

From: [Shekter Smith, Liane \(DEQ\)](#)
To: [Koryzno, Edward \(Treasury\)](#)
Cc: [Sygo, Jim \(DEQ\)](#); [Busch, Stephen \(DEQ\)](#)
Subject: FW: DWSD response on sunk costs and non-contracted rates
Date: Tuesday, May 28, 2013 3:42:00 PM
Attachments: [SKMBT_65213051611350.pdf](#)

Ed –

Please see the note below.

Staff have identified that delays regarding future cost estimates are impacting the city of Flint's ability to move forward with decisions regarding water treatment plant planning. Based on the attached letter from DWSD, it appears that a cost estimate may not be available for Flint until at least the end of the calendar year.

Does your office have the ability to intervene or persuade parties to cooperate? Is it possible to for your Office to prompt a quicker response?

Appreciate any assistance your Office can provide.

Regards,
Liane

Liane J. Shekter Smith, P.E., Chief
Office of Drinking Water and Municipal Assistance
Michigan Department of Environmental Quality
517-373-9523

From: **Busch, Stephen (DEQ)**
Sent: Thursday, May 23, 2013 10:36 AM
To: **Shekter Smith, Liane (DEQ)**
Cc: **Bloemker, Jon (DEQ)**; **Benzie, Richard (DEQ)**; **Donaldson, Kristina (DEQ)**; **Prysby, Mike (DEQ)**
Subject: **DWSD response on sunk costs and non-contracted rates**

Liane,

Attached is the letter from DWSD (Sue McCormick) to Treasurer Dillon regarding stranded or sunk costs and non-contracted water rates to the City of Flint and Genesee County water systems. These were requested by the Governor during the meeting I attended on April 20, though DWSD was supposed to provide actual figures by the April 24 response.

While the DEQ does not involve itself in rate negotiations between parties, continued delays in not having these costs and rates negotiated creates burdens on both sides which places the ability to complete other capital improvement and rehabilitation projects in limbo, creating the potential for compliance issues. Uncertainties regarding the future of the DWSD also add complexity to this situation.

As both the City of Flint and City of Detroit will continue to reside under auspices of emergency financial managers administered by the Treasury Department for the near future, it is hoped that resolutions to these issues can be reached in a timely manner.

We would greatly appreciate it if you and/or Director Wyant could relay these concerns as part of the DEQ's continued discussions with the Treasury Department and keep things moving forward. We of course, will continue to provide any technical assistance they might request.

Stephen Busch, P.E.
Lansing and Jackson District Supervisor
Office of Drinking Water and Municipal Assistance
MDEQ
517-643-2314