From: Butler, Sonya (DEQ)
Sent: Wednesday, September 16, 2015 3:34 PM
To: Shekter Smith, Liane (DEQ)
Subject: RE: Flint Water Request

Yes I did mention this concern to Brad. Eric is the project manager for Flint. I'll have him speak with their authorized representative and follow up in writing.

From: Shekter Smith, Liane (DEQ)
Sent: Wednesday, September 16, 2015 3:32 PM
To: Butler, Sonya (DEQ)
Subject: Re: Flint Water Request

Did you discuss SAW with Brad? Hopefully, he is aware that they are on the list. With respect to them being able to meet the grant conditions- not sure they're that different from other communities. Perhaps we need to have a frank conversation with them before they enter into any agreement.

From: Butler, Sonya (DEQ)
Sent: Wednesday, September 16, 2015 3:20:30 PM
To: Shekter Smith, Liane (DEQ)
Subject: FW: Flint Water Request

FYI: Brad Wurfel asked if we had any funding request in from Flint for a project. We do not and the PPL for FY2016 was finaled last week. Also the replacement of the service lines is considered private property and is an ineligible cost in DWRF.

SAW is in the 3rd funding round. I think we need to talk about how to handle this given the community's distressed financials. They want $2M to do a wastewater and stormwater asset management plans. If they determine a funding gap, then they will need to raise rates. Are they willing to do that or risk repayment of the grant?

From: Marquardt, Steve [mailto:marquardt.steve@epa.gov]
Sent: Wednesday, September 16, 2015 2:55 PM
To: Butler, Sonya (DEQ)
Subject: FW: Flint Water Request

My 2 cents on Flint. Let me know if issues. thanks

Steve Marquardt
USEPA Region 5
77 West Jackson Blvd
Chicago, Illinois 60604
(312)353-3214

From: Marquardt, Steve
Sent: Wednesday, September 16, 2015 1:54 PM
To: Henry, Timothy; Baltazar, Debbie
Cc: Hyde, Tinka
Subject: RE: Flint Water Request

Total ask was for $30M

There are 2 funding issues raised:

1) $20 M in outstanding loans under DWSRF. We had previously indicated that they could not be forgiven under federal rules. He asked if a loan for $20M could be given and forgiven or was looking for state funding.

No. The FY15 appropriations dictate, "The recipient agrees to provide additional subsidization in the form of principal forgiveness, negative interest rate loans, or grants to recipients of eligible Drinking Water State Revolving loans in accordance with the Consolidated and Further Continuing Appropriations Act, 2015 (P.L. 113-235), and shall be so used by the recipient only where such funds are provided as initial financing or to buy, refinance, or restructure debt obligations only where such debt was incurred on or after the date of enactment of P.L. 113-235."

The $20M in debt occurred prior to this date.

Also, the MI FY15 total DWSRF allocation is $27,349,000. States are able to use 20%-30% of the allocation for principal forgiveness so MI be looking at $5.5M-$8.2M in total for the whole state. MI has completed their state FY16 Intended Use Plan which includes who would get loans and principal forgiveness. Flint did not apply.

2) $10M request for "replacing service lines" to address lead. Flint could apply to MI and may be eligible for principal forgiveness depending on Congressional appropriations levels and requirements as well as State decisions on how to allocate.

Seems that Flint would need to look at other state funds to address the $20M and should talk to the SRF program about the future $10M which would be a loan vs a grant.

Please let me know if questions. thanks

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From: Henry, Timothy
Sent: Monday, September 14, 2015 4:25 PM
To: Baltazar, Debbie; Marquardt, Steve
Cc: Hyde, Tinka
Subject: FW: Flint Water Request

Deb and Steve --
Please take a look at the attached letter from the Mayor of Flint to the Governor of Michigan. Please let us know if the Mayor's request, to the extent it would draw on DWSRF funding would potentially raise any concerns or if it is something the State could consider, or something in between