



## Financial Services Audit Committee Communication

**Date:** January 5, 2018

**To:** Great Lakes Water Authority Audit Committee

**From:** Jon Wheatley, Public Finance Manager

**Re:** Status Update- 2017 Wholesale Water Contract Reopeners

**Background:** The Great Lakes Water Authority (GLWA) model water contract provides for designated reopener dates in year 2, year 5 and every 5 years afterwards, until the end of the 30 year term of the contract. As part of the reopener process, each customer has the opportunity to discuss its maximum day and peak hour demands, which are included in Exhibit B of the contract, and negotiate those values based on historical performance and projected changes in its usage. The maximum day and peak hour demands in the model contract are used in the determination of customer charges and represent about ninety percent (90%) of the annual revenue requirement for each customer.

The GLWA water contract negotiation team is in the midst of reopener negotiations with 31 of its 78 model contract customers. The list of wholesale water customers scheduled for contract reopeners is set forth in the table below.

**Analysis:** Between October 9 and December 13, 2017, the team met with 29 of the 30 scheduled reopeners plus one out-of-sequence reopener (Commerce Township). As of January 2, 2018, 30 contract amendments have been drafted and sent to the customer for its local approval, of which 22 have been approved by the customer's legislative body and 8 are on agendas for approval before the deadline of January 12, 2018. Once the contract amendments are approved by the customer and returned to GLWA, the contract will come before the GLWA Board of Directors for approval.

**Budget Impact:** None.

**Proposed Action:** Receive and File Report.

**2017 MODEL CONTRACT REOPENER STATUS  
AS OF JANUARY 2, 2018**

	<u>Meeting Scheduled</u>	<u>Meeting with Customer</u>	<u>Contract Amendment Sent to Customer</u>	<u>Contract Amendment Approved by Customer</u>	<u>Contract Amendment Approved by GLWA Board</u>
Allen Park	X	X	X	X	
Belleville	X	X	X	X	
Bruce Twp.	X	X	X		
Canton Twp.	X	X	X	X	
Center Line	X	X	X		
Dearborn Heights	X	X	X	X	
Eastpointe	X	X	X	X	
Ferndale	X	X	X	X	
Fraser	X	X	X		
Imlay City	X	X	X	X	
Lapeer	X	X	X	X	
Mayfield Twp.	X	X	X		
Northville	X	X	X	X	
Northville Twp.	X	X	X	X	
Plymouth		X	X		
Redford Twp.	X	X	X	X	
Riverview	X	X	X	X	
Roseville	X	X	X		
St Clair Shores	X	X	X		
Sterling Heights	X	X	X	X	
Taylor	X	X	X	X	
Troy	X	X	X	X	
Utica	X	X	X	X	
Van Buren Twp.	X	X	X		
Washington Twp.	X	X	X	X	
Wayne					
West Bloomfield Twp.	X	X	X	X	
Wixom	X	X	X	X	
Woodhaven	X	X	X	X	
YCUA	X	X	X	X	
Commerce Twp.	X	X	X	X	