

Prysby, Mike (DEQ)

From: Busch, Stephen (DEQ)
Sent: Wednesday, March 27, 2013 4:44 PM
To: Prysby, Mike (DEQ)
Subject: FW: ODWMA Response - Flint KWA-DWSD Report
Attachments: KWA - DWSD for WRD.DOCX

Stephen Busch, P.E.
 Lansing and Jackson District Supervisor
 Office of Drinking Water and Municipal Assistance
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 517-843-2314

From: Sygo, Jim (DEQ)
Sent: Wednesday, March 27, 2013 2:53 PM
To: Busch, Stephen (DEQ)
Subject: RE: ODWMA Response - Flint KWA-DWSD Report

Thought I would share with you some items that WRD came up with as well. AS you might guess we are in a situations with Emergency Financial Managers so it's entirely possible that they will be making decisions relative to cost. The concern in either situation is that a compliant supply of source water and drinking water can be supplied.

From: Busch, Stephen (DEQ)
Sent: Wednesday, March 27, 2013 1:39 PM
To: Thelen, Mary Beth (DEQ); Wyant, Dan (DEQ); Sygo, Jim (DEQ); Shekter Smith, Liane (DEQ)
Cc: Willard, Veronica (DEQ); Benzie, Richard (DEQ); Prysby, Mike (DEQ); Bloemker, Jon (DEQ); Donaldson, Kristina (DEQ); Creal, William (DEQ)
Subject: ODWMA Response - Flint KWA-DWSD Report
Importance: High

Director Wyant, and Deputy Director Sygo,

Addendums to ODWMA comments provided yesterday regarding the City of Flint water system and comments on the reports from Tucker, Young, Jackson, Tull, Inc. (TYJT) can be found below in red. Additional comments are as follows:

With regards to regulatory authority for DEQ to allow or prevent the breakup of water utilities, and State vs. local decisions about cost effectiveness, it is important to note that when the DEQ permitted the water withdrawal for KWA (permit 2009-001) part of the decision making process (copy attached) included reasonable use and the balance of Economic Development, Social Development, and Environmental Protection. As part of the public participation process general comments were received (pages 6 & 7) regarding impacts on DWSD and rates to remaining customers. The Department's response to those comments stated:

"The DEQ is specifically precluded from using part 327 to "...diminish or create any existing authority of municipalities to require persons to connect to municipal water supply systems as authorized by law" (MCL 324.32726)."

And

"It is appropriately an issue for water service contract negotiations between the regional water system and its customers. To do otherwise invites unwanted intervention of the state into local decision making."

ODWMA cannot on its own assess an actual dollar value to any regional benefit for the City of Flint to remain a full customer of DWSD, but the following should be included in any additional analysis:

- The cost estimates provided in the TYIT report show a cost difference between full KWA and full DWSD participation of \$172 million over 30 years.
- The formation of KWA would itself be considered one of the largest regional drinking water authorities in the State in terms of capacity, and as such any regional benefits provided by DWSD may only be marginal in comparison.

Finally, we have additional questions for TYIT regarding the various DWSD supply options and the considerations they made in the operations of the Flint WTP. These considerations will have an impact on the cost estimates for DWSD options.

We look forward to further discussion of these comments during our meetings tomorrow, and please let us know if you have any additional questions for us between now and then.

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From: Busch, Stephen (DEQ)
Sent: Tuesday, March 26, 2013 3:58 PM
To: Wyant, Dan (DEQ); Thelen, Mary Beth (DEQ); Sygo, Jim (DEQ)
Cc: Willard, Veronica (DEQ); Shekter Smith, Liane (DEQ)
Subject: RE: Flint Draft Response

I will provide additional follow up by tomorrow (Wed.) afternoon to my previous email below based on our discussion and the conference call with Andy Dillon earlier today.

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From: Busch, Stephen (DEQ)
Sent: Tuesday, March 26, 2013 12:37 PM
To: Wyant, Dan (DEQ); Thelen, Mary Beth (DEQ); Sygo, Jim (DEQ)
Cc: Willard, Veronica (DEQ); Shekter Smith, Liane (DEQ)
Subject: Flint Draft Response

Director Wyant,

In preparation for our call today with Treasurer Dillon's office, ODWMA has developed the following for consideration. We can provide any additional info you require during the meeting.

ODWMA has reviewed the materials developed by the consultant Tucker, Young, Jackson, Tull, Inc. (TYIT) for Treasury regarding the City of Flint and potential alternatives for public water supply. Based on our reviews, we have developed the following comments to this point in our analysis: