

Going with the KWA pipeline, on the other hand, would mean a fixed water cost, Croft said.

"A lot of things are conditional (with blending)," Croft said. "That's not a good scenario for us. We're looking for a long-term solution not a short-term one."

Still, no decisions have been finalized, he said.

"The state has to support any decision of this magnitude," he said. "This is about us making the best-informed decision we can make

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From: Milne, James (DEQ)
Sent: Wednesday, October 31, 2012 10:11 AM
To: Wurfel, Brad (DEQ)
Cc: Fisher, Brant (DEQ); LeBaron, Andrew (DEQ)
Subject: Genesee Co water supply project

See if the attached files give you what you need. Brant Fisher & Andy LeBaron are probably the best people to talk to about this project.

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October 31, 2012

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RE: Cost Comparison, KWA v DWSD

Mr. Kurtz:

The City of Flint is considering whether joining the Karegnondi Water Authority (KWA) is a better alternative for the residents and businesses of Flint than continuing to purchase water from the Detroit Water and Sewer District (DWSD).

An important part of this consideration is the relative cost of the alternatives. We have compared the current projected costs of continuing to purchase water from DWSD to the projected costs of purchasing water from KWA.

The projected costs of purchasing water from DWSD come from our current and past experience, as well as statements from DWSD about their future costs. The costs of purchasing water from KWA are based on the KWA Lake Huron Water Supply Study, as updated by its October 2012 Preliminary Engineering Report Update, Appendix 20, dated October 4, 2012.

Based on the current contract with DWSD, the FY13 cost of purchasing water for the City of Flint only (excluding the sale of water to Genesee County) is budgeted at \$14.4 million. Past experience indicates that it is reasonable to assume a 10% increase annually in the capacity charge from DWSD and a 5% increase in the commodity cost. It is also reasonable to assume a 5% increase in operational costs for the Flint Water Treatment Plant. Consequently, it appears that the costs for continuing to purchase water from DWSD will increase to \$22.7 million by FY20.