

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Additionally, can we not get all contracts which reflect rates rescinded should the Authority come into existence?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

indication as to whether these matters, when raised, are being addressed by DWSD management at all? Or, as I would imply from the below they are not being addressed and left unattended the wholesale customers are damaged? Are they responsive to these issues when they are being brought to the attention of management?

>

> I am particularly interested in the ROR matter involving the "Forever" comment and then the new Highland Park - namely, Flint as they exit the system - become another uncollectible account. Both of these issues run to the heart of some of the very issues Oakland has been raising on the DWSD matters from the get go.

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> -----Original Message-----

> From:

> Sent: Wednesday, February 12, 2014 9:55 AM

> To:

> Cc: > Subject: RE: Presentation Material for this Wednesday's

> Workshop

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> I have reviewed this information has provided and have the following comments/questions:

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> 1. I notice a past and common, general problem with DWSD, while many initiatives and proposals have been "approved" by all, I am not aware of the specific details being discussed and finalized. For major changes as Rate Simplification in sewers, these major items need to be discussed and finalized into contract terms. For water, significant changes as Detroit and Dearborn demand changes needed to be reviewed thoroughly in the Analytical Work Group for correctness and uniformity to past practice. As always the "Devil is in the Details." and that is missing from what I am aware of but DWSD is fast forwarding 2015 Water and Sewer Rates thorough the BOWC with these changes for final approvals.

> This also highlights, the common problem recognized but all of us in

> that

DWSD budgets and rates are forecast from prior budget and not actuals. With actual unknowns as fiscal performance, Bad Debt, available cash and all those accounting terms I am not familiar with are missing, any budget and rate formulation is speculation.

> 2. The 4% rate increases in both Water and Sewer are arbitrary in

> that

justification is back calculated from the 4%, everyone understands that the system is becoming more unreliable as necessary additional funds are not being used for needed replacements. While attrition is being highlighted as a cost saving measure, the lack of capable staff is preventing needed problems and projects from being initiated and brought into service.

> 3. From Page 9, it shows that Detroit Water Revenue is projected

> to go

down by 4.5% but 1st Qtr, FY2014 Detroit water sales were down by 13 %.

Detroit retail sewer sales comes from water usage, sewer revenue is projected down 6%, accurate usage projection are forecast with sales volumes leveling off or reaching a plateau; but, actual usage is not aligning with this budget forecast.

> 4. From Page 12, that shows historical system Sewer Rate Increases

Since 2001; does this table include or correct for the annual LookBack Adjustment, as the true annual rate increases would include that adjustment.

I can check this but will need more time.

> 5. Page 15, further highlights the "Ownership Benefit" water rate

> of

return adjustment becoming a "Fixed Adjustment" baked into the water rates FOREVER.

> 6.. Page 15 at bottom, discussion of "Allocated Revenue

> Requirements