annually to the cost of retiree healthcare, which will grow at a rate equal to the general rise in healthcare costs.

Lincoln Park
Emergency Manager: Brad Coulter
Appointed: July 3, 2014
Anticipated Exit: January 2016

Recent Developments

- The City was awarded \$143.5K through the Financially Distressed Cities, Villages, and Townships Grant Program. These funds will be used to enhance public safety through updated technology.
- A fire union collective bargaining agreement has been approved. The estimated cost savings is approximately \$500K by achieving cost reductions associated with overtime and paid leave.
- A Firefighters and Police Officers Retirement Act, has been placed on the May 5, 2015 ballot. If approved by voters this will raise an additional 6 mills, or \$3M, for fire and police pension funding and retiree healthcare.
- Due to retiree health care being completely unfunded, Emergency Manager Brad Coulter will utilize P.A. 436 (2012), Local Financial Stability and Choice Act, to change retiree contracts so that health insurance will be replaced by a lower cost stipend. This action is calculated to reduce retiree health care costs by \$3M per year.
- FY 2014 ended with a General Fund accumulated deficit of \$736K out of a total budget of \$21M. This is a significant increase from the FY 2013 accumulated deficit of \$89K. Noted areas of increased expenditures within the governmental funds included Public Safety by \$1.1M, Public Works by \$700K, and Culture and Recreation by \$600K.

Significant Actions/Issues

- **The police and fire pension plan is 30% funded. The general employee pension plan is 22% funded. (any initiatives underway to address the underfunded pension dilemma?) This was moved to Recent Developments. I moved it back**

Issues to Resolve before EM Exit

- Expired collective bargaining agreements must be finalized for police.
- Increase and stabilize pension and other post-employment benefits (OPEB) funding levels.

FINANCIAL REVIEW COMMISSION (FRC)

Detroit

FRC Created: November 12, 2014

FRC Members: Bill Martin, Brenda Jones, Darrell Burks, John Roberts, Kevin Clinton, Lorron James, Mike Duggan, Stacy Fox, Tony Saunders

Recent Developments

- The City of Detroit held its first statutorily-required Revenue Estimating Conference on February 20, 2015. The conference principals, Jay Wortley of Treasury, John Hill of the City of Detroit, and George Fulton of the University of Michigan, approved the consensus revenues as presented. The principals agreed that the revenue estimates were conservative.
- At the FRC's February 23, 2015 meeting, the FRC approved, and referred to the newly formed Finance and Enterprise Resource subcommittee for further review, the City's revenue estimates that were presented at the aforementioned Revenue Estimating Conference. The City will be incorporating the revenue estimates into its Four-Year Financial and Operating Plan (Plan) that will be presented to the FRC at its March 23, 2015 meeting for the Commission's review. The FRC also approved the City's debt service requirements report and several operational contracts.
- Treasury hired Ron Rose as the Executive Director (ED) for the Office of the FRC within the Department. His start date was March 2, 2015. Treasury is in the process of filling other key staff positions and has engaged the financial consulting services of UHY. Treasury has also engaged Martha Kopacz and her team from Phoenix Management Services. Ms. Kopacz and her team acted as independent financial experts for Judge Rhodes in the City's Chapter 9 bankruptcy proceedings. Among other duties, the consultants will provide assistance in reviewing and analyzing the Plan for the FRC.

Significant Actions/Issues

- The City will be submitting its Four-Year Financial and Operating Plan to the FRC on March 23, 2015 for review, with FRC action expected on April 20, 2015. The City's Plan will encompass the second year (FY16) of Emergency Manager Orr's two-year budget and use this as its base year with no changes, plus three years (FY17, FY18, and FY19).
- Ensuring that the Plan is based on sound assumptions and that the City's operational budgets and actual spending conform to the Plan will be one of the FRC's most significant tasks.

RECEIVERSHIP TRANSITION ADVISORY BOARD (RTAB)

Hamtramck

RTAB Appointed: December 18, 2014
RTAB Members: Deborah Roberts, Mark Stema, Cathy Square, Karen Young

Recent Developments

- The City was awarded $622K through the Financially Distressed Cities, Villages, and Townships Grant Program. These funds will be used to complete a property reappraisal which will provide updated and accurate assessing records, upgrade City Hall security, and enhance public safety through improved street lighting.
- The Police Chief resigned on March 11, 2015.
- Deputy City Manager/Treasurer John Gabor started work on February 2, 2015.

Significant Actions/Issues

- A complaint was filed in the federal court by Hamtramck retirees over changes to healthcare benefits in October 2014.
- The annual pension liability is anticipated to increase from $3.5M in FY 2015 to $4.3M in FY 2019. This increase occurred as a result of closing certain pension plans and the Michigan Employee's Retirement System (MERS) policy of accelerating the required contribution for closed plans. These increases were included in Emergency Manager Square's two-year budget.

Allen Park

RTAB Appointed: September 26, 2014
RTAB Members: Suzanne Schafer, Joyce Parker, Fredrick Frank, Karen Barann

Recent Developments

- The City Council voted on January 27, 2015 to suspend City Administrator Karen Folks. This vote was taken despite two Emergency Manager Orders that prohibit termination until October 2015 and establish a process for termination. The City Administrator and City Council negotiated a separation agreement which was approved by the RTAB on March 12, 2015. The RTAB also approved the City Council's appointment of the Finance Director as Interim City Administrator. A search firm will be hired to begin the process of selecting a new City Administrator.
- The City was expecting to issue a bond tender offer beginning in March to reduce the City's outstanding debt. However, the tender offer has been delayed due to the uncertainty between the City Council and City Administrator. A timeline to complete the bond tender process will be developed by the various parties on March 19, 2015.

Significant Actions/Issues

- Litigation was filed by retirees challenging the Emergency Manager's authority to reduce other post-employment benefits (OPEB) liabilities. A motion for summary disposition is pending. No date has been set to hear this motion.
- City Hall will be relocating to a temporary facility in May 2015.

Benton Harbor
RTAB Appointed: March 10, 2014
RTAB Members: Larry Steckelberg, Bret Witkowski, Marvin Raglon, Sharon Hunt

Recent Developments

- The City was awarded $910K through the Financially Distressed Cities, Villages, and Townships Grant Program. These funds will be used to enhance the water system through water main replacements and fire hydrant repairs, and to complete a property reappraisal which will provide updated and accurate assessing records. Additionally, the City will provide community enhancement through blight management and sidewalk replacement.
- On February 2, 2015, the City Commission unanimously approved a one-year contract extension for City Manager Darwin Watson.

Significant Actions/Issues

- On January 20, 2015, the City Commission passed a resolution adopting a fund balance policy consistent with Government Finance Officers Association (GFOA) Best Practices. The RTAB approved the resolution on January 28, 2015.
- FY 2014 audited General Fund revenues exceed expenditures by $1M, out of a total budget of $6.1M.

Ecorse
RTAB Appointed: May 1, 2013
RTAB Members: Edward Koryzno, Robert Bovitz, Joyce Parker

Recent Developments

- The City was awarded $350K through the Financially Distressed Cities, Villages, and Townships Grant Program. These funds will be used to enhance public safety through improved street lighting.
- The City signed a contract with UHY to provide part-time financial services until a permanent solution can be found. The RTAB approved the contract on January 13, 2015.
- The City Council cancelled the contracted City Administrator search with the Michigan Municipal League (MML) and appointed Wayne O'Neal as full-time City Administrator. On February 10, 2015 the RTAB approved the City's resolution appointing Mr. O'Neal.
- The City continues having trouble filling higher level positions.

Significant Actions/Issues

- The RTAB's Annual Evaluation for the Governor was not favorable, citing a lack of local financial literacy, political infighting, and an inability to develop a balanced multiyear budget. For these reasons, the Board did not recommend removal of RTAB oversight at this time.
- Municipal Employee's Retiree System (MERS) pension contributions are anticipated to increase from $1.8M in FY 2015 to $2.4M in FY 2016 because of accelerated funding for closed plans.
- The City has been unable to balance their five-year budget. Significant expense reductions will likely be necessary in upcoming fiscal years.

Pontiac
RTAB Appointed: August 19, 2013
RTAB Members: Edward Koryzno, Louis Schimmel, Keith Sawdon, Robert Burgess

Recent Developments

- The City was awarded $125K through the Financially Distressed Cities, Villages, and Townships Grant Program. These funds will be used for community enhancement through blight management.
- In April 2014, the Final Emergency Manager Order was amended to create a Deputy Mayor position. A suitable candidate was not found through a Michigan Municipal League (MML) search. A new search firm has been hired to assist the City in filling this position.
- The General Fund's accumulated fund balance for FY 2014 is approximately $5M, out of a total budget of $27M.
- After receiving a response from the Attorney General's Office, the City Charter Revision Commission submitted a proposed Charter by the February 10, 2015 deadline. The proposed Charter will be placed on the May 2015 ballot.

Significant Actions/Issues

- The General Fund is structurally balanced in FY 2015 but expenditures are projected to exceed revenues by $360K due to deferred projects from FY 2014.
- Oakland County Circuit Court Judge Michael Warren dismissed the City's condemnation lawsuit involving the Phoenix Center because the City failed to include compensation for the lien placed on the property. The City is preparing an appeal of the decision to the U.S. Sixth Circuit Court of Appeals.
- The City of Pontiac Retired Employees Association v. City of Pontiac lawsuit in the United States District Court was reassigned from Judge Lawrence P. Zatkoff to Judge Avern Cohn. The City of Pontiac and the Retired Employees Association are participating in facilitation. The General Employees Retirement System (GERS) Board proposal was submitted to the court on January 30, 2015.
- The lawsuit challenges former Emergency Manager Schimmel's elimination and replacement of retiree healthcare with an annual stipend. The GERS Pension Fund is significantly overfunded and the parties are exploring options to use the overfunded portion to fund retiree healthcare.

CONSENT AGREEMENT

Inkster
Date Executed: February 20, 2012
Consent Agreement Consultant: Mark Stuhldreher

Recent Developments

- The City was awarded $855K through the Financially Distressed Cities, Villages, and Townships Grant Program. These funds will be used to complete a property reappraisal to provide updated and accurate assessing records, enhance the water system through fire hydrant repairs, and enhancing public safety through the creation of a multi-jurisdictional narcotics team, police officer training, deployment of an additional police officer, providing a backup power source, and updating technology.

Significant Actions/Issues
- The FY 2014 General Fund accumulated deficit is $767K, out of a total budget of $11M.

River Rouge
Date Executed: December 15, 2009
Consent Agreement Consultant: N/A (P.A. 72)

Recent Developments
- The City was awarded $592K through the Financially Distressed Cities, Villages, and Townships Grant Program. These funds will be used to enhance public safety through improved street lighting, along with infrastructure replacements to City Hall.
- Deborah Hayes-Price has been promoted to Chief of Police to replace former Police Chief Jeffrey Harris who retired in January.

Significant Actions/Issues
- U.S. Steel annual $1M tax settlement payment to the City has expired.
- General Fund revenues exceeded expenditures by $885K in FY 2014 and the accumulated fund balance was $1.9M.
- A reduction in healthcare benefits for active employees and retirees was implemented on November 1, 2014. The City estimates an annual savings of $400K.

Royal Oak Township
Effective Date: April 21, 2014
Consent Agreement Consultant: Robert Burgess

Recent Developments
- The Township was awarded $274K through the Financially Distressed Cities, Villages, and Townships Grant Program. These funds will be used to enhance public safety through improved street lighting and increased police services.
- The State Treasurer rejected a decision by the Township Board to extend the contract with the current Township Attorney, Pentiuk, Couvreur & Kobiljak P.C at a cost that was twice the amount of the lowest bidder. The Consent Agreement Consultant, Robert Burgess, issued an order requiring the Township to extend a contract for legal services to the lowest bidder, Giarmarco, Mullins & Horton, P.C. This is but one example of the difficulty the Consent Agreement Consultant has encountered in his efforts to have the Supervisor and Township Board comply with provisions of the Consent Agreement. Distribution of the Township's Financially Distressed Cites, Villages and Townships Grant award has been placed on hold pending the Township's compliance with the Consent Agreement.
- The State Treasurer approved an amendment to the Fire Services Contract with the City of Ferndale on March 11, 2015. This amendment is projected to reduce annual costs to the Township by $4K thru the end of 2015.

Significant Actions/Issues

- The Michigan State Police continues to provide police services to the Township. The Department of Treasury and the Michigan State Police continue to work with the Township and are reviewing a proposal from the City of Hazel Park to provide police services to the Township.
- The State Treasurer approved the Township's 2015 budget on December 16, 2014, with the requirement that the Township work with Treasury to implement additional budget amendments to improve its overall effectiveness. No additional actions have occurred to implement these additional budget amendments as the Township was without the services of a financial consultant from the time of budget adoption through March 1, 2015.
- The Township currently has an aging accounts payable in excess of $200K.

NEUTRAL EVALUATION

Highland Park
Financial Review Team Appointed: December 2, 2013
Financial Emergency Declared: January 30, 2014
PA 436 Option Selected: Neutral Evaluation

Recent Developments

- The City was awarded $2M through the Financially Distressed Cities, Villages, and Townships Grant Program. These funds will be used to enhance the City's water system through meter replacement, leak detection, and system repairs.
- Cathy Square, former Hamtramck Emergency Manager, was hired to fill the position of City Administrator.
- Huron Consulting has been hired to prepare a request for proposal (RFP) to solicit firms to operate and maintain the City's water and sewer systems, as required by the City's Plan of Adjustment. The proposals are due on April 20, 2015.
- BenStaff has been hired by the City to make recommendations that will reduce healthcare costs.
- The law firm of Lewis & Munday has been hired to assist the City with the restructuring of the other post-employment benefits (OPEB).

Significant Actions/Issues

- The City selected Tetra-Tech to prepare a water and sewer rate study. A draft study was completed on February 20, 2015. This study provides the City with proposed rates, which if adopted, will provide adequate revenue to operate and maintain the water and sewer system.
- Liabilities total $117.6M. Some of the major components are: $55.3M debt, including $20.7M owed to the Detroit Water and Sewerage Department (DWSD), $17.7M pension bonds, and $26.1M unfunded other post-employment benefits (OPEB) liabilities.
- Summary of the Plan of Adjustment for the City of Highland Park was adopted on August 28, 2014.
    - Fifth Third Bank has finalized an agreement and settled for 50 cents on the dollar for outstanding debt.
    - By June 30, 2015, Highland Park, as required by terms of the emergency loan, must have a third-party operator for its water/sewer systems.
    - After the selection of this third-party operator, DWSD and Highland Park will negotiate a long-term settlement for outstanding water and sewer debt.

- The City must reduce retiree healthcare benefit costs.
- In August 2015, an emergency loan of $16.4M, which includes the restructuring of $4.8M in existing loans, will be used to refund $2.7M in Fiscal Stabilization Bonds, $5.2M in Financial Recovery Bonds, and $3.7M in State Revolving Fund Bonds.

OTHER COMMUNITIES

Melvindale

Recent Developments

- The City was awarded $88K through the Financially Distressed Cities, Villages, and Townships Grant Program. These funds will be used to enhance public safety through fleet replacement of police vehicles and updated technology.

Significant Actions/Issues

- The General Fund deficit for FY 2013 is $1.9M, an increase of $248K from the FY 2012 deficit. The City's fiscal year runs from January to December.
- The unrestricted annual deficit for the City-owned ice arena in FY 2013 is $1.9M out of a total budget of $10M. This is approximately $160K more than what the City projected.
- Treasury issued a conditional approval of the City's Deficit Elimination Plan. The City is timely submitting monthly financial reports to demonstrate adherence to the plan.

City of Wayne

Recent Developments

- The City has hired Plante Moran to provide accounting services due to the recent resignation of the City's Finance Director.

Significant Actions/Issues

- The City anticipates a General Fund deficit in the next two years.
- The City has approved a May 2015 ballot proposal that would establish a police and fire pension program to remove pension fund costs from the General Fund and approve three mills for five years to fund police and fire retirement costs.

Wayne County

Recent Developments

The Michigan Supreme Court ruled unanimously in favor of retirees who receive a 13th check to offset inflation. The County is required to return $32M to the Pension Equity Fund.

Significant Actions/Issues

- Cash reserves reached its lowest point in August 2014 with pooled cash falling to approximately $73M. The average balance is $170M. This number includes proceeds from a short term borrowing of $75M.
- A letter to the Treasurer from previous County Executive Robert Ficano, indicates that with the significant transfer of revenue from the Delinquent Tax Revolving Fund (DTRF), the General Fund deficit will be reduced to approximately $50M for FY 2014.

- In the same letter, it is indicated that the County has budgeted a transfer of $64M from the DTRF to balance the General Fund in FY 2015. However, this represents the last of the DTRF's unrestricted equity. This will result in a potential budget gap of $20M in FY 2016.
- The preliminary results of the County's actuarial report indicate a drop in other post-employment benefits (OPEB) liability of approximately $409M. This reduction is a result of the City choosing less expensive plans and implementing cost sharing measures. The Plan participants are now paying a larger share of the cost. This does not include any saving opportunities resulting from a proposed change to retiree healthcare.
- The County is working to resolve a disagreement with the Mental Health Authority over services provided to jail inmates. The County currently pays for this service but believes it falls under the purview of the Authority.

CM, JA, SAM, E.C, W.W
H. Hollins, Chief, G. Kapp, Sipes,

City of Flint Wednesday 9:00am Phone Conference Agenda

March 18, 2015

1[redacted]Access code[redacted]

		Last Report	**Status**
1) Public Safety Update – FPD, MSP, (FFD, if needed)			
	a) FPD	Status Report • Hurley to hire/pay for full time flint PD – save Hurley $100K • Pay for officers to patroll venues – businesses	Update 42% ↓ in hom
	b) FFD		
	c) Other update from Chief Tolbert and MSP		
2) Governor's Office Update – R. Baird, H. Hollins, B. Clement	'Water stuff'		
	a) District Court Consolidation	County Commissioners voted on 12/10/14 to approve "pursuant to the terms and conditions set forth in a MOU to be approved between City of Flint and Gen. Cty." – Need to present to Council – Keep handle on loss of employment from 68.	Discussion beginning with County Countroller Appears County wants long term subsidy from City. Counter proposal being developed Chair of county board
	b) Local Income Tax Initiative	Additional source of funds still needed for City. H. Hollins working to find a new sponsor. Projected financial challenges associated with projection of FY17 budget may emphasize the rational. No sponsers	No Change
3) Finance and Administrative Update			
	a) Management Vacancies	MML advertising for Treasurer, HR Director and Finance Director. - Fire Chief to remain until 2016.	Update 9/10 for HR extended deadline for others
	b) Budget	Financial projections status. Projected gap between revenues and status quo expenses is between $4.5million and $5 0million. looking favorable	Update

FY 16 budget – more status quo vs. cut (Mid-april)

		Last Report	Status	
	c) DEP/RAP	Progress under DEP/RAP being revised.	No change	• Council rolled-out budget priorities.
	d) Purchasing	Revised purchasing ordinance being enacted.	New	
4) City Council Update				
	~~a)~~ EM Order	Orders being developed defining organizational reporting *relationships to new City Administrator.*	Roll-out soon	
	~~b)~~ Council/Mayor Compensation	Revision to Council and Mayor compensation is being developed. – Training pay	Update	
5) Water Issues				
	a) *MDEQ Violation Notice*	*Most recent TTHM sampling was tested by the MDEQ* - confirmed our most recent internal test findings - that water is within federal/state guidelines. Received the violation notice from MDEQ, due to the running average calculation. The notice to customers will go out by mid-March, with more information *included and medical community participation.*	*Update*	• Vidia report to be posted City web • Water committee to met at FPL
	b) Drinking Water Revolving Fund	Discussing possible restructuring of loans.	No Change	
	c) Water Quality Consultant	Final report being compiled; will focus on TTHM compliance and plans for hardness and discoloration improvement.	Update	* E-Loan for $6M – eliminate current deficit by June 30
	d) WAC/TAC	A *40* member Water Advisory Committee and a 13 member Technical Advisory Committee (including EPA representative) have met as part of the process of improving communication and receiving additional feedback. WAC 2nd meeting scheduled *for 3/19/15.*	*Update*	
	e) Problem resolution next steps	Administration to develop action plan based on Veolia study and input from WAC/TAC.	Update	
~~6)~~ 9-1-1 Reconsolidation Plan				
	a) Tower Transfer to Consortium	Tower Transfer justification package sent to Council 2/24/15, there was no disagreement with the plan Letter to Treasurer for transfer request to be sent shortly. C-GAP grant amendment to pay for consolidation expenses has ben approved. Moving fwd – 10 days passed w/out council action.	Update	

		Last Report	Status
7) Transition Activities			
	a) Transition Management	New Council committee structure in place. Budget process progressing.	Update End of April
	b) Transition date	Date specific transition calendar developed. RTAB to be *appointed. Need to determine date of final order.*	*Update*

8) Other Items

- Enterprise lease

Dempkowski, Angela (Treasury)

From: Gerald Ambrose <gambrose@cityofflint.com>
Sent: Wednesday, March 18, 2015 5:31 PM
To: Workman, Wayne (TREASURY)
Subject: Re: Draft release - restructuring of DWRF bonds

ok..

On Wed, Mar 18, 2015 at 5:21 PM, Workman, Wayne (TREASURY) <WorkmanW@michigan.gov> wrote:

Please copy Suzanne and randy on all this. As I don't always have time to follow up

From: Gerald Ambrose [mailto:gambrose@cityofflint.com]
Sent: Wednesday, March 18, 2015 4:50 PM
To: Howard Croft
Cc: Dayne Walling; Natasha Henderson; Elizabeth Murphy; Kelly Rossman-McKinney; Jason Lorenz; Peter Bade; Workman, Wayne (TREASURY); Stanton, Terry A. (Treasury); Bulger, Harold W., Jr.
Subject: Re: Draft release - restructuring of DWRF bonds

We do not have to tie it to a specific project .. we will chose from among the items in the action plan we develop...

On Wed, Mar 18, 2015 at 4:29 PM, Howard Croft <hcroft@cityofflint.com> wrote:

Jerry,

I think you make the point in the letter but is of note that the DWRF loan was **specific to the water fund** and not sewer. Along that same line is whether or not we intend to tie the the funds to a specific project like the $2 million dollar grant from treasury where there is a direct measurable link from the action to the result.

On Wed, Mar 18, 2015 at 3:45 PM, Gerald Ambrose <gambrose@cityofflint.com> wrote:

Attached for review and comment is a draft release regarding restructuring of the DWRF bonds. It is necessary for me to issue an order to do this, and it is still subject to Treasury approval. Treasury is waiting for the paperwork, so I am expecting approval. Timing is an issue because the restructuring affects debt service payments due April 1.

The plan is to sign the order tomorrow and get it to Treasury same day... so I see it as important to get our message out first.

Note that my discussions with Treasury have been towards freeing up funds for needed capital improvements. Not for reducing rates....

I am asking Jason/Kelly to get this to whomever else at the state should also review. I am copying Terry Stanton.

This needs to be ready for release early in the morning.

Please include Jason in responses regarding editorial comments. let me know if you have issues with substance or timing.

J

--

Howard Croft

Public Works Director

City of Flint

1101 S. Saginaw Street

Flint, MI 48502

PH# 810.766.7135 Ext 2043

hcroft@cityofflint.com

Dempkowski, Angela (Treasury)

From: Stanton, Terry A. (Treasury)
Sent: Thursday, March 19, 2015 10:30 AM
To: Saxton, Thomas (Treasury)
Cc: Workman, Wayne (TREASURY); Pleyte, Beth (Treasury); Barton, John (Treasury)
Subject: RE: Draft release - restructuring of DWRF bonds

I will send to John.

Brad Wurfel from DEQ is in the Dominican...so not sure he will see it. Will have Dave Murray in Gov's office shepherd through to DEQ comms as I don't know Brad has a #2...

From: Saxton, Thomas (Treasury)
Sent: Thursday, March 19, 2015 10:14 AM
To: Stanton, Terry A. (Treasury)
Cc: Workman, Wayne (TREASURY); Pleyte, Beth (Treasury); Barton, John (Treasury)
Subject: Re: Draft release - restructuring of DWRF bonds

I am fine with it. You may want to touch base with DEQ's comm person but that is your call. You might run it thru Barton as well. I gave Jim Sygo a heads up this morning.

On Mar 19, 2015, at 10:01 AM, "Stanton, Terry A. (Treasury)" <StantonT@michigan.gov> wrote:

> I have told him the date is wrong at the top. Otherwise, do you see any issues, etc.?
>
> Obviously, when asked I can say we have been working with the city and DEQ on this for the last several weeks, as we continue to assist on this issue. Anything else?
>
> **From:** Jason Lorenz [mailto:jlorenz@cityofflint.com]
> **Sent:** Thursday, March 19, 2015 9:38 AM
> **To:** Gerald Ambrose
> **Cc:** Howard Croft; Dayne Walling; Natasha Henderson; Elizabeth Murphy; Kelly Rossman-McKinney; Peter Bade; Workman, Wayne (TREASURY); Stanton, Terry A. (Treasury); Bulger, Harold W., Jr.
> **Subject:** Re: Draft release - restructuring of DWRF bonds
>
> All,
>
> I have corrected the numbers and made other small adjustments. Attached is the draft in our release format. Please review and advise.
>
> Thanks,
>
> -Jason Lorenz
> Public Information Officer
> City of Flint
> (810) 237-2039
> jlorenz@cityofflint.com

On Wed, Mar 18, 2015 at 4:50 PM, Gerald Ambrose <gambrose@cityofflint.com> wrote:

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J

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Howard Croft
Public Works Director
City of Flint
1101 S. Saginaw Street
Flint, MI 48502
PH# 810.766.7135 Ext 2043
hcroft@cityofflint.com

Byrne, Randall (Treasury)

From: Jason Lorenz <jlorenz@cityofflint.com>
Sent: Thursday, March 19, 2015 12:16 PM
Subject: PRESS RELEASE: EM Authorizes DWRF Bond Restructuring
Attachments: DWRF Bond Restructuring.pdf

Flint Emergency Manager Authorizes Bond Restructuring to Afford Additional $2.24 Million toward Capital Improvements in Water

Flint, Michigan – March 19, 2015 – Flint Emergency Manager Jerry Ambrose today authorized a restructuring of four outstanding Drinking Water Revolving Fund (DWRF) bonds to allow postponing current principal payments in the total amount of $2.24 million. This action will allow the $2.24 million budgeted for debt service to be utilized for expenses associated with maintaining safety and improving quality of the Flint water supply. Approval of the State Treasurer is required before the restructuring can occur.

Flint has recently received a final report from Veolia, its water expert advisor, making a series of recommendations to maintain and improve the Flint water supply. These recommendations, and other items identified in the City's current capital improvements plan, will be considered as the City develops and implements its action plan to maintain and improve the Flint water supply. Discussion on the development of the action plan will begin today, March 19, 2015 at the Water Advisory Committee meeting, scheduled to begin at 2:00 pm at the Flint Public Library.

The State of Michigan was instrumental in allowing the restructuring, as approvals are required by both the State Treasurer and the Director of the Michigan Department of Environmental Quality. "At all levels, the State of Michigan has been most cooperative in assisting the City of Flint as it addresses the many issues confronting the Flint water system", said Ambrose. "Access to $2.24 million at this time will be very helpful in moving forward with our action plan."

The proposed restructuring will free up funds to enable the City to more quickly begin implementing recommended improvements to its water treatment and distribution system. Several recommendations for improvement are currently unbudgeted and the $2.24 million will help assure that the most important can be performed.

Recommendations to be considered include the addition of a Granulated Activated Carbon Filter, estimated at as much as $1.5 million; acceleration of the repair and replacement of values, estimated at an additional

$120,000 annually; additional pipeline replacement, estimated at $1 million per mile; and acceleration of the project to automate plant operations, estimated at $450,000. $1.315 million will become available in the City's current fiscal year, and the remaining $925,000 will be available in the next fiscal year.

The bonds are currently financed at a rate of 2.5%, and postponement of the principal payment will incur some additional interest expense over the life of the issue. While the interest rate will not increase, the total interest cost will increase by approximately 2% ($228,000) over the 20 year life of the issues.

–END–

-Jason Lorenz
Public Information Officer
City of Flint
(810) 237-2039
jlorenz@cityofflint.com

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

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

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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.

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

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

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_{nl_i}	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_{nl_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_{nlj}	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.**

Workman, Wayne (TREASURY)

From:	Muchmore, Dennis (GOV)
Sent:	Thursday, March 19, 2015 5:28 PM
To:	Workman, Wayne (TREASURY); Clement, Elizabeth (GOV); Hollins, Harvey (GOV)
Cc:	Saxton, Thomas (Treasury)
Subject:	RE: We made the tight choice to leave...and not go back!

I never disagreed with that, I'm just worried about the interim.

From: Workman, Wayne (TREASURY)
Sent: Wednesday, March 18, 2015 7:57 AM
To: Muchmore, Dennis (GOV); Clement, Elizabeth (GOV); Hollins, Harvey (GOV)
Cc: Saxton, Thomas (Treasury)
Subject: FW: We made the tight choice to leave...and not go back!

FYI

From: Jerry Ambrose [mailto:gambrose49@gmail.com]
Sent: Wednesday, March 18, 2015 7:15 AM
To: Workman, Wayne (TREASURY)
Subject: We made the tight choice to leave...and not go back!

Genesee County water rates could go up 16 percent following Detroit increase

GENESEE COUNTY, MI -- People in communities that get water from Detroit could see their costs climb as much as 16 percent as soon as this summer, said Genesee County Drain Commissioner Jeff Wright. The Detroit Water and Sewerage Department board last week appro Read More
http://www.mlive.com/news/flint/index.ssf/2015/03/genesee_county_water_rates_cou.html

City of Flint

Water Advisory Committee
Questions & Answers

March 19, 2015

* CITY HALL, 1101 S. SAGINAW STREET, RM S105, FLINT, MICHIGAN 48502 (810) 766-7135 Fax (810) 766-7249 *

CITY OF FLINT

Department of Public Works

Dayne Walling **Mayor**	**Gerald Ambrose** **Emergency Manager**	**Howard Croft** **Director**

TO: City of Flint Residents

FROM: Department of Public Works

RE: **Water Advisory Committee Questions**

DATE: March 19th, 2015

Prelude

As the City continues to work diligently to improve water quality and to address rates, we have looked to increase communication and transparency. At our first Water Advisory Committee Meeting there were 61 questions posed by the participants. We have taken the opportunity to answer all sixty-one questions individually.
The responses are broken into the categories in which they were posed as follows;

- Affordability
- Quality
- Safety
- Sustainability
- Miscellaneous

These responses will be posted on the City website. If there is a question that has been missed, please present your question at one of the committee meeting.

* CITY HALL, 1101 S. SAGINAW STREET, RM S105, FLINT, MICHIGAN 48502 (810) 766-7135 Fax (810) 766-7249 *

AFFORDABILITY QUESTIONS

1. **Will the water rates go down once the infrastructure is repaired? What type of bill reduction can we look forward to?**

   The infrastructure repairs will be ongoing annually. The City is currently in the process of evaluating what the rates will be for the upcoming year.

2. **What is the City of Flint going to do about the high costs, fees etc. that we're charged and have to pay for water we are afraid to use for anything? Drinking, cooking, cleaning, bathing, etc. Can our bills be reduced? When?**

   Local and State officials are working diligently to find ways to keep the system solvent while also addressing the high costs.

3. **This meeting is window dressing, it is not getting to the heart of the matter.**

   Industry experts agree that the solutions being presented and acted upon are the correct measures to take in order to improve the quality of water and to address the infrastructure needs.

   These meetings are an opportunity for more direct dialogue between residents and City officials.

4. **In 2007 my average bill was $35. Now it averages $170 in Flint. However, in Grand Blanc now averages $45. Why?**

   One of the more significant reasons is the fact that there are significant "fixed costs" that are a part of running the system and making repairs. The City has 15,000 fewer users than we had ten years ago to fund an antiquated system. The County has grown in population and users to support a much newer system that needs less maintenance.

5. **Cost is significant barrier for many families – how can the costs (in a sustainable way) be lowered or adjusted for lower income families?**

   Efforts are being made locally and at the state level to keep the system solvent while trying to address the high costs.

6. **Is the State of Michigan willing to subsidize the costs of our water over and above the recent gift of 2 million dollars?**

   City and State officials continue to work diligently to determine where there may be funding sources that can be ascertained for support.

7. **How has the KWA family, friends, board members, land owners profited from the pipeline construction, main. And operation. Who will provide the oversight and the transparency?**
   The City currently holds three seats on the KWA board and there are regular public board meetings each month. These meetings are the venue for the public to ask questions pertaining to all KWA issues such as this.

8. **Notification of bad quality = transparency. Not notified until Jan. 3**
   The City followed DEQ regulations for a tier two violation which calls for notification to be given within 30 days of the notice. The notice is dated December 16th and the mailing did occur January 3rd. Our intention is to become more transparent and consistent going forward which is one of the reasons we have developed the advisory committees.

9. **Notification requirements are set by the Michigan DEQ.**

   The City followed DEQ regulations for a tier two violation which calls for notification to be given within 30 days of the notice. The notice is dated December 16th and the mailing did occur January 3rd. Our intention is to become more transparent and consistent going forward which is one of the reasons we have developed the advisory committees.

10. **Shut-off nonpaying customers quicker, prosecute water theft and fraud.**
    There are current policies in place and the City continues to evaluate them for effectiveness.

    There is also a task force in place that is actively pursuing water theft and fraud with the intent being to ensure that everyone is paying for water they receive.

11. **Where are we at on getting money to fix the bad valves?**
    The City has budgeted $60,000 annually to cycle and repair bad valves. We are looking at raising this line item in the budget to increase the number of valves that we can address. In addition, we have developed a hydraulic model that will allow us to better determine the likelihood of the area where bad valves exist.

12. **There are established affordability rate programs in the US today that serves multiple economic objectives. I have a contact that has developed Affordability Rate programs and as we meet today is meeting in Washington, DC at a Congressional briefing with Detroit US Rep Conyers for City of Detroit.**

    We welcome any and all information that can assist with the current rates. I recommend that you forward that information to a City official and ask that it is delivered to the Treasurer or the DPW Director.

13. **Reduce deposit tenants need to pay to get water on.**

    This policy is currently under review as we go forward into the budget development.

14. Flint pays one of the highest rates for water/sewer in the country. Does Flint still plan on implementing the 6% increase for the 2015 budget year?

This is currently under review and the new rates will be determined in the coming weeks.

15. What will you do to help people with high bills who have health problems and have been forced to buy bottled water?

Every possible effort is being made to address the high rates.

16. Will there be bill reductions for citizens that have not been able to use their water due to health reasons and other issues?

There is no rebate planned but significant effort is going into improving the water quality and addressing the rates.

17. How can the committee assist in passing information on to Flint residents through our networks and be consistent with messages?

We are working to create increased lines of communication through multiple avenues including this advisory committee. One of our goals of the committee is to hear new suggestions and ideas and create a consistent message being delivered. In addition to a new webpage that the City is developing that is dedicated to water I would suggest contacting the City's Public Information Officer and providing information about your specific group.

QUALITY QUESTIONS

18. Beyond just the water quality – a level of consistency is desired. For businesses that use water – we use a filtration system but the levels of pH are erratic. This makes it difficult to keep the filter working. Is consistency being addressed? When can we expect improvements?

The pH level of water leaving the plant is fairly stable and is normally in the range of 7.5 – 8.5 S.U. Other quarterly testing throughout the city at 25 sites has been in the same range as water leaving the treatment plant. If you are measuring pH outside of this range, you should contact the Water Plant and have it independently tested, or have it independently tested yourself.

19. If my water is brown and smells of rotten eggs, how can you tell me to give that to my kids? Safe on paper is not what is coming from my pipes?

If your water is brown or has unusual odors, you should contact the water plant to have a sample of your water collected. I would not advise consuming any water that has unusual color. Water can also be effected by household plumbing and service lines that run from the curb box to the house. The City routinely tests for lead and copper within households.

20. **Does River water vs Lake water really matter?**

Lake water will require less treatment steps to meet drinking water standards. Lake water will also be more consistent, as river water parameters can change from day-to-day

21. **When will we see these actions take place?**

The City has been implementing measures to improve the water quality of water since November of 2014. We have already started the engineering process for the most recent recommendations that have been made.

22. **I would like to know if you all checked Camp LeJeune health studies to see what TTHM does in the short term and what will you be doing for the people when and if this happen they develop anything from drinking water.**

We have not checked the Camp Lejeune health studies, we continue to follow all EPA and DEQ regulatory procedures to provide safe quality water.

23. **What determined the 4 hour time frame to test water and be able to capture a problem before it reached the public?**

The 4 hour time frame is referring to bacteria testing performed at the treatment plant. , This was determined by water plant staff. Regulations only require one test per day. Other treatment processes are monitored continuously, hourly or daily.

24. **When there is a break that will possibly cause poor water quality how difficult is it to notify residents so they will know to be aware and how will we be notified?**

The City is in the process of developing an enhanced notification procedures to alert the potentially impacted area when there is a main break. The new procedures will be made available on the City website.

25. **Why not add charcoal at end? Put it in beginning so don't need all chemicals.**

When charcoal is used in water treatment, it is only useful for a limited time. If charcoal is used at the start of the treatment process, it will be "used" up very quickly resulting in more use of charcoal. It is more economical to place it at the end of the process so it will last longer.

26. **You keep saying Water is safe. Yet daily citizens complain rashes, hair falling out and discolor. Water not safe. Why can't we go back to Detroit while you work on river? Sue McCormick said we could go on for 30-60 days. Stop charging for water we cannot use.**

Currently, the water meets all Federal and State standards, and is safe to the best of our knowledge. The City will continue to look into and test water anywhere that there is a report of an issue.

27. **How long will it take to get state approval for process enhancement?**

Anywhere from 30 -120 days depending on the type of process change

28. It is my understanding that the Governor weighed in with $2million to address in part the concerns. What will it take to bring the Flint system to state of the arts quality?

The $2 million dollar grant was targeted at two shovel ready projects;

a) Decommissioning of the incinerator
b) Leak detection on the distribution system

The cost to replace pipe is approximately $1 million dollars per mile. There are ~600 miles of distribution main and another ~500 miles of sanitary and another ~500 miles of sewer. At this rate, it would amount to 1.6 billion dollars to replace the system.

29. Is the Flint River "dirtier" than other rivers used for drinking water?

The Flint River is not necessarily "dirtier" than other rivers used for drinking water. There are rivers that are "cleaner" and others that could be considered "dirtier". It all depends on what chemical or microbiological parameters we are discussing.

In any event, the Flint River water is a suitable water source for a public water supply, with proper treatment. Otherwise, the State DEQ would not have approved the switch in water sources. Finished water from Flint's Water Treatment Plant has consistently met all standards. The only quality issues have been associated with water at the point of usage, not from the plant itself.

30. Will switch to KWA change the problem with the distribution system?

No.

31. There is much discussion regarding TTHMS, but what about pseudomas and legionella and other water borne pathogens?

Each step of our water treatment process contributes to removing water borne pathogens. We use ozone, primary settling, chemical softening, and finally chlorine to remove these pathogens. The combination of treatment can provide 99.99% removal.

SAFETY QUESTIONS

32. What is being used as the disinfectant? Have chloramines been used? Will they potentially be used to disinfect in the future?

Currently chlorine gas is used as our disinfectant. Chloramines have not been used, and would have to be approved by the DEQ for use. Chloramines are a much weaker disinfectant, and may not be strong enough for our distribution system issues.

33. What are we going to do about Toxic Soil and toxins that the EPA doesn't test for? That seeps into our water.

Substances in the soil generally do not "seep into" water systems, even though a leak in a pipe, because the system is under pressure. At a pipe break or leak site, water passes out of the pipe, and into the soil, not the other way around. City policy makers can make determinations to increase testing for any chemical or toxin, should there be any questionable areas.

34. How often will the City check thoroughly for contamination?

The river water and finished drinking water is monitored quarterly for a large number of contaminants, including numerous organic chemicals (petroleum based), pesticides, herbicides, PCB's, and metals.

35. What are we going to do for citizens that are not able to use the water for health reasons?

Health questions have been presented to the Technical Advisory Committee members which includes the EPA, DEQ, and Hospitals for recommendations.

36. How soon can we have the unnecessary, caustic, fluoride stropped? It increases costs and health risks.

The use of fluoride was voted in by the residents years ago. Another vote would have to be initiated to remove the use of fluoride.

37. Can we get the fluoride turned off?

The use of fluoride was voted in by the residents years ago. Another vote would have to be initiated to remove the use of fluoride. The City adds fluoride at very low levels as a preventative measure for tooth decay. It is not considered caustic.

38. What can be expected when the KWA water is received in 2016? Will we be reanalyzing what the new water will mean regarding safety?

We will have to meet the same drinking water regulations, and thorough testing will be conducted. Testing requirements will be set by the MDEQ.

SUSTAINABIITY QUESTIONS

39. You spoke of valves being shut off, doesn't water just sit there and gather bacteria? How can you decrease some of the miles of pipe?

The Master Plan land use map gives us a chance to envision areas of town that are projected to not be populated in the future. This information is critical to determining where we may have an opportunity to reduce miles of existing pipe.

40. Is there a long term plan for infrastructure updates?

Through the Master Planning process along with engineered water reliability studies, the City has developed a Capital Improvement Plan that is designed to regularly invest in the infrastructure.

41. How could this be financed with limited city funds?

The City allocates a certain amount of funding annually to make routine repairs to the system. Larger repairs are considered capital improvements which is a different annual allocation, and more significant capital projects tend to look at the states Drinking Water Revolving Fund for resources.

42. **Why haven't we brought in the army corps of engineers to fix our pipes?**

The City, along with local engineering firms and local contractors is capable of designing and effectuating repairs. The capital expense is what is largely needed to maintain infrastructure. The Army Corps of Engineers has no direct jurisdiction over either the water distribution system or the wastewater collection system. Their jurisdiction is over navigable streams, such as the Flint River itself. In addition, the funding of their projects generally must be authorized by the U.S. Congress.

43. **How can you ensure the water is safe to drink once it leaves the plant and it takes 2-3 weeks circulating in the pipes?**

Samples are collected throughout the city regularly to assure that the water is safe. At least 100 samples a month are collected for bacteria testing, and 25 samples are collected quarterly and analyzed for certain water quality parameters.

44. **Will Flint City be treating the water from Lake Huron?**

Yes.

45. **What are you going to do to help people with high levels of lead and iron?**

The City conducts routine volunteer testing of homes for lead and iron. Most cases of high iron are related to service lines or household plumbing.

46. **Will the crumbling infrastructure poison our KWA water? If not, why?**

We would expect to still see occasional instances of "brown" or "yellow" water due to the status of our distribution system, and corroded home and building leads.

47. **How do you deal with GM Contamination from the river?**

There is always a concern of contamination in the river. Where our water treatment plant is located, there are no significant industrial sites upstream of our plant. Most of our water can be viewed as coming from Holloway Reservoir.

48. **How is the bacteria eliminated since it takes 2-3 weeks to reach the homes?**

We attempt to add enough chlorine at the treatment plant so that a small amount still remains in the water to continuously provide a level of disinfection.

49. **Flint River Huge asset – clean it up and use it. Won't it save us money?**

We are evaluating the purchase of equipment that will allow us to test water farther upstream to better prepare for treatment when it enters the plant. The Flint River will serve as the City's permanent backup supply of water.

50. **Once KWA water arrives will it require a different treatment process than what the consultant is recommending for Flint River water and will state approval be required?**

Yes, there will be differences in the treatment of water being delivered from KWA. The City is actively engaged in the evaluation process of how to properly treat water from Lake Huron.

51. Exactly how bad is our infrastructure: i.e. our pipe network? How costly to repair?

The cost to replace pipe is approximately $1 million dollars per mile. There are ~600 miles of distribution main and another ~500 miles of sanitary and another ~500 miles of sewer. At this rate, it would amount to 1.6 billion dollars to replace the system.

52. We've heard all the problems. Can we have some real solutions that will truly help the citizens?

Several industry experts agree that the solutions being presented and acted upon are the correct measures to take in order to improve the quality of water and to address the infrastructure needs.

53. Why did they tear down the United Way building? Pollution?

We will have to research that answer, it is not utility related.

54. What type of time frame are we looking at for the infrastructure repairs?

Infrastructure repairs and maintenance occur constantly and continuously, whether it is pipes underground, plants and pump stations above ground, or the roads on the ground. In a larger system, the work is never finished. Certain recommendations for treatment related projects are anticipated to be installed by late June.

MISCELLANEOUS

55. Is or has there been consideration for tiered services and rates for the poor, elderly, people on fixed incomes. How will the rates (under KWA) be determined, fixed, and reported? As well, how will fees be determined?

The system has revenue requirements that are necessary in order to stay solvent, City officials are continuously looking for solutions to properly charge all of the users on the system.

56. Need better online access for landlords to manage utility and tax payments.

This request will be forwarded to the Treasurer for appropriate follow up.

57. For about a year people have been complaining about water quality. Why has it taken this long to bring in a consultant and identify steps to make the water better?

The City of Flint has been working diligently on the water issues all along. A consultant was brought in to assure both the public and the City that appropriate actions have been and are being taken, and to see if there might be additional measures to enhance the process.

Much of the work that the City has undertaken has been with professional engineers and includes consultation with the DEQ. This work is largely chronicled on the City website and will continue through the implementation of the KWA.

58. Can you provide more info on Veolia and their expertise/experience with municipal water systems?

There is significant information available about Veolia that can be found online. The City's Purchasing Department can answer questions regarding the qualifications that the City requested in our RFP and what was presented by Veolia to meet those requirements.

59. Special phone number for professionals to use. Also add customer service workers to answer phone calls.

The City is working diligently to provide the best possible customer service for all residents, vendors, and professionals. If you feel that you have not received good service, we would like to know so that we can address it.

60. Why hold meeting in obscure location with limited seating? It should have been publicized better to allow for residents. It should have been held at City Hall to more residents could have attended and microphones were available.

Many residents voiced an interest in holding these events outside of City Hall. When that occurs we have to contend with venues that are sometimes booked or others that may have restrictions or limitations.

61. I am very concerned about the use of chlormines as an alternative disinfectant. Is this being used currently and if not, is it being considered for future use?

Currently chlorine gas is used as our disinfectant. Chloramines have not been used, and would have to be approved by the DEQ for use. Chloramines are a much weaker disinfectant, and may not be strong enough for our distribution system issues. The use of chloramines has been discussed as a way to combat TTHM's.

Widigan, Robert (TREASURY)

From:	Widigan, Robert (TREASURY)
Sent:	Friday, March 20, 2015 11:48 AM
To:	Hollins, Harvey (GOV)
Subject:	FW: Flint Water Advisory Committee Meeting 03-19-15
Attachments:	Veolia-Flint-Water-Quality-Report-03.12.2015.pdf; Flint-WTP-Improvements.pdf

Good morning, Harvey:

It was good seeing you yesterday.

Below is a summary of yesterday's meeting, with attachments that I sent out this morning. There was a great deal of information discussed at the beginning of the meeting before you arrived. I wanted to pass it along to you.

If you have any questions, comments, or concerns please let me know.

Thank you,

Robert Widigan | Office of Fiscal Responsibility
State of Michigan | Department of Treasury
430 W. Allegan Street | Lansing, MI 48922
Office (517) 335-2130 | Cell (517) 243-8645
WidiganR@michigan.gov

From: Widigan, Robert (TREASURY)
Sent: Friday, March 20, 2015 11:32 AM
To: Byrne, Randall (Treasury)
Cc: Workman, Wayne (TREASURY) (WorkmanW@michigan.gov); Koryzno, Edward (Treasury); Cline, Richard (Treasury)
Subject: Flint Water Advisory Committee Meeting 03-19-15

Randy,

Yesterday's meeting was very informational; however, discussion was cut short by understandably upset water customers. The main points of information relayed during yesterday's meeting are as follows:

1. The City provided a table of water improvements* currently that the City is in the process of implementing or currently evaluating.
   - The City has built a hydraulic model to assist the City in identifying the locations of bad valves.
   - The City restructured four outstanding Drinking Water Revolving bonds allowing the City to afford an additional $2.24M towards Capital Improvements in Water. With $2.24M the City will:
     i. Installing a $1.5M Granulated Activated Carbon Filter (GAC). This will provide the best reduction possible and provide better than 90% removal of total organic carbon (TOC), dramatically reducing the potential for total trihalomethane (TTHM) formation. This entire project needs to be done by early June to assure a flow of water throughout the system. Several months are required for the engineering design, State approval, bidding of work, and installation of the GAC. According to the Veolia report, this process needs to begin now.
     ii. Accelerate repair and replacement of values, estimated at an additional $120K annually.

iii. Implement a process control management plan (PCMP) to increase efficiency and professionalism by allowing operators on the day shift to communicate with the night shift, ensure operators follow the same treatment plan for the water, ensure adjustments are unified between all operators, and inform staff as to what the process is when water quality set points begin to drift away from its desired quality levels. This will help the City transition to lake water. Estimated at $25K annually.
iv. Automate plant operations to allow the City to monitor activities throughout the entire plant, estimated at $450K.

2. Department of Public Works director Howard Croft provided a breakdown of FY 2015 Water and Sewer budgeted expenditures*, and explained 96% of the $70M is needed if the City uses DWSD or river water as its source.

3. Also provided was a document* with answers to all 61 questions asked at the last Water Advisory Committee.

Suggestions for the City:

1. The facilitators seemed to have inexperience in mediating or controlling the flow of the meeting. This lead to upset outbursts from the public, which stopped any information from being communicated to the public. The City may wish to hire professional mediators with experience in facilitating large public meetings.

2. The agenda did not include time for public comment. This gives the perception that the meeting is "closed off" to the opinions of the residents.

3. It was mentioned by the Mayor, that he City charges an initial cost of $425 to new renters. This fee appears to higher than anticipated, and more information should be provided regarding fees and fee structures.

If additional information is desired, please let me know.

*Sources: City of Flint, Water Advisory Committee meeting handouts (once received form the City they will be provided to anyone interested) and Veolia's Water Quality Report, dated: March 12, 2015.

Regards,

Robert Widigan | Office of Fiscal Responsibility
State of Michigan | Department of Treasury
430 W. Allegan Street | Lansing, MI 48922
Office (517) 335-2130 | Cell (517) 243-8645
WidiganR@michigan.gov

Stanton, Terry A. (Treasury)

From: Stanton, Terry A. (Treasury)
Sent: Friday, March 20, 2015 2:58 PM
To: Murray, David (GOV)
Subject: RE: revolving water loan forgiveness

No problem sir!

From: Murray, David (GOV)
Sent: Friday, March 20, 2015 2:53 PM
To: Stanton, Terry A. (Treasury)
Subject: Re: revolving water loan forgiveness

Thank you very much!

Sent from my iPhone

On Mar 20, 2015, at 2:52 PM, Stanton, Terry A. (Treasury) <StantonT@michigan.gov> wrote:

> As I recalled...legally, we have no authority to do that, and we have told the city that.
>
> **From:** Murray, David (GOV)
> **Sent:** Friday, March 20, 2015 2:46 PM
> **To:** Stanton, Terry A. (Treasury)
> **Subject:** Fwd: revolving water loan forgiveness
>
> Hi Terry,
>
> Ron's asking about Flint loan forgiveness. I can tell about the grants, other things we are doing and can pivot. But just so I know, is loan forgiveness a possibility?
>
> Sent from my iPhone
>
> Begin forwarded message:
>
>> **From:** Ronald Fonger <RFONGER1@mlive.com>
>> **Date:** March 20, 2015 at 2:43:19 PM EDT
>> **To:** "Murray, David (GOV) (MurrayD1@michigan.gov)" <MurrayD1@michigan.gov>
>> **Subject: FW: revolving water loan forgiveness**
>>
>> Dave:
>> First, I confess I did it again (sent this to your MLive address this morning). I was checking to see if your office will comment for this follow-up story.
>> Sorry for resending this so late in the day. I just realized it.
>>
>> **Ron Fonger**
>> MLive Media Group
>> Reporter

mobile 810.347.9963
email rfonger1@mlive.com
address 540 S. Saginaw St. #101, Flint MI 48502

From: Ronald Fonger
Sent: Friday, March 20, 2015 10:34 AM
To: 'Murray, David'
Subject: revolving water loan forgiveness

Dave:
We wrote a story Thursday about Jerry Ambrose restructuring bond repayments to free up money for water system work.
I had a chance to talk to the mayor later and am working on a follow-up. He says he wants loan forgiveness rather than restructuring, and recalled that he requested that in his letter to the governor.
Is loan forgiveness for all or part of Flint's revolving water loans being considered?
Thanks,

Ambrose restructuring:
http://www.mlive.com/news/flint/index.ssf/2015/03/flint_emergency_manager_oks_re.html

Walling letter:
http://www.mlive.com/news/flint/index.ssf/2015/01/flint_mayor_asks_governor_for.html

Ron Fonger
MLive Media Group
Reporter

mobile 810.347.9963
email rfonger1@mlive.com
address 540 S. Saginaw St. #101, Flint MI 48502

Stanton, Terry A. (Treasury)

From: Workman, Wayne (TREASURY)
Sent: Friday, March 20, 2015 3:03 PM
To: Stanton, Terry A. (Treasury); Saxton, Thomas (Treasury)
Subject: RE: revolving water loan forgiveness

Loan forgiveness is not legal.

From: Stanton, Terry A. (Treasury)
Sent: Friday, March 20, 2015 2:49 PM
To: Saxton, Thomas (Treasury); Workman, Wayne (TREASURY)
Subject: FW: revolving water loan forgiveness

Tom & Wayne...

See below re: Walling's request for loan forgiveness. That's not possible (or legal)...is it?

Please advise.

From: Murray, David (GOV)
Sent: Friday, March 20, 2015 2:46 PM
To: Stanton, Terry A. (Treasury)
Subject: Fwd: revolving water loan forgiveness

Hi Terry,

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Ron Fonger
MLive Media Group
Reporter

mobile 810.347.9963
email rfonger1@mlive.com
address 540 S. Saginaw St. #101, Flint MI 48502

Byrne, Randall (Treasury)

From:	Gerald Ambrose <gambrose@cityofflint.com>
Sent:	Friday, March 20, 2015 9:36 PM
To:	Workman, Wayne (TREASURY); Byrne, Randall (Treasury)
Subject:	FYI......
Attachments:	image.jpg
Follow Up Flag:	Follow up
Flag Status:	Completed

Flint mayor wants water loan payments forgiven, not delayed

FLINT, MI -- Mayor Dayne Walling said he appreciates the plan to restructure four drinking water bonds, freeing up $2.2 million to help fix water safety and quality in the city. He'd just like to take it a step further. Walling said that he's continuing to push for Read More
http://www.mlive.com/news/flint/index.ssf/2015/03/flint_mayor_wants_water_loan_p.html

Byrne, Randall (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 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

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.

Byrne, Randall (Treasury)

From:	Widigan, Robert (TREASURY)
Sent:	Monday, March 23, 2015 8:29 AM
To:	Byrne, Randall (Treasury)
Cc:	Workman, Wayne (TREASURY); Koryzno, Edward (Treasury); Cline, Richard (Treasury)
Subject:	RE: Flint Water Advisory Committee Meeting 03-19-15
Attachments:	COF Water Advisory Comittee Questions Answers _Final (1).pdf; FY15 W&S Budget-Pie-Chart.pdf

Good morning,

I received the remaining documents (attached) from the City: breakdown of FY 2015 Water and Sewer budgeted expenditures and answers to all 61 questions asked at the last advisory committee meeting.

If additional information is desired, please let me know.

Thank you,

Robert Widigan | Office of Fiscal Responsibility
State of Michigan | Department of Treasury
430 W. Allegan Street | Lansing, MI 48922
Office (517) 335-2130 | Cell (517) 243-8645
WidiganR@michigan.gov

From: Widigan, Robert (TREASURY)
Sent: Friday, March 20, 2015 11:32 AM
To: Byrne, Randall (Treasury)
Cc: Workman, Wayne (TREASURY) (WorkmanW@michigan.gov); Koryzno, Edward (Treasury); Cline, Richard (Treasury)
Subject: Flint Water Advisory Committee Meeting 03-19-15

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WidiganR@michigan.gov

Rodriguez, Faith (Treasury)

From: Workman, Wayne (TREASURY)
Sent: Monday, March 23, 2015 1:24 PM
To: Scott, Allison (GOV); Muchmore, Dennis (GOV); Roberts, John (DTMB)
Cc: Allard, Claire (GOV); Clinton, Kevin (TREASURY); Saxton, Thomas (Treasury); Storberg, Ann Marie (TREASURY); Gelisse, Ashley (TREASURY); Wisniewski, Wendy (GOV); Dempkowski, Angela (Treasury); Koryzno, Edward (Treasury)
Subject: FW: Local Government Update to State Treasurer/March 2015
Attachments: Gov Memo March Final.docx

Allison, Attached is the periodic update on distressed local governments. Please pass on to the Governor as appropriate. This will be the basis for our Local Government briefing March 30. Please call with any questions. Wayne

3500 (Rev 01-11)

STATE OF MICHIGAN
DEPARTMENT OF TREASURY

RICK SNYDER
GOVERNOR

R. KEVIN CLINTON
STATE TREASURER

DATE: March 23, 2015

TO: Rick Snyder, Governor

FROM: R. Kevin Clinton, Treasurer

SUBJECT: Status of Financially Stressed Local Governments

EMERGENCY MANAGER

Flint
Emergency Manager: Gerald Ambrose
Appointed: January 13, 2015
Anticipated Exit: April 2015

Recent Developments

- The city was awarded $2M through the Financially Distressed Cities, Villages, and Townships Grant Program. These funds will be used to enhance the city's water system through improved waste management, leak detection, and pipe assessments.
- An EM Order is being prepared that will restructure its SRF loans. This would free up approximately $2.2M allowing the city to further improve its water system.
- The City of Flint had informed residents that it is in violation of the Clean Water Standards Act, after unsafe levels of trihalomethanes (TTHM, a disinfectant by-product) were found in the water. Recent testing by the Michigan Department of Environmental Quality (MDEQ) Testing Lab showed that the total TTHM levels for the month of February are well within the Environmental Protection Agency (EPA) guidelines for safe water. However, because EPA regulations require that the four month average for all testing sites be within certain guidelines, the city is still considered to be non-compliant by the MDEQ. Monthly testing will be ongoing, and is being conducted by several parties.
- The city hired Veolia to provide an analysis of the water system, including recommended improvements, and associated costs. Recommendations included water plant improvements, distribution system improvements, new policies and procedures, and better communication with customers. On March 19, 2015, the report was presented to the Flint Water Advisory Committee, but the presentation broke down due to citizen unrest. An International City/County Management Association (ICMA) comprehensive public safety study has been completed, and was presented to the City Council on January 22, 2015. Several recommendations for both police and fire are currently being reviewed. Of the 16 major recommendations for public safety, the following four are most crucial:

- o Establish more aggressive protocols for responding to service demands from the public.
- o Equip a minimum of one marked patrol car with an automated external defibrillator (AED) and an automatic license plate reader, and equip every car with e-ticket readers and printers.
- o Develop a robust in-service training program.
- o Establish and publish a clear multi-year strategic plan that includes specific performance goals and objectives for all units.

Significant Actions/Issues

- The General Fund accumulated deficit for FY 2014 was $9M. In FY 2013, the General Fund had an accumulated deficit of $12.9M. Noted reductions included $5.6M from Parks & Recreation, 2.6M from Community Development, 1.8M from Public Safety, and $1.7 from Building Inspections.
- If the city loses the lawsuit over retiree healthcare, the budget does not assume this potential additional $5M to $6M expense, which will grow at a rate equal to the general rise in healthcare costs.

Lincoln Park
Emergency Manager: Brad Coulter
Appointed: July 3, 2014
Anticipated Exit: January 2016

Recent Developments

- The city was awarded $143.5K through the Financially Distressed Cities, Villages, and Townships Grant Program. These funds will be used to enhance public safety through updated technology.
- A fire union collective bargaining agreement has been approved. The estimated annual cost savings is approximately $500K by reducing overtime and paid leave.
- A Firefighters and Police Officers Retirement Act proposal has been placed on the May 2015 ballot. If approved by voters this will raise an additional 6 mills, or $3M, for fire and police pension funding and retiree healthcare.
- Poor actuarial advice has lead retiree health care in the city to be underfunded. EM Coulter has proposed changing retiree contracts to replace cost of city-provided health insurance with a stipend for retirees to purchase their own health coverage. The EM's plan would offer a single retiree roughly $150/month, a couple could receive $350/month, with a family cap set at $425/month. This change would reduce retiree healthcare costs from $4.1M to 600K annually.
- The EM submitted his proposed changes to City Council in March; and they did not act within the statutory deadline. The Treasurer's approval will be needed before the plan can be implemented. It is anticipated that the changes would be implemented in June or July of 2015.
- FY 2014 ended with a General Fund accumulated deficit of $736K out of a total budget of $21M. This is a significant increase from the FY 2013 accumulated deficit of $89K. Noted areas of increased expenditures within the governmental funds included Public Safety by $1.1M, Public Works by $700K, and Culture and Recreation by $600K.

Significant Actions/Issues

- The police and fire pension plan is 30% funded. The general employee pension plan is 22% funded. The aforementioned Firefighters and Police Officer Retirement Act ballot proposal attempts to address the pension funding shortfall.

Issues to Resolve before EM Exit

- Police collective bargaining agreements must be finalized.
- Increase and stabilize pension and other post-employment benefits (OPEB) funding levels.

FINANCIAL REVIEW COMMISSION (FRC)

Detroit

FRC Created: November 12, 2014

FRC Members: Bill Martin, Brenda Jones, Darrell Burks, John Roberts, Kevin Clinton, Lorron James, Mike Duggan, Stacy Fox, Tony Saunders

Recent Developments

- The City of Detroit held its first statutorily-required Revenue Estimating Conference on February 20, 2015. The conference principals, Jay Wortley of Treasury, John Hill of the City of Detroit, and George Fulton of the University of Michigan, approved the consensus revenues as presented. The principals agreed that the revenue estimates were conservative.
- At the FRC's February 23, 2015 meeting, the FRC approved, and referred to the newly formed Finance and Enterprise Resource subcommittee for further review, the city's revenue estimates that were presented at the aforementioned Revenue Estimating Conference. The city will be incorporating the revenue estimates into its Four-Year Financial and Operating Plan (Plan) that will be presented to the FRC at its March 23, 2015 meeting for the Commission's review. The FRC also approved the city's debt service requirements report and several operational contracts.
- Treasury hired Ron Rose as the Executive Director (ED) for the Office of the FRC within the Department. His start date was March 2, 2015. Treasury is in the process of filling other key staff positions and has engaged the financial consulting services of UHY. Treasury has also engaged Martha Kopacz from Phoenix Management Services. Ms. Kopacz and her team acted as independent financial experts for Judge Rhodes in the city's Chapter 9 bankruptcy proceedings. Among other duties, the consultants will provide assistance in reviewing and analyzing the Plan for the FRC.

Significant Actions/Issues

- The city will be submitting its Four-Year Financial and Operating Plan to the FRC on March 23, 2015 for review, with FRC action expected on April 20, 2015. The city's Plan will encompass the second year (FY16) of Emergency Manager Orr's two-year budget and use this as its base year with no changes, plus three years (FY17, FY18, and FY19).
- Ensuring that the Plan is based on sound assumptions and that the city's operational budgets and actual spending conform to the Plan will be one of the FRC's most significant tasks.

RECEIVERSHIP TRANSITION ADVISORY BOARD (RTAB)

Hamtramck
RTAB Appointed: December 18, 2014
RTAB Members: Deborah Roberts, Mark Stema, Cathy Square, Karen Young

Recent Developments
- The city was awarded $622K through the Financially Distressed Cities, Villages, and Townships Grant Program. These funds will be used to complete a property reappraisal which will provide updated and accurate assessing records, upgrade City Hall security, and enhance public safety through improved street lighting.
- The Police Chief resigned on March 11, 2015. Lieutenant Ann Moise was appointed Acting Police Chief.
- Deputy City Manager/Treasurer John Gabor start date was February 2, 2015.

Significant Actions/Issues
- A complaint was filed in the federal court by Hamtramck retirees over changes to healthcare benefits in October 2014. The potential exposure to the city is currently unknown, but the city is confident that the benefits in question were improperly offered and were rightfully terminated.
- The annual pension liability is anticipated to increase from $3.5M in FY 2015 to $4.3M in FY 2019. This increase is a result of closing certain pension plans and the Michigan Employee's Retirement System (MERS) policy of accelerating the required contribution for closed plans. These increases were included in Emergency Manager Square's two-year budget.

Allen Park
RTAB Appointed: September 26, 2014
RTAB Members: Suzanne Schafer, Joyce Parker, Fredrick Frank, Karen Barann

Recent Developments
- The City Council voted on January 27, 2015 to suspend City Administrator Karen Folks. This vote was taken despite two Emergency Manager Orders that prohibit termination until October 2015 and establish a process for termination. The City Administrator and City Council negotiated a separation agreement which was approved by the RTAB on March 12, 2015. The RTAB also approved the City Council's appointment of the Finance Director as Interim City Administrator. A search firm will be hired to begin the process of selecting a new City Administrator.
- The city was expecting to issue a bond tender offer beginning in March to reduce outstanding debt. However, the tender offer has been delayed due to the uncertainty between the City Council and City Administrator. A timeline to complete the bond tender process will be developed by the various parties in late March 2015.

Significant Actions/Issues
- Litigation was filed by retirees challenging the Emergency Manager's authority to reduce other post-employment benefits (OPEB) liabilities. A motion for summary disposition is pending. No date has been set to hear this motion.
- City Hall will be relocating to a temporary facility in May 2015. The present facility is in poor condition.

Benton Harbor
RTAB Appointed: March 10, 2014
RTAB Members: Larry Steckelberg, Bret Witkowski, Marvin Raglon, Sharon Hunt

Recent Developments
- The city was awarded $910K through the Financially Distressed Cities, Villages, and Townships Grant Program. These funds will be used to enhance the water system through water main replacements and fire hydrant repairs, and to complete a property reappraisal which will provide updated and accurate assessing records. Additionally, the city will provide community enhancement through blight management and sidewalk replacement.
- On February 2, 2015, the City Commission unanimously approved a one-year contract extension for City Manager Darwin Watson.

Significant Actions/Issues
- On January 20, 2015, the City Commission passed a resolution adopting a fund balance policy consistent with Government Finance Officers Association (GFOA) Best Practices. The RTAB approved the resolution on January 28, 2015.
- FY 2014 audited General Fund revenues exceed expenditures by $1M, out of a total budget of $6.1M.

Ecorse
RTAB Appointed: May 1, 2013
RTAB Members: Edward Koryzno, Robert Bovitz, Joyce Parker

Recent Developments
- The city was awarded $350K through the Financially Distressed Cities, Villages, and Townships Grant Program. These funds will be used to enhance public safety through improved street lighting.
- The city signed a contract with UHY to provide part-time financial services until a permanent solution can be found. The RTAB approved the contract on January 13, 2015.
- The City Council cancelled the contracted City Administrator search with the Michigan Municipal League (MML) and appointed Wayne O'Neal as full-time City Administrator. On February 10, 2015, the RTAB approved the City's resolution appointing Mr. O'Neal.
- The city continues to have trouble attracting qualified candidates, and filling higher level administrative positions.

Significant Actions/Issues
- The RTAB's Annual Evaluation for the Governor was not favorable, citing a lack of local financial literacy, political infighting, and an inability to develop a balanced multi-year budget. For these reasons, the Board did not recommend removal of RTAB oversight at this time.
- Municipal Employee's Retiree System (MERS) pension contributions are anticipated to increase from $1.8M in FY 2015 to $2.4M in FY 2016 because of accelerated funding for closed plans.
- The city has been unable to balance their five-year budget. Previous budgets project deficit spending in FY 2016, and exhaustion of all resources in FY 2017. To avoid this eventuality, significant expense reductions will be necessary in upcoming fiscal years. However, an action plan to reduce expenses is not forthcoming from the city.

Pontiac
RTAB Appointed: August 19, 2013
RTAB Members: Edward Koryzno, Louis Schimmel, Keith Sawdon, Robert Burgess

Recent Developments
- The city was awarded $125K through the Financially Distressed Cities, Villages, and Townships Grant Program. These funds will be used for community enhancement through blight management.
- In April 2014, the Final Emergency Manager Order was amended to create a Deputy Mayor position. A suitable candidate was not found through a Michigan Municipal League (MML) search. A new search firm has been hired to recruit a Deputy Mayor as part of the transition back to Home Rule.
- Per the audit, the General Fund's accumulated fund balance for FY 2014 is approximately $5M out of a total budget of $27M.
- The City Charter Revision Commission submitted a proposed Charter by the February 10, 2015 deadline and the proposed Charter will be on the May 2015 ballot.

Significant Actions/Issues
- The General Fund is structurally balanced in FY 2015 but expenditures are projected to exceed revenues by $360K due to deferred projects from FY 2014.
- Oakland County Circuit Court Judge Michael Warren dismissed the city's condemnation lawsuit involving the Phoenix Center because the city failed to include compensation for the lien placed on the property. The city is preparing an appeal of the decision to the U.S. Sixth Circuit Court of Appeals.
- The City of Pontiac Retired Employees Association v. City of Pontiac lawsuit in the United States District Court was reassigned from Judge Lawrence P. Zatkoff to Judge Avern Cohn. The lawsuit challenges former Emergency Manager Schimmel's elimination of retiree healthcare and replacement with an annual stipend. The General Employees Retirement System (GERS) Pension Fund is significantly overfunded and the parties are exploring options to use the overfunded portion to fund retiree healthcare.
- On March 17, the Michigan Court of Appeals reversed and remanded for trial a previous lower court dismissal of a previous 2013 suit which challenged the EM ordered nonpayment of $3.9 million into a VEBA trust for the fiscal year ending 2012. This appellate order is not a judgment against the city, rather it allows the previously dismissed lawsuit to proceed. The actual liability of the city will be determined either by a future settlement or by a final determination of the Oakland County Circuit Court.
- The GERS Board proposal was submitted to the court on January 30, 2015.

CONSENT AGREEMENT

Inkster
Date Executed: February 20, 2012
Consent Agreement Consultant: Mark Stuhldreher

Recent Developments
- The city was awarded $855K through the Financially Distressed Cities, Villages, and Townships Grant Program. These funds will be used to complete a property reappraisal to provide updated and accurate assessing records, enhance the water system through fire

hydrant repairs, and enhancing public safety through the creation of a multi-jurisdictional narcotics team, police officer training, deployment of an additional police officer, providing a backup power source, and updating technology.

Significant Actions/Issues

- The FY 2014 General Fund accumulated deficit is $767K out of a total budget of $11M.

River Rouge

Date Executed: December 15, 2009
Consent Agreement Consultant: N/A (P.A. 72)

Recent Developments

- The city was awarded $592K through the Financially Distressed Cities, Villages, and Townships Grant Program. These funds will be used to enhance public safety through improved street lighting, along with infrastructure replacements to City Hall.
- Deborah Hayes-Price has been promoted to Chief of Police to replace former Police Chief Jeffrey Harris who retired in January.

Significant Actions/Issues

- U.S. Steel annual $1M tax settlement payment to the city has expired.
- General Fund revenues exceeded expenditures by $885K in FY 2014 and the accumulated fund balance was $1.9M.
- A reduction in healthcare benefits for active employees and retirees was implemented on November 1, 2014. The city estimates an annual savings of $400K.

Royal Oak Township

Effective Date: April 21, 2014
Consent Agreement Consultant: Robert Burgess

Recent Developments

- The township was awarded $274K through the Financially Distressed Cities, Villages, and Townships Grant Program. These funds will be used to enhance public safety through improved street lighting and increased police services.
- The State Treasurer rejected a decision by the Township Board to extend the contract with the current township attorney at a cost that was twice the amount of the lowest bidder. The Consent Agreement Consultant, Robert Burgess, issued an order requiring the township to extend a contract for legal services to the lowest bidder, Giarmarco, Mullins & Horton, P.C. This is one example of the difficulty the Consent Agreement Consultant has encountered in his efforts to have the Supervisor and Township Board comply with provisions of the Consent Agreement.
- The State Treasurer approved an amendment to the Fire Services Contract with the City of Ferndale on March 11, 2015. This amendment is projected to reduce annual costs to the township by $4K thru the end of 2015.

Significant Actions/Issues

- The Michigan State Police continues to provide police services to the township. The Department of Treasury and the Michigan State Police continue to work with the township and are reviewing a proposal from the City of Hazel Park to provide police services to the township.

- The State Treasurer approved the township's 2015 budget on December 16, 2014, with the requirement that the township work with Treasury to implement additional budget amendments to improve its overall effectiveness. No additional actions have occurred to implement these additional budget amendments as the township was without the services of a financial consultant from the time of budget adoption through March 1, 2015.
- The township currently has an aging accounts payable in excess of $200K.

NEUTRAL EVALUATION

Highland Park

Financial Review Team Appointed: December 2, 2013
Financial Emergency Declared: January 30, 2014
PA 436 Option Selected: Neutral Evaluation

Recent Developments

- The city was awarded $2M through the Financially Distressed Cities, Villages, and Townships Grant Program. These funds will be used to enhance the city's water system through meter replacement, leak detection, and system repairs.
- Cathy Square, former Hamtramck Emergency Manager, was hired to fill the position of City Administrator.
- Huron Consulting has been hired to prepare a request for proposal (RFP) to solicit firms to operate and maintain the city's water and sewer systems, as required by the city's Plan of Adjustment. The proposals are due on April 20, 2015.
- BenStaff has been hired by the city to make recommendations that will reduce healthcare costs.
- The law firm of Lewis & Munday has been hired to assist the city with the restructuring of the other post-employment benefits (OPEB).

Significant Actions/Issues

- The city selected Tetra-Tech to prepare a water and sewer rate study. A draft study was completed on February 20, 2015. This study provides the city with proposed rates, which if adopted, will provide adequate revenue to operate and maintain the water and sewer system.
- The city's liabilities total $117.6M. Some of the major components are: $55.3M debt, including $20.7M owed to the Detroit Water and Sewerage Department (DWSD), $17.7M pension bonds, and $26.1M unfunded other post-employment benefits (OPEB) liabilities.
- Summary of the Plan of Adjustment for the City of Highland Park was adopted on August 28, 2014.
    - Fifth Third Bank has finalized an agreement and settled for 50 cents on the dollar for outstanding debt.
    - By June 30, 2015, Highland Park, as required by terms of the emergency loan, must have a third-party operator for its water/sewer systems.
    - After the selection of this third-party operator, DWSD and Highland Park will negotiate a long-term settlement for outstanding water and sewer debt.
    - The city must reduce retiree healthcare benefit costs.
    - In August 2015, an emergency loan of $16.4M, which includes the restructuring of $4.8M in existing loans, will be used to refund $2.7M in Fiscal Stabilization Bonds, $5.2M in Financial Recovery Bonds, and $3.7M in State Revolving Fund Bonds.

OTHER COMMUNITIES

Wayne County

Recent Developments

- In December 2014, the Michigan Supreme Court ruled unanimously in favor of retirees who receive a 13th check to offset inflation. The county is required to return $32M to the Pension Equity Fund.
- A Financial and Operating Plan and a voluntary Consent Agreement are being drafted.

Significant Actions/Issues

- Cash reserves reached its lowest point in August 2014 with pooled cash falling to approximately $73M. The average balance is $170M. This number includes proceeds from a short-term borrowing of $75M.
- A letter to the Treasurer from previous County Executive Robert Ficano, indicates that with the significant transfer of revenue from the Delinquent Tax Revolving Fund (DTRF), the General Fund deficit will be reduced to approximately $50M for FY 2014.
- In the same letter, it is indicated that the County has budgeted a transfer of $64M from the DTRF to balance the General Fund in FY 2015. However, this represents the last of the DTRF's unrestricted equity. This will result in a potential budget gap of $20M in FY 2016.
- The preliminary results of the county's actuarial report indicate a drop in other post-employment benefits (OPEB) liability of approximately $409M. This reduction is a result of the county choosing less expensive plans and implementing cost sharing measures. The Plan participants are now paying a larger share of the cost. This does not include any saving opportunities resulting from a proposed change to retiree healthcare.
- The county is working to resolve a disagreement with the Mental Health Authority over services provided to jail inmates. The county currently pays for this service but believes it falls under the purview of the Authority.

Widigan, Robert (TREASURY)

From: Liz Murphy <emurphy@cityofflint.com>
Sent: Monday, March 23, 2015 12:10 PM
To: Widigan, Robert (TREASURY)
Subject: Fwd: Budget Pie Chart
Attachments: W&S Budget Pie Chart.pdf; ATT00001.htm

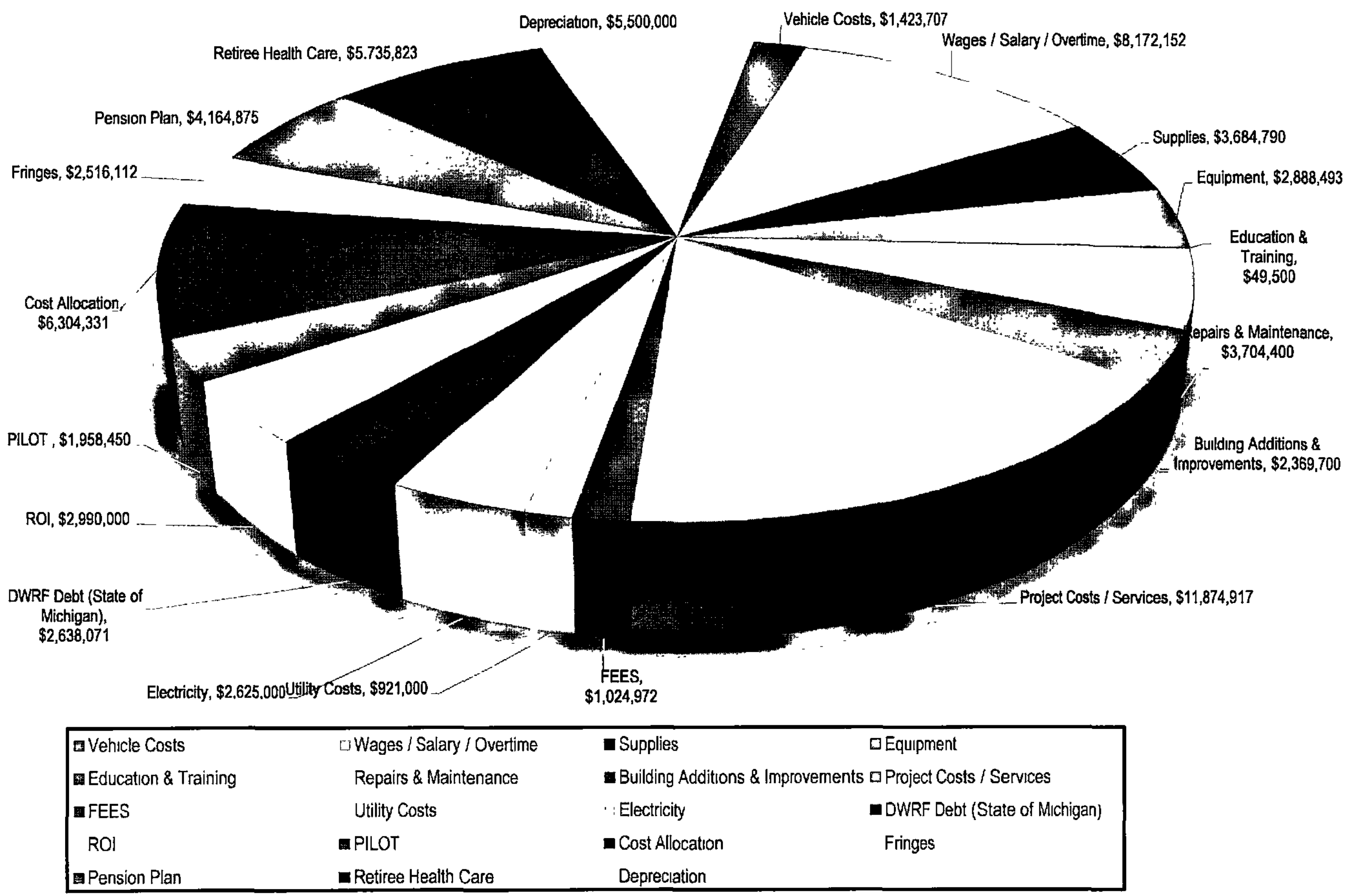
Robert,
I hope this chart works.
Liz

Sent from my iPhone

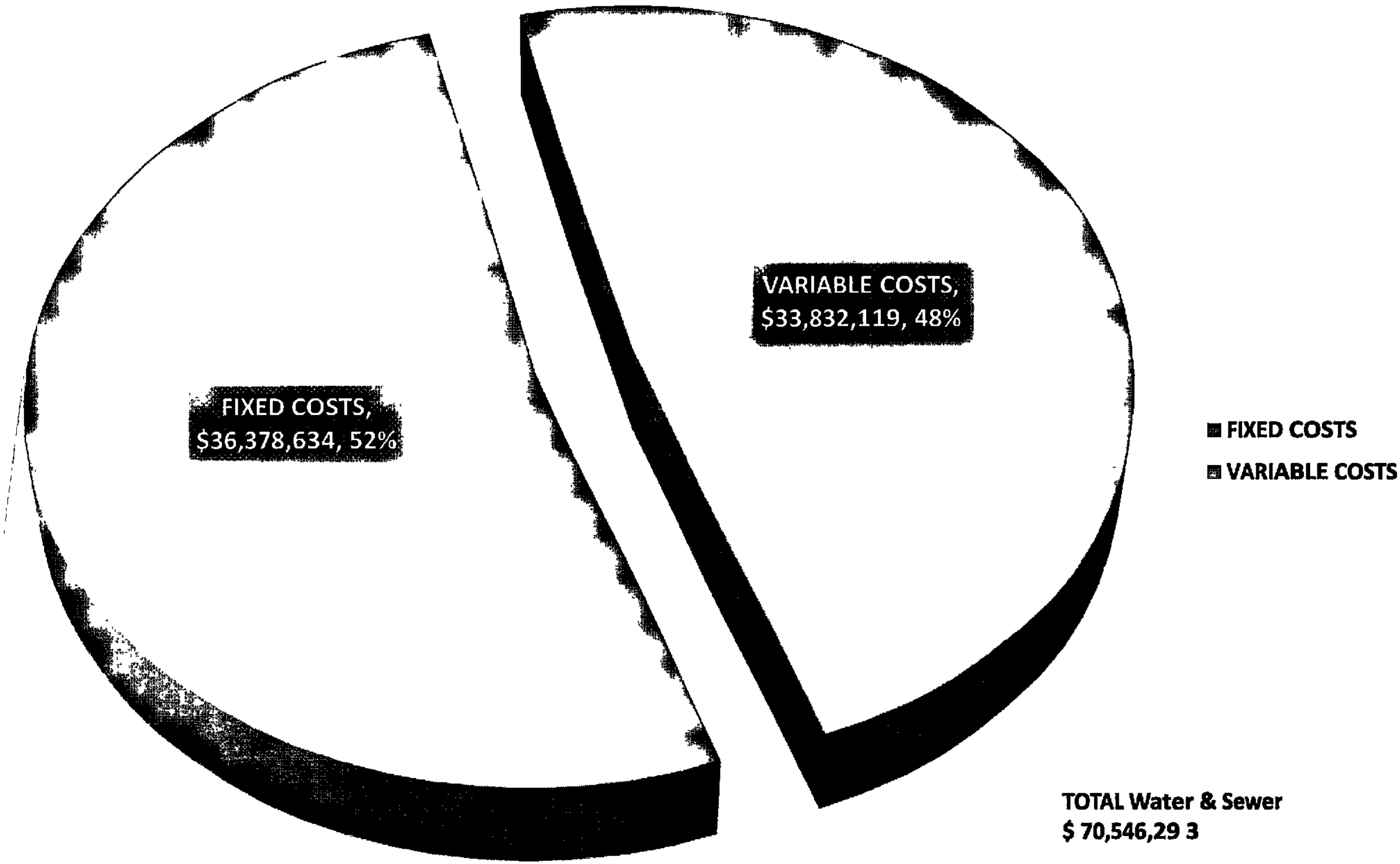
Begin forwarded message:

> **From:** Howard Croft <hcroft@cityofflint.com>
> **Date:** March 23, 2015 at 11:34:23 AM EDT
> **To:** Elizabeth Murphy <emurphy@cityofflint.com>
> **Subject: Budget Pie Chart**
>
> FYI
>
> --
> **Howard Croft**
> Public Works Director
> City of Flint
> 1101 S. Saginaw Street
> Flint, MI 48502
> PH# 810.766.7135 Ext.2043
> hcroft@cityofflint.com

FY 2015 Water & Sewer Budget



FY 2015 Water & Sewer Budget



TOTAL Water & Sewer
$ 70,546,29 3

Budget Specifics:

FEES		
	Compiance Fees	$131,972.00
	KWA Fee	$584,000.00
	Printing / Publishing / Postage	$40,200.00
	Street Services	$154,000.00
	Computer Software	$31,200.00
	Uniforms	$83,600.00
	TOTAL	**$1,024,972.00**

UTILITY COSTS		
	Gas	$595,000.00
	Water & Sewer	$326,000.00
	TOTAL	**$921,000.00**

Water System Facts:

Over 46,000 Users on the system in 2006
Under 30,000 Users on the system in 2015

3	Buildings to maintain
118	Vehicles
~138	Full-time employees
~600	Miles of distribution mains
~ 500	Miles of sewer mains
~ 500	Miles of sanitary mains
~3900	Hydrants
~7,300	Valves

Over 1,300 field water tests performed Annually
Over 300 Water main breaks to repair annually
Over 100 Valves replaced/repaired annually
Over 1000 Cut & plug services performed annually
Over 100 Catch basins cleaned/replaced annually
Over 100 Street cut repairs performed annually
Over 300 Miss Dig orders staked annually
Over 300 Sewer inspections performed annually
Over 300 Curb boxes orders performed annually

IMPORTANT INFORMATION ABOUT YOUR DRINKING WATER

City of Flint Did Not Meet Treatment Requirements

Our water system recently violated a drinking water standard. Although this incident was not an emergency, as our customers, you have a right to know what happened and what we are doing to correct this situation.

We routinely monitor for the presence of drinking water contaminants. Samples were collected for total trihalomethanes (TTHM) analysis from eight locations on a quarterly basis (May 21, August 21, November 20 of 2014, and February 17, 2015). The average of the results at ANY of the eight locations must not exceed the maximum contaminant level (MCL) for TTHMs, otherwise our water system exceeds the MCL. The standard for TTHMs is 80 micro grams per liter (µg/L). The location reporting the highest TTHM level was 105 ug/L; thus, our water system exceeds the TTHM MCL.

What should I do?

- There is nothing you need to do unless you have a severely compromised immune system, have an infant, or are elderly. These people may be at increased risk and should seek advice about drinking water from their health care providers.
- You do not need to boil your water or take other corrective actions. If a situation arises where the water is no longer safe to drink, you will be notified within 24 hours.

What does this mean?

This is not an emergency. If it had been an emergency, you would have been notified within 24 hours.

People who drink water containing trihalomethanes in excess of the MCL over many years may experience problems with their liver, kidneys, or central nervous system, and may have an increased risk of getting cancer

What is being done?

We are currently working on solutions to correct the problem. We anticipate resolving the problem in 2015. Our most recent individual sample results were all less than half the 80 µg/L standard, however since compliance is calculated using a locational running annual average (LRAA) of the most recent four quarters, we are still out of compliance with the MCL at two of eight locations.

For more information, please contact Mr. Brent Wright at 517-787-6537, or the Flint Water Plant at 4500 North Dort Highway, Flint, Michigan 48505.

Please share this information with all the other people who drink this water, especially those who may not have received this notice directly (for example, people in apartments, nursing homes, schools, and businesses). You can do this by posting this notice in a public place or distributing copies by hand or mail.

This notice is being sent to you by the City of Flint.

CERTIFICATION. F2 S3 WSSN: 02310

I certify that this water supply has fully complied with the public notification requirements in the Michigan Safe Drinking Water Act, 1976 PA 399, as amended, and the administrative rules.

Signature	Title	Date Distributed
[signature]	Plant Supervisor	March 25, 2015

Reminder to water supplier: This notice/certification must be sent to the Department of Environmental Quality.

Goodrich, Harlan G. (Treasury)

From:	Schafer, Suzanne K. (Treasury)
Sent:	Monday, March 23, 2015 12:51 PM
To:	Goodrich, Harlan G. (Treasury)
Subject:	FW: Flint Drinking Water Loans
Attachments:	Executed Emergency Manager Memorandum - City of Flint.pdf

From: Bowman, Matthew (Treasury)
Sent: Monday, March 23, 2015 11:42 AM
To: Gerald Ambrose; 'bulger@millercanfield.com'; danhof@millercanfield.com; Lambert, Alan (AG); Workman, Wayne (TREASURY); Gelisse, Ashley (TREASURY); Schafer, Suzanne K. (Treasury)
Cc: Barton, John (Treasury); Cousineau, Sara (Treasury)
Subject: Flint Drinking Water Loans

Please find attached the executed version of the Emergency Manager Memorandum for the City of Flint's Drinking Water loans. We are still in the process of obtaining the MFA and DEQ signatures on the restructuring agreement, and will send the executed version when available. If you have any questions, please do not hesitate to contact me.

Thanks,

Matt Bowman
Bureau of State and Authority Finance
Michigan Department of Treasury
Bowmanm2@michigan.gov
517.335.6102

CITY OF FLINT

OFFICE OF THE EMERGENCY MANAGER

Gerald Ambrose
Emergency Manager

To:	Treasurer R. Kevin Clinton State of Michigan
From:	Gerald W. Ambrose, Emergency Manager City of Flint
Date:	March 18, 2015
Re:	PA 436 Approval of Restructuring of City of Flint's Outstanding Water Supply System Revenue Bonds, Series 1999, Series 2000, Series 2001 and Series 2002

The Emergency Manager ("EM") of the City of Flint, County of Genesee, State of Michigan (the "City") has determined that it is in the best interest of the City and is consistent with the City's restructuring efforts and will promote the goals and purposes of Act 436, Public Acts of Michigan, 2012 ("Act 436"), for the City to restructure the debt service schedules for all of the City's outstanding water supply system revenue bonds, to provide funding to finance improvements and replacements (the "Improvements") to the City's Water Treatment Plant and water distribution system from the Plant. The salient terms and benefits of the transaction are as summarized below:

- The City presently has the following bonds outstanding, the proceeds of which were used to finance improvements to the Flint Water Treatment Plant, (the "Plant"): (i) $2,543,994 Water Supply System Revenue Bonds, Series 1999 (the "1999 Bonds"); (ii) $3,275,000 Water Supply System Revenue Bonds, Series 2000 (the "2000 Bonds"); (iii) $4,256,408 Water Supply System Revenue Bonds, Series 2001 (the "2001 Bonds") and (iv) $10,694,934 Water Supply System Revenue Bonds, Series 2002 (the "2002 Bonds" and collectively with the 1999 Bonds, the 2000 Bonds and the 2001 Bonds, the "Bonds").

- All of the Bonds were sold to and are presently owned by the Michigan Finance Authority (the "MFA"), as successor to the Michigan Municipal Bond Authority.

- In connection with the issuance of each series of the Bonds, the State of Michigan, acting through its Department of Environmental Quality (the "DEQ") entered into a Supplemental Agreement with the City (collectively, the "Supplemental Agreements"), providing certain covenants of the City and approving the issuance of the Bonds.

- The City does not have sufficient available funds on hand to finance the Improvements.

- The Emergency Manager proposes to restructure, amend and restate the debt service payment schedules on the Bonds, by postponing the principal payments, but not the interest payments, next coming due on April 1, 2015 for the 1999 Bonds of $395,000, the 2000 Bonds of $435,000 and the 2001 Bonds of $485,000 and the payment due on October 1, 2015 for the 2002 Bonds of $925,000, all as more particularly described in the Emergency Manager's Order (the "Order") accompanying this Memorandum (collectively, the "Restructuring"), to allow the total amount on hand and available for such principal payments of $2,240,000 to be used to pay for the Improvements.

- Except for the amendment and restatement of the debt service schedules for the Bonds, all other terms of the Bonds including the security, the interest rates and the final maturity dates will remain unchanged.

- The City, the MFA and the DEQ shall approve the Restructuring pursuant to a certain Agreement Related to Restructuring of Debt Service Schedules of City of Flint Water Supply System Revenue Bonds, Series 1999, Series 2000, Series 2001 and Series 2002.

Pursuant to Section 12(1)(x) of Act 436 the Emergency Manager is authorized to enter into an agreement with the MFA to allow the Restructuring subject to the approval by you as State Treasurer. Accordingly, the Emergency Manager hereby submits the proposed Restructuring to you for review and requests that you authorize the Restructuring contemplated herein.

APPROVED

3-23-15

Date **R. Kevin Clinton, Treasurer**

24025416.1\029624-00024

Byrne, Randall (Treasury)

From: Gerald Ambrose <gambrose@cityofflint.com>
Sent: Monday, March 23, 2015 9:41 PM
To: Workman, Wayne (TREASURY)
Cc: Byrne, Randall (Treasury)
Subject: Re: The fun never stops! ......

2 Council members running for Mayor explains a lot.....doesn't change the facts that the water is safe and DWSD is $1 million a month...

On Mar 23, 2015 9:34 PM, "Workman, Wayne (TREASURY)" <WorkmanW@michigan.gov> wrote:
All i say is thanks for the update. Probably should talk Tuesday

Sent from my iPhone

On Mar 23, 2015, at 9:32 PM, Gerald Ambrose <gambrose@cityofflint.com> wrote:

> **Flint Council votes to do 'all things necessary' to end use of Flint River**
>
> FLINT, MI -- The City Council has voted to "do all things necessary" to reconnect Flint to the Detroit Water and Sewerage Department. But it was unclear what effect -- if any -- that action will have with a state-appointed emergency manager still at the helm of Read More http://www.mlive.com/news/flint/index.ssf/2015/03/flint_council_votes_to_do_all.html
>
> <image.jpg>

Koryzno, Edward (Treasury)

From:	Gerald Ambrose <gambrose@cityofflint.com>
Sent:	Tuesday, March 24, 2015 10:48 AM
To:	Workman, Wayne (TREASURY); Koryzno, Edward (Treasury); Byrne, Randall (Treasury)
Subject:	Fwd: PRESS RELEASE: EM Statement on Flint's Water
Attachments:	EM Statement on Water 3.24.2015.pdf; EM Letter to Treasury Regarding Water.PDF

FYI
---------- Forwarded message ----------
From: **Jason Lorenz** <jlorenz@cityofflint.com>
Date: Tue, Mar 24, 2015 at 10:35 AM
Subject: PRESS RELEASE: EM Statement on Flint's Water
To:

For Immediate Release

Emergency Manager Statement on Water: Spending Extra $12 Million on Detroit Water "Incomprehensible" When Flint Water Just as Safe

Flint, Michigan – March 24, 2015 – At the City Council meeting held on Monday, March 23, 2015, Flint City Council made a motion to "do all things necessary" to return to using water purchased from Detroit and discontinue use of the Flint River as a water source. The following statement from Emergency Manager Gerald Ambrose addresses that point:

"Flint water today is safe by all EPA and MDEQ standards and the City is working daily to improve its quality. Users also pay some of the highest rates in the state because of the decreased numbers of users and the age of the system.

"It is incomprehensible to me that 7 members of the Flint City Council would want to send more than $12 million a year to the system serving southeast Michigan, even if Flint rate payers could afford it. Water from Detroit is no safer than water from Flint.

"If $12 million annually were available for discretionary use, it would be far better spent reducing rates paid by Flint customers and/or modernizing the City's system."

-Gerald Ambrose,

Flint Emergency Manager

–END–

-Jason Lorenz
Public Information Officer
City of Flint
(810) 237-2039
jlorenz@cityofflint.com

Gerald Ambrose
Emergency Manager

Dayne Walling
Mayor

Jason Lorenz
Public Information Officer
(810) 237-2039
jlorenz@cityofflint.com

For Immediate Release

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"If $12 million annually were available for discretionary use, it would be far better spent reducing rates paid by Flint customers and/or modernizing the City's system."

-Gerald Ambrose,
Flint Emergency Manager

–END–

CITY OF FLINT

OFFICE OF THE EMERGENCY MANAGER

Gerald Ambrose
Emergency Manager

TO: Wayne Workman, Deputy Treasurer
Treasury Department
State of Michigan

FROM: Jerry Ambrose, Emergency Manager
City of Flint

DATE: March 3, 2015

As the Emergency Manager for the City of Flint, I am charged with restoring the City government to financial solvency, and working to assure that the City moves forward on a financially sustainable basis. The steps taken over the past three years have been difficult. Taxes and fees have been raised, services and workforce reduced, and ongoing costs, including legacy costs, have been constrained.

The current controversy surrounding the provision of water, and the path for resolution, has a potentially significant impact on the progress that is being made. I am satisfied that the water provided to Flint users <u>today</u> is within all MDEQ and EPA guidelines, as evidenced by the most recent water quality results conducted for MDEQ. We have a continuing commitment to maintain water safety and to improve water quality, and have dedicated resources to assure this commitment will be made.

The oft-repeated suggestion that the City should return to DWSD, even for a short period of time, would, in my judgment, have extremely negative financial consequences to the water system, and consequently to the rate payers. By the most conservative estimates, such a move would increase costs by at least $12 million annually, with that amount achieved only by eliminating virtually all budgeted improvements in the system. For a system with Unrestricted Assets of only $740,745, according to the June 30, 2014 audited financial statements, the only recourse within the City's control would be to increase revenues significantly. And in my judgment, that would come from raising rates for water by 30% or more . Further, changing the *source* of the city's water would not necessarily change any of the *aesthetics* of the water, including odor and discoloration, since those appear to be directly related to the aging pipes and other infrastructure that carry water from the treatment facility to our customers.

This direction of discussion also deviates from what, in my judgment, should be the focus: How can we not only operate and maintain a system to assure the delivery of safe and quality water dependably, but significantly reduce the cost of water and sewer to the users? At an average of $149 per month for water and sewer service for a residential user, the cost is extremely high in comparison to surrounding areas, as well as most areas across the state, and creates a significant financial burden for many users. In my judgment, we should all be concentrating on how to reduce rates by 50% or more. Unfortunately, there are no easy or evident answers, and continuation of the status will be an impediment to the sustainable recovery of the City of Flint. It is a conversation that I expect we will have with the recently created Water Quality Advisory Committee.

My reasoning for this conclusion is as follows:

One of the decisions made in the context of beginning to eliminate deficits and to restore financial stability to the City of Flint was to increase water and sewer rates significantly – the only choice available to financially stabilize a system that as of June 30, 2012, had a <u>deficit</u> of $8,758,091. Another was to leave DWDS for the KWA because it offered the opportunity to lower future rate increases. A third decision was to utilize the Flint River on an interim basis when DWSD unilaterally terminated the City's contract for water purchase. That decision was made because it also offered an immediate cost savings opportunity which translated into the ability to upgrade the Water Treatment Plant without having to seek financing. It was a reasonable decision because of our experience in using the river in a back-up capacity, including test runs on a quarterly basis for several decades.

Unfortunately, the switch to the river as a primary source was more challenging than anticipated, and the harsh winter of 2013-2014 resulted in much more damage to the aging water infrastructure than in previous years. The result was the issuance of required notices that water exceeded established guidelines for safety as it could affect certain vulnerable populations, and some users of the system experienced unpleasant odors and discoloration. Some users also appeared to have had some negative reactions to the new source of water. However, as soon as the test results were known, City staff took immediate actions to address the concerns. These actions are evidenced today by the fact that MDEQ has certified that our most recent testing shows water from all testing sites to be well within acceptable guidelines. Additionally, the City is continuing to taking the necessary actions to assure that the water supply remains safe and that water quality continues to improve.

As the City has moved to address the situation, the suggestion continues to be made that the City should re-engage with DWSD and purchase water at least until the KWA pipeline is supplying water. As evidenced by the most recent letter from DWSD, such a decision would immediately increase the City's cost by $846,700 per month, or $10,160,400 per year, just for the fixed cost portion of the price. The actual *purchase* of water would be an additional fee, and dependent upon the quantity purchased. We estimate the actual water purchase cost to average more than $1 million per month, for a grand total of approximately $22 million per year. Finally, the DWSD offer is conditioned upon the City (or presumably the KWA) agreeing to negotiate a long term contract (30 years) for back-up.

The $22 million annual estimate of increased costs to purchase water from DWSD would be minimally offset by an approximate $3 million in reduced operating costs, and could be further offset by an additional $9 million, but only if all funding for capital improvements to the system are eliminated. To eliminate all funding dedicated to repairing, stabilizing, and improving the system would be totally irresponsible and would have long term negative consequences to the City and to future rate payers.

As you are aware we have recently brought in outside expert assistance to evaluate the steps we have taken to assure that the water is safe and to continue to improve water quality. We are expecting specific recommendations within the next few weeks, and are committed to implementing those recommendations in a timely manner. Many steps have already been taken. I am confident that implementing their recommendations will assure a continuing supply of safe water as well as improved quality, and at far less cost than re-engaging DWSD.

We have also created a 40-member Water Advisory Committee and a 13-member Technical Advisory Committee to assure two-way communication with the public and users of the system. Those committees will begin to meet this week, and we look forward to answering their questions and receiving their input.

It is unfortunate that problems and concerns with quality have arisen, and we are working every day to address the issues that caused them. Maintaining safe water and improving quality is a top priority as we work to make the City of Flint an attractive place to live, work, study, and play.

Byrne, Randall (Treasury)

From:	Gerald Ambrose <gambrose@cityofflint.com>
Sent:	Tuesday, March 24, 2015 12:43 PM
To:	Hollins, Harvey (GOV)
Cc:	Workman, Wayne (TREASURY); Byrne, Randall (Treasury); Koryzno, Edward (Treasury)
Subject:	Water - fixed charges
Attachments:	Fixed charge calculation1.docx; EM Statement on Water 3.24.2015.pdf

Harvey,

You had requested additional information on the fixed charges used in Flint's water rates. Hopefully the attached helps. I have also included some additional information showing that that many of the recent increases in rates were done prior to the EM being appointed. And also, a reminder that the system was in a deficit position when the EM came on board, making additional increases necessary.

While the system is now solvent, it is not as strong as it once was. And the real challenge for all of is to figure out how to get rates down to an affordable level. But is cannot be done by simply reducing rates!

I am sure you are aware that the Council voted last night to "do everything in their power" to return to the Detroit system. I am attaching my statement in response.

Call if you have questions.

Jerry

RESIDENTIAL WATER/SEWER RATES - FIXED AND COMMODITY CHARGES

General statistics indicate that the average person uses between 80 and 100 gallons of water per day, or between 2,400 and 3,000 gallons per day. The City's general estimate for the average residential bill is based on consumption of approximately 5,200 gallons per day (7 units * 745 gallons. So the average we use is not out of line if the average number of users in a residence is around 2.

At $149 average costs per month, Flint's charges are very high in comparison to other systems, and an issues which must be addressed. Unfortunately, the Flint system, which has the capacity to serve a population of more than 200,000, now serves a population of approximately 100,000. The system, as currently configured today, needs between $65 million and $70 million in revenues annually to operate. One cannot simply reduce rates without affecting the ability of the system to operate.

Like many systems, Flint charges both a fixed charge and a commodity charge to generate revenues. The concept of the fixed charge is that there is a certain amount of the utility system which must operate regardless of how much of the commodity is used. Operation and maintenance of the system, including building, treatment, and distribution infrastructure, as well as debt service, are examples.

On the other hand, chemicals, utilities, and staffing to a certain extent vary with the amount of the commodity and can thus be linked to usage.

In Flint, the total fixed charge for the water and sewer bill accounts for approximately 40% of the average residential users bill. The amounts determined to be "fixed charges" were established many years ago, and the water rate study done for the City in 2014 made no recommendations for change.

The Flint system, which more than 10 years ago was very stable financially, had declined into a deficit financial position by June 30, 2012. Significant rate increases, many of which were enacted before the State assigned an Emergency Manager in late 2011, were necessary to stabilize the financial position of the system. Other decisions, including the decision to partner with Genesee County in the KWA, and the decision to utilize the Flint River for an interim period, were made with the goal of stabilizing rates and moderating future increases. Safety, quality, and affordability are the key priorities going forward.

Following is the detail of the water and sewer rate components.

WATER/SEWER RATES

Average Residential User

WATER COMMODITY CHARGE PER UNIT	Water Service Charge* 5/8" remote	SEWER COMMODITY CHARGE PER UNIT	Sewer Service Charge	Units for Ave. Bill	WATER COMMODITY	Service Charge* 5/8" remote	SEWER COMMODITY	Sewer Service Charge	Total
$ 7.92	$ 22.90	$ 5.17	$ 34.48	7.00	$55.44	$22.90	$36.19	$34.48	$149.01

AVERAGE	Water Charges		-	Sewer Charges			Water and Sewer		
RESIDENTIAL									
UTILITY	29%	$22.90	Fixed Charge	$34.48	49%		$57.38	39%	Fixed Charge
CHARGE	71%	$55.44	Commodity	$36.19	51%		$91.63	61%	Commodity
	100%	$78.34		$70.67	100%		$149.01	100%	

RECENT RATE INCREASES

Overall cost to residential users for water and sewer have increased significantly since 2003 – almost three-fold. Note, however, that much of the recent increases were made prior to the appointment of an EM...

Increases Enacted by EM		Increases Enacted Prior to EM		
EM		PRE-EM		
Aug 2014	July 2012	July 2011	Jan 2011	Oct 2003
$78 34	$74 42	$66 12	$48 99	$29 60
$70 67	$65 60	$45 24	$33 50	$27 47
$149.01	$140 02	$111 36	$82.49	$57.07
$8.99	$28.66	$28.87	$25.42	
6%	26%	35%	45%	

Change in the Financial Position of the Water and Sewer System

The financial position of the water and sewer system in 2003 was strong. However, by 2011 the financial position had declined to the point where the system was in deficit. In spite of increases made prior to the appointment of an Emergency Manager, the utility system was still in a deficit position in 2012. While the financial position of the system is now positive, it is still less strong than in 2003:

Water and Sewer (Assets in Millions)

	2003	2011	2012	2013	2014
	Status Pre EM			Status under EM	
Capital Assets	$82,288	$65,877	$84,182	$78,066,635	$76,670
Restricted	$0	$0	$5,585	$4,385	$5,847
Unrestricted	$53,076	($423)	($8,459)	$8,817	$13,552

Byrne, Randall (Treasury)

From:	Gerald Ambrose <gambrose@cityofflint.com>
Sent:	Tuesday, March 24, 2015 1:12 PM
To:	Hollins, Harvey (GOV)
Cc:	Workman, Wayne (TREASURY); Byrne, Randall (Treasury); Koryzno, Edward (Treasury)
Subject:	Corrected memo - fixed charge memo
Attachments:	Fixed charge calculation1.docx

Sorry, some parts should have said "per month", not "per day."

Cousineau, Sara (Treasury)

From:	Bowman, Matthew (Treasury)
Sent:	Tuesday, March 24, 2015 4:20 PM
To:	Gerald Ambrose; 'bulger@millercanfield.com'; danhof@millercanfield.com; Lambert, Alan (AG); Workman, Wayne (TREASURY); Gelisse, Ashley (TREASURY); Schafer, Suzanne K. (Treasury)
Cc:	Barton, John (Treasury); Cousineau, Sara (Treasury)
Subject:	RE: Flint Drinking Water Loans
Attachments:	Executed Emergency Manager Order - City of Flint.pdf; Executed Agreement-Restructuring of Debt Service Schedules-City of Flint.pdf

The executed Emergency Manager Order and Restructuring Agreement are attached.

Thanks,

Matt Bowman
Bureau of State and Authority Finance
Michigan Department of Treasury
Bowmanm2@michigan.gov
517.335.6102

From: Bowman, Matthew (Treasury)
Sent: Monday, March 23, 2015 11:42 AM
To: 'Gerald Ambrose'; 'bulger@millercanfield.com'; danhof@millercanfield.com; Lambert, Alan (AG); Workman, Wayne (TREASURY); Gelisse, Ashley (TREASURY); Schafer, Suzanne K. (Treasury)
Cc: Barton, John (Treasury); Cousineau, Sara (Treasury)
Subject: Flint Drinking Water Loans

Please find attached the executed version of the Emergency Manager Memorandum for the City of Flint's Drinking Water loans. We are still in the process of obtaining the MFA and DEQ signatures on the restructuring agreement, and will send the executed version when available. If you have any questions, please do not hesitate to contact me.

Thanks,

Matt Bowman
Bureau of State and Authority Finance
Michigan Department of Treasury
Bowmanm2@michigan.gov
517.335.6102

EMERGENCY MANAGER
CITY OF FLINT
GENESEE COUNTY, MICHIGAN

ORDER No. 2

RESTRUCTURING OF OUTSTANDING WATER SUPPLY SYSTEM REVENUE BONDS, SERIES 1999, SERIES 2000, SERIES 2001 AND SERIES 2002

BY THE POWER AND AUTHORITY VESTED IN THE EMERGENCY MANAGER FOR THE CITY OF FLINT, MICHIGAN PURSUANT TO ACT 436, PUBLIC ACTS OF MICHIGAN, 2012 ("ACT 436"), THE LOCAL FINANCIAL STABILITY AND CHOICE ACT; GERALD W. AMBROSE, THE EMERGENCY MANAGER, ISSUES THE FOLLOWING ORDER:

WHEREAS, the City of Flint, County of Genesee, State of Michigan (the "City") is in a state of financial emergency under Act 436;

WHEREAS, effective on January 13, 2015, Gerald W. Ambrose was appointed as emergency manager (the "Emergency Manager") of the City, by the Governor of the State of Michigan (the "State") and the State by the Treasurer of the Department of Treasury; and

WHEREAS, pursuant to Section 9(2) of Act 436, the Emergency Manager has broad powers in receivership to rectify the financial emergency and to assure the fiscal accountability of the City of Flint and its capacity to provide or cause to be provided necessary services essential to the public health, safety and welfare; and

WHEREAS, pursuant to Act 436, the Emergency Manager acts in place of local officials, specifically the Mayor and City Council, unless the Emergency Manager delegates specific authority; and

WHEREAS, the City has heretofore issued and presently has the following bonds outstanding in the amounts indicated, the proceeds of which were used to finance the acquisition, construction and installation of Phase I, segments 1 through 4 of the rehabilitation of the Flint Water Treatment Plant (the "Plant"): (i) $2,543,994 Water Supply System Revenue Bonds, Series 1999, (the "1999 Bonds"); (ii) $3,275,000 Water Supply System Revenue Bonds, Series 2000, (the "2000 Bonds"); (iii) $4,256,408 Water Supply System Revenue Bonds, Series 2001 (the "2001 Bonds"); and (iv) $10,694,934 Water Supply System Revenue Bonds, Series 2002, (the "2002 Bonds", collectively with the 1999 Bonds, the 2000 Bonds and the 2001 Bonds, the "Bonds"); and

WHEREAS, all of the Bonds were sold to and are currently owned by the Michigan Finance Authority (the "Authority" or "MFA"), as successor to the Michigan Municipal Bond Authority; and

WHEREAS, the Plant and the water supply system are in need of further improvements and replacements (the "Improvements") to enhance the treatment of raw water processed by the Plant and the distribution of treated water from the Plant; and

WHEREAS, the City does not have sufficient funds on hand to finance the Improvements and the Authority has tentatively agreed to allow the Emergency Manager to restructure and amend the debt service payments on the Bonds, by postponing the principal payments next coming due on April 1, 2015 for the 1999 Bonds of $395,000, the 2000 Bonds of $435,000 and the 2001 Bonds of $485,000 and on October 1, 2015 for the 2002 Bonds of $925,000, all as more particularly described in this Order (collectively, the "Restructuring"), to allow the amounts available for such principal payments to be used to pay for the Improvements; provided, that the current interest payments due on such principal payment dates shall remain due and payable thereon; and

WHEREAS, Section 12(1)(x) of Act 436 authorizes the Emergency Manager to: "Enter into agreements with creditors or other persons or entities to restructure debt on terms, at rates of interest, and with security as shall be agreed among the parties, subject to the approval of the State Treasurer;" and

WHEREAS, the interest on each series of the Bonds is presently excludable from gross income for federal income tax purposes and the City has covenanted, in each Bond Resolution which authorized each related series of the Bonds, among other things, to do all things necessary to assure that the interest on the respective series of Bonds will be and will remain excludable from gross income for federal income tax purposes (the "Bond Tax Covenant"); and

WHEREAS, in connection with the issuance of each series of the Bonds, the City entered into a Supplemental Agreement ("the Supplemental Agreement") with the Authority and the State of Michigan, acting through its Department of Environmental Quality (the "DEQ"), under which the City covenanted, among other things, to the extent permitted by law, to take all actions within its control and not fail to take any action as may be necessary to maintain the exclusion of interest on the Bond from gross income for federal income tax purposes (the "Supplemental Agreement Tax Covenant"); and

WHEREAS, in implementing with the Restructuring the City will use its best efforts to maintain the tax-exempt status of the Bonds, however, the Emergency Manager, the MFA and the DEQ desire to allow the Restructuring to occur even if as a result of the Restructuring, Miller, Canfield, Paddock and Stone, P.L.C., as bond counsel to the City ("Bond Counsel") delivers an opinion to the City and the MFA concluding that as a result of the Restructuring, the Bonds have lost their tax-exempt status (an "Unfavorable Tax Opinion"); and

WHEREAS, as a precondition to the Restructuring, the Emergency Manager desires for the MFA, as holder of the Bonds, and the DEQ to conditionally waive the respective Tax Covenant and the Supplemental Agreement Tax Covenant related to each series of the Bonds, which waivers shall be rescinded automatically if Bond Counsel concludes that the Restructuring has not had a negative impact on the tax-exempt status of the Bonds, and

WHEREAS, the Emergency Manager further desires to authorize and direct the Mayor, the Director of Finance, the City Clerk and all other authorized persons to perform all acts consistent with this Order, necessary and appropriate to complete the Restructuring as provided in this Order.

NOW THEREFORE, IT IS HEREBY ORDERED AS FOLLOWS:

1. The current debt service schedules attached as Exhibit A to each of the Bonds are hereby deleted in their entirety and in lieu thereof shall be attached to each respective Bond the amended and restated debt service schedules attached hereto as Exhibit A for the 1999 Bonds, Exhibit B for the 2000 Bonds, Exhibit C for the 2001 Bonds and Exhibit D for the 2002 Bonds.

2. Except as otherwise amended and restated hereby, all of the other terms and conditions of the Bonds shall remain the same; provided however, that if Bond Counsel delivers an Unfavorable Tax Opinion, the interest on the Bonds shall be taxable for federal income tax purposes; and

3. The Emergency Manager, the Mayor, the Director of Finance and the City Clerk are hereby authorized and directed to perform all acts consistent with this Order and enter into such agreements with the Authority and DEQ and provide such certificates as may be necessary and appropriate to complete the Restructuring.

4. The Restructuring is conditioned upon and shall not become effective unless and until (i) the Restructuring has been approved in writing by the Treasurer of the State of Michigan, pursuant to Section 12(1)(x) of Act 436 and (ii) the MFA and the DEQ have approved the Restructuring and provided conditional waivers of the Bond Tax Covenants and the Supplemental Agreement Tax Covenants related to each series of the Bonds.

5. This Order is effective immediately upon the date of execution below.

6. This Order may be amended, modified, supplemented, repealed or terminated by any subsequent Order issued by the Emergency Manager.

Dated: March 18, 2015

By: ______________________

Gerald W. Ambrose
Emergency Manager
City of Flint

cc: State of Michigan Department of Treasury
Mayor Dayne Walling
Flint City Council
Inez Brown, City Clerk

EXHIBIT A

AMENDED AND RESTATED DEBT SERVICE SCHEDULE
WATER SUPPLY SYSTEM REVENUE BONDS, SERIES 1999

MICHIGAN MUNICIPAL BOND AUTHORITY

FINAL DRINKING WATER PROGRAM SCHEDULE

City of Flint Project# 7019-01

Issue Date: 9/30/99

Revised Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I
09/30/1999	-	-	-	-
10/01/1999	-	-	-	-
04/01/2000	-	-	8,422.31	8,422.31
06/30/2000	-	-	-	-
10/01/2000	-	-	22,740.16	22,740.16
04/01/2001	285,000.00	2.50%	60,807.08	345,807.08
06/30/2001	-	-	-	-
10/01/2001	-	-	62,929.45	62,929.45
04/01/2002	280,000.00	2.50%	78,086.21	358,086.21
06/30/2002	-	-	-	-
10/01/2002	-	-	82,424.93	82,424.93
04/01/2003	295,000.00	2.50%	82,424.93	377,424.93
06/30/2003	-	-	-	-
10/01/2003	-	-	78,737.43	78,737.43
04/01/2004	305,000.00	2.50%	78,737.43	383,737.43
06/30/2004	-	-	-	-
10/01/2004	-	-	74,924.93	74,924.93
04/01/2005	310,000.00	2.50%	74,924.93	384,924.93
06/30/2005	-	-	-	-
10/01/2005	-	-	71,049.93	71,049.93
04/01/2006	315,000.00	2.50%	71,049.93	386,049.93
06/30/2006	-	-	-	-
10/01/2006	-	-	67,112.43	67,112.43
04/01/2007	325,000.00	2.50%	67,112.43	392,112.43
06/30/2007	-	-	-	-
10/01/2007	-	-	63,049.93	63,049.93
04/01/2008	330,000.00	2.50%	63,049.93	393,049.93
06/30/2008	-	-	-	-
10/01/2008	-	-	58,924.93	58,924.93
04/01/2009	340,000.00	2.50%	58,924.93	398,924.93
06/30/2009	-	-	-	-
10/01/2009	-	-	54,674.93	54,674.93
04/01/2010	350,000.00	2.50%	54,674.93	404,674.93
06/30/2010	-	-	-	-
10/01/2010	-	-	50,299.93	50,299.93
04/01/2011	355,000.00	2.50%	50,299.93	405,299.93
06/30/2011	-	-	-	-
10/01/2011	-	-	45,862.43	45,862.43
04/01/2012	365,000.00	2.50%	45,862.43	410,862.43
06/30/2012	-	-	-	-
10/01/2012	-	-	41,299.93	41,299.93
04/01/2013	375,000.00	2.50%	41,299.93	416,299.93
06/30/2013	-	-	-	-
10/01/2013	-	-	36,612.43	36,612.43
04/01/2014	385,000.00	2.50%	36,612.43	421,612.43
06/30/2014	-	-	-	-
10/01/2014	-	-	31,799.93	31,799.93
04/01/2015		2.50%	31,799.93	31,799.93
06/30/2015	-	-	-	-
10/01/2015	-	-	31,799.93	31,799.93
04/01/2016	490,000.00	2.50%	31,799.93	521,799.93
06/30/2016	-	-	-	-
10/01/2016	-	-	25,674.93	25,674.93
04/01/2017	500,000.00	2.50%	25,674.93	525,674.93
06/30/2017	-	-	-	-
10/01/2017	-	-	19,424.93	19,424.93
04/01/2018	510,000.00	2.50%	19,424.93	529,424.93

09/30/2018	-	-	-	-
10/01/2018	-	-	13,049.93	13,049.93
04/01/2019	515,000.00	2.50%	13,049.93	528,049.93
09/30/2019	-	-	-	-
10/01/2019	-	-	6,612.43	6,612.43
04/01/2020	528,994.00	2.50%	6,612.43	535,606.43
Total	$7,168,994.00	-	$1,939,657.56	$9,108,651.56

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Michigan Finance Authority
Accounting and Finance

EXHIBIT B

AMENDED AND RESTATED DEBT SERVICE SCHEDULE
WATER SUPPLY SYSTEM REVENUE BONDS, SERIES 2000

MICHIGAN MUNICIPAL BOND AUTHORITY

FINAL DRINKING WATER PROGRAM SCHEDULE

City of Flint Project# 7019-02

Issue Date: 9/28/00

Revised Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I
09/28/2000	-	-	-	-
10/01/2000	-	-	-	-
04/01/2001	-	-	2,844.01	2,844.01
06/30/2001	-	-	-	-
10/01/2001	-	-	17,124.18	17,124.18
04/01/2002	315,000.00	2.500%	42,367.78	357,367.78
06/30/2002	-	-	-	-
10/01/2002	-	-	79,291.89	79,291.89
04/01/2003	320,000.00	2.500%	91,265.81	411,265.81
06/30/2003	-	-	-	-
10/01/2003	-	-	91,839.95	91,839.95
04/01/2004	330,000.00	2.500%	92,500.00	422,500.00
06/30/2004	-	-	-	-
10/01/2004	-	-	88,375.00	88,375.00
04/01/2005	340,000.00	2.500%	88,375.00	428,375.00
06/30/2005	-	-	-	-
10/01/2005	-	-	84,125.00	84,125.00
04/01/2006	345,000.00	2.500%	84,125.00	429,125.00
06/30/2006	-	-	-	-
10/01/2006	-	-	79,812.50	79,812.50
04/01/2007	355,000.00	2.500%	79,812.50	434,812.50
06/30/2007	-	-	-	-
10/01/2007	-	-	75,375.00	75,375.00
04/01/2008	365,000.00	2.500%	75,375.00	440,375.00
06/30/2008	-	-	-	-
10/01/2008	-	-	70,812.50	70,812.50
04/01/2009	375,000.00	2.500%	70,812.50	445,812.50
06/30/2009	-	-	-	-
10/01/2009	-	-	66,125.00	66,125.00
04/01/2010	385,000.00	2.500%	66,125.00	451,125.00
06/30/2010	-	-	-	-
10/01/2010	-	-	61,312.50	61,312.50
04/01/2011	395,000.00	2.500%	61,312.50	456,312.50
06/30/2011	-	-	-	-
10/01/2011	-	-	56,375.00	56,375.00
04/01/2012	400,000.00	2.500%	56,375.00	456,375.00
06/30/2012	-	-	-	-
10/01/2012	-	-	51,375.00	51,375.00
04/01/2013	410,000.00	2.500%	51,375.00	461,375.00
06/30/2013	-	-	-	-
10/01/2013	-	-	46,250.00	46,250.00
04/01/2014	425,000.00	2.500%	46,250.00	471,250.00
06/30/2014	-	-	-	-
10/01/2014	-	-	40,937.50	40,937.50
04/01/2015	-	2.500%	40,937.50	40,937.50
06/30/2015	-	-	-	-
10/01/2015	-	-	40,937.50	40,937.50
04/01/2016	520,000.00	2.500%	40,937.50	560,937.50
06/30/2016	-	-		-
10/01/2016	-	-	34,437.50	34,437.50
04/01/2017	525,000.00	2.500%	34,437.50	559,437.50
06/30/2017	-	-		-
10/01/2017	-	-	27,875.00	27,875.00
04/01/2018	530,000.00	2.500%	27,875.00	557,875.00
06/30/2018	-	-		-
10/01/2018	-	-	21,250.00	21,250.00
04/01/2019	555,000.00	2.500%	21,250.00	576,250.00

09/30/2019	-	-		-
10/01/2019	-	-	14,312.50	14,312.50
04/01/2020	565,000.00	2.500%	14,312.50	579,312.50
09/30/2020	-	-		-
10/01/2020	-	-	7,250.00	7,250.00
04/01/2021	580,000.00	2.500%	7,250.00	587,250.00
Total	$8,035,000.00	-	$2,151,108.62	$10,186,108.62

EXHIBIT C

AMENDED AND RESTATED DEBT SERVICE SCHEDULE
<u>WATER SUPPLY SYSTEM REVENUE BONDS, SERIES 2001</u>

MICHIGAN MUNICIPAL BOND AUTHORITY

FINAL DRINKING WATER PROGRAM SCHEDULE

City of Flint Project# 7019-03

Issue Date: 9/28/01

Revised Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I
09/28/2001	-	-	-	-
10/01/2001	-	-	-	-
04/01/2002	-	-	18,888.77	18,888.77
06/30/2002	-	-	-	-
10/01/2002	-	-	45,812.54	45,812.54
04/01/2003	370,000.00	2.500%	72,891.54	442,891.54
06/30/2003	-	-	-	-
10/01/2003	-	-	98,598.60	98,598.60
04/01/2004	380,000.00	2.500%	107,557.26	487,557.26
06/30/2004	-	-	-	-
10/01/2004	-	-	102,807.26	102,807.26
04/01/2005	390,000.00	2.500%	102,807.26	492,807.26
06/30/2005	-	-	-	-
10/01/2005	-	-	97,932.26	97,932.26
04/01/2006	400,000.00	2.500%	97,932.26	497,932.26
06/30/2006	-	-	-	-
10/01/2006	-	-	92,932.26	92,932.26
04/01/2007	410,000.00	2.500%	92,932.26	502,932.26
06/30/2007	-	-	-	-
10/01/2007	-	-	87,807.26	87,807.26
04/01/2008	420,000.00	2.500%	87,807.26	507,807.26
06/30/2008	-	-	-	-
10/01/2008	-	-	82,557.26	82,557.26
04/01/2009	420,000.00	2.500%	87,399.15	507,399.15
06/30/2009	-	-	-	-
10/01/2009	-	-	81,517.60	81,517.60
04/01/2010	430,000.00	2.500%	81,517.60	511,517.60
06/30/2010	-	-	-	-
10/01/2010	-	-	76,142.60	76,142.60
04/01/2011	440,000.00	2.500%	76,142.60	516,142.60
06/30/2011	-	-	-	-
10/01/2011	-	-	70,642.60	70,642.60
04/01/2012	455,000.00	2.500%	70,642.60	525,642.60
06/30/2012	-	-	-	-
10/01/2012	-	-	64,955.10	64,955.10
04/01/2013	465,000.00	2.500%	64,955.10	529,955.10
06/30/2013	-	-	-	-
10/01/2013	-	-	59,142.60	59,142.60
04/01/2014	475,000.00	2.500%	59,142.60	534,142.60
06/30/2014	-	-	-	-
10/01/2014	-	-	53,205.10	53,205.10
04/01/2015	-	2.500%	53,205.10	53,205.10
06/30/2015	-	-	-	-
10/01/2015	-	-	53,205.10	53,205.10
04/01/2016	565,000.00	2.500%	53,205.10	618,205.10
06/30/2016	-	-	-	-
10/01/2016	-	-	46,142.60	46,142.60
04/01/2017	580,000.00	2.500%	46,142.60	626,142.60
06/30/2017	-	-	-	-
10/01/2017	-	-	38,892.60	38,892.60
04/01/2018	595,000.00	2.500%	38,892.60	633,892.60
06/30/2018	-	-	-	-
10/01/2018	-	-	31,455.10	31,455.10
04/01/2019	605,000.00	2.500%	31,455.10	636,455.10
06/30/2019	-	-	-	-
10/01/2019	-	-	23,892.60	23,892.60
04/01/2020	625,000.00	2.500%	23,892.60	648,892.60

09/30/2020	-	-		-
10/01/2020	-	-	16,080.10	16,080.10
04/01/2021	640,000.00	2.500%	16,080.10	656,080.10
09/30/2021	-	-		-
10/01/2021	-	-	8,080.10	8,080.10
04/01/2022	648,408.00	2.500%	6,080.10	654,488.10
Total	$9,311,408.00	-	$2,520,330.82	$11,831,738.82

Michigan Finance Authority
Accounting and Finance

EXHIBIT D

AMENDED AND RESTATED DEBT SERVICE SCHEDULE
<u>WATER SUPPLY SYSTEM REVENUE BONDS, SERIES 2002</u>

MICHIGAN MUNICIPAL BOND AUTHORITY

FINAL DRINKING WATER PROGRAM SCHEDULE

City of Flint Project# 7019-04

Issue Date: 9/25/03

Revised Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I
09/25/2003	-	-	-	-
10/01/2003	-	-	-	-
04/01/2004	-	-	14,672.82	14,672.82
10/01/2004	-	-	67,805.18	67,805.18
04/01/2005	-	-	140,139.46	140,139.46
10/01/2005	-	-	187,082.85	187,082.85
04/01/2006	750,000.00	2.500%	221,379.46	971,379.46
10/01/2006	-	-	225,988.30	225,988.30
04/01/2007	770,000.00	2.500%	229,198.21	999,198.21
10/01/2007	-	-	219,573.21	219,573.21
04/01/2008	790,000.00	2.500%	219,573.21	1,009,573.21
10/01/2008	-	-	209,698.21	209,698.21
04/01/2009	810,000.00	2.500%	209,698.21	1,019,698.21
10/01/2009	-	-	199,573.21	199,573.21
04/01/2010	830,000.00	2.500%	199,573.21	1,029,573.21
10/01/2010	-	-	189,198.21	189,198.21
04/01/2011	850,000.00	2.500%	189,198.21	1,039,198.21
06/23/2011	-	-	-	-
10/01/2011	840,000.00	2.500%	178,445.00	1,018,445.00
04/01/2012	-	-	166,811.68	166,811.68
10/01/2012	865,000.00	2.500%	166,811.68	1,031,811.68
04/01/2013	-	-	156,810.71	156,810.71
10/01/2013	880,000.00	2.500%	155,999.18	1,035,999.18
04/01/2014	-	-	144,999.18	144,999.18
10/01/2014	905,000.00	2.500%	144,999.18	1,049,999.18
04/01/2015	-	-	133,686.68	133,686.68
10/01/2015		2.500%	133,686.68	133,686.68
04/01/2016	-	-	133,686.68	133,686.68
10/01/2016	1,050,000.00	2.500%	133,686.68	1,183,686.68
04/01/2017	-	-	120,561.68	120,561.68
10/01/2017	1,080,000.00	2.500%	120,561.68	1,200,561.68
04/01/2018	-	-	107,061.68	107,061.68
10/01/2018	1,095,000.00	2.500%	107,061.68	1,202,061.68
04/01/2019	-	-	93,374.18	93,374.18
10/01/2019	1,125,000.00	2.500%	93,374.18	1,218,374.18
04/01/2020	-	-	79,311.68	79,311.68
10/01/2020	1,140,000.00	2.500%	79,311.68	1,219,311.68
04/01/2021	-	-	65,061.68	65,061.68
10/01/2021	1,175,000.00	2.500%	65,061.68	1,240,061.68
04/01/2022	-	-	50,374.18	50,374.18
10/01/2022	1,195,000.00	2.500%	50,374.18	1,245,374.18
04/01/2023	-	-	35,436.68	35,436.68
10/01/2023	1,225,000.00	2.500%	35,436.68	1,260,436.68
04/01/2024	-	-	20,124.18	20,124.18
10/01/2024	1,609,934.00	2.500%	20,124.18	1,630,058.18
Total	$18,984,934.00	-	$5,509,287.10	$24,494,221.10

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Michigan Finance Authority

Accounting and Finance

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AGREEMENT RELATED TO RESTRUCTURING OF DEBT SERVICE SCHEDULES OF CITY OF FLINT WATER SUPPLY SYSTEM REVENUE BONDS, SERIES 1999, SERIES 2000, SERIES 2001 AND SERIES 2002

THIS RESTRUCTURING AGREEMENT ("AGREEMENT") is entered into as of March 20, 2015 by and among, the City of Flint, County of Genesee, State of Michigan (the "City"), the Michigan Finance Authority (the "MFA"), and the State of Michigan, acting through its Department of Environmental Quality (the "DEQ").

RECITALS

WHEREAS, the City presently has the following bonds outstanding, the proceeds of which were used to finance improvements to the Flint Water Treatment Plant, (the "Plant"): (i) $2,543,994 Water Supply System Revenue Bonds, Series 1999 (the "1999 Bonds"); (ii) $3,275,000 Water Supply System Revenue Bonds, Series 2000 (the "2000 Bonds"); (iii) $4,256,408 Water Supply System Revenue Bonds, Series 2001 (the "2001 Bonds") and (iv) $10,694,934 Water Supply System Revenue Bonds, Series 2002 (the "2002 Bonds" and collectively with the 1999 Bonds, the 2000 Bonds and the 2001 Bonds, the "Bonds").

WHEREAS, The Emergency Manager ("EM") of the City has determined that it is in the best interest of the City and is consistent with the City's restructuring efforts and will promote the goals and purposes of Act 436, Public Acts of Michigan, 2012 ("Act 436"), for the City to restructure the debt service schedules for all of the outstanding Bonds, to provide funding to finance improvements and replacements (the "Improvements") to the City's Water Treatment Plant and water distribution system from the Plant.

WHEREAS, all of the Bonds were sold to and are presently owned by the Michigan Finance Authority (the "MFA"), as successor to the Michigan Municipal Bond Authority.

WHEREAS, the interest on each series of the Bonds is presently excludable from gross income for federal income tax purposes and the City has covenanted, in each Bond Resolution which authorized each related series of the Bonds, among other things, to do all things necessary to assure that the interest on the respective series of Bonds will be and will remain excludable from gross income for federal income tax purposes (the "Bond Tax Covenant").

WHEREAS, in connection with the issuance of each series of the Bonds, the DEQ entered into a Supplemental Agreement with the City (collectively, the "Supplemental Agreements") under which the City covenanted, among other things, to the extent permitted by law, to take all actions within its control and not fail to take any action as may be necessary to maintain the exclusion of interest on the Bond from gross income for federal income tax purposes (the "Supplemental Agreement Tax Covenant").

WHEREAS, the Emergency Manager has adopted his Order No. 2, dated March 18, 2015 (the "Order"), to restructure and amend the debt service payments on the Bonds, by postponing the principal payments next coming due on April 1, 2015 for the 1999 Bonds of $395,000, the 2000 Bonds of $435,000 and the 2001 Bonds of $485,000 and on October 1, 2015 for the 2002 Bonds of $925,000, all as more particularly described in the Order (collectively, the "Restructuring"), to allow the amounts available for such principal payments to be used to pay for the Improvements; provided, that the current interest payments due on such principal payment dates shall remain due and payable thereon.

WHEREAS, in implementing with the Restructuring the City will use its best efforts to maintain the tax-exempt status of the Bonds, however, the Emergency Manager, the MFA and the DEQ desire to allow the Restructuring to occur even if as a result of the Restructuring, Miller, Canfield, Paddock and Stone, P.L.C., as bond counsel to the City ("Bond Counsel") delivers an opinion to the City and the MFA concluding that as a result of the Restructuring, the Bonds have lost their tax-exempt status (an "Unfavorable Tax Opinion").

WHEREAS, as a precondition to the Restructuring, the Emergency Manager desires for the MFA, as holder of the Bonds, and the DEQ, as a party to the Supplemental Agreements to conditionally waive the respective Bond Tax Covenant and the Supplemental Agreement Tax Covenant related to each series of the Bonds, which waivers shall be rescinded automatically if Bond Counsel concludes that the Restructuring has not had a negative impact on the tax-exempt status of the Bonds.

NOW THEREFORE, the parties hereto agree as follows:

1. The terms for the Restructuring of the Bonds in accordance with the Order and debt service schedules attached hereto as Exhibit A and incorporated herein by this reference are hereby approved.

2. Except for the amendment and restatement of the debt service schedules for the Bonds, all other terms of the Bonds shall remain unchanged.

3. The City shall use its best efforts to maintain the tax-exempt status of the Bonds in connection with the Restructuring.

4. In the event that as a result of the Restructuring Miller, Canfield, Paddock and Stone, P.L.C. delivers an Unfavorable Tax Opinion to the City, the MFA and the DEQ, the MFA

hereby waives the City's Bond Tax Covenant, and the DEQ hereby waives the City's Supplemental Agreement Tax Covenant with respect to each series of the Bonds.

IN WITNESS WHEREOF, the City, the MFA and DEQ, by and through their duly authorized officers and representatives, have executed this Agreement as of the date first written above.

CITY OF FLINT

By: [signature]
Gerald W. Ambrose
Its: Emergency Manager

MICHIGAN FINANCE AUTHORITY

By: Mary G. Martin

Its: EXECUTIVE DIRECTOR

DEPARTMENT OF ENVIRONMENTAL QUALITY OF THE STATE OF MICHIGAN

By: [signature]

Its: Program Manager

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EXHIBIT A

AMENDED AND RESTATED DEBT SERVICE SCHEDULE
WATER SUPPLY SYSTEM REVENUE BONDS, SERIES 1999

MICHIGAN MUNICIPAL BOND AUTHORITY

FINAL DRINKING WATER PROGRAM SCHEDULE

City of Flint Project# 7019-01

Issue Date: 9/30/99

Revised Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I
09/30/1999	-	-	-	-
10/01/1999	-	-	-	-
04/01/2000	-	-	8,422.31	8,422.31
06/30/2000	-	-	-	-
10/01/2000	-	-	22,740.16	22,740.16
04/01/2001	285,000.00	2.50%	60,807.08	345,807.08
06/30/2001	-	-	-	-
10/01/2001	-	-	62,929.45	62,929.45
04/01/2002	290,000.00	2.50%	78,086.21	368,086.21
06/30/2002	-	-	-	-
10/01/2002	-	-	82,424.93	82,424.93
04/01/2003	295,000.00	2.50%	82,424.93	377,424.93
06/30/2003	-	-	-	-
10/01/2003	-	-	78,737.43	78,737.43
04/01/2004	305,000.00	2.50%	78,737.43	383,737.43
06/30/2004	-	-	-	-
10/01/2004	-	-	74,924.93	74,924.93
04/01/2005	310,000.00	2.50%	74,924.93	384,924.93
06/30/2005	-	-	-	-
10/01/2005	-	-	71,049.93	71,049.93
04/01/2006	315,000.00	2.50%	71,049.93	386,049.93
06/30/2006	-	-	-	-
10/01/2006	-	-	67,112.43	67,112.43
04/01/2007	325,000.00	2.50%	67,112.43	392,112.43
06/30/2007	-	-	-	-
10/01/2007	-	-	63,049.93	63,049.93
04/01/2008	330,000.00	2.50%	63,049.93	393,049.93
06/30/2008	-	-	-	-
10/01/2008	-	-	58,924.93	58,924.93
04/01/2009	340,000.00	2.50%	58,924.93	398,924.93
06/30/2009	-	-	-	-
10/01/2009	-	-	54,674.93	54,674.93
04/01/2010	350,000.00	2.50%	54,674.93	404,674.93
06/30/2010	-	-	-	-
10/01/2010	-	-	50,299.93	50,299.93
04/01/2011	355,000.00	2.50%	50,299.93	405,299.93
06/30/2011	-	-	-	-
10/01/2011	-	-	45,862.43	45,862.43
04/01/2012	365,000.00	2.50%	45,862.43	410,862.43
06/30/2012	-	-	-	-
10/01/2012	-	-	41,299.93	41,299.93
04/01/2013	375,000.00	2.50%	41,299.93	416,299.93
06/30/2013	-	-	-	-
10/01/2013	-	-	36,612.43	36,612.43
04/01/2014	385,000.00	2.50%	36,612.43	421,612.43
06/30/2014	-	-	-	-
10/01/2014	-	-	31,799.93	31,799.93
04/01/2015		2.50%	31,799.93	31,799.93
06/30/2015	-	-	-	-
10/01/2015	-	-	31,799.93	31,799.93
04/01/2016	490,000.00	2.50%	31,799.93	521,799.93
06/30/2016	-	-	-	-
10/01/2016	-	-	25,674.93	25,674.93
04/01/2017	500,000.00	2.50%	25,674.93	525,674.93
06/30/2017	-	-	-	-
10/01/2017	-	-	19,424.93	19,424.93
04/01/2018	510,000.00	2.50%	19,424.93	529,424.93

06/30/2018	-	-	-	-
10/01/2018	-	-	13,049.93	13,049.93
04/01/2019	515,000.00	2.50%	13,049.93	528,049.93
06/30/2019	-	-	-	-
10/01/2019	-	-	6,612.43	6,612.43
04/01/2020	523,994.00	2.50%	6,612.43	535,606.43
Total	$7,168,994.00	-	$1,939,657.58	$9,108,651.56

EXHIBIT B

AMENDED AND RESTATED DEBT SERVICE SCHEDULE
WATER SUPPLY SYSTEM REVENUE BONDS, SERIES 2000

MICHIGAN MUNICIPAL BOND AUTHORITY

FINAL DRINKING WATER PROGRAM SCHEDULE

City of Flint Project# 7019-02

Issue Date: 9/28/00

Revised Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I
09/28/2000	-	-	-	-
10/01/2000	-	-	-	-
04/01/2001	-	-	2,844.01	2,844.01
06/30/2001	-	-	-	-
10/01/2001	-	-	17,124.18	17,124.18
04/01/2002	315,000.00	2.500%	42,367.78	357,367.78
06/30/2002	-	-	-	-
10/01/2002	-	-	79,291.89	79,291.89
04/01/2003	320,000.00	2.500%	91,265.61	411,265.61
06/30/2003	-	-	-	-
10/01/2003	-	-	91,639.95	91,839.95
04/01/2004	330,000.00	2.500%	92,500.00	422,500.00
06/30/2004	-	-	-	-
10/01/2004	-	-	88,375.00	88,375.00
04/01/2005	340,000.00	2.500%	88,375.00	428,375.00
06/30/2005	-	-	-	-
10/01/2005	-	-	84,125.00	84,125.00
04/01/2006	345,000.00	2.500%	84,125.00	429,125.00
06/30/2006	-	-	-	-
10/01/2006	-	-	79,812.50	79,812.50
04/01/2007	355,000.00	2.500%	79,812.50	434,812.50
06/30/2007	-	-	-	-
10/01/2007	-	-	75,375.00	75,375.00
04/01/2008	365,000.00	2.500%	75,375.00	440,375.00
06/30/2008	-	-	-	-
10/01/2008	-	-	70,812.50	70,812.50
04/01/2009	375,000.00	2.500%	70,812.50	445,812.50
06/30/2009	-	-	-	-
10/01/2009	-	-	66,125.00	66,125.00
04/01/2010	385,000.00	2.500%	66,125.00	451,125.00
06/30/2010	-	-	-	-
10/01/2010	-	-	61,312.50	61,312.50
04/01/2011	395,000.00	2.500%	61,312.50	456,312.50
06/30/2011	-	-	-	-
10/01/2011	-	-	56,375.00	56,375.00
04/01/2012	400,000.00	2.500%	56,375.00	456,375.00
06/30/2012	-	-	-	-
10/01/2012	-	-	51,375.00	51,375.00
04/01/2013	410,000.00	2.500%	51,375.00	461,375.00
06/30/2013	-	-	-	-
10/01/2013	-	-	46,250.00	46,250.00
04/01/2014	425,000.00	2.500%	46,250.00	471,250.00
06/30/2014	-	-	-	-
10/01/2014	-	-	40,937.50	40,937.50
04/01/2015	-	2.500%	40,937.50	40,937.50
06/30/2015	-	-	-	-
10/01/2015	-	-	40,937.50	40,937.50
04/01/2016	520,000.00	2.500%	40,937.50	560,937.50
06/30/2016	-	-		-
10/01/2016	-	-	34,437.50	34,437.50
04/01/2017	525,000.00	2.500%	34,437.50	559,437.50
06/30/2017	-	-		-
10/01/2017	-	-	27,875.00	27,875.00
04/01/2018	530,000.00	2.500%	27,875.00	557,875.00
06/30/2018	-	-		-
10/01/2018	-	-	21,250.00	21,250.00
04/01/2019	555,000.00	2.500%	21,250.00	576,250.00

06/30/2019	-	-		-
10/01/2019	-	-	14,312.50	14,312.50
04/01/2020	565,000.00	2.500%	14,312.50	579,312.50
06/30/2020	-	-		-
10/01/2020	-	-	7,250.00	7,250.00
04/01/2021	580,000.00	2.500%	7,250.00	587,250.00
Total	$8,035,000.00	-	$2,151,105.62	$10,186,105.62

Michigan Finance Authority
Accounting and Finance

EXHIBIT C

AMENDED AND RESTATED DEBT SERVICE SCHEDULE
WATER SUPPLY SYSTEM REVENUE BONDS, SERIES 2001

MICHIGAN MUNICIPAL BOND AUTHORITY

FINAL DRINKING WATER PROGRAM SCHEDULE

City of Flint Project# 7019-03

Issue Date: 9/28/01

Revised Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I
09/28/2001	-	-	-	-
10/01/2001	-	-	-	-
04/01/2002	-	-	15,858.77	15,858.77
06/30/2002	-	-	-	-
10/01/2002	-	-	45,812.54	45,812.54
04/01/2003	370,000.00	2.500%	72,851.54	442,851.54
06/30/2003	-	-	-	-
10/01/2003	-	-	68,598.60	68,598.60
04/01/2004	380,000.00	2.500%	107,557.26	487,557.26
06/30/2004	-	-	-	-
10/01/2004	-	-	102,807.26	102,807.26
04/01/2005	390,000.00	2.500%	102,807.26	492,807.26
06/30/2005	-	-	-	-
10/01/2005	-	-	97,932.26	97,932.26
04/01/2006	400,000.00	2.500%	97,932.26	497,932.26
06/30/2006	-	-	-	-
10/01/2006	-	-	92,932.26	92,932.26
04/01/2007	410,000.00	2.500%	92,932.26	502,932.26
06/30/2007	-	-	-	-
10/01/2007	-	-	87,807.26	87,807.26
04/01/2008	420,000.00	2.500%	87,807.26	507,807.26
06/30/2008	-	-	-	-
10/01/2008	-	-	82,557.26	82,557.26
04/01/2009	420,000.00	2.500%	87,399.15	507,399.15
06/30/2009	-	-	-	-
10/01/2009	-	-	81,517.60	81,517.60
04/01/2010	430,000.00	2.500%	81,517.60	511,517.60
06/30/2010	-	-	-	-
10/01/2010	-	-	76,142.60	76,142.60
04/01/2011	440,000.00	2.500%	76,142.60	516,142.60
06/30/2011	-	-	-	-
10/01/2011	-	-	70,642.60	70,642.60
04/01/2012	455,000.00	2.500%	70,642.60	525,642.60
06/30/2012	-	-	-	-
10/01/2012	-	-	64,955.10	64,955.10
04/01/2013	465,000.00	2.500%	64,955.10	529,955.10
06/30/2013	-	-	-	-
10/01/2013	-	-	59,142.60	59,142.60
04/01/2014	475,000.00	2.500%	59,142.60	534,142.60
06/30/2014	-	-	-	-
10/01/2014	-	-	53,205.10	53,205.10
04/01/2015	-	2.500%	53,205.10	53,205.10
06/30/2015	-	-	-	-
10/01/2015	-	-	53,205.10	53,205.10
04/01/2016	565,000.00	2.500%	53,205.10	618,205.10
06/30/2016	-	-		-
10/01/2016	-	-	46,142.60	46,142.60
04/01/2017	580,000.00	2.500%	46,142.60	626,142.60
06/30/2017	-	-		-
10/01/2017	-	-	38,892.60	38,892.60
04/01/2018	595,000.00	2.500%	38,892.60	633,892.60
06/30/2018	-	-		-
10/01/2018	-	-	31,455.10	31,455.10
04/01/2019	605,000.00	2.500%	31,455.10	636,455.10
06/30/2019	-	-		-
10/01/2019	-	-	23,892.60	23,892.60
04/01/2020	625,000.00	2.500%	23,892.60	648,892.60

09/30/2020	-	-		-
10/01/2020	-	-	16,080.10	16,080.10
04/01/2021	640,000.00	2.500%	16,080.10	656,080.10
09/30/2021	-	-		-
10/01/2021	-	-	8,080.10	8,080.10
04/01/2022	646,408.00	2.500%	8,080.10	654,488.10
Total	$9,311,408.00	-	$2,320,330.82	$11,631,738.82

Michigan Finance Authority

Accounting and Finance

EXHIBIT D

AMENDED AND RESTATED DEBT SERVICE SCHEDULE
WATER SUPPLY SYSTEM REVENUE BONDS, SERIES 2002

MICHIGAN MUNICIPAL BOND AUTHORITY

FINAL DRINKING WATER PROGRAM SCHEDULE
City of Flint Project# 7019-04
Issue Date: 9/25/03

Revised Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I
09/25/2003	-	-	-	-
10/01/2003	-	-	-	-
04/01/2004	-	-	14,672.82	14,672.82
10/01/2004	-	-	67,805.18	67,805.18
04/01/2005	-	-	140,139.46	140,139.46
10/01/2005	-	-	187,082.85	187,082.85
04/01/2006	750,000.00	2.500%	221,379.46	971,379.46
10/01/2006	-	-	225,985.30	225,985.30
04/01/2007	770,000.00	2.500%	229,198.21	999,198.21
10/01/2007	-	-	219,573.21	219,573.21
04/01/2008	790,000.00	2.500%	219,573.21	1,009,573.21
10/01/2008	-	-	209,698.21	209,698.21
04/01/2009	810,000.00	2.500%	209,698.21	1,019,698.21
10/01/2009	-	-	199,573.21	199,573.21
04/01/2010	830,000.00	2.500%	199,573.21	1,029,573.21
10/01/2010	-	-	189,198.21	189,198.21
04/01/2011	850,000.00	2.500%	189,198.21	1,039,198.21
06/23/2011	-	-	-	-
10/01/2011	840,000.00	2.500%	173,445.00	1,013,445.00
04/01/2012	-	-	166,811.68	166,811.68
10/01/2012	865,000.00	2.500%	166,811.68	1,031,811.68
04/01/2013	-	-	166,810.71	166,810.71
10/01/2013	880,000.00	2.500%	155,999.18	1,035,999.18
04/01/2014	-	-	144,999.18	144,999.18
10/01/2014	905,000.00	2.500%	144,999.18	1,049,999.18
04/01/2015	-	-	133,686.68	133,686.68
10/01/2015		2.500%	133,686.68	133,686.68
04/01/2016	-	-	133,686.68	133,686.68
10/01/2016	1,050,000.00	2.500%	133,686.68	1,183,686.68
04/01/2017	-	-	120,561.68	120,561.68
10/01/2017	1,080,000.00	2.500%	120,561.68	1,200,561.68
04/01/2018	-	-	107,061.68	107,061.68
10/01/2018	1,095,000.00	2.500%	107,061.68	1,202,061.68
04/01/2019	-	-	93,374.18	93,374.18
10/01/2019	1,125,000.00	2.500%	93,374.18	1,218,374.18
04/01/2020	-	-	79,311.68	79,311.68
10/01/2020	1,140,000.00	2.500%	79,311.68	1,219,311.68
04/01/2021	-	-	65,061.68	65,061.68
10/01/2021	1,175,000.00	2.500%	65,061.68	1,240,061.68
04/01/2022	-	-	50,374.18	50,374.18
10/01/2022	1,195,000.00	2.500%	50,374.18	1,245,374.18
04/01/2023	-	-	35,436.68	35,436.68
10/01/2023	1,225,000.00	2.500%	35,436.68	1,260,436.68
04/01/2024	-	-	20,124.18	20,124.18
10/01/2024	1,609,934.00	2.500%	20,124.18	1,630,058.18
Total	$18,984,934.00	-	$5,509,287.10	$24,494,221.10

File | M:\DataProg\MUNEX\sdf\Schdwf | 7019-04/Final | SINGLE PURPOSE | 2/4/2016 | 11:10 AM

Byrne, Randall (Treasury)

From:	Workman, Wayne (TREASURY)
Sent:	Wednesday, March 25, 2015 8:20 AM
To:	Barton, John (Treasury); Saxton, Thomas (Treasury)
Cc:	Koryzno, Edward (Treasury); Stanton, Terry A. (Treasury); Byrne, Randall (Treasury)
Subject:	RE: Loan Forgiveness

Thanks

From: Barton, John (Treasury)
Sent: Wednesday, March 25, 2015 8:19 AM
To: Workman, Wayne (TREASURY); Saxton, Thomas (Treasury)
Cc: Koryzno, Edward (Treasury); Stanton, Terry A. (Treasury); Byrne, Randall (Treasury)
Subject: RE: Loan Forgiveness

Okay, I will get with Ed and Randy to have something in the next couple of days. I will get with DEQ as well if that does not cause issues; they are the department that actually receives the federal funding and is responsible for program compliance.

From: Workman, Wayne (TREASURY)
Sent: Wednesday, March 25, 2015 8:17 AM
To: Barton, John (Treasury); Saxton, Thomas (Treasury)
Cc: Koryzno, Edward (Treasury); Stanton, Terry A. (Treasury); Byrne, Randall (Treasury)
Subject: RE: Loan Forgiveness

This will probably come up again so we should get a statement together with all the reasons, both rules and credit issues

From: Barton, John (Treasury)
Sent: Wednesday, March 25, 2015 8:10 AM
To: Workman, Wayne (TREASURY); Saxton, Thomas (Treasury)
Cc: Koryzno, Edward (Treasury); Stanton, Terry A. (Treasury); Byrne, Randall (Treasury)
Subject: Re: Loan Forgiveness

Nothing ready made, we would have to craft something. DEQ may be able to provide specific guidance from the EPA.

I would suggest starting with the following:

The DWRF is a pooled loan program whereby loans to local units are pledged to the repayment of a larger pooled bond issues. The pooled bond issues rely on the repayment from the local units for debt service. Absent a dollar-for-dollar replacement of the local loan revenue, the pooled bond issues would default. Further, the program is required to maintain all funds received in perpetuity as it is truly a revolving fund.

From: Workman, Wayne (TREASURY)
Sent: Tuesday, March 24, 2015 4:52 PM
To: Saxton, Thomas (Treasury); Barton, John (Treasury)

Cc: Koryzno, Edward (Treasury); Stanton, Terry A. (Treasury); Byrne, Randall (Treasury)
Subject: FW: Loan Forgiveness

Do we have a succinct statement on why we cant forgive Flint DWRF?

From: Gerald Ambrose [mailto:gambrose@cityofflint.com]
Sent: Tuesday, March 24, 2015 1:19 PM
To: Workman, Wayne (TREASURY)
Cc: Byrne, Randall (Treasury); Koryzno, Edward (Treasury)
Subject: Fwd: Loan Forgiveness

FYI... I have said no, nothing in writing. If you have something I can share, let me know. Thanks!

J
---------- Forwarded message ----------
From: **Hovey, Amy** <Amy.Hovey@mail.house.gov>
Date: Tue, Mar 24, 2015 at 1:13 PM
Subject: Loan Forgiveness
To: "Dayne Walling (mayor@cityofflint.com)" <mayor@cityofflint.com>, Jerry Ambrose <gambrose@cityofflint.com>

Good afternoon –

Do you have anything in writing from the Governor or any state department indicating that they are statutorily limited from forgiving the loans? Is so, are you willing to share? It would be very helpful to us in trying to make a case with the EPA that they should allow forgiveness.

Thanks!
Amy

Amy Hovey
District Chief of Staff
Congressman Dan Kildee (MI-05)
801. S Saginaw St.
Flint, MI 48502
Phone: (810) 238-8627
www.dankildee.house.gov
www.dankildee.house.gov

http://dankildee.house.gov/newsletter-subscription/

Koryzno, Edward (Treasury)

From: Gerald Ambrose <gambrose@cityofflint.com>
Sent: Thursday, March 26, 2015 3:01 PM
To: Workman, Wayne (TREASURY); Hollins, Harvey (GOV); Byrne, Randall (Treasury); Koryzno, Edward (Treasury); Widigan, Robert (TREASURY); Cline, Richard (Treasury)
Subject: Notice to Flint water customers
Attachments: Flint Letter Color Header to Water Customers Final (1).pdf; MDEQ Required notice.pdf

FYI..

Here is an advance copy of the communications to be mailed to Flint customers at the end of this week. April 1 is the deadline.

Will not hit mailboxes until Friday at the earliest. We will have a media event on Friday announcing the communication.

J

Water Quality Update

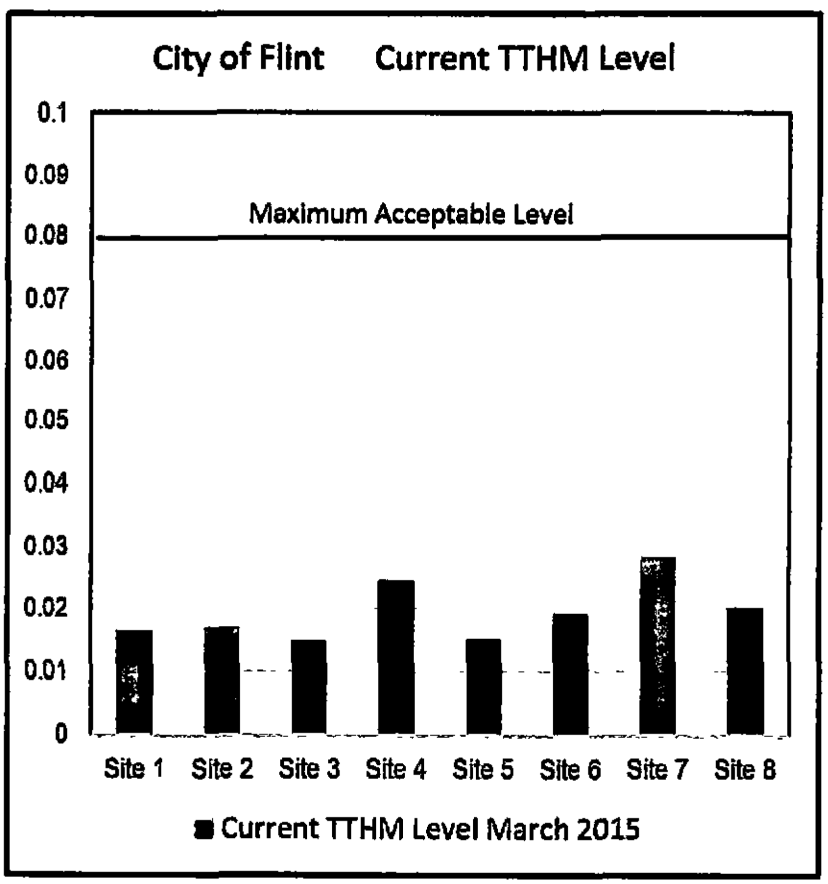
City of Flint Resident:

We are pleased to report that City of Flint water is safe and meets U.S. Environmental Protection Agency guidelines. While we continue to work on improving aesthetic qualities, such as discoloration or odor, you can be confident that the water provided to you today meets all safety standards. Maintaining safety and quality in our water is a top priority of the City.

We accomplished this by:

- Upgrading the ozone treatment process at the Water Treatment Plant
- Increasing water main/hydrant flushing to reduce stagnation
- Conducting additional testing of treatment to identify areas of improvement
- Improving water circulation by repairing valves and adjusting reservoir levels

Our most recent testing in February showed that every testing site was well below allowable levels, as shown below:



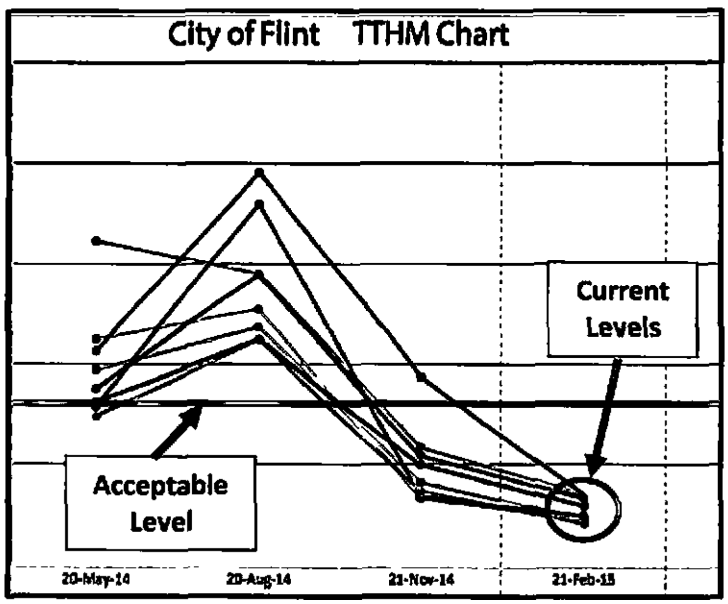
City of Flint

Water Quality Update

The Michigan Department of Environmental Quality (MDEQ) has acknowledged our progress:

> *"We are encouraged by the results from the most recent round of compliance samples collected on February 17, 2015, which now show individual TTHM levels at less than half of the 0.080 mg/L standard at all locations throughout the City's system. Operational Evaluation Reports from December 2014, and February 2015, have identified possible causes and corrective measures for the previous elevated TTHM levels, which we encourage the City to continue implementing." -MDEQ*

Notification is based on four quarters of test results. Because of last year's test results, the City's *annual* quarterly testing average is not yet below the state's allowable average and the City is required to issue the attached notice ***("Important Information about Your Drinking Water")***.



If you have any questions about this report or would like a test done at your home, free of charge, please call us at 810-787-6537.

Maintaining safe water and improving its quality is a top priority for all of us at the City of Flint, and we apologize for the concerns these notices have raised. We have taken many steps to improve the safety and quality of our water supply and will be taking more. As you may know, we have recently received a series of recommendations from several sources, including a report from international urban water system consultant, Veolia North America. We will be taking further action steps to assure that water remains safe and that water quality is improved, and we will be working with our recently created Citizen Advisory Committee and our Technical Advisory Committee as we progress. Please track our progress on our website **cityofflint.com**.

City of Flint

IMPORTANT INFORMATION ABOUT YOUR DRINKING WATER

City of Flint Did Not Meet Treatment Requirements

Our water system recently violated a drinking water standard. Although this incident was not an emergency, as our customers, you have a right to know what happened and what we are doing to correct this situation.

We routinely monitor for the presence of drinking water contaminants. Samples were collected for total trihalomethanes (TTHM) analysis from eight locations on a quarterly basis (May 21, August 21, November 20 of 2014, and February 17, 2015). The average of the results at ANY of the eight locations must not exceed the maximum contaminant level (MCL) for TTHMs, otherwise our water system exceeds the MCL. The standard for TTHMs is 80 micro grams per liter (μg/L). The location reporting the highest TTHM level was 105 ug/L; thus, our water system exceeds the TTHM MCL.

What should I do?

- There is nothing you need to do unless you have a severely compromised immune system, have an infant, or are elderly. These people may be at increased risk and should seek advice about drinking water from their health care providers.
- You do not need to boil your water or take other corrective actions. If a situation arises where the water is no longer safe to drink, you will be notified within 24 hours.

What does this mean?

This is not an emergency. If it had been an emergency, you would have been notified within 24 hours.

People who drink water containing trihalomethanes in excess of the MCL over many years may experience problems with their liver, kidneys, or central nervous system, and may have an increased risk of getting cancer.

What is being done?

We are currently working on solutions to correct the problem. We anticipate resolving the problem in 2015. Our most recent individual sample results were all less than half the 80 μg/L standard, however since compliance is calculated using a locational running annual average (LRAA) of the most recent four quarters, we are still out of compliance with the MCL at two of eight locations.

For more information, please contact Mr. Brent Wright at 517-787-6537, or the Flint Water Plant at 4500 North Dort Highway, Flint, Michigan 48505.

Please share this information with all the other people who drink this water, especially those who may not have received this notice directly (for example, people in apartments, nursing homes, schools, and businesses). You can do this by posting this notice in a public place or distributing copies by hand or mail.

This notice is being sent to you by the City of Flint.

CERTIFICATION: F2 S3 WSSN: 02310

I certify that this water supply has fully complied with the public notification requirements in the Michigan Safe Drinking Water Act, 1976 PA 399, as amended, and the administrative rules.

Signature	Title	Date Distributed
[signature]	Plant Supervisor	March 25, 2015

Reminder to water supplier: This notice/certification must be sent to the Department of Environmental Quality.

Stanton, Terry A. (Treasury)

From: Barton, John (Treasury)
Sent: Friday, March 27, 2015 1:24 PM
To: Workman, Wayne (TREASURY); Saxton, Thomas (Treasury)
Cc: Koryzno, Edward (Treasury); Stanton, Terry A. (Treasury); Byrne, Randall (Treasury)
Subject: RE: Loan Forgiveness

I think they would have concerns as to where it would stop; the slippery slope argument. The program tenants are based on sound business practice and are looked to as a program strength. If the path of principal forgiveness is opened up, they would view that as negative which would certainly impact the outlook, but maybe not the overall rating in the near term.

From: Workman, Wayne (TREASURY)
Sent: Friday, March 27, 2015 1:19 PM
To: Barton, John (Treasury); Saxton, Thomas (Treasury)
Cc: Koryzno, Edward (Treasury); Stanton, Terry A. (Treasury); Byrne, Randall (Treasury)
Subject: RE: Loan Forgiveness

What would the rating agencies say about forgiveness?

From: Barton, John (Treasury)
Sent: Friday, March 27, 2015 1:03 PM
To: Workman, Wayne (TREASURY); Saxton, Thomas (Treasury)
Cc: Koryzno, Edward (Treasury); Stanton, Terry A. (Treasury); Byrne, Randall (Treasury)
Subject: RE: Loan Forgiveness

Below is the response from DEQ:

Here's information that you can share with Amy Hovey, staffer for Congressman Dan Kildee, regarding how Michigan has used principal forgiveness in the Revolving Loan Programs. EPA has talked with Congressman Kildee on this issue at least twice.

Principal forgiveness came around with the American Recovery & Reinvestment Act (ARRA). All of Flint's drinking water loans were prior to ARRA. In May 2009, Flint submitted a project plan that comprised various projects the city wanted to pursue. Flint had 2 projects on the project priority list to receive funding in 2010 thru 2013. Initially the projects did not rank high enough to receive funding. When funding became available for Flint, the city declined to move forward with the projects. Some principal forgiveness was offered as part of the funding.

Annually EPA requires the state to describe how principal forgiveness will be used (Intended Use Plan) and then report at the end of the fiscal year (Annual Report) how the funds were allocated. EPA audits the data during their annual visit. In Michigan, we have used principal forgiveness to assist disadvantaged communities and for projects that are water or energy efficient (i.e. green) consistent with EPA guidance. There is no provision to randomly provide principal forgiveness to a project or use it to refinance a prior loan.

The purpose of the funds are to revolve in perpetuity (as stated in federal statute) so that communities can continue to receive financial assistance. Michigan has never completely forgiven an entire loan as it would greatly reduce the capacity of the fund to offer assistance to future projects.

For a succinct statement I would suggest:

There is no provision or program capacity to provide principal forgiveness outside the scope mandated by the EPA for disadvantaged communities (populations less than 10,000) or green infrastructure projects. The purpose of the funds are to revolve in perpetuity (as stated in federal statute) which allows communities to receive financial assistance in the future. Further, DWRF loans are pledged as security to various bond issues which provide the up-front capital to fund projects. Without a dollar-for-dollar replacement of revenue due to the loss of principal, the bonds could default.

From: Workman, Wayne (TREASURY)
Sent: Tuesday, March 24, 2015 4:53 PM
To: Saxton, Thomas (Treasury); Barton, John (Treasury)
Cc: Koryzno, Edward (Treasury); Stanton, Terry A. (Treasury); Byrne, Randall (Treasury)
Subject: FW: Loan Forgiveness

Do we have a succinct statement on why we cant forgive Flint DWRF?

From: Gerald Ambrose [mailto:gambrose@cityofflint.com]
Sent: Tuesday, March 24, 2015 1:19 PM
To: Workman, Wayne (TREASURY)
Cc: Byrne, Randall (Treasury); Koryzno, Edward (Treasury)
Subject: Fwd: Loan Forgiveness

FYI... I have said no, nothing in writing. If you have something I can share, let me know. Thanks!

J

---------- Forwarded message ----------
From: **Hovey, Amy** <Amy.Hovey@mail.house.gov>
Date: Tue, Mar 24, 2015 at 1:13 PM
Subject: Loan Forgiveness
To: "Dayne Walling (mayor@cityofflint.com)" <mayor@cityofflint.com>, Jerry Ambrose <gambrose@cityofflint.com>

Good afternoon –

Do you have anything in writing from the Governor or any state department indicating that they are statutorily limited from forgiving the loans? Is so, are you willing to share? It would be very helpful to us in trying to make a case with the EPA that they should allow forgiveness.

Thanks!

Amy

Doyle, Maureen (Treasury)

Subject:	RDS/DM/EC/JW/TSaxton/WWorkman - Local Government Update
Location:	Governor's Office, Romney
Start:	Mon 3/30/2015 10:30 AM
End:	Mon 3/30/2015 11:15 AM
Show Time As:	Tentative
Recurrence:	(none)
Meeting Status:	Tentatively accepted
Organizer:	GovCalendar
Required Attendees:	Muchmore, Dennis (GOV); Clement, Elizabeth (GOV); Wisniewski, Wendy (GOV); Workman, Wayne (TREASURY); Saxton, Thomas (Treasury); Pleyte, Beth (Treasury); Crockett, Tracy (MSHDA); Doyle, Maureen (Treasury); Walsh, John (GOV)

Attachment: Status of Financially Distressed Local Governments

PDF

Status of
Financially Stres...

STATE OF MICHIGAN
DEPARTMENT OF TREASURY

RICK SNYDER
GOVERNOR

R. KEVIN CLINTON
STATE TREASURER

DATE: March 23, 2015

TO: Rick Snyder, Governor

FROM: R. Kevin Clinton, Treasurer

SUBJECT: Status of Financially Stressed Local Governments

EMERGENCY MANAGER

Flint
Emergency Manager: Gerald Ambrose
Appointed: January 13, 2015
Anticipated Exit: April 2015

Recent Developments

- The city was awarded $2M through the Financially Distressed Cities, Villages, and Townships Grant Program. These funds will be used to enhance the city's water system through improved waste management, leak detection, and pipe assessments.
- An EM Order is being prepared that will restructure its SRF loans. This would free up approximately $2.2M allowing the city to further improve its water system.
- The City of Flint had informed residents that it is in violation of the Clean Water Standards Act, after unsafe levels of trihalomethanes (TTHM, a disinfectant by-product) were found in the water. Recent testing by the Michigan Department of Environmental Quality (MDEQ) Testing Lab showed that the total TTHM levels for the month of February are well within the Environmental Protection Agency (EPA) guidelines for safe water. However, because EPA regulations require that the four month average for all testing sites be within certain guidelines, the city is still considered to be non-compliant by the MDEQ. Monthly testing will be ongoing, and is being conducted by several parties.
- The city hired Veolia to provide an analysis of the water system, including recommended improvements, and associated costs. Recommendations included water plant improvements, distribution system improvements, new policies and procedures, and better communication with customers. On March 19, 2015, the report was presented to the Flint Water Advisory Committee, but the presentation broke down due to citizen unrest. An International City/County Management Association (ICMA) comprehensive public safety study has been completed, and was presented to the City Council on January 22, 2015. Several recommendations for both police and fire are currently being reviewed. Of the 16 major recommendations for public safety, the following four are most crucial:

- Establish more aggressive protocols for responding to service demands from the public.
- Equip a minimum of one marked patrol car with an automated external defibrillator (AED) and an automatic license plate reader, and equip every car with e-ticket readers and printers.
- Develop a robust in-service training program.
- Establish and publish a clear multi-year strategic plan that includes specific performance goals and objectives for all units.

Significant Actions/Issues

- The General Fund accumulated deficit for FY 2014 was $9M. In FY 2013, the General Fund had an accumulated deficit of $12.9M. Noted reductions included $5.6M from Parks & Recreation, 2.6M from Community Development, 1.8M from Public Safety, and $1.7 from Building Inspections.
- If the city loses the lawsuit over retiree healthcare, the budget does not assume this potential additional $5M to $6M expense, which will grow at a rate equal to the general rise in healthcare costs.

Lincoln Park

Emergency Manager: Brad Coulter
Appointed: July 3, 2014
Anticipated Exit: January 2016

Recent Developments

- The city was awarded $143.5K through the Financially Distressed Cities, Villages, and Townships Grant Program. These funds will be used to enhance public safety through updated technology.
- A fire union collective bargaining agreement has been approved. The estimated annual cost savings is approximately $500K by reducing overtime and paid leave.
- A Firefighters and Police Officers Retirement Act proposal has been placed on the May 2015 ballot. If approved by voters this will raise an additional 6 mills, or $3M, for fire and police pension funding and retiree healthcare.
- Poor actuarial advice has lead retiree health care in the city to be underfunded. EM Coulter has proposed changing retiree contracts to replace cost of city-provided health insurance with a stipend for retirees to purchase their own health coverage. The EM's plan would offer a single retiree roughly $150/month, a couple could receive $350/month, with a family cap set at $425/month. This change would reduce retiree healthcare costs from $4.1M to 600K annually.
- The EM submitted his proposed changes to City Council in March; and they did not act within the statutory deadline. The Treasurer's approval will be needed before the plan can be implemented. It is anticipated that the changes would be implemented in June or July of 2015.
- FY 2014 ended with a General Fund accumulated deficit of $736K out of a total budget of $21M. This is a significant increase from the FY 2013 accumulated deficit of $89K. Noted areas of increased expenditures within the governmental funds included Public Safety by $1.1M, Public Works by $700K, and Culture and Recreation by $600K.

Significant Actions/Issues

- The police and fire pension plan is 30% funded. The general employee pension plan is 22% funded. The aforementioned Firefighters and Police Officer Retirement Act ballot proposal attempts to address the pension funding shortfall.

Issues to Resolve before EM Exit

- Police collective bargaining agreements must be finalized.
- Increase and stabilize pension and other post-employment benefits (OPEB) funding levels.

FINANCIAL REVIEW COMMISSION (FRC)

Detroit

FRC Created: November 12, 2014
FRC Members: Bill Martin, Brenda Jones, Darrell Burks, John Roberts, Kevin Clinton, Lorron James, Mike Duggan, Stacy Fox, Tony Saunders

Recent Developments

- The City of Detroit held its first statutorily-required Revenue Estimating Conference on February 20, 2015. The conference principals, Jay Wortley of Treasury, John Hill of the City of Detroit, and George Fulton of the University of Michigan, approved the consensus revenues as presented. The principals agreed that the revenue estimates were conservative.
- At the FRC's February 23, 2015 meeting, the FRC approved, and referred to the newly formed Finance and Enterprise Resource subcommittee for further review, the city's revenue estimates that were presented at the aforementioned Revenue Estimating Conference. The city will be incorporating the revenue estimates into its Four-Year Financial and Operating Plan (Plan) that will be presented to the FRC at its March 23, 2015 meeting for the Commission's review. The FRC also approved the city's debt service requirements report and several operational contracts.
- Treasury hired Ron Rose as the Executive Director (ED) for the Office of the FRC within the Department. His start date was March 2, 2015. Treasury is in the process of filling other key staff positions and has engaged the financial consulting services of UHY. Treasury has also engaged Martha Kopacz from Phoenix Management Services. Ms. Kopacz and her team acted as independent financial experts for Judge Rhodes in the city's Chapter 9 bankruptcy proceedings. Among other duties, the consultants will provide assistance in reviewing and analyzing the Plan for the FRC.

Significant Actions/Issues

- The city will be submitting its Four-Year Financial and Operating Plan to the FRC on March 23, 2015 for review, with FRC action expected on April 20, 2015. The city's Plan will encompass the second year (FY16) of Emergency Manager Orr's two-year budget and use this as its base year with no changes, plus three years (FY17, FY18, and FY19).
- Ensuring that the Plan is based on sound assumptions and that the city's operational budgets and actual spending conform to the Plan will be one of the FRC's most significant tasks.

RECEIVERSHIP TRANSITION ADVISORY BOARD (RTAB)

Hamtramck
RTAB Appointed: December 18, 2014
RTAB Members: Deborah Roberts, Mark Stema, Cathy Square, Karen Young

Recent Developments

- The city was awarded $622K through the Financially Distressed Cities, Villages, and Townships Grant Program. These funds will be used to complete a property reappraisal which will provide updated and accurate assessing records, upgrade City Hall security, and enhance public safety through improved street lighting.
- The Police Chief resigned on March 11, 2015. Lieutenant Ann Moise was appointed Acting Police Chief.
- Deputy City Manager/Treasurer John Gabor start date was February 2, 2015.

Significant Actions/Issues

- A complaint was filed in the federal court by Hamtramck retirees over changes to healthcare benefits in October 2014. The potential exposure to the city is currently unknown, but the city is confident that the benefits in question were improperly offered and were rightfully terminated.
- The annual pension liability is anticipated to increase from $3.5M in FY 2015 to $4.3M in FY 2019. This increase is a result of closing certain pension plans and the Michigan Employee's Retirement System (MERS) policy of accelerating the required contribution for closed plans. These increases were included in Emergency Manager Square's two-year budget.

Allen Park
RTAB Appointed: September 26, 2014
RTAB Members: Suzanne Schafer, Joyce Parker, Fredrick Frank, Karen Barann

Recent Developments

- The City Council voted on January 27, 2015 to suspend City Administrator Karen Folks. This vote was taken despite two Emergency Manager Orders that prohibit termination until October 2015 and establish a process for termination. The City Administrator and City Council negotiated a separation agreement which was approved by the RTAB on March 12, 2015. The RTAB also approved the City Council's appointment of the Finance Director as Interim City Administrator. A search firm will be hired to begin the process of selecting a new City Administrator.
- The city was expecting to issue a bond tender offer beginning in March to reduce outstanding debt. However, the tender offer has been delayed due to the uncertainty between the City Council and City Administrator. A timeline to complete the bond tender process will be developed by the various parties in late March 2015.

Significant Actions/Issues

- Litigation was filed by retirees challenging the Emergency Manager's authority to reduce other post-employment benefits (OPEB) liabilities. A motion for summary disposition is pending. No date has been set to hear this motion.

- City Hall will be relocating to a temporary facility in May 2015. The present facility is in poor condition.

Benton Harbor
RTAB Appointed: March 10, 2014
RTAB Members: Larry Steckelberg, Bret Witkowski, Marvin Raglon, Sharon Hunt

Recent Developments
- The city was awarded $910K through the Financially Distressed Cities, Villages, and Townships Grant Program. These funds will be used to enhance the water system through water main replacements and fire hydrant repairs, and to complete a property reappraisal which will provide updated and accurate assessing records. Additionally, the city will provide community enhancement through blight management and sidewalk replacement.
- On February 2, 2015, the City Commission unanimously approved a one-year contract extension for City Manager Darwin Watson.

Significant Actions/Issues
- On January 20, 2015, the City Commission passed a resolution adopting a fund balance policy consistent with Government Finance Officers Association (GFOA) Best Practices. The RTAB approved the resolution on January 28, 2015.
- FY 2014 audited General Fund revenues exceed expenditures by $1M, out of a total budget of $6.1M.

Ecorse
RTAB Appointed: May 1, 2013
RTAB Members: Edward Koryzno, Robert Bovitz, Joyce Parker

Recent Developments
- The city was awarded $350K through the Financially Distressed Cities, Villages, and Townships Grant Program. These funds will be used to enhance public safety through improved street lighting.
- The city signed a contract with UHY to provide part-time financial services until a permanent solution can be found. The RTAB approved the contract on January 13, 2015.
- The City Council cancelled the contracted City Administrator search with the Michigan Municipal League (MML) and appointed Wayne O'Neal as full-time City Administrator. On February 10, 2015, the RTAB approved the City's resolution appointing Mr. O'Neal.
- The city continues to have trouble attracting qualified candidates, and filling higher level administrative positions.

Significant Actions/Issues
- The RTAB's Annual Evaluation for the Governor was not favorable, citing a lack of local financial literacy, political infighting, and an inability to develop a balanced multi-year budget. For these reasons, the Board did not recommend removal of RTAB oversight at this time.
- Municipal Employee's Retiree System (MERS) pension contributions are anticipated to increase from $1.8M in FY 2015 to $2.4M in FY 2016 because of accelerated funding for closed plans.
- The city has been unable to balance their five-year budget. Previous budgets project deficit spending in FY 2016, and exhaustion of all resources in FY 2017. To avoid this

eventuality, significant expense reductions will be necessary in upcoming fiscal years. However, an action plan to reduce expenses is not forthcoming from the city.

Pontiac
RTAB Appointed: August 19, 2013
RTAB Members: Edward Koryzno, Louis Schimmel, Keith Sawdon, Robert Burgess

Recent Developments
- The city was awarded $125K through the Financially Distressed Cities, Villages, and Townships Grant Program. These funds will be used for community enhancement through blight management.
- In April 2014, the Final Emergency Manager Order was amended to create a Deputy Mayor position. A suitable candidate was not found through a Michigan Municipal League (MML) search. A new search firm has been hired to recruit a Deputy Mayor as part of the transition back to Home Rule.
- Per the audit, the General Fund's accumulated fund balance for FY 2014 is approximately $5M out of a total budget of $27M.
- The City Charter Revision Commission submitted a proposed Charter by the February 10, 2015 deadline and the proposed Charter will be on the May 2015 ballot.

Significant Actions/Issues
- The General Fund is structurally balanced in FY 2015 but expenditures are projected to exceed revenues by $360K due to deferred projects from FY 2014.
- Oakland County Circuit Court Judge Michael Warren dismissed the city's condemnation lawsuit involving the Phoenix Center because the city failed to include compensation for the lien placed on the property. The city is preparing an appeal of the decision to the U.S. Sixth Circuit Court of Appeals.
- The City of Pontiac Retired Employees Association v. City of Pontiac lawsuit in the United States District Court was reassigned from Judge Lawrence P. Zatkoff to Judge Avern Cohn. The lawsuit challenges former Emergency Manager Schimmel's elimination of retiree healthcare and replacement with an annual stipend. The General Employees Retirement System (GERS) Pension Fund is significantly overfunded and the parties are exploring options to use the overfunded portion to fund retiree healthcare.
- On March 17, the Michigan Court of Appeals reversed and remanded for trial a previous lower court dismissal of a previous 2013 suit which challenged the EM ordered nonpayment of $3.9 million into a VEBA trust for the fiscal year ending 2012. This appellate order is not a judgment against the city, rather it allows the previously dismissed lawsuit to proceed. The actual liability of the city will be determined either by a future settlement or by a final determination of the Oakland County Circuit Court.
- The GERS Board proposal was submitted to the court on January 30, 2015.

CONSENT AGREEMENT

Inkster
Date Executed: February 20, 2012
Consent Agreement Consultant: Mark Stuhldreher

Recent Developments

- The city was awarded $855K through the Financially Distressed Cities, Villages, and Townships Grant Program. These funds will be used to complete a property reappraisal to provide updated and accurate assessing records, enhance the water system through fire hydrant repairs, and enhancing public safety through the creation of a multi-jurisdictional narcotics team, police officer training, deployment of an additional police officer, providing a backup power source, and updating technology.

Significant Actions/Issues
- The FY 2014 General Fund accumulated deficit is $767K out of a total budget of $11M.

River Rouge
Date Executed: December 15, 2009
Consent Agreement Consultant: N/A (P.A. 72)

Recent Developments
- The city was awarded $592K through the Financially Distressed Cities, Villages, and Townships Grant Program. These funds will be used to enhance public safety through improved street lighting, along with infrastructure replacements to City Hall.
- Deborah Hayes-Price has been promoted to Chief of Police to replace former Police Chief Jeffrey Harris who retired in January.

Significant Actions/Issues
- U.S. Steel annual $1M tax settlement payment to the city has expired.
- General Fund revenues exceeded expenditures by $885K in FY 2014 and the accumulated fund balance was $1.9M.
- A reduction in healthcare benefits for active employees and retirees was implemented on November 1, 2014. The city estimates an annual savings of $400K.

Royal Oak Township
Effective Date: April 21, 2014
Consent Agreement Consultant: Robert Burgess

Recent Developments
- The township was awarded $274K through the Financially Distressed Cities, Villages, and Townships Grant Program. These funds will be used to enhance public safety through improved street lighting and increased police services.
- The State Treasurer rejected a decision by the Township Board to extend the contract with the current township attorney at a cost that was twice the amount of the lowest bidder. The Consent Agreement Consultant, Robert Burgess, issued an order requiring the township to extend a contract for legal services to the lowest bidder, Giarmarco, Mullins & Horton, P.C. This is one example of the difficulty the Consent Agreement Consultant has encountered in his efforts to have the Supervisor and Township Board comply with provisions of the Consent Agreement.
- The State Treasurer approved an amendment to the Fire Services Contract with the City of Ferndale on March 11, 2015. This amendment is projected to reduce annual costs to the township by $4K thru the end of 2015.

Significant Actions/Issues

- The Michigan State Police continues to provide police services to the township. The Department of Treasury and the Michigan State Police continue to work with the township and are reviewing a proposal from the City of Hazel Park to provide police services to the township.
- The State Treasurer approved the township's 2015 budget on December 16, 2014, with the requirement that the township work with Treasury to implement additional budget amendments to improve its overall effectiveness. No additional actions have occurred to implement these additional budget amendments as the township was without the services of a financial consultant from the time of budget adoption through March 1, 2015.
- The township currently has an aging accounts payable in excess of $200K.

NEUTRAL EVALUATION

Highland Park

Financial Review Team Appointed: December 2, 2013
Financial Emergency Declared: January 30, 2014
PA 436 Option Selected: Neutral Evaluation

Recent Developments

- The city was awarded $2M through the Financially Distressed Cities, Villages, and Townships Grant Program. These funds will be used to enhance the city's water system through meter replacement, leak detection, and system repairs.
- Cathy Square, former Hamtramck Emergency Manager, was hired to fill the position of City Administrator.
- Huron Consulting has been hired to prepare a request for proposal (RFP) to solicit firms to operate and maintain the city's water and sewer systems, as required by the city's Plan of Adjustment. The proposals are due on April 20, 2015.
- BenStaff has been hired by the city to make recommendations that will reduce healthcare costs.
- The law firm of Lewis & Munday has been hired to assist the city with the restructuring of the other post-employment benefits (OPEB).

Significant Actions/Issues

- The city selected Tetra-Tech to prepare a water and sewer rate study. A draft study was completed on February 20, 2015. This study provides the city with proposed rates, which if adopted, will provide adequate revenue to operate and maintain the water and sewer system.
- The city's liabilities total $117.6M. Some of the major components are: $55.3M debt, including $20.7M owed to the Detroit Water and Sewerage Department (DWSD), $17.7M pension bonds, and $26.1M unfunded other post-employment benefits (OPEB) liabilities.
- Summary of the Plan of Adjustment for the City of Highland Park was adopted on August 28, 2014.
    - Fifth Third Bank has finalized an agreement and settled for 50 cents on the dollar for outstanding debt.
    - By June 30, 2015, Highland Park, as required by terms of the emergency loan, must have a third-party operator for its water/sewer systems.

- After the selection of this third-party operator, DWSD and Highland Park will negotiate a long-term settlement for outstanding water and sewer debt.
- The city must reduce retiree healthcare benefit costs.
- In August 2015, an emergency loan of $16.4M, which includes the restructuring of $4.8M in existing loans, will be used to refund $2.7M in Fiscal Stabilization Bonds, $5.2M in Financial Recovery Bonds, and $3.7M in State Revolving Fund Bonds.

OTHER COMMUNITIES

Wayne County

Recent Developments

- In December 2014, the Michigan Supreme Court ruled unanimously in favor of retirees who receive a 13th check to offset inflation. The county is required to return $32M to the Pension Equity Fund.
- A Financial and Operating Plan and a voluntary Consent Agreement are being drafted.

Significant Actions/Issues

- Cash reserves reached its lowest point in August 2014 with pooled cash falling to approximately $73M. The average balance is $170M. This number includes proceeds from a short-term borrowing of $75M.
- A letter to the Treasurer from previous County Executive Robert Ficano, indicates that with the significant transfer of revenue from the Delinquent Tax Revolving Fund (DTRF), the General Fund deficit will be reduced to approximately $50M for FY 2014.
- In the same letter, it is indicated that the County has budgeted a transfer of $64M from the DTRF to balance the General Fund in FY 2015. However, this represents the last of the DTRF's unrestricted equity. This will result in a potential budget gap of $20M in FY 2016.
- The preliminary results of the county's actuarial report indicate a drop in other post-employment benefits (OPEB) liability of approximately $409M. This reduction is a result of the county choosing less expensive plans and implementing cost sharing measures. The Plan participants are now paying a larger share of the cost. This does not include any saving opportunities resulting from a proposed change to retiree healthcare.
- The county is working to resolve a disagreement with the Mental Health Authority over services provided to jail inmates. The county currently pays for this service but believes it falls under the purview of the Authority.

March 30, 2015
Meeting with Governor
Agenda

EMERGENCY MANAGER (EM)

Flint

- Deficit Elimination Plan: Emergency Manager (EM) Gerry Ambrose is preparing an E-Loan application that would provide a $6M E-loan to assist in eliminating the City's $9M General Fund deficit by June 30, 2015.
- Veolia North America has completed a Water Quality Report that provides the City with their recommendations, conclusions, and costs estimates to improve the water quality. The report identifies approximately $3M of expenditures including $1.5M for installation of granular activated carbon filtration for the water plant.
- The City was awarded $2M through the Financially Distressed Cities, Villages, and Townships Grant Program. These funds will be used to enhance the City's water system through improved waste management and leak detection and pipe assessments.
- EM Ambrose's exit from the City is tentatively scheduled for April; however the exit date should be reviewed.
- An EM Order is being prepared that would restructure Water System Revenue Bonds Series 1999 thru 2002 with the Michigan Finance Authority. This would postpone principal payments and free up $2.24M, allowing the City to further improve its water distribution system.

Lincoln Park

- FY 15 is projected to conclude with a $500k deficit, which may be offset by the one-time proceeds from the sale of a cellular tower, expected revenues of $900K.
- Pensions are poorly funded; police and fire pension is 31% funded while the general employees' pension is 22% funded. Retiree healthcare is funded on a pay as you go basis.
- Emergency Manager Coulter's plan to fund pensions to the 60% level by 2035 requires significant reductions to retiree healthcare. The current annual cost of $4.1M will be reduced to $600k, via section 12(1)(k) collective bargaining agreement (CBA) modification.
- An additional police and fire pension millage has been placed on the May 5 ballot. If passed by the electorate, it would raise 6 mills ($3M) for pension funding and other uses.

FINANCIAL REVIEW COMMISSION (FRC)

Detroit

- Treasury hired Ron Rose for the Executive Director (ED) position for the Office of the FRC within the Department and his start date was March 2, 2105.
- The firm of UHY has been retained to provide financial consulting services.
- Treasury has engaged Martha Kopacz and her team from Phoenix Management Services. Ms. Kopacz and her team acted as independent financial experts for Judge Rhodes in the City's Chapter 9 bankruptcy proceedings. Among other things, the consultants will provide assistance in reviewing and analyzing the Plan for the FRC.
- The City will be submitting its Four Year Financial and Operating Plan to the FRC on March 23 for review, with FRC action expected on April 20. The Plan will encompass the second year (FY16) of the Emergency Manager Orr's two year budget plus three years (FY17, FY18, and FY19).

RECEIVERSHIP TRANSITION ADVISORY BOARD (RTAB)

Ecorse

- The Ecorse RTAB continues to monitor the deteriorating conditions of the City. Preliminary assessment figures show a 26% decline in residential property values citywide.
- The City has been unable, during the past two years, to produce a balanced five-year budget. Such a multi-year budget is mandated by Emergency Manager Order.
- Previous financial projections predict significant operating deficits for FY 2016, and total exhaustion of the General Fund balance in FY 2017.
- The City's pension fund is 41% funded. The City is paying out more in benefits than it contributes to the plan. The Municipal Employees Pension System has suggested several options to improve the funding of the plan.

Hamtramck

- Current budget to actual reports show that the City is on track to realize the General Fund balance predicted in year one of Emergency Manager Square's two-year budget.
- The Police Chief resigned on March 11.
- The City was awarded $622K through the Financially Distressed Cities, Villages, and Townships Grant Program. These funds will be used to complete a property reappraisal, upgrade City Hall security, and upgrade street lighting.

Allen Park

- City Administrator Karen Folks resigned on March 12, 2015, after RTAB approval of a Separation Agreement negotiated with the City Council.
- Finance Director Bob Cady was appointed Interim City Administrator. Treasury will be participating with the City in a search process for a permanent City Administrator.
- Renovation has begun on a temporary City Hall facility. The City expects to relocate to the new facility in May 2015.
- The City is preparing to issue a bond tender offer to reduce its outstanding debt. The tender offer process was previously delayed due to the uncertainty between the City Council and the City Administrator.

Benton Harbor

- The City is projected to end the FY with a General Fund balance of $200k.
- The City was awarded $910K through the Financially Distressed Cities, Villages, and Townships Grant Program. These funds will be used to enhance the water system through water main replacements and fire hydrant repairs, and complete a property reappraisal to provide updated and accurate assessing records. Additionally, the City will provide community enhancement through blight management and sidewalk replacement.

Pontiac

- The City was awarded $125K through the through the Financially Distressed Cities, Villages, and Townships Grant Program. These funds will be used to supplement the City's ongoing blight management programs.
- A new search process to hire a Deputy Mayor will begin shortly and will take 120 days to complete.
- A new City Charter has been proposed by the City Charter Revision Commission and will appear on the May 5 ballot for approval by the electorate.
- On March 17, the Michigan Court of Appeals reversed and remanded for trial a previous lower court dismissal of a 2013 suit which challenged the EM ordered nonpayment of $3.9 M into a VEBA Trust for the fiscal year ending in 2012. This appellate order is not a judgment against the City; rather it allows the previously dismissed lawsuit to proceed. The actual liability of the City will be determined either by a future settlement or by a final determination of the Oakland County Circuit Court (Judge Daniel P. O'Brien).

<u>**CONSENT AGREEMENT**</u>

Royal Oak Township

- The Township is continuing negotiations with the City of Hazel Park for the provision of police services. The proposal from the City of Hazel Park for this service currently exceeds the Township's available revenue by over $200K. Discussions regarding the needed level of dedicated patrols within the Township are continuing between both entities.

- The Township is evaluating a proposal from the Ferndale School System to acquire Grant School (where the Township offices are located) for $1. The Township has retained McKenna & Associates to assist them in evaluating the feasibility of the Township owning and operating this facility. The building's unmet capital needs have been identified at $1.2M.
- Giarmarco, Mullins & Horton, P.C. has been appointed the Township Attorney via the issuance of a Consent Agreement Order. This firm replaces the firm of Pentiuk, Couvreur & Kobiljak. This change is estimated to save the Township $78K in budgeted legal service expenses.

Inkster

- City Treasurer Mark Stuhldreher currently has the Consent Agreement authorities; City Manager Richard Marsh has requested that he be given those authorities.
- The City was awarded $855K through the Financially Distressed Cities, Villages and Townships Grant Program. These funds will be used to complete a property reappraisal program, repair and replace fire hydrants and enhancing public safety by providing an officer to the multi-jurisdictional narcotic team and the deployment of one additional police officer, and a backup power supply and technology improvements.
- The City anticipates a General Fund surplus of less than $100K by the end of the current fiscal year, June 30, 2015. This is one year sooner than the approved Deficit Elimination Plan had indicated.
- A Consent judgment levy by the Detroit Water and Sewer Department and Wayne County will likely be placed on the July tax roll. The City owes DWSD $682K for unpaid water service and Wayne County $4.9M for unpaid sewer services.

River Rouge

- The City was awarded $592K through the Financially Distressed Cities, Villages, and Townships Grant Program. These funds will be used to enhance public safety through improved street lighting and infrastructure improvements to City Hall.
- A reduction in the healthcare benefits for active employees and retirees was implemented on November 1, 2014. The City estimates an annual savings of $400K.
- The City must develop a sustainable five year budget and have no funds with a deficit in order to exit from the Consent Agreement.

NEUTRAL EVALUATION

Highland Park

- The City has hired Pierce, Monroe & Associates to assess the adequacy and accuracy of billing records, develop a methodology for calculation of amounts due to the City per customer, develop a work plan for implementation of an accounting program, and calculation of outstanding account balances per customer account.

- The City made an initial offer of $2.2M to settle past due accounts to the Detroit Water and Sewerage Department (DWSD). The offer was rejected by DWSD. Discussions are ongoing.
- The City was awarded $2M through the Financially Distressed Cities, Villages, and Townships Grant Program. These funds will be used to enhance the City's water system through meter replacement, leak detection, and system repairs.
- The Request for proposal (RFP) for the selection of a third party to operate and maintain the City's water and sewer systems, as required by the City's Plan of Adjustment, are due on April 20, 2015.
- In August 2015, an emergency loan of $16.4M, which includes the restructuring of $4.8M in existing loans, will be used to refund $2.7M in Fiscal Stabilization Bonds, $5.2M in Financial Recovery Bonds, and $3.7M in State Revolving Fund Bonds.
- BenStaff has been hired by the City to make recommendations to reduce healthcare costs.
- The law firm of Lewis & Munday has been hired to assist the City with the restructuring of the other post-employment benefits (OPEB) benefit.

OTHER COMMUNITIES

Melvindale

- The City was awarded $88K through the Financially Distressed Cities, Villages, and Townships Grant Program. These funds will be used enhance public safety through fleet replacement of police vehicles and updated technology.

Wayne County

- The Michigan Supreme Court ruled unanimously in favor of retirees who receive a 13th check to offset inflation. The County is required to return $32M to the Pension Equity Fund.
- Cash reserves reached its lowest point in August 2014 with pooled cash falling to approximately $73M, the average balance is $170M. This includes proceeds from a short term borrowing of $75M.
- The County's deficit issue is a serious problem. The Delinquent Tax Revolving Fund has retained excess assets in past years which are now being transferred to the General Fund. The effect of the transfer is a reduction of the accumulated deficit.
- The FY 2014 audit is due at the beginning of April.

Pleyte, Beth (Treasury)

From: Gelisse, Ashley (TREASURY)
Sent: Friday, March 27, 2015 1:50 PM
To: Workman, Wayne (TREASURY); Saxton, Thomas (Treasury); Storberg, Ann Marie (TREASURY); Headen, Frederick (Treasury)
Subject: RE: Flint Court Consolidation

One question ... assuming that we're still planning to remove Jerry in April, can an alternative proposal still be sent to the ELB for consideration or does this issue become moot?

Just looking at the timeline - if the plan goes to the city council immediately after the county board (presumably) approves on 4/13, the 17-day window for city council to vote and propose an alternative (assuming a denial of the EM's proposal) would end on 4/30. How could this still go forward if Jerry leaves as EM prior to that time?

BTW if it's in the cards I'd argue for keeping Jerry on board at least until you can get 4 consecutive months of clean water tests to alleviate the Clean Water Standards Act/DEQ issue. If the court consolidation can happen in that window too, great. Just my two cents ... perhaps something to talk through at Monday's meeting.

From: Workman, Wayne (TREASURY)
Sent: Friday, March 27, 2015 12:23 PM
To: Saxton, Thomas (Treasury); Storberg, Ann Marie (TREASURY); Gelisse, Ashley (TREASURY); Headen, Frederick (Treasury)
Subject: FW: Flint Court Consolidation

FYI

From: Koryzno, Edward (Treasury)
Sent: Friday, March 27, 2015 12:17 PM
To: Workman, Wayne (TREASURY); Schafer, Suzanne K. (Treasury); Byrne, Randall (Treasury)
Cc: Dempkowski, Angela (Treasury)
Subject: Flint Court Consolidation

FYI - Jerry Ambrose just called with an update on the process. You will recall that the Genesee County Board of Commissioners approved court consolidation subject to negotiating an acceptable MOU with the City.

- A meeting took place yesterday between the principals and they are ready to move forward.
- The County Board will consider the MOU at a special meeting 4/13/15. Jerry said the county Board Chair is confident he has the necessary votes for passage.
- If approved Jerry will issue an EM order to proceed.
- He will be meeting with the affected union members in advance of the public announcement
- The consolidated court will not require the same number of employees so union members will be offered incentives to retire.
- Consolidation is schedule to take place on 1/1/16
- This plan must be presented to city council and Jerry believes they will not approve it, but will be unable to present an alternate plan with comparable savings.
- Most likely an ELB meeting in May or June

Edward B. Koryzno, Jr. | Director - Bureau of Local Government Services
State of Michigan | 430 W. Allegan Street, 3rd Floor | Lansing, MI 48922
(517) 373-4415 | (517) 373-0633 (fax)
KoryznoE@michigan.gov

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Thank you

Byrne, Randall (Treasury)

From: Byrne, Randall (Treasury)
Sent: Tuesday, March 31, 2015 3:46 PM
To: Widigan, Robert (TREASURY)
Cc: Cline, Richard (Treasury)
Subject: FW: Bi-Weekly Conference Call Agenda
Attachments: Agenda for Conference Call with Treasury 040115.pdf

FYI,

Randy,

From: Maxine Murray [mailto:mmurray@cityofflint.com]
Sent: Tuesday, March 31, 2015 3:36 PM
To: Kapp, Gene (MSP); Muchmore, Dennis (GOV); Roberts, John (DTMB); Dempkowski, Angela (Treasury); Baird, Richard (GOV); Carter, Jerry (MSP); Deasy, Thomas (MSP); Koryzno, Edward (Treasury); Clement, Elizabeth (GOV); Elizabeth Murphy; Etue, Kriste (MSP); Hollins, Harvey (GOV); Hill, Darryl (MSP); James Tolbert; Jerry Ambrose; Klotz, Josephine (MSP); Lee, Nichole (MSP); McGowan, Emmitt (MSP); Natasha Henderson; Smith, Paul (GOV); Byrne, Randall (Treasury); Sands, Thomas (MSP); Sipes, Stephen (MSP); O'Neill, Stephen (MSP); Saxton, Thomas (Treasury); Workman, Wayne (TREASURY); West, Samantha (GOV)
Subject: Bi-Weekly Conference Call Agenda

Good afternoon,

Please find attached the agenda for the 9:00 am conference call scheduled for **Wednesday, April 1, 2015.**

Thank you.

--
Maxine Murray
Executive Assistant to
Mayor Dayne Walling
Gerald Ambrose, Emergency Manager
Natasha L. Henderson, City Administrator
1101 S. Saginaw Street
Flint, MI 48502
810.237.2035 Telephone
810.766.7218 Fax

City of Flint Wednesday 9:00am Phone Conference Agenda

April 1, 2015

1[redacted]cess code [redacted]

		Last Report	Status
1) Public Safety Update – FPD, MSP, (FFD, if needed)			
	a) FPD	Status Report	Update
	b) FFD		
	c) Other update from Chief Tolbert and MSP		
2) Governor's Office Update – R. Baird, H. Hollins, B. Clement			
	a) District Court Consolidation	County Commissioners voted on 12/10/14 to approve "pursuant to the terms and conditions set forth in a MOU to be approved between City of Flint and Gen. Cty." Implementation timeline, including City Council review, and EM Order being developed. Anticipate mid-April approval by City and County.	Update
	b) Local Income Tax Initiative	Additional source of funds still needed for City. H. Hollins working to find a new sponsor. Projected financial challenges associated with projection of FY17 budget may emphasize the rational.	No Change
3) Finance and Administrative Update			
	a) Management Vacancies	MML advertising for Treasurer, HR Director and Finance Director.	Update
	b) Budget	Development underway. Presentation expected mid-April.	Update
	c) DEP/RAP	Evaluating financing options. Goal is all final approvals by end of April. Schedule being developed.	Update
	d) Purchasing	Revised purchasing ordinance being enacted by mid-April.	Update

		Last Report	Status
4) City Council Update			
	a) EM Order	Order being developed defining organizational reporting relationships to new City Administrator.	To be complete shortly.
	b) Council/Mayor Compensation	Revision to Council and Mayor compensation is being developed.	To be complete shortly.
	c) Council Rules	Meeting held by Council last week to update Council rules and procedures.	Monitoring progress
5) Water Issues			
	a) MDEQ Violation Notice	Most recent TTHM sampling was tested by the MDEQ - confirmed our internal test findings - that water is within federal/state guidelines. Received the violation notice from MDEQ, due to the running average calculation. The notice to customers is being mailed now, with more information included.	Update
	b) Drinking Water Revolving Fund	Order #2 was issued to restructure and amend the debt service payments on the DWRF Bonds, by postponing the principal payments	Complete
	c) Water Quality Consultant	Final report received. Action steps are being compiled; will focus on TTHM compliance and plans for hardness and discoloration improvement. Installation of granulated activated charcoal (GAC) filter likely.	Update
	d) WAC/TAC	A 40 member Water Advisory Committee and a 13 member Technical Advisory Committee (including EPA representative) have met as part of the process of improving communication and receiving additional feedback. WAC 2nd meeting was held 3/19/15. Format under reconsideration.	Update
6) 9-1-1 Reconsolidation Plan			
	a) Tower Transfer to Consortium	Tower Transfer justification package sent to Council 2/24/15, there was no disagreement with the plan. Letter to Treasurer for transfer request to be sent by mid-April. C-GAP grant amendment to pay for consolidation expenses has been approved.	Update

		Last Report	Status
7) Transition Activities			
	a) Final Order	Order is being drafted.	New
8) Other Items			