



Office of the Chief Executive

735 Randolph Street, Suite 1900
Detroit, Michigan 48226

November 29, 2017

The Honorable
Board of Directors
Great Lakes Water Authority

Dear Chairman Daddow and Directors:

**Regarding: CEO Report – November 29, 2017 (Addendum)
Financial Services Area**

FINANCIAL SERVICES AREA

Innovation Networking at GLWA

In October, GLWA's CFO/Treasurer Nicolette Bateson hosted a panel addressing the topic of "Generating Capital for Future Financing" at the World Water-Tech North America Event in Toronto. This international event attracts innovators, inventors, utility leaders, and water sector technology investors.

Financial Planning & Analysis

The final stage of review of the Biennial Budget and Five-Year Plan updates is underway at the cost center level. The information is being reviewed for alignment with the overall financial parameters and programmatic initiatives. Once this review has been completed, the plan will be presented to the CEO for review and further discussion. In addition to operations and maintenance expense, the plan also includes capital outlay.

Financial Reporting and Accounting

The General Ledger Team has been busy working with our external auditors and thus far have provided Rehmann with over 176 (roughly 79% as of November 21, 2017) of the year end work papers requested for the FY17 year-end audit.

The team is also refining our desktop procedures. These procedures were originally generated to provide an in depth look into our day to day processes. They cover multiple tasks such as inventory stock checkout postings, monthly accounts payable reconciliations, monthly PCard posting, and debt work papers. This documentation will be very helpful when onboarding new FSA employees and others and supporting continuous improvement.

FINANCIAL SERVICES AREA (continued)

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

| October 2017 - Accounts Payable Activity | |
|---|-----------------|
| Checks Issued | 662 |
| Vendors Paid | 330 |
| Dollar Amount Paid | \$32,985,438.17 |
| Average # of Invoices Processed Per Day | 82 |

Transformation

The Transformation Team, in conjunction with a panel from Water Resources Recovery Facility (WRRF), were invited to participate in a Best Practices Tour of the Ypsilanti Wastewater Treatment Plant. Although not as expansive as the GLWA WRRF facility, the GLWA team identified some valuable “best practices” that could be implemented in the future. The tour highlighted the tangible benefits of adopting a 5S culture throughout the entire organization and was well received by both teams. It was mutually agreed that implementing organizational tips throughout the facilities would eliminate any state of disorder as well as reduce damage to inventory.

Procurement

Supply Chain Operations (SCO) has refocused on hosting Quarterly Business Reviews (QBRs) with our key vendors. A QBR is a meeting held on a regular basis, monthly or quarterly, depending on the need. It is a regularly scheduled opportunity for GLWA (SCO and Operations) to review the vendor’s performance in alignment with their contract or purchase order. It is a mutual review for all involved to assess operations and address minor issues before they become major issues and underscores our partnership with our vendor community. SCO held eight QBRs with vendors such as GDI Omni and ThyssenKrupp. In November and December additional reviews have been scheduled with vendors such as Rose Pest Control and Waste Management.

Procurement Networking and Education Spotlight

1. Nine team members attended the annual Michigan Public Purchasing Officers Association (MPPOA) conference in October.
2. Five team members to the annual National Minority Supplier Development Council Conference (parent organization of the Michigan Minority Supplier Development Council). We met with more than forty potential new vendors whom GLWA has not done business with previously and is in the process of interviewing and onboarding new vendors who provides goods and services to meet GLWA’s needs.
3. A liaison from SCO attended the monthly Michigan Inter-governmental Trade Network (MITN) cooperative group meeting (our proposals and bids are posted via the MITN site for public response).

FINANCIAL SERVICES AREA (continued)

The following numbers represent the Construction & Contract Services activity through the month of October.

| 2017 YTD - Contracts Executed (in 000's) | | | | | | | | | | | |
|---|------------------|------------------|------------------|------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|---------------------|
| Category | January | February | March | April | May | June | July | August | September | October | YTD Total |
| Quantity | | | | | | | | | | | |
| Construction | 1 | - | 2 | 1 | 7 | 2 | 2 | 6 | 5 | 5 | 31 |
| Consultant | 9 | 8 | 7 | 2 | 6 | 14 | 4 | 11 | 7 | 10 | 78 |
| Design/Build | 1 | - | 1 | 1 | 1 | 0 | 1 | 0 | 0 | 1 | 6 |
| Legal Services | 2 | 1 | 1 | - | - | 2 | 6 | 2 | 0 | 2 | 16 |
| Grand Total | 13 | 9 | 11 | 4 | 14 | 18 | 13 | 19 | 12 | 18 | 131 |
| Value | | | | | | | | | | | |
| Construction | \$ 995.0 | \$ - | \$ 654.4 | \$ 1,636.7 | \$ 37,651.8 | \$ 10,092.8 | \$ 7,173.3 | \$ 6,691.0 | \$ 9,839.9 | \$ 6,398.1 | \$ 81,133.0 |
| Consultant | 2,512.1 | 1,773.5 | 3,213.6 | 68.5 | 8,637.1 | 20,380.4 | 29,425 | 13,541 | 2,382 | 15,792 | \$ 97,725.6 |
| Design/Build | 3,590.0 | - | 320.9 | - | 100.0 | - | 2,500 | - | - | - | \$ 6,510.9 |
| Legal Services | 750.0 | 250.0 | 50.0 | - | - | 350.0 | 1,495 | 300 | - | 825 | \$ 4,020.0 |
| Grand Total | \$7,847.1 | \$2,023.5 | \$4,238.9 | \$1,705.2 | \$46,389.0 | \$30,823.2 | \$40,593.3 | \$20,532.4 | \$12,221.7 | \$23,015.3 | \$ 189,389.5 |

| October 2017 - Contracts in Process (in 000's) | |
|---|----------------------|
| Quantity | Value |
| 22 | \$ 95,241.54 |
| 21 | 36,255.44 |
| 7 | 43,691.49 |
| 2 | 78.00 |
| 1 | 300.00 |
| 1 | 4.23 |
| 54 | \$ 175,570.70 |

WRAP Update

The Water Residential Assistance Program (“WRAP”) has completed its first year of providing assistance to water and sewer customers within the Great Lakes Water Authority service area. WRAP began accepting applications for residential customer assistance on March 2, 2016, with the first community to opt into WRAP being the City of Detroit. Subsequently, outreach meetings were held in Wayne, Oakland and Macomb Counties to educate GLWA customer communities on details on the WRAP and what was required to “opt-in” to the program.

FINANCIAL SERVICES AREA (continued)

Since those meetings, Wayne Metro, along with the Community Action Alliance partners, have been working with individual communities to get them opted into the WRAP. As of October 31, 2017, 67 communities have opted into the program.

Below is a summary of committed and spent WRAP funds as well as home audits and home repairs performed through October 31, 2017 for the City of Detroit and Suburban participants. Please note that the uncommitted funds included in the table below now includes the budgeted WRAP funds for bill assistance, arrearage assistance, home audits and repairs of \$4.3 million for FY 2018.

| WRAP Funding Status As of October 31, 2017 | | | |
|---|----------------|-----------------|--------------|
| | <u>Detroit</u> | <u>Suburban</u> | <u>Total</u> |
| Scheduled Appointments | 13,810 | 4,344 | 18,154 |
| Completed Pre-Applications | 13,141 | 4,211 | 17,352 |
| Households Assisted | 3,497 | 2,511 | 6,008 |
| Shutoffs Avoided | 3,369 | 576 | 3,945 |
| Home Audits | 1,193 | 332 | 1,525 |
| Number of Home Repairs | 778 | 168 | 946 |
| Amount of Home Repairs | 329,693 | \$91,156 | \$420,849 |
| Average Cost of Home Repair | \$424 | \$543 | \$445 |
| Total Bill Assistance Committed | 1,005,137 | \$709,214 | 1,714,352 |
| Total Arrearage Assistance Committed | 1,857,274 | \$870,089 | 2,727,364 |
| Total Assistance Committed | \$2,862,412 | \$1,579,304 | \$4,441,715 |
| FY 2016, 2017 & 2018 WRAP Funds Uncommitted* | \$ 1,159,966 | \$ 5,836,193 | \$6,996,159 |
| FY 2016 Uncommitted Funds Reallocated to Detroit | \$1,664,833 | (\$1,664,833) | \$0 |
| Net FY 2016, 2017 & 2018 Funds Uncommitted | \$2,824,799 | \$4,171,360 | \$6,996,159 |
| Total Bill and Arrearage Assistance Paid to Date: | \$1,393,453 | \$509,285 | \$1,902,738 |
| * Includes breakage amounts returned to funding allocation. | | | |