

Koryzno, Edward (Treasury)

From: Koryzno, Edward (Treasury)
Sent: Wednesday, February 13, 2013 2:18 PM
To: Cline, Richard (Treasury); Byrne, Randall (TREASURY)
Subject: RE: UPDATED FLINT DWSD KWA ASSESSMENT

Importance: High

Roger has reviewed this and he had the following comments:

- We dodged the question of why TYJ&T costs estimates were double KWA.
- We need to reconcile the difference adequately.
- Recommendations "rings hollow" without more detail.
- If TYJ&T is "full of %&#%", there is a lack of substance to justify it
- Report is Too Bland!
- Andy's questions should be early in the report and there should be a direct linkage.

I want you to revisit the report given Roger's comments and make the necessary changes.

Let me know if you have any questions.



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Thank you

From: Cline, Richard (Treasury)
Sent: Wednesday, January 30, 2013 2:00 PM
To: Koryzno, Edward (Treasury); Byrne, Randall (TREASURY)
Subject: UPDATED FLINT DWSD KWA ASSESSMENT
Importance: High

Ed/Randy,

Here is an update to my January 22 report on DWSD/KWA. I have rewritten large sections of this so please review carefully and let me know how you wish to proceed.

Eric Cline | Unit Operations Specialist - Office of Fiscal Responsibility
State of Michigan | Michigan Department of Treasury



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

ANDY DILLON
STATE TREASURER

ANALYSIS REPORT

TO: Edward Koryzno, Administrator; Office of Fiscal Responsibility

FROM: Eric Cline, Unit Operations Specialist

SUBJECT: Updated Flint Water System Status Assessment

DATE: February 15, 2013

Analysis Summary

On November 26, 2012, the Department of Treasury commissioned the firm of Tucker, Young, Jackson & Tull, Inc. (TYJT) to analyze options for the City of Flint to either remain a customer of the Detroit Water & Sewer Department (DWSD) or to join the Karegnondi Water Authority (KWA) in Genesee County. The overarching purpose of this study was to provide objective analyses to the State Treasurer and to Flint's Emergency Financial Manager (EFM) in order to secure potable drinking water for the City for the foreseeable future. The Office of Fiscal Responsibility (OFR) has been the lead office representing Treasury in this project.

On January 14, 2013, the State Treasurer requested responses to three questions: 1) Show the different, projected construction costs provided by TYJT and by the City of Flint/KWA. If these costs are different, explain why Treasury believes that the projects provided by Flint/KWA are acceptable; 2) identify the construction contingencies included in the TYJT and Flint/KWA projections; and 3) identify the options Flint will utilize in the event of a construction cost overrun or a delay in construction by KWA.

This has been a very difficult project to analyze because of the number of proposals to consider, differences of opinion about the conclusions of various engineering analyses that have been conducted, the fact that the analyses are comparing an existing, operational water system with one that has not yet been designed, and conditions within the City of Flint that make it difficult to assess their true water needs.

However, despite these difficulties, I believe that KWA presents the best future option to provide potable water for the City of Flint in the future. Long-term, KWA appears to be the cheaper option; the quality of water will almost certainly improve; Genesee County appears willing to assist the City securing the financial resources for their portion of the project; this project could signify the beginning of better collaboration between the City of Flint and Genesee County; the KWA project has both political and popular support.

The following details how this recommendation was arrived at: