

Workman, Wayne (TREASURY)

From: Byrne, Randall (Treasury)
Sent: Friday, October 09, 2015 8:44 AM
To: Workman, Wayne (TREASURY)
Subject: RE: Flint Water Issue

Thanks,

Randy

From: Workman, Wayne (TREASURY)
Sent: Friday, October 09, 2015 8:31 AM
To: Byrne, Randall (Treasury)
Cc: Schafer, Suzanne K. (Treasury) ; Cline, Richard (Treasury) ; Vandegrift, Drew (TREASURY)
Subject: Re: Flint Water Issue

I think we stay back unless asked to get involved. They need to talk to each other

Sent from my iPhone

On Oct 9, 2015, at 7:52 AM, Byrne, Randall (Treasury) <ByrneR1@michigan.gov> wrote:

Wayne and Suzanne:

Drew reviewed the water contract between Flint and Genesee County. His last comment is the best way forward to reconnect to the DWSD. Please let me know if you have any comments.

Randy,

From: Vandegrift, Drew (TREASURY)
Sent: Thursday, October 08, 2015 4:32 PM
To: Byrne, Randall (Treasury) <ByrneR1@michigan.gov>
Subject: FW: Flint Water Issue
Importance: High

Good Afternoon,

I have examined the portion of the 2014 Genesee/Flint contract in question. To ensure a complete understanding, I discussed that matter with Flint attorney Tony Chubb. Two options exist:

- 1.) Honor the provision. The City is waiting for a new quote from Detroit for what the countywide rate would be. Note that the rate is expected to be lower than the county is currently paying per unit, because a new contract for water would increase the quantity purchased (estimated to double). Also, I am told that credit risk is a factor for the per unit cost that Detroit charges, and so the county rate might save the city the cost of their poor credit rating. The County told Tony that this option can be implemented quickly (next week) if the City accepts the terms as presented.

- 2.) Because the contract provision only applies if the county is billed for Flint's water, a way around this provision may exist if the City signs a water agreement and is billed directly with Detroit. This way, the county wouldn't be out of pocket for the new capacity, though estimations of Flint's consumption may be necessary because of technical limitations (lacking water meters into Flint). This may result in the lowest rate for the City, however Tony was clear that negotiation of a brand new contract would take weeks, not days.

These are the only two options that the City is currently aware of, however a third option may be possible if the City, County, and Detroit are willing to communicate more and collectively work toward a speedy transition back to Detroit water.

-Drew

From: Cline, Richard (Treasury)
Sent: Thursday, October 08, 2015 2:26 PM
To: Vandegrift, Drew (TREASURY)
Subject: Flint Water Issue
Importance: High

Drew,

Here is the information that I have been given.

I recommend looking at the email first.

If you have questions, let me know.

Otherwise, get back with me if you have any thoughts.

Thanks again.

Eric Cline | Department Manager | State of Michigan
Michigan Department of Treasury | Local Government Financial Services Division | Fiscal
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