



GRETCHEN WHITMER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF
ENVIRONMENT, GREAT LAKES, AND ENERGY

LANSING



LIESL EICHLER CLARK
DIRECTOR

October 23, 2020

VIA E-MAIL

Mr. Clyde Edwards, City Administrator
City of Flint
1101 South Saginaw Street
Flint, Michigan 48502

WSSN: 02310
City of Flint

Dear Mr. Edwards:

SUBJECT: Review of Technical, Managerial, and Financial (TMF) Update for the
City of Flint (Flint)

Thank you for your September 11, 2020, update to Flint's TMF report as required by the Voluntary Agreement between Flint and the State of Michigan (SOM). We understand this update was the result of a comprehensive review of Flint's finances.

In general, the SOM supports the approach presented in the TMF update and looks forward to Flint making progress in utilizing the current water fund balance to further the improvement of the water supply. We appreciate the different approaches taken in the report; however, it appears the cash flow calculations should be what Flint bases its hiring and investment strategy on. We highly encourage Flint to follow the recommendations outlined in the Arcadis report and used in the TMF update. We also encourage Flint to implement its standard operating procedures as soon as possible, but especially those governing valve inspection, testing and maintenance; unidirectional flushing, and conventional flushing for water turnover. Flint should initiate hiring of vacant staff positions at the earliest opportunity or execute a contract to provide those services. We look forward to Flint's implementation of the actions outlined in the report, specifically hiring all vacant positions in 2021 and hiring new positions in 2021 and 2022. The current vacancies are resulting in less operating expenses and artificially inflating the water fund balance. The vacant positions are critical to the proper management of the water supply and must be filled as soon as possible.

We highly encourage Flint to explore all avenues to improve the water fund's financial standing and ensure the water supply is self-sufficient. Flint must continue the installation of new, tamper resistant, water meters to improve its current collection rate. Although a rate increase is not a popular option, it should not be taken out of consideration if all other measures fail. Adequate water rates are critical to self-sustaining water supplies and should be based on solid asset management principles.

Mr. Clyde Edwards

Page 3

October 23, 2020

The next TMF update will be due in March 2021. We thank Flint for its efforts and look forward to making progress over the next six months.

If you have additional questions or need more information regarding this matter, please contact me at 517-284-6544; OswaldE1@Michigan.gov; or at EGLE, Drinking Water and Environmental Health Division, P.O. Box 30817, Lansing, Michigan 48909-7760.

Sincerely,

A handwritten signature in black ink, appearing to read "Eric J. Oswald". The signature is stylized and includes a long horizontal line extending to the right.

Eric J. Oswald, Director

Drinking Water and Environmental Health Division

cc: The Honorable Sheldon A. Neeley, Mayor, City of Flint
Mr. Brian Larkin, Chief of Staff, City of Flint
Ms. Angela Wheeler, City Attorney, City of Flint
Mr. Michael Harris, United States Environmental Protection Agency (USEPA)
Ms. Beth Murphy, USEPA
Mr. Richard Kuhl, Michigan Department of Attorney General
Mr. George L. Krisztian, EGLE