



## Financial Services Audit Committee Communication

**Date:** December 16, 2022  
**To:** Great Lakes Water Authority Audit Committee  
**From:** Matthew S. Lane, MPA, Charges Outreach and Modeling Manager  
**Re:** Charges Outreach & Modeling Update

**Background:** The Charges Outreach and Modeling Team was established in Fiscal Year FY 2023 as part of the Financial Management & Planning Group to facilitate internal communication and external outreach with GLWA Member Partners as it relates to the charge methodology and charge-related financial matters. This team also serves as liaison between GLWA and third-party consultants in the development, maintenance and review of the annual water and sewer charges.

**FY 2023 Charge Modifications:** At this time, there are no charge modifications. There were no exceedances identified as a result of the 2022 Max Day/Peak Hour calculations.

**FY 2024 Charges Rollout Update:** Great Lakes Water Authority cross-functional teams have been working together to implement the Fiscal Year 2024 Charges Rollout Schedule.

- Charges Rollout Meeting #1: Capital Improvement Plan - took place on Wednesday, October 19, 2022 at 1:00 p.m. via Zoom.
- Charges Rollout #2: Units of Service - took place on Wednesday, November 16, 2022 at 1:00 p.m. via Zoom. After presenting the proposed Units of Service, Member Partners were invited to sign up for one-on-one discussions with the Charges Outreach and Modeling Team. The team met virtually with six Member Partners.
- Subsequent Rollout Meetings:
  - Charges Rollout Meeting #3: Proposed FY 2024 Revenue Requirement and Charges - to be held Thursday, January 12, 2023 at 9:00 a.m. via Zoom
  - Charges Rollout One-on-Ones: Member Partners will have the opportunity to scheduled individual meetings, January 13, 2023 through January 18, 2023, to discuss charges in more detail.
  - Charges Rollout Meeting #4: Feedback on Service Charges and Review of Proposed FY 2024 Revenue Requirement - to be held Thursday, January 19 at 1:00 p.m. via Zoom

**Contract Alignment Update:** The Contract Alignment Process (CAP) has now concluded. It was facilitated by a cross-functional negotiation team (CAP Team) led by the General Counsel's office. At the time of this update, most member partner contracts have been settled, except for non-master

metered member partners, and a few who have not submitted official resolutions. This team has been working through the process since March 2022. The Charges Outreach and Modeling Team is represented on the CAP Team and supports their efforts in whatever capacity is needed.

**Professional Development:** The GLWA Charges Outreach and Modeling Team attended the American Water Works Association Rate Setting Seminar, November 13 through 16 in Cincinnati, Ohio. The event was co-located with the 2022 Water Quality Technology Conference. Team members were able to build on their level of understanding of rate design through the processes of identifying Units of Service and conducting a cost-of-service study.

### **Look Ahead:**

- Charges Work Group
  - This group is made up of Member Partners and staff from GLWA. It was established to review water charge methodology and to make recommendations regarding potential changes.
    - There is also a Water Charges Methodology Review Subgroup (Subgroup) made up of interested volunteer Member Partners convened to work closely with GLWA on the technical analysis and provide input on charges scenarios. The Subgroup meets twice per month and reports its findings and updates to the Charges Work Group every other month.
- Third-Party Rate Consultant
  - Raftelis Financial Consultants, Inc. (Raftelis) has begun participating in our Charges Work Group and Subgroup meetings. William Stannard and Thomas Beckley of Raftelis were in attendance at the most recent in-person Subgroup meeting on October 7th, 2022 in Sterling Heights and were able to provide support and input on the various discussion points among the group.
  - Raftelis and Bridgeport, GLWA's third-party facilitator, held scheduled interviews with a sampling of Member Partners to discuss comments, questions and concerns regarding the water charges methodology and were able to provide a list of identified themes at the Subgroup meeting held at the City of Novi DPW on December 2, 2022 at 9am. The subgroup was asked to review the feedback and prioritize the main themes identified.
  - Interviews with benchmark utilities are currently underway and are anticipated to wrap up by the end of the year. Raftelis will provide a report to the subgroup in January.
- One Water Partnership (OWP) Meetings
  - The most recent OWP Meeting was held November 29, 2022 at Schoolcraft College in Livonia. The Charges Outreach and Modeling Team attended this meeting and met with the new Genesee County Co-Chair, Scott Dungee, from the City of Flint.
  - Member Outreach will be publishing the 2023 OWP schedule in the coming weeks.

**Proposed Action:** Receive and file report.