

Workman, Wayne (TREASURY)

From: Muchmore, Dennis (GOV)
Sent: Thursday, October 08, 2015 1:56 PM
To: Saxton, Thomas (Treasury); Duncan, Nancy (DTMB)
Cc: Workman, Wayne (TREASURY); Khouri, Nick (TREASURY); Wyant, Dan (DEQ); Baird, Richard (GOV); Roberts, John (DTMB); Hollins, Harvey (GOV)
Subject: RE: letter from John O'Brien

Don't disagree but we're too far along now to change numbers. So, we'll use the \$12M and as the year progresses we'll track it.

From: Saxton, Thomas (Treasury)
Sent: Thursday, October 8, 2015 1:17 PM
To: Muchmore, Dennis (GOV) ; Duncan, Nancy (DTMB)
Cc: Workman, Wayne (TREASURY) ; Khouri, Nick (TREASURY) ; Wyant, Dan (DEQ) ; Baird, Richard (GOV) ; Roberts, John (DTMB) ; Hollins, Harvey (GOV)
Subject: RE: letter from John O'Brien

I agree with Dennis... Consistent with what I think we (Wayne & I) said at the DEQ meeting yesterday... the county drain commission has more knowledge & experience running a water system than we (Treasury) do. That is why we were trying to get some outside verification. We were not able to get an outside engineering firm engaged due to the timeframe. Our fallback was Jeff Wright – the drain commissioner. He calculated \$13.2mm. We did a 'back of the envelope' analysis of \$10.5mm late last week. That was based off an email we rec'd from Dennis that summarized the DWSD/City proposal. We were not a part of the \$12mm calculation that is in the 'public' realm now. I believe that was a result of a meeting DEQ/Dan had with the City earlier this week.

John indicated yesterday he would recommend/prefer to err on the side of caution for the amount requested from the legislature. Plus, keep in mind whatever number you choose assumes completion of KWA in June. If the project slips a month (& it very well could given it is a major capital project) the cost of the reconnect is going to go up a \$1mm+ per month.

If it is possible I would recommend using the \$13.2mm (hoping the project will be done as scheduled) given the county is in the best position to make that estimate. We don't have any info that would contradict that number.

From: Muchmore, Dennis (GOV)
Sent: Thursday, October 08, 2015 1:13 PM
To: Duncan, Nancy (DTMB) <duncann1@michigan.gov>
Cc: Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>; Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>; Khouri, Nick (TREASURY) <KhouriN@michigan.gov>; Wyant, Dan (DEQ) <WyantD@michigan.gov>; Baird, Richard (GOV) <bairdr@michigan.gov>; Roberts, John (DTMB) <RobertsJ9@michigan.gov>; Hollins, Harvey (GOV) <hollinsh@michigan.gov>
Subject: Re: letter from John O'Brien

I would say we need to add the \$1.2 difference from somewhere. I suggest we hold on to the idea of the bottle deposit escrow as we can easily take \$1m droit if need t.

Sent from my iPhone

On Oct 8, 2015, at 10:39 AM, Duncan, Nancy (DTMB) <duncann1@michigan.gov> wrote:

We're still carrying \$12m as the cost to reconnect, and that's the number the Governor is using too. John would like your assessment of the need given the information in this letter. We plan to send a supplemental request to the Legislature for our \$6m share this afternoon.

From: Saxton, Thomas (Treasury)

Sent: Wednesday, October 07, 2015 2:43 PM

To: Wyant, Dan (DEQ); Sygo, Jim (DEQ); Muchmore, Dennis (GOV); Roberts, John (DTMB); Baird, Richard (GOV); Lyon, Nick (DHHS); Hollins, Harvey (GOV)

Cc: Workman, Wayne (TREASURY); Khouri, Nick (TREASURY); Duncan, Nancy (DTMB)

Subject: FW: letter from John O'Brien

Importance: High

Here is the letter from the Genesee Co Drain Commission. My interpretation of the contents would be their estimate is \$13.2mm (vs the \$12mm discussed this morning).

They included their contract with the City. Sec 5.7 references prevailing rates the City would be charged; that is different than the rates reflected in the \$13.2mm. So that contract may need to be modified.

They also raise some other items (under *Procedure to Activate Supply* – p.3) that may have cost implications.