

1 CITY OF FLINT
2 RECEIVERSHIP TRANSITION ADVISORY BOARD SPECIAL MEETING
3 ~~TUESDAY~~ WEDNESDAY, JUNE 27, 2017
4 2:00 p.m.

5
6 Meeting before the
7 RTAB Board at Flint City Hall, Flint, Michigan, on
8 Wednesday, June 27, 2017.

9
10 BOARD MEMBERS PRESENT:

11 Frederick Headen - The Chairperson
12 Joel Ferguson (by phone)
13 David Tarver (by phone)
14 Paul Newman

15 FROM THE CITY:

16 City Administrator, Sylvester Jones
17 Chief Financial Officer, David Sabuda
18 Water Source Plan Consultant, John Young
19 Council President, Kerry Nelson
20 Councilwoman, Monica Galloway
21 Councilman Eric Mays

22 OTHERS PRESENT:

23 R. Eric Cline
24 R.L. Mitchell
25 Chris Del Morone
Arthur Woodson

26 REPORTED BY: Mona Storm, CSR# 4460

27

1 MOTION INDEX		
2	MOTION	PAGE
3	Roll Call	3
4	Approval of Agenda, approved with addition of Resolution #287	3
5	UNFINISHED BUSINESS	
	Position Description for CFO	4
6	Salary Range for CFO	33
	Resolution #260, 261, not approved	21
7	Resolution #295.2, adopted	22
	Resolution 295, approved	23
8		
	NEW BUSINESS:	
9	Approval of Certain Resolutions from Regular 6-5-17 meeting	
10	Resolution #290, adopted	26
11	Resolution #291, adopted	26
12	Resolution #292, adopted	26
13	Resolution #293, adopted	26
14	Resolution #294, adopted	26
15	Resolution #287, adopted	29
16	Request of City Administrator	19
17	Public Comment	33
18	Adjournment	40
19		
20		
21		
22		
23		
24		
25		

1 Flint, Michigan

2 Wednesday, June 27, 2017

3 2:07 p.m.

4 THE CHAIRPERSON: The meeting will be in
5 order, please.

6 Gentlemen, we're going to begin the meeting.

7 MR. TARVER: Hello.

8 THE CHAIRPERSON: Let the record reflect that
9 we do have a quorum consisting of Mr. Newman and myself
10 here. We also have Mr. Ferguson and Mr. Tarver
11 participating from different locations by phone. We
12 particularly appreciate Mr. Tarver's dedication
13 because, where he is right now, it is 2:07 in the
14 morning.

15 Next item of business is the approval of the
16 agenda. I believe we have been asked to add one
17 resolution that was adopted by the City Council last
18 night, Resolution 287, to the agenda. We will do so
19 without objection.

20 Are there other additions to the agenda?

21 If not, the agenda will be considered
22 approved.

23 Next item of business of this special meeting
24 is Unfinished Business. We begin with a position
25 description/salary range for the Chief Financial

1 Officer position. Under one of the former Emergency
2 Manager's orders, if there is a vacancy or a potential
3 vacancy in a department head position, this Board must
4 approve the position description and the salary range.
5 Position description was sent out with the board packet
6 last week. Are there any questions concerning that
7 position description?

8 If not, is there a motion that the position
9 description, as received, be approved?

10 MR. TARVER: So move.

11 MR. FERGUSON: Support.

12 THE CHAIRPERSON: Motion's been made and
13 supported. Those in favor of the motion, please say
14 "aye".

15 BOARD MEMBERS: Aye.

16 THE CHAIRPERSON: Opposed?

17 Motion is adopted.

18 With respect to the salary range, is there
19 someone from the City Administration that can speak to
20 what the proposed salary will be for the position?

21 Mr. Jones?

22 MR. JONES: Oh. Sorry, Mr. Headen. I just
23 don't have the position description with me right now
24 but --

25 THE CHAIRPERSON: Is this in regards to the

1 salary range?

2 MR. JONES: Right. And so I'll be talking
3 with HR to get the salary range and then we can e-mail
4 that information to you.

5 THE CHAIRPERSON: Okay.

6 MR. JONES: But we don't have that.

7 THE CHAIRPERSON: Do you have an estimate as
8 to what it will be; will it be the same as currently
9 the case or will it be --

10 MR. JONES: My understanding --

11 THE CHAIRPERSON: -- higher or lower?

12 MR. JONES: -- is it would be the same as
13 agreed with the HR Director. In fact, we actually did
14 some changes with Mr. David Sabuda's salary because he
15 did have wider fringe benefits. So there was more in
16 the way of salary than there was for the previous
17 director. So the posting will reflect that, what the
18 previous director had made.

19 THE CHAIRPERSON: Is there a maximum range
20 that the range will not exceed?

21 MR. JONES: There is a maximum. I just don't
22 have that information before -- with me at this time.

23 THE CHAIRPERSON: Is it possible for someone
24 to provide us that before the meeting is over?

25 MR. JONES: I will try to.

1 THE CHAIRPERSON: Okay. We would like to
2 dispose of the other piece of this issue this
3 afternoon, if possible.

4 MR. JONES: Okay. I will reach out to the
5 HR Director and see if we can get that information.

6 THE CHAIRPERSON: Thank you.

7 That takes us to Resolutions 260 and 260.1.
8 These concern a water lien moratorium. They're
9 attachments 2a through -d in the packet.

10 We had some discussion about this item at our
11 regular meeting on June 14th. This issue relates,
12 somewhat, to the proposed biennial budget for fiscal
13 years '18 and '19 that we will also be taking up under
14 Unfinished Business.

15 And, of course, the budget and the water lien
16 moratorium relate, to some extent, to the City's
17 current water contract, in the fact that there's not a
18 permanent contract in place at this point, which we
19 expect will probably have some impact upon the budget
20 as well.

21 I think it would be appropriate, at this
22 point in time, to have a discussion with that
23 particular context. And I'll call upon either
24 Mr. Jones or Mr. Sabuda to come up to the microphone.
25 If you could begin by providing us with information

1 upon what the financial impact would be if the water
2 lien moratorium were, in fact, approved this afternoon.

3 Mr. Sabuda?

4 MR. SABUDA: Yes. Thank you, Mr. Chair.

5 Good afternoon. On the water moratorium liens, where
6 we are is this: It originally, for water, sewer -- for
7 both water and sewer, we -- we were at \$5.8 million,
8 and that's with water and sewer.

9 We have collected 710,000 of that so we're
10 basically around 5.1 million available to be collected.
11 With that, \$2.350 million, approximately, is the water
12 piece of what we have right now that's under
13 moratorium.

14 And what would happen is this: Is, if -- if
15 the moratorium is not lifted --

16 (Crackling on phone.)

17 MR. SABUDA: I couldn't hear him.

18 THE CHAIRPERSON: You can go ahead.

19 MR. SABUDA: Okay. Thank you. If the
20 moratorium is not lifted, what would happen is the \$2.3
21 million would stay on each -- on the applicable
22 subsidiary account, or the customer's account, and it
23 would be there for approximately five years.

24 Hopefully, if -- as long as the moratorium
25 was in place, what would happen is we would hope that

1 the customer would pay the outstanding balance due.
2 But, after five years, State law says that I can't go
3 after them any longer at sunset, and we would lose
4 approximately \$2.35 million in the fifth year or the
5 beginning of the sixth year. And, at that point in
6 time, the fund balance would take a hit of \$2.5 million
7 if nothing is collected. So we lose the opportunity to
8 collect, number one.

9 There's a cash flow issue here, also. If
10 we're collecting, those dollars come in, we're able to
11 pay bills, that reduces subsidiary ledger balances,
12 receivable balances go down. That's a good thing. And
13 then, on a cash flow, the cash is there to help us pay
14 our bills. But, overall, if we receive nothing and the
15 moratorium stays in place for a five-year period, the
16 fund balance will lose \$2.350 million. That's a
17 significant hit when you're looking at a \$15 million
18 fund balance at the end of this fiscal year.

19 Thank you.

20 THE CHAIRPERSON: I had indicated on the
21 record, on the 14th, that I was inclined to approve
22 this moratorium, even though I might have issues with
23 it, because it was a -- something that we anticipated,
24 when we gave back authority to the City Council, they
25 might make decisions on occasions which we might

1 disagree.

2 But the expectation, at that time, was that
3 some resolution would be made of the City's water
4 contract. Because we were mindful of the fact that the
5 existing temporary contract expires, I believe, at the
6 end of this month. And that, if the contract were to
7 continue on a temporary basis, compared to the proposal
8 of a 30-year contract, that the additional cost to the
9 City would be approximately \$600,000 per month.

10 Is that number correct?

11 MR. SABUDA: Well, it's a little bit more
12 than that. Your -- \$600,000 would be the KWA debt
13 payment. Also, what we would lose is the reduction in
14 the -- in the wholesale water rate cost, which over the
15 next three months we're estimating, with the approval
16 of the short-term rate, that would run another \$155,000
17 over the next three months.

18 So, in essence, what you're looking at, over
19 the next three months, by Council approving the
20 short-term rate -- or the short-term contract versus
21 the long-term deal, we're looking at almost \$1.9
22 million in additional costs, 600,000 a month for the
23 KWA debt payment for July, August and September, plus
24 \$155,000 in lost reduction in wholesale water rate.

25 THE CHAIRPERSON: And those additional costs,

1 I take it, are in addition to what you described
2 earlier, in terms of the financial impact, if the
3 moratorium stays in place?

4 MR. SABUDA: That's over and above -- well,
5 let me put it to you this way: I'm sorry. I stand
6 corrected there. So what happens is this: For this
7 current fiscal year, we have that \$600,000 per month
8 budgeted. Okay?

9 However, we're cutting into fund balance in
10 order to pay that. So what -- so what takes place here
11 is we're chewing into the \$15 million fund balance and,
12 at the end of '16/'17, if we pay that \$600,000 monthly,
13 our fund balance will, again, drop significantly,
14 almost \$7 million. And that's what puts us into
15 trouble in '18/'19.

16 And I'm kind of getting ahead of the
17 conversation here. But, by having a long-term plan in
18 place, that protects the fund balance, that protects
19 the funds, and that allows us to maintain fund balance
20 in the water fund.

21 THE CHAIRPERSON: And I understand you have a
22 gentleman here who wants to elaborate upon this issue.

23 MR. SABUDA: Sure.

24 Do you want to take it, John?

25 As far as which -- which piece?

1 THE CHAIRPERSON: In particular, the effect
2 of not having a long-term water contract in place.

3 MR. SABUDA: Oh, sure.

4 MR. YOUNG: My name is John Young. I've been
5 working with the City of Flint for the last nine or ten
6 months on a number of issues, one of which was the
7 water source plan.

8 Not moving forward with the proposed plan,
9 the proposed marriage plan, has a number of
10 implications; implications from public health,
11 implications from the finance side, which David has
12 addressed some of those and, obviously, some
13 implications regarding legal and regulatory issues.
14 So, from a public health prospective, obviously, this
15 is --

16 MR. TARVER: Is it on?

17 THE CHAIRPERSON: Gentlemen, we can hear you.
18 Please proceed.

19 MR. YOUNG: Okay. So, from a public health
20 prospective, our primary concern is, one, the switch of
21 supply, which we may have to do, and then compromising
22 the treatment from a corrosion perspective. But,
23 secondarily, not having a back-up supply. Right now
24 the City of Flint does not have a back-up supply. So,
25 if there were a failure in the 72-inch line that feeds

1 the City, we would just exist off the storage we have
2 in our tanks, which we could probably do for two or
3 three days or something like that. So it would be a
4 public health issue, as far as the quality of the water
5 and reliability of the supply.

6 When you look at the financial side of it,
7 and David had described it pretty well, you know, we
8 can get by next -- this coming year, budget-wise by
9 pulling down our water fund substantially to dangerous
10 levels, down to as low as \$3 million, which is only one
11 month's worth of revenue. But then, the following
12 year, we have a huge deficit of about \$10 million in
13 our budget, and that would result in, potentially, a
14 rate increase, assuming the collection levels are where
15 we are today, at 6 percent, which is not practical. So
16 we have that concern.

17 On top of that, we have \$80 million at risk.
18 We have \$80 million that's come through the WIIN
19 Drinking Water Revolving Fund. And, in fact, based on
20 a letter we recently received from DEQ, they're
21 basically saying, "If you don't implement the plan, as
22 presented, that \$80 million is at risk."

23 And that \$80 million is going to be spent on
24 a number of projects; transmission mains, small mains
25 within the system, metering, water quality, pumping

1 stations, things such as that. So, if the City has to
2 fund those projects, obviously that would have a
3 substantial impact on rates and the cost of service.
4 So we have those concerns.

5 And then, obviously, we have the regulatory
6 concerns. The letter that we received from DEQ
7 basically said that, if we didn't approve a plan or
8 come up with an alternate plan by last night, legal
9 action would be taken as well as we were not -- we're
10 not complying with the current consent order at EPA.
11 So there's a number of issues that come about by not
12 moving forward with the water source plan, as
13 recommended by the Mayor.

14 MR. SABUDA: Excuse me, John. So let's keep
15 score here. Let's summarize this. So, right now, for
16 fiscal year '17/'18, the proposed budget is balanced.
17 And, as John has pointed out, we're going to eat
18 through the fund balance of approximately \$10 million.

19 If we don't do anything in '18/'19, the
20 current -- the current budget for water, water current
21 budget for '18/'19, we're anticipating a \$10 to \$11
22 million fund balance deficit, if nothing is done.

23 Okay?

24 Now, with this long-term plan, you save
25 \$6 million on -- \$6 to \$7 million on the debt piece,

1 you save approximately \$2.3 to \$2.5 million on the
2 wholesale water cost. And then, when you look at
3 the -- the operating fund of the water plant, because
4 we're no longer in the water business, we're now in the
5 water distribution business, that saves between \$1 and
6 \$2 million.

7 So, as you can see, that \$10 million
8 annually, that deficit would go away, we would save
9 fund balance and we're able to now, for both '17/'18
10 and '18/'19, have balanced budget. That's how
11 important this is.

12 Now, as John has pointed out, the plan
13 improvements, we would then put that plan improvement
14 money from the federal grant dollars, the WIIN dollars
15 into the distribution system. That's estimated to be
16 approximately \$58 million. That goes a long way in the
17 distribution system, and that improves and that also
18 deals with meters and it deals with collections. And
19 all that is then put back into the system.

20 You also avoid, as John has pointed out,
21 between -- we have 100 collection rate, which we don't
22 have right now, a 48 to 47 percent rate increase. But,
23 if we currently have a 75 percent rate increase, you're
24 looking at --

25 MR. YOUNG: Collection rate.

1 MR. SABUDA: Collection rate, thank you, sir.

2 -- collection rate, you're looking at a
3 64 percent rate increase. Okay? That's what you're
4 looking at.

5 Now, you can do that with a combination of
6 rate increases and cuts. And, again, you're now
7 looking at operations and you hate to cut service but
8 that's what you're looking at. And this plan avoids
9 all that increase and a lot of that operational cut.

10 Thank you, sir.

11 THE CHAIRPERSON: And, with regards to
12 moratorium, do I understand correctly that that would
13 be retroactive back to April of 2014?

14 MR. SABUDA: Those are the water dollars that
15 we are willing to -- that, potentially, could roll to
16 the tax bill starting July 2014.

17 And remember --

18 THE CHAIRPERSON: Is that a "yes"?

19 MR. SABUDA: I'm sorry?

20 THE CHAIRPERSON: In other words, the
21 moratorium would go retroactive back to April of 2014
22 when the water source was changed?

23 MR. SABUDA: Right. Those are the dollars
24 that we're talking about, yes. It would be the water
25 source change, yes.

1 THE CHAIRPERSON: And second question regards
2 the -- the State, as I recall, provided, back in the
3 same period of time, April of 2014, a 65 percent
4 credit.

5 MR. SABUDA: That is correct.

6 THE CHAIRPERSON: So is the delinquency that
7 we're talking about, essentially, the 35 percent not
8 covered by the credit for uses not related to
9 consumption?

10 MR. SABUDA: That is correct.

11 THE CHAIRPERSON: Other questions, gentlemen?

12 Mr. Newman --

13 MR. NEWMAN: I have none.

14 THE CHAIRPERSON: -- any questions?

15 MR. NEWMAN: No.

16 THE CHAIRPERSON: Mr. Tarver or Mr. Ferguson?

17 MR. TARVER: Yes?

18 MR. FERGUSON: Yes?

19 THE CHAIRPERSON: Any questions?

20 MR. FERGUSON: No.

21 MR. TARVER: It would be helpful, because of
22 so much echo, if -- if, Fred, you could summarize the
23 impact a little more particularly. I think I'm getting
24 the gist of it. But can you summarize it for us remote
25 people?

1 THE CHAIRPERSON: I will in just a second,
2 Mr. Tarver. I believe Council President Nelson has
3 asked to make a comment.

4 Council President?

5 MR. NELSON: Thank you so much for that.
6 Just wanted to suppress two things here. First thing,
7 the moratorium is in place for one year while the
8 Council looks at the ordinance that was put in place 63
9 years ago. We are looking at trying to come up with
10 what would be best for this community. They all really
11 are going through a hardship.

12 I received numerous of calls from my ward and
13 it was effected by 505 people in my ward alone. So,
14 not extending it to, saying to five years. But we're
15 looking at one year. We're coming back and looking at
16 a new ordinance to put in place.

17 The thing about the long-term water source,
18 the Council approved a short-term last night; I think
19 that's coming before you. But I think it's -- it's --
20 you should know some things, and that was this place
21 was full last night with citizens of this City that
22 simply says the majority -- and I can prove it with
23 phone calls, just from me, that say they don't support
24 the 30 years, they're uncomfortable.

25 It's just like taking a mortgage at the bank

1 for a 30-year. You have a fixed rate and you have a
2 flexible rate. Fixed rate, you know what you're going
3 to pay. A flexible rate, you do not know what your
4 payments will be.

5 This City is already -- and the citizens of
6 this City is already in hardship, already strapped for
7 cash. And, for someone to push us into something and
8 say, "You have to do", we've been down that road once
9 before, and that one led us to poisoned water.

10 And so, therefore, I'm simply saying that
11 this Council made two proposals last night,
12 Councilwoman Galloway and Councilman Winfrey proposed
13 an alternate source. But, come to find out, that they
14 had to go through EPA and DEQ, there was a list of
15 things that was just given to us just last night that
16 we have to go through. But my hat goes off to those
17 two for doing that. But to find out that it still may
18 not be good enough because we heard of this June 26th
19 deadline.

20 Now, one source said the EPA did not give us
21 a deadline and one source say it did. And so I'm just
22 simply saying, to the RTAB, you have the power to do as
23 you please. But, as elected officials, we have to do
24 what the people elected us to do, and that is to serve
25 them. And I stand here today to tell you the numerous

1 of phone calls and e-mails that I received from the
2 people that elected me, it's so great. And they're not
3 supporting a 30-year, they're not.

4 And what did you say afterward? What should
5 I say to you then? I should say to you that we did
6 present some alternate water sources. What? To find
7 out that they may not be approved because EPA has to
8 dig into it the DEQ has to dig into it, and we respect
9 that. But I think we should have a fair chance. If it
10 took them seven or eight months to put this together,
11 why can't we have at least four or five months to
12 respond?

13 I thank you for hearing me.

14 THE CHAIRPERSON: Thank you.

15 Mr. Jones?

16 MR. JONES: Yes, Mr. Headen. I do think it's
17 important to note that, while the Mayor is certainly
18 recommending the water source recommendation, the Mayor
19 is not opposed to the moratorium. And so she is not
20 opposing this moratorium at all.

21 THE CHAIRPERSON: Thank you.

22 MR. JONES: You're welcome.

23 THE CHAIRPERSON: Gentlemen, then to
24 summarize, and I won't recite all the numbers provided
25 by either Mr. Sabuda or Mr. Young. But my

1 understanding is that the delinquencies were
2 approximately 5.8 million, at the time, I assumed, that
3 the notice went out of placement of these liens upon
4 delinquent tax roll, and approximately \$700,000 was
5 collected. So the delinquency was reduced down to
6 about 5.1 million.

7 I think the more salient point is the fact
8 that, at least in combination, the moratorium plus
9 extending the temporary water source contract with the
10 Great Lakes Water Authority would have a somewhat
11 profound impact upon the condition of the water fund to
12 the approximate tune of about \$10 million.

13 MR. SABUDA: \$12.

14 THE CHAIRPERSON: \$12 million.

15 MR. SABUDA: \$12 million.

16 THE CHAIRPERSON: So the impact would be
17 substantial and would significantly impact that fund
18 over the next 12 months. And I do think, as I said at
19 the outset, that it's important to view the water lien
20 moratorium not in isolation but within the context of
21 other issues, including the budget that we'll be taking
22 up in a moment.

23 Given that fact and given the fact we've had
24 some presentations already on -- on the impact of it,
25 I'm going to go ahead and -- and motion that

1 Resolutions 260 and 260.1, which are fairly identical
2 but related, motion that they not be approved.

3 Is there support?

4 MR. TARVER: Support.

5 THE CHAIRPERSON: Is there any discussion?

6 If not, those in favor of the motion, please
7 say "aye".

8 BOARD MEMBERS: Aye.

9 THE CHAIRPERSON: Opposed?

10 Motion is adopted. Resolutions 260 and 260.1
11 that would have provided for a moratorium on water
12 liens are not approved.

13 We'll proceed next to Resolution 295.2. I'll
14 ask Mr. Cline to summarize for us the contents of that
15 resolution.

16 MR. CLINE: All right. Good afternoon.

17 Resolution 295.2 regards the adoption of the
18 City Budget. The City Council, under Resolution 295,
19 adopted a budget. The Mayor exercised her veto
20 authority and vetoed that resolution. The City
21 Council, at its -- at a meeting voted and adopted
22 Resolution 295.2, which overrides the Mayor's veto,
23 which brings the budget for the RTAB for approval.

24 So action by this body on Resolution 295.2
25 would be to affirm, if you will, the override of the

1 Mayor's veto of the City budget.

2 THE CHAIRPERSON: Is there a motion that
3 Resolution 295.2 be approved?

4 MR. FERGUSON: So move.

5 THE CHAIRPERSON: Is there support?

6 MR. NEWMAN: Support.

7 THE CHAIRPERSON: Motion is made and
8 supported. Any discussion regarding Resolution 295.2?
9 If not, those in favor of the motion, please
10 say "aye".

11 BOARD MEMBERS: Aye.

12 THE CHAIRPERSON: Opposed?

13 Motion is adopted.

14 That brings us, then, to Resolution 295,
15 which is the biennial budget for fiscal years 2018 and
16 2019.

17 Is there a motion that Resolution 295 be
18 approved?

19 MR. FERGUSON: So move.

20 MR. NEWMAN: Support.

21 THE CHAIRPERSON: Motion's made and
22 supported. Any discussion?

23 If not, those in favor of the motion, please
24 say "aye".

25 BOARD MEMBERS: Aye.

1 THE CHAIRPERSON: Opposed?

2 Motion is adopted. The biennial budget is
3 approved.

4 There are related resolutions to the biennial
5 budget. I will call upon either Mr. Cline or
6 Mr. Sabuda to walk us through Resolutions 290 through
7 294.

8 MR. SABUDA: Good afternoon, Mr. Chair and
9 members. Bear with me here for a moment while I get to
10 29 -- we're on 2 -- 290, 291, 293 and 294. Okay?

11 THE CHAIRPERSON: Yes.

12 MR. SABUDA: On 290, the real property
13 millage rates are in front of you. There was no change
14 from those millage rates from last year to this year.
15 What we have is -- bear with me. My book isn't set
16 up -- yes, it is. Good.

17 Okay. We're looking at 19.10 mills. Now,
18 we're -- this is just City operating only, so you have
19 general operating, public improvement, police, public
20 transportation, parks and recreation, police and fire,
21 no change from last year. We're looking at a total of
22 19.10 mills to run the City over the next fiscal year.

23 On the -- on the street lighting resolution,
24 what we're looking at is a rate -- a rate of \$70.94 per
25 parcel. That is no change from last year.

1 On the waste fee, what we're looking at is a
2 dollar -- I want to make sure I get this right here
3 because there was a change. \$1.5047. And, with that,
4 that is no change from last year. And then, of course,
5 we have the master fee schedule, which is carried
6 forward from last year, which gets amended during
7 various times throughout the year. With that, these
8 rates support the operation of the general fund and,
9 also, of various special revenue funds that the City
10 utilizes in order to operate and provide service to
11 the -- to the City.

12 And with that, what I would like to add is,
13 on the estimated tax levy, we're looking at
14 approximately \$13.3 million in '17 and \$13.4 million.
15 So that's what the taxes generate, property taxes
16 generate, to help us run the operation of the City.

17 With that, I'll be happy to entertain any and
18 all questions that the Commission may have.

19 THE CHAIRPERSON: Any questions for the Chief
20 Financial Officer regarding any of these five
21 resolutions?

22 Mr. Newman, any questions?

23 MR. NEWMAN: I didn't read thoroughly
24 Number 2, Resolution 291.

25 MR. SABUDA1: The DDA millage rate?

1 MR. NEWMAN: Yes.

2 MR. SABUDA: Oh, very good. The DDA millage
3 rate -- thank you. I did miss that. Okay. The DDA
4 millage rate is slightly rolled back. It went to the
5 salary of 80.06 mills. I want to say it was \$1.92 last
6 year, it rolled back because of the property growth in
7 the area. And that's -- and we don't budget for that
8 operating fund. However, Council does approve that
9 rate. But it is a roll back and it is in compliance
10 with the Headlee Amendment and Proposal A, as amended
11 in 1992.

12 Thank you for that. And, again, I'll be
13 happy to entertain any questions that the Board may
14 have.

15 THE CHAIRPERSON: Any other questions?

16 Is there a motion, then, that Resolutions
17 190 -- I'm sorry -- 290 through 294 be approved?

18 MR. FERGUSON: So move.

19 MR. NEWMAN: Support.

20 THE CHAIRPERSON: Motion is made and
21 supported. Any further discussion?

22 If not, those in favor of the motion, please
23 say, "aye".

24 BOARD MEMBERS: Aye.

25 THE CHAIRPERSON: Opposed?

1 Motions are adopted.

2 Next item of business is public comment.
3 What had been listed on the agenda as a request from
4 the City Administrator has been addressed.

5 MR. CLINE: Mr. Chair, did you want to
6 address Resolution 287, to add it to the agenda at this
7 point?

8 THE CHAIRPERSON: Quite right.

9 Who will be summarizing that issue for us,
10 Mr. Sabuda?

11 MR. SABUDA: I'm sorry?

12 MR. CLINE: The 287.

13 MR. SABUDA: Which is the water -- oh, I
14 could definitely do that. Thank you.

15 THE CHAIRPERSON: Thank you, Mr. Cline, for
16 keeping me honest.

17 MR. SABUDA: Thank you, Mr. Cline. We need
18 this. This is good. Okay. Again, good afternoon.

19 Mr. Chair, again, and commission members,
20 what you have before you is a three-month, short-term
21 water -- a wholesale water contract with the Great
22 Lakes Water Authority. Basically, what would happen is
23 that the -- the dollar -- the rate per million cubic
24 feet is currently at \$8.93. On July 1st, it will move
25 up to \$9.35.

1 And, basically, we -- in order to pay that
2 wholesale water rate, the City will have to provide, in
3 a lump sum payment before July 1st, \$3.6 million or
4 have on reserve, with GLWA, approximately \$3.6 million.
5 Again, this covers the period of July 1, 2017 through
6 September 30th, 2017. And, basically, I can tell you
7 that the 3.60 -- \$3.60 million is appropriated for in
8 the '17/'18 operating budget.

9 Thank you.

10 THE CHAIRPERSON: Mr. Ferguson and
11 Mr. Tarver, you did not have a copy of this in your
12 packet. We received this just this afternoon, but it
13 was passed by the City Council last evening.
14 Hopefully, you were able to hear the explanation of it.
15 Do you have any questions for Mr. Sabuda?

16 MR. TARVER: I'm a little bit confused.
17 Again, it's late and I don't have a copy. But is this
18 a resolution that is authorizing the short-term water
19 contract?

20 THE CHAIRPERSON: Essentially, yes. This
21 would extend the existing contract which expires on
22 June 30th until September 30th.

23 MR. SABUDA: With a rate increase.

24 THE CHAIRPERSON: With a rate increase.

25 MR. SABUDA: That's correct.

1 MR. TARVER: And what is the rationale for
2 extending the existing contract, rather than entering
3 into a long-term contract? What's the holdup as far as
4 entering into a long-term contract?

5 MR. SABUDA: I'll leave it to the Council.

6 THE CHAIRPERSON: Yes, I think that's a fair
7 question.

8 Council President Nelson?

9 MR. NELSON: Thank you. The rationale is
10 that we have to listen to those who elected us. And we
11 did have two temporary, alternate plans in but they
12 have to go through the courses of the EPA and MDEQ.
13 And, certainly, we're getting more conversation from
14 this community. So we do not want this community to be
15 without water. And so, therefore, we extended the
16 contract until September the 30th.

17 THE CHAIRPERSON: I would also note,
18 gentlemen, that the resolution that is before us does
19 have all the requisite signatures. So it is signed by
20 the Mayor, by the Council President, the Chief Legal
21 Officer, as well as the Finance Department.

22 MR. TARVER: I didn't -- I wasn't able to
23 hear clearly council President's explanation as to why
24 the expected date as opposed to negotiating a
25 long-term -- entering to a long-term contract.

1 THE CHAIRPERSON: I believe the gist --

2 MR. TARVER: Can you summarize that for me?

3 THE CHAIRPERSON: I believe the gist of his
4 comment was the need to have further time to consider a
5 long-term contract and to, in effect, reflect the
6 wishes of their constituents.

7 Is there a motion, then, that Resolution
8 Number 287 be approved?

9 MR. FERGUSON: So move.

10 MR. NEWMAN: Support.

11 THE CHAIRPERSON: Motion's made and
12 supported. Any further discussion?

13 If none, those in favor of the motion, please
14 say "aye".

15 BOARD MEMBERS: Aye.

16 THE CHAIRPERSON: Opposed?

17 Motion is adopted.

18 Next we have public comment. Before we do
19 so, I understand, Mr. Sabuda, this is probably going to
20 be your last appearance before the RTAB.

21 MR. SABUDA: Yes, it is, Your Honor. It's
22 been a -- thank you for the opportunity. It has been a
23 honor and a pleasure to work with this Board over the
24 past 12 months. The Board has been very fair and it's
25 been very just and it's been very timely. And, again,

1 thank you for -- for all your direction, all your help
2 and all the wisdom over the past 12 months.

3 Thank you.

4 THE CHAIRPERSON: We certainly appreciate all
5 the efforts that you've put forth in your position to
6 assist the City. I think the City's been fortunate to
7 have someone of your acumen in the position and we
8 certainly want to wish you the best in whatever your
9 future endeavors are. So thank you very much.

10 MR. SABUDA: Thank you.

11 THE CHAIRPERSON: Public comment, Mr. Cline?

12 MR. CLINE: Mr. Chair, I believe Mr. Jones
13 has a response regarding the Finance Director salary
14 range that you had requested earlier in the meeting,
15 so --

16 THE CHAIRPERSON: Yeah, certainly.

17 MR. JONES: Thank you. The salary range for
18 that position is 95,000 to 110,000.

19 THE CHAIRPERSON: Thank you.

20 MR. JONES: You're welcome.

21 THE CHAIRPERSON: Gentlemen, then, is there a
22 motion that the salary range for the Chief Financial
23 Officer position, which is 95,000 to \$110,000, be
24 approved?

25 MR. NEWMAN: I'll move.

1 MR. TARVER: What was that range again?

2 THE CHAIRPERSON: 95,000 to 110,000.

3 MR. TARVER: So move.

4 MR. NEWMAN: I'll support.

5 THE CHAIRPERSON: Motion's been made and
6 supported. Any discussion?

7 MR. TARVER: Yes. So --

8 THE CHAIRPERSON: Mr. Tarver.

9 MR. TARVER: -- it would seem that the salary
10 range for this position, for a municipality the size of
11 Flint, would be well established, you know, that there
12 would be lots of comparables out there. And so I'm
13 just curious as to where the range came from and, more
14 importantly, if a person of the desired caliber, if the
15 expectation is a person of that caliber can be hired in
16 that salary range.

17 THE CHAIRPERSON: Mr. Jones?

18 MR. JONES: Sure. So it is our hope that we
19 will be able to -- to initiate a search and to attract
20 a person who would fill this position. We fully
21 understand that there is a need to not only look at the
22 salary range for this position but, also, for many
23 other positions within the City of Flint.

24 So the '17/'18 budget does include funds for
25 a wage study so that we can look at the wages to make

1 the City of Flint competitive not only in this area but
2 in other areas as well.

3 THE CHAIRPERSON: And one of Mr. Tarver's
4 questions was, where did this proposed range come from?

5 MR. JONES: So this range goes back to the
6 previous position, and it was filled at this salary
7 range. And so the direction here is from the
8 HR Department as well as from the Finance Department on
9 the salary.

10 THE CHAIRPERSON: Thank you.

11 MR. JONES: Thank you.

12 THE CHAIRPERSON: Further questions?

13 MR. NEWMAN: How will the search be carried
14 out for this position?

15 MR. JONES: So, at this point, the search
16 will be conducted by the City of Flint's HR Department.

17 However, we were awarded funds from the
18 Charles Stewart Mott Foundation to do executive search
19 functions. And so, once this job description and
20 salary is approved, I plan to circle back, have a
21 conversation with the Charles Mott Stewart Foundation
22 to see if some of the resources we were awarded could
23 be used for a search for this position. In that case,
24 it will be a national search and done by another firm.

25 THE CHAIRPERSON: Any further questions?

1 Motion's been made and supported. Questions
2 on adoption of the motion?

3 Those in favor, please say "aye".

4 BOARD MEMBERS: Aye.

5 THE CHAIRPERSON: Opposed?

6 Motion is adopted.

7 Public comment.

8 Mr. Cline.

9 MR. CLINE: We have five individuals have
10 signed up for public comment. We'll start with
11 R.L. Mitchell.

12 MR. MITCHELL: Good evening, RTAB. We, the
13 Peoples of Flint, thank you for allowing us to use our
14 rationale to deal with the situation that you allow us
15 to have June 30th to deal with it. We appreciate your
16 allowing us to do that. That's my comments.

17 THE CHAIRPERSON: Thank you, Mr. Mitchell.

18 MR. CLINE: Second individual,
19 Chris Del Morone.

20 MR. DEL MORONE: Thank you. My name is
21 Chris Del Morone. I live in Flint, Michigan. We've
22 heard much talk about the garbage contract. And my
23 understanding and what's been said publicly is that the
24 new contract, which Rizzo had bid on came in at
25 \$4 million less. And, eventually, Republic matched

1 that and they got the contract, if I'm mistaken, please
2 correct me.

3 So there's a \$4 million reduction but the
4 people of the City of Flint did not see a \$4 million
5 reduction in their garbage fee that's placed on their
6 tax assessment.

7 So I'm asking you folks, for you, to look for
8 \$4 million for the residents of the City of Flint. We
9 have heard too much, too long about what is good for
10 the City, what is good for the Administration. But,
11 quite often, it's not good for the citizens of the City
12 of Flint.

13 An example would be the garbage collection
14 fee. Commercial businesses used to pay for that, some
15 of it. There was an assessment on their property
16 taxes, it no longer is. The residents are bearing that
17 full responsibility. Now, one could argue that, well,
18 commercial businesses don't have garbage collection
19 but commercial businesses don't go to the library.
20 General Motors, the company, does not go to our library
21 but yet they pay a property tax.

22 So the residents of the City of Flint need
23 some relief. And it should be mentioned, I had hoped
24 to do that before November, though it is the election
25 month, to give complete power back to our City Council.

1 Because what happened last night at the Flint City
2 Council meeting was a draw down on that reserve water
3 fund because of inaction. No one is stepping up to the
4 plate in this City and it needs to be done. And you
5 folks need to do it. Look for \$4 million.

6 Thank you very much.

7 THE CHAIRPERSON: Thank you.

8 MR. CLINE: All right. Arthur Woodson.

9 MR. WOODSON: I wish you all would let the
10 public speak before you made a decision. You never
11 asked Mr. Sabuda what happens to the house when they go
12 over or the homes when they go over to the County.
13 That 5.8 million, we get nothing when those houses go
14 over there on a lien. We don't get any money back.
15 City of Flint gets nothing. So what sense does it make
16 sending those houses over there and the people owe
17 \$2,000 on their house that's only worth 1,500?

18 They are here to take our land just like they
19 took our water.

20 He said that we paid \$8.92 per 1,000 cubic
21 feet. Genesee County pays \$10.22 -- \$10.22 per 1,000
22 cubic feet, they pay \$50 a month. We pay \$8.92? I
23 mean, we pay less than they do. Why are we paying \$150
24 a month when they pay, every three months, \$50?

25 The Mayor said she was with this moratorium.

1 They double talk you. She was with the moratorium.
2 Now she's sitting up here fighting for you all to not
3 approve the moratorium, knowing good and well that \$5.8
4 million that go over there with those houses does not
5 come back here to Flint.

6 They are willing to put people out of their
7 homes because why would I pay a \$2,000, \$3,000 water
8 bill? She advocated before she ran for Mayor not to
9 pay your bill; she advocated that. And then she get in
10 office, where the people put her in office -- the
11 people put her there and now she want to start taking
12 people homes, shutting off their water. Then she
13 advocated on 35 percent, saying Dan Walling should
14 settle. Now she filing in appeal court that people
15 don't even get their refund on 35 percent reduction.
16 Man, it's a -- it --

17 THE CHAIRPERSON: Mr. Cline?

18 MR. CLINE: Eric Mays.

19 MR. MAYS: Yeah, good evening. As I continue
20 to watch the -- and participate, as a member of
21 Council, looking at the financial aspect, understanding
22 clearly what this TAB does, my position is this:

23 Council has a duty to do certain things. It
24 has a duty to do its due diligence. I listened and I
25 was here on purpose to hear what Council President

1 Nelson has to say because I have to monitor that. And
2 I wait my turn. I don't agree and know when stuff is
3 not said right. He said 300 and something people in
4 his ward. Our wards have about 11,000. 300 and
5 something might be a sample, if it's true, but it's not
6 the majority.

7 We had a duty to look at the long-term
8 agreement for water. It's an important issue. We had
9 two months or more to do it. I've said repeatedly, "If
10 you need information, call into Great Lakes Water
11 Authority, call into -- call in all of the parties and
12 ask questions until the cows come home. If you want to
13 hear from the public, sit up in here and call a special
14 meeting and listen to the public until the cows come
15 home." That hasn't been done.

16 The Council don't have the political will to
17 redo their due diligence and I'm concerned. I do want
18 to say to this RTAB, and particularly you, Mr. Headen,
19 that my position on the proposal is that the State
20 should pay off that bond.

21 It's some suspicious activity with the
22 Administrator from the same order that was issued by
23 the MDEQ, and that's the concern I got and I will
24 continue to articulate that in every forum. And I
25 would hope that you will take a serious look at that.

1 THE CHAIRPERSON: Thank you.

2 MR. CLINE: Monica Galloway.

3 MS. GALLOWAY: Councilman Galloway. I just
4 want to read a portion of the letter that I did turn
5 into you all. It says, "Although Flint has been
6 receiving water from GLWA since October 2015, residents
7 are still not able to drink this safe and reliable
8 water in their homes without a filter.

9 Entering into this agreement causes concern
10 that Flint pipes will no longer be a priority and
11 funding may be withdrawn.

12 I remind the State of Michigan Attorney
13 General and the MDEQ not to forget that, in 2013,
14 Governor Snyder supported Former Mayor Dan Walling and
15 Emergency Managers Mike Brown's recommendation to
16 participate in the KWA pipeline project. This decision
17 was birthed in an effort to free residents from the
18 continued 30 percent rate increases imposed by Detroit
19 water provider. Although the name has changed, the
20 community's skepticism has not. This decision began a
21 chain of events which include:

22 A letter from Sue McCormick in 2013,
23 threatening to terminate the contract with Flint
24 because of their agreement to join the KWA.

25 The Flint River becomes a short-term water

1 source that provided deadly, literally, for some
2 residents and poisonous to others.

3 The Flint City Council would be told that a
4 sale drafted by Emergency Manager Darnell Earley to
5 sell the 72 inch pipe to Genesee County would no longer
6 be needed. Today that has proven to be a false
7 statement, as it is needed to continue getting water
8 from GLWA.

9 To date, the Governor has not responded to or
10 provided details of the KWA agreement that caused his
11 emergency manager leadership team to believe that
12 switching from Detroit to the KWA provided the best
13 long-term option for Flint residents.

14 Alternative Recommendation:

15 Governor Snyder should mediate a
16 month-to-month rate that is equal to the rate offered
17 in the 30-year contract with GLWA. The residents
18 should continue to receive safe and reliable water
19 under the USEPA, Emergency Administration Order, until
20 the safe and reliable water received from GLWA arrives
21 in the homes of Flint residents without a filter."

22 Thank you.

23 THE CHAIRPERSON: Thank you.

24 Mr. Cline, any further individuals?

25 MR. CLINE: That's all I have, sir.

1 THE CHAIRPERSON: If there is no further
2 business before this Board, without objection, we stand
3 adjourned.

4 (Meeting was concluded at 2:59 p.m.)

5 * * * *

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

C E R T I F I C A T E

I, Mona Storm, do hereby certify that I have recorded stenographically the proceedings had and testimony taken in the meeting at the time and place hereinbefore set forth. I do further certify that the foregoing transcript, consisting of (41) pages, is a true and correct transcript of my said stenographic notes.

Date

Mona Storm
CSR-4460

