



Financial Services Audit Committee Communication

Date: February 15, 2019

To: Great Lakes Water Authority Audit Committee

From: Jon Wheatley, Public Finance Manager

Re: Proposed FY 2020 Schedule of Water and Sewer Service Charges

Background: During its January 23, 2019 meeting, the Great Lakes Water Authority (GLWA) Board of Directors was presented the proposed FY 2020 financial plans and related schedule of water and sewer service charges. That presentation was the basis for the proposed water and sewer service charges shared with the member partners at the January 24, 2019 Charges Roll-out Meeting. Furthermore, those proposed charges were also mailed to the Member Partners on January 25, 2019 with a Notice of Public Hearing scheduled for February 27, 2019 at 2:00 p.m. The charges proposed on January 23, 2019 are the same being presented today.

Analysis: Final considerations related to the charges as we approach the public hearing on February 27, 2019 are discussed below.

Proposed FY 2020 Water Charges

The proposed FY 2020 water service charges reflect the results of two GLWA and member partner initiatives that were completed during 2018. The first is the Contract Alignment Process (CAP), which aligned the scheduled reopener dates (starting in 2022) for 80 of the 82 of GLWA's member partners on a water model contracts. The second is the Phase 2 update of the Units of Service Study (USS) for GLWA's non-master metered customers as prepared by Black and Veatch. The effect of both the CAP and USS Phase 2 results in the reallocation of units of service among all GLWA water member partners. **The average wholesale water service charge will increase by 0.8 percent for FY 2020.**

Also reflected in the proposed water service charges is a proposed change in account status for certain GLWA sewer facilities that are currently served as retail customers of DWSD. GLWA contends that these facilities are served by regional, not retail, system mains. This proposal results in the corresponding removal of units of service to DWSD, which lowers its allocated wholesale water revenue requirement by \$1.4 million. The revenue to DWSD from this service under the current retail service arrangement is estimated to be \$3.5 million. Since the date that proposed charges were presented, DWSD gave had further dialog related to the matter as well as a different venue to work through this matter.

Proposed FY 2020 Sewer Charges

The proposed FY 2020 sewer service charges reflect the revenue requirement impact of the proposed amendment to the Oakland Macomb Interceptor Drain Drainage District (“OMID”) service agreement. Under this proposal, OMID will provide all maintenance and financing activities related to the Northeast Sewer Pump Station (“NESPS”). **The average wholesale sewer service charge will increase by 1.3percent for FY 2020.**

The proposed sewer service charges also include the proposed change in account status for the GLWA sewer facilities that are currently served as retail customers of DWSD (a companion matter related to the retail water charges noted above). This change results in the reduction of units of service to DWSD, which lowers its allocated wholesale sewer revenue requirement by \$782,300.

Impact of DWSD Retail Charges to GLWA

Two analysis are attached that quantify the difference for both entities related to the impact of the GLWA proposal to address the water source at the WRRF. While the amounts are moderately material to each party, potential option(s) exist if it appears that resolution of this matter impacts timely adoption of budget and charges. If the parties decide that arbitration is the preferred route to resolve this matter, for example, a common option is for payments to be held in escrow until a third-party decision is made.

Budget Impact: The proposed FY 2020 Schedule of Water and Sewer Service Charges as presented produces the necessary revenues to fund the proposed FY 2020 Water Budget and Sewer Budget, respectively, based on the projections made in the FY 2020 Water and Sewer Cost of Service Studies prepared by The Foster Group.

Proposed Action: Audit Committee recommends that the Great Lakes Water Authority Board approve the proposed schedule of FY 2020 Water and Sewer Service Charges as initially presented by GLWA at its Regular Meeting on February 27, 2019 subject to public comment;

Or

Audit Committee recommends that the Great Lakes Water Authority Board approve the proposed schedule of FY 2020 Water and Sewer Service Charges at its Regular Meeting on February 27, 2019 subject to public comment with the provision that an alternative charge for the retail system which holds the resolution of the water charges to the Water Resource Recovery Facility be held in escrow subject to an expedient arbitration to resolve the matter.

Great Lakes Water Authority
Schedule 1 - Revenue Requirements Budget Worksheet - Potential Impact of Alternative GLWA Facilities Arrangement
As of February 6, 2019

Regional System Revenue Requirements	Water Supply System				Sewage Disposal System				Combined Water & Sewer			
	FY 2020 AS Requested	Possible Modifications	Modified Budget?	Relative % Change	FY 2020 AS Requested	Possible Modifications	Modified Budget?	Relative % Change	FY 2020 AS Requested	Possible Modifications	Modified Budget?	Relative % Change
Revenues												
Revenues From Wholesale Customer Charges	\$ 311,043,600	\$ -	\$ 311,043,600	0.0%	\$ 287,973,400	\$ -	\$ 287,973,400	0.0%	\$ 599,017,000	\$ -	\$ 599,017,000	0.0%
Wholesale Revenues From Retail Services Agreement	20,117,100	1,438,000	21,555,100	7.1%	186,118,800	781,800	186,900,600	0.4%	206,235,900	2,219,800	208,455,700	1.1%
11 Total Revenues from Charges	\$ 331,160,700	\$ 1,438,000	\$ 332,598,700	0.4%	\$ 474,092,200	\$ 781,800	\$ 474,874,000	0.2%	\$ 805,252,900	\$ 2,219,800	\$ 807,472,700	0.3%
11.1 Revenues from Internal Charges	1,438,000	(1,438,000)	-	-100.0%	-	-	-	NA	1,438,000	(1,438,000)	-	-100.0%
10.1 Non-Operating Revenue	9,083,300	-	9,083,300	0.0%	8,730,600	-	8,730,600	0.0%	17,813,900	-	17,813,900	0.0%
Total Revenues	341,682,000	-	341,682,000	0.0%	482,822,800	781,800	483,604,600	0.2%	824,504,800	781,800	825,286,600	0.1%
Revenue Requirements												
1 Operations & Maintenance (O&M) Expense	\$133,490,500	\$0	\$133,490,500	0.0%	\$187,968,700	\$ 2,188,500	\$190,157,200	1.2%	\$321,459,200	\$ 2,188,500	\$323,647,700	0.7%
2 O&M Legacy Pension Allocation	6,048,000	-	6,048,000	0.0%	10,824,000	-	10,824,000	0.0%	16,872,000	-	16,872,000	0.0%
3 Debt Service Allocation	137,557,600	-	137,557,600	0.0%	215,738,800	-	215,738,800	0.0%	353,296,400	-	353,296,400	0.0%
4 Accelerated Legacy Pension Allocation	6,268,300	-	6,268,300	0.0%	11,620,700	-	11,620,700	0.0%	17,889,000	-	17,889,000	0.0%
5 Water Residential Assistance Program	1,743,900	-	1,743,900	0.0%	2,464,400	-	2,464,400	0.0%	4,208,300	-	4,208,300	0.0%
6 Lease Payment to Local System I&E Account	22,500,000	-	22,500,000	0.0%	27,500,000	-	27,500,000	0.0%	50,000,000	-	50,000,000	0.0%
7 Improvement & Extension Fund Allocation	30,098,600	-	30,098,600	0.0%	26,706,400	(1,406,700)	25,299,700	-5.3%	56,805,000	(1,406,700)	55,398,300	-2.5%
8 Operating Reserve Deposit	3,976,000	-	3,976,000	0.0%	-	-	-	NA	3,976,000	-	3,976,000	0.0%
9 Extraordinary Repair & Replacement Deposit	-	-	-	NA	-	-	-	NA	-	-	-	NA
Annual Revenue Requirements	\$ 341,682,900	\$ -	\$ 341,682,900	0.0%	\$ 482,823,000	\$ 781,800	\$ 483,604,800	0.2%	\$ 824,505,900	\$ 781,800	\$ 825,287,700	0.1%
Impact on Detroit Customer Class												
DWSD Local System Revenues - Detroit Customers	\$ 96,181,500	\$ 3,626,500	\$ 99,808,000	3.8%	\$ 292,640,000	\$0	\$ 292,640,000	0.0%	\$ 388,821,500	\$3,626,500	\$ 392,448,000	0.9%
less: Allocated Wholesale Revenue Requirement	(20,117,100)	(1,438,000)	(21,555,100)	7.1%	(186,118,800)	(781,800)	(186,900,600)	0.4%	(206,235,900)	(2,219,800)	(208,455,700)	1.1%
Balance Available for Local System Requirements	\$ 76,064,400	\$ 2,188,500	\$ 78,252,900	2.9%	\$ 106,521,200	\$ (781,800)	\$ 105,739,400	-0.7%	\$ 182,585,600	\$ 1,406,700	\$ 183,992,300	0.8%
Variance as a % of Total Revenues				2.3%				-0.3%				0.4%

Executive Summary Review of DWSD Proposed Budget for FY 2020
As of February 6, 2019

	(1)	(2)	(3)	(4)	(5)
	Current DWSD Budget	Suggested GLWA Modifications	Adjusted Modified Budget	Recognize GLWA Modifications	Adjusted Modified Budget
Water					
1 Total DWSD Retail Revenues	99,810,700	0	99,810,700	(3,507,800)	96,302,900
2 DWSD Operating Expenses <i>Net (of S/S)</i>	36,654,600	0	36,654,600		36,654,600
3 <i>Net Balance Available (1) - (2)</i>	63,156,100	0	63,156,100	(3,507,800)	59,648,300
4 Wholesale Revenue Requirements	21,536,500	200	21,536,700	(1,419,600)	20,117,100
<u>Indirect Allocated Retail Revenue Requirements</u>					
5 Transfer to DWSD O&M Pension Account	4,272,000	0	4,272,000		4,272,000
6 Obligation Payable Transfer to Debt Service Funds	33,438,800	0	33,438,800		33,438,800
7 Transfer to Pension Obligation Payment Fund	4,427,400	0	4,427,400		4,427,400
8 Transfer to WRAP Fund	499,100	(211,200)	287,900	(10,500)	277,400
9 Subtotal Indirect <i>(excludes post bifurcation D/S)</i>	42,637,300	(211,200)	42,426,100	(10,500)	42,415,600
10 <i>Net Balance Available (3) - (4) - (9)</i>	(1,017,700)	211,000	(806,700)	(2,077,700)	(2,884,400)
11 Existing Additional Debt Service - Post Bifurcation	2,537,000	1,134,900	3,671,900	0	3,671,900
12 Forecasted Additional Debt Service	0	0	0	0	0
13 <i>Net Available / (Use of Lease Payment for Debt Svc)</i>	(3,554,700)	(923,900)	(4,478,600)	(2,077,700)	(6,556,300)
Sewer					
14 Total DWSD Retail Revenues	292,628,000	0	292,628,000	0	292,628,000
15 DWSD Operating Expenses <i>Net (of S/S)</i>	72,472,800	0	72,472,800	0	72,472,800
16 <i>Net Balance Available (14) - (15)</i>	220,155,200	0	220,155,200	0	220,155,200
17 Wholesale Revenue Requirements	186,902,700	(1,600)	186,901,100	(782,300)	186,118,800
<u>Indirect Allocated Retail Revenue Requirements</u>					
18 Transfer to DWSD O&M Pension Account	2,856,000	0	2,856,000		2,856,000
19 Obligation Payable Transfer to Debt Service Funds	26,271,500	0	26,271,500		26,271,500
20 Transfer to Pension Obligation Payment Fund	3,066,400	0	3,066,400		3,066,400
21 Transfer to WRAP Fund	1,463,100	(962,000)	501,100	3,900	505,000
22 Subtotal Indirect <i>(excludes post bifurcation D/S)</i>	33,657,000	(962,000)	32,695,000	3,900	32,698,900
23 <i>Net Balance Available (16) - (17) - (22)</i>	(404,500)	963,600	559,100	778,400	1,337,500
24 Existing Additional Debt Service - Post Bifurcation	5,378,300	0	5,378,300	0	5,378,300
25 Forecasted Additional Debt Service	0	0	0	0	0
26 <i>Net Available / (Use of Lease Payment for Debt Svc)</i>	(5,782,800)	963,600	(4,819,200)	778,400	(4,040,800)
27 Combined Water / Sewer Use of Lease Pmt for DS	(9,337,500)	39,700	(9,297,800)	(1,299,300)	(10,597,100)

..TITLE

Resolution Regarding Approval of FY 2020 Schedule of Water Service Charges

..BODY

Agenda of: February 27, 2019

Item No.: **2019-**

Amount: N/A

TO: The Honorable
Board of Directors
Great Lakes Water Authority

FROM: Sue F. McCormick
Chief Executive Officer
Great Lakes Water Authority

DATE: February 27, 2019

RE: Resolution Regarding Approval of FY 2020 Schedule of Water Service Charges

MOTION

Upon recommendation of Nicolette Bateson, Chief Financial Officer/Treasurer, the Board of Directors (Board) of the Great Lakes Water Authority, **approves the following actions, which require a supermajority affirmative vote of at least five (5) members of the Board, and the attached Resolution 2019-_____** with an effective date of July 1, 2019:

- 1) FY 2020 wholesale water service schedule of charges;
- 2) FY 2020 wholesale sewer service schedule of charges;
- 3) FY 2020 City of Detroit allocated wholesale water revenue requirement of **\$20,117,100 [\$21,536,700]**, which is the net of **\$40,817,100 [\$42,236,700]** gross revenue requirement less the Ownership Equity Credit of \$20,700,000 pursuant to the terms of the Water and Sewer Services Agreement (WSSA);
- 4) FY 2020 City of Detroit allocated wholesale sewer revenue requirement of **\$186,118,800 [\$186,901,100]**, which is the net of **\$191,634,800 [\$192,417,100]** gross revenue requirement less the Ownership Equity Credit of \$5,516,000 in accordance with the WSSA.
- 5) FY 2020 City of Detroit allocated indirect water revenue requirement of \$46,080,700, in accordance with the Regional Water Supply System Lease;

- 6) FY 2020 City of Detroit allocated indirect sewer revenue requirement of \$38,073,300, in accordance with the Regional Water Supply System Lease; and
- 7) authorizes the Chief Executive Officer to take such other action as may be necessary to accomplish the intent of this vote.

BACKGROUND

Pursuant to the water system and sewer system leases signed between the Great Lakes Water Authority (GLWA/Authority) and the City of Detroit, the GLWA began operations of the regional water supply and sewage disposal system on January 1, 2016. Consistent with the terms of those leases, the Authority shall, for each fiscal year fix and approve rates and charges to its customers in an amount that is expected to produce revenues sufficient to satisfy the Authority revenue requirement. The attached, proposed schedule of charges meets that requirement.

Leading up to this charge recommendation, staff presented the proposed FY 2020 and 2021 Biennial Budget and five-year financial plan for FY 2020 to 2024 to the Board at its meeting on January 9, 2019 and an analysis of proposed water and sewer system charges at its January 23, 2019 meeting. A Public Hearing was opened for the FY 2020 Water Service Charges and Sewer Service Charges on February 27, 2019.

JUSTIFICATION

Great Lakes Water Authority (“GLWA”) management and its consultant, The Foster Group, developed a Schedule of Water Service Charges and Sewer Service Charges for FY 2020 including the City of Detroit Revenue Requirement for the water and sewer systems. These charges support the proposed FY 2020 water system revenue requirements budget and the proposed FY 2020 sewer system revenue requirements, respectively. The FY 2020 water and sewer revenue requirements reflect GLWA’s commitment to not only work within, but perform beyond, the four percent revenue requirement budget limitation outlined in the September 9, 2014 Memorandum of Understanding that resulted in the establishment of the Great Lakes Water Authority. The proposed wholesale customer charges and revenue requirements for the City of Detroit are the result of significant customer engagement in the charge setting process to evaluate the appropriate allocation of revenue requirements.

BUDGET IMPACT

The recommended FY 2020 Schedule of Water Service Charges and Sewer Service Charges as presented produces the necessary revenues to fund the FY 2020 Water System and Sewer System Budget.

COMMITTEE REVIEW

The Audit Committee has reviewed the FY 2020 financial plan, including charge setting matters, at its meetings on January 4, 2019, January 18, 2019 and February 15, 2019.

SHARED SERVICES IMPACT

This item does not impact the Shared Services Agreement between the GLWA and the City of Detroit.

Great Lakes Water Authority
Resolution 2019-
RE: Approval of FY 2020 Schedule of Water Service Charges

By Board Member: _____

Whereas The Great Lakes Water Authority (“GLWA”) management and its consultant, The Foster Group, have developed the attached Schedule of Water Service Charges and Sewer Service Charges for FY 2020, including the direct and indirect City of Detroit Revenue Requirements for the water and sewer systems, to support the FY 2020 water system and sewer system revenue requirements budget with an effective date of July 1, 2019; and

Whereas The FY 2020 water and sewer revenue requirements reflect GLWA’s commitment to work within the four percent limitation outlined in the Memorandum of Understanding; and

Whereas A Public Hearing was held for the Water Service Charges and Sewer Service Charges proposed by the GLWA for FY 2020 on February 27, 2019 at 2:00 p.m.; and

NOW THEREFORE BE IT:

RESOLVED The Great Lakes Water Authority Board approves the proposed:

- 1) FY 2020 wholesale water service schedule of charges;
- 2) FY 2020 wholesale sewer service schedule of charges;
- 3) FY 2020 City of Detroit allocated wholesale water revenue requirement of \$20,117,100 [\$21,536,700], which is the net of \$40,817,100 [\$42,236,700] gross revenue requirement less the Ownership Equity Credit of \$20,700,000 pursuant to the terms of the Water and Sewer Services Agreement (WSSA);
- 4) FY 2020 City of Detroit allocated wholesale sewer revenue requirement of \$186,118,800 [\$186,901,100], which is the net of \$191,634,800 [\$192,417,100] gross revenue requirement less the Ownership Equity Credit of \$5,516,000 in accordance with the WSSA.
- 5) FY 2020 City of Detroit allocated indirect water revenue requirement of \$46,080,700 [\$46,080,700], in accordance with the Regional Water Supply System Lease;
- 6) FY 2020 City of Detroit allocated indirect sewer revenue requirement of \$38,073,300 [\$38,073,300], in accordance with the Regional Water Supply System Lease; and be it finally

RESOLVED That the Chairperson, the Chief Executive Officer, and the Chief Financial Officer/Treasurer are authorized to take such other action as may be necessary to accomplish the intent of this vote



DRAFT

**Proposed Schedule
of Charges**

February 15, 2019



**GREAT LAKES WATER AUTHORITY
NOTICE OF PUBLIC HEARING
PROPOSED FY 2020 WATER AND SEWERAGE SERVICE CHARGES**

Notice is hereby given that the Great Lakes Water Authority Board of Directors will hold a Public Hearing on Water and Sewerage service charges proposed by the Great Lakes Water Authority for Fiscal Year 2020.

DATE: Wednesday, February 27, 2019

TIME: 2:00 p.m.

**PLACE: 5th Floor Board Room
735 Randolph
Detroit, Michigan 48226**

The proposed service charges are scheduled to take effect on July 1, 2019.

The proposed schedule of charges is available for public inspection at the office of the Authority, Water Board Building, 735 Randolph, Detroit, Michigan 48226. The proposed schedule of charges may also be found online at <https://www.glwater.org/financials/>.

Individuals or groups wishing to make oral presentations or submit prepared statements pertaining to the proposed service charges may do so at the Public Hearing. Individuals or groups giving oral presentations are encouraged to have their presentations in writing, with a copy to be submitted for the record to the Great Lakes Water Authority Board of Directors. Oral presentations should be brief to allow all parties the opportunity to participate. A time limit may be imposed based upon registration at the hearing.

Interested parties who are unable to attend the Public Hearing may submit their comments in writing to:

Sue F. McCormick, Chief Executive Officer
Great Lakes Water Authority
735 Randolph
Detroit, Michigan, 48226

Great Lakes Water Authority
Proposed FY 2020 Water Supply System Allocated Revenue Requirements and Service Charges

Line No.	<u>Wholesale Customer</u>	Fixed Monthly Charge (a) \$/mo	Commodity Charge (a) \$/Mcf	Annual Revenue Req'ts \$
1	Allen Park	121,500	7.43	2,429,400
2	Almont Village	11,800	10.46	235,300
3	Ash Township	41,400	8.07	827,600
4	Belleville	15,400	9.75	307,100
5	Berlin Township	37,400	10.73	748,700
6	Brownstown Township	186,000	10.30	3,719,200
7	Bruce Twp	15,300	75.96	305,700
8	Canton Township	523,800	11.59	10,476,500
9	Center Line	23,500	6.01	470,100
10	Chesterfield Township	213,100	10.03	4,262,100
11	Clinton Township	386,200	7.46	7,723,400
12	Commerce Township	182,600	13.73	3,652,900
13	Dearborn	534,900	6.90	10,698,400
14	Dearborn Heights	186,900	7.38	3,738,100
15	Eastpointe	79,800	5.87	1,596,500
16	Ecorse	75,800	4.30	1,515,000
17	Farmington	52,200	8.72	1,044,400
18	Farmington Hills	457,900	9.70	9,157,300
19	Ferndale	51,600	5.96	1,032,200
20	Flat Rock	71,000	8.54	1,420,100
21	Flint (b)	571,700	8.26	11,434,800
22	Fraser	62,800	8.10	1,255,000
23	Garden City	87,000	7.94	1,740,400
24	Gibraltar	17,300	7.84	346,700
25	Grosse Ile Township	56,400	11.23	1,128,800
26	Grosse Pt. Park	76,900	10.34	1,538,200
27	Grosse Pt. Shores	33,700	12.86	674,900
28	Grosse Pt. Woods	72,100	8.89	1,442,600
29	Hamtramck	39,600	5.34	791,300
30	Harper Woods	43,200	6.19	864,800
31	Harrison Township	78,100	6.56	1,561,200
32	Hazel Park	37,200	5.87	743,800
33	Highland Park	59,300	4.46	1,185,000
34	Huron Township	75,300	9.62	1,506,100
35	Imlay City	71,300	13.61	1,426,100
36	Imlay Twp	800	36.47	15,500
37	Inkster	61,400	5.43	1,228,600
38	Keego Harbor	15,200	12.00	303,000
39	Lapeer	79,200	11.38	1,584,300
40	Lenox Township	14,900	8.07	298,400
41	Lincoln Park	111,900	6.08	2,237,200
42	Livonia	590,900	9.43	11,818,100
43	Macomb Township	649,000	15.22	12,980,700
44	Madison Heights	99,800	6.37	1,995,800
45	Mayfield Twp	2,400	23.13	47,900
46	Melvindale	33,100	6.00	662,100
47	New Haven, Village of	20,400	6.39	407,300
48	N O C W A	1,134,300	9.73	22,686,700
49	Northville	45,100	11.38	902,200
50	Northville Township	288,500	16.09	5,769,200
51	Novi	462,600	12.19	9,252,200
52	Oak Park	70,500	5.82	1,409,500
53	Oakland Co. Drain Comm.	4,000	3.40	80,100
54	Plymouth	54,400	9.93	1,087,500
55	Plymouth Township	230,200	10.62	4,603,200
56	Redford Township	164,600	7.61	3,292,200
57	River Rouge	35,200	6.97	703,700
58	Riverview	43,300	7.79	866,600
59	Rockwood	14,200	11.13	283,800
60	Romeo	12,700	17.79	253,400
61	Romulus	208,800	8.17	4,176,000
62	Roseville	135,900	5.73	2,718,100

Great Lakes Water Authority
Proposed FY 2020 Water Supply System Allocated Revenue Requirements and Service Charges

Line No.	Wholesale Customer	Fixed Monthly Charge (a) \$/mo	Commodity Charge (a) \$/Mcf	Annual Revenue Req'ts \$		
63	Royal Oak Township	10,400	6.78	208,400		
64	S O C W A	1,183,800	7.22	23,676,300		
65	Shelby Township	720,800	14.37	14,416,000		
66	South Rockwood	5,900	9.50	118,800		
67	Southgate	113,400	7.55	2,267,900		
68	St. Clair County-Burtchville Twp	16,500	18.07	329,800		
69	St. Clair County-Greenwood	22,700	13.08	454,400		
70	St. Clair Shores	155,300	6.48	3,105,800		
71	Sterling Heights	780,300	10.43	15,605,500		
72	Sumpter Township	33,800	9.36	676,500		
73	Sylvan Lake	11,900	14.48	238,900		
74	Taylor	239,500	6.90	4,789,700		
75	Trenton	85,700	7.75	1,714,500		
76	Troy	701,400	11.40	14,028,000		
77	Utica	29,400	8.95	588,800		
78	Van Buren Township	173,200	10.85	3,464,900		
79	Walled Lake	41,000	10.30	819,000		
80	Warren	516,500	6.75	10,329,300		
81	Washington Township	115,800	11.94	2,315,500		
82	Wayne	153,000	13.42	3,059,100		
83	West Bloomfield Township	535,200	15.46	10,703,600		
84	Westland	317,400	7.49	6,347,900		
85	Wixom	126,700	13.06	2,533,700		
86	Woodhaven	85,900	11.38	1,718,200		
87	Ypsilanti Comm Util Auth	535,400	8.37	10,707,300		
88	Total Wholesale Contract Customers	183,300	0.40	318,880,800		
89	Adjustment to Flint Revenue Requirement for KWA Debt Service			(6,652,200)		
90	Adjustment for Highland Park Bad Debt			(1,185,000)		
91	Net Requirement from Wholesale Charges (agrees with GLWA Budget "Schedule 3A")			311,043,600		
					Alternative A- Includes GLWA Facilities Adjustment	Alternative B- Without GLWA Facilities Adjustment
	<u>Detroit Customer Class</u>				\$	\$
92	Wholesale Revenue Requirement (c)			40,817,100		42,236,700
93	less: Ownership Benefit per Lease			(20,700,000)		(20,700,000)
94	Net Wholesale Revenue Requirement			20,117,100		21,536,700
95	Indirect Retail Revenue Requirements (d)			46,087,500		46,098,000
96	less: Use of Lease Payment for Debt Service			(6,556,300)		(4,478,600)
97	Net Indirect Retail Revenue Requirements (d)			39,531,200		41,619,400
98	Subtotal Subject to GLWA Board Approval (94) + (97)			59,648,300		63,156,100
99	Direct Retail Revenue Requirements (e)			36,654,600		36,654,600
100	Total Local System Revenue Requirement (97) + (99)			76,185,800		78,274,000
101	Net Requirement from Detroit Customer Class (agrees with GLWA Budget "Schedule 3A)			96,302,900		99,810,700

(a) Reflects proposed charges originally presented on January 24, 2019.

(b) Net fixed monthly charge will include \$554,400 monthly credits for KWA debt service.

(c) Wholesale revenue requirements for the Detroit Customer Class.

(d) Local System revenue requirements related to Master Bond Ordinance (local debt service, etc.)

(e) Local System operating expenses (net of shared services reimbursement) and I&E deposit. Not Subject to GLWA Board approval.

Great Lakes Water Authority - FY 2020 Sewage Disposal System
Proposed Allocated Revenue Requirements and Service Charges

	Fixed Monthly <u>Charge</u> \$/mo	Annual Revenue <u>Requirement</u> \$
<u>Suburban Wholesale</u>		
1 OMID	6,353,700	76,243,000
2 Rouge Valley	4,545,200	54,543,000
3 Oakland GWK	3,798,500	45,580,600
4 Evergreen Farmington	2,923,900	35,086,400
5 SE Macomb San Dist	2,084,400	25,011,000
6 Dearborn	1,636,300	19,636,600
7 Grosse Pointe Farms	230,700	2,768,000
8 Grosse Pointe Park	152,100	1,826,000
9 Melvindale	128,700	1,544,000
10 Farmington	96,600	1,159,900
11 Center Line	86,700	1,040,400
12 Allen Park	71,700	858,800
13 Highland Park	475,200	5,701,000
14 Hamtramck	334,700	4,016,600
15 Grosse Pointe	74,900	898,600
16 Harper Woods	18,400	220,900
17 Redford Township	22,000	265,200
18 Wayne County #3	4,200	49,400
19 Subtotal "Regional Wholesale Revenues from Charges"		276,449,400
20 Industrial Specific Revenues		13,784,000
21 Subtotal "Regional Wholesale Revenues from Charges"		290,233,400
22 less: Highland Park Bad Debt		(2,260,000)
23 Total "Regional Wholesale Revenues" (a)		287,973,400

* Wholesale charges will be effective July 1, 2019

	<u>Alternative A- Includes GLWA Facilities Adjustment</u> \$	<u>Alternative B- Without GLWA Facilities Adjustment</u> \$
<u>Detroit Customer Class</u>		
24 Wholesale Revenue Requirement (c)	191,634,800	192,417,100
25 less: Ownership Benefit per Lease	(5,516,000)	(5,516,000)
26 Net Wholesale Revenue Requirement	186,118,800	186,901,100
27 Indirect Retail Revenue Requirements (d)	38,077,200	38,073,300
28 less: Use of Lease Payment for Debt Service	(4,040,800)	(4,819,200)
29 Net Indirect Retail Revenue Requirements (d)	34,036,400	33,254,100
30 Subtotal Subject to GLWA Board Approval (26) + (29)	220,155,200	220,155,200
31 Direct Retail Revenue Requirements (e)	72,472,800	72,472,800
32 Total Local System Revenue Requirement (29) + (31)	106,509,200	105,726,900
33 Net Requirement from Detroit Customer Class (a)	292,628,000	292,628,000

(a) Agrees with GLWA Budget "Schedule 3A"

(b) Reserved

(c) Wholesale revenue requirements for the Detroit Customer Class.

(d) Local System revenue requirements related to Master Bond Ordinance (local debt service, etc.)

(e) Local System operating expenses (net of shared services reimbursement) and I&E deposit. Not Subject to GLWA Board approval.

Great Lakes Water Authority - FY 2020 Sewage Disposal System
Proposed Industrial Specific Retail Sewer Charges

Industrial Waste Control Charges	
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Meter Size - inches	Charge \$/mo
5/8	3.55
3/4	5.34
1	8.89
1-1/2	19.56
2	28.44
3	51.55
4	71.10
6	106.64
8	177.74
10	248.84
12	284.38
14	355.48
16	426.58
18	497.67
20	568.77
24	639.86
30	710.96
36	782.06
48	853.15

Pollutant Surcharges	
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Pollutant	Charge \$/lb
BIOCHEMICAL OXYGEN DEMAND (BOD) for concentrations > 275 mg/l	0.483
TOTAL SUSPENDED SOLIDS (TSS) for concentrations > 350 mg/l	0.490
PHOSPHORUS (P) for concentrations > 12 mg/l	7.228
FATS, OIL AND GREASE (FOG) for concentrations > 100 mg/l	0.465
SEPTAGE DISPOSAL FEE Per 500 gallons of disposal	48.00