

Koryzno, Edward (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.

Eric Cline | Unit Operations Specialist - Office of Fiscal Responsibility
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Koryzno, Edward (Treasury)

From: Fraser, Roger (Treasury)
Sent: Thursday, February 21, 2013 6:15 PM
To: Stibitz, Brom (Treasury); Koryzno, Edward (Treasury)
Subject: RE: Treasury Flint Water Supply Assessment

We've been working on the final touches to our KWA report, which includes our recommendation. However, we learned within the past few days that Tucker Young apparently met with Andy and is exploring another alternative. Do you have any information about that?

I asked for some additional edits on the Highland Park plan, which has been evolving along with the KWA report.

From: Stibitz, Brom (Treasury)
Sent: Thursday, February 21, 2013 3:30 PM
To: Fraser, Roger (Treasury); Koryzno, Edward (Treasury)
Subject: FW: Treasury Flint Water Supply Assessment

Did we ever track down the responses to Andy's KWA questions?

What about the Highland Park plan?

From: David Guastella [mailto:DGuastel@tyjt.com]
Sent: Thursday, February 21, 2013 1:07 PM
To: jfausone@fb-firm.com
Cc: mccormick@dwds.org; George Karmo; Awni Qaqish; Dillon, Andy (Treasury); Cline, Richard (Treasury); Stibitz, Brom (Treasury); Koryzno, Edward (Treasury)
Subject: FW: Treasury Flint Water Supply Assessment

Jim

The purpose of this email is to summarize our discussion from our meeting on February 15th for the Treasury who was not in attendance. They are copied on the email along with the Director and our staff who were present at the meeting. Please review the bullet items below and "Reply to All" if you have any revisions. TYJT is prepared to assist in any way possible to resolve the Flint supply issue.

- TYJT provided DWSD with a copy of the final report titled, "City of Flint Water Supply Assessment, February 2013."
- In addition to the options presented in the report, TYJT discussed the possibility of moving the metering point for Flint to Flint's WTP and twinning the existing pipeline so that the Flint WTP could be abandoned. The second line would serve as the required redundancy to Flint.

Moving the metering point to the Flint WTP would potentially allow for the entire cost of twinning the existing 72-inch main to be covered in DWSD's rate calculations as a Common to All cost that would get allocated as capital over the entire DWSD wholesale customer base. Since DWSD costs by customer are based on distance and elevation components it was recognized that moving the supply point west would increase the distance, but that the elevation of the plant appeared to be lower than the current supply point at Potter & Baxter. Therefore, the distance component may be off set in some degree by the elevation component. TYJT provided preliminary costs for twinning the pipeline to DWSD to aid in their calculation. DWSD indicated that they would estimate the rate impacts to Flint and get back with TYJT.