

Pleyte, Beth (Treasury)

From: Saxton, Thomas (Treasury)
Sent: Saturday, February 21, 2015 6:46 AM
To: Gerald Ambrose
Subject: Fwd: Response to City of Flint Council Member Freeman
Attachments: Flint.Councilmember Joshua M Freeman.Feb 19 2015.pdf; ATT00001.htm

fyi in case you had not already rec'd this

Begin forwarded message:

From: "Daddow, Robert" <daddowr@oakgov.com>
To: "Baird, Richard (GOV)" <bairdr@michigan.gov>, "Saxton, Thomas (Treasury)" <SaxtonT@michigan.gov>
Subject: FW: Response to City of Flint Council Member Freeman

FYI – just received the attached letter on Flint. RJD

From: Rechanda Willis [<mailto:willis@dwsd.org>]
Sent: Friday, February 20, 2015 3:23 PM
To: James Fausone; Robert Daddow
Subject: Response to City of Flint Council Member Freeman

Attached is copy of the response to City of Flint Council Member Joshua Freeman's February 3, 2015 letter.

Thank you

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February 19, 2015

The Honorable Joshua M. Freeman, Councilmember
City of Flint, Michigan
1101 S. Saginaw Street
Flint, Michigan 48502

Dear Councilman Freeman:

Regarding: Your letter of February 3, 2015

Thank you for your letter of February 3, 2015 in which you seek additional information related to the Detroit Water and Sewerage Department's ("DWSD") offer to resume supplying drinking water to the City of Flint. Specifically, you have asked several follow-up questions related to the nature of the long-term arrangement I referenced within my letter, as well as some technical questions regarding rates and the method for reconnection in light of changes Flint has made to its system in the interim timeframe.

I will attempt to provide as much clarity as possible through this response. For starters, the rate quoted in my January 12, 2015 letter is related to the current rate year ending June 30, 2015. As new rates are adopted each year, the relative methodology as is applied to current DWSD wholesale customers would also be applied to Flint (and Genesee County) and will impact your rates, accordingly. In other words, rates will change in accordance with DWSD revenue requirements each year that Flint (and Genesee County) receives water from DWSD. That is why my prior letter only quoted a specific rate through June 30, 2015. Our Board of Water Commissioners has not yet adopted rates for the 2015-2016 rate year.

Secondly, you have asked if the rates described in the January 12, 2015 letter are exclusive to Flint or if they also would cover the Genesee County Drain Commissioner ("GCDC"). I certainly envision that the rates associated with Flint would also be available to the GCDC, as the two entities have utilized service pursuant to a single contractual arrangement in the past. To that end, DWSD is open to the possibility for a contract to be entered into by either Flint or GCDC on behalf of both customers, depending on the intricacies of the connections that you referenced with respect to Flint's recent sale of pipeline to GCDC. As noted previously, entering into a contract is not required to reinstitute service to Flint during the current emergency situation, in anticipation of further discussions toward a future service relationship.

Additionally, you have asked about short-term as compared to a long-term contractual relationship in light of Flint and GCDC's combined intent to utilize KWA for long-term service as early as 2016. DWSD operates pursuant to long-term contracts with its customers. As you may be aware, our model contracts are for a period of thirty years.