

Pleyte, Beth (Treasury)

From: Daddow, Robert <daddowr@oakgov.com>
Sent: Thursday, February 13, 2014 9:21 AM
To: Stacy Fox; Rustem, William (GOV); Saxton, Thomas (Treasury)
Cc: 'Jerry Poisson'; roy@macombgov.org; Richard Sulaka Jr.; Solon Phillips; nashj@oakgov.com; barnesm@oakgov.com; 'Gosselin, Robert'
Subject: RE: Presentation Material for this Wednesday's Workshop

Folks - this is getting tiresome. It saps time and energy that is diverted from the resolution of the MOU efforts. There are three basic issues included in the below string of emails (I have taken the sender and receivers of these emails out in order to protect them to the extent that they can be). At this juncture, the time I would have otherwise spent on other DWSD matters, such as reading some of the material (not least of which is Amanda Van Dusen's changes of about a week ago in the MOU) is postponed in favor of resolving these new issues. On the more detailed rate matter, I am now going to have to schedule a WRC meeting with the appropriate parties to get up to speed on the status -more time.

The issues include:

First paragraph under the asterisks - resistance in releasing actual financial information and contacts. Okay. We can wait.

Second, Flint (a very fiscally distressed city under an EM) - it is my understanding that Flint's contract ends in April 2014 at which time they are transitioning off of the water system. Not unlike Highland Park, Flint will be requested to pay for stranded costs as they stand up their new system. Fine. But, what incentive will Flint, not then receiving services from DWSD will there be to pay the DWSD invoices even if we can get past the notion of the income levels of their residents that likely mirrors Detroit's delinquency rates? I submit, we have another Highland Park in the making. I need to get more details on this matter in the meeting to be held noted above.

Third, the most troubling matter, however, is the effort to permanently inculcate the rate changes below into the remaining life of DWSD and then, through the MOU as drafted, for an extended period of time, even as there is a stated date in theory that the ROR will be phased out (I don't personally believe this for a minute). These games within a game are tiresome. Its tiresome as regardless of what is apparently achieved in the time-consuming process of the below rate-setting effort the entire matter will be revisited now in the MOU process and undone. Or, at a very minimum, will result in an extended discussion of the MOU and add to the complexities of securing sufficient votes out of the commissioners when the time comes.

I have included Com. Gosselin on this email and will start doing so going forward. Depending upon the outcome of the meeting on the below matters to be scheduled shortly it will be documented in the next status memorandum for the Oakland County DWSD Study Group session likely to be held in a few weeks. Adding to the already fairly extensive concerns does little to move this matter forward.

And, to be even more blunt. My schedule and likely others on this email who have devoted extensive efforts to the project and will be expected to do so over the next month likely, as is the case with my conflicts, have delayed projects now coming due. I have a half dozen projects that are well overdue and creating internal issues because of it. But, let me even be more blunt.

Three of the seven SMART board members (RJD, Poisson, Roy) have been extensively involved in the DWSD effort. In August 2014, the voting public of the three counties will be expected to approve a millage rate extension for four years

without which SMART cannot operate for long. While the 196 authorities are responsible for much of the activities of this matter, NO meetings between the SMART board members and SMART administration on the sizing of the millage rate have been held to date. Even as to the limitations of public officials being involved in millage campaigns, no discussions have been held- even as to a briefing of these matters.

If the issues involving DWSD, some of which were outlined in the memorandum supplied to the Oakland County DWDS study group and below persist and (are continually discovered), I am afraid that the voting public will have a very adverse reaction to anything regional and the SMART millage may suffer. No less than water and sewer, the efforts of a regional transit system such as SMART provides economic development stability without which this region will suffer. I don't want this to happen.

Given that any action involved in the below rate making committee that will be revised / reviewed and acted upon by the authority (particularly when there is affirmative voting) make sense? RJD

Scheduling conflicts prevent me from attending today's Board Workshop. I concur with all the other sentiments echoed. I also spoke very briefly with Charlie Fleetham this morning, and he confirmed that DWSD will NOT be giving as actuals on ANYTHING. (We've been told that they have some numbers which have been "finalized" - but others are TBD as they try to hack through the weeds of DWSD book keeping.) I asked him to adjust the minutes of the last rates group meeting to reflect that we requested the information, and it is being denied.

Additionally, can we not get all contracts which reflect rates rescinded should the Authority come into existence? We can insist as a condition precedent that the Authority will not take on the existing contracts with the new rate structure imbedded; the Authority needs the flexibility to revisit this as they reset the business plan moving forward. Perhaps a lock in for the next year so planning can be done for the near term, but thereafter, NO WAY.

Of course, should the Authority not come into existence...

-----Original Message-----

From:
Sent: Wednesday, February 12, 2014 5:28 PM
To: Daddow, Robert
Cc:
Subject: Re: Presentation Material for this Wednesday's Workshop

My comments and questions were to help .
Most of the issues were raised by Bryan and are being or are to be addressed for the next meeting on Feb 18.
Flint is another issue. Their water contract terminates on 4/17/14 and DWSD is raising their rates by 10% then and are reviewing further changes for
7/1/14 for rates and stranded capital costs. And we know how communities in fiscal distress without a contract pay their bills aka Highland Pk The water ROR is being proposed to being locked in at the present in proposed and future rates.
We need to get our message across that ROR may change with any Authority decisions.
I will provide more updates tomorrow. Please stay at the wall instead of the ceiling level.
Sent from my iPhone

On Feb 12, 2014, at 11:37 AM, "Daddow, Robert" <daddowr@oakgov.com> wrote:

> - before I bounce off the ceiling again, can you give me any