



CITY OF FLINT
OFFICE OF THE EMERGENCY MANAGER



Darnell Earley, ICMA-CM, MPA
Emergency Manager

ELECTRONIC COMMUNICATION

March 7, 2014

Ms. Sue McCormick
Detroit Water and Sewer Department
Detroit, Michigan

RE: DWSD Water Rates

Dear Ms. McCormick:

Thank you for the correspondence dated February 12, 2014 which provides Flint with the option of continuing to purchase water from DWSD following the termination of the current contract as of April 17, 2014.

Following DWSD's April 17, 2013 notice of termination of the water service contract between the City of Flint and DWSD, the City of Flint has actively pursued using the Flint River as a temporary water source while the KWA pipeline is being constructed. We expect that the Flint Water Treatment Plant will be fully operational and capable of treating Flint River water prior to the date of termination. In that case, there will be no need for Flint to continue purchasing water to serve its residents and businesses after April 17, 2014.

We are aware that Genesee County has been in negotiations with DWSD to purchase water from DWSD following the termination of our contract, and we understand that an agreement may be imminent. Should that occur, there would be no further need for the City to discuss with DWSD any continuing purchase of water. Should that not occur, however, we would be interested, if Genesee County were to so request, to purchase water from DWSD for some period of time. In such an event, our demand for water would be only for the amount necessary to provide Genesee County with water. That amount would be approximately half of the amount Flint is currently purchasing from DWSD.

Ms. Sue McCormick
March 7, 2014
Page 2

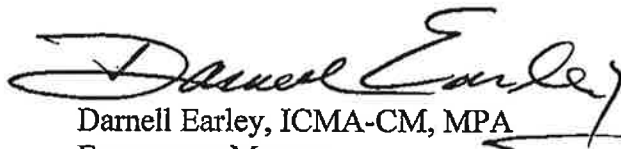
However, in the very unlikely event that the City of Flint is not able to draw water from the Flint River no later than April 17, 2014, then the City would like the option of continuing to purchase water from DWSD for a period of time, up to the time water is available from KWA.

Consequently, I am requesting that you clarify your proposal for the City of Flint to continue purchasing water from DWSD under the following scenarios:

- Flint, upon the request of Genesee County, purchases water for sale to Genesee County for up to 3 years, beginning April 17, 2014, in an amount approximately 50% of the volume currently purchased by the City;
- Flint purchases water from DWSD in approximately the same volume as currently, for up to 3 years, beginning April 17, 2014, with the ability to reduce that volume by up to 50% during that period, upon 30 days notice to DWSD
- Flint purchases water from DWSD in approximately the same volume as currently, for up to 3 years, beginning April 17, 2014, with the ability to reduce that volume by up to 50% during that period, upon 30 days notice to DWSD, and further, to terminate the reduced volume purchase should Genesee County and DWSD reach an agreement whereby Genesee County directly purchases water from DWSD.

Thank you and please contact me if you have any questions. I look forward to your response.

Sincerely,



Darnell Earley, ICMA-CM, MPA
Emergency Manager
City of Flint