



CITY OF FLINT

Dr. Karen W. Weaver

Mayor

January 24, 2017

Mr. Keith Creagh, Director
Michigan Department of Natural Resources
PO Box 30241
Lansing, Michigan 48909-7741

Re: City of Flint
Intended Use Plan - \$120 Million
Water Infrastructure Improvements Act (WIIN) - Security Assistance Appropriations Act
State DWSRF Project 7415-01

Dear Mr. Creagh:

The City of Flint, through this letter and its attachments is proposing to take the next step and apply through the Michigan Department of Environmental Quality (MDEQ) for the \$100 million of support appropriated by the federal government under the Water Infrastructure Improvements Act and the federal Security Assistance Appropriations Act. This is requested to be done through the Drinking Water State Revolving Fund (DWSRF) framework and MDEQ. This package of information serves as the basis for the State's supplemental intended use plan to the United States Environmental Protection Agency. (USEPA)

Enclosed, please find the City of Flint's \$120 million Intended Use Plan that proposes to upgrade the City's water infrastructure which seeks to eliminate lead and contaminants in the City's water supply. This Plan utilizes \$100 million in Water Infrastructure appropriation from the federal government Acts as referenced above and another \$20 million from MDEQ Grant as appropriated by the State legislature in fiscal year 2015/16. This \$20 million is intended to be the match for the \$100 million federal revenue WIIN appropriation.

The City's water infrastructure Intended Use Plan lists project descriptions, explanations of how the project will address the declared emergency, estimate costs as well as provide estimated construction start dates. It is intended that this Plan would also meet the EPA 2/1/2017 deadline for securing funding for a Water Treatment Plant Modification Plan and New Source Treatment Plan including a corrosion control study.

If you or your staff have any questions or concerns in regards to this Intended Use Plan to eliminate lead and contaminants from drinking water within the city limits, I would request that you contact

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our Interim Chief Financial Officer, Mr. David L. Sabuda directly on financial matters and Mr. Mark Adas or Mr. John Young on engineering and project listing matters. They will coordinate any changes to the Plan that may be necessary.

Thank you for your assistance on this very important matter. The City of Flint looks forward to working with the USEPA, State and the County to improve water quality in the City and region now and into the future.

Sincerely,



Dr. Karen W. Weaver
Mayor

Enclosures

CC: Sylvester Jones, City Administrator
Mark Adas, City Engineer
Rob Bincsik, Water Transmission Supervisor
Michael McDaniel
JoLisa McDay, Water Plant Supervisor
David L. Sabuda, Interim Chief Financial Officer
John Young



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CITY OF FLINT, MICHIGAN Department of Finance

Sylvester Jones
City Administrator

David L. Sabuda, CPA
Chief Financial Officer

Dawn Steele
Deputy Finance Director

Date: 1/24/2017

To: The State of Michigan Department of Environmental Policy

From: City of Flint

Re: Service Line Replacement/Infrastructure and Water Plant Improvements
Intended Use Plan to Implement/Spend Federal WIIN Dollars – Total Plan \$120 Million
Plan Dates – 4/1/2017 through 6/30/2019

The City of Flint is hereby making application to obtain \$100 Million in funding from the United States government through the State of Michigan and the federal Environmental Protection Agency and another \$20 million in local match for a total program cost of \$120 million to be spent. This is the City of Flint's intended use implementation plan of the \$120 million.

Background:

On 12/14/15, Mayor Karen Weaver declared a State of Emergency in response to a man-made disaster caused by the City switching to the Flint River as a water source in 2014. This switch has resulted in elevated lead levels in drinking water.

Genesee County supported the call to action by declaring an emergency on 1/4/16. The State of Michigan followed suit with an emergency declaration on 1/5/2016, President Obama declared a state of emergency in Flint due to the Water crisis at the request of Governor Snyder on 1/16/16. The federal government presidential emergency ended in mid-August 2016. In November 2016, Mayor Weaver signed a new Emergency Declaration to extend the State of Emergency in Flint due to the ongoing effects of the Flint water crisis.

On 12/16/2016, President Obama signed into law the Water Infrastructure Improvements for the Nation Act (WIIN) whereby the federal government appropriated \$100,000,000 for the City of Flint and other communities affected by contaminated drinking water problems. This \$100 million will be funneled through State drinking water state revolving funds (DWSRFs) to fund improvements for public water systems with lead exposure and other drinking water emergencies which Flint is specifically eligible.

Plan:

It is the intend of the City of Flint to spend up to an estimated minimum \$120 million dollars between April 1, 2017 and June 30, 2019 for capital improvements in the City's drinking water infrastructure to correct contaminated drinking water problems through updating drinking water infrastructure. Dollars would be spent updating infrastructure at the City's Water Plant, updating critical water transmission lines, replacing lead line and galvanized water lines from the transmission line all the way to the home. Finally, the Plan calls for replacing all individual home and business water meters. This meter replacement program will assist with keeping water loss throughout the water system to a minimum, insure a fair user rate charge which will then support funding for future water capital infrastructure and operation and maintenance work throughout the City.

Estimated Sources and Uses of Funding:

	Total Funding	Fiscal Years: 2016/17	2017/18	2018/19
Estimated Sources:				
WIIN	\$100,000,000	\$12,000,000	\$54,400,000	\$33,600,000
Local Match	\$20,000,000	\$11,428,500	\$8,571,500	\$0
Est. Total Sources	\$120,000,000	\$23,428,500	\$62,971,500	\$33,600,000
Estimated Uses:				
Service Lines	\$40,000,000	\$11,428,500	\$28,571,500	\$0
Transmission Lines	\$10,000,000	\$0	\$5,000,000	\$5,000,000
Meter Replacement	\$10,000,000	\$7,500,000	\$2,500,000	\$0
Water Plant Imp.	\$58,500,000	\$3,500,000	\$26,500,000	\$28,500,000
Engineering Study	\$1,500,000	\$1,000,000	\$400,000	\$100,000
Est. Total Uses	\$120,000,000	\$23,428,500	\$62,971,500	\$33,600,000

The attached spread sheet with accompanying footnotes support this estimated Sources and Uses Table. Fiscal year is defined as 7/1 – 6/30.

Specific Program Spending Plan Detail:

1. Service Lines:

The City is planning to spend a total of \$40 million for service line replacement. The City plans to spend 100% of state funds or \$20 million to replace between 4,615 to 6,000 service lines between April and September 2017. The construction work is currently out for bid. The City plans to spend another \$20 million of WIIN dollars to replace approximately another 4,615 to 6,000 services lines in 2017/18.

2. Transmission Lines:

The city is planning to spend \$10 million in water transmission line replacements throughout the City with an estimated \$5 million being spent in 2017/18 and another \$5 million being spent in 2018/19. This spending will be coordinated with service line replacements so that demolition and reconstruction are coordinated at the same time.

3. Meter Replacements:

It is anticipated that the City in 2016/17 will appropriate and spend \$7.5 million for the replacement of aging water meters in all residential, commercial and industrial areas of the city in 2016/17. The balance of the infrastructure improvement would be done in 2017/18 for another \$2.5 million. The total \$10 million cost would be funded 100% from WIIN program. This investment in infrastructure will insure that future meter losses are kept to a minimum and a fair user charge is implemented to insure the maintenance and replacement of future water infrastructure at the City water plant and water transmission system.

4. Water Plant Improvements:

The City water treatment plant improvements will come out at a later date as an amendment to our current DWRLF Plan at the State of Michigan. It is estimated at this time that the cost of the City's water treatment plant improvements will cost \$58.5 million dollars and will be funded 100% from the WIIN program. All costs would be for infrastructure improvements. Costs would not include a retainage basin for water reserve or be for any operation and maintenance costs.

5. Engineering Study:

This is a proposed engineering study that will examine corrosive controls over various situations that may occur in the system. Further, an asset management plan will be developed to insure proper operation of the Plant as well as the water transmission system and the treatment of water to insure a proper water system. The full \$1.5 million would be funded over a three year period from the WIIN program

Miscellaneous:

In all five sections of estimated expenditure, it is anticipated that the City would seek bids and utilize the lowest responsible bidder when getting all work done. This includes following all federal rules and guidelines in bidding said work. Depending on the program, invoices would be paid by the City or State and the federal government would then reimburse either the State or City depending on which governmental entity paid the original invoice. All expenditures are subject to audit by the designated auditors of the federal or state government whichever is applicable. All capital improvements once complete would be the property of the City of Flint.

If needed, the City may utilize the WIIN dollars to hire temporary engineering, purchasing and or accounting staff to assist in the timely design, procurement, construction and accounting of these funds. The Plan would be amended in the future to allow for this additional staffing. Dollars presented do not include this type of expense.

City of Flint Request:

Based on all information presented, the City of Flint is requesting approval of a \$120 million dollar spending plan that will be funded by applying for \$100 million in federal money appropriated under the Water Infrastructure Improvements for the Nation Act. (WIIN) The local grant match would be \$20 million given by the State of Michigan to the City of Flint for service line replacements. These funds would be utilized over a three year fiscal period to fund the five expenditure programs outlined above in this Intended Use Plan of WIIN and local match dollars.

Attachment

