



**Office of the Chief Executive**

735 Randolph Street, Suite 1900  
Detroit, Michigan 48226

October 25, 2017

The Honorable  
Board of Directors  
Great Lakes Water Authority

Dear Chairman Daddow and Directors:

**Regarding: CEO's Report – October, 2017**

October has been another month of “firsts” for GLWA in our operation as a regional water utility. I am proud to report that this month GLWA and its customers signed our first “One Water” Partnership Agreement which outlines our mutual commitments and partnering for this utility. Although this Partnering Agreement is an important “first” for GLWA, it builds on a long history and commitment to outreach, engagement, and collaboration between GLWA and its customers to provide water of unquestionable quality to the people we serve. We look forward to hearing from Charlie Fleetham, our independent customer outreach facilitator, on this topic during our meeting today.

On Friday, October 6, 2017, GLWA hosted its first Manufacturing Day. Manufacturing Day is an event produced by the National Association of Manufacturers designed to show students, parents, educators and our community what is really happening in modern industrialized facilities. This year's Manufacturing Day was sponsored by Wayne County and participating students participated in a tour and hands-on activities at the Water Resource Recovery Facility (WRRF).

Thanks to Organizational Development Director Stephanie Stevenson, Wastewater Operations Director Majid Khan and Air Quality and Compliance Manager Luther Blackburn for coordinating GLWA's participation in the event. Thanks also to all the other GLWA team members who supported and made this event a success. Manufacturing Day was a great opportunity for students to learn about GLWA and our water and wastewater treatment processes, collection systems and combined sewer overflow (CSO) processes. Students also had the opportunity to work with WRRF chemists in real lab settings to learn about how GLWA monitors water quality.

All-in-all Manufacturing Day was a great opportunity to engage local students in a fun, educational, and exciting manner. As Shantal Smith, a student from Detroit explained, “Before, I never thought about where my water came from, but now I won't forget. All of the processes it goes through, just to make sure it's clean and safe to drink. It's incredible.”

GLWA's water treatment efforts were recently hailed in a letter from Jim Stouffer, the President of the Lake Erie Foundation, to the Columbus Dispatch published on October 19, 2017.

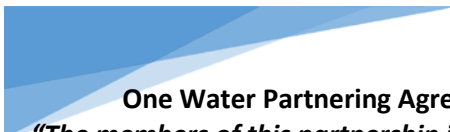
While expressing concern for Lake Erie’s conservation efforts generally, Mr. Stouffer noted “that Ohio will be 1.25 million pounds of phosphorus short of its 50% reduction target.” Going on to state, “This is unacceptable. We must do better.

In contrast to his concerns for Ohio’s efforts Mr. Stouffer noted with approval, the phosphorus reduction efforts at GLWA’s WRRF, saying, “The Detroit wastewater plant contributes about 5% of the phosphorous load to Lake Erie. Within a few short years, there was a fifty percent reduction in these phosphorous discharges, and the changes made were economically viable.” It is nice to see that GLWA’s efforts have not gone unnoticed and are cited as a positive example by leaders in the Lake Erie Conservation efforts.

Finally, we are grateful to Chairman Daddow for recognizing Stephanie Stevenson, Organizational Development and the efforts of team members supporting GLWA’s apprenticeship program. Chairman Daddow advised us that Automation Alley which with the State administrates the ApprenticeshipUSA incentive grant program for this area, and that GLWA had just received a grant to help support its apprenticeship program.

**PLANNING SERVICES**

As shown, please see the first “One Water Partnering Agreement which serves to improve our long-term partnership and is available on both the GLWA website and the Customer Outreach Portal. Members are encouraged to participate in a series of meetings that have been dedicated to the management of stability and equity in charge allocation strategies. The meetings are scheduled to begin in October and conclude in November.



**One Water Partnering Agreement**  
*“The members of this partnership include GLWA, its staff and Board of Directors, and all GLWA wholesale customers (“Customers”), the City of Detroit (“Detroit”), the Michigan Department of Environmental Quality (“MDEQ”), the Southeast Michigan Council of Governments (“SEMCOG”), and consultants representing any of the foregoing members (collectively, “Members”).”*

Shown below are September’s Works Group Meetings:

September Work Group Meeting Attendance	
<u>Work Group</u>	<u># Attended</u>
Wastewater Master Plan Steering Team	25
Water Charges Work Group	62
Water Analytical Work Group	56
Public Education Work Group	11
Asset Management/CIP Work Group	30
Water Management Best Practices	11
One Water Partnership	79

**PLANNING SERVICES** (continued)

***Asset Management and CIP Group***

The Asset Management and Capital Improvement Plan Customer Outreach Work Group met in October to discuss new projects and existing projects that have significant changes from the previous year’s CIP. The next scheduled meeting will take place on November 28, 2017 where it is anticipated that the first draft version of the 2019-2023 CIP will be presented. We encourage customer communities to participate in this work group to coordinate infrastructure improvement projects within their municipality with projects that are on the horizon at GLWA. There are many opportunities for infrastructure (water, wastewater, storm water, transportation, etc.) coordination and collaboration to minimize the impact on the public and reduce project expenses.

***Systems Planning Group***

The Outreach Team has been working with GLWA Water Engineering and members in the downriver portion of the water service area to continue the conversation about water system redundancy. A meeting with all affected communities is planned for November 1, 2017.

The Wastewater Master Plan Steering Team has finalized a guidance document to help direct the development of the Wastewater Master Plan (WWMP). The guidance document was developed by members through a series of meetings using a consensus building process and was approved at the October 13, 2017 Steering Team Meeting. The guidance document includes a mission statement for the Wastewater Master Plan Steering Team and a commitment to five desired outcomes, upon which work can be evaluated:

<b>WWMP MISSION STATEMENT</b>	<b>WWMP DESIRED OUTCOMES</b>
<i>The GLWA Master Plan will identify actions needed to support specific management outcomes identified by the Steering Committee including financial strategies that are needed to provide a highly efficient and reliable regional wastewater collection and treatment system that protects public health, safety and property, is affordable and sustainable, and supports a healthy environment and viable economy for those residents and businesses in the communities served.</i>	<ul style="list-style-type: none"><li>◆ Protect Public Health &amp; Safety</li><li>◆ Preserve Natural Resources and a Healthy Environment</li><li>◆ Maintain Reliable, High Quality Service</li><li>◆ Assure Value of Investment</li><li>◆ Contribute to Economic Prosperity</li></ul>

***System Analytics and Meter Operations Group (SA&MO)***

The “Units of Service for Non-Master Metered Customers and System Water Audit” project team reported progress and initial findings on October 10, 2017 at the Water Charges Work Group meeting. The meeting provided an executive summary of the project thus far and gave the Members an opportunity to gauge if the project is on track. The project team will be providing the recommended Units of Service for fiscal year 2018 by November 1, 2017.

The follow-up meetings are scheduled for October 26, 2017, November 8, 2017 and November 29, 2017 leading up to the Technical Advisory Committee providing a recommendation of the charges for fiscal year 2019.

## **PLANNING SERVICES** (continued)

The Wastewater Analytics Task Force (WATF) met on October 6, 2017. The meeting featured reports on the Water Resource Recovery Facility incremental flow investigation, evaluation of a new metering technology known as a LaserFlow meter, and the progress on the annual flow balance. The draft Sampling Plan was presented to members for review and comment. A follow-up meeting is being scheduled to continue the comment on the Sampling Plan. Following the WATF there was a workshop held on the Interim Wet Weather Operations Plan initiative. Even though much information was shared, it was determined that an additional meeting to discuss flow strategies would be helpful. That meeting is being scheduled.

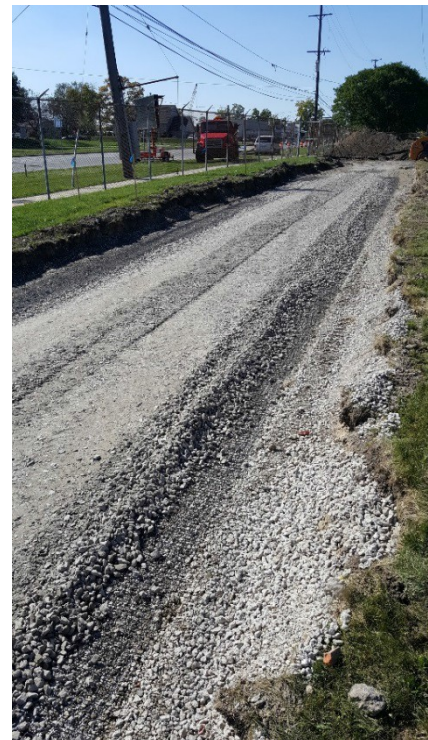
The sewer meter AP-S-3 which measures flow out of the Southwest Water Plant into the City of Allen Park's sewer system is being upgraded. A new access road is being built to allow the meter to be serviced during the winter months. This work is being performed under the Professional and Technical Services for Sewer Meters project. This project will ensure that the customer sewer meters are functioning accurately and calibrated on a regular basis. The results and issues will be reported out at WATF.

The SA&MO Group has been working with Information Technology's GIS group to geocode the information from the Detroit Regional I/I Partners (DRIP) study conducted in 2005. The information gathered in the DRIP study can help the WATF's D+ Metering subgroup determine areas of Detroit that may be metered to improve the metering in D+ service area.

The Group is continuing work on upgrading the legacy head-end communication system for wholesale water meters. The team is currently developing and testing software to replace and enhance current system functionality to communicate with field devices over the radio network infrastructure. The team is concurrently testing hardware to replace the obsolete and unsupported hardware to ensure that the head-end system continues to function with no hardware related outages.

### ***Research and Innovation***

Wayne State University was awarded a five-year National Science Foundation grant to establish a novel and transformative interdisciplinary graduate training program in Urban Sustainability, titled Transformative Research in Urban Sustainability and Training (T-RUST). Ms. Wendy Barrott, Manager of our Research & Innovation Group, has been selected to serve on this newly formed advisory board.





## **WASTEWATER OPERATING SERVICES**

This participation will allow GLWA the opportunity to: (1) identify focus areas for graduate research teams to address relevant problems; (2) apply for summer research interns who potentially can be paid through the program; (3) contribute to curriculum and program development; and (4) set the agenda for public colloquia, seminars and outreach relating to the program.

### ***Wastewater Operations Group***

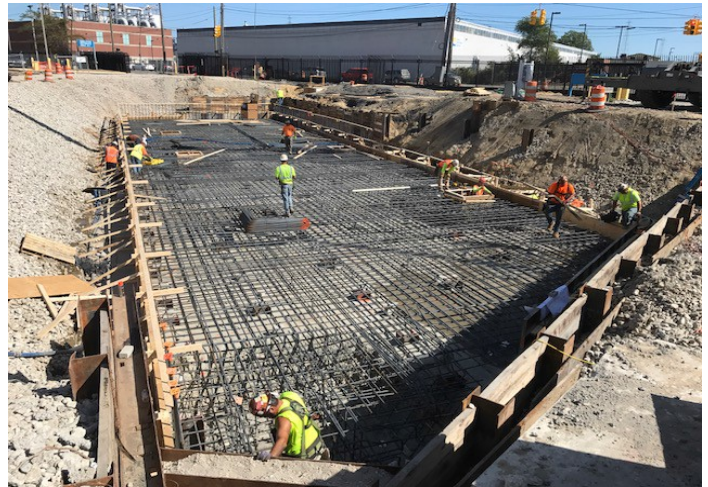
The Water Resource Recovery Facility (WRRF) was in compliance with all National Pollutant Discharge Elimination System (NPDES) and Michigan Department of Environmental Quality (MDEQ) water quality permits in the month of September 2017.

### ***Engineering & Maintenance Groups***

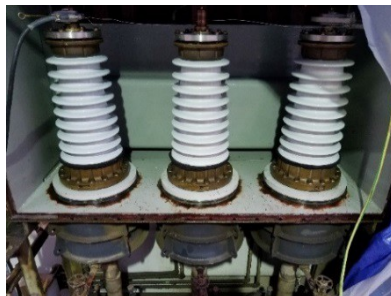
#### ***Construction Engineering***

Members of the WRRF Construction Engineering Team have been busy administering large and small capital improvement projects in addition to assisting the Process Teams with process improvements.

Construction is well underway for the new disinfection building that will be a key component of the Rouge River Outfall Disinfection Project. Other current work efforts include foundation work for disinfectant diffuser and flow meter facilities. This critical project is on track to be completed as required in April of 2019.



#### ***Design Engineering***



The Design Engineering group continues with updating the five-year capital improvements projects database and working on budgeted capital improvements projects. As part of Design Engineering's commitment to assisting operations and maintenance with engineering related requests, significant coordination and contractor oversight effort is being provided for repair of a WRRF transformer.

## **WASTEWATER OPERATING SERVICES** (continued)

### *Maintenance*

In addition to the standard work of preventative and corrective maintenance, the WRRF Maintenance Team began work on an unusual project related to seagull habitat deterrent. Over the years the WRRF property has encountered large numbers of nesting seagulls. These seagulls in close proximity to areas occupied by GLWA Team Members can become problematic. This was the case this past summer due to extended periods of high temperatures and low precipitation. The first step of addressing the issue included construction of a system proven to deter seagull landing. The WRRF maintenance/stockroom building and parking deck now have a series of aluminum polls atop the structures with attached wires in a crisscross pattern. This technology uses the seagulls own flight and landing instincts to deter landing and nesting in these employee occupied locations.



### *Industrial Waste Control (IWC)*

The Pretreatment Information Management System (PIMS) software implementation continues to progress and is on schedule. Data migration processing and review as well as report form development and testing are at the 90% project completion stage. During the past month, IWC staff has participated in remote training to test various segments of the program with corrections being made as needed.

The implementation of our new Laboratory Information Management System (LIMS) is also on schedule.

The development of analysis rules, constraints, and formulae necessary to use the new LIMS software is 100% complete for the Analytical Lab and 25% complete for the Operations Lab. Testing and validation for this core element of the software is underway now at the Analytical Lab.

A presentation was given to the MDEQ on the status of IWC's rules development and Industrial Pretreatment Program requirements necessary for recognition of the GLWA as a "Control Authority" to monitor the integrity of Michigan waters under the Clean Water Act.

## WATER OPERATIONS

### *Lake Huron Water Treatment Plant*

*GLWA fosters the environment of teamwork and safety. Here is an example:*

Sometimes it is the simple things that have the biggest impacts. Lake Huron just completed their addition of three safety lights along the front sidewalk and stairs that lead from the main parking area into the administration building. Team members no longer have to worry about trip and falls when coming into work. This effort required team work from management to plan the work and procure the required lights and supplies; maintenance members to trench the wiring and pour new concrete bases; and electricians to install and wire the fixtures. While this effort does not fall into the normal routine for plant staff, their willingness to work together and make important changes has made a great impact by making our pre-dawn arrival to work a little safer.



### *Southwest Water Treatment Plant*

Southeast has received a “Certificate of Recognition” from Environmental Resource Associates (ERA) congratulating them on their participation and successful evaluation. ERA recognized the performance of Southwest’s laboratory for achieving acceptable evaluation in the standards of Hardness, Heterotrophic Plate Count, MicroBE™ (Coliforms), pH, Residual Chlorine, and Turbidity.



This recognition is a continued demonstration of the desire to maintain the highest water quality standards as all five (5) GLWA water treatment facilities have received a “Certificate of Excellence” from ERA in 2017 for each laboratory being recognized as a Laboratory of Excellence for achieving 100% acceptable data.

### *Northeast Water Treatment Plant*

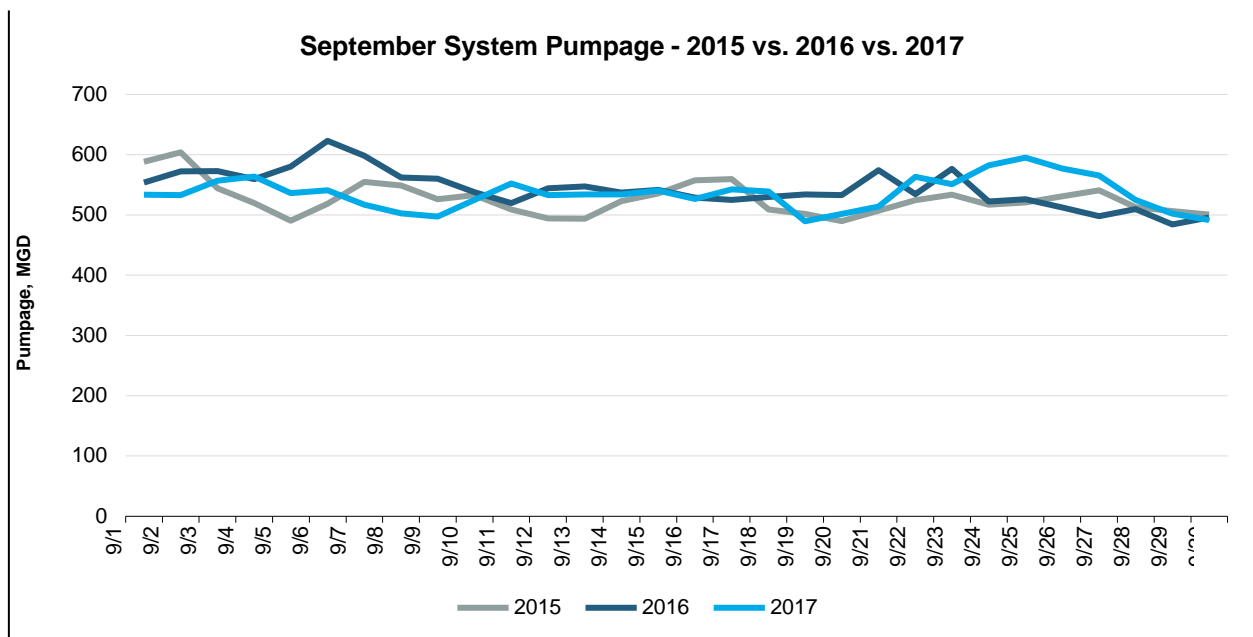
The Northeast Water Treatment Plant team is proud to announce the passing of its occupational health inspection administered by the Michigan Occupational Safety and Health Administration (MIOSHA), General Industry Safety and Health Division. Northeast team members have always been diligent to maintain a safe environment at the plant, and when MIOSHA spent four weeks performing the Process Safety Management inspection, NO VIOLATIONS were found and no citations issued.

## WATER OPERATIONS (continued)

### *Systems Control*

#### *September Pumpage*

September pumpage was 1.4% lower than 2016. September Average Pumpage for 2015 was 527 MGD, for 2016 it was 543 MGD, and for 2017 it was 535 MGD.



## INFORMATION TECHNOLOGY

As part of our ongoing Cyber Security initiatives:

The IT Security & Risk Team in conjunction with IT Service Delivery has completed the pilot of Symantec Endpoint Encryption to all Information Technology desktops, laptops, notebooks, and tablets.

The next step will be to roll it out to all GLWA devices which we plan to complete by November 20, 2017. This encryption software will guard GLWA systems against data breach in the event of a physical theft of any of the devices. If a device with encryption installed is physically stolen, the data on the device will not be accessible.

The IT Service Delivery Team has deployed security patches to 1350 devices during the month of October, patching 98% of the Authority's owned computing devices.

The IT Security & Risk Team in conjunction with IT Infrastructure Delivery has patched 93% of all Windows Servers. The outliers are on old version of Windows Server, and we are working on upgrading or decommissioning them.



## **INFORMATION TECHNOLOGY** (continued)

In our ongoing SAN remediation efforts:

The IT Infrastructure Delivery Team has migrated GLWA's file shares from old, unsupported hardware to a new robust platform with full redundancy.

The IT Infrastructure Delivery Team has successfully upgraded our SharePoint (Intranet) site from unsupported physical hardware to our VMWare (virtual) environment.

IT has engaged a vendor to perform an infrastructure assessment which will review our processes and systems, and make recommendations for areas of improvement.

The IT Applications Delivery Team working with the FSA Team has successfully implemented the Fixed Asset module in BS&A. Key improvements include:

- Timely Financial reporting across the BS&A modules
- Consistent approach in asset tracking and procurement planning
- Improved productivity and quality of customer service delivery by accurate and timely information

The IT Applications Delivery Team has implemented single sign on (SSO) for the Work Order and Asset Monument (WAM) system. Team members for both GLWA and DWSD will now have one click access while accessing the application. Going forward, authentication to the system is based on employee's computer login credentials, and team members no longer need to key in user name and password information while accessing this system.

The IT Applications Delivery Team and IT PMO are working in conjunction with DWSD on migrating Enquesta to the Oracle Cloud. Once this migration is complete, IT will be able to retire the old physical hardware that will no longer be needed. This is part of the larger bifurcation efforts and other DWSD specific applications which will move to the cloud in the next year.

## **PUBLIC AFFAIRS GROUP**

In an effort to raise GLWA's brand awareness in its member communities, the Public Affairs team has launched the second year of its community outreach campaign. In FY18, GLWA will be supporting one event in Wayne, Oakland and Macomb Counties, as well as in a county outside of these three that receives GLWA services. As had been done last year, the Public Affairs team is targeting events where water plays a large supporting role, such as marathons, half marathons, 5Ks and other wellness-focused events. In addition to providing GLWA's branded, collapsible water bottles, this year, GLWA will also be sponsoring water stations (where there is no bottled water used). At these stations we will have 3x6 banners that state, "GLWA ... Your Source for Water."

**PUBLIC AFFAIRS GROUP** (continued)

To date, we have committed to races in Macomb County/Harrison Township (Hot Cider Hustle 5K/13K), Wayne County/Wyandotte (Blitzen the Dotte 5K/10K), St. Clair County/St. Clair (St. Clair River Turkey Trot 5K), Monroe County/Monroe (Monroe 13K/5K) and Oakland County/Royal Oak (BeFit Fun Run 5K). Our logo will also be included on race shirts and in press materials for these races.

For the second year, GLWA team members came together in support of the annual Making Strides Against Breast Cancer Walk, which took place on Saturday, October 21 in Detroit. GLWA team members and their friends and families came out in force for the walk, beating the Authority's \$1,000 fundraising goal (total funds are still being tallied at this time). GLWA team members also contributed by purchasing official walk t-shirts, which this year included a special "Making Big Waves" logo, to tie-in with our One Water News feature of the same name that highlights individuals going above and beyond. Finally, on Friday, October 20, all GLWA facilities participated in the Authority's first annual "Pink Out the Plant" event, which saw team members wearing pink in support of the cause and taking group pictures to show their spirit.

See photos below:



**PUBLIC AFFAIRS GROUP** (continued)





## **SECURITY AND INTEGRITY**

During the month of September, the Security and Integrity Group has finalized planning for the 2017 Tabletop Exercise.

GLWA Security and Integrity is continuing training several officers for Hazmat Training. In addition, the group is coordinating with the Hazmat Coordinator to formulate operational rules for its future Hazmat Team. Training has also began for online CPR, AED and Basic First Aid Training.

## **ENTERPRISE RISK MANAGEMENT**

On September 8<sup>th</sup>, the GLWA negotiations with its property insurer failed to reach resolution with respect to a final determination regarding total recoverable proceeds related to the fire which occurred at the WRRF (Complex II) on March 4, 2016. We are currently evaluating several available options as we move forward to resolve the few remaining open issues related to our claim.

Enterprise Risk Management and Safety & Integrity Groups participated in the planning of a November table top exercise involving a mock emergency incident. Risk Management will be actively involved during the Fall exercise for the purpose of judging the event and offering feedback afterward.

Insurance policy renewal activities have already begun for a variety of coverages all of which expire before the end of this calendar year. Renewals include: GLWA's Public Officials and Employment Practices Liability, Property, and Casualty (Workers' Compensation, Auto, and Commercial General Liability). The procurement of these policies acts as a risk transfer and are a common risk management and control strategy by which specified risks of loss are contractually passed from the GLWA to a professional risk bearer (the insurer).

The first meeting of a newly created Risk Management Committee, involving internal stakeholders is being scheduled. A high-level introduction to the process of risk management (identify, analyze, evaluate, control/monitor) will be on the first agenda. This introduction will discuss, in part, the art and science of thinking about what could go wrong, and what should be done to minimize risks in a cost-effective manner. In that regard, the Committee will later identify and contribute to a "Master List of Perils" that face the Authority. Afterward, a process to analyze and evaluate that list of perils will begin – basically scoring each peril as to likelihood of occurrence and the impact to the organization. Multi-year budget forecasts for the Enterprise Risk Management Group, including staffing, were completed on time.

## **ORGANIZATIONAL DEVELOPMENT**

### ***Talent Management***

GLWA has 44 job postings for positions across the organization. The open positions are posted on our external website. Organizational Development has added a new source to our list of recruiting sites to increase visibility of our open positions. As of October 19<sup>th</sup>, our staff count is 903. New employee orientation continues on the third Friday of each month.

### ***Training***

OD has provided 34 classes of training since last month's CEO report with a 97% participation rate from Team members. The Training Team is adding new content and curriculum to the Learning Management System (LMS) to improve workforce performance by virtual training, mobile learning, and learning simulation. Efforts are underway by the OD staff on conversion of historical training data to be imported in the LMS system. We are fifty percent (50%) complete of this effort.

### ***Performance Management***

Performance Baseline Training was conducted during the weeks of October 9<sup>th</sup> and October 16<sup>th</sup> for our leadership team as they prepare performance expectations for team members for the 2017-2018 performance evaluation period.

### ***HRIS/LMS Upgrade***

OD staff is currently testing changes in the Dayforce HCM and Cornerstone systems in anticipation of the upcoming upgrades to newer versions.

### ***Labor/Management Meeting***

On Thursday October 12<sup>th</sup>, GLWA hosted two sessions of: the MERC Basic Training course at Water Works Park. Instructors for the course were MERC mediators. The morning session was GLWA's first Labor Management meeting. The MERC training idea was the first of many steps for shared training that allows us and our labor groups to learn the same information regarding how the state views Employment Relations from a neutral as well as regulatory body. Twenty-six members of the GLWA team, including union officials attended.



## **ORGANIZATIONAL DEVELOPMENT** (continued)

The session was robust and very informative. There is no doubt that this type of collaborative learning will positively affect Labor Management relationships at GLWA.

The afternoon session included fourteen members of our customer communities and two union members working with the Dearborn community. We had participants from the cities of Detroit and Farmington Hills, as well as Oakland and Macomb counties. The afternoon session was just as informative and interactive. The evaluations were positive.

Participants from both sessions thanked us for hosting the training, and look forward to future training opportunities with GLWA.

### ***Apprenticeship Program***

GLWA is a recipient of an ApprenticeshipUSA, Department of Labor-funded grant done in partnership between Automation Alley and the State of Michigan. The grant was created to help address the manufacturing and IT talent shortages across our state. Our registered EICT-I Apprenticeship program meets the criteria. Nine (9) of our 20 EICT-I Apprentices have met the first of two established benchmarks (meeting or exceeding 500 hours of OJT ) in our program to receive these incentives of \$2000 per Apprentice. This week we received our first incentive fund of \$9,000. We anticipate receiving more funds as apprentices meet the established benchmarks.

### ***Wellness Program***

GLWA is in the planning stages of establishing “One Water Wellness” for our organization. GLWA is one of several community partners that will be participating in the Detroit Medical Center (DMC) 61 Day Challenge Kick-off event on October 27, 2017 at DMC Harper-Hutzel Hospital.

## **FINANCIAL SERVICES AREA**

### ***Team Member News!***

Congratulations to **Joan Byrne, Procurement Management Professional**, on the Construction and Contract Services (C&CS) Team. Joan is being recognized by her peers as the **Michigan Public Purchasing Officers Association’s Buyer of the Year** at their annual conference in October. Joan was a key member of the DWSD team during the start-up of the GLWA and handles many of the more complex C&CS procurements. Joan is also assigned as an FSA Operations Support Team member to support water system operations and engineering.



Joan is pictured here with Dan Edwards, C&CS Manager, and Butch Johnson, Procurement Director, moments after receiving the good news!

**FINANCIAL SERVICES AREA** (continued)

***Financial Planning & Analysis***

Biennial Budget and Five-Year Plan updates have been loaded into BS&A. The information is now under review for alignment with overall financial parameters and programmatic initiatives. Once this review has been completed, the plan will be presented to the CEO for review and discussion. In addition to operations & maintenance expense, the plan also includes capital outlay.

Even though the FP&A Team has been working diligently on the budgets, professional development and expanding our knowledge is a priority. Both Robert Arbaugh and Sondra Hunsinger recently completed the Doug Cartland “Hungry Leaders” series while Charise Collins and Jay Oswalt attended the Effective Utility Management seminar hosted by the American Water Works Association. In addition to this Lisa Mancini joined members from Treasury and Financial Reporting and Accounting at the Michigan Government Finance Officers Association’s (MGFOA) 2017 Fall Training Institute. The valuable information was gathered by the team members and shared amongst the group as a whole. Lessons learned from all programs is being utilized as we work through the organizational initiatives.

***Financial Reporting and Accounting***

The FY 2017 external audit is in its third week. Onsite fieldwork will continue for the next 30 days (approximately).

The following numbers represent the Accounts Payable team activity for the month of September:

<b>September 2017 - Accounts Payable Activity</b>	
Checks Issued	1,771
Vendors Paid	354
Dollar Amount Paid	\$ 23,145,577.82
Average # of Invoices Processed Per Day	75

***Transformation***

The Transformation Team is currently in the process of their own transformation by rebuilding relationships and creating new standards. They will be reviewing the responses from the Voice of the Vendor survey conducted during the Vendor Outreach Event. The team is also working to develop a strategic plan to support the next phase of implementation of the Effective Utility Management (EUM) framework based upon each operating area’s unique needs. A particular focus this month is rolling out the 5S workplace organization methodology. The 18<sup>th</sup> Floor Financial Reporting and Accounting team is pilot that encompasses our partners at DWSD. We then begin putting the methods in action at the Water Resource Recovery Facility’s Pump House #1 and the Rack and Grit building. Stay tuned for before and after pictures to see how we shine!



**FINANCIAL SERVICES AREA** (continued)

***Internal Audit & Data Analytics***

The Internal Audit & Data Analytics (IADA) team has continued the assistance to Shared Services. The “true up” calculation for the year ended June 30, 2107 is well underway. The documentation of the fiscal year 2017 procedures continue as the process evolves.

The updating of Finance procedures and changes to the internal control environment are nearing completion for the June 30, 2017 versions for external audit purposes. These procedures and internal controls encompass financial processes and compliance with Single Audit requirements.

We are working with Materials & Logistics in the development of an asset and excess inventory disposal policy and procedure.

***Procurement***

The following numbers represent the Construction & Contract Services activity through the month of September:

2017 YTD - Contracts Executed (in 000's)										
Category	January	February	March	April	May	June	July	August	September	YTD Total
<b>Quantity</b>										
Construction	1	-	2	1	7	2	2	6	5	26
Consultant	9	8	7	2	6	14	4	11	7	68
Design/Build	1	-	1	1	1	0	1	0	0	5
Legal Services	2	1	1	-	-	2	6	2	0	14
<b>Grand Total</b>	<b>13</b>	<b>9</b>	<b>11</b>	<b>4</b>	<b>14</b>	<b>18</b>	<b>13</b>	<b>19</b>	<b>12</b>	<b>113</b>
<b>Value</b>										
Construction	\$ 995.0	\$ -	\$ 654.4	\$ 1,636.7	\$ 37,651.8	\$ 10,092.8	\$ 7,173.3	\$ 6,691.0	\$ 9,839.9	\$ 74,734.9
Consultant	2,512.1	1,773.5	3,213.6	68.5	8,637.1	20,380.4	29,425	13,541	2,382	\$ 81,933.4
Design/Build	3,590.0	-	320.9	-	100.0	-	2,500	-	-	\$ 6,510.9
Legal Services	750.0	250.0	50.0	-	-	350.0	1,495	300	-	\$ 3,195.0
<b>Grand Total</b>	<b>\$7,847.1</b>	<b>\$2,023.5</b>	<b>\$4,238.9</b>	<b>\$1,705.2</b>	<b>\$46,389.0</b>	<b>\$30,823.2</b>	<b>\$40,593.3</b>	<b>\$20,532.4</b>	<b>\$12,221.7</b>	<b>\$ 166,374.2</b>

September 2017 - Contracts in Process (in 000's)	
<u>Quantity</u>	<u>Value</u>
24	\$ 97,164.34
24	34,083.84
5	34,901.32
2	78.00
3	1,125.00
1	61.18
<b>59</b>	<b>\$ 167,413.67</b>

## **FINANCIAL SERVICES AREA** (continued)

### ***Change Communications***

The Procurement C&CS and Construction Accounting & Financial Reporting (CAFR) teams presented a workshop for the Water Engineering and Facilities teams on Thursday, October 19, 2017. The purpose was to rollout several draft process improvements and communication tools. A similar workshop will be held with Wastewater Engineering and Water Board Building teams. Feedback from those sessions will be compiled and a result in a complete set documents that will be posted on SharePoint. The outcome is a better understood, better designed, more timely, and consistent application of financial management and procurement procedures for construction and related services.

### **Qualifications Based Selection Workshops**

Mr. Ron Brenke, PE, Manager, QBS Coalition presented “Qualifications-Based Selection (QBS): Your Path to Success” at two educational outreach sessions sponsored by GLWA on Monday, October 23, 2017. The morning session included member customer communities, many of whom are embarking on procuring a new project and wanted to learn more about QBS. The afternoon session was attended by approximately 40 members of the engineering services vendor community. The outcome of Ron’s presentation and subsequent discussion was a better understanding of QBS, how and when it is utilized at GLWA, and dialogue with the GLWA team and vendor community to achieve shared objectives. A follow-up session will be scheduled in January. It was also suggested that we have a similar session with construction firms. The GLWA team agreed and will schedule that event for December or early January.

### ***WRAP Update***

The Water Residential Assistance Program (“WRAP”) has completed its first year of providing assistance to water and sewer customers within the Great Lakes Water Authority service area. WRAP began accepting applications for residential customer assistance on March 2, 2016, with the first community to opt into WRAP being the City of Detroit. Subsequently, outreach meetings were held in Wayne, Oakland and Macomb Counties to educate GLWA customer communities on details on the WRAP and what was required to “opt-in” to the program. Since those meetings, Wayne Metro, along with the Community Action Alliance partners, have been working with individual communities to get them opted into the WRAP. As of September 30, 2017, 67 communities have opted into the program.

Below is a summary of committed and spent WRAP funds as well as home audits and home repairs performed through September 30, 2017 for the City of Detroit and suburban participants. Please note that the uncommitted funds included in the table below now includes the budgeted WRAP funds for bill assistance, arrearage assistance, home audits and repairs of \$4.3 million for FY 2018.

**FINANCIAL SERVICES AREA** (continued)

<b>WRAP Funding Status As of September 30, 2017</b>			
	<u>Detroit</u>	<u>Suburban</u>	<u>Total</u>
Scheduled Appointments	13,334	4,132	17,466
Completed Pre-Applications	12,708	3,965	16,673
Households Assisted	3,193	2,372	5,565
Shutoffs Avoided	1,373	542	1,915
Home Audits	1,193	332	1,525
Number of Home Repairs	778	168	946
Amount of Home Repairs	329,693	\$91,156	\$420,849
Average Cost of Home Repair	\$424	\$543	\$445
Total Bill Assistance Committed	911,960	\$586,852	1,498,812
Total Arrearage Assistance Committed	1,682,872	\$792,788	2,475,660
Total Assistance Committed	\$2,594,832	\$1,379,640	\$3,974,473
FY 2016, 2017 & 2018 WRAP Funds Uncommitted*	\$ 1,427,546	\$ 6,010,584	\$7,438,129
FY 2016 Uncommitted Funds Reallocated to Detroit	\$1,664,833	(\$1,664,833)	\$0
Net FY 2016, 2017 & 2018 Funds Uncommitted	\$3,092,378	\$4,345,751	\$7,438,129
Total Bill and Arrearage Assistance Paid to Date:	\$1,343,899	\$422,980	\$1,766,879
* Includes breakage amounts returned to funding allocation.			

**STAFF DEVELOPMENT**

Water Operations staff Reginald Bryant, Jeffrey Dorsey, Ronald Hayes, Yvette Hayes-Johnson, Sunny Jacob, Yao Kouassi, Mathew Mangatt, Edwin Merriweather, Mary Lynn Semegen, and Christopher Steary, and Clemon Beverly of Field Services attended the 25<sup>th</sup> Annual Michigan Public Service Institute (MPSI) training for “Delivering Service Excellence” from September 17 – 22, 2017.



**STAFF DEVELOPMENT** (continued)

Participants will receive up to 3.2 continuing education credits for each hour of instruction from the Michigan Department of Environmental Quality.



Congratulations to Ronald Hayes (*pictured left*), Manager, Southwest Water Treatment Plant, and Clemon Beverly (*pictured right*), Team Leader – Field Services, for graduating during the fall 2017 MPSI session!

**LEGAL**

General Counsel's October Report is an attachment to the Chief Executive Officer's Report.

Respectfully submitted,

Sue F. McCormick  
Chief Executive Officer

SFM/dlr

**General Counsel – October, 2017**

*Updates regarding New and Pending Cases*

- ***City of Detroit v Highland Park:*** On September 12, 2017, the Michigan Supreme Court denied Highland Park’s (“HP”) request for consideration of the circuit court’s ruling that HP must pay its outstanding water and sewerage charges to DWSD. The City of Detroit and GLWA filed a motion to amend the judgment, which now stands at \$21,129,087.46.
- ***Highland Park v GLWA, DWSD and City of Detroit:*** On September 13, 2017, one day after the MSC denied consideration of HP’s appeal, HP filed a federal court action alleging, among other things, contempt of court and breach of contract. The Defendants filed motions to dismiss as their first responsive pleading.
- ***Binns v DWSD and GLWA:*** This is a class-action lawsuit filed in the Michigan Court of Appeals challenging DWSD’s stormwater billing methodology. The Plaintiff seeks to default GLWA. GLWA filed a motion to strike or set aside the default. The COA then demanded that the parties brief the application of the Headlee Amendment and *Bolt v Lansing* to DWSD’s sewer charges. GLWA and the City of Detroit timely responded to the Court of Appeals requests. There is a question of propriety of service on GLWA. An earlier version of this Complaint was dismissed without service on GLWA. Because there is little-factual support for the allegations regarding GLWA, we requested dismissal and Plaintiffs’ counsel declined. This action will be vigorously defended.
- ***Abbott v DWSD:*** This is a legacy class action challenge to DWSD’s implementation of the requirement of a settlement entered in a 2006 challenge to DWSD’s Industrial Waste Control charges. GLWA is defending this action as it is now responsible for this program. Discovery is currently underway. Plaintiffs’ counsel has agreed to dismiss all claims for damages, which allegedly occurred before the certification the City of Detroit’s plan of adjustment. This action continues to be vigorously defended.
- ***Beasley v Detroit, et al:*** The parties continue to work to resolve this basement flooding class action lawsuit from events July and August 2016, impacting the Detroit’s Eastside. The parties had a private mediation and two settlement conferences in the month of September. The parties will mediate the case again on October 25, 2017. This action continues to be vigorously defended.

### *Dismissals and Settlements*

- ***Donna McKinney:*** This is a legacy FIOA case. The parties accepted the case evaluation award of \$3,750.00.

### *Additional Updates and Miscellaneous Matters*

- ***Flint:*** All parties except for Flint have executed the Master Agreement including relevant exhibits. The State of Michigan filed suit against Flint related to the Flint City Council's failure to approve the proposed GLWA services contract or an alternative plan for the City's future water needs. Non-binding facilitation is underway in that case and GLWA is participating in that process. GLWA agreed to extend its emergency services agreement with Flint for another month, until October 31, 2017. The Flint City Council approved the hiring of an expert to explore alternatives to the GLWA services contract. Judge Lawson issued an opinion, ordering Flint to decide its water service provider by October 23, 2017. On October 22, 2017, the Flint City Council filed an emergency motion seeking more time to select its long-term water service provider.
- ***Personnel Issues:*** On October, 9, 2017, Cheryl Yapo began her employment as the Director of Strategic Workplace Relations, assisting the Offices of the General Counsel and Organizational Development with labor, employment, and workplace related issues.
- ***NPDES Permit Renewal and ACO Dismissal:*** The Office continues to support this initiative and has retained an expert to assist in this endeavor. The Office prepared and submitted the renewal application for the Permit and materials on financial capability. A response from the State is expected now in November on both matters.
- ***Legislative Updates:*** The Office continues to support HB 4806 which contains amendments to the exception to governmental immunity, regarding liability for sewer back up claims.
- ***Gordie Howe International Bridge:*** Pursuant to the Uniform Relocation Act, MDOT has requested a meeting to discuss its requirement to offer advisory relocation services to GLWA, e.g. the benefits that GLWA is entitled to and the services MDOT can provide; to push MDOT's demand for a January 1, 2019 possession date, including whether this may require a double relocation; and to secure access to the site for testing. MDOT and GLWA continue to work together to discuss the relocation.
- ***Booster Chlorination Stations:*** Two properties for locating the booster chlorination stations for continuing service to Lapeer County customers Imlay City, Mayfield Twp and Lapeer have been identified in Goodland Twp and Mayfield Twp. GLWA concluded an \$8000 settlement approved by the Board in the eminent domain proceedings for the property located in Goodland Twp and a variance was secured from the Goodland Twp zoning board. Regarding the Mayfield Twp property, the Board approved the purchase of the property owned by KAMAX LP at its October 2016 meeting and we have been working through the terms of the purchase agreement and easement with legal counsel for the property owner. At the conclusion of the negotiations, the property owner's attorney requested an additional \$1500 in legal fees and KAMAX submitted a request for reimbursement of these fees.

The \$5945 offer made by the owner and accepted by GLWA included a line item for legal work in the amount of \$1500.

- **Water Contract Reopener Negotiations:** The model water contract prescribes specified periods at which the parties are encouraged to renegotiate the contract max day and peak hour values. This Fall, 29 customers have scheduled contract reopeners, 1 customer has requested an “out-of-sequence” reopener to take its new storage facility into consideration, and 3 customers are required to meet with the GLWA negotiation team to discuss the exceedance of their contract max day and/or peak hour values this past summer. The negotiation team has completed its preparations for the 33 meetings described and has begun meeting with the affected customers. The team hopes to conclude all meetings by early December. The deadline for customers to approve an amendment to their contract is January 12, 2018.
- **Environmental and Workplace Safety Compliance:** The Office continues to work with the COO and team leaders from both the water and sewer systems to comply with regulations and to respond to any alleged violations.
- **Cease and Desist:** The Office drafted a cease and desist letter to an out-of-state company seeking to secure customers for its water purification systems. The company complied with GLWA's demands and will refrain from sending any further publications.
- **Record Retention Policy:** The Office is drafting a record retention policy for GLWA.
- **Industrial Pretreatment Program:** The Office continued to work with the Industrial Waste Control Group and external stakeholders on finalizing and implementing an updated IPP.
- **Customer Outreach:** The Office continues to be an active participant in Customer Outreach sessions.

**October 2017 Statistics:**

Contracts reviewed as to form:	19
Contracts drafted or revised:	17
Subpoenas/Information requests received:	7
Subpoenas/Information responded to:	4