Koryzno, Edward (Treasury)

From:	Koryzno, Edward (Treasury)
Sent:	Wednesday, December 12, 2012 11:27 AM
To:	Fraser, Roger (Treasury)
Subject:	FW: Flint Water Assessment Conference Call Report

Below are preliminary findings from TYJ&T.

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From: Cline, Richard (Treasury)
Sent: Wednesday, December 12, 2012 9:49 AM
To: Koryzno, Edward (Treasury); Byrne, Randall (TREASURY)
Subject: Flint Water Assessment Conference Call Report

Ed/Randy,

I just completed a phone conference with Dave Guastella regarding the status of the Flint Water Assessment. Here is a brief summary.

- **TYJT** is analyzing cost and inflation factors for the **DWSD** and **KWA** options.
- **DWSD** has an option of using their Model Contract option, which would lower Flint's rates.
- **DWSD** also has the Blended Water option. This could also lower Flint's rates, but would require the City to make some investment upgrades in their Water Plant.
- Another option would be to move the water supply point further east to the Imlay City area. This would lower rates but **DWSD** would also be interested in selling the 72" water main to Flint.
- **TYJT** is evaluating the cost model created by **KWA**, but there are some unknowns that make precise projections difficult.
- **TYJT** believes that **KWA** needs to increase the percentage of their Engineering Contingency to account for some of these unknowns.
- A Bonding Reserve of around 10% is apparently lacking.
- There appears to be insufficient capitalization of the principal and interest over the first 3-years of construction.

- **TYJT** is also evaluating projected Operation & Maintenance costs and projected escalation costs for each proposal.
- **TYJT** is also evaluating projected O&M costs for the Flint Water Plant as it would go into full-time operation.

These are preliminary findings and are still be evaluated. We will also be organizing the December 21st preliminary report presentation over the next week.

If you have any questions on this, please let me know.

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