

Stanton, Terry A. (Treasury)

From: Dillon, Andy (Treasury)
Sent: Wednesday, April 17, 2013 10:50 AM
To: Saxton, Thomas (Treasury); Stanton, Terry A. (Treasury); Stibitz, Brom (Treasury)
Cc: Muchmore, Dennis (GOV); Roberts, John (GOV); Wyant, Dan (DEQ)
Subject: Fwd: KWA and City of Flint

May not be a bad idea to have this available for public consumption seeing as the two sides like to negotiate in the media.

Sent from my iPad

Begin forwarded message:

From: "Wyant, Dan (DEQ)" <WyantD@michigan.gov>
Date: April 17, 2013, 10:45:45 AM EDT
To: "Dillon, Andy (Treasury)" <DillonA2@michigan.gov>
Subject: FW: KWA and City of Flint

Andy,

More DEQ staff comments attached from this morning. Our analysis has not changed.

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

From: Thelen, Mary Beth (DEQ)
Sent: Wednesday, April 17, 2013 10:43 AM
To: Wyant, Dan (DEQ)
Subject: FW: KWA and City of Flint

From: Busch, Stephen (DEQ)
Sent: Wednesday, April 17, 2013 9:51 AM
To: Sygo, Jim (DEQ); Shekter Smith, Liane (DEQ); Thelen, Mary Beth (DEQ)
Cc: Shaler, Karen (DEQ); Benzie, Richard (DEQ); Prysby, Mike (DEQ)
Subject: RE: KWA and City of Flint

Director Wyant, Deputy Director Sygo, and Liane,

A response at this point may be moot as Flint and Genesee Co. already held a press conference yesterday rejecting the DWSD offer.

It is also unclear whether DWSD provided its offer directly to Flint and Genesee Co. by the deadline in Treasurer Dillon's letter. However, Flint and Genesee Co. still took the offer under consideration.

Our office concurs with both Flint and Genesee Co. that the offers provided by DWSD were incomplete.

Of the two scenarios provided by DWSD it appeared that only Scenario 2 was listed as potentially being more cost effective. However, this scenario did not address the following:

1. The DWSD scenarios are based on 40 MGD of service capacity. However, the KWA project is providing 60 MGD of initial capacity with potential expansion to 75 MGD in the future. Therefore, in order for a more direct comparison the DWSD scenario would need to increase capacity to 60 MGD, which would increase fixed rate commodity costs as well as the capital costs for the Huron Plant that DWSD was planning to allocate to Flint and Genesee Co., presumably by as much as 50%.
2. DWSD proposals cover a 30 year period to 2042, but fail to recognize that after this period bond payments for the KWA project will be complete and result in a significant reduction in costs for the KWA option.
3. While DWSD indicates that Flint and Genesee Co. would be given "broadened representation", it remains unclear exactly what this means in terms of actual control in the decision making process.
4. This scenario continues to rely on a single transmission system and would require the City of Flint to maintain its WTP for emergency purposes and these costs do not appear to be included. In addition, use of the Flint WTP as an emergency backup would leave Genesee Co. without an adequate backup supply to meet their 30 year needs.

Again, without DWSD providing the specific details of these proposals, it is difficult to provide a true comparative analysis, and as such Flint and Genesee Co. appear to be justified in their rejection of these proposals.

Please let me know if you require any further response.

Stephen Busch, P E
Lansing and Jackson District Supervisor
Office of Drinking Water and Municipal Assistance
MDEQ
517-643-2314

From: Sygo, Jim (DEQ)
Sent: Tuesday, April 16, 2013 9:59 AM
To: Busch, Stephen (DEQ); Prysby, Mike (DEQ); Benzie, Richard (DEQ)
Cc: Shekter Smith, Liane (DEQ); Shaler, Karen (DEQ); Thelen, Mary Beth (DEQ)
Subject: FW: KWA and City of Flint

Steve, Mike and Richard,

Please take a look at DWSD's last best offer to the City of Flint and provide your collective perspective to the Director through Liane by the end of the week. Copy me in as well. I'll be out of the office but would like to know if you think this is worth considering.

Thank you for your expedited review.

From: Wyant, Dan (DEQ)
Sent: Tuesday, April 16, 2013 6:52 AM
To: Sygo, Jim (DEQ)
Subject: FW: KWA and City of Flint

Jim,