



**Audit Committee Meeting**  
**Friday, October 25, 2024, at 8:00 a.m.**  
*www.glwater.org*

**[Join Zoom Meeting](#)**

Meeting ID: **820 5783 7390** Passcode: **144406**

US Toll-free: **877 853 5247** or **888 788 0099**

**AGENDA**

1. CALL TO ORDER
2. ROLL CALL
3. APPROVAL OF AGENDA
4. APPROVAL OF MINUTES
  - A. September 27, 2024 (Page 1)
5. PUBLIC PARTICIPATION
6. OLD BUSINESS
  - A. Audit Update (Page 5)
7. NEW BUSINESS
  - A. *Action Item:* Resolution Authorizing Publication of Notice of Intent to (Page 7)  
Issue Water Supply Revenue Bonds
  - B. *Action Item:* Resolution Authorizing Publication of Notice of Intent (Page 13)  
to Issue Sewage Disposal System Revenue Bonds
  - C. *Action Item:* Proposed Amendment to Debt Management Policy (Page 19)
  - D. *Action Item:* Proposed Fraud & Ethics Hotline Contract Amendment (Page 44)
8. REPORTS
  - A. CFO Report (*verbal*)
  - B. Monthly Financial Report for June 2024 (Page 48)
  - C. Affordability & Assistance Update (Page 49)
  - D. Quarterly WRAP Report through June 30, 2024 (Page 51)
  - E. Gifts, Grants & Other Resources Report (Page 59)
  - F. Semi-Annual Debt Report through September 30, 2024 (Page 67)
  - G. Qualified Financial Institutions (Page 82)
  - H. Quarterly Construction Work in Progress Report through (Page 84)  
June 30, 2024
  - I. Charges Outreach & Modeling Update (Page 106)
  - J. Annual Conflict of Interest Reporting (Page 146)

9. COMMUNICATIONS

A. The Procurement Pipeline for October 2024 (Page 147)

10. LOOK AHEAD

A. Next Audit Committee Meeting: November 22, 2024, at 8:00 a.m.

11. OTHER MATTERS

12. ADJOURNMENT



# Great Lakes Water Authority

735 Randolph Street  
Detroit, Michigan 48226  
glwater.legistar.com

## Meeting Minutes - Draft

### Audit Committee

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Friday, September 27, 2024

8:00 AM

Zoom Telephonic Meeting

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#### 1. Call To Order

Chairperson Baker called the meeting to order at 8:01 a.m.

#### 2. Quorum Call

**Present:** 3 - Chairperson Brian Baker, Director Gary Brown, and Director Jaye Quadrozzi

**Note:** Director Brown joined the meeting at 8:12 a.m. at the beginning of item 8.B. Affordability & Assistance Update.

#### 3. Approval of Agenda

Chairperson Baker requested a Motion to Approve the Agenda.

**Motion By:** Jaye Quadrozzi

**Support By:** Brian Baker

**Action:** Approved

The motion carried by a unanimous vote.

#### 4. Approval of Minutes

##### A. [2024-309](#) Minutes of August 23, 2024

**Sponsors:** Nicolette Bateson

**Indexes:** Finance

**Attachments:** [4A Minutes - August 23 204 Audit Committee Meeting.pdf](#)

Chairperson Baker requested a Motion to Approve the August 23, 2024 Audit Committee Meeting Minutes.

**Motion By:** Jaye Quadrozzi

**Support By:** Brian Baker

**Action:** Approved

The motion carried by a unanimous vote.

#### 5. Public Comment

There were no public comments.

**6. Old Business**

None

**7. New Business**

A. [2024-310](#) **Resolution Identifying the Designated Authorized Representatives for the Clean Water State Revolving Fund (CWSRF) and Drinking Water State Revolving Fund (DWSRF)**

**Sponsors:** Nicolette Bateson

**Indexes:** Finance

**Attachments:** [7A2a Attachment - Table.pdf](#)

[7A3 Resolution Identifying the Designated Authorized Representatives for CWSRF and DWSRF.docx](#)

**Motion By:** Jaye Quadrozzi

**Support By:** Brian Baker

**Action:** Recommended for Approval to the Board of Directors

**Agenda of October 23, 2024**

The motion carried by a unanimous vote.

**8. Reports**

A. [2024-321](#) CFO Report

**Sponsors:** Nicolette Bateson

**Indexes:** Finance

**Attachments:** [8A1 CFO Report September 2024.pdf](#)

[8A2 GLWA Budget and Charges Schedule FY 2026+ As of 9.12.2024.pdf](#)

**Motion By:** Jaye Quadrozzi

**Support By:** Brian Baker

**Action:** Received and Filed

The motion carried by a unanimous vote.

**B.**     [2024-322](#)     Affordability & Assistance Update

**Sponsors:** Nicolette Bateson

**Indexes:** Finance

**Attachments:** [8B Affordability & Assistance Update September.pdf](#)  
[8B1 2024.09.19 OWP GLWA Affordability & Assistance Update v9.20.pdf](#)

**Motion By:** Gary Brown

**Support By:** Jaye Quadrozzi

**Action:** Received and Filed

The motion carried by a unanimous vote.

**C.**     [2024-323](#)     Annual Report on Water System Max Day

**Sponsors:** Nicolette Bateson

**Indexes:** Finance

**Attachments:** [8C Max Day - Peak Hour Annual Report 2024.pdf](#)

**Motion By:** Jaye Quadrozzi

**Support By:** Gary Brown

**Action:** Received and Filed

The motion carried by a unanimous vote.

**D.**     [2024-324](#)     Gifts, Grants & Other Resources Report

**Sponsors:** Nicolette Bateson

**Indexes:** Finance

**Attachments:** [8D Grants Gifts and Other Resources Report.pdf](#)

**Motion By:** Gary Brown

**Support By:** Jaye Quadrozzi

**Action:** Received and Filed

The motion carried by a unanimous vote.

**9. Communications****A.**     [2024-325](#)     The Procurement Pipeline for September 2024

**Sponsors:** Nicolette Bateson

**Indexes:** Finance

**Attachments:** [9A The Procurement Pipeline for September 2024.pdf](#)

**No Action Taken**

**10. Look Ahead**

The next Audit Committee Meeting is scheduled for Friday, October 25, 2024, at 8:00 a.m.

**11. Other Matters**

There were no other matters.

**12. Adjournment**

Chairperson Baker requested a Motion to Adjourn.

Motion By: Gary Brown

Support By: Jaye Quadrozzi

Action: Approved

The motion carried by a unanimous vote.

There being no further business, the meeting was adjourned at 8:39 a.m.



## Financial Services Audit Committee Communication

**Date:** October 25, 2024

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

**From:** Steve Hoover, CPA, Financial Reporting Manager

**Re:** Annual Financial Audit Update

**Background:** Each year, the Great Lakes Water Authority (GLWA) prepares an Annual Comprehensive Financial Report (ACFR) and Schedule of Expenditures of Federal Awards (SEFA) in accordance with financial accounting standards and federal guidelines. GLWA has engaged Baker Tilly US, LLP (Baker Tilly) to perform the GLWA annual financial audit and issue an opinion as to whether the financial statements are fairly stated in accordance with accounting standards for fiscal years ending 2022, 2023 and 2024.

**Analysis:** The GLWA Financial Services area has substantially finalized the FY 2024 trial balance and provided substantially all workpapers required to support the firm's fieldwork. Baker Tilly conducted the majority of their fieldwork September 30, 2024 through October 11, 2024. Limited follow up will continue for some open items. Open items are common as various questions arise during fieldwork and time is needed to provide accurate and appropriate responses. The final audit report is on track to be issued in December 2024 consistent with prior years. A detailed timeline from Baker Tilly is attached.

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



# Memo

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To: Great Lakes Water Authority Audit Committee

From: Stephanie Silva, Senior Associate (Baker Tilly)

c.c. Jodi Dobson, Partner (Baker Tilly)

Date: October 25, 2024

Subject: Great Lakes Water Authority Audit Status and Annual Comprehensive Financial Report (ACFR)

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We have prepared this memo to communicate to the audit committee our expectations regarding the timing of fieldwork, review, draft reports and issuance of the ACFR. The schedule below summarizes expected milestone dates to meet a deadline of issuance on December 20, 2024.

<b>Activity</b>	<b>Due Date</b>
	<b>Friday, December 20, 2024</b>
All audit workpapers uploaded to portal for audit	Tuesday, October 1, 2024 Complete with open items
End of Fieldwork (Including first review)	Friday, October 11, 2024 Complete
GLWA to provide preliminary draft of footnotes	Wednesday, October 23, 2024 Complete with open items
Baker Tilly to complete all internal reviews - comments accumulated and provided to GLWA	Friday, November 8, 2024 On Track
Final draft provided to Baker Tilly (footnotes, required supplementary information, supplementary information and available statistical schedules)	Wednesday, November 13, 2024
Presentation of draft to Audit Committee ( <i>tentative date</i> )	<i>Friday, December 6, 2024</i>
Preparation of separate water and sewage reports (internal)	Monday, November 25, 2024
Presentation of draft to full Board of Directors	Thursday, December 19, 2024
Issuance of the ACFRs'	Friday, December 20, 2024

The information provided here is of a general nature and is not intended to address the specific circumstances of any individual or entity. In specific circumstances, the services of a professional should be sought. Baker Tilly US, LLP trading as Baker Tilly is a member of the global network of Baker Tilly International Ltd., the members of which are separate and independent legal entities. © 2018 Baker Tilly US, LLP





## Financial Services Audit Committee Communication

**Date:** October 25, 2024

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

**From:** Nicholas Fedewa, CPA, Public Finance Manager

**Re:** Resolution Authorizing Publication of Notice of Intent to Issue Water Supply Revenue Bonds

**Background & Analysis:** See attached draft Great Lakes Water Authority (“GLWA”) Board letter.

**Proposed Action:** Audit Committee recommends that the Great Lakes Water Authority Board approve the Resolution Authorizing Publication of Notice of Intent to Issue Water Supply Revenue Bonds.

**..Title**

**Resolution Authorizing Publication of Notice of Intent to Issue Water Supply System Revenue Bonds**

**..Body**

Agenda of: November 21, 2024  
Item No.: **2024-355**  
Amount: Not to Exceed \$400,000,000

**TO:** The Honorable  
Board of Directors  
Great Lakes Water Authority

**FROM:** Suzanne R. Coffey, P.E.  
Chief Executive Officer  
Great Lakes Water Authority

**DATE:** November 21, 2024

**RE: Resolution Authorizing Publication of Notice of Intent to Issue Water Supply System Revenue Bonds**

**MOTION**

Upon recommendation of Nicolette N. Bateson, Chief Financial Officer & Treasurer, the Board of Directors (Board) of the Great Lakes Water Authority (GLWA), approve the Resolution Authorizing Publication of Notices of Intent to Issue Water Supply System Revenue Bonds in the amount not to exceed \$400,000,000 as presented, and authorizes the Chief Executive Officer to take such other action as may be necessary to accomplish the intent of this vote.

**BACKGROUND**

GLWA is presently preparing for future bond transactions and state revolving fund loan programs. This process begins with the publication of the Notices of Intent (NOI) to Issue Water Supply System Revenue Bonds. The NOI is required pursuant to Section 33 of Public Act 94 of 1933 to begin the 45-day referendum period. "If within 45 days after the

publication of the [applicable] notice a petition, signed by not less than 10% or 15,000 of the registered electors, whichever is less, residing within the limits of the borrower, is filed with the clerk, or other recording officer, of the borrower, requesting a referendum upon the question of the issuance of the bonds, then the bonds shall not be issued until approved by the vote of a majority of the electors of the borrower qualified to vote and voting on the bonds at a general or special election.” If the 45-day referendum period expires without a petition requesting a referendum, then the Authority may authorize and issue such bonds in one or more series.

### **JUSTIFICATION**

Included with this memo is a proposed resolution authorizing the publication of a Notice of Intent to issue water supply system revenue bonds in the amounts of not to exceed \$400,000,000. This authorization would provide for continued funding for improvements to the systems that includes:

1. Supporting financing for GLWA and DWSD projects through subsidized State and federal funding programs such as the State Revolving Fund and Water Infrastructure Finance and Innovation Act (WIFIA) Loan Program; and
2. Supporting financing for GLWA and DWSD projects through revenue bonds sold as public offerings.

### **BUDGET IMPACT**

No budget impact from the Notices of Intent. The budget impact will be determined at the time debt is issued.

### **COMMITTEE REVIEW**

This matter was reviewed by the GLWA Audit Committee at its meeting on October 25, 2024. The Audit Committee [*insert action taken*] the Board of Directors approve the resolution authorizing publication of a Notice of Intent to Issue Water Supply System Revenue Bonds not to exceed \$400,000,000 as presented.

**Great Lakes Water Authority**  
**Resolution 2024-355**  
**RE: Authorizing Publication of Notice of Intent**  
**to Issue Water Supply System Revenue Bonds**

By Board Member: \_\_\_\_\_

**Whereas** The Great Lakes Water Authority (the “Authority”) is authorized to issue revenue bonds pursuant to the provisions of Act 94, Public Acts of Michigan, 1933, as amended (“Act 94”) for the purpose of paying all or part of the costs of purchasing, acquiring, constructing, improving, enlarging, extending and repairing the Water System as defined in the Regional Water Supply System Lease, dated June 12, 2015, between the City of Detroit and the Authority; and

**Whereas** The Authority intends to issue one or more series of revenue bonds for the purposes hereinafter set forth; and

**Whereas** Section 33 of Act 94 requires the publication of a notice of intent to issue bonds at least 45 days prior to the issuance of such bonds.

**Now, Therefore Be It:**

**Resolved** That the Chief Financial Officer and Treasurer is hereby instructed to cause the publication of a notice of intent to issue bonds with respect to the hereinafter-described bonds once in the *Detroit Free Press* or the *Detroit News*, so as to be prominently displayed therein, and it is hereby found that each such newspaper has general circulation in the territory of the Authority; **And Be it Further**

**Resolved** That the notice of intent to issue bonds shall be in substantially the following form with such necessary or desirable changes as may be approved by the Chief Financial Officer and Treasurer, her approval to be conclusively evidenced by the publication of the notice of intent to issue bonds:

NOTICE OF INTENT TO ISSUE WATER SUPPLY SYSTEM  
REVENUE BONDS BY THE GREAT LAKES WATER AUTHORITY

TO THE ELECTORS OF THE CHARTER COUNTY OF MACOMB, THE COUNTY OF OAKLAND AND THE CHARTER COUNTY OF WAYNE:

NOTICE IS HEREBY GIVEN, that the Great Lakes Water Authority (the "Authority"), a municipal authority organized and existing under the provisions of Act No. 233, Public Acts of Michigan, 1955, as amended, intends to issue its water supply system revenue bonds in one or more series in the aggregate principal amount of not to exceed \$400,000,000 for the purpose of paying all or part of the cost of acquiring and constructing facilities, replacements, extensions, improvements and repairs to the City of Detroit's water supply system (the "Water System"), which Water System is described and defined in the Regional Water Supply System Lease dated June 12, 2015, between the City of Detroit (the "City") and the Authority (the "Lease"). As set forth in the Lease, the Water System consists of (i) the Regional Water System, which is that portion of the Water System that provides water service to wholesale customers thereof and to individual customers within and outside the City ("Retail Water Customers") that receive water service directly from the hereinafter described Local Water System up to the point of connection to the Local Water System and (ii) the Local Water System, which is that portion of the Water System that provides service directly to Retail Water Customers. Pursuant to the Lease, the City has leased the Regional Water System to the Authority for a period of forty (40) years and the Authority is authorized to issue revenue bonds under Act No. 94, Public Acts of Michigan, 1933, as amended ("Act 94") for the foregoing purposes.

The bonds of each series will mature in not to exceed forty (40) years after the original issuance date of the respective series of bonds, and will bear interest at rates to be determined upon the sale thereof but in no event to exceed such rates as may be permitted by law.

SOURCE OF PAYMENT OF REVENUE BONDS

The bonds will be issued under and pursuant to the provisions of Act 94 and a resolution or ordinance of the Board of Directors of the Authority and will be payable from the net revenues of the Water System and any improvements, enlargements and extensions thereto, and a statutory lien on said revenues will be established by said resolution or ordinance. The Authority will covenant and agree to fix and maintain, or cause to be fixed and maintained, at all times while any of the bonds shall be outstanding such rates and charges for service furnished by the Water System as shall be sufficient to provide for payment of the necessary expenses of operation, maintenance and administration of the Water System and of the principal of and interest on the bonds when due, and to provide for such other expenditures, accounts and funds for the Water System as are required by the resolution or ordinance authorizing the issuance of bonds.

RIGHT TO PETITION FOR REFERENDUM

This notice is given, by order of the Board of Directors of the Authority, to and for the benefit of the electors of the Charter County of Macomb, the County of Oakland and the Charter County of Wayne (collectively, the “Authority District”) in order to inform them of their right to petition for a referendum upon the question of the issuance of the aforesaid bonds. The bonds will be issued, without submitting such a question to a vote of the electors, unless within 45 days after the date of publication of this notice, a petition requesting a referendum upon such question, signed by not less than 15,000 of the registered electors residing in the Authority District shall have been filed with the Secretary of the Authority. The address of the Secretary of the Authority is 735 Randolph, Detroit, Michigan 48226. In the event that such a petition is filed, the bonds will not be issued unless and until the issuance thereof shall have been approved by the vote of a majority of the electors of the Authority District qualified to vote and voting thereon at a general or special election.

FURTHER INFORMATION

Further information relative to the issuance of said bonds, the Lease and the subject matter of this notice may be secured at the office of the Chief Financial Officer and Treasurer of the Great Lakes Water Authority, 735 Randolph, Room 1608, Detroit, Michigan 48226.

This notice is given pursuant to the provisions of Section 33 of Act 94.

Nicolette N. Bateson  
Chief Financial Officer and Treasurer  
Great Lakes Water Authority

**And Be it Further**

**Resolved** That it is hereby determined that the foregoing form of notice of intent to issue bonds and the manner of publication so directed are adequate notice to the electors of the constituent public corporations of the Authority and are well calculated to inform them of the intention of the Authority to issue the revenue bonds, the source of payment therefor, and the right of referendum on the revenue bonds; **And Be it Further**

**Resolved** That all resolutions and parts of resolutions insofar as they conflict with the provisions of this resolution be and the same hereby are rescinded.

Adopted by the Great Lakes Water Authority Board on: \_\_\_\_\_, 2024

4867-9952-6892 v1 [63818-1]



## Financial Services Audit Committee Communication

**Date:** October 25, 2024

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

**From:** Nicholas Fedewa, CPA, Public Finance Manager

**Re:** Resolution Authorizing Publication of Notices of Intent to Issue Sewage Disposal System Revenue Bonds

**Background & Analysis:** See attached draft Great Lakes Water Authority (“GLWA”) Board letter.

**Proposed Action:** Audit Committee recommends that the Great Lakes Water Authority Board approve the Resolution Authorizing Publication of Notices of Intent to Issue Sewage Disposal System Revenue Bonds.

**..Title**

**Resolution Authorizing Publication of Notice of Intent to Issue Sewage Disposal System Revenue Bonds**

**..Body**

Agenda of: November 21, 2024  
Item No.: **2024-359**  
Amount: Not to Exceed \$300,000,000

**TO:** The Honorable  
Board of Directors  
Great Lakes Water Authority

**FROM:** Suzanne R. Coffey, P.E.  
Chief Executive Officer  
Great Lakes Water Authority

**DATE:** November 21, 2024

**RE: Resolution Authorizing Publication of Notice of Intent to Issue Sewage Disposal System Revenue Bonds**

**MOTION**

Upon recommendation of Nicolette N. Bateson, Chief Financial Officer & Treasurer, the Board of Directors (Board) of the Great Lakes Water Authority (GLWA), approve the Resolutions Authorizing Publication of Notices of Intent to Issue Sewage Disposal System Revenue Bonds in the amounts of not to exceed \$300,000,000 as presented, and authorizes the Chief Executive Officer to take such other action as may be necessary to accomplish the intent of this vote.

**BACKGROUND**

GLWA is presently preparing for future bond transactions and state revolving fund loan programs. This process begins with the publication of the Notices of Intent (NOI) to Issue Sewage Disposal System Revenue Bonds. The NOI is required pursuant to Section 33 of Public Act 94 of 1933 to begin the 45-day referendum period. "If within 45 days after



the publication of the [applicable] notice a petition, signed by not less than 10% or 15,000 of the registered electors, whichever is less, residing within the limits of the borrower, is filed with the clerk, or other recording officer, of the borrower, requesting a referendum upon the question of the issuance of the bonds, then the bonds shall not be issued until approved by the vote of a majority of the electors of the borrower qualified to vote and voting on the bonds at a general or special election.” If the 45-day referendum period expires without a petition requesting a referendum, then the Authority may authorize and issue such bonds in one or more series.

### **JUSTIFICATION**

Attached to this memo is a proposed resolution authorizing the publication of a Notice of Intent to issue sewage disposal system revenue bonds in the amounts of not to exceed \$300,000,000. This authorization would provide for continued funding for improvements to the systems that includes:

1. Supporting financing for GLWA and DWSD projects through subsidized State and federal funding programs such as the State Revolving Fund and Water Infrastructure Finance and Innovation Act (WIFIA) Loan Program; and
2. Supporting financing for GLWA and DWSD projects through revenue bonds sold as public offerings.

### **BUDGET IMPACT**

No budget impact from the Notices of Intent. The budget impact will be determined at the time debt is issued.

### **COMMITTEE REVIEW**

This matter was reviewed by the GLWA Audit Committee at its meeting on October 25, 2024. The Audit Committee [*insert action taken*] the Board of Directors approve the resolution authorizing publication of Notices of Intent to Issue Sewage Disposal System Revenue Bonds of not to exceed \$300,000,000 million as presented.

**Great Lakes Water Authority**  
**Resolution 2024-359**  
**RE: Authorizing Publication of Notice of Intent**  
**to Issue Sewage Disposal System Revenue Bonds**

By Board Member: \_\_\_\_\_

**Whereas** The Great Lakes Water Authority (the “Authority”) is authorized to issue revenue bonds pursuant to the provisions of Act 94, Public Acts of Michigan, 1933, as amended (“Act 94”) for the purpose of paying all or part of the costs of purchasing, acquiring, constructing, improving, enlarging, extending and repairing the Sewer System as defined in the Regional Sewage Disposal System Lease, dated June 12, 2015, between the City of Detroit and the Authority; and

**Whereas** The Authority intends to issue one or more series of revenue bonds for the purposes hereinafter set forth; and

**Whereas** Section 33 of Act 94 requires the publication of a notice of intent to issue bonds at least 45 days prior to the issuance of such bonds.

**Now, Therefore Be It:**

**Resolved** That the Chief Financial Officer and Treasurer is hereby instructed to cause the publication of a notice of intent to issue bonds with respect to the hereinafter-described bonds once in the *Detroit Free Press* or the *Detroit News*, so as to be prominently displayed therein, and it is hereby found that each such newspaper has general circulation in the territory of the Authority; **And Be it Further**

**Resolved** That the notice of intent to issue bonds shall be in substantially the following form with such necessary or desirable changes as may be approved by the Chief Financial Officer and Treasurer, her approval to be conclusively evidenced by the publication of the notice of intent to issue bonds:

NOTICE OF INTENT TO ISSUE SEWAGE DISPOSAL SYSTEM  
REVENUE BONDS BY THE GREAT LAKES WATER AUTHORITY

TO THE ELECTORS OF THE CHARTER COUNTY OF MACOMB, THE COUNTY OF OAKLAND AND THE CHARTER COUNTY OF WAYNE:

NOTICE IS HEREBY GIVEN, that the Great Lakes Water Authority (the "Authority"), a municipal authority organized and existing under the provisions of Act No. 233, Public Acts of Michigan, 1955, as amended, intends to issue its sewage disposal system revenue bonds in one or more series in the aggregate principal amount of not to exceed \$300,000,000 for the purpose of paying all or part of the cost of acquiring and constructing facilities, replacements, extensions, improvements and repairs to the City of Detroit's sewage disposal system (the "Sewer System"), which Sewer System is described and defined in the Regional Sewage Disposal System Lease dated June 12, 2015, between the City of Detroit (the "City") and the Authority (the "Lease"). As set forth in the Lease, the Sewer System consists of (i) the Regional Sewer System, which is that portion of the Sewer System that provides sewer service to wholesale customers thereof and to individual customers within and outside the City ("Retail Sewer Customers") that receive sewer service directly from the hereinafter described Local Sewer System up to the point of connection to the Local Sewer System and (ii) the Local Sewer System, which is that portion of the Sewer System that provides service directly to Retail Sewer Customers. Pursuant to the Lease, the City has leased the Regional Sewer System to the Authority for a period of forty (40) years and the Authority is authorized to issue revenue bonds under Act No. 94, Public Acts of Michigan, 1933, as amended ("Act 94") for the foregoing purposes.

The bonds of each series will mature in not to exceed forty (40) years after the original issuance date of the respective series of bonds, and will bear interest at rates to be determined upon the sale thereof but in no event to exceed such rates as may be permitted by law.

SOURCE OF PAYMENT OF REVENUE BONDS

The bonds will be issued under and pursuant to the provisions of Act 94 and a resolution or ordinance of the Board of Directors of the Authority and will be payable from the net revenues of the Sewer System and any improvements, enlargements and extensions thereto, and a statutory lien on said revenues will be established by said resolution or ordinance. The Authority will covenant and agree to fix and maintain, or cause to be fixed and maintained, at all times while any of the bonds shall be outstanding such rates and charges for service furnished by the Sewer System as shall be sufficient to provide for payment of the necessary expenses of operation, maintenance and administration of the Sewer System and of the principal of and interest on the bonds when due, and to provide for such other expenditures, accounts and funds for the Sewer System as are required by the resolution or ordinance authorizing the issuance of bonds.

RIGHT TO PETITION FOR REFERENDUM

This notice is given, by order of the Board of Directors of the Authority, to and for the benefit of the electors of the Charter County of Macomb, the County of Oakland and the Charter County of Wayne (collectively, the “Authority District”) in order to inform them of their right to petition for a referendum upon the question of the issuance of the aforesaid bonds. The bonds will be issued, without submitting such a question to a vote of the electors, unless within 45 days after the date of publication of this notice, a petition requesting a referendum upon such question, signed by not less than 15,000 of the registered electors residing in the Authority District shall have been filed with the Secretary of the Authority. The address of the Secretary of the Authority is 735 Randolph, Detroit, Michigan 48226. In the event that such a petition is filed, the bonds will not be issued unless and until the issuance thereof shall have been approved by the vote of a majority of the electors of the Authority District qualified to vote and voting thereon at a general or special election.

FURTHER INFORMATION

Further information relative to the issuance of said bonds, the Lease and the subject matter of this notice may be secured at the office of the Chief Financial Officer and Treasurer of the Great Lakes Water Authority, 735 Randolph, Room 1608, Detroit, Michigan 48226.

This notice is given pursuant to the provisions of Section 33 of Act 94.

Nicolette N. Bateson  
Chief Financial Officer and Treasurer  
Great Lakes Water Authority

**And Be it Further**

**Resolved** That it is hereby determined that the foregoing form of notice of intent to issue bonds and the manner of publication so directed are adequate notice to the electors of the constituent public corporations of the Authority and are well calculated to inform them of the intention of the Authority to issue the revenue bonds, the source of payment therefor, and the right of referendum on the revenue bonds; **And Be it Further**

**Resolved** That all resolutions and parts of resolutions insofar as they conflict with the provisions of this resolution be and the same hereby are rescinded.

Adopted by the Great Lakes Water Authority Board on: \_\_\_\_\_, 2024



## Financial Services Audit Committee Communication

**Date:** October 25, 2024

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

**From:** Nicholas Fedewa, CPA, Public Finance Manager

**Re:** Proposed Amendment to Debt Management Policy

**Background & Analysis:** See attached draft Great Lakes Water Authority (“GLWA”) Board letter.

**Proposed Action:** Audit Committee recommends that the Great Lakes Water Authority Board approve the Proposed Amendment to the Debt Management Policy.

**..Title**

**Proposed Amendment to Debt Management Policy**

**..Body**

Agenda of: November 21, 2024

Item No.: **2024-356**

Amount: NA

**TO:** The Honorable  
Board of Directors  
Great Lakes Water Authority

**FROM:** Suzanne R. Coffey, P.E.  
Chief Executive Officer  
Great Lakes Water Authority

**DATE:** November 21, 2024

**RE: Proposed Amendment to Debt Management Policy**

**MOTION**

Upon recommendation of Nicolette N. Bateson, Chief Financial Officer & Treasurer, the Board of Directors (Board) of the Great Lakes Water Authority (GLWA), **approves the Proposed Amendments to the Debt Management Policy with an immediate effective date** and authorizes the Chief Executive Officer to take such other action as may be necessary to accomplish the intent of this vote.

**BACKGROUND**

The Authority's Debt Management Policy was adopted by the GLWA Board on December 9, 2015 and amended on April 26, 2023. The goal of the policy is to ensure that financings undertaken by GLWA satisfy clear objective standards which allow it to protect its financial resources, meet its long-term capital needs, and comply with the provisions of the Master Bond Ordinance. The policy provides guidance on the types and structures of debt instruments and the methods of sales to be considered. In addition to addressing the

sale of debt, the policy demonstrates the Authority's goal to provide debt management activities such as timely continuing disclosure filings and rating agency communications that will help the Authority maintain and improve its credit ratings to reduce the future cost of capital. The policy also describes the selection process of underwriters and management of the syndicate.

### **JUSTIFICATION**

Consistent with prior Board communications, the GLWA intends to conduct a Request for Proposal (RFP) process for bond underwriting services in the coming months. The Public Finance team identified and drafted proposed amendments to the Debt Management Policy to assist in managing the expectations of market participants. The proposed amendments clarify and document the cadence of the underwriter selection process.

A red-lined version of the GLWA Debt Management Policy with proposed changes follows this Board Letter. The proposed changes are focused on Section 13 related to Underwriter Selection and Syndicate Management. The most significant change is the addition of sub-section 13.1 to outline the process and cadence of underwriting syndicate selection as follows.

“For long term debt not issued through a State or Federal program such as the State Revolving Fund program, GLWA will appoint a syndicate of Underwriters (the “Underwriting Syndicate”) through a competitive procurement process as outlined in GLWA’s Procurement Policy. The Underwriting Syndicate will provide bond underwriting services for all negotiated transactions that take place during a three-year term, but the initial term may be extended by the Board as appropriate to maintain ongoing coverage. Exceptions to the use of the Underwriting Syndicate shall be reported to the Board.”

Additional edits to sub-sections 13.2 Senior Manager Selection, 13.3 Co-Senior Manager Selection, and 13.4 Co-Manager Selection further integrate the role of the underwriting syndicate.

### **BUDGET IMPACT**

There is no budget impact resulting from the amendment to the debt policy.

### **COMMITTEE REVIEW**

This matter was reviewed by the GLWA Audit Committee at its meeting on October 25, 2024. The Audit Committee [*insert action taken*] the Board of Directors approve the proposed amendments to the Debt Management Policy as presented.



# Debt Management Policy

## 1. BACKGROUND AND POLICY STATEMENT

The Great Lakes Water Authority (“GLWA”) is an independent Authority of the State of Michigan. GLWA was formed on November 26, 2014 by the City of Detroit (the “City”), the Charter County of Wayne, the County of Oakland, and the Charter County of Macomb (collectively, the “Incorporating Municipalities”), pursuant to Act No. 233, Public Acts of Michigan, 1955, as amended, in order to lease the Leased Sewer Facilities and the Leased Water Facilities and to operate the Regional Sewer System and the Regional Water System and maintain the Leased Sewer Facilities and the Leased Water Facilities pursuant to separate leases of the respective facilities, between the City and GLWA. Pursuant to the Lease, GLWA has assumed all the City’s obligations related to the Regional Water and Sewer Systems, including, but not limited to, the City’s obligations to pay debt service on all the City’s Department of Water and Sewerage (“DWSD”) Water and Sewer Bonds.

This Debt Management Policy (the “Policy”) shall guide the issuance and management of all bonds and other forms of indebtedness of the GLWA, together with any credit, liquidity, or other security instruments and agreements that may be executed in connection with the issuance of bonds and other forms of indebtedness. The Policy formally establishes parameters for issuing debt and managing a debt portfolio and considers GLWA’s specific capital improvement needs, ability to repay financial obligations, and the existing legal, economic, financial and debt market conditions.

## 2. PURPOSE

The purpose of this Debt Management Policy is to establish clear guidelines relating to the practices for debt management and to assist parties in understanding GLWA’s approach to debt management. The Policy is intended to guide current and future decisions related to debt issued by GLWA. GLWA has the right to waive or modify any of the policies included herein but waiver or modification requires approval of the GLWA Board (the “Board”).

## 3. DEFINITIONS

### 3.1. Acronyms

ACRONYM	DEFINITION
<b>BANs</b>	Bond Anticipation Notes
<b>BPA</b>	Bond Purchase Agreement
<b>City</b>	City of Detroit
<b>DSRF</b>	Debt Service Reserve Fund
<b>DWSD</b>	City of Detroit Water and Sewerage Department
<b>EMMA</b>	MSRB’s Electronic Municipal Market Access system
<b>GLWA</b>	Great Lakes Water Authority
<b>MOU</b>	The 2018 Memorandum of Understanding between GLWA and DWSD
<b>MSRB</b>	Municipal Securities Rulemaking Board
<b>SLGS</b>	Treasury Securities - State and Local Government Series
<b>WIFIA</b>	Water Infrastructure Finance Innovation Act
<b>WRAP</b>	Water Residential Assistance Program





# Debt Management Policy

## 3.2. Terms

TERM	DEFINITION
<b>Advance Refunding</b>	Advance Refunding means a refinancing of a Bond or Note that occurs more than 90 days prior to the maturity date or call date of the Bond or Note being refinanced.
<b>Arbitrage</b>	The difference between the interest paid on the tax-exempt securities and the interest earned by investing the security proceeds in higher-yielding taxable securities. IRS regulations govern arbitrage on the proceeds from issuance of municipal securities.
<b>Bond Anticipation Notes (BANs)</b>	Notes which are paid from the proceeds of the issuance of long-term bonds. Typically issued for capital projects.
<b>Bond Counsel</b>	Legal counsel retained to (1) assist in the legal aspects of structuring and issuance of debt issues and 2) render an opinion as to the enforceability of the debt obligations and as to the tax-exempt status of interest on the debt obligations.
<b>Bond Fund</b>	Collectively, the Bond Interest and Redemption Funds.
<b>Bond Interest and Redemption Funds</b>	Each fund established for the payment of Debt Service for each series of bonds of the same Priority of Lien.
<b>Call Provisions</b>	The terms of the bond giving the issuer the right to redeem all or a portion of a bond prior to its stated date of maturity at a specific price.
<b>Capitalized Interest</b>	A portion of the proceeds of a bond issue which is set aside to pay interest on the same bond issue for a specific period of time, such as the construction period of the project.
<b>Commercial Paper</b>	Very short-term, unsecured promissory notes generally maturing within 270 days and usually backed by a line of credit with a bank or other credit facility.
<b>Competitive Sale</b>	A sale/auction of securities by an issuer in which underwriters or syndicates of underwriters submit sealed bids to purchase the securities. Contrasts with a negotiated sale.
<b>Continuing Disclosure</b>	Financial, operating and other information made available to investors, typically on EMMA, on an ongoing basis.
<b>Credit Enhancement</b>	Credit support purchased by an issuer to provide additional security for all or a portion of a bond issue. The most common credit enhancements consist of bond insurance, direct or standby letters of credit, and lines of credit.
<b>Debt Service</b>	With respect to bonds of each Priority of Lien, the amount scheduled to become due and payable annually on all outstanding bonds as (i) interest, exclusive of interest capitalized on such outstanding bonds and paid from the proceeds of a series of bonds or investment earnings on such capitalized interest, plus (ii) principal, plus (iii) mandatory redemption requirements.
<b>Debt Service Installment Requirements</b>	As of the first day of the month with respect to each priority of lien of outstanding bonds, the amounts calculated as described in the Master Ordinances.
<b>Debt Service Reserve Fund</b>	The fund in which moneys are placed and held which may be used to pay debt service if pledged revenues are insufficient to satisfy the Debt Service Requirements.
<b>Derivatives</b>	A financial product whose value is derived from some underlying asset value.
<b>Escrow</b>	A fund established to hold moneys or securities pledged and to be used solely



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	to pay debt service on an outstanding issue. Generally invested in US Government securities.
<b>Extraordinary Repair and Replacement Fund Requirement</b>	For any Fiscal Year, 15% of the budgeted Operation and Maintenance Expenses of the Regional Sewer System and the Local Sewer System or the Regional Water System and the Local Water System for such Fiscal Year, less any amount that is withdrawn in the Fiscal Year from the Extraordinary Repair and Replacement Reserve Fund for paying a major unanticipated repair or replacement to the Regional Sewer System, the Local Sewer System, the Regional Water System or the Local Water System pursuant to the Master Ordinances, but only in the Fiscal Year that such amount is withdrawn.
<b>Feasibility Consultant</b>	A firm of experts retained prepare a Feasibility Report for each bond issuance containing projections intended as “forward-looking statements” that demonstrate the ability of GLWA to meet its future planned obligations.
<b>Fiscal Year</b>	The Fiscal Year and operating year of GLWA begins on July 1 and ends on the following June 30, as it may be modified.
<b>Historical Net Revenues</b>	As defined in the Master Ordinances, (a) the Net Revenues of the Sewer System or the Water System for either (i) the immediately preceding Fiscal Year for which audited financial statements of GLWA are available, or (ii) any audited Fiscal Year ending not more than sixteen months prior to the date of delivery of the Additional Bonds then being issued pursuant to the Master Ordinances, as determined by GLWA, plus, at the option of GLWA, (b) an amount determined by the GLWA in accordance with the Master Ordinances to equal the effect of any change in the rates, fees and charges of the Regional Sewer System and the Local Sewer System or the Regional Water System and the Local Water System authorized at or prior to the date of sale of the Additional Bonds then being issued pursuant to the Master Ordinances, as if the Sewer System’s billings or the Water System’s billings during such Fiscal Year had been at the increased rates, plus, at the option of GLWA, (c) an amount determined by the GLWA in accordance with the Master Ordinances to equal one hundred percent of the estimated increase in Net Revenues projected to accrue as a result of (i) the acquisition of the repairs, extensions, enlargements and improvements to the Sewer System or the Water System projected to be paid in whole or in part from the proceeds of the Additional Bonds then being issued pursuant to the Master Ordinances and (ii) any acquisition, extension or connection which was made subsequent to the end of such Fiscal Year.
<b>Interest Rate Swap</b>	A contract between two parties to exchange interest rate payments at specified dates in the future over a specified term. One party under the swap contract normally makes payments based on a fixed rate while the other party makes payments based on a variable (floating) rate.
<b>Lease</b>	Collectively, the Regional Sewage Disposal System Lease and the Regional Water Supply System Lease, each dated June 12, 2015, between the City, as lessor, and GLWA, as lessee, of the Leased Sewer Facilities and the Leased Water Facilities, respectively, as amended from time to time.
<b>Lease Payment</b>	The annual payment required to be made by GLWA for the benefit of the City pursuant to the Lease, in consideration for the leasing of the Leased Sewer Facilities or the Leased Water Facilities to GLWA and the absolute and



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	irrevocable assignment and transfer to GLWA of the Revenues as provided in the Lease and to be applied by the GLWA as provided in the Master Ordinances.
<b>Leased Sewer Facilities</b>	Collectively, all the City's right, title and interest in and to that portion of the real and tangible personal property comprising a part of the Regional Sewer System and owned by the City and providing sewer service to the wholesale customers of the Regional Sewer System and Retail Sewer Customers up to the point of connection to the Detroit Local Sewer Facilities, all as more fully described in the Sewer System Lease
<b>Leased Water Facilities</b>	Collectively, all the City's right, title and interest in and to that portion of the real and tangible personal property comprising a part of the Water System and owned by the City and providing water service to both the wholesale customers of the Regional Water System and Retail Water Customers up to the point of connection to the Detroit Local Water Facilities all as more fully set forth in the Water System Lease.
<b>Letter of Credit or Liquidity Facility</b>	A bank credit facility wherein the bank agrees to lend a specified amount of funds for a limited term to fund a draw for a specified liquidity purpose or event.
<b>Local Sewer System</b>	That portion of the Sewer System that provides sewer service directly to Retail Sewer Customers, which on the Effective Date consists of the Detroit Local Sewer Facilities.
<b>Local Water System</b>	That portion of the Water System that provides water service directly to the Retail Water Customers, which on the Effective Date consists of the Detroit Local Water Facilities.
<b>Maximum Annual Debt Service</b>	With respect to any given Priority of Lien, the maximum Debt Service in any future Fiscal Year on Outstanding Bonds of such Priority of Lien and any Additional Bonds then being issued in accordance with Section 207 of the Master Ordinances. If any Additional Bonds (any of such, the "Refunding Bonds") are to be issued to refund Outstanding Bonds (the "Bonds to be Refunded"), the Debt Service to be used for determining Maximum Annual Debt Service shall be the Debt Service on the Refunding Bonds and not the Debt Service on the Bonds to be Refunded.
<b>Management Fee</b>	The portion of the Underwriter's Discount which is paid to the managing underwriter for the structuring phase of a transaction.
<b>Negotiated Sale</b>	A method of sale where the issuer chooses an underwriting syndicate with which to negotiate terms pursuant to which such underwriters will purchase and market the bonds.
<b>Net Revenue</b>	For any period of time, all Revenues received during such period of time, except for those Revenues transferred to the Operation and Maintenance Fund.
<b>Operation and Maintenance Expenses</b>	The reasonable expenses of administration, operation and maintenance of the Regional Sewer System or the Local Sewer System, or the Regional Water System or the Local Water System, as the case may be, but shall not include the Required Annual General Retirement System Payment.
<b>Original Issue Discount</b>	The amount by which the original par amount of an issue exceeds its public offering price at the time it is originally offered to an investor.
<b>Pay-As-You-Go</b>	An issuer elects to finance a project with existing free cash flow as opposed



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	to issuing debt obligations. Also known as “Revenue Financed Capital” or “Paygo”.
<b>Pledged Assets</b>	The (i) Net Revenues; (ii) funds and accounts established by or pursuant to the Master Ordinances except for the Operation and Maintenance Fund, the Construction Fund and the Rebate Fund and any account of any such fund; and investments of amounts or any income or gain realized therefrom credited to any fund, account or subaccount that is a Pledged Asset.
<b>Present Value</b>	The current value of a future cash flow assuming a certain Discount Rate.
<b>Priority of Lien</b>	With respect to any particular Bonds, all other Bonds having a lien on Pledged Assets on parity with such Bonds.
<b>Private Placement</b>	The direct placement of an issue with one or more investors as opposed to a sale that is publicly offered.
<b>Projected Debt Service Coverage</b>	Projected Net Revenues or Historical Net Revenues, as determined by the GLWA, divided by Maximum Annual Debt Service for such Priority of Lien and any higher Priority of Lien.
<b>Projected Net Revenues</b>	The Net Revenues of the Sewer System or the Water System for the then-current or next succeeding Fiscal Year, as determined by GLWA, which may include (a) in the case of Section 207 of the Master Ordinances for the purpose of determining the Additional Bonds Debt Service Coverage, one hundred percent of the estimated increase in Net Revenues projected to accrue as a result of the acquisition of the repairs, extensions, enlargements and improvements to the Sewer System and the Water System projected to be paid for in whole or in part from the proceeds of the Additional Bonds under Section 207 of the Master Ordinances, and (b) in the case of Section 604 of the Master Ordinances for the purpose of determining the Rate Covenant Debt Service Coverage, one hundred percent of the estimated increase in Net Revenues as a result of approved rate increases for the next succeeding Fiscal Year.
<b>Rate Covenant Debt Service Coverage</b>	A number equal to Projected Net Revenues for the Fiscal Year of calculation divided by the aggregate Debt Service Installment Requirements on Bonds for such Fiscal Year, net of funds on hand for accrued principal and interest, all for such Priority of Lien and any higher Priority of Lien.
<b>Rebate</b>	A requirement imposed by Tax Reform Act of 1986 whereby the issuer of tax-exempt bonds must pay the IRS an amount equal to its profit earned from investment of tax-exempt bond proceeds in taxable securities at rates exceeding the tax-exempt borrowing rate. The tax-exempt borrowing rate (or “bond yield”) is calculated pursuant to the IRS code together with all income earned on the accumulated profit pending payment.
<b>Regional Sewer System</b>	That portion of the Sewer System that provides sewer service to the wholesale customers thereof and Retail Sewer Customers up to the point of connection to the Local Sewer System, which on the Effective Date consists of the Leased Sewer Facilities.
<b>Regional Water System</b>	That portion of the Water System that provides water service to the wholesale customers thereof and Retail Customers up to the point of connection to the Local Water System, which on the Effective Date consists of the Leased Water Facilities.
<b>Required Debt</b>	Means (a) for Senior Lien Bonds, 1.20, (b) for Second Lien Bonds, 1.10, and



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<b>Service Coverage</b>	(c) for any Junior Lien Bonds other than Second Lien Bonds, 1.00.
<b>Selling Group</b>	The group of securities dealers who may participate in an offering not as underwriters – and who do not have any liability -- but rather who receive securities less the selling concession from the managing underwriter for distribution at the public offering price.
<b>Syndicate Policies</b>	The obligations placed on the underwriting group relating to the priority of orders, designation policies and other syndicate rules desired by GLWA and the Underwriters relating to the public offering of the bonds.
<b><u>Underwriting Syndicate</u></b>	<u>A group of Underwriters that purchases new issues of municipal securities from the Issuer and resells them to investors. The Underwriting Syndicate is organized for the purposes of sharing the risks of underwriting and to get broader distribution to potential investors.</u>
<b>Underwriter</b>	A dealer that purchases new issues of municipal securities from the Issuer and resells them to investors.
<b>Underwriter's Discount</b>	The difference between the price at which bonds are bought by the Underwriter from the Issuer and the price at which they are reoffered to investors.
<b>Variable Rate Debt</b>	Bonds which carry an interest rate that changes at intervals in relation to an index or a formula or other standard of measurement as stated in the bond documents.
<b>WRAP Fund</b>	The Water Residential Assistance Program Fund established pursuant to Section 502(a)(10), of the Master Ordinances, which is a fund independently administered on behalf of the Authority to provide assistance to indigent residential customers throughout the Water System and the Sewer System.
<b>Yield</b>	The annual rate of return on an investment, based on the purchase price of the investment, its coupon rate and the length of time the investment is held. Yield may, for certain purposes, be calculated in accordance with the IRS Code or other industry convention.

#### 4. AUTHORITY/RESPONSIBILITY

The Financial Services Area (FSA) Public Finance team within GLWA has responsibility for the application of this Policy to GLWA's debt program.

#### 5. GOALS & OBJECTIVES

This Policy is a tool designed to help ensure that current and future financial resources are adequate to meet GLWA's long-term planning objectives. In addition, the Policy helps to ensure that financings undertaken by GLWA satisfy certain clear objective standards which allow GLWA to protect its financial resources to meet its long-term capital needs. The adoption of clear and comprehensive financial policies enhances the internal financial management of GLWA.

Specifically, the policies outlined in this document are intended to assist in promoting cooperation and coordination with all stakeholders in the financing and delivery of capital projects and promoting sound financial management practices intended to maximize and best utilize future debt capacity by:

- Minimizing financing costs for capital projects and other debt issuances by seeking the lowest cost of capital reasonably available with the least amount of risk.



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- Establishing criteria to determine the appropriate use of available financing sources (i.e., long-term and short-term debt, fixed rate and variable rate debt, Pay-As-You-Go (PAYGO) financing, grants and other alternative forms of financing).
- Evaluating various debt issuance alternatives, including the amount and type of debt.
- Working to maintain adequate levels of working capital, reserves and cash-on-hand in order to avoid mismatches between available cash and cash outflows for capital expenditures as determined by cash flow analysis and projections.
- Designing capital funding solutions to provide maximum administrative and operating flexibility where possible.
- Designing capital funding solutions intended to minimize legal and financial risks to current and future budgets.
- Protecting and enhancing GLWA's credit ratings to maintain access, on the best available terms, to local, regional and national capital markets.
- Maintaining reasonable and justifiable levels of rates, fees and charges that best address the current and future needs of GLWA and all stakeholders.
- Improving the quality of decisions and parameters for justification of debt structures.
- Ensuring compliance with all laws, legal agreements, contracts, best practices and adopted policies related to debt issuance and management.

## 6. USES OF DEBT

Unless otherwise approved by GLWA's board, debt issuance will be used for the following purposes:

- (1) To finance the costs associated with the Authority's Capital Improvement Plan
- (2) To refund existing debt to obtain Debt Service savings and/or restructure certain terms of existing debt

## 7. TYPES OF DEBT

When GLWA determines that the use of debt is appropriate, the following criteria will be utilized to evaluate the type of debt to be issued.

### 7.1. Long-Term Debt

GLWA may issue long-term debt where it is deemed that capital improvements will not be financed from current revenues. Long-term borrowing is not intended to be used to finance current operations or normal maintenance. Long-term debt will be self-supporting and structured such that financial obligations generally do not exceed the expected useful life of the project. This long-term debt can be issued to State and Federal loan programs for water and wastewater issuers designed to provide attractive financing alternatives to public debt, such as the State Revolving Fund loan program administered by the Michigan Finance Authority.

### 7.2. State Revolving Fund Loans



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GLWA will seek to maximize its borrowing through available State Revolving Fund Loan programs, to the extent that subsidized interest rates provide significant debt service savings to GLWA and the amortization structure offered meets GLWA's needs. Such program participation generally involves Long-Term Debt with a fixed rate through the Michigan Finance Authority.

## 7.3. Short-Term Debt, including Bond Anticipation Notes (BANs) and Commercial Paper (CP)

Short-Term debt is typically designed to provide interim financing. Given the short duration, Short-Term debt exposes GLWA to interest rate risk and market access risk upon renewal. BANs, CP, and other short-term debt may be used:

- (1) To provide interim financing that is designed to reduce the frequency of bond sales (thereby reducing administrative burdens and costs of issuance), reduce negative arbitrage in the project fund, or otherwise reduce expected overall interest cost;
- (2) during times of high interest rates and when the expectation is that interest rates will stabilize in the future or trend downward;
- (3) When market conditions are such that Short-Term debt may be more readily received in the market than Long-Term debt; and
- (4) As an interim financing tool during the construction period for a project until the project(s) is placed into service and / or GLWA sells long-term debt or is reimbursed through a State Revolving Fund loan or WIFIA loan.

BANs may be issued to reduce the debt service during the construction period of a project or facility. The BANs may not mature more than the later of 3 years from the date of issuance or 60 days after the expected date of issuance of the long-term debt that will finance the project or facility.

## 7.4. Lease Purchase Debt

Lease purchase debt, including certificates of participation, may be considered as an alternative to long-term vendor leases. Such debt may be subject to annual appropriation. To reduce the cost of lease borrowing and to improve control over leases, GLWA may adopt a master lease program.

## 7.5. Variable Rate Debt

GLWA will consider issuance of Variable Rate Debt when it improves matching of assets and liabilities, provides the potential for lower debt service costs over the term of the debt, adds flexibility to GLWA's capital structure, diversifies GLWA's investor base, or in other circumstances where supported by an analysis and recommendation from GLWA's Registered Municipal Advisor that evaluates and quantifies the risks and opportunities.

- (1) *Limitation on Net Variable Rate Debt Exposure.* The percentage of Net Variable Rate Debt may not exceed 20% of GLWA's total outstanding debt. Net Variable Rate exposure is calculated by excluding Variable Rate Debt hedged by Interest Rate Swaps in a synthetic fixed rate structure or by GLWA short-term assets earning variable interest income.
- (2) *Adequate Safeguards Against Risk.* GLWA will ensure that financing structures and/or budgetary safeguards are in place to mitigate adverse impacts from interest rate shifts



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and liquidity risks; such structures could include, but are not limited to, interest rate caps, offsetting short-term cash investments held at GLWA, Letters or Lines of Credit or other Liquidity Facilities, soft puts, and conservative budgeting practices based on historical fluctuations in interest activity and current market assumptions.

## 7.6. ESG “Environmental, Social and Governance” Bonds

ESG or “Green Bonds” may be issued to fund qualified projects that have environmental and/or climate change mitigation or adaptation benefits.

Proceeds from these bonds should be earmarked for sustainability oriented green projects and allow investors to invest directly in bonds which finance environmentally beneficial projects. The Authority will comply with the following when issuing Green Bonds:

- (1) For each issuance of Green Bonds, the Authority will make a determination whether to self-certify the Bonds or retain an independent third party consultant to certify the Bonds.
- (2) The authority will only issue Green Bonds if, during the life of the Bonds, they in no way impede or restrict the ability to use the Green Bond-funded projects for other future business purposes that are not in keeping with “Green Bond” principles.

ESG bonds may also be issued as “Social” bonds to create positive social outcomes in communities. If the use of proceeds is designated as “Green” and/or “Social” the bonds are considered “Sustainability” bonds.

## 8. DEBT ISSUANCE PROCEDURES FOR NEW MONEY FINANCINGS

### 8.1 Prior to Issuance

Prior to issuing debt to fund new money projects, GLWA will establish the criteria to determine how the proposed sources of funding will impact current and future budgets and identify how the costs will be allocated.

- Identify Projects to be Funded

To the extent possible, GLWA should annually identify projects within its 5-year Capital Improvement Plans (“CIP”) and determine the funding source for each project. To develop a funding plan, GLWA should consider the following:

- (1) The timing and amount of each project to be funded;
- (2) and cost allocation impacts

- DWSD Specific Projects

Prior to issuing bonds for DWSD specific projects, an independent analysis will be performed by an outside or mutually agreed upon party to demonstrate the ability of the DWSD to repay the estimated debt service payments or meet the annual revenue financed capital allocation.

- Funding Sources





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GLWA will establish criteria to determine what funding sources, such as long-term and short-term debt, revenue financed capital (also known as “pay-as-you-go” or “paygo”), grants and other alternative forms of funding, best meet the budget requirements of GLWA.

## 9. DEBT ISSUANCE STRUCTURE FOR NEW MONEY FINANCINGS

GLWA will establish all terms and conditions relating to the issuance of debt. To the extent that GLWA issues debt to fund the DWSD capital program, GLWA will identify the portion of any borrowing that is allocable to the DWSD system. GLWA staff will work in coordination with DWSD on the bond structuring elements of any borrowing for the DWSD local system, and will assist in the ongoing administration of the debt allocation.

Unless otherwise authorized by the Board, the following will serve as structural guidelines for GLWA staff in carrying out this policy:

- (1) *Interest Rate Structure.* GLWA may make use of both Variable Rate Debt and Fixed-Rate debt in accordance with limitations set forth in this Policy.
- (2) *Term.* All capital improvements financed through the issuance of debt will be financed for a period not to exceed the useful life of the improvements, but in no event will the term exceed forty (40) years.
- (3) *Capitalized Interest.* Certain financings may benefit from the use of Capitalized Interest from the issuance date until GLWA has beneficial use and/or occupancy of the financed project. In such cases, the use of Capitalized Interest is permitted but may not be funded (capitalized) beyond three years (or a shorter period if further restricted by statute). Interest earnings may, at GLWA's discretion, be applied to extend the term of capitalized interest but in no event beyond the term statutorily authorized.
- (4) *Debt Service Structure.* Debt issuance will be planned to achieve relatively level debt service by system in aggregate across liens. GLWA will generally avoid the use of a deferred debt service structure except in those instances where:
  - a) a deferral of debt service serves to make existing overall debt service level; or,
  - b) an alternative structure (such as deferred principal) is deemed to be advantageous to GLWA's debt profile and cost of financing. For instance, market conditions and/or specific financing goals of GLWA may indicate a deferred debt service structure, for a specific upcoming transaction, may be optimal. (Debt service coverage constraints, for example, may in part drive this decision-making process). Any alternative structures must be approved by the GLWA Board upon recommendation by the Chief Financial Officer, with the advice of its Registered Municipal Advisor.
- (5) *Call Provisions.* To preserve flexibility and potential refinancing opportunities, in general, GLWA's securities will include a call feature, which is no later than 10.5 years from the date of delivery of the bonds unless otherwise recommended by GLWA's Registered Municipal Advisor and approved by Bond Counsel. GLWA will avoid the sale



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of non-callable bonds maturing beyond 10.5 years absent careful evaluation by GLWA with respect to the value of the call option.

- (6) *Coupon Structure.* GLWA may issue par, discount, and premium bonds. Discount and premium bonds will be evaluated including the impact on call option value.
- (7) *Debt Service Reserve Fund (the "DSRF").* GLWA will consider providing a DSRF as market conditions dictate, if a funded DSRF will reduce the overall borrowing cost of GLWA or is otherwise required by the Master Bond Ordinance. A DSRF can be established to support each individual series of bonds or as a common reserve that can support more than one series of bonds. Any DSRF may be funded with bond proceeds at the time of issuance, cash, Letter of Credit, or Surety Bonds, as permitted by law.
- (8) *Lien Selection.* GLWA will determine the most advantageous use of lien based on market conditions at time of sale, and in consultation with its Registered Municipal Advisor.
- (9) *Derivative Structures.* GLWA will not use derivatives unless (1) the specific transaction is approved by the GLWA Board upon recommendation by the Chief Financial Officer, with the advice of its Registered Municipal Advisor or (2) the Board approves a separate policy related to the management of such derivative structures. Such policy will establish the authority and parameters for any use of derivatives by GLWA.

## 10. REFINANCING OF OUTSTANDING DEBT

GLWA will refinance debt from time to time to achieve debt service savings as market opportunities arise or if it determines that it is beneficial for another compelling business reason. GLWA's Chief Financial Officer, with assistance from GLWA's Registered Municipal Advisor, will have the responsibility to analyze refunding or restructuring opportunities. GLWA will consider the following issues when analyzing possible refunding opportunities.

### 10.1. Refunding for Debt Service Savings

When a refinancing is undertaken to achieve debt service savings, GLWA will generally target a minimum Present Value savings threshold of 2.5% of the refunded bond principal amount. This threshold target may change based on market conditions and the opinion of the Registered Municipal Advisor. The Present Value savings threshold will be calculated net of all costs related to the refinancing and will be calculated on an aggregate basis. GLWA may accept a lower positive savings threshold to the extent that the refunded bonds mature within 3 years, do not have an economic call option or as otherwise approved by the Board.

Debt service savings will generally be structured on a level basis (approximately equal savings in each bond year) or proportional basis (savings in each bond year approximately proportionate to the amount of refunded debt service).

GLWA may also consider a structure which takes savings on an upfront or deferred basis, but these types of savings structures must be explicitly approved by GLWA's Chief Executive Officer in consultation with the Chief Financial Officer/Treasurer.

### 10.2. Alternative Methods to Achieve Debt Service Savings

Due to the federal tax law changes as of December 22, 2017, the ability of a municipal bond issuer to advance refund on a tax-exempt basis has been repealed. As part of evaluating future bonds to



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be refunded, GLWA will work with its Registered Municipal Advisor, on a case-by-case basis, to evaluate the cost benefit of various methods of refunding bonds that are not currently callable on a tax-exempt basis through alternative financing methods. These include, but are not limited to, taxable advance refunding bonds, tax-exempt forward delivery bonds, and refunding bonds issued in conjunction with a tender and/or exchange process.

## 10.3. Refunding for Debt Service Restructuring

A restructuring that does not generate debt service savings may be pursued but its use will be limited to meet unanticipated revenue fluctuations, meet unexpected construction cost increases, achieve cost savings, mitigate irregular debt service payments, release reserve funds or remove unduly restrictive bond covenants, unless otherwise approved by the Board.

## 10.4. Term of Refunding Issues

GLWA will generally refund bonds within the term of the originally issued debt. However, GLWA may consider maturity extension, when necessary to achieve a desired outcome, provided that such extension is legally permissible. GLWA may also consider shortening the term of the originally issued debt to realize greater savings. The remaining useful life of the financed facility and the concept of inter-generational equity should guide this decision.

## 10.5. Escrow Structuring

GLWA will utilize the least costly legally permissible securities available in structuring refunding escrows. A certificate will be provided by a third party agent, who is a registered investment advisor stating that the securities were procured through an arms-length, competitive bid process (in the case of Open Market Securities), that such securities were more cost-effective than State and Local Government Securities (SLGS), and that the price paid for the securities was reasonable within Federal guidelines. Under no circumstances may an underwriter, agent or Registered Municipal Advisor sell escrow securities to GLWA from its own account.

## 10.6. Arbitrage

GLWA will take all necessary steps to optimize escrows and to avoid negative arbitrage in its refundings. Any resulting positive arbitrage will be Rebated as necessary according to Federal guidelines.

## 11. METHOD OF ISSUANCE

GLWA will determine the method of issuance on a case-by-case basis, based on the method of sale it believes is the most appropriate and economically advantageous in light of financial, market, transaction-specific and GLWA-related conditions. Acceptable methods of sale may include a competitive sale, a negotiated sale, or a private placement. GLWA may also borrow from or issue through the SRF Program or pursue federal borrowing programs such as WIFIA funding.

## 12. TAX STATUS

Bond Counsel will determine the tax status of all issuances. Interest on the bonds may be designated as either tax-exempt or taxable.

### 12.1 Tax-Exempt



# Debt Management Policy

Interest on tax-exempt bonds is excluded from the gross income of its owners for federal income tax purposes and from Michigan income taxes, and as a result tax-exempt bonds can be sold at a lower true interest cost than taxable bonds. The Authority, along with bond counsel, will evaluate all projects to be funded to assess their eligibility to be funded by tax-exempt bonds. The Authority will make every effort to ensure that all tax regulations are complied with to ensure the bonds maintain their tax-exempt status throughout the life of the bonds.

## 12.2 Taxable

Certain municipal bonds are sold as taxable bonds because they are issued for purposes that the federal government deems do not provide a significant benefit to the public at large or involve private activity. In addition, certain tax laws such as the alternative minimum tax (“AMT”) reduced the tax exemption applicable to certain types of bonds and to certain taxpayers. Taxable bonds will be used whenever a project has the potential for private activity or other uses that may call into question the eligibility to use tax-exempt financing.

## 13. UNDERWRITER SELECTION AND SYNDICATE MANAGEMENT

### 13.1. Process and Cadence of Underwriting Syndicate Selection

For long term debt not issued through a State or Federal program such as the State Revolving Fund program, GLWA will appoint a syndicate of Underwriters (the “Underwriting Syndicate”) through a competitive procurement process as outlined in GLWA’s Procurement Policy. The Underwriting Syndicate will provide bond underwriting services for all negotiated transactions that take place during a three-year term, but the initial term may be extended by the Board as appropriate to maintain ongoing coverage. Exceptions to the use of the Underwriting Syndicate shall be reported to the Board.

### 13.1.13.2. Senior Manager Selection

GLWA will ~~select the~~appoint a book-running senior manager ~~for a proposed Negotiated Sale to the Underwriting Syndicate.~~ The selection criteria will include, but not be limited to, the following:

- The firm’s ability and experience in managing transactions similar to those contemplated by GLWA
- Prior knowledge and experience with GLWA, if applicable
- The firm’s willingness to risk capital and demonstration of such risk
- Quality and experience of personnel assigned to GLWA’s engagement
- Financing plan presented
- Underwriting fees

### 13.2.13.3. Co-Senior Manager Selection

GLWA may consider the appointment of a co-senior manager to the Underwriting Syndicate.

### 13.3.13.4. Co-Manager Selection

Co-managers will be appointed to the Underwriting Syndicate and selected to complement the



# Debt Management Policy

distribution capabilities of the senior manager and co-senior manager, if applicable. The number of co-managers appointed to specific transactions will be a function of transaction size and the necessity to ensure maximum distribution of GLWA's bonds.

## 13.4.13.5. Selling Groups

GLWA may establish Selling Groups in certain transactions in order to broaden the reach to potential investors.

## 13.5.13.6. Underwriter's Counsel

In any negotiated sale of GLWA debt in which legal counsel is required to represent the Underwriter, the appointment will be made by the Senior Manager while also being acceptable to GLWA.

## 13.6.13.7. Underwriter's Discount

GLWA's Registered Municipal Advisor will evaluate the proposed Underwriter's Discount against comparable issues in the market. If there are multiple Underwriters in the transaction, the Chief Financial Officer will determine the allocation of liabilities and fees among the Underwriters, with input from GLWA's Registered Municipal Advisor.

All fees and allocation of liabilities will be determined prior to the sale date; a cap on Management Fee (if any), expenses and Underwriter's Counsel will be established and communicated to all parties by the Chief Financial Officer or GLWA's Registered Municipal Advisor. The senior managing underwriter will submit an itemized list of expenses charged to members of the underwriting group. Any additional expenses must be substantiated.

## 13.7.13.8. Syndicate Policies

For each negotiated transaction, the Chief Financial Officer will, with input and advice from GLWA's Registered Municipal Advisor, approve a Syndicate Policy that will describe the designation and priority policies governing the upcoming bond sale.

GLWA may seek to give certain classes of investors (such as Retail, Institutional or ESG Investors) priority during an order period in order to encourage best execution. GLWA will require the senior manager to allocate bonds in accordance with this priority policy as well as to seek to make reasonable and fair allocations of bonds to syndicate members and the selling group. In all cases, GLWA will require the senior manager to comply with MSRB regulations governing the priority of orders and allocations.

## 13.8.13.9. Transparency of Orders and Allocations.

Within 10 working days after the sale date, GLWA will require the senior manager to submit to the Chief Financial Officer and GLWA's Registered Municipal Advisor a detail of orders, allocations and other relevant information pertaining to GLWA's sale.

## 13.9.13.10. Evaluation of Underwriter Performance

GLWA will evaluate each bond sale after completion to assess the following: costs of issuance including underwriters' compensation, pricing of the bonds in terms of the overall interest cost and on a maturity-by-maturity basis, the distribution of bonds, and sales credits.

## 13.10.13.11. \_\_\_\_\_—Reporting to the Board



# Debt Management Policy

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Following each sale, the Chief Financial Officer or GLWA's Registered Municipal Advisor will provide a report to the Audit Committee on the results of the sale.

## 14. FINANCING TEAM PARTICIPANTS

### 14.1. Registered Municipal Advisor

GLWA will retain a Registered Municipal Advisor (or advisors) to provide GLWA with a comprehensive analysis of market and funding alternatives available to GLWA. The Registered Municipal Advisor(s) will advise on the structuring and execution of all debt and debt-related transactions and provide other services as defined by approved contracts.

### 14.2. Bond Counsel – Tax Status and Authorizing Resolution

GLWA will retain Bond Counsel to issue an opinion as to the legality and tax status of all debt obligations. GLWA may also seek the advice of Bond Counsel on other types of financing or on any other questions involving local, state or federal law. Bond Counsel is also responsible for the preparation of the resolution or ordinance authorizing the issuance of obligations, certain bond and closing documents necessary for the execution of the debt issuance, and the performance of other services as defined by contract approved by GLWA.

### 14.3. Disclosure Counsel (if desired by GLWA)

Disclosure Counsel performs legal services associated with the preparation of offering documents used by the Authority in its debt offerings to ensure that the offering document fairly, accurately and completely addresses the information presented in the offering document so that it is true and correct in all material aspects.

### 14.4. Feasibility Consultant

GLWA will retain a Feasibility Consultant to prepare a Feasibility Report for each bond issuance. The Feasibility Report will contain financial feasibility information including analyses of water supply and sewage disposal service charges, specific charge methodology, projections of revenues under existing charges, projection of future operation and maintenance expenses, a summary of the Regional Water and Sewage Capital Improvement Programs and the impact of projected revenue requirements on future revenues and charges for a minimum of a ten-year forecast period. The Feasibility Consultant and the Feasibility Report will be expected to be an integral part of the team (along with GLWA, the Registered Municipal Advisor and the Underwriter) interfacing with the rating agencies.

### 14.5. Conflicts of Interest

GLWA requires that its consultants and advisors provide objective advice and analysis, maintain the confidentiality of GLWA financial plans, and disclose any potential conflicts of interest.

### 14.6. Disclosure by Financing Team Members

All financing team members will be required to provide full and complete disclosure, relative to agreements with other financing team members and outside parties. The extent of disclosure may vary depending on the nature of the transaction. However, in general terms, no agreements will be permitted which could compromise the firm's ability to provide independent advice which is



# Debt Management Policy

solely in GLWA's best interests or which could reasonably be perceived as a conflict of interest.

## 15. COMPLIANCE WITH MASTER BOND ORDINANCES

GLWA adopted its Master Water Bond Ordinance and Master Sewer Bond Ordinance on October 7, 2015 (the "Master Ordinances") which set forth the security for its bonds and obligates GLWA by various covenants. It is GLWA's intention to fully comply with all provisions of its Master Ordinances. Two covenants in particular which impact GLWA's debt management are the Fixing and Revising Rates; Rate Covenant (Section 604) and the Additional Bonds (Section 207).

### 15.1. Rate Covenant

The Master Ordinances contain a covenant to fix, charge and collect, or cause to be fixed, charged and collected, rates, fees and charges for the use and operation of the Sewage Disposal or Water System. Such rates, fees and charges shall be fixed and revised from time to time as may be expected to be necessary to produce the greater of:

- (1) The amounts required:
  - a) To provide for the payment of Operation and Maintenance Expenses of the Sewage Disposal System or Water System; and
  - b) To provide for the payment of all Debt Service Installment Requirements coming due during the Fiscal Year of calculation; and
  - c) To provide for the creation and maintenance of reserves therefore as required by the Master Bond Ordinance; and
  - d) To provide for the payment of the Lease Payment; and
  - e) To provide for the deposit to the WRAP Fund; and
  - f) To repay any withdrawals from the Extraordinary Repair and Replacement Fund; and
  - g) To provide for such other expenditures and funds as the Master Ordinances may require; and
- (2) Amounts so that the Rate Covenant Debt Service Coverage shall not be less than the Required Coverage (as defined below); and
- (3) Amounts required by The Revenue Bond Act, Act 94 of 1933.
- (4) The coverage requirements for determining the Required Coverage under the Master Ordinances are the following percentages of Net Revenues divided by the aggregate Annual Debt Service requirements for such priority of lien and any higher priority of lien, and will not be less than the following:

<u>Priority of GLWA Bonds:</u>	<u>Percentage:</u>
Senior Lien GLWA Bonds	120%
Second Lien GLWA Bonds	110%
SRF Junior Lien GLWA Bonds and Pension Junior Lien GLWA Bonds	100%

### 15.2. Additional Bonds

Approved by the GLWA Board April 26, 2023



# Debt Management Policy

Before issuing new debt which will be paid from Net Revenues, GLWA must demonstrate compliance with the provisions of Section 207 of the Master Ordinances, entitled the “Additional Bonds.”

Under the Master Ordinances, GLWA may not incur any obligations payable from Pledged Assets except for GLWA Bonds, and no obligations of GLWA may be secured by a lien on Pledged Assets except as provided in the Master Ordinance.

## 15.3. Coverage Requirements for Additional Bonds

Under the Master Ordinances, prior to or concurrently with the issuance of GLWA Additional Bonds of any Priority of Lien, GLWA shall calculate a number equal to Projected Net Revenues in the then current or the next succeeding Fiscal Year, or Historical Net Revenues, all as determined by GLWA, divided by Maximum Annual Debt Service for such Priority of Lien and any higher Priority of Lien (the “Additional Bonds Debt Service Coverage”). GLWA may elect to determine Additional Bonds Debt Service Coverage on the basis of Projected Net Revenues or Historical Net Revenues. In determining Projected Net Revenues, GLWA shall engage the services of and be guided by a professionally qualified person, firm or corporation nationally recognized in the municipal water supply and/or the municipal sewage disposal industry and of favorable reputation for skill and experience in performing the duties of providing consulting services to municipal water supply systems or municipal sewage disposal systems comparable in size and function to the Water System or the Sewer System, including setting of rates and charges for the use of such systems (a “System Consultant”). In determining Historical Net Revenues, GLWA may engage the services of and be guided by a System Consultant if it is relying on audited financial statements without augmenting Net Revenues on the basis of changes in rates, fees or charges or repairs, extensions, enlargements, improvements, acquisitions, extensions or connections to the Water System or the Sewer System. In determining Historical Net Revenues, GLWA shall engage the services of and be guided by a System Consultant if it is augmenting Net Revenues on such a basis.

## 15.4. General Authority

Under the Master Ordinances, GLWA may issue GLWA Bonds of any Priority of Lien (the “GLWA Additional Bonds”) for repairs, extensions, enlargements, and improvements to the Regional Sewer System, the Local Sewer System, the Regional Water System or the Local Water System (including repaying amounts withdrawn from the Extraordinary Repair and Replacement Reserve Fund for the Regional Sewer System, the Local Sewer System, the Regional Water System or the Local Water System), and/or refunding all or a part of any Outstanding GLWA Bonds and paying the costs of issuing such GLWA Additional Bonds, including deposits, if any, to be made to any Reserve Account established or to be established for such GLWA Additional Bonds or any other GLWA Bonds, if, but only if GLWA shall certify that the Additional Bonds Debt Service Coverage for each Priority of Lien (regardless of the Priority of Lien of the GLWA Additional Bonds) is not less than the Required Coverage. The determination in a Series Ordinance that the Additional Bonds Debt Service Coverage for each Priority of Lien is not less than the Required Coverage shall be conclusive.

## 15.5. Alternate Test for Refundings

Under the Master Ordinances, GLWA may issue GLWA Bonds of any Priority of Lien, including a portion of a Series of GLWA Bonds, without regard to the above requirements for refunding all or part of GLWA Bonds then Outstanding and paying costs of issuing such GLWA Additional Bonds,





# Debt Management Policy

including deposits which may be made to any Reserve Account established or to be established for such GLWA Additional Bonds or any other GLWA Bonds if, but only if the combined Debt Service required to be set aside in the Bond Fund in the current Fiscal Year and each Fiscal Year thereafter until maturity on (A) the GLWA Additional Bonds and (B) giving effect to the refunding, all Outstanding unrefunded GLWA Bonds of equal and higher Priority of Lien, is less than the combined Debt Service required to be set aside in the Bond Fund in the current Fiscal Year and each Fiscal Year thereafter until maturity on all equal and higher Priority of Lien GLWA Bonds, without giving effect to the refunding.

## 16. CREDIT QUALITY AND CREDIT ENHANCEMENT

### 16.1. Credit Ratings

GLWA's debt management activities will be conducted in a manner consistent with maintaining and continuing to improve its credit ratings. At a minimum GLWA will seek to obtain investment grade credit ratings on all of its borrowings to the extent possible, consistent with GLWA's financing objectives. However, GLWA will also make all reasonable efforts to strive to achieve not less than "AA" category ratings from each rating agency that provides a rating on GLWA's outstanding debt. In general, GLWA will generally intend to use ratings from at least two rating agencies for its debt issuance in the capital markets. Under special circumstances, however, GLWA will consider certain financial transactions with fewer ratings or no ratings, if approved by the GLWA Board upon recommendation by the Chief Financial Officer, with the advice of its Registered Municipal Advisor.

### 16.2. Credit Enhancements

GLWA will consider the use of Credit Enhancement with regard to fixed rate and Variable Rate Debt on a case-by-case basis, evaluating the economic or market access benefits versus cost for each case. Only when clearly demonstrable savings can be shown may an enhancement be considered. GLWA may purchase municipal bond insurance when such purchase is deemed prudent and advantageous for its fixed rate debt issuance, as documented by GLWA's Registered Municipal Advisor or senior managing underwriter. GLWA will also consider overall bond insurance capacity as part of its consideration of utilization of credit enhancement for fixed rate bonds.

### 16.3. Variable Rate Credit Enhancements

For Variable Rate Debt transactions that require credit enhancement (such as variable rate demand bonds), GLWA will consider credit enhancement products such as a Letter of Credit, that are typically required by rating agencies to achieve the highest short-term ratings. GLWA will consider the cost and marketability implications of each variable rate product and supporting credit enhancement product prior to each transaction on a case-by-case basis. In addition, to manage business and counterparty risk, GLWA will consider a diversity of credit enhancement providers. Prior to entering into a Letter of Credit, Liquidity Facility or other Credit Enhancement, GLWA or its Registered Municipal Advisor will prepare and distribute a request for qualifications to qualified banks which includes terms and conditions that are acceptable to GLWA.

## 17. DOCUMENTATION



## Debt Management Policy

The completion of a debt transaction requires GLWA's financing team to develop, review, and adopt/execute numerous documents. While not exhaustive, the following list represents the key documents in a debt transaction:

- (1) *Authorizing Resolution.* A document approved by the Board that authorizes GLWA to issue the bonds subject to several financial and other parameters as set forth in the Master Ordinances as well as other Board resolutions and ordinances. Bond Counsel is the primary drafter of this document.
- (2) *Series Ordinance.* A document approved by the Board that supplements the terms of the Master Ordinance to incorporate the provisions of the additional debt being issued. Bond Counsel is the primary drafter of this document.
- (3) *Official Statement.* The offering document that is used to disclose details about the transaction as well as GLWA's financial and operating information. The document, in preliminary form (the Preliminary Official Statement), is used to assist in marketing the transaction to investors prior to pricing. Underwriter's Counsel (or a separate Disclosure Counsel, if retained by GLWA) is the primary drafter of this document.
- (4) *Bond Purchase Agreement (BPA).* The contract between the Underwriter and GLWA sets forth the final terms, prices and conditions upon which the Underwriter purchases a new issue of municipal securities in a Negotiated Sale. Underwriter's Counsel is the primary drafter of this document.
- (5) *Continuing Disclosure Agreement.* When bonds are issued, the issuer enters into a continuing disclosure agreement for the benefit of the underwriter to meet the SEC's requirements, promising to provide certain annual financial information and material event notices to the public. In accordance with changes made in 2009 and 2018 to Rule 15c2-12, those filings must be made electronically at the Municipal Securities Rulemaking Board's (MSRB) Electronic Municipal Market Access (EMMA) web dissemination portal ([www.emma.msrb.org](http://www.emma.msrb.org)).  
  
Issuers are also able to provide periodic voluntary financial information to investors in addition to meeting the SEC Rule 15c2-2 responsibilities undertaken in their Continuing Disclosure Agreement through EMMA. It is important to note that issuers must disseminate any financial information to the market as a whole and cannot give any one investor certain information that is not readily available to all investors.
- (6) *Feasibility Report.* The Feasibility Consultant will provide a Feasibility Report to be published in conjunction with revenue bonds to be issued by the Authority. The Feasibility Report will be included in the Official Statement and will also be used by GLWA, the Municipal Advisor and the Underwriter in obtaining credit ratings for the offering.
- (7) *Investor Presentation.* GLWA will work with its Registered Municipal Advisor, the Underwriter and the Feasibility Consultant to prepare an Investor Presentation in conjunction with an issuance of debt if deemed to be desirable by the Underwriter. Such Investor Presentation may only contain facts presented in the Official Statement and will be designed to present the key elements of the credit and the offering to investors. Such Investor Presentation will be in electronic form only and will contain appropriate disclosures.



# Debt Management Policy

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## 18. COMMUNICATIONS AND DISCLOSURE

### 18.1. Rating Agencies

The Public Finance Manager will manage relationships with the rating analysts assigned to GLWA. The Public Finance Manager will respond to requests for information from rating agencies undertaking periodic “surveillance” reviews and will also work with the Chief Financial Officer, the Registered Municipal Advisor, the Feasibility Consultant and the Underwriter in the preparation of a rating presentation to be used in obtaining a rating for a bond issuance.

### 18.2. Investors, Bond Insurers, Liquidity Providers

The Public Finance Manager will manage relationships using both informal and formal methods to disseminate information. GLWA maintains a robust and dedicated “Investor Relations” page on its public website [www.glwater.org](http://www.glwater.org). This page includes the latest information on GLWA’s bond ratings as well as key formative GLWA documents such as the Master Bond Ordinance, all Bond Series Ordinances, Official Statements for each offering, and all of GLWA’s Foundational Documents. This page is an important tool for investors; the Public Finance Manager will maintain, update and make enhancements to this page as necessary.

### 18.3. Public Disclosure

GLWA recognizes that accurate and complete disclosure is imperative to maintaining the high credit quality of its debt. GLWA will comply with all state, federal and CDA-required disclosure obligations and will meet its disclosure obligations in a timely and thorough manner, as further described in Section 20. Additionally, the Authority will consider making voluntary filings on EMMA as it deems to be appropriate.

## 19. ONGOING DEBT ADMINISTRATION

The Chief Financial Officer is responsible for the investment of proceeds, as well as all post issuance and compliance activities.

### 19.1. Investment of Bond Proceeds

The Chief Financial Officer and GLWA Finance staff, after receipt of bond proceeds, will invest the funds based on the GLWA’s Investment Policy and federal tax regulations.

### 19.2. Project Compliance

- Arbitrage

GLWA does not pay federal income tax and generally GLWA’s bondholders do not pay federal income tax on interest earned from bonds issued by GLWA. With the investment of bond proceeds, the treatment of interest earned on the permitted investments during this period is governed by IRS arbitrage rules designed to eliminate any arbitrage incentive to:

- Issue more bonds than needed,
- Issue bonds earlier than needed, and
- Leave bonds outstanding longer than needed.



# Debt Management Policy

- To accomplish the purpose of the bond issuance, GLWA must follow IRS rules governing the Yield restriction (when you may legally earn only the Arbitrage Yield from investing bond proceeds) and Arbitrage Rebate (when you must return the invested earnings above the Arbitrage Yield back to the IRS). The following guidelines apply:
  - The Tax Certificate for the transaction provides the relevant information.
  - GLWA may retain the services of a qualified arbitrage rebate agent to calculate any arbitrage due to the IRS on outstanding bond issuances with proceeds remaining.
  - Arbitrage consultant selected by an RFP or RFQ will be used to determine compliance and Rebates.
- Annual Review
 

GLWA will review expenditures and reimbursements to determine if any private business use in facilities that were constructed using tax-exempt debt, except as specifically disclosed prior to sale of debt or as subsequently opined by nationally recognized Bond Counsel, do not impact the tax-exempt status of the debt.
- Bond Proceeds
 

GLWA will track bond proceeds, ensuring expenditures are within the legally allowable construction period and other parameters to comply with legal requirements.
- Document Retention
 

GLWA will retain documents related to the debt issue for the life of an issue or the life of the Refunding of the issue plus three years.

## 20. CONTINUING DISCLOSURE COMPLIANCE

The Official Statement and the Continuing Disclosure Agreement for the transaction will detail what information is required to be disclosed and on what timeline. To meet these disclosure requirements:

- GLWA will use a Dissemination / Disclosure Agent who shall be named as responsible for the required reporting for each debt issue requiring Continuing Disclosure under Securities and Exchange Commission Rule 15(c)(2)(12).
- Dissemination of the required information is accomplished through the Electronic Municipal Market Access system (EMMA) of the Municipal Securities Rulemaking Board.
- Finance staff will monitor required reporting dates to ensure annual and periodic reporting requirements are satisfied.
- Bond Counsel shall be consulted to determine compliance and updates in Continuing Disclosure.
- Compliance status shall be reported annually to the Board at a public meeting.

## 21. REFINANCING OPPORTUNITIES MONITORING



# Debt Management Policy

- 21.1. The Chief Financial Officer, in conjunction with finance staff and with the Registered Municipal Advisor, will periodically monitor refinancing opportunities including unsolicited proposals from third parties regarding the refinancing of outstanding GLWA debt.
- 21.2. As refinancing opportunities are further defined and achieve financial targets, this information shall be reported to the Board.

## 22. BOARD ADOPTION DATES

BOARD ADOPTION DATE	DESCRIPTION OF CHANGE
12.09.2015	Original Version of Policy
12.18.2020	Review of Policy by GLWA, Bond Counsel and Municipal Advisor
04.26.2023	Debt Management Policy Amendment approved by GLWA Board
<a href="#">To be updated</a>	<a href="#">Pending Board Action</a>

## 23. FREQUENCY OF REVIEW AND UPDATE

Since the guidelines contained in the Policy require regular updating to maintain relevance and to respond to the changes inherent in the capital markets and the water and sewer industry, GLWA plans to revisit the Policy from time to time.



## Financial Services Audit Committee Communication

**Date:** October 25, 2024

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

**From:** Kim Garland, CPA, Deputy Chief Financial Officer

**Re:** Proposed Fraud & Ethics Hotline Contract Amendment

**Background & Analysis:** See attached draft Great Lakes Water Authority (“GLWA”) Board letter.

**Proposed Action:** Audit Committee recommends the Great Lakes Water Authority Board approve the contract renewal for the Fraud & Ethics Hotline as presented.

..Title

**Proposed Fraud & Ethics Hotline Contract Amendment**

..Body

Agenda of: November 21, 2024  
Item No.: **2024-358**  
Amount: Not to Exceed \$148,000

**TO:** The Honorable  
Board of Directors  
Great Lakes Water Authority

**FROM:** Suzanne R. Coffey P.E.  
Chief Executive Officer  
Great Lakes Water Authority

**DATE:** November 21, 2024

**RE: Proposed Fraud & Ethics Hotline Contract Amendment**

**MOTION**

Upon recommendation of Nicolette N. Bateson, Chief Financial Officer & Treasurer the Board of Directors (Board) of the Great Lakes Water Authority (GLWA), **approves the proposed three-year contract amendment with New Orleans Teleport, Inc. (d/b/a Calls Plus) for an amount not to exceed \$96,230, for fraud and ethics hotline services with two, one-year optional renewals not to exceed \$51,770 for a total contract renewal cost of \$148,000;** and authorizes the CEO to take such other action as may be necessary to accomplish the intent of this vote.

## **BACKGROUND**

Since 2010, with the implementation of the Whistleblower Program introduced by the United States Security and Exchange Commission as part of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, there has been an increasing focus on the need for structured and transparent programs within organizations to report suspected wrongdoing. These programs have served to establish best practices for all organizations.

The Great Lakes Water Authority (GLWA) embraced these practices and executed a contract with Calls Plus implementing a Fraud & Ethics Hotline on January 30, 2020. This service continues today. The services GLWA has contracted with Calls Plus include the following.

1. A live call center available 24 hours a day, 7 days a week, and 365 days a year with a GLWA dedicated toll-free telephone number
2. An internet-based complaint reporting system
3. A case management system that allows anonymity of callers

Calls Plus is a small, minority, woman-owned business located in Lafayette, Louisiana with 21 years of experience designing and delivering compliance and exploitation hotlines for various government agencies. Their roster of clients includes federal, state, and local governments as well as utilities and school districts.

## **JUSTIFICATION**

GLWA has been satisfied with the service, the technology used, and the confidentiality protocols in place for informants. An added service in the proposed contract is multilingual communication materials. A three-year contract extension is recommended with Calls Plus for an amount not to exceed \$96,230, for fraud and ethics hotline services with two, one-year optional renewals not to exceed \$51,770 for a total contract renewal cost of \$148,000. The new contract includes a 12% increase in the annual support contract.

This matter is being brought to the Board of Directors for approval as required by Section 10.1 of the GLWA Procurement Policy which requires Board approval for contracts with a total term of more than five years, irrespective of amount.



**BUDGET IMPACT**

There is no additional budget impact. The current year budget assumes this important service would continue although the budgeted amount was estimated based on the current contract. This service was also included in the ten-year financial plan.

**COMMITTEE REVIEW**

This matter was reviewed by the Audit Committee at its meeting on October 25, 2024. The Audit Committee [*insert action taken*] the GLWA Board approve the Fraud & Ethics Hotline contract renewal as presented.

**GLWA**

*Great Lakes Water Authority*



# **Monthly Financial Report Binder**

**June 2024 (Unaudited)**

**Completed on September 23, 2024**

**Presented to the  
Great Lakes Water Authority  
Audit Committee on October 25, 2024**

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**Key Financial Metrics**

The table below provides key report highlights and flags the financial risk of a budget shortfall by year-end as follows: No Risk (green) - Potential (yellow) - Likely (red)

Variations are monitored by the Great Lakes Water Authority (GLWA) management and operating and/or budget priorities are re-evaluated where appropriate. Staff reviews the need for budget amendments quarterly and requests necessary amendments when required based on the most current information available. Third quarter budget amendments were approved by the Board of Directors on June 26, 2024 and are reflected in this report.

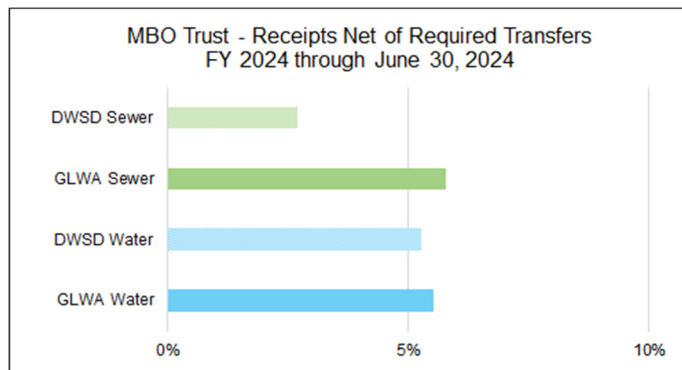
For the current year, water operations and maintenance, water and sewer capital spend, and investment earnings reflect variances to budget outside the normal range. Capital spend variances reflect evolving changes in timing that the Capital Improvement Planning group continues to monitor and review. Water operations and maintenance as well as investment earnings reflect positive, yearend closing balances due to lower-than-expected contractual service expense related to changes in project start dates and timing and an interest rate environment that continues to favor investors.

GLWA completed a refunding bond transaction in June 2024 that resulted in \$130.4 million total cash flow savings with a direct impact of \$67.5 million to the Water system and \$62.9 million to the Sewer system (\$76.6 million of present value savings in total).

As of June 30, 2024					
Metric	FY 2024 Budget	FY 2024 Amended Budget	FY 2024 Actual	Variance from Financial Plan	Report Page Reference
Wholesale Water Billed Revenue (\$M)	\$347.2	\$339.9	\$340.1	0%	48
Wholesale Water Billed Usage (mcf)	13,577,000	12,890,000	12,890,000	0%	
Wholesale Sewer Billed Revenue (\$M)	\$281.9	\$281.9	\$281.9	0%	50
Wholesale Water Operations & Maintenance (\$M)	\$152.9	\$168.9	\$161.0	-5%	5
Wholesale Sewer Operations & Maintenance (\$M)	\$205.6	\$224.9	\$222.7	-1%	
Investment Income (\$M)	\$15.3	\$46.6	\$59.5	28%	37
Water Prorated Capital Spend w/SRA* (\$M)	\$239.3	\$194.9	\$177.6	-9%	28
Sewer Prorated Capital Spend w/SRA* (\$M)	\$199.1	\$154.3	\$136.4	-12%	29

\*SRA refers to the capital spending ratio assumption which allows capital program delivery realities to align with the financial plan.

**Master Bond Ordinance (MBO) Trust Net Receipts (page 53)**



Net cash flow receipts remain positive for GLWA and DWSD Water and Sewer. This means that all legal commitments of the MBO Trust and the lease payment are fully funded – and that positive cash flow is available for additional capital program funding in subsequent year(s). DWSD Water reports a surplus of \$6.5 million and DWSD Sewer reports a surplus of \$8.0

million of net receipts over disbursements through June 2024.

### **Budget to Actual Analysis (page 3)**

- FY 2024 information includes the third quarter budget amendments approved by the GLWA Board of Directors on June 26, 2024. These are the final budget amendments for FY 2024.
- The tables in this section are presented in a draft format. Any necessary adjustments related to the fiscal year end 2024 audit will affect the Budget to Actual Analysis.
- Total Revenue Requirements are on target through June 2024.
- Total, overall Operations & Maintenance expenses are at 97.5% of budget through June 2024, which equates to a positive variance of \$10.0 million.

### **Basic Financial Statements (page 9)**

- The Basic Financial Statements are prepared on a full accrual basis and reflect preliminary, unaudited results.
- Operating income for June 2024 is \$86.2 million for the Water fund (24.0% of total revenues) and \$102.7 million for the Sewer fund (21.5 % of total revenues).
- Water Net Position increased by \$ 12.7 million, and Sewage Disposal Net Position increased by \$ 28.4 million for the year to date through June 2024.

### **Capital Improvement Plan Financial Summary (page 28)**

- Water system costs incurred to date are below the 79.4% Capital Spend Ratio assumption.
- Sewer system costs incurred to date are below the 70.3% Capital Spend Ratio assumption.

### **Master Bond Ordinance Transfers (page 31)**

- For June, transfers of \$19.0 million and \$21.8 million were completed for the GLWA Water and Sewer funds, respectively.
- Also for June, transfers of \$5.6 million and \$6.9 million were completed for the DWSD Water and Sewer funds, respectively.

### **Cash Balances & Investment Income (page 38)**

- Total cash & investments are \$616 million for Water and \$745 million in the Sewer fund.
- Total, combined, cumulative, FY 2024 investment income through June is \$59.5 million.

### **DWSD Retail Revenues, Receivables & Collections (page 42)**

- Water revenue through June 30, 2024 is 103.10% and usage is 104.56% of budget.
- Sewer revenue through June 30, 2024 is 97.58% and usage is 100.71% of budget.
- Combined accounts receivable balances for the water and sewer funds report a decrease of \$2.2 million over the prior year.
- Past dues over 180 days make up of 68.3% the total accounts receivable balance. The current bad debt allowance covers over 97.7% of past dues over 60 days.

### **GLWA Wholesale Billing, Receivables & Collections (page 48)**

- GLWA accounts receivable past due balance net of Dearborn is 0.27% of the total accounts receivable balance. Discussions remain underway between GLWA and Dearborn regarding the water balance in dispute.
- Average wholesale water collections for the period of July 2023 through June 2024 are trending slightly above the prior year.
- Average wholesale sewer collections for the period of July 2023 through June 2024 are trending slightly below the prior year.

**Questions?** Contact the Office of the Chief Financial Officer at [CFO@glwater.org](mailto:CFO@glwater.org).



The Monthly Budget to Actual Analysis report includes the following three sections.

1. Revenue Requirements Budget Basis Analysis
2. Operations & Maintenance Budget – Service Area
3. Alignment of Operations & Maintenance Budget Priorities – Expense Variance Analysis

The FY 2024 information presented in these sections includes the third quarter FY 2024 budget amendments approved by the GLWA Board of Directors on June 26, 2024. These are the final budget amendments for FY 2024.

It is important to note that the tables in these sections are presented in a draft format. Adjustments related to the fiscal year end 2024 audit will affect the Budget to Actual Analysis.

## Revenue Requirements Budget Basis Analysis - Draft

GLWA's annual revenue requirements represent the basis for calculating Member Partner charges and aligns with the Master Bond Ordinance flow of funds categories. The budget basis is not the same as the full accrual basis used for financial reporting although the revenues and operations and maintenance expenses are largely reported on an accrual basis. The primary difference between the revenue requirements budget basis to the financial reporting basis is the treatment of debt service, legacy pension obligations, and lease related activities. The Revenue Requirements Basis is foundational to GLWA's daily operations, financial plan, and of most interest to key stakeholders.

**Table 1A – Water Revenue Requirements Budget** and **Table 1B – Sewer Revenue Requirements Budget** presents a year-over-year budget to actual performance report. The revenue requirements budget is accounted for in the operations and maintenance fund for each system. Since this report is for June 2024, the pro-rata benchmark is 100% (12 of 12 months of the fiscal year).

Items noted below are highlighted in gold on Tables 1A (Water) and 1B (Sewer).

1. **Revenues:** For *both* systems, total revenues for FY 2024 are slightly below the pro-rata benchmark; the *water* system is at 99.6% while the *sewer* system is at 99.3%. Detailed schedules related to revenues are provided in the *Wholesale Billings, Collections, and Receivables* section of this financial report binder.

Water revenues presented in Table 1A differ from those presented in *Table 2 – Statement of Revenues, Expenses and Changes in Net Position* found in the *Basic Financial Statement* section of this report. Water Revenues presented in Table 1A for revenue requirement purposes are reduced by the monthly payment to the City of Flint for a license to raw water rights under the Flint Raw Water Contract as documented in Appendix A-2 of the [Flint Water Agreement](#). Through June 30, 2024, these payments total \$6.0 million for FY 2024.

2. **Investment Earnings:** For both systems, investment earnings are slightly above the pro-rata benchmark for FY 2024; the *water* system is at 101.6% while the *sewer*

system is at 101.3%. Detailed analysis of investment earnings activity to date can be found in the *Cash & Investment Income* section of this financial report binder.

3. **Other Revenues:** These are one-time and unusual items that do not fit an established revenue category. Both the *water* and *sewer* systems actual amount will vary from budget due to the nature of the items recorded in this category. The activity through June 30, 2024 for the *sewer* system includes a \$2.2 million adjustment of the FY 2023 grant accrual that moved funds from Operations & Maintenance to Construction to match the grant revenue to where the project expense has been recorded. Construction funds are not reflected in the Revenue Requirements tables.
4. **Operations & Maintenance Expense:** Actual expenses<sup>1</sup> for *both* systems are below the pro-rata benchmark for FY 2024 the *water* system is at 95.4% while the *sewer* system O&M expenses is at 99.0%.
5. **Debt Service:** For FY 2024, both systems are below the pro-rata benchmark for debt service; the *water* system is at 93.3% while the *sewer* system is at 92.3%. The activity is based on the payment schedules adjusted for the State Revolving Fund loans that are still being drawn down.
6. **Operating Reserve Deposit:** GLWA has established a target balance in the O&M Fund of 45 days of operating expense which works in tandem with the I&E Funds to provide liquidity to the utility. Adequate funding is in place to meet this requirement; therefore, it is expected that additional transfers to this reserve will not be required in FY 2024.
7. **DWSD Budget Shortfall Pending:** To the extent that the local (DWSD) system experiences budgetary shortfalls as defined by the Water & Sewer Services Agreement, the GLWA budget is impacted.<sup>2</sup> Steps to proactively detect, and ideally prevent, this shortfall scenario were put into place with the 2018 Memorandum of Understanding (dated June 27, 2018). For FY 2023, DWSD ended the year with positive net cash flows for both the DWSD *water* system and the DWSD *sewer* system. For FY 2024, neither the DWSD *water* system nor the DWSD *sewer* system have a budgetary shortfall through June 30, 2024. GLWA and DWSD staff meet regularly to discuss steps to mitigate shortfalls, when they occur, as outlined in the 2018 MOU.
8. **Improvement & Extension (I&E) Fund Transfer Pending:** The contribution to the I&E Fund is for improvements, enlargements, extensions, or betterment of the *water* and *sewer* systems.
9. **Other Revenue Requirements:** The remaining revenue requirements for *both* systems are funded on a 1/12<sup>th</sup> basis each month in accordance with the Master Bond Ordinance.
10. **Overall:** Total revenue requirements for *both* systems are in line with the benchmark.

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<sup>1</sup>The tables in this analysis reflect actual amounts spent. If this analysis was on a master bond ordinance (MBO) basis, like that used for calculating debt service coverage, O&M “expense” would equal the pro-rata budget because 1/12 of the O&M budget is transferred monthly outside the MBO trust to an O&M bank account.

<sup>2</sup> As a reminder, the monthly O&M transfer for MBO purposes is at 1/12 of the budget to a DWSD O&M bank account outside the trust. Actual budget may be less than that amount providing an actual positive variance for DWSD.

**Table 1A – Water Revenue Requirements Budget (year-over-year) – (\$000)**

	FY 2023 Amended Budget	FY 2023 Activity Thru 6/30/2023	Percent Year-to- Date at 6/30/2023	FY 2024 Board Adopted Budget	FY 2024 Amended Budget	FY 2024 Activity Thru 6/30/2024	Percent Year-to- Date at 6/30/2024
<b>Water System</b>							
<b>Revenues</b>							
Suburban Wholesale Customer Charges	\$ 333,856	\$ 334,141	100.1%	\$ 340,541	\$ 328,203	\$ 326,368	99.4%
Retail Service Charges	22,834	22,834	100.0%	25,537	25,537	25,537	100.0%
Investment Earnings	9,670	9,162	94.7%	4,062	18,051	18,336	101.6%
Other Revenues	995	1,379	138.5%	175	943	902	95.7%
<b>Total Revenues</b>	<b>\$ 367,356</b>	<b>\$ 367,516</b>	<b>100.0%</b>	<b>\$ 370,315</b>	<b>\$ 372,734</b>	<b>\$ 371,143</b>	<b>99.6%</b>
<b>Revenue Requirements</b>							
Operations & Maintenance Expense	\$ 156,748	\$ 154,328	98.5%	\$ 152,906	\$ 168,873	\$ 161,037	95.4%
General Retirement System Legacy							
Pension	6,048	6,048	100.0%	-	-	-	0.0%
Debt Service	150,055	150,055	100.0%	159,483	162,236	151,361	93.3%
General Retirement System Accelerated							
Pension	6,268	6,268	100.0%	3,396	1,506	1,506	100.0%
Extraordinary Repair & Replacement							
Deposit	200	2,200	0.0%	-	-	2,836	0.0%
Water Residential Assistance Program							
Contribution	1,771	1,771	100.0%	1,852	1,852	1,852	100.0%
Regional System Lease	22,500	22,500	100.0%	22,500	22,500	22,500	100.0%
Operating Reserve Deposit	-	-	0.0%	-	-	-	0.0%
DWSD Budget Shortfall Pending	-	-	0.0%	-	-	-	0.0%
Improvement & Extension Fund							
Transfer Pending	23,766	23,766	100.0%	30,178	15,768	15,768	100.0%
<b>Total Revenue Requirements</b>	<b>\$ 367,356</b>	<b>\$ 366,936</b>	<b>99.9%</b>	<b>\$ 370,315</b>	<b>\$ 372,734</b>	<b>\$ 356,859</b>	<b>95.7%</b>
<b>Net Difference</b>		<b>\$ 580</b>				<b>\$ 14,284</b>	
<i>Recap of Net Positive Variance</i>							
Revenue Variance		\$ 160				\$ (1,591)	
Revenue Requirement Variance		420				15,875	
Overall Variance		<b>\$ 580</b>				<b>\$ 14,284</b>	

**Table 1B – Sewer Revenue Requirements Budget (year-over-year) – (\$000)**

	FY 2023 Amended Budget	FY 2023 Activity Thru 6/30/2023	Percent Year-to- Date at 6/30/2023	FY 2024 Board Adopted Budget	FY 2024 Amended Budget	FY 2024 Activity Thru 6/30/2024	Percent Year-to- Date at 6/30/2024
<b>Sewer System</b>							
<b>Revenues</b>							
Suburban Wholesale Customer Charges	\$ 274,907	\$ 275,918	100.4%	\$ 282,688	\$ 267,879	\$ 267,186	99.7%
Retail Service Charges	191,042	191,042	100.0%	196,570	196,570	196,570	100.0%
Industrial Waste Control Charges	8,420	8,393	99.7%	8,584	8,560	8,641	100.9%
Pollutant Surcharges	4,951	4,895	98.9%	5,328	5,328	4,089	76.7%
Investment Earnings	13,532	12,498	92.4%	7,057	22,882	23,169	101.3%
Other Revenues	2,355	4,901	208.1%	400	1,130	(828)	-73.3%
<b>Total Revenues</b>	<b>\$ 495,207</b>	<b>\$ 497,647</b>	<b>100.5%</b>	<b>\$ 500,627</b>	<b>\$ 502,349</b>	<b>\$ 498,827</b>	<b>99.3%</b>
<b>Revenue Requirements</b>							
Operations & Maintenance Expense	\$ 204,123	\$ 207,330	101.6%	\$ 205,644	\$ 224,874	\$ 222,674	99.0%
General Retirement System Legacy							
Pension	10,824	10,824	100.0%	-	-	-	0.0%
Debt Service	212,509	212,669	100.1%	228,328	230,976	213,288	92.3%
General Retirement System Accelerated							
Pension	11,621	11,621	100.0%	6,479	3,097	3,097	100.0%
Extraordinary Repair & Replacement							
Deposit	-	-	0.0%	-	-	-	0.0%
Water Residential Assistance Program							
Contribution	2,394	2,394	100.0%	2,503	2,503	2,503	100.0%
Regional System Lease	27,500	27,500	100.0%	27,500	27,500	27,500	100.0%
Operating Reserve Deposit	-	-	0.0%	-	-	-	0.0%
DWSD Budget Shortfall Pending	-	-	0.0%	-	-	-	0.0%
Improvement & Extension Fund							
Transfer Pending	26,237	26,237	100.0%	30,173	13,400	13,400	100.0%
<b>Total Revenue Requirements</b>	<b>\$ 495,207</b>	<b>\$ 498,575</b>	<b>100.7%</b>	<b>\$ 500,627</b>	<b>\$ 502,349</b>	<b>\$ 482,462</b>	<b>96.0%</b>
<b>Net Difference</b>		<b>\$ (928)</b>				<b>\$ 16,365</b>	
<i>Recap of Net Positive Variance</i>							
Revenue Variance		\$ 2,440				\$ (3,522)	
Revenue Requirement Variance		(3,368)				19,887	
Overall Variance		<b>\$ (928)</b>				<b>\$ 16,365</b>	

All amounts are unaudited unless otherwise noted.

GLWA Audit Committee October 25, 2024



## Operations & Maintenance Budget – Service Area - Draft

The year-over-year benchmark ratio as of June 30, 2024, is 100% (twelve months). When comparing FY 2024 to FY 2023 in **Table 2 – Operations & Maintenance Budget – Service Area**, the overall spending is higher in FY 2024.

In addition to the four service areas, an internal charge cost center for employee benefits is shown in the table below. If the number is positive, it indicates that the internal cost allocation rate charges to other cost centers is not sufficient. A negative number indicates a surplus in the internal cost center. A moderate surplus is preferred as it provides a hedge for mid-year benefit program cost adjustments (premiums adjust on January 1 each year) as well as managing risk as the program is partially self-insured.

**Table 2 – Operations & Maintenance Budget – Service Area – (\$000)**

Service Area	FY 2023	FY 2023	Percent	FY 2024	FY 2024	FY 2024	Percent
	Amended Budget	Activity Thru 6/30/2023	Year-to-Date at 6/30/2023	Board Adopted Budget	Amended Budget	Activity Thru 6/30/2024	Year-to-Date at 6/30/2024
A Water System Operations	\$ 85,337	\$ 86,772	101.7%	\$ 82,733	\$ 90,810	\$ 86,613	95.4%
B Wastewater System Operations	136,348	139,525	102.3%	132,934	146,722	146,250	99.7%
C Centralized Services	104,503	100,031	95.7%	106,901	117,468	113,847	96.9%
D Administrative & Other Services	34,682	35,330	101.9%	35,983	38,747	37,001	95.5%
Employee Benefits	-	-	0.0%	-	-	-	0.0%
<b>Total O&amp;M Budget</b>	<b>\$ 360,870</b>	<b>\$ 361,658</b>	<b>100.2%</b>	<b>\$ 358,550</b>	<b>\$ 393,747</b>	<b>\$ 383,711</b>	<b>97.5%</b>

*Totals may be off due to rounding*

## Alignment of Operations & Maintenance Budget Priorities – Expense Variance Analysis - Draft

The purpose of **Table 3 – Operations & Maintenance Expense Variance Analysis** is to evaluate whether the actual spend rate within a natural cost category is in alignment with the budget. Given the effort to develop an accurate budget, a variance is a red flag of a *potential* budget amendment or misalignment of priorities.

**Total:** In total, the overall O&M expenses are at 97.5% which is slightly below the pro-rata benchmark of 100%. This positive variance equates to a dollar amount of \$10.0 million. The expense category commentary is provided below for items highlighted on Table 3.

**Personnel Costs:** The overall category is slightly below the pro-rata benchmark; coming in at 99.8% through June 2024.

**Utilities:** The overall category is slightly below the pro-rata benchmark; coming in at 97.4% through June 2024. Variances within this category, when they occur, are not unexpected as usage varies throughout the year.

- **Electric** is slightly below the pro-rata benchmark, coming in at 98.2%. It should be noted that variances are not unexpected as usage varies throughout the year. The first three months of GLWA's fiscal year (July, August, and September) are typically peak months for the usage of electricity. June, the last month of GLWA's fiscal year, is typically a peak month as well.
- **Gas** is coming in at 92.8% which is below the benchmark of 100%. Variances within this category are not unexpected as usage varies throughout the year. The FY 2024 budget was adjusted for both usage and the cost of natural gas MMBTU.
- **Sewage service** is lower than the benchmark, coming in at 92.1%. This category is being closely monitored.
- **Water service** is slightly below the benchmark, coming in at 98.3%. As meters have been repaired or replaced at the WRRF, the billings that previously reported estimated readings have been replaced with actual readings. The actual readings have been coming in higher than the estimated billings. In addition, a new water billing structure was implemented in early FY 2023 which has resulted in an increase in the water billing rate. The FY 2024 budget was adjusted for the increased meter readings and billing rate.

**Chemicals:** This category is lower than the benchmark; coming in at 94.7% through June 2024. The FY 2024 budget was amended for the increase in chemical costs and this category continues to be closely monitored. Variances within this category are not unexpected as usage varies throughout the year.

**Supplies & Other:** This category is lower than the pro-rata benchmark; coming in at 96.1% through June 2024. Given that the nature of the items in this category are subject to one-time expenses that do not occur evenly throughout the year, variances are not unexpected.

**Contractual Services:** The overall category is lower than the pro-rata benchmark; coming in at 96.6% through June 2024. Variances in this category, when they occur, are not unexpected as the usage of contracts varies throughout the year (projects scheduled to begin during the latter half of the year as well as contracts that are on an as needed basis). Budget amendments are processed for those projects in which the actual start dates have been delayed from that in which they were budgeted.

**Capital Program Allocation:** This category is higher than the benchmark; coming in at 108.5% through June 2024. The amount in the Capital Program Allocation account is shown as negative as this is a "contra" account which represents an offset to the Personnel Costs section of the Operations & Maintenance (O&M) budget.

**Shared Services:** This category is higher than the benchmark; coming in at 103.3% through June 2024. The shared services reimbursement is comprised of both labor (tracked via BigTime) and expenses, such as annual fees for software licensing. Staff from both GLWA and DWSD have been working together to evaluate and refine the budget for the shared services agreements. Based on these evaluations, adjustments have been made to both the billings and accounting accruals to reflect the forecasted activity more accurately for FY 2024. In addition, it is important to note that some of the shared services agreements are not billed at a monthly rate of 1/12 of the annual budgeted amount and activity includes true-up billings from prior years.

**Table 3 – Operations & Maintenance Expense Variance Analysis – (\$000)**

Expense Categories	FY 2023 Amended Budget	FY 2023 Activity Thru 6/30/2023	Percent Year-to-Date at 6/30/2023	FY 2024 Amended Budget	FY 2024 Activity Thru 6/30/2024	Percent Year-to-Date at 6/30/2024	FY 2024 Amended Budget Less FY 2024 Activity
<b>Entity-wide</b>							
Salaries & Wages	\$ 71,395	\$ 70,114	98.2%	\$ 77,415	\$ 77,595	100.2%	\$ (180)
Workforce Development	1,326	1,414	106.6%	1,820	1,949	107.1%	(129)
Overtime	8,411	8,571	101.9%	8,672	9,171	105.8%	(499)
Employee Benefits	25,582	24,790	96.9%	27,869	27,491	98.6%	378
Transition Services	9,432	9,920	105.2%	9,877	9,249	93.6%	628
Employee Benefits Fund	-	-	0.0%	-	-	0.0%	-
<i>Personnel Costs</i>	<u>116,145</u>	<u>114,808</u>	<u>98.8%</u>	<u>125,653</u>	<u>125,455</u>	<u>99.8%</u>	<u>197</u>
Electric	47,963	48,176	100.4%	50,716	49,805	98.2%	910
Gas	12,042	10,821	89.9%	7,767	7,211	92.8%	556
Sewage Service	3,028	3,052	100.8%	2,538	2,336	92.1%	202
Water Service	11,589	15,228	131.4%	12,803	12,586	98.3%	217
<i>Utilities</i>	<u>74,622</u>	<u>77,277</u>	<u>103.6%</u>	<u>73,823</u>	<u>71,939</u>	<u>97.4%</u>	<u>1,885</u>
Chemicals	29,525	30,542	103.4%	32,824	31,075	94.7%	1,749
Supplies & Other	36,163	35,766	98.9%	45,364	43,604	96.1%	1,760
Contractual Services	106,625	108,726	102.0%	120,914	116,766	96.6%	4,148
Capital Program Allocation	(2,135)	(2,190)	102.5%	(2,624)	(2,847)	108.5%	223
Shared Services	(1,571)	(3,270)	208.2%	(2,207)	(2,281)	103.3%	74
Unallocated Reserve	1,497	-	0.0%	-	-	0.0%	-
<b>Total Expenses</b>	<u>\$ 360,870</u>	<u>\$ 361,658</u>	<u>100.2%</u>	<u>\$ 393,747</u>	<u>\$ 383,711</u>	<u>97.5%</u>	<u>\$ 10,036</u>
<i>Totals may be off due to rounding</i>							



The Basic Financial Statements report includes the following four tables.

1. Statement of Net Position - All Funds Combined
2. Statement of Revenues, Expenses and Changes in Net Position – All Funds Combined
3. Supplemental Schedule of Operations & Maintenance Expenses -All Funds Combined
4. Supplemental Schedule of Nonoperating Expenses – All Funds Combined

At a macro level GLWA has two primary funds for financial reporting purposes: *Water Fund* and *Sewage Disposal Fund*. These funds represent the combined total of four sub-funds for each system that are used internally to properly account for sources and uses of funds. Those sub-funds for each system are: *Operations & Maintenance Fund*, *Improvement & Extension Fund*, *Construction Fund*, and *Capital Asset Fund*.

The June 2024 basic financial statements are presented in a draft format. Adjustments related to fiscal year end 2024 audit affect the basic financial statements. The results of these adjustments will be presented in the audited annual report. The June 2023 comparative amounts shown in the tables below are presented based on final audited figures.

## Statement of Net Position – All Funds Combined - Draft

Explanatory notes follow the Statement of Net Position shown in Table 1 below.

**Table 1 – Statement of Net Position - All Funds Combined - Draft  
As of June 30, 2024  
(\$000)**

	Water	Sewage Disposal	Total Business- type Activities	Comparative June 30, 2023
<b>Assets</b>				
Cash - unrestricted (a)	\$ 190,552	\$ 253,247	\$ 443,799	\$ 482,736
Cash - restricted (a)	294,455	368,159	662,614	470,204
Investments - unrestricted (a)	86,040	89,006	175,045	63,241
Investments - restricted (a)	44,963	63,138	108,102	177,998
Accounts Receivable	89,316	45,946	135,263	171,747
Due from (to) Other Funds (b)	2,394	(2,394)	-	-
Other Assets (c)	639,364	376,663	1,016,028	1,056,956
Cash held FBO DWSD Advance	-	-	-	-
Capital Assets, net of Depreciation	1,277,876	1,933,156	3,211,032	3,229,243
Land	293,624	126,816	420,440	420,433
Construction Work in Process (e)	414,922	337,560	752,481	668,326
<b>Total assets</b>	<b>3,333,506</b>	<b>3,591,298</b>	<b>6,924,804</b>	<b>6,740,885</b>
<b>Deferred Outflows (f)</b>	<b>29,836</b>	<b>60,118</b>	<b>89,954</b>	<b>181,672</b>
<b>Liabilities</b>				
Liabilities - Liabilities-ST	248,387	289,213	537,600	424,229
Due to (from) Other Funds (b)	-	-	-	-
Other Liabilities (h)	2,000	5,500	7,500	7,500
Cash Held FBO DWSD (d)	24,695	33,452	58,147	42,464
Liabilities - Long-Term (i)	3,134,442	3,334,129	6,468,572	6,598,619
<b>Total liabilities</b>	<b>3,409,524</b>	<b>3,662,294</b>	<b>7,071,818</b>	<b>7,072,812</b>
<b>Deferred Inflows (f)</b>	<b>64,949</b>	<b>68,415</b>	<b>133,364</b>	<b>81,327</b>
<b>Total net position (j)</b>	<b>\$ (111,131)</b>	<b>\$ (79,294)</b>	<b>\$ (190,425)</b>	<b>\$ (231,582)</b>

*Totals may be off due to rounding*

In general, the Statement of Net Position reflects a mature organization with no unexpected trends.

An ongoing challenge is the Net Position Deficit. The underlying causes took years to build (largely heavy use of debt to finance capital asset investment versus a strategic blend of debt, state revolving funds, and cash). The effect is reflected in GLWA's high debt interest expense. The GLWA is regularly updating the FY 2032 forecast which helps to provide a pathway to a positive Net Position in the future.

### Footnotes to Statement of Net Position

- a. *Cash and Investments* during the fiscal year are reported at book value. Investments at June 30, 2023 are reported at market value. The June 30, 2024 values differ from the Cash and Investment section of this Financial Report Binder due to timing of certain items recognized on a cash versus accrual basis.
- b. *Due from Other Funds* and *Due to Other Funds* are shown at gross for sub-fund activity.
- c. *Other Assets* primarily consists of the contractual obligation receivable from DWSD related to reimbursement of bonded indebtedness for local system improvements.
- d. *Cash Held FBO Advance (for benefit of) DWSD* and *Cash Held FBO DWSD* represents the net difference between DWSD retail cash received from customers and net financial commitments as outlined in the Master Bond Ordinance.
- e. *Construction Work in Process* represents the beginning balance of CWIP plus any construction spending during the fiscal year. The balance will fluctuate based on the level of spend less any capitalizations or write-offs.
- f. *Deferred Inflow* and *Deferred Outflow* relate mainly to financing activity and GLWA's share of the legacy General Retirement System (GRS) pension obligation.
- g. *Liabilities - Short-term* include accounts payable, retainage payable, and certain accrued liabilities. Some items, such as compensated absences and worker's compensation, are reviewed periodically but only adjusted in the interim if there is a material change.
- h. *Other Liabilities* account for the cash receipts set aside for the Budget Stabilization Fund and the Water Residential Assistance Program.
- i. *Liabilities – Long-term* include bonds payable, lease payable, and legacy General Retirement System pension liabilities.
- j. *Net Position Deficit* is defined by accounting standards as the residual of all other elements presented in a statement of financial position. It is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources. A net deficit occurs when the liabilities and deferred inflows exceed assets and deferred outflows. GLWA's net deficit is largely driven by an increase in depreciation expense because of the increase in the acquisition valuation approach for recording capital asset values in the opening Statement of Net Position on January 2016. Efforts are underway to evaluate the net operating effect of this matter over the long term.

## Statement of Revenues, Expenses and Changes in Net Position

### – All Funds Combined - Draft

This statement, shown in Table 2, is presented in summary format. The accrual basis of revenues and operations and maintenance expense vary from the revenue requirement basis presented in the *Budget to Actual Analysis* and the *Wholesale Billings, Receivables & Collections* sections of the June 2024 Financial Report Binder. Prior year ending balances are provided in the June 30, 2023 column as a reference for comparative purposes. Explanatory notes follow this statement.

Water revenues presented below in Table 2 differ from those presented in *Table 1A – Water Revenue Requirement Budget* found in the *Budget to Actual Analysis* section of this report because water revenues presented in Table 1A for revenue requirement purposes are reduced by the monthly payment to the City of Flint for a license to raw water rights.

**Table 2 – Statement of Revenues, Expenses and Changes in Net Position**  
**– All Funds Combined - Draft**  
**For the Twelve Months ended June 30, 2024**  
**(\$000)**

	Water	Percent of Revenue	Sewage Disposal	Percent of Revenue	Total Business- Type Activities	Comparative June 30, 2023
<b>Revenue</b>						
Wholesale customer charges	\$ 332,359	92.7%	\$ 267,186	56.0%	\$ 599,545	\$ 616,511
Local system charges	25,537	7.1%	196,570	41.2%	222,107	213,877
Industrial waste charges		0.0%	8,641	1.8%	8,641	8,393
Pollutant surcharges		0.0%	4,089	0.9%	4,089	4,895
Other revenues	655	0.2%	494	0.1%	1,149	2,011
<b>Total Revenues</b>	<b>358,551</b>	<b>100.0%</b>	<b>476,980</b>	<b>100.0%</b>	<b>835,531</b>	<b>845,686</b>
<b>Operating expenses</b>						
Operations and Maintenance	157,811	44.0%	218,946	45.9%	376,757	366,823
Depreciation	110,557	30.8%	154,486	32.4%	265,044	289,957
Amortization of intangible assets	3,982	1.1%	855	0.2%	4,837	4,006
<b>Total operating expenses</b>	<b>272,350</b>	<b>76.0%</b>	<b>374,287</b>	<b>78.5%</b>	<b>646,638</b>	<b>660,786</b>
<b>Operating Income</b>	<b>86,201</b>	<b>24.0%</b>	<b>102,693</b>	<b>21.5%</b>	<b>188,893</b>	<b>184,900</b>
<b>Total Nonoperating (revenue) expense</b>	<b>73,472</b>	<b>20.5%</b>	<b>74,264</b>	<b>15.6%</b>	<b>147,736</b>	<b>197,183</b>
Increase/(Decrease) in Net Position	<b>12,729</b>	<b>3.6%</b>	<b>28,429</b>	<b>6.0%</b>	<b>41,157</b>	<b>(12,283)</b>
Net Position (deficit), beginning of year	(123,860)		(107,722)		(231,582)	(219,299)
<b>Net position (deficit), end of year</b>	<b>\$ (111,131)</b>		<b>\$ (79,294)</b>		<b>\$ (190,425)</b>	<b>\$ (231,582)</b>

*Totals may be off due to rounding*

## Water Fund

- ✓ The increase in Water Fund Net Position is \$12.7 million.
- ✓ Wholesale water customer charges of \$332.4 million account for 92.7% of Water System revenues.
- ✓ Operating expenses of \$272.4 million represent 76.0% of total operating revenue. Depreciation is the largest operating expense at \$110.6 million or 40.6% of operating expense.
- ✓ Amortization of intangible assets represents activity for raw water rights and IT software.
- ✓ Operating income after operating expenses (including depreciation) equals \$86.2 million or 24.0% of operating revenue.
- ✓ The largest category within nonoperating activities is bonded debt interest expense of \$90.3 million (this equates to the bonded debt interest expense less the offset from DWSD contractual obligation income).

## Sewage Disposal Fund

- ✓ The increase in the Sewage Disposal Fund Net Position is \$28.4 million.
- ✓ Wholesale customer charges of \$267.2 million account for 56.0% of Sewer System revenues. Wholesale customer charges are billed one-twelfth each month based on an agreed-upon historical average “share” of each customer’s historical flows which are formally revisited on a periodic basis. The result is no revenue shortfall or overestimation.
- ✓ Local system (DWSD) charges of \$196.6 million account for 41.2% of total operating revenues. These are also billed at one-twelfth of the annual revenue requirement.
- ✓ Operating expenses of \$374.3 million represent 78.5% of total operating revenue. Depreciation is the largest operating expense at \$154.5 million or 41.3% of total operating expense.
- ✓ Amortization of intangible assets represents activity for a warehouse lease and IT software.
- ✓ Operating income after operating expenses (including depreciation) equals \$102.7 million or 21.5% of operating revenue.
- ✓ The largest category within nonoperating activities is bonded debt interest expense of \$106.7 million (this equates to the bonded debt interest expense less the offset from DWSD contractual obligation income).

## Supplemental Schedule of Operations & Maintenance Expenses – All Funds Combined - Draft

This Supplemental Schedule of Operations & Maintenance Expenses (O&M) schedule is shown below in Table 3. This accrual basis of operations and maintenance expense may vary from the revenue requirement basis presented in the *Budget to Actual Analysis* section of the June 2024 Financial Report Binder. Explanatory notes follow this schedule.

**Table 3 – Supplemental Schedule of Operations & Maintenance Expenses  
– All Funds Combined - Draft  
For the Twelve Months ended June 30, 2024  
(\$000)**

	Water	Percent of Total	Sewage Disposal	Percent of Total	Total Business- Type Activities	Percent of Total
<b>Operating Expenses</b>						
<b>Personnel</b>						
Salaries & Wages	29,109	18.4%	59,684	27.3%	88,793	23.6%
Overtime	5,652	3.6%	3,520	1.6%	9,171	2.4%
Benefits	19,644	12.4%	7,847	3.6%	27,491	7.3%
<b>Total Personnel</b>	<b>\$ 54,405</b>	<b>34.5%</b>	<b>\$ 71,051</b>	<b>32.5%</b>	<b>\$ 125,455</b>	<b>33.3%</b>
<b>Utilities</b>						
Electric	30,922	19.6%	18,883	8.6%	49,805	13.2%
Gas	1,188	0.8%	6,023	2.8%	7,211	1.9%
Sewage	581	0.4%	1,755	0.8%	2,336	0.6%
Water	4	0.0%	12,582	5.7%	12,586	3.3%
<b>Total Utilities</b>	<b>\$ 32,695</b>	<b>20.7%</b>	<b>\$ 39,243</b>	<b>17.9%</b>	<b>\$ 71,939</b>	<b>19.1%</b>
Chemicals	11,947	7.6%	19,128	8.7%	31,075	8.2%
Supplies and other	11,584	7.3%	30,510	13.9%	42,093	11.2%
Contractual services	54,036	34.2%	62,108	28.4%	116,144	30.8%
Capital Adjustment	-	0.0%	-	0.0%	-	0.0%
Capital program allocation	(1,451)	-0.9%	(1,396)	-0.6%	(2,847)	-0.8%
Intergovernmental Agreement	(3,907)	-2.5%	(915)	-0.4%	(4,822)	-1.3%
Shared services allocation	(1,498)	-0.9%	(782)	-0.4%	(2,281)	-0.6%
<b>Operations and Maintenance Expenses</b>	<b>\$ 157,811</b>	<b>100.0%</b>	<b>\$ 218,946</b>	<b>100.0%</b>	<b>\$ 376,757</b>	<b>100.0%</b>

*Totals may be off due to rounding*



- ✓ Core expenses for water and sewage disposal systems are utilities (19.1% of total O&M expenses) and chemicals (8.2% of total O&M expenses).
- ✓ Personnel costs (33.3% of total O&M expenses) include all salaries, wages, and benefits for employees as well as staff augmentation contracts that fill a vacant position (contractual transition services).
- ✓ Contractual services (30.8%) includes:
  - Water System costs of sludge removal and disposal services at the Northeast, Southwest and Springwells Water Treatment Plants (approximately \$4.3 million);
  - Sewage Disposal System costs for the operation and maintenance of the biosolids dryer facility (approximately \$18.3 million); and
  - Centralized and administrative contractual costs allocated to both systems for information technology, building maintenance, field, planning and other services.
- ✓ The Capital Program Allocation, Intergovernmental Agreement and Shared Services Allocation are shown as negative amounts because they are 'contra' expense accounts representing offsets to associated costs in other Operations and Maintenance expense categories.

## Supplemental Schedule of Nonoperating Expenses – All Funds Combined - Draft

The Supplemental Schedule of Nonoperating Expenses – All Funds Combined is shown in Table 4. Explanatory notes follow this schedule.

**Table 4 – Supplemental Schedule of Nonoperating Expenses – All Funds Combined - Draft**  
**For the Twelve Months ended June 30, 2024**  
**(\$000)**

	Water	Sewage Disposal	Total Business-type Activities	Comparative June 30, 2023
<b>Nonoperating (Revenue)/Expense</b>				
Interest income contractual obligation	\$ (24,107)	\$ (15,748)	\$ (39,855)	\$ (41,059)
Investment earnings	(26,635)	(33,151)	(59,786)	(35,344)
Net (incr) decr in fair value of invstmt	(653)	(1,415)	(2,068)	(2,257)
Other nonoperating revenue	(445)	(8,961)	(9,405)	(3,872)
Interest Expense				
Bonded debt	114,397	122,495	236,892	228,066
Lease obligation	16,551	20,229	36,780	37,319
Other obligations	3,653	1,633	5,286	5,906
Total interest expense	134,601	144,357	278,958	271,291
Other non-capital expense	-	-	-	-
Memorandum of Understanding	-	-	-	-
Capital Contribution	(10,314)	(30,118)	(40,432)	(2,176)
Amortization, issuance costs, debt	(7,047)	11,202	4,155	(3,998)
(Gain) loss on disposal of capital assets	2,731	(37)	2,694	2,119
Loss on impairment of capital assets	-	-	-	-
Discontinued Capital Projects	-	-	-	20,903
Water Residential Assistance Program	2,938	3,835	6,772	12,343
Legacy pension expense	2,403	4,300	6,703	(20,765)
<b>Total Nonoperating (Revenue)/Expense</b>	<b>\$ 73,472</b>	<b>\$ 74,264</b>	<b>\$ 147,736</b>	<b>\$ 197,183</b>

- ✓ Interest income on contractual obligation relates to the portion of the total GLWA debt obligation attributable to DWSD. This interest income offsets the total debt interest expense paid by GLWA on behalf of both entities monthly.
- ✓ Investment earnings in this report are reflected at book value. Any differences between the Basic Financial report and Cash and Investment section of this Financial Report binder are due to accrued interest.
- ✓ Net (increase) decrease in fair value of investments consists of market value of investments and realized gain/loss on sale of investments. FY 2024 market value adjustments for Water and Sewer total \$621 thousand and \$1.0 million, respectively. FY 2023 market value adjustments for Water and Sewer total \$1.3

All amounts are unaudited unless otherwise noted.

GLWA Audit Committee October 25, 2024

million and \$2.6 million, respectively. Any difference is due to realized gain or loss on investments.

- ✓ Interest expense, the largest category of nonoperating expenses, is made up of three components:
  - Bonded debt;
  - Lease obligation for the regional assets from the City of Detroit; and
  - Other obligations such as an obligation payable to the City of Detroit for an allocation BC Notes related to assumed DWSD liabilities; acquisition of raw water rights related to the KWA Pipeline.
- ✓ FY 2024 other non-operating income consists of grant revenue for the Water and Sewage Disposal systems and debt forgiveness for the Sewage Disposal system. FY 2023 other non-operating income primarily represents FEMA Covid-19 grant income for the Water and Sewage Disposal systems.
- ✓ The FY 2024 capital contribution in Nonoperating (revenue) expense represents ARPA (\$33.9m), FEMA (\$1.9m) and other (\$3.6m) grant revenue for the Water and Sewage Disposal systems. The FY 2023 capital contribution in Nonoperating (revenue) expense represents funds from the Evergreen Farmington Sewer District for a maximum discharge capacity of 227 cubic feet per second (cfs) to the regional sewer system.
- ✓ FY 2023 Sewage Disposal loss on disposal of capital assets includes sale of McKinstry warehouse.
- ✓ For FY 2023, GLWA is recognizing non-operating pension revenue rather than expense as a result of improved investment earnings for the plan.
- ✓ The FY 2023 Discontinued capital projects represents the cancellation of three Water CIP projects to repurpose the Northeast Water Treatment Plant.

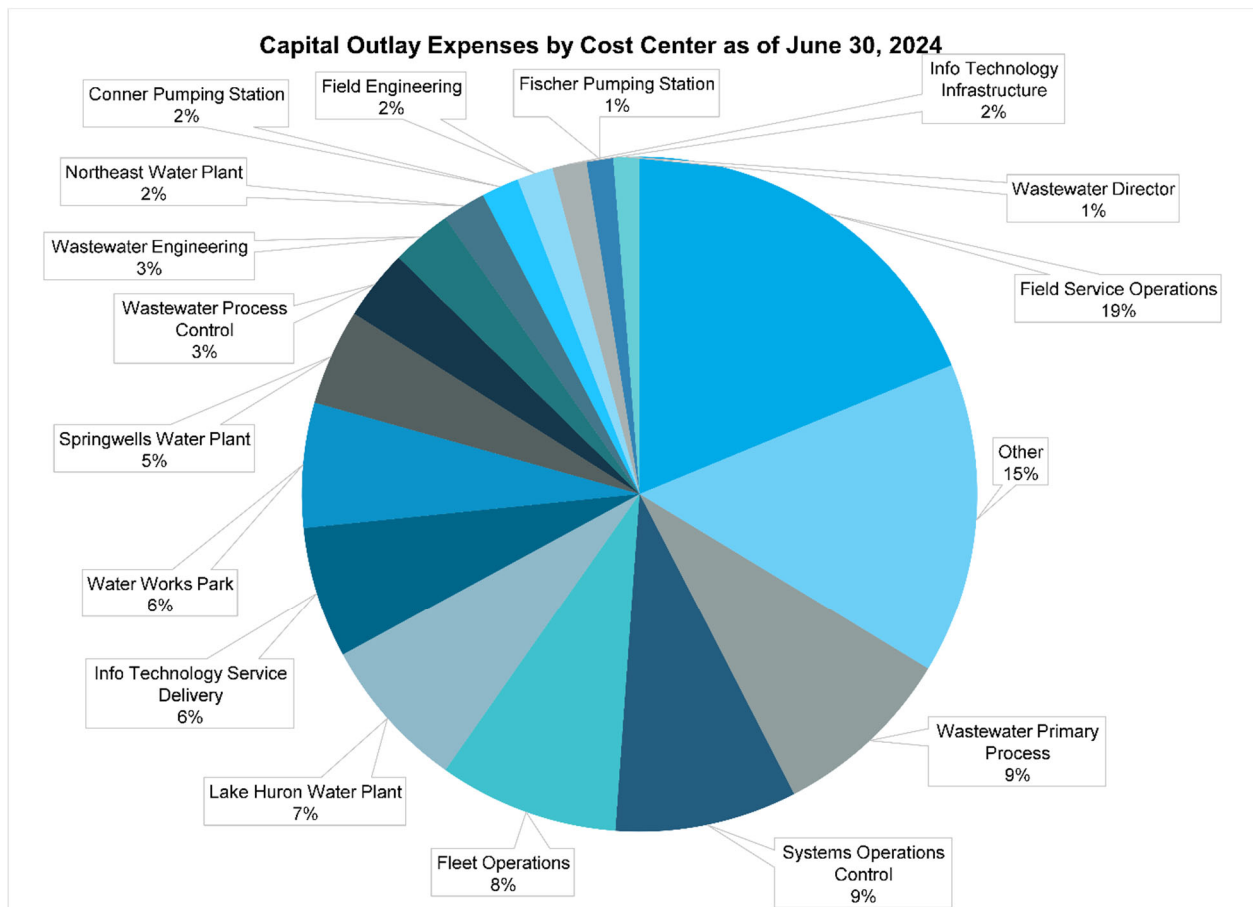


## Financial Activity Charts

### Chart 1 – Capital Outlay – Water and Sewer System Combined

Capital Outlay represents purchases of equipment, software, and small facility improvement projects. It *excludes* any capital investment which is included in the monthly construction work-in-progress report related to the Capital Improvement Program. Some items span several months so the entire cost may not have been incurred yet. In addition, items are capitalized only if they meet GLWA’s capitalization policy.

Through June 30, 2024, total capital outlay spend is \$27.8 million. Following this chart is a sample list of projects and purchases from the total spend of \$27.8 million:



**Note:** Due to rounding totals may not equal 100%.

**Water Operations:** Ovation power supply upgrade (\$1.9m); Clarifier Drive (\$819k); Water Works Park Pre-engineered metal building (\$705k); Lake Huron Boiler retrofit (\$323k); Water Works Park build out (\$210k); Ozone generator refurbishment (\$168k); Water Works Park furniture and supplies (\$135k); Lake Huron doors and frames

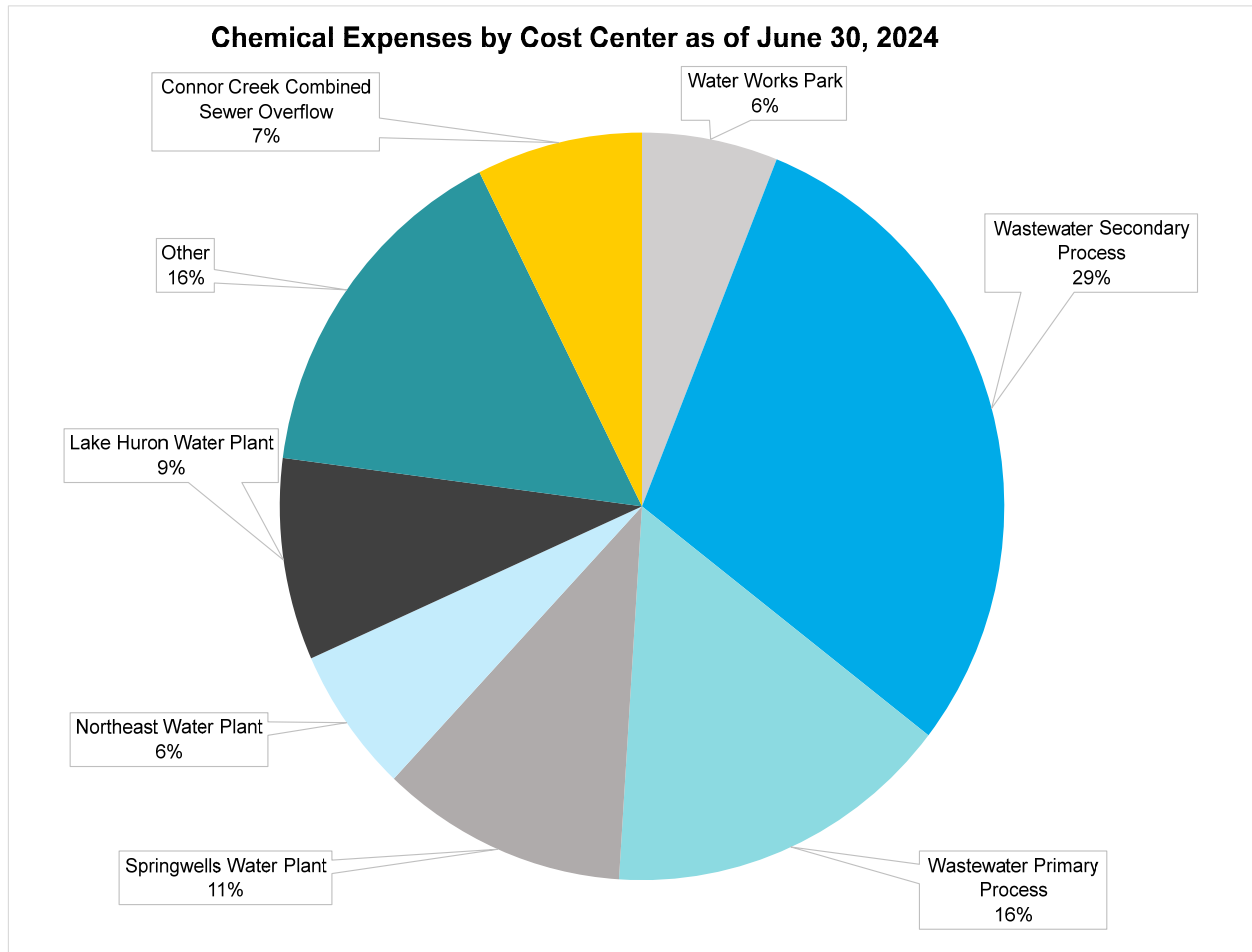
(\$132k); Drain and remove day tank (\$100k); Northeast Aluminum Storage Tank (\$98k); STACO energy first line universal power supply (\$91k) and Evaporators (\$86k).

**Wastewater Operations:** Magnetic Low Meter Replacement (\$1.1m); WRRF flow meter replacement (\$822k); Conner boiler replacement (\$481k); CSO's system control center support (\$319k); Complex A pump replacement (\$276k); WRRF Primary area gas detection system (\$214k); Fischer pump station pump and motor (\$209k); WRRF Incinerator freight elevator (\$177k); Incinerator C-II building access platform (\$160k); Bluehill Pump Station ovation upgrade (\$157k); Fischer Pump Station ovation upgrade (\$144k); WRRF/CSO process camera (\$131k); Scum hopper pump (\$131k); Pulsafeeder maintenance (\$116k); Incinerator Actuators (\$115k); Electric actuator (\$112k); Replacement chopper pumps (\$102k); Multiple CSO's submersible motor (\$92k) and Submersible chopper pump (\$89k).

**Centralized & Administrative Facilities:** Ovation upgrade and cabinet replacement (\$5.3m); Pump stations ovation upgrade (\$3.0m); Trucks and vehicles (\$2.6m); Computer hardware and software (\$2.1m); CSF furniture and supplies (\$318k); Sewer meter support (\$174k); Water Board Building furniture and supplies (\$170k); Water Works Park furniture and supplies (\$106k) and Forklift (\$86k).

**Chart 2 – Chemical Expenses – Water and Sewer System Combined**

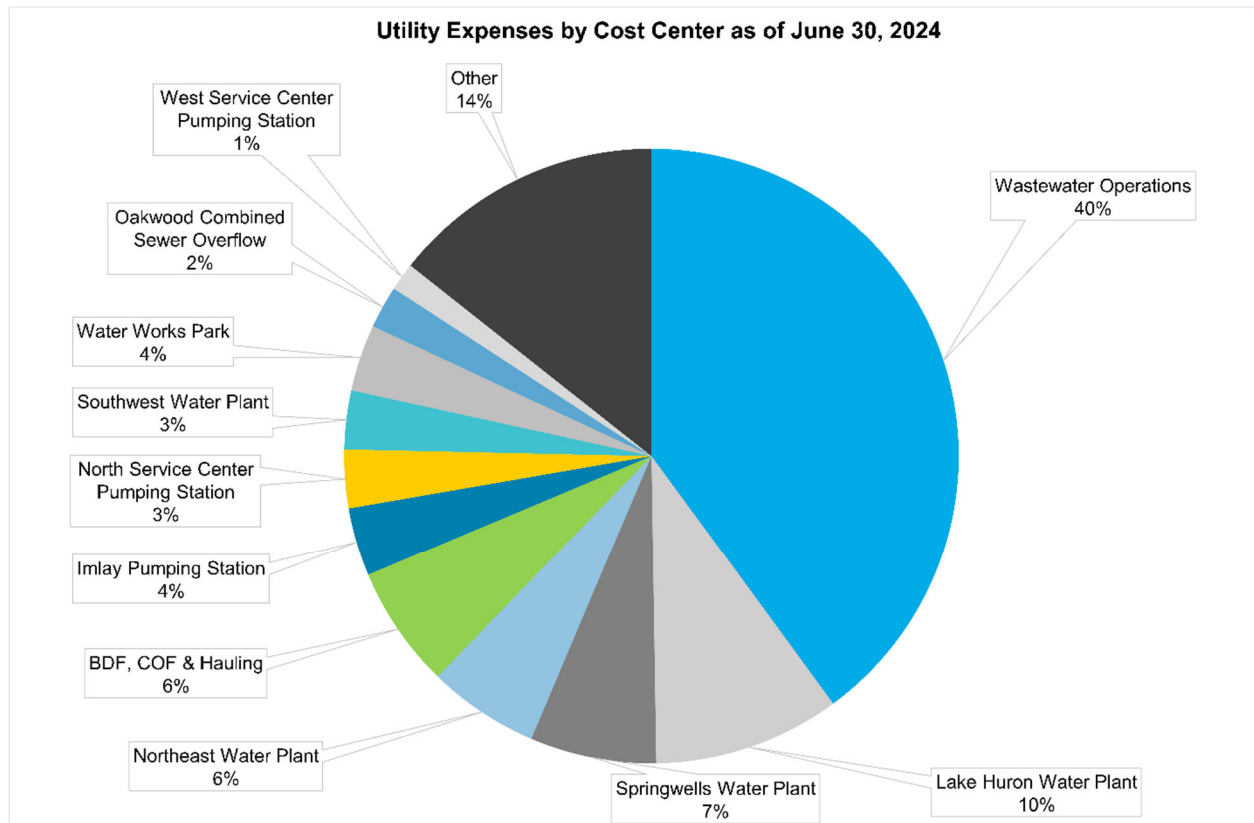
Chemical expenses are \$31.1 million through June 30, 2024. The allocation is shown in the chart below and remains consistent with prior periods.



**Note:** “Other” includes Combined Sewer Overflow (CSO), portions of the Wastewater process and two departments from Water. Due to rounding totals may not equal 100%.

**Chart 3 – Utility Expenses – Water and Sewer System Combined**

Utility expenses are \$71.9 million through June 30, 2024. The allocation is shown in the chart below and consistent with prior periods.



**Note:** Due to rounding totals may not equal 100%.

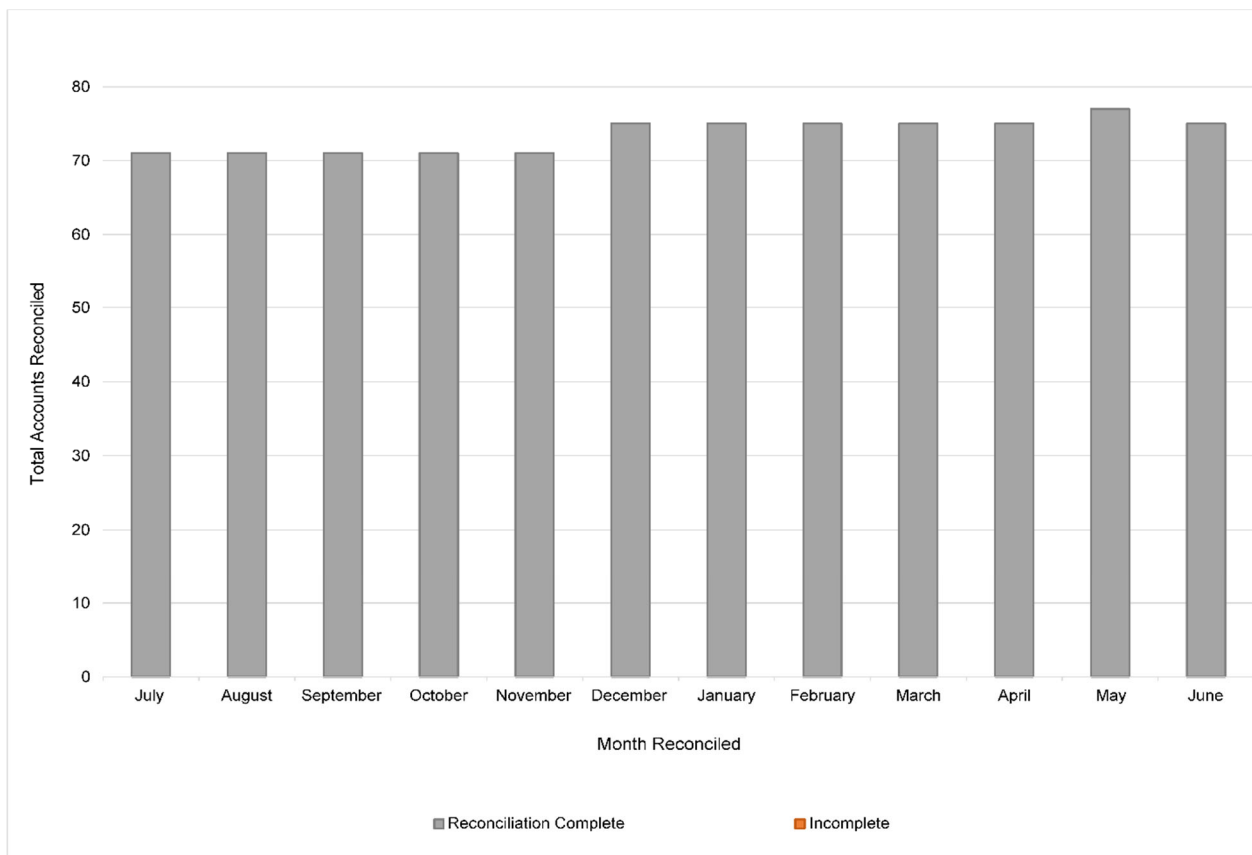


### Financial Operations KPI

This key performance indicator shown in **Chart 1 – Bank Reconciliation Completion Status** below provides a measure of the progress made in the month-end close process which includes bank reconciliations with a completed status at month end. Through June 30, 2024 all reconciliations are up-to-date and complete.

There were 2 new accounts added and 2 accounts closed in the general ledger since May 2024.

**Chart 1 – Bank Reconciliation Completion Status**



**Table 1 – Fiscal Year 2024 GL Cash Account Roll Forward**

Total GL Cash accounts as of July 1, 2023	71
New GL Cash accounts	8
Inactivated GL Cash accounts	<u>(2)</u>
Total GL Cash accounts as of June 30, 2024	<u>77</u>



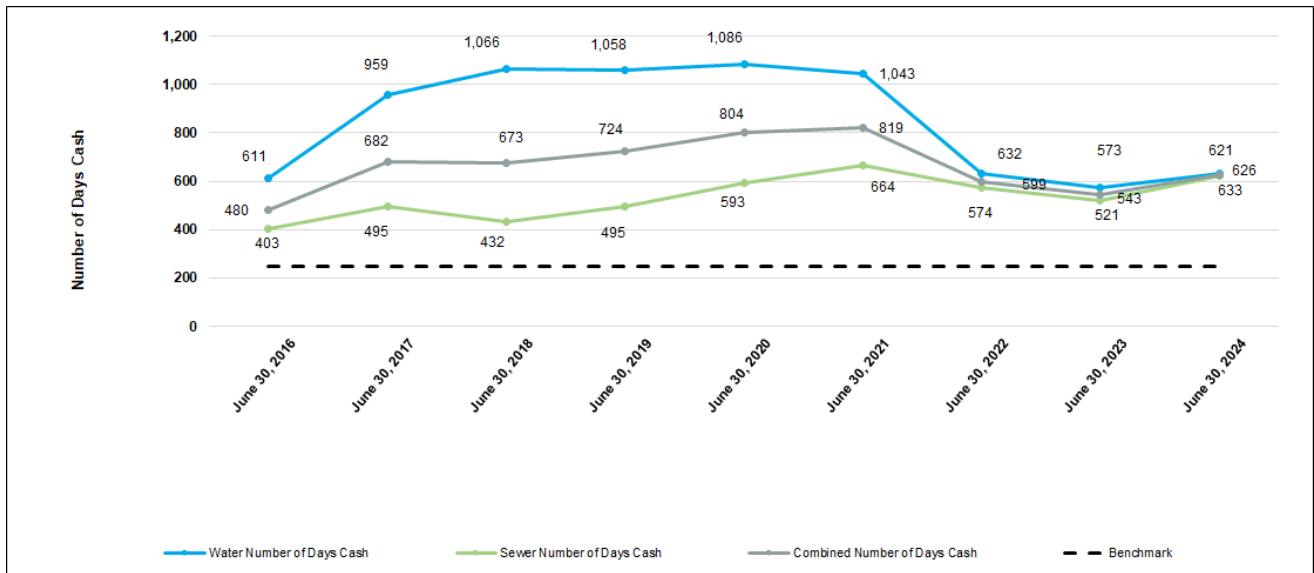


### Financial Operations KPI - Liquidity

This key performance indicator shown in **Chart 1 – Historical Schedule of Days Cash on Hand – Liquidity – Regional System** and **Table 1 – Schedule of Days Cash on Hand – Liquidity – Regional System** below provides a measure of a utility’s ability to meet expenses, cope with emergencies and navigate business interruptions. Liquidity is one of several key metrics monitored by bond rating agencies reflecting an organization’s financial strength. A best practice benchmark for this key performance indicator is greater than 250 days cash on hand as shown by the dashed line in Chart 1 below.

Both GLWA Water and Sewer funds continue to exceed this target with Water at 633 and Sewer at 621 days cash on hand as of June 30, 2024. These balances remain strong for the regional system but did decrease in FY 2022 as I&E funds were used as planned to fund capital improvement projects. A December 2023 revenue bond transaction replenished the construction bond funds and reduced the emphasis on I&E funding. The FY 2024 projection is calculated based on values from the GLWA FY 2024 – 2028 Budget & Five-Year Plan adjusted for 3<sup>rd</sup> quarter budget amendments.

**Chart 1 – Historical Schedule of Days Cash on Hand – Liquidity – Regional System**



**Note:** The GLWA Annual Comprehensive Financial Reports are the source of all historic data referenced. Refer to these reports for detailed calculations by fiscal year.

**Table 1 – Schedule of Days Cash on Hand – Liquidity – Regional System**

	<u>June 30, 2023</u>	<u>June 30, 2024</u>
<b>Water Fund</b>		
Cash and Investments - Unrestricted	\$ 243,707,000	\$ 292,142,000
<b>Operating Expense</b>		
Operating Expense (a)	\$ 285,220,000	\$ 310,140,000
Less: Depreciation (a)	(126,486,000)	(137,700,000)
Less: Amortization of Intangible Asset (a)	(3,567,000)	(3,567,000)
Net Operating Expense	\$ 155,167,000	\$ 168,873,000
<b>Operating Expense per Day</b>	\$ 425,000	\$ 461,000
<b>Days Cash</b>		
Number of Days Cash	573	633
<b>Sewage Disposal Fund</b>		
Cash and Investments - Unrestricted	\$ 302,270,000	\$ 381,332,000
<b>Operating Expense</b>		
Operating Expense (a)	\$ 375,567,000	\$ 390,374,000
Less: Depreciation (a)	(163,471,000)	(165,500,000)
Less: Amortization of Intangible Asset (a)	(440,000)	-
Net Operating Expense	\$ 211,657,000	\$ 224,874,000
<b>Operating Expense per Day</b>	\$ 580,000	\$ 614,000
<b>Days Cash</b>		
Number of Days Cash	521	621
<b>Combined</b>		
Cash and Investments - Unrestricted	\$ 545,977,000	\$ 673,473,000
<b>Operating Expense</b>		
Operating Expense (a)	\$ 660,787,000	\$ 700,513,000
Less: Depreciation (a)	(289,957,000)	(303,200,000)
Less: Amortization of Intangible Asset (a)	(4,006,000)	(3,567,000)
Net Operating Expense	\$ 366,824,000	\$ 393,747,000
<b>Operating Expense per Day</b>	\$ 1,005,000	\$ 1,076,000
<b>Days Cash</b>		
Number of Days Cash	543	626
<i>Totals may be off due to rounding</i>		

(a) Current year expenses are expressed as a proration of the annual budget for the purposes of this metric.



The monthly Budget to Financial Statements Crosswalk includes the following.

1. Crosswalk Budget Basis to Financial Reporting Basis
2. Explanatory Notes for Crosswalk

**Purpose for Crosswalk:** The Great Lakes Water Authority establishes a “Revenue Requirements” budget for the purposes of establishing charges for services. The financial report is prepared in accordance with Generally Accepted Accounting Policies for enterprise funds of a local government. Because the budget and the financial statements are prepared using different basis of accounting, the crosswalk reconciles the “Net Difference” to the “Increase/(Decrease) in Net Position” in Table 2 of the Basic Financial Statements in the monthly Financial Report.

The Authority has a Water Master Bond Ordinance and a Sewer Master Bond Ordinance (MBO). The Ordinances provide additional security for payment of the bonds. All revenues of the system are deposited into Revenue Receipts Funds which are held in trust by a trustee. The cash is moved to multiple bank accounts monthly based on 1/12<sup>th</sup> of the budget as defined in the MBO (“the flow of funds”) for all revenue requirements except for the Debt Service monthly transfer. The Debt Service monthly requirement is computed by the trustee, U.S. Bank. The cash transfer for debt is net of investment earnings that remain in the debt service accounts to be used for debt service.

The budget is prepared on a modified cash basis. The revenue requirements are determined based upon the cash needed to meet the financial commitments as required by the Master Bond Ordinance.

- Operation & Maintenance (O&M) expenses based on an accrual basis
- O&M Legacy Pension Allocation (includes administrative fee) and Accelerated Legacy Pension Allocation (includes B&C notes obligation) based on a cash basis
- Debt Service Allocation based on a cash set aside basis to provide the cash for the debt payments on the due dates
- Lease payments based on a cash basis
- Water Residential Assistance Program based on a percentage of budgeted revenue
- Regional System Improvement & Extension Fund Allocation on a cash basis

**Budget:** In Table 1A and Table 1B of the Budget to Actual Analysis the ‘Revenues’ section is the accrual basis revenues that are available to meet the ‘Revenue Requirements’. The ‘Revenue Requirements’ section budget column indicates the annual cash transfers to be made.

**Financial Reporting:** The Authority's financial statements are prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Authority maintains its records on the accrual basis of accounting to conform to GAAP. Revenues from operations, investments and other sources are recorded when earned. Expenses (including depreciation) are recorded when incurred.

**Table 1 – Crosswalk Budget Basis to Financial Reporting Basis** provides a reconciliation of the “Net Difference” in Table 1A and Table 1B in the Budget to Actual Analysis report to the “Increase/(Decrease) in Net Position” in Table 2 of the Basic Financial Statements in this monthly Financial Report. Explanatory notes follow the Crosswalk shown in Table 1 below.

**Table 1 – Crosswalk Budget Basis to Financial Reporting Basis (\$000)  
For the Twelve Months Ended June 30, 2024**

	Water	Sewer	Total
<b>Net Revenue Requirement Budget Variance (a)</b>	\$ 14,284	\$ 16,365	\$ 30,649
<b>Budgetary categories adjustments to financial reporting basis</b>			
Pension delayed accounting election adjustments			
Current year pension transfers/payments recorded as deferral (c)	454	812	1,266
Prior year pension contribution accounted for in current year (d)	(2,403)	(4,300)	(6,703)
Administrative prepaid adjustment (e)	374	670	1,044
Debt service (f)	61,071	106,541	167,612
Accelerated pension B&C notes obligation portion (g)	214	481	695
Regional System lease (h)	5,949	7,271	13,220
GASB 87 & GASB 96 adjustments (h)	5,292	3,583	8,876
WRAP (i)	(1,086)	(1,332)	(2,418)
Extraordinary Repair & Replacement Fund transfers (j)	2,836	-	2,836
Improvement & Extension Fund transfers (j)	15,768	13,400	29,168
<b>Nonbudgeted financial reporting categories adjustments</b>			
Depreciation and amortization (k)	(114,539)	(155,341)	(269,880)
Amortization - debt related (k)	7,047	(11,202)	(4,155)
Other nonoperating income (k)	-	(20,189)	(20,189)
Other nonoperating expense (k)	-	-	-
Gain(loss) on disposal of capital assets (k)	(2,731)	37	(2,694)
Raw water rights obligation (l)	3,034	-	3,034
Investment earnings for construction fund (m)	8,267	9,822	18,089
Interest on DWSD note receivable (n)	-	-	-
Investment earnings unrealized gain/loss (o)	684	1,575	2,259
Improvement & extension fund operating expenses (p)	(2,101)	()	(2,101)
Capital Contribution (q)	10,314	30,118	40,432
<b>Net Position Increase/(Decrease) per Financial Statements (b)</b>	<b>\$ 12,729</b>	<b>\$ 28,429</b>	<b>\$ 41,158</b>

**Table 2 - Explanatory Notes for Crosswalk**

- (a) Source: Budget to Actual Table 1A and Table 1B in Monthly Financial Report
- (b) Source: Basic Financial Statements Table 2 in Monthly Financial Report
- (c) Current year pension payments are an expense for budget purposes but not for financial reporting purposes.
- (d) Prior year pension payments are accounted for in the current year financial statements.

- (e) The administrative fee is part of the O&M Legacy Pension shown as an expense for budget purposes. For financial reporting purposes part of the administrative fee is considered prepaid based on the prior year General Retirement System audit information and therefore not an expense for the current year financial reporting. The prepaid portion is adjusted in June each year.
- (f) Debt service (principal and interest payments) are shown as an expense for budget purposes. Most of the adjustment relates to principal payments which are not an expense for financial reporting purposes. A portion of the adjustment relates to interest expense variances on state revolving fund debt due to the timing of payment draws. The cash set aside basis for interest expense generally is the same as the accrual basis for financial reporting.
- (g) The accelerated pension payment includes the obligation payable for the B&C notes. The pension portion is included in item (c) above. This adjustment relates to the B&C note obligation payments. The principal and interest cash basis payments are treated as an expense for budget purposes. The principal portion is not an expense for financial reporting purposes. For financial reporting purposes interest is expensed on an accrual basis which is different from the cash basis.
- (h) Payments for the warehouse lease and subscription-based information technology arrangements (SBITA) are expensed for budget purposes. For financial reporting purposes, the warehouse lease is recorded under GASB 87 and payments are treated as a reduction in the lease liability and interest expense (which is a nonoperating expense). The SBITA payments are recorded under GASB 96 and are treated as a prepaid subscription asset as the software is currently in the implemented phase.
- (i) WRAP is shown as an expense for budget purposes. For financial reporting purposes the expense is not recognized until the funds have been transferred to the WRAP administrator. The adjustment shown is the amount of current year transfers that have not been transferred to the WRAP administrator. Note that there are funds from the prior year that have not been transferred to the WRAP administrator.
- (j) The Improvement & Extension Fund and Extraordinary Repair & Replacement Fund transfers are shown as an expense for budget purposes but not for financial reporting purposes.
- (k) Certain nonoperating income and expenses are reported in financial statements only.

- (l) The water service contract with Flint includes a license for raw water rights which has been recorded as an asset and liability by the Authority. The contract provides for a credit to Flint as Flint satisfies its monthly bond payment obligation to KWA. This KWA credit is treated as a noncash payment of principal and interest on the liability recorded for the raw water rights. For budget, wholesale customer charges are net of the anticipated KWA credits to Flint as that is the cash that will be received and available to meet the budgeted revenue requirements. For financial reporting purposes the Flint wholesale charges are recorded as the total amount billed. When the KWA credit is issued, the receivable from Flint is reduced and the principal and interest payments on the liability for the raw water rights are recorded as a noncash transaction. Most of the adjustment shown relates to the principal reduction made for the credits applied which are not an expense for financial reporting basis.
- (m) Investment earnings from the construction fund are not shown as revenue in the budget and are shown as revenue in the financial statements. Construction fund investment earnings are excluded from the definition of revenue for budget purposes as they are used for construction costs and are not used to meet the revenue requirements in the budget.
- (n) Interest on a DWSD note receivable is budgeted as part of the Sewer improvement and extension fund and is transferred directly to that fund as payments are made. DWSD does not currently have a note receivable due to GLWA.
- (o) Unrealized gains and losses are recorded annually as required for financial reporting purposes but do not reflect actual investment earnings and are not included in cash basis reporting.
- (p) The Water Improvement and Extension fund and the Sewer Improvement and Extension fund reflect certain expenses relating to repairs paid for through the Water and Sewer Improvement and Extension funds, respectively. These are consolidated expenses for financial reporting purposes but are not reflected in the current Operations and Maintenance budget expenses.
- (q) The FY 2024 capital contribution in Nonoperating (revenue) expense represents ARPA (\$33.9m), FEMA (\$1.9m) and other (\$3.6m) grant revenue for the Water and Sewage Disposal systems.



The Monthly Capital Improvement Plan Financial Summary includes the following.

1. Water System Capital Improvement Plan Spend Incurred to date
2. Sewer System Capital Improvement Plan Spend Incurred to date

## **Capital Improvement Plan Financial Summary**

Great Lakes Water Authority (GLWA) capital improvement projects generally span two or more years due to size and complexity. Therefore, the GLWA Board of Directors (Board) adopts a five-year capital improvement plan (CIP). The CIP is a five-year, rolling plan which is updated annually and formally adopted by the GLWA Board of Directors. In addition, the Board of Directors adopts a capital spending ratio assumption (SRA) which allows the realities of capital program delivery to align with the financial plan. The SRA is an analytical approach to bridge the total dollar amount of projects in the CIP with what can realistically be spent due to limitations beyond GLWA's control and/or delayed for nonbudgetary reasons. Those limitations, whether financial or non-financial, necessitate the SRA for budgetary purposes, despite the prioritization established.

This report presents quarterly and monthly CIP spending against the prorated CIP in total and the CIP adjusted for the SRA. For FY 2024 the original Board approved capital spend rate was 100%. The prorated CIP is calculated by dividing the total fiscal year 2024 Board approved CIP plan by twelve equal months. It should be noted that for operational purposes, GLWA utilizes Primavera P6 for refined monthly projections for cash management and project management.

Capital spend reflects a noticeable variance from budgeted CIP for both the water and sewer funds. For the purposes of this metric, we compare actual spend with the Board-approved budget. For the purposes of managing the financial plan, budget amendments are made to align spending with resources available.

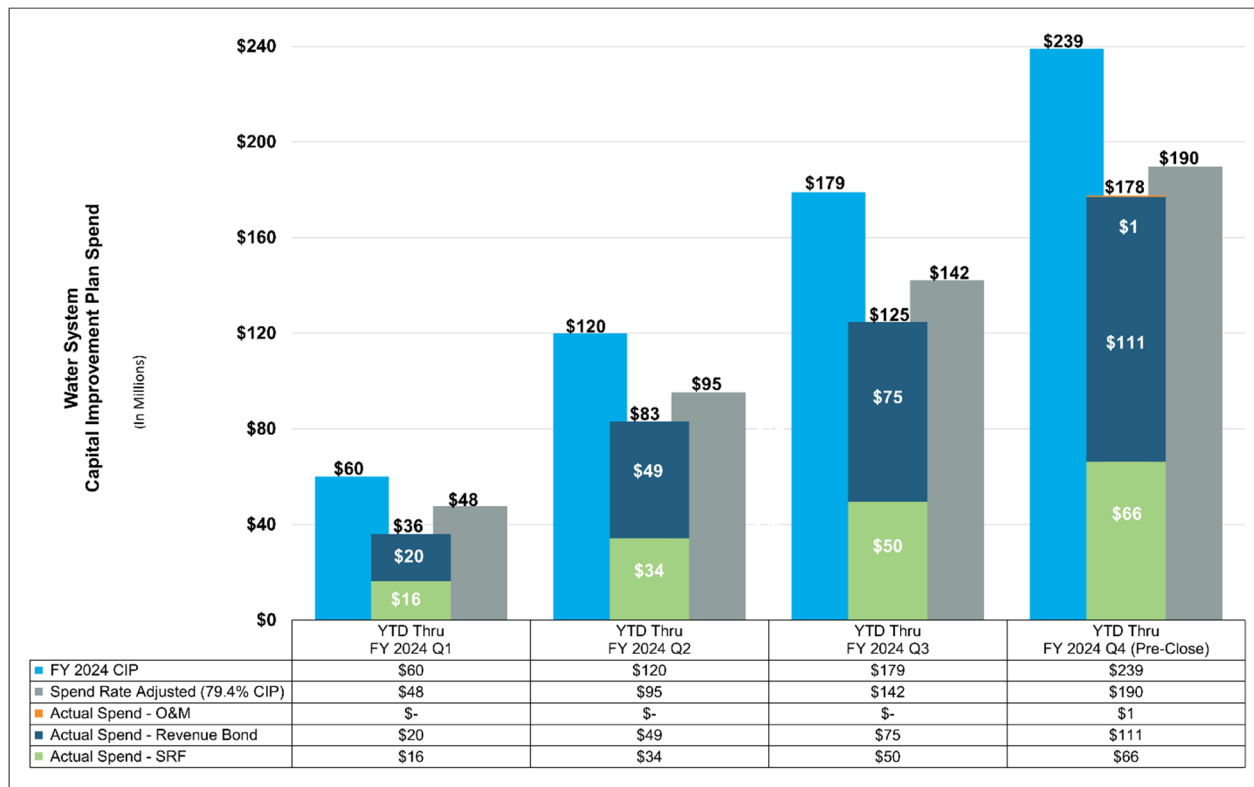
### Chart 1 – Water System Capital Improvement Plan Spend Incurred to Date

As of June 2024, the water system incurred \$178 million of construction costs to date. This spend represents 74% of the original Board approved FY 2024 CIP plan and 94% of the spend rate adjusted.

Economic factors affecting the CIP spend are considered by the Board quarterly at which time the Board may amend the planned spend rate adjusted.

As part of the proposed 3rd Quarter Budget Amendments, GLWA staff presented to the Audit Committee a recommendation to amend the spend rate adjusted for the water system to 79.4%. This recommended change was approved by the full Board of Directors in June 2024 and is reflected in Chart 1 below. Current water system spend represents 94% of that spend rate adjusted.

### Chart 1 – Water System Capital Improvement Plan Spend Incurred to Date – Spend Rate Adjusted





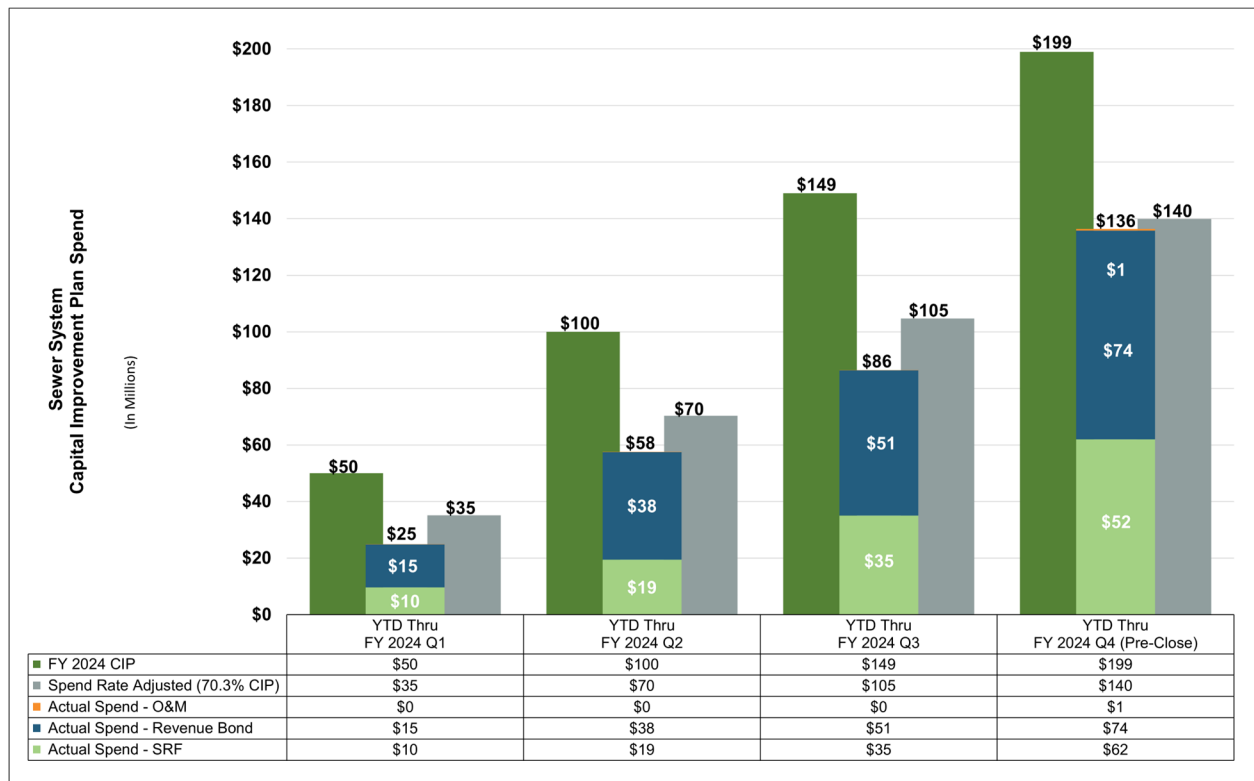
### Chart 2 – Sewer System Capital Improvement Plan Spend Incurred to Date

As of June 2024, the Sewer system incurred \$136 million of construction costs to date. This spend represents 69% of the original Board approved FY 2024 CIP plan and 97% of the spend rate adjusted.

Economic factors affecting the CIP spend are considered by the Board quarterly at which time the Board may amend the planned spend rate adjusted.

As part of the proposed 3rd Quarter Budget Amendments, GLWA staff presented to the Audit Committee a recommendation to amend the spend rate adjusted for the sewer system to 70.3%. This recommended change was approved by the full Board of Directors in June 2024 and is reflected in Chart 2 below. Current sewer system spend represents 97% of that Board approved spend rate adjusted.

### Chart 2 – Sewer System Capital Improvement Plan Spend Incurred to Date – Spend Rate Adjusted





This report includes the following.

1. Master Bond Ordinance (MBO) Required Transfers to Accounts Held by GLWA
2. Master Bond Ordinance (MBO) Required Transfers to Accounts Held by DWSD

## **MBO Transfers to Accounts Held by GLWA**

**GLWA Transfers:** The Treasury team completes required MBO transfers on the first business day of each month. These transfers are completed in accordance with the Great Lakes Water Authority (GLWA) and Detroit Water & Sewerage Department (DWSD) budgets as approved and adopted by the GLWA Board of Directors and DWSD Board of Water Commissioners annually.

Monthly transfers for Operations & Maintenance (O&M), Pension, and Water Residential Assistance Program (WRAP) are one-twelfth of the annual, budgeted amount. Budget stabilization should not require additional funding due to new, baseline funding levels established as part of the June 2018 Memorandum of Understanding but is included to reflect historical activity. If there are transfers to the Extraordinary Repair & Replacement (ER&R) fund they would be completed annually based on budget and year-end fund status.

As of June 30, 2023, GLWA and DWSD have met the requirements of the Plan of Adjustment requiring contributions to the Detroit General Retirement System (GRS) pension plan through Operational and Maintenance Pension sub-accounts. GLWA and DWSD staff monitor the remaining pension obligation closely. Budgeted, annual contributions toward that remaining obligation, at this time identified as limited administrative fee contributions, are transferred to the Pension Obligation Payment fund and reflected in the reported activity found here.

**Table 1 – GLWA FY 2024 Water MBO Transfers** reflects the required transfers for FY 2024 completed through June 2024. MBO transfers for water totaling \$177.0 million have been transferred to GLWA accounts. In February 2024, an adjustment was made to the non-operating pension to reflect a reduction in the required contribution for FY24. The non-operating pension requirement has been fully funded for the fiscal year.

**Table 2 – GLWA FY 2024 Sewer MBO Transfers** reflects the required transfers for FY 2024 completed through June 2024. MBO transfers for sewer totaling \$232.8 million have been transferred to GLWA accounts. In February 2024, an adjustment was made to the non-operating pension to reflect a reduction in the required contribution for FY24. The non-operating pension requirement has been fully funded for the fiscal year.

**Table 3 – GLWA MBO Transfer History** reflects historical transfers for FY 2016 through FY 2024 to date.

**Table 1 – GLWA FY 2024 Water MBO Transfers**

	WATER							Total Water
	Operations & Maintenance	Pension Sub Account	Pension Obligation	WRAP	Budget Stabilization (For Benefit of DWSD)	Extraordinary Repair & Replacement (ER&R)		
<b>FY 2024</b>								
July 2023	\$ 12,742,200	\$ -	\$ 482,808	\$ 225,850	\$ -	\$ -	\$ 13,450,858	
August 2023	12,742,200	-	482,808	225,841	-	-	13,450,849	
September 2023	12,742,200	-	482,808	225,841	-	-	13,450,849	
October 2023	12,742,200	-	482,808	225,841	-	-	13,450,849	
November 2023	12,742,200	-	482,808	225,841	-	-	13,450,849	
December 2023	12,742,200	-	482,808	225,841	-	-	13,450,849	
January 2024	18,688,752	-	(328,148)	225,895	-	-	18,586,499	
February 2024	13,591,708	-	-	225,895	-	-	13,817,603	
March 2024	13,591,708	-	-	225,805	-	-	13,817,513	
April 2024	13,591,708	-	-	225,850	-	-	13,817,558	
May 2024	17,058,912	-	-	225,850	-	-	17,284,762	
June 2024	15,897,112	-	-	225,850	50,000	2,836,000	19,008,962	
<b>Total FY 2024</b>	<b>\$ 168,873,100</b>	<b>\$ -</b>	<b>\$ 2,568,700</b>	<b>\$ 2,710,200</b>	<b>\$ 50,000</b>	<b>\$ 2,836,000</b>	<b>\$177,038,000</b>	

**Table 2 – GLWA FY 2024 Sewer MBO Transfers**

	SEWER							Total Sewer
	Operations & Maintenance	Pension Sub Account	Pension Obligation	WRAP	Budget Stabilization (For Benefit of DWSD)	Extraordinary Repair & Replacement (ER&R)		
<b>FY 2024</b>								
July 2023	\$ 17,136,975	\$ -	\$ 682,459	\$ 319,700	\$ -	\$ -	\$ 18,139,134	
August 2023	17,136,975	-	682,459	319,700	-	-	18,139,134	
September 2023	17,136,975	-	682,459	319,700	-	-	18,139,134	
October 2023	17,136,975	-	682,459	319,700	-	-	18,139,134	
November 2023	17,136,975	-	682,459	319,700	-	-	18,139,134	
December 2023	17,136,975	-	682,459	319,700	-	-	18,139,134	
January 2024	25,586,377	-	(180,254)	319,702	-	-	25,725,825	
February 2024	18,344,033	-	-	319,702	-	-	18,663,735	
March 2024	18,344,033	-	-	319,696	-	-	18,663,729	
April 2024	18,344,033	-	-	319,700	-	-	18,663,733	
May 2024	20,083,049	-	-	319,702	-	-	20,402,751	
June 2024	21,350,125	-	-	319,702	150,000	-	21,819,827	
<b>Total FY 2024</b>	<b>\$ 224,873,500</b>	<b>-</b>	<b>\$3,914,500</b>	<b>\$3,836,404</b>	<b>\$ 150,000</b>	<b>\$ -</b>	<b>\$232,774,404</b>	

All amounts are unaudited unless otherwise noted.

GLWA Audit Committee October 25, 2024

**Table 3 – GLWA MBO Transfer History**

GLWA MBO Transfer History							
WATER							
	Operations & Maintenance	Pension Sub Account	Pension Obligation	WRAP	Budget Stabilization (For Benefit of DWSD)	Extraordinary Repair & Replacement (ER&R)	Total Water
Total FY 2016	\$ 71,052,000	\$ 6,037,100	\$ 10,297,200	\$ 1,983,300	\$ 2,326,900	\$ 606,000	\$ 92,302,500
Total FY 2017	111,879,600	6,037,200	10,297,200	2,077,200	360,000	-	130,651,200
Total FY 2018	121,562,604	6,048,000	10,695,696	2,159,400	-	-	140,465,700
Total FY 2019	121,562,604	6,048,000	10,695,696	2,061,000	-	-	140,367,300
Total FY 2020	126,840,204	6,048,000	10,695,683	1,980,804	-	-	145,564,691
Total FY 2021	134,127,300	6,048,000	10,695,700	2,324,200	-	-	153,195,200
Total FY 2022	143,933,800	6,048,000	10,695,700	2,376,600	-	-	163,054,100
Total FY 2023	156,747,700	6,048,000	10,695,700	2,611,800	-	2,200,000	178,303,200
Total FY 2024 (year to date)	168,873,100	-	2,568,700	2,710,200	50,000	2,836,000	177,038,000
<b>Life to Date</b>	<b>\$1,156,578,912</b>	<b>\$ 48,362,300</b>	<b>\$ 87,337,275</b>	<b>\$ 20,284,504</b>	<b>\$ 2,736,900</b>	<b>\$ 5,642,000</b>	<b>\$1,320,941,891</b>

SEWER							
	Operations & Maintenance	Pension Sub Account	Pension Obligation	WRAP	Budget Stabilization (For Benefit of DWSD)	Extraordinary Repair & Replacement (ER&R)	Total Sewer
Total FY 2016	\$ 100,865,600	\$ 10,838,400	\$ 14,025,800	\$ 2,523,400	\$ 5,591,700	\$ 779,600	\$ 134,624,500
Total FY 2017	175,858,800	10,838,400	14,026,800	2,654,400	2,654,400	-	206,032,800
Total FY 2018	191,079,396	10,824,000	14,687,496	2,760,804	-	-	219,351,696
Total FY 2019	191,079,396	10,824,000	14,687,496	2,870,992	-	-	219,461,884
Total FY 2020	181,925,800	10,824,000	14,687,517	2,887,300	-	-	210,324,617
Total FY 2021	182,296,000	10,824,000	14,687,500	3,764,300	-	-	211,571,800
Total FY 2022	191,908,600	10,824,000	14,687,400	3,868,700	-	-	221,288,700
Total FY 2023	204,122,500	10,824,000	14,687,400	3,673,800	-	-	233,307,700
Total FY 2024 (year to date)	223,292,576	-	3,914,500	3,836,404	150,000	-	231,193,480
<b>Life to Date</b>	<b>\$1,642,428,668</b>	<b>\$ 86,620,800</b>	<b>\$ 120,091,909</b>	<b>\$ 28,840,100</b>	<b>\$ 8,396,100</b>	<b>\$ 779,600</b>	<b>\$1,887,157,177</b>

All amounts are unaudited unless otherwise noted.

GLWA Audit Committee October 25, 2024

## MBO Required and Lease Payment Transfers to DWSD

**DWSD Transfers:** The GLWA Treasury team completes the required MBO transfers on the first business day of each month. These transfers are completed in accordance with the GLWA and DWSD budgets as approved and adopted by the GLWA Board of Directors and DWSD Board of Water Commissioners annually. Transfers are coordinated with other areas of GLWA Financial Services in advance of the first business day of each month. GLWA Treasury sends confirmation of transfers made to DWSD Treasury.

Monthly transfers for O&M are one-twelfth of the annual, budgeted amount. The annual lease payment, as stated in the Water & Sewer Lease Agreements, is \$22,500,000 for Water and \$27,500,000 for Sewer. The monthly lease transfer is one-twelfth of the amount as stated in the Lease agreements unless otherwise designated by DWSD. Per Section 3.5 of the Lease, the Lease payment may be used for (a) bond principal and interest for Local System Improvements, (b) bond principal and interest for the City's share of common-to-all System Improvements, and (c) Local System improvements.

As of June 30, 2023, GLWA and DWSD have meet the requirements of the Plan of Adjustment requiring contributions to the Detroit General Retirement System (GRS) pension plan through Operational and Maintenance Pension sub-accounts. GLWA and DWSD staff monitor the remaining pension obligation closely. Budgeted, annual contributions toward that remaining obligation, at this time identified as limited administrative fee contributions, are transferred to the Pension Obligation Payment fund and reflected in the reported activity found here.

**Table 4 – DWSD FY 2024 Water MBO Transfers** reflects the required transfers for FY 2024 completed through June 2024. MBO transfers for Water totaling \$67.3 million have been transferred to accounts held by DWSD.

**Table 5 – DWSD FY 2024 Sewer MBO Transfers** reflects the required transfers for FY 2024 completed through June 2024. MBO transfers for Sewer totaling \$83.2 million have been transferred to accounts held by DWSD.

**Table 6 – DWSD Water MBO and Lease Payment Transfer History** reflects historical transfers for FY 2016 through FY 2024 to date.

**Table 7 – DWSD Sewer MBO and Lease Payment Transfer History** reflects historical transfers for FY 2016 through FY 2024 to date.

**Table 4 – DWSD FY 2024 Water MBO Transfers**

WATER				
	<u>Operations &amp; Maintenance</u>	<u>Pension</u>	<u>Lease Payment (I&amp;E Fund)</u>	<u>Total Water</u>
<b>FY 2024</b>				
July 2023	\$ 3,731,400	\$ -	\$ 1,875,000	\$ 5,606,400
August 2023	3,731,400	-	1,875,000	5,606,400
September 2023	3,731,400	-	1,875,000	5,606,400
October 2023	3,731,400	-	1,875,000	5,606,400
November 2023	3,731,400	-	1,875,000	5,606,400
December 2023	3,731,400	-	1,875,000	5,606,400
January 2024	3,731,400	-	1,875,000	5,606,400
February 2024	3,731,400	-	1,875,000	5,606,400
March 2024	3,731,400	-	1,875,000	5,606,400
April 2024	3,731,400	-	1,875,000	5,606,400
May 2024	3,731,400	-	1,875,000	5,606,400
June 2024	3,731,400	-	1,875,000	5,606,400
<b>Total FY 2024</b>	<b>\$ 44,776,800</b>	<b>-</b>	<b>\$ 22,500,000</b>	<b>\$ 67,276,800</b>

**Table 5 – DWSD FY 2024 Sewer MBO Transfers**

SEWER				
	<u>Operations &amp; Maintenance</u>	<u>Pension</u>	<u>Lease Payment (I&amp;E Fund)</u>	<u>Total Sewer</u>
<b>FY 2024</b>				
July 2023	\$ 4,642,142	\$ -	\$ 2,291,667	\$ 6,933,809
August 2023	4,642,142	-	2,291,667	6,933,809
September 2023	4,642,142	-	2,291,667	6,933,809
October 2023	4,642,142	-	2,291,667	6,933,809
November 2023	4,642,142	-	2,291,667	6,933,809
December 2023	4,642,142	-	2,291,667	6,933,809
January 2024	4,642,140	-	2,291,667	6,933,807
February 2024	4,642,140	-	2,291,667	6,933,807
March 2024	4,642,142	-	2,291,667	6,933,809
April 2024	4,642,142	-	2,291,667	6,933,809
May 2024	4,642,142	-	2,291,667	6,933,809
June 2024	4,642,142	-	2,291,667	6,933,809
<b>Total FY 2024</b>	<b>\$ 55,705,700</b>	<b>-</b>	<b>\$ 27,500,004</b>	<b>\$ 83,205,704</b>

All amounts are unaudited unless otherwise noted.

GLWA Audit Committee October 25, 2024

**Table 6 – DWSD Water MBO and Lease Payment Transfer History**

Transfers to DWSD				
WATER				
	Operations & Maintenance	Operations & Maintenance Pension	Lease Payment (I&E Fund)	Total Water
<b>FY 2016 *</b>				
MBO/Lease Requirement	\$ 26,185,600	\$ 4,262,700	\$ 22,500,000	\$ 52,948,300
Offset to Debt Service	-	-	(2,326,900)	(2,326,900)
Net MBO Transfer	26,185,600	4,262,700	20,173,100	50,621,400
<b>FY 2017</b>				
MBO/Lease Requirement	33,596,400	4,262,400	22,500,000	60,358,800
Offset to Debt Service	-	-	-	-
Net MBO Transfer	33,596,400	4,262,400	22,500,000	60,358,800
<b>FY 2018</b>				
MBO/Lease Requirement	35,059,704	4,272,000	22,500,000	61,831,704
Offset to Debt Service	-	-	(1,875,000)	(1,875,000)
Net MBO Transfer	35,059,704	4,272,000	20,625,000	59,956,704
<b>FY 2019</b>				
MBO/Lease Requirement	35,484,300	4,272,000	22,500,000	62,256,300
Offset to Debt Service	-	-	(3,972,200)	(3,972,200)
Net MBO Transfer	35,484,300	4,272,000	18,527,800	58,284,100
<b>FY 2020</b>				
MBO/Lease Requirement	34,662,400	4,272,000	22,500,000	61,434,400
Offset to Debt Service	-	-	(3,548,000)	(3,548,000)
Net MBO Transfer	34,662,400	4,272,000	18,952,000	57,886,400
<b>FY 2021</b>				
MBO/Lease Requirement	35,833,900	4,272,000	22,500,000	62,605,900
Offset to Debt Service	-	-	(8,278,300)	(8,278,300)
Net MBO Transfer	35,833,900	4,272,000	14,221,700	54,327,600
<b>FY 2022</b>				
MBO/Lease Requirement	29,989,000	4,272,000	22,500,000	56,761,000
Offset to Debt Service	-	-	(8,925,400)	(8,925,400)
Net MBO Transfer	29,989,000	4,272,000	13,574,600	47,835,600
<b>FY 2023</b>				
MBO/Lease Requirement	42,581,600	4,272,000	22,500,000	69,353,600
Offset to Debt Service	-	-	(2,922,100)	(2,922,100)
Net MBO Transfer	42,581,600	4,272,000	19,577,900	66,431,500
<b>FY 2024 (year to date)</b>				
MBO/Lease Requirement	44,776,800	-	22,500,000	67,276,800
Offset to Debt Service	-	-	-	-
Net MBO Transfer	44,776,800	-	22,500,000	67,276,800
<b>Life-to-Date</b>				
MBO/Lease Requirement	318,169,704	34,157,100	202,500,000	554,826,804
Offsets	-	-	(31,847,900)	(31,847,900)
<b>Total Water</b>	<b>318,169,704</b>	<b>34,157,100</b>	<b>170,652,100</b>	<b>522,978,904</b>

*All amounts are unaudited unless otherwise noted.*

GLWA Audit Committee October 25, 2024

**Table 7 – DWSD Sewer MBO and Lease Payment Transfer History**

	SEWER			
	Operations & Maintenance	Operations & Maintenance Pension	Lease Payment (I&E Fund)	Total Sewer
<b>FY 2016 *</b>				
MBO/Lease Requirement	\$ 19,774,300	\$ 2,861,800	\$ 27,500,000	\$ 50,136,100
Offset to Debt Service	-	-	(19,991,500)	(19,991,500)
<b>Total MBO Transfer</b>	19,774,300	2,861,800	7,508,500	30,144,600
<b>FY 2017</b>				
MBO/Lease Requirement	41,535,600	2,862,000	27,500,000	71,897,600
Offset to Debt Service	-	-	-	-
<b>Total MBO Transfer</b>	41,535,600	2,862,000	27,500,000	71,897,600
<b>FY 2018</b>				
MBO/Lease Requirement	60,517,992	2,856,000	27,500,000	90,873,992
Offset to Debt Service	-	-	(9,166,664)	(9,166,664)
<b>Total MBO Transfer</b>	60,517,992	2,856,000	18,333,336	81,707,328
<b>FY 2019</b>				
MBO/Lease Requirement	56,767,920	2,856,000	27,500,000	87,123,920
Offset to Debt Service	-	-	(4,415,000)	(4,415,000)
<b>Total MBO Transfer</b>	56,767,920	2,856,000	23,085,000	82,708,920
<b>FY 2020</b>				
MBO/Lease Requirement	62,343,500	2,856,000	27,500,000	92,699,500
Offset to address shortfall	(7,100,000)	-	-	(7,100,000)
Offset to Debt Service	-	-	(5,032,700)	(5,032,700)
<b>Total MBO Transfer</b>	55,243,500	2,856,000	22,467,300	80,566,800
<b>FY 2021</b>				
MBO/Lease Requirement	69,915,700	2,856,000	27,500,000	100,271,700
Offset to Debt Service	-	-	(3,257,200)	(3,257,200)
<b>Total MBO Transfer</b>	69,915,700	2,856,000	24,242,800	97,014,500
<b>FY 2022</b>				
MBO/Lease Requirement	61,301,000	2,856,000	27,500,000	90,735,453
Offset to Debt Service	-	-	(5,529,297)	(4,607,750)
<b>Total MBO Transfer</b>	61,301,000	2,856,000	21,970,703	86,127,703
<b>FY 2023</b>				
MBO/Lease Requirement	51,396,400	2,856,000	27,500,000	81,752,400
Offset to Debt Service	-	-	(4,388,300)	(4,388,300)
<b>Total MBO Transfer</b>	51,396,400	2,856,000	23,111,700	77,364,100
<b>FY 2024 (year to date)</b>				
MBO/Lease Requirement	55,705,700	-	27,500,004	83,205,704
Offset to Debt Service	-	-	-	-
<b>Total MBO Transfer</b>	55,705,700	-	27,500,004	83,205,704
<b>Life-to-Date</b>				
MBO/Lease Requirement	479,258,112	22,859,800	247,500,004	748,696,369
Offsets	(7,100,000)	-	(51,780,661)	(57,959,114)
<b>Total Sewer</b>	<b>472,158,112</b>	<b>22,859,800</b>	<b>195,719,343</b>	<b>690,737,255</b>

\* Note: FY 2016 lease transfer amounts shown do not include prepayment on the lease amount for the 6 months period before bifurcation.





This report includes the following:

1. Monthly Cash Balances Compared to Investment Income
2. Cash Balance Detail

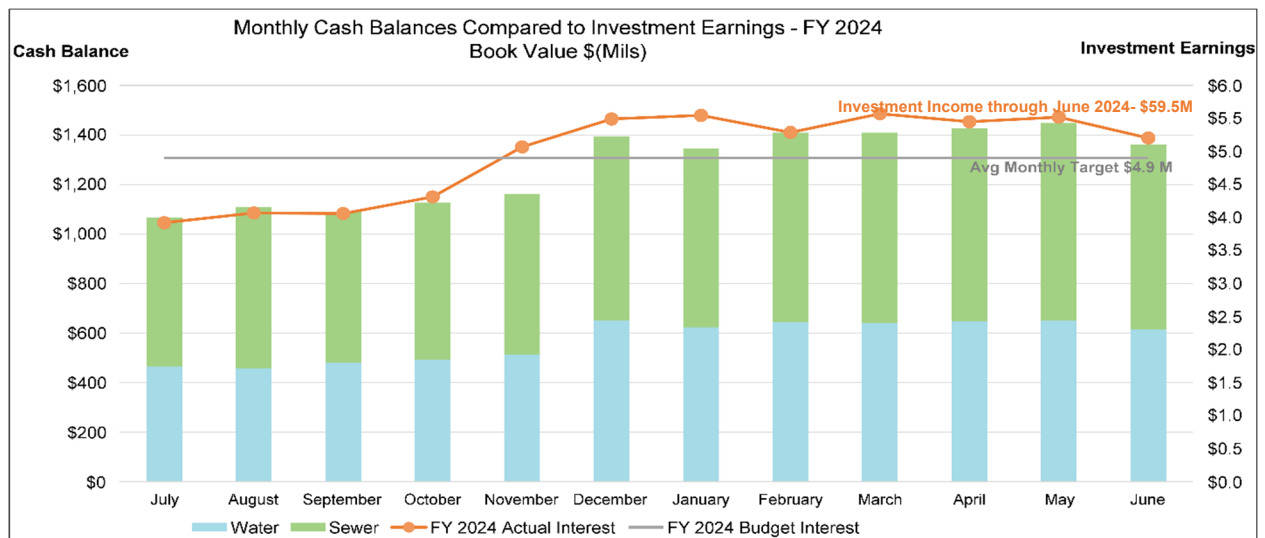
## Monthly Cash Balances Compared to Investment Income

GLWA’s investment holdings comply with the requirements of Public Act 20 of 1948, as amended and the GLWA Investment Policy. The cash balances shown in this report include bank deposits, money market funds, a local government investment pool, U.S. Treasuries, Federal Agencies, and commercial paper.

Cash and investment balances change each month based on Master Bond Ordinance (MBO) funding requirements, operational needs, capital spending pace, and mandatory debt payments. Investment income fluctuates monthly based on cash and investment balances as well as market conditions and investment strategy. For the month of June 2024, GLWA earned investment income of \$5.2 million and cumulative FY 2024 earnings through June 2024 of \$59.5 million. Total investment income reported includes earnings from revenue requirement funds as well as construction bond funds.

GLWA continues to refine cash flows and work with its investment advisor to identify strategies to maximize future investment income while meeting the objectives of safety and liquidity.

**Chart 1 – Monthly Cash Balances Compared to Investment Income – Through June 2024**



\$(Mils)	July	August	September	October	November	December	January	February	March	April	May	June
Water	\$466	\$459	\$481	\$492	\$513	\$651	\$623	\$645	\$640	\$648	\$650	\$616
Sewer	\$602	\$649	\$609	\$635	\$650	\$743	\$722	\$764	\$769	\$778	\$797	\$745
Total	\$1,068	\$1,107	\$1,090	\$1,127	\$1,162	\$1,393	\$1,346	\$1,409	\$1,409	\$1,426	\$1,448	\$1,360
Investment Income	\$3.9	\$4.1	\$4.1	\$4.3	\$5.1	\$5.5	\$5.5	\$5.3	\$5.6	\$5.4	\$5.5	\$5.2

## Cash Balance Detail

**Funds Held By GLWA:** GLWA cash balances are held in accounts as defined by the Master Bond Ordinance. The accounts are funded by monthly transfers, as stipulated in the MBO, on the first business day of each month. The “operations and maintenance” (O&M) fund transfer amounts are based upon the annual O&M budget approved by the GLWA Board of Directors for the regional systems and by the Board of Water Commissioners for the Detroit Water & Sewerage Department (DWSD) local system budgets. The water and sewer funds held by GLWA and their purpose, as defined by the MBO, are listed below.

### ***Funds Held Within Trust:***

- Receiving – all retail and wholesale revenues collected which are distributed in subsequent month(s)
- Debt Service – funds set aside for debt service and debt reserve requirements
- Pension Obligation – funds set aside to meet GLWA’s annual funding requirements for the legacy General Retirement System Pension Plan
- Water Residential Assistance Program (WRAP) – funds set aside to be used to provide financial assistance to qualified residents throughout the local and regional water system as directed by program guidelines
- Budget Stabilization – funds held by GLWA on behalf of DWSD that can be applied against shortfalls in retail revenues
- Emergency Repair & Replacement (ER&R) – funds set aside to pay the costs for major unanticipated repairs and replacements of the local and regional systems
- Improvement & Extension (I&E) – funds set aside to be used for the improvements, enlargements, and extensions of the regional system

### ***Funds Held Outside Trust:***

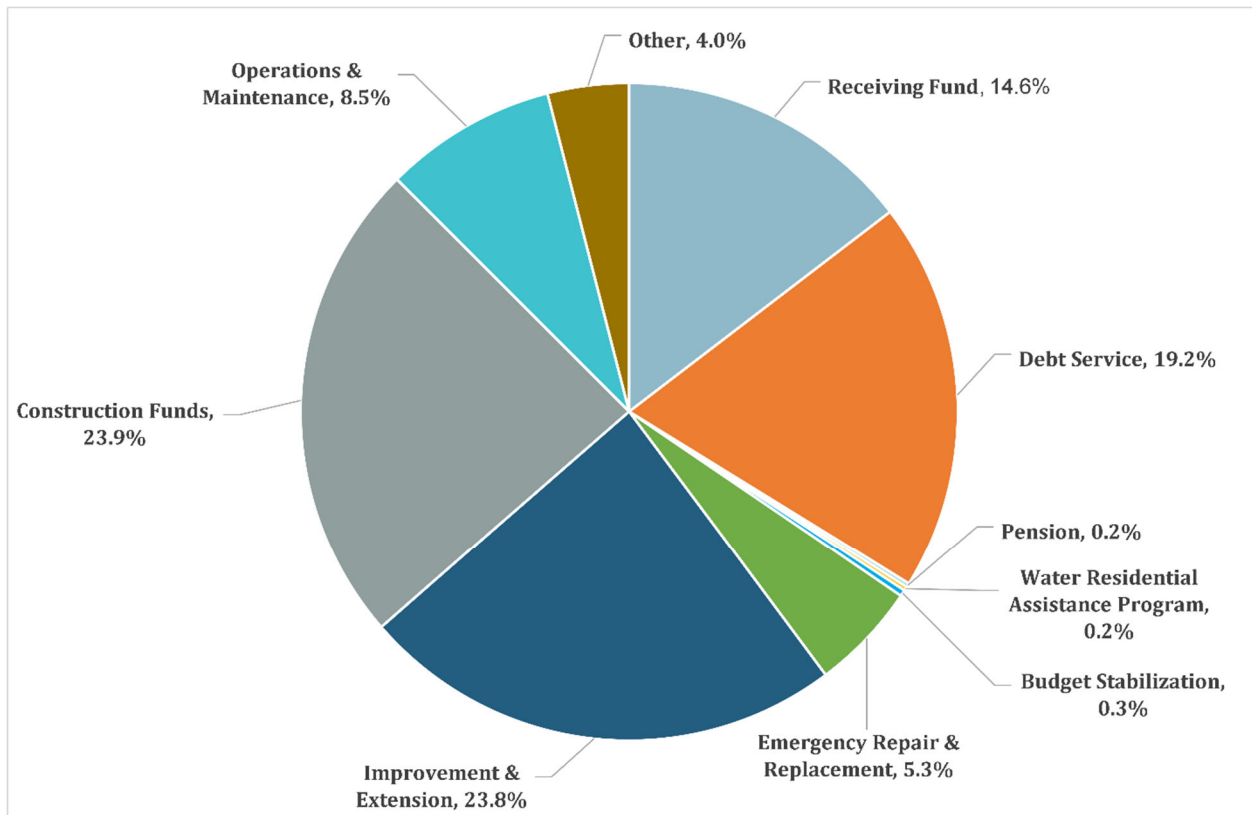
- Bond Proceeds – funds raised from debt issuance used for costs of repairs, construction, and improvements of the regional system
- Operations & Maintenance (O&M) – funds used to meet the operational and maintenance requirements of the regional system
- Other – retainage funds held on behalf of contractors, security deposit funds held on behalf of the City of Flint, and capital contribution funds provided by the Evergreen Farmington Sewer District recognized as related project work is completed

A [chart](#) depicting the follow of funds is online at [glwater.org](http://glwater.org) as well as the [MBO](#) documents.

**Chart 2 – Cash Balances - Water Funds as of June 2024** - Shows the allocation of the balance among the different categories defined in the section above. The total cash balance for Water Funds as of June 30, 2024 is \$616 million. The allocation of balances among the I&E, bond proceeds, and debt service reserve funds reflects GLWA’s commitment to funding capital improvements and meeting debt reserve requirements while simultaneously increasing I&E resources to fund pay-as-you-go capital funding to reduce long-term debt in the future.

GLWA completed a bond transaction of \$148.5 million in December 2023 to support water system improvements. These funds along with I&E and SRF low-interest loans are funding the capital program.

**Chart 2 – Cash Balances - Water Funds as of June 2024**

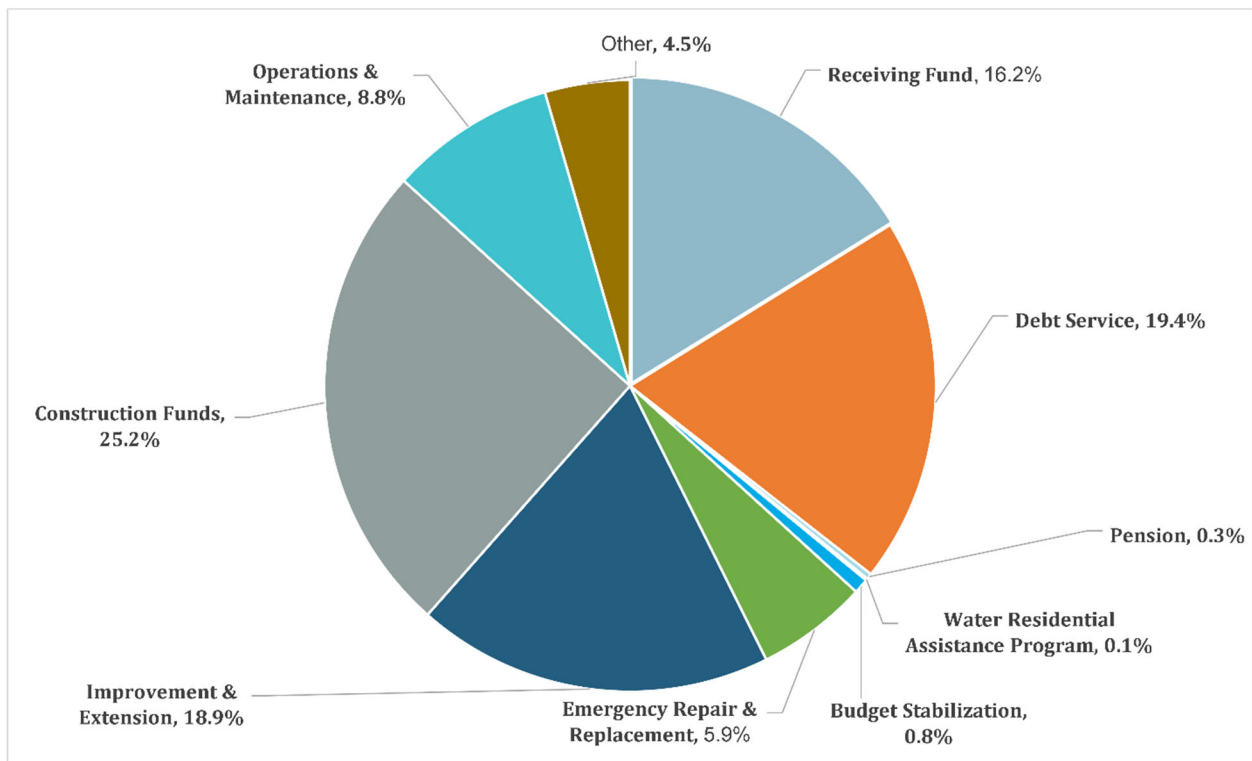


**Note:** Due to rounding totals may not equal 100%.

**Chart 3 – Cash Balances - Sewer Funds as of June 2024** - Shows the allocation of the balance among the different funds defined in the section above. The total cash balance for Sewer Funds as of June 30, 2024 is \$745 million. Like the Water Funds, the allocation of balances among the I&E, bond proceeds, and debt service reserve funds reflects GLWA’s commitment to funding capital improvements and meeting debt reserve requirements while simultaneously increasing I&E resources to fund pay-as-you-go capital funding to reduce long-term debt in the future.

In conjunction with the Water Fund transaction, GLWA completed a bond transaction of \$96.8 million in December 2023 to support sewage disposal system improvements. These funds along with I&E and SRF low-interest loans are currently funding the capital program.

**Chart 3 – Cash Balances - Sewer Funds as of June 2024**



**Note:** Due to rounding totals may not equal 100%



**Retail Revenues, Receivables, and Collections:** Pursuant to the terms of the lease agreement between the City of Detroit and the Great Lakes Water Authority (GLWA), the Detroit Water & Sewerage Department (DWSD) serves as GLWA's agent for billing activities for the City of Detroit retail customer class. All water and sewer service collections from DWSD customers are deposited in a trust account and are administered in accordance with the GLWA Master Bond Ordinance.

The Monthly Retail Revenues, Receivables, & Collections Report includes the following.

1. DWSD Retail Water Revenue Billings and Collections
2. DWSD Retail Sewer Revenue Billings and Collections
3. DWSD Retail Water & Sewer System Accounts Receivable Aging Report

**Note:** Wholesale customer revenues are billed by the Great Lakes Water Authority.

## DWSD Retail Water Billings and Collections

**Retail Billing Basis:** DWSD bills retail customers monthly. Customers are billed throughout the month in cycles based on a meter reading schedule beginning with residential accounts and ending with commercial and industrial customers.

**Table 1 - DWSD Retail Billings** shows the FY 2024 water usage and billed revenue which are provided by DWSD staff. As of June 30, 2024, the DWSD usage was at 104.56% of the budget and billed revenue was at 103.10% of budget.

**DWSD Retail Water Collections:** The collections represent payments made by DWSD retail customers. These receipts are deposited directly into a lockbox with a trustee for administration of the flow of funds defined by GLWA's Master Bond Ordinance.

**Table 2 - Retail Water Collections** shows collections by month for the past 12 months compared to collections for the prior year as well as the calculated difference between the periods.

**Table 1 – DWSD Retail Water Billing**

RETAIL WATER CUSTOMERS								
Month (1)	FY 2024 - Original Budget		FY 2024 - Actual		FY 2024 - Variance		FY 2023 - Actuals	
	Volume Mcf	Revenue \$	Volume Mcf	Revenue (2) \$	Volume Mcf	Revenue \$	Volume Mcf	Revenue \$
July	239,000	12,068,200	248,307	12,606,397	9,307	538,197	244,749	9,490,589
August	237,000	11,985,000	255,079	12,913,868	18,079	928,868	277,313	13,301,941
September	246,000	12,236,000	214,796	11,119,261	(31,204)	(1,116,739)	234,806	11,591,601
October	216,000	11,118,000	222,908	11,409,427	6,908	291,427	239,062	11,730,809
November	205,000	10,664,000	210,687	10,898,684	5,687	234,684	212,663	10,706,519
December	196,000	10,293,000	214,139	11,246,818	18,139	953,818	222,502	11,073,513
January	197,000	10,334,000	224,414	11,263,184	27,414	929,184	227,748	11,257,742
February	208,000	10,788,000	225,041	11,774,408	17,041	986,408	208,568	10,569,468
March	191,000	10,086,000	206,204	11,096,805	15,204	1,010,805	229,264	11,383,630
April	214,000	11,036,000	213,950	10,552,343	(50)	(483,657)	198,665	10,121,640
May	186,000	10,000,000	214,474	10,667,782	28,474	667,782	241,525	11,820,301
June	225,000	11,489,000	226,703	10,637,883	1,703	(851,117)	257,749	12,567,250
<b>Total</b>	<b>2,560,000</b>	<b>132,097,200</b>	<b>2,676,703</b>	<b>136,186,859</b>	<b>116,703</b>	<b>4,089,659</b>	<b>2,794,614</b>	<b>135,615,003</b>
Subtotals ytd	2,560,000	132,097,200	2,676,703	136,186,859	116,703	4,089,659		
Achievement of Budget			104.56%	103.10%				

(1) Figures are stated as "Service Months"; that is, July figures represent bills issued in August, etc.

(2) Retail Revenues include Miscellaneous Revenues and Penalties

**Table 2 – DWSD Retail Water Collections**

Water				
Month	Current Year	Prior Year	Variance	Ratio
July	5,943,286	8,518,373	(2,575,087)	-30.23%
August	11,794,131	9,636,219	2,157,912	22.39%
September	9,790,065	5,082,383	4,707,682	92.63%
October	9,884,937	13,082,745	(3,197,808)	-24.44%
November	10,499,606	10,270,582	229,024	2.23%
December	13,663,688	11,630,994	2,032,694	17.48%
January	8,506,008	8,857,268	(351,261)	-3.97%
February	8,996,740	8,244,713	752,027	9.12%
March	15,842,538	10,417,832	5,424,705	52.07%
April	13,840,518	9,417,449	4,423,069	46.97%
May	5,960,146	12,162,719	(6,202,573)	-51.00%
June	9,045,195	13,467,858	(4,422,663)	-32.84%
<b>Rolling, 12-Month Total</b>	<b>123,766,856</b>	<b>120,789,135</b>		
<b>Rolling, 12-Month Average</b>	<b>10,313,905</b>	<b>10,065,761</b>		

All amounts are unaudited unless otherwise noted.

GLWA Audit Committee October 25, 2024

## DWSD Retail Sewer Billings and Collections

**Retail billing basis:** DWSD bills retail customers monthly. Customers are billed throughout the month in cycles based on a meter reading schedule beginning with residential accounts and ending with commercial and industrial customers.

**Table 3 - DWSD Retail Sewer Billings** shows the FY 2024 sewer billed revenue which are provided by DWSD staff. As of June 30, 2024, the DWSD usage was at 100.71% of the budget and billed revenue was at 97.58% of budget.

**DWSD Retail Sewer Collections:** The collections represent payments made by DWSD retail customers. These receipts are deposited directly into a lockbox with a trustee for administration of the flow of funds defined by GLWA’s Master Bond Ordinance.

**Table 4 – DWSD Retail Sewer Collections** shows collections by month for the past 12 months compared to collections for the prior year as well as the calculated difference between the periods.

**Table 3 - DWSD Retail Sewer Billings**

RETAIL SEWER CUSTOMERS								
Month (1)	FY 2024 - Original Budget		FY 2024 - Actual		FY 2024 - Variance		FY 2023 - Actuals	
	Volume	Revenue	Volume (2)	Revenue (3)	Volume	Revenue	Volume	Revenue
	Mcf	\$	Mcf	\$	Mcf	\$	Mcf	\$
July	200,000	29,187,700	207,574	29,192,723	7,574	5,023	223,661	29,297,748
August	199,000	29,128,000	211,503	29,278,720	12,503	150,720	231,809	29,640,202
September	203,000	29,340,000	178,576	27,476,376	(24,424)	(1,863,624)	197,455	27,523,933
October	182,000	28,119,000	184,383	27,700,095	2,383	(418,905)	194,154	27,375,180
November	172,000	27,526,000	175,498	26,939,338	3,498	(586,662)	172,579	26,525,064
December	165,000	27,111,000	156,164	26,546,712	(8,836)	(564,288)	174,896	26,676,360
January	166,000	27,170,000	182,643	26,882,316	16,643	(287,684)	175,562	26,403,544
February	175,000	27,704,000	179,551	27,455,736	4,551	(248,264)	160,804	25,814,735
March	161,000	26,873,000	165,992	26,725,597	4,992	(147,403)	181,217	26,720,229
April	179,000	27,941,000	179,514	26,737,898	514	(1,203,102)	167,727	26,120,878
May	160,000	26,839,000	170,754	26,225,089	10,754	(613,911)	195,191	27,508,373
June	188,000	28,475,000	173,084	26,149,588	(14,916)	(2,325,412)	206,163	28,018,277
<b>Total</b>	<b>2,150,000</b>	<b>335,413,700</b>	<b>2,165,236</b>	<b>327,310,188</b>	<b>15,236</b>	<b>(8,103,512)</b>	<b>2,281,218</b>	<b>327,624,524</b>
Subtotals ytd	2,150,000	335,413,700	2,165,236	327,310,188	15,236	(8,103,512)	2,281,218	327,624,524
Achievement of Budget/Goal			100.71%	97.58%				

(1) Figures are stated as "Service Months"; that is, July figures represent bills issued in August, etc.

(2) Reflects billed volume based on actual usage except for residential customers where the billed volume differs from actual usage due to residential sewer volume caps implemented in FY 2023.

(3) Retail Revenues include Miscellaneous Revenues and Penalties

**Table 4 – DWSD Retail Sewer Collections**

Sewer				
Month	Current Year	Prior Year	Variance	Ratio
July	32,379,222	30,935,343	1,443,879	4.67%
August	25,391,891	26,064,896	(673,005)	-2.58%
September	23,489,448	15,261,467	8,227,981	53.91%
October	21,610,149	28,182,933	(6,572,784)	-23.32%
November	25,951,736	21,994,899	3,956,838	17.99%
December	23,249,973	23,756,153	(506,180)	-2.13%
January	26,248,512	23,760,629	2,487,883	10.47%
February	24,230,304	23,867,073	363,230	1.52%
March	26,438,687	30,697,464	(4,258,777)	-13.87%
April	23,532,381	21,542,671	1,989,710	9.24%
May	22,487,372	24,419,561	(1,932,189)	-7.91%
June	20,945,929	23,769,626	(2,823,696)	-11.88%
<b>Rolling 12-Month Total</b>	<b>295,955,605</b>	<b>294,252,715</b>		
<b>Rolling, 12-Month Average</b>	<b>24,662,967</b>	<b>24,521,060</b>		



## DWSD Retail Water and Sewer Accounts Receivable Aging Report

The DWSD detailed accounts receivable aging is categorized by customer category.

**Table 5** is a summary of the monthly sales, total receivables, bad debt allowance and net water and sewer receivables as of June 30, 2024 with comparative totals from June 30, 2023, June 30, 2022, and June 30, 2021. This table does not include past due accounts that have been transferred to the City of Detroit for collection as tax liens.

The table provides a comparison of days in accounts receivable calculated as net receivables divided by daily sales and confirms that over time days in AR is held in check overall due to a consistent practice of adjusting the allowance for doubtful accounts monthly. To the extent this allowance is adjusted, and bad debt expense is recognized in the DWSD budget, it does not impact GLWA.

**Table 6** is a summary of the total, current and non-current water and sewer receivables by category as of June 30, 2024 with comparative totals from June 30, 2023. This table does not include past due accounts that have been transferred to the City of Detroit for collection as tax liens.

The total balance and total bad debt allowance as of June 30, 2024 are reflective of the values in both the Table 5 summary and Table 6 breakdown.

**Table 5 – DWSD Retail Accounts Receivable Aging Report – Summary**

Summary						
Period Ending	Monthly Sales	Receivables			Days in AR (1)	
		Total	Allowance	Net		
June 30, 2021	\$ 36,335,000	\$ 248,055,000	\$ (200,146,000)	\$ 47,909,000	40	
June 30, 2022	\$ 39,022,000	\$ 300,346,000	\$ (253,924,000)	\$ 46,422,000	36	
June 30, 2023	\$ 39,443,000	\$ 327,023,000	\$ (272,012,000)	\$ 55,011,000	42	
June 30, 2024 (2)	\$ 38,352,000	\$ 324,867,000	\$ (266,430,000)	\$ 58,437,000	46	

*Totals may be off due to rounding*

(1) Days in AR is calculated as net receivables divided by daily sales (monthly sales/30 days).

(2) The annual AR Tax Roll Transfer totaling \$22,892,000 was made in October 2023.

**Table 6 – DWSD Retail Accounts Receivable Aging Report – Water & Sewer Combined**

Sales Class	Avg.					
	Balance	Current	> 30 Days	> 60 Days	> 180 Days	A/R Balance
Residential	\$ 882.89	\$ 15,600,000 8.0%	\$ 10,917,000 5.6%	\$ 35,132,000 18.1%	\$ 132,755,000 68.3%	\$ 194,404,000 100.0%
Commercial	1,312.01	7,161,000 25.6%	2,435,000 8.7%	5,760,000 20.6%	12,639,000 45.1%	27,996,000 100.0%
Industrial	3,799.60	5,212,000 37.4%	884,000 6.3%	2,253,000 16.2%	5,603,000 40.2%	13,952,000 100.0%
Tax Exempt	716.91	549,000 20.0%	194,000 7.1%	560,000 20.5%	1,435,000 52.4%	2,739,000 100.0%
Government	434.99	4,378,000 22.6%	1,183,000 6.1%	1,482,000 7.7%	12,293,000 63.6%	19,337,000 100.0%
Drainage	638.13	2,063,000 7.2%	1,224,000 4.3%	4,125,000 14.4%	21,250,000 74.1%	28,663,000 100.0%
Subtotal - Active Accounts	<b>\$ 848.40</b>	<b>\$ 34,963,000</b> 12.2%	<b>\$ 16,839,000</b> 5.9%	<b>\$ 49,313,000</b> 17.2%	<b>\$ 185,975,000</b> 64.8%	<b>\$ 287,090,000</b> 100.0%
Inactive Accounts	104.42	202,000 0.5%	150,000 0.4%	1,423,000 3.8%	36,002,000 95.3%	37,777,000 100.0%
<b>Total</b>	<b>\$ 463.98</b>	<b>\$ 35,165,000</b> 10.8%	<b>\$ 16,989,000</b> 5.2%	<b>\$ 50,735,000</b> 15.6%	<b>\$ 221,977,000</b> 68.3%	<b>\$ 324,867,000</b> 100.0%
% of Total A/R						
Water Fund	96.70	\$ 10,066,000	\$ 4,334,000	\$ 12,953,000	\$ 40,353,000	\$ 67,707,000
Sewer Fund	368.01	\$ 25,098,000	\$ 12,655,000	\$ 37,782,000	\$ 181,624,000	\$ 257,160,000
Total June 30, 2024 (a)	<b>\$ 463.98</b>	<b>\$ 35,165,000</b>	<b>\$ 16,989,000</b>	<b>\$ 50,735,000</b>	<b>\$ 221,977,000</b>	<b>\$ 324,867,000</b>
Water Fund- Allowance						\$ (51,612,000)
Sewer Fund- Allowance						\$ (214,817,000)
Total Bad Debt Allowance						<b>\$ (266,430,000)</b>
Comparative - June 2023 (b)	\$ 614.28	\$ 34,352,000	\$ 17,950,000	\$ 44,481,000	\$ 230,240,000	\$ 327,023,000
Difference (a) - (b)		\$ 812,000	\$ (960,000)	\$ 6,254,000	\$ (8,263,000)	\$ (2,156,000)

All amounts are unaudited unless otherwise noted.

GLWA Audit Committee October 25, 2024



The Monthly Wholesale Billings and Collections Report includes the following.

1. Wholesale Water Billings and Collections
2. Wholesale Sewer Billings and Collections
3. Wholesale Water & Sewer Accounts Receivable Aging Reports

## Wholesale Water Billings and Collections

**Wholesale Water Contracts:** Great Lakes Water Authority (GLWA) provides wholesale water service to 86 member-partners through a variety of service arrangements.

Service Arrangement Type

Model Contracts	85
Emergency	0
No Contracts	1
Total	86

***Note:** Services are provided to the Detroit Water & Sewerage Department (DWSD) via a Water and Sewer Services Agreement (WSSA). See the “Retail Revenues, Receivables, and Collections Report” section of this monthly report.*

**Wholesale Water Billing Basis:** Beginning with FY 2016, wholesale water charges were restructured to create a more stable revenue stream by using a historical rolling average to project customer volumes which accounts for 40% of the monthly charges and 60% of the annual customer revenue requirement as a monthly fixed charge.

***Table 1 - Wholesale Water Billings** shows the FY 2024 water billed usage and revenues. As of June 30, 2024, the billed usage was at 94.94% of the original plan and billed revenue at 97.97% of the original plan. Billings and usage from the City of Flint are included as they were assumed in the FY 2024 Budget.*

**Wholesale Water Collections:** The collections represent payments made by wholesale customers. These receipts are deposited directly into a lockbox with a trustee for administration of the flow of funds defined by GLWA’s Master Bond Ordinance.

***Table 2 - Wholesale Water Collections** shows collections by month for the past 12 months compared to collections for the prior year as well as the calculated difference between the periods. Current year collections are trending above the prior year for the twelve-month period ending June 30, 2024.*

**Table 1 – FY 2024 Wholesale Water Billings Report**

WHOLESALE WATER CHARGES								
Month (1)	FY 2024 Charges (2)		FY 2024 Actual		FY 2024 Variance		FY 2023 Actuals	
	Volume	Revenue	Volume	Revenue (4)	Volume	Revenue	Volume	Revenue
	Mcf	\$	Mcf	\$	Mcf	\$	Mcf	\$
July	1,607,433	34,283,300	1,396,012	31,956,320	(211,421)	(2,326,980)	1,664,936	34,349,872
August	1,469,739	32,797,900	1,295,617	30,947,078	(174,122)	(1,850,822)	1,418,347	31,555,444
September	1,284,305	30,543,500	1,212,814	29,862,077	(71,491)	(681,423)	1,308,481	30,306,713
October	1,037,450	27,748,500	1,043,901	27,856,141	6,451	107,641	1,055,245	27,391,089
November	898,776	26,395,000	899,934	26,481,380	1,158	86,380	906,669	25,911,801
December	966,122	26,990,700	947,841	26,904,465	(18,281)	(86,235)	990,177	26,652,607
January	963,772	27,002,600	984,406	27,231,881	20,634	229,281	979,573	26,536,118
February	874,396	26,142,700	877,428	26,143,840	3,032	1,140	869,843	25,535,320
March	960,207	26,930,300	930,938	26,675,356	(29,269)	(254,944)	961,541	26,356,490
April	917,893	26,581,600	886,646	26,342,756	(31,247)	(238,844)	917,599	25,997,955
May	1,136,342	29,098,000	1,101,158	28,684,891	(35,184)	(413,109)	1,169,448	28,895,975
June	1,460,066	32,678,300	1,313,310	31,043,002	(146,756)	(1,635,298)	1,570,958	33,407,419
<b>Total</b>	<b>13,576,500</b>	<b>347,192,400</b>	<b>12,890,005</b>	<b>340,129,187</b>	<b>(686,495)</b>	<b>(7,063,213)</b>	<b>13,812,817</b>	<b>342,896,802</b>
Subtotals ytd	13,576,500	347,192,400	12,890,005	340,129,187	(686,495)	(7,063,213)	13,812,817	342,896,802
Achievement of Original Plan			94.94%	97.97%				
Billing Adjustments (5)			8,009	109,342				
			12,898,014	340,238,529				
			95.00%	98.00%				

(1) Figures are stated as "Service Months"; that is, July figures represent bills issued in August, etc.  
 (2) Charges are based on the approved FY 2024 water supply system charge schedule.  
 (3) Reflects approved budget amendments related to commodity usage  
 (4) Water Revenues differ from Table 1A because amounts are reduced by the monthly payment to the City of Flint for a license to raw water rights under the Flint Raw Water Contract in Table 1A  
 (5) Reflects prior period adjustments made in the current year for Madison Heights.

**Table 2 - Wholesale Water Collections**

Water				
Month	Current Year	Prior Year	Variance	Ratio
July	22,645,008	14,435,092	(14,435,092)	-100.00%
August	36,275,672	41,154,992	(4,879,320)	-11.86%
September	29,955,755	21,887,632	8,068,123	36.86%
October	26,617,271	38,029,648	(11,412,377)	-30.01%
November	35,490,010	30,903,329	4,586,681	14.84%
December	28,246,829	34,298,469	(6,051,640)	-17.64%
January	24,448,936	19,182,054	5,266,882	27.46%
February	29,100,065	26,553,529	2,546,536	9.59%
March	24,740,554	26,074,213	(1,333,659)	-5.11%
April	26,856,179	20,940,451	5,915,728	28.25%
May	25,838,255	29,265,308	(3,427,053)	-11.71%
June	24,182,036	29,370,704	(5,188,669)	-17.67%
<b>Rolling 12-Month Total</b>	<b>334,396,570</b>	<b>332,095,421</b>		
<b>Rolling, 12-Month Average</b>	<b>27,866,381</b>	<b>27,674,618</b>		

## Wholesale Sewer Billings and Collections

**Wholesale Sewer Contracts:** GLWA provides wholesale sewer service to 18 member-partners via multiple service arrangements.

Service Arrangement Type	
Model Contracts	14
Emergency	0
Older Contracts	<u>4</u>
Total	<u><u>18</u></u>

**Note:** Services are provided to the Detroit Water & Sewerage Department via a Water and Sewer Services Agreement (WSSA). See the “Retail Revenues, Receivables, and Collections Report” section of the monthly report.

**Wholesale Sewer Billing Basis:** Beginning in FY 2015, the “sewer rate simplification” initiative was applied which provides for a stable revenue stream and predictability for our member partners. Wholesale sewer customers are billed a fixed monthly fee based upon the annual revenue requirement.

**Table 3 - Wholesale Sewer Billings** shows the FY 2024 sewer billed revenue. As of June 30, 2024 the billed revenue is at 100.00% of the original plan.

**Wholesale Sewer Collections:** The collections represent payments made by wholesale customers. These receipts are deposited directly into a lockbox with a trustee for administration of the flow of funds defined by GLWA’s Master Bond Ordinance.

**Table 4 - Wholesale Sewer Collections** shows collections by month for the past 12 months compared to collections for the prior year as well as the calculated difference between the periods.

The shift in wholesale sewer collection patterns is largely attributable to the timing of payments received. There are several large accounts whose payments swing between the end of the current month and the beginning of the next month. Current year collections are trending below the twelve-month period ending June 30, 2024.

**Table 3 – FY 2024 Wholesale Sewer Billings Report**

WHOLESALE SEWER CHARGES								
Month (1)	FY 2024 Charges		FY 2024 - Actual		FY 2024 - Variance		FY 2023 - Actuals	
	Volume (2)	Revenue	Volume (2)	Revenue	Volume (2)	Revenue	Volume	Revenue
	Mcf	\$	Mcf	\$	Mcf	\$	Mcf	\$
July	N/A	23,494,800	N/A	23,494,800	N/A	-	N/A	22,888,100
August	N/A	23,494,800	N/A	23,494,800	N/A	-	N/A	22,888,100
September	N/A	23,494,800	N/A	23,494,800	N/A	-	N/A	22,888,100
October	N/A	23,494,800	N/A	23,494,800	N/A	-	N/A	22,888,100
November	N/A	23,494,800	N/A	23,494,800	N/A	-	N/A	22,888,100
December	N/A	23,494,800	N/A	23,494,800	N/A	-	N/A	22,888,100
January	N/A	23,494,800	N/A	23,494,800	N/A	-	N/A	22,888,100
February	N/A	23,494,800	N/A	23,494,800	N/A	-	N/A	22,888,100
March	N/A	23,494,800	N/A	23,494,800	N/A	-	N/A	22,888,100
April	N/A	23,494,800	N/A	23,494,800	N/A	-	N/A	22,888,100
May	N/A	23,494,800	N/A	23,494,800	N/A	-	N/A	22,888,100
June	N/A	23,494,800	N/A	23,494,800	N/A	-	N/A	22,888,100
<b>Total</b>		281,937,600		281,937,600		-		274,657,200
Subtotals ytd		281,937,600		281,937,600		-		
Achievement of Budget						100.00%		

(1) Figures are stated as "Service Months"; that is, July figures represent bills issued in August, etc.

(2) Not tracked as part of the wholesale sewer charges.

**Table 4 - Wholesale Sewer Collections**

Sewer				
Month	Current Year	Prior Year	Variance	Ratio
July	22,331,831	28,223,515	(5,891,684)	-20.88%
August	22,377,366	21,036,661	1,340,705	6.37%
September	18,770,419	22,244,437	(3,474,018)	-15.62%
October	23,107,016	24,707,249	(1,600,233)	-6.48%
November	27,958,885	19,882,939	8,075,946	40.62%
December	21,351,498	18,314,222	3,037,276	16.58%
January	21,117,470	17,636,972	3,480,498	19.73%
February	27,856,400	33,102,769	(5,246,369)	-15.85%
March	23,460,900	23,746,469	(285,569)	-1.20%
April	18,685,600	17,769,710	915,890	5.15%
May	28,363,300	18,213,966	10,149,334	55.72%
June	23,300,100	38,287,549	(14,987,449)	-39.14%
<b>Rolling 12-Month Total</b>	<b>278,680,785</b>	<b>283,166,458</b>		
<b>Rolling, 12-Month Average</b>	<b>23,223,399</b>	<b>23,597,205</b>		

## Wholesale Water & Sewer Accounts Receivable Aging Report

The detailed accounts receivable aging is in the Appendix to this monthly report. This report reflects the wholesale receivables only and does not include DWSD.

**Table 5 - Wholesale Accounts Receivable Aging Report Summary** is a summary of the total, current and non-current receivables by category as of June 30, 2024.

**Table 6 - Wholesale Accounts Receivable Aging Report, Net of Dearborn** is the same summary *without* the past due balances for the City of Dearborn. There are three past due amounts related to water totaling \$108 thousand with two accounts being subsequently paid in July and the remaining account GLWA staff working with community to address.

There are three past due amounts related to the IWC totaling \$7 thousand with two accounts being subsequently paid in July. Two of those accounts did not pay the full invoice amount so GLWA staff working with community to address the cause of the short payment.

The one largest past due \$25 thousand Pollutant Surcharge account paid the balance in full in July. The remaining past due balances consist of smaller account holders that GLWA staff continue to communicate with.

**Table 5 - Wholesale Accounts Receivable Aging Report Summary**

	Total	Current	46-74 Days	75-104 Days	>105 Days
Water	\$ 44,621,471.02	\$ 38,427,201.44	\$ 2,037,030.76	\$ 733,539.41	\$ 3,423,699.41
Sewer	\$ 14,064,360.68	\$ 14,064,360.68	\$ -	\$ -	\$ -
IWC	\$ 547,490.08	\$ 540,108.16	\$ 7,381.92	\$ -	\$ -
Pollutant Surcharge	\$ 599,131.28	\$ 572,681.98	\$ 40,248.65	\$ (16,980.11)	\$ 3,180.76
<b>Total</b>	<b>\$ 59,832,453.06</b>	<b>\$ 53,604,352.26</b>	<b>\$ 2,084,661.33</b>	<b>\$ 716,559.30</b>	<b>\$ 3,426,880.17</b>
	100.00%	89.59%	3.48%	1.20%	5.73%

**Table 6 - Wholesale Accounts Receivable Aging Report, Net Dearborn**

	Total	Current	46-74 Days	75-104 Days	>105 Days
Water	\$ 36,552,307.50	\$ 36,443,988.95	\$ 108,318.55	\$ -	\$ -
Sewer	\$ 14,064,360.68	\$ 14,064,360.68	\$ -	\$ -	\$ -
IWC	\$ 547,490.08	\$ 540,108.16	\$ 7,381.92	\$ -	\$ -
Pollutant Surcharge	\$ 599,131.28	\$ 572,681.98	\$ 40,248.65	\$ (16,980.11)	\$ 3,180.76
<b>Total</b>	<b>\$ 51,763,289.54</b>	<b>\$ 51,621,139.77</b>	<b>\$ 155,949.12</b>	<b>\$ (16,980.11)</b>	<b>\$ 3,180.76</b>
	100.00%	99.73%	0.30%	-0.03%	0.01%



The Monthly Trust Receipts & Disbursements Report includes the following.

1. GLWA Trust Receipts & Disbursements – Net Cash Flows and Receipts
2. DWSD Trust Receipts & Disbursements – Net Cash Flows, Receipts & Loan Receivable
3. Combined System Trust Receipts & Disbursements – Net Cash Flows

## GLWA Trust Receipts & Disbursements

**Net Cash Flows and Receipts Basis:** The trusts established pursuant to the Master Bond Ordinance (MBO) outline a flow of funds that governs the priority of the application of cash receipts from both the regional wholesale (i.e., Great Lakes Water Authority or GLWA) and local retail (i.e., Detroit Water & Sewerage Department or DWSD) activities which are further separated by the water system and the sewage disposal system.

This report provides an ongoing status of the net cash flow of both organizations (GLWA and DWSD) to fund their allocated share of Master Bond Ordinance requirements in accordance with the leases for the regional systems.

**Table 1 – GLWA Net Cash Flows from Trust Receipts & Disbursements** provides a summary of cash receipt collections and required MBO transfers by fiscal year. Fiscal year 2024 reflects twelve months of activity to date.

Water fund receipts exceeded required disbursements by 6% through June 30, 2024 compared to the four-year historical average ratio of required receipts exceeding disbursements by 8% since July 1, 2019.

Sewer fund receipts exceeded required disbursements by 6% through June 30, 2024 in line with the four-year historical average ratio of required receipts exceeding disbursements by 7% since July 1, 2019.

**Chart 1 – GLWA 12-Month Net Receipts – Water** outlines monthly cash receipt trends across two points of reference for the regional water system—current year and prior year. The black line at the zero highlights the minimum goal for net receipts.

**Chart 2 – GLWA 12-Month Net Receipts – Sewer** outlines monthly cash receipt trends across two points of reference for the regional sewer system—current year and prior year. The black line at the zero highlights the minimum goal for net receipts.



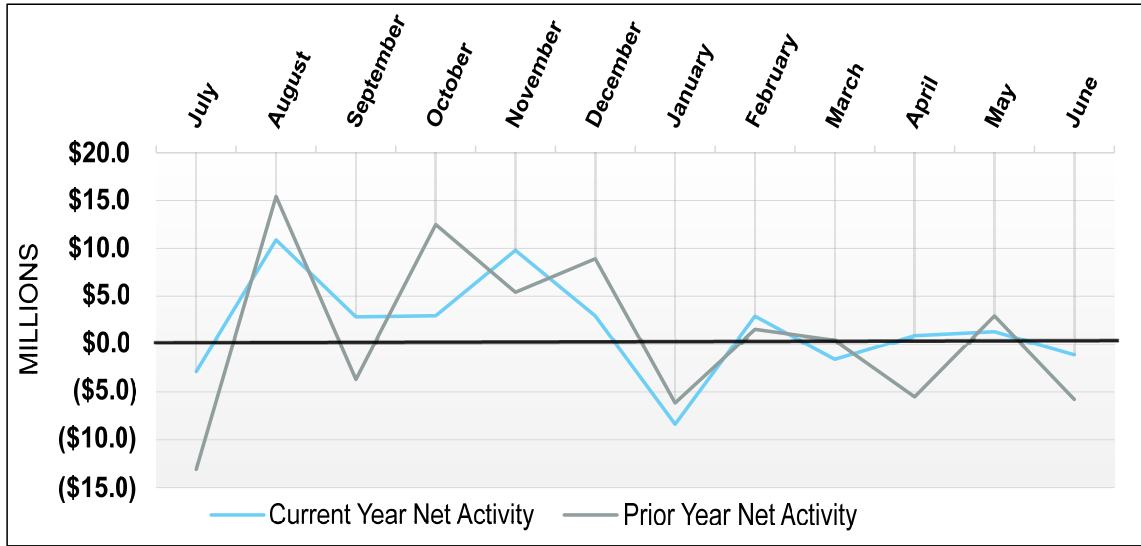
**Table 1 – GLWA Net Cash Flows from Trust Receipts & Disbursements**

	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024 Thru June 30
<b>Water</b>					
1 Receipts	\$ 332,606,196	\$ 336,642,021	\$ 338,117,694	\$ 363,335,474	\$ 374,252,221
2 MOU Adjustments	-	-	-	-	-
3 Adjusted Receipts	332,606,196	336,642,021	338,117,694	363,335,474	374,252,221
4 Disbursements	(296,190,425)	(308,713,407)	(316,495,360)	(349,186,375)	(353,639,121)
5 Receipts Net of Required Transfers	36,415,771	27,928,614	21,622,334	14,149,099	20,613,100
6 I&E Transfer	(25,719,751)	(31,991,687)	(26,622,862)	(9,898,100)	(28,618,500)
7 Net Receipts	\$ 10,696,020	\$ (4,063,073)	\$ (5,000,528)	\$ 4,250,999	\$ (8,005,400)
8 <i>Ratio of Receipts to Required Disbursements (Line 3/Line 4)</i>	112%	109%	107%	104%	106%
<b>Sewer</b>					
9 Receipts	\$ 490,461,356	\$ 472,871,853	\$ 471,979,297	\$ 498,888,416	\$ 506,731,576
10 MOU Adjustments	-	-	-	-	-
11 Adjusted Receipts	490,461,356	472,871,853	471,979,297	498,888,416	506,731,576
12 Disbursements	(445,604,952)	(436,600,883)	(450,701,751)	(473,516,238)	(477,450,794)
13 Receipts Net of Required Transfers	44,856,404	36,270,970	21,277,546	25,372,178	29,280,782
14 I&E Transfer	(19,096,200)	(40,504,727)	(37,651,788)	(26,766,200)	(12,468,000)
15 DWSD Shortfall Advance	-	-	-	-	-
16 Shortfall Repayment (principal)	17,542,669	18,206,431	8,296,578	-	-
17 Net Receipts	\$ 43,302,873	\$ 13,972,674	\$ (8,077,664)	\$ (1,394,022)	\$ 16,812,782
18 <i>Ratio of Receipts to Required Disbursements (Line 11/Line 12)</i>	110%	108%	105%	105%	106%
<b>Combined</b>					
19 Receipts	\$ 823,067,552	\$ 809,513,874	\$ 810,096,991	\$ 862,223,890	\$ 880,983,797
20 MOU Adjustments	-	-	-	-	-
21 Adjusted Receipts	823,067,552	809,513,874	810,096,991	862,223,890	880,983,797
22 Disbursements	(741,795,377)	(745,314,290)	(767,197,111)	(822,702,613)	(831,089,915)
23 Receipts Net of Required Transfers	81,272,175	64,199,584	42,899,880	39,521,277	49,893,882
24 I&E Transfer	(44,815,951)	(72,496,414)	(64,274,650)	(36,664,300)	(41,086,500)
25 Shortfall Advance	-	-	-	-	-
26 Shortfall Repayment	17,542,669	18,206,431	8,296,578	-	-
27 Net Receipts	\$ 53,998,893	\$ 9,909,601	\$ (13,078,192)	\$ 2,856,977	\$ 8,807,382
28 <i>Ratio of Receipts to Required Disbursements (Line 21/Line 22)</i>	111%	109%	106%	105%	106%

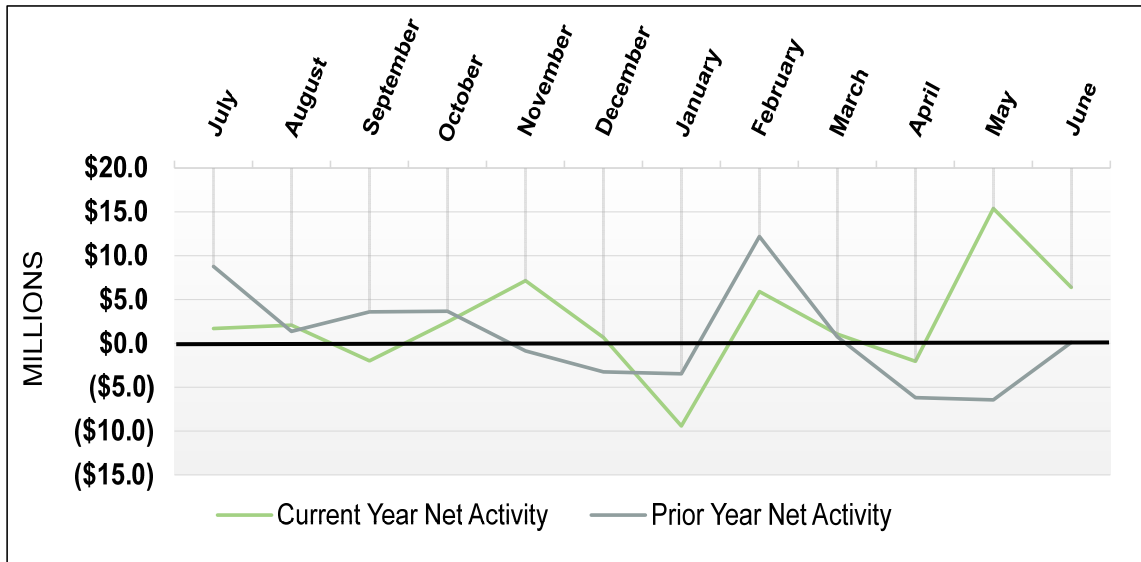
All amounts are unaudited unless otherwise noted.

GLWA Audit Committee October 25, 2024

**Chart 1 – GLWA 12-Month Net Receipts – Water**



**Chart 2 – GLWA 12-Month Net Receipts – Sewer**



## DWSD Trust Receipts & Disbursements

**Net Cash Flows and Receipts Basis:** The trusts established pursuant to the Master Bond Ordinance (MBO) outline a flow of funds that governs the priority of the application of cash receipts from both the regional wholesale (i.e. Great Lakes Water Authority or GLWA) and local retail (i.e. Detroit Water & Sewerage Department or DWSD) activities which are further separated by the water system and the sewage disposal system.

This report provides an ongoing status of the net cash flow of both organizations (GLWA and DWSD) to fund their allocated share of Master Bond Ordinance requirements in accordance with the leases for the regional systems.

**Table 2 – DWSD Net Cash Flows from Trust Receipts & Disbursements** provides a summary of cash receipt collections and required MBO transfers by fiscal year. Fiscal year 2024 reflects twelve months of activity to date.

Water fund receipts exceeded required disbursements by 6% through June 30, 2024 compared to the four-year historical average ratio of required receipts exceeding disbursements by 4% since July 1, 2019.

Sewer fund receipts exceeded required disbursements by 3% through June 30, 2024 compared to the four-year historical average of required receipts exceeding disbursements by 2% since July 1, 2019.

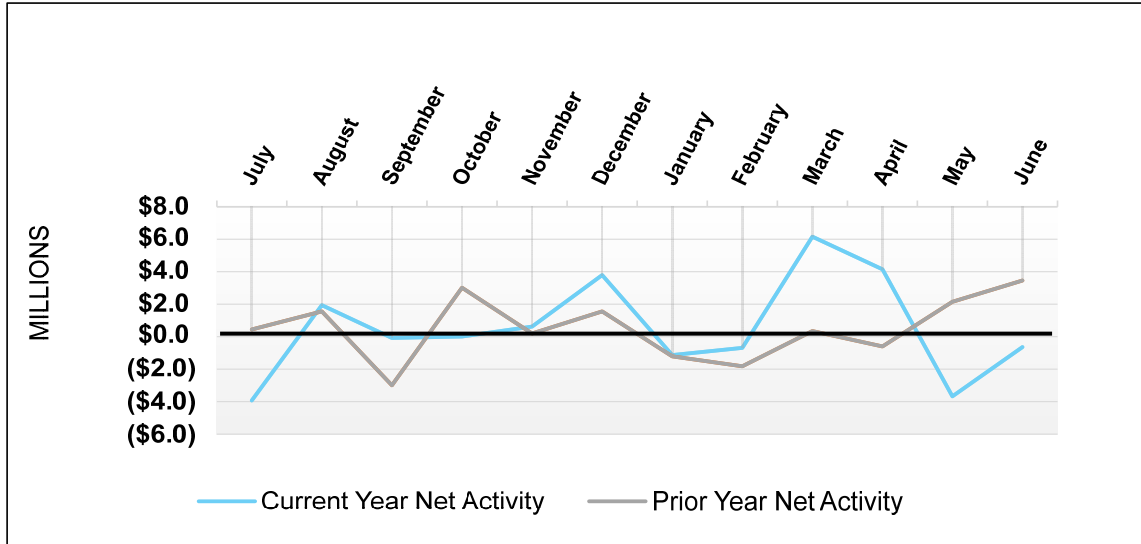
**Table 2 – DWSD Net Cash Flows from Trust Receipts & Disbursements**

	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024 Thru June 30
<b>Water</b>					
1 Receipts	\$ 96,885,723	\$ 102,067,423	\$ 101,964,963	\$ 123,766,624	\$ 123,818,287
2 MOU Adjustments	-	-	-	-	-
3 Adjusted Receipts	96,885,723	102,067,423	101,964,963	123,766,624	123,818,287
4 Disbursements	(97,823,097)	(100,707,200)	(94,495,601)	(117,666,100)	(117,290,591)
5 Receipts Net of Required Transfers	(937,374)	1,360,223	7,469,362	6,100,524	6,527,696
6 I&E Transfer	-	-	-	-	-
7 Net Receipts	\$ (937,374)	\$ 1,360,223	\$ 7,469,362	\$ 6,100,524	\$ 6,527,696
8 <i>Ratio of Receipts to Required Disbursements (Line 3/Line 4)</i>	99%	101%	108%	105%	106%
<b>Sewer</b>					
9 Receipts	\$ 264,689,559	\$ 308,210,767	\$ 291,280,896	\$ 298,896,942	\$ 296,088,194
10 MOU Adjustments	-	-	-	-	-
11 Adjusted Receipts	264,689,559	308,210,767	291,280,896	298,896,942	296,088,194
12 Disbursements	(275,507,374)	(295,100,771)	(285,256,000)	(283,095,100)	(288,119,517)
13 Receipts Net of Required Transfers	(10,817,815)	13,109,996	6,024,896	15,801,842	7,968,677
14 I&E Transfer	-	-	-	-	-
15 Shortfall Advance from GLWA	-	-	-	-	-
16 Net Receipts	\$ (10,817,815)	\$ 13,109,996	\$ 6,024,896	\$ 15,801,842	\$ 7,968,677
17 <i>Ratio of Receipts to Required Disbursements (Line 11/Line 12)</i>	96%	104%	102%	106%	103%
<b>Combined</b>					
18 Receipts	\$ 361,575,282	\$ 410,278,190	\$ 393,245,859	\$ 422,663,566	\$ 419,906,481
19 MOU Adjustments	-	-	-	-	-
20 Adjusted Receipts	361,575,282	410,278,190	393,245,859	422,663,566	419,906,481
21 Disbursements	(373,330,471)	(395,807,971)	(379,751,601)	(400,761,200)	(405,410,108)
22 Receipts Net of Required Transfers	(11,755,189)	14,470,219	13,494,258	21,902,366	14,496,373
23 I&E Transfer	-	-	-	-	-
24 Shortfall Advance from GLWA	-	-	-	-	-
25 Net Receipts	\$ (11,755,189)	\$ 14,470,219	\$ 13,494,258	\$ 21,902,366	\$ 14,496,373
26 <i>Ratio of Receipts to Required Disbursements (Line 20/Line 21)</i>	97%	104%	104%	105%	104%

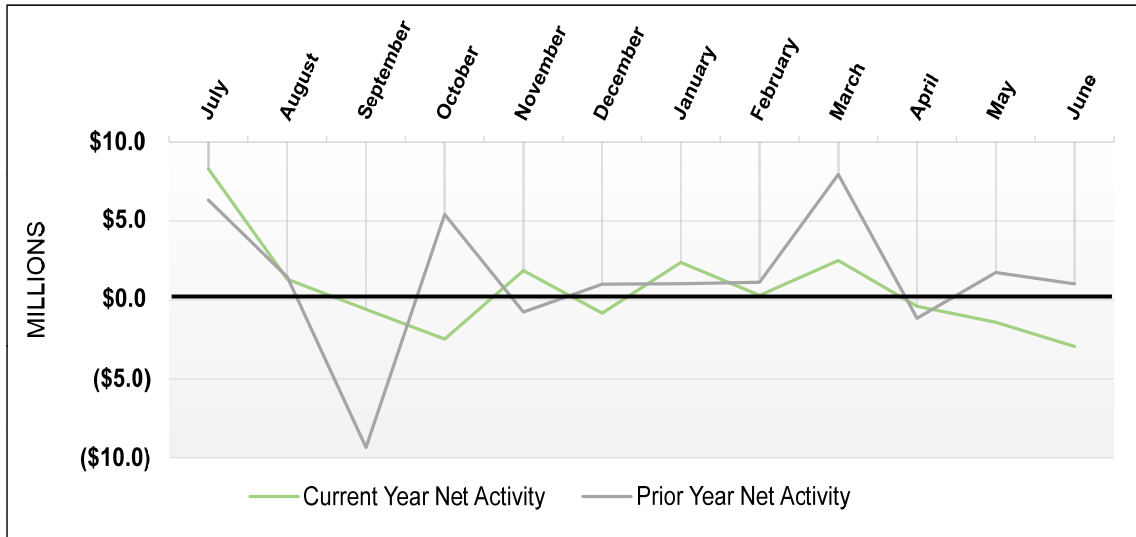
**Chart 3 – DWSD 12-Month Net Receipts – Water** outlines monthly activity trends across two points of reference for the local water system—current year and prior year. The black line at the zero highlights the breakeven goal for net receipts.

**Chart 4 – DWSD 12-Month Net Receipts – Sewer** outlines monthly activity trends across two points of reference for the local sewer system—current year and prior year. The black line at the zero highlights the breakeven goal for net receipts.

**Chart 3 – DWSD 12-Month Net Receipts – Water**



**Chart 4 – DWSD 12-Month Net Receipts – Sewer**



## Combined System Trust Receipts & Disbursements

**Net Cash Flows and Receipts Basis:** The trusts established pursuant to the Master Bond Ordinance (MBO) outline a flow of funds that governs the priority of the application of cash receipts from both the regional wholesale (i.e., Great Lakes Water Authority or GLWA) and local retail (i.e. Detroit Water & Sewerage Department or DWSD) activities which are further separated by the water system and the sewage disposal system.

**Table 3 – Combined Net Cash Flows from Trust Receipts & Disbursements** provides a summary of cash receipt collections and required MBO transfers by fiscal year. Fiscal year 2024 reflects twelve months of activity to date.

Water fund net receipts exceeded required disbursements by 6% through June 30, 2024 compared to the four-year historical average ratio of required receipts exceeding disbursements by 7% since July 1, 2019.

Sewer fund receipts exceeded required disbursements by 5% through June 30, 2024 compared to the four-year historical average ratio of required receipts exceeding disbursements by 5% since July 1, 2019.

**Table 3 – Combined Net Cash Flows from Trust Receipts & Disbursements**

	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024 Thru June 30
<b>Water</b>					
1 Receipts	\$ 429,491,919	\$ 438,709,444	\$ 440,082,657	\$ 487,102,098	\$ 498,070,508
2 MOU Adjustments	-	-	-	-	-
3 Adjusted Receipts	429,491,919	438,709,444	440,082,657	487,102,098	498,070,508
4 Disbursements	(394,013,522)	(409,420,607)	(410,990,961)	(466,852,475)	(470,929,712)
5 Receipts Net of Required Transfers	35,478,397	29,288,837	29,091,696	20,249,623	27,140,796
6 I&E Transfer	(25,719,751)	(31,991,687)	(26,622,862)	(9,898,100)	(28,618,500)
7 Net Receipts	\$ 9,758,646	\$ (2,702,850)	\$ 2,468,834	\$ 10,351,523	\$ (1,477,704)
8 <i>Ratio of Receipts to Required Disbursements (Line 3/Line 4)</i>	109%	107%	107%	104%	106%
<b>Sewer</b>					
9 Receipts	\$ 755,150,915	\$ 781,082,620	\$ 763,260,193	\$ 797,785,358	\$ 802,819,770
10 MOU Adjustments	-	-	-	-	-
11 Adjusted Receipts	755,150,915	781,082,620	763,260,193	797,785,358	802,819,770
12 Disbursements	(721,112,326)	(731,701,654)	(735,957,751)	(756,611,338)	(765,570,311)
13 Receipts Net of Required Transfers	34,038,589	49,380,966	27,302,442	41,174,020	37,249,459
14 I&E Transfer	(19,096,200)	(40,504,727)	(37,651,788)	(26,766,200)	(12,468,000)
15 Shortfall Advance	-	-	-	-	-
16 Shortfall Repayment (principal)	17,542,669	18,206,431	8,296,578	-	-
17 Net Receipts	\$ 32,485,058	\$ 27,082,670	\$ (2,052,768)	\$ 14,407,820	\$ 24,781,459
18 <i>Ratio of Receipts to Required Disbursements (Line 11/Line 12)</i>	105%	107%	104%	105%	105%
<b>Combined</b>					
19 Receipts	\$ 1,184,642,834	\$ 1,219,792,064	\$ 1,203,342,850	\$ 1,284,887,456	\$ 1,300,890,278
20 MOU Adjustments	-	-	-	-	-
21 Adjusted Receipts	1,184,642,834	1,219,792,064	1,203,342,850	1,284,887,456	1,300,890,278
22 Disbursements	(1,115,125,848)	(1,141,122,261)	(1,146,948,712)	(1,223,463,813)	(1,236,500,023)
23 Receipts Net of Required Transfers	69,516,986	78,669,803	56,394,138	61,423,643	64,390,255
24 I&E Transfer	(44,815,951)	(72,496,414)	(64,274,650)	(36,664,300)	(41,086,500)
25 Shortfall Advance	-	-	-	-	-
26 Shortfall Repayment	17,542,669	18,206,431	8,296,578	-	-
27 Net Receipts	\$ 42,243,704	\$ 24,379,820	\$ 416,066	\$ 24,759,343	\$ 23,303,755
28 <i>Ratio of Receipts to Required Disbursements (Line 21/Line 22)</i>	106%	107%	105%	105%	105%

All amounts are unaudited unless otherwise noted.

GLWA Audit Committee October 25, 2024

## APPENDIX

## GLWA Aged Accounts Receivable- WATER ACCOUNTS

Balances as of 06/30/24

Customer Name	Total Due	Current	46 - 74 Days	75 - 104 Days	>105 Days
ALLEN PARK	\$215,743.34	\$215,743.34	\$0.00	\$0.00	\$0.00
ALMONT VILLAGE	\$22,207.50	\$22,207.50	\$0.00	\$0.00	\$0.00
ASH TOWNSHIP	\$80,858.43	\$80,858.43	\$0.00	\$0.00	\$0.00
BELLEVILLE	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
BERLIN TOWNSHIP	\$66,447.43	\$66,447.43	\$0.00	\$0.00	\$0.00
BROWNSTOWN TOWNSHIP	\$347,822.47	\$347,822.47	\$0.00	\$0.00	\$0.00
BRUCE TOWNSHIP	\$29,412.33	\$29,412.33	\$0.00	\$0.00	\$0.00
BURTCHVILLE TOWNSHIP	\$40,451.52	\$40,451.52	\$0.00	\$0.00	\$0.00
CANTON TOWNSHIP	\$1,908,878.19	\$1,832,003.19	\$76,875.00	\$0.00	\$0.00
CENTER LINE	\$89,050.76	\$89,050.76	\$0.00	\$0.00	\$0.00
CHESTERFIELD TOWNSHIP	\$403,986.16	\$403,986.16	\$0.00	\$0.00	\$0.00
CLINTON TOWNSHIP	\$703,631.56	\$703,631.56	\$0.00	\$0.00	\$0.00
COMMERCE TOWNSHIP	\$618,981.68	\$618,981.68	\$0.00	\$0.00	\$0.00
DEARBORN	\$8,069,163.52	\$1,983,212.49	\$1,928,712.21	\$733,539.41	\$3,423,699.41
DEARBORN HEIGHTS	\$697,571.46	\$697,571.46	\$0.00	\$0.00	\$0.00
EASTPOINTE	\$293,053.19	\$293,053.19	\$0.00	\$0.00	\$0.00
ECORSE	\$103,496.55	\$103,496.55	\$0.00	\$0.00	\$0.00
FARMINGTON	\$92,825.11	\$92,825.11	\$0.00	\$0.00	\$0.00
FARMINGTON HILLS	\$1,596,549.43	\$1,596,549.43	\$0.00	\$0.00	\$0.00
FERNDALE	\$107,729.77	\$107,729.77	\$0.00	\$0.00	\$0.00
FLAT ROCK	\$134,938.19	\$134,938.19	\$0.00	\$0.00	\$0.00
FLINT	\$427,399.25	\$427,399.25	\$0.00	\$0.00	\$0.00
FRASER	\$117,635.49	\$117,635.49	\$0.00	\$0.00	\$0.00



## GLWA Aged Accounts Receivable- WATER ACCOUNTS

Balances as of 06/30/24

Customer Name	Total Due	Current	46 - 74 Days	75 - 104 Days	>105 Days
GARDEN CITY	\$321,801.94	\$321,801.94	\$0.00	\$0.00	\$0.00
GENESEE COUNTY DRAIN COMM	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
GIBRALTAR	\$35,868.81	\$35,868.81	\$0.00	\$0.00	\$0.00
GREATER LAPEER CUA	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
GREENWOOD TWP. (DTE)	\$153,331.58	\$153,331.58	\$0.00	\$0.00	\$0.00
GROSSE ILE TOWNSHIP	\$110,242.61	\$110,242.61	\$0.00	\$0.00	\$0.00
GROSSE POINTE FARMS	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
GROSSE POINTE PARK	\$231,188.03	\$231,188.03	\$0.00	\$0.00	\$0.00
GROSSE POINTE SHORES	\$58,874.00	\$58,874.00	\$0.00	\$0.00	\$0.00
GROSSE POINTE WOODS	\$116,668.61	\$116,668.61	\$0.00	\$0.00	\$0.00
HAMTRAMCK	\$76,517.57	\$76,517.57	\$0.00	\$0.00	\$0.00
HARPER WOODS	\$82,613.57	\$82,613.57	\$0.00	\$0.00	\$0.00
HARRISON TWP	\$154,674.10	\$154,674.10	\$0.00	\$0.00	\$0.00
HAZEL PARK	\$70,813.05	\$70,813.05	\$0.00	\$0.00	\$0.00
HIGHLAND PARK	\$80,222.32	\$80,222.32	\$0.00	\$0.00	\$0.00
HURON TOWNSHIP	\$165,710.63	\$165,710.63	\$0.00	\$0.00	\$0.00
IMLAY CITY	\$153,755.04	\$153,755.04	\$0.00	\$0.00	\$0.00
IMLAY TOWNSHIP (CHAMPION BUS	\$2,160.78	\$2,160.78	\$0.00	\$0.00	\$0.00
INKSTER	\$221,973.10	\$221,973.10	\$0.00	\$0.00	\$0.00
KEEGO HARBOR	\$28,916.78	\$28,916.78	\$0.00	\$0.00	\$0.00
LAPEER	\$148,922.96	\$148,922.96	\$0.00	\$0.00	\$0.00
LENOX TOWNSHIP	\$95,360.25	\$65,080.03	\$30,280.22	\$0.00	\$0.00

## GLWA Aged Accounts Receivable- WATER ACCOUNTS

Balances as of 06/30/24

Customer Name	Total Due	Current	46 - 74 Days	75 - 104 Days	>105 Days
LINCOLN PARK	\$217,892.00	\$217,892.00	\$0.00	\$0.00	\$0.00
LIVONIA	\$2,116,681.31	\$2,116,681.31	\$0.00	\$0.00	\$0.00
MACOMB TWP	\$1,171,244.08	\$1,171,244.08	\$0.00	\$0.00	\$0.00
MADISON HEIGHTS	\$198,046.77	\$198,046.77	\$0.00	\$0.00	\$0.00
MAYFIELD TOWNSHIP (KAMAX)	\$908.28	\$908.28	\$0.00	\$0.00	\$0.00
MELVINDALE	\$125,274.73	\$125,274.73	\$0.00	\$0.00	\$0.00
NEW HAVEN	\$42,661.53	\$42,661.53	\$0.00	\$0.00	\$0.00
NOCWA	\$2,104,203.29	\$2,104,203.29	\$0.00	\$0.00	\$0.00
NORTHVILLE	\$138,252.18	\$138,252.18	\$0.00	\$0.00	\$0.00
NORTHVILLE TOWNSHIP	\$513,837.86	\$513,837.86	\$0.00	\$0.00	\$0.00
NOVI	\$885,430.67	\$885,430.67	\$0.00	\$0.00	\$0.00
OAK PARK	\$266,888.35	\$265,725.02	\$1,163.33	\$0.00	\$0.00
OAKLAND CO DR COM	\$9,904.34	\$9,904.34	\$0.00	\$0.00	\$0.00
PLYMOUTH	\$104,343.19	\$104,343.19	\$0.00	\$0.00	\$0.00
PLYMOUTH TOWNSHIP	\$453,459.79	\$453,459.79	\$0.00	\$0.00	\$0.00
REDFORD TOWNSHIP	\$277,665.14	\$277,665.14	\$0.00	\$0.00	\$0.00
RIVER ROUGE	\$116,077.22	\$116,077.22	\$0.00	\$0.00	\$0.00
RIVERVIEW	\$80,973.46	\$80,973.46	\$0.00	\$0.00	\$0.00
ROCKWOOD	\$46,971.63	\$46,971.63	\$0.00	\$0.00	\$0.00
ROMEO	\$37,116.60	\$37,116.60	\$0.00	\$0.00	\$0.00
ROMULUS	\$357,738.19	\$357,738.19	\$0.00	\$0.00	\$0.00
ROSEVILLE	\$249,162.50	\$249,162.50	\$0.00	\$0.00	\$0.00
ROYAL OAK TOWNSHIP	\$19,435.17	\$19,435.17	\$0.00	\$0.00	\$0.00

## GLWA Aged Accounts Receivable- WATER ACCOUNTS

Balances as of 06/30/24

Customer Name	Total Due	Current	46 - 74 Days	75 - 104 Days	>105 Days
SHELBY TOWNSHIP	\$1,002,606.12	\$1,002,606.12	\$0.00	\$0.00	\$0.00
SOCWA	\$4,250,730.10	\$4,250,730.10	\$0.00	\$0.00	\$0.00
SOUTH ROCKWOOD	\$11,429.40	\$11,429.40	\$0.00	\$0.00	\$0.00
SOUTHGATE	\$197,134.56	\$197,134.56	\$0.00	\$0.00	\$0.00
ST. CLAIR SHORES	\$300,459.79	\$300,459.79	\$0.00	\$0.00	\$0.00
STERLING HEIGHTS	\$1,401,557.95	\$1,401,557.95	\$0.00	\$0.00	\$0.00
SUMPTER TOWNSHIP	\$137,800.71	\$137,800.71	\$0.00	\$0.00	\$0.00
SYLVAN LAKE	\$21,814.52	\$21,814.52	\$0.00	\$0.00	\$0.00
TAYLOR	\$476,126.01	\$476,126.01	\$0.00	\$0.00	\$0.00
TRENTON	\$163,425.33	\$163,425.33	\$0.00	\$0.00	\$0.00
TROY (SEOC)	\$1,289,862.63	\$1,289,862.63	\$0.00	\$0.00	\$0.00
UTICA	\$54,427.79	\$54,427.79	\$0.00	\$0.00	\$0.00
VAN BUREN TOWNSHIP	\$327,601.09	\$327,601.09	\$0.00	\$0.00	\$0.00
WALLED LAKE	\$147,671.33	\$147,671.33	\$0.00	\$0.00	\$0.00
WARREN	\$911,562.05	\$911,562.05	\$0.00	\$0.00	\$0.00
WASHINGTON TOWNSHIP	\$217,751.85	\$217,751.85	\$0.00	\$0.00	\$0.00
WAYNE	\$171,678.41	\$171,678.41	\$0.00	\$0.00	\$0.00
WEST BLOOMFIELD TWP (C-O)	\$1,925,102.74	\$1,925,102.74	\$0.00	\$0.00	\$0.00
WESTLAND	\$1,120,180.35	\$1,120,180.35	\$0.00	\$0.00	\$0.00
WIXOM	\$444,735.05	\$444,735.05	\$0.00	\$0.00	\$0.00
WOODHAVEN	\$138,356.22	\$138,356.22	\$0.00	\$0.00	\$0.00
YCUA	\$1,897,839.68	\$1,897,839.68	\$0.00	\$0.00	\$0.00

## GLWA Aged Accounts Receivable- WATER ACCOUNTS

Balances as of 06/30/24

Customer Name	Total Due	Current	46 - 74 Days	75 - 104 Days	>105 Days
TOTAL WATER ACCOUNTS	\$44,621,471.02	\$38,427,201.44	\$2,037,030.76	\$733,539.41	\$3,423,699.41

## GLWA Aged Accounts Receivable- SEWER ACCOUNTS

Balances as of 06/30/24

Customer Name	Total Due	Current	46 - 74 Days	75 - 104 Days	>105 Days
ALLEN PARK	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
CENTER LINE	\$89,299.50	\$89,299.50	\$0.00	\$0.00	\$0.00
DEARBORN	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
EVERGREEN-FARMINGTON	\$3,099,400.00	\$3,099,400.00	\$0.00	\$0.00	\$0.00
FARMINGTON	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
GROSSE POINTE	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
GROSSE POINTE FARMS	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
GROSSE POINTE PARK	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
HAMTRAMCK	\$346,100.00	\$346,100.00	\$0.00	\$0.00	\$0.00
HARPER WOODS	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
HIGHLAND PARK	\$404,200.00	\$404,200.00	\$0.00	\$0.00	\$0.00
MELVINDALE	\$134,700.00	\$134,700.00	\$0.00	\$0.00	\$0.00
OAKLAND COUNTY GWK DD	\$3,971,300.00	\$3,971,300.00	\$0.00	\$0.00	\$0.00
OMID	\$6,019,361.18	\$6,019,361.18	\$0.00	\$0.00	\$0.00
REDFORD TOWNSHIP	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
ROUGE VALLEY	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
SOUTHEAST MACOMB SANITATION	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
WAYNE COUNTY-AREA #3	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>TOTAL SEWER ACCOUNTS</b>	<b>\$14,064,360.68</b>	<b>\$14,064,360.68</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>

## GLWA Aged Accounts Receivable- IWC ACCOUNTS

Balances as of 06/30/24

Customer Name	Total Due	Current	46 - 74 Days	75 - 104 Days	>105 Days
ALLEN PARK	\$1,650.74	\$1,650.74	\$0.00	\$0.00	\$0.00
AUBURN HILLS (C-O)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
AUBURN HILLS (C-O) ADMIN	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
AUBURN HILLS (E-F)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
BERKLEY	\$3,235.96	\$3,235.96	\$0.00	\$0.00	\$0.00
BEVERLY HILLS	\$1,022.84	\$1,022.84	\$0.00	\$0.00	\$0.00
BINGHAM FARMS	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
BIRMINGHAM (E-F)	\$2,504.32	\$2,504.32	\$0.00	\$0.00	\$0.00
BIRMINGHAM (SEOC)	\$5,807.62	\$5,807.62	\$0.00	\$0.00	\$0.00
BLOOMFIELD HILLS	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
BLOOMFIELD TOWNSHIP	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
CANTON TOWNSHIP	\$87.36	\$87.36	\$0.00	\$0.00	\$0.00
CENTER LINE	\$5,365.36	\$5,365.36	\$0.00	\$0.00	\$0.00
CHARTER TOWNSHIP OF INDEPENI	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
CHESTERFIELD TOWNSHIP	\$13,409.76	\$13,409.76	\$0.00	\$0.00	\$0.00
CITY OF FARMINGTON (E-F)	\$205.66	\$205.66	\$0.00	\$0.00	\$0.00
CITY OF FERNDALE	\$9,118.20	\$9,118.20	\$0.00	\$0.00	\$0.00
CITY OF ROCHESTER	\$3,812.90	\$3,812.90	\$0.00	\$0.00	\$0.00
CLARKSTON	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
CLARKSTON (C-O) ADMIN	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
CLAWSON	\$6,300.85	\$6,300.85	\$0.00	\$0.00	\$0.00
CLINTON TOWNSHIP	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
DEARBORN	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

## GLWA Aged Accounts Receivable- IWC ACCOUNTS

Balances as of 06/30/24

Customer Name	Total Due	Current	46 - 74 Days	75 - 104 Days	>105 Days
DEARBORN HEIGHTS	\$24,437.14	\$22,939.28	\$1,497.86	\$0.00	\$0.00
DETROIT METRO WC AIRPORT	\$109.20	\$109.20	\$0.00	\$0.00	\$0.00
EASTPOINTE	\$13,111.55	\$13,111.55	\$0.00	\$0.00	\$0.00
FARMINGTON	\$4,158.70	\$4,158.70	\$0.00	\$0.00	\$0.00
FARMINGTON HILLS	\$25,450.88	\$25,450.88	\$0.00	\$0.00	\$0.00
FRASER	\$5,077.80	\$5,077.80	\$0.00	\$0.00	\$0.00
GARDEN CITY	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
GROSSE POINTE	\$1,617.98	\$1,617.98	\$0.00	\$0.00	\$0.00
GROSSE POINTE FARMS	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
GROSSE POINTE PARK	\$2,420.60	\$2,420.60	\$0.00	\$0.00	\$0.00
GROSSE POINTE SHORES	\$698.88	\$698.88	\$0.00	\$0.00	\$0.00
GROSSE POINTE WOODS	\$3,072.16	\$3,072.16	\$0.00	\$0.00	\$0.00
HAMTRAMCK	\$8,546.72	\$8,546.72	\$0.00	\$0.00	\$0.00
HARPER WOODS	\$1,838.20	\$1,838.20	\$0.00	\$0.00	\$0.00
HARRISON TWP	\$2,910.18	\$2,910.18	\$0.00	\$0.00	\$0.00
HAZEL PARK	\$6,946.94	\$6,946.94	\$0.00	\$0.00	\$0.00
HIGHLAND PARK	\$4,125.94	\$4,125.94	\$0.00	\$0.00	\$0.00
HUNTINGTON WOODS	\$293.02	\$293.02	\$0.00	\$0.00	\$0.00
INDEPENDENCE (C-O) ADMIN	\$1,337.51	\$1,337.51	\$0.00	\$0.00	\$0.00
INKSTER	\$17,078.88	\$11,385.92	\$5,692.96	\$0.00	\$0.00
KEEGO HARBOR	\$706.99	\$706.99	\$0.00	\$0.00	\$0.00
LATHRUP	\$1,439.62	\$1,439.62	\$0.00	\$0.00	\$0.00

## GLWA Aged Accounts Receivable- IWC ACCOUNTS

Balances as of 06/30/24

Customer Name	Total Due	Current	46 - 74 Days	75 - 104 Days	>105 Days
LENOX TOWNSHIP	\$333.06	\$333.06	\$0.00	\$0.00	\$0.00
LIVONIA	\$84,205.94	\$84,205.94	\$0.00	\$0.00	\$0.00
MACOMB TWP	\$211.12	\$211.12	\$0.00	\$0.00	\$0.00
MADISON HEIGHTS	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
MELVINDALE	\$7,199.92	\$7,199.92	\$0.00	\$0.00	\$0.00
NEW HAVEN	\$629.72	\$629.72	\$0.00	\$0.00	\$0.00
NORTHVILLE	\$4,793.88	\$4,793.88	\$0.00	\$0.00	\$0.00
NORTHVILLE TOWNSHIP	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
NOVI	\$18,336.50	\$18,336.50	\$0.00	\$0.00	\$0.00
OAK PARK	\$7,189.00	\$7,189.00	\$0.00	\$0.00	\$0.00
OAKLAND TOWNSHIP	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
ORCHARD LAKE VILLAGE	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
ORION TOWNSHIP (C-O)	\$4,508.14	\$4,508.14	\$0.00	\$0.00	\$0.00
ORION TOWNSHIP (C-O) ADMIN	\$525.05	\$525.05	\$0.00	\$0.00	\$0.00
OXFORD TOWNSHIP	\$1,204.84	\$1,204.84	\$0.00	\$0.00	\$0.00
OXFORD VILLAGE	\$1,288.56	\$1,288.56	\$0.00	\$0.00	\$0.00
PLEASANT RIDGE	\$220.22	\$220.22	\$0.00	\$0.00	\$0.00
PLYMOUTH	\$3,993.08	\$3,993.08	\$0.00	\$0.00	\$0.00
PLYMOUTH TOWNSHIP	\$140.14	\$140.14	\$0.00	\$0.00	\$0.00
REDFORD TOWNSHIP	\$12,929.28	\$12,929.28	\$0.00	\$0.00	\$0.00
ROCHESTER HILLS	\$19,628.70	\$19,628.70	\$0.00	\$0.00	\$0.00
ROMULUS	\$800.80	\$800.80	\$0.00	\$0.00	\$0.00
ROSEVILLE	\$15,040.48	\$15,040.48	\$0.00	\$0.00	\$0.00



## GLWA Aged Accounts Receivable- IWC ACCOUNTS

Balances as of 06/30/24

Customer Name	Total Due	Current	46 - 74 Days	75 - 104 Days	>105 Days
ROYAL OAK	\$14,041.30	\$14,041.30	\$0.00	\$0.00	\$0.00
ROYAL OAK TOWNSHIP	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
SHELBY TOWNSHIP	\$15,480.92	\$15,480.92	\$0.00	\$0.00	\$0.00
SOUTHFIELD (E-F)	\$29,473.08	\$29,473.08	\$0.00	\$0.00	\$0.00
SOUTHFIELD (SEOC)	\$3,410.68	\$3,410.68	\$0.00	\$0.00	\$0.00
ST. CLAIR SHORES	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
STERLING HEIGHTS	\$33,158.58	\$33,158.58	\$0.00	\$0.00	\$0.00
TROY (E-F)	\$393.12	\$393.12	\$0.00	\$0.00	\$0.00
TROY (SEOC)	\$38,869.74	\$38,869.74	\$0.00	\$0.00	\$0.00
UTICA	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
VAN BUREN TOWNSHIP	\$4,708.34	\$4,517.24	\$191.10	\$0.00	\$0.00
VILLAGE OF FRANKLIN	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
VILLAGE OF LAKE ORION	\$1,645.28	\$1,645.28	\$0.00	\$0.00	\$0.00
WASHINGTON TOWNSHIP	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
WATERFORD TOWNSHIP DPW	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
WATERFORD TOWNSHIP DPW (ADMI	\$3,266.89	\$3,266.89	\$0.00	\$0.00	\$0.00
WAYNE	\$5,137.86	\$5,137.86	\$0.00	\$0.00	\$0.00
WEST BLOOMFIELD TWP (C-O)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
WEST BLOOMFIELD TWP (E-F)	\$12,502.55	\$12,502.55	\$0.00	\$0.00	\$0.00
WEST BLOOMFIELD TWP. (C-O) A	\$482.67	\$482.67	\$0.00	\$0.00	\$0.00
WESTLAND	\$23,840.18	\$23,840.18	\$0.00	\$0.00	\$0.00

## GLWA Aged Accounts Receivable- IWC ACCOUNTS

Balances as of 06/30/24

Customer Name	Total Due	Current	46 - 74 Days	75 - 104 Days	>105 Days
TOTAL IWC ACCOUNTS	\$547,490.08	\$540,108.16	\$7,381.92	\$0.00	\$0.00

## GLWA Aged Accounts Receivable- POLLULANT SURCHARGE ACCOUNTS

Balances as of 06/30/24

Customer Name	Total Due	Current	46 - 74 Days	75 - 104 Days	>105 Days
3M COMPANY (MINNESOTA MINING	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
A & R PACKING CO., LLC	\$3,775.77	\$3,775.77	\$0.00	\$0.00	\$0.00
AACTRON	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
ACADEMY PACKING CO.	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
ACME RUSTPROOF	\$111.42	\$51.84	\$27.86	\$31.72	\$0.00
ADORING PET FUNERAL HOME	\$88.36	\$88.36	\$0.00	\$0.00	\$0.00
ADVANCE ENGINEERING COMPANY	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
AEVITAS SPECIALITY SERVICES	\$4,484.09	\$4,343.40	\$140.69	\$0.00	\$0.00
ALEXANDER & HORNING	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
ALEXANDER & HORNING	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
ALL CHEM CORP, LLC.	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
ALPHA STAMPING COMPANY	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
AMERICAN WASTE TECH INC.	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
AMERITI MANUFACTURING LLC	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
AMERITI MFG. CO.	\$14,624.82	\$9,887.44	\$4,737.38	\$0.00	\$0.00
APPLIED TECHNOLOGY INDUSTRIE	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
ATWATER IN THE PARK	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
AUTOMOTIVE FINISH	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
AXLE BREWING COMPANY, LLC	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
B & F SEPTIC INC.	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
B. NEKTAR MEADERY	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
BAFFIN BREWING COMPANY	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
BARON INDUSTRIES	\$1,301.45	\$1,301.45	\$0.00	\$0.00	\$0.00

## GLWA Aged Accounts Receivable- POLLULANT SURCHARGE ACCOUNTS

Balances as of 06/30/24

Customer Name	Total Due	Current	46 - 74 Days	75 - 104 Days	>105 Days
BARTZ BAKERY	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
BASTONE BREWERY	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
BATCH BREWING COMPANY	\$65.59	\$0.00	\$65.59	\$0.00	\$0.00
BAYS MICHIGAN CORPORATION	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
BEIRUT BAKERY, INC.	\$37.00	\$0.00	\$0.00	\$0.00	\$37.00
BETTER MADE SNACK FOOD	\$10,255.16	\$10,255.16	\$0.00	\$0.00	\$0.00
BLACK LOTUS BREWING CO.	\$61.25	\$0.00	\$0.00	\$0.00	\$61.25
BOZEK'S MARKET	\$(2,016.37)	\$0.00	\$0.00	\$0.00	\$(2,016.37)
BREW DETROIT	\$5,610.33	\$5,610.33	\$0.00	\$0.00	\$0.00
BROADWAY MKT CORNED BEEF	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
BROOKS BREWING, LLC.	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
BROWN IRON BREWHOUSE	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
CADILLAC STRAITS BREWING CO.	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
CANTON BREW WORKS	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
CAPITOL REPRODUCTIONS	\$(0.89)	\$0.00	\$0.00	\$0.00	\$(0.89)
CF BURGER CREAMERY	\$29,349.11	\$29,349.11	\$0.00	\$0.00	\$0.00
CHARTER TOWNSHIP OF CLINTON	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
CHIEFTAN COATING, LLC.	\$4,955.77	\$4,955.77	\$0.00	\$0.00	\$0.00
CHILANGO'S BAKERY	\$89.61	\$33.12	\$15.37	\$16.56	\$24.56
CINTAS CORP. - MACOMB TWP.	\$25,490.48	\$0.00	\$25,490.48	\$0.00	\$0.00
CINTAS CORPORATION	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
CINTAS CORPORATION	\$3,358.43	\$3,358.43	\$0.00	\$0.00	\$0.00

## GLWA Aged Accounts Receivable- POLLULANT SURCHARGE ACCOUNTS

Balances as of 06/30/24

Customer Name	Total Due	Current	46 - 74 Days	75 - 104 Days	>105 Days
CITY LAUNDRY, INC.	\$14.56	\$14.56	\$0.00	\$0.00	\$0.00
CLASSIC CONTAINER CORP.	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
CLEAN EARTH OF MICHIGAN, LLC	\$3.76	\$3.76	\$0.00	\$0.00	\$0.00
COCA-COLA REFRESHMENTS USA,	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
COSTCO WHOLESALE STORE	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
COSTCO WHOLESALE STORE	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
COSTCO WHOLESALE STORE	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
COSTCO WHOLESALE STORE	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
COUNTRY FRESH DAIRY CO.	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
CROSS CHEMICAL COMPANY, INC.	\$320.63	\$320.63	\$0.00	\$0.00	\$0.00
DANA CONTAINER, INC.	\$1,516.02	\$1,516.02	\$0.00	\$0.00	\$0.00
DARLING INGREDIENTS, INC.	\$2,885.21	\$2,885.21	\$0.00	\$0.00	\$0.00
DAVE'S SAUSAGE FACTORY 2	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
DEARBORN BREWING	\$13.24	\$0.00	\$13.24	\$0.00	\$0.00
DEARBORN SAUSAGE	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
DEARBORN SAUSAGE CO., INC.	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
DETROIT BEER CO.	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
DETROIT LINEN SERVICE	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
DETROIT METRO WC AIRPORT	\$160,059.82	\$160,059.82	\$0.00	\$0.00	\$0.00
DETROIT RIVERTOWN BREWERY CC	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
DETROIT SAUSAGES CO INC	\$43.69	\$23.02	\$20.67	\$0.00	\$0.00
DETRONIC INDUSTRIES, INC.	\$60.59	\$60.59	\$0.00	\$0.00	\$0.00
DIFCO LABORATORIES, INC.	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

## GLWA Aged Accounts Receivable- POLLULANT SURCHARGE ACCOUNTS

Balances as of 06/30/24

Customer Name	Total Due	Current	46 - 74 Days	75 - 104 Days	>105 Days
DIVERSIFIED CHEM TECH. INC.	\$112.45	\$112.45	\$0.00	\$0.00	\$0.00
DOMESTIC UNIFORM RENTAL	\$2,618.78	\$2,618.78	\$0.00	\$0.00	\$0.00
DOMESTIC UNIFORM RENTAL	\$1,253.52	\$1,253.52	\$0.00	\$0.00	\$0.00
DOWNEY BREWING COMPANY	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
DUBOIS CHEMICALS, INC.	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
E & E MANUFACTURING CO, PLAN	\$234.49	\$139.98	\$7.31	\$72.70	\$14.50
E & E MANUFACTURING CO, PLAN	\$71.17	\$71.17	\$0.00	\$0.00	\$0.00
E.W. GROBBEL'S SONS, INC.	\$3,494.10	\$3,494.10	\$0.00	\$0.00	\$0.00
EASTERN MARKET BREWING COMPF	\$13.69	\$0.00	\$6.85	\$0.00	\$6.84
ENVIROSOLIDS, L.L.C.	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
EQ DETROIT, INC.	\$729.49	\$729.49	\$0.00	\$0.00	\$0.00
EQ DETROIT, INC.	\$1,775.17	\$1,775.17	\$0.00	\$0.00	\$0.00
EQ DETROIT, INC.	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
EQ DETROIT, INC.	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
ETON ST BREWERY- GRIFFIN CLF	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
EXTRUDE HONE CORPORATION	\$113.89	\$113.89	\$0.00	\$0.00	\$0.00
EXTRUDEHODE	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
FARMINGTON BREWING COMPANY	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
FAYGO BEVERAGES, INC.	\$21,066.21	\$21,066.21	\$0.00	\$0.00	\$0.00
FITZGERALD FINISHING LLC	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
FIVES CINETIC CORP.	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
FORD MOTOR CO- STERLING PLAN	\$2,980.36	\$2,980.36	\$0.00	\$0.00	\$0.00

## GLWA Aged Accounts Receivable- POLLULANT SURCHARGE ACCOUNTS

Balances as of 06/30/24

Customer Name	Total Due	Current	46 - 74 Days	75 - 104 Days	>105 Days
FORD NEW MODEL PROGRAM	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
FOUNDERS BREWING COMPANY	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
FRESH-PAK	\$375.55	\$375.55	\$0.00	\$0.00	\$0.00
FRESH-PAK	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
GENERAL LINEN SUPPLY CO.	\$13,448.69	\$9,885.38	\$3,563.31	\$0.00	\$0.00
GENERAL MOTORS, LLC ROMULUS	\$1,811.10	\$1,811.10	\$0.00	\$0.00	\$0.00
GLOBAL TITANIUM, INC.	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
GRANITE CITY FOOD & BREWERY	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
GRANITE CITY FOOD & BREWERY	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
GRANITE CITY FOOD & BREWERY	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
GREAT BARABOO BREWING CO.	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
HACIENDA MEXICAN FOODS	\$27.74	\$27.74	\$0.00	\$0.00	\$0.00
HACIENDA MEXICAN FOODS	\$985.20	\$985.20	\$0.00	\$0.00	\$0.00
HENKEL CORPORATION	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
HENRY FORD MACOMB HOSPITAL	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
HOME STYLE FOOD INC.	\$6,923.47	\$4,800.85	\$1,981.74	\$140.88	\$0.00
HOMEGROWN BREWING COMPANY	\$42.81	\$0.00	\$42.81	\$0.00	\$0.00
HOODS CLEANERS	\$211.33	\$0.00	\$0.00	\$0.00	\$211.33
HUNTINGTON CLEANERS	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
IDP, INC.	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
INDUSTRIAL METAL COATING	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
INTRASTATE DISTRIBUTORS	\$8,737.91	\$5,763.36	\$2,974.55	\$0.00	\$0.00
ISLAMIC SLAUGHTER HOUSE	\$265.80	\$265.80	\$0.00	\$0.00	\$0.00

## GLWA Aged Accounts Receivable- POLLULANT SURCHARGE ACCOUNTS

Balances as of 06/30/24

Customer Name	Total Due	Current	46 - 74 Days	75 - 104 Days	>105 Days
ITALIAN BUTTER BREAD STICKS	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
JAMEX BREWING CO.	\$64.39	\$0.00	\$17.81	\$0.00	\$46.58
JELD-WEN, INC.	\$1,188.91	\$1,012.86	\$176.05	\$0.00	\$0.00
KAR NUT PRODUCTS	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
KOWALSKI SAUSAGES, CO.	\$1,136.62	\$1,136.62	\$0.00	\$0.00	\$0.00
KUHNHENN BREWING	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
LA MICHOACANA FLOUR TORTILLA	\$1,260.77	\$1,260.77	\$0.00	\$0.00	\$0.00
LA MICHOACANA FLOUR TORTILLA	\$83.21	\$83.21	\$0.00	\$0.00	\$0.00
LEAR CORPORATION DBA EAGLE C	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
LIBERTY STREET PROD. BREWERY	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
LILY'S SEAFOOD GRILL & BREWE	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
LIQUID ENVIRONMENTAL OF ILLI	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
LIQUID ENVIRONMENTAL SOLUTIC	\$1,566.64	\$1,566.64	\$0.00	\$0.00	\$0.00
MACDERMID, INC.	\$71.66	\$71.66	\$0.00	\$0.00	\$0.00
MCCLURE'S PICKLES	\$165.68	\$165.68	\$0.00	\$0.00	\$0.00
MCGEAN CHEMICALS	\$386.08	\$386.08	\$0.00	\$0.00	\$0.00
MCNICHOLS POLISHING & ANODIZ	\$ (31.54)	\$0.00	\$0.00	\$0.00	\$ (31.54)
MELLO MEATS INC, - KUBISCH S	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
METROPOLITAN BAKERY	\$1,091.57	\$1,091.57	\$0.00	\$0.00	\$0.00
MIBA HYDRAMECHANICA CORP.	\$277.97	\$277.97	\$0.00	\$0.00	\$0.00
MICHIGAN DAIRY	\$176,989.71	\$176,989.71	\$0.00	\$0.00	\$0.00
MICHIGAN PROD. MACHINING	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00



## GLWA Aged Accounts Receivable- POLLULANT SURCHARGE ACCOUNTS

Balances as of 06/30/24

Customer Name	Total Due	Current	46 - 74 Days	75 - 104 Days	>105 Days
MICHIGAN SOY PRODUCTS CO.	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
MIDWEST WIRE PRODUCTS, INC.	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
MILANO BAKERY	\$923.52	\$674.48	\$249.04	\$0.00	\$0.00
MILTON CHILI CO.	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
MINNIE MARIE BAKERS, INC	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
MISTER UNIFORM & MAT RENTALS	\$ (0.65)	\$0.00	\$0.00	\$0.00	\$ (0.65)
MOTOR CITY BREWING WORKS	\$54.35	\$0.00	\$54.35	\$0.00	\$0.00
NATIONAL CHILI COMPANY	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
NATIONAL CHILI COMPANY	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
NATIONAL CHILI COMPANY	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
ND INDUSTRIES, INC.	\$316.72	\$0.00	\$316.72	\$0.00	\$0.00
NEAPCO DRIVELINES	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
NORTH CENTER BREWING COMPANY	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
NORTHERN LAKES SEAFOOD & MEAT	\$ (219.44)	\$0.00	\$0.00	\$0.00	\$ (219.44)
OAKWOOD BAKERY	\$62.26	\$62.26	\$0.00	\$0.00	\$0.00
OLIVER HATCH CONSTRUCTION	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
PACKAGING CORPORATION OF AME	\$2,758.39	\$2,758.39	\$0.00	\$0.00	\$0.00
PARKEDALE PHARMACEUTICALS/PE	\$191.27	\$191.27	\$0.00	\$0.00	\$0.00
PARKER'S HILLTOP BREWER & SE	\$66.31	\$0.00	\$66.31	\$0.00	\$0.00
PELLERITO FOODS INC.	\$ (0.01)	\$0.00	\$0.00	\$0.00	\$ (0.01)
PEPSI COLA, INC.	\$5,977.46	\$5,977.46	\$0.00	\$0.00	\$0.00
PERDUE PREMIUM MEAT COMPANY	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
PERDUE PREMIUM MEAT COMPANY	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

## GLWA Aged Accounts Receivable- POLLULANT SURCHARGE ACCOUNTS

Balances as of 06/30/24

Customer Name	Total Due	Current	46 - 74 Days	75 - 104 Days	>105 Days
PERDUE PREMIUM MEAT COMPANY	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
PERSONAL UNIFORM SERVICE, IN	\$ (18.19)	\$0.00	\$0.00	\$0.00	\$ (18.19)
PETRO ENVIRON TECH, INC.	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
PINE TREE ACRES, INC.	\$ (17,476.65)	\$0.00	\$0.00	\$ (17,476.65)	\$0.00
PLATING SPEC	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
POWER VAC OF MICHIGAN, INC.	\$280.36	\$280.36	\$0.00	\$0.00	\$0.00
PREMIER PLATING, LLC	\$1,191.70	\$1,191.70	\$0.00	\$0.00	\$0.00
PREMIER PLATING- STERLING HE	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
PRODUCTION SPRING, LLC.	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
QUAKER HOUGHTON - PLANT #2	\$124.07	\$124.07	\$0.00	\$0.00	\$0.00
QUAKER HOUGHTON - PLANT #2	\$ (7.32)	\$0.00	\$0.00	\$0.00	\$ (7.32)
QUAKER HOUGHTON - PLANT #2	\$2,969.88	\$2,969.88	\$0.00	\$0.00	\$0.00
QUALA SERVICES, LLC	\$29.95	\$29.95	\$0.00	\$0.00	\$0.00
RAY'S ICE CREAM CO.	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
RED SPOT PAINT #409139	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
RIVER ROUGE BREWING COMPANY	\$440.60	\$0.00	\$0.00	\$0.00	\$440.60
ROAK BREWING CO. LLC	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
ROCHESTER MILLS BEER COMPANY	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
ROCHESTER MILLS PROD BREWERY	\$4,178.79	\$0.00	\$0.00	\$0.00	\$4,178.79
ROYAL OAK BREWERY	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
RTT	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
SEAFARE FOODS, INC.	\$168.52	\$168.52	\$0.00	\$0.00	\$0.00

## GLWA Aged Accounts Receivable- POLLULANT SURCHARGE ACCOUNTS

Balances as of 06/30/24

Customer Name	Total Due	Current	46 - 74 Days	75 - 104 Days	>105 Days
SHERWOOD BREWING COMPANY	\$38.36	\$0.00	\$38.36	\$0.00	\$0.00
SMITH-WATKINS, LLC	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
SPRAYTEK INC.- MADISON HEIGHTS	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
SPRAYTEK, INC.	\$14.52	\$0.00	\$0.00	\$0.00	\$14.52
SUPERNATURAL SPIRITS & BREWERY	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
SWEETHEART BAKERY, INC.	\$1,285.93	\$190.07	\$83.29	\$75.81	\$936.76
THE CROWN GROUP-LIVONIA PLANT	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
THE DEBURRING COMPANY	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
THERMO FISHER SCIENTIFIC	\$22,056.24	\$22,056.24	\$0.00	\$0.00	\$0.00
TOM LAUNDRY CLEANERS	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
TRAFFIC JAM & SNUG	\$(31.16)	\$0.00	\$0.00	\$0.00	\$(31.16)
TURRI'S ITALIAN FOODS	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
TURRI'S ITALIAN FOODS	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
U-METCO, INC.	\$138.59	\$138.59	\$0.00	\$0.00	\$0.00
UNCLE RAYS SNACKS, LLC	\$22,977.05	\$22,977.05	\$0.00	\$0.00	\$0.00
UNCLE RAYS SNACKS, LLC	\$1,807.22	\$1,807.22	\$0.00	\$0.00	\$0.00
UNIQUE LINEN SERVICES, INC.	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
UNITED FISH DISTRIBUTORS	\$0.32	\$0.32	\$0.00	\$0.00	\$0.00
UNITED LINEN SERVICE, LLC.	\$655.04	\$337.30	\$158.87	\$158.87	\$0.00
UNITED MEAT & DELI	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
URBANREST BREWING COMPANY	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
US ECOLOGY MICHIGAN	\$357.75	\$357.75	\$0.00	\$0.00	\$0.00
US ECOLOGY ROMULUS, INC.	\$3,212.51	\$3,212.51	\$0.00	\$0.00	\$0.00

## GLWA Aged Accounts Receivable- POLLULANT SURCHARGE ACCOUNTS

Balances as of 06/30/24

Customer Name	Total Due	Current	46 - 74 Days	75 - 104 Days	>105 Days
USHER OIL SERVICES	\$ (610.64)	\$0.00	\$0.00	\$0.00	\$ (610.64)
VALICOR ENVIROMENTAL SERVICE	\$50.21	\$50.21	\$0.00	\$0.00	\$0.00
VALICOR ENVIRONMENTAL SERVIC	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
VAUGHAN INDUSTRIES, INC.	\$48.62	\$48.62	\$0.00	\$0.00	\$0.00
VERNDALE PRODUCTS	\$11,883.48	\$11,883.48	\$0.00	\$0.00	\$0.00
VERNDALE PRODUCTS, INC.	\$6,087.85	\$6,087.85	\$0.00	\$0.00	\$0.00
WIGLEY'S MEAT PROCESS	\$204.85	\$204.85	\$0.00	\$0.00	\$0.00
WINTER SAUSAGE MFG. CO.	\$315.97	\$315.97	\$0.00	\$0.00	\$0.00
WINTER SAUSAGE MFG. CO.	\$207.29	\$207.29	\$0.00	\$0.00	\$0.00
WOLVERINE PACKING CO	\$1,669.46	\$1,669.46	\$0.00	\$0.00	\$0.00
WOLVERINE PACKING CO.	\$2,046.28	\$2,046.28	\$0.00	\$0.00	\$0.00
WOLVERINE PACKING CO., PLANT	\$4,455.92	\$4,455.92	\$0.00	\$0.00	\$0.00
WOODWARD AVENUE BREWERS	\$144.24	\$0.00	\$0.00	\$0.00	\$144.24
X-R-I TESTING	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>TOTAL POLLULANT SURCHARGE ACCOUNTS</b>	<b>\$599,131.28</b>	<b>\$572,681.98</b>	<b>\$40,248.65</b>	<b>\$ (16,980.11)</b>	<b>\$3,180.76</b>



## Financial Services Audit Committee Communication

**Date:** October 25, 2024

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

**From:** Haran Stanley, Affordability & Assistance Management Professional

**Re:** Affordability & Assistance Update

### **Service Delivery Partner Engagement**

The Affordability & Assistance team focused the October 2024 monthly meeting with the WRAP service delivery partners to review the WRAP contracts and focus on the agreed-upon deliverables. There was also a discussion about procedures in a WRAP service area. Each service delivery partner was explicitly asked if residents had been turned away due to funding. The responses are below:

- ✓ Macomb Community Action Agency – Servicing Area 5 (Macomb, Lapeer, and St. Clair Counties) – There were a few months when Macomb Community Action needed to defer enrollments for residents seeking water/sewer bill credits and those who are in WRAPfinity. This was communicated as a temporary pause in service.
- ✓ United Way for Southeastern Michigan – Servicing Area 4 (Oakland County) – United Way has not paused any water affordability services. However, there was a pause in energy assistance for residents. The wording on their online application may have been confusing and could have led some people to think that other services had been paused as well.
- ✓ Wayne Metropolitan Community Action Agency – Servicing Area 1 (City of Detroit), Area 2 (City of Flint), and Area 3 (Wayne County (not including Detroit), Monroe, and Washtenaw Counties) – Wayne Metro has continued to offer water affordability services to residents in Area 1 and Area 3 using other funding resources they have acquired beyond the WRAP funding. Area 2 has seen a pause in services supported by WRAP due to funding limitations.

### **Affordability Update**

On September 26, 2024, Haran Stanley, Affordability & Assistance Management Professional, attended the Michigan Department of Environment, Great Lakes, and Energy – Great Lakes Drinking Water Conference. There were great conversations about the future of drinking water in Michigan and meaningful networking with different stakeholders from around the state.

## WRAP Historical Allocations and Spending

Since 2016, there has been significant demand in WRAP services, especially with the implementation of the WRAP Income-Based Plan. The WRAP Balance Rollforward – Accrual Based reflecting activity from FY 2016 through FY 2024 (unaudited) is included below for your review. This shows the funding for each service area along with a historical view of the amount of funds allocated, reallocated, and spent by each service area. Please note that the information shown from FY 2016 to FY 2022 occurred before the implementation of the WRAP Income-Based Plan.

### Great Lakes Water Authority

#### WRAP Balance Rollforward - Accrual Based (unaudited)

Life to Date through June 30, 2024

	Detroit	Flint	Wayne, Washtenaw & Monroe	Oakland	Macomb, St. Clair, Lapeer	
	Area 1	Area 2	Area 3	Area 4	Area 5	Total
<b>INFLOWS/BUDGET</b>						
FY 2016	1,732,196	89,081	1,101,208	1,032,849	548,266	4,503,600
FY 2017	1,788,172	92,340	1,189,370	1,083,681	578,037	4,731,600
FY 2018	1,831,632	40,375	1,260,779	1,165,210	622,208	4,920,204
FY 2019	1,941,435	22,915	1,192,801	1,154,065	620,776	4,931,992
FY 2020	1,968,243	23,663	1,022,068	1,114,023	740,103	4,868,100
FY 2021	3,090,509	24,488	1,057,797	1,149,643	766,064	6,088,501
FY 2022	3,243,669	23,399	1,091,278	1,133,060	753,895	6,245,300
FY 2023	3,197,333	24,818	1,122,223	1,162,878	778,348	6,285,600
FY 2024	3,336,074	25,942	1,285,479	1,081,481	817,626	6,546,602
Total Annual Inflows	22,129,263	367,021	10,323,003	10,076,890	6,225,323	49,121,499
<b>REALLOCATIONS</b>						
FY 2016	1,664,832	53,643	(758,864)	(591,164)	(368,447)	-
FY 2017	786,981	425,635	(599,000)	(330,198)	(283,418)	-
FY 2018	794,400	392,392	(441,153)	(429,264)	(316,375)	-
FY 2019	1,182,593	493,311	(494,672)	(807,449)	(373,783)	-
FY2020 & FY 2021	2,815,194	1,515,874	(777,608)	(2,206,602)	(1,346,858)	-
Annual Reallocations	7,244,000	2,880,855	(3,071,297)	(4,364,677)	(2,688,881)	-
<b>USES</b>						
Services Provided (incl Admin Costs)						
Thru FY 2019	6,082,730	244,505	1,367,305	1,548,136	699,217	9,941,893
FY 2020	3,013,646	352,790	646,836	320,264	132,474	4,466,009
FY 2021	3,771,245	259,307	756,121	349,446	252,992	5,389,110
FY 2022 - OLHSA & MCA	-	-	-	360,108	539,919	900,027
FY 2022 - Wayne Metro	3,780,040	393,203	952,356	50,279	-	5,175,878
FY 2023	8,023,367	1,640,780	1,491,768	830,492	772,215	12,758,622
FY 2024 - Including Yearend Accruals	4,702,236	357,291	1,506,712	1,025,132	1,174,911	8,766,281
Total Annual Uses	29,373,263	3,247,876	6,721,098	4,483,855	3,571,727	47,397,819
<b>Balance Available 6/30/2024</b>	-	-	<b>530,608</b>	<b>1,228,358</b>	<b>(35,285)</b>	<b>1,723,681</b>

Acronyms in above table

OLHSA: Oakland Livingston Human Service Agency

MCA: Macomb Community Action

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



# Water Residential Assistance Program Quarterly Report through June 30, 2024

**Issued October 25, 2024**

### How to learn more about WRAP?

To learn more, connect with GLWA's Affordability & Assistance Team at [WRAP@glwater.org](mailto:WRAP@glwater.org) or visit [www.glwater.org/assistance](http://www.glwater.org/assistance).



### WHAT IS WRAP?



The Water Residential Assistance Program (WRAP) assists eligible low-income households receiving water and/or sewer services through a Great Lakes Water Authority (GLWA) Member Partner Community.

### WHAT DOES WRAP OFFER?

- 💧 Income-based bill credits,
- 💧 Payment of past-due balances
- 💧 Conservation measures like minor plumbing repairs

### HOW LONG CAN A HOUSEHOLD BE IN WRAP?



The program lasts for two years, but households with eligible seniors and permanently disabled persons can receive bill credit assistance without an expiration date.

"I really appreciate the help I'm receiving through the WRAP program. It is feeding me for a week, yes helping me to get food for a week. I'm on [a] very low income and every \$ count [s]. I hope I will continue to receive this help."

~WRAP Customer



# Purpose of this Report

This report provides a review of the FY2024 WRAP budget and spending and projections for FY 2025 for all areas serviced by WRAP as defined below:

- ✓ **Area 1** – The City of Detroit – WRAP is one of the City of Detroit’s funding resources for its water affordability program, the Lifeline Plan. This program is managed by the Detroit Water and Sewerage Department (DWSD), which provides detailed reports outlining the services provided to Detroit households
- ✓ **Area 2** - The City of Flint
- ✓ **Area 3** – Wayne County (outside of the City of Detroit), Monroe, and Washtenaw Counties
- ✓ **Area 4** – Oakland County
- ✓ **Area 5** – Macomb, Lapeer, and St. Clair Counties

## Background

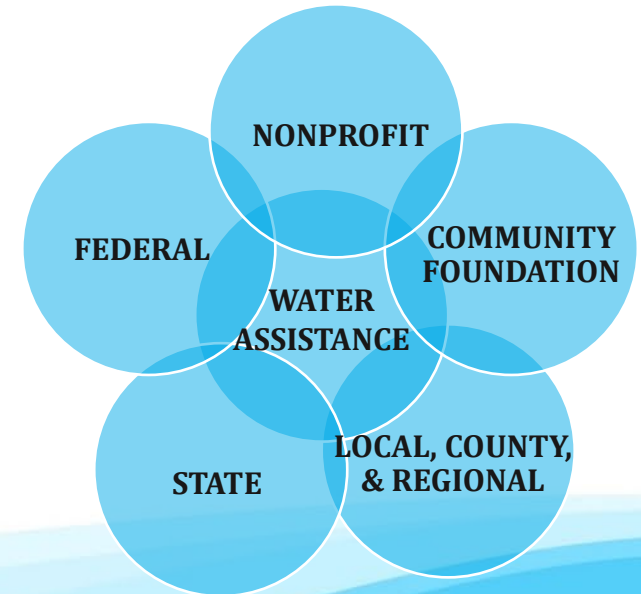
WRAP, a first-of-its-kind program in the country, was created by representatives from throughout the region. GLWA partners with agencies like Macomb Community Action (MCA), United Way for Southeastern Michigan (United Way), and Wayne Metropolitan Community Action Agency (Wayne Metro) to be service delivery partners that deliver WRAP services to residents.

## How does GLWA fund WRAP?

One-half of one percent (0.5%) of GLWA’s budgeted revenues is allocated to fund WRAP. The funds are distributed equitably across the GLWA service region using a funding allocation model.

The WRAP Service Delivery Partners have leveraged other funding sources using the Water Assistance Network to supplement WRAP funding and ensure households are able to continue receiving services.

## Water Assistance Network





# WRAP Highlights

**All 5 Service Areas**  
 2024 Fiscal Year: July 2023 – June 2024



The Affordability & Assistance Team attended the **Inkster Community Assistance Day** event & The **Dearborn Community Assistance Day** event



**9,325**

new households enrolled in Direct Payment Assistance Services



**1,229**

new households enrolled in Conservation/ Healthy Home Services



The Affordability & Assistance Team attended



in support of Wayne Metro receiving the Victorine Q. Adams Award



Created new **WRAPfinity** & **FAQ** fliers for distribution

The Affordability & Assistance Team gave a **WRAP update** to

**5**

**Different Stakeholder Groups:**

- 💧 Water Resource Commissioner’s Water Affordability Coalition
- 💧 GLWA One Water Partnership Meetings
- 💧 GLWA One Water Communication & Education Workgroup
- 💧 Statewide Water Affordability Working Group
- 💧 Michigan Department of Environment, Great Lakes, and Energy 2023 Environmental Justice Conference

# WRAP

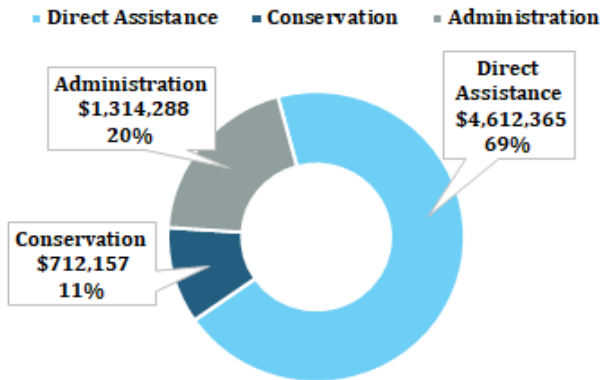
Water Residential Assistance Program

## AREA 1: CITY OF DETROIT

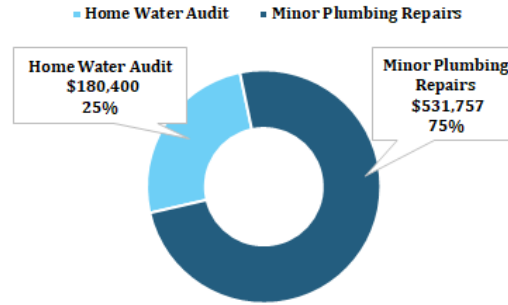
Service Delivery Partner Wayne Metropolitan Community Action Agency provides services to residents throughout the City of Detroit.



### FY 2024 TOTAL FUNDS SPENT



### FY 2024 CONSERVATION FUNDS SPENT



**\$4,612,365** Total Gap Payments Paid

**\$21,631,883** Total Gap Payments funds Committed



**6,751** \*Households enrolled in **Direct Payment Assistance**

**451** \*Households enrolled in **Conservation / Healthy Home Services**

\*FY 2024 New Enrollees



**100%** of FY 2024 WRAP budget allocation **utilization** (\$4.6 million)

Additional services were funded using rollforward funds

WRAP Rollforward FY 2024	
FY 2023 Rollforward Funding	\$1,286,954
FY 2024 Budgeted Funding	3,336,073
<b>FY 2024 Total Available</b>	<b>\$4,623,027</b>
Services Funded by Other Resources and Adjustments	2,015,783
<b>Services Provided FY 2024</b>	<b>\$6,638,810</b>

### How is Lifeline Plan different from WRAP?

- Arrearage balances are completely erased upon enrollment
- Gap payments are determined based on income. The payment amount is an all-in bill amount of \$18, \$43, or \$56 based on income, with up to 1,125 gallons of indoor water usage per household member per month
- Plumbing repairs up to \$2,000 based on water audit
- Households are enrolled as long as their income qualifies. There is no maximum timeframe

# WRAP

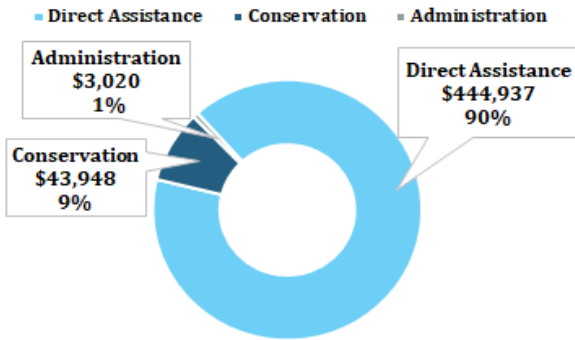
Water Residential Assistance Program

## AREA 2: CITY OF FLINT

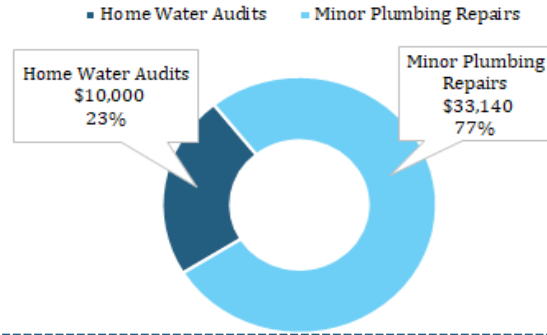
Service Delivery Partner Wayne Metropolitan Community Action Agency provides WRAP services to residents throughout the City of Flint.



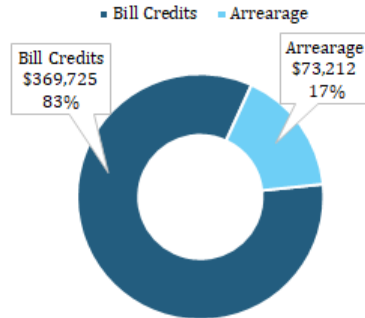
### FY 2024 TOTAL FUNDS SPENT



### FY 2024 CONSERVATION FUNDS SPENT



### FY 2024 Direct Assistance Funds Spent



**4** \*Households enrolled in **Direct Payment Assistance**  
**27** \*Households enrolled in **Conservation / Healthy Home Services**

\*FY 2024 New Enrollees



**100%** of FY 2024 WRAP budget allocation **utilization** (\$26,000)

Additional services were funded using rollforward funds

WRAP Rollforward FY 2024	
FY 2023 Rollforward Funding	\$331,348
FY 2024 Budgeted Funding	25,942
<b>FY 2024 Total Available</b>	<b>\$357,290</b>
Services Funded by Other Resources and Adjustments	132,615
<b>Services Provided FY 2024</b>	<b>\$489,905</b>

### Water Assistance Network



#### Genesee County Community Action Resource Department (GCCARD):

- As of March 2024, \$1.04 million in Low Income Households Water Assistance Program (LIHWAP) funds were allocated and spent
- In April 2024, \$1.9 million in Local Water Utility Assistance Program (LWUA) was allocated



#### City of Flint:

- In July 2024, \$250,000 in American Rescue Plan Act (ARPA) funds were granted to be used to reduce the cost of water services

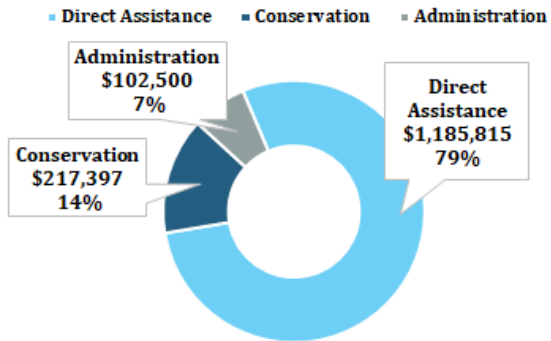
# WRAP

Water Residential Assistance Program

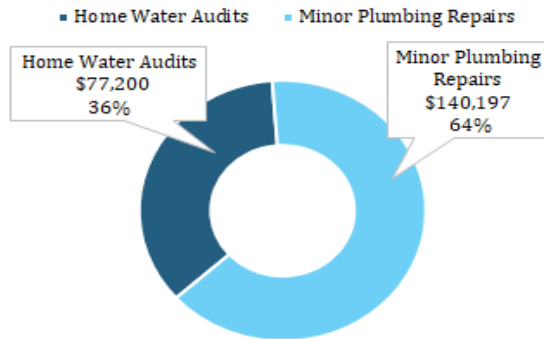
## AREA 3: Wayne County (outside the City of Detroit), Washtenaw & Monroe Counties

Service Delivery Partner Wayne Metropolitan Community Action Agency provides WRAP services to residents throughout Wayne County and portions of Washtenaw and Monroe Counties.

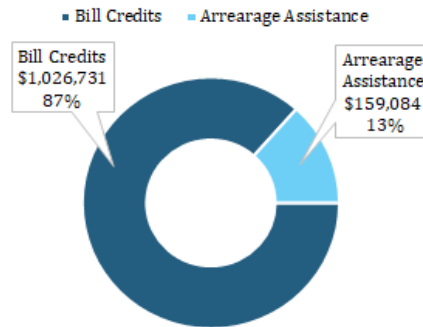
### FY 2024 TOTAL FUNDS SPENT



### FY 2024 CONSERVATION FUNDS SPENT



### FY 2024 DIRECT ASSISTANCE FUNDS SPENT



**1,040** \*Households enrolled in  
**Direct Payment Assistance**  
**195** \*Households enrolled in  
**Conservation / Healthy Home Services**

\*FY 2024 New Enrollees

**100%** of FY 2024 WRAP budget allocation  
**utilization** (\$1.3 million)

Additional services were funded using rollforward funds, leaving a balance of \$0.5 million to use in FY 2025



### WRAP Rollforward FY 2024

FY 2023 Rollforward Funding	\$751,841
FY 2024 Budgeted Funding	1,285,479
<b>FY 2024 Total Available</b>	<b>\$2,037,320</b>
<b>Services Provided FY 2024</b>	<b>\$1,506,712</b>
<b>Rollforward funds available for FY2025</b>	<b>\$530,607</b>



## Water Assistance Network

### Funding administered by Wayne Metro:

- As of March 2024, \$15.9 million in Low Income Households Water Assistance Program (LIHWAP) funds were allocated and spent
- In October 2023, \$14.4 million was awarded (one-time) from the Michigan Department of Health and Human Services (MDHHS) Water Affordability grant
- In April 2024, \$19.7 million was awarded (one-time) by MDHHS' Local Water Utility Assistance Program (LWUA)



Water Residential Assistance Program

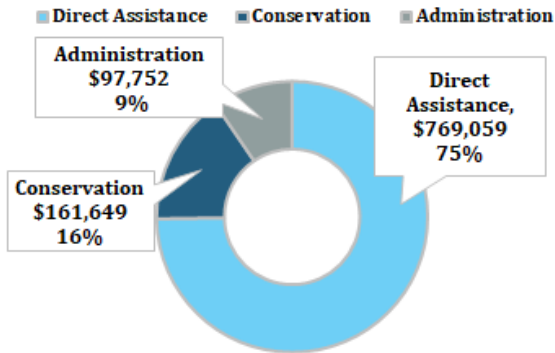
# AREA 4: Oakland County



United Way  
for Southeastern Michigan

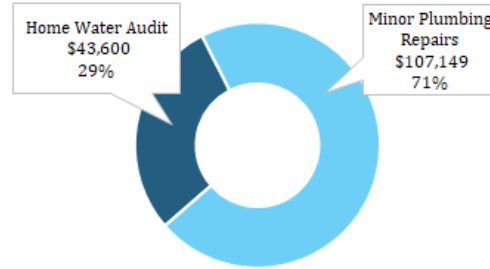
Service Delivery Partner United Way for Southeastern Michigan provides WRAP services to residents throughout Oakland County.

### FY 2024 TOTAL FUNDS SPENT



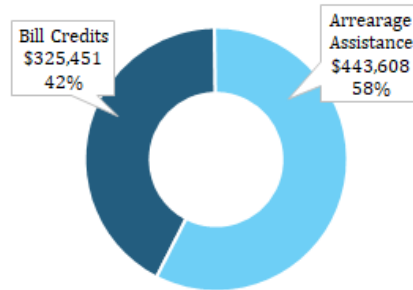
### FY 2024 CONSERVATION FUNDS SPENT

Home Water Audit    Minor Plumbing Repairs



### FY 2024 DIRECT ASSISTANCE FUNDS SPENT

Bill Credits    Arrearage Assistance



**681** \*Households enrolled in **Direct Payment Assistance**  
**109** \*Households enrolled in **Conservation / Healthy Home Services**

\*FY 2024 New Enrollees



**95%** of FY 2024 WRAP budget allocation **utilization** (\$1.0 million)

Rollforward funds are available for use in FY 2025

### WRAP Rollforward FY 2024

FY 2023 Rollforward Funding	\$1,175,338
FY 2024 Budgeted Funding	\$1,081,481
<b>FY 2024 Total Available</b>	<b>\$2,256,819</b>
<b>Services Provided FY 2024</b>	<b>\$1,028,462</b>
<b>Rollforward Funds Available for FY2025</b>	<b>\$1,228,358</b>



In February 2024, the Water Resources Commission (WRC) received a grant of \$300,000 from Oakland County's American Rescue Plan Act (ARPA) funds. The funds have been used to launch its Hardship Assistance Program (HAP). This program will help Oakland County residents who earn up to 300% of the Federal Poverty Level with their water and sewer bills, arrearage payments, and minor plumbing repairs.

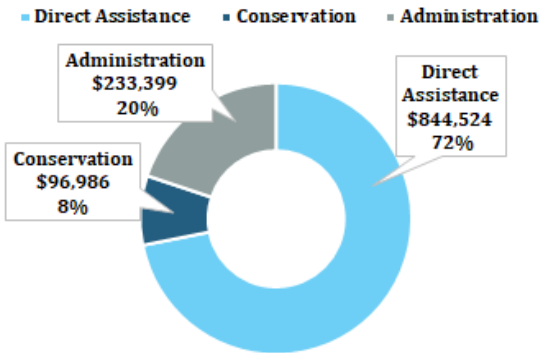


Water Residential Assistance Program

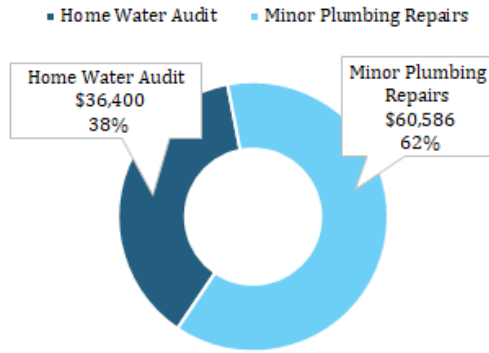
# AREA 5: Macomb, Lapeer, and St. Clair Counties

Service Delivery Partner Macomb Community Action provides WRAP services to residents throughout Macomb County and portions of St. Clair and Lapeer Counties.

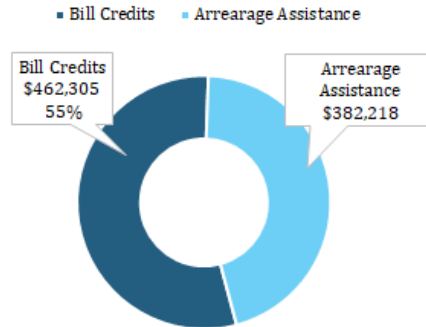
### FY 2024 TOTAL FUNDING SPENT



### FY 2024 CONSERVATION FUNDS SPENT



### FY 2024 DIRECT ASSISTANCE FUNDS SPENT



**849** \*Households enrolled in **Direct Payment Assistance**  
**105** \*Households enrolled in **Conservation / Healthy Home Services**

\*FY 2024 New Enrollees



**100%** of FY 2024 WRAP budget allocation **utilization** (\$818,000)

Additional services were funded using rollforward funds

WRAP FY 2024 Funding	
FY 2023 Rollforward Funding	\$321,999.00
FY 2024 Budgeted Funding	817,627
<b>FY 2024 Total Available</b>	<b>\$1,139,626</b>
<b>Services Provided FY 2024</b>	<b>\$1,174,910</b>
<b>FY 2024 Excess Funding to be Covered in FY 2025</b>	<b>-35,284</b>



Macomb Community Action

## Water Assistance Network

### Funding administered by Macomb Community Action:

- As of March 2024, \$761,000 in Low Income Household Water Assistance Program funds (LIHWAP) has been allocated and spent
- In October 2023, \$970,000 was awarded (one-time) from the Michigan Department of Health and Human Services (MDHHS) Water Affordability grant
- In April 2024, \$1 million was awarded (one-time) by the MDHHS' Local Water Utility Assistance Program (LWUA)



## Financial Services Audit Committee Communication

**Date:** October 25, 2024

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

**From:** Alicia Schwartz, Grants Manager

**Re:** Grants, Gifts, and Other Resources Report Through September 30, 2024

**Highlights:** Key activities to note in this month's report through September 30, 2024, includes the following.

- ✓ **Water System Advisory Council Project (WSAC)** – The Great Lakes Water Authority received \$20,787.23 from Department of Environment, Great Lakes, and Energy (EGLE) for advertisements toward lead in drinking water campaign.
- ✓ **Department of Energy (DOE) - Hydrothermal Liquification Grant** – Received the approval for Budget Period 2 Funding. Demonstration Unit is scheduled to arrive at Water Resource Recovery Facility (WRRF) in late October for Budget Period 2 activity to begin.
- ✓ **Focus Hope - Michigan Industry Cluster Approach (MICA) 4.0** – Organizational Development was awarded MICA 4.0 through Focus Hope. GLWA will receive \$1,000 per apprentice from this program.
- ✓ Items highlighted in yellow in the attached tables reflect changes from the prior report.

**Background:** The Great Lakes Water Authority (GLWA) delegated authority to the Chief Executive Officer to oversee and report on activities identified in the GLWA Articles of Incorporation related to solicitation and receipt of grants, gifts, and other resources <sup>(1)</sup> as stated in Article 4 – Powers, Section B (4):

(4) Solicit, receive, and accept gifts, grants, labor, loans, contributions of money, property, or other things of value, and other aid or payment from any federal, state, local, or intergovernmental government agency or from any other person or entity, public or private, upon terms and conditions acceptable to the Authority, or participate in any other way in a federal, state, local, or intergovernmental government program<sup>(2)</sup>.

*(1) Other resources as referenced above refer to labor, contributions of money, property, or other things of value from any other person or entity, public or private with the exception for loans,*

*subject to provisions of the GLWA Board Debt Management Policy, and Intergovernmental agreements and other activities that are addressed in the GLWA Board Procurement Policy.*

*(2) Participation in any other way in a federal, state local, or intergovernmental government program includes participation in research projects at universities.*

GLWA's Grants, Gifts, and Other Resources Delegation Policy is online at [Grants, Gifts, and Other Resources Delegation Policy - GLWA \(glwater.org\)](https://www.glwater.org/Grants-Gifts-and-Other-Resources-Delegation-Policy).

**Analysis:** The tables in each section of this report present GLWA grant activity by each phase. As a grant moves through each phase, it is shown in the corresponding table.

The **pre-award** phase includes the process of applying for a grant and the period prior to the signing of the grant agreement between the awarding agency and GLWA.

The **award phase** reflects the period after the agreement is executed with the awarding agency. In this phase, GLWA becomes responsible for meeting the administrative, financial, and programmatic reporting requirements of the award.

The **post award** phase is the final stage of grant activity and includes final reporting requirements, auditing, and closeout. There are final financial and programmatic reports that must be submitted to formally close out the grant as defined in each grant agreement.

The **programs not awarded or programs that GLWA will not continue to pursue** is a table that reflects programs that GLWA was not awarded, or alternatively, programs that will not continue to be pursued by GLWA.

Items of note related to each table include the following.

**Table 1 – Pre-Award Programs** reflects open submissions for FY 2023, FY 2024 and FY 2025 to date. The summarized activity below identifies four earmarked EPA Community Grants, one FEMA Flood project, three application submissions and the I-94 Modernization Project grant which is in the National Environmental Policy Act (NEPA) process to identify any environmental impacts related to the grant activities.

**Table 2 - Awarded Programs** reflects all open, awarded grants from FY 2021 through FY 2025. Current month summarized activity below includes three awards related to local nonprofit apprenticeship grants, five reimbursement requests submitted for five associated FEMA Flood projects, one reimbursement received from a SRF ARPA funded project (7532-02), the Department of Energy grant in which one reimbursement request was submitted to the grantor, and a flood study grant where we are required to track costs incurred by GLWA.

**Table 3 – Post Award Programs** Focus Hope – Michigan Industry Cluster Approach (MICA 3.0) was closed. GLWA reimbursement has been received in full and the



programs are in the process of being closed out, including any closeout reporting requirements.

***Table 4 –Programs not awarded or Programs that GLWA will not continue to pursue*** is a table that reflects programs that GLWA was not awarded, or alternatively, programs that will not continue to be pursued by GLWA. No activity this month.



## Financial Services Audit Committee Communication

**Table 1 – Pre-Award Programs** reflects open submissions FY 2023, FY 2024 and FY 2025 to date. The Programs listed under this section do not have a grant agreement between the awarding agency and GLWA at this time, but an application has been submitted or the funds have been identified in legislation (i.e. earmarks). The summarized activity below identifies four earmarked EPA Community Grants, one FEMA Flood project, three application submissions and the I-94 Modernization Project grant which is in the National Environmental Policy Act (NEPA) process to identify any environmental impacts related to the grant activities.

**Table 1 – Pre-Award Programs**

Reference Number	Request Date	Program Description	Type of Activity	Amount to be Provided	Compliance and/or Performance Requirements	Status
2023-002	3/15/2022	FY2022 Environmental Protection Agency Community Grant – Detroit River Interceptor	Federal Grant (Reimbursement Basis)	\$2,000,000	Federal Audit Requirements	Earmark (20% Cost Share)
2023-003	12/19/2022	FY2023 Environmental Protection Agency Community Grant – PFAS Compounds remediations project	Federal Grant (Reimbursement Basis)	\$3,452,972	Federal Audit Requirements	Earmark (20% Cost Share)
2023-015	9/26/2024	Federal Emergency Management Agency (FEMA), June 25-26 Flood, DR-4607 Project 670521 CAT-Z – Allocation of Management Costs	Federal pass-through State (Reimbursement Basis)	\$50,000	Federal Audit Requirements	Grant Amount is Estimated
2023-023	8/30/2023	I-94 Modernization Project	MDOT Federal pass-through State (Reimbursement Basis)	\$34,400,000	Federal Audit Requirements	NEPA Review with the State of Michigan

Reference Number	Request Date	Program Description	Type of Activity	Amount to be Provided	Compliance and/or Performance Requirements	Status
2024-005	12/15/2023	Fiscal Year 2023 Building Resilient Infrastructure and Communities (BRIC) Project Scoping	Federal pass-through State (Reimbursement Basis)	\$856,000	Federal Audit Requirements	Application Submitted by GLWA
2024-007	5/9/2024	Safeguarding Tomorrow Revolving Fund Program	Federal pass-through State (Reimbursement Basis)	\$3,000,000	Federal Audit Requirements	Application Submitted by GLWA
2024-008	08/09/2024	FY2024 MI Clean Diesel Grant	State Grant (Reimbursement Basis)	\$109,648.80	Federal Audit Requirements	Application Submitted by GLWA
2024-009	3/9/2024	FY2024 Environmental Protection Agency Community Grant – Conveyance System Infrastructure Improvements	Federal Grant (Reimbursement Basis)	\$959,752	Federal Audit Requirements	Earmark (20% Cost Share)
2024-009b	3/9/2024	FY2024 Environmental Protection Agency Community Grant – Oakwood District Intercommunity Relief Sewer Modifications	Federal Grant (Reimbursement Basis)	\$959,752	Federal Audit Requirements	Earmark (20% Cost Share)

**Table 2 Awarded Programs** reflects all open, awarded grants from FY 2021 through FY 2025. Current month summarized activity below includes three awards related to local nonprofit apprenticeship grants, five reimbursement requests submitted for five associated FEMA Flood projects, one reimbursement received from a SRF ARPA funded project (7532-02), the Department of Energy grant in which one reimbursement request was submitted to the grantor, and a flood study grant in which we are required to track costs GLWA.

**Table 2 – Awarded Programs**

Reference Number	Request Date	Program Description	Type of Activity	Grant Amount	Compliance and/or Performance Requirements	Status
2022-004	2/23/2022	Water Technician Registered Apprenticeship Program- \$2,225 per apprentice, 25 apprentices	Macomb Community College Tuition (Nonprofit)	\$55,625	None	Ongoing No activity for FY 2024
2023-005	3/28/2023	Department of Energy – Hydrothermal Liquefaction Project	Federal Grant (Reimbursement Basis)	\$1,000,000	Federal Audit Requirements	Reimbursement request of \$176,240 submitted in August 2024
2023-009	03/27/2023	Federal Emergency Management Agency (FEMA), June 25-26 Flood, DR-4607 Project 660133 – Obligated \$80,129 Puritan Fenkell CSO	Federal pass-through State (Reimbursement Basis)	\$80,129	Federal Audit Requirements	Reimbursement Request of \$80,129 submitted in May 2024
2023-010	3/30/2023	Federal Emergency Management Agency (FEMA), June 25-26 Flood, DR-4607 Project 660118 – Obligated \$180,000 WRRF	Federal pass-through State (Reimbursement Basis)	\$180,000	Federal Audit Requirements	Reimbursement Request of \$180,000 submitted in May 2024
2023-012	3/30/2023	Federal Emergency Management Agency (FEMA), June 25-26 Flood, DR-4607 Project 660110 – Obligated \$319,911 Fairview PS	Federal pass-through State (Reimbursement Basis)	\$319,911	Federal Audit Requirements	Reimbursement Request of \$319,911 submitted in May 2024
2023-013	8/31/2024	Federal Emergency Management Agency (FEMA), June 25-26 Flood, DR-4607 Project 714729 Outfalls	Federal pass-through State (Reimbursement Basis)	\$1,332,235.15	Federal Audit Requirements	Reimbursement Request of \$275,167 submitted in February 2024

Reference Number	Request Date	Program Description	Type of Activity	Grant Amount	Compliance and/or Performance Requirements	Status
2023-014	8/23/2023	Federal Emergency Management Agency (FEMA), June 25-26 Flood, DR-4607 Project 664811 Conner Creek Sewer System	Federal pass-through State (Reimbursement Basis)	\$8,888,277	Federal Audit Requirements	Disbursement Request of \$1,805,600 submitted in February 2024
2023-016	7/7/2023	Detroit Employment Solutions Corporation (DESC) Apprentices \$5,000 per apprentice; 9 apprentices	Detroit At Work (Nonprofit)	\$45,000	None	\$25,000 received in the month of August
2023-019	3/3/2021	American Rescue Plan – State Revolving Fund (ARPA) Funded Project 7532-02 96 Inch Water Transmission Main Relocation Phase 2 EGLE	Federal pass-through State (Reimbursement Basis)	\$11,751,730	Federal Audit Requirements	Reimbursement Request of \$5,313,988 received through August 2024
2024-011	7/10/2024	Southeast Michigan Flood Study	Federal (Cost Share Only)	0	Federal Audit Requirements	Cost Share Agreement – GLWA share \$1,500,000
2024-014	06/07/2023	Focus Hope – Michigan Industry Cluster Approach (MICA 4.0)	Focus Hope (Nonprofit)	\$43,000	None	New Grant Agreement with Focus Hope

**Table 3 – Post Award Programs** the below award was closed. GLWA reimbursement has been received in full and the programs are in the process of being closed out, including any closeout reporting requirements.

Reference Number	Request Date	Program Description	Type of Activity	Grant Amount	Compliance and/or Performance Requirements	Status
2021-012	9/21/2021	Michigan Industrial Cluster Approach (MICA 3.0) Apprenticeship Program - \$1,000 per apprentice, 45 apprentices	Focus Hope (Nonprofit)	\$45,000	None	Grant has ended

Reference Number	Request Date	Program Description	Type of Activity	Grant Amount	Compliance and/or Performance Requirements	Status
2023-006	2/21/2023	FEMA June Flood DR-4607 Project 660138 Seven Mile CSO	Federal pass through-State (Reimbursement Basis)	\$46,996.16	Federal Audit Requirements	Working with MSP to close out grant
2023-007	3/27/2023	FEMA June Flood DR-4607 Project 660076 Springwell Water Treatment Plant	Federal pass through-State (Reimbursement Basis)	\$180,000	Federal Audit Requirements	Working with MSP to close out grant
2023-008	3/30/2023	FEMA June Flood DR-4607 Project 668336 Fairview PS Protective Measures	Federal pass through-State (Reimbursement Basis)	\$180,000	Federal Audit Requirements	Working with MSP to close out grant
2024-013	4/11/2024	Water System Advisory Council Grant	Federal pass through-State (Reimbursement Basis)	\$20,787.23	Federal Audit Requirements	All required documentation provided to State of Michigan

**Table 4 –Programs not awarded or Programs that GLWA will not continue to pursue** is a table that reflects programs that GLWA was not awarded, or alternatively, programs that will not continue to be pursued by GLWA. There is no activity for this month.

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



The Semiannual Debt Report includes the following:

1. Key Takeaways
2. Background
3. Look Ahead – Five Year Capital Financing Plan
4. Existing Debt
5. Debt Service Coverage
6. Refinancing

## Key Takeaways

- ✓ The purpose of this report is to provide a resource for stakeholders and to support management decisions as capital financing needs evolve.
- ✓ GLWA continues to enhance transparency by including the Debt Summary Report in the Audit Committee Binder semiannually.
- ✓ GLWA has twenty-three active State Revolving Fund (SRF) loans, eleven for water and twelve for sewer. On behalf of DWSD, GLWA is administering four projects for water and three for sewer.
- ✓ GLWA completed a refunding transaction for water and sewer in June 2024.
- ✓ Other key items of interest include the following balances as of September 30, 2024.

As of September 30, 2024 (\$ Millions)		
	Water	Sewer
FY 2025 Approved SRF Projects - <b>Table 5</b>	\$51.2	\$118.1
DWSD Obligation Receivable - <b>Table 6</b>	\$528.6	\$343.5
GLWA Outstanding Debt - <b>Table 8</b>	\$2,498.3	\$2,741.4

## Background

Pursuant to leases that became effective on January 1, 2016, the Great Lakes Water Authority (GLWA) assumed possession and control of the regional assets of both the water supply and sewage disposal systems owned by the City of Detroit (City), which were previously operated by the Detroit Water and Sewerage Department (DWSD). GLWA assumed certain liabilities including State Revolving Fund loans and 100% of the revenue bond debt issued by DWSD prior to January 1, 2016.

The bonds are repaid by the revenues of the water and sewage disposal systems including the DWSD retail system (local system) revenues which are the exclusive property of GLWA in accordance with Section 5.7 of each lease agreement. DWSD is GLWA's agent for purposes of billing and collection of the retail system revenues for both the water and sewer system, as set forth in a water and sewer services agreement between the City and GLWA. All revenue receipts are deposited into a trust and administered in compliance with the Master Bond Ordinance, applicable to each system (referred to herein collectively as the "MBO").

The leases also provide that GLWA will finance local system improvements of DWSD. GLWA is the obligor of 100% of the debt payable which is recorded in GLWA's books. An "obligation receivable" is recorded by GLWA which represents the amount related to the DWSD local system improvements. Accordingly, DWSD records a corresponding "obligation payable" for a like amount.

GLWA maintains detailed records of all debt issuances and how the responsibility for payment of debt is allocated between the regional system and local system, as well as between the water and sewer systems. GLWA and DWSD regularly reconcile interrelated accounts between the entities.

The lease agreements, water and sewer services agreement, and MBO noted above are available on GLWA's website at [www.glwater.org](http://www.glwater.org). The above explanation is a synopsis of key points and is not intended to fully represent the agreements or any sub-sections thereof.

## Look Ahead - Five Year Capital Financing Plan

The following tables summarize the projected Capital Improvement Program (CIP) funding to be provided by proceeds received from the issuance of new revenue bonds and draws on committed SRF loans. *The financing plan is dynamic and changes with the pace of capital spending and alignment with refunding opportunities.*

GLWA closed on revenue bond transactions in June 2024 to refinance existing obligations of GLWA for debt service savings. This transaction achieved substantial reductions in future cash flow savings requirements of \$67.5 million for water system and \$62.9 million for sewer system. The reserve requirement was reduced to \$0 upon the closing of this transaction, which represents the culmination of a long-term strategy to modernize the Master Bond Ordinances and creates a more efficient structure for future borrowings.

**Table 1 - GLWA Projected Financing FY 2025 - FY 2029** provides a breakdown of projected financing based on the FY 2025 and FY 2026 Biennial Budget adopted by the GLWA Board of Directors and the related Five-Year Financial Plan.

	Projected Funding Needs for Regional System				
	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
<b>Water</b>					
Revenue Bonds	\$ 288,000,000	\$ -	\$ 419,000,000	\$ -	\$ 257,000,000
SRF loan draws	\$ 30,800,000	\$ 14,230,000	\$ -	\$ -	\$ -
Total projected funding Water	\$ 318,800,000	\$ 14,230,000	\$ 419,000,000	\$ -	\$ 257,000,000
<b>Sewer</b>					
Revenue Bonds	\$ -	\$ -	\$ 178,000,000	\$ -	\$ 209,000,000
SRF loan draws	\$ 96,852,000	\$ 120,693,000	\$ 113,146,000	\$ 62,828,000	\$ 24,755,000
Total projected funding Sewer	\$ 96,852,000	\$ 120,693,000	\$ 291,146,000	\$ 62,828,000	\$ 233,755,000



**Table 2 - DWSD Projected Financing FY 2025 – FY 2029** provides a breakdown of projected financing based on the current, approved local system CIP presented to the DWSD board at the April 17, 2024 Board of Water Commissioners meeting. It is important to note the amounts represented in revenue bonds reflect the funding needs by year and not a revenue bond transaction for each year. GLWA and DWSD coordinate the timing for additional revenue bonds to ensure efficiency in the debt management process.

Projected Financing for Local System					
	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
<b>Water</b>					
Revenue Bonds	\$ 29,200,000	\$ 41,740,000	\$ 26,750,000	\$ 17,250,000	\$ 12,250,000
SRF loan draws	\$ 16,000,000	\$ 26,000,000	\$ 26,000,000	\$ 21,000,000	\$ 21,000,000
Total projected funding Water	\$ 45,200,000	\$ 67,740,000	\$ 52,750,000	\$ 38,250,000	\$ 33,250,000
<b>Sewer</b>					
Revenue Bonds	\$ 13,250,000	\$ 26,550,000	\$ 35,250,000	\$ 19,250,000	\$ 2,250,000
SRF loans draws	\$ -	\$ 58,480,000	\$ 37,760,000	\$ 12,960,000	\$ 10,000,000
Total projected funding Sewer	\$ 13,250,000	\$ 85,030,000	\$ 73,010,000	\$ 32,210,000	\$ 12,250,000

## Existing Debt

**Current Debt Ratings:** Bond ratings are a key measure of an organization’s financial strength. Ratings are established by independent agencies that conduct detailed reviews of an organization’s operational and financial performance to assist those seeking to invest in an organization through the purchase of bonds. GLWA actively monitors its debt ratings and continually seeks to make operational and financial improvements to improve its bond ratings. Achieving higher ratings will allow GLWA to finance its capital needs at lower interest rates.

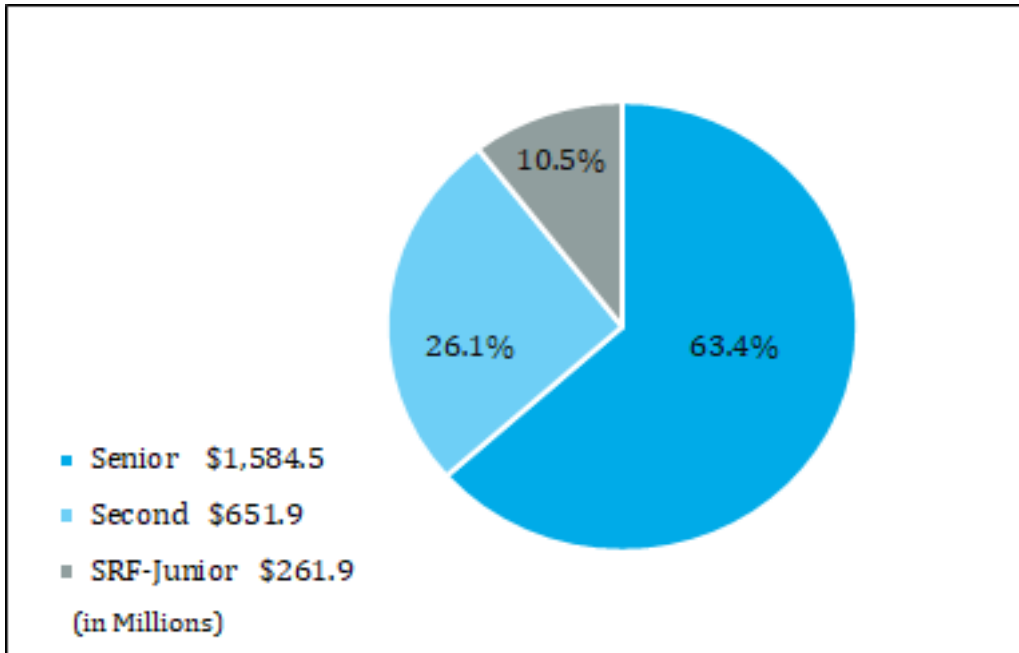
In advance of the June 2024 bond transaction, GLWA secured affirmation of the ‘AA’ category from three bond rating agencies. Moody’s Investors Service affirmed GLWA’s senior lien debt rating at ‘Aa3’ for both the water and sewer systems. Fitch Ratings affirmed GLWA’s senior lien debt for the sewer system to ‘AA-’ and affirmed its A+ rating for the water system. Standard & Poor Global Ratings affirmed its outstanding senior lien water and sewer system debt at ‘AA-’.

**Table 3 – Debt Ratings by System** provides a summary of the debt ratings.

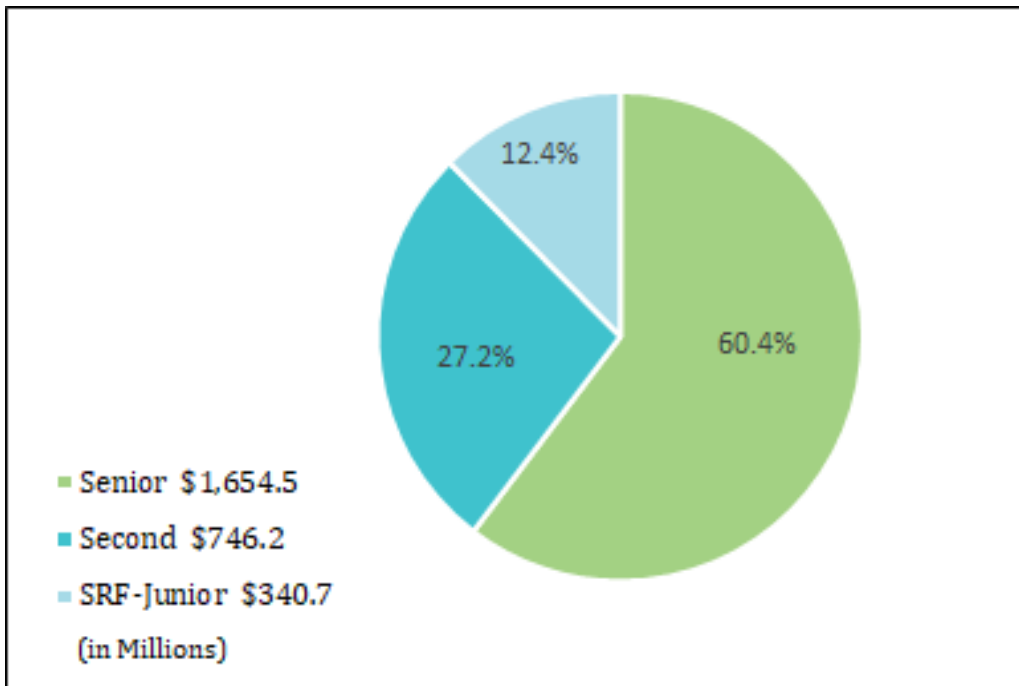
Current Debt Ratings			
	S&P Global Ratings	Moody's Investors Service	Fitch Ratings
<b>Water Supply System Revenue Bonds</b>			
Senior lien	AA-	Aa3	A+
Second lien	A+	A1	A
Junior lien	A+	N/A	N/A
Outlook	Stable	Stable	Stable
<b>Sewage Disposal System Revenue Bonds</b>			
Senior lien	AA-	Aa3	AA-
Second lien	A+	A1	A+
Junior lien	A+	N/A	N/A
Outlook	Stable	Stable	Positive

**Debt Allocation:** GLWA has nearly \$2.5 billion in water system debt and nearly \$2.7 billion in sewer system debt for a combined total of over \$5.2 billion. Debt within each system is prioritized according to its security interest, or lien category, with senior lien debt having the highest security interest, followed by second lien and finally junior lien.

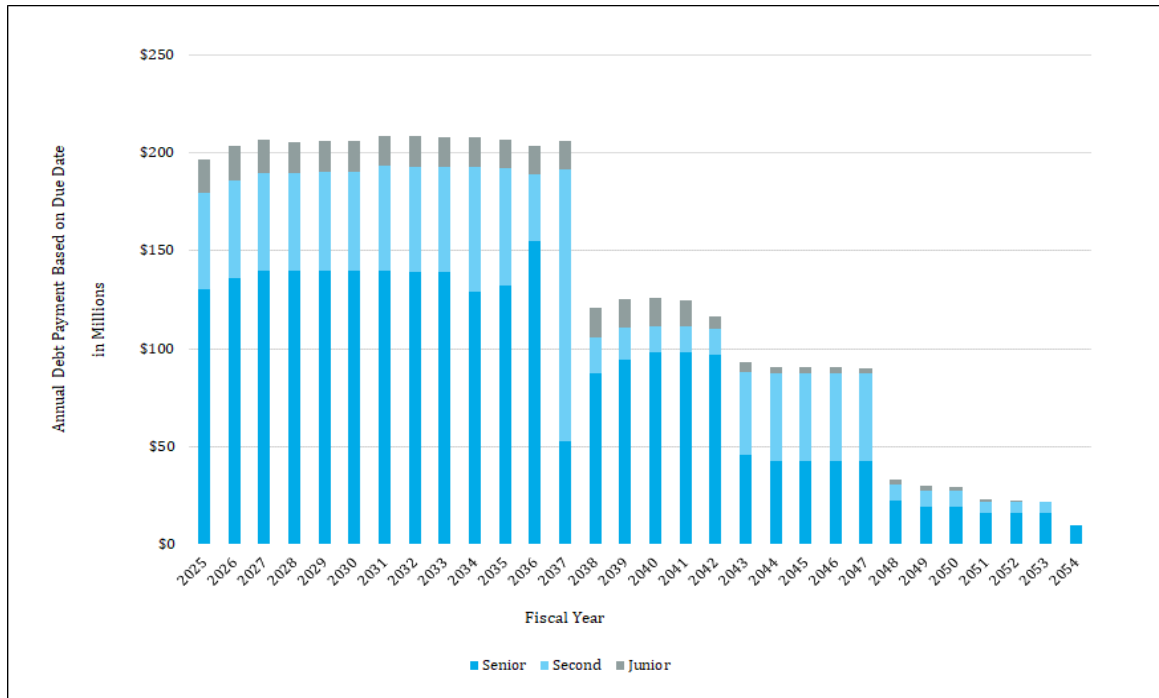
**Chart 1 - Debt Type by Lien - Water** provides a breakdown of the total water system debt for both the regional and local systems by lien type.



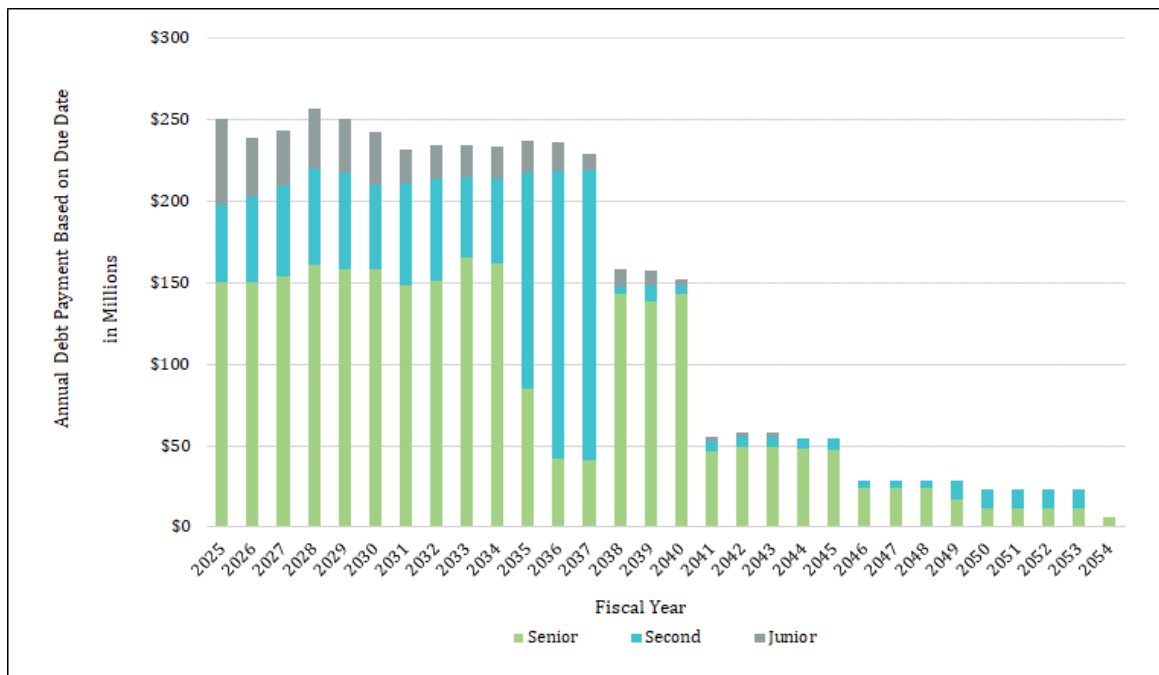
**Chart 2 - Debt Type by Lien - Sewer** provides a breakdown of the total sewer system debt for both the regional and local systems by lien type.



**Chart 3 – Annual Debt Service Payments by Lien – Water** provides the annual debt service installment requirements for each fiscal year.



**Chart 4 – Annual Debt Service Payments by Lien – Sewer** provides the annual debt service installment requirements for each fiscal year.



**Note:** The figures in these charts reflect the debt service installment requirements for each fiscal year, which are required by the MBO to be set aside monthly in advance of actual payment dates. This information will differ from the Annual Comprehensive Financial Report which reflects when the actual payments are made to the bond paying agent.

**State of Michigan's State Revolving Fund (SRF) Programs:** GLWA participates in the Clean Water State Revolving Fund (CWSRF) to finance qualified sewage disposal system projects and the Drinking Water State Revolving Fund (DWSRF) to finance qualified water supply system projects. For the purposes of this report, both water and sewer projects financed through these programs will be referred to as either water or sewer SRF loans.

These loan programs have interest rates that are well below open market interest rates (current estimate approximately 4.0%) and are repaid over 20-30 years. For the State's 2025 fiscal year, the DWSRF and CWSRF program rates are 2.5% for 20-year loans and 2.75% for 30-year loans. Overburdened applicant's rates are 2.0% and significantly overburdened applicant's rates are 1.0% for 20- and 30-year loans. Interest on each loan is based on the amount of funds disbursed and not the full loan amount.

In order to be considered for funding through the CWSRF or DWSRF program, GLWA must submit an Intent to Apply Form for each new project submission or resubmission (carryover from previous years) by November 1<sup>st</sup>. A Board approved project planning document is due to the Michigan Department of Environment, Great Lakes, and Energy ("EGLE", and formerly known as the Michigan Department of Environmental Quality or MDEQ) for each new project submission by May 1 for CWSRF and June 1 for DWSRF. Once the project is approved for funding, and the loan closing occurs, GLWA may begin drawing down on the loan. A disbursement request can be made after engineering and/or construction costs are paid.

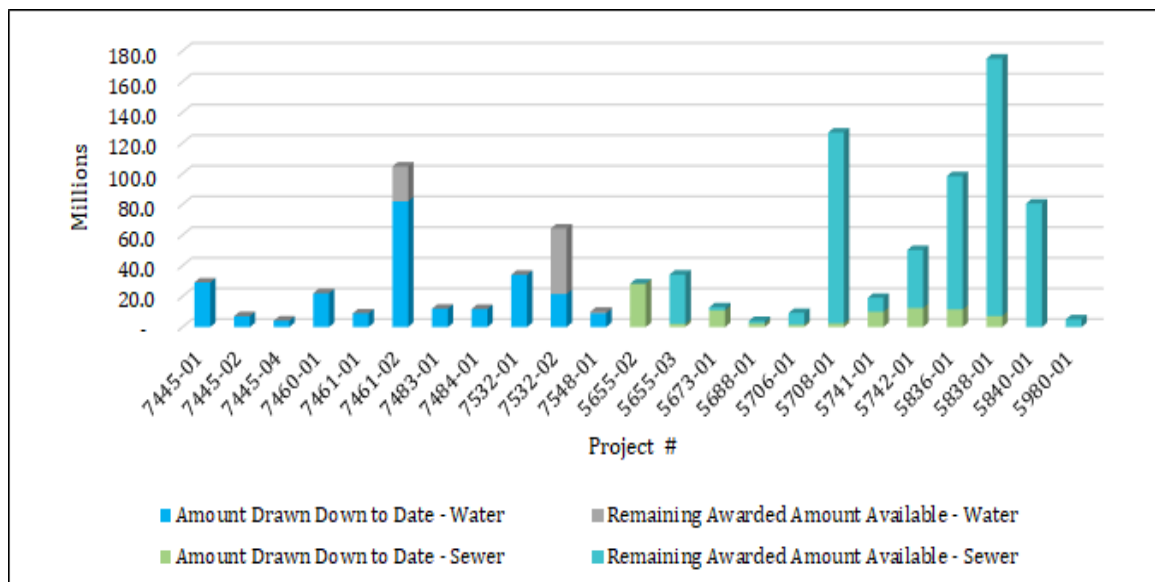
**State Revolving Fund Loans:** GLWA's strategy is to maximize its use of SRF loans to finance qualified capital projects. GLWA currently has \$261.9 million in outstanding water SRF loans and \$340.7 million in outstanding sewer SRF loans.



**Table 4 - Active SRF Project Summary** provides information regarding each loan currently being drawn down including the loan award date which is also referred to as the Order of Approval date by the State of Michigan.

State Loan #	CIP Reference	Description	Order of Approval	Project Total (\$ Millions)
<b>SRF Water - DWSD Projects</b>				
7460-01	WS-710 & 711	Water Main Replacement	7/15/2020	\$22.0
7483-01	WS-715 & 718	Water Main Replacement	9/9/2020	\$12.0
7484-01	WS-713	Water Main Replacement - Jefferson Chalmers	8/6/2021	\$11.7
7548-01	WS-721	Lead Service Line Water Main Replacement	4/8/2022	\$10.0
<b>SRF Water - GLWA Projects</b>				
7445-01	122003	Northeast Transmission Phase 1	8/9/2019	\$29.1
7445-02	122003	Northeast Transmission Main - Phase 2a	8/7/2020	\$7.2
7445-04	122003	Northeast Transmission Main - Phase 3a	5/28/2021	\$4.2
7461-01	122013	14 Mile Transmission Main Loop - Phase 1	8/7/2020	\$9.0
7461-02	122013	14 Mile Transmission Main Loop - Phase 2	8/6/2021	\$104.7
7532-01	122004	96-inch Water Transmission Main Relocation Project - Phase 1	8/29/2022	\$34.1
7532-02	122004	96-inch Water Transmission Main Relocation Project - Phase 2	6/26/2023	\$64.2
<b>Total Water</b>				<b>\$308.2</b>
<b>SRF Sewer - DWSD Projects</b>				
5688-01	DWS-916	Sewer Main Rehab/Rplcmt - Project A	9/9/2020	\$4.0
5706-01	DWS-917 & 918	Sewer Main Replacements - Project B	9/9/2021	\$9.2
5980-01	PC-818	CSO West Chicago South Stormwater Improvements	8/7/2024	\$5.1
<b>SRF Sewer - GLWA Projects</b>				
5655-02	222002	Detroit River Interceptor Segment 2	3/27/2020	\$28.4
5655-03	222002	Detroit River Interceptor Segment 3	5/16/2020	\$34.2
5673-01	211008	PS-1 Ferric Chloride System Rehabilitation	2/26/2021	\$12.9
5708-01	232005	Freud Pump Station	4/8/2024	\$126.8
5741-01	260701	In-System Storage Device & Dam & Valve Remote Evaluation & Rehabilitation	8/29/2022	\$19.0
5742-01	260204	Connor Creek Sewer System Rehabilitation	8/8/2022	\$50.2
5836-01	211006	Pump Station #1 Rehabilitation	5/15/2023	\$98.4
5838-01	212008	WRRF Aeration Improvements 1 and 2	12/20/2023	\$175.0
5840-01	222001	Oakwood District Intercommunity Relief Sewer Modification	12/20/2023	\$80.5
<b>Total Sewer</b>				<b>\$643.7</b>

**Chart 5 - Open State Revolving Fund Loans** summarizes all current SRF loans held by GLWA (including financings on behalf of DWSD) that are active (reference Table 4 above for project descriptions). It summarizes the original award amount remaining and the amount drawn down as of September 30, 2024 for each loan. On September 30, 2024, the amount of SRF loans authorized and unissued is \$66.6 million for the Water fund and \$554.3 million for the Sewage Disposal Fund.



**Table 5 - Project Plans Approved by EGLE for FY 2025** provides a list of all projects that were approved for funding in EGLE's *Draft* Intended Use Plan. The Intended Use Plan outlines how EGLE will distribute funds for the upcoming fiscal year. Following the release of the *Final* Intended Use Plan, applicants will have until December to decide whether they will be moving forward or forgo the funding.

Project Owner	CIP Number	Description	Estimated Award Amount	Anticipated Funding Date
<b>Water SRF</b>				
DWSD	WS-741	Water Main Replacement, Various Locations in Detroit District 1	\$ 25,670,000	FY 2025
DWSD	WS-742	Water Main Replacement, Various Locations in Detroit District 2	\$ 25,540,000	FY 2025
<b>Total Water SRF</b>			<b>\$ 51,210,000</b>	

<b>Sewer SRF</b>				
DWSD	NA	Schoolcraft South CSO Improvements	\$ 22,660,000	FY 2025
DWSD	NA	West Chicago North CSO Improvements	\$ 17,510,000	FY 2025
DWSD	NA	Schoolcraft North CSO Improvements	\$ 20,805,000	FY 2025
GLWA	270004	CSO Improvement Project - Oakwood & Lieb	\$ 57,100,000	FY 2025
<b>Total Sewer SRF</b>			<b>\$ 118,075,000</b>	

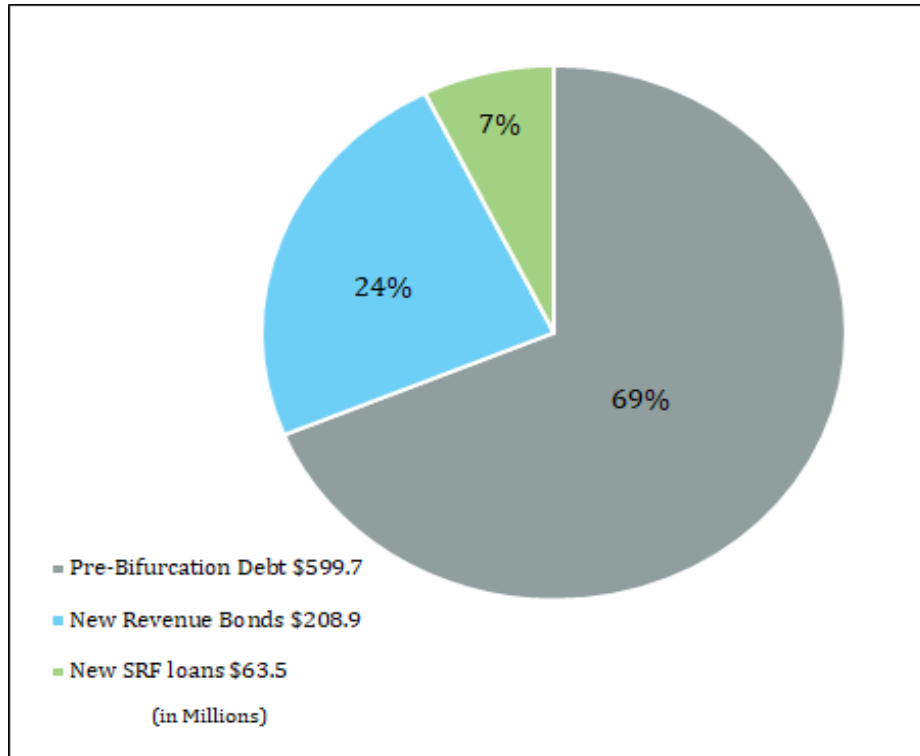
**DWSD Obligation Receivable:** GLWA holds an obligation receivable from DWSD as an asset to account for the amount due for financing local system capital projects. DWSD carries a like amount of this as an obligation payable on its statement of net assets.

There are three components to the calculation of the DWSD obligation receivable. These are:

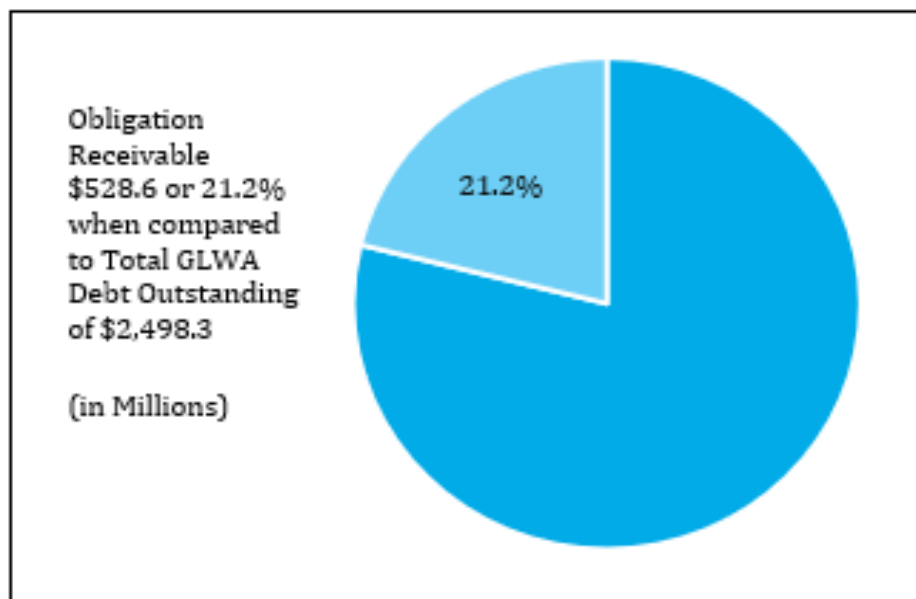
- a) an agreed upon amount for pre-January 1, 2016 (i.e. "pre-bifurcation") debt as documented in a 2018 Memorandum of Understanding (\$455 million for water system and \$370 million for sewer per agreed-upon amortization schedules),
- b) new revenue bonds issued after January 1, 2016 to specifically fund the DWSD local system capital improvement projects which are payable based on the allocable share of the actual bonds debt service schedule, and
- c) SRF loans issued after January 1, 2016 for specific DWSD capital projects which are payable based on the allocable share of the actual loan payment schedule.

All retail customer revenues are deposited into a trust to fund these financial obligations in accordance with the MBO flow of funds.

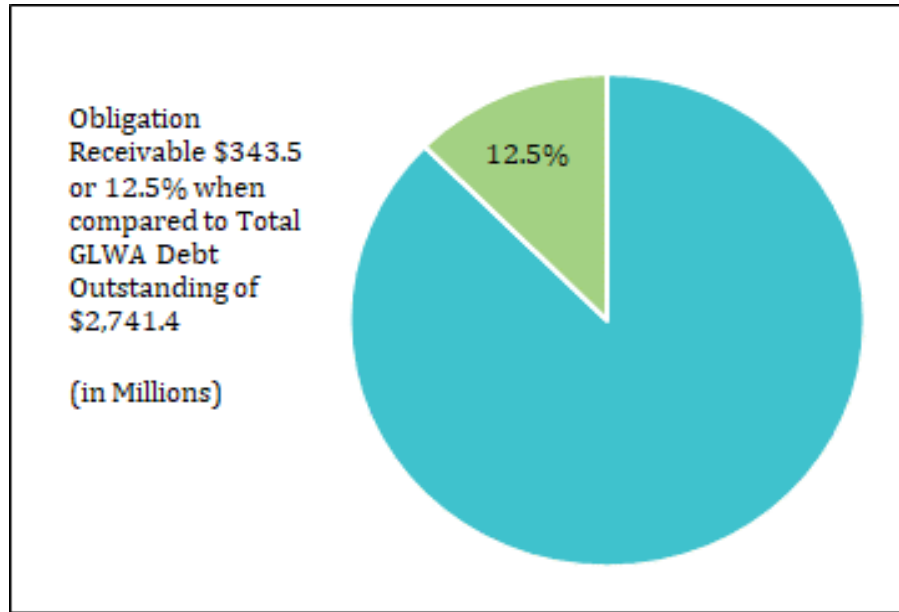
**Chart 6 - DWSD Obligation Receivable by Type** summarizes the total DWSD obligation receivable balance for both Water and Sewer as of September 30, 2024 by pre-bifurcation, revenue bond and SRF component.



**Chart 7 - Obligation Receivable Compared to Total Debt - Water** provides context by comparing the Water System Obligation Receivable to the Total Water Debt (excludes unamortized premiums).



**Chart 8 – Obligation Receivable Compared to Total Debt - Sewer** provides context by comparing the Sewer System Obligation Receivable to the Total Sewer Debt (excludes unamortized premiums).





**Table 6 - DWSD Obligation Receivable** provides obligation receivable detail including fiscal year 2025 beginning balances by debt type and loan issue (for revenue bonds and SRF loans), year-to-date activity and ending balances as of September 30, 2024. Total DWSD debt totals \$896.9 million. This differs slightly from the total in Chart 6 due to the inclusion of unamortized premiums.

Debt Type	July 1, 2024 Beg Balance	Increase	Decrease	SRF Debt Forgiveness	September 30, 2024 End Balance
<b>DWSD Water</b>					
Pre-Bifurcation Debt	\$ 336,137	\$ -	\$ (4,360)		\$ 331,777
Revenue Bond - 2016A	17,725	-	-	-	17,725
Revenue Bond - 2016B	33,015	-	-	-	33,015
Revenue Bond - 2020A	41,615	-	-	-	41,615
Revenue Bond - 2020B	42,295	-	-	-	42,295
SRF 7412-01	4,461	-	-	-	4,461
SRF 7413-01	2,884	-	-	-	2,884
SRF 7414-01	5,033	-	-	-	5,033
SRF 7447-01	10,235	-	-	-	10,235
SRF 7460-01	19,000	-	-	-	19,000
SRF 7483-01	10,156	-	-	-	10,156
SRF 7484-01	10,425	-	-	-	10,425
SRF 7548-01	-	434	-	(434)	-
Total DWSD Obligation	532,980	434	(4,360)	(434)	528,620
Unamortized Premiums	17,303	-	(200)		17,103
<b>Subtotal: Water</b>	<b>550,283</b>	<b>434</b>	<b>(4,559)</b>	<b>(434)</b>	<b>545,724</b>
<b>DWSD Sewer</b>					
Pre-Bifurcation Debt	271,560	-	(3,628)	-	267,932
Revenue Bond - 2018A	74,225	-	-	-	74,225
SRF 5688-01	1,346	-	-	-	1,346
SRF 5706-01	-	82	-	(82)	-
SRF 5980-01	-	-	-	-	-
Total DWSD Obligation	347,131	82	(3,628)	(82)	343,503
Unamortized Premiums	7,736	-	(106)	-	7,630
<b>Subtotal: Sewer</b>	<b>354,867</b>	<b>82</b>	<b>(3,734)</b>	<b>(82)</b>	<b>351,133</b>
<b>Total DWSD Debt</b>	<b>\$ 905,150</b>	<b>\$ 516</b>	<b>\$ (8,293)</b>	<b>\$ (516)</b>	<b>\$ 896,857</b>

**Table 7 – DWSD Loan Forgiveness** provides a summary of loan principal forgiven on DWSD SRF loans closed after January 1, 2016. EGLE grants principal loan forgiveness on qualified planning costs for disadvantaged communities. Through September 30, 2024, \$31.5 million or 27% of approved, DWSD SRF loans have been forgiven as a disadvantaged community.

State Loan #	Approved Amount	Loan Forgiveness
<b>DWSD Water SRF</b>		
SRF 7412-01	10,605,000	1,000,000
SRF 7413-01	5,180,000	1,000,000
SRF 7414-01	8,675,000	2,000,000
SRF 7447-01	16,500,000	4,711,944
SRF 7460-01	22,570,000	2,031,300
SRF 7483-01	13,355,000	1,201,950
SRF 7484-01	12,845,000	1,316,050
SRF 7548-01	10,000,000	10,000,000
<b>Subtotal: Water</b>	<b>99,730,000</b>	<b>23,261,244</b>
<b>DWSD Sewer SRF</b>		
SRF 5688-01	4,040,000	808,000
SRF 5706-01	9,175,000	2,293,750
SRF 5980-01	5,088,092	5,088,092
<b>Subtotal: Sewer</b>	<b>18,303,092</b>	<b>8,189,842</b>
<b>Total DWSD Debt</b>	<b>\$ 118,033,092</b>	<b>\$ 31,451,086</b>

**Annual Change in Outstanding Debt:** It is the goal of GLWA to ensure the long-term sustainability of the water and sewer systems. One of the best ways to accomplish this is by reducing the debt service payments on existing bonds as well as reducing the amounts of future bond issues by using revenue financed capital.

**Table 8 - Long-Term Debt Summary** provides a detail of GLWA's fiscal year 2024 beginning balances by debt type and loan issues, year-to-date activity, and ending balances as of September 30, 2024. GLWA debt includes financing for both the regional and local share.

Debt Type	June 30, 2024 Beg				Debt		September, 2024 End Balance
	Balance	Increase	Decrease	Refunding	Forgiveness		
<b>Water Fund</b>							
Revenue Bonds	\$ 2,317,305,000	\$ -	\$ (80,840,000)	\$ -	\$ -	\$ -	\$ 2,236,465,000
State Revolving Loans	241,020,621	21,265,717	-	-	(433,855)	-	261,852,483
Unamortized Premiums / Discounts	181,159,119	-	(4,469,165)	-	-	-	176,689,954
<b>Subtotal: Water</b>	<b>2,739,484,740</b>	<b>21,265,717</b>	<b>(85,309,165)</b>	<b>-</b>	<b>(433,855)</b>	<b>-</b>	<b>2,675,007,437</b>
<b>Sewer Fund</b>							
Revenue Bonds	2,496,520,000	-	(95,885,000)	-	-	-	2,400,635,000
State Revolving Loans	336,808,208	4,021,911	-	-	(81,992)	-	340,748,127
Unamortized Premiums / Discounts	109,621,911	-	(2,123,639)	-	-	-	107,498,272
<b>Subtotal: Sewer</b>	<b>2,942,950,119</b>	<b>4,021,911</b>	<b>(98,008,639)</b>	<b>-</b>	<b>(81,992)</b>	<b>-</b>	<b>2,848,881,399</b>
<b>Total Combined, Long Term Debt</b>	<b>\$ 5,682,434,859</b>	<b>\$ 25,287,628</b>	<b>\$ (183,317,805)</b>	<b>\$ -</b>	<b>\$ (515,847)</b>	<b>\$ -</b>	<b>\$ 5,523,888,835</b>

## Debt Service Coverage

GLWA is committed to ensuring the long-term sustainability of the water and sewer systems and has pledged specific revenue streams to secure the repayment of the revenue bonds and SRF loans associated with them. The MBO establishes minimum debt coverage levels at 1.20 for senior lien bonds, 1.10 for second lien bonds and 1.00 for any junior lien bonds, other than second lien bonds. Debt service coverage ratios are inclusive of all debt held on behalf of both GLWA and DWSD.

GLWA computes the debt service coverage ratio using two different methodologies. The Rate Covenant Method uses the cash basis in computing pledged revenue and the GAAP Method uses the accrual basis in computing pledged revenue. Pledged revenue is divided by the debt service requirements of each lien on a set aside basis to compute the debt service coverage ratio. The set aside basis is defined as the cash available to make the debt service payments on the due dates. The following table details the components of the pledged revenue for each methodology.

Components of Pledged Revenue	Pledged Revenue Calculation	Rate Covenant Basis	
		Cash basis	GAAP Basis
Revenues	Addition	Cash basis	Accrual basis
GLWA O&M expenses	Subtraction	Cash basis	Accrual basis
GLWA O&M pension	Subtraction	Cash basis	Cash basis
DWSD O&M expenses & O&M pension	Subtraction	Cash transfers to DWSD	Cash transfers to DWSD

**Table 9: Debt Service Coverage Ratios - Water** provides a summary of the MBO required minimum, historical, and budgeted debt service coverage ratios for the Water fund.

Debt Service Coverage Water System							
	MBO					Adopted Budget 2025	Adopted Budget 2026
	Required Minimum	Actual 2021	Actual 2022	Actual 2023	Estimated 2024		
<b>Rate Covenant Basis</b>							
Senior Lien Bonds	1.20	1.99	1.88	1.88	1.86	1.75	1.78
Senior and second lien bonds	1.10	1.40	1.37	1.37	1.36	1.30	1.35
All bonds, including SRF junior lien	1.00	1.38	1.33	1.31	1.25	1.19	1.23
<b>GAAP Basis</b>							
Senior Lien Bonds		1.95	2.00	1.99			
Senior and second lien bonds		1.38	1.45	1.45			
All bonds, including SRF junior lien		1.35	1.41	1.38			

**Table 10: Debt Service Coverage Ratios - Sewer** provides a summary of the MBO required minimum, historical, and budgeted debt service coverage ratios for the Sewer fund.

Debt Service Coverage Sewage Disposal System							
	MBO	Actual 2021	Actual 2022	Actual 2023	Estimated 2024	Adopted Budget 2025	Adopted Budget 2026
	Required Minimum						
<b>Rate Covenant Basis</b>							
Senior Lien Bonds	1.20	2.92	2.35	2.17	2.05	2.07	2.17
Senior and second lien bonds	1.10	1.97	1.68	1.72	1.54	1.54	1.60
All bonds, including SRF junior lien	1.00	1.51	1.30	1.37	1.24	1.26	1.34
<b>GAAP Basis</b>							
Senior Lien Bonds		2.50	2.64	2.13			
Senior and second lien bonds		1.68	1.89	1.69			
All bonds, including SRF junior lien		1.29	1.46	1.34			

## Refinancing

To reduce the annual water and sewer debt service payments, GLWA monitors its outstanding water and sewer debt portfolios to determine if it can refund existing bond issues with new, lower interest rate bonds. On an ongoing basis, GLWA's registered municipal advisor, PFM Financial Advisors, LLC (PFM) monitors GLWA's bond refunding opportunities based on the current municipal interest rate environment and the existing debt service on GLWA's callable bonds.

On June 6, 2024, \$384.1 million of water supply system refunding bonds and \$387.6 million of sewage disposal system refunding bonds were issued. GLWA received significant investor interest despite heavy tax-exempt supply in the market on the same day, driven by recent decreases in interest rates and favorable tax-exempt ratios.

Key elements of this transaction include:

- Affirmation of strong GLWA credit ratings, including maintenance of the positive outlook from Fitch on the Sewer System
- Strong GLWA name received orders from over 50 unique institutional investors, leading to GLWA's lowest ever credit spreads to municipal benchmark rates through the pricing on May 21, 2024
- Achieved reduction of Reserve Requirement to \$0, representing the culmination of long-term strategy to modernize the Master Bond Ordinances and create a more efficient structure
- Funds in the existing reserve accounts were used to reduce the size of the Series 2024 transaction by \$32.2 million (across the two systems) and improve cashflow savings
- \$130.4 million of future cash flow savings in total with \$67.5 million for water and \$62.9 million for sewer (and a reserve release of \$32.2 million which resulted in a \$76.6 million of present value savings in total)

**Table 11: History of Cash Flow Savings** - since 2016 through the leadership of the Authority's management team, the financing team has been able to achieve over \$896.4 million in savings from future cash flow debt service requirements for the systems.

<b>Revenue Refunding Bonds Savings (\$ millions)</b>				
Issue	Refunding Bond Amount	Future Cash Flow Savings	Release (used to obtain savings) Savings	Net PV Savings
<b>Water System</b>				
Series 2016	\$ 666.0	\$ 185.4	\$ 25.2	\$ 120.8
Series 2018	155.6	30.9	1.6	24.9
Series 2020	377.5	103.1	10.5	66.5
Series 2023	67.2	11.2	-	7.9
Series 2024	384.1	67.5	16.1	39.3
<b>Total Water</b>	<b>\$ 1,650.4</b>	<b>\$ 398.1</b>	<b>\$ 53.4</b>	<b>\$ 259.3</b>
<b>Sewage Disposal System</b>				
Series 2016	\$ 421.3	\$ 123.7	\$ 23.8	\$ 71.2
Series 2018	175.9	54.0	11.2	34.5
Series 2020	687.5	221.0	33.6	122.9
Series 2022	12.5	2.0	1.6	0.2
Series 2023	200.2	34.8	0.2	20.9
Series 2024	387.6	62.9	16.1	37.3
<b>Total Sewer</b>	<b>\$ 1,884.9</b>	<b>\$ 498.4</b>	<b>\$ 86.5</b>	<b>\$ 287.0</b>
<b>Combined</b>				
Series 2016	\$ 1,087.3	\$ 309.1	\$ 49.0	\$ 191.9
Series 2018	331.5	84.9	12.8	59.4
Series 2020	1,065.0	324.1	44.1	189.4
Series 2022	12.5	2.0	1.6	0.2
Series 2023	267.4	45.9	0.2	28.8
Series 2024	771.7	130.4	32.2	76.6
<b>Total Combined</b>	<b>\$ 3,535.3</b>	<b>\$ 896.5</b>	<b>\$ 139.9</b>	<b>\$ 546.3</b>

GLWA and GLWA's registered municipal advisor are monitoring a potential refunding opportunity for bonds with a call date of July 1, 2025, for both the water fund and sewage disposal fund. Approximately \$107 million in water bonds and \$198 million in sewer bonds will be callable at that time.

GLWA does not have any defeased debt as of September 30, 2024.



## Financial Services Audit Committee Communication

**Date:** October 25, 2024  
**To:** Great Lakes Water Authority Audit Committee  
**From:** Gerri Williams, Treasury Manager  
**Re:** Qualified Financial Institution Review

**Background:** One of the ways that a public entity manages risk is to actively monitor and evaluate each financial institution and broker/dealer for credit worthiness with whom it may conduct business for managing public funds. This approach is in alignment with the Great Lakes Water Authority (GLWA) Investment Policy and Michigan Public Act 20. As stated in section 9 of the GLWA Investment Policy, the Treasury Manager shall maintain a listing of Qualified Institutions that provide banking and investment services to GLWA. This list shall be reviewed and approved periodically by the GLWA Audit Committee.

**Analysis:** GLWA has maintained consistent relationships with the institutions listed on the Qualified list since 2016. The Treasury Manager conducts a quarterly review of each institution. The latest review was conducted based on information as of June 30, 2024.

For Broker/Dealers, the following documents were reviewed:

- Audited financial statements
- Financial Industry Regulatory Authority (FINRA) registration
- Federal Deposit Insurance Corporation (FDIC) insurance coverage
- Bank ratings service provider reports

For Financial Institutions, the following documents were reviewed:

- Audited financial statements
- FDIC insurance coverage
- Bank ratings service provider reports

For the Local Government Investment Pools, the following documents were reviewed:

- Information Statement which explains the investment objectives of the investment pool
- Audited financial statements for investment pool
- Audited financial statements for investment advisor
- Credit rating

PFM Asset Management LLC (PFM) a division of U.S. Bancorp LLC., the Investment Advisor for GLWA, annually provides a list of their approved broker/dealers. PFM evaluated this list for credit

worthiness. Reliance on the investment advisor's analysis of qualified institutions is provided for in the GLWA investment policy.

Based upon the analysis described above, the financial institutions utilized by the GLWA meet the criteria established by the GLWA investment policy. Given the proprietary nature of the resources utilized, the supporting analysis is filed with the Office of the General Counsel.

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



## Financial Services Audit Committee Communication

**Date:** October 9, 2024

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

**From:** William Baker, Financial Management Professional, Construction Accounting &  
Reporting

**Re:** FY 2024 Q4 Construction Work-in-Progress Report through June 30, 2024  
(Unaudited)

**Background:** The quarterly construction work-in-progress (CWIP) provides information and analysis related to the execution of the Great Lakes Water Authority capital improvement program (CIP).

**Analysis:** The attached documents summarize the FY 2024 Q4 CWIP positions and provides a detailed snapshot to inform decision makers and stakeholders.

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





**Construction Work-in-Progress Quarterly Report  
(Unaudited)**

**As of June 30, 2024**

**For questions, please contact:**

**William Baker  
Construction Accounting and Reporting  
Phone: 313.378.9760  
Email: [william.baker@glwater.org](mailto:william.baker@glwater.org)**

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**September 27, 2024**

**To Our Stakeholders:**

The contents of this report represent the financial presentation of construction work-in-progress activity for the Great Lakes Water Authority (GLWA) as of June 30, 2024. The information in this report presents a detailed snapshot and is important as we track the execution of the FY 2024–2028 Capital Improvement Plan (CIP) and look to inform decision makers as we evaluate the FY 2025–2029 CIP.

As we continue to refine this report to better communicate pertinent information to inform decision makers and stakeholders, content and formatting may be changed. With the summary of active projects now regularly being reported to the Capital Planning Committee the project highlights previously being reported have been removed from this report.

**Report Contents and Organization**

*Construction Work-in-Progress (CWIP) Appendices:* Includes breakdown by jurisdiction which provides a summary of the planned and actual project activity by the jurisdictions identified within the FY 2024 – 2028 Board Approved CIP Plan, detailed CWIP rollforward, which lists all projects in the CIP along with financial activity. These tables may be used to revisit priorities, workload, and phasing. In addition, this section contains project amendment summaries which consider the award of CIP contracts and the related execution thereof may result in deviations from the amount and timing of project activity. Project amendments are prepared to fund the related increase or decrease with either an adjustment to Capital Reserve or Program / Allowance accounts to amend the board approved fiscal year CIP accordingly and to inform decision makers in the development of future Capital Improvement Plans.

## Financial Information

All project amounts are unaudited. This means that direct contractor costs are generally included in these totals with most pay estimates entered through June 30, 2024. There may, however, be some pay estimates that lag. The totals do not include indirect overhead.

## Budget vs. Plan

Generally, GLWA's CIP projects span two or more fiscal years. The GLWA Board of Directors adopts a biennial "budget" and a five-year capital improvement "plan".

- ✓ The adopted **budget** relates to operations and maintenance expense, annual fixed commitments such as debt service, and incremental adjustments to reserves. The budget provides authority to spend within defined amounts. The budget is also referred to as the "revenue requirement" for the utility.
- ✓ After contracts are awarded at amounts variant from the CIP plan and more reliable anticipated spend data becomes available, the amended budget for the current fiscal year may increase or decrease by way of "Capital Reserve" budget amendments.
- ✓ The five-year capital improvement **plan** is a rolling plan that is updated at an administrative tracking level as projects move from estimated to actual bid numbers. An updated mid-cycle CIP would be presented to the Board for approval if the prioritization strategy was revised and/or the plan was in need of material revisions.
- ✓ In addition, the Board of Directors adopts a capital spending ratio assumption (SRA) which allows the realities of capital program delivery to align with the financial plan. The SRA is an analytical approach to bridge the total dollar amount of projects in the CIP with what can realistically be spent due to limitations beyond GLWA's control and/or delayed for nonbudgetary reasons. Those limitations, whether financial or non-financial, necessitate the SRA for budgetary purposes, despite the prioritization established.



**Executive Summary**

The rate of spend is a key performance indicator. The development of the FY 2024-2028 and related CIP Plan for FY 2024 were based on anticipation of FY 2024 activity resulting in 100% of planned spend for the Water system and 100% of planned spend for the Wastewater system. In June the GLWA Board of Directors amended the Adjusted Capital Spending Ratio (SRA) to 79.4% for the Water system and 70.3% for the Wastewater system. These Adjusted Capital Spending Ratios are published in the Q3 FY2024 Budget Amendment Report

The Water System spend for the period ending June 30, 2024, is 74.2% of the FY 2024 board approved CIP, 88.5% of the FY 2024 board approved CIP with project amendments, 74.2% of the FY 2024 Approved Capital Spending Rate Assumption (SRA) and 93.5% of the FY 2024 Adjusted Capital Spending Rate Assumption (SRA). Detailed analysis of the projects for which FY 2024 Board Approved CIP was amended from \$239.3M to \$200.7M is provided in the subsequent Project Amendment Summary appendix of this report.

Water System Projects	FY 2023	FY 2023 Activity	FY 2023 Percentage	FY 2024	FY 2024 Prorated (Twelve Months)	FY 2024 Activity (Unaudited)	FY 2024 Percentage
<i>(in millions)</i>							
FY 2023 Board Approved CIP	\$ 194.4	\$ 196.3	101.0%				
FY 2023 Board Approved CIP With Project Amendments	199.5	196.3	98.4%				
FY 2023 Capital Spend Rate Assumption (SRA) - Approved	155.5	196.3	126.2%				
FY 2023 Capital Spend Rate Assumption (SRA) - Adjusted	208.0	196.3	94.4%				
FY 2024 Board Approved CIP				\$ 239.3	\$ 239.3	\$ 177.6	74.2%
FY 2024 Board Approved CIP With Project Amendments				200.7	200.7	177.6	88.5%
FY 2024 Capital Spend Rate Assumption (SRA) - Approved				239.3	239.3	177.6	74.2%
FY 2024 Capital Spend Rate Assumption (SRA) - Adjusted				190.0	190.0	177.6	93.5%

**Executive Summary (Continued)**

The Wastewater System spend for the period ending June 30, 2024, is 68.5% of the FY 2024 board approved CIP, 66.0% of the FY 2024 board approved CIP with project amendments, 68.5% of the FY 2024 Approved Capital Spending Rate Assumption (SRA) and 97.5% of the FY 2024 Adjusted Capital Spending Rate Assumption (SRA). Detailed analysis of the projects for which FY 2024 Board Approved CIP was amended from \$199.0M to \$206.6M is provided in the subsequent Project Amendment Summary appendix of this report.

Wastewater System Projects	FY 2023	FY 2023 Activity	FY 2023 Percentage	FY 2024	FY 2024 Prorated (Twelve Months)	FY 2024 Activity (Unaudited)	FY 2024 Percentage
<i>(in millions)</i>							
FY 2023 Board Approved CIP	\$ 125.9	\$ 104.7	83.2%				
FY 2023 Board Approved CIP With Project Amendments	136.0	104.7	77.0%				
FY 2023 Capital Spend Rate Assumption (SRA) - Approved	94.4	104.7	110.9%				
FY 2023 Capital Spend Rate Assumption (SRA) - Adjusted	108.5	104.7	96.5%				
FY 2024 Board Approved CIP				\$ 199.0	\$ 199.0	\$ 136.4	68.5%
FY 2024 Board Approved CIP With Project Amendments				206.6	\$ 206.6	136.4	66.0%
FY 2024 Capital Spend Rate Assumption (SRA) - Approved				199.0	\$ 199.0	136.4	68.5%
FY 2024 Capital Spend Rate Assumption (SRA) - Adjusted				139.9	\$ 139.9	136.4	97.5%

## **Appendix A - Construction Work-in-Progress Rollforward Summaries by Jurisdiction**

The purpose of the construction work-in-progress (CWIP) summary rollforward by jurisdiction is to provide a high-level overview of the financial status of the projects identified within the current board approved CIP by their jurisdiction. Within the FY 2024 – 2028 Board Approved CIP Plan, projects are identified and categorized as either City of Detroit, Wayne County - Outside Detroit, Lapeer County, Macomb County, Oakland County, Saint Clair County or Multiple Counties and reflected accordingly in this report.

**\$415.3** million is in CWIP as of June 30, 2024 as shown for the Water System in A1 - Water - CWIP Rollforward by Jurisdiction

**\$335.8** million is in CWIP as of June 30, 2024 as show for the Wastewater System in A2 - Wastewater - CWIP Rollforward by Jurisdiction

The order of these appendices on the subsequent pages are in ascending by jurisdiction alphabetically.

## Construction Work-in-Progress Quarterly Report

As of June 30, 2024

## Great Lakes Water Authority

## A1 - Water System Construction Work-in-Progress (CWIP) FY 2024 Rollforward Summary By Jurisdiction

## Unaudited Activity For the Fiscal Quarter Ended June 30th, 2024

Jurisdiction	Total Project Plan Estimate	CWIP Balance July 1, 2023	FY 2024 Board Approved CIP	FY 2024 Board Approved CIP With Project Amendments	FY 2024 Activity through June 30, 2024	CWIP Balance June 30, 2024
City of Detroit	\$ 638,107,597	\$ 106,551,466	\$ 40,250,349	\$ 40,875,349	\$ 40,040,509	\$ 66,649,664
Lapeer County	143,765,078	5,451,155	902,113	902,113	86,833	5,537,987
Mutiple Counties	806,054,995	94,920,092	103,273,696	53,298,096	57,074,903	120,855,120
Oakland County	526,779,159	101,425,208	35,809,598	44,059,698	36,186,386	137,611,594
Saint Clair County	357,322,501	10,362,274	16,975,870	17,974,870	10,119,731	20,482,005
Wayne County - Outside Detroit	1,271,890,345	55,533,758	42,047,936	43,573,336	34,065,613	64,133,211
<b>Grand Total</b>	<b>\$ 3,743,919,674</b>	<b>\$ 374,243,953</b>	<b>\$ 239,259,562</b>	<b>\$ 200,683,462</b>	<b>\$ 177,573,974</b>	<b>\$ 415,269,582</b>



## Construction Work-in-Progress Quarterly Report

As of June 30, 2024

### Great Lakes Water Authority

### A2 - Wastewater System Construction Work-in-Progress (CWIP) FY 2024 Rollforward Summary By Jurisdiction

### Unaudited Activity For the Fiscal Quarter Ended June 30th, 2024

Jurisdiction	Total Project Plan Estimate	CWIP Balance July 1, 2023	FY 2024 Board Approved CIP	FY 2024 Board Approved CIP With Project Amendments	FY 2024 Activity through June 30, 2024	CWIP Balance June 30, 2024
City of Detroit	\$ 2,431,678,757	\$ 209,701,082	\$ 129,495,209	\$ 135,255,509	\$ 74,328,596	\$ 196,222,702
Mutiple Counties	1,503,643,833	78,549,059	69,338,051	71,068,551	59,994,358	137,087,488
Wayne County - Outside Detroit	139,547,775	438,459	227,885	227,885	2,070,040	2,509,110
<b>Grand Total</b>	<b>\$ 4,074,870,364</b>	<b>\$ 288,688,600</b>	<b>\$ 199,061,145</b>	<b>\$ 206,551,945</b>	<b>\$ 136,392,993</b>	<b>\$ 335,819,300</b>

## Appendix B - Construction Work-in-Progress Rollforwards

The purpose of the construction work-in-progress (CWIP) rollforward is to analyze the current year activity for each project in relation to the overall capital improvement program as well as the project portfolio overall.

As part of our project life cycle review the Construction Accounting team identifies when it is appropriate for projects to be capitalized. Projects are to be capitalized when they have been completed in totality or are inclusive of identifiable assets that have been placed in service. Capitalization of project cost occurred in the FY 2024 4th quarter for the following projects:

<u>Project</u>	<u>Contract</u>	<u>Description</u>
114002	2201068	Springwells WTP Medium Voltage Electric System Replacement
114008	1802774	1930 Sedimentation Basin Sluice Gates, Guides & Hoists Improvements at Springwells WTP
116002	DB-150	PA, SW and NE Raw Water Tunnel Improvements
122005	1804129	Schoolcraft Road 48" Water Transmission Main
122011	1802775	Park Merriman Water Main Final Phase
122017	2001488	7 Mile/Nevada Transmission Main Rehab and Carrie/Nevada Flow Control Station
170503	1802745	Water Transmission Main, Valve and Other Priority Repairs
170801	1900774	Implay, WCS, LH, SP, SW Reservoir Inspection
170802	2201316	Reservoir Construction Phase 2
170904	2201848	Phase II Wholesale Water Meter Pit Rehab
232001	CON-297	Fairview Pump Station
260618	2003330	Oakwood CSO Control Facility & Pump Station HVAC
260902	2101879	Renovation of the Fourth Floor at WRRF - NAB

**\$415.3** million is in CWIP as of June 30, 2024, as shown for the Water System in B1 - Water - Detailed CWIP Rollforward

**\$335.8** million is in CWIP as of June 30, 2024, as shown for the Wastewater System in B2 - Wastewater - Detailed CWIP Rollforward

The order of these appendices on the subsequent pages are in ascending order by Project Category followed by CIP project number.

## Construction Work-in-Progress Quarterly Report

As of June 30, 2024

Great Lakes Water Authority

B1 - Water System Construction Work-in-Progress (CWIP) FY 2024 Rollforward

Unaudited Activity For the Fiscal Quarter Ended June 30th, 2024

Project Category	Total Project Plan Estimate	FY 2024 Board			FY 2024 Activity through June 30, 2024	FY 2024 Capitalizations And Other		Life to Date Capitalizations And Other Activity	Life to Date Activity Through June 30, 2024	Life to Date Activity / Total Project Plan Estimate
		FY 2024 Board Approved CIP	Approved CIP With Project Amendments	CWIP Balance July 1, 2023		Activity Through June 30, 2024	CWIP Balance June 30, 2024			
Field Services - Water	605,748,307	121,118,374	79,188,974	119,596,676	79,492,715	7,183,614	191,905,776	105,860,780	297,766,556	49%
Programs - Water	563,390,417	21,421,981	23,311,681	50,259,310	19,407,567	31,146,994	38,519,882	63,479,545	101,999,427	18%
Security	5,258,442	-	-	-	-	-	-	10,357,757	10,357,757	197%
Systems Control Center	738,918,834	10,385,609	9,894,909	53,505,887	3,963,408	-	57,469,295	5,973,851	63,443,146	9%
Water Treatment Plants & Facilities	1,797,962,260	85,654,045	87,608,345	150,882,080	74,710,284	98,217,736	127,374,628	299,663,506	427,038,135	24%
Programs - Centralized Services	32,634,746	679,554	679,554	-	-	-	-	-	-	0%
Energy Mangement	6,667	-	-	-	-	-	-	-	-	0%
<b>Grand Total</b>	<b>3,743,919,674</b>	<b>239,259,562</b>	<b>200,683,462</b>	<b>374,243,953</b>	<b>177,573,974</b>	<b>136,548,345</b>	<b>415,269,582</b>	<b>485,335,439</b>	<b>900,605,021</b>	<b>24%</b>

**Construction Work-in-Progress Quarterly Report**

As of June 30, 2024

Great Lakes Water Authority  
 B2 - Wastewater System Construction Work-in-Progress (CWIP) FY 2024 Rollforward  
 Unaudited Activity For the Fiscal Quarter Ended June 30th, 2024

Project Category	Total Project Plan Estimate	FY 2024 Board		FY 2024 CWIP Balance July 1, 2023	FY 2024 Activity through June 30, 2024	FY 2024 Capitalizations And Other		Life to Date Capitalizations And Other Activity	Life to Date Activity through June 30, 2024	Life to Date Activity / Total Project Plan Estimate
		FY 2024 Board Approved CIP	FY 2024 Board With Project Amendments			FY 2024 Capitalizations Activity Through June 30, 2024	FY 2024 Capitalizations CWIP Balance June 30, 2024			
<b>CSO Facilities</b>	223,462,073	9,578,136	9,578,136	5,277,057	10,359,905	-	15,636,962	737,296	16,374,258	7%
Facilities	1,123,056	-	-	-	-	-	-	1,123,056	1,123,056	100%
Field Services - Wastewater	203,493,821	19,775,025	19,775,025	53,673,024	9,157,374	-	62,830,398	-	62,830,398	31%
Programs	1,598,544,588	92,767,210	94,497,710	95,169,871	77,684,070	10,871,716	161,982,225	57,725,571	219,707,797	14%
Programs - Water	-	-	-	-	-	-	-	83,000	83,000	0%
Security	2,362,970	-	-	-	-	-	-	3,200,851	3,200,851	135%
Systems Control Center	591,551,929	24,295,387	24,295,387	56,087,591	5,360,735	44,840,220	16,608,106	50,943,906	67,552,012	11%
Water Resource Recovery Facility	1,454,331,929	52,645,387	58,405,687	78,481,057	33,830,908	33,550,356	78,761,609	200,468,233	279,229,842	19%
<b>Grand Total</b>	<b>4,074,870,364</b>	<b>199,061,145</b>	<b>206,551,945</b>	<b>288,688,600</b>	<b>136,392,993</b>	<b>89,262,293</b>	<b>335,819,300</b>	<b>314,281,914</b>	<b>650,101,214</b>	<b>16%</b>

## Construction Work-in-Progress Quarterly Report

As of June 30, 2024

Great Lakes Water Authority  
 B3 - Water System Construction Work-in-Progress (CWIP) FY 2024 Rollforward  
 Unaudited Activity For the Fiscal Quarter Ended June 30th, 2024

Project Category	Project	Project Name	Total Project Plan Estimate	FY 2024 Board	FY 2024 Board	CWIP Balance July 1, 2023	FY 2024	FY 2024 Capitalizations	CWIP Balance June 30, 2024	Life to Date	Life to Date	Life to Date
				Approved CIP	Approved CIP		Activity through June 30, 2024	And Other Activity Through June 30, 2024		Capitalizations And Other Activity	Activity Through June 30, 2024	Activity / Total Project Plan
Field Services - Water	122003	New Waterworks Park to Northeast Transmission Main 96-inch Main Relocation, Isolation Valves Installations, and New Parallel Main	38,764,909	144,420	144,420	-	-	-	-	29,790,267	29,790,267	77%
	122004	Replacement Schoolcraft Watermain	235,133,772	85,217,371	33,352,071	50,857,698	41,494,774	-	92,352,472	148,741	92,501,213	39%
	122005	Transmission System Water Main Work-Wick Road Parallel Water Main	18,645,713	-	-	3,396,485	(105,877)	3,290,608	(0)	16,947,443	16,947,443	91%
	122006	Design and Construction of a new Newburgh Road 24" Main along Newburgh Road between Ch	26,261,331	-	373,500	4,301,439	1,198,313	-	5,499,751	20,751,264	26,251,015	100%
	122007	Park-Merriman Water Main-Final Phase	26,209,246	-	-	-	-	-	-	-	-	0%
	122011	36-inch Water Main in Telegraph Road	10,202,576	-	-	-	2,201	2,201	-	6,835,145	6,835,145	67%
	122012	Lyon Township Transmission Main Extension Project	9,986,284	-	-	-	-	-	-	9,986,284	9,986,284	100%
	122013	Downriver Transmission Loop	113,979,416	27,027,177	35,964,577	57,111,557	32,535,991	-	89,647,548	17,510,830	107,158,378	94%
	122016	7 Mile/Nevada Transmission Main Rehab and Carrie/Nevada Flow Control Station	69,991,506	5,308,831	5,308,831	2,831,943	288,192	-	3,120,135	-	3,120,135	4%
	122017	Garland, Hurlbut, Bewick Water Transmission System Rehabilitation	13,118,300	3,389,881	4,014,881	-	3,890,805	3,890,805	0	3,890,805	3,890,805	30%
	122018	Jefferson Main Replacement	3,319,270	30,693	30,693	-	-	-	-	-	-	0%
	122019		40,135,983	-	-	1,097,554	188,317	-	1,285,871	-	1,285,871	3%
<b>Field Services - Water Total</b>		<b>605,748,307</b>	<b>121,118,374</b>	<b>79,188,974</b>	<b>119,596,676</b>	<b>79,492,715</b>	<b>7,183,614</b>	<b>191,905,776</b>	<b>105,860,780</b>	<b>297,766,556</b>	<b>49%</b>	
Programs - Water	170102	Water Production Plant Flow Metering Improvements at NE, SP & SW WTP	373,640	-	-	-	-	-	-	373,640	373,640	100%
	170109	Inspection of Raw Water Intakes and Tunnels	1,787,968	-	-	-	-	-	-	-	-	0%
	170300	Water Treatment Plant Automation Program	23,317,393	-	-	-	-	-	-	-	-	0%
	170301	Water Plant Automation	1,755,142	-	-	-	-	-	-	-	-	0%
	170302	SW WTP SCADA Improvements	8,284,006	4,731,318	4,731,318	5,541,977	2,380,194	-	7,922,171	-	7,922,171	96%
	170303	WWP WTP Power Monitoring Installation	1,862,773	-	-	-	-	-	-	1,811,356	1,811,356	97%
	170304	WWP WTP SCADA Upgrade	500,906	-	-	654,940	(3,956)	-	650,984	-	650,984	130%
	170305	WWP SCADA Network Upgrade	7,542,009	-	-	-	-	-	-	-	-	0%
	170306	SPW SCADA PLC Network Upgrade	6,780,215	-	-	-	-	-	-	-	-	0%
	170400	Water Transmission Improvement Program	32,174,788	-	-	-	-	-	-	-	-	0%
	170401	Emergency Bypass Around Ypsilanti Station	2,633,282	-	-	-	-	-	-	2,633,282	2,633,282	100%
	170500	Transmission System Valve Assessment and Rehabilitation/Replacement Program	59,296,473	1,616,517	(83)	-	-	-	-	-	-	0%
	170502	Transmission System Valve Assessment and Rehabilitation/Replacement A	5,608,711	-	-	-	-	-	-	7,689,584	7,689,584	137%
	170503	Transmission System Valve Assessment and Rehabilitation/Replacement B	14,966,270	919,721	3,789,621	13,180,210	2,946,389	14,053,848	2,072,752	14,053,848	16,126,600	108%
	170504	Repair of WTM, Valves, & Priority Repair	18,400,000	549,168	2,713,568	9,219,808	593,562	-	9,813,370	-	9,813,370	53%
	170600	Water Transmission Main Asset Assessment Program	80,112,552	30,935	30,935	-	-	-	-	-	-	0%
	170601	Linear System Integrity Program	47,607,411	111,943	111,943	-	105,943	-	105,943	-	105,943	0%
	170602	36" 24 Mile Rd. Transmission Main Condit	-	-	-	-	2,537,578	-	2,537,578	-	2,537,578	0%
	170801	Reservoir Inspection, Design and Rehabilitation	25,385,252	2,570,361	2,570,361	14,494,537	1,939,931	16,424,617	9,851	25,191,451	25,201,302	99%
	170802	Reservoir Inspection, Design	47,175,002	9,292,018	7,764,018	2,460,276	7,456,725	661,409	9,255,592	661,409	9,917,001	21%
	170803	Reservoir Inspection, Design, and Construction Mangement Services Phase III	94,432,172	-	-	-	-	-	-	-	-	0%
	170900	Suburban Water Meter Pit Rehabilitation and Meter Replacement Program	33,108,255	-	-	-	-	-	-	-	-	0%
170901	Suburban Water Meter Pit Rehabilitation and Meter Replacement	12,410,811	-	-	4,707,563	-	-	4,707,563	7,703,013	12,410,576	100%	
170902	Brownstown Meter Pit Rehabilitation	175,992	-	-	-	-	-	-	-	-	0%	
170904	Phase II Wholesale Water Meter Pit Rehab	15,686,352	1,600,000	1,600,000	-	1,451,200	7,120	1,444,080	7,120	1,451,200	9%	
171500	Roof Replacement - Var Facilities Program	15,948,441	-	-	-	-	-	-	-	-	0%	
171501	Roof Replacements - Var Facilities Program	3,354,843	-	-	-	-	-	-	3,354,843	3,354,843	100%	
171502	Lake Huron and Southwest Roof Replacement	2,709,759	-	-	-	-	-	-	-	-	0%	
<b>Programs - Water Total</b>		<b>563,390,417</b>	<b>21,421,981</b>	<b>23,311,681</b>	<b>50,259,310</b>	<b>19,407,567</b>	<b>31,146,994</b>	<b>38,519,882</b>	<b>63,479,545</b>	<b>101,999,427</b>	<b>18%</b>	
Security	341001	Security Infrastructure Improvements	5,258,442	-	-	-	-	-	-	10,357,757	10,357,757	197%
<b>Security Total</b>		<b>5,258,442</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,357,757</b>	<b>10,357,757</b>	<b>197%</b>	

## Construction Work-in-Progress Quarterly Report

As of June 30, 2024

Great Lakes Water Authority  
 B3 - Water System Construction Work-in-Progress (CWIP) FY 2024 Rollforward  
 Unaudited Activity For the Fiscal Quarter Ended June 30th, 2024

Project Category	Project	Project Name	Total Project Plan Estimate	FY 2024 Board	FY 2024 Board	CWIP Balance July 1, 2023	FY 2024	FY 2024 Capitalizations		Life to Date Capitalizations And Other Activity	Life to Date Activity Through June 30, 2024	Life to Date Activity / Total Project Plan
				Approved CIP	Approved CIP With Project Amendments		Activity through June 30, 2024	And Other Activity Through June 30, 2024	CWIP Balance June 30, 2024			
Systems Control Center	132003	Isolation Gate Valves for Line Pumps for West Service Center Pumping Station	1,742,479	-	-	-	-	-	-	1,742,479	1,742,479	100%
	132006	Pressure and Control Improvements at the Electric, Ford Road, Michigan, and West Chica	3,227,776	-	-	-	-	-	-	3,226,045	3,226,045	100%
	132007	Energy Management: Freeze Protection Pump Installation at Imlay Pumping Station	5,754,204	902,113	902,113	5,180,944	86,833	-	5,267,777	-	5,267,777	92%
	132010	West Service Center/Duval Rd Division Valve Upgrades	47,770,838	4,758,831	4,071,531	42,921,051	2,691,107	-	45,612,158	-	45,612,158	95%
	132012	Ypsilanti PS Improvements	43,394,088	701,075	897,675	2,443,545	127,970	-	2,571,515	-	2,571,515	6%
	132014	Adams Road Booster Pumping Improvements	61,777,803	-	-	102,450	-	-	102,450	-	102,450	0%
	132015	Newburgh BPS	46,396,137	-	-	1,232,925	98,210	-	1,331,136	30,000	1,361,136	3%
	132016	North Service Center BPS Improvements	239,583,663	4,023,590	4,023,590	1,195,463	959,288	-	2,154,751	-	2,154,751	1%
	132018	Schoolcraft BPS	24,690,695	-	-	-	-	-	-	-	-	0%
	132019	Wick Road BPS - Switchgear	24,788,064	-	-	64,610	-	-	64,610	-	64,610	0%
	132020	Franklin BPS - Isolation Gate Valves	60,919,247	-	-	94,688	-	-	94,688	-	94,688	0%
	132021	Imlay BPS - Replace VFDs, Pumps & Motors	138,010,874	-	-	270,211	-	-	270,211	-	270,211	0%
	132022	Joy Road BPS - Replace Reservoir Pumps	39,857,253	-	-	-	-	-	-	-	-	0%
	132025	Northwest Booster Station Yard Piping Improvements	19,335	-	-	-	-	-	-	-	-	0%
	132026	Franklin Pumping Station Valve Replacement	986,376	-	-	-	-	-	-	975,327	975,327	99%
	<b>Systems Control Center Total</b>			<b>738,918,834</b>	<b>10,385,609</b>	<b>9,894,909</b>	<b>53,505,887</b>	<b>3,963,408</b>	<b>-</b>	<b>57,469,295</b>	<b>5,973,851</b>	<b>63,443,146</b>
Water Treatment Plants & Facilities	111001	Energy Management: Lake Huron Water Treatment Plant Low Lift Pumping Improvements	140,410,608	1,553,101	1,553,101	3,536,463	1,175,634	-	4,712,096	-	4,712,096	3%
	111002	LHWTP Backflow Replacement	8,717,768	-	-	-	-	-	-	8,717,768	8,717,768	100%
	111004	Electrical Tunnel Rehabilitation at Lake Huron WTP	3,806,475	-	-	-	-	-	-	3,892,299	3,892,299	102%
		Water Supply Pumping Assessment Study	85,824	-	-	-	-	-	-	-	-	0%
	111006	Replacement of Filter Instrumentation and Raw Water Flow Metering Improvements at Lake	40,356,342	1,026,425	2,025,425	1,381,273	2,748,022	-	4,129,295	-	4,129,295	10%
	111007	Lake Huron WTP-Raw Sludge Clarifier and Raw Sludge Pumping System Improvements	8,867,103	-	-	-	-	-	-	8,867,103	8,867,103	100%
	111008	LHWTP Architectural Programming - Lab	782,112	-	-	-	-	-	-	-	-	0%
	111009	Lake Huron WTP-35 MGD HLP, Flow Meters	31,003,499	12,609,506	12,609,506	4,699,252	5,808,402	-	10,507,654	-	10,507,654	34%
	111010	Lake Huron Water Treatment Plant -Filtration and Pretreatment Improvements	58,638,596	-	-	-	-	-	-	-	-	0%
	111011	Lake Huron WTP Pilot Plant	3,267,770	-	-	-	3,931	-	3,931	3,076,105	3,080,036	94%
	111012	LHWTP-Flocculation Improvements	51,331,404	1,786,838	1,786,838	741,978	382,807	-	1,124,785	-	1,124,785	2%
	111013	LH WTP Fireloop & Plant Water Improvements	10,055,000	-	-	3,308	936	-	4,244	-	4,244	0%
	112001	Yard Piping Replacement at Northeast Water Treatment Plant	0	-	-	-	-	-	-	-	-	0%
	112002	Low Lift Pumping Plant Caisson Rehabilitation at Northeast WTP	1,169,962	-	-	-	-	-	-	1,169,962	1,169,962	100%
	112003	NE WTP High Lift Pumping Electrical	171,678,100	-	-	557,608	3,418	-	561,027	-	561,027	0%
	112005	Northeast Water Treatment Plant - Replacement of Covers for Process Water Conduits	937,879	-	-	-	-	-	-	937,879	937,879	100%
	112006	Northeast Water Treatment Plant Flocculator Replacements	13,446,475	2,637,134	2,637,134	4,066,122	2,101,173	-	6,167,295	-	6,167,295	46%
	112007	NE WTP Structural Repair of Slab and Bea	6,685,115	140,039	140,039	235,924	2,629	-	238,553	-	238,553	4%
	112008	Northeast WTP Filter Replacement	-	-	-	-	101,661	-	101,661	-	101,661	0%
113001	Southwest Water Treatment Plant, Sludge Treatment & Waste Wash water Treatment Facilit	23,765	-	-	-	-	-	-	171,079	171,079	720%	
113002	High Lift Pump Discharge Valve Actuators Replacement at Southwest WTP	5,798,925	-	-	-	-	-	-	5,798,535	5,798,535	100%	
113003	Replacement of Butterfly Valves	162,109,919	-	-	-	-	-	-	-	-	0%	
113006	SW WTP Chloring Scrubber	7,326,664	12,674	12,674	3,156,493	436	3,156,930	-	6,108,070	6,108,070	83%	
113007	Architectural and Building Mechanical	8,640,647	-	-	-	4,149	-	4,149	-	4,149	0%	
113009	SW WTP Flight and Chain Upgrades	5,127,222	1,454,020	1,454,020	20,182	3,078,921	-	3,099,104	-	3,099,104	60%	
113010	SW WTP Flocculation Improvements	-	-	-	-	16,102	-	16,102	-	16,102	0%	
114001	Springwells Water Treatment Plant 1958 Filter Rehabilitation and Auxiliary Facilities	99,764,892	-	-	-	-	-	-	99,764,892	99,764,892	100%	

## Construction Work-in-Progress Quarterly Report As of June 30, 2024

Great Lakes Water Authority  
B3 - Water System Construction Work-in-Progress (CWIP) FY 2024 Rollforward  
Unaudited Activity For the Fiscal Quarter Ended June 30th, 2024

Project Category	Project	Project Name	Total Project Plan Estimate	FY 2024 Board Approved CIP	FY 2024 Board Approved CIP With Project Amendments	CWIP Balance July 1, 2023	FY 2024 Activity through June 30, 2024	FY 2024 Capitalizations And Other Activity Through June 30, 2024	CWIP Balance June 30, 2024	Life to Date Capitalizations And Other Activity	Life to Date Activity Through June 30, 2024	Life to Date Activity / Total Project Plan
Water Treatment Plants & Facilities	114002	Springwells Water Treatment Plant - Low Lift and High Lift Pump Station	315,711,970	22,554,711	22,554,211	26,617,698	17,257,936	17,553,318	26,322,316	17,553,318	43,875,634	14%
	114003	Water Production Flow Metering Improvements at NE, SW, and SPW WTP	8,208,286	-	-	-	-	-	-	8,167,884	8,167,884	100%
	114005	Springwells WTP Admin Building Improvements	7,138,425	-	-	1,320,522	-	-	1,320,522	-	1,320,522	18%
	114008	1930 Sedimentation Basin Sluice Gates, Guides & Hoists Improvements at Springwells WTP	14,105,567	-	-	404,500	1,059,295	1,463,103	692	13,201,582	13,202,274	94%
	114010	Yard Piping Improvements	218,637,731	-	-	1,807,946	-	-	1,807,946	-	1,807,946	1%
	114011	Steam, Condensate Return, and Compressed Air Piping Improvements at Springwells WTP	28,264,192	1,281,100	1,281,100	1,328,244	1,004,499	-	2,332,742	24,356,450	26,689,192	94%
	114012	Springwells Water Treatment Plant 1930 Filter Building Roof Replacement	3,911,148	-	-	-	-	-	-	3,911,148	3,911,148	100%
	114013	Springwells Reservoir Fill Line Improvements	4,731,850	-	-	-	-	-	-	4,706,751	4,706,751	99%
	114016	Springwells Water Treatment Plant 1958 Settled Water Conduits Concrete Pavement Replacement	1,567,531	-	-	-	-	-	-	1,566,470	1,566,470	100%
	114017	Springwells Water Treatment Plant Flocculator Drive Replacement	27,798,446	6,004,206	6,960,006	1,065,249	7,655,072	-	8,720,321	-	8,720,321	31%
	114018	Springwells Water Treatment Plant - Service Building Electrical Substation and Miscellaneous Improvements	2,340,568	-	-	-	-	-	-	-	-	0%
	115001	Yard Piping, Valves and Venturi Meters Replacement at Water Works Park	56,073,058	10,657,254	10,657,254	29,220,784	13,006,948	-	42,227,731	-	42,227,731	75%
	115003	Comprehensive Condition Assessment at Waterworks Park WTP	514,004	-	-	-	-	-	-	-	-	0%
	115004	Water Works Park WTP Chlorine System Upgrade	6,966,596	-	-	-	-	-	-	6,966,596	6,966,596	100%
	115005	WWP WTP Building Ventilation Improvements	16,541,211	5,579,579	5,579,579	5,941,878	6,991,069	-	12,932,947	-	12,932,947	78%
	115006	Water Works Park Site/Civil Improvements	5,895,650	-	-	-	-	-	-	-	-	0%
	115007	Water Works Park High Lift Pumping Station Modernization	115,089,667	-	-	-	-	-	-	-	-	0%
	115009	Water Works Park Sedimentation Basins Structural Upgrades	16,845,902	-	-	-	-	-	-	-	-	0%
	116002	Pennsylvania, Springwells and Northeast Raw Water Supply Tunnel Improvements based on	99,061,811	15,334,209	15,334,209	64,619,456	11,751,723	76,044,386	326,793	80,729,617	81,056,410	82%
	116005	Belle Isle Seawall Rehabilitation	2,294,679	737,140	737,140	157,201	555,520	-	712,722	-	712,722	31%
116006	Belle Isle Intake System Rehabilitation and Improvements	2,221,841	-	-	-	-	-	-	-	-	0%	
116007	System Electrical Power Improvements	4,010,060	2,286,109	2,286,109	-	-	-	-	-	-	0%	
<b>Water Treatment Plants &amp; Facilities Total</b>			<b>1,797,962,260</b>	<b>85,654,045</b>	<b>87,608,345</b>	<b>150,882,080</b>	<b>74,710,284</b>	<b>98,217,736</b>	<b>127,374,628</b>	<b>299,663,506</b>	<b>427,038,135</b>	<b>24%</b>
Programs - Centralized Services	380700	As-needed Engineering Services for Concrete Testing, Geotechnical Soil Borings, other Testing Services, and Related Services Allowance	10,820	-	-	-	-	-	-	-	-	0%
	381000	Energy Management: Electric Metering Improvement Program	5,125,444	679,554	679,554	-	-	-	-	-	-	0%
	381001		2,498,482	-	-	-	-	-	-	-	-	0%
	383300	Masonry Replacement and Rehabilitation Program	25,000,001	-	-	-	-	-	-	-	-	0%
<b>Programs - Centralized Services Total</b>			<b>32,634,746</b>	<b>679,554</b>	<b>679,554</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0%</b>
Energy Mangement	351001	Water Facility Lighting Renovations	6,667	-	-	-	-	-	-	-	-	0%
<b>Energy Mangement Total</b>			<b>6,667</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0%</b>
<b>Grand Total</b>			<b>3,743,919,674</b>	<b>239,259,562</b>	<b>200,683,462</b>	<b>374,243,953</b>	<b>177,573,974</b>	<b>136,548,345</b>	<b>415,269,582</b>	<b>485,335,439</b>	<b>900,605,021</b>	<b>24%</b>

# Construction Work-in-Progress Quarterly Report

As of June 30, 2024

Great Lakes Water Authority  
 B4 - Wastewater System Construction Work-in-Progress (CWIP) FY 2024 Rollforward  
 Unaudited Activity For the Fiscal Quarter Ended June 30th, 2024

Project Category	Project	Project Name	Total Project Plan Estimate	FY 2024 Board			FY 2024 Activity through June 30, 2024	FY 2024 Capitalizations		Life to Date Capitalizations And Other Activity	Life to Date Activity through June 30, 2024	Life to Date Activity / Total Project Plan Estimate
				FY 2024 Board Approved CIP	Approved With Project Amendments	CWIP Balance July 1, 2023		Activity through June 30, 2024	And Other			
CSO Facilities	270001	Pilot CSO Netting Facility	37,884,356	-	-	2,207	18,505	-	20,713	-	20,713	0%
	270002	Meldrum Sewer Diversion and VR-15 Improvements	6,400,507	-	-	-	-	-	-	-	-	0%
	270003	Long Term CSO Control Plan	12,058,497	2,268,939	2,268,939	-	618,829	-	618,829	-	618,829	5%
	270004	Oakwood Lieb CSO Facility Improvement	42,595,642	2,284,906	2,284,906	2,070,852	2,881,187	-	4,952,040	-	4,952,040	12%
	270006	Control System Upgrades - Baby Creek/Belle	20,538,416	1,477,523	1,477,523	1,103,959	1,600,576	-	2,704,535	-	2,704,535	13%
	270007	Disinfection System Improvements at CSO	8,345,855	-	-	1,247	47,180	-	48,428	-	48,428	1%
	270008	Flushing System Improvements at Conner Creek and St. Aubin CSO Facilities	7,070,077	-	-	-	-	-	-	-	-	0%
	270009	Site Improvements at St. Aubin, Belle Isle, and Baby Creek CSO Facilities	1,389,999	-	-	-	-	-	-	-	-	0%
	270010	HVAC Improvements at Puritan Fenkell and Seven Mile CSO Facilities	1,579,434	15,754	15,754	8,756	11,940	-	20,696	-	20,696	1%
	270011	HVAC Improvements at Conner Creek and Belle Isle CSO Facilities	418,049	-	-	-	-	-	-	-	-	0%
	270012	Control System Upgrades at Conner Creek, Oakwood, and Puritan Fenkell CSO Facilities	5,974,808	-	-	-	-	-	-	-	-	0%
	270013	Facility Improvements at Puritan Fenkell and Seven Mile CSO Facilities	902,132	-	-	-	-	-	-	-	-	0%
	270014	Convert to Complete Capture Basin CSO Fa	4,482,478	-	-	-	-	-	-	-	-	0%
	273001	Hubbell Southfield CSO Facility Improvement	54,621,097	227,885	227,885	438,459	2,070,040	(611)	2,509,110	(611)	2,508,499	5%
	273002	CSO Hubbell Southfield VR-8 Gate Improvements	1,785,839	-	-	-	-	-	-	-	-	0%
	276002	Replacement Make-up Air Unit at CON	357,212	-	-	611	-	611	-	348,607	348,607	98%
	277001	Baby Creek Outfall Improvements Project	16,312,714	3,303,128	3,303,128	1,650,965	3,111,647	-	4,762,612	389,300	5,151,912	32%
	277002	Baby Creek CSO Facility Influent Flushing System	744,959	-	-	-	-	-	-	-	-	0%
<b>CSO Facilities Total</b>			<b>223,462,073</b>	<b>9,578,136</b>	<b>9,578,136</b>	<b>5,277,057</b>	<b>10,359,905</b>	<b>-</b>	<b>15,636,962</b>	<b>737,296</b>	<b>16,374,258</b>	<b>7%</b>
Facilities	331002	Roofing Systems Replacement at GLWA Wastewater Treatment Plant, CSO Retention Treatment Basins (RTB) and Screening Disinfection Facilities (SDF)	1,123,056	-	-	-	-	-	-	1,123,056	1,123,056	100%
<b>Facilities Total</b>			<b>1,123,056</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,123,056</b>	<b>1,123,056</b>	<b>100%</b>
Field Services - Wastewater	222001	Intercommunity Relief Sewer Modifications in Detroit Oakwood District	81,428,171	-	-	2,609,882	367,413	-	2,977,295	-	2,977,295	4%
	222002	Detroit River Interceptor Evaluation and Rehabilitation	117,561,404	17,254,477	17,254,477	51,063,141	6,625,911	-	57,689,053	-	57,689,053	49%
	222004	Collection System Valve Remote Operation Structures Improvements	4,246	-	-	-	-	-	-	-	-	0%
	222008	North Interceptor East Arm (NIEA)	4,500,000	2,520,548	2,520,548	-	2,164,050	-	2,164,050	-	2,164,050	48%
<b>Field Services - Wastewater Total</b>			<b>203,493,821</b>	<b>19,775,025</b>	<b>19,775,025</b>	<b>53,673,024</b>	<b>9,157,374</b>	<b>-</b>	<b>62,830,398</b>	<b>-</b>	<b>62,830,398</b>	<b>31%</b>
Programs	260200	Sewer and Interceptor Evaluation and Rehabilitation Program	9,171,910	17,224	17,224	-	-	-	-	-	-	0%
	260201	Conveyance System Interceptor Rehab	41,527,234	1,107,291	1,107,291	20,225,624	25,202	344,457	19,906,369	18,886,584	38,792,953	93%
	260202	Conveyance System Interceptor Rehab	4,457	-	-	1,904	-	1,904	(0)	1,904	1,904	43%
	260204	Energy Services for Rehabilitation of Conveyance Sewer System	57,525,481	16,922,618	17,695,018	10,043,555	17,209,188	-	27,252,743	-	27,252,743	47%
	260205	NWI Outfall Rehabilitation	7,734,426	4,232,450	4,232,450	2,303,696	3,722,836	(346,361)	6,372,893	(346,361)	6,026,532	78%
	260206	Conveyance System Rehabilitation - Interceptors	23,141,361	8,166,750	8,166,750	1,197,436	5,794,567	-	6,992,002	-	6,992,002	30%
	260207	Rehabilitation of Woodward Sewer System	23,229,319	6,721,768	7,216,568	12,008,292	8,313,808	-	20,322,100	-	20,322,100	87%
	260208	Linwood/Lonyo/Ashland/2nd Ave/Shiawassee	36,754	-	-	-	-	-	-	-	-	0%
	260209	Sewer Repair Contract - As Needed	14,965,035	7,479,694	7,194,694	2,098,083	1,094,403	-	3,192,487	-	3,192,487	21%
	260210	Linwood/Lonyo/Ashland/2nd Ave/Shiawassee	36,341,245	1,521,537	1,521,537	320,171	1,285,506	-	1,605,677	-	1,605,677	4%
	260211	Sewer Repair Contract II	-	-	285,000	-	4,933	-	4,933	-	4,933	0%
	260500	CSO Outfall Rehab	7,636,110	-	-	-	-	-	-	-	-	0%
	260504	Rehabilitation of Outfalls - Phase II	4,923,589	-	-	-	-	-	4,923,589	4,923,589	4,923,589	100%
	260505	Rehabilitation of Outfalls - Phase IV	5,709,224	-	-	-	3,700	-	3,700	5,709,659	5,713,359	100%
	260506	Pilot Regulator Orifice Expansion	(78,641)	-	-	-	-	-	-	-	-	0%
	260508	B-39 Outfall Rehab	10,705,611	4,377,004	4,377,004	6,031,942	4,429,458	-	10,461,400	-	10,461,400	98%
	260509	B-40 Outfall Rehab	112,591	-	-	112,591	-	-	112,591	-	112,591	100%
	260510	Conveyance System Rehabilitation - Outfalls	24,947,182	4,826,857	4,826,857	1,871,607	3,090,222	-	4,961,829	-	4,961,829	20%
	260600	CSO Facilities Improvements	1,021,441,117	2,120,493	2,120,493	-	-	-	-	-	-	0%
	260601	Oakwood Drain Valve Improvements	804,574	-	-	-	-	-	804,574	-	804,574	100%
	260602	CSO Fire Alarm System Improvements	1,017,691	-	-	-	-	-	997,619	-	997,619	98%
	260603	Conner Creek CSO Basin Rehab	7,982,176	-	-	-	-	-	7,675,407	-	7,675,407	96%
	260606	Puritan Fenkell Roof Replacement	346,540	-	-	-	-	-	346,540	-	346,540	100%



# Construction Work-in-Progress Quarterly Report

As of June 30, 2024

Great Lakes Water Authority  
 B4 - Wastewater System Construction Work-in-Progress (CWIP) FY 2024 Rollforward  
 Unaudited Activity For the Fiscal Quarter Ended June 30th, 2024

Project Category	Project	Project Name	Total Project Plan Estimate	FY 2024 Board			FY 2024 Capitalizations		Life to Date Capitalizations And Other Activity	Life to Date Activity through June 30, 2024	Life to Date Total Project Plan Estimate	
				FY 2024 Board Approved CIP	Approved CIP With Project Amendments	CWIP Balance July 1, 2023	Activity through June 30, 2024	And Other Activity through June 30, 2024				CWIP Balance June 30, 2024
<b>Programs</b>	260607	Lieb SDF Electrical Improvements	1,032,508	-	-	-	-	-	1,032,508	1,032,508	100%	
	260608	Seven Mile RTB - Roof Replacement	496,699	-	-	-	-	-	496,699	496,699	100%	
	260609	Seven Mile RTB - Parking Lot / Sitework	429,557	-	-	-	-	-	429,557	429,557	100%	
	260610	Baby Creek MAU Replacement	275,151	-	-	-	-	-	275,151	275,151	100%	
	260611	HVAC Improvements At Lieb SDF	412,590	-	-	-	-	-	412,590	412,590	100%	
	260613	Baby Creek HVAC Improvements	545,401	-	-	-	-	-	545,401	545,401	100%	
	260614	CSO Facilities Structural Improvements	15,427,766	2,346,731	2,810,031	12,303,538	1,667,698	-	13,971,236	13,971,236	91%	
	260615	PF & Lieb CSO Facilities Site & Drainage Improvements	457,982	-	-	-	-	-	582,444	582,444	127%	
	260616	Baby Creek SCO Anchor & Wedge Improvements	771,846	-	-	-	-	-	770,114	770,114	100%	
	260617	St. Aubin Chemical Disinfection Improvements	417,052	-	-	-	-	-	-	-	0%	
	260618	Oakwood HVAC Improvements	6,933,584	-	-	5,620,944	589,613	6,210,557	-	6,210,557	90%	
	260619	Control System Upgrade At St. Aubin, Lieb and 7 Mile	7,972,657	3,868,475	3,868,475	1,050,133	2,214,331	-	3,264,463	-	41%	
	260620	Baby Creek Roof Replacement	984,552	-	-	-	-	-	984,552	984,552	100%	
	260621	Connor Creek Berm Improvements	2,255,349	-	-	4,749	(2,374)	-	2,374	2,244,862	100%	
	260622	CSO Facilities Emergency Generator Improvements	1,376,296	-	-	978,411	138,916	1,109,567	7,760	1,109,567	81%	
	260623	Baby Creek Screen Rehabilitation	2,393,230	1,048,740	1,048,740	1,447,517	820,805	-	2,268,321	-	95%	
	260700	Sewer System Infrastructure Improvements & Pumping Stations	1,025,068	49,456	49,456	-	-	-	-	-	0%	
	260701	Conveyance System Infrastructure Improvements	58,453,030	19,310,035	19,310,035	13,177,646	20,998,476	-	34,176,122	-	58%	
	260702	Pump Station Assets Updates	10,065,000	-	-	-	-	-	-	-	0%	
	260800	WRRF Roof Replacement Program	14,833,388	-	-	-	-	-	-	-	0%	
	260801	WRRF Sludge Pump Station #3 Roof Replacement	80,463	-	-	-	-	-	80,463	80,463	100%	
	260802	2022 WRRF Roof Improvements Project	5,071,571	2,349,455	2,349,455	302,060	171,402	-	473,462	-	9%	
	260900	WRRF Facility Optimization Program	85,771,290	52,706	52,706	-	-	-	-	-	0%	
	260901	Rehab. Hazmat Facility at WRRF	3,506,846	1,409,318	1,409,318	329,597	2,923,768	-	3,253,365	-	93%	
	260902	WRRF Renovation of 4th Floor	3,719,708	1,043,763	1,043,763	3,143,292	408,300	3,551,592	-	3,551,592	95%	
	260903	WRRF Front Entrance Rehab.	7,817,069	2,475,342	2,475,342	367,597	1,609,055	-	1,976,652	-	25%	
	260904	WRRF 3rd Floor Renovation	3,546,009	14,026	14,026	68,417	56,257	-	124,674	-	4%	
	260905	WRRF Plumbing Shop Rehab	2,669,399	1,144,117	1,144,117	134,360	999,600	-	1,133,960	-	42%	
	261000	WRRF Rehabilitation of Secondary Clarifiers	41,637,242	-	-	-	-	-	-	-	0%	
	261001	Rehabilitation of Secondary Clarifiers	18,941,302	161,360	161,360	26,712	114,401	-	141,112	-	1%	
<b>Programs Total</b>			<b>1,598,544,588</b>	<b>92,767,210</b>	<b>94,497,710</b>	<b>95,169,871</b>	<b>77,684,070</b>	<b>10,871,716</b>	<b>161,982,225</b>	<b>57,725,571</b>	<b>219,707,797</b>	<b>14%</b>
<b>Programs - Water</b>	171501	Roof Replacements - Var Facilities Program	-	-	-	-	-	-	83,000	-	83,000	0%
<b>Programs - Water Total</b>			-	-	-	-	-	-	83,000	-	83,000	0%
<b>Security</b>	341002	Security Infrastructure Improvements	2,362,970	-	-	-	-	-	3,200,851	-	3,200,851	135%
<b>Security Total</b>			2,362,970	-	-	-	-	-	3,200,851	-	3,200,851	135%
<b>Systems Control Center</b>	232001	Fairview Pumping Station - Replace Four Sanitary Pumps	46,124,283	2,479,602	2,479,602	43,849,170	995,200	44,840,220	4,149	44,840,220	44,844,369	97%
	232002	Connor Creek Pump Station Improvements	464,091,911	21,815,785	21,815,785	12,238,422	4,193,096	4,521,798	11,909,720	10,625,484	22,535,204	5%
	232005	Freud Pump Station Improvements	-	-	-	-	172,439	(4,521,798)	4,694,237	(4,521,798)	172,439	0%
	233003	Rouge River In-system Storage Devices	81,335,735	-	-	-	-	-	-	-	-	0%
<b>Systems Control Center Total</b>			<b>591,551,929</b>	<b>24,295,387</b>	<b>24,295,387</b>	<b>56,087,591</b>	<b>5,360,735</b>	<b>44,840,220</b>	<b>16,608,106</b>	<b>50,943,906</b>	<b>67,552,012</b>	<b>11%</b>
<b>Water Resource Recovery Facility</b>	211001	Rehabilitation of Primary Clarifiers Rectangular Tanks, Drain Lines, Electrical/Mechanical Building and Pipe Gallery	54,737,713	-	-	-	-	-	-	54,748,738	54,748,738	100%
	211002	Pump Station No. 2 Pumping Improvements	3,737,135	164,894	164,894	2,654,703	100,974	2,676,068	79,609	2,676,068	2,755,677	74%
	211004	Pump Station 1 Rack & Grit and MPI Sampling Station 1 Improvements	28,488,884	-	-	-	-	-	-	27,895,001	27,895,001	98%
	211005	Pump Station No. 2 Improvements	83,607,696	1,642,063	1,642,063	379,595	178,892	-	558,488	-	558,488	1%
	211006	Pump Station No. 1 Improvements	110,959,522	15,843,863	22,296,763	11,410,932	8,826,592	-	20,237,524	-	20,237,524	18%
	211007	Replacement of Bar Racks and Grit Collection System at Pump Station No. 2	122,757,265	4,814,699	5,310,899	8,777,838	152,110	-	8,929,948	-	8,929,948	7%
	211008	Rehabilitation of Ferric Chloride Feed systems at the Pump Station -1 and Complex B Sludge Lines	12,756,072	1,540,577	1,540,577	10,478,819	2,257,611	-	12,736,430	-	12,736,430	100%
	211009	Rehabilitation of the Circular Primary Clarifier Scum Removal System	23,215,192	-	-	549,344	91,115	-	640,459	-	640,459	3%
	211010	Rehabilitation of Sludge Processing Complexes A and B	14,104,223	-	-	94,337	-	-	94,337	-	94,337	1%
	211011	WRRF PS1 Screening and Grit Improvements	99,386,498	1,637,866	1,637,866	27,289	3,373,716	-	3,401,005	-	3,401,005	3%
	212003	Aeration System Improvements	16,524,875	-	-	-	-	-	16,524,875	-	16,524,875	100%

## Construction Work-in-Progress Quarterly Report As of June 30, 2024

Great Lakes Water Authority  
B4 - Wastewater System Construction Work-in-Progress (CWIP) FY 2024 Rollforward  
Unaudited Activity For the Fiscal Quarter Ended June 30th, 2024

Project Category	Project	Project Name	Total Project Plan Estimate	FY 2024 Board		CWIP Balance July 1, 2023	FY 2024 Activity through June 30, 2024	FY 2024 Capitalizations		Life to Date Capitalizations And Other Activity	Life to Date Activity through June 30, 2024	Life to Date Activity / Total Project Plan Estimate
				FY 2024 Board Approved CIP	Approved CIP With Project Amendments			And Other	CWIP Balance June 30, 2024			
<b>Water Resource Recovery Facility</b>	<b>212004</b>	ProjectChlorination/Dechlorination Process Equipment Improvements	5,650,501	-	-	-	-	-	-	5,652,101	5,652,101	100%
	212006	PC-797 Rouge River Outfall Disinfection and CS-1781 Oversight Consulting Services Contract	43,788,731	-	-	-	-	-	-	43,788,731	43,788,731	100%
	212007	Rehabilitation of the Secondary Clarifiers	2,645	-	-	-	-	-	-	-	-	0%
	212008	WRRF Rehabilitation of Intermediate Lift	194,787,461	10,876,684	10,876,684	1,195,891	6,995,413	-	8,191,304	-	8,191,304	4%
	212009	WRRF Aeration Improvements 3 and 4	69,528,226	-	-	-	-	-	-	-	-	0%
	212010	WRRF Conversion of Disinfection of all Flow to Sodium Hypochlorite and Sodium Bisulfite	6,231,557	-	-	-	-	-	-	-	-	0%
	213006	Improvements to Sludge Feed Pumps at Dewatering Facilities	17,944,119	1,050,206	1,050,206	746,836	1,873,623	-	2,620,458	-	2,620,458	15%
	213007	Construction of the Improved Sludge Conveyance and Lighting System at the WWTP	25,470,489	709,475	709,475	22,852,865	807,728	22,911,759	748,833	22,911,759	23,660,592	93%
	213008	Rehabilitation of the Wet and Dry Ash Handling Systems	7,183,909	-	-	151,058	-	-	151,058	-	151,058	2%
	213009	Phosphorous Recovery Facility at the WWRf	335,447,898	-	-	10,848	12,834	-	23,682	-	23,682	0%
	214001	Relocation of Industrial Waste Division and Analytical Laboratory Operations	14,791,656	-	-	-	-	-	-	14,300,183	14,300,183	97%
	216004	Rehabilitation of Various Sampling Sites and PS# 2 Ferric Chloride System at WWTP	8,555,862	195,840	195,840	7,723,935	238,594	7,962,529	-	7,962,529	7,962,529	93%
	216006	Rehabilitation of the Screened Final Effluent (SFE) Pump Station and Secondary Water System	31,871,434	8,215,922	6,538,522	5,982,678	4,444,011	-	10,426,689	-	10,426,689	33%
	216007	DTE Primary Electric 3rd Feed Supply Line to the WRRF	3,996,247	-	-	-	-	-	-	4,008,247	4,008,247	100%
	216008	Rehabilitation of Screened Final Effluent (SFE) Pump Station	101,100,651	2,693,951	3,182,551	3,711,028	758,041	-	4,469,069	-	4,469,069	4%
	216009	Logistics & Material Facility	289,862	-	-	-	-	-	-	-	-	0%
	216010	WRRF Facility Optimization	2,003	-	-	-	-	-	-	-	-	0%
	216011	WRRF Structural Improvements	17,185,482	3,259,348	3,259,348	1,733,060	3,719,655	-	5,452,715	-	5,452,715	32%
	216012	WRRF Research Facility	228,119	-	-	-	-	-	-	-	-	0%
<b>Water Resource Recovery Facility Total</b>			<b>1,454,331,929</b>	<b>52,645,387</b>	<b>58,405,687</b>	<b>78,481,057</b>	<b>33,830,908</b>	<b>33,550,356</b>	<b>78,761,609</b>	<b>200,468,233</b>	<b>279,229,842</b>	<b>19%</b>
<b>Grand Total</b>			<b>4,074,870,364</b>	<b>199,061,145</b>	<b>206,551,945</b>	<b>288,688,600</b>	<b>136,392,993</b>	<b>89,262,293</b>	<b>335,819,300</b>	<b>314,281,914</b>	<b>650,101,214</b>	<b>16%</b>

## Appendix C - Project Amendment Summaries

The purpose of the Project Amendment Summary is to illustrate the amendments to the current fiscal year board approved CIP for each project with an amendment resulting from the use of allowance and program funding for a specific amount necessitated by contract award.

The award of CIP contracts and the related execution thereof may result in deviation from the amount and timing of planned spend. Acknowledging the aforementioned deviation, project amendments are prepared to fund the related increase or decrease either to or from the Capital Reserve to amend the current fiscal year board approved Capital Improvement Plan accordingly and to inform decision makers in the development of future Capital Improvement Plans. Similar to the project amendments prepared for the Capital Reserve, project amendments are also prepared for contracts that are planned or funded by way of the CIP Program and Allowance accounts. As additional contracts are awarded, and other project information becomes available additional project amendments to and from the Capital Reserve will be prepared to amend the board approved FY 2024 Capital Improvement Plan.

**(\$36,236,100)** of Capital Reserve project amendments have been prepared as of June 30, 2024, as shown for the Water System in C1 – Water FY 2024 Project Amendment Summary with project amendments detailing the assignment of funding within Program and Allowance accounts. This year-to-date total illustrates a decreased use of reserves.

**(\$10,379,000)** of Capital Reserve project amendments have been prepared as of June 30, 2024, as shown for the Wastewater system in C2 – Wastewater FY 2024 Project Amendment Summary with project amendments detailing the assignment of funding within Program and Allowance accounts.

These amendments are in alignment with the FY 2024-2028 CIP plan.

The order of these appendices on the subsequent pages are in ascending order by CIP project number.

## Great Lakes Water Authority

## C1 - Water System Project Amendment Summary

## Unaudited Activity For the Fiscal Quarter Ended June 30th, 2024

Project	Project Name	Capital Reserve	Grand Total
111006	Replace Instrumentation: LHWTP	999,000	999,000
114002	Springwells WTP Low and High Lift Improv	(500)	(500)
114017	SPW WTP Flocculator Drive Replacement	955,800	955,800
122004	96" Main Relocation, Isolation Valve Ins	(51,865,300)	(51,865,300)
122006	Transmission Work: Wick Road Parallel	373,500	373,500
122013	14 Mile Transmission Main Loop	8,937,400	8,937,400
122017	7 Mile/NV TM Rehab and Carrie/NV Flow CS	625,000	625,000
132010	Division Valves at West Service Center	(687,300)	(687,300)
132012	Ypsilanti Pumping Station Improvements	196,600	196,600
132015	Newburgh BPS	113,300	113,300
170500	Program: Transmission Valve Assessment	(1,616,600)	(1,616,600)
170503	Transmission System Valve Replacement Pa	2,869,900	2,869,900
170504	Repair of WTM, Valves, & Priority Repair	2,164,400	2,164,400
170602	36" 24 Mile Rd. Transmission Main Condit	2,226,700	2,226,700
170802	Reservoir Inspection, Design	(1,528,000)	(1,528,000)
<b>Grand Total</b>		<b>\$ (36,236,100)</b>	<b>\$ (36,236,100)</b>

## Great Lakes Water Authority

## C2 - Wastewater System Project Amendment Summary

## Unaudited Activity For the Fiscal Quarter Ended June 30th, 2024

Project	Project Name	Capital Reserve	Grand Total
211006	Pump Station #1 Main Lift Pumps Rehab	6,452,900	6,452,900
211007	Replacement of Bar Rack at Pump Station 2	496,200	496,200
216006	WRRF Yard Piping & Utility Rehab	(1,677,400)	(1,677,400)
216008	Rehabilitation of SFE Pump Station	488,600	488,600
232002	Connor Creek Pump Station Improvements	(19,100,700)	(19,100,700)
232005	Freud Pump Station Improvements	1,780,000	1,780,000
260201	Conveyance System Interceptor Rehab	(271,800)	(271,800)
260204	Eng Svcs for Rehab of Convey Sewer System	772,400	772,400
260205	NWI Outfall Rehabilitation	(277,300)	(277,300)
260207	Rehabilitation of Woodward Sewer System	494,800	494,800
260209	Sewer Repair Contract - As Needed	(285,000)	(285,000)
260211	Sewer Repair Contract II	285,000	285,000
260614	CSO Facilities - Structural Improvements	463,300	463,300
<b>Grand Total</b>		<b>\$ (10,379,000)</b>	<b>\$ (10,379,000)</b>



## Financial Services Audit Committee Communication

**Date:** October 25, 2024

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

**From:** Matthew S. Lane, MPA, Charges Outreach and Modeling Manager

**Re:** Charges Outreach & Modeling Update

**Background:** The Charges Outreach & Modeling (CO&M) Team was established in 2022 as part of the Financial Management & Planning Group to facilitate internal communication and external outreach with GLWA Member Partners as it relates to the charge methodology and charge-related financial matters. This team also serves as liaison between GLWA and third-party consultants in the development, maintenance and review of the annual water and sewer charges.

**Analysis:** As we enter Charges Roll Out season, we will provide updates to this committee on our activity as needed.

1. For FY 2026, the Charges Outreach & Modeling team is incorporating a new “Charges 101” training series to provide a user-friendly explanation to our member partners of how charges are calculated. These presentations are provided during the first 30 minutes of each charges roll out meeting and are tailored to address the meeting topic.

Our goal is to help establish a shared understanding of the underlying budget and charge-setting process and provide a down-to-earth communication tool for member partners to use when explaining rates and charges to local constituents. A copy of the Charges 101 presentation for Roll Out #1 – Capital Improvement Plan and supporting materials are attached to this update for your information.

2. FY 2026 Charges Rollout Process:
  - Rollout # 1- COMPLETED - Capital Improvement Plan: Thursday, October 17, 2024
  - Rollout # 2 – Units of Service: Tuesday, November 12, 2024
  - Rollout # 3: Thursday, January 9, 2025
  - *Member Partner One-on-One Meetings: January 13-15, 2025*
  - Rollout # 4: Thursday, January 16, 2025

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



# Charges 101: Capital Improvement Plan

Presented at FY 2026 Charges Rollout #1

Thursday, October 17, 2024

***Matt Lane, MPA** - Charges Outreach & Modeling Manager*

# Agenda

- 💧 Overview of Charges Rollout Meetings
- 💧 Part 1: Finance Basics – Types of Funds
- 💧 Part 2: Capital Improvement Plan & Project Life Cycle
- 💧 Bringing the Two Parts Together – How Does CIP Impact Charges?
- 💧 Capital Improvement Plan Chapter 4 – Finance
- 💧 Questions & Feedback





# Overview of Charges Rollout Meetings

# About the Charges 101 Series

- 💧 Water and sewer service charges are the result of complex engineering studies and financial analysis
- 💧 Though it is complex, it is in the best interest of all stakeholders to have a basic understanding of charge calculation principles
- 💧 **The Charges 101 Series is designed to provide a user-friendly explanation of how charges are calculated**
- 💧 Intended audience are those who are new to understanding charges as well as seasoned professionals in the water sector who seek information to inform their communities and clients

# Disclaimer

- 💧 The nature of the Charges 101 series is intended to be a high-level, user-friendly presentation of technical materials
- 💧 Representation of financial, legal, and technical matters are illustrative in nature
- 💧 Key documents referenced in this presentation are generally available online at [www.glwater.org](http://www.glwater.org) or upon email request to [charges@glwater.org](mailto:charges@glwater.org)

# What is Charges Rollout?

- ◆ The charge setting process includes four meetings each year – known as “rollout meetings”
  - ◆ Each meeting focuses on a different topic and informs stakeholders about key inputs into charge setting
  - ◆ Rollout meetings are held via Zoom to encourage participation
- ◆ Key dates for the upcoming FY 2026 Charges (effective July 1, 2025)
  - ◆ Charges Rollout #1 - October 17, 2024 - Capital Improvement Plan (CIP) Version 1.0
  - ◆ Charges Rollout #2 - November 12, 2024 - Units of Service
  - ◆ Charges Rollout #3 - January 9, 2025 – Proposed Charges and Budget
    - ◆ Member Partners receive their annual charge calculation worksheet prior to this meeting
  - ◆ Charges Rollout #4 - January 16, 2025 – Feedback on Proposed Charges and Budget
    - ◆ A schedule of one-on-one meetings is available between Rollout #3 and #4 with the Charges Outreach & Modeling Team and Member Partner representatives

# What are Charges Rollout Topics?

Charges and related rollout meetings align with four key topics

◆ *Charges Rollout #1 - Capital Improvement Plan (CIP) Review*

- ◆ Review Draft 1.0 of the CIP document and how that relates to prioritized investment in the GLWA systems (pumps, pipes and plants)

◆ *Charges Rollout #2 - Units of Service (UOS)*

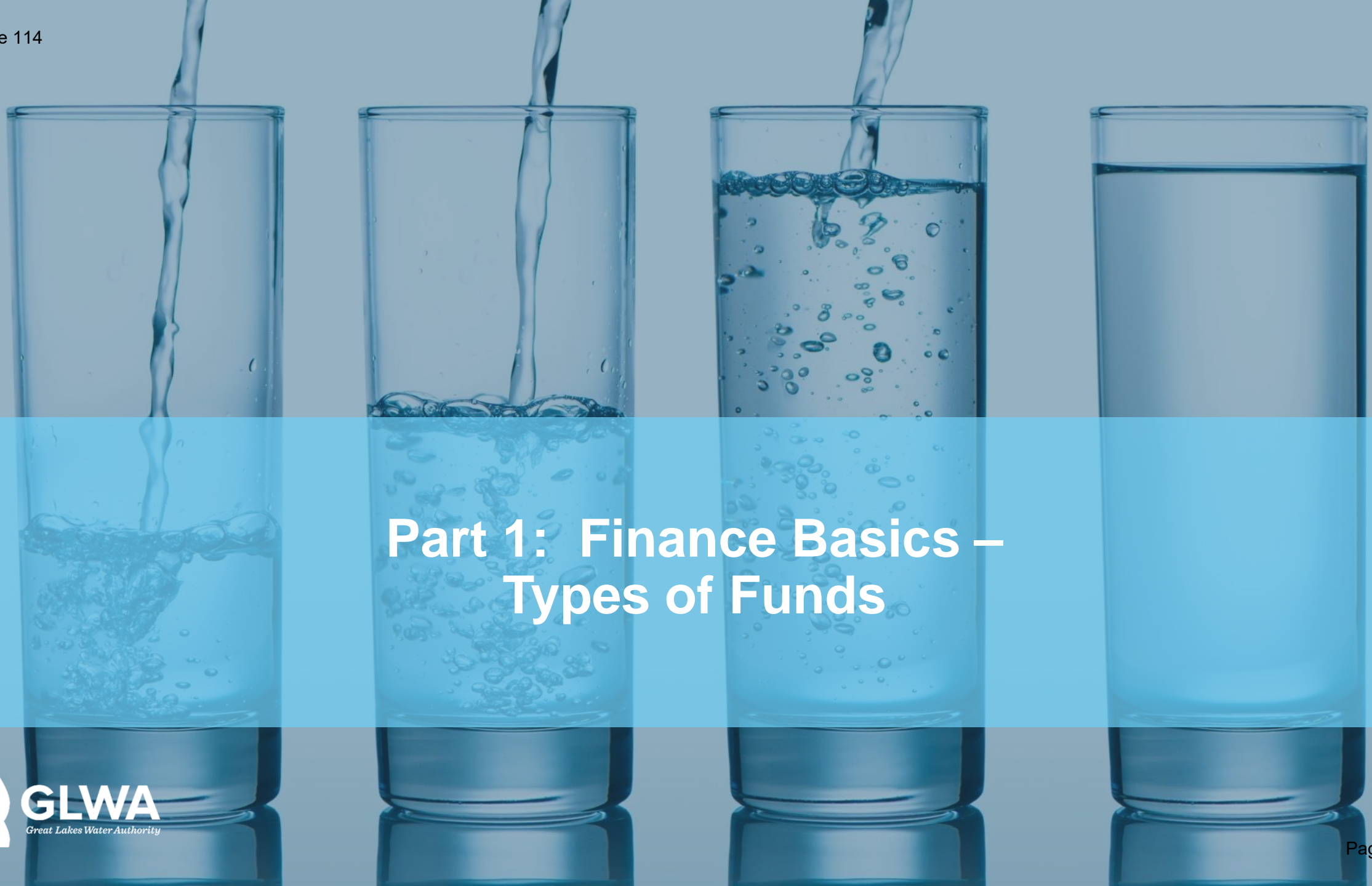
- ◆ For the water system, this includes an analysis of a) the amount of water purchased and forecasted each year, b) contracted demands during peak periods versus actual demands and, c) unique Member Partner scenarios that may encompass contract reopeners
- ◆ For the sewer system, each member partner's SHARE is based on contributed wastewater flows (*SHARES are recalculated every three (3) years*)

◆ *Charges Rollout #3 – Proposed Charges and Budget*

- ◆ *Member Partners received “Charge Calculation Worksheets” based on a Cost of Service Study (COS) prior to Rollout #3*

◆ *Charges Rollout #4 - Feedback on Proposed Charges and further discussion of the **Budget with the Long-term Financial Plan***

- ◆ *The annual budget is also referred to as the “Revenue Requirement” on the “Charge Calculation Worksheets”*



# Part 1: Finance Basics – Types of Funds

# Finance Basics

- 💧 As an analogy, consider how a household manages its finances
- 💧 Generally, a household has:
  - 💧 Salary or other income sources
  - 💧 Daily living expenses including utilities, supplies, and services
  - 💧 Big purchases, sometimes planned and sometimes not, such as a new furnace or new roof, and
  - 💧 Really big purchases (like a home or car)



# Three Types of Household Funds

## Checking Account

### Increases

- Salary
- Other income

### Decreases

- Daily expenses, utilities, supplies, services
- Pay mortgage
- Pay home equity loan

Money left after paying the bills?

- Deposit to savings

## Savings Account

### Increases

- Salary deposit
- Money left after bills paid

### Decreases

- *Big purchases* such as furnace, appliance, or sofa

### Goal?

- Save for big purchases to avoid debt
- Emergency cash for unforeseen expenses
- Financial stability

## Borrowed Funds

### Increases

- New debt to buy something

### Decreases

- *Really big purchases* such as new home (mortgage) or kitchen remodel (home equity loan)

### Goal?

Pay down debt from checking account



# Three Types of GLWA Funds

## Trust Fund

### Increases

- Revenue from Charges
- Other income

### Decreases

- Operations & Maintenance
- Debt Payments
- Other Commitments

Money left after commitments paid

- Deposit to I&E Fund

## I & E Fund

### Increases

- Transfers in from the Trust Fund

### Decreases

- Payments for capital outlay and small projects (like trucks or building remodeling)

### Goal

- Save to reduce debt
- Emergency cash for unforeseen expenses
- Financial stability

## Construction Fund

### Increases

- New bonds or SRF Loans
- Other income

### Decreases


- Payments for large capital projects like pipes and water or sewer plant upgrades

### Goal?

Smart balance of debt vs. savings to be more cost effective

# Comparing Household Funds to GLWA Funds

Household	GLWA	GLWA Funds Description
Checking →	Master Bond Ordinance (MBO) Trust Fund	<ul style="list-style-type: none"> <li>- Payments <b>received</b> from Member Partners are deposited to a trust fund</li> <li>- Payments <b>sent</b> from the trust fund pay for operations and maintenance activities, then debt payments followed by other prioritized financial commitments including transfers to the I&amp;E Fund</li> </ul>
Savings →	Improvement & Extension (I&E) Fund	<ul style="list-style-type: none"> <li>- Cash is <b>transferred in</b> from the trust fund to the I&amp;E Fund to pay for future capital improvement projects</li> <li>- <b>Payments made</b> from the I&amp;E Fund for capital projects and programs that are lower in dollar amount and/or less than 20 year estimated useful life of asset</li> </ul>
Borrowed Funds →	Construction Fund	<ul style="list-style-type: none"> <li>- <b>Cash comes from the sale of bonds or state revolving fund loans</b> to pay for capital projects</li> <li>- <b>Payments made</b> from construction Fund for engineering, construction, and other costs described in the capital improvement plan (CIP)</li> </ul>



## Part 2: Capital Improvement Plan & Project Life Cycle

# Understanding GLWA's CIP

- ◆ The Capital Improvement Plan generally includes approximately 160 projects in total for the water and sewer systems
- ◆ The next two slides provide a visual of the types of assets that GLWA operates, maintains, upgrades, and improves each year
- ◆ The CIP is a plan that guides budgetary decisions; no project is started without an approval process
- ◆ It is especially important to note that no project in the CIP impacts charges until actual project spending occurs
- ◆ In this section, we will focus on the life cycle of a project

# Water System



**5** Treatment Plants



**797** miles of transmission main



**3.9 MILLION** PEOPLE SERVED



**88** Member Partners across **115** communities



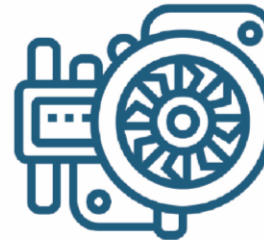
Treatment capacity of **1,720** million gallons per day



**3** Water Intakes



**19** BOOSTER PUMP STATIONS



**1,674 SQ. MILE** service area

**MISSION:** *To exceed our customer's expectations by utilizing best practices in the treatment and transmission of water and wastewater, while promoting health communities and economic growth.*

# Wastewater System



The largest single-site wastewater treatment facility in the United States



**207** miles of trunk sewers & interceptors



**2.8 MILLION** PEOPLE SERVED



**18** Member Partners across **79** communities



Treatment capacity of **1,700** million gallons per day



**9** CSOs



**3** Interceptors

**9** PUMP STATIONS



**953 SQ. MILE** service area

## VISION:

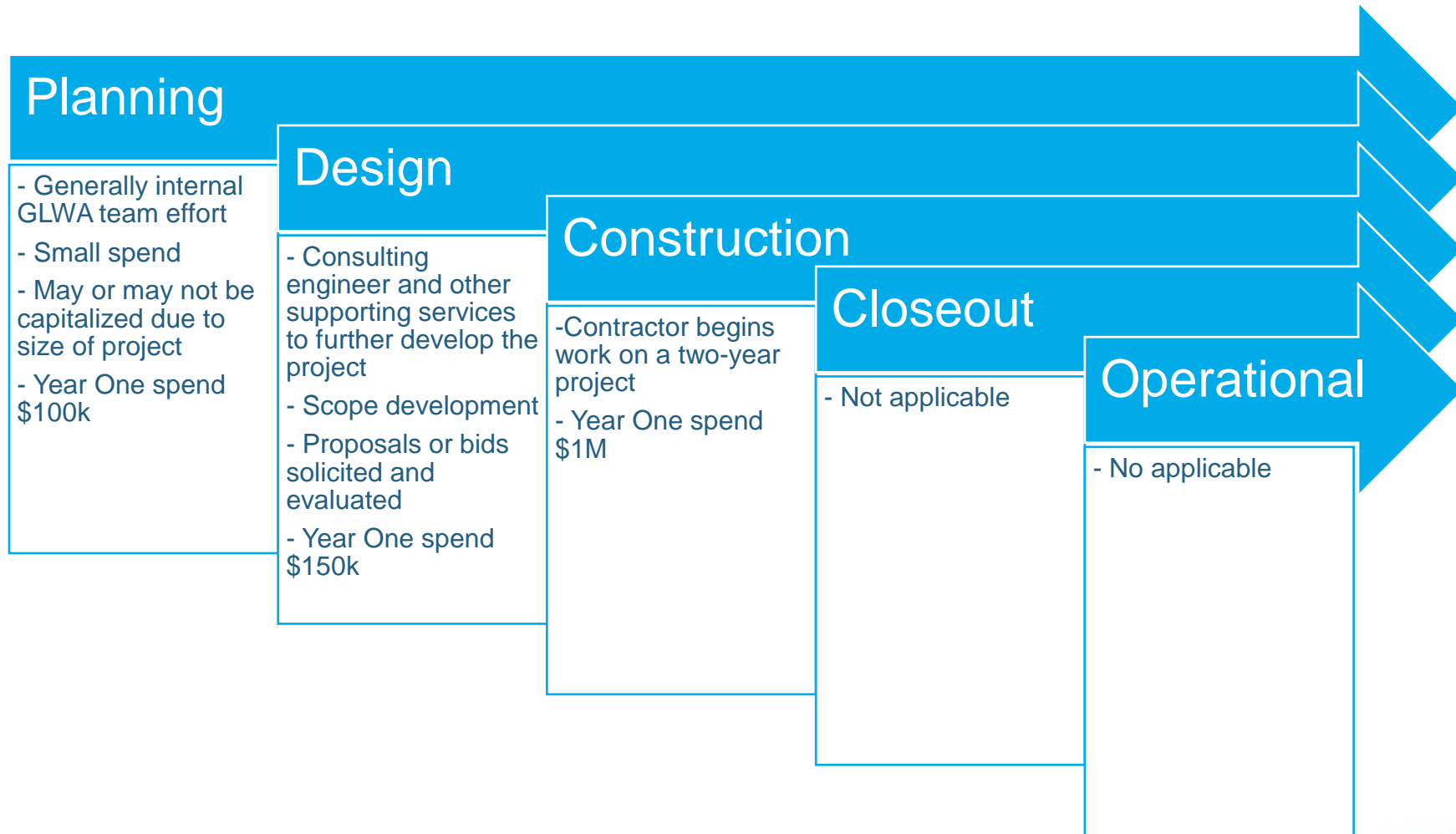
*Through regional collaboration, GLWA strives to be the provider of choice, dedicated to efficiently and effectively delivering the nation's best water and sewer services in partnership with our member partners.*

# CIP Project Life Cycle – Year One

## Example

- Year one of a \$2M project that will span two years

- Costs capitalized as “Construction Work in Progress” add up to \$1.25M for Year One



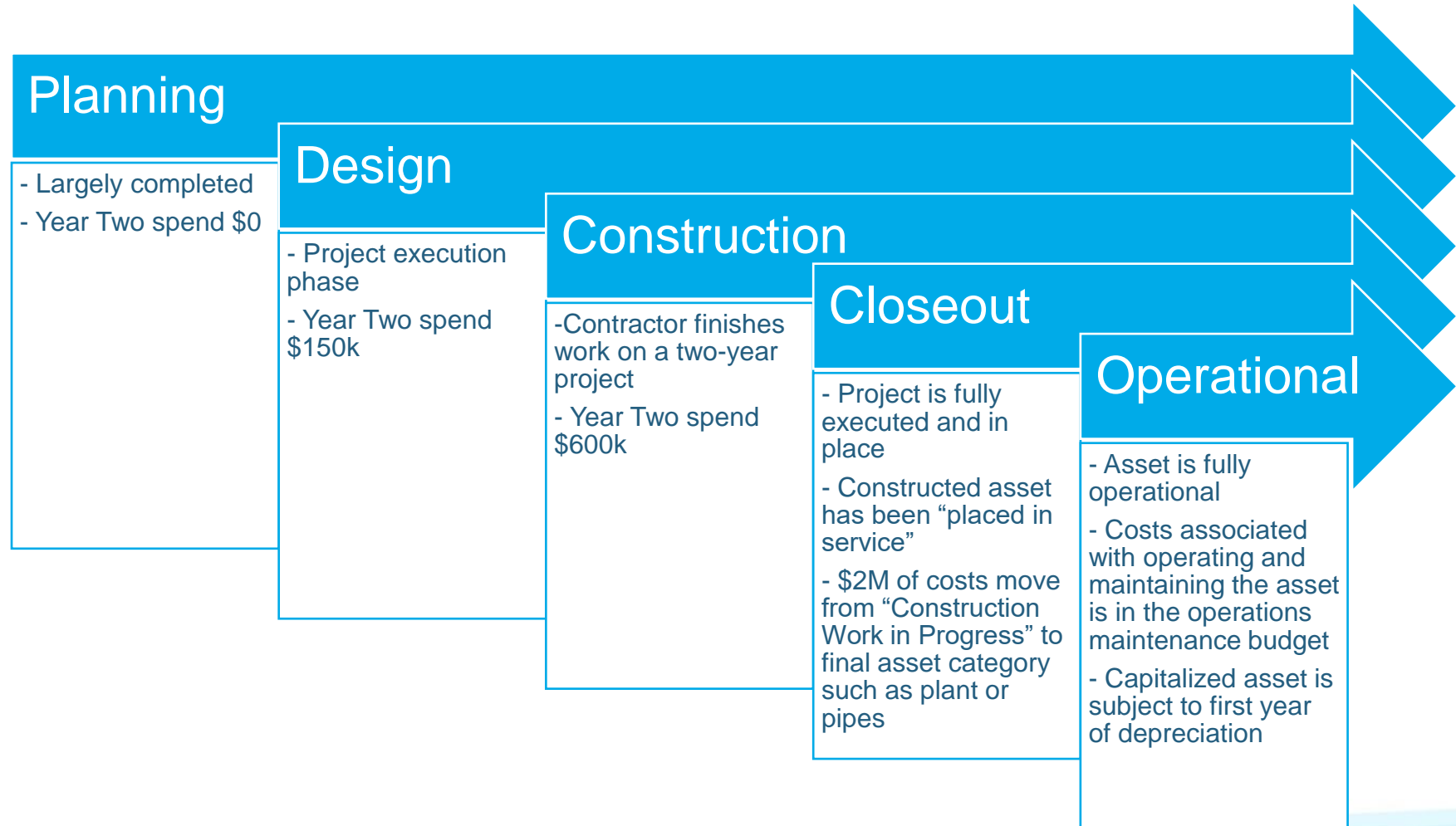
# CIP Project Life Cycle – Year Two

## Example

- Year two of a \$2M project that will span two years

- Costs capitalized as “Construction Work in Progress” add up to \$750k for Year Two

- Added to Year One costs, the total cost of \$2M is fully capitalized as an asset







# Bringing the Two Parts Together – How Does CIP Impact Charges?

# How does the CIP Impact Charges?

- 💧 This is the hard part: There is NOT a direct connection between the CIP and Charges
- 💧 The indirect connection occurs in two key ways
  - 💧 Budget impact: **annual debt service payment** and **transfers to I&E Fund**
    - 💧 Much like the household that pays a **mortgage** and **puts money in savings**
  - 💧 Cost Allocation impact: depending on the asset a particular CIP project may impact Member Partners differently
    - 💧 Cost pools will be covered in Charges 101: Charges Cost of Service Study in conjunction with Rollout Meeting #3

# MAKING SENSE OF YOUR DOLLARS

Every dollar paid to GLWA for combined Water and Wastewater Services provides for...

## FY 2025 Water and Wastewater Combined Budget Infographic

**44.3% DEBT SERVICE**  
**44.3¢ ON THE DOLLAR**  
 Physical improvements to GLWA's regional water and wastewater system assets are financed with debt. Debt service principal, interest and other required deposits are funded monthly.

**44.0% OPERATIONS AND MAINTENANCE**  
**44.0¢ ON THE DOLLAR**  
 The cost for people, utilities, chemicals, and services to deliver water of unquestionable quality and effective and efficient wastewater services around-the-clock, every day of the year.

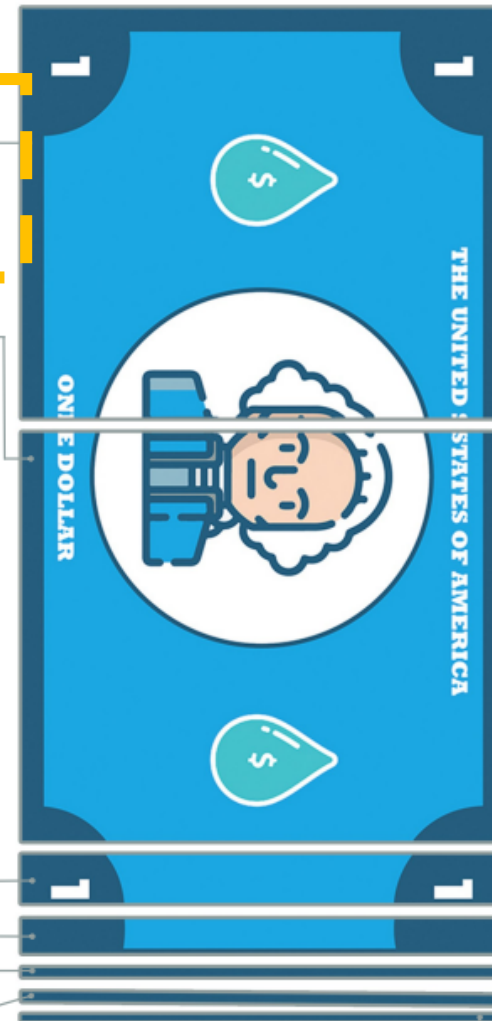
**5.5% REGIONAL SYSTEM LEASE**  
**5.5¢ ON THE DOLLAR**  
 This money goes to the Detroit Water and Sewerage Department (DWSD) to pay for GLWA's lease of the regional water and wastewater systems. DWSD uses those funds for improvements to the local system and to pay debt related to capital improvements.

**3.9% REVENUE FINANCED CAPITAL**  
**3.9¢ ON THE DOLLAR**  
 To lower the debt burden, GLWA sets aside money each year from revenues to pay for capital improvements in future years. This pay-as-you-go approach eliminates the need to pay interest on debt in future years and improves financial resiliency.

**1.0% RECEIVING FUND WORKING CAPITAL**  
**1.0¢ ON THE DOLLAR**  
 The amount required to maintain sufficient liquidity in the Master Bond Ordinance Receiving Fund.

**0.8% CLOSED PENSION**  
**0.8¢ ON THE DOLLAR**  
 GLWA inherited a portion of the city of Detroit's pension plan expense for employees and retirees that maintained the regional system before GLWA was formed. Over time, the annual payment will decrease.

**0.5% WRAP (WATER RESIDENTIAL ASSISTANCE PROGRAM)**  
**0.5¢ ON THE DOLLAR**  
 Half a percent of GLWA's revenue goes straight to funding WRAP, making it the only sustainably-funded assistance program in the country. WRAP provides not only financial assistance, but also conservation education and minor plumbing repairs and replacements.



# Impact of CIP on Budget

“Debt Service” is principal and interest payments due on bonds sold and state loans to pay for the capital improvement projects

“Revenue Financed Capital” is another name for the cash transfers to the I&E Fund to pay for the CIP

This is also known as pay-as-you-go or paygo capital funding





# Capital Improvement Plan Chapter 4 – Finance

# FINANCE

## 4.1 INTRODUCTION

The intersection of the CIP and the GLWA's overall long-term financial plan balances the need for investment in capital to improve system resiliency and reliability with limited financial resources. Considerations in this effort include the following.

- Transparency in the development of the financial plan
- Collaboration internally and externally
- Managing an inherited high debt burden
- Maintaining a smoothing effect on service charges

### 4.2. FUNDING SOURCES AND USES

*Accounting for CIP Activity:* To ensure proper accountability of funding sources and uses, the Authority utilizes two funds for its capital program activity for each system: the Construction Fund and the Improvement & Extension (I&E) Fund.

*Construction Fund:* This fund is used to account for constructed assets that will be capitalized and depreciated over time. This fund may also include non-depreciable assets such as land acquired for capital projects. Revenues, or incoming resources for this fund, include bond proceeds and related interest earnings as well as transfers in from the Improvement & Extension Fund for "pay as go" financing. A blended use of bond funds and I&E funds is designed to lower the cost of capital improvements. Capital grant revenues are generally also accounted for in this fund.

*Improvement & Extension (I&E) Fund:* The I&E Fund is defined by the Authority's Master

Bond Ordinance (MBO) as the "fund used for improvements, enlargements, extensions or betterment" of the System. The Authority are transferred pursuant to a flow of funds. If the needs are met for a monthly and maintenance expansion, Water Resilience Program, (WRAP), by and extraordinary repair fund as administered. It be noted that capital funded with I&E Fund items that are generally constructed) and with of less than 20 years

The basis of accounting is the accrual basis. accounting, revenues earned and measurable collected; and expenses accrued, on a matched. Accrued expenses at a subsequent accounting of this CIP, the terms expenditures are used

Quarterly, the Financial Services Authority publishes a "Construction Work in Progress Report" that discloses CIP activity by project.

The Authority draws upon five sources of funding for its CIP:

*Bond Proceeds:* The Authority uses an incremental method of funding long-lived capital projects through a bond financing program. The Authority issues revenue bonds pursuant to Michigan Public Act 94 of 1933 (the Revenue Bond Act). The Act provides a

pledge of "net revenues" for the payment of the bond principal and interest. "Net revenues"

The intersection of the CIP and the GLWA's overall long-term financial plan balances the need for investment in capital to improve system resiliency and reliability with limited financial resources. Considerations in this effort include the following.

- Transparency in the development of the financial plan
- Collaboration internally and externally
- Managing an inherited high debt burden
- Maintaining a smoothing effect on service charges

financing strategy, and primarily may direct the cost of system expansion or improvements with direct or indirect capital from that partner.

*Budgeting for CIP Activity:* There are three companion budgets presented to the Board. The first is the annual operating budget, known as the "revenue requirement" for establishing customer charges. The revenue requirement includes operations and maintenance expense, debt service, Master Bond Ordinance (MBO) reserve requirements, system lease requirements, revenue financed capital targets,

water residential assistance program funding, and legacy obligations. The second is the Construction Fund budget which provides inflows (bond proceeds, grants, and investment income) and outflows (CIP spend). The third is the I&E Fund which provides inflows (transfers in from revenue collected) and outflows (CIP spend and capital outlay). The I&E Fund is managed to achieve a minimum cash balance to ensure stable capital program funding between bond transactions and provide for cashflow stability.

### 4.3. FINANCIAL MANAGEMENT OF THE CIP

This CIP is being prepared at a time after significant increase in costs and supply chain issues that have reset the base cost assumptions for capital projects. GLWA continues to be mindful of the economic impact on operations and capital programs. For this reason, quarterly, GLWA reviews the economic outlook based on objectives established by the initial Economic Outlook Task Force (EOTF) report presented to the GLWA Board of Directors in November 2022.

A key outcome of the EOTF's work was developing and updating a set of planning scenarios for a baseline, optimistic, and pessimistic set of assumptions. We continue to quarterly monitor this economic planning framework that informs both the ten-year financial plan and this CIP.

Close financial management by all team members engaged in CIP is critical in addressing the cost escalations within constrained resources. Elements of those efforts include the following.



*CIP is a Plan and Not a Budget:* It is important to note that while the GLWA Board of Directors approves the CIP, the authority to spend does not occur until additional project review processes are completed prior to the procurement process. Traditionally, depending on the scope and dollar amount of the project, final approval to proceed may include customer engagement, Chief Executive Officer review, GLWA Board Operations & Review Committee review and/or GLWA Board action.

*CIP is Flexible:* To date, GLWA has successfully preserved flexibility in its CIP and has enjoyed a low level of regulatory mandated CIP projects. Preserving flexibility and staying ahead of regulatory compliance will require consistent and proactive effort by all involved in the CIP process.

*Cashflow Forecasting:* Given that GLWA's CIP is funded as a program rather than individual projects. For this reason, accurate forecasting of project cashflows is core to managing debt and use of cash reserves. Monthly, the financial services and engineering teams work through revised short term cash flow forecasts for the largest projects underway. In addition, the financial services and CIP team meet monthly to review the CIP portal's project spend forecasts. This collaboration of proactive and timely communication allows GLWA to time and size future bond issuances thereby reducing interest expense.

*Commitment to Ten Year Financial Planning:* The Authority publishes updates to its ten-year financial plans at least twice per year. First, as a planning tool when closing out the prior fiscal year and to assist in planning for future years. Second, after the Board adopts the biennial budget and charges. Any revisions to CIP spend projections are incorporated into each

update.

*Affordability:* Affordability was a primary concern in establishing the CIP. One mechanism of concern was the "4% rule" in the foundational document. The first ten years of operation was that the annual rate (budget) would not increase in any one year. The CIP includes operations and maintenance expense, debt service, legacy pension, funding cash reserves (via the Extension Fund contributions commitments). FY 2020 which means that it is the 4% Promise. The revenue requirement increase ceiling, the CIP would inherently be less offsetting revenue sources. With a strong commitment GLWA has stayed well below an average annual spending to water of 2.3% and in the course of the past eight through FY 2025.

*Vendor Community Engagement:* The CIP is managed by GLWA through a network of construction contractors, suppliers, and other business stakeholders. Their problem solving is invaluable as we work through economic challenges. GLWA is committed to transparency of the shifts in priorities with our vendor partners and provides one-on-one meetings as well as outreach and engagement with the vendor community via the CIP Workgroup and other public and group

meetings.

*Bond Ratings & Debt Service Coverage:* Given

non-budgetary reasons. Those limitations, whether financial or nonfinancial, necessitate the SRA for budgetary purposes, despite the CIP. The difference between a commitment with financial levels and control strategies.

date assumption to the proposed be established and data pertinent factors of projects and interdependency measures provided that develop. That spend allocated to the CIP in December. The GLWA Board, Capital Committee, and the opportunity to implement plan.

and on CIP was presented in the CIP – Plan vs. Actual. Recent years, the actual spending is within the CIP. The years with interdependency occurred for several reasons including project interdependencies, team member resource constraints, and evaluating project design alternatives. Applying the CSR bridges the gap in the dollar amounts from the CIP to the financial plan to prevent over-borrowing.

**CIP is a Plan and Not a Budget:** It is important to note that while the GLWA Board of Directors approves the CIP, the authority to spend does not occur until additional project review processes are completed prior to the procurement process. Traditionally, depending on the scope and dollar amount of the project, final approval to proceed may include customer engagement, Chief Executive Officer review, GLWA Board Operations & Review Committee review and/or GLWA Board action.

was first implemented three years ago with the FY 2020 – 2024 CIP.

The Spend Rate Assumption (SRA) policy provides an analytical approach to bridge the total dollar amount of projects in the Capital Improvement Plan (CIP) with what can realistically be spent due to limitations beyond GLWA's control and/or delayed for



**FUNCTIONAL SUMMARY**

The table below summarizes CIP costs by major function for both the Water System and the Wastewater System. This summary illustrates how the costs of financing the CIP will ultimately impact individual customer charges for the Authority's Member Partners, consistent with established cost allocation methodologies. The treatment of the debt service and revenue financed capital revenue requirements in the cost allocation methodologies represents the Authority's *actual* investment in fixed assets. The cost of capital improvements, therefore, impacts *future* fixed asset records and *future* charges. In other words, the CIP *actual spend* will impact charges in the long run, *planned spend* does not.

Occasionally there are exceptions to the general guidance on cost allocation by agreement or consensus among member partners and GLWA. The source document for greater specificity is the annual cost of service

**PLAN VS ACTUAL CIP SPEND**

Financial figures are in thousands of dollars (\$1,000s)

FY	Water			Wastewater		
	Approved Plan	Actual (a)	Percent	Approved Plan	Actual (a)	Percent
2017	\$130,232	\$39,663	30%	\$128,973	\$57,328	44%
2018	\$137,655	\$36,599	27%	\$160,746	\$71,000	44%
2019	\$66,038	\$61,532	93%	\$105,183	\$82,134	78%
2020	\$143,247	\$76,312	53%	\$161,480	\$73,827	46%
2021	\$147,564	\$129,836	88%	\$110,638	\$81,509	74%
2022	\$179,210	\$158,706	89%	\$106,050	\$67,449	64%
2023	\$194,376	\$196,264	101%	\$125,932	\$104,655	83%
2024	\$239,260	\$177,574	74%	\$199,061	\$136,393	69%

(a) FY 2017-2022: Construction Work-In-Progress (CWIP) additions as reflected in the audited financial statements. FY 2023-2024: As reflected in Quarterly CWIP report presented to the Audit Committee.

study. The majority of asset additions are assigned to the following

**WATER FUNCTION**

1. Treatment represents investments with improvements to Treatment Plants. Investment allocation methodologies for these facilities are based primarily on peak hour demands.

The other water functions related to transmission of the current water costs related to the customers based on peak hour demands for functions that are used in methodology – including elevation associated with location.

2. Transmission projects investment in the la

deliver water throughout the region. Several

conveyance facilities, including Retention and Disinfection

and the Wastewater System. This summary illustrates how the costs of financing the CIP will ultimately impact individual customer charges for the Authority's Member Partners, consistent with established cost allocation methodologies. The treatment of the debt service and revenue financed capital revenue requirements in the cost allocation methodologies represents the Authority's *actual* investment in fixed assets. The cost of capital improvements, therefore, impacts *future* fixed asset records and *future* charges. In other words, the CIP *actual spend* will impact charges in the long run, *planned spend* does not.

those designed to facilities at the WRRF. Allocation methodology shown in the costs associated are allocable to contribution of total costs associated with cable to customers of sanitary and associated with certain based upon terms of the Authority's assign 83% of officially designated customers and 17%

ing Master Plan with the Authority's wastewater

	Percent of 5-Year Total
10	
13	46%
15	15%
20	4%
27	34%
31	47%
39	54%
35	42%

CSO	\$14,093	\$27,403	\$40,657	\$42,180	\$36,240	\$160,573	13%
Treatment	\$68,680	\$110,181	\$140,174	\$134,268	\$107,329	\$560,631	45%
Grand Total	\$381,445	\$522,602	\$580,823	\$468,564	\$351,498	\$2,304,932	100%



customers and the associated Wastewater Charge Methodology. The assignment to Wastewater Function in Table- Function below should not be interpreted as a definitive assignment for cost allocation purposes.

**CIP FUNDING BASED ON ESTIMATED USEFUL LIFE**

The long-term financial plan differentiates between appropriate uses of long-term debt versus revenue financed capital in the Improvement & Extension (I&E) Fund as defined in the MBO. As a general rule, assets with a life of less than 20 years are funded with I&E Funds. An example of an exception to the rule is some plant improvements. Otherwise, assets with a life greater than 20 years are funded with a blend of debt and I&E Funds. Building I&E Funds over time allows GLWA to position itself to further reduce reliance on debt. Exceptions to that plan may be to take advantage of lower cost borrowings from the

revolving fund loan programs or a revision of the plan to optimize refunding savings.

As shown in Table- Useful Life, most of the CIP projects are longer- lived assets, defined as greater than a 20-year estimated useful life. Shorter-lived assets scheduled for acquisition or replacement are identified in the five-year capital outlay plan and the 2026-2030 Biennial Budget.

**PROJECT STATUS**

As outlined in Section 4.3, a status is assigned within the CIP. Table- Project Status provides a high-level overview of the progress of the projects. These are subcategories of general, active, procurement phase, and have an executed contract; and fully

largely planned for execution in year five or later. For understanding the level of flexibility in the CIP, Table- Project Status, notes that nearly 71% of the water system CIP costs are in projection execution phase and 79% in project execution for the sewer system CIP costs.

The long-term financial plan differentiates between appropriate uses of long-term debt versus revenue financed capital in the Improvement & Extension (I&E) Fund as defined in the MBO. As a general rule, assets with a life of less than 20 years are funded with I&E Funds. An example of an exception to the rule is some plant improvements. Otherwise, assets with a life greater than 20 years are funded with a blend of debt and I&E Funds. Building I&E Funds over time allows GLWA to position itself to further reduce reliance on debt. Exceptions to that plan may be to take advantage of lower cost borrowings from the

**USEFUL LIFE**

Financial figures are in thousands of dollars (\$1,000s)

Asset Life Range	FY 26	FY 27	FY 28	FY 29	FY 30	FY 26-30 CIP Total	% of 5-Year total
<b>Water</b>	\$181,116	\$236,223	\$267,226	\$212,522	\$161,956	\$1,059,043	46%
Useful Life < 20 Years	\$11,630	\$22,426	\$31,209	\$39,742	\$19,514	\$124,521	12%
Useful Life > 20 Years	\$169,486	\$213,798	\$236,017	\$172,780	\$142,442	\$934,522	88%
<b>Wastewater</b>	\$200,329	\$286,379	\$313,596	\$256,043	\$189,542	\$1,245,889	54%
Useful Life < 20 Years	\$7,113	\$17,027	\$27,472	\$22,627	\$14,452	\$88,695	7%
Useful Life > 20 Years	\$193,216	\$269,352	\$286,124	\$233,416	\$175,090	\$1,157,250	93%
<b>Grand Total</b>	<b>\$381,445</b>	<b>\$522,602</b>	<b>\$580,823</b>	<b>\$468,564</b>	<b>\$351,498</b>	<b>\$2,304,932</b>	<b>100%</b>

**SPEND CATEGORY ANALYSIS**

The amount of internal costs in the CIP compared to external costs and related level of effort by the vendor community. Given the large percentage of CIP spend, as shown in Table- Spend Category, GLWA is important to the regional economy and has a vested interest in the success of our vendor community partners.

	FY 28	FY 29	FY 30	FY 26-30 CIP Total	% of 5-Year total
Water	\$226,726	\$212,522	\$161,956	\$1,059,043	46%
Wastewater	\$742,881	\$28,786	\$9,497	\$111,088	10%
Construction	\$538,946	\$138,744	\$90,707	\$753,311	71%
Design	\$946,596	\$44,992	\$61,752	\$194,644	18%
GLWA Salary	\$233,823	\$61,651	\$52,785	\$213,793	17%
Professional Services	\$141,223	\$183,119	\$118,555	\$990,033	79%
Wastewater	\$223,881	\$11,272	\$18,202	\$42,083	3%
Grand Total	\$823,726	\$468,564	\$351,498	\$2,304,932	100%

	FY 28	FY 29	FY 30	FY 26-30 CIP Total	% of 5-Year total		
Water	\$7,226	\$212,522	\$161,956	\$1,059,043	46%		
Wastewater	\$8,881	\$185,524	\$144,043	\$941,148	89%		
Construction	\$6,124	\$25,119	\$16,452	\$108,225	10%		
Design	\$2,221	\$1,880	\$1,460	\$9,545	1%		
GLWA Salary	\$91	\$34	\$0	\$125	0%		
Professional Services	\$200,329	\$286,379	\$313,596	\$256,043	\$189,542	\$1,245,889	54%
Wastewater	\$176,518	\$259,347	\$290,630	\$237,156	\$175,844	\$1,139,495	91%
Construction	\$19,930	\$24,288	\$20,607	\$16,515	\$11,470	\$92,811	7%
Design	\$3,453	\$2,524	\$2,214	\$2,227	\$2,084	\$12,503	1%
GLWA Salary	\$426	\$220	\$145	\$144	\$144	\$1,080	0%
Professional Services	\$381,445	\$522,602	\$580,823	\$468,564	\$351,498	\$2,304,932	100%





# Charges 101 Series Take Aways

- 💧 Establishing a high-level shared understanding of how we establish charges
- 💧 Provide user-friendly tool to help Member Partners communicate the charge-setting process effectively
- 💧 Show that GLWA's financial structure fundamentally resembles your own household finances
- 💧 Establish that CIP projects do not immediately impact charges, but have an impact over time as projects are completed

# FY 2026 Charges Rollout Timeline

**Thursday,  
October 17, 2024**

Charges Rollout #1-  
Capital  
Improvement Plan

**Friday,  
December 20, 2024**

Proposed Revenue  
Requirement and  
Proposed Charges  
Presented to Audit  
Committee

**January,  
13-15, 2025**

Member Partner 1:1  
Meetings

**Wednesday,  
February 26, 2025**

Proposed Biennial  
FY 2026 & FY 2027  
Budget/Charges  
Public Hearing



Charges Rollout #2:  
Units of Service

Charges Rollout #3:  
Proposed FY 2026  
Revenue and  
Charges

Charges Rollout #4:  
Feedback on Proposed  
Charges and Continued  
Revenue Requirement  
Review

Biennial FY 2026 & FY  
2027 Budget/Charges

**Tuesday,  
November 12, 2024**

**Thursday,  
January 9, 2025**

**Thursday,  
January 16, 2025**

**Monday,  
July 1, 2025**





# Questions & Feedback

# Questions

## Contacts:



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[Matthew.lane@glwater.org](mailto:Matthew.lane@glwater.org)



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**Team Email: [charges@glwater.org](mailto:charges@glwater.org)**

# 04

## FINANCE

# FINANCE

## 4.1 INTRODUCTION

The intersection of the CIP and the GLWA's overall long-term financial plan balances the need for investment in capital to improve system resiliency and reliability with limited financial resources. Considerations in this effort include the following.

- Transparency in the development of the financial plan
- Collaboration internally and externally
- Managing an inherited high debt burden
- Maintaining a smoothing effect on service charges

## 4.2. FUNDING SOURCES AND USES

*Accounting for CIP Activity:* To ensure proper accountability of funding sources and uses, the Authority utilizes two funds for its capital program activity for each system: the Construction Fund and the Improvement & Extension (I&E) Fund.

*Construction Fund:* This fund is used to account for constructed assets that will be capitalized and depreciated over time. This fund may also include non-depreciable assets such as land acquired for capital projects. Revenues, or incoming resources for this fund, include bond proceeds and related interest earnings as well as transfers in from the Improvement & Extension Fund for “pay as go” financing. A blended use of bond funds and I&E funds is designed to lower the cost of capital improvements. Capital grant revenues are generally also accounted for in this fund.

*Improvement & Extension (I&E) Fund:* The I&E Fund is defined by the Authority's Master

Bond Ordinance (MBO) as the “fund used for improvements, enlargements, extensions or betterment” of the System. Cash receipts of the Authority are transferred into the I&E Fund pursuant to a flow of funds after commitments are met for a monthly allocation of operations and maintenance expense, debt service, pension, Water Residential Assistance Program, (WRAP), budget stabilization fund, and extraordinary repair and replacement fund as administered by a trustee. It should be noted that capital outlay items are also funded with I&E Funds. Capital outlay are items that are generally purchased (rather than constructed) and with an estimated useful life of less than 20 years.

The basis of accounting for the CIP spending is the accrual basis. Under this basis of accounting, revenues are recognized when earned and measurable regardless of when collected; and expenses are recorded, or accrued, on a matching basis when incurred. Accrued expenses are expected to be paid in a subsequent accounting period. For purposes of this CIP, the terms expenses, spend, and expenditures are used interchangeably.

Quarterly, the Financial Services Area publishes a “Construction Work in Progress Report” that discloses CIP activity by project.

The Authority draws upon five sources of funding for its CIP:

*Bond Proceeds:* The Authority uses an incremental method of funding long-lived capital projects through a bond financing program. The Authority issues revenue bonds pursuant to Michigan Public Act 94 of 1933 (the Revenue Bond Act). The Act provides a

pledge of “net revenues” for the payment of the bond principal and interest. “Net revenues” is calculated as the revenues of the system remaining after deducting the reasonable expenses of administration, operation, and maintenance of the system.

*Revenue Financed Capital:* A portion of the revenue requirement from charges is set aside for subsequent years’ CIP spending. This is also referred to as pay-as-you go or paygo funding.

*Federal and State Loan Programs:* The Authority’s sources of funding include lower cost financing programs including the State Clean Water Revolving Fund (CWRF) Loan Program and the Drinking Water Revolving Fund (DWRF) Loan Program.

*Grants:* The Authority pursues grants opportunities through federal, state, university and other sources.

*Contribution in Aid of Construction:* Periodically, the Authority has the opportunity to partner with other public and private entities for the design and construction or improvement of an asset. Depending on the nature of the shared financing strategy, the Authority may offset the cost of System expansion or improvements with direct or indirect capital from that partner.

*Budgeting for CIP Activity:* There are three companion budgets presented to the Board. The first is the annual operating budget, known as the “revenue requirement” for establishing customer charges. The revenue requirement includes operations and maintenance expense, debt service, Master Bond Ordinance (MBO) reserve requirements, system lease requirements, revenue financed capital targets,

water residential assistance program funding, and legacy obligations. The second is the Construction Fund budget which provides inflows (bond proceeds, grants, and investment income) and outflows (CIP spend). The third is the I&E Fund which provides inflows (transfers in from revenue collected) and outflows (CIP spend and capital outlay). The I&E Fund is managed to achieve a minimum cash balance to ensure stable capital program funding between bond transactions and provide for cashflow stability.

### 4.3. FINANCIAL MANAGEMENT OF THE CIP

This CIP is being prepared at a time after significant increase in costs and supply chain issues that have reset the base cost assumptions for capital projects. GLWA continues to be mindful of the economic impact on operations and capital programs. For this reason, quarterly, GLWA reviews the economic outlook based on objectives established by the initial Economic Outlook Task Force (EOTF) report presented to the GLWA Board of Directors in November 2022.

A key outcome of the EOTF’s work was developing and updating a set of planning scenarios for a baseline, optimistic, and pessimistic set of assumptions. We continue to quarterly monitor this economic planning framework that informs both the ten-year financial plan and this CIP.

Close financial management by all team members engaged in CIP is critical in addressing the cost escalations within constrained resources. Elements of those efforts include the following.

## FINANCE

### 4.3. FINANCIAL MANAGEMENT OF THE CIP

*CIP is a Plan and Not a Budget:* It is important to note that while the GLWA Board of Directors approves the CIP, the authority to spend does not occur until additional project review processes are completed prior to the procurement process. Traditionally, depending on the scope and dollar amount of the project, final approval to proceed may include customer engagement, Chief Executive Officer review, GLWA Board Operations & Review Committee review and/or GLWA Board action.

*CIP is Flexible:* To date, GLWA has successfully preserved flexibility in its CIP and has enjoyed a low level of regulatory mandated CIP projects. Preserving flexibility and staying ahead of regulatory compliance will requires consistent and proactive effort by all involved in the CIP process.

*Cashflow Forecasting:* Given that GLWA's CIP is funded as a program rather than individual projects. For this reason, accurate forecasting of project cashflows is core to managing debt and use of cash reserves. Monthly, the financial services and engineering teams work through revised short term cash flow forecasts for the largest projects underway. In addition, the financial services and CIP team meet monthly to review the CIP portal's project spend forecasts. This collaboration of proactive and timely communication allows GLWA to time and size future bond issuances thereby reducing interest expense.

*Commitment to Ten Year Financial Planning:* The Authority publishes updates to its ten-year financial plans at least twice per year. First, as a planning tool when closing out the prior fiscal year and to assist in planning for future years. Second, after the Board adopts the biennial budget and charges. Any revisions to CIP spend projections are incorporated into each

update.

*Affordability:* Affordability was a primary concern in establishing the regional water authority. One mechanism to address those concerns was the "4% Promise" as established in the foundational documents for GLWA's first ten years of operations. The commitment was that the annual revenue requirement (budget) would not increase by more than 4% in any one year. The revenue requirement includes operations and maintenance (O&M) expense, debt service, system lease payments, legacy pension, funding for capital program cash reserves (via the Improvement & Extension Fund contributions, and other legal commitments). FY 2026 is the eleventh year which means that it is the first year beyond the 4% Promise. The logic was that if the revenue requirement budget was held at a 4% increase ceiling, the system charge adjustment would inherently be less than 4% due to other offsetting revenue such as investment income. With a strong commitment to affordability, GLWA has stayed well under that promise with an average annual system charge adjustment to water of 2.3% and sewer of 1.2% over the course of the past eight years from FY 2018 through FY 2025.

*Vendor Community Engagement:* The CIP is managed by GLWA and executed through a network of engineering firms, construction contractors, suppliers, and other business stakeholders. Their problem solving is invaluable as we work through economic challenges. GLWA is committed to transparency of the shifts in priorities with our vendor partners and provides one-on-one meetings as well as outreach and engagement with the vendor community via the CIP Workgroup and other public and group



meetings.

*Bond Ratings & Debt Service Coverage:* Given that there is a direct link between CIP decisions and GLWA's new debt issuances, a discussion related to the CIP also encompasses a discussion related to bond ratings. As it relates to bond ratings, there is one key measure that identifies overall financial health of the organization that is often referenced. That measure is debt service coverage (DSC). A higher DSC reflects a better outcome in balancing revenues, expenses, debt, and ultimately increases in cash reserves. The feasibility business case forecast for forming regional authority was DSC of 1.5 for water and 1.6 for sewer to be achieved by FY 2020. Given the rapid economic challenges, the DSC is presently below those targets. An outcome of the ten-year plan is, however, a roadmap to reach and exceed those targets.

### CAPITAL PROGRAM SPEND RATE ASSUMPTION POLICY

Recognizing the difference in scope between the CIP, which has a broader strategic view of system needs versus the tactical financial plan which models use of cash reserves and future borrowing, GLWA utilizes "capital spend rate assumption policy" to forecast actual CIP execution as compared to the CIP. This policy, presented below, was adopted by the GLWA Board of Directors on November 28, 2018 and was first implemented three years ago with the FY 2020 – 2024 CIP.

The Spend Rate Assumption (SRA) policy provides an analytical approach to bridge the total dollar amount of projects in the Capital Improvement Plan (CIP) with what can realistically be spent due to limitations beyond GLWA's control and/or delayed for

non-budgetary reasons. Those limitations, whether financial or nonfinancial, necessitate the SRA for budgetary purposes, despite the prioritization established in the CIP. The outcome is a reasoned balance between a desired level of capital investment with financial strategies to manage debt levels and control adjustments to customer charges.

Annually, a projected spend rate assumption for the financial plan related to the proposed capital improvement plan will be established based upon pertinent factors and data available at that time. Such pertinent factors and data will include the mix of projects and phases in the proposed CIP, interdependency risk, criticality, and other measures provided by the GLWA team members that develop and manage the CIP projects. That spend rate assumption will be presented to the Audit Committee no later than December 31st each year after the GLWA Board, Capital Improvement Planning Committee, and Member Partners have had the opportunity to review the draft capital improvement plan.

Until FY 2021, the actual spend on CIP was materially less than what was presented in the CIP. As shown in the **Table – Plan vs. Actual CIP Spend**, in earlier years, the actual CIP spend was less than 50%. Recent years have resulted in a spend that is within the expected range for a large CIP. The years with a material underspend occurred for several reasons including project interdependencies, team member resource constraints, and evaluating project design alternatives. Applying the CSR bridges the gap in the dollar amounts from the CIP to the financial plan to prevent over-borrowing.

## FINANCE

### 4.3. FINANCIAL MANAGEMENT OF THE CIP

## FUNCTIONAL SUMMARY

The table below summarizes CIP costs by major function for both the Water System and the Wastewater System. This summary illustrates how the costs of financing the CIP will ultimately impact individual customer charges for the Authority's Member Partners, consistent with established cost allocation methodologies. The treatment of the debt service and revenue financed capital revenue requirements in the cost allocation methodologies represents the Authority's *actual* investment in fixed assets. The cost of capital improvements, therefore, impacts *future* fixed asset records and *future* charges. In other words, the CIP *actual spend* will impact charges in the long run, *planned spend* does not.

Occasionally there are exceptions to the general guidance on cost allocation by agreement or consensus among member partners and GLWA. The source document for greater specificity is the annual cost of service

study. The majority of asset additions are assigned to the following categories.

## WATER FUNCTIONS

1. **Treatment** represents costs associated with improvements to the Authority's Water Treatment Plants. In the current water cost allocation methodology, costs related to these facilities are allocable to customers based primarily on their contractual max day demands.

The other water functions reflect projects related to *transmitting* water to customers. In the current water cost allocation methodology, costs related to these facilities are allocable to customers based primarily on their contractual peak hour demands. There are other sub-functions that are utilized in the water charge methodology – including the relative distance and elevation associated with each customer's location.

2. **Transmission** projects reflect the Authority's investment in the large transmission mains that

## PLAN VS ACTUAL CIP SPEND

*Financial figures are in thousands of dollars (\$1,000s)*

FY	Water			Wastewater			Total GLWA		
	Approved Plan	Actual (a)	Percent	Approved Plan	Actual (a)	Percent	Approved Plan	Actual (a)	Percent
2017	\$130,232	\$39,663	30%	\$128,973	\$57,328	44%	\$259,205	\$96,991	37%
2018	\$137,655	\$36,599	27%	\$160,746	\$71,000	44%	\$298,401	\$107,599	36%
2019	\$66,038	\$61,532	93%	\$105,183	\$82,134	78%	\$171,221	\$143,666	84%
2020	\$143,247	\$76,312	53%	\$161,480	\$73,827	46%	\$304,727	\$150,139	49%
2021	\$147,564	\$129,836	88%	\$110,638	\$81,509	74%	\$258,202	\$211,345	82%
2022	\$179,210	\$158,706	89%	\$106,050	\$67,449	64%	\$285,260	\$226,155	79%
2023	\$194,376	\$196,264	101%	\$125,932	\$104,655	83%	\$320,308	\$300,919	94%
2024	\$239,260	\$177,574	74%	\$199,061	\$136,393	69%	\$438,321	\$313,967	72%

(a) FY 2017-2022: Construction Work-In-Progress (CWIP) additions as reflected in the audited financial statements.  
FY 2023-2024: As reflected in Quarterly CWIP report presented to the Audit Committee.

deliver water throughout the region. Several of these projects are designed to improve reliability of service in strategic areas of the System.

3. **Storage** projects are related to improvements to the reservoirs in the System, which are primarily designed to store water to be delivered in peak use conditions.

4. **Pumps** refers to projects to improve the System's 18 Water Booster Stations. These facilities pump water through the transmission system.

## WASTEWATER FUNCTIONS

1. **Conveyance/Pumps** summarizes projects in the CIP designed to make improvements to the System's major interceptors and lift stations. These facilities collect and deliver wastewater to the System's Water Resource Recovery Facility (WRRF).

2. **CSO** projects in the CIP reflect improvements to the System's existing combined sewer overflow treatment and

## FUNCTION

*Financial figures are in thousands of dollars (\$1,000s)*

Function	FY 26	FY 27	FY 28	FY 29	FY 30	FY 26-30 CIP Total	Percent of 5-Year Total
<b>Water</b>	<b>\$181,116</b>	<b>\$236,223</b>	<b>\$267,226</b>	<b>\$212,522</b>	<b>\$161,956</b>	<b>\$1,059,043</b>	<b>46%</b>
Pumps	\$17,001	\$36,202	\$41,609	\$33,406	\$30,217	\$158,435	15%
Storage	\$10,844	\$9,983	\$7,331	\$6,232	\$9,300	\$43,690	4%
Transmission	\$65,340	\$94,091	\$117,054	\$51,785	\$32,666	\$360,937	34%
Treatment	\$87,930	\$95,946	\$101,233	\$121,098	\$89,773	\$495,981	47%
<b>Wastewater</b>	<b>\$200,329</b>	<b>\$286,379</b>	<b>\$313,596</b>	<b>\$256,043</b>	<b>\$189,542</b>	<b>\$1,245,889</b>	<b>54%</b>
Conveyance/ Pumps	\$117,556	\$148,795	\$132,765	\$79,595	\$45,974	\$524,685	42%
CSO	\$14,093	\$27,403	\$40,657	\$42,180	\$36,240	\$160,573	13%
Treatment	\$68,680	\$110,181	\$140,174	\$134,268	\$107,329	\$560,631	45%
<b>Grand Total</b>	<b>\$381,445</b>	<b>\$522,602</b>	<b>\$580,823</b>	<b>\$468,564</b>	<b>\$351,498</b>	<b>\$2,304,932</b>	<b>100%</b>

conveyance facilities, including Retention Basins (RTB) and Screening and Disinfection Facilities (SDF).

3. **Treatment** projects are those designed to make improvements to facilities at the WRRF.

The Wastewater cost allocation methodology generally follows the functions shown in the table below. **In general**, costs associated with Conveyance facilities are allocable to customers based on their contribution of total Wastewater volumes and costs associated with Treatment facilities are allocable to customers based on their contribution of sanitary and total volumes. Costs associated with certain CSO facilities are allocated based upon terms of service agreements with the Authority's customers. The agreements assign 83% of costs related to these specifically designated facilities to City of Detroit customers and 17% to other customers.

Discussions continue regarding Master Plan strategies and alignment with the Authority's service agreements with Wastewater

## FINANCE

### 4.3. FINANCIAL MANAGEMENT OF THE CIP

customers and the associated Wastewater Charge Methodology. The assignment to Wastewater Function in **Table– Function** below should not be interpreted as a definitive assignment for cost allocation purposes.

#### CIP FUNDING BASED ON ESTIMATED USEFUL LIFE

The long-term financial plan differentiates between appropriate uses of long-term debt versus revenue financed capital in the Improvement & Extension (I&E) Fund as defined in the MBO. As a general rule, assets with a life of less than 20 years are funded with I&E Funds. An example of an exception to the rule is some plant improvements. Otherwise, assets with a life greater than 20 years are funded with a blend of debt and I&E Funds. Building I&E Funds over time allows GLWA to position itself to further reduce reliance on debt. Exceptions to that plan may be to take advantage of lower cost borrowings from the

revolving fund loan programs or a revision of the plan to optimize refunding savings.

As shown in **Table- Useful Life**, most of the CIP projects are longer- lived assets, defined as greater than a 20-year estimated useful life. Shorter-lived assets scheduled for acquisition or replacement are identified in the five-year capital outlay plan provided in the GLWA Biennial Budget and Five-Year Plan document.

#### PROJECT STATUS ANALYSIS

As outlined in Section 2.2. PROJECT STATUS, a status is assigned to each project or program within the CIP. The project status designation provides a high-level understanding of the progress of the project or program. While there are subcategories for project status, in general, active projects are in pre-procurement/ procurement phase; project execution projects have an executed design and/or construction contract; and future planned projects are

#### USEFUL LIFE

*Financial figures are in thousands of dollars (\$1,000s)*

Asset Life Range	FY 26	FY 27	FY 28	FY 29	FY 30	FY 26-30 CIP Total	% of 5-Year total
<b>Water</b>	<b>\$181,116</b>	<b>\$236,223</b>	<b>\$267,226</b>	<b>\$212,522</b>	<b>\$161,956</b>	<b>\$1,059,043</b>	<b>46%</b>
Useful Life < 20 Years	\$11,630	\$22,426	\$31,209	\$39,742	\$19,588	\$124,594	12%
Useful Life > 20 Years	\$169,486	\$213,798	\$236,017	\$172,780	\$142,368	\$934,449	88%
<b>Wastewater</b>	<b>\$200,329</b>	<b>\$286,379</b>	<b>\$313,596</b>	<b>\$256,043</b>	<b>\$189,542</b>	<b>\$1,245,889</b>	<b>54%</b>
Useful Life < 20 Years	\$7,113	\$17,027	\$27,472	\$22,627	\$14,399	\$88,639	7%
Useful Life > 20 Years	\$193,216	\$269,352	\$286,124	\$233,416	\$175,143	\$1,157,250	93%
<b>Grand Total</b>	<b>\$381,445</b>	<b>\$522,602</b>	<b>\$580,823</b>	<b>\$468,564</b>	<b>\$351,498</b>	<b>\$2,304,932</b>	<b>100%</b>

largely planned for execution in year five or later. For understanding the level of flexibility in the CIP, **Table– Project Status**, notes that nearly 71% of the water system CIP costs are in projection execution phase and 79% in project execution for the sewer system CIP costs.

## SPEND CATEGORY ANALYSIS

The amount of internal costs in the CIP compared to external costs and related level of effort by the vendor community. Given the large percentage of CIP spend, as shown in **Table– Spend Category**, GLWA is important to the regional economy and has a vested interest in the success of our vendor community partners.

## PROJECT STATUS

*Financial figures are in thousands of dollars (\$1,000s)*

CIP Budget	FY 26	FY 27	FY 28	FY 29	FY 30	FY 26-30 CIP Total	% of 5-Year total
<b>Water</b>	<b>\$181,116</b>	<b>\$236,223</b>	<b>\$267,226</b>	<b>\$212,522</b>	<b>\$161,956</b>	<b>\$1,059,043</b>	<b>46%</b>
Active (Pre-Procurement & Procurement)	\$9,837	\$27,225	\$35,742	\$28,786	\$9,497	\$111,088	10%
Project Execution	\$151,701	\$182,621	\$189,538	\$138,744	\$90,707	\$753,311	71%
Future Planned	\$19,578	\$26,377	\$41,946	\$44,992	\$61,752	\$194,644	18%
<b>Wastewater</b>	<b>\$200,329</b>	<b>\$286,379</b>	<b>\$313,596</b>	<b>\$256,043</b>	<b>\$189,542</b>	<b>\$1,245,889</b>	<b>54%</b>
Active (Pre-Procurement & Procurement)	\$11,063	\$28,061	\$60,233	\$61,651	\$52,785	\$213,793	17%
Project Execution	\$188,419	\$254,800	\$245,141	\$183,119	\$118,555	\$990,033	79%
Future Planned	\$847	\$3,518	\$8,223	\$11,272	\$18,202	\$42,063	3%
<b>Grand Total</b>	<b>\$381,445</b>	<b>\$522,602</b>	<b>\$580,823</b>	<b>\$468,564</b>	<b>\$351,498</b>	<b>\$2,304,932</b>	<b>100%</b>

## SPEND CATEGORY ANALYSIS

*Financial figures are in thousands of dollars (\$1,000s)*

Project Category	FY 26	FY 27	FY 28	FY 29	FY 30	FY 26-30 CIP Total	% of 5-Year total
<b>Water</b>	<b>\$181,116</b>	<b>\$236,223</b>	<b>\$267,226</b>	<b>\$212,522</b>	<b>\$161,956</b>	<b>\$1,059,043</b>	<b>46%</b>
Construction	\$157,530	\$215,171	\$238,881	\$185,524	\$144,043	\$941,148	89%
Design	\$21,230	\$19,299	\$26,124	\$25,119	\$16,452	\$108,225	10%
GLWA Salary	\$2,265	\$1,719	\$2,221	\$1,880	\$1,460	\$9,545	1%
Professional Services	\$91	\$34	\$0	\$0	\$0	\$125	0%
<b>Wastewater</b>	<b>\$200,329</b>	<b>\$286,379</b>	<b>\$313,596</b>	<b>\$256,043</b>	<b>\$189,542</b>	<b>\$1,245,889</b>	<b>54%</b>
Construction	\$176,518	\$259,347	\$290,630	\$237,156	\$175,844	\$1,139,495	91%
Design	\$19,930	\$24,288	\$20,607	\$16,515	\$11,470	\$92,811	7%
GLWA Salary	\$3,453	\$2,524	\$2,214	\$2,227	\$2,084	\$12,503	1%
Professional Services	\$426	\$220	\$145	\$144	\$144	\$1,080	0%
<b>Grand Total</b>	<b>\$381,445</b>	<b>\$522,602</b>	<b>\$580,823</b>	<b>\$468,564</b>	<b>\$351,498</b>	<b>\$2,304,932</b>	<b>100%</b>



**Financial Services  
Procurement**

735 Randolph Street, Suite 1508  
Detroit, Michigan 48226  
Phone: 313-964-9157

## Memorandum

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**Date:** October 25, 2024

**To:** GLWA Board of Directors and Team Members

**From:** Sonya Collins, CPPB, Chief Procurement Officer

**RE:** Annual Conflict of Interest Reporting

Every year the Procurement Team collects the Conflict of Interest and Disclosure Form from all GLWA Representatives (team members) and GLWA Board Members who participate in the GLWA procurement process. This documents GLWA's commitment to the public trust by enforcing and promoting fair, ethical, and financially sound procurement practices during every phase of the procurement process. In accordance with this, GLWA Representatives and GLWA Board Members should be free from any real or perceived Conflict of Interest that could be viewed as adversely affecting their judgement, objectivity, or fiduciary responsibility to GLWA and the public, or otherwise affect GLWA's reputation.

Procurement will begin sending email requests to complete the form in Smartsheet on October 28, 2024. Responses are due by December 15, 2024. For questions, please contact Michael Lasley, Procurement Manager at [Michael.Lasley@glwater.org](mailto:Michael.Lasley@glwater.org).

No less than 100% compliance is acceptable in this process. To efficiently meet this goal, your effort in providing a timely response is greatly appreciated.

<b>GLWA Conflict of Interest Reporting Totals by Year</b>			
<b>Year</b>	<b>Respondents Engaged</b>	<b>Responses Received</b>	<b>Percent Complete</b>
2019	194	183	94%
2020	594	585	98%
2021	158	158	100%
2022	274	274	100%
2023	320	318	99%*

\*GLWA Team Members were on leave during this time. Team Members completed when returned to work.



Welcome to the October edition of *The Procurement Pipeline*, a monthly newsletter designed to provide updates on doing business with the Great Lakes Water Authority (GLWA).

### GLWA's 2024 Vendor Outreach Event

Last month, GLWA hosted its annual Vendor Outreach Event at the Auburn Hills Marriot in Pontiac with over 225 Vendors in attendance. This year's event was a great opportunity to connect in person with Vendors, to hear your most important questions, to share new info about GLWA, and to provide opportunities for business-to-business networking.



*GLWA Vendors networked over breakfast before the General Session.*

In this special, extended edition of the *Procurement Pipeline* newsletter we are excited to share photos from GLWA's 2024 Vendor Outreach event.

During the event General Session, Vendors heard presentations by GLWA Leadership team members

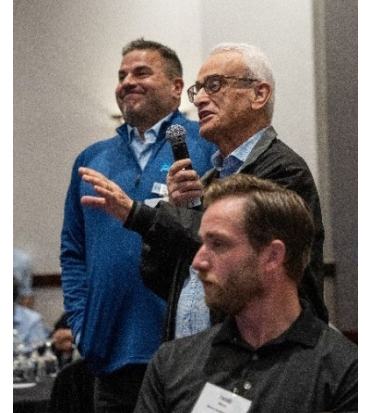


*GLWA General Counsel David Jones presented on "Ethics in Public Procurement."*

on what's new at GLWA including info on GLWA's financial outlook and

updated procurement processes.

In addition, a panel discussion featuring five GLWA prime contractors provided small business vendors with information on how to become subcontractors. Many thanks to Matt Glaz (Commercial Contracting Corp.), Gino D'Agostini (Ric-Man Construction), Todd Schurig (Kokosing Industrial Inc.), Colt Odeh (Clark Construction) and Thomas Hardiman Sr. (LGC Global)!

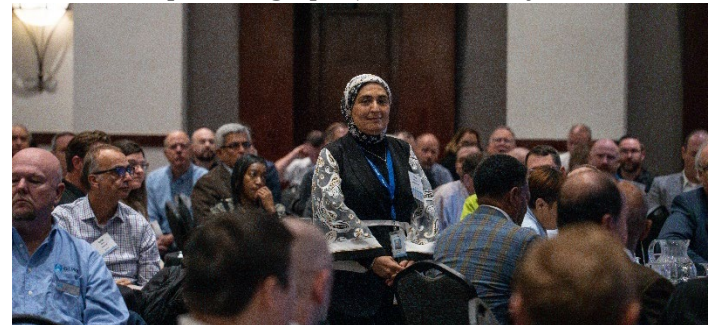


*GLWA Vendor asking a question during the Open Q&A session.*



*GLWA Prime Contractors participated in panel discussion on "How we Select our Subcontractors."*

The General Session was followed by two Breakout Sessions. The first session featured GLWA's Capital Improvement Plan (CIP) Project Management Plan (PMP) and provided Vendors with important details and context on the CIP Plan as well as key info on upcoming project delivery schedules.



*CIP Director Dima El-Gamal.*

The second session was services and goods focused and featured a panel discussion on how to



*GLWA Procurement Manager and Team Leads participated in panel discussion on "How to Successfully Respond to a GLWA RFB/RFP."*

successfully respond to GLWA requests for bid or proposal. This was followed by a presentation on



*GLWA Procurement Management Professional Steve Vesschemoet presented GLWA's Vendor Performance Assessment Program.*

GLWA's Vendor Performance Assessment (VPA) Program.

Resource tables where Vendors could meet one-on-one with representatives from the GLWA Procurement and Accounts

Payable teams and others were also available throughout the half-day event.



*Members of GLWA's Accounts Payable Team staffed Resource Tables where vendors could ask their questions in a one-on-one setting.*

GLWA thanks the Vendor Community for attending the 2024 Outreach Event! GLWA values its

partnership with the Vendor Community in our service to southeast Michigan. We look forward to seeing you next year!

### **The 2024 Vendor Outreach Contact Guide**

To help ensure that the Vendor Community has direct access to the GLWA team members who can best answer your questions, we have created the 2024 Vendor Outreach Contact Guide. This guide, which provides contact information for GLWA team members involved in all aspects of the procurement process, may be accessed by attendees of the 2024 Vendor Outreach event via the Whova mobile or web platform. All other Vendors interested to receive the Contact Guide may request a copy via [GLWAVendorOutreach@glwater.org](mailto:GLWAVendorOutreach@glwater.org).

### **Virtual Vendor Introduction Meetings**

If you are interested in learning more about doing business with GLWA, contact us at [GLWAVendorOutreach@glwater.org](mailto:GLWAVendorOutreach@glwater.org) to schedule a virtual vendor introduction meeting. Topics include information on submitting a competitive bid or proposal to any GLWA solicitation.

### **Keeping up with GLWA**

Our Chief Executive Officer (CEO) Monthly Report provides a wealth of information and news about important initiatives within GLWA's service territory that impact GLWA, its member partners, and the public. To read the September 2024 Monthly Report, please [click here](#).

### **What's Coming Down the Pipe?**

*Current Solicitations:* Register in GLWA's [Bonfire Procurement Portal](#) for new solicitations and contract award information.

*Upcoming Procurements: Next Three to Nine Months*—See newsletter page 2.

### **Visit GLWA online!**

To see the GLWA vendor homepage, please visit [www.glwater.org](http://www.glwater.org) or contact us via email at [procurement@glwater.org](mailto:procurement@glwater.org)



## Upcoming Solicitations October 2024

Category	CIP #	Description/Project Title	Budget Estimate
<b>Water System (next four to nine months)</b>			
Construction	111001	Lake Huron Water Treatment Plant – LH-401 Switchgear and	\$100,000,000
Construction	122016	Downriver Transmission Main Loop – Phase 1 – Inkster Rd	\$21,000,000
<b>Wastewater Systems (next four to nine months)</b>			
Construction	260510	CSO Outfall Rehabilitation Phase VI	\$10,000,000
Construction	260206	Rehabilitation of 7 Mile Sewer System	\$30,000,000
Construction	211005.2	WRRF Pump Station 2 VFD Replacements	\$12,000,000
Design	270007	CSO Facility Disinfection Improvements	\$2,000,000
Construction	270006	CSO Facility Improvements II	\$15,000,000
Construction	260904	Renovation of the New Administration Building 3 <sup>rd</sup> Floor	\$3,300,000
Construction	260210	Lonyo Sewer System Rehabilitation	\$24,000,000
<b>Water System (next three months)</b>			
Professional Services	O&M	Above/Below Ground Fuel System Maintenance	\$900,000
Design	113010	Southwest WTP Flocculation Improvements	\$4,933,000
<b>Projects moved to Procurement Team (Preparing for solicitation on Bonfire)</b>			
Construction	112008	Northeast WTP Filter Replacement	\$85,550,000
Design	270001	Pilot Netting and Disinfection Facilities at B03, B04, and B05	\$8,000,000
Design	270010	Puritan Fenkell and Seven Mile HVAC improvements	\$1,200,000
Construction	122004	96-Inch Water Transmission Main Relocation - Phase III	\$100,000,000
Construction	112007	Structural Repairs, Northeast Water Treatment Plant	\$6,000,000
Construction	232002	Conner Creek Pump Station Improvements	\$36,000,000
Professional Services	O&M	USACE Southeast Michigan Flood Resiliency Support – Flood Study	\$1,500,000
Professional Services	O&M	WRRF CSO and SPS Generator Preventative Maintenance	\$400,000
Professional Services	O&M	Emergency Standby Generator Preventative Maintenance	\$2,910,225
Construction	170306	Instrumentation and Control System Plant - wide SCADA	\$3,340,000
Professional Services	O&M	Staffing Services	\$750,000
Professional Services	O&M	Investment Services	\$2,200,000
Professional Services	O&M	Floor Covering Supply and Installation Services	\$246,000
Professional Services	O&M	Boiler System Services	\$300,000
Professional Services	O&M	Fleet Management Services including Maintenance, Leasing and Upfitting Vehicles	\$14,667,500

Vendors should continue to monitor [Bonfire](#) for solicitation updates.

Acronyms		
WRRF: Water Resource Recovery Facility	CSO: Combined Sewer Overflow	WTP: Water Treatment Plant