

Osborne, Ken (TREASURY)

From: Osborne, Ken (TREASURY)
Sent: Monday, February 15, 2016 9:57 PM
To: Khouri, Nick (TREASURY); Ryan, Howard (Treasury); Durfee, Sally (TREASURY)
Subject: Fwd: SB 136 (re: Flint) Poleski fresh draft of boilerplate
Attachments: Poleski edit SB 136 Treasury provisions 3.docx; ATT00001.htm

We should discuss this at the 9:30 meeting tomorrow.

Sent from my iPhone

Begin forwarded message:

From: Earl Poleski <epoleski@house.mi.gov>
Date: February 15, 2016 at 3:35:04 PM EST
To: Adam Carlson <acarlson@house.mi.gov>, Josiah Kissling <jkissling@house.mi.gov>, Maria Ostrander <Mostrander@house.mi.gov>
Cc: "langem3@michigan.gov" <langem3@michigan.gov>, "mjshirkey@gmail.com" <mjshirkey@gmail.com>, "starrs@michigan.gov" <starrs@michigan.gov>, "osbornek1@michigan.gov" <osbornek1@michigan.gov>
Subject: SB 136 (re: Flint) Poleski fresh draft of boilerplate

To all:

I attach a fresh draft of proposed boilerplate for SB 136. My comments upon it:

- **As to Late Fees:** On reflection, it is my view that it would be inappropriate and unnecessary for the State to reimburse the Flint Water System for late fees that may need to be charged off by the System.
 - My rationale:
 - If the water system had been operating normally, customers would have paid their bills and no late fees would have accrued. If we reimburse for late fees, the Flint water system would be enriched more than it would have been had there not been a water problem.
 - If the system is reimbursed for a portion of the water charges, the late fees on that portion should be charged off by the system.
 - What about late fees as to the unreimbursed water charges (35% for residential and 80% for all others)?
 - I can argue both sides of this one. **I would value additional thoughts.**
- **As to Administrative costs:** It has been suggested that we should allow some latitude to the Treasurer to expend funds for consultants or others who would help Flint administer the customer credits that SB 136 contemplates. I can see that that may be needed at some point, but I believe it is too early to know for sure.
 - I have purposely drafted the SB 136 language to make billing cutoffs clear, and therefore the credits should be straightforward to calculate.
 - If we find that the Flint water system accountants can't calculate and post those credits, we can discuss additional assistance then.

- The risk, of course, is that Flint makes a blundering attempt at calculation/posting of credits, and makes an even larger mess of its billing system than would have existed had we helped in the first place.

Earl Poleski
64th District State Representative
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