



Financial Services Audit Committee Communication

Date: July 25, 2022

To: Great Lakes Water Authority Audit Committee

From: Nicolette N. Bateson, CPA, Chief Financial Officer & Treasurer

Re: Update: Economic Outlook Task Force

Background: In July 2021, the administration for the Great Lakes Water Authority (GLWA) began conversations with vendors, analysts, supply chain experts, and others to better understand the potential impact of global and economic conditions on GLWA's capital and operating budgets. In September 2021, Public Sector Consultants was engaged to work with the GLWA Procurement team, the GLWA Capital Improvement Planning team, and other stakeholders to conduct an economic analysis and identify impacts on the annual capital improvement plan. This effort is known as the Economic Outlook Task Force (EOTF). An outcome of that effort is to identify and facilitate cost- and risk-control strategies with other large utilities in the region.

Work began earlier in 2022 to shape the effort. GLWA is not alone in this concern. An interesting point of reference is a report from Standard & Poors', *Inflation Could Weigh on U.S. Not-For-Profit Utilities' Credit Ratings* dated February 24, 2022 (attached).

Analysis: The EOTF has prepared an update (attached) on this effort and will be present at the Audit Committee meeting to discuss.

Proposed Action: Receive and file this report.