



* Berkley * Beverly Hills * Bingham Farms * Birmingham
* Clawson * Huntington Woods * Lathrup Village *
Pleasant Ridge
* Royal Oak * Southfield * Southfield Township

**PUBLIC COMMENT FROM JEFF MCKEEN, GENERAL MANAGER SOCWA
GREAT LAKES WATER AUTHORITY BOARD OF DIRECTORS
FEBRUARY 22, 2023**

Good afternoon Directors. My name is Jeff McKeen and I am the General Manager of the Southeastern Oakland County Water Authority, which is also known as SOCWA. SOCWA consists of our member communities of Berkley, Beverly Hills, Bingham Farms, Birmingham, Clawson, Huntington Woods, Lathrup Village, Pleasant Ridge, Royal Oak, Southfield and Southfield Twp. and our customers Bloomfield Hills and Bloomfield Twp. Together, we are the largest water customer of DWSD.

I am here to today to comment on the recently updated 10 year financial plan for the water system. While this plan is not specifically on your agenda for today, it obviously has a significant impact on future charges.

The 10 year financial plan for the water system calls for annual charge increases of 6.1% for 2026 and future years, over \$1.2 billion in new bond financing over the 10 year period, which results in a 66% increase in annual debt service expense between 2023 and 2033. In addition, the plan produces coverage ratios that are significantly less than the GLWA goal of 1.5x by 2028 and 1.8x by 2033. By contrast, those metrics for the 10 year financial plan for the sewage disposal system are significantly better with annual charge increases averaging 3.5%, \$0.6 billion in new bond offerings, a 20% increase in annual debt service expense and improved debt coverage levels.

The sewage disposal system plan produces sustainable financial results while the water system does not. The water system plan requires much larger annual charge increases in order to produce marginal financial results.

The major difference between these 2 plans is the very large level of capital spending for the water system. I strongly encourage both GLWA staff and the GLWA Board to take the necessary steps to drastically reduce the level of capital spending on the water system. Large reductions in capital spending for the water system will produce much better financial performance metrics and will reduce the magnitude of future charge increases.

Thank you.