



## Financial Services Audit Committee Communication

**Date:** September 22, 2023

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

**From:** Alicia Schwartz, Grants & Intergovernmental Relations Manager

**Re:** Shared Services Update

**Background:** The Great Lakes Water Authority (GLWA) and the Detroit Water and Sewerage Department (DWSD) are parties to a Shared Services Agreement (the Agreement) dated December 1, 2015. This agreement provides the framework for shared services for the efficient operation of both entities.

Invoices are prepared monthly. While the intent is for the monthly invoices to represent actual costs, the reality is that the timing of certain vendor invoices and accumulation of internal charges requires a “True-up” process. It is also the intent for the parties to transmit payment monthly utilizing estimates for service provided. Section 5.1 of the Agreement states, “Payments for services shall be payable monthly.”

**Analysis:** Following is a summary of the Shared Services that have outstanding issues or costs associated with them for fiscal years prior to 2023.

For the ongoing services that DWSD and GLWA continued to provide in FY 2023 monthly invoices and payments have been exchanged. FY 2023 will require only small true ups to be completed.

### OPS-008 Systems Control Center – Ongoing

- The Systems Control Center Shared Service provided to DWSD by GLWA includes monitoring, operation and maintenance activities for the following facilities that serve the City of Detroit: Belle Isle Main Pump Station and Combined Sewer Overflow (CSO), Bluehill Pump Station, Fischer Pump Station, and Woodmere Pump Station.
- The GLWA Shared Services Team provided a proposal representing final cost of service to DWSD for FY 2020, FY 2021, and FY 2022 on August 9, 2023. This includes an analysis of costs associated with the Systems Control Center in a more streamlined manner than provided in previous years. The DWSD Shared Services Team is currently reviewing the proposal with the DWSD Executive Team. DWSD and GLWA hope to have resolution by the end of September 2023.

	<b>FY 2020</b>	<b>FY 2021</b>	<b>FY 2022</b>	<b>Total</b>
<b>Final Cost of Service</b>	1,206,260	1,211,608	1,625,734	4,043,602
<b>Payments</b>	-	(712,682)	(751,561)	(1,464,243)
<b>Preliminary Amount Due From DWSD</b>	1,206,260	498,926	874,173	2,579,359

#### ITS-009 IT Infrastructure – Ended June 30, 2021

- The IT Infrastructure Shared Service included services provided to DWSD from GLWA for datacenter usage and support, server usage and support, network usage and support, internet usage and support to disaster recovery services.
- DWSD is completing the review for FY 2021 and plans to make this payment by end of September. The GLWA Shared Services team is currently working to finalize the FY 2022 final cost of service and anticipate this analysis will be complete by end of September 2023 to share with DWSD.

	<b>FY 2021</b>	<b>FY 2022</b>	<b>Total</b>
<b>Final Cost of Service</b>	2,371,063	140,000	2,511,063
<b>Payments</b>	(2,069,384)	(406,002)	(2,475,386)
<b>Amount Due From DWSD</b>	301,679	(266,002)	35,677

#### Public Finance – Ongoing

- The Public Finance Shared Service includes services GLWA provides DWSD related to State Revolving Fund (SRF) Revenue Bond issuance and SRF loan management support for DWSD State Revolving Fund projects. This Shared Service also includes revenue bond issuance costs for DWSD during periods in which these transactions occur.
- The GLWA Shared Services Team provided a final cost of service proposal for DWSD covering FY 2020, FY 2021, and FY 2022 on August 24, 2023. This included an analysis of costs associated with the Public Finance in a more streamlined manner than that provided in previous years.

	<b>FY 2020</b>	<b>FY 2021</b>	<b>FY 2022</b>	<b>Total</b>
<b>Final Cost of Service</b>	54,023	50,566	53,621	158,210
<b>Payments</b>	-	(16,550)	(17,666)	(34,216)
<b>Preliminary Amount Due From DWSD</b>	54,023	34,016	35,955	123,994

#### OPS-006 Shared Facilities – Ongoing

- The Shared Facilities Shared Service provided by DWSD to GLWA is associated with building management, repair and maintenance, utilities, facilities improvements to shared spaces and contracted services. Contracted services include janitorial, grounds, rubbish removal, plumbing, fire suppression and elevator services.
- DWSD is preparing the final cost of service analysis for GLWA covering FY 2022. The DWSD Shared Services team is working on preparing the final cost of service for FY 2022 in September 2023.

	<b>FY 2022</b>	<b>Total</b>
<b>Estimated Final Cost of Service</b>	2,140,000	2,140,000
<b>Payments</b>	(1,980,000)	(1,980,000)
<b>Preliminary Amount Due To DWSD</b>	160,000	160,000

#### New: Capital Improvement Project Costs – Central Services Facility and Main Office Building

- DWSD completed certain capital improvements projects completed at the Central Services Facility (Huber Street) and Main Office Building (Randolph Street).
- Estimates for three specific projects were recently shared with GLWA in July 2023 for HVAC replacement, roof replacement at Central Services Facility, and repair and maintenance of elevators at the Main Office Building with a request to pay a percentage of the costs incurred.
- DWSD has provided a summary of costs related to these capital improvements for FY 2021 and FY 2022. DWSD is preparing the costs for FY 2023 and should have them in the next several weeks.
- Per the OPS-006 Shared Facilities Shared Services Agreement “Any capital improvements to the Randolph and Huber facilities...that exceed \$100,000 shall be approved by the Director and the CEO.”

<b>FY 2021 Costs</b>		<b>DWSD</b>	<b>GLWA</b>
<b>HVAC (66% DWSD/33% GLWA)</b>	2,527,305	1,693,294	834,011
<b>Roof (66% DWSD/33% GLWA)</b>	4,678,303	3,134,463	1,543,840
<b>Elevator (50% DWSD/50% GLWA)</b>	827,000	413,500	413,500
<b>Totals</b>	8,032,608	5,241,257	2,791,351

FY 2022 Costs		DWSD	GLWA
HVAC (66% DWSD/33% GLWA)	353,439	236,804	116,635
Roof (66% DWSD/33% GLWA)	204,127	136,765	67,362
Elevator (50% DWSD/50% GLWA)	935,688	467,844	467,844
Totals	1,493,254	841,413	651,841

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