



February 20, 2024

Mr. Eric Oswald, Director  
Drinking Water and Environmental Health Division  
Michigan Department of Environment, Great Lakes, and Energy  
Constitution Hall  
525 West Allegan Street  
PO Box 30473  
Lansing, Michigan 48909

RE: Follow Up to Technical, Managerial, and Financial (TMF) Capacity Study EGLE Review Comments Letter

Dear Mr. Oswald:

The City of Benton Harbor is in receipt of your letter dated October 13, 2023, detailing the Michigan Department of Environment, Great Lakes, and Energy (EGLE) review comments on the City's Technical, Managerial, and Financial (TMF) Capacity Study.

In the section titled "Next Steps" EGLE outlined three options for the City to consider: 1) determine a way to treat and distribute drinking water at a lower cost; 2) find additional sources of water system revenue; and/or 3) procure drinking water from another source at a lower cost. EGLE maintains that Option 3 will require formal negotiations with other water suppliers to identify new ownership models and/or formal negotiations to identify true costs of wholesale purchase rates. EGLE requested the City to notify EGLE which option(s) we would like to pursue by December 31, 2023; then revise the TMF Capacity Study to reflect the selected option by June 30, 2024. EGLE subsequently issued an extension to April 15, 2024 for choosing an option via email correspondence dated January 22, 2024.

The City's TMF study consultant team – Fleis & VandenBrink (F&V), Plante Moran, and John Young – has been in contact with us and estimated it would take approximately \$100,000 to evaluate the three options identified by EGLE, including formal negotiation proceedings with neighboring water supply systems, determine a recommended course of action, and then revise the TMF Capacity Study to include an implementation plan for the recommended course of action. EGLE approved the budget for this additional scope of work through the City's PA 53 water system ARPA grant.

F&V presented their proposal in the amount of \$65,000 for their portion, including Plante Moran's financial subconsultant, to City Commission at their meeting on November 20, 2023, to be paid for with the City's PA 53 grant funds. The Commission tabled approving the F&V proposal after much discussion about the need to complete more analysis of alternatives.

The Commissioners noted for staff to ask EGLE to come to Benton Harbor and explain in more detail why more analysis is needed. They are particularly concerned why further evaluation of purchasing water from a neighboring system is still necessary, considering the results of the Alternatives Analysis previously submitted.

The Commissioners also have questions for EGLE regarding the state of the City's water system in general, including, whether the water is safe to drink (without filters) now that the lead service lines have been removed; and why polyphosphate is still required to be added for corrosion control.

Since then, the City Manager, Mayor, and water system consultants met with EGLE to discuss next steps and potential ways to address the financial gap.

Because of the result of the Commission's decision to table the proposal to complete additional analysis of the options, we have the following request and a thank you from and to EGLE:

- 1) Send EGLE staff to a Commission Meeting as soon as possible so that Commission's questions to EGLE regarding the need for additional analysis and status of the water system can be answered. Upcoming commission meeting dates are March 4, March 18, April 1, and April 15, 2024.
- 2) Thank you regarding extending our response time to April 15, 2024 to choose an option to pursue for the TMF update. This extension would allow Commission to meet with EGLE then approve additional analysis and wholesale rate negotiations in April to determine the best course of action. We would also ask that the TMF Capacity Study deadline be extended to August 31, 2024, corresponding to extended option selection to include in the study.

If you have any questions regarding our request, please contact me at (269) 927-8457.

Sincerely,

CITY OF BENTON HARBOR



Ellis Mitchell, City Manager

Cc: Marcus Muhammad, Mayor, City of Benton Harbor  
Aaron Keatley, EGLE  
Mike Bolf, EGLE  
Erin Russell, EGLE  
Elaine Venema, F&V  
Darold Harlan, F&V Operations  
John Young, Independent Water Consultant