

Rennaker, Joanne (DEQ)

From: Busch, Stephen (DEQ)
Sent: Thursday, April 18, 2013 11:48 AM
To: Ms. Kristina Donaldson P.E.
Cc: Shekter Smith, Liane (DEQ)
Subject: Fwd: KWA and City of Flint

Kris,

As I mentioned on the phone the director would like you to be available via conference call as necessary to answer any DWSD related questions.

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

Sent from my iPhone

Begin forwarded message:

From: "Thelen, Mary Beth (DEQ)" <THELENM2@michigan.gov>
Date: April 18, 2013, 8:21:02 AM EDT
To: "Busch, Stephen (DEQ)" <BUSCHS@michigan.gov>
Cc: "Shekter Smith, Liane (DEQ)" <SHEKTERL@michigan.gov>, "Willard, Veronica (DEQ)" <WILLARDV@michigan.gov>, "Thelen, Mary Beth (DEQ)" <THELENM2@michigan.gov>
Subject: RE: KWA and City of Flint

Hi Stephen,

I received word last night the Governor has called a meeting on Friday, April 19, 3:00-4:30 at the Detroit Cadillac Place Office. Director has asked that you attend with him. He will also have Bill Creal attend regarding the stormwater/wastewater issues. You may ride with the Director and Bill Creal. At this time, they plan to leave Lansing at 1:00.

Please give me a call after 10:30 today to discuss if this is a problem. I am going downstairs with the Director shortly for his Earth Day kickoff.

Hopefully, you can make this work for your schedule.

Thank you.

Mary Beth

Mary Beth Thelen
 Executive Management Assistant to the Director
 Department of Environmental Quality
Thelenm2@michigan.gov

517-373-7917 or 517-241-7390

From: Busch, Stephen (DEQ)

Sent: Wednesday, April 17, 2013 9:51 AM

To: Sygo, Jim (DEQ); Shekter Smith, Liane (DEQ); Thelen, Mary Beth (DEQ)

Cc: Shaler, Karen (DEQ); Benzie, Richard (DEQ); Prysby, Mike (DEQ)

Subject: RE: KWA and City of Flint

Director Wyant, Deputy Director Sygo, and Liane,

A response at this point may be moot as Flint and Genesee Co. already held a press conference yesterday rejecting the DWSD offer.

It is also unclear whether DWSD provided its offer directly to Flint and Genesee Co. by the deadline in Treasurer Dillon's letter. However, Flint and Genesee Co. still took the offer under consideration.

Our office concurs with both Flint and Genesee Co. that the offers provided by DWSD were incomplete.

Of the two scenarios provided by DWSD it appeared that only Scenario 2 was listed as potentially being more cost effective. However, this scenario did not address the following:

1. The DWSD scenarios are based on 40 MGD of service capacity. However, the KWA project is providing 60 MGD of initial capacity with potential expansion to 75 MGD in the future. Therefore, in order for a more direct comparison the DWSD scenario would need to increase capacity to 60 MGD, which would increase fixed rate commodity costs as well as the capital costs for the Huron Plant that DWSD was planning to allocate to Flint and Genesee Co., presumably by as much as 50%.
2. DWSD proposals cover a 30 year period to 2042, but fail to recognize that after this period bond payments for the KWA project will be complete and result in a significant reduction in costs for the KWA option.
3. While DWSD indicates that Flint and Genesee Co. would be given "broadened representation", it remains unclear exactly what this means in terms of actual control in the decision making process.
4. This scenario continues to rely on a single transmission system and would require the City of Flint to maintain its WTP for emergency purposes and these costs do not appear to be included. In addition, use of the Flint WTP as an emergency backup would leave Genesee Co. without an adequate backup supply to meet their 30 year needs.

Again, without DWSD providing the specific details of these proposals, it is difficult to provide a true comparative analysis, and as such Flint and Genesee Co. appear to be justified in their rejection of these proposals.

Please let me know if you require any further response.

Stephen Busch, P.E.

Lansing and Jackson District Supervisor

Office of Drinking Water and Municipal Assistance

MDEQ

517-643-2314