

Schafer, Suzanne K. (Treasury)

From: Vaughn, Cary J. (Treasury)
Sent: Wednesday, January 27, 2016 10:26 AM
To: Steckelberg, Larry (TREASURY)
Cc: Schafer, Suzanne K. (Treasury)
Subject: FW: Bullet Points for State
Attachments: Summary of Water Crisis Financial Needs 1.15.16 (1).xlsx

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cary

From: Jody Lundquist [mailto:jlundquist@cityofflint.com]
Sent: Wednesday, January 27, 2016 10:20 AM
To: Vaughn, Cary J. (Treasury) <VaughnC2@michigan.gov>
Cc: Natasha Henderson <nhenderson@cityofflint.com>; Karen Weaver <kweaver@cityofflint.com>
Subject: Bullet Points for State

Good morning, Mr. Vaughn.

Please find below a summary of three of the top critical needs/concerns currently facing the City of Flint as a result of the Water Crisis.

1. Cash Flow - The City's cash flow continues to decline at an increasing rate as a result of decrease collections and reduced water rates.

a. Collection Rate - By not performing shut offs, the City's collection rate has dropped drastically. This trend is confirmed by the steadily decreasing number of payments received each day which is tracked on a daily basis.

b. Billed Revenue - The City was required to reduce its water and sewer rates as a result of the Preliminary Injunction Order issued by Judge Hayman. Although the amended order authorizes the City to restore rates to those included in the EM adopted Master Fee Schedule, the City has not implemented any changes at this time. This has resulted in an average loss of monthly billed revenue of over \$600,000. However, billed revenue is meaningless if it cannot be collected (see bullet point 1).

c. Delinquent Accounts prior to August 17, 2015 - As a result of the original preliminary injunction order, the City was prohibited from performing shut offs on any delinquent accounts as of the date of the Order. The City was forced to effectively "set aside" all past due accounts as of August 17 in the amount of \$10.2 million.

2. Capital Needs - All scheduled FY2016 capital improvement projects for General Fund, Water and Sewer postponed or cancelled as well as those necessary to prepare for receipt of KWA water and all water infrastructure replacement and repairs related to removal of lead lines.

3. Litigation - Shears litigation costs and litigation costs of emerging class action lawsuits against the City as a result of the lead water crisis.

I have also attached a Summary of Water Crisis Financial Needs provided to the Governor on January 15, 2016.

Please let me know if you have any questions or require any additional information.

Best regards,

Jody N. Lundquist
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