

Stanton, Terry A. (Treasury)

From: Stibitz, Brom (Treasury)
Sent: Wednesday, April 17, 2013 7:56 AM
To: Stanton, Terry A. (Treasury); Fraser, Roger (Treasury); Koryzno, Edward (Treasury)
Subject: FW: DEQ Position - KWA

Background information from DEQ on KWA. They also believe that KWA remains the best option, even in light of the most recent offer by DWSD.

From: Dillon, Andy (Treasury)
Sent: Tuesday, April 16, 2013 5:12 PM
To: Wyant, Dan (DEQ)
Cc: Stibitz, Brom (Treasury); Saxton, Thomas (Treasury); Muchmore, Dennis (GOV); Roberts, John (GOV)
Subject: DEQ Position - KWA

Thanks Dan.

Sent from my iPad

On Apr 16, 2013, at 4:17 PM, "Wyant, Dan (DEQ)" <WyantD@michigan.gov> wrote:

Andy,

I have checked with multiple staff from both the Drinking Water Program and the Water Resource Division today. Their comments to me today are the same as before. KWA saves money if they separate.

Dan Wyant, Director
Department of Environmental Quality
517-373-7917

From: Creal, William (DEQ)
Sent: Tuesday, April 16, 2013 1:27 PM
To: Wyant, Dan (DEQ); Sygo, Jim (DEQ)
Cc: Verona, Laura (DEQ); Shekter Smith, Liane (DEQ)
Subject: Fwd: KWA and City of Flint

Here are Wrd comments.

Begin forwarded message:

From: "Verona, Laura (DEQ)" <VERONAL@michigan.gov>
Date: April 16, 2013, 12:00:29 PM EDT
To: "Creal, William (DEQ)" <CREALW@michigan.gov>
Cc: "Alexander, Christine (DEQ)" <ALEXANDERC2@michigan.gov>, "Smith, Laura (DEQ)" <SMITHL16@michigan.gov>
Subject: RE: KWA and City of Flint

Hi Bill,

From a capacity standpoint, supplying KWA is completely feasible under either proposal with no adverse impact to the rest of the DWSD supply network. The proposal lists KWAs contracted max day demand at 40.6 mgd, the design and rated capacity of the Lake Huron Plant is 400 mgd. The DWSD service area average and max day are about 650 and 950 mgd; the other four water plants combined have a rated capacity of over 1100 mgd.

I don't know the details of the cost analysis other than what has been reported by DWSD. It is my understanding that over the 30 year pay back period that full service water provided from DWSD would be more a lot more expensive than what KWA has projected if they separate. Several intermediate proposals of varying cost estimates have been presented without success. KWA was issued a permit last fall for constructing an intake (independent of DWSDs) and I think the plan is to start construction as early as this fall. Then a treatment plant would be constructed to treat the water. Flint has a water plant that draws raw water from the Flint River, but the plan would be to purchase raw water from the KWA intake and treat at their plant, using the River as a backup source. KWA has estimated a project cost of \$274 million, DWSD estimated the project cost at \$375 million; but I don't know exactly what the scope of work was for those estimates so I'm not sure that it's an apples to apples comparison.

Overall, besides the know impacts to DWSD for loss of revenue and increased cost to the rest of the system users to cover fixed cost, debt, etc., there could be other systems revisiting their proposals to separate. Grosse Ile and a few surrounding communities had looked into forming a water authority and building a plant to serve them; Grosse Pointe Park had submitted incomplete plans a few years back to build their own microfiltration plant. At one point, Grosse Pointe Shores was considering a study to see if they could re-work the Grosse Pointe Farms network to purchase water from them rather than DWSD through GP Woods.

Let me know if you want to discuss this further.

thanks,
Laura

From: Creal, William (DEQ)
Sent: Tuesday, April 16, 2013 8:02 AM
To: Verona, Laura (DEQ)
Cc: Alexander, Christine (DEQ); Smith, Laura (DEQ)
Subject: FW: KWA and City of Flint
Importance: High

Laura, please take a look at this and let me know if you have any comments. Need quickly. This appears to be mainly a drinking water issue right now. Thanks.

From: Wyant, Dan (DEQ)
Sent: Tuesday, April 16, 2013 6:51 AM
To: Sygo, Jim (DEQ); Creal, William (DEQ); Shekter Smith, Liane (DEQ)
Cc: Anderson, Madhu (DEQ)
Subject: FW: KWA and City of Flint

Bill and Liane,