



CITY OF DEARBORN

Home Town of Henry Ford

MAYOR JOHN B. "JACK" O'REILLY, JR.

VIA email and regular mail

February 24, 2020

Sue F. McCormick, Chief Executive Officer
and
Great Lakes Water Authority Board
Great Lakes Water Authority
735 Randolph
Detroit, MI 48226

RE: The City of Dearborn's Objection to the Proposed FY 2021 Wholesale Water Charges for Consideration at the Public Hearing on February 26, 2012 at 2:00 p.m.

Dear Ms. McCormick & Honorable Board Members:

Dearborn respectfully requests that the GLWA Board set Dearborn's FY 21 Charges using a Buffer factor of 10% instead of the proposed 20%. Ostensibly this additional Buffer factor was assigned due to a lack of data to confirm that Dearborn was paying its fair share for water services provided by GLWA. Data gathered from the completion of the 2018 Black & Veatch Units of Service Report, recent DMA results, and Dearborn's installation of Automated Meter Readers for each property has demonstrated that Dearborn was and is paying its fair share for these services. Moreover, this data showed that the FY19 and FY20 rates charged to Dearborn were excessive by hundreds of thousands of dollars per year and very likely many years prior.

With the common goal of achieving accurate billing, Dearborn and GLWA have been in good faith water contract negotiations for nearly two years. It is no secret that Dearborn and DWSD entered into an agreement in 1931 with mutual benefits, which called for the removal of Dearborn's meters approximately 90 years ago. Thereafter, Dearborn's entire water system was designed without meters and there are more than 50 connections to what was previously DWSD's system. Please be mindful that the 1931 contract set in motion years of actions with respect to the design and build out of Dearborn's water system that now make it difficult and expensive to modify, especially while maintaining service levels and fire ratings. For example, no other similar GLWA customer has more than ten (10) master meters in their system. The current program GLWA is advocating calls for the installation of sixteen (16) to eighteen (18) master meters in Dearborn.

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Our respective staff members have worked diligently to analyze the most cost-effective methods to close many --- and meter all other---connections without compromising the level of water service or increasing rates. Recently, Ms. McCormick and I began to meet weekly to discuss and negotiate these issues. We believe this will result in a successful completion of the negotiations and reaching a mutually acceptable agreement. Regardless of the number of master meters that are installed and additional piping to protect service levels, the agreement will undoubtedly require millions of dollars of investment by Dearborn to accomplish the master metering GLWA insists upon. I strongly believe that it is more fiscally responsible to use water rate revenue to pay for contractually-required meters than for an unjustified 20% Buffer factor.

For the past two rate years, Dearborn has not approached this Honorable Board to ask for a Buffer reduction from 20% to 10% because it was promised by the GLWA negotiating team that retroactive relief/reimbursement would be provided upon execution of a contract in 2018. Unfortunately, an agreement was not reached in 2018 or 2019. However, much more data is available now and the available data demonstrates that the current and previous 20% Buffer assessments are excessive, and frankly, being perceived as punitive.

For these reasons, I respectfully request that the Board reduce the Units of Service Buffer proposed for the City of Dearborn from 20% to 10% for FY 21. Please let me know if you have any questions.

Thank you for your consideration.

Sincerely,

A handwritten signature in blue ink that reads "John B. O'Reilly, Jr." with a stylized flourish at the end.

John B. O'Reilly, Jr.
Mayor

cc: Dearborn City Council