



CITY OF FLINT, MICHIGAN
Department of Finance

Hughey Newsome
Chief Financial Officer

Dawn Steele
Deputy Finance Director

August 13, 2018

Amy Epkey, Administration Deputy Director
Michigan Department of Environmental Quality (MDEQ)
Constitution Hall, 6th Floor South
525 West Allegan Street
Lansing, MI 48933

Dear Ms. Epkey:

I am writing this letter in response to the MDEQ's July 25th letter regarding reimbursement requests for WIIN funding, state support for the city in submitting the reimbursement requests and the \$5000 per address limit per household.

First, as you stated in the letter, the city has been delayed in requesting reimbursements for these funds. Since receipt of the letter, we have worked diligently to meet the MDEQ's deadline of August 10 to submit reimbursement requests for all work invoiced before June 2018. The city has met this deadline and has delivered reimbursement requests for costs specific to hydrovac, service line replacement, restoration and the FORCE account as of the date of this letter. The requests cover all invoices through the end of May 2018. As you know, the process for reimbursement submittal includes review by the MDEQ before the submittal is considered complete. We respectfully request that the MDEQ do all things necessary to provide any feedback and support in a timely fashion so that we incur no unnecessary delays.

Second, I would like to address your points regarding the facilitation of SLR process definition in January and February of 2018 and the state's support of the city in requesting reimbursements. You are correct, the state did facilitate several workshops and I was one of the biggest advocates for this activity at the city level. It was my belief that this activity was critical and am currently pursuing similar support in areas outside of SLR. I appreciated the state's help and have communicated that

appreciation. There is a difference, however, in facilitating such a review and providing personnel to actually execute reimbursement requests. Based on feedback received from City of Flint Department of Public Works, after personnel from the state was previously sent to help perform the work, the city decided to proceed without state intervention. That level of support was not deemed helpful. Notwithstanding, the city is also committed to bi-monthly reimbursement of funds and is prepping another process definition session to decide how AECOM, the city and support from the state could be utilized to adhere to a bimonthly cadence. I have already requested representation from the state and hope that the state can participate.

I would like to make one clarifying point. As of the date of your letter, there were only two (2) months of SLR activity for 2018 and three (3) months of hydrovac activity. Any implication that the city was sitting on invoices for six months of work in 2018 is unmerited.


Next, I will address MDEQ's position regarding the \$5000-per-address reimbursement cap from the *Concerned Pastors v Khouri* case. As you see reimbursement requests, you will be able to perform your own calculations. Indeed, the state has access to all contractor invoices submitted to the program administrator. In May, I personally directed the program administrator to provide access to the program sharepoint site, which contains every approved invoice from contractors. Access was granted to Deloitte, the external auditor for the program, and to representatives from the state's Office of Performance and Transformation. While the city is committed to keeping SLR costs as low as possible, the city does not agree with MDEQ's interpretation of the settlement agreement's language.

Finally, your letter also indicated that the city had not provided documentation for the \$5M advance received for work on Phases II and III of SLR. As I stated during the July 18 meeting with MDEQ officials, we had not used all of that funding and were seeking guidance on whether we could use the balance of funding to pay for the services of the program administrator. Additionally, in my May 24 correspondence to the MDEQ, I sought advice as to how to pay the program administrator's costs. On June 5, the DEQ responded requesting invoices from the program administrator. Although those invoices were provided later in the month of June, no direction or specific feedback has been provided from MDEQ regarding whether or not the balance of the \$5M of funding could be used to pay for the program administrator's total costs or costs directly related to SLR.

You also asked for an updated timeline for completion of projects you listed. That updated timeline is provided as an exhibit at the end of this letter.

In closing, on a personal note, I would like to discuss the tone of the communication directed at me from the MDEQ recently. While the city is addressing the timing of reimbursement requests given its staffing challenges, recent involvement of the media has not been productive. I understand and appreciate that communications from MDEQ to the city must be made publically available; however, the spirit of some of the correspondence with the media involving this matter has only hindered what the city and MDEQ need to accomplish – replacing lead service lines. For example, a simple coordination effort to determine timing for support from the state turned into a media frenzy, complete with insinuations that the city was hiding information (which, as I mentioned before, was readily available to the state via the program administrator’s sharepoint site). Such rhetoric is counterproductive and takes away from the objective of replacing lead and galvanized steel service lines for the residents of the City of Flint. Remember, the City and the MDEQ are both subject to EPA consent orders because of the mishandling of the water crisis. Therefore, it is incumbent upon the City and the MDEQ to work together for the benefit of the residents and spend our resources replacing service lines.

Sincerely,



Hughey Newsome
Chief Financial Officer

cc:

Kelly Green, Infrastructure Coordinator, MDEQ
Rob Bincsik, Director, Department of Public Works, City of Flint
Angela Wheeler, City Attorney, City of Flint
Steve Branch, City Administrator, City of Flint

EXHIBIT

Project Plan Project Schedules

CHEMICAL BUILDING

- Design Contract Award – September, 2018
- Design completion – December, 2018
- Permits Received – February, 2019
- Bid Advertisement – January, 2019
- Construction Contract Award – February, 2019
- Functional Construction Completion – November, 2019
- Facility Start-Up and Training – October to December, 2019
- Final Completion – December 31, 2019

WATER QUALITY MONITORING

- Panel Procurement – October, 2018
- Panel Delivery – December, 2018
- Panel Installation Complete – March, 2019

METER REPLACEMENT

- Proposals Received – Complete
- Contract Award – November, 2018
- Meter Installation Complete – September, 2019

DORT AND CEDAR RESERVOIR AND PUMP STATION IMPROVEMENTS

- 30% Design Start – September, 2018
- Design Contract Award – September, 2018
- 30% Design Completion – October, 2018
- Final Design Starts – October, 2018
- Permits Received – December, 2018
- Bid Advertisement – December, 2018
- Construction Contract Award – February, 2019
- Construction Start – February, 2019
- Functional Construction Completion—Substantial Completion – February, 2019
- Facility Start-up and Training – March, 2020
- Final Completion – March, 2020

FLINT SECONDARY WATER SUPPLY (BACKUP WATER SUPPLY)

- 30% Design Start – September, 2018
- Design Contract Award – September, 2018
- Surveying – October, 2018
- Soil Borings – October, 2018

- 30% Design Completion – November, 2018
- Final Design Starts – November, 2018
- Permits Received – January, 2019
- Bid Advertisement – February, 2019
- Construction Contract Award – February, 2019
- Construction Start – March, 2019
- Functional Construction Completion--Substantial Completion – December, 2019
- Facility Start-up and Training – December, 2019
- Final Completion – December, 2019

NORTHWEST TRANSMISSION MAIN

- 30% Design Start – September, 2018
- Design Contract Award – September, 2018
- Surveying – October, 2018
- Soil Borings – October, 2018
- 30% Design Completion – November, 2018
- Final Design Starts – November, 2018
- Permits Received – January, 2019
- Bid Advertisement – January, 2019
- Construction Contract Award – January, 2019
- Construction Start – February, 2019
- Functional Construction Completion--Substantial Completion – November, 2019
- Facility Start-up and Training – November, 2019
- Final Completion – November, 2019

SERVICE LINE EXPLORATION/REPLACEMENT (PHASE V)

- Completion of 3264 Service Line Explorations – July, 2018
- Phase V Completion of 6,000 Service Line Explorations – September, 2018
- Phase V Restoration Completion – November, 2018
- Phase V Close-Out and Data Transfer – November, 2018

PHASE V+ OR PHASE VI SERVICE LINE EXPLORATION/REPLACEMENT

- Phase V+ or Phase VI Completion of 18,000 total Explorations – July, 2019
- Phase V+ or Phase VI Restoration Completed – November, 2019
- Total Project Close-Out and Data Transfer – December, 2019