

Cline, Richard (Treasury)

From: Dostine, Patrick (TREASURY)
Sent: Wednesday, September 16, 2015 10:33 AM
To: Byrne, Randall (Treasury); Cline, Richard (Treasury); Schafer, Suzanne K. (Treasury)
Cc: Porubsky, Carmen (TREASURY)
Subject: Flint note

Categories: Blue Category

Flint – Sept. 16 – N. Henderson, Mayor Walling, J. Freeman, W. Lamphier, R. Byrne, E. Cline, P. Dostine

Priorities

- Working with Charter Commission. Natasha has contacted Mott Foundation. Foundation may have some money for the Commission so it can complete its mission and get an updated Charter on the ballot.
- Police. Crime prevention. Flint looking into a prevention grant that targets students who have been expelled from school for lengthy periods. This grant would keep the students occupied and engaged, keep them out of trouble.
- Flint has contracted out space in its fire stations for ambulance services. The contract is for \$90K. Much needed revenue for the city.
- GM is moving forward on the planned Body Shop, to be completed in Dec. 2017. The project will engage Flint's transportation, public works and building departments, bringing in much needed revenue.
- Flint has completed its FDCVT grant. Submission is next.

Watermain break

- Watermain break under the Flint River. This is not a priority right now for Flint. The repair will be expensive and will have to be bid out.

Lead in the water

- Flint is working with MDEQ to address the issue. Phosphorus can be added to the system which will reduce the presence of lead.
- Flint is planning a press conference once the problem is addressed.
- Natasha mentioned that the city is still in compliance with Safe Water Drinking Act regarding the recent lead issue.

Water lawsuit

- No new developments.

Patrick Dostine

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Stanton, Terry A. (Treasury)

From: Headen, Frederick (Treasury)
Sent: Wednesday, September 16, 2015 12:49 PM
To: Saxton, Thomas (Treasury); Workman, Wayne (TREASURY)
Cc: Stanton, Terry A. (Treasury); Cline, Richard (Treasury); Dempkowski, Angela (Treasury)
Subject: RE: Flint follow up

Tom and Wayne:

This is as revised based upon additional notes from Eric. This is ready to go.

Fred

Summary from September 15, 2015, conference call between Treasury and City of Flint officials.

The participants were: Tom Saxton, Wayne Workman, Fred Headen, and Eric Cline, from Treasury, and Dayne Walling, Natasha Henderson (City Administrator), Pete Bade (City Attorney), Tony Chubb (Assistant City Attorney), and Jody Lundquist (Finance Director) from the City.

Issues discussed:

- The City of Flint is involved in two lawsuits regarding water and sewer rates: *Kincaid* and *Shears*. *Kincaid* was decided by the Michigan Court of Appeals on June 11, 2015. The Court held that a 35 percent increase in water and sewer rates imposed by City officials on September 16, 2011, violated the City charter and that EM Mike Brown had no statutory authority to later ratify those rate increases in May of 2012. The Court of Appeals remanded the case to Genesee County Circuit Court. City officials intended to appeal the Court of Appeals *Kincaid* decision to the Michigan Supreme Court, but missed the filing deadline by one day.
- *Shears* was decided by the Genesee County Circuit Court by a non-final order on August 17, 2015. Among other things, the Court enjoined City officials from any longer imposing the 35 increase in water and sewer rates; from disconnecting water or sewer service due to delinquent bills dating back to September 16, 2011; and from placing liens on property due to delinquent bills dating back to September 16, 2011. City officials have filed an appeal with the Michigan Court of Appeals seeking, among other things, a stay of the Genesee County Circuit Court injunction.
- In the interim, City officials are complying with the Court's order in *Shears*. City officials estimated that removal of the 35 percent increase in water and sewer rates from future bills will cost roughly \$600,000 per month, or \$7.2 million annually. Therefore, if the Court orders either refunds or credits against future water and sewer bills, retroactive to September 16, 2011, the cost would be roughly \$28.8 million to date (i.e., \$600,000 per month times 48 months to date). The City Administrator indicated that City officials have not developed a plan to issue a refund of this magnitude because the City lacks sufficient funds to do so and they believe the City would be unable to operate at that point.
- The City Administrator noted that the accounts receivable for water and sewer operations that are over 30 days old has increased from \$7.8 million to \$8.4 million since the *Shears* order. She also noted that, because