

Dostine, Patrick (TREASURY)

From: Cline, Richard (Treasury)
Sent: Tuesday, September 01, 2015 4:55 PM
To: Dostine, Patrick (TREASURY)
Subject: Flint Weekly Call

Importance: High

Patrick,

Here are a few points:

Water Lawsuit and City Response

KWA Bond Payment – We want to periodically follow-up on how they are going to make this payment in-light of the other issues.

Water Tests – Have they gotten the latest water test results? When will they be public? Will they be in-compliance?

Water Improvements – Status of other water system improvements.

Admin Assistant – Natasha hired an assistant. Let's confirm the hiring and see how it is working out.

Add whatever else you believe necessary.

Also, when you send these, copy Suzanne in case she wishes to attend.

Eric Cline | Department Manager

State of Michigan | Michigan Department of Treasury | Office of Fiscal Responsibility

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Cline, Richard (Treasury) SAM, UOS, CA, Mayer, Josh, Wendy

From: Dostine, Patrick (TREASURY)
Sent: Wednesday, September 02, 2015 8:10 AM
To: Byrne, Randall (Treasury); Cline, Richard (Treasury); Schafer, Suzanne K. (Treasury)
Cc: Porubsky, Carmen (TREASURY)
Subject: For Flint call this morning, 9AM

- Priorities - 1) Reassessment Grant being prepared - FDCUT; 2) Fin count ↓; 3) PD - Murder still ^
- Water Lawsuit and City Response - \$500K ↓ rev in 3 wks → \$714 ↓ / yr in unpaid bills
- Any estimate what cost is to water/sewer fund for customers "opting-out" of water bill?
- KWA Bond Payment
 - How Flint to make this payment (\$6M in FY '16) in light of the other issues. - Due Nov 2016; Able to pay?
- Water Tests
 - Have they gotten the latest water test results? - Yes; TCHM ↓ but high in one area
 - When will they be public? - No Notice Required
 - Will they be in-compliance? - Yes
- Water Improvements - Status of other water system improvements. - Meters going on
- Admin Assistant - Natasha hired an assistant. Let's confirm the hiring and see how it is working out. - Yes
- Miscellaneous - SCH help for Water CIP projects

Patrick Dostine

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Utilities

- 87M / yr
Y₄ - Y₃ shut-off notices every billing
- 1) Bills Today - Rates Adjusted; \$600K ↓ for this bill; Resume shut-off's after this bill
 - 2) KWA Hook-up Plan - June 2016 or Dec 2016
 - 3) Class Action - All customers; 30,000 approx; # of Foreclosures?; True Impact?
 - 4) Water Break - Under the River; \$500K; RTAB approval of contract

FLINT ~~PLAN~~ SEPT. 2

JOHN FREEMAN, NATASHA, ERIC, MAYOR, RANDY
WENDY

• Priorities

Utilities

- adjusted bills - going out today
- Even if stay, everyone will receive at least ~~one~~ this bill
- Financial impact \$600k / for one billing - for the yr. \$7M

Engineers

working in there - to see what Flint essential to look into KWA two plan -

- 1. June Plan
 - 2. Dec. Plan
- two diff scenarios by engineers

- Due in NOV. 1st bond payment for KWA

Results for Only test

TTM. tested higher in one area

Flint doesn't have to send notification out - Flint is in compliance!

• still installing meters

(2)

Avg water bill

5/8" line -

- \$18 reduction usage rate side bill
- Flint is able to collect water/sewer charges - not the water rate

Class Action Suit

How many homes affected?

- 30,000 customers - assumed
- Flint officials have ~~assumed~~ a city-wide impact -
- Flint doesn't really know the number how many foreclosures result of delinquent water bills - research this -
- When can shut water off again?
- If these bills go unpaid, can shut off these customers who get the reduced-rate bill.
- There is also the question of how many ~~are~~ are going to pay -
-

- \$7.5M loss for rest of FY '15 -

(Will Flint make NOV 16 KWA Board?)
if revenue loss continues

- Flint doesn't actually know when Appeals/Rate will be heard.

(3)

- Property tax reassessment grant
Flint applying for \$2M / FDCVT grant

Public Safety

- Down on fires;
- Police - homicides are still high
for Flint - ≈ 40 to 41 this yr.

WATERMAIN Break

- Flint is addressing it.
- broke under the river - no big Flint
will have to contract this fix out -
will need DETAB approval -



Administrative ASST.

• was hired just before the freeze

- HELP ^{FLINT} with C.A.P. on the table?

Q posed by NATASHA

Dayne Walling
Mayor



Natasha L. Henderson
City Administrator

September

- Leak Detection on all 600 miles of the distribution system has started and is over halfway complete. Several dozen leaks have been identified and repairs continue as more leaks are found. This has decreased the amount of water loss existing in the system.
- Construction of a load out facility at our wastewater plant is on target for completion by November and will allow the City to eliminate the use of the incinerator resulting in significant annual savings.
- Over 3500 new water meters have been installed this year creating better accuracy, accountability, and decreasing the number of estimated reads on utility bills.

The report is the last to be issued showing the Flint River as a primary drinking water source and contains information on what temporary issues residents can expect during the change in water source, including hydrant flushing and possible discoloration as the water goes through the system. The report also references the submittal of a plan to the MDEQ for the addition of corrosion control agents to treated water delivered from Detroit.

Recent issues with lead leaching into drinking water as the reason for the switch in water source are mentioned in the report along with information regarding lead safety, free in-home water testing and free filters available to residents. A table containing all of the third quarter "Regulated Detected Contaminants", a feature of every water quality report, appears at the end of the publication.

Residents with questions or concerns about water quality can call the Water Treatment Plant at 810-787-6537 or email flintwater@cityofflint.com. Continuing information on water will be provided via the City of Flint's website, cityofflint.com.

—END—

Dostine, Patrick (TREASURY)

From: Widigan, Robert (TREASURY)
Sent: Wednesday, September 02, 2015 9:14 AM
To: Byrne, Randall (Treasury); Cline, Richard (Treasury); Vandegrift, Drew (TREASURY); Dostine, Patrick (TREASURY)
Subject: Independent Water Tests Show Lead Problems Far Worse Than Flint Claims

FYI – we may want to monitor this: <http://www.metrotimes.com/Blogs/archives/2015/09/01/independent-water-tests-show-lead-problems-far-worse-than-flint-claims>

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NEWS HITS

Tuesday, September 1, 2015

Independent water tests show lead problems far worse than Flint claims

Posted By Curt Guyette on Tue, Sep 1, 2015 at 5 13 pm



Photo courtesy Min Tang and Kelsey Fleper/Virginia Tech

Photo of Flint drinking water pipes showing different kinds of iron corrosion and rust

Claims by state and local officials that Flint's municipal water is safe to drink are being put to the test in a precedent-setting independent study.

So far, those claims are emphatically failing to pass muster.

Researchers from Virginia Tech — working with a group of Flint residents and the ACLU of Michigan — are conducting an extensive analysis of lead and copper levels in water flowing into the homes of Flint's residents.

Initial findings show the problem is roughly twice as bad as the city's tests indicate.

What's been dubbed the Flint Citizen Science Study is still under way, but the early findings have been so disturbing that the Virginia Tech team is posting results on the web in order to alert residents about how extensive the problem may be.

"I think it would have been unethical to not release this information right away," said VT professor Marc Edwards, who is leading the project.

According to U.S. Environmental Protection Agency regulations, the city would be out of compliance if 10 percent of homes tested were above the action level of 15 parts per billion lead. The city says its latest sampling, conducted during the first six months of this year, shows that Flint's water is in compliance with federal regulations, according to documents obtained by the ACLU of Michigan.

That claim is based on tests conducted at 69 homes.

The VT study is looking at nearly four times as many homes. Of the 120 samples analyzed so far, 20 percent have been over the federal action level — twice what it would take for the city to be out of compliance.

“Needless to say, these data are very worrisome,” said Edwards. “There are a disturbingly high number of homes with lead levels in a range where water consumption has caused lead poisoning in children and adverse pregnancy outcomes.”

Flint Mayor Dayne Walling and the Michigan Department of Environmental Quality both failed to respond to requests to comment on this story.

Edwards said that a study of this type — with residents leading the effort — is unprecedented.

Impetus for the project grew after the ACLU of Michigan in early July disclosed **an internal U.S. Environmental Protection Agency memo** that raised concerns about the water-sampling methodology used by the City of Flint.

One major concern is that the city, operating in accordance with Michigan Department of Environmental Quality protocol, instructs residents to “pre-flush” their water lines prior to testing. Residents are told to run their water for about four minutes in advance of taking a sample, which limits the amount of time water can absorb lead and copper from pipes and fixtures prior to testing. As a result, the amounts of metals that will be found are minimized, and the possibility that worst-case scenarios will be missed is increased.

Miguel Del Toral, a water specialist for the U.S. EPA’s Region V, characterized the city’s method as the equivalent of finding a “loophole” in the law and exploiting it.

Edwards agreed, contending that “no legitimate scientist” would say that the pre-flushing approach is an acceptable way to test for lead.

He also said that, based on recent tests the VT team conducted, high lead levels were to be expected, in part, because water from the Flint River is so **caustic**.

“At present, as a rough estimate ... it looks like Detroit water is about five times less corrosive to iron pipe than Flint River water. This also probably means that the iron pipes in the city of Flint system will fail five times faster using the Flint River water rather than the Detroit water,” according to the VT web site.

While under the control of a **state-appointed emergency manager**, Flint switched from using Detroit water as its source to the Flint River in April 2014, ostensibly as a cost-saving measure. Since then there has been a constant stream of water quality problems, with residents complaining of a variety of health issues and water that’s often brown or yellow and frequently four-smelling.

According to Edwards, Flint’s water is at least four times more corrosive than Detroit’s, causing infrastructure to break down and lead to be released into the city’s drinking water. As a result, his study’s disturbing findings are not surprising.

Edwards, a former recipient of a MacArthur Foundation “genius grant” who

discovered widespread problems regarding lead in Washington, D.C.'s water in the early 2000s, applied for an emergency National Science Foundation grant to fund the study currently taking place.

Three hundred sample kits arrived in Flint on Aug. 19. Since then, a team of residents representing such local groups as Concerned Pastors for Social Change, Water You Fighting For?, and the Democracy Defense League — all of which are part of a lawsuit seeking to force the city to return to the Detroit system — has been recruiting volunteers to have their water tested.

As of Tuesday, more than 265 sample kits have been collected and returned to Virginia Tech. The community-driven effort has exceeded all expectations regarding resident participation, said Edwards, who noted that the project would have been considered successful if at least 75 of the kits had been returned for analysis.

"The response shows how concerned the people of Flint are about the quality of their water," Edwards said.

Curt Guyette is an investigative reporter for the ACLU of Michigan. His work, which is funded by a grant from the Ford Foundation, focuses on issues involving emergency management and open government.

Tags lead levels drinking water, emergency management, image

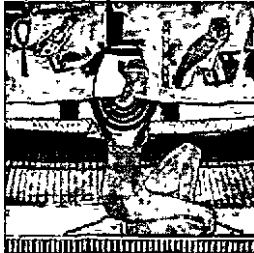
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Schafer, Suzanne K. (Treasury)

From: Dostine, Patrick (TREASURY)
Sent: Wednesday, September 02, 2015 11:29 AM
To: Schafer, Suzanne K. (Treasury); Byrne, Randall (Treasury); Cline, Richard (Treasury)
Cc: Porubsky, Carmen (TREASURY)
Subject: Flint call notes, Sept 2
Attachments: Flint call Sept2.docx

Patrick Dostine

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Flint – Sept 2 – Mayor Walling, N Henderson, J Freeman, Wendy, R Byrne, E Cline, P Dostine

- Flint sent adjusted water bills out to customers; bill reflects 35% reduction per court order. (So, even if stay is granted, customers will receive at least one newly adjusted bill.) Henderson said financial impact of adjusted rate is approx. \$600K per billing period. For the year, projected to be \$7M.
- Average water bill reduction for a 5/8" line is \$18.00. Flint is still able to bill and collect for water and sewer service charges.
- Class Action Suit. How many homes are affected? Flint officials have assumed the impact is city-wide, some 30,000 customers. The city doesn't know how many past, foreclosed homes are a result of delinquent water bills. Mayor Walling and Henderson said they are trying to determine this number.
- Flint can resume water shut-offs with the new, adjusted bills that just went out.
- Henderson has asked engineers to study the KWA project, to see what is essential, what must remain. The engineers said there are two different scenarios: (1) June Plan, (2) December Plan.
- First KWA bond payment (\$6M) is due in Nov-15.
- Results from Quarterly Water Test. TTHM levels tested higher than the average in one part of the city. Levels still within acceptable limit. Flint not required to send out notifications.
- Flint still continuing its meter installation program.
- Flint will be applying for this year's FDCVT grant, \$2M, for a property assessment project.
- Watermain Break. The break is under the Flint River. City officials said they cannot fix this in-house, will have to contract it out. Will need RTAB approval. A special meeting may have to be called to address this issue.
- Public safety. Fires are down, but this means the city loses some eligibility for grants. Homicides are still high, approx. 42 so far this year.
- The administrative assistant was hired, brought on, prior to the recent hiring freeze edict.
- Flint officials asked Treasury during the call if there was any assistance available to the city for its suspended CIP.

Dempkowski, Angela (Treasury)

From: Workman, Wayne (TREASURY)
Sent: Thursday, September 03, 2015 8:55 AM
To: Byrne, Randall (Treasury)
Subject: RE: info about KWA from Drain Commissioner Jeff Wright

Call my cell when you get a break to touch base on the Pontiac Cable issue and anything else

From: Byrne, Randall (Treasury)
Sent: Thursday, September 03, 2015 8:53 AM
To: Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>
Subject: RE: info about KWA from Drain Commissioner Jeff Wright

Wayne:

Thanks, we will.

Randy

From: Workman, Wayne (TREASURY)
Sent: Thursday, September 03, 2015 8:33 AM
To: Byrne, Randall (Treasury) <ByrneR1@michigan.gov>; Widigan, Robert (TREASURY) <WidiganR@michigan.gov>; Koryzno, Edward (Treasury) <KoryznoE@michigan.gov>; Cline, Richard (Treasury) <cliner1@michigan.gov>
Subject: FW: info about KWA from Drain Commissioner Jeff Wright

Let keep in our files for future reference

From: Muchmore, Dennis (GOV)
Sent: Thursday, September 03, 2015 8:19 AM
To: Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>; Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>; Agen, Jarrod (GOV) <AgenJ@michigan.gov>; Clement, Elizabeth (GOV) <clemente@michigan.gov>; Wurfel, Sara (GOV) <Wurfels@michigan.gov>; Murray, David (GOV) <MurrayD1@michigan.gov>
Subject: FW: info about KWA from Drain Commissioner Jeff Wright

FYI

From: Karen Teeples [mailto:K_TEEPLES@gcdcwws.com]
Sent: Wednesday, September 2, 2015 11:44 AM
To: Muchmore, Dennis (GOV) <muchmored@michigan.gov>; Hollins, Harvey (GOV) <hollinsh@michigan.gov>; Wisniewski, Wendy (GOV) <wisniewskiw@michigan.gov>
Subject: info about KWA from Drain Commissioner Jeff Wright



GENESEE COUNTY DRAIN COMMISSIONER'S OFFICE

JEFFREY WRIGHT

COMMISSIONER

G-4608 BEECHER ROAD, FLINT, MI 48532

PHONE (810) 732-1590 FAX (810) 732-1474



MEMORANDUM

DATE: September 2, 2015

TO: Dennis Muchmore, Chief of Staff, State of Michigan, Office of the Governor
Harvey Hollins III, Director, Office of Urban Initiatives, State of Michigan

FROM: Jeff Wright, Drain Commissioner, Genesee County

SUBJECT: Karegnondi Water Authority
Fact Sheets

Gentlemen,

Find enclosed 3 items as promised at our meeting of August 26, 2015.

1. Original Fact Sheet
DWSD vs. KWA: 5/1/12
2. KWA Fact Sheet: 9/1/15
3. DWSD Cost of Water

Should you have any questions, do not hesitate to contact me directly at 810-287-1925.

VIA EMAIL:

Fact Sheet
City of Flint
DWSD versus KWA

- Issue: City of Flint joining Karegnondi Water Authority and leaving City of Detroit water system
- Fact: Both the City of Flint and City of Detroit operate their water system via enterprise funds. The water fund does not impact either community's general fund. Leaving the water system will not impact the general fund.
- Fact: The City of Flint is a suburban customer of Detroit. If Flint leaves, it only impacts the suburban customer rate, not Detroit's.
- Fact: Detroit's own plan calls for (latest available estimate) \$1.2 billion dollar improvements to supply redundancy to Flint. If Flint leaves, Detroit avoids this construction cost.
- Fact: Detroit and DWSD have experienced bond rating decreases in recent months. If Flint leaves, DWSD avoids a new bond issue and eliminates a capital project from its master plan improving its financial outlook.
- Fact: Delivering water to Flint from DWSD is expensive. If Flint leaves, DWSD can reduce its operating and maintenance costs to its contracted customers.
- Fact: DWSD has a limited capacity for water treatment and delivery. If Flint leaves, the City can resell that volume to other customers.
- Fact: DWSD has multiple drinking water treatment plants. Some are more expensive to operate and maintain than others. Without a commitment to Flint, its largest customer other than the City of Detroit, DWSD may choose to discontinue operation of one or more of its current facilities and realize significant cost reductions to the overall system.
- Fact: Flint is not part of the DWSD sewer system. The City of Flint leaving has no impact on the sewer system.
- Fact: The creation of the KWA system will create over 1,000 construction jobs in Michigan. Design and construction of the system will take 42 months from July 2012 through December 2015.
- Fact: KWA is offering a fixed rate for capital to its customers. Flint joining KWA will give the City a stable rate for upwards of 20 years.
- Fact: KWA will offer raw water to the region. Raw water is not enhanced with chemicals, which is undesirable to agribusiness.
- Fact: The I-69 corridor/I-75 corridor crosses in Flint. Along with CN and CSX and the pipeline aerotropolis, Flint can be a major transportation center for agribusiness. KWA can provide two products for agribusiness: potable and process (raw) water, and wastewater treatment facilities.

Fact: DWSD does not serve the Thumb region. KWA with its partners will be able to serve both the population with its basic needs: drinking water and the businesses with large quantities of process (raw) water.

Fact: DWSD is the only water supplier for over 4 million residents of the state. The creation of the KWA will create a second water supply system thereby reducing the impact of terrorist attacks on water supplies. With a mutual aid agreement between DWSD and KWA, the system could complement each other.

Fact: DWSD does not provide water supply to major portions of the KWA service area. KWA will provide local municipalities in the thumb region with an alternative water supply to the Arsenic impacted well systems.

In addition, local communities can replace groundwater systems with KWA surface water system and thereby improve local groundwater levels.

The KWA system will provide fire protection service to regions currently not served.

Fact: The current DWSD water system has over 20% water loss in its system. KWA's water supply is expected to have less than a 5% water loss. KWA will provide a more effective use of the waters of the state.

Fact: KWA provides redundant water supply to Flint. Currently, DWSD only provides a single source to Flint. KWA provides multiple supply sources to Flint at a fraction of the cost.

Fact: KWA has offered to purchase excess infrastructure from DWSD. If Flint leaves, Detroit has 25 miles of watermain it no longer needs. KWA has offered to purchase the pipeline and enter into a long-term arrangement for purchase of water from DWSD.

Fact: Each incorporating municipality in KWA will pay the same rate for raw water; therefore, each community will set its own treatment standards and exert local control of the cost of water it provides to its citizens.

Fact: Lapeer and Sanilac Counties are facing depletion of their groundwater supplies.

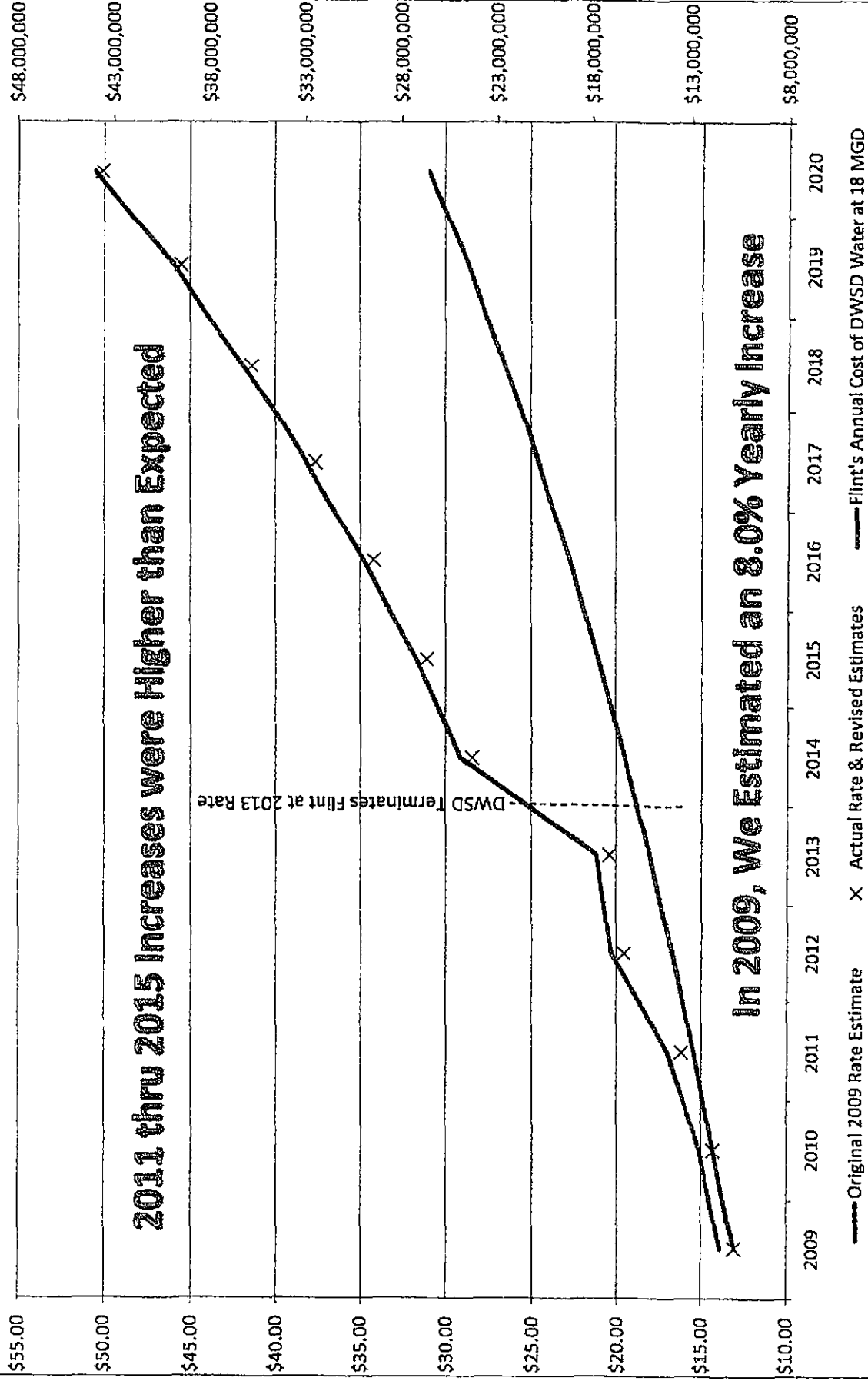
Karegnondi Water Authority (KWA) Fact Sheet

- KWA is incorporated by the State of Michigan, comprised of the City of Flint, City of Lapeer, Genesee County, Lapeer County, and Sanilac County.
- As specified in its Articles of Incorporation, each of these constituent municipalities has one representative to the board – specifically the Mayors or their designees of the 2 cities (Flint and Lapeer), the Drain Commissioners or their designees from each of the counties (Sanilac, Lapeer, and Genesee).
- KWA will deliver raw water to customer utilities.
- Each governmental unit will still own and operate their respective treatment and distribution systems. GCDC will have no jurisdiction over the City of Flint water. Flint will have all franchise rights for sale and treatment of water from KWA within the City of Flint.
- Each community that obligates itself to the debt for construction of the KWA infrastructure pipeline, intake and pump stations, receives commensurate voting membership to the board.
- Flint's debt obligation is based on the volume as selected by the city.
- Additional members are appointed by their respective communities.
- All board members serve without compensation.
- KWA will operate with 5 to 7 full-time equivalent employees. KWA will contract its labor force.
- To date, only the City of Flint and Genesee County have bought capacity in the project.
- Once KWA water is available, each community receiving untreated Lake Huron water from KWA will pay a share of the operating costs, i.e.: electricity, labor, maintenance, and chemicals in proportion to the volume of water they receive.

DWSD Cost of Water to Flint in \$/MCF & Annually

2011 thru 2015 Increases were Higher than Expected

In 2009, We Estimated an 8.0% Yearly Increase



KAREGNONDI WATER AUTHORITY FINANCING CONTRACT

THIS CONTRACT, dated as of August 1, 2013, by and among the Karegnondi Water Authority, a municipal authority and public body corporate of the State of Michigan (hereinafter referred to as the "Authority"), the City of Flint in the County of Genesee and the County of Genesee (collectively, the "Local Units" and each a "Local Unit").

WITNESSETH:

WHEREAS, the Authority has been incorporated under the provisions of Act No. 233, Public Acts of Michigan, 1955, as amended (hereinafter referred to as "Act 233"), for the purposes set forth in Act 233; and

WHEREAS, the Authority will acquire, construct and operate a water supply system to be known as the Karegnondi Water Supply System that provides untreated water to the Local Units, each of which is a constituent municipality of the Authority; and

WHEREAS, it is immediately necessary and imperative for the public health and welfare of the present and future residents of each of the Local Units that a certain water supply system, as more fully described on Exhibit A hereto, together with all necessary interests in land, appurtenances and attachments thereto (the "System") be acquired, installed and constructed; and

WHEREAS, plans and an estimate of cost of the System have been prepared by the Authority's consulting engineers, Wade Trim (the "Consulting Engineers"), which said estimate of aggregate cost totals an amount not to exceed \$300,000,000; and

WHEREAS, each of the Local Units is desirous of having the Authority acquire and own the System in order to continue to operate the System in order to furnish the Local Units with untreated raw water; and

WHEREAS, the parties hereto have determined that the System is essential to the general health, safety and welfare of each of the Local Units; and

WHEREAS, the Authority and each of the Local Units are each agreeable to the execution of this Contract by and among themselves which provides, among other things, for the financing of all or a portion of the cost of the System; and

WHEREAS, this Contract contemplates the issuance of bonds in one or more series by the Authority to pay all or part of the costs of the System; and

WHEREAS, each of the Local Units has or will approve and authorize the execution of this Contract by resolution of its governing body; and

WHEREAS, each of the Local Units has published or will publish, individually or jointly, a notice of intention to enter into this Contract in a newspaper of general circulation in the territory encompassed by each Local Unit; and

WHEREAS, this Contract will become effective for each Local Unit upon expiration of a period of forty-five (45) days following publication by each Local Unit of its notice of intention without filing of a petition for referendum on the question of its entering into this Contract, or if such referendum election be required, then upon approval by the qualified electors of the Local Unit.

NOW, THEREFORE, IN CONSIDERATION OF THE PREMISES AND THE COVENANTS MADE HEREIN, THE PARTIES HERETO AGREE AS FOLLOWS:

SECTION 1. The Authority and the Local Units hereby approve the acquisition, construction and operation of System, together with all necessary interests in land, appurtenances and attachments thereto.

SECTION 2. Each of the Local Units hereby consents to the use by the Authority and any parties contracting with the Authority of the public streets, alleys, lands and rights-of-way in each Local Unit for the purpose of constructing, operating and maintaining the System including any improvements, enlargements and extensions thereto.

SECTION 3. The System is designed to provide and transport untreated raw water to each of the Local Units and the System is immediately necessary to protect and preserve the public health.

SECTION 4. The Authority and each of the Local Units hereby approve and confirm the plans for the System prepared by the Consulting Engineers and the total estimated cost thereof in the sum of not to exceed \$300,000,000. Said cost estimate includes all surveys, plans, specifications, acquisition of property for rights-of-way, physical construction necessary to acquire and construct the System, the acquisition of all materials, machinery and necessary equipment, and all engineering, engineering supervision, administrative, legal and financing expenses necessary in connection with the acquisition and construction of the System and the financing thereof.

SECTION 5. The Authority shall not enter into any final contract or contracts for the acquisition and construction of the System if such contract price or prices will be such as to cause the actual cost thereof to exceed the estimated cost as approved in Section 4 of this Contract unless the Authority has sufficient funds to cover such excess, or, each of the Local Units, by resolution of its respective legislative body, (a) approves said increased total cost, and (b) agrees to pay such excess over the estimated cost, either in cash or by specifically authorizing the maximum principal amount of bonds to be issued, as provided in Sections 9 and 14 of this Contract, to be increased to an amount which will provide sufficient funds to meet said increased cost, and approves a similar increase in the installment obligations of each Local Unit, if any, pledged under the terms of this Contract to the payment of such bonds.

SECTION 6. The System shall be acquired and constructed by the Authority substantially in accordance with the plans and specifications therefor approved by this Contract. All matters relating to engineering plans and specifications, together with the making and letting of final construction contracts, the approval of work and materials thereunder, and construction supervision, shall be in the

control of the Authority. All acquisition of sites and rights-of-way, if any, shall be done by the Authority. Each Local Unit's share of the costs of such acquisition in each Local Unit, if any, shall be paid from the Local Unit's share of bond proceeds and, in addition, any costs incurred by any Local Unit in connection with the acquisition or construction of the System, including, but not limited to, engineering expenses, shall be promptly reimbursed to the Local Unit by the Authority from the proceeds of the Authority's Bonds with the approval of the Authority board.

SECTION 7. The Authority shall operate, maintain and administer the System for and on behalf of the Local Units. The System shall be maintained in good condition and repair. The Authority shall provide insurance as part of its obligation to operate the System. The Authority will furnish reports to the Local Units at periodic intervals corresponding with the reporting periods of the Local Units in detail sufficient to inform the Local Units of the operations of the System and to permit the Local Units to meet their financing requirements hereunder.

SECTION 8. To provide for the construction and financing of the System in accordance with the provisions of Act 233, the Authority shall take the following steps:

(a) The Authority will take steps to adopt a resolution or resolutions providing for the issuance of its bonds in one or more series in the principal amount of not to exceed \$300,000,000 (except as otherwise authorized pursuant to Section 5 of this Contract) to finance all or part of the costs of the System. Said bonds shall mature serially or be subject to mandatory sinking fund redemption as authorized by law, and shall be secured by the contractual obligations of each Local Unit in this Contract. After due adoption of the resolution or resolutions, the Authority will take all necessary legal procedures and steps necessary to effectuate the sale or sales and delivery or deliveries of said bonds.

(b) The Authority shall take all steps necessary to take bids for and enter into and execute final acquisition and construction contracts for the acquisition and construction of the System as specified and approved hereinbefore in this Contract, in accordance with the plans and specifications therefor based on the plans as approved by this Contract.

(c) The Authority will require and procure from the contractor or contractors undertaking the actual construction and acquisition of the System necessary and proper bonds to guarantee the performance of the contract or contracts and such labor and material bonds as may be required by law.

(d) The Authority, upon receipt of the proceeds of sale of each series of bonds, will comply with all provisions and requirements provided for in the resolution authorizing the issuance of such series of bonds and this Contract relative to the disposition and use of the proceeds of sale of such series of bonds.

(e) The Authority may temporarily invest any bond proceeds or other funds held by it for the benefit of each Local Unit as permitted by law and investment income shall accrue to and follow the fund producing such income. The Authority shall not, however, invest, reinvest or accumulate any moneys deemed to be proceeds of the bonds pursuant to §148 of the Internal Revenue Code of 1986, as amended, and the applicable regulations thereunder (the "Code"), in such a manner as to cause the bonds to be "arbitrage bonds" within the meaning of Code §

103(b)(2) and §148, or otherwise as may jeopardize the tax status of the bonds.

SECTION 9. Each Local Unit irrevocably covenants and agrees to pay to the Authority its Local Unit share of each series of bonds to be issued by the Authority pursuant to this Contract. The share of each Local Unit shall be determined as set forth on Exhibit B hereto.

The cost of the System to be financed with the issuance of bonds of the Authority in the aggregate principal amount of not to exceed \$300,000,000 shall be paid in annual installments on the dates and in the amounts as established in the Authority's bond authorizing resolution.

Each Local Unit covenants that it will make or cause to be made its payments as required by this Contract not less than 3 days prior to the dates on which the Authority is required to make payments on the bonds described herein to the transfer agent for the bonds.

It is understood and agreed that the bonds of the Authority hereinbefore referred to will be issued in anticipation of the above contractual obligation, with principal maturities on the dates established by the Authority corresponding to the principal amount of the installments then coming due, and there shall also be paid in addition to said principal installments, on such dates as shall be determined by the Authority, commencing on such date as determined by the Authority, as accrued interest on the principal amount remaining unpaid, an amount sufficient to pay all interest at an interest rate not to exceed ten percent (10%) per annum, due on the next succeeding interest payment date on the bonds from time to time outstanding.

It is further understood and agreed that the bonds of the Authority may be secured by a debt service reserve fund or funds to provide additional security for the timely payment thereof if the Authority determines, in consultation with its financial advisor, that the provision of such debt service reserve fund or funds is advisable. If the bonds of the Authority are secured by a debt service reserve fund or funds, each Local Unit covenants and agrees to provide for the replenishment of such debt service reserve funds as described in Exhibit B.

From time to time as the Authority is billed by the transfer agent for its services for the bonds, and as other costs and expenses accrue to the Authority from handling of the payments made by the Local Units, or from other actions taken in connection with the System, the Authority shall promptly notify the Local Units of the amount of such paying agent fees and other costs and expenses, and the Local Units shall promptly remit to the Authority sufficient funds to meet such fees and other costs and expenses in the proportions hereinabove provided to the extent sufficient funds are not available to the Authority. Each Local Unit warrants and represents that the amount of its obligations under this Contract, when taken together with other indebtedness of such Local Unit, will not cause its obligations under this Contract to exceed any constitutional, statutory or charter debt limitation applicable to such Local Unit.

The Authority shall, within thirty (30) days after the delivery of each series of the bonds of the Authority hereinbefore referred to, furnish each Local Unit with a complete schedule of installments of principal and interest thereon, and the Authority shall also at least sixty (60) days prior to each principal and/or interest installment due date, advise the Local Units, in writing, of the exact amount of principal and interest installments due on each series of bonds on the next succeeding bond principal and/or interest due date, and payable on the first day of the month immediately preceding, as hereinbefore

provided. Failure of the Authority to notify the Local Units of any such payment shall not relieve the Local Units of the obligation to make such payment.

If any principal installment or interest installment is not paid when due, the amount not so paid shall be subject to a penalty, in addition to interest, of one percent (1%) thereof for each month or fraction thereof that the same remains unpaid after the due date.

SECTION 10. Each Local Unit states its intention to pay its obligations under this Contract from sources of moneys as are provided by Act 233 and applicable law, including the levy and collection of rates and charges to users of its respective water supply system for operating and maintaining its system provided by each Local Unit to customers in the Local Unit. Nevertheless, pursuant to the authorization contained in Act 233, each Local Unit hereby irrevocably pledges its full faith and credit for the prompt and timely payment of its obligations pledged for bond payments as expressed in this Contract, and, subject to the provisions of the last sentence of this paragraph, shall each year, commencing with the first tax levy after issuance of the bonds by the Authority, levy an ad valorem tax on all the taxable property in the Local Unit in an amount which, taking into consideration estimated delinquencies in tax collections, will be sufficient to pay such obligations under this Contract becoming due before the time of the following year's tax collections. Such annual tax levies shall be subject to applicable constitutional, statutory, and charter tax limitations. Nothing herein contained shall be construed to prevent a Local Unit from using any, or any combination of, the means and methods provided in Section 7 of Act 233, as now or hereafter amended, for the purpose of providing funds to meet its obligations under this Contract, and, if at the time of making the annual tax levy there shall be either other funds on hand earmarked and set aside, or funds provided in the annual budget of the water supply system of the Local Unit, for the payment of the contractual obligations due prior to the next tax collection period, then such annual tax levy may be reduced by such amount.

In the event a Local Unit shall fail for any reason to pay to the Authority at the times specified the amounts required to be paid by the provisions of this Contract, the Authority shall immediately give notice of such default and the amount thereof, to the Treasurer of each Local Unit, the Treasurer of the State of Michigan, and such other officials charged with the disbursement to such Local Unit of funds returned by the State and now or hereafter under Act 233 available for pledge as provided in this Section and in Section 12a of Act 233, and if such default is not corrected within ten (10) days after such notification, the State Treasurer, or other appropriate official charged with disbursement to such Local Unit of the aforesaid funds, is, by these presents, specifically authorized by the Local Unit, to the extent permitted by law, to withhold from the aforesaid funds the maximum amount necessary to cure said deficit and to pay said sums so withheld to the Authority, to apply on the obligations of the Local Unit as herein set forth. Any such moneys so withheld and paid shall be considered to have been paid to the Local Unit within the meaning of the Michigan Constitution and statutes, the purpose of this provision being voluntarily to pledge and authorize the use of said funds owing to the Local Unit to meet any past-due obligations of such Local Unit due under the provisions of this Contract. In addition to the foregoing, the Authority shall have all other rights and remedies provided by law to enforce the obligations of the Local Unit to make its payments in the manner and at the times required by this Contract, including the right of the Authority to direct the Local Unit to make a tax levy to reimburse the Authority for any funds advanced.

SECTION 11. Each Local Unit may pay in advance any of the payments required to be made by this Contract, in which event the Authority shall credit the respective Local Unit with such advance

payment on future due payments to the extent of such advance payment, or use such advances to call bonds without credit to the extent provided in relevant series of bonds.

SECTION 12. Each Local Unit may pay additional moneys over and above any of the payments specified in this Contract, with the written request that such additional funds be used to prepay installments, in which event the Authority shall be obligated to apply and use said moneys for such purpose to the fullest extent possible. Such moneys shall not then be credited as advance payments under the provisions of Section 11 of this Contract.

SECTION 13. It is specifically recognized by each Local Unit that the debt service payments required to be made by each pursuant to the terms of Section 9 of this Contract are to be pledged for and used to pay the principal installments of and interest on with respect to the bonds to be issued by the Authority as provided by this Contract and authorized by law, and each Local Unit covenants and agrees that it will make all required payments to the Authority promptly and at the times herein specified without regard to whether the System is actually completed or placed in operation.

SECTION 14. If the proceeds of the sale of the bonds in one or more series in aggregate amount not to exceed \$300,000,000 to be issued by the Authority are for any reason insufficient to complete each Local Unit's share of the cost of the System, subject to each Local Unit's approval required by Section 5 hereof, the Authority shall automatically be authorized to issue additional bonds in an aggregate principal amount sufficient to pay the cost of completing the System and to increase the annual payments required to be made by each Local Unit in an amount so that the total payments required to be made as increased will be sufficient to meet the annual principal and interest requirements on the bonds herein authorized plus the additional bonds to be issued. It is expressly agreed between the parties hereto that the Authority shall issue bonds pursuant to this Contract and each Local Unit shall be committed to retire such amount of bonds as may be necessary to pay each Local Unit's share of the costs of the System whether or not in excess of those presently estimated herein. Any such additional bonds shall comply with the requirements of Act 233 and any increase in the annual payments shall be made in the manner and at the times specified in this Contract. In lieu of such additional bonds, each Local Unit may pay over to the Authority, in cash, sufficient moneys to complete each Local Unit's share of the cost of the System.

SECTION 15. After completion of the System and payment of all costs thereof, any surplus remaining from the proceeds of sale of bonds shall be used by the Authority for either of the following purposes: (a) for improvements or enhancements to the System or for other projects of the Authority undertaken on behalf of the Local Units, subject to approval of the Authority; or (b) credited by the Authority toward the next payments due the Authority by said Local Units hereunder.

SECTION 16. The obligations and undertakings of each of the parties to this Contract shall be conditioned on the successful issuance and sale of the first series of bonds pursuant to Act 233, and if for any reason whatsoever the first series of bonds are not issued and sold within three (3) years from the date of this Contract, this Contract, except for payment of preliminary expenses and ownership of engineering data, shall be considered void and of no force and effect.

SECTION 17. The Authority and each Local Unit each recognize that the owners from time to time of each series of bonds issued by the Authority under the provisions of Act 233 to finance the cost of the System will have contractual rights in this Contract, and it is, therefore, covenanted and agreed by

the Authority and each Local Unit that so long as any of series of bonds shall remain outstanding and unpaid, the provisions of this Contract shall not be subject to any alteration or revision which would in any manner materially affect either the security of such series of bonds or the prompt payment of principal or interest thereon. Each Local Unit and the Authority each further covenant and agree that each will comply with its respective duties and obligations under the terms of this Contract promptly at the times and in the manner herein set forth, and will not suffer to be done any act which would in any way impair the said bonds, the security therefor, or the prompt payment of principal and interest thereon. It is hereby declared that the terms of this Contract insofar as they pertain to the security of any such bonds shall be deemed to be for the benefit of the owners of said bonds.

SECTION 18. This Contract shall remain in full force and effect from the effective date hereof (as provided in Section 21) until each series bonds issued by the Authority are paid in full, but in any event not to exceed a period of thirty (30) years for each series of bonds. At such time within said 30-year term as any of the series of said bonds are paid, this Contract shall be terminated. In any event, the obligation of each Local Unit to make payments required by this Contract shall be terminated at such time as all of said bonds are paid in full, together with any deficiency or penalty thereon.

SECTION 19. This Contract shall inure to the benefit of and be binding upon the respective parties hereto, their successors and assigns.

SECTION 20. This Contract shall become effective upon (i) approval by the legislative body of each Local Unit, (ii) approval by the Board of the Authority and (iii) due execution by authorized officers of each Local Unit and by the Chairman and Secretary of the Authority.

SECTION 21. This Contract may be executed in several counterparts.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be executed as of the day and year first above written.

In the presence of:

KAREGNONDI WATER AUTHORITY

By: _____
Chairman

By: _____
Secretary

In the presence of:

CITY OF FLINT

By: _____
Michael K. Brown, Emergency Manager

In the presence of:

COUNTY OF GENESEE

By: _____
Chairperson of Board of
Commissioners

By: _____
Clerk

EXHIBIT A

SYSTEM

The Karegnondi Water System is a raw water supply system. It will deliver untreated Lake Huron water 65 miles inland to the population centers of Lapeer and Genesee Counties, including the Cities of Lapeer and Flint, and the County Agency of Genesee County with 17 local municipal systems. The system will also be capable of delivering water along the route to customers in Sanilac and Lapeer County, as well as future customers in Saint Clair County.

The system will consist of a lake intake, two pumping stations, and over 65 miles of large diameter transmission watermain. The system will include fire hydrants, metering stations, reservoirs, and the appurtenances necessary to operate the system efficiently. The lake intake portion of the project and the land where the two pumping stations are located will be acquired, constructed, designed and financed by the County of Genesee and made available for use by the Karegnondi Water System.

All land and required right-of-ways and easements have been acquired.

EXHIBIT B

LOCAL UNIT ESTIMATED SHARE OF IMPROVEMENT COST

The following is a breakdown of the percent each Local Unit is required to pay of the aggregate debt service, including the obligation to replenish a debt service reserve fund(s), if any, on the Authority's bonds authorized by this Contract:

<u>Local Unit</u>	<u>Bond Issue</u>
County of Genesee	65.8%
City of Flint	34.2%

In the event the City of Flint fails to fulfill its payment obligations under this Contract, the County of Genesee irrevocably covenants and agrees to make such missed payment within 1 day of being notified of the missed payment. Further, the Authority covenants and agrees to undertake all legal action and make use of all remedies available under this Contract to enforce the payment obligations of the City of Flint under this Contract. The Authority also covenants and agrees to undertake all legal action and make use of all remedies available to it under the Raw Water Supply Contract between the Authority and the City of Flint dated as of June 28, 2013 ("Raw Water Supply Contract"), as amended, specifically sections 7.08 and 7.09 of such contract. If the County of Genesee is required to make a payment for the City of Flint under this Contract and the Authority recovers any funds from the pursuit of such remedies described above, the Authority shall reimburse the County of Genesee from such funds for any payments made. To the extent permitted by law, the capacity that the City of Flint acquired in the System pursuant to the Raw Water Supply Contract shall be transferred to the County of Genesee until the City of Flint has repaid the County of Genesee for any additional payments made hereunder. The City of Flint shall also pay a penalty of one percent (1%) thereof for each month or fraction thereof that the same remains unpaid after the due date of the amount paid by the County of Genesee as a result of the failure of the City of Flint to fulfill its payment obligations hereunder. Further, if a Local Unit fails to pay its contractual obligation causing a shortfall and the debt service reserve fund(s) is drawn upon to pay the Authority's bonds, the replenishment of such debt service reserve fund shall be an obligation of the Local Unit that failed to pay, as provided in the resolution authorizing the bonds. Provided, however, if the City of Flint fails to fulfill its debt service reserve fund replenishment obligation, as with other payment obligations under the Contract, the County of Genesee agrees to make such payments.

Additionally, if the Authority sells raw untreated water capacity to other parties, to the extent funds are available from payments received from those parties, each Local Unit shall be credited on each day payment is due hereunder as agreed to by the Authority and the Local Units towards each Local Unit's payment obligations hereunder.

Executive Summary

1 Introduction

The City of Flint (Flint), the Genesee County Drain Commissioner – Division of Water and Waste Services (GCDC-WWS), and the Greater Lapeer County Utilities Authority (GLCUA) are supplied water from the City of Detroit's Water and Sewerage Department (DWSD). Because of growing concerns regarding the reliability and cost of the DWSD supply, Flint, GCDC-WWS, and GLCUA have considered alternatives for water supply. The first formal study was completed in 1992; the most recent was completed in 2006.

This study considers two alternatives from the 2006 study. One alternative is the continued purchase of water from DWSD; the other alternative is the development of a new water supply from Lake Huron.

Both alternatives include the construction of a new pipeline. DWSD is planning the construction of a new pipeline to Flint to address concerns regarding reliability and capacity. Water rates for either alternative will be increased similarly to recover the capital investment in new facilities.

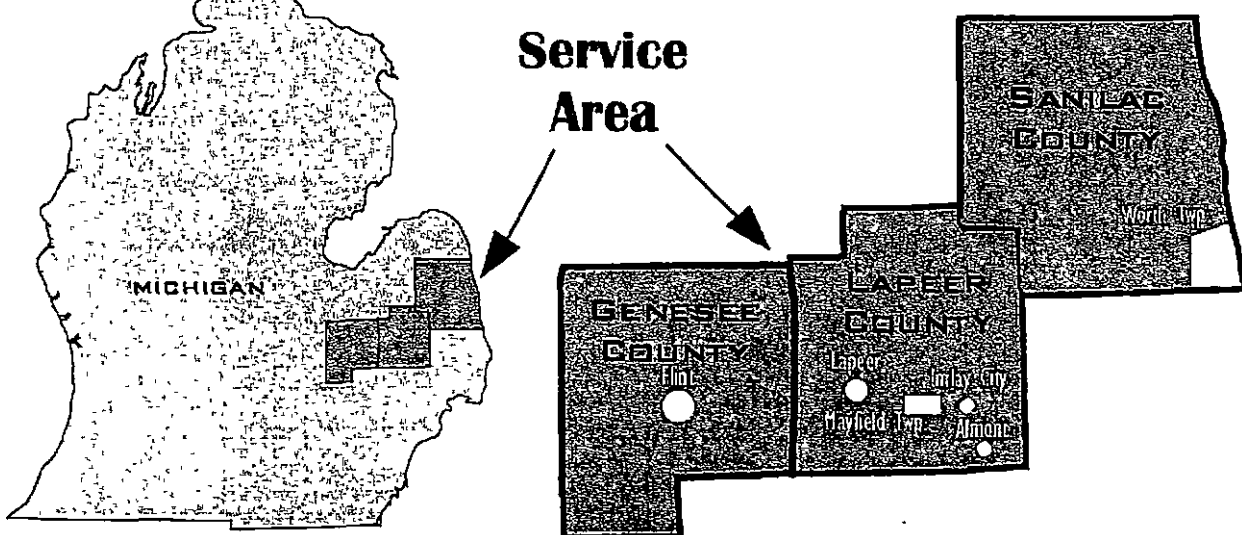
The second alternative, development of a new water supply from Lake Huron, provides the opportunity to supply water to additional communities. Sanilac County has joined Flint, GCDC-WWS, and GLCUA as participants in this study of water supply alternatives.

A new governmental authority, the Karegnondi Water Authority (KWA), is planned to develop and operate the new water supply. The KWA will be comprised of the communities supplied water.

2 Study Area

Figure 1 shows the study area.

Figure 1: Study Area



3 Demands

Table 1 shows the current and future (25 year) demands used for this study. Existing demands are based on records of recent water use; future demands have been developed from information provided by each community.

Table 1: Demands for Planning

	Initial (2014)		25 Year (2039)	
	Avg Day (mgd)	Max Day (mgd)	Avg Day (mgd)	Max Day (mgd)
Genesee County	14.2	25.0	16.2	32.5
City of Flint	16.5	25.0	19.2	28.8
Lapeer County	2.5	3.8	9.0	14.8
Sanilac County	0.1	0.1	0.1	0.1
Total	33.3	53.9	44.5	76.2

4 Alternative 1- Continued Supply by DWSD

Several options for continued DWSD supply to Flint, GCDC-WWS, and GLCUA have been discussed with DWSD representatives; however, there have been no formal negotiations or agreement regarding any particular option. Four options have been evaluated based on these discussions. Analysis indicates that the lowest cost option for continued supply from DWSD is a partnering arrangement with DWSD. This alternative is not available to Sanilac County.

With this option, a 30 year contract with DWSD for water service is required. Flint, GCDC-WWS, and GLCUA will be responsible to construct and operate a portion of the Flint Transmission System (FTS) which DWSD is planning to construct in 2010. By constructing and operating a portion of the FTS; water can be purchased by Flint, GCDC-WWS, and GLCUA at a lower rate.

DWSD estimates the portion of the FTS to be constructed by Flint, GCDC-WWS, and GLCUA at \$346,000,000. Operating costs are projected to be \$724,000 per year initially. In exchange for responsibility for the construction and operating costs; Flint, GCDC-WWS, and GLCUA will benefit by a 45% reduction in the purchase price of water from DWSD. Table 2 shows the cost of water for this option in 2011-2012, the year in which construction of the FTS is planned to be completed. The current water rate (2009-2010) is shown for comparison.

Table 2: Comparison of DWSD Cost of Water, Now and After Construction of FTS

	Flint & GCDC-WWS (\$/MCF)	GLCUA (\$/MCF)
DWSD Commodity	\$8.70	\$9.30
FTS Capital	\$15.19	\$14.53
Macomb Capital *	\$0.00	\$0.00
FTS O&M	\$0.46	\$0.46
Projected 2011-2012 Rate	\$24.35	\$24.29
2009-2010 Rate	\$14.32	\$16.11

*Planned for 2024; no cost impact until then

5 Alternative 2 – New Lake Huron Water Supply

The 2006 study evaluated several options for a new water supply. The 2009 update focuses on one of the options, the alternative of delivering raw water from Lake Huron to participating communities for local treatment and distribution.

GCDC-WWS purchased 230 acres of property adjacent to Lake Huron in southern Sanilac County in 2002. An intake to draw water from Lake Huron and a pumping station are planned for this site. Raw water will be pumped through a pipeline to an inland reservoir.

Inland from the reservoir, pipelines supply treatment facilities for Flint, GCDC-WWS, and GLCUA. Treatment facilities for Sanilac County can be located along the pipeline route.

Treatment by microfiltration has been planned for Sanilac County and GLCUA. A new conventional treatment plant is planned for GCDC-WWS. It is planned that raw Lake Huron water is delivered for treatment to Flint's existing treatment plant.

The planned water system provides for twin pipelines, storage, backup equipment and processes to provide a reliable supply. Facilities have been planned with capacity for the 25 year demands shown in Table 1, and provisions for further expansion.

Figure 2 is a schematic showing the new water supply.

Figure 2: Schematic Lake Huron Water Supply

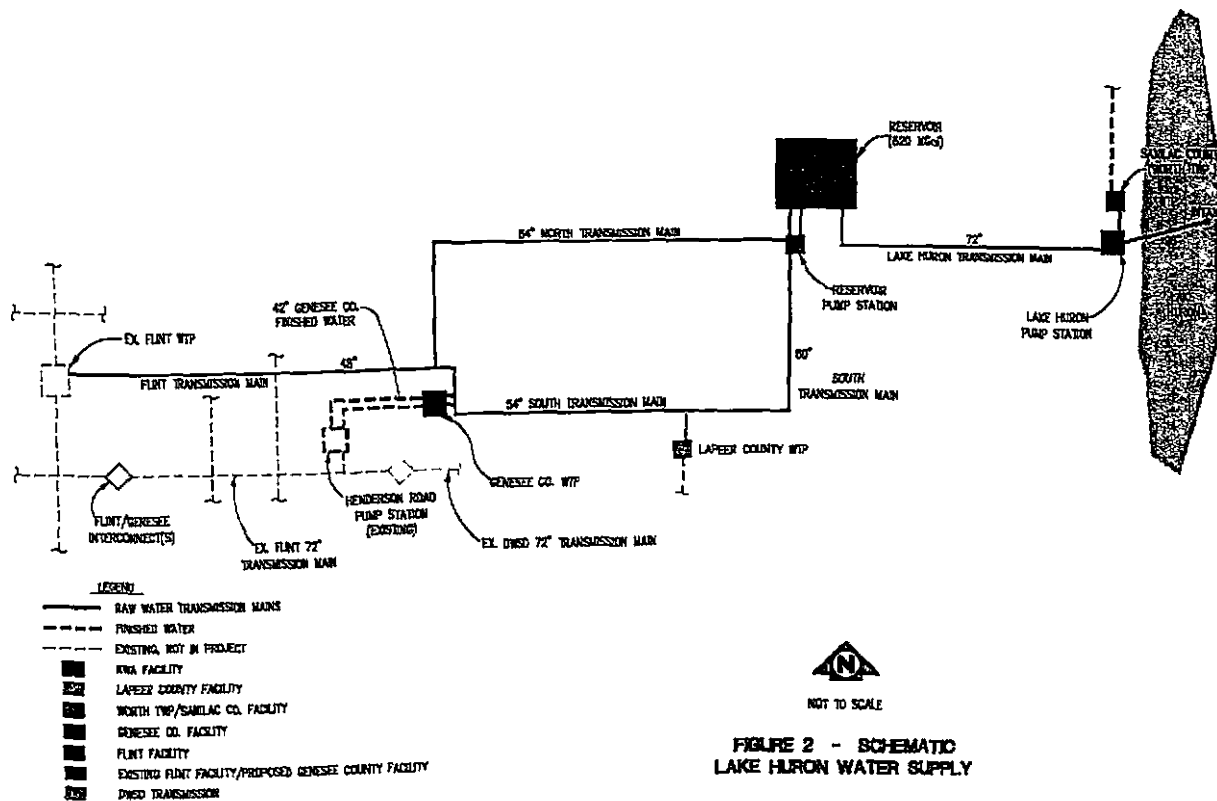


Table 3 summarizes the project cost of the new Lake Huron water supply which was studied.

Table 3: Summary of Cost of New Lake Huron Water Supply

Project Component	Total Project Cost	Sanilac Co. Share	Lapeer Co. Share	GCDC-WWS Share	Flint Share
KWA Lake Huron Water Supply	\$443,885,767	\$813,723	\$86,312,736	\$188,899,927	\$167,859,381
New Sanilac Co. Facilities	\$1,849,360	\$1,849,360			
New Lapeer Co. Facilities	\$40,009,060		\$40,009,060		
New Genesee Co. Facilities / Upgrades	\$110,038,554			\$110,038,554	
New Flint Upgrades	\$5,987,030				\$5,987,030
Totals	\$601,769,771	\$2,663,083	\$126,321,796	\$298,938,481	\$173,846,411

Table 4 shows the projected operating costs for the new Lake Huron water supply during the initial year of operation

Table 4: Project Operating Expenses during Initial Year of New Lake Huron Water Supply

Community	KWA (\$/MCF)	Local (\$/MCF)	New Water Supply Treatment Cost (2014)	2009-2010 DWSD Rate
Sanilac County	\$1.30	\$41.56	\$42.86	N.A.
Lapeer County (GLCUA)	\$1.30	\$3.11	\$4.41	\$16.10
GCDC-WWS	\$1.30	\$2.86	\$4.16	\$14.32
City of Flint	\$1.30	\$4.13	\$5.43	\$14.32
Notes 1. New water supply costs based on projected annual consumption of each community in year 2014. 2. Costs do not include debt retirement or depreciation expense.				

6 Comparison of Alternatives

With the investments in facilities planned by DWSD, either of the alternatives considered are believed to provide a reliable, long-term water supply with sufficient capacity for the needs of the study area. Regardless of the alternative selected, a new pipeline and other facilities are planned for construction. As a result, the cost of water will increase with either alternative.

Figure 3 shows the projected cost of water for each alternative. For demonstration purposes, the cost of water for the new Lake Huron water supply alternative does not include the cost of repayment of debt incurred for its construction. The graph shows that without the debt of constructing the new system (or once the debt for its construction is repaid), the cost of water from the new supply will be substantially less than continuing to purchase water from DWSD.

Figure 4: Comparison of Alternatives

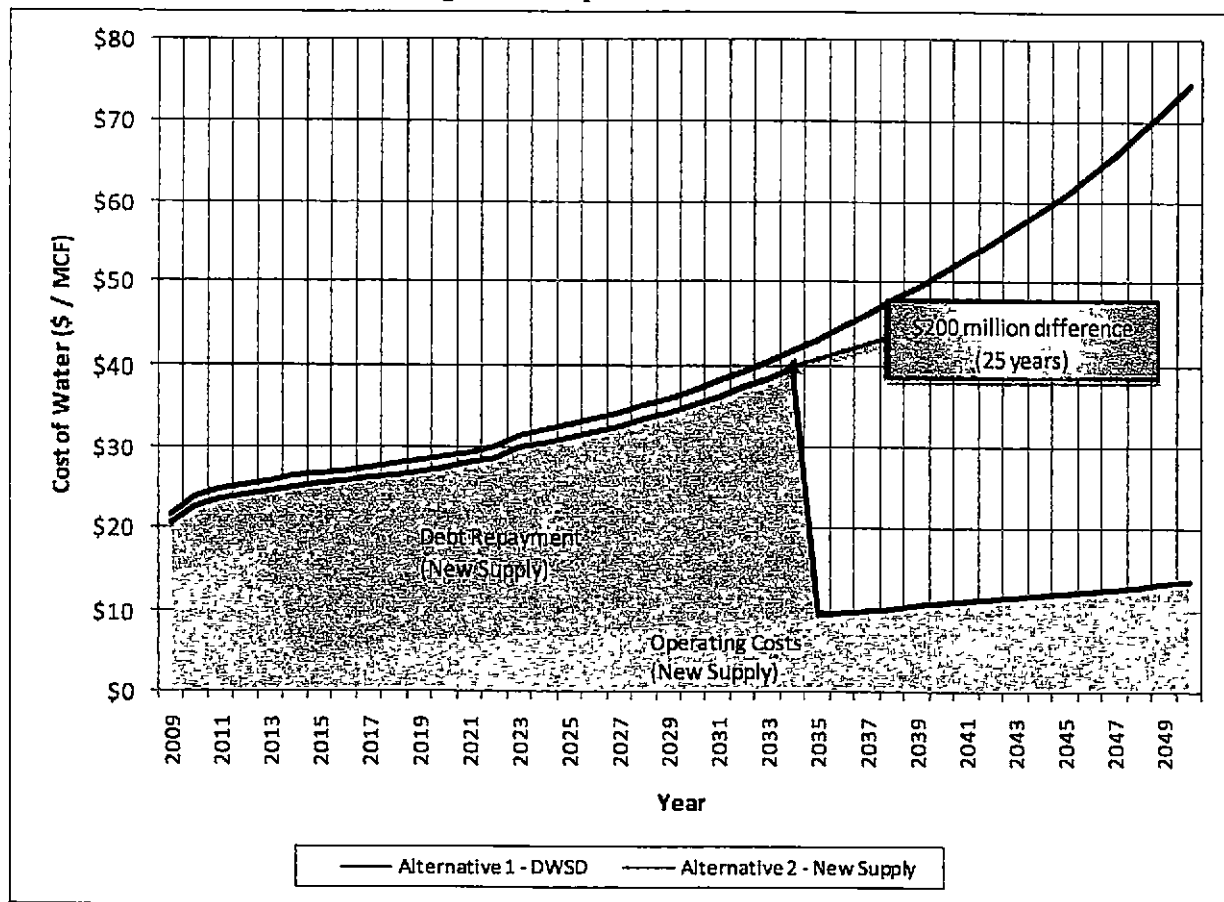
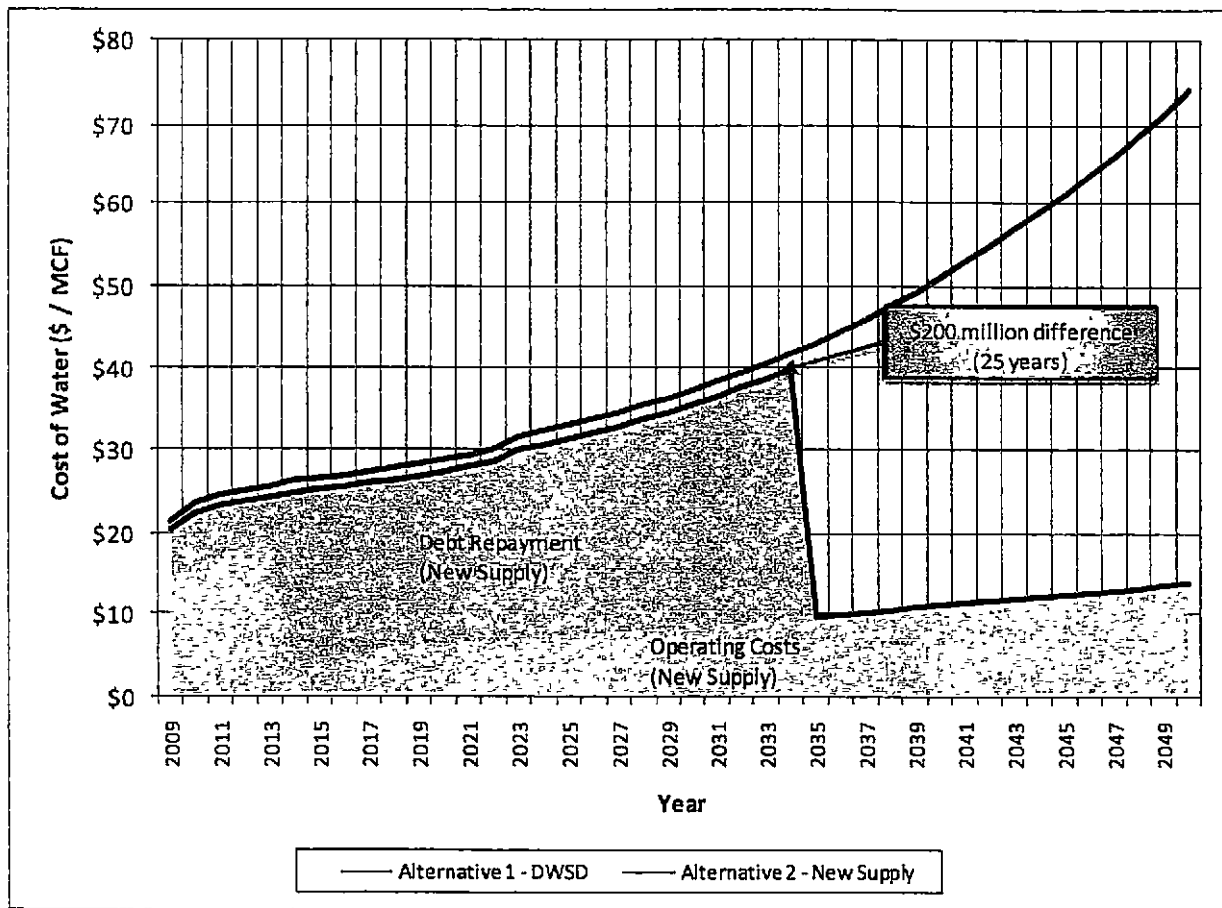


Figure 4: Comparison of Alternatives



Lake Huron Water Supply Study

Karegnondi Water Authority

- City of Flint
- Genesee County

Appendix 20

October 2012 Preliminary Engineering Report Update Final Report

October 4, 2012

DRAFT

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ROWE PROFESSIONAL
SERVICES COMPANY

540 S. Saginaw Street Suite 200 P.O. Box 3748 Flint, MI 48502

20.1 Introduction

The September 2009 Preliminary Engineering Report – Lake Huron Water Supply (2009 Study) compared alternatives for a new regional water supply. Since the 2009 Study, Genesee County and the City of Flint have continued planning and confirmed the capacities to be provided for each. This memorandum updates the capital costs for the proposed new water supply based on the confirmed capacities.

20.2 KWA Water Supply

Ongoing planning has resulted in modifications to the preliminary design developed in the 2009 Study. This cost update is based on the modified preliminary design. For this update, the KWA water supply is assumed to include the following primary components:

- Water Supply Intake
- Lake Huron Pumping Station (LHPS)
- Transmission Mains (Segment 1, Segment 2, and Flint Segment)
- Intermediate Pumping Station (IPS)

It is assumed that the new KWA supply will deliver raw water to a new WTP constructed and operated by Genesee County in western Lapeer County and to the City of Flint's existing WTP. Construction of the new GCDC-WWS WTP and needed upgrades to the Flint WTP will be the responsibility of each agency and these costs are not included in KWA costs.

20.3 Economics

Costs are based on the following criteria:

- Assume construction occurs in 2013 through 2015
- Assume construction is financed by 25 year bonds at a rate of 5%
- Assume engineering, legal, administration, and contingencies are 25% of construction cost
- Adjust construction costs to the current Engineering News-Record Construction Cost Index (ENR CCI) which in August 2012 had a value of 9351

Costs for pump stations and the intake have been updated based on the current design concepts. New material costs for pipe have been obtained from pipe suppliers. Pipe sizes and lengths are revised from the 2009 Study based on providing service only to GCDC-WWS and the City of Flint.

20.4 Capacities

This update is based on providing the following Maximum Day Demands:

GCDC-WWS:	42 mgd
City of Flint:	18 mgd
Total:	60 mgd

Maximum day demands include WTP process water.

20.5 Design Criteria

Based on current market conditions, it is assumed that ductile iron pipe will be used for pipe sizes smaller than 48" diameter and that pipe having a diameter of 48" or more is steel pipe. Pipe is designed assuming a Hazen Williams coefficient of 120 and a maximum operating pressure of 200 psi.

20.6 Reliability

It is assumed that the KWA will provide only the primary raw water supply to each agency's WTP. GCDC-WWS and the City of Flint will each be responsible for their backup water supply for reliability.

20.7 Water Supply Details

Following is a summary of the primary components of the planned KWA water supply. Revised construction costs are based on the following assumptions regarding the planned water supply.

- *78" diameter intake pipeline, extending about one mile into Lake Huron* – Two timber crib intakes are provided each having a capacity of 60 mgd and located in 25 deep water. The intake pipeline has provisions for extension and designed for a capacity of 85 mgd. Both intakes are provided with chemical feed provisions to control zebra mussels.
- *Lake Huron Pump Station (LHPS)* – Four 14,000 gpm vertical turbine pumps with constant speed motors are planned. Pumps will draw from one of two clear wells, each provided with separate screens. No backup power is planned for the pumps; a redundant power supply from the utility is planned to maintain lights and controls in the event of loss of the primary power supply.
- *Transmission Main Segment 1* – 121,000 Lf of 60" pipeline will convey water from the LHPS to the Intermediate Pumping Station (IPS) reservoir, located midway between Lake Huron and a new water treatment plant (WTP).
- *Intermediate Pumping Station (IPS)* – The IPS is assumed to provide four 14,000 gpm constant speed horizontal split case pumps to pump water from the IPS reservoir to the GCDC-WWS WTP. The IPS reservoir is planned to be an open top, 5 million gallon ground storage tank. The reservoir will allow for balancing of variations in the pumping rates between the two pump stations. No backup power is planned for pumping. A generator is planned to provide lights and maintain controls in the event of loss of power from the utility company.
- *Transmission Main Segment 2* – The IPS will pump water to the GCDC-WWS WTP through 148,000 Lf of 60" pipeline.
- *Transmission Main Flint Segment* – 96,000 Lf of 36" transmission main will be provided to convey water past the GCDC-WWS WTP to the City of Flint's existing WTP.

20.8 Project Cost

The updated project cost for the proposed water supply is \$272,000,000. Figure 1 provides a summary of the costs. Annual principal and interest payments for the project are estimated to be \$19,300,000 for a total of \$483,000,000 over the life of the 25 year bond period. The annual unit cost is estimated to be \$322,000 per each 1 mgd of total capacity.



Figure 1 - KWA Water Supply Project Cost

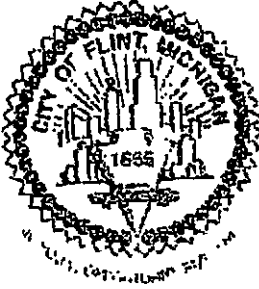
	Unit Cost	Quantity	Total
Intake			
Timber Crib	\$1,050,000 / Each	2 Each	\$2,100,000
Intake Pipe - Marine Construction	\$2,120 / LF	5,655 LF	\$11,988,600
Intake Pipe - Tunnelled	\$2,200 / LF	1,235 LF	\$2,717,000
Shorewell	\$3,500,000 / Each	1 Each	\$3,500,000
Zebra Mussel Control	\$75 / LF	10,800 LF	\$810,000
Site Work		1 LS	\$961,250
Intake Subtotal			\$22,076,850
Pumping Stations			
Structure	\$3,338,300 / Each	2 Each	\$6,676,600
Pumps & Equipment	\$1,716,840 / Each	2 Each	\$3,433,680
Piping & Valves	\$1,812,220 / Each	2 Each	\$3,624,440
Electrical	\$4,387,480 / Each	2 Each	\$8,774,960
5 MG Reservoir	\$1,606,400 / Each	1 Each	\$1,606,400
Reservoir Sitework / Appurtenances	\$502,000 / Each	1 Each	\$502,000
Pumping Station - Subtotal			\$24,618,080
Lake Huron Transmission - Segment 1			
60" Pipe	\$360 / LF	117,955 LF	\$42,463,800
Excavation, Pipelaying, & Bedding	\$66 / LF	117,435 LF	\$7,804,679
Backfill & Restoration - OCAR	\$38 / LF	34,263 LF	\$1,287,031
Backfill & Restoration - OCCC	\$29 / LF	17,499 LF	\$499,111
Backfill & Restoration - OCGR	\$35 / LF	65,673 LF	\$2,297,251
Backfill - Hauled Sand	\$21 / CY	91,990 CY	\$1,920,793
Backfill - Native Materials	\$7 / CY	110,990 CY	\$794,408
Paved Road Crossings	\$17,221 / Each	7 Each	\$120,547
Drain Crossings	\$9,687 / Each	35 Each	\$339,038
Tunnelling	\$2,419 / Each	520 LF	\$1,257,895
Valves & Hydrants	\$2,976,904 / LS	1 Each	\$2,976,904
Lake Huron Transmission - Segment 1 Subtotal			\$61,761,458
Lake Huron Transmission - Segment 2			
60" Pipe	\$360 / LF	135,491 LF	\$48,776,760
Excavation, Pipelaying, & Bedding	\$66 / LF	134,821 LF	\$8,963,443
Backfill & Restoration - OCAR	\$38 / LF	58,584 LF	\$2,200,608
Backfill & Restoration - OCCC	\$29 / LF	12,604 LF	\$359,495
Backfill & Restoration - OCGR	\$35 / LF	55,733 LF	\$1,949,548
Backfill & Restoration - OCPR	\$72 / LF	7,900 LF	\$565,441
Backfill - Hauled Sand	\$21 / CY	22,440 CY	\$468,557
Backfill - Native Materials	\$7 / CY	55,120 CY	\$394,520
Paved Road Crossings	\$17,221 / Each	8 Each	\$137,768
Drain Crossings	\$9,687 / Each	10 Each	\$96,868
Tunnelling	\$2,419 / LF	670 LF	\$1,620,750
Valves & Hydrants	\$4,093,233 / Each	1 Each	\$4,093,233
Lake Huron Transmission - Segment 2 Subtotal			\$69,626,991
Flint Transmission			
36" Pipe	\$205 / LF	96,467 LF	\$19,795,028
Excavation, Pipelaying, & Bedding	\$55 / LF	95,767 LF	\$5,261,371
Backfill & Restoration - OCAR	\$38 / LF	40,309 LF	\$1,514,139
Backfill & Restoration - OCCC	\$29 / LF	25,559 LF	\$729,001
Backfill & Restoration - OCGR	\$35 / LF	18,190 LF	\$636,289
Backfill & Restoration - OCPR	\$72 / LF	11,709 LF	\$838,069
Backfill - Hauled Sand	\$21 / CY	29,640 CY	\$618,897
Backfill - Native Materials	\$7 / CY	48,420 CY	\$346,565
Paved Road Crossings	\$17,221 / Each	6 Each	\$103,326
Drain Crossings	\$9,687 / Each	4 Each	\$38,747
Utility Relocations	\$341,191 / LS	1 LS	\$341,191
Tunnelling	\$968 / LF	700 LF	\$677,328
Valves & Hydrants	\$1,906,593 / Each	1 Each	\$1,906,593
Flint Transmission Subtotal			\$32,806,544
System Control & Monitoring	\$2,007,322 / LS	1 LS	\$2,007,323
Construction Subtotal			\$212,897,247
Engineering, Legal, Admin, & Contingency	25%		\$53,224,312
Land			\$2,300,000
Power			\$4,000,000
Project total			\$272,421,558
Annual P&I			\$19,328,979
Total P&I			\$483,224,474

Flint's = \$81 million
 18/60 = 30%

Pleyte, Beth (Treasury)

From: Saxton, Thomas (Treasury)
Sent: Thursday, September 03, 2015 5:36 PM
To: Redford, James (GOV); Muchmore, Dennis (GOV)
Cc: Workman, Wayne (TREASURY)
Subject: FW: Flint Water
Attachments: Flint Water Ltr 3-3-15.pdf; Flint Water memo 2-11-15.pdf

Gentlemen... in the attached (which you have likely seen before) is a description of the cost to reconnect to DWSD. I assume/hope no one is still seriously considering that option but if you need anything more give us a call.



CITY OF FLINT
OFFICE OF THE EMERGENCY MANAGER



Gerald Ambrose
Emergency Manager

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

FROM: Jerry Ambrose, Emergency Manager
City of Flint

DATE: March 3, 2015

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

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

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

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

My reasoning for this conclusion is as follows:

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

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

As the City has moved to address the situation, the suggestion continues to be made that the City should re-engage with DWSD and purchase water at least until the KWA pipeline is supplying water. As evidenced by the most recent letter from DWSD, such a decision would immediately increase the City's cost by \$846,700 per month, or \$10,160,400 per year, just for the fixed cost portion of the price. The actual *purchase* of water would be an additional fee, and dependent upon

Wayne Workman
March 3, 2015
Page 3

the quantity purchased. We estimate the actual water purchase cost to average more than \$1 million per month, for a grand total of approximately \$22 million per year. Finally, the DWSD offer is conditioned upon the City (or presumably the KWA) agreeing to negotiate a long term contract (30 years) for back-up.

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

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

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

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



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

R. KEVIN CLINTON
STATE TREASURER

DATE: February 11, 2015
TO: Tom Saxton, Chief Deputy Treasurer
FROM: Wayne Workman, Deputy State Treasurer
SUBJECT: City of Flint Water Rates

Wayne D. Workman

Attached and below is information regarding the increase in water and sewer rates for the City of Flint since 2010.

- The data shows the significant deficit position of the water fund which was not rectified until 2013 when water rates were increased by 26%. The data also shows the lack of capital investment for a system as old as Flint.
- This condition is acknowledged in the City's recently adopted Capital Improvements Plan which identified approximately \$50M in needed capital improvements over the next several years. This deficiency was also noted in the rate study commissioned by the City of Flint in 2014.
- According to the City, if Flint reconnected to DWSD for the next 18 months, the estimated monthly cost would be more than \$1M per month totaling approximately \$18M. This includes a fixed monthly charge of \$846,700 plus the cost of actual water usage, minus the cost of operational expenditures at the Water Treatment Plant. Even with the elimination of future capital improvements, most of the additional cost would need to be funded with an additional increase to existing rates. Such an increase could approach 30%.
- The option of purchasing DWSD water from the County would be on parity with purchasing water directly from DWSD.
- The KWA previously advised the City that the connection to KWA may take place in mid-2016, but has now stated that weather conditions permitting, the connection could be made as early as December 2015.
- The \$8M capital costs to upgrade the Water Treatment Plant was made to be able to treat both river water and KWA water. This upgrade has been funded with the cost reduction in operating costs achieved by not buying water from DWSD during the interim period.
- As you are aware, the City has retained Veolia as an outside water consultant to assist in maintaining the safety and improving the quality of water produced by its water system, and their initial analysis is due to be completed within the next two weeks. In addition, the City's current budget includes \$2M for replacement of a 2-mile pipeline segment that is anticipated to significantly address some of the current water issues.

Average monthly bill in 2015 - note that water and sewer are not billed separately; the charges are included within the same bill regardless of water usage.

Water service charge	\$22.90
Sewer service charge	<u>\$34.48</u>
Total service charge	\$57.38

Per unit rate:	
Water	\$ 7.92
Sewer	<u>\$ 5.17</u>
Total per unit	\$13.09

Average family of four uses 7 units per month.
Their bill for usage would be: $7 \times 13.09 = 91.63 + 57.38$ service charge = \$149.

If additional information is desired, please let me know.

City of Flint Water Rate History

Year (Date Effective)	Average Monthly Water/Sewer Bill*	Percentage Change in Water/Sewer Rates	Water Fund** Total Operating Revenue	Water Fund** Unrestricted Net Position	Water Fund** Capital Improvements
2010	\$64	12%	\$31,956,734	-\$5,793,973	\$2,091,160
1/15/2011	\$82	29%	\$36,762,663	-\$12,443,265	\$1,403,916
9/16/2011	\$111	35%			
7/1/2012	\$111	26%	\$44,834,439	-\$8,758,091	\$755,681
2013	\$140	0%	\$49,903,868	\$834,447	\$147,462
07/01/13 to 06/30/14	\$140	0%	\$43,557,152	\$760,745	\$3,301,700
07/01/14 to 06/30/15	\$149***	6%	N/A	N/A	N/A
Notes* Water rate information is based on average usage of 7 units per month with a 3/8" residential remote meter.					
Notes** Water fund information was compiled from the City of Flint's CAFR filed with the Michigan Department of Treasury.					
Notes*** Billing breakdown contained in attached memo.					

Workman, Wayne (TREASURY)

From: Muchmore, Dennis (GOV)
Sent: Thursday, September 03, 2015 5:49 PM
To: Hollins, Harvey (GOV); Wurfel, Sara (GOV); Workman, Wayne (TREASURY); Saxton, Thomas (Treasury)
Subject: FW: PRESS RELEASE: MDEQ Testing of City of Flint Water Shows TTHM Levels are Well Below the Required Action Level, City No Longer in Violation
Attachments: Water Quality Update 9.2015.pdf

Great news.

From: Jason Lorenz [mailto:jlorenz@cityofflint.com]
Sent: Thursday, September 3, 2015 11:27 AM
Subject: PRESS RELEASE: MDEQ Testing of City of Flint Water Shows TTHM Levels are Well Below the Required Action Level, City No Longer in Violation

For Immediate Release

MDEQ Testing of City of Flint Water Shows TTHM Levels are Well Below the Required Action Level, City No Longer in Violation

Flint, Michigan – September 3, 2015 – The City of Flint has made significant improvements to its water treatment process and distribution system. Annual average results show all locations are within acceptable limits for total trihalomethanes (TTHM) and work continues to ensure that the average stays below the acceptable level. Flint's TTHM levels have now been below the actionable level for four consecutive quarters, long enough to bring the City out of violation with the Safe Water Drinking Act.

Installation of the Granulated Activated Carbon filter mediums in July has had a significant impact on the reduction of total organic carbon (TOC) and is expected to continue to do so. TOC contact with chlorine can lead to the creation of the chemical byproduct trihalomethanes. By reducing the amount of TOC in the treated water, the amount of TTHM in the water fell as a direct result.

“The City of Flint is continuing to improve its water system including both the areas of treatment and distribution,” said Mayor Dayne Walling. “As the issue of trihalomethanes comes under control and the City is no longer in violation of safety standards, it will work with the MDEQ on implementing water optimization

measures to reduce the corrosive effects of water on older pipes and home service lines.” Older pipes and service lines can contain lead solder which can leach into the water over time.

Flint has been looking at the water optimization option for some time and is now looking at taking accelerated steps toward implementation. According to the MDEQ, a typical water optimization plan can take up to five years to complete, as in the case of the Detroit Water and Sewerage Department. The City of Flint plans to have its water optimization measures in place by the beginning of 2016. This measure, combined with the ongoing improvements to the distribution system wherever possible, will improve water quality and extend the performance of the City’s aging infrastructure.

“The City of Flint has been in constant communication with the MDEQ in our continuing efforts to upgrade and improve our water system,” said Director of Public Works Howard Croft. “We have received assurances from them that every step we have taken has been in line with their recommended actions. The City will continue to work to ensure safe, quality water to its residents, businesses and visitors.”

The City of Flint will continue to provide updates on its water progress through its website, cityofflint.com. Anyone with water issues is encouraged to call 810-766-7202 so that they can be addressed. Residents wishing to receive a free and independent in-home water test can call 810-787-6537 or email flintwater@cityofflint.com.

–END–

-Jason Lorenz
Public Information Officer
City of Flint
(810) 237-2039 (Office)
(810) 875-2576 (Cell)
jlorenz@cityofflint.com



Weekly Conference Call Notes – Sept. 7, 2015

Allen Park – August 28 – Mayor Matakas, B. Cady, M. Kibby, R. Byrne, E. Cline, P. Dostine

- **Priorities**
 - Construction on Park Street is moving along.
 - The City's new app, Click It & Fix, is popular with the residents.
 - City to recommend vendor who will update Master Plan to Council.
 - City to recommend vendor who will produce overview/audit of City to council.
 - The MML is progressing on its review of AP's personnel, job reclassifications, and salary survey.
- **Order 54**
 - Brownfield issue. Treasury's Brownfield expert reviewing paperwork. When completed, a conference call will be scheduled with AP to discuss.
- **Order 55**
 - Searching for vendor to do appraisal and survey of the property.
- **Fire Contract**
 - No change. Still two outstanding issues: duty-disability; voting member on pension from fire. Talks to resume Sept. 14.
- **SAFER Grant**
 - Update. This grant is retaining 6 firefighters, not hiring new.
- **Bond Tender**
 - \$195K issued as insured. BOA is assuming this piece of the tender.
 - The tender is out until Sept. 16.
- **Prescription Drug Coverage/Healthcare for Under 65, Actives & Over 65**
 - Over 65 switched to Humana, savings of \$176K
 - The change to Catamaran drug coverage saved \$143K.
 - Under 65 & actives are staying with BCBS. Cady said the overall net increase for the healthcare and prescription drug for the under 65 and actives is \$211K.
 - AP must now pay the arrearage fee (\$505K, was reduced from \$850K) to BCBS over 4 years.
 - Treasury has requested a comprehensive breakdown of this healthcare and drug coverage provider change for the over 65, under 65 and actives.
- **CM Search**
 - All candidates have been interviewed.
 - Treasury asked to be included if candidates appear before council for interviews.
- **F.O. Directive: Quarterly Litigation Report**
 - AP checking on status of reports. Should have been part of the packets. Treasury has not received.
 - A litigation report was emailed after the telephone call today.
- **Elevator**
 - Should be completed today.

Benton Harbor – August 27 – D. Watson, R. Byrne, P. Dostine, R. Widigan

- **Weekly Priorities:**
 - **FLSA Claim:** Checks have been cut for the settlement.
 - There is a new FLSA claim for \$25K against the City and Darwin. The individual does not have a solid case at the moment.
 - Audit prep is going well, looking at \$140K surplus.
- **Lange, O'Brien/Unruh Lawsuit:** No new information regarding O'Brien/Unruh. Offer to settle all three is \$1.8M.
 - Bob Callahan said that Lange wants \$595K to settle.
 - Darwin will have a conference call with the attorneys to develop a response to that settlement request.
 - The insurance company has not stated how much they would contribute to just the Lange case.
- **Update on Vacant Positions:**
 - MML proposal is complete and will be sent to Treasury for review (for the head hunting firm).
 - Marja Winters will be working with the City three days a week and will help the City find a new community and economic director/assistant city manager.
 - Posting/job description will be sent out Monday or Tuesday next week.
 - **Assessor position:** Individual is interested, however, they would like to have an assessing assistant.
 - The contract gives 6 months of severance pay when the contract is terminated. The City attorney is reviewing the contract to see if the City still needs to pay it if the assessor is the one leaving.
 - Darwin has a phone call with Al Mooney tomorrow – Al is looking to do more part time.
 - **DPW:** City is filling one position, gearing up for the winter.
- **Status of FDCVT Grant Applications:**
 - Darwin is resubmitting some of the projects from LY as well as additional projects that they are getting cost estimates to submit in new projects.
 - Should be submitted mid-September.

Ecorse – August 25 – W. O'Neal, T. Sadowski, J. Pepperman, R. Byrne, P. Dostine, C. Porubsky

Priorities:

Waiting to hear from Treasury on five-year budget, would like feedback. Randy: does the budget reflect the consolidation with River Rouge? Current fiscal year doesn't show anything, didn't budget for savings. Transferred salaries to professional services. Has some time to show savings. Has leeway in PA 33.

Spoke with RR yesterday, have to put contract on hold. Things are heating up. If the deal does not go thru, all Ecorse FF will be reduced to part-time. Would help with savings needed to balance five-year. Current salaries are around \$850-900K, thinks this would cut roughly in half.

Would pay RR around \$400K. Would like to have shared command with the agency to cut down on overtime costs. Their Public Safety gets a bonus, Ecorse has not had a raise in twelve years.

Tim's first day was yesterday. John and Tim will work together this week. John has volunteered to be on call.

DPW Superintendent resigned last week. Will be brought to the RTAB next month. **This position was being paid salary plus overtime.** Has been here around two years, Wayne thinks he is overwhelmed administratively. Wayne is thinking of moving current employee into vacant treasury position and give an applicant that has water/sewer billing experience the position of DPW Administration Assistant. Wayne stated the bills are going out on time; has some problems to address regarding fraud, etc.

OPEB Benefit Audit is also on the radar, Wayne is going to look at. Has to look at what a couple people are paying for healthcare and ensure it is the correct amount. Pre-65 do not have healthcare anymore, only ones grandfathered in (approximately ½ dozen or more). Wayne has met with MERS multiple occasion. 7.75 rate of return, Wayne was using 8. Need to recalculate.

Prax Air: Got a call from Livese at Prax Air and stated there are things that need to be changed in the resolutions to comply with law. Getting prep work ready, conducting pre-construction meetings, etc.

Council voted to receive and file letter from Wayne Workman.

Flint – Sept 2 – Mayor Walling, N Henderson, J Freeman, Wendy, R Byrne, E Cline, P Dostine

- Flint sent adjusted water bills out to customers; bill reflects 35% reduction per court order. (So, even if stay is granted, customers will receive at least one newly adjusted bill.) Henderson said financial impact of adjusted rate is approx. \$600K per billing period. For the year, projected to be \$7M.
- Average water bill reduction for a 5/8" line is \$18.00. Flint is still able to bill and collect for water and sewer service charges.
- Class Action Suit. How many homes are affected? Flint officials have assumed the impact is city-wide, some 30,000 customers. The city doesn't know how many past, foreclosed homes are a result of delinquent water bills. Mayor Walling and Henderson said they are trying to determine this number.
- Flint can resume water shut-offs with the new, adjusted bills that just went out.
- Henderson has asked engineers to study the KWA project, to see what is essential, what must remain. The engineers said there are two different scenarios: (1) June Plan, (2) December Plan.
- First KWA bond payment (\$6M) is due in Nov-15.

- Results from Quarterly Water Test. TTHM levels tested higher than the average in one part of the city. Levels still within acceptable limit. Flint not required to send out notifications.
- Flint still continuing its meter installation program.
- Flint will be applying for this year's FDCVT grant, \$2M, for a property assessment project.
- Watermain Break. The break is under the Flint River. City officials said they cannot fix this in-house, will have to contract it out. Will need RTAB approval. A special meeting may have to be called to address this issue.
- Public safety. Fires are down, but this means the city loses some eligibility for grants. Homicides are still high, approx. 42 so far this year.
- The administrative assistant was hired, brought on, prior to the recent hiring freeze edict.
- Flint officials asked Treasury during the call if there was any assistance available to the city for its suspended CIP.

Hamtramck – August 27 – K. Powell, R. Byrne, P. Dostine, D. Van de Grift

- **Priorities**
 - Processing paperwork for the bond sale (closing in Sept.), and infrastructure project. Anticipated cost is \$6.5M.
 - Put out to bid for vendor to perform City audit.
 - Hired an auditor for the housing discrimination fund.
 - Taking the snow removal responsibilities in-house this season, expected to save the City money. DPW began prepping for the winter season.
 - Bidding out the landscaping contract, Katrina said the current cost is too high.
 - Also bidding out contract to do sewer work and repair.
 - Meeting scheduled with Wayne County Executive and Sheriff regarding jail services.
- **Police Overtime**
 - Last month's bill was \$60K. Katrina noted that revenues of \$96K were generated as a result. Fireworks and a movie night at the school contributed to the \$60K overtime figure.
 - Overtime language is in police contract in eight hour shifts. This will need to change in the next contract.
 - Katrina will ask court to break out traffic revenues from forfeiture revenues.
 - The Police Chief is in the process of hiring part-time officers and a dispatcher so higher paid staff will not have to dispatch.
 - Police Study: No progress. Treasury recommends looking at ICMA .
- **Library**
 - A library study is needed. Last fiscal year, the library finished with an \$80K deficit. The City bailed them out. According to Katrina, the library has important role in the community and acts as community center in many ways.

- **HR Update**

- Recently, the City Treasurer's actions resulted in an overdrawn account. The Finance Director sent a memo documenting the error.

Inkster – August 13 – M. Stuhldreher, R. Byrne, P. Dostine, C. Porubsky

- **Priorities/Misc.:**

- DOJ employee came in to facilitate community group (resulted from Dent situation).
- Richard Marsh is transitioning; Mark is getting used to new position/role.
- Meeting with MSHDA on Monday; Mark will be in attendance.
- Discussion will take place Monday at the Council meeting regarding Mark's role as Interim City Manager.
- Final billing for search has been processed.
- Police training is needed, but it is hard to send as they are short-staffed. Randy suggested contacting Capt. Yes.
- TIFA is declining; Mark will have to get money from GF. Debt was issued in 2010 and has about 20 years left. This was in the long-term forecast and is not a surprise. Initial projections were at 4-5%, actual rate of decline was 8-9%.

- **Police Chief:**

- Started Monday. Interim Chief Thomas is completely separated from the agency now, but the two were able to spend some time together.
- To Mark's knowledge, the Chief has not met Captain Yesh yet, but has met some MSP members, include Lt. Shaw.
- Mark stated that the new Chief is straightforward, about business, articulate, and has good people skills. Expects that the community will embrace him.
- Randy would like to meet the new Chief and see the building.

- **Chargebacks:**

- Came back lower than budgeted.
- \$300K positive variance on GF, \$100K negative on Sewer; everything together is \$213K positive variance.

Lincoln Park – July 29 – B. Coulter, P. Dostine, D. Van de Grift

- **FAC & Wayne County Future Road Projects:**

- Brad and the DPW Director will begin attending these meetings.

- **New City Manager:**

- Mr. Coppler will start October 1. Brad has started forwarding informational emails to begin the acclimation process.

- **Five-Year Plan/90-Day Plan:**

- Both will be submitted soon; the five-year is nearly complete.
- Projected fund balance this year is \$100K, \$500K-\$700K for next year, and \$400K-\$500K the year after.
- If the projected fund balances don't materialize, there are areas that can be modified to reduce expenses. The fire contract allows for modification, first responders could be

eliminated, FTEs could be reduced from 18, police shifts could be shortened, and could begin charging for HazMat cleanups.

- Healthcare costs were decreased by \$600K this year.
- If pension payments cannot be made, a judgement levy should be considered.
- **Order Concerning the New City Manager:**
 - Brad will add language to the Final Order detailing the City Manager's authority.
- **Rental & Vacant Property Ordinances:**
 - Two ordinances, will help to control/monitor the number of rental/vacant properties in the City; this will hopefully help stabilize and perhaps increase property values.
 - It is estimated that between 6-15% of properties in the City are currently vacant.
- **TJ Adams Final Invoice:**
 - The final invoice for the City Manager search will be forwarded to Treasury.
- **Gabriel, Roeder, Smith & Co:**
 - The City is considering filing for the full amount of pension underfunding, \$90M.
 - Legal fees would range from \$75K-\$100K.
 - May or may not be a good risk to take.

Pontiac – August 28 – Mayor Waterman, J. Sobota, , N. Nazarko, R. Byrne, P. Dostine, R. Widigan

Weekly Priorities:

- GERS Board passed a policy addressing future overpayments of COLA.
- J. Sobota is working on his report to the RTAB.

Deputy Mayor Position: TJ Adams firm sent out letters to council-members to attend a forum to meet the two Dept. Mayor finalist.

- The names will be kept confidential.
- Informal meeting with council on Thursday at 10AM, there will be no vote or evaluation to fill out. Council meeting to follow at 12.
- Randy will attend the sessions on Thursday.

Community Development Positions: Salary approved, positions were posted on August 20. 30 days ends on September 25.

- Met with Oakland Co. to discuss working together on community development once the positions are filled.

Phoenix Center: The City's attorneys have talked with one of the other condemnation attorney's. They are working on setting up a meeting between the owner of the Ottawa Towers owners and the City.

- The Mayor/City is working on a strategic plan for the property/area.

Two-year Rolling Budget: Budget amendment for the 15/16 budget is pending before the finance committee. Once that is complete then the City will prepare and finalize the two-year.

Retiree Lawsuit: The City had a pre-meeting with opposing council. A new list of possible eligible individuals. Once all the information is gathered it will be finalized and sent to the mediator. Next pre-meeting is set for September 21.

- A letter of understanding is being developed and shared with the mediator.

FDCVT Grant Applications: Randy reminded the City.

Royal Oak Township – July 27 – R. Burgess, D. Squalls, R. Byrne, P. Dostine, C. Porubsky

- **Priorities for the Week/Miscellaneous Items:**

- Set up meetings for this week or next with potential developers.
- Code enforcement officers currently have dealership in court over taxes – Donna thinks the best scenario would be for someone to buy both the dealership and motel next to it and demolish the motel.
- Donna: Finish F&O Plan.
- Robert: Spoke with Finance on Thursday, need a cash flow analysis for the remainder of the year and to create an amended budget.
- Current on all bills with the exception of one.
- Revenue sharing is anticipated to be the only income, but Robert thinks there is enough money to make it thru the year.
- Randy reminded the Twp. that a monthly financial report is required.
- General fund renewal is on the ballot August 4; Donna and Robert would like to send a flyer out. Randy cautioned them on the wording

- **Audit:**

- Completed; Donna said that it was better than last years' and didn't highlight many problems.
- Robert stated that one of the things the audit noted was that an inventory needed to be completed.
- Donna wanted to know if the Board had to approve the audit – Randy said to ask Mr. Wilkerson.

- **Police Update**

- Donna will know soon after August 4 (election) more regarding Hazel Park.
- Oak Park is not interested; very short meeting where annexation was suggested.
- Ferndale: Over \$1M, have not talked to.
- Deadline is August 31; if not completed money will need to be returned.

- **Street Lighting:**

- Completed last Friday, grant should close this week.
- A rebate of \$9700 is anticipated.
- Bills should start being lower in September; the entire \$10K budgeted for these may not be needed.

Michigan

Feds sending in experts to help Flint keep lead out of water

By Ron Fonger | rfonger1@mlive.com

on September 10, 2015 at 6 00 PM, updated September 10, 2015 at 6 04 PM

FLINT, MI — The U.S. Environmental Protection Agency says it will send help to the city as it develops plans for controlling corrosion in treated Flint River water, a key to keeping lead from leaching into homes and businesses.

The EPA said that while city water is within allowable levels for lead, it has "recommended that Flint implement corrosion control treatment as soon as possible since the city's lead service lines can leach lead into the drinking water if left untreated."

The statement was issued to The Flint Journal-MLive Wednesday, Sept. 9, one day after researchers from Virginia Tech University advised Flint residents not to drink or cook with tap water here without flushing lines before each use or using a filter to remove lead.

Virginia Tech students and faculty have posted the results of 252 water tests from Flint online, concluding the city has "a very serious lead in water problem."

The Virginia Tech testing so far has shown 10 percent of the water samples from across the city tested at 25 parts per billion of lead or more — far more than the allowable level — 15 ppb — set in federal guidelines

Overall, the Virginia Tech testing showed 16.7 percent of Flint samples showed more than 15 ppb of lead.

Meanwhile, the city's official test results show 90 percent or more of the samples are 15 ppb or less, according to the state, and the water is meeting all standards for safety.

Flint Mayor Dayne Walling said in an email that he trusts "efforts being made by the EPA to work closely with the Michigan Department of Environmental Quality and the city of Flint to ensure that Flint residents are provided with safe drinking water and all questions are answered."

Walling announced last week that the city will put measures in place that are designed to reduce lead in drinking water by 2016, and said he had been in regular communication with the U.S. EPA, which has agreed to have experts from its Office of Research and Development join Flint's Technical Advisory Committee.

The Technical Advisory Committee was formed in March by Walling and former emergency manager Jerry Ambrose but has met only twice, Flint Department of Public Works Director Howard Croft said.

Virginia Tech Professor Marc Edwards, who plans to visit Flint next week to discuss the results of water testing here, said city residents need "scientifically sound advice about the safety of their water when it comes to lead," a toxic metal that was used for many years in household plumbing and water service lines.

Even at low levels, lead may cause a range of health effects, including behavioral problems and learning disabilities, according to the EPA, which warns that children 6 years old and under are most at risk from lead exposure.

FLINT WATER

Pastor's effort to raise cash for Flint water crisis draws AG warning

Flint water crisis to get fresh probe by state lawmakers

Flint water crisis draws fed team for more study on rashes

Saginaw passes resolution in support of Flint amid its water crisis

Lead-absorbing snacks going to 4,500 kids outside Flint hit by water crisis

All Stories

The Michigan Department of Environmental Quality has estimated at least 15,000 homes in Flint have lead plumbing, and Communications Director Brad Wurfel said the only way to eliminate lead in those homes would be to replace hundreds of miles of lead pipes and connections.

Flint residents "who have lead pipes or a lead service connection had lead in their water at some level before this issue was in the newspaper ... before the switch to the Flint River," Wurfel said in an email Thursday, Sept. 10. "Optimizing (corrosion control) can minimize impacts, but it won't alleviate the issue."

Edwards' group says in a posting online that Flint water is safe for bathing, showering, toilet flushing and watering lawns and gardens, but advised that the water should be used for cooking or drinking only if it flows through a faucet filter certified to remove lead or if lines have been continuously flushed for 5 minutes at a high flow rate to clean most lead from pipes before use.

Brad Wurfel, communications director for the DEQ, said in an email to The Journal that Flint's water system has problems — but is meeting safe water standards based on its water sampling.

"The city of Flint has challenges, no question," Wurfel said. "Decades of forestalled maintenance ... coupled with changes in city population size that put new demands on an old system ... compounded by a rate structure which makes Flint's water very expensive, are all serious issues the city must confront."

The "solution won't be cheap and relief for some parts of the city won't come quickly because this problem didn't start last month, last year, or even last governor; it started in the last century," the statement says.

Wurfel and the Virginia Tech researchers each questioned how testing by the city and the university have come up with different results.

Wurfel said that while the state "appreciates academic participation in this discussion, offering broad, dire public health advice based on some quick testing could be seen as fanning political flames irresponsibly."

Edwards said the university's work in Flint, including warnings about the corrosiveness of the city's tap water and sampling that has shown high levels of lead, is available to review online.

Wurfel said the state's program for ensuring water quality is built on federal law and "has been effectively protecting drinking water supplies for decades ... a consistent, solid program."

Virginia Tech conducted experiments on Flint water, concluding it leaches more lead from plumbing than does Detroit water, "creating a public health threat in some Flint homes that have lead pipe or lead solder."

More corrosive water creates more potential for that lead to leach into tap water, city, state and federal officials have said.

Edwards has said experiments at Virginia Tech show Flint's tap water is much more corrosive than treated water from Lake Huron — sold by the city of Detroit, which had been used here for more than 50 years.

The city plans to connect to Lake Huron again in 2016 by tapping into the Karegnondi Water Authority pipeline, which Flint and Genesee County are partners in constructing.

The Virginia Tech professor said elevated lead levels in Flint tap water are tied to a corrosive water source that contains about eight times more chloride than Detroit water does.

"Chloride is generally considered to be very corrosive to iron. For instance, chloride present in road salts applied in the winter causes iron in cars and bridges to rust," the Virginia Tech team's website says.

In April 2014, after the city of Detroit terminated its contract to sell water to Flint, the city began using the Flint River as its water source.

Croft said, based on consultation with the DEQ, the city did not take steps at that time to attempt to make the water less corrosive.

Wurfel said large water system operators like Flint must carry out two consecutive rounds of water tests in a 12-month period after changing water sources.

The tests allow the city to see what changes need to be made to minimize corrosion.

"Those (test) results show the system complies with the federal rule — 90 percent of the samples are 15 ppb or less," Wurfel said in an

email "If the system is large -- 50,000 or more customers -- they still have to proceed with optimizing the system

"They get a year to make a plan, based on the results of the tests. We get a year to review the plan. They get two years to implement the plan," the statement says. "We've encouraged Flint to skip the time periods and move immediately to optimizing."

The results of the Virginia Tech water testing in Flint are expected to be shared during a town hall meeting from 6-8 p.m. Tuesday, Sept. 15, in Saints of God Church, 2200 Forest Hill Ave.

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9.9.15
\$88,363,4734

5 incls

Randy Natasha
me. Mayor
Eric

Dec of this yr (Natasha) Utilities
1st line pmt due in Nov. KWA bond pmt.
Rec'd results from Atty
installing meters.

Avg bill v \$25.⁰⁰ standard cust.
30 K customers - city wide impact

home foreclosure #s? No they don't
have #s.

Start shutting off. with
billing now 600,000 less in billing.
- How 1/4 people recing a shut off notice
- Good % will not pay. Revenue won't
flow until two mos pass.

~~KWA~~ Court interfering with
process = management forecast
problems to set rates.

When heard @ Appellate level? Unknown

InKster case: Revised Rates. H2O
2.9 m. \$300 credits, Appeal Court
sided with city.

App assembly for grant
re: property taxes.

2 million they will apply for

less fires.

police safety = homicides continue
40 people this year

working w/ State Pol too.

Watermain break under river status.

- in process of fixing that still. ETAB
will need to consider cost. might not
be ready (spec mty possible).

New admin Asst if Natasha B4 hiring freeze.
help with cap improvement project if possible
vs litigation,

Workman, Wayne (TREASURY)

From: Workman, Wayne (TREASURY)
Sent: Friday, September 11, 2015 4:44 PM
To: Byrne, Randall (Treasury); Cline, Richard (Treasury); Widigan, Robert (TREASURY)
Cc: Schafer, Suzanne K. (Treasury); Koryzno, Edward (Treasury)
Subject: Flint Kincaid lawsuit

We need to advise Tom and Fred of the situation and set a call with Natasha and Pete

Sent from my iPhone



CITY OF FLINT

Dayne Walling
Mayor

September 14, 2015

The Honorable Rick Snyder
Governor, State of Michigan
P.O. Box 30013
Lansing, MI 48909

RE: Call for Additional Support for Flint Water Improvement Plan

Dear Governor Snyder:

On behalf of the Flint community, I am writing with a renewed request for additional support to address Flint's water challenges to ensure that water is affordable and secure for everyone in Flint especially our vulnerable populations. I am asking for an additional \$30 million in funds for Flint's infrastructure and a new healthy homes initiative.

Significant progress has been made throughout this year to increase water safety and quality and I thank you for the involvement of your office, the Michigan Department of Environmental Quality, and the Michigan Department of Treasury. A majority of items in the Water Improvement Plan are completed or underway. Most importantly, Flint is now in compliance with the Safe Drinking Water Act due in large part to the installation of the new carbon filter. The infrastructure systems are being made more secure and efficient through the State grants. Now the City is committed to following the recommendation of the Michigan Department of Environmental Quality to optimize the treatment process, reduce corrosion and further minimize risks from lead.

The need to accelerate the City's capital improvement investments remains and has been further increased by the continued financial stress and legal issues. Previously I requested support for replacement or forgiveness of payment to the Drinking Water Revolving Loan Fund due to Flint's status as a distressed community and the gap in funding in the adopted capital improvement plan. I understand that the existing federal law does not allow the existing Drinking Water Revolving Loans that Flint is carrying to be forgiven in retrospect but the need still exists. Flint owes approximately \$20 Million. One solution is for the State to grant a new \$20 Million that is designed as forgivable from the start. Another solution is to provide

The Honorable Rick Snyder
September 14, 2015
Page 2

equivalent funding through an expansion of the grant program to Michigan's Financially Distressed Cities, Villages and Townships with a supplemental budget amendment in cooperation with the State Legislature.

The community's heightened concern about lead leeching into the water from old service lines and home plumbing also needs to be addressed. We know that lead is an environmental contaminant and there have been many programs in place over the years to address sources in paint and pipes. Flint needs a new healthy homes initiative specifically focused on lead in water with \$10 Million to start the process of replacing service lines for the most vulnerable households. Regardless of the source and treatment of Flint's water, this long term threat of lead in pipes needs to be removed in the interest of public health.

My approach continues to be to work with you and your appointed officials, State Senator Ananich, State Representatives Phelps and Neeley, Congressman Kildee, community groups, businesses, churches, foundations, the Flint City Council, and all of the City of Flint and State and Federal government personnel. We need every available expert and resource to address Flint's water problems.

Flint's safety is my top priority. Just as the City and State have worked together on public safety, we need additional support for fixing the water problems. We need \$30 Million in new funds to repair and update the city-wide infrastructure and to assist households in becoming lead-free. The entire Flint community deserves sustainable, safe, secure and affordable water now and into the future. Thank you for the consideration Governor and I look forward to future discussions.

Sincerely,

A handwritten signature in black ink, appearing to read "Dayne Walling", with a long horizontal flourish extending to the right.

Dayne Walling
Mayor, City of Flint

CC: Flint City Council President Joshua Freeman; Congressman Dan Kildee; State Senator Jim Ananich; State Representative Sheldon Neeley; State Representative Phil Phelps; EPA Regional Administrator Dr. Susan Hedman; Chief of Staff Dennis Muchmore

Weekly Conference Call Notes – Sept. 14, 2015

Allen Park –Sept. 11 – Mayor Matakas, B. Cady, M. Kibby, R. Byrne, E. Cline, P. Dostine

Priorities

- Payroll clerk is leaving Allen Park, going to Garden City. Allen Park will start interviews for new payroll clerk Monday.
- Town Hall meeting scheduled for next week. Topic is 2 mill on ballot for street repair.
- City closing books. Audit to start next week.

Update on Bond Tender

- \$1.3M so far. Cady said they are disappointed. Hoping that people waiting to last minute (Sept 16) for every penny.

Fire contract Update

- Fireman are taking Allen Park to arbitration. They and the city cannot reach an agreement. Cady said one of the problems is that all the city's internal knowledge is gone.

○

FDCVT Grant Application

- Allen Park is working on the grant. Looking to fund a LED replacement program and purchase a portable generator.

○

Retiree Health Care Update

- The retiree have been switched to Humana. The under 65 and actives are with BCBS. Go live for both is Oct. 1

○

Position/Classification Study Update

- Allen Park selected White Hall Group (\$47K) to conduct third and final piece of the study: city personnel/service efficiency study. Other two, Job Description and Salary Surveys, MML did.

○

Beatom Lawsuit

- Settled for \$22.5K. MML is paying the cost.

Benton Harbor –Sept. 10 – D. Watson, R. Byrne, P. Dostine, E. Cline

Priorities

- Fri, Sept 11, Benton Harbor is unveiling its Sept 11 Monument. Expecting 1,000 people.
- BH still in negotiations with FOP and AFSCME. Darwin said it's easy because the city has no money.

○

Lange, O'Brien / Unruh Lawsuit

- No update, at a standstill.

Update on Vacant position

- Assessor position. RFP went out. A company responded that Darwin likes, a mother and son team. One works as an assessor for a small twp. One works in equalization for Berrien County. The cost for their services is \$10K less than former assessor. They are committing to 2 years.
- Finance Director. Darwin forwarded Treasury the MML-headhunter specs for the position. The headhunter is Kathy Eisinger (sp)
- Plante Moran is conducting the annual audit. Preliminary numbers show a \$774K fund balance. A Ronda Hildebrandt, interim finance director as described by Darwin, will be helping out BH from now through the close of the audit. She will be at the offices 5 days a week. Watson plans on asking her if she has any interest in applying for the finance job.
- Water Supervisor. BH posted the position. BH has an agreement with St Joseph to assist them. The current supervisor is staying till Oct. 20. BH also advertised for a Distribution Foreman.
- Community Development & Economic Director. The current director is staying till Nov, she will help with transitioning the new hire when he/she gets on board. BH posted the position already.
- BH's political season is in full swing. Darwin noted that commission meetings are ratcheting up.

FDCVT Grant

- Darwin plans to make an application in about 2 weeks. The focus will be using the grant monies on the sanitary survey results mentioned below.

Sanitary Survey results

- Two areas were found to be deficient: the hydraulic and reliability systems.

New commissioner

- Darwin reported that the new commissioner is doing well. He's been given the Charter Code of Ethics and a copy of the ordinances.

Ecorse – August 25 – W. O'Neal, T. Sadowski, J. Pepperman, R. Byrne, P. Dostine, C. Porubsky

Priorities:

Waiting to hear from Treasury on five-year budget, would like feedback. Randy: does the budget reflect the consolidation with River Rouge? Current fiscal year doesn't show anything, didn't budget for savings. Transferred salaries to professional services. Has some time to show savings. Has leeway in PA 33.

Spoke with RR yesterday, have to put contract on hold. Things are heating up. If the deal does not go thru, all Ecorse FF will be reduced to part-time. Would help with savings needed to balance five-year. Current salaries are around \$850-900K, thinks this would cut roughly in half. Would pay RR around \$400K. Would like to have shared command with the agency to cut down on overtime costs. Their Public Safety gets a bonus, Ecorse has not had a raise in twelve years.

Tim's first day was yesterday. John and Tim will work together this week. John has volunteered to be on call.

DPW Superintendent resigned last week. Will be brought to the RTAB next month. **This position was being paid salary plus overtime.** Has been here around two years, Wayne thinks he is overwhelmed administratively. Wayne is thinking of moving current employee into vacant treasury position and give an applicant that has water/sewer billing experience the position of DPW Administration Assistant. Wayne stated the bills are going out on time; has some problems to address regarding fraud, etc.

OPEB Benefit Audit is also on the radar, Wayne is going to look at. Has to look at what a couple people are paying for healthcare and ensure it is the correct amount. Pre-65 do not have healthcare anymore, only ones grandfathered in (approximately ½ dozen or more). Wayne has met with MERS multiple occasion. 7.75 rate of return, Wayne was using 8. Need to recalculate.

Prax Air: Got a call from Livese at Prax Air and stated there are things that need to be changed in the resolutions to comply with law. Getting prep work ready, conducting pre-construction meetings, etc.

Council voted to receive and file letter from Wayne Workman.

Flint – Sept 2 – Mayor Walling, N Henderson, J Freeman, Wendy, R Byrne, E Cline, P Dostine

- Flint sent adjusted water bills out to customers; bill reflects 35% reduction per court order. (So, even if stay is granted, customers will receive at least one newly adjusted bill.) Henderson said financial impact of adjusted rate is approx. \$600K per billing period. For the year, projected to be \$7M.
- Average water bill reduction for a 5/8" line is \$18.00. Flint is still able to bill and collect for water and sewer service charges.
- Class Action Suit. How many homes are affected? Flint officials have assumed the impact is city-wide, some 30,000 customers. The city doesn't know how many past, foreclosed homes are a result of delinquent water bills. Mayor Walling and Henderson said they are trying to determine this number.
- Flint can resume water shut-offs with the new, adjusted bills that just went out.
- Henderson has asked engineers to study the KWA project, to see what is essential, what must remain. The engineers said there are two different scenarios: (1) June Plan, (2) December Plan.
- First KWA bond payment (\$6M) is due in Nov-15.
- Results from Quarterly Water Test. TTHM levels tested higher than the average in one part of the city. Levels still within acceptable limit. Flint not required to send out notifications.
- Flint still continuing its meter installation program.

- Flint will be applying for this year's FDCVT grant, \$2M, for a property assessment project.
- Watermain Break. The break is under the Flint River. City officials said they cannot fix this in-house, will have to contract it out. Will need RTAB approval. A special meeting may have to be called to address this issue.
- Public safety. Fires are down, but this means the city loses some eligibility for grants. Homicides are still high, approx. 42 so far this year.
- The administrative assistant was hired, brought on, prior to the recent hiring freeze edict.
- Flint officials asked Treasury during the call if there was any assistance available to the city for its suspended CIP.

Hamtramck – Sept. 10 – K. Powell, R. Byrne, P. Dostine, D. Van de Grift

Priorities

- Hamtramck is busy working on the park in front of City Hall, Pope Park, and Veteran's Park.
- Katrina attended a focus group meeting in A2 hosted by the MML. MML is exploring the development of a program that would provide consultants to communities in financial distress. Other participants included: Joyce Parker, Flint's finance director, a Monroe representative and someone from the GFOA.
- Hamtramck's city council as well as Katrina will attend next week's MML conference in Traverse City.
- Hamtramck is signing contracts with an auditor to audit the city, a company to perform sewer repairs, and someone to audit the housing fund. The city has yet to bid-out the landscaping contract.
- No meeting date has been set yet between Katrina and the Wayne County Executive and the Sheriff to discuss jail services.

Police Study

- Katrina reached out the ICMA who gave her a list of consultants to conduct a police study. They included Tri Data, Wes Anderson & Assoc, McGrath Consulting, and Fitch.
- Treasury provided Katrina with a contact at the ICMA who may be able to assist with the study.

Housing discrimination lawsuit

- There are 5 homes left to be built: Hamtramck is responsible for two, Habitat for Humanity two, and MSHDA one. The cost to Hamtramck will be approximately \$500K of which the city will put on its winter tax rolls.

City Treasurer

- Has been busy on some projects.

Inkster – August 13 – M. Stuhldreher, R. Byrne, P. Dostine, C. Porubsky

- **Priorities/Misc.:**

- DOJ employee came in to facilitate community group (resulted from Dent situation).
- Richard Marsh is transitioning; Mark is getting used to new position/role.
- Meeting with MSHDA on Monday; Mark will be in attendance.
- Discussion will take place Monday at the Council meeting regarding Mark's role as Interim City Manager.
- Final billing for search has been processed.
- Police training is needed, but it is hard to send as they are short-staffed. Randy suggested contacting Capt. Yes.
- TIFA is declining; Mark will have to get money from GF. Debt was issued in 2010 and has about 20 years left. This was in the long-term forecast and is not a surprise. Initial projections were at 4-5%, actual rate of decline was 8-9%.

- **Police Chief:**

- Started Monday. Interim Chief Thomas is completely separated from the agency now, but the two were able to spend some time together.
- To Mark's knowledge, the Chief has not met Captain Yesh yet, but has met some MSP members, include Lt. Shaw.
- Mark stated that the new Chief is straightforward, about business, articulate, and has good people skills. Expects that the community will embrace him.
- Randy would like to meet the new Chief and see the building.

- **Chargebacks:**

- Came back lower than budgeted.
- \$300K positive variance on GF, \$100K negative on Sewer; everything together is \$213K positive variance.

Lincoln Park – Sept. 9 – B. Coulter, R. Byrne, E. Cline, D. Van de Grift, P. Dostine

Priorities:

- **Cell Tower**
 - Should be completed next week. The City expects to gross about \$350K.
- **PA 345 Issue**
 - The EM will be holding 3 town hall meetings with the Police and Fire chiefs. The Mayor may also be invited.
 - Information will also be placed on Cable TV and on the City's social media sites.
 - The EM noted that he is being careful not to violate state law regarding ballot proposals.
- **FDCVT Grants**
 - Applications being developed.
- **Retiree Lawsuit**

- No activity on this issue. Noted that MML will not provide insurance coverage. The EM is deciding how to address this.
- **Cost Recovery**
 - All information is being assembled for cost recovery regarding the tanker fire on I-75.
- **Jury Duty**
 - The EM is still scheduled for jury duty the week of September 21.
- **Panhandling and Donation Bins** – The EM is still considering the adoption of ordinances regarding these issues.
 - First Amendment issues must be taken into concern.
 - May look at enforcing this through the Motor Vehicle Code.

FY 15-16 Budget

- Adopted.

City Manager

- Start date is anticipated at October 1.

4-Month Plan

- The EM indicated that this is moving forward.

MSHDA/MEDC

- No new information.

Exit Timeline

- Eric is to develop a draft Exit Timeline to share with the EM.
- Drew stated that the EM's last day, based on the 18-month limit, is Thursday, January 7, 2016.

Wayne County Sewer Issue

- This continues to be researched.

Pontiac – Sept. 11 – Councilman K. Williams, J. Sobota, , N. Nazarko, R. Byrne, P. Dostine, R. Widigan

- **Weekly Priorities:**
 - Council will have a special meeting on Monday to take up the contract for the Deputy Mayor and the Transition Advisor Position.
- **Questions from Councilman Williams:**
 1. Is this a true transition?: Yes, it is.

2. Why is there no timeline in the contract for the transition advisor?: The timeline is unknown, it may take 5 months or 10 months. Jerry is simply an advisor, period. The idea is to limit the number of hours, hoping there is no need to re-new the contact.
 3. It would be prefer that there are limits on the advisor, council has no appetite to add more “advisors”. Why not set the contract at 4 months and renew if it’s needed: We will take to W. Workman.
 4. Retiree healthcare and Phoenix Center litigation are two big issues. Healthcare lawsuit must be resolved before RTABs exit?
 5. Financial best practices have already been implemented,
 6. limits to spending, fund balance policy, etc...RTAB/State has requested a 5-year financial plan, that is out of council’s control: Mayor stated the requirement is to have a two year budget and a five year projection, right now they are waiting on the council to address and act on the two year budget. Sobota stated once the first two years is finalized the five year protection will not be difficult.
 - a. **Councilman Williams:** how much of these bullet points must be finalized/addressed before the RTAB can begin the transition and what are the sticking points to transition out. Council needs a list of what THEY need to take care of to help with transition. Most of the bullet points are in the hands of the Mayor, Dept. Mayor, and CA.
 - b. How does the Council show the state that they are making progress/addressing the checkpoints.
 - c. The benchmarks are left to interpretation as to how to complete them, need a clear set of bullet points showing how the council moves towards local government (referencing the contract).
 - d. The Council’s key goal is to have a legitimate plan as to how to transition.
 - e. Issue with the contract is it does not come back to the Council, there is no renewal date. No problem with the council renewing it, the problem is that it’s not an option.
- **Deputy Mayor Position Update:** No vote was taken last night, the council agrees with the Mayor’s choice. Debate on the salary. Council will meet on Monday at 5PM to address.
 - Raise in the salary was NOT mentioned to the council until last night. Last they were informed the salary was \$95K. With the salary at \$107K it will be hard to get four votes from the council.
 - Residents do NOT want the Dept. Mayor making more money than the Mayor.
 - **Transition Advisor Position Update:** Comments from Mayor – Councilman Williams is part of the old guard, looking for some sound bites and is a very ‘savvy’ councilman. Any changes Treasury makes to the contract he will take to council and will say that they took on Treasury and ‘won’.
 - Mayor says that if changes are made to the contract it puts her in a precarious situation.

- **Community Development Positions:** City is still accepting applications. HR director will review and present to the council. Process closes soon.
- **Street Sweeper:** Council is requesting to bring street sweeping 'in-house'. No research has been done as to the liability and cost of this undertaking.
- **Two-year Rolling Budget:** This is being addressed by council and committees.
- **RTAB Agenda add-on requests:** Mr. Sobota is requesting the RTAB address street sweeping and DPW road stripping. He was informed the request must be submitted in a memo by noon today.

Royal Oak Township – July 27 – R. Burgess, D. Squalls, R. Byrne, P. Dostine, C. Porubsky

- **Priorities for the Week/Miscellaneous Items:**
 - Set up meetings for this week or next with potential developers.
 - Code enforcement officers currently have dealership in court over taxes – Donna thinks the best scenario would be for someone to buy both the dealership and motel next to it and demolish the motel.
 - Donna: Finish F&O Plan.
 - Robert: Spoke with Finance on Thursday, need a cash flow analysis for the remainder of the year and to create an amended budget.
 - Current on all bills with the exception of one.
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 - Randy reminded the Twp. that a monthly financial report is required.
 - General fund renewal is on the ballot August 4; Donna and Robert would like to send a flyer out. Randy cautioned them on the wording
- **Audit:**
 - Completed; Donna said that it was better than last years' and didn't highlight many problems.
 - Robert stated that one of the things the audit noted was that an inventory needed to be completed.
 - Donna wanted to know if the Board had to approve the audit – Randy said to ask Mr. Wilkerson.
- **Police Update**
 - Donna will know soon after August 4 (election) more regarding Hazel Park.
 - Oak Park is not interested; very short meeting where annexation was suggested.
 - Ferndale: Over \$1M, have not talked to.
 - Deadline is August 31; if not completed money will need to be returned.
- **Street Lighting:**
 - Completed last Friday, grant should close this week.
 - A rebate of \$9700 is anticipated.
 - Bills should start being lower in September; the entire \$10K budgeted for these may not be needed.

Dempkowski, Angela (Treasury)

From: Workman, Wayne (TREASURY)
Sent: Monday, September 14, 2015 5:36 PM
To: Muchmore, Dennis (GOV); Saxton, Thomas (Treasury)
Subject: Fwd: Flint Water Request
Attachments: Flint Mayor Water Request.pdf; ATT00001.htm

We are talking at 4:00 Tuesday about their failure to timely appeal the Kincaid lawsuit. What is he thinking?

Sent from my iPad

Begin forwarded message:

From: "Muchmore, Dennis (GOV)" <muchmored@michigan.gov>
Date: September 14, 2015 at 5:07:02 PM EDT
To: "Roberts, John (DTMB)" <RobertsJ9@michigan.gov>
Cc: "Khouri, Nick (TREASURY)" <KhouriN@michigan.gov>, "Saxton, Thomas (Treasury)" <SaxtonT@michigan.gov>, "Workman, Wayne (TREASURY)" <WorkmanW@michigan.gov>, "Posthumus, Dick (GOV)" <Posthumusd@michigan.gov>, "Hollins, Harvey (GOV)" <hollinsh@michigan.gov>
Subject: FW: Flint Water Request

Great, we have a lot of money laying around...

From: Dayne Walling [<mailto:dwalling@cityofflint.com>]
Sent: Monday, September 14, 2015 4:17 PM
To: GovernorsOffice <GovernorsOffice@michigan.gov>; Snyder, Rick (GOV) <Rick.Snyder@michigan.gov>
Cc: Joshua Freeman <jfreeman@cityofflint.com>; senjananich@senate.mi.gov; Hollins, Harvey (GOV) <hollinsh@michigan.gov>; Muchmore, Dennis (GOV) <muchmored@michigan.gov>; Phil Phelps <philphelps@house.mi.gov>; SheldonNeeley@house.mi.gov; Hedman, Susan <Hedman.susan@epa.gov>; Natasha Henderson <nhenderson@cityofflint.com>
Subject: Flint Water Request

Dear Governor,

I am renewing my call for additional funding to address Flint's water challenges. While significant progress has been made, with the fiscal stress and pending lawsuits against the City, there is a gap in the funds necessary to meet the adopted capital improvement plan and to respond to new needs with lead pipes. Attached is a letter of request. I thank you in advance for your willingness to review.

Sincerely,
Mayor Walling

--

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>



CITY OF FLINT

Dayne Walling
Mayor

September 14, 2015

The Honorable Rick Snyder
Governor, State of Michigan
P.O. Box 30013
Lansing, MI 48909

RE: Call for Additional Support for Flint Water Improvement Plan

Dear Governor Snyder:

On behalf of the Flint community, I am writing with a renewed request for additional support to address Flint's water challenges to ensure that water is affordable and secure for everyone in Flint especially our vulnerable populations. I am asking for an additional \$30 million in funds for Flint's infrastructure and a new healthy homes initiative.

Significant progress has been made throughout this year to increase water safety and quality and I thank you for the involvement of your office, the Michigan Department of Environmental Quality, and the Michigan Department of Treasury. A majority of items in the Water Improvement Plan are completed or underway. Most importantly, Flint is now in compliance with the Safe Drinking Water Act due in large part to the installation of the new carbon filter. The infrastructure systems are being made more secure and efficient through the State grants. Now the City is committed to following the recommendation of the Michigan Department of Environmental Quality to optimize the treatment process, reduce corrosion and further minimize risks from lead.

The need to accelerate the City's capital improvement investments remains and has been further increased by the continued financial stress and legal issues. Previously I requested support for replacement or forgiveness of payment to the Drinking Water Revolving Loan Fund due to Flint's status as a distressed community and the gap in funding in the adopted capital improvement plan. I understand that the existing federal law does not allow the existing Drinking Water Revolving Loans that Flint is carrying to be forgiven in retrospect but the need still exists. Flint owes approximately \$20 Million. One solution is for the State to grant a new \$20 Million that is designed as forgivable from the start. Another solution is to provide

The Honorable Rick Snyder
September 14, 2015
Page 2

equivalent funding through an expansion of the grant program to Michigan's Financially Distressed Cities, Villages and Townships with a supplemental budget amendment in cooperation with the State Legislature.

The community's heightened concern about lead leeching into the water from old service lines and home plumbing also needs to be addressed. We know that lead is an environmental contaminant and there have been many programs in place over the years to address sources in paint and pipes. Flint needs a new healthy homes initiative specifically focused on lead in water with \$10 Million to start the process of replacing service lines for the most vulnerable households. Regardless of the source and treatment of Flint's water, this long term threat of lead in pipes needs to be removed in the interest of public health.

My approach continues to be to work with you and your appointed officials, State Senator Ananich, State Representatives Phelps and Neeley, Congressman Kildee, community groups, businesses, churches, foundations, the Flint City Council, and all of the City of Flint and State and Federal government personnel. We need every available expert and resource to address Flint's water problems.

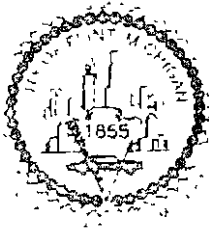
Flint's safety is my top priority. Just as the City and State have worked together on public safety, we need additional support for fixing the water problems. We need \$30 Million in new funds to repair and update the city-wide infrastructure and to assist households in becoming lead-free. The entire Flint community deserves sustainable, safe, secure and affordable water now and into the future. Thank you for the consideration Governor and I look forward to future discussions.

Sincerely,

A handwritten signature in black ink, appearing to read "Dayne Walling", with a stylized flourish at the end.

Dayne Walling
Mayor, City of Flint

CC: Flint City Council President Joshua Freeman; Congressman Dan Kildee; State Senator Jim Ananich; State Representative Sheldon Neeley; State Representative Phil Phelps; EPA Regional Administrator Dr. Susan Hedman; Chief of Staff Dennis Muchmore



CITY OF FLINT

Dayne Walling
Mayor

January 18, 2015

The Honorable Rick Snyder
Governor, State of Michigan
P.O. Box 30013
Lansing, MI 48909

RE: Flint Water Improvement Plan

Dear Governor Snyder:

On behalf of the Flint community, I am writing to convey serious concerns about water quality and to request your support for my proposed Flint Water Improvement Plan. Access to safe and clean water is a basic human right, and, therefore, policy and budget decisions need to ensure that water is affordable and secure for everyone in Flint and all across Michigan. It is essential there is City, State and Federal cooperation to address the challenges here and to meet the needs of vulnerable populations.

The Flint Water Improvement Plan is focused in five areas: safety, quality, access, investment and education. The plan puts safety and quality first because this is fundamental. It is designed to be a sustainable solution for the City of Flint and the community as we move towards a new permanent water supply from Lake Huron through the Karegnondi Water Authority. My plan offers new ideas and also builds on successful models of utility, energy and assistance programs at the State and Federal levels.

Safety & Quality

- 100% Safety is the standard
- City of Flint reports testing data to the public to assure safety and expands testing sites and frequency
- Bring on experienced river water treatment operational management in the City of Flint

Access

- Announce an amnesty program for Flint water service turn-ons and reduce the turn-on fee
- Develop a revised affordable payment plan policy to encourage customers to return
- Design Federal and State partnership to establish new Drinking Water Emergency Assistance Fund for the elderly and vulnerable families

Investment

- Accelerate water system improvements outlined in the City of Flint Capital Improvement Plan through Federal and State Investments
 - State approves City of Flint's Distressed Cities Fund applications

- Federal and State support for replacement or forgiveness of payment to the Drinking Water Revolving Loan Fund due to Flint's status as a distressed community
- Federal and State grants for infrastructure improvements in alignment with the Flint Master Plan
- City Water Department implements budgeted FY15 projects including leak detection, valve repairs, new pipes and meter replacements

Education

- Develop a community partnership with universities to provide household and business customers with information on testing and conservation
- Ongoing partnership with Michigan Department of Human Services, United Way, Salvation Army and community organizations to provide information and water assistance with the Keep the Water Flowing Fund and support services
- Expand youth energy initiative to assist households with conservation and efficiency (piloted in summer 2014 with Northwestern High School students, EcoWorks and Consumers Energy)

It is also critical to restore the public confidence in Flint Water. The implementation of this plan must be accompanied by extensive community engagement including local elected officials. My objective is to work with you and your appointed officials, State Senator Ananich, State Representatives Phelps and Neeley, Congressman Kildee, community groups, businesses, churches, foundations, the Flint City Council, and all of the City of Flint and government personnel.

It is imperative that we communicate better and provide residents more information. I understand representatives from the Michigan Department of Environmental Quality will be joining a public forum this week at City Hall. This engagement going forward is vital so thank you for supporting their efforts. I think this issue of transparency is important for communities all across the State. I recommend a review of the applicable laws and policies and, at a minimum, a new requirement that water testing data be reported publicly no less than quarterly by law in all Michigan communities in Flint's population category.

Thank you for the consideration Governor. There is nothing more important in Flint right now than fixing the water problems. We must work together to identify funds to repair and update the water treatment facilities and city-wide infrastructure and to help those persons without access to clean water so that the entire Flint community has sustainable, safe, secure and affordable water now and into the future. This is an important issue for the state of our State of Michigan and I urge you to work with us to implement solutions.

Sincerely,



Dayne Walling, Mayor
City of Flint

CC: Flint City Council President Joshua Freeman; Congressman Dan Kildee; State Senator Jim Ananich; State Representative Sheldon Neeley; State Representative Phil Phelps; Flint Emergency Manager Jerry Ambrose

Summary: Conference Call with City of Flint

September 15, 2015

Participating: Tom Saxton, Wayne Workman, Fred Headen, Eric Cline, Mayor Walling, City Administrator Natasha Henderson, Finance Director Jody Lundquist, City Attorney Pete Bade, Assistant City Attorney Tony Chubb

- The City of Flint is involved in two lawsuits regarding water and sewer rates: *Kincaid* and *Shears*.
 - It was stressed that the *Shears* and *Kincaid* lawsuits are both separate but are being litigated concurrently and that any developments mutually impact both suits.
- It was noted that in the opinion of the City, both cases will continue to be litigated for some time due to the complexity of the issues involved.
- In a related matter, the City Attorney noted that the Water Coalition lawsuit to force the City to purchase water from the City of Detroit was dismissed in Genesee County Circuit Court.

***Shears* Lawsuit**

- *Shears* was decided by the Genesee County Circuit Court by a non-final order on August 17, 2015.
 - Among other things, the Court enjoined City officials from any longer imposing a 35 percent increase in water and sewer rates; from disconnecting water or sewer service due to delinquent bills, dating back to September 16, 2011; and from placing liens on property due to delinquent bills, dating back to September 16, 2011.
 - City officials have filed an appeal with the Michigan Court of Appeals seeking, among other things, a stay of the Genesee County Circuit Court injunction.
 - In the interim, City officials are complying with the Court's order in *Shears*.
- The City's appeal is still being considered by the Court. No timeline for a decision is known.

***Kincaid* Lawsuit**

- *Kincaid* was decided by the Michigan Court of Appeals on June 11, 2015.
 - The Court held that a 35 percent increase in water and sewer rates imposed by City officials on September 16, 2011, violated the City charter and that Emergency Manager Mike Brown had no statutory authority to later ratify those rate increases in May of 2012.
 - The Court of Appeals remanded the case to Genesee County Circuit Court.
 - City officials intended to appeal this decision to the Michigan Supreme Court, but missed the filing deadline by one day.
- The City Attorney stated that litigation of this case must continue because some key issues have yet to be resolved, including:
 - The exact damages have not been clarified.
 - The issue of who has standing in this case remains unresolved.

Summary: Conference Call with City of Flint

September 15, 2015

Financial Impacts

- City officials estimate that nullification of the 35 percent increase in water and sewer rates is costing approximately \$600K/month. Therefore, if the Court orders either refunds or credits against future water and sewer bills retroactive to September 16, 2011, the cost is estimated to be approximately \$30M.
 - The Finance Director noted that since September 2011, the system has had a declining number of users, so the total potential refund is higher than basing calculations from the current number of users.
 - The City Administrator stated that the City has not developed a plan to issue a refund of this size because the City lacks sufficient funds to do so and they would be unable to operate at this point.
- The City Administrator noted that citizens are paying the latest monthly billing but that the City must contend with lower revenues for the foreseeable future.
- In addition, it was noted that if the City has to refund the Ready-to-Serve charge from September 2011 through July 1, 2015, that this amount is approximately \$10M.
- It was noted that the amount of delinquent funds owed to the City that are over 30 days old has grown from \$7.8M to \$8.4M since the ruling in the Shears Lawsuit.
 - Further, the City Administrator stated that because the City is prohibited from shutting off service for non-payment, the amount of delinquent funds is expected to continue to grow.
- In addition, the City Administrator noted that the measures taken to reserve funds within the system to address the financial issues has delayed needed capital improvements, which further exacerbates the problems within the system, but the City cannot address these capital needs without additional revenue.
- The City Administrator further stressed the importance of the State assistance sought by the Mayor in his September 14, 2015, letter to the Governor.
 - The Mayor requested \$30M for infrastructure and capital improvements related to the City's water and sewer system.
 - It was stressed by Treasury that existing funding options were very limited and we were not aware of anything short of a legislative appropriation.
 - State funding of the City's \$30M request will likely invite requests from many other communities with similar needs.
 - The State recently awarded the City \$2M in Distressed Cities grant funds to implement improvements to their system.
 - The State further provided the City with an additional \$2M in relief for outstanding SRF/DWRF loans.
 - Treasury is not aware of any current Flint projects related to their water quality issues that could be funded through the DWRF program and DEQ is responsible for managing DWRF eligible projects.

Byrne, Randall (Treasury)

From: Jason Lorenz <jlorenz@cityofflint.com>
Sent: Tuesday, September 15, 2015 9:37 AM
Subject: PRESS RELEASE: Coalition for Clean Water Lawsuit Dismissed by Circuit Court
Attachments: Coalition for Clean Water Lawsuit Dismissed 9.14.15.pdf

For Immediate Release**Lawsuit against City of Flint brought by Coalition for Clean Water Dismissed by Circuit Court**

Flint, Michigan – September 15, 2015 – The lawsuit brought against the City of Flint by the Coalition for Clean Water has been dismissed by Circuit Court Judge Archie Hayman. In his September 14 ruling, Judge Hayman determined that the plaintiff did not state a valid cause of action against the City of Flint, the Mayor and the City Administrator. Judge Hayman also determined that he did not have jurisdiction to provide the relief sought by the plaintiff. All counts of the Coalition's amended complaint were therefore dismissed.

The City of Flint has maintained communication with both the Michigan Department of Environmental Quality and the United States Environmental Protection Agency to ensure all proper safety and quality standards have been followed. The MDEQ recently notified Flint that it is no longer in violation of the Safe Water Drinking Act due to total trihalomethanes (TTHM) following four consecutive quarters of testing showing levels below the federal action level. The City of Flint will continue to work to ensure safe, quality and affordable drinking water to its residents, businesses and visitors.

The City of Flint will continue to provide updates on its water progress through its website, cityofflint.com. Anyone with water issues is encouraged to call 810-766-7202 so that they can be addressed. Residents wishing to receive a free and independent in-home water test can call 810-787-6537 or email flintwater@cityofflint.com.

–END–

-Jason Lorenz
Public Information Officer
City of Flint

Pleyte, Beth (Treasury)

From: Muchmore, Dennis (GOV)
Sent: Tuesday, September 15, 2015 9:57 AM
To: Khouri, Nick (TREASURY); Saxton, Thomas (Treasury); Workman, Wayne (TREASURY); Wyant, Dan (DEQ); Roberts, John (DTMB)
Cc: Wurfel, Brad (DEQ); Agen, Jarrod (GOV); Clement, Elizabeth (GOV); Hollins, Harvey (GOV)
Subject: Follow up to previous email

Flint asks Snyder for \$30M to upgrade water system

Associated Press 7:52 a.m. EDT September 15, 2015



Water from the Flint River rushes into the Flint water treatment plant in Flint.(Photo: File photo)

Flint — The mayor of Flint is asking Michigan Gov. Rick Snyder for \$30 million to help upgrade the city's water system and replace lead service pipes.

The Flint Journal reports Mayor Dayne Walling announced his request while speaking Monday to the City Council. The request was made that day in a letter to Snyder.

The funds sought by Walling include \$10 million to replace lead service lines and plumbing that can leach lead into drinking water. Virginia Tech researchers testing Flint's water have said residents shouldn't drink or cook with city water without flushing lines or using a filter.

The U.S. Environmental Protection Agency says Flint's water is within levels allowed for lead. The agency has said it would help the city in its efforts to reduce lead.

Workman, Wayne (TREASURY)

From: Saxton, Thomas (Treasury)
Sent: Tuesday, September 15, 2015 10:48 AM
To: Muchmore, Dennis (GOV)
Cc: Wurfel, Brad (DEQ); Agen, Jarrod (GOV); Clement, Elizabeth (GOV); Hollins, Harvey (GOV); Roberts, John (DTMB); Wyant, Dan (DEQ); Lyon, Nick (DCH); Khouri, Nick (TREASURY); Workman, Wayne (TREASURY)
Subject: Flint
Attachments: Fwd: PRESS RELEASE: Coalition for Clean Water Lawsuit Dismissed by Circuit Court

Wayne & I have a call scheduled with the Mayor, City Atty, & the City Mgr @ 4:00 today. We are following up to see if in fact they inadvertently missed filing the appeal on the rate case. If so, in my mind that would be a huge, costly blunder (but that is why we are talking to them) which will greatly exacerbate the financial condition/solvency of the system.

And recall (not that long ago) I believe we gave them approx. \$2mm in SRF loan relief and approx. \$2mm in grant money[*cgap?*] to improve the system.

We are having staff look at possible other assistance from a financing or loan perspective. My sense is there will not be much there if any.

p.s. – the Flint coalition lawsuit was dismissed (see attached)

From: Muchmore, Dennis (GOV)
Sent: Tuesday, September 15, 2015 9:52 AM
To: Khouri, Nick (TREASURY) <KhouriN@michigan.gov>; Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>; Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>; Lyon, Nick (DCH) <LyonN2@michigan.gov>; Wyant, Dan (DEQ) <WyantD@michigan.gov>
Cc: Wurfel, Brad (DEQ) <WurfelB@michigan.gov>; Agen, Jarrod (GOV) <AgenJ@michigan.gov>; Clement, Elizabeth (GOV) <clemente@michigan.gov>; Hollins, Harvey (GOV) <hollinsh@michigan.gov>; Roberts, John (DTMB) <RobertsJ9@michigan.gov>
Subject: Flint

Nice of Dayne Walling to work with us before he called yesterday to tell me he was going to announce to City Council last night that Flint needs and deserves \$30M from the state for upgrades to their water system and a lead abatement program. Any thoughts on this?

Stanton, Terry A. (Treasury)

From: Saxton, Thomas (Treasury)
Sent: Tuesday, September 15, 2015 10:59 AM
To: Stanton, Terry A. (Treasury)
Cc: Headen, Frederick (Treasury); Workman, Wayne (TREASURY)
Subject: RE: walling request for \$30 million
Attachments: Flint

I don't know how you respond. Attached is an email I just sent to Dennis et al. We/Treasury don't do the distressed cities \$s. Shouldn't that come from TED ?

If the state gives Flint money; all of the urban communities will be standing in line.

They all have problematic water systems.

From: Stanton, Terry A. (Treasury)
Sent: Tuesday, September 15, 2015 10:50 AM
To: Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>; Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>; Headen, Frederick (Treasury) <HeadenF@michigan.gov>
Subject: FW: walling request for \$30 million
Importance: High

Guys...

The Flint Journal is asking for a reaction from the Gov's Office...on Walling's "request." The letter is attached and does indicate that Walling understands "forgiveness" is not an option on the existing loans...but that he seems to be requesting a "new" loan that could be forgiven...which I doubt is feasible or legal, etc.

Please advise on what you feel is a most appropriate response...

Should we say we "encourage" the city to apply for a distressed cities grant (total grant is only \$5m) and suggest they work with their respective legislators to increase the grant limit, if they feel that is an appropriate avenue? If we do that, Dave will be asked if the G supports an increase...not sure we want to go there???

From: Murray, David (GOV)
Sent: Tuesday, September 15, 2015 10:14 AM
To: Stanton, Terry A. (Treasury) <StantonT@michigan.gov>
Subject: FW: walling request for \$30 million

Hi Terry,

The Journal is asking for a response to Mayor Walling's letter.

I just want to double check: I see he's again asking for loans to be forgiven, but didn't we say earlier that there's no legal path to do that?

His letter is attached.

Thanks!

Dave

From: Ronald Fonger [<mailto:RFONGER1@mlive.com>]
Sent: Tuesday, September 15, 2015 8:33 AM
To: Murray, David (GOV) <MurrayD1@michigan.gov>
Subject: walling request for \$30 million

Hey Dave:

Mayor Walling has penned another letter to the governor, requesting \$30 million for Flint's infrastructure.

I've attached the letter and a link to a story I posted last night.

I'd like to follow up with any comment your office can provide.

http://www.mlive.com/news/flint/index.ssf/2015/09/flint_mayor_asks_governor_for_1.html#incart_river

Ron Fonger
MLive Media Group
Reporter

mobile 810.347.9963
email rfonger1@mlive.com
address 540 S. Saginaw St. #101, Flint MI 48502

Stanton, Terry A. (Treasury)

From: Saxton, Thomas (Treasury)
Sent: Tuesday, September 15, 2015 11:19 AM
To: Stanton, Terry A. (Treasury)
Subject: FW: Flint

From: Wurfel, Brad (DEQ)
Sent: Tuesday, September 15, 2015 11:05 AM
To: Hollins, Harvey (GOV) <hollinsh@michigan.gov>
Cc: Muchmore, Dennis (GOV) <muchmored@michigan.gov>; Khouri, Nick (TREASURY) <KhouriN@michigan.gov>; Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>; Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>; Lyon, Nick (DCH) <LyonN2@michigan.gov>; Wyant, Dan (DEQ) <WyantD@michigan.gov>; Agen, Jarrod (GOV) <AgenJ@michigan.gov>; Clement, Elizabeth (GOV) <clemente@michigan.gov>; Roberts, John (DTMB) <RobertsJ9@michigan.gov>
Subject: Re: Flint

Amen.

Sent from my iPhone

On Sep 15, 2015, at 11:00 AM, Hollins, Harvey (GOV) <hollinsh@michigan.gov> wrote:

On the one hand, this is an infrastructure challenge that is not unique. A number of cities in Michigan, maybe not as pronounced, are dealing with water and sewage infrastructure challenges. Flint's problem is that it has 500 miles of iron piping that's over 60 years old, coupled with the fact that the city's population is half the size than it was at it's peak.

On the other hand, like roads, we need a broader state wide solution. Given the roads legislation, perhaps the solution is a fund that a city of a certain size or county can draw down with a required match that can be used to invest in roads, water or sewer.

Of course, Flint's residents are tapped out in terms of rates, taxes and fees, but in the end, they are still a municipality. Any solution the state provides needs to be available to other cities, and should function to assist the city, not total pay for their problem.

On Sep 15, 2015, at 10:26 AM, Wurfel, Brad (DEQ) <WurfelB@michigan.gov> wrote:

Caution that if Flint gets another allotment, we can expect every other large system in the state will be right on their heels. 15,000 homes in Flint is the estimate. That's a fraction of Detroit. ...

Perhaps this is an opportunity for Mott Foundation? Just a thought.

b

Sent from my iPhone

On Sep 15, 2015, at 9:52 AM, Muchmore, Dennis (GOV) <muchmored@michigan.gov> wrote:

Nice of Dayne Walling to work with us before he called yesterday to tell me he was going to announce to City Council last night that Flint needs and deserves \$30M from the state for upgrades to their water system and a lead abatement program. Any thoughts on this?

Cline, Richard (Treasury) SAM, UOS, VC Pres, CA, Mayor

From: Dostine, Patrick (TREASURY)
Sent: Tuesday, September 15, 2015 3:38 PM
To: Cline, Richard (Treasury)
Cc: Byrne, Randall (Treasury)
Subject: Here's my list for Flint

Will you host?

Flint - Sept. 16, 9 am

- Priorities - 1) Charter Comm help - slow start - Mett # to assist; 2) PD - Grant app to target students
- Update on water/sewer fund, lawsuit - N/A
- Watermain break under Flint River - RFP Pending; Valve closed; Low Priority
- FDCVT grant application - APP finished; Submit today
- Miscellaneous

• Lead - Extent; DEQ vs. VA Tech; Plan - ^{inhibit} Addition to reduce lead → working w/DEQ
in compliance w/state & Fed law
Owners need to flush lines to clear lines

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

3) 3 FD Stations ~~Revised~~ Rented
\$90K Rev

4) GM Body Shop - Meeting re move forward
Open Dec 2017

Cline, Richard (Treasury)

From: Dostine, Patrick (TREASURY)
Sent: Wednesday, September 16, 2015 10:33 AM
To: Byrne, Randall (Treasury); Cline, Richard (Treasury); Schafer, Suzanne K. (Treasury)
Cc: Porubsky, Carmen (TREASURY)
Subject: Flint note

Categories: Blue Category

Flint – Sept. 16 – N. Henderson, Mayor Walling, J. Freeman, W. Lamphier, R. Byrne, E. Cline, P. Dostine

Priorities

- Working with Charter Commission. Natasha has contacted Mott Foundation. Foundation may have some money for the Commission so it can complete its mission and get an updated Charter on the ballot.
- Police. Crime prevention. Flint looking into a prevention grant that targets students who have been expelled from school for lengthy periods. This grant would keep the students occupied and engaged, keep them out of trouble.
- Flint has contracted out space in its fire stations for ambulance services. The contract is for \$90K. Much needed revenue for the city.
- GM is moving forward on the planned Body Shop, to be completed in Dec. 2017. The project will engage Flint's transportation, public works and building departments, bringing in much needed revenue.
- Flint has completed its FDCVT grant. Submission is next.

Watermain break

- Watermain break under the Flint River. This is not a priority right now for Flint. The repair will be expensive and will have to be bid out.

Lead in the water

- Flint is working with MDEQ to address the issue. Phosphorus can be added to the system which will reduce the presence of lead.
- Flint is planning a press conference once the problem is addressed.
- Natasha mentioned that the city is still in compliance with Safe Water Drinking Act regarding the recent lead issue.

Water lawsuit

- No new developments.

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: Headen, Frederick (Treasury)
Sent: Wednesday, September 16, 2015 12:49 PM
To: Saxton, Thomas (Treasury); Workman, Wayne (TREASURY)
Cc: Stanton, Terry A. (Treasury); Cline, Richard (Treasury); Dempkowski, Angela (Treasury)
Subject: RE: Flint follow up

Tom and Wayne:

This is as revised based upon additional notes from Eric. This is ready to go.

Fred

Summary from September 15, 2015, conference call between Treasury and City of Flint officials.

The participants were: Tom Saxton, Wayne Workman, Fred Headen, and Eric Cline, from Treasury, and Dayne Walling, Natasha Henderson (City Administrator), Pete Bade (City Attorney), Tony Chubb (Assistant City Attorney), and Jody Lundquist (Finance Director) from the City.

Issues discussed:

- The City of Flint is involved in two lawsuits regarding water and sewer rates: *Kincaid* and *Shears*. *Kincaid* was decided by the Michigan Court of Appeals on June 11, 2015. The Court held that a 35 percent increase in water and sewer rates imposed by City officials on September 16, 2011, violated the City charter and that EM Mike Brown had no statutory authority to later ratify those rate increases in May of 2012. The Court of Appeals remanded the case to Genesee County Circuit Court. City officials intended to appeal the Court of Appeals *Kincaid* decision to the Michigan Supreme Court, but missed the filing deadline by one day.
- *Shears* was decided by the Genesee County Circuit Court by a non-final order on August 17, 2015. Among other things, the Court enjoined City officials from any longer imposing the 35 increase in water and sewer rates; from disconnecting water or sewer service due to delinquent bills dating back to September 16, 2011; and from placing liens on property due to delinquent bills dating back to September 16, 2011. City officials have filed an appeal with the Michigan Court of Appeals seeking, among other things, a stay of the Genesee County Circuit Court injunction.
- In the interim, City officials are complying with the Court's order in *Shears*. City officials estimated that removal of the 35 percent increase in water and sewer rates from future bills will cost roughly \$600,000 per month, or \$7.2 million annually. Therefore, if the Court orders either refunds or credits against future water and sewer bills, retroactive to September 16, 2011, the cost would be roughly \$28.8 million to date (i.e., \$600,000 per month times 48 months to date). The City Administrator indicated that City officials have not developed a plan to issue a refund of this magnitude because the City lacks sufficient funds to do so and they believe the City would be unable to operate at that point.
- The City Administrator noted that the accounts receivable for water and sewer operations that are over 30 days old has increased from \$7.8 million to \$8.4 million since the *Shears* order. She also noted that, because

City officials are prohibited from disconnecting water or sewer service for non-payment, they expect this number to continue to increase.

- The City Administrator noted that the measures taken to preserve funds within the water and sewer system to address these issues have delayed needed capital improvements, which has further exacerbated problems within the system. However, City officials cannot address capital needs without additional revenue.
- The City Administrator brought up and stressed the importance of the State assistance sought by the Mayor in his September 14, 2015, letter to the Governor. The Mayor requested \$30.0 million for infrastructure and capital improvements related to the City's water and sewer system. Wayne indicated that the Mayor's request had been received and promptly disseminated within Treasury and was being reviewed. However, he also indicated that, in his opinion, existing funding options were limited without additional legislative action.

From: Cline, Richard (Treasury)

Sent: Wednesday, September 16, 2015 10:15 AM

To: Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>; Headen, Frederick (Treasury) <HeadenF@michigan.gov>; Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>

Cc: Stanton, Terry A. (Treasury) <StantonT@michigan.gov>

Subject: RE: Flint follow up

I am working on it right now.

You should see a summary of my notes within 15 minutes.

Eric Cline | Department Manager

State of Michigan | Michigan Department of Treasury | Office of Fiscal Responsibility

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, September 16, 2015 10:14 AM

To: Headen, Frederick (Treasury) <HeadenF@michigan.gov>; Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>

Cc: Stanton, Terry A. (Treasury) <StantonT@michigan.gov>; Cline, Richard (Treasury) <cliner1@michigan.gov>

Subject: RE: Flint follow up

Eric will have a summary around noon to share, so we can edit down.

Wayne L. Workman

Deputy State Treasurer

Michigan Department of Treasury

From: Headen, Frederick (Treasury)

Sent: Wednesday, September 16, 2015 9:40 AM

To: Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>; Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>

Cc: Stanton, Terry A. (Treasury) <StantonT@michigan.gov>

Subject: RE: Flint follow up

Tom and Wayne:

I did not take notes, but here is a summary as I recall it. Feel free to fill in missing items.

Fred

Summary from September 15, 2015, conference call between Treasury and City of Flint officials.

The participants were: Tom Saxton, Wayne Workman, Fred Headen, and Eric Cline, from Treasury, and Dayne Walling, Natasha Henderson (City Administrator), Pete Bade (City Attorney), Tony Chubb (Assistant City Attorney), and Jody Lundquist (Finance Director) from the City.

Issues discussed:

- The City of Flint is involved in two lawsuits regarding water and sewer rates: Kincaid and Shears. Kincaid was decided by the Michigan Court of Appeals on June 11, 2015. The Court held that a 35 percent increase in water and sewer rates imposed by City officials on September 16, 2011, violated the City charter and that EM Mike Brown had no statutory authority to later ratify those rate increases in May of 2012. The Court of Appeals remanded the case to Genesee County Circuit Court. City officials intended to appeal the Court of Appeals Kincaid decision to the Michigan Supreme Court, but missed the filing deadline by one day.
- Shears was decided by the Genesee County Circuit Court by a non-final order on August 17, 2015. Among other things, the Court enjoined City officials from any longer imposing the 35 increase in water and sewer rates; from disconnecting water or sewer service due to delinquent bills dating back to September 16, 2011; and from placing liens on property due to delinquent bills dating back to September 16, 2011. City officials have filed an appeal with the Michigan Court of Appeals seeking, among other things, a stay of the Genesee County Circuit Court injunction.
- City officials estimated that removal of the 35 percent increase in water and sewer rates will cost roughly \$600,000 per month. Therefore, if the Court orders either refunds or credits against future water and sewer bills retroactive to September 16, 2011, the cost would be roughly \$28.8 million to date (i.e., \$600,000 per month times 48 months to date).
- The City Administrator brought up and stressed the importance of the State assistance sought by the Mayor in his September 14, 2015, letter to the Governor. The Mayor requested \$30.0 million for infrastructure and capital improvements related to the City's water and sewer system.

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

From: Workman, Wayne (TREASURY)

Sent: Wednesday, September 16, 2015 7:22 AM

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

Cc: Headen, Frederick (Treasury) <HeadenF@michigan.gov>

Subject: Re: Flint follow up

Yes, Fred, Eric usually has pretty good notes. I ask him to share with you

Sent from my iPhone

> On Sep 16, 2015, at 6:54 AM, Saxton, Thomas (Treasury) <SaxtonT@michigan.gov> wrote:

>

> can you pull together some bullet points that summarize the call late yesterday ? And I will pass them on to some of the people higher up the food chain. Thanks

>

>

Khouri, Nick (TREASURY)

From: Busch, Stephen (DEQ)
Sent: Wednesday, September 16, 2015 1:05 PM
To: Pallone, Maggie (DEQ); Wurfel, Brad (DEQ)
Cc: Shekter Smith, Liane (DEQ); Sygo, Jim (DEQ); Benzie, Richard (DEQ); Wyant, Dan (DEQ)
Subject: Draft Background, Timeline, Quadrant Diagram
Attachments: Flint-QuadrantDiagram-Draft.xlsx; City of Flint Background-Draft.docx

Attached are drafts of the Quadrant Diagram and the Background-Timeline. I am now working on a draft FAQ.

Below are some additional general informational handouts available from EPA that we may want to consider including.

Understanding the Safe Drinking Water Act

http://water.epa.gov/lawsregs/guidance/sdwa/upload/2009_08_28_sdwa_fs_30ann_sdwa_web.pdf

Drinking Water Costs and Federal Funding

http://water.epa.gov/lawsregs/guidance/sdwa/upload/2009_08_28_sdwa_fs_30ann_dwsrf_web.pdf

Water Facts

http://water.epa.gov/lawsregs/guidance/sdwa/upload/2009_08_28_sdwa_fs_30ann_waterfacts_web.pdf

Public Access to Information and Public Involvement

http://water.epa.gov/lawsregs/guidance/sdwa/upload/2009_08_28_sdwa_fs_30ann_publicinvolve_web.pdf

Let me know if you have questions or need anything further.

Stephen Busch, P.E.

MDEQ Lansing District Coordinator

Office of Drinking Water and Municipal Assistance

Lansing and Jackson District Supervisor

517-643-2314

buschs@michigan.gov

DRAFT
DRINKING WATER - LEAD - DISTRIBUTION OF RESPONSIBILITIES

Environmental Protection Agency	Michigan Department of Environmental Quality
Promulgation of Federal Safe Drinking Water Act Rules 1974 Safe Drinking Water Act 1991 Lead and Copper Rule 2000 Lead and Copper Rule Minor Revisions 2007 Lead and Copper Rule Short Term Revisions ??? Lead and Copper Rule Long Term Revisions Granting Primacy of Federal Regulations to States Auditing of State Public Water Supply Programs Provide Funding to States	Primacy - Michigan Safe Drinking Water Act and Administrative Rules Oversight of public water systems Inspections Construction Permitting Provide loans to water systems for public infrastructure improvements State Laboratory Services Laboratory Certification Establish monitoring requirements, quantity and frequency Verification of monitoring results and compliance determination Notify water systems of Action Level Exceedance Establish Water Quality Parameter Ranges, as necessary State Reporting to EPA Operator Training and Certification
City of Flint Water System	Water Customers
Certified Operation of public water system Establish Water Rates Obtain construction permits Reporting to MDEQ Coordination of lead and copper sampling Establishing a Tiered Sampling Pool Providing Sampling Kits and Instructions to customers Obtain signed statements from participating customers Obtain sample analysis Provide individual lead sample result to participants Comply with Action Levels for lead and copper Provide lead monitoring and notice Certification to MDEQ Provide Annual Report (CCR) to all customers Conduct Water Quality Parameter Monitoring Recommend and Install Optimized Corrosion Control Treatment Provide Public Notification, as necessary Replace public portion of lead service, as necessary	Participate in lead sampling as requested Request lead testing if concerned Follow lead sampling Instructions Provide signed information on how sample was collected Review individual result material Follow instructions for reducing lead exposure Replace private leaded service line and plumbing materials with lead-free products Obtain plumbing permits and comply with code requirements Pay Water Bills Read Annual Report (CCR) Read and follow Public Notification materials

DRAFT

City of Flint Water System Background

Water Service Land Area 34 square miles
550+ miles of public water mains
250+ miles of water mains 75+ years old
70% of public water mains are unlined cast iron pipe
Service population 99,763
Service connections 32,900
Flint Water System established in 1883
Flint Water Treatment Plant #2 completed in 1954
Connection to Detroit Water and Sewerage Department 1967
Flint Water Treatment Plant #2 rehabilitated 1999 – 2005

City of Flint Timeline

December 2011 – Flint Emergency Financial Manager Appointed by Governor Snyder
April 2013 – Flint rejects DWSD contract and instead joins the Karegnondi Water Authority
April 2013 – DWSD sets termination of Flint water service contract to April 17, 2014
June 2013 – Karegnondi Water Authority groundbreaking
June 2013 – Flint Requests full time use of Flint Water Treatment Plant with Flint River
May 2014 – Flint stops purchasing DWSD. Starts using the City of Flint WTP and Flint River
August 2014 – Flint E.Coli Bacteria violation, Partial System Boil Water Advisory
August 2014 – Disinfection Byproducts, DEQ requests preemptive Operational Evaluation
September 2014 – Flint Total Coliform Bacteria violation, Partial System Boil Water Advisory
November 2014 – Disinfection Byproducts violation begins
January 2015 – 1st 6 month lead and copper sampling completed 100 samples, 90th% = 6 ppb
April 2015 – Flint Financial Emergency Ends
July 2015 – 2nd 6 month lead and copper sampling completed 69 samples, 90th% = 11 ppb
August 2015 – Disinfection Byproducts return to compliance
August 2015 – Flint required by DEQ to recommend and install Optimized Corrosion Control Treatment

January 2016 – Flint plans to have Optimized Corrosion Control Treatment operational
July 2016 – Planned connection to Karegnondi Water Authority (Lake Huron water to Flint WTP)

Workman, Wayne (TREASURY)

From: Cline, Richard (Treasury)
Sent: Wednesday, September 16, 2015 3:13 PM
To: Saxton, Thomas (Treasury); Workman, Wayne (TREASURY)
Cc: Dempkowski, Angela (Treasury)
Subject: Updated Summary of September 15 Conference Call
Attachments: Utilities Update 9_16_15-2.pdf; Summary of September 15 Conference Call.docx

Importance: High

Tom/Wayne:

Attached, per your request, is an updated summary of the September 15 call with the City of Flint plus an update on utility upgrades, provided by the City.

If you need anything further, let me know.

Eric Cline | Department Manager

State of Michigan | Michigan Department of Treasury | Office of Fiscal Responsibility

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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**City of Flint
Water Quality Update
Wednesday September 16TH, 2015**

GAC Installation

What: **\$1,601,740 contract with LAN** to design and install new filter media at the Water Plant

Status: Complete

Leak Detection

What: **\$900,000 Treasury Distressed City Grant** for Leak Detection / Pipe Wall Assessment

Status: In Progress

The vendor "echologics" is nearly 1/3 complete with the leak detection

WPC Incinerator Shutdown

What: **\$1,100,000 Treasury Distressed City Grant** for WPC Incinerator Shutdown

Status: In construction phase

The walls are nearly done being erected.

Next steps: Construction of the walls.

Water Meter Installation

What: **\$5,000,000 contract** to purchase and install up to 18,000 water meters.

Status: In progress

The vendor has established a good routine and has installed approximately 3000 of the targeted 9000 meters have been installed

Installers are facing more resistance from customers about the change outs ~300 people are refusing the installation.

Small jumpers were added to the installation to protect plastic meters going in place of metal to protect electronics within the household.

The main focus of this contract was the \$2,500,000 on the front end to complete the targeted 9000 meter installation. This was an FY15 expenditure.

Next steps: Continue with the progress.

Pleyte, Beth (Treasury)

From: Saxton, Thomas (Treasury)
Sent: Wednesday, September 16, 2015 5:48 PM
To: Cline, Richard (Treasury); Dempkowski, Angela (Treasury); Headen, Frederick (Treasury)
Cc: Workman, Wayne (TREASURY)
Subject: FW: Flint
Attachments: Updated Summary of September 15 Conference Call

Thanks all for your work on this today. This won't be the end of it.

From: Saxton, Thomas (Treasury)
Sent: Wednesday, September 16, 2015 5:19 PM
To: Muchmore, Dennis (GOV) <muchmored@michigan.gov>; Khouri, Nick (TREASURY) <KhouriN@michigan.gov>
Cc: Lyon, Nick (DCH) <LyonN2@michigan.gov>; Wyant, Dan (DEQ) <WyantD@michigan.gov>; Wurfel, Brad (DEQ) <WurfelB@michigan.gov>; Agen, Jarrod (GOV) <AgenJ@michigan.gov>; Clement, Elizabeth (GOV) <clemente@michigan.gov>; Hollins, Harvey (GOV) <hollinsh@michigan.gov>; Roberts, John (DTMB) <RobertsJ9@michigan.gov>; Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>
Subject: Flint

Attached is the summary (prepared by Wayne's staff) of the call we/Treasury had yesterday with Flint. I would say nothing 'enlightening' really came out of the call.

As indicated they asked about the status of the \$30mm request to the Governor. Which coincidently is the ballpark number they are at risk for in the rate lawsuit(s).
We said we did not have an immediate response other than it would likely require an appropriation by the legislature. This would probably lead to similar requests from other urban communities; but, we are still looking at it.

We are not aware of any existing qualifying projects that the City has sought funding for in the SRF-drinking water program. They had asked previously for some funds on the wastewater side but had withdrawn the request because they lacked match funds.

From: Workman, Wayne (TREASURY)
Sent: Wednesday, September 16, 2015 10:40 AM
To: Muchmore, Dennis (GOV) <muchmored@michigan.gov>; Khouri, Nick (TREASURY) <KhouriN@michigan.gov>
Cc: Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>; Lyon, Nick (DCH) <LyonN2@michigan.gov>; Wyant, Dan (DEQ) <WyantD@michigan.gov>; Wurfel, Brad (DEQ) <WurfelB@michigan.gov>; Agen, Jarrod (GOV) <AgenJ@michigan.gov>; Clement, Elizabeth (GOV) <clemente@michigan.gov>; Hollins, Harvey (GOV) <hollinsh@michigan.gov>; Roberts, John (DTMB) <RobertsJ9@michigan.gov>
Subject: RE: Flint

We will have an update later today from our call with the City yesterday.

Wayne L. Workman
Deputy State Treasurer
Michigan Department of Treasury

From: Muchmore, Dennis (GOV)
Sent: Wednesday, September 16, 2015 10:33 AM

To: Khouri, Nick (TREASURY) <KhouriN@michigan.gov>

Cc: Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>; Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>; Lyon, Nick (DCH) <LyonN2@michigan.gov>; Wyant, Dan (DEQ) <WyantD@michigan.gov>; Wurfel, Brad (DEQ) <WurfelB@michigan.gov>; Agen, Jarrod (GOV) <AgenJ@michigan.gov>; Clement, Elizabeth (GOV) <clemente@michigan.gov>; Hollins, Harvey (GOV) <hollinsh@michigan.gov>; Roberts, John (DTMB) <RobertsJ9@michigan.gov>

Subject: RE: Flint

Any additional information on this?

From: Khouri, Nick (TREASURY)

Sent: Tuesday, September 15, 2015 10:01 AM

To: Muchmore, Dennis (GOV) <muchmored@michigan.gov>

Cc: Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>; Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>; Lyon, Nick (DCH) <LyonN2@michigan.gov>; Wyant, Dan (DEQ) <WyantD@michigan.gov>; Wurfel, Brad (DEQ) <WurfelB@michigan.gov>; Agen, Jarrod (GOV) <AgenJ@michigan.gov>; Clement, Elizabeth (GOV) <clemente@michigan.gov>; Hollins, Harvey (GOV) <hollinsh@michigan.gov>; Roberts, John (DTMB) <RobertsJ9@michigan.gov>

Subject: Re: Flint

Tom

Any state or federal subsidized financing available? Something similar in structure to combined sewer overflow?

It's not free money, but a better option

Sent from my iPhone

On Sep 15, 2015, at 9:52 AM, Muchmore, Dennis (GOV) <muchmored@michigan.gov> wrote:

Nice of Dayne Walling to work with us before he called yesterday to tell me he was going to announce to City Council last night that Flint needs and deserves \$30M from the state for upgrades to their water system and a lead abatement program. Any thoughts on this?

Dempkowski, Angela (Treasury)

From: Anderson, Madhu (DEQ)
Sent: Wednesday, September 16, 2015 8:12 PM
To: Saxton, Thomas (Treasury); Workman, Wayne (TREASURY)
Subject: Fwd: MDEQ Response to Congressman Kildee Letter re: Flint Drinking Water
Attachments: Congressman Kildee Response re Flint Water.pdf; ATT00001.htm

Tom and Wayne...FYI

Madhu

Madhu R. Anderson

Deputy Director, Economic & Strategic Initiatives

Michigan Department of Environmental Quality

Phone 517 284 6702 | 517 290 9653

andersonm30@michigan.gov

Begin forwarded message:

From: DEQ-Legislative-Contact <DEQ-Legislative-Contact@michigan.gov>
Date: September 16, 2015 at 5:06:15 PM EDT
To: "Jordan.Dickinson@mail.house.gov" <Jordan.Dickinson@mail.house.gov>
Cc: "Ananich, Senator Jim" <ofcJAnanich@senate.michigan.gov>, "Neeley, Rep Sheldon" <SheldonNeeley@house.mi.gov>, "PHELPS, Rep Phil" <repphelps@house.mi.gov>, "dwalling@cityofflint.com" <dwalling@cityofflint.com>, "hcroft@cityofflint.com" <hcroft@cityofflint.com>, "hedman.susan@epa.gov" <hedman.susan@epa.gov>, "poy.thomas@epa.gov" <poy.thomas@epa.gov>, "Schock.michael@epa.gov" <Schock.michael@epa.gov>, "Lytle.darren@epa.gov" <Lytle.darren@epa.gov>, "fortin.denise@epa.gov" <fortin.denise@epa.gov>, "Edwardsm@vt.edu" <Edwardsm@vt.edu>, "Hollins, Harvey (GOV)" <hollinsh@michigan.gov>, "Mcbride, Bill (GOV)" <mcbrideb@michigan.gov>, "Brown, Eric (GOV)" <BrownE15@michigan.gov>, "Thelen, Mary Beth (DEQ)" <THELENM2@michigan.gov>, "Sygo, Jim (DEQ)" <SygoJ@michigan.gov>, "Shaler, Karen (DEQ)" <SHALERK@michigan.gov>, "Anderson, Madhu (DEQ)" <AndersonM30@michigan.gov>, "Copen, Leigh (DEQ)" <CopenL1@michigan.gov>, "Pallone, Maggie (DEQ)" <PalloneM@michigan.gov>, "Howes, Sarah (DEQ)" <HowesS1@michigan.gov>, "Wurfel, Brad (DEQ)" <WurfelB@michigan.gov>, "Shekter Smith, Liane (DEQ)" <SHEKTERL@michigan.gov>, "Devereaux, Tracy Jo (DEQ)" <DEVEREAUXT@michigan.gov>, "Busch, Stephen (DEQ)" <BUSCHS@michigan.gov>, "Cook, Pat (DEQ)" <COOKP@michigan.gov>
Subject: MDEQ Response to Congressman Kildee Letter re: Flint Drinking Water

Attached please find the MDEQ's response to your September 9, 2015 letter regarding Flint drinking water.

Thank you,

Heather Feuerstein

Management Assistant to

Maggie Pallone, Deputy Director and

Brad Wurfel, Communications Director

Department of Environmental Quality



RICK SNYDER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF ENVIRONMENTAL QUALITY
LANSING



DAN WYANT
DIRECTOR

September 16, 2015

VIA E-MAIL

The Honorable Daniel Kildee
United States House of Representatives
Washington, DC 20515

Dear Congressman Kildee:

Thank you for your September 9, 2015, letter regarding your concerns for the drinking water in the city of Flint (Flint). The Michigan Department of Environmental Quality (MDEQ) is working closely with Flint's water department as well as the U.S. Environmental Protection Agency (USEPA) to ensure Flint residents have ample water that meets state and federal drinking water standards.

The MDEQ's role is to administer its nearly 40-year-old state drinking water protection program based on federal guidelines. The MDEQ works with approximately 11,500 public water systems in the state to monitor for more than 90 primary drinking water contaminants and ensure that every supply consistently provides safe drinking water.

In Flint, the city made a decision 18 months ago to switch drinking water sources. This change required them to take specific measures under the federal Lead and Copper Rule, which was enacted in 1991 to monitor water as it interacts with lead service connections and home plumbing. Flint's test results were conducted according to the same testing protocols every Michigan community uses and the same protocols Flint has used to test its water every three years for the past 25 years.

While the results from Flint's testing show compliance with the federal action level for lead and copper, on August 17, 2015, the MDEQ instructed the city to move forward expeditiously with developing additional corrosion control treatment to minimize the corrosive effects between drinking water and lead service connections and home plumbing in the Flint service area.

We appreciate and share your concern for the situation, and the MDEQ looks forward to providing you a detailed briefing next week. If you have any additional questions in the meantime, please contact Ms. Maggie Pallone, Deputy Director, Policy and Legislative Affairs, at 517-284-6704 or pallonem@michigan.gov; or you may contact me.

Sincerely,

Dan Wyant
Director
517-284-6700

The Honorable Daniel Kildee

Page 2

September 16, 2015

cc: Senator Jim Ananich
Representative Sheldon Neeley
Representative Phil Phelps
Mayor Dayne Walling, City of Flint
Mr. Howard Croft, City of Flint
Dr. Susan Hedman, Regional Administrator, USEPA, Region 5
Mr. Thomas Poy, USEPA, Region 5
Ms. Denise Fortin, USEPA, Region 5
Mr. Michael Schock, USEPA
Mr. Darren Lytle, USEPA
Mr. Marc Edwards, Virginia Tech
Mr. Harvey Hollins, Governor's Southeast Michigan Office
Mr. Bill McBride, Governor's Washington Office
Mr. Eric Brown, Governor's Washington Office
Mr. Jim Sygo, Chief Deputy Director, MDEQ
Ms. Madhu R. Anderson, Deputy Director, MDEQ
Ms. Maggie Pallone, Deputy Director, MDEQ
Ms. Sarah M. Howes, Legislative Liaison, MDEQ
Mr. Brad Wurfel, Communications Director, MDEQ
Ms. Liane Shekter Smith, MDEQ
Mr. Stephen Busch, MDEQ
Mr. Pat Cook, MDEQ

Workman, Wayne (TREASURY)

From: Workman, Wayne (TREASURY)
Sent: Thursday, September 17, 2015 2:03 PM
To: Saxton, Thomas (Treasury)
Subject: Fwd: Flint - Hydrant Flushing Photo

Sent from my iPhone

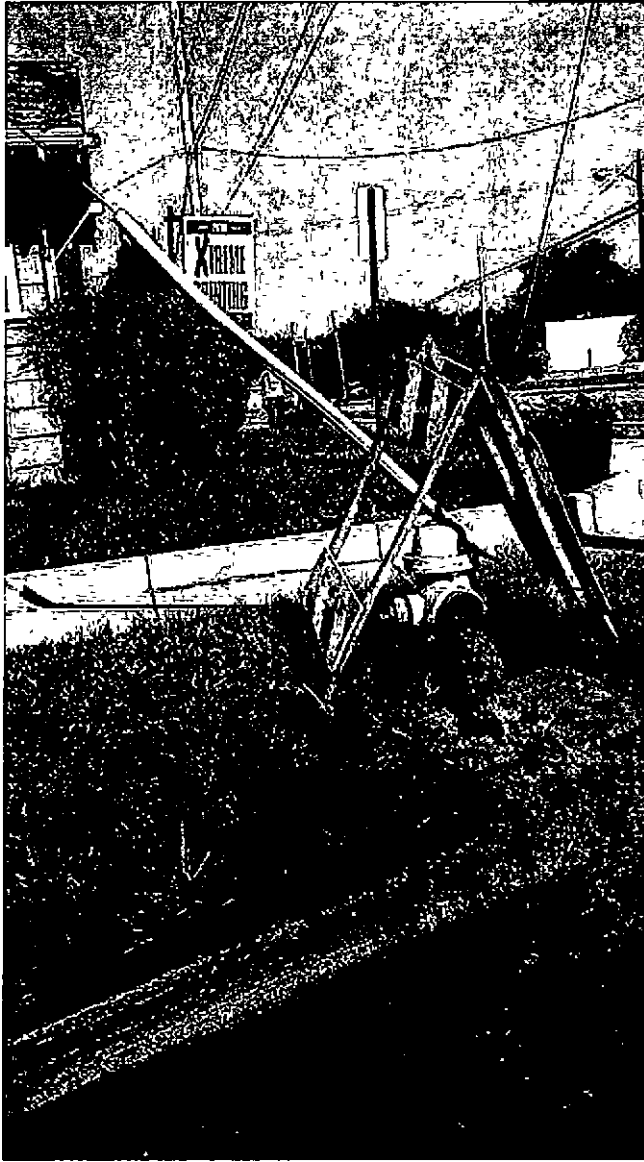
Begin forwarded message:

From: "Widigan, Robert (TREASURY)" <WidiganR@michigan.gov>
Date: September 17, 2015 at 11:27:28 AM EDT
To: "Workman, Wayne (TREASURY)" <WorkmanW@michigan.gov>, "Koryzno, Edward (Treasury)" <KoryznoE@michigan.gov>, "Byrne, Randall (Treasury)" <ByrneR1@michigan.gov>, "Cline, Richard (Treasury)" <cliner1@michigan.gov>, "Dempkowski, Angela (Treasury)" <DempkowskiA@michigan.gov>
Subject: Flint - Hydrant Flushing Photo

All,

This photo was taken in the city of Flint, on Corunna Rd east of Ballenger Hwy.

This is allegedly after five **hours** of flushing. Just by looking at the amount of water in the grass and on the road, it has definitely been open for a while.



Robert Widigan
Local Government Financial Services Division
Michigan Department of Treasury

Sent from my iPhone

Byrne, Randall (Treasury)

From: Byrne, Randall (Treasury)
Sent: Tuesday, September 22, 2015 10:07 AM
To: Cline, Richard (Treasury)
Subject: FW: City Administrator Statement Regarding Additional Water Testing
Attachments: CA Water Testing Statement 9.21.15.pdf

FYI

From: Jason Lorenz [mailto:jlorenz@cityofflint.com]
Sent: Monday, September 21, 2015 4:45 PM
Subject: City Administrator Statement Regarding Additional Water Testing

For Immediate Release

City Administrator Statement Regarding the Possibility of Additional Water Testing

Flint, Michigan – September 21, 2015 – The following is a statement from the City Administrator regarding the possibility of additional testing being conducted on Flint's water.

"The City of Flint has no problem with cooperating in additional testing. In fact, at this time we are already taking the steps necessary to improve Flint's water including a plan to add a corrosion inhibitor into the treatment process in addition to ongoing efforts to fix problems in the distribution system. The City also continues to offer free and independent testing so that all customers understand the water quality in their homes, including any problems with lead. Our focus has been and will continue to be to provide safe, quality water to our customers."

-Natasha L. Henderson

City Administrator, City of Flint

–END–

-Jason Lorenz
Public Information Officer
City of Flint

Flint outside counsel

Tuesday, September 22, 2015 10:47 AM

Subject Flint outside counsel
From Byrne, Randall (Treasury)
To Workman, Wayne (TREASURY); Schafer, Suzanne K. (Treasury)
Sent Tuesday, September 22, 2015 10:24 AM

Wayne and Suzanne:

FYI, I just spoke to Natasha regarding the hiring of a law firm to assist the City in the water lawsuit. She indicated that she will know more by early next week as to what firm they would like to hire. She will be contacting us with her recommendation and the estimated cost.

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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Byrne, Randall (Treasury)

From: Byrne, Randall (Treasury)
Sent: Wednesday, September 23, 2015 11:23 AM
To: Byrne, Randall (Treasury)
Subject: Thursday meeting
Attachments: Meeting with Suzanne August 31.docx



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 —September 24, 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, so far, 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 may cause the City to rebate \$51M and repay \$15.7M. I have offered financial assistance to the City to assist in determining the financial impact of this court. Natasha will make a decision on legal representation assistance this week. A water main break under the Flint River may cost up to \$500K to repair. The City has decided to postpone the repair.
- **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. 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 has had difficulty finding a collection firm to collect the past due water and sewer bills, Cathy is working with a firm and expects to hire them soon. 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. We have a number of loan requirements that will be in the draft E-loan document. 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 and are asking DWSD for an extension on the number of years required for payback. Regular billing of water and sewer customers has begun.
- **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 begins work on Monday. We have met with Brad to discuss the final order.

- **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. Jerry Ambrose will not hired as a transition advisor to the Mayor. 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.
- **River Rouge**—the five year financial plan will have to be balanced in order to discuss an exit from the Consent Agreement, 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.
- **Royal Oak Township**— police service proposal from another community has been a problem. 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.
- **Miscellaneous Items**—the draft of the October Governor's Memo is almost complete. Staffing update. RTAB candidates are being vetted by the Governor's Office. The draft exit plan for several communities is nearing completion. Vacation request will be October 23 to November 1. Request to produce documents is going well so far. Any other division items that we should discuss?

Workman, Wayne (TREASURY)

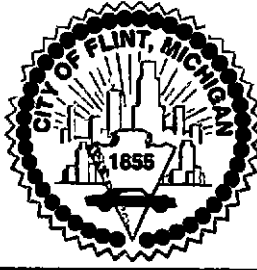
From: Workman, Wayne (TREASURY)
Sent: Thursday, September 24, 2015 8:24 AM
To: Saxton, Thomas (Treasury); Stanton, Terry A. (Treasury); Schafer, Suzanne K. (Treasury)
Subject: FW: Flint To Issue Lead In Water Warning After Push From Doctors, Health Officials

From: Widigan, Robert (TREASURY)
Sent: Thursday, September 24, 2015 8:07 AM
To: Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>; Koryzno, Edward (Treasury) <KoryznoE@michigan.gov>; Byrne, Randall (Treasury) <ByrneR1@michigan.gov>; Cline, Richard (Treasury) <cliner1@michigan.gov>
Subject: Flint To Issue Lead In Water Warning After Push From Doctors, Health Officials

FYI – http://www.mlive.com/news/flint/index.ssf/2015/09/flint_will_issue_lead_advisory.html#incart_river

Robert Widigan
Local Government Financial Services Division
Michigan Department of Treasury
Office (517) 373-3227 Cell [REDACTED]

Dayne Walling
Mayor



Natasha L. Henderson
City Administrator

Jason Lorenz
Public Information Officer
Office: (810) 237-2039
Cell: (810) 875-2576
jlorenz@cityofflint.com

For Immediate Release

City of Flint Issues Lead Advisory

Flint, Michigan – September 25, 2015 – The City of Flint is issuing a Lead Advisory for residents to be aware of lead levels in drinking water after hearing concerns from the medical community. While the City is in full compliance with the Federal Safe Drinking Water Act, this information is being shared as part of a public awareness campaign to ensure that everyone takes note that no level of lead is considered safe.

The Genesee County Health Department has issued a fact sheet regarding lead precautions for residents. The fact sheet can be found on their website at www.gchd.us. Here are a few of the suggestions the Health Department recommends:

- Flush your cold-water pipes by running the water for approximately 5 minutes
- Use only water from the cold-water tap for drinking, cooking, and especially for making baby formula.
- Install a water filter that is NSF-certified for lead removal.

Lead contamination can leach into water from a home's lead water service lines, lead solder, and leaded plumbing materials including fixtures, faucets, and fittings. Older service lines with pipes and fixtures installed before 1986 can sometimes be more susceptible to lead issues due to materials used in the home such as lead based paint and lead pipes.

This message is meant as a precaution to residents and does not mean that all homes in the City will experience the same issue. Residents with concerns about lead service lines

City Hall
1101 S. Saginaw Street - Flint, Michigan 48502
810-766-7346 FAX: 810-766-7218 www.cityofflint.com

Dayne Walling
Mayor



Natasha L. Henderson
City Administrator

and lead in home plumbing fixtures are encouraged to contact the City's Utilities Division to schedule a free water testing by calling the Water Treatment Plant at 810-787-6537 and pressing #1 after prompted or by emailing flintwater@cityofflint.com.

The City of Flint is working proactively along with the County Health Department, the Michigan Department of Environmental Quality, and the U.S. Environmental Protection Agency to improve the water system throughout the City. An accelerated plan to add a corrosion control agent to our water within 30 to 60 days with expedited approval from the Michigan Department of Environmental Quality is already underway. This will reduce corrosion which can cause lead in old pipes to leach into the water.

This plan is in addition to Mayor Walling's letter requesting \$30 Million in water infrastructure assistance funding from the State of Michigan. \$10 Million of that request would be for the replacement of lead service lines in households to ensure that lead no longer presents a danger to the drinking water of our residents. As the letter states, "It is the City's position that the abatement of lead through the removal of lead containing pipes and fixtures in homes is the best long term solution to keeping our residents' water safe."

Mayor Walling further stated: "I am extremely concerned about the risks around lead with Flint's children and I will be working tirelessly to ensure the water is safe and all of our families have the information they need. I also will continue to pursue funding for infrastructure improvements and a comprehensive healthy homes initiative that addresses lead in paint and pipes. We have to get the lead out of our community to eliminate the threat of childhood lead poisoning."

The City of Flint continues working proactively with the County Health Department, the Michigan Department of Environmental Quality, and the U.S. Environmental Protection Agency to improve the water system throughout the City. The City remains committed to working with all of our partners in the Water Technical Advisory Committee to address all

Dayne Walling
Mayor



Natasha L. Henderson
City Administrator

issues of public health and quality concerns that face the community. Updates on progress made in addressing this issue will be made during regular public meetings including City Council and other scheduled meetings. Information on this and all related matters will continue to be posted on the City of Flint's website, cityofflint.com.

—END—



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

Dostine, Patrick (TREASURY)

From: Widigan, Robert (TREASURY)
Sent: Friday, September 25, 2015 8:07 AM
To: Byrne, Randall (Treasury); Cline, Richard (Treasury); Vandegrift, Drew (TREASURY); Dostine, Patrick (TREASURY)
Subject: Lead-Poisoned Flint Kids Will Pay Price For Water Switch

I don't know if anyone saw this, by we may want to monitor what Hurley Children's Hospital's says.

<http://michiganradio.org/post/flint-pediatricians-raise-alarm-about-lead-levels-city-water#stream/0>

<http://www.freep.com/story/opinion/editorials/2015/09/24/lead-poisoned-flint-kids-pay-price-water-switch/72741222/>

Robert Widigan
Local Government Financial Services Division
Michigan Department of Treasury
Office (517) 373-3227 Cell [REDACTED]

Stanton, Terry A. (Treasury)

From: Stanton, Terry A. (Treasury)
Sent: Friday, September 25, 2015 9:02 AM
To: Wurfel, Sara (GOV)
Cc: Murray, David (GOV); Wurfel, Brad (DEQ); Minicuci, Angela (DCH)
Subject: Re: PRESS BRIEFING: Health Information for Residents on Water

FYI--This was on MLive earlier this week.

http://www.mlive.com/news/flint/index.ssf/2015/09/flint_will_issue_lead_advisory.html#incart_river

On Sep 25, 2015, at 8:54 AM, Wurfel, Sara (GOV) <Wurfels@michigan.gov> wrote:

FYI

Dave - please followup and see if we can get more on content, unless someone knows already.

Sent from my iPhone

Begin forwarded message:

From: Jason Lorenz <jlorenz@cityofflint.com>
Date: September 25, 2015 at 8:15:46 AM EDT
To: Jason Lorenz <jlorenz@cityofflint.com>
Subject: Re: PRESS BRIEFING: Health Information for Residents on Water

UPDATE: Flint Mayor Dayne Walling will also be in attendance for today's briefing.

-Jason Lorenz
Public Information Officer
City of Flint
(810) 237-2039 (Office)
(810) 875-2576 (Cell)
jlorenz@cityofflint.com



On Thu, Sep 24, 2015 at 5:18 PM, Jason Lorenz <jlorenz@cityofflint.com> wrote:

Stanton, Terry A. (Treasury)

From: Stanton, Terry A. (Treasury)
Sent: Friday, September 25, 2015 11:48 AM
To: Murray, David (GOV)
Subject: Flint info

Dave...

See below...from TPs developed last spring. Calling you momentarily..

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.

On April 8th, the City announced that it was moving forward with a series of actions to ensure the continued safety of Flint drinking water and address issues of discoloration and odor. The most significant step will be the installation of a Granulated Active Charcoal filter (GAC) at the Water Treatment Plant. The GAC filter will help block or eliminate the formation of TTHM during the filtration process. The \$1.5 million project (targeted for completion by mid-July) will be funded with proceeds from the state-approved restructuring of Flint's Drinking Water Revolving Fund loans (\$2.24 million).

The City is undertaking a number of other improvements to the water system including the acceleration of valve replacements, targeted hydrant flushing, the replacement of two miles of water main in a critical area of the city, and acceleration of the project to automate plant operations.

Stanton, Terry A. (Treasury)

From: Michelle Zdrodowski <michelle.zdrodowski@detroitk12.org>
Sent: Friday, September 25, 2015 5:21 PM
To: Wurfel, Sara (GOV); Murray, David (GOV); Stanton, Terry A. (Treasury)
Cc: Darnell Earley; Chrystal Wilson
Subject: Free Press Request for Comment from DE on Flint Water-RESPONSE FOR REVIEW

Importance: High

Sara, Dave, Terry,

Mr. Earley got a request from Freep's Nancy Kaffer for a comment on the Flint Water situation. She is doing a column for Sunday's paper that is a follow up to the paper's story that ran yesterday on Flint water quality.

She asked for his comment, she said, since water system decisions were made under his term as EM.

The following is the statement that he would like to send to Nancy. Her deadline is, as always, rapidly approaching. Apologies for short turn-around time.

"The decision for Flint to join the Karegnondi Water Authority and to leave the Detroit Water and Sewerage System was made under the authority of previous Flint Emergency Managers prior to my appointment in October 2013. And, while the deal to sell the pipeline had been in process as I assumed my position, it was finalized after thorough review and with the health and well-being of all citizens -- from small children to senior citizens and everyone in between -- taken into consideration. An even bigger concern that we must all be paying attention to is the aging infrastructure and water distribution systems in all of our urban communities -- many of which are more than 100 years old. Where the focus should be placed moving forward is not on what we do in the interim between now and when the new system is complete, but what is done in the long-term to replace the crumbling water distribution system that exists throughout Flint and Genesee County. I am confident that the city of Flint is following the standards of the State of Michigan's Department of Environmental Quality for safe water compliance, as it should."

Please let me know if you have any issues/edits.

Thanks,

Michelle

Michelle A. Zdrodowski

Executive Director of Communications
Detroit Public Schools
3011 W. Grand Boulevard, 14th Floor
Detroit, MI 48202
313.873.3238, office
313.421.2831, mobile

Dempkowski, Angela (Treasury)

From: Saxton, Thomas (Treasury)
Sent: Friday, September 25, 2015 6:11 PM
To: Workman, Wayne (TREASURY); Stanton, Terry A. (Treasury)
Subject: Fwd: Flint Water Statement-FOR REVIEW

FYI

Sent from my iPhone

Begin forwarded message:

From: Darnell Earley <darnell.earley@detroitk12.org>
Date: September 25, 2015 at 5:55:19 PM EDT
To: Thomas Saxton <saxtont@michigan.gov>, Rich Baird <bairdr@michigan.gov>
Subject: Fwd: Flint Water Statement-FOR REVIEW

FYI

Sent from my iPhone

Begin forwarded message:

From: Michelle Zdrodowski <michelle.zdrodowski@detroitk12.org>
Date: September 25, 2015 at 5:33:31 PM EDT
To: Darnell Earley <darnell.earley@detroitk12.org>
Subject: Re: Flint Water Statement-FOR REVIEW

Received approval from Gov's Office PR. Sending now.

Michelle A. Zdrodowski

Executive Director of Communications

Detroit Public Schools

3011 W. Grand Boulevard, 14th Floor

Detroit, MI 48202

313.873.3238, office

313.421.2831, mobile

From: Michelle Zdrodowski
Sent: Friday, September 25, 2015 5:16 PM
To: Darnell Earley
Subject: Re: Flint Water Statement-FOR REVIEW

OK, with your edit. I will send to Sara and Terry

The decision for Flint to join the Karegnondi Water Authority and to leave the Detroit Water and Sewerage System was made under the authority of previous Flint Emergency Managers prior to my appointment in October 2013. And, while the deal to sell the pipeline had been in process as I assumed my position, it was finalized after thorough review and with the health and well-being of all citizens - from small children to senior citizens and everyone in between -- taken into consideration. An even bigger concern that we must all be paying attention to is the aging infrastructure and water distribution systems in all of our urban communities -- many of which are more than 100 years old. Where the focus should be placed moving forward is not on what we do in the interim between now and when the new system is complete, but what is done in the long-term to replace the crumbling water distribution system that exists throughout Flint and Genesee County. I am confident that the city of Flint is following the standards of the State of Michigan's Department of Environmental Quality for safe water compliance, as it should.

Michelle A. Zdrodowski

Executive Director of Communications

Detroit Public Schools

3011 W. Grand Boulevard, 14th Floor

Detroit, MI 48202

313.873.3238, office

313.421.2831, mobile

From: Darnell Earley
Sent: Friday, September 25, 2015 5:12 PM
To: Michelle Zdrodowski
Subject: Re: Flint Water Statement-FOR REVIEW

Add as the last sentence :

I'm confident that the city of Flint is following the standards of the States department of environmental quality for safe water compliance, as it should.

Work that in then send it to Sara and Terry for their blessing .

Sent from my iPhone

On Sep 25, 2015, at 4:56 PM, Michelle Zdrodowski
<michelle.zdrodowski@detroitk12.org> wrote:

Mr. Earley,

Draft statement for the Freep, based on our discussion, for your review:

The decision for Flint to join the Karegnondi Water Authority and to leave the Detroit Water and Sewerage System was made under the authority of previous Flint Emergency Managers prior to my appointment in October 2013. And, while the deal to sell the pipeline had been in process as I assumed my position, it was finalized after thorough review and with the health and well-being of all citizens -- from small children to senior citizens and everyone in between -- taken into consideration. An even bigger concern that we must all be paying attention to is the aging infrastructure and water distribution systems in all of our urban communities -- many of which are more than 100 years old. Where the focus should be placed moving forward is not on what we do in the interim between now and when the new system is complete, but what is done in the long-term to replace the crumbling water distribution system that exists throughout Flint and Genesee County.

Michelle

Stanton, Terry A. (Treasury)

From: Kaffer, Nancy <nkaffer@freepress.com>
Sent: Friday, September 25, 2015 5:34 PM
To: Stanton, Terry A. (Treasury)
Subject: FW: Flint water

Nancy Kaffer
Columnist
Detroit Free Press
www.freep.com/abettermichigan
313-222-6585
@nancykaffer, @abettermi

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

From: Kaffer, Nancy
Sent: Friday, September 25, 2015 5:12 PM
To: 'Wurfel, Sara (GOV)' <Wurfels@michigan.gov>
Subject: RE: Flint water

Please note this Flint Journal story, at which time a decision about where the city would get its water during the Karegnondi construction had not yet been made. Darnell was EM. Do you need me to send more? There is no shortage of documentation.

Flint Journal (Michigan)

January 5, 2014 Sunday
1 EDITION

City shells out \$4 million on plant since Detroit ended water pact

LENGTH: 482 words

URL: http://www.mlive.com/news/flint/index.ssf/2014/01/flint_spends_4_million_on_wate.html

By Dominic Adams
dadams5@mlive.com

The city of Flint has spent \$4 million on its water plant in the eight months since Detroit ended its almost 50-year-old contract for selling water to the city.

An analysis by The Flint Journal/MLive.com found the city has spent more than \$3.8 million on improvements and other work at the water plant since April, according to figures listed in resolutions posted on the city's website.

Efforts have included paying consultants for studies, paying a public water fee to the Michigan Department of Environmental Quality and spending more than \$1.5 million to upgrade the switchgear for the power distribution to the facility's motor control center.

The Detroit Water and Sewerage Department director said it will stop selling water to Flint and Genesee County on April 17.

The move came after Flint agreed to purchase raw water from Lake Huron as a member of the Karegnondi Water Authority. The water will be pumped to Flint and treated at its plant.

"Some of the money that we're spending are on upgrades that are necessary for when we start getting our water from the KWA," City Council President Scott Kincaid said. "There are guidelines as far as the quality of our water."

In July, city officials said they still were trying to figure out whether they would renegotiate a temporary deal with Detroit while the KWA pipeline was built.

Kincaid said a decision about where the city will get its water during the KWA construction hasn't been finalized.

"I'm not concerned that Detroit is going to cut our water off," he said. "We're preparing our water treatment facility for the KWA, and when we do that, of course, that will give us the capability to take water from the Flint River."

Here's a look at five expenditures associated with upgrades at the water plant:

Electrical Distribution Upgrades: Emergency Manager Darnell Earley approved paying McNaughton-McKay Electric \$1.51 million to upgrade electrical switchgear at the water plant Nov. 18. On the same day, Earley signed off on paying McNaughton-McKay \$505,000 to replace switchgear at the city's Cedar Street pumping station.

New pump: McNaughton-McKay also received \$349,710 from the city to replace an obsolete pump at pump station No. 4, according to the resolution.

Design work and construction engineering to use the Flint River: The city spent \$1.13 million with Flint-based Lockwood, Andrews & Newnam Inc. on design work, construction engineering and regulatory submissions that will allow the plant to be used to convert raw water from Lake Huron delivered via the KWA pipeline into drinkable water in Flint.

Cleaning up lime: The city paid Young's Environmental Cleanup \$6,154.61 to remove inactive lime at the water plant, according to a resolution from Aug. 13.

@fl-river flint city hall flint news is-featured

Stanton, Terry A. (Treasury)

From: Workman, Wayne (TREASURY)
Sent: Saturday, September 26, 2015 8:23 AM
To: Saxton, Thomas (Treasury)
Cc: Stanton, Terry A. (Treasury)
Subject: Re: Kaffer issue.

Looks good

Sent from my iPhone

On Sep 26, 2015, at 6:45 AM, Saxton, Thomas (Treasury) <SaxtonT@michigan.gov> wrote:

I think it is fine. Murray signed off.

Sent from my iPhone

On Sep 25, 2015, at 8:52 PM, Stanton, Terry A. (Treasury) <StantonT@michigan.gov> wrote:

Think I'm ok to send? Sara hasn't responded to repeated calls, texts and emails.

TS

Begin forwarded message:

From: "Murray, David (GOV)" <MurrayD1@michigan.gov>
Date: September 25, 2015 at 8:17:56 PM EDT
To: "Stanton, Terry A. (Treasury)" <StantonT@michigan.gov>
Subject: Re: Kaffer issue.

Looks good to me.

Sent from my iPhone

On Sep 25, 2015, at 8:04 PM, Stanton, Terry A. (Treasury) <StantonT@michigan.gov> wrote:

Sara and Dave...

Below is my proposed response to Nancy...with which I intend to include 3 documents. Please confirm you are ok with this as it won't necessarily paint DWSD in a favorable light.

Please advise asap. I will send the 2 additional letters under separate emails.

"Nancy...

I am sending you a series of documents (3) to help frame the situation regarding Flint water.

The first is a letter Flint officials sent to DWSD in June of 2012, requesting that Flint be allowed to "blend" DWSD water with Flint river water to keep costs for Flint reasonable and affordable. Please note that DWSD was increasing rates by 5-times.

The second letter (Sept. 2012) from the city of Flint to the DWSD again requests written approval for the city to "blend" water, as requested in the June letter.

These letters were sent to DWSD as Flint officials, including the Mayor and city council, considered a move to KWA vs staying with DWSD.

In April of 2013, Flint received the 3rd document, from DWSD, terminating the contract with Flint effective April 17, 2014.

It is my understanding that the City of Flint then worked over the next number of months to upgrade its water facilities, test those facilities for quality and efficient water supply to residents and to gain Department of Environmental Quality approval to use Flint River water until KWA was operational in the spring of 2016.

Given DWSD's decision to terminate Flint's contract...and given that the Flint River had long been the city's backup source, Flint was faced with limited options."

Stanton, Terry A. (Treasury)

From: Stanton, Terry A. (Treasury)
Sent: Saturday, September 26, 2015 10:47 AM
To: nkaffer@freepress.com
Subject: Fwd: DWSD Termination Letter to Flint
Attachments: DWSD Termination Ltr.pdf; ATT00001.htm

Try this.

April 17, 2013

RECEIVED
CITY OF DETROIT
CITY CLERK'S OFFICE
2013 APR 18 AM 11:33

Via Certified Mail and Electronic Delivery

Ms. Inez M. Brown
City Clerk
City of Flint
2nd Floor, City Hall
1101 S. Saginaw Street
Flint, Michigan 48502

Dear Ms. Brown:

**Regarding: Termination of Contract for the Provision of Water Services
by the City of Detroit, Water and Sewerage Department**

On December 20, 1965, the City of Detroit, through its Board of Water Commissioners, (DWSD) and the City of Flint, Michigan (Flint) entered into a contract for the provision of DWSD treated water to Flint and the distribution by Flint of that water to other Genesee County communities. Section 18 of that Agreement¹ provides:

18. The Board [DWSD] shall supply and sell water to the City [Flint] from the water system of the City of Detroit, and the City shall receive and purchase such water in accordance with the terms of this Agreement for an indefinite period of time but at least for a period of thirty-five (35) years from the date hereof. This Agreement may be terminated by either party after expiration of said 35-year period, upon one year's written notice served upon the other party by delivering the same to the Secretary of the Board or to the Clerk of the City as the case may be, or at any time upon mutual consent of both parties.

Please take notice that pursuant to this section, 18, of the above-referenced Agreement, DWSD is terminating this Agreement one year from today's date (April 17, 2014).

Sincerely yours,


Sue F. McCormick
Director

¹ Although the Agreement between DWSD has been subsequently amended, Section 18 remains unchanged and in full effect.

Stanton, Terry A. (Treasury)

From: Darnell Earley <darnell.earley@detroitk12.org>
Sent: Sunday, September 27, 2015 11:54 AM
To: Stanton, Terry A. (Treasury)
Subject: Re: Flint

Thanks Terry,

Should we do anything else on this? I think it is misleading for her to say that the decision to go to Flint River water was made under my watch. That was all part of the process already approved by the mayor, council and the state. There was no mechanism nor reason available for me to undo that decision. It made good long-term as well as short term sense.

I would appreciate your thoughts.

DE
Darnell Earley, ICMA-CM, MPA
Emergency Manager
Detroit Public Schools

From: Stanton, Terry A. (Treasury) <StantonT@michigan.gov>
Sent: Sunday, September 27, 2015 11:26 AM
To: Darnell Earley; Earley Darnell
Subject: Flint

Darnell...

My apologies. Meant to send you an email yesterday after I sent the info below to Nancy Kaffer at the Free Press.

Terry

- >
- > Nancy--
- >
- > Sorry I didn't get this to you sooner, but had to pull some information together.
- >
- > I am sending you a series of documents (3) to help frame the situation regarding Flint water.
- >
- > The first is a letter Flint officials sent to DWSD in June of 2012, requesting that Flint be allowed to "blend" DWSD water with Flint river water to keep costs for Flint reasonable and affordable. Please note that DWSD was increasing rates by 5-times.
- >
- > The second letter (Sept. 2012) from the city of Flint to the DWSD again requests written approval for the city to "blend" water, as requested in the June letter. These letters were sent to DWSD as Flint officials, including the Mayor and city council, considered a move to KWA vs staying with DWSD. That decision was made in March-April of 2013.
- >
- > In April of 2013, Flint received the 3rd document, from DWSD, terminating the contract with Flint effective April 17, 2014. It is my understanding that the City of Flint then worked over the next number of months to upgrade its water

facilities, test those facilities for quality and efficient water supply to residents and to gain Department of Environmental Quality approval to use Flint River water until KWA was operational in the spring of 2016.

>

> Given DWSD's decision to terminate Flint's contract...and given that the Flint River had long been the city's backup source, Flint was faced with limited options until KWA was operational.

>

> I would suggest you contact Brad Wurfel at DEQ if you haven't already, as he could probably assist with additional information about the use of the Flint River and DEQ approval, etc.

>

> Terry

Workman, Wayne (TREASURY)

From: Saxton, Thomas (Treasury)
Sent: Monday, September 28, 2015 6:42 AM
To: Workman, Wayne (TREASURY)
Subject: Re: Freep editorial on Flint water

sorry missed your note yesterday. I will be in the office around 8 (dropping kids off from 7:30 - 8)

From: Workman, Wayne (TREASURY)
Sent: Sunday, September 27, 2015 12:07 PM
To: Saxton, Thomas (Treasury)
Subject: Fwd: Freep editorial on Flint water
Have a few thoughts. Maybe talk later today?

Sent from my iPhone

Begin forwarded message:

From: "Khouri, Nick (TREASURY)" <KhouriN@michigan.gov>
Date: September 27, 2015 at 7:10:31 AM EDT
To: "Workman, Wayne (TREASURY)" <WorkmanW@michigan.gov>
Cc: "Stanton, Terry A. (Treasury)" <StantonT@michigan.gov>, "Saxton, Thomas (Treasury)" <SaxtonT@michigan.gov>
Subject: Re: Freep editorial on Flint water

What's our plan to help?

It can't be

(1) it's not a problem

(2) it's not OUR problem

(3) we can't help flint because others will want help

Sent from my iPad

On Sep 26, 2015, at 6:55 PM, Workman, Wayne (TREASURY)
<WorkmanW@michigan.gov> wrote:

We had to approve it going to KWA. The Council Mayor and EM all approved first. We didn't have control of DWSD decision

Sent from my iPhone

On Sep 26, 2015, at 6:51 PM, Khouri, Nick (TREASURY)
<Khourin@michigan.gov> wrote:

Thanks

What was our role?

Sent from my iPhone

On Sep 26, 2015, at 6:11 PM, Stanton, Terry A.
(Treasury) <StantonT@michigan.gov> wrote:

Nick..

FYI—

The free press is apparently going to run what's expected to be a negative editorial tomorrow about Flint water and decisions made by Darnell Earley when he was EM there.

Sara Wurfel contacted me late yesterday, asking me to help frame the timing of decisions in Flint—first going with KWA (which occurred before Darnell) then using Flint River water as their source.

With Tom's help w finding correspondence between Flint and DWSD...I sent Nancy Kaffer (Freep editorial writer) 3 letters, two from Flint to

DWSD asking for permission to "blend" river water w DWSD water to keep costs reasonable and water quality up...and one from DWSD to Flint...canceling Flint's contract for water.

The City then worked over several months to upgrade its water facilities, test those facilities for quality and water supply to residents and to gain Department of Environmental Quality approval to use Flint River water (which occurred in April 2013).

Given DWSD's decision to terminate Flint's contract...and given that the Flint River had long been the city's backup source, Flint was faced with limited options until KWA was operational.

Terry

Robert, Carla M. (Treasury)

From: Cousineau, Sara (Treasury)
Sent: Monday, September 28, 2015 9:28 AM
To: Khouri, Nick (TREASURY)
Subject: RE: Flint

Just sent you an appointment with Tom's call in information. He is calling in right now.

Thanks,
Sara

From: Khouri, Nick (TREASURY)
Sent: Monday, September 28, 2015 9:25 AM
To: Cousineau, Sara (Treasury) <CousineauS@michigan.gov>
Subject: Re: Flint

Right now 9:30 works for me

Sent from my iPad

On Sep 28, 2015, at 9:24 AM, Cousineau, Sara (Treasury) <CousineauS@michigan.gov> wrote:

Do you want on this call? Is there anything you can step out of today if so?

From: Dempkowski, Angela (Treasury)
Sent: Monday, September 28, 2015 9:17 AM
To: Doyle, Maureen (Treasury) <DoyleM4@michigan.gov>
Cc: Cousineau, Sara (Treasury) <CousineauS@michigan.gov>
Subject: FW: Flint

Sara: I assume you will handle this in Maureen's absence. Thanks.

Angela Dempkowski
Senior Executive Management Assistant
Department of Treasury

From: Workman, Wayne (TREASURY)
Sent: Monday, September 28, 2015 9:14 AM
To: Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>; Khouri, Nick (TREASURY) <KhouriN@michigan.gov>
Cc: Doyle, Maureen (Treasury) <DoyleM4@michigan.gov>; Dempkowski, Angela (Treasury) <DempkowskiA@michigan.gov>
Subject: Fwd: Flint

Can we get a short call?

Sent from my iPhone

Begin forwarded message:

From: "Muchmore, Dennis (GOV)" <muchmored@michigan.gov>
Date: September 28, 2015 at 9:00:43 AM EDT
To: "Khouri, Nick (TREASURY)" <KhouriN@michigan.gov>, "Saxton, Thomas (Treasury)" <SaxtonT@michigan.gov>, "Workman, Wayne (TREASURY)" <WorkmanW@michigan.gov>
Subject: Flint

I know that I'm a broken record on this one, but I need some specific attention to Flint today. I need you all to reconstruct a timeline of events from the records we have relating to the Flint KWA DWSD controversy as it is becoming unwieldy. Please go back and review the Flint procedures and find the initial decision making process relating to the switchover. The first time I remember it is in 2012 (August I think) when the county started pitching the project at council. Then we instituted Mike Brown as EM and from there on it became to a certain extent our problem. However, if I remember right, this was a Flint idea from the start. Then, if you can trace the financial drivers of the decision to present day it would be important. I think for the most part the explanation you had in the distressed cities reports were helpful...my point being that this was an idea to help the city survive and without drastic changes it wouldn't have, KWA being one of them. We'll take any other ideas that you have.

Dempkowski, Angela (Treasury)

From: Koryzno, Edward (Treasury)
Sent: Monday, September 28, 2015 10:19 AM
To: Ryan, Howard (Treasury); Workman, Wayne (TREASURY)
Subject: RE: City of Flint water contract

The contract would be with the Great Lakes Water Authority.



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



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Thank you

From: Ryan, Howard (Treasury)
Sent: Monday, September 28, 2015 10:00 AM
To: Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>
Cc: Koryzno, Edward (Treasury) <KoryznoE@michigan.gov>
Subject: FW: City of Flint water contract

Can you guys let me know for Maggie? Thanks.

From: Pallone, Maggie (DEQ)
Sent: Monday, September 28, 2015 9:59 AM
To: Ryan, Howard (Treasury) <RyanH1@michigan.gov>
Subject: City of Flint water contract

Hi Howard-

Following up on our call. Senate Dem Policy is wondering if City of Flint were to switch back to the DWSD would the contract be with DWSD or would it be with the newly formed Great Lakes Water Authority?

Thanks,
Maggie

Maggie Pallone
Deputy Director
Policy and Legislative Affairs
Department of Environmental Quality
517-599-6190 (cell)
PalloneM@michigan.gov

Schafer, Suzanne K. (Treasury)

From: Byrne, Randall (Treasury)
Sent: Monday, September 28, 2015 11:54 AM
To: Schafer, Suzanne K. (Treasury)
Subject: RE: Flint

Suzanne:

She wants a grant.

Randy,

From: Schafer, Suzanne K. (Treasury)
Sent: Monday, September 28, 2015 11:10 AM
To: Byrne, Randall (Treasury) <ByrneR1@michigan.gov>
Subject: RE: Flint

\$18 million in an emergency loan or \$18 million in grant money?

From: Byrne, Randall (Treasury)
Sent: Monday, September 28, 2015 11:07 AM
To: Schafer, Suzanne K. (Treasury) <SchaferS7@michigan.gov>
Subject: RE: Flint

Suzanne:

We are preparing a chronology of KWA and DWSD for Wayne with as much information as we have. We spoke to Natasha this morning and she wants the state to give them \$18M to temporarily connect to Detroit until KWA is available. Wayne asked that we request a formal letter from Flint on this request.

Randy,

From: Schafer, Suzanne K. (Treasury)
Sent: Monday, September 28, 2015 11:01 AM
To: Byrne, Randall (Treasury) <ByrneR1@michigan.gov>
Subject: RE: Flint

Thanks. I tried to call you because I'm in a pension meeting and was going to ask you to call Wayne. My guess is most of this was handled between Andy and Roger.

From: Byrne, Randall (Treasury)
Sent: Monday, September 28, 2015 11:00 AM
To: Schafer, Suzanne K. (Treasury) <SchaferS7@michigan.gov>
Subject: FW: Flint

Suzanne:

When you have a minute, please give me a call and I will update you.

Thanks,
Randy,

From: Workman, Wayne (TREASURY)

Sent: Monday, September 28, 2015 9:16 AM

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

Subject: Fwd: Flint

Can you call my cell when you get second

Sent from my iPhone

Begin forwarded message:

From: "Muchmore, Dennis (GOV)" <muchmored@michigan.gov>

Date: September 28, 2015 at 9:00:43 AM EDT

To: "Khouri, Nick (TREASURY)" <KhouriN@michigan.gov>, "Saxton, Thomas (Treasury)" <SaxtonT@michigan.gov>, "Workman, Wayne (TREASURY)" <WorkmanW@michigan.gov>

Subject: Flint

I know that I'm a broken record on this one, but I need some specific attention to Flint today. I need you all to reconstruct a timeline of events from the records we have relating to the Flint KWA DWSD controversy as it is becoming unwieldy. Please go back and review the Flint procedures and find the initial decision making process relating to the switchover. The first time I remember it is in 2012 (August I think) when the county started pitching the project at council. Then we instituted Mike Brown as EM and from there on it became to a certain extent our problem. However, if I remember right, this was a Flint idea from the start. Then, if you can trace the financial drivers of the decision to present day it would be important. I think for the most part the explanation you had in the distressed cities reports were helpful...my point being that this was an idea to help the city survive and without drastic changes it wouldn't have, KWA being one of them. We'll take any other ideas that you have.

Byrne, Randall (Treasury)

From: Byrne, Randall (Treasury)
Sent: Monday, September 28, 2015 1:03 PM
To: Cline, Richard (Treasury)
Subject: FW: KWA Timeline

Eric:

I got this from Suzanne. Please note the last bullet.\

Randy

From: Schafer, Suzanne K. (Treasury)
Sent: Monday, September 28, 2015 12:37 PM
To: Byrne, Randall (Treasury) <ByrneR1@michigan.gov>
Subject: KWA Timeline

Randy,

I couldn't find much.

The City of Flint has been participating with Genesee County on the feasibility of the City's use of a planned water pipe line from Lake Huron that would serve a large portion of Genesee County as an alternative to water supplied by DWSD. After entertaining numerous offers from DWSD, the EM announced on May 1, 2013 that the City will join the Karegnondi Water Authority.

January 2013- An engineering firm selected by Treasury to conduct an independent evaluation of Flint's choices for water supply presented their findings on December 18th. Flint's decision regarding their participation in the Karegnondi Water Authority must be finalized before mid-January 2013.

December 2012 - Treasury has selected an engineering firm to conduct an independent evaluation of Flint's choices for water supply; remaining with Detroit Water and Sewerage Department or participating in the proposed Karegnondi Water Authority.

The City of Flint has been participating with Genesee County on the feasibility of the City's use of a planned water pipe line from Lake Huron that would serve a large portion of Genesee County as an alternative to water supplied by DWSD. After entertaining numerous offers from DWSD, the EM announced on May 1, 2013 that the City will join the Karegnondi Water Authority.

Suzanne Schafer, Administrator
Local Government Financial Services Division
Department of Treasury
517-373-3227

Byrne, Randall (Treasury)

From: Cline, Richard (Treasury)
Sent: Monday, September 28, 2015 2:22 PM
To: Byrne, Randall (Treasury)
Subject: Updated: KWA & Water Quality Chronology Memo
Attachments: KWA & Water Quality Chronology Memo.09-28-15.docx

Importance: High

Randy,

Here is an updated copy of the memo.

Randy,

Attached is a chronology compiled from our records from the first noted events regarding Flint's decision to switch to KWA.

The chronology ends in April 2014, when the City began using the Flint River as a water source.

If additional information is needed, 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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RICK SNYDER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

NICK A. KHOURI
STATE TREASURER

DATE: September 28, 2015
TO: Wayne Workman, Deputy State Treasurer
FROM: Eric Cline, Department Manager; Fiscal Responsibility Section
SUBJECT: Flint KWA Timeline

October 31, 2012 – Analysis by the Flint Finance Director suggests that the annual cost to purchase water from DWSD will steadily increase to \$23M per year by fiscal year 2020.

November 2012 – Treasury retains Tucker, Young, Jackson and Tull (TYJT) to evaluate the KWA proposal to the City of Flint.

February 2013 – TYJT issues a final report to Treasury on the comparison between KWA and DWSD. Analysis suggests that the KWA option is the cheaper option for the City of Flint.

March 2013 – DWSD contacts the City of Flint to begin direct negotiations on a contract extension. Multiple offers are provided to the Flint Emergency Manager (EM) Ed Kurtz.

March 26, 2013 – The Flint City Council endorses joining KWA.

April 12, 2013 – KWA issues a press release stating that the State Treasurer has endorsed the City of Flint joining KWA.

April 15, 2013 – DWSD provides a final offer to the City of Flint. Analyses by Flint EM Ed Kurtz, the Department of Environmental Quality and Treasury's Office of Fiscal Responsibility independently conclude that the KWA option is cheaper for the City of Flint.

April 16, 2013 – The Flint EM informs the State Treasurer that the City will join KWA. This decision was officially announced May 1, 2013.

April 17, 2013 – DWSD transmits a letter to Flint EM Ed Kurtz terminating service to the City of Flint, effective April 17, 2014.

June 28, 2013 – Financing Contract between the City of Flint and KWA is approved. Effective September 1, 2013. This document was signed by EM Mike Brown.

February 19, 2014 – The KWA Board of Directors adopts Resolution 2014-01, authorizing KWA to bond for water line construction on-behalf of the City of Flint.

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

April 25, 2014 – Use of Flint River water officially begins in the City of Flint.

Byrne, Randall (Treasury)

From: Cline, Richard (Treasury)
Sent: Monday, September 28, 2015 3:01 PM
To: Byrne, Randall (Treasury)
Subject: FW: Letter to Governor Snyder: Flint Water
Attachments: 09.28.2015-Letter-Ananich-Snyder-Water-Requests.pdf

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: Monday, September 28, 2015 2:20 PM
To: Koryzno, Edward (Treasury) <KoryznoE@michigan.gov>; Cline, Richard (Treasury) <cliner1@michigan.gov>
Cc: Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>; Dempkowski, Angela (Treasury) <DempkowskiA@michigan.gov>
Subject: FW: Letter to Governor Snyder: Flint Water

Fyi

I was also asked... somewhat related & in terms of the chronology you are working on: i) the City sold that section of pipeline to the County... would that impact an effort to reconnect to DWSD ? ii) confirm when KWA is going to be done. Anyway to pick up the schedule ?

We can cover this when we talk @ 3:00

From: Muchmore, Dennis (GOV)
Sent: Monday, September 28, 2015 12:36 PM
To: Khouri, Nick (TREASURY) <KhouriN@michigan.gov>; Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>; Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>
Subject: FW: Letter to Governor Snyder: Flint Water

This is the latest set of requests. Jim is trying to work with us to find solutions.

From: Andrew Leavitt [<mailto:ALeavitt@senate.michigan.gov>]
Sent: Monday, September 28, 2015 11:45 AM
To: Muchmore, Dennis (GOV) <muchmored@michigan.gov>
Subject: Letter to Governor Snyder: Flint Water

Hi Dennis,

Senator Ananich began drafting the attached letter on Sunday and thought it would be helpful to guide our 12pm call.

Thanks,

Andy

September 28, 2015

State of Michigan
Executive Office of the Governor
P.O. Box 30013
Lansing, MI 48909

Governor Snyder,

Access to safe, affordable drinking water is a basic necessity for every community. It is completely unacceptable that respected scientific experts and our trusted local physicians have verified that the City of Flint's drinking water is dangerous for our citizens, especially our most vulnerable young people.

As a result, I am formally requesting assistance as suggested by the experts on the frontline of this public health crisis. Here are the top priorities we should work together to address:

1. **Swift transfer to a safe source of water until the Karegnondi Water Authority (KWA) project is complete next year.** Your administration has the ability to ensure a financially acceptable and responsible contract between Flint and the Detroit Water and Sewerage Department, particularly in light of the public health implications with the Flint River supply.
2. **Equally urgent is the need for corrosion control as recommended by independent scientific experts.** There are chemical treatment additives that could help reduce this corrosion. I urge you to help the city implement anti-corrosion methods immediately. The current emergency makes the January timeline unacceptable.
3. **Filters and bottled water assistance.** Flint water touches the entire city. Whether it's a person's home, work, school, restaurant or place of worship, access to safe, clean drinking water should not be hindered. Water filters, used in conjunction with corrosion control methods, are necessary to help guard against toxic exposure.

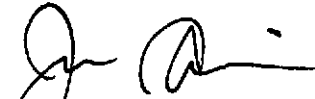
I have been working with the philanthropic community and private sector to secure donations to acquire filters and water; however, more funds will be necessary to effectively cover the thousands of residents impacted. I would like to formally request emergency funding to help supplement the acquisition of water filters and bottled water. Any and all appropriate state or federal money to help accomplish this feat should be considered.

-
4. **Support for completion of the KWA pipeline.** It is presumed that the upcoming KWA pipeline will solve a number of problems associated with the current sourcing of Flint's water from the Flint River. I am requesting a meeting between representatives from your office, KWA board members and project engineers to discuss any options to expedite the pipeline's construction.
 5. **A long-term commitment to addressing outdated infrastructure.** A recent EPA report just outlined the billions of dollars necessary over the next several decades to adequately secure safe water for our entire state. You have the position and opportunity to be a national leader on moving the debate forward on this topic so that we can avoid the type of catastrophe my community is grappling with today.

I look forward to working with you to deliver on these concrete and urgent action items to alleviate the public health crisis facing our residents.

We jeopardize any progress and comeback for our cities and state if we cannot ensure safe, basic necessities for our families or if we cannot come together swiftly to fix an identified, severe threat to the safety of our people.

Sincerely,



Jim Ananich
Senate Democratic Leader
District 27

cc:
U.S. Representative Dan Kildee
Mayor Dayne Walling, City of Flint
Howard Croft, City of Flint
Susan Hedman, EPA
Thomas Poy, EPA
Michael Schock, EPA-ORD
Darren Lytle, EPA-ORD
Denise Fortin, EPA
Liane Shekter-Smith, MDEQ
Pat Cook, MDEQ
Stephen Busch, MDEQ
Brad Wurfel, MDEQ
Marc Edwards, Virginia Tech

Pleyte, Beth (Treasury)

From: Saxton, Thomas (Treasury)
Sent: Monday, September 28, 2015 4:07 PM
To: Koryzno, Edward (Treasury); Cline, Richard (Treasury)
Cc: Stanton, Terry A. (Treasury)
Subject: FW: City of Flint Background-Draft
Attachments: City of Flint Background-Draft.docx

Fyi... see if the dates line up with yours. Basically the May '14 date he refers to below is effect their 'final final' signoff on the use of the river. He had told us April of '14.

From: Wurfel, Brad (DEQ)
Sent: Monday, September 28, 2015 3:57 PM
To: Stanton, Terry A. (Treasury) <StantonT@michigan.gov>; Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>
Subject: City of Flint Background-Draft

Per our conversation, a quick correction: our history has it at May 2014.
b

DRAFT

City of Flint Water System Background

Water Service Land Area 34 square miles
550+ miles of public water mains
250+ miles of water mains 75+ years old
70% of public water mains are unlined cast iron pipe
Service population 99,763
Service connections 32,900
Flint Water System established in 1883
Flint Water Treatment Plant #2 completed in 1954
Connection to Detroit Water and Sewerage Department 1967
Flint Water Treatment Plant #2 rehabilitated 1999 – 2005

City of Flint Timeline

December 2011 – Flint Emergency Financial Manager Appointed by Governor Snyder
April 2013 – Flint rejects DWSD contract and instead joins the Karegnondi Water Authority
April 2013 – DWSD sets termination of Flint water service contract to April 17, 2014
June 2013 – Karegnondi Water Authority groundbreaking
June 2013 – Flint Requests full time use of Flint Water Treatment Plant with Flint River
May 2014 – Flint stops purchasing DWSD. Starts using the City of Flint WTP and Flint River
August 2014 – Flint E.Coli Bacteria violation, Partial System Boil Water Advisory
August 2014 – Disinfection Byproducts, DEQ requests preemptive Operational Evaluation
September 2014 – Flint Total Coliform Bacteria violation, Partial System Boil Water Advisory
November 2014 – Disinfection Byproducts violation begins
January 2015 – 1st 6 month lead and copper sampling completed 100 samples, 90th% = 6 ppb
April 2015 – Flint Financial Emergency Ends
July 2015 – 2nd 6 month lead and copper sampling completed 69 samples, 90th% = 11 ppb
August 2015 – Disinfection Byproducts return to compliance
August 2015 – Flint required by DEQ to recommend and install Optimized Corrosion Control Treatment

January 2016 – Flint plans to have Optimized Corrosion Control Treatment operational
July 2016 – Planned connection to Karegnondi Water Authority (Lake Huron water to Flint WTP)

Stanton, Terry A. (Treasury)

From: Stanton, Terry A. (Treasury)
Sent: Monday, September 28, 2015 5:04 PM
To: Saxton, Thomas (Treasury); Koryzno, Edward (Treasury); Cline, Richard (Treasury)
Subject: FW: DEQ Flint Backgrounder / talking points

Flint DEQ backgrounder. Some of the info may not be 100% accurate. Note the highlighted sections:

From: Wurfel, Brad (DEQ)
Sent: Wednesday, January 28, 2015 4:07 PM
To: Stanton, Terry A. (Treasury) <StantonT@michigan.gov>; Wurfel, Sara (GOV) <Wurfels@michigan.gov>; Murray, David (GOV) <MurrayD1@michigan.gov>
Cc: Silfven, Ken (GOV) <silfvenk@michigan.gov>; Wyant, Dan (DEQ) <WyantD@michigan.gov>; Datema, Maggie (DEQ) <DatemaM@michigan.gov>
Subject: DEQ Flint Backgrounder / talking points

Terry, all good and thanks for working these up. Been rebriefed by our staff, so let me throw in some things that are pertinent from that point.

Following the formal approval of Flint into the KWA, DWSD sent Flint a letter saying their contract was thereby terminated (early 2013).

According to our folks, Genesee County has been using DWSD water without a contract since May 2014. But Flint took the letter to imply a water cutoff, and promptly turned to DEQ with a proposal to use the Flint River (their historic backup system).

This proposed shift put the city in the business of water production, where they historically had been in the business of water transmission. DEQ approved the use of the river as a source, based on the treatment plant's past performance as a standby facility and the improvements needed prior to switchover. Several municipalities around the state use surface water supplies (rivers): Blissfield near Monroe, Manistique, and Alma to name a few.

The city completed the upgrades at the water plant the facility and DEQ approved it April 2014.

There were some initial hiccups. Last summer, there were a couple of 'boil water' notices issued. One for a water test that showed e. coli, one for a break in the water main.

The challenge to using the Flint River as a source is that the condition of the water is variable and changes with season and weather. It has substantially more organic matter than deep lake sources like Lake Huron. This organic matter is mobilized by

high water events, and warm weather also can account for more organic material in the water.

The treatment of the organic matter is done with chlorine. One might conclude that the perennial answer is just to use more chlorine to achieve water safety. However, at some point on the continuum, the chlorine and organic matter create TTHM – total trihalomethanes – as a byproduct. When the standard for those is exceeded over several consecutive quarters of testing, the supply is required by law to issue public notice and submit an approved plan for addressing the situation.

You'll note that this regulatory approach means TTHM testing is done quarterly. That means people who use the system are exposed to TTHM for several months before the public notice is required. It's because TTHM is a chronic health threat. Over the long term (measured in decades), continued exposure can contribute to some known health problems. Put in context, the EPA (who established the standard and the rule) estimates this rule prevents an estimated 280 bladder cancer cases each year ... out of more than 330 million people who use public water supplies around the country.

It's not nothing. State and federal law requires quarterly testing for TTHM and that the public be informed of it when the annual average of four quarters' worth of consecutive testing shows TTHM levels exceeding 80 parts per billion. Flint's results managed to exceed the annual average in three quarters, and they must develop a plan to address it. But it's not like an eminent threat to public health. Unlike an e. Coli or even total coliform bacteria maximum contaminant level, which require immediate public notification and response and are part of daily / hourly testing of public water supplies, TTHMs pose a public health concern with chronic, long-term exposure.

It's clear the nature of the threat was communicated poorly. It's also clear that folks in Flint are concerned about other aspects of their water – taste, smell and color being among the top complaints.

The Safe Drinking Water Act requires public water supplies be tested for more than 90 regulated contaminants, including microbial contaminants. The act, and the program here in Michigan, work to ensure that water is safe to drink. The act does not regulate aesthetic values of water. Here are some factors affecting the aesthetics of water in Flint.

1. It's the Flint River. The water supplied by DWSD historically came from Lake Huron. It's softer. With hard water, you get a different flavor and feel. It's why General Motors suspended use of Flint Water – it was rusting their parts. Also, there's the 'organics' factor (discussed previously).
2. The system is old. Flint has more than 500 miles of water pipes. More than half of those pipe miles are more than 75 years old. Much of it is cast iron. Hard water

can react with cast iron and exacerbates the rusty factor, which creates that brown water that angry residents were holding up in jugs for the media cameras last week. Valve failure has also been a key challenge. The system has an estimated 7,500+ valves. When they stick open or stick shut, it affects the hydraulics of the system and increase areas of stagnation. The city has a backlog of valves that need to be addressed. They've done half a dozen or so since November.

3. Flint is old. Many of the homes served by the system are old. Brown water complaints may also be attributable to cast iron pipes in customers' service connection to the city lines. The DEQ has been encouraging people with water coloration concerns to contact the city and see whether it is the service line or the City's line causing the issue. Again, discoloration is not an indicator of water quality or water safety, but we recognize that nobody likes it.

In summary, the City of Flint has tremendous need to address its water delivery system. We are not aware that they have any Capital Improvement funds for preventative maintenance in place, much less line replacement project monies that will require hundreds of millions. The City was approved for a Revolving Fund loan in 2008 or 2009. As a Distressed Community, they qualified for flexible terms and 2 percent interest rate Revolving Fund Loan. After they were notified they were approved for the loan, they declined it. Previous SRF loans from the state to Flint bear an outstanding balance of \$20.7 million today.

The DEQ continues working with the city to address the TTHM issue. They can take interim steps – from scrubbing the insides of transmission lines to carefully monitoring the hydraulic challenges in their system – to address customers' aesthetic concerns. Their TTHM numbers already are showing dramatic improvement; the November testing showed only one of seven sample points exceeding the standard. The key now is that the standard is an average of three quarters' worth of results. It will be some time before they are officially "not in violation." However, depending on weather in 2015, it's not unforeseeable that we will be having this conversation again by next Christmas.

The key to the conversation is that TTHM is not a top health concern. That's key because residents need to understand TTHM in context, and it is key because it appears the mayor has seized on the public panic (sparked, frankly, by their poor communication of the violation notice) to ask the state for loan forgiveness and more money for their infrastructure improvement.

Another key thing to remember is that once the city connects to the new KWA system in 2016, this issue will fade in the rearview.

Until then, our top messages:

1. The DEQ Drinking Water program works with communities around the state to ensure that municipalities provide customers with clean, safe drinking water.
2. Municipal water supplies are tested rigorously and regularly for more than 90 regulated contaminants, including microbial contaminants that pose an immediate public health concern.
3. Flint's exceedance of the TTHM standard should reassure residents that the testing program is effective.
4. TTHM is not an immediate health threat. It is a chronic concern, one that can be problematic over the course of several decades of exposure. The public was notified because the law requires the city to make public notification, so that everyone can make informed decisions. This is particularly true for people with infants or those with compromised immune systems.
5. The DEQ is working with the City to address the situation. Recent tests show the TTHM numbers dropping rapidly. The department will continue working with the city in the months ahead, and residents should feel confident that their water is safe to drink unless the DEQ or City notifies them otherwise.
6. The discoloration and odor issues some Flint residents are experiencing are separate issues from the TTHM issue. TTHM is odorless, colorless and measured in parts per billion.
7. Flint water customers who have questions or concerns about their water should first contact the city to get answers and help. They also can contact the Michigan DEQ at ***** (web or phone address?)

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

Koryzno, Edward (Treasury)

From: Stanton, Terry A. (Treasury)
Sent: Monday, September 28, 2015 5:28 PM
To: Saxton, Thomas (Treasury); Koryzno, Edward (Treasury); Cline, Richard (Treasury)
Subject: Flint City Council OKs KWA 3-25-13

Importance: High

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

Walling previously said the **city would save \$19 million over eight years** by getting water from the KWA. "It's a historic night in the City of Flint," Walling said. "The savings will be less with the capacity level approved by city council because there will be increased treatment cost for the river water." He said the DEQ told the city it needed to get 18 million gallons per day or there would have to be additional work done at Flint's water plant. Flint's water plant and the Flint River is currently the backup for Flint and Genesee County, however, the plant only operates four times per year.

Tuesday's meeting followed weeks of discussions and special meetings surrounding the resolution. "We got there," Councilman Joshua Freeman said. "That's the important thing."

"Going with Karegnondi is the best decision. We have no opinion on the economics of the decision," said Rebecca Fedewa, Flint River Watershed Coalition executive director. "If we start drawing water out of the Flint River, we are at risk of having to start releasing water from our reservoirs."

Stanton, Terry A. (Treasury)

From: Stanton, Terry A. (Treasury)
Sent: Monday, September 28, 2015 5:31 PM
To: Saxton, Thomas (Treasury); Koryzno, Edward (Treasury); Cline, Richard (Treasury)
Subject: DEQ ok's KWA intake

From the Flint Journal...October 1, 2012.

http://www.mlive.com/news/flint/index.ssf/2012/10/construction_permit_approved_s.html

Stanton, Terry A. (Treasury)

From: Stanton, Terry A. (Treasury)
Sent: Monday, September 28, 2015 5:33 PM
To: Saxton, Thomas (Treasury)
Subject: Quote in Flint Journal

Councilman Bryant Nolden was the lone dissenting vote.

“It was a protest vote,” Nolden said. “I knew they had enough votes. I just feel like the Flint River is our best option.”

Koryzno, Edward (Treasury)

From: Saxton, Thomas (Treasury)
Sent: Tuesday, September 29, 2015 8:34 AM
To: Koryzno, Edward (Treasury); Cline, Richard (Treasury)
Subject: Fw: KWA & Water Quality Chronology Timeline

fyi... I have not looked at it but Brad sent us some 'stuff' (attached). Please check to see if any of it is worthwhile in adding to our document.

From: Wurfel, Brad (DEQ)
Sent: Monday, September 28, 2015 9:58 PM
To: Saxton, Thomas (Treasury); Muchmore, Dennis (GOV)
Cc: Khouri, Nick (TREASURY); Workman, Wayne (TREASURY); Stanton, Terry A. (Treasury)
Subject: RE: KWA & Water Quality Chronology Timeline

Apparently our staff are triple-checking this document with a fine-toothed comb, but here's what we're working with.

b

From: Saxton, Thomas (Treasury)
Sent: Monday, September 28, 2015 5:57 PM
To: Muchmore, Dennis (GOV)
Cc: Khouri, Nick (TREASURY); Workman, Wayne (TREASURY); Stanton, Terry A. (Treasury); Wurfel, Brad (DEQ)
Subject: FW: KWA & Water Quality Chronology Timeline
Importance: High

Dennis – attached is a first draft of a timeline. We will refine it tomorrow. We rec'd some info from Brad that we might need to incorporate. And Terry & Wayne's staff are still coming up with dates/events. Please let us know if this is what you had in mind.

Terry found these links; including an article when City Council approved the move/switch. There are some noteworthy quotes.

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

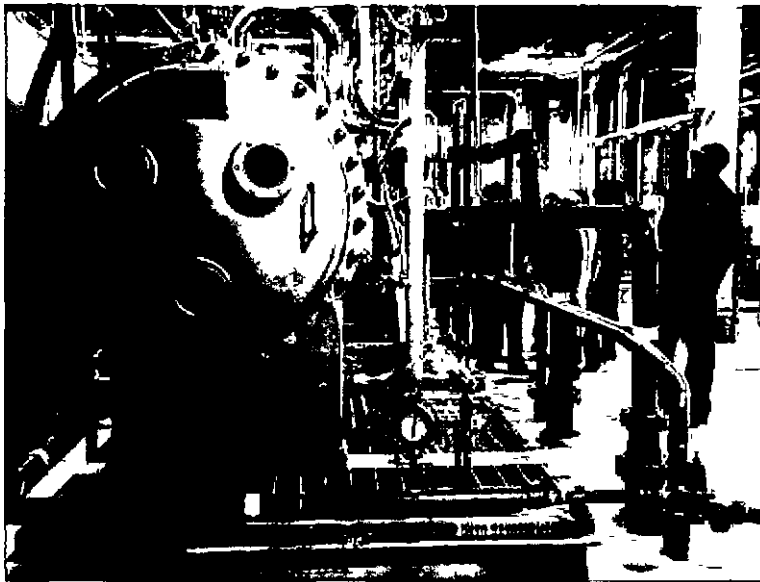
http://www.mlive.com/news/flint/index.ssf/2012/10/construction_permit_approved_s.html

Flint City Council approves resolution to buy water from Karegnondi, state approval still needed

Dominic Adams | dadams5@mlive.com By **Dominic Adams** | dadams5@mlive.com The Flint Journal

Follow on Twitter

on March 25, 2013 at 10:45 PM, updated March 26, 2013 at 1:28 AM



Guests get a look at an ozone generator at the Flint Water

Treatment Plant during a public tour in this file photo. MLive.com File Photo

FLINT, MI – Flint is one step closer to getting its water from Lake Huron as part of the Karegnondi Water Authority. **The vote, approved 7-1 at the Flint City Council meeting Monday, March 25,** may have set in motion the end to Flint paying to get its water from Detroit.

Under the proposal, Flint would get 16 million gallons per day of raw water from Lake Huron, pipe it to Flint for treatment and then sell it to customers throughout the city. Another 2 million gallons per day would come from the Flint River and will be treated in Flint.

Mayor Dayne Walling said the Department of Environmental Quality must approve Flint's getting 2 million gallons per day from the Flint River.

Tuesday's meeting followed weeks of discussions and special meetings surrounding the resolution.

"We got there," Councilman Joshua Freeman said. "That's the important thing."

There were more than 50 people at Monday's meeting.

"Going with Karegnondi is the best decision. We have no opinion on the economics of the decision," said Rebecca Fedewa, Flint River Watershed Coalition executive director. "If we start drawing water out of the Flint River, we are at risk of having to start releasing water from our reservoirs."

Genesee County Drain Commissioner Jeff Wright said the decision must still be approved by a county water and waste advisory board. The KWA board will then be reconvened for final approval.

Wright said construction could start in May.

State treasury officials still must approve the city council's move because Flint has an emergency financial manager. All expenditures over \$50,000 must be approved.

Genesee County Drain Commissioner Jeff Wright has said that Flint would pay roughly \$6.4 million annually for water service if it joined the pipeline – a nearly \$4 million savings on what it pays Detroit for water.

Walling previously said the **city would save \$19 million over eight years** by getting water from the KWA.

"It's a historic night in the City of Flint," Walling said. "The savings will be less with the capacity level approved by city council because there will be increased treatment cost for the river water."

He said the DEQ told the city it needed to get 18 million gallons per day or there would have to be additional work done at Flint's water plant.

Flint's water plant and the Flint River is currently the backup for Flint and Genesee County, however, the plant only operates four times per year.

Councilman Bryant Nolden was the lone dissenting vote.

"It was a protest vote," Nolden said. "I knew they had enough votes. I just feel like the Flint River is our best option."

Karegnondi is the regional water authority that includes Genesee, Lapeer and Sanilac counties and the cities of Flint and Lapeer.

Massive Karegnondi water project moving forward after state OKs pipeline tap into Lake Huron

Print



By Ron Fonger | rfonger1@mlive.com The Flint Journal

on October 01, 2012 at 7 00 AM, updated October 01, 2012 at 7 32 AM

0

Reddit

Email



Jeff Wright

GENESEE COUNTY, MI -- The state has approved a critical permit that allows the **Karegnondi Water Authority** to tap into Lake Huron with a 1.5-mile underground intake.

But water authority officials are still waiting for Flint to decide if it will be part of it.

Construction on the intake -- estimated to cost \$27 million -- might mark the no-turning-back point for the massive project, and county Drain Commissioner Jeff Wright said other developments make it necessary Flint to make a final decision on its involvement in the next few months.

As control of Flint has shifted from mayors and city councils to emergency managers, the city has never committed to buying a minimum volume of water from the KWA.

"The only question at this point really is whether Flint is going to be a partner," said Wright, who has met with emergency financial manager Ed Kurtz and wants to resolve the question **before Kurtz leaves** his position -- something likely to happen soon after the November election.

"I'd say we have a couple of months here," Wright said of Flint's deadline. He described Kurtz as positive about the city's potential involvement but said, "There's still some questions Flint is working on with Detroit and Lansing."

Kurtz said he can't predict what will happen.

"We're looking at all our options," Kurtz said Friday.

County Commissioner Ted Henry, D-Clayton Twp., said regardless of the city's participation, the pipeline can be built by the remaining partners: Genesee, Sanilac and Lapeer counties and the city of Lapeer.

"The answer is yes," Henry said. "It will be a little different but it can go,"

The drain commissioner said construction of the pipeline intake, which has already been designed, is expected to start this year, after the job is put out for bids and borrowing is authorized by the county Board of Commissioners.

Building the intake will be specialized work, part of which must be done from a barge, and will require building tunnels below the sand bottom of the lake and laying an 84-inch pipe below the surface of the water.

In addition to the state Department of Environmental Quality permit to build the intake, the KWA also needs approval from the U.S. Army Corp of Engineers, Wright said.

A 45-day public comment period on the intake permit has passed and county officials said they expect the permit to be approved within two weeks.

Among other recent developments in the pipeline project:

- The Genesee County Water and Waste Advisory Committee, made up of elected and appointed city, township and village officials, has voted unanimously to set a date for accepting public bids to build the intake.
- The same committee has approved negotiating a contract with Wade Trim to act as program manager for the pipeline project once all necessary permits have been received.
- The county has revised its estimate on the cost of the intake portion of the pipeline from \$40 million to \$27 million.

Wright said his office is ready to negotiate a contract for Wade Trim to oversee the pipeline work, and said he expects six or seven engineering and surveying companies to assist in getting the job done.

County officials count those jobs among the 1,000 that they say will be created by building the pipeline.

"I want to use local (people) wherever possible and keep the money here," Wright said.

The drain commissioner said the selection of Wade Trim is important to the city of Flint because it signals the start of engineering, which includes decisions about the size of pumps, motors and pipes that will be used to build the pipeline.

Flint officials have options, including the use of Flint River water, or continuing to purchase water from the city of Detroit.

Wright said the only choice for the rest of the county is build the pipeline or sign a 30-year contract with Detroit.

A KWA study claims that continuing to buy water from Detroit will cost the region \$2.1 billion during the next 25 years. By building a pipeline, that cost would be \$1.9 billion over the same period, the KWA Web site says.

After the initial 25-year period, the cost of water would be less than 25 percent of the projected cost of water from Detroit, according to KWA.

Ron Fonger can be reached at 810-347-9963. You can also follow him on Twitter @ronfonger or subscribe on Facebook.



RICK SNYDER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

NICK A. KHOURI
STATE TREASURER

Flint Water Timeline (09-28-15)

June 26, 2012 – Letter from Flint EM Mike Brown to DWSD for permission to begin blending Flint River water with treated water from DWSD. The letter indicates that the DEQ is supporting this option and its implementation would save the City between \$2M and \$3M annually.

September 20, 2012 – Letter from Flint EM Ed Kurtz to DWSD requesting written permission to implement the blending option. Approval is requested by October 1, 2012.

October 31, 2012 – Analysis by the Flint Finance Director suggests that the annual cost to purchase water from DWSD will steadily increase to \$23M per year by fiscal year 2020.

November 2012 – Treasury retains Tucker, Young, Jackson and Tull (TYJT) to evaluate the KWA proposal to the City of Flint.

November 6, 2012 – Letter from Flint Emergency Manager Ed Kurtz to State Treasurer Dillon that a proposal from DWSD is expected but that the initial assessment is that switching to KWA is in the best interest of the City of Flint.

February 2013 – TYJT issues a final report to Treasury on the comparison between Karegnondi Water Authority (KWA) and DWSD. Analysis suggests that the KWA option is the cheaper option for the City of Flint.

March 2013 – DWSD contacts the City of Flint to begin direct negotiations on a contract extension. Multiple options are provided to the Flint Emergency Manager (EM) Ed Kurtz.

March 26, 2013 – The Flint City Council endorses joining KWA.

April 11, 2013 – State Treasurer Andy Dillon authorizes Flint EM Ed Kurtz, pursuant to Section 12(3) of P.A. 436 of 2012, to enter into a contract with KWA if a final offer from DWSD is either not received for rejected in good faith based upon specific objections.

April 15, 2013 – DWSD provides a best and final offer to the City of Flint. Analyses by Flint EM Ed Kurtz, the Department of Environmental Quality and Treasury's Office of Fiscal Responsibility independently conclude that the KWA option is cheaper for the City of Flint.

April 16, 2013 – Flint EM Ed Kurtz informs the State Treasurer that the City will join KWA. This decision was officially announced May 1, 2013.

April 17, 2013 – DWSD transmits a letter to Flint EM Ed Kurtz terminating service to the City of Flint, effective April 17, 2014.

June 2013 – Groundbreaking for the Karegnondi Water Authority. Flint also requests full time use of the Flint Water Treatment Plant with Flint River water as a source.

June 28, 2013 – Financing Contract between the City of Flint and KWA is approved. Effective September 1, 2013. This document was signed by EM Mike Brown.

February 19, 2014 – The KWA Board of Directors adopts Resolution 2014-01, authorizing KWA to bond for water line construction on-behalf of the City of Flint.

April 17, 2014 – Water service from DWSD officially ends. The City of Flint also conducts two separate public forums regarding the use of Flint River water, upgrades to the City's water system and the overall cost of the switch to KWA.

April 25, 2014 – City conducts public event marking the transition to the use of Flint River water. DEQ information shows that transition complete by May 2015.

March 3, 2015 – Flint EM Jerry Ambrose provides a memorandum to Deputy State Treasurer Wayne Workman stating that a reconnection to DWSD will cost the City \$10.1M/year and that water purchases could be as high as \$1M/month.

March 12, 2015 – The City of Flint hires Veolia to conduct an operational evaluation of the City's water system.

RE: RE: Preliminary Budget

Tuesday, September 29, 2015 8:00 AM

Subject RE: RE: Preliminary Budget
From Byrne, Randall (Treasury)
To Natasha Henderson
Cc Workman, Wayne (TREASURY); Schafer, Suzanne K. (Treasury)
Sent Tuesday, September 29, 2015 7:46 AM

Natasha:

Thanks for the revised cost estimates. Can I get more detail and the timing of items 1-5? Please call me if you have any questions.

Thanks,
Randy

From: Natasha Henderson [<mailto:nhenderson@cityofflint.com>]
Sent: Monday, September 28, 2015 7:03 PM
To: Byrne, Randall (Treasury) <ByrneR1@michigan.gov>
Subject: Fwd: RE: Preliminary Budget

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

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

From: "Trebilcock, Christopher M." <trebilcock@millercanfield.com>
Date: Sep 28, 2015 12:19 PM
Subject: RE: Preliminary Budget
To: "Natasha Henderson" <nhenderson@cityofflint.com>
Cc:

Natasha:

As I mentioned on the phone this afternoon, we have been able to review the pleadings and procedural posture of the *Shears* case. Given the work that has been done thus far, I think we can revise our estimates favorably for the City. For your consideration, here is a summary of our revised estimated budget:

- 1) Motions and appearances before the Circuit Court, prior to trial on damages: \$35,000 - \$75,000
- 2) Motions and briefs before the Court of Appeals: \$45,000 - \$65,000
- 3) Motion and Briefs before the Supreme Court: \$25,000 - \$55,000
- 4) Trial regarding damages before the Circuit Court (excluding experts): \$75,000 - \$105,000
- 5) Appeals after trial on

damages: \$65,000 -
\$85,000
Total:
\$245,000 - \$385,000

Please let me know if you have any questions.

Chris

From: Trebilcock, Christopher M.
Sent: Friday, September 25, 2015 5:26 PM
To: 'Natasha Henderson'
Subject: RE: Preliminary Budget

Sorry, I forgot to include that. \$345 for partners, \$305 for associates, \$225 for paralegals (depending on the paralegal it can be less). I believe this is consistent with our work on the prior City of Flint litigation.

From: Natasha Henderson [<mailto:nhenderson@cityofflint.com>]
Sent: Friday, September 25, 2015 5:10 PM
To: Trebilcock, Christopher M.
Subject: Re: Preliminary Budget

Hello Christopher,
What is the hourly rate for attorneys, paralegals. etc.?
Thanks,
Natasha L. Henderson, City Administrator
City of Flint, Michigan
@Samsung Galaxy Note 4

On Sep 25, 2015 4:54 PM, "Trebilcock, Christopher M." <trebilcock@millercanfield.com>
wrote:
Dear Pete and Natasha:

It was a pleasure speaking with you earlier today regarding Miller Canfield's ability to assist you with the *Shears* litigation. We look forward to aggressively defending this matter on your behalf. Per your request, below is a preliminary budget for the various anticipated stages of litigation based on our current understanding of the case:

1) Motions and appearances before the Circuit Court, prior to trial on damages:	\$55,000 - \$135,000
2) Motions and briefs before the Court of Appeals:	\$65,000 - \$95,000
3) Motion and Briefs before the Supreme Court:	\$35,000 - \$55,000
4) Trial regarding damages before the Circuit Court:	\$100,000 - \$175,000 (excluding experts)
5) Appeals after trial on damages:	\$75,000 -
\$95,000	
Total:	\$330,000 - \$555,000

Obviously we will do our best to be as efficient as possible. However, it is difficult to be more precise, particularly at the Circuit Court level, because of the Court's unpredictability in adhering

to normal procedural practices. Given the issues and dollars at stake, we do not want to shorthand anything. Also We will be giving this our fullest attention.

Please let me know if you need anything further. I can be reached by email or cell phone at any time.

Regards,

Chris

Christopher M. Trebilcock | Deputy Practice Group Leader for Employment and Labor
Miller Canfield

150 West Jefferson, Suite 2500

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

Dostine, Patrick (TREASURY)

From: Widigan, Robert (TREASURY)
Sent: Tuesday, September 29, 2015 8:27 AM
To: Byrne, Randall (Treasury); Cline, Richard (Treasury); Vandegrift, Drew (TREASURY); Dostine, Patrick (TREASURY)
Subject: Governor Says He's "Working Hard" To Resolve Flint Water Problems

<http://michiganradio.org/post/governor-says-hes-working-hard-resolve-flint-water-problems>

Governor says he's "working hard" to resolve Flint water problems

Governor Snyder says the state is “working hard” and doing its best to resolve Flint’s water issues.

Recent tests have raised alarms about high lead levels in city water — and in some Flint children’s blood.

Snyder wouldn't offer specifics about possible action, but he will soon.

“There’s actions going on,” he said. “But I think we’d rather make sure I can give you a longer list of the comprehensive actions we’re taking sometime during the week.”

Flint Mayor Dayne Walling said last week the governor should “work harder” to resolve the water issues.

Flint’s system has had repeated problems since it switched from Detroit to Flint River water in April 2014.

Sent from my iPhone

Schafer, Suzanne K. (Treasury)

From: Koryzno, Edward (Treasury)
Sent: Tuesday, September 29, 2015 9:55 AM
To: Cline, Richard (Treasury)
Cc: Schafer, Suzanne K. (Treasury)
Subject: Flint follow up Questions

Eric,

Tom asked me about the status of the following questions:

1. Does the sale of the water main by Flint to Genesee County impede Flint reconnecting to DWSD/Great Lakes Water Authority?
2. What is the most recent estimated date of when Flint will be able to draw water from the Karegnondi water line?

Ed



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



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Thank you

Koryzno, Edward (Treasury)

From: Workman, Wayne (TREASURY)
Sent: Tuesday, September 29, 2015 10:24 AM
To: Saxton, Thomas (Treasury)
Cc: Koryzno, Edward (Treasury); Cline, Richard (Treasury)
Subject: Re: water

We have a file on the pipeline

Sent from my iPhone

On Sep 29, 2015, at 10:17 AM, Saxton, Thomas (Treasury) <SaxtonT@michigan.gov> wrote:

Also check your email/files as to anything you might have re reconnecting to dwsd.

I know it has come up before... surrounding that was the pipeline section that was sold (which you are looking into), cost (of course), length of contract, etc.

Koryzno, Edward (Treasury)

From: Cline, Richard (Treasury)
Sent: Tuesday, September 29, 2015 11:24 AM
To: Koryzno, Edward (Treasury)
Subject: Accepted: Flint River Water Quality

Workman, Wayne (TREASURY)

From: Muchmore, Dennis (GOV)
Sent: Tuesday, September 29, 2015 11:33 AM
To: Saxton, Thomas (Treasury); Workman, Wayne (TREASURY)
Subject: KWA

Can we call the Drain Commissioner immediately and encourage him to put a press on to complete KWA?



RICK SNYDER
GOVERNOR

STATE OF MICHIGAN
EXECUTIVE OFFICE
LANSING

BRIAN CALLEY
LT. GOVERNOR

CONTACTS:

Sara Wurfel or Dave Murray, Governor's Office
517-335-6397
Terry Stanton, Department of Treasury
517-335-2167

FOR IMMEDIATE RELEASE

September 29, 2015

Gov. Rick Snyder awards Flint \$2 million in Distressed Cities grants for water system infrastructure improvements

Funding to be used for leak detection, waste incinerator replacement

LANSING, Mich. – Gov. Rick Snyder today awarded Flint \$2 million in grants for water system infrastructure improvements, part of an overall \$8 million plan to help cities through the Financially Distressed Cities, Villages, and Townships Grant Program.

Flint is among six municipalities receiving grants through the program. The city will use the funding to detect leaks in its water lines and replace its Water Pollution Control Facility Incinerator.

"There are opportunities for the state government to assist Flint city leaders as they address issues related to the city's water system," Snyder said. "These grants will help recovering cities improve public services and infrastructure, improving the quality of life for all residents."

The grants to Flint were announced today at the Haskell Community Center by Harvey Hollins, director of the state's Office of Urban Initiatives and Wayne Workman, the state's deputy treasurer. They were joined by Dan Wyant, director of the Michigan Department of Environmental Quality, Flint Emergency Manager Jerry Ambrose, Mayor Dayne Walling, state Senate Minority Leader Jim Ananich, state Reps. Sheldon Neeley and Phil Phelps.

Flint was awarded \$900,000 to allow the city to hire a contractor to perform a leak detection survey of the city water lines. The city will receive a map of leak locations and an assessment of leak severity, allowing the city to prioritize leak repair. The project also covers the expense of conducting a water pipe line wall thickness condition assessment on a portion of the city's pipes. The assessment will guide the city's water main replacement program.

The city also was awarded \$1.1 million to shut down its current Water Pollution Control Facility incinerator and replace it with new facilities which will allow for the disposal of waste in landfills. The existing facilities are not up to federal Environmental Protection Agency standards.

Municipalities are eligible for the grants if they are experiencing one or more conditions indicative of "probable financial stress," as defined by Public Act 436 of 2012, the Local Financial Stability and Choice Act.

Under the grant program, funding may be used to pay for specific projects, services, or strategies that move a city, village, or township toward financial stability. There was \$8 million appropriated for the program with a \$2 million cap, per local unit.

##

Koryzno, Edward (Treasury)

From: Dempkowski, Angela (Treasury)
Sent: Tuesday, September 29, 2015 12:51 PM
To: Pleyte, Beth (Treasury)
Cc: Koryzno, Edward (Treasury)
Subject: FW: Flint River Water Quality

Beth: What does Tom want to do? See below.

Angela Dempkowski
Senior Executive Management Assistant
Department of Treasury

From: Maxine Murray [mailto:mmurray@cityofflint.com]
Sent: Tuesday, September 29, 2015 12:05 PM
To: Dempkowski, Angela (Treasury) <DempkowskiA@michigan.gov>
Cc: Natasha Henderson (Nhenderson@cityofflint.com) <Nhenderson@cityofflint.com>
Subject: Re: Flint River Water Quality

Good morning Angela,

Ms. Henderson, Peter Bade and Howard Croft have a Council Committee meeting tomorrow at 4:30 pm to discuss water. Is it possible to move the call to 3:00 pm tomorrow? I can also have everyone available tomorrow anytime before 3:00 pm. Peter Bade is not available after 3:00 pm on Thursday.

Thanks Angela.

--

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

On Tue, Sep 29, 2015 at 10:02 AM, Dempkowski, Angela (Treasury) <DempkowskiA@michigan.gov> wrote:

We would like to schedule this meeting on Wednesday, September 30, 2015 at 4:00 pm. Flint participants will be Natasha, Peter Bade, and Howard Croft. Call in information is:

Ed Koryzno to host

Call in – [REDACTED]

Access Code [REDACTED]

Angela Dempkowski

Senior Executive Management Assistant

Department of Treasury

From: Koryzno, Edward (Treasury)

Sent: Tuesday, September 29, 2015 9:58 AM

To: Natasha Henderson (Nhenderson@cityofflint.com) <Nhenderson@cityofflint.com>

Cc: Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>; Dempkowski, Angela (Treasury) <DempkowskiA@michigan.gov>

Subject: Flint River Water Quality

Natasha,

I am following up on yesterday's phone call with you.

Angela will contact you to set up a conference call for tomorrow afternoon. Because Wayne is out of town Tom Saxton will participate in the discussion regarding your request. Tom and I would request you, Peter Bade and Howard Croft be on the call.

We have a number of follow-up questions: What is the basis for the estimated \$18M cost to temporarily reconnect to the Great Lakes Water Authority? What is the timeline? Why didn't Viola advise the City about the potential for elevated lead levels when using Flint river water? What assurances do you have indicating a temporary reconnection to the Water Authority resolves the elevated lead problem or other system problems? Who are the assurances from? Did the Viola report recommend using Ortho Phosphates to treat the water?

Ed

Workman, Wayne (TREASURY)

From: Workman, Wayne (TREASURY)
Sent: Tuesday, September 29, 2015 2:59 PM
To: Saxton, Thomas (Treasury)
Cc: Koryzno, Edward (Treasury); Cole, Evah (Treasury); Stanton, Terry A. (Treasury); Pleyte, Beth (Treasury); Dempkowski, Angela (Treasury)
Subject: Re: FDCVT

They did money last year for water issues and I did not know the window was open for this new year

Sent from my iPhone

On Sep 29, 2015, at 2:53 PM, Saxton, Thomas (Treasury) <SaxtonT@michigan.gov> wrote:

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

Koryzno, Edward (Treasury)

From: nhenderson <nhenderson@cityofflint.com>
Sent: Tuesday, September 29, 2015 4:25 PM
To: Koryzno, Edward (Treasury)
Subject: RE: Flint River Water Quality
Attachments: image002.jpg

Hello Ed,

I will have the answer to all of your questions for the conference call. I will also email the answers to you before the call.

Thanks,

Sent via Natasha L. Henderson's Samsung Galaxy Note®

----- Original message -----

From: "Koryzno, Edward (Treasury)" <KoryznoE@michigan.gov>
Date: 09/29/2015 9:57 AM (GMT-05:00)
To: "Natasha Henderson (Nhenderson@cityofflint.com)" <Nhenderson@cityofflint.com>
Cc: "Saxton, Thomas (Treasury)" <SaxtonT@michigan.gov>, "Dempkowski, Angela (Treasury)" <DempkowskiA@michigan.gov>
Subject: Flint River Water Quality

Natasha,

I am following up on yesterday's phone call with you.

Angela will contact you to set up a conference call for tomorrow afternoon. Because Wayne is out of town Tom Saxton will participate in the discussion regarding your request. Tom and I would request you, Peter Bade and Howard Croft be on the call.

We have a number of follow-up questions: What is the basis for the estimated \$18M cost to temporarily reconnect to the Great Lakes Water Authority? What is the timeline? Why didn't Viola advise the City about the potential for elevated lead levels when using Flint river water? What assurances do you have indicating a temporary reconnection to the Water Authority resolves the elevated lead problem or other system problems? Who are the assurances from? Did the Viola report recommend using Ortho Phosphates to treat the water?

Ed

Edward B. Koryzno, Jr. | Director - Bureau of Local Government
Services

State of Michigan | 430 W. Allegan Street, 3rd Floor | Lansing, MI 48922



(517) 373-4415 | (517) 373-0633 (fax)

KoryznoE@michigan.gov



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

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Thank you

Pleyte, Beth (Treasury)

From: Saxton, Thomas (Treasury)
Sent: Tuesday, September 29, 2015 2:59 PM
To: Stanton, Terry A. (Treasury)
Subject: FW: Governor Helped Hush-Hush Delivery Of Water Filters To Flint Pastors

Fyi... you almost can't win

Governor helped hush-hush delivery of water filters to Flint pastors

[Print Email](#)



By Ron Fonger | rfonger1@mlive.com The Flint Journal
on September 29, 2015 at 1 01 PM

0

[Reddit](#)

[Email](#)

FLINT WATER

- **Governor helped hush-hush delivery of water filters to Flint pastors**
- **City administrator asks Detroit about reconnecting Flint to Lake Huron**
- **State Sen. Ananich joins call for disconnecting city from Flint River**
- **Flint schools chief seeking water donations for students after lead warning**
- **Clean water activists demand Detroit reconnection in Flint after lead study**

[All Stories](#)



Michigan Gov. Rick Snyder delivers his 2015 State of the State

address in this Associated Press file photo Associated Press file photo

FLINT, MI -- Gov. Rick Snyder quietly helped deliver **1,500 water filters** to Flint last month -- even as state officials gave assurances that the city's tap water was safe and meeting all regulatory standards.

Dave Murray, a spokesman for Snyder, confirmed that the filters, distributed by the Concerned Pastors for Social Action, came from a "corporate donor that does not wish to be recognized but cares deeply about the community."

The donor "worked with the governor to provide 1,500 faucet filters to be distributed to city homes," Murray said in an email.

The state's involvement in the filter distribution was never publicized and pastors told The Flint Journal-MLive Tuesday, Sept. 29, that they were asked by staffers in the governor's office not to speak about it.

Flint city Councilwoman Jackie Poplar raised the subject during a council committee meeting Monday, Sept. 28, as officials discussed the potential for Flint to reconnect to the Detroit Water and Sewerage Department. Recent testing and studies show lead levels have been rising -- both in water and children's blood.

"Those filters came from the governor," Poplar said. "The governor seems to be the one with the golden key" to make something happen, she said.

Pastors involved with the giveaway of the filters, which were designed to remove total trihalomethanes (TTHM) as well as lead from water, said they accepted the condition that they not discuss the state's role in securing the equipment, said the Rev. Allen Overton.

Overton and the Rev. Alfred Harris said they thought the arrangement was odd, but did not want to jeopardize receiving the water filters, which Flint residents waited in line for and which were given away in just three hours.

"If the water was OK, why would the governor work with someone to provide the filters?" Harris said Tuesday. "I think the state working with the private donor is an admission (that) the people needed some help."

"Our objective was to help the people. (Now) everybody is trying to cover their behinds," Harris said.

Flint took over treatment of its water supply from the city of Detroit in April 2014 and switched its water source from Lake Huron to the Flint River.

In the 17 months since, the city has struggled to keep bacteria out of city water, was found in violation of the Safe Drinking Water Act because of TTHM levels, and last week declared a health advisory after a study showed elevated blood lead levels in children since the transition.

Murray said the governor's office simply "did not want to draw attention to (the state's role in the filter donation), respecting the wishes of the donor."

"Our focus is on helping the people in Flint. We are grateful to the pastors for working with us on this," Murray said in an email.

The Snyder spokesman said Flint water "does meet state and federal safety standards" but said the filters also are a benefit to customers with water quality issues such as discoloration and odor.

"We are talking with other businesses and groups that might be able to expand the (filter) effort," Murray's email says.

From: Cline, Richard (Treasury)

Sent: Tuesday, September 29, 2015 2:54 PM

To: Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>; Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>; Koryzno, Edward (Treasury) <KoryznoE@michigan.gov>

Cc: Dempkowski, Angela (Treasury) <DempkowskiA@michigan.gov>

Subject: FW: Governor Helped Hush-Hush Delivery Of Water Filters To Flint Pastors

Tom/Wayne:

FYI.

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

Koryzno, Edward (Treasury)

From: Workman, Wayne (TREASURY)
Sent: Tuesday, September 29, 2015 4:23 PM
To: Koryzno, Edward (Treasury); Schafer, Suzanne K. (Treasury); Cline, Richard (Treasury); Byrne, Randall (Treasury); Dempkowski, Angela (Treasury)
Subject: Fwd: Flint Update
Attachments: Flint Update.pdf; ATT00001.htm

Sent from my iPhone

Begin forwarded message:

From: "Saxton, Thomas (Treasury)" <SaxtonT@michigan.gov>
Date: September 29, 2015 at 3:26:53 PM EDT
To: "Stanton, Terry A. (Treasury)" <StantonT@michigan.gov>, "Khoury, Nick (TREASURY)" <KhouryN@michigan.gov>
Cc: "Workman, Wayne (TREASURY)" <WorkmanW@michigan.gov>
Subject: FW: Flint Update

Attached is Dan W's handout from the meeting this afternoon with the Governor's office et al. At this juncture DEQ appears to be the lead (with DCH).

You will note this culminates with a press event this Friday in Flint where various listed 'next steps' will be announced.

For us/Treasury in terms of our more immediate 'homework' assignment...

We are checking whether distressed community \$s can be used to purchase home filters. And we trying to confirm whether the state revolving fund (drinking water side) legislation could be amended to permit replacement of lead piping say from the curb to the residence, etc [#9]. Dan implied it was already permissible under Fed guidelines/rules.

9.29.2015

T.S.

9/29

from Don W. Hurley

Flint Update 9/29

Issues:

- DWSD switch
- Emergency Declaration
- Edwards Issue
- Testing protocols

Flint Drinking Water Action Plan

1. **Governor Snyder names Dr. Eden Wells as Flint drinking water Public Health Advisor.**

Action to date: Dr. Wells has been brought in and is reviewing the Hurley Health information.

2. **All 13 Flint schools water will immediately be tested to ensure that drinking water is safe.**

incl Chertown + will do Periodic

Action to date: Phone call with Superintendent and Facilities manager to identify schools. Phone call with Genesee County Public Health, DEQ and Flint schools afternoon of 9/29 to discuss testing protocols and timeline. DEQ has volunteered to pay for testing.

Checking with MDE on fund availability to replace lead lines if they are identified in the testing.

3. **Advisories will be disseminated recommending citizens flush your cold water pipes, use only water from the cold water tap for drinking, cooking and especially for making baby formula.**

Action to date: This step has already started to occur.

4. **Convene a safe drinking water "Technical Advisory Committee" to ensure best technology, practices and science is being utilized, including EPA's expertise and assistance from their Office of Research and Development.**

Action to date: Committee will meet October 7. EPA will have Tom Burke, who heads up EPA's Office of Research and Development, participate on the Committee.

Vo. Tech Prof will also present

possible change in protocol

5. **Implementation of fully optimized corrosion controls in the Flint drinking water system.**

Action to date: Technical Advisory Committee is meeting October 7 to recommend this. Flint will submit permit application to DEQ October 8. Corrosion control will begin by end of October.

*"two paths"
Support the inty of GLWA?*

add Jill Wright

6. Expanded water testing of at risk properties.

Action to date: EPA and DEQ have a conference call at 1:45 PM 9/29 to discuss additional testing locations and protocols.

7. Offer water testing at no cost to Flint residents to assure water is safe.

Action to date: City is already offering. DEQ will be discussing cost issues with the City.

8. Offer bottled water and premixed formula if test results indicate high levels of lead.

Action to date: DHHS evaluating.

WEC / SNAP change
use as "local disaster"

9. Accelerate water system improvements to address replacement of lead service lines.

Action to date: EPA has indicated that federal Drinking Water Revolving Loan money can be used to replace private service lines. State law needs to be changed to allow this to occur.

10. Provide filters to residences of Flint.*

Action to date: Ananich has indicated United Way would supply some. Harvey to follow up with Meijer.

distressed community \$s

11. Expedite Completion of KWA.

Action to date: DEQ had initial conversation with Drain Commissioner to indicate help in moving any remaining permits.

Next Steps:

Press Conference in Flint - Friday, October 2, 1:30

Participants

Mayor of Flint

Dan Wyant - Michigan Department of Environmental Quality

Nick Lyon - Department of Community Health

Susan Hedman - Region 5 Administrator or EPA

Harvey Hollins - Governor's office

Local Public Health Department

lt. Gov availability?

+ Dr Ed Wallis

* 10,000 filters → \$250,000 [Health Foundation]

Endowment

How long will they last? 6 mos

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

Dostine, Patrick (TREASURY)

From: Widigan, Robert (TREASURY)
Sent: Wednesday, September 30, 2015 8:13 AM
To: Workman, Wayne (TREASURY); Koryzno, Edward (Treasury); Schafer, Suzanne K. (Treasury); Byrne, Randall (Treasury)
Cc: Dempkowski, Angela (Treasury); Vandegrift, Drew (TREASURY); Dostine, Patrick (TREASURY)
Subject: Report: Using Flint River Proving Costly To City's Water System

Report estimates it will cost the city of Flint \$1.5 billion to repair the damage done since the switch to the Flint River as a water source: <http://michiganradio.org/post/report-using-flint-river-proving-costly-citys-water-system>

Here is a link to the site with the report: <http://flintwaterstudy.org/>

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

Koryzno, Edward (Treasury)

From: Widigan, Robert (TREASURY)
Sent: Wednesday, September 30, 2015 8:32 AM
To: Koryzno, Edward (Treasury); Schafer, Suzanne K. (Treasury); Byrne, Randall (Treasury); Cline, Richard (Treasury)
Subject: Genesee County Board Health Advisory - Flint Water
Attachments: Genesee Co Advisory Flint Water 09.29.15.pdf

FYI – yesterday the Genesee County Board of Commissioners released the attached public health advisory for residents concerning lead in Flint Water.

It states one of the common health effects on children is brain damage resulting in IQ loss, learning disabilities, hyperactivity, inability to concentrate, and/or behavior problems.

A copy is on in our share drive – V:\LGOV\OFR\Cities\City of Flint\KWA Water Authority

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

Widigan, Robert (TREASURY)

From: Widigan, Robert (TREASURY)
Sent: Wednesday, September 30, 2015 9:50 AM
To: Byrne, Randall (Treasury); Cline, Richard (Treasury); Patrick Dostine (TREASURY) (DostineP@michigan.gov)
Cc: Koryzno, Edward (Treasury); Schafer, Suzanne K. (Treasury)
Subject: Flint Call Notes 09/29/15
Attachments: GCHD Lead Fact Sheet.pdf; Flint Lead Advisory 09.25.15.pdf; Genesee Co Advisory Flint Water 09.29.15.pdf

Flint Weekly Call Notes 09/29/2015 9:00 PM

R. Byrne, E. Cline, R. Widigan, P. Dostine, F. Headen, W. Lamphier, Mayor D. Walling, N. Henderson, Council President J. Freeman

- ❖ **Note:** Water advisory's from Genesee County Commissioners, Genesee County Health Department, and the City of Flint are attached.
- ❖ **City's Press release on Violence Reduction Network (VRN):** <https://www.cityofflint.com/2015/09/28/city-of-flint-selected-to-join-the-department-of-justices-violence-reduction-network/>
- **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.
 - VIEOLIA is finished the contract with the city. City has implemented the recommendations from VIEOLIA.
 - \$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.
 - City will work to get out in front of it and address the issue.
 - Chief is at a conference by the Violence Reduction Network (VRN) – City will be able to receive additional help from DEA, etc...
- **October RTAB:** City council meeting will be approving a OPRA tax abatements on Oct. 12 and if approved would like to bring it forward to the Oct 14 RTAB meeting. Former Perani Arena (Dort Federal Credit Union Event Center).

Cline, Richard (Treasury) SAM, RTAB I, UOS, Josh, Fred, Wendy, C.A. Mayor

From: Dostine, Patrick (TREASURY)
Sent: Tuesday, September 29, 2015 3:39 PM
To: Byrne, Randall (Treasury); Cline, Richard (Treasury)
Subject: Flint Sept 30 9 AM call topics

Flint - Sept. 30 - Call topics

PSF

Vcoilia

- 10-21
- Priorities - OPRA issue → Pull to Oct 14th; VC wants RTAB chair to attend so VC on water
 - Water / lead / lawsuits
 - ~~Water billing~~
 - Legal representation for Flint - Proposal → More Detail Needed ← Under Review; \$844 Outstanding
 - Charter Commission
 - Miscellaneous - 1) KWA - June 2016 to but will clarify; 2) Vcoilia Done

Patrick Dostine

Finance Rpt
to Judge today

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

Water/Lead

- Lead Advisory
 - Based from Med Comm
 - County Health Advisory
 - Recommendations
- Operations
 - Corrosion Control Plan being developed
 - Request DWSJ connection
 - Comm w/ DEQ
- Misc
 - CDBG for Lead Filters \$400K
 - No Contact w/ Mett Foundation
 - Partner w/ United Way
 - Community Foundation \$250K

Public Safety

- Third Most Violent City
 - PR Response?
- Selected for Violence Reduction Network Program

Water Collection ↓ Due to Lead

- Refusal to pay
- Cash on-hand - unclear how long operate

City Present to RTAB in Nov
on water

BA's for w/s to ↓ Rev & Expd.

Workman, Wayne (TREASURY)

From: Workman, Wayne (TREASURY)
Sent: Wednesday, September 30, 2015 10:19 AM
To: Byrne, Randall (Treasury)
Cc: Schafer, Suzanne K. (Treasury); Koryzno, Edward (Treasury); Cline, Richard (Treasury)
Subject: Re: Shears Preliminary Budget and timeline

Please add Tom to this loop. Whatever we do needs to be coordinated with any other water assistance. Let Natasha know we are reviewing in context of other Flint Demands.

Sent from my iPhone

On Sep 30, 2015, at 10:08 AM, Byrne, Randall (Treasury) <ByrneR1@michigan.gov> wrote:

Wayne and Suzanne:

This is the revised budget and timeline for hiring Miller Canfield on the Shears Case. In addition, they added more detail regarding their plan to defend the city. I asked that she send a copy to Fred as well. Natasha is hoping for a response soon. Please discuss.

Thanks,

Randy

From: Natasha Henderson [<mailto:nhenderson@cityofflint.com>]

Sent: Wednesday, September 30, 2015 9:41 AM

To: Byrne, Randall (Treasury) <ByrneR1@michigan.gov>; Cline, Richard (Treasury) <cliner1@michigan.gov>; Headen, Frederick (Treasury) <HeadenF@michigan.gov>

Subject: Fwd: Shears Preliminary Budget and timeline

Thanks,

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

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

From: "Trebilcock, Christopher M." <trebilcock@millercanfield.com>

Date: Sep 30, 2015 9:31 AM

Subject: Shears Preliminary Budget and timeline

To: "Natasha Henderson" <nhenderson@cityofflint.com>

Cc: "Trebilcock, Christopher M." <trebilcock@millercanfield.com>, "Peter Bade" <pbade@cityofflint.com>

Natasha:

Thanks for the follow-up call. We have been able to review the pleadings and procedural posture of the *Shears* case more closely. Given the work that has been done thus far, I think we can

revise our estimates favorably for the City. For your consideration, here is a summary of our revised estimated budget:

- 1) Motions and appearances before the Circuit Court, prior to trial on damages: \$35,000 - \$75,000
 - 2) Motions and briefs before the Court of Appeals: \$45,000 - \$65,000
 - 3) Motion and Briefs before the Supreme Court: \$25,000 - \$55,000
 - 4) Trial regarding damages before the Circuit Court (excluding experts): \$75,000 - \$105,000
 - 5) Appeals after trial on damages: \$65,000 - \$85,000
- Total: \$245,000 - \$385,000

Also, for your internal discussion, here is the additional detail on our immediate pleadings we would file in the next week:

- 1) We will file an appearance in *Shears* in GCCC on Wednesday (or upon engagement)
- 2) We will file a motion for 30-day adjournment in GCCC on Wednesday (or upon engagement)
- 3) If our Motion for a 30-day adjournment is denied, which is likely, we will immediately file the next day:
 - a) Supplemental brief on Motion to Change Venue based on fact that GCCC is member of the class
 - b) Motion to Recuse Hayman based on status of Chief Judge and that GCCC is member for the class.
- 4) File a Motion to Dissolve the TRO in GCCC based on federal court finding on Kincaid TRO (if supported after closer review of pleadings). This would be an Emergency Motion filed as soon as possible.
- 5) File a Motion to Consolidate Case with Kincaid in GCCC. Since the Kincaid Plaintiffs are also member of the class the more technically correct way to go is dismiss the Kincaid case, but the real point would be to keep the action before Judge Yiuule which apparently can't happen if he is conflicted (e.g., if he is a member of the class as a Flint resident). We would recommend filing this Motion in the next 7 days.
- 6) We will also look at the Kincaid Ct. App. decision and see if we can supplement the motion to dismiss with any law of the case argument (i.e., the pooling issue, the Emergency Manager's decision. We will also consider whether there are other arguments for dismissal by comparing the Kincaid state and federal pleadings and the Shear pleadings. We are still trying to figure out how Val got to file a second suit on the same claims in the same court; seems to go against every principle of judicial economy.

Once these are resolved, we will likely file Expedited Motions for Application to Leave to the Court of Appeals. This is especially true for the Motion to Consolidate. But would be for all the

rulings – we might want to shoot for peremptory reversal. This would be filed as soon as Judge Hayman issues his rulings on the various motions above.

I think this is largely the work that we will need to do in the next 30-45 days. We may want to meet with witnesses and spend time with decision makers, especially if we get adjournment.

Let me know if you need anything else.

Thanks,

Chris

From: Trebilcock, Christopher M.
Sent: Monday, September 28, 2015 12:19 PM
To: 'Natasha Henderson'
Subject: RE: Preliminary Budget

Natasha:

Please let me know if you have any questions.

Chris

From: Trebilcock, Christopher M.
Sent: Friday, September 25, 2015 5:26 PM
To: 'Natasha Henderson'
Subject: RE: Preliminary Budget

Sorry, I forgot to include that. \$345 for partners, \$305 for associates, \$225 for paralegals (depending on the paralegal it can be less). I believe this is consistent with our work on the prior City of Flint litigation.

From: Natasha Henderson [<mailto:nhenderson@cityofflint.com>]
Sent: Friday, September 25, 2015 5:10 PM
To: Trebilcock, Christopher M.
Subject: Re: Preliminary Budget

Hello Christopher,

What is the hourly rate for attorneys, paralegals, etc.?

Thanks,

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

On Sep 25, 2015 4:54 PM, "Trebilcock, Christopher M." <trebilcock@millercanfield.com> wrote:

Dear Pete and Natasha:

It was a pleasure speaking with you earlier today regarding Miller Canfield's ability to assist you with the *Shears* litigation. We look forward to aggressively defending this matter on your behalf. Per your request, below is a preliminary budget for the various anticipated stages of litigation based on our current understanding of the case:

- 1) Motions and appearances before the Circuit Court, prior to trial on damages: \$55,000 - \$135,000
- 2) Motions and briefs before the Court of Appeals: \$65,000 - \$95,000
- 3) Motion and Briefs before the Supreme Court: \$35,000 - \$55,000
- 4) Trial regarding damages before the Circuit Court: \$100,000 - \$175,000 (excluding experts)
- 5) Appeals after trial on damages: \$75,000 - \$95,000

Total: \$330,000 - \$555,000

Obviously we will do our best to be as efficient as possible. However, it is difficult to be more precise, particularly at the Circuit Court level, because of the Court's unpredictability in adhering to normal procedural practices. Given the issues and dollars at stake, we do not want to shorthand anything. Also We will be giving this our fullest attention.

Please let me know if you need anything further. I can be reached by email or cell phone at any time.

Regards,

Chris

Christopher M. Trebilcock | Deputy Practice Group Leader for Employment and Labor

Miller Canfield

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

T +1.313.496.7647 | F +1.313.496.8453 | **Mobile** +1.313.268.1051

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

Workman, Wayne (TREASURY)

From: Saxton, Thomas (Treasury)
Sent: Wednesday, September 30, 2015 10:57 AM
To: Workman, Wayne (TREASURY); Stanton, Terry A. (Treasury); Koryzno, Edward (Treasury)
Subject: FW: fyi

When or if you have the time click on the link to the Mayor interview

Flint mayor to state: Approve plan “as fast as humanly possible” to help keep lead out of water

By LINDSEY SMITH • 16 HOURS AGO
[Share](#) [Twitter](#) [Facebook](#) [Google+](#) [Email](#)



Flint leaders issued a water advisory last week after health officials raised concerns about lead levels in children's blood tests.

Credit Steve Carmody / Michigan Radio

Flint hasn't been using any corrosion-control method since it switched from Detroit's water system in April 2014. Corrosion-control treatment helps keep lead out of drinking water. Since the switch, more kids are showing up with elevated levels of lead in their blood.

Flint Mayor Dayne Walling says he wants to put corrosion-control treatment back in place, but he needs state approval first. The state says it's going to take a little while to implement.

"One of my requests to (Michigan's) Department of Environmental Quality director is that (approval) be accelerated as fast as humanly possible," Walling said.

"Whatever decisions are coming next, we need that corrosion control in the water treatment process that we have now," he said.

Walling was a guest today on Stateside with Cynthia Canty.

Listen

Listen

Listening...

0:00

16.01

Listen to Flint Mayor Dayne Walling on Stateside.

Flint spokesman Jason Lorenz says MDEQ made the recommendation to put corrosion-control treatment into the water supply last month. But, he says, it needs MDEQ Director Dan Wyant's official approval.

There's been some debate over whether Flint should have had corrosion control in place the entire time.

MDEQ officials have argued to the U.S. Environmental Protection Agency that corrosion control is not technically required yet, because the Flint River is a new water source.

"You have to have to do a full year of studying" the water chemistry as it behaves across the system before implementing corrosion control, MDEQ spokesman Brad Wurfel said. He says that's the only way to know what corrosion-control treatment to use.

That period of study was to be completed by June 30.

As the DEQ reads federal regulations, Flint technically has up to two years after the study to install treatment.

But Wurfel says an announcement on the state's decision will come by the end of this week, and "the prescription for optimizing the system for corrosion control is going to be done in Flint by the end of this year."

"If I handed you a bag of chocolate chips and a sack of flour and said 'make cookies,' you'd still need a recipe right? They need to get the results from that testing to understand how much of what to put in the (new water source)," Wurfel said.

"We have a plan to expedite this with the city ... and folks can take some comfort in that," Wurfel said.

It's not clear yet how much the treatment will cost, but Wurfel says "this won't break the bank." A state-appointed emergency manager made the interim switch to the Flint River to save the city money.

Related: Have you missed parts of the Flint water story? Here's a quick rundown.

The U.S. Environmental Protection Agency has not yet answered this question: Was Flint required to have some form of corrosion-control treatment the whole time?

At face value, the EPA rules are clear, all water systems that serve more than 50,000 people must have some kind of corrosion control.

But when you switch water sources, there is apparently some room for interpretation.

In approving updates to this federal regulation in 2000, the EPA noted that “water systems need to make treatment changes, on occasion, to react to changing circumstances.”

In these cases, the rule does not “prevent a state from approving treatment changes,” but it’s not entirely clear if the state can approve having zero corrosion-control treatment.

One key section of the rule change reads:

“One commenter requested that EPA clarify in the rule language that (large water) systems are not required to have (corrosion-control treatment) physically present. EPA disagrees that this is appropriate.”

“For large water systems, (the federal rule) does not eliminate the need to have any (corrosion-control treatment) in place, unless the water system can demonstrate to the satisfaction of the State that such treatment will have no effect on reducing the levels of lead and copper at the tap ... EPA expects few, if any, large water systems can make this demonstration without (corrosion-control treatment).”

Flint residents can be sure about one thing: This period of study and approval won’t happen the next time the city switches water sources.

The city expects to stop using the Flint River when a new regional water system in Genesee County is completed, slated for the end of 2016. According the MDEQ’s Brad Wurfel, that’s because they won’t need to study the nature of the new water source – Lake Huron. Because Detroit’s water system uses water from Lake Huron, Flint will be able to use the same corrosion-control treatment it did when it was hooked up to Detroit’s system.

Related Program:

Stateside with Cynthia Canty

Workman, Wayne (TREASURY)

From: Muchmore, Dennis (GOV)
Sent: Wednesday, September 30, 2015 3:35 PM
To: Workman, Wayne (TREASURY)
Cc: Saxton, Thomas (Treasury); Clement, Elizabeth (GOV)
Subject: Re: FDCVT - Flint

I wish we could get realistic rather than inflamed, but I'm afraid the flames have long ago been stoked by some missteps that occurred in the switchover to Flint River water. Let's see what we can do.

On Sep 30, 2015, at 9:26 AM, Workman, Wayne (TREASURY) <WorkmanW@michigan.gov> wrote:

There is a STC order for reassessment. It will take 3 years so they can pay in phases. They don't all the money at once. A permanent lead solution is best but more costly. I think we need a face with just a few City people DEQ, HHS to talk about realistic options, not inflamed rhetoric

Sent from my iPhone

On Sep 30, 2015, at 9:03 AM, Saxton, Thomas (Treasury) <SaxtonT@michigan.gov> wrote:

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>



RICK SNYDER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

NICK A. KHOURI
STATE TREASURER

August 19, 2015

FOR IMMEDIATE RELEASE
www.michigan.gov/treasury

Contact: Terry Stanton
(517) 335-2167

\$5 million in grants available for local governments facing financial distress

Money for special projects to free up funds for services

Municipalities experiencing financial struggles can apply for a \$5 million grant program that can help fund special projects and free up tax dollars for important services.

Applications for the Financially Distressed Cities, Villages, and Townships grant program are now available. Municipalities interested in applying for an award must submit applications to the Department of Treasury by 11:59 p.m. on Thursday, Oct. 15, 2015.

All cities, villages, and townships, experiencing at least one condition of "probable financial distress" as outlined in Public Act 436 of 2012, the Local Financial Stability and Choice Act*, are eligible to apply.

"This program offers critical assistance to municipalities facing significant financial difficulties," Gov. Rick Snyder said. "Grant dollars can help troubled cities, villages, and townships fund projects which, in turn, frees up valuable tax dollars for other critical services that benefit residents and taxpayers in those communities."

Grant funding may be used to pay for specific projects, services, or strategies that move the city, village, or township toward financial stability. Preference will be given to applicants from local units in which:

- A financial emergency has been declared in the past five years;
- An approved Deficit Elimination Plan for the General Fund is currently in place; or,
- Two or more conditions indicating "probable financial distress" currently exist.

For more information about FDCVT grants, including the application for cities, villages, and townships, visit www.michigan.gov/revenuesharing.

*Conditions of "probable financial distress" relating solely to school districts are not included as conditions for FDCVT, as school districts are not eligible.

Pleyte, Beth (Treasury)

Subject: Flint River Water Quality
Location: Tom's Office

Start: Wed 9/30/2015 4:00 PM
End: Wed 9/30/2015 5:00 PM
Show Time As: Tentative

Recurrence: (none)

Meeting Status: Not yet responded

Organizer: Koryzno, Edward (Treasury)
Required Attendees: Saxton, Thomas (Treasury); Cline, Richard (Treasury)
Optional Attendees: Pleyte, Beth (Treasury)

Flint Participants: Natasha Henderson, Peter Bade, Howard Croft

4 Ed Koryzno to host

Call in – [REDACTED]

Access Code – [REDACTED]

Pleyte, Beth (Treasury)

From: Barton, John (Treasury)
Sent: Wednesday, September 30, 2015 5:53 PM
To: Saxton, Thomas (Treasury)
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

Stanton, Terry A. (Treasury)

From: Stanton, Terry A. (Treasury)
Sent: Wednesday, September 30, 2015 6:49 PM
To: Wurfel, Sara (GOV); Wurfel, Brad (DEQ)
Cc: Murray, David (GOV)
Subject: RE: Grant

I don't recall either grant being related to "the existence of lead and copper pipes, and the impact...of Flint River water" (Nancy's words) as neither had surfaced as an issue that I am aware of. Brad?

The grants...which the City submitted applications for (which I do not have access to tonight)...were to be used for exactly what was described in the Gov's release:

\$1.1 million for water system enhancement through improved waste management and \$900k for system enhancement through leak detection and pipe assessments.

The other \$2.24 million you are asking about came from the state-approved (Treasury & DEQ) restructuring of Flint's Drinking Water Revolving Fund loans. The restructuring saved the city the \$2.24m...with \$1.5m used to pay for the installation of a Granulated Active Charcoal filter (GAC) at the Water Treatment Plant.

Below is a section from the Flint Water TPs distributed in late January-early February 2015.

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.

On April 8th, the City announced that it was moving forward with a series of actions to ensure the continued safety of Flint drinking water and address issues of discoloration and odor. The most significant step will be the installation of a Granulated Active Charcoal filter (GAC) at the Water Treatment Plant. The GAC filter will help block or eliminate the formation of TTHM during the filtration process.

A contract for the filter installation was approved by the State Treasurer with the project targeted for completion by mid-July. The \$1.5 million project will be funded with proceeds from the state-approved restructuring of Flint's Drinking Water Revolving Fund loans (\$2.24 million).

The City is undertaking a number of other improvements to the water system including the acceleration of valve replacements, targeted hydrant flushing, the replacement of two miles of water main in a critical area of the city, and acceleration of the project to automate plant operations.

From: Wurfel, Sara (GOV)
Sent: Wednesday, September 30, 2015 6:26 PM
To: Wurfel, Brad (DEQ) <WurfelB@michigan.gov>; Stanton, Terry A. (Treasury) <StantonT@michigan.gov>
Cc: Murray, David (GOV) <MurrayD1@michigan.gov>
Subject: FW: Grant
Importance: High

Who can answer this STAT?

From: Kaffer, Nancy [<mailto:nkaffer@freepress.com>]
Sent: Wednesday, September 30, 2015 6:17 PM
To: Wurfel, Sara (GOV) <Wurfels@michigan.gov>
Subject: RE: Grant

I'm a little confused about this press release ... it sounds like the majority of that grant is to replace an incinerator, and \$900k is create a map of leaks in pipes so that the city can prioritize repair, and provide a pipe thickness assessment that will contribute to the city's water main replacement program ... was any of this directly prompted by the existence of lead and copper pipes, and the impact to those pipes of the more-corrosive Flint River water?

Nancy Kaffer
Columnist
Detroit Free Press
www.freep.com/abettermichigan
313-222-6585
[@nancykaffer](https://twitter.com/nancykaffer), [@abettermi](https://twitter.com/abettermi)

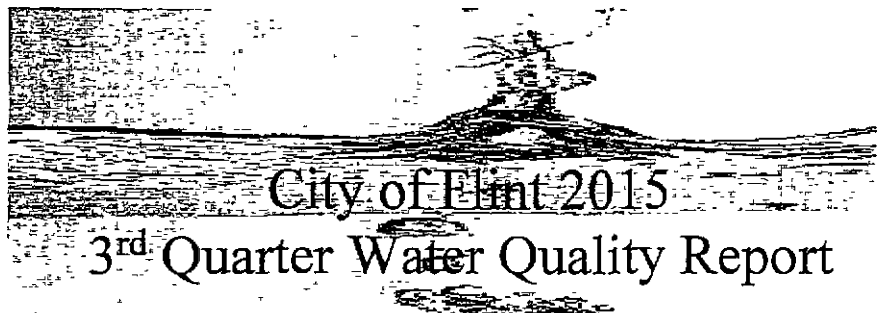
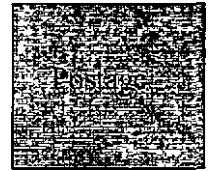
From: Wurfel, Sara (GOV) [<mailto:Wurfels@michigan.gov>]
Sent: Wednesday, September 30, 2015 6:04 PM
To: Kaffer, Nancy <nkaffer@freepress.com>
Subject: Grant
Importance: High

Here's one example of the funding that has been allocated:

http://www.michigan.gov/snyder/0,4668,7-277-57577_57657-346722--,00.html

9/30/15

Customer Service Center
City Hall
1101 S. Saginaw St.
Flint, MI 48501



The Quarterly Water Quality Report provides important information about your drinking water. This report includes information about the water source, current drinking water issues, lead information, water filters, 3rd quarter work accomplished, and a water timeline of events. The City of Flint Department of Utilities is dedicated to providing quality drinking water to the residents of the community. The Flint Water Plant operates and maintains a certified drinking water laboratory to assure compliance with all state and federal regulations, and is committed to prompt and thorough notification to the consumers if there is any reason for concern about the quality of the drinking water. Information about your drinking water is available on the City of Flint web page at www.cityofflint.com or by calling the City of Flint Water Plant at (810) 787-6537. The Safe Drinking Water Hotline at (800) 426-4791 is a resource for health related questions and water quality issues. General drinking water information can also be found on the U.S. Environmental Protection Agency (EPA) web site at www.epa.gov/safewater/.

Water Source

The City of Flint began using the Flint River as a water source in May of 2014. After 16 months of treating water from the Flint River, the City became aware that the level of corrosiveness found in Flint River water could result in more lead leaching from service lines and household plumbing. Reports of elevated blood lead levels in children and expert analysis resulted in the City's Technical Advisory Committee making a recommendation to return to the previous source of water while waiting for the KWA to provide water from Lake Huron.

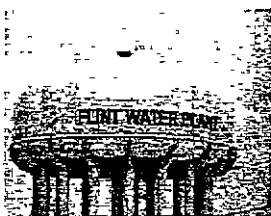
On Friday October 16th, 2015, with the consent of Governor Snyder, the City returned to Detroit as the primary source of drinking water. The decision, along with the Technical Advisory Committee's recommendation followed two consecutive lead and copper test periods that exceeded 5ug/L which calls for additional action. In addition to the switch, the City has submitted a final corrosion control design to the DEQ for comments and approval. The City has requested to use the corrosion control as an additive to treated water it will be required when the city begins treating raw water from the Karegnondi Water Authority which is anticipated to begin in the summer of 2016.

In order to make the transition possible, the City contributed \$2 Million dollars, the Mott Foundation contributed \$4 Million dollars, and the State of Michigan contributed \$ 6 Million dollars.

Current Drinking Water Issues & Lead Information

There has been a heightened awareness of lead leaching into drinking water through service lines and household plumbing. The City's Technical Advisory Committee has enlisted the support of EPA lead experts and is working with State of Michigan representatives to increase testing, rebuild public confidence, and implement long-term solutions to lead. It is recommended that everyone get their water tested, obtain a water filter, and check with a plumber to evaluate the type and condition of your household plumbing. The City is currently mapping all of its lead service lines and working to develop a program to get lines changed over time.

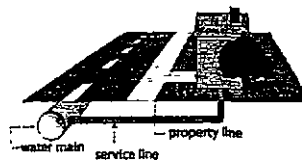
If present, elevated levels of lead can cause serious health problems, especially for pregnant women and young children. Lead in drinking water is primarily from materials and components associated with service lines and home plumbing. The City of Flint is responsible for providing high quality drinking water, but cannot control the variety of materials used in plumbing components. When your water has been sitting for several hours, you can minimize the potential for lead exposure by flushing your tap for 5 minutes before using water for drinking or cooking. If you are concerned about lead in your water, you may wish to have your water tested. Information on lead in drinking water, testing methods, and steps you can take to minimize exposure is available from the Safe Drinking Water Hotline or at <http://www.epa.gov/safewater/lead>.



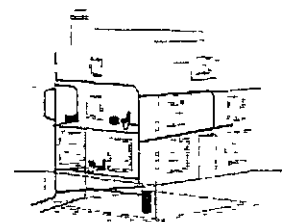
No lead in water
leaving the
Treatment Plant.



Little or no lead in
water in the
transmission mains.



Lead can leach into
water through
service lines.



Lead can leach into
water through
household plumbing.

2015 3rd Quarter Regulated Detected Contaminants – Flint River as Source

Inorganic & Organic Chemicals, Metals, and Pesticides – Monitored at treatment plant						
Regulated Contaminant	Unit of Measure	MCLG	MCL	Highest Level Detected	Range of Detection	Violation
Inorganic Chemicals						
Fluoride	mg/L	4	4	0.84	0.64 – 0.84	No
Nitrate	mg/L	10	10	N.D.	N/A	No
Metals						
Barium	mg/L	2	2	0.02	N/A	No

More than 100 other chemicals were monitored from July through September that were not detected.

The various classification groups of these chemicals include metals, carbamates, herbicides, pesticides, organics, and radiologicals.

Total Organic Carbon, TOC - Monitored at treatment plant			
Regulated Contaminant	Required Monthly % Removal	Minimum Monthly % Removal	Monthly % Removal Ranges
Total Organic Carbon	50	60	60 - 87

Turbidity - Monitored at treatment plant		
Highest Single Measurement (Cannot exceed 1NTU)	Lowest Monthly % of Samples Meeting Turbidity Limit (0.3 NTU in 95% of samples)	Violation
0.18	100 %	No

Disinfectant Residuals – Monitored in the distribution system						
Regulated Contaminant	Unit of Measure	MCLG	MCL	Highest Level Detected	Range of Detection	Violation
Total Chlorine Residual	mg/L	4.0	4.0	4.0	0.2 – 4.0	No

Microbiological Contaminants - Monitored in the distribution system				
Regulated Contaminant	MCLG	MCL	Highest Number detected (in 1 month)	Violation
Total Coliform bacteria	0	The presence of coliform bacteria in > 5% of monthly samples	1	No
<i>E. coli</i> Bacteria	0	0	0	No

Lead & Copper – Monitored from consumers tap					
Regulated Contaminant	Unit of Measure	MCLG	Action Level AL	Number of samples over AL	Total # of Samples Tested from January - September
Lead	ug/L	0	15	16	189
Copper	mg/L	1.3	1.3	0	189

Disinfection By-Products - Monitored in the distribution system and from treatment plant						
Regulated Contaminant	Unit of Measure	MCLG	MCL	Highest Level Detected	Range of Detection	Violation
Total Trihalomethanes (TTHM)	ug/L	n/a	80	90.3	42.6 – 90.3	N/A*
Haloacetic Acids (HAA)	ug/L	n/a	60	15.0	2.0 – 15.0	N/A*
Bromate	ug/L	10	10	N.D.	N/A	N/A*

*Violation based on locational running annual average for TTHM & HAAs, violation for bromate based on yearly average.

Key to the Detected Contaminant Tables

Symbol	Abbreviation for	Definition/Explanation
>	Greater than	
AL	Action Level	The concentration of a contaminant, which, if exceeded, triggers treatment or other requirements which a water system must follow.
HAA5	Haloacetic Acids	HAA5 is the total of bromoacetic, chloroacetic, dibromoacetic, dichloroacetic, and trichloroacetic acids. Compliance is based on the total
LRAA	Locational Running Annual Average	
MCL	Maximum Contaminant Level	The highest level of a contaminant that is allowed in water. MCLs are set as close to the MCLG's as feasible using the best available treatment technology
MCLG	Maximum Contaminant Level Goal	The level of contaminant in drinking water below which there is no known or expected risk to health
mg/L	Milligrams per Liter	A milligram = 1/1000 gram 1 milligram per liter is equal to 1ppm
MRDL	Maximum Residual Disinfectant Level	The highest level of disinfectant allowed in drinking water. There is convincing evidence that addition of a disinfectant is necessary for control of microbial contaminants.
MRDLG	Maximum Residual Disinfectant Level Goal	The level of a drinking water disinfectant below which there is no known or expected risk to health. MRDLG's do not reflect the benefits of the use of disinfectants to control microbial contaminants
n/a	Not Applicable	
ND	Not Detected	
NTU	Nephelometric Turbidity Units	Measures the cloudiness of water.
pCi/L	Picocuries per Liter	A measure of radioactivity. Picocurie (pCi) means the quantity of radioactive material producing 2.22 nuclear transformations per minute.
ppb	Parts Per Billion (one in one billion)	The ppb is equivalent to micrograms per liter. A microgram = 1/1000 milligram.
ppm	Parts Per Million (one in one million)	The ppm is equivalent to milligrams per liter. A milligram = 1/1000 gram.
RAA	Running Annual Average	
TT	Treatment Technique	A required process intended to reduce the level of a contaminant in drinking water
TTHM	Total Trihalomethanes	Total Trihalomethanes is the sum of chloroform, bromodichloromethane, dibromochloromethane and bromoform. Compliance is based on total.
ug/L	Micrograms per Liter	A microgram = 1/1,000,000 gram 1 microgram per liter is equal to 1ppb

Water Timeline

A timeline of events, beginning with signing the KWA contract leading up to the current status of switching back to our previous source of water is available on the City website and can be found by visiting the "water" page located under "residents". Please email flintwater@cityofflint.com with your questions or to request a water test or, call the Water Plant at (810)-787-6537.

3rd Quarter Events

July

- Completed the evaluation of over 8000 valves in the system and identified over 2300 that are currently inoperable. The repair of these valves will be budgeted and worked into our multi-year Capital Improvement Plan.

August

- Successfully completed the installation of Granulated Activated Carbon at the water treatment plant which reduced the TTHM level in the water and helped bring the City back into compliance with the Safe Drinking Water Act.

September

- Leak Detection on all 600 miles of the distribution system has started and is over halfway complete. Several dozen leaks have been identified and repairs continue as more leaks are found. This has decreased the amount of water loss existing in the system.
- Construction of a load out facility at our wastewater plant is on target for completion by November and will allow the City to eliminate the use of the incinerator resulting in significant annual savings.
- Over 3500 new water meters have been installed this year creating better accuracy, accountability, and decreasing the number of estimated reads on water & sewer bills.

Contact Information

Water Treatment Plant - (810)-787-6537

Request a water test.

Request a tour of the Plant.

Ask questions about water quality.

Water Service Center - (810)-766-7202

Report a water leak or other system issues.

Water Pollution Control - (810)-766-7210

Inquiries related to wastewater treatment.

Inquiries related to converting methane gas into energy.

Customer Service - (810)-766-7015

Questions about your water & sewer bill.

Water Filters - 211

Questions about water filters.

Water Filters & Testing

Free water filters have been made available to current Flint residents at several locations. The MDHHS and the Genesee County Community Action Resource Department (GCCARD) are providing Free National Sanitation Foundation certified water filters at the following locations.

Residents receiving MDHHS assistance are encouraged to visit either the **125 E. Union St.** or **4809 Clio Rd.** MDHHS office location to obtain a free, certified home water filter. Residents who are not currently enrolled in MDHHS assistance programs should visit the (GCCARD) offices located at **2727 Lippincott** and **601 N. Saginaw** in Flint.

Staff will be onsite at all four locations from **9 a.m. to 4 p.m., Monday through Friday**, to distribute filters and assist residents who have questions about proper installation.

If you want more information on obtaining a water filter, please call 211.

Other suggestions related to water safety and testing:

- We recommend that everyone get their water tested. Call us at (810)-787-6537.
- Contact the Health Department about having your child's blood tested (810)-257-3612.
- It is advisable to have a plumber check your household plumbing.
- Check your faucet aerator (large lead solder particles can occasionally get lodged in here).

Temporary issues to be aware of when Changing Water Sources

Changing water sources back to Detroit will not fully eliminate the lead concerns. The potential for lead to leach off of certain water service lines or household plumbing will continue to exist regardless of the water source. The City is committed to increased testing, better communication, and developing a lead service line map to identify all of the City owned lead service lines.

As the city changes water sources you can expect the following:

- It could take up to three weeks for the switch in water source to reach all taps in the City.
- Over the next several weeks, we will be winterizing our hydrants which will result in discoloration of the water but will also help accelerate the water flowing through the system.
- Lead will continue to leach off of certain service lines and household plumbing.
- Main breaks could result as a change in source water occurs.
- Water could have discoloration or cloudiness, if this happens, run your faucet until the water clears, if this lasts longer than 20 minutes please report it to our water service center at (810)-766-7202.

CITY OF FLINT
CASH AND INVESTMENT ACCOUNT SUMMARY
FOR THE PERIOD ENDING SEPTEMBER 30, 2015

Fund Account	Description	Beginning Balance 09/01/2015	Ending Balance 09/30/2015
Fund 101 General Fund			
001.000	Commercial Pooled Cash Account	6,796,053	6,338,556
001.450	Citizens - P/R Direct Deposit - 906-9766	(47,229)	(47,602)
004.000	Imprest Cash	9,300	9,300
	General Fund	<u>6,758,124</u>	<u>6,300,254</u>
Fund 202 Major Street Fund			
001.000	Commercial Pooled Cash Account	5,624,072	5,095,054
004.000	Imprest Cash	60	60
	Major Street Fund	<u>5,624,132</u>	<u>5,095,114</u>
Fund 203 Local Street Fund			
001.000	Commercial Pooled Cash Account	1,421,382	1,218,355
Fund 205 Public Safety			
001.000	Commercial Pooled Cash Account	7,610,474	7,139,815
Fund 207 Police Fund			
001.000	Commercial Pooled Cash Account	668,561	587,725
001.002	Bank 1 Commercial -Checks Only	-	-
	Police Fund	<u>668,561</u>	<u>587,725</u>
Fund 208 Park/Recreation Fund			
001.000	Commercial Pooled Cash Account	267,636	239,060
001.002	Bank 1 Commercial -Checks Only	-	-
	Park/Recreation Fund	<u>267,636</u>	<u>239,060</u>
Fund 219 Street Light			
001.000	Commercial Pooled Cash Account	1,794,374	1,616,757
001.002	Bank 1 Commercial -Checks Only	-	-
	Street Light	<u>1,794,374</u>	<u>1,616,757</u>

**CITY OF FLINT
CASH AND INVESTMENT ACCOUNT SUMMARY
FOR THE PERIOD ENDING SEPTEMBER 30, 2015**

Fund Account	Description	Beginning Balance 09/01/2015	Ending Balance 09/30/2015
Fund 226 Rubbish Collection Fund			
001.000	Commercial Pooled Cash Account	2,532,331	1,880,152
Fund 265 Drug Law Enforcement Fund			
001.000	Commercial Pooled Cash Account	1,130,894	1,135,766
Fund 274 HUD CDBG, ESG, & HOME GRANTS			
001.000	Commercial Pooled Cash Account	(1,106,210)	(855,171)
001.002	Bank 1 Commercial -Checks Only	-	-
001.100	Bank - Urban Renewal - 230006018089	154,768	392,708
	HUD CDBG, ESG, & HOME GRANTS	(951,442)	(462,463)
Fund 296 Other Grants Fund			
001.000	Commercial Pooled Cash Account	1,535,007	1,435,027
001.002	Bank 1 Commercial -Checks Only	-	-
	Other Grants Fund	1,535,007	1,435,027
Fund 402 Public Improvement Fund			
001.000	Commercial Pooled Cash Account	2,196,818	2,143,111
Fund 542 Building Inspection Fund			
001.000	Commercial Pooled Cash Account	1,899,261	1,880,684
001.002	Bank 1 Commercial -Checks Only	-	-
	Building Inspection Fund	1,899,261	1,880,684
Fund 590 Sewer Fund			
001.000	Commercial Pooled Cash Account	30,633,285	11,123,680
001.002	Bank 1 Commercial -Checks Only	-	-
003.000	Certificate Of Deposit	-	19,191,527
	Sewer Fund	30,633,285	30,315,206

CITY OF FLINT
CASH AND INVESTMENT ACCOUNT SUMMARY
FOR THE PERIOD ENDING SEPTEMBER 30, 2015

Fund		Beginning	Ending
Account	Description	Balance	Balance
		09/01/2015	09/30/2015
Fund 591 Water Fund			
001.000	Commercial Pooled Cash Account	15,145,473	1,282,764
001.001	Cash Reserve	5,848,116	5,848,116
003.000	Certificate Of Deposit	-	12,373,484
	Water Fund	20,993,589	19,504,364
	TOTAL - ALL FUNDS	84,114,425	80,028,928

CITY OF FLINT
BUDGET TO ACTUAL REVENUE AND EXPENDITURE REPORT
FOR THE PERIOD ENDING SEPTEMBER 30, 2015

ACCOUNT DESCRIPTION	2014-15 AMENDED BUDGET	YTD BALANCE 06/30/2015	2015-16 AMENDED BUDGET	YTD BALANCE 42,277	AVAILABLE BALANCE	% BDGT USED
Fund 101 - General Fund						
Property Taxes	4,970,000	4,699,113	4,900,000	4,497,531	402,469	91.79
Special assessment taxes	16,656	20,973	17,000	8,383	8,517	49.31
Income taxes	13,000,000	14,012,171	13,541,000	2,303,053	11,237,947	17.01
Interest and dividend income	366,100	568,822	470,000	91,121	378,879	19.39
State revenues	17,891,910	17,918,463	18,253,013	849,218	17,403,796	4.65
Charges for service rendered	7,636,721	7,846,452	8,023,942	2,237,247	5,786,694	27.88
Other revenues	534,603	867,092	385,864	218,209	167,654	56.55
Drawings from fund balance	(1,000,000)	-	(1,000,000)	-	(1,000,000)	0.00
Fines and forfeitures	1,633,539	1,583,496	1,805,731	191,584	1,614,147	10.61
License and Permits	1,200,300	1,144,949	1,225,000	53,626	1,171,374	4.38
Proceeds from sale of capital assets	4,577,998	4,577,998	3,777,998	944,500	2,833,498	0.00
Transfers in	500	500	-	-	-	0.00
Proceeds from loan	7,000,000	7,000,000	-	-	-	100.00
TOTAL REVENUES	57,828,326	60,240,028	51,399,547	11,394,472	40,005,076	22.17
General government	20,292,595	20,530,023	22,015,842	4,977,534	17,038,208	22.61
Legislative	429,775	414,085	618,802	107,447	511,355	17.36
Judicial	3,964,721	3,929,782	4,031,207	1,003,525	3,027,682	24.89
Police	13,132,959	12,961,412	15,897,752	3,142,706	12,755,046	19.77
Emergency dispatch	2,424,447	2,413,532	202,919	160,529	42,390	79.11
Fire	5,707,529	5,558,910	6,434,419	1,267,587	5,166,833	19.70
Community development	868,761	742,881	736,153	127,068	609,085	17.26
Facilities and Maintenance	1,453,322	1,332,445	1,462,452	245,585	1,216,867	16.79
Transfers out	99,140	149,206	-	-	-	0.00
TOTAL EXPENDITURES	48,373,249	48,032,276	51,399,547	11,032,082	40,367,464	21.46
NET OF REVENUES/EXPENDITURES	9,455,078	12,207,752	1	362,389	(362,389)	
BEG. FUND BALANCE	(8,961,424)	(8,961,424)	3,246,328	3,246,328		
END FUND BALANCE	493,654	3,246,328	3,246,329	3,608,718		
FUND BALANCE AS % OF EXPENDITURES - ACTUAL	1%	7%	6%			
FUND BALANCE AS % OF EXPENDITURES - POLICY	15%	15%	15%			
DESIGNATED RESERVE PER POLICY (15%)	7,255,987	7,255,987	7,709,932			
VARIANCE ACTUAL TO POLICY	(6,762,333)	(4,009,659)	(4,463,603)			

CITY OF FLINT
BUDGET TO ACTUAL REVENUE AND EXPENDITURE REPORT
FOR THE PERIOD ENDING SEPTEMBER 30, 2015

ACCOUNT DESCRIPTION	2014-15 AMENDED BUDGET	YTD BALANCE 06/30/2015	2015-16 AMENDED BUDGET	YTD BALANCE	AVAILABLE BALANCE	% BUDGET USED
Fund 202 - Major Street Fund						
State revenues	7,381,806	7,624,369	6,930,520	852,712	6,077,808	12.30
Charges for service rendered	23,506	13,081	31,506	29,403	2,103	93.32
Other revenues	209,610	290,700	184,354	41,948	142,406	22.75
Drawings from fund balance	1,181,572	-	1,476,334	-	1,476,334	0.00
Interest and Dividend Income	-	29,010	-	-	-	0.00
Federal revenues	87,680	87,680	-	-	-	0.00
TOTAL REVENUES	8,884,174	8,044,841	8,622,714	924,063	7,698,651	10.72
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	526,161	5,770,849	8.36
Debt services - Interest	8,551	8,550	8,000	-	8,000	0.00
Debt services - principal	110,072	110,070	110,622	-	110,622	0.00
Transfers out	-	-	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	1,523,403	1	30,056	(30,055)	
BEG. FUND BALANCE	4,926,787	4,926,787	6,450,190	6,450,190		
END FUND BALANCE	4,589,777	6,450,190	4,973,857	5,480,246		
FUND BALANCE AS % OF REVENUES - ACTUAL	60%	84%	70%			
FUND BALANCE AS % OF REVENUES - POLICY	15%	15%	15%			
DESIGNATED RESERVE PER POLICY (15%)	1,155,390	1,155,390	1,071,957			
VARIANCE ACTUAL TO POLICY	3,434,337	5,294,800	3,901,900			

CITY OF FLINT
BUDGET TO ACTUAL REVENUE AND EXPENDITURE REPORT
FOR THE PERIOD ENDING SEPTEMBER 30, 2015

ACCOUNT DESCRIPTION	2014-15 AMENDED BUDGET	YTD BALANCE 06/30/2015	2015-16 AMENDED BUDGET	YTD BALANCE 42,277	AVAILABLE BALANCE	% BDGT USED
Fund 203 - Local Street Fund						
State revenues	1,941,703	1,942,017	2,016,514	199,593	1,816,821	9 90
Other revenues	618,343	117,135	630,677	338,465	292,212	53 67
Interest and dividend income	-	5,993	-	-	-	0 00
Transfers in	-	-	568,703	142,176	-	25 00
Drawings from fund balance	288,513	-	421,863	-	421,863	0 00
TOTAL REVENUES	2,848,559	2,065,146	3,637,757	680,334	2,530,896	18 70
Fund 203 - Local Street Fund						
General government	314,770	314,770	402,087	100,522	301,565	25 00
Transportation	2,476,948	1,993,800	3,235,670	550,604	2,685,066	17 02
TOTAL EXPENDITURES	2,791,717	2,308,570	3,637,757	651,126	2,986,631	17 90
NET OF REVENUES/EXPENDITURES	56,842	(243,424)	(0)	29,208	(455,736)	
BEG FUND BALANCE	1,610,712	1,610,712	1,367,288	1,367,288		
END FUND BALANCE	1,379,041	1,367,288	945,425	1,396,496		
FUND BALANCE AS % OF REVENUES - ACTUAL	54%	53%	29%			
FUND BALANCE AS % OF REVENUES - POLICY	15%	15%	15%			
DESIGNATED RESERVE PER POLICY (15%)	384,007	384,007	482,384			
VARIANCE ACTUAL TO POLICY	995,034	983,281	463,041			

CITY OF FLINT
BUDGET TO ACTUAL REVENUE AND EXPENDITURE REPORT
FOR THE PERIOD ENDING SEPTEMBER 30, 2015

ACCOUNT DESCRIPTION	2014-15 AMENDED BUDGET	YTD BALANCE 06/30/2015	2015-16 AMENDED BUDGET	YTD BALANCE 42,277	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	-	30,798	-	-	-	0.00
Other revenues	-	5,462	-	-	-	0.00
Drawings from fund balance	4,690,318	-	2,481,948	-	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	445,935	1,456,787	23.44
Fire	3,675,510	3,633,122	4,279,226	958,556	3,320,670	22.40
TOTAL EXPENDITURES	6,381,283	6,317,241	6,181,948	1,404,491	4,777,457	22.72
NET OF REVENUES/EXPENDITURES	1,997,310	(2,438,128)	-	2,371,800	(2,371,800)	
BEG. FUND BALANCE	8,457,278	8,457,278	6,019,150	6,019,150		
END FUND BALANCE	5,764,270	6,019,150	3,537,202	8,390,950		
FUND BALANCE AS % OF REVENUES - ACTUAL	156%	163%	96%			
FUND BALANCE AS % OF REVENUES - POLICY	10%	10%	10%			
DESIGNATED RESERVE PER POLICY (10%)	368,827	368,827	370,000			
VARIANCE ACTUAL TO POLICY	5,395,442	5,650,322	3,167,202			

CITY OF FLINT
BUDGET TO ACTUAL REVENUE AND EXPENDITURE REPORT
FOR THE PERIOD ENDING SEPTEMBER 30, 2015

ACCOUNT DESCRIPTION	2014-15 AMENDED BUDGET	YTD BALANCE 06/30/2015	2015-16 AMENDED BUDGET	YTD BALANCE 42,277	AVAILABLE BALANCE	% BDGT USED
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	-	445	-	-	-	0.00
Other revenues	93,180	1,740	-	-	-	0.00
Drawings from fund balance	42,502	-	68,944	-	68,944	0.00
TOTAL REVENUES	1,385,988	1,295,968	1,323,944	1,260,588	63,356	95.21
Fund 207 - Police Fund						
Police	1,358,912	1,311,361	1,323,944	258,321	1,065,623	19.51
TOTAL EXPENDITURES	1,358,912	1,311,361	1,323,944	258,321	1,065,623	19.51
NET OF REVENUES/EXPENDITURES	27,076	(15,392)	-	1,002,267	(1,002,267)	
BEG. FUND BALANCE	19,656	19,656	4,264	4,264		
END FUND BALANCE	4,230	4,264	(64,680)	1,006,530		
FUND BALANCE AS % OF REVENUES - ACTUAL	0%	0%	-5%			
FUND BALANCE AS % OF REVENUES - POLICY	10%	10%	10%			
DESIGNATED RESERVE PER POLICY (10%)	134,349	134,349	125,500			
VARIANCE ACTUAL TO POLICY	(130,118)	(130,085)	(190,180)			

CITY OF FLINT
BUDGET TO ACTUAL REVENUE AND EXPENDITURE REPORT
FOR THE PERIOD ENDING SEPTEMBER 30, 2015

ACCOUNT DESCRIPTION	2014-15 AMENDED BUDGET	YTD BALANCE 06/30/2015	2015-16 AMENDED BUDGET	YTD BALANCE 42,277	AVAILABLE BALANCE	% BUDGET USED
Fund 208 - Park/Recreation Fund						
Property Taxes	312,546	323,951	315,000	315,054	(54)	100.02
Interest and dividend income	-	718	-	-	-	0.00
Other revenues	4,930	16,954	4,825	1,060	3,765	21.97
Drawings from fund balance	97,000	-	87,146	-	87,146	0.00
Transfers in	99,413	99,140	-	-	-	0.00
TOTAL REVENUES	513,889	440,762	406,971	316,114	90,856	77.67
Fund 208 - Park/Recreation Fund						
Community development	513,889	459,475	406,971	55,346	351,625	13.60
TOTAL EXPENDITURES	513,889	459,475	406,971	55,346	351,625	13.60
NET OF REVENUES/EXPENDITURES	-	(18,712)	-	260,769	(260,769)	
BEG. FUND BALANCE	99,941	99,941	81,229	81,229		
END FUND BALANCE	2,941	81,229	(5,917)	341,997		
FUND BALANCE AS % OF REVENUES - ACTUAL	1%	19%	-2%			
FUND BALANCE AS % OF REVENUES - POLICY	10%	10%	10%			
DESIGNATED RESERVE PER POLICY (10%)	41,689	41,689	31,983			
VARIANCE ACTUAL TO POLICY	(38,748)	39,540	(37,899)			

CITY OF FLINT
BUDGET TO ACTUAL REVENUE AND EXPENDITURE REPORT
FOR THE PERIOD ENDING SEPTEMBER 30, 2015

ACCOUNT DESCRIPTION	2014-15 AMENDED BUDGET	YTD BALANCE 06/30/2015	2015-16 AMENDED BUDGET	YTD BALANCE 42,277	AVAILABLE BALANCE	% BDGT USED
Fund 219 - Street Light						
Special assessment taxes	2,738,986	2,415,368	2,718,986	2,616,226	102,760	96.22
Interest and dividend income	-	5,272	-	-	-	0.00
Drawings from fund balance	-	-	105,218	-	-	0.00
TOTAL REVENUES	2,738,986	2,420,640	2,824,204	2,616,226	102,760	92.64
Fund 219 - Street Light						
General government	91,210	91,210	128,895	32,224	95,671	25.00
Transportation	2,463,195	2,381,159	2,695,308	399,480	2,295,828	14.82
TOTAL EXPENDITURES	2,554,405	2,472,369	2,824,203	431,704	2,392,499	15.29
NET OF REVENUES/EXPENDITURES	184,581	(51,729)	1	2,184,522	(2,289,739)	
BEG. FUND BALANCE	709,204	709,204	657,475	657,475		
END FUND BALANCE	893,785	657,475	552,258	2,841,997		
FUND BALANCE AS % OF REVENUES - ACTUAL	33%	24%	20%			
FUND BALANCE AS % OF REVENUES - POLICY	15%	15%	15%			
DESIGNATED RESERVE PER POLICY (15%)	410,848	410,848	407,848			
VARIANCE ACTUAL TO POLICY	482,937	246,627	144,410			

CITY OF FLINT
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FOR THE PERIOD ENDING SEPTEMBER 30, 2015

ACCOUNT DESCRIPTION	2014-15 AMENDED BUDGET	YTD BALANCE 06/30/2015	2015-16 AMENDED BUDGET	YTD BALANCE 42,277	AVAILABLE BALANCE	% BDGT 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	-	-	-	0.00
Other revenues	-	6,958	-	-	-	0.00
Drawings from fund balance	-	-	1	-	1	0.00
License and Permits	1,660	1,840	500	740	(240)	148.00
TOTAL REVENUES	5,530,566	4,928,803	4,829,503	4,625,045	204,458	95.77
General government	173,143	182,710	250,958	62,740	188,218	25.00
Transportation	49,755	52,546	100,000	-	100,000	0.00
Public works	4,551,320	4,380,260	4,478,544	1,092,443	3,386,101	24.39
TOTAL EXPENDITURES	4,774,218	4,615,516	4,829,502	1,155,182	3,674,320	23.92
NET OF REVENUES/EXPENDITURES	756,348	313,287	1	3,469,862	(3,469,861)	
BEG. FUND BALANCE	277,049	277,049	590,336	590,336		
END FUND BALANCE	1,033,397	590,336	590,337	4,060,198		
FUND BALANCE AS % OF REVENUES - ACTUAL	19%	11%	12%			
FUND BALANCE AS % OF REVENUES - POLICY	15%	15%	15%			
DESIGNATED RESERVE PER POLICY (15%)	829,585	829,585	724,425			
VARIANCE ACTUAL TO POLICY	203,812	(239,249)	(134,088)			

CITY OF FLINT
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FOR THE PERIOD ENDING SEPTEMBER 30, 2015

ACCOUNT DESCRIPTION	2014-15		2015-16		YTD BALANCE	AVAILABLE BALANCE	% BDGT USED
	AMENDED BUDGET	YTD BALANCE 06/30/2015	AMENDED BUDGET	YTD BALANCE 42,277			
Fund 265 - Drug Law Enforcement Fund							
Other revenues	16,500	3,818	-	2,528	(2,528)	0.00	
Interest and dividend Income	-	5,170	-	-	-	0.00	
Drawings from fund balance	374,063	-	169,674	-	169,674	0.00	
Fines and forfeitures	101,000	50,299	2,500	28,007	(25,507)	1,120.29	
TOTAL REVENUES	491,563	59,287	172,174	30,536	141,638	17.74	
Police	477,563	298,452	172,174	7,450	164,724	4.33	
TOTAL EXPENDITURES	477,563	298,452	172,174	7,450	164,724	4.33	
NET OF REVENUES/EXPENDITURES	14,000	(239,165)	-	23,085	(23,085)		

BEG FUND BALANCE
END FUND BALANCE

FUND BALANCE AS % OF EXPENDITURES - ACTUAL
FUND BALANCE AS % OF EXPENDITURES - POLICY

DESIGNATED RESERVE PER POLICY (100%)
VARIANCE ACTUAL TO POLICY

529,807
552,893
209%
100%
172,174
187,959

768,972
529,807
178%
100%
477,563
51,244

768,972
408,909
86%
100%
477,563
(68,654)

CITY OF FLINT
BUDGET TO ACTUAL REVENUE AND EXPENDITURE REPORT
FOR THE PERIOD ENDING SEPTEMBER 30, 2015

ACCOUNT DESCRIPTION	2014-15 AMENDED BUDGET	YTD BALANCE 06/30/2015	2015-16 AMENDED BUDGET	YTD BALANCE 42,277	AVAILABLE BALANCE	% BDGT USED
Fund 274 - HUD CDBG, ESG, & HOME GRANTS						
Transfer in from 296 fund	-	250,540	-		-	0.00
Drawings from Fund Balance	-	-	-		-	0.00
Federal revenues	11,834,239	4,148,623	8,532,130	389,207	8,142,924	4.56
TOTAL REVENUES	11,834,239	4,399,163	8,532,130	389,207	8,142,924	4.56
General government	215,350	165,972	58,681	29,424	29,257	50.14
Fire	14,766	11,847	2,918	-	2,918	0.00
Community development	10,551,674	3,814,611	7,158,841	212,624	6,946,217	2.97
Transportation	204,964	-	204,952	-	204,952	0.00
Facilities and Maintenance	35,000	-	35,000	-	35,000	0.00
Building inspections	812,485	204,349	631,255	124,864	506,392	19.78
TOTAL EXPENDITURES	11,834,239	4,196,779	8,091,648	366,912	7,724,736	4.53
NET OF REVENUES/EXPENDITURES	-	202,385	440,483	22,295	418,187	

Fund 296 - Other Grants Fund

Federal revenues	2,227,809	784,366	1,467,199	-	1,467,199	0.00
State revenues	4,350,528	1,108,595	3,671,050	1,570,883	2,100,167	0.00
Other revenues	354	483	-	-	-	0.00
Local grants	1,082,063	663,225	110,996	544,610	(433,614)	490.66
Fines and forfeitures	4,214	4,214	-	-	-	0.00
Drawings from fund balance	-	-	-	-	-	0.00
Interest and dividend income	-	-	-	-	-	0.00
TOTAL REVENUES	7,664,968	2,560,883	5,249,245	2,115,493	3,133,752	40.30
Fund 296 - Other Grants Fund						
General government	19,662	7,506	12,192		12,192	0.00
Police	3,249,069	2,172,819	1,114,902	34,785	1,080,117	3.12
Community development	1,880,784	456,370	1,682,484	55,286	1,627,198	3.29
Transportation	1,642,144	73,603	1,568,541	1,235	1,567,306	0.08
Facilities and Maintenance	773,310	165,748	710,973	25,326	685,647	3.56
Public works	50,000	49,730	270	-	270	0.00
Transfer out to 274 fund	50,000	-	50,000	-	50,000	0.00
Utilities	-	332,919	2,000,000	109,507	1,890,493	0.00
TOTAL EXPENDITURES	7,664,968	3,258,696	7,139,361	225,139	6,913,223	3.17
NET OF REVENUES/EXPENDITURES	-	(697,813)	(1,890,116)	1,889,355	(3,779,471)	

CITY OF FLINT
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ACCOUNT DESCRIPTION	2014-15 AMENDED BUDGET	YTD BALANCE 06/30/2015	2015-16 AMENDED BUDGET	YTD BALANCE 42,277	AVAILABLE BALANCE	% BDGT USED
Fund 402 - Public Improvement Fund						
Property Taxes	1,703,000	1,609,072	1,703,000	1,575,778	177,222	92.53
Other revenues	380,000	38,358	350,000	-	350,000	0.00
Interest and dividend Income	-	7,613	-	-	-	0.00
Drawings from fund balance	767,957	-	775,967	-	775,967	0.00
TOTAL REVENUES	2,850,957	1,655,042	2,828,967	1,575,778	1,253,189	55.70
Facilities and Maintenance						
Transfers out	721,900	688,774	700,000	-	700,000	0.00
Debt services - Interest	1,526,953	1,526,953	1,526,213	181,738	1,344,475	11.91
Debt services - principal	407,104	400,191	392,754	-	392,754	0.00
	195,000	200,000	210,000	-	210,000	0.00
TOTAL EXPENDITURES	2,850,957	2,815,918	2,828,967	181,738	2,647,229	11.91
NET OF REVENUES/EXPENDITURES	-	(1,160,875)	-	1,394,040	(1,394,040)	
BEG FUND BALANCE	9,335,339	9,335,339	8,174,464	8,174,464		
END FUND BALANCE	9,335,339	8,174,464	8,174,464	9,568,504		
FUND BALANCE AS % OF EXPENDITURES --ACTUAL	N/A	N/A	N/A			
FUND BALANCE AS % OF EXPENDITURES - POLICY	N/A	N/A	N/A			
DESIGNATED RESERVE PER POLICY			2,928,267			
VARIANCE ACTUAL TO POLICY			5,246,197			

CITY OF FLINT
BUDGET TO ACTUAL REVENUE AND EXPENDITURE REPORT
FOR THE PERIOD ENDING SEPTEMBER 30, 2015

ACCOUNT DESCRIPTION	2014-15 AMENDED BUDGET	YTD BALANCE 06/30/2015	2015-16 AMENDED BUDGET	YTD BALANCE 42,277	AVAILABLE BALANCE	% BDGT USED
Fund 542 - Building Inspection Fund						
Charges for service rendered	50,579	45,592	-	11,388	(11,388)	0.00
Drawings from fund balance	236,763	-	341,717	-	341,717	0.00
Interest and dividend income	-	9,114	-	-	-	0.00
License and Permits	2,563,164	2,609,751	1,625,000	495,806	1,129,194	30.51
TOTAL REVENUES	2,850,506	2,664,457	1,966,717	507,194	1,459,523	25.79
General government	504,425	504,209	619,180	154,741	464,439	24.99
Building inspections	1,361,108	1,069,570	1,347,536	243,528	1,104,008	18.07
TOTAL EXPENDITURES	1,865,533	1,573,779	1,966,716	398,268	1,568,448	20.25
NET OF REVENUES/EXPENDITURES	984,973	1,090,678	1	108,925	(108,925)	
BEG. FUND BALANCE	643,476	643,476	1,734,154	1,734,154		
END FUND BALANCE	1,391,686	1,734,154	1,392,438	1,843,079		
FUND BALANCE AS % OF REVENUES - ACTUAL	53%	66%	86%			
FUND BALANCE AS % OF REVENUES - POLICY	15%	15%	15%			
DESIGNATED RESERVE PER POLICY (15%)	392,061	392,061	243,750			
VARIANCE ACTUAL TO POLICY	999,625	1,342,093	1,148,688			

CITY OF FLINT
BUDGET TO ACTUAL REVENUE AND EXPENDITURE REPORT
FOR THE PERIOD ENDING SEPTEMBER 30, 2015

ACCOUNT DESCRIPTION	2014-15 AMENDED BUDGET	YTD BALANCE 06/30/2015	2015-16 AMENDED BUDGET	YTD BALANCE 42,277	AVAILABLE BALANCE	% BDGT USED
Fund 590 - Sewer Fund						
Interest and dividend income	-	147,488	-	-	-	0.00
Charges for service rendered	30,410,163	30,435,699	30,434,895	5,184,142	25,250,753	17.03
Other revenues	91,646	92,073	11,000	2,371	8,629	21.55
Drawings from fund balance	5,189,855	-	1,091,873	-	1,091,873	0.00
Transfers in	800,000	800,000	800,000	-	800,000	0.00
TOTAL REVENUES	36,491,663	31,475,259	32,337,768	5,186,513	27,151,255	16.04
General government						
Debt services - interest	3,765,455	3,747,098	4,786,371	1,196,593	3,589,778	25.00
Debt services - principal	695	90	695	481	214	69.27
Transfers out	6,571	6,571	6,016	629	5,387	10.45
Public works	2,660,000	2,660,000	1,860,000	465,000	1,395,000	25.00
Utilities	1,990,000	744,175	1,999,898	424,119	1,575,779	21.21
	22,971,502	20,139,989	23,694,788	3,738,279	19,956,509	15.78
TOTAL EXPENDITURES	31,394,224	27,297,923	32,347,768	5,825,102	26,522,666	18.01
NET OF REVENUES/EXPENDITURES	5,097,439	4,177,336	(10,000)	(638,589)	628,589	
BEG. FUND BALANCE	12,790,945	12,790,945	16,968,281	16,968,281		
END FUND BALANCE	12,698,530	16,968,281	15,866,408	16,329,692		
FUND BALANCE AS % OF EXPENDITURES - ACTUAL	40%	54%	49%			
FUND BALANCE AS % OF EXPENDITURES - POLICY	25%	25%	25%			
DESIGNATED RESERVE PER POLICY (25%)	7,848,556	7,848,556	8,086,942			
VARIANCE ACTUAL TO POLICY	4,849,974	9,119,725	7,779,465			

CITY OF FLINT
BUDGET TO ACTUAL REVENUE AND EXPENDITURE REPORT
FOR THE PERIOD ENDING SEPTEMBER 30, 2015

ACCOUNT DESCRIPTION	2014-15 AMENDED BUDGET	YTD BALANCE 06/30/2015	2015-16 AMENDED BUDGET	YTD BALANCE 42,277	AVAILABLE BALANCE	% BDGT USED
Fund 591 - Water Fund						
Charges for service rendered	33,136,041	33,777,659	36,943,802	5,475,780	31,468,022	14.82
Other revenues	35,000	31,151	12,000	13,374	(1,374)	111.45
Interest and dividend income	-	100,232	-	-	-	0.00
Drawings from fund balance	4,865,245	-	-	-	-	0.00
Fines and forfeitures	-	-	-	416	-	100.00
Gain on sale of fixed assets	252,337	225,465	100,000	58,400	41,600	58.40
TOTAL REVENUES	38,288,623	34,134,507	37,055,802	5,547,970	31,508,248	14.97
General government	4,255,508	4,293,842	5,319,386	1,329,847	3,989,539	25.00
Transfers out	1,660,571	5,960,469	3,224,259	806,065	2,418,194	25.00
Public works	2,760,000	341,630	2,690,000	955,953	1,734,047	35.54
Utilities	26,810,605	19,585,578	24,746,442	4,410,193	20,336,249	17.82
TOTAL EXPENDITURES	35,486,684	30,181,519	35,980,087	7,502,057	28,478,030	20.85
NET OF REVENUES/EXPENDITURES	2,801,940	3,952,988	1,075,715	(1,954,086)	3,030,217	
BEG. FUND BALANCE	760,745	760,745	4,713,733	4,713,733		
END FUND BALANCE	(1,302,560)	4,713,733	5,789,448	2,759,647		
FUND BALANCE AS % OF EXPENDITURES - ACTUAL	-4%	13%	16%			
FUND BALANCE AS % OF EXPENDITURES - POLICY	25%	25%	25%			
DESIGNATED RESERVE PER POLICY (25%)	8,871,671	8,871,671	8,995,022			
VARIANCE ACTUAL TO POLICY	(10,174,231)	(4,157,938)	(3,205,574)			