

Byrne, Randall (Treasury)

From: Byrne, Randall (Treasury)
Sent: Thursday, October 01, 2015 8:12 AM
To: Schafer, Suzanne K. (Treasury) (SchaferS7@michigan.gov)
Subject: Meeting this morning
Attachments: Meeting with Suzanne October 1.docx

Suzanne:

Please note the Flint section, there are some new developments that we should discuss.

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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Weekly Critical Issues —October 1, 2015

- **Allen Park**— City Council has appointed Mark Kibby as City Administrator. We have several names for serving on the RTAB that are getting vetted by the Governor's Office. A discussion list will be prepared as to where each could serve. The tender offer has been extended, at this time, approximately 30% of bondholders have agreed.
- **Benton Harbor**-The lawsuit with the former Public Safety Director and two former employees is a major issue for the City. Darwin has indicated that it will cost the City \$1.7M to settle these three cases. They are only partially insured. I have advised Darwin to seek the City Commission's approval for the Finance Director's Search. The cost is \$10,000 for the MML Proposal. If approved, it won't begin until late October. The Assistant City Manager position will be reduced to part-time due to commuting distance. A job posting for this position has been advertised.
- **Ecorse**—they received and filed the Memo from Treasury. The City indicated that if they were to agree to have River Rouge provide fire protection or if they were to go to a paid part-time department the pension liability costs would spike. Their five year financial plan will need to be reviewed once again. We need to determine who will serve on the RTAB position after Joyce leaves.
- **Flint** – Lawsuit on water rates and the lead issues have Flint in a crisis mode. The media was reporting that the Finance Director indicated is projecting that the Water and Sewer Fund will have a \$14M deficit at year end. I have asked for a copy of the budget report and a copy of the cash flow analysis. Natasha has sent me a revised cost from Miller Canfield to represent the City in the Shears and Kincaid cases. Treasury is determining the level of support, if any, to provide the City in this matter. I informed Natasha this morning that the legal representation is still being "discussed".
- **Hamtramck**-We have several names for the RTAB position to replace Cathy. Segal will develop a work plan for phase 3 of the pension study. The City has hired Alan Young for audit services but that decision was rejected by the RTAB. Katrina wants to reorganize staff. Overtime last month was \$60K, we are asking her to get quotes for a police study. Treasury will pay \$25,000 for the study. Eric and I will be meeting with individual members of the City Council in October.
- **Highland Park**-The City hired a collection firm to collect the past due water and sewer bills. Hiring a collection firm is a requirement of the loan agreement. Cathy has indicated that the OPEB savings of approximately \$750K will be implemented by October 1. The City has purchased \$300,000 of new water meters as part to the FDCVT grant award and are installing them. The City Council conditionally approved the DWSD agreement but no word from DWSD or Great Lakes Water Authority. Regular billing of water and sewer customers has begun. The plans for the demolition of the High School Building are being reviewed. I expect the project will be let for bids soon.
- **Lincoln Park**-Brad is placing a PA 345 request on the November Ballot seeking approval of 6 mills to fund the City's pension system. Some of the City Council members are supporting the millage request. Brad has prepared a four month plan which is being updated. His exit will be in the

first week of January. The new city manager, Matt Coppler began work on Monday. We will be discussing the final order with Brad.

- **Inkster-** the City won its appeal on the water billing lawsuit. Mark said the city will be discussing its options. The City is negotiating with Wayne County on its \$4.9M sewer debt. A judgement levy for several years will be likely be placed on the July 2016 tax roll. Patrick submitted his report on the Benton Harbor Park Conservancy. Mark has indicated that the City is updating its Park and Rec Master Plan. I have encouraged Mark to meet with the ministers.
- **Pontiac-**Jane Di Sessa will become the new Deputy Mayor. A contract has been drafted but not signed as of 9/30. Because Jerry Ambrose will not hired as a transition advisor, we may be more involved. The Pontiac RTAB exit plan is nearing completion. The major issues are a deputy mayor ordinance, the Phoenix Center Order and city council action items. Problem with the School Board.
- **River Rouge**—the five year financial plan is not balanced yet. Do we want to exit without a balanced five year financial plan? The City's plan for taking over fire service for the City of Ecorse is on hold for now. The Mayor has drafted a revised plan that is even more favorable to Ecorse. The City was chosen by the Governor to be a part of the Rising Tide Initiative.
- **Royal Oak Township-** We may receive a proposal from Oak Park. Additional discussions with Ferndale and Hazel Park are needed. The Township needs to submit another grant application for police funding. We have received Robert's six month plan. Patrick will be assisting Robert on several items. Montgomery and Co. the accounting firm has submitted an invoice for \$17,000. Robert says that they won't have a deficit at the end of the year. The MERS issue has resurfaced, Robert wants to invest these funds with MERS but the market is risky at present.
- **Miscellaneous Items**—the draft of the October Governor's Memo is finished, I am waiting to hear from Angela. Staffing update. RTAB candidates are being vetted by the Governor's Office. The draft exit plan for several communities is nearing completion. Should I schedule a visit to the City of Wayne? I have a consent agreement template ready for your review. I have been asked by the MML to speak at their elected official's workshop on Saturday, February 27, 2016.

Dempkowski, Angela (Treasury)

From: Workman, Wayne (TREASURY)
Sent: Thursday, October 01, 2015 9:05 AM
To: Saxton, Thomas (Treasury)
Subject: Re: Bottle Deposit Fund

That I like

Sent from my iPhone

On Oct 1, 2015, at 8:28 AM, Saxton, Thomas (Treasury) <SaxtonT@michigan.gov> wrote:

We should throw tobacco money into the mix.

From: Workman, Wayne (TREASURY)
Sent: Thursday, October 01, 2015 8:17 AM
To: Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>
Subject: Re: Bottle Deposit Fund

Crazy ideas. There is no end to it

Sent from my iPhone

On Oct 1, 2015, at 8:10 AM, Saxton, Thomas (Treasury) <SaxtonT@michigan.gov> wrote:

... if I were you I wouldn't come back

From: Khouri, Nick (TREASURY)
Sent: Thursday, October 01, 2015 6:42 AM
To: Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>
Subject: Fwd: Bottle Deposit Fund

Tom

Can you track down the escheats part of the question.

Sent from my iPhone

Begin forwarded message:

From: "Muchmore, Dennis (GOV)"
<muchmored@michigan.gov>
Date: September 30, 2015 at 4:37:17 PM EDT
To: "Wyant, Dan (DEQ)" <WyantD@michigan.gov>, "Khouri,
Nick (TREASURY)" <KhouriN@michigan.gov>, "Roberts, John

(DTMB)" <RobertsJ9@michigan.gov>

Subject: Bottle Deposit Fund

Could we loan Flint money from the escheats fund with some repayment mechanism and use that money to accelerate the final KWA connection?

Pleyte, Beth (Treasury)

From: Muchmore, Dennis (GOV)
Sent: Thursday, October 01, 2015 12:36 PM
To: Saxton, Thomas (Treasury)
Cc: Clement, Elizabeth (GOV); Workman, Wayne (TREASURY); Durfee, Sally (TREASURY); Stanton, Terry A. (Treasury)
Subject: RE: FDCVT - Flint

I think we have the cost of the filters now covered.

From: Saxton, Thomas (Treasury)
Sent: Thursday, October 1, 2015 12:15 PM
To: Muchmore, Dennis (GOV) <muchmored@michigan.gov>
Cc: Clement, Elizabeth (GOV) <clemente@michigan.gov>; Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>; Durfee, Sally (TREASURY) <DurfeeS1@michigan.gov>; Stanton, Terry A. (Treasury) <StantonT@michigan.gov>
Subject: RE: FDCVT - Flint

I am following up... do you want us to have our staff reach out to the City & submit another or revised grant application ?

From: Saxton, Thomas (Treasury)
Sent: Wednesday, September 30, 2015 9:03 AM
To: Muchmore, Dennis (GOV) <muchmored@michigan.gov>
Cc: Clement, Elizabeth (GOV) <clemente@michigan.gov>; Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>
Subject: RE: FDCVT - Flint

To be honest I am not sure... I don't have the history/background to know whether we would actually turn them/communities down (& we might) if they can't fully fund their project. I am sure that area (assessing) is in chaos as well in Flint.

If that were the case i.e., we would say no to the assessing project; then yes in terms of the switch to water related projects. I think the number I heard yesterday was 10,000-15,000 filters for \$250k. Or maybe you create a program to replace the curb-to-home lead piping.

The call with Flint got cancelled today. They are not available now at that time.

From: Muchmore, Dennis (GOV)
Sent: Wednesday, September 30, 2015 8:47 AM
To: Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>
Cc: Clement, Elizabeth (GOV) <clemente@michigan.gov>
Subject: RE: FDCVT - Flint

Thanks. Are you suggesting they modify their request to one that asks for money for filters instead of the assessing since the assessing cost exceeds the grant and they couldn't do the project anyway?

From: Saxton, Thomas (Treasury)
Sent: Tuesday, September 29, 2015 5:34 PM
To: Muchmore, Dennis (GOV) <muchmored@michigan.gov>

Cc: Clement, Elizabeth (GOV) <clemente@michigan.gov>

Subject: FW: FDCVT - Flint

One of my 'take-aways' from the meeting this afternoon was to follow up on whether they could use those Distressed Cities' \$s for filters. Remember last year they did receive \$2mm which they used for water related items. This year they want funds for the property assessing area. Their project cost is more than the grant limit. It is not clear they realize that. The deadline application is Oct 15 if they were willing to change the application. Assuming that is doable.

With Wayne away (and before the 1:00 mtg)... a call was set up actually earlier today with Natasha Henderson. Do you care if we still do that ? The email setting it up is attached. Obviously we are not going to commit to anything.

Let me know if you need anything else.

From: Cole, Evah (Treasury)

Sent: Tuesday, September 29, 2015 4:20 PM

To: Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>

Cc: Koryzno, Edward (Treasury) <KoryznoE@michigan.gov>; Pleyte, Beth (Treasury) <PleyteB@michigan.gov>;

Dempkowski, Angela (Treasury) <DempkowskiA@michigan.gov>; Kolka, Carolyn (Treasury) <KolkaC@michigan.gov>;

Stanton, Terry A. (Treasury) <StantonT@michigan.gov>; Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>

Subject: RE: FDCVT - Flint

Tom,

Below are the answers to your questions. If you have any further questions, let us know. Thank you.

Do we know whether Flint has yet applied for any of these (FDCVT) \$s ?

ANSWER: We received an application from the City of Flint on September 17th. The amount requested for the project is \$2M (the limit for a local unit) and it is estimated to take \$3.1M to complete the entire project. They also indicated that if full funding is not awarded, it is doubtful that they will be able to move forward with the project. The proposed project is:

"The city proposes to hire a qualified contractor to provide property assessing services. Specifically, this contractor will create digital property sketches of all improved properties, evaluate existing property conditions and improvements by providing real property data verification, and conduct a comprehensive appraisal valuation study. This process will take place over a period of 3 years, from June 1, 2016 to July 1, 2019."

Do we know if they have plans to?

ANSWER: Since they asked for the entire \$2M for the above project, we would assume they are not submitting any further projects, however we are not sure.

And have they asked (& rec'd) \$s from this program previously i.e., last year, and If so, what did they use those \$s for?

ANSWER: Treasury awarded Flint two grants in FY 2015 under the FDCVT program. Treasury has not yet received any reimbursement requests from the City. Therefore, we have not distributed any of the FDCVT grant related funds to the City. The two grants are:

Awarded	Project Name	Brief Description

\$1,100,000	Water Pollution Control Incinerator Shutdown	Water system enhancements through improved waste management
\$900,000	Water Main Leak Detection Survey and Condition Assessment	Water system enhancements through leak detection and pipe assessments

Sent from my iPhone

On Sep 29, 2015, at 3:00 PM, Stanton, Terry A. (Treasury) <StantonT@michigan.gov> wrote:

See the attached press release...noting Flint's awards (2).

The writeup below was included in Flint Water Talking Points from last winter.

The City has received significant financial assistance through both grant programs and bond restructuring initiatives administered by the MI Department of Treasury. This financial assistance has allowed the City to replace miles of aged pipeline and begin efforts to install a specialized filter at the Water Treatment Plant.

In February, Flint was awarded a total of \$2 million through two *Financially Distressed Cities, Villages, and Townships Grants*. \$1.1 million was awarded for water system enhancements through improved waste management while \$900,000 was awarded for water system enhancements through leak detection and pipe assessments.

From: Saxton, Thomas (Treasury)

Sent: Tuesday, September 29, 2015 2:53 PM

To: Koryzno, Edward (Treasury) <KoryznoE@michigan.gov>; Cole, Evah (Treasury) <ColeE@michigan.gov>

Cc: Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>; Stanton, Terry A. (Treasury) <StantonT@michigan.gov>; Pleyte, Beth (Treasury) <PleyteB@michigan.gov>; Dempkowski, Angela (Treasury) <DempkowskiA@michigan.gov>

Subject: FW: FDCVT

Do we know whether Flint has yet applied for any of these \$s ? Do we know if they have plans to? And have they asked (& rec'd) \$s from this program previously i.e., last year. [knowing that it hasn't been going that long]. If so, what did they use those \$s for.

Finally, if they hadn't applied yet... given the current Flint water situation;
Could they use these grant funds to purchase filters for individual residents for use in their homes ?

If you can get back to me quickly I would appreciate it. Thanks

<FDCVT Grant Awards 2-3-15.pdf>

Workman, Wayne (TREASURY)

From: Workman, Wayne (TREASURY)
Sent: Thursday, October 01, 2015 2:15 PM
To: Muchmore, Dennis (GOV); Clement, Elizabeth (GOV); Durfee, Sally (TREASURY); Khouri, Nick (TREASURY)
Cc: Saxton, Thomas (Treasury); Stanton, Terry A. (Treasury)
Subject: Fwd: Flint update

So we don't forget the money; Flint is now running a \$14,000,000 deficit in the WaterFund due to two lawsuits that have gone against the City. It has reduced what they can bill some folks have stopped paying believing they will be getting big credits or refunds. Also water cant be shut off for nonpayment under one suit

Sent from my iPhone

Begin forwarded message:

From: "Byrne, Randall (Treasury)" <ByrneR1@michigan.gov>
Date: October 1, 2015 at 10:29:51 AM EDT
To: "Workman, Wayne (TREASURY)" <WorkmanW@michigan.gov>
Cc: "Saxton, Thomas (Treasury)" <SaxtonT@michigan.gov>, "Schafer, Suzanne K. (Treasury)" <SchaferS7@michigan.gov>
Subject: Flint update

Wayne:

The local television station reported this morning that the Flint Finance Director informed the City Council last night that they project a deficit of \$14M in their Water and Sewer Fund at year end. I spoke to Natasha this morning and requested a copy of their budget report and a cash flow analysis to verify this information. I should have this information today.

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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Pleyte, Beth (Treasury)

From: Muchmore, Dennis (GOV)
Sent: Thursday, October 01, 2015 4:38 PM
To: Saxton, Thomas (Treasury); Clement, Elizabeth (GOV); Khouri, Nick (TREASURY)
Cc: Stanton, Terry A. (Treasury)
Subject: RE: Flint update

How come we find this out from the TV reporter? Don't they tell the RTAB anything?

From: Saxton, Thomas (Treasury)
Sent: Thursday, October 1, 2015 12:17 PM
To: Muchmore, Dennis (GOV) <muchmored@michigan.gov>; Clement, Elizabeth (GOV) <clemente@michigan.gov>; Khouri, Nick (TREASURY) <KhouriN@michigan.gov>
Cc: Stanton, Terry A. (Treasury) <StantonT@michigan.gov>
Subject: FW: Flint update

Just fyi

From: Byrne, Randall (Treasury)
Sent: Thursday, October 01, 2015 10:30 AM
To: Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>
Cc: Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>; Schafer, Suzanne K. (Treasury) <SchaferS7@michigan.gov>
Subject: Flint update

Wayne:

The local television station reported this morning that the Flint Finance Director informed the City Council last night that they project a deficit of \$14M in their Water and Sewer Fund at year end. I spoke to Natasha this morning and requested a copy of their budget report and a cash flow analysis to verify this information. I should have this information today.

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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Stanton, Terry A. (Treasury)

From: Saxton, Thomas (Treasury)
Sent: Thursday, October 01, 2015 2:48 PM
To: Stanton, Terry A. (Treasury)
Subject: FW: Use of SRF to replace lead service lines

fyi

From: Barton, John (Treasury)
Sent: Wednesday, September 30, 2015 5:53 PM
To: Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>
Subject: Fw: Use of SRF to replace lead service lines

Tom,

Below is the e-mail Dan received from EPA regarding the use of SRF to replace lead service lines. I talked with Sonya Butler and she reached out to Susan and Steve below to obtain the actual cite in the EPA guidelines. I will follow up tomorrow.

John

From: Hedman, Susan [<mailto:hedman.susan@epa.gov>]
Sent: Monday, September 28, 2015 4:36 PM
To: Wyant, Dan (DEQ)
Subject: Use of SRF to replace lead service lines

Hi Dan –

Here's a quick answer to your question about using SRF to replace lead service lines. Under the federal SRF program, SRF funds can be used to replace lead service lines on both public and private property. (We don't know if Michigan rules allow for the use of SRF funding on private property, but presumably you know whether that's the case.) If you have additional questions, your staff can follow up with Steve Marquardt, Chief of the R5 Water Division State and Tribal Program Section. His number is 312-353-3214.

Please keep me posted on the time for the event later this week.

Thanks,

Susan

Susan Hedman
Region 5 Administrator/Great Lakes National Program Manager
U.S. Environmental Protection Agency
77 West Jackson Blvd - 19th Floor
Chicago, Illinois 60604-3590

Pleyte, Beth (Treasury)

From: Barton, John (Treasury)
Sent: Thursday, October 01, 2015 3:01 PM
To: Saxton, Thomas (Treasury)
Subject: FW: Use of SRF to replace lead service lines
Attachments: Eligibility of Lead Service Line Replacement MEMO 2012-2013.pdf

Below is the response from the EPA regarding the replacement of lead service lines using DWRf loans.

Please let me know if you need anything else.

From: Cossa, Laura [mailto:cozza.laura@epa.gov]
Sent: Thursday, October 01, 2015 12:48 PM
To: Butler, Sonya (DEQ) <BUTLERS2@michigan.gov>
Cc: Barton, John (Treasury) <BartonJ@michigan.gov>; Bielanski, Andrew <bielanski.andrew@epa.gov>; Baltazar, Debbie <baltazar.debbie@epa.gov>; Crooks, Jennifer <crooks.jennifer@epa.gov>; Marquardt, Steve <marquardt.steve@epa.gov>
Subject: RE: Use of SRF to replace lead service lines

Hi Sonya,
Because it is an eligibility question, there is probably no specific regulation to address it, but HQ issued a memo (attached). Although is not dated, it was still draft in 2012, so is probably 2012/2013. We may be able to find a more precise date from HQ. Just FYI, there is a reference on page 2 to a 2003 memo – the link to the 2003 memo is: http://water.epa.gov/grants_funding/dwsrf/upload/2008_04_10_dwsrf_memos_memo_dwsrf_policy_2003-07-25.pdf.

I hope this helps.
Please let me know if you have any questions.
Thanks.
Laura

From: Butler, Sonya (DEQ) [mailto:BUTLERS2@michigan.gov]
Sent: Wednesday, September 30, 2015 12:18 PM
To: Cossa, Laura; Marquardt, Steve
Cc: Barton, John (Treasury)
Subject: FW: Use of SRF to replace lead service lines

Laura

Could you tell me where to find the federal law that allows for work to be done on private property (see original note down below)? John Barton from Treasury wants this information and I know you can find it faster than I.

From: Wyant, Dan (DEQ)
Sent: Monday, September 28, 2015 4:49 PM

To: Pallone, Maggie (DEQ); Busch, Stephen (DEQ); Butler, Sonya (DEQ)
Cc: Wurfel, Brad (DEQ)
Subject: FW: Use of SRF to replace lead service lines

Let's discuss.

Dan Wyant, Director
Department of Environmental Quality
517-284-6700 (New Number)

From: Hedman, Susan [<mailto:hedman.susan@epa.gov>]
Sent: Monday, September 28, 2015 4:36 PM
To: Wyant, Dan (DEQ)
Subject: Use of SRF to replace lead service lines

Hi Dan –

Here's a quick answer to your question about using SRF to replace lead service lines. Under the federal SRF program, SRF funds can be used to replace lead service lines on both public and private property. (We don't know if Michigan rules allow for the use of SRF funding on private property, but presumably you know whether that's the case.) If you have additional questions, your staff can follow up with Steve Marquardt, Chief of the R5 Water Division State and Tribal Program Section. His number is 312-353-3214.

Please keep me posted on the time for the event later this week.

Thanks,

Susan

Susan Hedman
Region 5 Administrator/Great Lakes National Program Manager
U.S. Environmental Protection Agency
77 West Jackson Blvd - 19th Floor
Chicago, Illinois 60604-3590



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
WASHINGTON, D.C. 20460

MEMORANDUM

SUBJECT: Eligibility of Replacement of Lead Service Lines on Private Property Under the DWSRF.

FROM: Joanne Hogan
Attorney- Advisor *Joanne Hogan*
Civil Rights and Financial Law Office
Office of General Counsel

THROUGH: Wendel Askew *Wendel Askew*
Assistant General Counsel
Civil Rights and Financial Law Office
Office of General Counsel

Ken Redden *Ken Redden*
Deputy Associate General Counsel
Civil Rights and Financial Law Office
Office of General Counsel

TO: Peter Shanaghan
Team Leader
Drinking Water State Revolving Fund Team
Office of Ground Water and Drinking Water, Office of Water

Question Presented.

You have asked whether financial assistance from a State's Drinking Water State Revolving Loan Fund can be used by eligible entities to fund projects that involve replacing lead service lines that may be on private property and that connect to private dwellings.

Brief Answer

We believe that lead service line projects, regardless of the ownership of the property on which the pipe is placed, may be funded by a State's DWSRF so long as the loans are made to an eligible entity and all other requirements of the DWSRF are met.

Analysis

The statute and the regulatory provisions governing the use of State DWSRF funds, though defining which entities may receive funds, do not require the Public Water System to have control over all portions of a project that is funded by the DWSRF. Congress gave EPA's Administrator the clear authority to determine which projects would be eligible under §1452: "Financial assistance. . . may be used. . . only for expenditures of a type or category which the Administrator has determined, through guidance, will facilitate compliance with national primary drinking water regulations." PHSA §1452 (a)(2). The only broad statutory limitations on the types of projects that cannot be funded are projects which include monitoring, operation, or maintenance expenditures, or projects for the acquisition of real property unless the purchase is made from a willing seller and the acquisition is integral to the project.

40 CFR §35.3520 (b)(2) sets forth the categories of projects that can be funded by a DWSRF. This provision includes the transmission and distribution of water to be a category of eligible projects. Specifically, the regulation provides examples of such projects to include: "installation or replacement of transmission and distribution pipes to improve water pressure to safe levels or to prevent contamination caused by leaks or breaks in the pipes." See 40 CFR §35.3520 (2)(ii).

Lead pipes can contaminate water at any point, including on its way to a private home. Allowing a public water system to use its funds to replace such pipes is consistent with this allowable category of projects, and is similarly consistent with the overall health protections of the Safe Drinking Water Act. See PHSA 1452 (a)(1)(A). Note that if a Public Water System wishes to purchase and retain an easement so that it maintains control of such infrastructure, that purchase is authorized as well: "Funds shall not be used for real property or interests therein unless the acquisition is integral to the project authorized... and the purchase is from a willing seller. . ." PHSA 1452(a)(2).

This determination that replacement of lead pipes on privately owned property is an eligible project cost so long as it otherwise complies with the PHSA is consistent with prior approved eligible projects, such as water efficiency projects, that do not require all elements of a project to be under the control of a Public Water System. In a Memorandum dated July 25, 2003, then Assistant Administrator for Water G. Tracy Mehan III informed Water Division Directors in the regions that projects such as the installation or retrofit of plumbing fixtures and appliances, installation of water meters, and implementation of incentive programs to conserve water, such as rebates or conservation rate structures were all eligible projects under the DWSRF. Therefore, so long as the assistance is given to an eligible entity, and the project otherwise meets the requirements of the DWSRF, the project may be funded regardless of ownership or control of the resulting infrastructure.

Stanton, Terry A. (Treasury)

From: Stanton, Terry A. (Treasury)
Sent: Thursday, October 01, 2015 3:43 PM
To: Wurfel, Sara (GOV); Wurfel, Brad (DEQ)
Cc: Murray, David (GOV); Heaton, Anna (GOV); Kennedy, Jordan (GOV); Robert, Carla M. (Treasury); Feuerstein, Heather (DEQ)
Subject: FW: Statement from Rep. Phelps on his denied FOIA requests pertaining to the City of Flint water crisis
Attachments: phelpsdnl092915.pdf; phelpsext091515.pdf
Importance: High

All-

Just received this from Dave Eggert...

I am going to tell David that **Treasury did send a timely response to the Representative**. It was due (following a statutory extension) on Tuesday, September 29, 2015. Our response (attachment 1) went in the mail on Tuesday. As you will see, it was a "denial," as Treasury does not have any records regarding "waivers, permits or applications to use the Flint River..."

Apparently, the response has not arrived in his (Flushing, MI) mailbox...or is arriving today.

I have also attached the extension letter (attachment 2), which was timely-mailed as well.

Let me know if you have any questions...

From: Eggert, David [mailto:DEggert@ap.org]
Sent: Thursday, October 01, 2015 2:47 PM
To: Stanton, Terry A. (Treasury) <StantonT@michigan.gov>
Subject: Fwd: Statement from Rep. Phelps on his denied FOIA requests pertaining to the City of Flint water crisis

Can you respond?

Sent from my iPhone

Begin forwarded message:

From: Rosemary Jones <RJones@house.mi.gov>
Date: October 1, 2015 at 2:42:16 PM EDT
To: Rosemary Jones <RJones@house.mi.gov>
Subject: Statement from Rep. Phelps on his denied FOIA requests pertaining to the City of Flint water crisis

FOR IMMEDIATE RELEASE:
Thursday, Oct. 1, 2015

Contact: Rep. Phil Phelps
Phone: (517) 373-7515

Statement from state Rep. Phil Phelps (D-Flushing) on his FOIA requests pertaining to the City of Flint water crisis being denied:

“Residents of the City of Flint face a substantial health risk due to contaminants found in their drinking water. In an effort to not politicize this situation, I have been working directly with state and local officials in seeking important information and attempting to correct the City’s water crisis. Unfortunately, I have been faced with continual road blocks in my requests for information. It has been nearly a month since I submitted Freedom of Information Act (FOIA) requests to the State and the City of Flint requesting to see documents related to the City’s switch to using water from the Flint River. I requested the applications and permits required by law to change a city’s source of water. So far, the State Treasury has violated FOIA by not providing any information or even a denial. The Department of Environmental Quality (DEQ) and City of Flint have denied my request saying that the documents I requested do not exist. However, state law requires Michigan cities to apply for a permit from the DEQ to switch their source of water. Violation of this law is punishable by a fine of \$5,000 per day and possible incarceration. I find it hard to believe that the DEQ and the City of Flint ignored such a critical step, not to mention one that the cost in fines alone would already be roughly \$2.5 million and cause those responsible to be subject to criminal prosecution.

“My request for these documents was meant to be a fact-finding mission to ascertain the degree to which the State knew about or took any action to determine the potential hazards of making this switch prior to being officially ordered by the State-appointed Emergency Manager. Since the State has decided not to disclose this information to me, it is unclear the extent to which the State is culpable. I believe the bottom line here is that the decision to switch the source of Flint’s water to the Flint River was made by the Emergency Manager appointed by Governor Snyder and the burden is on his shoulders to make this right.

“The use of the river water has caused a great amount of destruction to the City’s water infrastructure, and it has put the residents who use the water in harm’s way. To help continue this fight for information, I have retained attorney Keith D. Flynn of the law firm Miller Cohen P.L.C. to further evaluate my legal options. My position and recommendation to the Governor on this issue is that the State should immediately switch Flint’s water source back to the Detroit Water System at no additional cost to Flint residents and supply water filters to every household in Flint.

“Furthermore, the State should begin to estimate costs for the total damage done to the City’s public works infrastructure and for the treatment of potential adverse health outcomes we could see in Flint residents in the future and allocate expenditures to correct this problem.”

Rosie Jones
Deputy Press Secretary
Michigan House Democrats
O: 517.373.3731
C: 734.657.6413
housedems.com



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

NICK A. KHOURI
STATE TREASURER

September 15, 2015

Mr. Phil Phelps
819 Main Street
Unit A
Flushing, MI 48433

Dear Mr. Phelps:

This notice is issued in response to your request dated September 4, 2015, which you submitted under the Freedom of Information Act (FOIA), MCL 15.231 *et seq.* Your request was received in the Department of Treasury (Department) by electronic mail on September 8, 2015.

You have requested records which you describe as: 1) All documents the Michigan Department of Treasury, or its agents, has in its possession, including correspondence, related to any waivers, permits or applications to use the Flint River as a source for water and/or drinking water for the City of Flint or any other municipality or municipal entity; 2) All documents the Michigan Department of Treasury, or its agents, has in its possession, including correspondence, related to any communications between the Michigan Department of Environmental Quality, or its agents, and the Michigan Department of Treasury, or its agents, regarding any waivers, permits or applications to use the Flint River as a source for water and/or drinking water for the City of Flint or any other municipality or municipal entity; 3) All documents the Michigan Department of Treasury has in its possession, including correspondence, related to any communications between the Michigan Department of Treasury, or its agents, and the Office of the Governor of the State of Michigan, or its agents, regarding any waivers, permits or applications to use the Flint River as a source for water and/or drinking water for the City of Flint or any other municipality or municipal entity.

In order to search for records in the possession of the Department that may fall within the scope of your request, under section 5(2)(d) of the FOIA, MCL 15.235(2)(d), the Department is extending by ten business days the period to respond. We will issue a written notice no later than September 29, 2015.

Sincerely,

A handwritten signature in cursive script that reads "Carla M. Robert".

Carla M. Robert
FOIA Coordinator



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

NICK A. KHOURI
STATE TREASURER

September 29, 2015

Mr. Phil Phelps
819 Main Street
Unit A
Flushing, MI 48433

Dear Mr. Phelps:

This notice is issued in response to your request dated September 4, 2015, which you submitted under the Freedom of Information Act (FOIA), MCL 15.231 *et seq.* Your request was received in the Department of Treasury (Department) by electronic mail on September 8, 2015. As set forth in the Department's September 15, 2015 notice, a statutory extension of time to respond was taken through September 29, 2015.

You have requested records which you describe as: 1) All documents the Michigan Department of Treasury, or its agents, has in its possession, including correspondence, related to any waivers, permits or applications to use the Flint River as a source for water and/or drinking water for the City of Flint or any other municipality or municipal entity; 2) All documents the Michigan Department of Treasury, or its agents, has in its possession, including correspondence, related to any communications between the Michigan Department of Environmental Quality, or its agents, and the Michigan Department of Treasury, or its agents, regarding any waivers, permits or applications to use the Flint River as a source for water and/or drinking water for the City of Flint or any other municipality or municipal entity; 3) All documents the Michigan Department of Treasury has in its possession, including correspondence, related to any communications between the Michigan Department of Treasury, or its agents, and the Office of the Governor of the State of Michigan, or its agents, regarding any waivers, permits or applications to use the Flint River as a source for water and/or drinking water for the City of Flint or any other municipality or municipal entity.

To the extent we understand your description, your request is denied. After a thorough search of Department records, to the best of the undersigned's knowledge, information and belief, no such records as you describe, or by any other name reasonably known to the Department, regarding any "waivers, permits or applications to use the Flint River as a source for water and/or drinking water for the City of Flint or any other municipality or municipal entity," exist in the Department of Treasury.

Mr. Phil Phelps
Page 2
September 29, 2015

In an effort to be cooperative, you may wish to contact the Department of Environmental Quality as they may have records responsive to your request.

As to the denial of your FOIA request, the Department is obligated to inform you that under section 10 of the FOIA, MCL 15.240 you may do the following:

1. Appeal this decision in writing to the State Treasurer, Michigan Department of Treasury, P.O. Box 30716, Lansing, MI 48909. The writing must specifically state the word "appeal" and must identify the reason or reasons you believe the denial should be reversed. The Department must respond to your appeal within 10 days of its receipt. Under unusual circumstances, the time for response to an appeal may be extended by 10 business days.
2. File an action in the appropriate court within 180 days after the date of the final determination to deny the request. If you prevail in such an action, the court is to award reasonable attorney fees, costs, and disbursements, and possible damages.

Pursuant to section 4 of the FOIA, MCL 15.234, the Department's FOIA procedures, guidelines and written summary can be found on the Department's website at the following link: <http://michigan.gov/treasury/0,4679,7-121-72699-357926--,00.html>.

Sincerely,

A handwritten signature in black ink, appearing to read "Carla M. Robert". The signature is fluid and cursive, with the first name "Carla" being more prominent.

Carla M. Robert
FOIA Coordinator

Workman, Wayne (TREASURY)

From: Byrne, Randall (Treasury)
Sent: Thursday, October 01, 2015 4:02 PM
To: Schafer, Suzanne K. (Treasury); Workman, Wayne (TREASURY)
Cc: Saxton, Thomas (Treasury)
Subject: FW: Memo Regarding Water Sewer Fund Balance.pdf
Attachments: Memo Regarding Water Sewer Fund Balance.pdf

Follow Up Flag: Flag for follow up
Flag Status: Flagged

Wayne and Suzanne:

I received this memo from Natasha regarding the status of Flint's Water/Sewer Fund Balance.

Randy

From: Natasha Henderson [mailto:nhenderson@cityofflint.com]
Sent: Thursday, October 01, 2015 2:18 PM
To: Byrne, Randall (Treasury) ; Scorsone, Eric ; Koryzno, Edward (Treasury)
Subject: Memo Regarding Water Sewer Fund Balance.pdf

Thanks,

Natasha L. Henderson, City Administrator
City of Flint, Michigan
@Samsung Galaxy Note 4



Dayne Walling
Mayor

CITY OF FLINT, MICHIGAN

Department of Finance

Natasha L. Henderson
City Administrator

Jody N. Lundquist
Finance Director

Dawn Steele
Deputy Finance Director

DATE: October 1, 2015

TO: Natasha Henderson, City Administrator

FROM: Jody Lundquist, Chief Financial Officer

RE: Review of Water/Sewer Funds' Fund Balance

On August 7, 2015 Genesee County District Court Judge Archie Hayman issued a Preliminary Injunction Order (the "Order") against the City of Flint (the "City"). As a result of the Order, the City anticipated an immediate and devastating impact on the financial stability of the Water and Sewer Funds if a stay was not quickly granted by the Michigan Supreme Court Appellate Court. Indeed, the City's request was denied and the financial impact of the Court order has been reviewed through the fiscal year ending June 30, 2016.

Upon issuance of the Order, the City was immediately enjoined from charging and collecting water and sewer rates that include the September 16, 2011 35% rate increases and disconnecting water service for its delinquent water and sewer customers wherein the delinquency arose between September 16, 2011 and the date of the Order. This immediately resulted in a decrease in cash collections on outstanding and current water bills and a decrease in total billed revenue.

At August 7, 2015 the City had \$8,024,558.65 in outstanding accounts receivable (or unpaid bills). As of September 25, 2015, the City's outstanding accounts receivable had grown to \$10,313,020.61. This clearly indicates that all outstanding accounts due and payable as of the date of the court order remain unpaid. With an

increase equivalent to the amount of non-delinquent bills issued since the order. It is highly probable that the entire accounts receivable balance as of the court order will have to be written off as uncollectible without the ability to enforce payment.

On a foregoing basis, the City has already experienced a decrease in monthly revenue by approximately \$666,000 for the month of September as a result of the reduced water and sewer rates. Projecting the rate loss of the remaining nine months of the fiscal year will result in total lost revenue of \$6.6 million.

The City's adopted FY16 budget projected a beginning unrestricted fund balance of \$16 million for its water and sewer funds. As the City works to finalize its FY15 operating activity, it appears that actual results were close to projections with the only difference being outstanding capital improvement projects in progress at year end.

The information was summarized before Council at the Department of Public Works Committee meeting on September 30, 2015 as follows:

	<u>Budget</u>	<u>Actual</u>
Beginning Unrestricted Fund Balance	\$16M	\$18M
FY15 CIP	N/A	<\$2M>
Adjusted Unrestricted Fund Balance	0	\$16M
Net Income	<\$26K>	\$14M
Ending Unrestricted Fund Balance	\$16M	\$2M
Required Fund Balance Reserve	\$16M	\$16M

In addition to the budgetary impact, the City has seen a drastic decrease in payment activity since the date of the Court Order. The City began tracking daily collections activity on a weekly basis since August 7. On average, the City is receiving approximately 100 less water payments per day. For the period August 10-September 25, the City has realized \$1.75 million less in cash receipts than the same period last year.

With approximately the same number of customers, the City's apples-to-apples comparison illustrates that not only is the City billing less, less customers are paying. While shut-off efforts to enforce non-payment will resume in October, the outstanding balance of accounts receivable at August 7 and loss in monthly revenues has already been incurred.

The City is working diligently to review the FY16 water and sewer fund operating budgets for additional sources of spending. Upon issuance of the Order, the City immediately implemented a spending and hiring freeze for all non-critical items. In addition, the City is working to redevelop its capital improvement plan to cancel and postpone planned projects and purchases until financial stability has been regained. The City's emphasis at this time continues to be on providing safe, clean water to the City's residents and moving forward with preparations for the KWA pipeline to come online.

Workman, Wayne (TREASURY)

From: Workman, Wayne (TREASURY)
Sent: Thursday, October 01, 2015 6:37 PM
To: Muchmore, Dennis (GOV)
Cc: Khouri, Nick (TREASURY); Saxton, Thomas (Treasury)
Subject: Re: Flint

This will add to the \$14, million deficit. We believe they may run out cash quite soon and have asked for a cash flow projection

Sent from my iPhone

On Oct 1, 2015, at 4:32 PM, Muchmore, Dennis (GOV) <muchmored@michigan.gov> wrote:

Tom-

Need your immediate help.

Natasha has the proposal back from DWSD for a reconnect:

1. Short term reconnect is ok until KWA starts operating;
2. No reconnect fee and immediate reconnect;
3. Expenses incurred at actual cost although no estimate at this time
4. A fixed monthly rate of \$662,100 + a commodity rate of \$8.93mcf for current 15-16 FY;
5. Rate is over and above water sales to Genesee County Drain Commission;
6. A water wholesale adjustment;
7. Only extends to Flint;
8. Rates for 16-17 FY would be the same as other customers.

Mayor Duggan is more than willing to lend his support.

I'm asking you for a ballpark calculation. We would have to find them the money for this reconnect, but Dayne is more than open (as is Ananich to a lesser degree) to finding some revolving fund that they would repay perhaps on an extended basis or maybe using some guarantee to reduce the borrowing costs.

Workman, Wayne (TREASURY)

From: Workman, Wayne (TREASURY)
Sent: Thursday, October 01, 2015 6:38 PM
To: Saxton, Thomas (Treasury)
Cc: Muchmore, Dennis (GOV); Khouri, Nick (TREASURY)
Subject: Re: Flint

Flint has to provide usage info or we just have a SWAG

Sent from my iPhone

On Oct 1, 2015, at 4:39 PM, Saxton, Thomas (Treasury) <SaxtonT@michigan.gov> wrote:

Let me check to see if I can get someone to do a quick calculation

From: Muchmore, Dennis (GOV)
Sent: Thursday, October 01, 2015 4:32 PM
To: Khouri, Nick (TREASURY) <Khourin@michigan.gov>; Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>; Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>
Subject: FW: Flint

Tom-

Need your immediate help.

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Flint Drinking Water Press Conference Communications Plan

Oct. 2, 2015

Situation overview:

In May 2014, the city of Flint began drawing its drinking water from the Flint River, and left the Detroit Water and Sewerage Department. Recently, some city residents and outside activists have expressed concern about levels of lead in the drinking water. Although repeated testing demonstrates the water leaving the city of Flint's plant is free of lead contamination, Flint contains many old homes with lead plumbing, and some lead gets into individual homes' drinking water.

Talking points:

- The water leaving Flint's water system is free of lead contamination; however, the state recognizes many older homes have lead pipes and therefore some measure of lead in the water that comes out of their taps
- While this is a problem with individual homes, the city, state and federal governments have come together to provide a number of actions to address the issue.
- This plan includes both short- and long-term solutions, and focuses on increasing water testing, offering additional precautions for families, and providing long-term solutions to address the city's water infrastructure.
- The action plan:
 - Gov. Rick Snyder names Dr. Eden Wells as the Flint Drinking Water Public Health Advisor.
 - Provide water filters to residents of Flint.
 - Continue to disseminate advisories recommending residents flush their cold water pipes before use, as well as use only water from the cold water tap for drinking, cooking and especially for making baby formula.
 - Immediately test Flint public schools to ensure that drinking water is safe. Testing also will be available at no cost to any other school in Flint.
 - Expand health exposure testing of individual residences.
 - Offer water testing at no cost to Flint residents to assure water is safe.
 - Fully optimize corrosion controls in the Flint drinking water system by Nov. 1, 2015.
 - Convene a "Safe Drinking Water Technical Advisory Committee" to ensure the best technology, practices and science are being utilized, and add an expert from the EPA's Office of Research and Development to the group.
 - Accelerate water system improvements to address replacement of lead service lines.
 - Expedite completion of Karegnondi Water Authority.

Audiences:

- Media
- City of Flint and surrounding communities

Media outreach

Oct. 2

Press conference held at a time TBD

- Dayne Walling – Mayor of Flint
- Dan Wyant – DEQ Director
- Nick Lyon – DHHS Director
- Susan Hedman – Region 5 Administrator for EPA
- Harvey Hollins – Governor's Office
- Representative from the Local Public Health Department
- Congressman Dan Kildee to be invited
- State Sen. Jim Ananich to be invited

Media list

- Ron Fonger, MLive/Flint Journal
- Nick Lulli or other, WNEM TV5
- WJRT ABC 12
- WEYI NBC 25
- Steve Carmody, Michigan Radio
- MIRS
- Gongwer
- Jim Lynch or Chad Livengood, Detroit News
- Nancy Kaffer, Detroit Free Press
- Ed White or Jeff Karoub, Associated Press
- Stateside, WKAR

Supporting materials in media kit

- Press release
- FAQ
- Timeline
- One-pager
- Infographic

Social media

Oct. 2

DEQ (as well as DHHS and Governor's office?) Twitter

- During event: Still images of press conference
- At event's conclusion: Link to press release
- 30 minutes after conclusion: Link to FAQ document
- ASAP: Video news release

YouTube

- Video news release
- Footage of each speaker's comments

Jeff Wright 10/2/15

Koryzno, Edward (Treasury)

Tue 2/16/2016 1:25 PM

To: Koryzno, Edward (Treasury) <KoryznoE@michigan.gov>.

Jeff Wright 10/2/15

1. Has cost to reconnect, valves to turn on
2. Commodity cost
3. DWSD readiness serve formula, lump sum up front charge 75% flat rate, 25% commodity
4. Aecom, Chicago, Flint partner with Wade Trim
5. cost/benefit analysis rate study done by Flint Jones & Henry
6. Press conference 2.7 elevated to 3.2, will it go down, three times what county kids is
7. 1000's of home demo and fires of w/ lead painted house
8. Jeff willing to do it. Wade Trim Mark Coleman, Jason Kenyon

Sent from my iPad

Dempkowski, Angela (Treasury)

From: Workman, Wayne (TREASURY)
Sent: Friday, October 02, 2015 10:15 AM
To: Saxton, Thomas (Treasury)
Subject: Fwd: follow up

Do you want us to check out an ELB loan for the \$10, million?

Sent from my iPhone

Begin forwarded message:

From: "Muchmore, Dennis (GOV)" <muchmored@michigan.gov>
Date: October 2, 2015 at 10:10:36 AM EDT
To: "Saxton, Thomas (Treasury)" <SaxtonT@michigan.gov>
Cc: "Khouri, Nick (TREASURY)" <KhouriN@michigan.gov>, "Workman, Wayne (TREASURY)" <WorkmanW@michigan.gov>, "Stanton, Terry A. (Treasury)" <StantonT@michigan.gov>
Subject: Re: follow up

I think that Bob Daddow, Rich Baird and Mike Duggan have something to do with the more "reasonable" approach. The Mayor in particular is very concerned about the issues of a fellow community and Daddow is perhaps the finest public administrator in the state. So, their involvement and Rich's management skills are powerful forces.

On Oct 1, 2015, at 8:25 PM, Saxton, Thomas (Treasury) <SaxtonT@michigan.gov> wrote:

Dennis - in response to your earlier email; Wayne's guys came up with a ballpark estimate for reconnecting to DWSD. Let me emphasize 'ballpark'. They used your assumptions & they talked to Natasha H. after 5:00. Bottom line... the estimated cost is approx \$10.5mm to reconnect until June '16.

These numbers on their surface seem much improved over previous DWSD \$offers. [Is Daddow in the loop on this ?] We need to give some more thought as to whether this is all inclusive. e.g., there might be some costs from turning down operations at the plant

I am being told this can happen in a relatively short time i.e., less than a week. Which seems aggressive. Obviously that does not mean the lead concerns nor discolored water, etc goes away in a week. The pipe section they sold to the county won't be an impediment to this deal.

There apparently are no 'upfront' costs we need to worry about. In theory, it seems like it can be paid over the 9-10 months (vs a lump sum). But I am not clear Dennis on those couple ideas/sources the Mayor & Senator mentioned i.e., at this point I am not sure where the \$10.5mm comes from.

My guess is we will keep refining this estimate. Let us know if you need anything else. Again, "credit " Wayne's guys for pulling this together quickly.

From: Cline, Richard (Treasury)
Sent: Thursday, October 1, 2015 6:08 PM
To: Saxton, Thomas (Treasury); Koryzno, Edward (Treasury); Byrne, Randall (Treasury)
Subject: RE: follow up

City's usage is 14 MGD/Day

Timeline is 9 months until June 2016

Fixed Cost is \$662,100 for 9 months or \$5,958,900

Commodity Rate is \$501,383/month

Total Monthly Cost is \$1,163,483

Cost until June 2016 is \$10,471,347

The City does not know the cost to move the water plant into stand-by mode. However, they have indicated that there might be some reduced costs as lower chemical costs will be incurred.

Eric Cline | Department Manager | State of Michigan
Michigan Department of Treasury | Local Government Financial Services Division |
Fiscal Responsibility Section
430 W. Allegan Street, 3rd Floor | Lansing, MI 48922
Lansing Office (517) 335-2078 | Cell Phone (517) 243-8450 | Traverse City Office
(231) 922-5228
E-mail cliner1@michigan.gov

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From: Saxton, Thomas (Treasury)
Sent: Thursday, October 01, 2015 6:01 PM
To: Cline, Richard (Treasury) <cliner1@michigan.gov>; Koryzno, Edward (Treasury) <KoryznoE@michigan.gov>; Byrne, Randall (Treasury) <ByrneR1@michigan.gov>
Subject: follow up
Importance: High

I am getting ready to leave... what have you learned ?

Workman, Wayne (TREASURY)

From: Danhof, William J. <Danhof@MillerCanfield.com>
Sent: Friday, October 02, 2015 11:17 AM
To: Workman, Wayne (TREASURY); Saxton, Thomas (Treasury)
Subject: FW: SOM and City issues regarding drinking water

This is info from the city on timing on reconnecting to Detroit water note no capital cost.. Will get major users soon will send along.

From: Peter Bade [mailto:pbade@cityofflint.com]
Sent: Friday, October 2, 2015 11:01 AM
To: Wallace, G. Alan
Cc: Chester, Steven E.; Danhof, William J.
Subject: Re: SOM and City issues regarding drinking water

Gentleman: There would be no capital cost to hook back up to DWSD. It would take a day or two of planning, and then turning 4 valves. There is currently an used piece of pipe owned by the Genesee County Drain Commission that we would need to use. That pipe would need to be sanitized and depressurized. So approximately 2-3 days to physically hook back up.

It would then take approximately 30 days for Lake Huron water to reach all COF customers.

The below email concerns anti-corrosion. I will provide more information on this shortly, as well as address the other questions.

From: Howard Croft <hcroft@cityofflint.com>
Date: October 2, 2015 at 10:20:37 AM EDT
To: Samir Matta <SFMatta@lan-inc.com>, Warren Green <jwgreen@lan-inc.com>
Cc: Michael Glasgow <mglasgow@cityofflint.com>, Brent Wright <bwright@cityofflint.com>, Natasha Henderson <nhenderson@cityofflint.com>, Robert Bincsik <rbincsik@cityofflint.com>, Flint Mayor <dwalling@cityofflint.com>
Subject: Corrosion Control

Samir,

We are looking to fast track the corrosion control to basically a 24/7 effort. I believe that the Director of the MDEQ will be support fast as possible

I will work internally to complete all contractual needs under an emergency basis and will look to talk with you very soon to confirm that may be required from the City.

Thank you,

On Thu, Oct 1, 2015 at 1:31 PM, Wallace, G. Alan <wallace@millercanfield.com> wrote:

Afternoon Pete—

Bill Danhof, Steve Chester and myself have been kicking this issue around internally. We have also reached out to the Gov's office. We have some ideas, but do you have time for a quick call to discuss what is (and isn't) on the table relative to the water issue? Either this afternoon or tomorrow should work on our end.

Thanks Pete.

Al

G. Alan Wallace | Attorney and Counselor at Law

Miller Canfield

One Michigan Avenue, Suite 900
Lansing, Michigan 48933 (USA)

T +1.517.483.4905 | **F** +1.517.374.6304 | **Mobile** [REDACTED]

wallace@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

Dempkowski, Angela (Treasury)

From: Saxton, Thomas (Treasury)
Sent: Friday, October 02, 2015 11:48 AM
To: Muchmore, Dennis (GOV)
Cc: Workman, Wayne (TREASURY)
Subject: RE: Flint

Follow Up Flag: Flag for follow up
Flag Status: Flagged

Probably not (in terms of a reason not to)... it is not clear to me that you will have an immediate fix on the water issues (e.g., coloring, lead, etc).

You will have issues/costs in standing down the water plant & costs when switching to KWA. We haven't seen those estimates.

We are in this fix in part because DWSD had kicked the City off their system so I am not sure I have a ton of confidence in their numbers or deal. Hopefully as you are saying there are no hidden costs.

And we need to figure out how best to pay for it.

-----Original Message-----

From: Muchmore, Dennis (GOV)
Sent: Friday, October 02, 2015 10:33 AM
To: Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>
Subject: Flint

If the ballpark is \$11M, and we decide to reconnect, can you think of any other reason not to do so? Can you think of any other costs that might pop up.



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

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

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<KWA Water Quality Chronology Memo 09-28-15.docx>

Dempkowski, Angela (Treasury)

From: Danhof, William J. <Danhof@MillerCanfield.com>
Sent: Friday, October 02, 2015 12:09 PM
To: Workman, Wayne (TREASURY); Saxton, Thomas (Treasury)
Subject: FW: Top 10 users
Attachments: Top Cycle 60 Users.xlsx

Follow Up Flag: Flag for follow up
Flag Status: Flagged

Top 10 users note Part of GM is off the system in 2014 due to water quality problems

From: Peter Bade [mailto:pbade@cityofflint.com]
Sent: Friday, October 2, 2015 11:57 AM
To: Wallace, G. Alan; Danhof, William J.; Chester, Steven E.
Subject: Fwd: Top 10 users

please see below/attached.

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

From: Jody Lundquist <jlundquist@cityofflint.com>
Date: Fri, Oct 2, 2015 at 11:54 AM
Subject: Fwd: Top 10 users
To: Peter Bade <pbade@cityofflint.com>

Apparently I asked for top users when I first started. This isn't by dollar amount but by usage. For the sake of time, I am forwarding this to you as is.

Please note that at least one account is sewer only. The attorneys were correct that at least one GM location left the City's system shortly after our transition to Flint River. They installed the necessary plumbing to connect to Genesee County. They may or may not return as a City customer once we begin receiving Lake Huron water again.

Best,

Jody N. Lundquist
Chief Financial Officer
City of Flint
1101 S. Saginaw Street, 2nd Floor
Flint, MI 48502
jlundquist@cityofflint.com
(810) 766-7268 ext. 2301

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

From: Amanda Trujillo <atrujillo@cityofflint.com>
Date: Wed, Jun 17, 2015 at 2:41 PM
Subject: Fwd: Top 10 users
To: Jody Lundquist <jlundquist@cityofflint.com>
Cc: Doug Bingaman <dbingaman@cityofflint.com>

See attached.

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

From: **Gregory Folsom** <gfolson@cityofflint.com>

Date: Wed, Jun 17, 2015 at 2:17 PM

Subject: Top 10 users

To: Amanda Trujillo <atrujillo@cityofflint.com>

--

Amanda Trujillo
Deputy City Treasurer
Customer Service Center
810-766-7470 ext.2104
atrujillo@cityofflint.com

--

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

City of Flint - Top Commercial Water/Sewer Users

Water User	Location	Current		Previous		Total CCF	Average CCF/day
		Read	Date	Read	Date		
Beecher Metro District *	Carpenter Rd	8,027,186	05/31/15	7,461,251	05/31/14	565,935	1,550.51
Beecher Metro District *	Premier St	545,092	05/31/15	260,235	05/31/14	284,857	780.43
General Motors (South Complex)							
VANS-G03100-1PT1-01	3100 Van Slyke	69,173	05/19/15	2	09/13/14	69,171	278.92
VANS-G03100-1PT2-01		68,323	05/19/15	44	09/13/14	68,279	275.32
VANS-G03100-2PT1-01		1,852	05/22/15	9	09/15/14	1,843	7.40
VANS-G03100-2PT2-01		1,794	05/22/15	43	10/04/14	1,751	7.61
BRIS-002100-3PT1-01	2100 Bristol Rd	356	05/22/15	7	02/25/15	349	4.06
BRIS-002100-4PT1-01 **		4,887	12/29/14	8	09/12/14	4,879	45.18
BRIS-002100-4PT2-01 **		4,904	12/29/14	25	09/12/14	4,879	45.18
BRIS-G02238-5PT1-01	2238 Bristol Rd	7,225	05/19/15	39	09/12/14	7,186	28.86
BRIS-G02238-5PT2-01		7,172	05/19/15	10	09/12/14	7,162	28.76
Total (South Complex)							721.28
McLaren Regional Medical Facility							
BALS-000401-0000-01	401 S Ballenger Hwy	3,813	05/20/15	25	10/30/14	3,788	18.75
BALS-000401-GARA-01		18	05/20/15	6	05/28/14	12	0.03
BALS-000401-PWRH-01		20,999	05/20/15	4	10/30/14	20,995	103.94
BALS-000401-RM 1-01		27,028	05/20/15	15,646	05/28/14	11,382	31.88
BALS-000401-RM 3-01		4,129	05/20/15	1	11/03/14	4,128	20.85
Total (401 S Ballenger Hwy)							175.45
Genesee County Jail	1100 S Saginaw St	55,111	05/20/15	21,894	05/28/14	33,217	93.04
Hurley Medical Center	6th & Begole	15,660	05/20/15	1	11/30/14	15,659	91.57
Hurley Medical Center							
HURL-000001-BOTT-01 ***	1 Hurley Plaza	144,860	03/04/13	124,382	02/28/12	20,478	55.35
HURL-000001-OTOP-01 ***		46,579	04/29/14	44,704	06/27/13	1,875	6.13

Kettering University	Hasselbring Plant 35	14,052	05/20/15	10,065	05/28/14	3,987	11.17
Flint Odyessy House	529 M L King Ave	4,032	05/20/15	1,594	05/28/14	2,438	6.83
McLaren Regional Medical Facility							
BALS-000501-0000-01	501 S Ballenger Hwy	2,234	05/20/15	1,997	05/28/14	237	0.66
BALS-000501-0002-01		7,077	05/20/15	6,321	05/28/14	756	2.12
BALS-000501-LAWN-01		3,592	05/21/15	2,859	05/30/14	733	2.06
Total (501 S Ballenger Hwy)							4.84
Oil Chem							
TWEW-000711-0000-01	711 W Twelfth St	405	05/19/15	228	05/27/14	177	0.50
TWEW-000711-BLDG-01		2,637	05/19/15	1,405	05/27/14	1,232	3.45
TWEW-000711-SEWE-01 *			05/31/15		05/31/14	3,745	10.26
Total (711 W Twelfth St)							14.21

* - Sewer Only

** - Went off COF line on 12/29/14, may return when KWA pipeline completed

*** - Estimated usage since "current" read date, needs meter change

Koryzno, Edward (Treasury)

From: Saxton, Thomas (Treasury)
Sent: Friday, October 02, 2015 2:27 PM
To: Stanton, Terry A. (Treasury); Cline, Richard (Treasury)
Cc: Workman, Wayne (TREASURY); Koryzno, Edward (Treasury); Byrne, Randall (Treasury)
Subject: RE: Flint Timeline

It looks ok to me as well

From: Stanton, Terry A. (Treasury)
Sent: Friday, October 02, 2015 1:01 PM
To: Cline, Richard (Treasury) <cliner1@michigan.gov>
Cc: Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>; Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>; Koryzno, Edward (Treasury) <KoryznoE@michigan.gov>; Byrne, Randall (Treasury) <ByrneR1@michigan.gov>
Subject: Re: Flint Timeline

Thx. The EM dates came from Fred and my press releases so think we are pretty set on those.

TS

On Oct 2, 2015, at 12:58 PM, Cline, Richard (Treasury) <cliner1@michigan.gov> wrote:

Terry,

Everything looks accurate to me.

I am less clear on the specific dates that Mike Brown was initially appointed or Ed Kurtz was appointed, but the rest of the dates appear accurate.

If you need any supporting information, let me know.

Regards,

Eric Cline | Department Manager | State of Michigan
Michigan Department of Treasury | Local Government Financial Services Division | Fiscal
Responsibility Section
430 W. Allegan Street, 3rd Floor | Lansing, MI 48922
Lansing Office (517) 335-2078 | Cell Phone (517) 243-8450 | Traverse City Office (231) 922-5228
E-mail cliner1@michigan.gov

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From: Stanton, Terry A. (Treasury)
Sent: Friday, October 02, 2015 12:33 PM
To: Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>; Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>
Cc: Koryzno, Edward (Treasury) <KoryznoE@michigan.gov>; Byrne, Randall (Treasury)

<ByrneR1@michigan.gov>; Cline, Richard (Treasury) <cliner1@michigan.gov>

Subject: Flint Timeline

Importance: High

All-

The Free Press is constructing a "timeline" of the Flint water situation...and I've been asked for the following:

- dates for EM appointments, departures
- the date Dillon signed off on KWA

I am going to send some other pertinent dates and documentation. My planned response is below...please advise on any suggested changes.

Flint EM dates for financial emergency declared in December 2011

Mike Brown, apptd 12-1-11 (when fin emer declared under PA 4 of 2011)

Ed Kurtz, apptd 8-8-12 (when PA4 was repealed in Aug 2012, Brown couldn't serve as EM, PA 72 back in effect)

Mike Brown, apptd 7-4-13 (Kurtz retired; PA436 in effect)

Darnell Earley, apptd 10-8-13 (Brown resigned)

Gerald Ambrose, apptd 1-13-15 (Earley appointed DPS EM)

Financial Emergency resolved, 4-29-15 (RTAB apptd)

Other dates

June 26, 2012 – Letter from EM Brown to DWSD seeking permission to blend river water with DWSD water (attached).

Sept. 20, 2012 – Letter from EM Kurtz to DWSD requesting written permission to implement blending (attached).

March 25, 2013 – The Flint City Council endorses joining KWA (see url below)

http://blog.mlive.com/newsnow_impact/print.html?entry=/2013/03/flint_city_council_approves_re.ht ml

April 11, 2013 – Treasurer Dillion sends letter to EM Kurtz (attached) noting conditional approval of move to KWA (pursuant to PA436), pending a review of DWSD's last, best offer.

April 16, 2013 – EM Kurtz informs Treasury that the City will join KWA (attached).

April 17, 2013 – DWSD transmits letter to EM Kurtz terminating service to Flint, effective April 17, 2014 (attached).

April 17, 2014 – Water service from DWSD officially ends.

Dempkowski, Angela (Treasury)

From: Saxton, Thomas (Treasury)
Sent: Sunday, October 04, 2015 6:47 AM
To: Workman, Wayne (TREASURY)
Cc: Pleyte, Beth (Treasury)
Subject: Fw: Bottle Deposit Fund
Attachments: bottledeposit.pdf

just fyi. It does look like they have some \$s but I don't know if can use it.

From: Fielek, Joseph L. (Treasury)
Sent: Thursday, October 1, 2015 5:37 PM
To: Saxton, Thomas (Treasury)
Subject: RE: Bottle Deposit Fund

See attached info. Let me know if this works or not

From: Saxton, Thomas (Treasury)
Sent: Thursday, October 01, 2015 12:01 PM
To: Fielek, Joseph L. (Treasury) <FIELEKJ@michigan.gov>
Subject: RE: Bottle Deposit Fund

I don't disagree but find out what bottle dollars are around (& the flow) so we can answer the question.
I told Wayne we should 'throw out' tobacco. This is the one time we haven't when we have a vexing problem.

From: Fielek, Joseph L. (Treasury)
Sent: Thursday, October 01, 2015 8:43 AM
To: Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>
Subject: RE: Bottle Deposit Fund

Bottle deposit or Escheats fund? Whatever the case, think you would still have the lending of the credit of the State issue. Hence why the ELB route was created, which is an "investment" on the State's books. And for the most part if you would lend from an individual fund or just have an overall "investment" from the common cash fund, you are still trying up cash that would otherwise be available to manage.

How about some sort of loan from the SRF?

From: Saxton, Thomas (Treasury)
Sent: Thursday, October 01, 2015 8:16 AM
To: Fielek, Joseph L. (Treasury) <FIELEKJ@michigan.gov>
Subject: FW: Bottle Deposit Fund

Joe – see below... how much money is in the fund now ? how does it flow, etc ? Give me a call when you have a sec.

From: Khouri, Nick (TREASURY)
Sent: Thursday, October 01, 2015 6:42 AM
To: Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>
Subject: Fwd: Bottle Deposit Fund

Tom

Can you track down the escheats part of the question.

Sent from my iPhone

Begin forwarded message:

From: "Muchmore, Dennis (GOV)" <muchmored@michigan.gov>
Date: September 30, 2015 at 4:37:17 PM EDT
To: "Wyant, Dan (DEQ)" <WyantD@michigan.gov>, "Khouri, Nick (TREASURY)" <KhouriN@michigan.gov>, "Roberts, John (DTMB)" <RobertsJ9@michigan.gov>
Subject: Bottle Deposit Fund

Could we loan Flint money from the escheats fund with some repayment mechanism and use that money to accelerate the final KWA connection?

SPECIAL REVENUE FUNDS – CONSERVATION, ENVIRONMENT, AND RECREATION RELATED

MICHIGAN CONSERVATION AND RECREATION LEGACY FUND

The fund ("Legacy Fund") was created by Article 9, Section 40, of the State Constitution, an amendment approved by voters in November 2006. The purpose of the amendment was to constitutionally prevent the diversion of certain funds and revenues for purposes other than those for which they were created. Section 40 created the following accounts within the Legacy Fund: Forest Recreation, Game and Fish Protection, Off-Road Vehicle, Recreation Improvement, Snowmobile, State Park Improvement, and Waterways.

The implementing legislation related to this amendment, found in Sections 324.2002 – 324.2035 of the Michigan Compiled Laws, transferred a number of special revenue funds and certain restrictively financed activities within the General Fund to the Legacy Fund. The following special revenue funds were transferred into the fund: Game and Fish Protection Fund, Michigan State Waterways Fund, Marine Safety Fund, and State Park Improvement Fund. The restrictively financed activities transferred into the fund from the General Fund were related to various outdoor recreation activities including snowmobiles, off-road vehicles, recreation trails, and State forest recreation.

Financing consists primarily of hunting and fishing licenses, camping and park entrance fees; 2% of gasoline taxes dedicated for boating, snowmobiling, off-road vehicles and other trails, watercraft and snowmobile registration fees; and trail use permits. The fund also receives funding from the Michigan Game and Fish Protection Trust Fund. Expenditures are limited to those activities specified in Section 40 and include forest recreation activities, wildlife and fisheries programs, off-road vehicle and snowmobile trails and facilities, State parks and recreation areas, improvement of lake shores and inland waterways, and water safety education programs.

MICHIGAN GAME AND FISH PROTECTION TRUST FUND

The former Game and Fish Protection Trust Fund was established in 1988 to restrict certain assets for the purpose of generating interest and earnings for transfer to the former Game and Fish Protection Fund (now accounted for within the Michigan Conservation and Recreation Legacy Fund). Article 9, Section 41, of the State Constitution, an amendment approved by voters in November 2006, further protected these assets by creating the Michigan Game and Fish Protection Trust Fund.

The fund operates under Sections 324.43702 – 324.43704 of the Michigan Compiled Laws. The Legislature may appropriate up to \$6 million annually for use by the Game and Fish Protection Account of the Michigan Conservation and Recreation Legacy Fund. Mineral royalties from lands acquired by the Game and Fish Protection Account, direct sale proceeds, and other revenues, which, by statute, are retained for permanent investment, provide additional investment funding.

MICHIGAN NONGAME FISH AND WILDLIFE TRUST FUND

The former Michigan Nongame Fish and Wildlife Fund was established in 1983 to finance research and management of nongame fish and wildlife, designated endangered species, and designated plant species of this State. Article 9, Section 42, of the State Constitution, an amendment approved by voters in November 2006, further protected these assets by creating the Michigan Nongame Fish and Wildlife Trust Fund.

The fund operates under Sections 324.43902 – 324.43907 of the Michigan Compiled Laws. The fund may receive transfers from other funds, donations, investment income, and revenue from specialty license plate sales.

FOREST DEVELOPMENT FUND

This fund was established in 1993, along with the Michigan Forest Finance Authority, and operates under Michigan Compiled Laws Section 324.50507. The primary revenue source of the fund is timber revenue from State forest lands. Expenditures from the fund are for forest management activities and forest fire protection. The Authority is authorized to, but thus far has not, issued bonds.

BOTTLE DEPOSITS FUND

Michigan Compiled Laws (MCL) Section 445.573c created the Bottle Deposits Fund to provide for the disposition of unredeemed bottle deposits. The Department of Treasury and the Department of Environmental Quality (DEQ) jointly administer the fund. The law mandates that an annual distribution of the funds be made as follows: 25% returned to the dealers and 75% to fund several sub-funds.

The 75% distribution to DEQ is initially deposited into the Cleanup and Redevelopment Trust Sub-Fund (CRTF), and if not further distributed, remains there until the principal amount reaches \$200 million. Of funds received annually by the CRTF, 80% is allocated to the Cleanup and Redevelopment Sub-Fund (CRF) and 10% to the Community Pollution Prevention Sub-Fund.

MCL Section 324.20108 moved the former Environmental Response Fund (ERF) to a sub-fund of the CRF. The law mandates that proceeds of all cost recovery actions taken and settlements entered into pursuant to the ERF (excluding natural resource damages) by DEQ or the Attorney General, or both, shall be credited to the ERF.

Several DEQ sub-funds are administratively housed within the Bottle Deposits Fund, although they receive no bottle deposits revenue. Included is the State Sites Cleanup Sub-Fund, established in accordance with MCL Section 324.20108c to provide for response activities at facilities where the State is liable as an owner or operator. The following loan programs administered by DEQ are also included: the Brownfield Revolving Loan Fund created by MCL Section 324.19608a, the Revitalization Revolving Loan Fund created by MCL Section 324.20108a, and the Federal Brownfield Cleanup and Revolving Loan Fund.

Michigan

EXPENDITURES, AND CHANGES IN FUND BALANCES ON, ENVIRONMENT, AND RECREATION RELATED

	MICHIGAN CONSERVATION AND RECREATION LEGACY FUND	MICHIGAN GAME AND FISH PROTECTION TRUST FUND
REVENUES		
Taxes	\$ 229	\$ -
From federal agencies	6,484	-
From licenses and permits	139,713	-
Miscellaneous	4,975	26,211
Total Revenues	151,401	26,211
EXPENDITURES		
Current:		
General government	2,643	88
Conservation, environment, recreation, and agriculture	186,176	117
Capital outlay	11,505	-
Total Expenditures	180,324	204
Excess of Revenues over (under) Expenditures	(28,923)	26,007
OTHER FINANCING SOURCES (USES)		
Transfers from other funds	30,374	-
Transfers to other funds	(2,883)	(13,855)
Total Other Financing Sources (Uses)	27,492	(13,855)
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	(1,432)	12,152
Fund Balances - Beginning of fiscal year	65,444	211,925
Fund Balances - End of fiscal year	\$ 64,012	\$ 224,077

MICHIGAN NONGAME FISH AND WILDLIFE TRUST FUND	FOREST DEVELOPMENT FUND	BOTTLE DEPOSITS FUND	
\$ -	\$ -	\$ -	\$
-	25	387	
-	3	-	
603	40,396	21,722	
603	40,424	22,109	
-	-	-	
420	33,449	20,831	
-	35	-	
420	33,483	20,831	
183	6,941	1,278	
-	-	-	
(7)	(457)	(3,142)	
(7)	(457)	(3,142)	
177	6,484	(1,864)	
6,769	2,718	74,868	
\$ 6,946	\$ 9,203	\$ 73,004	\$

Robert, Carla M. (Treasury)

From: Saxton, Thomas (Treasury)
Sent: Sunday, October 04, 2015 7:01 AM
To: Khouri, Nick (TREASURY); Muchmore, Dennis (GOV)
Subject: Re: Bottle Deposit Fund

I had not forgotten about this request... Joe F. pulled some background/numbers for me. DEQ controls it in terms of how it is used programmatically. There are some \$\$s in their fund balance. My sense is we couldn't 'loan' them money i.e., you end up with lending of credit issues. I will look at it further when I get back Tues.

From: Khouri, Nick (TREASURY)
Sent: Thursday, October 1, 2015 6:41 AM
To: Saxton, Thomas (Treasury)
Subject: Fwd: Bottle Deposit Fund

Tom

Can you track down the escheats part of the question.

Sent from my iPhone

Begin forwarded message:

From: "Muchmore, Dennis (GOV)" <muchmored@michigan.gov>
Date: September 30, 2015 at 4:37:17 PM EDT
To: "Wyant, Dan (DEQ)" <WyantD@michigan.gov>, "Khouri, Nick (TREASURY)" <KhouriN@michigan.gov>, "Roberts, John (DTMB)" <RobertsJ9@michigan.gov>
Subject: Bottle Deposit Fund

Could we loan Flint money from the escheats fund with some repayment mechanism and use that money to accelerate the final KWA connection?

Ecorse – Sept. 22 – W. O’Neal, R. Byrne, D. Van de Grift, P. Dostine

Priorities

- Budget and 5-year budget. New Controller has re-done the budget, is re-doing the 5-year budget. O’Neal said the controller discovered that Pepperman’s baseline was all wrong. The debt, the MERs payment, all wrong. The C.I.P had to be “gutted”, O’Neal said. The FY ’14-’15 fund balance is approximately \$500K, O’Neal said. Treasury requested a copy of the revised 5-year budget when it’s completed.
- Attempt to terminate Wayne O’Neal. At the last council meeting, council voted to terminate Wayne O’Neal. The motion failed 4-3. O’Neal also reported that a councilmember took the new controller for a ride and asked him if he’d be interested in the position of city manager.
- City Treasurer. Is still not bonded. Has financial issues.
- FDCVT grant. O’Neal said the money requested (\$2MM) would be used and is necessary to make an ARC payment and is, furthermore, necessary if there is any savings to be realized in restructuring the fire department. (see below)

Fire consolidation

- O’Neal said the council does not want to re-structure the Ecorse fire department. There have been no new talks with River Rouge about fire consolidation. A few weeks ago, O’Neal said he was looking to create an all part-time department, that the savings would still be realized in the 5-year budget. O’Neal said today that the savings realized would be offset by a higher ARC payment due to closing the pension when the 5 full time firefighters are restructured out. That’s why Ecorse applied for \$2MM of the FDCVT grant to cover the ARC payment.

OPEB benefit audit

- No change. Nothing has been done on this.

Flint – Sept. 30 – N. Henderson, Mayor Walling, J. Freeman, F Headen, R. Byrne, E. Cline, R Widigan, P. Dostine

• Priorities:

- Water: City is looking to CDBG funding to purchase lead filters, Mayors initiative.
 - City has CDBG funding to the tune of \$400K, city will start within and use city resources before approaching the Mott Foundation.
 - Working with United Way – they are actively searching for funding.
- Veolia is finished the contract with the city. City has implemented the recommendations from Veolia.
- \$8.4M outstanding in billing. City cannot keep going on with this issue – state needs to help take some of the responsibility with us.

- City Admin. argues Flint is a special case with Judge Hayman's order, lead issues, financial issues, etc...
- Cash on hand: Finance department is estimating how long the city can operate with cash on hand, and what bills are and are not being paid (presentation will be made at the November RTAB meeting).
- Council is requesting a special meeting on October 21 to have an open discussion regarding water issues. Letters will be sent to 75 individuals, including F. Headen.
 - City Admin. does not agree with the idea and believes it is micromanaging at best.
- Budget amendments will be presented to Council next week – reduction in revenue for enterprise fund and removing capital improvement projects. Without being able to collect water bills, the city cannot go forward with CIPs.
- Today is the deadline for the finance department's report required by Judge Hayman's Order.
 - A report was completed and submitted, it was determined not acceptable by attorney Val Washington, the city was then asked to re-submit the report.
 - Will be submitted by 5pm today.
- **KWA:**
 - City Administrator said that they are still on track to hook up June 2016.
 - Jeff Wright, Genesee Co. Drain Commissioner is putting together all paperwork, permits, etc. to submit to the state for approval. Trying to stay/get ahead of the project.
- **Water/lead:**
 - The city has issued a lead advisory due to information released from the medical community. Working with the Gen. Co. Health Department as well.
 - Operational standpoint: Working with LAN to tie down a corrosion control plan. Will include adding phosphate to the water, aware of the potential issues with adding phosphate.
 - The city has requested that the state assist the city with possibly re-connecting to DWSD until can connect to KWA.
 - Mayor has spoken with DEQ director, he stated the city's requests are being carefully considered.
 - GOV has met with Congressman Kildee and Senator Ananich.
- **Legal representation for Flint:**
 - City Manager has received additional detail from Miller Canfield and is reviewing it.
 - The City Administrator will send it to Treasury today.
 - Should have engagement by end of week if council works with administration.
- **Crime Rate:** City was named 3rd most violent city in America.

Dempkowski, Angela (Treasury)

From: Workman, Wayne (TREASURY)
Sent: Tuesday, October 06, 2015 12:07 PM
To: Saxton, Thomas (Treasury)
Cc: Stanton, Terry A. (Treasury)
Subject: FW: Water/Sewer Funds Budget Amendment
Attachments: WaterSewerBudgetAmendment.pdf

This shows the revenue dropping in Flint's Water system

Wayne L. Workman
Deputy State Treasurer
Michigan Department of Treasury

From: Byrne, Randall (Treasury)
Sent: Tuesday, October 06, 2015 11:51 AM
To: Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>; Schafer, Suzanne K. (Treasury) <SchaferS7@michigan.gov>
Subject: FW: Water/Sewer Funds Budget Amendment

Wayne and Suzanne:

This is the proposed Budget Amendment for the City of Flint's Water/Sewer Fund. As you can see, they have a serious revenue problem.

Thanks,
Randy

From: Natasha Henderson [<mailto:nhenderson@cityofflint.com>]
Sent: Monday, October 05, 2015 4:45 PM
To: Cline, Richard (Treasury) <cliner1@michigan.gov>; Byrne, Randall (Treasury) <ByrneR1@michigan.gov>
Subject: Water/Sewer Funds Budget Amendment

Hello Randy,

Per our conversation, I have attached the document.

Thanks,

Natasha L. Henderson, City Administrator
City of Flint, Michigan
1101 S. Saginaw St.
Flint, MI 48502
Email: nhenderson@cityofflint.com
Phone: (810) 237-2057
www.cityofflint.com

SUBMISSION NO.: CA0992015

PRESENTED: 10-3-15

ADOPTED: _____

RESOLUTION TO AUTHORIZE BUDGET AMENDMENTS

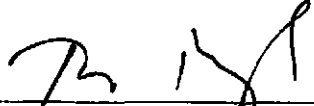
BY THE CITY ADMINISTRATOR:

Whereas, the City of Flint's budget is monitored on an ongoing basis by the Finance Department and City department heads; and

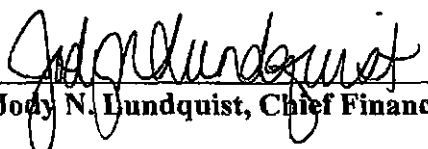
Whereas, the Finance Department is recommending certain adjustments;

IT IS RESOLVED, that the FY16 Budget of the City of Flint is hereby amended to reflect the changes in the attached list of budget adjustments to the City's Water and Sewer Funds dated October 7, 2015; and

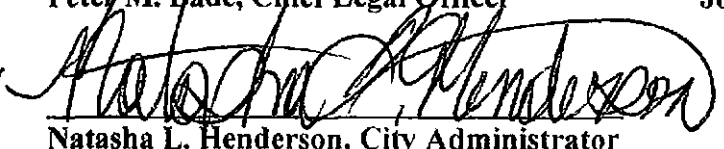
That the Chief Financial Officer is authorized to do all things necessary to incorporate the attached changes into the Budget and to assign the appropriate account numbers.



Peter M. Bade, Chief Legal Officer



Jody N. Lundquist, Chief Financial Officer



Natasha L. Henderson, City Administrator

CITY COUNCIL:

**RECEIVERSHIP TRANSITION
ADVISORY BOARD:**

Joshua Freeman, Council President

CITY OF FLINT
1ST QUARTER BUDGET AMENDMENTS
FOR THE FISCAL YEAR ENDING JUNE 30, 2016

Department	Amended FY2016 Budget Adopted 4/28/2015	1st Quarter Proposed Amendments	Proposed Amended Budget 10/7/2015
<u>Sewer Fund</u>			
Revenues:			
Transfers In	800,000	(800,000)	-
Charges for Services	30,434,895	(5,941,475)	24,493,420
Other Revenue	11,000	-	11,000
Drawings From Fund Balance	1,091,873	2,883,373	3,975,246
Appropriations	32,337,768	(3,858,102)	28,479,666
Net Revenues/Appropriations	-	-	-
<u>Water Fund</u>			
Revenues:			
Charges for Services	36,943,802	(8,560,824)	28,382,978
Drawings From Fund Balance	-	7,287,125	7,287,125
All Other Revenue	112,000	-	112,000
Appropriations	35,990,087	(207,984)	35,782,103
Net Revenues/Appropriations	1,065,715	(1,065,715)	-

Cline, Richard (Treasury) SAM, UOS, Mayor, CA, Fred

From: Dostine, Patrick (TREASURY)
Sent: Tuesday, October 06, 2015 1:46 PM
To: Byrne, Randall (Treasury); Cline, Richard (Treasury), Vandegrift, Drew (TREASURY); Widigan, Robert (TREASURY)
Subject: Lincoln Park AND Flint call items for tomorrow morning

Lincoln Park – Oct. 7 – 8 AM Call

- **Priorities**
- **RTAB recruitment membership**
- **Final Order**
 - Treasury's working on FO. Will have to you soon.
- **City Manager Matt Coppler**
- **Lincoln Park Retiree Lawsuit**
- **EM's 4-month plan**
 - How update going?
- **Miscellaneous**

Flint – Oct. 7 – 9 AM Call

- **Priorities**
- **Water updates** – 1) Tech ^{Public Body} ~~can~~ Meeting [Open vs. Closed] ; 2) FDOT Grant Timeline
- **Budget amendments** – Y4 amendment; VC today, RTAB quick approval; Special RTAB?
- **Legal representation for Flint** – No updates; Motion for Extension denied; Working w/ Miller Canfield
Finance Dept App Filed
- **Miscellaneous**
How long afford Miller Canfield? ← 2-3 weeks

Patrick Dostine

State of Michigan
Department of Treasury
Local Government Financial Services Division,
Office of Fiscal Responsibility
Cadillac Place
3044 W Grand Blvd
Detroit, MI 48202
(office) 313.456.1772
dostinep@michigan.gov

NEEDS

- 1) Miller Canfield
- 2)

DEG Meeting

- 1) Water Quality
- 2) DWSD → Yes, good idea; Want state buy-in
- 3) Need Rapid BA's
- 4) Need Agree w/DWSD
- 5) Need Agree w/ County to use line 1
- 6) DWSD makes switch to LCA easier → Lake Water

Byrne, Randall (Treasury)

From: Byrne, Randall (Treasury)
Sent: Tuesday, October 06, 2015 3:56 PM
To: John O'Brien
Subject: RE: City of Flint - correspondence regarding reconnection to Water Supply System

John:

Mr. Workman indicated to use 15MGD for your analysis. Please let me know if you have any questions.

Randy

From: John O'Brien [mailto:jfobrien@gcdcwws.com]
Sent: Tuesday, October 06, 2015 3:48 PM
To: Byrne, Randall (Treasury) <ByrneR1@michigan.gov>
Subject: RE: City of Flint - correspondence regarding reconnection to Water Supply System

Randy

Took a quick look To make a good estimate I need Flints water usage
Can you get from DEQ Flints Water Monthly Operating Reports (MORs) for the last 12 months
John O'Brien

From: Byrne, Randall (Treasury) [mailto:ByrneR1@michigan.gov]
Sent: Tuesday, October 06, 2015 3:43 PM
To: John O'Brien <jfobrien@gcdcwws.com>
Cc: Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>; Schafer, Suzanne K. (Treasury) <SchaferS7@michigan.gov>
Subject: FW: City of Flint - correspondence regarding reconnection to Water Supply System

John:

I have attached a copy of the DWSD letter for your review and analysis as per our telephone call with Mr. Workman. If you have any questions, please give me a call at 517-335-2521.

Thanks,
Randy



CITY OF DETROIT
WATER AND SEWERAGE DEPARTMENT
OFFICE OF THE DIRECTOR

735 RANDOLPH STREET
DETROIT, MICHIGAN 48226-2830
WWW.DETROITMI.GOV

September 30, 2015

*Via email: nhenderson@cityofflint.com
and U.S. Mail*

Ms. Natasha L. Henderson, City Administrator
City of Flint
1101 S. Saginaw St.
Flint, Michigan 48502

Dear Ms. Henderson:

Thank you for your inquiry regarding the possibility of reconnecting the City of Flint to the Detroit Water and Sewerage Department's (DWSD) Water Supply system. Director McCormick has asked me to respond to you and provide a brief outline of the basis for that reconnection. However, I want to again emphasize what Ms. McCormick has previously stated to your City Council on this issue: DWSD is willing to sit down and talk with the City of Flint without pre-condition, if that is mutually desirable.

I would be remiss if I did not point out that on June 12, 2015, the City of Detroit and the Great Lakes Water Authority (GLWA) executed a Lease Agreement that provides for the GLWA's operation of the Regional Water Supply System. At present, we are transitioning management of the system from DWSD to the GLWA while certain Conditions Precedent of the Lease Agreement are satisfied. We have made substantial progress towards satisfying these Conditions Precedent with a goal of having GLWA commence full system operations on or before January 1, 2016. I can assure you that, like DWSD, the GLWA is concerned with the challenges Flint's residents have faced in recent months, and will be willing to discuss service to your City.

That said, here is a likely list of issues that would need to be addressed:

1) Rates: In Sue McCormick's January 12, 2015 letter to Flint, she indicated that the rates Flint would pay for the remainder of the then current 2014-2015 Fiscal Year (FY) would be "the same rates Flint was paying as a terminated customer when it left the system but modified to include the 4% increase experienced by all other DWSD wholesale customers in 2014." As we are now in the 2015-16 FY, that offer must be modified to include an additional adjustment similar to that which was received by other customers. In this regard we propose that the rates be adjusted as follows:

- a) Starting with the 2013-2014 FY terminated rate; and
- b) Adding a 4% adjustment to that rate to account for the 2014-2015 FY increases; and
- c) Adding an adjustment equal to the average Suburban Wholesale Charge Adjustment for the current 2015-2016 FY. This rate would remain in place until June 30, 2016, the end of the current 2015-2016 FY.



d) Based upon the above considerations, the resulting rate structure is a fixed monthly rate of \$662,100 and a commodity rate of \$8.93/Mcf for the current 2015-2016 FY. Please note that this rate structure is designed to be applicable to incremental water sales over and above water sales to the Genesee County Drain Commission. Depending on how water is provided to the combined GCDC/Flint customer, alternative rate structures may be appropriate.

e) Additionally, DWSD recently changed its wholesale customer billing methodology as follows: Flint's calculated share of the FY 2016 Budget is allocated 60% to the Fixed Monthly Charge and 40% to the Commodity Charge, which is consistent with the adopted FY 2015-2016 water wholesale rates

f) In extending this proposal, our assumption is that the service provided is to Flint only and computations are based on data from our previous customer relationship.

g) It is anticipated that under the management of the GLWA, the rates for the 2016-2017 FY will be computed using the same methodology as applied to all other Water Supply System customers.

The proposed rate methodology is intended to ensure that Flint is treated fairly by using the average wholesale customer adjustment in the current Fiscal Year, and the same methodology as all other customers.

2) Term: DWSD understands that Flint's current long-term desire is to receive water service from the KWA. Under these circumstances, Flint would be expected to remain a DWSD customer from the time of reconnection until the time it begins to receive service from KWA. If Flint wishes to consider a longer term relationship with DWSD or GLWA, we would welcome that discussion.

3) Reconnection: As previously indicated by Ms. McCormick in her January 12, 2015, letter, DWSD will not charge an additional fee for Flint to reconnect to the DWSD Water System, and is prepared to immediately take those steps necessary on its end to facilitate a reconnection. Any expenses incurred would be billed at actual cost. Because DWSD lacks sufficient information on the status of the disconnection, we are unable to provide an estimate of those costs at this time. Nonetheless, we will work with you in good faith to develop an expedited plan for reconnection, and to develop a mutually agreed good faith estimate of the costs associated with that plan.

Thank you for raising this issue with us. We hope that this letter addresses the concerns you raised during your recent conversation with Ms. McCormick, and we sincerely appreciate your interest and the opportunity to serve Flint.



Ms. Natasha L. Henderson, City Administrator
City of Flint
September 30, 2015
Page 3

Finally, we look forward to the opportunity to meet with you at your earliest convenience to discuss this letter, and how we may best assist Flint in serving its residents' needs. Please contact Ms. McCormick's office at (313) 224-4701 to arrange this meeting.

Best Regards,

William M. Wolfson
Chief Administrative and Compliance Officer/General Counsel, DWSD
Interim General Counsel, GLWA



GENESEE COUNTY DRAIN COMMISSIONER'S OFFICE

- DIVISION OF -

WATER & WASTE SERVICES

G-4610 BEECHER ROAD - FLINT, MICHIGAN 48532-2617

PHONE (810) 732-7870 - FAX (810) 732-9773

JEFFREY WRIGHT
COMMISSIONER

MEMORANDUM

DATE: October 7, 2015

TO: Wayne Workman, Deputy Director, Treasury Department
Randall Byrne, State Administrative Manager

FROM: John F. O'Brien, P.E., Director

SUBJECT: Letter Dated September 30, 2015
Wolfson to Henderson

My staff and I have reviewed the letter referenced above and have prepared this quick memorandum to explain the economics concerns and ramifications of the temporary cessation of the Flint water treatment operations and the return to DWSD/GLWA supply.

This memorandum is broken down into three parts: economics, procedure and concerns.

Economics

Prior to April 2014, Flint held a water contract with DWSD. Flint also had the franchise rights to DWSD water for Genesee County. Therefore, Genesee County received DWSD water via the Flint. The water rate was calculated on that joint demand. In 2013-2014, the allocated cost was \$25,303,062 or \$738,066 per month plus \$13.01 per mcf.

In 2013, DWSD terminated the Flint contract effective April 2014. The Flint chose to go to the Flint River as its source water until KWA water was made available. With the contract terminated, the franchise was terminated and the county had to go to DWSD for water because Flint could no longer supply DWSD water and the Flint River and the Flint water treatment plant does not have the capacity to serve both utilities.

DWSD established a new rate for GCDC that included significant non-contract and non-member charges to access the water. GCDC also acquired approximately 9 miles of water main pipe from the Flint. (The Detroit water meter at the county line between Lapeer and Genesee and the Flint water plant is approximately 11 miles into the county.) The pipeline is of no use to Flint under the Flint River supply or KWA supply scenario. As part of the purchase agreement, language was included for emergency reconnection for Flint to DWSD through this water line.

GCDC water rates with DWSD are as follows:

	Fixed Monthly	Commodity
July 2013 – April 2014 (Flint Contract)	\$346,863	\$13.01
May 2014 – June 2014	\$423,400	\$15.18
July 2014 – June 2015	\$1,149,400	\$3.89
July 2015 – Present	\$900,000	\$11.86

As you can see, the fixed monthly fees and commodity fees have had significant swings. This is because under the Flint contract, only 40% of revenue was fixed. GCDC went to 80% and are now 60% for the current billing period.

Upon reviewing DWSD's letter of September 2015, DWSD went back to the 2013-2014 rate, added 4% for FY 14-15 and added approximately 11.3% for FY 15-16. This would create a water revenue requirement for a combined Flint/Genesee supply. In Section 1 d) of the letter, they state they would subtract GCDC current payments from that volume, leaving the amount to be paid by Flint. Remember, GCDC is paying the non-contract/non-customer penalty charges.

- ① The reported rate would be \$662,100 monthly fixed and \$8.93/mcf commodity. Based on 15 million gallons a day and a 30 day month, the monthly charge would be:

$$\$662,100 + 15,000,000 \text{ gal} \times 30 \text{ days} \times 1 \text{ mcf} / 7,480 \text{ gallons} \times \$8.93 / \text{mcf}$$

new rate

$$\$662,100 + \$537,232.62 = \$1,199,332.62 \text{ per month}$$

Flint, over the last two seasons, has seen periods of water flow in the 20 to 25 mgd range due to water main breaks. This period has lasted 2 to 3 months. What is the additional cost if the monthly average was 21 mgd?

$$6,000,000 \times 30 / 7,480 \times \$8.93 / \text{mcf} = \$214,893.04 \text{ per month}$$

main breaks

The only way for DWSD to provide water to Flint is a common meter at the county line and flow through a county water main. As previously stated, the Flint and GCDC have a contract regarding this potential circumstance (see 5.7 attached).

Assuming the fixed rate by DWSD is correct, the cost with the current commodity would be:

②
$$\$662,100 + 15,000,000 \times 30 / 7,480 \times \$11.86 = \$1,375,602.67$$

because Flint would share rate

And again, with water main breaks, the additional monthly cost would be \$285,401.00.

Paragraph 1 d) of the DWSD letter recognizes this issue in the last sentence: "Depending on how water is provided to the combined GCDC/Flint customer, alternative rate structures may be appropriate."

- ③ We can back into that alternate rate based on our knowledge of the DWSD rate structure. DWSD wants 60% of its revenue from fixed rate.

		Volume per month
GCDC fixed	\$900,000	49,428 mcf
Flint fixed	<u>\$662,100</u>	<u>50,590 mcf</u>
TOTAL	\$1,562,100	100,018 mcf

Total commodity required is ~~\$1,041,400~~

Rate based on volume \$10.41 would be the alternative rate

The adjusted rate for Flint would then be:

50% of fixed rate plus ~~\$10.41~~ per mcf

$\$781,050 + \$15,000,000 + 30 / 7,480 \times \$10.41 = \underline{\$1,407,320}$

And again, at this rate, the water main break situation could add \$250,508 per month

Therefore, Flint's expected bill for DWSD supplied water for a nine month period with 2 months of high flow would be \$13,166,896.

Procedure to Activate Supply

1. Agreement with DWSD and common rate for joint GCDC/Flint water supply would be required. Agreement needs to include separate billings to Flint and GCDC, Flint to pay directly to DWSD based on meter readings at Baxter and Potter and Station 2 on Flint plant site. GCDC makes no representation to the water quality - that is between Flint and DWSD. The agreement needs a termination transfer protocol for Flint exiting and GCDC remaining.
2. Separate agreement with Flint: back up supply was anticipated on an emergency basis. Nine months to a year of service requires a more detailed agreement. Water outage due to line break and cost to repair, etc. The agreement needs a termination clause if Flint is still on DWSD when GCDC is ready to turn on its water treatment plant in the fall of 2017.
3. The 72-inch line will be required to be reactivated. This will require flushing, pressure testing, and BAC-T sampling.
4. Station 2 meter needs to be calibrated and GCDC will need access to control the valves and read the meters.
5. Flint needs to reactivate the Dort Reservoir.
6. Flint should perform a significant water flush of the distribution system just prior to the switch over.

Flint Distribution System

The TTHM and lead issues here arising due to the water quality at the residential tap: Everyone agrees that the water leaving the water plant is clean, clear, and lead-free. At the residential tap, it has been shown to contain lead, is often brown in color, and has an odor. These are all indications of problems in the distribution system. The distribution system was built for a population of 250,000 people and major industrial use. Current population is below 100,000 and there is limited industrial use.

If Flint does not continue to make improvements/modifications to the distribution system, the problem at the residential tap will continue.

Concerns

Will the lead sampling protocols change based on Flint's switch back to DWSD?

What happens to water treatment plant personnel during this 9-month period? Will they be laid off or carried as an additional expense?

When Flint switches to KWA, will the staff be capable of treating the water or will the learning curve begin again?

What is the Desired Outcome?

It is the understanding of GCDC that all of the current samples that have been compiled at the Flint Water Treatment Plant have all tested within EPA and MDEQ guidelines. The emergency appears to be in the distribution of the water, which includes lead service leads to several residences located throughout Flint and not in the treatment of the water. As the treated water leaving the Flint Water Treatment Plant is within EPA and MDEQ guidelines, GCDC is confused as to what the emergency is at this time or why Flint would need to purchase water from DWSD. *The quality of the water leaving the Flint Water Treatment Plant is as safe to drink as the water that would be transmitted by DWSD to Flint.*

Given the facts as they have been provided to GCDC, if DWSD begins to supply Flint with water via GCDC, the elevated lead levels will not immediately disappear and Flint will be paying an additional million dollars plus a month over what it is currently paying to provide the same clean potable water to its residents. Additionally, by Flint receiving water from DWSD via GCDC, Flint will not be performing corrosion control measures on the DWSD treated water. This is important because once Flint begins to treat the raw water provided by KWA, the lead issue may resurface and continue until the corrosion control measures that will need to be restarted take effect, which GCDC estimates may take up to eight (8) months to establish the necessary film to separate the distribution system from the supply water.

The DWSD letter purposely pits Flint against Genesee County customers by offering a lower rate to Flint than is currently being offered to GCDC. And the delivery point is the same.

These are our quick thoughts on the matter. As time progresses, we will have more time to understand the issues and most likely additional concerns will present themselves.

Should you have any questions, do not hesitate to contact this office at your convenience.

WATER TRANSMISSION MAIN

ACQUISITION AGREEMENT

BY AND BETWEEN

CITY OF FLINT

AND THE

GENESEE COUNTY DRAIN COMMISSIONER AS COUNTY AGENCY

DATED MAY 30, 2014

approval, clearance, waiver, order or authorization of any person, organization, or entity; and (iii) do not conflict with, or result in any breach of, or default or loss of any right under (or an event or circumstance that, with notice or the lapse of time, or both, would result in a default), or the creation of any encumbrance pursuant to, or cause or permit the acceleration prior to maturity of any amounts owing under any indenture, mortgage, deed of trust, lease or other agreement to which the County Agency is a party, which failure, violation, conflict or breach would, in the aggregate, materially hinder or impair the consummation of the transactions contemplated by this Agreement.

5.4 Litigation. As of the Execution Date, there is no action, suit or proceeding pending or threatened against or affecting the County Agency before any governmental entity in which there is a reasonable possibility of an adverse decision which could have a material adverse effect upon the ability of the County Agency to perform its obligations under this Agreement or which in any manner questions the validity of this Agreement.

5.5 Due Diligence and Inspection. The County Agency acknowledges that it is being afforded the opportunity to conduct due diligence and investigation with respect to the transaction contemplated by this Agreement. The County Agency represents and warrants that it has conducted any and all such legal, factual, and other examinations, inquiries, investigations, and inspections, including conducting any tests, studies and examinations, that it, in its sole discretion, has determined necessary to complete such due diligence inspection to determine that the subject matter of this Agreement is suitable for the County Agency's intended use.

5.6 Environmental Matters. The County Agency represents and warrants that it has conducted any and all such legal, factual, and other examinations, inquiries, investigations, and inspections, including conducting any tests, studies and examinations, that it, in its sole discretion, has determined necessary to complete such due diligence inspection to have full knowledge of the environmental condition of the subject matter of this Agreement. County Agency shall enter into this Agreement subject to any and all environmental conditions present upon the subject matter of this Agreement.

5.7 Emergency Water Supply. The County Agency warrants that it will provide, to the extent the Detroit Water and Sewerage Department has available capacity treated water through the water main that is the subject matter of this Agreement in an emergency situation to Flint until such time as the Karegnondi Water Authority Water Transmission Pipeline construction is completed (which is estimated to be completed by May 2017) and the Karegnondi Water Authority is providing raw water to its customers.

The emergency supply of treated water to the Flint by the County Agency during the construction of the Karegnondi Water Authority Water Transmission Pipeline shall be at the prevailing rate and any additional charges, fees, special charges, and penalties, as billed by the Detroit Water and Sewerage Department to the County Agency.

If Flint shall need an emergency water supply after the Karegnondi Water Authority Water Transmission Pipeline has been installed and is operational, the County Agency will provide, to the extent the County Agency has available capacity, treated water through the water main that is the subject matter of this Agreement in an emergency situation to Flint. The emergency supply of treated water to Flint by the County Agency after the Water

Transmission Pipeline has been installed and is operational, shall be at the prevailing rate and any additional charges, fees, special charges, and penalties, if applicable, as billed by the Detroit Water and Sewerage Department to the County Agency.

ARTICLE 6 COVENANTS OF FLINT

Flint covenants and agrees with the County Agency as follows:

- 6.1 Operation and Maintenance of the Water Main until Closing. Between the Execution Date of this Agreement and the Effective Date of this Agreement, Flint shall:
 - a. Operate the Water Main in the ordinary course of business; and
 - b. Maintain all books and records relating to the operation of the Water Main in the ordinary course of business; and
 - c. Fix any known breaks or leaks in the Water Main, except those set forth on Exhibit F; and
 - c. Promptly notify the County Agency of any emergency or other change in the normal course relating to the Water Main (or communications indicating that the same may be contemplated).
- 6.2 Litigation and Claims. Flint shall promptly inform the County Agency in writing of any Claims of which Flint is or becomes aware that are or might reasonably be expected to become the subject of litigation affecting the Water Main or the transactions contemplated by this Agreement.
- 6.3 Notice of Changes. Flint shall inform the County Agency in writing if it becomes aware that any representation or warranty made by Flint in this Agreement has ceased to be accurate or if Flint becomes aware of the occurrence of any breach of any covenant or other agreement required by this Agreement to be performed or complied with by Flint.

ARTICLE 7 COVENANTS OF THE COUNTY AGENCY

The County Agency hereby covenants and agrees with Flint as follows:

- 7.1 Cooperation. Subject to the terms and conditions of this Agreement, the County Agency shall cooperate with Flint to use its best efforts to secure all necessary consents, approvals, authorizations, exemptions and waivers from all persons and entities as shall be requested by Flint or required to be obtained in order to consummate the transactions contemplated hereby.
- 7.2 Litigation and Claims. The County Agency shall promptly inform Flint in writing of any claims (or communications indicating that the same may be contemplated) of which the County Agency is or becomes aware that are or might reasonably be expected

Workman, Wayne (TREASURY)

From: Workman, Wayne (TREASURY)
Sent: Wednesday, October 07, 2015 11:46 AM
To: Muchmore, Dennis (GOV); Saxton, Thomas (Treasury); Stanton, Terry A. (Treasury); Wurfel, Sara (GOV); Wurfel, Brad (DEQ)
Subject: RE: How The Flint Water Crisis Emerged

Agreed. They also voted 7-1 to leave DWSD

Wayne L. Workman
Deputy State Treasurer
Michigan Department of Treasury

From: Muchmore, Dennis (GOV)
Sent: Wednesday, October 07, 2015 11:11 AM
To: Workman, Wayne (TREASURY) ; Saxton, Thomas (Treasury) ; Stanton, Terry A. (Treasury) ; Wurfel, Sara (GOV) ; Wurfel, Brad (DEQ)
Subject: RE: How The Flint Water Crisis Emerged

I noted in one of the slides that the council voted 7-1 to move back to DWSD and Jerry is quoted as not being in favor of it. I think they left out his reasoning for that and that would have been nice.

From: Workman, Wayne (TREASURY)
Sent: Wednesday, October 7, 2015 10:40 AM
To: Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>; Stanton, Terry A. (Treasury) <StantonT@michigan.gov>; Muchmore, Dennis (GOV) <muchmored@michigan.gov>; Wurfel, Sara (GOV) <Wurfels@michigan.gov>; Wurfel, Brad (DEQ) <WurfelB@michigan.gov>
Subject: FW: How The Flint Water Crisis Emerged

Finally M Live recognizes that DWSD kicked Flint off the system.

Wayne L. Workman
Deputy State Treasurer
Michigan Department of Treasury

From: Widigan, Robert (TREASURY)
Sent: Wednesday, October 07, 2015 10:32 AM
To: Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>; Koryzno, Edward (Treasury) <KoryznoE@michigan.gov>
Cc: Schafer, Suzanne K. (Treasury) <SchaferS7@michigan.gov>
Subject: FW: How The Flint Water Crisis Emerged

This article gives a very detailed and accurate timeline from when the city decided to stop buying water from DWSD to today.

-Rob

From: Widigan, Robert (TREASURY)

Sent: Wednesday, October 07, 2015 10:29 AM

To: Schafer, Suzanne K. (Treasury) <SchaferS7@michigan.gov>; Byrne, Randall (Treasury) <ByrneR1@michigan.gov>;
Cline, Richard (Treasury) <cliner1@michigan.gov>

Subject: How The Flint Water Crisis Emerged

The second slide identifies that Detroit terminated the contract with the city:

http://www.mlive.com/news/flint/index.ssf/2015/10/how_the_flint_water_crisis_eme.html#2

Robert Widigan

Local Government Financial Services Division

Michigan Department of Treasury

Office (517) 373-3227 Cell (517) 243-8645

How Flint water crisis emerged

Share

36

1 / 23

Time for change

The Flint city council voted 7-1 in March 2013 to stop buying Detroit water and join the Karegnondi Water Authority, a new pipeline project that will deliver water from Lake Huron. The state agreed with the water switch, which was projected to save the city \$19 million over eight years. Emergency manager Ed Kurtz officially signed the agreement April 16, 2013.

Samuel Wilson

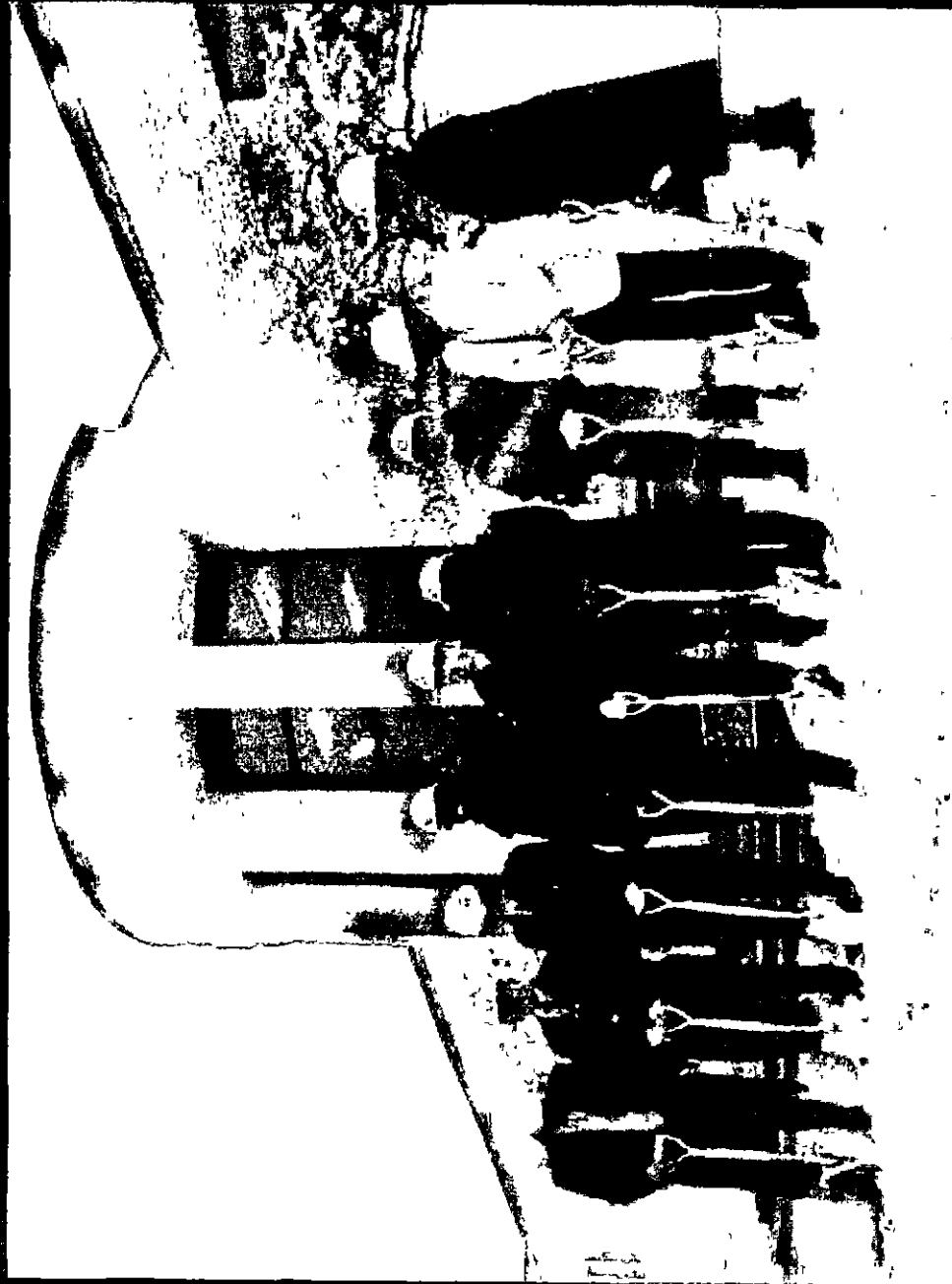


Detroit backs out

The day after joining the KWA, Detroit notifies Flint it will stop selling the city water as of April 2014. With the KWA not expected to be completed for roughly 3 years, Flint was forced to find a new source of drinking water. In the eight months following the Detroit notification of shutoff, the city invests more than \$4 million into its water plant.

Michelle Tessier





To the river

In the months leading up to Detroit's water shutoff, there are discussions about where Flint will receive its water. In mid-March 2014, the Flint River is announced as the new source of Flint's drinking water. Leaders, including city council members, city employees and state officials, gathered at the city's water plant for the official groundbreaking. Mayor Dayne Walling says the plan for the switch was implemented by state-appointed Emergency Manager Darnell Earley.

The river plan

Flint's new drinking water plan calls for the city to pump water from the Flint River into the city's water plant, where it would be treated for distribution. The plan required millions of dollars in upgrades to the plant, since the city was previously purchasing already-treated water from Detroit. The switch was proposed to save the city \$5 million in less than two years.

Samuel Wilson



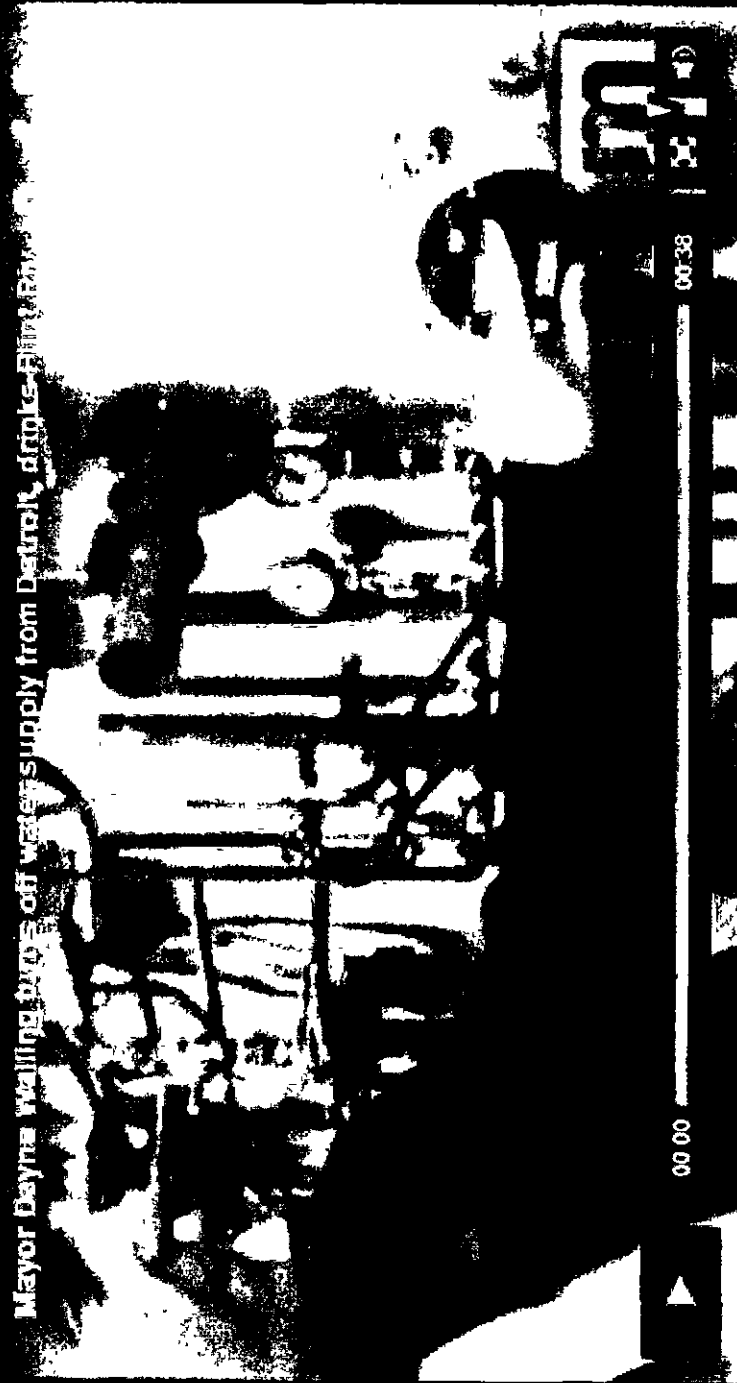


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36



6 / 23



Push the button

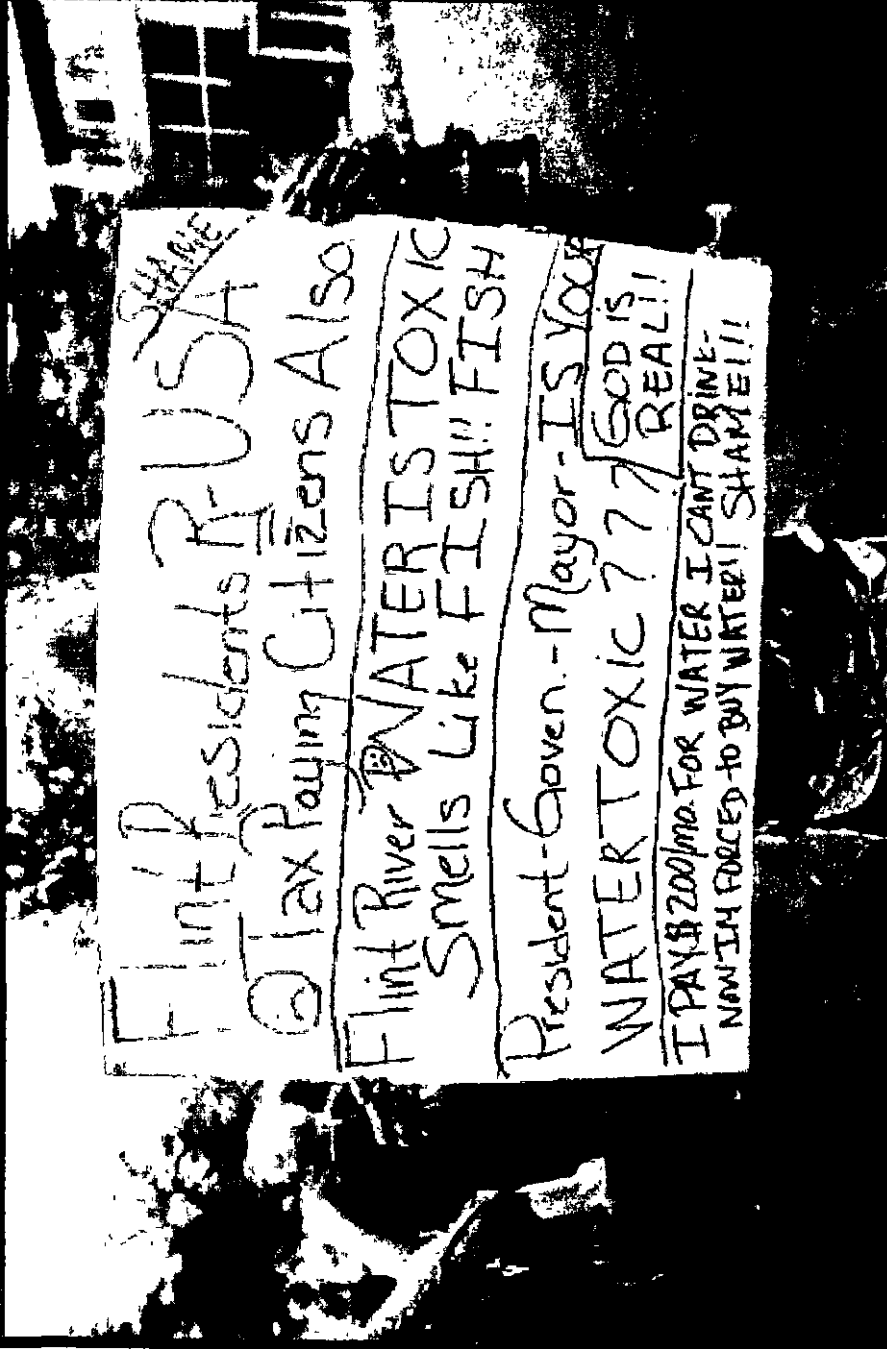
On April 25, 2014, after brief permitting and disinfection-system delays, Mayor Dayne Walling officially turned off the Detroit water feed. "Water is an absolute vital service that most everyone takes for granted," Walling said. "It's a historic moment for the city of Flint to return to its roots and use our own river as our drinking water supply."

Dominic Adams | dadams5@olive.com

Complaints pour in

In the weeks following the switch, some residents begin buying bottled water as they complain of poor-tasting and-smelling city water. The city adds extra lime to the water in an attempt to combat hardness, but Mayor Dayne Walling and state-appointed emergency manager Darnell Earley continued to tell residents the water is safe. "It's a quality, safe product," Walling said. "I think people are wasting their precious money buying bottled water."

From [Kintland | Milwaukee.com](#)



Boil your water

Nearly four months after the switch, the city issues a boil-water advisory after fecal coliform bacteria was discovered in water on the city's west side. More boil-water advisories are issued as testing reveals more bacteria in the water system. "Usually, coliforms are a sign that there could be a problem with the treatment or distribution system," the city said in a statement. The city added chlorine, a disinfectant, in the area of the advisory and attempted to flush the system by opening hydrants.





GM says no

Complaints continue about the city's new water supply. General Motors, on Oct. 13, 2014, said it will no longer use the river water at its engine plant because of fears it will cause corrosion. The company reached a temporary agreement to buy Lake Huron water from Flint Township for Flint Engine Operations on West Bristol Road.

TTHM arrives

On Jan. 2, 2015, the city mails a notice to its customers saying it is in violation of the Safe Drinking Water Act due to the elevated presence of trihalomethanes — or TTHM — a group of four chemicals that are formed as a byproduct of disinfecting water. Over many years, the chemicals could cause liver, kidney or central nervous system problems and an increased risk of cancer. Three samples in 2014 were so high they guaranteed a quarterly average more than the law allows — even if there's no trace of the contaminant in fourth-quarter testing



Call for change

Less than a week after the TTHM warning was released, some city council members called for the city to stop using Flint River water. Emergency Manager Darnell Earley announced he would hire a water consultant to try and improve water quality. The Detroit Water and Sewerage Department tells the city it is "ready, willing and able" to start selling Lake Huron water to Flint again, and wouldn't charge a \$4 million

fee. The city declines Detroit's offer.



Full-blown controversy

The controversy surrounding Flint water reaches a fever pitch Jan. 20, 2015, when environmental activist Erin Brockovich weighs in on the issue on Facebook. "Now is not the time for the blame game ... Detroit has failed and Flint jumped ship. So much for local control ... everyone is responsible from the top down: USEPA, Michigan Department of Environmental Quality, the State of Michigan and the local officials," Brockovich's Facebook message says. Protests and complaints continued from residents



Addressing the problem

After Mayor Dayne Walling asked the state for help addressing the water concerns, state officials reassured the city it was working on the problem. "(Emergency manager) Jerry Ambrose and his management team are working diligently to ensure Flint residents have access to clean, safe water," spokesman Terry Stanton said. Walling claims the challenges of treating river water were "underestimated" by those who made the decision.



Looking for a fix

The Detroit Water and Sewerage Department director says she's willing to talk about providing emergency water to Flint — even without a long-term deal between the two cities. But emergency manager Jerry Ambrose on Jan. 29 says Detroit is not in the city's plans. Gov. Rick Snyder awarded Flint \$2 million on Feb. 3 to find leaks in city water lines and to replace a wastewater incinerator — moves officials said will free up money for

Flint of Flint

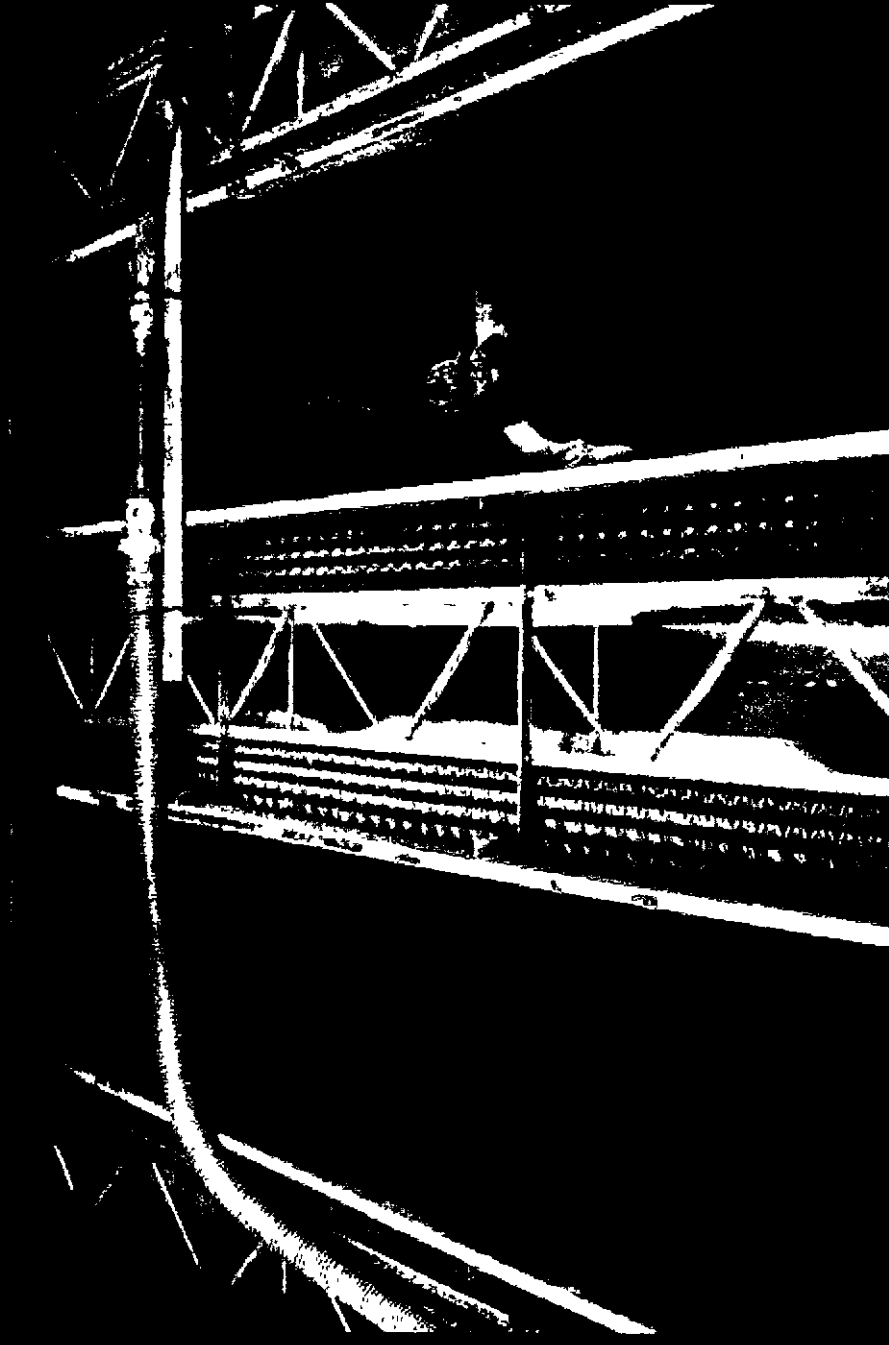
Experts weigh in

Water expert Bob Bowcock, who was sent to the city by activist Erin Brockovich, calls for the city on Feb. 17 to switch back to Detroit water. Representatives from Veolia North America, a city-hired water consultant, say the next day Flint has problems with sediment and discoloration in its water but it is safe to drink and meeting all state and federal standards. The city announces it is meeting TTHM guidelines for the first time since the switch to the river.



Investing in change

On March 18, city-hired water consultant Veolia North America calls for roughly \$3 million in changes at the water plant to get TTHMs in check. The next day, the city announces it will restructure four drinking water bonds, allowing it to postpone \$2.2 million in payments and spend the available cash on water safety and quality. A new \$1.6 million carbon filter system will be installed in July.



Still not assured

Despite the city's proposed investment in the water system, the city council voted 7-1 to "do all things necessary" to reconnect Flint to Detroit water. "It is incomprehensible to me that (seven) 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. (Lake Huron) water from Detroit is no safer than water from Flint," emergency manager Jerry Ambrose said in response to the vote.



To the courts

A lawsuit is filed in early June asking a judge to order Flint to reconnect to the Detroit water system. A federal judge declines when he denies a preliminary injunction. The suit is eventually dismissed. However, Genesee Circuit Judge Archie Hayman issues an emergency injunction Aug. 7 in a separate lawsuit ordering the city to roll back water and sewer rates by **35 percent**, to end a ready-to-service fee, to repay its water and sewer fund by more than \$15 million, and to stop water disconnections and liens for past-due bills, effective immediately.



Lead leaching in

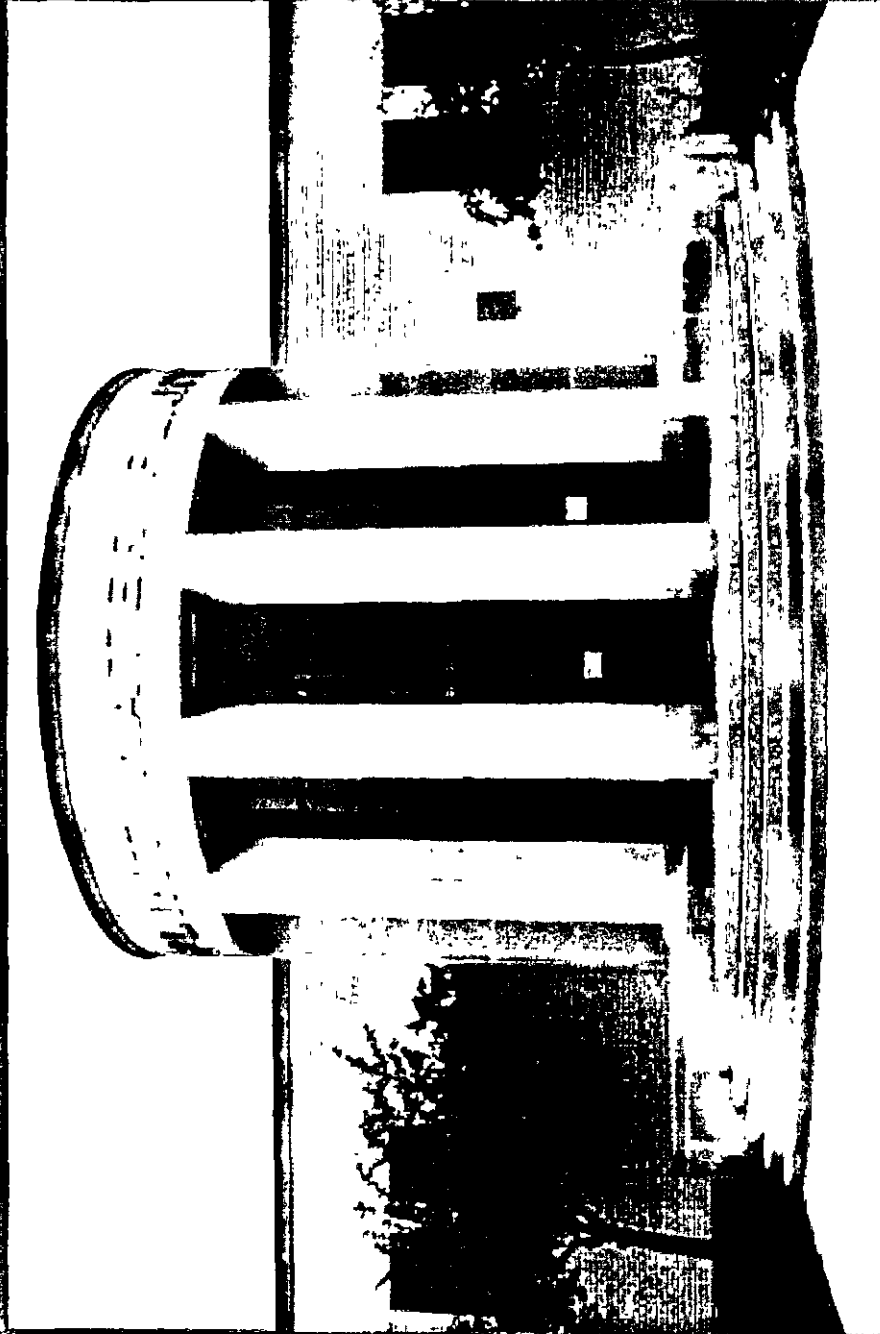
Despite continued water quality protests, fears are renewed when Virginia Tech Professor Marc Edwards claims Sept. 2 that the corrosiveness of the water is causing lead to leach into residents' water. "On a scientific basis, Flint River water leaches more lead from plumbing than does Detroit water," the report concludes. The state and city say the water meets state and federal safety standards, but will introduce a lead-reduction plan by 2016.



TTHM levels fall

The city was notified it was no longer in violation of the Safe Drinking Water Act on Sept. 2 after the city was able to drop TTHM amounts to acceptable levels. The city will no longer have to send water customers notices warning about TTHM levels. The state claimed improved filter technology and optimization of water treatment plant and distribution system processes helped lead to the drop.

The city will live with



Hurley doctor recommends switching away from Flint River water



Lead levels spike

Despite claims the water is safe, testing data obtained Sept. 19 shows 10 percent of homes tested in the city saw an increase in lead after the switch to the Flint River. Findings released Sept. 24 by Hurley Medical Center shows more Flint infants and children are found with elevated levels of lead in their blood since the city switched to using the Flint River. State officials dispute the findings. Mayor Dayne Walling says Flint will issue lead-in-water warnings.

Public health emergency

On Oct. 1, Genesee County officials declare a public health emergency urging residents to not drink the city's water until it is checked for lead or they have installed an approved water filter. The commissioners said they are hoping their declaration will move Gov. Rick Snyder to declare a state of emergency to handle Flint's water crisis.

By The Flint Journal





Governor's action steps

The next day, Gov. Rick Snyder's administration announces it is committing up to \$1 million to purchase water filters for Flint. The plan also includes immediate testing of water at Flint schools at state expense, expansion of lead exposure testing for individuals and expediting treatment of Flint water to better control pipe corrosion. Snyder's plan does not include switching back to Detroit water, although it is reviewing the option.

Photo: Rick Snyder

Stanton, Terry A. (Treasury)

From: Stanton, Terry A. (Treasury)
Sent: Wednesday, October 07, 2015 1:35 PM
To: Saxton, Thomas (Treasury); Workman, Wayne (TREASURY)
Cc: Koryzno, Edward (Treasury)
Subject: FW: Flint water finance question

FYI—

Would like to chat some time today...

Obviously, any response would be coordinated with Gov's office...

From: Jacob Kanclerz [mailto:jacob@mirsnews.com]
Sent: Wednesday, October 07, 2015 12:00 PM
To: Stanton, Terry A. (Treasury) <StantonT@michigan.gov>
Subject: Flint water finance question

Terry,

I know Flint is under the RTAB now, but would you be able to help connect me with someone that might be able to tell me just how much it would cost to connect the city back to the DWSD water supply? Let me know if you could help out today. Thanks!

--

Jacob Kanclerz
Reporter, MIRS News
Office: 517-482-2125
Cell: 810-923-8235
Twitter: @jacobkanclerz

Pleyte, Beth (Treasury)

From: Becker, Timothy (DHHS)
Sent: Wednesday, October 07, 2015 1:53 PM
To: Duncan, Nancy (DTMB); Wyant, Dan (DEQ); Khouri, Nick (TREASURY); Saxton, Thomas (Treasury); Lyon, Nick (DHHS); Zimmer, Mike (LARA); Muchmore, Dennis (GOV)
Cc: Pohl, Allan (LARA); Hanley, Farah (DHHS); McNeely, Jacques (DTMB); Harkins, Chris (DTMB); Fosdick, David (DTMB); Kimmith, Dean (DTMB); Shoemaker, Lisa (DTMB); Harrison, Jennifer (DTMB); Roberts, John (DTMB); Starr, Scott (DTMB); Peruchietti, Cindy (Treasury); Epkey, Amy (DEQ)
Subject: RE: DRAFT City of Flint Solution
Attachments: City of Flint Water Funding Solution.pdf

I'm confused by this spreadsheet. At this morning's meeting the supplemental (apart from the filters) discussed was for \$6m to reconnect plus \$1.5m for 10 FTEs, 8 of which I understood to be in MDHHS for nurse case managers and lead abatement investigators. This spreadsheet seems to be \$1.5m short of this morning's conversation. I don't have a funding source for the positions in FY 2016. If we're absorbing within existing resources I'll need a GF transfer and work project to capture FY '15 lapse.

From: Duncan, Nancy (DTMB)
Sent: Wednesday, October 7, 2015 12:14 PM
To: Wyant, Dan (DEQ) <WyantD@michigan.gov>; Khouri, Nick (TREASURY) <KhouriN@michigan.gov>; Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>; Becker, Timothy (DHHS) <beckert1@michigan.gov>; Lyon, Nick (DHHS) <LyonN2@michigan.gov>; Zimmer, Mike (LARA) <zimmerm@michigan.gov>; Muchmore, Dennis (GOV) <muchmored@michigan.gov>
Cc: Pohl, Allan (LARA) <pohla1@michigan.gov>; Hanley, Farah (DHHS) <hanleyf@michigan.gov>; McNeely, Jacques (DTMB) <mcneelyj@michigan.gov>; Harkins, Chris (DTMB) <HarkinsC1@michigan.gov>; Fosdick, David (DTMB) <FosdickD@michigan.gov>; Kimmith, Dean (DTMB) <KimmithD@michigan.gov>; Shoemaker, Lisa (DTMB) <shoemakerl@michigan.gov>; Harrison, Jennifer (DTMB) <harrisonj1@michigan.gov>; Roberts, John (DTMB) <RobertsJ9@michigan.gov>; Starr, Scott (DTMB) <StarrS1@michigan.gov>; Peruchietti, Cindy (Treasury) <PeruchiettiC@michigan.gov>; Epkey, Amy (DEQ) <epkeya@michigan.gov>
Subject: DRAFT City of Flint Solution
Importance: High

Colleagues,

Please find attached summary of where the State Budget Office believes we are based on this morning's meeting hosted by Director Wyant. This reflects the State commitment of resources towards provision of filters, reconnecting to Detroit Water & Sewage, and home/school/other inspections. Your quick review would be appreciated, since the Governor wants to share with legislative leaders yet today. I have included your budget officers to assist in the review.

Open issues are: (1) where to place the appropriation for the Flint re-connect and (2) whether (and what) boilerplate we may need/want.

Thanks.

Nancy Duncan
Deputy State Budget Director
517-373-0870

City of Flint Water - Funding Solution
State of Michigan Commitment

Agency	GF/GP	Gross	Comments
Filters:			
MSHDA		\$225,000	Does not require board approval.
Health & Human Services	\$1,016,000	\$1,016,000	Towards 2nd round of filters. (AY15 work project)
Health & Human Services	\$0	\$1,000,000	Environmental Quality - State Restricted Settlement Funds provided to HHS Emergency Services local office for 1st round of filters.
Subtotal Filters:	\$1,016,000	\$2,241,000	
Reconnect to DSW:			
Environmental Quality	\$0	\$1,000,000	State Restricted Settlement Fund support.
Health & Human Services	\$0	\$0	
MI Strategic Fund	\$0	TBD	
State Budget Office	\$5,000,000	\$5,000,000	FY15 general fund lapse resources.
Subtotal Reconnect:	\$5,000,000	\$6,000,000	
Additional Agency Support:			
LARA	TBD	TBD	Provision of 5-7 plumbing inspectors to do schools (public and parochial) and health facilities (hospitals, Long Term Care, etc.).
Health & Human Services	TBD	TBD	Provision for home and school inspections. Cost will be absorbed within existing resources.
Environmental Quality	TBD	TBD	Provision of 2 FTEs for home and school inspections. Cost will be absorbed within existing resources.
Subtotal Additional Support:	\$0	\$0	
ALL TOTAL	\$6,016,000	\$8,241,000	

Stanton, Terry A. (Treasury)

From: Stanton, Terry A. (Treasury)
Sent: Wednesday, October 07, 2015 4:07 PM
To: Davey, Monica
Subject: RE: Info & Timeline

Tag...you're it. Just called. Give me a shout at 517-241-0782 or I will call back momentarily..

From: Davey, Monica [mailto:davey@nytimes.com]
Sent: Wednesday, October 07, 2015 3:48 PM
To: Stanton, Terry A. (Treasury) <StantonT@michigan.gov>
Subject: Re: Info & Timeline

yell when youre free
i'm at 312 543 4883

On Wed, Oct 7, 2015 at 2:12 PM, Stanton, Terry A. (Treasury) <StantonT@michigan.gov> wrote:

Will call you shortly

From: Davey, Monica [mailto:davey@nytimes.com]
Sent: Wednesday, October 07, 2015 3:09 PM
To: Stanton, Terry A. (Treasury) <StantonT@michigan.gov>
Subject: Re: Info & Timeline

I'm right to say that the governor decided it was a financial emergency right?

Ultimately, he has the say so in bringing in the EM correct?

On Wed, Oct 7, 2015 at 1:00 PM, Stanton, Terry A. (Treasury) <StantonT@michigan.gov> wrote:

Monica...

As requested, the emergency manager timeline is below...as are several other dates (with corresponding documents attached).

I have a 2pm (eastern) meeting, but will try to call you shortly...as I would like to provide additional "background."

Terry

Flint EM dates for financial emergency declared in December 2011

Mike Brown, apptd 12-1-11 (when fin emer declared under PA 4 of 2011)

Ed Kurtz, apptd 8-8-12 (when PA4 was repealed in Aug 2012, Brown couldn't serve as EM, PA 72 back in effect)

Mike Brown, apptd 7-4-13 (Kurtz retired; PA436 in effect)

Darnell Earley, apptd 10-8-13 (Brown resigned)

Gerald Ambrose, apptd 1-13-15 (Earley appointed DPS EM)

Financial Emergency resolved, 4-29-15 (RTAB apptd)

Other dates

June 26, 2012 – Letter from EM Brown to DWSD seeking permission to blend river water with DWSD water (attached).

Sept. 20, 2012 – Letter from EM Kurtz to DWSD requesting written permission to implement blending (attached).

March 25, 2013 – The Flint City Council endorses joining KWA (see url below)

http://blog.mlive.com/newsnow_impact/print.html?entry=/2013/03/flint_city_council_approves_re.html

April 11, 2013 – Treasurer Dillion sends letter to EM Kurtz (attached) noting conditional approval of move to KWA (pursuant to PA436), pending a review of DWSD's last, best offer.

April 16, 2013 – EM Kurtz informs Treasury that the City will join KWA (attached).

April 17, 2013 – DWSD transmits letter to EM Kurtz terminating service to Flint, effective April 17, 2014 (attached).

April 17, 2014 – Water service from DWSD officially ends.

From: Davey, Monica [mailto:davey@nytimes.com]
Sent: Wednesday, October 07, 2015 12:53 PM
To: Stanton, Terry A. (Treasury) <StantonT@michigan.gov>
Subject: questions.....

Terry:

Dave Murray in the gov's office is sending me your way.

I'm trying to understand the Emergency manager timeline in Flint -- which he says you have. Also, can you send me a copy of the letter in which Detroit told Flint that it was ending the water supply to Flint?

Was it not the EM's decision about whether to turn to the Flint River? Dave is saying that Detroit refused to provide them service?

Any guidance?

312 543 4883

Best,

Monica

Workman, Wayne (TREASURY)

From: Workman, Wayne (TREASURY)
Sent: Wednesday, October 07, 2015 4:40 PM
To: Wurfel, Sara (GOV)
Subject: RE: flint docs

We are checking that out right now, but have not called the City. None of this is on their website.

Wayne L. Workman
Deputy State Treasurer
Michigan Department of Treasury

From: Wurfel, Sara (GOV)
Sent: Wednesday, October 07, 2015 4:26 PM
To: Workman, Wayne (TREASURY)
Subject: RE: flint docs

Thx.

Was there any vote at all from Flint City Council to use Flint water once DWSD sent that notice and city had to make determination in spring of 2014??

From: Workman, Wayne (TREASURY)
Sent: Wednesday, October 07, 2015 4:25 PM
To: Hollins, Harvey (GOV) <hollinsh@michigan.gov>
Cc: Muchmore, Dennis (GOV) <muchmored@michigan.gov>; Stanton, Terry A. (Treasury) <StantonT@michigan.gov>; Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>; Wurfel, Sara (GOV) <Wurfels@michigan.gov>; Wurfel, Brad (DEQ) <WurfelB@michigan.gov>; Baird, Richard (GOV) <bairdr@michigan.gov>
Subject: FW: flint docs

Harvey, Attached are various documents and press reports of the City Council's vote in March 2013 to join KWA. We have not located the actual resolution and it is not on the City's website. It is interesting that the only no vote explained he wanted to just use Flint River water. Wayne

Wayne L. Workman
Deputy State Treasurer
Michigan Department of Treasury

From: Dempkowski, Angela (Treasury)
Sent: Wednesday, October 07, 2015 4:20 PM
To: Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>
Subject: flint docs

Revised pdf



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

Stanton, Terry A. (Treasury)

From: Stanton, Terry A. (Treasury)
Sent: Wednesday, October 07, 2015 5:21 PM
To: Heaton, Anna (GOV)
Cc: Wurfel, Sara (GOV); Murray, David (GOV); Wurfel, Brad (DEQ); Kennedy, Jordan (GOV)
Subject: RE: Flint water finance question

No problem...thanks.

From: Heaton, Anna (GOV)
Sent: Wednesday, October 07, 2015 5:17 PM
To: Stanton, Terry A. (Treasury) <StantonT@michigan.gov>
Cc: Wurfel, Sara (GOV) <Wurfels@michigan.gov>; Murray, David (GOV) <MurrayD1@michigan.gov>; Wurfel, Brad (DEQ) <WurfelB@michigan.gov>; Kennedy, Jordan (GOV) <KennedyJ4@michigan.gov>
Subject: Re: Flint water finance question

Terry - sorry to leave you hanging. We say either don't respond, or just tell him to stay tuned and he'll have an answer tomorrow morning. We will be sending advisory momentarily.

Sent from my iPhone

On Oct 7, 2015, at 2:43 PM, Stanton, Terry A. (Treasury) <StantonT@michigan.gov> wrote:

Sara & Dave...

Meant to send this earlier...but apparently didn't hit "send."

FYI—see below from Jacob. Given plan for tomorrow...please advise on how you want to proceed.

TS

From: Jacob Kanclerz [<mailto:jacob@mirsnews.com>]
Sent: Wednesday, October 07, 2015 12:00 PM
To: Stanton, Terry A. (Treasury) <StantonT@michigan.gov>
Subject: Flint water finance question

Terry,

I know Flint is under the RTAB now, but would you be able to help connect me with someone that might be able to tell me just how much it would cost to connect the city back to the DWSD water supply? Let me know if you could help out today. Thanks!

--

Jacob Kanclerz
Reporter, MIRS News
Office: 517-482-2125
Cell: 810-923-8235

Byrne, Randall (Treasury)

From: Workman, Wayne (TREASURY)
Sent: Wednesday, October 07, 2015 7:07 PM
To: Widigan, Robert (TREASURY)
Cc: Byrne, Randall (Treasury); Cline, Richard (Treasury)
Subject: Re: Flint - River Decisions

Let's talk about 8:00 in am

Sent from my iPhone

On Oct 7, 2015, at 5:27 PM, Widigan, Robert (TREASURY) <WidiganR@michigan.gov> wrote:

Wayne,

From our search there does not appear to be any council action or EM order/resolution regarding the city using the river as a water source.

It seems like it was just decided and they went with it.

If further information is desired please let me know.

-Rob

Sent from my iPhone

On Oct 7, 2015, at 5:08 PM, Workman, Wayne (TREASURY) <WorkmanW@michigan.gov> wrote:

This would have been after the April 2013 letter from DWSD when Detroit cut them off

Sent from my iPhone

On Oct 7, 2015, at 4:58 PM, Widigan, Robert (TREASURY) <WidiganR@michigan.gov> wrote:

Randy,

Wayne asked if there was anything on MLive, the articles don't mention a council vote.

Robert Widigan
Local Government Financial Services Division
Michigan Department of Treasury
Office (517) 373-3227 Cell (517) 243-8645

<Flint residents should be drinking Flint River water by mid-April, officials say.pdf>

<Flint gets final permit approvals from state to use Flint River for drinking water.pdf>



Flint residents should be drinking Flint River water by mid-April, officials say

Sarah Schuch | sschuch@mlive.com By Sarah Schuch | sschuch@mlive.com

on March 12, 2014 at 6:10 PM, updated March 12, 2014 at 6:13 PM

FLINT, MI – If all goes as planned, Flint residents will have Flint River water flowing from their taps by mid-April.

Flint city leaders and Flint Water Treatment Plant officials held a ceremonial groundbreaking Wednesday, March 12, to mark the start of the process of drawing water from the Flint River.

"This is an important day for us as we break ground on this new project in the city of Flint," said Flint Mayor Dayne Walling. "The river is an invaluable asset."

The city has bought its water from Detroit, but that contract was terminated when Flint signed on to purchase 18 million gallons of raw water per day from the Karegnondi Water Authority.

The under-construction pipeline will bring raw Lake Huron water to Flint and Genesee County when it is complete by the end of 2016.

People in the city will drink Flint River water until the pipeline is complete. Detroit Water and Sewerage Department Director **said it would stop selling water to Flint and Genesee County on April 17, 2014.**

In the next couple of weeks, six more employees will be hired to help keep the water treatment plant better staffed as it is used to its full capacity. After the new hires are on board, there will be a total of 26 employees with at least four employees working at any given time, compared to the one on duty now.

The plant, which is used as a backup water supply to Flint and Genesee County, will go from being used four times a year to year-round.

Work will also take place within the next two weeks to update the electrical system from the 1950's, said Brent Wright, plant superintendent.

After Detroit cancelled its water contract here, **Flint has spent about \$4 million in upgrades at the water treatment plant in the past eight months.**

"What we're doing with the upgrade is increasing reliability," said Daugherty Johnson, utilities administrator at the water treatment plant.

The treatment plant could easily be used now if it had to be used, Wright said. There is 55 million gallons of water already in storage. But the process now is to make sure the plant is well staffed and updated to handle the greater use, Wright said.

In the next year, a small pump lift station will also be built.

"This is a tremendous step in the process of securing Flint's water future," Walling said.

When it's time to switch over, the process should be smooth and effortless, Wright said. Before the switch is complete, the Flint water treatment plant will already be fully operational, testing the process a couple weeks before the process is complete.

Then once they are ready to go, plant officials will simply turn off the switch for the 72-inch pipeline from Detroit and turn on the switch for the 36inch pipeline that will draw in water from a location in the Flint River near the plant.

The target date for the switch is mid-April. On average, the plant will see 12 million gallons of water going through daily.

When Wright started working at the plant 23 years ago, he was told they would be starting the process to no longer purchase water from Detroit. And now it's happening.

"We're finally doing it. And I get to see it," Wright said.

Sam Muma, president of AFSCME Local 1600, said it's good to see the plant being used to its full potential and for the river to be utilized to its full potential.

In all, the upgrades and further use of the water treatment plant will be a benefit to the community, Muma said.

"This is a good thing for the community. It will provide jobs," Muma said. "Anytime you can be self-sufficient is a good thing. Doing this should eventually decrease water rates for the residents in Flint."

The long-term goal is to have more water efficiency and more cost savings in water rates.

The hope is to also bring school children out to the plant to have educational tours.

"Today marks the beginning of the new narrative of the city of Flint," said Flint's Director of Public Works Howard Croft.



Flint gets final permit approvals from state to use Flint River for drinking water

Ron Fonger | rfonger1@mlive.com By Ron Fonger | rfonger1@mlive.com

on April 10, 2014 at 4:00 PM, updated April 10, 2014 at 4:10 PM

FLINT, MI -- Bottoms up, Flint.

The state of Michigan has issued the **permits needed** for the city to begin using the Flint River for drinking water, a major step toward ending water purchases from the city of Detroit as early as next week.

"They've got a series of construction permits" that were issued Wednesday, April 10, said Brad Wurfel, a spokesman for the state Department of Environmental Quality. "They are **racing** to get all this work done."

The permits have been on Flint's to-do list since the Detroit Water and Sewerage Department said it was terminating its contract to sell water here on April 17.

That deadline was issued one year ago, and city and state water officials have been working and consulting on required upgrades at Flint's water treatment plant since.

Flint spokesman Jason Lorenz said today, April 10, that the city is still targeting April 17 as the day to shut off Lake Huron water -- treated and pumped here by DWSD -- and to turn on the intakes into the river.

Because work is still going on inside and outside the city's treatment plant, the exact time and date for the switch hasn't been set yet, Lorenz said.

Earlier this week, Flint emergency manager Darnell Earley called the city's ability to cut out the cost of water purchases from Detroit a "monumental change" for the city.

"The city of Flint will be able to control water costs," Earley said. "I'm kind of glad we're not a part of that discussion (about the future of the Detroit water system) anymore."

A consultant hired by Earley is expected to recommend new water rates during a City Council committee meeting at 5 p.m. today. The emergency manager has already said **rates will not be reduced** because of upgrades that are needed in Flint's water distribution system.

Flint officials will need that infrastructure upgrade whether they use river or lake water. City officials have signed an agreement to use Lake Huron water supplied by the Karegnondi Water Authority once the pipeline it is building is completed -- something that's expected to happen in 2016.

McGraw Morris P.C.

GRAND RAPIDS

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SUITE 750
TROY, MICHIGAN 48064
TELEPHONE: (248) 502-4000
FACSIMILE: (248) 502-4001

October 8, 2015

Via Email: wolfson@dwsd.org

William M. Wolfson
Chief Administrative and Compliance Officer/General Counsel, DWSD
Interim General Counsel, GLWA
735 Randolph Street
Detroit Michigan 48226

Re: Increase in average day and maximum peak day by GCDC

Dear Mr. Wolfson:

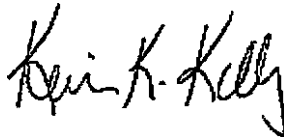
GCDC has received a formal request from Flint to receive DWSD water via GCDC per GCDC's contract with Flint. GCDC's rates are currently based on 12 mgd average day and 25 mgd maximum peak day. Does DWSD have the capacity to increase demand to GCDC to 28.5 mgd average day and 51 mgd peak day? If so, could you please provide GCDC with the rates for 28.5 mgd average and 51 mgd peak day through June 30, 2016?

As you are aware, time is of the essence. I would respectfully ask that if at all possible you could provide answers to the above two (2) questions stated above by 5:00 p.m. today. It is anticipated that if DWSD has the capacity and all of the issues between Flint and GCDC are resolved, GCDC anticipates providing Treated Water to Flint within the next seven (7) days.

If you should have any questions or concerns regarding this communication, please feel free to contact me at 810-569-0352 or via email at kkilby@mcgrawmorris.com.

Sincerely,

MCGRAW MORRIS P.C.



Kevin K. Kilby
Attorney at Law

Byrne, Randall (Treasury)

From: Widigan, Robert (TREASURY)
Sent: Thursday, October 08, 2015 10:09 AM
To: Schafer, Suzanne K. (Treasury); Byrne, Randall (Treasury); Cline, Richard (Treasury); Vandegrift, Drew (TREASURY); Dostine, Patrick (TREASURY)
Subject: Flint - Water Announcement

The GOV just announced that the City will be reconnecting to DWSD, it will cost \$12M. That \$12M will be will come from the following donations: \$6M from the State Legislator, \$4M from the Mott Foundation, and \$2M from the City. Plus an additional \$2M from the Legislator for the City to help with tests, study's, filters, etc..

Robert Widigan
Local Government Financial Services Division
Michigan Department of Treasury
Office (517) 373-3227 Cell (517) 243-8645

Workman, Wayne (TREASURY)

From: Byrne, Randall (Treasury)
Sent: Thursday, October 08, 2015 1:06 PM
To: Cline, Richard (Treasury)
Subject: FW: DWSD

Eric:

This is the latest email.

Randy,

From: achubb@cityofflint.com [mailto:achubb@cityofflint.com]
Sent: Thursday, October 08, 2015 12:30 PM
To: John O'Brien ; Kevin Kilby
Cc: Byrne, Randall (Treasury) ; Wyant, Dan (DEQ) ; Workman, Wayne (TREASURY) ; Warren Vyvyan ; Dayne Walling ; Peter Bade ; Natasha Henderson
Subject: Re: DWSD

John and Kevin,

Per our contract, the City is requesting flow of 16.5mgd average, 26mgd max flow. Please notify of intent to provide and costs as soon as possible.

Anthony Chubb
Interim Director of Human Resources and Labor Relations
Deputy City Attorney
City of Flint

Sent from my iPhone

On Oct 8, 2015, at 11:51 AM, John O'Brien <jfobrien@gcdcwws.com> wrote:

Tony

The County and City Have a current contract we will honor that agreement.
The DWSD recognizes this issue as identified in the last sentence of paragraph 1 d)

John

From: Anthony Chubb [mailto:achubb@cityofflint.com]
Sent: Thursday, October 08, 2015 11:25 AM
To: John O'Brien <jfobrien@gcdcwws.com>; Kevin K. Kilby <kkilby@mcgrawmorris.com>
Subject: Fwd: DWSD

See below. I had your old email in my history.

Anthony Chubb
Interim Director of Human Resources and Labor Relations
Deputy City Attorney
City of Flint
1101 S. Saginaw Street, 3rd Floor
Flint, MI 48502

(810) 237-2078

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

From: **Anthony Chubb** <achubb@cityofflint.com>

Date: Thu, Oct 8, 2015 at 11:23 AM

Subject: Re: DWSD

To: "Kevin K. Kilby" <kkilby@mcgrawmorris.com>, John O'Brien <jobrien@gcdcwws.com>

Hey guys,

As you probably saw at the news conference today, the State and CS Mott Foundation are pledging money for the switch based upon the rates quoted by DWSD (\$662,100 per month and commodity rate of 8.93/Mcf for FY 2015-2016. Please confirm you are going to honor those rates. I am balancing a house of cards here and this could put this in the ditch.

Tony

Anthony Chubb
Interim Director of Human Resources and Labor Relations
Deputy City Attorney
City of Flint
1101 S. Saginaw Street, 3rd Floor
Flint, MI 48502

(810) 237-2078

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On Thu, Oct 8, 2015 at 8:54 AM, Kevin K. Kilby <kkilby@mcgrawmorris.com> wrote:

Tony –

If we want to get this deal completed fast, here is what needs to happen. We just need a quick letter from DWSD stating that DWSD has the capacity in its system to service Flint and the GCDC may provide Flint with water. GCDC will continue to receive all billing from DWSD and invoice Flint for all increases pursuant to the Water Transmission Main Agreement ("Agreement"). Basically, Flint becomes a water customer of GCDC pursuant to the Agreement.

John is meeting with Brent today. Assuming we can get the letter from DWSD and Flint is able to accomplish what it needs to get done (what John and Brent discuss) water may be available as early as Monday. We can work out our agreements after the fact as they are all straight forward and minimal.

I would have Howard or Brent determine where they are going to flush the 5 million gallons from the transmission main (this will be a topic of discuss at the meeting with John and Brent). Pursuant to our conversations with Brent yesterday, they cannot physically run the 5 million gallons through the plant. They may have to eject it into the Flint River or maybe the pond at the golf course. This may require a NPDES permit from the State.

IF DWSD does not agree to the easy way (stated above), then we are going to need a three (3) or four (4) party agreement. This would include Flint, GCDC, DWSD, and maybe GLWA. This will slow us down greatly and with the given timeline, it is not the preferred method.

Sincerely,

Kevin Kilby

Partner and Attorney at Law

McGraw Morris P.C.

2075 W. Big Beaver Road

Suite 750

Troy, Michigan 48084

Office: (248) 502-4000

Fax: (248) 502-4001

Cellular: [REDACTED]

kkilby@mcgrawmorris.com

www.mcgrawmorris.com

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Workman, Wayne (TREASURY)

From: Muchmore, Dennis (GOV)
Sent: Thursday, October 08, 2015 1:56 PM
To: Saxton, Thomas (Treasury); Duncan, Nancy (DTMB)
Cc: Workman, Wayne (TREASURY); Khouri, Nick (TREASURY); Wyant, Dan (DEQ); Baird, Richard (GOV); Roberts, John (DTMB); Hollins, Harvey (GOV)
Subject: RE: letter from John O'Brien

Don't disagree but we're too far along now to change numbers. So, we'll use the \$12M and as the year progresses we'll track it.

From: Saxton, Thomas (Treasury)
Sent: Thursday, October 8, 2015 1:17 PM
To: Muchmore, Dennis (GOV) ; Duncan, Nancy (DTMB)
Cc: Workman, Wayne (TREASURY) ; Khouri, Nick (TREASURY) ; Wyant, Dan (DEQ) ; Baird, Richard (GOV) ; Roberts, John (DTMB) ; Hollins, Harvey (GOV)
Subject: RE: letter from John O'Brien

I agree with Dennis... Consistent with what I think we (Wayne & I) said at the DEQ meeting yesterday... the county drain commission has more knowledge & experience running a water system than we (Treasury) do. That is why we were trying to get some outside verification. We were not able to get an outside engineering firm engaged due to the timeframe. Our fallback was Jeff Wright – the drain commissioner. He calculated \$13.2mm. We did a 'back of the envelope' analysis of \$10.5mm late last week. That was based off an email we rec'd from Dennis that summarized the DWSD/City proposal. We were not a part of the \$12mm calculation that is in the 'public' realm now. I believe that was a result of a meeting DEQ/Dan had with the City earlier this week.

John indicated yesterday he would recommend/prefer to err on the side of caution for the amount requested from the legislature. Plus, keep in mind whatever number you choose assumes completion of KWA in June. If the project slips a month (& it very well could given it is a major capital project) the cost of the reconnect is going to go up a \$1mm+ per month.

If it is possible I would recommend using the \$13.2mm (hoping the project will be done as scheduled) given the county is in the best position to make that estimate. We don't have any info that would contradict that number.

From: Muchmore, Dennis (GOV)
Sent: Thursday, October 08, 2015 1:13 PM
To: Duncan, Nancy (DTMB) <duncann1@michigan.gov>
Cc: Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>; Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>; Khouri, Nick (TREASURY) <KhouriN@michigan.gov>; Wyant, Dan (DEQ) <WyantD@michigan.gov>; Baird, Richard (GOV) <bairdr@michigan.gov>; Roberts, John (DTMB) <RobertsJ9@michigan.gov>; Hollins, Harvey (GOV) <hollinsh@michigan.gov>
Subject: Re: letter from John O'Brien

I would say we need to add the \$1.2 difference from somewhere. I suggest we hold on to the idea of the bottle deposit escrow as we can easily take \$1m droit if need t.

Sent from my iPhone

On Oct 8, 2015, at 10:39 AM, Duncan, Nancy (DTMB) <duncann1@michigan.gov> wrote:

We're still carrying \$12m as the cost to reconnect, and that's the number the Governor is using too. John would like your assessment of the need given the information in this letter. We plan to send a supplemental request to the Legislature for our \$6m share this afternoon.

From: Saxton, Thomas (Treasury)

Sent: Wednesday, October 07, 2015 2:43 PM

To: Wyant, Dan (DEQ); Sygo, Jim (DEQ); Muchmore, Dennis (GOV); Roberts, John (DTMB); Baird, Richard (GOV); Lyon, Nick (DHHS); Hollins, Harvey (GOV)

Cc: Workman, Wayne (TREASURY); Khouri, Nick (TREASURY); Duncan, Nancy (DTMB)

Subject: FW: letter from John O'Brien

Importance: High

Here is the letter from the Genesee Co Drain Commission. My interpretation of the contents would be their estimate is \$13.2mm (vs the \$12mm discussed this morning).

They included their contract with the City. Sec 5.7 references prevailing rates the City would be charged; that is different than the rates reflected in the \$13.2mm. So that contract may need to be modified.

They also raise some other items (under *Procedure to Activate Supply* – p.3) that may have cost implications.

Workman, Wayne (TREASURY)

From: Workman, Wayne (TREASURY)
Sent: Thursday, October 08, 2015 2:26 PM
To: John O'Brien; Wyant, Dan (DEQ); Byrne, Randall (Treasury)
Subject: RE: Letter to Wolfson Final

Yes, Thanks

Wayne L. Workman
Deputy State Treasurer
Michigan Department of Treasury

From: John O'Brien [mailto:jfobrien@gcdcwws.com]
Sent: Thursday, October 08, 2015 2:01 PM
To: Wyant, Dan (DEQ) ; Workman, Wayne (TREASURY) ; Byrne, Randall (Treasury)
Subject: FW: Letter to Wolfson Final

Dear Gentlemen

We received the water volume request from the City of Flint and have forwarded it to the city of Detroit
Please note that the volume request is different than the 15mgd you had me use to estimate the rate
John O'Brien

From: Kevin K. Kilby [mailto:kkilby@mcgrawmorris.com]
Sent: Thursday, October 08, 2015 1:46 PM
To: wolfson@dwsd.org
Cc: 'Kevin K. Kilby' <kkilby@mcgrawmorris.com>; John O'Brien <jfobrien@gcdcwws.com>; David Jansen <djansen@gcdcwws.com>
Subject: Letter to Wolfson Final

Mr. Wolfson –

I represent the Genesee County Drain Commissioner's Office, Division of Water and Waste Services. The Commissioner requested that I send the attached communication to your attention. Thank you in advance for your time and I look forward to your response. I can be reached at [REDACTED] if you need to discuss this communication.

Sincerely,

Kevin Kilby
Partner and Attorney at Law
McGraw Morris P.C.
2075 W. Big Beaver Road

Suite 750
Troy, Michigan 48084
Office: (248) 502-4000
Fax: (248) 502-4001
Cellular: [REDACTED]
kkilby@mcgrawmorris.com
www.mcgrawmorris.com

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Workman, Wayne (TREASURY)

From: Barton, John (Treasury)
Sent: Thursday, October 08, 2015 3:10 PM
To: Saxton, Thomas (Treasury); Workman, Wayne (TREASURY)
Subject: FW: Statutory changes to Part 54

Importance: High

It looks like DEQ is mulling over changes to state law to allow for the financing of service lines with DWRF monies. Did you want me to respond?

I think with a change in state law we can make the loans, but we would not be able to leverage them in future tax-exempt pools as they would be considered private activity; much like the SWQIF loans for footing drain disconnects. It is worth noting, we have not leveraged the drinking water program since 2007 and have approximately \$50 million annual program resources for each of the next five years.

Thanks
John

From: Butler, Sonya (DEQ)
Sent: Thursday, October 08, 2015 11:19 AM
To: Barton, John (Treasury)
Subject: FW: Statutory changes to Part 54
Importance: High

John

I'm not sure you saw this. Would we be able to make loans to communities to replace private service line? Let me know what you think

From: Pallone, Maggie (DEQ)
Sent: Wednesday, October 07, 2015 4:33 PM
To: Shekter Smith, Liane (DEQ); Butler, Sonya (DEQ)
Subject: Statutory changes to Part 54
Importance: High

If we are going to clarify that Part 54 can cover replacement of private service lines, is this the best way to do? I made changes to the definition of waterworks systems to include private service lines, and changes the requirement the water supplier had to maintain and operate the private service lines.

Please let me know ASAP what you think.

Thanks,
Maggie

324.5403 Definitions; P to W.

Sec. 5403.

As used in this part:

- (a) "Priority list" means the annual ranked listing of projects developed by the department in section 5406.
- (b) "Project" means a project related to the planning, design, and construction or alteration of a waterworks system.
- (c) "Project refinancing assistance" means buying or refinancing the debt obligations of water suppliers if construction activities commenced, and the debt obligation was incurred, after the effective date of this part.
- (d) "Public water supply" means a waterworks system that provides water for drinking or household purposes to persons other than the supplier of the water, except for those waterworks systems that supply water to only 1 house, apartment, or other domicile occupied or intended to be occupied on a day-to-day basis by an individual, family group, or equivalent.
- (e) "State drinking water standards" means rules promulgated under Act 399 that establish water quality standards necessary to protect public health or that establish treatment techniques to meet these water quality standards.
- (f) "Water supplier" or "supplier" means a municipality or its designated representative accepted by the director, a legal business entity, or any other person who owns a public water supply. However, water supplier does not include a water hauler.
- (g) "Waterworks system" or "system" means a system of pipes and structures through which water is obtained or distributed and includes any of the following that are actually used or intended to be used for the purpose of furnishing water for drinking or household purposes:
 - (i) Wells and well structures.
 - (ii) Intakes and cribs.
 - (iii) Pumping stations.
 - (iv) Treatment plants.
 - (v) Storage tanks.
 - (vi) Pipelines and appurtenances.
 - (vii) Private residential service lines.
 - ~~(vii)~~ (viii) A combination of any of the items specified in this subdivision.

324.5409 Application for fund assistance; contents; availability of revenue sources; acceptance of applications by department; liability for incurred costs.

Sec. 5409.

(1) A water supplier whose project plan is approved or under review by the department under section 5407 may apply for assistance from the fund by submitting an application to the department. A complete application shall include all of the following, if applicable, as determined by the department:

(a) If assistance is in the form of a loan, financial documentation that a dedicated source of revenue is established, consistent with obligations of debt instruments existing at the time assistance is requested, and pledged to both of the following purposes:

(i) The timely repayment of principal and interest.

(ii) Adequate revenues to fund the operation and maintenance of the project.

(b) Evidence of an approved project plan.

(c) A certified resolution from a water supplier that is a municipality, or a letter of appointment from a water supplier that is not a municipality, designating an authorized representative for the project.

(d) A certification by an authorized representative of the water supplier affirming that the supplier has the legal, institutional, technical, financial, and managerial capability to build, operate, and maintain the project. The water supply does not need certify it will operate and maintain any portion of the project that funds the replacement residential private service lines.

Maggie Pallone

Deputy Director

Policy and Legislative Affairs

Department of Environmental Quality

[REDACTED] (cell)

PalloneM@michigan.gov

Workman, Wayne (TREASURY)

From: Cline, Richard (Treasury)
Sent: Thursday, October 08, 2015 3:11 PM
To: Byrne, Randall (Treasury); Workman, Wayne (TREASURY)
Cc: Dempkowski, Angela (Treasury)
Subject: Call to Jerry Ambrose

Importance: High

Follow Up Flag: Follow up

Flag Status: Flagged

Wayne/Randy,

Per your request, I contacted Jerry Ambrose regarding if the Flint City Council voted to approve drawing water from the Flint River at some point after notification was received that the DWSD contract would be closed.

Jerry does not specifically remember this issue appearing before the City Council.

His opinion was that once the DWSD contract was terminated there was no reason to issue an affirmative vote on the Flint River because no other options were available.

However, he did indicate that the definitive answer would be in the City Council minutes.

If additional follow-up on this issue is necessary, let me know.

Eric Cline | Department Manager | State of Michigan
Michigan Department of Treasury | Local Government Financial Services Division | Fiscal Responsibility Section
430 W. Allegan Street, 3rd Floor | Lansing, MI 48922
Lansing Office (517) 335-2078 | Cell Phone (517) 243-8450 | Traverse City Office (231) 922-5228
E-mail cliner1@michigan.gov

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Workman, Wayne (TREASURY)

From: Baird, Richard (GOV)
Sent: Thursday, October 08, 2015 4:18 PM
To: Saxton, Thomas (Treasury); Muchmore, Dennis (GOV); Duncan, Nancy (DTMB)
Cc: Workman, Wayne (TREASURY); Khouri, Nick (TREASURY); Wyant, Dan (DEQ); Roberts, John (DTMB); Hollins, Harvey (GOV)
Subject: RE: letter from John O'Brien

I know you've had enough email traffic on this, but for what it's worth, Daddow thinks the number will be lower as a result of GM removing themselves from the system.

From: Saxton, Thomas (Treasury)
Sent: Thursday, October 08, 2015 1:17 PM
To: Muchmore, Dennis (GOV); Duncan, Nancy (DTMB)
Cc: Workman, Wayne (TREASURY); Khouri, Nick (TREASURY); Wyant, Dan (DEQ); Baird, Richard (GOV); Roberts, John (DTMB); Hollins, Harvey (GOV)
Subject: RE: letter from John O'Brien

I agree with Dennis... Consistent with what I think we (Wayne & I) said at the DEQ meeting yesterday... the county drain commission has more knowledge & experience running a water system than we (Treasury) do. That is why we were trying to get some outside verification. We were not able to get an outside engineering firm engaged due to the timeframe. Our fallback was Jeff Wright – the drain commissioner. He calculated \$13.2mm. We did a 'back of the envelope' analysis of \$10.5mm late last week. That was based off an email we rec'd from Dennis that summarized the DWSD/City proposal. We were not a part of the \$12mm calculation that is in the 'public' realm now. I believe that was a result of a meeting DEQ/Dan had with the City earlier this week.

John indicated yesterday he would recommend/prefer to err on the side of caution for the amount requested from the legislature. Plus, keep in mind whatever number you choose assumes completion of KWA in June. If the project slips a month (& it very well could given it is a major capital project) the cost of the reconnect is going to go up a \$1mm+ per month.

If it is possible I would recommend using the \$13.2mm (hoping the project will be done as scheduled) given the county is in the best position to make that estimate. We don't have any info that would contradict that number.

From: Muchmore, Dennis (GOV)
Sent: Thursday, October 08, 2015 1:13 PM
To: Duncan, Nancy (DTMB) <duncann1@michigan.gov>
Cc: Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>; Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>; Khouri, Nick (TREASURY) <KhouriN@michigan.gov>; Wyant, Dan (DEQ) <WyantD@michigan.gov>; Baird, Richard (GOV) <bairdr@michigan.gov>; Roberts, John (DTMB) <RobertsJ9@michigan.gov>; Hollins, Harvey (GOV) <hollinsh@michigan.gov>
Subject: Re: letter from John O'Brien

I would say we need to add the \$1.2 difference from somewhere. I suggest we hold on to the idea of the bottle deposit escrow as we can easily take \$1m droit if need t.

Sent from my iPhone

On Oct 8, 2015, at 10:39 AM, Duncan, Nancy (DTMB) <duncann1@michigan.gov> wrote:

We're still carrying \$12m as the cost to reconnect, and that's the number the Governor is using too. John would like your assessment of the need given the information in this letter. We plan to send a supplemental request to the Legislature for our \$6m share this afternoon.

From: Saxton, Thomas (Treasury)

Sent: Wednesday, October 07, 2015 2:43 PM

To: Wyant, Dan (DEQ); Sygo, Jim (DEQ); Muchmore, Dennis (GOV); Roberts, John (DTMB); Baird, Richard (GOV); Lyon, Nick (DHHS); Hollins, Harvey (GOV)

Cc: Workman, Wayne (TREASURY); Khouri, Nick (TREASURY); Duncan, Nancy (DTMB)

Subject: FW: letter from John O'Brien

Importance: High

Here is the letter from the Genesee Co Drain Commission. My interpretation of the contents would be their estimate is \$13.2mm (vs the \$12mm discussed this morning).

They included their contract with the City. Sec 5.7 references prevailing rates the City would be charged; that is different than the rates reflected in the \$13.2mm. So that contract may need to be modified.

They also raise some other items (under *Procedure to Activate Supply* – p.3) that may have cost implications.

Workman, Wayne (TREASURY)

From: Byrne, Randall (Treasury)
Sent: Friday, October 09, 2015 8:44 AM
To: Workman, Wayne (TREASURY)
Subject: RE: Flint Water Issue

Thanks,

Randy

From: Workman, Wayne (TREASURY)
Sent: Friday, October 09, 2015 8:31 AM
To: Byrne, Randall (Treasury)
Cc: Schafer, Suzanne K. (Treasury) ; Cline, Richard (Treasury) ; Vandegrift, Drew (TREASURY)
Subject: Re: Flint Water Issue

I think we stay back unless asked to get involved. They need to talk to each other

Sent from my iPhone

On Oct 9, 2015, at 7:52 AM, Byrne, Randall (Treasury) <ByrneR1@michigan.gov> wrote:

Wayne and Suzanne:

Drew reviewed the water contract between Flint and Genesee County. His last comment is the best way forward to reconnect to the DWSD. Please let me know if you have any comments.

Randy,

From: Vandegrift, Drew (TREASURY)
Sent: Thursday, October 08, 2015 4:32 PM
To: Byrne, Randall (Treasury) <ByrneR1@michigan.gov>
Subject: FW: Flint Water Issue
Importance: High

Good Afternoon,

I have examined the portion of the 2014 Genesee/Flint contract in question. To ensure a complete understanding, I discussed that matter with Flint attorney Tony Chubb. Two options exist:

- 1.) Honor the provision. The City is waiting for a new quote from Detroit for what the countywide rate would be. Note that the rate is expected to be lower than the county is currently paying per unit, because a new contract for water would increase the quantity purchased (estimated to double). Also, I am told that credit risk is a factor for the per unit cost that Detroit charges, and so the county rate might save the city the cost of their poor credit rating. The County told Tony that this option can be implemented quickly (next week) if the City accepts the terms as presented.

- 2.) Because the contract provision only applies if the county is billed for Flint's water, a way around this provision may exist if the City signs a water agreement and is billed directly with Detroit. This way, the county wouldn't be out of pocket for the new capacity, though estimations of Flint's consumption may be necessary because of technical limitations (lacking water meters into Flint). This may result in the lowest rate for the City, however Tony was clear that negotiation of a brand new contract would take weeks, not days.

These are the only two options that the City is currently aware of, however a third option may be possible if the City, County, and Detroit are willing to communicate more and collectively work toward a speedy transition back to Detroit water.

-Drew

From: Cline, Richard (Treasury)
Sent: Thursday, October 08, 2015 2:26 PM
To: Vandegrift, Drew (TREASURY)
Subject: Flint Water Issue
Importance: High

Drew,

Here is the information that I have been given.

I recommend looking at the email first.

If you have questions, let me know.

Otherwise, get back with me if you have any thoughts.

Thanks again.

Eric Cline | Department Manager | State of Michigan
Michigan Department of Treasury | Local Government Financial Services Division | Fiscal
Responsibility Section
430 W. Allegan Street, 3rd Floor | Lansing, MI 48922
Lansing Office (517) 335-2078 | Cell Phone (517) 243-8450 | Traverse City Office (231) 922-5228
E-mail cliner1@michigan.gov

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Byrne, Randall (Treasury)

From: Dostine, Patrick (TREASURY)
Sent: Friday, October 09, 2015 9:27 AM
To: Byrne, Randall (Treasury); Cline, Richard (Treasury)
Subject: Flint call notes

Flint – Oct. 7 – N. Henderson, Mayor Walling, F Headen, Wendy, R. Byrne, E. Cline, P. Dostine

- **Priorities**
 - Bringing budget amendments to council Oct. 7, amendments needed to address financial costs caused from the water issue.
 - Treasury / RTAB was alerted by Henderson and Walling that it must be prepared, in the coming days, to act quickly to process aforementioned amendments and pending agreements between Flint and DWSD and Flint and County Drain Commission which are needed for the switch to DWSD water.
- **Lawsuit**
 - Miller Canfield still representing Flint in both the Kincaid and Shears lawsuits. Henderson said Flint will need assistance in maintaining Miller Canfield as counsel.

Patrick Dostine

State of Michigan
Department of Treasury
Local Government Financial Services Division,
Office of Fiscal Responsibility
Cadillac Place
3044 W Grand Blvd
Detroit, MI 48202
(office) 313.456.1772
dostinep@michigan.gov

Stanton, Terry A. (Treasury)

From: Stanton, Terry A. (Treasury)
Sent: Friday, October 09, 2015 11:29 AM
To: Wisely, John (jwisely@freepress.com)
Subject: Info
Attachments: 1st letter to blend.pdf; 2nd request to blend.pdf; KWA Approval.pdf; Kurtz KWA.pdf; DWSD Termination Ltr.pdf

John...

As discussed here is some information that may be helpful.

June 26, 2012 – Letter from EM Brown to DWSD seeking permission to blend river water with DWSD water (attached).

Sept. 20, 2012 – Letter from EM Kurtz to DWSD requesting written permission to implement blending (attached).

March 25, 2013 – The Flint City Council endorses joining KWA (see url below)

http://blog.mlive.com/newsnow_impact/print.html?entry=/2013/03/flint_city_council_approves_re.ht ml

April 11, 2013 – Treasurer Dillion sends letter to EM Kurtz (attached) noting conditional approval of move to KWA (pursuant to PA436 and pending review of DWSD's last, best offer).

April 16, 2013 – EM Kurtz informs Treasury that the City will join KWA (attached).

April 17, 2013 – DWSD transmits letter to EM Kurtz terminating service to Flint, effective April 17, 2014 (attached).

April 17, 2014 – Water service from DWSD officially ends.



RICK SNYDER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

NICK A. KHOURI
STATE TREASURER

October 9, 2015

APPROVAL

Municipality Code: 257552
Fiscal Year Ended: 9/2014

Dear Chief Administrative Officer:

Thank you for submitting a Qualifying Statement for Karegnondi Water Authority to the Michigan Department of Treasury on October 8, 2015. Based upon the information provided in the Qualifying Statement, we have determined that Karegnondi Water Authority is in material compliance with the criteria identified in Section 303(3) of Public Act 34 of 2001.

Karegnondi Water Authority is now authorized to issue municipal securities under this Act without further approval from the Department. This authorization will remain in effect for six months plus 30 business days after the end of your next fiscal year, or when the Department has made a new determination, whichever occurs first.

Within 15 business days of completing the issuance of any municipal security the municipality shall file with the Department a Security Report and all documents required in Section 319 of Public Act 34 of 2001. The Security Report can be found on our website, Michigan.gov/Treasury, by clicking on Local Government Services, Municipal Finance, Municipal Finance Forms, and 3892. The Security Report and accompanying documents may be emailed to Treas_MunicipalFinance@Michigan.gov or mailed to the address below. If emailing, the subject line must read the same as the file name of the attached documents.

If you have any questions, contact the Division at (517) 373-3227.

Sincerely,

A handwritten signature in cursive script, reading "Suzanne Schafer".

Suzanne Schafer, Administrator
Local Government Financial Services Division



RICK SNYDER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

NICK A. KHOURI
STATE TREASURER

October 12, 2015

AMENDED APPROVAL
Municipality Code: 25-7-552
Application ID No: 1305

Jeff Wright, CEO
Karegnondi Water Authority
G-4610 Beecher Road
Flint, MI 48502

Dear Chief Administrative Officer:

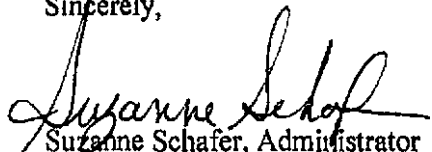
Thank you for submitting to the Department of Treasury an Application for the State Treasurer's Approval to Issue Long-Term Securities under Section 303(7) of Public Act 34 of 2001, for the purpose of acquiring, constructing and equipping a water system to provide raw untreated water to the Local Units, together with all and necessary appurtenances and attachments thereto.

Based upon the information provided, the Department of Treasury has determined that the Authority has indicated the authority to issue the municipal security requested; projected the ability to repay the municipal security when due; and, adequately addressed any non-compliance with Section 303(3) of Act 34. This determination supersedes our previous determination dated February 28, 2014.

This amended approval is for the Water Supply System Bonds (Karegnondi Water Pipeline), Series 2015, in an amount not to exceed \$79,500,000, which mature by no later than November 1, 2045. In approving this application, the Department has relied upon information supplied by the municipality which would indicate the probable revenues pledged for the payment of the municipal security will be sufficient to pay the principal thereof and interest thereon when due. No person may rely on the issuance of this approval as evidence that the Department has undertaken any due diligence with regard to that information. No material changes, amendments, or addenda may be made to the information provided without further approval of the Department.

Within 15 business days after the issuance of a municipal security, you will need to file with the Department the enclosed Security Report and the documents required in Section 319, Public Act 34 of 2001. Please mail them to the Local Audit and Finance Division at P.O. Box 30728, Lansing, Michigan 48909-8228. If you have any questions, contact the Division at (517) 373-0660.

Sincerely,


Suzanne Schafer, Administrator
Local Audit and Finance Division

Enclosure

c: Steven M. Frank – Miller, Canfield, Paddock and Stone, P.L.C.

Goodrich, Harlan G. (Treasury)

From: Frank, Steven M. <Frank@MillerCanfield.com>
Sent: Tuesday, October 06, 2015 10:52 PM
To: Goodrich, Harlan G. (Treasury)
Subject: Karegnondi Water Authority - Request to Amend State Treasurer's Approval to Issue Long-Term Securities
Attachments: 2014B Treasury Approval(21976666_1).PDF; Presale KWA 2015 at Max Par.pdf

Harlan,

Thank you for your voicemail last week regarding the Karegnondi Water Authority (Genesee County). As I mentioned in my voicemail, the Karegnondi Water Authority received State Treasurer's Approval to Issue Long-Term Securities for two separate series of bonds for the same project (the Karegnondi Water Pipeline) in February of 2014. The first series of bonds was issued in April of 2014 in the principal amount of \$220,500,000. The second series of bonds, which is the subject of the attached State Treasurer's Approval, was not issued in late 2014 as originally anticipated. It is now expected that the second series of bonds, which is necessary to complete the project, will be issued in the fourth quarter of calendar year 2015. Accordingly, on behalf of the Karegnondi Water Authority, we are requesting that the attached State Treasurer's Approval be amended to accomplish the following:

1. Change the title of the bond issue to reflect the year in which the bonds will be issued. The new title of the bond issue will be "Water Supply System Bonds (Karegnondi Water Pipeline), Series 2015."
2. Extend the maximum final maturity date by one year due to the change in the expected issue date of the bonds. The final maturity date of the bond issue is now expected to be November 1, 2045. I have attached an updated debt service schedule, which includes actual debt service requirements on the first series of bonds and estimated annual debt service requirements on the second series of bonds to be issued in 2015.

Please let me know if you have any questions or if you need any additional information. Thank you very much for your assistance with this request.

Best regards,

Steve

Steven M. Frank
Miller Canfield
150 West Jefferson, Suite 2500
Detroit, Michigan 48226 (USA)
T +1.313.496.7503 | F +1.313.496.8451
frank@millercanfield.com



RICK SNYDER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

R. KEVIN CLINTON
STATE TREASURER

February 28, 2014

APPROVAL
Municipality Code: 25-7-552
Application ID No: 1305

Jeff Wright, CEO
Karegnondi Water Authority
G-4610 Beecher Road
Flint, MI 48502

Dear Chief Administrative Officer:

Thank you for submitting to the Department of Treasury an Application for the State Treasurer's Approval to Issue Long-Term Securities under Section 303(7) of Public Act 34 of 2001, for the purpose of acquiring, constructing and equipping a water system to provide raw untreated water to the Local Units, together with all and necessary appurtenances and attachments thereto.

Based upon the information provided, the Department of Treasury has determined that the Authority has indicated the authority to issue the municipal security requested; projected the ability to repay the municipal security when due; and, adequately addressed any non-compliance with Section 303(3) of Act 34.

This approval is for the Water Supply System Bonds (Karegnondi Water Pipeline), Series 2014 B, in an amount not to exceed \$79,500,000, which mature by no later than November 1, 2044. In approving this application, the Department has relied upon information supplied by the municipality which would indicate the probable revenues pledged for the payment of the municipal security will be sufficient to pay the principal thereof and interest thereon when due. No person may rely on the issuance of this approval as evidence that the Department has undertaken any due diligence with regard to that information. No material changes, amendments, or addenda may be made to the information provided without further approval of the Department.

Within 15 business days after the issuance of a municipal security, you will need to file with the Department the enclosed Security Report and the documents required in Section 319, Public Act 34 of 2001. Please mail them to the Local Audit and Finance Division at P.O. Box 30728, Lansing, Michigan 48909-8228. If you have any questions, contact the Division at (517) 373-0660.

Sincerely,

A handwritten signature in cursive script, reading "Suzanne Schafer".

Suzanne Schafer, Administrator
Local Audit and Finance Division

Enclosure

c: David P. Massaron – Miller, Canfield, Paddock and Stone, P.L.C.
Paul R. Stauder – Stauder, Barch & Associates, Inc.



Karegnondi Water Authority®

G-4610 Beecher Road Flint, Michigan 48532-2617
Phone (810) 732-7870 Fax (810) 732-9773

January 24, 2014

Mr. Harlan Goodrich
Michigan Department of Treasury
Local Audit and Finance Division
430 West Allegan Street, First Floor
Lansing, MI 48922

Re: Applications for State Treasurer's Approval to Issue Long-Term Securities

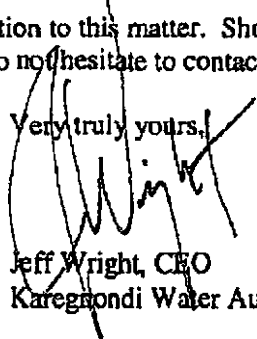
Dear Mr. Goodrich:

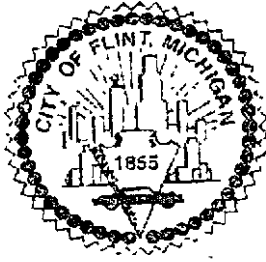
I am the Chief Administrative Officer of the Karegnondi Water Authority, County of Genesee, State of Michigan (the "Authority"). In connection with the review of the Authority's Applications for State Treasurer's Approval to Issue Long-Term Securities for the not to exceed \$300,000,000 Water Supply System Bonds (Karegnondi Water Pipeline), Series 2014A and Series 2014B please be advised of the following:

1. The Authority is a newly-created water authority with no outstanding securities/debt – new money or refunding – limited tax or unlimited tax - and does not have an audit.
2. The Authority has not been required to levy a tax as a result of a court or judgment during its preceding fiscal year.

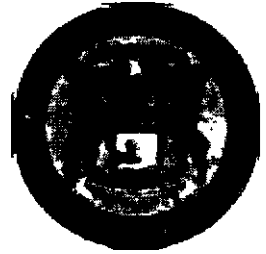
Thank you in advance for your attention to this matter. Should you have any questions or require any additional information, please do not hesitate to contact the undersigned.

Very truly yours,


Jeff Wright, CEO
Karegnondi Water Authority



CITY OF FLINT
OFFICE OF THE EMERGENCY MANAGER



Darnell Earley, ICMA-CM, MPA
Emergency Manager

Suzanne Schafer, Administrator
Local Audit and Finance Division
Michigan Department of Treasury
P.O. Box 30728
Lansing, MI 48909-3227

Re: FLINT CITY (252040)
Qualifying Statement

Dear Ms. Schafer,

We are in receipt of your letter dated February 21, 2014 denying authorization to issue municipal securities without further approval from the Department of Treasury.

As you know, the City of Flint is currently in receivership pursuant to Act 436, and operating under the control of an Emergency Manager since December 2011. Much progress has been made to reduce the City's accumulated deficit and to restore Flint to long term financial solvency. We are currently working with Treasury to finalize a Deficit Elimination Plan which will not only eliminate the deficit but begin to establish an appropriate level of reserves. The securities issued within the past five years pursuant to the Fiscal Stabilization Act were done prior to the City being placed under the control of an Emergency Manager.

The request to issue securities at this time is in conjunction with the City's partnership with Genesee County and others to construct a new source of water supply for the City and the region. This is being accomplished through the newly created Karegnondi Water Authority, of which the City of Flint is a member. The result of this project will be a new source of water for the region at a cost which is significantly less than the current costs. It is an important component of restoring the City of Flint to financial solvency.

Treasury approval of Flint's request to issue municipal securities for this purpose is requested.

Thank you and please contact me if you have any questions.

Sincerely,


Darnell Earley, ICMA-CM, MPA
Emergency Manager



RICK SNYDER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

R. KEVIN CLINTON
STATE TREASURER

February 21, 2014

DENIAL

Municipality Code: 252040
Fiscal Year Ended: 6/2013

Dear Chief Administrative Officer:

Thank you for submitting a qualifying statement for FLINT CITY to the Michigan Department of Treasury. Based upon the information provided in the qualifying statement, we have determined that FLINT CITY is not in material compliance with the following criteria as identified in section 303(3) of Public Act 34 of 2001:

Subsection (m) the municipality ended its last fiscal year with a deficit in one or more funds and an acceptable deficit elimination plan has not been certified or conditionally approved.

Subsection [b] the municipality has issued securities in the immediately preceding five fiscal years or the current fiscal year pursuant to the Emergency Municipal Loan Act or the Fiscal Stabilization Act.

Subsection [a] the municipality is operating under the provisions of the Local Government Fiscal Responsibility Act.

Therefore, FLINT CITY is not authorized to issue municipal securities under this act without further approval from the Department. You may request reconsideration of this denial or you may request prior approval from the Department for each municipal security that you issue until you are eligible to submit your next qualifying statement.

If you have any questions, please contact the Division at (517) 373-3227.

Sincerely,

A handwritten signature in cursive script, appearing to read "Suzanne Schafer".

Suzanne Schafer, Administrator
Local Audit and Finance Division



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

ANDY DILLON
STATE TREASURER

June 24, 2013

APPROVAL
Municipality Code 250000
Fiscal Year Ended 09/2012

Dear Chief Administrative Officer:

Thank you for submitting a reconsideration request of the qualifying statement denial for the County of GENESEE to the Michigan Department of Treasury dated 6/20/2013. Based upon the information provided in the reconsideration request, we have determined that the County of GENESEE is in material compliance with the criteria identified in section 303(3) of Public Act 34 of 2001.

The County of GENESEE is now authorized to issue municipal securities under this act without further approval from the Department. This authorization will remain in effect for 6 months plus 30 business days after the end of your next fiscal year, or when the Department has made a new determination, whichever occurs first.

Within 15 days after the issuance of a municipal security, you will need to file with the Department the enclosed Security Report and the documents required in section 141.2319 of Public Act 34 of 2001. Please mail them to the Municipal Finance and Systems Review Section of the Local Audit and Finance Division at P.O. Box 30728, Lansing, Michigan 48909-8228.

If you have any questions, contact the Division at (517) 373-0660.

Sincerely,

A handwritten signature in cursive script, appearing to read "Suzanne Schafer".

Suzanne Schafer, Administrator
Local Audit and Finance Division

Enclosures



GENESEE COUNTY DRAIN COMMISSIONER'S OFFICE

- DIVISION OF -

WATER & WASTE SERVICES

G-4610 BEECHER ROAD - FLINT, MICHIGAN 48532-2817

PHONE (810) 732-7870 - FAX (810) 732-9773

JEFFREY WRIGHT
COMMISSIONER

January 14, 2014

David Massaron, Esq.
Miller Canfield
150 W. Jefferson, Suite 2500
Detroit, MI 48226

Re: Status of Permits

Dear Mr. Massaron:

In response to your request for the status of permits required in association with the KWA project, I offer the following:

- GCDC applied for and received a permit to withdraw up to 85 million gallons per day from Lake Huron.
- Received all permits necessary for construction of an intake into the Great Lakes, as well as the permit to construct in the bottom land of Lake Huron.
- Is in the process of acquiring permits for construction of the Lake Huron pumping station and the intermediate pump station from the Michigan Department of Environmental Quality. Design meetings have been held with the MDEQ at the 60% and 90% design milestones.
- Is in the process of acquiring permits for the construction of the piping system from Lake Huron to Flint. Meetings have been held with the MDEQ at the 60% and 90% design milestones.
- Is in the process of acquiring permits to construct in road right-of-ways from Sanilac, Saint Clair, Lapeer and Genesee Counties. Design meetings have been held with each of those entities.
- Is in the process of acquiring zoning and related construction permits from Worth Township in Sanilac County, zoning and related permits from Lynn Township in Saint Clair County for construction of the Lake Huron and intermediate pump stations (site plans have been submitted).
- Required MDEQ public hearings for permits to construct in wetlands along the proposed pipeline route have been held.

If you have any questions regarding thee or other related matters, please do not hesitate to contact me at your convenience.

Sincerely,

David M. Jansen, Chief of Services
Division of Water and Waste Services

DMJ:kt



Schafer, Suzanne K. (Treasury)

From: Workman, Wayne (TREASURY)
Sent: Monday, October 12, 2015 2:56 PM
To: Byrne, Randall (Treasury); Saxton, Thomas (Treasury); Schafer, Suzanne K. (Treasury)
Subject: FW: Letter to Wolfson October 12 final
Attachments: Letter to Wolfson October 12 final.pdf; Request From Flint.pdf; Letter to Wolfson Final.pdf

Wayne L. Workman
Deputy State Treasurer
Michigan Department of Treasury

From: Kevin K. Kilby [mailto:kkilby@mcgrawmorris.com]
Sent: Monday, October 12, 2015 12:38 PM
To: Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>; Muchmore, Dennis (GOV) <muchmored@michigan.gov>; Wyant, Dan (DEQ) <WyantD@michigan.gov>
Cc: 'Kevin K. Kilby' <kkilby@mcgrawmorris.com>; 'John O'Brien' <jfobrien@gcdcwws.com>; 'David Jansen' <djansen@gcdcwws.com>
Subject: Letter to Wolfson October 12 final

Gentleman –

I represent the Genesee County Drain Commissioner's Office. The Commissioner requested that I send you the attached information regarding DWSD supplying water to Flint.

Sincerely,

Kevin Kilby
Partner and Attorney at Law
McGraw Morris P.C.
2075 W. Big Beaver Road
Suite 750
Troy, Michigan 48084
Office: (248) 502-4000
Fax: (248) 502-4001
Cellular: [REDACTED]
kkilby@mcgrawmorris.com
www.mcgrawmorris.com

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THOMAS J. MCGRAW
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CRAIG R. NOLAND
STACY J. BELISLE
KEVIN K. KILBY
CHRISTOPHER J. RAITI
JOHN A. MULLETT

2075 W. BIG BEAVER ROAD
SUITE 750
TROY, MICHIGAN 48084
TELEPHONE: (248) 502-4000
FACSIMILE: (248) 502-4001

October 12, 2015

Via Email: wolfson@dwsd.org

William M. Wolfson

Chief Administrative and Compliance Officer/General Counsel, DWSD

Interim General Counsel, GLWA

735 Randolph Street

Detroit Michigan 48226

Re: Increase in average day and maximum peak day by GCDC

Dear Mr. Wolfson:

The Genesee County Drain Commissioner's Office, Division of Water and Waste Services ("GCDC") has been working diligently to fulfill the demands of the various state and federal agencies, Governor Snyder, and the people of the City of Flint ("Flint"), to provide Flint with water from the Detroit Water and Sewerage Department ("DWSD"). These efforts include placing approximately seven (7) miles of the seventy-two inch (72") water transmission pipeline ("Pipeline") that GCDC purchased from Flint back into service, pressurizing the Pipeline, disinfecting the Pipeline, flushing the Pipeline, and performing Bac-T testing on the water inside of the Pipeline. Once these efforts have materialized and GCDC has received two (2) negative Bac-T tests, GCDC will be in a tactical position to furnish DWSD water to Flint as early as midweek.

On October 8, 2015, I sent you a letter after GCDC received a formal request from Flint for GCDC to provide DWSD water to Flint pursuant to a previous written agreement between GCDC and Flint. As of today, I have not received your response. In the October 8, 2015, letter I requested the following:

GCDC has received a formal request from Flint to receive DWSD water via GCDC per GCDC's contract with Flint. GCDC's rates are currently based on 12 mgd average day and 25 mgd maximum peak day. Does DWSD have the capacity to increase demand to GCDC to 28.5 mgd average day and 51 mgd peak day? If so, could you please provide GCDC with the rates for 28.5 mgd average and 51 mgd peak day through June 30, 2016?

Attorney Anthony Chubb from Flint has provided me with a proposed WATER SERVICE CONTRACT BETWEEN CITY OF DETROIT AND CITY OF FLINT ("Contract"). This Contract makes the assumption that Flint has a separate connection to the DWSD water distribution system. The interconnect between the DWSD water system and the Flint water system is owned by GCDC. Flint does not have a separate connection to the DWSD water distribution system. Any water that Flint receives

Mr. Wolfson
October 12, 2015
Page 2

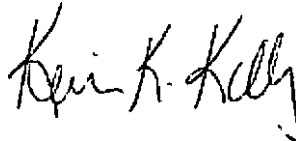
from DWSD is required to flow through GN-01. Additionally, GCDC has received no communication from DWSD on this subject since the Flint water issue surfaced. Simply stated, DWSD has the ability to service Flint with water only through the interconnect owned by GCDC.

GCDC is working diligently to move forward with Flint receiving DWSD water; however, GCDC cannot do anything until it has an agreement with DWSD and Flint as to how the DWSD water will be transmitted to Flint. Right now, Flint is requesting GCDC to provide DWSD water GN-01 pursuant to the written agreement between GCDC and Flint. Additionally, Flint has also request DWSD to provide Flint with water with the understanding that DWSD has no way to transmit the water to Flint. There is no question that Flint wants and eventually will be serviced with DWSD water; however, DWSD and Flint cannot continually ignore the fact that GCDC owns and operates the interconnect between DWSD and Flint.

GCDC has been working diligently to assist Flint in receiving DWSD water; however, DWSD to date has been unwilling to provide GCDC the information it needs so that Flint may switch over the DWSD water. When you have prepared your response, please send it to kkilby@mcgrawmorris.com or contact Director John O'Brien at 810-732-7870.

Sincerely,

MCGRAW MORRIS P.C.



Kevin K. Kilby
Attorney at Law

Cc: Jeff Wright, Drain Commissioner, GCDC
John O'Brien, Director GCDC
Dennis Muchmore, Chief of Staff, Governor's Office, w/attachments
Wayne Workman, Deputy Treasurer, Michigan Department of Treasury, w/attachments
Dan Wyant, Director, MDEQ, w/attachments
Laurie Koester, DWSD
Dayne Walling, Mayor, City of Flint
Anthony Chubb, Attorney, City of Flint

Hudson, Deanna (TREASURY)

From: Cline, Richard (Treasury)
Sent: Tuesday, October 13, 2015 9:08 AM
To: Hudson, Deanna (TREASURY); Heimann, Alexandr (TREASURY)
Subject: Flint RTAB: Packet - 10-14-15
Attachments: Agenda Summary.pdf; Packet - 10-14-15.pdf

FYI.

Here is the meeting packet for the Flint RTAB.

Please familiarize yourself with this.

Eric Cline | Department Manager | State of Michigan
Michigan Department of Treasury | Local Government Financial Services Division | Fiscal Responsibility Section
430 W. Allegan Street, 3rd Floor | Lansing, MI 48922
Lansing Office (517) 335-2078 | Cell Phone (517) 243-8450 | Traverse City Office (231) 922-5228
E-mail cliner1@michigan.gov

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From: Dempkowski, Angela (Treasury)
Sent: Friday, October 09, 2015 12:04 PM
To: Beverly Walker-Griffiea <b.walkergriffiea@mcc.edu>; Brian Larkin <blarkin@flintandgenesee.org>; David McGhee <david.r.mcgree@gmail.com>; Evelyn Yaeger <eyaeger@kettering.edu>; Headen, Frederick (Treasury) <HeadenF@michigan.gov>; Robert McMahan <mcmahan@kettering.edu>
Cc: Cline, Richard (Treasury) <cliner1@michigan.gov>; Byrne, Randall (Treasury) <ByrneR1@michigan.gov>
Subject: Packet - 10-14-15

Attached is the packet for the October 14, 2015 Flint RTAB meeting.



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



CITY OF FLINT

Dayne Walling
Mayor

Natasha L. Henderson
City Administrator

Memorandum

To: Receivership Transition Advisory Board

From: Natasha L. Henderson, City Administrator

Date: Tuesday, October 13th

Re: Emergency Additions to the Agenda

Members of the Receivership Transition Advisory Board:

This memorandum respectfully requests the inclusion of two urgent items on the agenda for the October 14 Receivership Transition Advisory Board Meeting.

As you may be aware, the Genesee County Health Department has issued a public health advisory in regard to the high amount of lead contamination in City water in response to the findings of physicians at Hurley Hospital. This was followed by a similar advisory declared by the City.

Seeking to address this emergency, I requested that the City explore the possibility of ceasing the use of the Flint River as the City's water source and to reconnect to the Detroit Water and Sewerage Department (DWSD) until the KWA pipeline can be completed in 2016. This request was followed by a recommendation by the Mayor's Technical Advisory Committee to reconnect to DWSD to improve the City's water quality, thereby safeguarding public health. On October 8, 2015, the Governor pledged to provide financial assistance to Flint for the reconnection, in the amount of six million dollars. The Mott Foundation graciously offered to provide an additional four million. Combined with two million dollars provided by the City, a total amount of \$12 million can be utilized to reconnect the City to DWSD for a nine month period.

In the interests of the public health and welfare, I request that the first item added to the agenda be a resolution (#150872) making available two million dollars from general fund balance to reconnect to DWSD. The second item requested to be added to the agenda is a resolution (#150875) granting the City Administrator the Authority to enter into a contract with DWSD. These items have been attached for your review.

I apologize for the sudden request for changes to the agenda, however the City is facing a critical emergency requiring immediate attention. The Administration has had to react with reflexive speed and remain adaptable to try to mitigate the serious consequences already affecting the residents of this community. I ask that you please consider my request to add and approve these items so that we may address this emergency in a timely and responsive manner.

Respectfully,



Natasha L. Henderson, City Administrator

RESOLUTION NO.: 150872

PRESENTED: _____

ADOPTED: _____

RESOLUTION AUTHORIZING A BUDGET AMENDMENT TO INCREASE THE WATER AND SEWER BUDGET BY \$12,000,000.00 AND TO ALLOW FOR EXPENDITURES FROM THOSE FUNDS TO FACILITATE THE SWITCH BACK TO THE DWSD WATER SUPPLY

BY THE CITY ADMINISTRATOR:

Due to the serious health threat facing the residents of the City of Flint, the Administration has been diligently working toward a feasible and speedy resolution to the City's water crisis; and

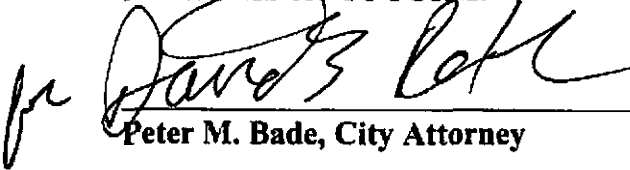
Through the commitment of \$6 million from the State of Michigan and \$4 million from the C.S. Mott Foundation, a total of \$10 million in contributions have been pledged to assist the City with the cost of purchasing water from the Detroit Water and Sewerage Department and its successor, the Great Lakes Water Authority, until the City is able to receive water from the Karegnondi Water Authority (KWA).

The City Administrator and the Mayor have agreed to the acceptance of these funds. At this time, the KWA reports that construction is on schedule to be completed by June 30, 2016. The City estimates that the total cost to purchase water through DWSD will be \$12 million for 9 months. The balance of \$2 million not covered by the generous pledges of State and Local resources is the responsibility of the City.

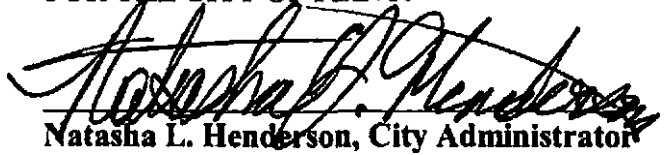
A budget amendment is necessary to reflect both an increase in revenues for the receipt of \$10 million in assistance and \$2 million of budgeted Use of Fund Balance and an increase in expenditures of \$12 million for the purchase of DWSD water supply.

IT IS RESOLVED that the Finance Department is authorized to process a budget amendment to the appropriate Water and Sewer funds to facilitate the switch back to the Detroit water system as soon as practicable. Specific revenue and expenditure line items will be provided by the Chief Financial Officer.

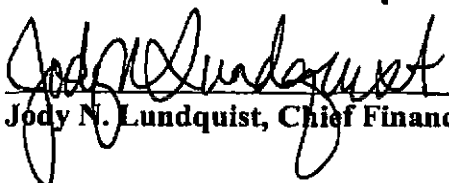
APPROVED AS TO FORM:


Peter M. Bade, City Attorney

FOR THE CITY OF FLINT:


Natasha L. Henderson, City Administrator

APPROVED AS TO FINANCE:


Jody N. Lundquist, Chief Financial Officer

APPROVED BY THE FLINT CITY COUNCIL:

RESOLUTION STAFF REVIEW

DATE: October 12, 2015

Agenda Item Title: RESOLUTION AUTHORIZING A BUDGET AMENDMENT TO INCREASE THE WATER AND SEWER BUDGET BY \$12,000,000.00 AND TO ALLOW FOR EXPENDITURES FROM THOSE FUNDS TO FACILITATE THE SWITCH BACK TO THE DWSD WATER SUPPLY

Prepared By: Jody N. Lundquist

Background/Summary of Proposed Action: As a result of the ongoing concern for the health and wellbeing of the City of Flint's residents, City Administration has worked to negotiate the reconnection to Detroit Water and Sewerage Department (DWSD) supply until the Karegnondi Water Authority (KWA) pipeline construction is complete. Per KWA representatives, KWA construction remains on schedule with a final completion date of June 30, 2016.

Financial Implications: The purchase of water from DWSD is estimated to cost approximately \$12 million through June 30, 2016 based on average usage of 16 million gallons per day. \$10 million in support has been pledged from State and Local sources. The City proposes a budget amendment for Use of Fund Balance in the Water Fund in the amount of \$2 million to cover the cost of purchasing DWSD water through fiscal year end.

While the City continues to grapple with the financial impact of the Preliminary Injunction Order issued on August 7, 2015, in the short term, both the shortfall in revenues as a result of the Order and the additional cost of responding to the health and safety of the City's water supply are exactly the type of events for which the City's Fund Balance Reserve policies were designed. To the extent that the City Water Fund Reserve is projected to fall below the required balance of 25% of current year operating expenses and one year's annual debt service, the City will propose a reserve replenishment plan to accompany adoption of the next fiscal year's operating budget.

Budgeted Expenditure? Yes ☐ No ☒ Please explain if no: Prior to the emergent concerns regarding the safety of Flint's water supply, the FY2016 budget reflects the cost of supplying Flint River water

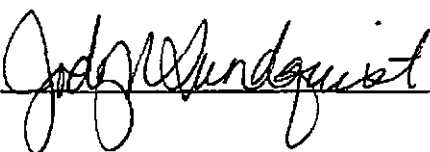
Account No.: n/a

Pre-encumbered? Yes ☐ No ☒ Requisition # n/a

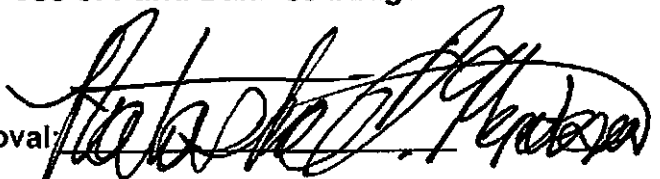
Other Implications (i.e., collective bargaining): None.

Staff Recommendation: Approve FY2016 \$2 million Use of Fund Balance budget amendment

Staff Person:



Approval:



RESOLUTION NO.: _____

PRESENTED: _____

ADOPTED: _____

**RESOLUTION AUTHORIZING THE CITY ADMINISTRATOR TO TAKE
NECESSARY ACTION TO CONVERT TO THE DETROIT WATER SYSTEM**

BY THE CITY ADMINISTRATOR:

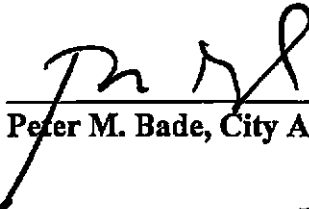
In order to promote the health, safety and welfare of this community, it is in the best interests of the City of Flint for the Detroit Water and Sewer Department (DWSD) to supply the City with treated water pending completion of the Karegnondi Water Authority; and

In order for DWSD to supply the City with water, it will be necessary to utilize pipe owned by the Genesee County Drain Commission (GCDC); and

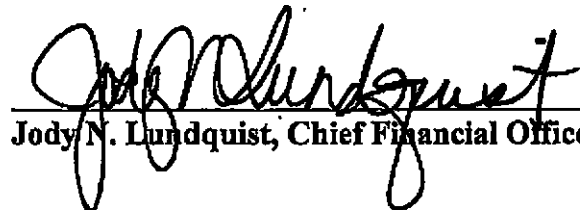
The City, DWSD and GCDC are actively negotiating the terms of the necessary agreements to ensure this transition occurs as soon as possible; and

IT IS RESOLVED that the City Administrator is hereby authorized to enter into agreements with DWSD and GCDC for conversion to the Detroit Water System.

APPROVED AS TO FORM:

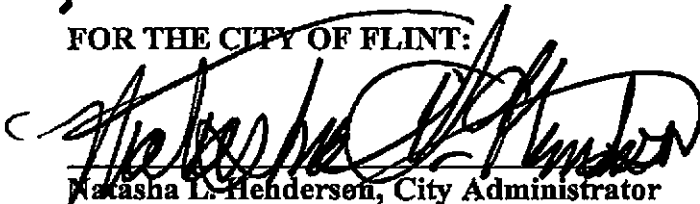


Peter M. Bade, City Attorney



Jody N. Lundquist, Chief Financial Officer

FOR THE CITY OF FLINT:



Natasha L. Henderson, City Administrator

APPROVED BY CITY COUNCIL:

Workman, Wayne (TREASURY)

From: Workman, Wayne (TREASURY)
Sent: Tuesday, October 13, 2015 9:26 AM
To: Byrne, Randall (Treasury); Cline, Richard (Treasury)
Subject: Fwd: Flint

Do we have the Veolia report? If not we need to get it right away

Sent from my iPhone

Begin forwarded message:

From: "Muchmore, Dennis (GOV)" <muchmored@michigan.gov>
Date: October 13, 2015 at 9:06:57 AM EDT
To: "Saxton, Thomas (Treasury)" <SaxtonT@michigan.gov>, "Workman, Wayne (TREASURY)" <WorkmanW@michigan.gov>
Subject: Flint

A lot of complaints about Natasha these days. Of course, I have a lot of complaints about myself and this Flint thing. If I had acted more quickly on some of my minister's complaints we at least would have had a more robust discussion. Do we have a copy of the Veolia conclusions somewhere?

Dempkowski, Angela (Treasury)

From: Muchmore, Dennis (GOV)
Sent: Tuesday, October 13, 2015 9:26 AM
To: Kevin K. Kilby
Cc: Workman, Wayne (TREASURY); Wyant, Dan (DEQ); John O'Brien; David Jansen
Subject: Re: Letter to Wolfson October 12 final

Thank you. It doesn't surprise me that we have another hurdle in all of this. I appreciate your acknowledgement that GCDC will do everything in its power to help the people of Flint in this effort to reconnect to DWSD. Our first objective is to restore the health of the people, then their trust, and of course these objectives are partially accomplished through the reconnect and the efforts of your client.

On Oct 12, 2015, at 1:16 PM, Kevin K. Kilby <kkilby@mcgrawmorris.com> wrote:

Gentleman –

I represent the Genesee County Drain Commissioner's Office. The Commissioner requested that I send you the attached information regarding DWSD supplying water to Flint.

Sincerely,

Kevin Kilby
Partner and Attorney at Law
McGraw Morris P.C.
2075 W. Big Beaver Road
Suite 750
Troy, Michigan 48084
Office: (248) 502-4000
Fax: (248) 502-4001
Cellular: [REDACTED]
kkilby@mcgrawmorris.com
www.mcgrawmorris.com

CONFIDENTIAL AND ATTORNEY/CLIENT PRIVILEGED:

This e-mail and any attachments are confidential, intended for the addressee only and may be attorney/client privileged. If you are not the addressee, then please DO NOT read, copy or distribute the message or any attachment. Please reply to the sender that you received the message in error and delete it. Thank you.

CIRCULAR 230 DISCLOSURE In accordance with U.S. Treasury regulations, if this message from McGraw Morris, P.C. (or any attachment) contains advice concerning one or more Federal tax issues, it is not a formal legal opinion and may not be used by any

person for the avoidance of Federal tax penalties.

<Letter to Wolfson October 12 final.pdf>

<Request From Flint.pdf>

<Letter to Wolfson Final.pdf>

Workman, Wayne (TREASURY)

From: Workman, Wayne (TREASURY)
Sent: Tuesday, October 13, 2015 10:02 AM
To: Muchmore, Dennis (GOV); Saxton, Thomas (Treasury)
Subject: FW: flint documents
Attachments: Flint public works.pdf; Flint water quality.pdf

Here is the Interim report from February also

Wayne L. Workman
Deputy State Treasurer
Michigan Department of Treasury

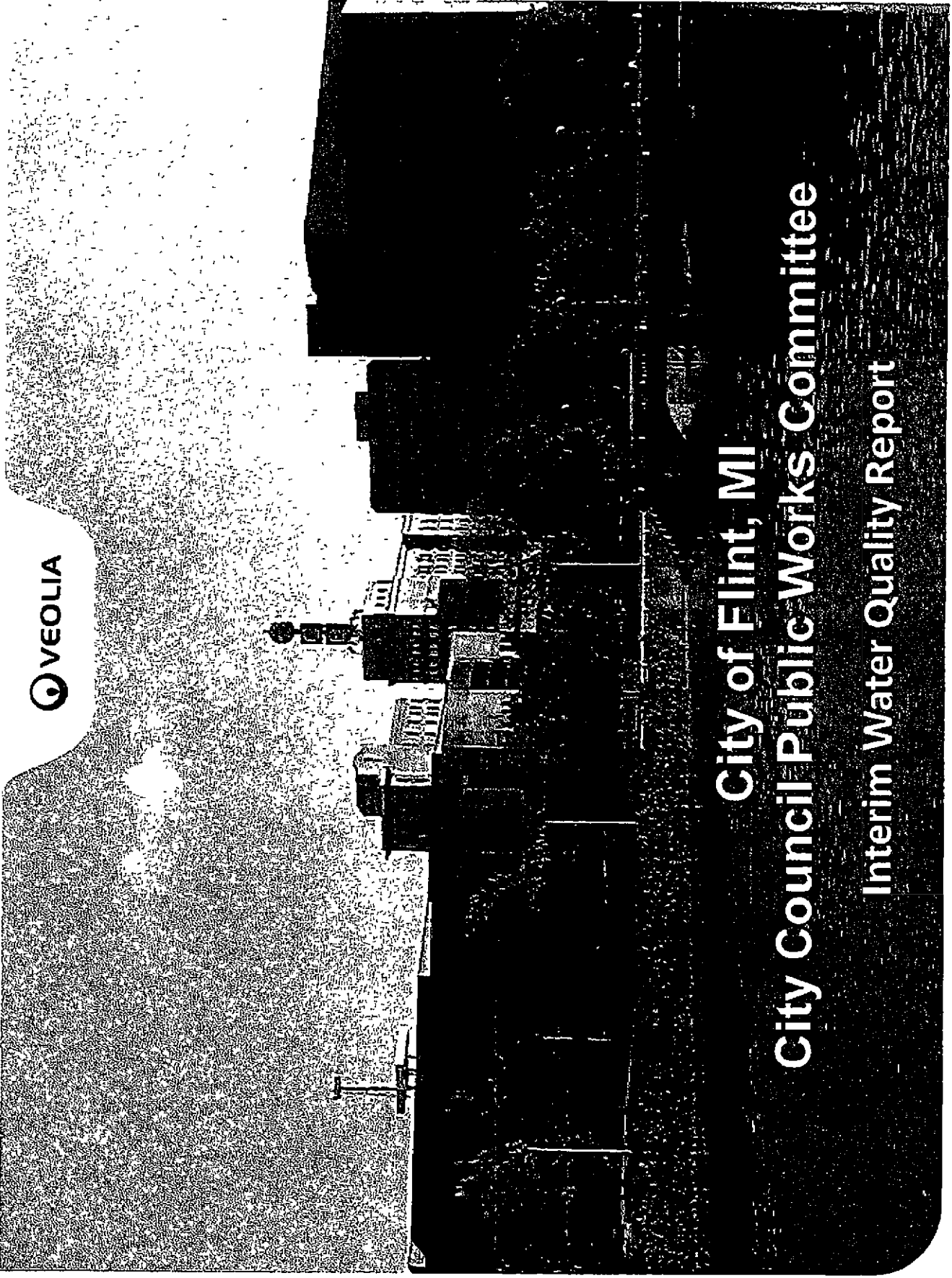
From: Dempkowski, Angela (Treasury)
Sent: Tuesday, October 13, 2015 9:49 AM
To: Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>
Subject: flint documents

Randy asked me to get these to you to give to Dennis Muchmore.

Angela Dempkowski
Senior Executive Management Assistant
Department of Treasury

From: Ducat, Penny (Treasury)
Sent: Tuesday, October 13, 2015 9:43 AM
To: Dempkowski, Angela (Treasury) <DempkowskiA@michigan.gov>
Subject: scan

Penny L Ducat
Bureau of Local Government
430 W. Allegan
Lansing, MI 48922
Email: ducatp@michigan.gov
517 33-50443

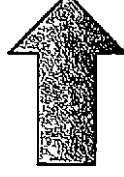
A high-contrast, black and white photograph of a city skyline at night. The image is heavily stylized, with the sky and water areas appearing as bright, grainy white spaces, while the city buildings and streets are rendered in deep black. The skyline is visible in the background, with several prominent buildings and a bridge structure. The overall effect is dramatic and abstract.

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



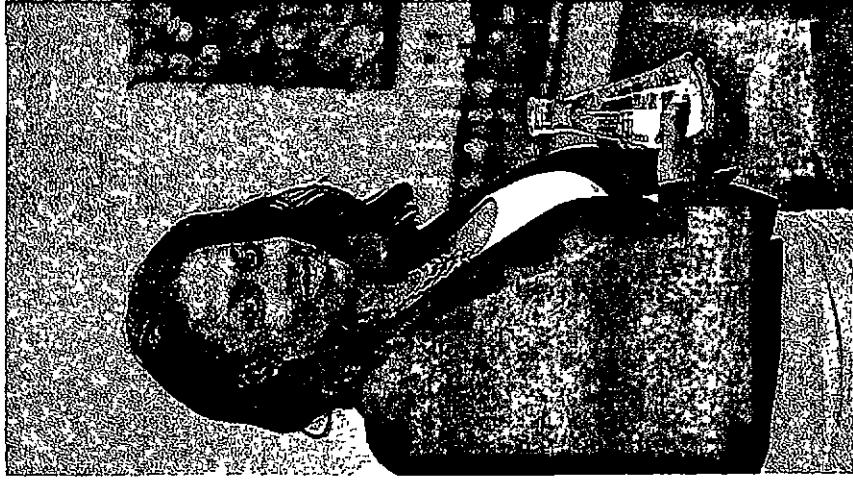
Week 2

- 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)

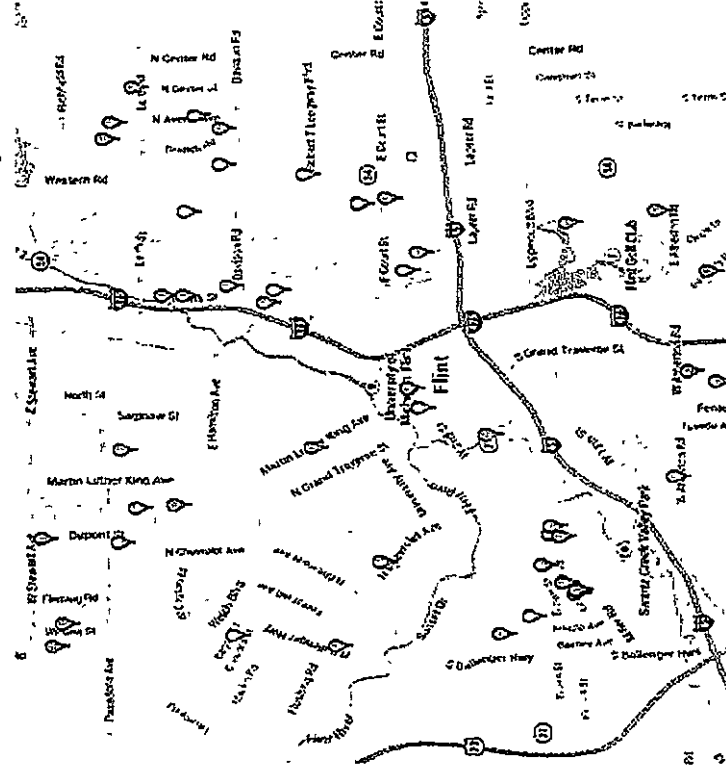
Why TTHM Notices?

- 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?

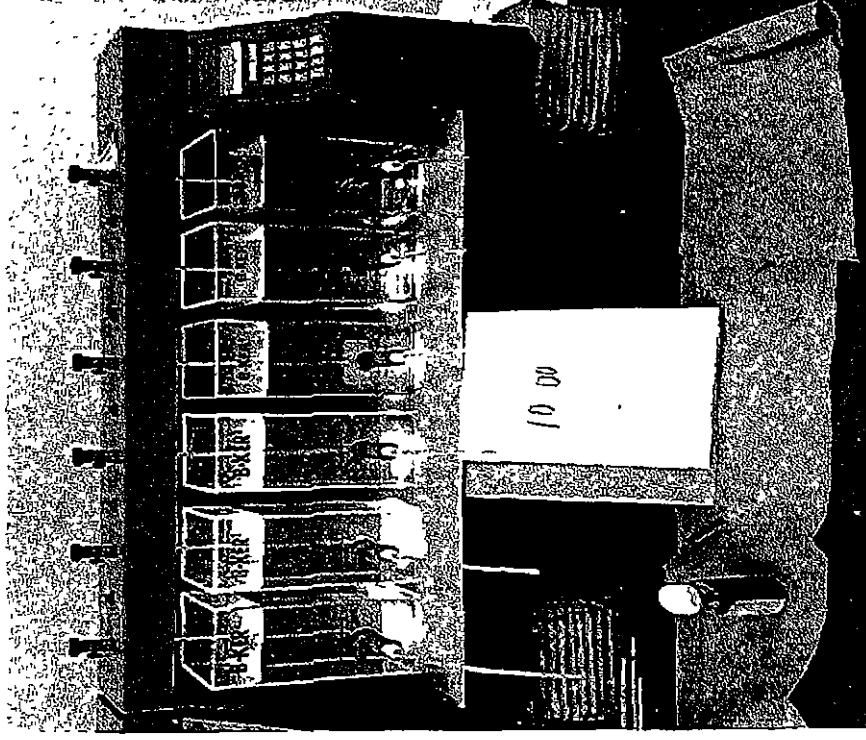
- Old cast iron pipes
- Always has been some discolored water problems – mostly after water breaks
- Efforts to reducing TTHM didn't help discoloration
 - *Doesn't mean the water is unsafe but it is not appealing and raises questions*
- City will test the water at your home – call 787-6537 or email flintwater@cityofflint.com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

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



Water Quality Can Be Improved

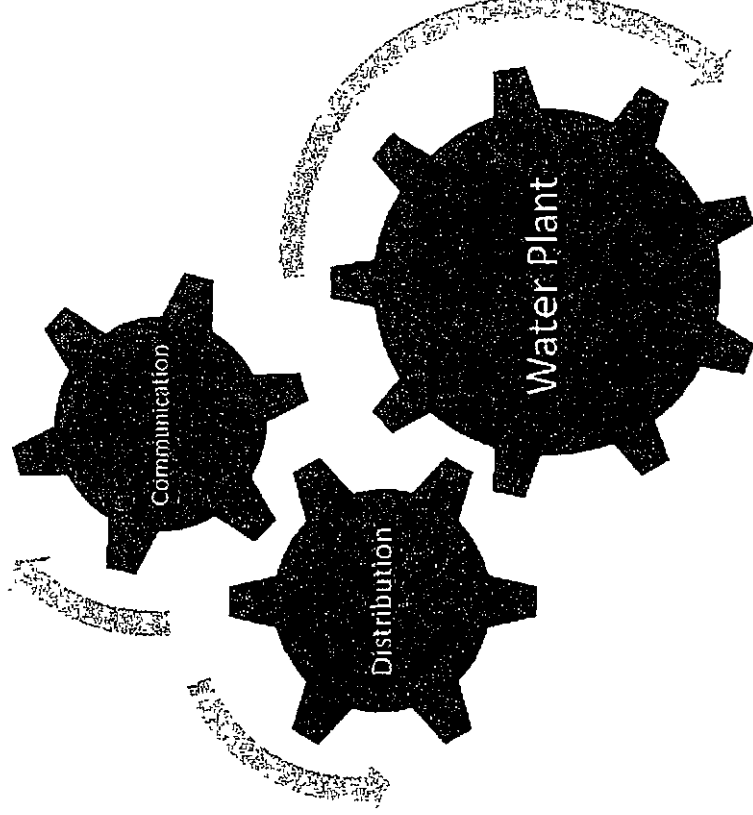
- Adjust the chemicals being fed – stop some, increase some and change some
- Provide better monitoring of water quality to help make adjustments
- Continue repair or replacement of broken parts
- Reduce the over capacity of the distribution system
- Do a better job explaining what is happening
- Do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





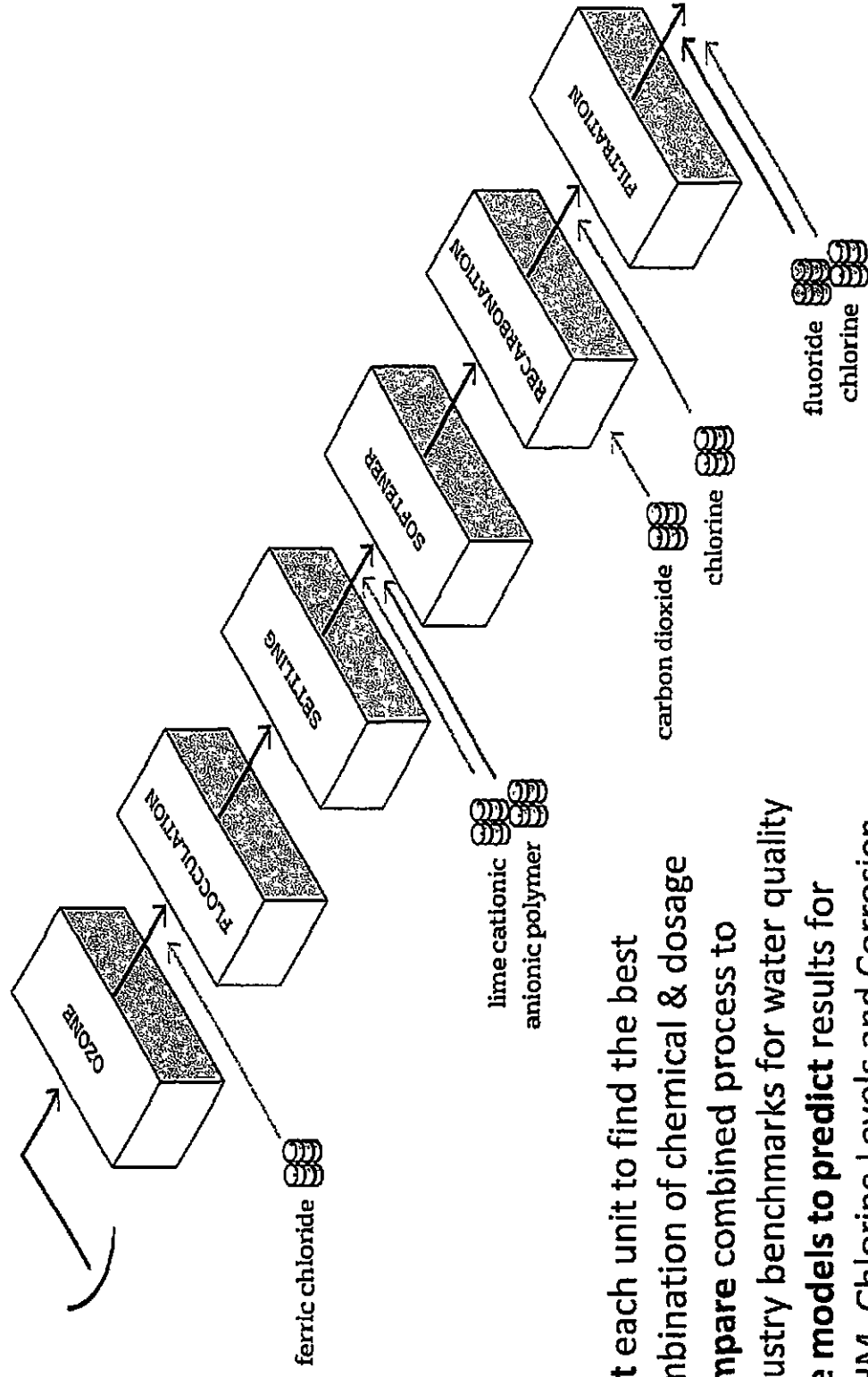
Further Explanation of Solutions

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

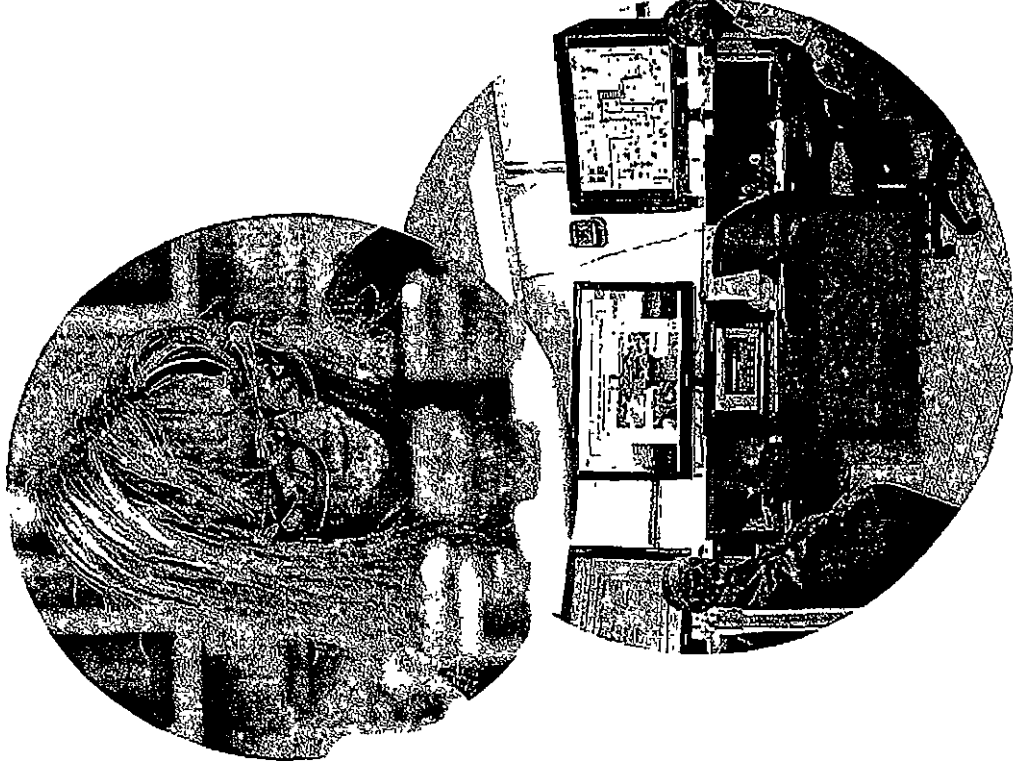
Digging up a water valve for repair
Need good weather to start



Implement Best Management Practices

Activities to Help Operators Maintain Good Water Quality

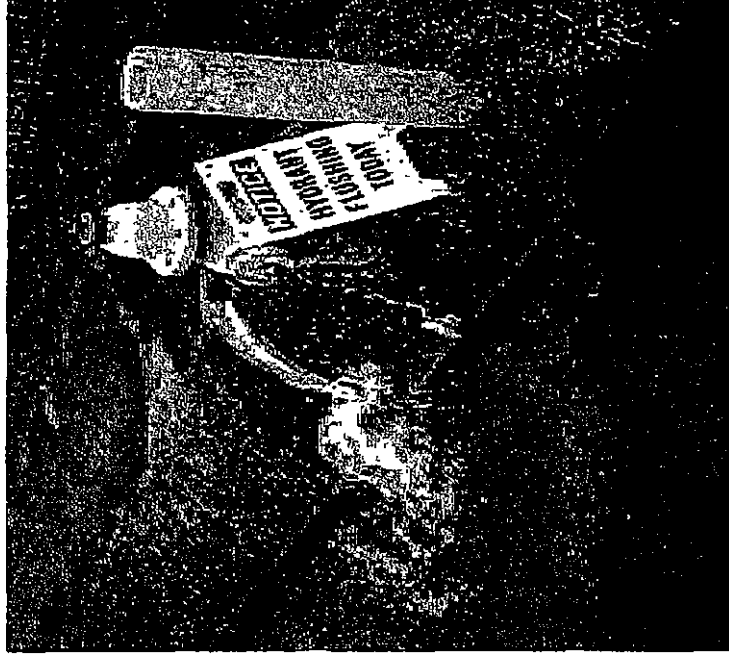
- Process Control Management Plan
- Lab QA/QC Program
- Computerized Maintenance Management System
- Asset Management System
- Training and Certification Program
- Vulnerability Plan



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





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

cityofflint.com/vp=0251

Home | About | Contact | News | Events | Services | Departments | Addressing Road & Water

City of Flint | Home | News | Events | Services | Departments | Addressing Road & Water

City of Flint | Home | News | Events | Services | Departments | Addressing Road & Water

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City of Flint | Home | News | Events | Services | Departments | Addressing Road & Water

Addressing Flint's Water Concerns: Water System Questions & Answers and Related Documents.

Report by: JESSICA LORACE

15 JAN



Added Below on 1.28.2015: DWTP Monthly Operation Report and Water Quality Report Summary.

The City of Flint will be periodically releasing information such as monthly operation reports and water quality summaries to keep the public apprised of the status of drinking water in Flint as they become available.

Documents listed below are being checked back for updated



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



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



Questions?



FLINT, MICHIGAN Water Quality Report



10/1/2014

Water quality report	1
> Executive Summary	1
> Review of actions taken to date	2
> State report	3
> Veolia's recommendations	4
> Conclusions and next steps	9
> Results expected	10

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 \$180,000 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/L in 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 ineffective 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 through 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

Water Quality Report

March 12, 2015

	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

Robert, Carla M. (Treasury)

From: Wyant, Dan (DEQ)
Sent: Tuesday, October 13, 2015 10:22 AM
To: Lyon, Nick (DHHS)
Cc: Muchmore, Dennis (GOV); Khouri, Nick (TREASURY); Posthumus, Dick (GOV)
Subject: Re: What's the latest on Flint?

I am meeting with House Caucus at 1:45 with Pasholka.

Sent from my iPhone

On Oct 13, 2015, at 9:41 AM, Lyon, Nick (DHHS) <LyonN2@michigan.gov> wrote:

Dan has put together an action plan from the DEQ perspective. We have provided contact names for the items on his list that need to be joint DEQ/DHHS. We are potentially adding items to that list but need to work through our plan as we will have to work with local providers, the hospital, health plans, etc. We are doing that today. We are looking at testing, home lead investigations, but NOT remediation. That would still be the responsibility of the homeowner. I would expect that will be the next demand.

I've heard some grumbling around the supplemental. Some members feel it should be a loan, others worry that we are setting a precedent that the state will be asked to pay for similar upgrades in the future. We'll know more quickly on how they are going to react.

Jarrod has scheduled a phone call for tomorrow.

That's what I know.

From: Muchmore, Dennis (GOV)
Sent: Tuesday, October 13, 2015 8:40 AM
To: Wyant, Dan (DEQ) <WyantD@michigan.gov>; Lyon, Nick (DHHS) <LyonN2@michigan.gov>; Khouri, Nick (TREASURY) <KhouriN@michigan.gov>
Subject: What's the latest on Flint?

Workman, Wayne (TREASURY)

From: Workman, Wayne (TREASURY)
Sent: Tuesday, October 13, 2015 10:41 AM
To: Cline, Richard (Treasury); Byrne, Randall (Treasury); Schafer, Suzanne K. (Treasury); Koryzno, Edward (Treasury)
Subject: RE: Flint Water Issue: Memorandum RTAB1.PDF

I assumed that was the plan

Wayne L. Workman
Deputy State Treasurer
Michigan Department of Treasury

From: Cline, Richard (Treasury)
Sent: Tuesday, October 13, 2015 10:40 AM
To: Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>; Byrne, Randall (Treasury) <ByrneR1@michigan.gov>; Schafer, Suzanne K. (Treasury) <SchaferS7@michigan.gov>; Koryzno, Edward (Treasury) <KoryznoE@michigan.gov>
Subject: Flint Water Issue: Memorandum RTAB1.PDF
Importance: High

FYI.

I just received this from Natasha regarding the City's request to reconnect to DWSD.

The City is asking that the RTAB consider this tomorrow. I am in the process of sending this to the Board.

It appears that the City is planning on taking the \$2M from Fund Balance.

Eric Cline | Department Manager | State of Michigan
Michigan Department of Treasury | Local Government Financial Services Division | Fiscal Responsibility Section
430 W. Allegan Street, 3rd Floor | Lansing, MI 48922
Lansing Office (517) 335-2078 | Cell Phone (517) 243-8450 | Traverse City Office (231) 922-5228
E-mail cliner1@michigan.gov

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From: Natasha Henderson [<mailto:natasha1henderson@gmail.com>]
Sent: Tuesday, October 13, 2015 10:16 AM
To: Dempkowski, Angela (Treasury) <DempkowskiA@michigan.gov>; Cline, Richard (Treasury) <cliner1@michigan.gov>
Subject: Memorandum RTAB1.PDF

Hello Eric,

Per your request, I have attached a request to add two high priority items to the RTAB agenda.

Thanks,

Byrne, Randall (Treasury)

From: Robert, Carla M. (Treasury)
Sent: Tuesday, October 13, 2015 11:23 AM
To: Stanton, Terry A. (Treasury); Durfee, Sally (TREASURY)
Cc: Byrne, Randall (Treasury)
Subject: FW: PRESS RELEASE: City Administrator Statement Regarding Rep. Phelps FOIA Request
Attachments: CA.RE.Phelps.10.12.15.pdf; ATT00001.htm

Just FYI see below from Wayne.

From: Workman, Wayne (TREASURY)
Sent: Monday, October 12, 2015 7:17 PM
To: Robert, Carla M. (Treasury) <RobertC@michigan.gov>; Headen, Frederick (Treasury) <HeadenF@michigan.gov>
Subject: Fwd: PRESS RELEASE: City Administrator Statement Regarding Rep. Phelps FOIA Request

FYI

Sent from my iPhone

Begin forwarded message:

From: Jason Lorenz <jlorenz@cityofflint.com>
Date: October 12, 2015 at 7:15:00 PM EDT
To: undisclosed-recipients;;
Subject: PRESS RELEASE: City Administrator Statement Regarding Rep. Phelps FOIA Request

For Immediate Release

City Administrator Statement Regarding Rep. Phelps FOIA Request

Flint, Michigan – October 12, 2015 – The following statement is in response to remarks from Representative Phil Phelps regarding his recent Freedom of Information Act request of the City of Flint.

“The City of Flint is operating as permitted by the MDEQ, however the specific documents requested by Rep. Phelps do not exist. As the City’s full-time back up water source during the previous contract with DWSD, the Flint River was already an approved drinking water source. This issue could be as simple as a miscommunication on what was sought by Rep. Phelps and the City is willing to meet with his office to clarify and provide more information.”

-Natasha L. Henderson
City Administrator, City of Flint

-END
-Jason Lorenz
Public Information Officer
City of Flint

Dempkowski, Angela (Treasury)

From: Baird, Richard (GOV)
Sent: Tuesday, October 13, 2015 11:46 AM
To: Wurfel, Sara (GOV); Murray, David (GOV); Workman, Wayne (TREASURY)
Subject: Fwd: Re: Media Call: Ron Fonger - Flint Journal (Deadline ASAP)-D. Earley Response

Is this okay with you folks? I think Darnell is feeling unfairly maligned.

Sent from my Verizon Wireless 4G LTE DROID

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

From: Kelly Rossman-McKinney <krossman@truscottrossman.com>

Date: Oct 13, 2015 11:37 AM

Subject: Re: Media Call: Ron Fonger - Flint Journal (Deadline ASAP)-D. Earley Response

To: Michelle Zdrodowski <michelle.zdrodowski@detroitk12.org>

Cc: connersp@michigan.gov, "Muchmore, Dennis (GOV)" <muchmored@michigan.gov>, "Walsh, John (GOV)" <WalshJ@michigan.gov>, "McPhee, Karen (GOV)" <McPheeK1@michigan.gov>, "Murray, David (GOV)" <MurrayD1@michigan.gov>, "Khouri, Nick (TREASURY)" <KhouriN@michigan.gov>, "Baird, Richard (GOV)" <bairdr@michigan.gov>, "Stanton, Terry A. (Treasury)" <StantonT@michigan.gov>, "Saxton, Thomas (Treasury)" <SaxtonT@michigan.gov>, "Wurfel, Sara (GOV)" <Wurfels@michigan.gov>, "Snyder, Rick (GOV)" <Rick.Snyder@michigan.gov>, Darnell Earley <darnell.earley@detroitk12.org>

Works for me!

Sent from my iPhone

On Oct 13, 2015, at 11:24 AM, Michelle Zdrodowski <michelle.zdrodowski@detroitk12.org> wrote:

All,

Mr. Earley asked me to share with you his response to the below media inquiry. It was as follows:

"The decision to separate from DWSD and go with the Karegnondi Water Authority, including the decision to pump Flint river water in the interim, were both a part of a long-term plan that was approved by Flint's Mayor, and confirmed by a City Council vote of 7-1 in March of 2013 - a full seven months before I began my term as Emergency Manager. That vote was supported and signed into emergency order by then Emergency Manager Edward Kurtz on March 29, 2013. It was my responsibility to implement the previously accepted and approved plan as the contract with DWSD expired in April 2014 during my term as EM. It did not fall to me to second guess or to invalidate the actions that were taken prior to my appointment. An even bigger concern that everyone should be focused on moving forward is what is done in the long-term to replace the crumbling water distribution system that exists throughout Flint and Genesee County."

Please let him know if you have any questions.

Thanks.

Michelle Z.

Michelle A. Zdrodowski

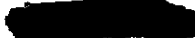
Executive Director of Communications

Detroit Public Schools

3011 W. Grand Boulevard, 14th Floor

Detroit, MI 48202

313.873.3238, office

 mobile

From: Debbie Frazier

Sent: Tuesday, October 13, 2015 10:27 AM

To: Michelle Zdrodowski; Chrystal Wilson; Da'Stanza Murphy

Subject: Media Call: Ron Fonger - Flint Journal (Deadline ASAP)

Ron Fonger - Flint Journal

810-347-9963 - rfonger1@mlive.com

Re: The State Democratic Party just issued a letter to the Governor to fire Mr. Earley due to his decision the switch the water system. As soon as he's done writing, he will issue it online but wants to include a statement for Mr. Earley.

Debbie Frazier

Office Manager

Detroit Public Schools

Office of Communications

Fisher Building, 14th Floor

3011 West Grand Boulevard

Detroit, MI 48202

(313) 873-3494 desk

(313) 873-6269 fax

Stanton, Terry A. (Treasury)

From: Muchmore, Dennis (GOV)
Sent: Tuesday, October 13, 2015 11:55 AM
To: Saxton, Thomas (Treasury)
Cc: Wyant, Dan (DEQ); Wurfel, Sara (GOV); Wurfel, Brad (DEQ); Stanton, Terry A. (Treasury); Workman, Wayne (TREASURY)
Subject: Re: Flint Water Issue: Memorandum RTAB1.PDF

Thanks Tom, good for the people in Flint to get at least this issue dealt with.

Sent from my iPhone

On Oct 13, 2015, at 11:51 AM, Saxton, Thomas (Treasury) <SaxtonT@michigan.gov> wrote:

Just fyi... the reconnect to DWSD is hitting the RTAB agenda tomorrow. We are not foreseeing any problems in terms of its approval.

From: Workman, Wayne (TREASURY)
Sent: Tuesday, October 13, 2015 10:44 AM
To: Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>
Cc: Stanton, Terry A. (Treasury) <StantonT@michigan.gov>
Subject: FW: Flint Water Issue: Memorandum RTAB1.PDF
Importance: High

Wayne L. Workman
Deputy State Treasurer
Michigan Department of Treasury

From: Cline, Richard (Treasury)
Sent: Tuesday, October 13, 2015 10:40 AM
To: Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>; Byrne, Randall (Treasury) <ByrneR1@michigan.gov>; Schafer, Suzanne K. (Treasury) <SchaferS7@michigan.gov>; Koryzno, Edward (Treasury) <KoryznoE@michigan.gov>
Subject: Flint Water Issue: Memorandum RTAB1.PDF
Importance: High

FYI.

I just received this from Natasha regarding the City's request to reconnect to DWSD.

The City is asking that the RTAB consider this tomorrow. I am in the process of sending this to the Board.

It appears that the City is planning on taking the \$2M from Fund Balance.

Eric Cline | Department Manager | State of Michigan
Michigan Department of Treasury | Local Government Financial Services Division | Fiscal Responsibility Section

Stanton, Terry A. (Treasury)

From: Wurfel, Sara (GOV)
Sent: Tuesday, October 13, 2015 1:56 PM
To: Stanton, Terry A. (Treasury)
Subject: RE: Flint

This will work for now and is what needed immediately – thx!

From: Stanton, Terry A. (Treasury)
Sent: Tuesday, October 13, 2015 1:40 PM
To: Wurfel, Sara (GOV) <Wurfels@michigan.gov>
Cc: Heaton, Anna (GOV) <HeatonA@michigan.gov>; Kennedy, Jordan (GOV) <KennedyJ4@michigan.gov>
Subject: Flint
Importance: High

As requested, see below and attached. Let me know if this is what you need.

Flint EM dates (financial emergency declared in December 2011)

Mike Brown, apptd 12-1-11 (when fin emer declared under PA 4 of 2011)
Ed Kurtz, apptd 8-8-12 (when PA4 was repealed in Aug 2012, Brown couldn't serve as EM, PA 72 back in effect)
Mike Brown, apptd 7-4-13 (Kurtz retired; PA436 in effect)
Darnell Earley, apptd 10-8-13 (Brown resigned)
Gerald Ambrose, apptd 1-13-15 (Earley appointed DPS EM)

Financial Emergency resolved, 4-29-15 (RTAB apptd)

Other dates

June 26, 2012 – Letter from EM Brown to DWSD seeking permission to blend river water with DWSD water (attached).

Sept. 20, 2012 – Letter from EM Kurtz to DWSD requesting written permission to implement blending (attached).

March 25, 2013 – The Flint City Council endorses joining KWA (see url below)
http://blog.mlive.com/newsnow_impact/print.html?entry=/2013/03/flint_city_council_approves_re.ht ml

April 11, 2013 – Treasurer Dillion sends letter to EM Kurtz (attached) noting conditional approval of move to KWA (pursuant to PA436), pending a review of DWSD's last, best offer.

April 16, 2013 – EM Kurtz informs Treasury that the City will join KWA (attached).

April 17, 2013 – DWSD transmits letter to EM Kurtz terminating service to Flint, effective April 17, 2014 (attached).

April 17, 2014 – Water service from DWSD officially ends.

Byrne, Randall (Treasury)

From: Dostine, Patrick (TREASURY)
Sent: Tuesday, October 13, 2015 4:19 PM
To: Byrne, Randall (Treasury); Cline, Richard (Treasury)
Subject: Flint call tomorrow morning

Flint
Flint
Rand, Wally, Josh, Patrick, Eric
Natasha

Flint - Oct. 14 - 9 AM, Call items

- Priorities
- Water
- Connecting to DWSD
 - Agreements
- Legal counsel
- Miscellaneous

update
County Position
FDCVT grants -

Patrick Dostine

State of Michigan
Department of Treasury
Local Government Financial Services Division,
Office of Fiscal Responsibility
Cadillac Place
3044 W Grand Blvd
Detroit, MI 48202
(office) 313.456.1772
dostinep@michigan.gov

< City Council Meeting 2M approved
from Fred Balne, contract with
contract w. Co. County. Problem with
the higher rate. Term of the line is
underway

< Mayor speaks to Jett Wright

< Budget Resolution for water. Fred
Natasha will get corrected

< Meter reading agreement - doesn't come
what the rate. In a few days
getting the agreement

< without the same perspective, do
we need to wait

water not until the legislature
votes

** Mayor - cannot stand in the
way of Detroit water.

** Legal fees - M. H. Cantfield

FOIA - information does not exist

File - Numbers are done.

Cline, Richard (Treasury) SAM, UCS, CA, Fred, Jess, Mayer, RTHB II, Analyst II

From: Dostine, Patrick (TREASURY)
Sent: Tuesday, October 13, 2015 4:19 PM
To: Byrne, Randall (Treasury), Cline, Richard (Treasury)
Subject: Flint call tomorrow morning

Flint - Oct. 14 - 9 AM, Call items

- Priorities - VC approves \$3M for DWSD; CA authorized to enter into contract
- Water - 1) Prep of 3M section underway; possible connection w/in days → wait for leg action?
- Connecting to DWSD
 - Agreements - Negs w/county ongoing → progress being made
- Legal counsel
- Miscellaneous - Escrowing \$3M in WF to pay for DWSD

Philips FOIA Request ← do not exist

Patrick Dostine

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Water

Legal Fees for lawsuits?

- State help vs Fund Balance
re pay for

PSF

Fire - #'s ↓
• Prohibiting
city from
grants

PB

- Tier 1 Crime ↓
- 44 murders
- work w/VRN ongoing

YH BA's

FB ↓ in water
(BEM - should be at
25%)

Ryan, Howard (Treasury)

From: Hanley, Farah (DHHS)
Sent: Tuesday, October 13, 2015 5:18 PM
To: Starr, Scott (DTMB); Pallone, Maggie (DEQ); Ruest, Karla (DHHS); Hertel, Elizabeth (DHHS); Ryan, Howard (Treasury); Waters, Frank (LARA); Pohl, Allan (LARA)
Cc: Lange, Michelle (GOV); Ackerman, Darin (GOV)
Subject: RE: HB 4102 Floor Substitute

It did not so with that included we are good.

Thanks Scott

From: Starr, Scott (DTMB)
Sent: Tuesday, October 13, 2015 3:39 PM
To: Hanley, Farah (DHHS); Pallone, Maggie (DEQ); Ruest, Karla (DHHS); Hertel, Elizabeth (DHHS); Ryan, Howard (Treasury); Waters, Frank (LARA); Pohl, Allan (LARA)
Cc: Lange, Michelle (GOV); Ackerman, Darin (GOV)
Subject: RE: HB 4102 Floor Substitute

Is that taking into account the Alger Co. placeholder?

From: Hanley, Farah (DHHS)
Sent: Tuesday, October 13, 2015 3:29 PM
To: Starr, Scott (DTMB); Pallone, Maggie (DEQ); Ruest, Karla (DHHS); Hertel, Elizabeth (DHHS); Ryan, Howard (Treasury); Waters, Frank (LARA); Pohl, Allan (LARA)
Cc: Lange, Michelle (GOV); Ackerman, Darin (GOV)
Subject: RE: HB 4102 Floor Substitute

Small potatoes but the DHHS portion says \$850,100 for the GF on page 7 but should be just \$850,000 even. The totals carry the \$100 as well

From: Starr, Scott (DTMB)
Sent: Tuesday, October 13, 2015 1:29 PM
To: Pallone, Maggie (DEQ); Ruest, Karla (DHHS); Hertel, Elizabeth (DHHS); Hanley, Farah (DHHS); Ryan, Howard (Treasury); Waters, Frank (LARA); Pohl, Allan (LARA)
Cc: Lange, Michelle (GOV); Ackerman, Darin (GOV)
Subject: HB 4102 Floor Substitute

Hi everyone,

Attached is the House floor sub for HB 4102, the supplemental, which includes the Flint water portion. This bill could move in the House as soon as today, so please let me know if your teams see any problems.

Also, please do not share with the outside, since it's my understanding this has not been introduced or made public yet. Thanks.

CITY OF FLINT
RECEIVERSHIP TRANSITION ADVISORY BOARD MEETING

WEDNESDAY, OCTOBER 14, 2015

2:04 P.M.

Meeting before the RTAB Board at
1101 S. Saginaw, 3rd Floor, Council Chambers,
Flint, Michigan, on Wednesday, October 14, 2015.

BOARD MEMBERS:

Frederick Headen, Chairperson
Robert McMahan, Member
Brian Larkin, Member
David McGhee, Member
Beverly Walker-Griffiea, Member

ALSO PRESENT:

R. Eric Cline (Department of Treasury)
Natasha Henderson (City Administrator)
Jody Lundquist (Director of Finance)
Mayor Dayne Walling (City of Flint)

MEMBERS OF THE PUBLIC ADDRESSING THE BOARD:

Eric Mays
R.L. Mitchell

REPORTED BY:

Quentina R. Snowden, (CSR-5519)
Certified Shorthand Reporter,
Notary Public

1	I N D E X		
2	I. CALL TO ORDER		PAGE
3	A. Roll Call		03
4	B. Approval of Agenda		04
5	C. Approval of September 9, 2015 RTAB meeting minutes		05
6			
7	II. UNFINISHED BUSINESS:		05
8	None.		
9	III. NEW BUSINESS:		
10	A. Mayor and Council President		05
11	B. Approval of Resolutions & Ordinances for City Council Meetings		
12			
13	1. Resolutions from Regular City Council meeting of September 14, 2015	09	
14			
15	Discussion Items		
16	a. Resolution #150817	10	
17	- Budget Amendments/FY16 Budget		
18	2. Resolutions from Regular City Council meeting of September 28, 2015	11	
19			
20	Discussion Items		
21	a. Resolution #150842 -	13	
22	Reprogramming/Unspent HOME Investment Partnership Funds/Contracts/Flint NIPP/Habitat for Humanity/Purchase Rehab Resale/CDO Operating		
23			
24			
25			

1			
2	b.	Resolution #150843 -	16
3		Budget Amendment/USDA	
4		Forest Service	
5		Grant/Chevy-in-the-Hole	
6	c.	Resolution #150845 -	17
7		Budget Amendment/Planning	
8		and Development/CDBG	
9		Housing and Smith Village	
10		Housing/Economic Development	
11		Activities	
12	d.	Resolution #150846 -	19
13		BS&A Software/Annual	
14		Service and Support	
15	e.	Resolution #150851 -	21
16		Etna Supply Company/Annual	
17		Supply of Water	
18		Distribution Pipe Stainless	
19		Steel Repair Claims and	
20		Repair Parts	
21	f.	Resolution #150852 -	22
22		Contract/Lake Agency,	
23		Inc./Excess Liability	
24		Insurance Coverage	
25	g.	Resolution #150854 -	23
		Contract/The Lake	
		Agency/Excess Liability	
		Insurance Coverage	
	h.	Resolution #150872	24
	i.	Resolution #150875	37
	C.	City Administrator Items	
	1.	Budget to Actual - July 2015	38
	IV.	PUBLIC COMMENT	39
	V.	ADJOURNMENT	45

1 Wednesday, October 14, 2015

2 Flint, Michigan

3 2:04 p.m.

4 CHAIRPERSON HEADEN: Let's get
5 started, please. Meeting will come to order. First
6 item of business is the roll call. Let the record
7 reflect that all five members of the Board are here.

8 Next item of business is the approval
9 of the agenda you have before you. There's a
10 communication from the City Administrator to add to
11 our agenda Resolutions 872 and 875 from the City
12 Council meeting of October 12th. Is there a motion
13 to that effect, please?

14 MEMBER LARKIN: So moved.

15 MEMBER MCGHEE: Support.

16 CHAIRPERSON HEADEN: Without
17 objection, the agenda's amended to include those
18 resolutions. Are there other additions to the -- to
19 the agenda? Any member?

20 MEMBER McMAHAN: No, sir.

21 CHAIRPERSON HEADEN: If not, we'll
22 consider the agenda to be approved as amended.

23 Next item, the approval of the minutes
24 of our meeting of September 9th which were
25 previously sent to Board Members.

1 Are there any corrections or additions
2 to those? If not, is there a motion that the RTAB
3 minutes of September 9th be approved as written?

4 MEMBER MCGHEE: So moved.

5 MEMBER LARKIN: Support.

6 CHAIRPERSON HEADEN: Without objection
7 those minutes are approved.

8 Next item, Unfinished Business. I'm
9 not aware of any unfinished business pending before
10 this Board.

11 Item III, New Business. Mr. Mayor,
12 any items you would like to address?

13 MAYOR WALLING: Yes. Good afternoon.
14 As Mayor, Flint safety will always be my top
15 priority. And I want to personally bring to your
16 attention the fact that we now know that children in
17 the City of Flint have been exposed to dangerously
18 high lead levels in the water. This has been
19 devastating news for our community. It's
20 unacceptable, it's infuriating. And we have been
21 moving quickly to take the steps necessary to
22 protect the public's health. We've made moving back
23 to Detroit water the first priority, because it's
24 the fastest way to bring in additional corrosion
25 control.

1 The City's Safe Drinking Water and
2 Technical Advisory Committee met last week and made
3 that recommendation, at which time, myself, the City
4 Administrator agreed that the City would work to go
5 in that direction. And we've been thankful for the
6 support to help us make that change.

7 While there's been some discussion
8 about the responsibility in this situation, and I
9 certainly agree that the State bears the greatest
10 responsibility for the problem since the Emergency
11 Manager decided to use the river as an interim
12 source, my objective is to get safe water to Flint
13 as fast as absolutely possible.

14 And I agree to pledge \$2 million
15 towards the \$12 million that it's estimated cost to
16 move back to Detroit.

17 After consulting with the City
18 Administrator, I would request that you support the
19 budget amendment that's before you today for that
20 \$2 million to become available for the purpose of
21 reconnecting back to Detroit. We also have the
22 pledge of \$4 million from the CS Mott Foundation.
23 The City Administrator is working to get that
24 agreement in place. And we know we have many
25 working on our behalf, including the Governor and

1 our State Representatives and Senator here in this
2 community, for the State Legislature to follow
3 through on the Governor's pledge of \$6 million.

4 I also want to acknowledge that we
5 know Flint has infrastructure problems that go
6 beyond this one issue of water supply, but it has
7 been determined that the corrosion control that's in
8 the Detroit water is necessary for our distribution
9 system. The stability of the lake water that the
10 Detroit System uses is a way to get our system
11 stabilized in the very short-term while we continue
12 to move towards the Lake Huron KWA pipeline next
13 spring.

14 Our distribution system continues to
15 need work. We've recognized the challenge of lead
16 service lines in our community and we're going to
17 need to continue to talk about all of the
18 precautions that we need to take, with filters and
19 with flushing and testing our systems. And the
20 State and the Governor are also pursuing additional
21 resources to assist our community with that. The
22 community's response has been incredible. We've had
23 an outpouring of support that's ensured that bottled
24 water and filters are being made available,
25 especially to our kids and our most vulnerable

1 families. And those interim steps are going to
2 continue to be necessary as we make the transition
3 to Detroit, and as we improve our infrastructure
4 system.

5 So again, I'd just like to reiterate
6 as I have in other meetings, I don't want to take
7 too much of your time, but the importance of this
8 budget amendment that's before you and the companion
9 resolution which the City Council also approved,
10 we're asking for the City Administrator to have the
11 authority to execute the necessary agreements as
12 quickly as possible with both the Genesee County
13 Drain Commission for the transmission of water to
14 this community and also the Detroit Water and Sewage
15 District at the cost estimates that they provided to
16 us, that needs to be turned into an actual contract.
17 And the time is so much of the essence on this.
18 We've committed to have the reconnection back to
19 Detroit in less than two weeks. We believe we're
20 days away from being able to make that happen, which
21 is very good news for our community. And with your
22 support, we expect that to continue to proceed.

23 And know that I'll continue to fight
24 for additional resources to improve our
25 infrastructure system. This is not the last you're

1 going to hear of water. We're going to continue to
2 work on this. I have outstanding requests to the
3 Governor of \$28 million for lead service line
4 replacements, and also the gap in our Capital
5 Improvement Plan and infrastructure needs. The
6 State did provide us \$2 million earlier this year
7 from the Financially Distressed Cities and Townships
8 Fund. We're thankful for that, but we do need much
9 more investment in our infrastructure and we'll
10 continue to work on that and hope to be able to
11 bring those amendments to you as those funds are
12 committed, because they are outside of our adopted
13 budget, but they're necessary for our community as
14 they become available. Thank you.

15 CHAIRPERSON HEADEN: Thank you, Mayor.
16 I don't see City Council President Freeman here.

17 We will move on to item III B (1),
18 Resolutions from the Regular City Council meeting on
19 September 14th, 2015. We'll deal with Resolution
20 817 in a moment, we'll separate it out. But the
21 main resolutions are 798, 828, 829, 830, 794 from
22 that meeting. Is there a motion that those
23 resolutions to be approved.

24 MEMBER McMAHAN: Mr. Chairman, I would
25 like to just take a moment to -- I will be

1 abstaining from this discussion, given that 830
2 involves my institution.

3 CHAIRPERSON HEADEN: Thank you. So
4 noted. Is there a motion for those resolutions to
5 be approved?

6 MEMBER LARKIN: So moved.

7 CHAIRPERSON HEADEN: Is there support?

8 MEMBER WALKER-GRIFFEA: Support.

9 CHAIRPERSON HEADEN: Motion is made
10 and seconded. Is there any discussion concerning
11 those resolutions? If not, those in favor of the
12 motion, please say "Aye."

13 (All ayes.)

14 CHAIRPERSON HEADEN: Opposed? Motion
15 is adopted. That brings us to Resolution 817, which
16 is a budget amendment. Can either the City
17 Administrator or Finance Director speak to that
18 proposed budget amendment?

19 MS. LUNDQUIST: Good afternoon.

20 MEMBER LARKIN: Good afternoon.

21 MS. LUNDQUIST: As you'll see, the
22 budget amendment that's proposed is just a small
23 amount of activity. This fund itself, the 246 Fund,
24 had been overlooked in the adoption of the fiscal
25 year 2016 budget. So, this simply accounts for the

1 projected activity for the fiscal year '16 and
2 adopts the budget, with no changes in protected
3 activity or events of note.

4 CHAIRPERSON HEADEN: Thank you.
5 Questions? Is there a motion then that Resolution
6 817 be adopted?

7 MEMBER MCGHEE: So moved.

8 CHAIRPERSON HEADEN: Is there support?

9 MEMBER McMAHAN: Support.

10 CHAIRPERSON HEADEN: Motion has been
11 made and seconded. Those in favor, please say
12 "Aye."

13 (All ayes.)

14 CHAIRPERSON HEADEN: Opposed? The
15 motion is adopted. That brings us to Resolutions
16 from the regular City Council meeting of
17 September 28th. And again, we separated out
18 individual resolutions we'll deal with in a moment,
19 leaving as a group, Resolutions 830, 844, 847, 848,
20 849, 850, 853, and 855. Are there any questions
21 about those resolutions?

22 MEMBER LARKIN: Are we going to do
23 844?

24 CHAIRPERSON HEADEN: Yes.

25 MEMBER LARKIN: Just a quick question

1 for clarity. And actually, Eric, I think you
2 mentioned it a bit. The match for the police
3 liaison, the 50/50 match, does that change where
4 we're already expecting to pay with -- what we had
5 budgeted? Has it changed or --

6 MR. CLINE: No, I believe this is an
7 agreement that was reached at the school district
8 that they are splitting costs of the liaison officer
9 on a shared basis. I believe those funds were
10 already programmed into the budget before then and
11 this is the agreement. I don't know if anyone will
12 elaborate on that, but that is my understanding.
13 So, I believe this is not connected to the prior
14 motion from a couple meetings ago for the additional
15 officers.

16 MEMBER LARKIN: No. All right.

17 MR. CLINE: Does that answer your
18 question?

19 MEMBER LARKIN: Yes. I just wanted to
20 know if maybe the schools were coming in and now the
21 costs got reduced or we were doing more. It seems
22 like there was no change.

23 MR. CLINE: Correct.

24 MEMBER WALKER-GRIFFEA: 851, is
25 that --

1 CHAIRPERSON HEADEN: 851 is one of the
2 items that were separated out.

3 MEMBER WALKER-GRIFFEA: Okay. Thank
4 you.

5 CHAIRPERSON HEADEN: So, is there a
6 motion that resolutions 830, 844, 847, 848, 849,
7 850, 853, and 855 from the regular City Council
8 meeting September 28th be approved?

9 MEMBER McMAHAN: Mr. Chairman, again,
10 with 830 I have to recuse myself and abstain from
11 participation.

12 CHAIRPERSON HEADEN: Thank you.

13 MEMBER LARKIN: So moved.

14 CHAIRPERSON HEADEN: Is there support?

15 MEMBER WALKER-GRIFFEA: Support.

16 CHAIRPERSON HEADEN: Proposal has been
17 made and seconded. Is there any discussion? If
18 not, those in favor of the motion, please say "Aye."

19 (All ayes.)

20 CHAIRPERSON HEADEN: Opposed? Motion
21 is adopted.

22 That brings us to several individual
23 resolutions, beginning with 842. Would someone from
24 the City, please assist us in terms of indicating
25 what that particular resolution does?

1 MS. HENDERSON: Good afternoon,
2 everyone.

3 MEMBER LARKIN: Good afternoon.

4 MS. HENDERSON: 842. The resolution
5 to reprogram the unspent HOME Investment Partnership
6 Funds. These are funds that we have, that need to
7 be reprogrammed, need to be utilized, and this is
8 the way that we are proposing to utilize these
9 funds. It is actually attached -- in the
10 resolution, it does explain how we will be utilizing
11 these funds. It's \$250,000 for the purchase rehab
12 resale to Genesee County Habitat for Humanity to
13 rehabilitate and resell a duplex. And then we're
14 also going to reprogram \$150,000 for purchase rehab
15 resell to Flint NIPP to rehabilitate and resell up
16 to two homes.

17 The division also requests to
18 reprogram \$20,000 for operating to the Flint NIPP to
19 help conduct the preliminary planning and
20 feasibility work for the project.

21 We do believe that this is a great
22 investment in the community and this does help with
23 our housing, which we do definitely have a shortage
24 in housing. So that's why we have requested that we
25 reprogram these HOME dollars in this manner and it

1 is qualified -- it is qualified to reprogram it in
2 this manner.

3 MEMBER LARKIN: Can I ask, what was
4 the intention of the original purpose of the HUD
5 dollars when you originally received them, what was
6 the designed purpose?

7 MS. HENDERSON: The HOME Funds,
8 there's a number of things that you can do
9 specifically with HOME funds, any HOME funds. They
10 are definitely all going to be about housing. It's
11 just how you utilize them to be able to do that.
12 And these are not the CDBG Funds, these are not the
13 allocation that the City uses specifically for CDBG.
14 These are specifically HOME Funds that has to be
15 used for home purposes.

16 MEMBER LARKIN: So, whenever we
17 utilize them, do we have to reprogram them -- I
18 guess what I'm trying to understand right now --

19 MS. HENDERSON: These are funds that
20 we have available, that we either utilize them or
21 something else --

22 MEMBER LARKIN: Yeah. That's all I
23 was asking, are the dollars --

24 MS. HENDERSON: Yeah.

25 MEMBER LARKIN: Okay. So this is --

*Reprogramming - method to
cope w/ changing circumstances
affecting programs*

1 MS. HENDERSON: Yes, sir.

2 CHAIRPERSON HEADEN: Other questions
3 about 842? Is there a motion then that Resolution
4 842 be approved?

5 MEMBER WALKER-GRIFFEA: So moved.

6 CHAIRPERSON HEADEN: Is there support?

7 MEMBER LARKIN: Support.

8 CHAIRPERSON HEADEN: Those in favor,
9 please say "Aye."

10 (All ayes.)

11 CHAIRPERSON HEADEN: Opposed?

12 Resolution 842 is approved.

13 Resolution 843, please.

14 MS. HENDERSON: Yes. This resolution
15 is to process a budget amendment to add the funds
16 that we have received from the USDA. And that
17 increases the budget by \$200,000.

18 CHAIRPERSON HEADEN: Questions
19 regarding Resolution 843?

20 MS. HENDERSON: And this is -- I would
21 like to point out that this is for Chevy -- well,
22 Chevy Commons. And it will be for the -- the --
23 this will be a part of the phase two. You can
24 already see the work that's going on around Chevy
25 Commons. It was Chevy-in-the-Hole. The Chevy

1 Commons.

2 CHAIRPERSON HEADEN: Questions? Is
3 there a motion for Resolution 843?

4 MEMBER MCGHEE: So moved.

5 CHAIRPERSON HEADEN: Support?

6 MEMBER LARKIN: Support.

7 CHAIRPERSON HEADEN: Those in favor of
8 the motion, please say "Aye."

9 (All ayes.)

10 CHAIRPERSON HEADEN: Opposed? Motion
11 is approved. Resolution 845.

12 MS. HENDERSON: Yes, this is a budget
13 amendment. There was some funding that we did not,
14 in the fourth quarter amendment, get to the FY16
15 budget. It wasn't included in the budget. And this
16 actually pertains to a project that we've had going
17 on for a number of years, the Smith Village project,
18 and then also the NSP project as well. We are
19 trying to get these homes sold. We've had some
20 vandalism. We've had some things that were not
21 necessarily done correctly by some of the
22 contractors. This has gone on for a number of
23 years. So, we are requesting to be able to -- this
24 is not new funding, for the most part it's moving --
25 we had this program for last fiscal year and we

*Vandalism
- Contractor errors*

1 didn't get to utilize that funding in last fiscal
2 year, so we are simply moving it over to this fiscal
3 year so that we can utilize it. And the importance
4 of getting this approved, is so that we can make a
5 lot of the necessary repairs, because we've had a
6 lot of break-ins, a lot of theft, as far as like the
7 fixtures in the homes, we need to be able to do that
8 so that we can get these homes sold. And we've been
9 working on this -- I think this has been probably an
10 eight- or nine-year project with some of these
11 homes.

12 CHAIRPERSON HEADEN: Are there
13 questions concerning Resolution 845?

14 MEMBER McMAHAN: Yes, Mr. Chairman. I
15 was wondering, it specifies the purpose of
16 completing CDBG Housing and Smith Village Housing,
17 so that's consistent with it. And then it says for
18 unbudgeted economic development activities in the
19 community. That's kind of a catch-all. What is
20 that?

21 MS. HENDERSON: Unbudgeted economic
22 development activity, which I think that one -- that
23 would refer to the -- one of our program managers
24 actually does a lot of the economic development, so
25 there is a number of hours that's dedicated there

1 that was, like, not -- that was omitted from this
2 budget, because we have a contract with the Chamber
3 For Economic Development Services, however, there
4 are some services that we do have to keep in-house,
5 and that was not accounted for. So, that's why
6 that's in here, because -- and that will -- and I
7 can give you an example of that. That would be like
8 our -- when we bring over score -- there are some
9 things in the City that we have to do in-house.
10 IFTs, there are some things we have to do in-house,
11 which takes some staff time to do that, but we have
12 to do that as a City as opposed an outside entity
13 being able to do those things.

14 CHAIRPERSON HEADEN: Other questions?
15 If not, is there a motion that Resolution 845 be
16 approved?

17 MEMBER WALKER-GRIFFEA: So moved.

18 CHAIRPERSON HEADEN: Is there support?

19 MEMBER LARKIN: Support.

20 CHAIRPERSON HEADEN: Motion is made
21 and supported. Those in favor of the motion, please
22 say "Aye."

23 (All ayes.)

24 CHAIRPERSON HEADEN: Opposed? Motion
25 is adopted. Resolution 846, please.

1 MS. HENDERSON: Okay. This is
2 actually the software that the City actually
3 utilizes for all of our accounting, for inspections,
4 soon to be business licenses. It would be in our
5 IT -- IT Department, basically, that manages this.
6 This is an agreement that was entered into, a
7 four-year agreement, with the Emergency Manager at
8 that time and we would like to continue it. And
9 it's actually an increase of \$1,446, and BS&A is
10 something that we have to utilize for the
11 functioning of operations such as our accounting,
12 all of that, we run that through that; our payroll,
13 for HR, we utilize this software. So, this is very
14 important. It just represents that we are
15 continuing with a contract to be able to continue to
16 be operational and be able to manage our budgets,
17 manage our input and output, accounts payable,
18 receivable, treasury department, all of our
19 departments depend upon this software.

20 CHAIRPERSON HEADEN: And funds are
21 currently budgeted for this?

22 MS. HENDERSON: Yes, sir.

23 CHAIRPERSON HEADEN: Questions? If
24 not, is there a motion for Resolution 846 to be
25 approved?

1 MEMBER McMAHAN: So moved.

2 CHAIRPERSON HEADEN: Is there support?

3 MEMBER WALKER-GRIFFEA: Support.

4 CHAIRPERSON HEADEN: Those in favor of
5 the motion, please say "Aye."

6 (All ayes.)

7 CHAIRPERSON HEADEN: Opposed? Motion
8 is adopted.

9 Resolution 851, please.

10 MS. HENDERSON: Resolution 851, this
11 is for the purchase for pipes, stainless steel
12 repair clamps and repair parts for the Water Service
13 Center. This is something that is definitely
14 needed. These are items that are -- that we would
15 have to purchase just at different times, because
16 this is what it takes to be able to operate a
17 distribution and filtration system. So, these are
18 items that we need for the repair and maintenance of
19 this system. And it does -- and I will note, no
20 matter what water source we're with, this is
21 something that's going to be needed.

22 CHAIRPERSON HEADEN: Are there
23 questions regarding Resolution 851?

24 MS. HENDERSON: And it is a budgeted
25 expenditure, I might add.

1 CHAIRPERSON HEADEN: If there are no
2 questions, is there a motion that Resolution 851 be
3 approved?

4 MEMBER MCGHEE: So moved.

5 CHAIRPERSON HEADEN: Is there support?

6 MEMBER McMAHAN: Support.

7 CHAIRPERSON HEADEN: Those in favor of
8 the motion, please say "Aye."

9 (All ayes.)

10 CHAIRPERSON HEADEN: Opposed? Motion
11 is adopted. Resolution 852.

12 MS. HENDERSON: Resolution 852
13 authorizes the City to retain (Lake Agency to provide
14 excess liability insurance coverage.) This is,
15 basically, something that's very standard. We do
16 have to have insurance, so we would like to continue
17 for two more years, and then of course we will see
18 if we can get a better price. However, insurance
19 doesn't necessarily ever go down, it usually goes
20 up, with insurance. So this is what that would be.
21 It's just basically to extend that service, and we
22 would like to continue with Lake Agency to provide
23 that liability insurance coverage. And this is a
24 budgeted expenditure.

25 CHAIRPERSON HEADEN: Questions

1 regarding Resolution 852? Is there a motion that
2 852 be approved, please?

3 MEMBER LARKIN: So moved.

4 CHAIRPERSON HEADEN: Is there support?

5 MEMBER McMAHAN: Support.

6 CHAIRPERSON HEADEN: Those in favor of
7 the motion, please say "Aye."

8 (All ayes.)

9 CHAIRPERSON HEADEN: Opposed?
10 Resolution 852 is adopted.

11 That brings us to 854.

12 MS. HENDERSON: Okay. This is
13 actually very similar in the sense that we would
14 like to provide excess liability insurance coverage.
15 This is something that has been -- we worked with
16 Lake Agency for this coverage, and it's definitely
17 something that is needed. A boiler is very
18 expensive, so we must have that type of coverage for
19 it. So, we believe this is acceptable, so this is
20 something that we have proposed and Council did
21 agree with that as well. And it is a budgeted
22 expenditure.

23 CHAIRPERSON HEADEN: Questions
24 regarding Resolution 854? Is there a motion that
25 854 be approved?

1 MEMBER MCGHEE: So moved.

2 CHAIRPERSON HEADEN: Is there support?

3 MEMBER LARKIN: Support.

4 CHAIRPERSON HEADEN: Those in favor of
5 the motion, please say "Aye."

6 (All ayes.)

7 CHAIRPERSON HEADEN: Opposed? Motion
8 is adopted. That brings us then to two resolutions
9 that we added to the agenda from the City Council
10 meeting a few days ago, Resolutions 872 and 875,
11 which the Board received I believe yesterday. While
12 we have you here, City Administrator, do you wish to
13 just summarize 872 and we'll see if we have any
14 questions?

15 MS. HENDERSON: Yes, actually, we --
16 this is -- of course, I'd like to echo a lot of the
17 things that the Mayor has already stated. We do
18 believe that it's in the best interest of the City
19 to reconnect to DWSD. We did have a local
20 foundation that actually has donated \$4 million for
21 us to be able to do that, and also the Governor has
22 stated support for \$6 million dollars. And with
23 this resolution, we have committed \$2 million. This
24 did go before Council, and Council unanimously
25 approved the \$2 million to be taken from fund

1 balance to support this. This is something that we
2 expect to happen in the next week or so. We are --
3 and this will also get into the second resolution,
4 because they basically are -- they both are combined
5 in the sense that we need both of these. Which
6 authorizes myself to enter into an agreement with
7 DWSD and Genesee County, to be able to -- to receive
8 the water and reconnect.

9 So, I would like to state that this is
10 something that definitely is priority, and even with
11 our policies that we -- in our policy, we do say
12 that we should always at all times have at least
13 25 percent of operating fund balance, however, this
14 is an emergency that I would see that you do take
15 from that fund balance to be able to do this,
16 especially when you have the Genesee County Health
17 Department releasing a public health advisory. The
18 City has released a lead advisory as well. So this
19 is something that I felt very strongly about,
20 because I don't take it lightly, when we do have to
21 go into fund balance to do anything when we're not
22 at the point in which the policy states that we need
23 to be.

24 Also, I just would like to note that
25 the City continues to deal with the order that we're

1 under, because of the water litigation that we're
2 going through, so that has slightly -- not slightly,
3 that has greatly decreased our fund balance as well,
4 with some of those -- with the projections that we
5 have. And that's something that we will be coming
6 to you with -- coming to you with on next meeting,
7 because I didn't want to pull too many items
8 forward, but I just want you to be aware that this
9 is something that we do feel very strongly about,
10 even though we have the situation with the
11 litigation that we're going through, and I believe
12 that it is in the best interest of the City to
13 pledge \$2 million and become reconnected to DWSD.

14 CHAIRPERSON HEADEN: And just to
15 clarify, am I correct that the fund balance to which
16 you refer, is fund balance in the water fund?

17 MS. HENDERSON: Yes, sir.

18 CHAIRPERSON HEADEN: Okay.

19 MS. HENDERSON: And it's actually
20 the water and sewer fund, because those bills are
21 together. So, when you don't make one bill, you're
22 just not paying both of those bills. So we have
23 amended the water and sewer revenues as well, both
24 of those we've had to do that and we've also halted
25 a number of our capital improvement projects, as

1 well.

2 CHAIRPERSON HEADEN: Questions?

3 MEMBER WALKER-GRIFFEA: I have a
4 question. I know in your original letter it said
5 the general fund balance, so that was where I had
6 looked. So, I didn't have the opportunity to look
7 at the water fund balance. So how much is left --

8 MS. HENDERSON: I would say the -- oh,
9 in the letter?

10 MEMBER WALKER-GRIFFEA: In the initial
11 letter it said, "General" which is --

12 MS. HENDERSON: It was really water,
13 and that's why I gave you all the new letter. And I
14 never did state what was in the -- the -- in the
15 fund, because those amendments will come to you next
16 week, but since you have asked I do have them right
17 in front of me.

18 Okay. We would be left with about a
19 little bit over \$6 million as a fund balance at that
20 point, at the point in which we bring this amendment
21 forward.

22 MEMBER LARKIN: What's the 25 percent?
23 What was --

24 MS. HENDERSON: We should have about,
25 what, 4 million -- we should have 17 --

1 MEMBER LARKIN: So 17 is the number
2 that you want to be at?

3 MS. HENDERSON: Yes, that's where we
4 need to be at.

5 MEMBER WALKER-GRIFFEA: Instead of \$6
6 million.

7 MS. HENDERSON: Oh, that's water and
8 sewer. And we had to reduce both because in --
9 because we have things going on as relates to the
10 sewer as well. So, when I say "Water" I mean, water
11 and sewer. So, it all will be -- you all get one
12 bill for your water and sewer.

13 MEMBER McMAHAN: So, this is a
14 combination of funds 590 and 591 --

15 MS. HENDERSON: Yes, sir, that is
16 correct.

17 MEMBER McMAHAN: Okay.

18 MEMBER LARKIN: And so, it was also
19 mentioned in the letter that there be a plan to
20 rebuild the fund or something of that nature. I'm
21 trying to get the exact language. But what we would
22 have to rebuild over time is 9 million, is that what
23 we need to build back up; is that correct?

24 MS. HENDERSON: If we don't -- we'll
25 have to continue to rebuild, however at this point,

1 how we get there, we -- a lot of things depend on
2 how the litigation goes. So, how we can actually
3 have that plan of action. The first -- something
4 that we've done proactive now, is that the capital
5 improvement projects, all of those, unless we had to
6 have them, for the switch to KWA, those have all
7 been halted, all of them.

8 MEMBER LARKIN: Roughly, what impact
9 has that been?

10 MS. HENDERSON: There was like
11 eight -- seven -- 7.2 million for the projects and
12 then also in addition to that, we froze about
13 1.2 million in jobs as well. Like, we didn't fill
14 those positions that were slated to be filled.

15 MEMBER LARKIN: One thing I'm
16 interested in, and this isn't a direct question, but
17 I don't know if we can calculate it, but how much we
18 will end up losing -- the reason we have those
19 capital projects set up, is because we need those
20 fixes over time, because things are deteriorated and
21 how much more is it going to cost us, because we
22 have to hold? I'm wondering how we can get to that
23 -- it's not really a direct question, but it's
24 something that we also have to consider.

25 MS. HENDERSON: That's something --

1 this is very devastating. Everything that's
2 happening right now with the litigation, it's
3 devastating the City. So, those two funds are
4 definitely suffering as a result of this. So, we
5 are coming up with things to try to curtail the
6 effect -- the impact. However, at this point, we
7 have found like, roughly, let's say, almost
8 \$9 million to take out of the budget. However, we
9 are billing at a lower rate, because of the order.
10 And then also, the bills that individuals had at
11 that time, they do not have to pay those bills. So,
12 we're billing lower, and even at that point, we had
13 a lot of outstanding bills. We have to take into --
14 and all of that is taken into consideration with the
15 amendment that we will bring, the first quarter
16 amendment that we will bring forward in the next
17 meeting.

18 MEMBER LARKIN: I'm going to ask for a
19 brief view of that. Do we have any projections as
20 to how much the decrease will be in our revenue
21 based on that water piece? So, I know we've
22 decreased our expenses by about \$9 million, and do
23 we know kind of what we projected. Worst case
24 scenario if --

25 MS. HENDERSON: I can tell you what we

1 decreased in -- in the charge of services for the
2 sewer fund and for the water fund. So, 5.9 million
3 for sewer fund, and 8.5 for the water fund.

4 MEMBER LARKIN: Gosh. Thank you.

5 MEMBER McGHEE: Who -- who -- out of
6 all of the municipalities -- this is a KWA question.
7 Out of all of the municipalities that would benefit
8 from KWA once it's built, who are the current
9 financial partners paying for --

10 MS. HENDERSON: They would be the
11 County, because the County -- those are their -- the
12 other cities that receive their water from the
13 County, they are County customers. So it will be
14 the City of Flint and the County. So, we're
15 responsible for that fund. Of course, that is split
16 amongst us, you know, both entities and it's not
17 half and half.

18 MEMBER McGHEE: Right.

19 MS. HENDERSON: However, I will note
20 that we do have a \$6 million bond payment that is
21 due this fiscal year.

22 MEMBER McGHEE: Is there any thought
23 that we will not be able to take care of that bond?

24 MS. HENDERSON: No, this takes into --
25 this -- this amendment does take that into

1 consideration, because it's already a part of the
2 budget, so we take that into consideration with the
3 amendment. We have that budgeted to do so.

4 MEMBER MCGHEE: Okay.

5 MEMBER McMAHAN: So, the numbers that
6 you just revealed would indicate that we have
7 \$14 million fund decrease in revenues in water?

8 MS. HENDERSON: Yes.

9 MEMBER McMAHAN: And \$9 million --

10 MS. HENDERSON: I would like to be
11 clear, that's over the whole fiscal year.

12 MEMBER McMAHAN: Fiscal year, you have
13 \$9 million decrease in expenditures associated with
14 those funds?

15 MS. HENDERSON: Yes.

16 MEMBER McMAHAN: And so simple math
17 gives us approximately \$5 million.

18 MS. HENDERSON: \$5 million -- that's
19 correct.

20 MEMBER McMAHAN: Can you -- and this
21 is maybe an unfair question and I'm happy to -- if
22 you want to push back and say it's an unfair
23 question, but it would be -- would be helpful to, in
24 your scenario plans, looking out for the remainder
25 of the fiscal year, knowing that we will connect, on

1 current schedule, to KWA June of 2016. There could
2 be slippage in that, naturally. Can you kind of
3 frame best and worst case scenarios for the
4 remainder of the fiscal year for us? What we are
5 looking at on the event horizon for the remainder of
6 the fiscal year?

7 MS. HENDERSON: In reference to KWA?

8 MEMBER McMAHAN: With respect to the
9 finances, the City financial budget as reflecting
10 these. So, assuming that, you know, worst case
11 scenario, assuming best case scenario assumption,
12 what you're kind of planning. Just to give us a
13 sense about what's coming.

14 MS. HENDERSON: Okay. The worst case
15 scenario would be that we don't -- we don't meet the
16 targets that we have in this amendment. And
17 amendments -- just so that you all know, we will be
18 amending -- bringing amendments every quarter. So
19 if we don't see that we're meeting these
20 projections, we'll amend up or down with revenues.
21 And that also goes for the expenditures as well.

22 So, given that scenario, there is not
23 a good scenario in this, because to bring this
24 amendment forward and have to amend the budget to
25 this type of fund balance in the first place, that's

1 a terrible scenario, in my opinion.

2 And the -- the -- I guess the worst
3 scenario would be that this fund goes into a
4 deficit. And there's been so much work that's been
5 put in by various individuals over the past few
6 years to ensure that we're not in that position.
7 We've been on a really good track and had projects
8 that we were slated to do and to ensure that the
9 infrastructure is good, because no matter where we
10 get water from, it doesn't matter if our
11 infrastructure is not good.

12 So a worst case scenario is this fund
13 goes into a deficit. And that's a possibility at
14 some point past this time, because there's some
15 projects that just need to be done. There is
16 regular maintenance that you do, and there's various
17 things -- we a very aged system. And a lot of these
18 capital projects need to be done. And that is why
19 the Mayor has already asked the State to help us
20 with that, because we need a lot of these capital
21 improvement projects, and we were well on our way to
22 getting there, and this has halted us. I mean,
23 think about the tremendous effect that in your first
24 quarter that you have to come and amend your budget,
25 amend your revenue over \$8 million. That's a huge

1 setback.

2 So, this, to me, is the worst case
3 scenario, and I just hope that our projections and
4 that the revenue flow can actually -- maybe with
5 DWSD, that restores the public confidence and more
6 people will be willing to pay their bills, because
7 right now, quite frankly, that is not happening.
8 I'm not saying everyone is not paying their bill,
9 I'm not trying to say that, however, I'm saying we
10 can look over a time period and see how much we
11 usually -- how many bills are usually paid, as
12 opposed to how many are paid now. We can look at
13 that from month-to-month. We can even go back the
14 previous year, we can compare it. So we can -- we
15 can definitely see that this financially does hit
16 the City. And we have to be forthcoming in bringing
17 an amendment that reflects such.

18 And a good case scenario would be that
19 the water litigation, is that we are vindicated in
20 that in some ways, because it really impacts the
21 City for a judge to say that there cannot be any
22 turn-offs based on your bills. So, to say -- to
23 have the authority to say no shut-offs at all, so
24 that means, don't pay your bills, you don't have to,
25 the City cannot do anything.

1 MEMBER LARKIN: I have a question.
2 You mentioned, and the Mayor has mentioned as well,
3 working in coordination with the State. In
4 proposing this or in conversations with this, has
5 there been conversation with Treasury? I suppose we
6 can ask the representatives here as well, on what
7 impact this will have on the City moving forward.
8 So we are in place, because we have moved to a
9 certain step of receivership process. Does making
10 this decision about this \$2 million, are they okay
11 with this? Is this something that they think was
12 necessary, it wouldn't necessarily move us backwards
13 along the receivership timeline?

14 MS. HENDERSON: No, I don't believe
15 that -- I don't believe that the Governor would have
16 pledged \$6 million if that were the case. If you
17 don't have confidence in your water source, and
18 that's -- everyone feels that way in a majority and
19 it's on the news a lot, health advisory, you have
20 the medical community out there, I think we're doing
21 ourselves more of a disservice not to take the
22 \$2 million and hope that that will help us be able
23 to retain some of the revenue that we're already
24 losing.

25 CHAIRPERSON HEADEN: Other questions?

1 MS. HENDERSON: Thank you.

2 CHAIRPERSON HEADEN: Is there a motion
3 that Resolution 872 be approved?

4 MEMBER WALKER-GRIFFEA: So moved.

5 CHAIRPERSON HEADEN: Is there support?

6 MEMBER McMAHAN: Support.

7 CHAIRPERSON HEADEN: Motion has been
8 made and seconded. Those in favor of the motion,
9 please say "Aye."

10 (All ayes.)

11 CHAIRPERSON HEADEN: Opposed? Motion
12 is adopted.

13 That leaves the corollary resolution
14 875 which would authorize City Administrator to
15 enter into any contracts with regards to
16 reconnecting to the Detroit water system with either
17 DWSD or the Genesee County Drain Commission.

18 Any questions about Resolution 875?
19 If not, is there a motion that Resolution 875 be
20 approved?

21 MEMBER LARKIN: So moved.

22 CHAIRPERSON HEADEN: Is there support?

23 MEMBER McGHEE: Support.

24 CHAIRPERSON HEADEN: Motion has been
25 made and seconded. Those in favor of the motion,

1 please say "Aye."

2 (All ayes.)

3 CHAIRPERSON HEADEN: Opposed?

4 Resolution 875 is adopted. That concludes
5 Resolutions.

6 Item C, any City Administrator items
7 other than the budget to actual report?

8 MS. HENDERSON: No, sir. And if you
9 have any questions, I will defer to Ms. Lundquist.

10 CHAIRPERSON HEADEN: One question I
11 did have regarding that. Is there's a line item on
12 the -- in the General Fund under "Total revenues"
13 that said, "Drawing from Fund Balance." It's -- I
14 believe it's a negative \$1 million. If someone
15 could just point out what that is for my
16 edification.

17 MS. LUNDQUIST: Thank you. It's an
18 excellent question. And an example of the current
19 planning that the City of Flint had entered into
20 with the adoption of its fiscal years '15, '16 and
21 '17 budgets, it actually budgeted to set aside with
22 each of those budget years a million dollars to its
23 fund balance reserve. So, when you looked at the
24 bottom of the third column, the '15, '16 amended
25 budget, where you see the net revenues and

1 expenditures, there's \$2 in parentheses. Really
2 that reflects that a million dollars would remain
3 end of fiscal year and will be contributed to our
4 fund balance reserve as we try to attain the
5 percentage that was set by ordinance.

6 CHAIRPERSON HEADEN: Thank you.

7 MS. LUNDQUIST: Thank you.

8 CHAIRPERSON HEADEN: Other questions?
9 Without objection, the budget to actual report for
10 July 2015 will be received.

11 That brings us to Item IV on the
12 agenda, Public Comment. Do we have anybody who
13 indicated an interest?

14 MR. CLINE: We do have two individuals
15 for public comment. First individual is Eric Mays.

16 CHAIRPERSON HEADEN: And I'll remind
17 everyone that the previously adopted motion of
18 limiting public comment to no more than two minutes
19 per person remains in effect. Councilman?

20 MR. MAYS: Good evening. I'm familiar
21 with those rules, I would ask that you sometimes
22 extend those rules, especially in your capacity to
23 speak as an elected official and what we deem as an
24 emergency situation. You can listen, you cannot
25 listen, you can choose to talk privately. But as I

1 do my due diligence sitting in the seat that I've
2 taken oath of office to do, when I took that oath, I
3 took it based upon the Charter of the City of Flint.
4 Public Act 4, you know, I mentioned Mr. Headen,
5 under Public Act 72, we are under Public Act 436
6 now, and nothing in that Act tells me that an
7 Emergency Manager order can change or amend our
8 charter. As a matter of fact, we have a Charter
9 Review Commission looking at those things now.

10 Our Charter has been greatly amended
11 for me to do my job, in the sense that as the
12 legislative body, my job is to inquire, investigate.
13 It even says we can put people under oath and get
14 information as it relates to the quality of water --
15 and I stand here today a little dismayed, because I
16 asked two or three times, "What was the amount in
17 the water and sewer fund?" I was first told \$8
18 million, and then when I said "\$8 million", then I
19 was told "\$14 million." And now today, I hear back
20 to \$8 million. That was the sort of surplus I was
21 told had been taken. You asked the question last
22 meeting, I think, what was the expenditures and
23 revenues. I was told that it was -- at first \$8
24 million a month, it dropped to \$6 million and that
25 was a loss of \$2 million; reported in the news we

1 had 447 so customers a day drop down to 344.

2 I mean, I got good grades in school, I
3 listen well, I inquire and particularly the
4 important stuff. And then you changed your agenda,
5 you allowed the Council President to come -- when
6 you see me vote on stuff unanimously I think when
7 they come before you with a unanimous vote; if I
8 didn't get information I vote, no.

9 The point I'm trying to make is this:
10 I'm very serious about no slip-backs in finances.
11 And I'm very serious about giving information. You
12 have an order left by Ambrose that says you have
13 some power as it relates to us being able to amend
14 the Emergency Manager orders to give us the power to
15 inquire and so forth.

16 If I go over your time, and I'm trying
17 to do my due diligence for folks that come up to
18 you, and then you meet once a month, and we're
19 trying to communicate how to run a City to you, I
20 would hope that, you know, whether you actually say
21 it or suspend it, it is very difficult for me to
22 articulate in two minutes. I listen to the man. I
23 protest it, marched out, learn about water, TTA,
24 lead, finances and infrastructure. I say it's
25 Forest Gump having to learn about shrimp. And I'm

1 here to tell you, that if you guys think that
2 sometimes what you get here is what I'm getting, and
3 you not having to be here for us to communicate,
4 come to our Committee meeting some time. Sit in on
5 our Finance Committee meetings as individuals, sit
6 in on our Council meetings. I'm not confident yet
7 that we are doing all we need to do, and listening
8 to each other in order to travel around the City
9 correctly in open and honest way to get information.
10 People are pointing finger left and right. If
11 people listened earlier, I know for a fact, that
12 things can be said and done properly. I don't
13 believe that we, in certain situations, I don't
14 believe that people's projections will be right,
15 because good water will flow and people will use it
16 more, so forth and so on.

17 I also believe, as I'm being polite --
18 I know I violated the rules and I'll sit down. I
19 also note and believe that when people raise water
20 rates unlawfully, you can hope for a judge's
21 decision to change, but some of this stuff has to do
22 with -- Mr. Headen, you legal. Mr. Bade is legal.
23 It all works together, what you can and can't do in
24 their leadership position.

25 We got here because of the political

1 will. People didn't have the political will to
2 meet, don't have a political will to do their due
3 diligence. I'm asking you to have a political will
4 to amend the Emergency Manager order that allows me
5 to get good information, hold hearings and do my
6 job. By the time stuff get to you, I want to been
7 able to done my job. I want you to get good
8 information. I'm getting and hearing different
9 stuff and I'm getting very concerned at this point.

10 So, this is a red flag from me to you.
11 And this is the short version. I can talk just as
12 specific as the Emergency Managers and Mayor when
13 given a chance about finances and the mechanics of
14 how the City works both financial and legal. I'm
15 very concerned moving forward.

16 CHAIRPERSON HEADEN: Thank you,
17 Councilman.

18 MR. CLINE: The last individual is
19 R. L. Mitchell.

20 CHAIRPERSON HEADEN: Mr. Mitchell?

21 MR. MITCHELL: Yeah. I'm here to talk
22 about Public Act 432, I believe it is, about
23 financial management. She come to you asking your
24 permission, because we in the state of emergency and
25 the Mayor seems like he can't speak no more, because

1 the financial management, and I'm saying this for
2 the record. Thank you today.

3 Fred Tucker was murdered, one of the
4 councilmen previous. My house was broken into when
5 I was in a Council meeting Monday. And I thought
6 they must have thought I was dead, because they took
7 armored bars off the door and then I went to report
8 it and they said "What you owe somebody some money?"
9 When you ain't got any officer and the City is
10 getting turned around and no water and you -- they
11 act like you -- they give you the wrong information
12 up here in front of there and the Mayor and -- and
13 the Mayor is sitting right here, too.

14 And I'm going to leave it right there,
15 because Mays said it a direct political point to you
16 and you can figure it out. That's it.

17 CHAIRPERSON HEADEN: Thank you.

18 MR. MITCHELL: Yep.

19 MR. CLINE: That's all of the public
20 comment.

21 CHAIRPERSON HEADEN: Is there any
22 further business before the Board at this point? If
23 not, is there a motion that we adjourn?

24 MEMBER LARKIN: So moved.

25 CHAIRPERSON HEADEN: Is there support?

1 MEMBER McMAHAN: Support.

2 CHAIRPERSON HEADEN: Without
3 objection, we're adjourned.

4 (Meeting adjourned at 3:00 p.m.)
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C E R T I F I C A T E

I, Quentina Rochelle Snowden, do
hereby certify that I have recorded stenographically
the proceedings had and public comment taken in the
meeting, at the time and place hereinbefore set
forth, and I do further certify that the foregoing
transcript, consisting of (46) pages, is a true and
correct transcript of my said stenographic notes.

Dated: October 23, 2015



Quentina R. Snowden

Quentina R. Snowden, CSR-5519

Notary Public, Genesee County, Michigan

My commission expires: 1/4/2018

15-1-15

LICENSE TO TRANSMIT WATER

This License to Transmit Water ("License") entered into on October 14, 2015, (the "License Date" and "Effective Date") is made between the City of Flint, a Home Rule City (the "City"), and the Genesee County Drain Commissioner, as County Agency, a county agency pursuant to the County Public Improvement Act 342 of 1939, as amended. ("GCDC"). The City and GCDC may be referred to individually as a "Party" or collectively as the "Parties."

RECITALS

WHEREAS, the City has requested the Detroit Water and Sewerage Department ("DWSD") to provide the City with potable water; and

WHEREAS, DWSD water distribution system has no physical connection to the City water distribution system; and

WHEREAS, GCDC is currently purchasing potable water from DWSD and GCDC is receiving DWSD water at the water meter GN-01 near Baxter and Potter Roads, located in Genesee County and more fully set forth in Exhibit 1 (hereinafter known as "GCDC/DWSD Connection"); and

WHEREAS, GCDC has a physical connection to the City water distribution system near Center Road and Pierson Road in Genesee Township, Genesee County, Michigan, which is more fully set forth in Exhibit 2 (hereinafter known as "GCDC/City Connection"); and

WHEREAS, GCDC owns nine (9) miles of water transmission pipeline ("Pipeline") that connects the GCDC/DWSD Connection to the GCDC/City Connection; and

WHEREAS, GCDC has the ability to allow Flint to transmit water through the Pipeline from the GCDC/DWSD Connection to the GCDC/City Connection so DWSD may service the City with DWSD treated potable water; and

WHEREAS, this License shall govern the terms and conditions of Flint transmitting water through the Pipeline from the DWSD/GCDC Connection to the GCDC/City Connection, and

WHEREAS, the Parties hereto acknowledge and agree that DWSD may assign its contract to provide potable water to the City to another entity, including, but not limited to, the Great Lakes Water Authority, and, if DWSD assigns its contract to provide water to the City, all reference to DWSD in this License shall be replaced by the party to whom DWSD assigns its contract

NOW, THEREFORE, THIS LICENSE is hereby made and mutually entered into by the City and GCDC for the mutual consideration stated herein and the Parties agree to the following:

1 **Adoption of Recitals.** All of the matters stated in the Recitals of this License are true and correct and are hereby incorporated into the body of this License as though fully set forth in their entirety herein. However, in cases of conflict, provisions of this License shall prevail over the matters stated in the Recitals.

2. **Contract for Water.** As a condition precedent to this License being effective, the City shall enter into a contract with DWSD for DWSD to supply the City with water and said contract shall require the City to pay DWSD directly for all water consumed by the City and any applicable charges, fees, or other amounts charged by DWSD. The City shall hold GCDC harmless from any and all debts the City incurs from receiving water from DWSD and any and all costs that DWSD may impose on GCDC as a result of the City receiving water from DWSD.

3. **Term.** The Parties hereto understand and acknowledge that GCDC needs the Pipeline to transmit its potable water to its customers once GCDC starts receiving raw water from KWA. The Parties agree and acknowledge that this License shall expire sixty (60) days after the City has received notice from KWA that raw water is available for the City for treatment; however, the City may request GCDC to extend this License until GCDC starts receiving raw water from KWA. The City shall not transmit water through the Pipeline after GCDC begins to transmit its potable water to its customers. The City acknowledges and consents to GCDC terminating any water transmission in the Pipeline for the benefit of the City once GCDC begins to produce and sell its potable water to its customers. The City may terminate this License by providing GCDC with thirty (30) days written notice of termination.

4. **Consideration.** In exchange for GCDC allowing the City to transmit water through the Pipeline, the City shall pay GCDC one dollar (\$1.00) per month for the term of this License. The City is allowed to pay the first nine (9) months in a lump sum payment.

5. **Meters and Billing.** The City hereby grants GCDC complete access to and upon verbal request by GCDC complete control of Station 2, including, but not limited to, all meters, valves, structures, and appurtenances until the Karegnondi Water Authority ("KWA") has notified the City that water is available to the City for treatment or GCDC has provided the City with thirty (30) days notice that GCDC no longer requires access to Station 2. GCDC shall have the meter calibrated within fifteen (15) days of the execution of this License and all costs for the calibration shall be the responsibility of the City. The City shall be entitled to all data, meter reads, and other information that is collected by GCDC at Station 2. The City shall be responsible for all utility costs associated with the operation of Station 2. The City shall be responsible for all repairs to the meter and meter pit. GCDC shall notify DWSD of the monthly meter read for Station 2.

6. **Transmission of Water.** GCDC shall use reasonable diligence to allow the City regular and uninterrupted transmission of water through the Pipeline from the GCDC/DWSD Connection to the GCDC/City Connection, however, Flint shall hold harmless and indemnify GCDC for any damages, breach of contract, or otherwise for interruption of service or curtailment of supply for any cause beyond the control of GCDC. These could include, but are not limited to, Acts of God, strikes, lockouts or other industrial disturbances, acts of public enemy, orders of any kind of the Government of the United States or the State, or any civil or military authority, insurrection, riots, epidemics, landslides, lightning, earthquake, fires, hurricanes, storms, floods, washouts, droughts, arrests, restraint of government and people, civil disturbances, explosions, breakage or accidents to machinery, pipelines or canals, partial or failure of the Pipeline or appurtenances. The City shall further hold GCDC harmless from any claim for damages related to continuity of service by third parties, including DWSD, for GCDC's inability to allow the transmission of water due to any cause beyond the control of GCDC.

7. **Water Quality.** The City shall hold GCDC harmless from any water quality related claim for damages by third parties, including DWSD, served by the City, which are asserted against, or are imposed upon or incurred by GCDC and which result from, relate to, or arise out of a claim regarding the treatment of water or the quality of water.

8. **Volume Available.** The City shall hold GCDC harmless in the event that DWSD cannot meet the volume demands of both GCDC and the City. GCDC shall be entitled to receive the quantity of water requested by GCDC and the City shall be entitled to any remaining volume of water. The City shall notify GCDC daily of its anticipated water volume for that day and GCDC shall be responsible for notifying DWSD of the water volume demands for both GCDC and the City.

9 **Pipeline Malfunction.** If the Pipeline shall malfunction for any reason while the City is transmitting water through the Pipeline, GCDC shall notify the City within two (2) hours of verifying the Pipeline malfunction. Thereafter, the malfunction shall be promptly repaired by GCDC and a detailed invoice for one-half (1/2) of the total cost of the repair shall be submitted to the City. The City shall have thirty (30) calendar days to process and authorize the payment for the repair to GCDC. Payment shall be made to GCDC within thirty-two (32) calendar days by either check or wire transfer. Wire transfer instructions are available from the GCDC Chief Financial Officer. The City shall indemnify and hold GCDC harmless for any and all claims from the City or third parties that relate to the City not being able to supply water to its customers due to the malfunction.

10 **Severability.** The Parties hereto specifically agree that in case any one or more of the sections, subsections, provisions, clauses or words of this License or the application of such sections, subsections, provisions, clauses or words to any situation or circumstance should be, or should be held to be, for any reason, invalid or unconstitutional, under the laws or constitutions of the State or the United States of America, or in contravention of any such laws or constitutions, such invalidity, unconstitutionality or contravention shall not affect any other sections, subsections, provisions, clauses or words of this License or the application of such sections, subsections, provisions, clauses or words to any other situation or circumstance, and it is intended that this License shall be severable and shall be construed and applied as if any such invalid or unconstitutional section, subsection, provision, clause or word had not been included herein, and the rights and obligations of the Parties hereto shall be construed and remain in force accordingly.

11 **Governing Law and Venue.** It is specifically agreed among the Parties to this License that Genesee County, State of Michigan is the place of performance of this License. In the event that any legal proceeding is brought to enforce this License or any provision hereof, the same shall be brought in the Genesee County Circuit Court.

12. **Interpretation and Construction.** For purposes of interpretation and construction of this License, both the City and GCDC shall be deemed to have been the drafter of this License and this License shall not be construed against any Party to this License.

13 **Modification.** This License shall not be modified, altered, or amended except through a written amendment signed by the Parties.

14. **No Third Party Beneficiaries.** This License is not intended to confer upon any person or entity, other than the Parties hereto, any rights or remedies of any kind or nature whatsoever.

15 **Notices.** Other than invoices and payments, any notice, communication, request, reply or advice (herein severally and collectively, for convenience, called "Notice") herein provided or permitted to be given, made or accepted by any Party to any other Party must be in writing and may be given or be served by depositing the same in the United States mail postpaid and registered or certified and addressed to the Party to be notified, with return receipt requested, or by delivering the same to an officer of such Party, or by prepaid telegram when appropriate, addressed to the Party to be notified. Notice deposited in the mail in the manner described above shall be conclusively deemed to be effective, unless otherwise stated herein, from and after the expiration of three (3) days after it is so deposited. Notice given in any other manner shall be effective only if and when received by the Party to be notified. For the purposes of notice, the addresses of the Parties shall, until changed as hereinafter provided, be as follows:

To GCDC: Genesee County Drain Commissioner's Office, Division of Water and Waste Services, G-4610 Beecher Road, Flint, Michigan 48532.

To the City: City of Flint, 1101 South Saginaw Street, Flint, Michigan 48502.

The Parties hereto shall have the right from time to time and at any time to change their respective addresses and each shall have the right to specify as its address any other address by at least fifteen (15) days written notice to the other Party hereto.

IN WITNESS WHEREOF, the Parties hereto acting under authority of their respective governing bodies have caused this License to be duly executed in several counterparts, each of which shall constitute an original, all as of the day and year first above written, which is the License and Effective Date.

GCDC:

By: Jeff Wright

Its: Drain Commissioner

CITY:

By: Natasha Henderson

Its: City Administrator

By: Dayne Walling

Its: Mayor

Attest:

By:

By:

This License was prepared by:
Attorney Kevin Kilby (P68599)
McGraw Morris P.C.
2075 West Big Beaver Road
Suite 750
Troy, Michigan 48064
Phone: (248) 502-4000
Facsimile: (248) 502-4001
Email: kkilby@mcgrawmorris.com

Approved as to form by:

Peter M. Bade (P47546)
Chief Legal Officer
City of Flint
1101 South Saginaw Street, Room 307
Flint Michigan 48502

Exhibit 1
Location of GCDC/DWSD Connection

Exhibit 2
Location of GCDC/Flint

150875

RESOLUTION NO.: _____

PRESENTED: 10-12-15

ADOPTED: _____

**RESOLUTION AUTHORIZING THE CITY ADMINISTRATOR TO TAKE
NECESSARY ACTION TO CONVERT TO THE DETROIT WATER SYSTEM**

BY THE CITY ADMINISTRATOR:

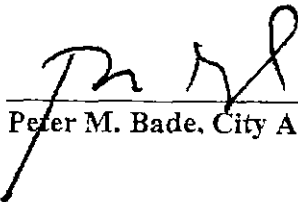
In order to promote the health, safety and welfare of this community, it is in the best interests of the City of Flint for the Detroit Water and Sewer Department (DWSD) to supply the City with treated water pending completion of the Karegnondi Water Authority; and

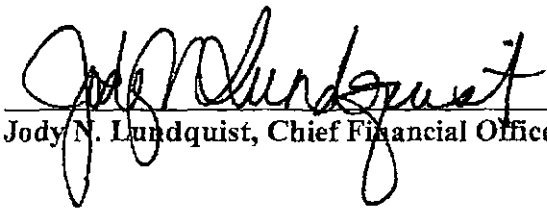
In order for DWSD to supply the City with water, it will be necessary to utilize pipe owned by the Genesee County Drain Commission (GCDC); and

The City, DWSD and GCDC are actively negotiating the terms of the necessary agreements to ensure this transition occurs as soon as possible, and

IT IS RESOLVED that the City Administrator is hereby authorized to enter into agreements with DWSD and GCDC for conversion to the Detroit Water System

APPROVED AS TO FORM:


Peter M. Bade, City Attorney


Jody N. Lundquist, Chief Financial Officer

FOR THE CITY OF FLINT:


Natasha L. Henderson, City Administrator

APPROVED BY CITY COUNCIL:


PRESENTED TO CITY COUNCIL: 10/12/2015
ADOPTED BY CITY COUNCIL: 10/12/2015



Genesee County Health Department

Mark Valacak, M.P.H., Health Officer
Gary K. Johnson, M.D., M.P.H., Medical Director

How does lead get into my tap water?

Under typical circumstances, lead will dissolve into the water. The concentration of lead in drinking water can vary greatly, depending on the corrosiveness of the water, the type and age of the plumbing materials and the length of time that the water stands in the pipes. The highest levels of lead occur when very corrosive water stands motionless in lead or lead soldered pipe for long periods of time.

How do I know if my tap water is contaminated with lead?

The only way to know whether your tap water contains lead is to have it tested. You cannot see, taste, or smell lead in drinking water. There are different sampling methods for sampling lead in drinking water. To determine your household risk, it is recommended to take a first draw sample.

Does lead in my tap water cause health effects?

Lead can cause damage to the brain, red blood cells and kidneys. The greatest risk is to young children and pregnant women. Amounts of lead that won't hurt adults can slow down normal mental and physical development of growing bodies. Lead in water can be a special problem for infants, whose diets may be mostly liquids, such as baby formulas or concentrated juices mixed with water. Smaller bodies can absorb lead more rapidly than bigger ones. A child's mental and physical growth can be permanently harmed by too much lead. Risk will vary, depending on the individual, the circumstances, and the amount of water consumed.

What can I do to reduce or eliminate lead in my tap water?

Flush your cold-water pipes by running the water for approximately 5 minutes. The longer the water has been sitting in the pipes, the more lead it may contain. You can fill containers for later use, after the flushing process. Use only water from the cold-water tap for drinking, cooking, and especially for making baby formula. Hot water is likely to contain higher levels because it dissolves more lead. You may choose to install a water filter that is NSF-certified for lead removal. If a water filter is installed, replace filters at least as often as recommended by the manufacturer.

Buy a lead-free faucet. The legal definition of "lead-free" still allows brass faucets to contain up to 8 percent lead. However, faucets marked with "NSF 61/9" and/or "California Proposition 65" meet stricter limits. Regularly clean particles from faucet aerators.

Is it safe to take a bath or shower, if my water has high lead levels?

Yes. Bathing and showering should be safe for you and your children, even if the water contains lead over EPA's action level. Human skin does not absorb lead in water. This information applies to most situations and to a large majority of the population, but individual circumstances may vary. Some situations, such as cases involving highly corrosive water, may require additional recommendations or more stringent actions

Who do I contact for more information?

The local water authority is always your first source for testing and identifying lead contamination in your tap water. You can visit the City of Flint Website at www.cityofflint.com or contact the Flint Water Department at 810-787-6537.

WWW.EPA.GOV

WWW.MDEQ.GOV

Stanton, Terry A. (Treasury)

From: Stanton, Terry A. (Treasury)
Sent: Wednesday, October 14, 2015 9:57 AM
To: Wurfel, Sara (GOV)
Cc: Heaton, Anna (GOV); Kennedy, Jordan (GOV); Murray, David (GOV)
Subject: Flint-Egan

Importance: High

Sara...

Let me know if you might have 15-20 minutes this am, for me to walk over and share some information & thoughts or otherwise discuss the response to Egan.

The Flint RTAB meets at 2pm today...so I am leaving for Flint by 1. The RTAB is taking up the city's resolution to pay \$2 m for the reconnect to DWSD.

Thanks, T

Workman, Wayne (TREASURY)

From: Cline, Richard (Treasury)
Sent: Tuesday, October 13, 2015 1:50 PM
To: Workman, Wayne (TREASURY)
Cc: Dempkowski, Angela (Treasury); Byrne, Randall (Treasury)
Subject: Flint Water Report
Attachments: Flint-TTHM-OER-FINAL-01.pdf

Wayne,

Per your request.

Eric Cline | Department Manager | State of Michigan
Michigan Department of Treasury | Local Government Financial Services Division | Fiscal Responsibility Section
430 W. Allegan Street, 3rd Floor | Lansing, MI 48922
Lansing Office (517) 335-2078 | Cell Phone (517) 243-8450 | Traverse City Office (231) 922-5228
E-mail cliner1@michigan.gov

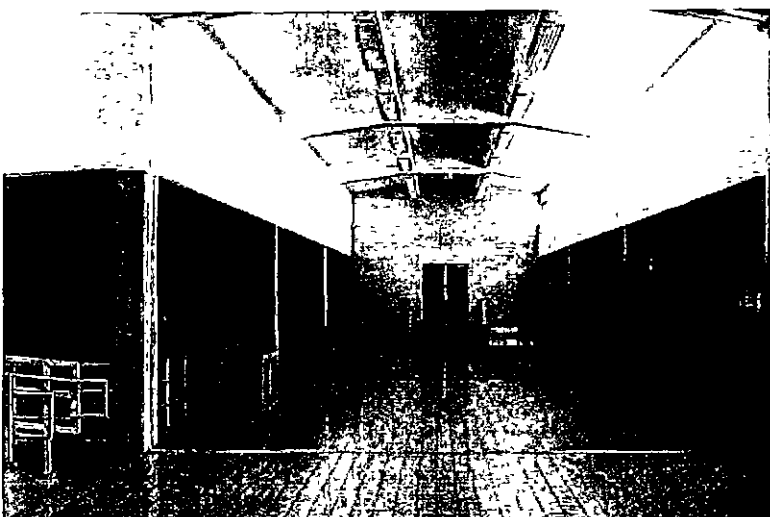
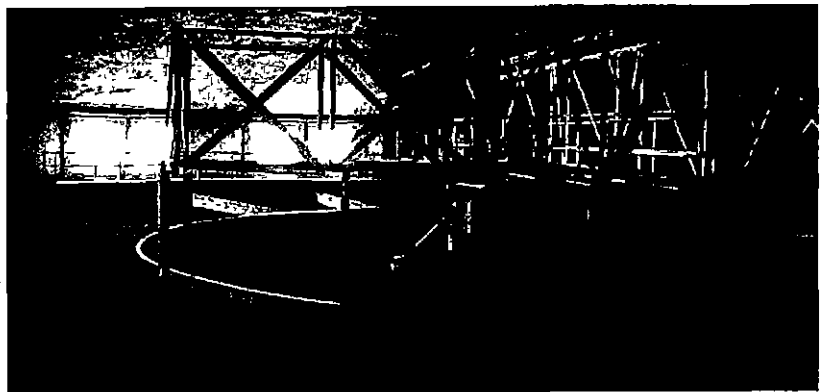
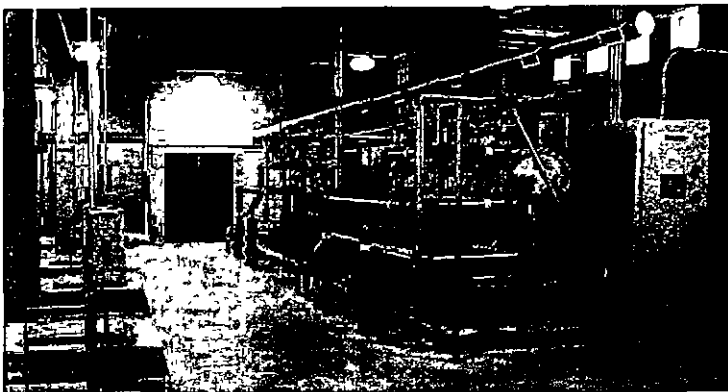
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Operational Evaluation Report City of Flint



Trihalomethane Formation Concern

February 27, 2015



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



EXECUTIVE SUMMARY

Environmental Protection Agency (EPA) and Michigan Department of Environmental Quality (MDEQ) regulations require that public water suppliers test drinking water quarterly throughout the distribution system for disinfectant by-products (DBP's). Two categories of DBP's, tri-halomethanes (THM) and halo-acetic acids (HAA5), are regulated and must be tested for. The City of Flint began operation of their water treatment plant (WTP) full time with the Flint River as the source on April 25, 2014. Since that time, four quarters of samples taken have resulted in an annual average violation for total THM. Prior to the first violation (Nov. 2014), the City hired Lockwood, Andrews & Newnam, Inc. (LAN) to complete this Operational Evaluation Report (OER) in conformance with EPA guidelines with the goal to determine the cause(s) of high levels of THM and evaluate possible solutions.

The EPA promulgated the Stage 2 Disinfectants and Disinfection By-Products Rule (DBPR) in January 2006 which set maximum contaminant levels (MCLs) for total trihalomethanes (TTHM) and HAA5 based on an annual running average, tested quarterly, for a given sampling location. The City of Flint reports levels from 8 sampling test locations. Of the four quarterly sampling cycles since Flint began operating the WTP full time, HAA5 levels have been acceptable but TTHM levels were high at 4 sampling sites following the third sampling cycle. Average THM levels exceeded the MCL at 3 sites following the fourth sampling cycle.

A number of issues have been identified as possibly contributing to the high THM levels measured.

1. Inefficient ozone system functionality which has resulted in increased chlorine feed.
2. Upstream source influences in terms of increased chlorine demand.
3. Bypass stream around softening contributed to chlorine demand and increased total organic carbon (TOC) levels in the effluent.
4. Unlined cast iron pipes in the distribution system contributing to chlorine demand.
5. High water age in the distribution system due to:
 - a. Broken valves causing less than ideal flow patterns.
 - b. Inefficient pump station pressure zones
 - c. Water storage volumes in excess of that needed for today's demands
 - d. Oversized water mains
 - e. Low water demands
6. High chlorine demand in filters.
7. High THM formation potential (THMFP) in source water.
8. Less than optimal removal of THM precursors

A graphical representation of how the factors above relate to the timing of THM compliance sampling is shown as Table 1. Compliance sampling dates are hatched. Each row in Table 1 describes a factor that can lead to increased THM levels and the table defines when each of those factors applied. Note the convergence of nearly all factors around the second sampling period on August 21, 2014 to create what appears to be a worst case scenario. The table also shows that the factors listed as those that the City can control have been addressed prior to the February sampling period. Monthly operating report data up to February 1, 2015 is depicted on the Table.



TABLE 1 - SUMMARY OF NEGATIVE INFLUENCES ON THM COMPLIANCE SAMPLING

FACTOR	2014												2015	
	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June
Softening bypass stream over 20% of plant flow														
Ozone system not feeding optimally														
Using full water storage capacity of WSR & CSR														
Chlorine feed at WTP 7.0 mg/l or more														
Ferric chloride feed rate less than 10 mg/l Fe3+														
Raw water temp 23 degrees C or more														
Raw water TOC levels above 8.0 mg/l														
Raw water coliform over 5000 counts/day														
Positive bacteria test in dist. system (boil water notice)														
Water demand less than 15 mgd														

Dates of occurrence

Dates of occurrence and expected to repeat in future years

Compliance sampling date

Factors under Flint staff control

Flint River characteristics

System factors



ACTION PLAN

The City of Flint has signed an agreement with the Karegnondi Water Authority (KWA) to purchase raw water drawn from Lake Huron. The KWA system is currently under construction and expected to be operational by late 2016. The water supply from Lake Huron will have entirely different water quality characteristics from the Flint River and those characteristics are expected to yield drastically reduced DPB formation. With that, non-structural options to help reduce THM levels are much preferred over solutions requiring new construction. Therefore, two categories of actions have been devised: Stage 1 being actions that can be completed relatively quickly without major construction and Stage 2 consisting of either long term actions or solutions requiring major construction. The City is actively working to complete Stage 1 actions as soon as possible. Stage 2 actions are to be implemented only if Stage 1 actions are ineffective in adequately reducing TTHM levels and therefore Stage 2 is contingent upon the outcome of Stage 1. As of the date of this report, status updates for action items are shown in red.

Stage 1 – Immediate Actions

- Hire third party water quality expert to complete independent 'water audit'
 - The City hired Veolia Water to review all water quality related operations, procedures, actions taken and planned responses. Recommendations from Veolia are expected by the first week in March 2015.
- Obtain an in house THM analyzer to allow regular operational monitoring of THM levels
 - THM analyzer was installed 2/17/15.
- Hire ozone system manufacturer to troubleshoot ozone system
 - Manufacturer and controls programmers performed on site evaluations in January 2015.
- Bench scale jar testing
 - Match existing process and assess possible areas of improvement
 - Existing process was simulated and an evaluation of existing chemical feed dosages has been completed by LAN.
 - Existing process TOC profile was developed by Veolia.
 - Simulate potential modifications to treatment process
 - Soda ash softening evaluation completed and PAC feed testing completed by LAN.
 - Evaluate coagulation and flocculation polymer aid feeds to assist with TOC removal
 - Evaluations of polymer aids completed by LAN and PVS Technologies.
- WTP operational changes
 - Discontinue softening bypass stream to reduce chlorine demand
 - Operational directive has been set to soften no less than 80% of flow.
 - Disinfection of filter beds to reduce chlorine demand
 - Utility Service Group contracted by City and condition assessment completed. Controls improvements have been completed.
 - Begin coagulation and flocculation polymer aid feeds to assist with TOC removal if bench scale test results are positive
 - Jar testing completed to date has not indicated a useful benefit to feeding coagulation/flocculation polymer aids. Increased ferric doses have been implemented at the WTP based on positive jar test results.



- Increase water main flushing efforts to minimize stagnant water
 - Flushing efforts are ongoing as weather permits.
- Water system modeling to identify areas with high water age and potential solutions
 - The water model has been improved and preliminary results, including system wide water age, have been produced. Water demand updates and reconciliation with operator's data are scheduled for March 2015 to complete water modeling analysis.
 - Cedar Street Pump Station potential recirculation
 - Water model analysis to be completed in March 2015.
 - West Side Pump Station potential recirculation
 - Water model analysis to be completed in March 2015.
 - Storage tank volume use
 - Operating levels of West Side and Cedar Street reservoirs have been lowered to reduce water age
 - Possible broken closed valve locations
 - Model has been updated with known broken valve locations. Model results are being evaluated for indications of other possible broken valves. City has also initiated valve assessment program.
 - Locations in need of flushing
 - High water age areas have been identified in the water model. Further evaluation forthcoming to determine most effective flushing points.

Stage 2 – Contingent Actions

- Fix ozone system
 - Repairs have been made to gauges and programming and the system is producing proper ozone and functioning under manual operation. Further minor repairs are planned for the 1st quarter 2015 to allow automatic operation.
- Start feeding coagulation and flocculation polymer aids to lower TOC, if not completed in Stage 1
 - Polymers evaluated by LAN did not demonstrate notable benefit.
 - PVS Technologies evaluated a proprietary polymer that showed little benefit.
- Convert to lime and soda ash softening
 - Cost effective analysis to be developed, if necessary, based on routine operation THM level monitoring.
- Change disinfectant to chloramine or chlorine dioxide until KWA
 - Cost effective analysis to be developed, if necessary, based on routine operation THM level monitoring.
- Install pre-oxidant feed at intake to optimize ozone disinfection
 - Permanganate feed at intake was evaluated by Veolia the week of 2/16/15 and recommendations are expected by the first week in March 2015.
- Replace filter media with granular activated carbon (GAC) media
 - Cost effective analysis to be developed, if necessary, based on routine operation THM level monitoring.
- Implement advanced treatment for THM precursor removal
 - Cost effective analysis to be developed, if necessary, based on routine operation THM level monitoring.
- Increased main flushing based on water modeling results
 - Water model analysis to be completed in March 2015.



- Continue valve replacements with water model assistance
 - Water model analysis to be completed in March 2015.
- Emphasize cast iron pipes on water main replacement priority list
 - Flint has bid replacement of over 2 miles of 24" cast iron pipe along Dupont and Bishop Streets to be completed this coming construction season. The water main section is considered a critical transmission main, and is expected to contribute to decreases in water age when complete.

THM samples have been taken and tested 5 times since the City began using the Flint River for supply. Four sets of samples were taken for official regulatory compliance and one set of samples was taken by the City for operational monitoring. Samples were taken in May 2014, August 2014, November 2014, January 2015, and February 2015. THM levels at all sample sites have declined from August 2014 to February 2015. The average of all sample sites in August was 142.1 ug/l and the most recent average of samples taken in February 2015 was 19.8 ug/l. The MCL defined by the EPA is 80 ug/l.



I. BACKGROUND

The City of Detroit Water and Sewer Department (DWSD) has historically provided drinking water for the City of Flint and Genesee County. In the late 1990's growing concern regarding the reliability of the DWSD supply prompted the City of Flint to upgrade their existing water treatment plant (WTP). Those improvements, defined as Phase I, were completed in 2005 and were intended to allow the Flint WTP to operate, using the Flint River as the source, for an extended period of time in the event that supply from the DWSD was temporarily interrupted. Additionally, the Phase I improvements set the stage for Flint to break free from dependence on the DWSD supply and water charges over which they had no control.

A. WATER SUPPLY TRANSITION

1. Detroit Water and Sewer Department (DWSD)

Until recently the Genesee County and Flint region had been provided drinking water by the DWSD. However, due to excessive cost increases and reliability issues with the DWSD system other options had to be explored.

2. Karegnondi Water Authority (KWA)

In 2010 the Karegnondi Water Authority (KWA) was formed for the purpose of developing a new water supply from Lake Huron to serve the region in lieu of the DWSD supply and the City of Flint elected to join. The KWA expects the new system which is currently being constructed to become operational by the fall of 2016.

3. Flint River – Interim Period

With a renewing water supply agreement between Flint and the DWSD being terminated by the DWSD (effective April 30, 2014) and the KWA system not expected to be operational until late 2016, the City of Flint decided to initiate operation of the existing WTP full time utilizing the Flint River as the interim water source. A variety of WTP improvements were necessary for the Flint plant to become a full time plant. For purposes of this report, Phase II improvements to the Flint WTP are improvements intended to allow the plant to operate full time with either the Flint River as the source or the KWA supply as the source.

B. TTHM VIOLATIONS

The EPA and MDEQ method of determining if TTHM sample results exceed the MCL uses a locational running annual average (LRAA). Flint's first TTHM violation was cited by the MDEQ following the third cycle of sampling completed in November 2014. Of the 8 sampling sites, 4 were in violation. At that time the MDEQ used the following calculation for determining if the MCL had been violated:

$$(2 \times \text{current quarter value} + \text{previous 2 quarter values}) / 4 = \text{Operational Evaluation Value}$$

Flint has now completed tests for 4 quarters and a straight annual running average applies. Based on samples taken on February 17, 2015 the number of sites in violation of the THM MCL limit has decreased to three. The City also conducted a round of sampling on January 27, 2015 in order to internally monitor the progress of actions taken to address the THM issue. It is worth noting that each round of sampling since August of 2014 has indicated a significant drop (improvement) in THM levels. Test results are tabulated in Table 2. HAA5 sample results are shown in Table 3, of which Flint has had no violations.



TABLE 2 – TTHM TEST RESULTS (ug/L)

Sample Location	1 st Qrt 5/21/14	2 nd Qrt 8/21/14	3 rd Qrt 11/21/14	Inter. 1/27/15	4 th Qrt 2/17/15	LRAA
WTP Tap	56	86	33	16	-	na
1) 3719 Davison McDonalds	162.4	145.3	58.6	35	16.2	95.6
2) 822 S. Dort Hwy BP Gas Sta.	111.6	112.0	36.2	23	19.9	69.9
3) 3302 S. Dort Hwy Liquor Palace	96.5	127.2	33.3	23	16.8	68.5
4) 3606 Corunna Taco Bell	106.4	181.3	33.9	24	18.1	84.9
5) 2501 Flushing Univ. Market	75.1	196.2	93.6	35	24.5	97.4
6) 3216 MLK Salem Housing	82.2	112.4	50.1	33	28.5	68.3
7) 5018 Clio Rite Aid	88.2	144.4	53.6	29	19.2	76.4
8) 6204 N. Saginaw N. Flint Auto	79.2	118.3	41.1	21	14.9	63.4

TTHM MCL = 80 ug/l

TABLE 3 – HAA5 TEST RESULTS (ug/L)

Sample Location	1 st Qrt 5/21/14	2 nd Qrt 8/21/14	3 rd Qrt 11/21/14	Inter. 1/27/15	4 th Qrt 2/17/15	LRAA
WTP Tap	36 (taken June 14, 2014)					na
1) 3719 Davison McDonalds	64	43	16	Na	9.0	33.0
2) 822 S. Dort Hwy BP Gas Sta.	52	40	21	Na	9.0	30.5
3) 3302 S. Dort Hwy Liquor Palace	48	31	15	Na	9.0	25.8
4) 3606 Corunna Taco Bell	55	24	15	Na	9.0	25.8
5) 2501 Flushing Univ. Market	38	17	24	Na	9.0	22.0
6) 3216 MLK Salem Housing	41	25	5	Na	2.0	18.3
7) 5018 Clio Rite Aid	49	30	17	Na	9.0	26.3
8) 6204 N. Saginaw N. Flint Auto	50	37	18	Na	9.0	28.5

HAA5 MCL = 60 ug/l

C. WATER TREATMENT PLANT RECENT IMPROVEMENTS & STATUS

1. Phase I WTP Improvements

Since 1965, the Flint WTP has remained a secondary or backup supply system to the DWSD primary supply. Typically the secondary supply for a public water system is expected to be needed only during emergency situations and normally is designed for short term operation such as providing the average daily demand for a few days. Conversely, Phase I improvements were designed with the intent to upgrade the Flint WTP in order to allow for an extended short term period (6 weeks) because of the perceived high risk that the DWSD supply would fail and remain out of service for an



extended duration. Regardless, the Flint WTP was still intended to serve as a standby plant and as such the Phase I improvements lacked redundancies that would be required for a primary supply WTP.

2. Past Pilot Study & Testing

During design of the Phase I improvements a treatability study was completed by Alvord, Burdick & Howson, LLC (AB&H) in 2002. The Treatability Study evaluated the current treatment processes that are in place at the Flint WTP today with the Flint River as the source. The report recommended the following:

TABLE 4 – 2002 WTP TREATMENT RECOMMENDATIONS			
Treatment	Purpose	Point of Application	Dosage (mg/l)
Sodium permanganate	Zebra mussel control	Intake	0.3
Ozone	Taste & odor removal, disinfection	Diffusor basin	1.5
Ferric chloride	Coagulation	Rapid mix	40
Coag aid polymer	Turbidity & TOC removal	Rapid mix	2.0
Floc aid polymer	Turbidity & TOC removal	Floc basin	0.05
Lime	Softening	Softening basin	175
Soda ash	Softening	Softening basin	52
Carbon dioxide	pH adjustment	Recarb basin	37
Media filters	Filtration	N/A	Na
Chlorine	Disinfection	Filter effluent	1.0

Of the recommended items, zebra mussel control, coagulant and flocculation polymer aids, and soda ash feed have not been incorporated into the treatment process.

3. Phase II WTP Improvements for Full Time Operation

Phase II WTP improvements are those needed to convert the Flint WTP from a back-up supply to a primary supply plant. A number of improvements have already been constructed as they were necessary to operate full time when treating water from the Flint River. The improvements under the title of Phase II that have been completed or are nearly complete include installation of the future raw water feed connection point and valving for the KWA supply, upgrades to the lime sludge lagoon, the lime sludge lagoon decant and disposal system, decant pump station and force main, installation of mid-point chlorination before filtration, and upgrade of the electric feed sub-station.

Additional improvements to the Flint WTP that are to be completed to become part of the normal treatment process using water supplied by the KWA are:

- New oxygen and nitrogen storage facilities for the ozone system (under construction)
- New coagulant feed system
- Electrical
 - Pump Station #4 upgrades (under construction)
 - SCADA and controls upgrades
 - Filter transfer pump station feeders
- Pump replacements and VFD installation in the low and high service pump station (under construction)
- Filter transfer pump station to Dort Reservoir
- Facility security improvements



II. SOURCE WATER EVALUATION

A. DATA ANALYSIS

Based on past data collected and the 2002 Treatability Study by AB&H, the Flint River water quality varies seasonally with higher hardness and alkalinity experienced in the winter. Higher magnesium concentrations are also experienced in the winter, adding difficulty to the settling process due to neutrally buoyant floc. General water quality average characteristics recorded for the 2002 Treatability Study as compared with average characteristics recorded in 2014 are shown in Table 5 below.

TABLE 5 – FLINT RIVER WATER QUALITY CHARACTERISTICS							
Period	Turbidity NTU	TOC Mg/l	Alk. Mg/l	Hardness Mg/l as CaCO₃	pH	Total Col. Count/day	THMFP Mg/l
2001 Apr–Oct	7.9	9.4	215	272	8.1	870-1230 (7300 max)	410
2014 May–Oct	8.3	10.3 5/22/14	207	252	8.2	1900-9000 (48,300 max)	187

The Flint River characteristics do not appear to have changed significantly over the past 10+ years. Note that further investigation by City staff revealed a sewer leak upstream of the plant that may have contributed to the total Coliform count. The leak was subsequently repaired.

B. CONCLUSIONS

Considering the minor changes in Flint River water quality, much of the information contained in the 2002 Treatability Study by AB&H remains relevant today. Data from that report assumed to be consistent today include the following:

- Flint River is influenced by groundwater from a dolomitic aquifer
- Hardness varies seasonally with higher hardness and alkalinity in the winter
- Hardness, alkalinity, magnesium concentrations tend to be reduced by run-off

In development of the 2002 Treatability Study, processes were simulated which resulted in low THM levels. Therefore, information contained in that report will be used to assist with establishing a baseline jar testing procedure as discussed further in Section III.



III. TREATMENT PROCESS EVALUATION

A. EXISTING PROCESS DESCRIPTION

The existing WTP consists of an intake with screening from the Flint River, low lift pumping, ozonation, rapid mix, flocculation, settling, softening, recarbonation, filtration, storage and high service pumping. A process diagram is shown as Figure 1.

1. Intake

A 72" diameter pipe draws water from the Flint River through 2 traveling screens to the low lift pump structure. No chemicals are currently fed for Zebra mussel control or pre-oxidation as recommended by the 2002 Treatability Study. Manual removal of zebra mussels is more economical than installation of chemical feed equipment considering the short term need.

2. Ozone

There are 2 ozone generators designed to provide adequate ozone for a WTP flow of up to 36 mgd. There are 3 ozone contact basins. The ozone generators were designed to produce 900 lbs/day at 10% concentration and up to 1300 lbs/day at 6% concentration each. Prior to recent repairs, readings indicated a production rate of approximately 700 lbs/day at 4% concentration. It is possible that before the recent improvements the ozone feed might not have been optimized. In fact, it is known that less than optimal ozonation previously led to increased chlorine feed which would have contributed to THM formation.

3. Rapid Mix

East and West rapid mix chambers allow chemical feed prior to the flocculation basins. Each rapid mix chamber is equipped with a 5 hp mixer.

4. Coagulation / Flocculation

The WTP contains two equally sized flocculation basins, east and west, and each basin provides tapered or gradually slowed mixing from inlet to outlet. There are fifteen 2 hp mixers for each basin with VFDs to control mixing speed. The 2002 Treatability Study recommended feeding both coagulation and flocculation polymer aids. Neither polymer aid is being used today because turbidity and TOC removals have been sufficient to meet regulatory requirements.

5. Settling

Primary clarification takes place within 3 basins containing plate settlers. The settlers are operating as designed.

6. Softening

Again, there are two basins for softening: east and west. Each basin is 120' in diameter and contains a solids contact softening unit. Each softening basin/unit has a design capacity of 18 mgd. The east clarifier has an effluent weir imbalance that the City intends to fix when low demands allow for construction. Low lift pumping limitations, flow control to the basins, control restrictions on residuals removal, and fluctuating demands have made it difficult for WTP staff to stabilize the softening process. Softening is accomplished by feeding lime. The decision was made by the City not to feed soda ash in order to remove non-carbonate hardness because acceptable hardness levels could be achieved with lime feed only and softening is short term until Lake Huron water becomes available. Lime and soda ash softening is a possible consideration to assist with TOC removal and thus reduce THM formation.



7. Recarbonation

Recarbonation for pH adjustment is accomplished in east and west recarbonation basins between and to the north of the softening basins. Carbon dioxide storage and feed equipment is located west of the recarbonation basins.

8. Filtration

Filtration is accomplished with 12 dual media filters, equally sized and designed to filter 3.0 mgd each. Media consists of 12" of sand and 18" of anthracite. The filters have been operated intermittently over the years due to the standby nature of the WTP and until recently, chlorine injection took place downstream of the filters. It is possible some microbial growth had developed in the filters leading to increased chlorine demand. The City recently hired a contractor to upgrade the electrical controls for the filters and that work has been completed.

9. Disinfection

Disinfection is provided by ozonation and by feeding chlorine. Ozonation occurs at the front end of the WTP. Chlorine is fed prior to filtration and prior to finish water storage / high service pumping. The intermediate chlorine injection location was recently constructed under the Phase II, Segment 1 contract.

10. Clear Well & Pumping

The pump building sits adjacent to a 3 MG clear well and contains both low and high service pumps.

B. JAR TESTS / EXPERIMENTS

1. Approach

There are several well practiced methods by which DBPs can be reduced. First, the disinfectant can be changed to an alternate that has a lower tendency to form DBPs. Second, additional treatment systems such as activated carbon or air stripping (depending on the nature of the precursors) can be added to remove DBP precursors. Lastly, the existing treatment processes can be optimized to remove as much DBP precursor as possible. Of these options, optimizing existing treatment processes is the only strategy that does not require the construction of new and expensive facilities. It is anticipated that Flint will be receiving Lake Huron water in approximately two years and this water will have a completely different chemistry from the Flint River. Major process changes instituted to address THM levels using Flint River water are likely to be unnecessary for Lake Huron water and may even be inappropriate. Therefore, those options which require addition of new treatment processes are undesirable at this time. In recognition of this upcoming change in water source, efforts for this study have concentrated on improving the existing processes, rather than adding new ones. New treatment processes will only be recommended if operational changes to the existing treatment train prove ineffective.

Recent sample test results suggest that most of the DBPs are formed in the distribution system rather than within the treatment plant. Therefore, the most logical approach is to reduce the DBP formation potential (DBPFP) rather than simply lowering the levels of DBPs leaving the plant. During bench scale testing, formation potential (FP) levels were the primary indicator of success or failure of proposed process modifications.

2. Protocol

Bench scale pilot testing is intended to reflect actual plant operating and hydraulic conditions so the bench scale treatment units were sized based on various dimensionless factors to ensure the pilot treatment matched the actual system. Bench



scale ozonation was not practical due to time and cost limitations. Therefore, water samples were withdrawn from the plant ozone basin effluent. These samples were transported to the laboratory and dispensed into square testing jars. The jars were used to simulate rapid mix, three-stage flocculation, and settling. Rapid mix and flocculation conditions were matched to the plant based on "Gt" values. The "G" value is a measure of the mixing intensity and is a function of mix time, viscosity of the liquid, and mixing power applied to the water. "Gt" then, is a size scaling factor where time has been accounted for. Settling time was scaled to match the shorter settling depth of the testing jars. After settling, samples were decanted from the test jars. The decanted samples were then lime softened; softening conditions were similarly matched on the basis of "Gt". Carbon dioxide was sparged into the samples to reduce the pH. The water was then vacuum filtered through filter paper, sized to simulate the plant's dual media filters. The samples were dosed with excess chlorine and allowed to react for seven days at 25° C before testing for DBPs to determine the formation potential.

The following conditions were applied during testing to properly match small scale testing to actual plant processes.

TABLE 6 – BENCH SCALE TEST MIXING INTENSITIES

Process	G	Duration	Mix RPM
Ozonation	Plant	-	-
Rapid Mix	200	44 sec	160
Flocculation, Stage 1	50	9 min	55
Flocculation, Stage 1	25	9 min	30
Flocculation, Stage 1	12	9 min	19
Settling	N/A	10 min	-
Softening	TBD	10 min	-
Recarbonation	N/A	N/A	-

The primary variables during testing were chemical additions and chemical dosages. Specific chemicals and dosages used for initial testing conditions were selected to reflect current plant usage and the recommendations of the 2002 Treatability Study:

TABLE 7 – BENCH SCALE TEST CHEMICAL FEED RATES

Chemical	Current Usage	2002 Study	Test Values
Ozonation	4.66 mg/l	1.5 mg/l	
Ferric Chloride	7.7 mg/l Fe3+	40 mg/l Fe3+	7.7 – 80 mg/l Fe3+
Coagulant Aid Polymer	Not used	2.0 mg/l	1 – 2 mg/l
Flocculation Aid Polymer	Not used	0.05 mg/l	0 – 0.05 mg/l
Powdered Activated Carbon	Not used	N/A	20 – 100 mg/l
Lime	120 mg/l	175 mg/l	120 – 175 mg/l
Soda Ash	Not used	52 mg/l	0 – 52 mg/l
Cationic Softening Polymer	3.13 mg/l	Not used	3.13 mg/l
Anionic Softening Polymer	0.88 mg/l	Not used	0.88 mg/l
Fluoride	0.45 mg/l	1 mg/l	Not used
Carbon Dioxide	32 mg/l	37 mg/l	Fed to reach pH of 7.5 +/- 0.3
Chlorine	6.3 mg/l	1 mg/l	10 mg/l



3. Considerations

The 2002 Treatability Study did not note significant formation of DBPs. This may be a function of different Flint River water chemistry at that time. However, recognizing the considerable differences in chemical usage and dosages between that study and current operations, those differences in chemical use and dosage are an obvious starting point for optimizing treatment to prevent DBP limit exceedance.

Although it is believed that optimization of current treatment can correct the DBP issue, should optimization of present treatment prove insufficient, alternate residual disinfectants (chloramines and chlorine dioxide) will be investigated as additional treatment measures.

4. LAN Test Results

Two rounds of jar testing were completed by LAN during the weeks of December 15, 2014 and January 26, 2015. Detailed test data is included in Appendix A. Testing results can be summarized as follows:

- Increased dosages of ferric chloride resulted in higher reduction of THMFP.
- The currently utilized feed rate of lime at 120 mg/l is appropriate
- Softening with soda ash in addition to lime resulted in minor additional THMFP reduction – in the range of 0% - 10%.
- The benefits of using a cationic polymer during softening at a dosage range of 0.31 - 3.13 mg/l to help reduce THM's are unclear
- The benefits of using an anionic polymer during softening at a dosage range of 0.09 – 0.88 mg/l to help reduce THM's are unclear
- Feeding PAC was ineffective in reducing THMFP within the dosage range of 20 – 100 mg/l.

5. Testing by Others

In addition to jar testing completed by LAN, the chemical supplier who provides ferric chloride for the City, PVS Technologies, ran tests using their recommended flocculant polymer aid. Plus, Veolia Water completed jars testing of their own the week of February 16th to analyze other process details and current WTP parameters. Experiments completed by PVS Technologies showed very little TOC removal beyond that obtained with straight ferric chloride feed.

6. Conclusions

Increasing the dose rate of ferric chloride is an operational change that can easily be implemented without the need for any additional equipment. Test results show that over 40% THMFP removal can be obtained with a dosage of 60 mg/l Fe³⁺ or higher. Increased dosing of ferric chloride would be most ideal coupled with regular raw water TOC monitoring so that TOC levels would dictate the appropriate ferric chloride feed rate.

Softening with soda ash in addition to lime is another option the City should consider if increased ferric chloride doses are not adequate to maintain THM levels under the MCL, particularly during warmer months. Again, monitoring of TOC in the raw water could provide useful information of when lime/soda ash softening is necessary.



IV. DISTRIBUTION SYSTEM EVALUATION

EPA guidance for the distribution evaluation portion of an OER is focused on identification and isolation of a specific portion of the distribution system that led to the exceedance. The circumstances of Flint's apparent pending TTHM exceedances are unusual in that a new supply has been implemented which clearly corresponds to the high TTHM sample results. Although the new source is one element in increased TTHM levels, value remains in evaluating the distribution system since water age is also a critical factor. Additionally, there may be distribution improvements that can be made to help alleviate the problem.

A. INFRASTRUCTURE

1. Piping

According to the most recent MDEQ Sanitary Survey, the distribution system is estimated to contain 70% cast iron, 20% ductile iron, 2% concrete and 8% steel water mains. Unlined cast iron pipe can become pitted, allowing colonization sites for microorganisms leading to chlorine demand. Additionally, much of the piping in the system is aged and in poor condition. Increased chlorine demand could be resulting from biofilm in older pipes and from main breaks/repairs. The extent of contribution is not known but any water main replacement project will decrease chlorine demand somewhat if constructed properly. Unfortunately, water main breaks may also assist with decreasing water age by providing unintentional flushing. All things considered, it is impossible to quantify the impact existing piping has on THM formation.

The City utilizes City Point software and GPS equipment to document main breaks and prioritize replacements. However, main break information is more pertinent to rusty water complaints and has little relevance to THM levels. Areas that have been targeted for main replacements include the transmission main from the WTP west to Dupont and south to the West Side reservoir, Fenton Road, Atherton Road, Dort Highway, Averil Street, and Boulevard Drive.

2. Storage

There are 4 finish water storage tanks and 1 raw water tank as tabulated below:

TABLE 8 – STORAGE TANKS							
Name	Type	Water	Volume (MG)	Operating		Absolute	
				LWL	HWL	Bottom	OF
Dort Reservoir	Ground	Raw	20	-	-	730	750
WTP Tank	Elevated	Finished	2	883.0	896.0	863.0	898.0
WTP Clear Well – PS #4	Ground	Finished	3	11'	15'	708.5	726.0
Cedar Street Reservoir	Ground	Finished	20	-	11'	737.2	757.2
Westside Reservoir	Ground	Finished	12	-	12'	761.8	779.0

The MDEQ typically recommends providing a minimum finish water storage volume of 1/3 the maximum daily demand (MDD). According to the 2013 MDEQ Sanitary Survey, the 5 and 10 year MDDs are 21.57 mgd and 30.05 mgd respectively. A common rule of thumb for clear well storage volume at a WTP is 10% of the design flow rate. Another general guideline for reliability is to provide total storage to allow for 2 X the average daily demand plus fire flow demand. For this analysis, fire flow is assumed to be 2,500 gpm for either one industrial fire (2,500 gpm) or a combination of one residential (1,000 gpm) and one commercial (1,500 gpm) fire at a 4 hour duration which results in a total volume of 600,000 gallons. These go-by



approximations are summarized below with the applicable flow rates and are compared to the existing storage volumes currently being utilized.

<u>Common Practice</u>	<u>Flow Rate</u>	<u>Recommended Volume by ROT</u>	<u>Volume In Use</u>
Clear well 10% of Design Flow	18 MGD	1.8 MG	3.0 MG
Finish Storage = 1/3 MDD	30.05 MGD	10.0 MG	37 MG
Total Storage = 2 * ADD + FFD	13.87 MGD	28.3 MG	57 MG

Based on the values above, it appears the storage volume used in the Flint system could be decreased without negatively effecting reliability. The appropriate volumes of individual tanks will be further evaluated using the water system model and discussed in Section V (C).

All reservoirs have baffling to minimize stagnant water. Also, all tanks have been maintained and are in reasonable condition. The Westside reservoir has an exposed roof that is in need of rehabilitation, but its current condition has no influence on THM formation.

3. Pump Stations

All pump stations are in good condition but pumps are generally oversized. As an independent consideration, oversized pumps are not a contributing factor to high THM levels. Control of pumps and pressure zones are discussed in detail below.

B. OPERATIONS AND MAINTENANCE

1. Pump Station & Storage Operations

Pump stations and storage tank levels are controlled as shown in Table 9.

TABLE 9 – PUMP STATION CONTROLS			
PS Name	Control Point	On Point	Off Point
PS No. 4 Raw	Operator	-	-
PS No. 4 Finish	Match plant flow	-	-
Westside	System pressure (elevated tank)	22.5'	33'
Cedar Street	System pressure (elevated tank)	22.5'	33'
Torrey Road	Distr. – Brown/Bradley	< 45 psi	> 45 psi

Cedar Street and Westside pump stations are operated as needed and they are alternated. Typically, Cedar Street is run in the morning and Westside is run in the evening and reservoirs for each are filled during low demand periods at night.

Westside, Cedar Street and Torrey Road pump stations are used to boost system pressure when high demands warrant it, but there are not well defined pressure zones within the system. Therefore, the possibility exists that water is being recirculated allowing for increased water age.

2. Booster Disinfection Practices

Booster disinfection is provided at the Cedar Street and Westside pump stations. When sustained residuals are not provided by chlorine feed at the WTP, sodium hypochlorite is applied at the reservoirs while being filled.



3. Changes in System Demands

Water demands in the City have been declining since the 1960's as the population has dropped. As a result, many of the water system components are oversized including storage tanks and water mains which both increase the time for water to reach the user.

From a short term perspective, Flint demands tend to increase in summer as is ordinarily expected but also in the winter due to water main breaks. The MDD for Flint often occurs in winter. Regarding THM formation, with lower temperatures and higher flows in the winter, THM levels taken at the distribution sample points are expected to be lower than at other times of the year.

C. WATER SYSTEM HYDRAULIC MODELING

As part of this report, the City provided a hydraulic water model, originally developed by Potter Consulting, for LAN to update. Thus far, LAN has modified the model to be capable of extended period simulations, modified controls to reflect current operations, revised the piping to include known broken valve locations, and developed preliminary water age results throughout the entire system. Water age shown in the updated model corresponds well to TTHM levels at 6 of the 8 sampling sites. However, LAN has also identified several deficiencies within the model that require further adjustments to allow for usable and reliable results. Those model deficiencies include outdated demands, improperly located appurtenances, and incorrect flow patterns. Preliminary water age results are presented in Table 10. Revised results will be provided when the hydraulic model has been fully updated.

TABLE 10 – PRELIMINARY WATER AGE FROM WATER MODEL

Sample Point	Location	Address	Water Age (Hrs)	Aug 2014 THM (ug/l)
1	McDonalds	3719 Davison	23	145
2	BP Gas Station	822 S. Dort Hwy	18	112
3	Liquor Palace	3302 S. Dort Hwy	15	127
4	Taco Bell	3606 Corunna	128	181
5	Univ. Market	2501 Flushing	178	196
6	Salem Housing	3216 MLK	50	112
7	Rite Aid	5018 Clio	78	144
8	N. Flint Auto	6204 N. Saginaw	71	118

It is anticipated that topics shown below in italicized font will be detailed after the model is updated in March 2015.

1. *Simulation of Existing System*

Match existing conditions. Chlorine and THM data may be used to verify model results. We have chlorine feed data at plant and residuals at 10 locations in each MOR, May 2014 – January 2015.

2. *Identification of Water System Deficiencies*

Specific issues to look at:

- Worst case at minimum daily demands*
- Water age in entire system*
- Recirculating water through pump stations*
- Use of storage tanks – volumes in particular*
- Indications of broken valves*
- Effectiveness of booster disinfection*



V. RECOMMENDATIONS TO MINIMIZE FUTURE OEL EXCEEDANCES

A. SOURCE

The City of Flint has already committed to the change from the Flint River as the water source to Lake Huron under the KWA system, planned for late 2016. The risk of future TTHM limit violations will decline substantially with the use of water from Lake Huron due to much lower DBP precursors. It is important to recognize that the Flint River will become strictly an emergency supply when the KWA supply becomes available and any investments toward the Flint River should be contemplated accordingly. Recommendations discussed below in this section apply to the Flint River as the source.

Reverting to supply from the DWSD until the KWA supply is available as an option. However, based on information provided by the City of Flint, the annual cost to receive water from the DWSD would be at least \$16,000,000/year or \$1,333,000/month. Therefore, utilizing the DWSD for interim supply is cost prohibitive under the terms defined by the DWSD.

1. Watershed Management

A volunteer group entitled the Watershed Coalition performs various tasks related to managing the Flint River watershed such as spring cleanups and annual benthic studies to evaluate the river 'health'. No additional action is recommended at this time.

2. Monitoring

The City documents daily raw water flow, pH, alkalinity, carbonate and non-carbonate hardness, chloride, temperature, turbidity and coliform count as part of standard preparation of Monthly Operating Reports (MOR). It is recommended to add raw water TOC and plant tap THM values to daily documented measurements which would provide staff the data needed to establish correlations to predict distribution system THM formation.

3. Intake Operations

The 2002 Treatability Study recommended pre-oxidation in the form of sodium permanganate as a feed at the intake. It is possible the addition of a pre-oxidant such as hydrogen peroxide or some type of permanganate could enhance the ozone process. Veolia evaluated permanganate demand during jar testing the week of February 16th, 2014 and further recommendations will be incorporated when results become available.

4. Seasonal Strategies

Past data indicates the Flint River is influenced by groundwater and in particular, dolomitic spring water. The result is hard water with high concentrations of magnesium and sulfate. Also, hardness and alkalinity are higher during the winter. Upon initiation of supply from the Flint River, the City made the decision to soften with just lime to focus on removal of carbonate hardness. One potential modification that could assist with TOC removal and thus decrease THMFP would be lime and soda ash softening. A temporary caustic soda feed system is recommended to be put in place in case the need for optimized softening arises.

5. Upstream Contamination Issues

Upstream contamination issues are extremely difficult to prevent and even if detected are difficult to locate. Evaluation of raw water data collected for MORs is the easiest



manner in which to detect upstream contamination issues because the data is already collected for treatment purposes. In fact, high total Coliform readings signaled a *potential issue recently that the City identified and removed.*

An upstream monitoring and warning system could be established to attempt to detect water quality issues or spill event type contamination early enough to adjust treatment procedures or cease intake prior to the contamination reaching the WTP. However, given the imminent conversion to the KWA supply, the period of full time use would likely be far too short to achieve payback on the capital expenditures.

B. TREATMENT PROCESS

1. Operational Recommendations

- Increase ferric chloride dosage: Previous testing in the 2002 Treatability Study, jar testing completed by LAN, and a review of 2014 ferric chloride dosages compared to THM levels leaving the WTP support that increasing the ferric chloride dosage would help reduce THM formation.
- Increased monitoring: Currently, the MDEQ does not require daily reporting of raw water TOC or finished water TTHM levels. However, daily tracking of such levels would allow the City to develop a correlation between the two, thus providing a predictive tool to help manage TTHM levels.
- Coagulation and flocculation polymer aids: The 2002 Treatability Study suggested the use of coagulation and flocculation polymer aids. These polymer aids were shown in the 2002 Treatability Study to increase TOC removal and thereby reduce THMFP. Further evaluation will be completed during jar testing.
- Discontinue softening bypass: The City was previously bypassing a portion of flow around the softening basins because hardness levels did not warrant softening of the full stream. However, this practice was discontinued because it was believed the bypass stream was contributing to chlorine demand and preliminary data has supported that belief. Chlorine demand dropped 0.5 – 1.0 mg/l following elimination of the bypass stream in early November 2014.
- Soften with lime and soda ash: Research has shown that enhanced softening with both lime and soda ash may provide additional TOC removal. The efficacy of this option will be evaluated during jar testing.
- Disinfection of filter beds: In case there has been microbial growth it is recommended the filters be 'shock' treated with chlorine and rinsed. A chlorine injection point was added upstream of the filters during the first segment of Phase II so future growth in the filters should not be an issue.
- Optimization of all existing treatment processes: Depending on bench scale testing conditions and results, slight modifications to all treatment processes might in order to replicate lower DPBFP.
- Discontinue or adjust softening anionic polymer feed: Some anionic polymers have been found to increase TOC. Veolia evaluated the anionic polymer currently being fed during their jar testing and depending on the results, when available, the softening anionic polymer feed should be adjusted accordingly.



2. Infrastructure Change Recommendations

- Fix and/or replace faulty ozone equipment: Since the ozone equipment was installed it has not been used extensively so the hope is that major components remain in good condition and the system can be easily modified to restore proper functionality. The City has scheduled the equipment manufacturer to field inspect the system on December 15, 2014.
- Replace filter media with GAC media: GAC media could help reduce THM levels by reducing both TOC and chlorine demand. For this consideration, the recommended approach would be to first complete small scale testing to verify efficacy. Upon positive results, the next step would be replacement of media in a fraction of the filters following by sampling to measure water quality. Those results would determine the need to replace media in additional filters.
- Change disinfectant to chloramine or chlorine dioxide: If other options prove to be ineffective, conversion to another disinfectant should be fully evaluated. Various characteristics of chloramination indicate an advantage over chlorine dioxide, but a full analysis would provide clarity as to which would be preferred.
- Install pre-oxidant chemical feed: Hydrogen peroxide or a form of permanganate as a pre-oxidant can enhance the activity of the ozone. Chemical feed could be installed at the intake structure or low service pump station, depending on the reaction time required. Use of a pre-oxidant at the intake might also provide the additional benefit of disinfection credit for ozonation with the MDEQ if an ozone residual can be obtained at the ozone process effluent as a result.
- Repair upstream sewer leak: a sewer leak upstream of the WTP intake was discovered and has already been repaired by the City.

C. DISTRIBUTION SYSTEM

Potential distribution issues related to water quality issues discussed in Section IV included old cast iron pipe, oversized infrastructure, and remote storage/pump station locations and operations that might be less than ideal. Recommendations to address those issues are offered in this section.

1. Manage Water Age

a) Storage Tanks

Considering the excess storage capacity discussed in Section IV, in the short term it is recommended that operational changes be implemented immediately to reduce the overall volume of water stored to decrease water age. Immediate operational recommendations include lowering high water levels of reservoirs other than the elevated tank, to reduce the total system wide usable storage volume to 30-36 MG.

In the long term, LAN recommends development of the most ideal options for water model evaluation. Excess storage volume and tank locations within the water system afford Flint numerous options to reduce the amount of storage volume utilized. As a starting point, two recommendations are presented below.



Option 1

- Take West Side reservoir and pump station out of service
- Cut storage volume used in half at Cedar Street reservoir
- Reduce the utilized storage volume of the WTP clearwell from 3 MG to 2 MG
- Adjusted system wide storage volume would be 34 MG

Option 2

- Take Cedar Street reservoir and pump station out of service
- Reduce the utilized storage volume of the WTP clearwell from 3 MG to 2 MG
- Adjusted system wide storage volume would be 36 MG

b) Residence Time in Pipes

Completely redesigning and replacing the water system to match today's demands is not feasible financially and would be a waste of infrastructure with remaining useful life. Going forward, it is recommended that any future main replacement projects be evaluated for possible downsizing. When the water model is fully updated, it will provide a valuable tool in determining which mains can be downsized and to what extent. Replacement of broken valves and valve exercising are also recommended, which are programs that have already been implemented into Flint's regular operations.

Operationally, hydrant flushing is recommended as needed to minimize water age in low flow areas. Again, the updated water model should be used to locate high water age areas and optimal flushing points.

2. Reduce Disinfectant Demand

Recommendations to reduce disinfectant demand are similar to those described above to reduce water age. Replacement of old cast iron pipes would lead to a reduction of disinfectant demand on the distribution side, but realistically can only be accomplished over a prolonged period of time. In the meantime, hydrant flushing is the most viable means of reducing disinfectant demand in piping. From a storage standpoint, all reservoirs and tanks should be regularly inspected and maintained to prevent entrance of any outside contamination that would contribute to disinfectant demand.

3. Water Modeling of Recommendations [yet to be completed]

Determine best flushing locations to reduce water age
Evaluate changes in storage tank operations to reduce water age
Valves to close/add to improve pressure zones, reduce recirculation
Optimization of pump station use – smaller pumps? Shut down?
Evaluate booster disinfection

D. BOOSTER DISINFECTION

Decreasing chlorine feed at the WTP and adding booster disinfection in the distribution system is an alternative intended to reduce the reaction time at higher concentrations of chlorine to reduce DPB formation. Extensive looping and branching within the existing system complicate how to best implement and utilize booster disinfection. Water system modeling is recommended to gauge the effectiveness of existing feed point locations and dosages. Further discussion and details will be provided when the distribution evaluation results are available.

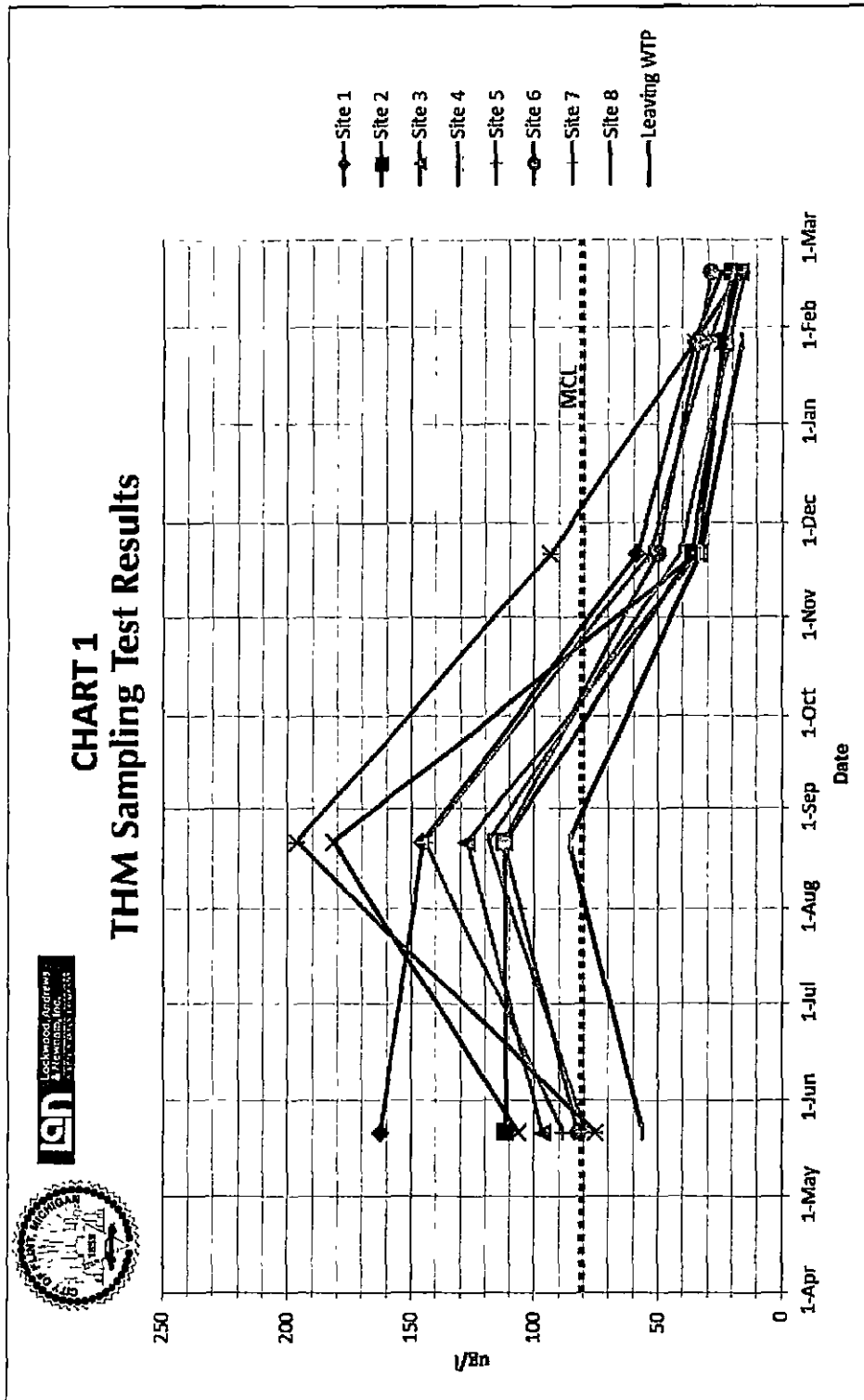


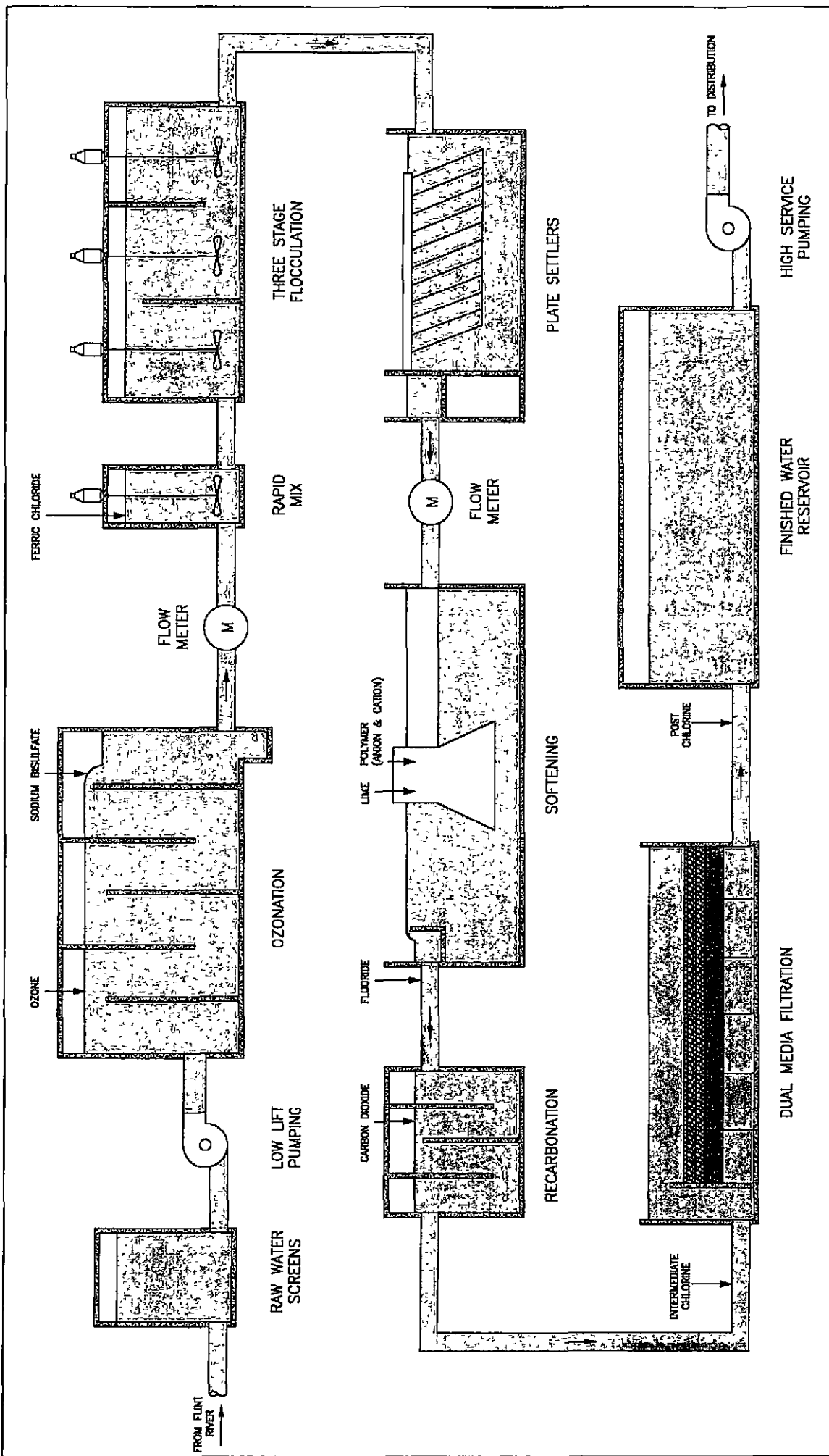
E. CATEGORIZATION OF ACTIONS

Considering that the Flint River is being used as the water source only until the KWA supply is available (expected late 2016), options to address high THM formation that require new construction or extensive time to implement are not preferred. On the other hand, the City understands THM sample results to date dictate that some action is necessary. Two categories have been developed to assist the City in prioritizing actions to take. Stage 1 consists of actions that can be completed relatively quickly without major construction and Stage 2 actions are either long term actions or solutions requiring major construction. Stage 1 actions are to be completed first followed by evaluation of the results prior to consideration of Stage 2 actions. Grouping of actions are shown in the table below.

TABLE 11 – ACTION PLAN		
	Action	Purpose
Stage 1	Hire water consultant to complete 'water audit'	Third party review of actions and operations to make sure no options are being missed
	Increased water quality monitoring – obtain THM and TOC analyzers	Provide information needed to adjust WTP operations to match changing raw water quality
	Troubleshoot ozone feed system	Reduce chlorine feed and increase TOC removal
	Bench scale jar testing	Optimize treatment process and evaluate possible modifications
	Discontinue softening bypass	Reduce chlorine demand
	Disinfect filters	Reduce chlorine demand
	Increased water main flushing	Reduce water age / stagnant water
	Water system modeling evaluation	Determine areas with high water age and reasons
	Implement coag. & floc. polymer aids, if appropriate	Increase TOC removal
	Modify booster disinfection feeds, if appropriate	Decrease water age
Stage 2	Repair ozone system	Reduce chlorine feed and increase TOC removal
	Continue increased water main flushing	Reduce water age / stagnant water
	Convert to lime and soda ash softening	Increase TOC removal
	Continue valve replacements based on water model	Reduce water age / stagnant water
	Replace filter media with GAC	Reduce TOC and chlorine demand
	Change disinfectant to chlorine dioxide	Reduce THMFP
	Install pre-oxidant feed at intake	Optimize ozone disinfection, reduce chlorine
	Place priority on replacing cast iron water mains	Reduce chlorine demand

Samples were taken the week of February 16th for the 4th round of quarterly testing. The City has implemented many of the Stage 1 actions and THM test results have significantly improved (decreased) each time samples have been taken since August 2014. In addition to the regular compliance monitoring, the City performed a round of sampling on January 27, 2015. All sampling results are shown on Chart 1.







City of Flint
Water Treatment Plant

WATER TREATMENT PLANT
PROCESS DIAGRAM

Project No. 135-1070-1001
Date Nov 21, 2014

Sheet
FIG 1

REVISIONS		FILE LOG	
NO.	DESCRIPTION	DATE	BY



IGN
Industrial Gas
Instruments
1311 S. Linden Road, Suite 8
Tulsa, OK 74119
Tel 813-432-2581 Fax 813-432-2723
www.ign-inc.com

City of Flint
Water Treatment Plant



APPENDIX A JAR TEST DATA

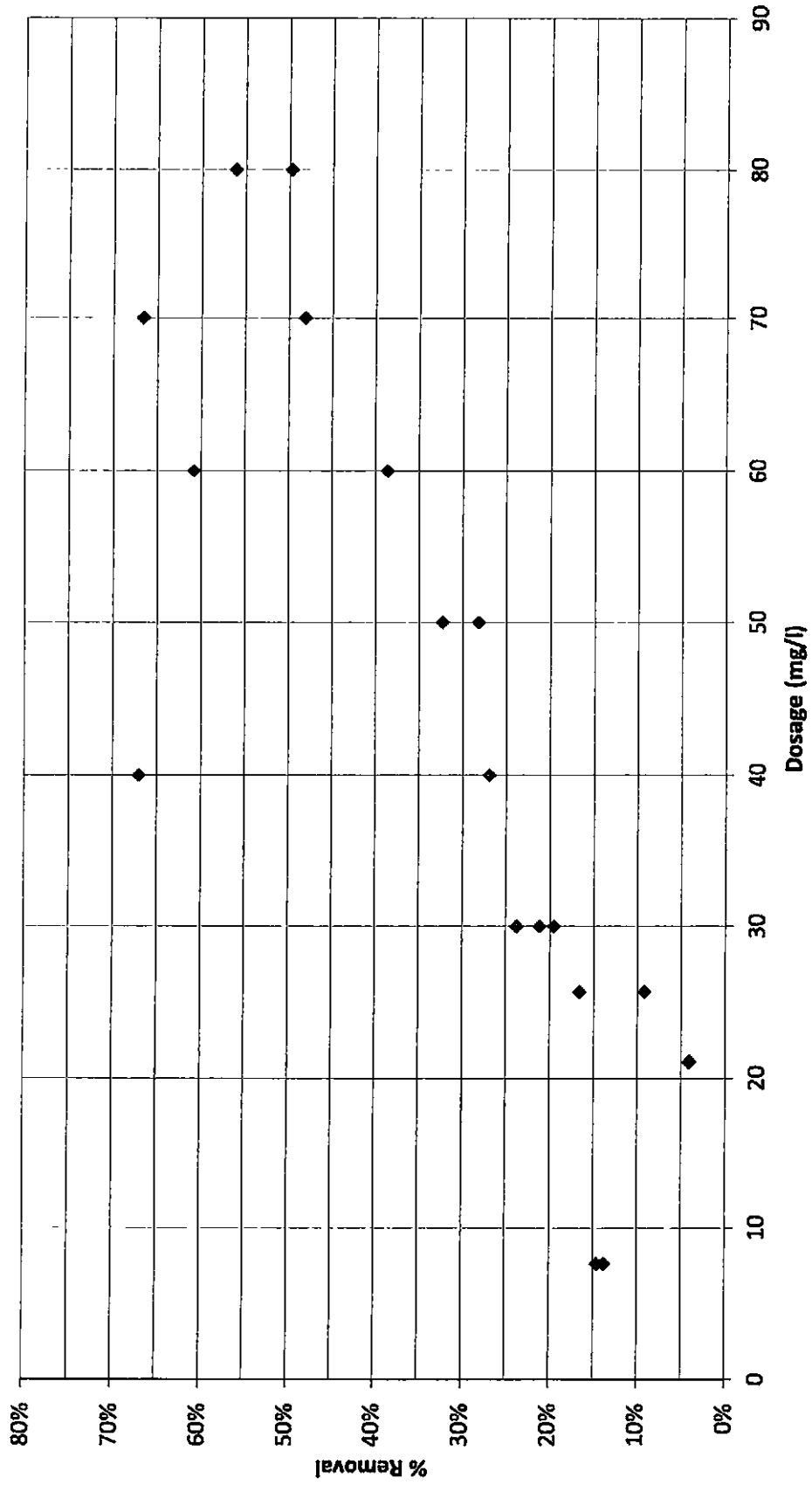


L&N Lockwood, Andrews
& Hewitt, Inc.
A FIDELITY+TYLER COMPANY



Charles F. Lawrence, P.E.

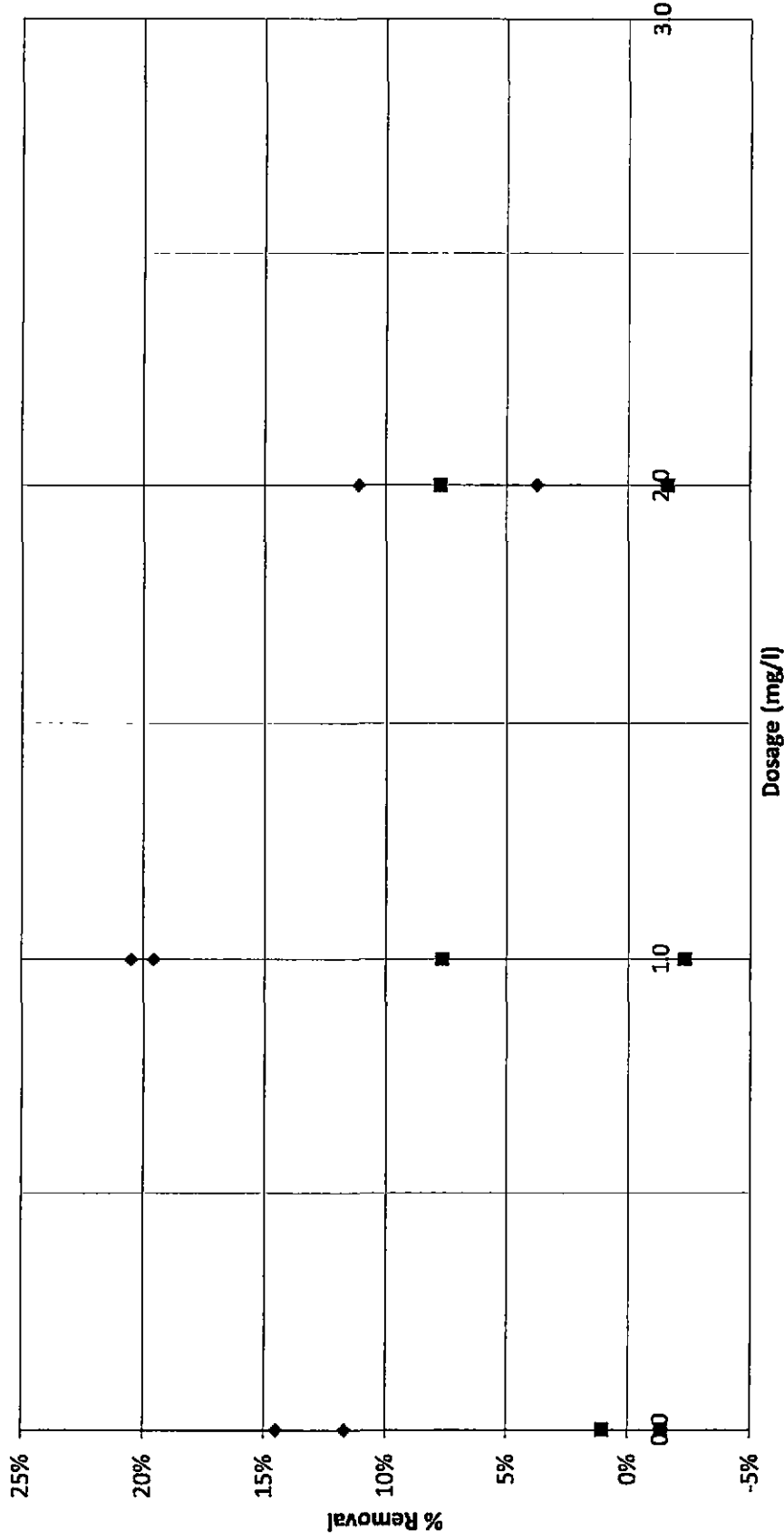
Ferric Chloride Feed THM Removal





Charles F. Lawrence, P.E.

Coag/Floc Polymer Aid THM Removal

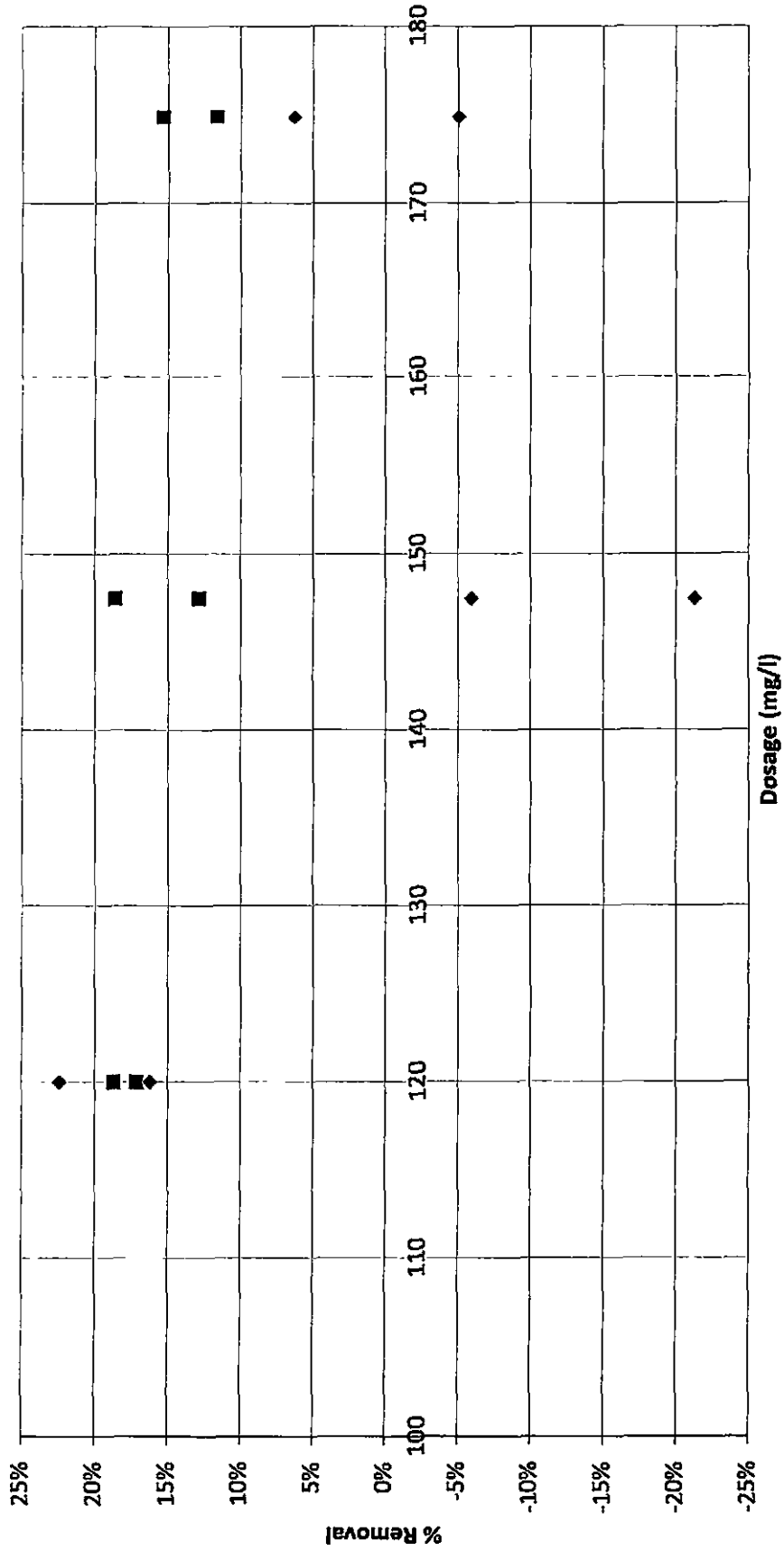


◆ Rapid Mix Polymer P25 @ 7.7 mg/l Ferric ■ Rapid Mix Polymer P25 @ 30 mg/l Ferric



Charles F. Lawrence, P.E.

Lime Feed THM Removal



◆ Lime @ 7.7 mg/l Ferric ■ Lime @ 30 mg/l Ferric

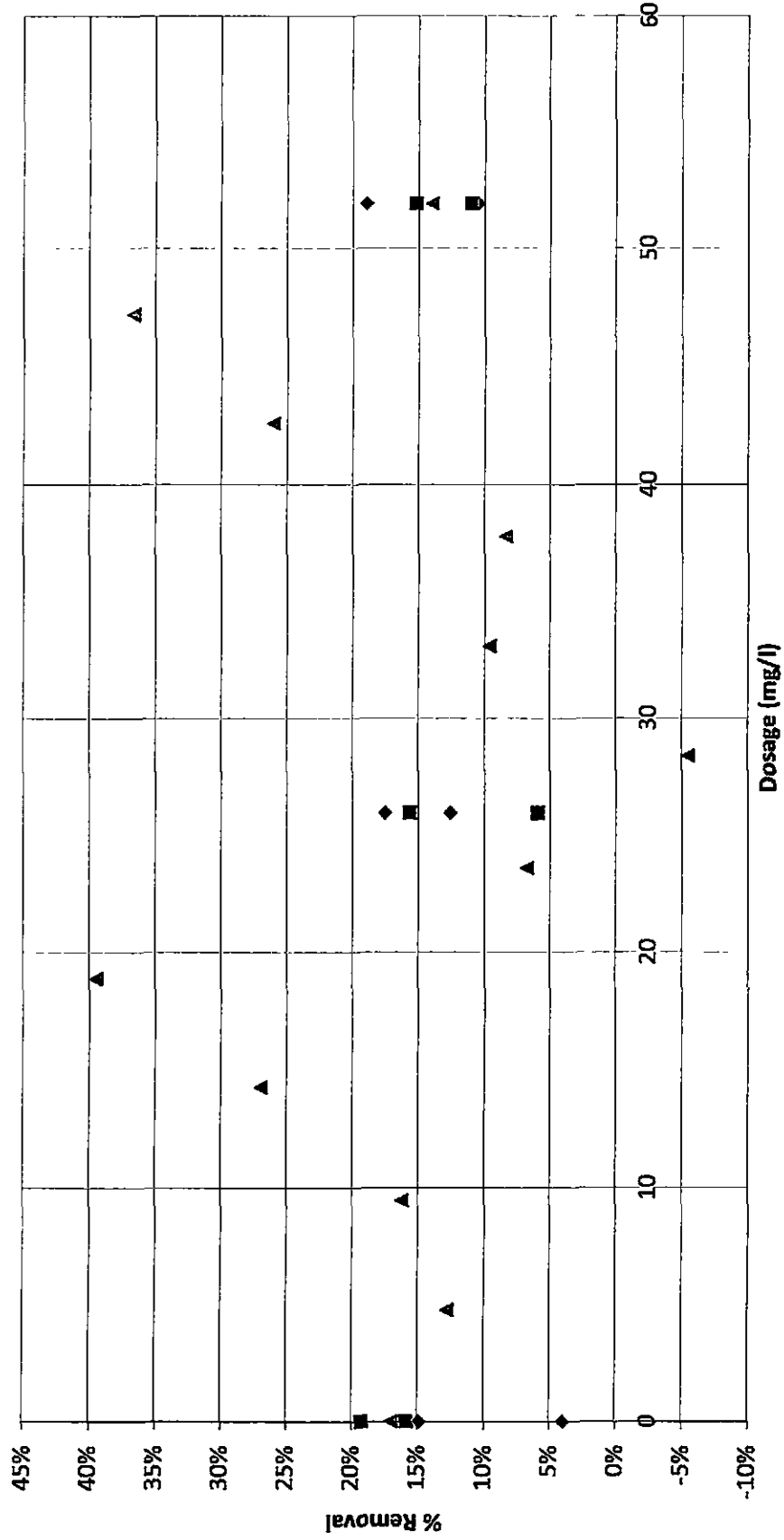


IGN Laskowski, Andrews
& Newman, Inc.
1115 Tenth Avenue, Suite 200
Tomball, Texas 77375



Charles F. Lawrence, P.E.

Soda Ash Feed THM Removal

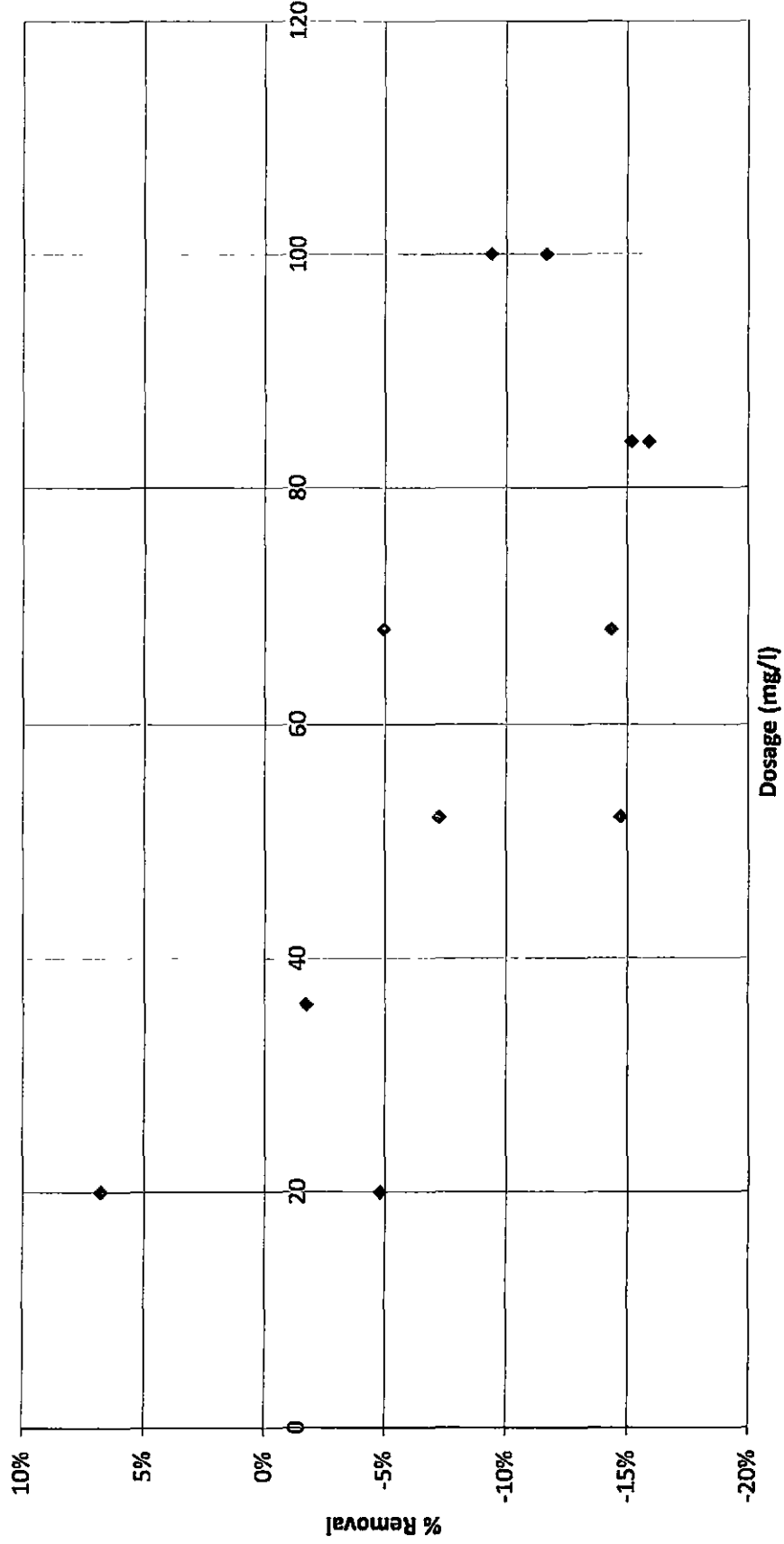


◆ Soda Ash @ 7.7 mg/l Ferric ■ Soda Ash @ 30 mg/l Ferric ▲ Soda Ash @ Ferric Varied 7.7 - 30 mg/l



Charles F. Lawrence, P.E.

PAC Feed THM Removal





APPENDIX B WTP DATA

TABLE 1 - SUMMARY OF NEGATIVE INFLUENCES ON THM COMPLIANCE SAMPLING

FACTOR	2014												2015	
	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb				
Softening bypass stream over 20% of plant flow														
Ozone system not feeding optimally														
Using full water storage capacity of WSR & CSR														
Chlorine feed at WTP 7.0 mg/l or more														
Ferric chloride feed rate less than 10 mg/l Fe3+														
Raw water temp 23 degrees C or more														
Raw water TOC levels above 8.0 mg/l														
Raw water coliform over 5000 counts/day														
Positive bacteria test in dist. system (boil water notice)														
Water demand less than 15 mgd														

Dates of occurrence

Dates of occurrence and expected to repeat in future years

Compliance sampling date

Factors under Flint staff control

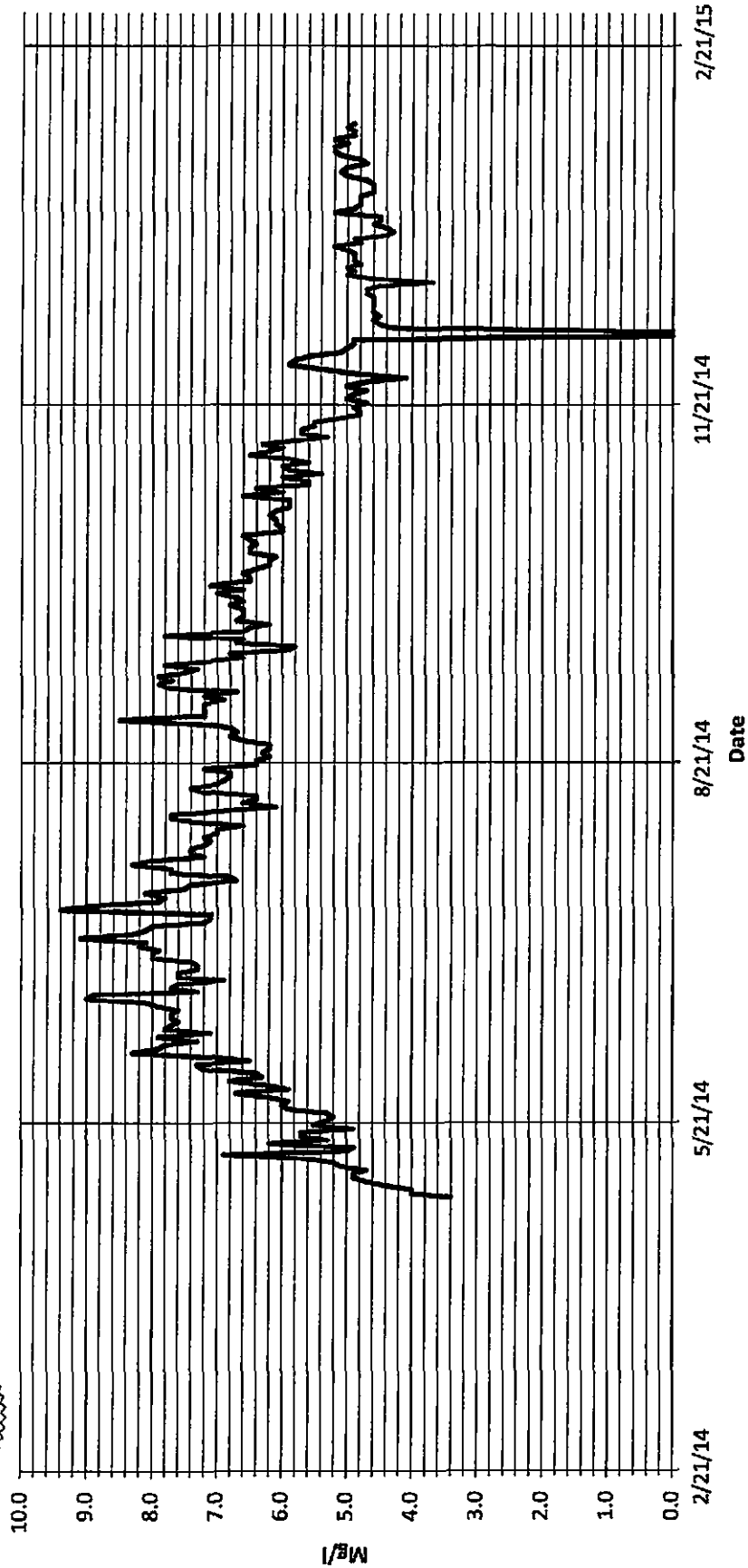
Flint River characteristics

System factors



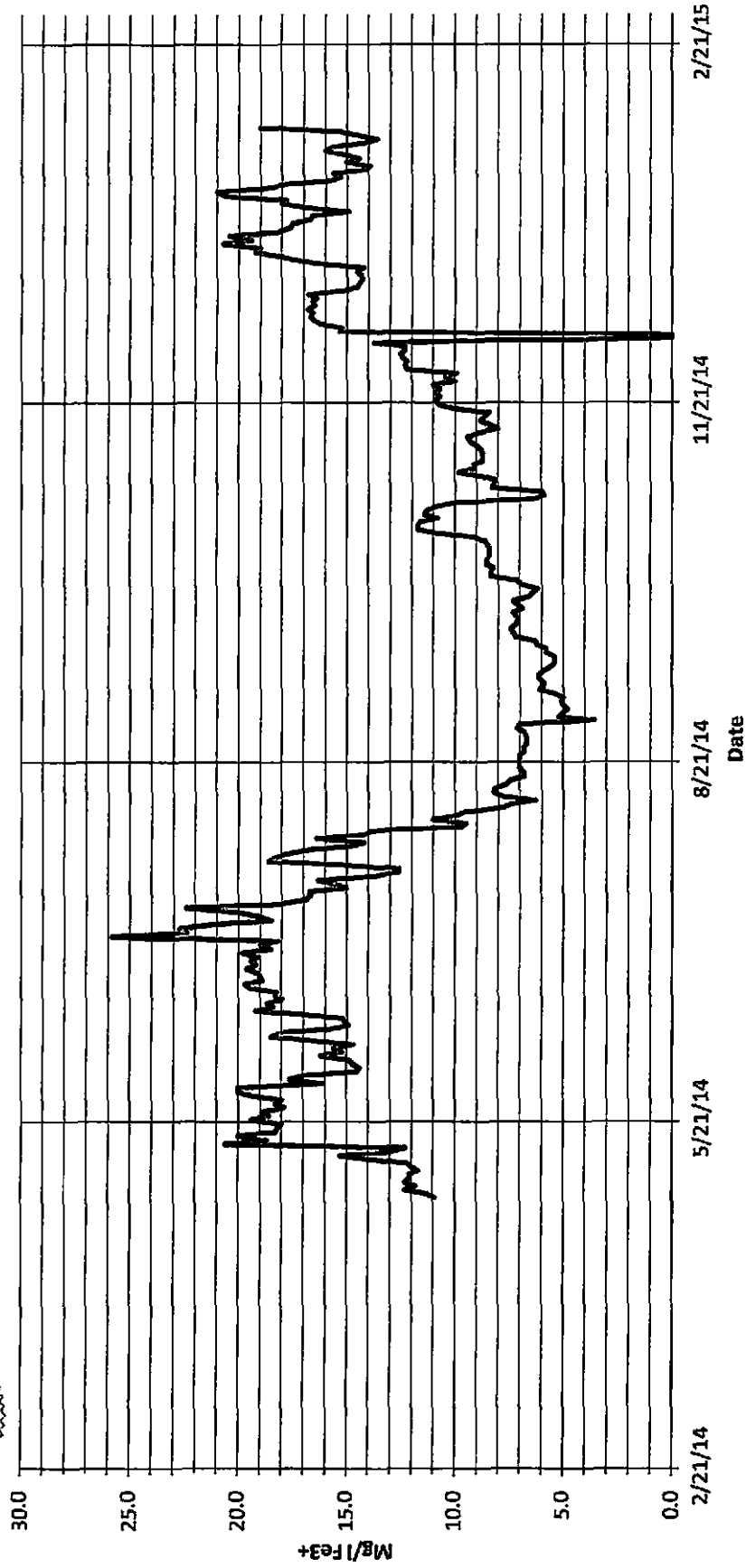
L&N Lockwood, Andrews
& Newnam, Inc.
- 110 YEARS -

2014 Chlorine Feed





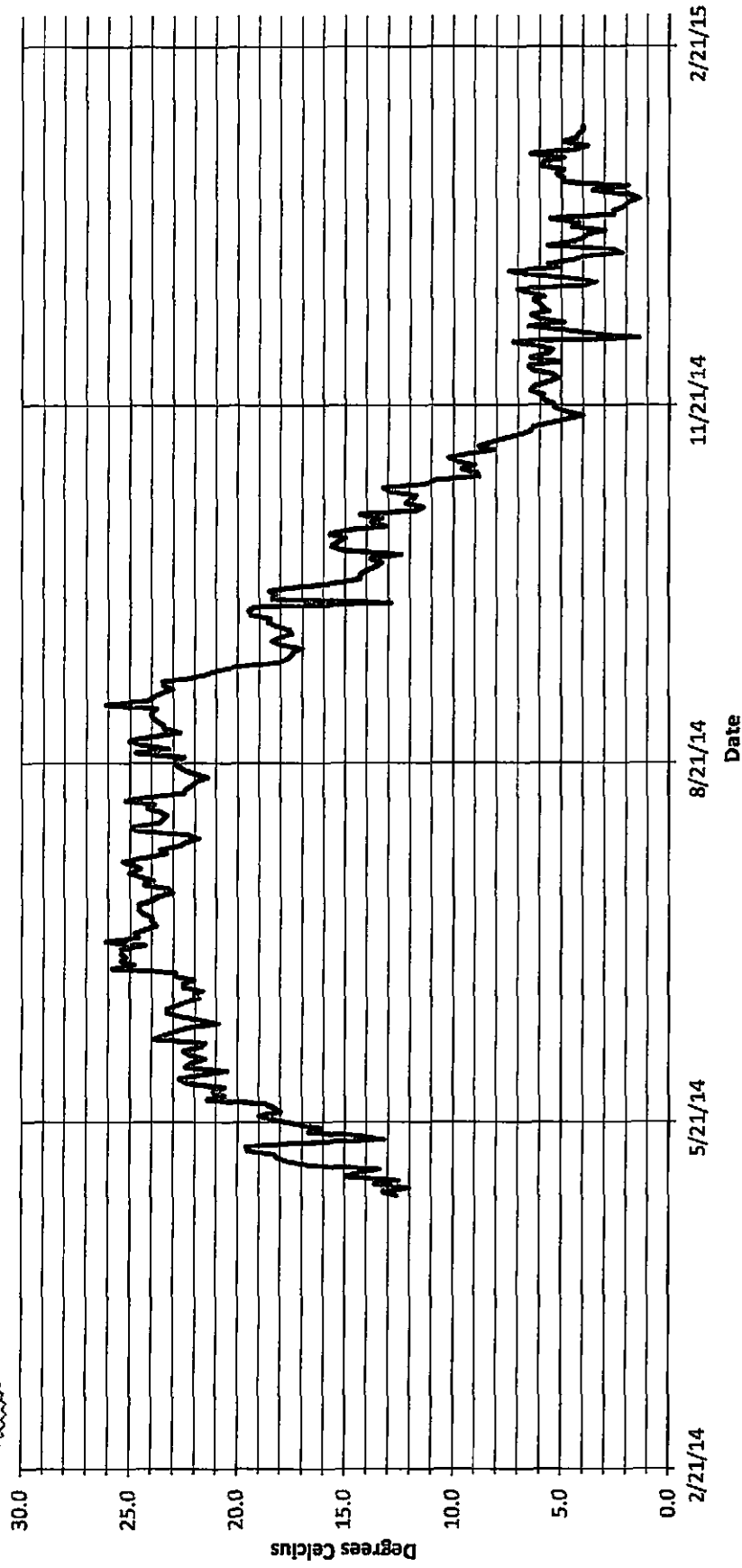
2014 Ferric Chloride Dosage





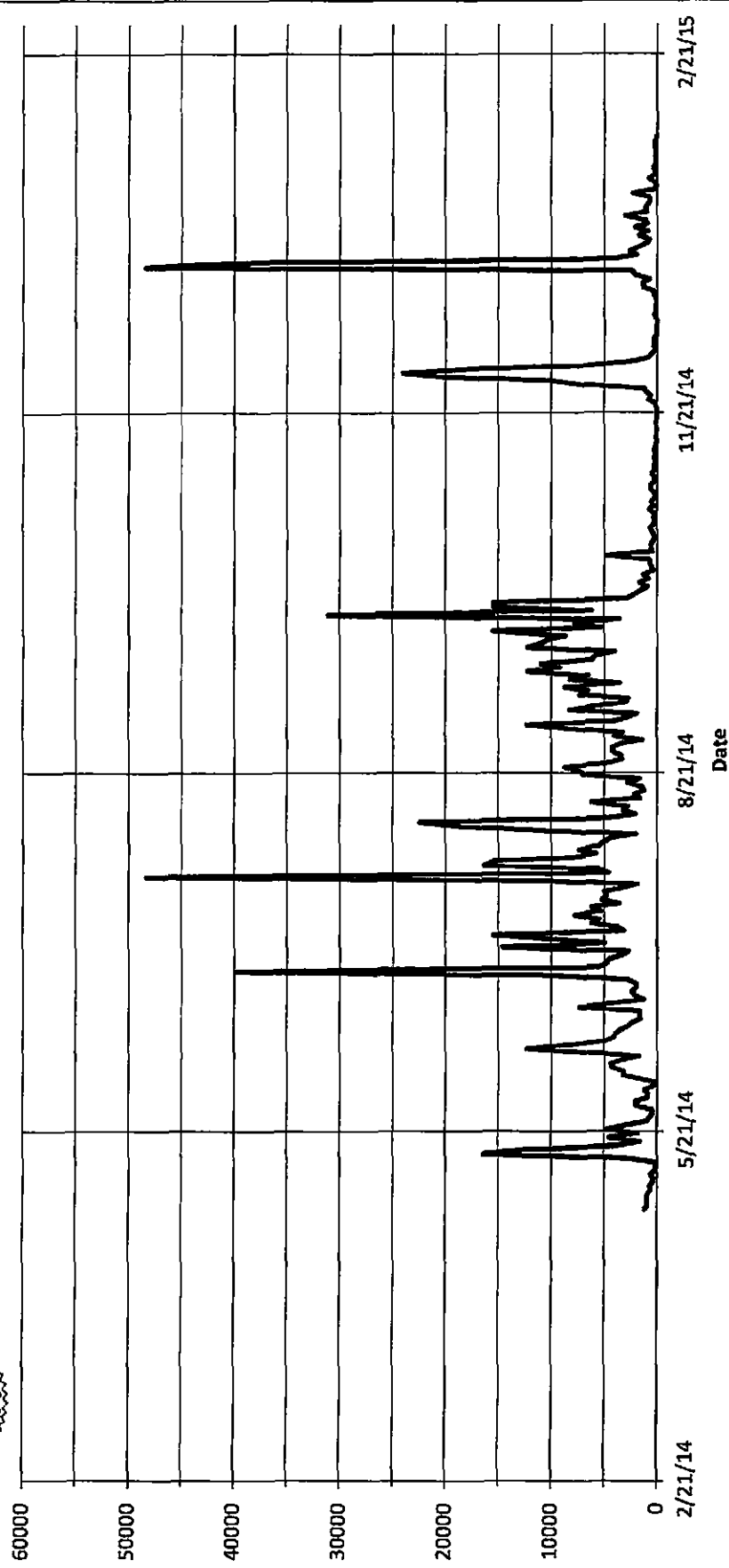
IGN Lockwood, Andrews
& Newnam, Inc.
A TRC COMPANY

2014 Raw Water Temperature



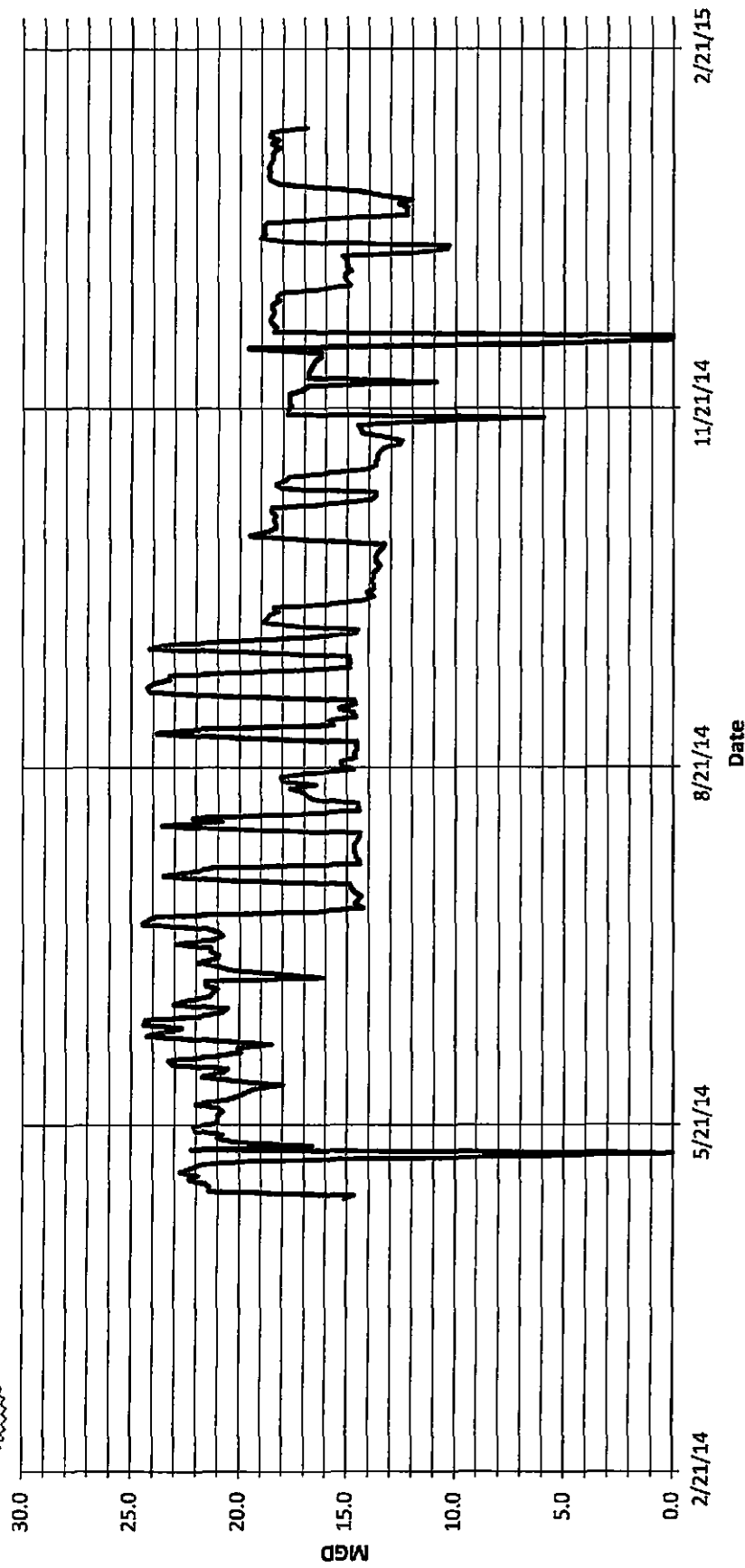


2014 Raw Water Coliform Count





2014 Daily Water Treated



Workman, Wayne (TREASURY)

From: Workman, Wayne (TREASURY)
Sent: Wednesday, October 14, 2015 8:14 AM
To: Saxton, Thomas (Treasury)
Subject: RE: What's the latest on Flint?

We have people in Flint today to get the details on where they stand. We know it is not good

Wayne L. Workman
Deputy State Treasurer
Michigan Department of Treasury

From: Saxton, Thomas (Treasury)
Sent: Wednesday, October 14, 2015 8:11 AM
To: Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>
Subject: FW: What's the latest on Flint?

Can we pull together some bullets for Dennis?

From: Muchmore, Dennis (GOV)
Sent: Tuesday, October 13, 2015 8:42 AM
To: Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>
Subject: What's the latest on Flint?

Tom-
Where do they stand now on shortfalls, budget and costs of transition?

Workman, Wayne (TREASURY)

From: Cline, Richard (Treasury)
Sent: Wednesday, October 14, 2015 10:11 AM
To: Saxton, Thomas (Treasury); Workman, Wayne (TREASURY)
Cc: Dempkowski, Angela (Treasury)
Subject: STATUS OF FLINT WATER
Attachments: STATUS OF FLINT WATER.10-14-15.docx

Importance: High

Tom/Wayne:

Per your request, here are bullet points regarding the status of Flint's water system.

If you need further changes, let me know.

Eric Cline | Department Manager | State of Michigan
Michigan Department of Treasury | Local Government Financial Services Division | Fiscal Responsibility Section
430 W. Allegan Street, 3rd Floor | Lansing, MI 48922
Lansing Office (517) 335-2078 | Cell Phone (517) 243-8450 | Traverse City Office (231) 922-5228
E-mail cliner1@michigan.gov

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STATUS OF FLINT WATER: October 14, 2015

- Flint Receivership Transition Advisory Board meeting today to consider budget amendments to pay for temporary reconnection to the Detroit water system
- Treasury staff from Bureau of Local Government will be meeting with City officials to review overall budget and cash conditions
- Negotiations between the City of Flint, Genesee County and DWSD remain in progress to finalize the necessary agreements for the City to temporarily reconnect to the Detroit water system
- Both the Kincaid and Shears lawsuits remain in litigation. Potential losses of \$30M are possible. The City's request to Treasury for financial assistance for outside legal consul is still pending

Byrne, Randall (Treasury)

From: Natasha Henderson <nhenderson@cityofflint.com>
Sent: Wednesday, October 14, 2015 10:15 AM
To: Cline, Richard (Treasury); Byrne, Randall (Treasury); Headen, Frederick (Treasury); Dempkowski, Angela (Treasury)
Subject: Signed Resolutions
Attachments: ResolutionsRTABOctober14.pdf

Hello All:

I have attached the signed copies. I will bring the signed copies for distribution in the meeting today.

Thanks,

Natasha L. Henderson, City Administrator
City of Flint, Michigan
1101 S. Saginaw St.
Flint, MI 48502
Email: nhenderson@cityofflint.com
Phone: (810) 237-2057
www.cityofflint.com

RESOLUTION NO.:

150872

PRESENTED:

10-12-15

ADOPTED:

RESOLUTION AUTHORIZING A BUDGET AMENDMENT TO INCREASE THE WATER AND SEWER BUDGET BY \$12,000,000.00 AND TO ALLOW FOR EXPENDITURES FROM THOSE FUNDS TO FACILITATE THE SWITCH BACK TO THE DWSD WATER SUPPLY

BY THE CITY ADMINISTRATOR:

Due to the serious health threat facing the residents of the City of Flint, the Administration has been diligently working toward a feasible and speedy resolution to the City's water crisis; and

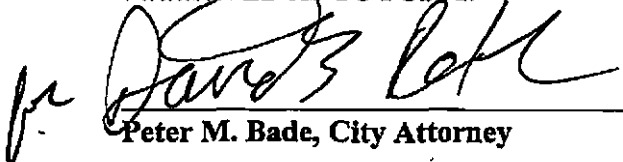
Through the commitment of \$6 million from the State of Michigan and \$4 million from the C.S. Mott Foundation, a total of \$10 million in contributions have been pledged to assist the City with the cost of purchasing water from the Detroit Water and Sewerage Department and its successor, the Great Lakes Water Authority, until the City is able to receive water from the Karegnondi Water Authority (KWA).

The City Administrator and the Mayor have agreed to the acceptance of these funds. At this time, the KWA reports that construction is on schedule to be completed by June 30, 2016. The City estimates that the total cost to purchase water through DWSD will be \$12 million for 9 months. The balance of \$2 million not covered by the generous pledges of State and Local resources is the responsibility of the City.

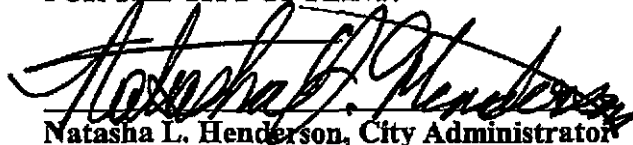
A budget amendment is necessary to reflect both an increase in revenues for the receipt of \$10 million in assistance and \$2 million of budgeted Use of Fund Balance and an increase in expenditures of \$12 million for the purchase of DWSD water supply.

IT IS RESOLVED that the Finance Department is authorized to process a budget amendment to the appropriate Water and Sewer funds to facilitate the switch back to the Detroit water system as soon as practicable. Specific revenue and expenditure line items will be provided by the Chief Financial Officer.

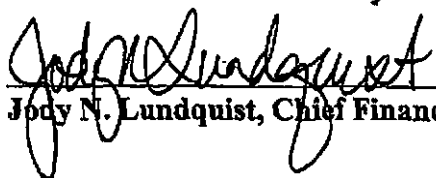
APPROVED AS TO FORM:


Peter M. Bade, City Attorney

FOR THE CITY OF FLINT:


Natasha L. Henderson, City Administrator

APPROVED AS TO FINANCE:


Jody N. Lundquist, Chief Financial Officer

APPROVED BY THE FLINT CITY COUNCIL:


PRESENTED TO CITY COUNCIL: 10/12/2015
ADOPTED BY CITY COUNCIL: 10/12/2015

150875

RESOLUTION NO.: _____

PRESENTED: 10-12-15

ADOPTED: _____

**RESOLUTION AUTHORIZING THE CITY ADMINISTRATOR TO TAKE
NECESSARY ACTION TO CONVERT TO THE DETROIT WATER SYSTEM**

BY THE CITY ADMINISTRATOR:

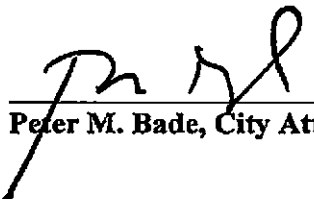
In order to promote the health, safety and welfare of this community, it is in the best interests of the City of Flint for the Detroit Water and Sewer Department (DWSD) to supply the City with treated water pending completion of the Karegnondi Water Authority; and

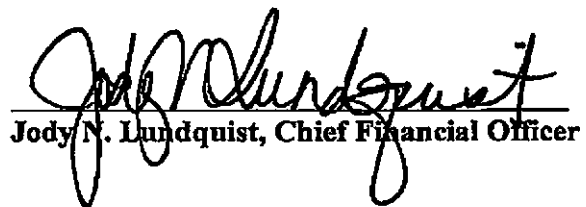
In order for DWSD to supply the City with water, it will be necessary to utilize pipe owned by the Genesee County Drain Commission (GCDC); and

The City, DWSD and GCDC are actively negotiating the terms of the necessary agreements to ensure this transition occurs as soon as possible; and

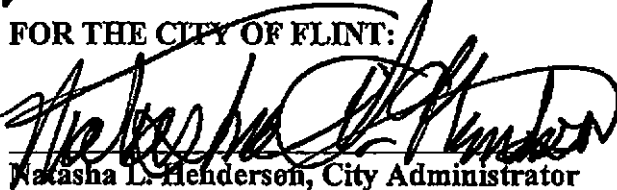
IT IS RESOLVED that the City Administrator is hereby authorized to enter into agreements with DWSD and GCDC for conversion to the Detroit Water System.

APPROVED AS TO FORM:


Peter M. Bade, City Attorney


Jody N. Lundquist, Chief Financial Officer

FOR THE CITY OF FLINT:


Natasha L. Henderson, City Administrator

APPROVED BY CITY COUNCIL:


PRESENTED TO CITY COUNCIL: 10/12/2015
ADOPTED BY CITY COUNCIL: 10/12/2015

Stanton, Terry A. (Treasury)

From: Saxton, Thomas (Treasury)
Sent: Wednesday, October 14, 2015 10:40 AM
To: Wyant, Dan (DEQ); Roberts, John (DTMB); Muchmore, Dennis (GOV)
Cc: Workman, Wayne (TREASURY); Baird, Richard (GOV); Khouri, Nick (TREASURY)
Subject: FW: Flint telephone call this morning

I assume we tell them to proceed? I am not aware of the timing on legislative action. The pay to DWSD will ultimately be paid out over time (e.g, say Nov thru June).

From: Byrne, Randall (Treasury)
Sent: Wednesday, October 14, 2015 10:21 AM
To: Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>; Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>
Cc: Schafer, Suzanne K. (Treasury) <SchaferS7@michigan.gov>
Subject: Flint telephone call this morning

Tom and Wayne:

During our telephone call today, Mayor Walling indicated that they have received the go ahead from the Drain Commissioner and are performing the bacti tests on the eight mile waterline. If all goes well, they may be able to begin to use DWSD water soon. The Mayor wanted to know if they can use DWSD water before the Legislature takes action on the \$6M assistance package? Please advise.

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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Hudson, Deanna (TREASURY)

From: Hudson, Deanna (TREASURY)
Sent: Wednesday, October 14, 2015 10:48 AM
To: Cline, Richard (Treasury)
Subject: Budget Amendment EM Memo
Attachments: Budget Amendment EM Order Memo to State Treasurer 10-13-15.docx; Flint Agenda-City-Council-10-12-15.pdf; ResolutionsRTABOctober14.pdf

Eric,

Attached is the memo and supporting documents for the State Treasurer. Please advise if you would like any adjustments.

Thank you,
Deanna Hudson
Local Government Financial Services Division
Michigan Department of Treasury
Office (517) 241-3581



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

NICK A. KHOURI
STATE TREASURER

DATE: October 14, 2015
TO: Nick A. Khouri, State Treasurer
FROM: Wayne Workman, Deputy State Treasurer
SUBJECT: Flint RTAB Budget Amendment Recommendations

The Flint Receivership Transition Advisory Board (RTAB) has recommended approval of two budget amendments to the City's adopted two-year budget. Final approval will require amendment to Emergency Manager Order 7 of 2015, which adopted the FY 2015-2016 and FY 2016-2017 biennial budgets. This Order was adopted by the Flint Emergency Manager on April 28, 2015.

The first budget amendment increases the Water and Sewer revenue by \$10 million to reflect the pledge of \$6 million from the State of Michigan and \$4 million from the C. S. Mott Foundation to allow for the expenditures from those funds to facilitate the switch back to the Detroit Water and Sewerage Department (DWSD). The second amendment is a \$2 million commitment by the City of Flint of budgeted Use of Water Fund to assist in covering the estimated \$12 million cost to purchase water through DWSD.

When the Governor appointed the City of Flint RTAB on April 29, 2015, the RTAB was thereby authorized to recommend amendments, modifications, repeal, or the termination of any Emergency Manager order, subject to final approval by the State Treasurer.

Attached for review is a budget resolution and City Council agenda from October 12, 2015, a memorandum from the City Administrator regarding the budget amendment to increase the water and sewer budget by \$12 million and to allow for the expenditures from those funds to facilitate the switch back to the DWSD water supply. Approval of these amendments is being requested.

If additional information is desired, please let me know.

Attachments

City of Flint, Michigan

*Third Floor, City Hall
1101 S. Saginaw Street
Flint, Michigan 48502
www.cityofflint.com*



Meeting Agenda - Final

Monday, October 12, 2015

6:00 PM

Council Chambers

CITY COUNCIL

*Joshua M. Freeman, President, Ward 4
Wantwaz D. Davis, Vice President, Ward 5*

*Eric Mays, Ward 1
Kerry Nelson, Ward 3
Monica Galloway, Ward 7*

*Jacqueline Poplar, Ward 2
Herbert J. Winfrey, Ward 6
Victoria VanBuren, Ward 8
Scott Kincaid , Ward 9*

Inez M . Brown, City Clerk

CALL TO ORDER**ROLL CALL****PLEDGE OF ALLEGIANCE****PRESENTATION OF COMMITTEE/COUNCIL MINUTES**

150873 Summary Minutes/Flint City Council/Regular Meeting/September 28, 2015

Summary Minutes of the Flint City Council regular meeting held Monday, September 28, 2015, at 6:01 p.m., in the City Council Chambers, 3rd Floor, City Hall.

PUBLIC HEARINGS

None

PUBLIC COMMENT

Per the amended Rules Governing Meetings of the Council (as adopted by the City Council on Monday, April 27, 2015), members of the public may address the Council for three (3) minutes on ANY ITEM PERTAINING TO THIS AGENDA.

PETITIONS AND UNOFFICIAL COMMUNICATIONS

None

COMMUNICATIONS FROM CITY OFFICIALS

150874 Traffic Engineering/Closure Permit

Short-Term Street/Lane Closure Permit dated October 7, 2015, re: Kearsley, Robert T. Longway, Horrigan, Court, and Crapo Streets on Saturday, October 10th (Making Strides Against Breast Cancer Walk).

ADDITIONAL COMMUNICATION**APPOINTMENTS****LICENSES****RESOLUTIONS**

NOTE: Resolution No. 150828.1 was referred to today's City Council agenda from the Wednesday, September 30th Planning & Development Committee meeting, while Nos. 150863 and 150864 were referred from the Wednesday, October 7th Finance & Administration Committee meeting.

150828.1 **Approval/Obsolete Property Rehabilitation District/Lapeer Road and Averill Avenue**

Resolution resolving that the legally described parcels of land situated within the City of Flint, Genesee County, and State of Michigan, be and are hereby established as an Obsolete Property Rehabilitation District (3501 Lapeer Road Area District) pursuant to the provision of the Public Act 146 of 2000, as amended. [NOTE: The district encompasses properties located at 3501 Lapeer Road, 3711 Lapeer Road and 1620 Averill Avenue.]

150863 **SAW Grant Agreement/City of Flint/Michigan Finance Authority (MFA)/Michigan Department of Environmental Quality (DEQ)/Strategic Water Quality Initiatives Grant Program**

Resolution resolving that the City Administrator, a position currently held by Natasha L. Henderson, is designated as the Authorized Representative for purposes of the SAW Grant Agreement, AND, the proposed form of the SAW Grant Agreement between the City of Flint, the MFA and the DEQ is hereby approved and the Authorized Representative is authorized and directed to execute the SAW Grant Agreement with such revisions as are permitted by law and agreed to by the Authorized Representative, AND, the City of Flint shall repay the Grant, within ninety (90) days of being informed to do so, with interest at a rate NOT-TO-EXCEED eight (8) percent per year, to the Authority, if the City of Flint is unable to, or decides not to, proceed with constructing the project or implementing the asset management program for which the funding is provided within three (3) years of the Grant award, AND, the Grant, if repayable, shall be a first budget obligation for the City of Flint and the City of Flint is required, if necessary, to levy ad valorem taxes on all taxable property in the City for the payment thereof, subject to applicable constitutional, statutory and local tax rate limitations, AND, the City of Flint shall not invest, reinvest or accumulate any moneys deemed to be Grant funds, nor shall it use Grant funds for the general local government administration activities or activities performed by municipal employees that are unrelated to the project, AND, the Authorized Representative is hereby jointly or severally authorized to take any actions necessary to comply with the requirements of the MFA and the DEQ in connection with the issuance of the Grant. The Authorized Representative is hereby jointly or severally authorized to execute and deliver such other contracts, certificates, documents, instruments, applications and other papers as may be required by the MFA or the DEQ or as may be otherwise necessary to effect the approval and delivery of the Grant, AND, the City of Flint acknowledges that the SAW Grant Agreement is a contract between the City, the MFA and the DEQ, AND, all resolutions and parts of resolutions insofar as they conflict with the provisions of this resolution are rescinded. [NOTE: Part 52 of the Natural Resources and Environmental Protection Act, as amended, provides that the MFA, in consultation with the DEQ, shall establish a strategic water quality initiatives grant program to provide grants to municipalities for sewage collection and treatment systems or storm water or non-point source pollution control. The City of Flint is requesting \$2,000,000.00 to establish an asset management plan.] [NOTE: Agreement is not attached.]

150864 Contract/City of Flint/County of Genesee/Flint Holding Facility Operation

Resolution resolving that the City Administrator authorizes the appropriate city officials to do all things necessary to enter into the attached agreement with Genesee County for operation of the Flint Holding Facility. [NOTE: The City of Flint Police Department includes a 110-person holding facility with the ability to hold detainees for up to 72 hours. The Genesee County Sheriff currently operates the holding facility. The city and the sheriff have agreed to the terms of a contract for the sheriff to continue operating the facility for a contract price NOT-TO-EXCEED \$2,764,275.00. The agreement is contingent on the city receiving funding from the State of Michigan to pay the full costs of the contract and the Sheriff receiving a continued waiver from the Michigan Department of Corrections.] [NOTE: Agreement is attached.]

RESOLUTIONS - MAY BE REFERRED FROM COTW**150865 Budget Amendments/FY2016 Budget of the City of Flint/General Fund/Drug Law Enforcement Fund/Public Improvement Fund**

Resolution resolving that the FY2016 Budget of the City of Flint is hereby amended to reflect the changes in the attached list of budget adjustments to the city's General, Drug Law Enforcement and Public Improvement Funds, dated October 7, 2015, AND, the Chief Financial Officer is authorized to do all things necessary to incorporate the attached changes into the (FY2016) Budget and to assign the appropriate account numbers. [NOTE: Budget adjustments are attached.] [City Administrator Submission No. CA0982015.]

150866 Budget Amendments/FY2016 Budget of the City of Flint/Water Fund/Sewer Fund

Resolution resolving that the FY2016 Budget of the City of Flint is hereby amended to reflect the changes in the attached list of budget adjustments to the city's Water and Sewer Funds, dated October 7, 2015, AND, the Chief Financial Officer is authorized to do all things necessary to incorporate the attached changes into the (FY2016) Budget and to assign the appropriate account numbers. [NOTE: Budget adjustments are attached.] [City Administrator Submission No. CA0992015.]

150872 Budget Amendment/Water and Sewer Budget/Switch Back to Detroit Water and Sewerage Department (DWSD) Water Supply

Resolution resolving that the Finance Department is authorized to process a budget amendment to the appropriate Water and Sewer funds to facilitate the switch back to the Detroit water system as soon as practicable, with specific revenue and expenditure line items to be provided by the Chief Financial Officer. [NOTE: The State of Michigan and C.S. Mott Foundation have committed \$6 million and \$4 million dollars respectively to assist the City with the cost of purchasing water from the Detroit Water and Sewerage Department (DWSD) and its successor, the Great Lakes Water Authority (GLWA), until the City is able to receive water from the Karegnondi Water Authority (KWA). At

this time the KWA reports that construction is on schedule to be completed by June 30, 2015 [2016]. The City estimates the total cost to purchase water through DWSD will be \$12 million for nine months. The balance of \$2 million not covered by the pledges of State and Local resources is the responsibility of the City. A budget amendment is necessary to reflect both an increase in revenues for the receipt of \$10 million in assistance and \$2 million of budgeted Use of Fund Balance, and an increase in expenditures of \$12 million for the purchase of DWSD water supply.]

LIQUOR LICENSES

ORDINANCES - First Reading

ORDINANCES - Second Reading

PUBLIC SPEAKERS

Per the amended Rules Governing Meetings of the Council (as adopted by the City Council on Monday, April 27, 2015), members of the public may address the Council for three (3) minutes IN GENERAL.

COUNCIL DISCUSSION

ADJOURNMENT

RESOLUTION NO.:

150872

PRESENTED:

10-12-15

ADOPTED:

RESOLUTION AUTHORIZING A BUDGET AMENDMENT TO INCREASE THE WATER AND SEWER BUDGET BY \$12,000,000.00 AND TO ALLOW FOR EXPENDITURES FROM THOSE FUNDS TO FACILITATE THE SWITCH BACK TO THE DWSD WATER SUPPLY

BY THE CITY ADMINISTRATOR:

Due to the serious health threat facing the residents of the City of Flint, the Administration has been diligently working toward a feasible and speedy resolution to the City's water crisis; and

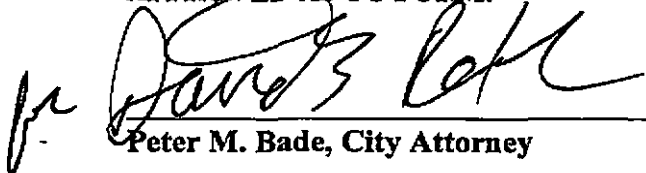
Through the commitment of \$6 million from the State of Michigan and \$4 million from the C.S. Mott Foundation, a total of \$10 million in contributions have been pledged to assist the City with the cost of purchasing water from the Detroit Water and Sewerage Department and its successor, the Great Lakes Water Authority, until the City is able to receive water from the Karegnondi Water Authority (KWA).

The City Administrator and the Mayor have agreed to the acceptance of these funds. At this time, the KWA reports that construction is on schedule to be completed by June 30, 2016. The City estimates that the total cost to purchase water through DWSD will be \$12 million for 9 months. The balance of \$2 million not covered by the generous pledges of State and Local resources is the responsibility of the City.

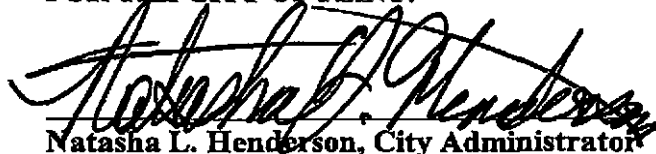
A budget amendment is necessary to reflect both an increase in revenues for the receipt of \$10 million in assistance and \$2 million of budgeted Use of Fund Balance and an increase in expenditures of \$12 million for the purchase of DWSD water supply.

IT IS RESOLVED that the Finance Department is authorized to process a budget amendment to the appropriate Water and Sewer funds to facilitate the switch back to the Detroit water system as soon as practicable. Specific revenue and expenditure line items will be provided by the Chief Financial Officer.

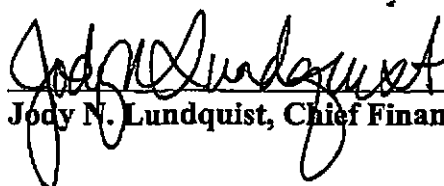
APPROVED AS TO FORM:


Peter M. Bade, City Attorney

FOR THE CITY OF FLINT:


Natasha L. Henderson, City Administrator

APPROVED AS TO FINANCE:


Jody N. Lundquist, Chief Financial Officer

APPROVED BY THE FLINT CITY COUNCIL:



PRESENTED TO CITY COUNCIL: 10/12/2015

ADOPTED BY CITY COUNCIL: 10/12/2015

RESOLUTION NO.: _____

PRESENTED: 10-12-15

ADOPTED: _____

**RESOLUTION AUTHORIZING THE CITY ADMINISTRATOR TO TAKE
NECESSARY ACTION TO CONVERT TO THE DETROIT WATER SYSTEM**

BY THE CITY ADMINISTRATOR:

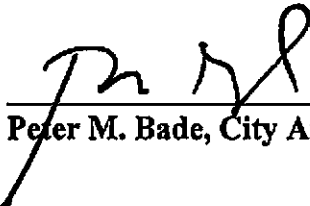
In order to promote the health, safety and welfare of this community, it is in the best interests of the City of Flint for the Detroit Water and Sewer Department (DWSD) to supply the City with treated water pending completion of the Karegnondi Water Authority; and

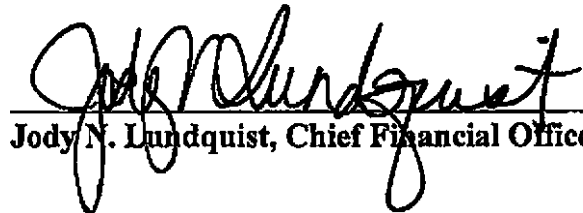
In order for DWSD to supply the City with water, it will be necessary to utilize pipe owned by the Genesee County Drain Commission (GCDC); and

The City, DWSD and GCDC are actively negotiating the terms of the necessary agreements to ensure this transition occurs as soon as possible; and

IT IS RESOLVED that the City Administrator is hereby authorized to enter into agreements with DWSD and GCDC for conversion to the Detroit Water System.

APPROVED AS TO FORM:


Peter M. Bade, City Attorney


Jody N. Lundquist, Chief Financial Officer

FOR THE CITY OF FLINT:


Natasha L. Henderson, City Administrator

APPROVED BY CITY COUNCIL:


PRESENTED TO CITY COUNCIL: 10/12/2015
ADOPTED BY CITY COUNCIL: 10/12/2015

Byrne, Randall (Treasury)

From: Cline, Richard (Treasury)
Sent: Wednesday, October 14, 2015 10:56 AM
To: Headen, Frederick (Treasury); Workman, Wayne (TREASURY)
Cc: Dempkowski, Angela (Treasury); Byrne, Randall (Treasury); Schafer, Suzanne K. (Treasury); Stanton, Terry A. (Treasury)
Subject: RE: Flint Budget Amendment

Ok.

Then we appear all set.

Thanks.

Eric Cline | Department Manager | State of Michigan
Michigan Department of Treasury | Local Government Financial Services Division | Fiscal Responsibility Section
430 W. Allegan Street, 3rd Floor | Lansing, MI 48922
Lansing Office (517) 335-2078 | Cell Phone (517) 243-8450 | Traverse City Office (231) 922-5228
E-mail cliner1@michigan.gov

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From: Headen, Frederick (Treasury)
Sent: Wednesday, October 14, 2015 10:48 AM
To: Cline, Richard (Treasury) <cliner1@michigan.gov>; Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>
Cc: Dempkowski, Angela (Treasury) <DempkowskiA@michigan.gov>; Byrne, Randall (Treasury) <ByrneR1@michigan.gov>; Schafer, Suzanne K. (Treasury) <SchaferS7@michigan.gov>; Stanton, Terry A. (Treasury) <StantonT@michigan.gov>
Subject: RE: Flint Budget Amendment

While the EM likely anticipated when he issued his final order that an RTAB would be appointed, he could not know for certain that one would be appointed. So, the provision you cite makes sense in that light. However, an EM order cannot override a State statute. Nor can an EM order assign duties to the State Treasurer. So, none of this affects my earlier e-mail.

From: Cline, Richard (Treasury)
Sent: Wednesday, October 14, 2015 10:31 AM
To: Headen, Frederick (Treasury) <HeadenF@michigan.gov>; Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>
Cc: Dempkowski, Angela (Treasury) <DempkowskiA@michigan.gov>; Byrne, Randall (Treasury) <ByrneR1@michigan.gov>
Subject: FW: Flint Budget Amendment
Importance: High

Fred,

I received a copy of your email from Wayne.

I understand the argument you are making.

However, I wish to note that the Order 20, Section a (6) specifically states that the State Treasurer must approve any budget amendments to the two-year budget, which the City is operating under.

I am preparing all of the paperwork to send to the State Treasurer on the assumption that the RTAB will approve this and recommend approval to the State Treasurer.

If that occurs, I can have it submitted today.

Regardless of the final determination on this, we will be prepared to act on either outcome.

I just wanted to point out the Final Order provision prior to the meeting.

If you wish to discuss further, let me know.

Eric Cline | Department Manager | State of Michigan
Michigan Department of Treasury | Local Government Financial Services Division | Fiscal Responsibility Section
430 W. Allegan Street, 3rd Floor | Lansing, MI 48922
Lansing Office (517) 335-2078 | Cell Phone (517) 243-8450 | Traverse City Office (231) 922-5228
E-mail cliner1@michigan.gov

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From: Workman, Wayne (TREASURY)
Sent: Wednesday, October 14, 2015 8:40 AM
To: Cline, Richard (Treasury) <cliner1@michigan.gov>
Subject: FW: Flint Budget Amendment
Importance: High

Wayne L. Workman
Deputy State Treasurer
Michigan Department of Treasury

From: Headen, Frederick (Treasury)
Sent: Wednesday, October 14, 2015 8:33 AM
To: Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>
Cc: Schafer, Suzanne K. (Treasury) <SchaferS7@michigan.gov>; Byrne, Randall (Treasury) <ByrneR1@michigan.gov>; Stanton, Terry A. (Treasury) <StantonT@michigan.gov>; Lamphier, Wendy (Treasury) <LAMPHIERW@michigan.gov>
Subject: Flint Budget Amendment
Importance: High

Wayne:

Yesterday, Terry asked me the question whether the Flint resolution authorizing the use of \$2.0 million of fund balance is subject to State Treasurer's approval after receiving RTAB approval? I believe Terry's question was triggered by the City's Administrator indicating that such dual approval is required.

Act 436 does not require approval by both an RTAB and the State Treasurer of an amendment to an EM's two-year budget. What the Act does require is approval by the State Treasurer if receivership *has been* terminated, or RTAB approval under § 23(5)(c) of the Act if receivership *has not* been terminated. I base my conclusion on § 21 of the Act, which provides as follows:

(1) Before the termination of receivership and the completion of the emergency manager's term, or if a transition advisory board is appointed under section 23, then before the transition advisory board is appointed, the emergency manager shall adopt and implement a 2-year budget, including all contractual and employment agreements, for the local government commencing with the termination of receivership.

(2) After the completion of the emergency manager's term *and the termination of receivership*, the governing body of the local government shall not amend the 2-year budget adopted under subsection (1) without the approval of the state treasurer, and shall not revise any order or ordinance implemented by the emergency manager during his or her term prior to 1 year after the termination of receivership. Emphasis supplied.

This is the answer I will provide at the RTAB meeting today if the question is posed. So, I wanted to make sure we all are on the same page regarding this. That said, I am aware of nothing in the Act that would preclude the State Treasurer from adding his imprimatur to a budget amendment after RTAB disposition if he wished to do so.

Fred

Stanton, Terry A. (Treasury)

From: Stanton, Terry A. (Treasury)
Sent: Wednesday, October 14, 2015 11:33 AM
To: Saxton, Thomas (Treasury); Workman, Wayne (TREASURY)
Cc: Koryzno, Edward (Treasury); Byrne, Randall (Treasury); Cline, Richard (Treasury)
Subject: GenCo Drain Commission release
Attachments: GenCo DrComm release.pdf

All-

I finally found the document I was asking about yesterday (see attachment). It was embedded within a series of pdf's Wayne had e-mailed last week.

It indicates that support and a vote from electeds was a condition of Flint joining KWA.

Terry



GENESEE COUNTY DRAIN COMMISSIONER'S OFFICE

JEFFREY WRIGHT

COMMISSIONER

G-4608 BEECHER ROAD, FLINT, MI 48532

PHONE (810) 732-1590 FAX (810) 732-1474



FOR IMMEDIATE RELEASE

CONTACT: Jeff Wright

March 26, 2013

810-287-1925

What: Jeff Wright Statement on Flint City Council Approving Resolution to Join KWA.

When: March 26, 2013

Additional Info: Jeff Wright, CEO of the KWA, today praised the Flint City Council for voting to approve a resolution to officially have the City of Flint join the KWA and its' water line.

"I have said from the beginning that this decision must be made by Flint's City Council and Mayor," said Wright. "I appreciate the council voting the way they did, but even more than that, I am glad the residents of Flint were able to have their voices heard via their elected officials." The next step in the process will come with the KWA Board executing the contract for the City.

"The most important aspect from the vote is the fact that we as an Authority can move forward knowing Flint's intentions," said Wright.

Despite Emergency Manager Ed Kurtz publicly supporting the project, Wright had made a vote by council a condition of Flint joining the KWA so the residents would have their say.

"There is a basic tenet that government is best when it has local control. We saw that with the council vote. Nobody, whether they live in Flint, Grand Blanc, Davison, Fenton, or anywhere in Genesee County, should have these types of decisions made by people who live outside of their community," said Wright.

At the next Water and Waste Advisory Board meeting a vote will be taken to award a contract for construction of the intake portion of the water line. All bids were submitted to the board at their last meeting for review.

Workman, Wayne (TREASURY)

From: Widigan, Robert (TREASURY)
Sent: Wednesday, October 14, 2015 11:58 AM
To: Saxton, Thomas (Treasury); Workman, Wayne (TREASURY)
Cc: Byrne, Randall (Treasury); Cline, Richard (Treasury); Dempkowski, Angela (Treasury)
Subject: STATUS OF FLINT WATER
Attachments: STATUS OF FLINT WATER.10-14-15.docx

Importance: High

Tom/Wayne,

I am sending this on Eric's behalf as he is currently driving to Flint.

This is the most current information we have available.

If anything further is needed please let us know.

Robert Widigan
Local Government Financial Services Division
Michigan Department of Treasury
Office (517) 373-3227 Cell (517) 243-8645

STATUS OF FLINT WATER: October 14, 2015

- Flint Receivership Transition Advisory Board meeting today to consider budget amendments to pay for temporary reconnection to the Detroit water system
- Treasury staff from Bureau of Local Government will be meeting with City officials to review overall budget and cash conditions
 - Fund Balance in the General Fund is currently projected at \$4M by June 30, 2016. This is a projected increase of \$1M from FY 2014-2015
 - Fund Balance in the Water Fund is currently projected at \$6M, which is a decline of \$8M due to non-payment of water bills
- Negotiations between the City of Flint, Genesee County and DWSD remain in progress to finalize the necessary agreements for the City to temporarily reconnect to the Detroit water system
 - Preparation of the pipeline to receive water from DWSD is underway. The City believes that a physical connection can be established this week
 - The City has requested clarification if it should begin receiving water from DWSD before the State Legislature takes action on the request \$6M aid package
- Both the Kincaid and Shears lawsuits remain in litigation. Potential losses of \$30M are possible. The City's request to Treasury for financial assistance for outside legal counsel is still pending

Pleyte, Beth (Treasury)

From: Saxton, Thomas (Treasury)
Sent: Wednesday, October 14, 2015 12:19 PM
To: Stanton, Terry A. (Treasury)
Subject: FW: Flint telephone call this morning

fyi

From: Workman, Wayne (TREASURY)
Sent: Wednesday, October 14, 2015 12:16 PM
To: Muchmore, Dennis (GOV) <muchmored@michigan.gov>; Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>
Cc: Wyant, Dan (DEQ) <WyantD@michigan.gov>; Roberts, John (DTMB) <RobertsJ9@michigan.gov>; Baird, Richard (GOV) <bairdr@michigan.gov>; Khouri, Nick (TREASURY) <KhouriN@michigan.gov>
Subject: RE: Flint telephone call this morning

We will advise the City to proceed immediately

Wayne L. Workman
Deputy State Treasurer
Michigan Department of Treasury

From: Muchmore, Dennis (GOV)
Sent: Wednesday, October 14, 2015 12:10 PM
To: Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>
Cc: Wyant, Dan (DEQ) <WyantD@michigan.gov>; Roberts, John (DTMB) <RobertsJ9@michigan.gov>; Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>; Baird, Richard (GOV) <bairdr@michigan.gov>; Khouri, Nick (TREASURY) <KhouriN@michigan.gov>
Subject: Re: Flint telephone call this morning

Yes, please go ahead. The faster the reconnect occurs the more quickly confidence will be rebuilt.

On Oct 14, 2015, at 10:39 AM, Saxton, Thomas (Treasury) <SaxtonT@michigan.gov> wrote:

I assume we tell them to proceed? I am not aware of the timing on legislative action. The pay to DWSD will ultimately be paid out over time (e.g, say Nov thru June).

From: Byrne, Randall (Treasury)
Sent: Wednesday, October 14, 2015 10:21 AM
To: Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>; Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>
Cc: Schafer, Suzanne K. (Treasury) <SchaferS7@michigan.gov>
Subject: Flint telephone call this morning

Tom and Wayne:

During our telephone call today, Mayor Walling indicated that they have received the go ahead from the Drain Commissioner and are performing the bacti tests on the eight mile waterline. If all goes well, they

may be able to begin to use DWSD water soon. The Mayor wanted to know if they can use DWSD water before the Legislature takes action on the \$6M assistance package? Please advise.

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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CITY OF FLINT

Dayne Walling
Mayor

Natasha L. Henderson
City Administrator

Memorandum

To: Receivership Transition Advisory Board
From: Natasha L. Henderson, City Administrator
Date: Tuesday, October 13th
Re: Emergency Additions to the Agenda

Members of the Receivership Transition Advisory Board:

This memorandum respectfully requests the inclusion of two urgent items on the agenda for the October 14 Receivership Transition Advisory Board Meeting.

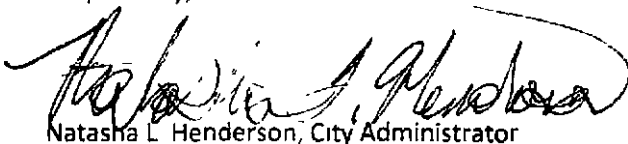
As you may be aware, the Genesee County Health Department has issued a public health advisory in regard to the high amount of lead contamination in City water in response to the findings of physicians at Hurley Hospital. This was followed by a similar advisory declared by the City.

Seeking to address this emergency, I requested that the City explore the possibility of ceasing the use of the Flint River as the City's water source and to reconnect to the Detroit Water and Sewerage Department (DWSD) until the KWA pipeline can be completed in 2016. This request was followed by a recommendation by the Mayor's Technical Advisory Committee to reconnect to DWSD to improve the City's water quality, thereby safeguarding public health. On October 8, 2015, the Governor pledged to provide financial assistance to Flint for the reconnection, in the amount of six million dollars. The Mott Foundation graciously offered to provide an additional four million. Combined with two million dollars provided by the City, a total amount of \$12 million can be utilized to reconnect the City to DWSD for a nine month period.

In the interests of the public health and welfare, I request that the first item added to the agenda be a resolution (#150872) making available two million dollars from general fund balance to reconnect to DWSD. The second item requested to be added to the agenda is a resolution (#150875) granting the City Administrator the Authority to enter into a contract with DWSD. These items have been attached for your review.

I apologize for the sudden request for changes to the agenda, however the City is facing a critical emergency requiring immediate attention. The Administration has had to react with reflexive speed and remain adaptable to try to mitigate the serious consequences already affecting the residents of this community. I ask that you please consider my request to add and approve these items so that we may address this emergency in a timely and responsive manner.

Respectfully,



Natasha L. Henderson, City Administrator

City of Flint
Receivership Transition Advisory Board Agenda
Wednesday, October 14, 2015
2:00 PM

Flint City Hall
Council Chambers – 3rd Floor
1101 S. Saginaw St.
Flint, Michigan 48502

I. CALL TO ORDER

A. Roll Call

B. Approval of Agenda

C. Approval of September 9, 2015 RTAB meeting minutes (attachment #1)

II. UNFINISHED BUSINESS

NONE

III. NEW BUSINESS

A. Mayor and Council President

B. Approval of Resolutions & Ordinances for City Council Meetings

1. Resolutions from Regular City Council meeting of September 14, 2015 (attachment #2)

Discussion Items

- a. Resolution #150817 – Budget Amendments/FY16 Budget (attachment #2a)

2. Resolutions from Regular City Council meeting of September 28, 2015 (attachment #3)

Discussion Items

- a. Resolution #150842 – Reprogramming/Unspent HOME Investment Partnership Funds/Contracts/Flint NIPP/Habitat for Humanity/Purchase Rehab Resale/CHDO Operating (attachment #3a)
- b. Resolution #150843 – Budget Amendment/USDA Forest Service Grant/Chevy-in-the-Hole (attachment #3b)

City of Flint
Receivership Transition Advisory Board Agenda
Wednesday, October 14, 2015
2:00 PM

Flint City Hall
Council Chambers – 3rd Floor
1101 S. Saginaw St.
Flint, Michigan 48502

I. CALL TO ORDER

- A. Roll Call
- B. Approval of Agenda
- C. Approval of September 9, 2015 RTAB meeting minutes (attachment #1)

II. UNFINISHED BUSINESS

NONE

III. NEW BUSINESS

- A. Mayor and Council President
- B. Approval of Resolutions & Ordinances for City Council Meetings
 - 1. Resolutions from Regular City Council meeting of September 14, 2015 (attachment #2)
 - Discussion Items
 - a. Resolution #150817 – Budget Amendments/FY16 Budget (attachment #2a)
 - 2. Resolutions from Regular City Council meeting of September 28, 2015 (attachment #3)
 - Discussion Items
 - a. Resolution #150842 – Reprogramming/Unspent HOME Investment Partnership Funds/Contracts/Flint NIPP/Habitat for Humanity/Purchase Rehab Resale/CHDO Operating (attachment #3a)
 - b. Resolution #150843 – Budget Amendment/USDA Forest Service Grant/Chevy-in-the-Hole (attachment #3b)

- c. Resolution #150845 – Budget Amendment/Planning and Development/CDBG Housing and Smith Village Housing/Economic Development Activities (attachment #3c)
- d. Resolution #150846 – BS&A Software/Annual Service and Support (attachment #3d)
- e. Resolution #150851 – Etna Supply Company/Annual Supply of Water Distribution Pipe Stainless Steel Repair Claims and Repair Parts (attachment #3e)
- f. Resolution #150852 – Contract/Lake Agency, Inc./Excess Liability Insurance Coverage (attachment #3f)
- g. Resolution #150854 – Contract/The Lake Agency/Excess Liability Insurance Coverage (attachment #3g)

C. City Administrator Items

- 1. Budget to Actual – July 2015 (attachment #4)

IV. PUBLIC COMMENT

V. ADJOURNMENT

DRAFT

1 CITY OF FLINT
2 RECEIVERSHIP TRANSITION ADVISORY BOARD MEETING
3 SEPTEMBER 9, 2015
4 2:00 p.m.
5
6 Meeting before the RTAB Board at
7 1101 S. Saginaw, Flint, Michigan, on Wednesday, September 9,
8 2015.
9
10 BOARD MEMBERS PRESENT:
11 Frederick Headen - The Chairperson
12 Brian Larkin
13 David McGhee
14
15 FROM THE CITY:
16 Natasha Henderson, Administrator
17
18 OTHERS PRESENT:
19 R. Eric Cline
20 R. L. Mitchell
21
22
23
24
25 REPORTED BY: Mona Storm, CSR# 4460

1	MOTION INDEX	
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1 Flint, Michigan

2 Wednesday, September 9, 2015

3 2:02 p.m.

4 THE CHAIRPERSON: We'll call our meeting to
5 order.

6 Item I A, Roll Call. The record can reflect
7 that Members Larkin and McGhee are present along with
8 myself and we do have a quorum. Members McMahan and
9 Walker-Griffiea are unable to attend this afternoon. If
10 there's no objection, I'm going to ask that they both
11 have an excused absence.

12 MR. LARKIN: No objections.

13 THE CHAIRPERSON: Without objection, both of
14 them are excused from this afternoon's meeting.

15 Item I B, the approval of the agenda. Are
16 there any additions to be made to the agenda? If not,
17 we'll consider the agenda to be approved.

18 Item I C, approval of the minutes from the
19 August 12, 2015 RTAB meeting. Hopefully, members have
20 had a chance to review those minutes. Are there any
21 corrections or additions to those minutes?

22 If not, is there a motion that the minutes of
23 the RTAB meeting of August 12, 2015 be approved?

24 MR. LARKIN: So move.

25 MR. MCGHEE: Support.

1 THE CHAIRPERSON: A motion's been made and a
2 second. Those in favor, please say "aye".

3 BOARD MEMBERS: Aye.

4 THE CHAIRPERSON: Opposed?

5 The minutes are approved.

6 Item II, Old Business. There is none pending
7 from our last meeting.

8 New Business, Item A, I don't see the mayor.

9 MS. HENDERSON: He is coming.

10 THE CHAIRPERSON: I'm sorry?

11 BOARD MEMBERS: He is coming. He does plan
12 to speak, so --

13 THE CHAIRPERSON: Mr. Freeman?

14 MS. HENDERSON: He will not be here.

15 THE CHAIRPERSON: He will not be?

16 MS. HENDERSON: No.

17 THE CHAIRPERSON: Okay. We'll move
18 temporarily on, then, to -- we will tread water for a
19 moment.

20 Good afternoon, Mayor.

21 MAYOR WALLING: Good afternoon. Are we to my
22 part of the agenda already?

23 THE CHAIRPERSON: We are. Perfect timing.

24 MAYOR WALLING: This is an efficient body.

25 All right. Well, good afternoon. And,

1 again, thank you for the opportunity to be part of your
2 agenda, as you consider the matters before you. I'm
3 happy to take any questions you have but I'll just,
4 each meeting, make sure we're sharing a few of the
5 efforts we're making around the high-priority
6 initiatives for the City.

7 I think the most important right now is the
8 work we'll continue to do with our water system. We're
9 very pleased that the City did come back in compliance
10 with the Safe Drinking Water Act. That's been a team
11 effort, going back to this winter. And the leadership
12 and the City Administrator has been integral in keeping
13 the work on track to get the carbon filter installed so
14 that it was operational during the warmest months of
15 the year where the Flint River water is hardest to
16 treat in regard to the organic content and chemical
17 treatment process and subsequently the TTHM, the
18 trihalomethane challenge that became evident last year.

19 So with the tests in August, the quarterly
20 tests, those results came back to us from the Michigan
21 Department of Environmental Quality. It's measured on
22 a rolling four quarter average. And based on this
23 quarter's results and the prior three quarters, we're
24 now below the contaminant level in all eight of the
25 City's sites. So a tremendous progress is being made

1 there on that aspect of our drinking water system.

2 The capital improvement projects that were
3 already underway before Judge Hayman's preliminary
4 injunction are continuing. Those include the leak
5 detection work that was funded through the Department
6 of Treasury and the fiscally distressed communities
7 grant. That work is critical to ensuring that the
8 system is secure and working efficiently by not having
9 unnoticed leaks that may be otherwise there throughout
10 the system, so that work is proceeding.

11 We are also managing, with the staff's hard
12 work, the City Administrator and Chief Financial and
13 Chief Legal Officers, to make sure that we're preparing
14 appropriately for the projected effects of
15 Judge Hayman's preliminary injunction.

16 Rates: Bills did go out to residents on the
17 first few rounds with a lower rate. We also know there
18 is a lower collection level so that's all being
19 projected and taken into account.

20 Capital improvement projects that weren't yet
21 started were paused so those are still expected to be
22 done in the future but we did pause any new work
23 getting started that we may need to otherwise revisit
24 in the budget year.

25 MR. LARKIN: Do any of those -- and sorry for

1 interrupting. Do any of those that have been paused,
2 are any of them receiving grants or sorts of funds
3 where we have time limits and have to use it for
4 reporting measures or anything?

5 MAYOR WALLING: Not at this time. All of
6 those were -- were being projected to be paid for
7 through local -- local funds. We certainly will
8 continue to seek assistance when we can find that and
9 we will, you know, prioritize, making sure that it gets
10 done. There may be a match requirement and that would
11 be part of managing that on an ongoing basis.

12 There's been a renewed discussion around lead
13 in drinking water by the time it actually comes out of
14 the tap or a showerhead in a home. That's something
15 that the City, like communities across the State, have
16 tested for many years. In the last approximately year,
17 the City's been required to do two rounds of tests that
18 were six months apart, under the methodology that the
19 Department of Environmental Quality, the EPA, had us
20 using.

21 You may have seen the reports that the
22 Virginia Tech student researchers, who had a different
23 methodology, came up with a different result. So, of
24 course, our staff is actively engaged in looking at all
25 of that. We have EPA and Department of Environmental

1 Quality and technical assistance through the Technical
2 Advisory Committee. So we'll continue to work on that
3 issue and continue to answer questions, including those
4 of the Council. We hope to take them additional
5 information on Monday, which is their next regularly
6 scheduled meeting.

7 We think it's important that we do everything
8 we can to share the information that we have, to answer
9 questions and to assure the community that we have safe
10 drinking water in this community. And where there may
11 be a concern in an individual household, based on
12 testing results, what members in that household can do,
13 the lead comes from the service line and even the
14 internal pipes within a home.

15 So there are some variables there that aren't
16 related directly to the treatment process or, in this
17 case, even the distribution process. But all of these
18 are important because we want our community to have
19 drinking water that's safe and that they're confident
20 it is safe as well.

21 So, again, I compliment our team on
22 continuing to work on that and we'll be working with
23 our City Council members at their next meeting to
24 further update them on the efforts that we've -- that
25 we've made.

1 And there are some new aspects of the
2 treatment process that we'll be working with the
3 Department of Environmental Quality on getting allowed
4 so that there can be some corrosion inhibition within
5 that treatment process, which would be one more thing
6 that would further improve the water.

7 So, again, thank you. Thank you for the
8 time. And we look forward to continuing to work with
9 you. Thank you.

10 THE CHAIRPERSON: Thank you.

11 Item III B, Approval of Resolutions from
12 prior City Council meetings. We'll go in with the
13 Regular City Council meeting of August 10. There were
14 three resolutions from that meeting, Resolutions 783
15 and 643 were disposed of by this Board at our last
16 meeting. That remains Resolution 605, which I believe
17 deals with CDBG funds and a proposed transfer in the
18 amount of \$266,143.

19 Do members have any questions about that
20 particular resolution?

21 If not, is there a motion that Resolution 605
22 from the Regular City Council meeting August 10th be
23 approved?

24 MR. LARKIN: So move.

25 MR. MCGHEE: Support.

1 THE CHAIRPERSON: A motion's been made and
2 seconded. Assuming no discussion, those in favor of
3 the motion, please say "aye".

4 BOARD MEMBERS: Aye.

5 THE CHAIRPERSON: Opposed?

6 Motion is adopted.

7 City Council meeting, Special Meeting,
8 August 11th, there was one item which was previously
9 disposed of by this Board so we'll proceed on to the
10 Regular City Council meeting of August 24th. There
11 were Resolutions from that meeting of 795, 796, 797,
12 799 and 816. Do members have any questions regarding
13 any of those resolutions?

14 MR. MCGHEE: No.

15 THE CHAIRPERSON: Is there a motion, then,
16 that previously named resolutions from Regular City
17 Council meeting of August 24th be approved?

18 MR. MCGHEE: So move.

19 MR. LARKIN: Support.

20 THE CHAIRPERSON: A motion's made and
21 seconded. Assuming no discussion, those in favor of
22 the motion, please say "aye".

23 BOARD MEMBERS: Aye.

24 THE CHAIRPERSON: Opposed?

25 Motion is adopted.

1 Item III C, City Administrator Items. One
2 item listed was distributed previously budget-to-actual
3 is attachment three. Any questions from the City
4 Administrator about budget action information?

5 And did you wish to comment upon that or --

6 MS. HENDERSON: Not that, in specific.

7 THE CHAIRPERSON: Okay.

8 MS. HENDERSON: If I can.

9 THE CHAIRPERSON: Certainly.

10 MS. HENDERSON: Unless you all have any
11 questions about the reports that we submitted, the
12 financial reports, I would just report on a few
13 operational things that we have going.

14 We are in the process of recruiting a
15 Director of Community and Economic Development; that's
16 underway due to a vacancy there.

17 We do have a request for a proposal for the
18 total property reassessment for the City. This is
19 something that the Tax Commission is commissioning us
20 to do so. And we're also applying for a distressed
21 City's grant for this funding, given our distressful
22 situation, as far as the financial impact that this
23 could have. So we are moving forward on that as that's
24 something that could be detrimental in the future.

25 So I just wanted to point that out that we

1 are taking steps to try to curtail that cost by
2 applying for this grant that became open in August. So
3 we are moving forward with that.

4 Do you all have any questions?

5 THE CHAIRPERSON: Thank you.

6 MS. HENDERSON: Thank you.

7 THE CHAIRPERSON: Without objection, we
8 consider the budget action report to be received.

9 Item IV, Public Comment.

10 MR. CLINE: Just one individual.

11 R.L. Mitchell.

12 MR. MITCHELL: I'm Mr. R.L. Mitchell.

13 THE CHAIRPERSON: Good afternoon.

14 MR. MITCHELL: I want to mention in this
15 public comment, this is vital contact, what's going on
16 with the water pollution. But the position of this
17 Judge Hayman is already decided already, sir, and I'm
18 speaking for the Council.

19 The Council, since we, the people, speaking,
20 I want to put mine in. Before this budget committee
21 commits, I recommend to have the councilmen to speak on
22 this issue before the Mayor takes certain steps because
23 I was in the -- one of the interviews set up, like, the
24 people panic. But you people seem like you don't know
25 what's happening but only Ms. Henderson know but she --

1 I just wanted to put that in there, to speak.

2 THE CHAIRPERSON: Thank you.

3 Any other public comment?

4 MR. CLINE: No, sir.

5 THE CHAIRPERSON: Item V, is there any
6 further business to come before this Board this
7 afternoon?

8 If not, is there a motion that we adjourn?

9 MR. LARKIN: So move.

10 THE CHAIRPERSON: Support?

11 MR. MCGHEE: Support.

12 THE CHAIRPERSON: Without objection, we are
13 adjourned. Thank you, everyone.

14 (Meeting was concluded at 2:17 p.m.)

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1 C E R T I F I C A T E

2

3 I, Mona Storm, do hereby certify that I have
4 recorded stenographically the proceedings had and in
5 the meeting, at the time and place hereinbefore set
6 forth, and I do further certify that the foregoing
7 transcript, consisting of (14) pages, is a true and
8 correct transcript of my said stenographic notes.

9

10 Date

11

Mona Storm
CSR-4460

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City of Flint, Michigan

*Third Floor, City Hall
1101 S. Saginaw Street
Flint, Michigan 48502
www.cityofflint.com*



Meeting Minutes 2 - Final

Monday, September 14, 2015

6:07 PM

RTAB SUMMARY

Council Chambers

CITY COUNCIL

*Joshua M. Freeman, President, Ward 4
Wantwaz D. Davis, Vice President, Ward 5*

Eric Mays, Ward 1

Jacqueline Poplar, Ward 2

Kerry Nelson, Ward 3

Herbert J. Winfrey, Ward 6

Monica Galloway, Ward 7

Victoria VanBuren, Ward 8

Scott Kincaid, Ward 9

Inez M. Brown, City Clerk

ROLL CALL

Present: Councilperson: Councilperson Poplar, Councilperson Nelson, Freeman, Davis, Councilperson Winfrey, Councilperson Galloway, Councilperson VanBuren, Councilperson Kincaid and Councilperson Mays

PUBLIC HEARINGS

- 150794.1 Public Hearing/Amendment/Chapter 50/PC 15-291/Barajas, LLC/1721 James P. Cole Boulevard (Ward 5)

A public hearing on an ordinance to amend Chapter 50 of the Code of the City of Flint as requested by Barajas, LLC (PC 15-291) for a conditional zoning change to property located at 1721 James P. Cole Boulevard (Parcel No. 41-06-452-014).

HEARING HELD

RESOLUTIONS

- 150798 Rental Agreement/Universal EMS/Ambulatory Service Operations

Resolution resolving that the Mayor and City Administrator are authorized to enter into an appropriate rental agreement with Universal EMS for renting space in three Fire Stations in order to operate ambulatory services, as requested by the Fire Department, with Universal EMS paying the City \$30,000.00 a year to rent each station, for a total of \$90,000.00 collectively [General Fund Acct. No. 101-338.201-868.000]. [City Administrator Submission No. CA0692015]

Councilperson Mays made a motion to POSTPONE Resolution No. 150798 for 30 days (October 12, 2015). There was no second/support for this motion.

POSTPONED

A motion was made by Councilperson Kincaid, seconded by Councilperson VanBuren, that this matter be Adopted. The motion carried by the following vote:

Aye: 8 - Councilperson Poplar, Councilperson Nelson, Chairperson Freeman, Vice President Davis, Councilperson Winfrey, Councilperson Galloway, Councilperson VanBuren and Councilperson Kincaid

No: 1 - Councilperson Mays

- 150817 Budget Amendments/FY2016 Budget of the City of Flint

Resolution resolving that the FY2016 Budget of the City of Flint is hereby amended to reflect the proposed budget for the city's revolving loan funds, RLFI & II, and CDBG budget adjustments in the attached list of budget adjustments dated July 27, 2015, AND, the Chief Financial Officer is authorized to do all things necessary to incorporate the attached changes into the (FY2016) Budget and to assign the appropriate account numbers. [NOTE: Budget adjustments are attached.] [City Administrator Submission No.

CA0732015.]

A motion was made by Councilperson Kincaid, seconded by Councilperson Nelson, that this matter be Adopted. The motion carried by the following vote:

Aye: 9 - Councilperson Poplar, Councilperson Nelson, Chairperson Freeman, Vice President Davis, Councilperson Winfrey, Councilperson Galloway, Councilperson VanBuren, Councilperson Kincaid and Councilperson Mays

RESOLUTIONS - MAY BE REFERRED FROM COTW

150828 Public Hearing Date/Obsolete Property Rehabilitation District/Lapeer Road and Averill Avenue

Resolution resolving that a public hearing to consider the establishment of an Obsolete Property Rehabilitation District for properties located at 3501 Lapeer Road, 3711 Lapeer Road and 1620 Averill Avenue be held on October 12, 2015, at 6:00 p.m., in the City Council Chambers, 3rd Floor, City Hall, and that the City Clerk shall cause notice of such hearing to be published in an official paper of general circulation not less than ten (10) days prior to said hearing, AND, resolving that the property owners and any other taxpayers or residents of the city of Flint may appear and be heard.

A motion was made by Councilperson Mays, seconded by Councilperson Galloway, that this matter be Adopted. The motion carried by the following vote:

Aye: 9 - Councilperson Poplar, Councilperson Nelson, Chairperson Freeman, Vice President Davis, Councilperson Winfrey, Councilperson Galloway, Councilperson VanBuren, Councilperson Kincaid and Councilperson Mays

150829 Public Hearing Date/Obsolete Property Rehabilitation Exemption Certificate/Dort Federal Credit Union Event Center Project - 3501 Lapeer Road

Resolution resolving that a public hearing to consider an Obsolete Property Rehabilitation Exemption Certificate for IMS Ice Arena Corporation's 3501 Lapeer Street property be held on October 12, 2015, at 6:00 p.m., in the City Council Chambers, 3rd Floor, City Hall, and that the City Clerk shall cause notice of such hearing to be published in an official paper of general circulation not less than ten (10) days prior to said hearing.

A motion was made by Councilperson Kincaid, seconded by Councilperson Galloway, that this matter be Adopted. The motion carried by the following vote:

Aye: 9 - Councilperson Poplar, Councilperson Nelson, Chairperson Freeman, Vice President Davis, Councilperson Winfrey, Councilperson Galloway, Councilperson VanBuren, Councilperson Kincaid and Councilperson Mays

ORDINANCES - First Reading (May Be Referred from COTW)

150830 Ordinance/Chapter 50 (Zoning)/N. Grand Traverse, W. Fourth Avenue, Stone Street/Thomas Ayers, Kettering University/PC 15-292

An ordinance to amend Chapter 50 (Zoning) of the Code of the City of Flint as requested by Thomas Ayers, Kettering University (PC 15-292), for a zoning

change for property fronting N. Grand Traverse, W. Fourth Avenue, and Stone Street, Parcels No. 40-12-456-003, 40-12-456-004, 40-12-456-005, 40-12-456-010, 40-12-456-011 and 40-12-456-012, from "B" Two Family Residential to "D-2" Neighborhood Business District. [Planning Commission recommends APPROVAL.]

A motion was made by Councilperson Poplar, seconded by Councilperson Galloway, that this matter be **ACKNOWLEDGED FOR FIRST READING**. The motion carried by the following vote:

Aye: 7 - Councilperson Poplar, Councilperson Nelson, Chairperson Freeman, Councilperson Winfrey, Councilperson Galloway, Councilperson VanBuren and Councilperson Kincaid

No: 2 - Vice President Davis and Councilperson Mays

ORDINANCES - Second Reading

150794 Amendment/Chapter 50/PC 15-291/Barajas, LLC/1721 James P. Cole Boulevard (Ward 5)

An ordinance to amend Chapter 50 of the Code of the City of Flint as requested by Barajas, LLC (PC 15-291) for a conditional zoning change (to change the District boundaries or regulations established in Chapter 50, thereof, specifically allowing under 50-4 a zoning map amendment) to property located at 1721 James P. Cole Boulevard (Parcel No. 41-06-452-014), legally described as follows: 1721 James P. Cole Boulevard, Parcel No. 41-06-452-014, legally described as THAT PART OF BLKS 29, 30, 31, 32, 33 AND 34 OF OAK PARK SUBDIVISION OF PART OF SECS 1 & 2 OF SMITH'S RESERVATION AND PT OF VACATED ST JOHN ST AND OTHER VACATED STREETS AND PT OF LOTS 1 THRU 15, 19 AND 24 THRU 29 AND INCL ALL OF LOTS 16 THRU 18 AND 20 THRU 23 OF PLAT OF FLANDERS & HOURANS SUBDIVISION AND PT OF THE OLD RR ROW AND OTHER LANDS DESC AS: COM AT THE SW COR OF LOT 25 OF SD PLAT OF FLANDERS & HOURANS SUBDIVISION; TH N 24 DEG 13' 00" E ALG THE ELY ROW LINE OF ST JOHN ST, 211.50 FT; TH N 65 DEG 47' 00" W, 2.35 FT; TH N 64 DEG 31' 55" W, 158.28 FT; TH S 40 DEG 14' 11" E, 1.25 FT; TH N 72 DEG 44' 20" W, 19.17 FT; TH N 17 DEG 08' 12" E, 154.66 FT; TH N 20 DEG 09' 39" E, 288.13 FT; TH N 19 DEG 17' 08" E, 35.22 FT TO POB OF THIS PARCEL OF LAND; TH CONT N 19 DEG 17' 08" E, 101.73 FT; TH N 22 DEG 04' 49" E, 50.04 FT; TH N 23 DEG 58' 29" E, 150.06 FT; TH N 20 DEG 22' 22" E, 110.76 FT; TH N 18 DEG 10' 21" E, 240.78 FT; TH ALG THE ARC OF A CURVE TO THE RIGHT WITH RADIUS OF 1128.83 FT, A DIST OF 144.58 FT, THE LONG CHORD BEING N 21 DEG 50' 20" E, 144.48 FT; TH N 65 DEG 35' 31" W, 18.63 FT; TH N 14 DEG 02' 16" E, 175.59 FT; TH N 15 DEG 44' 18" E, 271.61 FT; TH N 78 DEG 57' 09" W, 23.05 FT; TH N 11 DEG 47' 00" E, 98.38 FT; TH N 67 DEG 01' 34" W, 0.61 FT; TH N 12 DEG 12' 29" E, 165.28 FT TO A FOUND PT ON THE SLY LINE OF HAMILTON AVE; TH ALG SD HAMILTON AVE AS MONUMENTED, S 89 DEG 06' 53" E, 62.00 FT; TH S 89 DEG 47' 46" E, 33.97 FT TO THE PC OF A NON-TANGENT CURVE TO THE RIGHT, WITH RADIUS OF 597.53 FT; TH ALG THE ARC OF SD CURVE A DIST OF 60.67 FT, THE LONG CHORD BEING S 74 DEG 59' 40" E, 60.64

FT TO THE PC OF A COMPOUND NON-TANGENT CURVE TO THE RIGHT WITH A RADIUS OF 45 FT; TH ALG THE ARC OF SD CURVE A DIST OF 31.86 FT, THE LONG CHORD BEING S 51 DEG 48' 10" E, 31.20 FT TO THE PC OF A COMPOUND NON-TANGENT CURVE TO THE RIGHT WITH RADIUS OF 587.53 FT; TH ALG THE ARC OF SD CURVE A DIST OF 75.12 FT, THE LONG CHORD BEING S 64 DEG 34' 43" E, 75.07 FT TO THE PT OF SD CURVE; TH S 61 DEG 53' 52" E, 5.55 FT TO THE PC OF A CURVE TO THE RIGHT WITH RADIUS OF 94.30 FT; TH ALG THE ARC OF SD CURVE ENTERING THE WLY ROW LINE OF JAMES P COLE BLVD, A DIST OF 104.95 FT, THE LONG CHORD BEING S 30 DEG 02' 03" E, 99.62 FT TO THE PT OF SD CURVE; TH S 02 DEG 02' 06" W, 98.42 FT; TH S 71 DEG 22' 00" E, 1.45 FT; TH S 02 DEG 02' 06" W, 300.76 FT TO THE PC OF A CURVE TO THE RIGHT WITH RADIUS OF 1412.54 FT; TH ALG THE ARC OF SD CURVE A DIST OF 736.52 FT, THE LONG CHORD BEING S 16 DEG 58' 15" W, 728.21 FT TO THE PT OF SD CURVE; TH S 31 DEG 54' 21" W, 302.86 FT TO THE PC OF A CURVE TO THE LEFT, WITH RADIUS OF 1183.35 FT; TH ALG THE ARC OF SD CURVE A DIST OF 563.24 FT, THE LONG CHORD BEING S 18 DEG 16' 15" W, 557.94 FT; TH S 04 DEG 38' 00" W, 197.79 FT TO THE PC OF A CURVE TO THE RIGHT WITH RADIUS OF 15.21 FT; TH ALG THE ARC OF SD CURVE A DIST OF 29.05 FT, THE LONG CHORD BEING S 59 DEG 21' 47" W, 24.83 FT TO THE PT OF SD CURVE; TH N 20 DEG 13' 00" E, 10.01 FT; TH N 66 DEG 59' 02" W, 206.45 FT TO A PT ON A CURVE TO THE RIGHT WITH RADIUS OF 24.68 FT; TH ALG THE ARC OF SD CURVE A DIST OF 18.13 FT, THE LONG CHORD BEING N 03 DEG 10' 06" E, 17.73 FT TO THE PT OF SD CURVE; TH N 24 DEG 13' 00" E, 184.72 FT; TH N 17 DEG 35' 25" E, 447.25 FT; TH N 23 DEG 47' 39" E, 32.57 FT TO A BLDG CORNER; TH N 65 DEG 52' 07" W, ALG A BLDG WALL LINE EXT, 169.12 FT TO THE POB. CON 15.79 ACRES. SPLIT ON 12/06/2005 FROM 41-06-452-013, 41-06-452-012; 2003 PARCEL DIVISION OF 11-06-452-011-9; from "G" Heavy Manufacturing to "E" Heavy Commercial Limited Manufacturing District with limiting use as a live auction and internet sales facility and all other manufacturing uses permitted by right and special conditional uses in the "E" Heavy Commercial Limited Manufacturing District. PLANNING COMMISSION RECOMMENDS APPROVAL.

A motion was made by Councilperson Kincaid, seconded by Councilperson Nelson, that this matter be PASSED. The motion carried by the following vote:

Aye: 8 - Councilperson Poplar, Councilperson Nelson, Chairperson Freeman, Vice President Davis, Councilperson Winfrey, Councilperson Galloway, Councilperson VanBuren and Councilperson Kincaid

Absent: 1 - Councilperson Mays

Enactment No: 4069

ADJOURNMENT

This regular Flint City Council meeting was adjourned at 9:31 p.m.

Attachment #2a

150817,55219

SUBMISSION NO.: CA0732015

PRESENTED: 8.31.15

ADOPTED: _____

RESOLUTION TO AUTHORIZE BUDGET AMENDMENTS

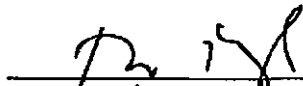
BY THE CITY ADMINISTRATOR:

Whereas, the City's budget is monitored on an ongoing basis by the Chief Financial Officer and department heads; and

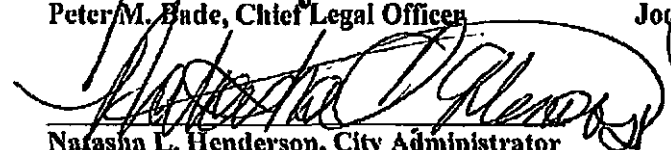
Whereas, the Chief Financial Officer is recommending certain adjustments;

IT IS RESOLVED, that the FY16 Budget of the City of Flint is hereby amended to reflect the proposed budget for the City's revolving loan funds, RLF I & II and CDBG, budget adjustments in the attached list of budget adjustments dated July 27, 2015;

That the Chief Financial Officer is authorized to do all things necessary to incorporate the attached changes in to the Budget and to assign the appropriate account numbers.


Peter M. Bude, Chief Legal Officer


Jody N. Lundquist, Chief Financial Officer


Natasha L. Henderson, City Administrator

CITY COUNCIL:

**RECEIVERSHIP TRANSITION
ADVISORY BOARD:**

Joshua Freeman, Council President

DATE: August 28, 2015

Prepared By: V. Foster for Dawn Steele

Staff Person: D. Starks Approval: J. H. Hurdquist

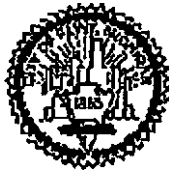
07/27/2015

BUDGET REPORT FOR CITY OF FLINT

GL NUMBER	DESCRIPTION	2015-16 RECOMMENDED BUDGET
Fund 246 - COF - EDA Revolving loan fund		
Dept 731.201-Edc-City/Edc Revolving Loan Fund		
246-731.201-664.200	Interest Income/Loans	4,800.00
246-731.201-665.000	Interest Earned On Bank Ckg &	50.00
246-731.201-671.400	City Rlf-Principal Repayments	7,000.00
246-731.201-801.900	Professional Service Intracity	2,300.00
NET OF REVENUES/APPROPRIATIONS - 731.201-Edc-City/Edc Revolvir		9,550.00
Dept 731.203-Edc-City Reviv Fund - Indust/Mfg		
246-731.203-664.200	Interest Income/Loans	6,700.00
246-731.203-665.000	Interest Earned On Bank Ckg &	50.00
246-731.203-671.400	City Rlf-Principal Repayments	25,000.00
246-731.203-801.900	Professional Service Intracity	2,400.00
NET OF REVENUES/APPROPRIATIONS - 731.203-Edc-City Reviv Fund -		29,350.00
Dept 731.204-EDC - CDBG REVOLVING LOAN FUND		
246-731.204-664.200	Interest Income/Loans	4,800.00
246-731.204-665.000	Interest Earned On Bank Ckg &	30.00
246-731.204-671.400	City Rlf-Principal Repayments	2,500.00
NET OF REVENUES/APPROPRIATIONS - 731.204-EDC - CDBG REVOLVI		7,330.00
ESTIMATED REVENUES - FUND 246		50,930.00
APPROPRIATIONS - FUND 246		4,700.00
NET OF REVENUES/APPROPRIATIONS - FUND 246		46,230.00
BEGINNING FUND BALANCE		
ENDING FUND BALANCE		

City of Flint, Michigan

*Third Floor, City Hall
1101 S. Saginaw Street
Flint, Michigan 48502
www.cityofflint.com*



Meeting Minutes 2 - Final

Monday, September 28, 2015

6:01 PM

RTAB SUMMARY

Council Chambers

CITY COUNCIL

*Joshua M. Freeman, President, Ward 4
Wantwaz D. Davis, Vice President, Ward 5*

*Eric Mays, Ward 1
Kerry Nelson, Ward 3
Monica Galloway, Ward 7*

*Jacqueline Poplar, Ward 2
Herbert J. Winfrey, Ward 6
Victoria VanBuren, Ward 8
Scott Kincaid, Ward 9*

Inez M. Brown, City Clerk

ROLL CALL

Present: Councilperson: Councilperson Poplar, Councilperson Nelson, Freeman, Davis, Councilperson Winfrey, Councilperson Galloway, Councilperson VanBuren, Councilperson Kincaid and Councilperson Mays

PUBLIC HEARINGS

150830 Ordinance/Chapter 50 (Zoning)/N. Grand Traverse, W. Fourth Avenue, Stone Street/Thomas Ayers, Kettering University/PC 15-292

An ordinance to amend Chapter 50 (Zoning) of the Code of the City of Flint as requested by Thomas Ayers, Kettering University (PC 15-292), for a zoning change for property fronting N. Grand Traverse, W. Fourth Avenue, and Stone Street, Parcels No. 40-12-456-003, 40-12-456-004, 40-12-456-005, 40-12-456-010, 40-12-456-011 and 40-12-456-012, from "B" Two Family Residential to "D-2" Neighborhood Business District. [Planning Commission recommends APPROVAL.]

HEARING HELD

Enactment No: 4070

RESOLUTIONS - MAY BE REFERRED FROM COTW

150842 Reprogramming/Unspent HOME Investment Partnership Funds/Contracts/Flint NIPP/Habitat for Humanity/Purchase Rehab Resale/CHDO Operating

Resolution resolving that contracts with Genesee County Habitat for Humanity (\$250,000) for Purchase Rehab Resale to rehabilitate and re-sell a duplex, with Flint NIPP (\$150,000) for Purchase Rehab Resale to rehabilitate and re-sell up to two homes, and with Flint NIPP (\$20,000) to help conduct preliminary planning and feasibility work are approved and that the appropriate City Officials are hereby authorized to do all things necessary to reprogram HOME funds in the amount of \$420,000.00, and to process a budget amendment moving said funds to the appropriate Habitat for Humanity and Flint NIPP accounts.

This Matter was **ADOPTED BY THE MASTER RESOLUTION** on the Consent Agenda.

150843 Budget Amendment/USDA Forest Service Grant/Chevy-In-the-Hole

Resolution resolving that the appropriate City Officials are authorized to do all things necessary to process a budget amendment to appropriate funds under grant code FUSDA14CHEVY, Fund Number 296 and Department Number 690.391, in the amount of \$200,000.00.

This Matter was **ADOPTED BY THE MASTER RESOLUTION** on the Consent Agenda.

150844 Contract/Flint Community Schools/Police Liaison Officer Services

Resolution resolving the approval of a contract that shall be authorized and executed between the City of Flint and Flint Community Schools for Police Liaison Officer Services for the 2015-2016 school year, with Flint Community Schools financing 50% of the costs for wages, fringe benefits, pensions, supplies, and vehicles.

SEPARATED FROM MASTER RESOLUTION

- 150845** Budget Amendment/Planning and Development/CDBG Housing and Smith Village Housing/Economic Development Activities

Resolution resolving that the appropriate City Officials are authorized to do all things necessary to process a budget adjustment to move \$98,674.67 from 101 Fund Balance to the appropriate account, and to change existing encumbrances, and to make adjustments to any existing purchase orders that are affected by said changes, for the purpose of completing CDBG housing and Smith Village housing, and for unbudgeted economic development activities in the Community and Economic Development Division.

SEPARATED FROM MASTER RESOLUTION

- 150846** BS&A Software/Annual Service and Support

Resolution resolving that the Mayor and City Administrator do all things necessary to remit payment to BS&A Software for the software and maintenance agreement for FY2016, as requested by the IS Division, in an amount NOT-TO-EXCEED \$244,607.25, for a revised four-year contract total of \$863,546.00.

This Matter was ADOPTED BY THE MASTER RESOLUTION on the Consent Agenda.

- 150847** Detroit Salt/Bulk Salt

Resolution resolving that the Finance Department is hereby authorized to issue a purchase order to Detroit Salt for bulk salt, as requested by Street Maintenance, in an amount NOT-TO-EXCEED \$300,000.00.

This Matter was ADOPTED BY THE MASTER RESOLUTION on the Consent Agenda.

- 150848** JAM Best One/Annual Supply of Tires

Resolution resolving that the Finance Department is hereby authorized to issue a purchase order to JAM Best One for the annual supply of tires, as requested by the Fleet Division, in an amount NOT-TO-EXCEED \$120,000.00.

This Matter was ADOPTED BY THE MASTER RESOLUTION on the Consent Agenda.

- 150849** Change Order/Contract/Du All Cleaning/Janitorial Services

Resolution resolving that the Finance Department is hereby authorized to CO#3 to the contract with Du All Cleaning for an additional year of janitorial services, as requested by the Department of Public Works, in an amount NOT-TO-EXCEED \$65,700.00, with an aggregate total spend of \$325,113.88 to said vendor.

This Matter was **ADOPTED BY THE MASTER RESOLUTION** on the Consent Agenda.

150850 East Jordan Iron Works/Hydrant, Grate and Manhole Covers

Resolution resolving that the Finance Department is hereby authorized to issue a purchase order to East Jordan Iron Works for hydrant, grate and manhole covers, as requested by the Water Service Center, in an amount NOT-TO-EXCEED \$180,000.00.

This Matter was **ADOPTED BY THE MASTER RESOLUTION** on the Consent Agenda.

150851 Etna Supply Company/Annual Supply of Water Distribution Pipe Stainless Steel Repair Clamps and Repair Parts

Resolution resolving that the Finance Department is hereby authorized to issue a purchase order to Etna Supply Company for the annual supply of water distribution pipe stainless steel repair clamps and repair parts, as requested by the Water Service Center, in an amount NOT-TO-EXCEED \$130,000.00.

This Matter was **ADOPTED BY THE MASTER RESOLUTION** on the Consent Agenda.

150852 Contract/Lake Agency, Inc./Excess Liability Insurance Coverage

Resolution resolving that the appropriate City Officials are authorized to enter into a contract with Lake Agency, Inc. to provide the City with excess liability coverage through the Princeton/Munich Re Insurance Company, as requested by the Finance Department, at a premium amount NOT-TO-EXCEED \$322,934.00.

This Matter was **ADOPTED BY THE MASTER RESOLUTION** on the Consent Agenda.

150853 Purchase Agreement/CSX Transportation, Inc./Property for the Grand Traverse Greenway Trail

Resolution resolving that the appropriate City Officials are hereby authorized to enter into an agreement with CSX Transportation, Inc. to purchase 42.72 acres of abandoned rail line for the Grand Traverse Greenway Trail, in an amount NOT-TO-EXCEED \$235,000.00, AND, resolving that the City of Flint may withdraw from this agreement at any time prior to closing on the property.

SEPARATED FROM MASTER RESOLUTION

150854 Contract/The Lake Agency/Excess Liability Insurance Coverage

Resolution resolving that the appropriate City Officials are authorized to enter into a contract with The Lake Agency to provide Property, Equipment Breakdown and Crime Insurance through Traveler's Insurance and Harford Steam Boiler, as requested by the Finance Department, in an amount NOT-TO-EXCEED \$144,311.00.

This Matter was ADOPTED BY THE MASTER RESOLUTION on the Consent Agenda.

Passed The Consent Agenda

A motion was made by Councilperson Kincaid, seconded by Councilperson Nelson, including all the preceding items marked as having been adopted on a Consent Agenda. The motion carried by the following vote:

Aye: 9 - Councilperson Poplar, Councilperson Nelson, Chairperson Freeman, Vice President Davis, Councilperson Winfrey, Councilperson Galloway, Councilperson VanBuren, Councilperson Kincaid and Councilperson Mays

150855 Relocation/Voting Precincts/November 3, 2015 General Election

Resolution resolving that the Flint City Council approves the relocation of voting precincts previously located at Carpenter Road Elementary School, Cummings Elementary School and Scott Elementary School to Greater Holy Temple Church of God in Christ, Eisenhower Elementary School and Grace Emmanuel Baptist Church, respectively, as requested by the Office of the City Clerk, effective with the November 3, 2015 General Election.

SEPARATED FROM MASTER RESOLUTION

SEPARATED FROM MASTER RESOLUTION

150844 Contract/Flint Community Schools/Police Liaison Officer Services

Resolution resolving the approval of a contract that shall be authorized and executed between the City of Flint and Flint Community Schools for Police Liaison Officer Services for the 2015-2016 school year, with Flint Community Schools financing 50% of the costs for wages, fringe benefits, pensions, supplies, and vehicles.

A motion was made by Councilperson Kincaid, seconded by Councilperson Nelson, that this matter be Adopted. The motion carried by the following vote:

Aye: 9 - Councilperson Poplar, Councilperson Nelson, Chairperson Freeman, Vice President Davis, Councilperson Winfrey, Councilperson Galloway, Councilperson VanBuren, Councilperson Kincaid and Councilperson Mays

150845 Budget Amendment/Planning and Development/CDBG Housing and Smith Village Housing/Economic Development Activities

Resolution resolving that the appropriate City Officials are authorized to do all things necessary to process a budget adjustment to move \$98,674.67 from 101 Fund Balance to the appropriate account, and to change existing encumbrances, and to make adjustments to any existing purchase orders that

are affected by said changes, for the purpose of completing CDBG housing and Smith Village housing, and for unbudgeted economic development activities in the Community and Economic Development Division.

A motion was made by Councilperson Kincaid, seconded by Councilperson Nelson, that this matter be Adopted. The motion carried by the following vote:

Aye: 9 - Councilperson Poplar, Councilperson Nelson, Chairperson Freeman, Vice President Davis, Councilperson Winfrey, Councilperson Galloway, Councilperson VanBuren, Councilperson Kincaid and Councilperson Mays

150853 Purchase Agreement/CSX Transportation, Inc./Property for the Grand Traverse Greenway Trail

Resolution resolving that the appropriate City Officials are hereby authorized to enter into an agreement with CSX Transportation, Inc. to purchase 42.72 acres of abandoned rail line for the Grand Traverse Greenway Trail, in an amount NOT-TO-EXCEED \$235,000.00, AND, resolving that the City of Flint may withdraw from this agreement at any time prior to closing on the property.

A motion was made by Councilperson Kincaid, seconded by Councilperson Nelson, that this matter be Adopted. The motion carried by the following vote:

Aye: 9 - Councilperson Poplar, Councilperson Nelson, Chairperson Freeman, Vice President Davis, Councilperson Winfrey, Councilperson Galloway, Councilperson VanBuren, Councilperson Kincaid and Councilperson Mays

150855 Relocation/Voting Precincts/November 3, 2015 General Election

Resolution resolving that the Flint City Council approves the relocation of voting precincts previously located at Carpenter Road Elementary School, Cummings Elementary School and Scott Elementary School to Greater Holy Temple Church of God in Christ, Eisenhower Elementary School and Grace Emmanuel Baptist Church, respectively, as requested by the Office of the City Clerk, effective with the November 3, 2015 General Election.

A motion was made by Councilperson Kincaid, seconded by Councilperson Nelson, that this matter be Adopted. The motion carried by the following vote:

Aye: 9 - Councilperson Poplar, Councilperson Nelson, Chairperson Freeman, Vice President Davis, Councilperson Winfrey, Councilperson Galloway, Councilperson VanBuren, Councilperson Kincaid and Councilperson Mays

ORDINANCES - Second Reading

150830 Ordinance/Chapter 50 (Zoning)/N. Grand Traverse, W. Fourth Avenue, Stone Street/Thomas Ayers, Kettering University/PC 15-292

An ordinance to amend Chapter 50 (Zoning) of the Code of the City of Flint as requested by Thomas Ayers, Kettering University (PC 15-292), for a zoning change for property fronting N. Grand Traverse, W. Fourth Avenue, and Stone Street, Parcels No. 40-12-456-003, 40-12-456-004, 40-12-456-005, 40-12-456-010, 40-12-456-011 and 40-12-456-012, from "B" Two Family Residential to "D-2" Neighborhood Business District. [Planning Commission recommends APPROVAL.]

A motion was made by Councilperson Kincaid, seconded by Councilperson Nelson, that this matter be PASSED. The motion carried by the following vote:

Aye: 5 - Councilperson Poplar, Councilperson Nelson, Chairperson Freeman, Councilperson VanBuren and Councilperson Kincaid

No: 4 - Vice President Davis, Councilperson Winfrey, Councilperson Galloway and Councilperson Mays

Enactment No: 4070

ADJOURNMENT

This City Council meeting was adjourned at 8:15 p.m.

Attachment # 3a
150842
SUBMISSION NO.: CA 0792015

PRESENTED: 9-11-15

ADOPTED: _____

**Resolution to Reprogram Unspent HOME Investment Partnership (HOME) Funds
and Enter Into Contracts with Flint NIPP for Purchase Rehab Resale in the amount of \$150,000, Flint NIPP for
CHDO Operating in the amount of \$20,000, and
Habitat for Humanity for Purchase Rehab Resale in the amount of \$250,000.**

BY THE CITY ADMINISTRATOR:

The Department of Planning, Community and Economic Development Division (CED) has identified \$420,000 in unspent HOME Investment Partnership (HOME) funds that are available for reprogramming; and

The Division requests to reprogram \$250,000 for Purchase Rehab Resale to Genesee County Habitat for Humanity to rehabilitate and re-sell a duplex; and

The Division requests to reprogram \$150,000 for Purchase Rehab Resale to Flint NIPP to rehabilitate and re-sell up to two homes; and

The Division requests to reprogram \$20,000 for CHDO Operating to Flint NIPP to help conduct preliminary planning and feasibility work for the project; and

Funds are available in the below revenue and expenditure accounts and should be moved to the identified Habitat for Humanity and Flint NIPP accounts; and

Available in HOME Uncommitted Accounts:

Revenue Accounts:

FHUD14HOME 274-749.104-502.749 \$400,000

FHUD14HOME 274-749.102-502.749 \$20,000

Expense Accounts:

FHUD14HOME 274-749.104-700.100 \$400,000

FHUD14HOME 274-749.102-805.510 \$20,000

To be moved to Accounts:

Revenue Accounts:

FHUD14HOME 274-749.270-502.749 \$250,000

FHUD14HOME 274-749.332-502.749 \$150,000

FHUD14HOME 274-749.334-502.749 \$20,000

Expense Accounts:

FHUD14HOME 274-749.270-805.327 \$250,000

FHUD14HOME 274-749.332-805.327 \$150,000

FHUD14HOME 274-749.334-805.453 \$20,000

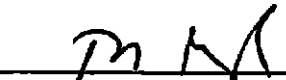
This action represents a substantial amendment to the City's Consolidated Plan. CED has completed the requisite publication and comment period; and

Habitat for Humanity and Flint NIPP will not obligate any funds, incur any costs, nor implement any physical activities until CED Division has completed the Environmental Review Record, received a release of funds from the U.S. Department of HUD, completed all required HOME compliance activities and has issued a written notice to proceed to the agencies; and

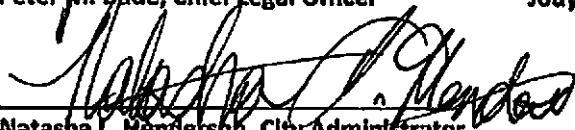
The proposed contract has been reviewed and approved by the Mayor and City Administrator.

IT IS RESOLVED, that the above referenced contract is approved and that the appropriate City Of Flint officials are hereby authorized to do all things necessary to reprogram HOME funds in the amount of \$420,000, and to process a budget amendment moving funds to appropriate accounts as identified above.

APPROVED AS TO FORM:

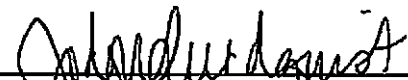


Peter M. Bade, Chief Legal Officer



Natasha L. Henderson, City Administrator

APPROVED AS TO FINANCE:



Jody N. Lundquist, Chief Financial Officer

CITY COUNCIL:

Joshua Freeman, Council President

RECEIVERSHIP TRANSITION ADVISORY BOARD:

RESOLUTION STAFF REVIEW

Date: August 28, 2015

Agenda Item Title: Resolution to Reprogram Unspent HOME Investment Partnership (HOME) Funds and Enter Into Contracts with Flint NIPP for Purchase Rehab Resale in the amount of \$150,000, Flint NIPP for CHDO Operating in the amount of \$20,000, and Habitat for Humanity for Purchase Rehab Resale in the amount of \$250,000.

Prepared by: Suzanne Wilcox, Department of Planning and Development, Community and Economic Development Division (CED)

Summary of Proposed Action:

The Department of Planning and Development, Community and Economic Development Division has identified \$420,000 in unspent HOME Investment Partnership (HOME) funds from the HOME 13-14 allocation that are available for reprogramming. The Division requests to reprogram the \$250,000 for Purchase Rehab Resale to Genesee County Habitat for Humanity to rehabilitate and re-sell a duplex, \$150,000 to Flint NIPP for a purchase rehab resale activity, and \$20,000 for CHDO Operating funds to support the eligible purchase rehab resale CHDO activity.

This reprogramming is part of a substantial amendment to the Consolidated Plan and per Citizen Participation requirements, was published in The Flint Journal on July 12, 2015. The comment period ended August 11, 2015 and the City may now enter into contracts, pending receipt of HUD's environmental release of funds.

Financial Implications:

Reprogramming funds to activities that can spend funds, allows CED to draw down funds that are otherwise being unused, and ensures that CED meets its ongoing CHDO requirements.

Pre-encumbered?: Yes ___ No X ___

Requisition: BA pending Dept. Head signature

Account No. From FHUD14HOME uncommitted accounts to Flint NIPP CHDO, PRR and Habitat for Humanity accounts

Available in HOME Uncommitted Accounts:

Revenue Accounts:

FHUD14HOME 274-749.104-502.749 \$400,000

FHUD14HOME 274-749.102-502.749 \$20,000

Expense Accounts:

FHUD14HOME 274-749.104-700.100 \$400,000

FHUD14HOME 274-749.102-805.510 \$20,000

To be moved to Accounts:

Revenue Accounts:

FHUD14HOME 274-749.270-502.749 \$250,000

FHUD14HOME 274-749.332-502.749 \$150,000

FHUD14HOME 274-749.334-502.749 \$20,000

Expense Accounts:

FHUD14HOME 274-749.270-805.327 \$250,000

FHUD14HOME 274-749.332-805.327 \$150,000

FHUD14HOME 274-749.334-805.453 \$20,000

Reviewed and approved by C. Dotson

Reviewed and approved by S. Wilcox

Other implications (i.e. collective bargaining):

No other implications are known at this time.

Staff Recommendation: Recommend Approval

APPROVAL

CED Program Manager

09/10/2015

REVENUE AND EXPENDITURE REPORT FOR CITY OF FLINT
PERIOD ENDING 09/30/2015

		2015-16	2015-16	2015-16	2015-16
		ORIGINAL	AMENDED	UNENCUMBERED	
GL NUMBER	DESCRIPTION	BUDGET	BUDGET	BALANCE	
Fund 274 - HUD CDBG, ESG, & HOME GRANTS					
Dept 749.102-Home - Uncommitted Chdo Oper					
274-749.102-502.749	Federal Grants Hud - Home	0.00	20,000.00	20,000.00	
274-749.102-805.510	211 Home Chdo Operate Cost 5% Admin Cap	0.00	20,000.00	20,000.00	
Net - Dept 749.102-Home - Uncommitted Chdo Oper		0.00	0.00	0.00	
Dept 749.104-HOME uncommitted					
274-749.104-502.749	Federal Grants Hud - Home	0.00	400,000.00	400,000.00	
274-749.104-700.100	Unallocated budget appropriations	0.00	400,000.00	400,000.00	
Net - Dept 749.104-HOME uncommitted		0.00	0.00	0.00	
Fund 274 - HUD CDBG, ESG, & HOME GRANTS :					
TOTAL REVENUES					
TOTAL EXPENDITURES					
NET OF REVENUES & EXPENDITURES					
		0.00	420,000.00	420,000.00	
		0.00	420,000.00	420,000.00	
		0.00	0.00	0.00	

Attachment #3b

150843

SUBMISSION NO.: CA0802015

PRESENTED: 9-11-15

ADOPTED: _____

RESOLUTION

Resolution to Process a Budget Amendment of USDA Forest Service Funds and Increase Budget by \$200,000

BY THE CITY ADMINISTRATOR:

The Department of Planning and Development, Planning Division was awarded a grant modification to its USDA Forest Service Grant number 13-DG-11420004-020 to extend through September 30, 2017 and increase by \$200,000. The additional time and funding will be used for the purpose of completing work on the City's vegetative cap project for phytoremediation in the Chevy in the Hole area.

The City has accepted the grant and the necessary funds need to be appropriated by way of a budget amendment.

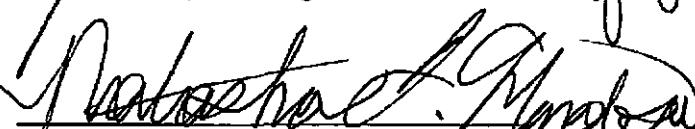
IT IS RESOLVED, that appropriate City of Flint officials are authorized to do all things necessary to process a budget amendment to appropriate funds under grant code FUSDA14CHEVY, fund number 296 and department number 690.391, in the amount of \$200,000.

APPROVED AS TO FORM:


Peter M. Bade, Chief Legal Officer

APPROVED AS TO FINANCE:


Jody N. Lundquist, Chief Financial Officer


Natasha L. Henderson, City Administrator

CITY COUNCIL:

Joshua Freeman, Council President

RECEIVERSHIP TRANSITION ADVISORY BOARD:

RESOLUTION STAFF REVIEW

Date: September 9, 2015

Agenda Item Title: Resolution to Process a Budget Amendment of USDA Forest Service Funds and Increase Budget by \$200,000

Prepared by:

Jonathan Moore, Planning and Development Analyst

Summary of Proposed Action:

The Department of Planning and Development, Planning Division was awarded a grant modification to its USDA Forest Service Grant number 13-DG-11420004-020 to extend through September 30, 2017 and increase by \$200,000. The additional time and funding will be used for the purpose of completing work on the City's vegetative cap project for phytoremediation in the Chevy in the Hole area.

The City has accepted the grant and the necessary funds need to be appropriated by way of a budget amendment.

Financial Implications:

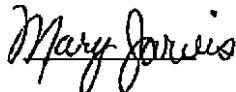
A budget amendment is necessary to make use of the grant modification and expense funding

Pre-encumbered?: Yes ☐ No ☒

Requisition:

Account No: To be appropriated by Finance under FUSDA14CHEVY, fund number 296 and department number 690.391

Reviewed and approved by M. Jarvis



Other implications (i.e. collective bargaining):

No other implications are known at this time.

Staff Recommendation: Recommend Approval

APPROVAL



Kevin Schronce
Planner III

**Project Narrative – The Greening of Chevy in the Hole
Northeastern Area State and Private Forestry
FY 2016 Great Lakes Restoration Initiative (GLRI)**

Project Applicant: The City of Flint will be the entity responsible for conducting the fiscal and performance accountability of the project.

Project Title: Greening of Chevy in the Hole

Project Location: Project activities will be targeted to the Flint River watershed, a part of the larger Saginaw Bay watershed (one of the state's Areas of Concern), which ultimately drains to Lake Huron. Specifically, the proposed project will occur at an approximately 66-acre parcel in the City of Flint, Genesee County, Michigan, formerly used for automotive manufacturing and known as "Chevy in the Hole".

GLRI Program Area: 3. "Reduce Toxic Substances in Brownfield Sites"

Project Contact: Jonathan Moore
City of Flint
1101 S. Saginaw St.
Flint, MI 48502
Phone: (810) 766-7426, ext. 3060
Fax: (810) 766-7351
jmoore@cityofflint.com

Funding Requested: \$200,000

Recipient of Funds: City of Flint (same as above)

Project Duration: January 1, 2013 through September 30, 2017

Abstract: Chevy in the Hole consists of 66 acres of blighted urban riverfront. Using phytotechnologies to reduce toxic substances is the foundation of an overall site strategy for the City. Integrated with low impact stormwater management and green infrastructure "capping", this riverfront space is being transformed into a center for recreation and research. Trees such as poplars have and will continue to be planted in contaminated areas for uptake and degradation of toxins. These areas will coincide with storm water runoff infiltration such that storm water is also managed, and, ultimately, the contaminated water vector otherwise fluxing to the river will be managed.

Scope of Work:

In 2011-13 the City of Flint successfully completed phytoremediation plantings via similar United States Department of Agriculture (USDA) Forest Service (FS) GLRI grants. In this effort, approximately 16 acres of the site were vegetated successfully with a mix of native deciduous trees such as sugar maples, river birch, evergreens such as white spruce, and water-loving phreatophytes such as poplars and willows that will provide the bulk of the groundwater uptake in the early years of the phytoremediation program. In addition, the City of Flint has begun a vegetative cap project via other funding mechanisms, and the phytoremediation plantings using a variety of trees will be integrated with the "green cap" project to the extent possible.

Investigations and plantings confirm the site is an ideal candidate for phytotechnologies. Both the soil conditions and shallow groundwater level at this site are suitable for tree growth and the contaminant concentrations are appropriate for phytoremediation. Finally, the project has the potential to provide wildlife habitat and the aesthetic benefits of a reforestation effort in a riparian environment, both of which complement the toxin reduction benefits.

The project will:

- apply phytoremediation to reduce surface runoff and sediment into the river by establishing a vegetated riparian buffer along the low-lying river's edge;
- improve the quality of soil and ground water by using phytoremediation to sequester, degrade, or stabilize contaminants;
- reduce the quantity of contaminated groundwater discharging to the Flint River using the benefits of phytoremediation; and,
- monitor the effectiveness of phytoremediation for use during the design and implementation of this process at other portions of the subject site and other sites in Flint.

The elements to achieve the objectives identified above include the following:

1. Baseline & Performance Monitoring - This task will include all contaminant and hydrologic monitoring, e.g., precipitation and groundwater level gauging throughout the project, and contaminant testing in groundwater at the conclusion of the project. A comprehensive groundwater sampling event and remote groundwater elevation monitoring at key locations will commence under this task.
2. Plantings - This task will include the planting of over 1,000 trees and shrubs of varying species and sizes across key areas (i.e., areas with the highest contamination and having the greatest influence (decrease) on stormwater runoff. Wherever possible, the plantings will integrate and coincide with plantings and design for the "green cap" project in an effort to green the site as much of the site as possible.
3. Reporting - In compliance with GLRI requirements, reporting will consist of biannual reports in addition to a final report.

Priority Landscape:

Phytoremediation will reduce metals and VOCs in groundwater that would otherwise discharge to the Flint River, which drains to the Saginaw Bay, which is a GLRI-defined AOC. In light of the project's objective of toxin reduction to an AOC, it ties directly to the GLRI Action Plan focus area of Toxic Substances and Areas of Concern. Specifically, this project will remediate and restore the Saginaw Bay, which aligns directly with the GLRI action plan objectives. The project links to the State Forest Action Plan via the following:

1. Reforestation of an urban area - 1,000 trees/shrubs will be planted just blocks from downtown Flint
2. Maintenance and restoration of watersheds - this is accomplished by the addition of eight (8) acres of green infrastructure
3. Enhancement of public benefits from trees and forests
4. Provision of forested ecosystems for biodiversity and wildlife

Measurable Results and On-The-Ground Outcomes:

Assuming 1,000 trees will uptake 30 gallons of groundwater per day over 180 days per year, approximately 5,400,000 gallons of contaminated groundwater per year will be transpired. With an average total contaminant concentration of 1 mg/L, it is expected that approximately 45 pounds of contaminants per year will be kept from discharging to the AOC from this project. This is a conservative performance metric, in that 1,000 phreatophytes have already been planted and survived as an outcome of this project.

Partnerships and Collaboration:

Environmental Consulting & Technology, Inc. (ECT) will provide design/build services for the phytoremediation system, including the development of a baseline monitoring program, final landscape plan design, and construction oversight of planting of trees. ECT will also oversee the maintenance of the phytoremediation system and perform final performance monitoring near the final quarter of the project. It is anticipated that their role will be 25% of the contractual services. The "green cap" contractor (ECT's sub), will perform construction/tree plantings; it is anticipated that their role will be 75% of the contractual services.

Timeline:

We anticipate a USDA FS grant start date of October 1, 2015. In light of the timing of this start date, we anticipate a project duration of October 1, 2015 through September 30, 2017 (schedule below).

FY 2016 Schedule - Schedule is approximate and not tied to a specific start date.

Quarter 1, October - December 2015: Site Preparation and Planning, Baseline Monitoring, Fall Plantings and Initiation of Design
 Quarter 2, January - March 2016: Spring Planting Design
 Quarter 3, April - June 2016: Spring Construction/Plantings and Irrigation and Maintenance
 Quarter 4, July - September 2016: Irrigation and Maintenance
 Quarter 5, October - December 2016: Maintenance and Winterization of System
 Quarter 6, January - March 2017: Data Analysis and Site Preparation for 2017
 Quarter 7, April - June 2017: Irrigation and Maintenance of Plantings
 Quarter 8, July - September 2017: Final Performance Monitoring, Irrigation and Maintenance and Final Reporting

Budget:

Table I:

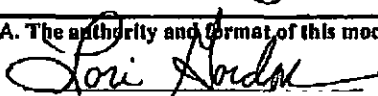
Task	Personnel	Fringe Benefits	Travel	Equipment	Supplies	Contractual	Subtotal
Baseline & Performance Monitoring	0	0	0	0	0	\$35,000	\$35,000
Planting	0	0	0	0	0	\$150,000	\$150,000
Reporting	0	0	0	0	0	\$15,000	\$15,000
Subtotal:							\$200,000



USDA Forest Service

OMB 0596-0217
FS-1500-19

MODIFICATION OF GRANT OR AGREEMENT		PAGE	OF PAGES
		1	2
1. U.S. FOREST SERVICE GRANT/AGREEMENT NUMBER: 13-DG-11420004-020	2. RECIPIENT/COOPERATOR GRANT or AGREEMENT NUMBER, IF ANY: N/A	3. MODIFICATION NUMBER: A3	
4. NAME/ADDRESS OF U.S. FOREST SERVICE UNIT ADMINISTERING GRANT/AGREEMENT (unit name, street, city, state, and zip + 4): Area Director Northeastern Area State & Private Forestry 11 Campus Blvd., Suite 200 Newtown Square, PA 19073 (610) 557-4106; lgordon@fs.fed.us	5. NAME/ADDRESS OF U.S. FOREST SERVICE UNIT ADMINISTERING PROJECT/ACTIVITY (unit name, street, city, state, and zip + 4): Jeremy Peichel Northeastern Area State & Private Forestry 1992 Folwell Avenue St. Paul, MN 55108 (651) 649-5221; jpeichel@fs.fed.us		
6. NAME/ADDRESS OF RECIPIENT/COOPERATOR (street, city, state, and zip + 4, county): Ms. Natasha Henderson, City Administrator City of Flint 1101 S. Saginaw Street Flint, MI 48502-1420 (810) 237-2035; nhenderson@cityofflint.com	7. RECIPIENT/COOPERATOR'S HHS SUB ACCOUNT NUMBER (For HHS payment use only): G42393044003 \$200,000		
8. PURPOSE OF MODIFICATION			
CHECK ALL THAT APPLY:	This modification is issued pursuant to the modification provision in the grant/agreement referenced in item no. 1, above.		
☒	CHANGE IN PERFORMANCE PERIOD: This action changes the ending date to September 30, 2017.		
☒	CHANGE IN FUNDING: This action adds Federal funding in the amount of \$200,000		
☐	ADMINISTRATIVE CHANGES:		
☐	OTHER (Specify type of modification):		
Except as provided herein, all terms and conditions of the Grant/Agreement referenced in 1, above, remain unchanged and in full force and effect.			
9. ADDITIONAL SPACE FOR DESCRIPTION OF MODIFICATION (add additional pages as needed): This modification is subject to the OMB guidance in subparts A through F of 2 CFR Part 200 as adopted and supplemented by the USDA in 2 CFR Part 400. Adoption by USDA of the OMB guidance in 2 CFR 400 gives regulatory effect to the OMB guidance in 2 CFR 200 where full text may be found. Additional funding in the amount of \$200,000 is made under the authority of Cooperative Forestry Assistance Act of 1978, Title 16, Part 2105, Section 9, Public Law 95-313, 92 Stat. 365 for the above project and accepted for the purposes described in the narrative. The Application for Federal Assistance dated July 31, 2015, submitted by you is incorporated and made a part of the award. By acceptance of this supplemental award, the grantee agrees to comply with the applicable Federal requirements for agreements and to the prudent management of all expenditures and actions affecting the award, as outlined in the original award documents. Except as set forth above, all other terms and conditions of the agreement shall remain the same, unchanged, and in full force and effect.			
10. ATTACHED DOCUMENTATION (Check all that apply):			
☐	Revised Scope of Work		
☐	Revised Financial Plan		
☐	Other:		
11. SIGNATURES			
AUTHORIZED REPRESENTATIVE: BY SIGNATURE BELOW, THE SIGNING PARTIES CERTIFY THAT THEY ARE THE OFFICIAL REPRESENTATIVES OF THEIR RESPECTIVE PARTIES AND AUTHORIZED TO ACT IN THEIR RESPECTIVE AREAS FOR MATTERS RELATED TO THE ABOVE-REFERENCED GRANT/AGREEMENT.			

11.E. NAME (type or print): Natasha L. Henderson		11.F. NAME (type or print): TONY L. FERGUSON	
11.G. TITLE (type or print): City Administrator		11.H. TITLE (type or print): Area Director	
12. G&A REVIEW			
12.A. The authority and format of this modification have been reviewed and approved for signature by:  LORI GORDON U.S. Forest Service Grants & Agreements Specialist			12.B. DATE SIGNED 8/24/15

Attachment # 3c
150845
SUBMISSION NO.: CA0822015

PRESENTED: 9/16/15

ADOPTED: _____

RESOLUTION

Resolution to Process a Budget Amendment to move funds from 101 Fund Balance to Planning and Development, Community and Economic Development Division, for the Purpose of Completing Community Development Block Grant (CDBG) Housing and Smith Village Housing and to Fund Economic Development Activities

BY THE CITY ADMINISTRATOR:

The Planning and Development Department, Community and Economic Development Division (CED) has invested significant grant funds to rehabilitate City owned CDBG and Smith Village housing. Vandalism has occurred at multiple properties and the repairs are not grant eligible; and

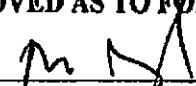
General funds are also necessary for unbudgeted economic development activities in the Department; and

Additionally, needed repairs funded by existing general fund encumbrances were unable to be completed prior to 2015 fiscal year close and were not requested in the fiscal year 2016 budget under department 690.100. Planning and Development has merged its general fund account into department 371.209 and existing purchase orders should be adjusted to same; and

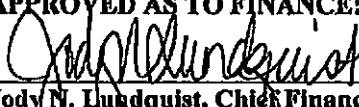
To complete the repairs and to fund economic development activities, CED requests a Budget Amendment to move \$98,674.67 from 101 Fund Balance to 101-371.209-801.000 and to change existing encumbrances to 101-371.209-801.000.

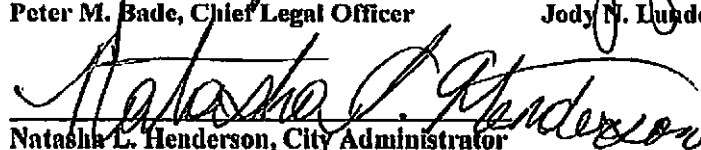
IT IS RESOLVED, that appropriate City Of Flint officials are authorized to do all things necessary to process a budget amendment to move \$98,674.67 from 101 Fund Balance to the appropriate account and to make adjustments to any existing purchase orders that are affected by the aforementioned changes.

APPROVED AS TO FORM:


Peter M. Bade, Chief Legal Officer

APPROVED AS TO FINANCE:


Jody N. Lundquist, Chief Financial Officer


Natasha L. Henderson, City Administrator

CITY COUNCIL:

Joshua Freeman, Council President

**RECEIVERSHIP TRANSITION ADVISORY
BOARD:**

RESOLUTION STAFF REVIEW

Date: September 15, 2015

Agenda Item Title: Resolution to Process a Budget Amendment to move funds from 101 Fund Balance to Planning and Development, Community and Economic Development Division, for the Purpose of Completing Community Development Block Grant (CDBG) Housing and Smith Village Housing and to Fund Economic Development Activities

Prepared by:

Community and Economic Development Division (CED)

Summary of Proposed Action:

The Planning and Development Department, Community and Economic Development Division (CED) has invested significant grant funds to rehabilitate City owned CDBG and Smith Village housing. Vandalism has occurred at multiple properties and the repairs are not grant eligible. CED had requested funds in the FY15 4th Quarter Budget Amendment, but it was not adopted prior to the close of the FY15 and CED was unable to utilize those funds. Planning and Development requested no general funds for vandalism and theft items in the FY16 budget. Additionally, needed repairs funded by existing general fund encumbrances were unable to be completed prior to 2015 fiscal year close and were not requested in the fiscal year 2016 budget.

In addition, City Administration has requested CED staff provide some economic development services, which were not budgeted in FY16. These additional economic development activities, combined with the cost estimates for the repairs and existing encumbrances total \$172,179.18. Finance has identified \$98,674.67 available to request from FY15 Fund Balance. This, combined with the \$73,504.51 identified as available in the FY16 P&D budget, will provide the necessary funds to complete the repairs and provide funding for economic development activities.

To complete the repairs, CED requests a Budget Amendment to move \$98,674.67 from 101 Fund Balance to 101-371.209-801.000.

Financial Implications:

Failure to complete these repairs could subject the City to repayment of all federal investment.

Pre-encumbered: Yes ☐ No ☒ **Requisition:**

Account No. From 101 Fund Balance to 101-371.209-801.000

Reviewed and approved by C. Dotson



Approved by S. Wilcox



Other implications (i.e. collective bargaining):

No other implications are known.

Staff Recommendation: Recommend Approval

APPROVAL



Suzanne Wilcox
Program Manager

Attachment #3d

15-5228

150846

(Purchasing Req. 150000845)

SUBMISSION NO.: CA0832015

PRESENTED: 9/23/15

ADOPTED: _____

RESOLUTION TO BS&A SOFTWARE FOR ANNUAL SERVICE AND SUPPORT

BY THE CITY ADMINISTRATOR

RESOLUTION

On August 7, 2012, the Emergency Manager authorized the Proper City Officials to enter into a four year contractual agreement with BS&A Software for software and maintenance agreements in an amount not to exceed \$862,100.00 based on the following payment schedule: year one \$132,616.25, years two through four \$243,161.25 per year as requested by Information Services; and

Pursuant to the terms of the agreement with BS&A, year four is subject to a price increase based on the Consumer Price Index (CPI). In reviewing said CPI, a 1.01% increase is warranted, which results in a \$1,446.00 increase for the FY16 fiscal year. Funding will come from the following account: 636-228.100-814.600; and

IT IS RESOLVED, that the Mayor and City Administrator do all things necessary to remit payment to BS&A Software for the software and maintenance agreement for FY16 in an amount not to exceed \$244,607.25 and a revised total of \$863,546.00. (Information Services Fund)

APPROVED PURCHASING DEPT.:

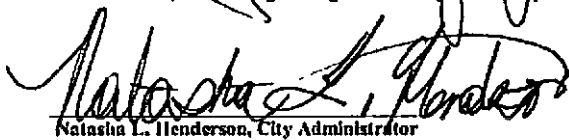

Derrick Jones, Purchasing Manager

APPROVED AS TO FINANCE:


Jody N. Lundquist, Chief Financial Officer

APPROVED AS TO FORM:


Peter M. Bade, Chief Legal Officer


Natasha L. Henderson, City Administrator

RECEIVERSHIP TRANSITION ADVISORY
BOARD:

CITY COUNCIL:

Joshua Freeman, Council President

FY16 - KRN

RESOLUTION STAFF REVIEW

September 22, 2015

Agenda Item Title: BS&A Software

Submitted By: IS Division

Background/Summary of Proposed Action:

The City of Flint utilizes a software system that has been developed by BS&A. In August 2012 the Emergency Manager authorized the City to enter into a four year contract with said vendor for the purposes of maintain licenses and any maintenance of the software. As part of the terms and conditions of the contract, the City is subject to a price increase during the fourth year that is tied to the Consumer Price Index (CPI). This is the fourth year of this contract and based on the CPI, the City is subject to an increase representing \$1,446.00 for a total FY16 invoice of \$244,607.25. The IS Division is requesting the Purchasing Division to issue a purchase order to represent said invoice amount.

Financial Implications:

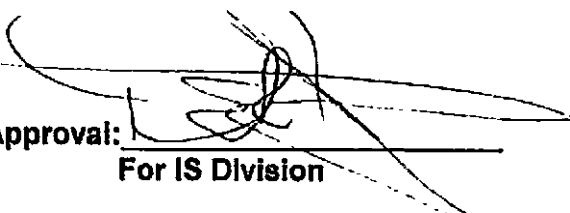
Budgeted Expenditure? Yes ☒ No ☐ Please explain if no:

Account No.: 636-228.100-814.600

Pre-encumbered? Yes ☒ No ☐ Requisition: 150000845

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

Staff Recommendation: Approve

Department Approval: 

For IS Division

**PURCHASE ORDERS PENDING COUNCIL AND RTAB APPROVAL
INFORMATION SERVICES FUND (636) - OCTOBER 2015 SUMMARY**

Reso #	Council Review Date	Description	Division	Approval Status	636-228,100-814,600
Amended Budget					\$ 689,900.00
Year-to-date Balance					\$ 21,400.00
Purchase Orders Approved					\$ -
Available Balance					\$ 668,500.00
CA0832015	9/28/2015	BS&A Software - Annual Service & Support	Info Svc		244,607.25
Pending RTAB Approval Totals					\$ 244,607.25
Ending Year to Date Balance Pending Council and RTAB Approval					\$ 423,892.75

Attachment # 3e

15-5233

150851

(Proposal No. 16000529)

SUBMISSION NO.: CA0882015

PRESENTED: 9/23/15

ADOPTED: _____

**RESOLUTION TO ETNA SUPPLY COMPANY FOR THE ANNUAL SUPPLY OF
WATER DISTRIBUTION PIPE STAINLESS STEEL REPAIR CLAMPS AND REPAIR
PARTS FOR THE WATER SERVICE CENTER**

BY THE CITY ADMINISTRATOR

RESOLUTION

The Finance Department, Purchases and Supplies Division, has solicited a unit pricing proposal for the annual supply of water distribution pipe stainless steel repair clamps and repair parts for the Utilities Water Service Center; and

Etna Supply Company, 529 – 32nd Street, Grand Rapids, Michigan 49548 was the lowest responsive overall unit pricing proposal received from four solicitations for said clamps and repair parts. The funding for this purchase will come from the following account: 591-540.202-726.000; and

IT IS RESOLVED, that the Finance Department is authorized to issue a purchase order to Etna Supply Company for the annual supply of water distribution pipe stainless steel repair clamps and repair parts for the Utilities Water Service Center in an amount not to exceed \$130,000.00. (Water Fund)

APPROVED PURCHASING DEPT.:


Derrick Jones, Purchasing Manager

APPROVED AS TO FINANCE:


Jody N. Lundquist, Chief Financial Officer

APPROVED AS TO FORM:


Peter M. Bade, Chief Legal Officer


Natasia L. Henderson, City Administrator

RECEIVERSHIP TRANSITION
ADVISORY BOARD:

CITY COUNCIL:

Joshua Freeman, Council President

FY16 – BDB

RESOLUTION STAFF REVIEW

DATE: 7-1-15

Agenda Item Title: Repair Clamp and Water Service Parts

Prepared By: Cheri Priest, Water Service Center

Background/Summary of Proposed Action: The City of Flint Water Service Center requests that a purchase order be issued for the purchase of stainless steel repair clamps and miscellaneous service parts which are used in the repair of water mains and service lines.

Financial Implications: Adequate funding has been allocated for this purchase

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

Account No.: 591-540.202-726-000 \$130,000.00

Pre-encumbered? Yes ☒ No ☐ Requisition # 150000608

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

Staff Recommendation: Recommend Approval

Staff Person:

Robert Benish
(Dept Head or other authorized staff)

SEALED PROPOSALS RECEIVED FINANCE DEPT/PURCHASING & SUPPLIES ON SEPTEMBER 10, 2015
ANNUAL SUPPLY OF WATER DISTRIBUTION PIPE STAINLESS STEEL REPAIR CLAMPS AND REPAIR PARTS
#16000529

	Michigan Pipe and Valve 4040 Eagles Nest Flushing, MI 48433	Etna Supply Co. 529-32 nd St. Grand Rapids, MI 49548 (Flint branch) 2395 Lapeer Rd, Flint, MI 48503	HD Supply c/o Don Napier 6575 - 23 Mile Rd. Shelby Township, MI 48316
Unit Pricing of various repair clamps as requested	\$6,065.31	\$5,756.00	\$5,675.31 *(\$6,0725.58)

*7.0% price advantage given to Etna Supply based on local preference ordinance

**PURCHASE ORDERS PENDING COUNCIL AND RTAB APPROVAL
WATER FUND (591) - OCTOBER 2015 SUMMARY**

Reso #	Council Review Date	Description	Division	Approval Status	591-540.100-801.000		591-540.202-726.000	
					\$		\$	
Amended Budget					\$	340,000.00	\$	600,000.00
Year-to-date Balance					\$	15,358.91	\$	44,673.84
Purchase Orders Approved					\$	117,766.00	\$	44,318.99
Available Balance					\$	206,875.09	\$	511,007.17
CA0862015	9/28/2015	Du All Cleaning - Janitorial Services	Multiple		\$	5,850.00		
CA0872015	9/28/2015	East Jordan Iron Works - Hydrant, grates, manhole covers	Various		\$			126,000.00
CA0882015	9/28/2015	Etna Supply Company - repair clamps and parts	DPW-WSC		\$			130,000.00
Pending RTAB Approval Totals					\$	5,850.00	\$	266,000.00
Ending Year to Date Balance Pending Council and RTAB Approval					\$	201,025.09	\$	255,007.17

Attachment # 3f

150852

SUBMISSION NO.: CA0922015

PRESENTED: 9/24/15

ADOPTED: _____

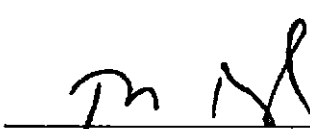
**RESOLUTION AUTHORIZING RETAINING LAKE AGENCY TO PROVIDE EXCESS
LIABILITY INSURANCE COVERAGE**

BY THE CITY ADMINISTRATOR:

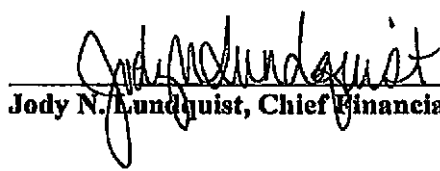
The City of Flint solicited proposals for excess liability insurance coverage; and

The Finance Department is recommending that Lake Agency, Inc. be retained to provide the City with excess liability insurance coverage through the Princeton/Munich Re Insurance Company. Princeton/Munich Re was the more favorable of the two carriers that submitted proposals. The Princeton/Munich Re Insurance Company proposal maintains the same coverage as the prior year at a reduced premium. Additionally, the carrier has offered to maintain the proposed premium for two subsequent years, provided that significant changes do not occur; therefore

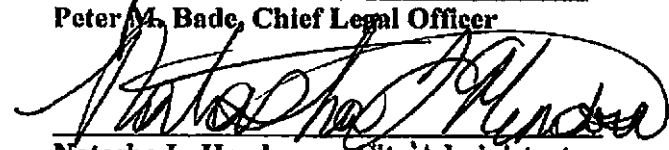
IT IS RESOLVED, that the appropriate City officials are authorized to enter into a contract with Lake Agency, Inc. to provide the City with excess liability coverage through the Princeton/Munich Re Insurance Company at a premium amount not to exceed \$322,934.00.



Peter M. Bade, Chief Legal Officer



Jody N. Lundquist, Chief Financial Officer



Natasha L. Henderson, City Administrator

CITY COUNCIL:

**RECEIVERSHIP TRANSITION
ADVISORY BOARD:**

Joshua Freeman, Council President

RESOLUTION STAFF REVIEW

DATE: 9-4-15

Agenda Item Title: Resolution Authorizing Retaining Lake Agency to Provide Excess Liability Insurance Coverage

Prepared By: V. Foster for Jody Lundquist, Chief Financial Officer

Background/Summary of Proposed Action:

Lake Agency, as the City's insurance broker, obtained quotes for its excess liability insurance policy. Quotes were obtained from Princeton/Munich Insurance Company and Old Republic Union Insurance Company. Seven other carriers declined.

The premium of \$322,934.00 quoted by the City's current carrier, Princeton/Munch Re, reflects a total reduction from prior year of \$20,500.00 while maintaining the current level of coverage.

Financial Implications: None.

Budgeted Expenditure? x Yes No Please explain if no:

Account No.: 677-174.851-955.000

Pre-encumbered? x Yes No Requisition # 150000896

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

Staff Recommendation: It is the Finance Department's recommendation that the City of Flint renew the current general liability insurance coverage through the Lake Agency in the amount of \$322,934.00.

Staff Person:


V. Foster

Approval:


City Administration

**PURCHASE ORDERS PENDING COUNCIL AND RTAB APPROVAL
SELF INSURANCE FUND (677) - OCTOBER 2015 SUMMARY**

<u>Reso #</u>	<u>Council Review Date</u>	<u>Description</u>	<u>Division</u>	<u>Approval Status</u>	<u>677-174,851,955.000</u>
Amended Budget					
Year-to-date Balance					\$ 725,000.00
Purchase Orders Approved					\$ 75,216.00
Available Balance					\$ -
					\$ 649,784.00
CA0922015	9/28/2015	Lake Agency - Excess Liability Insurance	Finance		\$ 322,934.00
CA0	9/28/2015	Lake Agency - Property Insurance	Finance		\$ 144,311.00
Pending RTAB Approval Totals					\$ 467,245.00
Ending Year to Date Balance Pending Council and RTAB Approval					\$ 182,539.00



INSURANCE PROPOSAL

FOR

City of Flint

Presented By:

John S. Racine, CPCU
President
Revised
September 23, 2015

NAMED INSURED and ADDITIONAL INTEREST SCHEDULE

Named Insureds:

City of Flint

Location Schedule:

Per Statement of Values

Additional Interests (Mortgagees, Loss Payees & Additional Insureds):

Address

Insurable Interest

To Be Determined

COMMERCIAL GENERAL LIABILITY COVERAGE

Named Insured: City of Flint
Company Name: The Princeton Excess & Surplus Lines Insurance Co. (Munich Re)
Policy Term: 9/23/15 to 9/23/16

<u>Coverage Description</u>	<u>Limits</u>	<u>Aggregate</u>
General Liability – Occurrence Form	\$10,000,000	\$10,000,000
Law Enforcement Liability – Occurrence Form	Included	Included
Employee Benefits Liability – Claims Made	Included	Included
Wrongful Acts Liability – Claims Made	\$10,000,000	\$10,000,000
Public Officials Liability – Claims Made	Included	Included
Employment Practices Liability – Claims Made	Included	Included
Sexual Harassment – Claims Made	Included	Included
Automobile Liability – Per Accident	\$10,000,000	\$10,000,000
Self-Insured Retention - \$3,000,000		

All Claims Made coverage's will include a retro date of 8/22/13

Defense Costs – Inside the retention & liability limit

A 3 year policy term is being offered from Princeton to renew on 9-23-2015, 9-23-2016 and 9-23-2017 for \$315,000 each year, provided that significant changes are not made in the following area's during this 3 year term:
Change in population @ 99,763
Law enforcement officers @ 109
Vehicle count @ 305
Change in incurred (paid and reserved) loss experience
Changes endorsed to the policy after the inception date of the policy
Change in state laws or a change in the interpretation of such state laws as respects tort caps and/or tort immunity and/or sovereign immunity

Minimum earned premium is 100%

COMMERCIAL GENERAL LIABILITY COVERAGE - Continued

Notable Exclusions:

- ♦ Sexual Abuse
- ♦ Terrorism
- ♦ Prior & Pending Litigation 8-22-13

Any Wrongful Act arising out of

- ♦ Falling to maintain insurance
- ♦ Tax assessments, adjustments, collection or refund of taxes, or shortfalls
- ♦ Claims for back pay, fringe benefits, overtime even if under regulation
- ♦ Breach of contract (give back for EPL – Implied contracts)
- ♦ Administration of any Employee Benefits Program

Any liability arising out of:

- ♦ Professional Services
- ♦ Fiduciary Liability
- ♦ Criminal, fraudulent, dishonest acts, etal
- ♦ Pollutants
- ♦ Asbestos
- ♦ Failure to adequately supply gas, oil, water, electricity or sewerage.
- ♦ Watercraft
- ♦ Landfills
- ♦ Aircraft, Airfields, runways, hangars – aviation activities
- ♦ War
- ♦ Nuclear or Hazardous Material including Waste

♦ Dams excluded from coverage are: Hamilton, Thread Creek and Utah
(Kearsley and Holloway are covered)

- ♦ Under the Automobile Liability coverage, Uninsured and Underinsured Motorist, No-Fault and Personal Injury Protection coverage's are excluded from coverage

Please Note: This is a partial and abbreviated list of exclusions. Refer to policy forms for complete terms and conditions.

Mycommunityworkplace.org

As a Princeton policyholder, there is a valuable web-based platform designed specifically for public and nonprofit entities. The site offers management-level training including sexual harassment prevention, discrimination preventions and ethical behavior. Model policies and forms are provided as well as a daily article on vital workplace risk issues. Mycommunityworkplace.org is dynamic and can be adapted to meet the City of Flint's needs!

THIRD PARTY ADMINISTRATOR CLAIMS SERVICES

Named Insured: City of Flint
Company Name: York Claims Administration
Policy Term: 9/23/15 to 9/23/16

Claims Services

York will provide claims handling *for claims in excess of \$10,000 in incurred value*, at the following rate(s):

Life of Contract Fee Per Feature		
Line of Business	2015-2016	2016-2017
General Liability		
Bodily Injury	\$979.00	\$1,008.00
Property Damage	\$685.00	\$708.00
Personal Injury	\$613.00	\$631.00
Public Officials		
Includes EBL, EPLI, E&O & Zoning	\$2,009.00	\$2,069.00
Police Professional	\$1,906.00	\$1,963.00
Auto Liability		
Bodily Injury	\$1,802.00	\$1,856.00
Property Damage	\$567.00	\$584.00
PIP	\$1,236.00	\$1,273.00
Auto Physical Damage (Not Included)	N/A	N/A

Life of Contract applies to claim features occurring during the 12 month contract term and covers handling until conclusion without additional charge as long as the client continues to renew subsequent contracts. If any subsequent contract is cancelled or non-renewed, the client may require York to return all open claims or to continue the administration of open claims for an additional fee per open claim feature or Time and Expense.

THIRD PARTY ADMINISTRATOR CLAIMS SERVICES

General Fees, Services, Terms and Conditions for City of Flint

- The City of Flint agrees to notify York in the following instances:
 - 1) On a quarterly basis by email of all claims received, regardless of whether they were denied, closed without payment, or paid under the ten thousand dollar (\$10,000) authority point;
 - 2) Immediately of any claim that cannot be settled for less than ten thousand dollars (\$10,000);
 - 3) Immediately of any claim that the City was attempting to settle that exceeds the ten thousand dollar (\$10,000) limit;
 - 4) Immediately of ALL class action demands;
 - 5) Immediately of ALL Public Official Errors and Omissions (E&O) claims.
- Claim Reporting/Intake: \$15 – Telephonic, Web, Fax, Email.
- \$8,500 non-erodible, non-refundable annual administration fee payable upon signing of contract. Annual Administration Fee includes: Account Administration Services; Loss Fund Administration; Live On-Line Access to Claims Information including "Loss Runs," Claims Data Transfer; Monthly Data Transfers to Excess Carrier as required; Regular Claims Reviews
- Outside Activity/Field Investigations will be billed at time and expense.
- Billing: York will issue an electronic invoice monthly, via e-mail. Payments shall be due and payable no later than thirty days from the invoice date.
- This proposal contemplates that York will be entering into a direct contract with the City of Flint. Should York be required to contract with any other party, different terms may apply.
- Pricing for each subsequent year, following this two year contract will be subject to the greater of 3% or the percentage increase as reported by the U.S. Department of Labor Bureau of Labor Statistics (<http://www.bls.gov/cpi/home.htm>) for the Consumer Price Index for All Urban Consumers (CPI-U) for the U.S. City Average, All Items, covering the prior twelve month period, valued as of the month ending two months prior (to allow time for reports to be published) to the anniversary date of the contract.
- City of Flint will have the right to direct that the services York performs be rendered in a particular or different way or additional services be provided. If such direction increases York's cost of providing the services, York shall be entitled to an equitable adjustment in its compensation.
- Subrogation: York's fee per feature pricing includes placing responsible parties on notice. Pursuit of subrogation beyond this point can be performed at 15% of recovery, plus costs, such as locate searches, skip traces, etc.
- Unless specifically identified, York's General Liability fixed fees are limited to Standard Commercial General Liability Coverage Form coverages. Claims presented to York but excluded from the standard form, coverages will be administered on a time & expense basis or on such other basis as agreed to between York and City of Flint, MI.

PREMIUM SUMMARY

Option 1 Princeton/Munich Re Insurance Co. A.M. Best Rating - A+ Superior with Stable Outlook \$57 Million Surplus	Annual Premium
General Liability Surplus Lines Tax & Policy Fee Total Estimated Premium	\$335,000.00 \$ 8,434.00 \$343,434.00

REVISED - Option 1 Princeton/Munich Re Insurance Co. A.M. Best Rating - A+ Superior with Stable Outlook \$57 Million Surplus	Annual Premium
General Liability Surplus Lines Tax & Policy Fee Total Estimated Premium	\$315,000.00 \$ 7,934.00 \$322,934.00
3 Year term offered at \$315,000 each year as long as conditions are met that are listed on page 3 of the proposal	

Option 2 Old Republic Union Insurance Co. A.M. Best Rating - A- Excellent with Stable Outlook \$22 Million Surplus	Annual Premium
General Liability <i>(excludes coverage for Kearsley Creek Dam)</i> Surplus Lines Tax & Policy Fee Total Estimated Premium	\$300,000.00 \$ 7,500.00 \$307,500.00

Option 3 Old Republic Union Insurance Co. A.M. Best Rating - A- Excellent with Stable Outlook \$22 Million Surplus	Annual Premium
General Liability <i>(Includes coverage for Kearsley Creek Dam*)</i> Surplus Lines Tax & Policy Fee Total Estimated Premium	\$309,000.00 \$ 7,725.00 \$316,725.00

PREMIUM SUMMARY

Option 4: Old Republic Union Insurance Co. A.M. Best Rating: A- Excellent with Stable Outlook \$22 Million Surplus	Annual Premium
General Liability (\$2Mil retention & excludes coverage for Kearsley Creek Dam) Surplus Lines Tax & Policy Fee Total Estimated Premium	\$475,000.00 \$ 11,875.00 \$486,875.00

**See quote conditions on the following page (item #6) for the quote conditions on covering the Kearsley Creek Dam with Old Republic Insurance Co.*

QUOTE CONDITIONS

Quote Conditions:

1. Payment is due in full at time of binding coverage with a 100% earned premium.
2. It is understood and agreed that the City of Flint shall not make any changes in the Claims Administrator (York Risk Services) without the prior written approval of the insurance company prior to the implementation of any such changes.
3. The carrier may decide to audit the TPA during this policy year. If they want to schedule an audit, they will provide 90 days notice to York Risk Services. Any and all recommendations by Munich Re claims will need to be completed within 90 days notice of receiving written notice.
4. Loss reports must be updated at all times and reported quarterly to York Risk Services.
5. Terrorism coverage is not included. The cost to add this coverage is \$3,500 with Princeton Insurance Co. and an additional \$5,475 with Old Republic Union Insurance Co.
6. *Before coverage for the Kearsley Creek Dam can be granted with Old Republic Insurance Co., the company must be provided with a detailed plan of how the City of Flint intends to address the outstanding maintenance repair and replacement issues at the Dam, along with an estimated timeline for the repairs.
7. Provide updated loss information on the class action lawsuit filed by the retired employee's for their health care program. Has there been any activity at all on this claim in the last year? What is the status of the class action suit? Has a court date been set up yet?

2015 GENERAL LIABILITY MARKETING

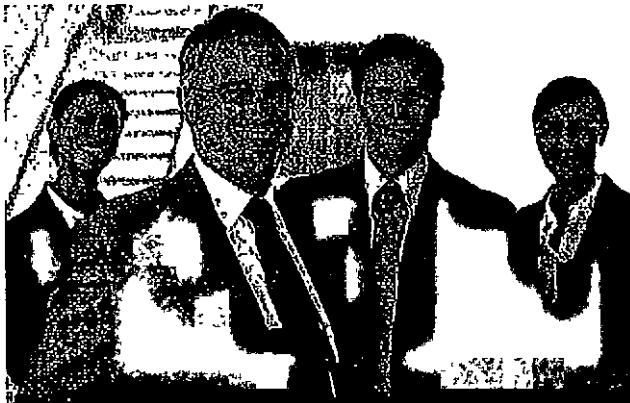
<u>Carrier</u>	<u>Additional Notes:</u>
Princeton Ins. Co.	Provided a quote
Old Republic Ins. Co.	Provided a quote
CV Starr Ins. Co. Declined	Will not write the law enforcement exposure along with all of the other general liability coverage's
One Beacon Ins. Co. Declined	They declined due to the program structure. They will not write liability limits as high as \$10,000,000.
Alteris Insurance Co. Declined	They declined due to the ongoing financial issues.
Allied World Ins. Co. Declined	They declined due to the ongoing financial issues.
Lexington Ins. Co. Declined	They declined due to the ongoing financial issues.
Bril Ins. Co. Declined	They declined due to the ongoing financial issues.
Scottsdale Ins. Co. Declined	They declined due to the ongoing financial issues.

Solutions for All Your Insurance Needs

Comprehensive Consulting and Brokerage Services for All Lines of Coverage

Take advantage of the benefits of partnering with Lake Agency, Inc. for your Property & Casualty, Employee Benefits and Personal Lines needs.

We have insurance solutions for all facets of your business. Say goodbye to the confusion of multiple brokers and discover the benefits of placing all your business with Lake Agency, Inc. Understanding all sides of your business will enable us to develop a strategic, comprehensive insurance plan that addresses your unique needs and ensures there are no gaps in coverage. With a single point of contact, you'll never have to worry about who you should call for a claim. Plus, you'll have access to our full range of exciting P&C and Benefits tools and resources. Our comprehensive initiatives work harmoniously to benefit all aspects of your business and your bottom line.



Professional Services

Custom Communications

We can provide you with employee handbooks, newsletters, payroll stuffers, flyers, posters and more on topics ranging from retirement planning and wellness flyers to safety manuals and risk management resources.

Client Resource Portal

You'll have electronic access to these materials and other resources through a unique client portal site. The site includes an extensive library of HR and risk management resources including legislative guides and newsletters. Plus, you'll have online access to a variety of valuable OSHA resources, including an easy-to-use OSHA reporting and analysis tool.

Loss Control Strategies

Our mission is to help you to reduce your total cost of risk, including insurance costs, and promote continuous improvement in safety. We can achieve this by providing strategic planning, program development and execution through loss control evaluation, preventive action, planning and active safety program support.

Cost Containment Resources

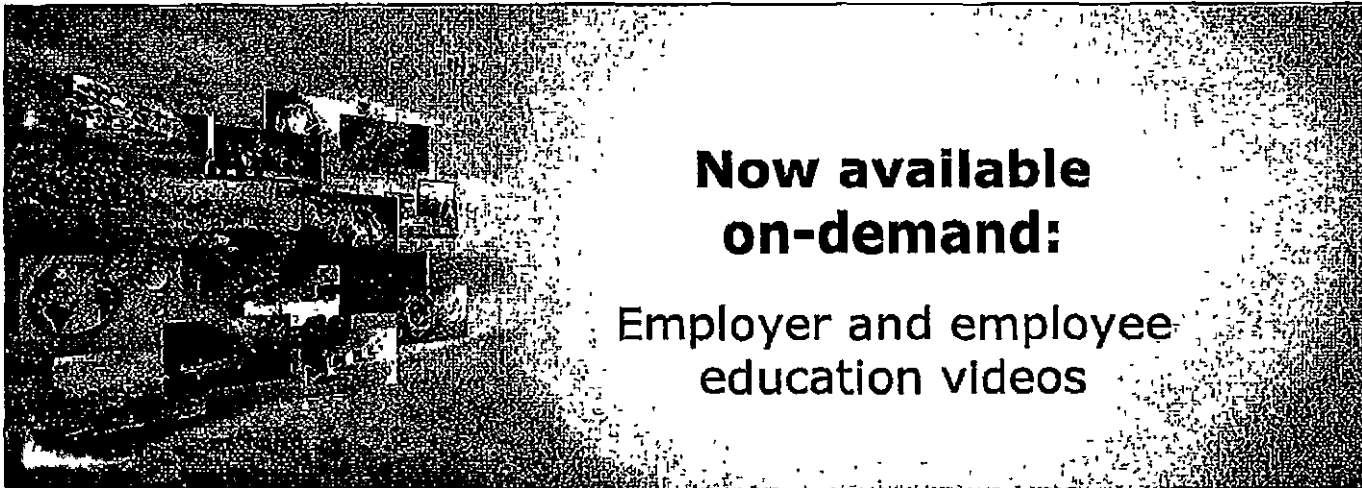
Our claims cost containment resources will help you minimize losses and protect your bottom line. This includes proper reporting, accident investigation, implementing a return to work program, educating employees and more.

Employee Portal

This customizable online communication portal provides your employees access to important company and HR information. You can tailor the site to offer information your employees will value, such as company policies, announcements, benefit plan information, an employee directory, vacation tracking and more.

Wellness Team

Our wellness team strives to maximize the health and productivity of your workforce by helping you implement targeted wellness initiatives. These programs will not only promote employee health and help lower medical claims costs, but can also support your safety initiatives and reduce workers' compensation claims.



Now available on-demand:

Employer and employee education videos

Lake Agency, Inc. consistently strives to provide valuable services and resources for our valued clients. Today, we are happy to announce that a **variety of videos are now available on-demand from Lake Client Connect.**

Among our video offerings, you will find:

- Educational videos to help business owners and risk managers better understand complex business and legal topics, such as OSHA, workers' compensation and risk management.
- Engaging videos for employees that educate on vital topics such as workplace safety, DOT standards and workers' compensation rights.

If you have questions or would like a Lake Client Connect refresher, please contact us today. Lake Agency, Inc. is dedicated to providing you with the services and resources to support your business needs. We thank you for your continued business.

Lake Agency, Inc.
(810) 694-2050

Lake Agency, Inc.
1537 E Hill Rd
Grand Blanc, MI 48439

PLEASE NOTE

- ◆ This proposal contains the coverage's, limits and forms of insurance requested in the specifications furnished or as requested by you insofar as it was possible. Known deviations from specifications or coverage's you requested, if any, have been noted.

- ◆ Not all forms of available insurance have been recommended, for our endeavor has been to avoid a disproportionately high premium expenditure. In our oral discussions, we will examine this point in greater detail -- explaining the factors which motivated us to omit certain coverage's that are available.

- ◆ Your attention should be directed to one further point: We ask that you not accept our brief description of the insurance coverage's as a complete explanation of the policy terms. A narrative description can never replace the policy, of course, and the actual policy language will govern the scope and limit of coverage involved.

..... THANK YOU

Much of your annual budget is allocated to insurance and we wish to thank you for granting us the opportunity to analyze your Insurance needs. Those involved in the selection of the companies utilized and the coverage's suggested were:

Account Executive:	John Racine jsracine@lakeagency.com
Account Manager:	Sue Hawk shawk@lakeagency.com

This TEAM is here to serve you, so please feel free to call should you have any questions regarding this proposal or other insurance matters.

Attachment # 39

150854

SUBMISSION NO.: CA0942015

PRESENTED: 9/25/15

ADOPTED: _____

**RESOLUTION AUTHORIZING LAKE AGENCY TO PROVIDE EXCESS LIABILITY
INSURANCE COVERAGE**

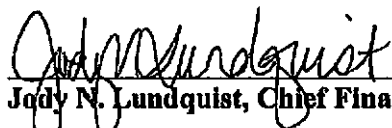
BY THE CITY ADMINISTRATOR:

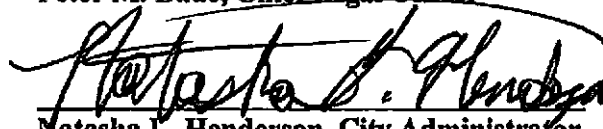
The City's Property, Equipment Breakdown and Crime coverage is currently provided by Traveler's Insurance Company and Hartford Steam Boiler through the City's insurance broker, the Lake Agency.

The Lake Agency, in consultation with the Finance Department, has evaluated the current coverage amounts and updated the necessary building and equipment lists. Lake Agency is recommending that coverages be continued through Traveler's Insurance Company and Hartford Steam Boiler, for a total premium not to exceed \$144,311.00.

IT IS RESOLVED, that the appropriate City officials are authorized to enter into a contract with The Lake Agency to provide Property, Equipment Breakdown and Crime Insurance through Traveler's Insurance and Hartford Steam Boiler at a cost not to exceed \$144,311.00.


Peter M. Bade, Chief Legal Officer


Jody N. Lundquist, Chief Financial Officer


Natasha L. Henderson, City Administrator

CITY COUNCIL:

Joshua Freeman, Council President

**RECEIVERSHIP TRANSITION
ADVISORY BOARD:**

RESOLUTION STAFF REVIEW

DATE: September 24, 2015

Agenda Item Title: Lake Agency -- Property Insurance and Equipment Coverage

Prepared By: V. Foster, Finance Division

Background/Summary of Proposed Action:

The City's Property, Equipment Breakdown and Crime coverage is currently provided by Traveler's Insurance Company and Hartford Steam Boiler through the City's insurance broker, the Lake Agency. The premium cost for the coverage period 11/1/14-11/1/15 was \$143,330.00.

Traveler's Insurance and Hartford Steam Boiler, through Lake Agency, has submitted a proposal for the commercial property, equipment breakdown and crime policy for a total premium of \$144,311.00.

The Finance Department, based on the recommendation of Lake Agency, is recommending that the City continue its coverage with Traveler's and Hartford Steam Boiler for the period 11/1/15-11/1/16.

Financial Implications

There are sufficient funds budgeted for this purpose. Failure to pay this premium would result in cancellation of the policy and no property protection for the existing structures and equipment.

Budgeted Expenditure? X Yes No Please explain if no:

Account No.: 677-174.851-955.000

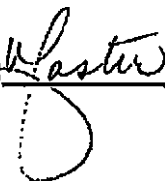
Pre-encumbered? X Yes No Requisition #

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

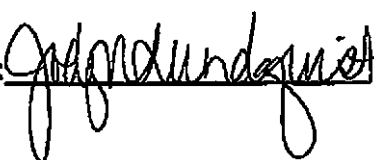
Staff Recommendation:

It is the recommendation of the Finance Department that this policy premium be paid and the policy renewed.

Staff Person:



Approval:



**PURCHASE ORDERS PENDING COUNCIL AND RTAB APPROVAL
SELF INSURANCE FUND (677) - OCTOBER 2015 SUMMARY**

Reso #	Council Review Date	Description	Division	Approval Status	677-174,851-955,000
Amended Budget					
Year-to-date Balance					\$ 725,000.00
Purchase Orders Approved					\$ 75,216.00
Available Balance					\$ -
					\$ 649,784.00
CA0922015	9/28/2015	Lake Agency - Excess Liability Insurance	Finance		\$ 322,934.00
CA0	9/28/2015	Lake Agency - Property Insurance	Finance		\$ 144,311.00
Pending RTAB Approval Totals				\$	467,245.00
Ending Year to Date Balance Pending Council and RTAB Approval				\$	182,539.00

2015 PROPERTY MARKETING

Carrier	Additional Notes:
Travelers Ins. Co.	Provided a quote
Chubb Ins. Co.	Provided a quote with a \$.08 rate which is \$.03 higher than current rate
Scottsdale Ins. Co. Declined	They declined as they cannot compete with Travelers rate
State Auto Ins. Co. Declined	They declined because they feel that the current building rate of less than \$.05 is too low and they would not generate enough premium to pay for a large loss
Allied Insurance Co. Declined	They declined because they would have to get reinsurance due to the property limits in excess of \$20Million
EMC Ins. Co. Declined	They declined as they cannot compete with Travelers rate
Lexington Ins. Co. Declined	They declined due to the ongoing financial issues and Travelers low rate



City Of Flint
1101 S. Saginaw St. Room 203
Flint, MI 48502

Account No.	CSR	Date
FLINT12	SH	September 24, 2015
Property, Equipment Breakdown & Crime Policy		
Policy #		
P6309803R119		
Company		
Travelers Insurance Co.		
Producer		
John S. Racine		
Effective	Expiration	
11/01/15	11/01/16	

Invoice #	Eff Date	Type	Policy #	Description	Amount
56458	11/01/15	PROP	P6309803R119	Property Policy	\$121,915.00
	11/01/15	BOIL	FBP2302759	Equipment Breakdown	\$ 18,889.00
	11/01/15	CR-S	BY0105857005	Crime Policy	<u>\$ 3,707.00</u>
Invoice Balance:					\$144,311.00

Please make check payable to Lake Agency, Inc. Account balances
Over 90 days will be charged a 1.5% service fee.



INSURANCE PROPOSAL

FOR

City of Flint

Presented By:

John S. Racine, CPCU
President
November 1, 2015

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♦ Crime Coverage	16
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♦ Thank You	21

NAMED INSURED and PREMISES SCHEDULE

Named Insured Schedule:

City of Flint

Premises Schedule:

<u>Loc. No.</u>	<u>Bldg No.</u>	<u>Address</u>	<u>Description</u>

Per Statement of Values

NAMED INSURED, PREMISES and ADDITIONAL INTEREST SCHEDULES

Loss Payee's & Additional Insureds:

Fleetwood Financial
4 Ethel Road, Suite 405A
Edison, NJ 08817

Loss Payee & Additional Insured -
Leased Computer & Dictation Equipment

CIT Communications
Finance Corporation
650 CIT Drive
Livingston, NJ 07039

Loss Payee & Additional Insured -
Leased Equipment - Honeywell Management
equipment valued at \$615,073.19

LaSalle Bank National Association
It's successors and/or assigns
135 S. LaSalle St., Suite 545
Chicago, IL 60603

Loss Payee & Additional Insured -
Leased Equipment valued at \$1,251,292

AT&T Capital Services, Inc.
2000 W. AT&T Center Drive
Hoffman Estates, IL 60192-5000

Loss Payee
Phone Equipment valued at \$69,748

Komatsu Financial Limited Partnership
1701 W. Golf Road, Suite 300
Rolling Meadows, IL 60008

Loss Payee -
Leased Komatsu Model #PC228USLC-3
Serial #32682 / Value \$163,775

Deere Credit, Inc.
It's Successors &/or Assigns
22408 Network Place
Chicago, IL 60673-1224

Loss Payee & Additional Insured -
(2) Leased 2008 John Deere Mowers
valued at \$30,000

U.S. Bancorp Government Leasing
and Finance, Inc.
13010 SW 68th Parkway, Suite 100
Portland, OR 97223

Lenders Loss Payee and Additional Insured -

Enterprise FM Trust
PO Box 16805
St. Louis, MO 63105

Loss Payee & Additional Insured -
2015 Freightliner Step Van #4754
2015 Freightliner Step Van #4755
2015 Freightliner Step Van #4756
2015 Freightliner Step Van #4757
2015 Freightliner Step Van #4758
2015 Freightliner Step Van #4759

COMMERCIAL PROPERTY COVERAGE

Named Insured: City of Flint
Company Name: Travelers Insurance Co.
Policy Term: 11/01/2015 to 11/01/2016

<u>Description/Location</u>	<u>Limit of Insurance</u>
Buildings - All Locations:	\$234,637,552
Business Personal Property:	\$ 7,315,729
Business Personal Property in the Open:	\$ 1,889,225
Blanket Totals:	\$243,842,506

Building & Business Personal Property:

☒ Special Form ☒ Deductible - \$250,000 ☒ Voting Machines - \$297,600 Limit Deductible - \$1,000	☒ Replacement Cost up to 120% (see below) ☒ Blanketed (see below)*

Flood & Earthquake Coverage:

Limit: \$10,000,000**
 Aggregate: \$10,000,000
 Deductible: \$ 250,000

**Coverage does not apply to any location(s) designated by the Federal Emergency Management Agency (FEMA) as a Flood Zone A, AE, A1-30, AO, V, VE, V1-30. These properties are considered within the 100 year flood plain.

Note: Insurance applies on a blanket basis only to a coverage for which a limit of insurance is shown on the statement of values. The most the company will pay for loss or damage in any one occurrence at any one premises location is 120% of the value(s) for each building or structure and separately for the total of personal property (including but not limited to furniture and fixtures, machinery and equipment, "stock", all other personal property owned by you and used in your business and your use interest in improvements and betterments) and personal property of others at each location as shown on the latest statement of values filed with the company and at each premises location as subsequently reported to and agreed by the company to insure.

*Coverage Change: The North Building located at 1101 S. Saginaw St. has been removed from the blanket limit. When loss control went out to inspect the building, they determined that only 10% of the building is used for normal business activities. Under the policy language the building is considered vacant and not allowed under blanket coverage or replacement cost up to 120%.

PROPERTY COVERAGE CONDITIONS

- ♦ Blanket loss payees will not be provided because of potential problems in event of a loss. Any loss payees will need to be scheduled as well as their interest.
- ♦ All other property consisting of bridges, road and sidewalks/paths, sewers are NOT included.
- ♦ Utility Interruption is NOT included. Coverage may be considered based on submission of the City of Flint's disaster plan in event of a loss.
- ♦ Radioactive Contamination is NOT included.
- ♦ Mold is not included.
- ♦ Terrorism coverage is provided.

EXTENDED PROPERTY COVERAGE'S

<u>Coverage</u>	<u>Limit of Insurance</u>
Appurtenant Buildings and Structures	\$ 100,000
Debris Removal	\$ 250,000
Extra Expense	\$ 25,000
Fine Arts	\$ 50,000
Electronic Data Processing and Media Equipment	\$ 50,000
Newly Constructed or Acquired Property:	
Buildings – each	\$2,000,000
Personal Property at each Premises	\$1,000,000
Ordinance or Law	\$ 250,000
Outdoor Property (max limit of \$2,500 for any one tree, shrub or plant)	\$ 25,000
Outdoor Signs	\$ 100,000
Personal Effects	\$ 25,000
Personal Property at Undescribed Premises	\$ 25,000
Personal Property In Transit	\$ 25,000
Pollutant Clean-Up and Removal – Aggregate	\$ 100,000
Arson Reward Coverage	\$ 25,000
Valuable Papers:	
On Premises	\$ 100,000
In Transit or at Undescribed Premises	\$ 25,000
Accounts Receivable:	
On premises	\$ 50,000
In Transit or at Undescribed Premises	\$ 25,000
Water Damage, Other Liquids, Powder or Molten Material Damage	Policy Limit

Note: All extended property coverage's are subject to the policy's \$250,000 deductible

INLAND MARINE COVERAGES

Named Insured: City of Flint
Company Name: Travelers Insurance Co.
Policy Term: 11/01/2015 to 11/01/2016

<u>Coverage</u>	<u>Limit of Insurance</u>	<u>Deductible</u>
Rented or Leased Equipment (Actual Cash Value)	\$ 200,000	\$5,000
Computer Equipment		
EDP Equipment	\$2,025,192	\$5,000
EDP Software	\$ 129,590	\$5,000
EDP Extra Expense	\$ 409,590	\$5,000
Scheduled Equipment		
Tower/Antenna – 310 E. Fifth	\$ 60,000	\$5,000
Tower/Antenna – 702 W. 12 th Street	\$ 30,000	\$5,000
Tower/Antenna – G-4652 Beecher Rd.	\$ 30,000	\$5,000
Scheduled Contractors Equipment		
See following page		

SCHEDULED EQUIPMENT

<u>Coverage</u>	<u>Limit of Insurance</u>	<u>Deductible</u>
Contractors Equipment (Actual Cash Value, 80% Co-Insurance)	\$3,439,859	\$5,000
Unit #00790 / 95 Toro Sand Pro Groomer	\$ 9,367.00	
Unit #007400 / JD 690E Track Excavator	\$117,450.00	
Unit #000825 / 91 Bobcat 743B Loader	\$ 14,589.00	
Unit #006182 / 95 Bobcat 853H	\$ 21,607.00	
Unit #007402 / 80 P&H Crane	\$ 79,000.00	
Unit #006612 / [17] 87 Salt Spreaders	\$ 19,086.00	
Unit #007423 / 93 Ford 655D Tr/Ldr/Bkhe	\$ 41,400.00	
Unit #007425 / 95 JD410D Tr/Ldr/Backhoe	\$ 55,000.00	
Unit #000130 / 95 Toro 580D Rotary Mow	\$ 52,212.00	
Unit #000766 / 89 Toro Groundmaster	\$ 10,050.00	
Unit #000787 / 90 Toro 72" Rotary Mower	\$ 10,000.00	
Unit #000789 / 92 Toro 345 Groundmaster	\$ 12,970.00	
Unit #007515 / 89 Air Compressor 185CFM	\$ 9,227.00	
Unit #007518 / 89 Compressor 185CFM Sul	\$ 9,227.00	
Unit #007875 / 4" Trash Pump	\$ 5,286.00	
Unit #006036 / Forklift Truck	\$ 16,478.00	
Komatsu #PC228USLC-3	\$163,775.00	
2014 Elgin Pelican Street Sweeper #NP30311	\$172,000.00	
2014 Elgin Pelican Street Sweeper #NP30312	\$172,000.00	
2014 Elgin Pelican Street Sweeper #NP30313	\$172,000.00	
John Deere Loader Backhoe #1T0410KXJEE262328	\$110,072.00	
John Deere Loader Backhoe #1T0410KXJEE282311	\$110,072.00	
John Deere 4WD Loader #1DW544KHPEE881385	\$170,514.00	
2014 Kubota RTV-X1100 Utility Vehicle #A5KC2GDBLDG010846	\$ 17,613.00	
2000 Dresser Utility Crawler Dozer #4710003P036411	\$ 59,500.00	
2000 John Deere Loader/Backhoe Breaker #T0710DJ878763	\$145,200.00	
2004 New Holland LB75 Backhoe #031051053	\$ 63,228.00	
2004 New Holland LB75CD Backhoe #031051034	\$ 63,228.00	
1997 John Deere 444H Wheel Loader #DW444HX563276	\$ 78,800.00	
2006 Wirtgen W50DC Milling Machine #480075	\$154,219.00	
2014 Falcon Asphalt Hot Patcher #1F9P41429EM339136	\$ 17,950.00	
2006 John Deere 410G Backhoe #T0410GX959767	\$ 94,700.00	
2006 John Deere 410G Backhoe #T0410GX859745	\$ 94,700.00	
2006 John Deere 410G Backhoe #T0410GX959739	\$ 94,900.00	
2007 John Deere Tractor Loader/Backhoe #T0410JX167647	\$ 85,345.00	
2007 John Deere Tractor Loader/Backhoe #T0410JX167695	\$ 85,345.00	
2007 John Deere Tractor Loader/Backhoe #T0410JX167703	\$ 85,345.00	
2007 John Deere Tractor Loader/Backhoe #T0410JX167772	\$ 85,345.00	
2014 Kubota RTV-X1100 Utility Vehicle #A5KC2GDBLEG012829	\$ 17,613.00	

*Flood deductible of \$5,000 applies for all scheduled equipment except when stored at
702 W. 12th Street where the flood deductible increases to \$10,000*

SCHEDULED EQUIPMENT - Continued

<u>Coverage</u>	<u>Limit of Insurance</u>	<u>Deductible</u>
2015 John Deere 410L Backhoe Loader #1T0410LXLFF282837	\$118,872.00	\$5,000
2015 John Deere 410L Backhoe Loader #1T0410LXLFF283020	\$118,872.00	
2015 John Deere 410L Backhoe Loader #1T0410LXCFF283028	\$127,141.00	
2015 John Deere 410L Backhoe Loader #1DW544KHPFF670521	\$170,519.00	
TOTAL	\$3,439,859	

AUTOMOBILE PHYSICAL DAMAGE

Named Insured: City of Flint
Company Name: To Be Determined
Policy Term: 11/01/2015 to 11/01/2016

\$10,432,513 – Total value of physical damage coverage
 Based on units with a value in excess of \$50,000 each
 Actual Cash Value, 80% Co-insurance
 Max. of \$1,500,000 at any one location
 Deductible - \$25,000
 Deductible - \$50,000 (at 702 W. 12th Street in Flint, MI)

Unit #	Vehicle Description	VIN #	Cost New
1	International Dump Truck 7400 6X4	1HTWHAATX5J045310	\$ 79,719
2	International Dump Truck 7400 6X4	1HTWHAAT15J045311	\$ 79,719
3	2004 GMC Jet	1GDMBC1C24F501572	\$107,741
4	1997 Freightliner 4-Door 13 Ft Rescue Truck	1FV6HLCA4VH862577	\$126,200
5	E-One Fire Pumper Firetruck	46J7BAA88M1003753	\$142,362
6	Freightliner Fire Pumper Firetruck	1FV6JLCB9TL710589	\$142,362
7	Freightliner Fire Pumper Firetruck	1FV6JLCB5TL710590	\$155,000
8	1996 Freightliner Fire Pumper Firetruck	1FV6JLCB6TL764481	\$155,000
9	2004 Sterling Medium Duty Vector Jet	2FZHATAK54AM83855	\$243,180
10	2003 International KME Pumper Firetruck	1HTMKADR53H590182	\$301,526
11	2003 International Pumper Firetruck	1HTMKADR73H590183	\$301,526
12	E-One Firetruck		\$343,475
13	2004 75' Aerial Quint Fire Truck- Pierce Enforcer	4EN3AAA8231007146	\$447,860
14	75' Aerial Ladder Firetruck	4P1CT02A84A003990	\$500,888
15	2008 Peterbilt Tandem Dump Truck	1NP TL00X8D739822	\$ 97,587
16	2008 Peterbilt Tandem Dump Truck	1NP TL00X8D744686	\$ 97,587
17	2005 International Dump Truck	1HTWHAAT95J045315	\$107,023
18	2005 International Dump Truck	1HTWHAAT05J045316	\$107,023
19	2005 International Dump Truck	1HTWHAAT75J045314	\$107,023
20	2005 International Dump Truck	1HTWHAAT55J045313	\$107,023
21	2005 International Dump Truck	1HTWHAAT25J045317	\$107,023
22	2005 6X4 Dump Truck	1HTWYAHT94J026848	\$108,610
23	2007 Peterbilt Tandem Dump Truck	1NPAL00X37N730497	\$157,129

HIGH VALUED VEHICLE SCHEDULE - Continued

Unit #	Vehicle Description	VIN #	Cost New
24	2007 Peterbilt Tandem Dump Truck	1NPAL00X57N730498	\$157,129
25	2007 Peterbilt Tandem Dump Truck	1NPAL00X37N693418	\$157,129
26	2007 Peterbilt Tandem Dump Truck	1NPAL00X57N693419	\$157,129
27	2007 Peterbilt Tandem Dump Truck	1NPAL00X17N693420	\$157,129
28	2007 Peterbilt Tandem Dump Truck	1NPAL00X37N693421	\$157,129
29	2007 Peterbilt Tandem Dump Truck	1NPAL00X57N693422	\$157,129
30	1999 Blaw Knox Paver	320027-20	\$210,950
31	1990 International 9900	1HSXRAPT35J144340	\$ 91,900
32	2008 Peterbilt Tandem Dump Truck	1NPT00X18D744687	\$ 93,081
33	2013 International Terra Star Bomb Truck	1HTJSSKK9DH240232	\$182,321
34	1998 GMC Med Duty Sign Maintenance	1GDJ7H1M3WJ507618	\$ 87,956
35	2003 GMC Med Duty Elec Maintenance	1GDJ6J1E13F515945	\$ 88,292
36	2003 GMC Med Duty Elec Maintenance	1GDJ6J1E53F515964	\$ 88,292
37	1990 GMC Platform/Digger/Derrick	1GDP7H1J9LJ610327	\$144,717
38	1999 International Tandem Axle Tractor	2HSFHAET6XC024700	\$ 79,800
39	1995 Volvo WG64 Loadmaster Refuse	4V2JCBME5SR839991	\$ 97,947
40	1995 Volvo WG64 Loadmaster Refuse	4V2JCBME9SR839993	\$ 97,947
41	2001 GMC 10 Yard Dump Truck	1GDT7H4C51J507639	\$ 71,481
42	1991 1H Tandem Axle 10 Yd Dump Truck	1HTGLAYR5NH392919	\$ 68,818
43	2008 Freightliner Morgan Olson Route Star	4UVAASDU78CZ60531	\$ 72,885
44	2008 Freightliner Morgan Olson Route Star	4UVAASDU58CZ60530	\$ 72,885
45	2008 Freightliner Morgan Olson Route Star	4UVAASDU98CZ60529	\$ 72,885
46	2008 Freightliner Morgan Olson Route Star	4UVAASDU78CZ60528	\$ 72,885
47	2000 GMC 10 Yard Dump Truck	1GDT7H4C4YJ524474	\$ 73,621
48	2001 GMC 10 Yard Dump Truck	1GDT7H4C61J507651	\$ 71,481
49	2015 KME Fire Truck		\$391,840
50	2007 Peterbilt Tandem Dump Truck	1NPAL00X27N730491	\$ 89,746
51	2007 Peterbilt Tandem Dump Truck	1NPAL00X47N730492	\$ 89,746
52	2007 Sterling Vactor Jet	2FZHAWDA47AX52923	\$357,525
53	1988 Grumman 102ft Aerial Ladder	1GACDDT9JR088010	\$405,475
54	2002 Freightliner FC70 Chassis	1FVAB3BV82DJ77601	\$112,000
55	1998 GMC T7500	1GDM7C1JOWJ503130	\$102,000
56	2015 Freightliner FL 114 Truck	1FVHG3CY7FHGE0043	\$357,525
57	2015 Freightliner FL 114 Truck	1FVHG3CY5FHGH8600	\$357,525
58	2015 Freightliner MT55 Step Van	4UZAASDT0FCGX4754	\$ 86,316
59	2015 Freightliner MT55 Step Van	4UZAASDT2FCGX4755	\$ 86,316
60	2015 Freightliner MT55 Step Van	4UZAASDT4FCGX4756	\$ 86,316
61	2015 Freightliner MT55 Step Van	4UZAASDT6FCGX4757	\$ 86,316
62	2015 Freightliner MT55 Step Van	4UZAASDT8FCGX4758	\$ 86,316
63	2015 Freightliner MT55 Step Van	4UZAASDTXFCGX4759	\$ 86,316

HIGH VALUED VEHICLE SCHEDULE - Continued

Unit #	Vehicle Description	VIN #	Cost New
64	2015 GMC Sierra 5 yd Dump Truck	1GD321C81FF583999	\$ 33,545
65	2015 GMC Sierra 5 yd Dump Truck	1GD321C80FF571388	\$ 33,545
66	2015 GMC Sierra 5 yd Dump Truck	1GD321C84FF582720	\$ 33,545
67	2015 GMC Sierra 4x4 Pickup	1GD321C82FF586202	\$ 42,642
68	2015 GMC Sierra 4x4 Pickup	1GD321C84FF586914	\$ 43,392
69	2015 GMC Sierra 4x4 Pickup	1GD321C85FF584721	\$ 43,392
70	2015 GMC Sierra 4x4 Pickup	1GD321C84FF585634	\$ 42,642
71	2015 Ford F350 4x4 Pickup	1GD321C8XFF583273	\$ 43,392
72	2015 GMC Sierra 4x4 Pickup	1GD321C88FF586382	\$ 43,392
73	2015 GMC Sierra 4x4 Pickup	1GD321C83FF586919	\$ 42,642
74	2008 Freightliner Morgan Olson Route Star	4UZAAPDU58CZ08523	\$ 60,334
75	2008 Freightliner Morgan Olson Route Star	4UZAAPDU98CZ08525	\$ 60,334
76	2008 Freightliner Morgan Olson Route Star	4UZAAPDU78CZ08524	\$ 60,334
77	2007 Chevrolet C4500 Cues TV Truck	1GBE4V1G57F419721	\$132,500
78	1946 Harley Davidson Motorcycle	58G2061	\$ 20,000
	TOTAL		\$10,432,513

EQUIPMENT BREAKDOWN COVERAGE

Named Insured: City of Flint
Company Name: Hartford Steam Boiler Insurance Co.
Policy Term: 11/01/2015 to 11/01/2016

<u>Coverage Description</u>	<u>Limit</u>
Equipment Breakdown	\$50,000,000
♦ Property Damage	Included
♦ Off Premises Property Damage	\$ 25,000
♦ Extra Expense	\$1,000,000
♦ Service Interruption	\$1,000,000
♦ Perishable Goods	\$1,000,000
♦ Demolition	\$1,000,000
♦ Data or Media Restoration	\$1,000,000
♦ Ordinance or Law	\$1,000,000
♦ Hazardous Substances	\$1,000,000
♦ Mold	\$ 25,000
♦ Data Compromise Coverage	\$ 50,000
♦ Identity Recovery Coverage	\$ 15,000
♦ Expediting Expense	Included
♦ Newly Acquired Locations	Included

Deductibles

Direct Coverage's (4500 N. Dort Highway & G-4652 Beecher Rd.)	\$ 10,000
Direct Coverage's (All Other Locations)	\$ 5,000
Data Compromise	\$ 1,000
Identity Recovery	\$ 250

Other Conditions

Newly Acquired Locations to a Maximum of Interruption of Service Waiting Period	365 Days 24 Hours

Note: A description of each coverage is listed on the following page

EQUIPMENT BREAKDOWN COVERAGE - Continued

<u>Coverage</u>	<u>Description</u>
♦ Property Damage	Pays for the cost to repair or replace damaged equipment or other covered property, including computers due to a covered accident
♦ Extra Expense	Pays for additional costs you incur after a covered loss to maintain normal operations
♦ Perishable Goods	Covers spoilage of covered property resulting from a change in controlled conditions that results from a breakdown of equipment or equipment owned by a utility supplier
♦ Data or Media Restoration	Coverage pays to restore data that is lost or damaged due to a covered loss
♦ Ordinance or Law	Pays for additional costs due to local ordinances or law, including demolition and increased cost of construction
♦ Hazardous Substances	<i>Additional damage, loss of income or additional expenses due to a hazardous substance which is the direct result of a breakdown</i>
♦ Expediting Expense	Pays for the extra cost of temporary repairs or to expedite permanent repairs to restore business operations
♦ Newly Acquired Locations	Automatically provides coverage during a specified time for new locations until they are reported to the Co.
♦ Data Compromise	Coverage is provided in the event of a data breach of the personal data of employees and customers. Response expense coverage responds to the cost and service obligations resulting from a breach of personal information. Pays for notifications and services to affected individuals along with credit monitoring and identity restoration service. Coverage provides a separate \$50,000 aggregate for defense coverage for suits brought against the insured by an affected individual as a result of a breach of personal information
♦ Identity Recovery	Combines identity theft insurance with services that help victims restore their credit history and identity records to pre-theft status. Provides reimbursement for certain out of pocket expenses and the restoration service uses licensed investigators to perform much of the work on behalf of the insured.

CRIME

Named Insured: City of Flint
Company Name: Travelers Insurance Co.
Policy Term: 11/01/2015 to 11/01/2016

<u>Coverage</u>	<u>Limit</u>	<u>Deductible</u>
Employee Dishonesty	\$200,000	\$15,000
Money & Securities		
Inside the Premises	\$200,000	\$15,000
Outside the Premises	\$200,000	\$15,000
Funds Transfer Fraud	\$250,000	\$15,000
Computer Fraud	\$250,000	\$15,000

PREMIUM SUMMARY

<u>Description</u>	<u>Annual Premium</u>
Commercial Property ♦ Property	\$121,915.00
Inland Marine ♦ Contractors Equipment ♦ Computer Equipment	\$ TBD
Commercial Auto – Physical Damage	\$ TBD
Equipment Breakdown	\$ 18,689.00
Crime	<u>\$ 3,707.00</u>
Total Estimated Annual Premium	\$ 144,311⁰⁰

Optional Quotes:

The crime policy is a guaranteed cost policy for a 3 year term of \$3,707.00 each year for a total of \$11,121.00. A one-time prepaid installment is offered at \$10,565.00 for the 3 year term which offers a savings of \$556.00.

Quote Conditions:

- Payment is required in full on each policy when coverage is bound.
- Signed statement of values.
- Verify the list of locations and the total value of computer equipment where the values are over \$75,000.

Solutions for All Your Insurance Needs

Comprehensive Consulting and Brokerage Services for All Lines of Coverage

Take advantage of the benefits of partnering with Lake Agency, Inc. for your Property & Casualty, Employee Benefits and Personal Lines needs.

We have insurance solutions for all facets of your business. Say goodbye to the confusion of multiple brokers and discover the benefits of placing all your business with Lake Agency, Inc. Understanding all sides of your business will enable us to develop a strategic, comprehensive insurance plan that addresses your unique needs and ensures there are no gaps in coverage. With a single point of contact, you'll never have to worry about who you should call for a claim. Plus, you'll have access to our full range of exciting P&C and Benefits tools and resources. Our comprehensive initiatives work harmoniously to benefit all aspects of your business and your bottom line.



Professional Services

Custom Communications

We can provide you with employee handbooks, newsletters, payroll stuffers, flyers, posters and more on topics ranging from retirement planning and wellness flyers to safety manuals and risk management resources.

Client Resource Portal

You'll have electronic access to these materials and other resources through a unique client portal site. The site includes an expansive library of HR and risk management resources including legislative guides and newsletters. Plus, you'll have online access to a variety of valuable OSHA resources, including an easy-to-use OSHA reporting and analysis tool.

Loss Control Strategies

Our mission is to help you to reduce your total cost of risk, including insurance costs, and promote continuous improvement in safety. We can achieve this by providing strategic planning, program development and execution through loss control evaluation, preventive action planning and active safety program support.

Cost Containment Resources

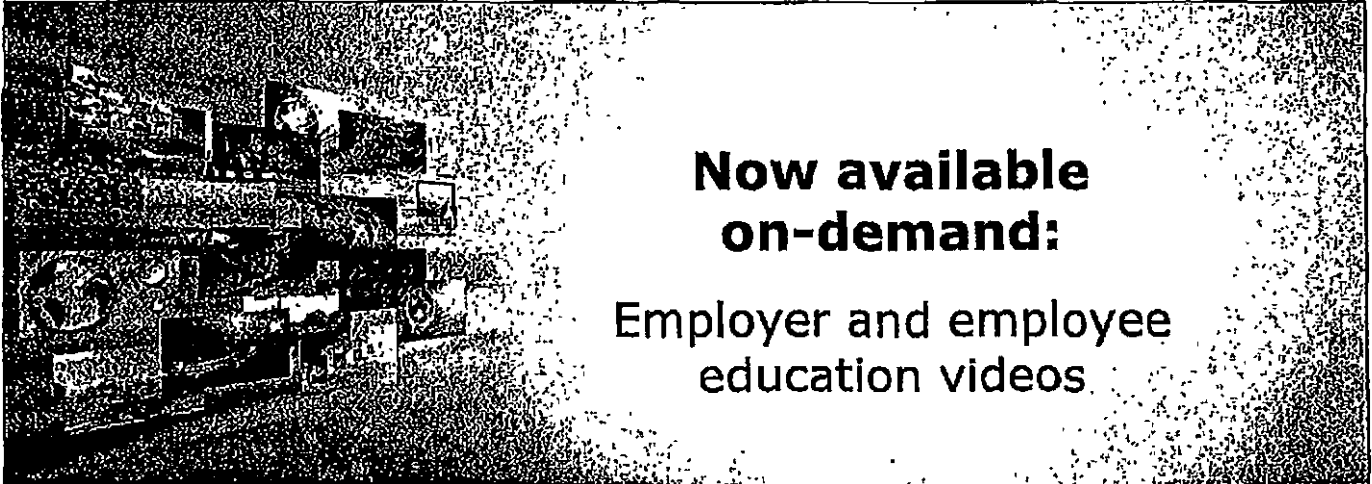
Our claims cost containment resources will help you minimize losses and protect your bottom line. This includes proper reporting, accident investigation, implementing a return to work program, educating employees and more.

Employee Portal

This customizable online communication portal provides your employees access to important company and HR information. You can tailor the site to offer information your employees will value, such as company policies, announcements, benefit plan information, an employee directory, vacation tracking and more.

Wellness Team

Our wellness team strives to maximize the health and productivity of your workforce by helping you implement targeted wellness initiatives. These programs will not only promote employee health and help lower medical claims costs, but can also support your safety initiatives and reduce workers' compensation claims.



Now available on-demand:

Employer and employee education videos

Lake Agency, Inc. consistently strives to provide valuable services and resources for our valued clients. Today, we are happy to announce that a **variety of videos are now available on-demand from Lake Client Connect.**

Among our video offerings, you will find:

- Educational videos to help business owners and risk managers better understand complex business and legal topics, such as OSHA, workers' compensation and risk management.
- Engaging videos for employees that educate on vital topics such as workplace safety, DOT standards and workers' compensation rights.

If you have questions or would like a Lake Client Connect refresher, please contact us today. Lake Agency, Inc. is dedicated to providing you with the services and resources to support your business needs. We thank you for your continued business.

Lake Agency, Inc.
(810) 694-2050

Lake Agency, Inc.
1537 E Hill Rd
Grand Blanc, MI 48439

PLEASE NOTE

- ♦ This proposal contains the coverage's, limits and forms of insurance requested in the specifications furnished or as requested by you insofar as it was possible. Known deviations from specifications or coverage's you requested, if any, have been noted.
- ♦ Not all forms of available insurance have been recommended, for our endeavor has been to avoid a disproportionately high premium expenditure. In our oral discussions, we will examine this point in greater detail -- explaining the factors which motivated us to omit certain coverage's that are available.
- ♦ Your attention should be directed to one further point: We ask that you not accept our brief description of the insurance coverage's as a complete explanation of the policy terms. A narrative description can never replace the policy, of course, and the actual policy language will govern the scope and limit of coverage involved.

..... THANK YOU

Much of your annual budget is allocated to insurance and we wish to thank you for granting us the opportunity to analyze your insurance needs. Those involved in the selection of the companies utilized and the coverage's suggested were:

Account Executive:	John S. Racine, CPCU jsracine@lakeagency.com
Account Manager:	Sue Hawk shawk@lakeagency.com

This TEAM is here to serve you, so please feel free to call should you have any questions regarding this proposal or other insurance matters.

Attachment # 4



Dayne Walling
Mayor

CITY OF FLINT, MICHIGAN
Department of Finance

Natasha L. Henderson
City Administrator

Jody N. Lundquist
Finance Director

Dawn Steele
Deputy Finance Director

DATE: September 17, 2015

TO: Natasha Henderson, City Administrator

FROM: Jody Lundquist, Finance Director

RE: Budget to Actual Revenue and Expenditure Report

Please find attached the Budget to Actual Revenue and Expenditure Report and Cash and Investment Summary for the period ending August 31, 2015 for your review and submission to the RTAB per Emergency Manager Order 20.

As noted with the transmission of the reports for the August 12, 2015 and September 9, 2015 meetings of the RTAB, please be aware that the City is still in the process of closing the fiscal year ended June 30, 2015. The activity shown for the prior fiscal year is unaudited and subject to change as a result of that process. The City's annual audit is scheduled to be conducted by an external CPA firm during the month of October 2015. As required by Public Act 2: Uniform Budget and Accounting Act and City Ordinance #3855, audited financial statements for the fiscal year ending June 30, 2015 will be available no later than December 31, 2015.

Please let me know if any additional information is necessary or if you have any questions.

CITY OF FLINT
BUDGET TO ACTUAL REVENUE AND EXPENDITURE REPORT
FOR THE PERIOD ENDING AUGUST 31, 2015

ACCOUNT DESCRIPTION	2014-15 AMENDED BUDGET	YTD BALANCE 06/30/2015	2015-16 AMENDED BUDGET	YTD BALANCE 08/31/2015	AVAILABLE BALANCE	% BDGT USED
Fund 101 - General Fund						
Property Taxes	4,970,000	4,699,113	4,900,000	4,497,528	402,472	91.79
Special assessment taxes	16,656	20,973	17,000	8,383	8,617	49.31
Income taxes	13,000,000	14,012,171	13,541,000	886,492	12,654,508	6.55
Interest and dividend income	366,100	568,822	470,000	58,405	411,595	12.43
State revenues	17,891,910	17,918,463	18,253,013	300,000	17,953,013	1.64
Charges for service rendered	7,636,721	7,828,820	8,023,942	1,695,496	6,328,446	21.13
Other revenues	534,603	856,977	385,863	184,452	201,411	47.80
Drawings from fund balance	(1,000,000)		(1,000,000)	0	-1,000,000	0.00
Fines and forfeitures	1,633,539	1,583,496	1,805,731	90,486	1,715,245	5.01
License and Permits	1,200,300	1,156,859	1,225,000	40,309	1,184,691	3.29
Proceeds from sale of capital assets	500	500	0	0	0	0.00
Transfers in	4,577,998	4,577,998	3,777,998	629,666	3,148,332	16.67
Proceeds from loan	7,000,000	7,000,000	0	0	0	100.00
TOTAL REVENUES	57,828,327	60,224,192	51,399,547	8,391,218	43,008,329	16.33
General government						
Legislative	20,292,596	20,523,154	22,015,842	3,294,356	18,721,486	14.96
Judicial	429,775	413,336	618,802	73,434	545,368	11.87
Police	3,964,721	3,929,670	4,031,207	770,387	3,260,820	19.11
Emergency dispatch	13,132,962	12,951,260	15,897,755	1,991,282	13,906,473	12.53
Fire	2,424,446	2,413,458	202,919	205,781	-2,862	101.41
Community development	5,707,529	5,557,690	6,434,419	797,671	5,636,748	12.40
Facilities and Maintenance	868,763	740,644	736,153	90,981	645,172	12.96
Transfers out	1,453,321	1,331,053	1,462,452	140,273	1,322,179	9.59
TOTAL EXPENDITURES	48,373,253	47,959,404	51,399,549	7,364,166	44,035,383	14.33
NET OF REVENUES/EXPENDITURES	9,455,074	12,264,787	(2)	1,027,051	-1,027,053	
BEG. FUND BALANCE	(8,961,424)	(8,961,424)	3,303,363	3,303,363		
FUND BALANCE ADJUSTMENTS						
END FUND BALANCE	493,650	3,303,363	3,303,361	4,330,415		

CITY OF FLINT
BUDGET TO ACTUAL REVENUE AND EXPENDITURE REPORT
FOR THE PERIOD ENDING AUGUST 31, 2015

ACCOUNT DESCRIPTION	2014-15 AMENDED BUDGET	YTD BALANCE 06/30/2015	2015-16 AMENDED BUDGET	YTD BALANCE 08/31/2015	AVAILABLE BALANCE	% BDGT USED
Fund 202 - Major Street Fund						
State revenues	7,381,806	7,624,369	6,930,520	0	6,930,520	0.00
Charges for service rendered	23,506	11,118	31,506	30,449	1,057	96.65
Other revenues	209,610	171,414	184,354	83,918	100,436	45.52
Drawings from fund balance	1,181,572		1,476,334	0	1,476,334	0.00
Interest and Dividend Income	0	29,010	0	0	0	0.00
Federal revenues	87,680	87,680	0	0	0	0.00
TOTAL REVENUES	8,884,174	7,923,591	8,622,714	114,367	8,508,347	1.33
General government	1,442,892	1,444,564	1,638,378	273,063	1,365,315	16.67
Transportation	6,478,147	4,958,253	6,297,010	536,161	5,770,849	8.36
Debt services - Interest	8,551	8,550	8,000	0	8,000	0.00
Debt services - principal	110,072	110,070	110,622	0	110,622	0.00
Transfers out	0	0	568,703	94,784	473,919	16.67
TOTAL EXPENDITURES	8,039,662	6,521,438	8,622,713	894,008	7,728,705	10.37
NET OF REVENUES/EXPENDITURES	844,512	1,402,154	1	-779,640	779,641	
BEG. FUND BALANCE	4,926,787	4,926,787	6,328,941	6,328,941		
END FUND BALANCE	5,771,299	6,328,941	6,328,942	5,549,300		
Fund 203 - Local Street Fund						
State revenues	1,941,703	1,942,018	2,016,514	0	2,016,514	0.00
Other revenues	618,343	117,135	630,677	338,325	292,352	53.64
Interest and dividend income	0	5,993	0	0	0	0.00
Transfers in	0	0	568,703	94,784	0	16.67
Drawings from fund balance	288,513	0	421,863	0	421,863	0.00
TOTAL REVENUES	2,848,559	2,065,146	3,637,757	433,109	2,730,729	11.91
Fund 203 - Local Street Fund						
General government	314,770	314,770	402,087	67,015	335,073	16.67
Transportation	2,476,951	1,991,215	3,235,670	342,834	2,892,836	10.60
TOTAL EXPENDITURES	2,791,721	2,305,985	3,637,757	409,848	3,227,909	11.27
NET OF REVENUES/EXPENDITURES	56,838	(240,839)	0	23,260	-497,180	
BEG. FUND BALANCE	1,610,712	1,610,712	1,369,873	1,369,873		
END FUND BALANCE	1,667,550	1,369,873	1,369,873	1,399,133		

CITY OF FULT
BUDGET TO ACTUAL REVENUE AND EXPENDITURE REPORT
FOR THE PERIOD ENDING AUGUST 31, 2015

ACCOUNT DESCRIPTION	2014-15 AMENDED BUDGET	YTD BALANCE 08/30/2015	2015-16 AMENDED BUDGET	YTD BALANCE 08/31/2015	AVAILABLE BALANCE	% BDGT USED
Fund 205 - Public Safety						
Property Taxes	3,688,275	3,842,853	3,700,000	3,776,292	-76,292	102.06
Interest and dividend income	0	30,798	0	0	0	0.00
Other revenues	0	5,462	0	0	0	0.00
Drawings from fund balance	4,690,318	0	2,481,948	0	2,481,948	0.00
TOTAL REVENUES	8,378,593	3,879,113	6,181,948	3,776,292	2,405,656	61.09
Police	2,705,773	2,684,119	1,902,722	315,264	1,587,458	16.57
Fire	3,675,510	3,633,122	4,279,226	616,501	3,662,725	14.41
TOTAL EXPENDITURES	6,381,283	6,317,241	6,181,948	931,765	5,250,183	15.07
NET OF REVENUES/EXPENDITURES	1,997,310	(2,438,128)	0	2,844,527	-2,844,527	

BEG. FUND BALANCE
END FUND BALANCE

Fund 207 - Police Fund

Property Taxes	1,250,306	1,293,783	1,255,000	1,260,588	-5,588	100.45
Interest and dividend income	0	445	0	0	0	0.00
Other revenues	93,180	1,740	0	0	0	0.00
Drawings from fund balance	42,502	0	68,944	0	68,944	0.00
TOTAL REVENUES	1,385,988	1,295,968	1,323,944	1,260,588	63,356	93.21
Fund 207 - Police Fund						
Police	1,358,912	1,311,312	1,323,944	150,355	1,173,589	11.36
TOTAL EXPENDITURES	1,358,912	1,311,312	1,323,944	150,355	1,173,589	11.36
NET OF REVENUES/EXPENDITURES	27,076	(15,344)	0	1,110,233	-1,110,233	

BEG. FUND BALANCE
END FUND BALANCE

CITY OF FLINT
BUDGET TO ACTUAL REVENUE AND EXPENDITURE REPORT
FOR THE PERIOD ENDING AUGUST 31, 2015

ACCOUNT DESCRIPTION	2014-15 AMENDED BUDGET	YTD BALANCE 06/30/2015	2015-16 AMENDED BUDGET	YTD BALANCE 08/31/2015	AVAILABLE BALANCE	% BDGT USED
Fund 208 - Park/Recreation Fund						
Property Taxes	312,546	323,951	315,000	315,054	-54	100.02
Interest and dividend income	0	718	0	0	0	0.00
Other revenues	4,930	16,954	4,825	1,060	3,765	21.97
Drawings from fund balance	97,000	0	87,146	0	87,146	0.00
Transfers in	99,413	99,140	0	0	0	0.00
TOTAL REVENUES	513,889	440,763	406,971	316,114	90,856	77.67
Fund 208 - Park/Recreation Fund						
Community development	513,889	458,693	406,971	30,408	376,563	7.47
TOTAL EXPENDITURES	513,889	458,693	406,971	30,408	376,563	7.47
NET OF REVENUES/EXPENDITURES	0	(17,930)	0	285,707	-285,707	
BEG. FUND BALANCE	99,941	99,941	82,011	82,011		
END FUND BALANCE	99,941	82,011	82,011	367,717		
Fund 219 - Street Light						
Special assessment taxes	2,738,986	2,415,368	2,738,986	2,616,226	122,760	95.52
Interest and dividend income	0	5,272	0	0	0	0.00
Drawings from fund balance	0	0	105,218	0	0	0.00
TOTAL REVENUES	2,738,986	2,420,640	2,844,204	2,616,226	122,760	91.98
Fund 219 - Street Light						
General government	91,210	91,210	128,895	21,483	107,413	16.67
Transportation	2,463,195	2,381,124	2,695,308	201,580	2,493,728	7.48
TOTAL EXPENDITURES	2,554,405	2,472,334	2,824,203	223,063	2,601,140	7.90
NET OF REVENUES/EXPENDITURES	184,581	(51,694)	20,001	2,393,163	-2,478,380	
BEG. FUND BALANCE	709,204	709,204	657,510	657,510		
END FUND BALANCE	893,785	657,510	677,511	3,050,673		

CITY OF FLINT
BUDGET TO ACTUAL REVENUE AND EXPENDITURE REPORT
FOR THE PERIOD ENDING AUGUST 31, 2015

ACCOUNT DESCRIPTION	2014-15 AMENDED BUDGET	YTD BALANCE 06/30/2015	2015-16 AMENDED BUDGET	YTD BALANCE 08/31/2015	AVAILABLE BALANCE	% BUDGT USED
Fund 226 - Rubbish Collection Fund						
Property Taxes	5,517,813	4,909,128	4,829,002	4,624,305	204,697	95.76
Charges for service rendered	11,093	10,877	0	0	0	0.00
Other revenues	0	6,958	0	0	0	0.00
Drawings from fund balance	0	0	1	0	1	0.00
License and Permits	1,660	1,840	500	560	-60	112.00
TOTAL REVENUES	5,530,566	4,928,803	4,829,503	4,624,865	204,638	95.76
General government	173,143	182,710	250,958	41,826	209,132	16.57
Transportation	49,755	52,546	100,000	0	100,000	0.00
Public works	4,551,320	4,380,254	4,478,544	742,274	3,736,270	16.57
TOTAL EXPENDITURES	4,774,218	4,615,510	4,829,502	784,100	4,045,402	16.24
NET OF REVENUES/EXPENDITURES	756,348	313,293	1	3,840,765	-3,840,764	
BEG. FUND BALANCE	277,049	277,049	590,342	590,342		
END FUND BALANCE	1,033,397	590,342	590,343	4,431,107		

Fund 265 - Drug Law Enforcement Fund

Other revenues	16,500	3,818	0	0	0	0.00
Interest and dividend income	0	5,170	0	0	0	0.00
Drawings from fund balance	374,063	0	169,674	0	169,674	0.00
Fines and forfeitures	101,000	50,299	2,500	24,406	-21,906	976.24
TOTAL REVENUES	491,563	59,287	172,174	24,406	147,768	14.18
Police	477,563	293,332	172,174	3,176	168,998	1.84
TOTAL EXPENDITURES	477,563	293,332	172,174	3,176	168,998	1.84
NET OF REVENUES/EXPENDITURES	14,000	(234,045)	0	21,230	-21,230	
BEG. FUND BALANCE	768,972	768,972	534,927	534,927		
END FUND BALANCE	782,972	534,927	534,927	556,157		

CITY OF FLINT
BUDGET TO ACTUAL REVENUE AND EXPENDITURE REPORT
FOR THE PERIOD ENDING AUGUST 31, 2015

ACCOUNT DESCRIPTION	2014-15		2015-16		YTD BALANCE 08/31/2015	AVAILABLE BALANCE	% BQGT USED
	AMENDED BUDGET	YTD BALANCE 06/30/2015	AMENDED BUDGET	YTD BALANCE 08/31/2015			
Fund 274 - HUD CDBG, ESG, & HOME GRANTS							
Transfer in from 296 fund	0	250,540	0	0	0	0	0.00
Drawings from Fund Balance	0	0	0	0	0	0	0.00
Federal revenues	11,834,239	4,050,301	8,532,130	-238,747	8,770,877	(2.80)	(2.80)
TOTAL REVENUES	11,834,239	4,300,840	8,532,130	-238,747	8,770,877	(2.80)	
General government	215,350	165,972	58,680.66	23,083	35,598	39.34	
Fire	14,766	11,847	2,918.47	0	2,918	0.00	
Community development	10,551,672	3,643,671	7,158,841.20	185,071	6,973,770	2.59	
Transportation	204,964	12	204,952.13	0	204,952	0.00	
Facilities and Maintenance	35,000		35,000.00	0	35,000	0.00	
Building inspections	812,484	204,349	631,255.31	109,439	521,817	17.34	
TOTAL EXPENDITURES	11,834,235	4,025,851	8,091,648	917,593	7,774,055	3.92	
NET OF REVENUES/EXPENDITURES							
	3	274,990	440,482	-556,340	996,822		
BEG. FUND BALANCE							
	(732,424)	(732,421)	(457,431)	-16,949			
END FUND BALANCE							
	(732,421)	(457,431)	(16,949)	-573,288			

CITY OF FLINT
BUDGET TO ACTUAL REVENUE AND EXPENDITURE REPORT
FOR THE PERIOD ENDING AUGUST 31, 2015

ACCOUNT DESCRIPTION	2014-15 AMENDED BUDGET	YTD BALANCE 08/30/2015	2015-16 AMENDED BUDGET	YTD BALANCE 08/31/2015	AVAILABLE BALANCE	% BDGT USED
Fund 296 - Other Grants Fund						
Drawings from fund balance	0	0	349,455	0	349,455	0.00
Interest and dividend income	0	0	0	0	0	0.00
Federal revenues	2,227,810	784,366	199,018	0	199,018	0.00
State revenues	4,350,527	2,679,478	4,454,774	0	4,454,774	0.00
Other revenues	354	484	0	0	0	0.00
Local grants	1,082,063	971,790	186,938	203,800	-16,862	109.02
Fines and forfeitures	4,214	4,214	0	0	0	0.00
TOTAL REVENUES	7,664,968	4,440,272	5,190,185	203,800	4,986,385	3.93
Fund 296 - Other Grants Fund						
General government	19,662	7,470	0	0	0	0.00
Police	3,249,067	2,171,088	2,053,594	15,345	2,038,249	0.75
Community development	1,880,783	204,520	795,620	14,755	780,865	1.85
Transportation	1,642,144	73,603	30,906	1,235	29,671	4.00
Facilities and Maintenance	773,310	70,166	830,023	25,326	804,697	3.05
Public works	50,000	49,730	0	0	0	0.00
Transfer out to 274 fund	50,000	250,540	0	0	0	0.00
Utilities	0	332,919	2,000,000	0	2,000,000	0.00
TOTAL EXPENDITURES	7,664,966	3,160,036	5,710,143	56,661	5,653,482	0.99
NET OF REVENUES/EXPENDITURES	2	1,280,236	(519,958)	147,139	-667,097	
BEG. FUND BALANCE	111,778	111,778	1,392,014	1,392,014		
END FUND BALANCE	111,780	1,392,014	872,056	1,539,153		

CITY OF FLINT
BUDGET TO ACTUAL REVENUE AND EXPENDITURE REPORT
FOR THE PERIOD ENDING AUGUST 31, 2015

ACCOUNT DESCRIPTION	2014-15 AMENDED BUDGET	YTD BALANCE 08/30/2015	2015-16 AMENDED BUDGET	YTD BALANCE 08/31/2015	AVAILABLE BALANCE	% BDGT USED
Fund 402 - Public Improvement Fund						
Property Taxes	1,703,000	1,609,072	1,703,000	1,575,778	127,222	91.53
Other revenues	380,000	38,358	350,000	0	350,000	0.00
Interest and dividend income	0	7,613	0	0	0	0.00
Drawings from fund balance	767,957	0	775,967	0	775,967	0.00
TOTAL REVENUES	2,850,957	1,655,043	2,828,967	1,575,778	1,253,189	55.70
Facilities and Maintenance	721,900	682,720	700,000	0	700,000	0.00
Transfers out	1,526,953	1,526,953	1,526,213	121,159	1,405,054	7.94
Debt services - Interest	407,104	400,191	392,754	0	392,754	0.00
Debt services - principal	195,000	200,000	210,000	0	210,000	0.00
TOTAL EXPENDITURES	2,850,957	2,809,864	2,828,967	121,159	2,707,808	7.94
NET OF REVENUES/EXPENDITURES	0	(1,154,821)	0	1,454,619	-1,454,619	

BEG. FUND BALANCE
END FUND BALANCE

8,335,339
8,335,339

8,180,518
8,180,518

Fund 542 - Building Inspection Fund

Charges for service rendered	50,579	43,592	0	7,905	-7,905	0.00
Drawings from fund balance	236,763	0	341,717	0	341,717	0.00
Interest and dividend income	0	9,114	0	0	0	0.00
License and Permits	2,563,164	2,609,751	1,625,000	369,237	1,255,763	22.72
Federal revenues	0	0	0	0	0	0.00
Transfers in	0	0	0	0	0	0.00
TOTAL REVENUES	2,850,506	2,664,457	1,966,717	377,142	1,589,575	19.18
General government	504,425	504,209	619,180	109,160	516,020	16.66
Transfers out	0	0	0	0	0	0.00
Building inspections	1,361,108	1,068,725	1,347,536	144,535	1,203,001	10.73
TOTAL EXPENDITURES	1,865,533	1,572,934	1,966,716	247,695	1,719,021	12.59
NET OF REVENUES/EXPENDITURES	984,973	1,091,523	1	129,447	-129,446	

BEG. FUND BALANCE
END FUND BALANCE

643,476
1,628,449

1,734,999
1,735,000

1,734,999
1,864,446

CITY OF FLINT
BUDGET TO ACTUAL REVENUE AND EXPENDITURE REPORT
FOR THE PERIOD ENDING AUGUST 31, 2015

ACCOUNT DESCRIPTION	2014-15 AMENDED BUDGET	YTD BALANCE 06/30/2015	2015-16 AMENDED BUDGET	YTD BALANCE 08/31/2015	AVAILABLE BALANCE	% BDGT USED
Fund 590 - Sewer Fund						
Interest and dividend income	0	147,488	0	0	0	0.00
Charges for service rendered	30,410,162	30,460,790	30,434,895	2,031,722	28,403,173	6.68
Other revenues	91,646	92,073	11,000	2,371	8,629	21.55
Drawings from fund balance	5,189,854	0	1,091,873	0	1,091,873	0.00
Transfers in	800,000	800,000	800,000	0	800,000	0.00
TOTAL REVENUES	36,491,662	31,500,351	32,337,768	2,034,093	30,303,675	5.29
General government	3,765,455	3,747,098	4,786,371	797,729	3,988,643	16.67
Debt services - interest	695	90	695	465	230	66.89
Debt services - principal	6,571	6,571	6,016	90	5,976	1.50
Transfers out	2,660,000	2,660,000	1,860,000	310,000	1,550,000	16.67
Public works	1,990,000	744,175	1,999,898	262,085	1,737,813	13.10
Utilities	22,971,505	15,773,288	23,684,788	2,328,519	21,356,469	9.83
TOTAL EXPENDITURES	31,394,227	22,931,222	32,337,768	3,698,687	28,639,081	11.44
NET OF REVENUES/EXPENDITURES	5,097,435	8,569,129	(0)	-1,664,594	1,664,594	
BEG. FUND BALANCE	67,787,494	67,787,494	76,356,623	76,356,623		
END FUND BALANCE	77,884,929	76,356,623	76,356,622	74,692,029		

CITY OF FULT
BUDGET TO ACTUAL REVENUE AND EXPENDITURE REPORT
FOR THE PERIOD ENDING AUGUST 31, 2015

ACCOUNT DESCRIPTION	2014-15 AMENDED BUDGET	YTD BALANCE 06/30/2015	2015-16 AMENDED BUDGET	YTD BALANCE 08/31/2015	AVAILABLE BALANCE	% BDGT USED
Fund 591 - Water Fund						
Charges for service rendered	33,136,042	33,815,296	36,943,802	2,241,210	34,702,592	6.07
Other revenues	35,000	31,151	12,000	699	11,301	5.82
Interest and dividend income	0	100,232	0	0	0	0.00
Drawings from fund balance	4,865,245	0	0	0	0	0.00
Fines and forfeitures	0	0	0	416	0	100.00
Gain on sale of fixed assets	252,337	225,465	100,000	39,941	60,059	39.94
TOTAL REVENUES	38,288,624	34,172,144	37,055,802	2,282,266	34,773,532	6.16
General government	4,255,508	4,293,842	5,319,386	886,564	4,432,822	16.67
Transfers out	1,660,571	1,660,571	3,224,259	537,377	2,686,883	16.67
Public works	2,760,000	341,630	2,690,000	612,328	2,077,672	22.76
Utilities	26,810,604	17,554,345	24,756,442	3,130,793	21,625,649	12.65
TOTAL EXPENDITURES	35,486,683	23,850,388	35,990,087	5,167,062	30,823,025	14.36
NET OF REVENUES/EXPENDITURES	2,801,941	10,321,756	1,065,715	-2,884,796	3,950,507	
BEG. FUND BALANCE	29,526,264	29,526,264	39,848,020	39,848,020		
END FUND BALANCE	32,328,205	39,848,020	40,913,735	36,963,224		

**CITY OF FLINT
CASH AND INVESTMENT ACCOUNT SUMMARY
FOR THE PERIOD ENDING AUGUST 31, 2015**

Fund Account	Description	Beginning Balance 08/01/2015	Ending Balance 08/31/2015
Fund 101 General Fund			
001.000	Commercial Pooled Cash Account	5,250,127	6,938,288
001.450	Citizens - P/R Direct Deposit - 906-9766	-46,929	-47,229
004.000	Imprest Cash	9,300	9,300
004.100	Imprest Cash - Register	0	0
	General Fund	5,212,498	6,900,359
Fund 202 Major Street Fund			
001.000	Commercial Pooled Cash Account	5,498,072	5,583,148
004.000	Imprest Cash	60	60
	Major Street Fund	5,498,132	5,583,208
Fund 203 Local Street Fund			
001.000	Commercial Pooled Cash Account	1,083,158	1,425,121
Fund 205 Public Safety			
001.000	Commercial Pooled Cash Account	7,549,925	7,581,517
Fund 207 Police Fund			
001.000	Commercial Pooled Cash Account	589,483	685,894
Fund 208 Park/Recreation Fund			
001.000	Commercial Pooled Cash Account	254,769	267,688
Fund 219 Street Light			
001.000	Commercial Pooled Cash Account	1,821,155	1,793,159
Fund 226 Rubbish Collection Fund			
001.000	Commercial Pooled Cash Account	2,648,342	2,532,435
Fund 265 Drug Law Enforcement Fund			

**CITY OF FLINT
CASH AND INVESTMENT ACCOUNT SUMMARY
FOR THE PERIOD ENDING AUGUST 31, 2015**

Fund Account	Description	Beginning Balance 08/01/2015	Ending Balance 08/31/2015
001.000	Commercial Pooled Cash Account	1,132,078	1,130,682
Fund 274 HUD CDBG, ESG, & HOME GRANTS			
001.000	Commercial Pooled Cash Account	-667,009	-1,107,571
001.100	Bank - Urban Renewal - 230006018089	3,881	154,768
	HUD CDBG, ESG, & HOME GRANTS	-663,128	-952,803
Fund 296 Other Grants Fund			
001.000	Commercial Pooled Cash Account	1,323,571	1,539,157
Fund 402 Public Improvement Fund			
001.000	Commercial Pooled Cash Account	2,048,920	2,196,818
Fund 542 Building Inspection Fund			
001.000	Commercial Pooled Cash Account	1,843,388	1,900,201
004.000	Imprest Cash	50	50
	Building Inspection Fund	1,843,438	1,900,251
Fund 590 Sewer Fund			
001.000	Commercial Pooled Cash Account	30,226,784	30,655,763
Fund 591 Water Fund			
001.000	Commercial Pooled Cash Account	18,597,850	19,476,110
001.001	Cash Reserve	5,848,116	5,848,116
	Water Fund	24,445,966	25,324,226
	TOTAL - ALL FUNDS	85,015,091	88,563,475

Cline, Richard (Treasury)

From: Jody Lundquist <jlundquist@cityofflint.com>
Sent: Wednesday, October 14, 2015 1:52 PM
To: Widigan, Robert (TREASURY)
Cc: Cline, Richard (Treasury); Natasha Henderson
Subject: Water/Sewer Cash Position

Follow Up Flag: Follow up
Flag Status: Flagged

Rob,

I received the following from the City's Treasurer. His calculation based on a reduced collections by 22.84% estimate that cash will end \$13.7M lower than my estimate in the prior transmission of \$12M. As stated on the phone, the results of our collection efforts will be known in approximately 30 days as we begin shut-off notices and enforcement.

Please let me know if you have any questions.

Per Doug Bingaman:

Over the past 3 years, we have an average collection rate for water/sewer revenue of 94%. Last year, we collected 99% of our revenue. Which I contribute to our water thief program and aggressively interrupting service for non-pay.

Since 8/1/15, our collections are off 22.84%. If this continues through out FY16, our water/sewer cash will be reduced by \$13,731,790, if all else stays the same.

\$35,500,000 Water Revenue
30,084,895 Sewer Revenue

\$65,584,895
x 91.67% 11 months
\$60,121,673
x 22.84%
\$13,731,790

Jody N. Lundquist
Chief Financial Officer
City of Flint
1101 S. Saginaw Street, 2nd Floor
Flint, MI 48502
jlundquist@cityofflint.com
(810) 766-7268 ext. 2301

Byrne, Randall (Treasury)

From: Workman, Wayne (TREASURY)
Sent: Wednesday, October 14, 2015 6:43 PM
To: Cline, Richard (Treasury)
Cc: Byrne, Randall (Treasury); Widigan, Robert (TREASURY)
Subject: Re: PRESS RELEASE: RTAB Approves Resolution for the Use of \$2 Million in Fund Balance to Reconnect to Detroit Water

Thank you

Sent from my iPhone

On Oct 14, 2015, at 6:28 PM, Cline, Richard (Treasury) <cliner1@michigan.gov> wrote:

Done.

I have notified Natasha and can follow-up with her to ensure that she is aware of this.

Eric Cline | Department Manager | State of Michigan
Michigan Department of Treasury | Local Government Financial Services Division | Fiscal Responsibility Section
430 W. Allegan Street, 3rd Floor | Lansing, MI 48922
Lansing Office (517) 335-2078 | Cell Phone (517) 243-8450 | Traverse City Office (231) 922-5228
E-mail cliner1@michigan.gov

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From: Workman, Wayne (TREASURY)
Sent: Wednesday, October 14, 2015 6:23 PM
To: Byrne, Randall (Treasury) <ByrneR1@michigan.gov>; Cline, Richard (Treasury) <cliner1@michigan.gov>; Widigan, Robert (TREASURY) <WidiganR@michigan.gov>
Subject: Fwd: PRESS RELEASE: RTAB Approves Resolution for the Use of \$2 Million in Fund Balance to Reconnect to Detroit Water

Please tell the city ASAP that the treasurer doesn't need to approve this and they can begin work now

Sent from my iPhone

Begin forwarded message:

From: Jason Lorenz <jlorenz@cityofflint.com>
Date: October 14, 2015 at 6:19:12 PM EDT
To: undisclosed-recipients;;
Subject: PRESS RELEASE: RTAB Approves Resolution for the Use of \$2 Million in Fund Balance to Reconnect to Detroit Water

For Immediate Release

**RTAB Approves Resolution for the Use of \$2 Million in Fund
Balance to Reconnect to Detroit Water**

Flint, Michigan – October 14, 2015 – The City of Flint's Receivership Transition Advisory Board has today approved a resolution that directs \$2 Million in fund balance from the Water and Sewer funds be used to fund Flint's portion of the reconnection to Detroit as the City's water source. The Board voted unanimously to approve the measure which will compliment commitments by Governor Snyder in the amount of \$6 million and the Charles Stewart Mott Foundation in the amount of \$4 million, respectively, for a total reconnection cost of \$12 million.

"Flint is one step closer to switching back to Detroit water with the board's approval," said Mayor Dayne Walling. "Now we need approval from the state treasurer and support from the state legislature and I urge them to act immediately." Approval from the legislature is required to finalize the negotiations with the Great Lakes Water Authority, formerly Detroit Water and Sewerage (DWSD). Once the contract between the Authority, Genesee County and the City are complete, Flint can once again begin receiving treated Lake Huron water from Detroit.

–END–

-Jason Lorenz
Public Information Officer
City of Flint
(810) 237-2039 (Office)
(810) 875-2576 (Cell)
jlorenz@cityofflint.com



Cline, Richard (Treasury)

From: Dostine, Patrick (TREASURY)
Sent: Wednesday, October 14, 2015 2:42 PM
To: Byrne, Randall (Treasury); Cline, Richard (Treasury)
Cc: Heimann, Alexandr (TREASURY); Hudson, Deanna (TREASURY)
Subject: Flint Call notes from this morning

Categories: Blue Category

Flint – Oct. 14 – N. Henderson, Mayor Walling, J Freeman, F Headen, Wendy, R. Byrne, E. Cline, P. Dostine

- **Priorities**
 - Henderson bringing two amendments to Oct 14 RTAB: \$2M budget adjustment (money from the Water Fund fund balance) and Agreements needing execution between Flint and DWSD, and Flint and Genesee County.
 - The city anticipates connecting to DWSD in the next few days.
- **Lawsuit**
 - Miller Canfield still representing Flint in both the Kincaid and Shears lawsuits. Henderson repeated again that Flint will need assistance in maintaining Miller Canfield as counsel.
- **Public Safety**
 - Fires are down in Flint. Because of that, Flint no longer qualifies for some grant dollars.
 - Tier1 crimes (homicide, rape, armed robbery) are down in Flint.
 - Chief of Police (and Flint) is participating in Violence Reduction Network (VRN), a Dept. of Justice initiative that provides technical assistance and other in-kind crime prevention assistance to cities with higher than average violent crime.

Patrick Dostine

State of Michigan
Department of Treasury
Local Government Financial Services Division,
Office of Fiscal Responsibility
Cadillac Place
3044 W Grand Blvd
Detroit, MI 48202
(office) 313.456.1772
dostinep@michigan.gov

STATUS OF FLINT WATER: October 14, 2015

- Flint Receivership Transition Advisory Board meeting today to consider budget amendments to pay for temporary reconnection to the Detroit water system
- Treasury staff from Bureau of Local Government will be meeting with City officials to review overall budget and cash conditions
 - Fund Balance in the General Fund is currently projected at \$4M by June 30, 2016. This is a projected increase of \$1M from FY 2014-2015
 - Fund Balance in the Water Fund is currently projected at \$6M, which is a decline of \$8M due to non-payment of water bills
- Negotiations between the City of Flint, Genesee County and DWSD remain in progress to finalize the necessary agreements for the City to temporarily reconnect to the Detroit water system
 - Preparation of the pipeline to receive water from DWSD is underway. The City believes that a physical connection can be established this week
 - The City has requested clarification if it should begin receiving water from DWSD before the State Legislature takes action on the request \$6M aid package
- Both the Kincaid and Shears lawsuits remain in litigation. Potential losses of \$30M are possible. The City's request to Treasury for financial assistance for outside legal counsel is still pending

Weekly Critical Issues —October 14, 2015

- **Allen Park**— I have been advised that two new RTAB members are being appointed. They are Mark Wollenweber and Scott Lites. I have asked Eric to schedule an orientation for the new members before the next RTAB meeting on November 4th. The brownfield issue.....
- **Benton Harbor**-The lawsuit with the former Public Safety Director and two former employees is a major issue for the City. Darwin has indicated that it will cost the City \$1.7M to settle these three cases. They are only partially insured. I have advised Darwin to seek the City Commission's approval for the Finance Director's Search. The cost is \$10,000 for the MML Proposal. The City
- **Ecorse** – The City is proposing a part-time fire department. Their five year financial plan has been revised, according to the City Administrator it is balanced. We are checking to see if the City Council has approved.
- **Flint** – Lawsuit on water rates and the lead issues have Flint in a crisis mode. The City believes that they have reached an understanding with the Genesee County Drain Commission to reconnect to DWSD. Natasha has sent me a revised cost (\$250K to \$350K) from Miller Canfield to represent the City in the Shéars and Kincaid cases. Treasury is determining the level of support, if any, to provide the City in this matter. I informed Natasha this morning that the legal representation is still being “discussed”. Flint RTAB meeting next week.
- **Hamtramck**-We have several names for the RTAB position to replace Cathy. Segal has developed a work plan for phase 3 of the pension study that is being discussed. The City has hired Alan Young for audit services but that decision was rejected by the RTAB. Katrina wants to reorganize staff. Overtime last month was \$60K, we are asking her to get quotes for a police study. Treasury will pay \$25,000 for the study.
- **Highland Park**-The City hired a collection firm to collect the past due water and sewer bills. Hiring a collection firm is a requirement of the loan agreement. Cathy has indicated that the OPEB savings of approximately \$750K will be implemented by October 1. I will be receiving an OPEB report from Meadowbrook soon. The City has purchased \$300,000 of new water meters as part to the FDCVT grant award and are installing them. The City Council conditionally approved the DWSD agreement but no word from DWSD or Great Lakes Water Authority. Regular billing of water and sewer customers has begun. The plans for the demolition of the High School Building are being reviewed. I expect the project will take place in the spring.
- **Lincoln Park**-Brad is placing a PA 345 request on the November Ballot seeking approval of 6 mills to fund the City's pension system. More City Council members are supporting the millage request. Brad has prepared a four month plan which is being updated. His exit will be in the first week of January. The new city manager, Matt Coppler is fitting in the organization. We will be discussing the final order with Brad next week. We are hoping to find several RTAB candidates soon.
- **Inkster**- the City won its appeal on the water billing lawsuit. Mark said the city will be discussing its options. The City is negotiating with Wayne County on its \$4.9M sewer debt. A judgement levy for several years will be likely be placed on the July 2016 tax roll. Patrick and I will be

meeting Mark next week. Mark has indicated that the City is updating its Park and Rec Master Plan. I have encouraged Mark to meet with the ministers.

- **Pontiac**-Jane Di Sessa will start on October 26. A contract has been drafted but not signed as of yet. The Mayor and I will be meeting with two council members to discuss the hiring of an executive secretary and other issues. The Pontiac RTAB exit plan is nearing completion. The Mayor would like to do a study of the Phoenix Center. Problem with the GERS Board.
 - **River Rouge**—the five year financial plan is not balanced yet. Do we want to exit without a balanced five year financial plan? The Mayor has drafted a revised plan that is even more favorable to Ecorse. The City was chosen by the Governor to be a part of the Rising Tide Initiative.
 - **Royal Oak Township**- We may receive a proposal from Oak Park for police service. Additional discussions with Ferndale and Hazel Park are needed. The Township needs to submit another grant application for police funding. We have received Robert's six month plan. Patrick will be assisting Robert on several items. Montgomery and Co. the accounting firm has submitted an invoice for \$17,000. Robert has begun discussion on the new budget. He wants to hire Mr. Fedewa for accounting.
 - **Miscellaneous Items**—the draft of the October Governor's Memo is finished. Staffing update and lunch on Monday with staff. RTAB candidates are being vetted by the Governor's Office. The draft exit plan for several communities is nearing completion. I sent a consent agreement template for your review. FOIA request from ACLU. I sent you a document on the date(s) the newly elected officials will take office in the distressed local units. Giarmarco contract update.
- Upcoming Town Hall Meeting

Byrne, Randall (Treasury)

From: Workman, Wayne (TREASURY)
Sent: Thursday, October 15, 2015 8:19 AM
To: Byrne, Randall (Treasury); Saxton, Thomas (Treasury)
Cc: Schafer, Suzanne K. (Treasury); Cline, Richard (Treasury)
Subject: RE: Flint telephone call this morning

Good. Also the Treasurer does not need to approve the budget amendment per Fred.

From: Byrne, Randall (Treasury)
Sent: Thursday, October 15, 2015 8:09 AM
To: Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>; Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>
Cc: Schafer, Suzanne K. (Treasury) <SchaferS7@michigan.gov>; Cline, Richard (Treasury) <cliner1@michigan.gov>
Subject: RE: Flint telephone call this morning

Wayne and Tom:

Mayor Walling and Natasha were advised to proceed.

Thanks,
Randy

From: Workman, Wayne (TREASURY)
Sent: Wednesday, October 14, 2015 12:18 PM
To: Byrne, Randall (Treasury) <ByrneR1@michigan.gov>; Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>
Cc: Schafer, Suzanne K. (Treasury) <SchaferS7@michigan.gov>; Cline, Richard (Treasury) <cliner1@michigan.gov>
Subject: RE: Flint telephone call this morning

Please advise the City that they should proceed to get connected immediately

Wayne L. Workman
Deputy State Treasurer
Michigan Department of Treasury

From: Byrne, Randall (Treasury)
Sent: Wednesday, October 14, 2015 10:21 AM
To: Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>; Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>
Cc: Schafer, Suzanne K. (Treasury) <SchaferS7@michigan.gov>
Subject: Flint telephone call this morning

Tom and Wayne:

During our telephone call today, Mayor Walling indicated that they have received the go ahead from the Drain Commissioner and are performing the bacti tests on the eight mile waterline. If all goes well, they may be able to begin to use DWSD water soon. The Mayor wanted to know if they can use DWSD water before the Legislature takes action on the \$6M assistance package? Please advise.

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

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.

Luepnitz, Ann (Treasury)

From: Luepnitz, Ann (Treasury)
Sent: Thursday, October 15, 2015 9:34 AM
To: Noonan, Michael (DTMB)
Cc: Poynter, Jacob (Treasury); Walts, Brian (DTMB)
Subject: RE: Flint Ice Machine

Thanks, we will be in touch.

Ann Luepnitz Manager
Facility, Mail, and Data Operations
Phone: 517-636-5335
Cell: [REDACTED]
Fax: 517-322-1631

From: Noonan, Michael (DTMB)
Sent: Thursday, October 15, 2015 9:01 AM
To: Luepnitz, Ann (Treasury) <LuepnitzA@michigan.gov>
Cc: Poynter, Jacob (Treasury) <PoynterJ@michigan.gov>; Walts, Brian (DTMB) <WaltsB@michigan.gov>
Subject: Re: Flint Ice Machine

No problem at the very least we can do the filters but whatever we can do to help save.

Sent from my iPhone

On Oct 14, 2015, at 6:06 PM, Luepnitz, Ann (Treasury) <LuepnitzA@michigan.gov> wrote:

Mike,

Jacob is out until Monday, we have not renewed the Park's maintenance for FY16 yet so we may be able to work together to get it done in house or part of it. Jacob and I will discuss next week and get back to you.

Thanks,

Ann Luepnitz Manager
Facility, Mail, and Data Operations
Phone: 517-636-5335
Cell: [REDACTED]
Fax: 517-322-1631

From: Noonan, Michael (DTMB)
Sent: Wednesday, October 14, 2015 5:49 PM
To: Luepnitz, Ann (Treasury) <LuepnitzA@michigan.gov>
Cc: Poynter, Jacob (Treasury) <PoynterJ@michigan.gov>; Walts, Brian (DTMB) <WaltsB@michigan.gov>
Subject: Re: Flint Ice Machine

If I can ask what is your cost to have them on contract for flint? Can you change it? I'm not sure where Parks are from.

I have three refrigeration guys in the east zone. But at the very least we could pm it and change the filters for you.

Just my thoughts

Sent from my iPhone

On Oct 14, 2015, at 5:17 PM, Luepnitz, Ann (Treasury) <LuepnitzA@michigan.gov> wrote:

Jacob,

How often are we changing the filters in the ice machines now? Is Park's changing them?

Ann Luepnitz Manager
Facility, Mail, and Data Operations
Phone: 517-636-5335
Cell: [REDACTED]
Fax: 517-322-1631

From: Noonan, Michael (DTMB)
Sent: Wednesday, October 14, 2015 9:21 AM
To: Luepnitz, Ann (Treasury) <LuepnitzA@michigan.gov>
Cc: Poynter, Jacob (Treasury) <PoynterJ@michigan.gov>; Walts, Brian (DTMB) <WaltsB@michigan.gov>
Subject: Re: Flint Ice Machine

Right now probably two or three months

Sent from my iPhone

On Oct 14, 2015, at 8:29 AM, Luepnitz, Ann (Treasury) <LuepnitzA@michigan.gov> wrote:

How often are you thinking?

Ann Luepnitz Manager
Facility, Mail, and Data Operations
Phone: 517-636-5335
Cell: [REDACTED]
Fax: 517-322-1631

From: Noonan, Michael (DTMB)
Sent: Wednesday, October 14, 2015 6:59 AM
To: Luepnitz, Ann (Treasury) <LuepnitzA@michigan.gov>
Cc: Poynter, Jacob (Treasury) <PoynterJ@michigan.gov>; Walts, Brian (DTMB) <WaltsB@michigan.gov>
Subject: Re: Flint Ice Machine

I believe he said yes, but with the flint water concerns your better having them changed often!

Sent from my iPad

On Oct 13, 2015, at 5:30 PM, Luepnitz, Ann (Treasury)
<LuepnitzA@michigan.gov> wrote:

Jacob,

Does Parks supply the filters under the contract?

Ann Luepnitz Manager
Facility, Mail, and Data Operations
Phone: 517-636-5335
Cell: 517-636-5215
Fax: 517-322-1631

From: Noonan, Michael (DTMB)
Sent: Monday, October 12, 2015 3:17 PM
To: Poynter, Jacob (Treasury)
<PoynterJ@michigan.gov>; Luepnitz, Ann (Treasury)
<LuepnitzA@michigan.gov>
Cc: Walts, Brian (DTMB) <WaltsB@michigan.gov>
Subject: Flint Ice Machine

Jacob,

I have a special filter for your Ice Machine on the 5th floor. It is supposed to be better for filtering lead from the water it is

3M FF101

If you have any questions let me know.

Workman, Wayne (TREASURY)

From: Workman, Wayne (TREASURY)
Sent: Thursday, October 15, 2015 3:47 PM
To: Byrne, Randall (Treasury)
Cc: Schafer, Suzanne K. (Treasury)
Subject: RE: Contract for Water

thanks

From: Byrne, Randall (Treasury)
Sent: Thursday, October 15, 2015 3:46 PM
To: Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>
Cc: Schafer, Suzanne K. (Treasury) <SchaferS7@michigan.gov>
Subject: RE: Contract for Water

Wayne:

I spoke to Jim Sygo. He said that they are hoping to schedule the call tomorrow. I looks like you and I will be on it.

Randy,

From: Workman, Wayne (TREASURY)
Sent: Thursday, October 15, 2015 2:00 PM
To: Byrne, Randall (Treasury) <ByrneR1@michigan.gov>
Cc: Schafer, Suzanne K. (Treasury) <SchaferS7@michigan.gov>
Subject: Re: Contract for Water

Maybe both of us

Sent from my iPhone

On Oct 15, 2015, at 1:56 PM, Byrne, Randall (Treasury) <ByrneR1@michigan.gov> wrote:

Wayne:

I spoke to Karen in Jim Sygo's office and she will be contacting him regarding the conference call. I told her that you would like to be on that call.

Randy

From: Workman, Wayne (TREASURY)
Sent: Thursday, October 15, 2015 1:22 PM
To: Byrne, Randall (Treasury) <ByrneR1@michigan.gov>
Cc: Schafer, Suzanne K. (Treasury) <SchaferS7@michigan.gov>
Subject: RE: Contract for Water

great

From: Byrne, Randall (Treasury)
Sent: Thursday, October 15, 2015 1:21 PM
To: Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>
Cc: Schafer, Suzanne K. (Treasury) <SchaferS7@michigan.gov>
Subject: RE: Contract for Water

Wayne:

I will call Jim Sygo and see if he is organizing the call. He may have a contact at the Mott Foundation, if not, I will find one.

Randy,

From: Workman, Wayne (TREASURY)
Sent: Thursday, October 15, 2015 1:14 PM
To: Byrne, Randall (Treasury) <ByrneR1@michigan.gov>
Subject: RE: Contract for Water

I would suggest DEQ. Need a contact at Mott. Maybe you can call Bill White and Jim Sygo at DEQ

From: Byrne, Randall (Treasury)
Sent: Thursday, October 15, 2015 1:12 PM
To: Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>
Subject: FW: Contract for Water

Wayne:

Do you know who is organizing this conference call? Natasha called and asked if I knew. Please discuss.

Thanks,
Randy,

From: Workman, Wayne (TREASURY)
Sent: Thursday, October 15, 2015 11:31 AM
To: Dayne Walling <dwalling@cityofflint.com>; Muchmore, Dennis (GOV) <muchmored@michigan.gov>
Cc: Natasha Henderson <nhenderson@cityofflint.com>; Sygo, Jim (DEQ) <SygoJ@michigan.gov>; Wyant, Dan (DEQ) <WyantD@michigan.gov>; Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>; Byrne, Randall (Treasury) <ByrneR1@michigan.gov>
Subject: RE: Contract for Water

Mayor, The state appropriation is being made to the DEQ. I have copied Director Wyant and his Chief Deputy Jim Sygo on this. We recommend a conference call with DEQ, Mott and the City to agree on payment procedures. It will be necessary to have a list of expenditure amounts for water and any other equipment, services and supplies that will total up to the \$12,000,000 budget. Treasury will participate and help any way, but it is important DEQ, Mott and the City agree on the process. We can participate in a call today or Friday. Wayne

From: Dayne Walling [<mailto:dwalling@cityofflint.com>]
Sent: Thursday, October 15, 2015 11:02 AM
To: Muchmore, Dennis (GOV) <muchmored@michigan.gov>; Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>

Cc: Natasha Henderson <nhenderson@cityofflint.com>

Subject: Contract for Water

Gentlemen, I have asked City Administrator Natasha Henderson to reach out to you at Treasury Wayne about the contract for Detoit water. The Mott Foundation has questions about payments and ensuring all parties are contributing to the monthly costs as well as how an escrow fund would work to ensure funds are solely for this purpose. Time is of the essence as you know and the City is prepared to do all things necessary for the water to begin flowing as quickly as possible as we have agreed. Thanks for your tremendous efforts on this and we look forward to finalizing the agreements hopefully today or tomorrow.

--

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>

Workman, Wayne (TREASURY)

From: Workman, Wayne (TREASURY)
Sent: Thursday, October 15, 2015 3:10 PM
To: Dayne Walling
Cc: Muchmore, Dennis (GOV); Natasha Henderson
Subject: RE: Contract for Water

We have reached out to DEQ to get a call organized.

From: Dayne Walling [mailto:dwalling@cityofflint.com]
Sent: Thursday, October 15, 2015 2:40 PM
To: Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>
Cc: Muchmore, Dennis (GOV) <muchmored@michigan.gov>; Natasha Henderson <nhenderson@cityofflint.com>
Subject: Re: Contract for Water

Thank you for the prompt response and the support

On Thu, Oct 15, 2015 at 11:32 AM, Workman, Wayne (TREASURY) <WorkmanW@michigan.gov> wrote:

Just sent Mayor Walling an email to get this this started. DEQ is the lead for the State for disbursing funds.

From: Muchmore, Dennis (GOV)
Sent: Thursday, October 15, 2015 11:24 AM
To: 'Dayne Walling' <dwalling@cityofflint.com>; Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>
Cc: Natasha Henderson <nhenderson@cityofflint.com>
Subject: RE: Contract for Water

Thanks Dayne, I'll get with Wayne.

From: Dayne Walling [mailto:dwalling@cityofflint.com]
Sent: Thursday, October 15, 2015 11:02 AM
To: Muchmore, Dennis (GOV) <muchmored@michigan.gov>; Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>
Cc: Natasha Henderson <nhenderson@cityofflint.com>
Subject: Contract for Water

Gentlemen, I have asked City Administrator Natasha Henderson to reach out to you at Treasury Wayne about the contract for Detroit water. The Mott Foundation has questions about payments and ensuring all parties are contributing to the monthly costs as well as how an escrow fund would work to ensure funds are solely for this purpose. Time is of the essence as you know and the City is prepared to do all things necessary for the water to

begin flowing as quickly as possible as we have agreed. Thanks for your tremendous efforts on this and we look forward to finalizing the agreements hopefully today or tomorrow.

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Dayne Walling
Mayor, City of Flint
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--

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mayor@cityofflint.com
www.cityofflint.com
follow me on twitter at <http://twitter.com/mayorwalling>

Workman, Wayne (TREASURY)

From: Workman, Wayne (TREASURY)
Sent: Thursday, October 15, 2015 3:55 PM
To: Dempkowski, Angela (Treasury); Saxton, Thomas (Treasury); Headen, Frederick (Treasury); Cline, Richard (Treasury); Byrne, Randall (Treasury); Schafer, Suzanne K. (Treasury)
Subject: FW: contract between Flint and Genesee County
Attachments: SKM_C554e15101515460.pdf

FYI and our files

From: Karen Teeples [mailto:K_TEEPLES@gcdcwws.com]
Sent: Thursday, October 15, 2015 3:48 PM
To: Muchmore, Dennis (GOV) <muchmored@michigan.gov>; Wyant, Dan (DEQ) <WyantD@michigan.gov>; Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>
Subject: contract between Flint and Genesee County

Drain Commissioner Jeff Wright wanted you to have a copy of the contract signed today.

LICENSE TO TRANSMIT WATER

This License to Transmit Water ("License") entered into on October 14, 2015, (the "License Date" and "Effective Date") is made between the City of Flint, a Home Rule City (the "City"), and the Genesee County Drain Commissioner, as County Agency, a county agency pursuant to the County Public Improvement Act 342 of 1939, as amended, ("GCDC"). The City and GCDC may be referred to individually as a "Party" or collectively as the "Parties."

RECITALS

WHEREAS, the City has requested the Detroit Water and Sewerage Department ("DWSD") to provide the City with potable water; and

WHEREAS, DWSD water distribution system has no physical connection to the City water distribution system; and

WHEREAS, GCDC is currently purchasing potable water from DWSD and GCDC is receiving DWSD water at the water meter GN-01 near Baxter and Potter Roads, located in Genesee County and more fully set forth in Exhibit 1 (hereinafter known as "GCDC/DWSD Connection"); and

WHEREAS, GCDC has a physical connection to the City water distribution system near Center Road and Pierson Road in Genesee Township, Genesee County, Michigan, which is more fully set forth in Exhibit 2 (hereinafter known as "GCDC/City Connection"); and

WHEREAS, GCDC owns nine (9) miles of water transmission pipeline ("Pipeline") that connects the GCDC/DWSD Connection to the GCDC/City Connection; and

WHEREAS, GCDC has the ability to allow Flint to transmit water through the Pipeline from the GCDC/DWSD Connection to the GCDC/City Connection so DWSD may service the City with DWSD treated potable water; and

WHEREAS, this License shall govern the terms and conditions of Flint transmitting water through the Pipeline from the DWSD/GCDC Connection to the GCDC/City Connection; and

WHEREAS, the Parties hereto acknowledge and agree that DWSD may assign its contract to provide potable water to the City to another entity, including, but not limited to, the Great Lakes Water Authority, and, if DWSD assigns its contract to provide water to the City, all reference to DWSD in this License shall be replaced by the party to whom DWSD assigns its contract

NOW, THEREFORE, THIS LICENSE is hereby made and mutually entered into by the City and GCDC for the mutual consideration stated herein and the Parties agree to the following:

1. **Adoption of Recitals.** All of the matters stated in the Recitals of this License are true and correct and are hereby incorporated into the body of this License as though fully set forth in their entirety herein. However, in cases of conflict, provisions of this License shall prevail over the matters stated in the Recitals.

2. **Contract for Water.** As a condition precedent to this License being effective, the City shall enter into a contract with DWSD for DWSD to supply the City with water and said contract shall require the City to pay DWSD directly for all water consumed by the City and any applicable charges, fees, or other amounts charged by DWSD. The City shall hold GCDC harmless from any and all debts the City incurs from receiving water from DWSD and any and all costs that DWSD may impose on GCDC as a result of the City receiving water from DWSD.

3. **Term.** The Parties hereto understand and acknowledge that GCDC needs the Pipeline to transmit its potable water to its customers once GCDC starts receiving raw water from KWA. The Parties agree and acknowledge that this License shall expire sixty (60) days after the City has received notice from KWA that raw water is available for the City for treatment; however, the City may request GCDC to extend this License until GCDC starts receiving raw water from KWA. The City shall not transmit water through the Pipeline after GCDC begins to transmit its potable water to its customers. The City acknowledges and consents to GCDC terminating any water transmission in the Pipeline for the benefit of the City once GCDC begins to produce and sell its potable water to its customers. The City may terminate this License by providing GCDC with thirty (30) days written notice of termination.

4. **Consideration.** In exchange for GCDC allowing the City to transmit water through the Pipeline, the City shall pay GCDC one dollar (\$1.00) per month for the term of this License. The City is allowed to pay the first nine (9) months in a lump sum payment.

5. **Meters and Billing.** The City hereby grants GCDC complete access to and upon verbal request by GCDC complete control of Station 2, including, but not limited to, all meters, valves, structures, and appurtenances until the Karegnondi Water Authority ("KWA") has notified the City that water is available to the City for treatment or GCDC has provided the City with thirty (30) days notice that GCDC no longer requires access to Station 2. GCDC shall have the meter calibrated within fifteen (15) days of the execution of this License and all costs for the calibration shall be the responsibility of the City. The City shall be entitled to all data, meter reads, and other information that is collected by GCDC at Station 2. The City shall be responsible for all utility costs associated with the operation of Station 2. The City shall be responsible for all repairs to the meter and meter pit. GCDC shall notify DWSD of the monthly meter read for Station 2.

6. **Transmission of Water.** GCDC shall use reasonable diligence to allow the City regular and uninterrupted transmission of water through the Pipeline from the GCDC/DWSD Connection to the GCDC/City Connection; however, Flint shall hold harmless and indemnify GCDC for any damages, breach of contract, or otherwise for interruption of service or curtailment of supply for any cause beyond the control of GCDC. These could include, but are not limited to, Acts of God, strikes, lockouts or other industrial disturbances, acts of public enemy, orders of any kind of the Government of the United States or the State, or any civil or military authority, insurrection, riots, epidemics, landslides, lightning, earthquake, fires, hurricanes, storms, floods, washouts, droughts, arrests, restraint of government and people, civil disturbances, explosions, breakage or accidents to machinery, pipelines or canals, partial or failure of the Pipeline or appurtenances. The City shall further hold GCDC harmless from any claim for damages related to continuity of service by third parties, including DWSD, for GCDC's inability to allow the transmission of water due to any cause beyond the control of GCDC.

7. **Water Quality.** The City shall hold GCDC harmless from any water quality related claim for damages by third parties, including DWSD, served by the City, which are asserted against, or are imposed upon or incurred by GCDC and which result from, relate to, or arise out of a claim regarding the treatment of water or the quality of water.

8. **Volume Available.** The City shall hold GCDC harmless in the event that DWSD cannot meet the volume demands of both GCDC and the City. GCDC shall be entitled to receive the quantity of water requested by GCDC and the City shall be entitled to any remaining volume of water. The City shall notify GCDC daily of its anticipated water volume for that day and GCDC shall be responsible for notifying DWSD of the water volume demands for both GCDC and the City.

9. **Pipeline Malfunction.** If the Pipeline shall malfunction for any reason while the City is transmitting water through the Pipeline, GCDC shall notify the City within two (2) hours of verifying the Pipeline malfunction. Thereafter, the malfunction shall be promptly repaired by GCDC and a detailed invoice for one-half (1/2) of the total cost of the repair shall be submitted to the City. The City shall have thirty (30) calendar days to process and authorize the payment for the repair to GCDC. Payment shall be made to GCDC within thirty-two (32) calendar days by either check or wire transfer. Wire transfer instructions are available from the GCDC Chief Financial Officer. The City shall indemnify and hold GCDC harmless for any and all claims from the City or third parties that relate to the City not being able to supply water to its customers due to the malfunction.

10. **Severability.** The Parties hereto specifically agree that in case any one or more of the sections, subsections, provisions, clauses or words of this License or the application of such sections, subsections, provisions, clauses or words to any situation or circumstance should be, or should be held to be, for any reason, invalid or unconstitutional, under the laws or constitutions of the State or the United States of America, or in contravention of any such laws or constitutions, such invalidity, unconstitutionality or contravention shall not affect any other sections, subsections, provisions, clauses or words of this License or the application of such sections, subsections, provisions, clauses or words to any other situation or circumstance, and it is intended that this License shall be severable and shall be construed and applied as if any such invalid or unconstitutional section, subsection, provision, clause or word had not been included herein, and the rights and obligations of the Parties hereto shall be construed and remain in force accordingly.

11. **Governing Law and Venue.** It is specifically agreed among the Parties to this License that Genesee County, State of Michigan is the place of performance of this License. In the event that any legal proceeding is brought to enforce this License or any provision hereof, the same shall be brought in the Genesee County Circuit Court.

12. **Interpretation and Construction.** For purposes of interpretation and construction of this License, both the City and GCDC shall be deemed to have been the drafter of this License and this License shall not be construed against any Party to this License.

13. **Modification.** This License shall not be modified, altered, or amended except through a written amendment signed by the Parties.

14. **No Third Party Beneficiaries.** This License is not intended to confer upon any person or entity, other than the Parties hereto, any rights or remedies of any kind or nature whatsoever.

15. **Notices.** Other than invoices and payments, any notice, communication, request, reply or advice (herein severally and collectively, for convenience, called "Notice") herein provided or permitted to be given, made or accepted by any Party to any other Party must be in writing and may be given or be served by depositing the same in the United States mail postpaid and registered or certified and addressed to the Party to be notified, with return receipt requested, or by delivering the same to an officer of such Party, or by prepaid telegram when appropriate, addressed to the Party to be notified. Notice deposited in the mail in the manner described above shall be conclusively deemed to be effective, unless otherwise stated herein, from and after the expiration of three (3) days after it is so deposited. Notice given in any other manner shall be effective only if and when received by the Party to be notified. For the purposes of notice, the addresses of the Parties shall, until changed as hereinafter provided, be as follows:

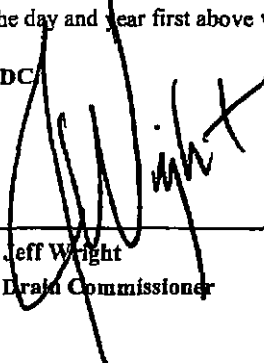
To GCDC: Genesee County Drain Commissioner's Office, Division of Water and Waste Services, G-4610 Beecher Road, Flint, Michigan 48532.

To the City: City of Flint, 1101 South Saginaw Street, Flint, Michigan 48502.

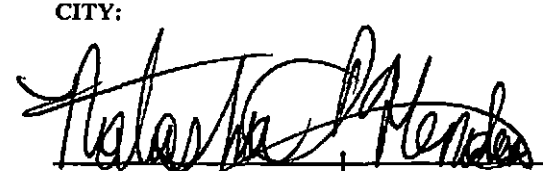
The Parties hereto shall have the right from time to time and at any time to change their respective addresses and each shall have the right to specify as its address any other address by at least fifteen (15) days written notice to the other Party hereto.

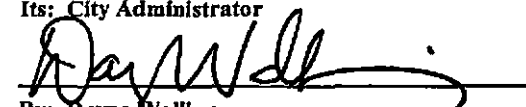
IN WITNESS WHEREOF, the Parties hereto acting under authority of their respective governing bodies have caused this License to be duly executed in several counterparts, each of which shall constitute an original, all as of the day and year first above written, which is the License and Effective Date.

GCDC:


By: Jeff Wright
Its: Drain Commissioner

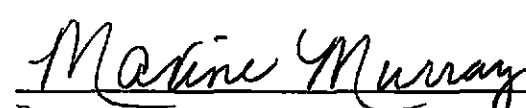
CITY:


By: Natasha Henderson
Its: City Administrator


By: Dayne Walling
Its: Mayor

Attest:


By:


By:

This License was prepared by:
Attorney Kevin Kilby (P68599)
McGraw Morris P.C.
2075 West Big Beaver Road
Suite 750
Troy, Michigan 48084
Phone: (248) 502-4000
Facsimile: (248) 502-4001
Email: kkilby@mcgrawmorris.com

Approved as to form by:


Peter M. Bade (P47546)
Chief Legal Officer
City of Flint
1101 South Saginaw Street, Room 307
Flint Michigan 48502

Exhibit 1
Location of GCDC/DWSD Connection

Exhibit 2
Location of GCDC/Flint

RESOLUTION NO.: _____

PRESENTED: 10-12-15

ADOPTED: _____

**RESOLUTION AUTHORIZING THE CITY ADMINISTRATOR TO TAKE
NECESSARY ACTION TO CONVERT TO THE DETROIT WATER SYSTEM**

BY THE CITY ADMINISTRATOR:

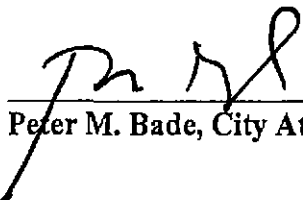
In order to promote the health, safety and welfare of this community, it is in the best interests of the City of Flint for the Detroit Water and Sewer Department (DWSD) to supply the City with treated water pending completion of the Karegnondi Water Authority; and

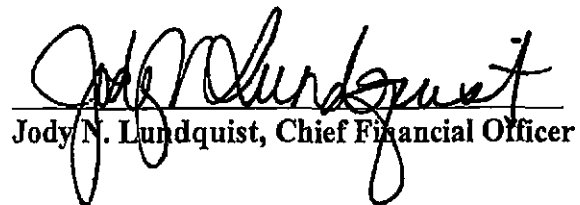
In order for DWSD to supply the City with water, it will be necessary to utilize pipe owned by the Genesee County Drain Commission (GCDC); and

The City, DWSD and GCDC are actively negotiating the terms of the necessary agreements to ensure this transition occurs as soon as possible; and

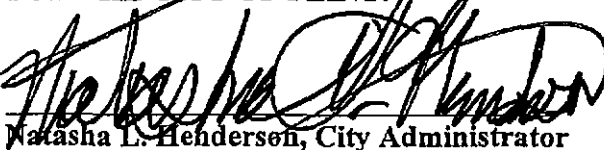
IT IS RESOLVED that the City Administrator is hereby authorized to enter into agreements with DWSD and GCDC for conversion to the Detroit Water System.

APPROVED AS TO FORM:


Peter M. Bade, City Attorney


Jody N. Lundquist, Chief Financial Officer

FOR THE CITY OF FLINT:


Natasha L. Henderson, City Administrator

APPROVED BY CITY COUNCIL:


PRESENTED TO CITY COUNCIL: 10/12/2015
ADOPTED BY CITY COUNCIL: 10/12/2015

Pleyte, Beth (Treasury)

From: Saxton, Thomas (Treasury)
Sent: Wednesday, October 15, 2014 5:23 PM
To: Sygo, Jim (DEQ)
Cc: Workman, Wayne (TREASURY); Koryzno, Edward (Treasury)
Subject: Flint - water

Jim – as you know Treasury (thru its EM) is engaged in Flint. Obviously the recent stories re their water quality have raised some concerns. Wayne who is the overall lead for us on this had a conversation with the City today including some of their public works staff. Is there someone we could talk to @ DEQ to get your perspective & corroborate what we are hearing from Flint ? Thanks

Byrne, Randall (Treasury)

From: Byrne, Randall (Treasury)
Sent: Friday, October 16, 2015 7:38 AM
To: Byrne, Randall (Treasury)
Attachments: Meeting with Suzanne October 16.docx

FYI



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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+++Weekly Critical Issues —October 16, 2015

- **Allen Park**— I have been advised that two new RTAB members are being appointed. They are Mark Wollenweber and Scott Lites. I have asked Eric to schedule an orientation for the new members before the next RTAB meeting on November 4th. The brownfield issue concerning the Southfield Lease Properties is under discussion.
- **Benton Harbor**-The lawsuit with the former Public Safety Director and two former employees is a major issue for the City. Darwin has indicated that it will cost the City \$1.7M to settle these three cases. They are only partially insured. I have advised Darwin to seek the City Commission's approval for the Finance Director's Search. The cost is \$10,000 for the MML Proposal. The City is discussing the purchase of public works vehicles (\$160 -\$200 K)for winter snow removal
- **Ecorse** – The City is proposing a part-time fire department. Their five year financial plan has been sent to us for review. They want the RTAB to approve on November10th. The City Council has approved. One additional RTAB member is needed (Joan Brophy).
- **Flint** – Lawsuit on water rates and the lead issues have Flint in a crisis mode. The City may be able to reconnect to DWSD by today. Natasha has sent me a revised cost (\$250K to \$350K) from Miller Canfield to represent the City in the Shears and Kincaid cases. Treasury is determining the level of support, if any, to provide the City in this matter. I informed Natasha yesterday that the legal representation is still being "discussed". Brian has asked me to prepare a FY15 Performance Report of the \$1.1M public safety grant. Telephone call between the City, Mott Foundation, and DEQ is being scheduled.
- **Hamtramck**-the RTAB position to replace Cathy. Phase 3 of the pension study will begin soon. The City has hired Alan Young for audit services but that decision was rejected by the RTAB. Greg Terrell is their next choice. The City Council is fighting about filling the vacancy on Council. The Circuit Court is now involved. Katrina released a Confidentiality Agreement with the former Police Chief due to a FOIA request. Two RTAB members are needed.
- **Highland Park**-The collection firm that has begun to collect past due (\$7M) water and sewer bills. Cathy has indicated that the City has over 500 aged payables including a DTE bill of \$200K for the water pumping station. I will be receiving an OPEB report from Meadowbrook soon. The City has purchased new water meters and will be installing them. Wade Trim has opened their water/sewer customer service office on Woodward Avenue.
- **Lincoln Park**-His exit will be in the first week of January. I have a revised EM exit schedule for you. We will be discussing the final order with Brad next week. We are hoping to find several RTAB candidates soon. E-Loan may be necessary? Five RTAB members are needed.
- **Inkster**- the City won its appeal on the water billing lawsuit. Mark said the city will be discussing its options. The City is negotiating with Wayne County on its \$4.9M sewer debt. A judgement levy for several years will be likely be placed on the July 2016 tax roll. Patrick and I will be meeting Mark on Tuesday.
- **Pontiac**-Jane Di Sessa will start on October 26. A contract has been signed and has been mailed. The Mayor and I will be meeting with two council members to discuss the hiring of an executive secretary and other issues. The Pontiac RTAB exit plan is nearing completion. The Mayor would

like to do a study of the Phoenix Center. Problem with the GERS Board financial advisor. Six million may be in jeopardy. One RTAB member is needed.

- **River Rouge**—the five year financial plan is not balanced yet. Do we want to exit without a balanced five year financial plan? The Mayor has drafted a revised plan that is even more favorable to Ecorse. The City was chosen by the Governor to be a part of the Rising Tide Initiative.
- **Royal Oak Township**- We may receive a proposal from Oak Park for police service. Additional discussions with Ferndale and Hazel Park are needed. The Township needs to submit another grant application for police funding. Patrick and I will be meeting with Robert on Tuesday. Montgomery and Co. the accounting firm has submitted an invoice for \$17,000. Robert has begun discussion on the new budget. He has hired Mr. Fedewa for accounting. According to Robert, he is doing a good job and is well liked by the Clerk and Treasurer.
- **Miscellaneous Items**—the draft of the November Governor's Memo will be finished and sent to Angela by Thursday. If any updates are necessary, please give to Eric. The RTAB candidates list has been revised. The draft exit plan for several communities is nearing completion. I sent a consent agreement template for your review. FOIA request from ACLU. Ed is attempting to get Giarmarco on a SAAG contract. Wayne County and the Downriver Sewage Disposal System update. The FDCVT grant submission deadline was yesterday. New staff members should have cell phones and laptops.