



PRELIMINARY (as of January 10, 2018)
FY 2019 and FY 2020 Biennial Budget and
FY 2019 through FY 2023 Five-Year Plan Overview
Variance Analysis & Commentary

*Presentation to Great Lakes Water Authority
Board of Directors
January 10, 2018*



We are
One water.

In the following tables, a budget variance for each “Operating Area” (denoted in blue) as a whole is addressed followed by each cost center (denoted in light gray). Commentary regarding these variances provides insight into the budgetary decisions made in the preparation of the five-year plan.

Operating Area and Group	\$ Change	% Change
Water Operating and Field Services Area Chief: Cheryl Porter	Increase of \$62,400	0.1%
Water Operations		
The Water Operations Group produces and delivers water of unquestionable quality to nearly 40% of the State of Michigan’s population while meeting or exceeding all state, federal, local, and department standards for quality and safety.		
Chief Operating Officer – Water Operations & Field Services	Increase of \$101,600	20.3%
Narrative: Chief Operating Officer - Water Operations & Field Services budget total for FY 2018 is \$499,400, approximately 20.3% less than the requested budget for FY 2019 of \$601,000, or a negative variance of \$101,600. Significant variances of specific line item expense include: <ul style="list-style-type: none"> ✓ Personnel Costs: The need for a higher level of expertise to support the COO - Water Operations resulted in Salaries/Wages/Benefits increase that was not anticipated. This variance is due to a Management Professional position being transferred from the Field Engineering cost center (882411). 		
Water Director	Increase of \$170,500	14.9%
Narrative: Water Director budget total for FY 2018 is \$1,145,800, approximately 14.9% less than the requested budget for FY 2019 of \$1,316,300, or a negative variance of \$170,500. Significant variances of specific line item expense include: <ul style="list-style-type: none"> ✓ Personnel Costs: Increase of \$237,000 - Special Projects Manager position; Infrastructure Administrator position, Team Leader position; 2 - Management Professional positions. All positions transferred from other Water Operations areas in order to accommodate the higher level of expertise required. ✓ Training: Decrease of \$62,000 - \$43,000 allocated to Contractual Professional Services for Bromberg & Associates, LLC translator services; \$19,000 of budget transferred to Water Engineering cost center (882111) to better realign with the nature of the cost center 		

Operating Area and Group	\$ Change	% Change
Water Operations (Five Water Treatment Plants)	Decrease of \$1,527,900	-2.9%
<p>Narrative: Water Operations (Five Water Treatment Plants) budget total for FY 2018 is \$52,110,100, approximately 2.9% more than the requested budget for FY 2019 of \$50,582,200, or a positive variance of \$1,527,900. Significant variances of specific line item expense include:</p> <ul style="list-style-type: none"> ✓ Repairs & Maintenance-Equipment: Decrease of \$357,700 – Variable Frequency Drive (VFD) budget captured in Contractual Operating Services. Duplicate budgeted item removed from Repairs & Maintenance-Equipment budget. ✓ Utilities: Decrease of \$895,300 as a result of an analysis to gain an understanding of the true budgetary requirement based on FY 2017 full year of actual expenses. Decreased water demand leads to decreased energy consumption. ✓ Operating Supplies: Increase of \$64,000 as a result of expense realignments. Budget for FY 2019 calculated to align with current and new expense expectations after review and analysis of FY 2017 full year actual expenses. ✓ Chemicals: Decrease of \$338,900 as a result of optimized chemical purchases. The most widely used chemicals at the five water treatment plants are aluminum sulfate, chlorine, fluorosilicic acid (dental protection) and phosphoric acid (corrosion control for lead and copper pipe protection). The GLWA has aggressively sought out new suppliers and worked with current suppliers to secure better prices and gain lower unit costs. The quantity of water produced influences how chemical costs change. 		
Energy Management	Increase of \$224,000	139.0%
<p>The Energy Management group monitors and manages the energy efficiency of the GLWA facilities. They implement conservation measures, monitor energy consumption, assess business decisions for sustainability and seek out opportunities for increasing energy efficiency. The Energy Management group works in conjunction with engineers and consultants to prepare proposals in order to make energy-related recommendations to the GLWA’s executive leadership team.</p>		
<p>Narrative: Energy Management budget total for FY 2018 is \$161,100, approximately 139.0% less than the requested budget for FY 2019 of \$385,100, or a negative variance of \$224,000. Significant variances of specific line item expense include:</p> <ul style="list-style-type: none"> ✓ Personnel Costs: Decrease of \$20,000 - Budget for overtime is not a requirement for salaried positions; budget removed as a result. ✓ Contractual Transition Services: Decrease of \$45,300 – Contract positions are not expected for FY 2019. ✓ Capital Program: Salaries & Wages (contra account): Increase of \$312,600 - Energy Management employees do not have direct deliverables to capital projects; budget for this contra account removed as a result (decrease to contra account, increase to budget). 		

Operating Area and Group	\$ Change	% Change
Pumping Stations (Water Only)	Increase of \$495,600	5.6%
<p>Narrative: Pumping Stations (Water Only) budget total for FY 2018 is \$8,925,100, approximately 5.6% less than the requested budget for FY 2019 of \$9,420,700, or a negative variance of \$495,600. Significant variances of specific line item expense include:</p> <ul style="list-style-type: none"> ✓ Utilities: Increase of \$495,600 as a result of an analysis to gain an understanding of the true budgetary requirement based on FY 2017 full year of actual expenses. Increased water demands leads to increased energy consumption in order to transport enough safe drinking water to the GLWA's communities. Energy consumption is dependent on flow rate, total pressure, climate (more intense rainfall) and overall pump efficiency. 		
Facility and Fleet Operations	Decrease of \$1,453,500	-10.8%
<p>The Facility and Fleet Group is responsible for maintaining and managing all properties, such as the grounds and structures associated with the water and wastewater system.</p> <p>Narrative: Facility and Fleet Operations budget total for FY 2018 is \$13,438,900, approximately 10.8% more than the requested budget for FY 2019 of \$11,985,400, or a positive variance of \$1,453,500. Significant variances of specific line item expense include:</p> <ul style="list-style-type: none"> ✓ Contractual Buildings & Grounds Maintenance: Decrease of \$1,100,000 as a result of expense realignments. Budget for FY 2019 calculated to align with expected upcoming projects and existing contracts after review and analysis of FY 2017 full year actual expenses. A greater number of skilled employees have come aboard in order to reduce the utilization of contracts. ✓ Repairs & Maintenance-Buildings & Ground: Decrease of \$343,000 as a result of expense realignments. Budget for FY 2019 calculated to align with expected upcoming projects and existing contracts after review and analysis of FY 2017 full year actual expenses. A greater number of skilled employees have come aboard in order to reduce the utilization of contracts; Decrease of \$80,000 - budget moved to Fleet cost center (882422) to cover additional expected expenses for Waterfront Petroleum. ✓ Operating Supplies – Fuel: Decrease of \$120,000 – budget transferred to correct cost center (Fleet Operations - 882422) from incorrect cost center (Facility Operations – 882421) for Waterfront Petroleum expenses. ✓ Operating Supplies – Fuel: Increase of \$200,000 – budget transferred from incorrect cost center (Facility Operations – 882421) to correct cost center (Fleet Operations – 882422) for Waterfront Petroleum expenses. 		

Operating Area and Group	\$ Change	% Change
Field Services	Increase of \$1,894,100	10.2%
<p>The Field Group is responsible for ensuring reliable service of customer delivery and collection in the water system, as well as all associated equipment, such as valves, gates, interceptors and siphons.</p>		
<p>Narrative: Field Services budget total for FY 2018 is \$18,654,900, approximately 10.2% less than the requested budget for FY 2019 of \$20,549,000, or a negative variance of \$1,894,100. Significant variances of specific line item expense include:</p> <ul style="list-style-type: none"> ✓ Personnel Costs: Increase of \$1,703,900 (offset by a decrease in Systems Operations Control cost center (882301) of \$1,914,300); 34 positions (includes the following classifications: Team Leaders, Mechanical; Team Leaders, Electrical; Maintenance Technicians and EICT-Electricians) transferred from Systems Control cost center (882301) as a result of staff restructuring on the basis of continuous improvement and workload balance for efficiency. ✓ Contractual Transition Services: Increase of \$2,350,000 (offset by a decrease in Systems Operations Control cost center (882301) of \$2,086,500); Contract for Lakeshore Global Corporation now split between Systems Control & Field Services Director. ✓ Travel: Increase of \$10,000 – budget transferred from Field Engineering cost center (882411) to Field Service Director’s cost center (882401). ✓ Training: Decrease of \$80,000 - Budget for FY 2019 calculated to align with current and new expense expectations after review and analysis of FY 2017 full year actual expenses. ✓ Capital Program: Salaries & Wages (contra account): Decrease of \$1,511,900 (offset by an increase in Systems Operations Control cost center (882301) of \$1,269,800); 34 positions (includes the following classifications: Team Leaders, Mechanical; Team Leaders, Electrical; Maintenance Technicians and EICT-Electricians) transferred from Systems Control cost center (882301) as a result of staff restructuring on the basis of continuous improvement and workload balance for efficiency. ✓ Personnel Costs: Decrease of \$256,500 - 3 positions transferred to (1 - Water Quality; 1 – Chief Operating Officer – Water Operations & Field Services; 1 - Water Director) in order to ensure that the current organizational headcount level remains stable and to properly staff other Water Operations areas with the higher level of expertise required. ✓ Personnel Transition Adjustment: Increase of \$75,000 for this contra account. The level of personnel transition is stabilizing for FY 2019. At least 75% of vacant positions are expected to be filled by FY 2019. The impact of this reduction is a net increase to the FY 2019 budget. ✓ Contractual Transition Services: Decrease of \$258,000 – Contract positions are not expected for FY 2019. ✓ Contractual Operating Services: Increase of \$169,900 - Budget for Shared Service Agreement - OPS-002 Miss Digg Field Services; Somat contract for General Engineering Services; Sigma Associates Inc. contract for General Engineering Services. 		

Operating Area and Group	\$ Change	% Change
<ul style="list-style-type: none"> ✓ Travel: Decrease of \$10,000 – budget transferred to Field Service Director’s cost center (882401) from Field Engineering cost center (882411). ✓ Personnel Costs: Decrease of \$796,000 – Salaries/Wages/Benefits calculated using current employee base salaries; budget for overtime calculated to align with current and new expense expectations after review and analysis of FY 2017 full year actual expenses. ✓ Contractual Operating Services: Increase of \$1,283,400 – Budget for expected expenses related to the following contracts: Lakeshore Global, Inc. contract for Water Transmission Main Repair; Wade Trim Associates, Inc. contract for Engineering Support & Technical Assistance; Metco Services Inc. contract for General Engineering Services to properly identify water main assets. ✓ Operating Supplies: Decrease of \$792,800 as a result of expense realignments. Budget for FY 2019 calculated to align with expected upcoming projects and existing contracts after review and analysis of FY 2017 full year actual expenses. 		
Research Innovation	Increase of \$1,115,900	New Cost Center
<p>The Research Innovation Group will help identify key areas for collaboration across research programs, research coordination and priorities, and streamline of energy management to enable the development of technology and promote innovation as well as economic growth. The Research Innovation Group will manage and coordinate research efforts to provide cost savings, reduce waste, and ensure that research activities are not duplicated across the GLWA.</p>		
<p>Narrative: Research Innovation budget total for FY 2018 is \$0, 100.0% less than the requested budget for FY 2019 of \$1,115,900, or a negative variance of \$1,115,900. Total of increase is offset by a decrease of \$1,129,900 in the Chief Planning Officer’s cost center (886001) for FY 2019. Significant variances of specific line item expense include:</p>		
<ul style="list-style-type: none"> ✓ Personnel Costs: Increase of \$386,900 (offset by decrease in Chief Planning Officer’s cost center (886001)) – New Cost Center created in FY 2018; Previously resided in Chief Planning Officer's cost center (886001) and budgeted at \$369,900 for FY 2018; Director's position was budgeted at 50% for FY 2018 and currently budgeted at 75% for FY 2019. ✓ Contractual Professional Services: Increase of \$425,000 (offset by decrease in Chief Planning Officer’s cost center (886001)) – New Cost Center created in FY 2018; previously resided in Chief Planning Officer's cost center (886001) and budgeted at \$425,000 for FY 2018. ✓ Memberships, Licenses & Subscriptions: Increase of \$298,000 (offset by decrease in Chief Planning Officer’s cost center (886001)) – New Cost Center created in FY 2018; previously resided in Chief Planning Officer's cost center (886001) and budgeted at \$298,000 for FY 2018. 		

Operating Area and Group	\$ Change	% Change
<ul style="list-style-type: none"> ✓ Mileage & Parking: Increase of \$400 (offset by decrease in Chief Planning Officer’s cost center (886001)) – New Cost Center created in FY 2018; previously resided in Chief Planning Officer's cost center (886001) and budgeted at \$3,000 for FY 2018. ✓ Travel: Increase of \$3,400 (offset by decrease in Chief Planning Officer’s cost center (886001)) – New Cost Center created in FY 2018; previously resided in Chief Planning Officer's cost center (886001) and budgeted at \$25,000 for FY 2018. ✓ Training: Increase of \$2,200 (offset by decrease in Chief Planning Officer’s cost center (886001)) – New Cost Center created in FY 2018; previously resided in Chief Planning Officer's cost center (886001) and budgeted at \$9,000 for FY 2018. 		
Systems Operations Control	Decrease of \$699,400	-3.6%
<p>The Systems Control Group operates the water transmission system by controlling & monitoring the distribution of water throughout the Regional Water System. Our treatment and distribution system is controlled by an award-winning state-of-the-art Supervisory Control and Data Acquisition (SCADA) system. Operators remotely control the many pumps and valves that allow the system to deliver water to all communities.</p>		
<p>Narrative: Systems Operations Control budget total for FY 2018 is \$19,226,600, approximately 3.6% more than the requested budget for FY 2019 of \$18,527,200, or a positive variance of \$699,400. Significant variances of specific line item expense include:</p>		
<ul style="list-style-type: none"> ✓ Personnel Costs: Decrease of \$1,914,300 (offset by an increase in Field Services Director’s cost center (882401) of \$1,703,900); 34 positions (includes the following classifications: Team Leaders, Mechanical; Team Leaders, Electrical; Maintenance Technicians and EICT-Electricians) transferred from Systems Control cost center (882301) to Field Service Director’s cost center (882401) as a result of staff restructuring on the basis of continuous improvement and workload balance for efficiency. ✓ Personnel Transition Adjustment: Increase of \$ 525,000 for this contra account. The level of personnel transition is stabilizing for FY 2019. At least 75% of vacant positions are expected to be filled by FY 2019. The impact of this reduction is a net increase to the FY 2019 budget. ✓ Contractual Transition Services: Decrease of \$2,086,500 (offset by an increase Field Services Director’s cost center (882401) of \$2,350,000); Contract for Lakeshore Global Corporation now split between Systems Control & Field Services Director; Budget for portion of contracts related to employees that will never transition to GLWA employees moved to Contractual Professional Services. ✓ Contractual Operating Services: Increase of \$653,000 – Budget for expected expenses related to the following contract: Lakeshore Global Corporation contract for Specialized Services (Materials/Equipment) portion of contract. ✓ Contractual Professional Services: Increase of \$998,700 - Budget for expected expenses related to the following contract: Lakeshore Global Corporation contract for Specialized Services portion of contract that will never transition to GLWA employees. 		

Operating Area and Group	\$ Change	% Change
<ul style="list-style-type: none"> ✓ Repairs & Maintenance-Equipment: Decrease of \$315,300 - Duplicate budgeted item that is already included in another line item under Repairs & Maintenance-Equipment for motor repairs and correlator services and a duplicate budgeted item that is already included in Contractual Operating Services for Variable Frequency Drive (VFD); Duplicate budgeted items removed from Repairs & Maintenance budget. ✓ Rentals-Office Equipment: Decrease of \$27,500 – Budget transferred to Capital Outlay less than \$5K for office furniture. ✓ Capital Program: Salaries & Wages (contra account): Increase of \$1,269,800 (offset by a decrease in Field Services Director’s cost center (882401) of \$1,511,900); 34 positions (includes the following classifications: Team Leaders, Mechanical; Team Leaders, Electrical; Maintenance Technicians and EICT-Electricians) transferred from Systems Control cost center (882301) to Field Service Director’s cost center (882401) as a result of staff restructuring on the basis of continuous improvement and workload balance for efficiency. ✓ Shared Services: Salaries & Wages Reimb: Increase of \$198,500 - 34 positions (includes the following classifications: Team Leaders, Mechanical; Team Leaders, Electrical; Maintenance Technicians and EICT-Electricians) transferred from Systems Control cost center (882301)) to Field Service Director’s cost center (882401) as a result of staff restructuring on the basis of continuous improvement and workload balance for efficiency. 		
Water Engineering	Increase of \$48,000	5.2%
<p>The Engineering Group services are required for the management of capital improvements, emergencies, immediate investigations, evaluations and support to ensure continued operation and the highest level of service.</p>		
<p>Narrative: Water Engineering budget total for FY 2018 is \$920,700, approximately 5.2% less than the requested budget for FY 2019 of \$968,700, or a negative variance of \$48,000. Significant variances of specific line item expense include:</p>		
<ul style="list-style-type: none"> ✓ Capital Outlay over \$5,000 (O&M-Capitalized): Increase of \$48,000 as a result of additional space needed for new employees which requires office furniture and equipment. This increase is a positive reflection of the GLWA’s recruitment success in bringing Engineering capacity in house, reducing consulting expenses as well as allowing improvement in capital program delivery in Water Operations. 		

Operating Area and Group	\$ Change	% Change
Water Quality	Increase of \$189,100	19.7%
<p>The Water Quality Group is responsible for the majority of the testing and reporting of water quality throughout the water system by managing & applying the state and federal rules to the entire water system.</p>		
<p>Narrative: Water Quality budget total for FY 2018 is \$958,600, approximately 19.7% less than the requested budget for FY 2019 of \$1,147,700, or a negative variance of \$189,100. Significant variances of specific line item expense include:</p>		
<ul style="list-style-type: none"> ✓ <u>Personnel Costs:</u> Increase of \$189,100 - Eight new positions added (4 positions transferred from Water Engineering; 1 transferred from Systems Control; 1 transferred from Field Engineering; 2 additional position requests from FY 2018 and FY 2019 approved budget (for FY 2019)) to address two upcoming regulatory monitoring increases: (1) Environmental Protection Agency (EPA) intended elimination of reduced monitoring for consecutive systems plus annual versus triennial monitoring for some parameters such as Lead (Pb) and Copper (Cu) – tripling potential analysis; (2) Potential for renewing/modifying Lead (Pb) corrosion control optimization studies for the water treatment plants based on Environmental Protection Agency (EPA) / State of Michigan (SOM) current direction. 		
Water System Operations Unallocated	Decrease of \$495,600	-24.3%
<p>Narrative: Water System Operations Unallocated Reserve budget total for FY 2018 is \$2,036,500, approximately 24.3% more than the requested budget for FY 2019 of \$1,540,900, or a positive variance of \$495,600. Significant variances of specific line item expense include:</p>		
<ul style="list-style-type: none"> ✓ <u>Unallocated Reserve:</u> Decrease of \$495,600 as a result of increases in other water operational areas. A reasonable amount of unreserved fund balance provides for unforeseen expenditures and helps to ensure that adequate cash flow is available to meet the expected cost of Operations & Maintenance. 		

Operating Area and Group	\$ Change	% Change
Wastewater Operating Services Area Chief (Interim): Suzanne Coffey, PE	Increase of \$4,680,400	4.0%
The Wastewater Operations Services are made up of several operational components including the Combined Sewer Overflow (CSO) basins, Laboratories, Industrial Waste Control, Engineering group, Process Control Center and WRRF.		
Wastewater Operations	Decrease of \$8,028,100	-8.4%
The Wastewater Operations at the Water Resource Recovery Facility handles storm water and sanitary influent from communities throughout Southeast Michigan. This facility processes an average 660 million gallons of wastewater daily and is one of the largest wastewater facilities in the United States.		
Narrative: Wastewater Operations (at the WRRF) budget total for FY 2018 of \$95,278,000, approximately 8.4% more than the requested budget for FY 2019 of \$87,249,900, or a positive variance of \$8,028,100. This group has had additional specific divisions of its cost. In doing so, some of these costs have been noted as being part of other functional areas, thereby reducing these operating costs. Significant variances of specific line item expense include:		
<ul style="list-style-type: none"> ✓ <u>Salaries, Wages, Overtime and Benefits</u>: Decrease of \$3,402,000 – These positions have been allocated to other functional areas including Wastewater Chief Operating Officer, Wastewater Laboratories and CSO basins. ✓ <u>Contractual Services</u>: Decrease of \$1,337,000 - The largest component is a decrease in sludge land fill costs due to use of the Biosolids Dryer Facility (BDF). ✓ <u>Repairs & Maintenance</u>: Decrease of \$3,703,000 - Based on a refinement of cost allocations from prior year. ✓ <u>Operating Supplies</u>: Increase of \$350,800 – Material regularly used for operations were previously part of the repairs & maintenance budget. ✓ <u>Training</u>: Increase of \$156,500 – The training for basic health and safety was reallocated from Wastewater Director for operational personnel. 		

Operating Area and Group	\$ Change	% Change
Combined Sewer Overflow Facilities	Increase of \$6,011,600	76.2%
<p>The Combined Sewer Overflow Facilities retain surface water and untreated sewage during heavy rainfall or snowmelt that would otherwise be discharged into the environment.</p>		
<p>Narrative: Combined Sewer Overflow Facilities budget for FY 2018 is \$7,892,900, approximately 76.2% less than the requested budget for FY 2019 of \$ 13,904,500, or a negative variance of \$6,011,600. During FY 2017 and year-to-date FY 2018 effort was made to identify costs that previously may have been attributed to the WRRF. Additionally costs for the maintenance of the CSOs have been further reviewed. This would include additional budgetary values for a program of regular cleaning of CSO influent and effluent pipes. Significant variances of specific line item expense include:</p>		
<ul style="list-style-type: none"> ✓ <u>Repairs & Maintenance:</u> Increase of \$1,883,000 – The largest increase is due to tunnel and pipe cleaning projects at the Baby Creek CSO. Additional work for HVAC services at each of the facilities is also anticipated. ✓ <u>Contractual Operational Services:</u> Increase of \$2,868,000 – Several programs for facility upkeep are being initiated in FY 2019. These programs cover several areas of the CSO facilities including: Controls Contracting, Uninterruptable Power Supplies, services for annual cleaning, facility inspections for structural and roof integrity, and electrical systems review and upgrades. ✓ <u>Salaries, Wages, Overtime and Benefits:</u> Increase of \$899,000 – This is due to the budgetary recognition of 12 additional FTEs to meet staffing requirements. ✓ <u>Utilities:</u> Increase of \$756,000 as a result of an analysis to gain an understanding of the true budgetary requirement based on FY 2017 full year of actual expenses. ✓ <u>Capital Outlay over \$5000:</u> Decrease of \$728,700 – Many items identified were moved to the Improvement and Extension Fund or reclassified as repairs and maintenance or supplies. ✓ <u>Contractual Transition Services and Personnel Transition Adjustment:</u> net Increase of \$238,900 – This recognizes the contractual maintenance personnel assigned to the CSO facilities. 		

Operating Area and Group	\$ Change	% Change
Pumping Stations (Wastewater Only)	Increase of \$603,000	26.7%
<p>Narrative: Pumping Stations (Wastewater Only) budget total for FY 2018 is \$2,256,000, approximately 26.7% less than the requested budget for FY 2019 of \$2,859,000, or a negative variance of \$603,000. Significant variances of specific line item expense include:</p> <ul style="list-style-type: none"> ✓ Repairs and Maintenance-Equipment: Increase of \$320,000 - Estimate of \$80,000 per pumping station (4) included in FY 2019 – FY 2023 budget for Detroit-owned pumping stations repairs & maintenance (Woodmere, Fischer, Belle Isle, Blue Hill). ✓ Utilities: Increase of \$286,000 - Due to results of an analysis to gain an understanding of the true budgetary requirement based on FY 2017 full year of actual expenses. Energy consumption is dependent on flow rate, total pressure, climate (more intense rainfall) and overall pump efficiency. 		
Industrial Waste Control	Decrease of \$1,987,800	-40.2%
<p>The Industrial Waste Group Control is responsible for monitoring of industrial waste and by-products covered by NPDES regulations and the enforcement of those regulations. This is achieved through the use of field testing and analysis performed by GLWA’s Analytical Laboratory group.</p>		
<p>Narrative: Industrial Waste Control budget for FY 2018 is \$4,944,600, approximately 40.2% more than the requested budget for FY 2019 of \$ 2,956,800, or a positive variance of \$1,987,800. Significant variances of specific line item expense include:</p> <ul style="list-style-type: none"> ✓ Salaries, Wages, Overtime and Benefits: Decrease of \$1,959,000 – This change is due to the classification of Analytical Laboratory personnel to the Wastewater Laboratories group. 		

Operating Area and Group	\$ Change	% Change
Wastewater Laboratories	Increase of \$3,049,000	287.5%
<p>This grouping is a combination of the Analytical Laboratory and the Operations Laboratory. These two groups provide quality assurance and regulatory reporting for all Wastewater Operations (Analytical Lab) and round-the-clock monitoring of compatible pollutants at the WRRF (Operations Lab).</p>		
<p>Narrative: Wastewater Laboratories (Previously Analytical Laboratory) budget total for FY 2018 is \$1,060,700, approximately 287.5% less than the requested budget for FY 2019 of \$4,109,700, or a negative variance of \$3,049,000. Previously the Operations Laboratory costs were budgeted under “Wastewater Operations” and Industrial Waste Control. Significant variances of specific line item expense include:</p>		
<ul style="list-style-type: none"> ✓ Salaries, Wages, Overtime and Benefits: Increase of \$2,672,000 - Personnel previously budgeted in Industrial Waste Control and Wastewater Operations we moved into the cost group. A total of thirty-three positions, primarily Chemists, were moved. ✓ Repairs & Maintenance: Increase of \$240,000 – For facilities and equipment previously budgeted at the WRRF. These are primary costs covering facilities maintenance for the Analytical Laboratory located at the Michigan Center for Higher Technology. ✓ Contractual Operational Services: Increase of \$156,000 – Required due to the sensitive nature and accuracy of the laboratory equipment maintenance contracts are required. Several of these contracts were previously budgeted in “Wastewater Operations”. 		

Operating Area and Group	\$ Change	% Change
Wastewater Engineering	Decrease of \$1,756,900	-64.2%
<p>This group is responsible for the design and execution of Capital Improvement Projects for the wastewater system. It is managed in two distinct phases; Design Engineering and Construction Engineering. Identified projects are initiated from various sources, including a report prepared for GLWA’s NPDES Permit renewal, and reviewed by a committee of stakeholders from various GLWA disciplines.</p>		
<p>Narrative: The Wastewater Engineering budget total for FY 2018 is \$2,735,700, approximately 64.2% more than the requested budget for FY 2019 of \$978,800, or a positive variance of \$1,756,900. Significant variances of specific line item expense include:</p> <ul style="list-style-type: none"> ✓ Capital Program: Salaries & Wages (contra account): Decrease by \$603,000 - Based on higher percentage of project oversight. (Increase to contra account results in a decrease to the budget.) ✓ Contractual Operating Services: Decrease of \$505,000 – Meter calibration for the WRRF is now allocated to Systems Analytics and Meter Operations who control the contract for these services. ✓ Salaries, Wages, Overtime and Benefits: Decrease of \$344,000 – Reassignment of 6 engineers positions to other cost groups and other personnel restructuring ✓ Contractual Transition Services for contract employees: Decrease of \$267,000 - Curtailed use of contract labor 		
Chief Operating Officer – Wastewater Operations	Increase of \$1,653,700	New Cost Center
<p>The Chief Operation Officer in Wastewater Operations is new for FY 2019. This area is made up of the administrative personnel salaries, wages, overtime and benefits for the Wastewater Operations group (WWOG).</p>		
<p>Narrative: Chief Operating Officer – Wastewater Operations budget total for FY 2018 is \$0, 100.0% less than the requested budget for FY 2019 of \$1,653,700, or a negative variance of \$1,653,700.</p> <ul style="list-style-type: none"> ✓ Previously these personnel costs were part of the Wastewater Director and Wastewater Operations areas. Additionally the position for the Chief Operating Officer was added to the FY 2019 staffing plan. 		

Operating Area and Group	\$ Change	% Change
Wastewater Director	Increase of \$1,078,000	28.9%
<p>The Wastewater Director cost center will change beginning with FY 2019. Budgeted values will focus on maintenance of the WRRF through the Central Maintenance and Wastewater Asset Management Teams.</p>		
<p>Narrative: Wastewater Director budget for FY 2018 is \$3,730,800, approximately 28.9% less than the requested budget for FY 2019 of \$4,808,800, or a negative variance of \$1,078,000. With the hiring of a Director of Engineering and Maintenance for the Wastewater Operations groups, the Wastewater Director is now focused on the maintenance of the WRRF and CSO basins. Therefore, personnel involved with Central Maintenance and Asset Management have been moved into this area. Significant variances of specific line item expense include:</p> <ul style="list-style-type: none"> ✓ Salaries, Wages, Overtime and Benefits: Increase of \$1,201,300 – The positions included in this cost center were previously budgeted in Wastewater Operations ✓ Training: Decrease of \$167,900 – The in-house training for basic health and safety was reallocated to Wastewater Operations for operational staff. 		
Wastewater Fire Damage	N/A	N/A
<p>The Wastewater Fire Damage are the costs associated with the Wastewater Incineration fire that occurred in March of 2016. The 2018 Activity is currently being reviewed to verify that the correct Cost Center is being charged.</p>		
Legal Settlement & Claims – Operating	N/A	N/A
Wastewater System Operation Unallocated	Increase of \$4,057,900	966.2%
<p>Narrative: Wastewater System Operations Unallocated budget for FY 2018 is \$420,000, approximately 966.2% less than the requested budget for FY 2019 of \$4,477,900, or a negative variance of \$4,057,900.</p> <ul style="list-style-type: none"> ✓ The operational budget for the Wastewater Operations group is designed to ensure adequate resources for its processes. These funds are designated for emergency repairs & maintenance in the Wastewater system. 		

Operating Area and Group	\$ Change	% Change
Planning Services Area Chief: Suzanne Coffey, PE	Decrease of \$978,100	-7.4%
<p>The Planning Services focuses on the implementation of master plans to achieve best in class service to our customers. It covers four cost groups including Capital Improvement Planning, Asset Management, Systems Analytics and Meter Operations, and Systems Planning.</p>		
Capital Improvement Planning	Increase of \$741,300	New Cost Center
<p>The Capital Improvement Planning group, previously part of Asset Management & CIP, was broken out beginning in FY 2019. The purpose of this group is to coordinate the long-term capital infrastructure replacement and rehabilitation strategy of GLWA.</p>		
<p>Narrative: Capital Improvement Planning budget total for FY 2018 is \$0, 100.0% less than the requested budget for FY 2019 of \$741,300, or a negative variance of \$741,300. Capital Improvement Planning is new for FY 2019. The increase is solely based on the budgeted salaries, overtime and benefits.</p> <ul style="list-style-type: none"> ✓ Salaries, Wages, Overtime and Benefits: Increase \$741,300 – The positions included in this cost center were previously budgeted in Asset Management. The position of Director of Capital Improvement Planning will be filled during FY 2018. 		
Chief Planning Officer	Decrease of \$1,078,800	-74.6%
<p>The Chief Planning Officer group is responsible for the oversight of Systems Planning, Asset Management, Systems Analytics and Meter Operations, and Capital Improvement Planning. As a central point of contact for the GLWA customer communities this group coordinates the implementation of Master Water, Sewer and Asset plans to achieve best in class service. Beginning in FY 2019 the Research Innovation group was separated from this group.</p>		
<p>Narrative: Chief Planning Officer budget for FY 2018 is \$1,446,000, approximately 74.6% more than the requested budget for FY 2019 of \$367,200, or a positive variance of \$1,078,800. Significant variances of specific line item expense include:</p> <ul style="list-style-type: none"> ✓ Contractual Professional Services: Decrease of \$425,000 – Research Innovation programs reallocated to that cost center. ✓ Memberships, Licenses and Subscriptions: Decrease of \$298,000 – GLWA memberships for Water Environment & Reuse Foundation and Water Research Foundation remained with the Research Innovation cost center. ✓ Salaries, Wages, Overtime and Benefits: Decrease of \$310,700 – Reallocation of three Research Innovation positions to the new cost center; offset by the addition of an Office Support Specialist position. 		

Operating Area and Group	\$ Change	% Change
Asset Management (Planning Services)	Decrease of \$167,400	-9.1%
<p>The Asset Management (Planning Services) group provides business process standards and program strategies to effectively and efficiently manage assets, as well as striving to reduce overall asset lifecycle costs. For FY 2019 the Capital Improvement Planning group was separated from Asset Management.</p>		
<p>Narrative: Asset Management (Planning Services) budget total for FY 2018 is \$1,832,400, approximately 9.1% more than the requested budget for FY 2019 of \$1,665,000, or a positive variance of \$167,400. Significant variances of specific line item expense include:</p> <ul style="list-style-type: none"> ✓ Salaries, Wages, Overtime and Benefits: Decrease of \$654,500 – The decrease is due to the creation of Capital Improvement Planning as a separate cost group (886601) and the deferral of a vacant position into FY 2019. ✓ Capital Program: Salaries & Wages (contra account): Increase by \$479,000 due to a forecasted lower percentage of direct and indirect involvement with these projects by Asset Management personnel. (Decrease to contra account results in an increase to the budget.) 		
Systems Analytics and Meter Operations	Decrease of \$529,500	-6.1%
<p>The System Analytics and Meter Operations group is responsible for maintaining meter operations and analyzing flow data for both Water Operations and Wastewater Operations. These meters are used throughout GLWA system and can be used to detect anomalies in flow that may indicate repair needs as well as ensure accurate billings.</p>		
<p>Narrative: Systems Analytics and Meter Operations budget for FY 2018 is \$8,697,800, approximately 6.1% more than the requested budget for FY 2019 of \$8,168,300, or a positive variance of \$529,500. Significant variances of specific line item expense include:</p> <ul style="list-style-type: none"> ✓ Contractual Transition Services: Decrease of \$188,700 - The number of contract positions was reduced for three Field Service Technicians anticipated to be filled in FY 2019. ✓ Contractual Professional Services: Decrease of \$431,900 – Water units of service (CS-039) is forecasted to conclude during FY 2019. ✓ Contractual Operating Services: Increase of \$516,300 – Maintenance of 138 additional meters at the CSO facilities was added to FY 2019. These additional funds are for condition assessment, routine calibration, preventative maintenance as well as corrective maintenance. ✓ Shared Services Reimbursement (contra account): Decrease of \$356,900 - Based on revised estimate calculation. (Increase to contra account results in a decrease to the budget.) 		

Operating Area and Group	\$ Change	% Change
Systems Planning	Increase of \$56,300	4.6%
<p>The system Planning group is responsible for internal and external strategic planning through the development of master plans, coordinated regional operations, system capacity modeling, and member outreach.</p>		
<p>Narrative: Systems Planning budget for FY 2018 is \$1,233,700, approximately 4.6% less than the requested budget for FY 2019 of 1,290,000, or a negative variance of \$56,300. The group is currently actively involved in executing the development of the Wastewater Master Plan (CS-036). Significant variances of specific line item expense include:</p> <ul style="list-style-type: none"> ✓ <u>Salaries, Wages, Overtime and Benefits</u>: Increase of \$49,400 – During FY 2018 Systems Planning added one Management Professional in lieu of one Engineering position. For FY 2019 an additional Engineering position is expected to be filled. 		

Operating Area and Group	\$ Change	% Change
Administrative & Compliance Services Area Chief: William Wolfson, Administrative & Compliance Services	Overall Decrease of \$1,044,500	-2.6%
<p>The Administrative & Compliance Services Area provides the GLWA and its customers with outstanding people, processes and technology so that it may efficiently provide water supply and wastewater disposal services in compliance with applicable laws, standards and regulations. The Administrative & Compliance Services Area includes the following groups: Office of the Chief Administrative & Compliance Officer, General Counsel, Information Technology, Organizational Development, and Risk Management & Safety.</p>		
Chief Administrative and Compliance Officer William Wolfson	Increase of \$21,400	3.3%
<p>The Office of the Chief Administrative and Compliance Officer provides support to the Board of Directors and CEO. The Office of the Chief Administrative and Compliance Officer provides coordinative services and administrative support to Enterprise Risk Management, Organizational Development, General Counsel Groups and Information Technology. In addition, the Office of the Chief Administrative and Compliance Officer, in coordination with the CEO, provides routine administrative support to the Authority's Information Technology, Security and Integrity, and Public Affairs groups.</p> <p>Narrative: Chief Administrative Officer budget total for FY 2018 is \$654,300 approximately 3.3% less than the requested budget for FY 2019 of \$675,700, or a negative variance of \$21,400. The key variance in this group is:</p> <ul style="list-style-type: none"> ✓ Contractual Professional Services: Increase of \$21,400 for government relations services. The other accounts in the budget are staying consistent with the FY 2018 Budget with minimal increases over the next five years. 		
General Counsel Randal Brown	Increase of \$213,400	6.9%
<p>The General Counsel Group provides legal representation, strategic guidance, counseling, advice, and support to the Great Lakes Water Authority so that it may make sound decisions and use appropriate legal processes to better provide its customers with quality, compliant water services.</p> <p>Narrative: General Counsel budget total for FY 2018 is \$3,074,800 approximately 6.9% less than the requested budget for FY 2019 of \$3,288,200, or a negative variance of \$213,400. The key variances in this group include:</p> <ul style="list-style-type: none"> ✓ Salaries, Wages and Benefits: Increase of \$207,900 - The Chief General Counsel position was pulled ahead and filled in the first quarter of FY 2018 to take advantage of the right candidate becoming available. 		

Operating Area and Group	\$ Change	% Change
Information Technology Chief Information Officer Jeffrey Small	Decrease of \$375,200	-1.3%
<p>Information Technology (IT) supports the Authority’s ability to achieve its mission and vision by providing effective, secure, and reliable technology to the organization. The technology systems and services that the IT Group provide enables their team members to efficiently perform their work and enable transparency for their customers.</p> <p>Technology systems provided consist of: core infrastructure systems, including e-mail, phones, and the virtualized server environment; enterprise systems like the geographical information system (GIS), business intelligence and document management; and line of business systems like Work Order and Asset Management (WAM), Laboratory Information Management System (LIMS), and Pre-treatment Information Management System (PIMS).</p> <p>Technology services offered include: production support; printing; project management; business and system planning and analysis; business process development; organizational change management; and information flow optimization.</p>		
<p>Narrative: Information Technology budget total for FY 2018 is \$28,135,200, approximately 1.3% more than the requested budget for FY 2019 of \$27,760,000, or a positive variance of \$375,200. The key variances in this group include:</p> <ul style="list-style-type: none"> ✓ <u>Shared Services Reimbursement (contra account):</u> Increase of \$246,800 - based on review and analysis of FY2017 full-year actual expense true up. (Decrease to the contra account results in an increase to the budget.) ✓ <u>Contractual Services:</u> Decrease of \$622,000 - due to the decrease in contractual services and transitioning contractors into direct hire positions. 		

Operating Area and Group	\$ Change	% Change
Organizational Development	Decrease of \$13,800	-0.3%
<p>Organizational Development Chief Terri Conerway</p> <p>The Organizational Development Group (OD) provides recruitment, retention, training, workplace policies, assistance, guidance, benefit coordination, and quality assurance support services to the GLWA and its employees. OD provides opportunities for employees to develop and optimize their talent as well as deployment of their talent within the organization to support a motivated integrated workforce team. The team supports effective delivery of quality, compliant water services to GLWA customers.</p>		
<p>Narrative: Organizational Development budget total for FY 2018 is \$4,131,200, approximately 0.3% more than the requested budget for FY 2019 of \$4,117,400, or a positive variance of \$13,800.</p> <ul style="list-style-type: none"> ✓ Salaries, Wages and Benefits: Decrease of \$13,800 - The Organizational Development FY 2019 Budget is staying consistent with FY 2018 Budget, but in FY 2020 two additional staffing positions will be added to support the HRIS Dayforce and Apprenticeship Program Teams. 		
Risk Management and Safety	Decrease of \$890,300	-23.9%
<p>The Enterprise Risk Management Group, under the direction of the GLWA Board of Directors and management, is responsible for administering a process designed to identify potential events that may affect the Authority, and to manage risk within its risk appetite to provide reasonable assurance regarding the achievement of GLWA’s objectives. The Enterprise Risk Management Group is responsible for the following activities:</p> <ol style="list-style-type: none"> 1. Minimize harm to the physical, human, fiscal and environmental resources of the authority; 2. Minimize the total cost of risk to GLWA. 		
<p>Narrative: Risk Management and Safety budget total for FY 2018 is \$3,730,700, approximately 23.9% more than the requested budget for FY 2019 of \$2,840,400, or a positive variance of \$890,300.</p> <p>The key variances in this group include:</p> <ul style="list-style-type: none"> ✓ Salaries & Wages: Increase of \$409,700 - due to the filling of four positions left open in FY 2018 while the staffing plan was re-evaluated. ✓ Contractual Services: Decrease of \$1,300,000 - The Hazmat Support Service contract with the City of Detroit is budgeted to be cancelled June 30, 2018 if the Security and Integrity Group Hazmat Service Proposal is approved for the in-house delivery service to perform immediate response to all Level (1) Hazmat calls on the property of Water Resource Recovery Facility and allow the Detroit Fire Department to be a backup as needed starting April 1, 2018. 		

Operating Area and Group	\$ Change	% Change
Financial Services Area Chief: Nicolette Bateson, CPA	Increase of \$531,200	4.1%
<p>The Financial Services Operating Area supports external and internal customers through a team of professionals dedicated to excellence, continuous improvement, and transparency. The Financial Services Operating Area consists of eight groups: Chief Financial Officer, Data Analytics & Internal Audit, Financial Planning & Analysis, Financial Reporting & Accounting, Procurement, Public Finance, Transformation, and Treasury.</p>		
Chief Financial Officer	Increase of \$148,800	26.5%
<p>The Chief Financial Officer provides overall leadership in carrying out the GLWA's mission emphasizing long-term sustainability, transparency, and integrity.</p> <p>Narrative: Chief Financial Officer budget total for FY 2018 is \$562,500, approximately 26.5% less than the requested budget for FY 2019 of \$711,300, or a negative variance of \$148,800. The key variance in this group is:</p> <ul style="list-style-type: none"> ✓ Salaries & Wages, Benefits, and Contract Transition Services: Increase in this area is due to the addition of one FTE to offset the more costly option of utilizing a consulting model to establish and execute strategic initiatives and policies to support internal and external stakeholders. 		
Data Analytics & Internal Audit	Decrease of \$16,800	-3.4%
<p>The Data Analytics & Internal Audit group supports the following functions: analysis of data and systems to support improved internal controls, management information, effective system implementation, and internal audit activities to assess risks and controls.</p> <p>Narrative: Data Analytics & Internal Audit budget total for FY 2018 is \$496,500, approximately 3.4% more than the requested budget for FY 2019 of \$479,700, or a positive variance of \$16,800. The key variance in this group is:</p> <ul style="list-style-type: none"> ✓ Office Supplies: Decrease of \$13,000 - Due to a one-time charge for the implementation and set up of a Utility Management service which is budgeted to take place in FY 2018. 		

Operating Area and Group	\$ Change	% Change
Financial Planning & Analysis	Increase of \$104,600	11.7%
<p>The Financial Planning & Analysis group supports the following functions: operational and strategic budgeting, cash flow forecasting, planning, and analysis for optimal decision-making.</p>		
<p>Narrative: Financial Planning & Analysis budget total for FY 2018 is \$897,600, approximately 11.7% less than the requested budget for FY 2019 of \$1,002,200, or a negative variance of \$104,600. The key variances in this group includes:</p> <ul style="list-style-type: none"> ✓ <u>Salaries & Wages, Benefits, and Contract Transition Services</u>: Increase of \$190,000 due to the addition of two FTE's. ✓ <u>Contractual Professional Services</u>: Decrease of \$100,000 - The result of training of GLWA staff to assume responsibilities of outside contractor. 		
Financial Reporting & Accounting	Decrease of \$591,500	-16.5%
<p>The Financial Reporting & Accounting group supports the following functions: Accounting, financial reporting, payroll, and accounts payable, capital planning and spending support, asset management, and asset tracking.</p>		
<p>Narrative: Financial Reporting & Accounting budget total for FY 2018 is \$3,584,000, approximately 16.5% more than the requested budget for FY 2019 of \$2,992,500, or a positive variance of \$591,500. The key variances in this group includes:</p> <ul style="list-style-type: none"> ✓ <u>Salaries & Wages, Benefits, Contract Transition Services</u>: Decrease of \$378,000 - While the number of FTE's has remained consistent between FY 2018 and FY 2019, the number of FTE positions previously filled by contract staff is being reduced as contractors are being hired as GLWA staff. ✓ <u>Contractual Professional Services</u>: Decrease of \$147,000. As processes and procedures are being implemented, there is less reliance needed on external contractors to manage the process. ✓ <u>Repairs & Maintenance-Software</u>: Decrease of \$100,000. The system software budgeted in FY 2018 has been incorporated in the Information Technology budget (883351). ✓ <u>Office Supplies, Postage, & Other</u>: Increase of \$33,000 – Budget for FY 2019 calculated to align with current and new expense expectations after review and analysis of FY 2017 full year actual expenses. 		

Operating Area and Group	\$ Change	% Change
Procurement	Increase of \$388,800	8.8%
<p>Procurement is responsible for the management of the complete Supply Chain and Construction and Contract Services for GLWA. This team operates through four cost centers; Procurement, Construction & Contract Services, Supply Chain Operations and Logistics & Materials. Each of these cost centers are managed by a manager specializing in that field to ensure timely, fair and cost-effective operational and capital spending.</p>		
<p>Narrative: Procurement budget total for FY 2018 is \$4,399,400, approximately 8.8% less than the requested budget for FY 2019 of \$4,788,200, or a negative variance of \$388,800. The key variances in this group includes:</p> <ul style="list-style-type: none"> ✓ Supplies & Other: Increase of \$100,000 - Due to the implementation of the software Bonfire to automate the entire evaluation process. ✓ Salaries & Wages: Increase of \$286,000 - Due to the additional staffing and raising the level of several staff members to new positions with added responsibilities. 		
Public Finance	Increase of \$193,600	20.6%
<p>The Public Finance group supports the following functions: Debt management, charge-setting, billing, water residential assistance program management, intergovernmental relations, and administration of operational agreements with Detroit Water and Sewerage Department (DWSD).</p>		
<p>Narrative: Public Finance budget total for FY 2018 is \$938,600, approximately 20.6% less than the requested budget for FY 2019 of \$1,132,200, or a negative variance of \$193,600. The key variances in this group include:</p> <ul style="list-style-type: none"> ✓ Salaries & Wages, Benefits, and Contract Transition Services: Increase of \$224,000 - Due to the addition of three FTE's. ✓ Legal Services: Decrease of \$25,000 - Budget was removed in FY 2019 and FY 2023. This budget covers the arbitrage costs of the regular bond issues. This cost is incurred every five years after the 6 months following a bond issuance. ✓ Contractual Professional Services: Decrease of \$50,000 - Due to the removal of budget for non-transactional Bond Counsel fees from the Public Finance budget that was also being included in the General Counsel's budget. ✓ Capital Program: Salaries & Wages (contra account): Decrease of \$38,000 - has been removed for FY 2019 and beyond. Upon evaluation it was determined that this budget would not be needed. (Decrease to contra account results in increase to the budget.) 		

Operating Area and Group	\$ Change	% Change
Transformation Services	Increase of \$119,300	10.7%
<p>The Transformation Services group supports the following functions: lean, process improvement coaching, performance management, restructuring support, and technology roll-out.</p> <p>Narrative: Transformation budget total for FY 2018 is \$1,113,500, approximately 10.7% less than the requested budget for FY 2019 of \$1,232,800, or a negative variance of \$119,300. The key variances in this group include:</p> <ul style="list-style-type: none"> ✓ <u>Contract Transition Services</u>: Increase in this area due to the addition of one FTE. ✓ <u>Training</u>: Increase of \$15,000 - To more accurately reflect the costs associated with the identified training activities. 		
Transition	N/A	N/A
<p>Narrative: NA – This Cost Center no longer exists. FY 2018 activity is being transferred to the correct cost centers.</p>		
Treasury	Increase of \$184,400	17.4%
<p>The Treasury group supports the following functions: cash management, investing, and Master Bond Ordinance compliance for revenue collections.</p> <p>Narrative: Treasury budget total for FY 2018 is \$1,062,100, approximately 17.4% less than the requested budget for FY 2019 of \$1,246,500, or a negative variance of \$184,400. The key variances in this group include:</p> <ul style="list-style-type: none"> ✓ <u>Salaries & Wages, Benefits, Contract Transition Services</u>: Decrease of \$31,000 - While the number of FTE's has remained consistent between FY 2018 and FY 2019, the number of FTE positions previously filled by contract staff is being reduced as contractors are being hired as GLWA staff. ✓ <u>Contractual Operating Services</u>: Increase of \$164,000 - Due to Bank and Investment fees. (This increase is offset by the increase in investment income revenues.) ✓ <u>Capital Program Salaries & Wages</u> and <u>Shared Services Salaries & Wages Reimbursable</u> (contra accounts): Total Increase of \$46,000 - Upon evaluation it was determined that these budgets would not be needed. (Decrease to contra account results in increase to the budget.) 		

Operating Area and Group	\$ Change	% Change
Chief Executive Officer: Sue McCormick	Increase of \$752,400	11.8%
<p>The Chief Executive Officer Area ensures that the GLWA's Service Areas function in a communicative and collaborative fashion to implement the Board's policies; GLWA facilities and personnel are protected to the maximum extent possible; organizational efficiencies are pursued and optimized; customer needs are met in an open and transparent manner; that the integrity of the utility is maintained; that the organization maintains the highest standards of integrity and compliance; and that the customers of the GLWA receive efficiently delivered, quality compliant water services. The Chief Executive Officer Area consists of four groups: Chief Executive Officer, Board of Directors, Public Affairs, and Security and Integrity.</p>		
Board of Directors	Increase of \$1,900	1.0%
<p>The Board of Directors powers include, but are not limited to: entering into such contracts, to make such purchases of goods and services, to obtain financing, and to hire, maintain and develop human resources as it may deem necessary or appropriate in order to conduct the business of the GLWA; establishing such administrative rules, policies and procedures as shall be necessary to conduct its business; and periodically establishing and fixing a schedule of rates, fees and other charges for use of, or services provided with respect to the water supply system and sewage disposal operated by the GLWA and providing for the collection and enforcement of those rates, fees or other charges.</p>		
<p>Narrative: Board of Directors budget total for FY 2018 is \$197,000, approximately 1.0% less than the requested budget for FY 2019 of \$198,900, or a negative variance of \$1,900. The key variance in this group is:</p> <ul style="list-style-type: none"> ✓ All Accounts: Increase of \$1,900 - An increase of 1.0% was applied to all budget lines to account for general cost increases. 		
Chief Executive Officer	Increase of \$48,600	8.6%
<p>The Chief Executive Officer's budget encompasses staff and services that supports the executive office. The largest category of expense is salaries based upon the nature of this service area</p>		
<p>Narrative: Chief Executive Officer budget total for FY 2018 is \$567,900, approximately 8.6% less than the requested budget for FY 2019 of \$616,500, or a negative variance of \$48,600. The key variances for this group includes:</p> <ul style="list-style-type: none"> ✓ <u>Salaries & Wages and Benefits</u>: Increase of \$46,000 - Due to the adjustment of the budget to amended salaries and wages. ✓ <u>Mileage and Parking</u>: Increase of \$40,000 - due to the contract for parking which was not included in the FY 2018 budget. ✓ <u>Legal</u>: Decrease of \$20,000 - Review of prior years' activity and future years' plans lead to a reduction to this budget line. ✓ <u>Contractual Professional Services</u>: Decrease of \$20,000 - Review of prior years' activity and future years' plans lead to a reduction to this budget line. 		

Operating Area and Group	\$ Change	% Change
Chief Security & Integrity Officer: W. Barnett Jones	Increase of \$761,700	17.6%
<p>The Security & Integrity Group provides high quality, professional security operations and technical intelligence for GLWA and its valued customers throughout Michigan.</p>		
<p>Narrative: Chief Security & Integrity Officer budget total for FY 2018 is \$4,320,500, approximately 17.6% less than the requested budget for FY 2019 of \$5,082,200, or a negative variance of \$761,700. The key variances for this group includes:</p> <ul style="list-style-type: none"> ✓ Shared Services (contra account): Increase of \$49,886 - Due to the cancellation of Shared Service Agreement OPS-005 effective July 1, 2017; twenty-five security officers were reassigned to work directly for DWSD. (Decrease to contra account results in an increase to the budget.) ✓ Salaries & Wages: Increase of \$450,000 - The Hazmat Service Proposal for in-house delivery service within the Security and Integrity Group, this group will be able to perform immediate response to all Level (1) Hazmat calls on the property of Water Resource Recovery Facility and allow the Detroit Fire Department to be a backup as needed starting April 1, 2018. The proposal includes one hazmat coordinator, fifteen hazmat specialists. ✓ Equipment and Training: Increase of \$211,000 - Due to the implementation of the Hazmat Service Proposal (see above). ✓ Capital Program Salaries & Wages Direct: Increase \$48,000 due to the reduction in capital projects from the cancellation of Shared Services Agreement OPS-005. 		

Operating Area and Group	\$ Change	% Change
Public Affairs Chief: Michelle Zdrodowski	Decrease of \$59,800	-4.7%
<p>The GLWA Public Affairs Group is responsible for sharing the Authority’s mission, vision, values and accomplishments with its stakeholders-both internal and external. Public Affairs engages stakeholders through a combination of internal communication initiatives, proactive media relations and social media strategies and system-wide community outreach.</p>		
<p>Narrative: Public Affairs budget total for FY 2018 is \$1,271,300, approximately 4.7% more than the requested budget for FY 2019 of \$1,211,500, or a positive variance of \$59,800. The key variances in this group includes:</p> <ul style="list-style-type: none"> ✓ Salaries & Wages: Increase \$30,700 due to the expedited hiring of a Public Affairs Specialist to increase video storytelling capacity. ✓ Supplies & Other: Increase of \$34, 300 to support the promotion of GLWA public education brand awareness campaign. ✓ Training: Increase of \$11,000 - To accommodate more in-person and online training opportunities for full team growth and development. ✓ Contractual Services: Decrease of \$21,400 - Due to the hiring of a public affairs specialist dedicated to digital media (which had previously been handled by our communication services vendor). ✓ Capital Outlay over \$5,000 (Operations & Maintenance-Capitalized): Decrease by \$105,700 - due to the initial investment in equipment which occurred in FY 2018 for the digital signage monitors, video storytelling equipment. 		
Unallocated Reserve (Administrative & Centralized Services)	Increase of \$1,789,200	45.9%
<p>Narrative: Unallocated Reserve (for Administrative & Centralized Services combined) budget for FY 2018 is \$3,897,400, approximately 45.9% less than the requested budget for FY 2019 of \$5,686,600, or a variance of \$1,789,200.</p> <ul style="list-style-type: none"> ✓ This budget is designed to ensure adequate resources for the Administrative and Centralized Services groups. These funds are designated for unplanned projects or other urgent needs not known at the time the current budget was prepared. 		