



**Audit Committee Meeting**  
**Friday, June 6, 2025, at 8:00 a.m.**  
[www.glwater.org](http://www.glwater.org)

**[Join Zoom Meeting](#)**

Meeting ID: **893 3158 4287** Passcode: **321032**

US Toll-free: **877 853 5247 or 888 788 0099**

**AGENDA**

*Note: Binders 1, 2 and 3 have been combined and PDF was renumbered*

1. CALL TO ORDER
2. ROLL CALL
3. APPROVAL OF AGENDA
4. APPROVAL OF MINUTES
  - A. May 2, 2025 (Page 1)
5. PUBLIC PARTICIPATION
6. OLD BUSINESS
  - A. 2025 Bond Transaction: Rating Agency Updates (Page 7)
7. NEW BUSINESS
  - A. *Action Item:* GLWA Resolution Regarding Approval of Series (Page 83)  
Ordinance Authorizing Issuance and Sale of Water Disposal System Revenue Bonds in an Aggregate Amount Not to Exceed \$51,894,938 (Ordinance 2025-03) for FY 2025 Drinking Water State Revolving Fund Projects
  - B. *Action Item:* GLWA Resolution Regarding Approval of Series (Page 115)  
Ordinance Authorizing Issuance and Sale of Sewer Disposal System Revenue Bonds in an Aggregate Amount Not to Exceed \$108,988,000 (Ordinance 2025-04) for FY 2025 Clean Water State Revolving Fund Projects
  - C. *Action Item:* Proposed Appointment of External Auditor (Page 148)
  - D. *Action Item:* FY 2025 Third Quarter Budget Amendments through (Page 157)  
March 31, 2025 and Proposed Budget Resolution
  - E. Ten Year Financial Projection Annual Post Budget Adoption Update (Page 192)  
for the Current Fiscal Year 2025 and the Ten Years FY 2026 Through FY 2035
8. REPORTS
  - A. CFO Report (Page 224)
  - B. Monthly Financial Report (Page 227)
  - C. Gifts, Grants & Other Resources Report (Page 228)
  - D. Quarterly Investment Report (Page 236)
  - E. Charges Outreach & Modeling Update (Page 264)
  - F. Quarterly Economic Outlook Task Force Update (Page 326)

9. COMMUNICATIONS

A. The Procurement Pipeline for April 2025 (Page 334)

10. LOOK AHEAD

A. Next Audit Committee Meeting: June 27, 2025, at 8:00 a.m.

11. OTHER MATTERS

12. ADJOURNMENT



# Great Lakes Water Authority

735 Randolph Street  
Detroit, Michigan 48226  
glwater.legistar.com

## Meeting Minutes - Draft

### Audit Committee

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Friday, May 2, 2025

8:00 AM

Zoom Telephonic Meeting

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#### Zoom Telephonic Meeting

Join Zoom Meeting:

<https://glwater.zoom.us/j/83436349134?pwd=CZiwOOhFjagzyaevXd7c8b39meNcjb.1>

Join by Telephone

US Toll-Free:

877 853 5247; or 888 788 0099

Meeting ID: 834 3634 9134

Passcode: 055054

#### 1. Call To Order

Chairperson Baker called the meeting to order at 8:02 a.m.

#### 2. Quorum Call

**Present:** 3 - Chairperson Brian Baker, Director Gary Brown, and Director Jaye Quadrozzi

#### 3. Approval of Agenda

Chairperson Baker requested a Motion to Approve the Agenda.

Motion By: Jaye Quadrozzi

Support By: Gary Brown

Action: Approved

The motion carried by a unanimous vote.

#### 4. Approval of Minutes

**A.     [2025-152](#)     Minutes of March 28, 2025**

**Sponsors:** Nicolette Bateson

**Indexes:** Finance

**Attachments:** [4A Minutes - March 28, 2025 Audit Committee Meeting.pdf](#)

Chairperson Baker requested a Motion to Approve the March 28, 2025 Audit Committee Meeting Minutes.

Motion By: Gary Brown

Support By: Jaye Quadrozzi

Action: Approved

The motion carried by a unanimous vote.

**5. Public Comment**

None

**6. Old Business**

None

**7. New Business****A.     [2025-137](#)     Resolution to Adopt the City of Detroit Water and Sewerage Department (DWSD) Water System Improvements Project Plan for Fiscal Year (FY) 2026 Drinking Water State Revolving Fund (DWSRF) Funding Consideration**

**Sponsors:** Nicolette Bateson

**Indexes:** Finance

**Attachments:** [7A1 AC Memo - Approval of DWSD FY2026 DWSRF Project Plan.pdf](#)

[7A3 GLWA Resolution to Adopt DWSD FY2026 DWSRF Project Plan.docx](#)

[7A4 DWSD - FY 2026 DWSRF Project Plan Summary and Resolution.pdf](#)

Motion By: Gary Brown

Support By: Jaye Quadrozzi

Action: Recommended for Approval to the Board of Directors

Agenda of May 28, 2025

The motion carried by a unanimous vote.



**B.     [2025-138](#)     **Proposed Contract Amendment No. 1**  
**Contract No. 2204949/SCN-0000428**  
**Municipal Advisory Services****

**Sponsors:** Nicolette Bateson

**Indexes:** Finance

**Attachments:** [7B1 AC Memo - Amendment of Municipal Advisor Contract.pdf](#)  
[7B3 Board Letter Attachment 1 - Tables.pdf](#)

Motion By: Jaye Quadrozzi  
Support By: Gary Brown  
Action: Recommended for Approval to the Board of Directors  
Agenda of May 28, 2025  
The motion carried by a unanimous vote.

**C.     [2025-142](#)     **Proposed Change Order No. 4 - Extension of Time Only**  
**SCN-0000189**  
**Investment Advisor Services PFM Asset Management, LLC Contract**  
**Extension****

**Sponsors:** Nicolette Bateson

**Indexes:** Finance

**Attachments:** [7C1 PFM Asset Management Contract Extension.pdf](#)  
[7C3 Board Letter Attachment 1.pdf](#)

Motion By: Jaye Quadrozzi  
Support By: Gary Brown  
Action: Recommended for Approval to the Board of Directors  
Agenda of May 28, 2025  
The motion carried by a unanimous vote.

**D.     [2025-143](#)     Water Residential Assistance Program (WRAP) Service Delivery Partner Funding Authorization for FY 2026 and Related Contract Amendments**

**Sponsors:** Nicolette Bateson

**Indexes:** Finance

**Attachments:** [2 WRAP Funding Report May 2, 2025 Audit Committee Attachment 1.pdf](#)  
[3 Board Letter Attachment 2.pdf](#)  
[4 FY 2026 WRAP Allocations Cover Memo Attachment 3.pdf](#)

**Motion By:** Gary Brown

**Support By:** Jaye Quadrozzi

**Action:** Recommended for Approval to the Board of Directors

**Agenda of May 28, 2025**

The motion carried by a unanimous vote.

**8. Reports**

**A.     [2025-153](#)     CFO Report (verbal)**

**Sponsors:** Nicolette Bateson

**Indexes:** Finance

Nicolette Bateson, Chief Financial Officer/Treasurer, provided a verbal report regarding her participation in the Water/Wastewater CFO Forum; GLWA's continuation through the Audit RFP; and year-end close of Workday.

**Motion By:** Jaye Quadrozzi

**Support By:** Gary Brown

**Action:** Received and Filed

The motion carried by a unanimous vote.

**B.     [2025-154](#)     Monthly Financial Report for January 2025**

**Sponsors:** Nicolette Bateson

**Indexes:** Finance

**Attachments:** [8B January 2025 Monthly Financial Report.pdf](#)

**Motion By:** Jaye Quadrozzi

**Support By:** Gary Brown

**Action:** Received and Filed

The motion carried by a unanimous vote.

**C.**      [2025-155](#)      Gifts, Grants & Other Resources Report

**Sponsors:** Nicolette Bateson

**Indexes:** Finance

**Attachments:** [8C1 Grants Gifts and Other Resources Report.pdf](#)  
[8C2 DESC Grant One Pager.pdf](#)  
[8C3 FEMA BRIC Scoping Grant Update.pdf](#)

**Motion By:** Gary Brown  
**Support By:** Jaye Quadrozzi  
**Action:** Received and Filed  
The motion carried by a unanimous vote.

**D.**      [2025-156](#)      Semi-Annual Debt Report

**Sponsors:** Nicolette Bateson

**Indexes:** Finance

**Attachments:** [8D1 Semiannual Debt Report as of 3.31.2025.pdf](#)

**Motion By:** Gary Brown  
**Support By:** Jaye Quadrozzi  
**Action:** Received and Filed  
The motion carried by a unanimous vote.

**E.**      [2025-157](#)      Business Inclusion and Diversity (B.I.D.) Program Report

**Sponsors:** Nicolette Bateson

**Indexes:** Finance

**Attachments:** [8E B.I.D. Update May 2, 2025.pdf](#)

**Motion By:** Gary Brown  
**Support By:** Jaye Quadrozzi  
**Action:** Received and Filed  
The motion carried by a unanimous vote.

**9. Communications****A.**      [2025-158](#)      The Procurement Pipeline for April 2025

**Sponsors:** Nicolette Bateson

**Indexes:** Finance

**Attachments:** [9A The April 2025 Procurement Pipeline.pdf](#)

**No Action Taken**

## **10. Look Ahead**

- A. Next Audit Committee Meeting: May 23, 2025, at 8:00 a.m.

## **11. Other Matters**

There were no other matters.

## **12. Adjournment**

Chairperson Baker requested a Motion to Adjourn

Motion By: Jaye Quadrozzi

Support By: Gary Brown

Action: Approved

The motion carried by a unanimous vote.

There being no further business, the meeting was adjourned at 8:42 a.m.



## Financial Services Audit Committee Communication

**Date:** June 6, 2025

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

**From:** Nick Fedewa, CPA, Public Finance Manager

**Re:** 2025 Bond Transaction: Rating Agency Updates

**Background & Analysis:** In conjunction with an upcoming bond transaction, the Great Lakes Water Authority (GLWA) has met with three rating agencies and recently received the rating reports.

**Good news! Positive Bond Rating Agency Action from Fitch on the Sewer System.** In advance of the 2025 bond transaction, Fitch Ratings upgraded GLWA's senior lien debt rating by **one notch from AA- to AA** and second lien debt rating from A+ to AA- with a stable outlook for the sewer system.

For the water system, Fitch Ratings also affirmed GLWA's senior lien debt rating of A+ and second lien debt rating of A with a stable outlook.

For both the water and sewer systems, Moody's Investors Service affirmed GLWA's senior lien debt rating of Aa3 and second lien debt rating of A1 with a stable outlook.

For both the water and sewer systems, Standard & Poor Global Ratings affirmed GLWA's senior lien debt rating of AA- and second lien debt rating of A+ with a stable outlook.

A combined rating agency report is attached with more information.

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



# May 2025 Rating Agency Review Report

Presented to the  
Great Lakes Water Authority  
Audit Committee June 6, 2025

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**Financial Services**  
**Public Finance**  
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To Our Stakeholders:

In conjunction with an upcoming 2025 bond transaction, the Great Lakes Water Authority (GLWA) has met with each of three rating agencies and recently received the rating reports.

**Key Takeaways:**

**Good news!** As noted in Fitch's Press Release and New Issue Report for the sewer system, **GLWA received a positive bond rating action from Fitch on the Sewer System.** In advance of the 2025 bond transaction, Fitch Ratings upgraded GLWA's senior lien debt rating by **one notch from AA- to AA** and second lien debt rating from A+ to AA- with a stable outlook for the sewer system.

As noted in the Fitch Rating's Press Release and New Issue Report for the water system, Fitch Ratings also affirmed GLWA's senior lien debt rating of A+ and second lien debt rating of A with a stable outlook.

As noted in Moody's Press Release and Credit Opinion for both the water and sewer systems, Moody's Investors Service affirmed GLWA's senior lien debt rating of Aa3 and second lien debt rating of A1 with a stable outlook.

As noted in S&P's Research Updates for both the water and sewer systems, Standard & Poor Global Ratings affirmed GLWA's senior lien debt rating of AA- and second lien debt rating of A+ with a stable outlook.

The rating agency reports are included for more information.

Please do not hesitate to contact us at [PublicFinance@glwater.org](mailto:PublicFinance@glwater.org) if you have questions, comments, or concerns.



# Fitch Ratings

## RATING ACTION COMMENTARY

# Fitch Rates Great Lakes Water Authority's Water Revs 'A+'/'A'; Outlook Stable

Thu 29 May, 2025 - 1:47 PM ET

Fitch Ratings - New York - 29 May 2025: Fitch Ratings has assigned the following ratings to the obligations issued by the Great Lakes Water Authority, MI (GLWA):

--Approximately \$159.6 million water supply system revenue refunding senior lien bonds series 2025A, 'A+';

--Approximately \$66.1 million water supply system revenue refunding second lien bonds series 2025B, 'A';

--Approximately \$109.9 million water supply system revenue senior lien bonds series 2025C, 'A+';

--Approximately \$109.6 million water supply system revenue second lien bonds series 2025D, 'A'.

The bonds are scheduled to sell via negotiation the week of June 16. Proceeds will be used to (i) refund certain bonds and pay costs of issuance, (ii) purchase certain bonds tendered and accepted for purchase by the authority, (iii) pay costs of capital improvements to the regional water system (the system) and (iv) pay certain issuance costs.

Fitch has also affirmed the ratings on the following GLWA bonds, including bonds previously issued by the city of Detroit (the city) and the Michigan Finance Authority, MI on behalf of the Detroit Water and Sewerage Department (DWSD) and assumed by GLWA (all pre-refunding):

--Approximately \$1.6 billion senior lien water supply system revenue bonds at 'A+';

--Approximately \$652 million second lien water supply system revenue bonds at 'A.'

Fitch has assessed the system's Standalone Credit Profile (SCP) at 'a'.

The Rating Outlook is Stable.

RATING ACTIONS

ENTITY / DEBT ⚡	RATING ⚡			PRIOR ⚡
Great Lakes Water Authority (MI) [Water]				
Great Lakes Water Authority (MI) /Water Revenues (2nd Lien)/2 LT	LT	A Rating Outlook Stable	Affirmed	A Rating Outlook Stable
Great Lakes Water Authority (MI) /Water Revenues/1 LT	LT	A+ Rating Outlook Stable	Affirmed	A+ Rating Outlook Stable

VIEW ADDITIONAL RATING DETAILS

The 'A+' and 'A' bond ratings on GLWA's senior and subordinate bonds, respectively, and the 'a' SCP consider the system's 'Strong' financial profile within the context of 'Very Strong' revenue defensibility and operating risk profiles, both assessed at 'aa'. Leverage, measured by Fitch as net adjusted debt to adjusted funds available for debt service (FADS), was 10.1x in fiscal 2024 (FYE June 30), declining slightly from 10.2x in fiscal years 2022 and 2023.

The system's leverage is anticipated to rise through fiscal 2029 as it implements a robust capital improvement plan (CIP) financed in part with additional annual debt issuances. Revenue requirements to fund the CIP are likely to be higher than historical requirements but are expected by Fitch to remain manageable overall. If the CIP is fully executed, leverage may reach about 11.9x in fiscal 2027, before falling to around 10.8x by fiscal 2029. Overall leverage should remain in line with the current rating.

The revenue defensibility assessment considers the authority's ability to reallocate any shortfalls from a nonperforming customer to its performing customers via a rate increase and the overall strength of such customers. While the credit quality of DWSD's water system is considered 'Midrange' by Fitch, other significant customers have stronger credit profiles, resulting in strong overall purchaser credit quality (PCQ). The operating risk profile considers the system's very low operating cost burden, coupled with its low but recently rising life cycle ratio.

The notching distinction between the senior and the second lien bonds reflects the meaningful protection afforded to senior debt given the sizable balance of subordinated obligations, the latter of which include the second lien bonds, state revolving fund loans and the long-term leases payable under the lease agreement between DWSD and the authority, as well as the absence of an automatic cross-default or acceleration between the liens.

## **SECURITY**

Senior lien bonds are secured by a first lien on net revenues of the system. Second lien bonds are secured by net revenues after payment of the senior lien bonds.

## **KEY RATING DRIVERS**

### **Revenue Defensibility - 'aa'**

#### **Strong PCQ, 'Very Strong' Revenue Source Characteristics**

The authority has contract provisions that allow for full cost recovery and the unlimited reallocation of costs across users. Under the Water and Sewer Services Agreement (WSSA) in place with DWSD, the authority has the exclusive right to establish rates for the water service it provides. The authority has delegated to the city its right to establish rates with respect to services provided to city of Detroit customers.

Revenue defensibility is supported by purchasers that exhibit strong credit quality. The city of Detroit accounts for approximately 27% of fiscal 2024 operating revenues (inclusive of the local water system operating revenues). Other key wholesale customers include Southeastern Oakland County Water Authority (6%), Sterling Heights (4%), Shelby Township (3%), and Livonia (3%). Although the city's system exhibits 'Midrange' credit quality, the strong PCQ also incorporates the credit quality of suburban members listed above. The local water system is the portion of the system that provides service directly to the city's retail customers.

## Operating Risk - 'aa'

### Very Low Operating Cost Burden, Moderate Investment Needs

In fiscal 2024, the system's operating cost burden was considered very low at \$2,641 per million gallons (mg), consistent with the operating risk assessment. The life cycle ratio was very low at 33% in fiscal 2024, reversing the increase seen in prior years. As calculated by Fitch, capex to depreciation, historically weak, has improved to a five-year average of 103% in fiscal 2024. Planned capital spending for the next five years should generally outpace historical depreciation, supporting a continued very low life cycle ratio.

The DWSD CIP is funded through the lease payments and debt issued by GLWA for local DWSD water projects. Planned CIP spending for 2025-2029 for the consolidated GLWA and DWSD water system approximates \$1.6 billion. The CIP is anticipated to be primarily funded with debt, including State Revolving Fund proceeds.

## Financial Profile - 'a'

### Leverage to Increase Modestly; Neutral Liquidity

The system had moderate leverage of 10.1x as of fiscal 2024, which is in line with historical performance of between 9.8x and 10.7x since fiscal 2020. The liquidity profile is neutral to the overall assessment, with a Fitch-calculated liquidity cushion of 440 days and coverage of full obligations (COFO) of 1.7x. Fitch-calculated total debt service coverage was also 1.7x in fiscal 2024. Financial metrics reflect Fitch's approach with respect to the inclusion of DWSD financials.

The Fitch Analytical Stress Test (FAST) considers the potential trend of key ratios in a base case and stress case over a five-year period. The stress case is designed to impose capital costs 10% above expected base case levels and evaluate potential variability in projected key ratios. The FAST reflects Fitch's view of a reasonable scenario, which is generally informed by publicly available and/or management-provided information with respect to capex, user charges and rate of revenue and expenditure growth.

In the base case scenario, the leverage ratio is projected to increase to 11.6x in fiscal 2027 and then decrease to 10.4x through fiscal 2029. In the stress scenario, which is considered the rating case, the leverage ratio follows a similar trajectory, peaking at 11.9x in fiscal 2027 before declining to 10.8x over the next three years. Liquidity is expected to remain neutral to the assessment over the five-year horizon.

## **Asymmetric Additional Risk Considerations**

No asymmetric additive considerations affected this rating determination.

## **RATING SENSITIVITIES**

### **Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade**

--Sustained leverage approaching 13.0x in Fitch's rating case scenario through the forward period, assuming stability in the revenue defensibility and operating risk assessments;

--Downward revisions to the system's overall PCQ;

--Material declines in liquidity that expose bondholders to the timing risk of the true-up;

--The senior lien rating could converge at the SCP assessment if there is a significant erosion of the financial cushion afforded to senior bondholders that results in a lack of meaningful difference in the probability of payment default between the liens.

### **Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade**

--Sustained leverage below 11.0x in Fitch's rating case scenario, assuming stability in the current revenue defensibility and operating risk assessments.

## **PROFILE**

GLWA provides wholesale water services to a population of approximately 3.8 million, or 38% of the state's population. In January 2016, the authority assumed operational control of Detroit's system assets (excluding its local distribution infrastructure) via a 40-year lease agreement (which automatically extends to coincide with outstanding bonds) and authorized GLWA the right to set and collect rates from the customers historically served by the city.

Separately, a security interest in the city's system-related revenues was granted under the Master Bond Ordinance, while the WSSA assigned the city the right to set and collect rates from its retail customers. The agreement required GLWA to assume all liabilities of the regional water and sewer systems, including outstanding indebtedness related to the respective systems.

System assets include five water treatment plants that can collectively treat around 1.7 billion gallons per day, an extensive conveyance system and many water storage reservoirs.

Water is supplied to the treatment plants via the Detroit River, Lake Huron and Lake St. Clair. Supply and capacity are robust and more than sufficient for the long-term anticipated needs of the service area.

GLWA financial metrics reported by Fitch and used in its historical analysis are based on financial statements that are adjusted as outlined below in "Summary of Financial Statement Analysis".

### **Updated U.S. Environmental Protection Agency (EPA) Regulations**

The authority is addressing new regulations set forth by the U.S. EPA. The EPA's enhanced focus on lead and copper lines and per- and polyfluoroalkyl (PFAS) contaminants has led to the finalized Lead and Copper Rule Improvements (LCRI) along with specific testing requirements for PFAS.

Compliance with the LCRI is not expected to pose a challenge; as a wholesale provider, lead service lines (LSL) are not within GLWA's oversight. However, to date one of the authority's purchasers, DWSD, has secured over \$100 million in American Rescue Plan Act funds for LSL replacement projects. Testing to date had not detected any PFAS contaminants above legislated levels.

### **SUMMARY OF FINANCIAL ADJUSTMENTS**

In its analysis, Fitch adjusted GLWA's 'Statement of Revenues, Expenses and Changes in Net Position' to include information from DWSD's 'Statement of Revenues, Expenses and Changes in Net Position.' The adjustments are made to provide greater comparability of GLWA's financial position in accordance with the flow of funds under the bond ordinances and lease-related agreements.

### **Sources of Information**

In addition to the sources of information identified in Fitch's applicable criteria specified below, this action was informed by data from DIVER by Solve.

### **REFERENCES FOR SUBSTANTIALLY MATERIAL SOURCE CITED AS KEY DRIVER OF RATING**

The principal sources of information used in the analysis are described in the Applicable Criteria.

### **ESG CONSIDERATIONS**

The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' means ESG issues are credit-neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visit

<https://www.fitchratings.com/topics/esg/products#esg-relevance-scores>.

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Additional information is available on [www.fitchratings.com](http://www.fitchratings.com)

## **PARTICIPATION STATUS**



The rated entity (and/or its agents) or, in the case of structured finance, one or more of the transaction parties participated in the rating process except that the following issuer(s), if any, did not participate in the rating process, or provide additional information, beyond the issuer's available public disclosure.

## APPLICABLE CRITERIA

[U.S. Public Sector, Revenue-Supported Entities Rating Criteria \(pub. 10 Jan 2025\) \(including rating assumption sensitivity\)](#)

[U.S. Water and Sewer Rating Criteria \(pub. 24 Feb 2025\) \(including rating assumption sensitivity\)](#)

## ADDITIONAL DISCLOSURES

[Dodd-Frank Rating Information Disclosure Form](#)

[Solicitation Status](#)

[Endorsement Policy](#)

## ENDORSEMENT STATUS

Great Lakes Water Authority (MI)

EU Endorsed, UK Endorsed

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The complete span of best- and worst-case scenario credit ratings for all rating categories ranges from 'AAA' to 'D'. Fitch also provides information on best-case rating upgrade

scenarios and worst-case rating downgrade scenarios (defined as the 99th percentile of rating transitions, measured in each direction) for international credit ratings, based on historical performance. A simple average across asset classes presents best-case upgrades of 4 notches and worst-case downgrades of 8 notches at the 99th percentile. For more details on sector-specific best- and worst-case scenario credit ratings, please see [Best- and Worst-Case Measures](#) under the Rating Performance page on Fitch's website.

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# Great Lakes Water Authority, Michigan [Water]

The 'A+' and 'A' bond ratings on GLWA's senior and subordinate bonds, respectively, and the 'a' SCP consider the system's 'Strong' financial profile within the context of 'Very Strong' revenue defensibility and operating risk profiles, both assessed at 'aa'. Leverage, measured by Fitch as net adjusted debt to adjusted funds available for debt service (FADS), was 10.1x in fiscal 2024 (FYE June 30), declining slightly from 10.2x in fiscal years 2022 and 2023.

The system's leverage is anticipated to rise through fiscal 2029 as it implements a robust capital improvement plan (CIP) financed in part with additional annual debt issuances. Revenue requirements to fund the CIP are likely to be higher than historical requirements but are expected by Fitch to remain manageable overall. If the CIP is fully executed, leverage may reach about 11.9x in fiscal 2027, before falling to around 10.8x by fiscal 2029. Overall leverage should remain in line with the current rating.

The revenue defensibility assessment considers the authority's ability to reallocate any shortfalls from a nonperforming customer to its performing customers via a rate increase and the overall strength of such customers. While the credit quality of Detroit Water and Sewerage Department's (DWSD's) water system is considered 'Midrange' by Fitch, other significant customers have stronger credit profiles, resulting in strong overall purchaser credit quality (PCQ). The operating risk profile considers the system's very low operating cost burden, coupled with its low but recently rising life cycle ratio.

The notching distinction between the senior and the second lien bonds reflects the meaningful protection afforded to senior debt given the sizable balance of subordinated obligations, the latter of which include the second lien bonds, state revolving fund loans and the long-term leases payable under the lease agreement between DWSD and the authority, as well as the absence of an automatic cross-default or acceleration between the liens.

## Security

Senior lien bonds are secured by a first lien on net revenues of the system. Second lien bonds are secured by net revenues after payment of the senior lien bonds.

### Assessments

Standalone Credit Profile                      a

### Outlooks

Standalone Credit Profile                      Stable

### New Issues

\$159,620,000 Water Supply System Revenue Refunding Senior Lien Bonds, Series 2025A	A+
\$66,125,000 Water Supply System Revenue Refunding Second Lien Bonds, Series 2025B	A
\$109,855,000 Water Supply System Revenue Senior Lien Bonds, Series 2025C	A+
\$109,590,000 Water Supply System Revenue Second Lien Bonds, Series 2025D	A

### Sale Date

The bonds are expected to sell via negotiation the week of June 16, 2025.

### Outstanding Debt

[Issuer Ratings Information](#)

### Applicable Criteria

[U.S. Water and Sewer Rating Criteria \(February 2025\)](#)

### Related Research

[Fitch Rates Great Lakes Water Authority's Water Revs 'A+'/'A'; Outlook Stable \(May 2025\)](#)

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## Key Rating Drivers

### Revenue Defensibility - 'aa'

#### **Strong PCQ, 'Very Strong' Revenue Source Characteristics**

The authority has contract provisions that allow for full cost recovery and the unlimited reallocation of costs across users. Under the Water and Sewer Services Agreement (WSSA) in place with DWSD, the authority has the exclusive right to establish rates for the water service it provides. The authority has delegated to the city its right to establish rates with respect to services provided to city of Detroit customers.

Revenue defensibility is supported by purchasers that exhibit strong credit quality. The city of Detroit accounts for approximately 27% of fiscal 2024 operating revenues (inclusive of the local water system operating revenues). Other key wholesale customers include Southeastern Oakland County Water Authority (6%), Sterling Heights (4%), Shelby Township (3%), and Livonia (3%). Although the city's system exhibits 'Midrange' credit quality, the strong PCQ also incorporates the credit quality of suburban members listed above. The local water system is the portion of the system that provides service directly to the city's retail customers.

### Operating Risk - 'aa'

#### **Very Low Operating Cost Burden, Moderate Investment Needs**

In fiscal 2024, the system's operating cost burden was considered very low at \$2,641 per million gallons (mg), consistent with the operating risk assessment. The life cycle ratio was very low at 33% in fiscal 2024, reversing the increase seen in prior years. As calculated by Fitch, capex to depreciation, historically weak, has improved to a five-year average of 103% in fiscal 2024. Planned capital spending for the next five years should generally outpace historical depreciation, supporting a continued very low life cycle ratio.

The DWSD CIP is funded through the lease payments and debt issued by GLWA for local DWSD water projects. Planned CIP spending for 2025-2029 for the consolidated GLWA and DWSD water system approximates \$1.6 billion. The CIP is anticipated to be primarily funded with debt, including state revolving fund proceeds.

### Financial Profile - 'a'

#### **Leverage to Increase Modestly; Neutral Liquidity**

The system had moderate leverage of 10.1x as of fiscal 2024, which is in line with historical performance of between 9.8x and 10.7x since fiscal 2020. The liquidity profile is neutral to the overall assessment, with a Fitch-calculated liquidity cushion of 440 days and coverage of full obligations (COFO) of 1.7x. Fitch-calculated total debt service coverage was also 1.7x in fiscal 2024. Financial metrics reflect Fitch's approach with respect to the inclusion of DWSD financials.

The Fitch Analytical Stress Test (FAST) considers the potential trend of key ratios in a base case and stress case over a five-year period. The stress case is designed to impose capital costs 10% above expected base case levels and evaluate potential variability in projected key ratios. The FAST reflects Fitch's view of a reasonable scenario, which is generally informed by publicly available and/or management-provided information with respect to capex, user charges and rate of revenue and expenditure growth.

In the base case scenario, the leverage ratio is projected to increase to 11.6x in fiscal 2027 and then decrease to 10.4x through fiscal 2029. In the stress scenario, which is considered the rating case, the leverage ratio follows a similar trajectory, peaking at 11.9x in fiscal 2027 before declining to 10.8x over the next three years. Liquidity is expected to remain neutral to the assessment over the five-year horizon.

### Asymmetric Additional Risk Considerations

No asymmetric additive considerations affected this rating determination.

## Sensitivities

### **Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade**

- Sustained leverage approaching 13.0x in Fitch's rating case scenario through the forward period, assuming stability in the revenue defensibility and operating risk assessments.
- Downward revisions to the system's overall PCQ.
- Material declines in liquidity that expose bondholders to the timing risk of the true-up.

- The senior lien rating could converge at the SCP assessment if there is a significant erosion of the financial cushion afforded to senior bondholders that results in a lack of meaningful difference in the probability of payment default between the liens.

#### Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade

- Sustained leverage below 11.0x in Fitch's rating case scenario, assuming stability in the current revenue defensibility and operating risk assessments.

## Profile

GLWA provides wholesale water services to a population of approximately 3.8 million, or 38% of the state's population. In January 2016, the authority assumed operational control of Detroit's system assets (excluding its local distribution infrastructure) via a 40-year lease agreement (which automatically extends to coincide with outstanding bonds) and authorized GLWA the right to set and collect rates from the customers historically served by the city.

Separately, a security interest in the city's system-related revenues was granted under the Master Bond Ordinance, while the WSSA assigned the city the right to set and collect rates from its retail customers. The agreement required GLWA to assume all liabilities of the regional water and sewer systems, including outstanding indebtedness related to the respective systems.

System assets include five water treatment plants that can collectively treat around 1.7 billion gallons per day, an extensive conveyance system and many water storage reservoirs. Water is supplied to the treatment plants via the Detroit River, Lake Huron and Lake St. Clair. Supply and capacity are robust and more than sufficient for the long-term anticipated needs of the service area.

GLWA financial metrics reported by Fitch and used in its historical analysis are based on financial statements that are adjusted as outlined below in "Summary of Financial Adjustments".

#### Updated U.S. Environmental Protection Agency (EPA) Regulations

The authority is addressing new regulations set forth by the U.S. EPA. The EPA's enhanced focus on lead and copper lines and per- and polyfluoroalkyl (PFAS) contaminants has led to the finalized Lead and Copper Rule Improvements (LCRI) along with specific testing requirements for PFAS.

Compliance with the LCRI is not expected to pose a challenge; as a wholesale provider, lead service lines (LSL) are not within GLWA's oversight. However, to date one of the authority's purchasers, DWSD, has secured over \$100 million in American Rescue Plan Act funds for LSL replacement projects. Testing to date had not detected any PFAS contaminants above legislated levels.

## Revenue Defensibility

#### Revenue Source Characteristics

Revenue source characteristics reflect the strength of legal agreements between the city and the authority's regional municipal customers and the ability to reallocate costs should the need arise. Any bad debt expense from a wholesale customer is charged to other wholesale customers. These charges are generally levied prospectively but may also be accomplished via a true-up. Most wholesale contracts last 30 years with an automatic 10-year renewal and a five-year notice requirement for termination. There is no meaningful, feasible alternate supply in the region to which the purchasers could look to replace the authority's supply.

#### Rate Flexibility

GLWA has very strong rate flexibility; no external approval is required to adjust rates. The wholesale agreements for the majority of the authority's regional water municipal customers are based on a 60% fixed service charge component and a 40% commodity charge, which are reviewed and adjusted annually. Rates for customers within the city of Detroit are currently established by the city, and there is no external approval required to establish these rates. Further, should the city fail to perform its duties or meet its obligations under the WSSA, the authority may terminate the agency relationship and adjust rates as deemed necessary.

#### Purchaser Credit Quality

Detroit comprised about 27% of authority operating revenues in fiscal 2024. Other large municipal customers include the Southeast Oakland County Water Authority (6%), North Oakland County Water Authority (5%) and Sterling Heights (4%).

The PCQ reflects a Purchaser Credit Index (PCI) score approaching 2.5, which continues to include a midrange assessment for the city of Detroit system. The PCI also includes the city of Livonia, Southeast Oakland County Water



Authority, Sterling Heights and Shelby Township. Fitch made an additional assumption that 5% of revenues from other suburban wholesale customers are assessed as very strong.

### Asymmetric Factor Considerations

No asymmetric factor considerations affected the revenue defensibility assessment.

## Operating Risk

### Operating Cost Burden

The system's operating cost burden is very low, approximating \$2,641 per mg in fiscal 2024, incrementally increasing from fiscal 2020 when it measured about \$2,371 per mg. System operating costs are anticipated to rise over time, reflecting in part recent inflationary pressures with respect to chemicals and power. However, given the economies of scale, Fitch expects the operating cost burden to remain very low over the long term, supporting the overall operating risk assessment.

The system's pension obligations and associated expenses should continue to trend downward. Detroit's General Retirement System Plan was frozen in 2014. Under an agreement between GLWA and DWSD, payments to fund the pension liability were made over the nine years ended June 30, 2023. Remaining payments will reflect updated actuarial valuations and are anticipated to be \$1.1 million annually through 2034.

### Capital Planning and Management

The authority began depreciating infrastructure when system assets were conveyed from the city to GLWA. In fiscal 2024, the life cycle ratio was 33%, increasing from 25% in 2020. The current life cycle ratio fell slightly in fiscal 2024 and should remain relatively stable given annual capital investment forecasted at over \$200 million the next few years. Capex to depreciation averaged 103% over the past five fiscal years.

More recently, capital investment has increased, with fiscal 2024 capex of \$180.7 million, or 135% of annual depreciation. The system's capital plan for the near to intermediate term is robust and anticipated to support a continued very low life cycle ratio.

The Regional Water System draws its water from the largest freshwater source in North America, the Great Lakes system, with Lake Huron to the north, the Detroit River to the south and Lake St. Clair to the east. With access to nearly 2 billion gallons of high quality source water and with three separate intakes, the authority has highly reliable and more than sufficient source water for current and projected demand.

The major components of the Regional Water System include five treatment plants (1,720 mgd capacity), an extensive distribution system consisting of over 816 miles of transmission mains throughout the service area, 19 booster pumping stations and 32 water storage reservoirs (14 at the water treatment plants and 18 booster stations) located throughout the Regional Water System. Water flow and pressure throughout the Regional Water System are monitored and controlled by a systems control center housed in the authority's central services facility.

### Asymmetric Factor Considerations

No asymmetric factor considerations affected the operating risk assessment.

## Financial Profile and FAST Analysis

The system's overall financial profile is strong and is assessed at 'a'. The system's leverage ratio finished 2024 at about 10.1x, generally in line with results since 2020. Senior and all-in debt service coverage finished at 2.0x and 1.7x, respectively, in fiscal 2024. Liquidity has remained very robust, with a Fitch-calculated liquidity cushion averaging 592 days over the past five years. COFO has been above 1.7x since 2020. Historical calculations reflect Fitch's adjustments to include information from DWSD's water system audit, including revenues, expenditures and unrestricted cash.

### FAST

The FAST base case assumptions used by Fitch include the authority's latest forecasts and projected capex. The authority seeks to maintain debt service coverage of between 1.2x and 1.3x over the five-year horizon. However, the increasing capital plan and higher capital execution rate result in increasing leverage in the FAST, with the base case peaking in fiscal 2027 at 11.6x and the stress (rating) case peaking at 11.9x in the same year. This leverage remains consistent with the financial profile and current ratings. The liquidity profile is expected to remain neutral to the assessment, with COFO of at least 1.2x and sound days cash annually.



### Summary of Financial Adjustments

In its analysis, Fitch adjusted GLWA's 'Statement of Revenues, Expenses and Changes in Net Position' to include information from DWSD's 'Statement of Revenues, Expenses and Changes in Net Position.' The adjustments are made to provide greater comparability of GLWA's financial position in accordance with the flow of funds under the bond ordinances and lease-related agreements.

### Asymmetric Additive Risk Considerations

No asymmetric additive risk considerations affected this credit determination.

### ESG Considerations

The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' means ESG issues are credit-neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visit <https://www.fitchratings.com/topics/esg/products#esg-relevance-scores>.

**Financial Summary**

(Audited Fiscal Years Ended June 30)	2020	2021	2022	2023	2024
<b>Operating Risk</b>					
<b>Operating Cost Burden</b>					
Operating Cost Burden (\$/mg)	2,371	2,327	2,341	2,568	2,641
<b>Capital Planning and Management</b>					
Life Cycle Ratio (%)	25	28	32	35	33
Annual CapEx/Depreciation (%)	51	88	109	133	135
5–Year Average Capex/Depreciation (%)	32	46	62	84	103
<b>Financial Profile (\$000, unless otherwise indicated)</b>					
Current Unrestricted Cash/Investments	463,296	415,754	294,240	299,227	302,705
Current Restricted Cash/Invest (Available Liquidity)	17,264	6,612	7,187	6,313	3,029
Current Cash Available	480,560	422,366	301,426	305,540	305,734
Noncurrent Unrestricted Cash/Investments	-	-	-	-	-
Noncurrent Restricted Cash/Invest (Available Liquidity)	-	-	-	-	-
Available Cash	480,560	422,366	301,426	305,540	305,734
Current Restricted Cash/Invest (Debt Service or Debt Service Reserve)	39,621	50,347	61,146	116,640	161,199
Noncurrent Restricted Cash/Invest (Debt Service or Debt Service Reserve)	11,100	11,171	5,094	-	-
Funds Restricted for Debt Service	50,721	61,518	66,240	116,640	161,199
<b>Total Debt</b>					
Total Debt	3,026,901	2,965,961	2,917,015	3,163,488	3,239,328
Capitalized Fixed Charges	-	-	-	-	-
Adjusted Net Pension Liability	64,601	63,388	26,501	26,353	15,378
Available Cash	480,560	422,366	301,426	305,540	305,734
Funds Restricted for Debt Service	50,721	61,518	66,240	116,640	161,199
Net Adjusted Debt	2,560,221	2,545,465	2,575,849	2,767,661	2,787,773
<b>Total Operating Revs</b>					
Total Operating Revs	449,087	456,421	462,181	505,668	502,138
Purchased Water/Sewer Services	-	-	-	-	-
Other Operating Expenses	206,337	213,307	213,715	257,607	253,611
EBITDA	242,750	243,114	248,466	248,061	248,526
Investment Income/(Loss)	10,485	4,215	-2,361	16,724	27,287
Non–Operating Revenues from Taxes	-	-	-	-	-
Other Cash Revenues/(Expenses)	2,186	-177	389	526	-2,286
BAB Subsidy	-	-	-	-	-
Capital Contributions	-	-	-	-	-
Funds Available for Debt Service	255,422	247,152	246,493	265,312	273,528
Fixed Services Expense	-	-	-	-	-
Net Transfers In/(Out)	-	-	-	-	-
Pension Expense	7,221	8,075	4,988	-7,444	2,403
Adjusted Funds Available for Debt Service	262,642	255,228	251,482	257,869	275,931
<b>Net Adjusted Debt/Adjusted Funds Available for Debt Service (x)</b>					
Net Adjusted Debt/Adjusted Funds Available for Debt Service (x)	9.8	10.0	10.2	10.7	10.1
<b>Funds Available for Debt Service</b>					
Funds Available for Debt Service	255,422	247,152	246,493	265,312	273,528
Fixed Services Expense	-	-	-	-	-
Net Transfers In/(Out)	-	-	-	-	-
Adjusted FADS for Coverage of Full Obligations	255,422	247,152	246,493	265,312	273,528

**Financial Summary**

(Audited Fiscal Years Ended June 30)	2020	2021	2022	2023	2024
Total Annual Debt Service	145,633	134,265	135,962	147,131	159,998
Fixed Services Expense	-	-	-	-	-
Adjusted Debt Service (Includes Fixed Services Expense)	145,633	134,265	135,962	147,131	159,998
Coverage of Full Obligations (x)	1.75	1.84	1.81	1.80	1.71
Coverage of Full Obligations Excluding Connection Fees (x)	1.75	1.84	1.81	1.80	1.71
Current Days Cash on Hand	850	723	515	433	440
Liquidity Cushion Ratio (Days)	850	723	515	433	440
All-In Debt Service Coverage (x)	1.75	1.84	1.81	1.80	1.71

Notes: Fitch may have reclassified certain financial statement items for analytical purposes. N.A. - Not Available.

Sources: Fitch Ratings, Fitch Solutions, Great Lakes Water Authority (MI)

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## RATING ACTION COMMENTARY

# Fitch Rates Great Lakes Water Authority's Sewage Revs 'AA' and 'AA-'; Outlook Stable

Thu 29 May, 2025 - 2:05 PM ET

Fitch Ratings - New York - 29 May 2025: Fitch Ratings has assigned the following ratings to the obligations issued by the Great Lakes Water Authority (GLWA):

--Approximately \$46.7 million Sewage Disposal System Revenue Refunding Senior Lien Bonds Series 2025A 'AA';

--Approximately \$258.2 million Sewage Disposal System Revenue Refunding Second Lien Bonds Series 2025B 'AA-';

--Approximately \$47.7 million Sewage Disposal System Revenue Second Lien Bonds Series 2025C 'AA-'.

The bonds are scheduled to price the week of June 16 through negotiation. Proceeds will be used to fund sewer system capital improvements, to refund and/or tender certain system revenue bonds and pay costs of issuance.

Additionally, Fitch has upgraded the ratings on the following GLWA obligations, including bonds previously issued by the city of Detroit (the city) and the Michigan Finance Authority on behalf of the Detroit Water and Sewerage Department (DWSD) and assumed by GLWA:

--Approximately \$1.7 billion sewage disposal system revenue senior lien bonds to 'AA' from 'AA-'(pre-refunding);

--Approximately \$746.2 million sewage disposal system revenue second lien bonds to 'AA-' from 'A+' (pre-refunding).

Fitch has assessed GLWA sewer system's Standalone Credit Profile (SCP) at 'aa-'.

The Rating Outlook is Stable.

RATING ACTIONS

ENTITY / DEBT ⚡	RATING ⚡		PRIOR ⚡	
Great Lakes Water Authority (MI) [Sewer]				
Great Lakes Water Authority (MI) /Sewer Revenues (2nd Lien)/2 LT	LT	AA- Rating Outlook Stable	Upgrade	A+ Rating Outlook Positive
Great Lakes Water Authority (MI) /Sewer Revenues/1 LT	LT	AA Rating Outlook Stable	Upgrade	AA- Rating Outlook Positive

VIEW ADDITIONAL RATING DETAILS

The upgrade of the senior sewer revenue bonds to 'AA' and second lien bonds to 'AA-', along with the 'aa-' SCP assessment, reflects the system's 'Very Strong' financial profile, characterized by leverage anticipated to remain below 10.0x through and beyond fiscal 2029. System leverage, measured as net adjusted debt to adjusted funds available for debt service (FADS), was very low at 8.2x in fiscal 2024 (FYE June 30) and is expected to peak at 9.1x in fiscal 2028 in Fitch's Analytical Stress Test (FAST) rating case.

The upgrade also reflects the financial profile within the framework of 'Very Strong' revenue defensibility and 'Very Strong' operating risk profile, both assessed at 'aa'. Although peak leverage indicates modest headroom at the current ratings, Fitch expects management will implement rate adjustments and manage capital spending to maintain leverage consistent with the ratings and SCP.

Fitch recognizes the still challenging economic environment and credit fundamentals for DWSD. However, GLWA has managed through its initial 10 years of operations within its

'4% promise', keeping rate adjustments at or below this level in part due to cost management. Although Fitch anticipates overall rate increases to remain manageable, the removal of this constraint provides additional flexibility to ensure the financial profile remains consistent with the rating.

Additionally, while planned capital spending continues to increase, the absence of consent orders or other regulatory mandates and potential for substantial grant funding also supports financial flexibility. These grants, which if fully realized, would further reduce leverage and increase headroom at the current rating.

The distinction between the senior and the second lien bonds reflects the meaningful protection afforded to senior debt, given the sizable balance of subordinated obligations, which include the second lien bonds, state revolving fund loans, and long-term leases payable under the lease agreement between GLWA and DWSD. It also reflects the absence of an automatic cross-default or acceleration between the liens.

## **SECURITY**

The senior lien bonds are secured by a first lien on net revenues of the system. The second lien bonds are secured by net revenues after payment of the senior lien bonds.

## **KEY RATING DRIVERS**

### **Revenue Defensibility - 'aa'**

#### **Strong Purchaser Credit Quality (PCQ), Very Strong Revenue Source Characteristics**

Revenue defensibility is supported by purchasers that exhibit strong credit quality. The authority has contract provisions that allow for full cost recovery and the unlimited reallocation of costs across users. Under the water and sewer services agreements (WSSAs) in place with the local system, the authority has the exclusive right to establish rates for the sewer services it provides. The authority has delegated to the city its right to establish rates regarding services provided to city of Detroit customers.

DWSD was approximately 50% of the system's operating revenues (inclusive of the local system operating revenues) in fiscal 2024. Other large customers include the Oakland-Macomb Interceptor Drainage District (12%), Wayne County's Rouge Valley (9.0%), and Oakland County's George Kuhn Drainage District (8%). Although the Detroit service area characteristics remain weak, the authority's large suburban members support the overall strong PCQ.

## Operating Risk - 'aa'

### Very Low Operating Cost Burden, Moderate Investment Needs

In fiscal 2024, the system's operating cost burden was considered very low at \$3,402 per million gallons (mg), consistent with the operating risk assessment. The life cycle ratio was low at 36% in fiscal 2024. As calculated by Fitch, capex to depreciation has been weak though improving, averaging 55% over the last five fiscal years from 2020 to 2024. Planned capital spending for the next five years should generally outpace historical depreciation, supporting a continued low life cycle ratio.

GLWA's revenues fund the DWSD's capital improvement plan (CIP) through the lease payments, and debt issued by GLWA for local DWSD projects. The consolidated GLWA and DWSD CIP for fiscal 2025-2029 approximates \$1.8 billion, compared to the previously planned \$1.3 billion for fiscal 2024 through 2028 period. Increases are largely driven by DWSD projects, which focus on the maintenance and improvement of the local system infrastructure.

GLWA's planned spending focuses primarily on the water resource recovery facility, which accounts for about 40% of planned spending, other areas of spending include collection and outfalls, combined sewer overflow facilities and flood mitigation projects.

## Financial Profile - 'aa'

### Modestly Increasing Leverage Remains Supportive of Ratings, Liquidity Neutral

The system had very low leverage of 8.2x as of fiscal 2024, reflecting declining net adjusted debt and generally stable FADS. This continues the downward trend since fiscal 2018 when leverage measured 10.3x. The liquidity profile, also reflecting Fitch's approach, is neutral to the overall assessment with current days cash on hand of 311 and coverage of full obligations (COFO) of 1.7x. Fitch-calculated total debt service coverage was 1.7x in fiscal 2024. Financial metrics reflect Fitch's approach regarding the inclusion of DWSD financials.

The FAST considers the potential trend of key ratios in a base case and stress scenario over a five-year period. The stress scenario is designed to impose capital costs 10% above expected base case levels and evaluate potential variability in projected key ratios. The FAST reflects Fitch's view of a reasonable scenario, which is generally informed by publicly available and/or management provided information regarding capital expenditures, user charges and rate of revenue and expenditure growth.



Fitch adjusted the authority provided CIP funding sources, limiting the recognition of future grant revenue given potential uncertainty in this funding source and utilized additional pay go funding.

In the base case scenario, the leverage ratio is expected to increase to 8.7x in fiscal 2028, then decline to 8.2x through fiscal 2029. In the stress scenario, which is considered the rating case, the leverage ratio is projected to increase to 9.1x in fiscal 2028, then decrease to 8.7x through fiscal 2029. Fitch reviewed an additional scenario that assumes the majority of grants are realized. This results in a further decline in leverage, peaking at 8.4x in the rating case. The liquidity profile is expected to remain neutral to the assessment over the five-year horizon.

### **Asymmetric Additional Risk Considerations**

No asymmetric additive considerations affected this rating determination.

## **RATING SENSITIVITIES**

### **Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade**

- Sustained leverage exceeding 10.0x in Fitch's rating case, in the context of the current revenue defensibility and operating risk assessments;
- Weakening of DWSD credit fundamentals, leading to a downward revision of the revenue defensibility assessment, raising the leverage hurdle at the current rating;
- Material declines in liquidity that expose bondholders to timing risk of the true-up;
- The senior lien rating could converge at the SCP assessment if there is a significant erosion of the financial cushion afforded to senior bondholders that results in a lack of meaningful difference in the probability of payment default between the liens.

### **Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade**

- Leverage sustained below 8.0x in Fitch's rating case, assuming stability in the current revenue defensibility and operating risk assessments.

## **PROFILE**

GLWA provides wholesale sewer services to approximately 2.8 million customers, about 28% of the state population. In January 2016, the authority assumed operational control of

Detroit's system assets (excluding its local collection infrastructure) via a 40-year lease agreement (which automatically extends to coincide with outstanding bonds) and authorized GLWA to set and collect rates from customers historically served by the city.

Separately, a security interest in the city's system-related revenues was granted under the master bond ordinance (MBO), while the WSSA assigned the city the right to set and collect rates from its retail customers. The agreement required GLWA to assume all liabilities of the DWSD's regional water and sewer systems, including outstanding indebtedness related to the respective systems.

System assets include a wastewater treatment plant (the water resource recovery facility, or WRRF), which is one of the largest single-site facilities in the U.S., with capacity of 1,700 mg per day. The treatment plant can accommodate dry-weather flows without further mediation but also operates eight combined sewer overflow retention treatment basins to accommodate wet-weather flows. Wholesale customers retain ownership in collection system infrastructure, which conveys flows and ultimately discharges the flows into GLWA's interceptors.

GLWA financial metrics reported by Fitch and used in its historical analysis are based on financial statements that are adjusted as outlined below in "Summary of Financial Statement Analysis".

## **SUMMARY OF FINANCIAL ADJUSTMENTS**

In its analysis, Fitch adjusted GLWA's "Statement of Revenues, Expenses and Changes in Net Position" to include information from DWSD's "Statement of Revenues, Expenses and Changes in Net Position." Fitch also adjusted GLWA's balance sheet to include DWSD's unrestricted cash. The adjustments were made to provide greater comparability of GLWA's financial position in accordance with the flow of funds under the bond ordinances and lease-related agreements.

## **Sources of Information**

In addition to the sources of information identified in Fitch's applicable criteria specified below, this action was informed by data from DIVER by Solve.

## **REFERENCES FOR SUBSTANTIALLY MATERIAL SOURCE CITED AS KEY DRIVER OF RATING**

The principal sources of information used in the analysis are described in the Applicable Criteria.

## ESG CONSIDERATIONS

The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' means ESG issues are credit-neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visit <https://www.fitchratings.com/topics/esg/products#esg-relevance-scores>.

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## APPLICABLE CRITERIA

[U.S. Public Sector, Revenue-Supported Entities Rating Criteria \(pub. 10 Jan 2025\) \(including rating assumption sensitivity\)](#)

[U.S. Water and Sewer Rating Criteria \(pub. 24 Feb 2025\) \(including rating assumption sensitivity\)](#)

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Great Lakes Water Authority (MI)

EU Endorsed, UK Endorsed

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The complete span of best- and worst-case scenario credit ratings for all rating categories ranges from 'AAA' to 'D'. Fitch also provides information on best-case rating upgrade scenarios and worst-case rating downgrade scenarios (defined as the 99th percentile of rating transitions, measured in each direction) for international credit ratings, based on historical performance. A simple average across asset classes presents best-case upgrades of 4 notches and worst-case downgrades of 8 notches at the 99th percentile. For more details on sector-specific best- and worst-case scenario credit ratings, please see [Best- and Worst-Case Measures](#) under the Rating Performance page on Fitch's website.

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structured finance transactions on the Fitch website. These disclosures are updated on a daily basis.



# Great Lakes Water Authority, Michigan [Sewer]

The upgrade of the senior sewer revenue bonds to 'AA' and second lien bonds to 'AA-', along with the 'aa-' SCP assessment, reflects the Great Lakes Water Authority (GLWA or the authority) sewer system's (the system) 'Very Strong' financial profile, characterized by leverage anticipated to remain below 10.0x through and beyond fiscal 2029. System leverage, measured as net adjusted debt to adjusted funds available for debt service (FADS), was very low at 8.2x in fiscal 2024 (FYE June 30) and is expected to peak at 9.1x in fiscal 2028 in Fitch's Analytical Stress Test (FAST) rating case.

The upgrade also reflects the financial profile within the framework of 'Very Strong' revenue defensibility and 'Very Strong' operating risk profile, both assessed at 'aa'. Although peak leverage indicates modest headroom at the current ratings, Fitch expects management will implement rate adjustments and manage capital spending to maintain leverage consistent with the ratings and SCP.

Fitch recognizes the still-challenging economic environment and credit fundamentals for Detroit Water and Sewerage Department (DWSD). However, GLWA has managed through its initial 10 years of operations within its 4% promise, keeping rate adjustments at or below this level in part due to cost management. Although Fitch anticipates overall rate increases remaining manageable, the removal of this constraint provides additional flexibility to ensure the financial profile remains consistent with the rating.

Additionally, while planned capital spending continues to increase, the absence of consent orders or other regulatory mandates and potential for substantial grant funding also support financial flexibility. These grants, if fully realized, would further reduce leverage and increase headroom at the current rating.

The distinction between the senior and the second lien bonds reflects the meaningful protection afforded to senior debt, given the sizable balance of subordinated obligations, which include the second lien bonds, state revolving fund loans, and long-term leases payable under the lease agreement between GLWA and DWSD. It also reflects the absence of an automatic cross-default or acceleration between the liens.

## Security

The senior lien bonds are secured by a first lien on net revenues of the system. The second lien bonds are secured by net revenues after payment of the senior lien bonds.

### Assessment

Standalone Credit Profile	aa-
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### Outlooks

Standalone Credit Profile	Stable
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### New Issues

\$46,700,000 Sewage Disposal System Revenue Refunding Senior Lien Bonds, Series 2025A	AA
\$258,200,000 Sewage Disposal System Revenue Refunding Second Lien Bonds, Series 2025B	AA-
\$47,700,000 Sewage Disposal System Revenue Second Lien Bonds, Series 2025C	AA-

### Sale Date

Week of June 19.

### Outstanding Debt

[Issuer Ratings Information](#)

### Applicable Criteria

[U.S. Public Sector, Revenue-Supported Entities Rating Criteria \(January 2025\)](#)  
[U.S. Water and Sewer Rating Criteria \(February 2025\)](#)

### Related Research

[Fitch Rates Great Lakes Water Authority's Sewage Revs 'AA' and 'AA-'; Outlook Stable \(May 2025\)](#)

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## Key Rating Drivers

### Revenue Defensibility - 'aa'

#### ***Strong Purchaser Credit Quality (PCQ), Very Strong Revenue Source Characteristics***

Revenue defensibility is supported by purchasers that exhibit strong credit quality. The authority has contract provisions that allow for full cost recovery and the unlimited reallocation of costs across users. Under the water and sewer services agreements (WSSAs) in place with the local system, the authority has the exclusive right to establish rates for the sewer services it provides. The authority has delegated to the city its right to establish rates regarding services provided to city of Detroit customers.

DWSD was approximately 50% of the system's operating revenues (inclusive of the local system operating revenues) in fiscal 2024. Other large customers include the Oakland-Macomb Interceptor Drainage District (12%), Wayne County's Rouge Valley (9.0%), and Oakland County's George Kuhn Drainage District (8%). Although the Detroit service area characteristics remain weak, the authority's large suburban members support the overall strong PCQ.

### Operating Risk - 'aa'

#### ***Very Low Operating Cost Burden, Moderate Investment Needs***

In fiscal 2024, the system's operating cost burden was considered very low at \$3,402 per million gallons (mg), consistent with the operating risk assessment. The life cycle ratio was low at 36% in fiscal 2024. As calculated by Fitch, capex to depreciation has been weak though improving, averaging 55% over the last five fiscal years from 2020 to 2024. Planned capital spending for the next five years should generally outpace historical depreciation, supporting a continued low life cycle ratio.

GLWA's revenues fund the DWSD's capital improvement plan (CIP) through the lease payments, and debt issued by GLWA for local DWSD projects. The consolidated GLWA and DWSD CIP for fiscal 2025-2029 approximates \$1.8 billion, compared to the previously planned \$1.3 billion for fiscal 2024 through 2028 period. Increases are largely driven by DWSD projects, which focus on the maintenance and improvement of the local system infrastructure.

GLWA's planned spending focuses primarily on the water resource recovery facility, which accounts for about 40% of planned spending; other areas of spending include collection and outfalls, combined sewer overflow facilities and flood mitigation projects.

### Financial Profile - 'aa'

#### ***Modestly Increasing Leverage Remains Supportive of Ratings, Liquidity Neutral***

The system had very low leverage of 8.2x as of fiscal 2024, reflecting declining net adjusted debt and generally stable FADS. This continues the downward trend since fiscal 2018 when leverage measured 10.3x. The liquidity profile, also reflecting Fitch's approach, is neutral to the overall assessment with current days cash on hand of 311 and coverage of full obligations (COFO) of 1.7x. Fitch-calculated total debt service coverage was 1.7x in fiscal 2024. Financial metrics reflect Fitch's approach regarding the inclusion of DWSD financials.

The FAST considers the potential trend of key ratios in a base case and stress scenario over a five-year period. The stress scenario is designed to impose capital costs 10% above expected base case levels and evaluate potential variability in projected key ratios. The FAST reflects Fitch's view of a reasonable scenario, which is generally informed by publicly available and/or management provided information regarding capital expenditures, user charges and rate of revenue and expenditure growth.

Fitch adjusted the authority-provided CIP funding sources, limiting the recognition of future grant revenue given potential uncertainty in this funding source and utilized additional pay-go funding.

In the base case scenario, the leverage ratio is expected to increase to 8.7x in fiscal 2028, then decline to 8.2x through fiscal 2029. In the stress scenario, which is considered the rating case, the leverage ratio is projected to increase to 9.1x in fiscal 2028, then decrease to 8.7x through fiscal 2029. Fitch reviewed an additional scenario that assumes the majority of grants are realized. This results in a further decline in leverage, peaking at 8.4x in the rating case. The liquidity profile is expected to remain neutral to the assessment over the five-year horizon.

### Asymmetric Additional Risk Considerations

No asymmetric additive considerations affected this rating determination.

## Sensitivities

### Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade

- Sustained leverage exceeding 10.0x in Fitch's rating case, in the context of the current revenue defensibility and operating risk assessments;
- Weakening of DWSD credit fundamentals, leading to a downward revision of the revenue defensibility assessment, raising the leverage hurdle at the current rating;
- Material declines in liquidity that expose bondholders to timing risk of the true-up;
- The senior lien rating could converge at the SCP assessment if there is a significant erosion of the financial cushion afforded to senior bondholders that results in a lack of meaningful difference in the probability of payment default between the liens.

### Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade

- Leverage sustained below 8.0x in Fitch's rating case, assuming stability in the current revenue defensibility and operating risk assessments.

## Profile

GLWA provides wholesale sewer services to approximately 2.8 million customers, about 28% of the state population. In January 2016, the authority assumed operational control of Detroit's system assets (excluding its local collection infrastructure) via a 40-year lease agreement (which automatically extends to coincide with outstanding bonds) and authorized GLWA to set and collect rates from customers historically served by the city.

Separately, a security interest in the city's system-related revenues was granted under the master bond ordinance (MBO), while the WSSA assigned the city the right to set and collect rates from its retail customers. The agreement required GLWA to assume all liabilities of the DWSD's regional water and sewer systems, including outstanding indebtedness related to the respective systems.

System assets include a wastewater treatment plant (the water resource recovery facility, or WRRF), which is one of the largest single-site facilities in the U.S., with capacity of 1,700 mg per day. The treatment plant can accommodate dry-weather flows without further mediation but also operates eight combined sewer overflow retention treatment basins to accommodate wet-weather flows. Wholesale customers retain ownership in collection system infrastructure, which conveys flows and ultimately discharges the flows into GLWA's interceptors.

GLWA financial metrics reported by Fitch and used in its historical analysis are based on financial statements that are adjusted as outlined below in "Summary of Financial Statement Analysis".

## Revenue Defensibility

### Revenue Source Characteristics

Revenue source characteristics reflect the strength of legal agreements between the city and the authority's regional municipal customers and the ability to reallocate costs should the need arise.

Any bad-debt expense from a wholesale customer is charged to other wholesale customers. These charges are generally done prospectively but may also be accomplished via a true-up. Most wholesale contracts last 30 years with an automatic 10-year renewal and a five-year notice requirement for termination. There is no meaningful alternate treatment option in the region to which the purchasers could look to replace the authority's services.

### Rate Flexibility

Rates are set by the authority's board and are not subject to external approval. The wholesale agreements for the majority of the authority's regional sewer customers are based on a 100% fixed-service charge component, which is reviewed and adjusted annually.

The city currently establishes rates for customers within the city of Detroit, and no external approval is required to establish these rates. Should the city fail to perform its duties or meet its obligations under the WSSA, the authority may terminate the agency relationship and adjust rates as deemed necessary.

Affordability metrics of the underlying customers vary based on local income statistics, resulting in affordability pressure for Detroit, but the other wholesale customers exhibit more rate flexibility, given higher income levels.

### Purchaser Credit Quality

The PCQ is considered strong, reflecting the midrange credit quality of DWSD sewer operations and Fitch's assessment of the large suburban customers, including Oakland-Macomb Interceptor Drainage District, Wayne County's Rouge Valley and Oakland County's George Kuhn Drainage District.

The PCQ reflects a Purchaser Credit Index (PCI) score of 2.3. The PCI continues to include a midrange assessment for the city's sewer system. The PCI also includes the drainage districts noted above, along with Oakland County's Evergreen Farmington District. Although Fitch does not publicly rate these entities, it assesses them as very strong. Together, these four entities comprise approximately 80% of total system revenues.

### Asymmetric Factor Considerations

No asymmetric risk considerations affected the revenue defensibility assessment.

## Operating Risk

### Operating Cost Burden

The operating cost burden was just \$3,402 per mg in fiscal 2024, which Fitch considers very low. The cost burden has averaged less than \$3,300 over the past five years, which comfortably supports the operating risk assessment. System costs are forecast to increase modestly over time, even in the face of continuing cost pressures. Fitch expects the operating cost burden to remain very low over the near to intermediate term, supporting the overall operating risk assessment.

The system's pension obligations and associated expenses should continue to trend downward. Detroit's General Retirement System Plan was frozen in 2014. Under an agreement between GLWA and DWSD, payments to fund the pension liability were made over the nine years ended June 30, 2023. Remaining payments will reflect updated actuarial valuations.

### Capital Planning and Management

The authority began depreciating infrastructure when system assets were conveyed from the city to GLWA. The system's life cycle ratio is low at 36%, increasing from 24% over the past five years as capex has lagged depreciation. Capex to depreciation has averaged 57% over the past five years; current planned capital spending should support a continued low life cycle ratio.

The authority is responsible for its own capital funding as well as those of DWSD via the lease payment and its borrowing on behalf of DWSD. Approximately \$1.1 billion in debt is expected to be issued through fiscal 2029, including amounts borrowed through Michigan's state revolving fund. The remainder of the almost \$1.9 billion of capital is expected to be sourced from pay-go and grants.

Spending outlined in the authority's plan is allocated to the maintenance of the WRRF (40%), collection system improvements (30%), combined system overflow mitigation (12%) and flood mitigation projects (14%). The DWSD system is focused on maintenance and improvement of the existing collection system infrastructure.

### Asymmetric Factor Considerations

No asymmetric risk considerations affected the operating risk assessment.

## Financial Profile and FAST Analysis

The system's financial profile is very strong and assessed at 'aa'. As noted, leverage has been on a generally downward trend for the last several years and measured 8.2x in fiscal 2024. Fitch's calculated debt service coverage was 2.2x and 1.7x, respectively, for senior lien and total debt. Liquidity has remained sound over the past five years; the liquidity cushion most recently finished at 311 days. The system's sound COFO of around 1.7x and cash balances result in a liquidity profile that is considered neutral to the financial profile assessment. Historical calculations reflect Fitch's adjustments to include information from DWSD's sewer system audit, including revenues, expenditures and unrestricted cash.

### Fitch Analytical Stress Test (FAST)

The FAST base case assumptions used by Fitch were informed by the authority's latest forecasts and projected capex. Revenue growth, including assumptions for growth with respect to DSWD, ranges from 4%-5% annually through fiscal 2029. Expenditure increases are projected to remain low, less than 4% annually on average.

The expansion of the capital plan plus the authority's higher-planned execution rate, which increased to 100% from 75% at Fitch's review of the system in 2022, are expected to be supported by these higher revenues. Thus, leverage

over the next five years is expected to average about 8.5x in Fitch's base case and 8.8x in the rating case. Leverage through fiscal 2029 is expected to peak at 8.7x in the base case, and 9.1x in the stress case.

An additional scenario assumes the receipt of almost \$140 million in grants, in addition to the \$20.9 million in the above scenario. Under this scenario, leverage trends lower, averaging 8.1x in the base case and 8.4x in the stress case. The realization of this level of grants provides further protection relative to the potential for increases in capital costs above those anticipated by the authority. The liquidity profile is expected to remain neutral to the assessment with COFO of at least 1.3x and sound days cash annually.

### Summary of Financial Adjustments

In its analysis, Fitch adjusted GLWA's "Statement of Revenues, Expenses and Changes in Net Position" to include information from DWSD's "Statement of Revenues, Expenses and Changes in Net Position." Fitch also adjusted GLWA's balance sheet to include DWSD's unrestricted cash. The adjustments were made to provide greater comparability of GLWA's financial position in accordance with the flow of funds under the bond ordinances and lease-related agreements.

### Asymmetric Additive Risk Considerations

No asymmetric additive risk considerations affected this rating.

### ESG Considerations

The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' means ESG issues are credit-neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visit <https://www.fitchratings.com/topics/esg/products#esg-relevance-scores>.

**Financial Summary**

(Audited Fiscal Years Ended June 30)	2020	2021	2022	2023	2024
<b>Operating Risk</b>					
<b>Operating Cost Burden</b>					
Operating Cost Burden (\$/mg)	2,966	3,636	2,804	3,543	3,402
<b>Capital Planning and Management</b>					
Life Cycle Ratio (%)	24	27	26	33	36
Annual CapEx/Depreciation (%)	50	54	44	55	84
5–Year Average Capex/Depreciation (%)	35	43	46	50	57
<b>Financial Profile (\$000, unless otherwise indicated)</b>					
Current Unrestricted Cash/Investments	330,873	358,755	348,601	365,321	427,713
Current Restricted Cash/Invest (Available Liquidity)	21,078	25,397	22,271	10,887	6,418
Current Cash Available	351,950	384,152	370,871	376,208	434,131
Noncurrent Unrestricted Cash/Investments					
Noncurrent Restricted Cash/Invest (Available Liquidity)					
Available Cash	351,950	384,152	370,871	376,208	434,131
Current Restricted Cash/Invest (Debt Service or Debt Service Reserve)	92,049	91,791	102,973	141,857	202,082
Noncurrent Restricted Cash/Invest (Debt Service or Debt Service Reserve)	21,813	12,444	21,374	12,790	
Funds Restricted for Debt Service	113,863	104,235	124,347	154,647	202,082
Total Debt	3,651,203	3,544,442	3,411,201	3,512,437	3,460,978
Capitalized Fixed Charges					
Adjusted Net Pension Liability	115,616	113,444	47,428	47,164	27,522
Available Cash	351,950	384,152	370,871	376,208	434,131
Funds Restricted for Debt Service	113,863	104,235	124,347	154,647	202,082
Net Adjusted Debt	3,301,005	3,169,499	2,963,410	3,028,746	2,852,287
Total Operating Revs	798,331	807,544	833,832	814,151	809,201
Purchased Water/Sewer Services					
Other Operating Expenses	469,162	491,238	479,394	480,535	510,194
EBITDA	329,169	316,306	354,438	333,616	299,007
Investment Income/(Loss)	8,960	2,825	-3,023	20,877	34,566
Non–Operating Revenues from Taxes					
Other Cash Revenues/(Expenses)	366	-299	-235	1,226	8,997
BAB Subsidy					
Capital Contributions	11,920	-		2,176	-
Funds Available for Debt Service	350,415	318,832	351,180	357,895	342,570
Fixed Services Expense					
Net Transfers In/(Out)		-	-	-	-
Pension Expense	12,923	14,453	8,927	-13,322	4,300
Adjusted Funds Available for Debt Service	363,337	333,285	360,107	344,574	346,871
<b>Net Adjusted Debt/Adjusted Funds Available for Debt Service (x)</b>	<b>9.1</b>	<b>9.5</b>	<b>8.2</b>	<b>8.8</b>	<b>8.2</b>
Funds Available for Debt Service	350,415	318,832	351,180	357,895	342,570
Fixed Services Expense					
Net Transfers In/(Out)		-	-	-	-
Adjusted FADS for Coverage of Full Obligations	350,415	318,832	351,180	357,895	342,570

**Financial Summary**

(Audited Fiscal Years Ended June 30)	2020	2021	2022	2023	2024
Total Annual Debt Service	229,535	203,294	207,113	210,486	202,328
Fixed Services Expense					
Adjusted Debt Service (Includes Fixed Services Expense)	229,535	203,294	207,113	210,486	202,328
Coverage of Full Obligations (x)	1.53	1.57	1.70	1.70	1.69
Coverage of Full Obligations Excluding Connection Fees (x)	1.47	1.57	1.70	1.69	1.69
Current Days Cash on Hand	274	285	282	286	311
Liquidity Cushion Ratio (Days)	274	285	282	286	311
All-In Debt Service Coverage (x)	1.53	1.57	1.70	1.70	1.69

Notes: Fitch may have reclassified certain financial statement items for analytical purposes. N.A. - Not Available.

Sources: Fitch Ratings, Fitch Solutions, Great Lakes Water Authority (MI)

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# Moody's Ratings

# MOODY'S

## RATINGS

### **Rating Action: Moody's Ratings affirms existing ratings and assigns Aa3 senior & A1 second lien to Great Lakes Water Authority, MI's water revenue and sewer revenue bonds; outlook stable**

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29 May 2025

New York, May 29, 2025 -- Moody's Ratings (Moody's) has affirmed the Aa3 rating on the Great Lakes Water Authority, MI Sewer Enterprise's and Great Lakes Water Authority, MI Water Enterprise's outstanding senior lien bonds and the A1 on its outstanding second lien bonds and taken other rating actions as shown below. The authority had about \$2.7 billion of water and \$3.1 billion of sewer net debt outstanding at the end of fiscal 2024 (year-end June 30). The outlook is stable.

The rating actions are as follows:

Affirmations:

- Senior lien bonds: Aa3
- Second lien bonds: A1

New rating assignments:

- Water Supply System Revenue Refunding Senior Lien Bonds, Series 2025A with a proposed par amount of \$159.6 million: Aa3
- Water Supply System Revenue Senior Lien Bonds, Series 2025C with a proposed par amount of \$109.9 million: Aa3
- Water Supply System Revenue Refunding Second Lien Bonds, Series 2025B with a proposed par amount of \$66.1 million: A1
- Water Supply System Revenue Second Lien Bonds, Series 2025D with a proposed par amount of \$109.6 million: A1
- Sewage Disposal System Revenue Refunding Senior Lien Bonds, Series 2025A with a proposed par amount of \$46.9 million: Aa3
- Sewage Disposal System Revenue Refunding Second Lien Bonds, Series 2025B with a proposed par amount of \$258.2 million: A1
- Sewage Disposal System Revenue Second Lien Bonds, Series 2025C with a proposed par amount of \$47.7 million: A1

#### RATINGS RATIONALE

The Aa3 senior lien water revenue and Aa3 senior lien sewer revenue ratings reflects the authority's established track record of strong management and prudent long-term forecasting, solid operating performance, independent ability to raise rates and serviceable debt service coverage. Total coverage will likely remain between 1.2x and 1.3x for the water system and

between 1.3x and 1.4x for the sewer system. The system's liquidity overall will likely remain very strong around 500 days.

The systems are very large and regionally important, serving the bulk of the Detroit metro area and over a third of the state's population. A large share of revenue for each system is generated by customers in the City of Detroit, which has undergone economic and fiscal improvement over the last five years. Leverage will remain elevated given significant capital needs including reducing combined sewer overflow (CSO) and enhancing transmission and storage. The systems will also likely need to build greater resilience to extreme wet-weather events. The authority does not have any consent decrees or mandated capital plans, however. Outstanding revenue bonds enjoy sound legal protections. The authority's debt service reserve requirement was set to \$0 in 2024.

The A1 second lien ratings reflects a subordinate claim on pledged net revenue.

#### RATING OUTLOOK

The outlook is stable because the authority will maintain solid coverage and liquidity metrics given its strong management, stable operations and improving service area.

#### FACTORS THAT COULD LEAD TO AN UPGRADE OF THE RATINGS

- Steady improvement in asset condition while lowering debt-to-revenue ratio closer to 4x
- Sustained trend of a debt service coverage ratio closer to 1.5x while maintaining around 500 days cash on hand

#### FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATINGS

- Days cash on hand closer to 400 days or if debt service coverage is likely to remain materially below 1.2x
- Material growth in debt-to-revenue ratio above 6x or deterioration of asset conditions

#### PROFILE

The Great Lakes Water Authority (GLWA) is the regional wholesale provider of water and sewer services to southeast Michigan. The water enterprise treats water from Lake Huron, Lake St. Clair and the Detroit River and distributes treated water to a service area population of about 3.8 million. The sewer enterprise collects, treats and disposes of wastewater produced by a service area population of about 2.8 million. GLWA is an incorporated municipal authority, established in 2016, operating under the guidance of a six-member board, consisting of one appointee each of the counties of Macomb, Oakland, and Wayne, two appointees of the Mayor of Detroit and one of the Governor of Michigan.

#### METHODOLOGY

The principal methodology used in these ratings was US Municipal Utility Revenue Debt published in March 2024 and available at <https://ratings.moodys.com/rmc-documents/416489>. Alternatively, please see the Rating Methodologies page on <https://ratings.moodys.com> for a copy of this methodology.

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## CREDIT OPINION

30 May 2025



Send Your Feedback

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# Great Lakes Water Authority, MI

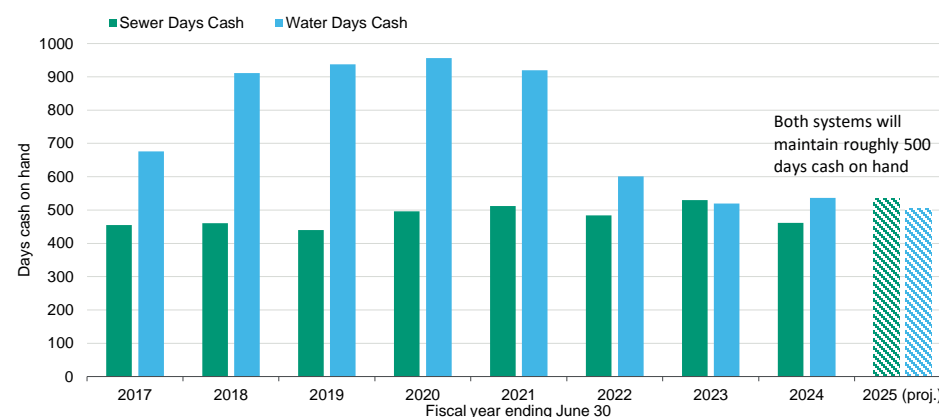
## Update to analysis

### Summary

The [Great Lakes Water Authority's](#) (GLWA) water and sewer enterprises (both senior liens rated Aa3 stable; both subordinate liens rated A1 stable) have solid credit profiles, bolstered by a sizable scale of operations and very large service areas. GLWA has effectively balanced its hefty capital needs with an affordable rate structure and stable operating performance. Building greater resilience to extreme wet-weather events will likely be an ongoing challenge and leverage will remain above-average for both systems. While debt service coverage will narrow somewhat, days cash on hand will remain strong for both systems even after water funds are spent on capital projects (exhibit 1).

Exhibit 1

### Days cash on hand will remain very strong for both systems



Figures shown on a GAAP-basis. Revenue and O&M include GLWA wholesale operations and Detroit Water Sewer Department (DWSD) local retail operations.

Source: Moody's Ratings

### Credit strengths

- » Very large utility systems, providing essential water and wastewater services to a substantial portion of the state's population
- » Commitment to annual revenue enhancements to support strong liquidity and ongoing capital investments
- » Track record of strong budget management and good transparency



## Credit challenges

- » Debt service coverage trails higher-rated large utilities
- » High leverage will persist given outstanding capital needs and plans to issue additional debt
- » Increasing occurrence of extreme wet weather events placing strain on stormwater and sewer treatment capacity in certain segments of the system

## Rating outlook

The outlook is stable because the authority will maintain solid coverage and liquidity metrics given its strong management, stable operations and improving service area.

## Factors that could lead to an upgrade

- » Steady improvement in asset condition while lowering debt-to-revenue ratio closer to 4x
- » Sustained trend of a debt service coverage ratio closer to 1.5x while maintaining around 500 days cash on hand

## Factors that could lead to a downgrade

- » Days cash on hand closer to 400 days or if debt service coverage is likely to remain materially below 1.2x
- » Material growth in debt-to-revenue ratio above 6x or deterioration of asset conditions

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## Key indicators

### Exhibit 2

#### Great Lakes Water Authority, MI Water Ent.

#### System Characteristics

Asset Condition (Net Fixed Assets / Annual Depreciation) 21 years

System Size - O&M (in \$000s) \$205,814

Service Area Wealth: MFI % of US median 96%

#### Legal Provisions

Rate Covenant (x) 1.20

Debt Service Reserve Requirement No DSRF (Baa and Below)

#### Management

Rate Management Aa

Regulatory Compliance and Capital Planning Aa

#### Financial Strength

	2020	2021	2022	2023	2024
Operating Revenue (\$000)	\$419,479	\$411,583	\$426,889	\$472,607	\$476,740
System Size - O&M (\$000)	\$177,515	\$169,792	\$178,539	\$210,351	\$205,814
Net Revenues (\$000)	\$241,964	\$241,791	\$248,351	\$266,473	\$270,926
Outstanding Revenue Debt (\$000)	\$2,301,253	\$2,403,127	\$2,361,794	\$2,612,746	\$2,664,047
Annual Debt Service (\$000)	\$172,869	\$179,214	\$176,589	\$192,801	\$205,677
Annual Debt Service Coverage (x)	1.4x	1.3x	1.4x	1.4x	1.3x
Cash on Hand	953 days	894 days	602 days	519 days	537 days
Debt to Operating Revenues (x)	5.5x	5.8x	5.5x	5.5x	5.6x

Figures shown on a GAAP-basis. Revenue and O&M include GLWA wholesale operations and DWSD local retail operations.

Source: Moody's Ratings

Exhibit 3

Great Lakes Water Authority, MI Sewer Enterprise					
System Characteristics					
Asset Condition (Net Fixed Assets / Annual Depreciation)	18 years				
System Size - O&M (in \$000s)	\$278,380				
Service Area Wealth: MFI % of US median	96%				
Legal Provisions					
Rate Covenant (x)	1.20				
Debt Service Reserve Requirement	No DSRF (Baa and Below)				
Management					
Rate Management	Aa				
Regulatory Compliance and Capital Planning	Aa				
Financial Strength					
	2020	2021	2022	2023	2024
Operating Revenue (\$000)	\$562,231	\$559,812	\$607,690	\$604,439	\$599,788
System Size - O&M (\$000)	\$245,873	\$261,816	\$262,941	\$279,197	\$278,380
Net Revenues (\$000)	\$316,358	\$297,996	\$344,749	\$325,242	\$321,408
Net Funded Debt (\$000)	\$3,039,222	\$2,875,070	\$2,755,512	\$2,876,460	\$3,110,617
Annual Debt Service (\$000)	\$245,783	\$230,163	\$235,848	\$242,859	\$261,129
Annual Debt Service Coverage (x)	1.3x	1.3x	1.5x	1.3x	1.2x
Cash on Hand	491 days	500 days	484 days	478 days	561 days
Debt to Operating Revenues (x)	5.4x	5.1x	4.5x	4.8x	5.2x

Figures shown on a GAAP-basis. Revenue and O&M include GLWA wholesale operations and DWSD local retail operations.

Source: Moody's Ratings

## Profile

The Great Lakes Water Authority (GLWA) is the regional wholesale provider of water and sewer services to southeast Michigan (Aa1 stable). The water enterprise treats water from Lake Huron, Lake St. Clair and the Detroit River and distributes treated water to a service area population of about 3.8 million. The sewer enterprise collects, treats and disposes of wastewater produced by a service area population of about 2.8 million.

GLWA is an incorporated municipal authority, established in 2016, operating under the guidance of a six-member board, consisting of one appointee each of the counties of Macomb, Oakland and Wayne, two appointees of the Mayor of Detroit and one of the Governor of Michigan.

## Detailed credit considerations

### Service area and system characteristics: very large service area in southeast Michigan

The systems will continue to benefit from large service areas with broad and diverse customer bases. The regional water supply system covers roughly 1,700 square miles in southeast Michigan, providing treated water to 115 communities and roughly 40% of the state's population. Water usage, like in many systems, have fallen somewhat over the past several years because of conservation efforts and the region's stagnant population. The sewer system is a little smaller; covering 953 square miles and providing wastewater services to about a third of the state's population across 79 communities.

GLWA's pledged revenue is derived from both GLWA wholesale operations and Detroit Water and Sewerage Department (DWSD) local retail operations. The bulk of water and sewer revenue comes from wholesale contracts with suburban communities. Wholesale contracts generate roughly three-quarters of water revenue and a little under half of sewer revenue. Detroit residents and businesses are retail customers of DWSD, which manages the local system. The revenue generated within the City of Detroit is assigned to GLWA and is deposited directly with the bond trustee.

### Debt service coverage and liquidity: serviceable coverage, likely to narrow a little in the water system

Coverage will narrow a little in the water system because of rising costs and planned borrowing. The authority projects the water system's total debt service coverage to sit between 1.2x and 1.3x through 2030 and the sewer system to remain between 1.3x and 1.4x. The authority also plans to pick up revenue growth starting in fiscal 2026. While the systems were historically bound by a 4% revenue growth limit, revenue from wholesale water and sewer charges are forecast to grow by about 6% annually through fiscal 2030.

The overall coverage is adequate despite being a little low compared to sector medians authority because of management's close monitoring of revenue targets, the stability of its wholesale charges and its ability to set rates. Most revenue in both systems comes from fixed monthly wholesale charges (roughly 60% in the water system and 100% in the sewer system), which enhances revenue reliability and dependability.

### Liquidity

Liquidity is strong for both systems and will remain so even after planned spending for capital investments in the water system. Management plans to maintain roughly 500 days cash on hand and slowly grow to 600 days over the next decade. The two systems also have significant restricted cash assets held for budget stabilization and capital.

### Debt and legal covenants: sustained revenue growth will keep high debt burden level

Leverage metrics will likely remain stable because GLWA has control over its rates and it plans to finance a portion its CIP with cash. The systems have a variety of capital needs, including reducing combined sewer overflow (CSO) and enhancing transmission and storage. Favorably, the systems are not operating under any federal or state consent decrees.

The systems will also likely need to build greater resilience to extreme wet-weather events over the long-term. The CIP for fiscal 2026 through 2030 includes about \$1.3 billion of water projects and \$1.4 billion of sewer projects.

### Legal security

Water and sewer revenue bonds are backed by the net revenue of the respective systems. Legal provisions are solid and are the same for both systems. The rate covenant requires projected net revenue coverage of debt service equal to 120% for senior lien bonds, 110% for second lien bonds and 100% for any subordinate lien debt. Per the master bond ordinance, projected net revenue includes the revenue of the respective systems plus any estimated revenue increase from approved rate increases.

The money collected from regional wholesale and local retail customer payments are deposited to a lockbox, which is administered by a third-party trustee. Operations and maintenance (O&M) expenses are defined as cash transfers made to GLWA's and DWSD's respective O&M funds. The revenue and O&M expenses related to GLWA are reported in its segregated business funds while the revenue and expenses of DWSD are accounted for in Detroit's water and sewer funds, respectively. The bifurcated accounting requires adjustments from reported figures to assess rate covenant coverage under the master bond ordinance.

The authority is allowed to reduce or eliminate its reserve requirement if the senior lien is rated Aa3/AA- by two or more rating agencies. The bonds that are being issued will not include a debt service reserve fund (DSRF). GLWA reduced the reserve requirement for the outstanding bonds to \$0 upon the issuance of the 2024 bonds.

### Debt structure

All of GLWA's water revenue debt and most of its sewer bonds are fixed rate. The sewer system has one series of variable rate debt: its Series 2006D bonds. The bonds are floating rate notes, are fully callable and make up a little less than 10% of sewer debt. The bonds do not have any demand risk. Interest rates are reset quarterly based upon a formula using a three-month Term SOFR rate.

The water system held a little under half of total GLWA debt at the end of fiscal 2024, with roughly \$1.65 billion of senior lien bonds, \$670 million of second lien water revenue bonds and \$241 million of junior lien state revolving fund (SRF) loans. The remainder is held by the sewer system, inclusive of \$1.7 billion of senior lien bonds, \$762 million of second lien sewer revenue bonds and \$337 million junior lien state revolving fund (SRF) loans. The debt service schedule is front-loaded and the bulk of both system's debt matures over the next 15 years.

### Debt-related derivatives

The GLWA is not party to any derivative agreements.

Pensions and OPEB

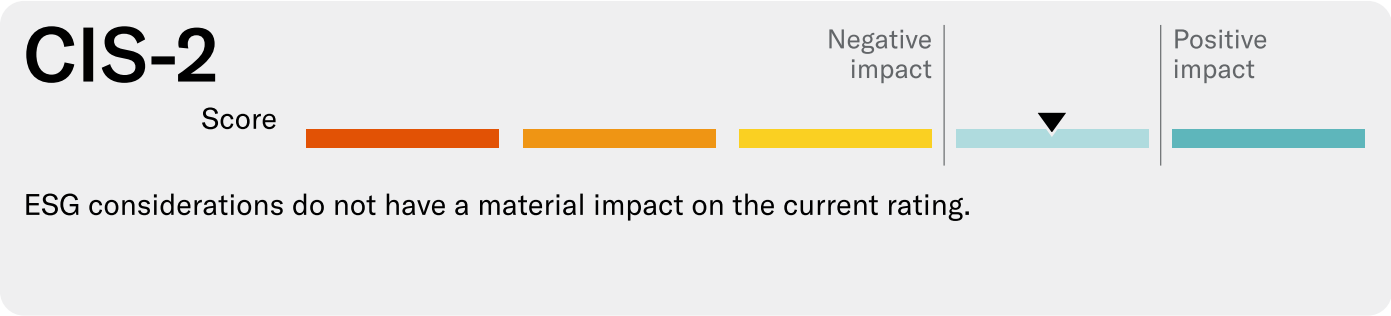
GLWA employees are participants in a defined contribution benefit plan. There are some former DWSD employees who were hired by GLWA that qualify for accrued pension benefits from the City of Detroit's frozen defined benefit General Retirement System (GRS). GLWA's payments to GRS are based on the actuarial needs of the plan and sized to amortize any unfunded liability associated with GLWA's agreed upon share that is still remaining. GLWA also makes a payment to Detroit for its allocable share of the city's financial recovery bonds, which were issued to satisfy claims relating to the city's pension obligation certificates and OPEB. GLWA established a new defined-contribution retiree healthcare savings plan, resulting in no potential unfunded liability.

Before fiscal 2024, pursuant to the City of Detroit's bankruptcy plan of adjustment, GLWA contributed annually to GRS to accelerate amortization of the GRS unfunded liability associated with GLWA's agreed share, which was based on the liability determined to be associated with the regional system before GLWA began operations.

ESG considerations

Great Lakes Water Authority, MI Sewer Enterprise's ESG credit impact score is CIS-2

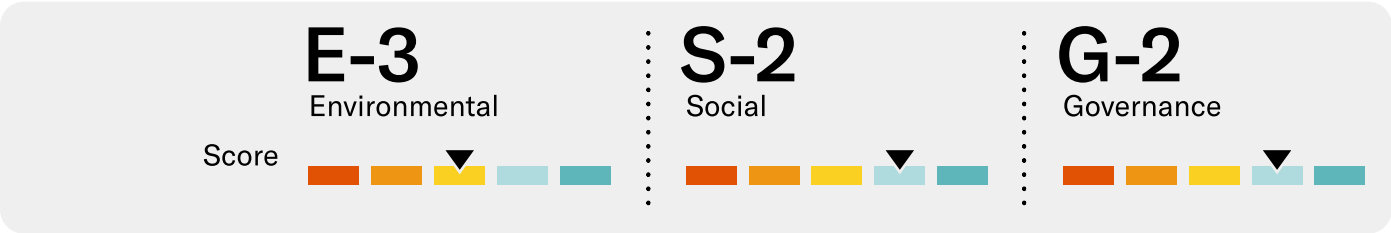
Exhibit 4
ESG credit impact score



Source: Moody's Ratings

The authority's ESG Credit Impact Score of **CIS-2** indicates that ESG considerations have a neutral-to-low impact on its credit rating, reflecting moderately negative exposure to environmental risks and neutral-to-low exposure to social and governance risks.

Exhibit 5
ESG issuer profile scores



Source: Moody's Ratings

Environmental

The authority's E Issuer Profile Score is **E-3** reflecting moderately negative exposure to physical climate and water management risks and neutral-to-low exposure to carbon transition, natural capital, and waste and pollution risks. Climate change and extreme weather are likely to impact the authority's future operations, particularly on the sewer system. For example, major wet weather events, like those that occurred during the summer of 2021, can overwhelm the system's ability to store and process infiltration. The water system benefits from access to a vast amount of fresh water and the sewer system includes one of the largest single-site wastewater treatment plants in the world. Both systems are subject to extensive regulation pursuant to the federal Clean Water Act, the Clean Air Act, the Michigan Natural Resources and Environmental Protection Act and various administrative rules and regulations. The authority is in material compliance with all existing permits relating to the operation of the regional water and sewer systems.

## Social

The authority's Issuer Profile Score is **S-2**, reflecting moderately negative exposure to responsible production risks because of ongoing product quality risks and neutral-to-low exposure to most social risks including customer relations, demographic and social trends, health and safety and human capital. Population in the Detroit MSA grew a little over 2% between 2010 and 2020. The system's sizable service area and customer base provides a high level of diversity, balancing social challenges in portions of the customer base, such as high poverty areas in the City of Detroit. GLWA provides payment and conservation assistance to low-income retail customers through its Water Residential Assistance Program, which helps to avoid delinquencies and support revenue stability.

## Governance

The authority's governance Issuer Profile Score is **G-2**, reflecting positive exposure from strong management credibility and compliance and reporting, a moderately negative organizational structure given its heavy exposure to the City of Detroit, and neutral-to-low exposure to financial strategy and board structure risks. GLWA was created in the aftermath of the Detroit bankruptcy. It obtained possession and control of the city's water supply and sewage disposal systems via regional system leases (effective January 1, 2016) for an initial 40-year term (which automatically extends to coincide with the final maturity of outstanding bonds) and replaced the city as the obligor on all outstanding debt obligations related to the systems, pursuant to bondholder consent. Pursuant to the lease, the City of Detroit has irrevocably assigned its right, title and interest in all revenue of the sewer and water enterprises to GLWA. The lease will automatically extend to correspond with scheduled repayment of newly issued revenue debt. All revenues of both systems were assigned to GLWA. GLWA is governed by a six-member board. The board has full authority to set service charges on municipal customers. Rates charged to retail customers in the City of Detroit are established by the city's Board of Water Commissioners pursuant to an agency agreement with GLWA. The lease agreement grants the GLWA board the ability to override the city's authority of retail rates and collections should the city not make adjustments sufficient to meet annual revenue requirements. All wholesale customers retain responsibility for levying local charges sufficient to cover costs charged by GLWA. Pursuant to the memorandum of understanding between GLWA and DWSD, GLWA assumes an annual increase of not more than 4% in the revenue requirements through fiscal 2025. GLWA has demonstrated strong budget management since its inception, enhancing operational efficiencies and regional cooperation. Each year GLWA conducts an extensive study of both its wholesale service charges and allocated annual revenue requirement to retail customers, with the purpose of adjusting revenue to reflect the cost of operations, depreciation expense and return on the rate base. Additionally, since the water system capacity exceeds demands, management is adjusting components of its water treatment plants to ensure that the installed capacity aligns well with system demands. This allows the water system to reduce capital costs while preserving the ability to meet wholesale customers' expectations.

ESG Issuer Profile Scores and Credit Impact Scores for the rated entity/transaction are available on Moodys.com. In order to view the latest scores, please click [here](#) to go to the landing page for the entity/transaction on MDC and view the ESG Scores section.

## Rating methodology and scorecard factors

Exhibit 6

### Great Lakes Water Authority, MI Water Enterprise

Rating Factors	Input	Weight	Score
System Characteristics (30%)			
Asset Condition (Years of Annual Depreciation)	21	10%	A
System Size (O&M in Millions of Dollars)	\$205,814	7.5%	Aaa
Service Area Wealth (Median Family Income as % of US)	96%	12.5%	Aa
Financial Strength (40%)			
Annual Debt Service Coverage (x)	1.3	15%	A
Days Cash on Hand	537	15%	Aaa
Debt to Operating Revenue (x)	5.6	10%	A
Management (20%)			
Rate Management	Aa	10%	Aa
Regulatory Compliance and Capital Planning	Aa	10%	Aa
Legal Provisions (10%)			
Rate Covenant (x)	1.2	5%	A
Debt Service Reserve Requirement	Baa	5%	Baa
Notching Factors			Up/Down
Scorecard-Indicated Outcome			Aa3
Assigned Rating			Aa3

Data is based on most recent fiscal year available. Figures shown on a GAAP-basis. Revenue and O&M include GLWA wholesale operations and DWSD local retail operations.

Source: Moody's Rating

Exhibit 7

## Great Lakes Water Authority, MI Sewer Enterprise

Rating Factors	Input	Weight	Score
System Characteristics (30%)			
Asset Condition (Years of Annual Depreciation)	18	10%	A
System Size (O&M in Millions of Dollars)	\$278,380	7.5%	Aaa
Service Area Wealth (Median Family Income as % of US)	96%	12.5%	Aa
Financial Strength (40%)			
Annual Debt Service Coverage (x)	1.23	15%	Baa
Days Cash on Hand	561	15%	Aaa
Debt to Operating Revenue (x)	5.2	10%	A
Management (20%)			
Rate Management	Aa	10%	Aa
Regulatory Compliance and Capital Planning	Aa	10%	Aa
Legal Provisions (10%)			
Rate Covenant (x)	1.2	5%	A
Debt Service Reserve Requirement	Baa	5%	Baa
Notching Factors		Score	Up/Down
No Notching Factors Applied		N/A	N/A
Scorecard-Indicated Outcome			Aa3
Assigned Rating			Aa3

Data is based on most recent fiscal year available. Figures shown on a GAAP-basis. Revenue and O&M include GLWA wholesale operations and DWSD local retail operations.

Source: Moody's Rating



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# S&P Global Ratings

## Research Update:

# Great Lakes Water Authority, MI Series 2025A&C Bonds Assigned 'AA-' Rating, Series 2025B&D Bonds Assigned 'A+' Rating

May 30, 2025

## Overview

- S&P Global Ratings assigned its 'AA-' rating to the [Great Lakes Water Authority](#) (GLWA), Mich.'s series 2025A water supply system revenue refunding senior-lien bonds and 2025C water supply system revenue senior-lien bonds.
- S&P Global Ratings also assigned its 'A+' rating to the GLWA's series 2025B water supply system revenue refunding second-lien bonds and 2025D water supply system revenue second-lien bonds.
- At the same time, S&P Global Ratings affirmed its 'AA-' rating on the GLWA's existing senior-lien bonds and its 'A+' rating on GLWA's second-lien and junior-lien bonds.
- The outlook is stable.

## Primary contacts

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## Rationale

### Security

The bonds are secured by a statutory lien on pledged assets of the system, pursuant to both the bond ordinance and Michigan Act 94 of 1933 (as amended), and prioritized by the lien status. Pledged assets include net revenue of GLWA's water supply system, along with investments credited to the water system and earnings on those investments. The net revenue pledge is constituted from gross revenue of the Detroit Water and Sewer Board (DWSD) retail and GLWA regional wholesale systems, which cover both systems' operating and maintenance (O&M) expenses. A rate covenant stipulates that the GLWA board set rates to produce at least 1.2x coverage of senior-lien debt, 1.1x for second-lien bonds, and 1.0x for junior-lien bonds. The ability to issue additional bonds exists if net revenue for the previous fiscal year, or net revenue adjusted by approved rate increases and system expansion for the current or next fiscal year, produces coverage of maximum annual debt service (MADS; including the proposed bonds) of at least those levels indicated in the rate covenant for the particular liens.

Because about 75% of the water supply system's revenues are related to wholesale system operations, and GLWA's operational model is one that is a regional provider for a large geographic footprint, we apply our wholesale utility criteria.

## Credit highlights

- GLWA's water system has a large service base, complex service delivery considerations, and significant strategic coordination requirements between GLWA's management and both its retail customer class in Detroit and wholesale contractual customers. Management's successful navigation of these factors continues to provide key credit support.
- GLWA serves the city of Detroit's retail customer class, whose relationship with the city and its water and sewer department (DWSD) is governed by several foundational agreements and other documents stemming from GLWA's incorporation. These agreements serve as additional support for the rating because they provide a basis for codification of financial and operational practices for DWSD while GLWA retains ultimate rights for rate-setting, billing, and collecting revenue from the retail class customers.
- Sophisticated financial and capital planning, combined with a wholesale rate structure that has a 60% fixed-cost recovery component, helps add predictability to GLWA's future financial performance, in our view.
- To meet GLWA's financial forecasts, management will rely on continued rate adjustments for both its retail and wholesale customer classes, which could cause downside financial risks if they aren't implemented as forecast or if other positive variances aren't achieved.
- Our view of GLWA's historical and projected financial performance is supportive of the rating level, with debt service coverage that hovers around 1.2x and unrestricted liquidity, including consideration of restricted funds available for various operating purposes, at about \$277 million at the fiscal year ending June 30, 2024.
- Revenue from Detroit retail customers only represents about 25% of revenue collected within the GLWA water trust, and there are significant social risks to consider given the economic disparities within the city. GLWA and DWSD will need to continue active management of delinquent accounts in Detroit (DWSD's collection rate for its 248,000 active retail accounts is reported by management to be 84%). Both GLWA and DWSD management will need to continue balancing implementation of its assistance programs while also achieving higher collection rates within Detroit.
- GLWA and DWSD are party to litigation, some of which could cause material financial impacts, depending on the outcome. As these suits resolve, we would incorporate any material financial effects into our analysis.

## Environmental, social, and governance

Minimizing governance risk lies primarily in maintaining collaboration with both suburban wholesale customers and DWSD management. All these efforts require considerable staff resources, but these efforts also are credit-supportive as long as GLWA is able to continue providing its services without significant customer discord that disrupts revenue collections. Litigation with Highland Park has been ongoing for decades but has recently been resolved with financial assistance for improvements to Highland Park's utility system coming from the State of Michigan.

Many procedures involving DWSD regarding capital and budget planning, management of budget variances, sharing of services to gain efficiencies, and reporting requirements are built into key documents to which GLWA and Detroit are party. The “One Water Partnership” between GLWA and its suburban wholesale customers generally facilitates information sharing, capital project coordination, and technical assistance.

GLWA has significant social risks to manage given the wide diversity in economic and demographic bases served by the utility. We consider social risks credit neutral, but both GLWA and DWSD management will need to continue balancing implementation of its assistance programs while also achieving higher collection rates within Detroit. GLWA's Water Residential Assistance Program (WRAP) is designed to both provide bill assistance and household water audits to all qualified residents within GLWA's service territory. DWSD management also has a dedicated shut-off program implemented by an outside contractor. In 2022, DWSD also launched a lifeline program for residents in Detroit that is funded by WRAP and other state grants and federal resources, such as the Low-Income Water Assistance Program (LIWAP). WRAP is supported from revenue generated from water and sewer rates.

We view environmental risks to be credit neutral, with the most acute risk being lead service line removal, and GLWA continues to stay vigilant with monitoring and remediation of per- and polyfluoroalkyl substances (PFAS). GLWA maintains an active and dynamic corrosion control program that, in our view, is supportive of ongoing regulatory compliance. We believe lead and copper rule implementation will directly affect DWSD operations and capital requirements, but could also affect GLWA's operations if corrosion control measures need to be substantially modified. Management has represented that PFAS is currently undetectable in its drinking water, but GLWA has a monitoring program to identify point sources of the substances. GLWA's five water treatment plants provide significant excess capacity of 1,720 million gallons per day (mgd), which typically provides about 60% headroom compared with maximum daily usage.

## Outlook

The stable outlook reflects our expectation that GLWA will continue its steady financial performance while funding all its needed capital projects and adjusting its budget if economic headwinds or inflationary pressures are having meaningful budget impacts. Because the authority's capital improvement plan (CIP) is not currently regulatory-driven, we believe that flexibility to shift capital spend targets and/or revenue requirements due to economic or inflationary pressures will help minimize downside risks to meeting or outperforming near-term projected financial projections. A debt service schedule that generally allows for layered additional debt service without cost spikes is additionally supportive of the stable outlook.

We would also expect management to continue its collaborative efforts with both member partners and DWSD to minimize environmental, social, and governance (ESG) risks that could have a negative influence on credit quality.

### Downside scenario

The rating or outlook could be affected if future financial performance falls below historical trends. Significant deferral of capital projects, while providing cash flow flexibility, could also lead to downside pressure on the rating or outlook if the deferrals weaken GLWA's asset renewal and replacement efforts.

## Upside scenario

If economic recovery in Detroit continues and has meaningful positive effects on its economic fundamentals and utility collection rates, then we could raise the rating. We also would consider raising the rating if GLWA meaningfully outperforms historical financial trends, funds its CIP generally as planned, and these improvements are sustainable over a long-term horizon.

## Credit Opinion

Several key provisions in the lease agreement, service agreement, and memorandum of understanding (MOU) between GLWA and Detroit support the ability of the GLWA regional system to help make the net revenue originating from Detroit's local system more predictable, despite various economic and collection risks:

- GLWA sets revenue requirements for DWSD that are related to the costs for providing services. In turn, Detroit sets retail rates in a fashion that meets GLWA's revenue requirement.
- Explicit language requires all revenue collected by Detroit be deposited directly into the trustee-held pledged revenue account under the master bond ordinance.
- A services agreement between GLWA and Detroit holds the city to performance and administrative standards toward maintaining its agency relationship with GLWA for rate-setting and revenue collection.
- Both GLWA and Detroit retail are required to maintain a biennial budget and a five-year CIP.
- DWSD is required to submit periodic budget and operational reporting requirements to GLWA and discuss these results at a reconciliation committee, which is also the initial mechanism for developing a plan for DWSD to cure any budget shortfalls. If any shortfalls are identified, then the MOU between the two entities describes a workout mechanism to recover the budget shortfalls over a period no longer than the next three fiscal years.

### Ratings List

#### New Issue Ratings

US\$109.59 mil wtr supp sys rev 2nd lien bnds ser 2025D dtd 06/30/2025 due 07/01/2055

Long Term Rating A+/Stable

US\$109.855 mil wtr supp sys rev sr lien bnds ser 2025C dtd 06/30/2025 due 07/01/2055

Long Term Rating AA-/Stable

US\$159.62 mil wtr supp sys rev rfdg sr lien bnds ser 2025A dtd 06/30/2025 due 07/01/2038

Long Term Rating AA-/Stable

US\$66.125 mil wtr supp sys rev rfdg 2nd lien bnds ser 2025B dtd 06/30/2025 due 07/01/2036

Long Term Rating A+/Stable

#### Ratings Affirmed

##### Water & Sewer

Great Lakes Wtr Auth, MI Water System AA-/Stable

Great Lakes Wtr Auth, MI Water System 2nd Lien A+/Stable

Great Lakes Wtr Auth, MI Wholesale Water System 3rd Lien A+/Stable



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## Research Update:

# Great Lakes Water Authority, MI Series 2025A Bonds Assigned 'AA-' Rating, Series 2025B&C Bonds Assigned 'A+' Rating

May 30, 2025

## Overview

- S&P Global Ratings assigned its 'AA-' rating to the Great Lakes Water Authority (GLWA), Mich.'s series 2025A sewage disposal system revenue refunding senior-lien bonds and its 'A+' rating to the GLWA's series 2025B sewage disposal system revenue refunding second-lien bonds and 2025C sewage disposal system revenue second-lien bonds.
- At the same time, S&P Global Ratings affirmed its 'AA-' rating on GLWA's existing senior-lien bonds and its 'A+' rating on GLWA's second-lien and junior-lien bonds.
- The outlook is stable.

## Primary contacts

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## Rationale

### Security

The bonds are secured by a statutory lien on pledged assets of the system, pursuant to both the bond ordinance and Michigan Act 94 of 1933 (as amended), and prioritized by the lien status. Pledged assets include net revenue of GLWA's sewage disposal system, along with investments credited to the sewer system and earnings on those investments. The net revenue pledge is constituted from gross revenue of the Detroit Water and Sewer Board (DWSD) retail and GLWA regional wholesale systems, which cover both systems' operating and maintenance (O&M) expenses. A rate covenant stipulates that the GLWA board set rates to produce at least 1.2x coverage of senior-lien debt, 1.1x for second-lien bonds, and 1.0x for junior-lien bonds. The ability to issue additional bonds exists if net revenue for the previous fiscal year, or net revenue adjusted by approved rate increases and system expansion for the current or next fiscal year, produces coverage of maximum annual debt service (MADS; including the proposed bonds) of at least those levels indicated in the rate covenant for the particular liens.

Because about 50% of the sewage disposal system's revenues are related to suburban wholesale system operations, and GLWA's operational model is one that is a regional provider for a large geographic footprint, we apply our wholesale utility criteria.

## Credit highlights

- GLWA's sewer system has a large service base, complex service delivery considerations, and significant strategic coordination requirements between GLWA's management and both its retail customer class in Detroit and wholesale contractual customers. Management's successful navigation of these factors continues to provide key credit support.
- GLWA serves the city of Detroit's retail customer class, whose relationship with the city and its water and sewer department (DWSD) is governed by several foundational agreements and other documents stemming from GLWA's incorporation. These agreements serve as additional support for the rating because they provide a basis for codification of financial and operational practices for DWSD while GLWA retains ultimate rights for rate-setting, billing and collecting revenue from the retail class customers.
- Sophisticated financial and capital planning, combined with a wholesale rate structure that has a 100% fixed-cost recovery component, helps add predictability to GLWA's future financial performance, in our view.
- To meet GLWA's financial forecasts, management will rely on continued rate adjustments for both its retail and wholesale customer classes, which could cause downside financial risks if they aren't implemented as forecast or if other positive variances aren't achieved.
- Our view of GLWA's historical and projected financial performance is supportive of the rating level, with debt service coverage that hovers around 1.2x and unrestricted liquidity, including consideration of restricted funds available for various operating purposes, at about \$342 million at the fiscal year ending June 30, 2024.
- Revenue from Detroit retail customers represents about 50% of revenue collected within the GLWA sewer trust and there are significant social risks to consider given the economic disparities within the city. GLWA and DWSD will need to continue active management of delinquent accounts in Detroit (DWSD's collection rate for its 248,000 active retail accounts is reported by management to be 87%). Both GLWA and DWSD management will need to continue balancing implementation of its assistance programs while also achieving higher collection rates within Detroit.
- GLWA and DWSD are party to litigation, some of which could cause material financial impacts, depending on the outcome. As these suits resolve, we would incorporate any material financial effects into our analysis.

## Environmental, social, and governance

Minimizing governance risk lies primarily in maintaining collaboration with both suburban wholesale customers and DWSD management. All these efforts require considerable staff resources, but they also are credit-supportive as long as GLWA is able to continue providing its services without significant customer discord that disrupts revenue collections. Litigation with Highland Park has been ongoing for decades but has recently been resolved with financial assistance for improvements to Highland Park's utility system coming from the State of Michigan.

Many procedures involving DWSD regarding capital and budget planning, management of budget variances, sharing of services to gain efficiencies, and reporting requirements are built into key documents to which GLWA and Detroit are party. The “One Water Partnership” between GLWA and its suburban wholesale customers generally facilitates information sharing, capital project coordination, and technical assistance.

GLWA has significant social risks to manage given the wide diversity in economic and demographic bases served by the utility. We consider social risks credit neutral, but both GLWA and DWSD management will need to continue balancing implementation of its assistance programs while also achieving higher collection rates within Detroit. GLWA's Water Residential Assistance Program (WRAP) is designed to both provide bill assistance and household water audits to all qualified residents within GLWA's service territory. DWSD management also has a dedicated shut-off program implemented by an outside contractor. In 2022, DWSD also launched a lifeline program for residents in Detroit that is funded by WRAP and other state grants and federal resources such as the Low-Income Water Assistance Program (LIWAP). WRAP is supported from revenue generated from water and sewer rates.

We view environmental risks to be credit neutral, with the most acute potential risk being exposure to per- and polyfluoroalkyl Substances (PFAS) regulation that could affect discharge requirements. However, GLWA remains active in testing and works with regional partners to develop innovative strategies for monitoring and mitigation. GLWA also is no longer under an administrative consent order with the Michigan Department of Environment, Great Lakes, and Energy for monitoring of sewer treatment facility operations and biosolids handling; the order had been in place prior to Detroit's bankruptcy. Also of note is that GLWA maintains a strong record of discharge permit and combined sewer overflow compliance.

## Outlook

The stable outlook reflects our expectation that GLWA will continue its steady financial performance while funding all its needed capital projects and adjusting its budget if economic headwinds or inflationary pressures have meaningful budget impacts. Because the authority's capital improvement plan (CIP) is not currently regulatory-driven, we believe that flexibility to shift capital spend targets and/or revenue requirements due to economic or inflationary pressures will help minimize downside risks to meeting or outperforming near-term projected financial projections. A debt service schedule that generally allows for layered additional debt service without cost spikes is additionally supportive of the stable outlook.

We would also expect management to continue its collaborative efforts with both member partners and DWSD to minimize environmental, social, and governance (ESG) risks that could have a negative influence on credit quality.

### Downside scenario

The rating or outlook could be affected if future financial performance falls below historical trends. Significant deferral of capital projects, while providing cash flow flexibility, could also lead to downside pressure on the rating or outlook if the deferrals weaken GLWA's asset renewal and replacement efforts.

### Upside scenario

If economic recovery in Detroit continues and has meaningful positive effects on its economic fundamentals and utility collection rates, then we could raise the rating. We also would consider

raising the rating if GLWA meaningfully outperforms historical financial trends and funds its CIP generally as planned, and these improvements are sustainable over a long-term horizon.

## Credit Opinion

Several key provisions in the lease agreement, service agreement, and memorandum of understanding (MOU) between GLWA and Detroit support the ability of the GLWA regional system to help make the net revenue originating from Detroit's local system more predictable, despite various economic and collection risks:

- GLWA sets revenue requirements for DWSD that are related to the costs for providing services. In turn, Detroit sets retail rates in a fashion that meets GLWA's revenue requirement.
- Explicit language requires all revenue collected by Detroit be deposited directly to a trustee-held pledged revenue account under the master bond ordinance.
- A services agreement between GLWA and Detroit holds the city to performance and administrative standards toward maintaining its agency relationship with GLWA for rate-setting and revenue collection.
- Both GLWA and Detroit retail are required to maintain a biennial budget and a five-year CIP.
- DWSD is required to submit periodic budget and operational reporting requirements to GLWA and discuss these results at a reconciliation committee, which is also the initial mechanism for developing a plan for DWSD to cure any budget shortfalls. If any shortfalls are identified, then the MOU between the two entities describes a workout mechanism to recover the budget shortfalls over a period no longer than the next three fiscal years.

### Ratings List

#### New Issue Ratings

US\$259.4 mil swg disp sys rev rfdg 2nd lien bnds ser 2025B dtd 06/30/2025 due 07/01/2039

Long Term Rating A+/Stable

US\$48.115 mil swg disp sys rev 2nd lien bnds ser 2025C dtd 06/30/2025 due 07/01/2055

Long Term Rating A+/Stable

US\$53.765 mil swg disp sys rev rfdg sr lien bnds ser 2025A dtd 06/30/2025 due 07/01/2040

Long Term Rating AA-/Stable

#### Ratings Affirmed

##### Water & Sewer

Great Lakes Wtr Auth, MI Sewer System AA-/Stable

Great Lakes Wtr Auth, MI Sewer System 2nd Lien A+/Stable

Great Lakes Wtr Auth, MI Sewer System 3rd Lien A+/Stable

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## Financial Services Audit Committee Communication

**Date:** June 6, 2025

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

**From:** Jacqueline Morgan, CTP, State Revolving Fund Program Finance Manager

**Re:** Resolution Regarding Approval of Series Ordinance Authorizing Issuance and Sale of Water Supply System Revenue Bonds in an Aggregate Amount Not to Exceed \$51,894,938 (Ordinance 2025-03) for FY 2025 Drinking Water State Revolving Fund Projects

**Background & Analysis:** The following documents are attached:

1. Draft Great Lakes Water Authority (GLWA) Board letter
2. Series Ordinance Authorizing Issuance and Sale of Water Supply System Revenue Bonds for Detroit Water and Sewerage Department Water Main Replacement projects WS-741 and WS-742
3. Resolution to Approve the Series Ordinance

**Proposed Action:** The GLWA Audit Committee recommends that the Great Lakes Water Authority Board approve a resolution for the Series Ordinance Authorizing Issuance and Sale of Water Supply System Revenue Bonds in an Aggregate Amount Not to Exceed \$51,894,938 as presented and authorizes the Chief Executive Officer (CEO) to take such other action as may be necessary to accomplish the intent of this vote.

## DRAFT for Audit Committee Review Only

### ..Title

**Resolution Regarding Approval of Series Ordinance Authorizing Issuance and Sale of Water Supply System Revenue Bonds in an Aggregate Amount Not to Exceed \$51,894,938 (Ordinance 2025-03) for FY 2025 Drinking Water State Revolving Fund (DWSRF) Projects**

### ..Body

Agenda of: June 25, 2025  
Item No.: **2025-163**  
Amount: Not to Exceed \$51,894,938

**TO:** The Honorable  
Board of Directors  
Great Lakes Water Authority

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

**DATE:** June 25, 2025

**RE: Resolution Regarding Approval of Series Ordinance Authorizing Issuance and Sale of Water Supply System Revenue Bonds in an Aggregate Amount Not to Exceed \$51,894,938 (Ordinance 2025-03) for Fiscal Year (FY) 2025 Drinking Water State Revolving Fund (DWSRF) Projects**

### **MOTION**

Upon recommendation of Nicolette N. Bateson, Chief Financial Officer (CFO) and Treasurer, the Board of Directors (Board) of the Great Lakes Water Authority (GLWA), **approve a resolution for the Series Ordinance Authorizing Issuance and Sale of Water Supply System Revenue Bonds in an Aggregate Amount Not to Exceed \$51,894,938 as presented**, and authorizes the Chief Executive Officer (CEO) to take such other action as may be necessary to accomplish the intent of this vote.

## DRAFT for Audit Committee Review Only

### **BACKGROUND**

The Detroit Water and Sewerage Department (DWSD) was awarded low-interest funding for a Water Main Replacement project through the Michigan Department of Environment, Great Lakes, and Energy (EGLE) FY 2025 DWSRF program. This project has two components, referenced as Project A and Project B, and will have separate loans. Both projects are supported by this series ordinance (Series 2025 SRF-1/2: with 1 representing Project A and 2 representing Project B) in an aggregate amount of \$51,894,938.

The calculation of this Series Ordinance not to exceed (NTE) amount includes a 10% loan financing contingency to allow for fluctuations in the final State Revolving Fund (SRF) award amount. See Attachment 1 Table 1 for additional details.

Project A (Series 2025-SRF-1) NTE amount:	\$27,857,000
Project B (Series 2025-SRF-2) NTE amount:	<u>\$24,037,938</u>
Aggregate Series Ordinance amount:	\$51,894,938

There are two considerations related to this resolution: the projects being funded and financing.

#### Drinking Water SRF (DWSRF) Funding

On March 20, 2024, the DWSD Board of Water Commissioners adopted a resolution approving the Water Main Replacements project plan following a public hearing on the same date. The projects were subsequently approved for funding as notified on EGLE's final DWSRF Intended Use Plan (IUP) in October 2024. The funding allocation is summarized below with additional details in Attachment 2 Table 1:

#### Project A (Series 2025-SRF-1, Contract No. WS-741, SRF No. 7887-01):

DWSRF Loan: \$15,670,000  
 Principal Forgiveness: \$9,620,000  
 Lead Service Line Replacement (LSLR) Grant: \$380,000  
 Total funding awarded: \$25,670,000

#### Project B (Series 2025-SRF-2, Contract No. WS-742, SRF No. 7888-01):

SRF Loan: \$15,540,000  
 Principal Forgiveness: \$5,943,938  
 LSLR Grant: \$4,056,062  
 Total funding awarded: \$25,540,000

## DRAFT for Audit Committee Review Only

### Financing

The series 2025 SRF-1/2 Junior Lien Bonds will be sold through the Michigan Finance Authority under the state of Michigan's DWSRF program. The amount to be financed through the DWSRF bonds is within GLWA's authorized limits. On July 29, 2022, the GLWA Board of Directors approved Resolution 2022-312, "Resolution of the Great Lakes Water Authority Authorizing Publication of Notice of Intent (NOI) to Issue Water Supply System Revenue Bonds in a principal amount not to exceed (NTE) \$250,000,000." These are the second and third series of water bonds from that NOI.

### **JUSTIFICATION**

The approval of this series ordinance is the next formal step required by the GLWA Board in the bond issuance process, and this proposed action authorizes the bonds to be issued. The series ordinance also sets forth the guidelines for the DWSRF bonds, designates the bonds as 2025 SRF-1/2 Junior Lien, and authorizes the CEO or the CFO/Treasurer to execute the final terms of the bonds, paying issuance costs, and signing of the Purchase Contract and Sale Order within the parameters set forth in the Series Ordinance.

The bond series authorized by this ordinance will support the local water system project for DWSD to address aging water mains. GLWA secures capital improvement financing for DWSD in accordance with foundational documents related to the establishment of GLWA. Pursuant to Section 7.2(b) of the Regional Water Supply System Lease between the City of Detroit and GLWA, the Authority shall cooperate with the City in the implementation of this Detroit capital improvement, including financing through the Authority. GLWA is the loan applicant on behalf of DWSD, and DWSD will be the DWSRF loan recipient. All project costs financed by GLWA through this program, and resulting principal and interest payments on the bonds, will be directly allocable to the DWSD local system.

An advantage of the SRF program is the low interest rates. Potential dollar savings are significant when compared to municipal bond interest rates in a market-based transaction. The current interest rate on a 20-year and 30-year loan for a significantly overburdened applicant is 1%, which applied to both projects. By way of example, the anticipated DWSRF loan amount for Project A will be \$25.3 million (rounded). Potential interest savings on a 30-year loan would be approximately \$17.2 million when compared to a 4.5% estimated market-based rate. See Attachment 3 Table 1 for additional interest savings calculations.

## DRAFT for Audit Committee Review Only

Another advantage of the SRF program is that interest costs are only incurred on the amount drawn from the loan as project expenditures are incurred. This results in additional debt service savings early in the term of the loan compared to market-based transactions. Further, use of SRF funding as junior lien does not impact GLWA debt reserve requirements.

### **BUDGET IMPACT**

GLWA will be the loan applicant on DWSRF loans issued on behalf of the DWSD, and DWSD will be the DWSRF loan recipient as determined by EGLE. All project costs financed by GLWA, on behalf of DWSD, through the program bonds and resulting principal and interest payments on the bonds, will be directly allocable to the DWSD local system. Debt service for both projects is anticipated to begin in October 2026 and will be included as part of the FY 2026 – FY 2027 biennial budget.

### **COMMITTEE REVIEW**

This matter was reviewed by the GLWA Audit Committee at its meeting on May 23, 2025. The Audit Committee [*insert action taken*] the Board of Directors approve a resolution for the Series Ordinance Authorizing Issuance and Sale of Water Supply System Revenue Bonds in an Aggregate Amount Not to Exceed \$51,894,938 as presented and authorizes the Chief Executive Officer (CEO) to take such other action as may be necessary to accomplish the intent of this vote.

### **SHARED SERVICES IMPACT**

This item does not impact the shared services agreement between GLWA and DWSD beyond the terms outlined above as well as reimbursement of financing costs incurred.

**Table 1: Series Ordinance Not to Exceed (NTE) Calculation for the DWSD Water Main Replacement Projects**

	<b>Project A Series #2025-SRF-1</b>	<b>Project B Series #2025-SRF-2</b>
Estimated SRF Project Cost	\$ 25,670,000	\$ 25,540,000
Grant Amount (LSLR)	380,000	4,056,062
Bond Amount (SRF Loan) (estimated SRF project cost - grant amount)	25,290,000	21,483,938
Loan Financing Contingency (10% of estimated SRF project costs)	2,567,000	2,554,000
<b>Series Ordinance NTE Amount</b>	<b>\$ 27,857,000</b>	<b>\$ 24,037,938</b>
<b>Aggregate Series Ordinance Amount</b>		<b>\$ 51,894,938</b>

**Table 1: Drinking Water State Revolving Fund (DWSRF) Intended Use Plan (IUP) Funding Allocation**

	Water Main Replacement Project A Contract #WS-741 SRF #7887-01	Water Main Replacement Project B Contract #WS-742 SRF #7888-01
Estimated SRF Project Cost	\$ 25,670,000	\$ 25,540,000
DWSRF Loan Amount	15,670,000	15,540,000
Principal Forgiveness	9,620,000	5,943,938
Grant Amount (LSLR)	380,000	4,056,062
Total IUP Award Amount	25,670,000	25,540,000

**Table 3: Potential Loan Savings Comparison – DWSRF versus Estimated Market Rate**

Anticipated DWSRF Loan Amount (rounded): \$25.3 million

30-year Loan Term

<b>Project A</b>	<b>DWSRF Interest Rate*</b>	<b>Estimated Market Rate</b>
Interest Rate	1.00%	4.50%
Total Debt Service Payments	\$29.4 million	\$46.6 million
Potential Cost Savings	\$17.2 million	

Anticipated DWSRF Loan Amount (rounded): \$21.5 million

30-year Loan Term

<b>Project B</b>	<b>DWSRF Interest Rate*</b>	<b>Estimated Market Rate</b>
Interest Rate	1.00%	4.50%
Total Debt Service Payments	\$25.0 million	\$39.6 million
Potential Cost Savings	\$14.6 million	

Note:

\*The DWSRF interest rate is based on a significantly overburdened applicant, which applies to both Project A and Project B.



GREAT LAKES WATER AUTHORITY  
ORDINANCE NO. 2025-03

**SERIES ORDINANCE AUTHORIZING ISSUANCE AND SALE OF  
WATER SUPPLY SYSTEM REVENUE BONDS IN  
AN AGGREGATE AMOUNT NOT TO EXCEED \$51,894,938**

WHEREAS, pursuant to Resolution No. 2015-10-02 adopted by the Board of Directors of the Great Lakes Water Authority (the “Authority”) on October 7, 2015, the Authority Board approved and adopted Master Bond Ordinance No. 2015-01 (as subsequently amended through the date hereof, the “Ordinance”), which authorizes the issuance by the Authority of Water Supply System Revenue Bonds; and

WHEREAS, the Ordinance authorizes the issuance of such Water Supply System Revenue Bonds in one or more Series pursuant to a Series Ordinance authorizing the issuance and sale of such Series; and

WHEREAS, the Authority Board has determined that it is necessary to authorize at this time two or more Series of SRF Junior Lien Bonds (the “2025 SRF-1/2 Junior Lien Bonds”) to provide moneys to pay all or part of the costs of the hereinafter described repairs, extensions, enlargements and improvements to the Local Water System identified in the Detroit Capital Improvement Program (collectively, the “2025 SRF 1/2 Projects”).

NOW, THEREFORE, BE IT ORDAINED BY THE BOARD OF DIRECTORS OF THE GREAT LAKES WATER AUTHORITY AS FOLLOWS:

Section 1. Authority for this Series Ordinance. This Series Ordinance (the “2025 SRF-1/2 Series Ordinance”) is adopted pursuant to Section 1102(1) of the Ordinance.

Section 2. Definitions. Except as otherwise provided in this 2025 SRF-1/2 Series Ordinance, all terms which are defined in Section 101 of the Ordinance shall have the same meanings, respectively, in this 2025 SRF-1/2 Series Ordinance as such terms are given in the Ordinance. In addition, the following terms shall have the following meanings unless the context shall clearly indicate some other meaning:

(a) “2025 SRF-1 Junior Lien Bonds” means the Bonds authorized by Section 5 of this 2025 SRF-1/2 Series Ordinance for the purpose of paying and/or reimbursing costs of the 2025 SRF-1 Project.

(b) “2025 SRF-2 Junior Lien Bonds” means the Bonds authorized by Section 5 of this 2025 SRF 1/2 Series Ordinance for the purpose of paying and/or reimbursing costs of the 2025 SRF-2 Project.

(c) “2025 SRF-1/2 Junior Lien Bonds” means, collectively, the 2025 SRF-1 Junior Lien Bonds and the 2025 SRF-2 Junior Lien Bonds.

(d) “2025 SRF-1 Project” means improvements to the Local Water System, including but not limited to water main replacement and rehabilitation, the removal and replacement of lead and galvanized water service lines at select locations in the Evergreen-Outer Drive, Crary-St. Mary’s and Cadillac Community neighborhoods in the City of Detroit, and the restoration of streets, rights-of-way and easements affected by the improvements and related facilities, as well as all work, equipment and appurtenances necessary or incidental to such improvements.

(e) “2025 SRF-2 Project” means improvements to the Local Water System, including but not limited to water main replacement and rehabilitation, the removal and replacement of lead and galvanized water service lines at select locations in the Conant Gardens, Greenwich, Hawthorne Park, Oak Grove, Pembroke and Sherwood Forest neighborhoods in the City of Detroit, and the restoration of streets, rights-of-way and easements affected by the improvements and related facilities, as well as all work, equipment and appurtenances necessary or incidental to such improvements.

(f) “2025 SRF-1/2 Projects” means, collectively, the 2025 SRF-1 Project and the 2025 SRF-2 Project.

(g) “Authorized Denomination” means any denomination as determined by an Authorized Officer in the Sale Order.

(h) “Authorized Officer” means either the Chief Executive Officer or the Chief Financial Officer.

(i) “Interest Payment Date” means except as otherwise set forth in the Sale Order each April 1 and October 1.

(j) “Local Construction Fund, Series 2025 SRF-1” means a subaccount of the Construction Fund established in accordance with Section 11 of this 2025 SRF-1/2 Series Ordinance relating to the construction of the 2025 SRF-1 Project to be paid with the proceeds of the 2025 SRF-1 Junior Lien Bonds.

(k) “Local Construction Fund, Series 2025 SRF-2” means a subaccount of the Construction Fund established in accordance with Section 11 of this 2025 SRF-1/2 Series Ordinance relating to the construction of the 2025 SRF-2 Project to be paid with the proceeds of the 2025 SRF-2 Junior Lien Bonds.

(l) “Maturity Date” means such dates of maturity of the 2025 SRF-1/2 Junior Lien Bonds as determined in the Sale Order.

(m) “MFA” means the Michigan Finance Authority.

(n) “Person” means any natural person, association, corporation, trust, partnership, joint venture, joint-stock company, municipal corporation, public body or other entity, however organized.

(o) “Project Costs” means, collectively, the costs of acquiring, constructing, equipping, installing and financing the 2025 SRF-1 Project, including Issuance Costs relating to the 2025

SRF-1 Junior Lien Bonds and the costs of acquiring, constructing, equipping, installing and financing the 2025 SRF-2 Project, including Issuance Costs relating to the 2025 SRF-2 Junior Lien Bonds.

(p) “Purchase Contract” means the Purchase Contract between the MFA and the Authority with respect to the purchase by the MFA and the sale by the Authority of a Series of the 2025 SRF-1/2 Junior Lien Bonds.

(q) “Regular Record Date” means except as otherwise set forth in the Sale Order the fifteenth day of the calendar month immediately preceding an Interest Payment Date.

(r) “Sale Order” means any one or more Sale Orders of an Authorized Officer authorizing acts consistent with the Ordinance and this 2025 SRF-1/2 Series Ordinance necessary and appropriate to complete the sale, execution and delivery of the 2025 SRF-1/2 Junior Lien Bonds and to complete the other transactions contemplated herein.

(s) “Supplemental Agreement” means, collectively, (1) the Supplemental Agreement among the Authority, the MFA and the State of Michigan acting through the Department of Environment, Great Lakes, and Energy, with respect to a Series of the 2025 SRF-1 Junior Lien Bonds; and (2) the Supplemental Agreement among the City, the MFA and the State of Michigan acting through the Department of Environment, Great Lakes, and Energy, and approved and agreed to by the Authority, with respect to a Series of the 2025 SRF-2 Junior Lien Bonds.

(t) “Taxable 2025 SRF-1/2 Junior Lien Bonds” means any 2025 SRF-1/2 Junior Lien Bonds other than Tax-Exempt 2025 SRF-1/2 Junior Lien Bonds.

(u) “Tax-Exempt 2025 SRF-1/2 Junior Lien Bonds” means any 2025 SRF-1/2 Junior Lien Bonds that are Tax-Exempt Bonds.

### Section 3. Approval of 2025 SRF-1/2 Projects.

(a) Approval of 2025 SRF-1 Project. It is hereby determined to be necessary for the public health, benefit and welfare of the area served by the Local Water System to acquire, construct and undertake the 2025 SRF-1 Project, and the 2025 SRF-1 Project is hereby approved and accepted.

(b) Approval of 2025 SRF-2 Project. It is hereby determined to be necessary for the public health, benefit and welfare of the area served by the Local Water System to acquire, construct and undertake the 2025 SRF-2 Project, and the 2025 SRF-2 Project is hereby approved and accepted.

Section 4. Estimated Cost and Period of Usefulness of 2025 SRF-1/2 Projects. The aggregate Project Costs are estimated by the Authority Board to not exceed \$51,210,000, and consist of the following:

(a) The Project Costs for the 2025 SRF-1 Project are estimated by the Authority Board to not exceed \$25,670,000 and the Project Costs for the 2025 SRF-1 Project are hereby approved and

confirmed. The period of usefulness of the 2025 SRF-1 Project is estimated to be not less than 30 years.

(b) The Project Costs for the 2025 SRF-2 Project are estimated by the Authority Board to not exceed \$25,540,000 and the Project Costs for the 2025 SRF-2 Project are hereby approved and confirmed. The period of usefulness of the 2025 SRF-2 Project is estimated to be not less than 30 years.

Section 5. Authorization of 2025 SRF-1/2 Junior Lien Bonds.

(a) Authorization of Borrowing.

(i) The Authority may borrow an amount not in excess of \$27,857,000, as is finally determined in the Sale Order, and issue the 2025 SRF-1 Junior Lien Bonds in one or more Series, all to evidence such borrowing pursuant to Act 233, Act 94 and the Ordinance, as 2025 SRF-1 Junior Lien Bonds, all as finally determined in the Sale Order. The amount of the 2025 SRF-1 Junior Lien Bonds authorized in this Section 5(a) shall include the amount of the net original issue premium, if any.

(ii) The Authority may borrow an amount not in excess of \$24,037,938, as is finally determined in the Sale Order, and issue the 2025 SRF-2 Junior Lien Bonds in one or more Series, all to evidence such borrowing pursuant to Act 233, Act 94 and the Ordinance, as 2025 SRF-2 Junior Lien Bonds, all as finally determined in the Sale Order. The amount of the 2025 SRF-2 Junior Lien Bonds authorized in this Section 5(b) shall include the amount of the net original issue premium, if any.

(b) Purpose of 2025 SRF-1/2 Junior Lien Bonds.

(i) The 2025 SRF-1 Junior Lien Bonds shall be issued as Additional Bonds for the purpose of paying and/or reimbursing Project Costs for the 2025 SRF-1 Project.

(ii) The 2025 SRF-2 Junior Lien Bonds shall be issued as Additional Bonds for the purpose of paying and/or reimbursing Project Costs for the 2025 SRF-2 Project.

(c) Priority of Lien. Each Series of the 2025 SRF-1/2 Junior Lien Bonds shall be issued as SRF-1/2 Junior Lien Bonds.

(d) Insufficient Proceeds.

(i) To the extent that proceeds of SRF-1 Junior Lien Bonds are insufficient to pay Project Costs for the 2025 SRF-1 Project, the insufficiency shall be paid from the proceeds of future Additional Bonds, if any, and/or moneys of the Local Water System on hand and legally available therefor, as determined by the Board of Water Commissioners of DWSD-R and, in the case of any Additional Bonds, with the concurrence of the Authority Board.

(ii) To the extent that proceeds of the SRF-2 Junior Lien Bonds are insufficient to pay Project Costs for the 2025 SRF-2 Project, the insufficiency shall be paid from the

proceeds of future Additional Bonds, if any, and/or moneys of the Local Water System on hand and legally available therefor, as determined by the Board of Water Commissioners of DWSD-R and, in the case of any Additional Bonds, with the concurrence of the Authority Board.

(e) Separate Series. The 2025 SRF-1 Junior Lien Bonds are issuable at one or more times and as one or more separate Series of Bonds in such amounts as determined in the Sale Order. The 2025 SRF-2 Junior Lien Bonds are issuable at one or more times and as one or more separate Series of Bonds in such amounts as determined in the Sale Order. The 2025 SRF-1 Junior Lien Bonds and the 2025 SRF-2 Junior Lien Bonds shall be issued as separate Series.

(f) Taxable and Tax-Exempt 2025 SRF-1/2 Junior Lien Bonds. Each Series of the 2025 SRF-1/2 Junior Lien Bonds may be issued as Taxable 2025 SRF-1/2 Junior Lien Bonds or Tax-Exempt 2025 SRF-1/2 Junior Lien Bonds, or as separate subseries of both, as set forth in the applicable Sale Order.

(g) Source of Payment and Security. The 2025 SRF-1/2 Junior Lien Bonds shall be payable and secured as provided in Section 8.

(h) Applicability of Ordinance. Except as otherwise provided in this 2025 SRF-1/2 Series Ordinance or in the Sale Order, all of the provisions of the Ordinance shall apply to the 2025 SRF-1/2 Junior Lien Bonds as if set forth in full in this 2025 SRF-1/2 Series Ordinance, the purpose of this 2025 SRF-1/2 Series Ordinance being to supplement the Ordinance to authorize the issuance of 2025 SRF-1/2 Junior Lien Bonds for the purposes set forth herein.

#### Section 6. 2025 SRF-1/2 Junior Lien Bond Details.

##### (a) Designation.

- (1) The 2025 SRF-1 Junior Lien Bonds shall bear the designations Water Supply System Revenue Bonds, Series 2025-SRF-1 and shall include such other designations, including, without limitation, designations for multiple Series or subseries, as determined by an Authorized Officer as shall be set forth in the Sale Order and not inconsistent with the Ordinance or this 2025 SRF-1/2 Series Ordinance. The 2025 SRF-2 Junior Lien Bonds shall bear the designations Water Supply System Revenue Bonds, Series 2025-SRF-2 and shall include such other designations, including, without limitation, designations for multiple Series or subseries, as determined by an Authorized Officer as shall be set forth in the Sale Order and not inconsistent with the Ordinance or this 2025 SRF-1/2 Series Ordinance.
- (2) If any Series of the 2025 SRF-1/2 Junior Lien Bonds are not issued in 2025, an Authorized Officer is authorized in her discretion to re-designate the year and Series designation of such Series of 2025 SRF-1/2 Junior Lien Bonds and the various funds and accounts established hereunder to correspond with the year of issuance of such Series of 2025 SRF-1/2 Junior Lien Bonds. Furthermore, an Authorized Officer is authorized to establish designations within the various funds and accounts established hereunder if necessary in

order to differentiate such funds and accounts from other similarly named funds and accounts related to other Bonds.

(b) Numbering. Each Series of the 2025 SRF-1/2 Junior Lien Bonds shall be numbered in such manner as shall be determined in the applicable Sale Order.

(c) Principal. Each Series of the 2025 SRF-1/2 Junior Lien Bonds shall be issued in the form of Serial Bonds or Term Bonds, or any combination of Serial Bonds and Term Bonds, in any Authorized Denomination, and the principal thereof shall mature on October 1, or such other date as set forth in the Sale Order, in such years and amounts, and shall be or not be subject to redemption prior to maturity, all as shall be determined in the Sale Order subject to the following limitations:

- (1) No 2025 SRF-1/2 Junior Lien Bonds shall mature later than 40 years after the date of issuance thereof.
- (2) The 2025 SRF-1/2 Junior Lien Bonds shall only be issued with annual principal and interest installments permitted by the Ordinance, including Section 207 thereof.

(d) Interest. 2025 SRF-1/2 Junior Lien Bonds or portions thereof shall bear interest at a rate or rates as set forth in the Sale Order not in excess of 2.75% per annum. Interest on 2025 SRF-1/2 Junior Lien Bonds shall be payable on each Interest Payment Date.

(e) Payment of Principal and Interest. The principal of, premium, if any, and interest on the 2025 SRF-1/2 Junior Lien Bonds shall be payable in lawful money of the United States. Except as otherwise provided in the Sale Order, so long as the 2025 SRF-1/2 Junior Lien Bonds are owned by the MFA, the 2025 SRF-1/2 Junior Lien Bonds are payable as to principal, redemption premium, if any, and interest at U.S. Bank Trust Company, National Association, or at such other place as shall be designated in writing to the Authority by the MFA (the MFA's Depository"), and the Authority agrees that it will deposit with the MFA's Depository payments of the principal of, premium, if any, and interest on the 2025 SRF-1/2 Junior Lien Bonds in immediately available funds by 12:00 noon at least five Business Days prior to the date on which any such payment is due, whether by maturity, redemption or otherwise. If the 2025 SRF-1/2 Junior Lien Bonds are not registered in the name of the MFA, the principal of and premium, if any, on the 2025 SRF-1/2 Junior Lien Bonds are payable upon the surrender thereof at the corporate trust office of the Trustee and the interest is payable by check or draft drawn on the Trustee and mailed to the registered owners as of the immediately preceding Regular Record Date at their address shown on the registration books of the Authority maintained by the Trustee.

(f) Dating. Each Series of the 2025 SRF-1/2 Junior Lien Bonds shall be dated such date as determined in the Sale Order.

(g) Reserve Requirement. There shall be no Reserve Requirement with respect to the 2025 SRF-1/2 Junior Lien Bonds.

(h) Exchange. The registered owner of any 2025 SRF-1/2 Junior Lien Bond may exchange such 2025 SRF-1/2 Junior Lien Bond for a new 2025 SRF-1/2 Junior Lien Bond or

Bonds of the same interest rate, maturity and Priority of Lien in an equal aggregate principal amount in one or more of the Authorized Denominations by surrendering such 2025 SRF-1/2 Junior Lien Bond to be exchanged at the designated office of the Trustee together with an assignment duly executed by the registered owner thereof or his attorney or legal representative in such form as shall be satisfactory to the Trustee. As provided in Section 206 of the Ordinance, the Trustee shall be responsible for the registration, transfer and exchange of 2025 SRF-1/2 Junior Lien Bonds and shall indicate its acceptance of such duties by a document filed with an Authorized Officer concurrently with the delivery of the 2025 SRF-1/2 Junior Lien Bonds.

(i) Execution and Delivery of 2025 SRF-1/2 Junior Lien Bonds. Each Series of the 2025 SRF-1/2 Junior Lien Bonds shall be executed in the name of the Authority by manual or facsimile signature of the Chief Executive Officer of the Authority and countersigned by the manual or facsimile signature of the Secretary of the Authority Board, and shall have the Authority's seal or facsimile thereof affixed or printed thereon. The Chief Financial Officer is authorized to deliver the 2025 SRF-1/2 Junior Lien Bonds to the MFA upon receiving the purchase price therefor in lawful money of the United States.

(j) Form of 2025 SRF-1/2 Junior Lien Bonds. Each Series of the 2025 SRF-1/2 Junior Lien Bonds shall be in substantially the following form, subject to such changes, additions or deletions as determined by the Chief Executive Officer within the parameters of this 2025 SRF-1/2 Series Ordinance:

R-\_\_

**UNITED STATES OF AMERICA  
STATE OF MICHIGAN  
COUNTIES OF MACOMB, OAKLAND AND WAYNE  
GREAT LAKES WATER AUTHORITY  
WATER SUPPLY SYSTEM REVENUE BOND,  
SERIES 2025-SRF-\_\_**

REGISTERED OWNER: Michigan Finance Authority

PRINCIPAL AMOUNT: \$ \_\_\_\_\_

INTEREST RATE: \_\_\_\_\_%

ORIGINAL ISSUE DATE:

The Great Lakes Water Authority, Counties of Macomb, Oakland and Wayne, State of Michigan (the “Issuer”), upon authorization from the Board of Directors of the Issuer (the “Board”), has issued this Bond. The Issuer, for value received, promises to pay, in lawful money of the United States of America, but only from the Pledged Assets (as defined below), to the Registered Owner named above, or registered assigns, the Principal Amount stated above, or so much thereof as shall have been advanced to the Issuer and not prepaid or reduced pursuant to a Purchase Contract between the Issuer and the Michigan Finance Authority (the “MFA”), a Supplemental Agreement by and among the City of Detroit, the MFA and State of Michigan acting through the Department of Environment, Great Lakes, and Energy and approved and agreed to by the Issuer, and the Order of Approval issued by the Department of Environment, Great Lakes, and Energy. The Principal Amount shall be payable on the dates and in the principal installments set forth in Schedule A attached hereto.

In the event less than the Principal Amount of this Bond is disbursed by the MFA, any portion of the Principal Amount is prepaid as provided herein, or any serial principal payment becomes due before the Issuer has received proceeds from corresponding purchased principal installments of at least a like amount, then the MFA may prepare a new serial principal installment repayment schedule which shall be presented to the Issuer and be effective upon receipt as provided in the Purchase Contract.

Interest on this Bond shall accrue from the Original Issue Date set forth above at the Interest Rate set forth above, only on that portion of installments of the Principal Amount which have been disbursed by the MFA, shall be payable on \_\_\_\_\_, 202\_ and semiannually on each April 1 and October 1 thereafter (each an “Interest Payment Date”).

If the MFA is not the registered owner of this Bond, principal of this Bond is payable upon presentation and surrender at the designated office of U.S. Bank Trust Company, National Association, as Trustee under the Ordinance (as defined below) or such other trustee as the Issuer may hereafter designate by notice mailed to the registered owner not less than 60 days prior to any Interest Payment Date (the “Trustee”).



Interest on this Bond is payable to the registered owner of record as of the close of business on the 15th day of the month immediately preceding any Interest Payment Date as shown on the registration books kept by the Trustee by check or draft mailed by the Trustee to the registered owner at the registered address. Interest on this Bond shall be computed on the basis of a 360-day year comprised of twelve 30-day months. During the time funds are being drawn down by the Issuer under this Bond, the MFA will periodically provide the Issuer with a statement showing the amount of principal that has been advanced and the date of each advance, which statement shall constitute prima facie evidence of the reported information; provided, that no failure on the part of the MFA to provide such a statement or to reflect a disbursement or the correct amount of a disbursement shall relieve the Issuer of its obligation to repay the outstanding principal amount actually advanced [(subject to any principal forgiveness as provided for herein)], all accrued interest thereon, and any other amount payable with respect thereto in accordance with the terms of this Bond.

In the event of a default in the payment of principal or interest hereon when due, whether at maturity, by redemption or otherwise, the amount of such default shall bear interest (the "additional interest") at a rate equal to the rate of interest that is two percent above the MFA's cost of providing funds (as determined by the MFA) to make payment on the bonds of the MFA issued to provide funds to purchase this Bond but in no event in excess of the maximum rate of interest permitted by law. The additional interest shall continue to accrue until the MFA has been fully reimbursed for all costs incurred by the MFA (as determined by the MFA) as a consequence of the Issuer's default. Such additional interest shall be payable on the interest payment date following demand of the MFA. In the event that (for reasons other than the default in the payment of any municipal obligation purchased by the MFA) the investment of amounts in the reserve account established by the MFA for the bonds of the MFA issued to provide funds to purchase this bond fails to provide sufficient available funds (together with any other funds that may be made available for such purpose) to pay the interest on outstanding bonds of the MFA issued to fund such account, the Issuer shall and hereby agrees to pay on demand only the Issuer's pro rata share (as determined by the MFA) of such deficiency as additional interest on this bond.

Notwithstanding any other provision of this Bond, so long as the MFA is the owner of this Bond, (a) this Bond is payable as to principal, premium, if any, and interest at U.S. Bank Trust Company, National Association, or at such other place as shall be designated in writing to the Issuer by the MFA (the "MFA's Depository"); (b) the Issuer agrees that it will deposit with the MFA's Depository payments of the principal of, premium, if any, and interest on this Bond in immediately available funds by 12:00 noon at least five business days prior to the date on which any such payment is due whether by maturity, redemption or otherwise; in the event that the MFA's Depository has not received the Issuer's deposit by 12:00 noon on the scheduled day, the Issuer shall immediately pay to the MFA as invoiced by the MFA an amount to recover the MFA's administrative costs and lost investment earnings attributable to that late payment; and (c) written notice of any redemption of this Bond shall be given by the Issuer and received by the MFA's Depository at least 40 days prior to the date on which redemption is to be made.

This Bond is one of a series of bonds designated "Water Supply System Revenue Bonds, Series 2025-SRF-\_\_" and is issued pursuant to the provisions of (i) Act 233, Public Acts of Michigan, 1955, as amended ("Act 233"), and Act 94, Public Acts of Michigan, 1933, as amended ("Act 94"), (ii) Master Bond Ordinance No. 2015-01 adopted by the Board on October 7, 2015, as

amended (the “Bond Ordinance”), (iii) the Series Ordinance Authorizing Issuance and Sale of Water Supply System Revenue Bonds in an Aggregate Amount not to Exceed \$\_\_\_\_\_, adopted by the Board on \_\_\_\_\_, 2025 (the “Series Ordinance”), and (iv) a Sale Order of the Chief Executive Officer of the Issuer dated \_\_\_\_\_, 2025 (the “Sale Order,” and, collectively with the Bond Ordinance and the Series Ordinance, the “Ordinance”). This Bond is issued for the purposes set forth in the Series Ordinance and the Sale Order.

For the prompt payment of the principal of and interest on this Bond, and other bonds issued by the Issuer pursuant to the Bond Ordinance, the Issuer has irrevocably pledged the Pledged Assets (as defined in the Bond Ordinance), which includes the revenues of the Water System (as defined in the Bond Ordinance), after provision is made for reasonable and necessary expenses of operation, maintenance and administration of the Water System (the “Net Revenues”), and a statutory lien on the Net Revenues and Pledged Assets is hereby recognized and acknowledged. Such lien is a third lien, subject to obligations heretofore and hereafter issued or incurred under the Bond Ordinance secured by a first or second lien on the Pledged Assets. This Bond is of equal standing on a parity with all other obligations heretofore and hereafter issued or incurred under the Bond Ordinance and secured by a third lien on the Pledged Assets.

For a complete statement of the revenues from which and the conditions under which this Bond is payable, a statement of the conditions under which Additional Bonds (as defined in the Bond Ordinance) of senior or equal standing and Additional Bonds of junior standing may hereafter be issued and the general covenants and provisions pursuant to which this Bond is issued, reference is made to the Bond Ordinance.

This Bond is subject to redemption prior to maturity at the option of the Issuer and with the prior written consent of and upon such terms as may be required by the MFA. That portion of this Bond called for redemption shall not bear interest after the date fixed for redemption, provided funds are on hand with the Trustee to redeem the same.

**THIS BOND IS ISSUED UNDER ACT 233 AND ACT 94. IT IS A SELF-LIQUIDATING BOND AND IS NOT A GENERAL OBLIGATION OF THE ISSUER AND DOES NOT CONSTITUTE AN INDEBTEDNESS OF THE ISSUER WITHIN ANY CONSTITUTIONAL OR STATUTORY LIMITATION, BUT IS PAYABLE, BOTH AS TO PRINCIPAL AND INTEREST SOLELY FROM THE PLEDGED ASSETS OF THE WATER SYSTEM. THE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON THIS BOND ARE SECURED BY A STATUTORY LIEN ON THE PLEDGED ASSETS AS DESCRIBED HEREIN.**

The Issuer has covenanted and agreed, and hereby covenants and agrees, to fix and maintain, or cause to be fixed and maintained, at all times while any bonds payable from the Pledged Assets of the Water System shall be outstanding, such rates for service furnished by the Water System as shall be sufficient to provide for payment of the interest upon and the principal of this Bond and all other Bonds (as defined in the Bond Ordinance) assumed or issued and to be issued under the Bond Ordinance as and when the same shall become due and payable, to create and maintain a bond redemption fund therefor, including a bond reserve for Bonds other than this Bond, to provide for the payment of expenses of administration and operation and such expenses for maintenance of the Water System as are necessary to preserve the same in good repair and

working order, and to provide for such other expenditures and funds for the Water System, all as are required by the Bond Ordinance.

This Bond is transferable only upon the books of the Issuer kept for that purpose at the office of the Trustee by the registered owner hereof in person, or by his attorney duly authorized in writing, upon the surrender of this Bond together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or his attorney duly authorized in writing, and thereupon a new registered bond or bonds of the same type, in the same aggregate principal amount and of the same maturity shall be issued to the transferee in exchange therefor as provided in the Ordinance and upon the payment of the charges, if any, therein prescribed.

It is hereby certified and recited that all acts, conditions and things required by law precedent to and in the issuance of this Bond have been done and performed by regular and due time and form as required by law.

This Bond is not valid or obligatory for any purpose until the Trustee's Certificate of Authentication hereon has been executed by the Trustee.

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IN WITNESS WHEREOF, the Great Lakes Water Authority, Counties of Macomb, Oakland and Wayne, State of Michigan, has caused this Bond to be signed in its name by the facsimile signatures of its Chief Executive Officer and its Secretary of the Board, and a facsimile of its corporate seal to be printed, impressed or otherwise reproduced hereon, all as of the Original Issue Date.

GREAT LAKES WATER AUTHORITY

By: \_\_\_\_\_  
Chief Executive Officer

Countersigned:

By: \_\_\_\_\_  
Secretary, Board of Directors

[Seal]

**CERTIFICATE OF AUTHENTICATION**

This Bond is authenticated as the bond designated by the Issuer as “Water Supply System Revenue Bond, Series 2025-SRF-\_\_\_”.

U.S. Bank Trust Company, National Association,  
Trustee

By:\_\_\_\_\_

Date of Authentication: \_\_\_\_\_, 2025

### ASSIGNMENT

For value received, the undersigned sells, assigns and transfers unto \_\_\_\_\_ this Bond and all rights hereunder and hereby irrevocably appoints \_\_\_\_\_ attorney to transfer this Bond on the books kept for registration thereof with full power of substitution in the premises.

Dated: \_\_\_\_\_

\_\_\_\_\_  
Signature

**NOTICE:** The signature to this assignment must correspond with the name as it appears on the face of this Bond in every particular.

Schedule A

The principal amounts and maturity dates applicable to the Bond to which this Schedule A is attached are as follows:

Date

Amount

Based on the schedule provided above unless revised as provided in this paragraph, repayment of the Principal Amount shall be made according to such schedule until the full Principal Amount disbursed to the Issuer is repaid; provided, however, that the Issuer shall have no obligation to repay any serial principal installment for which the Issuer did not receive a disbursement of Principal Amount by the date such serial principal installment is due. In the event the Order of Approval issued by the Department of Environment, Great Lakes, and Energy (the "Order") approves a principal amount of assistance less than the amount of this Bond, the MFA shall only disburse principal up to the amount stated in the Order. In the event (1) that the payment schedule described above provides for payment of a total principal amount greater than the amount of assistance approved by the Order, (2) that less than the principal amount of assistance approved by the Order is disbursed to the Issuer by the MFA or (3) of prepayment [or principal forgiveness] of the Bond, the MFA shall prepare a new payment schedule that shall be effective upon receipt by the Issuer.

END OF BOND FORM

Section 7. Concerning the Securities Depository.

(a) As used herein:

“Beneficial Owner” means any Person who indirectly owns 2025 SRF-1/2 Junior Lien Bonds pursuant to the indirect ownership system maintained by a securities depository (the “Securities Depository”) and its Participants, commonly known as the “Book-Entry Only System.”

“Participant” means any Person whose ownership of 2025 SRF-1/2 Junior Lien Bonds is shown on books of the Securities Depository.

(b) The 2025 SRF-1/2 Junior Lien Bonds will initially be registered in the name of the MFA, or such other purchasers as designated in the Sale Order. In the event 2025 SRF-1/2 Junior Lien Bonds are later to be registered in the name of a Securities Depository or its nominee, neither the Authority nor the Trustee shall have any responsibility or obligation to any Participant or to any Beneficial Owner with respect to any matter, including the following:

- (1) the accuracy of the records of the Securities Depository, its nominee or any Participant with respect to any ownership interest in 2025 SRF-1/2 Junior Lien Bonds,
- (2) the delivery to any Participant, Beneficial Owner or any other Person other than the Securities Depository of any notice with respect to: any 2025 SRF-1/2 Junior Lien Bonds, including any notice of redemption, or
- (3) the payment to any Participant, Beneficial Owner or any other Person, other than the Securities Depository of any amount with respect to the principal (and premium, if any) of or interest on any 2025 SRF-1/2 Junior Lien Bonds.

(c) The Trustee shall pay all principal (and premium, if any) of and interest on the 2025 SRF-1/2 Junior Lien Bonds only to or upon the order of the MFA, or the Securities Depository, as applicable, and all such payments shall be valid and effective fully to satisfy and discharge the Authority’s obligations with respect to the principal (and premium, if any) of, and interest on such 2025 SRF-1/2 Junior Lien Bonds to the extent of the sum or sums so paid.

(d) If 2025 SRF-1/2 Junior Lien Bonds become registered in the name of the Securities Depository and (1) the Authority receives a written notice from the Securities Depository to the effect the Securities Depository is unable or unwilling to discharge its responsibilities or (2) the Authority determines that it is in the best interests of the Beneficial Owners of 2025 SRF-1/2 Junior Lien Bonds that they be able to obtain 2025 SRF-1/2 Junior Lien Bonds in certificated form, then, in either event, the Authority shall notify the Trustee and, in the case of clause, (2), the Securities Depository.

(e) Upon discontinuance of the use of the Book-Entry Only System maintained by the Securities Depository, if any, pursuant to subsection (d), above and upon receipt of notice from the Securities Depository containing sufficient information, the Authority shall execute and the Trustee shall authenticate and deliver 2025 SRF-1/2 Junior Lien Bonds in certificated form to



Beneficial Owners in exchange for the beneficial interests of such Beneficial Owners in corresponding principal amounts and in any Authorized Denominations.

(f) Notwithstanding any other provision of this 2025 SRF-1/2 Series Ordinance to the contrary, so long as any 2025 SRF-1/2 Junior Lien Bond is registered in the name of the Securities Depository or its nominee:

- (1) all payments with respect to the principal, premium, if any, and interest on such 2025 SRF-1/2 Junior Lien Bond and all notices of redemption, tender and otherwise with respect to such 2025 SRF-1/2 Junior Lien Bond shall be made and given, respectively, to the Securities Depository as provided in the letter of representations from the Authority to the Securities Depository with respect to such 2025 SRF-1/2 Junior Lien Bonds or any master letter of representations from the Authority to the Securities Depository;
- (2) if less than all of the 2025 SRF-1/2 Junior Lien Bonds of the same type of any maturity are to be redeemed, then the particular 2025 SRF-1/2 Junior Lien Bonds or portions of 2025 SRF-1/2 Junior Lien Bonds of such type and maturity to be redeemed shall be selected by the Securities Depository in any such manner as the Securities Depository may determine;
- (3) all payments with respect to principal of the 2025 SRF-1/2 Junior Lien Bonds and premium, if any and interest on the 2025 SRF-1/2 Junior Lien Bonds shall be made in such manner as shall be prescribed by the Securities Depository; and
- (4) if a 2025 SRF-1/2 Junior Lien Bond is redeemed or tendered in part, then all amounts payable in respect of such redemption or tender shall be paid without presentation and surrender of such 2025 SRF-1/2 Junior Lien Bond pursuant to the procedures of the Securities Depository.

Section 8. Payment of 2025 SRF-1/2 Junior Lien Bonds; Confirmation of Statutory Lien.

(a) The 2025 SRF-1/2 Junior Lien Bonds and the interest thereon shall be payable solely from the Pledged Assets.

(b) To secure payment of the 2025 SRF-1/2 Junior Lien Bonds, the statutory lien upon the whole of the Pledged Assets established by Act 94 and the pledge created in Section 501 of the Ordinance is hereby confirmed in favor of the 2025 SRF-1/2 Junior Lien Bonds as follows: Such lien in favor of the 2025 SRF-1/2 Junior Lien Bonds shall be a statutory third lien on the Pledged Assets of equal standing and Priority of Lien with all issued, to be issued and outstanding SRF Junior Lien Bonds.

Section 9. Funds and Accounts; Flow of Funds. Except as otherwise provided in this 2025 SRF-1/2 Series Ordinance, all of the provisions relative to funds and accounts, their maintenance, the flow of funds and other details relative thereto, shall remain as specifically set forth in the Ordinance.

Section 10. Disposition of Proceeds.

(a) Disposition of Accrued Interest and Capitalized Interest. (1) From the proceeds of the sale of the 2025 SRF-1 Junior Lien Bonds there shall be immediately deposited in the SRF Junior Lien Debt Service Account, an amount equal to any accrued interest received on the delivery of the 2025 SRF-1 Junior Lien Bonds and any capitalized interest on the 2025 SRF-1 Junior Lien Bonds, and the Authority may take credit for the amount so deposited against the amount required to be deposited in the SRF Junior Lien Debt Service Account for payment of the next maturing interest payment on the 2025 SRF-1 Junior Lien Bonds.

(2) From the proceeds of the sale of the 2025 SRF-2 Junior Lien Bonds there shall be immediately deposited in the SRF Junior Lien Debt Service Account, an amount equal to any accrued interest received on the delivery of the 2025 SRF-2 Junior Lien Bonds and any capitalized interest on the 2025 SRF-2 Junior Lien Bonds, and the Authority may take credit for the amount so deposited against the amount required to be deposited in the SRF Junior Lien Debt Service Account for payment of the next maturing interest payment on the 2025 SRF-2 Junior Lien Bonds.

(b) Construction Fund. The balance of the proceeds of each Series of the 2025 SRF-1/2 Junior Lien Bonds shall be deposited in the Construction Fund and used to pay Project Costs as provided in Section 11.

Section 11. Construction Fund.

(a) Construction Fund – 2025 SRF-1 Project.

(1) A subaccount of the Detroit Local Construction Account of the Construction Fund established by the Ordinance shall be established for the 2025 SRF-1 Junior Lien Bonds and designated the “Local Construction Fund, Series 2025 SRF-1,” and shall be established and maintained as a separate depository account with a Custodian as designated by a City Authorized Officer.

(2) Moneys in the Local Construction Fund, Series 2025 SRF-1 shall be applied solely to payment of Project Costs for the 2025 SRF-1 Project (or to the reimbursement of Project Costs for the 2025 SRF-1 Project paid by the Authority or the City from other funds prior to the issuance of the 2025 SRF-1 Junior Lien Bonds

(A) Payments or reimbursements for Project Costs for the 2025 SRF-1 Project for construction, either on account or otherwise, shall not be made unless the registered engineer in charge of such work shall file with a City Authorized Officer a signed statement to the effect that the work has been completed in accordance with the plans and specifications therefor, and that it was done pursuant to and in accordance with the contract therefor, that such work is satisfactory and that such work has not been previously paid for.

(B) Payment or reimbursement for Project Costs for the 2025 SRF-1 Project consisting of Issuance Costs and engineering, legal and financial costs shall be made upon submission of appropriate documentation to a City Authorized Officer.

(b) Construction Fund – 2025 SRF-2 Project.

(1) A subaccount of the Detroit Local Construction Account of the Construction Fund established by the Ordinance shall be established for the 2025 SRF-2 Junior Lien Bonds and designated the “Local Construction Fund, Series 2025 SRF-2,” and shall be established and maintained as a separate depository account with a Custodian as designated by a City Authorized Officer.

(2) Moneys in the Local Construction Fund, Series 2025 SRF-2 shall be applied solely to payment of Project Costs for the 2025 SRF-2 Project (or to the reimbursement of Project Costs for the 2025 SRF-2 Project paid by the Authority or the City from other funds prior to the issuance of the 2025 SRF-2 Junior Lien Bonds).

(A) Payments or reimbursements for Project Costs for the 2025 SRF-2 Project for construction, either on account or otherwise, shall not be made unless the registered engineer in charge of such work shall file with a City Authorized Officer a signed statement to the effect that the work has been completed in accordance with the plans and specifications therefor, and that it was done pursuant to and in accordance with the contract therefor, that such work is satisfactory and that such work has not been previously paid for.

(B) Payment or reimbursement for Project Costs for the 2025 SRF-2 Project consisting of Issuance Costs and engineering, legal and financial costs shall be made upon submission of appropriate documentation to a City Authorized Officer.

Tax Covenant.

(c) The Authority hereby covenants and represents with the registered owners of the Tax-Exempt 2025 SRF-1/2 Junior Lien Bonds, that so long as any of the Tax-Exempt 2025 SRF-1/2 Junior Lien Bonds remain outstanding and unpaid as to either principal or interest, the Authority shall, to the extent permitted by law, take all actions within its control to maintain, and will refrain from taking any action which would impair, the exclusion of the interest on the Tax-Exempt 2025 SRF-1/2 Junior Lien Bonds from gross income for federal income tax purposes under the Code.

(d) The actions referred to in subsection (a), above include, but are not limited to actions relating to any required rebate of arbitrage earnings and the expenditure and investment of proceeds of Tax-Exempt 2025 SRF-1/2 Junior Lien Bonds and moneys deemed to be proceeds of Tax-Exempt 2025 SRF-1/2 Junior Lien Bonds, and to prevent Tax-Exempt 2025 SRF-1/2 Junior Lien Bonds from being or becoming “private activity bonds” as that term is used in the Code.

(c) Pursuant to Section 512(a) of the Ordinance, the Chief Financial Officer is hereby authorized to designate separate accounts in the Local Construction Fund, Series 2025 SRF-1 and/or the Local Construction Fund, Series 2025 SRF-2, if determined necessary and desirable, for administrative purposes and to better able the Authority to comply with tax covenants, including rebate covenants, relating to the 2025 SRF-1/2 Junior Lien Bonds in connection with maintaining the exclusion, if any, from gross income for federal income tax purposes of interest on the 2025 SRF-1/2 Junior Lien Bonds. The Authority Board acknowledges, further, in accordance with Section 514 of the Ordinance, the establishment of a Rebate Fund, under Section 502 of the

Ordinance, which shall be maintained by the Trustee as a separate depository account, for the sole purpose of paying to the United States of America the amounts required to be rebated pursuant to the Code. In accordance with Section 514 of the Ordinance, the Authorized Officer is authorized to direct the Trustee to transfer to the Rebate Fund, an amount sufficient to make the amount on deposit in the Rebate Fund equal to 100% of the amount certified by the Authority as the amount required to be rebated to the United States pursuant to the Code as of the close of the bond year (as defined in the Code) for a related Series of Bonds. Such amount shall be certified by an Authorized Officer to the Trustee.

**Section 12. Sale of 2025 SRF-1/2 Junior Lien Bonds; Purchase Contract; Expiration of Referendum Period.**

(a) The 2025 SRF-1/2 Junior Lien Bonds shall be sold by negotiated sale to the MFA pursuant to a Purchase Contract in customary form with such changes thereto as an Authorized Officer shall determine are in the best interests of the Authority, within the parameters established by this 2025 SRF-1/2 Series Ordinance. Such determination shall be conclusively established by the Authorized Officer's execution of the Purchase Contract to the MFA.

(b) The Authority Board hereby determines that the sale of the 2025 SRF-1/2 Junior Lien Bonds by negotiated sale as described in subsection (a) is in the best interests of the Authority and will allow the 2025 SRF-1/2 Junior Lien Bonds to receive a subsidized interest rate through participation in the MFA's State Revolving Fund Program.

(c) An Authorized Officer is authorized to accept, on behalf of the Authority, an offer from the MFA to purchase the 2025 SRF-1/2 Junior Lien Bonds subject to the following limitations:

- (1) The interest rate with respect to any Series of the 2025 SRF-1/2 Junior Lien Bonds shall not exceed 2.75%.
- (2) The aggregate purchaser's discount at which any Series of the 2025 SRF-1/2 Junior Lien Bonds shall be sold to the MFA shall not exceed 2.00%.

(d) An Authorized Officer shall confirm in the Sale Order that there was no petition meeting the requirements of Section 33 of Act 94 that was filed with the Secretary of the Authority Board within 45 days of the date of publication of the notice of intent to issue bonds with respect to the 2025 SRF-1/2 Junior Lien Bonds as required by Section 33 of Act 94.

**Section 13. Delegation of Authority to and Authorization of Actions of Authorized Officers.**

(a) An Authorized Officer shall make all determinations herein provided to be made in the Sale Order and shall make all such determinations in accordance with the best interests of the Authority within the parameters of this 2025 SRF-1/2 Series Ordinance.

(b) In addition to determinations authorized elsewhere in this 2025 SRF-1/2 Series Ordinance, an Authorized Officer shall determine the aggregate principal amount of 2025 SRF-1/2 Junior Lien Bonds to be issued, but not in excess of the aggregate principal amount authorized

by this 2025 SRF-1/2 Series Ordinance, on the basis of her evaluation of the maximum amount of 2025 SRF-1/2 Junior Lien Bonds which can be sold, given anticipated interest rates and the revenue coverage requirements with respect to the 2025 SRF-1/2 Junior Lien Bonds and for any other reasons the Authorized Officer deems appropriate.

- (1) Such determination shall also include the redemption provisions for the 2025 SRF-1/2 Junior Lien Bonds.
- (2) An Authorized Officer shall also determine and establish, in accordance with this 2025 SRF-1/2 Series Ordinance, the maturities of each Series of the 2025 SRF-1/2 Junior Lien Bonds, whether such maturities shall be serial or term maturities and the Mandatory Redemption Requirements for any term maturities.

(c) An Authorized Officer is authorized, if necessary, to file applications and to pay the related fees, if any, to the Michigan Department of Treasury at her discretion under Act 34 for one or more orders of approval to issue all or a portion of the 2025 SRF-1/2 Junior Lien Bonds, and such waivers or other Treasury approvals as necessary to implement the sale, delivery and security for the 2025 SRF-1/2 Junior Lien Bonds as authorized herein, and as required by the Michigan Department of Treasury or Act 34.

(d) An Authorized Officer shall determine in the Sale Order that the requirements set forth in Section 207 of the Ordinance with respect to the issuance of the 2025 SRF-1/2 Junior Lien Bonds as Additional Bonds have been satisfied.

(e) An Authorized Officer is hereby authorized and directed to do and perform any and all other acts and things with respect to the 2025 SRF-1/2 Junior Lien Bonds which are necessary or appropriate to carry into effect, consistent with the Ordinance and this 2025 SRF-1/2 Series Ordinance, the authorizations therein and herein contained including without limitation the securing of ratings by bond rating agencies, and the incurring of reasonable fees costs and expenses incidental to the foregoing, for and on behalf of the Authority.

Section 14. Advancement of Project Costs. At the direction of an Authorized Officer, the Authority may advance certain Project Costs from the Authority's funds prior to the issuance of the 2025 SRF-1/2 Junior Lien Bonds to the extent that such costs are expenditures appropriate for reimbursement under applicable law, including the Code in the case of Tax-Exempt 2025 SRF-1/2 Junior Lien Bonds.

Section 15. Ratification. All determinations and decisions of an Authorized Officer heretofore taken with respect to the issuance and sale of the 2025 SRF-1/2 Junior Lien Bonds as permitted or required by the Ordinance or law are hereby ratified, confirmed and approved.

Section 16. Additional Authorization. The Chief Executive Officer, the Chief Financial Officer, the Chief Administrative and Compliance Officer and the General Counsel of the Authority, any such officials acting in an interim or acting capacity to such officers, their deputies and staff, or any of them, are hereby authorized to execute and deliver such certificates, Supplemental Agreements, other agreements, documents, instruments, opinions and other papers as may be deemed necessary or appropriate to complete the sale, execution and delivery of the

2025 SRF-1/2 Junior Lien Bonds and otherwise give effect to the transactions contemplated by this 2025 SRF-1/2 Series Ordinance, as determined by such officials executing and delivering the foregoing items.

Section 17. 2025 SRF-1/2 Series Ordinance a Contract. The provisions of this 2025 SRF-1/2 Series Ordinance shall constitute a contract between the Authority and each registered owner of an outstanding 2025 SRF-1/2 Junior Lien Bond.

Section 18. Professional Services.

(a) Dickinson Wright PLLC is hereby appointed as Bond Counsel for the 2025 SRF-1/2 Junior Lien Bonds, notwithstanding the periodic representation by Dickinson Wright PLLC in unrelated matters of other parties and potential parties to the issuance of the 2025 SRF-1/2 Junior Lien Bonds.

(b) PFM Financial Advisors LLC is hereby appointed as Financial Advisor for the 2025 SRF-1/2 Junior Lien Bonds, notwithstanding the periodic representation by PFM Financial Advisors LLC in unrelated matters of other parties and potential parties to the issuance of the 2025 SRF-1/2 Junior Lien Bonds.

(c) The fees and expenses of Dickinson Wright PLLC and PFM Financial Advisors LLC shall be payable as an Issuance Cost from the proceeds of the 2025 SRF-1/2 Junior Lien Bonds or other available funds.

(d) An Authorized Officer is authorized to engage financial and other consultants as she deems necessary or appropriate in connection with the sale, issuance and delivery of the 2025 SRF-1/2 Junior Lien Bonds and to pay the fees and expenses thereof from the proceeds of the 2025 SRF-1/2 Junior Lien Bonds or other available funds.

Section 19. Severability; Headings; and Conflict. If any section, paragraph, clause or provision of this 2025 SRF-1/2 Series Ordinance shall be held invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the other provisions of this 2025 SRF-1/2 Series Ordinance. The section and paragraph headings in this 2025 SRF-1/2 Series Ordinance are furnished for convenience of reference only and shall not be considered to be part of this 2025 SRF-1/2 Series Ordinance.

Section 20. Publication and Recordation. This 2025 SRF-1/2 Series Ordinance shall be published in full in the Detroit Legal News, a newspaper of general circulation within the geographic boundaries of the Authority qualified under State law to publish legal notices, promptly after its adoption, and shall be maintained in the official records of the Authority and such recording authenticated by the signatures of the Chairperson and Secretary of the Authority Board.

Section 21. Repeal. All ordinances, resolutions, indentures or orders, or parts thereof, in conflict with the provisions of this 2025 SRF-1/2 Series Ordinance are, to the extent of such conflict, repealed.

Section 22. Effective Date. This 2025 SRF-1/2 Series Ordinance shall be effective upon adoption.

Adopted and signed on the \_\_ day of \_\_\_\_\_, 2025.

GREAT LAKES WATER AUTHORITY

Signed \_\_\_\_\_  
Chairperson

Signed \_\_\_\_\_  
Secretary

4914-1362-0788 v2 [63818-60]

**Great Lakes Water Authority**

**Resolution 2025-163**

**RE: Approval of Series Ordinance Authorizing Issuance and Sale of Water Supply System  
Revenue Bonds in an Aggregate Amount not to Exceed \$51,894,938  
Ordinance 2025-03**

By Board Member: \_\_\_\_\_

**Whereas** There has been presented to the Board of Directors of the Great Lakes Water Authority (the “Authority”) an ordinance entitled “Series Ordinance Authorizing the Issuance and Sale of Water Supply System Revenue Bonds in an Aggregate Amount not to Exceed \$51,894,938” (the “2025 SRF-1/2 Series Ordinance”), which ordinance is a Series Ordinance as defined and described in Master Bond Ordinance No. 2015-01 adopted by the Board of Directors on October 7, 2015, as amended on December 9, 2015, January 27, 2016, August 10, 2016 and February 12, 2020.

**Whereas** The Articles of Incorporation of the Authority provide that at least 5 of the 6 members of the Authority Board must vote to approve the 2025 SRF-1/2 Series Ordinance.

**Now, Therefore Be It:**

**Resolved** That the 2025 SRF-1/2 Series Ordinance, in the form presented to this meeting, is approved and adopted, and the Chairperson and the Secretary are authorized to authenticate the 2025 SRF-1/2 Series Ordinance in the form approved; **And Be it Further**

**Resolved** That an affirmative vote of at least 5 members of the Authority Board is necessary for the passage of this Resolution.

Adopted by the Great Lakes Water Authority Board on: \_\_\_\_\_, 2025





## Financial Services Audit Committee Communication

**Date:** June 6, 2025

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

**From:** Jacqueline Morgan, CTP, State Revolving Fund Program Finance Manager

**Re:** Resolution Regarding Approval of Series Ordinance Authorizing Issuance and Sale of Sewage Disposal System Revenue Bonds in an Aggregate Amount Not to Exceed \$108,988,000 (Ordinance 2025-04) for FY 2025 Clean Water State Revolving Fund Projects

**Background & Analysis:** The following documents are attached:

1. Draft Great Lakes Water Authority (GLWA) Board letter
2. Series Ordinance Authorizing Issuance and Sale of Sewage Disposal System Revenue Bonds the GLWA Oakwood and Leib CSO Facility Improvements and Detroit Water and Sewerage Sewer System Rehabilitations - Districts 1, 2, 4, 5, 6, and 7 Projects
3. Resolution to Approve the Series Ordinance

**Proposed Action:** The GLWA Audit Committee recommends that the Great Lakes Water Authority Board approve a resolution for the Series Ordinance Authorizing Issuance and Sale of Sewage Disposal System Revenue Bonds in an Aggregate Amount Not to Exceed \$108,988,000 as presented and authorizes the Chief Executive Officer (CEO) to take such other action as may be necessary to accomplish the intent of this vote.

## DRAFT for Audit Committee Review Only

### ..Title

**Resolution Regarding Approval of Series Ordinance Authorizing Issuance and Sale of Sewage Disposal System Revenue Bonds in an Aggregate Amount Not to Exceed \$108,988,000 (Ordinance 2025-04) for FY 2025 Clean Water State Revolving Fund (CWSRF) Projects**

### ..Body

Agenda of: June 25, 2025  
Item No.: **2025-164**  
Amount: Not to Exceed \$108,988,000

**TO:** The Honorable  
Board of Directors  
Great Lakes Water Authority

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

**DATE:** June 25, 2025

**RE: Resolution Regarding Approval of Series Ordinance Authorizing Issuance and Sale of Sewage Disposal System Revenue Bonds in an Aggregate Amount Not to Exceed \$108,988,000 (Ordinance 2025-04) for Fiscal Year (FY) 2025 Clean Water State Revolving Fund (CWSRF) Projects**

### **MOTION**

Upon recommendation of Nicolette N. Bateson, Chief Financial Officer (CFO) and Treasurer, the Board of Directors (Board) of the Great Lakes Water Authority (GLWA), **approve a resolution for the Series Ordinance Authorizing Issuance and Sale of Sewage Disposal System Revenue Bonds in an Aggregate Amount Not to Exceed \$108,988,000 as presented**, and authorizes the Chief Executive Officer (CEO) to take such other action as may be necessary to accomplish the intent of this vote.

## DRAFT for Audit Committee Review Only

### **BACKGROUND**

GLWA and the Detroit Water and Sewerage Department (DWSD) were awarded low-interest funding for sewer system improvement projects through the Michigan Department of Environment, Great Lakes, and Energy (EGLE) FY 2025 CWSRF program. The regional and local sewer system projects are both supported by this series ordinance (Series 2025 SRF-1/2: with 1 representing the GLWA Oakwood and Leib project and 2 representing the DWSD Sewer Rehabilitations project) in an aggregate amount of \$108,988,000.

The calculation of this Series Ordinance not to exceed (NTE) amount includes a 10% loan financing contingency to allow for fluctuations in the final SRF award amount. The scope of this Series Ordinance also includes \$24,900,000, which is the amount of increased estimated cost for the Oakwood project. This allows for the possibility of additional funding from EGLE if available. The NTE amount for each project is listed below and the calculation summary is included in Attachment 1 Table 1.

GLWA Oakwood and Leib (Series 2025-SRF-1) NTE amount:	\$ 90,200,000
DWSD Sewer Rehabilitations (Series 2025-SRF-2) NTE amount:	<u>\$ 18,788,000</u>
Aggregate Series Ordinance amount:	\$108,988,000

There are two considerations related to this resolution: the projects being funded and financing:

### **CWSRF Funding**

*GLWA Oakwood and Leib Combined Sewer Overflow (CSO) Facility Improvements – (Series 2025-SRF-1, CIP No. 270004, SRF No. 6001-01)*: On April 24, 2024, the GLWA Board adopted a resolution approving the project plan following a public hearing on the same date. This project was subsequently approved for funding as notified on EGLE's final CWSRF Intended Use Plan (IUP) in October 2024. The funding allocation with updated project cost estimates are summarized below and in Attachment 2 Table 1.

- Total funding awarded:
  - CWSRF Loan Amount: \$ 50,248,000
  - Principal Forgiveness: \$ 6,852,000
  - Total IUP Award Amount \$57,100,000
- The estimated project cost was revised to \$82,000,000 based on current bid submissions

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- GLWA requested additional funding of \$24,900,000 to include the increased project cost
- This series ordinance references a potential loan amount of \$82,000,000 to allow for the possibility of that additional funding from EGLE

Note: The project cost estimates presented at the Public Hearing differ from those in this Board letter as design details and costs are refined as the project progresses towards the formal bid process.

DWSD Sewer System Rehabilitations - District 1, 2, 4, 5, 6 and 7 (Series 2025-SRF-2, Contract No. DWS-977, SRF No. 6002-01): On February 21, 2024, the DWSD Board of Water Commissioners adopted a resolution approving the project plan following a public hearing on the same date. The projects were subsequently approved for funding as notified on EGLE's final CWSRF Intended Use Plan (IUP) in October 2024. The funding allocation is summarized below and in Attachment 2 Table 1.

CWSRF Loan Amount: \$13,664,000

Principal Forgiveness: \$3,416,000

Total IUP Award Amount: \$17,080,000

### Financing

The 2025 SRF-1/2 Junior Lien Bonds will be sold through the Michigan Finance Authority under the state of Michigan's CWSRF program. The amount to be financed through the CWSRF bonds is within GLWA's authorized limits. On July 29, 2022, the GLWA Board of Directors approved Resolution 2022-312, "Resolution of the Great Lakes Water Authority Authorizing Publication of Notice of Intent (NOI) to Issue Sewerage Disposal System Revenue Bonds" in a principal amount not to exceed \$650,000,000 (the "Notice of Intent"). This is the eighth and ninth series of sewer bonds from that NOI.

### JUSTIFICATION

The approval of this series ordinance is the next formal step required by the GLWA Board in the bond issuance process, and this proposed action authorizes the bonds to be issued. The series ordinance also sets forth the guidelines for the CWSRF bonds, designates the bonds as 2025 SRF-1/2 Junior Lien Bonds and authorizes the CEO or the CFO/Treasurer to execute the final terms of the bonds, paying issuance costs, and signing of the Purchase Contract and Sale Order within the parameters set forth in the Series Ordinance.

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The bond series authorized by this ordinance will support both the Regional and Local Sewer System improvements. GLWA secures capital improvement financing for DWSD in accordance with foundational documents related to the establishment of GLWA. Pursuant to Section 7.2(b) of the Regional Sewage Disposal System Lease between the City of Detroit and GLWA, the Authority shall cooperate fully with the City in the implementation of this Detroit capital improvement, including financing through the Authority. GLWA is the loan applicant on behalf of DWSD, and DWSD will be the CWSRF loan recipient. All project costs financed by GLWA through this program, and resulting principal and interest payments on the bonds, will be directly allocable to the DWSD local system.

An advantage of the SRF program is the low interest rates. Potential dollar savings are significant when compared to municipal bond interest rates in a market-based transaction. The current interest rate on a 20-year and 30-year loan for an overburdened applicant is 2%, and 1% for a significantly overburdened applicant. By way of example, GLWA qualified as an overburdened applicant for the Oakwood and Leib project. The anticipated CWSRF loan amount is \$82 million. Compared to an estimated market-based rate of 4.5%, potential interest savings on a 20-year loan would be approximately \$25.8 million and \$41.2 million for a 30-year loan. See Attachment 1 Table 3 for additional cost savings details.

Another advantage of the SRF program is that interest costs are only incurred on the amount drawn from the loan as project expenditures are incurred. This results in additional debt service savings early in the term of the loan compared to market-based transactions. Further, use of SRF funding as junior lien does not impact GLWA debt reserve requirements.

### **BUDGET IMPACT**

GLWA will be the loan applicant on CWSRF loans issued on behalf of the DWSD, and DWSD will be the CWSRF loan recipient as determined by EGLE. All project costs financed by GLWA, on behalf of DWSD, through the program bonds and resulting principal and interest payments on the bonds will be directly allocable to the DWSD local system. Debt service for both projects is anticipated to begin in October 2026 and will be included as part of the FY 2026 – FY 2027 biennial budget.

### **COMMITTEE REVIEW**

This matter was reviewed by the GLWA Audit Committee at its meeting on May 23, 2025. The Audit Committee [*insert action taken*] the Board of Directors approve a resolution for

## DRAFT for Audit Committee Review Only

the Series Ordinance Authorizing Issuance and Sale of Sewage Disposal System Revenue Bonds in an Aggregate Amount Not to Exceed \$108,988,000 as presented and authorizes the Chief Executive Officer (CEO) to take such other action as may be necessary to accomplish the intent of this vote.

### **SHARED SERVICES IMPACT**

This item does not impact the shared services agreement between GLWA and DWSD beyond the terms outlined above as well as reimbursement of financing costs incurred.

**Table 1: Series Ordinance Not to Exceed (NTE) Calculation**

	<b>Oakwood and Lieb Series #2025-SRF-1</b>	<b>Sewer Rehabilitations Series #2025-SRF-2</b>
Estimated SRF Project Cost	\$ 82,000,000	\$ 17,080,000
Loan Financing Contingency (10% of estimated SRF project costs)	8,200,000	1,708,000
<b>Series Ordinance NTE Amount</b>	<b>\$ 90,200,000</b>	<b>\$ 18,788,000</b>
<b>Aggregate Series Ordinance Amount</b>		<b>\$ 108,988,000</b>

**Table 1: Clean Water State Revolving Fund (CWSRF) Intended Use Plan (IUP)  
Funding Allocation**

	Oakwood and Lieb CIP #270004 SRF #6001-01	Sewer Rehabilitations Contract #DWS-977 SRF #6002-01
Estimated SRF Project Cost	\$ 82,000,000	\$ 17,080,000
CWSRF Loan Amount	50,248,000	13,664,000
Principal Forgiveness	6,852,000	3,416,000
Total IUP Award Amount	57,100,000	17,080,000
Additional SRF Funding (based on availability)	24,900,000	-



**Table 1: Potential Loan Savings Comparison – CWSRF versus Estimated Market Rate**

GLWA Oakwood and Leib Project

Anticipated CWSRF Loan Amount: \$82.0 million

20-year Loan Term	CWSRF Interest Rate*	Estimated Market Rate
Interest Rate	2.00%	4.50%
Total Debt Service Payments (rounded)	\$100.3 million	\$126.1 million
Potential Cost Savings	\$25.8 million	

30-year Loan Term	CWSRF Interest Rate*	Estimated Market Rate
Interest Rate	2.00%	4.50%
Total Debt Service Payments (rounded)	\$109.9 million	\$151.0 million
Potential Cost Savings	\$41.2 million	

DWSD Sewer System Rehabilitations Projects

Anticipated CWSRF Loan Amount: \$17.1 million

30-year Loan Term	CWSRF Interest Rate*	Estimated Market Rate
Interest Rate	1.00%	4.50%
Total Debt Service Payments (rounded)	\$19.9 million	\$31.5 million
Potential Cost Savings	\$11.6 million	

Note:

\*The CWSRF interest rate of 2.00% is for an overburdened applicant, which applies to GLWA. The 1.00% interest rate is based on a significantly overburdened applicant, which applies to DWSD.

GREAT LAKES WATER AUTHORITY  
ORDINANCE NO. 2025-04

**SERIES ORDINANCE AUTHORIZING ISSUANCE AND SALE OF  
SEWAGE DISPOSAL SYSTEM REVENUE BONDS IN  
AN AGGREGATE AMOUNT NOT TO EXCEED \$108,988,000**

WHEREAS, pursuant to Resolution No. 2015-10-03 adopted by the Board of Directors of the Great Lakes Water Authority (the “Authority”) on October 7, 2015, the Authority Board approved and adopted Master Bond Ordinance No. 2015-02 (as subsequently amended through the date hereof, the “Ordinance”), which authorizes the issuance by the Authority of Sewage Disposal System Revenue Bonds; and

WHEREAS, the Ordinance authorizes the issuance of such Sewage Disposal System Revenue Bonds in one or more Series pursuant to a Series Ordinance authorizing the issuance and sale of such Series; and

WHEREAS, the Authority Board has determined that it is necessary to authorize at this time two or more Series of SRF Junior Lien Bonds (the “2025 SRF-1/2 Junior Lien Bonds”) to provide moneys to pay all or part of the costs of the hereinafter described repairs, extensions, enlargements and improvements to the Regional Sewer System identified in the Capital Improvement Program (the “2025 SRF-1 Project”) and to the Local Sewer System identified in the Detroit Capital Improvement Program (the “2025 SRF-2 Project”, and collectively with the 2025 SRF-1 Project, the “2025 SRF 1/2 Projects”).

NOW, THEREFORE, BE IT ORDAINED BY THE BOARD OF DIRECTORS OF THE GREAT LAKES WATER AUTHORITY AS FOLLOWS:

Section 1. Authority for this Series Ordinance. This Series Ordinance (the “2025 SRF-1/2 Series Ordinance”) is adopted pursuant to Section 1102(1) of the Ordinance.

Section 2. Definitions. Except as otherwise provided in this 2025 SRF-1/2 Series Ordinance, all terms which are defined in Section 101 of the Ordinance shall have the same meanings, respectively, in this 2025 SRF-1/2 Series Ordinance as such terms are given in the Ordinance. In addition, the following terms shall have the following meanings unless the context shall clearly indicate some other meaning:

(a) “2025 SRF-1 Junior Lien Bonds” means the Bonds authorized by Section 5 of this 2025 SRF-1/2 Series Ordinance for the purpose of paying and/or reimbursing costs of the 2025 SRF-1 Project.

(b) “2025 SRF-2 Junior Lien Bonds” means the Bonds authorized by Section 5 of this 2025 SRF 1/2 Series Ordinance for the purpose of paying and/or reimbursing costs of the 2025 SRF-2 Project.

(c) “2025 SRF-1/2 Junior Lien Bonds” means, collectively, the 2025 SRF-1 Junior Lien Bonds and the 2025 SRF-2 Junior Lien Bonds.

(d) “2025 SRF-1 Project” means improvements to the Regional Sewer System, including but not limited to improvements to the Oakwood CSO Retention Treatment Basin, consisting of, without limitation, storm and sanitary pumping station modifications, improvements to and cleaning of storm and sanitary wet wells and influent tunnels, and plumbing improvements; improvements to the Leib CSO Screening and Disinfection Facility (SDF), consisting of, without limitation, installation and rehabilitation of Romag screens and a new flushing system; and structural and architectural modifications, electrical improvements, and integration of new equipment, as well as all work and appurtenances necessary or incidental to such improvements.

(e) “2025 SRF-2 Project” means improvements to the Local Sewer System, consisting of sewer main rehabilitation in City Council Districts 1, 2, 4, 5, 6, and 7 (under City Council District maps current as of January 2024,) including but not limited to the rehabilitation of aging and/or compromised select sewer mains, replacement of sewer mains, rehabilitation of cured-in-place pipe (CIPP), manhole replacement and rehabilitation, spot repairs, as well as all work, equipment and appurtenances necessary or incidental to such improvements.

(f) “2025 SRF-1/2 Projects” means, collectively, the 2025 SRF-1 Project and the 2025 SRF-2 Project.

(g) “Authorized Denomination” means any denomination as determined by an Authorized Officer in the Sale Order.

(h) “Authorized Officer” means either the Chief Executive Officer or the Chief Financial Officer.

(i) “Interest Payment Date” means except as otherwise set forth in the Sale Order each April 1 and October 1.

(j) “Local Construction Fund, Series 2025 SRF-2” means a subaccount of the Construction Fund established in accordance with Section 11 of this 2025 SRF-1/2 Series Ordinance relating to the construction of the 2025 SRF-2 Project to be paid with the proceeds of the 2025 SRF-2 Junior Lien Bonds.

(k) “Local Sewer System Project Costs” means the costs of acquiring, constructing, equipping, installing and financing the 2025 SRF-2 Project, including Issuance Costs relating to the 2025 SRF-2 Junior Lien Bonds.

(l) “Maturity Date” means such dates of maturity of the 2025 SRF-1/2 Junior Lien Bonds as determined in the Sale Order.

(m) “MFA” means the Michigan Finance Authority.

(n) “Person” means any natural person, association, corporation, trust, partnership, joint venture, joint-stock company, municipal corporation, public body or other entity, however organized.

(o) “Project Costs” means, collectively, the Local Sewer System Project Costs and the Regional Sewer System Project Costs.

(p) “Purchase Contract” means the Purchase Contract between the MFA and the Authority with respect to the purchase by the MFA and the sale by the Authority of a Series of the 2025 SRF-1/2 Junior Lien Bonds.

(q) “Regional Construction Fund, Series 2025 SRF-1” means a subaccount of the Construction Fund established in accordance with Section 11 of this 2025 SRF-1/2 Series Ordinance relating to the construction of the 2025 SRF-1 Project to be paid with the proceeds of the 2025 SRF-1 Junior Lien Bonds.

(r) “Regional Sewer System Project Costs” means the costs of acquiring, constructing, equipping, installing and financing the 2025 SRF-1 Project, including Issuance Costs relating to the 2025 SRF-1 Junior Lien Bonds.

(s) “Regular Record Date” means except as otherwise set forth in the Sale Order the fifteenth day of the calendar month immediately preceding an Interest Payment Date.

(t) “Sale Order” means any one or more Sale Orders of an Authorized Officer authorizing acts consistent with the Ordinance and this 2025 SRF-1/2 Series Ordinance necessary and appropriate to complete the sale, execution and delivery of the 2025 SRF-1/2 Junior Lien Bonds and to complete the other transactions contemplated herein.

(u) “Supplemental Agreement” means, collectively, (1) the Supplemental Agreement among the Authority, the MFA and the State of Michigan acting through the Department of Environment, Great Lakes, and Energy, with respect to a Series of the 2025 SRF-1 Junior Lien Bonds; and (2) the Supplemental Agreement among the City, the MFA and the State of Michigan acting through the Department of Environment, Great Lakes, and Energy, and approved and agreed to by the Authority, with respect to a Series of the 2025 SRF-2 Junior Lien Bonds.

(v) “Taxable 2025 SRF-1/2 Junior Lien Bonds” means any 2025 SRF-1/2 Junior Lien Bonds other than Tax-Exempt 2025 SRF-1/2 Junior Lien Bonds.

(w) “Tax-Exempt 2025 SRF-1/2 Junior Lien Bonds” means any 2025 SRF-1/2 Junior Lien Bonds that are Tax-Exempt Bonds.

### Section 3. Approval of 2025 SRF-1/2 Projects.

(a) Approval of 2025 SRF-1 Project. It is hereby determined to be necessary for the public health, benefit and welfare of the area served by the Regional Sewer System to acquire, construct and undertake the 2025 SRF-1 Project, and the 2025 SRF-1 Project is hereby approved and accepted.

(b) Approval of 2025 SRF-2 Project. It is hereby determined to be necessary for the public health, benefit and welfare of the area served by the Local Sewer System to acquire, construct and undertake the 2025 SRF-2 Project, and the 2025 SRF-2 Project is hereby approved and accepted.

Section 4. Estimated Cost and Period of Usefulness of 2025 SRF-1/2 Projects. The aggregate Project Costs are estimated by the Authority Board to not exceed \$99,080,000, and consist of the following:

(a) The Regional Sewer System Project Costs are estimated by the Authority Board to not exceed \$82,000,000 and the Regional Sewer System Project Costs are hereby approved and confirmed. The period of usefulness of the 2025 SRF-1 Project is estimated to be not less than 20 years.

(b) The Local Sewer System Project Costs are estimated by the Authority Board to not exceed \$17,080,000 and the Local Sewer System Project Costs are hereby approved and confirmed. The period of usefulness of the 2025 SRF-2 Project is estimated to be not less than 30 years.

Section 5. Authorization of 2025 SRF-1/2 Junior Lien Bonds.

(a) Authorization of Borrowing.

(i) The Authority may borrow an amount not in excess of \$90,200,000, as is finally determined in the Sale Order, and issue the 2025 SRF-1 Junior Lien Bonds in one or more Series, all to evidence such borrowing pursuant to Act 233, Act 94 and the Ordinance, as 2025 SRF-1 Junior Lien Bonds, all as finally determined in the Sale Order. The amount of the 2025 SRF-1 Junior Lien Bonds authorized in this Section 5(a) shall include the amount of the net original issue premium, if any.

(ii) The Authority may borrow an amount not in excess of \$18,788,000, as is finally determined in the Sale Order, and issue the 2025 SRF-2 Junior Lien Bonds in one or more Series, all to evidence such borrowing pursuant to Act 233, Act 94 and the Ordinance, as 2025 SRF-2 Junior Lien Bonds, all as finally determined in the Sale Order. The amount of the 2025 SRF-2 Junior Lien Bonds authorized in this Section 5(b) shall include the amount of the net original issue premium, if any.

(b) Purpose of 2025 SRF-1/2 Junior Lien Bonds.

(i) The 2025 SRF-1 Junior Lien Bonds shall be issued as Additional Bonds for the purpose of paying and/or reimbursing Regional Sewer System Project Costs.

(ii) The 2025 SRF-2 Junior Lien Bonds shall be issued as Additional Bonds for the purpose of paying and/or reimbursing Local Sewer System Project Costs.

(c) Priority of Lien. Each Series of the 2025 SRF-1/2 Junior Lien Bonds shall be issued as SRF-1/2 Junior Lien Bonds.

(d) Insufficient Proceeds.

(i) To the extent that proceeds of SRF-1 Junior Lien Bonds are insufficient to pay Regional Sewer System Project Costs, the insufficiency shall be paid from the proceeds

of future Additional Bonds, if any, and/or moneys of the Regional Sewer System on hand and legally available therefor, as determined by the Authority Board.

(ii) To the extent that proceeds of the SRF-2 Junior Lien Bonds are insufficient to pay Local Sewer System Project Costs, the insufficiency shall be paid from the proceeds of future Additional Bonds, if any, and/or moneys of the Local Sewer System on hand and legally available therefor, as determined by the Board of Water Commissioners of DWSD-R and, in the case of any Additional Bonds, with the concurrence of the Authority Board.

(e) Separate Series. The 2025 SRF-1 Junior Lien Bonds are issuable at one or more times and as one or more separate Series of Bonds in such amounts as determined in the Sale Order. The 2025 SRF-2 Junior Lien Bonds are issuable at one or more times and as one or more separate Series of Bonds in such amounts as determined in the Sale Order. The 2025 SRF-1 Junior Lien Bonds and the 2025 SRF-2 Junior Lien Bonds shall be issued as separate Series.

(f) Taxable and Tax-Exempt 2025 SRF-1/2 Junior Lien Bonds. Each Series of the 2025 SRF-1/2 Junior Lien Bonds may be issued as Taxable 2025 SRF-1/2 Junior Lien Bonds or Tax-Exempt 2025 SRF-1/2 Junior Lien Bonds, or as separate subseries of both, as set forth in the applicable Sale Order.

(g) Source of Payment and Security. The 2025 SRF-1/2 Junior Lien Bonds shall be payable and secured as provided in Section 8.

(h) Applicability of Ordinance. Except as otherwise provided in this 2025 SRF-1/2 Series Ordinance or in the Sale Order, all of the provisions of the Ordinance shall apply to the 2025 SRF-1/2 Junior Lien Bonds as if set forth in full in this 2025 SRF-1/2 Series Ordinance, the purpose of this 2025 SRF-1/2 Series Ordinance being to supplement the Ordinance to authorize the issuance of 2025 SRF-1/2 Junior Lien Bonds for the purposes set forth herein.

#### Section 6. 2025 SRF-1/2 Junior Lien Bond Details.

##### (a) Designation.

- (1) The 2025 SRF-1 Junior Lien Bonds shall bear the designations Sewage Disposal System Revenue Bonds, Series 2025-SRF-1 and shall include such other designations, including, without limitation, designations for multiple Series or subseries, as determined by an Authorized Officer as shall be set forth in the Sale Order and not inconsistent with the Ordinance or this 2025 SRF-1/2 Series Ordinance. The 2025 SRF-2 Junior Lien Bonds shall bear the designations Sewage Disposal System Revenue Bonds, Series 2025-SRF-2 and shall include such other designations, including, without limitation, designations for multiple Series or subseries, as determined by an Authorized Officer as shall be set forth in the Sale Order and not inconsistent with the Ordinance or this 2025 SRF-1/2 Series Ordinance.
- (2) If any Series of the 2025 SRF-1/2 Junior Lien Bonds are not issued in 2025, an Authorized Officer is authorized in her discretion to re-designate the year and Series designation of such Series of 2025 SRF-1/2 Junior Lien Bonds

and the various funds and accounts established hereunder to correspond with the year of issuance of such Series of 2025 SRF-1/2 Junior Lien Bonds. Furthermore, an Authorized Officer is authorized to establish designations within the various funds and accounts established hereunder if necessary in order to differentiate such funds and accounts from other similarly named funds and accounts related to other Bonds.

(b) Numbering. Each Series of the 2025 SRF-1/2 Junior Lien Bonds shall be numbered in such manner as shall be determined in the applicable Sale Order.

(c) Principal. Each Series of the 2025 SRF-1/2 Junior Lien Bonds shall be issued in the form of Serial Bonds or Term Bonds, or any combination of Serial Bonds and Term Bonds, in any Authorized Denomination, and the principal thereof shall mature on October 1, or such other date as set forth in the Sale Order, in such years and amounts, and shall be or not be subject to redemption prior to maturity, all as shall be determined in the Sale Order subject to the following limitations:

- (1) No 2025 SRF-1/2 Junior Lien Bonds shall mature later than 40 years after the date of issuance thereof.
- (2) The 2025 SRF-1/2 Junior Lien Bonds shall only be issued with annual principal and interest installments permitted by the Ordinance, including Section 207 thereof.

(d) Interest. 2025 SRF-1/2 Junior Lien Bonds or portions thereof shall bear interest at a rate or rates as set forth in the Sale Order not in excess of 2.75% per annum. Interest on 2025 SRF-1/2 Junior Lien Bonds shall be payable on each Interest Payment Date.

(e) Payment of Principal and Interest. The principal of, premium, if any, and interest on the 2025 SRF-1/2 Junior Lien Bonds shall be payable in lawful money of the United States. Except as otherwise provided in the Sale Order, so long as the 2025 SRF-1/2 Junior Lien Bonds are owned by the MFA, the 2025 SRF-1/2 Junior Lien Bonds are payable as to principal, redemption premium, if any, and interest at U.S. Bank Trust Company, National Association, or at such other place as shall be designated in writing to the Authority by the MFA (the MFA's Depository"), and the Authority agrees that it will deposit with the MFA's Depository payments of the principal of, premium, if any, and interest on the 2025 SRF-1/2 Junior Lien Bonds in immediately available funds by 12:00 noon at least five Business Days prior to the date on which any such payment is due, whether by maturity, redemption or otherwise. If the 2025 SRF-1/2 Junior Lien Bonds are not registered in the name of the MFA, the principal of and premium, if any, on the 2025 SRF-1/2 Junior Lien Bonds are payable upon the surrender thereof at the corporate trust office of the Trustee and the interest is payable by check or draft drawn on the Trustee and mailed to the registered owners as of the immediately preceding Regular Record Date at their address shown on the registration books of the Authority maintained by the Trustee.

(f) Dating. Each Series of the 2025 SRF-1/2 Junior Lien Bonds shall be dated such date as determined in the Sale Order.

(g) Reserve Requirement. There shall be no Reserve Requirement with respect to the 2025 SRF-1/2 Junior Lien Bonds.

(h) Exchange. The registered owner of any 2025 SRF-1/2 Junior Lien Bond may exchange such 2025 SRF-1/2 Junior Lien Bond for a new 2025 SRF-1/2 Junior Lien Bond or Bonds of the same interest rate, maturity and Priority of Lien in an equal aggregate principal amount in one or more of the Authorized Denominations by surrendering such 2025 SRF-1/2 Junior Lien Bond to be exchanged at the designated office of the Trustee together with an assignment duly executed by the registered owner thereof or his attorney or legal representative in such form as shall be satisfactory to the Trustee. As provided in Section 206 of the Ordinance, the Trustee shall be responsible for the registration, transfer and exchange of 2025 SRF-1/2 Junior Lien Bonds and shall indicate its acceptance of such duties by a document filed with an Authorized Officer concurrently with the delivery of the 2025 SRF-1/2 Junior Lien Bonds.

(i) Execution and Delivery of 2025 SRF-1/2 Junior Lien Bonds. Each Series of the 2025 SRF-1/2 Junior Lien Bonds shall be executed in the name of the Authority by manual or facsimile signature of the Chief Executive Officer of the Authority and countersigned by the manual or facsimile signature of the Secretary of the Authority Board, and shall have the Authority's seal or facsimile thereof affixed or printed thereon. The Chief Financial Officer is authorized to deliver the 2025 SRF-1/2 Junior Lien Bonds to the MFA upon receiving the purchase price therefor in lawful money of the United States.

(j) Form of 2025 SRF-1/2 Junior Lien Bonds. Each Series of the 2025 SRF-1/2 Junior Lien Bonds shall be in substantially the following form, subject to such changes, additions or deletions as determined by the Chief Executive Officer within the parameters of this 2025 SRF-1/2 Series Ordinance:



R-\_\_

**UNITED STATES OF AMERICA  
STATE OF MICHIGAN  
COUNTIES OF MACOMB, OAKLAND AND WAYNE  
GREAT LAKES WATER AUTHORITY  
SEWAGE DISPOSAL SYSTEM REVENUE BOND,  
SERIES 2025-SRF-\_\_**

REGISTERED OWNER: Michigan Finance Authority

PRINCIPAL AMOUNT: \$ \_\_\_\_\_

INTEREST RATE: \_\_\_\_\_%

ORIGINAL ISSUE DATE:

The Great Lakes Water Authority, Counties of Macomb, Oakland and Wayne, State of Michigan (the “Issuer”), upon authorization from the Board of Directors of the Issuer (the “Board”), has issued this Bond. The Issuer, for value received, promises to pay, in lawful money of the United States of America, but only from the Pledged Assets (as defined below), to the Registered Owner named above, or registered assigns, the Principal Amount stated above, or so much thereof as shall have been advanced to the Issuer and not prepaid or reduced pursuant to a Purchase Contract between the Issuer and the Michigan Finance Authority (the “MFA”), a Supplemental Agreement by and among the [Issuer][City of Detroit], the MFA and State of Michigan acting through the Department of Environment, Great Lakes, and Energy [and approved and agreed to by the Issuer], and the Order of Approval issued by the Department of Environment, Great Lakes, and Energy. The Principal Amount shall be payable on the dates and in the principal installments set forth in Schedule A attached hereto.

In the event less than the Principal Amount of this Bond is disbursed by the MFA, any portion of the Principal Amount is prepaid as provided herein, or any serial principal payment becomes due before the Issuer has received proceeds from corresponding purchased principal installments of at least a like amount, then the MFA may prepare a new serial principal installment repayment schedule which shall be presented to the Issuer and be effective upon receipt as provided in the Purchase Contract.

Interest on this Bond shall accrue from the Original Issue Date set forth above at the Interest Rate set forth above, only on that portion of installments of the Principal Amount which have been disbursed by the MFA, shall be payable on \_\_\_\_\_, 202\_ and semiannually on each April 1 and October 1 thereafter (each an “Interest Payment Date”).

If the MFA is not the registered owner of this Bond, principal of this Bond is payable upon presentation and surrender at the designated office of U.S. Bank Trust Company, National Association, as Trustee under the Ordinance (as defined below) or such other trustee as the Issuer may hereafter designate by notice mailed to the registered owner not less than 60 days prior to any Interest Payment Date (the “Trustee”).

Interest on this Bond is payable to the registered owner of record as of the close of business on the 15th day of the month immediately preceding any Interest Payment Date as shown on the registration books kept by the Trustee by check or draft mailed by the Trustee to the registered owner at the registered address. Interest on this Bond shall be computed on the basis of a 360-day year comprised of twelve 30-day months. During the time funds are being drawn down by the Issuer under this Bond, the MFA will periodically provide the Issuer with a statement showing the amount of principal that has been advanced and the date of each advance, which statement shall constitute prima facie evidence of the reported information; provided, that no failure on the part of the MFA to provide such a statement or to reflect a disbursement or the correct amount of a disbursement shall relieve the Issuer of its obligation to repay the outstanding principal amount actually advanced [(subject to any principal forgiveness as provided for herein)], all accrued interest thereon, and any other amount payable with respect thereto in accordance with the terms of this Bond.

In the event of a default in the payment of principal or interest hereon when due, whether at maturity, by redemption or otherwise, the amount of such default shall bear interest (the "additional interest") at a rate equal to the rate of interest that is two percent above the MFA's cost of providing funds (as determined by the MFA) to make payment on the bonds of the MFA issued to provide funds to purchase this Bond but in no event in excess of the maximum rate of interest permitted by law. The additional interest shall continue to accrue until the MFA has been fully reimbursed for all costs incurred by the MFA (as determined by the MFA) as a consequence of the Issuer's default. Such additional interest shall be payable on the interest payment date following demand of the MFA. In the event that (for reasons other than the default in the payment of any municipal obligation purchased by the MFA) the investment of amounts in the reserve account established by the MFA for the bonds of the MFA issued to provide funds to purchase this bond fails to provide sufficient available funds (together with any other funds that may be made available for such purpose) to pay the interest on outstanding bonds of the MFA issued to fund such account, the Issuer shall and hereby agrees to pay on demand only the Issuer's pro rata share (as determined by the MFA) of such deficiency as additional interest on this bond.

Notwithstanding any other provision of this Bond, so long as the MFA is the owner of this Bond, (a) this Bond is payable as to principal, premium, if any, and interest at U.S. Bank Trust Company, National Association, or at such other place as shall be designated in writing to the Issuer by the MFA (the "MFA's Depository"); (b) the Issuer agrees that it will deposit with the MFA's Depository payments of the principal of, premium, if any, and interest on this Bond in immediately available funds by 12:00 noon at least five business days prior to the date on which any such payment is due whether by maturity, redemption or otherwise; in the event that the MFA's Depository has not received the Issuer's deposit by 12:00 noon on the scheduled day, the Issuer shall immediately pay to the MFA as invoiced by the MFA an amount to recover the MFA's administrative costs and lost investment earnings attributable to that late payment; and (c) written notice of any redemption of this Bond shall be given by the Issuer and received by the MFA's Depository at least 40 days prior to the date on which redemption is to be made.

This Bond is one of a series of bonds designated "Sewage Disposal System Revenue Bonds, Series 2025-SRF-\_\_" and is issued pursuant to the provisions of (i) Act 233, Public Acts of Michigan, 1955, as amended ("Act 233"), and Act 94, Public Acts of Michigan, 1933, as amended ("Act 94"), (ii) Master Bond Ordinance No. 2015-02 adopted by the Board on October 7,

2015, as amended (the “Bond Ordinance”), (iii) the Series Ordinance Authorizing Issuance and Sale of Sewage Disposal System Revenue Bonds in an Aggregate Amount not to Exceed \$\_\_\_\_\_, adopted by the Board on \_\_\_\_\_, 2025 (the “Series Ordinance”), and (iv) a Sale Order of the Chief Executive Officer of the Issuer dated \_\_\_\_\_, 2025 (the “Sale Order,” and, collectively with the Bond Ordinance and the Series Ordinance, the “Ordinance”). This Bond is issued for the purposes set forth in the Series Ordinance and the Sale Order.

For the prompt payment of the principal of and interest on this Bond, and other bonds issued by the Issuer pursuant to the Bond Ordinance, the Issuer has irrevocably pledged the Pledged Assets (as defined in the Bond Ordinance), which includes the revenues of the Sewer System (as defined in the Bond Ordinance), after provision is made for reasonable and necessary expenses of operation, maintenance and administration of the Sewer System (the “Net Revenues”), and a statutory lien on the Net Revenues and Pledged Assets is hereby recognized and acknowledged. Such lien is a third lien, subject to obligations heretofore and hereafter issued or incurred under the Bond Ordinance secured by a first or second lien on the Pledged Assets. This Bond is of equal standing on a parity with all other obligations heretofore and hereafter issued or incurred under the Bond Ordinance and secured by a third lien on the Pledged Assets.

For a complete statement of the revenues from which and the conditions under which this Bond is payable, a statement of the conditions under which Additional Bonds (as defined in the Bond Ordinance) of senior or equal standing and Additional Bonds of junior standing may hereafter be issued and the general covenants and provisions pursuant to which this Bond is issued, reference is made to the Bond Ordinance.

This Bond is subject to redemption prior to maturity at the option of the Issuer and with the prior written consent of and upon such terms as may be required by the MFA. That portion of this Bond called for redemption shall not bear interest after the date fixed for redemption, provided funds are on hand with the Trustee to redeem the same.

**THIS BOND IS ISSUED UNDER ACT 233 AND ACT 94. IT IS A SELF-LIQUIDATING BOND AND IS NOT A GENERAL OBLIGATION OF THE ISSUER AND DOES NOT CONSTITUTE AN INDEBTEDNESS OF THE ISSUER WITHIN ANY CONSTITUTIONAL OR STATUTORY LIMITATION, BUT IS PAYABLE, BOTH AS TO PRINCIPAL AND INTEREST SOLELY FROM THE PLEDGED ASSETS OF THE SEWER SYSTEM. THE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON THIS BOND ARE SECURED BY A STATUTORY LIEN ON THE PLEDGED ASSETS AS DESCRIBED HEREIN.**

The Issuer has covenanted and agreed, and hereby covenants and agrees, to fix and maintain, or cause to be fixed and maintained, at all times while any bonds payable from the Pledged Assets of the Sewer System shall be outstanding, such rates for service furnished by the Sewer System as shall be sufficient to provide for payment of the interest upon and the principal of this Bond and all other Bonds (as defined in the Bond Ordinance) assumed or issued and to be issued under the Bond Ordinance as and when the same shall become due and payable, to create and maintain a bond redemption fund therefor, including a bond reserve for Bonds other than this Bond, to provide for the payment of expenses of administration and operation and such expenses for maintenance of the Sewer System as are necessary to preserve the same in good repair and

working order, and to provide for such other expenditures and funds for the Sewer System, all as are required by the Bond Ordinance.

This Bond is transferable only upon the books of the Issuer kept for that purpose at the office of the Trustee by the registered owner hereof in person, or by his attorney duly authorized in writing, upon the surrender of this Bond together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or his attorney duly authorized in writing, and thereupon a new registered bond or bonds of the same type, in the same aggregate principal amount and of the same maturity shall be issued to the transferee in exchange therefor as provided in the Ordinance and upon the payment of the charges, if any, therein prescribed.

It is hereby certified and recited that all acts, conditions and things required by law precedent to and in the issuance of this Bond have been done and performed by regular and due time and form as required by law.

This Bond is not valid or obligatory for any purpose until the Trustee's Certificate of Authentication hereon has been executed by the Trustee.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the Great Lakes Water Authority, Counties of Macomb, Oakland and Wayne, State of Michigan, has caused this Bond to be signed in its name by the facsimile signatures of its Chief Executive Officer and its Secretary of the Board, and a facsimile of its corporate seal to be printed, impressed or otherwise reproduced hereon, all as of the Original Issue Date.

GREAT LAKES WATER AUTHORITY

By: \_\_\_\_\_  
Chief Executive Officer

Countersigned:

By: \_\_\_\_\_  
Secretary, Board of Directors

[Seal]

**CERTIFICATE OF AUTHENTICATION**

This Bond is authenticated as the bond designated by the Issuer as “Sewage Disposal System Revenue Bond, Series 2025-SRF-\_\_\_”.

U.S. Bank Trust Company, National Association,  
Trustee

By:\_\_\_\_\_

Date of Authentication: \_\_\_\_\_, 2025

### ASSIGNMENT

For value received, the undersigned sells, assigns and transfers unto \_\_\_\_\_ this Bond and all rights hereunder and hereby irrevocably appoints \_\_\_\_\_ attorney to transfer this Bond on the books kept for registration thereof with full power of substitution in the premises.

Dated: \_\_\_\_\_

\_\_\_\_\_  
Signature

**NOTICE:** The signature to this assignment must correspond with the name as it appears on the face of this Bond in every particular.

Schedule A

The principal amounts and maturity dates applicable to the Bond to which this Schedule A is attached are as follows:

Date

Amount

Based on the schedule provided above unless revised as provided in this paragraph, repayment of the Principal Amount shall be made according to such schedule until the full Principal Amount disbursed to the Issuer is repaid; provided, however, that the Issuer shall have no obligation to repay any serial principal installment for which the Issuer did not receive a disbursement of Principal Amount by the date such serial principal installment is due. In the event the Order of Approval issued by the Department of Environment, Great Lakes, and Energy (the "Order") approves a principal amount of assistance less than the amount of this Bond, the MFA shall only disburse principal up to the amount stated in the Order. In the event (1) that the payment schedule described above provides for payment of a total principal amount greater than the amount of assistance approved by the Order, (2) that less than the principal amount of assistance approved by the Order is disbursed to the Issuer by the MFA or (3) of prepayment [or principal forgiveness] of the Bond, the MFA shall prepare a new payment schedule that shall be effective upon receipt by the Issuer.

END OF BOND FORM



Section 7. Concerning the Securities Depository.

(a) As used herein:

“Beneficial Owner” means any Person who indirectly owns 2025 SRF-1/2 Junior Lien Bonds pursuant to the indirect ownership system maintained by a securities depository (the “Securities Depository”) and its Participants, commonly known as the “Book-Entry Only System.”

“Participant” means any Person whose ownership of 2025 SRF-1/2 Junior Lien Bonds is shown on books of the Securities Depository.

(b) The 2025 SRF-1/2 Junior Lien Bonds will initially be registered in the name of the MFA, or such other purchasers as designated in the Sale Order. In the event 2025 SRF-1/2 Junior Lien Bonds are later to be registered in the name of a Securities Depository or its nominee, neither the Authority nor the Trustee shall have any responsibility or obligation to any Participant or to any Beneficial Owner with respect to any matter, including the following:

- (1) the accuracy of the records of the Securities Depository, its nominee or any Participant with respect to any ownership interest in 2025 SRF-1/2 Junior Lien Bonds,
- (2) the delivery to any Participant, Beneficial Owner or any other Person other than the Securities Depository of any notice with respect to: any 2025 SRF-1/2 Junior Lien Bonds, including any notice of redemption, or
- (3) the payment to any Participant, Beneficial Owner or any other Person, other than the Securities Depository of any amount with respect to the principal (and premium, if any) of or interest on any 2025 SRF-1/2 Junior Lien Bonds.

(c) The Trustee shall pay all principal (and premium, if any) of and interest on the 2025 SRF-1/2 Junior Lien Bonds only to or upon the order of the MFA, or the Securities Depository, as applicable, and all such payments shall be valid and effective fully to satisfy and discharge the Authority’s obligations with respect to the principal (and premium, if any) of, and interest on such 2025 SRF-1/2 Junior Lien Bonds to the extent of the sum or sums so paid.

(d) If 2025 SRF-1/2 Junior Lien Bonds become registered in the name of the Securities Depository and (1) the Authority receives a written notice from the Securities Depository to the effect the Securities Depository is unable or unwilling to discharge its responsibilities or (2) the Authority determines that it is in the best interests of the Beneficial Owners of 2025 SRF-1/2 Junior Lien Bonds that they be able to obtain 2025 SRF-1/2 Junior Lien Bonds in certificated form, then, in either event, the Authority shall notify the Trustee and, in the case of clause, (2), the Securities Depository.

(e) Upon discontinuance of the use of the Book-Entry Only System maintained by the Securities Depository, if any, pursuant to subsection (d), above and upon receipt of notice from the Securities Depository containing sufficient information, the Authority shall execute and the Trustee shall authenticate and deliver 2025 SRF-1/2 Junior Lien Bonds in certificated form to

Beneficial Owners in exchange for the beneficial interests of such Beneficial Owners in corresponding principal amounts and in any Authorized Denominations.

(f) Notwithstanding any other provision of this 2025 SRF-1/2 Series Ordinance to the contrary, so long as any 2025 SRF-1/2 Junior Lien Bond is registered in the name of the Securities Depository or its nominee:

- (1) all payments with respect to the principal, premium, if any, and interest on such 2025 SRF-1/2 Junior Lien Bond and all notices of redemption, tender and otherwise with respect to such 2025 SRF-1/2 Junior Lien Bond shall be made and given, respectively, to the Securities Depository as provided in the letter of representations from the Authority to the Securities Depository with respect to such 2025 SRF-1/2 Junior Lien Bonds or any master letter of representations from the Authority to the Securities Depository;
- (2) if less than all of the 2025 SRF-1/2 Junior Lien Bonds of the same type of any maturity are to be redeemed, then the particular 2025 SRF-1/2 Junior Lien Bonds or portions of 2025 SRF-1/2 Junior Lien Bonds of such type and maturity to be redeemed shall be selected by the Securities Depository in any such manner as the Securities Depository may determine;
- (3) all payments with respect to principal of the 2025 SRF-1/2 Junior Lien Bonds and premium, if any and interest on the 2025 SRF-1/2 Junior Lien Bonds shall be made in such manner as shall be prescribed by the Securities Depository; and
- (4) if a 2025 SRF-1/2 Junior Lien Bond is redeemed or tendered in part, then all amounts payable in respect of such redemption or tender shall be paid without presentation and surrender of such 2025 SRF-1/2 Junior Lien Bond pursuant to the procedures of the Securities Depository.

Section 8. Payment of 2025 SRF-1/2 Junior Lien Bonds; Confirmation of Statutory Lien.

(a) The 2025 SRF-1/2 Junior Lien Bonds and the interest thereon shall be payable solely from the Pledged Assets.

(b) To secure payment of the 2025 SRF-1/2 Junior Lien Bonds, the statutory lien upon the whole of the Pledged Assets established by Act 94 and the pledge created in Section 501 of the Ordinance is hereby confirmed in favor of the 2025 SRF-1/2 Junior Lien Bonds as follows: Such lien in favor of the 2025 SRF-1/2 Junior Lien Bonds shall be a statutory third lien on the Pledged Assets of equal standing and Priority of Lien with all issued, to be issued and outstanding SRF Junior Lien Bonds.

Section 9. Funds and Accounts; Flow of Funds. Except as otherwise provided in this 2025 SRF-1/2 Series Ordinance, all of the provisions relative to funds and accounts, their maintenance, the flow of funds and other details relative thereto, shall remain as specifically set forth in the Ordinance.

Section 10. Disposition of Proceeds.

(a) Disposition of Accrued Interest and Capitalized Interest. (1) From the proceeds of the sale of the 2025 SRF-1 Junior Lien Bonds there shall be immediately deposited in the SRF Junior Lien Debt Service Account, an amount equal to any accrued interest received on the delivery of the 2025 SRF-1 Junior Lien Bonds and any capitalized interest on the 2025 SRF-1 Junior Lien Bonds, and the Authority may take credit for the amount so deposited against the amount required to be deposited in the SRF Junior Lien Debt Service Account for payment of the next maturing interest payment on the 2025 SRF-1 Junior Lien Bonds.

(2) From the proceeds of the sale of the 2025 SRF-2 Junior Lien Bonds there shall be immediately deposited in the SRF Junior Lien Debt Service Account, an amount equal to any accrued interest received on the delivery of the 2025 SRF-2 Junior Lien Bonds and any capitalized interest on the 2025 SRF-2 Junior Lien Bonds, and the Authority may take credit for the amount so deposited against the amount required to be deposited in the SRF Junior Lien Debt Service Account for payment of the next maturing interest payment on the 2025 SRF-2 Junior Lien Bonds.

(b) Construction Fund. The balance of the proceeds of each Series of the 2025 SRF-1/2 Junior Lien Bonds shall be deposited in the Construction Fund and used to pay Project Costs as provided in Section 11.

Section 11. Construction Fund.

(a) Construction Fund – Regional Sewer System Improvements.

(1) A subaccount of the Authority Regional Construction Account of the Construction Fund established by the Ordinance shall be established for the 2025 SRF-1 Junior Lien Bonds and designated the “Regional Construction Fund, Series 2025 SRF-1,” and shall be established and maintained as a separate depository account with a Custodian as designated by the Chief Financial Officer.

(2) Moneys in the Regional Construction Fund, Series 2025 SRF-1 shall be applied solely to payment of Regional Sewer System Project Costs (or to the reimbursement of Regional Sewer System Project Costs paid by the Authority from other funds prior to the issuance of the 2025 SRF-1 Junior Lien Bonds).

(A) Payments or reimbursements for Regional Sewer System Project Costs for construction, either on account or otherwise, shall not be made unless the registered engineer in charge of such work shall file with an Authorized Officer a signed statement to the effect that the work has been completed in accordance with the plans and specifications therefor, that it was done in accordance with the contract therefor, that such work is satisfactory and that such work has not been previously paid for.

(B) Payment or reimbursement for Regional Sewer System Project Costs consisting of Issuance Costs and engineering, legal and financial costs shall be made upon submission of appropriate documentation to an Authorized Officer.

(b) Construction Fund – Local Sewer System Improvements.

(1) A subaccount of the Detroit Local Construction Account of the Construction Fund established by the Ordinance shall be established for the 2025 SRF-2 Junior Lien Bonds and designated the “Local Construction Fund, Series 2025 SRF-2,” and shall be established and maintained as a separate depository account with a Custodian as designated by a City Authorized Officer.

(2) Moneys in the Local Construction Fund, Series 2025 SRF-2 shall be applied solely to payment of Local Sewer System Project Costs (or to the reimbursement of Local Sewer System Project Costs paid by the Authority or the City from other funds prior to the issuance of the 2025 SRF-2 Junior Lien Bonds).

(A) Payments or reimbursements for Local Sewer System Project Costs for construction, either on account or otherwise, shall not be made unless the registered engineer in charge of such work shall file with a City Authorized Officer a signed statement to the effect that the work has been completed in accordance with the plans and specifications therefor, that it was done pursuant to and in accordance with the contract therefor, that such work is satisfactory and that such work has not been previously paid for.

(B) Payment or reimbursement for Local Sewer System Project Costs consisting of Issuance Costs and engineering, legal and financial costs shall be made upon submission of appropriate documentation to a City Authorized Officer.

Section 12. Tax Covenant.

(a) The Authority hereby covenants and represents with the registered owners of the Tax-Exempt 2025 SRF-1/2 Junior Lien Bonds, that so long as any of the Tax-Exempt 2025 SRF-1/2 Junior Lien Bonds remain outstanding and unpaid as to either principal or interest, the Authority shall, to the extent permitted by law, take all actions within its control to maintain, and will refrain from taking any action which would impair, the exclusion of the interest on the Tax-Exempt 2025 SRF-1/2 Junior Lien Bonds from gross income for federal income tax purposes under the Code.

(b) The actions referred to in subsection (a), above include, but are not limited to actions relating to any required rebate of arbitrage earnings and the expenditure and investment of proceeds of Tax-Exempt 2025 SRF-1/2 Junior Lien Bonds and moneys deemed to be proceeds of Tax-Exempt 2025 SRF-1/2 Junior Lien Bonds, and to prevent Tax-Exempt 2025 SRF-1/2 Junior Lien Bonds from being or becoming “private activity bonds” as that term is used in the Code.

(c) Pursuant to Section 512(a) of the Ordinance, the Chief Financial Officer is hereby authorized to designate separate accounts in the Regional Construction Fund, Series 2025 SRF-1 and/or the Local Construction Fund, Series 2025 SRF-2, if determined necessary and desirable, for administrative purposes and to better able the Authority to comply with tax covenants, including rebate covenants, relating to the 2025 SRF-1/2 Junior Lien Bonds in connection with maintaining the exclusion, if any, from gross income for federal income tax purposes of interest on the 2025 SRF-1/2 Junior Lien Bonds. The Authority Board acknowledges, further, in accordance with Section 514 of the Ordinance, the establishment of a Rebate Fund, under Section 502 of the

Ordinance, which shall be maintained by the Trustee as a separate depository account, for the sole purpose of paying to the United States of America the amounts required to be rebated pursuant to the Code. In accordance with Section 514 of the Ordinance, the Authorized Officer is authorized to direct the Trustee to transfer to the Rebate Fund, an amount sufficient to make the amount on deposit in the Rebate Fund equal to 100% of the amount certified by the Authority as the amount required to be rebated to the United States pursuant to the Code as of the close of the bond year (as defined in the Code) for a related Series of Bonds. Such amount shall be certified by an Authorized Officer to the Trustee.

**Section 13. Sale of 2025 SRF-1/2 Junior Lien Bonds; Purchase Contract; Expiration of Referendum Period.**

(a) The 2025 SRF-1/2 Junior Lien Bonds shall be sold by negotiated sale to the MFA pursuant to a Purchase Contract in customary form with such changes thereto as an Authorized Officer shall determine are in the best interests of the Authority, within the parameters established by this 2025 SRF-1/2 Series Ordinance. Such determination shall be conclusively established by the Authorized Officer's execution of the Purchase Contract to the MFA.

(b) The Authority Board hereby determines that the sale of the 2025 SRF-1/2 Junior Lien Bonds by negotiated sale as described in subsection (a) is in the best interests of the Authority and will allow the 2025 SRF-1/2 Junior Lien Bonds to receive a subsidized interest rate through participation in the MFA's State Revolving Fund Program.

(c) An Authorized Officer is authorized to accept, on behalf of the Authority, an offer from the MFA to purchase the 2025 SRF-1/2 Junior Lien Bonds subject to the following limitations:

- (1) The interest rate with respect to any Series of the 2025 SRF-1/2 Junior Lien Bonds shall not exceed 2.75%.
- (2) The aggregate purchaser's discount at which any Series of the 2025 SRF-1/2 Junior Lien Bonds shall be sold to the MFA shall not exceed 2.00%.

(d) An Authorized Officer shall confirm in the Sale Order that there was no petition meeting the requirements of Section 33 of Act 94 that was filed with the Secretary of the Authority Board within 45 days of the date of publication of the notice of intent to issue bonds with respect to the 2025 SRF-1/2 Junior Lien Bonds as required by Section 33 of Act 94.

**Section 14. Delegation of Authority to and Authorization of Actions of Authorized Officers.**

(a) An Authorized Officer shall make all determinations herein provided to be made in the Sale Order and shall make all such determinations in accordance with the best interests of the Authority within the parameters of this 2025 SRF-1/2 Series Ordinance.

(b) In addition to determinations authorized elsewhere in this 2025 SRF-1/2 Series Ordinance, an Authorized Officer shall determine the aggregate principal amount of 2025 SRF-1/2 Junior Lien Bonds to be issued, but not in excess of the aggregate principal amount authorized

by this 2025 SRF-1/2 Series Ordinance, on the basis of her evaluation of the maximum amount of 2025 SRF-1/2 Junior Lien Bonds which can be sold, given anticipated interest rates and the revenue coverage requirements with respect to the 2025 SRF-1/2 Junior Lien Bonds and for any other reasons the Authorized Officer deems appropriate.

- (1) Such determination shall also include the redemption provisions for the 2025 SRF-1/2 Junior Lien Bonds.
- (2) An Authorized Officer shall also determine and establish, in accordance with this 2025 SRF-1/2 Series Ordinance, the maturities of each Series of the 2025 SRF-1/2 Junior Lien Bonds, whether such maturities shall be serial or term maturities and the Mandatory Redemption Requirements for any term maturities.

(c) An Authorized Officer is authorized, if necessary, to file applications and to pay the related fees, if any, to the Michigan Department of Treasury at her discretion under Act 34 for one or more orders of approval to issue all or a portion of the 2025 SRF-1/2 Junior Lien Bonds, and such waivers or other Treasury approvals as necessary to implement the sale, delivery and security for the 2025 SRF-1/2 Junior Lien Bonds as authorized herein, and as required by the Michigan Department of Treasury or Act 34.

(d) An Authorized Officer shall determine in the Sale Order that the requirements set forth in Section 207 of the Ordinance with respect to the issuance of the 2025 SRF-1/2 Junior Lien Bonds as Additional Bonds have been satisfied.

(e) An Authorized Officer is hereby authorized and directed to do and perform any and all other acts and things with respect to the 2025 SRF-1/2 Junior Lien Bonds which are necessary or appropriate to carry into effect, consistent with the Ordinance and this 2025 SRF-1/2 Series Ordinance, the authorizations therein and herein contained including without limitation the securing of ratings by bond rating agencies, and the incurring of reasonable fees costs and expenses incidental to the foregoing, for and on behalf of the Authority.

Section 15. Advancement of Project Costs. At the direction of an Authorized Officer, the Authority may advance certain Project Costs from the Authority's funds prior to the issuance of the 2025 SRF-1/2 Junior Lien Bonds to the extent that such costs are expenditures appropriate for reimbursement under applicable law, including the Code in the case of Tax-Exempt 2025 SRF-1/2 Junior Lien Bonds.

Section 16. Ratification. All determinations and decisions of an Authorized Officer heretofore taken with respect to the issuance and sale of the 2025 SRF-1/2 Junior Lien Bonds as permitted or required by the Ordinance or law are hereby ratified, confirmed and approved.

Section 17. Additional Authorization. The Chief Executive Officer, the Chief Financial Officer, the Chief Administrative and Compliance Officer and the General Counsel of the Authority, any such officials acting in an interim or acting capacity to such officers, their deputies and staff, or any of them, are hereby authorized to execute and deliver such certificates, Supplemental Agreements, other agreements, documents, instruments, opinions and other papers as may be deemed necessary or appropriate to complete the sale, execution and delivery of the

2025 SRF-1/2 Junior Lien Bonds and otherwise give effect to the transactions contemplated by this 2025 SRF-1/2 Series Ordinance, as determined by such officials executing and delivering the foregoing items.

Section 18. 2025 SRF-1/2 Series Ordinance a Contract. The provisions of this 2025 SRF-1/2 Series Ordinance shall constitute a contract between the Authority and each registered owner of an outstanding 2025 SRF-1/2 Junior Lien Bond.

Section 19. Professional Services.

(a) Dickinson Wright PLLC is hereby appointed as Bond Counsel for the 2025 SRF-1/2 Junior Lien Bonds, notwithstanding the periodic representation by Dickinson Wright PLLC in unrelated matters of other parties and potential parties to the issuance of the 2025 SRF-1/2 Junior Lien Bonds.

(b) PFM Financial Advisors LLC is hereby appointed as Financial Advisor for the 2025 SRF-1/2 Junior Lien Bonds, notwithstanding the periodic representation by PFM Financial Advisors LLC in unrelated matters of other parties and potential parties to the issuance of the 2025 SRF-1/2 Junior Lien Bonds.

(c) The fees and expenses of Dickinson Wright PLLC and PFM Financial Advisors LLC shall be payable as an Issuance Cost from the proceeds of the 2025 SRF-1/2 Junior Lien Bonds or other available funds.

(d) An Authorized Officer is authorized to engage financial and other consultants as she deems necessary or appropriate in connection with the sale, issuance and delivery of the 2025 SRF-1/2 Junior Lien Bonds and to pay the fees and expenses thereof from the proceeds of the 2025 SRF-1/2 Junior Lien Bonds or other available funds.

Section 20. Severability; Headings; and Conflict. If any section, paragraph, clause or provision of this 2025 SRF-1/2 Series Ordinance shall be held invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the other provisions of this 2025 SRF-1/2 Series Ordinance. The section and paragraph headings in this 2025 SRF-1/2 Series Ordinance are furnished for convenience of reference only and shall not be considered to be part of this 2025 SRF-1/2 Series Ordinance.

Section 21. Publication and Recordation. This 2025 SRF-1/2 Series Ordinance shall be published in full in the Detroit Legal News, a newspaper of general circulation within the geographic boundaries of the Authority qualified under State law to publish legal notices, promptly after its adoption, and shall be maintained in the official records of the Authority and such recording authenticated by the signatures of the Chairperson and Secretary of the Authority Board.

Section 22. Repeal. All ordinances, resolutions, indentures or orders, or parts thereof, in conflict with the provisions of this 2025 SRF-1/2 Series Ordinance are, to the extent of such conflict, repealed.

Section 23. Effective Date. This 2025 SRF-1/2 Series Ordinance shall be effective upon adoption.

Adopted and signed on the \_\_ day of \_\_\_\_\_, 2025.

GREAT LAKES WATER AUTHORITY

Signed \_\_\_\_\_  
Chairperson

Signed \_\_\_\_\_  
Secretary

4918-0879-7492 v1 [63818-63]



**Great Lakes Water Authority**

**Resolution 2025-164**

**RE: Approval of Series Ordinance Authorizing Issuance and Sale of Sewage Disposal  
System Revenue Bonds in an Aggregate Amount not to Exceed \$108,988,000  
Ordinance 2025-04**

By Board Member: \_\_\_\_\_

**Whereas** There has been presented to the Board of Directors of the Great Lakes Water Authority (the “Authority”) an ordinance entitled “Series Ordinance Authorizing the Issuance and Sale of Sewage Disposal System Revenue Bonds in an Aggregate Amount not to Exceed \$108,988,000” (the “2025 SRF-1/2 Series Ordinance”), which ordinance is a Series Ordinance as defined and described in Master Bond Ordinance No. 2015-02 adopted by the Board of Directors on October 7, 2015, as amended on December 9, 2015, January 27, 2016, August 10, 2016 and February 12, 2020.

**Whereas** The Articles of Incorporation of the Authority provide that at least 5 of the 6 members of the Authority Board must vote to approve the 2025 SRF-1/2 Series Ordinance.

**Now, Therefore Be It:**

**Resolved** That the 2025 SRF-1/2 Series Ordinance, in the form presented to this meeting, is approved and adopted, and the Chairperson and the Secretary are authorized to authenticate the 2025 SRF-1/2 Series Ordinance in the form approved; **And Be it Further**

**Resolved** That an affirmative vote of at least 5 members of the Authority Board is necessary for the passage of this Resolution.

Adopted by the Great Lakes Water Authority Board on: \_\_\_\_\_, 2025



## Financial Services Audit Committee Communication

**Date:** June 6, 2025

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

**From:** Steve Hoover, CPA, Financial Reporting Manager

**Re:** Proposed Appointment of External Auditor Proposals

**Background & Analysis:** See attached draft Great Lakes Water Authority ("GLWA") Board letter and related analysis.

**Proposed Action:** Pending recommendation of the Audit Committee, the Board of Directors (Board) of the Great Lakes Water Authority (GLWA), authorizes the Chief Executive Officer (CEO) to **enter into Requisition No. REQ-0002648, "External Auditing Services" with Baker Tilly US, LLP, at a cost not to exceed \$852,500.00 for a duration of three (3) years with one (1) renewal option for six (6) months for a total duration of three and one/half (3.5) years;** and authorizes the CEO to take such other action as may be necessary to accomplish the intent of this vote.

## DRAFT for Audit Committee Review Only

..Title

**Requisition No. REQ-0002648**  
**External Auditing Services**  
**Operations & Maintenance (O&M)**

..Body

Agenda of: June 25, 2025  
Item No.: 2025-165  
Amount: \$852,500.00

**TO:** The Honorable  
Board of Directors  
Great Lakes Water Authority

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

**DATE:** June 25, 2025

**RE:** **Requisition No. REQ-0002648**  
**External Auditing Services**  
**Vendor: Baker Tilly US, LLP**  
**Status: New Contract/PO**

### **MOTION**

Upon recommendation of Nicolette Bateson, Chief Financial Officer/Treasurer, Financial Services, the Board of Directors (Board) of the Great Lakes Water Authority (GLWA), authorizes the Chief Executive Officer (CEO) to **enter into Requisition No. REQ-0002648, “External Auditing Services” with Baker Tilly US, LLP, at a cost not to exceed \$852,500.00 for a duration of three (3) years with one (1) renewal option for six (6) months for a total duration of three and one/half (3.5) years;** and authorizes the CEO to take such other action as may be necessary to accomplish the intent of this vote.

### **BACKGROUND**

According to the Articles of Incorporation, Article 7J, the Audit Committee shall, once every three (3) years, recommend three (3) independent certified public accounting firms that, in the judgment of the Audit Committee, possess sufficient resources and

## DRAFT for Audit Committee Review Only

qualifications to conduct annual financial audits of the accounts of the Authority. From the three recommendations of the Audit Committee, the Board may select the independent certified public accounting firm with whom the Authority shall execute an agreement to conduct annual financial audits for the succeeding three (3) fiscal years of the accounts of the Authority.

### **JUSTIFICATION**

Subject to a request for proposal process facilitated by GLWA Procurement, five qualified proposals were received on April 8, 2025, for external auditor services. Those proposals were reviewed to ensure that all minimum criteria were met, and the written proposals were scored. Oral presentations were received on April 24, 2025, and a final scoring was then tabulated. The Procurement Report is attached.

### **FINANCIAL PLAN IMPACT**

**Summary:** Annual financial auditing services is included in the financial plan.

**Funding Source:** Operations & Maintenance (O&M) Budget

**Cost Center(s):** Financial Reporting & Accounting... Administrative Services 884111

**Expense Type(s):** Auditing (611200) (Including annual external audit and other technical services)

#### **Estimated Cost by Year and Related Estimating Variance:**

<b><u>Fiscal Year</u></b>	<b><u>Amount</u></b>
FY 2025 Budget	\$322,000.00
FY 2026 Financial Plan	326,400.00
FY 2027 Financial Plan	<u>330,900.00</u>
Total Financial Plan Forecast	\$979,300.00
Proposed Contract Amount	<u>\$852,500.00</u>
Forecast Variance (positive/ (negative))	\$126,800.00

### **COMMITTEE REVIEW**

In preparation for the auditor selection process, at the March 14, 2025, Special Audit Committee meeting, the Audit Committee requested GLWA Financial Services Area Staff to complete the evaluation of written proposals and to also conduct the resulting proposal interviews. Staff was then also tasked with providing a recommendation to the Audit Committee for review. The nature of the assignment was to align with the requirement of the articles via the transparent procurement process.


## DRAFT for Audit Committee Review Only

On April 8, 2025, five proposals for external auditor services were received by GLWA via the Bonfire portal. The proposals were reviewed by an evaluation panel to ensure that all minimum criteria were met, and the written proposals were scored. Oral presentations were received on April 24, 2025 from the three highest scoring firms. Based on those presentations, subsequent follow-up questions were drafted by the evaluation panel focusing on the assigned audit firm personnel with first-hand experience auditing clients with Workday ERP. The Buyer submitted those follow-up questions to the vendors as well the resulting answers back to the evaluation panel. As a final step, the Buyer provided the evaluation panel with the proposed fees. The final scoring was then tabulated based on all information received in accordance with the scoring matrix.

A recommendation was presented to the Audit Committee at its meeting on June 6, 2025. The Audit Committee [insert action] that the Board of Directors (Board) of the Great Lakes Water Authority (GLWA), authorizes the Chief Executive Officer (CEO) to **enter into Requisition No. REQ-0002648, "External Auditing Services" with Baker Tilly US, LLP, at a cost not to exceed \$852,500.00 for a duration of three (3) years with one (1) renewal option for six (6) months for a total duration of three and one-half (3.5) years;** and authorizes the CEO to take such other action as may be necessary to accomplish the intent of this vote.

### **SHARED SERVICES IMPACT**

This item does not impact the shared services agreement between GLWA and DWSD.

 <b>GLWA</b> <small>Great Lakes Water Authority</small>	<b>GLWA Procurement</b>			
	<b>Effective Date:</b> 7/1/2024	<b>Document #:</b> FSA_PRO_TPL_0024	<b>Revision Date:</b> N/A	<b>Revision#:</b> 0
<b>Document Title:</b> Procurement Board Report			<b>Document Owner/Department:</b> Procurement Team	

**Date:** May 6, 2025

**To:** Suzanne R. Coffey, P.E., Chief Executive Officer


**From:** Daniel Edwards, Procurement Manager

**Re:** Procurement Report

General Information			
Requisition Number:	REQ-0002648	Project Owner:	Steve Hoover
CIP#:	N/A		
Contract Title:	External Auditing Services		
Vendor:	Baker Tilly US, LLP		
Budget:	Operations and Maintenance		
Federal/State Funded	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		

Procurement Method			
Competitively bid – Request for Proposal (RFP) Qualification Based Selection (QBS)			
Advertised:	March 18, 2025	Addendums released:	4
Buyer:	Daysha Monroe	Downloaded by:	29
Response due date:	April 8, 2025	Responses received:	5
<b>Business Inclusion and Diversity (B.I.D.) - Not Applicable</b>			
Scoring Breakdown			
Vendor			Score
<i>(In order of highest to lowest)</i>			
*Baker Tilly US, LLP			88.26
*Plante Moran			87.01
*CLA (CliftonLarsonAllen LLP)			80.71
Clark Schaefer Hackett			55.98
Rehmann Robson LLC			54.42

*\*Shortlisted top three (3) vendors*

	GLWA Procurement			
	<b>Effective Date:</b> 7/1/2024	<b>Document #:</b> FSA_PRO_TPL_0024	<b>Revision Date:</b> N/A	<b>Revision#:</b> 0
<b>Document Title:</b> Procurement Board Report			<b>Document Owner/Department:</b> Procurement Team	

Cost Breakdown Baker Tilly US, LLP			
Description	Quantity	Unit Cost	Extended Cost
Task 1: FY 2025	1	\$220,000.00	\$220,000.00
Task 1: FY 2026	1	230,000.00	230,000.00
Task 1: FY 2027	1	240,000.00	240,000.00
Task 3: Comfort Letters	3	30,000.00	90,000.00
Task 3: Consent and Citation of Expertise Letters	3	7,500.00	22,500.00
Task 2: Allowance	1	50,000.00	50,000.00
<b>Totals</b>			<b>\$852,500.00</b>

Benchmarking was completed by comparing the proposals for this project. This analysis confirmed that rates are in competitive range. The rate comparisons and allowances (if any) are illustrated in the attached bid tabulation.

<b>QBS Evaluation Committee: (Designation - Organization)</b>
A - Chief Financial Officer - Financial Services – GLWA
B - Deputy Chief Financial Officer – Financial Services – GLWA
C - Director – Financial Reporting & Accounting – Financial Services – GLWA
D - Manager – Financial Management & Planning – Financial Services – GLWA
E - Manager – Financial Reporting – GLWA
F - Management Professional – Finance – Financial Services - GLWA
G - Manager – Public Finance - Financial Services - GLWA

#### Other Data Requested by GLWA Board Members for Recommended Vendor


Minority Business Enterprise (MBE): No  
 Detroit Based Business (DBB): No  
 Small Business Enterprise (SBE): No

Sub-Contractor(s) List: None

Vendor Response Survey: N/A

#### Litigation

This vendor is not currently nor has been previously involved in any litigation with the GLWA.

	GLWA Procurement			
	<b>Effective Date:</b> 7/1/2024	<b>Document #:</b> FSA_PRO_TPL_0024	<b>Revision Date:</b> N/A	<b>Revision#:</b> 0
<b>Document Title:</b> Procurement Board Report			<b>Document Owner/Department:</b> Procurement Team	

### Financials

A financial risk assessment was performed by the GLWA via Dun & Bradstreet and was determined that the selected vendor has the financial capacity to perform the tasks under this contract. This information is available for the Board of Directors to review upon request.

### Previous Contract

Previous contract holder: Baker Tilly US, LLP

The previous contract, Contract No. 2104125, was for the period of June 12, 2022 through June 11, 2025, for \$800,000.00 (including as needed services).

### New Contract

The new contract REQ-0002648, also with Baker Tilly US, LLP shall begin on June 12, 2025 and terminate on June 11, 2028 for \$852,500.00 (including as needed services).

If exercised by GLWA, the optional renewal term shall begin on June 12, 2028 and terminate on December 12, 2028 (the "Renewal Term").



**Procurement Report**  
**Bid Tabulation**

			Firms	Baker Tilly US, LLP		Plante Moran		CLA (CliftonLarsonAllen LLP)		Clark Schaefer Hackett		Rehmann Robson LLC	
Task	Items	Quantity Required	Unit of Measure	Unit Price	Total Cost	Unit Price	Total Cost	Unit Price	Total Cost	Unit Price	Total Cost	Unit Price	Total Cost
Task 1													
#1-1	FY 2025	1	Lump Sum	\$220,000.00	\$220,000.00	\$233,000.00	\$233,000.00	\$220,000.00	\$220,000.00	\$180,000.00	\$180,000.00	\$220,000.00	\$220,000.00
#1-2	FY 2026	1	Lump Sum	230,000.00	230,000.00	241,500.00	241,500.00	230,000.00	230,000.00	190,000.00	190,000.00	229,000.00	229,000.00
#1-3	FY 2027	1	Lump Sum	240,000.00	240,000.00	253,575.00	253,575.00	240,000.00	240,000.00	200,000.00	200,000.00	238,000.00	238,000.00
Task 2													
#2-1	Allowance	1	Not-to-Exceed	50,000.00	50,000.00	50,000.00	50,000.00	50,000.00	50,000.00	50,000.00	50,000.00	50,000.00	50,000.00
Task 3													
#3-1	Consent and Citation of Expertise Letters	3	Per Transaction	7,500.00	22,500.00	8,500.00	25,500.00	1,500.00	4,500.00	500.00	1,500.00	2,000.00	6,000.00
#3-2	Comfort Letters	3	Per Transaction	30,000.00	90,000.00	35,000.00	105,000.00	25,000.00	75,000.00	15,000.00	15,000.00	25,000.00	75,000.00
<b>Total</b>				<b>\$852,500.00</b>		<b>\$908,575.00</b>		<b>\$819,500.00</b>		<b>\$636,500.00</b>		<b>\$818,000.00</b>	
<b>Score</b>				<b>88.26</b>		<b>87.01</b>		<b>80.71</b>		<b>55.98</b>		<b>54.42</b>	

Task 1 FY Audit Services

Task 2 Allowance for As Needed Services

Task 3 Consent and Citation of Expertise Letters

**Procurement Report**  
**Hourly Rate Bid Table**

REQ-0002688			Baker Tilly US, LLP			Plante Moran			CLA (CliftonLarsonAllen LLP)			Clark Schaefer Hackett			Rehmann Robson LLC		
#	Items	Quantity Required	Unit Price	Classification/Title	Total Cost	Unit Price	Classification/Title	Total Cost	Unit Price	Classification/Title	Total Cost	Unit Price	Classification/Title	Total Cost	Unit Price	Classification/Title	Total Cost
Task 1																	
#1-1	Hourly rate	1	\$600	Principal	\$600	\$450	Partner	\$450	\$400	Principle	\$400	No Bid	No Bid	No Bid	\$475	Principal	\$475
#1-2	Hourly rate	1	\$300	Senior Manager	\$300	\$350	Senior Manager	\$350	\$250	Manager	\$250	No Bid	No Bid	No Bid	\$360	Senior Manager	\$360
#1-3	Hourly rate	1	\$250	Manager	\$250	\$275	Manager	\$275	\$175	Senior	\$175	No Bid	No Bid	No Bid	\$305	Manager	\$305
#1-4	Hourly rate	1	\$215	Senior Associate	\$215	\$225	Senior	\$225	\$130	Associate	\$130	No Bid	No Bid	No Bid	\$245	Senior Staff	\$245
#1-5	Hourly rate	1	\$175	Associate	\$175	\$175	Staff	\$175	\$130	Support	\$130	No Bid	No Bid	No Bid	\$190	Staff	\$190
#1-6	Hourly rate	1	\$160	Support	\$160	\$90	Engagement	\$90	No Bid	No Bid	No Bid	No Bid	No Bid	No Bid	\$135	Support	\$135
							Support Services (ESS)										
#1-7	Hourly rate	1	No Bid	No Bid	No Bid	No Bid	No Bid	No Bid	No Bid	No Bid	No Bid	No Bid	No Bid	No Bid	No Bid	No Bid	No Bid



## Financial Services Audit Committee Communication

**Date:** June 6, 2025

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

**From:** David T. Slowik, Manager, Financial Planning & Analysis  
Robert Arbaugh, Financial Management Professional  
Cindy Cezat, Manager, Financial Services

**Re:** FY 2025 Third Quarter Budget Amendments through March 31, 2025, and Proposed Budget Amendment Resolution

**Background:** In accordance with the budget amendment policy, articles, and by-laws for the Great Lakes Water Authority, a quarterly budget amendment report is presented for review by the Audit Committee. When budget amendments are required at the appropriation level as defined by the corresponding fiscal year budget adoption resolution, the Audit Committee reviews the proposed budget amendments and forwards to the Board of Directors with a recommendation.

**Analysis:** See attached report.

**Proposed Action:** The Audit Committee recommends that the Board of Directors for the Great Lakes Water Authority adopt the proposed FY 2025 third quarter budget amendments as presented.

..Title

**FY 2025 Third Quarter Budget Amendments through March 31, 2025 and  
Proposed Budget Resolution**

..Body

Agenda of: June 25, 2025

Item No.: **2025-166**

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:** June 25, 2025

**RE:** **FY 2025 Third Quarter Budget Amendments through March 31, 2025  
and Proposed Budget Amendment Resolution**

**MOTION**

Upon recommendation of Nicolette Bateson, Chief Financial Officer/Treasurer, the Board of Directors (Board) of the Great Lakes Water Authority (GLWA), adopts the **proposed FY 2025 Third Quarter Budget Amendments as presented**; and authorizes the Chief Executive Officer to take such other action as may be necessary to accomplish the intent of this vote.

**BACKGROUND**

The founding legal documents for the Great Lakes Water Authority (GLWA) provide a structure for budget preparation, adoption, and amendment. The Board of Directors adopts a biennial budget by resolution which specifies appropriation amounts which may be modified through budget amendments. To the extent that there is a proposed

amendment of the budget among the appropriation categories, the matter is brought to the Audit Committee for review and consideration of a recommendation to the Board of Directors for their consideration for approval.

### **JUSTIFICATION**

Attached is the communication to the Audit Committee, dated June 6, 2025 which presents the proposed budget amendments for the third quarter of FY 2025. The reports included in this communication include the following.

1. Quarterly Budget Amendment Report for FY 2025 ending March 31, 2025.
2. Resolution Adopting the Budget Amendments through the third quarter of FY 2025.

### **BUDGET IMPACT**

The overall budget, despite amendment, continues to be balanced.

### **COMMITTEE REVIEW**

This matter was reviewed by the Audit Committee at its meeting on June 6, 2025. The Audit Committee [insert action] that the Board of Directors for the Great Lakes Water Authority adopt the proposed FY 2025 third quarter budget amendments.

### **SHARED SERVICES IMPACT**

This item does not impact the shared services agreement between GLWA and DWSD.



**FY 2025 Third Quarter  
Budget Amendment Report  
Through March 31, 2025  
& Proposed Budget Amendment  
Resolution**

Presented to the Audit Committee  
June 6, 2025



Quarterly Budget Amendment Report  
FY 2025 Ending March 31, 2025

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## Quarterly Budget Amendment Report FY 2025 Ending March 31, 2025

### Water System Executive Summary - Year-to-Date

For the third quarter FY 2025 budget amendment, the focus is on forecasting activity through FY 2025 year-end as well as providing an allowance for items that require an estimate. Further details are provided in the accompanying budget analysis.

#### **Revenue Requirement Adopted (Original Plan) vs. Forecasted Actual - Table 1A**

##### Positive Variances

- ✓ \$5.9 million investment earnings due to rate of return and fund management
- ✓ \$13.4 million debt service reduction due to June 2024 refunding transaction and delay in new bond issuance from mid-year to end of year
- ✓ \$630k General Retirement System pension contribution reduction based on actuarial report
- ✓ \$1.2 million working capital requirement reduction due to actual financial performance

##### Negative Variances

- ✓ \$12.6 million operations and maintenance expense (\$0.3 million decrease for water operations and \$12.9 million increased allocation for centralized and administrative expenses) most of which is due to unforeseen expenses
- ✓ \$2.6 million Extraordinary Repair & Replacement Fund contribution required which is calculated as a percent of O&M expense (which increased)

From a purely financial perspective, the net impact of the above is positive which could provide as much as a \$6 million increase in the Improvement & Extension Transfer pending year-end close for future paygo capital funding. The headwind, however, is potentially increased capital program needs as we enter the first quarter of FY 2026.

#### **Improvement & Extension Adopted (Original Plan) vs. Forecasted Actual - Table 3A**

Aside from the above increased transfer in of \$6 million, there are two other variances. First, an increase in capital outlay needs of \$1.3 million. The second is a decreased reliance by \$15 million to fund the capital improvement program due timing of cashflow needs.

#### **Construction Fund Adopted (Original Plan) vs. Forecasted Actual - Table 4A**

The capital spending ratio is at 100% of the \$207 million CIP value. There is one project that has not proceeded due to timing of a predecessor local community project. It is estimated that the underspend could be as much as \$20 million.





## Quarterly Budget Amendment Report FY 2025 Ending March 31, 2025

### Sewer System Executive Summary - Year-to-Date

For the third quarter FY 2025 budget amendment, the focus is on forecasting activity through FY 2025 year-end as well as providing an allowance for items that require an estimate. Further details are provided in the accompanying budget analysis.

#### Revenue Requirement Adopted (Original Plan) vs. Forecasted Actual - Table 1B

##### Positive Variances

- ✓ \$8.2 million investment earnings due to rate of return and fund management
- ✓ \$8.8 million debt service reduction due to June 2024 refunding
- ✓ \$1.1 million General Retirement System pension contribution reduction
- ✓ \$2.3 million working capital reserve requirement reduction

##### Negative Variances

- ✓ \$6.3 million operations and maintenance (O&M) expense (\$2.2 million decrease for sewer operations and \$8.5 million increased allocation in centralized and administrative expenses)
- ✓ \$276k Extraordinary Repair & Replacement Fund contribution required which is calculated as a percent of O&M expense (which increased)

From a purely financial perspective, the net impact of the above is positive which could provide as much as a \$14 million increase in the Improvement & Extension Transfer pending year-end close for future paygo capital funding. The headwind, however, is potentially increased capital program needs as we enter the first quarter of FY 2026.

#### Improvement & Extension Adopted (Original Plan) vs. Forecasted Actual - Table 3B

Aside from the above increased transfer in of \$14 million, there is one other significant variance. That is a decreased reliance by \$5.5 million to fund the capital improvement program due timing of cashflow needs.

#### Construction Fund Adopted (Original Plan) vs. Forecasted Actual - Table 4B

The capital spending ratio is at 100% of the \$170 million CIP value. It is expected that the spend budget will be fully utilized by year-end.



### Third Quarter Revenue Requirement Budget Amendment Analysis

**Background:** In accordance with the budget amendment policy, articles, and by-laws for the Great Lakes Water Authority, a quarterly budget amendment report is presented for review by the Audit Committee in addition to a corresponding budget amendment resolution.

**Analysis:** The budget amendment report is presented with a table followed by commentary in the following order.

#### 1. Appropriation Level - Revenue Requirement - Water and Sewer Systems

- A. Water System Revenue Requirement
- B. Sewer System Revenue Requirement

##### Supplemental Information

- C. Historical I&E Funding
- D. Operations & Maintenance by Fund
- E. Operations & Maintenance by Service Area
- F. Unallocated Reserve by Service Area
- G. Enterprise-wide Operations & Maintenance by Expense Category
- H. Operations & Maintenance Expense by Service Area and Expense Category

#### 2. Appropriation Level – Debt Service – Water and Sewer Systems

- A. Water System Debt Service Coverage Calculation
- B. Sewer System Debt Service Coverage Calculation

##### Supplemental Information

- C. Water System Flow of Funds Basis
- D. Sewer System Flow of Funds Basis

#### 3. Appropriation Level – Improvement & Extension Fund – Water and Sewer Systems

- A. Water System Improvement & Extension Fund
- B. Sewer System Improvement & Extension Fund

#### 4. Appropriation Level – Construction Fund – Water and Sewer Systems

- A. Water System Construction Fund
- B. Sewer System Construction Fund

#### 5. Proposed Budget Amendment Resolution



## Quarterly Budget Amendment Report FY 2025 Ending March 31, 2025

**Table 1A - Water System Revenue Requirement – Appropriation Level**

Water System	FY 2025					
	Adopted Budget	Amendments			Amended Budget	Activity Thru 2/28/2025
		1st Quarter	2nd Quarter	3rd Quarter		
Revenues						
Revenue from Charges						
Wholesale Charges	\$ 347,758,000	\$ -	\$ -	\$ -	\$ 347,758,000	\$ 231,169,361
Less: Bad Debt Expense	-	-	-	-	-	-
Local System Charges	27,094,800	-	-	-	27,094,800	18,063,200
Total Revenue from Charges	374,852,800	-	-	-	374,852,800	249,232,561
Investment Earnings						
Unrestricted	6,692,200	-	5,085,800	155,000	11,933,000	8,244,733
Restricted for Debt Service	3,182,100	-	16,900	686,000	3,885,000	2,535,833
Total Investment Earnings	9,874,300	-	5,102,700	841,000	15,818,000	10,780,566
Other Revenue	400,000	-	-		400,000	246,094
Total Revenues	\$ 385,127,100	\$ -	\$ 5,102,700	\$ 841,000	\$ 391,070,800	\$ 260,259,221
Revenue Requirements						
Operations & Maintenance Expense	\$ 169,625,000	\$ -	\$ 5,000,000	\$ 7,602,100	\$ 182,227,100	\$ 114,481,771
Debt Service	175,300,800	-	(12,137,400)	(1,218,300)	161,945,100	112,376,301
General Retirement System Pension	2,283,300	-	(630,000)	-	1,653,300	1,522,200
Water Residential Assistance						
Program Contribution	1,947,800	-	(71,300)	-	1,876,500	1,298,536
Extraordinary Repair & Replacement Deposit	-	-	906,400	1,743,600	2,650,000	-
Regional System Lease	22,500,000	-	-	-	22,500,000	15,000,000
Working Capital Requirement	6,200,000	-	-	(1,244,000)	4,956,000	-
Improvement & Extension Fund						
Transfer Pending	7,270,200	-	12,035,000	(6,042,400)	13,262,800	4,846,800
Total Revenue Requirements	\$ 385,127,100	\$ -	\$ 5,102,700	\$ 841,000	\$ 391,070,800	\$ 249,525,608
Net Actual to Date						\$ 10,733,613

**Table 1A Commentary - Water System Revenue Requirement – Appropriation Level**  
*Revenues*

Increase to the Water System revenues of \$0.8 million is the net of the following.

- *\$841,000 Investment Earnings increase* – Based on a detailed analysis of actual investment earnings through March 31, 2025 and the projected investment earnings and cash flows for the remainder of the year. Actual rate of return on investments has exceeded the prior projections.

### *Revenue Requirements*

Net increase to the Revenue Requirements of \$0.8 million is net of the following.

- *Increase of \$7.6 million in Operation & Maintenance Expense* – See Table 1H Supplemental Information - Operations & Maintenance by Expense Category for a detailed explanation of the operations and maintenance budget amendments.



## Quarterly Budget Amendment Report FY 2025 Ending March 31, 2025

- *\$1.2 million Debt Service decrease* – Approximately \$958,000 is related to the delay in the issuance of the new money bonds from June 1<sup>st</sup> to June 30<sup>th</sup>. Table 2A has the detail by lien.
- *\$1.7 million increase in ER&R Deposit* – Due to increase in O&M expense. The ER&R funding is 15% of the combined budgeted operations and maintenance expenses of both the regional and local system.
- *\$1.2 million decrease in the Working Capital Requirement* – Adjustment is based on current analysis of working capital requirements for the O&M and receiving accounts.
- The overall net increase of the amendments to the revenue and revenue requirements results in a decrease to the Improvement & Extension Fund of \$6 million. The negative impact offsets the positive impact from the second quarter amendment resulting in a net increase for the year of \$6 million which will provide funds to offset unexpected capital improvement program needs such as the southwest Detroit water main.



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**Table 1B - Sewer System Revenue Requirement – Appropriation Level**

Sewer System	FY 2025					
	Adopted Budget	Amendments			Amended Budget	Activity Thru 2/28/2025
		1st Quarter	2nd Quarter	3rd Quarter		
Revenues						
Revenue from Charges						
Wholesale Charges	\$ 287,517,600	\$ -	\$ (130,800)	\$ -	\$ 287,386,800	\$ 191,947,432
Less: Bad Debt Expense	-	-	-	-	-	-
Local System Charges	205,924,800	-	-	-	205,924,800	137,283,200
Industrial Waste Control	8,719,300	-	-	-	8,719,300	5,888,824
Pollutant Surcharges	5,434,400	-	-	-	5,434,400	2,818,942
Total Revenue from Charges	507,596,100	-	(130,800)	-	507,465,300	337,938,398
Investment Earnings						
Unrestricted	10,494,500	-	5,656,500	(38,000)	16,113,000	11,426,335
Restricted for Debt Service	1,861,500	-	2,142,500	488,000	4,492,000	3,065,351
Total Investment Earnings	12,356,000	-	7,799,000	450,000	20,605,000	14,491,686
Other Revenue	700,000	-	-	-	700,000	196,237
Total Revenues	\$ 520,652,100	\$ -	\$ 7,668,200	\$ 450,000	\$ 528,770,300	\$ 352,626,321
Revenue Requirements						
Operations & Maintenance Expense	\$ 228,934,000	\$ -	\$ 2,500,000	\$ 3,757,600	\$ 235,191,600	\$ 150,538,693
Debt Service	226,279,400	-	(8,107,900)	(722,800)	217,448,700	147,034,925
General Retirement System Pension	4,846,300	-	(1,127,500)	-	3,718,800	3,230,864
Water Residential Assistance						
Program Contribution	2,651,700	-	(110,200)	-	2,541,500	1,767,800
Extraordinary Repair & Replacement Deposit	-	-	-	276,000	276,000	-
Regional System Lease	27,500,000	-	-	-	27,500,000	18,333,336
Working Capital Requirement	2,300,000	-	-	(2,300,000)	-	-
Improvement & Extension Fund						
Transfer Pending	28,140,700	-	14,513,800	(560,800)	42,093,700	18,760,464
Total Revenue Requirements	\$ 520,652,100	\$ -	\$ 7,668,200	\$ 450,000	\$ 528,770,300	\$ 339,666,082
Net Actual to Date						\$ 12,960,239

**Table 1B Commentary - Sewer System Revenue Requirement – Appropriation Level**

### Revenues

Net increase to Sewer System revenues of \$0.45 million is largely due to the following.

- *\$450,000 investment earnings increase* – Based on a detailed analysis of actual investment earnings through March 31, 2025 and the projected investment earnings and cash flows for the remainder of the year. Actual rate of return on investments has exceeded the prior projections.

### Revenue Requirements

Net increase to the Revenue Requirements of \$0.45 million is the result of the following.

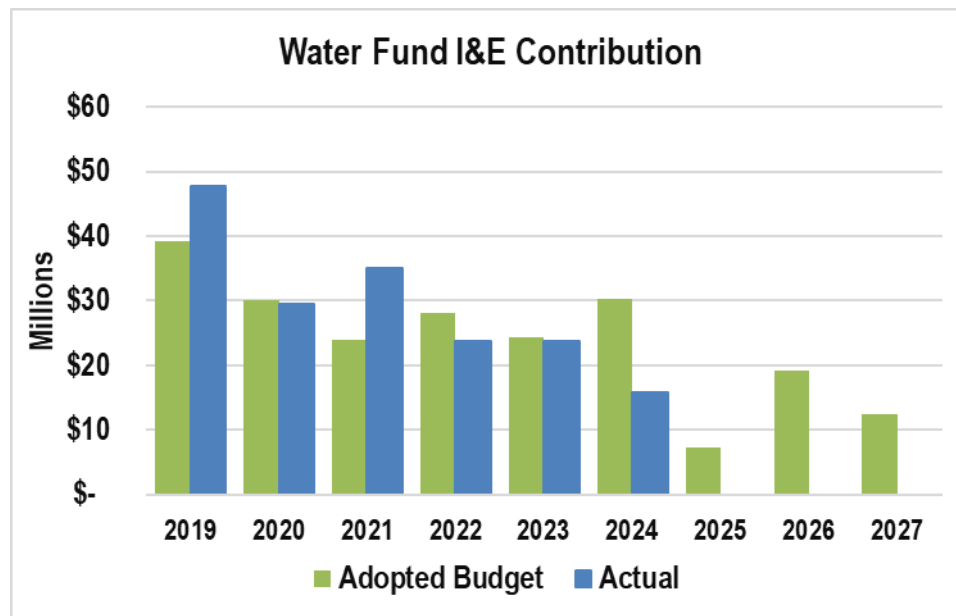
- *Increase in Operations & Maintenance Expense of \$3.8 million* – See Table 1H Supplemental Information - Operations & Maintenance by Expense Category for a detailed explanation of the operations and maintenance budget amendments.



## Quarterly Budget Amendment Report FY 2025 Ending March 31, 2025

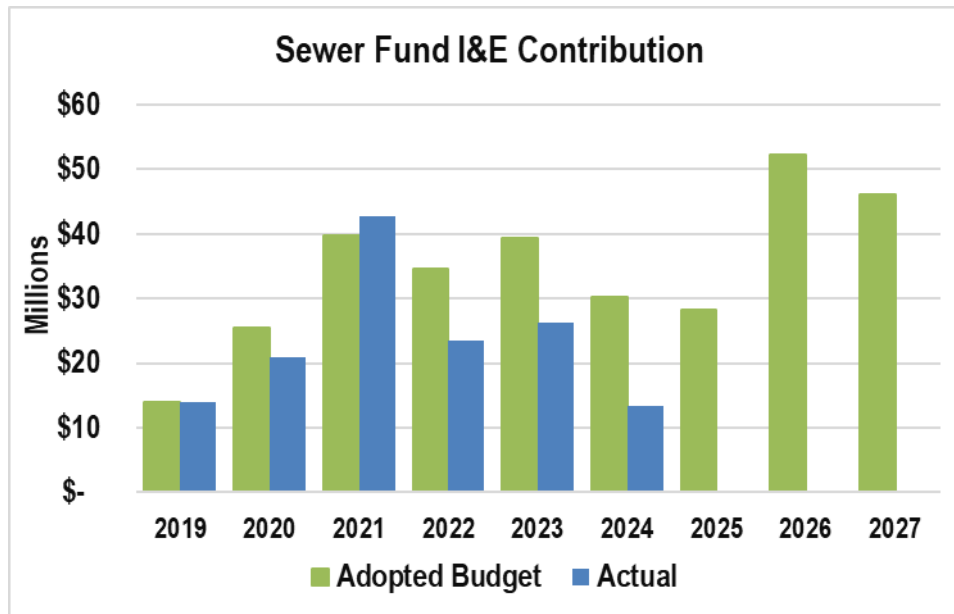
- *\$722,800 Debt Service decrease* – Approximately \$208,000 is related to the delay in issuance of the new money bonds from June 1st to June 30th. Approximately \$429,000 is related to fluctuation in variable rate for those bonds. Table 2A has the detail by lien.
- *\$0.3 million increase in ER&R Deposit* – Due to the increase in O&M expenses. The ER&R funding is 15% of the combined budgeted operations and maintenance expenses of both the regional and local system.
- *\$2.3 million decrease in the Working Capital Requirement* – Adjustment is based on current analysis of working capital requirements for the O&M and receiving accounts.
- The overall net increase of the amendments to the revenue and revenue requirements results in a decrease to the Improvement & Extension Fund of \$0.6 million. The negative impact offsets the positive impact from the second quarter amendment resulting in a net increase for the year of \$14 million which will provide funds to help recover from negative variances in prior years.

**Table 1C - Supplemental Information – Historical I&E Funding – Water and Sewer System**





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The current net of all the FY 2025 budget amendments result in additional funds available for I&E purposes assuming there will be no additional increases in operations and maintenance expenses for the rest of the fiscal year. It should be noted that these increases help to offset the declining nature of the funds set aside to reduce capital financing.

**Table 1D - Supplemental Information – Operations & Maintenance by Fund**

System	FY 2025					Activity Thru 2/28/2025
	Adopted Budget	Amendments			Amended Budget	
		1st Quarter	2nd Quarter	3rd Quarter		
Water System	\$ 169,625,000	\$ -	\$ 5,000,000	\$ 7,602,100	\$ 182,227,100	\$ 114,481,771
Sewer System	228,934,000	-	2,500,000	3,757,600	235,191,600	150,538,693
<b>Total</b>	<b>\$ 398,559,000</b>	<b>\$ -</b>	<b>\$ 7,500,000</b>	<b>\$ 11,359,700</b>	<b>\$ 417,418,700</b>	<b>\$ 265,020,463</b>

*Totals may be off due to rounding.*

This table summarizes the total Operations and Maintenance Expense for each System.



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**Table 1E - Supplemental Information – Operations and Maintenance by Service Area**

Operating Area	Adopted Budget	FY 2025 Amendments			Amended Budget	Activity Thru 2/28/2025
		1st Quarter	2nd Quarter	3rd Quarter		
A Water System Operations	\$ 94,669,900	\$ -	\$ 3,000,000	\$ (3,271,500)	\$ 94,398,400	\$ 61,524,025
B Wastewater System Operations	147,245,100	-	2,500,000	(4,705,300)	145,039,800	95,967,160
C Centralized Services	116,980,200	-	2,000,000	16,263,300	135,243,500	80,668,816
D Administrative Services	39,663,800	-	-	3,073,200	42,737,000	25,836,061
Employee Benefits	-	-	-	-	-	1,024,402
<b>Total</b>	<b>\$398,559,000</b>	<b>\$ -</b>	<b>\$ 7,500,000</b>	<b>\$11,359,700</b>	<b>\$417,418,700</b>	<b>\$265,020,464</b>

*Totals may be off due to rounding.*

The \$11.4 million increase in FY 2025 Q3 budget amendments is attributable to A) decrease in direct cost of water operations, B) decrease in direct cost of sewer operations, C) increase in centralized services (e.g., systems resiliency, field services, security, information technology, facilities, and fleet), D) increase in administrative services (e.g., financial services, public affairs, general counsel, and organizational development). The costs of the latter two categories, centralized and administrative, are allocated to the water and sewer systems based upon an internal cost allocation plan that is performed on an annual basis.

**Table 1F - Supplemental Information - Unallocated Reserve by Service Area**

O&M Unallocated Reserves	Adopted Budget	FY 2025 Amendments			Amended Budget
		1st Quarter	2nd Quarter	3rd Quarter	
Water System Operations	\$ 5,131,000	\$ -	\$ -	\$ (5,131,000)	\$ -
Wastewater System Operations	4,251,400	-	-	(4,251,400)	-
Centralized Services	2,071,000	-	-	(2,071,000)	-
Administrative & Other Services	752,000	-	-	(752,000)	-
<b>Total</b>	<b>\$ 12,205,400</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (12,205,400)</b>	<b>\$ -</b>

*Totals may be off due to rounding.*

An Unallocated Reserve account is established for each of the four service areas. A budget is assigned to these accounts to cover expenditures not known or quantifiable at the time the budget is developed (merit increases, fluctuations within maintenance contracts and usage of utilities and chemicals, projects and initiatives not planned at the time the initial budget was developed, etc.). It is GLWA's internal budget directive for each area, group, and team to manage their needs to an amount within the initial budget. If required, an amendment is made from the unallocated reserve. If a service area does not require as much funding as was established in the original budget, that department's budgeted expenses are reduced, and the unallocated reserve is increased. For this third quarter budget amendment the





## Quarterly Budget Amendment Report FY 2025 Ending March 31, 2025

unallocated reserves were needed to offset the increase in costs for operations and maintenance.

**Table 1G - Supplemental Information - Enterprise-wide Operations & Maintenance  
by Expense Category**

O&M Expense Categories	FY 2025					Activity Thru 2/28/2025
	Adopted Budget	Amendments			Amended Budget	
		1st Quarter	2nd Quarter	3rd Quarter		
Personnel Costs	\$ 130,368,300	\$ -	\$ -	\$ 8,166,900	\$ 138,535,200	\$ 92,321,185
Utilities	70,602,500	-	-	(900,000)	69,702,500	43,611,064
Chemicals	34,834,900	-	5,500,000	(2,100,000)	38,234,900	22,448,769
Supplies & Other	43,538,700	-	-	3,035,000	46,573,700	27,558,512
Contractual Services	114,508,700	-	2,000,000	16,264,700	132,773,400	83,563,194
Capital Program Allocation	(4,581,800)	-	-	-	(4,581,800)	(1,910,159)
Shared Services	(2,279,500)	-	-	-	(2,279,500)	(1,502,733)
Intergovernmental Agreement	(638,200)	-	-	(901,500)	(1,539,700)	(1,069,368)
Unallocated Reserve	12,205,400	-	-	(12,205,400)	-	-
<b>Total</b>	<b>\$ 398,559,000</b>	<b>\$ -</b>	<b>\$ 7,500,000</b>	<b>\$ 11,359,700</b>	<b>\$ 417,418,700</b>	<b>\$ 265,020,464</b>

*Totals may be off due to rounding.*

The table above presents the Operations & Maintenance budget by the major expense categories enterprise wide. Further explanation of the proposed amendment is shown in Table 1H and explained by the four service areas: A - Water System Operations, B - Sewer System Operations, C – Centralized Services, and D – Administrative & Other Services.

GLWA's internal budget directive is for each service area, group, and team to manage their needs to an amount within the initial budget. To the extent that is not possible, an amendment is made from the unallocated reserve. If savings are incurred, or an area appears to not require as much funding as established in the original budget, that department's budgeted expenses are reduced, and the unallocated reserve is increased. In administering the budget, there are several refinements to departments and account categories.



## Quarterly Budget Amendment Report FY 2025 Ending March 31, 2025

**Table 1H - Supplemental Information –Operations & Maintenance Expense by  
Service Area and Expense Category**

Operating Area	FY 2025					
	Adopted Budget	Amendments			Amended Budget	Activity Thru 2/28/2025
		1st Quarter	2nd Quarter	3rd Quarter		
<b>A Water System Operations</b>	<b>\$ 94,669,900</b>	<b>\$ -</b>	<b>\$ 3,000,000</b>	<b>\$ (3,271,500)</b>	<b>\$ 94,398,400</b>	<b>\$ 62,549,952</b>
Personnel Costs	25,732,800	-	-	2,260,000	27,992,800	19,691,390
Utilities	32,861,800	-	-	(900,000)	31,961,800	20,843,713
Chemicals	12,688,600	-	3,000,000	-	15,688,600	9,213,672
Supplies & Other	5,277,100	-	-	-	5,277,100	3,746,247
Contractual Services	15,221,500	-	-	499,500	15,721,000	10,007,130
Capital Program Allocation	(2,242,900)	-	-	-	(2,242,900)	(952,199)
Shared Services	-	-	-	-	-	-
Intergovernmental Agreement	-	-	-	-	-	-
Unallocated Reserve	5,131,000	-	-	(5,131,000)	-	-
<b>B Wastewater System Operations</b>	<b>\$ 147,245,100</b>	<b>\$ -</b>	<b>\$ 2,500,000</b>	<b>\$ (4,705,300)</b>	<b>\$ 145,039,800</b>	<b>\$ 95,964,228</b>
Personnel Costs	42,479,000	-	-	2,017,200	44,496,200	29,318,244
Utilities	37,391,500	-	-	-	37,391,500	22,512,442
Chemicals	22,146,300	-	2,500,000	(2,100,000)	22,546,300	13,235,097
Supplies & Other	16,273,900	-	-	-	16,273,900	12,545,582
Contractual Services	28,161,700	-	-	-	28,161,700	20,926,980
Capital Program Allocation	(2,121,300)	-	-	-	(2,121,300)	(860,581)
Shared Services	(699,200)	-	-	60,400	(638,800)	(466,136)
Intergovernmental Agreement	(638,200)	-	-	(431,500)	(1,069,700)	(1,247,399)
Unallocated Reserve	4,251,400	-	-	(4,251,400)	-	-
<b>C Centralized Services</b>	<b>\$ 116,980,200</b>	<b>\$ -</b>	<b>\$ 2,000,000</b>	<b>\$ 16,263,300</b>	<b>\$ 135,243,500</b>	<b>\$ 80,670,224</b>
Personnel Costs	39,649,100	-	-	2,679,500	42,328,600	27,446,443
Utilities	157,700	-	-	-	157,700	159,496
Chemicals	-	-	-	-	-	-
Supplies & Other	19,531,100	-	-	1,875,000	21,406,100	9,802,492
Contractual Services	57,157,900	-	2,000,000	14,310,200	73,468,100	44,093,797
Capital Program Allocation	(217,600)	-	-	-	(217,600)	(97,378)
Shared Services	(1,369,000)	-	-	(60,400)	(1,429,400)	(912,656)
Intergovernmental Agreement	-	-	-	(470,000)	(470,000)	178,030
Unallocated Reserve	2,071,000	-	-	(2,071,000)	-	-
<b>D Administrative &amp; Other Services</b>	<b>\$ 39,663,800</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,073,200</b>	<b>\$ 42,737,000</b>	<b>\$ 25,836,061</b>
Personnel Costs	22,507,400	-	-	1,210,200	23,717,600	15,865,109
Utilities	191,500	-	-	-	191,500	95,413
Chemicals	-	-	-	-	-	-
Supplies & Other	2,456,600	-	-	160,000	2,616,600	1,464,192
Contractual Services	13,967,600	-	-	2,455,000	16,422,600	8,535,288
Capital Program Allocation	-	-	-	-	-	-
Shared Services	(211,300)	-	-	-	(211,300)	(123,941)
Intergovernmental Agreement	-	-	-	-	-	-
Unallocated Reserve	752,000	-	-	(752,000)	-	-
<b>Grand Total</b>	<b>\$ 398,559,000</b>	<b>\$ -</b>	<b>\$ 7,500,000</b>	<b>\$ 11,359,700</b>	<b>\$ 417,418,700</b>	<b>\$ 265,020,464</b>



**Table 1H Commentary - Supplemental Information –Operations & Maintenance**  
**Expense by Service Area and Expense Category**

*A – Water System Operations – Net decrease = \$3.3 million*

- Personnel – Increase of \$2.3 million – Due to wage adjustments which would not have been determined at the time the FY 2025 budget was created. The largest adjustments relate to the February 2024 mid-year market adjustments and the July 2024 annual merit adjustment, and the corresponding benefits.
- Utilities – Decrease of \$0.9 million –Primarily related to the decrease in electrical costs at the Northeast water plant.
- Contractual Services – \$0.5 million increase – Due to an engineering project for water treatment and distribution system assessments and optimization that had an additional task added for water treatment that was not in the original budget.
- Unallocated Reserve - Decrease \$5.1 million – Adjusted down to \$0 balance to offset the Water O&M cost increases of \$1.9 million and to use \$3.2 million for the water allocation of centralized services increases.

*B – Wastewater System Operations – Net decrease = \$4.7 million.*

- Personnel - \$2.0 million increase – Due to wage adjustments which would not have been determined at the time the FY 2025 budget was created. The largest adjustments relate to the February 2024 mid-year market adjustments and the July 2024 annual merit adjustment, and the corresponding benefits.
- Chemicals - \$2.1 million decrease – Primarily due to reduced forecast use of ferric chloride for phosphorus control anticipated as a result of the new lead and copper rules effective January 2025 (\$1 million). Other chemicals were reduced based on forecast through June which include factors such as weather and condition of the effluent received at the Water Resource Recovery Facility (\$1.1 million).
- Intergovernmental Agreement – Increase reimbursement of \$0.4 million - Based on ILAG activity.
- Unallocated Reserve - Decrease of \$4.3 million – Adjusted down to a \$0 balance to offset \$4.3 million for the sewer allocation of the centralized services increases which also will be offset with the decrease in Wastewater O&M costs of \$0.5 million.

*C – Centralized Services – Net Increase = \$16.3 million*

- Personnel – Increase of \$2.7 million – Due to wage adjustments which would not have been determined at the time the FY 2025 budget was created. The largest



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- adjustments relate to the February 2024 mid-year market adjustments and the July 2024 annual merit adjustment, and the corresponding benefits.
- Supplies & Other – Increase of \$1.9 million - Primarily driven by an estimated allowance of \$3.0 million for the water main break expenses offset by \$1.7 million of software repairs and maintenance reclassified to contractual services; also approximately \$0.3 million for increase costs for service on tablets
  - Contractual Services – Increase of \$14.3 million - Primarily driven by the following items:
    - \$5.8 million increase for DWSD facility improvements
    - \$1.7 million increase for Lakeshore contract for electrician charges and low voltage wiring task
    - \$1.7 million increase for software repairs and maintenance reclassified from supplies and other to contractual services
    - \$1.5 million increase for additional NEXGEN costs
    - \$1.5 million increase for Emerson Process Management contract more work was completed than planned
    - \$0.7 million increase for PCI System Control Center support services primarily due to increase in contractual rates
    - \$0.7 million decrease in AECOM as billings decreased due to in-sourcing of tasks by CIP team
  - Intergovernmental Agreement – Increase reimbursement of \$0.5 million - Based on interlocal government agreement (ILAG) activity for shared services.
  - Unallocated Reserve - Decrease \$2.1 million – Adjusted down to a \$0 balance to offset the increased of Centralized Services O&M costs of \$18.3 million.

### *D – Administrative & Other Services – Net increase = \$3.1 million*

- Personnel - Increase \$1.2 million – Due to wage adjustments which would not have been determined at the time the FY 2025 budget was created. The largest adjustments relate to the February 2024 mid-year market adjustments and the July 2024 annual merit adjustment, and the corresponding benefits.
- Supplies and other – Increase \$0.2 million – Primarily due to increases in the Organizational Development training team costs.
- Contractual Services – Increase \$2.5 million – Primarily due to \$1.4 million increase in insurance and \$1 million for legal.
- Unallocated Reserve - Decrease \$0.7 million – Adjusted down to a \$0 balance to offset the net increase in O&M of \$3.8 million.



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**Table 2A - Appropriation Level – Debt Service Coverage Calculation – Water System**

Water System Debt Service Coverage Calculation	Adopted Budget	FY 2025									Amended Budget
		Amendments									
		1st Quarter			2nd Quarter						
Regional System	Local System	Adjustment to Adopted Local System	Regional System	Local System	Adjustment to Local System	Regional System	Local System	Adjustment to Local System			
Revenues											
GLWA Revenues											
Wholesale Charges	\$ 347,758,000	\$ -			\$ -			\$ -		\$ 347,758,000	
Local System Charges	27,094,800	-			-			-		27,094,800	
Investment Earnings & Other Revenues	10,274,300	-			5,102,700			841,000		16,218,000	
Total GLWA Revenues	385,127,100	-		-	5,102,700			841,000		391,070,800	
Local System Revenues	91,543,300		-	538,100		-	-		-	92,081,400	
Miscellaneous Revenue (Local System)	4,336,300		-	(636,300)		-	-		-	3,700,000	
Total Revenues	481,006,700	-	-	(98,200)	5,102,700	-	-	841,000	-	486,852,200	
Operations & Maintenance Transfers											
GLWA Regional System	169,625,000	-		-	5,000,000			7,602,100		182,227,100	
DWSD Local System	46,614,900		-	(146,200)		-	-		-	46,468,700	
Total Operations & Maintenance Transfers	216,239,900	-	-	(146,200)	5,000,000	-	-	7,602,100		228,695,800	
Pledged Revenue	\$ 264,766,800	\$ -	\$ -	\$ 48,000	\$ 102,700	\$ -	\$ -	\$ (6,761,100)	\$ -	\$ 258,156,400	
Debt Service by Lien											
Senior Lien Bonds	\$ 151,609,800	\$ -	\$ -	\$ -	\$(11,872,700)	\$ -	\$ -	\$ 356,600	\$ -	\$(1,315,000)	\$ 138,778,700
Second Lien Bonds	51,930,500	-	-	-	(1,233,200)	-	-	(100)	-	-	50,697,200
Junior Lien Bonds	18,368,100	-	-	(1,314,900)	968,500	-	(112,800)	(1,574,800)	-	1,305,000	17,639,100
Total Debt Service **	\$ 221,908,400	\$ -	\$ -	\$ (1,314,900)	\$(12,137,400)	\$ -	\$ (112,800)	\$ (1,218,300)	\$ -	\$ (10,000)	\$ 207,115,000
Debt Service Coverage											
Senior Lien Bonds	1.75										1.86
Senior and Second Lien Bonds	1.30										1.36
All bonds, including SRF Junior Lien Bonds	1.19										1.25

\* Rows highlighted in light grey in the above table are designed to align with the DWSD Budget. The adopted GLWA budget was based on preliminary DWSD budget information. The first quarter Adjustment to Local System column is to align the schedule with the DWSD budget which was adopted on March 20, 2024.

\*\* Total Debt Service, highlighted in dark grey in the above table, is adopted by the GLWA Board.



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**Table 2B - Appropriation Level – Debt Service Coverage Calculation – Sewer System**

Sewer System Debt Service Coverage Calculation	Adopted Budget	FY 2025									Amended Budget
		Amendments									
		1st Quarter			2nd Quarter			3rd Quarter			
		Regional System	Local System	Adjustment to Local System	Regional System	Local System	Adjustment to Local	Regional System	Local System	Adjustment to Local	
Revenues											
GLWA Revenues											
Wholesale Charges	\$ 287,517,600	\$ -			\$ (130,800)			\$ -			\$ 287,386,800
Local System Charges	205,924,800	-			-			-			205,924,800
Invesment Earnings & Other Revenues	13,056,000	-			7,799,000			450,000			21,305,000
Total GLWA Revenues	506,498,400	-			7,668,200		-	450,000			514,616,600
Local System Revenues	82,938,500		-	2,711,500		-	-		-	-	85,650,000
Miscellaneous Revenue (Local System)	8,755,000		-	(755,000)		-	-		-	-	8,000,000
Total Revenues	598,191,900	-	-	1,956,500	7,668,200	-	-	450,000	-	-	608,266,600
Operations & Maintenance Transfers											
GLWA Regional System	228,934,000	-			2,500,000			3,757,600			235,191,600
DWSD Local System	57,986,800		-	(629,900)		-	-		-	-	57,356,900
Total Operations & Maintenance Transfers	286,920,800	-	-	(629,900)	2,500,000	-	-	3,757,600	-	-	292,548,500
Pledged Revenue	\$ 311,271,100	\$ -	\$ -	\$ 2,586,400	\$ 5,168,200	\$ -	\$ -	\$ (3,307,600)	\$ -	\$ -	\$ 315,718,100
Debt Service by Lien											
Senior Lien Bonds	\$ 157,316,400	\$ -	\$ -	\$ -	\$ (5,188,200)	\$ -	\$ -	\$ (637,800)	\$ -	\$ -	\$ 151,490,400
Second Lien Bonds	53,776,500	-	-	-	(465,400)	-	-	-	-	-	53,311,100
Junior Lien Bonds	47,436,600	-	-	-	(2,454,300)	-	(107,000)	(85,000)	-	3,200	44,793,500
Total Debt Service **	\$ 258,529,500	\$ -	\$ -	\$ -	\$ (8,107,900)	\$ -	\$ (107,000)	\$ (722,800)	\$ -	\$ 3,200	\$ 249,595,000
Debt Service Coverage											
Senior Lien Bonds	1.98										2.08
Senior and Second Lien Bonds	1.47										1.54
All bonds, including SRF Junior Lien Bonds	1.20										1.26

\* Rows highlighted in light grey in the above table are designed to align with the DWSD Budget. The adopted GLWA budget was based on preliminary DWSD budget information. The first quarter Adjustment to Local System column is to align the schedule with the DWSD budget which was adopted on March 20, 2024.

\*\* Total Debt Service, highlighted in dark grey in the above table, is adopted by the GLWA Board.



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For purposes of Debt Service coverage, we look at the combined Regional and Local (DWSD) revenue less operations & maintenance (O&M) expense to determine net revenues to calculate the Debt Service Coverage. The Board adopts the Total Debt Service\*\* amount shown on the Water System Debt Service Coverage Calculation Table 2A and the Sewer System Debt Service Coverage Calculation Table 2B. This is the amount necessary to pay the principal and interest on all Regional Sewer System bonds.



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**Table 2C – Supplemental Information – Water System Flow of Funds Basis**

Water System Flow of Funds Basis	Adopted Budget	FY 2025									Amended Budget
		Amendments									
		1st Quarter			2nd Quarter			3rd Quarter			
		Regional System	Local System	Adjustment to Adopted Local System	Regional System	Local System	Adjustment to Local System	Regional System	Local System	Adjustment to Local System	
Revenues											
Regional System Revenues											
Wholesale Charges	\$ 347,758,000	\$ -			\$ -			\$ -		\$ 347,758,000	
Local System Charge	27,094,800	-			-			-		27,094,800	
Total Regional System Wholesale Revenues	374,852,800	-			-			-		374,852,800	
DWSD Local System Revenues - Detroit Customers	91,543,300		-	538,100		-	-		-	92,081,400	
Miscellaneous Revenue (Local System)	4,336,300		-	(636,300)		-	-		-	3,700,000	
Investment Earnings & Other Revenues	10,274,300	-		-	5,102,700			841,000		16,218,000	
Total Revenues	\$481,006,700	\$ -	\$ -	\$ (98,200)	\$ 5,102,700	\$ -	\$ -	\$ 841,000	\$ -	\$ 486,852,200	
Revenue Requirements											
Operations & Maintenance Expense											
Regional System	\$ 169,625,000	\$ -			\$ 5,000,000			\$ 7,602,100	\$ -	\$ 182,227,100	
Local System	46,614,900		-	1,031,300		-	-		-	47,646,200	
Less Shared Service Revenue			-	(1,177,500)		-	-		-	(1,177,500)	
Net Local System O&M Transfer	46,614,900			(146,200)						46,468,700	
Total Operations & Maintenance Expense	216,239,900	-	-	(146,200)	5,000,000	-	-	7,602,100	-	228,695,800	
Nonoperating Requirements											
Allocable Debt Service											
Regional System	175,300,800	-			(12,137,400)			(1,218,300)		161,945,100	
Local System	46,607,600		-	(1,314,900)		-	(112,800)		-	45,169,900	
GRS Pension											
Regional System	2,283,300	-			(630,000)			-		1,653,300	
Local System	1,612,400		-	-		-	(445,000)		-	1,167,400	
WRAP Contribution											
Regional System	1,947,800	-			(71,300)			-		1,876,500	
Local System	888,500		-	(1,200)		-	-		-	887,300	
Regional System											
ER&R Fund Deposit	-	-			906,400			1,743,600		2,650,000	
Working Capital Requirement	6,200,000	-			-			(1,244,000)		4,956,000	
Lease Payment to Local System I&E Account	22,500,000	-			-			-		22,500,000	
Reserve for Revenue Financed Capital from Net Revenues											
Regional System	7,270,200	-			12,035,000			(6,042,400)		13,262,800	
Local System	156,200		-	1,364,100		-	557,800		-	2,078,100	
Total Revenue Requirements	\$481,006,700	\$ -	\$ -	\$ (98,200)	\$ 5,102,700	\$ -	\$ -	\$ 841,000	\$ -	\$ (10,000)	\$486,842,200

Rows highlighted in light grey in the above table are designed to align with the DWSD Budget.

The Adopted Budget Column was based on preliminary DWSD budget information.

The 1st Quarter column Adjustment to Adopted Local System is to align the schedule with the DWSD budget which was adopted on March 20, 2024.

The 2nd & 3rd Quarter columns Adjustment to Local System is to recognize known changes that DWSD has not amended their budget for but that are taken into account for the MBO monthly flow of funds.

This schedule is provided to demonstrate compliance with the pledge of establishing sufficient regional and local system revenues to service financial commitments consistent with the Master Bond Ordinance flow of funds.





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**Table 2D – Supplemental Information – Sewer System Flow of Funds Basis**

Sewer System Flow of Funds Basis	Adopted Budget	FY 2025									Amended Budget
		Amendments									
		1st Quarter			2nd Quarter			3rd Quarter			
		Adjustment to Adopted Local System			Adjustment to Local System			Adjustment to Local System			
		Regional System	Local System	to Adopted Local System	Regional System	Local System	to Local System	Regional System	Local System	to Local System	
Revenues											
Regional System Revenues											
Wholesale Charges	\$ 287,517,600	\$ -			\$ (130,800)			\$ -	\$ -	\$ -	\$ 287,386,800
Local System Charge	205,924,800	-			-			-	-	-	205,924,800
Industrial Waste Control	8,719,300	-			-			-	-	-	8,719,300
Pollutant Surcharges	5,434,400	-			-			-	-	-	5,434,400
Total Regional System Wholesale Revenues	507,596,100	-			(130,800)			-	-	-	507,465,300
DWSD Local System Revenues - Detroit Customers	82,938,500		-	2,711,500		-	-	-	-	-	85,650,000
Miscellaneous Revenue (Local System)	8,755,000		-	(755,000)		-	-	-	-	-	8,000,000
Other Revenues & Investment Earnings (Regional System)	13,056,000	-			7,799,000			450,000	-	-	21,305,000
Total Revenues	\$ 612,345,600	\$ -	\$ -	\$ 1,956,500	\$ 7,668,200	\$ -	\$ -	\$ 450,000	\$ -	\$ -	\$ 622,420,300
Revenue Requirements											
Operations & Maintenance Expense											
Regional System	\$ 228,934,000	\$ -			\$ 2,500,000			\$ 3,757,600	\$ -	\$ -	\$ 235,191,600
Local System	57,986,800		-	692,600		-	-	-	-	-	58,679,400
Less Shared Service Revenue	-		-	(1,322,500)		-	-				(1,322,500)
Net Local System O&M Transfer	57,986,800		-	(629,900)		-	-	-	-	-	57,356,900
Total Operations & Maintenance Expense	286,920,800	-	-	(629,900)	2,500,000	-	-	3,757,600	-	-	292,548,500
Nonoperating Requirements											
Allocable Debt Service											
Regional System	226,279,400	-			(8,107,900)			(722,800)	-	-	217,448,700
Local System	32,250,100		-	-		-	(107,000)	-	-	3,200	32,146,300
GRS Pension											
Regional System	4,846,300	-			(1,127,500)			-	-	-	3,718,800
Local System	1,279,900		-	-		-	(297,500)	-	-	-	982,400
WRAP Contribution											
Regional System	2,651,700	-			(110,200)			-	-	-	2,541,500
Local System	1,343,500		-	18,700		-	-	-	-	-	1,362,200
Regional System											
ER&R Fund Deposit	-	-			-			276,000	-	-	276,000
Working Capital Requirement	2,300,000	-			-			(2,300,000)	-	-	-
Lease Payment to Local System I&E Account	26,333,200	-	-	1,166,800	-	-	-	-	-	-	27,500,000
Reserve for Revenue Financed Capital from Net Revenues											
Regional System	28,140,700	-			14,513,800			(284,800)	-	-	42,369,700
Local System	-		-	1,400,900		-	404,500	-	-	-	1,805,400
Total Revenue Requirements	\$ 612,345,600	\$ -	\$ -	\$ 1,956,500	\$ 7,668,200	\$ -	\$ -	\$ 726,000	\$ -	\$ 3,200	\$ 622,699,500

Rows highlighted in light grey in the above table are designed to align with the DWSD Budget.

The Adopted Budget Column was based on preliminary DWSD budget information.

The 1st Quarter column Adjustment to Adopted Local System is to align the schedule with the DWSD budget which was adopted on March 20, 2024.

The 2nd & 3rd Quarter columns Adjustment to Local System is to recognize known changes that DWSD has not amended their budget for but that are taken into account for the MBO monthly flow of funds.



## Quarterly Budget Amendment Report FY 2025 Ending March 31, 2025

This schedule is provided to demonstrate compliance with the pledge of establishing sufficient regional and local system revenues to service financial commitments consistent with the Master Bond Ordinance flow of funds.

**Table 3A - Water System Improvement & Extension Fund - Appropriation Level**

Water Improvement & Extension Fund	Adopted Budget	FY 2025 Amendments			Amended Budget	Activity Thru 2/28/2025
		1st Quarter	2nd Quarter	3rd Quarter		
<b>Inflows</b>						
Transfer from Water Operations Fund - Revenue Transfers	\$ 7,270,200	\$ -	\$ 12,035,000	\$ (6,042,400)	\$ 13,262,800	\$ 4,846,800
Grant Revenues & Capital Contributions	-	-	-	-	-	-
Investment Earnings (a)	938,700	-	4,990,300	196,000	6,125,000	4,492,361
<b>Total Inflows</b>	<b>8,208,900</b>	<b>-</b>	<b>17,025,300</b>	<b>(5,846,400)</b>	<b>19,387,800</b>	<b>9,339,161</b>
<b>Outflows</b>						
Transfer to Water Operations Fund - Investment Earnings (a)	938,700	-	4,990,300	196,000	6,125,000	366,783
Capital Improvement Plan funded by I&E	-	-	-	-	-	-
Capital Outlay	10,527,800	-	-	1,307,900	11,835,700	6,213,065
Transfer to Construction Fund- Revenue Financed Capital	15,000,000	-	(15,000,000)	-	-	-
<b>Total Outflows</b>	<b>26,466,500</b>	<b>-</b>	<b>(10,009,700)</b>	<b>1,503,900</b>	<b>17,960,700</b>	<b>6,579,848</b>
Net Increase (Use) of Reserves	(18,257,600)	-	27,035,000	(7,350,300)	1,427,100	2,759,313
Non-budgeted Inflows (Outflows)						
Unrealized gain on investments	-	-	-	-	-	-
Change in Net Position	(18,257,600)	-	27,035,000	(7,350,300)	1,427,100	2,759,313
Beginning Net Position	147,212,300				147,212,300	147,212,300
Projected Ending Net Position	\$ 128,954,700	\$ -	\$ 27,035,000	\$ (7,350,300)	\$ 148,639,400	\$ 149,971,613

(a) Note: As outlined in the Master Bond Ordinance, the investment earnings in the I&E Fund are transferred to the Receiving Fund to then offset revenue requirement needs.

**Table 3A Commentary – Water System Improvement & Extension Fund - Appropriation Level**

### *Inflows*

- *Transfers from Water Operations Fund – Revenue Transfers* - The proposed budget amendment is to match the amount available for transfer from the FY 2025 revenue requirement based upon general operating fund performance. (see Table 1A - Appropriation Level - Water System Revenue Requirement line item I&E Fund Transfer Pending).



## Quarterly Budget Amendment Report FY 2025 Ending March 31, 2025

- *Grant Revenues & Capital Contributions* – There is no change in the budget for this quarter related to grant funds.
- *Investment Earnings* - The proposed budget amendment reflects an adjustment based on the projected investment earnings for the year. Note: There is a corresponding transfer of earnings back to the general operating fund as allowed by the Master Bond Ordinance. The net effect on the I&E Fund is zero as the earnings are budgeted and accounted for in the operating fund to lower revenue requirement for charges.

### Outflows

- *Transfer to Water Operations Fund – Investment Earnings* - The increase is based on the projected investment earnings. Note: This line offsets Earnings on Investments and represents the transfer of earnings back to the general operating fund as required by the Master Bond Ordinance. Any variance in the year to date activity between the two lines represents a timing difference. The larger difference between the two lines for the period presented is a result of a reclassification that will be posted in March 2025.
- *Capital Improvement Plan funded by I&E* - No budget amendment is required. This line represents the target use of I&E for capital as well as an adjustment to the projects in the Board adopted capital improvement plan (CIP) that do not meet the criteria for debt financing.
- *Capital Outlay* – The increase in budget is related to the following:

Water Works Park	\$423,900	HVAC Intellipak replacement which was not planned
Springwells WTP	\$379,000	New alum sludge process equipment and pumps for steam generator
Lake Huron WTP	\$505,000	Chlorine Monorail, forklift, snowplow and submersible pump
Total	\$1,307,900	

- *Transfer to Construction Fund - Revenue Financed Capital* – No budget amendment is required.

*Net Increase (Use) of Reserves* - This amount represents the net amount of the inflows less the outflows.



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**Table 3B - Sewer System Improvement & Extension Fund - Appropriation Level**

Sewer Improvement & Extension Fund	Adopted Budget	FY 2025 Amendments			Amended Budget	Activity Thru 2/28/2025
		1st Quarter	2nd Quarter	3rd Quarter		
<b>Inflows</b>						
Transfer from Sewer Operations Fund - Revenue Transfers	\$ 28,140,700	\$ -	\$ 14,513,800	\$ (560,800)	\$ 42,093,700	\$ 18,760,464
Grant Revenues & Capital Contributions	-	-	-	-	-	-
Investment Earnings (a)	1,076,000	-	4,984,000	150,000	6,210,000	4,551,826
<b>Total Inflows</b>	29,216,700	-	19,497,800	(410,800)	48,303,700	23,312,290
<b>Outflows</b>						
Transfer to Sewer Operations Fund - Investment Earnings (a)	1,076,000	-	4,984,000	150,000	6,210,000	408,734
Capital Spending Other (net of ILAG)	-	-	-	-	-	4,161
Capital Improvement Plan funded by I&E	-	-	-	-	-	-
Capital Outlay	12,071,300	-	-	-	12,071,300	4,837,912
Transfer to Construction Fund- Revenue Financed Capital	5,500,000	-	-	(5,500,000)	-	-
<b>Total Outflows</b>	18,647,300	-	4,984,000	(5,350,000)	18,281,300	5,250,807
Net Increase (Use) of Reserves	10,569,400	-	14,513,800	4,939,200	30,022,400	18,061,483
Non-budgeted Inflows (Outflows)						
Unrealized gain on investments	-	-	-	-	-	-
Change in Net Position	10,569,400	-	14,513,800	4,939,200	30,022,400	18,061,483
Beginning Net Position	138,290,300				138,290,300	138,290,300
Projected Ending Net Position	\$ 148,859,700	\$ -	\$ 14,513,800	\$ 4,939,200	\$ 168,312,700	\$ 156,351,783

(a) Note: As outlined in the Master Bond Ordinance, the investment earnings in the I&E Fund are transferred to the Receiving Fund. The impact is to reduce revenue required from charges when calculating the annual Revenue Requirement budget.

**Table 3B Commentary- Sewer System Improvement & Extension Fund - Appropriation Level**

*Inflows*

- *Transfer from Sewer Operations Fund – Revenue Transfers* - The proposed budget amendment is to match the amount available for transfer from the FY 2025 revenue requirement based upon general operating fund performance. (see Table 1B - Appropriation Level - Sewer System Revenue Requirement line item I&E Fund Transfer Pending).
- *Grant Revenues & Capital Contributions* – There is no change in the budget for this quarter related to grant funds.



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- *Investment Earnings* - The proposed budget amendment reflects an adjustment based on the projected investment earnings for the year. Note: There is a corresponding transfer of earnings back to the general operating fund as allowed by the Master Bond Ordinance. The net effect on the I&E Fund is zero as the earnings are budgeted and accounted for in the operating fund to lower revenue requirement for charges.

### *Outflows*

- *Transfer to Sewer Operations Fund- Investment Earnings* - The increase is based on the projected investment earnings. Note: This line offsets Earnings on Investments and represents the transfer of earnings back to the general operating fund as required by the Master Bond Ordinance. Any variance in the year to date activity between the two lines represents a timing difference. The larger difference between the two lines for the period presented is a result of a reclassification that will be posted in March 2025.
- *Capital Spending Other* - This category will generally net to zero by year end. ILAG costs and reimbursements fall in this category.
- *Capital Improvement Plan funded by I&E* - No budget amendment is required. This line represents the target use of I&E for capital as well as an adjustment to the projects in the Board adopted capital improvement plan (CIP) that do not meet the criteria for debt financing.
- *Capital Outlay* - There are no proposed budget amendments for this quarter.
- *Transfer to Construction Fund - Revenue Financed Capital* - The proposed budget amendment reflects a rebalancing of use of I&E and Construction funds for the current fiscal year.

*Net Increase (Use) of Reserves* - This amount represents the net amount of the inflows less the outflows.



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**Table 4A - Water System Construction Fund – Appropriation Level**

Water Construction Fund	FY 2025					
	Adopted Budget	Amendments			Amended Budget	Activity Thru 2/28/2025
		1st Quarter	2nd Quarter	3rd Quarter		
<b>Inflows</b>						
Transfer from Water Improvement & Extension Fund	\$ 15,000,000	\$ -	\$ (15,000,000)	\$ -	\$ -	\$ -
Transfers in from Water Operations Fund						
Bond Proceeds	271,562,500	-	(41,562,500)	-	230,000,000	-
SRF loan proceeds	30,800,000	-	30,843,600	-	61,643,600	51,543,602
Investment Earnings	7,953,300	-	(3,288,300)	174,000	4,839,000	4,002,076
Grant Revenues & Capital Contributions	-	-	1,240,400	608,500	1,848,900	1,848,970
<b>Total Inflows</b>	<b>325,315,800</b>	<b>-</b>	<b>(27,766,800)</b>	<b>782,500</b>	<b>298,331,500</b>	<b>57,394,648</b>
<b>Outflows</b>						
Transfer to Water Operations Fund						
Bond Cost of Issuance	-	-	1,725,000	-	1,725,000	-
Capital Program	210,000,000	-	-	-	210,000,000	107,015,283
<b>Total Outflows</b>	<b>210,000,000</b>	<b>-</b>	<b>1,725,000</b>	<b>-</b>	<b>211,725,000</b>	<b>107,015,283</b>
Net Increase (Use) of Reserves	115,315,800	-	(29,491,800)	782,500	86,606,500	(49,620,635)
Beginning Net Position	131,327,100				131,327,100	131,327,100
Projected Ending Net Position	<b>\$ 246,642,900</b>	<b>\$ -</b>	<b>\$ (29,491,800)</b>	<b>\$ 782,500</b>	<b>\$ 217,933,600</b>	<b>\$ 81,706,465</b>
<b>CIP Plan</b>						
Capital Improvement Plan	\$ 207,333,000				\$ 207,333,000	\$ 207,333,000
Capital Spend Rate Assumption	100%				100%	
Capital Spending Ratio						52%
<b>CIP Financial Plan</b>						
CIP Expenditures paid through Construction Fund	\$ 210,000,000	\$ -	\$ -	\$ -	\$ 210,000,000	\$ 107,015,283
CIP Expenditures paid through I&E Fund	-	-	-	-	-	-
Financial Plan (Budgeted) CIP Expenditures	<b>\$ 210,000,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 210,000,000</b>	<b>\$ 107,015,283</b>

**Table 4A Commentary - Water System Construction Fund – Appropriation Level**
**Inflows**

- *Transfers from Water Improvement & Extension Fund* - There is no proposed budget amendment for this quarter.
- *Bond Proceeds* - There is no proposed budget amendment for this quarter.



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- *State Revolving Fund Loans* - State Revolving Fund (SRF) loan disbursements are on a reimbursement basis. The amount and timing of revenues fluctuates with project expenditures incurred. There is no proposed budget amendment for this quarter. Details related to the SRF projects are presented in the semiannual debt report. The most recent semiannual debt report is presented in the [May 2025 Audit Committee binder](#) which provides details related to the SRF funding and associated projects.
- *Investment Earnings* - The proposed budget amendment reflects an adjustment based on the projected investment earnings for the year.
- *Grant Revenues & Capital Contributions* - The budget increase is related to grant funds that have been received.

### *Outflows*

- *Bond Cost of Issuance* - There is no proposed budget amendment for this quarter.
- *Capital Program* - This line represents the anticipated CIP spend for the current year. No budget amendment is being proposed for this quarter.

*Net Increase (Use) of Reserves* - This amount represents the net amount of the inflows less the outflows.

### *CIP Plan*

- *Capital Improvement Plan* - This line represents the original [CIP Plan approved by the Board for FY 2025](#).
- *Capital Spend Rate Assumption* - The Board of Directors adopts a capital spending ratio assumption (SRA) which allows the realities of capital program delivery to align with the financial plan. The SRA is an analytical approach to bridge the total dollar amount of projects in the CIP with what can realistically be spent due to limitations beyond GLWA's control and/or delayed for nonbudgetary reasons. Those limitations, whether financial or non-financial, necessitate the SRA for budgetary purposes, despite the prioritization established. Amendments to the spend rate assumption are made to align the projected financial use of resources with revised capital improvement plan spending forecasts. The most recent quarterly construction work-in-progress (CWIP) report is presented in the [March 2025 Audit Committee binder](#).

### *CIP Financial Plan*

- The financial plan applies the SRA to the amount of capital expenditures in the CIP and then rounds the result up to the nearest \$5 million. This is to recognize the dynamic nature of the CIP.





## Quarterly Budget Amendment Report FY 2025 Ending March 31, 2025

**Table 4B - Sewer System Construction Fund – Appropriation Level**

Sewer Construction Fund	Adopted Budget	FY 2025 Amendments			Amended Budget	Activity Thru 2/28/2025
		1st Quarter	2nd Quarter	3rd Quarter		
<b>Inflows</b>						
Transfer from Sewer Improvement & Extension Fund	\$ 5,500,000	\$ -	\$ -	\$ (5,500,000)	\$ -	\$ -
Transfers in from Sewer Operations Fund						
Bond Proceeds	-	-	50,000,000	-	50,000,000	-
SRF loan proceeds	96,852,000	-	-	-	96,852,000	53,278,816
Investment Earnings	2,359,000	-	3,701,000	770,000	6,830,000	5,232,154
Grant Revenues & Capital Contribution	-	-	-	2,664,800	2,664,800	2,664,876
<b>Total Inflows</b>	104,711,000	-	53,701,000	(2,065,200)	156,346,800	61,175,846
<b>Outflows</b>						
Transfer to Sewer Operations Fund						
Bond Cost of Issuance	-		375,000	-	375,000	-
Capital Program	170,000,000		15,000,000	-	185,000,000	108,551,882
<b>Total Outflows</b>	170,000,000	-	15,375,000	-	185,375,000	108,551,882
Net Increase (Use) of Reserves	(65,289,000)	-	38,326,000	(2,065,200)	(29,028,200)	(47,376,036)
Beginning Net Position	172,408,200				172,408,200	172,408,200
Projected Ending Net Position	\$ 107,119,200	\$ -	\$ 38,326,000	\$ (2,065,200)	\$ 143,380,000	\$ 125,032,164
<b>CIP Plan</b>						
Capital Improvement Plan	\$ 169,189,000				\$ 169,189,000	\$ 169,189,000
Capital Spend Rate Assumption	100%				100%	
Capital Spending Ratio						64%
<b>CIP Financial Plan</b>						
CIP Expenditures paid through Construction Fund	\$ 170,000,000	\$ -	\$ 15,000,000	\$ -	\$ 185,000,000	\$ 108,551,882
CIP Expenditures paid through I&E Fund	-	-	-	-	-	-
Financial Plan (Budgeted) CIP Expenditures	\$ 170,000,000	\$ -	\$ 15,000,000	\$ -	\$ 185,000,000	\$ 108,551,882

**Table 4B Commentary - Sewer System Construction Fund – Appropriation Level**
**Inflows**

- *Transfers from Sewer Improvement & Extension Fund* - The proposed budget amendment is to match the amount available for transfer from the FY 2025 Improvement & Extension Fund (see Table 3B - Appropriation Level - Sewer System Improvement & Extension Fund line item Revenue Financed Capital - Transfer to





## Quarterly Budget Amendment Report FY 2025 Ending March 31, 2025

Construction Fund). The proposed budget amendment reflects a rebalancing of use of I&E and Construction funds for FY 2025.

- *Bond Proceeds* - There is no proposed budget amendment for this quarter.
- *State Revolving Fund Loans* - State Revolving Fund (SRF) loan disbursements are on a reimbursement basis. The amount and timing of revenues fluctuates with project expenditures incurred. There is no proposed amendment for this quarter. Details related to the SRF projects are presented in the semiannual debt report. The most recent semiannual debt report is presented in the [May 2025 Audit Committee binder](#) which provides details related to the SRF funding and associated projects.
- *Investment Earnings* - The proposed budget amendment reflects an adjustment based on the projected investment earnings for the year.
- *Grant Revenues & Capital Contributions* – The budget increase is related to grant funds that have been received.

### *Outflows*

- *Bond Cost of Issuance* - There is no proposed budget amendment for this quarter.
- *Capital Program* - This line represents the anticipated CIP spend for the current year. There is no proposed budget amendment for this quarter.

*Net Increase (Use) of Reserves* - This amount represents the net amount of the inflows less the outflows.

### *CIP Plan*

- *Capital Improvement Plan* - This line represents the original [CIP Plan approved by the Board for FY 2025](#).
- *Capital Spend Rate Assumption* - The Board of Directors adopts a capital spending ratio assumption (SRA) which allows the realities of capital program delivery to align with the financial plan. The SRA is an analytical approach to bridge the total dollar amount of projects in the CIP with what can realistically be spent due to limitations beyond GLWA's control and/or delayed for nonbudgetary reasons. Those limitations, whether financial or non-financial, necessitate the SRA for budgetary purposes, despite the prioritization established. Amendments to the spend rate assumption are made to align the projected financial use of resources with revised capital improvement plan spending forecasts. The most recent quarterly construction work-in-progress (CWIP) report is presented in the [March 2025 Audit Committee binder](#).



## Quarterly Budget Amendment Report FY 2025 Ending March 31, 2025

### *CIP Financial Plan*

- The financial plan applies the SRA to the amount of capital expenditures in the CIP and then rounds the result up to the nearest \$5 million. This is to recognize the dynamic nature of the CIP.

**Great Lakes Water Authority**

**Resolution 2025-166**

**Resolution Adopting the Budget Amendments through the Third Quarter of FY 2025**

By Board Member:

**WHEREAS** The Great Lakes Water Authority (“GLWA” or the “Authority”) assumed the operation of the regional water and sewer systems on January 1, 2016 (the “Effective Date”) pursuant to Water System and Sewer System Lease Agreements between the GLWA and the City of Detroit dated June 12, 2015; and

**WHEREAS** In accordance with the by-laws of the GLWA, further defined by its budget amendment policy, the Board shall amend the budget as needed based upon a quarterly report from the Chief Financial Officer; and

**WHEREAS** The GLWA Board adopted the FY 2025 budget on February 28, 2024, for the twelve-month fiscal year beginning July 1, 2024;

**WHEREAS** Following a review of the budget amendment report through the FY 2025 Third Quarter, the appropriations established with the adoption of the general operating budget for the water system and the sewer system are amended as shown in the table below;

General Operating Appropriation Category	Water System		Sewer System	
	Adopted	Amended	Adopted	Amended
<b>Revenues</b>				
Wholesale Charges	\$ 347,758,000	No Change	\$ 287,517,600	\$ 287,386,800
Less: Bad Debt	-	No Change	-	No Change
Local System Charges	27,094,800	No Change	205,924,800	No Change
Industrial Waste Control	NA	NA	8,719,300	No Change
Pollutant Surcharges	NA	NA	5,434,400	No Change
Investment Earnings - Unrestricted	6,692,200	\$ 11,933,000	10,494,500	\$ 16,113,000
Investment Earnings - Restricted for Debt Service	3,182,100	\$ 3,885,000	1,861,500	\$ 4,492,000
Other Revenue	400,000	No Change	700,000	No Change
<b>Total Revenues</b>	<b>\$ 385,127,100</b>	<b>\$ 391,070,800</b>	<b>\$ 520,652,100</b>	<b>\$ 528,770,300</b>
<b>Revenue Requirements</b>				
Operations & Maintenance Expense	\$ 169,625,000	\$ 182,227,100	\$ 228,934,000	\$ 235,191,600
Debt Service	175,300,800	\$ 161,945,100	226,279,400	\$ 217,448,700
General Retirement System Pension	2,283,300	\$ 1,653,300	4,846,300	\$ 3,718,800
Water Residential Assistance Program Contribution	1,947,800	\$ 1,876,500	2,651,700	\$ 2,541,500
Extraordinary Repair & Replacement Deposit	-	\$ 2,650,000	-	\$ 276,000
Regional System Lease	22,500,000	No Change	27,500,000	No Change
Working Capital Requirement	6,200,000	\$ 4,956,000	2,300,000	\$ -
Improvement & Extension Fund Transfer	7,270,200	\$ 13,262,800	28,140,700	\$ 42,093,700
<b>Total Revenue Requirements</b>	<b>\$ 385,127,100</b>	<b>\$ 391,070,800</b>	<b>\$ 520,652,100</b>	<b>\$ 528,770,300</b>

**WHEREAS** Following a review of the budget amendment report through the FY 2025 Third Quarter, the appropriations established with the adoption of the amounts necessary to pay the principal of and interest on all Regional bonds and to restore any reserves therefore established in the Master Bond Ordinance for the water system and the sewer system are amended as shown in the table below;

<b>Debt Service Coverage Calculation</b> <b>Appropriation Category</b>	<b>Water System</b>		<b>Sewer System</b>	
	<b>Adopted</b>	<b>Amended</b>	<b>Adopted</b>	<b>Amended</b>
<b>Debt Service by Lien</b>				
Senior Lien Bonds	\$ 151,609,800	\$ 138,778,700	\$ 157,316,400	\$ 151,490,400
Second Lien Bonds	51,930,500	50,697,200	53,776,500	53,311,100
SRF Junior Lien Bonds	18,368,100	17,639,100	47,436,600	44,793,500
<b>Total Debt Service</b>	<b>\$ 221,908,400</b>	<b>\$ 207,115,000</b>	<b>\$ 258,529,500</b>	<b>\$ 249,595,000</b>

**WHEREAS** Following a review of the budget amendment report through the FY 2025 Third Quarter, the appropriations established with the adoption of the improvement and extension fund budget for the water system and the sewer system are amended as shown in the table below;

<b>Improvement &amp; Extension Fund</b> <b>Appropriation Category</b>	<b>Water System</b>		<b>Sewer System</b>	
	<b>Adopted</b>	<b>Amended</b>	<b>Adopted</b>	<b>Amended</b>
<b>Inflows</b>				
Transfers In from Operating	\$ 7,270,200	\$ 13,262,800	\$ 28,140,700	\$ 42,093,700
Grant Revenues & Capital Contributions	-	No Change	-	No Change
Investment Earnings	938,700	6,125,000	1,076,000	6,210,000
<b>Total Inflows</b>	<b>8,208,900</b>	<b>19,387,800</b>	<b>29,216,700</b>	<b>48,303,700</b>
<b>Outflows</b>				
Transfer out Investment Earnings	938,700	6,125,000	1,076,000	6,210,000
Capital Improvement Plan funded by I&E	-	No Change	-	No Change
Capital Outlay	10,527,800	11,835,700	12,071,300	No Change
Transfer out Revenue Financed Capital	15,000,000	-	5,500,000	-
<b>Total Outflows</b>	<b>26,466,500</b>	<b>17,960,700</b>	<b>18,647,300</b>	<b>18,281,300</b>
<b>Net Increase (Use) of Reserves</b>	<b>\$ (18,257,600)</b>	<b>\$ 1,427,100</b>	<b>\$ 10,569,400</b>	<b>\$ 30,022,400</b>

**WHEREAS** Following a review of the budget amendment report through the FY 2025 Third Quarter, the appropriations established with the adoption of the construction fund budget for the water system and the sewer system are amended as shown in the table below;

<b>Construction Fund Appropriation Category</b>	<b>Water System</b>		<b>Sewer System</b>	
	<b>Adopted</b>	<b>Amended</b>	<b>Adopted</b>	<b>Amended</b>
<b>Inflows</b>				
Transfer from Improvement & Extension Fund	\$ 15,000,000	\$ -	\$ 5,500,000	\$ -
Bond Proceeds	271,562,500	230,000,000	-	50,000,000
SRF loan proceeds	30,800,000	61,643,600	96,852,000	No Change
Investment Earnings	7,953,300	4,839,000	2,359,000	6,830,000
Grant Revenues & Capital Contributions	-	1,848,900	-	2,664,800
Other Revenue	-	No Change	-	No Change
<b>Total Inflows</b>	<b>\$ 325,315,800</b>	<b>\$ 298,331,500</b>	<b>\$ 104,711,000</b>	<b>\$ 156,346,800</b>
<b>Outflows</b>				
Bond Cost of Issuance	-	1,725,000	-	375,000
Capital Program	210,000,000	No Change	170,000,000	185,000,000
<b>Total Outflows</b>	<b>\$ 210,000,000</b>	<b>\$ 211,725,000</b>	<b>\$ 170,000,000</b>	<b>\$ 185,375,000</b>
<b>Net (Use) Increase of Reserves</b>	<b>115,315,800</b>	<b>86,606,500</b>	<b>(65,289,000)</b>	<b>(29,028,200)</b>

**WHEREAS** The GLWA Audit Committee reviewed the budget amendments at its meeting on June 6, 2025; and

**WHEREAS** An affirmative vote of five Board Members is necessary for the adoption of this Resolution,

**NOW THEREFORE BE IT:**

**RESOLVED** That the GLWA Board approves the FY 2025 Third Quarter Budget Amendments; and be it finally

**RESOLVED** That the Chief Executive Officer, and the Chief Financial Officer/Treasurer are authorized to take such other action as may be necessary to accomplish the intent of this resolution.



## **Financial Services Audit Committee Communication**

**Date:** June 6, 2025

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

**From:** Cindy Cezat, Manager, Financial Services

**Re:** Ten Year Financial Projection Annual Post Budget Adoption Update for the Current Fiscal Year 2025 and the Ten Years FY 2026 Through FY 2035

**Background & Analysis:** See attached report.

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



**Ten Year Financial Projection  
For The Current Fiscal Year 2025  
And the Ten Years FY 2026 Through FY 2035**

**Annual Post Budget Adoption Update**

**Presented to the Audit Committee on  
June 6, 2025**

**Please note:** The projections set forth in the following tables are forward looking statements and are based on various assumptions and estimates. The Authority cautions that these projections may and often do differ materially from actual results. Some of the factors that could cause actual results to differ materially from those projected are the Authority's ability to execute the Capital Improvement Plan (CIP) as scheduled and within budget, regional climate and weather conditions, and adverse legislative, regulatory or legal decisions (including environmental laws and regulations) affecting the Authority's ability to manage the Regional Water and Sewage Disposal Systems.

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## **Projection Overview**

### *Executive Summary*

Annually, after the Board of Directors for the Great Lakes Water Authority adopts the upcoming year's budget, an update to the ten-year projection is prepared. This sets the baseline for scenario planning for the new round of budget and capital planning for subsequent years.

A key difference between last year's update is related to the approach for future year proposed budget increases – largely to address increasing needs of the capital program. Last year, and for several years prior, the projection assumed a higher increase in the near term years with a lower increase in future years. Those forecasts aligned with prior presentations to Member Partners. Based on stakeholder feedback during the FY 2026 & FY 2027 Biennial budget process, a smoothed approach is being utilized for forecasting annual increases. This means still reaching the target financial metrics – although at a slower pace.

The MBO Combined water system debt coverage reaches 1.55 by 2035, below the management goal of 1.8. This goal of 1.8 was selected in order to improve the credit ratings (and lower cost of borrowing). An outcome is that funding of the water I&E fund from revenues is lower than the previous forecast. Amounts are sufficient to cover capital outlay for FY 2026 through FY 2028 with little available for revenue financed capital for the CIP. It starts to increase in FY 2029 and FY 2030, with more availability of funds for the CIP starting in FY 2031 to help deleverage the system.

The Master Bond Ordinance Combined sewer system debt coverage reaches a management goal of 1.8 by 2035, although the climb is slower and later than the 2024 forecast which reached the goal by 2033.

There are debt call options for possible refunding savings of July 1, 2025 and July 1, 2026. After those dates refund savings will be limited until July 1, 2030. As part of the June 2025 refunding transaction for the July 1, 2025 call, a tender offer will take place in hopes of garnering more savings.

### *Purpose of the Projections*

The Authority's management team utilizes a ten-year projection, which is updated at the beginning of the annual budget cycle and after the annual budget is adopted. A key goal is to manage debt service coverage levels and capital program spending decisions. The key budgetary decision-making parameter is driven by demonstrating a projected debt service coverage at levels higher than the Required Coverage for all lien priorities under the Bond Ordinance of 1.20 Senior Lien Bonds, 1.10 Senior and Second Lien Bonds and 1.00 All Bonds, including State Revolving Fund (SRF) Junior Lien Bonds. While these targets above the required minimum have not been formally established as policy positions, the debt service coverage levels are designed to achieve long-term financial sustainability and stability objectives.

The overall financial plan summarized by these projections is designed to embrace the Authority's long-term financial stability strategy, which leverages efficiency savings and optimized infrastructure plans coupled with annual revenue adjustments, to produce increasing amounts of unrestricted cash that remains after providing for payment of operation and maintenance expenses, debt service payments, and funding of the various non-operating elements set forth in the foundational documents for the Authority.

#### *Key Financial Performance Metrics*

Tables are included of key financial performance metrics which are viewed through two lenses. First, for the regional system only. Second, with combined data for both the Regional and Local Systems for a combined Master Bond Ordinance (MBO) basis. These tables include a color-coded metric target range, with the green highlight cells noting the goal has been reached. As can be seen in the tables, the regional system debt service is a higher percentage of the revenue requirement than the goal. Deleveraging the system is a top priority of management.

### **Regional Systems Ten Year Projection Assumptions**

The Authority's Biennial Budget for FY 2026 & FY 2027 was adopted by the Board of Directors on February 26, 2025 ([Resolution 2025-19](#)). The Board of Directors also approved the FY 2026 Schedule of Water and Sewer Service Charges ([Resolution 2025-20](#)) and the FY 2026 through FY 2030 Capital Improvement Plan on February 26, 2025 ([Resolution 2025-008](#)).

Tables 1 through 12 provide the financial projections of the Great Lakes Water Authority. The Charges to the Local System in these tables are for services provided by GLWA to DWSD under Section 3.1 of the Water and Sewer Services Agreement. It does not include the revenues and expense related to the operations of the DWSD local retail system.

#### **Assumptions**

The projected Fiscal Year 2025 revenues and revenue requirements reflect the second quarter budget amendment and any additional potential budget adjustments being considered at the time the projection was finalized. The Fiscal Year 2026 and Fiscal Year 2027 figures in this table represent the approved Regional System budget and approved fiscal year charges.

#### *Revenues*

1. Charge Revenue – Charges are the main source of revenue for the Authority. The projection assumes annual revenue requirement increases for the GLWA water system of 6.0% for 2027 through 2035 and increases for the GLWA sewer system of 5% for 2027 through 2030 and 4.5% from 2031 through 2035. The resulting effect on

charges to the Member Partners and the charge for the local system are reflected in Table 2 and Table 8 for the regional system.

2. **Non-operating Revenue** - Projected non-operating revenues include investment earnings from all eligible funds and have been projected based on an analysis of funds on hand, projected activity, and average fund balances. Projected investment yields were provided by the Authority's investment advisor in August and November 2024 for fiscal years 2025 through 2029. These two reports were averaged then adjusted down by 0.5 percent due to the unpredictability of rates in the current economic environment. Interest rates ranging between 3.2 and 3.8 percent were used for FY 2025 through FY 2029. The investment earnings rate used for the ER&R funds ranged from 2 percent to 3.5 percent during this same time period due to the longer-term nature of the historical investments. An investment yield of 2.5 percent was used for 2030 and 2.0 percent for 2031 through 2035 for all funds.
3. **Other Operating Revenue** - Consist mainly of lead and copper rule sample testing fees charged to Member Partners for the water system and septage disposal fees charged to permitted companies who utilize the sewage disposal system.

*Operations & Maintenance Expense* - The Regional System O&M expenses for the years FY 2026 through FY 2030 are based upon detailed analysis by the Financial Planning and Analysis team during the FY 2026 budget process. A two percent increase was projected for 2031 through 2035.

*Debt Service* - The debt service includes only the regional systems share of existing debt service on all outstanding bonds plus estimated debt service on all future bond sales as anticipated to fund the Capital Improvement Plan. Level debt service based on a 30-year term and an interest rate of 5.0 percent has been assumed on all projected bond sales. It is assumed that any additional bonds would be issued as senior lien. Debt service also includes payments on existing SRF loan balances and projected draws on current SRF funds. The projection does not include any SRF loans that have not been closed for the Regional System. Debt service does not reflect any potential savings from future bond refunding transactions.

*General Retirement System Pension* - The General Retirement System (GRS) Pension line represents both the GRS pension obligation payments and the B and C Note payments. There will be no pension payment for FY 2025 as a prepaid administrative expense balance will be used to offset the UAAL contribution of \$1.6 million and an administrative fee of \$0.6 million. For FY 2026 the UAAL contribution will be \$3.8 million with an administrative fee of \$0.6 million for a total of \$4.4 million which is allocated. This amount was used for FY 2026 through FY 2035. Annual payments on the BC Notes range from \$7.5 million in Fiscal Year 2025, then decreasing yearly to \$5.7 million in Fiscal Year 2035. These requirements are allocated between GLWA and DWSD and between the water and sewer funds as shown in the table below.

	Water	Sewer	Total
<b>Pension Obligation</b>			
GLWA Regional System	25.20%	45.10%	70.30%
DWSD Local System	17.80%	11.90%	29.70%
Total	<u>43.00%</u>	<u>57.00%</u>	<u>100.00%</u>
<b>BC Notes</b>			
GLWA Regional System	21.98%	49.44%	71.42%
DWSD Local System	15.52%	13.06%	28.58%
Total	<u>37.50%</u>	<u>62.50%</u>	<u>100.00%</u>

*Water Residential Assistance Program Contribution* - WRAP contributions are 0.5% of the base operating revenues (what operating revenues would be before the WRAP contribution).

*Extraordinary Repair & Replacement Deposit* - The maximum ER&R Fund balance requirement is 15 percent of the Authority operating expenses plus the DWSD operating expenses. Annual deposits are made when necessary to achieve the required ER&R balance.

*Regional System Lease* - Detroit has the option to utilize a portion of the Lease Payment to finance all “post bifurcation” Local System debt service if revenues are insufficient to do so. The projected financing plan anticipates that revenues for the Local System will be sufficient to allow the entire annual Lease payment to be transferred to the Detroit Local Improvement and Extension Account of the Improvement and Extension Fund.

*Working Capital Requirement* - The Working Capital Requirement relates to the Receiving Fund and/or the Authority’s Operation and Maintenance Account. The projections assume that the Receiving Fund will target a balance of 1 month of O&M and 2 months of other required transfers (debt service, pension and WRAP). The Operation and Maintenance Account will target 2.5 months of working capital.

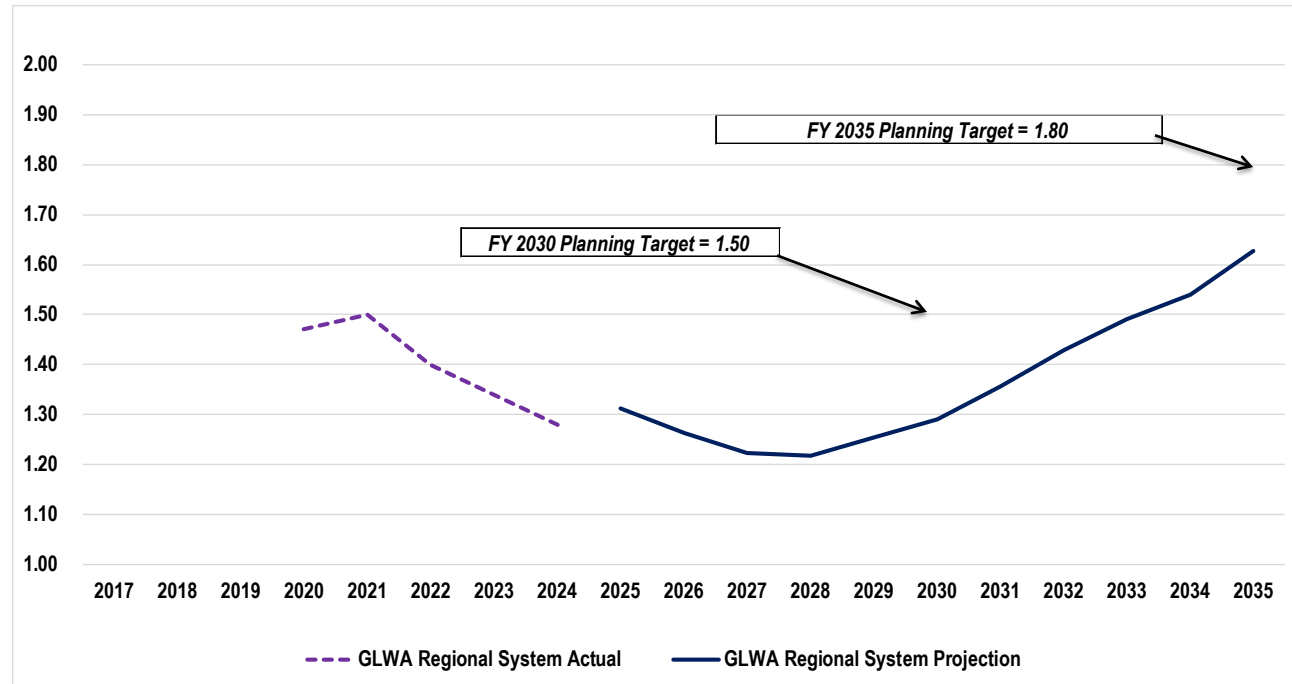
*Improvement & Extension Fund Transfer Pending* - The remaining amount available is what is available to fund the Authority Regional System I&E Funds held within the Trust. Due to timing variances of cash receipts and disbursements, cash flow analysis are done throughout the year to determine when the actual transferred to the I&E accounts will occur, some of which may occur after year end.

### Regional Water System Ten Year Projections

**Table 1 – GLWA Regional Water System Projected Revenue Requirements**

		Projected (\$ millions)										
	Adopted 2025	Forecast 2025	Adopted 2026	Adopted 2027	2028	2029	2030	2031	2032	2033	2034	2035
<b>Revenues</b>												
Revenue from Charges												
1 Wholesale Charges	\$ 347.8	\$ 347.8	\$ 365.6	\$ 387.0	\$ 408.7	\$ 431.1	\$ 460.5	\$ 488.9	\$ 517.1	\$ 547.3	\$ 579.7	\$ 613.6
2 Charges to Local System	27.1	27.1	30.0	33.0	36.2	39.5	43.8	48.0	52.1	56.5	61.3	66.3
3 Total Revenue from Charges	374.9	374.9	395.7	420.1	444.9	470.6	504.3	536.9	569.2	603.9	641.0	679.8
Investment Earnings												
4 Unrestricted	6.7	10.2	9.5	9.5	10.1	11.2	7.9	6.9	7.3	7.2	6.9	7.0
5 Restricted	3.2	3.3	3.3	3.4	4.0	4.7	3.5	3.0	3.1	3.2	3.4	3.6
6 Total Investment Earnings	9.9	13.5	12.8	12.9	14.0	15.8	11.4	9.8	10.4	10.5	10.3	10.5
7 Other Operating Revenue	0.4	0.4	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
8 <b>Total Revenues</b>	<b>\$ 385.1</b>	<b>\$ 388.7</b>	<b>\$ 408.8</b>	<b>\$ 433.3</b>	<b>\$ 459.3</b>	<b>\$ 486.8</b>	<b>\$ 516.0</b>	<b>\$ 547.0</b>	<b>\$ 579.8</b>	<b>\$ 614.7</b>	<b>\$ 651.6</b>	<b>\$ 690.7</b>
<b>Revenue Requirements</b>												
9 Operations & Maintenance Expense	\$ 169.6	\$ 174.6	\$ 182.5	\$ 196.9	\$ 202.0	\$ 203.6	\$ 208.0	\$ 212.1	\$ 216.4	\$ 220.7	\$ 225.1	\$ 229.6
10 Debt Service - Regional System	175.3	163.2	179.1	193.2	211.4	225.8	238.7	246.9	254.3	264.1	276.8	283.4
11 General Retirement System Pension	2.3	1.7	2.7	2.6	2.4	2.4	2.4	2.3	2.3	2.3	2.2	2.4
Water Residential Assistance												
12 Program Contribution	1.9	1.9	2.0	2.1	2.2	2.3	2.5	2.7	2.8	3.0	3.2	3.4
Extraordinary Repair &												
13 Replacement Deposit	-	0.9	0.3	1.9	-	-	-	-	-	-	-	-
14 Regional System Lease	22.5	22.5	22.5	22.5	22.5	22.5	22.5	22.5	22.5	22.5	22.5	22.5
15 Working Capital Requirement	6.2	12.7	0.6	1.8	1.9	5.5	4.7	3.4	3.4	3.8	4.4	3.4
Improvement & Extension Fund												
16 Transfer Pending	7.3	11.3	19.1	12.4	16.8	24.6	37.3	57.0	78.2	98.3	117.3	146.1
17 <b>Total Revenue Requirements</b>	<b>\$ 385.1</b>	<b>\$ 388.7</b>	<b>\$ 408.8</b>	<b>\$ 433.3</b>	<b>\$ 459.3</b>	<b>\$ 486.8</b>	<b>\$ 516.0</b>	<b>\$ 547.0</b>	<b>\$ 579.8</b>	<b>\$ 614.7</b>	<b>\$ 651.6</b>	<b>\$ 690.7</b>

Table 2 – GLWA Regional Water System Debt Service Coverage



	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	
	Actual										Projected									
<b>Regional System Cumulative Average Annual Budget Increase</b>																				
If 4% Promise Was Fully Implemented	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	
Actual & Preliminary Updated Forecast	4.0%	1.5%	1.3%	1.6%	1.4%	1.3%	1.6%	1.9%	2.1%	2.5%	2.8%	3.1%	3.3%	3.5%	3.7%	3.8%	3.9%	4.1%	4.2%	
<b>Regional System Annual Budget/Charges Increase</b>																				
Regional Actual Budget Adjustments	4.0%	-0.9%	1.0%	2.5%	0.6%	0.7%	3.5%	4.0%	4.0%	6.14%										
Regional Projected Budget Adjustments											6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.01%	
Regional Actual Charges Adjustments	4.5%	1.8%	1.8%	0.6%	3.2%	1.5%	3.7%	2.8%	3.3%	5.90%										
Regional Projected Charges Adjustments											6.16%	5.92%	5.78%	7.15%	6.46%	6.01%	6.10%	6.14%	6.06%	
<b>Other Key Datapoints</b>																				
	Actual								Projected											
Debt Service Coverage				1.47	1.50	1.40	1.34	1.28	1.31	1.26	1.22	1.22	1.25	1.29	1.36	1.43	1.49	1.54	1.63	
Regional Days Cash	959	1,066	1,058	1,086	1,043	632	573	640	585	558	510	513	528	563	587	569	530	529	588	
Paygo Financing ( <i>millions</i> )									\$ -	\$ 9	\$ 12	\$ -	\$ 11	\$ 7	\$ 31	\$ 76	\$ 110	\$ 106	\$ 96	
New Money Bonds needed ( <i>millions</i> )									\$ 230	\$ 222	\$ 290	\$ 209	\$ 138	\$ 124	\$ 114	\$ 165	\$ 159	\$ 144	\$ 144	
Capital Projects Spend Forecast ( <i>millions</i> )									\$ 190	\$ 185	\$ 235	\$ 290	\$ 220	\$ 145	\$ 155	\$ 190	\$ 275	\$ 265	\$ 240	

**Table 3 – GLWA Regional Water System Capital Improvement Plan Projected Funding Sources**

		Adopted 2025	Projected (\$ millions)											Total
			2025	Adopted 2026	Adopted 2027	2028	2029	2030	2031	2032	2033	2034	2035	
Capital Improvement Program														
1	Capital Improvement Program	\$ 207.3	\$ 179.4	\$ 183.1	\$ 233.1	\$ 285.9	\$ 230.5	\$ 150.6	\$ 161.0	\$ 199.6	\$ 271.0	\$ 264.2	\$ 238.0	
2	Spend Rate Assumption	100%	100%	100%	100%	100%	95%	95%	95%	95%	100%	100%	100%	
3	Projected CIP Spend	\$ 207.3	\$ 179.4	\$ 183.1	\$ 233.1	\$ 285.9	\$ 218.9	\$ 143.1	\$ 152.9	\$ 189.6	\$ 271.0	\$ 264.2	\$ 238.0	
Funding Requirements														
4	Capital Outlay	\$ 10.5	\$ 10.5	\$ 11.7	\$ 8.0	\$ 9.5	\$ 8.7	\$ 8.8	\$ 8.9	\$ 9.1	\$ 9.3	\$ 9.5	\$ 9.7	\$ 103.8
5	Capital Improvement Program (a)	210.0	190.0	185.0	235.0	290.0	220.0	145.0	155.0	190.0	275.0	265.0	240.0	2,390.0
6	Total Funding Requirements	\$ 220.5	\$ 200.5	\$ 196.7	\$ 243.0	\$ 299.5	\$ 228.7	\$ 153.8	\$ 163.9	\$ 199.1	\$ 284.3	\$ 274.5	\$ 249.7	\$ 2,493.8
Funding Sources														
GLWA Regional System Improvement and Extension Fund														
7	Beginning Balance	\$ 147.0	\$ 147.0	\$ 147.8	\$ 145.9	\$ 138.5	\$ 145.8	\$ 150.6	\$ 171.9	\$ 189.0	\$ 182.0	\$ 161.0	\$ 162.8	\$ 147.0
8	Transfers from Water Receiving	7.3	11.3	19.1	12.4	16.8	24.6	37.3	57.0	78.2	98.3	117.3	146.1	618.3
9	Available from I&E Fund	154.3	158.3	166.9	158.3	155.3	170.4	187.9	228.9	267.1	280.3	278.3	308.9	
Construction Fund														
10	Beginning Balance	131.3	131.3	236.6	290.4	363.4	288.8	223.9	213.3	205.7	258.7	255.3	244.2	131.3
Bond Issues														
11	Water System Revenue Bonds	-	230.0	222.0	290.0	209.0	138.0	124.0	114.0	165.0	159.0	144.0	144.0	
12	Less: Issuance Expenses	-	(1.7)	(1.7)	(2.2)	(1.6)	(1.0)	(0.9)	(0.9)	(1.2)	(1.2)	(1.1)	(1.1)	
13	Net Bond Proceeds Available	271.6	228.3	220.3	287.8	207.4	137.0	123.1	113.1	163.8	157.8	142.9	142.9	1,924.5
14	State DWSRF Financing	30.8	61.6	1.4	-	-	-	-	-	-	-	-	-	63.0
15	Grants and Contributions	-	2.1	2.3	2.0	-	-	-	-	-	-	-	-	6.4
16	Investment Income	8.0	3.3	5.6	6.4	8.0	7.1	4.1	3.2	3.2	3.8	4.9	4.9	54.5
17	Available from Construction Fund	441.6	426.6	466.1	586.7	578.8	432.9	351.1	329.7	372.7	420.3	403.2	392.0	
18	Total Funding Sources Available	\$ 595.8	\$ 584.9	\$ 633.0	\$ 745.0	\$ 734.1	\$ 603.3	\$ 539.0	\$ 558.6	\$ 639.9	\$ 700.6	\$ 681.5	\$ 700.8	\$ 2,945.0
Projected Use of Funding Sources														
19	I&E Funds - Capital Outlay	\$ 10.5	\$ 10.5	\$ 11.7	\$ 8.0	\$ 9.5	\$ 8.7	\$ 8.8	\$ 8.9	\$ 9.1	\$ 9.3	\$ 9.5	\$ 9.7	\$ 103.8
20	I&E Funds - Capital Projects	15.0	-	9.3	11.8	-	11.0	7.3	31.0	76.0	110.0	106.0	96.0	458.3
21	Construction Fund - Capital Projects	195.0	190.0	175.8	223.3	290.0	209.0	137.8	124.0	114.0	165.0	159.0	144.0	1,931.8
22	Total Projected Use of Funding Sources	\$ 220.5	\$ 200.5	\$ 196.7	\$ 243.0	\$ 299.5	\$ 228.7	\$ 153.8	\$ 163.9	\$ 199.1	\$ 284.3	\$ 274.5	\$ 249.7	\$ 2,493.8
Funding Sources Available for Future Capital Projects														
23	Improvement & Extension Fund	\$ 128.7	\$ 147.8	\$ 145.9	\$ 138.5	\$ 145.8	\$ 150.6	\$ 171.9	\$ 189.0	\$ 182.0	\$ 161.0	\$ 162.8	\$ 203.2	
24	Construction Fund	246.6	236.6	290.4	363.4	288.8	223.9	213.3	205.7	258.7	255.3	244.2	248.0	
25	Total Funding Sources Available for Future Capital Projects	\$ 375.3	\$ 384.3	\$ 436.3	\$ 501.9	\$ 434.6	\$ 374.5	\$ 385.3	\$ 394.7	\$ 440.7	\$ 416.3	\$ 407.0	\$ 451.2	

(a) For projected funding requirements the projected CIP spend is rounded up to nearest \$5M



**Table 4 – GLWA Regional Water System Projected Statement of Revenues, Expenses and Changes in Net Position**

		Projected (\$ millions)										
		2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
1	Operating Revenues	\$ 381.2	\$ 402.4	\$ 426.9	\$ 451.8	\$ 477.5	\$ 511.1	\$ 543.7	\$ 576.0	\$ 610.8	\$ 647.8	\$ 686.7
Operating Expenses												
2	Operating Expenses before Depreciation	173.9	182.0	196.3	201.5	203.3	208.0	212.1	216.4	220.7	225.1	229.6
3	Depreciation Expense	98.7	100.7	102.4	107.6	110.6	112.2	117.2	125.9	137.0	146.7	157.8
4	Amortization of Intangible Assets	4.9	5.1	5.1	5.1	4.7	4.3	3.6	3.6	3.6	3.6	3.6
5	Total Operating Expenses	277.5	287.7	303.8	314.1	318.6	324.5	332.9	345.9	361.3	375.4	391.0
6	Operating Income	103.7	114.7	123.2	137.7	158.9	186.6	210.8	230.1	249.5	272.4	295.8
Nonoperating Revenues (Expenses)												
7	Earnings on Investments	16.7	18.3	19.4	22.0	23.0	15.6	13.0	13.6	14.2	15.2	15.4
8	Interest Income on Other Receivables	24.0	23.1	22.3	21.8	23.3	22.4	21.2	20.0	18.6	17.2	15.8
9	Interest Expense	(134.9)	(141.4)	(148.0)	(157.5)	(164.2)	(164.9)	(164.1)	(162.5)	(163.1)	(165.9)	(164.4)
10	Amortization of Debt Related Items	20.1	19.2	17.8	17.7	17.2	15.7	14.6	13.0	12.0	11.0	7.1
11	Legacy Pension Expense	(1.3)	1.2	(3.8)	0.1	0.6	0.1	0.1	0.2	0.3	(1.1)	(1.0)
12	WRAP	(1.9)	(2.0)	(2.1)	(2.2)	(2.3)	(2.5)	(2.7)	(2.8)	(3.0)	(3.2)	(3.4)
13	Other	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
14	Total Nonoperating Expenses	(77.0)	(81.4)	(94.3)	(97.9)	(102.4)	(113.6)	(117.6)	(118.4)	(120.8)	(126.5)	(130.3)
15	Income Before Capital Contributions	26.7	33.3	28.9	39.8	56.5	73.1	93.3	111.8	128.7	145.9	165.5
16	Capital Contributions	2.1	2.3	2.0	-	-	-	-	-	-	-	-
17	Change in Net Position	28.8	35.6	30.9	39.8	56.5	73.1	93.3	111.8	128.7	145.9	165.5
18	Net Position (Deficit), Beginning of Year	(111.1)	(82.3)	(46.7)	(15.8)	23.9	80.4	153.5	246.7	358.5	487.2	633.1
19	Net Position (Deficit), End of Year	\$ (82.3)	\$ (46.7)	\$ (15.8)	\$ 23.9	\$ 80.4	\$ 153.5	\$ 246.7	\$ 358.5	\$ 487.2	\$ 633.1	\$ 798.5

**Table 5 – GLWA Regional Water System Projected Cash and Investment Balances**

		Projected (\$ millions)										
		2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Unrestricted Funds												
Receiving Fund (Regional)												
1	Beginning Balance	\$ 63.0	\$ 61.5	\$ 59.8	\$ 57.4	\$ 56.7	\$ 59.2	\$ 61.8	\$ 63.4	\$ 65.1	\$ 67.1	\$ 69.6
2	Investment Earnings	8.7	7.6	7.2	7.4	8.2	5.8	5.1	5.5	5.4	5.0	5.1
3	Receipts	375.3	396.0	420.4	445.2	470.9	504.6	537.2	569.5	604.2	641.3	680.1
4	MBO Transfers	(374.1)	(386.3)	(417.5)	(436.6)	(452.0)	(470.5)	(483.6)	(495.2)	(509.3)	(526.4)	(537.7)
5	I&E transfers out	(11.3)	(19.1)	(12.4)	(16.8)	(24.6)	(37.3)	(57.0)	(78.2)	(98.3)	(117.3)	(146.1)
6	Ending Balance Receiving	61.5	59.8	57.4	56.7	59.2	61.8	63.4	65.1	67.1	69.6	71.1
O&M Fund (Regional)												
7	Beginning Balance	22.9	36.4	38.1	41.1	42.5	44.0	45.1	46.0	47.0	47.9	48.9
8	Investment Earnings	0.9	1.2	1.2	1.4	1.5	1.1	0.9	0.9	0.9	1.0	1.0
9	Working Capital Needs	12.7	0.5	1.8	-	-	-	-	-	-	-	-
10	Ending Balance O&M	36.4	38.1	41.1	42.5	44.0	45.1	46.0	47.0	47.9	48.9	49.8
ER&R Fund												
11	Beginning Balance	32.4	34.0	35.0	38.0	39.3	40.7	41.7	42.6	43.4	44.3	45.2
12	Investment Earnings	0.6	0.7	1.1	1.3	1.4	1.0	0.8	0.9	0.9	0.9	0.9
13	MBO Transfers	0.9	0.3	1.9	-	-	-	-	-	-	-	-
14	Ending Balance ER&R	34.0	35.0	38.0	39.3	40.7	41.7	42.6	43.4	44.3	45.2	46.1
I&E Fund (Regional)												
15	Beginning Balance	147.0	147.8	145.9	138.5	145.8	150.6	171.9	189.0	182.0	161.0	162.8
16	Budgeted Capital Outlay	(10.5)	(11.7)	(8.0)	(9.5)	(8.7)	(8.8)	(8.9)	(9.1)	(9.3)	(9.5)	(9.7)
17	Transfer to Construction Fund	-	(9.3)	(11.8)	-	(11.0)	(7.3)	(31.0)	(76.0)	(110.0)	(106.0)	(96.0)
18	Deposits from Revenues	11.3	19.1	12.4	16.8	24.6	37.3	57.0	78.2	98.3	117.3	146.1
19	Ending Balance I&E	147.8	145.9	138.5	145.8	150.6	171.9	189.0	182.0	161.0	162.8	203.2
20	Total Unrestricted Funds	\$ 279.7	\$ 278.8	\$ 275.0	\$ 284.2	\$ 294.6	\$ 320.5	\$ 341.0	\$ 337.5	\$ 320.2	\$ 326.4	\$ 370.2
21	Days Cash on Hand	585	558	510	513	528	563	587	569	530	529	588
Restricted Funds												
Receiving Fund (Local System )-Cash held fbo DWSD												
22	Beginning Balance	\$ 22.7	\$ 22.7	\$ 22.7	\$ 22.7	\$ 22.7	\$ 22.7	\$ 22.7	\$ 22.7	\$ 22.7	\$ 22.7	\$ 22.7
23	Receipts	124.1	130.5	137.5	146.6	154.5	162.9	171.7	181.0	190.8	201.1	212.0
24	MBO Transfers	(122.0)	(129.0)	(134.1)	(140.4)	(151.1)	(161.2)	(169.3)	(177.4)	(185.8)	(194.5)	(203.8)
25	I&E Transfers to Local System	(2.1)	(1.5)	(3.4)	(6.2)	(3.4)	(1.6)	(2.4)	(3.5)	(5.0)	(6.5)	(8.2)
26	Ending Balance Receiving	22.7	22.7	22.7	22.7	22.7	22.7	22.7	22.7	22.7	22.7	22.7
27	Debt Service	14.9	18.2	21.6	25.5	30.2	33.7	36.7	39.8	43.0	46.5	50.0
	Construction Fund											
28	(Regional System)	236.6	290.4	363.4	288.8	223.9	213.3	205.7	258.7	255.3	244.2	248.0
29	Budget Stabilization Fund	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
30	WRAP	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9
31	Total Restricted Funds	\$ 277.1	\$ 334.2	\$ 410.6	\$ 340.0	\$ 279.8	\$ 272.7	\$ 268.0	\$ 324.1	\$ 324.0	\$ 316.3	\$ 323.6
Total Unrestricted and Restricted Funds												
32		\$ 556.8	\$ 613.0	\$ 685.7	\$ 624.2	\$ 574.4	\$ 593.3	\$ 609.1	\$ 661.6	\$ 644.2	\$ 642.7	\$ 693.9

### Table 6 – GLWA Regional Water System Projected Metrics

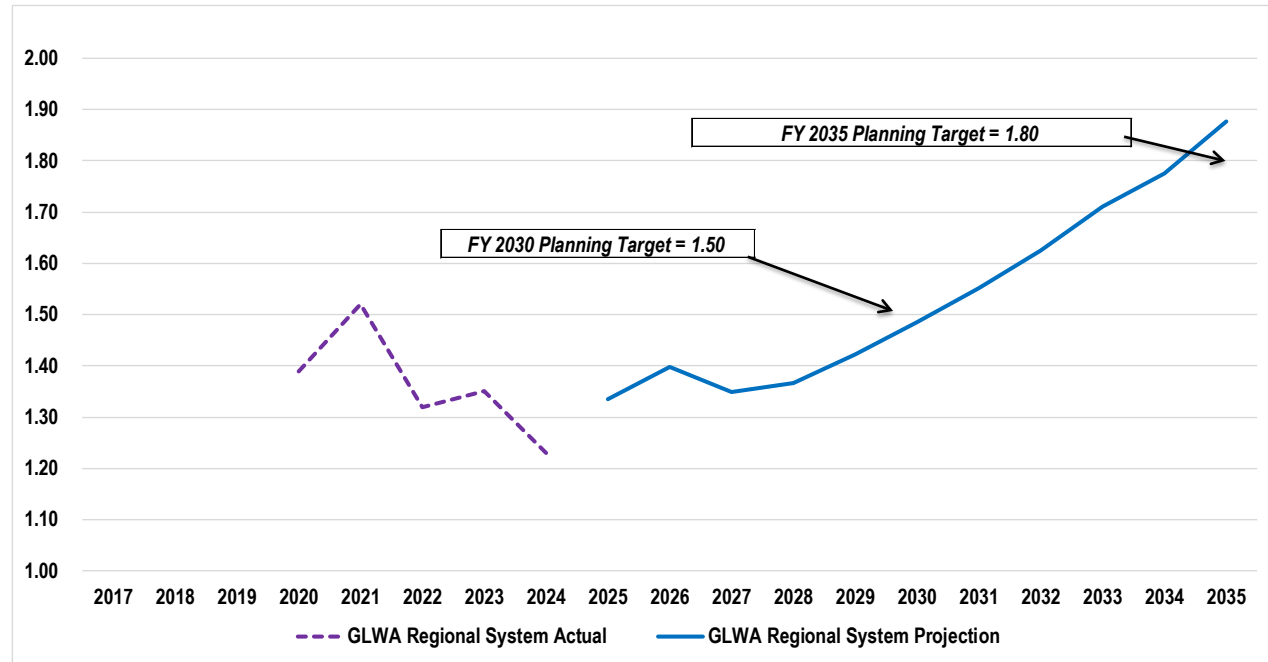
				Projected (\$ millions)											
Metric	Metric Target Range			2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	
			Goal												
Operating Margin															
1	Depreciation & Amortization Expense			\$ 103.6	\$ 105.8	\$ 107.4	\$ 112.6	\$ 115.3	\$ 116.5	\$ 120.8	\$ 129.5	\$ 140.6	\$ 150.3	\$ 161.3	
2	Total Operating Expenses			\$ 277.5	\$ 287.7	\$ 303.8	\$ 314.1	\$ 318.6	\$ 324.5	\$ 332.9	\$ 345.9	\$ 361.3	\$ 375.4	\$ 391.0	
3	Operating Margin			\$ 103.7	\$ 114.7	\$ 123.2	\$ 137.7	\$ 158.9	\$ 186.6	\$ 210.8	\$ 230.1	\$ 249.5	\$ 272.4	\$ 295.8	
Operating															
4	Margin %	<25%	25%	40%	27.2%	28.5%	28.9%	30.5%	33.3%	36.5%	38.8%	40.0%	40.8%	42.0%	43.1%
Regional Revenue Allocation															
5	O&M			44.9%	44.6%	45.4%	44.0%	41.8%	40.3%	38.8%	37.3%	35.9%	34.6%	33.2%	
6	Debt Service	>40%	40%	33%	42.0%	43.8%	44.6%	46.0%	46.4%	46.3%	45.1%	43.9%	43.0%	42.5%	41.0%
7	Non-Operating Expense			6.7%	6.7%	6.3%	5.9%	5.6%	5.3%	5.0%	4.8%	4.5%	4.3%	4.1%	
8	Capital Financing			6.4%	4.9%	3.7%	4.1%	6.2%	8.1%	11.0%	14.1%	16.6%	18.7%	21.6%	
9	Total			100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	
Other Metrics															
10	Days Cash	<400	400	500	585	558	510	513	528	563	587	569	530	529	588
11	Net Position	<150	150	250	\$ (82.3)	\$ (46.7)	\$ (15.8)	\$ 23.9	\$ 80.4	\$ 153.5	\$ 246.7	\$ 358.5	\$ 487.2	\$ 633.1	\$ 798.5
Net Fixed															
12	Asset/Depreciation	<12	12	25	21	21	22	23	23	23	23	22	21	21	20

### Regional Sewage Disposal System Ten Year Projections

**Table 7 – GLWA Regional Sewage Disposal System Projected Revenue Requirements**

		Projected (\$ millions)										
	Adopted 2025	Forecast 2025	Adopted 2026	Adopted 2027	2028	2029	2030	2031	2032	2033	2034	2035
<b>Revenues</b>												
Revenue from charges												
1 Wholesale Charges	\$ 287.5	\$ 287.5	\$ 300.3	\$ 314.9	\$ 330.1	\$ 346.3	\$ 366.6	\$ 384.2	\$ 401.0	\$ 418.6	\$ 437.0	\$ 456.4
2 Charges to Local System	205.9	205.9	215.3	226.5	237.9	250.0	265.2	278.4	291.0	304.2	318.0	332.6
3 Industrial Waste Charges	8.7	8.7	9.2	9.6	10.1	10.6	11.2	11.8	12.3	12.8	13.4	14.0
4 Pollutant Surcharges	5.4	5.4	5.1	5.4	5.6	5.9	6.3	6.6	6.9	7.2	7.5	7.8
Total Revenue from												
5 Sewer Charges	507.6	507.6	529.9	556.3	583.7	612.8	649.2	680.9	711.1	742.8	775.9	810.8
Investment Earnings												
6 Unrestricted	10.5	10.8	10.5	11.1	11.9	12.2	8.8	7.6	8.4	9.3	10.0	10.6
7 Restricted	1.9	4.2	4.1	4.3	4.8	5.4	4.0	3.3	3.4	3.6	3.7	3.8
8 Total Investment Earnings	12.4	15.1	14.6	15.4	16.7	17.6	12.7	10.9	11.8	12.8	13.8	14.4
6 Other Operating Revenue	0.7	0.7	0.4	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
9 <b>Total Revenues</b>	<b>\$ 520.7</b>	<b>\$ 523.4</b>	<b>\$ 545.0</b>	<b>\$ 572.2</b>	<b>\$ 600.8</b>	<b>\$ 630.8</b>	<b>\$ 662.4</b>	<b>\$ 692.2</b>	<b>\$ 723.4</b>	<b>\$ 756.0</b>	<b>\$ 790.1</b>	<b>\$ 825.6</b>
<b>Revenue Requirements</b>												
10 Operations & Maintenance Expense	\$ 228.9	\$ 231.4	\$ 236.1	\$ 246.4	\$ 256.9	\$ 262.1	\$ 267.8	\$ 273.1	\$ 278.6	\$ 284.2	\$ 289.9	\$ 295.7
11 Debt Service - Regional System	226.3	218.8	220.9	241.5	251.6	259.3	265.6	270.2	273.7	275.7	281.7	282.4
12 General Retirement System Pension	4.8	3.7	5.6	5.2	4.9	4.9	4.8	4.7	4.6	4.6	4.5	4.8
Water Residential Assistance												
13 Program Contribution	2.7	2.5	2.6	2.8	2.9	3.1	3.2	3.4	3.5	3.7	3.9	4.0
Extraordinary Repair &												
14 Replacement Deposit	-	-	-	-	0.3	-	-	-	-	-	0.7	-
15 Regional System Lease	27.5	27.5	27.5	27.5	27.5	27.5	27.5	27.5	27.5	27.5	27.5	27.5
16 Working Capital Requirement	2.3	-	-	2.7	6.2	5.9	4.4	3.5	3.6	3.2	4.1	3.2
Improvement & Extension Fund												
17 Transfer Pending	28.1	39.4	52.2	46.1	50.5	68.2	89.1	109.8	131.9	157.1	177.9	208.1
18 <b>Total Revenue Requirements</b>	<b>\$ 520.7</b>	<b>\$ 523.4</b>	<b>\$ 545.0</b>	<b>\$ 572.2</b>	<b>\$ 600.8</b>	<b>\$ 630.8</b>	<b>\$ 662.4</b>	<b>\$ 692.2</b>	<b>\$ 723.4</b>	<b>\$ 756.0</b>	<b>\$ 790.1</b>	<b>\$ 825.6</b>

Table 8 – GLWA Regional Sewage Disposal System Debt Service Coverage



	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	
	Actual										Projected									
<u>Regional System Cumulative Average Annual Budget Increase</u>																				
If 4% Promise Was Fully Implemented	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	
Actual & Preliminary Updated Forecast	4.0%	2.1%	1.8%	1.9%	1.8%	1.1%	1.1%	1.5%	1.7%	2.0%	2.3%	2.5%	2.7%	2.9%	3.0%	3.1%	3.2%	3.2%	3.3%	
<u>Regional System Annual Budget/Charges Increase</u>																				
Regional Actual Budget Adjustments	4.0%	0.3%	1.0%	2.2%	1.3%	-2.3%	1.3%	4.0%	4.0%	4.67%										
Regional Projected Budget Adjustments											5.00%	5.00%	5.00%	5.00%	4.50%	4.50%	4.50%	4.50%	4.50%	
Regional Actual Charges Adjustments	8.3%	-0.7%	0.1%	0.8%	2.0%	0.6%	2.4%	2.8%	3.0%	4.50%										
Regional Projected Charges Adjustments											4.99%	4.91%	4.99%	5.95%	4.88%	4.44%	4.44%	4.46%	4.51%	
<u>Other Key Datapoints</u>	Actual								Projected											
Debt Service Coverage				1.39	1.52	1.32	1.35	1.23	1.33	1.40	1.35	1.37	1.42	1.49	1.55	1.63	1.71	1.78	1.88	
Regional Days Cash	495	432	495	593	664	574	521	571	532	544	520	477	488	516	561	606	645	664	668	
Paygo Financing (millions)									\$ -	\$ 26	\$ 35	\$ 57	\$ 51	\$ 57	\$ 64	\$ 84	\$ 112	\$ 149	\$ 189	
New Money Bonds needed (millions)									\$ 50	\$ 101	\$ 125	\$ 111	\$ 83	\$ 57	\$ 56	\$ 28	\$ 17	\$ 21	\$ 21	
Capital Projects Spend Forecast (millions)									\$ 170	\$ 175	\$ 235	\$ 285	\$ 255	\$ 190	\$ 160	\$ 140	\$ 140	\$ 165	\$ 210	

**Table 9 – GLWA Regional Sewer System Capital Improvement Plan Projected Funding Sources**

		Projected (\$ millions)													
		Adopted 2025	2025	Adopted 2026	Adopted 2027	2028	2029	2030	2031	2032	2033	2034	2035	Total	
Capital Improvement Program															
1	Capital Improvement Program	\$ 169.2	\$ 163.3	\$ 193.2	\$ 291.8	\$ 337.8	\$ 261.1	\$ 187.6	\$ 155.5	\$ 136.3	\$ 137.0	\$ 171.9	\$ 240.5		
2	Spend Rate Assumption	100%	100%	90%	80%	84%	96%	100%	100%	100%	100%	95%	87%		
3	Projected CIP Spend	\$ 169.2	\$ 163.3	\$ 173.9	\$ 233.5	\$ 283.8	\$ 250.7	\$ 187.6	\$ 155.5	\$ 136.3	\$ 137.0	\$ 163.3	\$ 209.3		
Funding Requirements															
4	Capital Outlay	\$ 12.1	\$ 12.1	\$ 11.8	\$ 14.0	\$ 15.7	\$ 8.2	\$ 8.2	\$ 8.3	\$ 8.5	\$ 8.7	\$ 8.8	\$ 9.0	\$ 113.2	
5	Capital Improvement Program (a)	170.0	170.0	175.0	235.0	285.0	255.0	190.0	160.0	140.0	140.0	165.0	210.0	2,125.0	
6	Total Funding Requirements	\$ 182.1	\$ 182.1	\$ 186.8	\$ 249.0	\$ 300.7	\$ 263.2	\$ 198.2	\$ 168.3	\$ 148.5	\$ 148.7	\$ 173.8	\$ 219.0	\$ 2,238.2	
Funding Sources															
GLWA Regional System Improvement and Extension Account															
7	Beginning Balance	\$ 138.1	\$ 138.1	\$ 165.4	\$ 179.6	\$ 176.5	\$ 154.3	\$ 163.3	\$ 187.2	\$ 224.7	\$ 264.1	\$ 300.6	\$ 321.1	\$ 138.1	
8	Transfers from Sewer Receiving	28.1	39.4	52.2	46.1	50.5	68.2	89.1	109.8	131.9	157.1	177.9	208.1	1,130.3	
9	Available from I&E Fund	166.3	177.5	217.7	225.7	227.0	222.5	252.4	297.0	356.6	421.3	478.5	529.2		
Construction Fund															
10	Beginning Balance	172.4	172.4	147.4	179.0	207.4	198.6	176.2	153.9	155.8	130.2	121.4	128.2	172.4	
Bond Issues															
11	Sewer System Revenue Bonds	-	50.0	101.0	125.0	111.0	83.0	57.0	56.0	28.0	17.0	21.0	21.0		
12	Less: Issuance Expenses	-	(0.4)	(0.8)	(0.9)	(0.8)	(0.6)	(0.4)	(0.4)	(0.2)	(0.1)	(0.2)	(0.2)		
13	Net Bond Proceeds Available	-	49.6	100.2	124.1	110.2	82.4	56.6	55.6	27.8	16.9	20.8	20.8	665.0	
14	State CWSRF Financing	96.9	69.4	52.9	99.7	103.8	93.7	50.7	39.7	-	-	-	-	509.9	
15	Grants and Contributions	-	20.9	23.2	-	-	-	-	-	-	-	-	-	44.1	
16	Investment Income	2.4	5.1	3.9	4.4	5.2	5.5	3.5	2.6	2.6	2.4	2.5	2.6	40.2	
17	Available from Construction Fund	271.6	317.4	327.7	407.2	426.6	380.2	286.9	251.8	186.2	149.4	144.7	151.6		
18	Total Funding Sources Available	\$ 437.9	\$ 494.9	\$ 545.4	\$ 632.9	\$ 653.6	\$ 602.6	\$ 539.3	\$ 548.8	\$ 542.8	\$ 570.6	\$ 623.2	\$ 680.8	\$ 2,700.0	
Projected Use of Funding Sources															
19	I&E Funds - Capital Outlay	\$ 12.1	\$ 12.1	\$ 11.8	\$ 14.0	\$ 15.7	\$ 8.2	\$ 8.2	\$ 8.3	\$ 8.5	\$ 8.7	\$ 8.8	\$ 9.0	\$ 113.2	
20	I&E Funds - Capital Projects	5.5	-	26.3	35.3	57.0	51.0	57.0	64.0	84.0	112.0	148.5	189.0	824.0	
21	Construction Fund - Capital Projects	164.5	170.0	148.8	199.8	228.0	204.0	133.0	96.0	56.0	28.0	16.5	21.0	1,301.0	
22	Total Projected Use of Funding Sources	\$ 182.1	\$ 182.1	\$ 186.8	\$ 249.0	\$ 300.7	\$ 263.2	\$ 198.2	\$ 168.3	\$ 148.5	\$ 148.7	\$ 173.8	\$ 219.0	\$ 2,238.2	
Funding Sources Available for Future Capital Projects															
23	Improvement & Extension Fund	\$ 148.7	\$ 165.4	\$ 179.6	\$ 176.5	\$ 154.3	\$ 163.3	\$ 187.2	\$ 224.7	\$ 264.1	\$ 300.6	\$ 321.1	\$ 331.2		
24	Construction Fund	107.1	147.4	179.0	207.4	198.6	176.2	153.9	155.8	130.2	121.4	128.2	130.6		
25	Total Funding Sources Available for Future Capital Projects	\$ 255.8	\$ 312.9	\$ 358.6	\$ 383.9	\$ 352.9	\$ 339.5	\$ 341.2	\$ 380.5	\$ 394.3	\$ 422.0	\$ 449.3	\$ 461.8		

(a) | For projected funding requirements the projected CIP spend is rounded up to nearest \$5M

**Table 10 – GLWA Regional Sewer System Projected Statement of Revenues, Expenses and Changes in Net Position**

		Projected (\$ millions)										
		2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
1	Operating Revenues	\$ 508.3	\$ 530.3	\$ 556.8	\$ 584.1	\$ 613.2	\$ 649.7	\$ 681.3	\$ 711.6	\$ 743.2	\$ 776.3	\$ 811.3
Operating Expenses												
2	Operating Expenses before Depreciation	230.2	235.1	245.3	255.8	261.1	267.2	272.6	278.6	284.2	289.9	295.7
3	Depreciation Expense	151.8	150.1	145.7	147.3	154.4	153.9	152.3	155.9	164.9	170.2	174.9
4	Amortization of Intangible Assets	1.8	1.9	1.9	1.9	1.6	1.2	0.4	0.0	-	-	-
5	Total Operating Expenses	383.8	387.1	392.9	405.0	417.2	422.2	425.3	434.6	449.1	460.1	470.6
6	Operating Income	124.5	143.3	163.9	179.1	196.1	227.4	256.0	277.0	294.1	316.2	340.7
Nonoperating Revenues (Expenses)												
7	Earnings on Investments	20.2	18.6	19.8	21.9	23.1	16.2	13.5	14.4	15.2	16.2	16.9
8	Interest Income on Other Receivables	15.5	14.9	14.3	14.0	15.8	15.3	14.5	13.6	12.5	11.4	10.2
9	Interest Expense	(141.9)	(138.7)	(139.5)	(141.1)	(143.9)	(142.3)	(138.4)	(133.2)	(126.2)	(118.1)	(109.5)
10	Amortization of Debt Related Items	9.7	8.2	8.3	8.6	8.5	8.4	9.4	10.4	10.5	9.8	6.2
11	Legacy Pension Expense	(2.3)	2.1	(6.9)	0.3	1.0	0.1	0.2	0.4	0.5	(2.0)	(1.8)
12	WRAP	(2.5)	(2.6)	(2.8)	(2.9)	(3.1)	(3.2)	(3.4)	(3.5)	(3.7)	(3.9)	(4.0)
13	Other	19.4	5.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
14	Total Nonoperating Expenses	(82.0)	(92.3)	(106.4)	(99.0)	(98.2)	(105.3)	(103.9)	(97.7)	(91.0)	(86.2)	(81.7)
15	Income Before Capital Contributions	42.5	51.0	57.5	80.1	97.9	122.1	152.2	179.3	203.1	230.0	259.0
16	Capital Contributions	1.8	18.2	-	-	-	-	-	-	-	-	-
17	Change in Net Position	44.3	69.2	57.5	80.1	97.9	122.1	152.2	179.3	203.1	230.0	259.0
18	Net Position (Deficit), Beginning of Year	(79.3)	(35.0)	34.2	91.7	171.8	269.7	391.8	544.0	723.3	926.4	1,156.4
19	Net Position (Deficit), End of Year	\$ (35.0)	\$ 34.2	\$ 91.7	\$ 171.8	\$ 269.7	\$ 391.8	\$ 544.0	\$ 723.3	\$ 926.4	\$ 1,156.4	\$ 1,415.3

**Table 11 – GLWA Regional Sewer System Projected Cash and Investment Balances**

		Projected (\$ millions)										
		2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Unrestricted Funds												
Receiving Fund (Regional)												
1	Beginning Balance	\$ 73.0	\$ 70.1	\$ 67.3	\$ 66.7	\$ 69.3	\$ 71.1	\$ 72.6	\$ 73.7	\$ 74.9	\$ 75.6	\$ 77.2
2	Investment Earnings	7.9	7.8	7.8	8.2	8.1	5.9	5.2	6.0	6.8	7.5	8.0
3	Receipts	508.3	530.3	556.8	584.1	613.2	649.7	681.3	711.6	743.2	776.3	811.3
4	MBO Transfers	(479.7)	(488.7)	(519.1)	(539.3)	(551.4)	(565.0)	(575.6)	(584.5)	(592.1)	(604.4)	(610.5)
5	I&E transfers out	(39.4)	(52.2)	(46.1)	(50.5)	(68.2)	(89.1)	(109.8)	(131.9)	(157.1)	(177.9)	(208.1)
6	Ending Balance Receiving	70.1	67.3	66.7	69.3	71.1	72.6	73.7	74.9	75.6	77.2	77.8
O&M Fund (Regional)												
7	Beginning Balance	55.1	57.1	59.0	60.9	62.9	65.2	66.9	68.2	69.6	71.0	72.4
8	Investment Earnings	2.1	1.9	1.9	2.1	2.3	1.6	1.3	1.4	1.4	1.4	1.4
9	Working Capital Needs	-	-	-	-	-	-	-	-	-	-	-
10	Ending Balance O&M	57.1	59.0	60.9	62.9	65.2	66.9	68.2	69.6	71.0	72.4	73.8
ER&R Fund												
11	Beginning Balance	43.9	44.7	45.6	47.1	49.0	50.8	52.1	53.1	54.2	55.2	57.0
12	Investment Earnings	0.9	0.9	1.4	1.6	1.8	1.3	1.0	1.1	1.1	1.1	1.1
13	MBO Transfers	-	-	-	0.3	-	-	-	-	-	0.7	-
14	Ending Balance ER&R	44.7	45.6	47.1	49.0	50.8	52.1	53.1	54.2	55.2	57.0	58.1
I&E Fund (Regional)												
15	Beginning Balance	138.1	165.4	179.6	176.5	154.3	163.3	187.2	224.7	264.1	300.6	321.1
16	Budgeted Capital Outlay	(12.1)	(11.8)	(14.0)	(15.7)	(8.2)	(8.2)	(8.3)	(8.5)	(8.7)	(8.8)	(9.0)
17	Transfer to Construction Fund	-	(26.3)	(35.3)	(57.0)	(51.0)	(57.0)	(64.0)	(84.0)	(112.0)	(148.5)	(189.0)
18	Deposits from Revenues	39.4	52.2	46.1	50.5	68.2	89.1	109.8	131.9	157.1	177.9	208.1
19	Ending Balance I&E	165.4	179.6	176.5	154.3	163.3	187.2	224.7	264.1	300.6	321.1	331.2
20	Total Unrestricted Funds	\$ 337.4	\$ 351.6	\$ 351.1	\$ 335.5	\$ 350.4	\$ 378.7	\$ 419.7	\$ 462.7	\$ 502.4	\$ 527.7	\$ 541.0
21	Days Cash on Hand	532	544	520	477	488	516	561	606	645	664	668
Restricted Funds												
Receiving Fund (Local System )-Cash held fbo DWSD												
22	Beginning Balance	32.7	32.7	32.7	32.7	32.7	32.7	32.7	32.7	32.7	32.7	32.7
23	Receipts	302.5	314.6	329.6	346.1	363.1	382.8	403.6	423.5	444.5	466.5	489.5
24	MBO Transfers	(300.7)	(313.5)	(327.2)	(341.7)	(360.9)	(381.9)	(400.2)	(418.0)	(435.2)	(453.3)	(472.4)
25	I&E Transfers to Local System	(1.8)	(1.1)	(2.4)	(4.4)	(2.2)	(0.9)	(3.4)	(5.5)	(9.2)	(13.2)	(17.1)
26	Ending Balance Receiving	32.7	32.7	32.7	32.7	32.7	32.7	32.7	32.7	32.7	32.7	32.7
27	Debt Service	35.3	39.4	43.7	48.5	53.9	57.9	61.2	64.7	68.2	71.9	75.7
	Construction Fund											
28	(Regional System)	147.4	179.0	207.4	198.6	176.2	153.9	155.8	130.2	121.4	128.2	130.6
29	Budget Stabilization Fund	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5
30	WRAP	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8
31	Total Restricted Funds	\$ 221.8	\$ 257.4	\$ 290.2	\$ 286.2	\$ 269.1	\$ 250.8	\$ 256.0	\$ 233.8	\$ 228.6	\$ 239.1	\$ 245.4
Total Unrestricted and Restricted												
32	Funds	\$ 559.2	\$ 609.0	\$ 641.3	\$ 621.7	\$ 619.5	\$ 629.6	\$ 675.7	\$ 696.5	\$ 731.0	\$ 766.8	\$ 786.3



### Table 12 - GLWA Regional Sewer System Projected Metrics

				Projected (\$ millions)											
Metric	Metric Target Range			2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	
			Goal												
Operating Margin															
1	Depreciation & Amortization Expense			\$ 153.5	\$ 152.0	\$ 147.6	\$ 149.2	\$ 156.0	\$ 155.0	\$ 152.7	\$ 155.9	\$ 164.9	\$ 170.2	\$ 174.9	
2	Total Operating Expenses			\$ 383.8	\$ 387.1	\$ 392.9	\$ 405.0	\$ 417.2	\$ 422.2	\$ 425.3	\$ 434.6	\$ 449.1	\$ 460.1	\$ 470.6	
3	Operating Margin			\$ 124.5	\$ 143.3	\$ 163.9	\$ 179.1	\$ 196.1	\$ 227.4	\$ 256.0	\$ 277.0	\$ 294.1	\$ 316.2	\$ 340.7	
4	Operating Margin %	<25%	25%	40%	24.5%	27.0%	29.4%	30.7%	32.0%	35.0%	37.6%	38.9%	39.6%	40.7%	42.0%
Regional Revenue Allocation															
5	O&M			44.2%	43.3%	43.1%	42.8%	41.5%	40.4%	39.5%	38.5%	37.6%	36.7%	35.8%	
6	Debt Service	>40%	40%	33%	41.8%	40.5%	42.2%	41.9%	41.1%	40.1%	39.0%	37.8%	36.5%	35.7%	34.2%
7	Non-Operating Expense			6.5%	6.6%	6.2%	5.9%	5.6%	5.4%	5.1%	4.9%	4.7%	4.5%	4.4%	
8	Capital Financing			7.5%	9.6%	8.5%	9.5%	11.7%	14.1%	16.4%	18.7%	21.2%	23.1%	25.6%	
9	Total			100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	
Other Metrics															
10	Days Cash	<400	400	500	532	544	520	477	488	516	561	606	645	664	668
11	Net Position	<150	150	250	\$ (35.0)	\$ 34.2	\$ 91.7	\$ 171.8	\$ 269.7	\$ 391.8	\$ 544.0	\$ 723.3	\$ 926.4	\$1,156.4	\$1,415.3
12	Net Fixed Asset/Depreciation	<12	12	25	16	16	17	18	18	19	19	18	17	17	17

### **Combined Regional and Local Systems Ten Year Projection Assumptions**

The tables in this section reflect the projection of the combined regional and local systems consistent with the Master Bond Ordinance Flow of Funds. It includes the projections from the previous tables for the regional system and the assumptions for those tables. The projections and assumptions applied for the Local Water System have been developed in consultation with DWSD and align with the long-term forecast provided by DWSD.

The City of Detroit Water and Sewerage Department Board of Water Commissioners approved the two-year operating budgets for Fiscal Years 2025-26 and 2026-27 for the Water Operating Fund and the Sewage Disposal Operating Fund on March 19, 2025 ([Resolution 2025-64](#)). The Detroit Water and Sewerage Rates and Fees were also approved on March 19, 2025 ([Resolution 2025-65](#)). The 5 year Capital Improvement Plan for Fiscal Year 2026 to 2030 for the Water Supply System and the Sewage Disposal System was approved April 16, 2025 ([Resolution 2025-83](#)).

#### *DWSD Local System Assumptions*

The DWSD budgets included annual increases in revenues from retail water rates of 3.9% in FY 2025 and 5.5% in FY 2026. The DWSD projections included annual increases in revenues from retail water rates 5.5% in FY 2027 through 2035. The Local System retail revenues are net of retail bad debt expense that is projected to be at 11% in FY 2026 and 2027 and 10% for the remainder of the forecast period. The DWSD adopted budgets include annual increases in revenue from retail sewer rates of 3.9% in FY 2025 and 4.6% in FY 2026. The projected annual increases in revenues from retail sewer rates are 4.8% for FY 2027, 4.5% for FY 2028, 5.0% for FY 2029 and 5.5% in FY 2030 and FY 2031 and 5% for FY 2032 through FY 2035. The Local System retail revenues are net of retail bad debt expense that is projected to be at 14.27% of total retail revenues in FY 2026 and 2027 and 13.82% for the remainder of the forecast period.

The Local System O&M expenses are projected to increase 4 percent per year from FY 2027 through FY 2030 and 5% from FY 2031 to FY 2035.

The Local System SRF loans reflect amounts based on approved loans as well as loans that have not been approved yet. If the Local System is not able to secure the SRF loans for future projects, the projects will either be on hold or alternate funding source(s) will be pursued to complete the project.

The Local System contributes an additional 1.0% of total projected revenues from Local Retail System water rates (excluding the wholesale portion of same).

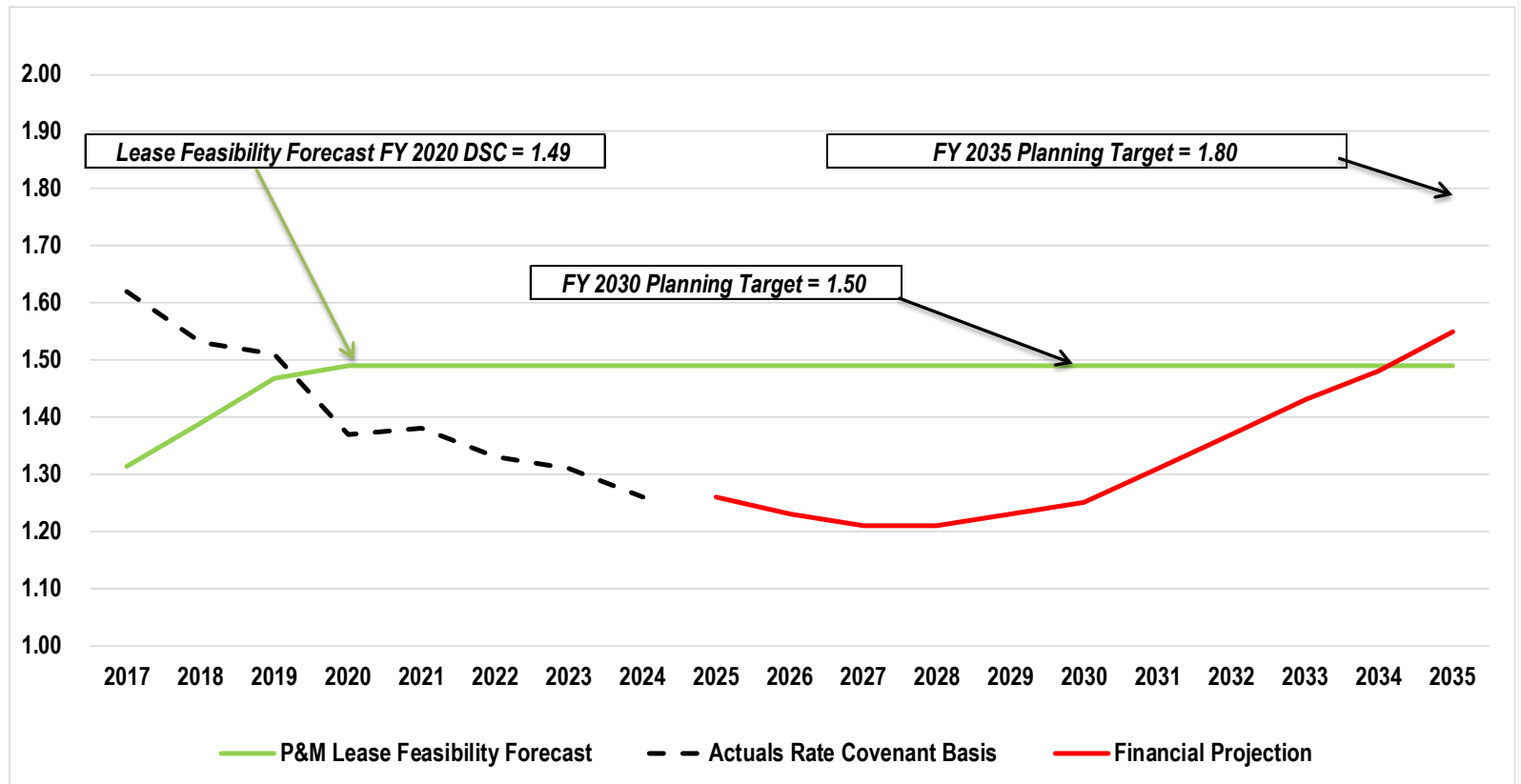
Any remaining amounts available from the local system receipts once the Local System revenue requirements are met are available for transfer to the Detroit Local System I&E Funds held within the Trust.

## Combined Regional and Local Water Systems Ten Year Projections

**MB0 Table 1 – Combined Regional and Local Water Systems - Projected Sources of Revenue, Uses of Revenue Requirements and Debt Service Coverage**

		Projected (\$ millions)										
	Adopted 2025	2025	Adopted 2026	Adopted 2027	2028	2029	2030	2031	2032	2033	2034	2035
<b>Revenue</b>												
GLWA Regional System Revenues												
1 Wholesale Charges	\$ 347.8	\$ 347.8	\$ 365.6	\$ 387.0	\$ 408.7	\$ 431.1	\$ 460.5	\$ 488.9	\$ 517.1	\$ 547.3	\$ 579.7	\$ 613.6
2 Charges to Local System	27.1	27.1	30.0	33.0	36.2	39.5	43.8	48.0	52.1	56.5	61.3	66.3
3 Investment Earnings	9.9	13.5	12.8	12.9	14.0	15.8	11.4	9.8	10.4	10.5	10.3	10.5
4 Other Operating Revenue	0.4	0.4	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
5 Total GLWA Revenues	385.1	388.7	408.8	433.3	459.3	486.8	516.0	547.0	579.8	614.7	651.6	690.7
DWSD Local System Revenues												
6 Local System Retail	92.1	92.1	94.1	98.0	103.6	108.0	111.9	116.3	121.2	126.3	131.6	137.2
7 Other Operating Revenue	3.7	3.7	5.1	5.3	5.5	5.8	6.0	6.2	6.5	6.7	7.0	7.3
8 Total Local System Revenues	95.8	95.8	99.3	103.3	109.2	113.8	117.9	122.5	127.7	133.0	138.6	144.5
9 <b>Total Revenues</b>	<b>\$ 480.9</b>	<b>\$ 484.5</b>	<b>\$ 508.0</b>	<b>\$ 536.6</b>	<b>\$ 568.4</b>	<b>\$ 600.6</b>	<b>\$ 633.9</b>	<b>\$ 669.5</b>	<b>\$ 707.5</b>	<b>\$ 747.7</b>	<b>\$ 790.2</b>	<b>\$ 835.2</b>
<b>Revenue Requirements</b>												
Operations & Maintenance												
10 Expense	\$ 216.1	\$ 221.1	\$ 232.1	\$ 248.6	\$ 255.8	\$ 259.6	\$ 266.3	\$ 273.4	\$ 280.8	\$ 288.4	\$ 296.3	\$ 304.4
Debt Service												
11 Senior Lien Bonds	150.3	139.7	153.7	168.6	186.6	203.2	213.8	222.1	229.9	229.1	246.4	279.1
12 Second Lien Bonds	51.9	50.7	50.7	50.7	51.5	51.5	54.4	54.4	54.4	65.1	60.5	34.4
13 SRF Junior Lien Bonds	18.4	17.9	19.8	19.3	19.7	22.8	25.6	26.4	26.9	27.3	27.9	28.4
14 Total Debt Service	220.6	208.3	224.3	238.6	257.8	277.4	293.8	302.9	311.1	321.5	334.8	341.9
15 General Retirement System Pension	3.9	2.8	4.7	4.4	4.1	4.1	4.0	4.0	3.9	3.9	3.8	4.0
16 Water Residential Assistance Program Contribution	2.8	2.8	2.9	3.1	3.3	3.4	3.7	3.9	4.1	4.3	4.6	4.9
17 Extraordinary Repair & Replacement Deposit	-	0.9	0.3	1.9	-	-	-	-	-	-	-	-
18 Lease Payment	22.5	22.5	22.5	22.5	22.5	22.5	22.5	22.5	22.5	22.5	22.5	22.5
19 Working Capital Requirement	6.2	12.7	0.6	1.8	1.9	5.5	4.7	3.4	3.4	3.8	4.4	3.4
20 Available for Revenue Financed Capital	8.8	13.4	20.6	15.8	23.0	28.0	38.9	59.4	81.7	103.3	123.8	154.2
21 <b>Total Revenue Requirements</b>	<b>\$ 480.9</b>	<b>\$ 484.5</b>	<b>\$ 508.0</b>	<b>\$ 536.6</b>	<b>\$ 568.4</b>	<b>\$ 600.6</b>	<b>\$ 633.9</b>	<b>\$ 669.5</b>	<b>\$ 707.5</b>	<b>\$ 747.7</b>	<b>\$ 790.2</b>	<b>\$ 835.2</b>
22 <b>Pledged Revenue (Line 9 - Line 10)</b>	<b>\$ 264.8</b>	<b>\$ 263.4</b>	<b>\$ 275.9</b>	<b>\$ 288.0</b>	<b>\$ 312.6</b>	<b>\$ 341.0</b>	<b>\$ 367.6</b>	<b>\$ 396.1</b>	<b>\$ 426.7</b>	<b>\$ 459.3</b>	<b>\$ 493.9</b>	<b>\$ 530.8</b>
<b>Debt Service Coverage - Rate Covenant Basis</b>												
23 Senior Lien Bonds	1.76	1.89	1.79	1.71	1.68	1.68	1.72	1.78	1.86	2.00	2.00	1.90
24 Senior and Second Lien Bonds	1.31	1.38	1.35	1.31	1.31	1.34	1.37	1.43	1.50	1.56	1.61	1.69
25 All Bonds, including SRF Junior Lien	1.20	1.26	1.23	1.21	1.21	1.23	1.25	1.31	1.37	1.43	1.48	1.55

MBO Table 2 – Combined Regional and Local Water Systems - Debt Service Coverage



	Actual								Projected										
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
P&M Lease Feasibility Forecast	1.31	1.39	1.47	1.49	1.49	1.49	1.49	1.49	1.49	1.49	1.49	1.49	1.49	1.49	1.49	1.49	1.49	1.49	1.49
Actuals Rate Covenant Basis	1.62	1.53	1.51	1.37	1.38	1.33	1.31	1.26											
Financial Projection									1.26	1.23	1.21	1.21	1.23	1.25	1.31	1.37	1.43	1.48	1.55

**MBO Table 3 – Combined Regional and Local Water Systems - Projected New Debt Issuances for CIP Funding**

		Projected (\$ millions)										
		2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
<b>Local System</b>												
1	New Bonds	\$ -	\$ -	\$ -	\$ 45.0	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	SRF Financing											
2	Draws on Existing	0.5	-	-	-	-	-					
3	New Loans	-	8.0	60.0	56.0	16.0	16.0	10.0	10.0	10.0	10.0	10.0
<b>Total Local System</b>		0.5	8.0	60.0	101.0	16.0	16.0	10.0	10.0	10.0	10.0	10.0
<b>Regional System</b>												
4	New Bonds	230.0	222.0	290.0	209.0	138.0	124.0	114.0	165.0	159.0	144.0	144.0
	SRF Financing											
5	Draws on Existing	61.6	1.4	-	-	-	-	-	-	-	-	-
6	New Loans	-	-	-	-	-	-	-	-	-	-	-
<b>Total Regional System</b>		291.6	223.4	290.0	209.0	138.0	124.0	114.0	165.0	159.0	144.0	144.0
<b>Combined Systems</b>												
7	New Bonds	230.0	222.0	290.0	254.0	138.0	124.0	114.0	165.0	159.0	144.0	144.0
	SRF Financing											
8	Draws on Existing	62.1	1.4	-	-	-	-	-	-	-	-	-
9	New Loans	-	8.0	60.0	56.0	16.0	16.0	10.0	10.0	10.0	10.0	10.0
10	<b>Total New Debt</b>	\$ 292.1	\$ 231.4	\$ 350.0	\$ 310.0	\$ 154.0	\$ 140.0	\$ 124.0	\$ 175.0	\$ 169.0	\$ 154.0	\$ 154.0

**MBO Table 4 – Combined Regional and Local Water Systems – Projected Financial Metrics**

				Projected (\$ millions)											
Metric	Metric Target Range			2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	
			Goal												
Debt Service Coverage *															
1	Net Revenue - Regional System			\$ 214.1	\$ 226.3	\$ 236.4	\$ 257.2	\$ 283.2	\$ 308.0	\$ 334.9	\$ 363.5	\$ 393.9	\$ 426.4	\$ 461.1	
2	Net Revenue - Local System			49.3	49.6	51.6	55.4	57.8	59.6	61.2	63.3	65.3	67.5	69.8	
3	Total Net Revenues			\$ 263.4	\$ 275.9	\$ 288.0	\$ 312.6	\$ 341.0	\$ 367.6	\$ 396.1	\$ 426.7	\$ 459.3	\$ 493.9	\$ 530.8	
Debt Service Coverage Sr. Lien Debt															
4	Coverage	<1.25	1.25	1.70	1.26	1.23	1.21	1.21	1.23	1.25	1.31	1.37	1.43	1.48	1.55
5	Service Coverage	<1.50	1.50	2.00	1.89	1.79	1.71	1.68	1.68	1.72	1.78	1.86	2.00	2.00	1.90
Debt to Operating Revenue *															
6	Operating Revenue			\$ 484.5	\$ 508.0	\$ 536.6	\$ 568.4	\$ 600.6	\$ 633.9	\$ 669.5	\$ 707.5	\$ 747.7	\$ 790.2	\$ 835.2	
7	Debt Balance without additions			\$2,547.4	\$2,732.2	\$2,837.3	\$3,052.7	\$3,216.7	\$3,210.5	\$3,182.1	\$3,129.7	\$3,120.1	\$3,095.7	\$3,049.5	
8	Debt Additions			304.4	231.4	350.0	310.0	154.0	140.0	124.0	175.0	169.0	154.0	154.0	
9	Outstanding Debt **			\$2,851.8	\$2,963.5	\$3,187.3	\$3,362.7	\$3,370.7	\$3,350.5	\$3,306.1	\$3,304.7	\$3,289.1	\$3,249.7	\$3,203.5	
Debt to Operating Revenue															
10	Revenue	>7.00	7.00	4.00	5.89	5.83	5.94	5.92	5.61	5.29	4.94	4.67	4.40	4.11	3.84

\* Includes DWSD local system data in calculation

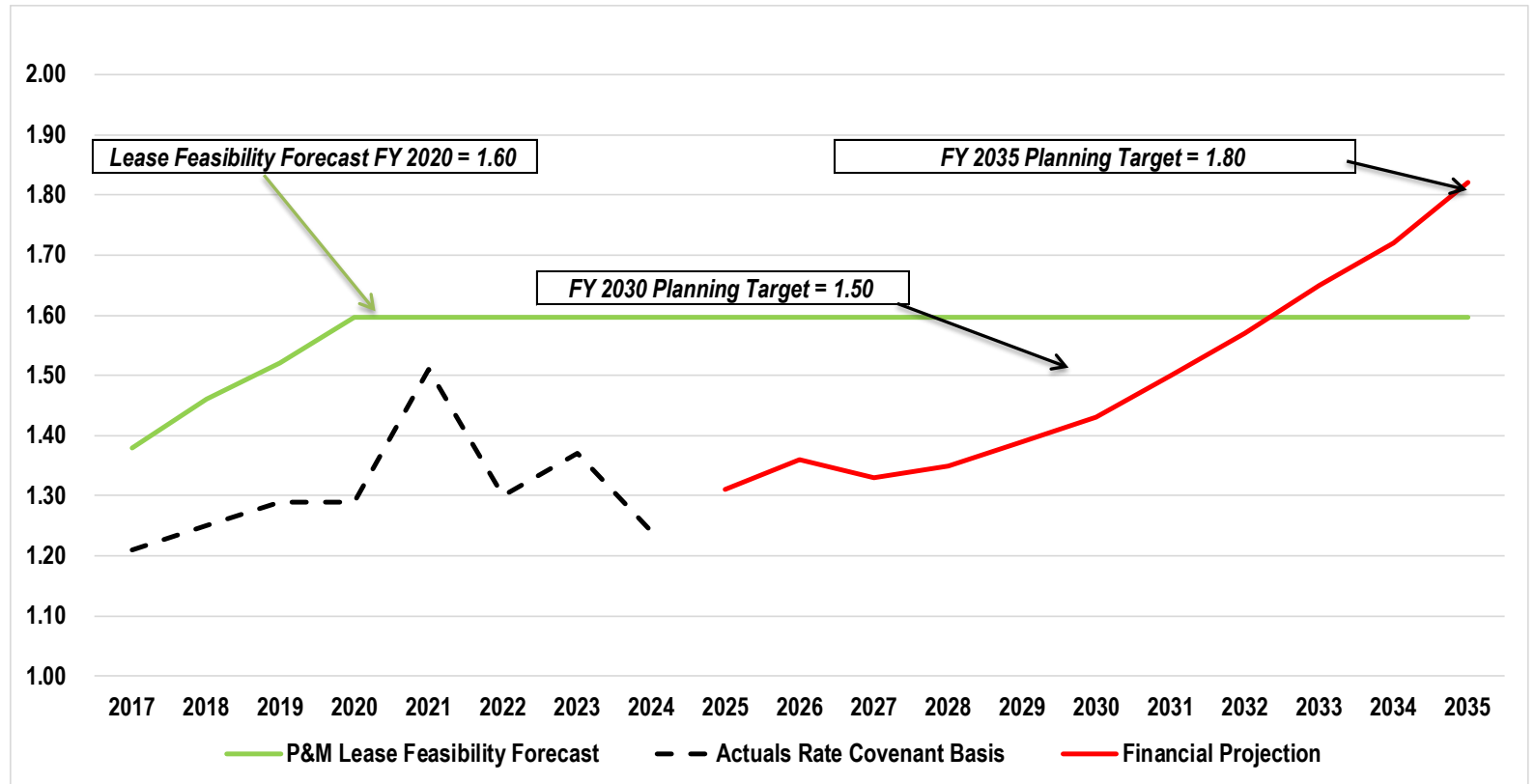
*\*\* Outstanding debt balance is net of July 1st payments made after the fiscal year end of June 30th, as funds have already been set aside for the July 1st payments during the previous fiscal year.*

## Combined Regional and Local Sewage Disposal System Ten Year Projections

**MB0 Table 5 – Combined Regional and Local Sewage Disposal Systems - Projected Sources of Revenue, Uses of Revenue Requirements and Debt Service Coverage**

		Projected (\$ millions)											
	Adopted 2025	2025	Adopted 2026	Adopted 2027	2028	2029	2030	2031	2032	2033	2034	2035	
Revenue													
GLWA Regional System Revenues													
1	Wholesale Charges	\$ 287.5	\$ 287.5	\$ 300.3	\$ 314.9	\$ 330.1	\$ 346.3	\$ 366.6	\$ 384.2	\$ 401.0	\$ 418.6	\$ 437.0	\$ 456.4
2	Charges to Local System	205.9	205.9	215.3	226.5	237.9	250.0	265.2	278.4	291.0	304.2	318.0	332.6
3	Industrial Waste Charges	8.7	8.7	9.2	9.6	10.1	10.6	11.2	11.8	12.3	12.8	13.4	14.0
4	Pollutant Surcharges	5.4	5.4	5.1	5.4	5.6	5.9	6.3	6.6	6.9	7.2	7.5	7.8
5	Investment Earnings	12.4	15.1	14.6	15.4	16.7	17.6	12.7	10.9	11.8	12.8	13.8	14.4
6	Other Operating Revenue	0.7	0.7	0.4	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
7	Total GLWA Revenues	520.7	523.4	545.0	572.2	600.8	630.8	662.4	692.2	723.4	756.0	790.1	825.6
DWSD Local System Revenues													
8	Local System Retail	85.7	85.7	88.1	91.6	96.3	100.9	105.0	112.2	119.1	126.4	134.2	142.2
9	Other Operating Revenue	8.0	8.0	8.3	8.7	9.0	9.4	9.7	10.1	10.5	10.9	11.4	11.8
10	Total Local System Revenues	93.7	93.7	96.4	100.2	105.3	110.2	114.7	122.3	129.6	137.4	145.5	154.0
11	Total Revenues	\$ 614.3	\$ 617.0	\$ 641.3	\$ 672.4	\$ 706.1	\$ 741.0	\$ 777.1	\$ 814.5	\$ 853.0	\$ 893.4	\$ 935.6	\$ 979.7
Revenue Requirements													
12	Operations & Maintenance Expense	\$ 286.3	\$ 288.8	\$ 296.2	\$ 308.9	\$ 322.0	\$ 329.8	\$ 338.3	\$ 347.3	\$ 356.5	\$ 366.0	\$ 375.9	\$ 386.1
Debt Service													
13	Senior Lien Bonds	157.3	152.8	158.6	171.9	177.1	187.5	184.3	191.2	208.7	207.3	131.0	88.1
14	Second Lien Bonds	53.8	53.3	56.4	60.1	59.9	51.7	63.4	63.4	49.3	52.6	135.0	179.2
15	SRF Junior Lien Bonds	47.4	44.8	38.1	41.9	47.5	57.4	58.2	57.3	58.7	58.7	58.7	58.1
16	Total Debt Service	258.5	250.9	253.1	273.9	284.5	296.6	305.9	311.8	316.7	318.7	324.7	325.4
17	General Retirement System Pension	6.1	4.7	7.1	6.6	6.2	6.1	6.0	6.0	5.9	5.8	5.7	6.0
18	Water Residential Assistance Program Contribution	4.0	3.9	4.1	4.3	4.5	4.7	4.9	5.2	5.5	5.7	6.0	6.3
19	Extraordinary Repair & Replacement Deposit	-	-	-	-	0.3	-	-	-	-	-	0.7	-
20	Lease Payment	27.5	27.5	27.5	27.5	27.5	27.5	27.5	27.5	27.5	27.5	27.5	27.5
21	Working Capital Requirement	2.3	-	-	2.7	6.2	5.9	4.4	3.5	3.6	3.2	4.1	3.2
22	Available for Revenue Financed Capital	29.5	41.2	53.3	48.5	54.9	70.4	90.0	113.2	137.4	166.4	191.0	225.2
23	Total Revenue Requirements	\$ 614.3	\$ 617.0	\$ 641.3	\$ 672.4	\$ 706.1	\$ 741.0	\$ 777.1	\$ 814.5	\$ 853.0	\$ 893.4	\$ 935.6	\$ 979.7
24	Pledged Revenue (Line 11 - Line 12)	\$ 328.0	\$ 328.2	\$ 345.1	\$ 363.5	\$ 384.1	\$ 411.2	\$ 438.8	\$ 467.2	\$ 496.5	\$ 527.3	\$ 559.7	\$ 593.6
Debt Service Coverage Rate Covenant Basis													
25	Senior Lien Bonds	2.09	2.15	2.18	2.11	2.17	2.19	2.38	2.44	2.38	2.54	4.27	6.74
26	Senior and Second Lien Bonds	1.55	1.59	1.61	1.57	1.62	1.72	1.77	1.84	1.92	2.03	2.10	2.22
27	All Bonds, including SRF	1.27	1.31	1.36	1.33	1.35	1.39	1.43	1.50	1.57	1.65	1.72	1.82

**MBO Table 6 – Combined Regional and Local Sewage Disposal Systems - Debt Service Coverage**



	Actual								Projected										
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
P&M Lease Feasibility Forecast	1.38	1.46	1.52	1.60	1.60	1.60	1.60	1.60	1.60	1.60	1.60	1.60	1.60	1.60	1.60	1.60	1.60	1.60	1.60
Actuals Rate Covenant Basis	1.21	1.25	1.29	1.29	1.51	1.30	1.37	1.24											
Financial Projection									1.31	1.36	1.33	1.35	1.39	1.43	1.50	1.57	1.65	1.72	1.82



**MBO Table 7 – Combined Regional and Local Sewage Disposal Systems - Projected New Debt Issuances for CIP Funding**

		Projected (\$ millions)										
		2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
<b>Local System</b>												
1	New Bonds	\$ -	\$ -	\$ -	\$ 50.0	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	SRF Financing											
2	Draws on Existing	1.8	6.7									
3	New Loans	-	1.3	37.9	42.1	25.7	28.0	-	-	-	-	-
<b>Total Local System</b>		1.8	8.0	37.9	92.1	25.7	28.0	-	-	-	-	-
<b>Regional System</b>												
4	New Bonds	50.0	101.0	125.0	111.0	83.0	57.0	56.0	28.0	17.0	21.0	21.0
	SRF Financing											
5	Draws on Existing	69.4	52.9	99.7	103.8	93.7	50.7	39.7	-	-	-	-
6	New Loans	-	-	-	-	-	-	-	-	-	-	-
<b>Total Regional System</b>		119.4	153.9	224.7	214.8	176.7	107.7	95.7	28.0	17.0	21.0	21.0
<b>Combined Systems</b>												
7	New Bonds	50.0	101.0	125.0	161.0	83.0	57.0	56.0	28.0	17.0	21.0	21.0
	SRF Financing											
8	Draws on Existing	71.2	59.6	99.7	103.8	93.7	50.7	39.7	-	-	-	-
9	New Loans	-	1.3	37.9	42.1	25.7	28.0	-	-	-	-	-
10	<b>Total New Debt</b>	\$ 121.2	\$ 161.9	\$ 262.7	\$ 306.9	\$ 202.4	\$ 135.7	\$ 95.7	\$ 28.0	\$ 17.0	\$ 21.0	\$ 21.0

**MBO Table 8 – Combined Regional and Local Sewage Disposal Systems – Projected Financial Metrics**

Metric	Metric Target Range	Projected (\$ millions)										
		2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
<b>Debt Service Coverage *</b>												
Net Revenue - Regional System		\$ 291.9	\$ 308.9	\$ 325.8	\$ 343.9	\$ 368.8	\$ 394.6	\$ 419.1	\$ 444.8	\$ 471.8	\$ 500.2	\$ 530.0
Net Revenue - Local System		36.3	36.3	37.7	40.2	42.4	44.2	48.1	51.7	55.5	59.5	63.7
Total Net Revenues		\$ 328.2	\$ 345.1	\$ 363.5	\$ 384.1	\$ 411.2	\$ 438.8	\$ 467.2	\$ 496.5	\$ 527.3	\$ 559.7	\$ 593.6
<b>Debt Service Coverage</b>												
	<1.25	1.25	1.70	1.31	1.36	1.33	1.35	1.39	1.43	1.50	1.57	1.65
<b>Sr. Lien Debt Service Coverage</b>												
	<1.50	1.50	2.00	2.15	2.18	2.11	2.17	2.19	2.38	2.44	2.38	2.54
<b>Debt to Operating Revenue *</b>												
Operating Revenue		\$ 617.0	\$ 641.3	\$ 672.4	\$ 706.1	\$ 741.0	\$ 777.1	\$ 814.5	\$ 853.0	\$ 893.4	\$ 935.6	\$ 979.7
Debt Balance without additions		\$2,708.0	\$2,686.3	\$2,685.5	\$2,776.7	\$2,903.6	\$2,915.5	\$2,850.5	\$2,735.1	\$2,544.0	\$2,330.2	\$2,112.6
Debt Additions		121.2	161.9	262.7	306.9	202.4	135.7	95.7	28.0	17.0	21.0	21.0
Outstanding Debt **		\$2,829.2	\$2,848.2	\$2,948.1	\$3,083.6	\$3,105.9	\$3,051.2	\$2,946.1	\$2,763.1	\$2,561.0	\$2,351.2	\$2,133.6
<b>Debt to Operating Revenue</b>												
	>7.00	7.00	4.00	4.59	4.44	4.38	4.37	4.19	3.93	3.62	3.24	2.87

\* Includes DWSD local system data in calculation

\*\* Outstanding debt balance is net of July 1st payments made after the fiscal year end of June 30th, as funds have already been set aside for the July 1st payments during the previous fiscal year.

### **Local System Projection Information**

The following tables were used to project the new bond issue financing needs for the local system which is included in the MBO Flow of Funds Projection section MBO Table 3 and MBO Table 7 The Local Water System projections have been developed in consultation with DWSD and align with the long-term forecast provided by DWSD.

**Local Table 1 – Local Water System Capital Improvement Plan Projected Funding Sources**

		Adopted	Projected (\$ millions)												
		2025	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	Total	
Funding Requirements															
1	DWSD Local System CIP	\$ 147.8	\$ 156.8	\$ 115.3	\$ 163.5	\$ 124.9	\$ 72.8	\$ 65.8	\$ 50.0	\$ 50.0	\$ 50.0	\$ 50.0	\$ 50.0		
2	Execution Factor	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%		
3	Projected Local System CIP Spend	\$ 118.3	\$ 125.5	\$ 92.2	\$ 130.8	\$ 99.9	\$ 58.3	\$ 52.7	\$ 40.0	\$ 40.0	\$ 40.0	\$ 40.0	\$ 40.0		
Funding Sources															
DWSD Local System Improvement and Extension Fund															
4	Beginning Balance	\$ 38.0	\$ 16.5	\$ 24.5	\$ 23.4	\$ 17.7	\$ 18.8	\$ 20.8	\$ 26.6	\$ 22.0	\$ 18.5	\$ 16.5	\$ 16.1	\$ 16.5	
5	Deposits from Lease Payment	22.5	22.5	22.5	22.5	22.5	22.5	22.5	22.5	22.5	22.5	22.5	22.5	247.5	
6	GLWA Reimbursement	1.1	1.1	0.4	0.4	0.8	0.1	0.1	-	-	-	-	-	2.8	
7	State DWSRF Financing	12.8	12.8	8.0	60.0	56.0	16.0	16.0	10.0	10.0	10.0	10.0	10.0	218.8	
8	Grant Reimbursements	42.4	42.4	27.7	9.2	-	-	-	-	-	-	-	-	79.3	
9	Investment Income	1.0	1.0	0.4	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	5.9	
10	Revenue Financed Capital	1.5	2.1	1.5	3.4	6.2	3.4	1.6	2.4	3.5	5.0	6.5	8.2	43.8	
11	Available from I&E Fund	119.3	98.3	85.0	119.3	103.7	61.2	61.5	62.0	58.5	56.5	56.1	57.2		
Construction Bond Funds															
12	Beginning Balance	58.0	65.5	63.0	35.4	7.2	38.2	21.4	4.6	4.8	5.0	5.2	5.4	65.5	
13	Bond Proceeds	-	-	-	-	45.0	-	-	-	-	-	-	-	45.0	
14	Investment Income	2.0	2.5	3.0	1.0	1.0	1.0	1.0	0.2	0.2	0.2	0.2	0.2	10.5	
15	Available from Construction Fund	60.0	68.0	66.0	36.4	53.2	39.2	22.4	4.8	5.0	5.2	5.4	5.6		
16	Total Financing Sources Available	\$ 179.3	\$ 166.3	\$ 151.0	\$ 155.7	\$ 156.9	\$ 100.5	\$ 83.9	\$ 66.8	\$ 63.5	\$ 61.7	\$ 61.5	\$ 62.8	\$ 735.5	
Projected Use of Funding Sources															
17	I&E Funds - Capital Projects	\$ 94.9	\$ 73.8	\$ 61.6	\$ 101.6	\$ 84.9	\$ 40.5	\$ 34.9	\$ 40.0	\$ 40.0	\$ 40.0	\$ 40.0	\$ 40.0	\$ 597.3	
18	Construction Fund - Capital Projects	23.4	5.0	30.6	29.2	15.0	17.8	17.8	-	-	-	-	-	115.4	
Total Projected Use of Funding Sources															
19	Sources	\$ 118.3	\$ 78.8	\$ 92.2	\$ 130.8	\$ 99.9	\$ 58.3	\$ 52.7	\$ 40.0	\$ 40.0	\$ 40.0	\$ 40.0	\$ 40.0	\$ 712.7	
Funding Sources Available for Future Capital Projects															
20	Improvement & Extension Fund	\$ 24.4	\$ 24.5	\$ 23.4	\$ 17.7	\$ 18.8	\$ 20.8	\$ 26.6	\$ 22.0	\$ 18.5	\$ 16.5	\$ 16.1	\$ 17.2		
21	Construction Bond Funds	36.6	63.0	35.4	7.2	38.2	21.4	4.6	4.8	5.0	5.2	5.4	5.6		
22	Total Funding Sources Available for Future Capital Projects	\$ 61.0	\$ 87.5	\$ 58.8	\$ 24.9	\$ 57.0	\$ 42.2	\$ 31.2	\$ 26.8	\$ 23.5	\$ 21.7	\$ 21.5	\$ 22.8		

**Local Table 2 – Local Sewer System Capital Improvement Plan Projected Funding Sources**

		Adopted 2025	Projected (\$ millions)											
		2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	Total	
Funding Requirements														
1	DWSD Local System CIP	\$ 87.5	\$ 88.5	\$ 159.7	\$ 221.7	\$ 222.3	\$ 123.9	\$ 91.4	\$ 50.0	\$ 50.0	\$ 50.0	\$ 50.0	\$ 50.0	
2	Execution Factor	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	
3	Projected Local System CIP Spend	\$ 70.0	\$ 70.8	\$ 127.7	\$ 177.4	\$ 177.8	\$ 99.2	\$ 73.1	\$ 40.0	\$ 40.0	\$ 40.0	\$ 40.0	\$ 40.0	
Funding Sources														
DWSD Local System Improvement and Extension Account														
4	Beginning Balance	\$ 31.1	\$ 60.2	\$ 38.5	\$ 39.2	\$ 31.9	\$ 27.8	\$ 29.8	\$ 35.0	\$ 26.9	\$ 20.5	\$ 17.7	\$ 18.9	\$ 60.2
5	Deposits from Lease Payment	27.5	27.5	27.5	27.5	27.5	27.5	27.5	27.5	27.5	27.5	27.5	27.5	302.5
6	GLWA Reimbursement	1.1	1.1	0.4	0.4	0.8	0.1	0.1	-	-	-	-	-	2.8
7	State CWSRF Financing	-	1.8	8.0	37.9	42.1	25.7	28.0	-	-	-	-	-	143.6
8	State CWSRF Loan Forgiveness	-	-	4.1	-	-	-	-	-	-	-	-	-	
9	Grant Reimbursements	30.3	30.3	67.3	80.8	75.0	23.0	9.6	-	-	-	-	-	286.1
10	Investment Income	1.0	1.0	0.8	1.0	1.0	1.0	1.0	1.0	0.5	0.5	0.5	0.5	8.8
11	Revenue Financed Capital	1.4	1.8	1.1	2.4	4.4	2.2	0.9	3.4	5.5	9.2	13.2	17.1	61.3
12	Available from I&E Fund	92.4	123.7	147.7	189.1	182.7	107.4	96.9	66.9	60.5	57.7	58.9	64.0	
Construction Bond Funds														
13	Beginning Balance	39.5	46.8	43.0	25.3	6.1	33.7	13.1	2.4	2.5	2.6	2.7	2.8	46.8
14	Bond Proceeds	-	-	-	-	50.0	-	-	-	-	-	-	-	50.0
15	Investment Income	1.0	1.5	1.5	1.0	0.5	1.0	0.5	0.1	0.1	0.1	0.1	0.1	6.5
16	Available from Construction Fund	40.5	48.3	44.5	26.3	56.6	34.7	13.6	2.5	2.6	2.7	2.8	2.9	
17	Total Funding Sources Available	\$ 132.9	\$ 172.0	\$ 192.2	\$ 215.4	\$ 239.4	\$ 142.1	\$ 110.5	\$ 69.4	\$ 63.0	\$ 60.4	\$ 61.6	\$ 66.9	\$ 968.5
Projected Use of Funding Sources														
18	I&E Funds - Capital Projects	\$ 59.4	\$ 85.2	\$ 108.5	\$ 157.2	\$ 154.9	\$ 77.6	\$ 61.9	\$ 40.0	\$ 40.0	\$ 40.0	\$ 40.0	\$ 40.0	\$ 845.3
19	Construction Fund - Capital Projects	10.6	5.3	19.2	20.2	23.0	21.6	11.2	-	-	-	-	-	100.4
20	Total Projected Use of Funding Sources	\$ 70.0	\$ 90.5	\$ 127.7	\$ 177.4	\$ 177.8	\$ 99.2	\$ 73.1	\$ 40.0	\$ 40.0	\$ 40.0	\$ 40.0	\$ 40.0	\$ 945.7
Funding Sources Available for Future Capital Projects														
21	Improvement & Extension Fund	\$ 33.0	\$ 38.5	\$ 39.2	\$ 31.9	\$ 27.8	\$ 29.8	\$ 35.0	\$ 26.9	\$ 20.5	\$ 17.7	\$ 18.9	\$ 24.0	
22	Construction Bond Funds	29.9	43.0	25.3	6.1	33.7	13.1	2.4	2.5	2.6	2.7	2.8	2.9	
23	Total Funding Sources Available for Future Capital Projects	\$ 62.9	\$ 81.5	\$ 64.5	\$ 38.1	\$ 61.5	\$ 42.9	\$ 37.4	\$ 29.4	\$ 23.0	\$ 20.4	\$ 21.6	\$ 26.9	



## Financial Services Audit Committee Communication

**Date:** June 6, 2025

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

**From:** Nicolette N. Bateson, CPA, Chief Financial Officer & Treasurer

**Re:** CFO Update

### ***Financial Reporting and Accounting Update***

The Great Lakes Water Authority has once again been recognized for its commitment to financial transparency and excellence. For the sixth consecutive year, GLWA has been awarded the Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association (GFOA) of the United States and Canada.

The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting. It is awarded to entities whose Annual Comprehensive Financial Report (ACFR) meets the rigorous standards of clarity, organization, and adherence to both generally accepted accounting principles (GAAP) and applicable legal requirements.

Many groups, areas and teams contributed to winning this award. Leading GLWA's efforts in this area are members of the Financial Reporting and Accounting team: Jill Kusters, CPA, Steve Hoover, CPA, Scott Juryn, CPA, CA, Cindy Cezat, CPA, and Kathy Smith-Roy, CPA.

### ***WRAP Affordability Overview Lunch and Learn***

On March 19, 2025, the Financial Services Area (FSA) hosted its fourth lunch and learn session titled, "WRAP & Affordability Overview" in the 14th Floor Training Room of the Water Board Building. This peer-to-peer lunch and learn series fosters professional development and knowledge sharing within GLWA allowing team members to present relevant information during their lunch break.

FSA Management Professional Haran Stanley led the session and presented an overview of Affordability and Assistance program administration. She also discussed GLWA engagement in regional affordability and assistance efforts, shared FSA roles and responsibilities, and outlined WRAP accounting and reporting requirements.

### ***Michigan Government Finance Officers Association (MGFOA) Spring Seminar***

CFO Services team members Michelle Burt, Regina Washington, Sandy Chen and Gregory Bolterman attended the annual Michigan Government Finance Officers Association (MGFOA) Spring Seminar held in East Lansing, Michigan on March 6, 2025.

The seminar included the core sessions of Legislative Updates, Economic Outlooks and a GASB Audit Update. There were also breakout sessions that allowed attendees to select topics of interest applicable to their work role and opportunities for networking.

While Management Professionals Regina Washington, Sandy Chen and Gregory Bolterman were all first-time attendees, GLWA Billing & Collections Manager Michelle Burt is currently an active member of the MGFOA Membership & Wellness Committee. She also proudly serves as Secretary on the MGFOA's Mentorship Subcommittee.

### ***Charges Update***

Charges Outreach and Modeling Manager, Matt Lane and Management Professional Guy Belew had the opportunity to accompany Chief Financial Officer/ Treasurer Nicolette Bateson, CPA to the Water and Wastewater CFO Forum. This three-day event brought together high-level professionals in water and wastewater utilities from across the country, with the intent of sharing insights and ideas across the sector.

On April 22<sup>nd</sup> and April 24<sup>th</sup>, Matt Lane gave a presentation on the 50<sup>th</sup> anniversary of the Safe Drinking Water Act at the Michigan American Water Works Association (MI - AWWA) Spring Regional Seminars in Gaylord and Livonia. The presentation celebrates the dedication and progress of water professionals in protecting public health and safety. This seminar also celebrated the Safe Drinking Water Act turning 50 years old in 2024. A celebratory proclamation was signed by Michigan Governor Gretchen Whitmer and the original document was on display for all attendees to view.

### ***Procurement Update***

On April 3<sup>rd</sup>, 2025, representatives from the GLWA Procurement Team attended the 16<sup>th</sup> Annual Michigan Public Procurement Officers Association (MPPOA) Reverse Trade Fair in Pontiac, Michigan. Procurement representatives from 27 publicly funded agencies, including GLWA, staffed tables providing an opportunity to over 88 vendors seeking to do business with the public sector to meet with numerous agencies in one efficient and centralized location. Throughout the day-long event, GLWA representatives introduced vendors to the fundamentals of GLWA's procurement process, including information on how to submit a successful bid as well as proposal submission to GLWA open opportunities.

In addition, during the event's educational segment for the procurement professionals in attendance, GLWA's Steven Vesschemoet, Management Professional, Procurement, delivered a presentation on GLWA's Vendor Performance Assessment (VPA) Program which formally launched in September 2024. Steven's presentation provided an overview of the

development, implementation, and impact of GLWA's innovative VPA Program which is designed to gather information on a vendor's performance throughout the execution of a contract to improve communication and collaboration between GLWA and our vendor partners.

Also last month, members of the GLWA Procurement Team participated in the third annual Passport to Procurement Conference in Detroit. Over 200 individuals attended the event which was hosted by the Detroit Economic Growth Corporation's BuyDetroit initiative and aimed at connecting Detroit buyers, suppliers, and contractors across industries to new business opportunities.

GLWA participated in the "Meet the Buyers" conference session which provided vendors an opportunity to engage directly with procurement leaders from purchasing teams as well as supplier diversity leaders. Alongside DTE, Henry Ford Health, Comerica Bank, the Huntington Place, the Detroit Zoological Society and others, GLWA staffed a table where vendors could approach to ask questions and share information about their business and capabilities. GLWA procurement representatives connected one-on-one with over 100 vendors to share details about GLWA's procurement process, navigating the Bonfire Procurement Portal, and current and upcoming procurement opportunities.

Finally – save the date! We are excited to share that the 2025 Vendor Outreach Event will be held on September 25, 2025, at Macomb Community College in Macomb County. More information will be forthcoming as the date gets closer.





## **Financial Services Audit Committee Communication**

**Date:** June 6, 2025

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

**From:** Kim Garland, CPA, Deputy Chief Financial Officer

**Re:** February 2025 Monthly Financial Report

**Background & Analysis:** The Financial Services Area prepares a monthly financial report comprised of budgetary analysis, abbreviated Generally Accepted Accounting Principle (GAAP) basis financial statement reporting, and finance-related updates on operating performance.

Included with this memo is the February 2025 financial report reflecting activity for the first eight months of fiscal year 2025.

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

# GLWA

*Great Lakes Water Authority*



## **Monthly Financial Report Binder**

**February 2025**

**Presented to the  
Great Lakes Water Authority  
Audit Committee on June 6, 2025**

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## Key Financial Metrics

The table below provides key report highlights and flags the financial risk of a budget shortfall by year-end as follows: No Risk (green) - Potential (yellow) - Likely (red)

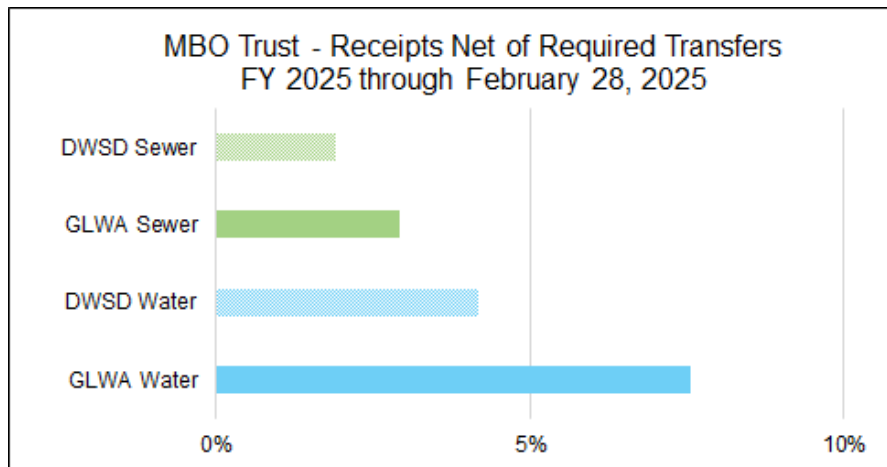
Variances are monitored by the Great Lakes Water Authority (GLWA) management and operating and/or budget priorities are re-evaluated where appropriate. Staff reviews the need for budget amendments quarterly and requests necessary amendments when required based on the most current information available. GLWA staff has included first and second quarter budget amendments approved by the GLWA Board of Director on April 23, 2025 in this monthly financial report.

For the current year, water capital spend and investment earnings reflect variances to budget outside the normal range. Capital spend variances reflect evolving changes in timing that the Capital Improvement Planning group continues to monitor and review. FY 2025 investment earnings are in line with FY 2024 earnings, though expectations are for lower interest income in FY 2025 due to the Federal Reserve moving monetary policy to a more neutral level.

As of February 28, 2025					
Metric	FY 2025 Budget	FY 2025 Amended Budget	FY 2025 Actual	Variance from Financial Plan	Report Page Reference
Wholesale Water Billed Revenue (\$M)	\$236.3	\$236.3	\$235.5	0%	49
Wholesale Water Billed Usage (mcf)	8,860,000	8,860,000	8,728,000	-1%	
Wholesale Sewer Billed Revenue (\$M)	\$191.1	\$191.1	\$191.1	0%	51
Wholesale Water Operations & Maintenance (\$M)	\$113.1	\$116.4	\$114.5	-2%	5
Wholesale Sewer Operations & Maintenance (\$M)	\$152.6	\$154.3	\$150.5	-2%	
Investment Income (\$M)	\$21.7	\$30.6	\$34.4	13%	38
Water Prorated Capital Spend w/SRA* (\$M)	\$138.2	\$138.2	\$107.0	-23%	29
Sewer Prorated Capital Spend w/SRA* (\$M)	\$112.8	\$112.8	\$109.1	-3%	30

\*SRA refers to the capital spending ratio assumption which allows capital program delivery realities to align with the financial plan.

## Master Bond Ordinance (MBO) Trust Net Receipts (page 53)



Net cash flow receipts remain positive for GLWA and DWSD Water and Sewer. This means that all legal commitments of the MBO trust and the lease payment are fully funded – and that positive cash flow is available for additional capital program funding in subsequent year(s). DWSD water reports a

surplus of \$3.6 million and DWSD sewer reports a surplus of \$3.9 million of net receipts over disbursements through February 2025.

### **Budget to Actual Analysis (page 3)**

- The total revenue requirements are on target through February 2025.
- The total overall Operations & Maintenance expenses are at 65.3% of budget through February 2025 which is below the pro-rata benchmark of 66.7%. This positive variance equates to a dollar amount of \$5.7 million.

### **Basic Financial Statements (page 9)**

- The basic financial statements are prepared on a full accrual basis and reflect preliminary, unaudited results.
- Operating income for February 2025 is \$73.4 million for the Water fund (28.9% of total revenues) and \$88.7 million for the Sewage Disposal fund (26.2% of total revenues).
- Water net position increased by \$30.8 million, and sewage disposal net position increased by \$37.9 million for the year to date through February 2025.

### **Capital Improvement Plan Financial Summary (page 28)**

- Water system costs incurred to date are below the 100% Capital Spend Ratio assumption.
- Sewer system costs incurred to date are below the 100% Capital Spend Ratio assumption.

### **Master Bond Ordinance Transfers (page 31)**

- For February, transfers of \$14.7 million and \$19.9 million were completed for the GLWA Water and Sewer funds, respectively.
- Also, for February, transfers of \$5.8 million and \$7.2 million were completed for the DWSD Water and Sewer funds, respectively.

### **Cash Balances & Investment Income (page 38)**

- Total cash & investments are \$540 million for Water and \$701 million in the Sewer fund.
- Total, combined, cumulative, FY 2025 investment income through February is \$34.4 million.

### **DWSD Retail Revenues, Receivables & Collections (page 42)**

- Water usage through February 28, 2025 is 99.51% and revenues are 100.35% of budget.
- Sewer usage through February 28, 2025 is 96.50% and revenues are 97.19% of budget.
- Combined accounts receivable balances for the Water and Sewer funds report an increase of \$51.7 million over the prior year.
- Past dues over 180 days make up 70.1% of the total accounts receivable balance. The current bad debt allowance covers 94.1% of past dues over 60 days.

### **GLWA Wholesale Billing, Receivables & Collections (page 48)**

- GLWA accounts receivable past due balance net of Dearborn is 0.60% of the total accounts receivable balance. Discussions remain underway between GLWA and Dearborn regarding the water balance in dispute.
- Average wholesale water collections for the period of March 2024 through February 2025 are trending below the prior year.
- Average wholesale sewer collections for the period of March 2024 through February 2025 are trending below the prior year.

**Questions?** Contact the Office of the Chief Financial Officer at [CFO@glwater.org](mailto:CFO@glwater.org).



The Monthly Budget to Actual Analysis report includes the following three sections.

1. Revenue Requirements Budget Basis Analysis
2. Operations & Maintenance Budget – Major Budget Categories
3. Alignment of Operations & Maintenance Budget Priorities – Expense Variance Analysis

The FY 2025 information presented in these sections includes the approved second quarter FY 2025 budget amendments which were presented to the Audit Committee on March 28<sup>th</sup>, 2025.

## Revenue Requirements Budget Basis Analysis

GLWA's annual revenue requirements represent the basis for calculating Member Partner charges and aligns with the Master Bond Ordinance flow of funds categories. The budget basis is not the same as the full accrual basis used for financial reporting although the revenues and operations and maintenance expenses are largely reported on an accrual basis. The primary difference between the revenue requirements budget basis to the financial reporting basis is the treatment of debt service, legacy pension obligations, and lease related activities. The Revenue Requirements Basis is foundational to GLWA's daily operations, financial plan, and of most interest to key stakeholders.

**Table 1A – Water Revenue Requirements Budget** and **Table 1B – Sewer Revenue Requirements Budget** presents a year-over-year budget to actual performance report. The revenue requirements budget is accounted for in the operations and maintenance fund for each system. Since this report is for February 2025 the pro-rata benchmark is 66.7% (8 of 12 months of the fiscal year).

Items noted below are highlighted in gold on Tables 1A (Water) and 1B (Sewer).

1. **Revenues:** For *both* systems, total revenues for FY 2025 are in line with the pro-rata benchmark; the *water* and *sewer* system are at 66.7%. Detailed schedules related to revenues are provided in the *Wholesale Billings, Collections, and Receivables* section of this financial report binder.

Water revenues presented in Table 1A differ from those presented in *Table 2 – Statement of Revenues, Expenses and Changes in Net Position* found in the *Basic Financial Statement* section of this report. Water Revenues presented in Table 1A for revenue requirement purposes are reduced by the monthly credit issued to the City of Flint for a license to raw water rights under the Flint Raw Water Contract as documented in Appendix A-2 of the [Flint Water Agreement](#). Through February 28, 2025, these payments total \$4.0 million for FY 2025.

2. **Investment Earnings:** For the *water* system, investment earnings are above the pro-rata benchmark for FY 2025 at 72.0%. The *sewer* system is also above the pro-rata benchmark for FY 2025 at 71.9%. FY 2025 investment earnings are in line with FY 2024 earnings, though expectations are for lower interest income in FY 2025 due to the Federal Reserve moving monetary policy to a more neutral level. GLWA continues to refine cash flows and work with its investment advisor to identify strategies to maximize investment income while meeting the objectives of safety and liquidity.
3. **Other Revenues:** These are one-time and unusual items that do not fit an established revenue category. Both the *water* and *sewer* systems actual amount will vary from budget due to the nature of the items recorded in this category.
4. **Operations & Maintenance Expense:** Actual expenses<sup>1</sup> for the *water* system are below the pro-rata benchmark for FY 2025 at 65.6%, and the *sewer* system O&M is below the pro-rata benchmark for FY 2025 at 65.0%.
5. **Debt Service:** For FY 2025, the *water* system is above the pro-rata benchmark at 68.9%, while the *sewer* system is also above the pro-rata benchmark at 67.4%. The activity is based on the payment schedules adjusted for the State Revolving Fund loans that are still being drawn down.
6. **Operating Reserve Deposit:** GLWA has established a target balance in the O&M Fund of 45 days of operating expense which works in tandem with the I&E Funds to provide liquidity to the utility.
7. **DWSD Budget Shortfall Pending:** To the extent that the local (DWSD) system experiences budgetary shortfalls as defined by the Water & Sewer Services Agreement, the GLWA budget is impacted.<sup>2</sup> Steps to proactively detect, and ideally prevent, this shortfall scenario were put into place with the 2018 Memorandum of Understanding (dated June 27, 2018). For FY 2025, neither the DWSD *water* system nor the DWSD *sewer* system have a budgetary shortfall through February 28, 2025. GLWA and DWSD staff meet regularly to discuss steps to mitigate shortfalls, when they occur, as outlined in the 2018 MOU.
8. **Improvement & Extension (I&E) Fund Transfer Pending:** The contribution to the I&E Fund is for improvements, enlargements, extensions, or betterment of the *water* and *sewer* systems.
9. **Other Revenue Requirements:** The remaining revenue requirements for *both* systems are funded on a 1/12<sup>th</sup> basis each month in accordance with the Master Bond Ordinance.
10. **Overall:** Total revenue requirements for the *water* system are below the pro-rata benchmark at 63.9%. Total revenue requirements for the *sewer* system are below the pro-rata benchmark at 64.3%.

<sup>1</sup>The tables in this analysis reflect actual amounts spent. If this analysis was on a master bond ordinance (MBO) basis, like that used for calculating debt service coverage, O&M "expense" would equal the pro-rata budget because 1/12 of the O&M budget is transferred monthly outside the MBO trust to an O&M bank account.

<sup>2</sup> As a reminder, the monthly O&M transfer for MBO purposes is at 1/12 of the budget to a DWSD O&M bank account outside the trust. Actual budget may be less than that amount providing an actual positive variance for DWSD.

*All amounts are unaudited unless otherwise noted.*



**Table 1A – Water Revenue Requirements Budget (year-over-year) – (\$000)**

	FY 2024 Amended Budget	FY 2024 Activity Thru 2/29/2024	Percent Year- to-Date at 2/29/2024	FY 2025 Board Adopted Budget	FY 2025 Amended Budget	FY 2025 Activity Thru 2/28/2025	Percent Year- to-Date at 2/28/2025
<b>Water System</b>							
<b>Revenues</b>							
Wholesale Charges	\$ 328,203	\$ 223,298	68.0%	\$ 347,758	\$ 347,758	\$ 231,169	66.5%
Local System Charges	25,537	17,025	66.7%	27,095	27,095	18,063	66.7%
Investment Earnings	18,051	11,678	64.7%	9,874	14,977	10,781	72.0%
Other Revenue	943	752	79.7%	400	400	246	61.5%
<b>Total Revenues</b>	<b>\$ 372,734</b>	<b>\$ 252,753</b>	<b>67.8%</b>	<b>\$ 385,127</b>	<b>\$ 390,230</b>	<b>\$ 260,259</b>	<b>66.7%</b>
<b>Revenue Requirements</b>							
Operations & Maintenance Expense	\$ 168,873	\$ 104,968	62.2%	\$ 169,625	\$ 174,625	\$ 114,482	65.6%
Debt Service	162,236	109,138	67.3%	175,301	163,163	112,376	68.9%
General Retirement System Pension	1,506	1,506	100.0%	2,283	1,653	1,522	92.1%
Water Residential Assistance							
Program Contribution	1,852	1,234	66.7%	1,948	1,877	1,299	69.2%
Extraordinary Repair & Replacement Deposit	-	-	0.0%	-	906	-	0.0%
Regional System Lease	22,500	15,000	66.7%	22,500	22,500	15,000	66.7%
Working Capital Requirement	-	-	0.0%	6,200	6,200	-	0.0%
Operating Reserve Deposit	-	-	0.0%	-	-	-	0.0%
DWSD Budget Shortfall Pending Improvement & Extension Fund	-	-	0.0%	-	-	-	0.0%
Transfer Pending	15,768	14,392	91.3%	7,270	19,305	4,847	25.1%
<b>Total Revenue Requirements</b>	<b>\$ 372,734</b>	<b>\$ 246,238</b>	<b>66.1%</b>	<b>\$ 385,127</b>	<b>\$ 390,230</b>	<b>\$ 249,526</b>	<b>63.9%</b>
<b>Net Difference</b>		<b>\$ 6,515</b>				<b>\$ 10,734</b>	
<i>Recap of Net Positive Variance</i>							
Revenue Variance		\$ 4,263				\$ 106	
Revenue Requirement Variance		2,251				10,628	
Overall Variance		<b>\$ 6,515</b>				<b>\$ 10,734</b>	

**Table 1B – Sewer Revenue Requirements Budget (year-over-year) – (\$000)**

	FY 2024 Amended Budget	FY 2024 Activity Thru 2/29/2024	Percent Year- to-Date at 2/29/2024	FY 2025 Board Adopted Budget	FY 2025 Amended Budget	FY 2025 Activity Thru 2/28/2025	Percent Year- to-Date at 2/28/2025
<b>Sewer System</b>							
<b>Revenues</b>							
Wholesale Charges	\$ 267,879	\$ 187,807	70.1%	\$ 287,518	\$ 287,387	\$ 191,947	66.8%
Local System Charges	196,570	131,046	66.7%	205,925	205,925	137,283	66.7%
Industrial Waste Control Charges	8,560	5,787	67.6%	8,719	8,719	5,889	67.5%
Pollutant Surcharges	5,328	2,471	46.4%	5,434	5,434	2,819	51.9%
Investment Earnings	22,882	14,971	65.4%	12,356	20,155	14,492	71.9%
Other Revenue	1,130	564	49.9%	700	700	196	28.0%
<b>Total Revenues</b>	<b>\$ 502,349</b>	<b>\$ 342,647</b>	<b>68.2%</b>	<b>\$ 520,652</b>	<b>\$ 528,320</b>	<b>\$ 352,626</b>	<b>66.7%</b>
<b>Revenue Requirements</b>							
Operations & Maintenance Expense	\$ 224,874	\$ 145,149	64.5%	\$ 228,934	\$ 231,434	\$ 150,539	65.0%
Debt Service	230,976	155,471	67.3%	226,279	218,172	147,035	67.4%
General Retirement System Pension	3,097	3,097	100.0%	4,846	3,719	3,231	86.9%
Water Residential Assistance							
Program Contribution	2,503	1,669	66.7%	2,652	2,542	1,768	69.6%
Extraordinary Repair & Replacement Deposit	-	-	0.0%	-	-	-	0.0%
Regional System Lease	27,500	18,333	66.7%	27,500	27,500	18,333	66.7%
Working Capital Requirement	-	-	0.0%	2,300	2,300	-	0.0%
Operating Reserve Deposit	-	-	0.0%	-	-	-	0.0%
DWSD Budget Shortfall Pending Improvement & Extension Fund	-	-	0.0%	-	-	-	0.0%
Transfer Pending	13,400	16,623	124.1%	28,141	42,655	18,760	44.0%
<b>Total Revenue Requirements</b>	<b>\$ 502,349</b>	<b>\$ 340,343</b>	<b>67.8%</b>	<b>\$ 520,652</b>	<b>\$ 528,320</b>	<b>\$ 339,666</b>	<b>64.3%</b>
<b>Net Difference</b>		<b>\$ 2,305</b>				<b>\$ 12,960</b>	
<i>Recap of Net Positive Variance</i>							
Revenue Variance		\$ 7,748				\$ 413	
Revenue Requirement Variance		(5,444)				12,547	
Overall Variance		<b>\$ 2,305</b>				<b>\$ 12,960</b>	



## Operations & Maintenance Budget – Major Budget Categories

The year-over-year benchmark ratio as of February 28, 2025, is 66.7% (eight months). When comparing FY 2025 to FY 2024 in **Table 2 – Operations & Maintenance Budget – Major Budget Categories**, the overall spending is higher in FY 2025.

In addition to the four major budget categories, an internal charge cost center for employee benefits is shown in the table below. If the number is positive, it indicates that the internal cost allocation rate charges to other cost centers is not sufficient. A negative number indicates a surplus in the internal cost center. A moderate surplus is preferred as it provides a hedge for mid-year benefit program cost adjustments (premiums adjust on January 1 each year) as well as managing risk as the program is partially self-insured.

**Table 2 – Operations & Maintenance Budget – Major Budget Categories – (\$000)**

Service Area	FY 2024 Amended Budget	FY 2024 Activity Thru 2/29/2024	Percent Year- to-Date at 2/29/2024	FY 2025 Board Adopted Budget	FY 2025 Amended Budget	FY 2025 Activity Thru 2/28/2025	Percent Year- to-Date at 2/28/2025
A Water System Operations	\$ 90,810	\$ 56,213	61.9%	\$ 94,670	\$ 97,670	\$ 61,524	63.0%
B Wastewater System Operations	146,722	97,139	66.2%	147,245	149,745	95,967	64.1%
C Centralized Services	117,468	73,298	62.4%	116,980	118,980	80,669	67.8%
D Administrative & Other Services	38,747	23,468	60.6%	39,664	39,664	25,836	65.1%
Employee Benefits	-	-	0.0%	-	-	1,024	0.0%
<b>Total O&amp;M Budget</b>	<b>\$ 393,747</b>	<b>\$ 250,118</b>	<b>63.5%</b>	<b>\$ 398,559</b>	<b>\$ 406,059</b>	<b>\$ 265,020</b>	<b>65.3%</b>

*Totals may be off due to rounding*

## Alignment of Operations & Maintenance Budget Priorities – Expense Variance Analysis

The purpose of **Table 3 – Operations & Maintenance Expense Variance Analysis** is to evaluate whether the actual spend rate within a natural cost category is in alignment with the budget. Given the effort to develop an accurate budget, a variance is a red flag of a *potential* budget amendment or misalignment of priorities.

**Total:** In total, the overall O&M expenses are at 65.3%, which is below the pro-rata benchmark of 66.7%. This negative variance equates to a dollar amount of \$5.7 million. The expense category commentary is provided below for items highlighted on Table 3.

**Personnel Costs:** The overall category is above the pro-rata benchmark; coming in at 70.8% through February 2025.

**Utilities:** The overall category is below with the pro-rata benchmark; coming in at 61.8% through February 2025. Variances within this category, when they occur, are not unexpected as usage varies throughout the year.

- **Electric** is below the pro-rata benchmark, coming in at 64.7%. It should be noted that variances are not unexpected as usage varies throughout the year. The first three months of GLWA's fiscal year (July, August, and September) are typically peak months for the usage of electricity. June, the last month of GLWA's fiscal year, is typically a peak month as well.
- **Gas** is coming in at 57.2% which is below the benchmark of 66.7%. This category is under review.
- **Sewage service** is lower than the benchmark, coming in at 40.3%. This category is under review.
- **Water service** is lower than the benchmark, coming in at 57.8%. This category is under review.

**Chemicals:** This category is lower than the benchmark; coming in at 55.7% through February 2025. The FY 2025 budget is being closely monitored to account for rising chemical costs.

**Supplies & Other:** This category is lower than the pro-rata benchmark; coming in at 63.3% through February 2025. Given that the nature of the items in this category are subject to one-time expenses that do not occur evenly throughout the year, variances are not unexpected.

**Contractual Services:** The overall category is higher than the pro-rata benchmark; coming in at 71.2% through February 2025. Variances in this category, when they occur, are not unexpected as the usage of contracts varies throughout the year (projects scheduled to begin during the latter half of the year as well as contracts that are on an as needed basis). Budget amendments are processed for those projects in which the actual start dates have been delayed from that in which they were budgeted.

**Capital Program Allocation:** This category is lower than the benchmark; coming in at 41.7% through February 2025. The amount in the Capital Program Allocation account is shown as negative as this is a "contra" account which represents an offset to the Personnel Costs section of the Operations & Maintenance (O&M) budget.

**Shared Services:** This category is lower than the benchmark; coming in at 65.9% through February 2025. The shared services reimbursement is comprised of both labor (tracked via BigTime) and expenses, such as annual fees for software licensing. Staff from both GLWA and DWSD have been working together to evaluate and refine the budget for the shared services agreements. Based on these evaluations, adjustments have been made to both the billings and accounting accruals to reflect the forecasted activity more accurately for FY 2025. In addition, it is important to note that some of the shared services agreements are not billed at a monthly rate of 1/12 of the annual budgeted amount and activity includes true-up billings from prior years.



**Table 3 –Operations & Maintenance Expense Variance Analysis – (\$000)**

Expense Categories Entity-wide	FY 2024 AMENDED BUDGET	FY 2024 ACTIVITY THRU 2/29/2024	Percent Year-to- Date at 2/29/2024	FY 2023 ACTIVITY THRU 6/30/2024	Percent Year-to- Date at 6/30/2024	FY 2025 AMENDED BUDGET	FY 2025 PRORATED AMENDED BUDGET (8 MONTHS)	FY 2025 ACTIVITY THRU 2/28/2025	Percent Year-to- Date 2/28/2025	FY 2025 Prorated Amended Budget Less FY 2025 Activity
Salaries & Wages	\$ 77,415	\$ 50,821	65.6%	\$ 77,595	65.5%	\$ 81,644	\$ 54,429	\$ 57,877	70.9%	\$ (3,448)
Workforce Development	1,820	1,237	67.9%	1,949	63.5%	2,105	1,403	1,295	61.5%	108
Overtime	8,672	5,839	67.3%	9,171	63.7%	8,074	5,383	6,036	74.8%	(653)
Employee Benefits	27,869	17,836	64.0%	27,491	64.9%	30,347	20,232	20,790	68.5%	(558)
Transition Services	9,877	6,234	63.1%	9,249	67.4%	8,198	5,465	5,299	64.6%	166
Employee Benefits Fund	-	-	0.0%	-	0.0%	-	-	1,024	0.0%	(1,024)
Personnel Costs	125,653	81,967	65.2%	125,455	65.3%	130,368	86,912	92,321	70.8%	(5,409)
Electric	50,716	33,613	66.3%	49,805	67.5%	49,021	32,680	31,699	64.7%	981
Gas	7,767	4,727	60.9%	7,211	65.6%	7,000	4,667	4,004	57.2%	663
Sewage Service	2,538	1,506	59.3%	2,336	64.5%	2,980	1,987	1,200	40.3%	787
Water Service	12,803	8,876	69.3%	12,586	70.5%	11,602	7,734	6,708	57.8%	1,026
Utilities	73,823	48,722	66.0%	71,939	67.7%	70,603	47,068	43,611	61.8%	3,457
Chemicals	32,824	20,404	62.2%	31,075	65.7%	40,335	26,890	22,449	55.7%	4,441
Supplies & Other	45,364	27,062	59.7%	43,604	62.1%	43,539	29,026	27,559	63.3%	1,467
Contractual Services	120,914	75,055	62.1%	116,766	64.3%	115,871	77,247	82,494	71.2%	(5,247)
Capital Program Allocation	(2,624)	(1,533)	58.4%	(2,847)	53.8%	(4,582)	(3,055)	(1,910)	41.7%	(1,144)
Shared Services	(2,207)	(1,558)	70.6%	(2,281)	68.3%	(2,280)	(1,520)	(1,503)	65.9%	(17)
Unallocated Reserve	-	-	0.0%	-	0.0%	12,205	8,137	-	0.0%	8,137
Total Expenses	\$ 393,747	\$ 250,118	63.5%	\$ 383,711	65.2%	\$ 406,059	\$ 270,706	\$ 265,020	65.3%	\$ 5,686



The Basic Financial Statements report includes the following four tables.

1. Statement of Net Position - All Funds Combined
2. Statement of Revenues, Expenses and Changes in Net Position – All Funds Combined
3. Supplemental Schedule of Operations & Maintenance Expenses – All Funds Combined
4. Supplemental Schedule of Nonoperating Expenses – All Funds Combined

At a macro level GLWA has two primary funds for financial reporting purposes: *Water Fund* and *Sewage Disposal Fund*. These funds represent the combined total of four sub-funds for each system that are used internally to properly account for sources and uses of funds. Those sub-funds for each system are: *Operations & Maintenance Fund*, *Improvement & Extension Fund*, *Construction Fund*, and *Capital Asset Fund*.

The June 2024 comparative amounts shown in the tables below are presented based on final audited figures.

## Statement of Net Position – All Funds Combined

Explanatory notes follow the Statement of Net Position shown in Table 1 below.

**Table 1 – Statement of Net Position - All Funds Combined  
As of February 28, 2025  
(\$000)**

	Water	Sewage Disposal	Total Business- type Activities	Comparative June 30, 2024
<b>Assets</b>				
Cash - unrestricted (a)	\$ 172,212	\$ 266,662	\$ 438,874	\$ 443,799
Cash - restricted (a)	105,077	142,270	247,347	662,614
Investments - unrestricted (a)	119,596	139,685	259,281	175,045
Investments - restricted (a)	113,807	176,483	290,290	108,102
Accounts Receivable	74,332	56,891	131,223	135,263
Due from (to) Other Funds (b)	45,762	(45,762)	-	-
Other Assets (c)	634,571	382,017	1,016,588	1,016,028
Cash held FBO DWSD Advance	-	-	-	-
Capital Assets, net of Depreciation	1,219,853	1,837,140	3,056,993	3,211,032
Land	293,624	126,816	420,440	420,440
Construction Work in Process (e)	520,787	445,892	966,679	752,481
<b>Total assets</b>	<b>3,299,622</b>	<b>3,528,093</b>	<b>6,827,715</b>	<b>6,924,804</b>
<b>Deferred Outflows (f)</b>	<b>24,794</b>	<b>50,618</b>	<b>75,412</b>	<b>89,954</b>
<b>Liabilities</b>				
Liabilities - Liabilities-ST	232,116	263,815	495,931	537,600
Due to (from) Other Funds (b)	-	-	-	-
Other Liabilities (h)	2,059	5,591	7,650	7,500
Cash Held FBO DWSD (d)	32,783	40,010	72,794	58,147
Liabilities - Long-Term (i)	3,076,733	3,246,070	6,322,804	6,468,572
<b>Total liabilities</b>	<b>3,343,692</b>	<b>3,555,486</b>	<b>6,899,178</b>	<b>7,071,818</b>
<b>Deferred Inflows (f)</b>	<b>61,032</b>	<b>64,647</b>	<b>125,679</b>	<b>133,364</b>
<b>Total net position (j)</b>	<b>\$ (80,308)</b>	<b>\$ (41,422)</b>	<b>\$ (121,730)</b>	<b>\$ (190,425)</b>

Totals may be off due to rounding

In general, the Statement of Net Position reflects a mature organization with no unexpected trends.

An ongoing challenge is the Net Position Deficit. The underlying causes took years to build (largely heavy use of debt to finance capital asset investment versus a strategic blend of debt, state revolving funds, and cash). The effect is reflected in GLWA's high debt interest expense. The GLWA is regularly updating the FY 2032 forecast which helps to provide a pathway to a positive Net Position in the future.

### Footnotes to Statement of Net Position

- a. *Cash and Investments* are reported at market value. Investments at June 30, 2024 are also reported at market value. The February 28, 2025 values differ from the Cash and Investment section of this Financial Report Binder due to timing of certain items recognized on a cash versus accrual basis.
- b. *Due from Other Funds* and *Due to Other Funds* are shown at gross for sub-fund activity.
- c. *Other Assets* primarily consists of the contractual obligation receivable from DWSD related to reimbursement of bonded indebtedness for local system improvements.
- d. *Cash Held FBO Advance (for benefit of) DWSD* and *Cash Held FBO DWSD* represents the net difference between DWSD retail cash received from customers and net financial commitments as outlined in the Master Bond Ordinance.
- e. *Construction Work in Process* represents the beginning balance of CWIP plus any construction spending during the fiscal year. The balance will fluctuate based on the level of spend less any capitalizations or write-offs.
- f. *Deferred Inflow* and *Deferred Outflow* relate mainly to financing activity and GLWA's share of the legacy General Retirement System (GRS) pension obligation.
- g. *Liabilities - Short-term* include accounts payable, retainage payable, and certain accrued liabilities. Some items, such as compensated absences and worker's compensation, are reviewed periodically but only adjusted in the interim if there is a material change.
- h. *Other Liabilities* account for the cash receipts set aside for the Budget Stabilization Fund and the Water Residential Assistance Program.
- i. *Liabilities – Long-term* include bonds payable, lease payable, and legacy General Retirement System pension liabilities.
- j. *Net Position Deficit* is defined by accounting standards as the residual of all other elements presented in a statement of financial position. It is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources. A net deficit occurs when the liabilities and deferred inflows exceed assets and deferred outflows. GLWA's net deficit is largely driven by an increase in depreciation expense because of the increase in the acquisition valuation approach for recording capital asset values in the opening Statement of Net Position on January 2016. Efforts are underway to evaluate the net operating effect of this matter over the long term.

## Statement of Revenues, Expenses and Changes in Net Position

### – All Funds Combined

This statement, shown in Table 2, is presented in summary format. The accrual basis of revenues and operations and maintenance expense vary from the revenue requirement basis presented in the *Budget to Actual Analysis* and the *Wholesale Billings, Receivables & Collections* sections of the February 2024 Financial Report Binder. Prior year ending balances are provided in the June 30, 2024 column as a reference for comparative purposes. Explanatory notes follow this statement.

Water revenues presented below in Table 2 differ from those presented in *Table 1A – Water Revenue Requirement Budget* found in the *Budget to Actual Analysis* section of this report because water revenues presented in Table 1A for revenue requirement purposes are reduced by the monthly payment to the City of Flint for a license to raw water rights.

**Table 2 – Statement of Revenues, Expenses and Changes in Net Position**  
**– All Funds Combined**  
**For the Eight Months ended February 28, 2025**  
**(\$000)**

	Water	Percent of Revenue	Sewage Disposal	Percent of Revenue	Total Business- Type Activities	Comparative June 30, 2024
<b>Revenue</b>						
Wholesale customer charges	\$ 235,140	92.8%	\$ 191,947	56.8%	\$ 427,088	\$ 599,569
Local system charges	18,063	7.1%	137,283	40.6%	155,346	222,107
Industrial waste charges	-	0.0%	5,889	1.7%	5,889	8,617
Pollutant surcharges	-	0.0%	2,819	0.8%	2,819	4,089
Other revenues	241	0.1%	196	0.1%	437	1,149
<b>Total Revenues</b>	<b>253,444</b>	<b>100.0%</b>	<b>338,135</b>	<b>100.0%</b>	<b>591,579</b>	<b>835,531</b>
<b>Operating expenses</b>						
Operations and Maintenance	113,595	44.8%	149,292	44.2%	262,887	376,757
Depreciation	63,243	25.0%	98,955	29.3%	162,199	265,044
Amortization of intangible assets	3,241	1.3%	1,156	0.3%	4,397	4,837
<b>Total operating expenses</b>	<b>180,079</b>	<b>71.1%</b>	<b>249,403</b>	<b>73.8%</b>	<b>429,482</b>	<b>646,638</b>
<b>Operating Income</b>	<b>73,365</b>	<b>28.9%</b>	<b>88,731</b>	<b>26.2%</b>	<b>162,096</b>	<b>188,893</b>
<b>Total Nonoperating (revenue) expense</b>	<b>42,542</b>	<b>16.8%</b>	<b>50,860</b>	<b>15.0%</b>	<b>93,402</b>	<b>147,736</b>
<b>Increase/(Decrease) in Net Position</b>	<b>30,823</b>	<b>12.2%</b>	<b>37,871</b>	<b>11.2%</b>	<b>68,694</b>	<b>41,157</b>
Net Position (deficit), beginning of year	(111,131)		(79,294)		(190,425)	(231,582)
<b>Net position (deficit), end of year</b>	<b>\$ (80,308)</b>		<b>\$ (41,422)</b>		<b>\$(121,730)</b>	<b>\$ (190,425)</b>
<i>Totals may be off due to rounding</i>						



## Water Fund

- ✓ The increase in Water Fund Net Position is \$30.8 million.
- ✓ Wholesale water customer charges of \$235.1 million account for 92.8% of Water System revenues.
- ✓ Operating expenses of \$180.1 million represent 71.1% of total operating revenue. Depreciation is the largest operating expense at \$63.2 million or 35.1% of operating expense.
- ✓ Amortization of intangible assets represents activity for raw water rights and subscription-based information technology arrangements (SBITA).
- ✓ Operating income after operating expenses (including depreciation) equals \$73.4 million or 28.9% of operating revenue.
- ✓ The largest category within nonoperating activities is bonded debt interest expense of \$59.5 million (this equates to the bonded debt interest expense less the offset from DWSD contractual obligation income).

## Sewage Disposal Fund

- ✓ The increase in the Sewage Disposal Fund Net Position is \$37.9 million.
- ✓ Wholesale customer charges of \$191.9 million account for 56.8% of Sewer System revenues. Wholesale customer charges are billed one-twelfth each month based on an agreed-upon historical average “share” of each customer’s historical flows which are formally revisited on a periodic basis. The result is no revenue shortfall or overestimation.
- ✓ Local system (DWSD) charges of \$137.3 million account for 40.6% of total operating revenues. These are also billed at one-twelfth of the annual revenue requirement.
- ✓ Operating expenses of \$249.4 million represent 73.8% of total operating revenue. Depreciation is the largest operating expense at \$99.0 million or 39.7% of total operating expense.
- ✓ Amortization of intangible assets represents activity for a warehouse lease and subscription-based information technology arrangements (SBITA).
- ✓ Operating income after operating expenses (including depreciation) equals \$88.7 million or 26.2% of operating revenue.
- ✓ The largest category within nonoperating activities is bonded debt interest expense of \$68.7 million (this equates to the bonded debt interest expense less the offset from DWSD contractual obligation income).

## Supplemental Schedule of Operations & Maintenance Expenses – All Funds Combined

This Supplemental Schedule of Operations & Maintenance Expenses (O&M) schedule is shown below in Table 3. This accrual basis of operations and maintenance expense may vary from the revenue requirement basis presented in the *Budget to Actual Analysis* section of the February 2025 Financial Report Binder. Explanatory notes follow this schedule.

**Table 3 – Supplemental Schedule of Operations & Maintenance Expenses  
– All Funds Combined  
For the Eight Months ended February 28, 2025  
(\$000)**

	Water	Percent of Total	Sewage Disposal	Percent of Total	Total Business- Type Activities	Percent of Total
<b>Operating Expenses</b>						
<b>Personnel</b>						
Salaries & Wages	21,588	19.0%	42,883	28.7%	64,471	24.5%
Overtime	3,748	3.3%	2,288	1.5%	6,036	2.3%
Employee Benefits	15,735	13.9%	6,079	4.1%	21,814	8.3%
Total Personnel	\$ 41,072	36.2%	\$ 51,249	34.3%	\$ 92,321	35.1%
<b>Utilities</b>						
Electric	19,901	17.5%	11,798	7.9%	31,699	12.1%
Gas	714	0.6%	3,289	2.2%	4,004	1.5%
Sewage	342	0.3%	858	0.6%	1,200	0.5%
Water	18	0.0%	6,690	4.5%	6,708	2.6%
Total Utilities	\$ 20,975	18.5%	\$ 22,636	15.2%	\$ 43,611	16.6%
Chemicals	9,214	8.1%	13,235	8.9%	22,449	8.5%
Supplies and other	8,944	7.9%	17,678	11.8%	26,622	10.1%
Contractual services	35,298	31.1%	47,155	31.6%	82,453	31.4%
Capital Adjustment	-	0.0%	-	0.0%	-	0.0%
Capital Program allocation	(1,050)	-0.9%	(861)	-0.6%	(1,910)	-0.7%
Intergovernmental Agreement	178	0.2%	(1,335)	-0.9%	(1,157)	-0.4%
Shared Services allocation	(1,037)	-0.9%	(466)	-0.3%	(1,503)	-0.6%
<b>Operations and Maintenance Expenses</b>	<b>\$ 113,595</b>	<b>100.0%</b>	<b>\$ 149,292</b>	<b>100.0%</b>	<b>\$ 262,887</b>	<b>100.0%</b>
<i>Totals may be off due to rounding</i>						



- ✓ Core expenses for water and sewage disposal systems are utilities (16.6% of total O&M expenses) and chemicals (8.5% of total O&M expenses).
- ✓ Personnel costs (35.1% of total O&M expenses) include all salaries, wages, and benefits for employees as well as staff augmentation contracts that fill a vacant position (contractual transition services).
- ✓ Contractual services (31.4%) includes:
  - Water System costs of sludge removal and disposal services at the Northeast, Southwest and Springwells Water Treatment Plants (approximately \$3.0 million);
  - Sewage Disposal System costs for the operation and maintenance of the biosolids dryer facility (approximately \$12.2 million); and
  - Centralized and administrative contractual costs allocated to both systems for information technology, building maintenance, field, planning and other services.
- ✓ The Capital Program Allocation, Intergovernmental Agreement and Shared Services Allocation are shown as negative amounts because they are 'contra' expense accounts representing offsets to associated costs in other Operations and Maintenance expense categories.

## Supplemental Schedule of Nonoperating Expenses – All Funds Combined

The Supplemental Schedule of Nonoperating Expenses – All Funds Combined is shown in Table 4. Explanatory notes follow this schedule.

**Table 4 – Supplemental Schedule of Nonoperating Expenses – All Funds Combined**  
**For the Eight Months ended February 28, 2025**

	Water	Sewage Disposal	Total Business-type Activities	Comparative June 30, 2024
<b>Nonoperating (Revenue)/Expense</b>				
Interest income contractual obligation	\$ (15,476)	\$ (10,052)	\$ (25,527)	\$ (39,855)
Investment earnings	(14,783)	(19,720)	(34,503)	(59,786)
Net (incr) decr in fair value of invstmt	(621)	(1,045)	(1,667)	(2,068)
Other nonoperating revenue	(5)	(4,455)	(4,460)	(9,405)
Interest Expense				
Bonded debt	74,997	78,782	153,779	236,892
Lease obligation	10,894	13,315	24,209	36,780
Other obligations	2,402	1,089	3,491	5,286
	<u>88,293</u>	<u>93,186</u>	<u>181,479</u>	<u>278,958</u>
Other non-capital expense	-	-	-	-
Memorandum of Understanding	-	-	-	-
Capital Contribution	(1,849)	(2,665)	(4,514)	(40,432)
Amortization, issuance costs, debt	(14,377)	(6,710)	(21,087)	4,155
(Gain) loss on disposal of capital assets	(7)	(3)	(10)	2,694
Loss on impairment of capital assets	-	-	-	-
Discontinued Capital Projects	-	-	-	-
Water Residential Assistance Program	282	381	663	6,772
Legacy pension expense	1,085	1,942	3,026	6,703
<b>Total Nonoperating (Revenue)/Expense</b>	<b>\$ 42,542</b>	<b>\$ 50,860</b>	<b>\$ 93,402</b>	<b>\$ 147,736</b>

Totals may be off due to rounding

- ✓ Interest income on contractual obligation relates to the portion of the total GLWA debt obligation attributable to DWSD. This interest income offsets the total debt interest expense paid by GLWA on behalf of both entities monthly.
- ✓ Investment earnings in this report are reflected at book value. Any differences between the Basic Financial report and Cash and Investment section of this Financial Report binder are due to accrued interest.
- ✓ Net (increase) decrease in fair value of investments consists of market value of investments and realized gain/loss on sale of investments. FY 2023 market value adjustments for Water and Sewer total \$1.3 million and \$2.6 million, respectively. FY 2024 market value adjustments for Water and Sewer total \$621 thousand and \$1.0 million, respectively. Any difference is due to realized gain or loss on investments.

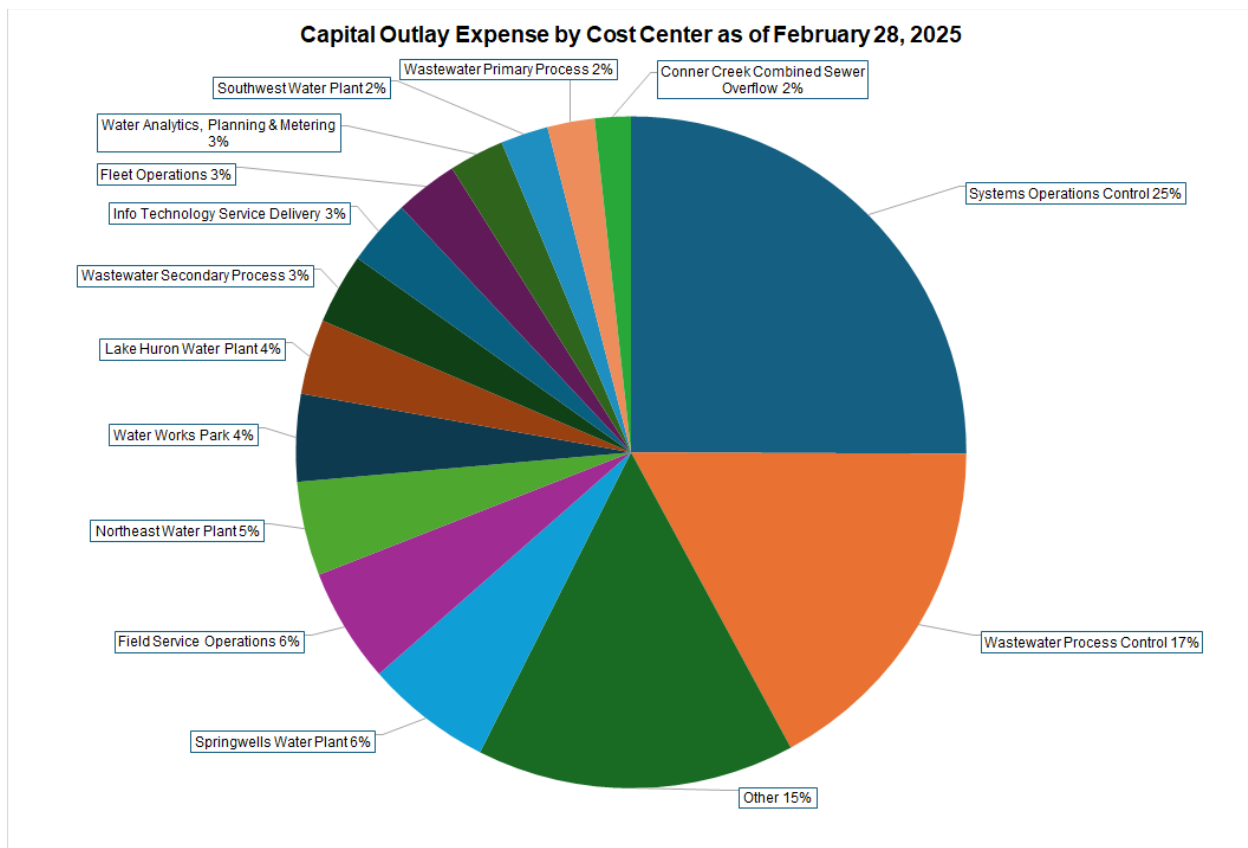
- ✓ Interest expense, the largest category of nonoperating expenses, is made up of three components:
  - Bonded debt;
  - Lease obligation for the regional assets from the City of Detroit; and
  - Other obligations such as an obligation payable to the City of Detroit for an allocation BC Notes related to assumed DWSD liabilities; acquisition of raw water rights related to the KWA Pipeline.
- ✓ FY 2025 other non-operating income consists of debt forgiveness for the Sewage Disposal system.
- ✓ FY 2024 other non-operating income consists of grant revenue for the Water and Sewage Disposal systems and debt forgiveness for the Sewage Disposal system.
- ✓ The FY 2025 capital contribution in Nonoperating (revenue) expense represents ARPA (\$1.8 million) grant revenue for the Water system and (\$2.7 million) for the Sewage Disposal system.
- ✓ The FY 2024 capital contribution in Nonoperating (revenue) expense represents ARPA (\$33.9 million), FEMA (\$1.9 million) and other (\$3.6 million) grant revenue for the Water and Sewage Disposal systems.
- ✓ FY 2024 Water system loss on disposal of capital assets includes sale of Longitudinal Collectors.

## Financial Activity Charts

### Chart 1 – Capital Outlay – Water and Sewer System Combined

Capital Outlay represents purchases of equipment, software, and small facility improvement projects. It *excludes* any capital investment which is included in the monthly construction work-in-progress report related to the Capital Improvement Program. Some items span several months so the entire cost may not have been incurred yet. In addition, items are capitalized only if they meet GLWA's capitalization policy.

Through February 28, 2025, total capital outlay spend is \$13.1 million. Following this chart is a sample list of projects and purchases from the total spend of \$13.1 million.



**Note:** Due to rounding totals may not equal 100%.

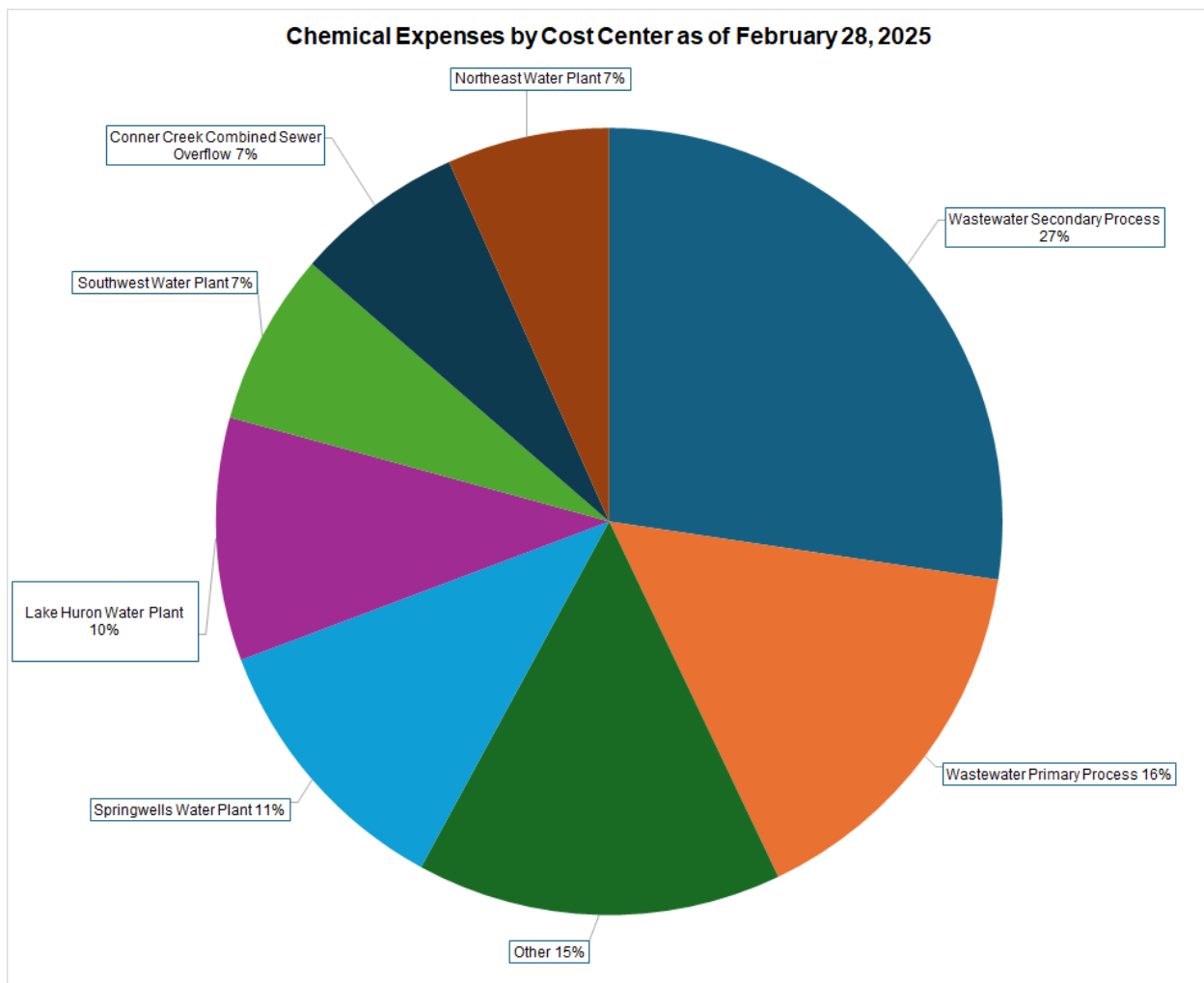
**Water Operations:** Ovation/power supply upgrade (\$682k); ozonation pilot module (\$347k); fluid heater (\$189k); lead removal and disposal (\$185k); granular media filtration pilot plant (\$171k); chlorine monorail (\$133k); drive unit (\$99k); Northeast water plant furniture (\$92k); above ground storage tank (\$75k) and hydraulic drive unit (\$65k).

**Wastewater Operations:** Ovation upgrade and cabinet replacement (\$5.2m); ferric chloride buffering (\$444k); WRRF cooling tower (\$186k); Bluehill pump station ovation upgrade (\$169k); Fischer pump station ovation upgrade (\$156k); scum hopper pump (\$155k); Conner Creek CSO equipment plus installation (\$123k); Baby Creek CSO equipment plus installation (\$114k); Woodmere elevator modernization (\$80k); conveyor system fire protection (\$66k); WRRF/CSO process camera (\$62k) and chopper pump (\$59k).

**Centralized & Administrative Facilities:** Pump stations ovation upgrade (\$664k); computer hardware and software (\$417k); trucks and vehicles (\$371k); system level sensors (\$356k); database support (\$205k); sewer meter support (\$166k); Water Works Park furniture (\$94k) and flow meter verification tool (\$76k).

### Chart 2 – Chemical Expenses – Water and Sewer System Combined

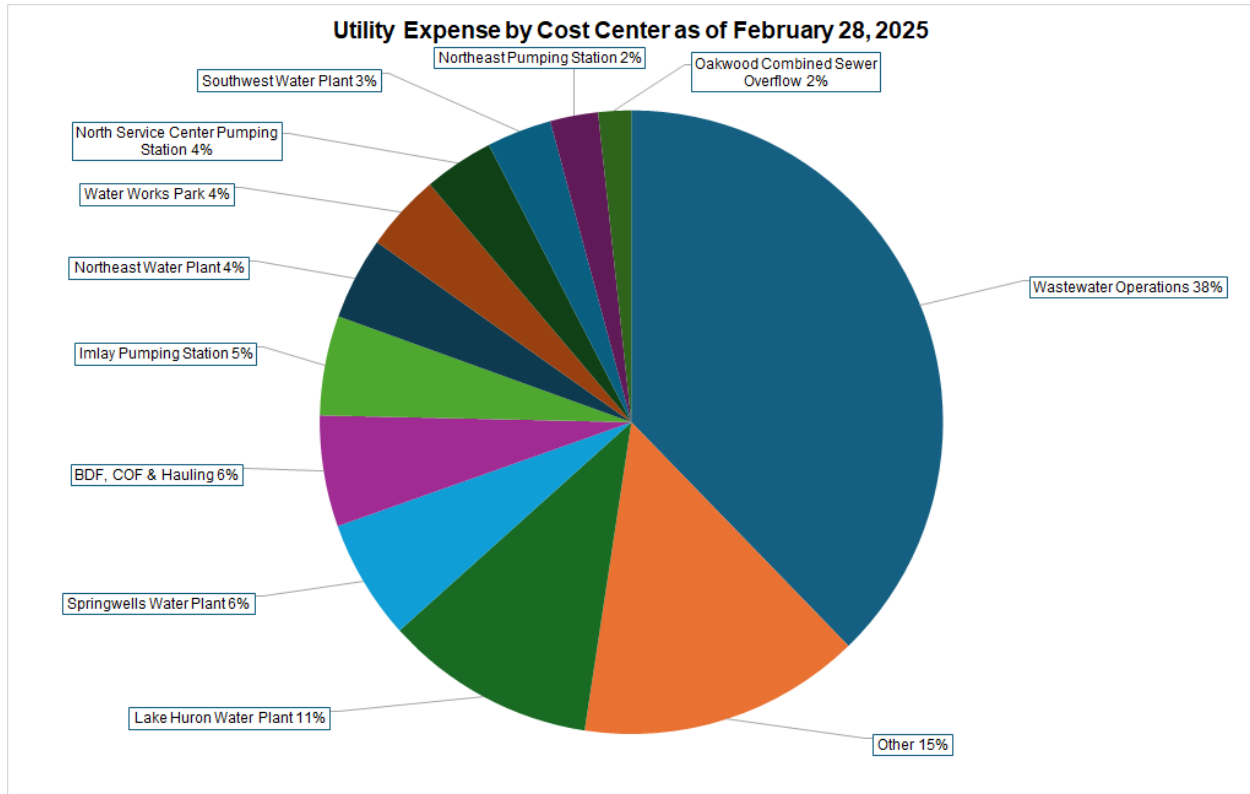
Chemical expenses are \$22.4 million through February 28, 2025. The allocation is shown in the chart below and remains consistent with prior periods.



**Note:** “Other” includes Combined Sewer Overflow (CSO), portions of the Wastewater process and two departments from Water. Due to rounding totals may not equal 100%.

### Chart 3 – Utility Expenses – Water and Sewer System Combined

Utility expenses are \$43.6 million through February 28, 2025. The allocation is shown in the chart below and consistent with prior periods.



**Note:** Due to rounding totals may not equal 100%.



Financial Operations KPI

This key performance indicator shown in **Chart 1 – Bank Reconciliation Completion Status** below provides a measure of the progress made in the month-end close process which includes bank reconciliations with a completed status at month end. Through February 28, 2025, all bank accounts are reconciled. There were no accounts added in the general ledger accounts since June 2024.

Chart 1 – Bank Reconciliation Completion Status

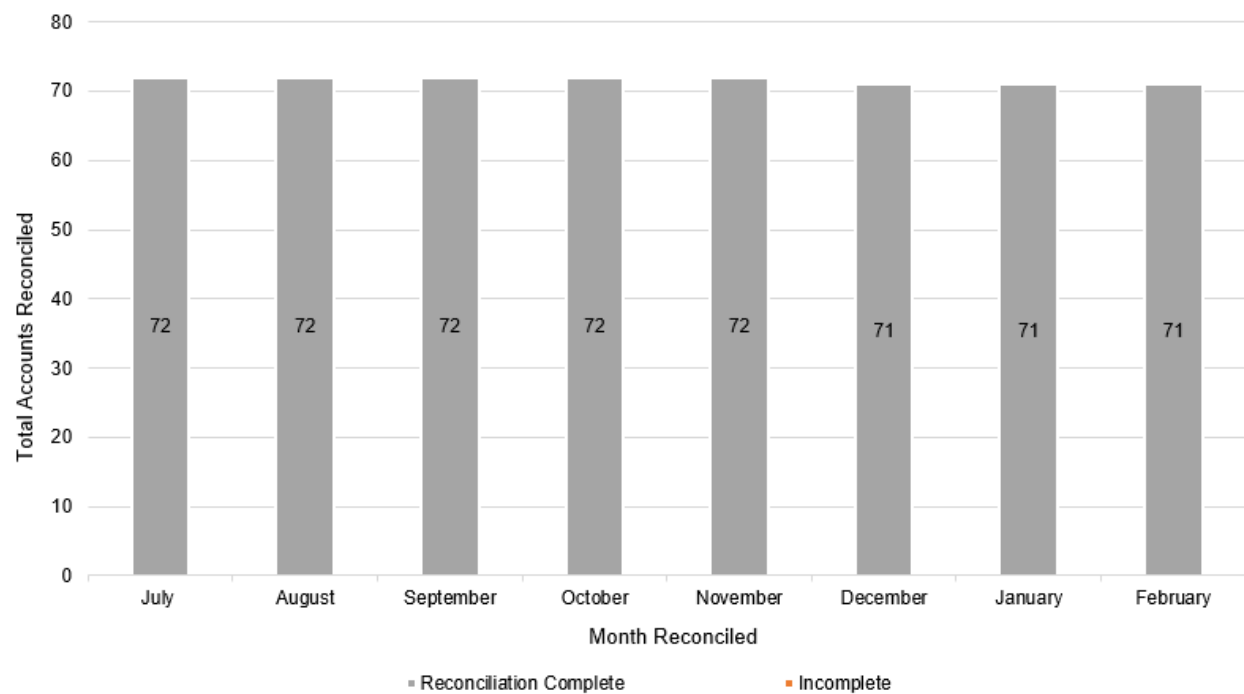


Table 1 – Fiscal Year 2025 GL Cash Account Rollforward

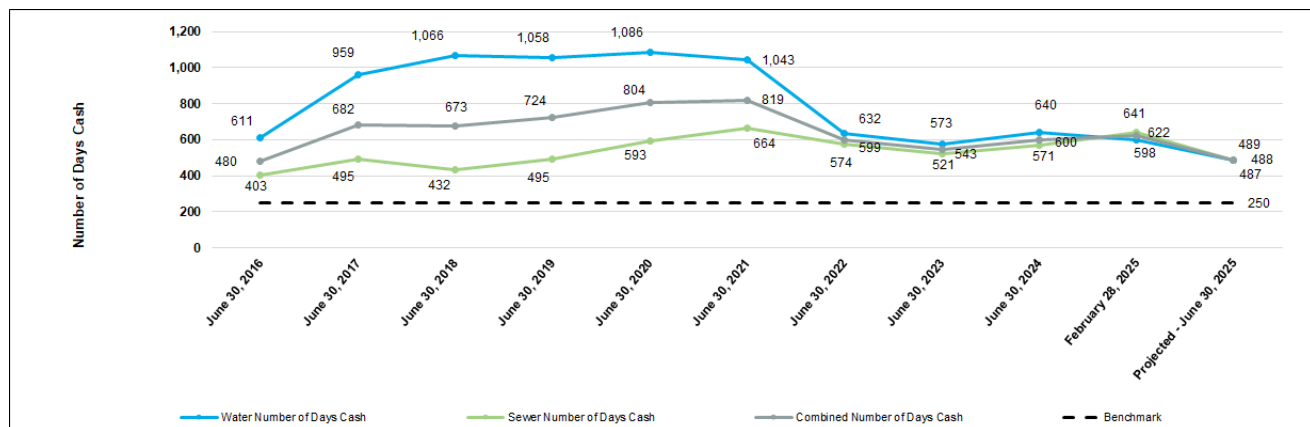
Total GL Cash accounts as of July 1, 2024	72
New GL Cash accounts	0
Inactivated GL Cash accounts (Dec 2024)	(1)
Total GL Cash accounts as of February 28, 2025	71

## Financial Operations KPI - Liquidity

This key performance indicator shown in **Chart 1 – Historical Schedule of Days Cash on Hand – Liquidity – Regional System** and **Table 1 – Schedule of Days Cash on Hand – Liquidity – Regional System** below provides a measure of a utility’s ability to meet expenses, cope with emergencies and navigate business interruptions. Liquidity is one of several key metrics monitored by bond rating agencies reflecting an organization’s financial strength. A best practice benchmark for this key performance indicator is greater than 250 days cash on hand as shown by the dashed line in Chart 1 below.

Both GLWA Water and Sewer funds continue to exceed this target with Water at 598 and Sewer at 641 days cash on hand as of February 28, 2025. These balances remain strong for the regional system but did decrease in FY 2022 as I&E funds were used as planned to fund capital improvement projects. A December 2023 revenue bond transaction that replenished the construction bond funds reducing the emphasis on I&E funding. The FY 2025 projection is calculated based on values from the GLWA FY 2025 – 2029 Budget & Five-Year Plan.

**Chart 1 – Historical Schedule of Days Cash on Hand – Liquidity – Regional System**



**Note:** The GLWA Annual Comprehensive Financial Reports are the source of all historic data referenced. Refer to these reports for detailed calculations by fiscal year.



**Table 1 – Schedule of Days Cash on Hand – Liquidity – Regional System**

	June 30, 2024	February 28, 2025	Projected June 30, 2025
<b>Water Fund</b>			
Cash and Investments - Unrestricted	276,591,000	291,808,000	238,600,000
<b>Operating Expense</b>			
Operating Expense (a)	272,172,000	178,528,000	267,792,000
Less: Depreciation (a)	(110,557,000)	(57,356,000)	(86,033,000)
Less: Amortization of Intangible Asset (a)	(3,982,000)	(2,378,000)	(3,567,000)
Net Operating Expense	157,633,000	118,794,000	178,192,000
<b>Operating Expense per Day</b>	432,000	488,000	488,000
<b>Days Cash</b>			
Number of Days Cash	640	598	489
<b>Sewage Disposal Fund</b>			
Cash and Investments - Unrestricted	342,253,000	406,347,000	309,000,000
<b>Operating Expense</b>			
Operating Expense (a)	374,287,000	249,756,000	374,634,000
Less: Depreciation (a)	(154,486,000)	(95,467,000)	(143,200,000)
Less: Amortization of Intangible Asset (a)	(855,000)	-	-
Net Operating Expense	218,946,000	154,289,000	231,434,000
<b>Operating Expense per Day</b>	600,000	634,000	634,000
<b>Days Cash</b>			
Number of Days Cash	571	641	487
<b>Combined</b>			
Cash and Investments - Unrestricted	618,844,000	698,154,000	547,600,000
<b>Operating Expense</b>			
Operating Expense (a)	646,460,000	428,284,000	642,426,000
Less: Depreciation (a)	(265,044,000)	(152,822,000)	(229,233,000)
Less: Amortization of Intangible Asset (a)	(4,837,000)	(2,378,000)	(3,567,000)
Net Operating Expense	376,579,000	273,084,000	409,626,000
<b>Operating Expense per Day</b>	1,032,000	1,122,000	1,122,000
<b>Days Cash</b>			
Number of Days Cash	600	622	488
<i>Totals may be off due to rounding</i>			

(a) Current year expenses are expressed as a proration of the annual budget for the purposes of this metric.



The monthly Budget to Financial Statements Crosswalk includes the following.

1. Crosswalk Budget Basis to Financial Reporting Basis
2. Explanatory Notes for Crosswalk

**Purpose for Crosswalk:** The Great Lakes Water Authority establishes a “Revenue Requirements” budget for the purposes of establishing charges for services. The financial report is prepared in accordance with Generally Accepted Accounting Policies for enterprise funds of a local government. Because the budget and the financial statements are prepared using different basis of accounting, the crosswalk reconciles the “Net Difference” to the “Increase/(Decrease) in Net Position” in Table 2 of the Basic Financial Statements in the monthly Financial Report.

The Authority has a Water Master Bond Ordinance and a Sewer Master Bond Ordinance (MBO). The Ordinances provide additional security for payment of the bonds. All revenues of the system are deposited into Revenue Receipts Funds which are held in trust by a trustee. The cash is moved to multiple bank accounts monthly based on 1/12<sup>th</sup> of the budget as defined in the MBO (“the flow of funds”) for all revenue requirements except for the Debt Service monthly transfer. The Debt Service monthly requirement is computed by the trustee, U.S. Bank. The cash transfer for debt is net of investment earnings that remain in the debt service accounts to be used for debt service.

The budget is prepared on a modified cash basis. The revenue requirements are determined based upon the cash needed to meet the financial commitments as required by the Master Bond Ordinance.

- Operation & Maintenance (O&M) expenses are reported on an accrual basis
- Accelerated Legacy Pension Allocation (includes B&C notes obligation) is reported on a cash basis
- Debt Service Allocation is reported on a cash set aside basis to provide the cash for the debt payments on the due dates
- Lease payments are reported on a cash basis
- Water Residential Assistance Program are based on a percentage of budgeted revenue
- Regional System Improvement & Extension Fund Allocation are reported on a cash basis

**Budget:** In Table 1A and Table 1B of the Budget to Actual Analysis the 'Revenues' section is the accrual basis revenues that are available to meet the 'Revenue Requirements'. The 'Revenue Requirements' section budget column indicates the annual cash transfers to be made.

**Financial Reporting:** The Authority's financial statements are prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Authority maintains its records on the accrual basis of accounting to conform to GAAP. Revenues from operations, investments and other sources are recorded when earned. Expenses (including depreciation) are recorded when incurred.

**Table 1 – Crosswalk Budget Basis to Financial Reporting Basis** provides a reconciliation of the "Net Difference" in Table 1A and Table 1B in the Budget to Actual Analysis report to the "Increase/(Decrease) in Net Position" in Table 2 of the Basic Financial Statements in this monthly Financial Report. Explanatory notes follow the Crosswalk shown in Table 1 below.

**Table 1 – Crosswalk Budget Basis to Financial Reporting Basis (\$000)**  
**For the Eight Months Ended February 28, 2025**

	Water	Sewer	Total
<b>Net Revenue Requirement Budget Variance (a)</b>	\$ 10,734	\$ 12,960	\$ 23,694
<b>Budgetary categories adjustments to financial reporting basis</b>			
Pension delayed accounting election adjustments			
Current year pension transfers/payments recorded as deferral (c)	420	752	1,172
Prior year pension contribution accounted for in current year (d)	(1,085)	(1,942)	(3,027)
Administrative prepaid adjustment (e)	-	-	-
Debt service (f)	52,855	78,305	131,160
Accelerated pension B&C notes obligation portion (g)	669	1,505	2,174
Regional System lease (h)	4,106	5,018	9,124
GASB 87 & GASB 96 adjustments (h)	839	1,136	1,974
WRAP (i)	1,017	1,387	2,404
Extraordinary Repair & Replacement Fund transfers (j)	-	-	-
Improvement & Extension Fund transfers (j)	4,847	18,760	23,607
<b>Nonbudgeted financial reporting categories adjustments</b>			
Depreciation and amortization (k)	(66,484)	(100,111)	(166,595)
Amortization - debt related (k)	14,377	6,710	21,087
Other nonoperating income (k)	-	4,455	4,455
Other nonoperating expense (k)	-	-	-
Gain(loss) on disposal of capital assets (k)	7	3	10
Raw water rights obligation (l)	2,050	-	2,050
Investment earnings for construction fund (m)	4,001	5,228	9,229
Interest on DWSD note receivable (n)	-	-	-
Investment earnings unrealized gain/loss (o)	621	1,045	1,666
Improvement & extension fund operating expenses (p)	-	(4)	(4)
Capital Contribution (q)	1,849	2,665	4,514
<b>Net Position Increase/(Decrease) per Financial Statements (b)</b>	<b>\$ 30,823</b>	<b>\$ 37,871</b>	<b>\$ 68,694</b>

All amounts are unaudited unless otherwise noted.

GLWA Audit Committee June 6, 2025

**Table 2 - Explanatory Notes for Crosswalk**

- (a) Source: Budget to Actual Table 1A and Table 1B in Monthly Financial Report
- (b) Source: Basic Financial Statements Table 2 in Monthly Financial Report
- (c) Current year pension payments are an expense for budget purposes but not for financial reporting purposes.
- (d) Prior year pension payments are accounted for in the current year financial statements.
- (e) The administrative fee is part of the O&M Legacy Pension shown as an expense for budget purposes. For financial reporting purposes part of the administrative fee is considered prepaid based on the prior year General Retirement System audit information and therefore not an expense for the current year financial reporting. The prepaid portion is adjusted in June each year.
- (f) Debt service (principal and interest payments) are shown as an expense for budget purposes. Most of the adjustment relates to principal payments which are not an expense for financial reporting purposes. A portion of the adjustment relates to interest expense variances on state revolving fund debt due to the timing of payment draws. The cash set aside basis for interest expense generally is the same as the accrual basis for financial reporting.
- (g) The accelerated pension payment includes the obligation payable for the B&C notes. The pension portion is included in item (c) above. This adjustment relates to the B&C note obligation payments. The principal and interest cash basis payments are treated as an expense for budget purposes. The principal portion is not an expense for financial reporting purposes. For financial reporting purposes interest is expensed on an accrual basis which is different from the cash basis.
- (h) Payments for the warehouse lease and subscription-based information technology arrangements (SBITA) are expensed for budget purposes. For financial reporting purposes, the warehouse lease is recorded under GASB 87 and payments are treated as a reduction in the lease liability and interest expense (which is a nonoperating expense). The SBITA payments are recorded under GASB 96 and are treated as a prepaid subscription asset as the software is currently in the implemented phase.

- (i) WRAP is shown as an expense for budget purposes. For financial reporting purposes the expense is not recognized until the funds have been transferred to the WRAP administrator. The adjustment shown is the amount of current year transfers that have not been transferred to the WRAP administrator. Note that there are funds from the prior year that have not been transferred to the WRAP administrator.
- (j) The Extraordinary Repair & Replacement Fund and Improvement & Extension Fund transfers are shown as an expense for budget purposes but not for financial reporting purposes.
- (k) Certain nonoperating income and expenses are reported in financial statements only.
- (l) The water service contract with Flint includes a license for raw water rights which has been recorded as an asset and liability by the Authority. The contract provides for a credit to Flint as Flint satisfies its monthly bond payment obligation to KWA. This KWA credit is treated as a noncash payment of principal and interest on the liability recorded for the raw water rights. For budget, wholesale customer charges are net of the anticipated KWA credits to Flint as that is the cash that will be received and available to meet the budgeted revenue requirements. For financial reporting purposes the Flint wholesale charges are recorded as the total amount billed. When the KWA credit is issued, the receivable from Flint is reduced and the principal and interest payments on the liability for the raw water rights are recorded as a noncash transaction. Most of the adjustment shown relates to the principal reduction made for the credits applied which are not an expense for financial reporting basis.
- (m) Investment earnings from the construction fund are not shown as revenue in the budget and are shown as revenue in the financial statements. Construction fund investment earnings are excluded from the definition of revenue for budget purposes as they are used for construction costs and are not used to meet the revenue requirements in the budget.
- (n) Interest on a DWSD note receivable is budgeted as part of the Sewer improvement and extension fund and is transferred directly to that fund as payments are made. DWSD does not currently have a note receivable due to GLWA.

- (o) Unrealized gains and losses are recorded annually as required for financial reporting purposes but do not reflect actual investment earnings and are not included in cash basis reporting.
- (p) The Water Improvement and Extension fund and the Sewer Improvement and Extension fund reflect certain expenses relating to repairs paid for through the Water and Sewer Improvement and Extension funds, respectively. These are consolidated expenses for financial reporting purposes but are not reflected in the current Operations and Maintenance budget expenses.
- (q) The FY 2025 capital contribution in Nonoperating (revenue) expense represents ARPA (\$1.8 million) grant revenue for the Water system and (\$2.7 million) for the Sewage Disposal system. This nonoperating revenue is reported only in the GAAP-basis financial statements.



The Monthly Capital Improvement Plan Financial Summary includes the following.

1. Water System Capital Improvement Plan Spend Incurred to date
2. Sewer System Capital Improvement Plan Spend Incurred to date

## **Capital Improvement Plan Financial Summary**

Great Lakes Water Authority (GLWA) capital improvement projects generally span two or more years due to size and complexity. Therefore, the GLWA Board of Directors (Board) adopts a five-year capital improvement plan (CIP). The CIP is a five-year, rolling plan which is updated annually and formally adopted by the GLWA Board of Directors. In addition, the Board of Directors adopts a capital spending ratio assumption (SRA) which allows the realities of capital program delivery to align with the financial plan. The SRA is an analytical approach to bridge the total dollar amount of projects in the CIP with what can realistically be spent due to limitations beyond GLWA's control and/or delayed for nonbudgetary reasons. Those limitations, whether financial or non-financial, necessitate the SRA for budgetary purposes, despite the prioritization established.

This report presents quarterly and monthly CIP spending against the prorated CIP in total and the CIP adjusted for the SRA. The prorated CIP is calculated by dividing the total fiscal year 2025 board-approved CIP plan by twelve equal months. It should be noted that for operational purposes, GLWA utilizes Primavera P6 for refined monthly projections for cash management and project management.

Capital spend reflects a noticeable variance from budgeted CIP for both the water and sewer funds. For the purposes of this metric, we compare actual spend with the Board-approved budget. For the purposes of managing the financial plan, budget amendments are made to align spending with resources available. The capital spend rate adjustment is 100% of the Board approved CIP planned spend for the water fund and 100% of the Board approved CIP planned spend for the sewer fund.

The State Revolving Fund (SRF) activity reported in Charts 1 and 2 have been revised to reflect changes in approved, GLWA SRF funding.

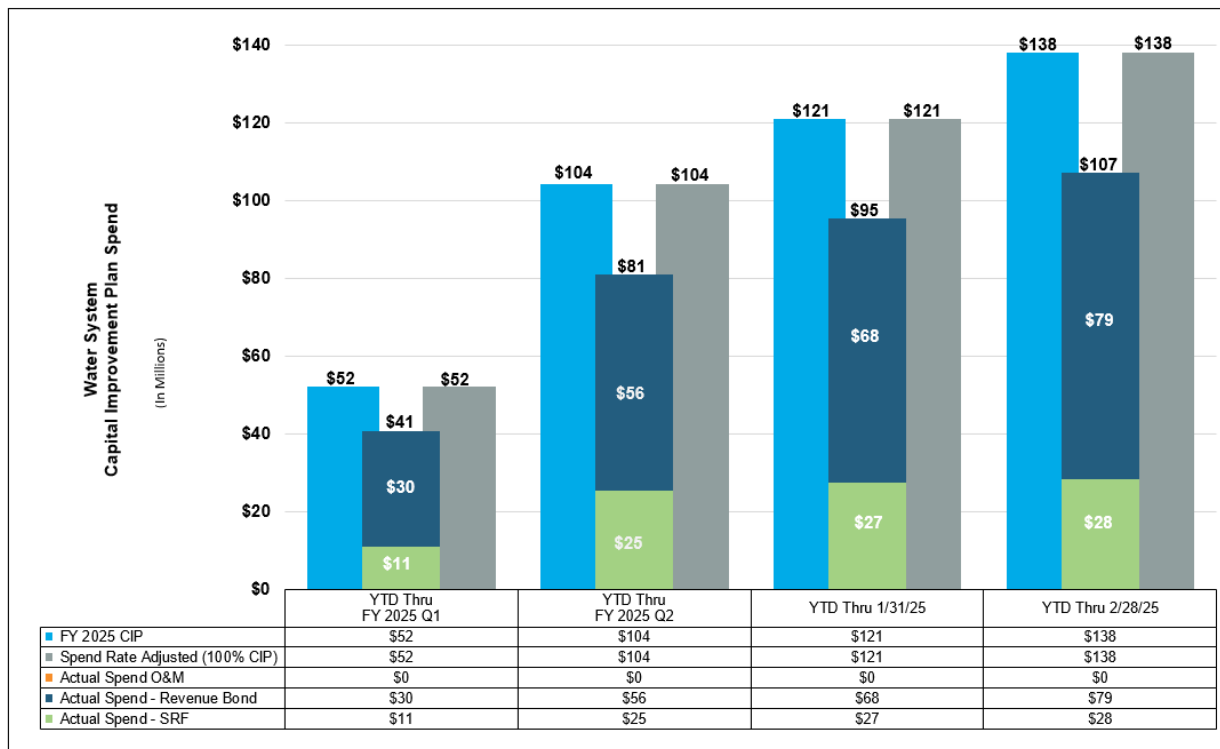


### Chart 1 – Water System Capital Improvement Plan Spend Incurred to Date

As of February 2025, the water system incurred \$107 million of construction costs to date. This spend represents 78% of the original, Board-approved CIP, and 78% of the Board-reviewed spend rate adjustment.

Economic factors affecting the CIP spend are considered by the Board quarterly at which time the Board may amend the planned spend rate adjusted.

### Chart 1 – Water System Capital Improvement Plan Spend Incurred to Date – Spend Rate Adjusted



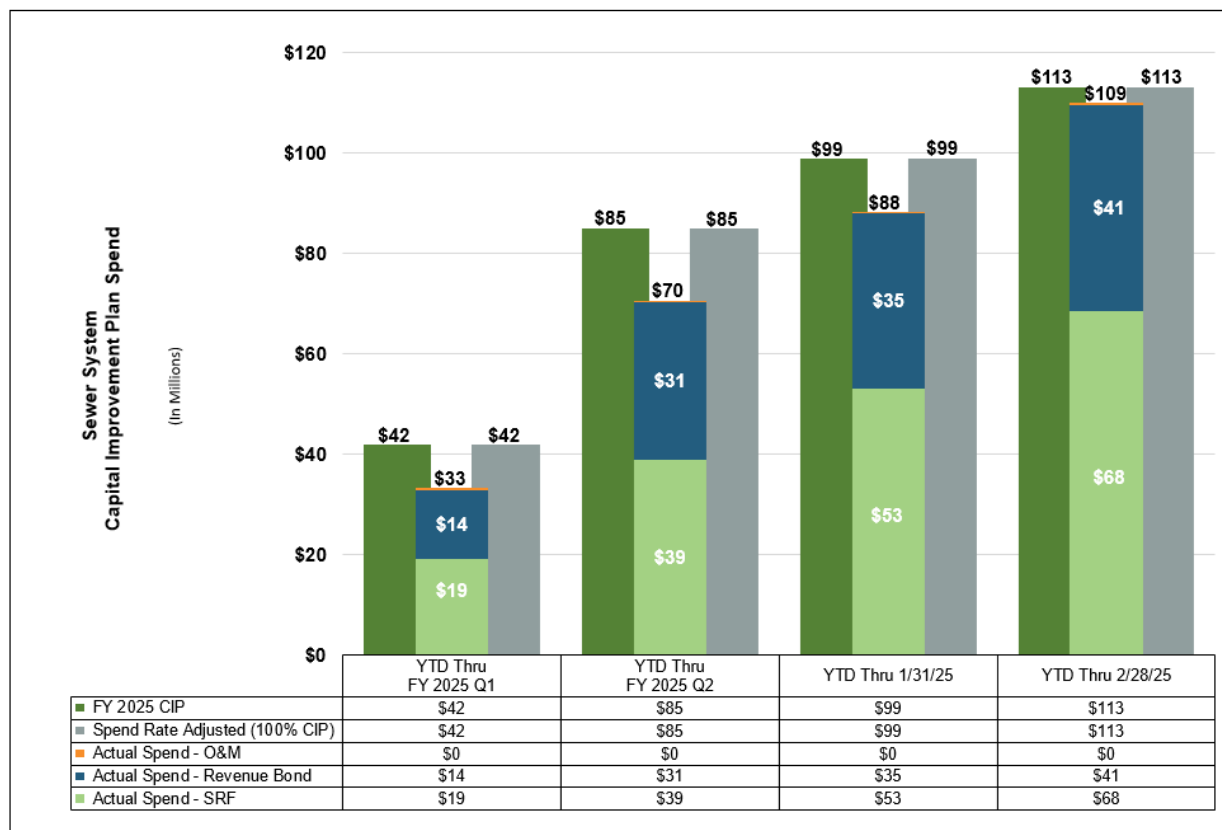


## Chart 2 – Sewer System Capital Improvement Plan Spend Incurred to Date

As of February 2024, the Sewer system incurred \$109 million of construction costs to date. This spend represents 97% of the original, Board-approved CIP, and 97% of the Board-reviewed spend rate adjustment.

Economic factors affecting the CIP spend are considered by the Board quarterly at which time the Board may amend the planned spend rate adjusted.

### Chart 2 – Sewer System Capital Improvement Plan Spend Incurred to Date – Spend Rate Adjusted





This report includes the following.

1. Master Bond Ordinance (MBO) Required Transfers to Accounts Held by GLWA
2. Master Bond Ordinance (MBO) Required Transfers to Accounts Held by DWSD

## **MBO Transfers to Accounts Held by GLWA**

**GLWA Transfers:** The Treasury team completes required MBO transfers on the first business day of each month. These transfers are completed in accordance with the Great Lakes Water Authority (GLWA) and Detroit Water & Sewerage Department (DWSD) budgets as approved and adopted by the GLWA Board of Directors and DWSD Board of Water Commissioners annually.

Monthly transfers for Operations & Maintenance (O&M), Pension, and Water Residential Assistance Program (WRAP) are one-twelfth of the annual, budgeted amount. Budget stabilization should not require additional funding due to new, baseline funding levels established as part of the June 2018 Memorandum of Understanding but is included to reflect historical activity. If there are transfers to the Extraordinary Repair & Replacement (ER&R) fund they would be completed annually based on budget and year-end fund status.

**Table 1 – GLWA FY 2025 Water MBO Transfers** reflects the required transfers for FY 2025 completed through February 2025. MBO transfers for water totaling \$117.6 million have been transferred to GLWA accounts.

**Table 2 – GLWA FY 2025 Sewer MBO Transfers** reflects the required transfers for FY 2025 completed through February 2025. MBO transfers for sewer totaling \$159.4 million have been transferred to GLWA accounts.

**Table 3 – GLWA MBO Transfer History** reflects historical transfers for FY 2016 through FY 2025 to date.

**Table 1 – GLWA FY 2025 Water MBO Transfers**

WATER							
	Operations & Maintenance	Pension Sub Account	Pension Obligation	WRAP	Budget Stabilization (For Benefit of DWSD)	Extraordinary Repair & Replacement (ER&R)	Total Water
<b>FY 2025</b>							
July 2024	\$ 14,135,417	\$ -	\$ 324,642	\$ 236,359	\$ -	\$ -	\$ 14,696,418
August 2024	14,135,417	-	324,642	236,359	-	-	14,696,418
September 2024	14,135,417	-	324,642	236,359	-	-	14,696,418
October 2024	14,135,417	-	324,642	235,958	-	-	14,696,017
November 2024	14,135,417	-	324,642	235,958	-	-	14,696,017
December 2024	14,135,417	-	324,642	236,560	-	-	14,696,619
January 2025	14,135,417	-	324,642	236,259	-	-	14,696,318
February 2025	14,135,417	-	324,642	236,259	-	-	14,696,318
March 2025							
April 2025							
May 2025							
June 2025							
<b>Total FY 2025</b>	<b>\$ 113,083,336</b>	<b>\$ -</b>	<b>\$ 2,597,136</b>	<b>\$ 1,890,071</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 117,570,543</b>

**Table 2 – GLWA FY 2025 Sewer MBO Transfers**

SEWER							
	Operations & Maintenance	Pension Sub Account	Pension Obligation	WRAP	Budget Stabilization (For Benefit of DWSD)	Extraordinary Repair & Replacement (ER&R)	Total Sewer
<b>FY 2025</b>							
July 2024	\$ 19,077,833	\$ -	\$ 510,516	\$ 332,933	\$ -	\$ -	\$ 19,921,282
August 2024	19,077,833	-	510,516	332,933	-	-	19,921,282
September 2024	19,077,833	-	510,516	332,933	-	-	19,921,282
October 2024	19,077,833	-	510,516	339,168	-	-	19,927,517
November 2024	19,077,833	-	510,516	339,168	-	-	19,927,517
December 2024	19,077,833	-	510,516	329,816	-	-	19,918,165
January 2025	19,077,833	-	510,516	334,492	-	-	19,922,841
February 2025	19,077,833	-	510,516	334,492	-	-	19,922,841
March 2025							
April 2025							
May 2025							
June 2025							
<b>Total FY 2025</b>	<b>\$ 152,622,664</b>	<b>-</b>	<b>\$ 4,084,128</b>	<b>\$ 2,675,935</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 159,382,727</b>

**Table 3 – GLWA MBO Transfer History**

WATER							
	Operations & Maintenance	Pension Sub Account	Pension Obligation	WRAP	Budget Stabilization (For Benefit of DWSD)	Extraordinary Repair & Replacement (ER&R)	Total Water
Total FY 2016	\$ 71,052,000	\$ 6,037,100	\$ 10,297,200	\$ 1,983,300	\$ 2,326,900	\$ 606,000	\$ 92,302,500
Total FY 2017	111,879,600	6,037,200	10,297,200	2,077,200	360,000	-	130,651,200
Total FY 2018	121,562,604	6,048,000	10,695,696	2,159,400	-	-	140,465,700
Total FY 2019	121,562,604	6,048,000	10,695,696	2,061,000	-	-	140,367,300
Total FY 2020	126,840,204	6,048,000	10,695,683	1,980,804	-	-	145,564,691
Total FY 2021	134,127,300	6,048,000	10,695,700	2,324,200	-	-	153,195,200
Total FY 2022	143,933,800	6,048,000	10,695,700	2,376,600	-	-	163,054,100
Total FY 2023	156,747,700	6,048,000	10,695,700	2,611,800	-	2,200,000	178,303,200
Total FY 2024	168,873,100	-	2,568,700	2,710,200	-	2,836,000	176,988,000
Total FY 2025 (year to date)	113,083,336	-	2,597,136	1,890,071	-	-	117,570,543
<b>Life to Date</b>	<b>\$ 1,269,662,248</b>	<b>\$ 48,362,300</b>	<b>\$ 89,934,411</b>	<b>\$ 22,174,575</b>	<b>\$ 2,686,900</b>	<b>\$ 5,642,000</b>	<b>\$ 1,438,462,434</b>

SEWER							
	Operations & Maintenance	Pension Sub Account	Pension Obligation	WRAP	Budget Stabilization (For Benefit of DWSD)	Extraordinary Repair & Replacement (ER&R)	Total Sewer
Total FY 2016	\$ 100,865,600	\$ 10,838,400	\$ 14,025,800	\$ 2,523,400	\$ 5,591,700	\$ 779,600	\$ 134,624,500
Total FY 2017	175,858,800	10,838,400	14,026,800	2,654,400	2,654,400	-	206,032,800
Total FY 2018	191,079,396	10,824,000	14,687,496	2,760,804	-	-	219,351,696
Total FY 2019	191,079,396	10,824,000	14,687,496	2,870,992	-	-	219,461,884
Total FY 2020	181,925,800	10,824,000	14,687,517	2,887,300	-	-	210,324,617
Total FY 2021	182,296,000	10,824,000	14,687,500	3,764,300	-	-	211,571,800
Total FY 2022	191,908,600	10,824,000	14,687,400	3,868,700	-	-	221,288,700
Total FY 2023	204,122,500	10,824,000	14,687,400	3,673,800	-	-	233,307,700
Total FY 2024	224,873,500	-	3,914,500	3,836,402	150,000	-	232,774,402
Total FY 2025 (year to date)	152,622,664	-	4,084,128	2,675,935	-	-	159,382,727
<b>Life to Date</b>	<b>\$ 1,796,632,256</b>	<b>\$ 86,620,800</b>	<b>\$ 124,176,037</b>	<b>\$ 31,516,033</b>	<b>\$ 8,396,100</b>	<b>\$ 779,600</b>	<b>\$ 2,048,120,826</b>

## MBO Required and Lease Payment Transfers to DWSD

**DWSD Transfers:** The GLWA Treasury team completes the required MBO transfers on the first business day of each month. These transfers are completed in accordance with the GLWA and DWSD budgets as approved and adopted by the GLWA Board of Directors and DWSD Board of Water Commissioners annually. Transfers are coordinated with other areas of GLWA Financial Services in advance of the first business day of each month. GLWA Treasury sends confirmation of transfers made to DWSD Treasury.

Monthly transfers for O&M and O&M Pension are one-twelfth of the annual, budgeted amount. The annual lease payment, as stated in the Water and Sewer Lease Agreements, is \$22,500,000 for Water and \$27,500,000 for Sewer. The monthly lease transfer is one-twelfth of the amount as stated in the Lease agreements unless otherwise designated by DWSD. Per Section 3.5 of the Lease, the Lease payment may be used for (a) bond principal and interest for Local System Improvements, (b) bond principal and interest for the City's share of common-to-all System Improvements, and (c) Local System improvements.

**Table 4 – DWSD FY 2025 Water MBO Transfers** reflects the required transfers for FY 2025 completed through February 2025. MBO transfers for Water totaling \$46.8 million have been transferred to accounts held by DWSD.

**Table 5 – DWSD FY 2025 Sewer MBO Transfers** reflects the required transfers for FY 2025 completed through February 2025. MBO transfers for Sewer totaling \$57.5 million have been transferred to accounts held by DWSD.

**Table 6 – DWSD Water MBO and Lease Payment Transfer History** reflects historical transfers for FY 2016 through FY 2025 to date.

**Table 7 – DWSD Sewer MBO and Lease Payment Transfer History** reflects historical transfers for FY 2016 through FY 2025 to date.

**Table 4 – DWSD FY 2025 Water MBO Transfers**

WATER				
	<u>Operations &amp; Maintenance</u>	<u>Pension</u>	<u>Lease Payment (I&amp;E Fund)</u>	<u>Total Water</u>
<b>FY 2025</b>				
July 2024	\$ 3,970,517	\$ -	\$ 1,875,000	\$ 5,845,517
August 2024	3,970,517	-	1,875,000	5,845,517
September 2024	3,970,517	-	1,875,000	5,845,517
October 2024	3,970,517	-	1,875,000	5,845,517
November 2024	3,970,517	-	1,875,000	5,845,517
December 2024	3,970,517	-	1,875,000	5,845,517
January 2025	3,970,517	-	1,875,000	5,845,517
February 2025	3,970,517	-	1,875,000	5,845,517
March 2025				
April 2025				
May 2025				
June 2025				
<b>Total FY 2025</b>	<b>\$ 31,764,136</b>	<b>-</b>	<b>\$ 15,000,000</b>	<b>\$ 46,764,136</b>

**Table 5 – DWSD FY 2025 Sewer MBO Transfers**

SEWER				
	<u>Operations &amp; Maintenance</u>	<u>Pension</u>	<u>Lease Payment (I&amp;E Fund)</u>	<u>Total Sewer</u>
<b>FY 2025</b>				
July 2024	\$ 4,889,950	\$ -	\$ 2,291,667	\$ 7,181,617
August 2024	4,889,950	-	2,291,667	7,181,617
September 2024	4,889,950	-	2,291,667	7,181,617
October 2024	4,889,950	-	2,291,667	7,181,617
November 2024	4,889,950	-	2,291,667	7,181,617
December 2024	4,889,950	-	2,291,667	7,181,617
January 2025	4,889,950	-	2,291,667	7,181,617
February 2025	4,889,950	-	2,291,667	7,181,617
March 2025				
April 2025				
May 2025				
June 2025				
<b>Total FY 2025</b>	<b>\$ 39,119,600</b>	<b>-</b>	<b>\$ 18,333,336</b>	<b>\$ 57,452,936</b>



**Table 6 – DWSD Water MBO and Lease Payment Transfer History**

	WATER			
	Operations & Maintenance	Operations & Maintenance Pension	Lease Payment (I&E Fund)	Total Water
<b>FY 2016 *</b>				
MBO/Lease Requirement	\$ 26,185,600	\$ 4,262,700	\$ 22,500,000	\$ 52,948,300
Offset to Debt Service	-	-	(2,326,900)	(2,326,900)
Total MBO Transfer	26,185,600	4,262,700	20,173,100	50,621,400
<b>FY 2017</b>				
MBO/Lease Requirement	33,596,400	4,262,400	22,500,000	60,358,800
Offset to Debt Service	-	-	-	-
Total MBO Transfer	33,596,400	4,262,400	22,500,000	60,358,800
<b>FY 2018</b>				
MBO/Lease Requirement	35,059,704	4,272,000	22,500,000	61,831,704
Offset to Debt Service	-	-	(1,875,000)	(1,875,000)
Total MBO Transfer	35,059,704	4,272,000	20,625,000	59,956,704
<b>FY 2019</b>				
MBO/Lease Requirement	35,484,300	4,272,000	22,500,000	62,256,300
Offset to Debt Service	-	-	(3,972,200)	(3,972,200)
Total MBO Transfer	35,484,300	4,272,000	18,527,800	58,284,100
<b>FY 2020</b>				
MBO/Lease Requirement	34,662,400	4,272,000	22,500,000	61,434,400
Offset to Debt Service	-	-	(3,548,000)	(3,548,000)
Total MBO Transfer	34,662,400	4,272,000	18,952,000	57,886,400
<b>FY 2021</b>				
MBO/Lease Requirement	35,833,900	4,272,000	22,500,000	62,605,900
Offset to Debt Service	-	-	(8,278,300)	(8,278,300)
Total MBO Transfer	35,833,900	4,272,000	14,221,700	54,327,600
<b>FY 2022</b>				
MBO/Lease Requirement	29,989,000	4,272,000	22,500,000	56,761,000
Offset to Debt Service	-	-	(8,925,400)	(8,925,400)
Total MBO Transfer	29,989,000	4,272,000	13,574,600	47,835,600
<b>FY 2023</b>				
MBO/Lease Requirement	42,581,600	4,272,000	22,500,000	69,353,600
Offset to Debt Service	-	-	(2,922,100)	(2,922,100)
Total MBO Transfer	42,581,600	4,272,000	19,577,900	66,431,500
<b>FY 2024</b>				
MBO/Lease Requirement	44,776,800	-	22,500,000	67,276,800
Offset to Debt Service	-	-	-	-
Total MBO Transfer	44,776,800	-	22,500,000	67,276,800
<b>FY 2025 (year to date)</b>				
MBO/Lease Requirement	31,764,136	-	15,000,000	46,764,136
Offset to Debt Service	-	-	-	-
Total MBO Transfer	31,764,136	-	15,000,000	46,764,136
<b>Life-to-Date</b>				
MBO/Lease Requirement	349,933,840	34,157,100	217,500,000	601,590,940
Offsets	-	-	(31,847,900)	(31,847,900)
<b>Total Water</b>	<b>\$ 349,933,840</b>	<b>\$ 34,157,100</b>	<b>\$ 185,652,100</b>	<b>\$ 569,743,040</b>

\* Note: FY 2016 lease transfer amounts shown do not include prepayment on the lease amount for the 6 months period before bifurcation.

**Table 7 – DWSD Sewer MBO and Lease Payment Transfer History**

	SEWER			
	Operations & Maintenance	Operations & Maintenance Pension	Lease Payment (I&E Fund)	Total Sewer
<b>FY 2016 *</b>				
MBO/Lease Requirement	\$ 19,774,300	\$ 2,861,800	\$ 27,500,000	\$ 50,136,100
Offset to Debt Service	-	-	(19,991,500)	(19,991,500)
Total MBO Transfer	19,774,300	2,861,800	7,508,500	30,144,600
<b>FY 2017</b>				
MBO/Lease Requirement	41,535,600	2,862,000	27,500,000	71,897,600
Offset to Debt Service	-	-	-	-
Total MBO Transfer	41,535,600	2,862,000	27,500,000	71,897,600
<b>FY 2018</b>				
MBO/Lease Requirement	60,517,992	2,856,000	27,500,000	90,873,992
Offset to Debt Service	-	-	(9,166,664)	(9,166,664)
Total MBO Transfer	60,517,992	2,856,000	18,333,336	81,707,328
<b>FY 2019</b>				
MBO/Lease Requirement	56,767,920	2,856,000	27,500,000	87,123,920
Offset to Debt Service	-	-	(4,415,000)	(4,415,000)
Total MBO Transfer	56,767,920	2,856,000	23,085,000	82,708,920
<b>FY 2020</b>				
MBO/Lease Requirement	62,343,500	2,856,000	27,500,000	92,699,500
Offset to address shortfall	(7,100,000)	-	-	(7,100,000)
Offset to Debt Service	-	-	(5,032,700)	(5,032,700)
Total MBO Transfer	55,243,500	2,856,000	22,467,300	80,566,800
<b>FY 2021</b>				
MBO/Lease Requirement	69,915,700	2,856,000	27,500,000	100,271,700
Offset to Debt Service	-	-	(3,257,200)	(3,257,200)
Total MBO Transfer	69,915,700	2,856,000	24,242,800	97,014,500
<b>FY 2022</b>				
MBO/Lease Requirement	61,301,000	2,856,000	27,500,000	90,735,453
Offset to Debt Service	-	-	(5,529,297)	(4,607,750)
Total MBO Transfer	61,301,000	2,856,000	21,970,703	86,127,703
<b>FY 2023</b>				
MBO/Lease Requirement	51,396,400	2,856,000	27,500,000	81,752,400
Offset to Debt Service	-	-	(4,388,300)	(4,388,300)
Total MBO Transfer	51,396,400	2,856,000	23,111,700	77,364,100
<b>FY 2024</b>				
MBO/Lease Requirement	55,705,700	-	27,500,004	83,205,704
Offset to Debt Service	-	-	-	-
Total MBO Transfer	55,705,700	-	27,500,004	83,205,704
<b>FY 2025 (year to date)</b>				
MBO/Lease Requirement	39,119,600	-	18,333,336	57,452,936
Offset to Debt Service	-	-	-	-
Total MBO Transfer	39,119,600	-	18,333,336	57,452,936
<b>Life-to-Date</b>				
MBO/Lease Requirement	518,377,712	22,859,800	265,833,340	806,149,305
Offsets	(7,100,000)	-	(51,780,661)	(57,959,114)
<b>Total Sewer</b>	<b>\$ 511,277,712</b>	<b>\$ 22,859,800</b>	<b>\$ 214,052,679</b>	<b>\$ 748,190,191</b>

\* Note: FY 2016 lease transfer amounts shown do not include prepayment on the lease amount for the 6 months period before bifurcation.



This report includes the following:

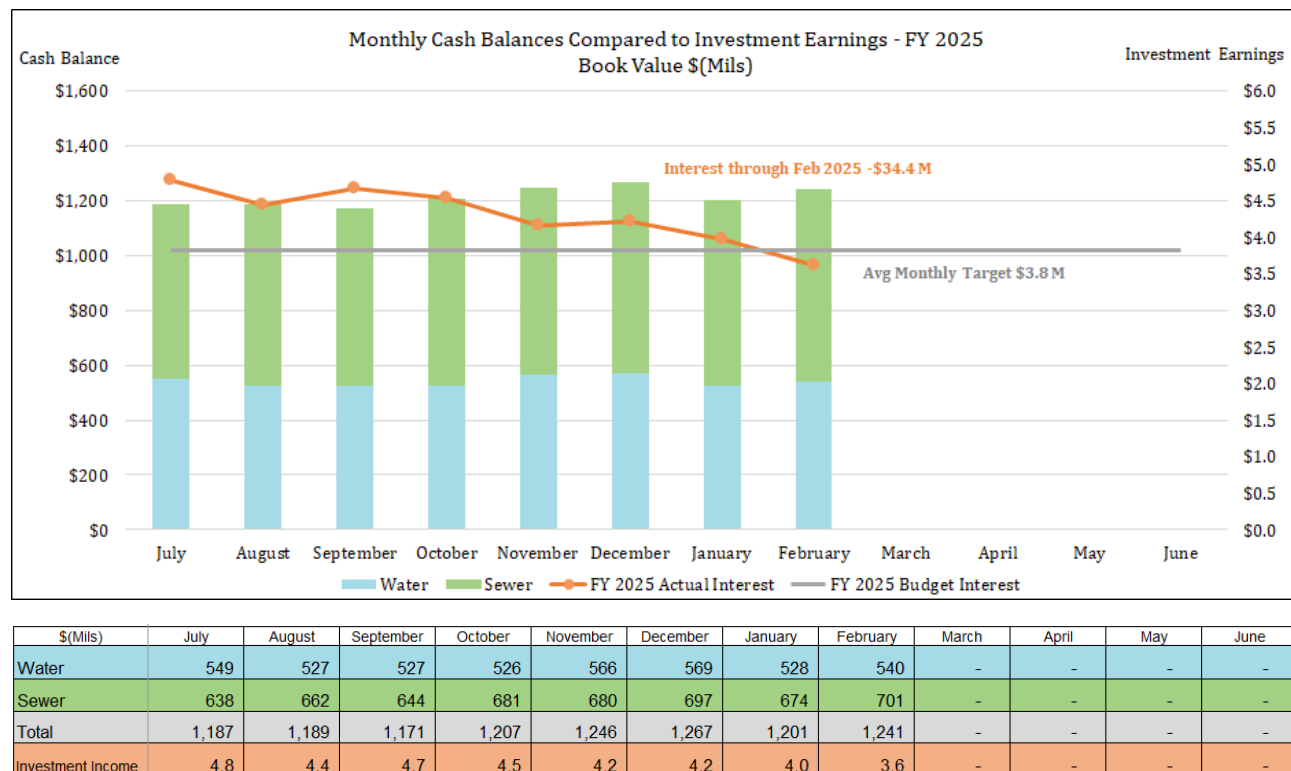
1. Monthly Cash Balances Compared to Investment Income
2. Cash Balance Detail

## Monthly Cash Balances Compared to Investment Income

GLWA's investment holdings comply with the requirements of Public Act 20 of 1948, as amended and the GLWA Investment Policy. The cash balances shown in this report include bank deposits, money market funds, a local government investment pool, U.S. Treasuries, Federal Agencies, and commercial paper.

Cash and investment balances change each month based on Master Bond Ordinance (MBO) funding requirements, operational needs, capital spending pace, and mandatory debt payments. Investment income fluctuates monthly based on cash and investment balances as well as market conditions and investment strategy. For the month of February 2025, GLWA earned investment income of \$3.6 million and cumulative FY 2025 earnings through February 2025 of \$34.4 million. Total investment income reported includes earnings from revenue requirement funds as well as construction bond funds.

**Chart 1 – Monthly Cash Balances Compared to Investment Income – Through February 2025**



All amounts are unaudited unless otherwise noted.

GLWA Audit Committee June 6, 2025

GLWA continues to refine cash flows and work with its investment advisor to identify strategies to maximize future investment income while meeting the objectives of safety and liquidity.

## Cash Balance Detail

**Funds Held By GLWA:** GLWA cash balances are held in accounts as defined by the Master Bond Ordinance. The accounts are funded by monthly transfers, as stipulated in the MBO, on the first business day of each month. The “operations and maintenance” (O&M) fund transfer amounts are based upon the annual O&M budget approved by the GLWA Board of Directors for the regional systems and by the Board of Water Commissioners for the Detroit Water & Sewerage Department (DWSD) local system budgets. The water and sewer funds held by GLWA and their purpose, as defined by the MBO, are listed below.

### ***Funds Held Within Trust:***

- Receiving – all retail and wholesale revenues collected which are distributed in subsequent month(s)
- Debt Service – funds set aside for debt service and debt reserve requirements
- Pension Obligation – funds set aside to meet GLWA’s annual funding requirements for the legacy General Retirement System Pension Plan
- Water Residential Assistance Program (WRAP) – funds set aside to be used to provide financial assistance to qualified residents throughout the local and regional water system as directed by program guidelines
- Budget Stabilization – funds held by GLWA on behalf of DWSD that can be applied against shortfalls in retail revenues
- Emergency Repair & Replacement (ER&R) – funds set aside to pay the costs for major unanticipated repairs and replacements of the local and regional systems
- Improvement & Extension (I&E) – funds set aside to be used for the improvements, enlargements, and extensions of the regional system

### ***Funds Held Outside Trust:***

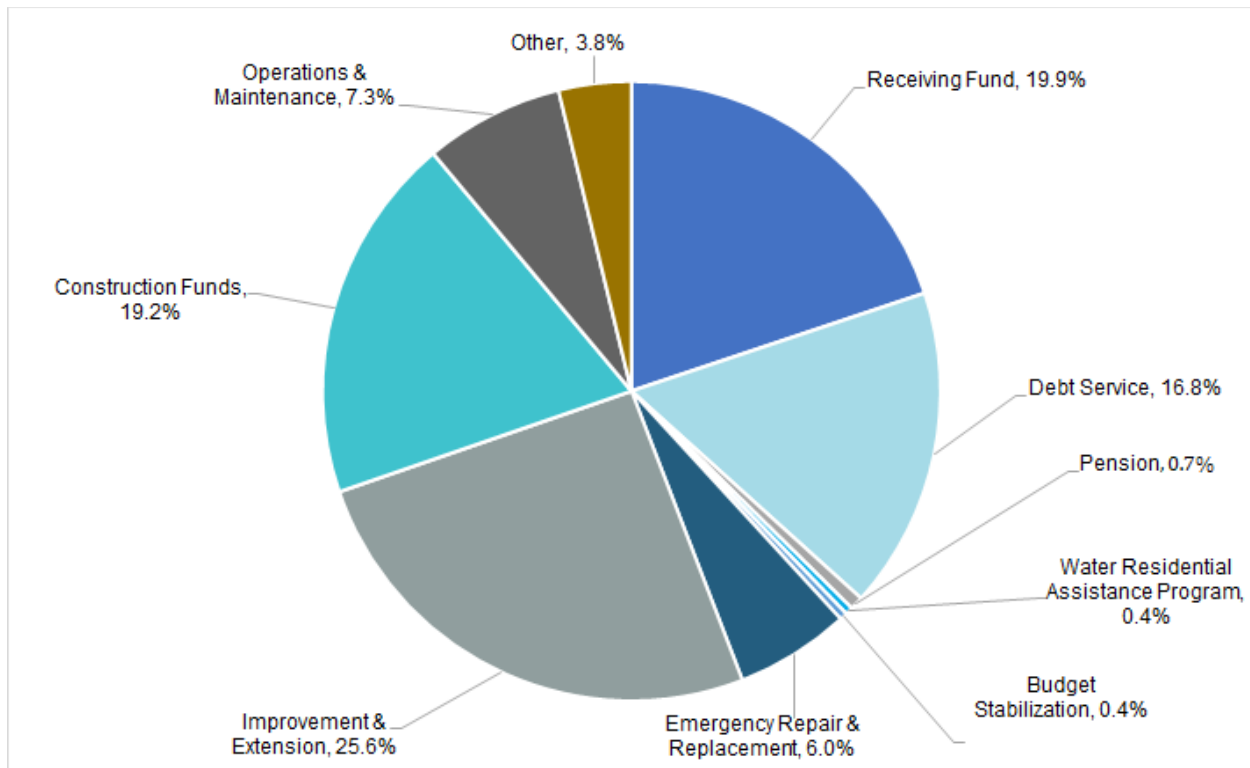
- Bond Proceeds – funds raised from debt issuance used for costs of repairs, construction, and improvements of the regional system
- Operations & Maintenance (O&M) – funds used to meet the operational and maintenance requirements of the regional system
- Other – retainage funds held on behalf of contractors and security deposit funds held on behalf of the City of Flint, and capital contribution funds provided by the Evergreen Farmington Sewer District recognized as related project work is completed

A [chart](#) depicting the follow of funds is online at [glwater.org](http://glwater.org) as well as the [MBO](#) documents.

**Chart 2 – Cash Balances - Water Funds as of February 2025** - Shows the allocation of the balance among the different categories defined in the section above. The total cash balance for Water Funds as of February 2025 is \$540 million. The allocation of balances among the I&E, bond proceeds, and debt service reserve funds reflects GLWA's commitment to funding capital improvements and meeting debt reserve requirements while simultaneously increasing I&E resources to fund pay-as-you-go capital funding to reduce long-term debt in the future.

GLWA completed a bond transaction of \$148.5 million in December 2023 to support water system improvements. These funds along with I&E and SRF low-interest loans will fund the capital program going forward.

**Chart 2 – Cash Balances - Water Funds as of February 2025**

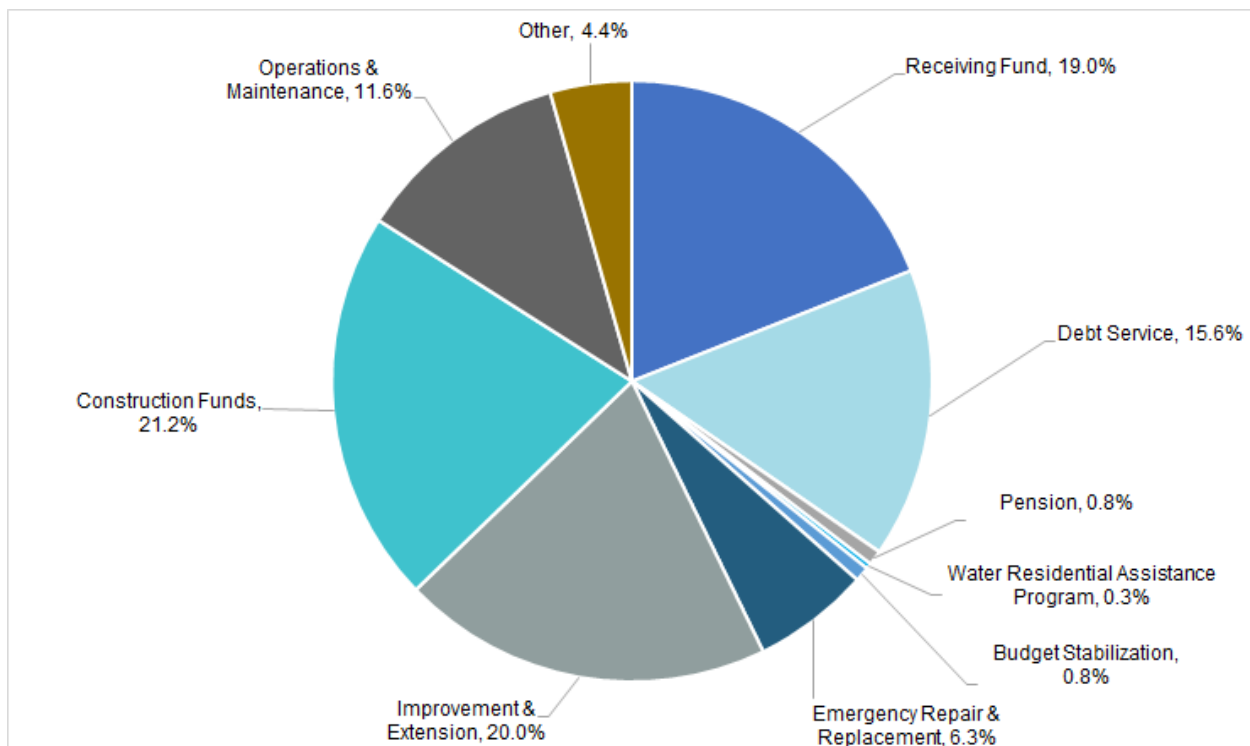


**Note:** Due to rounding totals may not equal 100%.

**Chart 3 – Cash Balances - Sewer Funds as of February 2025** - Shows the allocation of the balance among the different funds defined in the section above. The total cash balance for Sewer Funds as of February 2025 is \$701 million. Like the Water Funds, the allocation of balances among the I&E, bond proceeds, and debt service reserve funds reflects GLWA's commitment to funding capital improvements and meeting debt reserve requirements while simultaneously increasing I&E resources to fund pay-as-you-go capital funding to reduce long-term debt in the future.

In conjunction with the Water Fund transaction, GLWA completed a bond transaction of \$96.8 million in December 2023 to support sewage disposal system improvements. These funds along with I&E and SRF low-interest loans will fund the capital program going forward.

**Chart 3 – Cash Balances - Sewer Funds as of February 2025**



**Note:** Due to rounding totals may not equal 100%.



**Retail Revenues, Receivables, and Collections:** Pursuant to the terms of the lease agreement between the City of Detroit and the Great Lakes Water Authority (GLWA), the Detroit Water & Sewerage Department (DWSD) serves as GLWA's agent for billing activities for the City of Detroit retail customer class. All water and sewer service collections from DWSD customers are deposited in a trust account and are administered in accordance with the GLWA Master Bond Ordinance.

The Monthly Retail Revenues, Receivables, & Collections Report includes the following.

1. DWSD Retail Water Revenue Billings and Collections
2. DWSD Retail Sewer Revenue Billings and Collections
3. DWSD Retail Water and Sewer System Accounts Receivable Aging Report

**Note:** Wholesale customer revenues are billed by the Great Lakes Water Authority.

## **DWSD Retail Water Billings and Collections**

**Retail Billing Basis:** DWSD bills retail customers monthly. Customers are billed throughout the month in cycles based on a meter reading schedule beginning with residential accounts and ending with commercial and industrial customers.

**Table 1 - DWSD Retail Billings** shows the FY 2025 water usage and billed revenue which are provided by DWSD staff. As of February 28, 2025, the DWSD usage was at 99.51% of the budget and billed revenue was at 100.35% of budget.

**DWSD Retail Water Collections:** The collections represent payments made by DWSD retail customers. These receipts are deposited directly into a lockbox with a trustee for administration of the flow of funds defined by GLWA's Master Bond Ordinance.

**Table 2 - Retail Water Collections** shows collections by month for the past 12 months compared to collections for the prior year as well as the calculated difference between the periods.

**Table 1 – DWSD Retail Water Billing**

RETAIL WATER CUSTOMERS								
Month (1)	FY 2025 - Original Budget		FY 2025 - Actual		FY 2025 - Variance		FY 2024 - Actuals	
	Volume	Revenue	Volume	Revenue (2)	Volume	Revenue	Volume	Revenue
	Mcf	\$	Mcf	\$	Mcf	\$	Mcf	\$
July	241,000	12,395,932	226,703	11,590,136	(14,297)	(805,796)	248,307	12,606,397
August	261,000	13,459,400	240,621	12,171,324	(20,379)	(1,288,076)	255,079	12,913,867
September	248,000	12,773,235	238,868	12,205,143	(9,132)	(568,092)	214,796	11,119,261
October	212,000	10,944,671	216,527	11,222,004	4,527	277,333	222,909	11,409,427
November	208,000	10,711,071	212,832	11,115,046	4,832	403,975	210,687	10,898,684
December	198,000	10,200,009	212,252	11,100,382	14,252	900,373	214,139	11,246,818
January	195,000	10,077,416	190,716	10,661,000	(4,284)	583,584	224,414	11,263,184
February	207,000	10,656,080	222,769	11,469,800	15,769	813,720	225,042	11,774,408
March	201,000	10,347,960					206,204	11,096,805
April	203,000	10,437,186					213,950	10,552,343
May	193,000	9,948,001					214,474	10,667,783
June	211,000	10,879,139					226,703	10,637,883
<b>Total</b>	<b>2,578,000</b>	<b>132,830,100</b>	<b>1,761,288</b>	<b>91,534,835</b>	<b>(8,712)</b>	<b>317,021</b>	<b>2,676,703</b>	<b>136,186,859</b>
<i>Subtotals ytd</i>	<i>1,770,000</i>	<i>91,217,814</i>	<i>1,761,288</i>	<i>91,534,835</i>	<i>(8,712)</i>	<i>317,021</i>		
<i>Achievement of Budget</i>			99.51%	100.35%				

**Table 2 – DWSD Retail Water Collections**

Water				
Month	Current Year	Prior Year	Variance	Ratio
March	15,842,538	10,417,832	5,424,705	52.07%
April	13,840,518	9,417,449	4,423,069	46.97%
May	5,960,146	12,162,719	(6,202,573)	-51.00%
June	9,045,195	13,467,858	(4,422,663)	-32.84%
July	12,645,121	5,943,286	6,701,835	112.76%
August	10,203,737	11,794,131	(1,590,394)	-13.48%
September	10,837,378	9,790,065	1,047,313	10.70%
October	12,110,080	9,884,937	2,225,143	22.51%
November	8,572,356	10,499,606	(1,927,250)	-18.36%
December	10,277,979	13,663,688	(3,385,709)	-24.78%
January	10,935,031	8,506,008	2,429,023	28.56%
February	9,632,511	8,996,740	635,771	7.07%
<b>Rolling, 12-Month Total</b>	<b>129,902,590</b>	<b>124,544,318</b>		
<b>Rolling, 12-Month Average</b>	<b>10,825,216</b>	<b>10,378,693</b>		

## DWSD Retail Sewer Billings and Collections

**Retail billing basis:** DWSD bills retail customers monthly. Customers are billed throughout the month in cycles based on a meter reading schedule beginning with residential accounts and ending with commercial and industrial customers.

**Table 3 - DWSD Retail Sewer Billings** shows the FY 2025 sewer billed revenue which are provided by DWSD staff. As of February 28, 2025, the DWSD usage was at 96.50% of the budget and billed revenue was at 97.19% of budget.

**DWSD Retail Sewer Collections:** The collections represent payments made by DWSD retail customers. These receipts are deposited directly into a lockbox with a trustee for administration of the flow of funds defined by GLWA's Master Bond Ordinance.

**Table 4 – DWSD Retail Sewer Collections** shows collections by month for the past 12 months compared to collections for the prior year as well as the calculated difference between the periods.

**Table 3 - DWSD Retail Sewer Billings**

RETAIL SEWER CUSTOMERS								
Month (1)	FY 2025 - Original Budget		FY 2025 - Actual		FY 2025 - Variance		FY 2024 - Actuals	
	Volume	Revenue	Volume (2)	Revenue (3)	Volume	Revenue	Volume	Revenue
	Mcf	\$	Mcf	\$	Mcf	\$	Mcf	\$
July	214,000	30,316,100	173,084	26,350,527	(40,916)	(3,965,573)	207,574	29,192,723
August	196,000	29,206,000	195,207	28,301,325	(793)	(904,675)	211,503	29,278,720
September	215,000	30,359,800	198,474	28,536,169	(16,526)	(1,823,631)	178,576	27,476,376
October	180,000	28,256,800	181,932	28,141,699	1,932	(115,101)	184,382	27,700,094
November	181,000	28,322,800	171,499	28,166,266	(9,501)	(156,534)	175,498	26,939,338
December	166,000	27,436,800	192,915	28,831,326	26,915	1,394,526	156,168	26,546,712
January	160,000	27,139,500	140,835	26,273,695	(19,165)	(865,805)	182,643	26,882,316
February	177,000	28,085,500	182,920	28,075,547	5,920	(9,953)	179,551	27,455,737
March	166,000	27,448,400					165,992	26,725,597
April	169,000	27,639,700					179,514	26,737,898
May	166,000	27,458,600					170,754	26,225,089
June	175,000	27,995,600					173,084	26,149,588
<b>Total</b>	<b>2,165,000</b>	<b>339,665,600</b>	<b>1,436,867</b>	<b>222,676,554</b>	<b>(52,133)</b>	<b>(6,446,746)</b>	<b>2,165,240</b>	<b>327,310,189</b>
<b>Subtotals ytd</b>	<b>1,489,000</b>	<b>229,123,300</b>	<b>1,436,867</b>	<b>222,676,554</b>	<b>(52,133)</b>	<b>(6,446,746)</b>		
<i>Achievement of Budget/Goal</i>				96.50%		97.19%		

(1) Figures are stated as "Service Months"; that is, July figures represent bills issued in August, etc.

(2) Reflects billed volume based on actual usage except for residential customers where the billed volume differs from actual usage due to residential sewer volume caps implemented in FY 2023.

(3) Retail revenues include miscellaneous revenues and penalties



**Table 4 – DWSD Retail Sewer Collections**

Sewer				
Month	Current Year	Prior Year	Variance	Ratio
March	26,438,687	30,697,464	(4,258,777)	-13.87%
April	23,532,381	21,542,671	1,989,710	9.24%
May	22,487,372	24,419,561	(1,932,189)	-7.91%
June	20,945,929	23,769,626	(2,823,696)	-11.88%
July	36,297,569	32,379,222	3,918,346	12.10%
August	22,591,511	25,391,891	(2,800,380)	-11.03%
September	22,367,425	23,489,448	(1,122,023)	-4.78%
October	25,231,098	21,610,149	3,620,949	16.76%
November	23,609,169	25,951,736	(2,342,568)	-9.03%
December	23,914,649	23,249,973	664,676	2.86%
January	26,416,591	26,248,512	168,079	0.64%
February	24,116,823	24,230,304	(113,481)	-0.47%
<b>Rolling 12-Month Total</b>	<b>297,949,203</b>	<b>302,980,557</b>		
<b>Rolling, 12-Month Average</b>	<b>24,829,100</b>	<b>25,248,380</b>		



## DWSD Retail Water and Sewer Accounts Receivable Aging Report

The DWSD detailed accounts receivable aging is categorized by customer category.

**Table 5** is a summary of the monthly sales, total receivables, bad debt allowance and net water and sewer receivables as of February 28, 2025 with comparative totals from June 30, 2024, June 30, 2023 and June 30, 2022. This table does not include past due accounts that have been transferred to the City of Detroit for collection as tax liens.

The table provides a comparison of days in accounts receivable calculated as net receivables divided by daily sales and confirms that over time days in AR is held in check overall due to a consistent practice of adjusting the allowance for doubtful accounts monthly. To the extent this allowance is adjusted, and bad debt expense is recognized in the DWSD budget, it does not impact GLWA.

**Table 6** is a summary of the total, current and non-current Water and Sewer receivables by category as of February 28, 2025 with comparative totals from February 29, 2024. This table does not include past due accounts that have been transferred to the City of Detroit for collection as tax liens.

The Total Balance and Total Bad Debt Allowance as of February 28, 2025 are reflective of the values in both the Table 5 Summary and Table 6 breakdown.

**Table 5 – DWSD Retail Accounts Receivable Aging Report – Summary**

Summary					
Period Ending	Monthly Sales	Receivables			Days in AR (1)
		Total	Allowance	Net	
June 30, 2022	39,022,000	300,346,000	(253,924,000)	46,422,000	36
June 30, 2023	39,443,000	327,023,000	(272,012,000)	55,011,000	42
June 30, 2024	38,352,000	324,867,000	(249,922,000)	74,944,000	59
Feb 28, 2025 (2)	40,238,000	360,415,000	(290,350,000)	70,065,000	52
Totals may be off due to rounding					

(1) Days in AR is calculated as net receivables divided by daily sales (monthly sales/30 days)

(2) The annual AR Tax Roll Transfer totaling \$25,890,000 was made in October 2024.

**Table 6 – DWSD Retail Accounts Receivable Aging Report – Water & Sewer Combined**

	Avg. Balance	Current	> 30 Days	> 60 Days	> 180 Days	A/R Balance
Residential	991.99	16,435,000 7.4%	9,798,000 4.4%	35,366,000 16.0%	159,111,000 72.1%	220,710,000 100.0%
Commercial	1,345.53	7,842,000 27.1%	2,661,000 9.2%	6,498,000 22.5%	11,917,000 41.2%	28,918,000 100.0%
Industrial	3,375.36	5,271,000 42.6%	701,000 5.7%	1,825,000 14.7%	4,587,000 37.0%	12,384,000 100.0%
Tax Exempt	745.03	625,000 22.0%	219,000 7.7%	646,000 22.7%	1,353,000 47.6%	2,842,000 100.0%
Government	507.34	4,614,000 22.1%	(143,000) (0.7%)	5,897,000 28.2%	10,510,000 50.3%	20,879,000 100.0%
Drainage	600.40	2,290,000 8.5%	1,093,000 4.1%	4,195,000 15.7%	19,212,000 71.7%	26,789,000 100.0%
Subtotal - Active Accounts	926.70	37,076,000 11.9%	14,329,000 4.6%	54,427,000 17.4%	206,691,000 66.1%	312,523,000 100.0%
Inactive Accounts	125.32	220,000 0.5%	180,000 0.4%	1,465,000 3.1%	46,029,000 96.1%	47,893,000 100.0%
<b>Total</b>	<b>501.00</b>	<b>37,296,000</b>	<b>14,508,000</b>	<b>55,892,000</b>	<b>252,719,000</b>	<b>360,415,000</b>
% of Total A/R		10.3%	4.0%	15.5%	70.1%	100.0%
Water Fund	109.93	10,808,000	3,483,000	14,453,000	50,338,000	79,082,000
Sewer Fund	391.07	26,488,000	11,026,000	41,439,000	202,381,000	281,333,000
Total Feb 28, 2025 (a)	501.00	37,296,000	14,508,000	55,892,000	252,719,000	360,415,000
Water Fund- Allowance						(56,985,000)
Sewer Fund- Allowance						(233,364,000)
Total Bad Debt Allowance						(290,350,000)
Comparative - Feb 2024 (b)	451.45	37,722,000	14,165,000	50,479,000	206,393,000	308,759,000
Difference (a) - (b)		(426,000)	343,000	5,413,000	46,327,000	51,656,000



The Monthly Wholesale Billings, Receivables, and Collections Report includes the following.

1. Wholesale Water Billings and Collections
2. Wholesale Sewer Billings and Collections
3. Wholesale Water & Sewer Accounts Receivable Aging Reports

## Wholesale Water Billings and Collections

**Wholesale Water Contracts:** Great Lakes Water Authority (GLWA) provides wholesale water service to 87 member-partners through a variety of service arrangements.

### Service Arrangement Type

Model Contract	85
Emergency	0
Older Contracts	<u>2</u>
Total	<u>87</u>

**Note:** Services are provided to the Detroit Water & Sewerage Department (DWSD) via a Water and Sewer Services Agreement (WSSA). See the “Retail Revenues, Receivables, and Collections Report” section of this monthly report.

**Wholesale Water Billing Basis:** Beginning with FY 2016, wholesale water charges were restructured to create a more stable revenue stream by using a historical rolling average to project customer volumes which accounts for 40% of the monthly charges and 60% of the annual customer revenue requirement as a monthly fixed charge.

**Table 1 - Wholesale Water Billings** shows the FY 2025 water billed usage and revenues. As of February 28, 2025, the billed usage was at 98.51% of the original plan and billed revenue at 99.67% of the original plan. Billings and usage from the City of Flint *are* included as they were assumed in the FY 2025 Budget.

**Wholesale Water Collections:** The collections represent payments made by wholesale customers. These receipts are deposited directly into a lockbox with a trustee for administration of the flow of funds defined by GLWA's Master Bond Ordinance.

**Table 2 - Wholesale Water Collections** shows collections by month for the past 12 months compared to collections for the prior year as well as the calculated difference between the periods. Current year collections are trending below the prior year for the twelve-month period ending February 28, 2025.

**Table 1 – FY 2025 Wholesale Water Billings Report**

Month (1)	Volume		Revenue		Volume		Revenue		Volume		Revenue		Volume		Revenue	
	Mcf	\$	Mcf	\$	Mcf	\$	Mcf	\$	Mcf	\$	Mcf	\$	Mcf	\$	Mcf	\$
1 July	1,471,701	33,806,600	1,347,527	32,449,201	(124,174)	(1,357,399)	1,396,012	31,956,320								
2 August	1,378,066	32,779,600	1,297,169	31,977,986	(80,897)	(801,614)	1,295,617	30,947,078								
3 September	1,252,529	31,226,000	1,315,030	32,104,405	62,501	878,405	1,212,814	29,862,077								
4 October	1,040,750	28,617,400	1,051,234	28,946,404	10,484	329,004	1,043,901	27,856,141								
5 November	902,080	27,224,500	872,926	26,975,632	(29,154)	(248,868)	899,934	26,481,380								
6 December	965,968	27,817,100	966,671	27,877,869	703	60,769	947,841	26,904,465								
7 January	979,263	27,960,900	989,175	28,114,300	9,912	153,400	984,406	27,231,881								
8 February	869,226	26,840,000	888,053	27,055,774	18,827	215,774	877,428	26,143,840								
9 March	946,913	27,587,200					930,938	26,675,356								
10 April	904,594	27,235,000					886,646	26,342,756								
11 May	1,122,987	29,809,800					1,101,158	28,684,891								
12 June	1,440,113	33,505,700					1,313,310	31,043,002								
<b>Total</b>	13,274,190	354,409,800	8,727,785	235,501,571	(131,798)	(770,529)	12,890,005	340,129,187								
<b>Subtotals ytd</b>	8,859,583	236,272,100	8,727,785	235,501,571	(131,798)	(770,529)										
			98.51%	99.67%												

(1) Figures are stated as "Service Months"; that is, July figures represent bills issued in August, etc.

(2) Charges are based on the approved FY 2025 water supply system charge schedule.

(3) Water Revenues differ from Table 1A within the budget to actual analysis section because amounts are reduced by the monthly payment to the City of Flint for a license to raw water rights under the Flint Raw Water Contract in Table 1A

**Table 2 - Wholesale Water Collections**

Water				
Month	Current Year	Prior Year	Variance	Ratio
March	24,740,554	26,074,213	(1,333,659)	-5.11%
April	26,856,179	20,940,451	5,915,728	28.25%
May	25,838,255	29,265,308	(3,427,053)	-11.71%
June	24,182,036	29,370,704	(5,188,669)	-17.67%
July	30,278,936	22,645,008	7,633,928	33.71%
August	25,054,796	36,275,672	(11,220,876)	-30.93%
September	31,569,804	29,955,755	1,614,049	5.39%
October	29,858,946	26,617,271	3,241,675	12.18%
November	29,728,772	35,490,010	(5,761,238)	-16.23%
December	33,080,276	28,246,829	4,833,447	17.11%
January	28,917,330	24,448,936	4,468,394	18.28%
February	25,874,160	29,100,065	(3,225,905)	-11.09%
<b>Rolling 12-Month Total</b>	335,980,044	338,430,223		
<b>Rolling, 12-Month Average</b>	27,998,337	28,202,519		

## Wholesale Sewer Billings and Collections

**Wholesale Sewer Contracts:** GLWA provides wholesale sewer service to 18 member-partners via multiple service arrangements.

### Service Arrangement Type

Model Contract	13
Emergency	0
Older Contracts	5
Total	<u>18</u>

**Note:** Services are provided to the Detroit Water & Sewerage Department via a Water and Sewer Services Agreement (WSSA). See the “Retail Revenues, Receivables, and Collections Report” section of the monthly report.

**Wholesale Sewer Billing Basis:** Beginning in FY 2015, the “sewer rate simplification” initiative was applied which provides for a stable revenue stream and predictability for our member partners. Wholesale sewer customers are billed a fixed monthly fee based upon the annual revenue requirement.

**Table 3 - Wholesale Sewer Billings** shows the FY 2025 sewer billed revenue. As of February 28, 2025 the billed revenue is at 100.00% of the original plan.

**Wholesale Sewer Collections:** The collections represent payments made by wholesale customers. These receipts are deposited directly into a lockbox with a trustee for administration of the flow of funds defined by GLWA’s Master Bond Ordinance.

**Table 4 - Wholesale Sewer Collections** shows collections by month for the past 12 months compared to collections for the prior year as well as the calculated difference between the periods.

The shift in wholesale sewer collection patterns is largely attributable to the timing of payments received. There are several large accounts whose payments swing between the end of the current month and the beginning of the next month. Current year collections are trending below the twelve-month period ending February 28, 2025.

**Table 3 – FY 2025 Wholesale Sewer Billings Report**

WHOLESALE SEWER CHARGES								
Month (1)	FY 2025 Charges		FY 2025 - Actual		FY 2025 - Variance		FY 2024 - Actuals	
	Volume (2)	Revenue	Volume (2)	Revenue	Volume (2)	Revenue	Volume	Revenue
	Mcf	\$	Mcf	\$	Mcf	\$	Mcf	\$
1 July	N/A	23,883,900	N/A	23,883,900	N/A	-	N/A	23,494,800
2 August	N/A	23,883,900	N/A	23,883,900	N/A	-	N/A	23,494,800
3 September	N/A	23,883,900	N/A	23,883,900	N/A	-	N/A	23,494,800
4 October	N/A	23,883,900	N/A	23,883,900	N/A	-	N/A	23,494,800
5 November	N/A	23,883,900	N/A	23,883,900	N/A	-	N/A	23,494,800
6 December	N/A	23,883,900	N/A	23,883,900	N/A	-	N/A	23,494,800
7 January	N/A	23,883,900	N/A	23,883,900	N/A	-	N/A	23,494,800
8 February	N/A	23,883,900	N/A	23,883,900	N/A	-	N/A	23,494,800
9 March	N/A	23,883,900	N/A		N/A		N/A	23,494,800
10 April	N/A	23,883,900	N/A		N/A		N/A	23,494,800
11 May	N/A	23,883,900	N/A		N/A		N/A	23,494,800
12 June	N/A	23,883,900	N/A		N/A		N/A	23,494,800
<b>Total</b>		286,606,800		191,071,200		-		281,937,600
<b>Subtotals ytd</b>		191,071,200		191,071,200		-		
Achievement of Original Plan								
100.00%								

(1) Figures are stated as "Service Months"; that is, July figures represent bills issued in August, etc.

(2) Not tracked as part of the wholesale sewer charges.

**Table 4 - Wholesale Sewer Collections**

Sewer				
Month	Current Year	Prior Year	Variance	Ratio
March	23,460,900	23,746,469	(285,569)	-1.20%
April	18,685,600	17,769,710	915,890	5.15%
May	28,363,300	18,213,966	10,149,334	55.72%
June	23,300,100	38,287,549	(14,987,449)	-39.14%
July	18,438,961	22,331,831	(3,892,870)	-17.43%
August	13,987,797	22,377,366	(8,389,569)	-37.49%
September	25,450,281	18,770,419	6,679,862	35.59%
October	13,037,715	23,107,016	(10,069,301)	-43.58%
November	33,933,304	27,958,885	5,974,419	21.37%
December	23,958,644	21,351,498	2,607,146	12.21%
January	23,850,161	21,117,470	2,732,691	12.94%
February	23,509,614	27,856,400	(4,346,786)	-15.60%
<b>Rolling 12-Month Total</b>	269,976,377	282,888,579		
<b>Rolling, 12-Month Average</b>	22,498,031	23,574,048		

## Wholesale Water & Sewer Accounts Receivable Aging Report

The detailed accounts receivable aging is in the Appendix to this monthly report. This report reflects the wholesale receivables only and does not include DWSD.

**Table 5 - Wholesale Accounts Receivable Aging Report Summary** is a summary of the total, current and non-current receivables by category as of February 28, 2025.

**Table 6 - Wholesale Accounts Receivable Aging Report, Net Dearborn** is the same summary *without* the past due balances for Dearborn. Three water accounts comprise the past due balances reported. One account reflects a past due balance of \$41,296 which was fully paid in March. Another account reflects a past due balance of \$121,096 which was fully paid in April. The remaining past due account of \$3,777 made progress toward their past due balance in March. GLWA staff continues to work with the community to become current with their balance.

All Sewer accounts are current during this period. The IWC past due balance reflects three accounts totaling \$7,215 of which \$644 was paid in March and the balance the GLWA staff continues to work with the community to become current with their balance. The Pollutant Surcharge past due balance consists of smaller account holders that GLWA staff continue to communicate with.

**Table 5 - Wholesale Accounts Receivable Aging Report Summary**

	Total	Current	1-45 Days	46-74 Days	75-104 Days	>105 Days
Water	41,054,236	33,091,689	109,239	64,167	185,262	7,603,879
Sewer	14,624,361	14,624,361	-	-	-	-
IWC	546,616	539,400	716	-	-	6,499
Pollutant	370,037	255,551	66,761	19,147	5,452	23,125
<b>Total</b>	<b>56,595,249</b>	<b>48,511,001</b>	<b>176,717</b>	<b>83,313</b>	<b>190,715</b>	<b>7,633,504</b>
	100.00%	85.72%	0.31%	0.15%	0.34%	13.49%

**Table 6 - Wholesale Accounts Receivable Aging Report, Net of Dearborn**

	Total	Current	1-45 Days	46-74 Days	75-104 Days	>105 Days
Water	33,129,524	32,963,356	45,073	-	121,096	-
Sewer	14,624,361	14,624,361	-	-	-	-
IWC	546,616	539,400	716	-	-	6,499
Pollutant	370,037	255,551	66,761	19,147	5,452	23,125
<b>Total</b>	<b>48,670,537</b>	<b>48,382,668</b>	<b>112,550</b>	<b>19,147</b>	<b>126,548</b>	<b>29,625</b>
	100.00%	99.41%	0.23%	0.04%	0.26%	0.06%

**Note:** percentages vary from 100% due to rounding.





The Monthly Trust Receipts & Disbursements Report includes the following.

1. GLWA Trust Receipts & Disbursements – Net Cash Flows and Receipts
2. DWSD Trust Receipts & Disbursements – Net Cash Flows and Receipts
3. Combined System Trust Receipts & Disbursements – Net Cash Flows

## GLWA Trust Receipts & Disbursements

**Net Cash Flows and Receipts Basis:** The trusts established pursuant to the Master Bond Ordinance (MBO) outline a flow of funds that governs the priority of the application of cash receipts from both the regional wholesale (i.e., Great Lakes Water Authority or GLWA) and local retail (i.e., Detroit Water & Sewerage Department or DWSD) activities which are further separated by the water system and the sewage disposal system.

This report provides an ongoing status of the net cash flow of both organizations (GLWA and DWSD) to fund their allocated share of Master Bond Ordinance requirements in accordance with the leases for the regional systems.

**Table 1 – GLWA Net Cash Flows from Trust Receipts & Disbursements** provides a summary of cash receipt collections and required MBO transfers by fiscal year. Fiscal year 2025 reflects eight months of activity to date.

Water fund receipts exceeded required disbursements by 8% through February 28, 2025 compared to the four-year historical average ratio of required receipts exceeding disbursements by 7% since July 1, 2020.

Sewer fund receipts exceeded required disbursements by 3% through February 28, 2025 compared to the four-year historical average ratio of required receipts exceeding disbursements by 6% since July 1, 2020.

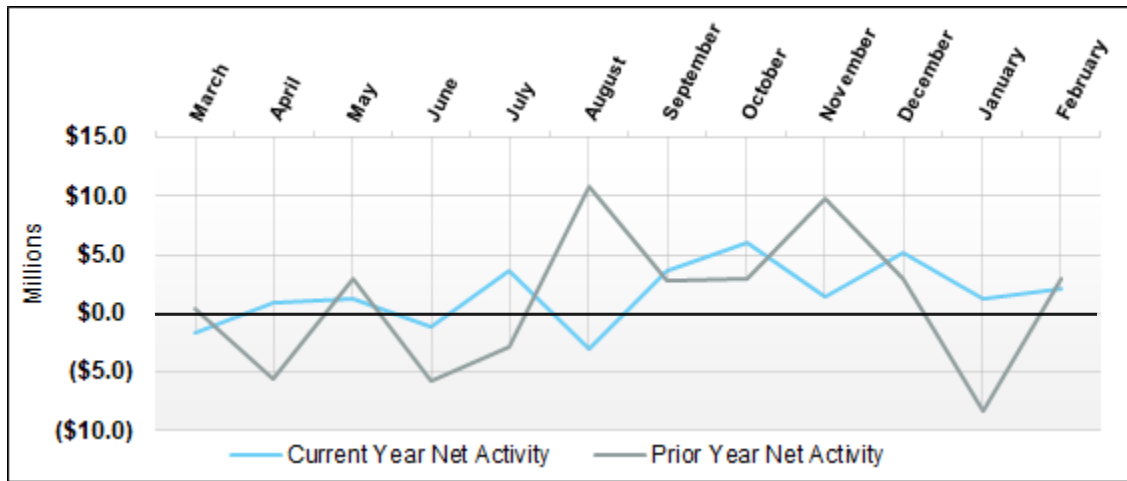
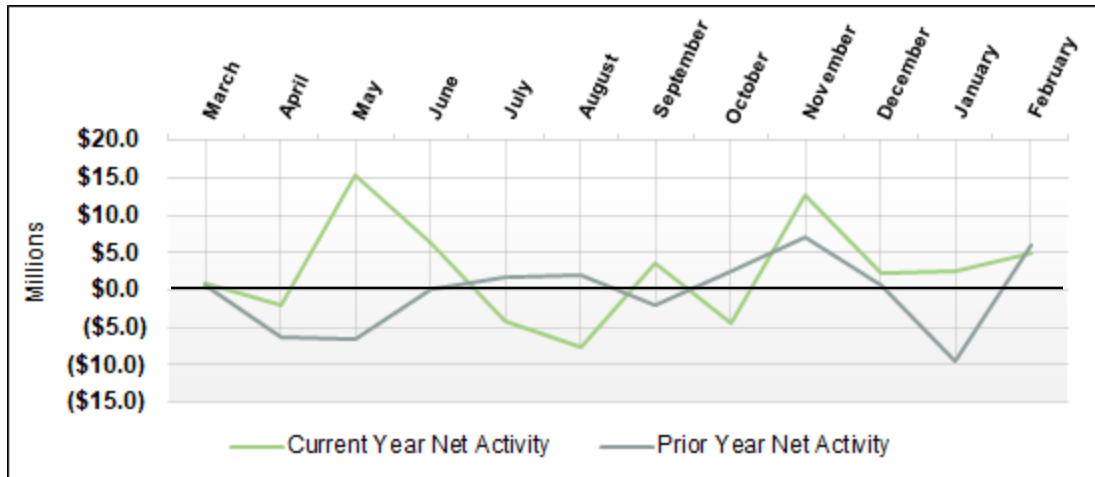
**Chart 1 – GLWA 12-Month Net Receipts – Water** outlines monthly cash receipt trends across two points of reference for the regional water system—current year and prior years. The black line at the zero highlights the minimum goal for net receipts.

**Chart 2 – GLWA 12-Month Net Receipts – Sewer** outlines monthly cash receipt trends across two points of reference for the regional sewer system—current year and prior years. The black line at the zero highlights the minimum goal for net receipts.



**Table 1 – GLWA Net Cash Flows from Trust Receipts & Disbursements**

	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025 Through February 28
<b>Water</b>					
1 Receipts	336,642,021	338,117,694	363,335,474	374,252,221	262,109,233
2 MOU Adjustments	-	-	-	-	-
3 Adjusted Receipts	336,642,021	338,117,694	363,335,474	374,252,221	262,109,233
4 Disbursements	(308,713,407)	(316,495,360)	(349,186,375)	(353,639,121)	(242,280,373)
5 Receipts Net of Required Transfers	27,928,614	21,622,334	14,149,099	20,613,100	19,828,860
6 I&E Transfer	(31,991,687)	(26,622,862)	(9,898,100)	(28,618,500)	-
7 Net Receipts	(4,063,073)	(5,000,528)	4,250,999	(8,005,400)	19,828,860
8 <i>Ratio of Receipts to Required Disbursements (Line 3/Line 4)</i>	109%	107%	104%	106%	108%
<b>Sewer</b>					
9 Receipts	472,871,853	471,979,297	498,888,416	506,731,576	331,744,505
10 MOU Adjustments	-	-	-	-	-
11 Adjusted Receipts	472,871,853	471,979,297	498,888,416	506,731,576	331,744,505
12 Disbursements	(436,600,883)	(450,701,751)	(473,516,238)	(477,450,794)	(321,989,589)
13 Receipts Net of Required Transfers	36,270,970	21,277,546	25,372,178	29,280,782	9,754,916
14 I&E Transfer	(40,504,727)	(37,651,788)	(26,766,200)	(12,468,000)	-
15 DWSD Shortfall Advance	-	-	-	-	-
16 Shortfall Repayment (principal)	18,206,431	8,296,578	-	-	-
17 Net Receipts	13,972,674	(8,077,664)	(1,394,022)	16,812,782	9,754,916
18 <i>Ratio of Receipts to Required Disbursements (Line 11/Line 12)</i>	108%	105%	105%	106%	103%
<b>Combined</b>					
19 Receipts	809,513,874	810,096,991	862,223,890	880,983,797	593,853,738
20 MOU Adjustments	-	-	-	-	-
21 Adjusted Receipts	809,513,874	810,096,991	862,223,890	880,983,797	593,853,738
22 Disbursements	(745,314,290)	(767,197,111)	(822,702,613)	(831,089,915)	(564,269,962)
23 Receipts Net of Required Transfers	64,199,584	42,899,880	39,521,277	49,893,882	29,583,776
24 I&E Transfer	(72,496,414)	(64,274,650)	(36,664,300)	(41,086,500)	-
25 Shortfall Advance	-	-	-	-	-
26 Shortfall Repayment	18,206,431	8,296,578	-	-	-
27 Net Receipts	9,909,601	(13,078,192)	2,856,977	8,807,382	29,583,776
28 <i>Ratio of Receipts to Required Disbursements (Line 21/Line 22)</i>	109%	106%	105%	106%	105%

**Chart 1 – GLWA 12-Month Net Receipts – Water**

**Chart 2 – GLWA 12-Month Net Receipts – Sewer**


## DWSD Trust Receipts & Disbursements

**Net Cash Flows and Receipts Basis:** The trusts established pursuant to the Master Bond Ordinance (MBO) outline a flow of funds that governs the priority of the application of cash receipts from both the regional wholesale (i.e. Great Lakes Water Authority or GLWA) and local retail (i.e. Detroit Water & Sewerage Department or DWSD) activities which are further separated by the water system and the sewage disposal system.

This report provides an ongoing status of the net cash flow of both organizations (GLWA and DWSD) to fund their allocated share of Master Bond Ordinance requirements in accordance with the leases for the regional systems.

**Table 2 – DWSD Net Cash Flows from Trust Receipts & Disbursements** provides a summary of cash receipt collections and required MBO transfers by fiscal year. Fiscal year 2025 reflects eight months of activity to date.

Water fund receipts exceeded required disbursements by 4% through February 28, 2025 compared to the four-year historical average ratio of required receipts exceeding disbursements by 5% since July 1, 2020.

Sewer fund receipts exceeded required disbursements by 2% through February 28, 2025 compared to the four-year historical average of required receipts exceeding disbursements by 3% since July 1, 2020.

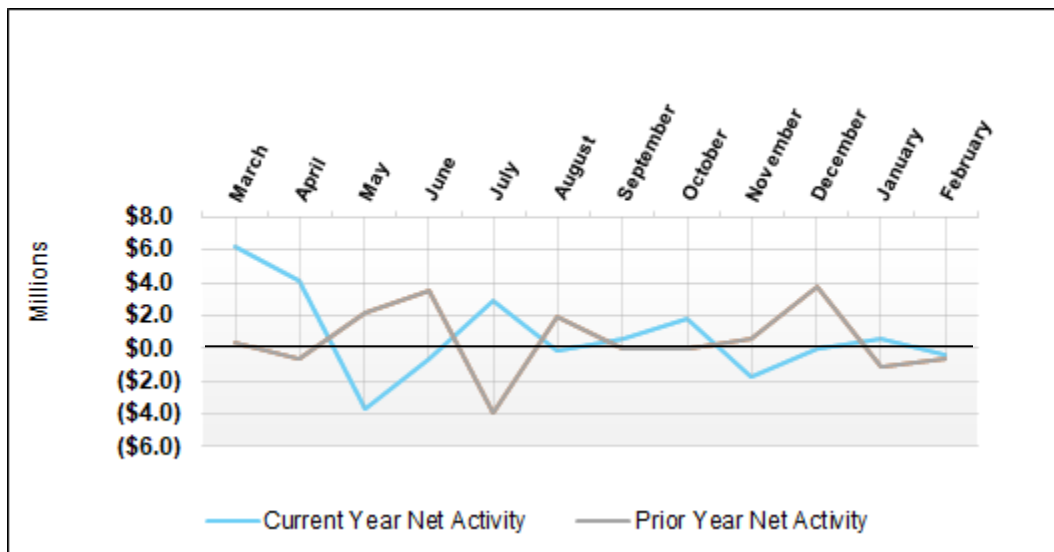
**Table 2 – DWSD Net Cash Flows from Trust Receipts & Disbursements**

	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025 Thru February 28
<b>Water</b>					
1 Receipts	102,067,423	101,964,963	123,766,624	123,818,287	85,255,242
2 MOU Adjustments	-	-	-	-	-
3 Adjusted Receipts	102,067,423	101,964,963	123,766,624	123,818,287	85,255,242
4 Disbursements	(100,707,200)	(94,495,601)	(117,666,100)	(117,290,591)	(81,695,945)
5 Receipts Net of Required Transfers	1,360,223	7,469,362	6,100,524	6,527,696	3,559,297
6 I&E Transfer	-	-	-	-	-
7 Net Receipts	1,360,223	7,469,362	6,100,524	6,527,696	3,559,297
8 <i>Ratio of Receipts to Required Disbursements (Line 3/Line 4)</i>	101%	108%	105%	106%	104%
<b>Sewer</b>					
9 Receipts	308,210,767	291,280,896	298,896,942	296,088,194	204,597,283
10 MOU Adjustments	-	-	-	-	-
11 Adjusted Receipts	308,210,767	291,280,896	298,896,942	296,088,194	204,597,283
12 Disbursements	(295,100,771)	(285,256,000)	(283,095,100)	(288,119,517)	(200,716,904)
13 Receipts Net of Required Transfers	13,109,996	6,024,896	15,801,842	7,968,677	3,880,379
14 I&E Transfer	-	-	-	-	-
15 Shortfall Advance from GLWA	-	-	-	-	-
16 Net Receipts	13,109,996	6,024,896	15,801,842	7,968,677	3,880,379
17 <i>Ratio of Receipts to Required Disbursements (Line 11/Line 12)</i>	104%	102%	106%	103%	102%
<b>Combined</b>					
18 Receipts	410,278,190	393,245,859	422,663,566	419,906,481	289,852,525
19 MOU Adjustments	-	-	-	-	-
20 Adjusted Receipts	410,278,190	393,245,859	422,663,566	419,906,481	289,852,525
21 Disbursements	(395,807,971)	(379,751,601)	(400,761,200)	(405,410,108)	(282,412,849)
22 Receipts Net of Required Transfers	14,470,219	13,494,258	21,902,366	14,496,373	7,439,676
23 I&E Transfer	-	-	-	-	-
24 Shortfall Advance from GLWA	-	-	-	-	-
25 Net Receipts	14,470,219	13,494,258	21,902,366	14,496,373	7,439,676
26 <i>Ratio of Receipts to Required Disbursements (Line 20/Line 21)</i>	104%	104%	105%	104%	103%

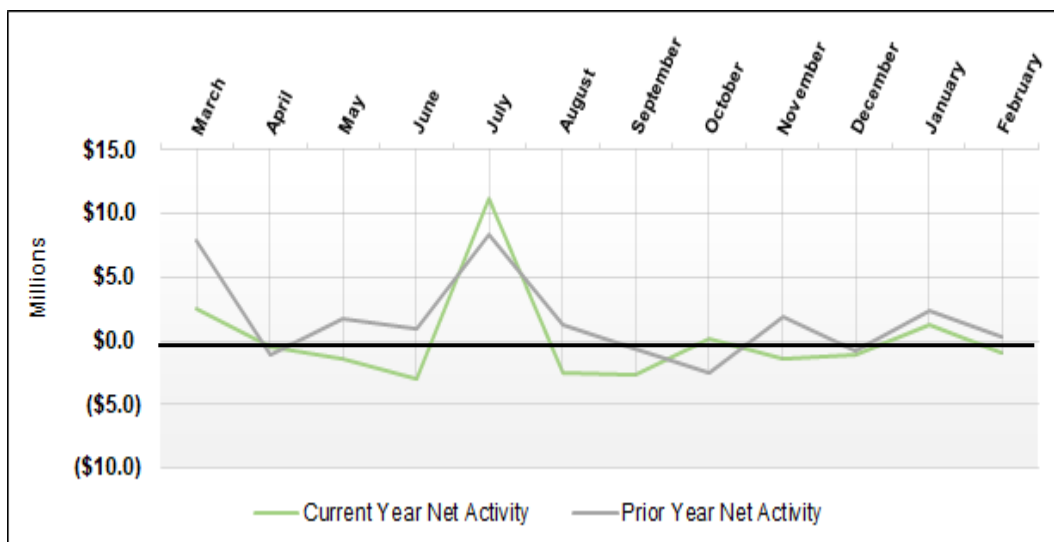
**Chart 3 – DWSD 12-Month Net Receipts – Water** outlines monthly activity trends across two points of reference for the local water system—current year and prior year. The black line at the zero highlights the breakeven goal for net receipts.

**Chart 4 – DWSD 12-Month Net Receipts – Sewer** outlines monthly activity trends across two points of reference for the local sewer system—current year and prior year. The black line at the zero highlights the breakeven goal for net receipts

**Chart 3 – DWSD 12-Month Net Receipts – Water**



**Chart 4 – DWSD 12-Month Net Receipts – Sewer**



## Combined System Trust Receipts & Disbursements

**Net Cash Flows and Receipts Basis:** The trusts established pursuant to the Master Bond Ordinance (MBO) outline a flow of funds that governs the priority of the application of cash receipts from both the regional wholesale (i.e., Great Lakes Water Authority or GLWA) and local retail (i.e. Detroit Water & Sewerage Department or DWSD) activities which are further separated by the water system and the sewage disposal system.

**Table 3 – Combined Net Cash Flows from Trust Receipts & Disbursements** provides a summary of cash receipt collections and required MBO transfers by fiscal year. Fiscal year 2025 reflects eight months of activity to date.

Water fund net receipts exceeded required disbursements by 7% through February 28, 2025 compared to the four-year historical average ratio of required receipts exceeding disbursements by 6% since July 1, 2020.

Sewer fund receipts exceeded required disbursements by 3% through February 28, 2025 compared to the four-year historical average ratio of required receipts exceeding disbursements by 5% since July 1, 2020.

**Table 3 – Combined Net Cash Flows from Trust Receipts & Disbursements**

	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025 Thru February 28
<b>Water</b>					
1 Receipts	438,709,444	440,082,657	487,102,098	498,070,508	347,364,475
2 MOU Adjustments	-	-	-	-	-
3 Adjusted Receipts	438,709,444	440,082,657	487,102,098	498,070,508	347,364,475
4 Disbursements	(409,420,607)	(410,990,961)	(466,852,475)	(470,929,712)	(323,976,318)
5 Receipts Net of Required Transfers	29,288,837	29,091,696	20,249,623	27,140,796	23,388,157
6 I&E Transfer	(31,991,687)	(26,622,862)	(9,898,100)	(28,618,500)	-
7 Net Receipts	(2,702,850)	2,468,834	10,351,523	(1,477,704)	23,388,157
8 <i>Ratio of Receipts to Required Disbursements (Line 3/Line 4)</i>	107%	107%	104%	106%	107%
<b>Sewer</b>					
9 Receipts	781,082,620	763,260,193	797,785,358	802,819,770	536,341,787
10 MOU Adjustments	-	-	-	-	-
11 Adjusted Receipts	781,082,620	763,260,193	797,785,358	802,819,770	536,341,787
12 Disbursements	(731,701,654)	(735,957,751)	(756,611,338)	(765,570,311)	(522,706,493)
13 Receipts Net of Required Transfers	49,380,966	27,302,442	41,174,020	37,249,459	13,635,295
14 I&E Transfer	(40,504,727)	(37,651,788)	(26,766,200)	(12,468,000)	-
15 Shortfall Advance	-	-	-	-	-
16 Shortfall Repayment (principal)	18,206,431	8,296,578	-	-	-
17 Net Receipts	27,082,670	(2,052,768)	14,407,820	24,781,459	13,635,295
18 <i>Ratio of Receipts to Required Disbursements (Line 11/Line 12)</i>	107%	104%	105%	105%	103%
<b>Combined</b>					
19 Receipts	1,219,792,064	1,203,342,850	1,284,887,456	1,300,890,278	883,706,262
20 MOU Adjustments	-	-	-	-	-
21 Adjusted Receipts	1,219,792,064	1,203,342,850	1,284,887,456	1,300,890,278	883,706,262
22 Disbursements	(1,141,122,261)	(1,146,948,712)	(1,223,463,813)	(1,236,500,023)	(846,682,811)
23 Receipts Net of Required Transfers	78,669,803	56,394,138	61,423,643	64,390,255	37,023,452
24 I&E Transfer	(72,496,414)	(64,274,650)	(36,664,300)	(41,086,500)	-
25 Shortfall Advance	-	-	-	-	-
26 Shortfall Repayment	18,206,431	8,296,578	-	-	-
27 Net Receipts	24,379,820	416,066	24,759,343	23,303,755	37,023,452
28 <i>Ratio of Receipts to Required Disbursements (Line 21/Line 22)</i>	107%	105%	105%	105%	104%



## Financial Services Audit Committee Communication

**Date:** June 6, 2025

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

**From:** Alicia Schwartz, Grants Manager

**Re:** Grants, Gifts, and Other Resources Report Through April 30, 2025

**Highlights:** Key activities to note in this month's report through April 30, 2025, include the following.

- ✓ **American Rescue Plan Northwest Interceptor to Oakwood CSO Sewer – Grant Portion (CIP Project 222001)** – Received reimbursements totaling \$3.6M in April. Total receipts through April are \$6.3M.
- ✓ **Department of Energy – Hydrothermal Liquefaction Project** – Requested reimbursement of \$283K on May 1, 2025, and it was received the same day.
- ✓ Items highlighted in yellow in the attached tables reflect changes from the prior report.

**Background:** The Great Lakes Water Authority (GLWA) delegated authority to the Chief Executive Officer to oversee and report on activities identified in the GLWA Articles of Incorporation related to solicitation and receipt of grants, gifts, and other resources <sup>(1)</sup> as stated in Article 4 – Powers, Section B (4):

(4) Solicit, receive, and accept gifts, grants, labor, loans, contributions of money, property, or other things of value, and other aid or payment from any federal, state, local, or intergovernmental government agency or from any other person or entity, public or private, upon terms and conditions acceptable to the Authority, or participate in any other way in a federal, state, local, or intergovernmental government program<sup>(2)</sup>.

*(1) Other resources as referenced above refer to labor, contributions of money, property, or other things of value from any other person or entity, public or private with the exception for loans, subject to provisions of the GLWA Board Debt Management Policy, and Intergovernmental agreements and other activities that are addressed in the GLWA Board Procurement Policy.*

*(2) Participation in any other way in a federal, state local, or intergovernmental government program includes participation in research projects at universities.*

GLWA's Grants, Gifts, and Other Resources Delegation Policy is online at [Grants, Gifts, and Other Resources Delegation Policy - GLWA \(glwater.org\)](https://www.glwwater.org/Grants-Gifts-and-Other-Resources-Delegation-Policy).



**Analysis:** The tables in each section of this report present GLWA grant activity by each phase. As a grant moves through each phase, it is shown in the corresponding table.

The **pre-award** phase includes the process of applying for a grant and the period prior to the signing of the grant agreement between the awarding agency and GLWA.

The **award phase** reflects the period after the agreement is executed with the awarding agency. In this phase, GLWA becomes responsible for meeting the administrative, financial, and programmatic reporting requirements of the award.

The **post award** phase is the final stage of grant activity and includes final reporting requirements, auditing, and closeout. There are final financial and programmatic reports that must be submitted to formally close out the grant as defined in each grant agreement.

The **programs not awarded or programs that GLWA will not continue to pursue** is a table that reflects programs that GLWA was not awarded, or alternatively, programs that will not continue to be pursued by GLWA.

Items of note related to each table include the following.

**Table 1 – Pre-Award Programs** reflects open submissions for FY 2023, FY 2024 and FY 2025 to date. The summarized activity below identifies four earmarked EPA Community Grants, one BRIC Grant, two applications for Cybersecurity Grants, the I-94 Modernization Project grant which is in the National Environmental Policy Act (NEPA) process to identify any environmental impacts related to the grant activities, and a subrecipient grant for scale up of the hydrothermal liquefaction process.

**Table 2 - Awarded Programs** reflects all open, awarded grants from FY 2021 through FY 2025. Current month summarized activity below includes two awards for local nonprofit apprenticeship grants, six reimbursement requests submitted for six associated FEMA Flood projects, two SRF grant-funded projects, a Department of Energy grant, a Building Resilient Infrastructure and Communities (BRIC) Grant, a DWSD SRF pass through grant, and a flood study grant where we are required to track costs incurred by GLWA.

**Table 3 – Post Award Programs** Four FEMA Flood projects are fully received and in the process of being closed out as well as the DESC 2023 Apprenticeship reimbursement grant.

**Table 4 –Programs not awarded or Programs that GLWA will not continue to pursue** is a table that reflects programs that GLWA was not awarded, or alternatively, programs that will not continue to be pursued by GLWA – no new activity was identified in April.



## Financial Services

### Audit Committee Communication

**Table 1 – Pre-Award Programs** reflects open submissions for FY 2023, FY 2024 and FY 2025 to date. The programs listed under this section do not have a grant agreement between the awarding agency and GLWA at this time, but an application has been submitted, or the funds have been identified in legislation (i.e. earmarks). The summarized activity below identifies four earmarked EPA Community Grants, one BRIC Grant, two Cybersecurity Grants, the I-94 Modernization Project grant which is in the National Environmental Policy Act (NEPA) process to identify any environmental impacts related to the grant activities, and a subrecipient grant for scale up of the hydrothermal liquefaction process.

**Table 1 – Pre-Award Programs**

Reference Number	Date Originally Awarded or Requested	Program Description	Type of Activity	Amount to be Provided	Compliance and/or Performance Requirements	Status
2023-002	3/15/2022	FY2022 Environmental Protection Agency Community Grant – Detroit River Interceptor (CIP Project 222002)	Federal Grant (Reimbursement Basis)	\$2,000,000	Federal Audit Requirements	Application submitted March 31, 2025
2023-003	12/19/2022	FY2023 Environmental Protection Agency Community Grant – PFAS Compounds remediations project	Federal Grant (Reimbursement Basis)	\$3,452,972	Federal Audit Requirements	Application submitted March 31, 2025
2023-023	8/30/2023	I-94 Modernization Project (CIP Project 270001)	MDOT Federal pass-through State (Reimbursement Basis)	\$34,400,000	Federal Audit Requirements	NEPA Review with the State of Michigan

Reference Number	Date Originally Awarded or Requested	Program Description	Type of Activity	Amount to be Provided	Compliance and/or Performance Requirements	Status
2024-009	3/9/2024	FY2024 Environmental Protection Agency Community Grant – Conveyance System Infrastructure Improvements (CIP Project 260701)	Federal Grant (Reimbursement Basis)	\$959,752	Federal Audit Requirements	Earmark (20% Cost Share)
2024-009b	3/9/2024	FY2024 Environmental Protection Agency Community Grant – Oakwood District Intercommunity Relief Sewer Modifications (CIP Project 222001)	Federal Grant (Reimbursement Basis)	\$959,752	Federal Audit Requirements	Earmark (20% Cost Share)
2025-001	12/19/2024	State and Local Cybersecurity Grant Program (SLCGP) - Cybersecurity Assessments	Federal Grant (Reimbursement Basis)	\$80,000	Federal Audit Requirements	Application Submitted by GLWA
2025-002	12/19/2024	State and Local Cybersecurity Grant Program (SLCGP) - Cybersecurity Professional Training for IT/Security Staff	Federal Grant (Reimbursement Basis)	\$191,194	Federal Audit Requirements	Application Submitted by GLWA
2025-003	11/14/2024	Fiscal Year 2023 Building Resilient Infrastructure and Communities (BRIC) Grant - Dedicated Microgrid-Critical Water Infrastructure for Flood Prevention project – construction	Federal Grant (Reimbursement Basis)	\$14,000,000	Federal Audit Requirements	Application submitted by GLWA

Reference Number	Date Originally Awarded or Requested	Program Description	Type of Activity	Amount to be Provided	Compliance and/or Performance Requirements	Status
2025-004	9/19/2024	Scale-up of Hydrothermal Liquefaction with Supercritical Water Oxidation in an Integrated Biorefinery	Federal Grant (Cost Share)	\$0	Federal Audit Requirements	Application Submitted by GLWA as a subrecipient, GLWA cost share of \$250,000

**Table 2 Awarded Programs** reflects all open, awarded grants from FY 2021 through FY 2025. Current month summarized activity below includes two awards for local nonprofit apprenticeship grants, six reimbursement requests submitted for six associated FEMA Flood projects, two SRF funded projects, a Department of Energy grant, a Building Resilient Infrastructure and Communities (BRIC) Grant, a DWSD SRF pass through grant, and a flood study grant where we are required to track costs incurred by GLWA.

**Table 2 – Awarded Programs**

Reference Number	Date Originally Awarded or Requested	Program Description	Type of Activity	Grant Amount	Compliance and/or Performance Requirements	Status
2023-005	3/28/2023	Department of Energy – Hydrothermal Liquefaction Project	Federal Grant (Reimbursement Basis)	\$1,000,000	Federal Audit Requirements	Reimbursement requests of \$315,678 received through January 2025, <b>\$283,248 requested and received on May 1st</b>
2023-009	03/27/2023	Federal Emergency Management Agency (FEMA), June 25-26 Flood, DR-4607 Project 660133 – Obligated \$80,129 Puritan Fenkell CSO	Federal pass-through State (Reimbursement Basis)	\$80,129	Federal Audit Requirements	Reimbursement request of \$80,129 submitted in May 2024
2023-010	3/30/2023	Federal Emergency Management Agency (FEMA), June 25-26 Flood, DR-4607 Project 660118 – Obligated \$180,000 WRRF	Federal pass-through State (Reimbursement Basis)	\$180,000	Federal Audit Requirements	Reimbursement request of \$180,000 submitted in May 2024

Reference Number	Date Originally Awarded or Requested	Program Description	Type of Activity	Grant Amount	Compliance and/or Performance Requirements	Status
2023-011	5/31/2024	Federal Emergency Management Agency (FEMA) June 25-26 Flood, DR-4607 Project 668672 - System Wide Emergency Protective Measures	Federal pass-through State (Reimbursement Basis)	\$43,031	Federal Audit Requirements	Reimbursement request of \$43,031 submitted May 2024
2023-013	8/31/2024	Federal Emergency Management Agency (FEMA), June 25-26 Flood, DR-4607 Project 714729 Outfalls (CIP Project 260201)	Federal pass-through State (Reimbursement Basis)	\$1,332,235	Federal Audit Requirements	Reimbursement request of \$275,167 submitted in February 2024
2023-014	8/23/2023	Federal Emergency Management Agency (FEMA), June 25-26 Flood, DR-4607 Project 664811 Conner Creek Sewer System (CIP Project 260204)	Federal pass-through State (Reimbursement Basis)	\$8,888,277	Federal Audit Requirements	Reimbursement request of \$1,805,600 submitted in February 2024
2023-015	9/26/2024	Federal Emergency Management Agency (FEMA), June 25-26 Flood, DR-4607 Project 670521 CAT-Z – Allocation of Management Costs	Federal pass-through State (Reimbursement Basis)	\$90,541	Federal Audit Requirements	Reimbursement request of \$90,541 submitted in November 2024
2023-019	3/3/2021	American Rescue Plan – State Revolving Fund (ARPA) Funded Project 7532-02 96 Inch Water Transmission Main Relocation Phase 2 EGLE (CIP Project 122004)	Federal pass-through State (Reimbursement Basis)	\$11,751,730	Federal Audit Requirements	Reimbursement request of \$608,583 submitted January 2025

Reference Number	Date Originally Awarded or Requested	Program Description	Type of Activity	Grant Amount	Compliance and/or Performance Requirements	Status
2024-005	12/15/2023	Fiscal Year 2023 Building Resilient Infrastructure and Communities (BRIC) Project Scoping/Feasibility Study (design and engineering only – no construction)	Federal pass-through State (Reimbursement Basis)	\$856,000	Federal Audit Requirements	\$856,000 Grant awarded January 2025 – currently on hold
2024-011	7/10/2024	Southeast Michigan Flood Study	Federal (Cost Share Only)	\$0	Federal Audit Requirements	Cost Share Agreement – GLWA share \$1,500,000
2024-014	06/07/2023	Focus Hope – Michigan Industry Cluster Approach (MICA 4.0)	Focus Hope (Nonprofit)	\$43,000	None	Reimbursement requests of \$16,000 submitted November 2024
2025-005	09/06/2024	American Rescue Plan Northwest – State Revolving Fund Project 5840-01 Northwest Interceptor to Oakwood CSO Sewer (CIP Project 222001)	Federal pass-through State (Reimbursement Basis)	\$20,000,000	Federal Audit Requirements	Requested and received \$3.6M in April, total reimbursements through April \$6,292,291
2025-006	TBD	Detroit Employment Solutions Corp (DESC) Apprentice Grant \$5,000 per Apprentice	DESC (Nonprofit)	TBD	None	Requested and received \$5,000 in April total reimbursements through April \$95,000
2025-007	8/22/2024	State Revolving Fund Clean Water Initiative/Strategic Water Quality Initiative 5980-01 West Chicago South Stormwater Improvements (DWSD Grant)	Pass Through to DWSD	\$14,011,908	Federal Audit Requirements	Reimbursements processed totaling \$1,999,654 received through March 2025

**Table 3 – Post Award Programs** the awards below were closed. GLWA reimbursement has been received in full, and the programs are in the process of being closed out, including any closeout reporting requirements.

**Table 3 – Post Award Programs**

Reference Number	Date Originally Awarded or Requested	Program Description	Type of Activity	Grant Amount	Compliance and/or Performance Requirements	Status
2023-006	2/21/2023	Federal Emergency Management Agency (FEMA), June Flood DR-4607 Project 660138 Seven Mile CSO	Federal pass through-State (Reimbursement Basis)	\$46,996	Federal Audit Requirements	Working with MSP to close out grant
2023-007	3/27/2023	Federal Emergency Management Agency (FEMA), June Flood DR-4607 Project 660076 Springwell Water Treatment Plant	Federal pass through-State (Reimbursement Basis)	\$180,000	Federal Audit Requirements	Working with MSP to close out grant
2023-008	3/30/2023	Federal Emergency Management Agency (FEMA), June Flood DR-4607 Project 668336 Fairview PS Protective Measures (CIP Project 232001)	Federal pass through-State (Reimbursement Basis)	\$180,000	Federal Audit Requirements	Working with MSP to close out grant
2023-012	3/30/2023	Federal Emergency Management Agency (FEMA), June 25-26 Flood, DR-4607 Project 660110 – Obligated \$319,911 Fairview PS (CIP Project 232001)	Federal pass-through State (Reimbursement Basis)	\$319,911	Federal Audit Requirements	Reimbursement Request of \$319,911 received March 2025 working with MSP to close out grant
2023-016	07/07/2023	Detroit Employment Solutions Corp (DESC) Apprentices \$5,000 per (9) Total	DESC (Nonprofit)	\$45,000	None	Grant superseded by 2025 DESC grant

**Table 4 –Programs not awarded or Programs that GLWA will not continue to pursue** is a table that reflects programs that GLWA was not awarded, or alternatively, programs that will not continue to be pursued by GLWA – no new activity identified for April.

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



## Financial Services Audit Committee Communication

**Date:** June 6, 2025

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

**From:** Gerri Williams, Treasury Manager

**Re:** Quarterly Investment Report (Unaudited)

**Background:** As stated in section 14 of the Great Lakes Water Authority (GLWA) Investment Policy, quarterly reporting shall be presented to provide a clear picture of the status of the current GLWA investment portfolio. The attached report, prepared and presented by PFM Asset Management LLC, summarizes portfolio information through March 31, 2025 (unaudited).

**Analysis:** The Quarterly Investment Report complies with the requirements of Public Act 20 of 1948, as amended and the GLWA Investment Policy. GLWA is investing its funds in a diversified portfolio which includes bank deposits, money market funds, a local government investment pool (LGIP), U.S. Treasuries, Federal Agencies, and commercial paper. All securities in the portfolio comply with the GLWA investment policy. Key metrics are provided below with additional commentary in the attached report.

- Yield at Cost:
  - As of As of March 31, 2025: 4.18%
  - As of As of December 31, 2024: 4.26%
- Yield at Market:
  - As of March 31, 2025: 4.28%
  - As of December 31, 2024: 4.42%
- Portfolio Allocation in Cash/Money Market/LGIP Securities:
  - As of March 31, 2025: 57%
  - As of December 31, 2024: 60%

Investment income in each of the funds is identified as restricted or unrestricted as defined in the Master Bond Ordinance (MBO). Unrestricted investment income can be used to fund operations and is included in the revenue requirement calculations. Restricted investment income is held within the specific fund and can only be used for the fund's purpose as stipulated in the MBO.



The Treasury group continues to work with PFM Asset Management LLC to identify strategies to maximize investment returns while meeting the GLWA standards for safety and liquidity.

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

# Great Lakes Water Authority

*Investment Performance Report – March 2025*



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Economic Update

# Executive Summary

## PORTFOLIO RECAP

- **Safety** – The aggregate portfolio is diversified amongst cash, bank deposits, U.S. Treasuries, Federal Agencies, commercial paper, SEC-registered money market funds, and a local government investment pool. The total credit profile of the portfolio is strong with over 99% of the assets invested in bank deposits or securities that are rated within the two highest short and long-term rating classifications as established by S&P rating agency.
- **Liquidity** – Great Lakes Water Authority (“GLWA”) has continued to monitor its portfolio with the goal of limiting the allocation to cash and bank deposit accounts and maximizing the use of short-term investments to meet cash requirements. As of March 31, 2025, approximately 57% of the funds were held in cash and money market accounts maturing overnight. The percentage is a bit lower than what was seen in the prior quarter.
- **Return** – The overall yield at market decreased to 4.28% as of March 31, 2025, versus 4.42% as of December 31, 2024. The lower yield is reflective of the expectation of the Fed to continue reducing borrowing costs and the continuing of the easing cycle. GLWA earned over \$38.2 million (unaudited) in investment income for the first nine months of fiscal year 2025 on a book value basis. Investment income includes earnings on all fund types, including restricted and unrestricted funds combined as well as construction and bond proceeds. It should be noted that investment income for GLWA for FY 2025 is projected to be less than what was seen in the prior fiscal year.

## AVAILABLE FUNDS (Unaudited)

Type	Book Value	Market Value	Yield @ Cost (as of 3/31/25)	Yield @ Market (as of 3/31/25)
Deposit Accounts	\$16,533,936	\$16,533,936	2.12%	2.12%
Trust Money Market Fund	\$352,321,054	\$352,321,054	4.23%	4.23%
Money Market Fund	\$16,494,397	\$16,494,397	4.23%	4.23%
Local Government Investment Pool	\$293,875,653	\$293,875,653	4.39%	4.39%
Managed Funds	\$504,748,154	\$504,422,694	4.08%	4.31%
<b><u>MARCH 2025 TOTALS:</u></b>	<b><u>\$1,183,973,193</u></b>	<b><u>\$1,183,647,734</u></b>	<b><u>4.18%</u></b>	<b><u>4.28%</u></b>
<b><u>PREVIOUS QUARTER TOTALS:</u></b>	<b><u>\$1,227,095,605</u></b>	<b><u>\$1,226,000,655</u></b>	<b><u>4.26%</u></b>	<b><u>4.42%</u></b>

Accounts like the Flint Security Deposit and Retainage accounts which are not owned by GLWA are not included in this report.

# Investment Strategy

## OVERALL STRATEGY

- All investment activity is conducted subject to GLWA's investment policy and state statutes while meeting the primary objectives of safety and liquidity. The portfolio is managed to a disciplined investment plan to provide improved safety and diversification while putting every dollar to work.
- GLWA, working with its investment advisor PFM Asset Management ("PFMAM"), has continued to invest its funds in a mixture of short and intermediate-term individual investment securities to ensure adequate liquidity to cover upcoming debt, pension payments, and operational requirements.
- PFMAM will continue to actively manage long-term portfolios with full discretion and align short-term balances with expected liabilities and identify strategies to maximize future investment income in the current interest rate environment, subject to GLWA's investment policy and state statutes.

## PORTFOLIO PERFORMANCE – CURRENT PERIOD\*

- The overall portfolio's original yield at cost went from 4.26% as of 12/31/2024 to 4.18% as of 3/31/2025.
- The total portfolio had a market yield of 4.28% at the end of March, compared to 4.42% as of December 31, 2024. Yield at market represents what the market would provide in return if the portfolio was purchased on March 31, 2025 (versus purchased in prior months / years); the lower yield is a result of the expectation of the Fed policy to cut overnight interest rates in the near future.

## PORTFOLIO PERFORMANCE – PROJECTIONS

- GLWA earned over \$38.2 million (unaudited) in investment interest income for fiscal year-to-date 2025 (as of 3/31/2025) on a book value basis.
- The fiscal year-to-date 2025 period earnings were slightly lower than the 2024 fiscal year-to-date earnings, as expectations are for lower interest income for the entire FY 2025 mainly due to the expectation of the Fed moving monetary policy to a neutral level.

*\* Yield at cost is based on the original cost of the individual investments from the purchase date to maturity. On the other hand, yield at market is calculated on a specific day (in this case, March 31, 2025) and assumes that all the securities in the portfolio are purchased given the market price/yield on that particular day. If one is to generally hold their investments to the stated maturity date, then the yield at cost would be the better number to use to gauge how the portfolio is performing.*

# Summary Market Overview and Outlook

## ECONOMIC HIGHLIGHTS UPDATE

- The second quarter of 2025 got off to a turbulent start as markets reacted to the April 2<sup>nd</sup> announcement of tariffs on so-called “Liberation Day.” The levies, which were significantly more punitive than originally anticipated, include a flat 10% tariff on all imports as well as more focused tariffs on specific countries with which the U.S. runs large trade deficits.
- Several major Wall Street firms reacted to the tariffs by lowering growth forecasts and increasing inflation expectations for 2025. Equity prices declined by 10% and the yield on the 5-year Treasury fell by over 25 basis points over the two-day period following the announcement.
- At the Federal Open Market Committee (“FOMC”) meeting several weeks earlier, the Federal Reserve (the “Fed”) held the target range for the Federal Funds rate steady at 4.25% to 4.50%. The Fed’s “dot plot” continued to show a total of 50 basis points of rate cuts over the balance of 2025 while its Summary of Economic Projections showed worse outlooks for GDP and PCE inflation.
- In Fed Chair Jerome Powell’s post-meeting press conference, he emphasized the high level of uncertainty and increased risks to the economic outlook due to the unknown impact of policy changes. He noted that the Fed will remain patient and is well-positioned to react to any increases in inflation or deterioration of labor markets.
- Market sentiment continued to worsen in March. The University of Michigan’s Consumer Sentiment index fell to the lowest level since July of 2022 while one-year inflation expectations also jumped significantly to 5.0%, representing the highest level since November of 2022.
- The month-over-month change in the Core Personal Consumption Expenditures Index (“PCE”), which is the Fed’s preferred measure of inflation, increased at the fastest pace in over a year. Prices on durable goods, which are items expected to last several years, rose at the fastest pace since September 2022. This is particularly noteworthy because these price increases occurred prior to the implementation of any tariffs.
- Non-farm payrolls in March significantly exceeded expectations and grew by 228,000 jobs while the unemployment rate ticked up slightly to 4.2%. While the releases continue to point to a steady labor market, it was largely overshadowed by the tariff news earlier in April.

## ECONOMIC IMPACT ON PORTFOLIO

- U.S. Treasury yields between six months and seven years declined in March and were led lower by deteriorating growth expectations over the intermediate-term. Meanwhile, the yield on the 10-year U.S. Treasury was essentially unchanged. In early April, yields fell significantly across the curve in response to tariff news.
- Yields on 3-month, 2-year, and 10-year U.S. Treasuries ended the quarter at 4.30%, 3.88%, and 4.21%, respectively. The move lower in yields resulted in positive fixed income returns for the quarter.
- Portfolio Impact: We will continue to maintain portfolio durations near 100% of benchmarks given the ongoing rate and policy uncertainty and the attractive level of absolute yields. Also, we continue to prefer a bulleted structure for longer-duration strategies as we expect the Treasury yield curve to steepen further. A reduction in the supply of U.S. Treasury Bills continues to put downward pressure on the money market yield curve. Meanwhile, credit spreads in the short end of the curve have eased, though existing supply has tightened up heading into quarter-end.

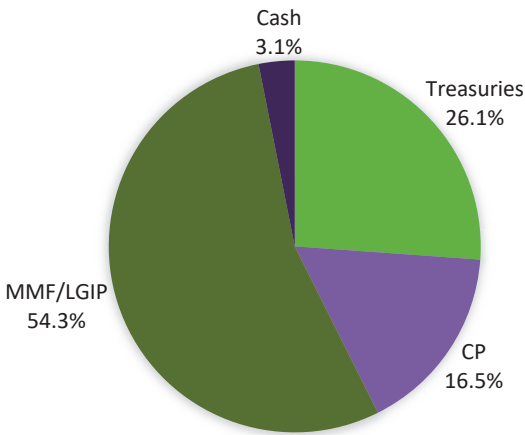
# Portfolio Snapshot

## Overall Portfolio Composition Summary

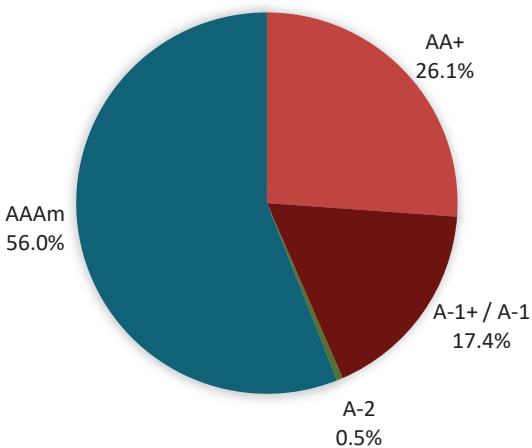
PORTFOLIO STATISTICS

Invested Amount	\$1.183 Billion
Duration	0.24 Years
Yield at Cost	4.18%
Yield at Market	4.28%

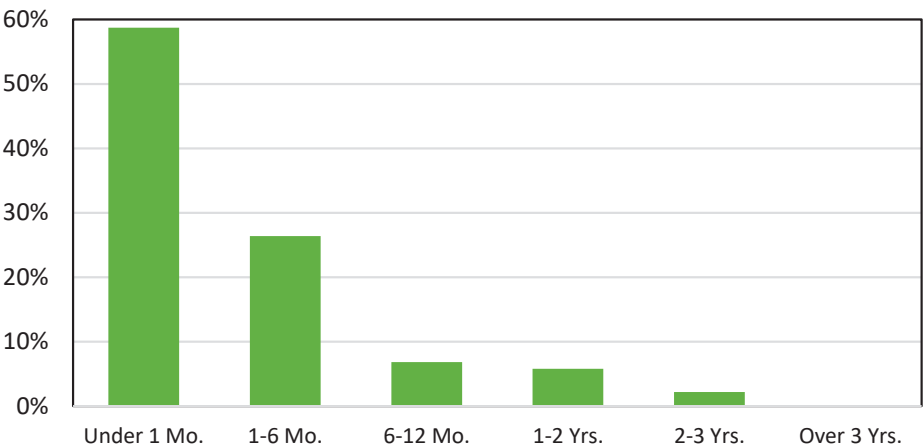
SECTOR ALLOCATION



CREDIT QUALITY



MATURITY DISTRIBUTION

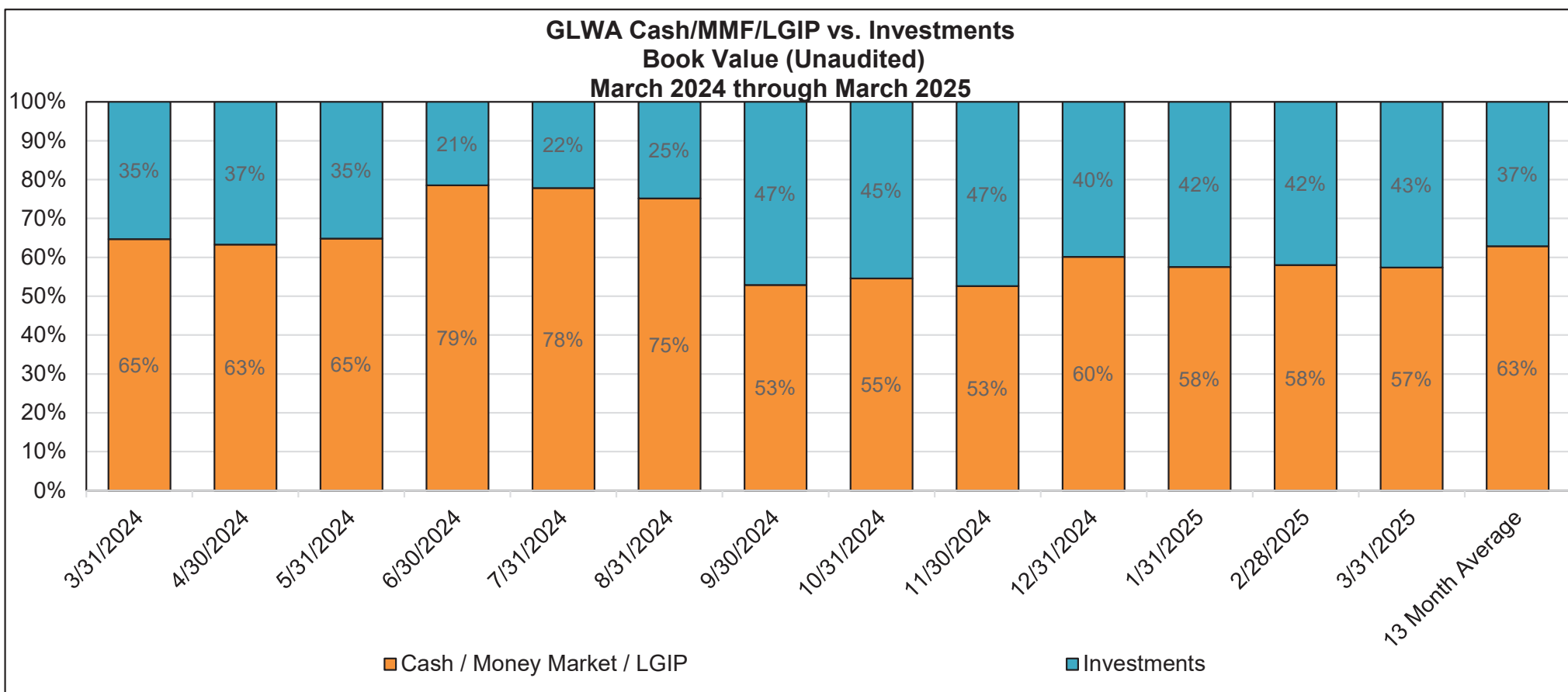


Accounts like the Flint Security Deposit and Retainage accounts which are not owned by GLWA are not included in this report.

# Portfolio Snapshot

## Portfolio Mix – Cash / Money Market vs. Investments

- GLWA's liquidity requirements fluctuate each month based on operational requirements, capital funding, and debt payments. Based on a review of historical activity and refinement of cash flow projections, GLWA has continually tried to balance the allocation of the portfolio's holdings to cash & money market accounts versus the allocation to investments for the portfolio holdings.
- The chart below compares the monthly allocation of the portfolio holdings to the 13-month average. The allocation between cash and investments will vary each month based on liquidity requirements. For March of 2025, around 57% of the overall portfolio was invested in cash, LGIP, and/or overnight money market fund accounts. This is slightly lower than the level seen in previous months and is reflective of the impending Fed rate cuts expected by the market.

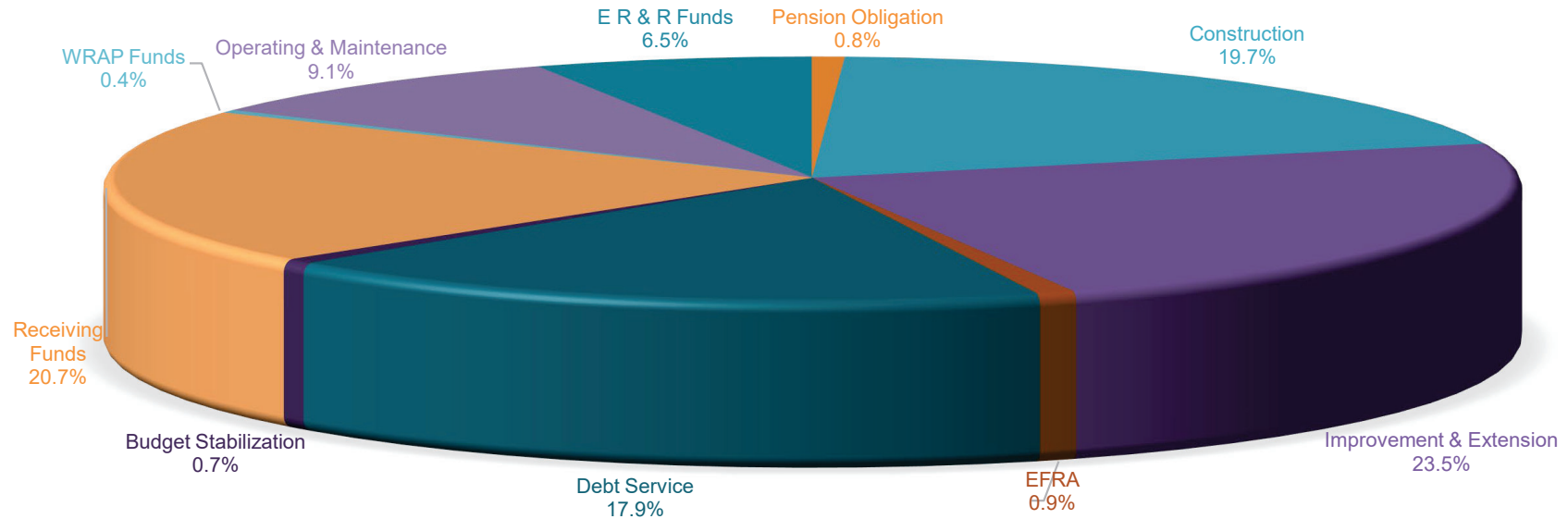


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# Portfolio Snapshot

## Investments – By Account Purpose

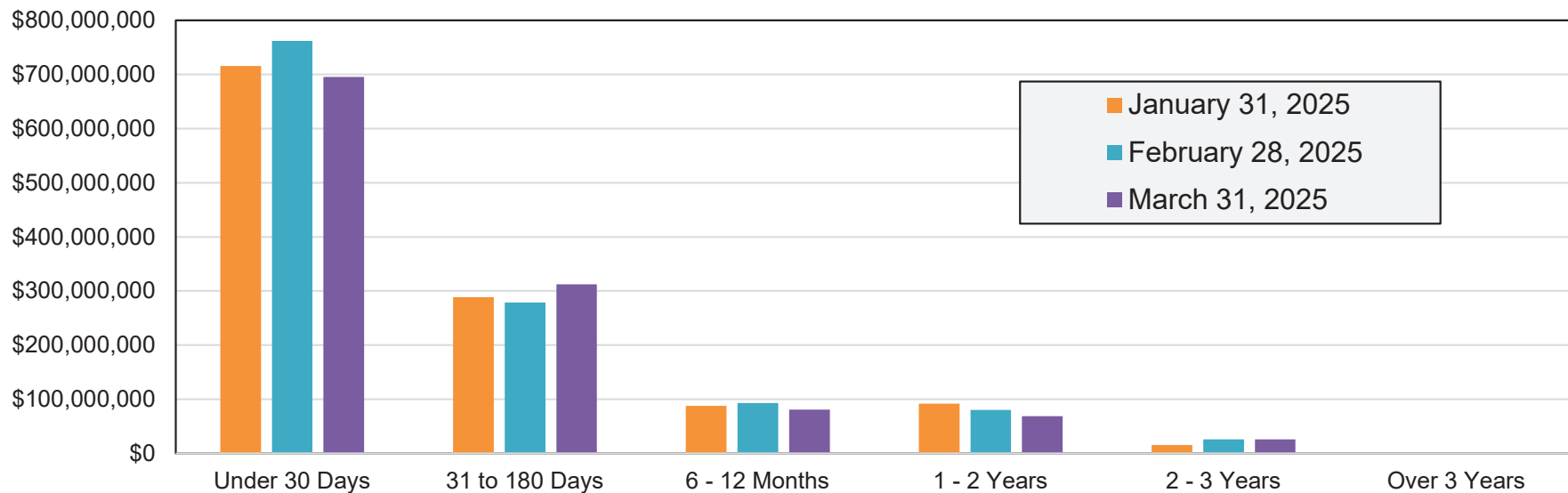


Account Purpose		Value Market	Allocation %	Cost Yield at	Market Yield at	Duration	Strategy
Improvement & Extension	\$	277,721,076	23.5%	4.07%	4.27%	0.401 Years	Cash Flow Driven
Receiving Funds (includes lockbox account)	\$	244,619,357	20.7%	4.20%	4.20%	0.003 Years	Short-Term
Construction Bond Funds	\$	233,378,716	19.7%	4.36%	4.38%	0.020 Years	Cash Flow Driven
Debt Service	\$	211,949,716	17.9%	4.35%	4.38%	0.261 Years	Short-Term
Operating & Maintenance	\$	107,976,508	9.1%	4.19%	4.19%	0.003 Years	Short-Term
Extraordinary Repair & Replacement Funds	\$	76,500,092	6.5%	3.55%	4.16%	1.372 Years	Long-Term
Evergreen Farmington Regional Account	\$	10,241,132	0.9%	3.55%	3.55%	0.003 Years	Short-Term
Pension Obligation Funds	\$	8,967,214	0.8%	4.48%	4.49%	0.160 Years	Short-Term
Budget Stabilization Funds	\$	7,705,309	0.7%	3.64%	4.16%	1.305 Years	Long-Term
WRAP Funds	\$	4,588,614	0.4%	4.23%	4.23%	0.003 Years	Short-Term
<b>Total</b>	<b>\$</b>	<b>1,183,647,734</b>	<b>100.0%</b>	<b>4.18%</b>	<b>4.28%</b>	<b>0.244 Years</b>	

Accounts like the Flint Security Deposit and Retainage accounts which are not owned by GLWA are not included in this report.

## Portfolio Snapshot Investments – By Maturity

Maturity Distribution	January 31, 2025		February 28, 2025		March 31, 2025	
		%		%		%
Under 30 Days	\$ 715,592,933	59.6%	\$ 762,218,569	61.4%	\$ 695,294,079	58.7%
31 to 180 Days	288,881,278	24.1%	279,092,572	22.5%	312,379,297	26.4%
6 - 12 Months	88,109,015	7.3%	92,963,528	7.5%	81,020,163	6.8%
1 - 2 Years	91,955,630	7.7%	80,489,687	6.5%	68,779,401	5.8%
2 - 3 Years	15,865,634	1.3%	26,102,891	2.1%	26,174,795	2.2%
Over 3 Years	-	0.0%	-	0.0%	-	0.0%
<b>Totals</b>	<b>\$ 1,200,404,490</b>	<b>100.0%</b>	<b>\$ 1,240,867,246</b>	<b>100.0%</b>	<b>\$ 1,183,647,734</b>	<b>100.0%</b>



Accounts like the Flint Security Deposit and Retainage accounts which are not owned by GLWA are not included in this report.

# Portfolio Snapshot

## Investment Accounts – Yield at Cost & Market

	As of March 31, 2025		As of December 31, 2024	
	YTM @ Cost	YTM @ Market	YTM @ Cost	YTM @ Market
<b>Bank Deposits</b>				
Bank A	0.01%	0.01%	0.01%	0.01%
Bank C	3.35%	3.35%	3.39%	3.39%
<b>Sub-Total Bank Deposits</b>	<b>2.12%</b>	<b>2.12%</b>	<b>2.20%</b>	<b>2.20%</b>
<b>Money Market Funds / LGIPs</b>				
Local Government Investment Pool	4.39%	4.39%	4.49%	4.49%
Trust Money Market Fund	4.23%	4.23%	4.37%	4.37%
Money Market Fund	4.23%	4.23%	4.37%	4.37%
<b>Sub-Total MMF / LGIPs</b>	<b>4.30%</b>	<b>4.30%</b>	<b>4.42%</b>	<b>4.42%</b>
<b>Investment Portfolios</b>				
Sewage SR Debt Serv 5403	4.35%	4.43%	4.38%	4.56%
Sew 2nd Debt Serv 5403	4.34%	4.33%	4.41%	4.41%
Sew SRF Debt Serv 5410	4.37%	4.38%	4.63%	4.45%
Sewage ER & R	3.47%	4.17%	3.04%	4.54%
Sewer Improvement & Extension	3.95%	4.29%	4.12%	4.49%
Sewer Pension Obligation	4.47%	4.49%	4.61%	4.67%
Sewer Budget Stabilization Fund	3.63%	4.16%	3.19%	4.53%
Sewer Bond Fund	4.25%	4.37%	4.39%	4.51%
Water SR Debt Ser 5503	4.35%	4.35%	4.42%	4.48%
Water 2nd Debt Serv 5503	4.33%	4.33%	4.41%	4.41%
Water SRF Debt Serv 5575	4.38%	4.38%	4.66%	4.45%
Water ER & R	3.65%	4.15%	3.31%	4.50%
Water Improvement & Extension	4.00%	4.30%	4.20%	4.52%
Water Pension Obligation	4.50%	4.49%	4.63%	4.65%
Water Budget Stabilization Fund	3.63%	4.16%	3.17%	4.54%
Water Bond Fund	0.00%	0.00%	4.56%	4.85%
<b>Sub-Total Investment Portfolios</b>	<b>4.08%</b>	<b>4.31%</b>	<b>4.11%</b>	<b>4.52%</b>
<b><u>Grand Total</u></b>	<b><u>4.18%</u></b>	<b><u>4.28%</u></b>	<b><u>4.26%</u></b>	<b><u>4.42%</u></b>

YTM @ Cost is the expected return, based on the original cost, the annual interest receipts, maturity value and the time period from purchase date to maturity, stated as a percentage, on an annualized basis. YTM @ Market is the rate of return, based on the current market value, the annual interest receipts, maturity value and time period remaining until maturity, stated as a percentage, on an annualized basis.

# Portfolio Snapshot

## Peer Analysis Comparison

- The comparison agencies included in the list below were selected based on type and/or other non-performance-based criteria to show a broad range of water entities/utilities; this peer group list does not represent an endorsement of any of the public agencies or their services.
- The overall yield of GLWA's aggregate portfolio compares somewhat similarly to those of other short-term market indices (i.e., the S&P LGIP index and the 3-month U.S. Treasury index), despite the volatility of short-term interest rates and the limited ability in managing assets to a longer-term strategy.
- GLWA does have some limitations and unique constraints related to its ordinance and covenants that restricts the potential for a longer duration portfolio when compared to other similar water agencies.

As of March 31, 2025

	Market Value	YTM @ Market	Effective Duration	Weighted Average Maturity
<b>GLWA</b>				
Great Lakes Water Authority	\$1,183,647,734	4.28%	0.24 Years	92 Days
<b>Short/Intermediate-Term Indices</b>				
S&P Rated Government Investment Pool Index		4.34%	0.08 Years	30 Days
BoA / ML 3-Month Treasury Index		4.33%	0.15 Years	55 Days
BoA / ML 6-Month Treasury Index		4.24%	0.40 Years	146 Days
BoA / ML 1-Year Treasury Index		4.12%	0.88 Years	321 Days
BoA / ML 1-3 Year Treasury Index		3.94%	1.75 Years	639 Days
BoA / ML 1-5 Year Treasury Index		3.93%	2.48 Years	905 Days
<b>Peer Analysis (Water Entities / Utilities)</b>				
District of Columbia Water & Sewer Authority, DC	\$177,135,991	4.08%	1.65 Years	678 Days
DuPage Water Commission, IL	\$134,804,160	4.18%	2.37 Years	1,222 Days
Fairfax County Water Authority, VA	\$196,531,869	4.16%	1.83 Years	725 Days
Metro Wastewater Reclamation District, CO	\$218,693,033	4.03%	2.51 Years	989 Days
Metropolitan Water District of Southern California, CA	\$892,808,240	4.28%	1.71 Years	746 Days
Philadelphia Water Department, PA	\$270,405,398	4.26%	0.93 Years	356 Days
San Bernardino Valley Municipal Water District, CA	\$366,268,572	4.10%	1.67 Years	662 Days
Tohopekalliga Water Authority, FL	\$149,457,756	4.24%	1.69 Years	862 Days
Truckee Meadows Water Authority, NV	\$56,560,322	4.29%	1.31 Years	514 Days

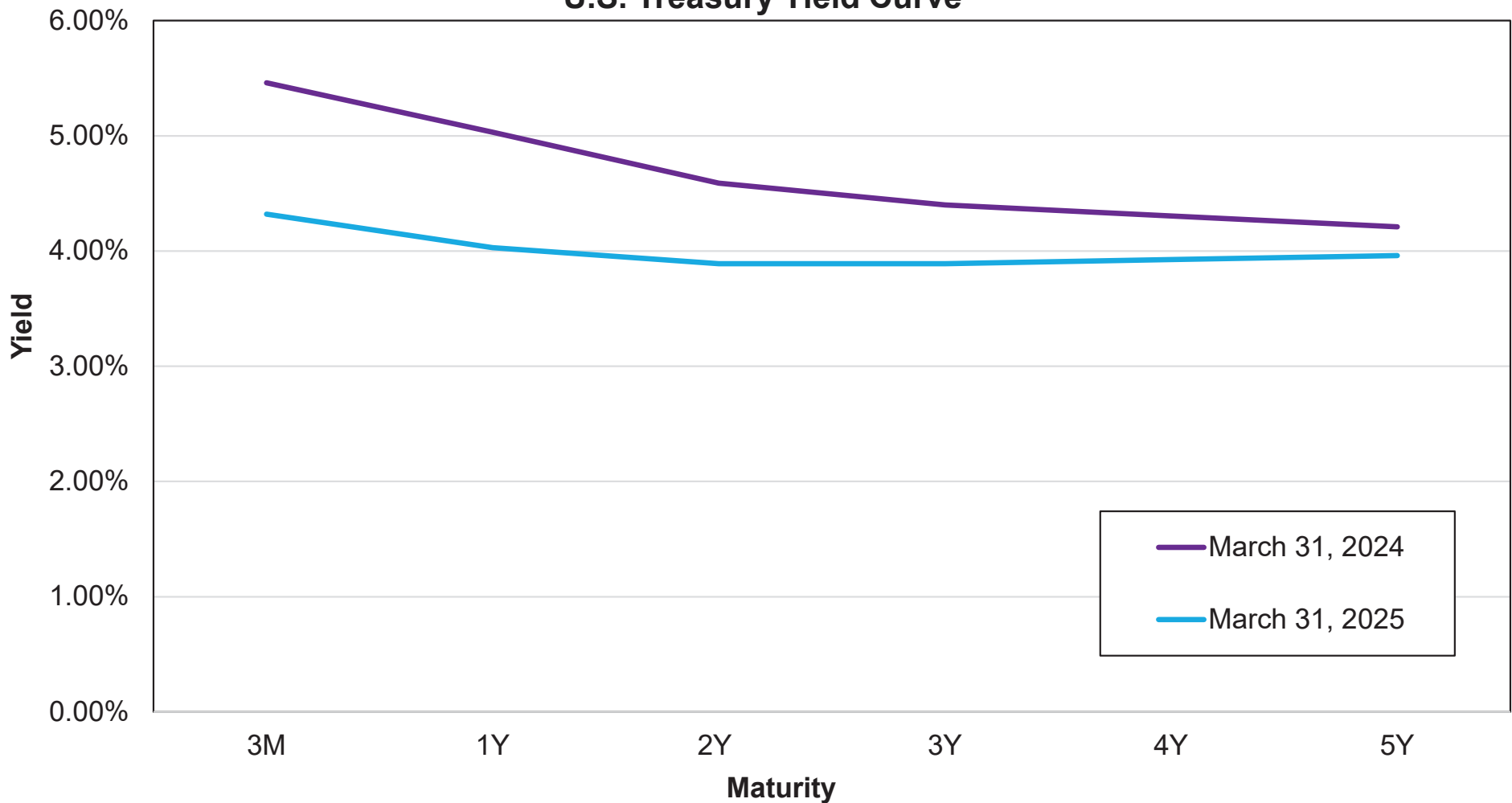
The BoA / ML indexes are unmanaged indexes tracking on-the-run Treasuries. These indexes are produced and maintained by Bank of America / Merrill Lynch & Co. Yield to maturity is the rate of return, based on the current market value, the annual interest receipts, maturity value and time period remaining until maturity, stated as a percentage, on an annualized basis.

# Portfolio Snapshot - Market Overview and Outlook

## U.S. Treasury Yields Lower Across the Curve

- Treasury yields have fallen on the shorter end of the curve during the last quarter, with the 2 and 5-year yields dropping as more signs have emerged that the economy may be slowing. Yields continue to experience intra-day volatility with the curve steepening and flattening daily as investors grapple with a steady stream of headlines and their potential implications for the future. The front end of the curve remains inverted.

**U.S. Treasury Yield Curve**



# Portfolio Snapshot

## Monthly Investment Income

(Book Value in 000's)

### FY 2025 INVESTMENT INCOME BY MONTH (Unaudited)

Month	Interest Earned During Period (in thousands)	Realized Gain / Loss (in thousands)	Investment Income (in thousands)
July 2024	\$4,774.3	\$0.0	\$4,774.3
August 2024	\$4,448.3	\$0.0	\$4,448.3
September 2024	\$4,661.9	\$4.0	\$4,665.9
October 2024	\$4,538.4	\$0.0	\$4,538.4
November 2024	\$4,153.8	\$0.0	\$4,153.8
December 2024	\$4,217.5	\$0.0	\$4,217.5
January 2025	\$3,982.4	\$0.0	\$3,982.4
February 2025	\$3,620.4	\$0.0	\$3,620.4
March 2025	\$3,881.6	\$0.0	\$3,881.6
<b><u>FY 2025 Y-T-D</u></b>	<b><u>\$38,278.7</u></b>	<b><u>\$4.0</u></b>	<b><u>\$38,282.7</u></b>

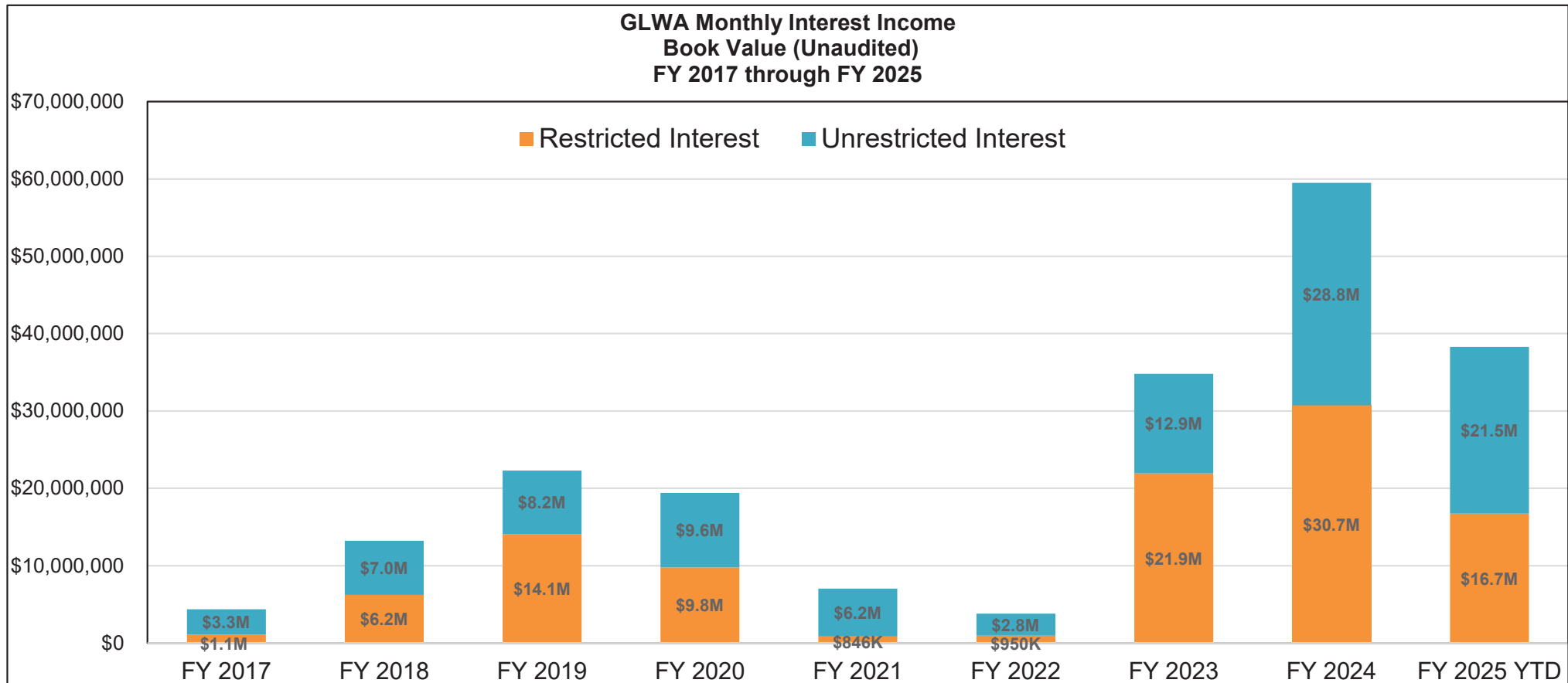
\* The realized gain in September of 2024 was due to the sale of an investment in the Sewer SRF account to fund Debt Service payment. The sale of this security resulted in a slight realized gain.

These figures are based upon actual interest earned and posted to the Authority's various accounts via book value and does not include any earnings credit rate tied to the Authority's bank deposits.

# Portfolio Snapshot

## Year-Over-Year Investment Income

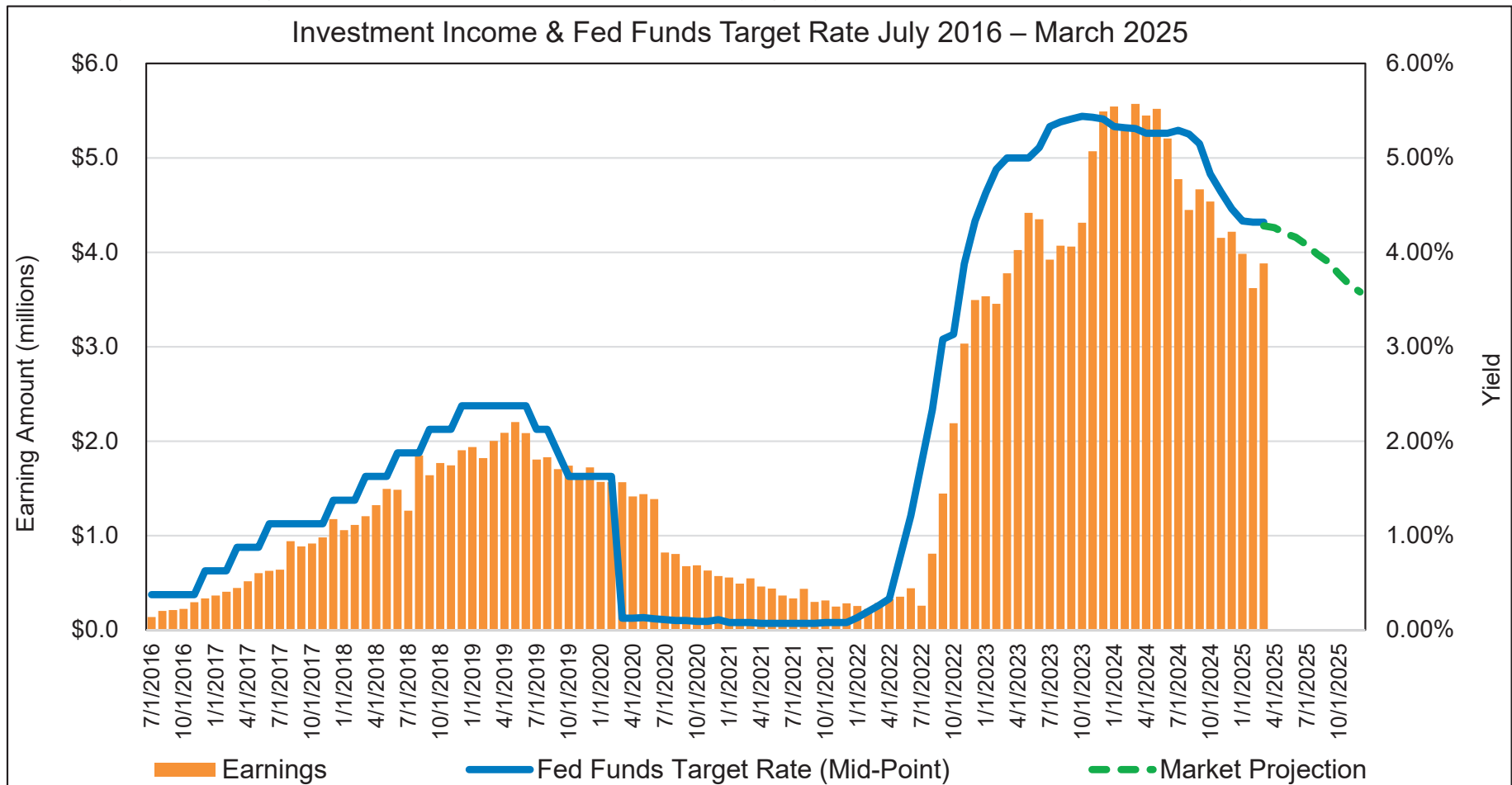
- GLWA earned \$38.3 million in investment income for the first nine months of fiscal year 2025 on a book value basis compared to \$43.3 million for the first nine months of fiscal year 2024.
- Based on current market assumptions, projected total investment income for fiscal year 2025 is forecasted to be \$49.0 million compared to the \$59.5 million in earned in FY 2024 (for both restricted fund income and unrestricted fund income combined) as the market continues to expect the Federal Reserve to cut overnight rates over the next several months.



# Portfolio Snapshot

## Monthly Investment Income Compared to Fed Funds Rate

- At least 50% of the GLWA portfolio is designated for obligations that are 12 months or less. As a result of the short-term duration of GLWA's portfolio, it is heavily impacted by changes in the Fed Funds rate; the chart below shows that GLWA's income has consistently followed the trend of the Fed Funds rate.
- Continued strength in the jobs market leaves the Fed with some comfort in their current position and their ability to wait for further clarity on incoming data before they move. While two rate cuts in calendar year 2025 still seem likely, inflation risk from soaring tariffs, amidst a healthy jobs market, could pressure the Fed to be even more cautious. On increased concerns that high inflation may be persistent, the Fed may be reluctant to cut rates. To combat inflation, the Fed might maintain higher interest rates for an extended period, delaying any rate cuts until later in the 2025 calendar year.

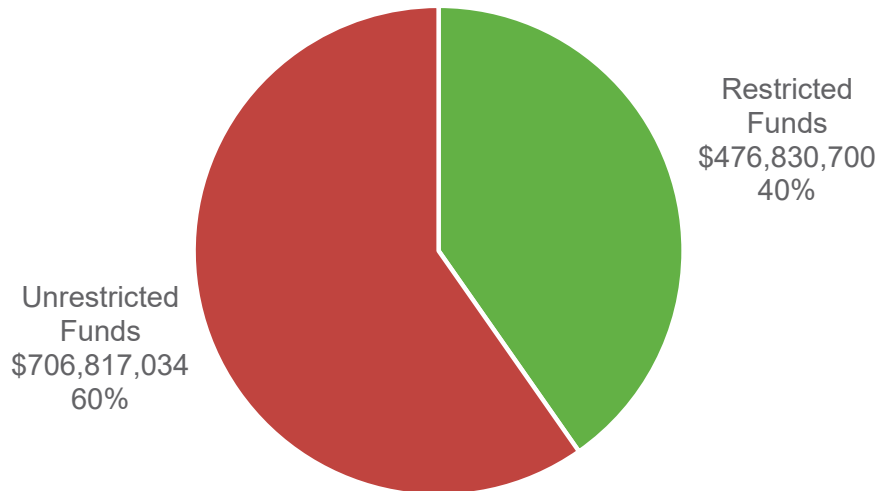




# Portfolio Snapshot

## Allocation and Income by Fund Type

**Bank Balance as of  
March 31, 2025**



**July 2024 – March 2025  
Interest Earnings**



Restricted Principal and Restricted Interest
Construction Bond Funds
Debt Reserves
Debt Service
Evergreen Farmington Regional Account

Unrestricted Principal Unrestricted Interest
Extraordinary Repair & Replacement Funds
Improvement & Extension
Operating & Maintenance
Receiving Funds (includes lockbox account)

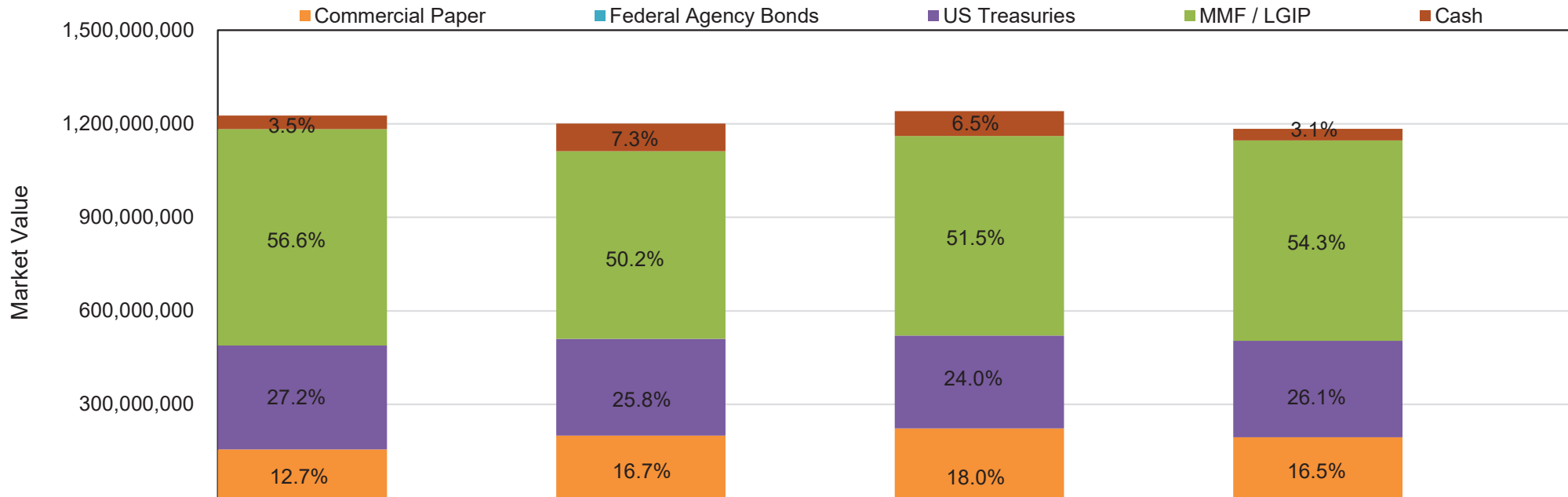
Restricted Principal Unrestricted Interest
Budget Stabilization Funds
Pension Obligation Funds
WRAP Funds

*Note: Interest is sent to the Receiving Funds and can be used for operations*

*Note: Interest in I&E accounts is sent to the Receiving Funds and can be used for operations; DWSD's portion of the Receiving Funds is restricted and held in trust.*

## Portfolio Snapshot

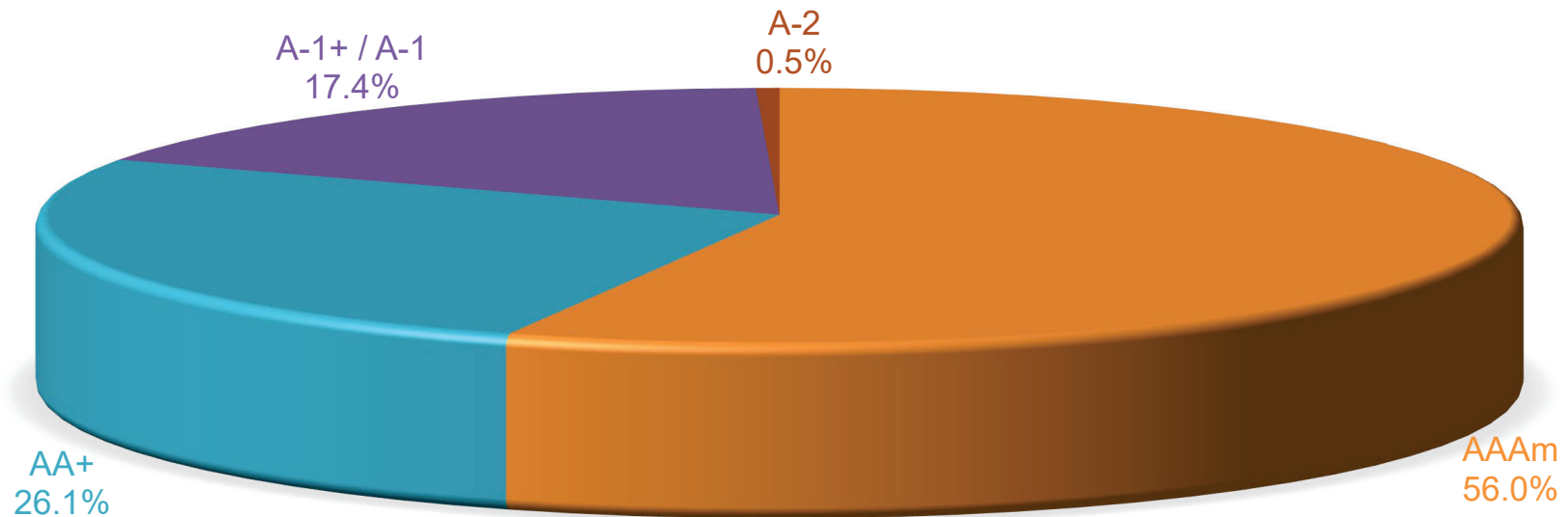
### Investments – By Security Type



Security Type	December		January		February		March	
	Market Value	Asset Allocation	Market Value	Asset Allocation	Market Value	Asset Allocation	Market Value	Asset Allocation
Commercial Paper	155,456,466	12.7%	200,330,069	16.7%	223,064,286	18.0%	195,077,358	16.5%
Federal Agencies	-	0.0%	-	0.0%	-	0.0%	-	0.0%
U.S. Treasuries	333,138,317	27.2%	309,634,956	25.8%	298,274,465	24.0%	309,333,902	26.1%
MMF / LGIP	694,086,819	56.6%	602,336,911	50.2%	639,046,776	51.5%	642,242,938	54.3%
Cash	43,319,053	3.5%	88,102,554	7.3%	80,481,720	6.5%	36,993,536	3.1%
<b>Total</b>	<b>1,226,000,655</b>	<b>100.0%</b>	<b>1,200,404,490</b>	<b>100.0%</b>	<b>1,240,867,246</b>	<b>100.0%</b>	<b>1,183,647,734</b>	<b>100.0%</b>

## Portfolio Snapshot

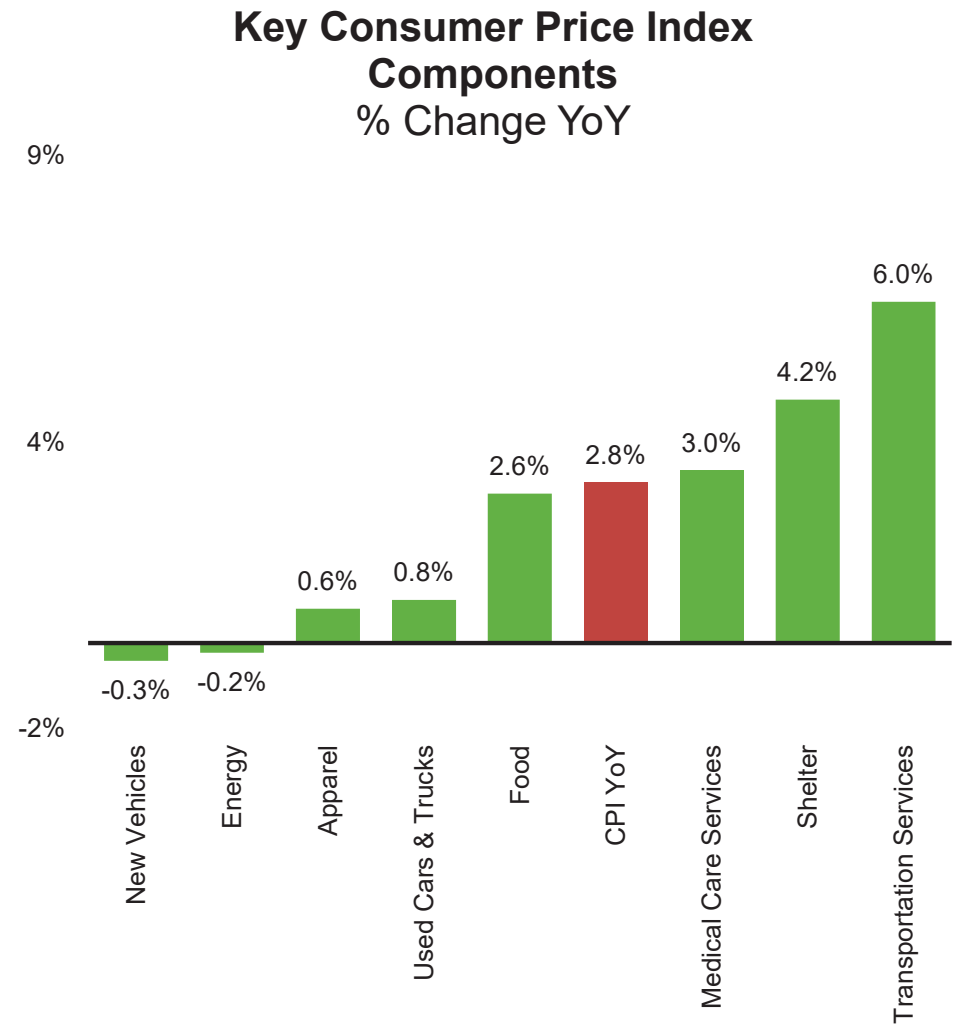
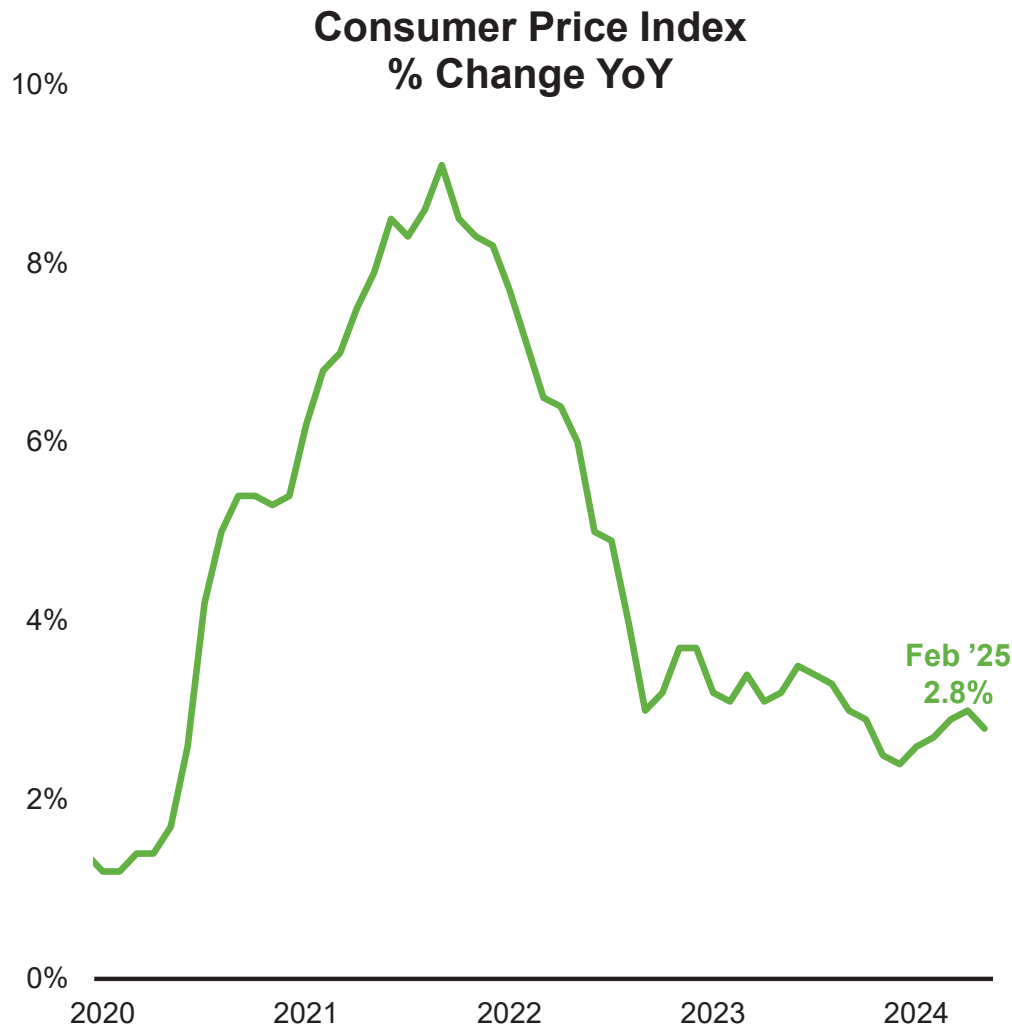
### Investments – By Credit Quality



Credit Quality	Market Value	Asset Allocation
<b>Ratings</b>		
AAAm	662,691,104	56.0%
AA+	309,364,747	26.1%
A-1 + / A-1	205,493,985	17.4%
A-2	6,097,898	0.5%
NR	-	0.0%
<b>Totals</b>	<b>1,183,647,734</b>	<b>100.0%</b>

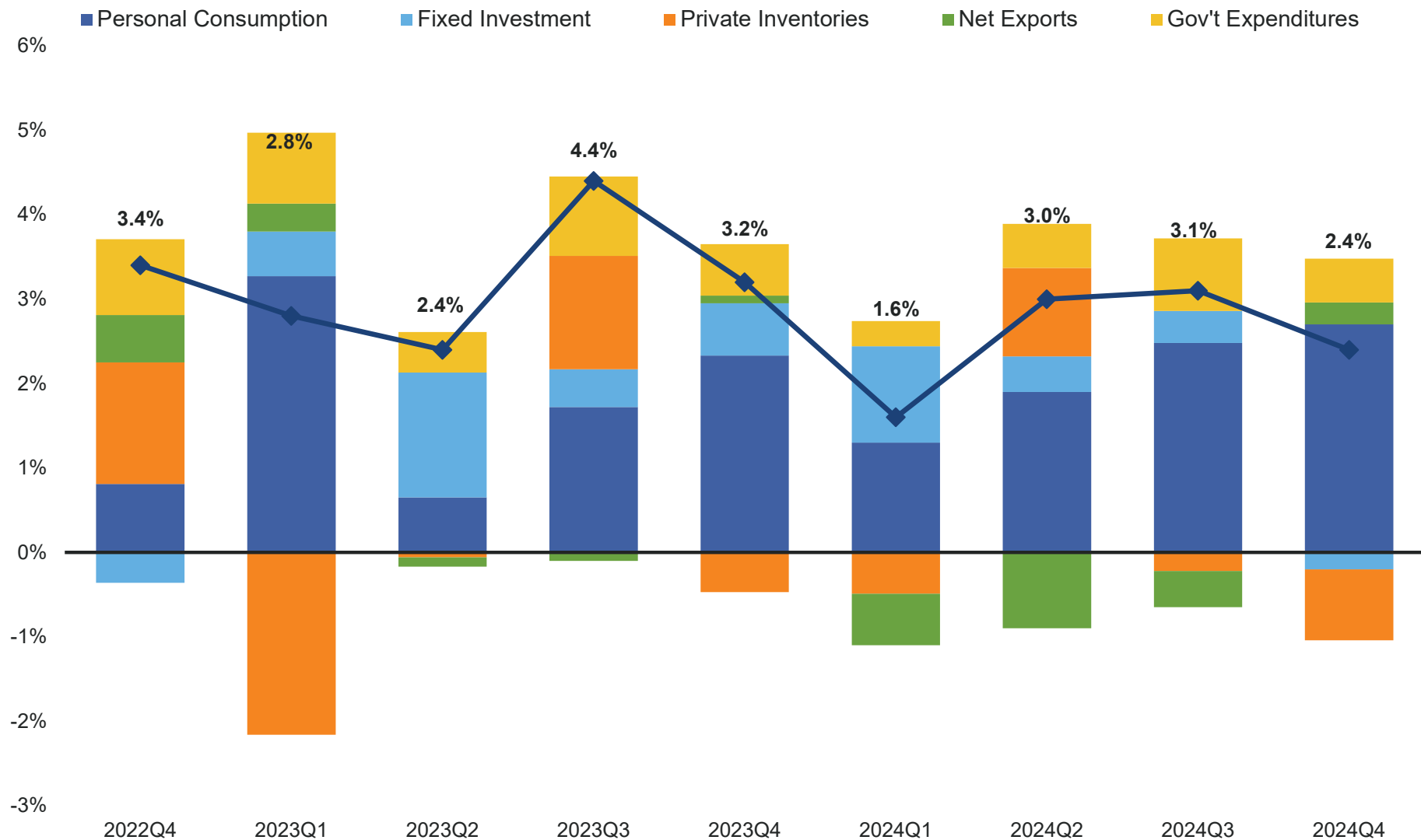
# Appendix I: Economic Update

# Consumer Price Index



Source: Bloomberg Finance L.P., as of February 2025.

## U.S. Real GDP Contributors and Detractors



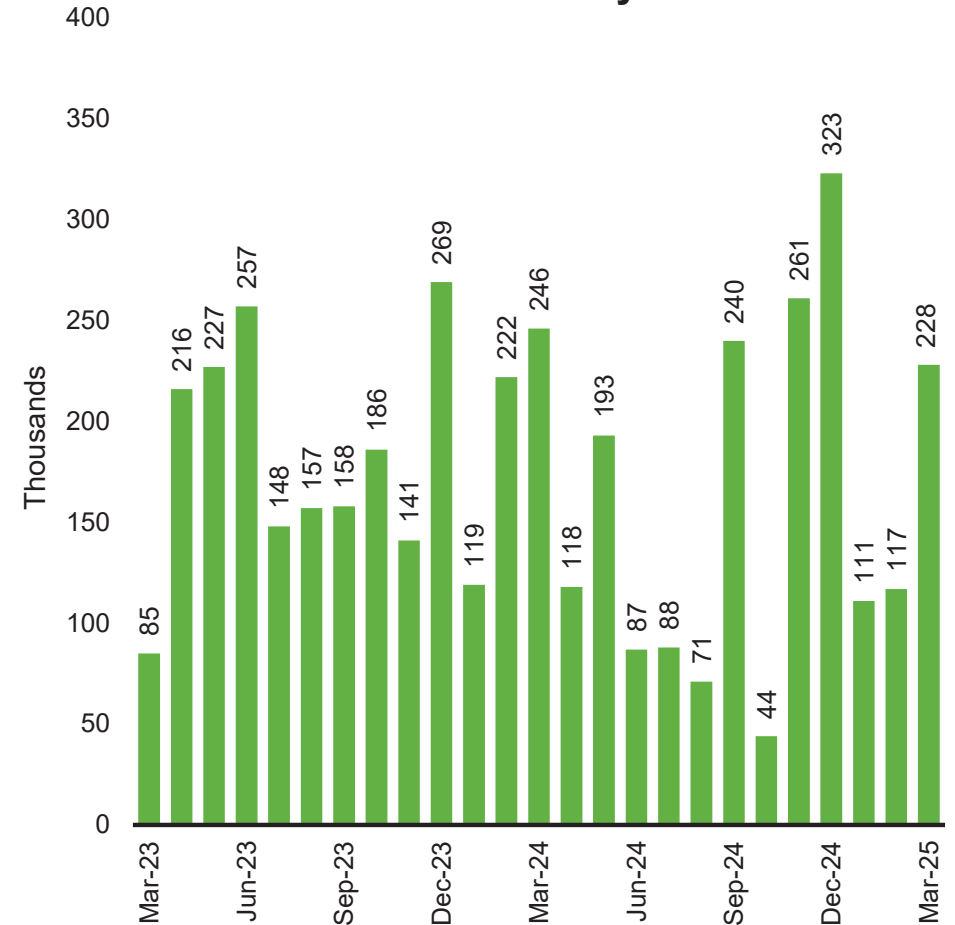
Source: Bloomberg Finance L.P., Bureau of Economic Analysis, as of March 2025.

# Labor Market Sends Mixed Signals

**Unemployment Rate**



**Monthly Change In Nonfarm Payrolls**

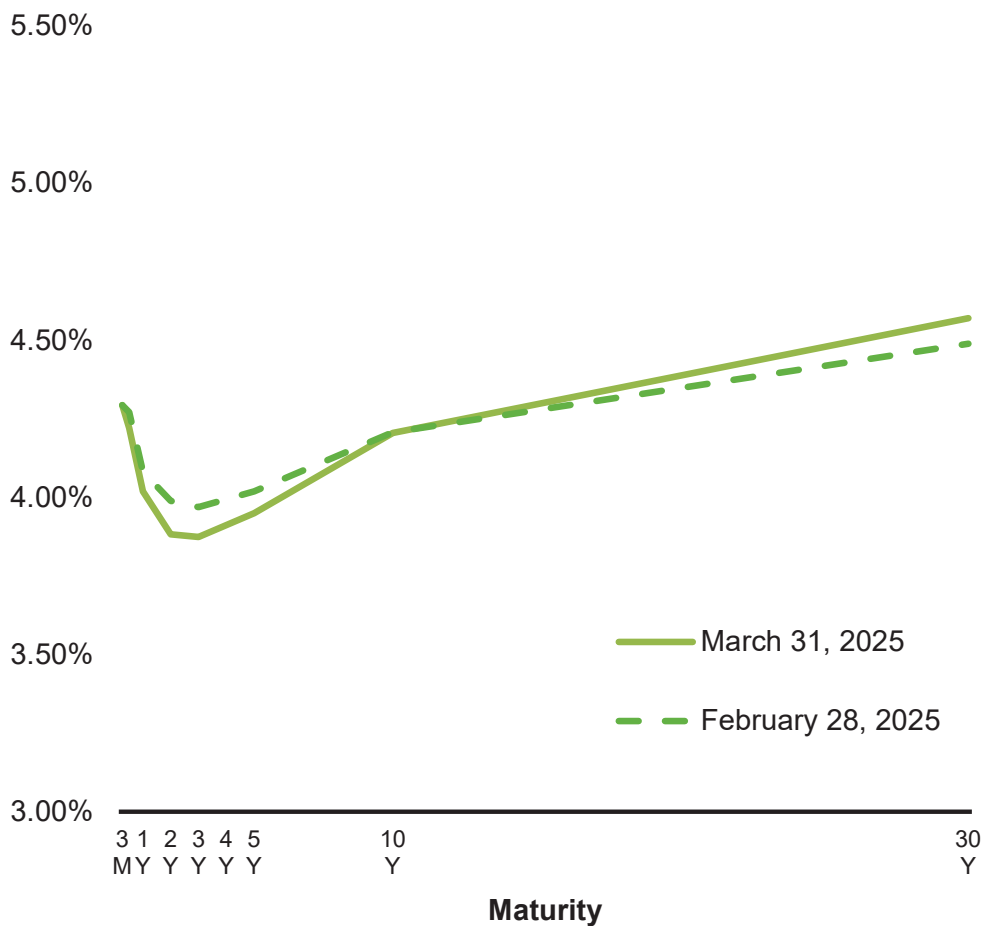


Source: Bureau of Labor Statistics. Bloomberg Finance L.P., as of March 2025. Job openings and monthly change in nonfarm payrolls as of March 2025. Data is seasonally adjusted.

# Treasury Yield Curve

	2/28/2025	3/31/2025	Change
3 month	4.29%	4.30%	+0.01%
6 month	4.28%	4.23%	-0.05%
1 year	4.27%	4.03%	-0.24%
2 year	3.99%	3.89%	-0.10%
3 year	3.97%	3.88%	-0.09%
5 year	4.02%	3.95%	-0.07%
10 year	4.21%	4.21%	--
30 year	4.49%	4.57%	+0.08%

## U.S. Treasury Yield Curve



Source: Bloomberg Finance L.P., as of 2/28/2025 and 3/31/2025, as indicated.



# Fixed Income

## Market Overview and Outlook

### **FIXED INCOME MARKET – ECONOMIC HIGHLIGHTS**

- The first quarter of 2025 was characterized by uncertainty and worsening consumer sentiment due to the volatile rollout of the new administration's policies
  - Pro-growth fiscal policies proposed on the campaign trail including tax cuts and deregulation have yet to be realized, leaving rapidly changing tariff policy to weigh on growth prospects
  - Escalating trade tensions from tariffs have increased the probability of a U.S. economic recession in 2025
- Progress towards the Federal Reserve's (the "Fed") 2.0% target remains stalled with goods inflation moving higher even before tariff policies were enacted
  - Fed Chair Powell noted economic data has not yet reflected tariffs and reiterated it will be difficult to directly project the impact of these policies on prices
  - Tariff concerns among consumers appear to be rising, as expectations for inflation over the next 12 months reached their highest levels since early 2023
- The labor market remains surprisingly resilient with both initial jobless claims and the unemployment rate at historically low levels; additionally, monthly job gains continue to keep pace with labor force growth
  - With quits and hiring rates low, any acceleration in job layoffs may possibly result in job seekers remaining unemployed for longer
  - Federal job cuts and funding freezes could impact the hiring plans of sectors such as healthcare and higher education which rely on government funding; the impact of immigration policy remains unknown
- Sentiment has meaningfully deteriorated as consumers expect higher prices and weaker labor market conditions as tariffs weigh on the pace of economic growth
  - A material deterioration of labor market conditions remains the biggest risk factor to consumer spending
  - Other headwinds include slower real wage growth and a reduced willingness and ability to spend as prices move higher due to tariffs

# Fixed Income

## Market Overview and Outlook

### FIXED INCOME MARKET – ECONOMIC HIGHLIGHTS

- The Fed left the overnight policy rate range unchanged at 4.25% – 4.50%
  - While the Fed’s updated March “dot plot” continues to suggest 50 basis points of rate cuts in 2025, Fed Chair Powell indicated there is heightened risk and more uncertainty due to the new administration’s policies
- U.S. inflation readings remained “sticky” during the past quarter and did not show meaningful progress towards the Fed’s 2.0% target
  - Goods inflation, which had been a detractor from inflation, increased at the beginning of the year and will continue to be a headwind given the expected impact of tariffs on goods prices
  - Core CPI, which excludes the volatile food and energy components, remained above 3.0% and ended the quarter at 3.1% annualized year-over-year while headline CPI sits at 2.8%
- U.S. Treasury yields moved lower in response to deteriorating growth expectations over the near term
  - While the Fed held rates steady over the quarter, futures markets are pricing in four 25 basis point rate cuts for 2025
  - The yield on the 2, 5, and 10-year Treasuries ended the quarter at 3.88%, 3.95%, and 4.21%, and this represents a decline of 36 basis points, 43 basis points, and 36 basis points, respectively; the 3-month Treasury was relatively unchanged given no rate cuts from the Fed
  - As a result of lower yields, U.S. Treasury indexes generated positive total returns for the quarter
- Excess returns were mixed across investment grade sectors as wider economic uncertainty opened the door for modest spread widening off recent lows despite strong investor demand
  - Federal Agency spreads remained low and rangebound throughout the quarter, as Agencies produced modestly negative excess returns; issuance remained light and incremental income from the sector is near zero
  - Short-term credit (commercial paper) yields on the front end fell in response to downward pressure from a paydown in the supply of U.S. Treasury Bills; yield spreads tightened over the quarter in response to moderated issuance and strong demand

## Disclosure

*The views expressed within this material constitute the perspective and judgment of U.S. Bancorp Asset Management, Inc. at the time of distribution and are subject to change. Any forecast, projection, or prediction of the market, the economy, economic trends, and equity or fixed-income markets are based upon current opinion as of the date of issue and are also subject to change. Opinions and data presented are not necessarily indicative of future events or expected performance. Information contained herein is based on data obtained from recognized statistical services, issuer reports or communications, or other sources, believed to be reliable. No representation is made as to its accuracy or completeness.*

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**NOT FDIC INSURED : NO BANK GUARANTEE : MAY LOSE VALUE**

*Bank Deposits are not managed by PFMAM, and therefore we cannot guarantee the accuracy of holdings.*



## Financial Services Audit Committee Communication

**Date:** June 6, 2025

**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 recently released the FY 2026 Cost of Service Study.

**Analysis:** Willdan Financial Services, with the assistance of the Charges Outreach & Modeling Team, has completed and published the FY 2026 Cost of Service Study, its first as charges consultant for GLWA. The report was finalized on May 12, 2025 and remitted to Member Partners via GovDelivery on May 15<sup>th</sup>, 2025.

The Cost of Service Study outlines the detailed analyses associated with the development of the FY 2026 Water and Wastewater Service Charges, as adopted by the Board of Directors on February 26, 2025. The analysis is consistent with the charge calculation sheets submitted to Member Partners in April 2025. A copy of the full report is attached.

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

# Great Lakes Water Authority

FY 2026 Water and Sewer Charges Report  
May 12, 2025







May 12, 2025

Great Lakes Water Authority  
Attn: Sue Coffey, Nicolette Bateson  
**RE: FY 2026 Water and Sewer Charges**

Ms. Coffey and Ms. Bateson,

Great Lakes Water Authority (GLWA) retained Willdan Financial Services (Willdan) to prepare the FY 2026 Water and Sewer Cost of Service Study (Study). Specifically, GLWA requested that Willdan provide professional utility consulting services concerning the development of water and sewer charges for its Member Partners. The Study results in the recommended rates and charges that provide for full cost recovery of the revenue requirements and the application of the appropriate rate-setting methodologies for water and sewer, respectively. The Study provides the exhibits and workpapers that show the relevant cost of service allocations and the recommended fiscal year (FY) 2026 water and sewer charges. Further, the materials and recommendations presented herein are subject to review and modification by GLWA and its Board.

The exhibits and worksheets attached to the Study present:

- The FY 2026 Budgeted Revenue Requirements as provided by GLWA.
- The allocation of the FY 2026 Budgeted Revenue Requirements to appropriate cost pools.
- The further allocation of costs to individual Member Partners based on their proportional demand and/or contractual elements, as appropriate.
- Wholesale water and sewer service charges for each Member Partner.

We appreciate the opportunity to be of service to GLWA in this matter. In addition, we would like to thank you and the other members of the GLWA staff for the valuable assistance and cooperation provided during the preparation of the Study. We look forward to working with you on future projects and continuing a successful professional relationship.

Respectfully Yours,

**WILLDAN FINANCIAL SERVICES**

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### **III. Exhibits**

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- Exhibit 2 Water Supply System - Summary of Daily Demands – Million Gallons per Day (MGD)
- Exhibit 3 Water Supply System - Comparison of Pro Forma Revenues under FY 2025 and FY 2026 Charges (before rounding)
- Exhibit 4 Water Supply System - Summary of Proposed FY 2026 Water Charges
- Exhibit 5 Sewage Disposal System - FY 2026 Sewer SHARES
- Exhibit 6 Sewage Disposal System - Summary of Proposed FY 2026 Sewer Charges

### **IV. Summary of Calculation Tables**

## I. Goals and Objectives

The primary goals and objectives of the Study are to review the existing basis for cost recovery and provide the necessary modifications and user charge adjustments that result in: (i) just and equitable charges; (ii) revenues from charges sufficient to meet the fiscal requirements of the water and sewer systems, respectively; (iii) charges that comply with applicable contracts and agreements; and (iv) charges that adhere to established and accepted charge-setting methodologies and agreed to by member partners.

## II. Cost of Service Study

### A. Executive Summary

This is the first year that Willdan Financial Services has been engaged to perform a cost of service study for the Great Lakes Water Authority.

1. This report acknowledges the bridge between a true cost of service study with the established cost of service methodologies that GLWA and its Member Partners have collaboratively developed over many years.
2. This report represents the final outcome of the GLWA Board adopted budget and related approved schedule of charges. GLWA's approach is to work with its charges consultant to align the budget and charges during the course of internal discussions, member partner engagement, public feedback, and Board deliberations.
3. While Willdan has not independently verified the amounts provided in the requested budgets for the water and sewer system, nor do we offer any opinion as to their appropriateness, we recognize the industry-wide upward pressure on rates and charges from increasing operating costs and the cost of capital improvements.
4. There have been no methodological changes in the calculation of charges for FY 2026 for either water or sewer charges. Additionally, there are no changes to sewer SHARES for FY 2026 from FY 2025.
5. One water system Member Partner's (Northville Township) peak hour component of their charges was revised to reflect the installation of additional local storage.
6. The projected overall water flows as prepared by GLWA represent a decrease from FY 2025 to FY 2026. Decreased volumes add to the upward pressure of charges due to lower quantity of water sold.

### B. Key Assumptions

Key assumptions utilized in the analysis and calculations supporting the FY 2026 Cost of Service Study (Study) are summarized below. These (and other) assumptions are elaborated upon herein as appropriate. Generally, the cost of service allocations presented herein and supporting calculations are consistent with the practices that have been applied in prior GLWA cost of service studies.

1. The Study utilizes a format similar to those used in studies from prior years.
2. The FY 2026 Budgeted Revenue Requirements depicted herein represent the FY 2026 Budget as adopted by the GLWA Board of Directors on February 26, 2025.



3. The FY 2026 Budgeted Revenue Requirements included in these calculations reflect a 6.14% budgetary increase for the Water System and 4.67% budgetary increase for the Sewer System.
4. FY 2025 represented the last year of the commitment to a 4.00% maximum budgeted Revenue Requirement increase set forth in the Agreements.
5. It is Willdan's understanding that the FY 2026 Budgeted Revenue Requirement was adopted February 26, 2025 and is not subject to revision and modification.
6. The FY 2026 water charges reflect the simplified Water Charge Methodology adopted by GLWA and implemented in the FY 2025 cost of service study.
7. The Study assumes no changes to the Sewer SHARES percentages. Further, it is understood that the next opportunity to update Sewer SHARES is FY 2028.
8. The Study utilized the projected sales volumes for FY 2026 are consistent with the FY 2026 Units of Service Reports published by GLWA.
9. The FY 2026 Water Charges reflect the negotiated settlement with the City of Highland Park.

### C. FY 2026 Water Charges

The recommended FY 2026 Water Service Charges have been developed by:

1. Preparing a Cost of Service study that implements the "10% Commodity, 50% Max Day and 40% Peak Hour Delivery Factor" Water Charge Simplification Methodology to allocate the FY 2026 Wholesale Revenue Requirements to the Member Partners.
2. The Detroit Ownership Benefit of \$20.70 million, is deducted from the Detroit wholesale revenue requirement and proportionally allocated to all other Member Partners based on their wholesale revenue requirements.
3. The Karegnondi Water Authority (KWA) Debt Service Credit of approximately \$6.45 million, is deducted from the Flint wholesale revenue requirement and proportionally allocated to all other Member Partners based on their wholesale revenue requirements.
4. The adjusted final revenue requirements are then compared to the projected revenue under existing charges to determine the required adjustment to individual Member Partner charges.
5. FY 2026 Water Charges will continue to follow the approach to collect 60% of each Member Partner's Allocated Revenue Requirement via fixed monthly charges and the remaining 40% via Commodity (volume) Charges per Thousand Cubic Feet (MCF).
6. The Study utilizes the Units of Service as developed using the uniform forecast method adopted by GLWA and utilized in previous studies. The uniform forecasting method has remained unchanged since FY 2018 and is based on a 3-year average which includes data from October 2021 through September 2024. The projected total volumes for FY 2026 represent a decrease of approximately 0.74% from FY 2025. This decrease in overall projected volumes produces an upward pressure on FY 2026 water charges as revenue requirements will need to be recovered from lower sales

volumes. A summary of FY 2025 and FY 2026 volumes for each Member Partner is provided in Exhibit 1.

7. The daily demands utilized in the Study remain unchanged from the FY 2025 cost of service analysis with one exception. Specifically, Northville Township peak hour was adjusted from 13.5 Million Gallons per Day (MGD) to 9.0 MGD. Contract demands for all other Member Partners remain unchanged from FY 2025 levels. This is attributed to the Contract Alignment Process conducted in FY 2025. The next scheduled reopening for adjusting contract demands is for the FY 2028 water charges. The contract demands for each Member Partner are summarized in Exhibit 2.
8. A comparison of pro forma revenues generated from existing FY 2025 Water Charges compared to those projected using the Water Charges for FY 2026 is shown in Exhibit 3.
9. Exhibit 4 presents the Water Charges for each Member Partner for FY 2026.

#### **D. FY 2026 Sewer Charges**

The recommended FY 2026 Sewer Charges have been developed by:

1. SHARES percentages are determined by the flow each Member Partner sends to GLWA's Water Resource Recovery Facility. All Member Partners flow volumes (SHAREs) remain unchanged from those used in the development of FY 2025 Sewer Charges. The next change in SHARES is scheduled for FY 2028. Since there was no change in SHARES a uniform increase of 4.44% was applied to the proforma revenue based on FY 2025 charges. A summary of each Member Partner's SHARES percentages is shown in Exhibit 5.
2. Determining and recognizing the Oakland-Macomb Interceptor District (OMID) specific revenue requirements. These contractual amounts are not subject to SHARE or cost of service adjustments and annual variances are negligible.
3. Application of the required contractual adjustments related to the Detroit Ownership Benefit.
4. An adjustment for the Green Infrastructure cost to DWSD. The formulas in the study allocate the CSO operation and maintenance (O&M) costs 83/17 (local/suburban) in the initial calculations. The O&M costs include the 17% share related to the green infrastructure project that GLWA pays to DWSD. Therefore 83% of the GLWA costs paid for need to be taken out of the initial Detroit local system allocation and allocated to the suburban member partners.
5. Exhibit 6 presents the Sewer Charges for each Member Partner for FY 2026.

### **III. Exhibits**

Following are the exhibits referred to in Section II C and II D above.

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# GREAT LAKES WATER AUTHORITY

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## FY 2026 Water and Sewer Cost of Service Study

May 12, 2025

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Exhibits	Description
1	Water Supply System - Summary of Units of Service
2	Water Supply System - Summary of Daily Demands – Million Gallons per Day (MGD)
3	Water Supply System - Comparison of Revenues under FY 2025 and FY 2026 Charges (before rounding)
4	Water Supply System – Summary of Proposed FY 2026 Water Charges
5	Sewage Disposal System - FY 2026 Sewer SHARES
6	Sewage Disposal System - Summary of Proposed FY 2026 Sewer Charges

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**GREAT LAKES WATER AUTHORITY**  
**Water Supply System**  
 Summary of Units of Service

Exhibit 1

Line No	Description	Volume		Variance
		FY 2025 (mcf)	FY 2026 (mcf)	
1	Allen Park	116,700	115,500	-1.03%
2	Almont Village	9,000	8,800	-2.22%
3	Ash Township	38,700	37,400	-3.36%
4	Belleville	13,900	14,000	0.72%
5	Berlin Township	27,100	26,800	-1.11%
6	Brownstown Township	139,100	139,100	0.00%
7	Bruce Township	3,070	2,860	-6.84%
8	Burtchville Township	9,100	9,700	6.59%
9	Canton Township	375,000	381,900	1.84%
10	Center Line	32,200	31,600	-1.86%
11	Chesterfield Township	180,300	177,800	-1.39%
12	Clinton Township	385,000	377,600	-1.92%
13	Commerce Township	104,100	105,300	1.15%
14	Dearborn	540,800	524,200	-3.07%
15	Dearborn Heights	195,700	194,800	-0.46%
16	Eastpointe	102,800	101,000	-1.75%
17	Ecorse	81,700	77,000	-5.75%
18	Farmington	44,100	43,400	-1.59%
19	Farmington Hills	350,400	347,400	-0.86%
20	Ferndale	64,500	64,500	0.00%
21	Flat Rock	50,800	52,700	3.74%
22	Flint	415,500	394,000	-5.17%
23	Fraser	56,500	56,000	-0.88%
24	Garden City	72,800	72,500	-0.41%
25	Gibraltar	16,100	17,100	6.21%
26	Greenwood Township (DTE)	26,100	32,600	24.90%
27	Grosse Ile Township	41,700	42,800	2.64%
28	Grosse Pt. Park	52,700	50,500	-4.17%
29	Grosse Pt. Shores	18,900	17,800	-5.82%
30	Grosse Pt. Woods	68,100	66,500	-2.35%
31	Hamtramck	62,000	62,000	0.00%
32	Harper Woods	53,800	54,800	1.86%
33	Harrison Township	97,700	94,900	-2.87%
34	Hazel Park	47,900	46,800	-2.30%
35	Highland Park	77,200	77,200	0.00%
36	Huron Township	65,600	65,600	0.00%
37	Imlay City	47,100	46,800	-0.64%
38	Imlay Township (Single User)	10	10	0.00%
39	Inkster	100,800	98,500	-2.28%
40	Keego Harbor	9,800	9,800	0.00%
41	Lapeer	55,000	54,200	-1.45%
42	Lenox Township	14,800	16,100	8.78%
43	Lincoln Park	171,600	172,400	0.47%
44	Livonia	453,800	449,500	-0.95%

**GREAT LAKES WATER AUTHORITY**  
**Water Supply System**  
 Summary of Units of Service

Exhibit 1

Line No	Description	Volume		Variance
		FY 2025 (mcf)	FY 2026 (mcf)	
45	Macomb Township	329,900	337,800	2.39%
46	Madison Heights	124,800	122,700	-1.68%
47	Mayfield Township (KAMAX)	510	530	3.92%
48	Melvindale	45,400	46,300	1.98%
49	New Haven, Village of	19,400	19,900	2.58%
50	NOCWA	869,800	871,000	0.14%
51	Northville	30,100	29,400	-2.33%
52	Northville Township	135,200	134,700	-0.37%
53	Novi	298,600	302,900	1.44%
54	Oak Park	90,000	90,600	0.67%
55	Oakland GWK Drain District	9,200	8,900	-3.26%
56	Plymouth	44,300	43,600	-1.58%
57	Plymouth Township	156,500	153,900	-1.66%
58	Redford Township	154,800	153,000	-1.16%
59	River Rouge	37,300	40,100	7.51%
60	Riverview	46,200	44,700	-3.25%
61	Rockwood	9,500	9,500	0.00%
62	Romeo	3,100	3,100	0.00%
63	Romulus	206,200	199,700	-3.15%
64	Roseville	172,100	170,600	-0.87%
65	Royal Oak Township	10,100	10,100	0.00%
66	Shelby Township	414,700	405,400	-2.24%
67	SOCWA	1,234,200	1,220,700	-1.09%
68	South Rockwood	4,800	4,800	0.00%
69	Southgate	113,900	117,200	2.90%
70	St. Clair Shores	199,200	198,200	-0.50%
71	Sterling Heights	587,300	567,500	-3.37%
72	Sumpter Township	33,900	35,000	3.24%
73	Sylvan Lake	6,700	6,600	-1.49%
74	Taylor	264,300	267,800	1.32%
75	Trenton	83,000	81,600	-1.69%
76	Troy	435,100	424,100	-2.53%
77	Utica	23,600	24,000	1.69%
78	Van Buren Township	132,200	125,100	-5.37%
79	Walled Lake	29,000	28,900	-0.34%
80	Warren	622,900	615,600	-1.17%
81	Washington Township	86,100	85,700	-0.46%
82	Wayne	101,700	101,000	-0.69%
83	West Bloomfield Township	277,900	277,100	-0.29%
84	Westland	319,900	314,400	-1.72%
85	Wixom	76,300	76,500	0.26%
86	Woodhaven	56,700	54,800	-3.35%
87	Ypsilanti Comm Util Auth	488,200	486,400	-0.37%
88	Detroit	4,230,000	4,231,000	0.02%
89	<b>Total</b>	<b>17,504,190</b>	<b>17,374,200</b>	<b>-0.74%</b>

## GREAT LAKES WATER AUTHORITY

## Exhibit 2

## Water Supply System

Summary of Daily Demands – Million Gallons per Day (MGD)

Line No	Member Partner	Max Day (MGD)			Peak Hour (MGD)		
		FY 2025	FY 2026	Variance	FY 2025	FY 2026	Variance
1	Allen Park	5.45	5.45	0.00%	7.54	7.54	0.00%
2	Almont Village	0.40	0.40	0.00%	0.44	0.44	0.00%
3	Ash Township	1.45	1.45	0.00%	2.27	2.27	0.00%
4	Belleville	0.55	0.55	0.00%	0.76	0.76	0.00%
5	Berlin Township	1.13	1.13	0.00%	1.76	1.76	0.00%
6	Brownstown Township	7.00	7.00	0.00%	11.00	11.00	0.00%
7	Bruce Township	0.46	0.46	0.00%	0.83	0.83	0.00%
8	Burtchville Township	0.53	0.53	0.00%	0.82	0.82	0.00%
9	Canton Township	20.00	20.00	0.00%	23.50	23.50	0.00%
10	Center Line	1.13	1.13	0.00%	1.60	1.60	0.00%
11	Chesterfield Township	8.24	8.24	0.00%	12.50	12.50	0.00%
12	Clinton Township	19.70	19.70	0.00%	22.00	22.00	0.00%
13	Commerce Township	6.28	6.28	0.00%	7.13	7.13	0.00%
14	Dearborn	23.70	23.70	0.00%	32.90	32.90	0.00%
15	Dearborn Heights	8.00	8.00	0.00%	12.00	12.00	0.00%
16	Eastpointe	3.71	3.71	0.00%	5.38	5.38	0.00%
17	Ecorse	2.97	2.97	0.00%	3.42	3.42	0.00%
18	Farmington	2.10	2.10	0.00%	2.31	2.31	0.00%
19	Farmington Hills	18.00	18.00	0.00%	21.30	21.30	0.00%
20	Ferndale	2.89	2.89	0.00%	3.10	3.10	0.00%
21	Flat Rock	2.63	2.63	0.00%	3.99	3.99	0.00%
22	Flint	13.50	13.50	0.00%	14.00	14.00	0.00%
23	Fraser	2.81	2.81	0.00%	4.25	4.25	0.00%
24	Garden City	3.30	3.30	0.00%	5.21	5.21	0.00%
25	Gibraltar	0.65	0.65	0.00%	0.84	0.84	0.00%
26	Greenwood Township (DTE)	2.24	2.24	0.00%	2.24	2.24	0.00%
27	Grosse Ile Township	2.01	2.01	0.00%	3.51	3.51	0.00%
28	Grosse Pt. Park	3.09	3.09	0.00%	5.31	5.31	0.00%
29	Grosse Pt. Shores	1.43	1.43	0.00%	2.19	2.19	0.00%
30	Grosse Pt. Woods	3.36	3.36	0.00%	4.29	4.29	0.00%
31	Hamtramck	1.77	1.77	0.00%	2.74	2.74	0.00%
32	Harper Woods	2.09	2.09	0.00%	2.99	2.99	0.00%
33	Harrison Township	3.90	3.90	0.00%	4.75	4.75	0.00%
34	Hazel Park	1.76	1.76	0.00%	2.41	2.41	0.00%
35	Highland Park	2.40	2.40	0.00%	2.46	2.46	0.00%
36	Huron Township	3.10	3.10	0.00%	3.91	3.91	0.00%
37	Imlay City	2.22	2.22	0.00%	2.48	2.48	0.00%
38	Imlay Township (Single User)	0.01	0.01	0.00%	0.02	0.02	0.00%
39	Inkster	2.47	2.47	0.00%	3.55	3.55	0.00%
40	Keego Harbor	0.45	0.45	0.00%	0.67	0.67	0.00%
41	Lapeer	1.75	1.75	0.00%	2.50	2.50	0.00%
42	Lenox Township	0.51	0.51	0.00%	0.70	0.70	0.00%
43	Lincoln Park	5.30	5.30	0.00%	6.93	6.93	0.00%
44	Livonia	23.00	23.00	0.00%	33.00	33.00	0.00%
45	Macomb Township	23.00	23.00	0.00%	40.00	40.00	0.00%
46	Madison Heights	4.75	4.75	0.00%	6.50	6.50	0.00%
47	Mayfield Township (KAMAX)	0.05	0.05	0.00%	0.07	0.07	0.00%
48	Melvindale	1.41	1.41	0.00%	1.97	1.97	0.00%
49	New Haven, Village of	0.79	0.79	0.00%	1.20	1.20	0.00%
50	NOCWA	43.50	43.50	0.00%	48.60	48.60	0.00%
51	Northville	1.55	1.55	0.00%	1.65	1.65	0.00%
52	Northville Township	9.00	9.00	0.00%	13.50	9.00	-33.33%
53	Novi	17.00	17.00	0.00%	19.00	19.00	0.00%
54	Oak Park	3.90	3.90	0.00%	3.90	3.90	0.00%
55	Oakland GWK Drain District	0.20	0.20	0.00%	0.20	0.20	0.00%

**GREAT LAKES WATER AUTHORITY****Exhibit 2****Water Supply System**

Summary of Daily Demands – Million Gallons per Day (MGD)

Line No	Member Partner	Max Day (MGD)			Peak Hour (MGD)		
		FY 2025	FY 2026	Variance	FY 2025	FY 2026	Variance
56	Plymouth	1.81	1.81	0.00%	2.71	2.71	0.00%
57	Plymouth Township	10.00	10.00	0.00%	10.00	10.00	0.00%
58	Redford Township	6.35	6.35	0.00%	9.00	9.00	0.00%
59	River Rouge	1.07	1.07	0.00%	1.63	1.63	0.00%
60	Riverview	1.79	1.79	0.00%	2.67	2.67	0.00%
61	Rockwood	0.43	0.43	0.00%	0.66	0.66	0.00%
62	Romeo	0.25	0.25	0.00%	0.45	0.45	0.00%
63	Romulus	7.71	7.71	0.00%	9.73	9.73	0.00%
64	Roseville	6.03	6.03	0.00%	8.63	8.63	0.00%
65	Royal Oak Township	0.47	0.47	0.00%	0.65	0.65	0.00%
66	Shelby Township	26.60	26.60	0.00%	30.00	30.00	0.00%
67	SOCWA	60.50	60.50	0.00%	60.50	60.50	0.00%
68	South Rockwood	0.18	0.18	0.00%	0.30	0.30	0.00%
69	Southgate	4.60	4.60	0.00%	6.23	6.23	0.00%
70	St. Clair Shores	7.42	7.42	0.00%	10.00	10.00	0.00%
71	Sterling Heights	32.80	32.80	0.00%	49.00	49.00	0.00%
72	Sumpter Township	1.09	1.09	0.00%	1.77	1.77	0.00%
73	Sylvan Lake	0.35	0.35	0.00%	0.54	0.54	0.00%
74	Taylor	10.90	10.90	0.00%	13.10	13.10	0.00%
75	Trenton	3.52	3.52	0.00%	5.20	5.20	0.00%
76	Troy	27.30	27.30	0.00%	40.30	40.30	0.00%
77	Utica	1.20	1.20	0.00%	1.75	1.75	0.00%
78	Van Buren Township	6.90	6.90	0.00%	8.17	8.17	0.00%
79	Walled Lake	1.16	1.16	0.00%	1.67	1.67	0.00%
80	Warren	23.50	23.50	0.00%	32.50	32.50	0.00%
81	Washington Township	5.42	5.42	0.00%	5.42	5.42	0.00%
82	Wayne	3.95	3.95	0.00%	4.71	4.71	0.00%
83	West Bloomfield Township	15.00	15.00	0.00%	26.40	26.40	0.00%
84	Westland	12.00	12.00	0.00%	17.00	17.00	0.00%
85	Wixom	4.19	4.19	0.00%	5.10	5.10	0.00%
86	Woodhaven	2.85	2.85	0.00%	4.40	4.40	0.00%
87	Ypsilanti Comm Util Auth	19.50	19.50	0.00%	21.00	21.00	0.00%
88	Detroit	115.00	115.00	0.00%	136.00	136.00	0.00%
89	<b>Total</b>	<b>746.43</b>	<b>746.43</b>	<b>0.00%</b>	<b>951.28</b>	<b>946.78</b>	<b>-0.47%</b>



**GREAT LAKES WATER AUTHORITY**  
**Water Supply System**

Exhibit 3

Comparison of Pro Forma Revenues under FY 2025 and FY 2026 Charges (before rounding)

Line No.	Member Partner	Pro Forma Revenues		Variance
		FY 2025 Charges	FY 2026 Charges	
1	Allen Park	\$2,680,110	\$2,832,509	5.69%
2	Almont Village	\$269,152	\$284,457	5.69%
3	Ash Township	\$949,330	\$1,003,312	5.69%
4	Belleville	\$366,180	\$387,002	5.69%
5	Berlin Township	\$803,720	\$849,422	5.69%
6	Brownstown Township	\$4,314,631	\$4,559,974	5.69%
7	Bruce Township	\$351,620	\$371,614	5.69%
8	Burtchville Township	\$462,739	\$489,052	5.69%
9	Canton Township	\$12,002,349	\$12,684,840	5.69%
10	Center Line	\$554,104	\$585,612	5.69%
11	Chesterfield Township	\$5,020,160	\$5,305,622	5.69%
12	Clinton Township	\$8,681,184	\$9,174,823	5.69%
13	Commerce Township	\$3,985,425	\$4,212,049	5.69%
14	Dearborn	\$11,054,376	\$11,682,962	5.69%
15	Dearborn Heights	\$4,333,824	\$4,580,259	5.69%
16	Eastpointe	\$1,851,660	\$1,956,951	5.69%
17	Ecorse	\$1,276,830	\$1,349,435	5.69%
18	Farmington	\$1,133,956	\$1,198,436	5.69%
19	Farmington Hills	\$10,264,224	\$10,847,880	5.69%
20	Ferndale	\$1,228,290	\$1,298,134	5.69%
21	Flat Rock	\$1,653,614	\$1,747,644	5.69%
22	Flint		\$11,861,104	5.69%
23	less: Adjustment for KWA Debt Service (a)		(\$6,447,335)	
24	Net projected revenue - Flint	\$4,752,740	\$5,413,769	13.91%
25	Fraser	\$1,449,200	\$1,531,606	5.69%
26	Garden City	\$1,962,600	\$2,074,200	5.69%
27	Gibraltar	\$402,267	\$425,141	5.69%
28	Greenwood Township (DTE)	\$1,544,930	\$1,632,780	5.69%
29	Grosse Ile Township	\$1,367,516	\$1,445,277	5.69%
30	Grosse Pt. Park	\$1,522,175	\$1,608,731	5.69%
31	Grosse Pt. Shores	\$688,642	\$727,800	5.69%
32	Grosse Pt. Woods	\$1,488,395	\$1,573,030	5.69%
33	Hamtramck	\$959,160	\$1,013,701	5.69%
34	Harper Woods	\$1,037,768	\$1,096,779	5.69%
35	Harrison Township	\$1,926,102	\$2,035,626	5.69%
36	Hazel Park	\$871,044	\$920,574	5.69%
37	Highland Park	\$982,148	\$1,037,996	5.69%
38	Huron Township	\$1,767,968	\$1,868,500	5.69%
39	Imlay City	\$1,741,176	\$1,840,185	5.69%
40	Imlay Township (Single User)	\$11,700	\$12,365	5.69%
41	Inkster	\$1,518,080	\$1,604,403	5.69%
42	Keego Harbor	\$348,940	\$368,782	5.69%
43	Lapeer	\$1,810,808	\$1,913,776	5.69%
44	Lenox Township	\$374,819	\$396,132	5.69%
45	Lincoln Park	\$2,671,404	\$2,823,308	5.69%
46	Livonia	\$13,438,555	\$14,202,713	5.69%
47	Macomb Township	\$14,443,230	\$15,264,517	5.69%
48	Madison Heights	\$2,421,087	\$2,558,758	5.69%
49	Mayfield Township (KAMAX)	\$59,016	\$62,372	5.69%
50	Melvindale	\$769,536	\$813,294	5.69%
51	New Haven, Village of	\$511,754	\$540,854	5.69%
52	NOCWA	\$25,711,620	\$27,173,663	5.69%



**GREAT LAKES WATER AUTHORITY**  
**Water Supply System**

Exhibit 3

**Comparison of Pro Forma Revenues under FY 2025 and FY 2026 Charges (before rounding)**

Line No.	Member Partner	Pro Forma Revenues		Variance
		FY 2025 Charges	FY 2026 Charges	
53	Northville	\$898,458	\$949,547	5.69%
54	Northville Township	\$6,312,090	\$5,679,496	-10.02%
55	Novi	\$10,704,554	\$11,313,248	5.69%
56	Oak Park	\$1,639,062	\$1,732,264	5.69%
57	Oakland GWK Drain District	\$104,273	\$110,202	5.69%
58	Plymouth	\$1,275,288	\$1,347,805	5.69%
59	Plymouth Township	\$5,181,087	\$5,475,700	5.69%
60	Redford Township	\$3,443,820	\$3,639,646	5.69%
61	River Rouge	\$613,438	\$648,320	5.69%
62	Riverview	\$1,009,242	\$1,066,631	5.69%
63	Rockwood	\$289,615	\$306,083	5.69%
64	Romeo	\$205,998	\$217,712	5.69%
65	Romulus	\$4,279,877	\$4,523,244	5.69%
66	Roseville	\$2,999,000	\$3,169,532	5.69%
67	Royal Oak Township	\$243,057	\$256,878	5.69%
68	Shelby Township	\$12,916,278	\$13,650,738	5.69%
69	SOCWA	\$27,406,644	\$28,965,071	5.69%
70	South Rockwood	\$138,096	\$145,949	5.69%
71	Southgate	\$2,439,884	\$2,578,623	5.69%
72	St. Clair Shores	\$3,649,588	\$3,857,115	5.69%
73	Sterling Heights	\$17,037,000	\$18,005,777	5.69%
74	Sumpter Township	\$849,650	\$897,964	5.69%
75	Sylvan Lake	\$271,452	\$286,888	5.69%
76	Taylor	\$5,380,380	\$5,686,325	5.69%
77	Trenton	\$2,053,536	\$2,170,306	5.69%
78	Troy	\$15,763,224	\$16,659,570	5.69%
79	Utica	\$689,760	\$728,982	5.69%
80	Van Buren Township	\$3,929,565	\$4,153,012	5.69%
81	Walled Lake	\$924,364	\$976,926	5.69%
82	Warren	\$11,141,364	\$11,774,897	5.69%
83	Washington Township	\$2,727,933	\$2,883,052	5.69%
84	Wayne	\$2,088,640	\$2,207,407	5.69%
85	West Bloomfield Township	\$12,382,264	\$13,086,358	5.69%
86	Westland	\$7,070,160	\$7,472,191	5.69%
87	Wixom	\$2,882,385	\$3,046,286	5.69%
88	Woodhaven	\$1,699,568	\$1,796,211	5.69%
89	Ypsilanti Comm Util Auth	\$12,111,616	\$12,800,320	5.69%
90	Detroit	\$27,094,800	\$30,028,805	10.83%
91	<b>Total</b>	<b>\$373,638,868</b>	<b>\$395,677,700</b>	<b>5.90%</b>

(a) Flint receives a monthly credit related to KWA debt service in accordance with service agreements.

**GREAT LAKES WATER AUTHORITY**  
**Water Supply System**

Exhibit 4

**Summary of Proposed FY 2026 Water Charges**

Line No.	Member Partner	Fixed Monthly Charge	Commodity Charge	Projected Revenues from Charges
1	Allen Park	\$141,600	\$9.81	\$2,832,300
2	Almont Village	\$14,200	\$12.97	\$284,500
3	Ash Township	\$50,200	\$10.72	\$1,003,300
4	Belleville	\$19,400	\$11.01	\$386,900
5	Berlin Township	\$42,500	\$12.66	\$849,300
6	Brownstown Township	\$228,000	\$13.11	\$4,559,600
7	Bruce Township	\$18,600	\$51.89	\$371,600
8	Burtchville Township	\$24,500	\$20.11	\$489,100
9	Canton Township	\$634,200	\$13.29	\$12,685,900
10	Center Line	\$29,300	\$7.41	\$585,800
11	Chesterfield Township	\$265,300	\$11.93	\$5,304,800
12	Clinton Township	\$458,700	\$9.72	\$9,174,700
13	Commerce Township	\$210,600	\$16.00	\$4,212,000
14	Dearborn	\$584,200	\$8.91	\$11,681,000
15	Dearborn Heights	\$229,000	\$9.41	\$4,581,100
16	Eastpointe	\$97,900	\$7.74	\$1,956,500
17	Ecorse	\$67,500	\$7.01	\$1,349,800
18	Farmington	\$59,900	\$11.05	\$1,198,400
19	Farmington Hills	\$542,400	\$12.49	\$10,847,800
20	Ferndale	\$64,900	\$8.05	\$1,298,000
21	Flat Rock	\$87,400	\$13.26	\$1,747,600
22	Flint	\$593,100	\$12.04	\$11,861,000
23	less: Adjustment for KWA Debt Service (a)			(\$6,447,300)
24	Net projected revenue - Flint			\$5,413,700
25	Fraser	\$76,600	\$10.94	\$1,531,800
26	Garden City	\$103,700	\$11.45	\$2,074,500
27	Gibraltar	\$21,300	\$9.91	\$425,100
28	Greenwood Township (DTE)	\$81,600	\$20.05	\$1,632,800
29	Grosse Ile Township	\$72,300	\$13.50	\$1,445,400
30	Grosse Pt. Park	\$80,400	\$12.75	\$1,608,700
31	Grosse Pt. Shores	\$36,400	\$16.35	\$727,800
32	Grosse Pt. Woods	\$78,700	\$9.45	\$1,572,800
33	Hamtramck	\$50,700	\$6.54	\$1,013,900
34	Harper Woods	\$54,800	\$8.01	\$1,096,500
35	Harrison Township	\$101,800	\$8.58	\$2,035,800
36	Hazel Park	\$46,000	\$7.88	\$920,800
37	Highland Park	\$51,900	\$5.38	\$1,038,100
38	Huron Township	\$93,400	\$11.40	\$1,868,600
39	Imlay City	\$92,000	\$15.73	\$1,840,200
40	Imlay Township (Single User)	\$600	\$520.00	\$12,400
41	Inkster	\$80,200	\$6.52	\$1,604,600
42	Keego Harbor	\$18,400	\$15.10	\$368,800
43	Lapeer	\$95,700	\$14.12	\$1,913,700
44	Lenox Township	\$19,800	\$9.84	\$396,000
45	Lincoln Park	\$141,200	\$6.55	\$2,823,600

**GREAT LAKES WATER AUTHORITY**  
**Water Supply System**

Exhibit 4

Summary of Proposed FY 2026 Water Charges

Line No.	Member Partner	Fixed Monthly Charge	Commodity Charge	Projected Revenues from Charges
46	Livonia	\$710,100	\$12.64	\$14,202,900
47	Macomb Township	\$763,200	\$18.08	\$15,265,800
48	Madison Heights	\$127,900	\$8.35	\$2,559,300
49	Mayfield Township (KAMAX)	\$3,100	\$47.55	\$62,400
50	Melvindale	\$40,700	\$7.02	\$813,400
51	New Haven, Village of	\$27,000	\$10.90	\$540,900
52	NOCWA	\$1,358,700	\$12.48	\$27,174,500
53	Northville	\$47,500	\$12.91	\$949,600
54	Northville Township	\$284,000	\$16.86	\$5,679,000
55	Novi	\$565,700	\$14.94	\$11,313,700
56	Oak Park	\$86,600	\$7.65	\$1,732,300
57	Oakland GWK Drain District	\$5,500	\$4.97	\$110,200
58	Plymouth	\$67,400	\$12.36	\$1,347,700
59	Plymouth Township	\$273,800	\$14.23	\$5,475,600
60	Redford Township	\$182,000	\$9.51	\$3,639,000
61	River Rouge	\$32,400	\$6.47	\$648,200
62	Riverview	\$53,300	\$9.55	\$1,066,500
63	Rockwood	\$15,300	\$12.89	\$306,100
64	Romeo	\$10,900	\$28.03	\$217,700
65	Romulus	\$226,200	\$9.06	\$4,523,700
66	Roseville	\$158,500	\$7.43	\$3,169,600
67	Royal Oak Township	\$12,800	\$10.23	\$256,900
68	Shelby Township	\$682,500	\$13.47	\$13,650,700
69	SOCWA	\$1,448,300	\$9.49	\$28,964,000
70	South Rockwood	\$7,300	\$12.15	\$145,900
71	Southgate	\$128,900	\$8.80	\$2,578,200
72	St. Clair Shores	\$192,900	\$7.78	\$3,856,800
73	Sterling Heights	\$900,300	\$12.69	\$18,005,200
74	Sumpter Township	\$44,900	\$10.26	\$897,900
75	Sylvan Lake	\$14,300	\$17.47	\$286,900
76	Taylor	\$284,300	\$8.49	\$5,685,200
77	Trenton	\$108,500	\$10.64	\$2,170,200
78	Troy	\$833,000	\$15.71	\$16,658,600
79	Utica	\$36,500	\$12.13	\$729,100
80	Van Buren Township	\$207,700	\$13.27	\$4,152,500
81	Walled Lake	\$48,800	\$13.54	\$976,900
82	Warren	\$588,700	\$7.65	\$11,773,700
83	Washington Township	\$144,200	\$13.45	\$2,883,100
84	Wayne	\$110,400	\$8.74	\$2,207,500
85	West Bloomfield Township	\$654,300	\$18.89	\$13,086,000
86	Westland	\$373,600	\$9.51	\$7,473,100
87	Wixom	\$152,300	\$15.93	\$3,046,200
88	Woodhaven	\$89,800	\$13.11	\$1,796,000
89	Ypsilanti Comm Util Auth	\$640,000	\$10.53	\$12,801,800
90	Detroit	\$2,502,400	\$0.00	\$30,028,800
89	<b>Total</b>			<b>\$395,674,900</b>

(a) Flint receives a monthly credit related to KWA debt service in accordance with service agreements.

**GREAT LAKES WATER AUTHORITY**  
**Sewage Disposal System**  
FY 2026 Sewer SHARES

Exhibit 5

Line No.	Member Partner	FY 2025	FY 2026	Variance
	<b><u>Member Partners</u></b>			
1	OMID	14.54%	14.54%	0.00%
2	Rouge Valley	11.53%	11.53%	0.00%
3	Oakland GWK	9.63%	9.63%	0.00%
4	Evergreen Farmington	7.56%	7.56%	0.00%
5	SE Macomb San Dist	5.20%	5.20%	0.00%
6	Dearborn	4.28%	4.28%	0.00%
7	Grosse Pointe Farms	0.56%	0.56%	0.00%
8	Grosse Pointe Park	0.40%	0.40%	0.00%
9	Melvindale	0.33%	0.33%	0.00%
10	Farmington	0.25%	0.25%	0.00%
11	Center Line	0.22%	0.22%	0.00%
12	Allen Park	0.18%	0.18%	0.00%
13	Grosse Pointe	0.24%	0.24%	0.00%
	<b><u>D+ Member Partner</u></b>			
14	Highland Park	0.99%	0.99%	0.00%
15	Hamtramck	0.89%	0.89%	0.00%
16	Harper Woods	0.03%	0.03%	0.00%
17	Redford Township	0.07%	0.07%	0.00%
18	Wayne County #3	0.01%	0.01%	0.00%
19	Detroit	43.08%	43.08%	0.00%
20	<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>	<b>0.00%</b>

**GREAT LAKES WATER AUTHORITY**  
**Sewage Disposal System**

Exhibit 6

Summary of Proposed FY 2026 Sewer Charges

Line No.	Member Partner	FY 2026 Fixed Monthly Charge	Projected Revenues from Charges
	<b><u>Member Partners</u></b>		
1	OMID	\$ 6,539,900	\$ 78,478,800
2	Rouge Valley	\$ 5,030,200	\$ 60,362,400
3	Oakland GWK	\$ 4,200,700	\$ 50,408,400
4	Evergreen Farmington	\$ 3,296,700	\$ 39,560,400
5	SE Macomb San Dist	\$ 2,269,500	\$ 27,234,000
6	Dearborn	\$ 1,869,200	\$ 22,430,400
7	Grosse Pointe Farms	\$ 242,600	\$ 2,911,200
8	Grosse Pointe Park	\$ 173,100	\$ 2,077,200
9	Melvindale	\$ 143,000	\$ 1,716,000
10	Farmington	\$ 109,000	\$ 1,308,000
11	Center Line	\$ 95,400	\$ 1,144,800
12	Allen Park	\$ 76,900	\$ 922,800
13	Grosse Pointe	\$ 106,600	\$ 1,279,200
14	<b>Total Member Partners</b>		<b>\$ 289,833,600</b>
	<b><u>D+ Member Partner</u></b>		
15	Highland Park	\$ 433,000	\$ 5,196,000
16	Hamtramck	\$ 390,900	\$ 4,690,800
17	Harper Woods	\$ 14,800	\$ 177,600
18	Redford Township	\$ 30,600	\$ 367,200
19	Wayne County #3	\$ 4,300	\$ 51,600
20	Detroit	\$ 17,943,700	\$ 215,324,400
21	<b>Total D+ Member Partner</b>		<b>\$ 225,807,600</b>
22	<b>Total Sewer Revenues from Wholesale Charges</b>		<b>\$ 515,641,200</b>
23	Industrial Waste Control		\$ 9,150,300
24	Industrial Surcharges		\$ 5,112,700
25	<b>Total Sewer Revenues from Charges</b>		<b>\$ 529,904,200</b>

## IV. Summary of Calculation Tables

The primary goals and objectives of the Study are to review the existing basis for cost recovery and provide the necessary modifications and user rate adjustments that result in: (i) just and equitable rates; (ii) revenues from rates sufficient to meet the fiscal requirements of the water and sewer systems; (iii) rates that comply with applicable contracts agreements; and (iv) rates that adhere to established and accepted rate setting methodologies. The following sections provide a description of the worksheets attached to this Study. Calculations are not always rounded in the tables. Rounding has been applied in the last step in the calculation of the charge sheets.

### A. Water Supply System

Worksheet	Description
<b>Table W-1</b>	<b>Summary of Preliminary FY 2026 Revenue Requirement and Charge Adjustment</b>
Description	<p>Table W-1 presents the Water Supply System Budgeted Revenue Requirements for FY 2026 as provided by GLWA compared to the originally approved FY 2025 Revenue Requirements. This is the budget the Study started with which was provided by GLWA. Once the Study is completed the Revenue from Charges (Line 1) is adjusted to the Study results with the effect of the rounding to hundreds adjusted to Miscellaneous Revenues (Line 2).</p>
<b>Table W-2</b>	<b>FY 2026 Proforma Revenue Under Existing Charges</b>
Description	<p>Table W-2 illustrates the calculation of proforma FY 2026 revenues under the existing FY 2025 schedule of service charges.</p> <p>Separates the proforma revenue projections into amounts related to:</p> <ul style="list-style-type: none"> <li>○ "Wholesale" revenue requirements;</li> <li>○ Implementation of the Detroit Ownership Adjustment;</li> <li>○ Implementation of the KWA Debt Service Credit.</li> </ul> <p>This is necessary to provide context to the results of the cost of service analyses and charge adjustment strategy presented in Tables W-5 and W-6.</p> <p>The total proforma revenue of \$373.64 million in Column 4 (row 100) of the last page of the table becomes the "Baseline Revenue" on Line 15 in Table W-1.</p>
<b>Table W-3</b>	<b>FY 2026 Units of Service and Cost Pool Shares</b>
Description	<p>Table W-3 establishes the "Units of Service" and individual Cost Pool Shares for each Member Partner to support the cost of service allocations under the Simplified Water Charge Methodology. With one exception, these factors</p>

Worksheet	Description
	<p>remain unchanged from the FY 2025 levels. Peak Hour for Northville Township was adjusted to reflect the addition of storage capacity in their system.</p> <p>The annual sales volumes continue to reflect a uniform forecasting approach. For FY 2026 the projected volume was determined by averaging annual sales for each Member Partner over the most recent 36 months from October 2021 through September 2024. Sales data for “base” months (October through March) were reduced by 2% to reflect demographic reduction in potable water use based on recent trends being experienced worldwide. Sales data for “peak” months (April through September) were not adjusted. This information was presented at the FY 2026 Charges Rollout #2 on November 12, 2024.</p> <p>Dearborn, Highland Park, and Detroit are not served by master meters. Units of service for these “Non-Master Metered” Member Partners continue to be established via the phase 2 Units of Service (“UoS”) Study protocols initially established for the FY 2020 charges. The max day and peak hour demands resulting from this approach are also intended to be “locked in” for the remaining 2 years of the current CAP period. Highland Park’s units of service reflect an adjustment to align with the agreement set forth in the recently negotiated Term Sheet.</p> <p>Columns 5 through 7 compute each Member Partner’s “share” of each usage cost pool, based on their relative use of the System as measured by Commodity, Max Day, and Peak Hour.</p> <p>Column 8 indicates each Member Partner’s Water Delivery Factor, which implements the variable costs of delivering water to Member Partners based on their relative geographical location in the System. The simplified Water Charge Methodology applies these factors to replicate the impacts of distance and elevation in prior Water Charge calculations. Using the FY 2024 Cost of Service analysis as a base year, GLWA calculated an unadjusted proforma revenue requirement for each member partner based on simplified cost pool allocators of 10% commodity, 50% max day and 40% peak hour. This approach determined the FY 2024 revenue requirement without consideration of distance and elevation. The comparative delta was then used to establish a multiplier to equalize the two proforma approaches. This established the Water Delivery Factor which was then incorporated into the units of service analysis as a fixed factor which serves as a proxy for distance and elevation.</p> <p>Column 9 simply indicates which Member Partners are being treated as members of the “MOD” (i.e. those with modified contractual terms) and “No MOD” (i.e. those without any modifications to contractual terms”) customer classes for the FY 2026 Water Charges.</p>



Worksheet	Description
<b>Table W-4</b>	<b>Allocation of FY 2026 Wholesale Revenue Requirement to Member Partners and Determination of Wholesale Shares</b>

**Description** Table W-4 allocates the FY 2026 Wholesale Revenue Requirement to one "MOD" Member Partner and to the "No MOD" customer class at large and determines the corresponding shares. The simplified "10/50/40" Cost Pool weights are shown at the top of Table W-5. Each "MOD" Member Partner's Unadjusted Wholesale share in Column 4 is simply the sum of the products of the individual Cost Pool Share times these Cost Pool Weighting Factors. Column 5 applies the Water Delivery Factor to these figures to arrive at the Adjusted Wholesale share in Column 6. These shares are applied to the overall \$395.7 million Wholesale Revenue Requirement from Table W-1 to allocate Member Partner responsibility in Column 7. This is compared to the proforma Wholesale Revenue figures in Column 8 to determine the "wholesale" charge adjustment required in Columns 9 and 10.

The "MOD" customer class accounts for approximately 1.33% of the adjusted wholesale revenue requirement. The other 98.67% is allocated to the "No MOD" class.

Collectively, the wholesale charge adjustment for the "MOD" Member Partner is a reduction of approximately 9.63%. As a result, the uniform wholesale charge adjustment for the "No MOD" customer class is 6.14%, in order to achieve the overall System charge adjustment of 5.90%. These figures will subsequently be modified in Table W-5 to reflect adjustments required by contractual agreements.

<b>Table W-5</b>	<b>Application of Contract Adjustments to Allocated Revenue Requirements</b>
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**Description** Table W-5 shows the calculations for allocating FY 2026 allocated wholesale revenue requirements for each Member Partner and applies the adjustments necessary to reflect two special contractual agreements. This table "unbundles" the "No MOD" customer class in order to support the calculation of revenue requirement responsibility of each Member Partner in that class.

Column 1 presents the proforma "wholesale" revenue under the existing charges, from Table W-2. The required "wholesale" charge adjustment for each Member Partner was determined in Table W-4 and is shown in Column 2. For the "No MOD" class this is the uniform 6.14%.

The Allocated Wholesale Revenue Requirement in column 3 is calculated by applying the 6.14% adjustment (column 2) to the proforma wholesale revenue (column 1), which must then be modified to reflect two contractual agreements:

- The "Detroit capital ownership adjustment" of \$20.70 million annually, which is established in the Agreements must be recognized. In



Worksheet	Description
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Column 4 of the table this amount is reduced from the Wholesale Revenue Requirement allocated to Detroit and allocated to all other Member Partners in proportion to their individually allocated Wholesale Revenue Requirements.

- Similarly, the contractual credit to Flint related to KWA debt service must be recognized. Flint's share of KWA debt service for FY 2026 is estimated to be \$6,447,335. This adjustment is accomplished in Column 5, similar to the Detroit Ownership adjustment. It is reduced from Flint's allocated revenue requirement and allocated to all other Member Partners (including Detroit) in proportion to the allocation of Wholesale Revenue Requirements.

Table W-5 also compares the final allocated FY 2026 Total Revenue Requirement with the proforma revenue under the existing charge schedule and identifies the relative charge adjustment required from each Member Partner. These figures are uniform for the "No MOD" class and are slightly lower than the wholesale charge adjustment computed in Table W-4. This is because the contractual adjustments in Columns 4 and 5 are fixed – so amounts in the final charges do not need to be increased to implement those adjustments.

The fixed nature of these adjustments also produces total "net" charge adjustments for Detroit and Flint that vary from the class average. See Table W-7.

The calculations herein do not produce specific charge proposals for the Detroit retail class.

<b>Table W-6</b>	<b>Calculation of FY 2026 Wholesale Water Service Charge Schedule and Illustration of Revenue Recovery</b>
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Description Table W-6 calculates the wholesale service charge structure for each Member Partner.

- Column 3 presents the "average unit cost" (\$ per MCF) for each Member Partner, which simply represents that allocated cost of service divided by the total annual sales volume. This metric is included for reference purposes and is not part of the Water Charge Schedule.
- The FY 2026 Water Service Charge Schedule is calculated in Columns 4 through 7. The service charge structure represents the same approach as the existing charge structure, which was originally implemented for the FY 2016 Water Service Charges. The fixed monthly charge for each Member Partner is designed to recover precisely 60% of the revenue requirements allocated to that Member Partner. Each Member Partner's commodity charge is designed to recover the remaining 40% of the revenue requirements allocated to

Worksheet	Description
	<p>them – and is determined by dividing by the projected sales volume resulting from the uniform forecasting approach.</p> <ul style="list-style-type: none"><li>○ Column 8 calculates projected revenue under the service charge schedule and Column 9 illustrates that the charges recover the adjusted, allocated revenue requirements for each Member Partner.</li></ul>

Table W-7	Illustration of the Impact of Contract Adjustments to Detroit and Flint
Description	<p>Table W-7 illustrates the impact of the Detroit Ownership Benefit and Flint/KWA Debt Service contractual adjustments on the relative charge adjustments. These adjustments are fixed, and not subject to any indexed adjustment to overall revenue requirements. As a result, the pertinent percentage adjustment figures resulting from the FY 2026 Cost of Service Study are those related to the “Allocated Wholesale Revenue Requirement” – prior to any adjustments.</p>

# GREAT LAKES WATER AUTHORITY

## FY 2026 Water and Sewer Cost of Service Study

May 12, 2025

### Water Supply System

Table	Description
W-1	Summary of Preliminary FY 2026 Revenue Requirement and Charge Adjustment
W-2	FY 2026 Proforma Revenue Under Existing Charges
W-3	FY 2026 Units of Service and Cost Pool Shares
W-4	Allocation of FY 2026 Wholesale Revenue Requirement to Member Partners and Determination of Wholesale SHARES
W-5	Application of Contract Adjustments to Allocated Revenue Requirements
W-6	Calculation of FY 2026 Wholesale Water Service Charge Schedule and Illustration of Revenue Recovery
W-7	Illustration of the Impact of Contract Adjustments to Detroit and Flint

*Note: Numbers may not match final charge sheets due to rounding*

**Table W - 1**  
**GREAT LAKES WATER AUTHORITY**  
**Water Supply System**  
 Summary of Preliminary FY 2026 Revenue Requirement and Charge Adjustment

		(1)	(2)	(3)	(4)
Line No.	Description	Approved FY 2025 Budget	Preliminary FY 2026 Budget	Variance	% Variance
Revenues					
1	Revenues from Charges	\$ 374,852,800	\$ 395,677,700	\$ 20,824,900	5.56%
2	Other Operating Revenues	\$ 400,000	\$ 300,000	\$ (100,000)	-25.00%
3	Investment Earnings	\$ 9,874,300	\$ 12,783,700	\$ 2,909,400	29.46%
4	Total Revenues	\$ 385,127,100	\$ 408,761,400	\$ 23,634,300	6.14%
Revenue Requirements					
5	Operations & Maintenance Expense	\$ 169,625,000	\$ 182,456,000	\$ 12,831,000	7.56%
6	Debt Service	\$ 175,300,800	\$ 179,082,200	\$ 3,781,400	2.16%
7	General Retirement System Pension	\$ 2,283,300	\$ 2,730,800	\$ 447,500	19.60%
8	WRAP Contribution	\$ 1,947,800	\$ 1,970,000	\$ 22,200	1.14%
9	Extra. Repair and Repl. Deposit	\$ -	\$ 320,000	\$ 320,000	0.00%
10	Lease Payment	\$ 22,500,000	\$ 22,500,000	\$ -	0.00%
11	I&E Fund Transfer Pending	\$ 7,270,200	\$ 19,102,400	\$ 11,832,200	162.75%
12	Working Capital Requirements	\$ 6,200,000	\$ 600,000	\$ (5,600,000)	-90.32%
13	Total Revenue Requirements	\$ 385,127,100	\$ 408,761,400	\$ 23,634,300	6.14%
Revenue Requirements					
14	Adjustment Index		6.14%	~ Baseline Revenue	
15	Baseline Revenue		\$ 373,638,868		
16	Change in Annual Revenue Requirement			\$ 23,634,300	6.33%
17	Change Attributable to Non-Charge Revenue			\$ (2,809,400)	-0.75%
18	Change Attributable to Sales Volume			\$ 1,213,932	0.32%
19	Average System Charge Adjustment			\$ 22,038,832	5.90%

**Table W - 2**  
**GREAT LAKES WATER AUTHORITY**  
**Water Supply System**  
FY 2026 Proforma Revenue Under Existing Charges

		(1)	(2)		(3)	(4)		(5)		(6)		(7)	(8)	(9)			
Line No.	Description	FY 2026 Volume	FY 2025 Charges		FY 2026 Proforma Revenue by Category							Proforma Unit Cost	MOD / No MOD				
			Fixed	Commodity	Gross TOTAL	DWSD Ownership Adj	Flint / KWA Adjustment	Wholesale Rev Req't									
			\$/mo	\$/Mcf	\$	\$	\$	\$									
1	Allen Park	115,500	\$	134,600	\$	9.22	\$	2,680,110	\$	157,166	\$	44,354	\$	2,478,590	\$	21.46	No MOD
2	Almont Village	8,800	\$	13,600	\$	12.04	\$	269,152	\$	15,784	\$	4,454	\$	248,914	\$	28.29	No MOD
3	Ash Township	37,400	\$	48,100	\$	9.95	\$	949,330	\$	55,670	\$	15,711	\$	877,949	\$	23.47	No MOD
4	Belleville	14,000	\$	18,300	\$	10.47	\$	366,180	\$	21,473	\$	6,060	\$	338,647	\$	24.19	No MOD
5	Berlin Township	26,800	\$	40,400	\$	11.90	\$	803,720	\$	47,131	\$	13,301	\$	743,288	\$	27.73	No MOD
6	Brownstown Township	139,100	\$	215,700	\$	12.41	\$	4,314,631	\$	253,017	\$	71,404	\$	3,990,210	\$	28.69	No MOD
7	Bruce Township	2,860	\$	18,100	\$	47.00	\$	351,620	\$	20,620	\$	5,819	\$	325,181	\$	113.70	No MOD
8	Burtchville Township	9,700	\$	22,500	\$	19.87	\$	462,739	\$	27,136	\$	7,658	\$	427,945	\$	44.12	No MOD
9	Canton Township	381,900	\$	595,700	\$	12.71	\$	12,002,349	\$	703,838	\$	198,629	\$	11,099,882	\$	29.06	No MOD
10	Center Line	31,600	\$	27,900	\$	6.94	\$	554,104	\$	32,494	\$	9,170	\$	512,440	\$	16.22	No MOD
11	Chesterfield Township	177,800	\$	252,400	\$	11.20	\$	5,020,160	\$	294,390	\$	83,080	\$	4,642,690	\$	26.11	No MOD
12	Clinton Township	377,600	\$	437,400	\$	9.09	\$	8,681,184	\$	509,079	\$	143,667	\$	8,028,438	\$	21.26	No MOD
13	Commerce Township	105,300	\$	198,300	\$	15.25	\$	3,985,425	\$	233,712	\$	65,956	\$	3,685,758	\$	35.00	No MOD
14	Dearborn	524,200	\$	559,500	\$	8.28	\$	11,054,376	\$	648,247	\$	182,941	\$	10,223,188	\$	19.50	No MOD
15	Dearborn Heights	194,800	\$	217,000	\$	8.88	\$	4,333,824	\$	254,143	\$	71,721	\$	4,007,960	\$	20.57	No MOD
16	Eastpointe	101,000	\$	93,200	\$	7.26	\$	1,851,660	\$	108,584	\$	30,643	\$	1,712,432	\$	16.95	No MOD
17	Ecorse	77,000	\$	65,400	\$	6.39	\$	1,276,830	\$	74,875	\$	21,131	\$	1,180,824	\$	15.34	No MOD
18	Farmington	43,400	\$	57,100	\$	10.34	\$	1,133,956	\$	66,497	\$	18,766	\$	1,048,693	\$	24.16	No MOD
19	Farmington Hills	347,400	\$	514,900	\$	11.76	\$	10,264,224	\$	601,911	\$	169,865	\$	9,492,448	\$	27.32	No MOD
20	Ferndale	64,500	\$	61,400	\$	7.62	\$	1,228,290	\$	72,029	\$	20,327	\$	1,135,934	\$	17.61	No MOD

**Table W - 2**  
**GREAT LAKES WATER AUTHORITY**  
**Water Supply System**  
 FY 2026 Proforma Revenue Under Existing Charges

		(1)	(2)		(3)	(4)		(5)		(6)		(7)		(8)	(9)		
Line No.	Description	FY 2026 Volume	FY 2025 Charges			FY 2026 Proforma Revenue by Category							Proforma Unit Cost	MOD / No MOD			
			Fixed	Commodity	Gross TOTAL	DWSD Ownership Adj	Flint / KWA Adjustment	Wholesale Rev Req't									
			\$/mo	\$/Mcf	\$	\$	\$	\$									
21	Flat Rock	52,700	\$	81,500	\$	12.82	\$	1,653,614	\$	96,971	\$	27,366	\$	1,529,277	\$	29.02	No MOD
22	Flint	394,000	\$	28,000	\$	11.21	\$	4,752,740	\$	656,791	\$	(6,447,335)	\$	10,543,284	\$	26.76	No MOD
23	Fraser	56,000	\$	72,700	\$	10.30	\$	1,449,200	\$	84,983	\$	23,983	\$	1,340,233	\$	23.93	No MOD
24	Garden City	72,500	\$	98,300	\$	10.80	\$	1,962,600	\$	115,090	\$	32,479	\$	1,815,030	\$	25.03	No MOD
25	Gibraltar	17,100	\$	19,600	\$	9.77	\$	402,267	\$	23,590	\$	6,657	\$	372,020	\$	21.76	No MOD
26	Greenwood Township (DTE)	32,600	\$	70,200	\$	21.55	\$	1,544,930	\$	90,597	\$	25,567	\$	1,428,765	\$	43.83	No MOD
27	Grosse Ile Township	42,800	\$	67,700	\$	12.97	\$	1,367,516	\$	80,193	\$	22,631	\$	1,264,691	\$	29.55	No MOD
28	Grosse Pt. Park	50,500	\$	77,400	\$	11.75	\$	1,522,175	\$	89,263	\$	25,191	\$	1,407,721	\$	27.88	No MOD
29	Grosse Pt. Shores	17,800	\$	35,300	\$	14.89	\$	688,642	\$	40,383	\$	11,396	\$	636,862	\$	35.78	No MOD
30	Grosse Pt. Woods	66,500	\$	75,100	\$	8.83	\$	1,488,395	\$	87,282	\$	24,632	\$	1,376,481	\$	20.70	No MOD
31	Hamtramck	62,000	\$	48,000	\$	6.18	\$	959,160	\$	56,247	\$	15,873	\$	887,040	\$	14.31	No MOD
32	Harper Woods	54,800	\$	51,500	\$	7.66	\$	1,037,768	\$	60,856	\$	17,174	\$	959,737	\$	17.51	No MOD
33	Harrison Township	94,900	\$	97,400	\$	7.98	\$	1,926,102	\$	112,950	\$	31,875	\$	1,781,277	\$	18.77	No MOD
34	Hazel Park	46,800	\$	44,000	\$	7.33	\$	871,044	\$	51,079	\$	14,415	\$	805,549	\$	17.21	No MOD
35	Highland Park	77,200	\$	49,100	\$	5.09	\$	982,148	\$	57,595	\$	16,254	\$	908,299	\$	11.77	No MOD
36	Huron Township	65,600	\$	88,400	\$	10.78	\$	1,767,968	\$	103,677	\$	29,258	\$	1,635,033	\$	24.92	No MOD
37	Imlay City	46,800	\$	87,300	\$	14.82	\$	1,741,176	\$	102,105	\$	28,815	\$	1,610,256	\$	34.41	No MOD
38	Imlay Township (Single User)	10	\$	600	\$	450.00	\$	11,700	\$	686	\$	194	\$	10,820	\$	1,082.03	No MOD
39	Inkster	98,500	\$	76,600	\$	6.08	\$	1,518,080	\$	89,023	\$	25,123	\$	1,403,934	\$	14.25	No MOD
40	Keego Harbor	9,800	\$	17,400	\$	14.30	\$	348,940	\$	20,462	\$	5,775	\$	322,703	\$	32.93	No MOD

**Table W - 2**  
**GREAT LAKES WATER AUTHORITY**  
**Water Supply System**  
FY 2026 Proforma Revenue Under Existing Charges

		(1)	(2)		(3)	(4)		(5)		(6)		(7)	(8)	(9)
Line No.	Description	FY 2026 Volume	FY 2025 Charges		FY 2026 Proforma Revenue by Category								Proforma Unit Cost	MOD / No MOD
			Fixed	Commodity	Gross TOTAL	DWSD Ownership Adj	Flint / KWA Adjustment	Wholesale Rev Req't						
			\$/mo	\$/Mcf	\$	\$	\$	\$						
41	Lapeer	54,200	\$ 91,100	\$ 13.24	\$ 1,810,808	\$ 106,189	\$ 29,967	\$ 1,674,652	\$ 30.90	No MOD				
42	Lenox Township	16,100	\$ 18,100	\$ 9.79	\$ 374,819	\$ 21,980	\$ 6,203	\$ 346,636	\$ 21.53	No MOD				
43	Lincoln Park	172,400	\$ 133,400	\$ 6.21	\$ 2,671,404	\$ 156,656	\$ 44,210	\$ 2,470,539	\$ 14.33	No MOD				
44	Livonia	449,500	\$ 674,500	\$ 11.89	\$ 13,438,555	\$ 788,059	\$ 222,397	\$ 12,428,099	\$ 27.65	No MOD				
45	Macomb Township	337,800	\$ 715,200	\$ 17.35	\$ 14,443,230	\$ 846,975	\$ 239,024	\$ 13,357,231	\$ 39.54	No MOD				
46	Madison Heights	122,700	\$ 121,900	\$ 7.81	\$ 2,421,087	\$ 141,977	\$ 40,067	\$ 2,239,043	\$ 18.25	No MOD				
47	Mayfield Township (KAMAX)	530	\$ 2,900	\$ 45.69	\$ 59,016	\$ 3,461	\$ 977	\$ 54,578	\$ 102.98	No MOD				
48	Melvindale	46,300	\$ 38,200	\$ 6.72	\$ 769,536	\$ 45,127	\$ 12,735	\$ 711,674	\$ 15.37	No MOD				
49	New Haven, Village of	19,900	\$ 25,300	\$ 10.46	\$ 511,754	\$ 30,010	\$ 8,469	\$ 473,275	\$ 23.78	No MOD				
50	NOCWA	871,000	\$ 1,284,700	\$ 11.82	\$ 25,711,620	\$ 1,507,772	\$ 425,507	\$ 23,778,342	\$ 27.30	No MOD				
51	Northville	29,400	\$ 45,300	\$ 12.07	\$ 898,458	\$ 52,687	\$ 14,869	\$ 830,902	\$ 28.26	No MOD				
52	Northville Township	134,700	\$ 316,100	\$ 18.70	\$ 6,312,090	\$ 370,151	\$ 104,460	\$ 5,837,479	\$ 43.34	MOD				
53	Novi	302,900	\$ 532,100	\$ 14.26	\$ 10,704,554	\$ 627,733	\$ 177,152	\$ 9,899,670	\$ 32.68	No MOD				
54	Oak Park	90,600	\$ 81,700	\$ 7.27	\$ 1,639,062	\$ 96,117	\$ 27,125	\$ 1,515,820	\$ 16.73	No MOD				
55	Oakland GWK Drain District	8,900	\$ 5,300	\$ 4.57	\$ 104,273	\$ 6,115	\$ 1,726	\$ 96,433	\$ 10.84	No MOD				
56	Plymouth	43,600	\$ 64,200	\$ 11.58	\$ 1,275,288	\$ 74,785	\$ 21,105	\$ 1,179,398	\$ 27.05	No MOD				
57	Plymouth Township	153,900	\$ 260,800	\$ 13.33	\$ 5,181,087	\$ 303,828	\$ 85,743	\$ 4,791,517	\$ 31.13	No MOD				
58	Redford Township	153,000	\$ 173,000	\$ 8.94	\$ 3,443,820	\$ 201,951	\$ 56,992	\$ 3,184,876	\$ 20.82	No MOD				
59	River Rouge	40,100	\$ 29,800	\$ 6.38	\$ 613,438	\$ 35,973	\$ 10,152	\$ 567,313	\$ 14.15	No MOD				
60	Riverview	44,700	\$ 51,100	\$ 8.86	\$ 1,009,242	\$ 59,184	\$ 16,702	\$ 933,356	\$ 20.88	No MOD				

**Table W - 2**  
**GREAT LAKES WATER AUTHORITY**  
**Water Supply System**  
FY 2026 Proforma Revenue Under Existing Charges

Line No.	Description	(1)	(2) (3)		(4)	(5) (6) (7)			(8)	(9)
		FY 2026 Volume	FY 2025 Charges		Gross TOTAL	FY 2026 Proforma Revenue by Category			Proforma Unit Cost	MOD / No MOD
			Fixed	Commodity		DWSD Ownership Adj	Flint / KWA Adjustment	Wholesale Rev Req't		
			\$/mo	\$/Mcf	\$	\$	\$	\$		
61	Rockwood	9,500	\$ 14,500	\$ 12.17	\$ 289,615	\$ 16,984	\$ 4,793	\$ 267,839	\$ 28.19	No MOD
62	Romeo	3,100	\$ 10,300	\$ 26.58	\$ 205,998	\$ 12,080	\$ 3,409	\$ 190,509	\$ 61.45	No MOD
63	Romulus	199,700	\$ 216,700	\$ 8.41	\$ 4,279,877	\$ 250,979	\$ 70,829	\$ 3,958,069	\$ 19.82	No MOD
64	Roseville	170,600	\$ 150,400	\$ 7.00	\$ 2,999,000	\$ 175,866	\$ 49,631	\$ 2,773,503	\$ 16.26	No MOD
65	Royal Oak Township	10,100	\$ 12,200	\$ 9.57	\$ 243,057	\$ 14,253	\$ 4,022	\$ 224,781	\$ 22.26	No MOD
66	Shelby Township	405,400	\$ 651,700	\$ 12.57	\$ 12,916,278	\$ 757,432	\$ 213,754	\$ 11,945,092	\$ 29.46	No MOD
67	SOCWA	1,220,700	\$ 1,376,500	\$ 8.92	\$ 27,406,644	\$ 1,607,171	\$ 453,558	\$ 25,345,915	\$ 20.76	No MOD
68	South Rockwood	4,800	\$ 6,900	\$ 11.52	\$ 138,096	\$ 8,098	\$ 2,285	\$ 127,712	\$ 26.61	No MOD
69	Southgate	117,200	\$ 120,600	\$ 8.47	\$ 2,439,884	\$ 143,079	\$ 40,378	\$ 2,256,427	\$ 19.25	No MOD
70	St. Clair Shores	198,200	\$ 182,900	\$ 7.34	\$ 3,649,588	\$ 214,018	\$ 60,398	\$ 3,375,172	\$ 17.03	No MOD
71	Sterling Heights	567,500	\$ 863,600	\$ 11.76	\$ 17,037,000	\$ 999,078	\$ 281,949	\$ 15,755,974	\$ 27.76	No MOD
72	Sumpter Township	35,000	\$ 41,900	\$ 9.91	\$ 849,650	\$ 49,825	\$ 14,061	\$ 785,764	\$ 22.45	No MOD
73	Sylvan Lake	6,600	\$ 13,700	\$ 16.22	\$ 271,452	\$ 15,918	\$ 4,492	\$ 251,041	\$ 38.04	No MOD
74	Taylor	267,800	\$ 267,600	\$ 8.10	\$ 5,380,380	\$ 315,514	\$ 89,041	\$ 4,975,825	\$ 18.58	No MOD
75	Trenton	81,600	\$ 103,400	\$ 9.96	\$ 2,053,536	\$ 120,423	\$ 33,984	\$ 1,899,129	\$ 23.27	No MOD
76	Troy	424,100	\$ 796,200	\$ 14.64	\$ 15,763,224	\$ 924,382	\$ 260,869	\$ 14,577,974	\$ 34.37	No MOD
77	Utica	24,000	\$ 34,300	\$ 11.59	\$ 689,760	\$ 40,449	\$ 11,415	\$ 637,896	\$ 26.58	No MOD
78	Van Buren Township	125,100	\$ 200,800	\$ 12.15	\$ 3,929,565	\$ 230,436	\$ 65,031	\$ 3,634,098	\$ 29.05	No MOD
79	Walled Lake	28,900	\$ 46,300	\$ 12.76	\$ 924,364	\$ 54,206	\$ 15,297	\$ 854,860	\$ 29.58	No MOD
80	Warren	615,600	\$ 559,600	\$ 7.19	\$ 11,141,364	\$ 653,348	\$ 184,381	\$ 10,303,635	\$ 16.74	No MOD



**Table W - 2**  
**GREAT LAKES WATER AUTHORITY**  
**Water Supply System**  
FY 2026 Proforma Revenue Under Existing Charges

		(1)	(2)		(3)	(4)		(5)		(6)		(7)	(8)	(9)
Line No.	Description	FY 2026 Volume	FY 2025 Charges		FY 2026 Proforma Revenue by Category								Proforma Unit Cost	MOD / No MOD
			Fixed	Commodity	Gross TOTAL	DWSD Ownership Adj	Flint / KWA Adjustment	Wholesale Rev Req't						
			\$/mo	\$/Mcf	\$	\$	\$	\$						
81	Washington Township	85,700	\$ 136,700	\$ 12.69	\$ 2,727,933	\$ 159,971	\$ 45,145	\$ 2,522,817	\$ 29.44	No MOD				
82	Wayne	101,000	\$ 104,700	\$ 8.24	\$ 2,088,640	\$ 122,481	\$ 34,565	\$ 1,931,593	\$ 19.12	No MOD				
83	West Bloomfield Township	277,100	\$ 619,900	\$ 17.84	\$ 12,382,264	\$ 726,116	\$ 204,916	\$ 11,451,231	\$ 41.33	No MOD				
84	Westland	314,400	\$ 356,000	\$ 8.90	\$ 7,070,160	\$ 414,606	\$ 117,005	\$ 6,538,549	\$ 20.80	No MOD				
85	Wixom	76,500	\$ 144,000	\$ 15.09	\$ 2,882,385	\$ 169,028	\$ 47,701	\$ 2,665,656	\$ 34.85	No MOD				
86	Woodhaven	54,800	\$ 86,100	\$ 12.16	\$ 1,699,568	\$ 99,665	\$ 28,126	\$ 1,571,776	\$ 28.68	No MOD				
87	Ypsilanti Comm Util Auth	486,400	\$ 606,400	\$ 9.94	\$ 12,111,616	\$ 710,245	\$ 200,437	\$ 11,200,933	\$ 23.03	No MOD				
88	Detroit	4,231,000	\$ 2,257,900	\$ -	\$ 27,094,800	\$ (20,700,000)	\$ 790,965	\$ 47,003,835	\$ 11.11	No MOD				
89	TOTAL	17,374,200		\$ 21.51	\$ 373,638,868	\$ -	\$ -	\$ 373,638,868	\$ 21.51					
90	MOD Customers	1	134,700	\$ 316,100	\$ 46.86	\$ 6,312,090	\$ 370,151	\$ 104,460	\$ 5,837,479	\$ 43.34	MOD			
91	No MOD Customers	87	17,239,500	\$ 19,108,000	\$ 21.31	\$ 367,326,778	\$ (370,151)	\$ (104,460)	\$ 367,801,389	\$ 21.33	No MOD			
92	Total	88	17,374,200	\$ 21.51	\$ 373,638,868	\$ -	\$ (0)	\$ 373,638,868	\$ 21.51					

**Table W - 3**  
**GREAT LAKES WATER AUTHORITY**  
**Water Supply System**  
 FY 2026 Units of Service and Cost Pool Shares

Line No.	Description	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
		Annual Volume	Daily Demands			Cost Pool Shares			Water Delivery Factor	MOD / No MOD
			Avg Day	Max Day	Peak Hour	Commodity	Max Day	Peak Hour		
		Mcf	mgd	mgd	mgd	~ (2)	~ (3)	~ (4)		
1	Allen Park	115,500	2.37	5.45	7.54	0.666%	0.730%	0.796%	0.892	No MOD
2	Almont Village	8,800	0.18	0.40	0.44	0.051%	0.054%	0.046%	1.333	No MOD
3	Ash Township	37,400	0.77	1.45	2.27	0.215%	0.194%	0.240%	1.119	No MOD
4	Belleville	14,000	0.29	0.55	0.76	0.081%	0.073%	0.080%	1.197	No MOD
5	Berlin Township	26,800	0.55	1.13	1.76	0.154%	0.151%	0.186%	1.207	No MOD
6	Brownstown Township	139,100	2.85	7.00	11.00	0.801%	0.938%	1.162%	1.049	No MOD
7	Bruce Township	2,860	0.06	0.46	0.83	0.016%	0.061%	0.088%	1.310	No MOD
8	Burtchville Township	9,700	0.20	0.53	0.82	0.056%	0.072%	0.086%	1.464	No MOD
9	Canton Township	381,900	7.83	20.00	23.50	2.198%	2.679%	2.482%	1.149	No MOD
10	Center Line	31,600	0.65	1.13	1.60	0.182%	0.151%	0.169%	0.850	No MOD
11	Chesterfield Township	177,800	3.64	8.24	12.50	1.023%	1.104%	1.320%	1.049	No MOD
12	Clinton Township	377,600	7.74	19.70	22.00	2.173%	2.639%	2.324%	0.877	No MOD
13	Commerce Township	105,300	2.16	6.28	7.13	0.606%	0.841%	0.753%	1.262	No MOD
14	Dearborn	524,200	10.74	23.70	32.90	3.017%	3.175%	3.475%	0.847	No MOD
15	Dearborn Heights	194,800	3.99	8.00	12.00	1.121%	1.072%	1.267%	0.929	No MOD
16	Eastpointe	101,000	2.07	3.71	5.38	0.581%	0.497%	0.568%	0.861	No MOD
17	Ecorse	77,000	1.58	2.97	3.42	0.443%	0.398%	0.361%	0.848	No MOD
18	Farmington	43,400	0.89	2.10	2.31	0.250%	0.281%	0.244%	1.070	No MOD
19	Farmington Hills	347,400	7.12	18.00	21.30	2.000%	2.411%	2.250%	1.103	No MOD
20	Ferndale	64,500	1.32	2.89	3.10	0.371%	0.387%	0.327%	0.840	No MOD

**Table W - 3**  
**GREAT LAKES WATER AUTHORITY**  
**Water Supply System**  
 FY 2026 Units of Service and Cost Pool Shares

Line No.	Description	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
		Annual Volume	Daily Demands			Cost Pool Shares			Water Delivery Factor	MOD / No MOD
			Avg Day	Max Day	Peak Hour	Commodity	Max Day	Peak Hour		
		Mcf	mgd	mgd	mgd	~ (2)	~ (3)	~ (4)		
21	Flat Rock	52,700	1.08	2.63	3.99	0.303%	0.352%	0.421%	1.078	No MOD
22	Flint	394,000	8.07	13.50	14.00	2.268%	1.809%	1.479%	1.716	No MOD
23	Fraser	56,000	1.15	2.81	4.25	0.322%	0.376%	0.449%	0.896	No MOD
24	Garden City	72,500	1.49	3.30	5.21	0.417%	0.442%	0.550%	1.014	No MOD
25	Gibraltar	17,100	0.35	0.65	0.84	0.098%	0.087%	0.088%	1.103	No MOD
26	Greenwood Township (DTE)	32,600	0.67	2.24	2.24	0.188%	0.300%	0.237%	1.335	No MOD
27	Grosse Ile Township	42,800	0.88	2.01	3.51	0.246%	0.269%	0.371%	1.056	No MOD
28	Grosse Pt. Park	50,500	1.03	3.09	5.31	0.291%	0.414%	0.561%	0.839	No MOD
29	Grosse Pt. Shores	17,800	0.36	1.43	2.19	0.102%	0.192%	0.231%	0.875	No MOD
30	Grosse Pt. Woods	66,500	1.36	3.36	4.29	0.383%	0.450%	0.453%	0.836	No MOD
31	Hamtramck	62,000	1.27	1.77	2.74	0.357%	0.237%	0.289%	0.871	No MOD
32	Harper Woods	54,800	1.12	2.09	2.99	0.315%	0.280%	0.316%	0.845	No MOD
33	Harrison Township	94,900	1.94	3.90	4.75	0.546%	0.522%	0.502%	0.927	No MOD
34	Hazel Park	46,800	0.96	1.76	2.41	0.269%	0.236%	0.255%	0.881	No MOD
35	Highland Park	77,200	1.58	2.40	2.46	0.444%	0.322%	0.260%	0.786	No MOD
36	Huron Township	65,600	1.34	3.10	3.91	0.378%	0.415%	0.413%	1.055	No MOD
37	Imlay City	46,800	0.96	2.22	2.48	0.269%	0.297%	0.262%	1.515	No MOD
38	Imlay Township (Single User)	10	0.00	0.01	0.02	0.000%	0.002%	0.003%	2.551	No MOD
39	Inkster	98,500	2.02	2.47	3.55	0.567%	0.331%	0.375%	1.011	No MOD
40	Keego Harbor	9,800	0.20	0.45	0.67	0.056%	0.060%	0.071%	1.341	No MOD

**Table W - 3**  
**GREAT LAKES WATER AUTHORITY**  
**Water Supply System**  
FY 2026 Units of Service and Cost Pool Shares

Line No.	Description	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
		Annual Volume	Daily Demands			Cost Pool Shares			Water Delivery Factor	MOD / No MOD
			Avg Day	Max Day	Peak Hour	Commodity	Max Day	Peak Hour		
		Mcf	mgd	mgd	mgd	~ (2)	~ (3)	~ (4)		
41	Lapeer	54,200	1.11	1.75	2.50	0.312%	0.234%	0.264%	1.742	No MOD
42	Lenox Township	16,100	0.33	0.51	0.70	0.093%	0.068%	0.074%	1.206	No MOD
43	Lincoln Park	172,400	3.53	5.30	6.93	0.992%	0.710%	0.732%	0.879	No MOD
44	Livonia	449,500	9.21	23.00	33.00	2.587%	3.081%	3.485%	1.047	No MOD
45	Macomb Township	337,800	6.92	23.00	40.00	1.944%	3.081%	4.225%	1.030	No MOD
46	Madison Heights	122,700	2.51	4.75	6.50	0.706%	0.636%	0.687%	0.872	No MOD
47	Mayfield Township (KAMAX)	530	0.01	0.05	0.07	0.003%	0.006%	0.007%	2.185	No MOD
48	Melvindale	46,300	0.95	1.41	1.97	0.266%	0.189%	0.208%	0.910	No MOD
49	New Haven, Village of	19,900	0.41	0.79	1.20	0.115%	0.105%	0.127%	1.086	No MOD
50	NOCWA	871,000	17.85	43.50	48.60	5.013%	5.828%	5.133%	1.160	No MOD
51	Northville	29,400	0.60	1.55	1.65	0.169%	0.208%	0.174%	1.172	No MOD
52	Northville Township	134,700	2.76	9.00	9.00	0.775%	1.206%	0.951%	1.257	MOD
53	Novi	302,900	6.21	17.00	19.00	1.743%	2.278%	2.007%	1.245	No MOD
54	Oak Park	90,600	1.86	3.90	3.90	0.521%	0.522%	0.412%	0.851	No MOD
55	Oakland GWK Drain District	8,900	0.18	0.20	0.20	0.051%	0.027%	0.022%	0.941	No MOD
56	Plymouth	43,600	0.89	1.81	2.71	0.251%	0.242%	0.286%	1.215	No MOD
57	Plymouth Township	153,900	3.15	10.00	10.00	0.886%	1.340%	1.056%	1.097	No MOD
58	Redford Township	153,000	3.14	6.35	9.00	0.881%	0.851%	0.951%	0.957	No MOD
59	River Rouge	40,100	0.82	1.07	1.63	0.231%	0.143%	0.172%	0.915	No MOD
60	Riverview	44,700	0.92	1.79	2.67	0.257%	0.240%	0.282%	0.980	No MOD

**Table W - 3**  
**GREAT LAKES WATER AUTHORITY**  
**Water Supply System**  
 FY 2026 Units of Service and Cost Pool Shares

Line No.	Description	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
		Annual Volume	Daily Demands			Cost Pool Shares			Water Delivery Factor	MOD / No MOD
			Avg Day	Max Day	Peak Hour	Commodity	Max Day	Peak Hour		
		Mcf	mgd	mgd	mgd	~ (2)	~ (3)	~ (4)		
61	Rockwood	9,500	0.19	0.43	0.66	0.055%	0.058%	0.070%	1.159	No MOD
62	Romeo	3,100	0.06	0.25	0.45	0.018%	0.034%	0.048%	1.352	No MOD
63	Romulus	199,700	4.09	7.71	9.73	1.149%	1.033%	1.028%	1.034	No MOD
64	Roseville	170,600	3.50	6.03	8.63	0.982%	0.808%	0.912%	0.864	No MOD
65	Royal Oak Township	10,100	0.21	0.47	0.65	0.058%	0.063%	0.069%	0.921	No MOD
66	Shelby Township	405,400	8.31	26.60	30.00	2.333%	3.564%	3.169%	0.986	No MOD
67	SOCWA	1,220,700	25.02	60.50	60.50	7.026%	8.105%	6.390%	0.929	No MOD
68	South Rockwood	4,800	0.10	0.18	0.30	0.028%	0.024%	0.031%	1.247	No MOD
69	Southgate	117,200	2.40	4.60	6.23	0.675%	0.616%	0.658%	0.930	No MOD
70	St. Clair Shores	198,200	4.06	7.42	10.00	1.141%	0.994%	1.056%	0.872	No MOD
71	Sterling Heights	567,500	11.63	32.80	49.00	3.266%	4.394%	5.175%	0.929	No MOD
72	Sumpter Township	35,000	0.72	1.09	1.77	0.201%	0.146%	0.187%	1.229	No MOD
73	Sylvan Lake	6,600	0.14	0.35	0.54	0.038%	0.047%	0.057%	1.339	No MOD
74	Taylor	267,800	5.49	10.90	13.10	1.541%	1.460%	1.384%	0.916	No MOD
75	Trenton	81,600	1.67	3.52	5.20	0.470%	0.472%	0.549%	1.031	No MOD
76	Troy	424,100	8.69	27.30	40.30	2.441%	3.657%	4.257%	1.057	No MOD
77	Utica	24,000	0.49	1.20	1.75	0.138%	0.161%	0.185%	0.996	No MOD
78	Van Buren Township	125,100	2.56	6.90	8.17	0.720%	0.924%	0.863%	1.129	No MOD
79	Walled Lake	28,900	0.59	1.16	1.67	0.166%	0.155%	0.176%	1.389	No MOD
80	Warren	615,600	12.62	23.50	32.50	3.543%	3.148%	3.433%	0.834	No MOD

**Table W - 3**  
**GREAT LAKES WATER AUTHORITY**  
**Water Supply System**  
 FY 2026 Units of Service and Cost Pool Shares

Line No.	Description	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
		Annual Volume	Daily Demands			Cost Pool Shares			Water Delivery Factor	MOD / No MOD
			Avg Day	Max Day	Peak Hour	Commodity	Max Day	Peak Hour		
		Mcf	mgd	mgd	mgd	~ (2)	~ (3)	~ (4)		
81	Washington Township	85,700	1.76	5.42	5.42	0.493%	0.726%	0.572%	1.049	No MOD
82	Wayne	101,000	2.07	3.95	4.71	0.581%	0.529%	0.497%	0.995	No MOD
83	West Bloomfield Township	277,100	5.68	15.00	26.40	1.595%	2.010%	2.788%	1.339	No MOD
84	Westland	314,400	6.44	12.00	17.00	1.810%	1.608%	1.796%	1.036	No MOD
85	Wixom	76,500	1.57	4.19	5.10	0.440%	0.561%	0.539%	1.320	No MOD
86	Woodhaven	54,800	1.12	2.85	4.40	0.315%	0.382%	0.465%	1.046	No MOD
87	Ypsilanti Comm Util Auth	486,400	9.97	19.50	21.00	2.800%	2.612%	2.218%	1.207	No MOD
88	Detroit	4,231,000	86.71	115.00	136.00	24.352%	15.407%	14.364%	0.787	No MOD
89	<b>TOTAL</b>	<b>17,374,200</b>	<b>356.08</b>	<b>746.43</b>	<b>946.78</b>	<b>100.000%</b>	<b>100.000%</b>	<b>100.000%</b>	<b>1.000</b>	
90	MOD Customers	1	134,700	2.76	9.00	0.775%	1.206%	0.951%		MOD
91	No MOD Customers	87	17,239,500	353.32	737.43	99.225%	98.794%	99.049%		No MOD
92	<b>Total</b>	<b>88</b>	<b>17,374,200</b>	<b>356.08</b>	<b>746.43</b>	<b>100.000%</b>	<b>100.000%</b>	<b>100.000%</b>		

**Table W - 4**  
**GREAT LAKES WATER AUTHORITY**  
**Water Supply System**

Allocation of FY 2026 Wholesale Revenue Requirement to Member Partners and Determination of Wholesale SHARES

Line No.	Description	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
		Cost Pool Shares (from Table 4)			Unadjusted Wholesale SHARE	Water Delivery Factor	Adjusted Wholesale SHARE	Allocated Wholesale Rev Req't	Proforma Wholesale Revenue	Adjustment Required	% Adjustment Required	MOD / No MOD
		Commodity 10.0%	Max Day 50.0%	Peak Hour 40.0%								
Relative Cost Pool Weights ->					%		%	\$	\$	\$		
1	Northville Township	0.775%	1.206%	0.951%	1.061%	1.257	1.333%	\$ 5,275,242	\$ 5,837,479	\$ (562,237)	-9.63%	MOD
2	Subtotal MOD Customers	0.775%	1.206%	0.951%	1.061%	1.257	1.333%	\$ 5,275,242	\$ 5,837,479	\$ (562,237)	-9.63%	
3	No MOD Customers	87	99.225%	98.794%	98.939%	0.997	98.667%	\$ 390,402,458	\$ 367,801,389	\$ 22,601,069	6.14%	No MOD
4	Total	88	100.000%	100.000%	100.000%	1.000	100.000%	\$ 395,677,700	\$ 373,638,868	\$ 22,038,832	5.90%	

**Table W - 5**  
**GREAT LAKES WATER AUTHORITY**  
**Water Supply System**  
 Application of Contract Adjustments to Allocated Revenue Requirements

Line No	Description	(1) Proforma Wholesale Revenue <i>Table W - 2</i>	(2) Mod/No Mod % Adjustment Required <i>Table W - 4</i>	(3) Allocated Wholesale Rev Req't <i>(1) x [1+(2)]</i>	(4) Allocated DWSD Ownership Adj <i>~ (3)</i>	(5) Allocated Flint / KWA Adjustment <i>~ (3)</i>	(6) Adjusted Allocated Rev Req't <i>(3) + (4) + (5)</i>	(7) Proforma Total Revenue <i>Table W - 2</i>	(8) Charge Adjustment Required <i>(6) - (7)</i>	(9) % Charge Adjustment Required <i>(8) / (7)</i>	(10) MOD / No MOD
1	Allen Park	\$ 2,478,590	6.14%	\$ 2,630,897	\$ 157,495	\$ 44,117	\$ 2,832,509	\$ 2,680,110	\$ 152,399	5.69%	No MOD
2	Almont Village	\$ 248,914	6.14%	\$ 264,210	\$ 15,817	\$ 4,430	\$ 284,457	\$ 269,152	\$ 15,305	5.69%	No MOD
3	Ash Township	\$ 877,949	6.14%	\$ 931,898	\$ 55,787	\$ 15,627	\$ 1,003,312	\$ 949,330	\$ 53,982	5.69%	No MOD
4	Belleville	\$ 338,647	6.14%	\$ 359,456	\$ 21,518	\$ 6,028	\$ 387,002	\$ 366,180	\$ 20,822	5.69%	No MOD
5	Berlin Township	\$ 743,288	6.14%	\$ 788,962	\$ 47,230	\$ 13,230	\$ 849,422	\$ 803,720	\$ 45,702	5.69%	No MOD
6	Brownstown Township	\$ 3,990,210	6.14%	\$ 4,235,405	\$ 253,547	\$ 71,022	\$ 4,559,974	\$ 4,314,631	\$ 245,343	5.69%	No MOD
7	Bruce Township	\$ 325,181	6.14%	\$ 345,164	\$ 20,663	\$ 5,788	\$ 371,614	\$ 351,620	\$ 19,994	5.69%	No MOD
8	Burtchville Township	\$ 427,945	6.14%	\$ 454,242	\$ 27,193	\$ 7,617	\$ 489,052	\$ 462,739	\$ 26,313	5.69%	No MOD
9	Canton Township	\$ 11,099,882	6.14%	\$ 11,781,960	\$ 705,312	\$ 197,568	\$ 12,684,840	\$ 12,002,349	\$ 682,491	5.69%	No MOD
10	Center Line	\$ 512,440	6.14%	\$ 543,929	\$ 32,562	\$ 9,121	\$ 585,612	\$ 554,104	\$ 31,508	5.69%	No MOD
11	Chesterfield Township	\$ 4,642,690	6.14%	\$ 4,927,979	\$ 295,007	\$ 82,636	\$ 5,305,622	\$ 5,020,160	\$ 285,462	5.69%	No MOD
12	Clinton Township	\$ 8,028,438	6.14%	\$ 8,521,779	\$ 510,145	\$ 142,899	\$ 9,174,823	\$ 8,681,184	\$ 493,639	5.69%	No MOD
13	Commerce Township	\$ 3,685,758	6.14%	\$ 3,912,244	\$ 234,201	\$ 65,603	\$ 4,212,049	\$ 3,985,425	\$ 226,624	5.69%	No MOD
14	Dearborn	\$ 10,223,188	6.14%	\$ 10,851,394	\$ 649,605	\$ 181,964	\$ 11,682,962	\$ 11,054,376	\$ 628,586	5.69%	No MOD
15	Dearborn Heights	\$ 4,007,960	6.14%	\$ 4,254,246	\$ 254,675	\$ 71,338	\$ 4,580,259	\$ 4,333,824	\$ 246,435	5.69%	No MOD
16	Eastpointe	\$ 1,712,432	6.14%	\$ 1,817,660	\$ 108,812	\$ 30,480	\$ 1,956,951	\$ 1,851,660	\$ 105,291	5.69%	No MOD
17	Ecorse	\$ 1,180,824	6.14%	\$ 1,253,385	\$ 75,032	\$ 21,018	\$ 1,349,435	\$ 1,276,830	\$ 72,605	5.69%	No MOD
18	Farmington	\$ 1,048,693	6.14%	\$ 1,113,134	\$ 66,636	\$ 18,666	\$ 1,198,436	\$ 1,133,956	\$ 64,480	5.69%	No MOD
19	Farmington Hills	\$ 9,492,448	6.14%	\$ 10,075,751	\$ 603,172	\$ 168,957	\$ 10,847,880	\$ 10,264,224	\$ 583,656	5.69%	No MOD
20	Ferndale	\$ 1,135,934	6.14%	\$ 1,205,736	\$ 72,180	\$ 20,219	\$ 1,298,134	\$ 1,228,290	\$ 69,844	5.69%	No MOD
21	Flat Rock	\$ 1,529,277	6.14%	\$ 1,623,250	\$ 97,174	\$ 27,220	\$ 1,747,644	\$ 1,653,614	\$ 94,030	5.69%	No MOD
22	Flint	\$ 10,543,284	6.14%	\$ 11,191,160	\$ 669,944	\$ (6,447,335)	\$ 5,413,769	\$ 4,752,740	\$ 661,029	13.91%	No MOD
23	Fraser	\$ 1,340,233	6.14%	\$ 1,422,590	\$ 85,161	\$ 23,855	\$ 1,531,606	\$ 1,449,200	\$ 82,406	5.69%	No MOD
24	Garden City	\$ 1,815,030	6.14%	\$ 1,926,562	\$ 115,331	\$ 32,306	\$ 2,074,200	\$ 1,962,600	\$ 111,600	5.69%	No MOD
25	Gibraltar	\$ 372,020	6.14%	\$ 394,881	\$ 23,639	\$ 6,622	\$ 425,141	\$ 402,267	\$ 22,874	5.69%	No MOD
26	Greenwood Township (DTE)	\$ 1,428,765	6.14%	\$ 1,516,562	\$ 90,787	\$ 25,431	\$ 1,632,780	\$ 1,544,930	\$ 87,850	5.69%	No MOD



**Table W - 5**  
**GREAT LAKES WATER AUTHORITY**  
**Water Supply System**  
 Application of Contract Adjustments to Allocated Revenue Requirements

Line No	Description	(1) Proforma Wholesale Revenue <i>Table W - 2</i>	(2) Mod/No Mod % Adjustment Required <i>Table W - 4</i>	(3) Allocated Wholesale Rev Req't <i>(1) x [1+(2)]</i>	(4) Allocated DWSD Ownership Adj <i>~ (3)</i>	(5) Allocated Flint / KWA Adjustment <i>~ (3)</i>	(6) Adjusted Allocated Rev Req't <i>(3) + (4) + (5)</i>	(7) Proforma Total Revenue <i>Table W - 2</i>	(8) Charge Adjustment Required <i>(6) - (7)</i>	(9) % Charge Adjustment Required <i>(8) / (7)</i>	(10) MOD / No MOD
27	Grosse Ile Township	\$ 1,264,691	6.14%	\$ 1,342,405	\$ 80,361	\$ 22,510	\$ 1,445,277	\$ 1,367,516	\$ 77,761	5.69%	No MOD
28	Grosse Pt. Park	\$ 1,407,721	6.14%	\$ 1,494,225	\$ 89,450	\$ 25,056	\$ 1,608,731	\$ 1,522,175	\$ 86,556	5.69%	No MOD
29	Grosse Pt. Shores	\$ 636,862	6.14%	\$ 675,997	\$ 40,468	\$ 11,336	\$ 727,800	\$ 688,642	\$ 39,158	5.69%	No MOD
30	Grosse Pt. Woods	\$ 1,376,481	6.14%	\$ 1,461,065	\$ 87,465	\$ 24,500	\$ 1,573,030	\$ 1,488,395	\$ 84,635	5.69%	No MOD
31	Hamtramck	\$ 887,040	6.14%	\$ 941,548	\$ 56,365	\$ 15,789	\$ 1,013,701	\$ 959,160	\$ 54,541	5.69%	No MOD
32	Harper Woods	\$ 959,737	6.14%	\$ 1,018,712	\$ 60,984	\$ 17,082	\$ 1,096,779	\$ 1,037,768	\$ 59,011	5.69%	No MOD
33	Harrison Township	\$ 1,781,277	6.14%	\$ 1,890,735	\$ 113,186	\$ 31,705	\$ 2,035,626	\$ 1,926,102	\$ 109,524	5.69%	No MOD
34	Hazel Park	\$ 805,549	6.14%	\$ 855,050	\$ 51,186	\$ 14,338	\$ 920,574	\$ 871,044	\$ 49,530	5.69%	No MOD
35	Highland Park	\$ 908,299	6.14%	\$ 964,114	\$ 57,715	\$ 16,167	\$ 1,037,996	\$ 982,148	\$ 55,848	5.69%	No MOD
36	Huron Township	\$ 1,635,033	6.14%	\$ 1,735,504	\$ 103,894	\$ 29,102	\$ 1,868,500	\$ 1,767,968	\$ 100,532	5.69%	No MOD
37	Imlay City	\$ 1,610,256	6.14%	\$ 1,709,204	\$ 102,319	\$ 28,661	\$ 1,840,185	\$ 1,741,176	\$ 99,009	5.69%	No MOD
38	Imlay Township (Single User)	\$ 10,820	6.14%	\$ 11,485	\$ 688	\$ 193	\$ 12,365	\$ 11,700	\$ 665	5.69%	No MOD
39	Inkster	\$ 1,403,934	6.14%	\$ 1,490,205	\$ 89,209	\$ 24,989	\$ 1,604,403	\$ 1,518,080	\$ 86,323	5.69%	No MOD
40	Keego Harbor	\$ 322,703	6.14%	\$ 342,533	\$ 20,505	\$ 5,744	\$ 368,782	\$ 348,940	\$ 19,842	5.69%	No MOD
41	Lapeer	\$ 1,674,652	6.14%	\$ 1,777,558	\$ 106,411	\$ 29,807	\$ 1,913,776	\$ 1,810,808	\$ 102,968	5.69%	No MOD
42	Lenox Township	\$ 346,636	6.14%	\$ 367,937	\$ 22,026	\$ 6,170	\$ 396,132	\$ 374,819	\$ 21,313	5.69%	No MOD
43	Lincoln Park	\$ 2,470,539	6.14%	\$ 2,622,351	\$ 156,984	\$ 43,973	\$ 2,823,308	\$ 2,671,404	\$ 151,904	5.69%	No MOD
44	Livonia	\$ 12,428,099	6.14%	\$ 13,191,794	\$ 789,710	\$ 221,209	\$ 14,202,713	\$ 13,438,555	\$ 764,158	5.69%	No MOD
45	Macomb Township	\$ 13,357,231	6.14%	\$ 14,178,021	\$ 848,749	\$ 237,747	\$ 15,264,517	\$ 14,443,230	\$ 821,287	5.69%	No MOD
46	Madison Heights	\$ 2,239,043	6.14%	\$ 2,376,631	\$ 142,274	\$ 39,853	\$ 2,558,758	\$ 2,421,087	\$ 137,671	5.69%	No MOD
47	Mayfield Township (KAMAX)	\$ 54,578	6.14%	\$ 57,932	\$ 3,468	\$ 971	\$ 62,372	\$ 59,016	\$ 3,356	5.69%	No MOD
48	Melvindale	\$ 711,674	6.14%	\$ 755,406	\$ 45,221	\$ 12,667	\$ 813,294	\$ 769,536	\$ 43,758	5.69%	No MOD
49	New Haven, Village of	\$ 473,275	6.14%	\$ 502,357	\$ 30,073	\$ 8,424	\$ 540,854	\$ 511,754	\$ 29,100	5.69%	No MOD
50	NOCWA	\$ 23,778,342	6.14%	\$ 25,239,500	\$ 1,510,930	\$ 423,233	\$ 27,173,663	\$ 25,711,620	\$ 1,462,043	5.69%	No MOD
51	Northville	\$ 830,902	6.14%	\$ 881,960	\$ 52,797	\$ 14,789	\$ 949,547	\$ 898,458	\$ 51,089	5.69%	No MOD
52	Northville Township	\$ 5,837,479	-9.63%	\$ 5,275,242	\$ 315,795	\$ 88,459	\$ 5,679,496	\$ 6,312,090	\$ (632,594)	-10.02%	MOD

**Table W - 5**  
**GREAT LAKES WATER AUTHORITY**  
**Water Supply System**  
 Application of Contract Adjustments to Allocated Revenue Requirements

Line No	Description	(1) Proforma Wholesale Revenue <i>Table W - 2</i>	(2) Mod/No Mod % Adjustment Required <i>Table W - 4</i>	(3) Allocated Wholesale Rev Req't <i>(1) x [1+(2)]</i>	(4) Allocated DWSD Ownership Adj <i>~ (3)</i>	(5) Allocated Flint / KWA Adjustment <i>~ (3)</i>	(6) Adjusted Allocated Rev Req't <i>(3) + (4) + (5)</i>	(7) Proforma Total Revenue <i>Table W - 2</i>	(8) Charge Adjustment Required <i>(6) - (7)</i>	(9) % Charge Adjustment Required <i>(8) / (7)</i>	(10) MOD / No MOD
53	Novi	\$ 9,899,670	6.14%	\$ 10,507,995	\$ 629,047	\$ 176,205	\$ 11,313,248	\$ 10,704,554	\$ 608,694	5.69%	No MOD
54	Oak Park	\$ 1,515,820	6.14%	\$ 1,608,965	\$ 96,319	\$ 26,980	\$ 1,732,264	\$ 1,639,062	\$ 93,202	5.69%	No MOD
55	Oakland GWK Drain District	\$ 96,433	6.14%	\$ 102,358	\$ 6,128	\$ 1,716	\$ 110,202	\$ 104,273	\$ 5,929	5.69%	No MOD
56	Plymouth	\$ 1,179,398	6.14%	\$ 1,251,871	\$ 74,942	\$ 20,992	\$ 1,347,805	\$ 1,275,288	\$ 72,517	5.69%	No MOD
57	Plymouth Township	\$ 4,791,517	6.14%	\$ 5,085,951	\$ 304,464	\$ 85,285	\$ 5,475,700	\$ 5,181,087	\$ 294,613	5.69%	No MOD
58	Redford Township	\$ 3,184,876	6.14%	\$ 3,380,584	\$ 202,374	\$ 56,688	\$ 3,639,646	\$ 3,443,820	\$ 195,826	5.69%	No MOD
59	River Rouge	\$ 567,313	6.14%	\$ 602,174	\$ 36,048	\$ 10,098	\$ 648,320	\$ 613,438	\$ 34,882	5.69%	No MOD
60	Riverview	\$ 933,356	6.14%	\$ 990,710	\$ 59,308	\$ 16,613	\$ 1,066,631	\$ 1,009,242	\$ 57,389	5.69%	No MOD
61	Rockwood	\$ 267,839	6.14%	\$ 284,297	\$ 17,019	\$ 4,767	\$ 306,083	\$ 289,615	\$ 16,468	5.69%	No MOD
62	Romeo	\$ 190,509	6.14%	\$ 202,215	\$ 12,105	\$ 3,391	\$ 217,712	\$ 205,998	\$ 11,714	5.69%	No MOD
63	Romulus	\$ 3,958,069	6.14%	\$ 4,201,289	\$ 251,505	\$ 70,450	\$ 4,523,244	\$ 4,279,877	\$ 243,367	5.69%	No MOD
64	Roseville	\$ 2,773,503	6.14%	\$ 2,943,932	\$ 176,235	\$ 49,366	\$ 3,169,532	\$ 2,999,000	\$ 170,532	5.69%	No MOD
65	Royal Oak Township	\$ 224,781	6.14%	\$ 238,594	\$ 14,283	\$ 4,001	\$ 256,878	\$ 243,057	\$ 13,821	5.69%	No MOD
66	Shelby Township	\$ 11,945,092	6.14%	\$ 12,679,107	\$ 759,018	\$ 212,612	\$ 13,650,738	\$ 12,916,278	\$ 734,460	5.69%	No MOD
67	SOCWA	\$ 25,345,915	6.14%	\$ 26,903,399	\$ 1,610,537	\$ 451,135	\$ 28,965,071	\$ 27,406,644	\$ 1,558,427	5.69%	No MOD
68	South Rockwood	\$ 127,712	6.14%	\$ 135,560	\$ 8,115	\$ 2,273	\$ 145,949	\$ 138,096	\$ 7,853	5.69%	No MOD
69	Southgate	\$ 2,256,427	6.14%	\$ 2,395,082	\$ 143,378	\$ 40,162	\$ 2,578,623	\$ 2,439,884	\$ 138,739	5.69%	No MOD
70	St. Clair Shores	\$ 3,375,172	6.14%	\$ 3,582,574	\$ 214,466	\$ 60,075	\$ 3,857,115	\$ 3,649,588	\$ 207,527	5.69%	No MOD
71	Sterling Heights	\$ 15,755,974	6.14%	\$ 16,724,164	\$ 1,001,170	\$ 280,442	\$ 18,005,777	\$ 17,037,000	\$ 968,777	5.69%	No MOD
72	Sumpter Township	\$ 785,764	6.14%	\$ 834,049	\$ 49,929	\$ 13,986	\$ 897,964	\$ 849,650	\$ 48,314	5.69%	No MOD
73	Sylvan Lake	\$ 251,041	6.14%	\$ 266,468	\$ 15,952	\$ 4,468	\$ 286,888	\$ 271,452	\$ 15,436	5.69%	No MOD
74	Taylor	\$ 4,975,825	6.14%	\$ 5,281,585	\$ 316,175	\$ 88,565	\$ 5,686,325	\$ 5,380,380	\$ 305,945	5.69%	No MOD
75	Trenton	\$ 1,899,129	6.14%	\$ 2,015,829	\$ 120,675	\$ 33,803	\$ 2,170,306	\$ 2,053,536	\$ 116,770	5.69%	No MOD
76	Troy	\$ 14,577,974	6.14%	\$ 15,473,777	\$ 926,318	\$ 259,475	\$ 16,659,570	\$ 15,763,224	\$ 896,346	5.69%	No MOD
77	Utica	\$ 637,896	6.14%	\$ 677,095	\$ 40,533	\$ 11,354	\$ 728,982	\$ 689,760	\$ 39,222	5.69%	No MOD
78	Van Buren Township	\$ 3,634,098	6.14%	\$ 3,857,410	\$ 230,919	\$ 64,684	\$ 4,153,012	\$ 3,929,565	\$ 223,447	5.69%	No MOD

**Table W - 5**  
**GREAT LAKES WATER AUTHORITY**  
**Water Supply System**  
 Application of Contract Adjustments to Allocated Revenue Requirements

Line No	Description	(1) Proforma Wholesale Revenue <i>Table W - 2</i>	(2) Mod/No Mod % Adjustment Required <i>Table W - 4</i>	(3) Allocated Wholesale Rev Req't <i>(1) x [1+(2)]</i>	(4) Allocated DWSD Ownership Adj <i>~ (3)</i>	(5) Allocated Flint / KWA Adjustment <i>~ (3)</i>	(6) Adjusted Allocated Rev Req't <i>(3) + (4) + (5)</i>	(7) Proforma Total Revenue <i>Table W - 2</i>	(8) Charge Adjustment Required <i>(6) - (7)</i>	(9) % Charge Adjustment Required <i>(8) / (7)</i>	(10) MOD / No MOD
79	Walled Lake	\$ 854,860	6.14%	\$ 907,391	\$ 54,320	\$ 15,216	\$ 976,926	\$ 924,364	\$ 52,562	5.69%	No MOD
80	Warren	\$ 10,303,635	6.14%	\$ 10,936,785	\$ 654,716	\$ 183,396	\$ 11,774,897	\$ 11,141,364	\$ 633,533	5.69%	No MOD
81	Washington Township	\$ 2,522,817	6.14%	\$ 2,677,842	\$ 160,306	\$ 44,904	\$ 2,883,052	\$ 2,727,933	\$ 155,119	5.69%	No MOD
82	Wayne	\$ 1,931,593	6.14%	\$ 2,050,288	\$ 122,738	\$ 34,381	\$ 2,207,407	\$ 2,088,640	\$ 118,767	5.69%	No MOD
83	West Bloomfield Township	\$ 11,451,231	6.14%	\$ 12,154,899	\$ 727,637	\$ 203,822	\$ 13,086,358	\$ 12,382,264	\$ 704,094	5.69%	No MOD
84	Westland	\$ 6,538,549	6.14%	\$ 6,940,337	\$ 415,474	\$ 116,380	\$ 7,472,191	\$ 7,070,160	\$ 402,031	5.69%	No MOD
85	Wixom	\$ 2,665,656	6.14%	\$ 2,829,458	\$ 169,382	\$ 47,446	\$ 3,046,286	\$ 2,882,385	\$ 163,901	5.69%	No MOD
86	Woodhaven	\$ 1,571,776	6.14%	\$ 1,668,360	\$ 99,874	\$ 27,976	\$ 1,796,211	\$ 1,699,568	\$ 96,643	5.69%	No MOD
87	Ypsilanti Comm Util Auth	\$ 11,200,933	6.14%	\$ 11,889,221	\$ 711,733	\$ 199,367	\$ 12,800,320	\$ 12,111,616	\$ 688,704	5.69%	No MOD
88	Detroit	\$ 47,003,835	6.14%	\$ 49,892,179	\$ (20,700,000)	\$ 836,626	\$ 30,028,805	\$ 27,094,800	\$ 2,934,005	10.83%	No MOD
89	<b>TOTAL</b>	<b>\$ 373,638,868</b>	<b>5.90%</b>	<b>\$ 395,677,700</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 395,677,700</b>	<b>\$ 373,638,868</b>	<b>\$ 22,038,832</b>	<b>5.90%</b>	
90	MOD Customers	1 \$ 5,837,479	-9.63%	\$ 5,275,242	\$ 315,795	\$ 88,459	\$ 5,679,496	\$ 6,312,090	\$ (632,594)	-10.02%	MOD
91	No MOD Customers	87 \$ 367,801,389	6.14%	\$ 390,402,458	\$ (315,795)	\$ (88,459)	\$ 389,998,203	\$ 367,326,778	\$ 22,671,426	6.17%	No MOD
92	<b>Total</b>	88 <b>\$ 373,638,868</b>	<b>5.90%</b>	<b>\$ 395,677,700</b>	<b>\$ 0</b>	<b>\$ (0)</b>	<b>\$ 395,677,700</b>	<b>\$ 373,638,868</b>	<b>\$ 22,038,832</b>	<b>5.90%</b>	

**Table W - 6**  
**GREAT LAKES WATER AUTHORITY**  
**Water Supply System**

Calculation of FY 2026 Wholesale Water Service Charge Schedule and Illustration of Revenue Recovery

Line No	Description	(1)	(2)	(3)	(4)		(5)	(6)		(7)	(8)	(9)	(10)
		Allocated Total Rev Req't	Projected Sales Volume	Net Allocated Unit Cost	Recover Via			Recover Via			Projected Revenue	Revenue Recovery	MOD / No MOD
		\$	Mcf	\$/Mcf	Fixed Monthly	Commodity Charge		Fixed Monthly	Commodity Charge		\$	%	(7) / (6)
		Table W - 5	Table W - 2	(1) / (2)	60% of (1)	(1)-(6)*12		(4) / 12 mos	(5) / (2)		12 * (6)+(2)*(7)	(8)/(1)	
1	Allen Park	\$ 2,832,509	115,500	\$ 24.52	\$ 1,699,506	\$ 1,133,004	\$	<b>141,625</b>	\$ 9.81	\$	2,832,509	100.0%	No MOD
2	Almont Village	\$ 284,457	8,800	\$ 32.32	\$ 170,674	\$ 113,783	\$	<b>14,223</b>	\$ 12.93	\$	284,457	100.0%	No MOD
3	Ash Township	\$ 1,003,312	37,400	\$ 26.83	\$ 601,987	\$ 401,325	\$	<b>50,166</b>	\$ 10.73	\$	1,003,312	100.0%	No MOD
4	Belleville	\$ 387,002	14,000	\$ 27.64	\$ 232,201	\$ 154,801	\$	<b>19,350</b>	\$ 11.06	\$	387,002	100.0%	No MOD
5	Berlin Township	\$ 849,422	26,800	\$ 31.69	\$ 509,653	\$ 339,769	\$	<b>42,471</b>	\$ 12.68	\$	849,422	100.0%	No MOD
6	Brownstown Township	\$ 4,559,974	139,100	\$ 32.78	\$ 2,735,985	\$ 1,823,990	\$	<b>227,999</b>	\$ 13.11	\$	4,559,974	100.0%	No MOD
7	Bruce Township	\$ 371,614	2,860	\$ 129.94	\$ 222,969	\$ 148,646	\$	<b>18,581</b>	\$ 51.97	\$	371,614	100.0%	No MOD
8	Burtchville Township	\$ 489,052	9,700	\$ 50.42	\$ 293,431	\$ 195,621	\$	<b>24,453</b>	\$ 20.17	\$	489,052	100.0%	No MOD
9	Canton Township	\$ 12,684,840	381,900	\$ 33.22	\$ 7,610,904	\$ 5,073,936	\$	<b>634,242</b>	\$ 13.29	\$	12,684,840	100.0%	No MOD
10	Center Line	\$ 585,612	31,600	\$ 18.53	\$ 351,367	\$ 234,245	\$	<b>29,281</b>	\$ 7.41	\$	585,612	100.0%	No MOD
11	Chesterfield Township	\$ 5,305,622	177,800	\$ 29.84	\$ 3,183,373	\$ 2,122,249	\$	<b>265,281</b>	\$ 11.94	\$	5,305,622	100.0%	No MOD
12	Clinton Township	\$ 9,174,823	377,600	\$ 24.30	\$ 5,504,894	\$ 3,669,929	\$	<b>458,741</b>	\$ 9.72	\$	9,174,823	100.0%	No MOD
13	Commerce Township	\$ 4,212,049	105,300	\$ 40.00	\$ 2,527,229	\$ 1,684,819	\$	<b>210,602</b>	\$ 16.00	\$	4,212,049	100.0%	No MOD
14	Dearborn	\$ 11,682,962	524,200	\$ 22.29	\$ 7,009,777	\$ 4,673,185	\$	<b>584,148</b>	\$ 8.91	\$	11,682,962	100.0%	No MOD
15	Dearborn Heights	\$ 4,580,259	194,800	\$ 23.51	\$ 2,748,155	\$ 1,832,103	\$	<b>229,013</b>	\$ 9.41	\$	4,580,259	100.0%	No MOD
16	Eastpointe	\$ 1,956,951	101,000	\$ 19.38	\$ 1,174,171	\$ 782,780	\$	<b>97,848</b>	\$ 7.75	\$	1,956,951	100.0%	No MOD
17	Ecorse	\$ 1,349,435	77,000	\$ 17.53	\$ 809,661	\$ 539,774	\$	<b>67,472</b>	\$ 7.01	\$	1,349,435	100.0%	No MOD
18	Farmington	\$ 1,198,436	43,400	\$ 27.61	\$ 719,062	\$ 479,375	\$	<b>59,922</b>	\$ 11.05	\$	1,198,436	100.0%	No MOD
19	Farmington Hills	\$ 10,847,880	347,400	\$ 31.23	\$ 6,508,728	\$ 4,339,152	\$	<b>542,394</b>	\$ 12.49	\$	10,847,880	100.0%	No MOD
20	Ferndale	\$ 1,298,134	64,500	\$ 20.13	\$ 778,881	\$ 519,254	\$	<b>64,907</b>	\$ 8.05	\$	1,298,134	100.0%	No MOD
21	Flat Rock	\$ 1,747,644	52,700	\$ 33.16	\$ 1,048,586	\$ 699,057	\$	<b>87,382</b>	\$ 13.26	\$	1,747,644	100.0%	No MOD
22	Flint	\$ 5,413,769	394,000	\$ 13.74	\$ 669,600	\$ 4,744,169	\$	<b>55,800</b>	\$ 12.04	\$	5,413,769	100.0%	No MOD
23	Fraser	\$ 1,531,606	56,000	\$ 27.35	\$ 918,964	\$ 612,642	\$	<b>76,580</b>	\$ 10.94	\$	1,531,606	100.0%	No MOD
24	Garden City	\$ 2,074,200	72,500	\$ 28.61	\$ 1,244,520	\$ 829,680	\$	<b>103,710</b>	\$ 11.44	\$	2,074,200	100.0%	No MOD

**Table W - 6**  
**GREAT LAKES WATER AUTHORITY**  
**Water Supply System**

Calculation of FY 2026 Wholesale Water Service Charge Schedule and Illustration of Revenue Recovery

Line No	Description	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
		Allocated Total Rev Req't	Projected Sales Volume	Net Allocated Unit Cost	Recover Via		Recover Via		Projected Revenue	Revenue Recovery	MOD / No MOD
					Fixed Monthly	Commodity Charge	Fixed Monthly	Commodity Charge			
		\$	Mcf	\$/Mcf	\$	\$	\$/mo	\$/Mcf	\$	%	(7) / (6)
		Table W - 5	Table W - 2	(1) / (2)	60% of (1)	(1)-(6)*12	(4) / 12 mos	(5) / (2)	12 * (6)+(2)*(7)	(8)/(1)	
25	Gibraltar	\$ 425,141	17,100	\$ 24.86	\$ 255,085	\$ 170,056	\$ 21,257	\$ 9.94	\$ 425,141	100.0%	No MOD
26	Greenwood Township (DTE)	\$ 1,632,780	32,600	\$ 50.09	\$ 979,668	\$ 653,112	\$ 81,639	\$ 20.03	\$ 1,632,780	100.0%	No MOD
27	Grosse Ile Township	\$ 1,445,277	42,800	\$ 33.77	\$ 867,166	\$ 578,111	\$ 72,264	\$ 13.51	\$ 1,445,277	100.0%	No MOD
28	Grosse Pt. Park	\$ 1,608,731	50,500	\$ 31.86	\$ 965,238	\$ 643,492	\$ 80,437	\$ 12.74	\$ 1,608,731	100.0%	No MOD
29	Grosse Pt. Shores	\$ 727,800	17,800	\$ 40.89	\$ 436,680	\$ 291,120	\$ 36,390	\$ 16.36	\$ 727,800	100.0%	No MOD
30	Grosse Pt. Woods	\$ 1,573,030	66,500	\$ 23.65	\$ 943,818	\$ 629,212	\$ 78,651	\$ 9.46	\$ 1,573,030	100.0%	No MOD
31	Hamtramck	\$ 1,013,701	62,000	\$ 16.35	\$ 608,220	\$ 405,480	\$ 50,685	\$ 6.54	\$ 1,013,701	100.0%	No MOD
32	Harper Woods	\$ 1,096,779	54,800	\$ 20.01	\$ 658,067	\$ 438,711	\$ 54,839	\$ 8.01	\$ 1,096,779	100.0%	No MOD
33	Harrison Township	\$ 2,035,626	94,900	\$ 21.45	\$ 1,221,376	\$ 814,250	\$ 101,781	\$ 8.58	\$ 2,035,626	100.0%	No MOD
34	Hazel Park	\$ 920,574	46,800	\$ 19.67	\$ 552,345	\$ 368,230	\$ 46,029	\$ 7.87	\$ 920,574	100.0%	No MOD
35	Highland Park	\$ 1,037,996	77,200	\$ 13.45	\$ 622,798	\$ 415,198	\$ 51,900	\$ 5.38	\$ 1,037,996	100.0%	No MOD
36	Huron Township	\$ 1,868,500	65,600	\$ 28.48	\$ 1,121,100	\$ 747,400	\$ 93,425	\$ 11.39	\$ 1,868,500	100.0%	No MOD
37	Imlay City	\$ 1,840,185	46,800	\$ 39.32	\$ 1,104,111	\$ 736,074	\$ 92,009	\$ 15.73	\$ 1,840,185	100.0%	No MOD
38	Imlay Township (Single User)	\$ 12,365	10	\$ 1,236.53	\$ 7,419	\$ 4,946	\$ 618	\$ 494.61	\$ 12,365	100.0%	No MOD
39	Inkster	\$ 1,604,403	98,500	\$ 16.29	\$ 962,642	\$ 641,761	\$ 80,220	\$ 6.52	\$ 1,604,403	100.0%	No MOD
40	Keego Harbor	\$ 368,782	9,800	\$ 37.63	\$ 221,269	\$ 147,513	\$ 18,439	\$ 15.05	\$ 368,782	100.0%	No MOD
41	Lapeer	\$ 1,913,776	54,200	\$ 35.31	\$ 1,148,266	\$ 765,510	\$ 95,689	\$ 14.12	\$ 1,913,776	100.0%	No MOD
42	Lenox Township	\$ 396,132	16,100	\$ 24.60	\$ 237,679	\$ 158,453	\$ 19,807	\$ 9.84	\$ 396,132	100.0%	No MOD
43	Lincoln Park	\$ 2,823,308	172,400	\$ 16.38	\$ 1,693,985	\$ 1,129,323	\$ 141,165	\$ 6.55	\$ 2,823,308	100.0%	No MOD
44	Livonia	\$ 14,202,713	449,500	\$ 31.60	\$ 8,521,628	\$ 5,681,085	\$ 710,136	\$ 12.64	\$ 14,202,713	100.0%	No MOD
45	Macomb Township	\$ 15,264,517	337,800	\$ 45.19	\$ 9,158,710	\$ 6,105,807	\$ 763,226	\$ 18.08	\$ 15,264,517	100.0%	No MOD
46	Madison Heights	\$ 2,558,758	122,700	\$ 20.85	\$ 1,535,255	\$ 1,023,503	\$ 127,938	\$ 8.34	\$ 2,558,758	100.0%	No MOD
47	Mayfield Township (KAMAX)	\$ 62,372	530	\$ 117.68	\$ 37,423	\$ 24,949	\$ 3,119	\$ 47.07	\$ 62,372	100.0%	No MOD
48	Melvindale	\$ 813,294	46,300	\$ 17.57	\$ 487,977	\$ 325,318	\$ 40,665	\$ 7.03	\$ 813,294	100.0%	No MOD

**Table W - 6**  
**GREAT LAKES WATER AUTHORITY**  
**Water Supply System**

Calculation of FY 2026 Wholesale Water Service Charge Schedule and Illustration of Revenue Recovery

Line No	Description	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
		Allocated Total Rev Req't	Projected Sales Volume	Net Allocated Unit Cost	Recover Via		Recover Via		Projected Revenue	Revenue Recovery	MOD / No MOD
					Fixed Monthly	Commodity Charge	Fixed Monthly	Commodity Charge			
		\$	Mcf	\$/Mcf	\$	\$	\$/mo	\$/Mcf	\$	%	(7) / (6)
		Table W - 5	Table W - 2	(1) / (2)	60% of (1)	(1)-(6)*12	(4) / 12 mos	(5) / (2)	12 * (6)+(2)*(7)	(8)/(11)	
49	New Haven, Village of	\$ 540,854	19,900	\$ 27.18	\$ 324,512	\$ 216,342	\$ 27,043	\$ 10.87	\$ 540,854	100.0%	No MOD
50	NOCWA	\$ 27,173,663	871,000	\$ 31.20	\$ 16,304,198	\$ 10,869,465	\$ 1,358,683	\$ 12.48	\$ 27,173,663	100.0%	No MOD
51	Northville	\$ 949,547	29,400	\$ 32.30	\$ 569,728	\$ 379,819	\$ 47,477	\$ 12.92	\$ 949,547	100.0%	No MOD
52	Northville Township	\$ 5,679,496	134,700	\$ 42.16	\$ 3,407,698	\$ 2,271,799	\$ 283,975	\$ 16.87	\$ 5,679,496	100.0%	MOD
53	Novi	\$ 11,313,248	302,900	\$ 37.35	\$ 6,787,949	\$ 4,525,299	\$ 565,662	\$ 14.94	\$ 11,313,248	100.0%	No MOD
54	Oak Park	\$ 1,732,264	90,600	\$ 19.12	\$ 1,039,358	\$ 692,906	\$ 86,613	\$ 7.65	\$ 1,732,264	100.0%	No MOD
55	Oakland GWK Drain District	\$ 110,202	8,900	\$ 12.38	\$ 66,121	\$ 44,081	\$ 5,510	\$ 4.95	\$ 110,202	100.0%	No MOD
56	Plymouth	\$ 1,347,805	43,600	\$ 30.91	\$ 808,683	\$ 539,122	\$ 67,390	\$ 12.37	\$ 1,347,805	100.0%	No MOD
57	Plymouth Township	\$ 5,475,700	153,900	\$ 35.58	\$ 3,285,420	\$ 2,190,280	\$ 273,785	\$ 14.23	\$ 5,475,700	100.0%	No MOD
58	Redford Township	\$ 3,639,646	153,000	\$ 23.79	\$ 2,183,788	\$ 1,455,859	\$ 181,982	\$ 9.52	\$ 3,639,646	100.0%	No MOD
59	River Rouge	\$ 648,320	40,100	\$ 16.17	\$ 388,992	\$ 259,328	\$ 32,416	\$ 6.47	\$ 648,320	100.0%	No MOD
60	Riverview	\$ 1,066,631	44,700	\$ 23.86	\$ 639,978	\$ 426,652	\$ 53,332	\$ 9.54	\$ 1,066,631	100.0%	No MOD
61	Rockwood	\$ 306,083	9,500	\$ 32.22	\$ 183,650	\$ 122,433	\$ 15,304	\$ 12.89	\$ 306,083	100.0%	No MOD
62	Romeo	\$ 217,712	3,100	\$ 70.23	\$ 130,627	\$ 87,085	\$ 10,886	\$ 28.09	\$ 217,712	100.0%	No MOD
63	Romulus	\$ 4,523,244	199,700	\$ 22.65	\$ 2,713,946	\$ 1,809,298	\$ 226,162	\$ 9.06	\$ 4,523,244	100.0%	No MOD
64	Roseville	\$ 3,169,532	170,600	\$ 18.58	\$ 1,901,719	\$ 1,267,813	\$ 158,477	\$ 7.43	\$ 3,169,532	100.0%	No MOD
65	Royal Oak Township	\$ 256,878	10,100	\$ 25.43	\$ 154,127	\$ 102,751	\$ 12,844	\$ 10.17	\$ 256,878	100.0%	No MOD
66	Shelby Township	\$ 13,650,738	405,400	\$ 33.67	\$ 8,190,443	\$ 5,460,295	\$ 682,537	\$ 13.47	\$ 13,650,738	100.0%	No MOD
67	SOCWA	\$ 28,965,071	1,220,700	\$ 23.73	\$ 17,379,043	\$ 11,586,028	\$ 1,448,254	\$ 9.49	\$ 28,965,071	100.0%	No MOD
68	South Rockwood	\$ 145,949	4,800	\$ 30.41	\$ 87,569	\$ 58,379	\$ 7,297	\$ 12.16	\$ 145,949	100.0%	No MOD
69	Southgate	\$ 2,578,623	117,200	\$ 22.00	\$ 1,547,174	\$ 1,031,449	\$ 128,931	\$ 8.80	\$ 2,578,623	100.0%	No MOD

**Table W - 6**  
**GREAT LAKES WATER AUTHORITY**  
**Water Supply System**

Calculation of FY 2026 Wholesale Water Service Charge Schedule and Illustration of Revenue Recovery

Line No	Description	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
		Allocated Total Rev Req't	Projected Sales Volume	Net Allocated Unit Cost	Recover Via		Recover Via		Projected Revenue	Revenue Recovery	MOD / No MOD
					Fixed Monthly	Commodity Charge	Fixed Monthly	Commodity Charge			
		\$	Mcf	\$/Mcf	\$	\$	\$/mo	\$/Mcf	\$	%	(7) / (6)
		Table W - 5	Table W - 2	(1) / (2)	60% of (1)	(1)-(6)*12	(4) / 12 mos	(5) / (2)	12 * (6)+(2)*(7)	(8)/(1)	
70	St. Clair Shores	\$ 3,857,115	198,200	\$ 19.46	\$ 2,314,269	\$ 1,542,846	\$ 192,856	\$ 7.78	\$ 3,857,115	100.0%	No MOD
71	Sterling Heights	\$ 18,005,777	567,500	\$ 31.73	\$ 10,803,466	\$ 7,202,311	\$ 900,289	\$ 12.69	\$ 18,005,777	100.0%	No MOD
72	Sumpter Township	\$ 897,964	35,000	\$ 25.66	\$ 538,778	\$ 359,185	\$ 44,898	\$ 10.26	\$ 897,964	100.0%	No MOD
73	Sylvan Lake	\$ 286,888	6,600	\$ 43.47	\$ 172,133	\$ 114,755	\$ 14,344	\$ 17.39	\$ 286,888	100.0%	No MOD
74	Taylor	\$ 5,686,325	267,800	\$ 21.23	\$ 3,411,795	\$ 2,274,530	\$ 284,316	\$ 8.49	\$ 5,686,325	100.0%	No MOD
75	Trenton	\$ 2,170,306	81,600	\$ 26.60	\$ 1,302,184	\$ 868,123	\$ 108,515	\$ 10.64	\$ 2,170,306	100.0%	No MOD
76	Troy	\$ 16,659,570	424,100	\$ 39.28	\$ 9,995,742	\$ 6,663,828	\$ 832,978	\$ 15.71	\$ 16,659,570	100.0%	No MOD
77	Utica	\$ 728,982	24,000	\$ 30.37	\$ 437,389	\$ 291,593	\$ 36,449	\$ 12.15	\$ 728,982	100.0%	No MOD
78	Van Buren Township	\$ 4,153,012	125,100	\$ 33.20	\$ 2,491,807	\$ 1,661,205	\$ 207,651	\$ 13.28	\$ 4,153,012	100.0%	No MOD
79	Walled Lake	\$ 976,926	28,900	\$ 33.80	\$ 586,156	\$ 390,770	\$ 48,846	\$ 13.52	\$ 976,926	100.0%	No MOD
80	Warren	\$ 11,774,897	615,600	\$ 19.13	\$ 7,064,938	\$ 4,709,959	\$ 588,745	\$ 7.65	\$ 11,774,897	100.0%	No MOD
81	Washington Township	\$ 2,883,052	85,700	\$ 33.64	\$ 1,729,831	\$ 1,153,221	\$ 144,153	\$ 13.46	\$ 2,883,052	100.0%	No MOD
82	Wayne	\$ 2,207,407	101,000	\$ 21.86	\$ 1,324,444	\$ 882,963	\$ 110,370	\$ 8.74	\$ 2,207,407	100.0%	No MOD
83	West Bloomfield Township	\$ 13,086,358	277,100	\$ 47.23	\$ 7,851,815	\$ 5,234,543	\$ 654,318	\$ 18.89	\$ 13,086,358	100.0%	No MOD
84	Westland	\$ 7,472,191	314,400	\$ 23.77	\$ 4,483,315	\$ 2,988,877	\$ 373,610	\$ 9.51	\$ 7,472,191	100.0%	No MOD
85	Wixom	\$ 3,046,286	76,500	\$ 39.82	\$ 1,827,772	\$ 1,218,515	\$ 152,314	\$ 15.93	\$ 3,046,286	100.0%	No MOD
86	Woodhaven	\$ 1,796,211	54,800	\$ 32.78	\$ 1,077,726	\$ 718,484	\$ 89,811	\$ 13.11	\$ 1,796,211	100.0%	No MOD
87	Ypsilanti Comm Util Auth	\$ 12,800,320	486,400	\$ 26.32	\$ 7,680,192	\$ 5,120,128	\$ 640,016	\$ 10.53	\$ 12,800,320	100.0%	No MOD
88	Detroit	\$ 30,028,805	4,231,000	\$ 7.10	\$ 30,028,805		\$ 2,502,400		\$ 30,028,805	100.0%	No MOD
89	TOTAL	\$ 395,677,700	17,374,200	\$ 3,897.39	\$ 246,839,481	\$ 148,838,219	\$ 20,569,957	\$ 8.57	\$ 395,677,700	100.0%	
90	MOD Customers	1 \$ 5,679,496	134,700	\$ 42.16	\$ 3,407,698	\$ 2,271,799	\$ 283,975	\$ 16.87	\$ 5,679,496	100.0%	MOD
91	No MOD Customers	87 \$ 389,998,203	17,239,500	\$ 3,855.22	\$ 243,431,783	\$ 146,566,421	\$ 20,285,982	\$ 8.50	\$ 389,998,203	100.0%	No MOD
92	Total	88 \$ 395,677,700	17,374,200	\$ 3,897.39	\$ 246,839,481	\$ 148,838,219	\$ 20,569,957	\$ 8.57	\$ 395,677,700	100.0%	

**Table W - 7**  
**GREAT LAKES WATER AUTHORITY**  
**Water Supply System**

Illustration of the Impact of Contract Adjustments to Detroit and Flint

Line No	Description	(1) Proforma Revenue Existing Charges <i>Table W - 2</i>	(2) SHARE	(3) Adjusted Allocated Rev Req't <i>Table W - 5</i>	(4) Charge Adjustment Required <i>(3) - (1)</i>	(5) \$ Charge Adjustment Required <i>(4) / (1)</i>
<b><u>Detroit</u></b>						
1	Allocated Wholesale Rev Req't	\$ 47,003,835	12.509%	\$ 49,892,179	\$ 2,888,344	6.14%
2	Flint KWA Adjustment	\$ 790,965		\$ 836,626	\$ 45,661	5.77%
3	Subtotal Wholesale	\$ 47,794,800		\$ 50,728,805	\$ 2,934,005	6.14%
4	Detroit Ownership Adjustment	\$ (20,700,000)		\$ (20,700,000)	\$ -	0.00%
5	<b>Adjusted Total</b>	<b>\$ 27,094,800</b>		<b>\$ 30,028,805</b>	<b>\$ 2,934,005</b>	<b>10.83%</b>
<b><u>Flint</u></b>						
6	Allocated Wholesale Rev Req't	\$ 10,543,284	2.958%	\$ 11,191,160	\$ 647,875	6.14%
7	Detroit Ownership Adjustment	\$ 656,791		\$ 669,944	\$ 13,153	2.00%
8	<b>Subtotal Wholesale</b>	<b>\$ 11,200,075</b>		<b>\$ 11,861,104</b>	<b>\$ 661,029</b>	<b>5.90%</b>
9	Flint KWA Adjustment	\$ (6,447,335)		\$ (6,447,335)	\$ -	0.00%
10	<b>Adjusted Total</b>	<b>\$ 4,752,740</b>		<b>\$ 5,413,769</b>	<b>\$ 661,029</b>	<b>13.91%</b>
<b><u>All Other Member Partners</u></b>						
11	Allocated Wholesale Rev Req't	\$ 316,091,749	84.533%	\$ 334,594,361	\$ 18,502,613	5.85%
12	Flint KWA Adjustment	\$ 5,656,370		\$ 5,610,709	\$ (45,661)	-0.81%
13	Subtotal Wholesale	\$ 321,748,119		\$ 340,205,070	\$ 18,456,951	5.74%
14	Detroit Ownership Adjustment	\$ 20,043,209		\$ 20,030,056	\$ (13,153)	-0.07%
15	<b>Adjusted Total</b>	<b>\$ 341,791,328</b>		<b>\$ 360,235,126</b>	<b>\$ 18,443,798</b>	<b>5.40%</b>
<b><u>Total System</u></b>						
16	Allocated Wholesale Rev Req't	\$ 373,638,868	100.000%	\$ 395,677,700	\$ 22,038,832	5.90%
17	Flint KWA Adjustment	\$ -		\$ -	\$ -	
18	<b>Subtotal Wholesale</b>	<b>\$ 373,638,868</b>		<b>\$ 395,677,700</b>	<b>\$ 22,038,832</b>	<b>5.90%</b>
19	Detroit Ownership Adjustment	\$ -		\$ -	\$ -	
20	<b>Subtotal Wholesale</b>	<b>\$ 373,638,868</b>		<b>\$ 395,677,700</b>	<b>\$ 22,038,832</b>	<b>5.90%</b>



## B. Sewage Disposal System

Worksheet	Description
<b>Table S-1</b>	<b>Preliminary FY 2026 Revenue Requirement and Charge Adjustment Summary</b>

Description Table S-1 presents a summary of the comprehensive Sewage Disposal System Budgeted Revenue Requirements for FY 2025 compared to the approved FY 2026 Revenue Requirements. This is the budget the Study started with which was provided by GLWA. Once the Study is completed the Revenue from Charges (Line 1) is adjusted to the Study results with the effect of the rounding to hundreds adjusted to Miscellaneous Revenues (Line 2).

<b>Table S-2</b>	<b>FY 2026 Proforma Revenue Under Existing Charges</b>
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Description Table S-2 illustrates the calculation of proforma FY 2026 revenues under the existing FY 2025 service charge schedule. This table separates the proforma revenue projections into amounts related to:

- "Wholesale" revenue requirements;
- Contractual adjustment to implementation of the Detroit Ownership Adjustment;
- Specific contractual adjustments to reflect the OMID specific charges.

This is necessary to provide context to the results of the cost of service analyses and charge adjustment presented in Tables S-5 and S-6. The total proforma revenue of \$507.09 million in Column 8 of the table becomes the "Baseline Revenue" on Line 16 in Table S-1.

<b>Table S-3</b>	<b>FY 2026 Sewer SHARES</b>
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Description Table S-3 presents the FY 2026 SHARES and compares them to the existing SHARES. As mentioned herein, the FY 2026 SHARES remain unchanged from those used in the FY 2025 rate calculations.

<b>Table S-4</b>	<b>Proposed FY 2026 GLWA Pollutant Surcharge Rates</b>
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Description FY 2026 pollutant surcharges were increased by a uniform 4.44%.

<b>Table S-5</b>	<b>Allocation of FY 2026 Revenue Requirements and Adjustments to Member Partners</b>
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Description Table S-5 shows the FY 2026 Revenue Requirements to Member Partners. Since there was no change in SHARES a uniform increase of 4.44% was

Worksheet	Description
	<p>applied to the proforma revenue based on FY 2025 charges to compute the allocated revenue requirements in Column 2.</p> <p>The "Detroit Capital Ownership Adjustment" identified in the Agreements is reduced from Detroit and allocated to all other Member Partners (based on their SHARES) in Column 3. The OMID specific contractual amounts are applied in Column 5.</p> <p>The FY 2026 Sewer Charges contain an adjustment related to Green Infrastructure expenditures made by DWSD, shown in Column 7. In accordance with the NPDES Permit, DWSD spends approximately \$2 million annually on Green Infrastructure initiatives. In accordance with the Agreements, 17% of such costs are the responsibility of GLWA's suburban wholesale Member Partners. This budgeted GLWA operating expense of \$340,000 is originally assigned to the CSO 83/17 Cost Pool, and Detroit is allocated 83% of that amount, or \$282,200. The adjustment in Column 7 reverses that initial allocation and reallocates it to all other Member Partners based on their 17% share.</p> <p>The total revenue requirement to be recovered from charges is shown in Column 8. Amounts may not match the charge sheets as rounding of the monthly fixed charge could result in different annual amounts.</p> <p>The calculations herein do not produce specific charge proposals for the Detroit retail class.</p>
<b>Table S-6</b>	<b>Proposed FY 2026 Wholesale Sewer Service Charge Schedule - Fixed Monthly Charges</b>
Description	Table S-6 calculates the FY 2026 Wholesale Sewer Service Charges. The charges for Member Partners continue to consist entirely of fixed monthly charges are simply the amounts from Table S-5 divided by 12.
<b>Table S-7</b>	<b>Comparison of Existing and New Fixed Monthly Service Charges</b>
Description	Table S-7 compares the FY 2026 Wholesale Sewer Service Charges to the existing charges.
<b>Table S-8</b>	<b>Comparison of Annual Revenues from Existing and New Charges</b>
Description	Table S-8 compares the projected revenues from the FY 2026 Wholesale Sewer Service Charges to the proforma revenue based on existing FY 2025 charges.

Worksheet	Description
Table S-9	FY 2026 Industrial Waste Control Charges

Description    The Industrial Waste Control Charges escalate based on retail connection size, and an “administrative only” fee is presented for certain Member Partner communities. Rates were increased by a uniform 4.44%.

# GREAT LAKES WATER AUTHORITY

## FY 2026 Water and Sewer Cost of Service Study

May 12, 2025

### Sewage Disposal System

Table	Description
S-1	Summary of Preliminary FY 2026 Revenue Requirement and Charge Adjustment
S-2	FY 2026 Proforma Revenue Under Existing Charges
S-3	FY 2026 Sewer SHARES
S-4	Proposed FY 2026 GLWA Pollutant Surcharge Rates
S-5	Allocation of FY 2026 Revenue Requirements and Adjustments to Member Partners
S-6	Proposed FY 2026 Wholesale Sewer Service Charge Schedule - Fixed Monthly Charges
S-7	Comparison of Existing and Proposed Fixed Monthly Service Charges
S-8	Comparison of Annual Revenues from Existing and Proposed Charges
S-9	Proposed FY 2026 Industrial Waste Control Charges

*Note: Numbers may not match final charge sheets due to rounding*

**Table S - 1**  
**GREAT LAKES WATER AUTHORITY**  
**Sewage Disposal System**  
Summary of Preliminary FY 2026 Revenue Requirement and Charge Adjustment

Line No.	Description	(1) Approved FY 2025 Budget \$	(2) Preliminary FY 2026 Budget \$	(3) Variance \$	(4) % Variance
<b>Revenues</b>					
1	Revenues from Charges	\$ 507,596,100	\$ 529,896,800	\$ 22,300,700	4.39%
2	Other Operating Revenues	\$ 700,000	\$ 450,000	\$ (250,000)	-35.71%
3	Investment Earnings	\$ 12,356,000	\$ 14,615,200	\$ 2,259,200	18.28%
4	<b>Total Revenues</b>	<b>\$ 520,652,100</b>	<b>\$ 544,962,000</b>	<b>\$ 24,309,900</b>	<b>4.67%</b>
<b>Revenue Requirements</b>					
5	Operations & Maintenance Expense	\$ 228,934,000	\$ 236,098,700	\$ 7,164,700	3.13%
6	Debt Service	\$ 226,279,400	\$ 220,884,500	\$ (5,394,900)	-2.38%
7	General Retirement System Pension	\$ 4,846,300	\$ 5,632,800	\$ 786,500	16.23%
8	WRAP Contribution	\$ 2,651,700	\$ 2,638,500	\$ (13,200)	-0.50%
9	Extra. Repair and Repl. Deposit	\$ -	\$ -	\$ -	0.00%
10	Lease Payment	\$ 27,500,000	\$ 27,500,000	\$ -	0.00%
11	I&E Fund Transfer Pending	\$ 28,140,700	\$ 52,207,500	\$ 24,066,800	85.52%
12	Working Capital Requirements	\$ 2,300,000	\$ -	\$ (2,300,000)	-100.00%
13	<b>Total Revenue Requirements</b>	<b>\$ 520,652,100</b>	<b>\$ 544,962,000</b>	<b>\$ 24,309,900</b>	<b>4.67%</b>
<b>Revenue Requirements</b>					
14	Adjustment Index		<b>4.67%</b>	<u>~ Baseline Revenue</u>	
15	Baseline Revenue		\$ 507,090,300		
16	Change in Annual Revenue Requirement			\$ 24,309,900	4.79%
17	Change Attributable to <b>Non-Charge</b> Revenue			\$ (2,009,200)	-0.40%
18	Change Attributable to <b>Sales</b> Volumes			\$ 505,800	0.10%
19	<b>System</b> Charge Adjustment			\$ 22,806,500	<b>4.50%</b>

**Table S - 2**  
**GREAT LAKES WATER AUTHORITY**  
**Sewage Disposal System**  
 FY 2026 Proforma Revenue Under Existing Charges

Line	Description	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
		FY 2025 Monthly Charges				Proforma FY 2026 Annual Revenue			
		Wholesale Rev Req'ts	Contractual Adjustments	Green Infra Adjustment	Total	Wholesale Rev Req'ts	Contractual Adjustments	Green Infra Adjustment	Total
		(a)				(a)			
	<b>Suburban Wholesale</b>								
1	OMID	\$ 5,956,600	\$ 117,500	\$ 3,700	\$ 6,077,800	\$ 71,479,200	\$ 1,410,000	\$ 44,400	\$ 72,933,600
2	Rouge Valley	\$ 4,723,400	\$ 93,100	\$ 4,200	\$ 4,820,700	\$ 56,680,800	\$ 1,117,200	\$ 50,400	\$ 57,848,400
3	Oakland GWK	\$ 3,944,800	\$ 77,800	\$ 3,200	\$ 4,025,800	\$ 47,337,600	\$ 933,600	\$ 38,400	\$ 48,309,600
4	Evergreen Farmington	\$ 3,096,200	\$ 61,100	\$ 2,100	\$ 3,159,400	\$ 37,154,400	\$ 733,200	\$ 25,200	\$ 37,912,800
5	SE Macomb San Dist	\$ 2,131,300	\$ 42,000	\$ 1,700	\$ 2,175,000	\$ 25,575,600	\$ 504,000	\$ 20,400	\$ 26,100,000
6	Dearborn	\$ 1,754,500	\$ 34,600	\$ 2,300	\$ 1,791,400	\$ 21,054,000	\$ 415,200	\$ 27,600	\$ 21,496,800
7	Grosse Pointe Farms	\$ 227,300	\$ 4,500	\$ 700	\$ 232,500	\$ 2,727,600	\$ 54,000	\$ 8,400	\$ 2,790,000
8	Grosse Pointe Park	\$ 162,600	\$ 3,200	\$ 100	\$ 165,900	\$ 1,951,200	\$ 38,400	\$ 1,200	\$ 1,990,800
9	Melvindale	\$ 134,300	\$ 2,700	\$ 100	\$ 137,100	\$ 1,611,600	\$ 32,400	\$ 1,200	\$ 1,645,200
10	Farmington	\$ 102,400	\$ 2,000	\$ 100	\$ 104,500	\$ 1,228,800	\$ 24,000	\$ 1,200	\$ 1,254,000
11	Center Line	\$ 89,600	\$ 1,800	\$ 100	\$ 91,500	\$ 1,075,200	\$ 21,600	\$ 1,200	\$ 1,098,000
12	Allen Park	\$ 72,200	\$ 1,400	\$ -	\$ 73,600	\$ 866,400	\$ 16,800	\$ -	\$ 883,200
13	Grosse Pointe	\$ 99,900	\$ 2,000	\$ 300	\$ 102,200	\$ 1,198,800	\$ 24,000	\$ 3,600	\$ 1,226,400
14	Highland Park	\$ 404,200	\$ 8,000	\$ 2,900	\$ 415,100	\$ 4,850,400	\$ 96,000	\$ 34,800	\$ 4,981,200
15	Hamtramck	\$ 365,300	\$ 7,200	\$ 2,300	\$ 374,800	\$ 4,383,600	\$ 86,400	\$ 27,600	\$ 4,497,600
16	Harper Woods	\$ 13,900	\$ 300	\$ -	\$ 14,200	\$ 166,800	\$ 3,600	\$ -	\$ 170,400
17	Redford Township	\$ 28,600	\$ 600	\$ 200	\$ 29,400	\$ 343,200	\$ 7,200	\$ 2,400	\$ 352,800
18	Wayne County #3	\$ 4,000	\$ 100	\$ 100	\$ 4,200	\$ 48,000	\$ 1,200	\$ 1,200	\$ 50,400
19	<b>Subtotal Suburban Wholesale</b>	<b>\$ 23,311,100</b>	<b>\$ 459,900</b>	<b>\$ 24,100</b>	<b>\$ 23,795,100</b>	<b>\$ 279,733,200</b>	<b>\$ 5,518,800</b>	<b>\$ 289,200</b>	<b>\$ 285,541,200</b>
20	Detroit	\$ 17,644,100	\$ (459,700)	\$ (24,000)	\$ 17,160,400	\$ 211,729,200	\$ (5,516,400)	\$ (288,000)	\$ 205,924,800
21	<b>Total Wholesale</b>	<b>\$ 40,955,200</b>	<b>\$ 200</b>	<b>\$ 100</b>	<b>\$ 40,955,500</b>	<b>\$ 491,462,400</b>	<b>\$ 2,400</b>	<b>\$ 1,200</b>	<b>\$ 491,466,000</b>

**Table S - 2**  
**GREAT LAKES WATER AUTHORITY**  
**Sewage Disposal System**  
 FY 2026 Proforma Revenue Under Existing Charges

Line	Description	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
		FY 2025 Monthly Charges				Proforma FY 2026 Annual Revenue			
		Wholesale Rev Req'ts	Contractual Adjustments	Green Infra Adjustment	Total	Wholesale Rev Req'ts	Contractual Adjustments	Green Infra Adjustment	Total
		(a)				(a)			
22	OMID Direct *	\$ -	\$ 164,700	\$ -	\$ 164,700	\$ -	\$ 1,976,400	\$ -	\$ 1,976,400
23	<b>Total Member Partner</b>	<b>\$ 40,955,200</b>	<b>\$ 164,900</b>	<b>\$ 100</b>	<b>\$ 41,120,200</b>	<b>\$ 491,462,400</b>	<b>\$ 1,978,800</b>	<b>\$ 1,200</b>	<b>\$ 493,442,400</b>
24	<b>OMID Total *</b>	<b>\$ 5,956,600</b>	<b>\$ 282,200</b>	<b>\$ 3,700</b>	<b>\$ 6,242,500</b>	<b>\$ 71,479,200</b>	<b>\$ 3,386,400</b>	<b>\$ 44,400</b>	<b>\$ 74,910,000</b>
<b><u>Industrial Specific Charges</u></b>									
25	Industrial Waste Control					\$ 8,749,000			\$ 8,749,000
26	Industrial Surcharges					\$ 4,898,900			\$ 4,898,900
27	Subtotal					\$ 13,647,900	\$ -	\$ -	\$ 13,647,900
28	<b>Total</b>					<b>\$ 505,110,300</b>	<b>\$ 1,978,800</b>	<b>\$ 1,200</b>	<b>\$ 507,090,300</b>
	(a) DWSD Ownership Benefit								

**Table S - 3**  
**GREAT LAKES WATER AUTHORITY**  
**Sewage Disposal System**  
**FY 2026 Sewer SHARES**

		(1)	(2)	(3)	(4)
Line No.	Description	Existing FY 2025 SHARE	Proposed FY 2026 SHARE	Variance	% Variance
See 2nd "Triannual SHARES Report				(2) - (1)	(3) / (1)
Suburban Wholesale					
1	OMID	14.544%	14.544%	0.000%	0.0%
2	Rouge Valley	11.533%	11.533%	0.000%	0.0%
3	Oakland GWK	9.632%	9.632%	0.000%	0.0%
4	Evergreen Farmington	7.560%	7.560%	0.000%	0.0%
5	SE Macomb San Dist	5.204%	5.204%	0.000%	0.0%
6	Dearborn	4.284%	4.284%	0.000%	0.0%
7	Grosse Pointe Farms	0.555%	0.555%	0.000%	0.0%
8	Grosse Pointe Park	0.397%	0.397%	0.000%	0.0%
9	Melvindale	0.328%	0.328%	0.000%	0.0%
10	Farmington	0.250%	0.250%	0.000%	0.0%
11	Center Line	0.219%	0.219%	0.000%	0.0%
12	Allen Park	0.176%	0.176%	0.000%	0.0%
13	Grosse Pointe	0.244%	0.244%	0.000%	0.0%
14	Highland Park	0.987%	0.987%	0.000%	0.0%
15	Hamtramck	0.892%	0.892%	0.000%	0.0%
16	Harper Woods	0.034%	0.034%	0.000%	0.0%
17	Redford Township	0.070%	0.070%	0.000%	0.0%
18	Wayne County #3	0.010%	0.010%	0.000%	0.0%
19	Subtotal Suburban Wholesale	56.919%	56.919%	0.000%	0.0%
20	Detroit	43.081%	43.081%	0.000%	0.0%
21	Total	100.000%	100.000%	0.000%	



**Table S - 4**  
**GREAT LAKES WATER AUTHORITY**  
**Sewage Disposal System**  
Proposed FY 2026 GLWA Pollutant Surcharge Rates

Line No.	Description	Charge
1	Biochemical Oxygen Demand (BOD) - for concentrations > 275 mg/l	\$ 0.409
2	Total Suspended Solids (TSS) - for concentrations > 350 mg/l	\$ 0.548
3	Phosphorus (PHOS) - for concentrations > 12 mg/l	\$ 7.907
4	Fats, Oils, and Grease (FOG) - for concentrations > 100 mg/l	\$ 0.131
5	Septage Disposal Fee - per 500 gallons of disposal	\$ 40.00

**Table S - 5**  
**GREAT LAKES WATER AUTHORITY**  
**Sewage Disposal System**

Allocation of FY 2026 Revenue Requirements and Adjustments to Member Partners

Line No.	Description	(1) FY 2026 SHARE	(2) Allocated Wholesale Rev Req	(3) Detroit Capital Ownership Adjustment	(4) Adjusted Allocated Rev Req	(5) OMID Specific	(6) Total Wholesale Rev Reqs	(7) Additional Elements	(8) Adjusted Total Rev Reqs
			\$ 513,268,900	\$ 5,516,000				\$ 282,200	
	Table S - 3				(2) + (3)		(4) + (5)	(a)	(6) + (7)
	<b>Suburban Wholesale</b>								
1	OMID	14.544%	\$ 74,650,200	\$ 1,409,600	\$ 76,059,800	\$ 2,374,600	\$ 78,434,400	\$ 43,900	\$ 78,478,300
2	Rouge Valley	11.533%	\$ 59,195,300	\$ 1,117,700	\$ 60,313,000		\$ 60,313,000	\$ 49,100	\$ 60,362,100
3	Oakland GWK	9.632%	\$ 49,437,600	\$ 933,400	\$ 50,371,000		\$ 50,371,000	\$ 37,400	\$ 50,408,400
4	Evergreen Farmington	7.560%	\$ 38,802,700	\$ 732,600	\$ 39,535,300		\$ 39,535,300	\$ 24,700	\$ 39,560,000
5	SE Macomb San Dist	5.204%	\$ 26,710,200	\$ 504,300	\$ 27,214,500		\$ 27,214,500	\$ 19,500	\$ 27,234,000
6	Dearborn	4.284%	\$ 21,988,000	\$ 415,200	\$ 22,403,200		\$ 22,403,200	\$ 27,100	\$ 22,430,300
7	Grosse Pointe Farms	0.555%	\$ 2,848,600	\$ 53,800	\$ 2,902,400		\$ 2,902,400	\$ 8,400	\$ 2,910,800
8	Grosse Pointe Park	0.397%	\$ 2,037,800	\$ 38,500	\$ 2,076,300		\$ 2,076,300	\$ 1,000	\$ 2,077,300
9	Melvindale	0.328%	\$ 1,683,100	\$ 31,800	\$ 1,714,900		\$ 1,714,900	\$ 1,200	\$ 1,716,100
10	Farmington	0.250%	\$ 1,283,300	\$ 24,200	\$ 1,307,500		\$ 1,307,500	\$ 900	\$ 1,308,400
11	Center Line	0.219%	\$ 1,122,900	\$ 21,200	\$ 1,144,100		\$ 1,144,100	\$ 900	\$ 1,145,000
12	Allen Park	0.176%	\$ 904,800	\$ 17,100	\$ 921,900		\$ 921,900	\$ 500	\$ 922,400
13	Grosse Pointe	0.244%	\$ 1,252,000	\$ 23,600	\$ 1,275,600		\$ 1,275,600	\$ 3,800	\$ 1,279,400
14	Highland Park	0.987%	\$ 5,065,600	\$ 95,600	\$ 5,161,200		\$ 5,161,200	\$ 34,300	\$ 5,195,500
15	Hamtramck	0.892%	\$ 4,578,100	\$ 86,400	\$ 4,664,500		\$ 4,664,500	\$ 26,500	\$ 4,691,000
16	Harper Woods	0.034%	\$ 174,200	\$ 3,300	\$ 177,500		\$ 177,500	\$ 200	\$ 177,700
17	Redford Township	0.070%	\$ 358,400	\$ 6,800	\$ 365,200		\$ 365,200	\$ 2,200	\$ 367,400
18	Wayne County #3	0.010%	\$ 50,100	\$ 900	\$ 51,000		\$ 51,000	\$ 600	\$ 51,600
19	<b>Subtotal Suburban Wholesale</b>	<b>56.919%</b>	<b>\$ 292,142,900</b>	<b>\$ 5,516,000</b>	<b>\$ 297,658,900</b>	<b>\$ 2,374,600</b>	<b>\$ 300,033,500</b>	<b>\$ 282,200</b>	<b>\$ 300,315,700</b>

**Table S - 5**  
**GREAT LAKES WATER AUTHORITY**  
**Sewage Disposal System**

Allocation of FY 2026 Revenue Requirements and Adjustments to Member Partners

Line No.	Description	(1) FY 2026 SHARE	(2) Allocated Wholesale Rev Req	(3) Detroit Capital Ownership Adjustment	(4) Adjusted Allocated Rev Req	(5) OMID Specific	(6) Total Wholesale Rev Reqs	(7) Additional Elements	(8) Adjusted Total Rev Reqs
			\$ 513,268,900	\$ 5,516,000				\$ 282,200	
	Table S - 3				(2) + (3)		(4) + (5)	(a)	(6) + (7)
20	Detroit	43.081%	\$ 221,122,100	\$ (5,516,000)	\$ 215,606,100		\$ 215,606,100	\$ (282,200)	\$ 215,323,900
21	<b>Total</b>	<b>100.000%</b>	<b>\$ 513,265,000</b>	<b>\$ -</b>	<b>\$ 513,265,000</b>	<b>\$ 2,374,600</b>	<b>\$ 515,639,600</b>	<b>\$ -</b>	<b>\$ 515,639,600</b>

(a) Reallocation of the \$340,000 budgeted Green Infrastructure O&M expense payment to DWSD, which is originally assigned to the CSO 83/17 Cost Pool.

The adjustment reverses the 83% of that amount assigned to Detroit Customers and reallocates it to all other customers based on their 17% share.

**Table S - 6****GREAT LAKES WATER AUTHORITY****Sewage Disposal System****Proposed FY 2026 Wholesale Sewer Service Charge Schedule - Fixed Monthly Charges**

Line No.	Description	(1)	(2)	(3)	(4)	(5)	(6)	(7)
		Allocated Wholesale Rev Req	Detroit Capital Ownership Adjustment	Adjusted Allocated Rev Req	OMID Specific	Total Wholesale Rev Reqs	Additional Elements	Total Amount for Charges
		\$	\$	\$	\$	\$	\$	\$
Rounding Adj								
<b>Suburban Wholesale</b>								
1	OMID	\$ 6,220,900	\$ 117,400	\$ 6,338,300	\$ 197,900	\$ 6,536,200	\$ 3,700	\$ 6,539,900
2	Rouge Valley	\$ 4,932,900	\$ 93,200	\$ 5,026,100		\$ 5,026,100	\$ 4,100	\$ 5,030,200
3	Oakland GWK	\$ 4,119,800	\$ 77,800	\$ 4,197,600		\$ 4,197,600	\$ 3,100	\$ 4,200,700
4	Evergreen Farmington	\$ 3,233,600	\$ 61,000	\$ 3,294,600		\$ 3,294,600	\$ 2,100	\$ 3,296,700
5	SE Macomb San Dist	\$ 2,225,900	\$ 42,000	\$ 2,267,900		\$ 2,267,900	\$ 1,600	\$ 2,269,500
6	Dearborn	\$ 1,832,300	\$ 34,600	\$ 1,866,900		\$ 1,866,900	\$ 2,300	\$ 1,869,200
7	Grosse Pointe Farms	\$ 237,400	\$ 4,500	\$ 241,900		\$ 241,900	\$ 700	\$ 242,600
8	Grosse Pointe Park	\$ 169,800	\$ 3,200	\$ 173,000		\$ 173,000	\$ 100	\$ 173,100
9	Melvindale	\$ 140,300	\$ 2,600	\$ 142,900		\$ 142,900	\$ 100	\$ 143,000
10	Farmington	\$ 106,900	\$ 2,000	\$ 108,900		\$ 108,900	\$ 100	\$ 109,000
11	Center Line	\$ 93,600	\$ 1,700	\$ 95,300		\$ 95,300	\$ 100	\$ 95,400
12	Allen Park	\$ 75,400	\$ 1,500	\$ 76,900		\$ 76,900	\$ -	\$ 76,900
13	Grosse Pointe	\$ 104,300	\$ 2,000	\$ 106,300		\$ 106,300	\$ 300	\$ 106,600
14	Highland Park	\$ 422,100	\$ 8,000	\$ 430,100		\$ 430,100	\$ 2,900	\$ 433,000
15	Hamtramck	\$ 381,500	\$ 7,200	\$ 388,700		\$ 388,700	\$ 2,200	\$ 390,900

**Table S - 6****GREAT LAKES WATER AUTHORITY****Sewage Disposal System****Proposed FY 2026 Wholesale Sewer Service Charge Schedule - Fixed Monthly Charges**

Line No.	Description	(1)	(2)	(3)	(4)	(5)	(6)	(7)
		Allocated Wholesale Rev Reqt	Detroit Capital Ownership Adjustment	Adjusted Allocated Rev Reqt	OMID Specific	Total Wholesale Rev Reqt	Additional Elements	Total Amount for Charges
		\$	\$	\$	\$	\$	\$	\$
		Rounding Adj						
16	Harper Woods	\$ 14,500	\$ 300	\$ 14,800		\$ 14,800	\$ -	\$ 14,800
17	Redford Township	\$ 29,900	\$ 500	\$ 30,400		\$ 30,400	\$ 200	\$ 30,600
18	Wayne County #3	\$ 4,200	\$ -	\$ 4,200		\$ 4,200	\$ 100	\$ 4,300
19	<b>Subtotal Suburban Wholesale</b>	<b>\$ 24,345,300</b>	<b>\$ 459,500</b>	<b>\$ 24,804,800</b>	<b>\$ 197,900</b>	<b>\$ 25,002,700</b>	<b>\$ 23,700</b>	<b>\$ 25,026,400</b>
20	Detroit	\$ 18,426,800	\$ (459,600)	\$ 17,967,200		\$ 17,967,200	\$ (23,500)	\$ 17,943,700
21	<b>Total</b>	<b>\$ 42,772,100</b>	<b>\$ (100)</b>	<b>\$ 42,772,000</b>	<b>\$ 197,900</b>	<b>\$ 42,969,900</b>	<b>\$ 200</b>	<b>\$ 42,970,100</b>

**Table S - 7**  
**GREAT LAKES WATER AUTHORITY**  
**Sewage Disposal System**  
 Comparison of Existing and Proposed Fixed Monthly Service Charges

Line No.	Description	(1)	(2)	(3)	(4)
		Existing FY 2025 Charges \$/mo	Proposed FY 2026 Charges \$/mo	Variance \$/mo	% Variance
		Table S - 2	Table S - 6		
	<b><u>Suburban Wholesale</u></b>				
1	OMID	\$ 6,242,500	\$ 6,539,900	\$ 297,400	4.8%
2	Rouge Valley	\$ 4,820,700	\$ 5,030,200	\$ 209,500	4.3%
3	Oakland GWK	\$ 4,025,800	\$ 4,200,700	\$ 174,900	4.3%
4	Evergreen Farmington	\$ 3,159,400	\$ 3,296,700	\$ 137,300	4.3%
5	SE Macomb San Dist	\$ 2,175,000	\$ 2,269,500	\$ 94,500	4.3%
6	Dearborn	\$ 1,791,400	\$ 1,869,200	\$ 77,800	4.3%
7	Grosse Pointe Farms	\$ 232,500	\$ 242,600	\$ 10,100	4.3%
8	Grosse Pointe Park	\$ 165,900	\$ 173,100	\$ 7,200	4.3%
9	Melvindale	\$ 137,100	\$ 143,000	\$ 5,900	4.3%
10	Farmington	\$ 104,500	\$ 109,000	\$ 4,500	4.3%
11	Center Line	\$ 91,500	\$ 95,400	\$ 3,900	4.3%
12	Allen Park	\$ 73,600	\$ 76,900	\$ 3,300	4.5%
13	Grosse Pointe	\$ 102,200	\$ 106,600	\$ 4,400	4.3%
14	Highland Park	\$ 415,100	\$ 433,000	\$ 17,900	4.3%
15	Hamtramck	\$ 374,800	\$ 390,900	\$ 16,100	4.3%
16	Harper Woods	\$ 14,200	\$ 14,800	\$ 600	4.2%
17	Redford Township	\$ 29,400	\$ 30,600	\$ 1,200	4.1%
18	Wayne County #3	\$ 4,200	\$ 4,300	\$ 100	2.4%
19	<b>Subtotal Suburban Wholesale</b>	<b>\$ 23,959,800</b>	<b>\$ 25,026,400</b>	<b>\$ 1,066,600</b>	<b>4.45%</b>
20	Detroit Customers	\$ 17,160,400	\$ 17,943,700	\$ 783,300	4.56%
21	<b>Total Member Partner Wholesale</b>	<b>\$ 41,120,200</b>	<b>\$ 42,970,100</b>	<b>\$ 1,849,900</b>	<b>4.50%</b>
22	* Detroit - Gross	\$ 17,160,400	\$ 17,943,700	\$ 783,300	4.56%
23	less: Fixed Ownership Benefit	\$ (459,600)	\$ (459,600)	\$ -	0.00%
24	<b>Detroit Net of Ownership Benefit</b>	<b>\$ 17,160,400</b>	<b>\$ 17,943,700</b>	<b>\$ 783,300</b>	<b>4.56%</b>

**Table S - 8**  
**GREAT LAKES WATER AUTHORITY**  
**Sewage Disposal System**  
 Comparison of Annual Revenues from Existing and Proposed Charges

Line No.	Description	(1)	(2)	(3)	(4)
		Pro forma Based on Existing FY 2025 Charges	Proposed FY 2026 Charges	Variance	% Variance
		\$	\$	\$	
<b><u>Suburban Wholesale</u></b>					
1	OMID	\$ 74,910,000	\$ 78,478,800	\$ 3,568,800	4.8%
2	Rouge Valley	\$ 57,848,400	\$ 60,362,400	\$ 2,514,000	4.3%
3	Oakland GWK	\$ 48,309,600	\$ 50,408,400	\$ 2,098,800	4.3%
4	Evergreen Farmington	\$ 37,912,800	\$ 39,560,400	\$ 1,647,600	4.3%
5	SE Macomb San Dist	\$ 26,100,000	\$ 27,234,000	\$ 1,134,000	4.3%
6	Dearborn	\$ 21,496,800	\$ 22,430,400	\$ 933,600	4.3%
7	Grosse Pointe Farms	\$ 2,790,000	\$ 2,911,200	\$ 121,200	4.3%
8	Grosse Pointe Park	\$ 1,990,800	\$ 2,077,200	\$ 86,400	4.3%
9	Melvindale	\$ 1,645,200	\$ 1,716,000	\$ 70,800	4.3%
10	Farmington	\$ 1,254,000	\$ 1,308,000	\$ 54,000	4.3%
11	Center Line	\$ 1,098,000	\$ 1,144,800	\$ 46,800	4.3%
12	Allen Park	\$ 883,200	\$ 922,800	\$ 39,600	4.5%
13	Grosse Pointe	\$ 1,226,400	\$ 1,279,200	\$ 52,800	4.3%
14	Highland Park	\$ 4,981,200	\$ 5,196,000	\$ 214,800	4.3%
15	Hamtramck	\$ 4,497,600	\$ 4,690,800	\$ 193,200	4.3%
16	Harper Woods	\$ 170,400	\$ 177,600	\$ 7,200	4.2%
17	Redford Township	\$ 352,800	\$ 367,200	\$ 14,400	4.1%
18	Wayne County #3	\$ 50,400	\$ 51,600	\$ 1,200	2.4%
19	<b>Subtotal Suburban Wholesale</b>	<b>\$ 287,517,600</b>	<b>\$ 300,316,800</b>	<b>\$ 12,799,200</b>	<b>4.5%</b>
20	Detroit	\$ 205,924,800	\$ 215,324,400	\$ 9,399,600	4.6%
21	<b>Total Member Partner Wholesale</b>	<b>\$ 493,442,400</b>	<b>\$ 515,641,200</b>	<b>\$ 22,198,800</b>	<b>4.5%</b>
<b><u>Industrial Specific Charges</u></b>					
22	Industrial Waste Control	\$ 8,749,000	\$ 9,150,300	\$ 401,300	4.6%
23	Industrial Surcharges	\$ 4,898,900	\$ 5,112,700	\$ 213,800	4.4%
24	Subtotal	\$ 13,647,900	\$ 14,263,000	\$ 615,100	4.5%
25	<b>Total</b>	<b>\$ 507,090,300</b>	<b>\$ 529,904,200</b>	<b>\$ 22,813,900</b>	<b>4.5%</b>
26	* Detroit - Gross	\$ 211,440,800	\$ 220,840,400	\$ 9,399,600	4.4%
27	less: Fixed Ownership Benefit	\$ (5,516,000)	\$ (5,516,000)	\$ -	0.0%
28	<b>Detroit Net of Ownership Benefit</b>	<b>\$ 205,924,800</b>	<b>\$ 215,324,400</b>	<b>\$ 9,399,600</b>	<b>4.6%</b>

**Table S - 9**  
**GREAT LAKES WATER AUTHORITY**  
**Sewage Disposal System**  
Proposed FY 2026 Industrial Waste Control Charges

Line No.	Meter Size	Equivalency Ratio	Unit Rate	
			Industrial Waste Control	Administrative Only Ind. Waste Control
1	5/8	1.0	\$ 3.89	\$ 0.97
2	3/4	1.5	\$ 5.84	\$ 1.46
3	1	2.5	\$ 9.73	\$ 2.43
4	1-1/2	5.5	\$ 21.40	\$ 5.34
5	2	8.0	\$ 31.12	\$ 7.76
6	3	14.5	\$ 56.41	\$ 14.07
7	4	20.0	\$ 77.80	\$ 19.40
8	6	30.0	\$ 116.70	\$ 29.10
9	8	50.0	\$ 194.50	\$ 48.50
10	10	70.0	\$ 272.30	\$ 67.90
11	12	80.0	\$ 311.20	\$ 77.60
12	14	100.0	\$ 389.00	\$ 97.00
13	16	120.0	\$ 466.80	\$ 116.40
14	18	140.0	\$ 544.60	\$ 135.80
15	20	160.0	\$ 622.40	\$ 155.20
16	24	180.0	\$ 700.20	\$ 174.60
17	30	200.0	\$ 778.00	\$ 194.00
18	36	220.0	\$ 855.80	\$ 213.40
19	48	240.0	\$ 933.60	\$ 232.80





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## Financial Services Audit Committee Communication

**Date:** June 6, 2025

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

**From:** Kim Garland, CPA, Deputy Chief Financial Officer

**Re:** Quarterly Economic Outlook Task Force Update

**Background & Analysis:** In July 2021, the administration for the Great Lakes Water Authority (GLWA) began conversations with vendors, analysts, supply chain experts, and others to better understand the potential impact of global and economic conditions on GLWA's capital and operating budgets. In September 2021, Public Sector Consultants (PSC) was engaged to work with the GLWA Procurement team, the GLWA Capital Improvement Planning team, and other stakeholders to conduct an economic analysis and identify impacts on the annual capital improvement plan.

This effort became the Economic Outlook Task Force (EOTF) which went on to assist GLWA in many ways. One outcome was the identification of key indicators relevant to our industry and the region to help gauge economic impacts on GLWA operational and financial scenario planning.

The work of the EOTF has continued in the form of ongoing surveillance of those key indicators. GLWA and its PSC partners provide updates throughout the year to assist in monitoring and responding to ongoing economic change.

Included with this memo is the May 2025 EOTF Update reflecting to be presented by the PSC senior advisory team.

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

# Economic Outlook Task Force Update

## GLWA Audit Committee

May 2025

Public Sector Consultants



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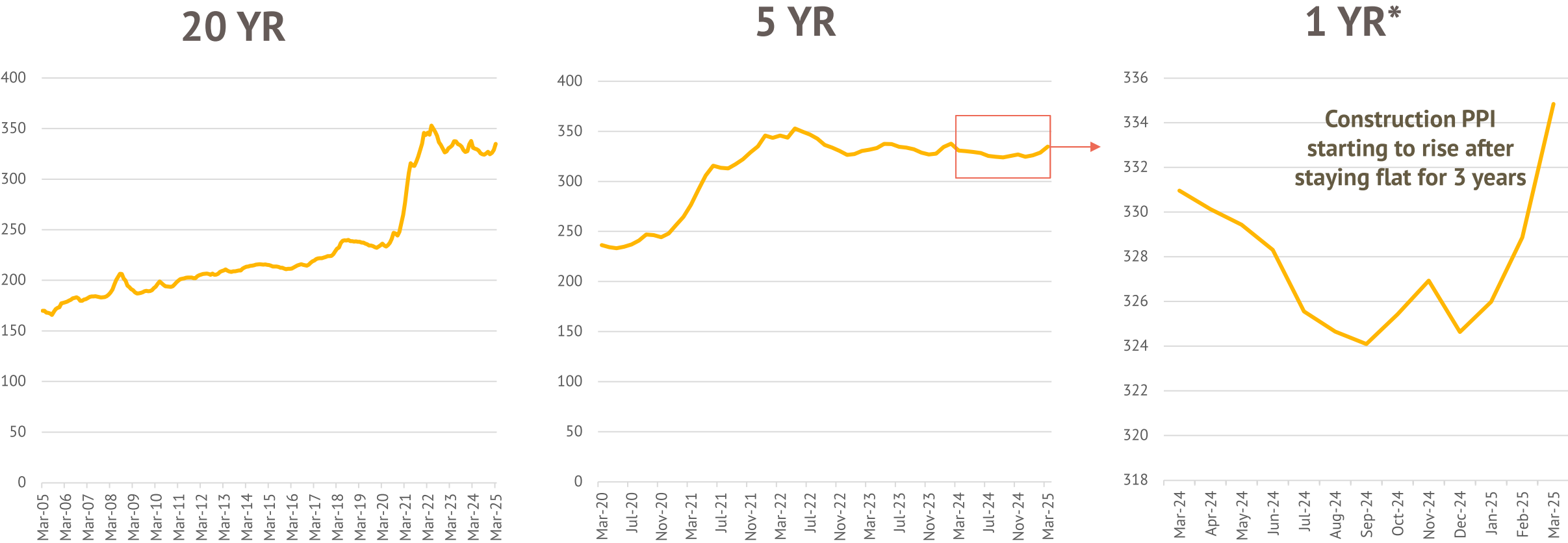
# Executive Summary: 2025 Q1 in Review

- The national economy is showing signs of cracks—lower production, supply chain issues—that particularly impact the auto industry. The federal administration's tariff policies have created uncertainty:
  - Impact on prices has not shown up in inflation reports, but we expect a lag
  - Commodity prices and availability will be impacted depending on which countries they are imported from primarily
- GDP contracted in Q1 of 2025 with a 0.3% decline, the first contraction since Q1 of 2022. April jobs report showed that hiring held steady.
- As predicted, inflation for 2024 lowered to 2.9% and continued a downward trend reaching 2.4% in March 2025; however, tariffs and supply chain interruptions could reverse this progress
  - Fed has signaled a wait-and-see approach as it monitors the Trump Administration's policy announcements
  - Trade negotiations during the 90 day pause on tariffs will be crucial to the ultimate impact





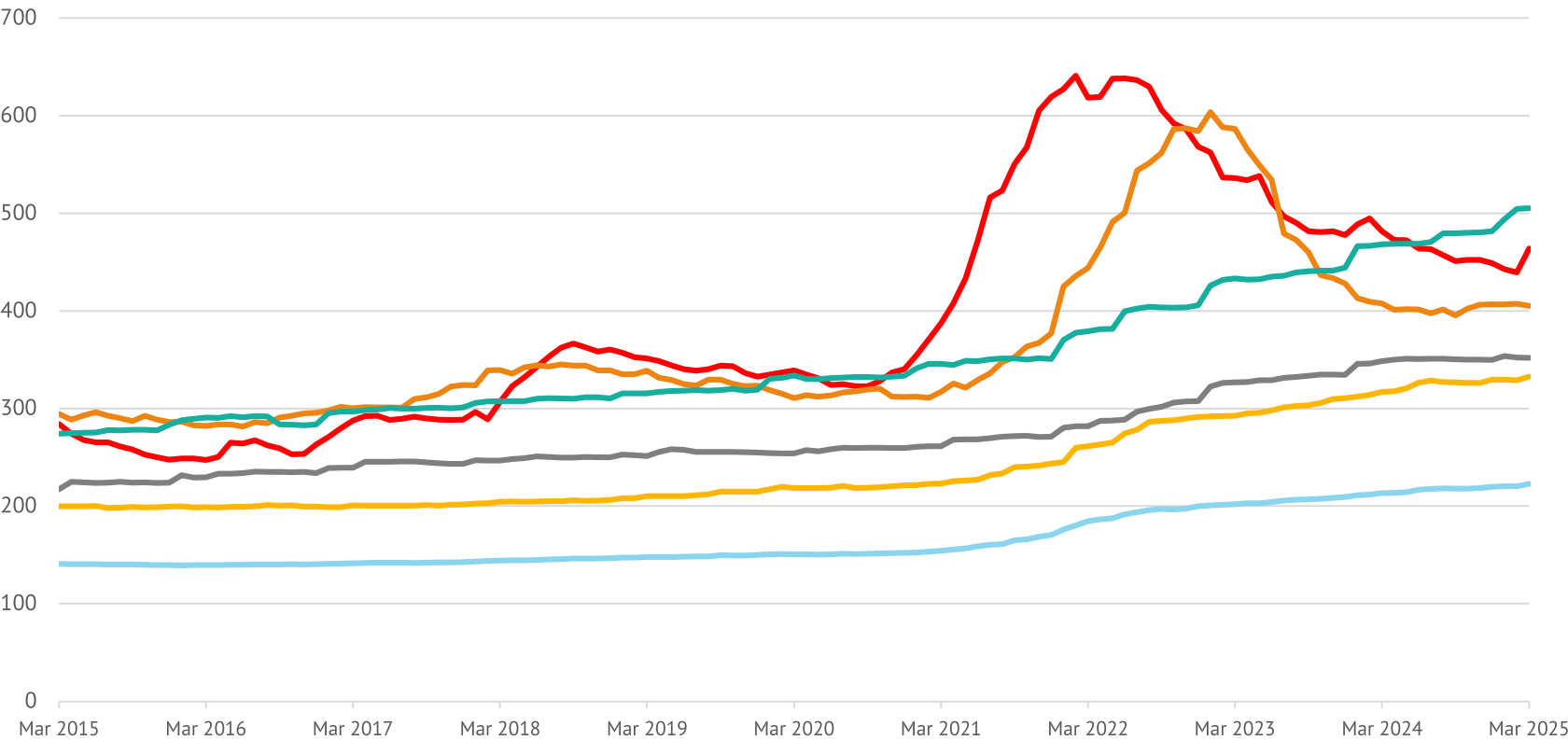
# Construction Materials: Producer Price Index



Source: Bureau of Labor Statistics, Producer Price Index  
\*Note the different vertical axis for 1YR



# Priority Materials: Producer Prices



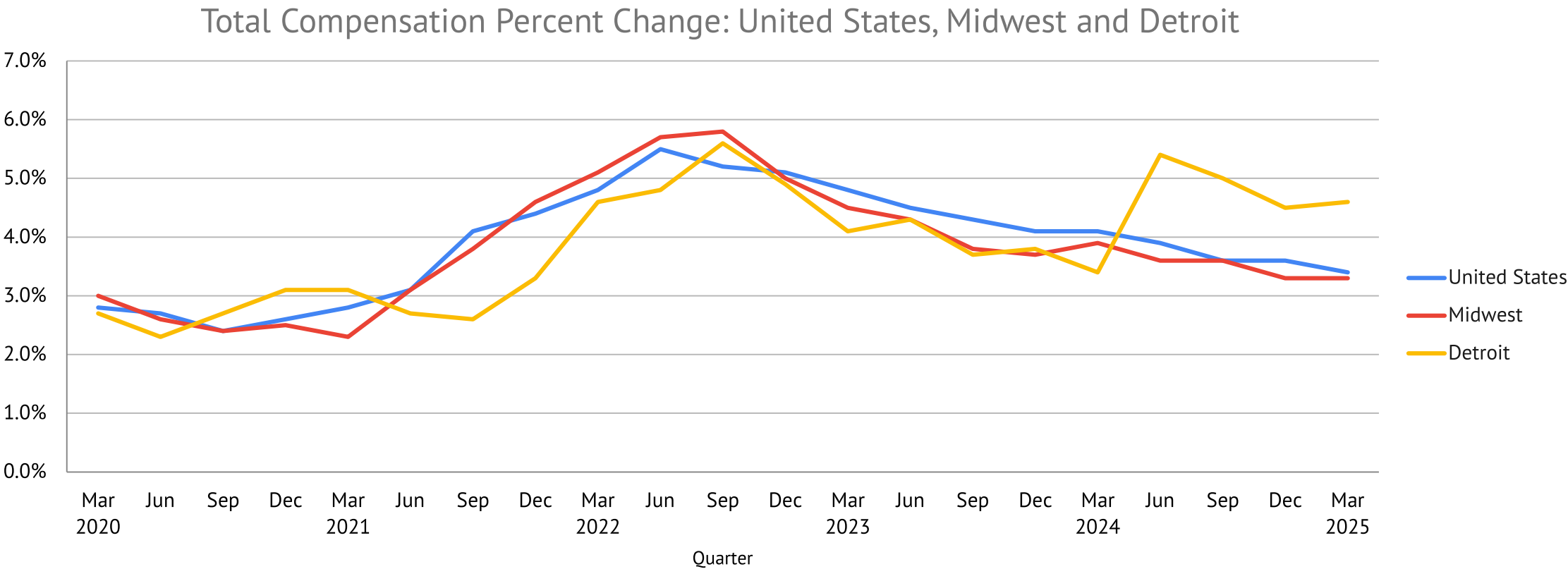
Percent Change	10YR	5YR	1YR
Iron and Steel Pipes and Tubes	63%	37%	-4%
Chlorine	38%	30%	-1%
Aggregates	84%	51%	8%
Cement	62%	39%	1%
Electrical Switch Gear/Board	66%	52%	5%
Elect Equipment	58%	48%	4%



Source: Bureau of Labor Statistics, Producer Price Index



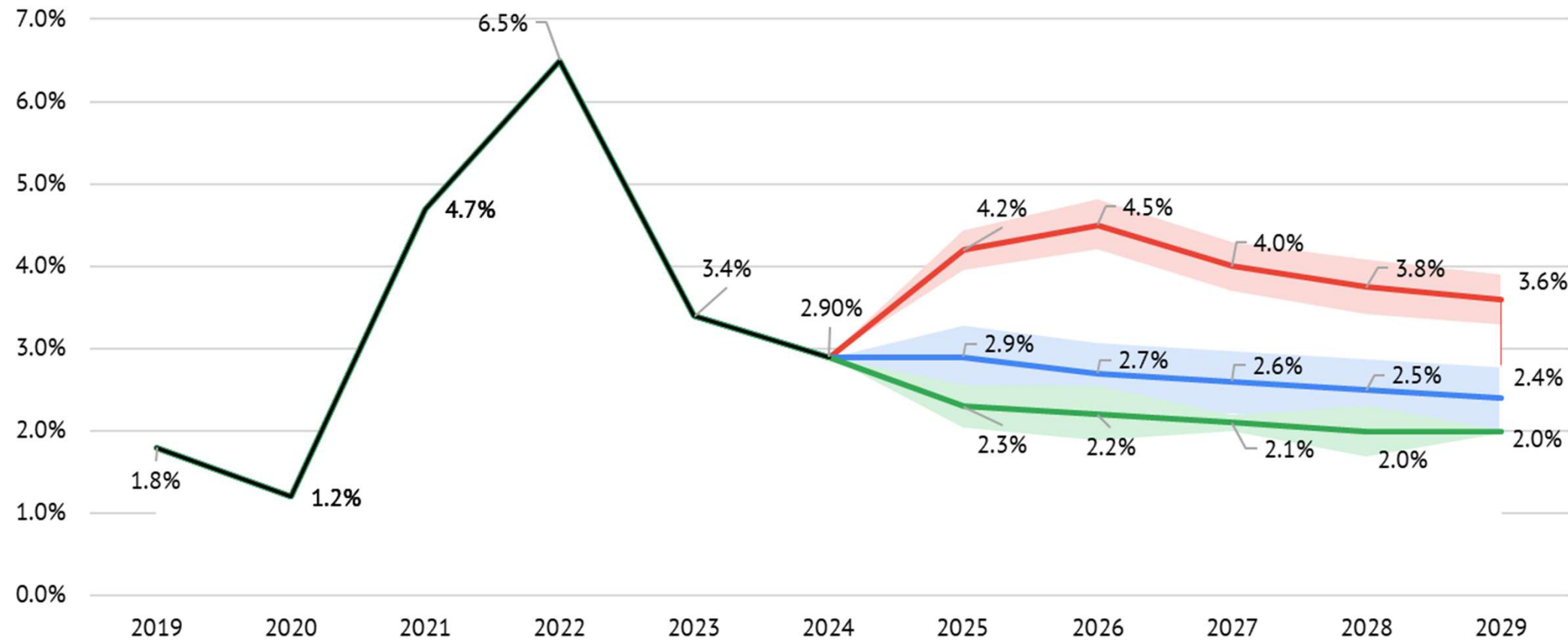
# Wages: Total Compensation



Source: Employment Cost Index, Bureau of Labor Statistics (BLS)



# Southeast Michigan Inflation Forecast





# Looking Ahead in 2025: Key Drivers to Watch

- The impact of fluid policies remains uncertain, but we expect downward pressure on economic growth and upward pressure on inflation
- Trade War and negotiations during the 90 day pause on most new tariffs
- Inflationary pressures could delay or reverse interest rate reductions
  - The Fed only lowered rates 100 bps in 2024 and expectations for further cuts in 2025 are volatile as the Fed weighs recessionary risk versus inflation
- Cuts to federal spending programs and staff
- Labor market exhibiting some cautionary indicators: slowdown in hiring and slight decrease in labor force participation
- Consumer sentiment has dropped to lowest levels since the pandemic
- Local economy more exposed than national economy due to concentration of the auto industry
  - Risk of higher prices and lower employment





**Welcome to the May edition of *The Procurement Pipeline***, a monthly newsletter designed to provide updates on doing business with the Great Lakes Water Authority (GLWA).

## ***Procurement Tip of the Month: Navigating GLWA's Bonfire Procurement Portal***

Vendors visiting GLWA's [Bonfire Procurement Portal](#) homepage may navigate through four distinct tabs that provide both current and prospective vendors with important information about GLWA opportunities and contracts. GLWA encourages vendors to explore the Bonfire Portal to gain greater familiarity with past and present projects as well as the GLWA procurement process. Read below to learn more about the information contained in each tab.

***Open Public Opportunities*** – In this tab, vendors can view a full list of GLWA open opportunities. Selecting “View Opportunity” takes vendors to the project page where they can download project information and documents, review public notices from the GLWA buyer, and submit questions.

***Past Public Opportunities*** – In this tab, vendors can view a searchable list of projects that were previously advertised as open opportunities. Selecting “View Opportunity” takes vendors to the project page where they can view project details, supporting documentation, and all past communications to vendors from the GLWA Buyer.

***Public Contracts*** – In this tab, vendors can view a searchable list of GLWA's public contracts. Selecting “View” on any contract will allow vendors to see the awarded vendor, the contract's start date, end date, status (whether active, expired, pending, or terminated), and if it is extendable. In addition, vendors can also review a copy of the executed contract, as well as any change orders, amendments, or extensions.

***My Opportunities*** – In this tab, vendors can view both opportunities that they have been invited to

participate in and opportunities that they have created submissions for. Note that while a Bonfire vendor profile is *not* required to view Open Public Opportunities, Past Public Opportunities, or Public Contracts, to receive an invite to, or to submit a bid/proposal for, a GLWA project, vendors must create and maintain an active profile in Bonfire. Questions navigating the GLWA Bonfire portal or creating a free Vendor profile may be directed to [GLWAVendorOutreach@glwater.org](mailto:GLWAVendorOutreach@glwater.org).

## **Virtual Vendor Introduction Meetings**

If you are interested in learning more about doing business with GLWA, contact us at [GLWAVendorOutreach@glwater.org](mailto:GLWAVendorOutreach@glwater.org) to schedule a virtual vendor introduction meeting. Topics include information on how to submit a competitive bid or proposal to any GLWA solicitation.

## **Keeping up with GLWA**

Our Chief Executive Officer (CEO) Monthly Report provides a wealth of information and news about important initiatives within GLWA's service territory that impact GLWA, its member partners, and the public. To read the April 2025 Monthly Report, please [click here](#).

## **What's Coming Down the Pipe?**

***Current Solicitations:*** Register in GLWA's [Bonfire Procurement Portal](#) for new solicitations and contract award information.

***Upcoming Procurements: Next Three to Nine Months***—See newsletter page 2.

## **Visit GLWA online!**

To see the GLWA vendor homepage, please visit [www.glwater.org](http://www.glwater.org) or contact us via email at [procurement@glwater.org](mailto:procurement@glwater.org).

## Upcoming Solicitations May 2025

Category	CIP #	Description/Project Title	Budget Estimate
<b>Water System (next four to nine months)</b>			
Construction	111001	Lake Huron Water Treatment Plant – LH-401 Switchgear and Low Lift Improvements	\$95,000,000
Design Build	170803	Reservoir Rehabilitation Phase III	\$51,830,000
<b>Wastewater Systems (next four to nine months)</b>			
Construction	273001	Hubbell Southfield CSO Facility Improvements	\$56,000,000
Construction	261001	Critical Repairs to Secondary Clarifiers and B-Houses	\$4,360,000
Design	270002	Meldrum Sewer Diversion and VR-15 Improvements	\$2,000,000
Construction	211009	EB-20 Substation Replacement and Primary Area Gas Detection System Upgrade	\$4,400,000
Design	270009	Site improvements at BC, BLI and STA CSO Facilities	\$640,000
<b>Water System (next three months)</b>			
Professional Services	O&M	Sludge Contract	\$22,498,000
<b>Wastewater (next three months)</b>			
Construction	232002	Conner Creek Sanitary Pump Station	\$167,000,000
Construction	213006	WRRF Improvements to Sludge Feed Pumps at Dewatering Facilities	\$16,000,000
Construction	260904	WRRF 3 <sup>rd</sup> Floor Renovation (New Administration Building)	\$9,900,000
Construction	270006	CSO Facility Improvements II	\$18,900,000
<b>Projects moved to Procurement Team (Preparing for solicitation on Bonfire)</b>			
Professional Services	O&M	Investment Advisor	\$2,200,000
Professional Services	O&M	Crane Rental	\$853,125
Professional Services	O&M	Staffing Services	\$500,000
Design	113010	Southwest WTP Flocculation Improvements	\$4,933,000
Professional Services	O&M	Oakwood Sewer District PFAS/PFOS Assessment and Remediation Opportunities	\$2,000,000
Professional Services	O&M	Valve Reconditioning Service	\$54,000,000
Construction	122016	Downriver Transmission Main Loop – Phase 1 – Inkster Road	\$2,172,102
Professional Services	O&M	Gate and Fence Maintenance/Repair Services	\$750,000
Professional Services	O&M	Refuse and Recycling Services	\$654,000
Professional Services	O&M	Glass and Glazing Repair/Replacement Services	\$400,000
Professional Services/Supplies	O&M	Flooring Covering	\$246,000
Construction	270006	CSO Facility Improvements II	\$17,500,000
Construction	260904	Renovation of the New Administration Building 3 <sup>rd</sup> Floor	\$8,500,000
Construction	260510	CSO Outfall Rehabilitation Phase VI	\$10,000,000
Construction	260206	Rehabilitation of 7 Mile Sewer System	\$10,000,000
Professional Services	O&M	System Control Center Support Services	\$4,935,840
Design	270007	CSO Facility Disinfection Improvements	\$2,063,930
Supplies	O&M	Phosphoric Acid	\$1,969,800
Construction	211005	Pump Station 2 VFD Replacement at WRRF	\$20,000,000
Professional Services	O&M	Sludge Removal – Northeast WTP	\$22,498,060
Supplies/Equipment	O&M	Inductively Coupled Plasma Mass Spectrometer (ICP-MS) System	\$200,000

Vendors should continue to monitor [Bonfire](#) for solicitation updates.

Acronyms		
<b>WRRF:</b> Water Resource Recovery Facility	<b>CSO:</b> Combined Sewer Overflow	<b>WTP:</b> Water Treatment Plant