



City of Flint

Water Forum

5/30/2012

City Of Flint Water Forum

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City Of Flint Water History Facts

Current Treatment Plant was put into service in 1954.

Current 72" main pipeline was completed in 1970.

Flint signed a 30 year contract with Detroit water and Sewer Department in the mid 1960's.

The contract with DWSD has expired and we are currently operating on a yearly extension.

In 2006 Flint completed a \$48,000,000 upgrade of the existing Water Plant. (Required by the MDEQ & for backup only).

Flint's Water & Sewer System is approximately a 300,000,000 Enterprise.

Flint's Water & Sewer System is designed to deliver water to over 200,000 people with over 1,500 miles of infrastructure.

Flint's most recent census count shows a population of approximately 102,000 in 2010.

Flint's census population in 2000 was approximately 124,000.

The water system had over 45,000 customers in June of 1999.

The water system had just over 36,000 customers by June 2011.

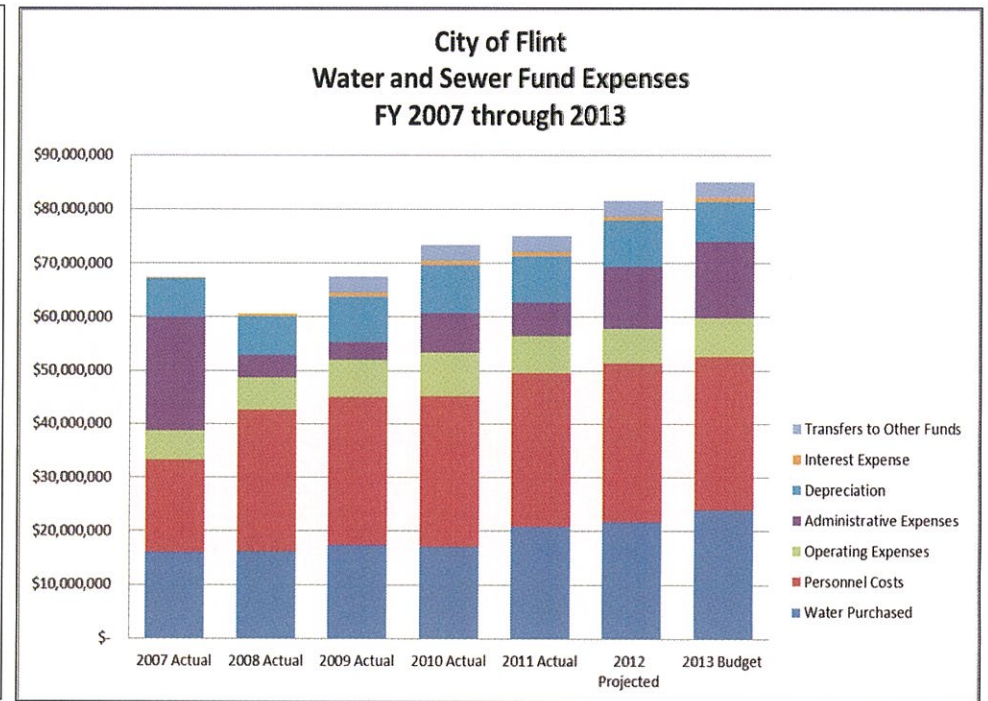
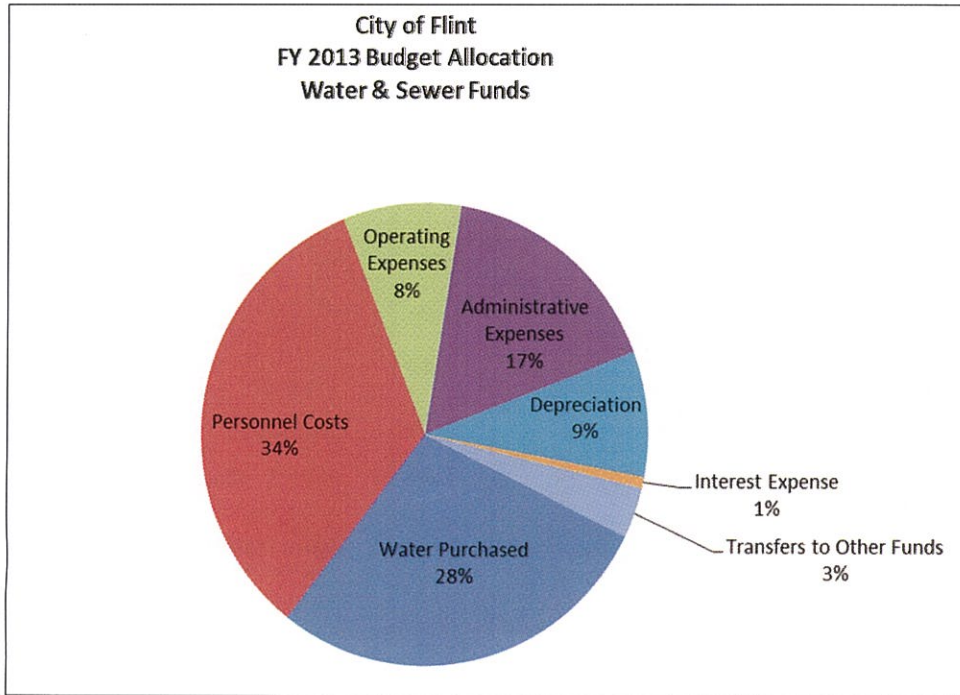
The "Fixed Costs" that must be covered to maintain the system and deliver quality water have increased over time.

City Of Flint
Most Frequently Asked Questions about Water

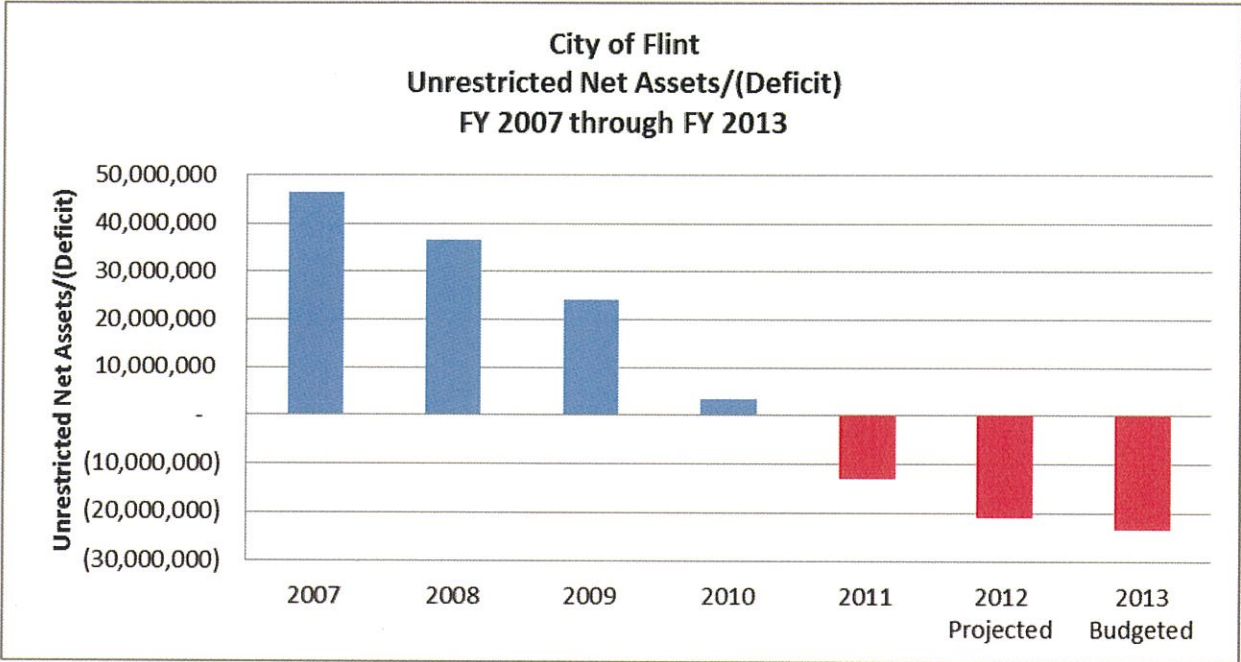
- Why are the water rates so high ?**
- How does my water bill work (Explanation of charges) ?**
- Why do others in the area pay less for the same amount of water ?**
- Where has all of the water and sewer fund money gone ?**
- What do I do if I think my bill is incorrect ?**
- What effect does leakage or theft have on my bill ?**
- How can I report water theft ?**
- Why don't we go back to using the Flint River like we once did ?**

City of Flint

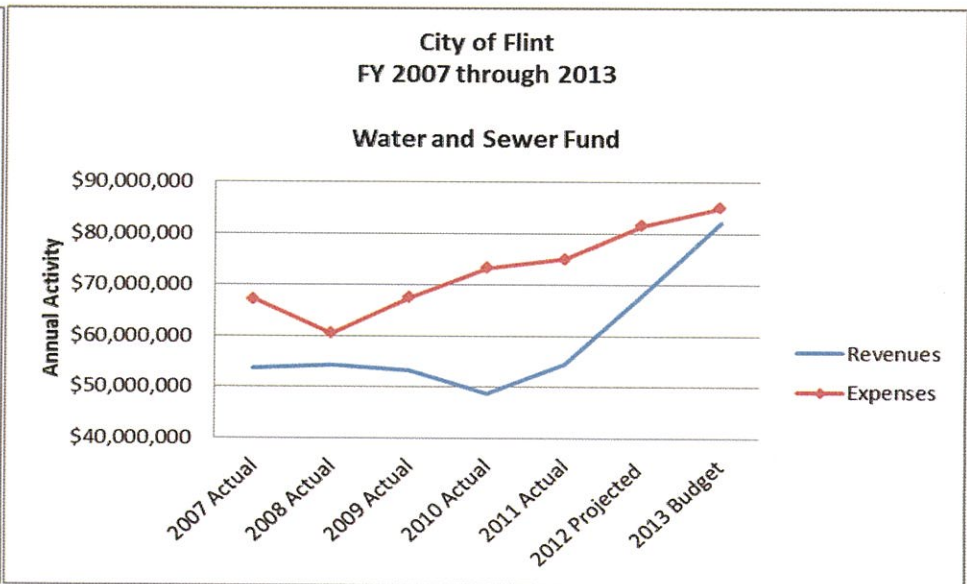
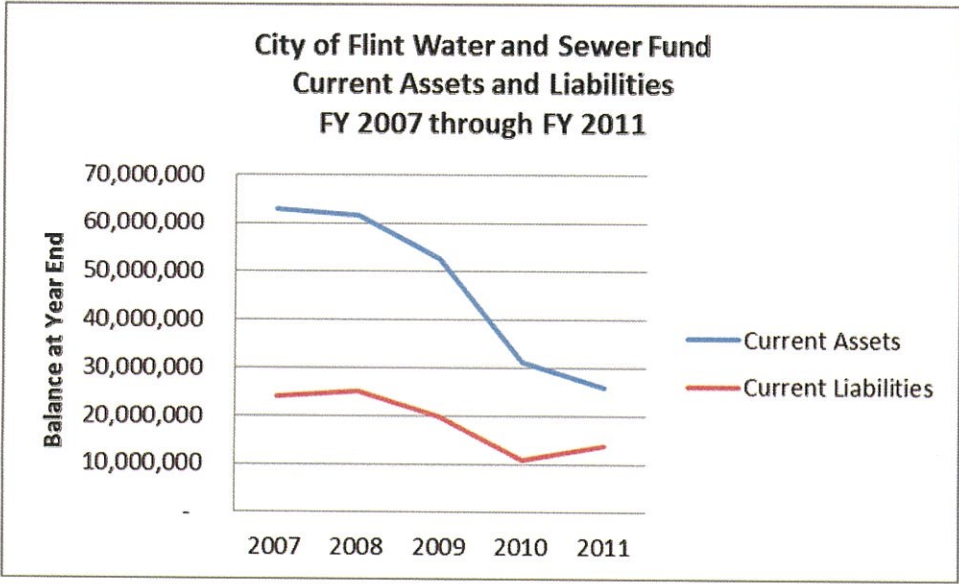
Budget Allocation and Fund Expenses



	Audited						
	2007 Actual	2008 Actual	2009 Actual	2010 Actual	2011 Actual	2012 Projected	2013 Budget
Operating Revenues	51,090,679	51,100,332	51,906,553	47,926,589	54,385,644	67,983,044	81,734,552
Other Revenues	2,627,939	3,274,450	1,442,383	764,886	68,645	126,670	455,867
Annual Revenues	53,718,618	54,374,782	53,348,936	48,691,475	54,454,289	68,109,714	82,190,419
Water Purchased	16,052,006	16,297,871	17,421,663	17,103,752	20,919,987	21,756,787	24,031,417
Personnel Costs	17,292,444	26,302,590	27,591,206	28,149,946	28,618,817	29,640,499	28,546,350
Operating Expenses	5,355,638	6,145,119	6,950,534	8,146,390	6,917,964	6,420,260	7,259,290
Administrative Expenses	21,300,900	4,229,382	3,403,231	7,327,630	6,221,627	11,465,462	14,140,047
Depreciation	7,217,142	7,132,870	8,364,022	8,854,889	8,689,809	8,615,000	7,500,000
Interest Expense	86,632	485,499	868,031	812,270	754,890	705,150	644,314
Transfers to Other Funds	-	-	2,990,000	2,990,000	2,990,000	2,990,000	2,990,000
Annual Expenses	67,304,762	60,593,331	67,588,687	73,384,877	75,113,094	81,593,158	85,111,418



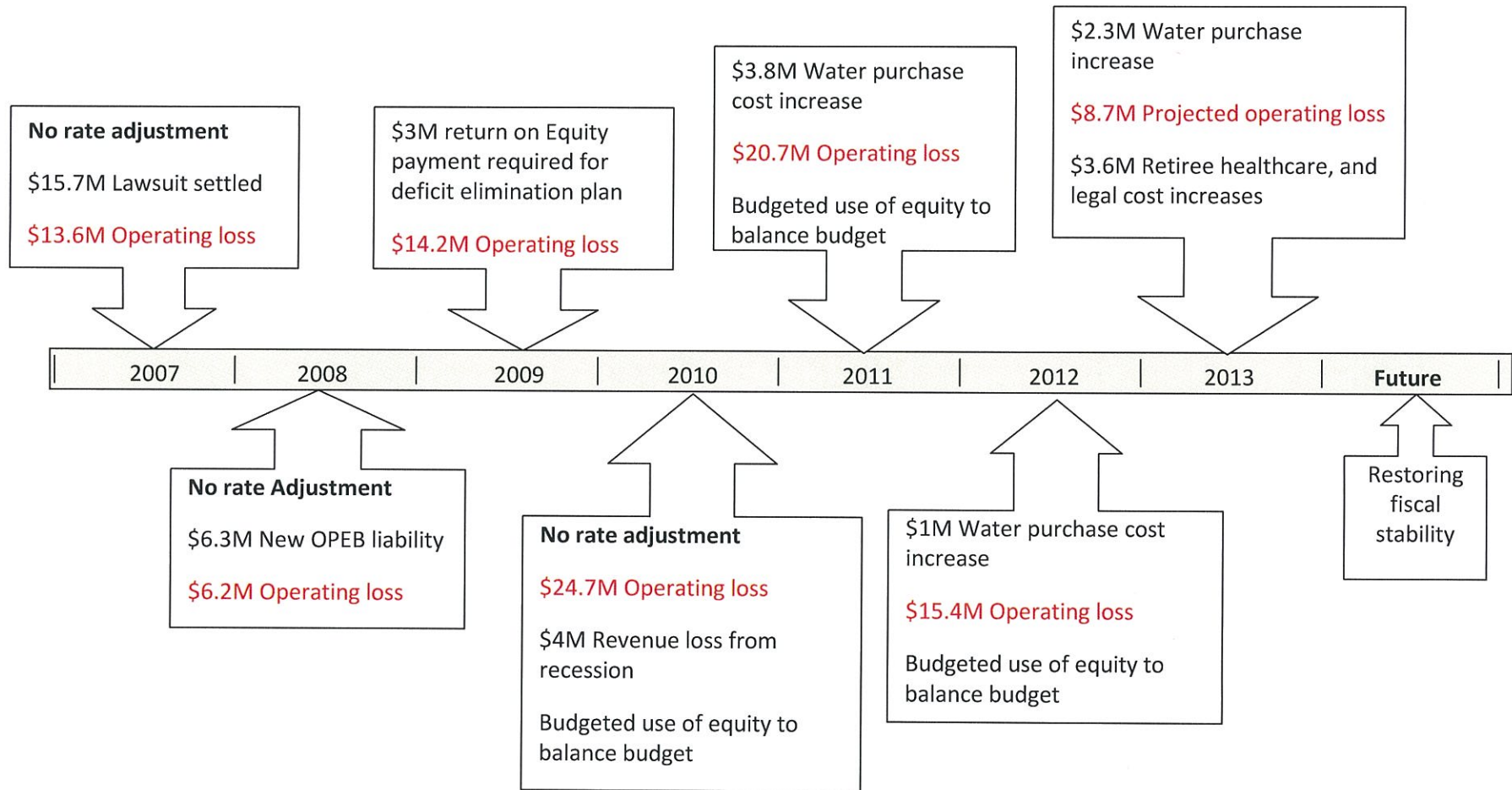
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City of Flint

Recent Timeline of Water and Sewer Funds

FY 2007 through 2013



City of Flint- Water and Sewer System Additional Asset / Revenue Data

The average annual residential water sewer bill in FY2005 was less than \$700 annually
 The average annual residential water/ sewer bill in FY13 will be nearly \$1,700

Expenses have exceeded revenues every year since 2006:

FISCAL YEAR	Rate Base	Revenues	Expenses	Revenues Minus Expenses	Unreserved System Equity	FACTORS IMPACTING SOLVENCY			COST IMPACT
2006	2005	\$55,204,242	\$50,933,792	\$4,270,450	\$60,340,013				
									<i>(millions)</i>
2007	2005	\$53,856,857	\$67,442,993	(\$13,586,136)	\$46,399,452	No rate adjustment			??
						\$15.7 million lawsuit settlement	15.7	0	\$15.7
2008	2005	\$54,374,781	\$60,593,331	(\$6,218,550)	\$36,482,488	No rate adjustment			??
						OPEB liabilities added	3.6	2.7	\$6.3
2009	2009	\$53,488,463	\$67,728,218	(\$14,239,755)	\$24,023,065	ROE payment added as part of City I	1.9	1.1	\$3.0
2010	2009	\$48,820,329	\$73,513,725	(\$24,693,396)	\$3,531,768	No rate adjustment			??
						Use of retained earnings budgeted	12.5	0.5	\$13.0
						Revenue lost due to recession	2	2	\$4.0
2011	2011 2011	\$54,527,079	\$75,185,879	(\$20,658,800)	(\$12,866,607)	Use of retained earnings budgeted	7.1	3.5	\$10.6
						Water purchase cost increase	0	3.8	\$3.8
2012		\$68,279,187	\$83,682,840	(\$15,403,653)	(\$20,884,122)	Use of retained earnings budgeted	5.1	0	\$5.1
						Water purchase cost increase	0	0.8	\$0.8
2013	2013	\$82,220,420	\$90,970,420	(\$8,750,000)	(\$23,379,690)	Water purchase cost increase	0	2.3	\$2.3
				(\$99,279,840)		RHC/Legal/Admin Cost Allocation	2.1	1.5	<u>\$3.6</u>
									\$68.2

Calculation of Water and Sewer Rates for FY13 Budget

March, 2012:

	Expense Projection Based on FY12 Costs	Revenue Projection Based on FY12 Receipts	Difference Between Projected Revenues and Expenses	Rate Increase Necessary To Close Gap
Water	\$49.9	\$44.4	-\$5.5	12.4%
Sewer	\$31.0	\$21.4	-\$9.6	44.9%
TOTAL	\$80.9	\$65.8	-\$15.1	22.9%

**CITY of FLINT, MICHIGAN
WATER &/OR SEWER BILL**

Service at: 5810 BALDWIN BLVD

TREASURER
CITY OF FLINT
P.O. BOX 1950
FLINT, MI 48501

PRESORTED
FIRST CLASS MAIL
US POSTAGE PAID
CITY OF FLINT

3419 Active

Seq=3138

ACCOUNT NUMBER	DUE DATE
[REDACTED]	02/28/2012
NET AMOUNT DUE	
	147.85



RETURN THIS STUB WITH
YOUR PAYMENT

**AUTO



0000037681000001478502282012000001491377706

KEEP THIS PORTION FOR YOUR RECORDS

LAST READ/DATE/TYP	NEW READ/DATE/TYP	CONS	SERVICE	CHARGE	Prev. Balance	161.08
361	01/05/2012 A	363	02/03/2012 A	2	Sewer Non-metered	6.62
					Sewer Svc Chrg	22.07
					Water	13.36
					Water Svc Chrg	19.36
					Payments	-75.00
					Adjustments	0.00
					Current Penalty	0.36
					New Charges	61.41
					Total Due	147.85
ACCOUNT: BALD-005810-0000-01 SERVICE AT: [REDACTED]					Due Date	02/28/2012

PENALTY ASSESSED 30 DAYS AFTER DUE DATE



**CITY OF FLINT
DEPARTMENT OF FINANCE**

Customer Service Center

**Dayne Walling
Mayor**

**Douglas Bingaman
Treasurer**

**CITY OF FLINT
WATER NON-PAYMENT TURN-OFF POLICY**

1. Water services to any customer may be shut off if the account is not paid until after 30 days after the due date. (City ordinance 46-52 (h))
2. Non-payment turn-offs are done only Monday through Thursday. The Customer Service Center does not schedule non-payment turn-offs on Fridays, Saturdays, Sundays, or most recognized holidays.
3. Illegal usage, broken payment arrangements and NSF (non-sufficient funds) turn-offs are done at any time without additional notice.
4. Turn-off notices are mailed to delinquent customers fifteen (15) days before actual turn-off.
5. The water customer is responsible for maintenance of all plumbing in the premises including connection to City water mains or sewer lines.
6. If a customer disputes a water bill and is unable to resolve the issue with Customer Service personnel, the customer may request an administrative review. Further information on any water account may be obtained by calling (810) 766-7015 or visiting the Customer Service Center at 1st Floor, City Hall, 1101 S. Saginaw St.

Preliminary Options for Future City of Flint Water Sources

Consider a New Negotiated Contract with Detroit Water and Sewer Department

PRO'S	CON'S
No upfront capital costs Possibility to negotiate a lower rate Ability to "Blend" water sources to further control costs	Lack of control over new / fixed changes Past practices

Consider a Contract with the Karegnondi Water Authority

PRO'S	CON'S
Voting member of KWA board Ability to "Blend" water sources to further control costs Raw water is an asset for attracting new businesses	Capital cost (debt service) Uncertainty of final costs

Blended Use of the Flint River

PRO'S	CON'S
Helps control cost of water	

*** CURRENTLY NO DECISIONS HAVE BEEN MADE REGARDING THE FUTURE WATER SOURCE

Improvements for City of Flint Water System

Reduce Leakage

▪ **Finalize a Preventative Maintenance Plan**

- (Planning started in January 2012, requires funding, ... part of Operational Costs)
- Will help identify repair area's

▪ **Reduce water theft**

▪ **Replace water meters**

- We currently have an eighteen month plan to replace all meters with more efficient "*Smart Meters*"

▪ **Encourage routine household checks**

- "Faulty" toilets are a significant reason for household water loss. and unexpected larger bills.

Other Leakage concerns

✓ Transmission Loss

✓ Fire Hydrants

✓ Incorrect water bills

✓ Non-Payment