



RICK SNYDER  
GOVERNOR

STATE OF MICHIGAN  
DEPARTMENT OF ENVIRONMENTAL QUALITY  
LANSING



C. HEIDI GREYER  
DIRECTOR

December 29, 2016

VIA E-MAIL

Mr. John F. O'Brien, P.E., BCEE, Director  
Division of Water and Waste Services  
Genesee County Drain Commissioner's Office  
G-4610 Beecher Road  
Flint, Michigan 48532-2617

Dear Mr. O'Brien:

Thank you for your December 22, 2016, letter regarding the proposed "Emergency Backup and Alternative Water Supply Agreement" (Agreement) between the Genesee County Drain Commissioner (GCDC) and the city of Flint (Flint). Your letter included a revised proposed Agreement that incorporated the following GCDC requirements:

1. GCDC would not be held liable to Flint or Flint's retail customers for the quality of water beyond the Points of Delivery.
2. Three distinct phases or time periods would be established for which there are proposed billing rates.
3. An escrow fund would be established that allows GCDC to receive payment from the fund in the event Flint does not pay a monthly invoice for water service within 30 days.

Our previous communications have indicated that GCDC is planning to have their new Water Treatment Plant (WTP) ready to supply finished water to their customers by October 1, 2017, using the existing 72-inch transmission line currently supplying finished water to Flint from the Great Lakes Water Authority (GLWA). When GCDC begins using the 72-inch line, Flint will no longer have access to finished water from GLWA as a primary or backup water source.

Your December 22, 2016, letter indicated that if the Flint WTP is not ready to deliver finished Karegnondi Water Authority (KWA) water to Flint residents by October 1, 2017, the costs associated with Flint and GCDC remaining on GLWA water for an additional two years is estimated to be \$45 million. It is your expectation that Flint and/or the state would pay these additional costs. The only alternative you mention would be for Flint to enter into the Agreement with GCDC.

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We are pleased that GCDC has provided this cost estimate and is willing to enter into a water supply Agreement with Flint. Flint will soon be prioritizing water system projects for purposes of applying for funds under the recent federal Water Infrastructure Improvements for the Nation (WIIN) Act. The WIIN Act requires that the funds be administered via the Drinking Water Revolving Fund (DWRP), which requires alternative analyses for the chosen priority projects. The cost estimates you provided will be helpful to Flint as they are developing the alternative analyses.

Thank you again for your letter. We look forward to our January 6, 2016, meeting with representatives from Flint, GCDC, United States Environmental Protection Agency (USEPA), Michigan Department of Environmental Quality (MDEQ) and the Governor's Office to continue this important dialogue. If you have questions, please contact Mr. Bryce Feighner, Chief, Office of Drinking Water and Municipal Assistance, MDEQ at 517-284-6524 or feighnerb@michigan.gov; or you may contact me.

Sincerely,



Keith Creagh

Director

Michigan Department of Natural Resources

cc: Mr. Joseph F. Galvin, General Counsel, GCDC  
Mayor Karen Weaver, City of Flint  
Mr. Sylvester Jones, City of Flint  
Ms. JoLisa McDay, City of Flint  
Mr. Robert A. Kaplan, Acting Regional Administrator, USEPA, Region 5  
Mr. Christopher Korleski, USEPA, Region 5  
Mr. Richard Baird, Governor's Office  
Mr. Larry Steckelberg, Michigan Department of Treasury  
Ms. C. Heidi Grether, Director, MDEQ  
Mr. Robert Wagner, Program Deputy Director, MDEQ  
Ms. Bryce Feighner, MDEQ  
Mr. George Krisztian, MDEQ