



## Financial Services Audit Committee Communication

**Date:** December 15, 2023

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

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

**Re:** Charges Outreach & Modeling Update

**Background:** The Charges Outreach & Modeling (CO&M) Team was established in Fiscal Year 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.

**Analysis:** This month we present an update on activities related to our team's activities.

1. Charges Outreach & Modeling has been engaged with Member Partners over the last month, facilitating conversations with 17 Member Partners. In addition, the Charges Rollout #2, Units of Service meeting was held on November 14, 2023. Following that meeting, on November 15, 2023, the team sent individual emails to each water and sewer system member partner with their respective system demands for FY 2025.
2. Water Charges Work Group
  - This group is comprised of Member Partners and GLWA staff. It convenes for the purpose of reviewing the water charge methodology and recommending potential changes.
  - The group discusses potential modifications to the water charge methodology. Most recently, the discussion focused on the concept of a “delivery factor” to simplify the existing methodology and to reduce the number of cost pools from nine to three.
  - Discussion of the “delivery factor” concept was held during the Charges Rollout #2, Units of Service meeting on November 14, 2023. A consensus call was held and results showed that 73 percent of those who responded were in favor of the simplification and 27 percent were not.

3. Combined Water and Wastewater Charges Workgroup

- The combined Charges Work Group met virtually on September 5, 2023, and October 16, 2023. The next meeting date is to-be-determined.

4. FY 2025 Charges Rollout Process:

- Rollout # 1: Thursday, October 19, 2023 (complete)
- Rollout # 2: Tuesday, November 14, 2023 (complete)
- Rollout # 3: Thursday, January 11, 2024
- *Member Partner One-on-Ones: January 12-17, 2024*
- Rollout # 4: Thursday, January 18, 2024

5. One Water Partnership (OWP)

- The Charges Outreach and Modeling team attended the OWP Meeting on December 6, 2023 at Madonna University in Livonia. Discussion of the “delivery factor” concept continued followed by a roll call vote on the concept by the OWP attendees, both online and in-person.

6. Pending Highland Park Bad Debt Credit

- A reference document, titled “[Bad Debt Recovery Credit Pending](#)” has been posted online for Member Partners with talking points as it relates to the Term Sheet that was approved by the Great Lakes Water Authority (GLWA) Board of Directors on October 25, 2023 and subsequent action by the Board on November 16, 2023 that outlined a plan to provide reimbursement credits to Member Partners following the implementation of the Term Sheet after certain conditions are met.
- A supporting document drafted by The Foster Group, “Highland Park Bad Debt Expense Impact on GLWA Water and Sewer Charges,” is attached to this report that provides an added layer of information requested by a few Member Partners that recaps how the totals were calculated for each community.

**Proposed Action:** Receive and file this report.