

..Title

Resolution Regarding Approval of FY 2027 Schedule of Service Charges

..Body

Agenda of: February 25, 2026

Item No.: **2026-014**

Amount: N/A

TO: The Honorable
Board of Directors
Great Lakes Water Authority

FROM: Suzanne R. Coffey P.E.
Chief Executive Officer
Great Lakes Water Authority

DATE: February 25, 2026

RE: **Resolution Regarding Approval of FY 2027 Schedule of Service
Charges**

MOTION

Upon recommendation of Nicolette Bateson, Chief Financial Officer/Treasurer, the Board of Directors (Board) of the Great Lakes Water Authority, **approves the following actions, which require a supermajority affirmative vote of at least five (5) members of the Board, and the attached Resolution 2026-014** with an effective date of July 1, 2026:

- 1) FY 2027 fixed monthly charges and commodity charges included in the water supply system schedule of service charges as well as the lead and copper rule sample testing fee;
- 2) FY 2027 fixed monthly charges included in the sewage disposal system schedule of charges as well as the FY 2027 schedule of industrial waste control charges, pollutant surcharges and septage disposal fee included in the sewage disposal system industrial specific charges;
- 3) FY 2027 City of Detroit allocated wholesale water revenue requirement of \$33,603,600 which is the net of \$54,303,600 gross revenue requirement less the

Ownership Equity Credit of \$20,700,000 pursuant to the terms of the Water and Sewer Services Agreement (WSSA);

- 4) FY 2027 City of Detroit allocated wholesale sewer revenue requirement of \$229,070,400 which is the net of \$234,586,400 gross revenue requirement less the Ownership Equity Credit of \$5,516,000 in accordance with the WSSA;
- 5) FY 2027 City of Detroit allocated indirect water revenue requirement of *\$(to be determined)*, in accordance with the Regional Water Supply System Lease;
- 6) FY 2027 City of Detroit allocated indirect sewer revenue requirement of *[\$to be determined]*, in accordance with the Regional Sewage Disposal System Lease; and
- 7) authorizes the Chief Executive Officer to take such other action as may be necessary to accomplish the intent of this vote.

BACKGROUND

Pursuant to the water system and sewer system leases signed between the Great Lakes Water Authority (GLWA/Authority) and the City of Detroit, the GLWA began operations of the regional water supply and sewage disposal system on January 1, 2016. Consistent with the terms of those leases, the Authority shall, for each fiscal year fix and approve rates and charges to its customers in an amount that is expected to produce revenues sufficient to satisfy the Authority revenue requirement. The attached, proposed schedule of charges meets that requirement.

Leading up to this charge recommendation, staff presented the proposed FY 2027 and 2028 Biennial Budget and five-year financial plan for FY 2027 through 2031 and an analysis of proposed water and sewer system charges at its January 28, 2026 Board meeting. A Public Hearing was opened for the FY 2027 Water Service Charges and Sewer Service Charges on February 25, 2026.

JUSTIFICATION

The water and sewer system charges support the proposed FY 2027 water system revenue requirements budget and the proposed FY 2027 sewer system revenue requirements, respectively. The FY 2027 water and sewer revenue requirements reflect GLWA's commitment to providing our Member Partners with wholesale water and wastewater services of unquestionable quality at a fair and equitable cost.

Establishing the budget and charges each year is an impactful decision which merits public discussion that spans several months encompasses stakeholder groups. An

outline of discussions related to the FY 2027 & FY 2028 Biennial Budget and FY 2027 Charges is outlined below.

Board of Directors Public Engagement

- ✓ October 8, 2025 – Board Workshop – In-Depth Budget & Charges Briefing
- ✓ January 9, 2026 - Audit Committee receives proposed budget and charges presentation
- ✓ January 28, 2026 - Board Meeting – Board receives a proposed budget and charges presentation and refers the matters back to Audit Committee for further review
- ✓ January 30, 2026 - Audit Committee continued review of budget and proposed charges
- ✓ February [TBD], 2026 - Audit Committee continued review of budget and proposed charges
- ✓ February 25, 2026 - Board Meeting – Board conducts public hearing related to the proposed budget and charges

Member Partner Engagement

- ✓ November 6, 2025 - Charges 101 – Foundational Knowledge of the GLWA Charge-Making Process
- ✓ November 13, 2025 - Charges Rollout #1 and #2 – Capital Improvement Plan and Units of Service (UOS)
- ✓ January 14, 2026 – Member Partner specific email with preliminary calculation worksheet and letter from Chief Executive Officer
- ✓ January 15, 2026 - Charges Rollout #3 – Proposed FY 2027 Revenue Requirement and Service Charges
- ✓ January 22, 2026 - Charges Rollout #4 - Feedback on Proposed Charges and FY 2027 Revenue Requirement
- ✓ January 26, 2026 – Member Partners were mailed proposed calculation worksheet, letter from Chief Executive Officer, and one pager related to FY 2027 Proposed Charge Increase
- ✓ January 27, 2026 – Member Partner specific email with proposed calculation worksheet, letter from Chief Executive Officer, and one pager related to FY 2027 Proposed Charge Increase

A Notice of Public Hearing was published in the Detroit Legal News on *[insert date]*. That notice, along with related supporting materials throughout the budget and charges development process, is available online at www.glwwater.org/financials.

Proposed FY 2027 Water Charges

The proposed FY 2027 water service charges reflect a proposed FY 2027 Water budget increase of 5.4 percent along with decreased investment earnings and reduction in estimated sales volumes. **Therefore, the average water system charges increase will be 6.83 percent.**

Proposed FY 2027 Sewer Charges

The proposed FY 2027 sewer service charges reflect a proposed FY 2027 Sewer budget increase of 5.0 percent along with decreased investment earnings and reduction in estimated industrial charges. **Therefore, the average sewer system charges increase will be 5.98 percent.**

BUDGET IMPACT

The recommended FY 2027 Schedule of Water Service Charges and Sewer Service Charges as presented produces the necessary revenues to fund the FY 2027 Water System and Sewer System Budget.

Coordination with DWSD's Budget – Under the terms of the lease agreements and related financial commitments, key inputs are required from DWSD. An analysis of the DWSD budget inputs and related reconciliation based upon some of the changes above is reflected in the attached schedules.

COMMITTEE REVIEW

The Audit Committee has reviewed the FY 2027 financial plan, including charge setting matters, at its meetings noted above. On [insert date] the Audit Committee [insert action] that the Board of Directors adopts the resolution related to the FY 2027 and FY 2028 Budget and related FY 2027 Schedule of Charges as presented on [insert date] subject to public comment at the public hearing to be held on February 25, 2026.

SHARED SERVICES IMPACT

This item does not impact the Shared Services Agreement between the GLWA and the City of Detroit.