

Koryzno, Edward (Treasury)

From: Cline, Richard (Treasury)
Sent: Friday, December 28, 2012 1:14 PM
To: Byrne, Randall (TREASURY); Koryzno, Edward (Treasury)
Subject: RE: Draft Flint Supply Assessment.Questions

Importance: High

Dave,

Good afternoon. I hope you had a good holiday and are planning on a good New Year.

Thanks for the presentation information. Just to follow-up, it appears that no additional presentation on the 15th is being asked for. Should that change, I will let you know.

I have some additional questions I want to clarify with you. Some of these are just internal questions we have and want to make sure we are interpreting your presentation information correctly. I have highlighted my specific questions for clarity.

- You should have received a copy of a letter from DWSD to Flint dated December 21st. As I review the options that they provide Flint, I note some differences with what you outlined as the DWSD options for Flint. **Have you taken these changes into account? If not, what is the impact these "latest" proposals will have?**

Overall, I have some broad, "strategic" questions:

- Anticipating a return of future growth to the City, **what is the maximum MGD DWSD could provide to Flint? What about KWA?** The overall question is whether either entity could provide more water to Flint than is anticipated if they needed to.
- On the flip-side, if decline continues in Flint, **what happens if Flint needs less water than projected? What would that do to the financial projections?**
- **Given Flint's current financial situation, did you analyze the City's ability to actually sell bonds to make any of these improvements?**
- It appears that the overall expenditures required to cover any of the outlined options are going to require water rates to rise almost annually. **Has there been any analysis on what rates might look like and/or what the capacity of the public to pay these rates might be?**

Specifically:

- **What is the total cost for Flint to buy the 72" line from DWSD?** I see a capital cost on that option of \$4.7-million. **Does that include the 72" line?** Related to this, **do we know what the projected lifespan of that line is? What would the replacement cost be?** A question we are having is whether Flint would have the financial and/or operational ability to maintain this line. Also, **I am unsure as to what the overall benefit of Flint owning that line is if they remain with DWSD.**
- It appears to me that the O&M costs for the Flint Water Plant are very high. **If Flint were to continue to buy water from DWSD, other than for a back-up, is there any reason they could not avoid those costs by mothballing the plant and having DWSD provide 100% finished water to them?**
- Regarding KWA, perhaps I missed this explanation, but **why are the options for KWA for 12 MGD as opposed to the option for 18 MGD?**

-----Original Message-----

From: David Guastella [mailto:DGuastel@tyjt.com]

Sent: Saturday, December 22, 2012 9:21 AM

To: gambrose@cityofflint.com

Cc: Fraser, Roger (Treasury); Cline, Richard (Treasury); ekurtz@cityofflint.com; George Karmo; Awni Qaqish

Subject: Flint Supply Assessment 12-21-12

Jerry

Per our discussion yesterday, please find attached our presentation information.

Dave