

Koryzno, Edward (Treasury)

From: Fraser, Roger (Treasury)
Sent: Friday, February 22, 2013 8:07 AM
To: Stibitz, Brom (Treasury)
Cc: Koryzno, Edward (Treasury); Byrne, Randall (TREASURY); Cline, Richard (Treasury)
Subject: FW: Flint water supply
Attachments: Flint Water Parallel Line Option.Update; UPDATED FLINT DWSD KWA ASSESSMENT.Version VIII.02-21-13.doc

Attached is our assessment of the KWA issue in Flint. The questions Andy raised are specifically addressed.

As you may recall, while receiving water from DWSD, an ongoing requirement, imposed by DEQ, is for a backup water system in Flint in case of failure of the DWSD service. To that end, Flint has been required to maintain their water plant, even though it rarely has been used. In the parallel line option, Tucker Young suggests that the need for Flint to maintain their water plant while receiving water from DWSD, might be resolved by running a parallel line from Imlay City that would provide a second means of delivery for DWSD treated water. That parallel line could, in the thoughts of Tucker Young, also resolve certain backup issues for other parts of the DWSD system.

We are unaware of any discussions with DWSD on this issue. An obvious concern would be where the cost for the parallel line fits in DWSD capital planning. From Flint's perspective, the value proposition has to be concerning as the City spent approximately \$45 million upgrading the plant recently, still has debt to pay related to those improvements, and would be faced with the longer term issue of what to do with the plant. Use by the County was suggested. Because of the low geographic elevation of the Flint plant, its use as other than a backup for the Genesee County water services would be difficult.

Based on what we understand of the somewhat dynamic circumstances around this decision, the KWA option still seems best for Flint.

From: Byrne, Randall (TREASURY)
Sent: Thursday, February 21, 2013 10:52 AM
To: Fraser, Roger (Treasury)
Cc: Koryzno, Edward (Treasury)
Subject: Flint water supply

Roger:

I am forwarding to you the updated KWA Assessment and a question regarding another option that was not included in this Assessment. It was discussed by Tucker Young and DWSD last Friday, but we have nothing in writing from DWSD committing them to this proposal, nor do we have any engineering data to compare this option with the others. Please review Eric's comments to me and advise as to the best course of action.

Thanks,
Randy,



Randall D. Byrne, Manager, Office of Fiscal Responsibility
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Headen, Frederick (Treasury)

From: Cline, Richard (Treasury)
Sent: Thursday, February 21, 2013 10:19 AM
To: Byrne, Randall (Treasury)
Subject: Flint Water Parallel Line Option.Update

Importance: High

Randy,

Per your request, here is an update on this parallel line option as it relates to the Flint Water System Analysis.

- Below is a summary of the initial conversation I had with TYJT on this issue. This information was sent on January 22, 2013.
- On pages 17-18 of the Final Report provided by TYJT, this option was referenced. The report states the following:

Additionally, in recent conversations with the Treasury another option was discussed that could potentially be the most cost-effective solution.

Currently the Flint WTP serves as a backup if service is lost through either the DWSD or KWA pipeline. If the a twin pipe paralleling the DWSD 72-inch water main were constructed with interconnects with the 72-inch line, then the new water main could serve as the backup to Flint and the Flint WTP could be abandoned or potentially sold to Genesee County for their use.

The construction of the parallel pipeline would be considered in the DWSD capital expenditure as a Common to All (CTA) cost. This means that the capital cost of the pipeline would be shared by all DWSD customers and not just by Flint.

Preliminary analysis of this option appears to be the most cost-effective of all the options discussed. However, a more thorough cost analysis is warranted and this approach would require an agreement between Flint and DWSD.

- On February 15, 2013, I was informed of a meeting between DWSD and TYJT regarding this option. Apparently, this meeting was authorized by the State Treasurer. The DWSD Director and Chair of the Board met with Dave Guastella, Vice President of TYJT. Mr. Guastella informed me that DWSD was inquiring how the Flint issue will move forward. They also, apparently, repeated their openness to the parallel line option and indicated willingness, were this option to move forward, to relocate the master meter from Potter & Baxter to the Flint WTP. This would eliminate the need for Flint to construct a connecting line to the master meter. DWSD also indicated that relocating this master meter could also be completed as a Common-to-all-Cost project.

This is all of the additional information I have at this point.

Please advise me on how you wish me to proceed.

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