



Financial Services Audit Committee Communication

Date: June 21, 2019

To: Great Lakes Water Authority Audit Committee

From: Jon Wheatley, Public Finance Manager

Re: Updated Water Residential Assistance Program- Uncommitted FY 2018 Funds
Reallocation Request

Background: The Water Residential Assistance Program (“WRAP”) provides sustainable funding for qualifying low-income residents served by the Great Lakes Water Authority’s (“GLWA”) customers. The program is funded by GLWA at an amount equal to 0.5 percent of budgeted revenues with the budgeted FY 2019 funding level of \$4.9 million combined for water and sewer services.

The scope of funding uses includes a) payment assistance and b) water audit and water conservation measures. Eligible residential customers with a past due bill and/or who are in active shut off can receive assistance with paying down arrears and receive \$25 toward monthly bill payment assistance annually up to \$1,000. High volume water users can receive a one-time home audit and home water conservation services up to \$1,000. Maximum annual assistance per household is \$2,000. To participate in WRAP, an applicant must have household gross incomes at or below 150% of the federal poverty income thresholds. Customers with water usage at or above 120% of the average residential usage are eligible to participate in a water audit and install water conservation measures. WRAP participants are also encouraged to participate in both financial coaching and water conservation workshops as well as other support services. The program is administered by Wayne Metro Community Action Agency (“Wayne Metro”), a nonprofit agency.

The WRAP began providing assistance to residents in the GLWA service area on March 1, 2016 and to date has committed almost \$13 million in assistance and conservation funds to qualified WRAP participants. WRAP has the potential to serve over 100 communities within the GLWA service area, but to assist qualified households, each community must opt into the program and sign a Memorandum of Agreement (MOA) with Wayne Metro. To date, 76 communities have opted into WRAP. A list of current participating communities is presented in **Table 1**.

Analysis: *WRAP Cashflow through June 30, 2018* **Table 2A** shows the WRAP cashflow of budgeted and committed funds in total and for each of the participating counties and the City of Detroit for the period of March 1,2016 to June 30, 2018. Through June 30, 2018, \$1,354,752 in assistance funds remain uncommitted and \$1,016,761 of conservation and repair dollars were unspent. Of the uncommitted amounts, \$929,733 in assistance funds and \$292,424 in conservation funds are related to the proposed FY 2018 funding reallocations, see Wayne Metro **Exhibit A**.

Table 1- WRAP Participating Communities

Wayne County	Oakland County	Macomb County
Allen Park	Berkley	Centerline
Brownstown Township	Beverly Hills	Chesterfield Township
Canton Township	Bingham Farms	Clinton Township
Dearborn	Birmingham	Eastpointe
Dearborn Heights	Bloomfield Hills	Fraser
Detroit	Clawson	Macomb Township
Ecorse	Commerce Township	New Haven
Flat Rock	Farmington	Shelby Township
Garden City	Farmington Hills	St. Clair Shores
Gibraltar	Ferndale	Sterling Heights
Grosse Pointe Shores	Hazel Park	Utica
Hamtramck	Huntington Woods	Warren
Harper Woods	Keego Harbor	Washington Township
Inkster	Lathrup Village	
Lincoln Park	Madison Heights	Washtenaw County
Livonia	Oak Park	Augusta Township
Melvindale	Orchard Lake	Pittsfield Township
Northville	Orion Township	Superior Township
Plymouth	Oxford	Ypsilanti
Redford Township	Pleasant Ridge	Ypsilanti Township
River Rouge	Pontiac	
Romulus	Royal Oak	Lapeer County
Southgate	Royal Oak Township	Almont
Taylor	Southfield	Lapeer
Trenton	West Bloomfield Township	
Van Buren Township		Genesee County
Wayne	Monroe County	Flint
Westland	Ash Township	
Woodhaven		

WRAP Cashflow through April 30, 2019 **Table 3A** shows the WRAP cashflow of budgeted and committed funds in total and for each of the participating counties and the City of Detroit for the period of March 1, 2016 to April 30, 2019. **Table 3A** includes the budgeted assistance and conservation funding allocations for FY 2019 in addition to the funding commitments for FY 2019. Through April 30, 2019, \$3,167,836 in assistance funds remain uncommitted and \$1,392,296 in conservation funds were unspent.

Wayne Metro Funding Recommendations

Based on the demonstrated usage of the WRAP funds since March 1, 2016 and the usage through the end of FY 2018, Wayne Metro is recommending reallocation of currently uncommitted FY 2018 suburban WRAP funds. Attached is Wayne Metro's letter (including referenced documents) dated June 14, 2019 which outlines their recommendations. Below is a summary of the recommendations:

1. *Reallocation of Uncommitted FY 2018 Assistance Funds:* WRAP utilization in FY 2018 for suburban Counties had uncommitted assistance dollars of \$929,733. This is down from the uncommitted funds from FY 2017 of \$1,063,519 as of June 30, 2018 (see **Exhibit A**). Wayne Metro is recommending the repurposing of \$254,732 in uncommitted assistance funds be used for conservation and repairs as noted in #2 below. The net amount resulting from this repurposing of funds is \$675,000 for reallocation consideration. From the \$675,000 in uncommitted FY 2018 Counties' funds, Wayne Metro is recommending a transfer to the City of Detroit in the amount of \$438,750 and to the City of Flint in the amount of \$236,250. **Table 2B** shows the effect of the proposed reallocation of these funds as of June 30, 2018.
2. *Reallocation of Uncommitted FY 2018 Conservation Funds:* In addition to the uncommitted assistance funds, \$292,424 remain from the suburban Counties' allocation of the conservation funds from FY 2018. Wayne Metro is recommending combining the \$254,732 of repurposed FY 2018 assistance funds (noted above) and the \$292,424 of unspent FY 2018 suburban Counties' conservation funds for a total of \$547,155. From the \$547,155, Wayne Metro is recommending the transfer of \$355,650 to the City of Detroit and \$191,505 to the City of Flint as shown in **Exhibit A. Table 2B** also shows the effect of the proposed reallocation of these funds as of June 30, 2018.

Table 3B shows the impact of the recommended reallocation of uncommitted FY 2018 assistance and conservation funds through April 30, 2019.

Budget Impact: None

Proposed Action: The GLWA Audit Committee recommends that the Great Lakes Water Authority Board approve the Wayne Metro recommendation to reallocate the net uncommitted FY 2018 assistance funds of \$675,000 (net of the \$254,732 repurposing of

uncommitted FY 2018 assistance funds); \$438,750 to Detroit and \$236,250 to Flint and approve the Wayne Metro recommendation to reallocate the uncommitted FY 2018 conservation funds of \$547,155 (including \$254,732 from uncommitted FY 2018 assistance funds); \$355,650 to Detroit and \$191,505 to Flint.