

Byrne, Randall (TREASURY)

From: Lutz, Shannon (TREASURY)
Sent: Thursday, January 17, 2013 8:16 AM
To: Cline, Richard (Treasury); Byrne, Randall (TREASURY)
Subject: FW: Flint Water Discussion

Here is the response that I received from Mike this morning regarding our conversation yesterday.

Shannon Lutz | Executive Secretary-Office of Fiscal Responsibility
Department of Treasury
430 W Allegan Street, 3rd Floor, Lansing, MI 48922
(517) 335-2439

From: Prysby, Mike (DEQ)
Sent: Thursday, January 17, 2013 7:33 AM
To: Lutz, Shannon (TREASURY)
Subject: RE: Flint Water Discussion

Shannon,

As we discussed, I will need a meeting agenda or list of items or questions that your staff wish to discuss in order to determine who from our staff, in addition to me, may need to attend. Thanks.

Michael Prysby, P.E.
District Engineer
Office of Drinking Water and Municipal Assistance
517 335-6122

From: Lutz, Shannon (TREASURY)
Sent: Wednesday, January 16, 2013 3:53 PM
To: Prysby, Mike (DEQ)
Subject: Flint Water Discussion

Mike,
I spoke with you a few moments ago and told you that I would be blocking off your calendar. Please stay tuned.
Thank you,

Shannon Lutz | Executive Secretary-Office of Fiscal Responsibility
Department of Treasury
430 W Allegan Street, 3rd Floor, Lansing, MI 48922
(517) 335-2439

Cline, Richard (Treasury)

From: Cline, Richard (Treasury) <cliner1@michigan.gov>
Sent: Thursday, January 17, 2013 3:28 PM
To: Cline, Richard (Treasury)
Subject: City of Flint

Importance: Low

EMERGENCY MANAGER CITY
EFM ED KURTZ
CITY ADMINISTRATOR MIKE BROWN
GF DEFICIT - \$19.1-MILLION
WATER FUND DEFICIT - \$8.8-MILLION

01-17-13: Q4 2012 EFM report analyzed.

- **EFM Reports – Q4-2012; Q1; Q2; Q3; Q4.**
- **Outstanding Issues.**
 - The **\$19-million GF deficit** needs to be monitored to ensure that projected declines occur in FY 2013
 - The **\$8-million Water Fund deficit** needs to be monitored given the issues related to the water system.
 - The level of **Tax Revenue** needs to be monitored given its apparent tenuous levels.
 - **Overtime** in the **Fire Department** is excessive and needs to be monitored.
 - The status of **ongoing litigation** should be monitored. **Also, I find no record of receiving any quarterly litigation reports.**
 - Monitoring should be conducted to ensure the anticipated **DEP** is filed in a timely manner.
 - The **OPEB** debt needs to be monitored.
 - The development of a **5-year Strategic Plan** and multi-year budgets is a positive step. This process should be monitored and it is possible that the OFR could also assist.
 - Monitoring of the **Bank Reconciliation** process should occur to ensure improvement.
 - Monitoring of the **MERS** transition should be monitored to ensure no additional issues develop.
 - Regarding **Unplanned Transfers Out:**
 - 2 of the 7 transfers were **over \$1-million.**
 - 6 of the 7 transfers were **over \$100,000**
 - **Sanitation** required a transfer of **\$1.8-million**. It is unclear what the reasons were or how this will be corrected moving forward.
 - **Building Safety** required a transfer of **\$1.1-million**. It is unclear what the reasons were or how this will be corrected moving forward.
 - Regarding **Departmental Over-Expenditures:**
 - 2 of the 7 departments overspent by **over \$2-million.**
 - 5 of the 7 departments overspent by **over \$300,000.**
 - **Public Safety** overspent by **\$6-million.**
 - **Community Development** overspent by **\$2-million.**
 - **Transportation** and **Parks & Recreation** overspent by nearly \$1-million each; **\$922,669** and **\$871,250** respectively

01-15-13: Received Q4 EFM Report.