



## Financial Services Audit Committee Communication

**Date:** May 15, 2020

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

**From:** Alicia Haskin, Management Professional – Intergovernmental Relations

**Re:** DWSD FY 2021 Budget Update

**Background:** At the May 6, 2020 Detroit Water Sewerage Department (DWSD) Finance Committee a presentation was given by Chief Financial Officer (CFO) Tom Naughton regarding the Financial Impact of COVID-19.

**Analysis:** The presentation (attached) reflected the following.

- The impact on retail collections since January – 31% decline
- New costs DWSD is incurring in response to the pandemic
- Identification of potential cost savings
- Commitments sought for Grant funding and other cost reimbursements
- The cash deficit to GLWA is expected to be approximately \$19 Million by June 30, 2020
- DWSD Water and Sewer Capital Improvement Project (CIP) will both remain intact

Subsequent to the above presentation the DWSD and GLWA financial teams met. Our collective COVID-19 operating scenario continues to evolve. Since there are no leading indicators for this scenario, the approach taken by DWSD to be conservative in the forecasts is a sound approach. The GLWA Board will be asked to approve a reallocation of revenue requirements via a budget amendment in June 2020 to the extent the shortfall continues.

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