

Rodriguez, Faith (Treasury)

From: Workman, Wayne (TREASURY)
Sent: Monday, March 23, 2015 1:24 PM
To: Scott, Allison (GOV); Muchmore, Dennis (GOV); Roberts, John (DTMB)
Cc: Allard, Claire (GOV); Clinton, Kevin (TREASURY); Saxton, Thomas (Treasury); Storberg, Ann Marie (TREASURY); Gelisse, Ashley (TREASURY); Wisniewski, Wendy (GOV); Dempkowski, Angela (Treasury); Koryzno, Edward (Treasury)
Subject: FW: Local Government Update to State Treasurer/March 2015
Attachments: Gov Memo March Final.docx

Allison, Attached is the periodic update on distressed local governments. Please pass on to the Governor as appropriate. This will be the basis for our Local Government briefing March 30. Please call with any questions. Wayne



STATE OF MICHIGAN
DEPARTMENT OF TREASURY

RICK SNYDER
GOVERNOR

R. KEVIN CLINTON
STATE TREASURER

DATE: March 23, 2015
TO: Rick Snyder, Governor
FROM: R. Kevin Clinton, Treasurer
SUBJECT: Status of Financially Stressed Local Governments

EMERGENCY MANAGER

Flint

Emergency Manager: Gerald Ambrose
Appointed: January 13, 2015
Anticipated Exit: April 2015

Recent Developments

- The city was awarded \$2M through the Financially Distressed Cities, Villages, and Townships Grant Program. These funds will be used to enhance the city's water system through improved waste management, leak detection, and pipe assessments.
- An EM Order is being prepared that will restructure its SRF loans. This would free up approximately \$2.2M allowing the city to further improve its water system.
- The City of Flint had informed residents that it is in violation of the Clean Water Standards Act, after unsafe levels of trihalomethanes (TTHM, a disinfectant by-product) were found in the water. Recent testing by the Michigan Department of Environmental Quality (MDEQ) Testing Lab showed that the total TTHM levels for the month of February are well within the Environmental Protection Agency (EPA) guidelines for safe water. However, because EPA regulations require that the four month average for all testing sites be within certain guidelines, the city is still considered to be non-compliant by the MDEQ. Monthly testing will be ongoing, and is being conducted by several parties.
- The city hired Veolia to provide an analysis of the water system, including recommended improvements, and associated costs. Recommendations included water plant improvements, distribution system improvements, new policies and procedures, and better communication with customers. On March 19, 2015, the report was presented to the Flint Water Advisory Committee, but the presentation broke down due to citizen unrest. An International City/County Management Association (ICMA) comprehensive public safety study has been completed, and was presented to the City Council on January 22, 2015. Several recommendations for both police and fire are currently being reviewed. Of the 16 major recommendations for public safety, the following four are most crucial: