

Widigan, Robert (TREASURY)

From: Workman, Wayne (TREASURY)
Sent: Tuesday, March 03, 2015 10:30 AM
To: Saxton, Thomas (Treasury); Stanton, Terry A. (Treasury); Koryzno, Edward (Treasury); Byrne, Randall (Treasury); Widigan, Robert (TREASURY); Cline, Richard (Treasury)
Subject: FW: Electronic Communication
Attachments: Workman Communication.PDF; Utility Wide Water.PDF; Water Fund Expenses.PDF

Latest summary of Flint water issues with financial comparison. Would like to get this out today to Executive Office

From: Maxine Murray [mailto:mmurray@cityofflint.com]
Sent: Tuesday, March 03, 2015 10:14 AM
To: Workman, Wayne (TREASURY)
Cc: Jerry Ambrose
Subject: Electronic Communication

Good morning,

Please find attached an electronic communication with attachments from Emergency Manager Ambrose.

Thank you.

--

Maxine Murray
Executive Assistant to
Mayor Dayne Walling
Gerald Ambrose, Emergency Manager
Natasha Henderson, City Administrator
1101 S. Saginaw Street
Flint, MI 48502
810.237.2035 Telephone
810.766.7218 Fax



CITY OF FLINT
OFFICE OF THE EMERGENCY MANAGER



Gerald Ambrose
Emergency Manager

TO: Wayne Workman, Deputy Treasurer
Treasury Department
State of Michigan

FROM: Jerry Ambrose, Emergency Manager
City of Flint

DATE: March 3, 2015

As the Emergency Manager for the City of Flint, I am charged with restoring the City government to financial solvency, and working to assure that the City moves forward on a financially sustainable basis. The steps taken over the past three years have been difficult. Taxes and fees have been raised, services and workforce reduced, and ongoing costs, including legacy costs, have been constrained.

The current controversy surrounding the provision of water, and the path for resolution, has a potentially significant impact on the progress that is being made. I am satisfied that the water provided to Flint users today is within all MDEQ and EPA guidelines, as evidenced by the most recent water quality results conducted for MDEQ. We have a continuing commitment to maintain water safety and to improve water quality, and have dedicated resources to assure this commitment will be made.

The oft-repeated suggestion that the City should return to DWSD, even for a short period of time, would, in my judgment, have extremely negative financial consequences to the water system, and consequently to the rate payers. By the most conservative estimates, such a move would increase costs by at least \$12 million annually, with that amount achieved only by eliminating virtually all budgeted improvements in the system. For a system with Unrestricted Assets of only \$740,745, according to the June 30, 2014 audited financial statements, the only recourse within the City's control would be to increase revenues significantly. And in my judgment, that would come from raising rates for water by 30% or more. Further, changing the *source* of the city's water would not necessarily change any of the *aesthetics* of the water, including odor and discoloration, since those appear to be directly related to the aging pipes and other infrastructure that carry water from the treatment facility to our customers.