



RICK SNYDER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF ENVIRONMENTAL QUALITY
LANSING



KEITH CREAGH
DIRECTOR

May 26, 2016

VIA E-MAIL

Mr. Mark Pollins, Director
Water Enforcement Division
Office of Civil Enforcement
Office of Enforcement and Compliance Assurance
United States Environmental Protection Agency
William Jefferson Clinton Building
1200 Pennsylvania Avenue, NW (2243A)
Washington, DC 20460

Dear Mr. Pollins:

Thank you for your letter dated May 11, 2016. We continue to coordinate and communicate closely with Ms. JoLisa McDay, city of Flint (City), and the United States Environmental Protection Agency's (EPA) Region 5 staff, as well as other state and federal agencies, on a regular basis in order to continue to comply with the 1431 Emergency Order (Order) that was issued on January 21, 2016. The Michigan Department of Environmental Quality's (MDEQ) primary focus is to ensure a reliable and safe drinking water system for the people of Flint.

Your May 11, 2016, letter specifically focused on Paragraph 60 of the Order, which has to do with the requirements of transitioning to a new water source for the City's public water supply, a very important and timely component of the Order. Your letter did accurately reflect May 13, 2016, as the date that the KWA Subcommittee of the Flint Water Interagency Coordinating Committee (FWICC) was scheduled to present its findings; however, the focus of the presentation was not on identifying and discussing primary and backup source water options. The report, which was prepared by Raftelis Financial Consultants for the Michigan Department of Treasury (Treasury), was a Flint water rate analysis that specially was charged with answering the following questions:

1. How did Flint water rates get to the level they are now?
2. What are the largest cost drivers of Flint's existing water rates?
3. Why are Flint's water rates so much higher than other comparable communities?
4. What will Flint's water rates look like going forward?

The report, which is available online through the FWICC's Web site, did mention that future rates would be impacted by the decisions of the City to identify their primary and backup sources of water and that exploration of those options would be a secondary effort of the KWA Subcommittee. Both the City and the MDEQ have representation on

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the KWA Subcommittee, and additional discussions on this topic have been underway since the May 13, 2016, presentation.

On February 25, 2016, MDEQ and Treasury staff participated in a meeting between the City; their design consultant, Lockwood, Andrews & Newnam, Inc. (LAN); and representatives from the Genesee County Drain Commission (GCDC) where several Karegnondi Water Authority (KWA) supply options to the Flint Water Treatment Plant were discussed and presented in a draft report developed by LAN. That report was provided to the EPA over a secure FTP site on February 29, 2016. Within the report, several options for the City to consider were presented involving constructing a secondary supply line over a three mile distance that would allow the Flint Water Treatment Plant and staff to test their facility on raw KWA water through a performance period while continuing to supply the City residents with treated water purchased from the Great Lakes Water Authority, a requirement of the Order that cannot be achieved with only one supply line to the water treatment plant. By creating this second line to the Flint Water Treatment Plant, redundancy is established as well as expanding options for both primary and backup sources. It is anticipated that it would take 8 to 10 months to construct this second supply line, and the MDEQ views this as a critical and timely need based upon the current planned delivery of KWA raw water and distributed treated water by the GCDC.

Based upon the water rate analysis and associated discussion at the May 13, 2016, FWICC meeting, the MDEQ recognizes the heightened urgency to evaluate and decide upon primary and backup source options by the City with the primary criterion being to protect public health and compliance with the Safe Drinking Water Act and the National Primary Drinking Water Regulations. Any options that will be considered will be coordinated and shared with the EPA in order to continue to ensure full compliance with all provisions of the Order. By continuing to involve Treasury in decision-making discussions, the State of Michigan will identify all short- and long-term funding sources in order to provide the City with a range of options to provide citizens with a sustainable rate structure to the greatest extent possible.

Thank you for the additional considerations within your May 11, 2016, letter as it pertains to Paragraph 60 of the Order. I know that representatives from the MDEQ, the City, and the EPA will continue to discuss progress on this and the other aspects of the Order at their weekly meetings and regular communications.

Sincerely,



Keith Creagh
Director
517-284-6700

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cc: Mayor Karen Weaver, City of Flint
Brigadier General Mike McDaniel (Ret.), City of Flint
Mr. Anthony Chubb, City of Flint
Ms. JoLisa McDay, City of Flint
Mr. Jim Sygo, Chief Deputy Director, MDEQ
Mr. George Krisztian, MDEQ
Mr. Bryce Feighner, MDEQ