



Financial Services Audit Committee Communication

Date: September 23, 2022

To: Great Lakes Water Authority Audit Committee

From: Matthew S. Lane, MPA, Charges Outreach and Modeling Manager

Re: Member Partner 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 included in the proposed 1st quarter budget amendments. There were no exceedances as a result of the 2022 Max Day/Peak Hour calculations. The 2022 GLWA Max Day/Peak Hour Annual Report is included in this month's Audit Committee report for your review.

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

- a. Rollout Meeting #1 is expected to take place in late October.
- b. Subsequent Rollout Meetings are being planned in alignment with the FY 2024 and FY 2025 budget planning and CIP processes.

Ad Hoc Member Partner Engagements:

1. Madison Heights- Open Valve and Billing Concerns
 - a. *GLWA Teams Involved:* Finance, Outreach, Water and Field Services and System Analytics & Meter Operations
 - b. *Engagement Status:* GLWA and City Staff are collaborating to determine root cause and establish an equitable remedy.
 - c. *Resolution:* TBD
2. Highland Park - Member Partner Partial Payments, GLWA Legal Team can provide more information.
 - a. *GLWA Teams Involved:* Finance, Outreach, Legal
 - b. *Engagement Status:* Pending Litigation with Highland Park, On-going discussions with Member Partners.
 - c. *Resolution:* TBD

3. Farmington Hills - 14-Mile Water Main Break
 - a. *GLWA Teams Involved:* Finance, Outreach, Field Services and System Analytics & Meter Operations
 - b. *Engagement Status:* Water Main Break Review Team engaged.
 - c. *Resolution:* TBD

Look Ahead:

1. Charges Work Group - The next meeting is September 22, 2022.
 - a. 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.
 - i. There is also a Water Charges Methodology Review 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.
2. Third-Party Rate Consultant
 - a. The Water Charges Methodology Review Subgroup provided input to GLWA that a rate consultant should be considered to provide technical expertise as we pursue methodology structures.
 - b. As a result of this feedback, GLWA has engaged Raftelis Financial Consultants, Inc. (Raftelis) to assist in conducting a water charges methodology review. Changes, if any, would be considered for implementation in FY 2025. GLWA Procurement and Legal are working to establish a contract with the consultant.
 - c. A scope of work was established and will follow these phases:
 - *Phase 1:* Launch & Design: May 2022 – June 2022
 - *Phase 2:* Discovery & Data Gathering: June 2022 – Jan. 2023
 - *Phase 3:* Testing & Validation: January 2023 – June 2023
 - *Phase 4:* Finalize & Communicate: June 2023 – November 2024
3. One Water Partnership Meeting - the next meeting is September 29, 2022.
 - a. The Charges Outreach and Modeling Team will be attending and participating.

Proposed Action: Receive and file report.