



**Audit Committee Meeting**  
**Friday, February 9, 2024 at 8:00 a.m.**  
*www.glwater.org*

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

Meeting ID: **834 6894 5030** Passcode: **810789**

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. December 15, 2023 (Page 1)
5. PUBLIC PARTICIPATION
6. OLD BUSINESS
  - A. Discussion: FY 2025 & FY 2026 Biennial Budget and Five-Year Plan, Proposed FY 2025 Charges with Supporting Materials, and Updated Long-Term Plan (Page 7)
  - B. *Action Item*: Recommendation to the Board of Directors to Approve Resolution 2024-043 to Adopt the FY 2025 & FY 2026 Biennial Budget Subject to Public Comment at the Public Hearing to be Held on February 28, 2024 (Page 100)
  - C. *Action Item*: Recommendation to the Board of Directors to Approve Resolution 2024-044 to Adopt the FY 2025 Schedule of Service Charges Subject to Public Comment at the Public Hearing to be Held on February 28, 2024 (Page 112)
7. NEW BUSINESS
  - A. *Action Item*: Resolution Regarding Approval of Series Ordinance Authorizing Issuance and Sale of Sewer Disposal System Revenue Bonds in an Amount Not to Exceed \$243,980,000 (Ordinance 2024-01) (Page 123)
  - B. *Action Item*: Scheduling of a Public Hearing for the GLWA FY 2025 Clean Water State Revolving Fund (CWSRF) Program Project Submittal (Page 152)
8. REPORTS
  - A. CFO Report (Page 159)
  - B. Monthly Financial Report for October 2023 (Page 160)
  - C. Charges Outreach & Modeling Update (Page 161)
  - D. Affordability & Assistance Update (Page 163)
  - E. Gifts, Grants & Other Resources Report (Page 165)
  - F. Quarterly BID Report through December 31, 2023 (Page 174)

- G. Economic Outlook Task Force (Page 178)
- H. Annual Report – Proposed FY 2025 thru FY 2029 Capital Improvement Plan  
Cost Allocation Commentary (Page 186)
- 9. COMMUNICATIONS
  - A. The Procurement Pipeline for December 2023 (Page 191)
  - B. The Procurement Pipeline for January 2024 (Page 193)
- 10. LOOK AHEAD
  - A. Next Audit Committee Meeting: February 23, 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, December 15, 2023

8:00 AM

Zoom Telephonic Meeting

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#### Zoom Telephonic Meeting

#### Join Zoom Meeting:

<https://glwater.zoom.us/j/86772405817?pwd=WWJ3WGR3ZXVreEVQd0srU1FjbTVNZz09>

#### Join By Telephone

US Toll-Free:

888 788 0099

877 853 5247

Meeting ID: 867 7240 5817

Passcode: 372775

#### 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

#### 3. Approval of Agenda

Nicolette Bateson, Chief Financial Officer/Treasurer, requested to move item 8.H. (Quarterly Investment Report through September 30, 2023) to item 7.A., and remove item 8.F. (Quarterly Water Residential Assistance Program Report for activity through June 30, 2023) from the Agenda.

Chairperson Baker requested a Motion to Approve the Agenda as Amended.

Motion By: Jaye Quadrozzi

Support By: Brian Baker

Action: Approved as Amended

The motion carried by a unanimous vote.

#### 4. Approval of Minutes

A. [2023-474](#) Approval of Minutes of December 8, 2023

**Sponsors:** Nicolette Bateson

**Indexes:** Finance

**Attachments:** [4A Minutes - December 8, 2023 Special Audit Committee Meeting](#)

Chairperson Baker requested a Motion to Approve the December 8, 2023 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. [2023-488](#) Quarterly Investment Report through September 30, 2023

**Sponsors:** Nicolette Bateson

**Attachments:** [8H1 Quarterly Investment Report Cover Memo](#)

[8H2 GLWA Quarterly Report September 2023 FINAL](#)

**Motion By:** Jaye Quadrozzi

**Support By:** Brian Baker

**Action:** Received and Filed

The motion carried by a unanimous vote.



- B. [2023-480](#) Discussion Draft #1: FY 2025 & FY 2026 Biennial Budget and Five-Year Plan, Proposed FY 2025 Charges with Supporting Materials, and Updated Long-Term Plan

**Sponsors:** Nicolette Bateson

**Indexes:** Finance

**Attachments:** [7A1 Draft Proposed FY 2025-FY 2026 Biennial Budget](#)  
[7A2 FY 2025 Charges 121223](#)  
[FY 2025 Budget and Charge Proposals](#)

**Motion By:** Gary Brown  
**Support By:** Jaye Quadrozzi  
**Action:** Received and Filed  
The motion carried by a unanimous vote.

## 8. Reports

- A. [2023-481](#) CFO Report

**Sponsors:** Nicolette Bateson

**Indexes:** Finance

**Attachments:** [8A1 CFO Report December 2023](#)  
[8A2 CEO Report - FSA Org Chart 12.13.2023](#)

**Motion By:** Jaye Quadrozzi  
**Support By:** Gary Brown  
**Action:** Received and Filed  
The motion carried by a unanimous vote.

- B. [2023-482](#) Monthly Financial Report for September 2023

**Sponsors:** Nicolette Bateson

**Indexes:** Finance

**Attachments:** [8B September 2023 Financial Report](#)

**Motion By:** Gary Brown  
**Support By:** Jaye Quadrozzi  
**Action:** Received and Filed  
The motion carried by a unanimous vote.

**C.**     [2023-483](#)     Business Inclusion and Diversity Program - Year in Review

**Sponsors:** Nicolette Bateson

**Indexes:** Finance

**Attachments:** [8C B.I.D. Program Year in Review Annual Report](#)

**Motion By:** Gary Brown

**Support By:** Jaye Quadrozzi

**Action:** Received and Filed

The motion carried by a unanimous vote.

**D.**     [2023-484](#)     Charges Outreach & Modeling Update

**Sponsors:** Nicolette Bateson

**Indexes:** Finance

**Attachments:** [8D1 Charges Outreach and Modeling Update - 12-15-2023](#)  
[8D2 Bad-Debt-Recovery-Credit-Pending-Approved-11.16.2023](#)  
[8D3 Highland Park Bad Debt Charge Summary 121223](#)

**Motion By:** Jaye Quadrozzi

**Support By:** Gary Brown

**Action:** Received and Filed

The motion carried by a unanimous vote.

**E.**     [2023-485](#)     Affordability & Assistance Update

**Sponsors:** Nicolette Bateson

**Indexes:** Finance

**Attachments:** [8E Affordability & Assistance Update](#)

**Motion By:** Jaye Quadrozzi

**Support By:** Gary Brown

**Action:** Received and Filed

The motion carried by a unanimous vote.

**F.**     [2023-486](#)     Postponed-Quarterly Water Residential Assistance Program Report for activity through June 30, 2023

**Sponsors:** Nicolette Bateson

**Indexes:** Finance

This item was removed from the Agenda.

- G. [2023-487](#) Quarterly Construction Work in Progress Report for activity through September 30, 2023

**Sponsors:** Nicolette Bateson

**Indexes:** Finance

**Attachments:** [8G Quarterly CWIP Report FY 2024 Q1](#)

**Motion By:** Gary Brown

**Support By:** Jaye Quadrozzi

**Action:** Received and Filed

**The motion carried by a unanimous vote.**

- I. [2023-489](#) Gifts, Grants & Other Resources Report

**Sponsors:** Nicolette Bateson

**Indexes:** Finance

**Attachments:** [8I Grants Gifts and Other Resources Report](#)

**Motion By:** Jaye Quadrozzi

**Support By:** Gary Brown

**Action:** Received and Filed

**The motion carried by a unanimous vote.**

## 9. Communications

- A. [2023-490](#) The Procurement Pipeline for November 2023

**Sponsors:** Nicolette Bateson

**Indexes:** Finance

**Attachments:** [9A The Procurement Pipeline for November 2023](#)

**No Action Taken**

## 10. Look Ahead

The next Audit Committee Meeting is scheduled to be held Friday, January 26, 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 9:55 a.m.



## Financial Services Audit Committee Communication

**Date:** February 9, 2024

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

**From:** Gregg Kirk, Director of Financial Management and Planning  
David Slowik, Interim Financial Planning & Analysis Manager

**Re:** Recommendation to Approve the FY 2025 & FY 2026 Biennial Budget Resolution and the Resolution for the Proposed FY 2025 Schedule of Charges

**Background:** In accordance with service agreements with the Great Lakes Water Authority (GLWA) member partners, the budget and charges for the next fiscal year are annually presented in January each year. To accommodate that schedule, the upcoming year's budget is presented to the Audit Committee within the context of the biennial budget and five-year financial plan as well as a ten-year forecaster in December. Subsequently, the Audit Committee conducts a review of the budget and related analysis typically in January (this year the meeting was rescheduled to February).

Planning for this year started with "Budget and Charges Briefing" at the Board Workshop September 13, 2023.

At the December 15, 2023, Audit Committee meeting, a discussion draft of the FY 2025 & FY 2026 Biennial Budget and Five-Year Plan was presented. This draft focused on a) overall strategy of key budget elements including system-wide service charges and b) proposed operating group budgets.

On January 24, 2024, the Board of Directors received a presentation related to the FY 2025 & FY 2026 Biennial Budget and Five-Year Plan and FY 2025 Charges.

Also, during January 2024, the proposed Budget for FY 2024 & FY 2025 was presented at the Charges Rollout meetings with Member Partners on January 11, 2024 (Charges Rollout Meeting #3), as it relates to the proposed Schedule of Charges, and reviewed further on January 18, 2024 (Charges Rollout Meeting #4).

**Analysis:** The overall budget and charges proposals have not changed since the December 15, 2023 meeting with one exception. Updated follow balance information was received that modified the sewer shares update. We will review this matter at the Audit Committee meeting. That information is included in the updated cost of service study list as #3 on the next page.



**Financial Services  
Audit Committee Communication**

Additional analysis prepared and provided includes the following.

1. Presentation on key areas of interest for the Audit Committee
2. Table of Contents for the budget with yellow highlights noting new sections
3. Draft 2 of the Biennial Budget which contains updated and new pages for the Proposed FY 2025 & FY 2026 Biennial Budget & Five-Year Financial Plan FY 2025 through FY 2029 (490 pages) – also online at [www.glwater.org](http://www.glwater.org)
4. Cost of Service Study Updated as of January 22, 2024 (166 pages) – also [online](#)

The presentation materials for the proposed FY 2025 & FY 2026 Biennial Budget and proposed FY 2025 Schedule of Charges are now complete. The proposed Board Letters and Resolutions follow this presentation.

1. Agenda item # 6B - Adoption of the FY 2025 & FY 2026 Biennial Budget
2. Agenda item # 6C - Approval of the FY 2025 Schedule of Service Charges

**Proposed Action:** Receive and file.

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# FY 2025 & FY 2026 Biennial Budget & FY 2025 Charges Audit Committee Presentation

February 9, 2024



# Three Key Takeaways

- 1. Charges:** The System-Wide Charges Revenue Increase is 3.25 Percent for Water and 3.0 Percent for Sewer – Well Below the Rate of Inflation for utilities
- 2. Sewer SHARES:** The FY 2025 Sewer Charges are being updated for the first time in three years and the resulting changes in individual Member Partner Charge adjustments (generally) reflect moderate variances from the System-Wide adjustment of 3.0%.
- 3. Simplified Water Charge Methodology:** The FY 2025 Water Charges embrace the recently endorsed “10/50/40 with Delivery Factor” methodology. Charge adjustments for all but 3 Member Partners are uniform and approximate the System-Wide increase of 3.25%.

# Charge Adjustments Well Below Inflation

- Since FY 2018, GLWA's average combined Water and Sewer Charge adjustments have been less than ½ of inflationary increases, as measured by the CPI-U
  - *1.7% Average Charge increase vs 3.5% inflation*
- Future Charge Adjustments are *forecasted* to increase to “correct the over-delivery of the 4% Promise” to achieve improved sustainability for GLWA's Water and Sewer Systems
  - *These projected increases are forecasts – and not part of any formal charge proposals for FY 2025*

# Proposed System Charge Adjustments

- Proposed increase on overall Budgeted Revenue Requirements is 4.0% for both the Water and Sewer Systems
  - Last year of the “4% Promise”*
- Increased budgeted investment earnings help offset a portion of the Budget Increase
- Lower forecasted Water Sales require ~ .8% increase in Water Charges
- Proposed System Charge Adjustments:
  - 3.25%** for Water
  - 3.0%** for Sewer

|                                    | Water System      |                      | Sewer System      |                      |
|------------------------------------|-------------------|----------------------|-------------------|----------------------|
|                                    | <u>Adjustment</u> | <u>Charge Impact</u> | <u>Adjustment</u> | <u>Charge Impact</u> |
| Revenue Requirement Increase       | \$14.81           | 4.1%                 | \$20.03           | 4.1%                 |
| Increased Investment Earnings      | (6.0)             | -1.7%                | (5.6)             | -1.1%                |
| Decreased Sales Revenue            | <u>3.0</u>        | <u>0.8%</u>          | <u>0.4</u>        | <u>0.1%</u>          |
| <b>Wholesale Charge Adjustment</b> | <b>\$11.80</b>    | <b>3.25%</b>         | <b>\$14.79</b>    | <b>3.00%</b>         |

# Sewer SHARES Updated for the First Time Since FY 2022

- Sewer SHARES are being updated for the FY 2025 Sewer Charges
  - *First update since FY 2022*
- SHARE update reflects two separate analysis:
  - *Updated Units of Service from Flow Balance – new 10-year data period from FY 2014 through FY 2023 (Drop off FY 2013)*
  - *FY 2025 Cost of Service Study*
- The Sewer Charge impact for most Member Partners varies from a decrease of less than 1% to an increase of less than 5%
  - *There are some unique exceptions*



# Water Charge Methodology has been Simplified – Generally Stable Charge Adjustments

- Three Member Partners have modified Contract Demands since original Units of Service were presented in November
  - *These “MOD” Customers will receive charge reductions that total ~ 11% as a class*
- All other “No MOD” Member Partners will receive a uniform wholesale charge increase of 3.33%
  - *Total effective charge increase is 3.06% after recognition of fixed contractual adjustments*
- Water Charge Calculations embrace the new simplified methodology
  - *10/50/40 Commodity/Max Day/Peak Hour Cost Pools*
  - *Water Delivery Factor replaces Distance and Elevation*

# Budget & Charges Calendar Align With Contractual Commitment

# Overall Budget & Charges Timing – To Date

- Friday, September 8, 2023 – Internal Deadline for Cost Center Budget Request
- Tuesday, September 12, 2023 – Capital Planning Committee – Preliminary CIP Spend Update and Presentation – Actual, Forecasted, and Proposed
- Wednesday, September 13, 2023 – Board of Directors Meeting
  - Economic Outlook Task Force Report – Quarterly Update
  - Budget and Charges Briefing
- Thursday, October 19, 2023 - Charges Rollout #1 – CIP Version 1.0
- Tuesday, November 14, 2023 - Charges Rollout #2 - Units of Service
- Thursday, November 30, 2023 – Pencils Down to Compile Proposed Materials
- **Milestone Date: Friday, December 15, 2023 – Audit Committee - Proposed Budget and Related Charges Strategy ([12.15.2023 Draft 1](#) available online)**



# Overall Budget & Charges Timing - January

- Thursday, January 11, 2024 – Charges Rollout #3 – Proposed Charges and Introduction of Proposed Budget
- GLWA “Office Hours” to review Charge related material with individual Member Partner representatives
  - 1/16/2024 (all day), 1/17/2024 (morning only), 1/22/2024 (all day)
- Thursday, January 18, 2024 – Charges Rollout #4 – Feedback on Charges, Office Hours Q&A, and Further Review of Proposed Budget
- Wednesday, January 24, 2024 - GLWA Board Briefing – Budget & Charges
- ➔ • Friday, February 9, 2024 – GLWA Audit Committee – Ongoing Budget & Charges Review
- **Milestone Date: Based on Contract, January 29, 2024 - Mail Notice to Member Partners of Public Hearing to be held on February 28, 2024**

# Overall Budget & Charges Timing – February+

- ★ **Milestone Date:** Wednesday, February 28, 2024 (Tentative) – Board Meeting
  - Public Hearing FY 2025 & FY 2026 Biennial Budget
  - Public Hearing FY 2025 Schedule of Revenues and Charges
  - Proposed Adoption of FY 2025 & FY 2026 Biennial Budget (subject to public comment)
  - Proposed Approval of the FY 2025 & FY 2026 Biennial Budget (subject to public comment)
  - Proposed Approval of FY 2025–2029 Capital Improvement Plan
- Tentative weekly Board meeting dates if budget and charges not approved in February 2024
  - Thursday, March 7, 2024
  - Wednesday, March 13, 2024
  - Thursday, March 21, 2024
  - Wednesday, March 27, 2024
- Monday, July 1, 2024 – Effective date of budget, charges, and capital plan

# Budget Highlights

# Three Key BUDGET Categories

- “BUDGET” = “Revenue Requirement”
  1. *Operations & Maintenance Expense*
  2. *Capital Program (Past, Present, and Future)*
    - ✓ Debt Service
    - ✓ Deposit to the Improvement and Extension (I&E) Fund  
(a/k/a Revenue Financed Capital Improvements or Paygo Capital)
  3. *Non-Operating Expenses*
    - ✓ GLWA’s Share of the Closed, Legacy DWSD Pension Liability Pool
    - ✓ Water Residential Assistance Program Deposit
    - ✓ Lease Payment

*Note:* Master Bond Ordinance defines (*in much greater detail*) how funds received are prioritized among the above categories

# GLWA Revenue Requirement / Budget – Fast Facts

- 💧 Approximately 44% is debt service and 44% is operations & maintenance
  - 💧 Balance of 12% is lease payment, pay-as-you go capital funding, WRAP, and other
- 💧 Three Largest Operations & Maintenance Expense Categories – Personnel (33%), Contractual Services (29%), and Utilities (18%)
- 💧 The “Capital Spending Ratio” is at 100% based on demonstrated capital delivery performance and a hedge on cost increases



# FY 2025 Making Sense of Your Dollar

## MAKING SENSE OF YOUR DOLLARS

Every dollar paid to GLWA for **Water Services** provides for...

### FY 2025 Water System Budget Infographic

#### 45.5% DEBT SERVICE 45.5¢ ON THE DOLLAR

Physical improvements to GLWA's regional water system and its 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 around-the-clock, every day of the year.

#### 5.9% REGIONAL SYSTEM LEASE 5.9¢ ON THE DOLLAR

This money goes to the Detroit Water and Sewerage Department (DWSD) to pay for GLWA's lease of the regional water system. DWSD uses those funds for improvements to the local system and to pay debt related to capital improvements.

#### 1.9% REVENUE FINANCED CAPITAL 1.9¢ 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.

#### 1.6% RECEIVING FUND WORKING CAPITAL 1.6¢ ON THE DOLLAR

The amount required to maintain sufficient liquidity in the Master Bond Ordinance Receiving Fund.

#### 0.6% CLOSED PENSION 0.6¢ ON THE DOLLAR

GLWA inherited a portion of the city of Detroit's pension plan expense for employees and retirees that maintained the water 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.

Note: Percentages based on FY 2025 proposed budget.



## MAKING SENSE OF YOUR DOLLARS

Every dollar paid to GLWA for **Wastewater Services** provides for...

### FY 2025 Wastewater System Budget Infographic

#### 44.0% OPERATIONS AND MAINTENANCE 44.0¢ ON THE DOLLAR

The cost for people, utilities, chemicals, and services to deliver effective and efficient wastewater services around-the-clock, every day of the year.

#### 43.5% DEBT SERVICE 43.5¢ ON THE DOLLAR

Physical improvements to GLWA's regional wastewater system and its assets are financed with debt. Debt service principal, interest, and other required deposits are funded monthly.

#### 5.4% REVENUE FINANCED CAPITAL 5.4¢ 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.

#### 5.3% REGIONAL SYSTEM LEASE 5.3¢ ON THE DOLLAR

This money goes to the Detroit Water and Sewerage Department (DWSD) to pay for GLWA's lease of the regional wastewater system. DWSD uses those funds for improvements to the local system and to pay debt related to capital improvements.

#### 0.9% CLOSED PENSION 0.9¢ ON THE DOLLAR

GLWA inherited a portion of the city of Detroit's pension plan expense for employees and retirees that maintained the water 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.

#### 0.4% RECEIVING FUND WORKING CAPITAL 0.4¢ ON THE DOLLAR

The amount required to maintain sufficient liquidity in the Master Bond Ordinance Receiving Fund.

Note: Percentages based on FY 2025 proposed budget.



## 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 water 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.

Note: Percentages based on FY 2025 proposed budget.



# FY 2025 One-Pager Series

**GLWA**  
Great Lakes Water Authority

The GLWA operations and maintenance budget accounts for 44% of the total revenue requirement budget for establishing the annual charges for services. Given the magnitude of this charge component, additional information may be of interest to stakeholders.

**GLWA**  
Great Lakes Water Authority

**FY 2025 Service Charges Highlights**  
Preliminary proposed Water and Service Charges for FY 2025 have been presented to the GLWA Audit Committee. This is the first step in a review process that will include a Public Hearing before the GLWA Board of Directors on February 28, 2024.

**Charges are Based on Four Key Elements.**  
1) **Budget:** The daily costs to provide service (such as the people, utilities, chemicals, contractors, and materials to operate plants and maintain the pipes), the lease payment for the regional system, Water Residential Assistance Program (WRAP) funding, debt

**Wastewater Operations - increase of \$14.3 million** Driven by contractual operating services (\$3.3 million) for a facilities maintenance contract and for residual solids disposal; chemicals (\$3.1 million based on price adjustments for chlorine-based products); utilities (\$2.4 million); and

**Proposed FY 2025 Water System Charges**  
The average system charge adjustment for water is a 3.25 percent increase. This is the result of a proposed Water budget increase of 4.0 percent offset by 0.75 percent reflecting the net effect of a) increased investment earning and b) reductions in estimated sales volume. As a result of the 2022 Contract Alignment Process (CAP), the FY 2025 Units of Service only changed for three Member Partners. Proposed charges for these three Member Partners have been calculated using the new simplified Water Charge Method. There are no significant variances from the system-wide charge (after consideration of

One Pager Series  
FY 2025 Operations & Maintenance Budget Analysis  
As Proposed February 9, 2024

One Pager Series  
FY 2025 Water & Sewer Service Charges  
As Proposed February 9, 2024



One Pager Series  
FY 2025 Revenue Requirement  
As Proposed February 9, 2024

The total budget for a water utility, like the Great Lakes Water Authority (GLWA), is referred to as the "revenue requirement." It tells us how much revenue / cash is required to operate and maintain the systems for a given year. The total revenue requirement increased by \$35 million or 4 percent for FY 2025. Three major categories makeup the total revenue requirement of \$906 million.



**Day-to-Day Operations** includes the personnel, specialty contractual services, utilities, chemicals, and supplies to operate five water treatment plants, the largest single-site water resource recovery facility in North America and all of

**FY 2025 OPERATIONS BUDGET**





# Staffing Plan



# Staffing Plan

- ◆ “Staffing Plan” vs. “Full Time Equivalent”
- ◆ An increase in the number of staffing positions to 38
- ◆ Increase of 50.25 FTEs where FTE staffing represents the number of hours that a position is filled per year.
- ◆ See page 418 of [Draft #2 Budget](#)
- ◆ History

| Status                         | FY 2017 | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
|--------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Positions Filled at Year-end   | 881     | 968     | 1,024   | 1,062   | 1,037   | 1,015   | 1,069   | *1081   |         |
| FTEs Budgeted                  | 1,106   | 1,168   | 1,171   | 1,187   | 1,200   | 1,216   | 1,234   | 1,153   | 1,203   |
| *As of the 12.01.2023 pay date |         |         |         |         |         |         |         |         |         |

# Capital Improvement Plan Delivery Pace

# Capital Spending Ratio

## Great Lakes Water Authority

### Capital Program Spend Rate Assumption Policy

**Purpose:** 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 non-financial, 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.

**Policy:** 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 31<sup>st</sup> each year after the GLWA Board, Capital Improvement Planning Committee, and member partners have had the opportunity to review the draft capital improvement plan.

**Adopted:** By the Great Lakes Water Authority Board on November 28, 2018 (GLWA Board Resolution # 2018-1017).

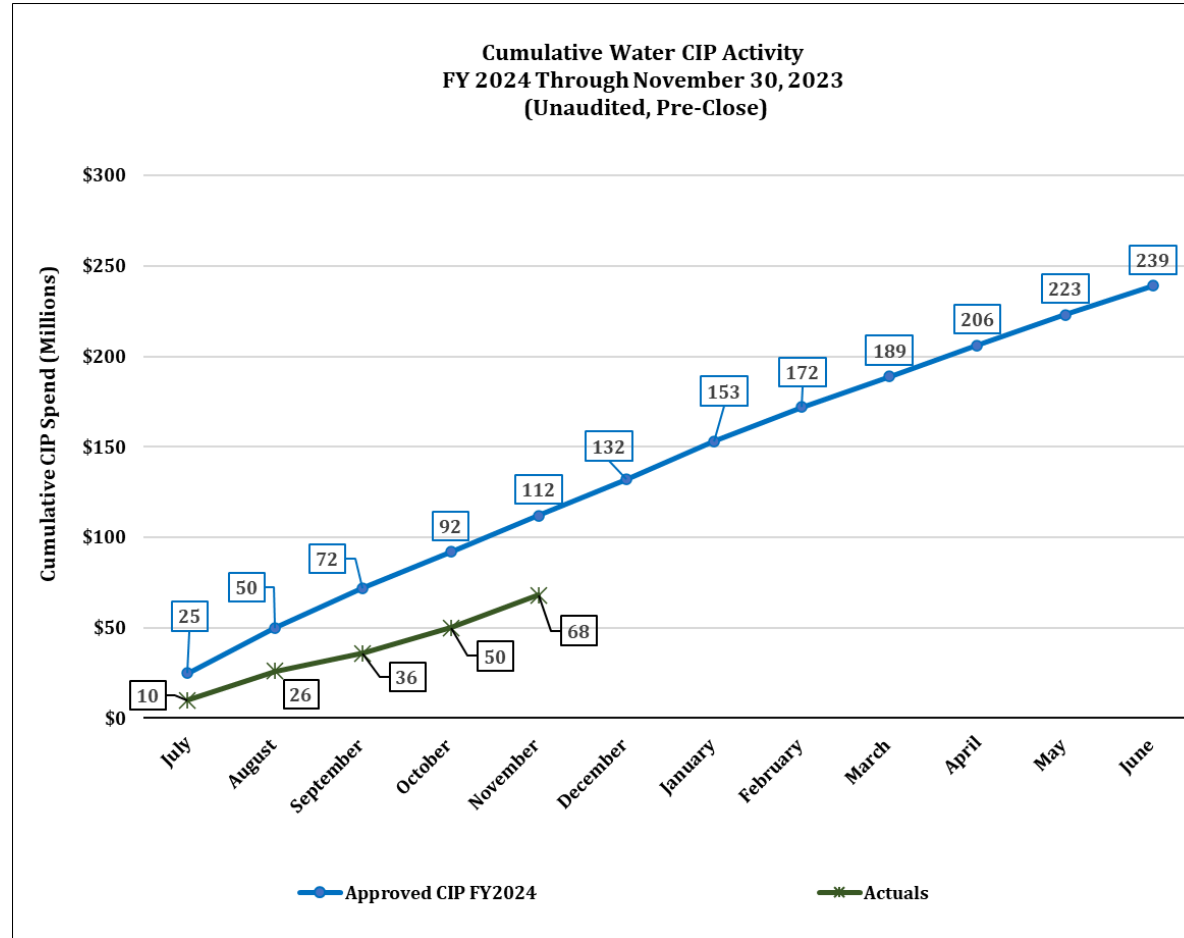
# Capital Plan Delivery History

| FY   | Water     |            |         | Wastewater |            |         | Total GLWA |            |         |
|------|-----------|------------|---------|------------|------------|---------|------------|------------|---------|
|      | Plan (a)  | Actual (b) | Percent | Plan (a)   | Actual (b) | Percent | Plan (a)   | Actual (b) | Percent |
| 2017 | \$130,232 | \$40,342   | 31%     | \$128,973  | \$57,328   | 44%     | \$259,205  | \$97,670   | 38%     |
| 2018 | \$137,655 | \$39,053   | 28%     | \$160,746  | \$71,000   | 44%     | \$298,401  | \$110,053  | 37%     |
| 2019 | \$66,038  | \$61,532   | 93%     | \$105,183  | \$82,134   | 78%     | \$171,221  | \$143,665  | 84%     |
| 2020 | \$143,247 | \$76,312   | 53%     | \$161,480  | \$73,827   | 46%     | \$304,727  | \$150,138  | 49%     |
| 2021 | \$147,564 | \$129,836  | 88%     | \$110,638  | \$81,509   | 74%     | \$258,202  | \$211,344  | 82%     |
| 2022 | \$179,210 | \$158,706  | 89%     | \$106,050  | \$67,449   | 64%     | \$285,260  | \$226,155  | 79%     |
| 2023 | \$194,376 | \$195,531  | 101%    | \$125,932  | \$102,501  | 81%     | \$320,308  | \$298,032  | 93%     |

*(a) Reflects amount financed by plan in support of proposed charges. For years in which the Achievement Percentage was less than 100%, the general impact is to carry over capital funding balances to subsequent years and defer the need for additional financing sources.*

*(b) As reflected in audited financial statements.*

# Enterprise Resiliency FY 2024 Total Water CIP Spend



**Current Status:**

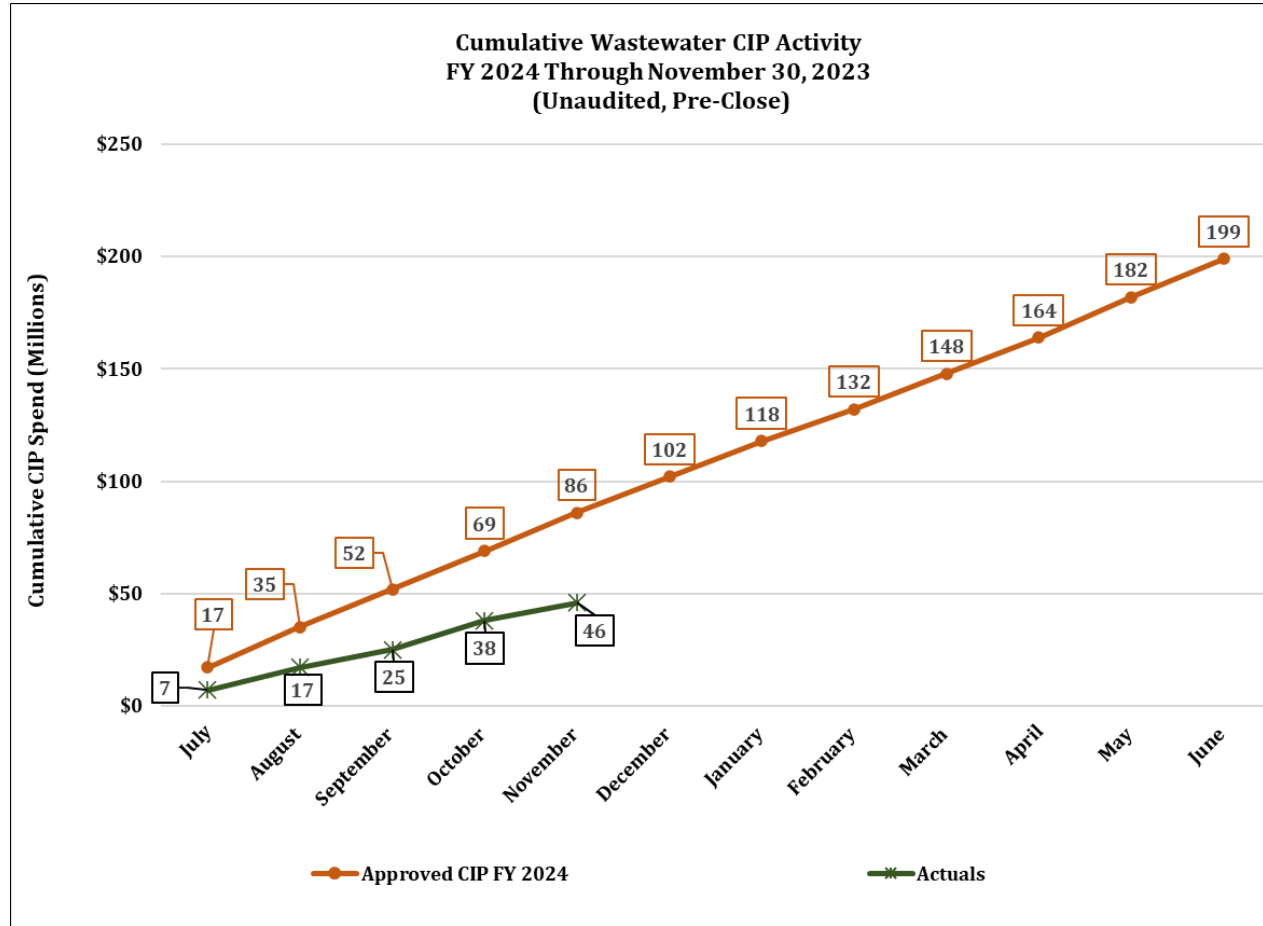
The water system incurred \$68 million of CIP costs through November 2023.

This is 61% of the FY 2024 monthly *Approved CIP2024-2028*.

*CIP Spending does not occur consistently throughout the year.*

*Note: The Capital Spend Rate for FY 2024 CIP with a new forecast of \$239 million is set with a capital spending ratio of 100%.*

# Enterprise Resiliency FY 2024 Total Wastewater CIP Spend



**Current Status:**

The wastewater system incurred \$46 million of CIP costs through November 2023.

This is 53% of the FY 2024 monthly *Approved CIP2024-2028*.

*CIP Spending does not occur consistently throughout the year.*

Note: The Capital Spend Rate for FY 2024 CIP with a new forecast of \$199 million is set with a capital spending ratio of 100%.

# Core Schedules



# Core GLWA Budget Schedules

## Water Revenue Requirement

### Schedule 1A – Water System Revenue Requirement Biennial Budget

|   | FY 2023<br>Actual    | FY 2024<br>Adopted<br>Budget | FY 2024<br>Estimated<br>Budget | FY 2025<br>Department<br>Requested | FY 2025<br>Dollar<br>Variance | FY 2025<br>Percent<br>Variance | FY 2026<br>Department<br>Requested | FY 2026<br>Dollar<br>Variance | FY 2026<br>Percent<br>Variance |
|---|----------------------|------------------------------|--------------------------------|------------------------------------|-------------------------------|--------------------------------|------------------------------------|-------------------------------|--------------------------------|
| <b>Water System Revenue Requirement</b>           |                      |                              |                                |                                    |                               |                                |                                    |                               |                                |
| <b>Revenues</b>                                   |                      |                              |                                |                                    |                               |                                |                                    |                               |                                |
| Revenues from Charges                             |                      |                              |                                |                                    |                               |                                |                                    |                               |                                |
| Suburban Wholesale Customers                      | \$334,141,200        | \$340,540,600                | \$336,540,600                  | \$347,758,000                      | \$ 7,217,400                  | 2.1%                           | \$372,639,700                      | \$ 24,881,700                 | 7.2%                           |
| Local System Charges                              | 22,834,300           | 25,537,200                   | 25,537,200                     | 27,094,800                         | 1,557,600                     | 6.1%                           | 30,730,900                         | 3,636,100                     | 13.4%                          |
| Total Revenue from Charges                        | 356,975,500          | 366,077,800                  | 362,077,800                    | 374,852,800                        | 8,775,000                     | 2.4%                           | 403,370,600                        | 28,517,800                    | 7.6%                           |
| Other Revenue                                     | 1,378,700            | 175,000                      | 440,000                        | 400,000                            | 225,000                       | 128.6%                         | 400,000                            | -                             | 0.0%                           |
| Investment Earnings                               |                      |                              |                                |                                    |                               |                                |                                    |                               |                                |
| Investment Earnings - Unrestricted                | 5,501,600            | 3,067,000                    | 8,530,200                      | 6,692,200                          | 3,625,200                     | 118.2%                         | 7,606,400                          | 914,200                       | 13.7%                          |
| Investment Earnings - Restricted for Debt Service | 3,660,000            | 994,700                      | 3,531,500                      | 3,182,100                          | 2,187,400                     | 219.9%                         | 2,634,600                          | (547,500)                     | -17.2%                         |
| Total Investment Earnings                         | 9,161,600            | 4,061,700                    | 12,061,700                     | 9,874,300                          | 5,812,600                     | 143.1%                         | 10,241,000                         | 366,700                       | 3.7%                           |
| <b>Total Revenues</b>                             | <b>\$367,515,800</b> | <b>\$370,314,500</b>         | <b>\$374,579,500</b>           | <b>\$385,127,100</b>               | <b>\$ 14,812,600</b>          | <b>4.0%</b>                    | <b>\$414,011,600</b>               | <b>\$ 28,884,500</b>          | <b>7.5%</b>                    |
| <b>Revenue Requirements</b>                       |                      |                              |                                |                                    |                               |                                |                                    |                               |                                |
| Operations & Maintenance (O&M) Expense            | \$154,327,800        | \$152,906,400                | \$163,100,500                  | \$169,625,000                      | \$ 16,718,600                 | 10.9%                          | \$176,410,000                      | \$ 6,785,000                  | 4.0%                           |
| General Retirement System Legacy Pension          | 6,048,000            | -                            | -                              | -                                  | -                             | 0.0%                           | -                                  | -                             | 0.0%                           |
| Debt Service                                      | 150,055,300          | 159,482,800                  | 162,634,000                    | 175,300,800                        | 15,818,000                    | 9.9%                           | 186,537,300                        | 11,236,500                    | 6.4%                           |
| General Retirement System Accelerated Pension     | 6,268,300            | 3,395,500                    | 1,505,500                      | 2,283,300                          | (1,112,200)                   | -32.8%                         | 2,252,200                          | (31,100)                      | -1.4%                          |
| Water Residential Assistance Program Contribution | 1,770,500            | 1,851,600                    | 1,851,600                      | 1,947,800                          | 96,200                        | 5.2%                           | 2,070,100                          | 122,300                       | 6.3%                           |
| Extraordinary Repair & Replacement Deposit        | 2,200,000            | -                            | -                              | -                                  | -                             | 0.0%                           | -                                  | -                             | 0.0%                           |
| Regional System Lease                             | 22,500,000           | 22,500,000                   | 22,500,000                     | 22,500,000                         | -                             | 0.0%                           | 22,500,000                         | -                             | 0.0%                           |
| Receiving Fund Working Capital Requirement        | -                    | -                            | -                              | 6,200,000                          | 6,200,000                     | 0.0%                           | 5,700,000                          | (500,000)                     | 0.0%                           |
| Improvement & Extension Fund Transfer Pending     | 23,766,000           | 30,178,200                   | 22,987,900                     | 7,270,200                          | (22,908,000)                  | -75.9%                         | 18,542,000                         | 11,271,800                    | 155.0%                         |
| <b>Annual Water System Revenue Requirements</b>   | <b>\$366,935,900</b> | <b>\$370,314,500</b>         | <b>\$374,579,500</b>           | <b>\$385,127,100</b>               | <b>\$ 14,812,600</b>          | <b>4.0%</b>                    | <b>\$414,011,600</b>               | <b>\$ 28,884,500</b>          | <b>7.5%</b>                    |





# Core GLWA Budget Schedules

## Sewer Revenue Requirement

### Schedule 1C - Sewer System Revenue Requirement Budget

|   | FY 2023<br>Actual    | FY 2024<br>Adopted<br>Budget | FY 2024<br>Estimated<br>Budget | FY 2025<br>Department<br>Requested | FY 2025<br>Dollar<br>Variance | FY 2025<br>Percent<br>Variance | FY 2026<br>Department<br>Requested | FY 2026<br>Dollar<br>Variance | FY 2026<br>Percent<br>Variance |
|---|----------------------|------------------------------|--------------------------------|------------------------------------|-------------------------------|--------------------------------|------------------------------------|-------------------------------|--------------------------------|
| <b>Sewer System Revenue Requirement</b>           |                      |                              |                                |                                    |                               |                                |                                    |                               |                                |
| <b>Revenues</b>                                   |                      |                              |                                |                                    |                               |                                |                                    |                               |                                |
| Revenues from Charges                             |                      |                              |                                |                                    |                               |                                |                                    |                               |                                |
| Suburban Wholesale Customers                      | \$275,917,500        | \$282,687,600                | \$282,687,600                  | \$287,517,600                      | \$ 4,830,000                  | 1.7%                           | \$303,022,300                      | \$ 15,504,700                 | 5.4%                           |
| Local System Charges                              | 191,042,200          | 196,569,600                  | 196,569,600                    | 205,924,800                        | 9,355,200                     | 4.8%                           | 217,550,100                        | 11,625,300                    | 5.6%                           |
| Industrial Waste Control Charges                  | 8,393,100            | 8,584,200                    | 8,584,200                      | 8,719,300                          | 135,100                       | 1.6%                           | 9,198,700                          | 479,400                       | 5.5%                           |
| Pollutant Surcharges                              | 4,894,600            | 5,328,300                    | 5,328,300                      | 5,434,400                          | 106,100                       | 2.0%                           | 5,733,200                          | 298,800                       | 5.5%                           |
| Total Revenue from Charges                        | 480,247,400          | 493,169,700                  | 493,169,700                    | 507,596,100                        | 14,426,400                    | 2.9%                           | 535,504,300                        | 27,908,200                    | 5.5%                           |
| Other Revenue                                     | 4,901,300            | 400,000                      | 717,000                        | 700,000                            | 300,000                       | 75.0%                          | 700,000                            | -                             | 0.0%                           |
| Investment Earnings                               |                      |                              |                                |                                    |                               |                                |                                    |                               |                                |
| Investment Earnings - Unrestricted                | 8,395,900            | 5,567,000                    | 13,399,700                     | 10,494,500                         | 4,927,500                     | 88.5%                          | 11,616,400                         | 1,121,900                     | 10.7%                          |
| Investment Earnings - Restricted for Debt Service | 4,102,400            | 1,490,300                    | 2,657,600                      | 1,861,500                          | 371,200                       | 24.9%                          | 1,467,300                          | (394,200)                     | -21.2%                         |
| Total Investment Earnings                         | 12,498,300           | 7,057,300                    | 16,057,300                     | 12,356,000                         | 5,298,700                     | 75.1%                          | 13,083,700                         | 727,700                       | 5.9%                           |
| <b>Total Revenues</b>                             | <b>\$497,647,000</b> | <b>\$500,627,000</b>         | <b>\$509,944,000</b>           | <b>\$520,652,100</b>               | <b>\$ 20,025,100</b>          | <b>4.0%</b>                    | <b>\$549,288,000</b>               | <b>\$ 28,635,900</b>          | <b>5.5%</b>                    |
| <b>Revenue Requirements</b>                       |                      |                              |                                |                                    |                               |                                |                                    |                               |                                |
| Operations & Maintenance (O&M) Expense            | \$207,330,200        | \$205,643,700                | \$220,128,400                  | \$228,934,000                      | \$ 23,290,300                 | 11.3%                          | \$238,091,400                      | \$ 9,157,400                  | 4.0%                           |
| General Retirement System Legacy Pension          | 10,824,000           | -                            | -                              | -                                  | -                             | 0.0%                           | -                                  | -                             | 0.0%                           |
| Debt Service                                      | 212,669,100          | 228,328,300                  | 231,781,500                    | 226,279,400                        | (2,048,900)                   | -0.9%                          | 226,618,700                        | 339,300                       | 0.1%                           |
| General Retirement System Accelerated Pension     | 11,620,700           | 6,479,300                    | 3,096,800                      | 4,846,300                          | (1,633,000)                   | -25.2%                         | 4,776,300                          | (70,000)                      | -1.4%                          |
| Water Residential Assistance Program Contribution | 2,394,200            | 2,503,100                    | 2,503,100                      | 2,651,700                          | 148,600                       | 5.9%                           | 2,746,400                          | 94,700                        | 3.6%                           |
| Regional System Lease                             | 27,500,000           | 27,500,000                   | 27,500,000                     | 27,500,000                         | -                             | 0.0%                           | 27,500,000                         | -                             | 0.0%                           |
| Receiving Fund Working Capital Requirement        | -                    | -                            | -                              | 2,300,000                          | 2,300,000                     | 0.0%                           | 3,700,000                          | 1,400,000                     | 60.9%                          |
| Improvement & Extension Fund Transfer Pending     | 26,236,800           | 30,172,600                   | 24,934,200                     | 28,140,700                         | (2,031,900)                   | -6.7%                          | 45,855,200                         | 17,714,500                    | 62.9%                          |
| <b>Annual Sewer System Revenue Requirements</b>   | <b>\$498,575,000</b> | <b>\$500,627,000</b>         | <b>\$509,944,000</b>           | <b>\$520,652,100</b>               | <b>\$ 20,025,100</b>          | <b>4.0%</b>                    | <b>\$549,288,000</b>               | <b>\$ 28,635,900</b>          | <b>5.5%</b>                    |



# Core GLWA Budget Schedules

## Operating Expense Summary

### Schedule 2C – Operations & Maintenance Biennial Budget by Service Area *(now Sch 2G)*

| Operating Area                    | FY 2023<br>Actual    | FY 2024<br>Adopted<br>Budget | FY 2024<br>Amended<br>Budget | FY 2025<br>Department<br>Requested | FY 2025<br>Dollar<br>Variance | FY 2025<br>Percent<br>Variance | FY 2026<br>Department<br>Requested | FY 2026<br>Dollar<br>Variance | FY 2026<br>Percent<br>Variance |
|-----------------------------------|----------------------|------------------------------|------------------------------|------------------------------------|-------------------------------|--------------------------------|------------------------------------|-------------------------------|--------------------------------|
| A Water System Operations         | \$ 86,771,900        | \$ 82,732,800                | \$ 87,738,200                | \$ 94,669,900                      | \$ 11,937,100                 | 14.4%                          | \$ 97,884,000                      | \$ 3,214,100                  | 3.4%                           |
| B Wastewater System Operations    | 139,525,100          | 132,934,300                  | 141,655,800                  | 147,245,100                        | 14,310,800                    | 10.8%                          | 154,308,800                        | 7,063,700                     | 4.8%                           |
| C Centralized Services            | 100,031,200          | 106,900,500                  | 116,537,400                  | 116,980,200                        | 10,079,700                    | 9.4%                           | 120,417,000                        | 3,436,800                     | 2.9%                           |
| D Administrative & Other Services | 35,329,800           | 35,982,500                   | 37,297,500                   | 39,663,800                         | 3,681,300                     | 10.2%                          | 41,891,600                         | 2,227,800                     | 5.6%                           |
| <b>Grand Total</b>                | <b>\$361,658,000</b> | <b>\$358,550,100</b>         | <b>\$383,228,900</b>         | <b>\$398,559,000</b>               | <b>\$ 40,008,900</b>          | <b>11.2%</b>                   | <b>\$414,501,400</b>               | <b>\$ 15,942,400</b>          | <b>4.0%</b>                    |

### Schedule 2E – Operations & Maintenance Expense by Fund with Centralized & Administrative Services Allocated – Biennial Budget *(now Sch 2I)*

| System                    | FY 2023<br>Actual    | FY 2024<br>Adopted<br>Budget | FY 2024<br>Amended<br>Budget | FY 2025<br>Department<br>Requested | FY 2025<br>Dollar<br>Variance | FY 2025<br>Percent<br>Variance | FY 2026<br>Department<br>Requested | FY 2026<br>Dollar<br>Variance | FY 2026<br>Percent<br>Variance |
|---------------------------|----------------------|------------------------------|------------------------------|------------------------------------|-------------------------------|--------------------------------|------------------------------------|-------------------------------|--------------------------------|
| Water System              | \$154,327,800        | \$152,906,400                | \$163,100,500                | \$169,625,000                      | \$ 16,718,600                 | 10.9%                          | \$176,410,000                      | \$ 6,785,000                  | 4.0%                           |
| Sewer (Wastewater) System | 207,330,200          | 205,643,700                  | 220,128,400                  | 228,934,000                        | 23,290,300                    | 11.3%                          | 238,091,400                        | 9,157,400                     | 4.0%                           |
| <b>Grand Total</b>        | <b>\$361,658,000</b> | <b>\$358,550,100</b>         | <b>\$383,228,900</b>         | <b>\$398,559,000</b>               | <b>\$ 40,008,900</b>          | <b>11.2%</b>                   | <b>\$414,501,400</b>               | <b>\$ 15,942,400</b>          | <b>4.0%</b>                    |

# Core GLWA Budget Schedules

## Operating Expense Summary

### Schedule 2A – Operations & Maintenance Expense by Expense Category (Water and Sewer Combined) – Biennial Budget *(Now Sch 2E)*

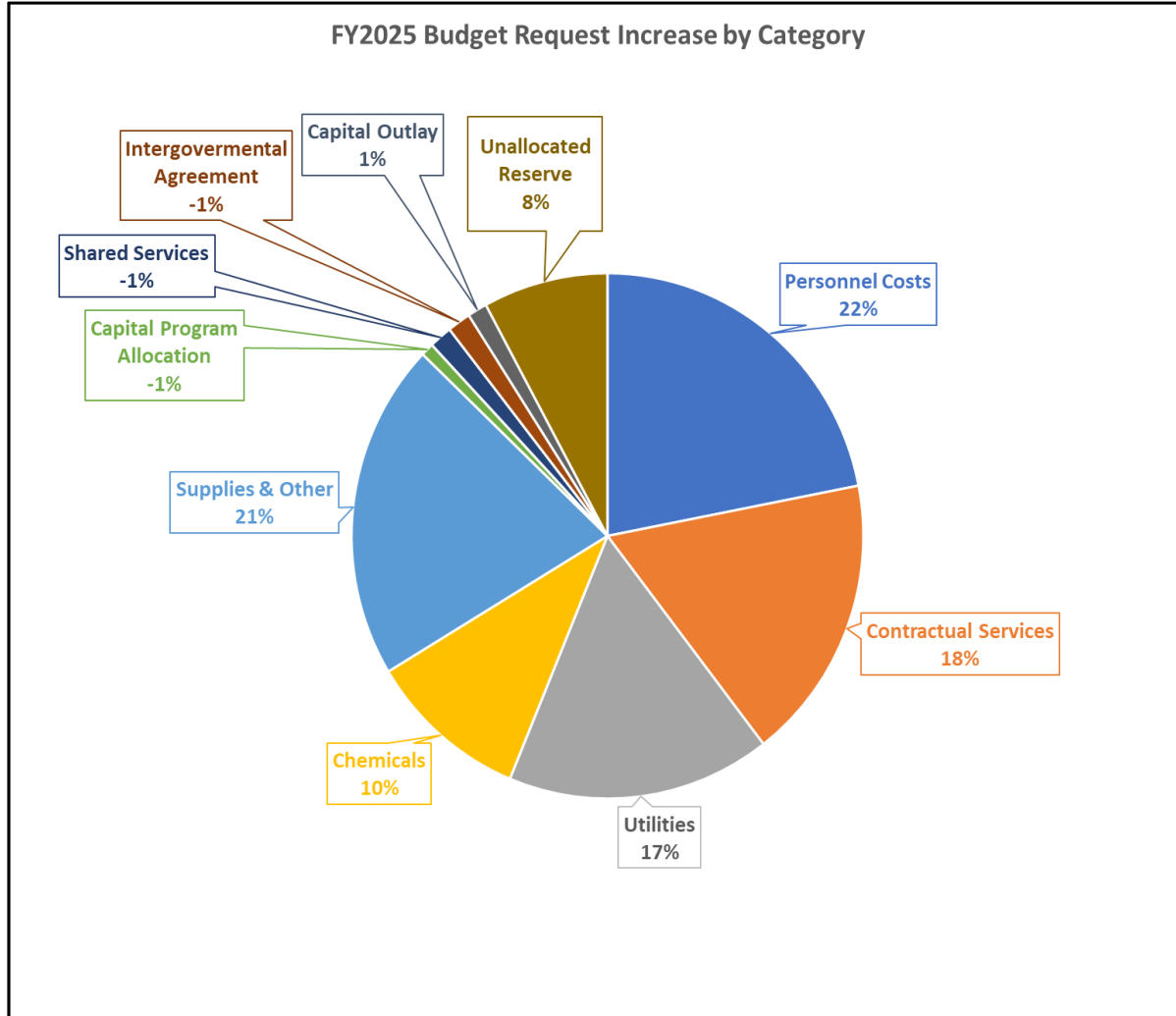
| Operations & Maintenance Expense | FY 2023<br>Actual     | FY 2024<br>Adopted<br>Budget | FY 2024<br>Amended<br>Budget | FY 2025<br>Department<br>Requested | FY 2025<br>Dollar<br>Variance | FY 2025<br>Percent<br>Variance | FY 2026<br>Department<br>Requested | FY 2026<br>Dollar<br>Variance | FY 2026<br>Percent<br>Variance |
|----------------------------------|-----------------------|------------------------------|------------------------------|------------------------------------|-------------------------------|--------------------------------|------------------------------------|-------------------------------|--------------------------------|
| 2.1 Salaries & Wages             | \$ 70,113,800         | \$ 74,765,400                | \$ 74,935,400                | \$ 81,643,800                      | \$ 6,878,400                  | 9.2%                           | \$ 92,188,200                      | \$ 10,544,400                 | 12.9%                          |
| 2.2 Workforce Development        | 1,413,900             | 1,391,500                    | 1,391,500                    | 2,105,000                          | 713,500                       | 51.3%                          | 2,326,400                          | 221,400                       | 10.5%                          |
| 2.3 Overtime                     | 8,570,400             | 7,383,000                    | 7,453,000                    | 8,074,200                          | 691,200                       | 9.4%                           | 8,955,900                          | 881,700                       | 10.9%                          |
| 2.4 Employee Benefits            | 24,789,400            | 28,218,500                   | 28,263,500                   | 30,347,300                         | 2,128,800                     | 7.5%                           | 34,551,400                         | 4,204,100                     | 13.9%                          |
| 2.5 Transition Services          | 9,920,100             | 9,128,700                    | 9,128,700                    | 8,198,000                          | (930,700)                     | -10.2%                         | 8,292,000                          | 94,000                        | 1.1%                           |
| <b>Total Personnel Costs</b>     | <b>114,807,600</b>    | <b>120,887,100</b>           | <b>121,172,100</b>           | <b>130,368,300</b>                 | <b>9,481,200</b>              | <b>7.8%</b>                    | <b>146,313,900</b>                 | <b>15,945,600</b>             | <b>12.2%</b>                   |
| 3.1 Electric                     | 48,176,300            | 42,820,200                   | 46,769,200                   | 49,020,700                         | 6,200,500                     | 14.5%                          | 49,611,600                         | 590,900                       | 1.2%                           |
| 3.2 Gas                          | 10,821,600            | 10,168,000                   | 9,865,000                    | 7,000,000                          | (3,168,000)                   | -31.2%                         | 7,137,700                          | 137,700                       | 2.0%                           |
| 3.3 Sewage Service               | 3,051,900             | 2,563,100                    | 2,872,800                    | 2,980,100                          | 417,000                       | 16.3%                          | 2,980,700                          | 600                           | 0.0%                           |
| 3.4 Water Service                | 15,228,000            | 7,843,900                    | 12,108,500                   | 11,601,700                         | 3,757,800                     | 47.9%                          | 11,603,700                         | 2,000                         | 0.0%                           |
| <b>Total Utility Costs</b>       | <b>77,277,800</b>     | <b>63,395,200</b>            | <b>71,615,500</b>            | <b>70,602,500</b>                  | <b>7,207,300</b>              | <b>11.4%</b>                   | <b>71,333,700</b>                  | <b>731,200</b>                | <b>1.0%</b>                    |
| 4.1 Chemicals                    | 30,542,200            | 30,451,800                   | 33,108,600                   | 34,834,900                         | 4,383,100                     | 14.4%                          | 35,299,600                         | 464,700                       | 1.3%                           |
| 4.2 Supplies & Other             | 34,491,700            | 31,371,200                   | 40,013,700                   | 40,357,200                         | 8,986,000                     | 28.6%                          | 37,595,300                         | (2,761,900)                   | -6.8%                          |
| 4.3 Contractual Services         | 109,703,700           | 106,889,200                  | 111,763,400                  | 114,508,700                        | 7,619,500                     | 7.1%                           | 118,918,000                        | 4,409,300                     | 3.9%                           |
| 5.1 Capital Program Allocation   | (2,189,600)           | (4,232,700)                  | (4,232,700)                  | (4,581,800)                        | (349,100)                     | 8.2%                           | (6,687,100)                        | (2,105,300)                   | 45.9%                          |
| 5.2 Shared Services              | (3,270,200)           | (1,655,800)                  | (1,655,800)                  | (2,279,500)                        | (623,700)                     | 37.7%                          | (2,342,100)                        | (62,600)                      | 2.7%                           |
| 5.5 Intergovernmental Agreement  | (977,600)             | -                            | -                            | (638,200)                          | (638,200)                     | 100.0%                         | -                                  | 638,200                       | -100.0%                        |
| 6.0 Capital Outlay               | 1,273,900             | 2,648,300                    | 2,648,300                    | 3,181,500                          | 533,200                       | 20.1%                          | 2,586,300                          | (595,200)                     | -18.7%                         |
| 7.0 Unallocated Reserve          | -                     | 8,795,800                    | 8,795,800                    | 12,205,400                         | 3,409,600                     | 38.8%                          | 11,483,800                         | (721,600)                     | -5.9%                          |
| <b>Total Other Categories</b>    | <b>169,574,100</b>    | <b>174,267,800</b>           | <b>190,441,300</b>           | <b>197,588,200</b>                 | <b>23,320,400</b>             | <b>13.4%</b>                   | <b>196,853,800</b>                 | <b>(734,400)</b>              | <b>-0.4%</b>                   |
| <b>Grand Total</b>               | <b>\$ 361,659,500</b> | <b>\$ 358,550,100</b>        | <b>\$ 383,228,900</b>        | <b>\$ 398,559,000</b>              | <b>\$ 40,008,900</b>          | <b>11.2%</b>                   | <b>\$ 414,501,400</b>              | <b>\$ 15,942,400</b>          | <b>4.0%</b>                    |

# Total Operations & Maintenance Expense Variance Drivers FY2025 Proposed Budget v FY2024 Adopted Budget

- ❖ **Water Operations** - Utilities expense is the largest increase at \$4.8 million due to supplier cost increases, followed by Chemicals at \$1.3 million due to market cost increases, and Personnel at \$2.4 million due to increased hiring and market adjustments.
- ❖ **Sewer Operations** – Contractual services expense is the largest increase at \$3.3 million due to a facilities maintenance contract and for residual solids disposal, followed by Chemicals at \$3.1 million due to market cost increases, and Personnel at \$2.7 million due to increased hiring and market adjustments.
- ❖ **Centralized Services** - Supplies & Small Capital is the largest increase at \$6.0 million and Contractual Services increased \$1.5 million. Both increases are mainly due to the new ERP system implementation.
- ❖ **Administrative Services** – Contractual Services is the largest increase at \$2.0 million mainly due to increased insurance premiums. Personnel increased at \$1.5 million due to increased hiring and market adjustments.



# Operations & Maintenance Expense *Increase / Decrease:* FY2025 Proposed Budget v FY2024 Adopted Budget



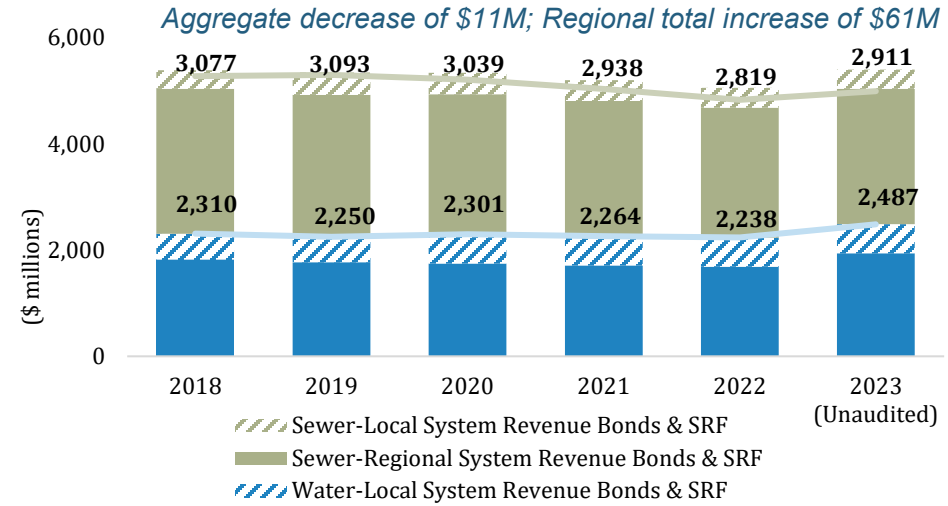
| Expense Category            | FY 2025 Proposed Budget v FY2024 Adopted Budget Increase / (Decrease) | FY 2025 Proposed Budget v FY2024 Adopted Budget Variance % |
|-----------------------------|---|--|
| Personnel Costs             | 9,481,200   | 7.8%   |
| Contractual Services        | 7,619,500   | 7.1%   |
| Utilities                   | 7,207,300   | 11.4%  |
| Chemicals                   | 4,383,100   | 14.4%  |
| Supplies & Other            | 8,986,000   | 28.6%  |
| Capital Program Allocation  | (349,100)   | 8.2%   |
| Shared Services             | (623,700)   | 37.7%  |
| Intergovernmental Agreement | (638,200)   | 100.0%   |
| Capital Outlay              | 533,200   | 20.1%  |
| Unallocated Reserve         | 3,409,600   | 38.8%  |
| <b>Grand Total</b>          | <b>40,008,900</b>   | <b>11.2%</b>   |

1 - Please reference Schedule 2A in Core Financial Plan Schedules on page 30 for more detail

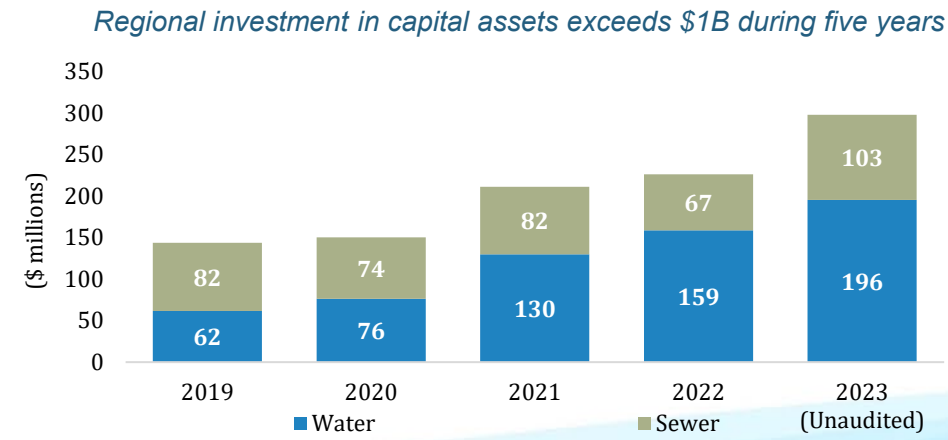
# Controlling Leverage AND Investing in Capital Assets

- Because of GLWA's emphasis in limiting customer charge increases, conventional measures of leverage, such as debt to operating revenue (while improving), do not capture the full extent of System deleveraging and improvements to overall financial sustainability
- GLWA's results over the last five years demonstrate remarkable progress in reducing leverage while investing in capital assets
  - Water system regional allocation of bonds and loans outstanding increased from year end 2018 to 2023 by \$120M while \$622M was invested in capital assets**
  - Sewer system regional allocation of bonds and loans outstanding decreased from year end 2018 to 2023 by \$181M while \$407M was invested in capital assets**
- In total, the Regional and Local System bonds and loans outstanding have increased by \$11M over five years in total
  - Increase of \$176M for water and decrease of \$165M for sewer

**GLWA Water & Sewer Revenue Bonds & SRF Outstanding (Year End)**



**GLWA Regional System Capital Project Investments Activity**

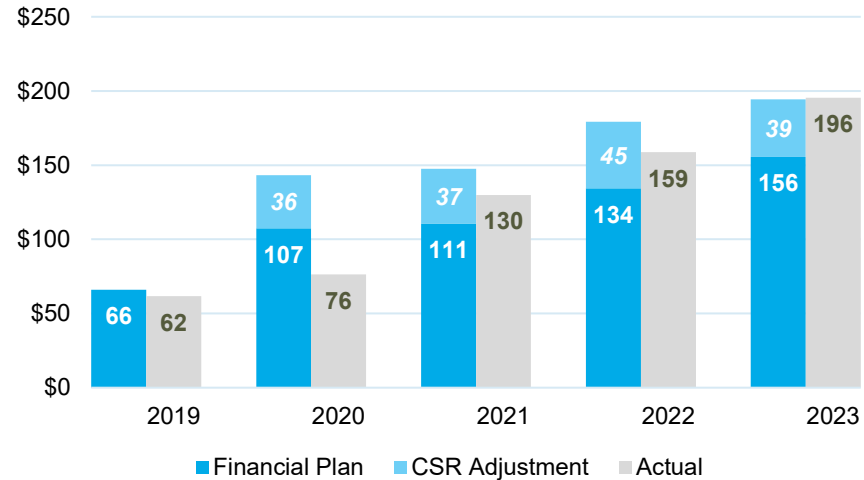




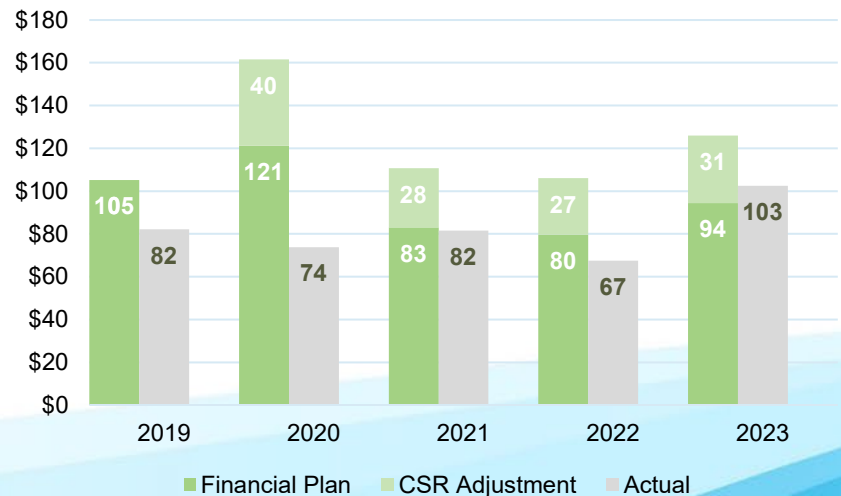
# Aligning Capital Plan & Financial Plan to Right-Size Financing Needs & Lower Borrowing

- The Capital Improvement Plan (CIP) includes, in total, **168 projects** for water and sewer systems.
- GLWA has a relatively new, centralized capital planning group that provides training and process standardization, program management, and expertise to support the Water and Wastewater Engineering Groups. Along with Financial Services, the teams align on monthly updates to cashflow and spending forecasts.
- A large capital program carries external dependencies that alter timing and/or shifting priorities. For this reason, GLWA’s financial plans (starting in 2020) utilized a “**Capital Spend Rate**” (CSR) assumption, adopted by the Board, to bridge from the CIP to more detailed cashflow/ debt needs to lower financing costs.
- The CSR has ranged from 75% and 80%. For FY 2024 and beyond, the CSR is at 100%.
- Actual CIP investments have materially increased
  - Water System projects are moving from design phase to construction phase which accelerates the spending pace.
  - Sewer system projects are resiliency focused and span many facilities – CSOs, pump stations, and plant facilities.

GLWA Regional System Water Capital Project Investments



GLWA Regional System Sewer Capital Project Investments



# Working Capital / Cash Management Strategy

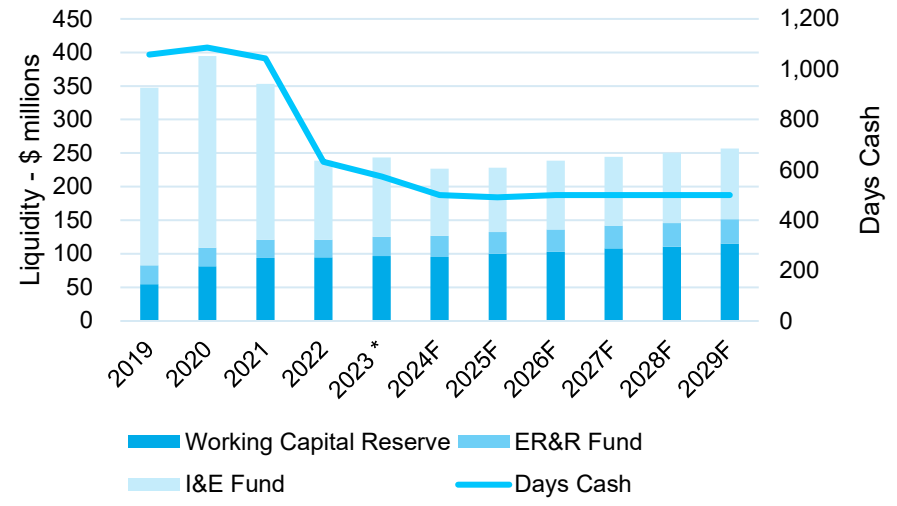
## Working Capital

- Working capital consists of the Receiving Fund, Operations and Maintenance Fund (O&M), and Emergency Repair & Replacement (ER&R) Fund
- The cash management target is 3.5 months of budgeted Regional System O&M and 2 months of other non-discretionary MBO requirements resulting in approximately 200 to 225 “days cash”
- The ER&R Fund is required to have a minimum balance of 15% of budgeted (combined Regional and Local) O&M expense. The 2018 MOU places funding of this reserve on GLWA. ER&R Fund provides approximately 70 “days cash”

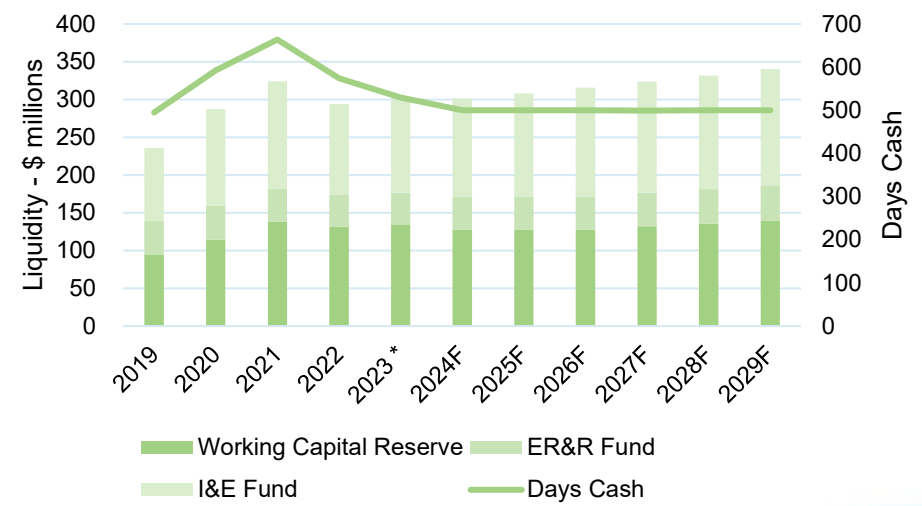
## Improvement & Extension

- Purpose is to fund capital improvements to the system and is the last bucket GLWA fill in the Master Bond Ordinance flow of funds
- The strategy of the financial plan is designed to finance capital in a mix of debt and pay-go funds that results in I&E Fund balances that produce an overall liquidity level of 500 “days cash”

Water Liquidity



Sewer Liquidity



\* Expressed as funding of daily GLWA Regional System operating expense



# One-on-One Session Question: Specifics on How Series 2023 Bonds Impacted Budgeted FY 2025 Water Debt Service?

- Compared to the Original FY 2024 Budget, FY 2025 Water Debt Service reflects an increase of \$15.8 million:
  - ✓ *Naturally occurring scheduled maturity = \$1.0 million*
  - ✓ *Originally projected FY 2025 New Money = \$14.3 million*
  - ✓ *Acceleration of projected New Money into FY 2024 = \$1.2 million*
    - Net of elimination of planned SRF transaction
    - Still allows for planned additional transaction in FY 2025
  - ✓ *Refunding Savings = \$0.7 million decrease*

# One-on-One Session Question: Specifics on How Series 2023 Bonds Impacted Budgeted FY 2025 Sewer Debt Service

- Compared to the Original FY 2024 Budget, FY 2025 Sewer Debt Service reflects a **decrease of \$2 million**:
  - ✓ *Final retirement of SRF Loans = \$6.4 million decrease*
  - ✓ *Naturally occurring scheduled SRF maturity = \$2.7 million decrease*
  - ✓ *FY 2024 New Money Bonds = \$5.0 million*
  - ✓ *Acceleration of projected New Money into FY 2024 = \$1.6 million \**
  - *New SRF planned loans = \$1.6 million \**
  - ✓ *Refunding Savings = \$1.1 million decrease*
- \* *Specific impacts reflect replacing planned new money transaction in FY 2025 with recently approved loans for SRF projects totaling ~ \$250 million*

# GLWA Average System Charge Adjustments

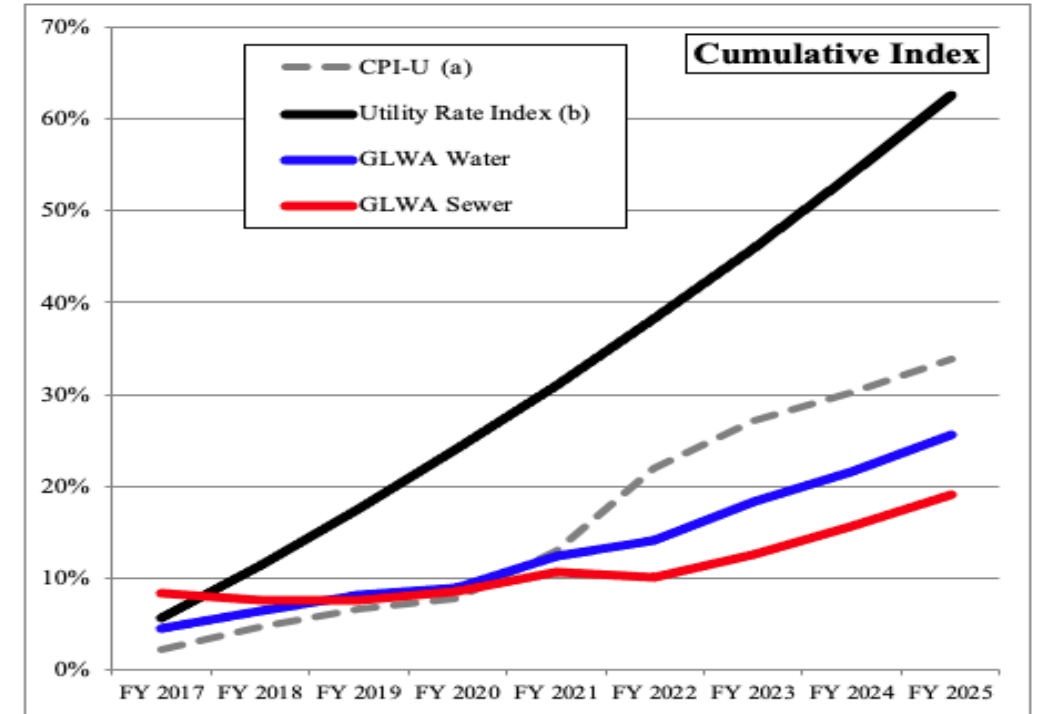
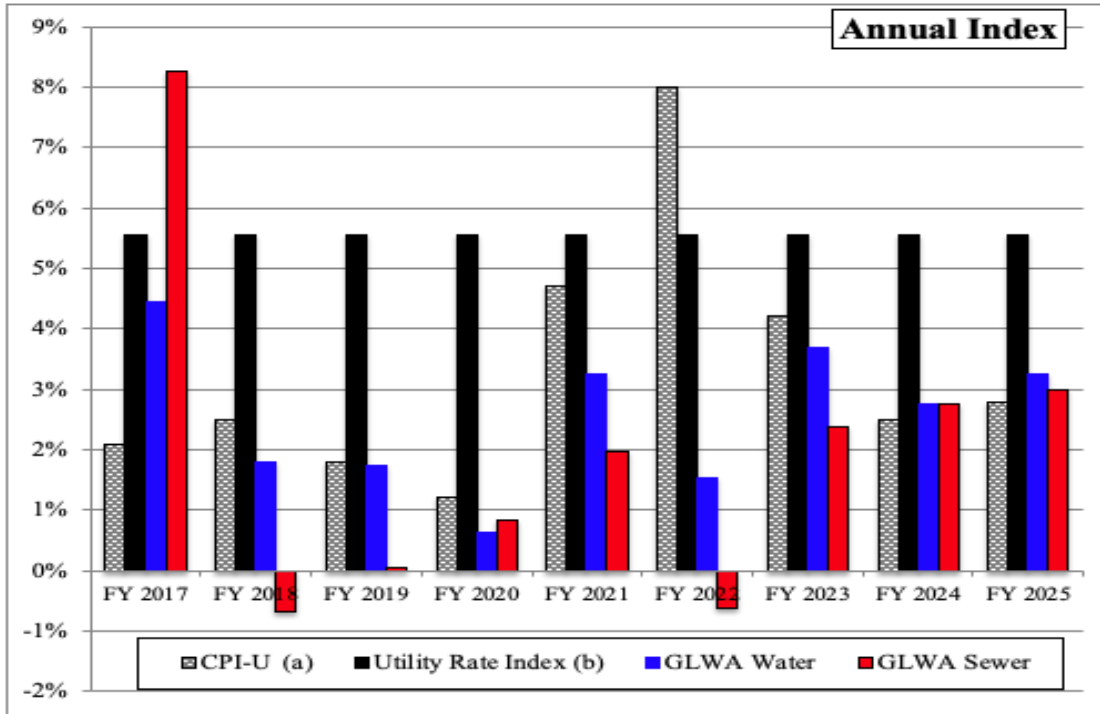
## Average System Charge Adjustments

| <b>Year</b>           | <b>Water</b> | <b>Sewer</b> |
|-----------------------|--------------|--------------|
| <b>2018</b>           | <b>1.8%</b>  | <b>-0.7%</b> |
| <b>2019</b>           | <b>1.8%</b>  | <b>0.1%</b>  |
| <b>2020</b>           | <b>0.6%</b>  | <b>0.8%</b>  |
| <b>2021</b>           | <b>3.2%</b>  | <b>2.0%</b>  |
| <b>2022</b>           | <b>1.5%</b>  | <b>-0.6%</b> |
| <b>2023</b>           | <b>3.7%</b>  | <b>2.4%</b>  |
| <b>2024</b>           | <b>2.75%</b> | <b>2.75%</b> |
| <b>2025</b>           | <b>3.25%</b> | <b>3.0%</b>  |
| <b>8-Year Average</b> | <b>2.3%</b>  | <b>1.2%</b>  |

# GLWA CHARGE Adjustments Compared to Utility Indices

| Annual                 | Annual Index |         |         |         |         |         |         |         |         | Average Annual |
|------------------------|--------------|---------|---------|---------|---------|---------|---------|---------|---------|----------------|
|                        | FY 2017      | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |                |
| CPI-U (a)              | 2.1%         | 2.5%    | 1.8%    | 1.2%    | 4.7%    | 8.0%    | 4.2%    | 2.5%    | 2.8%    | 3.3%           |
| Utility Rate Index (b) | 5.6%         | 5.6%    | 5.6%    | 5.6%    | 5.6%    | 5.6%    | 5.6%    | 5.6%    | 5.6%    | 5.6%           |
| GLWA Water             | 4.5%         | 1.8%    | 1.8%    | 0.6%    | 3.2%    | 1.5%    | 3.7%    | 2.75%   | 3.25%   | 2.6%           |
| GLWA Sewer             | 8.3%         | -0.7%   | 0.1%    | 0.8%    | 2.0%    | -0.6%   | 2.4%    | 2.75%   | 3.00%   | 2.0%           |
| GLWA Overall           | 6.7%         | 0.3%    | 0.7%    | 0.7%    | 2.5%    | 0.3%    | 2.9%    | 2.8%    | 3.1%    | 2.2%           |

| Cumulative Index |         |         |         |         |         |         |         |         |
|------------------|---------|---------|---------|---------|---------|---------|---------|---------|
| FY 2017          | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
| 2.1%             | 4.7%    | 6.5%    | 7.8%    | 12.9%   | 21.9%   | 27.0%   | 30.2%   | 33.9%   |
| 5.6%             | 11.4%   | 17.6%   | 24.1%   | 31.0%   | 38.3%   | 46.0%   | 54.1%   | 62.6%   |
| 4.5%             | 6.3%    | 8.2%    | 8.9%    | 12.4%   | 14.1%   | 18.3%   | 21.6%   | 25.5%   |
| 8.3%             | 7.5%    | 7.6%    | 8.5%    | 10.6%   | 9.9%    | 12.6%   | 15.6%   | 19.1%   |
| 6.7%             | 7.0%    | 7.8%    | 8.6%    | 11.3%   | 11.6%   | 14.9%   | 18.0%   | 21.7%   |



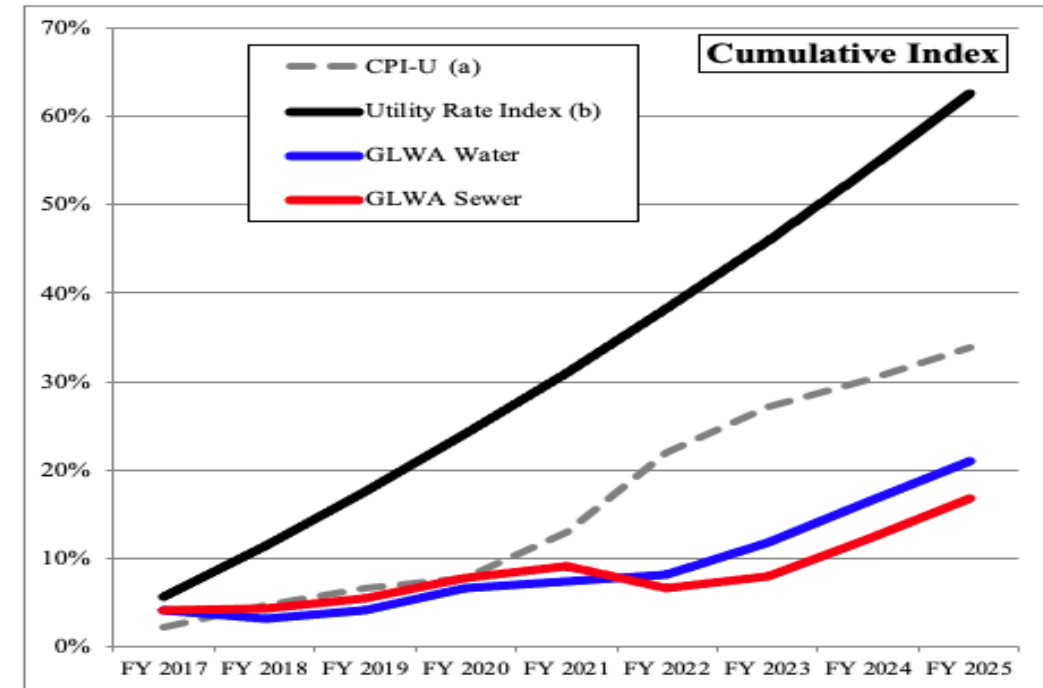
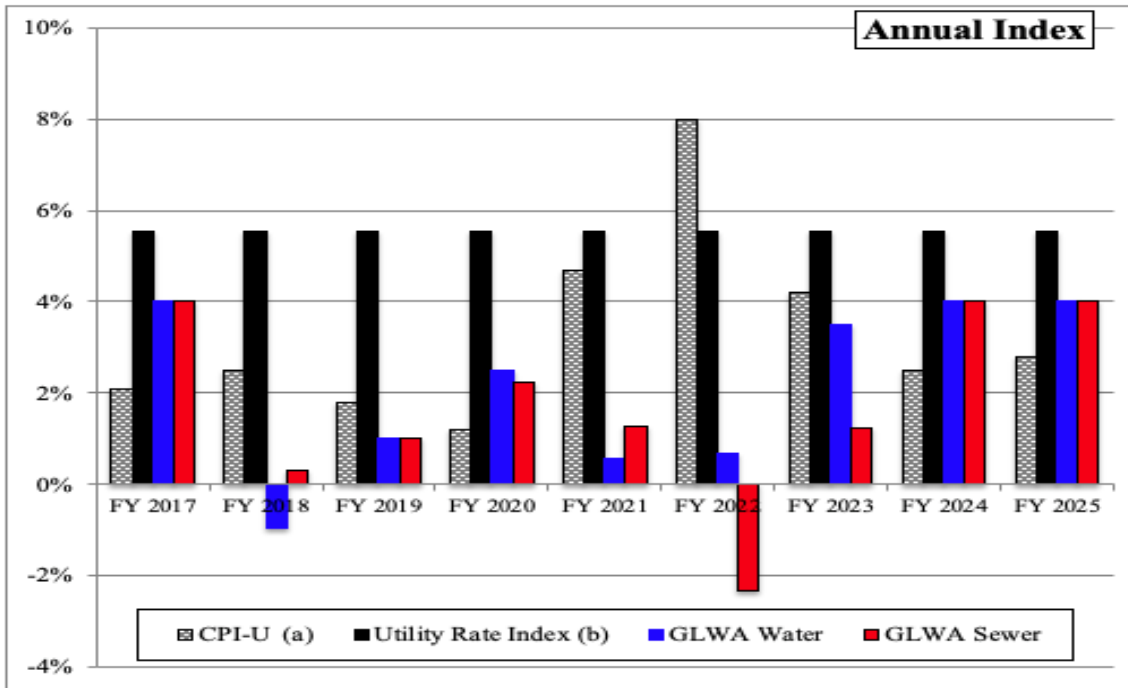
(a) Source: Bureau of Labor Statistics, CPI-U, All items in U.S. city average, all urban consumers, not seasonally adjusted (calendar year), FY 2024 and FY 2025 estimated by Economic Outlook Task Force

(b) Source: Black & Veatch 50 Largest Cities Rate Survey - 2021 - average 2001-2020

# GLWA BUDGET Adjustments Compared to Utility Indices

| Annual                 | Annual Index |         |         |         |         |         |         |         |         | Average Annual |
|------------------------|--------------|---------|---------|---------|---------|---------|---------|---------|---------|----------------|
|                        | FY 2017      | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |                |
| CPI-U (a)              | 2.1%         | 2.5%    | 1.8%    | 1.2%    | 4.7%    | 8.0%    | 4.2%    | 2.5%    | 2.8%    | 3.3%           |
| Utility Rate Index (b) | 5.6%         | 5.6%    | 5.6%    | 5.6%    | 5.6%    | 5.6%    | 5.6%    | 5.6%    | 5.6%    | 5.6%           |
| GLWA Water             | 4.0%         | -0.9%   | 1.0%    | 2.5%    | 0.6%    | 0.7%    | 3.5%    | 4.0%    | 4.0%    | 2.1%           |
| GLWA Sewer             | 4.0%         | 0.3%    | 1.0%    | 2.2%    | 1.3%    | -2.3%   | 1.3%    | 4.0%    | 4.0%    | 1.7%           |
| GLWA Overall           | 4.0%         | -0.2%   | 1.0%    | 2.3%    | 1.0%    | -1.1%   | 2.2%    | 4.0%    | 4.0%    | 1.9%           |

| Annual                 | Cumulative Index |         |         |         |         |         |         |         |         |
|------------------------|------------------|---------|---------|---------|---------|---------|---------|---------|---------|
|                        | FY 2017          | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
| CPI-U (a)              | 2.1%             | 4.7%    | 6.5%    | 7.8%    | 12.9%   | 21.9%   | 27.0%   | 30.2%   | 33.9%   |
| Utility Rate Index (b) | 5.6%             | 11.4%   | 17.6%   | 24.1%   | 31.0%   | 38.3%   | 46.0%   | 54.1%   | 62.6%   |
| GLWA Water             | 4.0%             | 3.0%    | 4.1%    | 6.7%    | 7.3%    | 8.0%    | 11.8%   | 16.3%   | 20.9%   |
| GLWA Sewer             | 4.0%             | 4.3%    | 5.4%    | 7.7%    | 9.1%    | 6.5%    | 7.9%    | 12.2%   | 16.7%   |
| GLWA Overall           | 4.0%             | 3.8%    | 4.8%    | 7.3%    | 8.3%    | 7.2%    | 9.5%    | 13.9%   | 18.4%   |



(a) Source: Bureau of Labor Statistics, CPI-U, All items in U.S. city average, all urban consumers, not seasonally adjusted (calendar year), FY 2024 and FY 2025 estimated by Economic Outlook Task Force

(b) Source: Black & Veatch 50 Largest Cities Rate Survey - 2021 - average 2001-2020

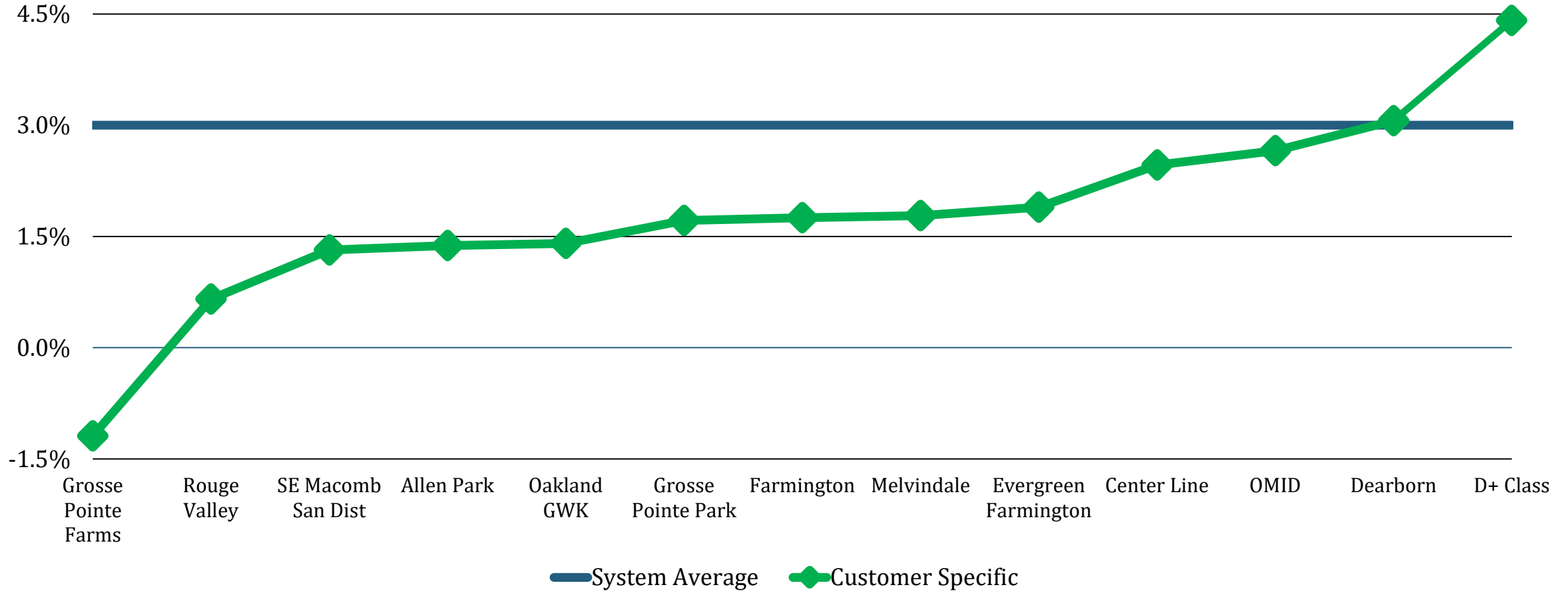
# Hot Topics from Charges Rollout #3

# Water Charge Methodology has been Simplified – Generally Stable Charge Adjustments

- Three Member Partners have modified Contract Demands since original Units of Service were presented in November
  - *These “MOD” Customers will receive charge reductions that total ~ 11% as a class*
- All other “No MOD” Member Partners will receive a uniform wholesale charge increase of 3.33%
  - *Total effective charge increase is 3.06% after recognition of fixed contractual adjustments*
- Water Charge Calculations embrace the new simplified methodology
  - *10/50/40 Commodity/Max Day/Peak Hour Cost Pools*
  - *Water Delivery Factor replaces Distance and Elevation*



# FY 2025 Sewer Charge Adjustment Summary



• Excludes Grosse Pointe and does not reflect individual D+ Member Partners

# FY 2025 Sewer Charges Summary

- Sewer SHAREs are being updated for the FY 2025 Sewer Charges
  - *First update since FY 2022*
- SHARE update reflects two separate analysis:
  - *Updated Units of Service from Flow Balance – new 10-year data period from FY 2014 through FY 2023 (Drop off FY 2013)*
  - *FY 2025 Cost of Service Study*
- Units of Service were originally presented in November, and Cost of Service Study results were originally included in December 12 briefing of Audit Committee
- ***Final Units of Service and charges were modified based on late breaking new information on the flow balance***

# FY 2025 Sewer Charges Summary

## Sewage Disposal System Revised Proposed FY Charges Based on Modified Flow Balance Inputs

|                           | (1)                            | (2)          | (3)        | (4)           | (5)        | (6)         | (7)      | (8)         | (9)        |       |
|---------------------------|--------------------------------|--------------|------------|---------------|------------|-------------|----------|-------------|------------|-------|
|                           | 12/15/23                       | Initial FB   | 01/10/24   | Subsequent FB | 01/18/24   | Final FB    | 01/22/24 | Total Chgs  | Total Chgs |       |
|                           | Audit Com                      | Changes      | Rollout #3 | Changes       | Rollout #3 | Changes     | Final    | from Orig   | from Orig  |       |
|                           | \$                             | \$           | \$         | \$            | \$         | \$          | \$       | \$          | \$         |       |
|                           |                                | (a) thru (e) |            | (f)           |            | (g)         |          | (7) - (1)   | (8) / (1)  |       |
| <b>Suburban Wholesale</b> |                                |              |            |               |            |             |          |             |            |       |
| 1                         | OMID                           | 75,046,800   | (136,800)  | 74,910,000    | 0          | 74,910,000  | 0        | 74,910,000  | (136,800)  | -0.2% |
| 2                         | Rouge Valley                   | 57,153,600   | 694,800    | 57,848,400    | 0          | 57,848,400  | 0        | 57,848,400  | 694,800    | 1.2%  |
| 3                         | Oakland GWK                    | 48,255,600   | 69,600     | 48,325,200    | 0          | 48,325,200  | (15,600) | 48,309,600  | 54,000     | 0.1%  |
| 4                         | Evergreen Farmington           | 37,828,800   | 68,400     | 37,897,200    | 0          | 37,897,200  | 15,600   | 37,912,800  | 84,000     | 0.2%  |
| 5                         | SE Macomb San Dist             | 26,211,600   | (111,600)  | 26,100,000    | 0          | 26,100,000  | 0        | 26,100,000  | (111,600)  | -0.4% |
| 6                         | Dearborn                       | 21,567,600   | (70,800)   | 21,496,800    | 0          | 21,496,800  | 0        | 21,496,800  | (70,800)   | -0.3% |
| 7                         | Grosse Pointe Farms            | 2,799,600    | (9,600)    | 2,790,000     | 0          | 2,790,000   | 0        | 2,790,000   | (9,600)    | -0.3% |
| 8                         | Grosse Pointe Park             | 1,995,600    | (4,800)    | 1,990,800     | 0          | 1,990,800   | 0        | 1,990,800   | (4,800)    | -0.2% |
| 9                         | Melvindale                     | 1,650,000    | (4,800)    | 1,645,200     | 0          | 1,645,200   | 0        | 1,645,200   | (4,800)    | -0.3% |
| 10                        | Farmington                     | 1,258,800    | (4,800)    | 1,254,000     | 0          | 1,254,000   | 0        | 1,254,000   | (4,800)    | -0.4% |
| 11                        | Center Line                    | 1,108,800    | (10,800)   | 1,098,000     | 0          | 1,098,000   | 0        | 1,098,000   | (10,800)   | -1.0% |
| 12                        | Allen Park                     | 888,000      | (4,800)    | 883,200       | 0          | 883,200     | 0        | 883,200     | (4,800)    | -0.5% |
| 13                        | Grosse Pointe                  | 1,232,400    | (6,000)    | 1,226,400     | 0          | 1,226,400   | 0        | 1,226,400   | (6,000)    | -0.5% |
| 14                        | Highland Park                  | 4,992,000    | (10,800)   | 4,981,200     | 0          | 4,981,200   | 0        | 4,981,200   | (10,800)   | -0.2% |
| 15                        | Hamtramck                      | 4,502,400    | (15,600)   | 4,486,800     | 10,800     | 4,497,600   | 0        | 4,497,600   | (4,800)    | -0.1% |
| 16                        | Harper Woods                   | 175,200      | (4,800)    | 170,400       | 0          | 170,400     | 0        | 170,400     | (4,800)    | -2.7% |
| 17                        | Redford Township               | 357,600      | (4,800)    | 352,800       | 0          | 352,800     | 0        | 352,800     | (4,800)    | -1.3% |
| 18                        | Wayne County #3                | 50,400       | 0          | 50,400        | 0          | 50,400      | 0        | 50,400      | 0          | 0.0%  |
| 19                        | Subtotal Suburban Wholesale    | 287,074,800  | 432,000    | 287,506,800   | 10,800     | 287,517,600 | 0        | 287,517,600 | 442,800    | 0.2%  |
| 20                        | Detroit Customers *            | 206,366,400  | (432,000)  | 205,934,400   | (9,600)    | 205,924,800 | 0        | 205,924,800 | (441,600)  | -0.2% |
| 21                        | Total Member Partner Wholesale | 493,441,200  | 0          | 493,441,200   | 1,200      | 493,442,400 | 0        | 493,442,400 | 1,200      | 0.0%  |
| 22                        | Subtotal M Customer Class      | 276,997,200  | 468,000    | 277,465,200   | 0          | 277,465,200 | 0        | 277,465,200 | 468,000    | 0.2%  |
| 23                        | Subtotal D+ Customer Class     | 216,444,000  | (468,000)  | 215,976,000   | 1,200      | 215,977,200 | 0        | 215,977,200 | (466,800)  | -0.2% |

**Items of Note Emerging from Final Flow Balance Adjustments**

- (a) Rouge Valley's Sanitary flows for FY 2022 and FY 2023 increased by **5.6** mgd, increasing 10-yr avg by **4.5%**
- (b) Oakland GWK's Sanitary flows for FY 2022 and FY 2023 increased by **1.5** mgd, increasing 10-yr avg by **1.5%**
- (c) Evergreen Farmington's Sanitary flows for FY 2022 and FY 2023 increased by **1.5** mgd, increasing 10-yr avg by **1.5%**
- (d) OMID's Sanitary flows for FY 2022 and FY 2023 increased by **1.5** mgd, increasing 10-yr avg by **0.8%**
- (e) Minor adjustments to total flows for Rouge Valley and SEMSD that do not impact charges materially
- (f) Reallocation of DWII flows for FY 2023 between Hamtramck and Detroit (Also small Highland Park DWII adjustment with no impact on SHARES)
- (g) Reallocation of Sanitary volumes for FY 2020 between Oakland GWK and Evergreen Farmington



# D+ Sewer SHAREs Allocation

# Sewer Charges Summary: Customer Class Definitions

- “**M**” Customer Class = those communities whose wastewater contributions are metered by what was formerly referred to as “billing meters”
  - *Major County Districts and certain other communities*
  - *Grosse Pointe now included in this class as 5 years of metered data is available*
- “**D+**” Customer Class = Detroit plus certain other inner ring communities whose wastewater is not directly metered
  - *Primarily Detroit, Highland Park, Hamtramck*
  - *Small portion of Dearborn is unmetered but flows are reallocated to the M class*

# Allocation Flows to Individual Customers: SHARE History and D+ Specifics

- This discussion is intended to provide historical perspective on how sewer flow volumes were determined over the years for purposes of Sewer Charges
- All of these efforts were primarily designed to determine allocations between the M Class customers and the D+ Customer Class at large
  - ✓ *And amongst individual members of the M Customer Class*
- Flow allocations amongst individual customers within the D+ Customer Class followed same principles, but did not reflect same level of detail and annual change
  - ✓ *In part due to the lack of meter data of the same quality as the “billing” meters*
  - ✓ *In part because Detroit represents over 95% of the total class under any approach*
- A new approach for allocating **D+ Class flows amongst D+ customers** is being proposed for the FY 2025 Sewer Charges
  - ✓ *This does not impact the allocation to the M Class at large, nor any M Class member*



# Allocation Flows to Individual Customers: SHARE History

- In the 1990s and prior ...
  - ✓ *All costs allocated to customers solely based on total contributed sewer volume*
  - ✓ *DWII from D+ area estimated based on technical assumptions*
  - ✓ *Wet weather flows from ALL customers estimated based on area served, relative combined sewers, runoff coefficients, rainfall data, etc.*
    - Wet weather flows from **unmetered** customers (D+) reduced by an “overflow credit” of 67% (tributary to Rouge River) and 48% (tributary to Detroit River)
    - Oakland County GWK (SOCSDS) negotiates 8% overflow credit
  - ✓ *Annual “Look-Back” analyses to true up projected costs and flows to actual amounts after the fact, and issue charges and credits to individual customers accordingly*
  - ✓ *Litigation re: CSO cost allocation and flow measurement for charges*



# Allocation Flows to Individual Customers: SHARE History

- 1999 Rate Settlement Agreement
  - ✓ Created 83/17 allocation (Detroit/Suburbs) for Specific CSO Control Facilities
  - ✓ “DWSD (GLWA) shall utilize the most current data developed by the Greater Detroit Regional Sewer System (GDRSS) model to estimate the volume of infiltration and inflow into the System”
  - ✓ Wet weather flows from **ALL** customers reduced by a uniform “overflow credit” of 30.8%
  - ✓ DWII related to “common use” sewer infrastructure (defined as Detroit + one other customer) in Detroit treated as “common” cost responsibility, subject to additional allocation analyses
  - ✓ Created a phase in strategy to implement the agreements
  - ✓ Maintained annual “Look-Back” analyses

# Allocation Flows to Individual Customers: SHARE History

- 1999 Rate Settlement Agreement Implementation
  - ✓ *Commitment to use of “best available, verifiable” information led to detailed annual review by individual customer flow contributions and annual “GDRSS Flow Balance Reports”*
  - ✓ *Coupled with CSO 83/17 provision, resulted in significant cost shift from M Customer Class to D+ Customer Class*
  - ✓ *Agreement provides for a phased approach to implement Sewer Charge adjustments*

# Allocation of Flows to Individual Customers: SHARE History

- FY 2002 – FY 2011 Sewer Charges
  - ✓ *Sewer Charges (for non-CSO Cost Pool) based solely on average flow contributions from GDRSS flow balances*
  - ✓ *Wet weather flows from ALL customers reduced by a uniform “overflow credit” of 30.8%*
  - ✓ *Look-Back concept continues*
    - FY 2004 charges to each customer include an adjustment (charge or credit) reflecting review of actual costs, cost allocations, and flow contributions during FY 2002
    - Concept begins to create instability
  - ✓ *Late during this period, DWSD introduces potential to add “strength of flow” considerations to the charge methodology*

# Allocation Flows to Individual Customers: SHARE History

- FY 2012 Sewer Charges
  - ✓ *Introduced “strength of flow” concept, which lowered charges to customers with relatively higher levels of non-sanitary flows (mostly D+ customers)*
    - All non-sanitary flow in the system carried 45% of the relative amount of pollutants as sanitary flow, and allocated treatment costs accordingly
  - ✓ *Reduced uniform overflow credit from 30.8% to 15%*
- FY 2013 Sewer Charges
  - ✓ *Continued “strength of flow” concept and reduced relative non-sanitary strength from 45% to 33% - further lowering charges to high non-sanitary flow customers*
- ***Introduction of Strength of Flow considerations resulted in significant cost shift from D+ Customer Class to M Customer Class***

# Allocation Flows to Individual Customers: SHARE History

- Initial FY 2015 SHARES (Rate Simplification Initiative)
  - ✓ *Embraced long term averages for flow data*
  - ✓ *Continued “strength of flow” concept*
  - ✓ *Applied a complex review of flow data that resulted in 14.87% of the total flow to the System being treated as “System” non-sanitary flow responsibility - this amounted to approximately 33% of the non-sanitary flow in the D+ area*
  - ✓ *Killed the Look-Back (final LB for FYs 2008 – 2012 phased in through FY 2016)*
- 2<sup>nd</sup> SHARE Period - FY 2018
  - ✓ *Extended and complicated “strength of flow” concept*
    - Different strengths for all 3 types of flow (sanitary, DWII, wet weather) and all 4 pollutant cost pools in the charge methodology
  - ✓ *Refined and complicated the determination of what should be considered “System” flow and extended that concept to certain members of the M Customer Class*

# Allocation Flows to Individual Customers: SHARE History

- 3<sup>rd</sup> SHARE Period - FY 2022
  - ✓ *Introduce Think Tank – current thinking*
  - ✓ *Embraced objectives of original Rate Simplification Initiative*
  - ✓ *Abandoned “strength of flow” concept*
    - Replaced by an approach that assigned 50% of the treatment costs to customers based on sanitary volumes, and 50% based on total volumes
    - **This results in approximately 40% of the total “non CSO” System revenue requirements being allocated to customers based on sanitary volumes, and the other 60% based on total flow contributions**
  - ✓ *Simplified manner for determination of “System” Flow*
    - 50% of the unmetered, non-sanitary flow volumes in the system should be treated as “system” responsibility - meaning that it is effectively the proportional responsibility of all customers, including the M Customer Class - and the other 50% allocated to the D+ class at large



# Allocation Flows to Individual Customers: SHARE History and D+ Specifics

- All of these efforts at “precision” were primarily designed to determine allocations between the M Class customers and the D+ Customer Class at large
  - ✓ *And amongst individual members of the M Customer Class*
- Flow allocations amongst individual customers within the D+ Customer Class followed same principles, but did not reflect same level of detail and annual change
  - ✓ *In part due to the lack of meter data of the same quality as the “billing” meters*
  - ✓ *In part because Detroit represents over 95% of the total class under any approach*
- A new approach for allocating **D+ Class flows amongst D+ customers** is being proposed for the FY 2025 Sewer Charges
  - ✓ *This does not impact the allocation to the M Class at large, nor any M Class member*



# Allocation D+ Flows to Individual D+ Customers: Flow Balance Inputs / Prior Approach

- Flow Balance does not provide information on wet weather flows by individual D+ customers
- Nor does it provide intel on from where specific total non-sanitary flows emerged, nor how much of each D+ customer's non-sanitary flow should be considered a "System" responsibility
- Allocation amongst D+ customers in all prior SHAREs was determined via legacy flow balance data from pre-Rate Simplification era flow balance data and analyses (FY 2013 Sewer Charges) – which did include estimates of wet weather by individual D+ customers
  - *Also reflected legacy strength of flow concepts and suburban only cost pool considerations*

# Allocation D+ Flows to Individual D+ Customers: Prior Approach Example

- Based on flow balance information circa 2007 – 2011, and the strength of flow and suburban only cost pools structure at the time, Hamtramck's responsibility for D+ flow related costs was 1.95% of the “remaining” D+ class
  - ✓ *Excludes GP Farms, Dearborn, and reflects modified Highland Park data*
- Therefore Hamtramck was assigned 1.95% of the total D+ flows **in all flow categories** in the FY 2022 SHAREs
  - *Prior SHAREs were determined via the same approach*
- To reiterate, this approach was applied because there was not sufficient information available to isolate (amongst D+ communities) from where specific total non-sanitary flows emerged, nor how much of each customer's non-sanitary should be considered a “System” responsibility

# Allocation D+ Flows to Individual D+ Customers: Proposed New Approach

- Utilize specific Flow Balance information, including that regarding the amount of “common use” sewer inventory in each D+ customer’s area
  - ✓ *38% of the sewer inventory within Hamtramck is identified as either “common use interceptors” or “common use sewers” – therefore . . .*
  - ✓ *38% of Hamtramck’s estimated DWII should be treated as “System” responsibility*
- Same approach for wet weather flows, but reduction based on inch miles of sewers is reduced by 50%
- Changes Hamtramck’s flow responsibility within the D+ class from 1.95% to 2.04%
  - ✓ *Other members impacted via same approach*
- See Table 8 of the SHAREs Period Memo (Appendix C)

# Allocation D+ Flows to Individual D+ Customers: Proposed New Approach

- Illustration of Impact on Flow Volume allocation within the D+ area

✓ *Note – does not reflect CSO 83/17 cost allocation measures*

Relative D+ Allocations of Updated Flow Balance Data

|                                   | (1)                   | (2)         | (3)                | (4)          | (5)                    | (6)              | (7)              | (8)    |
|-----------------------------------|-----------------------|-------------|--------------------|--------------|------------------------|------------------|------------------|--------|
| Prior Approach                    | Proposed New Approach |             |                    |              |                        |                  |                  |        |
| Legacy                            |                       |             |                    |              |                        |                  |                  |        |
| <u>Allocation%</u>                | <u>Sanitary</u>       | <u>DWII</u> | <u>Wet Weather</u> | <u>Total</u> | <u>Effective *</u>     | <u>Change</u>    | <u>% Change</u>  |        |
|                                   |                       |             |                    |              | <i>~(2) &amp; ~(5)</i> | <i>(6) - (1)</i> | <i>(7) / (1)</i> |        |
| <u>Allocation to D+ Customers</u> |                       |             |                    |              |                        |                  |                  |        |
| Highland Park                     | 2.65%                 | 1.05%       | 2.60%              | 3.82%        | 2.56%                  | 1.97%            | -0.67%           | -25.4% |
| Hamtramck                         | 1.95%                 | 2.07%       | 1.45%              | 2.82%        | 2.03%                  | 2.04%            | 0.09%            | 4.8%   |
| Harper Woods                      | 0.14%                 | 0.19%       | 0.00%              | 0.06%        | 0.07%                  | 0.11%            | -0.02%           | -15.5% |
| Redford Township                  | 0.12%                 | 0.16%       | 0.11%              | 0.23%        | 0.16%                  | 0.16%            | 0.04%            | 31.3%  |
| Wayne County #3                   | 0.02%                 | 0.01%       | 0.01%              | 0.02%        | 0.02%                  | 0.01%            | -0.01%           | -28.6% |
| Detroit                           | 95.13%                | 96.52%      | 95.81%             | 93.05%       | 95.17%                 | 95.70%           | 0.57%            | 0.6%   |
| D+ Total                          | 100.00%               | 100.00%     | 100.00%            | 100.00%      | 100.00%                | 100.00%          | 0.00%            | 0.0%   |

\* Recognizes that ~ 40% of flow based costs are allocated based on Sanitary and ~60% based on total flow.

# Allocation D+ Flows to Individual D+ Customers: Proposed New Approach

- I believe this approach reasonably and accurately allocates flow responsibility to individual members of the D+ class that reflects the best available, verifiable information available from the Flow Balance analyses
- Other approaches towards achieving the objectives are available
- **All approaches regarding this topic solely impact the allocation amongst D+ customers, and do not impact the D+ class responsibility at large, nor any M customer**

# Allocation Flows to Individual Customers: SHARE History Summary

- Throughout the years the manner by which information regarding contributed wastewater volumes has been reflected in Sewer Charges has evolved
- The various approaches applied towards this end have embraced a commitment to utilize the “best available, verifiable” information – while also recognizing that precision is unattainable and embracing simplification objectives
- All of the various approaches have reasonably assigned costs to customers in proportion to their use of the System



# Grosse Pointe Sewer SHAREs Plan for Proposed FY 2025 Charges

# Grosse Pointe SHARES

- Grosse Pointe has requested consideration of potential adjustments to flow balance data provided by their sewer meter, including:
  - ✓ *Potential modifications to raw meter data to reflect anomalous events related to main break repairs, etc.*
  - ✓ *Potentially waiting until 10 full years of meter data was available, given that others have 10 years.; and*
  - ✓ *Potential consideration of the sewer separation project the city is pursuing*
- GLWA has agreed to:
  - ✓ *Compute the differences in Grosse Pointe flow inputs between:*
    1. *The average historical data assigned to Grosse Pointe as a D+ member, including the reduction for “System” non-sanitary flows;*
    2. *The 5-years of data indicated by the new master meter*
  - ✓ *Use an average of the two data sets for Grosse Pointe’s flow data for the FY 2025 SHARES*

# Proposed FY 2025 Grosse Pointe SHARES: Flow Balance Allocation Approach

City of Grosse Pointe Flow Balance Data for FY 2025 SHARES - mgd

|                              | (1)  | (2)   | (3)                                   | (4)   |
|------------------------------|--|---|---------------------------------------|---|
|                              | Effective<br>Existing<br><u>Data</u><br><i>(a)</i> | New<br>Metered<br><u>Data</u><br><i>(b)</i> | <u>Difference</u><br><i>(2) - (1)</i> | Use for<br>FY 2025<br><u>SHAREs</u><br><i>Avg (1) &amp; (2)</i> |
| Sanitary                     | 0.268  | 0.428                                       | 0.160                                 | 0.348   |
| DWII                         | <u>0.467</u>                                       | <u>0.527</u>                                | <u>0.060</u>                          | <u>0.497</u>  |
| Subtotal Dry Weather         | 0.735  | 0.955                                       | 0.220                                 | 0.845   |
| Wet Weather                  | <u>0.293</u>                                       | <u>0.795</u>                                | <u>0.502</u>                          | <u>0.544</u>  |
| Total                        | 1.028  | 1.750                                       | 0.722                                 | 1.389   |
| <i>Subtotal Non-Sanitary</i> | <i>0.760</i>                                       | <i>1.322</i>                                | <i>0.562</i>                          | <i>1.041</i>  |

*(a) 0.483% of total D+ data from FY 2013 - 2019, after consideration of "System" non-sanitary flow*

*(b) Metered data from FY 2019 - 2023 - no consideration of "System" non-sanitary flow*

# Proposed FY 2025 Grosse Pointe SHARES: Summary

- Grosse Pointe flow balance data represents an average of their effective existing data and the new 5-year average provided by their sewer meter pending additional data review by the parties
  - *Assumes annual interim reopeners during the next 3-year SHARE period, with potential for true up adjustments*
  - *Reduces Grosse Pointe's SHARE increase from **56%** to **28%***
- Increases SHARES to ALL other Member Partners by ~0.05%
  - ✓ *Approximately \$255,000 out of total SHARES Charge Revenue of \$491 million*

# Sewer Fixed Asset Data Review & Capital Revenue Requirement Allocation

# Fixed Asset Data: Rate / Charge History: Sewer Rates – Oakwood CSO / Pump Station Project

- Construction of the Oakwood CSO / Pump Station Facility under DWSD Contract PC-755 has traditionally been subject to uncertainty
  - ✓ *Project was originally required in the 2003 NPDES Permit*
  - ✓ *See snip below from 2013 surviving terms document*

## APPROVED WET WEATHER FACILITIES

| <u>Project Description</u>                      | <u>Actual Capital Cost</u> | <u>Cost Allocation</u><br>(Detroit/Suburban) |
|---|----------------------------|--|
| <b>a. Completed Facilities Not on Exhibit B</b> |                            |  |
| • Belle Isle CSO Basin                          | \$16.1 M                   | 100% / 0%                                    |
| • Oakwood CSO Basin & Pump Station (082)        | \$168.7 M                  |  |
| a. CSO Basin                                    | TBD                        | 83% / 17%                                    |
| b. Pump Station                                 | TBD                        | Common-to-all                                |



# Sewage Disposal System Capital Improvement Program

Fiscal Years 2008 Through 2012  
November, 2007 (Final Print)

## Sewage Disposal System Capital Improvement Program Projected Expenditures Spread by Fiscal Year Active Projects (000)

| Project Title  | DRMS No.      | CIP No.    | Contract No.   | Type   | 2007 - 08 | 2008 - 09 | 2009 - 10 | 2010 - 11 | 2011 - 12 | Remaining | Total   | Primary Project Purpose | Allocation Status |
|--|---------------|------------|----------------|--------|-----------|-----------|-----------|-----------|-----------|-----------|---------|-------------------------|-------------------|
| <b>36 Oakwood CSO Control Facility and Pump Station</b>  | <b>004063</b> | <b>420</b> | <b>CS-1364</b> | S/D/CA | 2,200     | 2,200     | 2,200     | 3,183     |           |           | 9,783   | 1                       | 83/17             |
| <i>This project involves the necessary study, design and construction assistance for retrofitting the Oakwood Pump Station with screening devices to remove "floatables" and construct a disinfection system to demonstrate that the CSO discharges comply with MDNR requirements of adequate treatment.</i> |               |            |                |        |           |           |           |           |           |           |         |                         |                   |
| <b>37 CSO Control for Oakwood Pumping Station</b>  | <b>004063</b> | <b>420</b> | <b>PC-755</b>  | C      | 31,500    | 61,000    | 56,000    | 9,007     |           |           | 157,507 | 1                       | 83/17             |
| <i>Retrofit Oakwood Pump Station with screening devices to remove "floatables" and construct a disinfection system to demonstrate that the CSO discharges comply with MDNR requirements of adequate treatment.</i>   |               |            |                |        |           |           |           |           |           |           |         |                         |                   |

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# Sewage Disposal System Capital Improvement Program

Fiscal Years 2009 Through 2013  
July, 2008

## Sewage Disposal System Capital Improvement Program Projected Expenditures Spread by Fiscal Year Active Projects (000)

| Project Title  | DRMS No. | CIP No. | Contract No. | Type   | 2008 - 09 | 2009 - 10 | 2010 - 11 | 2011 - 12 | 2012 - 13 | Remaining | Total   | Primary Project Purpose | Allocation Status |
|--|----------|---------|--------------|--------|-----------|-----------|-----------|-----------|-----------|-----------|---------|-------------------------|-------------------|
| <b>33 Oakwood CSO Control Facility and Pump Station</b>  | 004063   | 420     | CS-1364      | S/D/CA | 3,300     | 3,300     | 1,097     |           |           |           | 7,697   | 1                       | 83/17             |
| <i>This project involves the necessary study, design and construction assistance for retrofitting the Oakwood Pump Station with screening devices to remove "floatables" and construct a disinfection system to demonstrate that the CSO discharges comply with MDNR requirements of adequate treatment.</i> |          |         |              |        |           |           |           |           |           |           |         |                         |                   |
| <b>34 CSO Control for Oakwood Pumping Station</b>  | 004063   | 420     | PC-755       | C      | 61,000    | 56,000    | 9,572     |           |           |           | 126,572 | 1                       | 83/17             |
| <i>Retrofit Oakwood Pump Station with screening devices to remove "floatables" and construct a disinfection system to demonstrate that the CSO discharges comply with MDNR requirements of adequate treatment.</i>   |          |         |              |        |           |           |           |           |           |           |         |                         |                   |

# Sewage Disposal System Capital Improvement Program

Fiscal Years 2015 Through 2018  
January 2014

DRAFT I  
8-22-2013

Sewage Disposal System  
Capital Improvement Program  
Projected Expenditures Spread by Fiscal Year  
Projects Pending Close-out  
(000)

| Project Title                                   | DRMS No. | CIP No. | Contract No. | Type | 2014 - 15 | 2015 - 16 | 2016 - 17 | 2017 - 18 | 2018 - 19 | Remaining | Total | Primary Project Purpose | Allocation Status |
|---|----------|---------|--------------|------|-----------|-----------|-----------|-----------|-----------|-----------|-------|-------------------------|-------------------|
| 8 Oakwood CSO Control Facility and Pump Station | 004063   | 420     | PC-755       | C    | 5         |           |           |           |           |           | 5     | 1                       | 83/17             |

*This project includes construction of the Oakwood CSO control facility and the pump station to meet the MDEQ/NPDES permit requirement to provide adequate treatment, including disinfection, of combined sewage discharges to protect public health.*

# Fixed Asset Data: Rate / Charge History: Sewer Rates – Oakwood CSO / Pump Station Project

- FY 2009– FY 2010
  - ✓ *Cash Basis Sewer Rates – allocate Debt Service based on CIP*
  - ✓ *SRF Loans for Oakwood Project*
  - ✓ ***Entire Oakwood Debt Service Assigned to CSO 83/17 Cost Pool***
- FY 2011 – FY 2014
  - ✓ *Utility Basis based on Asset Registry*
  - ✓ *Oakwood Project reflected by CWIP and Reclass*
  - ✓ ***Entire Oakwood Capital Costs Assigned to CSO 83/17 Cost Pool***

# Fixed Asset Data: Rate / Charge History: Sewer Rates – Oakwood CSO / Pump Station Project

- FY 2015 – FY 2017 (1<sup>st</sup> SHAREs period)
  - ✓ *Utility Basis based on “Simplified Assumptions” reflecting Pre-Bifurcation Asset Registry*
  - ✓ *Effectively locks in prior relative assumptions – complicated by pre-bifurcation realities*
  - ✓ *Entire Oakwood Capital Costs Assigned to **CSO 83/17 Cost Pool***
- FY 2018 (1<sup>st</sup> year of 2<sup>nd</sup> SHAREs period)
  - ✓ *First Charges set by GLWA*
  - ✓ *Continuation of prior simplified Utility Basis assumptions – still reflects pre-bifurcation Asset Registry analysis*
  - ✓ *Entire Oakwood Capital Costs Assigned to **CSO 83/17 Cost Pool***



# Fixed Asset Data: Rate / Charge History: Sewer Rates – Oakwood CSO / Pump Station Project

- FY 2019 – FY 2021 (remaining 2<sup>nd</sup> SHAREs period)
  - ✓ *Utility Basis based on Post-Bifurcation Asset Registry*
  - ✓ *Oakwood Project now part of the Asset Registry – **listed as Sewer Lift Station***
  - ✓ *Entire Oakwood Capital Costs Assigned to **Pump Station (Conveyance) Cost Pool***
- FY 2022 – FY 2024 (3<sup>rd</sup> SHAREs period)
  - ✓ *Continuation of Utility Basis based on Post-Bifurcation Asset Registry*
  - ✓ *Entire Oakwood Project remains listed as Sewer Lift Station in Asset Registry*
  - ✓ *Entire Oakwood Capital Costs Assigned to **Pump Station (Conveyance) Cost Pool***



# Fixed Asset Data: Rate / Charge History: Sewer Rates – Oakwood CSO / Pump Station Project

- FY 2025 – FY 2027 (4th SHARES period)
  - ✓ *Significant effort has been expended to attempt to fill in the “TBD” allocation of the Oakwood project between “CSO Basin” and “Pump Station” categories, including a detailed review of invoices and related support documents for the project*
  - ✓ *That effort has not resulted in a definitive answer, and is subject to judgement re: the interpretation of the data available and the intent of the original agreement*
    - In particular there are 2 Pump Stations at the Oakwood facility: one integral to the CSO Facility, and another sanitary station
  - ✓ *A “reasonable allocation” executive decision was warranted*

# Fixed Asset Data: Rate / Charge History: Sewer Rates – Oakwood CSO / Pump Station Project

- FY 2025 – FY 2027 (4th SHAREs period)
  - ✓ *Based on review of available data and consultation with GLWA Executives an allocation this asset has been assigned*
    - **80% to the CSO 83/17 Cost Pool**
    - **20% to the Conveyance Cost Pool**
  - ✓ *All else being equal, this shift results in a \$5.2 million (~ +/- 2.0% to 2.5%) shift from the M Class to the D+ class*

|                                    | <u>FY 2022</u> | <u>Proposed<br/>FY 2025</u> | <u>Change</u> |
|------------------------------------|----------------|-----------------------------|---------------|
| <b><u>TOTAL Revenue Req'ts</u></b> |                |                             |               |
| WRRF (50% San / 50% Total Volume)  | 65.8%          | 64.7%                       | -1.1%         |
| Conveyance (100% Total Volume)     | 20.9%          | 19.2%                       | -1.6%         |
| CSO 83/17                          | 13.4%          | 16.1%                       | 2.7%          |
| Sanitary Volume                    | <b>32.5%</b>   | <b>32.5%</b>                | <b>0.0%</b>   |
| Total Volume                       | <b>54.0%</b>   | <b>51.5%</b>                | <b>-2.5%</b>  |
| CSO 83/17                          | <b>13.5%</b>   | <b>16.0%</b>                | <b>2.5%</b>   |

# Fixed Asset Data: Rate / Charge History: Sewer Rates – Oakwood CSO / Pump Station Project

- Absent the change to this asset classification, no change in simplified cost pool weights would occur, and the Cost of Service Study would not impact proposed charges
  - ✓ *Variances in Charge Adjustments for individual Member Partners would be solely attributable to changes in Flow Balance inputs*

|                                    | <u>FY 2022</u> | Hypothetical<br><u>FY 2025</u> | <u>Change</u> |
|------------------------------------|----------------|--------------------------------|---------------|
| <b><u>TOTAL Revenue Req'ts</u></b> |                |                                |               |
| WRRF (50% San / 50% Total Volume)  | 65.8%          | 64.6%                          | -1.1%         |
| Conveyance (100% Total Volume)     | 20.9%          | 22.1%                          | 1.2%          |
| CSO 83/17                          | 13.4%          | 13.3%                          | -0.1%         |
| Sanitary Volume                    | <b>32.5%</b>   | <b>32.5%</b>                   | <b>0.0%</b>   |
| Total Volume                       | <b>54.0%</b>   | <b>54.0%</b>                   | <b>0.0%</b>   |
| CSO 83/17                          | <b>13.5%</b>   | <b>13.5%</b>                   | <b>0.0%</b>   |

# Fixed Asset Data: Current CIP CWIP Projects

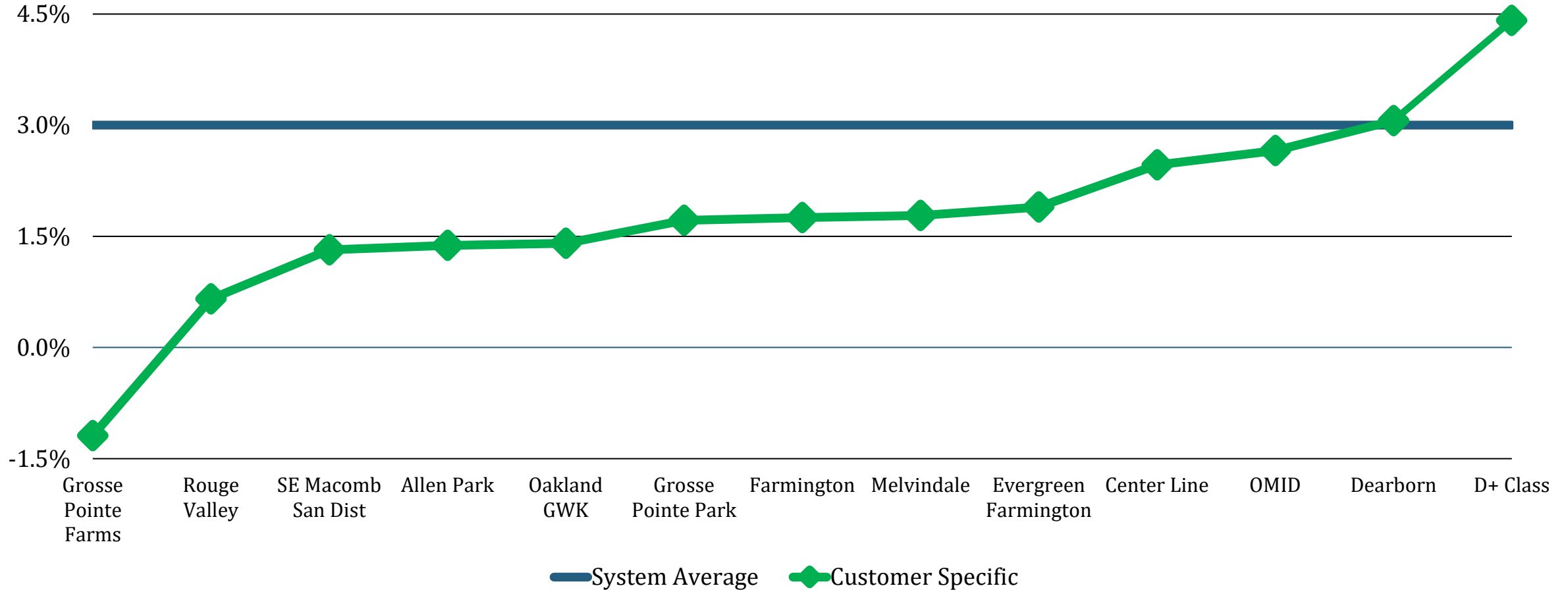
- At Charges Rollout #1 in October, “Primary Cost Pools” were identified for all Sewer CIP projects
  - ✓ *Reminder that CIP projects do not impact charges until after money has been spent on them - however amounts spent through FY 2023 on active projects (and included in CWIP) do impact the FY 2025 charges*
- Subsequently some Member Partner representatives objected to the assignment of “Conveyance” for 7 specific projects, 5 of which have spent amounts in the FY 2013 CWIP records
  - ✓ *GLWA has opted to treat amounts related to these CWIP assets as “TBD” with respect to Cost Pool assignments*
  - ✓ *As such they have no **direct** impact on the FY 2025 Charges – however*

# Fixed Asset Data: Current CIP CWIP Projects

- All else being equal, reversing this “TBD” decision and assigning those CWIP assets as “Conveyance” would increase the allocation to Conveyance revenue requirements – but not by enough to change the Simplified Cost Pool Weights, which are rounded to the nearest 0.5% in the Charge Methodology

|  | <u>Proposed<br/>FY 2025</u> | <u>Hypothetical<br/>FY 2025</u> | <u>Change</u> |
|--|-----------------------------|---------------------------------|---------------|
| <b><u>TOTAL Revenue Req'ts</u></b>       |                             |                                 |               |
| WRRF <i>(50% San / 50% Total Volume)</i> | 64.7%                       | 64.5%                           | -0.2%         |
| Conveyance <i>(100% Total Volume)</i>    | 19.2%                       | 19.5%                           | 0.3%          |
| CSO 83/17                                | 16.1%                       | 16.0%                           | -0.1%         |
| Sanitary Volume                          | <b>32.5%</b>                | <b>32.5%</b>                    | <b>0.0%</b>   |
| Total Volume                             | <b>51.5%</b>                | <b>51.5%</b>                    | <b>0.0%</b>   |
| CSO 83/17                                | <b>16.0%</b>                | <b>16.0%</b>                    | <b>0.0%</b>   |

# FY 2025 Sewer Charge Adjustment Summary



• Excludes Grosse Pointe and does not reflect individual D+ Member Partners





# Discussion

# Staffing Plan Detail

# Staffing Plan & FTEs

| <i>Operating Area</i>                  | <i>+Increase, -Decrease<br/>Staffing Plan from<br/>FY 2024 to FY 2025</i> | <i>+Increase, -Decrease in<br/>FTEs from<br/>FY 2024 to FY 2025</i> |
|--|---|---|
| Water Operations                       | 11  | 19.25   |
| Wastewater Operations                  | 11  | 8.25  |
| Planning Services                      | 1   | 2.25  |
| Financial Services                     | 1   | 5.75  |
| Administration &<br>Compliance Officer | 2   | 2.75  |
| Chief Executive Officer                | 12  | 12.00   |
| <b>Total</b>                           | <b>38</b>   | <b>50.25</b>  |

# Water Operations

- 💧 Net Staffing Plan increase of eleven positions
- 💧 Included in the staffing plan are:
  - 💧 Five Water Engineering Life Cycle Project Managers and two Engineers to facilitate the delivery of the Capital Improvement Planning
  - 💧 Two additional Water Quality Inspectors based on increased workload
  - 💧 Two positions within the Water Director category (one Maintenance Director and one Manager) based on workload and increase focus on resiliency and asset management

# Wastewater Operations

- 💧 Net Staffing Plan increase of eleven positions
- 💧 Included in the staffing plan are:
  - 💧 Six positions have been added for asset Life Cycle Project Managers to support reliability and proper asset management.
  - 💧 Two positions for Technical Management Leaders were also added in the Engineering group. The additional positions, being Capital Improvement Program (CIP) oriented, have an 70% allocation towards capital and 30% allocation towards the operations and maintenance budget.
  - 💧 Three additional positions were added due to the inclusion of sewerage conveyance: one Manager of Conveyance and two Field Service Technicians.

# Planning Services

- 💧 Net Staffing Plan increase of one position
  - 💧 An Apprentice in the System Analytics Group
- 💧 This position aligns with organizational goals
  - 💧 Apprenticeships are an effective way to develop and recruit team members – particularly in areas where this is a water sector specific knowledge base



# Financial Services

- ◆ Net Staffing Plan increase of one position
  - ◆ A Management Professional in the CFO Services Group led by the Deputy CFO
- ◆ This position aligns with long-term goals
  - ◆ In-sourcing financial work
  - ◆ Addressed expanded cross-functional training to support new, expanding, and increasingly complex functions such as grants, state revolving loans, public finance, data analysis, and affordability

# Chief Administrative & Compliance Services

- ◆ Net Staffing Plan increase of two positions
- ◆ One Director and one Management Professional
- ◆ Purpose is to build out the Legislative Relations team to support increasing need and complexity

# Chief Executive Officer (CEO) – Strategic Functions

Net Staffing Plan increase of twelve positions over the four functional teams listed below and on next page

## 💧 System Resiliency – NEW team – Net increase of eight

- 💧 System Resiliency is a new cost center established late in the 4<sup>th</sup> quarter of FY 2023 (after the FY 2024 budget had been adopted)
- 💧 FY 2025 consists of eight team members which include energy, operations, and power quality professionals that will drive resiliency initiatives throughout the organization

# System Resiliency Initiatives - Continued

- **Successfully Transition People** - Working to ensure the successful transition of Field Services into Water and Wastewater components by providing expert advice and support.
- **People Development - Skilled Trades** - Develop and implement an OJT training program for team leaders.
- **Reassess Current and Aging Assets** - Reviewing historical and current CIPs, along with available condition assessments, to determine urgent issues that must be addressed.
- **GLWA Infrastructure Reporting** - Develop an online “Equipment Status Report” that conveys and analyzes system capacity based on maintenance, repairs, replacements, and other factors to evaluate water and wastewater systems readiness relative to capacity or level of service.
- **Southeast Michigan Flood Resiliency** - Support and lead the development of the United States Army Corps of Engineers (USACE) flood mitigation project.
- **Linear System Integrity Program (LSIP)** - In collaboration with the Planning team, co-lead the effort to ensure LSIP is well coordinated with CIP, Engineering, Operations, and Maintenance.
- **Power Resiliency** - Develop a strategic approach for GLWA to ensure the viability of electrical service to critical facilities.

# Chief Executive Officer (CEO) – Strategic Functions - continued

## 💧 Public Affairs –

- 💧 Net increase of one Public Affairs Specialist to support expanded requests of Public Affairs such as the Tap-In program
- 💧 Added during FY 2024 initially as contract

## 💧 Security & Integrity – Net increase of one

- 💧 Address expanding area of focus and risk management

## 💧 HazMat – Net Increase of one

- 💧 Address expanding area of focus, training, and risk management

# Chief Executive Officer (CEO) – Strategic Functions

Net Staffing Plan increase of twelve positions over the four functional teams listed below

- ◆ System Resiliency – NEW team – Net increase of eight (three from other areas of GLWA)
- ◆ Public Affairs –
  - ◆ Net increase of one Public Affairs Specialist to support expanded requests of Public Affairs such as the Tap-In program
  - ◆ Added during FY 2024 initially as contract
- ◆ Security & Integrity – Net increase of one
- ◆ HazMat – Net Increase of one





## Financial Services Audit Committee Communication

**Date:** February 9, 2024

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

**From:** Nicolette N. Bateson, Chief Financial Officer & Treasurer

**Re:** Recommendation to the Board of Directors to Approve Resolution 2024-043 to Adopt the FY 2025 & FY 2026 Biennial Budget Subject to Public Comment at the Public Hearing to be Held on February 28, 2024

**Background & Analysis:** See attached draft Great Lakes Water Authority (“GLWA”) Board letter related to proposed Resolution 2024-043 to Adopt the FY 2025 & FY 2026 Biennial Budget Subject to Public Comment at the Public Hearing to be Held on February 28, 2024.

**Proposed Action:** The Audit Committee recommends that the Board of Directors approve Resolution 2024-043 to adopt the FY 2025 & FY 2026 Biennial Budget subject to public comment at the Public Hearing to be held on February 28, 2024.



**Resolution Adopting the FY 2025 & FY 2026 Biennial Budget**

Agenda of: February 28, 2024  
Item No.: **2024-025**  
Amount: N/A

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

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

**DATE:** February 28, 2024

**RE:** **Resolution Adopting the FY 2025 & FY 2026 Biennial Budget**

**MOTION**

Upon recommendation of Nicolette Bateson, Chief Financial Officer/Treasurer, the Board of Directors (Board) of the Great Lakes Water Authority (GLWA):

- 1) **Concludes the Public Hearing related to the FY 2025 and FY 2026 Biennial Budget held on February 28, 2024;**
- 2) **Pending public comment, adopts the attached resolution, 2024-025, adopting the FY 2025 and FY 2026 Biennial Budget for the GLWA;**
- 3) **Notes that the GLWA By-Laws Article X, Section 5, requires a super-majority affirmative vote of at least five (5) members of the Board is necessary for the approval of the operating budget; and**
- 4) **Authorizes the Chief Executive Officer to take such other action as may be necessary to accomplish the intent of this vote.**



### **BACKGROUND**

The Great Lakes Water Authority (“GLWA” or the “Authority”) assumed the operation of the Regional Water and Sewer systems on January 1, 2016 (the “Effective Date”) pursuant to the Lease Agreements between the GLWA and the City of Detroit dated June 12, 2015. Section 5.6 of the Lease Agreements require the Authority to adopt a two-year budget for the Regional Water and Sewer Systems that sets forth budgeted revenues and expenses for each such Fiscal Year.

### **JUSTIFICATION**

The Board has received a proposed Budget for FY 2025 and FY 2026 which was reviewed at Audit Committee meetings on December 15, 2023 and February 9, 2024; Board meetings of January 24, 2024 and February 28, 2024; and Member Partner meetings on January 11, 2024 (Charges Rollout #3) and January 18, 2024 (Charges Rollout #4).

A Notice of Public Hearing was published in the Detroit Legal News on *[insert date]*. That notice, along with related supporting materials throughout the budget and charges development process, is available online at [www.glwater.org/financials](http://www.glwater.org/financials).

### **BUDGET IMPACT**

This action establishes a budget for FY 2025 and FY 2026.

### **COMMITTEE REVIEW**

The GLWA Audit Committee reviewed the budget and supplemental analysis at the meetings noted above. On *[insert date]* the Audit Committee *[insert action]* that the Board of Directors adopts the resolution related to the FY 2025 and FY 2026 Budget subject to public comment at the public hearing to be held on February 28, 2024.



**Great Lakes Water Authority Resolution 2024-025**

**Resolution Adopting the Biennial FY 2025 & FY 2026 Budget**

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

- WHEREAS** The Great Lakes Water Authority (“GLWA” or the “Authority”) assumed the operation of the regional water and sewer systems on January 1, 2016 (the “Effective Date”) pursuant to Water System and Sewer System Lease Agreements between the GLWA and the City of Detroit dated June 12, 2015; and
- WHEREAS** In accordance with the by-laws of the GLWA, the Board shall adopt a two-year (Biennial) operating budget for the Regional Water and Sewer Systems; and
- WHEREAS** The Authority, through the terms of the Leases, committed to an annual increase in revenue requirement budget of no more than 4% though the fiscal year ending June 30, 2025; and
- WHEREAS** The Regional Water System annual revenue requirement budget increase of 4.0% equates to a 2.4% increase in revenues from Water Service Charges and a Regional Sewer System annual revenue requirements budget increase of 4.0% equates to a 2.9% increase in revenues from Sewer Service Charges; and
- WHEREAS** To support the revenue requirement for each system, the comparable Regional Water System average charge adjustment is an increase of 3.25% reflecting a reduction in estimated sales volumes and the comparable Regional Sewer System average charge adjustment is an increase of 3.0% reflecting a reduction in industrial specific activity; and
- WHEREAS** The budgeted expenses for each such Fiscal Year shall equal the sum of the projected expenses and revenue requirements for the Regional Water System and the Regional Sewer System for each such Fiscal Year; and
- WHEREAS** The budgeted annual revenue requirements for the Regional Water System for FY 2025 is \$385,127,100 and for FY 2026 is \$414,011,600 as shown on “Schedule 1A – Water System Revenue Requirements” of the budget document; and
- WHEREAS** The budgeted annual revenue requirements for the Regional Sewer System for FY 2025 is \$520,652,100 and for FY 2026 is \$549,288,000 as shown on “Schedule 1B – Sewer System Revenue Requirements” of the budget document; and



**WHEREAS** The operations and maintenance budget for the Regional Water System for FY 2025 is \$169,625,000 and for FY 2026 is \$176,410,000 as shown on “Schedule 1A – Water System Revenue Requirements” of the budget document; and

**WHEREAS** The operations and maintenance budget for the Regional Sewer System for FY 2025 is \$228,934,000 and for FY 2026 is \$238,091,400 as shown on “Schedule 1B – Sewer System Revenue Requirements” of the budget document; and

**WHEREAS** The amounts necessary to pay the principal of and interest on all Water System bonds and to restore any reserves therefore established in the Master Bond Ordinance is \$221,908,400\* for FY 2025 and \$234,487,400\* for FY 2026 as shown on “Schedule 4 - Debt Service Coverage Calculations Consistent with the Master Bond Ordinance” of the budget document; and

**WHEREAS** The amounts necessary to pay the principal of and interest on all Sewer System bonds and to restore any reserves therefore established in the Master Bond Ordinance is \$258,529,500\* for FY 2025 and \$258,877,000\* for FY 2026 as shown on “Schedule 4 - Debt Service Coverage Calculations Consistent with the Master Bond Ordinance” of the budget document; and

**WHEREAS** The amounts necessary to fund the annual water system capital expenditures of \$10,527,800 in FY 2025 and \$11,979,100 in FY 2026 for capital outlay in accordance with the “Schedule 5A – Water Capital Financing Plan: Water Improvement and Extension Fund” budget; and

**WHEREAS** The amounts necessary to fund the annual water system capital expenditures of \$210,000,000 in FY 2025 and \$210,000,000 in FY 2026 for the capital improvement plan in accordance with the “Schedule 5A – Water Capital Financing Plan: Water Construction Fund” budget with those capital amounts reflecting an 100% Capital Spending Ratio applied to FY 2025 and FY 2026 as shown in the proposed FY 2025 through FY 2029 Capital Improvement Plan; and

\*Amounts are subject to change pending receipt of final DWSD budget information.



**WHEREAS** The amounts necessary to fund the annual sewer system capital expenditures of \$12,071,300 in FY 2025 and \$7,732,200 in FY 2026 for the capital outlay in accordance with the “Schedule 5B – Sewer Capital Financing Plan: Sewer Improvement and Extension Fund” budget; and

**WHEREAS** The amounts necessary to fund the annual sewer system capital expenditures of \$170,000,000 in FY 2025 and \$215,000,000 in FY 2026 for the capital improvement plan in accordance with “Schedule 5B – Sewer Capital Financing Plan: Sewer Construction Fund” budget with those capital amounts reflecting a 100% Capital Spending Ratio applied to FY 2025 and FY 2026 as shown in the proposed FY 2025 through FY 2029 Capital Improvement Plan; and

**WHEREAS** The GLWA Audit Committee began review of the budget and five-year financial plan document developed for FY 2025 through FY 2029 at its meeting on December 15, 2023; with updates at its meeting on February 9, 2024; and

**WHEREAS** The GLWA Board conducted a public hearing on the proposed budget in accordance with the provisions of Public Act No. 43 of the Acts of the State Legislature of 1963 (“Budget Hearings of Local Governments”); and

**WHEREAS** A notice for the public hearing on the proposed budget scheduled for February 28, 2024 at 2:00 p.m. either in person or via a telephonic Zoom meeting was published in The Detroit Legal News announcing a public hearing on the budget in addition to posting the notice and proposed budget on [glwater.org/financials](http://glwater.org/financials); and

**WHEREAS** An affirmative vote of 5 Board Members is necessary for the adoption of this Resolution,

**NOW THEREFORE BE IT:**

**RESOLVED** That the GLWA Board conducted a public hearing on February 28, 2024 to receive public comment regarding the proposed budget for the Fiscal Years 2025 and 2026; and be it further

**RESOLVED** That the GLWA Board approves the budget for Fiscal Years 2025 and 2026; and be it finally

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





**Note:** Amounts highlighted in yellow in the following tables are presented in the Biennial Budget Authorizing Resolution.

### Schedule 1A – Water System Revenue Requirements Biennial Budget

|   | Current Year                 |                                | Biennial Budget                    |                               |                                |                                    |                               |                                |
|---|------------------------------|--------------------------------|------------------------------------|-------------------------------|--------------------------------|------------------------------------|-------------------------------|--------------------------------|
|   | FY 2024<br>Adopted<br>Budget | FY 2024<br>Estimated<br>Budget | FY 2025<br>Department<br>Requested | FY 2025<br>Dollar<br>Variance | FY 2025<br>Percent<br>Variance | FY 2026<br>Department<br>Requested | FY 2026<br>Dollar<br>Variance | FY 2026<br>Percent<br>Variance |
| <b>Water System Revenue Requirement</b>   |                              |                                |                                    |                               |                                |                                    |                               |                                |
| <b>Revenues</b>   |                              |                                |                                    |                               |                                |                                    |                               |                                |
| Revenues from Charges   |                              |                                |                                    |                               |                                |                                    |                               |                                |
| Suburban Wholesale Customers  | \$340,540,600                | \$336,540,600                  | \$347,758,000                      | \$ 7,217,400                  | 2.1%                           | \$372,639,700                      | \$ 24,881,700                 | 7.2%                           |
| Local System Charges  | 25,537,200                   | 25,537,200                     | 27,094,800                         | 1,557,600                     | 6.1%                           | 30,730,900                         | 3,636,100                     | 13.4%                          |
| Total Revenue from Charges  | 366,077,800                  | 362,077,800                    | 374,852,800                        | 8,775,000                     | 2.4%                           | 403,370,600                        | 28,517,800                    | 7.6%                           |
| Other Revenue   | 175,000                      | 440,000                        | 400,000                            | 225,000                       | 128.6%                         | 400,000                            | -                             | 0.0%                           |
| Investment Earnings   |                              |                                |                                    |                               |                                |                                    |                               |                                |
| Investment Earnings - Unrestricted  | 3,067,000                    | 8,530,200                      | 6,692,200                          | 3,625,200                     | 118.2%                         | 7,606,400                          | 914,200                       | 13.7%                          |
| Investment Earnings - Restricted for Debt Service   | 994,700                      | 3,531,500                      | 3,182,100                          | 2,187,400                     | 219.9%                         | 2,634,600                          | (547,500)                     | -17.2%                         |
| Total Investment Earnings   | 4,061,700                    | 12,061,700                     | 9,874,300                          | 5,812,600                     | 143.1%                         | 10,241,000                         | 366,700                       | 3.7%                           |
| <b>Total Revenues</b>   | <b>\$370,314,500</b>         | <b>\$374,579,500</b>           | <b>\$385,127,100</b>               | <b>\$ 14,812,600</b>          | <b>4.0%</b>                    | <b>\$414,011,600</b>               | <b>\$ 28,884,500</b>          | <b>7.5%</b>                    |
| <b>Revenue Requirements</b>   |                              |                                |                                    |                               |                                |                                    |                               |                                |
| Operations & Maintenance (O&M) Expense  | \$152,906,400                | \$163,100,500                  | \$169,625,000                      | \$ 16,718,600                 | 10.9%                          | \$176,410,000                      | \$ 6,785,000                  | 4.0%                           |
| Debt Service  | 159,482,800                  | 162,634,000                    | 175,300,800                        | 15,818,000                    | 9.9%                           | 186,537,300                        | 11,236,500                    | 6.4%                           |
| General Retirement System Accelerated Pension   | 3,395,500                    | 1,505,500                      | 2,283,300                          | (1,112,200)                   | -32.8%                         | 2,252,200                          | (31,100)                      | -1.4%                          |
| Water Residential Assistance Program Contribution   | 1,851,600                    | 1,851,600                      | 1,947,800                          | 96,200                        | 5.2%                           | 2,070,100                          | 122,300                       | 6.3%                           |
| Regional System Lease   | 22,500,000                   | 22,500,000                     | 22,500,000                         | -                             | 0.0%                           | 22,500,000                         | -                             | 0.0%                           |
| Receiving Fund Working Capital Requirement  | -                            | -                              | 6,200,000                          | 6,200,000                     | 0.0%                           | 5,700,000                          | (500,000)                     | 0.0%                           |
| Improvement & Extension Fund Transfer Pending   | 30,178,200                   | 22,987,900                     | 7,270,200                          | (22,908,000)                  | -75.9%                         | 18,542,000                         | 11,271,800                    | 155.0%                         |
| <b>Annual Water System Revenue Requirements</b>   | <b>\$370,314,500</b>         | <b>\$374,579,500</b>           | <b>\$385,127,100</b>               | <b>\$ 14,812,600</b>          | <b>4.0%</b>                    | <b>\$414,011,600</b>               | <b>\$ 28,884,500</b>          | <b>7.5%</b>                    |
| <b>Budget Adjustment</b>  |                              |                                |                                    | 14,812,600                    | 4.00%                          |                                    |                               |                                |
| Adjustment for proforma Charge Revenue and Non-Charge Revenue   |                              |                                |                                    | (290,500)                     |                                |                                    |                               |                                |
| <b>Charge Adjustment</b> Attributable to Change in Annual Revenue Requirement as a % of Charge Revenue                      |                              |                                |                                    | 14,522,100                    | 4.00%                          |                                    |                               |                                |
| <b>Charge Adjustment</b> Attributable to Non-Charge Revenue (FY 2025 increase in Other Revenue & Total Investment Earnings) |                              |                                |                                    | (6,037,600)                   | -1.66%                         |                                    |                               |                                |
| <b>Charge Adjustment</b> Attributable to Sales Revenue (FY 2025 attributable to decreased projected Water Sales)            |                              |                                |                                    | 3,317,000                     | 0.91%                          |                                    |                               |                                |
| <b>Charge Adjustment (Based on Revenue Requirement Increase of 4.0%) (rounded)</b>  |                              |                                |                                    | 11,801,500                    | 3.25%                          |                                    |                               |                                |



### Schedule 1B – Sewer System Revenue Requirements Biennial Budget

|   | Current Year                 |                                | Biennial Budget                    |                               |                                |                                    |                               |                                |
|---|------------------------------|--------------------------------|------------------------------------|-------------------------------|--------------------------------|------------------------------------|-------------------------------|--------------------------------|
|   | FY 2024<br>Adopted<br>Budget | FY 2024<br>Estimated<br>Budget | FY 2025<br>Department<br>Requested | FY 2025<br>Dollar<br>Variance | FY 2025<br>Percent<br>Variance | FY 2026<br>Department<br>Requested | FY 2026<br>Dollar<br>Variance | FY 2026<br>Percent<br>Variance |
| <b>Sewer System Revenue Requirement</b>           |                              |                                |                                    |                               |                                |                                    |                               |                                |
| <b>Revenues</b>                                   |                              |                                |                                    |                               |                                |                                    |                               |                                |
| Revenues from Charges                             |                              |                                |                                    |                               |                                |                                    |                               |                                |
| Suburban Wholesale Customers                      | \$282,687,600                | \$282,687,600                  | \$287,517,600                      | \$ 4,830,000                  | 1.7%                           | \$303,022,300                      | \$ 15,504,700                 | 5.4%                           |
| Local System Charges                              | 196,569,600                  | 196,569,600                    | 205,924,800                        | 9,355,200                     | 4.8%                           | 217,550,100                        | 11,625,300                    | 5.6%                           |
| Industrial Waste Control Charges                  | 8,584,200                    | 8,584,200                      | 8,719,300                          | 135,100                       | 1.6%                           | 9,198,700                          | 479,400                       | 5.5%                           |
| Pollutant Surcharges                              | 5,328,300                    | 5,328,300                      | 5,434,400                          | 106,100                       | 2.0%                           | 5,733,200                          | 298,800                       | 5.5%                           |
| Total Revenue from Charges                        | 493,169,700                  | 493,169,700                    | 507,596,100                        | 14,426,400                    | 2.9%                           | 535,504,300                        | 27,908,200                    | 5.5%                           |
| Other Revenue                                     | 400,000                      | 717,000                        | 700,000                            | 300,000                       | 75.0%                          | 700,000                            | -                             | 0.0%                           |
| Investment Earnings                               |                              |                                |                                    |                               |                                |                                    |                               |                                |
| Investment Earnings - Unrestricted                | 5,567,000                    | 13,399,700                     | 10,494,500                         | 4,927,500                     | 88.5%                          | 11,616,400                         | 1,121,900                     | 10.7%                          |
| Investment Earnings - Restricted for Debt Service | 1,490,300                    | 2,657,600                      | 1,861,500                          | 371,200                       | 24.9%                          | 1,467,300                          | (394,200)                     | -21.2%                         |
| Total Investment Earnings                         | 7,057,300                    | 16,057,300                     | 12,356,000                         | 5,298,700                     | 75.1%                          | 13,083,700                         | 727,700                       | 5.9%                           |
| <b>Total Revenues</b>                             | <b>\$500,627,000</b>         | <b>\$509,944,000</b>           | <b>\$520,652,100</b>               | <b>\$ 20,025,100</b>          | <b>4.0%</b>                    | <b>\$549,288,000</b>               | <b>\$ 28,635,900</b>          | <b>5.5%</b>                    |
| <b>Revenue Requirements</b>                       |                              |                                |                                    |                               |                                |                                    |                               |                                |
| Operations & Maintenance (O&M) Expense            | \$205,643,700                | \$220,128,400                  | \$228,934,000                      | \$ 23,290,300                 | 11.3%                          | \$238,091,400                      | \$ 9,157,400                  | 4.0%                           |
| Debt Service                                      | 228,328,300                  | 231,781,500                    | 226,279,400                        | (2,048,900)                   | -0.9%                          | 226,618,700                        | 339,300                       | 0.1%                           |
| General Retirement System Accelerated Pension     | 6,479,300                    | 3,096,800                      | 4,846,300                          | (1,633,000)                   | -25.2%                         | 4,776,300                          | (70,000)                      | -1.4%                          |
| Water Residential Assistance Program Contribution | 2,503,100                    | 2,503,100                      | 2,651,700                          | 148,600                       | 5.9%                           | 2,746,400                          | 94,700                        | 3.6%                           |
| Regional System Lease                             | 27,500,000                   | 27,500,000                     | 27,500,000                         | -                             | 0.0%                           | 27,500,000                         | -                             | 0.0%                           |
| Receiving Fund Working Capital Requirement        | -                            | -                              | 2,300,000                          | 2,300,000                     | 0.0%                           | 3,700,000                          | 1,400,000                     | 0.0%                           |
| Improvement & Extension Fund Transfer Pending     | 30,172,600                   | 24,934,200                     | 28,140,700                         | (2,031,900)                   | -6.7%                          | 45,855,200                         | 17,714,500                    | 62.9%                          |
| <b>Annual Sewer System Revenue Requirements</b>   | <b>\$500,627,000</b>         | <b>\$509,944,000</b>           | <b>\$520,652,100</b>               | <b>\$ 20,025,100</b>          | <b>4.0%</b>                    | <b>\$549,288,000</b>               | <b>\$ 28,635,900</b>          | <b>5.5%</b>                    |

**Budget Adjustment**

Adjustment for proforma Charge Revenue and Non-Charge Revenue

20,025,100 4.00%

(312,900)

**Charge Adjustment** Attributable to Change in Annual Revenue Requirement as a % of Charge Revenue

19,712,200 4.00%

**Charge Adjustment** Attributable to Non-Charge Revenue (FY 2025 increase in Other Revenue & Total Investment Earnings)

(5,598,700) -1.14%

**Charge Adjustment** Attributable to Sales Revenue (FY 2025 attributable to decreased baseline revenues)

677,400 0.14%

**Charge Adjustment (Based on Revenue Requirement Increase of 4.0%) (rounded)**

14,790,900 **3.00%**



**Note:** Amounts highlighted in yellow in the following tables are presented in the Biennial Budget Authorizing Resolution.

### Schedule 1C – Combined Water and Sewer System Revenue Requirements Biennial Budget

|  | Current Year                 |                                | Biennial Budget                    |                               |                                |                                    |                               |                                |
|--|------------------------------|--------------------------------|------------------------------------|-------------------------------|--------------------------------|------------------------------------|-------------------------------|--------------------------------|
|  | FY 2024<br>Adopted<br>Budget | FY 2024<br>Estimated<br>Budget | FY 2025<br>Department<br>Requested | FY 2025<br>Dollar<br>Variance | FY 2025<br>Percent<br>Variance | FY 2026<br>Department<br>Requested | FY 2026<br>Dollar<br>Variance | FY 2026<br>Percent<br>Variance |
| <b>Combined Water &amp; Sewer System<br/>Revenue Requirement</b> |                              |                                |                                    |                               |                                |                                    |                               |                                |
| <b>Revenues</b>  |                              |                                |                                    |                               |                                |                                    |                               |                                |
| Revenues from Charges  |                              |                                |                                    |                               |                                |                                    |                               |                                |
| Suburban Wholesale Customers                                     | \$623,228,200                | \$619,228,200                  | \$635,275,600                      | \$ 12,047,400                 | 1.9%                           | \$675,662,000                      | \$ 40,386,400                 | 6.4%                           |
| Local System Charges   | 222,106,800                  | 222,106,800                    | 233,019,600                        | 10,912,800                    | 4.9%                           | 248,281,000                        | 15,261,400                    | 6.5%                           |
| Industrial Waste Control Charges                                 | 8,584,200                    | 8,584,200                      | 8,719,300                          | 135,100                       | 1.6%                           | 9,198,700                          | 479,400                       | 5.5%                           |
| Pollutant Surcharges   | 5,328,300                    | 5,328,300                      | 5,434,400                          | 106,100                       | 2.0%                           | 5,733,200                          | 298,800                       | 5.5%                           |
| Total Revenue from Charges                                       | 859,247,500                  | 855,247,500                    | 882,448,900                        | 23,201,400                    | 2.7%                           | 938,874,900                        | 56,426,000                    | 6.4%                           |
| Other Revenue  | 575,000                      | 1,157,000                      | 1,100,000                          | 525,000                       | 91.3%                          | 1,100,000                          | -                             | 0.0%                           |
| Investment Earnings  |                              |                                |                                    |                               |                                |                                    |                               |                                |
| Investment Earnings - Unrestricted                               | 8,634,000                    | 21,929,900                     | 17,186,700                         | 8,552,700                     | 99.1%                          | 19,222,800                         | 2,036,100                     | 11.8%                          |
| Investment Earnings - Restricted for Debt Service                | 2,485,000                    | 6,189,100                      | 5,043,600                          | 2,558,600                     | 103.0%                         | 4,101,900                          | (941,700)                     | -18.7%                         |
| Total Investment Earnings  | 11,119,000                   | 28,119,000                     | 22,230,300                         | 11,111,300                    | 99.9%                          | 23,324,700                         | 1,094,400                     | 4.9%                           |
| <b>Total Revenues</b>  | <b>\$870,941,500</b>         | <b>\$884,523,500</b>           | <b>\$905,779,200</b>               | <b>\$ 34,837,700</b>          | <b>4.0%</b>                    | <b>\$963,299,600</b>               | <b>\$ 57,520,400</b>          | <b>6.4%</b>                    |
| <b>Revenue Requirements</b>                                      |                              |                                |                                    |                               |                                |                                    |                               |                                |
| Operations & Maintenance (O&M) Expense                           | \$358,550,100                | \$383,228,900                  | \$398,559,000                      | \$ 40,008,900                 | 11.2%                          | \$414,501,400                      | \$ 15,942,400                 | 4.0%                           |
| Debt Service   | 387,811,100                  | 394,415,500                    | 401,580,200                        | 13,769,100                    | 3.6%                           | 413,156,000                        | 11,575,800                    | 2.9%                           |
| General Retirement System Accelerated Pension                    | 9,874,800                    | 4,602,300                      | 7,129,600                          | (2,745,200)                   | -27.8%                         | 7,028,500                          | (101,100)                     | -1.4%                          |
| Water Residential Assistance Program Contribution                | 4,354,700                    | 4,354,700                      | 4,599,500                          | 244,800                       | 5.6%                           | 4,816,500                          | 217,000                       | 4.7%                           |
| Regional System Lease  | 50,000,000                   | 50,000,000                     | 50,000,000                         | -                             | 0.0%                           | 50,000,000                         | -                             | 0.0%                           |
| Receiving Fund Working Capital Requirement                       | -                            | -                              | 8,500,000                          | 8,500,000                     | 0.0%                           | 9,400,000                          | 900,000                       | 0.0%                           |
| Improvement & Extension Fund Transfer Pending                    | 60,350,800                   | 47,922,100                     | 35,410,900                         | (24,939,900)                  | -41.3%                         | 64,397,200                         | 28,986,300                    | 81.9%                          |
| <b>Annual Revenue Requirements</b>                               | <b>\$870,941,500</b>         | <b>\$884,523,500</b>           | <b>\$905,779,200</b>               | <b>\$ 34,837,700</b>          | <b>4.0%</b>                    | <b>\$963,299,600</b>               | <b>\$ 57,520,400</b>          | <b>6.4%</b>                    |

There is no Schedule 3 for purposes of the Budget Resolution.



**Note:** Amounts highlighted in yellow in the following tables are presented in the Biennial Budget Authorizing Resolution.

### Schedule 4 – Debt Service Coverage Calculations Consistent with the Master Bond Ordinance

|   | FY 2025<br>Water Fund<br>Requested | FY 2025<br>Sewer Fund<br>Requested | FY 2025 Combined<br>(Informational Only) | FY 2026<br>Water Fund<br>Requested | FY 2026<br>Sewer Fund<br>Requested | FY 2026 Combined<br>(Informational Only) |
|---|------------------------------------|------------------------------------|--|------------------------------------|------------------------------------|--|
| <b>Debt Service Coverage Calculation</b>                          |                                    |                                    |  |                                    |                                    |  |
| <b>Revenues</b>   |                                    |                                    |  |                                    |                                    |  |
| 1 Regional System Wholesale Revenues                              | \$ 374,852,800                     | \$ 507,596,100                     | \$ 882,448,900                           | \$ 403,370,600                     | \$ 535,504,300                     | \$ 938,874,900                           |
| 2 Local System Revenues   | 91,543,300                         | 82,938,500                         | 174,481,800                              | 94,443,100                         | 86,858,700                         | 181,301,800                              |
| 3 Miscellaneous Revenue (Local System)                            | 4,336,300                          | 8,755,000                          | 13,091,300                               | 4,466,400                          | 9,017,700                          | 13,484,100                               |
| 4 Other Revenues & Investment Earnings (Regional System)          | 10,274,300                         | 13,056,000                         | 23,330,300                               | 10,641,000                         | 13,783,700                         | 24,424,700                               |
| <b>5 Total Revenues</b>   | <b>\$ 481,006,700</b>              | <b>\$ 612,345,600</b>              | <b>\$ 1,093,352,300</b>                  | <b>\$ 512,921,100</b>              | <b>\$ 645,164,400</b>              | <b>\$ 1,158,085,500</b>                  |
| <b>Revenue Requirements</b>                                       |                                    |                                    |  |                                    |                                    |  |
| <b>Operations &amp; Maintenance Expense</b>                       |                                    |                                    |  |                                    |                                    |  |
| 6 Regional System Wholesale Expenses                              | \$ 169,625,000                     | \$ 228,934,000                     | \$ 398,559,000                           | \$ 176,410,000                     | \$ 238,091,400                     | \$ 414,501,400                           |
| 7 Local System Expenses   | 46,614,900                         | 57,986,800                         | 104,601,700                              | 48,013,300                         | 59,726,400                         | 107,739,700                              |
| 8 GRS Pension allocable to Regional System                        | -                                  | -                                  | -  | -                                  | -                                  | -  |
| 9 GRS Pension allocable to Local System                           | -                                  | -                                  | -  | -                                  | -                                  | -  |
| <b>10 Total Operations &amp; Maintenance Expense</b>              | <b>216,239,900</b>                 | <b>286,920,800</b>                 | <b>503,160,700</b>                       | <b>224,423,300</b>                 | <b>297,817,800</b>                 | <b>522,241,100</b>                       |
| <b>11 Net Revenues after Operations &amp; Maintenance Expense</b> | <b>\$ 264,766,800</b>              | <b>\$ 325,424,800</b>              | <b>\$ 590,191,600</b>                    | <b>\$ 288,497,800</b>              | <b>\$ 347,346,600</b>              | <b>\$ 635,844,400</b>                    |
| <b>Debt Service by Lien</b>                                       |                                    |                                    |  |                                    |                                    |  |
| 12 Senior Lien Bonds  | \$ 151,609,800                     | \$ 157,316,400                     | \$ 308,926,200                           | \$ 162,333,800                     | \$ 159,791,300                     | \$ 322,125,100                           |
| 13 Second Lien Bonds  | 51,930,500                         | 53,776,500                         | 105,707,000                              | 51,931,700                         | 56,906,700                         | 108,838,400                              |
| 14 SRF Junior Lien Bonds  | 18,368,100                         | 47,436,600                         | 65,804,700                               | 20,221,900                         | 42,179,000                         | 62,400,900                               |
| <b>15 Total Debt Service</b>                                      | <b>\$ 221,908,400</b>              | <b>\$ 258,529,500</b>              | <b>\$ 480,437,900</b>                    | <b>\$ 234,487,400</b>              | <b>\$ 258,877,000</b>              | <b>\$ 493,364,400</b>                    |
| <b>Debt Service Coverage</b>                                      |                                    |                                    |  |                                    |                                    |  |
| 16 Senior Lien Bonds (11)/(12)                                    | 1.75                               | 2.07                               |  | 1.78                               | 2.17                               |  |
| 17 Second Lien Bonds (11) / [(12)+(13)]                           | 1.30                               | 1.54                               |  | 1.35                               | 1.60                               |  |
| 18 SRF Junior Lien Bonds (11) / (15)                              | 1.19                               | 1.26                               |  | 1.23                               | 1.34                               |  |

**\*\*Rows highlighted in light grey in the above table are designed to align with the Local System information provided from Detroit Water & Sewerage Department (DWSD) as of December 15, 2023**



**Note:** Amounts highlighted in yellow in the following tables are presented in the Biennial Budget Authorizing Resolution.

### Schedule 5A – Water Capital Financing Plan

#### Water Improvement & Extension Fund

|  | Current Year                 |                                | Biennial Budget                    |                                    |
|--|------------------------------|--------------------------------|------------------------------------|------------------------------------|
|  | FY 2024<br>Adopted<br>Budget | FY 2024<br>Estimated<br>Budget | FY 2025<br>Department<br>Requested | FY 2026<br>Department<br>Requested |
| <b>Water Improvement &amp; Extension Fund<br/>Inflows &amp; Outflows</b> |                              |                                |                                    |                                    |
| <b>Inflows</b>   |                              |                                |                                    |                                    |
| Transfers In from Water Operations Fund                                  |                              |                                |                                    |                                    |
| Revenue transfers  | \$ 30,178,200                | \$ 22,987,900                  | \$ 7,270,200                       | \$ 18,542,000                      |
| Earnings on Investments  | 1,694,800                    | 2,195,200                      | 938,700                            | 2,981,700                          |
| Net Use of Reserves  | (10,926,100)                 | (4,402,100)                    | 18,257,600                         | (3,562,900)                        |
| <b>Total Revenues</b>  | <b>\$ 20,946,900</b>         | <b>\$ 20,781,000</b>           | <b>\$ 26,466,500</b>               | <b>\$ 17,960,800</b>               |
| <b>Outflows</b>  |                              |                                |                                    |                                    |
| Investment Earnings Transfers Out  | \$ 1,694,800                 | \$ 2,195,200                   | \$ 938,700                         | \$ 2,981,700                       |
| Capital Outlay   | 11,539,100                   | 8,085,800                      | <b>10,527,800</b>                  | <b>11,979,100</b>                  |
| Revenue Financed Capital -<br>Transfer to Construction Fund              | 7,713,000                    | 10,500,000                     | 15,000,000                         | 3,000,000                          |
| <b>Total Expenditures</b>  | <b>\$ 20,946,900</b>         | <b>\$ 20,781,000</b>           | <b>\$ 26,466,500</b>               | <b>\$ 17,960,800</b>               |

#### Water Construction Fund

|   | Current Year                 |                                | Biennial Budget                    |                                    |
|---|------------------------------|--------------------------------|------------------------------------|------------------------------------|
|   | FY 2024<br>Adopted<br>Budget | FY 2024<br>Estimated<br>Budget | FY 2025<br>Department<br>Requested | FY 2026<br>Department<br>Requested |
| <b>Water Construction Fund<br/>Inflows &amp; Outflows</b> |                              |                                |                                    |                                    |
| <b>Inflows</b>  |                              |                                |                                    |                                    |
| Transfers in from Water Improvement &<br>Extension Fund   | \$ 7,713,000                 | \$ 10,500,000                  | \$ 15,000,000                      | \$ 3,000,000                       |
| Bond Proceeds   | -                            | 150,000,000                    | 271,562,500                        | -                                  |
| SRF Loans   | 97,102,000                   | 62,307,000                     | 30,800,000                         | 14,230,000                         |
| Investment Earnings                                       | 1,864,700                    | 4,603,500                      | 7,953,300                          | 4,446,300                          |
| Net Use of Reserves                                       | 132,580,300                  | (17,410,500)                   | (115,315,800)                      | 188,323,700                        |
| <b>Total Revenues</b>                                     | <b>\$ 239,260,000</b>        | <b>\$ 210,000,000</b>          | <b>\$ 210,000,000</b>              | <b>\$ 210,000,000</b>              |
| <b>Outflows</b>   |                              |                                |                                    |                                    |
| Capital Improvement Plan                                  | \$ 239,260,000               | \$ 210,000,000                 | <b>\$ 210,000,000</b>              | <b>\$ 210,000,000</b>              |
| <b>Total Expenditures (e)</b>                             | <b>\$ 239,260,000</b>        | <b>\$ 210,000,000</b>          | <b>\$ 210,000,000</b>              | <b>\$ 210,000,000</b>              |



**Note:** Amounts highlighted in yellow in the following tables are presented in the Biennial Budget Authorizing Resolution.

### Schedule 5B – Sewer Capital Financing Plan

#### Sewer Improvement & Extension Fund

|  | Current Year           |                          | Biennial Budget              |                              |
|--|------------------------|--------------------------|------------------------------|------------------------------|
|  | FY 2024 Adopted Budget | FY 2024 Estimated Budget | FY 2025 Department Requested | FY 2026 Department Requested |
| <b>Sewer Improvement &amp; Extension Fund Inflows &amp; Outflows</b> |                        |                          |                              |                              |
| <b>Inflows</b>   |                        |                          |                              |                              |
| Transfers In from Sewer Operations Fund                              |                        |                          |                              |                              |
| Revenue transfers  | \$ 30,172,600          | \$ 24,934,200            | \$ 28,140,700                | \$ 45,855,200                |
| Earnings on Investments  | 2,133,000              | 2,195,200                | 1,076,000                    | 2,990,100                    |
| Net Use of Reserves  | (15,202,100)           | (13,441,600)             | (10,569,400)                 | (8,623,000)                  |
| <b>Total Revenues</b>  | <b>\$ 17,103,500</b>   | <b>\$ 13,687,800</b>     | <b>\$ 18,647,300</b>         | <b>\$ 40,222,300</b>         |
| <b>Outflows</b>  |                        |                          |                              |                              |
| Investment Earnings Transfers Out                                    | \$ 2,133,000           | \$ 2,195,200             | \$ 1,076,000                 | \$ 2,990,100                 |
| Capital Outlay   | 14,970,500             | 11,492,600               | <b>12,071,300</b>            | <b>7,732,200</b>             |
| Revenue Financed Capital -<br>Transfer to Construction Fund          | -                      | -                        | 5,500,000                    | 29,500,000                   |
| <b>Total Expenditures</b>  | <b>\$ 17,103,500</b>   | <b>\$ 13,687,800</b>     | <b>\$ 18,647,300</b>         | <b>\$ 40,222,300</b>         |

#### Sewer Construction Fund

|   | Current Year           |                          | Biennial Budget              |                              |
|---|------------------------|--------------------------|------------------------------|------------------------------|
|   | FY 2024 Adopted Budget | FY 2024 Estimated Budget | FY 2025 Department Requested | FY 2026 Department Requested |
| <b>Sewer Construction Fund Inflows &amp; Outflows</b> |                        |                          |                              |                              |
| <b>Inflows</b>  |                        |                          |                              |                              |
| Transfers from Sewer Improvement &<br>Extension Fund  | \$ -                   | \$ -                     | \$ 5,500,000                 | \$ 29,500,000                |
| Bond Proceeds   | -                      | 100,000,000              | -                            | -                            |
| SRF Loans   | 47,253,000             | 49,425,000               | 96,852,000                   | 120,693,000                  |
| Investment Earnings                                   | 2,365,600              | 6,080,600                | 2,359,000                    | -                            |
| Net Use of Reserves                                   | 149,442,400            | 4,494,400                | 65,289,000                   | 64,807,000                   |
| <b>Total Revenues</b>                                 | <b>\$ 199,061,000</b>  | <b>\$ 160,000,000</b>    | <b>\$ 170,000,000</b>        | <b>\$ 215,000,000</b>        |
| <b>Outflows</b>                                       |                        |                          |                              |                              |
| Capital Improvement Plan                              | \$ 199,061,000         | \$ 160,000,000           | <b>\$ 170,000,000</b>        | <b>\$ 215,000,000</b>        |
| <b>Total Expenditures (e)</b>                         | <b>\$ 199,061,000</b>  | <b>\$ 160,000,000</b>    | <b>\$ 170,000,000</b>        | <b>\$ 215,000,000</b>        |



## Financial Services Audit Committee Communication

**Date:** February 9, 2024

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

**From:** Nicolette N. Bateson, Chief Financial Officer & Treasurer

**Re:** Recommendation to the Board of Directors to Approve Resolution 2024-044 to Adopt the FY 2025 Schedule of Service Charges Subject to Public Comment at the Public Hearing to be Held on February 28, 2024

**Background & Analysis:** See attached draft Great Lakes Water Authority (“GLWA”) Board letter related to proposed resolution 2024-044 to Adopt the FY 2025 Schedule of Service Charges Subject to Public Comment at the Public Hearing to be Held on February 28, 2024.

**Proposed Action:** The Audit Committee recommends that the Board of Directors approve Resolution 2024-044 to Adopt the FY 2025 Schedule of Service Charges Subject to Public Comment at the Public Hearing to be Held on February 28, 2024.





## Resolution Regarding Approval of FY 2025 Schedule of Service Charges

Agenda of: February 28, 2024  
Item No.: **2024-026**  
Amount: N/A

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

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

**DATE:** February 28, 2024

**RE:** **Resolution Regarding Approval of FY 2025 Schedule of Service Charges**

### MOTION

Upon recommendation of Nicolette Bateson, Chief Financial Officer/Treasurer, the Board of Directors (Board) of the Great Lakes Water Authority, **approves the following actions, which require a supermajority affirmative vote of at least five (5) members of the Board, and the attached Resolution 2024-026** with an effective date of July 1, 2024:

- 1) FY 2025 wholesale water service schedule of charges;
- 2) FY 2025 wholesale sewer service schedule of charges;
- 3) FY 2025 City of Detroit allocated wholesale water revenue requirement of \$27,094,800, which is the net of \$47,794,800 gross revenue requirement less the Ownership Equity Credit of \$20,700,000 pursuant to the terms of the Water and Sewer Services Agreement (WSSA);
- 4) FY 2025 City of Detroit allocated wholesale sewer revenue requirement of \$205,924,800 which is the net of \$211,440,800 gross revenue requirement less the Ownership Equity Credit of \$5,516,000 in accordance with the WSSA;
- 5) FY 2025 City of Detroit allocated indirect water revenue requirement of \$49,108,500, in accordance with the Regional Water Supply System Lease;



- 6) FY 2025 City of Detroit allocated indirect sewer revenue requirement of \$34,873,500, in accordance with the Regional Sewage Disposal System Lease;
- 7) authorizes the Chief Executive Officer to take such other action as may be necessary to accomplish the intent of this vote.

### **BACKGROUND**

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

Leading up to this charge recommendation, staff presented the proposed FY 2025 and 2026 Biennial Budget and five-year financial plan for FY 2025 through 2029 and an analysis of proposed water and sewer system charges at its January 24, 2024 Board meeting. A Public Hearing was opened for the FY 2025 Water Service Charges and Sewer Service Charges on February 28, 2024.

### **JUSTIFICATION**

Great Lakes Water Authority (“GLWA”) management and its consultant, The Foster Group, developed a proposed Schedule of Water Service Charges and Sewer Service Charges for FY 2025 including the City of Detroit Revenue Requirement for the water and sewer systems. These charges support the proposed FY 2025 water system revenue requirements budget and the proposed FY 2025 sewer system revenue requirements, respectively. The FY 2025 water and sewer revenue requirements reflect GLWA’s commitment to work within the four percent revenue requirement budget limitation outlined in the September 9, 2014 Memorandum of Understanding that resulted in the establishment of the Great Lakes Water Authority. The proposed wholesale customer charges and revenue requirements for the City of Detroit are the result of significant customer engagement in the charge setting process to evaluate the appropriate allocation of revenue requirements.



### **Proposed FY 2025 Water Charges**

The proposed FY 2025 water service charges reflect a proposed FY 2025 Water budget increase of 4.0 percent along with increased investment earnings and reduction in estimated sales volumes. **Therefore, the average water system charges increase will be 3.25 percent.**

### **Proposed FY 2025 Sewer Charges**

The proposed FY 2025 sewer service charges reflect a proposed FY 2025 Sewer budget increase of 4.0 percent along with the increased investment earnings and reduction in estimated industrial charges. **Therefore, the average sewer system charges increase will be 3.00 percent.**

### **BUDGET IMPACT**

The recommended FY 2025 Schedule of Water Service Charges and Sewer Service Charges as presented produces the necessary revenues to fund the FY 2025 Water System and Sewer System Budget.

Coordination with DWSD's Budget – Under the terms of the lease agreements and related financial commitments, key inputs are required from DWSD. An analysis of the DWSD budget inputs and related reconciliation based upon some of the changes above is reflected in the attached schedules.

### **COMMITTEE REVIEW**

The Audit Committee has reviewed the FY 2025 financial plan, including charge setting matters, at its meetings on December 15, 2023 and February 9, 2024. On *[insert date]* the Audit Committee *[insert action]* that the Board of Directors adopts the resolution related to the FY 2025 and FY 2026 Budget and related FY 2025 Schedule of Charges as presented on *[insert date]* subject to public comment at the public hearing to be held on February 28, 2024.

### **SHARED SERVICES IMPACT**

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



**Great Lakes Water Authority**

**Resolution 2024-026**

**RE: Approval of FY 2025 Schedule of Water and Sewer Service Charges**

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

**Whereas** The Great Lakes Water Authority (“GLWA”) management and its consultant, The Foster Group, have developed the attached Schedule of Water Service Charges and Sewer Service Charges for FY 2025, including the direct and indirect City of Detroit Revenue Requirements for the water and sewer systems, to support the FY 2025 water system and sewer system revenue requirements budget with an effective date of July 1, 2024; and

**Whereas** The FY 2025 water and sewer revenue requirements reflect GLWA’s commitment to work within the four percent limitation outlined in the Memorandum of Understanding; and

**Whereas** A Public Hearing was held for the Water Service Charges and Sewer Service Charges proposed by the GLWA for FY 2025 on February 28, 2024 at 2:00 p.m.; and

**NOW THEREFORE BE IT:**

**RESOLVED** The Great Lakes Water Authority Board approves the proposed:

- 1) FY 2025 wholesale water service schedule of charges;
- 2) FY 2025 wholesale sewer service schedule of charges;
- 3) FY 2025 City of Detroit allocated wholesale water revenue requirement of \$27,094,800 which is the net of \$47,794,800 gross revenue requirement less the Ownership Equity Credit of \$20,700,000 pursuant to the terms of the Water and Sewer Services Agreement (WSSA);
- 4) FY 2025 City of Detroit allocated wholesale sewer revenue requirement of \$205,924,800 which is the net of \$211,440,800 gross revenue requirement less the Ownership Equity Credit of \$5,516,000 in accordance with the WSSA;



- 5) FY 2025 City of Detroit allocated indirect water revenue requirement of \$49,108,500, in accordance with the Regional Water Supply System Lease;
- 6) FY 2025 City of Detroit allocated indirect sewer revenue requirement of \$34,873,500, in accordance with the Regional Sewage Disposal System Lease; and

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

DRAFT



**Great Lakes Water Authority**  
**Proposed FY 2025 Water Supply System Service Charges and Allocated Revenue Requirements**  
*Proposed Effective Date: July 1, 2024*

| Line No. | Member Partner                | Contract    | Fixed Monthly | Commodity  | Projected    |
|----------|-------------------------------|-------------|---------------|------------|--------------|
|          |                               |             | Charge (a)    | Charge (a) | Revenue      |
|          |                               |             | \$/mo         | \$/Mcf     | from Charges |
|          |                               |             |               |            | \$           |
| 1        | Allen Park                    | Model       | 134,600       | 9.22       | 2,691,200    |
| 2        | Almont Village                | Model       | 13,600        | 12.04      | 271,600      |
| 3        | Ash Township                  | Model       | 48,100        | 9.95       | 962,300      |
| 4        | Belleville                    | Model       | 18,300        | 10.47      | 365,100      |
| 5        | Berlin Township               | Model       | 40,400        | 11.90      | 807,300      |
| 6        | Brownstown Township           | Model       | 215,700       | 12.41      | 4,314,600    |
| 7        | Bruce Township                | Model       | 18,100        | 47.00      | 361,500      |
| 8        | Burtchville Township          | Model       | 22,500        | 19.87      | 450,800      |
| 9        | Canton Township               | Model       | 595,700       | 12.71      | 11,914,700   |
| 10       | Center Line                   | Model       | 27,900        | 6.94       | 558,300      |
| 11       | Chesterfield Township         | Model       | 252,400       | 11.20      | 5,048,200    |
| 12       | Clinton Township              | Model       | 437,400       | 9.09       | 8,748,500    |
| 13       | Commerce Township             | Model       | 198,300       | 15.25      | 3,967,100    |
| 14       | Dearborn                      | No Contract | 559,500       | 8.28       | 11,191,800   |
| 15       | Dearborn Heights              | Model       | 217,000       | 8.88       | 4,341,800    |
| 16       | Eastpointe                    | Model       | 93,200        | 7.26       | 1,864,700    |
| 17       | Ecorse                        | Model       | 65,400        | 6.39       | 1,306,900    |
| 18       | Farmington                    | Model       | 57,100        | 10.34      | 1,141,200    |
| 19       | Farmington Hills              | Model       | 514,900       | 11.76      | 10,299,500   |
| 20       | Ferndale                      | Model       | 61,400        | 7.62       | 1,228,300    |
| 21       | Flat Rock                     | Model       | 81,500        | 12.82      | 1,629,300    |
| 22       | Flint (b)                     | Model       | 28,000        | 11.21      | 11,645,600   |
| 23       | Fraser                        | Model       | 72,700        | 10.30      | 1,454,400    |
| 24       | Garden City                   | Model       | 98,300        | 10.80      | 1,965,800    |
| 25       | Gibraltar                     | Model       | 19,600        | 9.77       | 392,500      |
| 26       | Greenwood Township (DTE)      | Model       | 70,200        | 21.55      | 1,404,900    |
| 27       | Grosse Ile Township           | Model       | 67,700        | 12.97      | 1,353,200    |
| 28       | Grosse Pt. Park               | Model       | 77,400        | 11.75      | 1,548,000    |
| 29       | Grosse Pt. Shores             | Model       | 35,300        | 14.89      | 705,000      |
| 30       | Grosse Pt. Woods              | Model       | 75,100        | 8.83       | 1,502,500    |
| 31       | Hamtramck                     | Model       | 48,000        | 6.18       | 959,200      |
| 32       | Harper Woods                  | Model       | 51,500        | 7.66       | 1,030,100    |
| 33       | Harrison Township             | Model       | 97,400        | 7.98       | 1,948,400    |
| 34       | Hazel Park                    | Model       | 44,000        | 7.33       | 879,100      |
| 35       | Highland Park                 | No Contract | 49,100        | 5.09       | 982,100      |
| 36       | Huron Township                | Model       | 88,400        | 10.78      | 1,768,000    |
| 37       | Imlay City                    | Model       | 87,300        | 14.82      | 1,745,600    |
| 38       | Imlay Townships (Single User) | No Contract | 600           | 450.00     | 11,700       |
| 39       | Inkster                       | Model       | 76,600        | 6.08       | 1,532,100    |
| 40       | Keego Harbor                  | Model       | 17,400        | 14.30      | 348,900      |
| 41       | Lapeer                        | Model       | 91,100        | 13.24      | 1,821,400    |
| 42       | Lenox Township                | Model       | 18,100        | 9.79       | 362,100      |
| 43       | Lincoln Park                  | Model       | 133,400       | 6.21       | 2,666,400    |
| 44       | Livonia                       | Model       | 674,500       | 11.89      | 13,489,700   |
| 45       | Macomb Township               | Model       | 715,200       | 17.35      | 14,306,200   |
| 46       | Madison Heights               | Model       | 121,900       | 7.81       | 2,437,500    |
| 47       | Mayfield Township (KAMAX)     | Model       | 2,900         | 45.69      | 58,100       |
| 48       | Melvindale                    | Model       | 38,200        | 6.72       | 763,500      |
| 49       | New Haven, Village of         | Model       | 25,300        | 10.46      | 506,500      |
| 50       | NOCWA                         | Model       | 1,284,700     | 11.82      | 25,697,400   |

PROPOSED FY 2025 CHARGES

2/09/2024





**Great Lakes Water Authority**  
**Proposed FY 2025 Water Supply System Service Charges and Allocated Revenue Requirements**  
**Proposed Effective Date: July 1, 2024**

| Line No. | Member Partner   | Contract | Fixed Monthly Charge (a) | Commodity Charge (a) | Projected Revenue from Charges |
|----------|--|----------|--------------------------|----------------------|--------------------------------|
|          |  |          | \$/mo                    | \$/Mcf               | \$                             |
| 51       | Northville   | Model    | 45,300                   | 12.07                | 906,900                        |
| 52       | Northville Township  | Model    | 316,100                  | 18.70                | 6,321,400                      |
| 53       | Novi   | Model    | 532,100                  | 14.26                | 10,643,200                     |
| 54       | Oak Park   | Model    | 81,700                   | 7.27                 | 1,634,700                      |
| 55       | Oakland GWK Drain District   | Model    | 5,300                    | 4.57                 | 105,600                        |
| 56       | Plymouth   | Model    | 64,200                   | 11.58                | 1,283,400                      |
| 57       | Plymouth Township  | Model    | 260,800                  | 13.33                | 5,215,700                      |
| 58       | Redford Township   | Model    | 173,000                  | 8.94                 | 3,459,900                      |
| 59       | River Rouge  | Model    | 29,800                   | 6.38                 | 595,600                        |
| 60       | Riverview  | Model    | 51,100                   | 8.86                 | 1,022,500                      |
| 61       | Rockwood   | Model    | 14,500                   | 12.17                | 289,600                        |
| 62       | Romeo  | Model    | 10,300                   | 26.58                | 206,000                        |
| 63       | Romulus  | Model    | 216,700                  | 8.41                 | 4,334,500                      |
| 64       | Roseville  | Model    | 150,400                  | 7.00                 | 3,009,500                      |
| 65       | Royal Oak Township   | Model    | 12,200                   | 9.57                 | 243,100                        |
| 66       | Shelby Township  | Model    | 651,700                  | 12.57                | 13,033,200                     |
| 67       | SOCWA  | Model    | 1,376,500                | 8.92                 | 27,527,100                     |
| 68       | South Rockwood   | Model    | 6,900                    | 11.52                | 138,100                        |
| 69       | Southgate  | Model    | 120,600                  | 8.47                 | 2,411,900                      |
| 70       | St. Clair Shores   | Model    | 182,900                  | 7.34                 | 3,656,900                      |
| 71       | Sterling Heights   | Model    | 863,600                  | 11.76                | 17,269,800                     |
| 72       | Sumpter Township   | Model    | 41,900                   | 9.91                 | 838,700                        |
| 73       | Sylvan Lake  | Model    | 13,700                   | 16.22                | 273,100                        |
| 74       | Taylor   | Model    | 267,600                  | 8.10                 | 5,352,000                      |
| 75       | Trenton  | Model    | 103,400                  | 9.96                 | 2,067,500                      |
| 76       | Troy   | Model    | 796,200                  | 14.64                | 15,924,300                     |
| 77       | Utica  | Model    | 34,300                   | 11.59                | 685,100                        |
| 78       | Van Buren Township   | Model    | 200,800                  | 12.15                | 4,015,800                      |
| 79       | Walled Lake  | Model    | 46,300                   | 12.76                | 925,600                        |
| 80       | Warren   | Model    | 559,600                  | 7.19                 | 11,193,900                     |
| 81       | Washington Township  | Model    | 136,700                  | 12.69                | 2,733,000                      |
| 82       | Wayne  | Model    | 104,700                  | 8.24                 | 2,094,400                      |
| 83       | West Bloomfield Township   | Model    | 619,900                  | 17.84                | 12,396,500                     |
| 84       | Westland   | Model    | 356,000                  | 8.90                 | 7,119,100                      |
| 85       | Wixom  | Model    | 144,000                  | 15.09                | 2,879,400                      |
| 86       | Woodhaven  | Model    | 86,100                   | 12.16                | 1,722,700                      |
| 87       | Ypsilanti Comm Util Auth   | Model    | 606,400                  | 9.94                 | 12,129,500                     |
| 88       | Total Wholesale Contract Member Partners                                     |          |                          |                      | 354,409,800                    |
| 89       | Adjustment to Flint Revenue Requirement for KWA Debt Service (b)             |          |                          |                      | (6,651,800)                    |
| 90       | <b>Revenue from Wholesale Charges (agrees with "GLWA Budget Schedule 3")</b> |          |                          |                      | <b>347,758,000</b>             |





**Great Lakes Water Authority**  
**Proposed FY 2025 Water Supply System Service Charges and Allocated Revenue Requirements**  
*Proposed Effective Date: July 1, 2024*

| Line No. |  | Projected Revenue from Charges |
|----------|--|--------------------------------|
|          |  | \$                             |
|          | <b>Detroit Customer Class - \$</b>   |                                |
| 91       | <b>Wholesale</b> Revenue Requirement (c)   | 47,794,800                     |
| 92       | less: Ownership Benefit per Lease  | <u>(20,700,000)</u>            |
| 93       | <b>Net Wholesale</b> Revenue Requirement   | 27,094,800                     |
| 94       | <b>Indirect Retail</b> Revenue Requirements (d)  | 49,108,500                     |
| 95       | less: Use of Lease Payment for Debt Service  | 0                              |
| 96       | <b>Net Indirect Retail</b> Revenue Requirements (d)  | <u>49,108,500</u>              |
| 97       | Subtotal Subject to GLWA Board Approval (93) + (96)  | 76,203,300                     |
| 98       | <b>Direct Retail</b> Revenue Requirements (e)  | 46,771,100                     |
| 99       | <b>Total Local System Revenue Requirement</b> (96) + (98)  | <u>95,879,600</u>              |
| 100      | <b>Total Requirement from Detroit Customer Class (agrees with "GLWA Budget Schedule 3")</b>  | 122,974,400                    |
| 101      | <b>Lead and Copper Rule Sample Testing Fee - \$/Sample</b>   | <b>60.00</b>                   |
| (a)      | <i>Proposed effective date of July 1, 2024. Effective on all bills issued on or after August 1, 2024.</i>                              |                                |
| (b)      | <i>Net fixed monthly charge will include \$554,300 monthly credits for KWA debt service.</i>   |                                |
| (c)      | <i>Wholesale revenue requirements for the Detroit Customer Class.</i>  |                                |
| (d)      | <i>Local System revenue requirements related to Master Bond Ordinance (local debt service, etc.)</i>                                   |                                |
| (e)      | <i>Local System operating expenses (net of shared services reimbursement) and I&amp;E deposit. Not Subject to GLWA Board approval.</i> |                                |
| (d)&(e)  | <i>Local System information provided from Detroit Water &amp; Sewerage Department as of December 15, 2023.</i>                         |                                |



**Great Lakes Water Authority**  
**Proposed FY 2025 Sewage Disposal System Service Charges and Allocated Revenue Requirements**  
**Proposed Effective Date: July 1, 2024**

| Line No.  | <u>Suburban Wholesale</u>                                      | <u>Contract</u> | <u>Fixed Monthly Charge</u><br>\$/mo | <u>Projected Revenue from Charges</u><br>\$ |
|---|--|-----------------|--------------------------------------|---|
| 1   | OMID   | Model           | 6,242,500                            | 74,910,000                                  |
| 2   | Rouge Valley   | Older           | 4,820,700                            | 57,848,400                                  |
| 3   | Oakland GWK  | Older           | 4,025,800                            | 48,309,600                                  |
| 4   | Evergreen Farmington   | Model           | 3,159,400                            | 37,912,800                                  |
| 5   | SE Macomb San Dist   | Model           | 2,175,000                            | 26,100,000                                  |
| 6   | Dearborn   | Model           | 1,791,400                            | 21,496,800                                  |
| 7   | Grosse Pointe Farms  | Older           | 232,500                              | 2,790,000                                   |
| 8   | Grosse Pointe Park   | Model           | 165,900                              | 1,990,800                                   |
| 9   | Melvindale   | Model           | 137,100                              | 1,645,200                                   |
| 10  | Farmington   | Model           | 104,500                              | 1,254,000                                   |
| 11  | Center Line  | Model           | 91,500                               | 1,098,000                                   |
| 12  | Allen Park   | Model           | 73,600                               | 883,200                                     |
| 13  | Grosse Pointe  | Model           | 102,200                              | 1,226,400                                   |
| 14  | Highland Park  | Older           | 415,100                              | 4,981,200                                   |
| 15  | Hamtramck  | Model           | 374,800                              | 4,497,600                                   |
| 16  | Harper Woods   | Model           | 14,200                               | 170,400                                     |
| 17  | Redford Township   | Model           | 29,400                               | 352,800                                     |
| 18  | Wayne County #3  | Older           | 4,200                                | 50,400                                      |
| 19  | <b>Subtotal "Regional Wholesale Revenues from Charges"</b>     |                 |                                      | 287,517,600                                 |
| 20  | Industrial Specific Revenues                                   |                 |                                      | 14,153,700                                  |
| 21  | <b>Subtotal "Regional Wholesale Revenues from Charges" (a)</b> |                 |                                      | <b>301,671,300</b>                          |
| <i>* Wholesale charges will be effective July 1, 2024</i>   |  |                 |                                      |   |
| <b>Detroit Customer Class - \$</b>  |  |                 |                                      |   |
| 22  | <b>Wholesale</b> Revenue Requirement (c)                       |                 |                                      | <b>211,440,800</b>                          |
| 23  | less: Ownership Benefit per Lease                              |                 |                                      | <b>(5,516,000)</b>                          |
| 24  | <b>Net Wholesale</b> Revenue Requirement                       |                 |                                      | <b>205,924,800</b>                          |
| 25  | <b>Indirect Retail</b> Revenue Requirements (d)                |                 |                                      | <b>34,873,500</b>                           |
| 26  | less: Use of Lease Payment for Debt Service                    |                 |                                      | <b>(1,166,800)</b>                          |
| 27  | <b>Net Indirect Retail</b> Revenue Requirements (d)            |                 |                                      | <b>33,706,700</b>                           |
| 28  | Subtotal Subject to GLWA Board Approval (24) + (27)            |                 |                                      | 239,631,500                                 |
| 29  | <b>Direct Retail</b> Revenue Requirements (e)                  |                 |                                      | 57,986,800                                  |
| 30  | <b>Total Local System Revenue Requirement (27) + (29)</b>      |                 |                                      | <b>91,693,500</b>                           |
| 31  | <b>Total Requirement from Detroit Customer Class (a)</b>       |                 |                                      | <b>297,618,300</b>                          |
| (a) Agrees with "GLWA Budget Schedule 3"  |  |                 |                                      |   |
| (b) Reserved  |  |                 |                                      |   |
| (c) Wholesale revenue requirements for the Detroit Customer Class.  |  |                 |                                      |   |
| (d) Local System revenue requirements related to Master Bond Ordinance (local debt service, etc.)   |  |                 |                                      |   |
| (e) Local System operating expenses (net of shared services reimbursement) <b>and I&amp;E deposit</b> . Not Subject to GLWA Board approval. |  |                 |                                      |   |
| (d)&(e) Local System information provided from Detroit Water & Sewerage Department as of December 15, 2023.                                 |  |                 |                                      |   |



**Great Lakes Water Authority  
 Proposed FY 2025 Sewage Disposal System  
 Industrial Specific Retail Charges  
 Proposed Effective Date: July 1, 2024**

| <b>Industrial Waste Control Charges</b> |                    |                          |
|---|--------------------|--------------------------|
| <u>Meter Size</u>                       | <u>Full Charge</u> | <u>Admin Only Charge</u> |
| inches                                  | \$/mo              | \$/mo                    |
| 5/8                                     | 3.72               | 0.93                     |
| 3/4                                     | 5.58               | 1.40                     |
| 1                                       | 9.30               | 2.33                     |
| 1-1/2                                   | 20.46              | 5.12                     |
| 2                                       | 29.76              | 7.44                     |
| 3                                       | 53.94              | 13.49                    |
| 4                                       | 74.40              | 18.60                    |
| 6                                       | 111.60             | 27.90                    |
| 8                                       | 186.00             | 46.50                    |
| 10                                      | 260.40             | 65.10                    |
| 12                                      | 297.60             | 74.40                    |
| 14                                      | 372.00             | 93.00                    |
| 16                                      | 446.40             | 111.60                   |
| 18                                      | 520.80             | 130.20                   |
| 20                                      | 595.20             | 148.80                   |
| 24                                      | 669.60             | 167.40                   |
| 30                                      | 744.00             | 186.00                   |
| 36                                      | 818.40             | 204.60                   |
| 48                                      | 892.80             | 223.20                   |

| <b>Pollutant Surcharges</b>                                      |               |
|--|---------------|
| <u>Pollutant</u>   | <u>Charge</u> |
|  | \$/lb         |
| BIOCHEMICAL OXYGEN DEMAND (BOD)<br>for concentrations > 275 mg/l | <b>0.392</b>  |
| TOTAL SUSPENDED SOLIDS (TSS)<br>for concentrations > 350 mg/l    | <b>0.525</b>  |
| PHOSPHORUS (P)<br>for concentrations > 12 mg/l                   | <b>7.571</b>  |
| FATS, OIL AND GREASE (FOG)<br>for concentrations > 100 mg/l      | <b>0.125</b>  |
| SEPTAGE DISPOSAL FEE<br>Per 500 gallons of disposal              | <b>38.00</b>  |

PROPOSED FY 2025 CHARGES

2/09/2024



## Financial Services Audit Committee Communication

**Date:** February 9, 2024

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

**From:** Jacqueline Morgan, CTP, State Revolving Fund Program Finance Manager

**Re:** Resolution Regarding Approval of Series Ordinance Authorizing Issuance and Sale of Sewer Disposal System Revenue Bonds in an Aggregate Amount Not to Exceed \$243,980,000 (Ordinance 2024-01)

**Background & Analysis:** See attached draft Great Lakes Water Authority (“GLWA”) Board letter related to a proposed resolution to secure lower cost financing through the state revolving fund (SRF) loan program.

**Proposed Action:** The GLWA Audit Committee recommends that the Great Lakes Water Authority Board approve the resolution for the Approval of Series Ordinance Authorizing Issuance and Sale of Sewer Disposal System Revenue Bonds in an Aggregate Amount Not to Exceed \$243,980,000 for the GLWA Freud Pumping Station (SRF No. 5708-01) and Aeration Improvements 1 and 2 (SRF No. 5838-01) projects.

## DRAFT for Audit Committee Review Only

**..Title**

**Resolution Regarding Approval of Series Ordinance Authorizing Issuance and Sale of Sewer Disposal System Revenue Bonds in an Aggregate Amount Not to Exceed \$243,980,000 (Ordinance 2024-01)**

**..Body**

Agenda of: February 28, 2024  
Item No.: **2024-021**  
Amount: Not to Exceed \$243,980,000

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

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

**DATE:** February 28, 2024

**RE: Resolution Regarding Approval of Series Ordinance Authorizing Issuance and Sale of Sewer Disposal System Revenue Bonds in an Aggregate Amount Not to Exceed \$243,980,000 (Ordinance 2024-01)**

### **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 resolution related to the Approval of Series Ordinance Authorizing Issuance and Sale of Sewer Disposal System Revenue Bonds in an Aggregate Amount Not to Exceed \$243,980,000 (Ordinance 2024-01)**, and authorizes the Chief Executive Officer to take such other action as may be necessary to accomplish the intent of this vote.

## DRAFT for Audit Committee Review Only

### **BACKGROUND**

There are two considerations related to this resolution: projects being funded and financing.

#### *Project Considerations*

Project Plan Approvals - On May 25, 2022, the GLWA Board of Directors conducted a [public hearing](#) related to projects for FY 2023 Clean Water State Revolving Fund (CWSRF) consideration: Freud Pump Station and Water Resource Recovery Facility (WRRF) Aeration Improvements 1 and 2. Subsequent to that public hearing, the Board adopted the project plans.

#### *Freud Pump Station*

- Project Plan Cost Estimate (2024 SRF-1, Freud Pump Station) was \$94.82 million when presented at the May 2022 public hearing
- Current estimated project cost is approximately \$147 million.
- GLWA was awarded FY 2024 CWSRF maximum funding of \$86.8 million as notified in the State of Michigan Department of Environment, Great Lakes and Energy (EGLE) final Intended Use Plan (IUP)
- Proposed series ordinance not to exceed amount of \$95.48 million is proposed in attached resolution to allow for any fluctuation in the final SRF award amount
- A summary of this analysis is provided as Attachment 1 to this Board Letter in Table 1.

#### *Water Resource Recovery Facility (WRRF) Aeration Improvements 1 and 2*

- Project Plan Cost Estimate (2024 SRF-2, WRRF Aeration Improvements 1 and 2) was estimated at \$74.1 million when presented at the May 2022 public hearing
- Current estimated project cost is approximately \$211 million.
- GLWA was awarded FY 2024 CWSRF maximum funding amount of \$135 million as notified in the final EGLE IUP
- The above amount of \$135 million includes \$20 million in principal forgiveness.
- Proposed series ordinance not to exceed amount of \$148.5 million is proposed to allow for any fluctuation in the final SRF award amount
- A summary of this analysis is provided as Attachment 1 to this Board Letter in Tables 1 and 2.

## DRAFT for Audit Committee Review Only

### *Financing Considerations*

The amount to be financed with revenue bonds through the Clean Water State Revolving Fund (CWSRF) Bonds is within authorized GLWA limits. On July 29, 2022 the Great Lakes Water Authority (“GLWA”) Board of Directors approved Resolution 2022-312, “Resolution of the Great Lakes Water Authority Authorizing Publication of Notice of Intent to Issue Sewerage Disposal System Revenue Bonds” in a principal amount not to exceed \$650,000,000 (the “Notice of Intent”). This is the first series of sewer bonds from that Notice of Intent and is in the amount not to exceed \$243,980,000.

The proposed action authorizes the bonds to be issued. The approval of the series ordinance presented today is the next formal step required by the GLWA Board of Directors in the bond issuance process. The series ordinance authorizes the issuance of the Bonds by GLWA, sets forth the guidelines for the CWSRF Bonds, designates the Bonds as 2024 SRF-1/2 Junior Lien Bonds (with 1 representing Freud Pump Station and 2 representing the WRRF Aeration Improvements 1 and 2 projects), and authorizes the Chief Executive Officer or the Chief Financial Officer/Treasurer to execute the final terms of the Bonds, paying issuance costs and signing of the Purchase Contract and Sale Order, within the parameters set forth in the Series Ordinance.

### **JUSTIFICATION**

The bond series authorized by this ordinance will support the Regional Sewer System projects involving Freud Pump Station and WRRF Aeration Improvements 1 and 2. The Freud Pump Station system is a key component in relaying wastewater and storm water generated in the eastern portion of Detroit. This project will improve system resiliency, station reliability, operability, integrity, and maintainability over the life of the facilities. The Aeration Improvements 1 and 2 project increases the overall efficiency and wet weather treatment capacity of the secondary treatment process at the Water Resource Recovery Facility.

The 2024 SRF-1/2 Junior Lien Bonds will be sold through the Michigan Finance Authority under the Michigan Department of Environment, Great Lakes and Energy (EGLE) CWSRF program. Note that these projects qualified for “overburdened applicant status.” The current CWSRF interest rates for overburdened applicants are 2% for 20-year and 30-year loans. As long as the interest rates for 30-year are comparable to 20-year loans, GLWA will select the 30-year option. Potential dollar savings are significant when compared to municipal bond interest rates in a market-based transaction.



## DRAFT for Audit Committee Review Only

By way of example, the GLWA ten-year financial plan utilizes an estimated interest rate of 5% for market based debt. Comparing the current CWSRF interest rate of 2% to the GLWA estimated rate of 5%, the potential interest savings using the SRF loan are shown below.

- For the Freud Pump Station project, utilizing SRF loan at \$95.48 million, there would potentially be a \$36.45 million in interest savings on a 20-year loan and a savings of \$58.44 million a 30-year loan.
- For the WRRF Aeration Improvements 1 and 2 project, utilizing SRF loan at \$148.50 million, there would potentially be \$56.69 million in savings on a 20-year SRF loan and \$90.89 million on a 30-year loan.
- A summary of this analysis is provided as Attachment 1 to this Board Letter in Table 3.

Another advantage of SRF is that interest costs are only incurred on the amount drawn from the SRF loans as project expenditures are incurred. This results in additional debt service savings early in the term of the loan compared to market-based transactions. Further, use of SRF funding as junior lien does not impact GLWA debt reserve requirements.

### **BUDGET IMPACT**

The debt service payments on the GLWA Regional project are anticipated to start on October 1, 2025 with minimal amounts of interest due, because of the projected draw down schedules. An estimate for debt service on the loan will be included in the biennial FY 2025 Water Budget as well as GLWA's current ten-year forecast.

### **COMMITTEE REVIEW**

This matter was reviewed by the GLWA Audit Committee at its meeting on February 9, 2024. The Audit Committee *[insert action]* of the resolution for the Approval of Series Ordinance Authorizing Issuance and Sale of Sewer Disposal System Revenue Bonds in an Amount Not to Exceed \$243,980,000 as presented.

## Attachment 1

**Table 1: Project Cost and Funding Summary (in millions)**

| CIP Project # | Project                            | SRF #   | May 2022 Project Cost Estimate | Current Project Cost Estimate | Final IUP Loan Amount | Series Ordinance Request |
|---------------|------------------------------------|---------|--------------------------------|-------------------------------|-----------------------|--------------------------|
| 232002        | Freud Pump Station                 | 5708-01 | \$ 94.82                       | \$ 147.00                     | \$ 86.80              | \$ 95.48                 |
| 212008        | WRRF Aeration Improvements 1 and 2 | 5838-01 | 74.10                          | 211.00                        | 135.00                | 148.50                   |
| <b>Total</b>  |                                    |         | \$ 168.92                      | \$ 358.00                     | \$ 221.80             | \$ 243.98                |

**Note that these projects are included in the proposed FY 2025 – FY 2029 Capital Improvement Plan (CIP) that has been presented to the Board of Directors. That overall CIP aligns with the long-term financial plan.**

**Table 2: Funding Summary by Source (in millions)**

| CIP Project # | Project                            | SRF #   | Final IUP Loan Amount | Grant Amount (ARPA) | Principal Forgiveness | SRF Loan Repayment Amount |
|---------------|------------------------------------|---------|-----------------------|---------------------|-----------------------|---------------------------|
| 232002        | Freud Pump Station                 | 5708-01 | \$ 86.8               | \$ -                | \$ -                  | \$ 86.8                   |
| 212008        | WRRF Aeration Improvements 1 and 2 | 5838-01 | \$ 135.0              | \$ -                | \$ 20.0               | \$ 115.0                  |
| <b>Total</b>  |                                    |         | \$ 221.80             | \$ -                | \$ 20.00              | \$ 201.80                 |

**Table 3: CWSRF Program Loan Savings Comparison to 5% Estimated Market Interest Rate (in millions)**

| CIP Project #        | Project                            | SRF #   | Series Ordinance Request | Comparative Savings (GLWA 5% Interest Rate versus CWSRF 2% Interest Rate) |              |
|----------------------|------------------------------------|---------|--------------------------|---|--------------|
|                      |                                    |         |                          | 20-Year Loan  | 30-Year Loan |
| 232002               | Freud Pump Station                 | 5708-01 | \$ 95.48                 | \$ 36.45  | \$ 58.44     |
| 212008               | WRRF Aeration Improvements 1 and 2 | 5838-01 | 148.50                   | 56.69   | 90.89        |
| <b>Total Savings</b> |                                    |         | \$ 243.98                | \$ 93.14  | \$ 149.33    |

GREAT LAKES WATER AUTHORITY  
ORDINANCE NO. 2024-01

**SERIES ORDINANCE AUTHORIZING ISSUANCE AND SALE OF  
SEWAGE DISPOSAL SYSTEM REVENUE BONDS IN  
AN AGGREGATE AMOUNT NOT TO EXCEED \$243,980,000**

WHEREAS, pursuant to Resolution No. 2015-10-03 adopted by the Board of Directors of the Great Lakes Water Authority (the “Authority”) on October 7, 2015, the Authority Board approved and adopted Master Bond Ordinance No. 2015-02 (as subsequently amended through the date hereof, the “Ordinance”), which authorizes the issuance by the Authority of Sewage Disposal System Revenue Bonds; and

WHEREAS, the Ordinance authorizes the issuance of such Sewage Disposal System Revenue Bonds in one or more Series pursuant to a Series Ordinance authorizing the issuance and sale of such Series; and

WHEREAS, the Authority Board has determined that it is necessary to authorize at this time two or more Series of SRF Junior Lien Bonds (the “2024 SRF-1/2 Junior Lien Bonds”) to provide moneys to pay the costs of the hereinafter described repairs, extensions, enlargements and improvements to the Regional Sewer System identified in the Capital Improvement Program (the “2024 SRF-1 Project” and the “2024 SRF-2 Project”, collectively, the “2024 SRF 1/2 Projects”).

NOW, THEREFORE, BE IT ORDAINED BY THE BOARD OF DIRECTORS OF THE GREAT LAKES WATER AUTHORITY AS FOLLOWS:

Section 1. Authority for this Series Ordinance. This Series Ordinance (the “2024 SRF-1/2 Series Ordinance”) is adopted pursuant to Section 1102(1) of the Ordinance.

Section 2. Definitions. Except as otherwise provided in this 2024 SRF-1/2 Series Ordinance, all terms which are defined in Section 101 of the Ordinance shall have the same meanings, respectively, in this 2024 SRF-1/2 Series Ordinance as such terms are given in the Ordinance. In addition, the following terms shall have the following meanings unless the context shall clearly indicate some other meaning:

(a) “2024 SRF-1 Junior Lien Bonds” means the Bonds authorized by Section 5 of this 2024 SRF-1/2 Series Ordinance for the purpose of paying and/or reimbursing costs of the 2024 SRF-1 Project.

(b) “2024 SRF-2 Junior Lien Bonds” means the Bonds authorized by Section 5 of this 2024 SRF 1/2 Series Ordinance for the purpose of paying and/or reimbursing costs of the 2024 SRF-2 Project.

(c) “2024 SRF-1/2 Junior Lien Bonds” means, collectively, the 2024 SRF-1 Junior Lien Bonds and the 2024 SRF-2 Junior Lien Bonds.

(d) “2024 SRF-1 Project” means improvements to the Regional Sewer System, including but not limited to improvements to the existing Freud Pump Station, which improvements include the design and construction of a new sanitary pump station; rehabilitation of the existing pumping system, piping and valves; HVAC and building improvements; electrical, instrumentation and controls upgrades; project improvements related to restoration (streets, rights-of-way and easements) as well as all work, equipment and appurtenances necessary or incidental to such improvements.

(e) “2024 SRF-2 Project” means improvements to the Regional Sewer System, including but not limited to (i) improvements to the aeration system at the Water Resource Recovery Facility (WRRF) consisting of the replacement of aging aeration equipment on Decks 1 and 2, and (ii) the addition of step feed, biological phosphorous removal, passive level control, and ferric buffering, as well as all work, equipment and appurtenances necessary or incidental to such improvements.

(f) “2024 SRF-1/2 Projects” means, collectively, the 2024 SRF-1 Project and the 2024 SRF-2 Project.

(g) “Authorized Denomination” means any denomination as determined by an Authorized Officer in the Sale Order.

(h) “Authorized Officer” means either the Chief Executive Officer or the Chief Financial Officer.

(i) “Interest Payment Date” means except as otherwise set forth in the Sale Order each April 1 and October 1.

(j) “Maturity Date” means such dates of maturity of the 2024 SRF-1/2 Junior Lien Bonds as determined in the Sale Order.

(k) “MFA” means the Michigan Finance Authority.

(l) “Person” means any natural person, association, corporation, trust, partnership, joint venture, joint-stock company, municipal corporation, public body or other entity, however organized.

(m) “Project Costs” means, collectively, the Regional Sewer System Project Costs, Series 2024 SRF-1 and the Regional Sewer System Project Costs, Series 2024 SRF-2.

(n) “Purchase Contract” means the Purchase Contract between the MFA and the Authority with respect to the purchase by the MFA and the sale by the Authority of a Series of the 2024 SRF-1/2 Junior Lien Bonds.

(o) “Regional Construction Fund, Series 2024 SRF-1” means a subaccount of the Construction Fund established in accordance with Section 11 of this 2024 SRF-1/2 Series Ordinance relating to the construction of the 2024 SRF-1 Project to be paid with the proceeds of the 2024 SRF-1 Junior Lien Bonds.

(p) “Regional Construction Fund, Series 2024 SRF-2” means a subaccount of the Construction Fund established in accordance with Section 11 of this 2024 SRF-1/2 Series Ordinance relating to the construction of the 2024 SRF-2 Project to be paid with the proceeds of the 2024 SRF-2 Junior Lien Bonds.

(q) “Regional Sewer System Project Costs, Series 2024 SRF-1” means the costs of acquiring, constructing, equipping, installing and financing the 2024 SRF-1 Project, including Issuance Costs relating to the 2024 SRF-1 Junior Lien Bonds.

(r) “Regional Sewer System Project Costs, Series 2024 SRF-2” means the costs of acquiring, constructing, equipping, installing and financing the 2024 SRF-2 Project, including Issuance Costs relating to the 2024 SRF-2 Junior Lien Bonds.

(s) “Regular Record Date” means except as otherwise set forth in the Sale Order the fifteenth day of the calendar month immediately preceding an Interest Payment Date.

(t) “Sale Order” means any one or more Sale Orders of an Authorized Officer authorizing acts consistent with the Ordinance and this 2024 SRF-1/2 Series Ordinance necessary and appropriate to complete the sale, execution and delivery of the 2024 SRF-1/2 Junior Lien Bonds and to complete the other transactions contemplated herein.

(u) “Supplemental Agreement” means, collectively, (1) the Supplemental Agreement among the Authority, the MFA and the State of Michigan acting through the Department of Environment, Great Lakes, and Energy, with respect to a Series of the 2024 SRF-1 Junior Lien Bonds; and (2) the Supplemental Agreement among the City, the MFA and the State of Michigan acting through the Department of Environment, Great Lakes, and Energy, and approved and agreed to by the Authority, with respect to a Series of the 2024 SRF-2 Junior Lien Bonds.

(v) “Taxable 2024 SRF-1/2 Junior Lien Bonds” means any 2024 SRF-1/2 Junior Lien Bonds other than Tax-Exempt 2024 SRF-1/2 Junior Lien Bonds.

(w) “Tax-Exempt 2024 SRF-1/2 Junior Lien Bonds” means any 2024 SRF-1/2 Junior Lien Bonds that are Tax-Exempt Bonds.

Section 3. Approval of 2024 SRF-1/2 Projects.

(a) Approval of 2024 SRF-1 Project. It is hereby determined to be necessary for the public health, benefit and welfare of the area served by the Regional Sewer System to acquire, construct and undertake the 2024 SRF-1 Project, and the 2024 SRF-1 Project is hereby approved and accepted.

(b) Approval of 2024 SRF-2 Project. It is hereby determined to be necessary for the public health, benefit and welfare of the area served by the Regional Sewer System to acquire, construct and undertake the 2024 SRF-2 Project, and the 2024 SRF-2 Project is hereby approved and accepted.

Section 4. Estimated Cost and Period of Usefulness of 2024 SRF-1/2 Projects. The aggregate Project Costs are estimated by the Authority Board to not exceed \$358,000,000, and consist of the following:

(a) The Regional Sewer System Project Costs, Series 2024 SRF-1 are estimated by the Authority Board to not exceed \$147,000,000 and the Regional Sewer System Project Costs are hereby approved and confirmed. The period of usefulness of the 2024 SRF-1 Project is estimated to be not less than 40 years.

(b) The Regional Sewer System Project Costs, Series 2024 SRF-2 are estimated by the Authority Board to not exceed \$211,000,000 and the Regional Sewer System Project Costs are hereby approved and confirmed. The period of usefulness of the 2024 SRF-2 Project is estimated to be not less than 40 years.

Section 5. Authorization of 2024 SRF-1/2 Junior Lien Bonds.

(a) Authorization of Borrowing.

(i) The Authority may borrow an amount not in excess of \$95,480,000, as is finally determined in the Sale Order, and issue the 2024 SRF-1 Junior Lien Bonds in one or more Series, all to evidence such borrowing pursuant to Act 233, Act 94 and the Ordinance, as 2024 SRF-1 Junior Lien Bonds, all as finally determined in the Sale Order. The amount of the 2024 SRF-1 Junior Lien Bonds authorized in this Section 5(a) shall include the amount of the net original issue premium, if any.

(ii) The Authority may borrow an amount not in excess of \$148,500,000, as is finally determined in the Sale Order, and issue the 2024 SRF-2 Junior Lien Bonds in one or more Series, all to evidence such borrowing pursuant to Act 233, Act 94 and the Ordinance, as 2024 SRF-2 Junior Lien Bonds, all as finally determined in the Sale Order. The amount of the 2024 SRF-2 Junior Lien Bonds authorized in this Section 5(b) shall include the amount of the net original issue premium, if any.

(b) Purpose of 2024 SRF-1/2 Junior Lien Bonds.

(i) The 2024 SRF-1 Junior Lien Bonds shall be issued as Additional Bonds for the purpose of paying and/or reimbursing Regional Sewer System Project Costs, Series 2024 SRF-1.

(ii) The 2024 SRF-2 Junior Lien Bonds shall be issued as Additional Bonds for the purpose of paying and/or reimbursing Regional Sewer System Project Costs, Series 2024 SRF-2.

(c) Priority of Lien. Each Series of the 2024 SRF-1/2 Junior Lien Bonds shall be issued as SRF- Junior Lien Bonds.

(d) Insufficient Proceeds.

(i) To the extent that proceeds of the 2024 SRF-1 Junior Lien Bonds are insufficient to pay Regional Sewer System Project Costs, Series 2024 SRF-1, the insufficiency shall be paid from the proceeds of future Additional Bonds, if any, and/or moneys of the Regional Sewer System on hand and legally available therefor, as determined by the Authority Board. To the extent that proceeds of the 2024 SRF-2 Junior Lien Bonds are insufficient to pay Regional Sewer System Project Costs, Series 2024 SRF-2, the insufficiency shall be paid from the proceeds of future Additional Bonds, if any, and/or moneys of the Regional Sewer System on hand and legally available therefor, as determined by the Authority Board.

(e) Separate Series. The 2024 SRF-1 Junior Lien Bonds are issuable at one or more times and as one or more separate Series of Bonds in such amounts as determined in the Sale Order. The 2024 SRF-2 Junior Lien Bonds are issuable at one or more times and as one or more separate Series of Bonds in such amounts as determined in the Sale Order. The 2024 SRF-1 Junior Lien Bonds and the 2024 SRF-2 Junior Lien Bonds shall be issued as separate Series.

(f) Taxable and Tax-Exempt 2024 SRF-1/2 Junior Lien Bonds. Each Series of the 2024 SRF-1/2 Junior Lien Bonds may be issued as Taxable 2024 SRF-1/2 Junior Lien Bonds or Tax-Exempt 2024 SRF-1/2 Junior Lien Bonds, or as separate subseries of both, as set forth in the Sale Order.

(g) Source of Payment and Security. The 2024 SRF-1/2 Junior Lien Bonds shall be payable and secured as provided in Section 8.

(h) Applicability of Ordinance. Except as otherwise provided in this 2024 SRF-1/2 Series Ordinance or in the Sale Order, all of the provisions of the Ordinance shall apply to the 2024 SRF-1/2 Junior Lien Bonds as if set forth in full in this 2024 SRF-1/2 Series Ordinance, the purpose of this 2024 SRF-1/2 Series Ordinance being to supplement the Ordinance to authorize the issuance of 2024 SRF-1/2 Junior Lien Bonds for the purposes set forth herein.

Section 6. 2024 SRF-1/2 Junior Lien Bond Details.

(a) Designation.

(1) The 2024 SRF-1 Junior Lien Bonds shall bear the designations Sewage Disposal System Revenue Bonds, Series 2024-SRF-1 and shall include such other designations, including, without limitation, designations for multiple Series or subseries, as determined by an Authorized Officer as shall be set forth in the Sale Order and not inconsistent with the Ordinance or this 2024 SRF-1/2 Series Ordinance. The 2024 SRF-2 Junior Lien Bonds shall bear the designations Sewage Disposal System Revenue Bonds, Series 2024-SRF-2 and shall include such other designations, including, without limitation, designations for multiple Series or subseries, as determined by an Authorized Officer as shall be set forth in the Sale Order and not inconsistent with the Ordinance or this 2024 SRF-1/2 Series Ordinance.

(2) If any Series of the 2024 SRF-1/2 Junior Lien Bonds are not issued in 2024, an Authorized Officer is authorized in her discretion to re-designate the year



and Series designation of such Series of 2024 SRF-1/2 Junior Lien Bonds and the various funds and accounts established hereunder to correspond with the year of issuance of such Series of 2024 SRF-1/2 Junior Lien Bonds. Furthermore, an Authorized Officer is authorized to establish designations within the various funds and accounts established hereunder if necessary in order to differentiate such funds and accounts from other similarly named funds and accounts related to other Bonds.

(b) Numbering. Each Series of the 2024 SRF-1/2 Junior Lien Bonds shall be numbered in such manner as shall be determined in the Sale Order.

(c) Principal. Each Series of the 2024 SRF-1/2 Junior Lien Bonds shall be issued in the form of Serial Bonds or Term Bonds, or any combination of Serial Bonds and Term Bonds, in any Authorized Denomination, and the principal thereof shall mature on October 1, or such other date as set forth in the Sale Order, in such years and amounts, and shall be or not be subject to redemption prior to maturity, all as shall be determined in the Sale Order subject to the following limitations:

- (1) No 2024 SRF-1/2 Junior Lien Bonds shall mature later than 40 years after the date of issuance thereof.
- (2) The 2024 SRF-1/2 Junior Lien Bonds shall only be issued with annual principal and interest installments permitted by the Ordinance, including Section 207 thereof.

(d) Interest. 2024 SRF-1/2 Junior Lien Bonds or portions thereof shall bear interest at a rate or rates as set forth in the Sale Order not in excess of 2.75% per annum. Interest on 2024 SRF-1/2 Junior Lien Bonds shall be payable on each Interest Payment Date.

(e) Payment of Principal and Interest. The principal of, premium, if any, and interest on the 2024 SRF-1/2 Junior Lien Bonds shall be payable in lawful money of the United States. Except as otherwise provided in the Sale Order, so long as the 2024 SRF-1/2 Junior Lien Bonds are owned by the MFA, the 2024 SRF-1/2 Junior Lien Bonds are payable as to principal, redemption premium, if any, and interest at U.S. Bank Trust Company, National Association, or at such other place as shall be designated in writing to the Authority by the MFA (the MFA's Depository"), and the Authority agrees that it will deposit with the MFA's Depository payments of the principal of, premium, if any, and interest on the 2024 SRF-1/2 Junior Lien Bonds in immediately available funds by 12:00 noon at least five Business Days prior to the date on which any such payment is due, whether by maturity, redemption or otherwise. If the 2024 SRF-1/2 Junior Lien Bonds are not registered in the name of the MFA, the principal of and premium, if any, on the 2024 SRF-1/2 Junior Lien Bonds are payable upon the surrender thereof at the corporate trust office of the Trustee and the interest is payable by check or draft drawn on the Trustee and mailed to the registered owners as of the immediately preceding Regular Record Date at their address shown on the registration books of the Authority maintained by the Trustee.

(f) Dating. Each Series of the 2024 SRF-1/2 Junior Lien Bonds shall be dated such date as determined in the Sale Order.

(g) Reserve Requirement. There shall be no Reserve Requirement with respect to the 2024 SRF-1/2 Junior Lien Bonds.

(h) Exchange. The registered owner of any 2024 SRF-1/2 Junior Lien Bond may exchange such 2024 SRF-1/2 Junior Lien Bond for a new 2024 SRF-1/2 Junior Lien Bond or Bonds of the same interest rate, maturity and Priority of Lien in an equal aggregate principal amount in one or more of the Authorized Denominations by surrendering such 2024 SRF-1/2 Junior Lien Bond to be exchanged at the designated office of the Trustee together with an assignment duly executed by the registered owner thereof or his attorney or legal representative in such form as shall be satisfactory to the Trustee. As provided in Section 206 of the Ordinance, the Trustee shall be responsible for the registration, transfer and exchange of 2024 SRF-1/2 Junior Lien Bonds and shall indicate its acceptance of such duties by a document filed with an Authorized Officer concurrently with the delivery of the 2024 SRF-1/2 Junior Lien Bonds.

(i) Execution and Delivery of 2024 SRF-1/2 Junior Lien Bonds. Each Series of the 2024 SRF-1/2 Junior Lien Bonds shall be executed in the name of the Authority by manual or facsimile signature of the Chief Executive Officer of the Authority and countersigned by the manual or facsimile signature of the Secretary of the Authority Board, and shall have the Authority's seal or facsimile thereof affixed or printed thereon. The Chief Financial Officer is authorized to deliver the 2024 SRF-1/2 Junior Lien Bonds to the MFA upon receiving the purchase price therefor in lawful money of the United States.

(j) Form of 2024 SRF-1/2 Junior Lien Bonds. Each Series of the 2024 SRF-1/2 Junior Lien Bonds shall be in substantially the following form, subject to such changes, additions or deletions as determined by the Chief Executive Officer within the parameters of this 2024 SRF-1/2 Series Ordinance:

R-\_\_

**UNITED STATES OF AMERICA  
STATE OF MICHIGAN  
COUNTIES OF MACOMB, OAKLAND AND WAYNE  
GREAT LAKES WATER AUTHORITY  
SEWAGE DISPOSAL SYSTEM REVENUE BOND,  
SERIES 2024-SRF-\_\_**

REGISTERED OWNER: Michigan Finance Authority

PRINCIPAL AMOUNT: \$ \_\_\_\_\_

INTEREST RATE: \_\_\_\_\_%

ORIGINAL ISSUE DATE:

The Great Lakes Water Authority, Counties of Macomb, Oakland and Wayne, State of Michigan (the “Issuer”), upon authorization from the Board of Directors of the Issuer (the “Board”), has issued this Bond. The Issuer, for value received, promises to pay, in lawful money of the United States of America, but only from the Pledged Assets (as defined below), to the Registered Owner named above, or registered assigns, the Principal Amount stated above, or so much thereof as shall have been advanced to the Issuer and not prepaid or reduced pursuant to a Purchase Contract between the Issuer and the Michigan Finance Authority (the “MFA”), a Supplemental Agreement by and among the Issuer, the MFA and State of Michigan acting through the Department of Environment, Great Lakes, and Energy and the Order of Approval issued by the Department of Environment, Great Lakes, and Energy. The Principal Amount shall be payable on the dates and in the principal installments set forth in Schedule A attached hereto.

In the event less than the Principal Amount of this Bond is disbursed by the MFA, any portion of the Principal Amount is prepaid as provided herein, or any serial principal payment becomes due before the Issuer has received proceeds from corresponding purchased principal installments of at least a like amount, then the MFA may prepare a new serial principal installment repayment schedule which shall be presented to the Issuer and be effective upon receipt as provided in the Purchase Contract.

Interest on this Bond shall accrue from the Original Issue Date set forth above at the Interest Rate set forth above, only on that portion of installments of the Principal Amount which have been disbursed by the MFA, shall be payable on \_\_\_\_\_, 202\_ and semiannually on each April 1 and October 1 thereafter (each an “Interest Payment Date”).

If the MFA is not the registered owner of this Bond, principal of this Bond is payable upon presentation and surrender at the designated office of U.S. Bank Trust Company, National Association, as Trustee under the Ordinance (as defined below) or such other trustee as the Issuer may hereafter designate by notice mailed to the registered owner not less than 60 days prior to any Interest Payment Date (the “Trustee”).

Interest on this Bond is payable to the registered owner of record as of the close of business on the 15th day of the month immediately preceding any Interest Payment Date as shown on the registration books kept by the Trustee by check or draft mailed by the Trustee to the registered owner at the registered address. Interest on this Bond shall be computed on the basis of a 360-day year comprised of twelve 30-day months. During the time funds are being drawn down by the Issuer under this Bond, the MFA will periodically provide the Issuer with a statement showing the amount of principal that has been advanced and the date of each advance, which statement shall constitute prima facie evidence of the reported information; provided, that no failure on the part of the MFA to provide such a statement or to reflect a disbursement or the correct amount of a disbursement shall relieve the Issuer of its obligation to repay the outstanding principal amount actually advanced [(subject to any principal forgiveness as provided for herein)], all accrued interest thereon, and any other amount payable with respect thereto in accordance with the terms of this Bond.

In the event of a default in the payment of principal or interest hereon when due, whether at maturity, by redemption or otherwise, the amount of such default shall bear interest (the "additional interest") at a rate equal to the rate of interest that is two percent above the MFA's cost of providing funds (as determined by the MFA) to make payment on the bonds of the MFA issued to provide funds to purchase this Bond but in no event in excess of the maximum rate of interest permitted by law. The additional interest shall continue to accrue until the MFA has been fully reimbursed for all costs incurred by the MFA (as determined by the MFA) as a consequence of the Issuer's default. Such additional interest shall be payable on the interest payment date following demand of the MFA. In the event that (for reasons other than the default in the payment of any municipal obligation purchased by the MFA) the investment of amounts in the reserve account established by the MFA for the bonds of the MFA issued to provide funds to purchase this bond fails to provide sufficient available funds (together with any other funds that may be made available for such purpose) to pay the interest on outstanding bonds of the MFA issued to fund such account, the Issuer shall and hereby agrees to pay on demand only the Issuer's pro rata share (as determined by the MFA) of such deficiency as additional interest on this bond.

Notwithstanding any other provision of this Bond, so long as the MFA is the owner of this Bond, (a) this Bond is payable as to principal, premium, if any, and interest at U.S. Bank Trust Company, National Association, or at such other place as shall be designated in writing to the Issuer by the MFA (the "MFA's Depository"); (b) the Issuer agrees that it will deposit with the MFA's Depository payments of the principal of, premium, if any, and interest on this Bond in immediately available funds by 12:00 noon at least five business days prior to the date on which any such payment is due whether by maturity, redemption or otherwise; in the event that the MFA's Depository has not received the Issuer's deposit by 12:00 noon on the scheduled day, the Issuer shall immediately pay to the MFA as invoiced by the MFA an amount to recover the MFA's administrative costs and lost investment earnings attributable to that late payment; and (c) written notice of any redemption of this Bond shall be given by the Issuer and received by the MFA's Depository at least 40 days prior to the date on which redemption is to be made.

This Bond is one of a series of bonds designated "Sewage Disposal System Revenue Bonds, Series 2024-SRF-\_\_" and is issued pursuant to the provisions of (i) Act 233, Public Acts of Michigan, 1955, as amended ("Act 233"), and Act 94, Public Acts of Michigan, 1933, as amended ("Act 94"), (ii) Master Bond Ordinance No. 2015-02 adopted by the Board on October 7,

2015, as amended (the “Bond Ordinance”), (iii) the Series Ordinance Authorizing Issuance and Sale of Sewage Disposal System Revenue Bonds in an Aggregate Amount not to Exceed \$243,980,000, adopted by the Board on \_\_\_\_\_, 2024 (the “Series Ordinance”), and (iv) a Sale Order of the Chief Executive Officer of the Issuer dated \_\_\_\_\_, 2024 (the “Sale Order,” and, collectively with the Bond Ordinance and the Series Ordinance, the “Ordinance”). This Bond is issued for the purposes set forth in the Series Ordinance and the Sale Order.

For the prompt payment of the principal of and interest on this Bond, and other bonds issued by the Issuer pursuant to the Bond Ordinance, the Issuer has irrevocably pledged the Pledged Assets (as defined in the Bond Ordinance), which includes the revenues of the Sewer System (as defined in the Bond Ordinance), after provision is made for reasonable and necessary expenses of operation, maintenance and administration of the Sewer System (the “Net Revenues”), and a statutory lien on the Net Revenues and Pledged Assets is hereby recognized and acknowledged. Such lien is a third lien, subject to obligations heretofore and hereafter issued or incurred under the Bond Ordinance secured by a first or second lien on the Pledged Assets. This Bond is of equal standing on a parity with all other obligations heretofore and hereafter issued or incurred under the Bond Ordinance and secured by a third lien on the Pledged Assets.

For a complete statement of the revenues from which and the conditions under which this Bond is payable, a statement of the conditions under which Additional Bonds (as defined in the Bond Ordinance) of senior or equal standing and Additional Bonds of junior standing may hereafter be issued and the general covenants and provisions pursuant to which this Bond is issued, reference is made to the Bond Ordinance.

This Bond is subject to redemption prior to maturity at the option of the Issuer and with the prior written consent of and upon such terms as may be required by the MFA. That portion of this Bond called for redemption shall not bear interest after the date fixed for redemption, provided funds are on hand with the Trustee to redeem the same.

**THIS BOND IS ISSUED UNDER ACT 233 AND ACT 94. IT IS A SELF-LIQUIDATING BOND AND IS NOT A GENERAL OBLIGATION OF THE ISSUER AND DOES NOT CONSTITUTE AN INDEBTEDNESS OF THE ISSUER WITHIN ANY CONSTITUTIONAL OR STATUTORY LIMITATION, BUT IS PAYABLE, BOTH AS TO PRINCIPAL AND INTEREST SOLELY FROM THE PLEDGED ASSETS OF THE Sewer SYSTEM. THE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON THIS BOND ARE SECURED BY A STATUTORY LIEN ON THE PLEDGED ASSETS AS DESCRIBED HEREIN.**

The Issuer has covenanted and agreed, and hereby covenants and agrees, to fix and maintain, or cause to be fixed and maintained, at all times while any bonds payable from the Pledged Assets of the Sewer System shall be outstanding, such rates for service furnished by the Sewer System as shall be sufficient to provide for payment of the interest upon and the principal of this Bond and all other Bonds (as defined in the Bond Ordinance) assumed or issued and to be issued under the Bond Ordinance as and when the same shall become due and payable, to create and maintain a bond redemption fund therefor, including a bond reserve for Bonds other than this Bond, to provide for the payment of expenses of administration and operation and such expenses for maintenance of the Sewer System as are necessary to preserve the same in good repair and

working order, and to provide for such other expenditures and funds for the Sewer System, all as are required by the Bond Ordinance.

This Bond is transferable only upon the books of the Issuer kept for that purpose at the office of the Trustee by the registered owner hereof in person, or by his attorney duly authorized in writing, upon the surrender of this Bond together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or his attorney duly authorized in writing, and thereupon a new registered bond or bonds of the same type, in the same aggregate principal amount and of the same maturity shall be issued to the transferee in exchange therefor as provided in the Ordinance and upon the payment of the charges, if any, therein prescribed.

It is hereby certified and recited that all acts, conditions and things required by law precedent to and in the issuance of this Bond have been done and performed by regular and due time and form as required by law.

This Bond is not valid or obligatory for any purpose until the Trustee's Certificate of Authentication hereon has been executed by the Trustee.

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IN WITNESS WHEREOF, the Great Lakes Water Authority, Counties of Macomb, Oakland and Wayne, State of Michigan, has caused this Bond to be signed in its name by the facsimile signatures of its Chief Executive Officer and its Secretary of the Board, and a facsimile of its corporate seal to be printed, impressed or otherwise reproduced hereon, all as of the Original Issue Date.

GREAT LAKES WATER AUTHORITY

By: \_\_\_\_\_  
Chief Executive Officer

Countersigned:

By: \_\_\_\_\_  
Secretary, Board of Directors

[Seal]



**CERTIFICATE OF AUTHENTICATION**

This Bond is authenticated as the bond designated by the Issuer as “Sewage Disposal System Revenue Bond, Series 2024-SRF-\_\_”.

U.S. Bank Trust Company, National Association,  
Trustee

By: \_\_\_\_\_

Date of Authentication: \_\_\_\_\_, 2024

**ASSIGNMENT**

For value received, the undersigned sells, assigns and transfers unto \_\_\_\_\_ this Bond and all rights hereunder and hereby irrevocably appoints \_\_\_\_\_ attorney to transfer this Bond on the books kept for registration thereof with full power of substitution in the premises.

Dated: \_\_\_\_\_

\_\_\_\_\_  
Signature

**NOTICE:** The signature to this assignment must correspond with the name as it appears on the face of this Bond in every particular.

Schedule A

The principal amounts and maturity dates applicable to the Bond to which this Schedule A is attached are as follows:

| <u>Date</u> | <u>Amount</u> |
|-------------|---------------|
|-------------|---------------|

Based on the schedule provided above unless revised as provided in this paragraph, repayment of the Principal Amount shall be made according to such schedule until the full Principal Amount disbursed to the Issuer is repaid; provided, however, that the Issuer shall have no obligation to repay any serial principal installment for which the Issuer did not receive a disbursement of Principal Amount by the date such serial principal installment is due. In the event the Order of Approval issued by the Department of Environment, Great Lakes, and Energy (the "Order") approves a principal amount of assistance less than the amount of this Bond, the MFA shall only disburse principal up to the amount stated in the Order. In the event (1) that the payment schedule described above provides for payment of a total principal amount greater than the amount of assistance approved by the Order, (2) that less than the principal amount of assistance approved by the Order is disbursed to the Issuer by the MFA or (3) of prepayment [or principal forgiveness] of the Bond, the MFA shall prepare a new payment schedule that shall be effective upon receipt by the Issuer.

END OF BOND FORM

Section 7. Concerning the Securities Depository.

(a) As used herein:

“Beneficial Owner” means any Person who indirectly owns 2024 SRF-1/2 Junior Lien Bonds pursuant to the indirect ownership system maintained by a securities depository (the “Securities Depository”) and its Participants, commonly known as the “Book-Entry Only System.”

“Participant” means any Person whose ownership of 2024 SRF-1/2 Junior Lien Bonds is shown on books of the Securities Depository.

(b) The 2024 SRF-1/2 Junior Lien Bonds will initially be registered in the name of the MFA, or such other purchasers as designated in the Sale Order. In the event 2024 SRF-1/2 Junior Lien Bonds are later to be registered in the name of a Securities Depository or its nominee, neither the Authority nor the Trustee shall have any responsibility or obligation to any Participant or to any Beneficial Owner with respect to any matter, including the following:

- (1) the accuracy of the records of the Securities Depository, its nominee or any Participant with respect to any ownership interest in 2024 SRF-1/2 Junior Lien Bonds,
- (2) the delivery to any Participant, Beneficial Owner or any other Person other than the Securities Depository of any notice with respect to: any 2024 SRF-1/2 Junior Lien Bonds, including any notice of redemption, or
- (3) the payment to any Participant, Beneficial Owner or any other Person, other than the Securities Depository of any amount with respect to the principal (and premium, if any) of or interest on any 2024 SRF-1/2 Junior Lien Bonds.

(c) The Trustee shall pay all principal (and premium, if any) of and interest on the 2024 SRF-1/2 Junior Lien Bonds only to or upon the order of the MFA, or the Securities Depository, as applicable, and all such payments shall be valid and effective fully to satisfy and discharge the Authority’s obligations with respect to the principal (and premium, if any) of, and interest on such 2024 SRF-1/2 Junior Lien Bonds to the extent of the sum or sums so paid.

(d) If 2024 SRF-1/2 Junior Lien Bonds become registered in the name of the Securities Depository and (1) the Authority receives a written notice from the Securities Depository to the effect the Securities Depository is unable or unwilling to discharge its responsibilities or (2) the Authority determines that it is in the best interests of the Beneficial Owners of 2024 SRF-1/2 Junior Lien Bonds that they be able to obtain 2024 SRF-1/2 Junior Lien Bonds in certificated form, then, in either event, the Authority shall notify the Trustee and, in the case of clause, (2), the Securities Depository.

(e) Upon discontinuance of the use of the Book-Entry Only System maintained by the Securities Depository, if any, pursuant to subsection (d), above and upon receipt of notice from the Securities Depository containing sufficient information, the Authority shall execute and the Trustee shall authenticate and deliver 2024 SRF-1/2 Junior Lien Bonds in certificated form to

Beneficial Owners in exchange for the beneficial interests of such Beneficial Owners in corresponding principal amounts and in any Authorized Denominations.

(f) Notwithstanding any other provision of this 2024 SRF-1/2 Series Ordinance to the contrary, so long as any 2024 SRF-1/2 Junior Lien Bond is registered in the name of the Securities Depository or its nominee:

- (1) all payments with respect to the principal, premium, if any, and interest on such 2024 SRF-1/2 Junior Lien Bond and all notices of redemption, tender and otherwise with respect to such 2024 SRF-1/2 Junior Lien Bond shall be made and given, respectively, to the Securities Depository as provided in the letter of representations from the Authority to the Securities Depository with respect to such 2024 SRF-1/2 Junior Lien Bonds or any master letter of representations from the Authority to the Securities Depository;
- (2) if less than all of the 2024 SRF-1/2 Junior Lien Bonds of the same type of any maturity are to be redeemed, then the particular 2024 SRF-1/2 Junior Lien Bonds or portions of 2024 SRF-1/2 Junior Lien Bonds of such type and maturity to be redeemed shall be selected by the Securities Depository in any such manner as the Securities Depository may determine;
- (3) all payments with respect to principal of the 2024 SRF-1/2 Junior Lien Bonds and premium, if any and interest on the 2024 SRF-1/2 Junior Lien Bonds shall be made in such manner as shall be prescribed by the Securities Depository; and
- (4) if a 2024 SRF-1/2 Junior Lien Bond is redeemed or tendered in part, then all amounts payable in respect of such redemption or tender shall be paid without presentation and surrender of such 2024 SRF-1/2 Junior Lien Bond pursuant to the procedures of the Securities Depository.

Section 8. Payment of 2024 SRF-1/2 Junior Lien Bonds; Confirmation of Statutory Lien.

(a) The 2024 SRF-1/2 Junior Lien Bonds and the interest thereon shall be payable solely from the Pledged Assets.

(b) To secure payment of the 2024 SRF-1/2 Junior Lien Bonds, the statutory lien upon the whole of the Pledged Assets established by Act 94 and the pledge created in Section 501 of the Ordinance is hereby confirmed in favor of the 2024 SRF-1/2 Junior Lien Bonds as follows: Such lien in favor of the 2024 SRF-1/2 Junior Lien Bonds shall be a statutory third lien on the Pledged Assets of equal standing and Priority of Lien with all issued, to be issued and outstanding SRF Junior Lien Bonds.

Section 9. Funds and Accounts; Flow of Funds. Except as otherwise provided in this 2024 SRF-1/2 Series Ordinance, all of the provisions relative to funds and accounts, their maintenance, the flow of funds and other details relative thereto, shall remain as specifically set forth in the Ordinance.

Section 10. Disposition of Proceeds.

(a) Disposition of Accrued Interest and Capitalized Interest.

(1) From the proceeds of the sale of the 2024 SRF-1 Junior Lien Bonds there shall be immediately deposited in the SRF Junior Lien Debt Service Account, an amount equal to any accrued interest received on the delivery of the 2024 SRF-1 Junior Lien Bonds and any capitalized interest on the 2024 SRF-1 Junior Lien Bonds, and the Authority may take credit for the amount so deposited against the amount required to be deposited in the SRF Junior Lien Debt Service Account for payment of the next maturing interest payment on the 2024 SRF-1 Junior Lien Bonds.

(2) From the proceeds of the sale of the 2024 SRF-2 Junior Lien Bonds there shall be immediately deposited in the SRF Junior Lien Debt Service Account, an amount equal to any accrued interest received on the delivery of the 2024 SRF-2 Junior Lien Bonds and any capitalized interest on the 2024 SRF-2 Junior Lien Bonds, and the Authority may take credit for the amount so deposited against the amount required to be deposited in the SRF Junior Lien Debt Service Account for payment of the next maturing interest payment on the 2024 SRF-2 Junior Lien Bonds.

(b) Construction Fund. The balance of the proceeds of each Series of the 2024 SRF-1/2 Junior Lien Bonds shall be deposited in the Construction Fund and used to pay Project Costs as provided in Section 11.

Section 11. Construction Fund.

(a) A subaccount of the Authority Regional Construction Account of the Construction Fund established by the Ordinance shall be established for the 2024 SRF-1 Junior Lien Bonds and designated the “Regional Construction Fund, Series 2024 SRF-1,” and shall be established and maintained as a separate depository account with a Custodian as designated by the Chief Financial Officer.

(b) A subaccount of the Authority Regional Construction Account of the Construction Fund established by the Ordinance shall be established for the 2024 SRF-2 Junior Lien Bonds and designated the “Regional Construction Fund, Series 2024 SRF-2,” and shall be established and maintained as a separate depository account with a Custodian as designated by the Chief Financial Officer.

(c) Moneys in the Regional Construction Fund, Series 2024 SRF-1 shall be applied solely to payment of Regional Sewer System Project Costs, Series 2024 SRF-1 (or to the reimbursement of Regional Sewer System Project Costs, Series 2024 SRF-1 paid by the Authority from other funds prior to the issuance of the 2024 SRF-1 Junior Lien Bonds).

(d) Moneys in the Regional Construction Fund, Series 2024 SRF-2 shall be applied solely to payment of Regional Sewer System Project Costs, Series 2024 SRF-1 (or to the reimbursement of Regional Sewer System Project Costs, Series 2024 SRF-1 paid by the Authority from other funds prior to the issuance of the 2024 SRF-2 Junior Lien Bonds).

- (1) Payments or reimbursements for Regional Sewer System Project Costs for construction, either on account or otherwise, shall not be made unless the registered engineer in charge of such work shall file with an Authorized Officer a signed statement to the effect that the work has been completed in accordance with the plans and specifications therefor, that it was done in accordance with the contract therefor, that such work is satisfactory and that such work has not been previously paid for.
- (2) Payment or reimbursement for Regional Sewer System Project Costs consisting of Issuance Costs and engineering, legal and financial costs shall be made upon submission of appropriate documentation to an Authorized Officer.

Section 12. Tax Covenant.

(a) The Authority hereby covenants and represents with the registered owners of the Tax-Exempt 2024 SRF-1/2 Junior Lien Bonds, that so long as any of the Tax-Exempt 2024 SRF-1/2 Junior Lien Bonds remain outstanding and unpaid as to either principal or interest, the Authority shall, to the extent permitted by law, take all actions within its control to maintain, and will refrain from taking any action which would impair, the exclusion of the interest on the Tax-Exempt 2024 SRF-1/2 Junior Lien Bonds from gross income for federal income tax purposes under the Code.

(b) The actions referred to in subsection (a), above include, but are not limited to actions relating to any required rebate of arbitrage earnings and the expenditure and investment of proceeds of Tax-Exempt 2024 SRF-1/2 Junior Lien Bonds and moneys deemed to be proceeds of Tax-Exempt 2024 SRF-1/2 Junior Lien Bonds, and to prevent Tax-Exempt 2024 SRF-1/2 Junior Lien Bonds from being or becoming “private activity bonds” as that term is used in the Code.

Section 13. Sale of 2024 SRF-1/2 Junior Lien Bonds; Purchase Contract; Expiration of Referendum Period.

(a) The 2024 SRF-1/2 Junior Lien Bonds shall be sold by negotiated sale to the MFA pursuant to a Purchase Contract in customary form with such changes thereto as an Authorized Officer shall determine are in the best interests of the Authority, within the parameters established by this 2024 SRF-1/2 Series Ordinance. Such determination shall be conclusively established by the Authorized Officer’s execution of the Purchase Contract to the MFA.

(b) The Authority Board hereby determines that the sale of the 2024 SRF-1/2 Junior Lien Bonds by negotiated sale as described in subsection (a) is in the best interests of the Authority and will allow the 2024 SRF-1/2 Junior Lien Bonds to receive a subsidized interest rate through participation in the MFA’s State Revolving Fund Program.

(c) An Authorized Officer is authorized to accept, on behalf of the Authority, an offer from the MFA to purchase the 2024 SRF-1/2 Junior Lien Bonds subject to the following limitations:

- (1) The interest rate with respect to any Series of the 2024 SRF-1/2 Junior Lien Bonds shall not exceed 2.75%.



- (2) The aggregate purchaser's discount at which any Series of the 2024 SRF-1/2 Junior Lien Bonds shall be sold to the MFA shall not exceed 2.00%.

(d) An Authorized Officer shall confirm in the Sale Order that there was no petition meeting the requirements of Section 33 of Act 94 that was filed with the Secretary of the Authority Board within 45 days of the date of publication of the notice of intent to issue bonds with respect to the 2024 SRF-1/2 Junior Lien Bonds as required by Section 33 of Act 94.

Section 14. Delegation of Authority to and Authorization of Actions of Authorized Officers.

(a) An Authorized Officer shall make all determinations herein provided to be made in the Sale Order and shall make all such determinations in accordance with the best interests of the Authority within the parameters of this 2024 SRF-1/2 Series Ordinance.

(b) In addition to determinations authorized elsewhere in this 2024 SRF-1/2 Series Ordinance, an Authorized Officer shall determine the aggregate principal amount of 2024 SRF-1/2 Junior Lien Bonds to be issued, but not in excess of the aggregate principal amount authorized by this 2024 SRF-1/2 Series Ordinance, on the basis of her evaluation of the maximum amount of 2024 SRF-1/2 Junior Lien Bonds which can be sold, given anticipated interest rates and the revenue coverage requirements with respect to the 2024 SRF-1/2 Junior Lien Bonds and for any other reasons the Authorized Officer deems appropriate.

- (1) Such determination shall also include the redemption provisions for the 2024 SRF-1/2 Junior Lien Bonds.

- (2) An Authorized Officer shall also determine and establish, in accordance with this 2024 SRF-1/2 Series Ordinance, the maturities of each Series of the 2024 SRF-1/2 Junior Lien Bonds, whether such maturities shall be serial or term maturities and the Mandatory Redemption Requirements for any term maturities.

(c) An Authorized Officer is authorized, if necessary, to file applications and to pay the related fees, if any, to the Michigan Department of Treasury at her discretion under Act 34 for one or more orders of approval to issue all or a portion of the 2024 SRF-1/2 Junior Lien Bonds, and such waivers or other Treasury approvals as necessary to implement the sale, delivery and security for the 2024 SRF-1/2 Junior Lien Bonds as authorized herein, and as required by the Michigan Department of Treasury or Act 34.

(d) An Authorized Officer shall determine in the Sale Order that the requirements set forth in Section 207 of the Ordinance with respect to the issuance of the 2024 SRF-1/2 Junior Lien Bonds as Additional Bonds have been satisfied.

(e) An Authorized Officer is hereby authorized and directed to do and perform any and all other acts and things with respect to the 2024 SRF-1/2 Junior Lien Bonds which are necessary or appropriate to carry into effect, consistent with the Ordinance and this 2024 SRF-1/2 Series Ordinance, the authorizations therein and herein contained including without limitation the

securing of ratings by bond rating agencies, and the incurring of reasonable fees costs and expenses incidental to the foregoing, for and on behalf of the Authority.

Section 15. Advancement of Project Costs. At the direction of an Authorized Officer, the Authority may advance certain Project Costs from the Authority's funds prior to the issuance of the 2024 SRF-1/2 Junior Lien Bonds to the extent that such costs are expenditures appropriate for reimbursement under applicable law, including the Code in the case of Tax-Exempt 2024 SRF-1/2 Junior Lien Bonds.

Section 16. Ratification. All determinations and decisions of an Authorized Officer heretofore taken with respect to the issuance and sale of the 2024 SRF-1/2 Junior Lien Bonds as permitted or required by the Ordinance or law are hereby ratified, confirmed and approved.

Section 17. Additional Authorization. The Chief Executive Officer, the Chief Financial Officer, the Chief Administrative and Compliance Officer and the General Counsel of the Authority, any such officials acting in an interim or acting capacity to such officers, their deputies and staff, or any of them, are hereby authorized to execute and deliver such certificates, Supplemental Agreements, other agreements, documents, instruments, opinions and other papers as may be deemed necessary or appropriate to complete the sale, execution and delivery of the 2024 SRF-1/2 Junior Lien Bonds and otherwise give effect to the transactions contemplated by this 2024 SRF-1/2 Series Ordinance, as determined by such officials executing and delivering the foregoing items.

Section 18. 2024 SRF-1/2 Series Ordinance a Contract. The provisions of this 2024 SRF-1/2 Series Ordinance shall constitute a contract between the Authority and each registered owner of an outstanding 2024 SRF-1/2 Junior Lien Bond.

Section 19. Professional Services.

(a) Dickinson Wright PLLC is hereby appointed as Bond Counsel for the 2024 SRF-1/2 Junior Lien Bonds, notwithstanding the periodic representation by Dickinson Wright PLLC in unrelated matters of other parties and potential parties to the issuance of the 2024 SRF-1/2 Junior Lien Bonds.

(b) PFM Financial Advisors LLC is hereby appointed as Financial Advisor for the 2024 SRF-1/2 Junior Lien Bonds, notwithstanding the periodic representation by PFM Financial Advisors LLC in unrelated matters of other parties and potential parties to the issuance of the 2024 SRF-1/2 Junior Lien Bonds.

(c) The fees and expenses of Dickinson Wright PLLC and PFM Financial Advisors LLC shall be payable as an Issuance Cost from the proceeds of the 2024 SRF-1/2 Junior Lien Bonds or other available funds.

(d) An Authorized Officer is authorized to engage financial and other consultants as she deems necessary or appropriate in connection with the sale, issuance and delivery of the 2024 SRF-1/2 Junior Lien Bonds and to pay the fees and expenses thereof from the proceeds of the 2024 SRF-1/2 Junior Lien Bonds or other available funds.

Section 20. Severability; Headings; and Conflict. If any section, paragraph, clause or provision of this 2024 SRF-1/2 Series Ordinance shall be held invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the other provisions of this 2024 SRF-1/2 Series Ordinance. The section and paragraph headings in this 2024 SRF-1/2 Series Ordinance are furnished for convenience of reference only and shall not be considered to be part of this 2024 SRF-1/2 Series Ordinance.

Section 21. Publication and Recordation. This 2024 SRF-1/2 Series Ordinance shall be published in full in the Detroit Legal News, a newspaper of general circulation within the geographic boundaries of the Authority qualified under State law to publish legal notices, promptly after its adoption, and shall be maintained in the official records of the Authority and such recording authenticated by the signatures of the Chairperson and Secretary of the Authority Board.

Section 22. Repeal. All ordinances, resolutions, indentures or orders, or parts thereof, in conflict with the provisions of this 2024 SRF-1/2 Series Ordinance are, to the extent of such conflict, repealed.

Section 23. Effective Date. This 2024 SRF-1/2 Series Ordinance shall be effective upon adoption.

Adopted and signed on the \_\_\_ day of \_\_\_\_\_, 2024.

GREAT LAKES WATER AUTHORITY

Signed \_\_\_\_\_  
Chairperson

Signed \_\_\_\_\_  
Secretary

**Great Lakes Water Authority**

**Resolution 2024-021**

**RE: Approval of Series Ordinance Authorizing Issuance and Sale of Sewage Disposal System Revenue Bonds in an Aggregate Amount not to Exceed \$243,980,000 Ordinance 2024-01**

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

**Whereas** There has been presented to the Board of Directors of the Great Lakes Water Authority (the “Authority”) an ordinance entitled “Series Ordinance Authorizing the Issuance and Sale of Sewage Disposal System Revenue Bonds in an Aggregate Amount not to Exceed \$243,980,000” (the “2024 SRF-1/2 Series Ordinance”), which ordinance is a Series Ordinance as defined and described in Master Bond Ordinance No. 2015-02 adopted by the Board of Directors on October 7, 2015, as amended on December 9, 2015, January 27, 2016, August 10, 2016 and February 12, 2020.

**Whereas** The Articles of Incorporation of the Authority provide that at least 5 of the 6 members of the Authority Board must vote to approve the 2024 SRF-1/2 Series Ordinance.

**Now, Therefore Be It:**

**Resolved** That the 2024 SRF-1/2 Series Ordinance, in the form presented to this meeting, is approved and adopted, and the Chairperson and the Secretary are authorized to authenticate the 2024 SRF-1/2 Series Ordinance in the form approved; **And Be it Further**

**Resolved** That an affirmative vote of at least 5 members of the Authority Board is necessary for the passage of this Resolution.

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



## Financial Services Audit Committee Communication

**Date:** February 9, 2024

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

**From:** Jacqueline Morgan, CTP, State Revolving Fund Program Finance Manager

**Re:** Scheduling of a Public Hearing for the GLWA FY 2025 Clean Water State Revolving Fund (CWSRF) Program Project Plan Submittals

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

**Proposed Action:** The GLWA Audit Committee recommends that the Great Lakes Water Authority Board of Directors schedule a public hearing for the GLWA FY 2025 Clean Water State Revolving Fund (CWSRF) Program project plan submittal for April 24, 2024, at 2:00 pm.

**..Title**

**Scheduling of Public Hearing for the GLWA FY 2025 Clean Water State Revolving Fund (CWSRF) Program Project Plan Submittals**

**..Body**

Agenda of: February 28, 2024

Item No.: **2024-022**

Amount: N/A

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

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

**DATE:** February 28, 2024

**RE: Scheduling of Public Hearing for the GLWA FY 2025 Clean Water State Revolving Fund (CWSRF) Program Project Plan Submittals**

**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 Scheduling Public Hearings for the Clean Water State Revolving Fund (CWSRF) project plan submittals for the 1) Combined Sewer Overflow (CSO) Outfall Rehabilitation, 2) Oakwood and Leib CSO Improvements, and 3) Rehabilitation of the 7 Mile Sewer System for April 24, 2024 at 2:00 p.m.** and authorizes the CEO to take such other action as may be necessary to accomplish the intent of this vote.

**BACKGROUND**

The Great Lakes Water Authority (the "GLWA") has identified three (3) projects in the FY 2024 to FY 2028 Capital Improvement Plan (CIP) for submittal to the Michigan Department of Environment, Great Lakes and Energy (EGLE) FY 2025 CWSRF financing

program. The deadline for submitting all CWSRF project plans to EGLE is May 1, 2024. Prior to submitting the project plans, GLWA must hold a public hearing to present the project plans. That public hearing should be scheduled for April 24, 2024, at 2:00 pm.

The FY 2025 CWSRF public hearing notice and project plans for the following three proposed projects will be posted on the [GLWA website](#):

- 1) CSO Outfall Rehabilitation Phase VI,
- 2) Oakwood and Leib CSO Improvements, and
- 3) Rehabilitation of the 7 Mile Sewer System

At the public hearing, a summary of each project plan will be presented. After the public hearing is closed, a resolution to adopt the final project planning document will be scheduled for action by the GLWA Board of Directors at its regularly scheduled meeting also on April 24, 2024. The resolution must be approved and signed to ensure the finalized project plans are assembled and submitted to the EGLE by the deadline of May 1, 2024.

**The Projects:**

*CSO Outfall Rehabilitation Phase VI* (CIP # 260510) – The project is comprised of the rehabilitation of nineteen (19) outfall sewers located along the Rouge River. The outfall sewers function as the interface between collector sewers and the Northwest Interceptor (NWI) throughout the City of Detroit. The proposed structural rehabilitation of the outfalls will extend the service lives by another 25 to 30 years and allow them to continue to provide relief to the NWI and other GLWA and City of Detroit assets during wet weather events. The total cost of this project is estimated at \$10,000,000.

*Oakwood and Leib CSO Improvements* (CIP # 270004) – The project involves a significant series of improvements at the Oakwood CSO Retention Treatment Basin and storm/ sanitary pumping station, and the Leib CSO Screening and Disinfection Facility (SDF). The proposed improvements will increase facility reliability, flexibility, operation, maintenance, and safety to support planned increases in utilization. The total cost of this project is estimated at \$51,000,000.

*Rehabilitation of the 7 Mile Sewer System* (CIP # 260206) – The project consists of the rehabilitation of several large diameter combined sewers including Segments 1, 2, and 3 of the 7 Mile Sewer, East 7 Mile Relief Sewer, and the West 7 Mile Relief Sewer. The structural rehabilitation of the sewers will extend their service lives by another 25 to 30



years and allows them to continue to convey flow to the GLWA Water Resource Recovery Facility (WRRF) providing relief to other components of the regional conveyance system during wet weather events. The total cost of this project is estimated at \$30,000,000.

### **JUSTIFICATION**

GLWA is seeking low interest loan assistance through the CWSRF program for these projects. Although the EGLE interest rate for FY 2025 will not be determined until October 2024, the current year's interest rate of 2.00% for 20-year and 30-year loans is lower than the present conventional revenue bond interest rates. Note that these projects qualified for "overburdened applicant status". As long as interest rates for 30-year are comparable to 20-year loans, GLWA will select the 30-year option. Savings are typically significant when comparing the interest rates under the CWSRF program with a similar open market revenue bond issue.

It is prudent for GLWA to continue to pursue CWSRF loan funding as actual savings are anticipated to be higher due to general expectations of rising interest rates over the next year (and therefore increasing potential savings compared to use of municipal bonds). In addition, use of SRF funding as junior lien does not impact GLWA debt reserve requirements.

### **BUDGET IMPACT**

Debt service interest payments on these projects would begin in the fall of FY 2025 and will be included as part of the FY 2025 financial plan.

### **COMMITTEE REVIEW**

This matter was reviewed by the GLWA Audit Committee at its meeting on February 9, 2024. The Audit Committee [insert action taken] the Great Lakes Water Authority Board of Directors schedule a public hearing for the Clean Water State Revolving Fund (CWSRF) project plan submittals for the 1) CSO Outfall Rehabilitation Phase VI, 2) Oakwood and Leib CSO Improvements, and 3) Rehabilitation of the 7 Mile Sewer System for April 24, 2024 at 2:00 p.m.

# GREAT LAKES WATER AUTHORITY

## PUBLIC HEARING NOTICE FOR FY 2025 CLEAN WATER STATE REVOLVING FUND (CWSRF) PROJECTS

The Great Lakes Water Authority (GLWA) announces a Public Hearing regarding Project Plans for the following three proposed projects: 1) Combined Sewer Overflow (CSO) Outfall Rehabilitations, 2) Oakwood and Leib CSO Improvements, and 3) Rehabilitation of the 7 Mile Sewer System. The purpose of this public hearing is not only to inform, but to gather feedback from people who will be affected.

The projects are eligible for participation in the Michigan Department of Environment, Great Lakes and Energy (EGLE) low interest Clean Water State Revolving Fund (CWSRF) loan program and GLWA will be seeking funding for FY 2025. The following is a brief description of each project:

CSO Outfall Rehabilitation Phase VI project consists of the rehabilitation of nineteen (19) outfall sewers located along the Rouge River. The outfall sewers function as the interface between collector sewers and the Northwest Interceptor (NWI) throughout the City of Detroit. The current condition of the 19 outfalls is very poor with risk of failure. Maintaining and repairing the outfalls is necessary in relieving the NWI and preventing negative upstream hydraulic impacts such as basement flooding. The positive impact of the proposed structural rehabilitation of the outfalls will extend the service lives by another 25 to 30 years and allow them to continue to provide relief to the NWI and other GLWA and City of Detroit assets during wet weather events.

The temporary impact of construction activities will be minimized using trenchless rehabilitation approaches and the use of existing access points to the facilities wherever possible. Improvements to the outfall infrastructure are needed to maintain the long-term reliability of these assets and the role they play in preventing negative upstream hydraulic impacts.

Adverse impacts on historical, archaeological, geographic, or cultural areas are not expected. However, if any potential impacts arise, construction will be halted, and the proper steps will be taken to proceed following all appropriate guidelines.

The total cost of this project is currently estimated at \$10,000,000.

Oakwood Leib CSO Improvements project involves significant series of improvements at the Oakwood CSO Retention Treatment Basin and storm/ sanitary pumping station, and the Leib CSO Screening and Disinfection Facility (SDF). The required improvements will address the disinfection, flushing, electrical, and instrumentation and control (I&C) systems and site improvements at both facilities, as well as HVAC and structural/architectural improvements at Leib. In addition, engineering services will be included for the study of disinfection improvements at the Baby Creek SDF, and the Connor Creek Retention Treatment Basin (RTB) CSO facilities. The proposed improvements will increase facility reliability, flexibility, operation, maintenance, and safety to support planned increases in utilization for the Oakwood and Leib CSO facilities upon completion of other projects that are being planned to divert flow from the Northwest Interceptor the Oakwood CSO Facility and to divert flow from the Meldrum for treatment in the Leib SDF.

The temporary impact of construction activities will be minimized as all work is planned to occur within existing buildings and facilities.

Adverse impacts on historical, archaeological, geographic, or cultural areas are not expected. However, if any potential impacts arise, construction will be halted, and the proper steps will be taken to proceed following all appropriate guidelines.

The total cost of this project is currently estimated at \$51,000,000.

Rehabilitation of the 7 Mile Sewer System project consists of the rehabilitation of several large diameter combined sewers including Segments 1, 2, and 3 of the 7 Mile Sewer, the East 7 Mile Relief Sewer, and the West 7 Mile Relief Sewer. This sewer system transports dry and wet weather flow to other GLWA assets including the Seven Mile Sewer Retention Treatment Basin (RTB) Facility and other large diameter sewers that transport flow to the Water Resource Recovery Facility (WRRF). The current condition of portions of the 7 Mile Sewer System is very poor with risk of failure. The positive impacts of the project include structural rehabilitation of the sewers which will extend their service lives by another 25 to 30 years and allow them to continue to convey flow to the GLWA WRRF and provide relief to other components of the regional conveyance system during wet weather events.

The temporary impact of construction activities will be minimized by adopting a targeted spot repair approach that will utilize existing manholes for repair access. Repairs to this infrastructure will be completed in-pipe while the pipe is in service, minimizing above-ground impacts. Improvements to these sewers are needed to maintain the long-term reliability of these assets and the role they play in conveying wastewater and storm water to the WRRF.

Adverse impacts on historical, archaeological, geographic, or cultural areas are not expected. However, if any potential impacts arise, construction will be halted, and the proper steps will be taken to proceed following all appropriate guidelines.

The total cost of this project is currently estimated at \$30,000,000.

The Public Hearing on the FY 2025 Clean Water State Revolving Fund (CWSRF) Projects proposed by the Great Lakes Water Authority will be held for the purpose of receiving comments from interested persons. The presentations at the Public Hearing will provide a description of the improvements, its evaluation, and estimated costs, as well as the cost per household impact for customer communities. Comments and viewpoints from the public are requested. Information on the Project Plan will be available for review online after April 9, 2024, at the GLWA Website: <https://www.glwater.org/>.

**THE MEETING WILL BE HELD ON:**

- DATE:** Wednesday, April 24, 2024
- TIME:** 2:00 PM, Eastern Time (US and Canada)
- PLACE:** **In person, Zoom Videoconferencing, and Telephonic Hearing**

**Join Zoom Meeting**

<https://glwater.zoom.us/j/83998212561?pwd=b2VpVXdoK2VBdE1kUjVUUitQbDJtZz09>

Meeting ID: 839 9821 2561  
Passcode: 100496

**In Person (subject to capacity)**

Board Room, 5<sup>th</sup> Floor  
735 Randolph Street  
Detroit, Michigan 48226

**Telephonic**

Public Call-In Number: 877-853-5247 US Toll-Free or  
888-788-0099 US Toll-Free

Meeting ID: 839 9821 2561  
Passcode: 100496

Members of the public may offer comments in the following manner:

**By Zoom Videoconferencing:** Members of the public who wish to use Zoom videoconferencing to attend the meeting and/or offer public comment may utilize the following link to attend:

<https://glwater.zoom.us/j/83998212561?pwd=b2VpVXdoK2VBdE1kUjVUUitQbDJtZz09>

During the portions of the hearing designated for public participation may “raise their hand” by using that feature within the software program.

**In Person** (subject to capacity): Members of the public who, subject to capacity, wish to attend the meeting and/or off public comment in person may attend the meeting in the Board Room, 5<sup>th</sup> Floor, 735 Randolph, Detroit, MI 48226.

**By Telephone:** Members of the public who wish to attend the meeting and/or offer public comment by telephone should call in at the number indicated above, press \*9 on their keypad to “raise their hand for public comment.” During other portions of the meeting, members of the public are asked to mute their line by pressing \*6 on their keypad to mute or unmute their line.

By E-Mail: Members of the public may provide written comments to the Board by emailing those comments to CEO@glwater.org on or before 5:00 p.m. EST. on Wednesday, April 24, 2024, and should reference “April 24, 2024 Public Hearing on proposed FY 2025 Clean Water State Revolving Fund (CWSRF) Projects” in the subject line of the e-mail. The opportunity to submit written comments by e-mail may remain open throughout the duration of the Public Hearing.

By U.S. Mail: Members of the public may provide written comments by United States mail addressed to:

Suzanne R. Coffey, Chief Executive Officer  
Great Lakes Water Authority  
735 Randolph  
Detroit, Michigan, 48226

Written comments by U.S. mail should reference “April 24, 2024 Public Hearing FY 2025 Clean Water State Revolving Fund (CWSRF) Projects” in the letter. The opportunity to submit written comments by U.S. mail may remain open throughout the duration of the Public Hearing.

If a member of the public requires accommodation due to a disability, please contact CEO@glwater.org or (844) 455-GLWA (4592) not less than 72 hours prior to the date of the meeting.



## Financial Services Audit Committee Communication

**Date:** February 9, 2024

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

**From:** Nicolette N. Bateson, CPA, Chief Financial Officer & Treasurer

**Re:** CFO Update

### **Workday Human Capital Management (HCM) and Payroll System Now Live!**

Beginning for the pay period that started on December 25, 2023, team members began clocking into the new Workday timekeeping system. Our colleagues in Organizational Development (OD) are rolling out the many new features of HCM, and we have successfully completed the first two payroll runs in the new system. Many thanks to the intensive collaboration across the organization to make this happen – particularly those in Information Technology, Payroll, and OD. We also very much appreciate the 1,000+ team members who embraced a change in technology and continue to use the designated communication channels for questions.

From an audit perspective, we have engaged a firm to complete the workflow documentation for a more intensive review by our auditors over the next few months. We will follow a similar process for the Workday Financial System, known as “FINS”, launch in July 2024.

Every Friday, Millie Combs, Slalom Project Manager, present with an update on the following.

|                                |                                       |
|--------------------------------|---------------------------------------|
| Project Progress               | Upcoming activities for the Next Week |
| Burnout Concerns               | “Weather Report” for the Week Ahead   |
| Risks                          | Testing Dashboard                     |
| Activities completed that week | Team Spotlight for the Week           |

This report helps to manage and adjust the workload – especially because team members are engaged in the NexGen asset management implementation as well as other initiatives in addition to daily, weekly, monthly, quarterly, and annual deadlines.

### **Workday FINS Go Live July 1, 2024 - Procurement Communication Plan Underway**

The Procurement team is very excited about the features and efficiencies in Workday. As we move to launch on July 1, 2024, there will be a pause on starting new procurement in June to allow for data migration, conversion, testing and training. Bonfire will continue to be used to facilitate the solicitation process. Conversations with team members and vendors is underway to get ahead on expiring contracts before June 1, 2024.

**GLWA**

*Great Lakes Water Authority*



# **Monthly Financial Report Binder**

**October 2023**

**Presented to the  
Great Lakes Water Authority  
Audit Committee on February 9, 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)

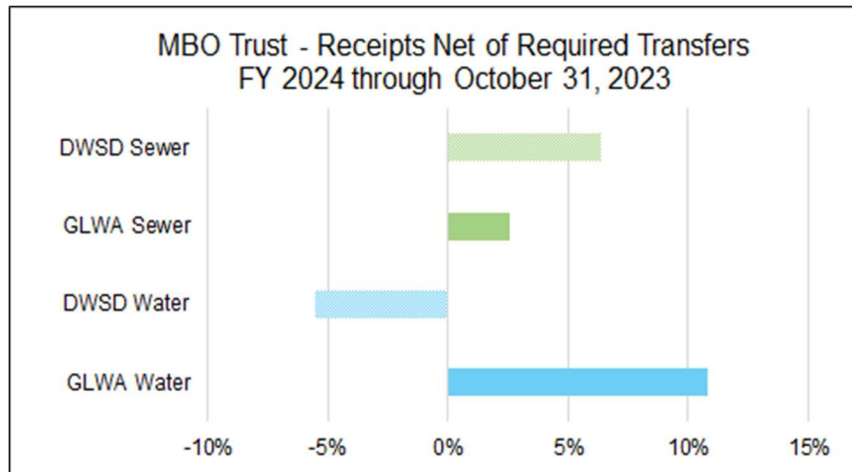
Each variance is monitored by the Great Lakes Water Authority (GLWA) management and, where appropriate, operating and/or budget priorities are re-evaluated. Staff reviews the need for budget amendments quarterly and requests necessary amendments when required based on the most current information available. At the time this report was prepared first quarter budget amendments have been reviewed by the GLWA Audit Committee and are scheduled for review by the full Board of Directors at their January 2024 meeting. These amendments have been incorporated into this report.

For the current year, water and sewer capital spend reflect variances to budget outside the normal range. Capital spend variances reflect evolving changes in the timing that the Capital Improvement Planning group continues to monitor and review.

| As of October 31, 2023                         |                |                        |                |                              |                       |
|--|----------------|------------------------|----------------|------------------------------|-----------------------|
| Metric   | FY 2024 Budget | FY 2024 Amended Budget | FY 2024 Actual | Variance from Financial Plan | Report Page Reference |
| Wholesale Water Billed Revenue (\$M)           | \$125.4        | \$121.4                | \$120.6        | -1%                          | 48                    |
| Wholesale Water Billed Usage (mcf)             | 5,399,000      | 4,942,000              | 4,948,000      | 0%                           |                       |
| Wholesale Sewer Billed Revenue (\$M)           | \$94.0         | \$94.0                 | \$94.0         | 0%                           | 50                    |
| Wholesale Water Operations & Maintenance (\$M) | \$51.0         | \$54.4                 | \$54.0         | -1%                          | 5                     |
| Wholesale Sewer Operations & Maintenance (\$M) | \$68.5         | \$73.4                 | \$70.1         | -4%                          |                       |
| Investment Income (\$M)                        | \$5.1          | \$13.4                 | \$16.4         | 22%                          | 37                    |
| Water Prorated Capital Spend w/SRA* (\$M)      | \$79.8         | \$74.9                 | \$49.7         | -34%                         | 28                    |
| Sewer Prorated Capital Spend w/SRA* (\$M)      | \$66.4         | \$55.0                 | \$37.6         | -32%                         | 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 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

shortfall of \$2.0 million and DWSD Sewer reports a surplus of \$6.5 million of net receipts over disbursements through October 2023. The Water shortfall relates to the routine monthly transfer of credit balances to the Sewer account which was impacted by a recent change in the customer deposit policy. Preliminary review of November activity reflects continued improvement.



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

- The FY 2024 information includes the proposed first quarter FY 2024 budget amendments pending approval by the GLWA Board of Directors.
- The total Revenue Requirements are on target through October 2023.
- The total overall Operations & Maintenance expenses are at 32.4% of budget through October 2023. This positive variance equates to a dollar amount of \$3.7 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 October 2023 is \$30.1 million for the Water fund (23.3% of total revenues) and \$39.2 million for the Sewer fund (24.0 % of total revenues).
- Water Net Position increased by \$ 8.6 million, and Sewage Disposal Net Position increased by \$ 13.0 million for the year to date through October 2023.

### **Capital Improvement Plan Financial Summary (page 27)**

- Water system costs incurred to date are below the 94% Capital Spend Ratio assumption.
- Sewer system costs incurred to date are below the 82.9% Capital Spend Ratio assumption.

### **Master Bond Ordinance Transfers (page 30)**

- For October, transfers of \$13.5 million and \$18.1 million were completed for the GLWA Water and Sewer funds, respectively.
- Also for October, transfers of \$5.6 million and \$6.9 million were completed for the DWSD Water and Sewer funds, respectively.

### **Cash Balances & Investment Income (page 37)**

- Total cash & investments are \$492 million for Water and \$635 million in the Sewer fund.
- Total, combined, cumulative, FY 2024 investment income through October is \$16.4 million.

### **DWSD Retail Revenues, Receivables & Collections (page 41)**

- Water revenue through October 31, 2023 is 100.33% and usage is 101.35% of budget.
- Sewer revenue through October 31, 2023 is 99.75% and usage is 98.16% of budget.
- Combined accounts receivable balances for the water and sewer funds report a decrease of \$40.1 million over the prior year.
- Past dues over 180 days make up of 64.7% the total accounts receivable balance. The current bad debt allowance covers over 99.4% of past dues over 60 days.

### **GLWA Wholesale Billing, Receivables & Collections (page 47)**

- GLWA accounts receivable past due balance net of Highland Park is 9.21% of the total accounts receivable balance, with the majority of that balance related to one water account dispute currently under discussion.
- The Highland Park past due balance is \$54.9 million. It includes \$40.5 million for wastewater treatment services, \$1.9 million for industrial waste control services, and \$12.5 million for water supply services. Highland Park made a catch-up payment of \$1.7 million on June 3, 2022 and has continued to make additional, monthly payments since that time totaling \$7.5 million as of October 31, 2023.
- On October 25, 2023, the GLWA Board of Directors approved a term sheet that represents the initial step in implementing a proposed agreement between GLWA, the city of Highland Park, and the state of Michigan. This monthly financial report will reflect the impacts of that term sheet and agreement moving forward as implementation steps occur.

**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 – Major Budget Categories
3. Alignment of Operations & Maintenance Budget Priorities – Expense Variance Analysis

The FY 2024 information presented in these sections includes the proposed first quarter FY 2024 budget amendments pending approval by the GLWA Board of Directors.

## Revenue Requirements Budget Basis Analysis

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 October 2023, the pro-rata benchmark is 33.3% (4 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 above the pro-rata benchmark; the *water* system is at 35.2% while the *sewer* system is at 33.4%. 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 October 31, 2023, these payments total \$2.2 million for FY 2024.

2. **Investment Earnings:** For both systems, investment earnings are above the pro-rata benchmark for FY 2024; the *water* system is at 41.8% while the *sewer* system is at 42.1%. 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.
4. **Operations & Maintenance Expense:** Actual expenses<sup>1</sup> for *both* systems are slightly below the pro-rata benchmark for FY 2024 the *water* system is at 33.1% while the *sewer* system O&M expenses is at 31.9%.
5. **Debt Service:** For FY 2024, both systems are slightly below the pro-rata benchmark for debt service; the *water* system is at 32.9% while the *sewer* system is at 33.0%. 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. Funding levels are currently being evaluated to determine if additional transfers to this reserve will 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 October 31, 2023. 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.

<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<br>AMENDED<br>BUDGET | FY 2023<br>ACTIVITY<br>THRU<br>10/31/2022 | Percent<br>Year-to-<br>Date at<br>10/31/2022 | FY 2024<br>BOARD<br>ADOPTED<br>BUDGET | FY 2024<br>AMENDED<br>BUDGET | FY 2024<br>ACTIVITY<br>THRU<br>10/31/2023 | Percent<br>Year-to-<br>Date at<br>10/31/2023 |
|---|------------------------------|---|--|---------------------------------------|------------------------------|---|--|
| <b>Water System</b>                               |                              |   |  |                                       |                              |   |  |
| <b>Revenues</b>                                   |                              |   |  |                                       |                              |   |  |
| Suburban Wholesale Customer Charges               | \$ 333,856                   | \$ 121,757                                | 36.5%  | \$ 340,541                            | \$ 336,541                   | \$ 118,140                                | 35.1%  |
| Retail Service Charges                            | 22,834                       | 7,645                                     | 33.5%  | 25,537                                | 25,537                       | 8,512                                     | 33.3%  |
| Investment Earnings                               | 9,670                        | 1,127                                     | 11.6%  | 4,062                                 | 12,062                       | 5,042                                     | 41.8%  |
| Other Revenues                                    | 995                          | 109                                       | 11.0%  | 175                                   | 440                          | 259                                       | 58.8%  |
| <b>Total Revenues</b>                             | <b>\$ 367,356</b>            | <b>\$ 130,638</b>                         | <b>35.6%</b>                                 | <b>\$ 370,315</b>                     | <b>\$ 374,580</b>            | <b>\$ 131,953</b>                         | <b>35.2%</b>                                 |
| <b>Revenue Requirements</b>                       |                              |   |  |                                       |                              |   |  |
| Operations & Maintenance Expense                  | \$ 156,748                   | \$ 51,515                                 | 32.9%  | \$ 152,906                            | \$ 163,101                   | \$ 53,953                                 | 33.1%  |
| General Retirement System Legacy Pension          | 6,048                        | 2,016                                     | 33.3%  | -                                     | -                            | -   | 0.0%   |
| Debt Service                                      | 150,055                      | 50,520                                    | 33.7%  | 159,483                               | 162,634                      | 53,482                                    | 32.9%  |
| General Retirement System Accelerated Pension     | 6,268                        | 2,089                                     | 33.3%  | 3,396                                 | 1,506                        | 1,132                                     | 75.2%  |
| Extraordinary Repair & Replacement Deposit        | 200                          | -   | 0.0%   | -                                     | -                            | 2,062                                     | 0.0%   |
| Water Residential Assistance Program Contribution | 1,771                        | 590                                       | 33.3%  | 1,852                                 | 1,852                        | 617                                       | 33.3%  |
| Regional System Lease                             | 22,500                       | 8,141                                     | 36.2%  | 22,500                                | 22,500                       | 7,500                                     | 33.3%  |
| Operating Reserve Deposit                         | -                            | -   | 0.0%   | -                                     | -                            | -   | 0.0%   |
| DWSD Budget Shortfall Pending                     | -                            | -   | 0.0%   | -                                     | -                            | -   | 0.0%   |
| Receiving Fund Working Capital Requirement        | -                            | -   | 0.0%   | -                                     | 1,400                        | -   | 0.0%   |
| Improvement & Extension Fund Transfer Pending     | 23,766                       | 9,491                                     | 39.9%  | 30,178                                | 21,588                       | 10,059                                    | 46.6%  |
| <b>Total Revenue Requirements</b>                 | <b>\$ 367,356</b>            | <b>\$ 124,363</b>                         | <b>33.9%</b>                                 | <b>\$ 370,315</b>                     | <b>\$ 374,580</b>            | <b>\$ 128,805</b>                         | <b>34.4%</b>                                 |
| <b>Net Difference</b>                             |                              | <b>\$ 6,275</b>                           |  |                                       |                              | <b>\$ 3,148</b>                           |  |
| <i>Recap of Net Positive Variance</i>             |                              |   |  |                                       |                              |   |  |
|   |                              | <i>Revenue Variance</i>                   | \$ 8,186                                     |                                       |                              | \$ 7,093                                  |  |
|   |                              | <i>Revenue Requirement Variance</i>       | (1,911)                                      |                                       |                              | (3,946)                                   |  |
|   |                              | <i>Overall Variance</i>                   | \$ 6,275                                     |                                       |                              | \$ 3,148                                  |  |

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

|   | FY 2023<br>AMENDED<br>BUDGET | FY 2023<br>ACTIVITY<br>THRU<br>10/31/2022 | Percent<br>Year-to-<br>Date at<br>10/31/2022 | FY 2024<br>BOARD<br>ADOPTED<br>BUDGET | FY 2024<br>AMENDED<br>BUDGET | FY 2024<br>ACTIVITY<br>THRU<br>10/31/2023 | Percent<br>Year-to-<br>Date at<br>10/31/2023 |
|---|------------------------------|---|--|---------------------------------------|------------------------------|---|--|
| <b>Sewer System</b>                               |                              |   |  |                                       |                              |   |  |
| <b>Revenues</b>                                   |                              |   |  |                                       |                              |   |  |
| Suburban Wholesale Customer Charges               | \$ 274,907                   | \$ 91,775                                 | 33.4%  | \$ 282,688                            | \$ 282,688                   | \$ 93,432                                 | 33.1%  |
| Retail Service Charges                            | 191,042                      | 63,681                                    | 33.3%  | 196,570                               | 196,570                      | 65,523                                    | 33.3%  |
| Industrial Waste Control Charges                  | 8,420                        | 2,806                                     | 33.3%  | 8,584                                 | 8,584                        | 2,874                                     | 33.5%  |
| Pollutant Surcharges                              | 4,951                        | 1,690                                     | 34.1%  | 5,328                                 | 5,328                        | 1,343                                     | 25.2%  |
| Investment Earnings                               | 13,532                       | 1,832                                     | 13.5%  | 7,057                                 | 16,057                       | 6,763                                     | 42.1%  |
| Other Revenues                                    | 2,355                        | 267                                       | 11.3%  | 400                                   | 717                          | 464                                       | 64.7%  |
| <b>Total Revenues</b>                             | <b>\$ 495,207</b>            | <b>\$ 162,051</b>                         | <b>32.7%</b>                                 | <b>\$ 500,627</b>                     | <b>\$ 509,944</b>            | <b>\$ 170,398</b>                         | <b>33.4%</b>                                 |
| <b>Revenue Requirements</b>                       |                              |   |  |                                       |                              |   |  |
| Operations & Maintenance Expense                  | \$ 204,123                   | \$ 65,459                                 | 32.1%  | \$ 205,644                            | \$ 220,128                   | \$ 70,123                                 | 31.9%  |
| General Retirement System Legacy Pension          | 10,824                       | 3,608                                     | 33.3%  | -                                     | -                            | -   | 0.0%   |
| Debt Service                                      | 212,509                      | 69,595                                    | 32.7%  | 228,328                               | 231,782                      | 76,498                                    | 33.0%  |
| General Retirement System Accelerated Pension     | 11,621                       | 3,874                                     | 33.3%  | 6,479                                 | 3,097                        | 2,160                                     | 69.7%  |
| Extraordinary Repair & Replacement Deposit        | -                            | -   | 0.0%   | -                                     | -                            | -   | 0.0%   |
| Water Residential Assistance Program Contribution | 2,394                        | 798                                       | 33.3%  | 2,503                                 | 2,503                        | 834                                       | 33.3%  |
| Regional System Lease                             | 27,500                       | 8,679                                     | 31.6%  | 27,500                                | 27,500                       | 9,167                                     | 33.3%  |
| Operating Reserve Deposit                         | -                            | -   | 0.0%   | -                                     | -                            | -   | 0.0%   |
| DWSD Budget Shortfall Pending                     | -                            | -   | 0.0%   | -                                     | -                            | -   | 0.0%   |
| Improvement & Extension Fund Transfer Pending     | 26,237                       | 9,358                                     | 35.7%  | 30,173                                | 24,934                       | 10,058                                    | 40.3%  |
| <b>Total Revenue Requirements</b>                 | <b>\$ 495,207</b>            | <b>\$ 161,371</b>                         | <b>32.6%</b>                                 | <b>\$ 500,627</b>                     | <b>\$ 509,944</b>            | <b>\$ 168,839</b>                         | <b>33.1%</b>                                 |
| <b>Net Difference</b>                             |                              | <b>\$ 680</b>                             |  |                                       |                              | <b>\$ 1,559</b>                           |  |
| <i>Recap of Net Positive Variance</i>             |                              |   |  |                                       |                              |   |  |
|   |                              | <i>Revenue Variance</i>                   | \$ (3,018)                                   |                                       |                              | \$ 417                                    |  |
|   |                              | <i>Revenue Requirement Variance</i>       | 3,698  |                                       |                              | 1,142                                     |  |
|   |                              | <i>Overall Variance</i>                   | \$ 680                                       |                                       |                              | \$ 1,559                                  |  |

## Operations & Maintenance Budget – Major Budget Categories

The year-over-year benchmark ratio as of October 31, 2023, is 33.3% (four months). When comparing FY 2024 to FY 2023 in **Table 2 – Operations & Maintenance Budget – Major Budget Categories**, the overall spending is slightly higher in FY 2024.

In addition to the four major budget categories, 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 – Major Budget Categories – (\$000)**

| Major Budget Categories     | FY 2023<br>AMENDED<br>BUDGET | FY 2023<br>ACTIVITY<br>THRU<br>10/31/2022 | Percent<br>Year-to-<br>Date at<br>10/31/2022 | FY 2024<br>BOARD<br>ADOPTED<br>BUDGET | FY 2024<br>AMENDED<br>BUDGET | FY 2024<br>ACTIVITY<br>THRU<br>10/31/2023 | Percent<br>Year-to-<br>Date at<br>10/31/2023 |
|-----------------------------|------------------------------|---|--|---------------------------------------|------------------------------|---|--|
| Water                       | \$ 85,337                    | \$ 28,787                                 | 33.7%  | \$ 82,733                             | \$ 87,738                    | \$ 29,161                                 | 33.2%  |
| Sewer                       | 136,348                      | 44,738                                    | 32.8%  | 132,934                               | 141,656                      | 47,309                                    | 33.4%  |
| Centralized                 | 104,503                      | 32,983                                    | 31.6%  | 106,901                               | 116,537                      | 36,051                                    | 30.9%  |
| Administrative              | 34,682                       | 10,466                                    | 30.2%  | 35,983                                | 37,298                       | 11,555                                    | 31.0%  |
| Employee Benefits           | -                            | -   | 0.0%   | -                                     | -                            | -   | 0.0%   |
| <b>Total O&amp;M Budget</b> | <b>\$ 360,870</b>            | <b>\$ 116,974</b>                         | <b>32.4%</b>                                 | <b>\$ 358,550</b>                     | <b>\$ 383,229</b>            | <b>\$ 124,076</b>                         | <b>32.4%</b>                                 |

*Totals may be off due to rounding*

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

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 32.4% which is slightly below the pro-rata benchmark of 33.3%. This positive variance equates to a dollar amount of \$3.7 million. The expense category commentary is provided below for items highlighted on Table 3.

**Personnel Costs:** The overall category is slightly above the pro-rata benchmark; coming in at 34.4% through October 2023.



**Utilities:** The overall category is slightly above the pro-rata benchmark; coming in at 33.5% through October 2023. Variances within this category, when they occur, are not unexpected as usage varies throughout the year.

- **Electric** is above the pro-rata benchmark, coming in at 37.4%. 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. The budget for this category was amended for the first quarter of FY 2024 for the increase in kWh and continues to be monitored.
- **Gas** is coming in at 16.9% which is lower than the benchmark of 33.3%. Variances within this category are not unexpected as usage varies throughout the year. This category is under review.
- **Sewage service** is lower than the benchmark, coming in at 30.2%. This category is under review.
- **Water service** is slightly lower than the benchmark, coming in at 32.8%. 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 budget for this category was amended for the first quarter of FY 2024 and continues to be monitored.

**Chemicals:** This category is lower than the benchmark; coming in at 30.8% through October 2023. The FY 2024 budget was amended for the increase in chemical costs. 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 28.8% through October 2023. 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. A review of this category is being conducted.

**Contractual Services:** The overall category is slightly higher than the pro-rata benchmark; coming in at 33.4% through October 2023. 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 lower than the benchmark; coming in at 18.8% through October 2023. 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. A review of this category is being conducted.

**Shared Services:** This category is higher than the benchmark; coming in at 39.3% through October 2023. 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.

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

| Expense Categories                       | FY 2023<br>AMENDED<br>BUDGET | FY 2023<br>ACTIVITY<br>THRU<br>10/31/2022 | Percent<br>Year-to-<br>Date at<br>10/31/2022 | FY 2023<br>ACTIVITY<br>THRU<br>6/30/2023 | Percent<br>Year-to-<br>Date at<br>6/30/2023 | FY 2024                      |   | FY 2024<br>ACTIVITY<br>THRU<br>10/31/2023 | Percent<br>Year-to-<br>Date<br>10/31/2023 | FY 2024<br>Prorated<br>Amended<br>Budget<br>Less<br>FY 2024<br>Activity |
|--|------------------------------|---|--|--|---|------------------------------|---|---|---|---|
|  |                              |   |  |  |   | FY 2024<br>AMENDED<br>BUDGET | FY 2024<br>PRORATED<br>BUDGET<br>(4 MONTHS) |   |   |   |
| <b>Entity-wide</b>                       |                              |   |  |  |   |                              |   |   |   |   |
| Salaries & Wages                         | \$ 71,395                    | \$ 23,403                                 | 32.8%  | \$ 70,114                                | 33.4%                                       | \$ 74,935                    | \$ 24,978                                   | \$ 25,613                                 | 34.2%                                     | \$ (635)  |
| Workforce Development                    | 1,326                        | 403                                       | 30.4%  | 1,414                                    | 28.5%                                       | 1,392                        | 464   | 636                                       | 45.7%                                     | (172)   |
| Overtime                                 | 8,411                        | 2,936                                     | 34.9%  | 8,571                                    | 34.3%                                       | 7,453                        | 2,484                                       | 2,990                                     | 40.1%                                     | (506)   |
| Employee Benefits                        | 25,582                       | 8,393                                     | 32.8%  | 24,790                                   | 33.9%                                       | 28,264                       | 9,421                                       | 9,241                                     | 32.7%                                     | 180   |
| Transition Services                      | 9,432                        | 3,416                                     | 36.2%  | 9,920                                    | 34.4%                                       | 9,129                        | 3,043                                       | 3,194                                     | 35.0%                                     | (151)   |
| Employee Benefits Fund                   | -                            | -   | 0.0%   | -  | 0.0%  | -                            | -   | -   | 0.0%                                      | -   |
| <b>Personnel Costs</b>                   | <b>116,145</b>               | <b>38,551</b>                             | <b>33.2%</b>                                 | <b>114,808</b>                           | <b>33.6%</b>                                | <b>121,172</b>               | <b>40,391</b>                               | <b>41,674</b>                             | <b>34.4%</b>                              | <b>(1,283)</b>  |
| Electric                                 | 47,963                       | 17,025                                    | 35.5%  | 48,176                                   | 35.3%                                       | 46,769                       | 15,590                                      | 17,486                                    | 37.4%                                     | (1,896)   |
| Gas                                      | 12,042                       | 4,632                                     | 38.5%  | 10,821                                   | 42.8%                                       | 9,865                        | 3,288                                       | 1,663                                     | 16.9%                                     | 1,625   |
| Sewage Service                           | 3,028                        | 804                                       | 26.5%  | 3,052                                    | 26.3%                                       | 2,873                        | 958   | 869                                       | 30.2%                                     | 89  |
| Water Service                            | 11,589                       | 3,202                                     | 27.6%  | 15,228                                   | 21.0%                                       | 12,109                       | 4,036                                       | 3,977                                     | 32.8%                                     | 59  |
| <b>Utilities</b>                         | <b>74,622</b>                | <b>25,663</b>                             | <b>34.4%</b>                                 | <b>77,277</b>                            | <b>33.2%</b>                                | <b>71,616</b>                | <b>23,872</b>                               | <b>23,995</b>                             | <b>33.5%</b>                              | <b>(123)</b>  |
| Chemicals                                | 29,525                       | 9,200                                     | 31.2%  | 30,542                                   | 30.1%                                       | 33,109                       | 11,036                                      | 10,194                                    | 30.8%                                     | 842   |
| Supplies & Other                         | 36,163                       | 10,809                                    | 29.9%  | 35,766                                   | 30.2%                                       | 42,662                       | 14,221                                      | 12,276                                    | 28.8%                                     | 1,945   |
| Contractual Services                     | 106,625                      | 33,711                                    | 31.6%  | 108,725                                  | 31.0%                                       | 111,763                      | 37,254                                      | 37,383                                    | 33.4%                                     | (129)   |
| Capital Program Allocation               | (2,135)                      | (590)                                     | 27.6%  | (2,190)                                  | 26.9%                                       | (4,233)                      | (1,411)                                     | (797)                                     | 18.8%                                     | (614)   |
| Shared Services                          | (1,571)                      | (371)                                     | 23.6%  | (3,270)                                  | 11.3%                                       | (1,656)                      | (552)                                       | (650)                                     | 39.3%                                     | 98  |
| Unallocated Reserve                      | 1,497                        | -   | 0.0%   | -  | 0.0%  | 8,796                        | 2,932                                       | -   | 0.0%                                      | 2,932   |
| <b>Total Expenses</b>                    | <b>\$ 360,870</b>            | <b>\$ 116,974</b>                         | <b>32.4%</b>                                 | <b>\$ 361,658</b>                        | <b>32.3%</b>                                | <b>\$ 383,229</b>            | <b>\$ 127,743</b>                           | <b>\$ 124,076</b>                         | <b>32.4%</b>                              | <b>\$ 3,668</b>   |
| <i>Totals may be off due to rounding</i> |                              |   |  |  |   |                              |   |   |   |   |

All amounts are unaudited unless otherwise noted.

GLWA Audit Committee February 9, 2024



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 2023 comparative amounts shown in the tables below are presented based on final audited figures.

## Statement of Net Position – All Funds Combined

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

**Table 1 – Statement of Net Position - All Funds Combined  
As of October 31, 2023  
(\$000)**

|                                     | Water               | Sewage<br>Disposal | Total Business-<br>type Activities | Comparative<br>June 30, 2023 |
|-------------------------------------|---------------------|--------------------|------------------------------------|------------------------------|
| <b>Assets</b>                       |                     |                    |                                    |                              |
| Cash - unrestricted (a)             | \$ 239,664          | \$ 306,552         | \$ 546,216                         | \$ 482,736                   |
| Cash - restricted (a)               | 90,892              | 105,616            | 196,508                            | 470,204                      |
| Investments - unrestricted (a)      | 26,200              | 38,171             | 64,370                             | 63,241                       |
| Investments - restricted (a)        | 117,213             | 192,891            | 310,103                            | 177,998                      |
| Accounts Receivable                 | 97,690              | 59,896             | 157,586                            | 171,747                      |
| Due from (to) Other Funds (b)       | 7,196               | (7,196)            | -                                  | -                            |
| Other Assets (c)                    | 660,929             | 396,340            | 1,057,270                          | 1,056,956                    |
| Cash held FBO DWSD Advance          | -                   | -                  | -                                  | -                            |
| Capital Assets, net of Depreciation | 1,203,105           | 1,957,941          | 3,161,046                          | 3,229,243                    |
| Land                                | 293,617             | 126,816            | 420,433                            | 420,433                      |
| Construction Work in Process (e)    | 427,991             | 305,733            | 733,724                            | 668,326                      |
| <b>Total assets</b>                 | <b>3,164,497</b>    | <b>3,482,759</b>   | <b>6,647,256</b>                   | <b>6,740,885</b>             |
| <b>Deferred Outflows (f)</b>        | <b>55,530</b>       | <b>122,650</b>     | <b>178,180</b>                     | <b>181,672</b>               |
| <b>Liabilities</b>                  |                     |                    |                                    |                              |
| Liabilities - Liabilities-ST        | 185,445             | 200,889            | 386,335                            | 424,229                      |
| Due to (from) Other Funds (b)       | -                   | -                  | -                                  | -                            |
| Other Liabilities (h)               | 2,506               | 6,128              | 8,634                              | 7,500                        |
| Cash Held FBO DWSD (d)              | 18,810              | 33,810             | 52,619                             | 42,464                       |
| Liabilities - Long-Term (i)         | 3,085,677           | 3,423,409          | 6,509,086                          | 6,598,619                    |
| <b>Total liabilities</b>            | <b>3,292,438</b>    | <b>3,664,235</b>   | <b>6,956,673</b>                   | <b>7,072,812</b>             |
| <b>Deferred Inflows (f)</b>         | <b>42,893</b>       | <b>35,928</b>      | <b>78,821</b>                      | <b>81,327</b>                |
| <b>Total net position (j)</b>       | <b>\$ (115,304)</b> | <b>\$ (94,754)</b> | <b>\$ (210,059)</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 October 31, 2023 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

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 October 2023 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**  
**For the Four Months ended October 31, 2023**  
**(\$000)**

|   | Water               | Percent<br>of<br>Revenue | Sewage Disposal    | Percent<br>of<br>Revenue | Total<br>Business-<br>Type<br>Activities | Comparative<br>June 30, 2023 |
|---|---------------------|--------------------------|--------------------|--------------------------|--|------------------------------|
| <b>Revenue</b>                              |                     |                          |                    |                          |  |                              |
| Wholesale customer charges                  | \$ 120,296          | 93.3%                    | \$ 93,432          | 57.2%                    | \$ 213,728                               | \$ 616,511                   |
| Local system charges                        | 8,512               | 6.6%                     | 65,523             | 40.1%                    | 74,036                                   | 213,877                      |
| Industrial waste charges                    |                     | 0.0%                     | 2,874              | 1.8%                     | 2,874                                    | 8,393                        |
| Pollutant surcharges                        |                     | 0.0%                     | 1,343              | 0.8%                     | 1,343                                    | 4,895                        |
| Other revenues                              | 92                  | 0.1%                     | 293                | 0.2%                     | 385                                      | 2,011                        |
| <b>Total Revenues</b>                       | <b>128,901</b>      | <b>100.0%</b>            | <b>163,465</b>     | <b>100.0%</b>            | <b>292,366</b>                           | <b>845,686</b>               |
| <b>Operating expenses</b>                   |                     |                          |                    |                          |  |                              |
| Operations and Maintenance                  | 54,007              | 41.9%                    | 70,679             | 43.2%                    | 124,686                                  | 366,823                      |
| Depreciation                                | 43,629              | 33.8%                    | 53,461             | 32.7%                    | 97,090                                   | 289,957                      |
| Amortization of intangible assets           | 1,189               | 0.9%                     | 147                | 0.1%                     | 1,335                                    | 4,006                        |
| <b>Total operating expenses</b>             | <b>98,825</b>       | <b>76.7%</b>             | <b>124,286</b>     | <b>76.0%</b>             | <b>223,111</b>                           | <b>660,786</b>               |
| <b>Operating Income</b>                     | <b>30,076</b>       | <b>23.3%</b>             | <b>39,179</b>      | <b>24.0%</b>             | <b>69,255</b>                            | <b>184,900</b>               |
| <b>Total Nonoperating (revenue) expense</b> | <b>21,520</b>       | <b>16.7%</b>             | <b>26,211</b>      | <b>16.0%</b>             | <b>47,731</b>                            | <b>197,183</b>               |
| Increase/(Decrease) in Net Position         | <b>8,555</b>        | <b>6.6%</b>              | <b>12,968</b>      | <b>7.9%</b>              | <b>21,523</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>\$ (115,304)</b> |                          | <b>\$ (94,754)</b> |                          | <b>\$ (210,059)</b>                      | <b>\$ (231,582)</b>          |

*Totals may be off due to rounding*

## Water Fund

- ✓ The increase in Water Fund Net Position is \$8.6 million.
- ✓ Wholesale water customer charges of \$120.3 million account for 93.3% of Water System revenues.
- ✓ Operating expenses of \$98.8 million represent 76.7% of total operating revenue. Depreciation is the largest operating expense at \$43.6 million or 44.1% of operating expense.
- ✓ Amortization of intangible assets represents activity for raw water rights.
- ✓ Operating income after operating expenses (including depreciation) equals \$30.1 million or 23.3% of operating revenue.
- ✓ The largest category within nonoperating activities is bonded debt interest expense of \$28.5 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 \$13.0 million.
- ✓ Wholesale customer charges of \$93.4 million account for 57.2% 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 \$65.5 million account for 40.1% of total operating revenues. These are also billed at one-twelfth of the annual revenue requirement.
- ✓ Operating expenses of \$124.3 million represent 76.0% of total operating revenue. Depreciation is the largest operating expense at \$53.5 million or 43.0% of total operating expense.
- ✓ Amortization of intangible assets represents activity for a warehouse lease.
- ✓ Operating income after operating expenses (including depreciation) equals \$39.2 million or 24.0% of operating revenue.
- ✓ The largest category within nonoperating activities is bonded debt interest expense of \$34.3 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

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 October 2023 Financial Report Binder. Explanatory notes follow this schedule.

**Table 3 – Supplemental Schedule of Operations & Maintenance Expenses  
– All Funds Combined  
For the Four Months ended October 31, 2023  
(\$000)**

|  | Water            | Percent of<br>Total | Sewage<br>Disposal | Percent of<br>Total | Total<br>Business-<br>Type<br>Activities | Percent of<br>Total |
|--|------------------|---------------------|--------------------|---------------------|--|---------------------|
| <b>Operating Expenses</b>                  |                  |                     |                    |                     |  |                     |
| Personnel                                  |                  |                     |                    |                     |  |                     |
| Salaries & Wages                           | 9,415            | 17.4%               | 20,028             | 28.3%               | 29,443                                   | 23.6%               |
| Overtime                                   | 1,847            | 3.4%                | 1,144              | 1.6%                | 2,990                                    | 2.4%                |
| Benefits                                   | 6,644            | 12.3%               | 2,598              | 3.7%                | 9,241                                    | 7.4%                |
| Total Personnel                            | \$ 17,905        | 33.2%               | \$ 23,769          | 33.6%               | \$ 41,674                                | 33.4%               |
| <b>Utilities</b>                           |                  |                     |                    |                     |  |                     |
| Electric                                   | 11,333           | 21.0%               | 6,153              | 8.7%                | 17,486                                   | 14.0%               |
| Gas  | 122              | 0.2%                | 1,541              | 2.2%                | 1,663                                    | 1.3%                |
| Sewage                                     | 114              | 0.2%                | 754                | 1.1%                | 869                                      | 0.7%                |
| Water                                      | 1                | 0.0%                | 3,976              | 5.6%                | 3,977                                    | 3.2%                |
| Total Utilities                            | \$ 11,571        | 21.4%               | \$ 12,424          | 17.6%               | \$ 23,995                                | 19.2%               |
| Chemicals                                  | 3,699            | 6.8%                | 6,495              | 9.2%                | 10,194                                   | 8.2%                |
| Supplies and other                         | 3,730            | 6.9%                | 8,380              | 11.9%               | 12,110                                   | 9.7%                |
| Contractual services                       | 18,089           | 33.5%               | 20,218             | 28.6%               | 38,307                                   | 30.7%               |
| Capital Adjustment                         | -                | 0.0%                | -                  | 0.0%                | -  | 0.0%                |
| Capital program allocation                 | (399)            | -0.7%               | (398)              | -0.6%               | (797)                                    | -0.6%               |
| Intergovernmental Agreement                | (114)            | -0.2%               | (34)               | 0.0%                | (148)                                    | -0.1%               |
| Shared services allocation                 | (474)            | -0.9%               | (176)              | -0.2%               | (650)                                    | -0.5%               |
| <b>Operations and Maintenance Expenses</b> | <b>\$ 54,007</b> | <b>100.0%</b>       | <b>\$ 70,679</b>   | <b>100.0%</b>       | <b>\$ 124,686</b>                        | <b>100.0%</b>       |

*Totals may be off due to rounding*

- ✓ Core expenses for water and sewage disposal systems are utilities (19.2% of total O&M expenses) and chemicals (8.2% of total O&M expenses).
- ✓ Personnel costs (33.4% 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 (30.7%) includes:
  - Water System costs of sludge removal and disposal services at the Northeast, Southwest and Springwells Water Treatment Plants (approximately \$3.0 million);
  - Sewage Disposal System costs for the operation and maintenance of the biosolids dryer facility (approximately \$6.1 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

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  
For the Four Months ended October 31, 2023  
(\$000)**

|   | Water            | Sewage<br>Disposal | Total<br>Business-<br>type<br>Activities | Comparative<br>June 30, 2023 |
|---|------------------|--------------------|--|------------------------------|
| <b>Nonoperating (Revenue)/Expense</b>       |                  |                    |  |                              |
| Interest income contractual obligation      | \$ (8,035)       | \$ (5,249)         | \$ (13,284)                              | \$ (41,059)                  |
| Investment earnings                         | (7,014)          | (9,349)            | (16,363)                                 | (35,344)                     |
| Net (incr) decr in fair value of invstmt    | (1,305)          | (2,617)            | (3,922)                                  | (2,257)                      |
| Other nonoperating revenue                  | (167)            | (3,036)            | (3,203)                                  | (3,872)                      |
| <b>Interest Expense</b>                     |                  |                    |  |                              |
| Bonded debt                                 | 36,579           | 39,512             | 76,091                                   | 228,066                      |
| Lease obligation                            | 5,544            | 6,777              | 12,321                                   | 37,319                       |
| Other obligations                           | 1,403            | 534                | 1,937                                    | 5,906                        |
| <b>Total interest expense</b>               | <b>43,526</b>    | <b>46,823</b>      | <b>90,349</b>                            | <b>271,291</b>               |
| Other non-capital expense                   | -                | -                  | -  | -                            |
| Memorandum of Understanding                 | -                | -                  | -  | -                            |
| Capital Contribution                        | -                | -                  | -  | (2,176)                      |
| Amortization, issuance costs, debt          | (5,154)          | 255                | (4,899)                                  | (3,998)                      |
| (Gain) loss on disposal of capital assets   | (9)              | (10)               | (18)                                     | 2,119                        |
| Loss on impairment of capital assets        | -                | -                  | -  | -                            |
| Discontinued Capital Projects               | -                | -                  | -  | 20,903                       |
| Water Residential Assistance Program        | (323)            | (606)              | (928)                                    | 12,343                       |
| Legacy pension expense                      | -                | -                  | -  | (20,765)                     |
| <b>Total Nonoperating (Revenue)/Expense</b> | <b>\$ 21,520</b> | <b>\$ 26,211</b>   | <b>\$ 47,731</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 2022 market value adjustments for Water and Sewer total \$2.8 million and \$3.9 million, respectively. FY 2023 market value adjustments for Water and Sewer total \$1.3 million and \$2.6 million, respectively. Any difference is due to realized gain or loss on investments.



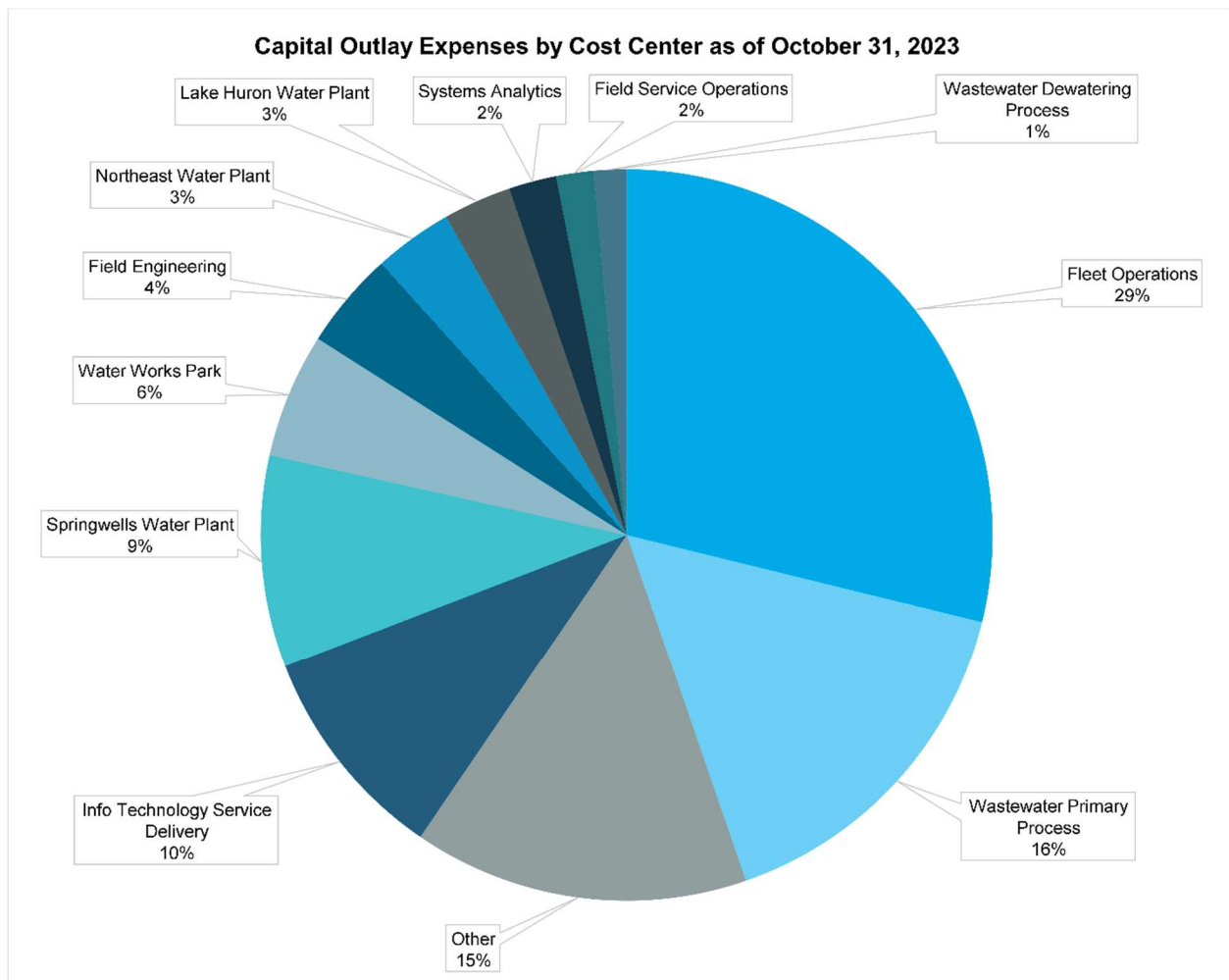
- ✓ Interest expense, the largest category of nonoperating expenses, is made up of three components:
  - Bonded debt;
  - Lease obligation for the regional assets from the City of Detroit; and
  - Other obligations such as an obligation payable to the City of Detroit for an allocation BC Notes related to assumed DWSD liabilities; acquisition of raw water rights related to the KWA Pipeline.
- ✓ FY 2024 and FY 2023 other non-operating income primarily represents FEMA Covid-19 grant income 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 October 31, 2023, total capital outlay spend is \$7.1 million. Following this chart is a sample list of projects and purchases from the total spend of \$7.1 million:



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

**Water Operations:** Ovation power supply upgrade (\$884k); Water Works Park build out (\$210k); Springwells elevator repairs (\$89k); Ozone vessel refurbish (\$84k);



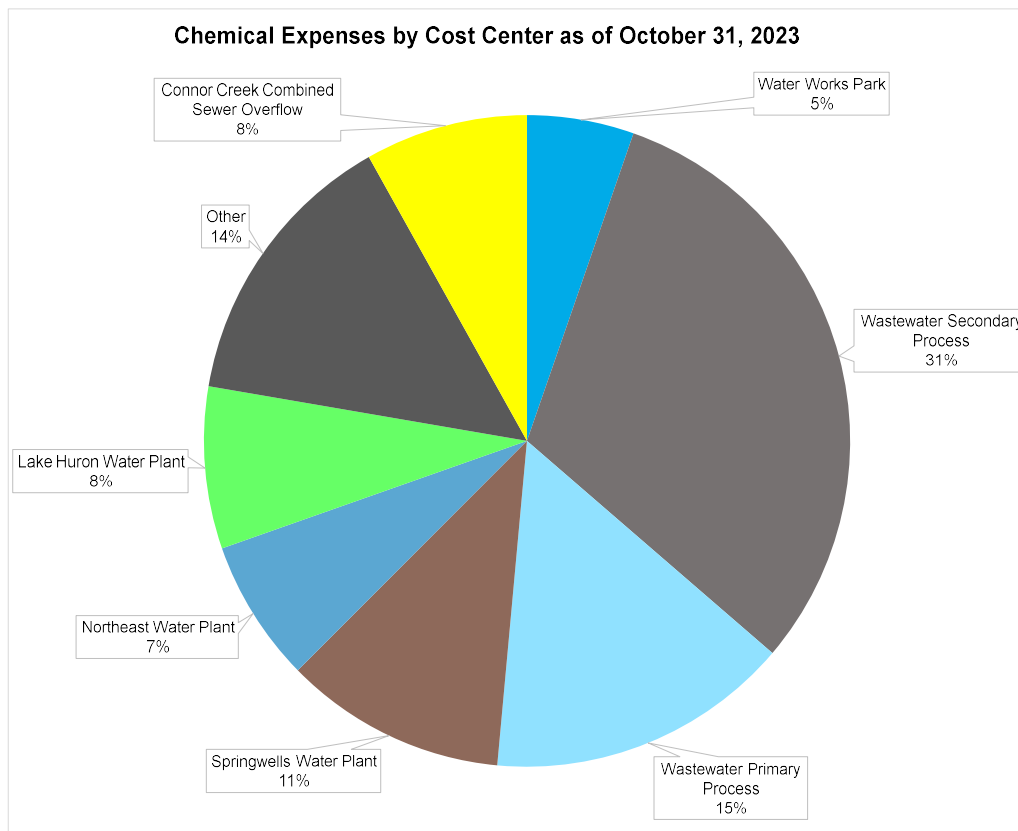
Northeast Water Treatment Plant annual work platform (\$73k) and Asset center implementation (\$49k).

**Wastewater Operations:** Magnetic Low Meter Replacement (\$1.0m); Complex A pump replacement (\$217k); Multiple CSO’s submersible motor (\$92k); Chlorination scrubber pump (\$70k); Submersible chopper pump (\$68k); Incineration C-11 Building freight elevator (\$65k); 7 mile CSO influent slide gate replacement (\$59k) and multiple CSO actuator replacement (\$49k).

**Centralized & Administrative Facilities:** Trucks and vehicles (\$2.0m); Computer hardware and software (\$699k); Forklift (\$86k); Database support (\$63k); Probe (\$58k); Water Board Building furniture and supplies (\$51k) and Instrument calibration (\$46k).

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

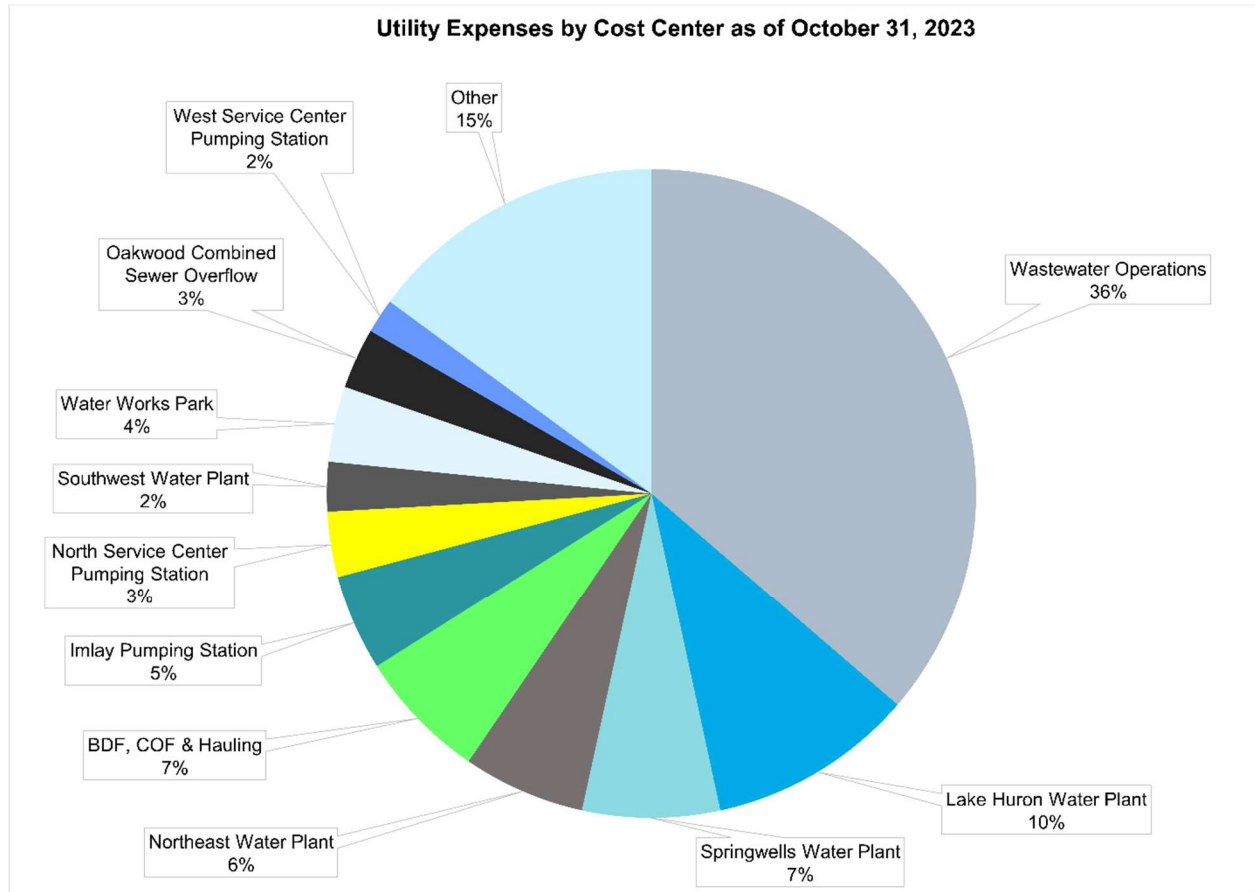
Chemical expenses are \$10.2 million through October 31, 2023. The allocation is shown in the chart below and remains consistent with prior periods.



**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 \$24.0 million through October 31, 2023. The allocation is shown in the chart below and consistent with prior periods.



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

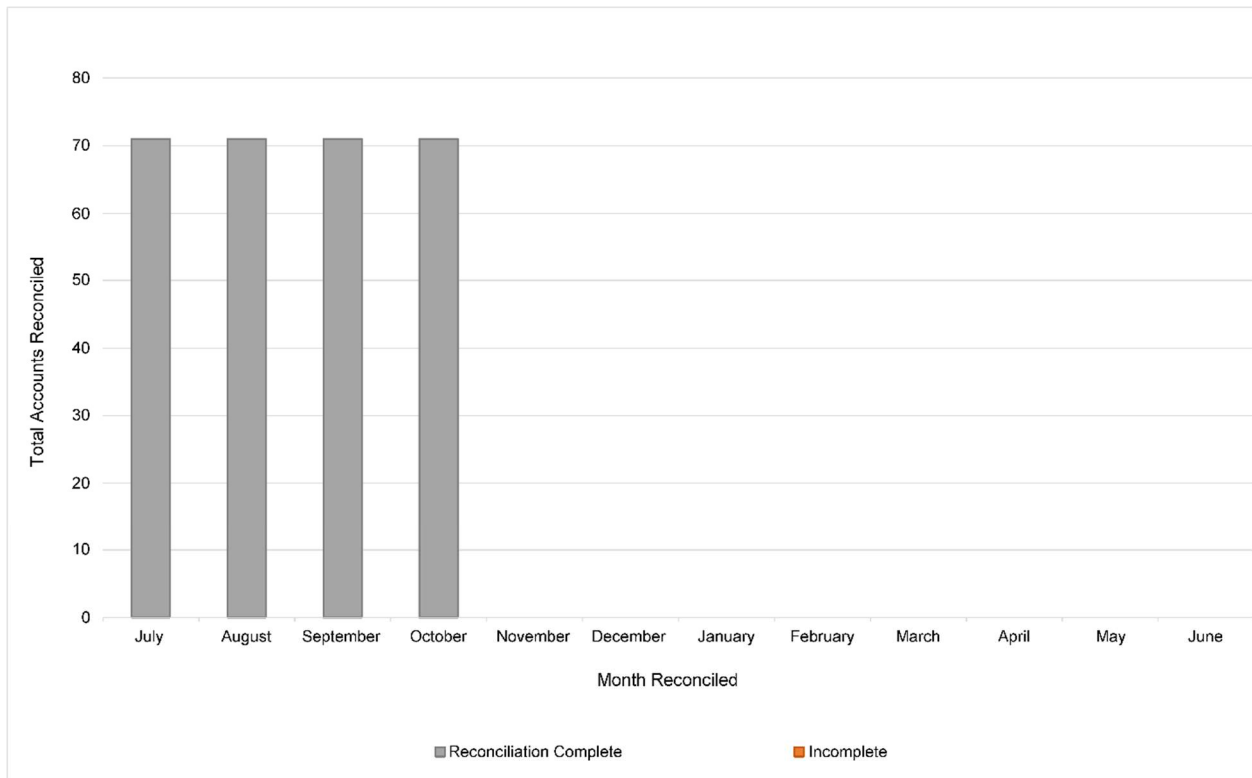


### Financial Operations KPI

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 October 31, 2023 all reconciliations are up-to-date and complete.

There were no accounts added in the general ledger accounts since September 2023.

**Chart 1 – Bank Reconciliation Completion Status**



**Table 1 – Fiscal Year 2024 GL Cash Account Rollforward**

|   |    |
|---|----|
| Total GL Cash accounts as of July 1, 2023     | 71 |
| New GL Cash accounts                          | 0  |
| Inactivated GL Cash accounts                  | 0  |
| Total GL Cash accounts as of October 31, 2023 | 71 |

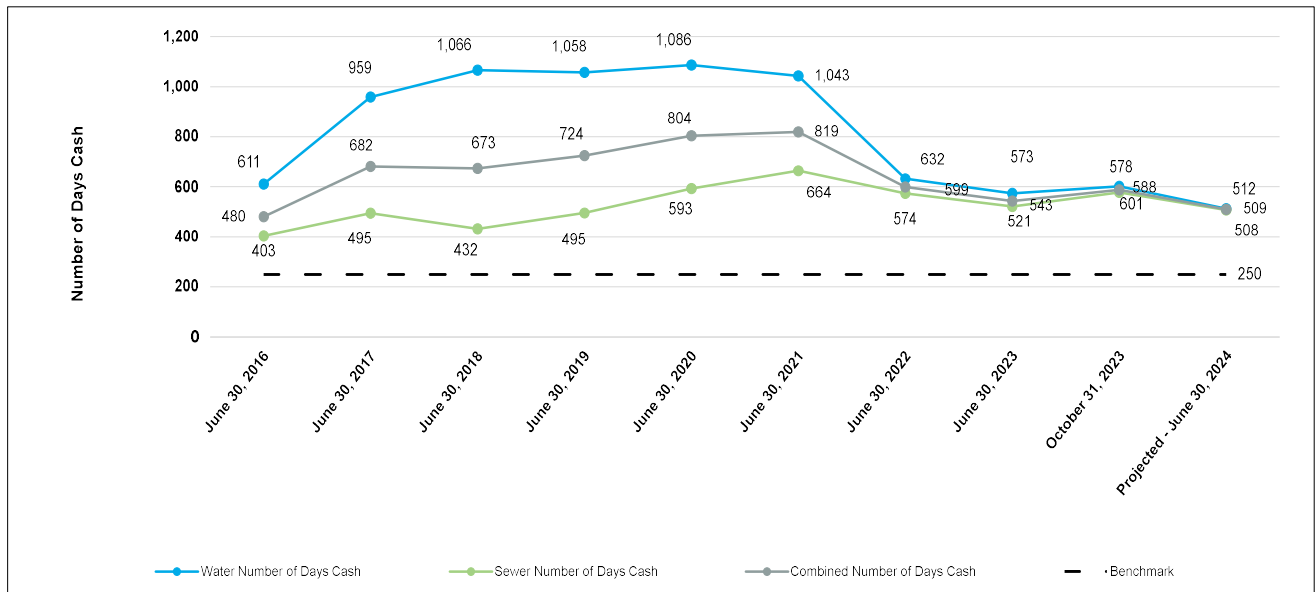


### Financial Operations KPI - Liquidity

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 601 and Sewer at 578 days cash on hand as of October 31, 2023. 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 September 2022 revenue bond transaction replenished the construction bond fund 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 1<sup>st</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>October 31, 2023</u> | <u>Projected<br/>June 30, 2024</u> |
|--|----------------------|-------------------------|------------------------------------|
| <b>Water Fund</b>                          |                      |                         |                                    |
| Cash and Investments - Unrestricted        | \$ 243,707,000       | \$ 265,864,000          | \$ 228,800,000                     |
| <b>Operating Expense</b>                   |                      |                         |                                    |
| Operating Expense (a)                      | \$ 285,220,000       | \$ 101,456,000          | \$ 304,367,000                     |
| Less: Depreciation (a)                     | (126,486,000)        | (45,900,000)            | (137,700,000)                      |
| Less: Amortization of Intangible Asset (a) | (3,567,000)          | (1,189,000)             | (3,567,000)                        |
| Net Operating Expense                      | \$ 155,167,000       | \$ 54,367,000           | \$ 163,101,000                     |
| <b>Operating Expense per Day</b>           | <u>\$ 425,000</u>    | <u>\$ 442,000</u>       | <u>\$ 447,000</u>                  |
| <b>Days Cash</b>                           |                      |                         |                                    |
| Number of Days Cash                        | <u>573</u>           | <u>601</u>              | <u>512</u>                         |
| <b>Sewage Disposal Fund</b>                |                      |                         |                                    |
| Cash and Investments - Unrestricted        | \$ 302,270,000       | \$ 344,723,000          | \$ 306,100,000                     |
| <b>Operating Expense</b>                   |                      |                         |                                    |
| Operating Expense (a)                      | \$ 375,567,000       | \$ 128,543,000          | \$ 385,628,000                     |
| Less: Depreciation (a)                     | (163,471,000)        | (55,167,000)            | (165,500,000)                      |
| Less: Amortization of Intangible Asset (a) | (440,000)            | -                       | -                                  |
| Net Operating Expense                      | \$ 211,657,000       | \$ 73,376,000           | \$ 220,128,000                     |
| <b>Operating Expense per Day</b>           | <u>\$ 580,000</u>    | <u>\$ 597,000</u>       | <u>\$ 603,000</u>                  |
| <b>Days Cash</b>                           |                      |                         |                                    |
| Number of Days Cash                        | <u>521</u>           | <u>578</u>              | <u>508</u>                         |
| <b>Combined</b>                            |                      |                         |                                    |
| Cash and Investments - Unrestricted        | \$ 545,977,000       | \$ 610,587,000          | \$ 534,900,000                     |
| <b>Operating Expense</b>                   |                      |                         |                                    |
| Operating Expense (a)                      | \$ 660,787,000       | \$ 229,999,000          | \$ 689,996,000                     |
| Less: Depreciation (a)                     | (289,957,000)        | (101,067,000)           | (303,200,000)                      |
| Less: Amortization of Intangible Asset (a) | (4,006,000)          | (1,189,000)             | (3,567,000)                        |
| Net Operating Expense                      | \$ 366,824,000       | \$ 127,743,000          | \$ 383,229,000                     |
| <b>Operating Expense per Day</b>           | <u>\$ 1,005,000</u>  | <u>\$ 1,039,000</u>     | <u>\$ 1,050,000</u>                |
| <b>Days Cash</b>                           |                      |                         |                                    |
| Number of Days Cash                        | <u>543</u>           | <u>588</u>              | <u>509</u>                         |
| <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 Four Months Ended October 31, 2023**

|  | Water           | Sewer            | Total            |
|--|-----------------|------------------|------------------|
| <b>Net Revenue Requirement Budget Variance (a)</b>                   | \$ 3,148        | \$ 1,559         | \$ 4,707         |
| <b>Budgetary categories adjustments to financial reporting basis</b> |                 |                  |                  |
| Pension delayed accounting election adjustments                      |                 |                  |                  |
| Current year pension transfers/payments recorded as deferral (c)     | 840             | 1,503            | 2,343            |
| Prior year pension contribution accounted for in current year (d)    | -               | -                | -                |
| Administrative prepaid adjustment (e)                                | -               | -                | -                |
| Debt service (f)   | 24,938          | 42,235           | 67,173           |
| Accelerated pension B&C notes obligation portion (g)                 | 72              | 160              | 232              |
| Regional System lease (h)  | 1,956           | 2,390            | 4,346            |
| GASB 87 & GASB 96 adjustments (h)                                    | 87              | 128              | 215              |
| WRAP (i)   | 940             | 1,440            | 2,380            |
| Extraordinary Repair & Replacement Fund transfers (j)                | 2,062           | -                | 2,062            |
| Improvement & Extension Fund transfers (j)                           | 10,059          | 10,057           | 20,116           |
| <b>Nonbudgeted financial reporting categories adjustments</b>        |                 |                  |                  |
| Depreciation and amortization (k)                                    | (44,818)        | (53,608)         | (98,426)         |
| Amortization - debt related (k)                                      | 5,154           | (255)            | 4,899            |
| Other nonoperating income (k)  | -               | 2,866            | 2,866            |
| Other nonoperating expense (k)                                       | -               | -                | -                |
| Gain(loss) on disposal of capital assets (k)                         | 9               | 10               | 19               |
| Raw water rights obligation (l)                                      | 974             | -                | 974              |
| Investment earnings for construction fund (m)                        | 1,969           | 2,588            | 4,557            |
| Interest on DWSD note receivable (n)                                 | -               | -                | -                |
| Investment earnings unrealized gain/loss (o)                         | 1,305           | 2,617            | 3,922            |
| Improvement & extension fund operating expenses (p)                  | (141)           | (722)            | (863)            |
| <b>Net Position Increase/(Decrease) per Financial Statements (b)</b> | <b>\$ 8,555</b> | <b>\$ 12,968</b> | <b>\$ 21,522</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.



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 Board approved capital spend rate is 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. First quarter FY 2024 budget amendments are pending Board approval.

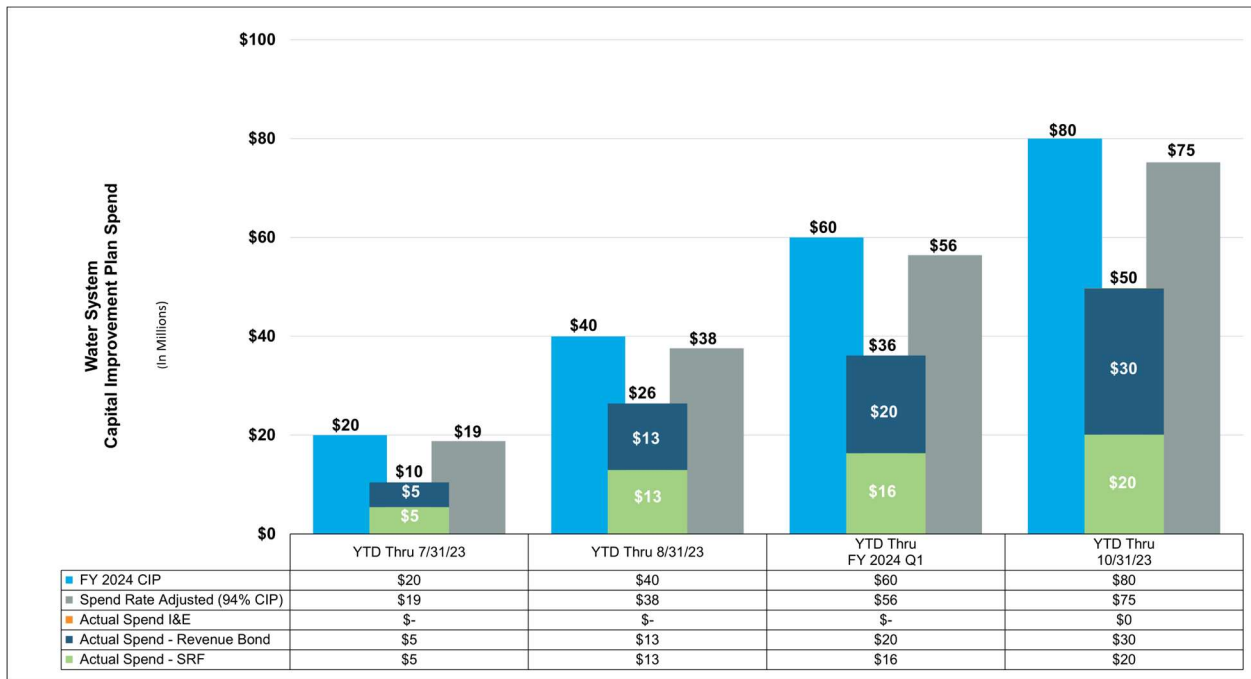
### Chart 1 – Water System Capital Improvement Plan Spend Incurred to Date

As of October 2023, the water system incurred \$50 million of construction costs to date. This spend represents 62% of the original Board-approved FY 2024 CIP plan and 66% 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.

Effective December 2023, GLWA staff presented to the Audit Committee a recommendation to amend the spend rate adjusted for the water system from 100% to 94%. This recommended change is proceeding to the full Board of Directors for review in January 2024 and is reflected in Chart 1 below. Current water system spend represents 66% of that spend rate adjusted.

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



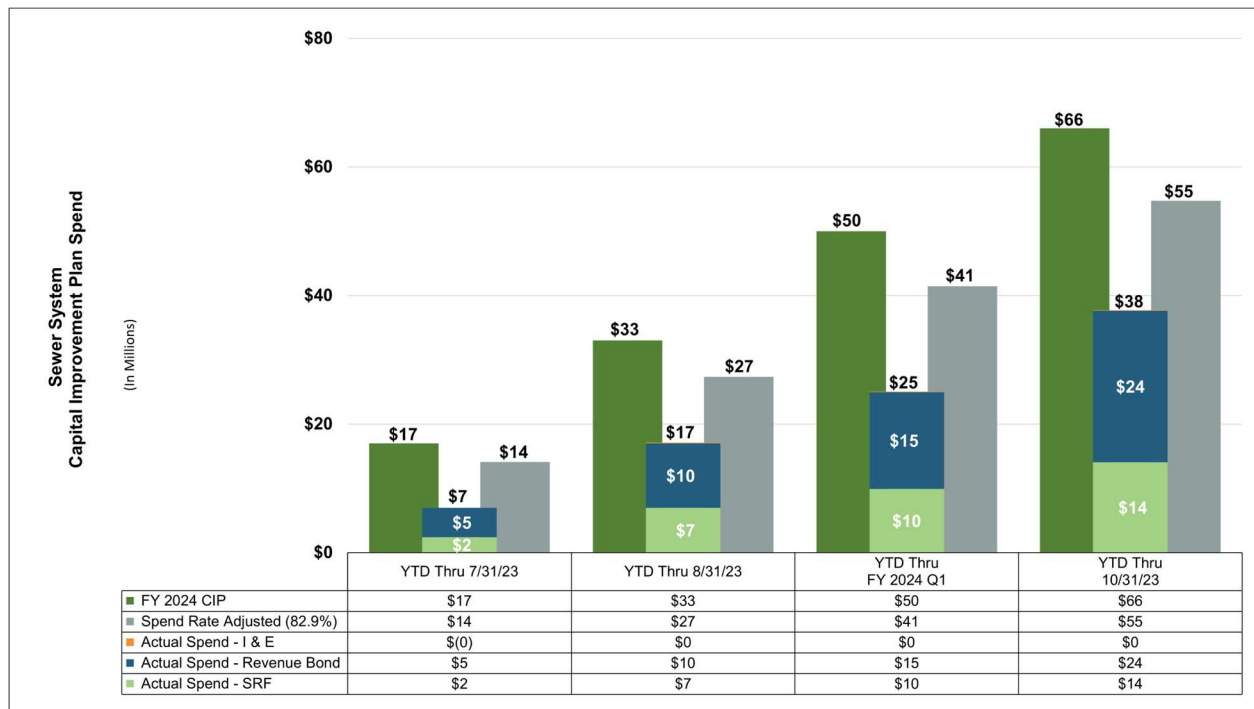
### Chart 2 – Sewer System Capital Improvement Plan Spend Incurred to Date

As of October 2023, the Sewer system incurred \$38 million of construction costs to date. This spend represents 57% of the original Board-approved FY 2024 CIP plan and 69% 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.

Effective December 2023, GLWA staff presented to the Audit Committee a recommendation to amend the spend rate adjusted for the sewer system from 100% to 82.9%. This recommended change is proceeding to the full Board of Directors for review in January 2024 and is reflected in Chart 2 below. Current sewer system spend represents 69% 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 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 1 – GLWA FY 2024 Water MBO Transfers** reflects the required transfers for FY 2024 completed through October 2023. MBO transfers for water totaling \$40.4 million have been transferred to GLWA accounts.

**Table 2 – GLWA FY 2024 Sewer MBO Transfers** reflects the required transfers for FY 2024 completed through October 2023. MBO transfers for sewer totaling \$54.4 million have been transferred to GLWA accounts.

**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                    |                     |                     |                   |  |   |                     |
|----------------------|--------------------------|---------------------|---------------------|-------------------|--|---|---------------------|
|                      | Operations & Maintenance | Pension Sub Account | Pension Obligation  | WRAP              | Budget Stabilization (For Benefit of DWSD) | Extraordinary Repair & Replacement (ER&R) | Total Water         |
| <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        |                          |                     |                     |                   |  |   |                     |
| December 2023        |                          |                     |                     |                   |  |   |                     |
| January 2024         |                          |                     |                     |                   |  |   |                     |
| February 2024        |                          |                     |                     |                   |  |   |                     |
| March 2024           |                          |                     |                     |                   |  |   |                     |
| April 2024           |                          |                     |                     |                   |  |   |                     |
| May 2024             |                          |                     |                     |                   |  |   |                     |
| June 2024            |                          |                     |                     |                   |  |   |                     |
| <b>Total FY 2024</b> | <b>\$ 50,968,800</b>     | <b>\$ -</b>         | <b>\$ 1,931,232</b> | <b>\$ 903,373</b> | <b>\$ -</b>                                | <b>\$ -</b>                               | <b>\$53,803,405</b> |

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

|                      | SEWER                    |                     |                    |                    |  |   |                     |
|----------------------|--------------------------|---------------------|--------------------|--------------------|--|---|---------------------|
|                      | Operations & Maintenance | Pension Sub Account | Pension Obligation | WRAP               | Budget Stabilization (For Benefit of DWSD) | Extraordinary Repair & Replacement (ER&R) | Total Sewer         |
| <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        |                          |                     |                    |                    |  |   |                     |
| December 2023        |                          |                     |                    |                    |  |   |                     |
| January 2024         |                          |                     |                    |                    |  |   |                     |
| February 2024        |                          |                     |                    |                    |  |   |                     |
| March 2024           |                          |                     |                    |                    |  |   |                     |
| April 2024           |                          |                     |                    |                    |  |   |                     |
| May 2024             |                          |                     |                    |                    |  |   |                     |
| June 2024            |                          |                     |                    |                    |  |   |                     |
| <b>Total FY 2024</b> | <b>\$ 68,547,900</b>     | <b>-</b>            | <b>\$2,729,836</b> | <b>\$1,278,800</b> | <b>\$ -</b>                                | <b>\$ -</b>                               | <b>\$72,556,536</b> |

All amounts are unaudited unless otherwise noted.

GLWA Audit Committee February 9, 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) | 50,968,800               | -                   | 1,931,232            | 903,373             | -  | -   | 53,803,405             |
| <b>Life to Date</b>          | <b>\$1,038,674,612</b>   | <b>\$48,362,300</b> | <b>\$86,699,807</b>  | <b>\$18,477,677</b> | <b>\$2,686,900</b>                         | <b>\$2,806,000</b>                        | <b>\$1,197,707,296</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) | 68,547,900               | -                   | 2,729,836            | 1,278,800           | -  | -   | 72,556,536             |
| <b>Life to Date</b>          | <b>\$1,487,683,992</b>   | <b>\$86,620,800</b> | <b>\$118,907,245</b> | <b>\$26,282,496</b> | <b>\$8,246,100</b>                         | <b>\$779,600</b>                          | <b>\$1,728,520,233</b> |

All amounts are unaudited unless otherwise noted.

GLWA Audit Committee February 9, 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 October 2023. MBO transfers for Water totaling \$22.4 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 October 2023. MBO transfers for Sewer totaling \$27.7 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;<br/>Maintenance</u> | <u>Pension</u> | <u>Lease Payment<br/>(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        |   |                |   |                     |
| December 2023        |   |                |   |                     |
| January 2024         |   |                |   |                     |
| February 2024        |   |                |   |                     |
| March 2024           |   |                |   |                     |
| April 2024           |   |                |   |                     |
| <b>Total FY 2024</b> | <b>\$14,925,600</b>                     | <b>-</b>       | <b>\$7,500,000</b>                      | <b>\$22,425,600</b> |

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

| SEWER                |   |                |   |                     |
|----------------------|---|----------------|---|---------------------|
|                      | <u>Operations &amp;<br/>Maintenance</u> | <u>Pension</u> | <u>Lease Payment<br/>(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        |   |                |   |                     |
| December 2023        |   |                |   |                     |
| January 2024         |   |                |   |                     |
| February 2024        |   |                |   |                     |
| March 2024           |   |                |   |                     |
| April 2024           |   |                |   |                     |
| May 2024             |   |                |   |                     |
| June 2024            |   |                |   |                     |
| <b>Total FY 2024</b> | <b>\$18,568,568</b>                     | <b>-</b>       | <b>\$9,166,668</b>                      | <b>\$27,735,236</b> |

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

|                               | <b>WATER</b>                |  |                             |                    |
|-------------------------------|-----------------------------|--|-----------------------------|--------------------|
|                               | Operations &<br>Maintenance | Operations &<br>Maintenance<br>Pension | Lease Payment<br>(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         | 14,925,600                  | -                                      | 7,500,000                   | 22,425,600         |
| Offset to Debt Service        | -                           | -                                      | -                           | -                  |
| Net MBO Transfer              | 14,925,600                  | -                                      | 7,500,000                   | 22,425,600         |
| <b>Life-to-Date</b>           |                             |  |                             |                    |
| MBO/Lease Requirement         | 288,318,504                 | 34,157,100                             | 187,500,000                 | 509,975,604        |
| Offsets                       | -                           | -                                      | (31,847,900)                | (31,847,900)       |
| <b>Total Water</b>            | <b>288,318,504</b>          | <b>34,157,100</b>                      | <b>155,652,100</b>          | <b>478,127,704</b> |

**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>     | <b>19,774,300</b>        | <b>2,861,800</b>                 | <b>7,508,500</b>         | <b>30,144,600</b>  |
| <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>     | <b>41,535,600</b>        | <b>2,862,000</b>                 | <b>27,500,000</b>        | <b>71,897,600</b>  |
| <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>     | <b>60,517,992</b>        | <b>2,856,000</b>                 | <b>18,333,336</b>        | <b>81,707,328</b>  |
| <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>     | <b>56,767,920</b>        | <b>2,856,000</b>                 | <b>23,085,000</b>        | <b>82,708,920</b>  |
| <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>     | <b>55,243,500</b>        | <b>2,856,000</b>                 | <b>22,467,300</b>        | <b>80,566,800</b>  |
| <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>     | <b>69,915,700</b>        | <b>2,856,000</b>                 | <b>24,242,800</b>        | <b>97,014,500</b>  |
| <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>     | <b>61,301,000</b>        | <b>2,856,000</b>                 | <b>21,970,703</b>        | <b>86,127,703</b>  |
| <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>     | <b>51,396,400</b>        | <b>2,856,000</b>                 | <b>23,111,700</b>        | <b>77,364,100</b>  |
| <b>FY 2024 (year to date)</b> |                          |                                  |                          |                    |
| MBO/Lease Requirement         | 18,568,568               | -                                | 9,166,668                | 27,735,236         |
| Offset to Debt Service        | -                        | -                                | -                        | -                  |
| <b>Total MBO Transfer</b>     | <b>18,568,568</b>        | <b>-</b>                         | <b>9,166,668</b>         | <b>27,735,236</b>  |
| <b>Life-to-Date</b>           |                          |                                  |                          |                    |
| MBO/Lease Requirement         | 442,120,980              | 22,859,800                       | 229,166,668              | 693,225,901        |
| Offsets                       | (7,100,000)              | -                                | (51,780,661)             | (57,959,114)       |
| <b>Total Sewer</b>            | <b>435,020,980</b>       | <b>22,859,800</b>                | <b>177,386,007</b>       | <b>635,266,787</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

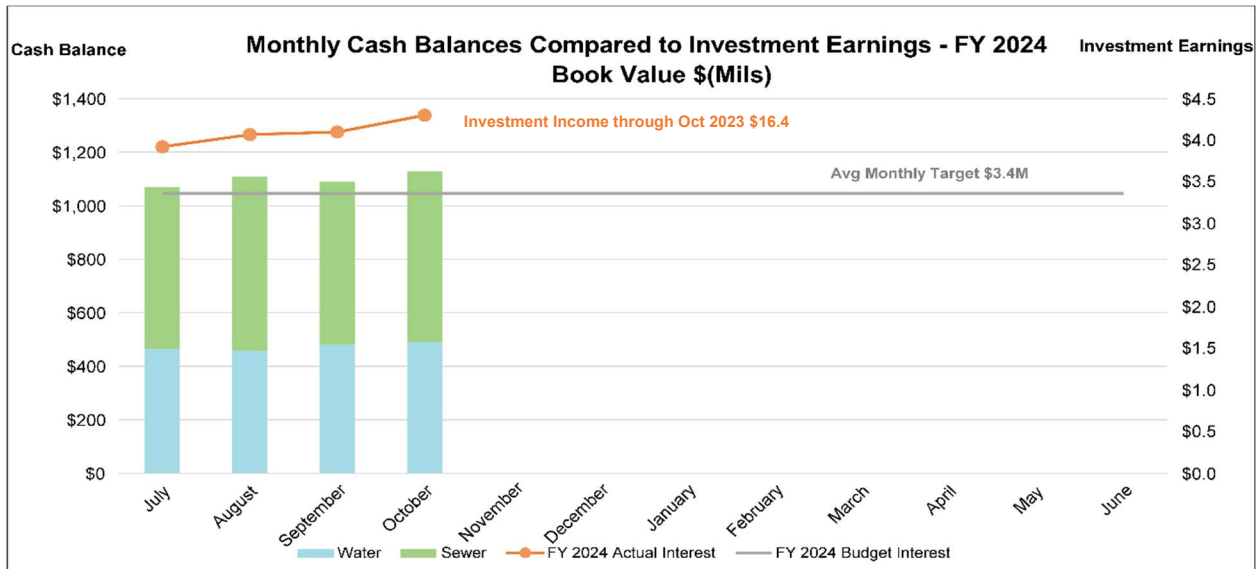
## Monthly Cash Balances Compared to Investment Income

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 October 2023, GLWA earned investment income of \$4.3 million and cumulative FY 2024 earnings through October 2023 of \$16.4 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 October 2023**



| \$(Mils)          | July    | August  | September | October | November | December | January | February | March | April | May | June |
|-------------------|---------|---------|-----------|---------|----------|----------|---------|----------|-------|-------|-----|------|
| Water             | \$466   | \$459   | \$481     | \$492   | -        | -        | -       | -        | -     | -     | -   | -    |
| Sewer             | \$602   | \$649   | \$609     | \$635   | -        | -        | -       | -        | -     | -     | -   | -    |
| Total             | \$1,068 | \$1,107 | \$1,090   | \$1,127 | -        | -        | -       | -        | -     | -     | -   | -    |
| Investment Income | \$3.9   | \$4.1   | \$4.1     | \$4.3   | -        | -        | -       | -        | -     | -     | -   | -    |

## 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

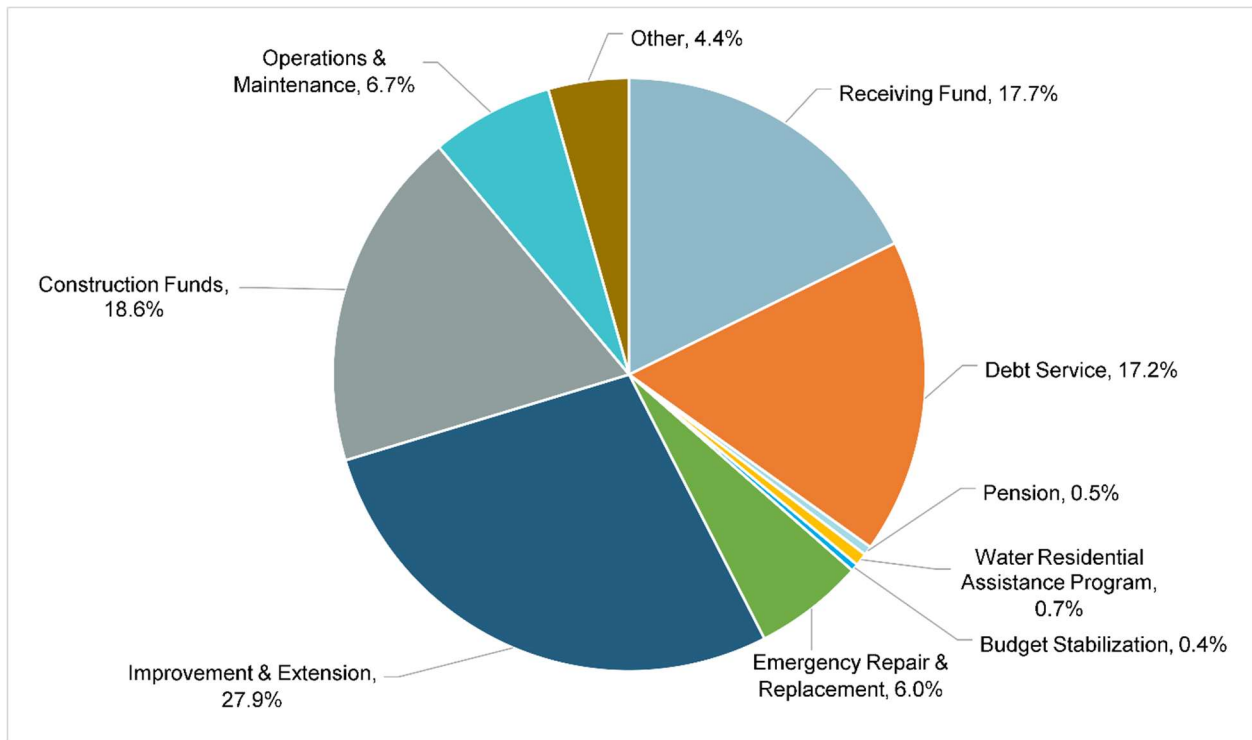
A [chart](#) depicting the follow of funds is online at [glwater.org](http://glwater.org) as well as the [MBO](#) documents.



**Chart 2 – Cash Balances - Water Funds as of October 2023** - Shows the allocation of the balance among the different categories defined in the section above. The total cash balance for Water Funds as of October 31, 2023 is \$492 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 \$225 million in September 2022 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 October 2023**

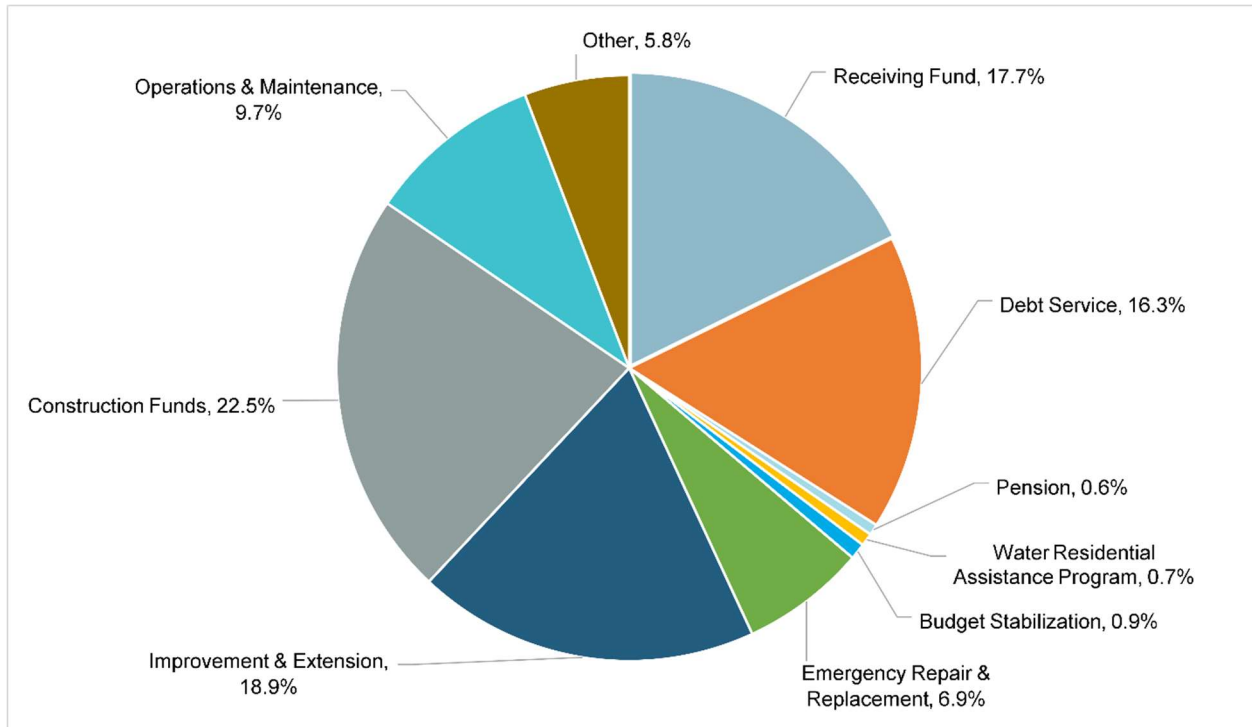


**Note:** Due to rounding totals may not equal 100%.

**Chart 3 – Cash Balances - Sewer Funds as of October 2023** - Shows the allocation of the balance among the different funds defined in the section above. The total cash balance for Sewer Funds as of October 31, 2023 is \$635 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 \$225 million in September 2022 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 October 2023**



**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 October 31, 2023, the DWSD usage was at 100.33% of the budget and billed revenue was at 101.35% 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                    | Revenue            | Volume           | Revenue (2)       | Volume             | Revenue        | Volume            | Revenue            |
|                        | Mcf                       | \$                 | Mcf              | \$                | Mcf                | \$             | Mcf               | \$                 |
| 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         |                  |                   |                    |                | 212,663           | 10,706,519         |
| December               | 196,000                   | 10,293,000         |                  |                   |                    |                | 222,502           | 11,073,513         |
| January                | 197,000                   | 10,334,000         |                  |                   |                    |                | 227,748           | 11,257,742         |
| February               | 208,000                   | 10,788,000         |                  |                   |                    |                | 208,568           | 10,569,468         |
| March                  | 191,000                   | 10,086,000         |                  |                   |                    |                | 229,264           | 11,383,630         |
| April                  | 214,000                   | 11,036,000         |                  |                   |                    |                | 198,665           | 10,121,640         |
| May                    | 186,000                   | 10,000,000         |                  |                   |                    |                | 241,525           | 11,820,301         |
| June                   | 225,000                   | 11,489,000         |                  |                   |                    |                | 257,749           | 12,567,250         |
| <b>Total</b>           | <b>2,560,000</b>          | <b>132,097,200</b> | <b>941,090</b>   | <b>48,048,953</b> | <b>3,090</b>       | <b>641,753</b> | <b>2,794,614</b>  | <b>135,615,003</b> |
| Subtotals ytd          | 938,000                   | 47,407,200         | 941,090          | 48,048,953        | 3,090              | 641,753        |                   |                    |
| Achievement of Budget  |                           |                    | 100.33%          | 101.35%           |                    |                |                   |                    |

(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   |
| November                         | 10,270,582         | 7,926,331          | 2,344,251   | 29.58%  |
| December                         | 11,630,994         | 8,121,586          | 3,509,408   | 43.21%  |
| January                          | 8,857,268          | 6,919,040          | 1,938,228   | 28.01%  |
| February                         | 8,244,713          | 10,156,126         | (1,911,413) | -18.82% |
| March                            | 10,417,832         | 11,093,125         | (675,293)   | -6.09%  |
| April                            | 9,417,449          | 7,431,900          | 1,985,549   | 26.72%  |
| May                              | 12,162,719         | 7,660,852          | 4,501,867   | 58.76%  |
| June                             | 13,467,858         | 9,123,179          | 4,344,679   | 47.62%  |
| 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% |
| <b>Rolling, 12-Month Total</b>   | <b>121,881,834</b> | <b>104,751,859</b> |             |         |
| <b>Rolling, 12-Month Average</b> | <b>10,156,819</b>  | <b>8,729,322</b>   |             |         |

All amounts are unaudited unless otherwise noted.

GLWA Audit Committee February 9, 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 October 31, 2023, the DWSD usage was at 99.75% of the budget and billed revenue was at 98.16% 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          | 29,278,602         | 12,503             | 150,602            | 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         |                  |                    |                    |                    | 172,579           | 26,525,064         |
| December                   | 165,000                   | 27,111,000         |                  |                    |                    |                    | 174,896           | 26,676,360         |
| January                    | 166,000                   | 27,170,000         |                  |                    |                    |                    | 175,562           | 26,403,544         |
| February                   | 175,000                   | 27,704,000         |                  |                    |                    |                    | 160,804           | 25,814,735         |
| March                      | 161,000                   | 26,873,000         |                  |                    |                    |                    | 181,217           | 26,720,229         |
| April                      | 179,000                   | 27,941,000         |                  |                    |                    |                    | 167,727           | 26,120,878         |
| May                        | 160,000                   | 26,839,000         |                  |                    |                    |                    | 195,191           | 27,508,373         |
| June                       | 188,000                   | 28,475,000         |                  |                    |                    |                    | 206,163           | 28,018,277         |
| <b>Total</b>               | <b>2,150,000</b>          | <b>335,413,700</b> | <b>782,036</b>   | <b>113,647,796</b> | <b>(1,964)</b>     | <b>(2,126,904)</b> | <b>2,281,218</b>  | <b>327,624,524</b> |
| Subtotals ytd              | 784,000                   | 115,774,700        | 782,036          | 113,647,796        | (1,964)            | (2,126,904)        |                   |                    |
| Achievement of Budget/Goal |                           |                    | 99.75%           | 98.16%             |                    |                    |                   |                    |

(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   |
| November                         | 21,994,899         | 23,505,249         | (1,510,350) | -6.43%  |
| December                         | 23,756,153         | 24,880,743         | (1,124,590) | -4.52%  |
| January                          | 23,760,629         | 23,020,491         | 740,138     | 3.22%   |
| February                         | 23,867,073         | 24,495,922         | (628,849)   | -2.57%  |
| March                            | 30,697,464         | 29,410,086         | 1,287,378   | 4.38%   |
| April                            | 21,542,671         | 22,115,076         | (572,405)   | -2.59%  |
| May                              | 24,419,561         | 20,952,592         | 3,466,969   | 16.55%  |
| June                             | 23,769,626         | 25,922,279         | (2,152,653) | -8.30%  |
| 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% |
| <b>Rolling 12-Month Total</b>    | <b>296,678,787</b> | <b>294,747,077</b> |             |         |
| <b>Rolling, 12-Month Average</b> | <b>24,723,232</b>  | <b>24,562,256</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 October 31, 2023 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 October 31, 2023 with comparative totals from October 31, 2022. 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 October 31, 2023 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             |  |
| October 31, 2023 (2) | \$ 40,090,000 | \$ 284,037,000 | \$ (228,254,000) | \$ 55,783,000 | 42             |  |

*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                       | # of Accounts  | Avg.             |                      | Current              | > 30 Days            | > 60 Days              | > 180 Days              | A/R Balance |
|-----------------------------------|----------------|------------------|----------------------|----------------------|----------------------|------------------------|-------------------------|-------------|
|                                   |                | Balance          |                      |                      |                      |                        |                         |             |
| Residential                       | 216,579        | \$ 823.48        | \$ 15,912,000        | \$ 11,795,000        | \$ 32,134,000        | \$ 118,507,000         | \$ 178,348,000          |             |
|                                   |                |                  | 8.9%                 | 6.6%                 | 18.0%                | 66.4%                  | 100.0%                  |             |
| Commercial                        | 21,343         | 1,043.85         | 6,184,000            | 2,737,000            | 5,907,000            | 7,450,000              | 22,279,000              |             |
|                                   |                |                  | 27.8%                | 12.3%                | 26.5%                | 33.4%                  | 100.0%                  |             |
| Industrial                        | 3,668          | 3,104.97         | 4,890,000            | 900,000              | 1,983,000            | 3,616,000              | 11,389,000              |             |
|                                   |                |                  | 42.9%                | 7.9%                 | 17.4%                | 31.8%                  | 100.0%                  |             |
| Tax Exempt                        | 3,793          | 569.32           | 516,000              | 196,000              | 476,000              | 971,000                | 2,159,000               |             |
|                                   |                |                  | 23.9%                | 9.1%                 | 22.1%                | 44.9%                  | 100.0%                  |             |
| Government                        | 47,955         | 437.71           | 4,375,000            | 3,013,000            | 1,011,000            | 12,592,000             | 20,990,000              |             |
|                                   |                |                  | 20.8%                | 14.4%                | 4.8%                 | 60.0%                  | 100.0%                  |             |
| Drainage                          | 45,192         | 513.97           | 2,243,000            | 1,346,000            | 3,617,000            | 16,021,000             | 23,227,000              |             |
|                                   |                |                  | 9.7%                 | 5.8%                 | 15.6%                | 69.0%                  | 100.0%                  |             |
| <b>Subtotal - Active Accounts</b> | <b>338,530</b> | <b>\$ 763.28</b> | <b>\$ 34,121,000</b> | <b>\$ 19,987,000</b> | <b>\$ 45,129,000</b> | <b>\$ 159,157,000</b>  | <b>\$ 258,393,000</b>   |             |
|                                   |                |                  | 13.2%                | 7.7%                 | 17.5%                | 61.6%                  | 100.0%                  |             |
| Inactive Accounts                 | 343,143        | 74.73            | 153,000              | 168,000              | 598,000              | 24,726,000             | 25,644,000              |             |
|                                   |                |                  | 0.6%                 | 0.7%                 | 2.3%                 | 96.4%                  | 100.0%                  |             |
| <b>Total</b>                      | <b>681,673</b> | <b>\$ 416.68</b> | <b>\$ 34,273,174</b> | <b>\$ 20,154,600</b> | <b>\$ 45,726,421</b> | <b>\$ 183,883,027</b>  | <b>\$ 284,037,222</b>   |             |
| <i>% of Total A/R</i>             |                |                  | 12.1%                | 7.1%                 | 16.1%                | 64.7%                  | 100.0%                  |             |
| Water Fund                        | 236,742        | 241.11           | \$ 8,952,000         | \$ 5,800,000         | \$ 8,721,000         | \$ 33,609,000          | \$ 57,082,000           |             |
| Sewer Fund                        | 268,377        | 845.66           | \$ 25,321,000        | \$ 14,355,000        | \$ 37,006,000        | \$ 150,274,000         | \$ 226,955,000          |             |
| <b>Total October 31, 2023 (a)</b> | <b>681,673</b> | <b>\$ 416.68</b> | <b>\$ 34,273,000</b> | <b>\$ 20,155,000</b> | <b>\$ 45,726,000</b> | <b>\$ 183,883,000</b>  | <b>\$ 284,037,000</b>   |             |
| Water Fund- Allowance             |                |                  |                      |                      |                      |                        | \$ (42,826,000)         |             |
| Sewer Fund- Allowance             |                |                  |                      |                      |                      |                        | \$ (185,428,000)        |             |
| <b>Total Bad Debt Allowance</b>   |                |                  |                      |                      |                      |                        | <b>\$ (228,254,000)</b> |             |
| Comparative - October 2022 (b)    | 656,378        | \$ 493.80        | \$ 37,345,000        | \$ 20,571,000        | \$ 43,321,000        | \$ 222,880,000         | \$ 324,117,000          |             |
| <b>Difference (a) - (b)</b>       | <b>25,295</b>  | <b>\$</b>        | <b>(3,072,000)</b>   | <b>(416,000)</b>     | <b>\$ 2,406,000</b>  | <b>\$ (38,997,000)</b> | <b>\$ (40,079,000)</b>  |             |

All amounts are unaudited unless otherwise noted.

GLWA Audit Committee February 9, 2024



The Monthly Wholesale Billings, Receivables, & Collections Report includes the following.

1. Wholesale Water Billings and Collections
2. Wholesale Sewer Billings and Collections
3. City of Highland Park Billings and Collections
4. Wholesale Water & Sewer Accounts Receivable Aging Report

## Wholesale Water Billings and Collections

**Wholesale Water Contracts:** Great Lakes Water Authority (GLWA) provides wholesale water service to 87 member-partners through a variety of service arrangements.

### Service Arrangement Type

|                 |    |
|-----------------|----|
| Model Contract  | 84 |
| Emergency       | 1  |
| Older Contracts | 2  |
| Total           | 87 |

**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 October 31, 2023, the billed usage was at 91.65% of the original plan and billed revenue at 96.21% 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 October 31, 2023.

**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 (3)        | 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         | -                | -                  | -                | -                  | 906,669           | 25,911,801         |
| December                     | 966,122             | 26,990,700         | -                | -                  | -                | -                  | 990,177           | 26,652,607         |
| January                      | 963,772             | 27,002,600         | -                | -                  | -                | -                  | 979,573           | 26,536,118         |
| February                     | 874,396             | 26,142,700         | -                | -                  | -                | -                  | 869,843           | 25,535,320         |
| March                        | 960,207             | 26,930,300         | -                | -                  | -                | -                  | 961,541           | 26,356,490         |
| April                        | 917,893             | 26,581,600         | -                | -                  | -                | -                  | 917,599           | 25,997,955         |
| May                          | 1,136,342           | 29,098,000         | -                | -                  | -                | -                  | 1,169,448         | 28,895,975         |
| June                         | 1,460,066           | 32,678,300         | -                | -                  | -                | -                  | 1,570,958         | 33,407,419         |
| <b>Total</b>                 | <b>13,576,500</b>   | <b>347,192,400</b> | <b>4,948,344</b> | <b>120,621,616</b> | <b>(450,583)</b> | <b>(4,751,584)</b> | <b>13,812,817</b> | <b>342,896,802</b> |
| Subtotals ytd                | 5,398,927           | 125,373,200        | 4,948,344        | 120,621,616        | (450,583)        | (4,751,584)        |                   |                    |
| Achievement of Original Plan |                     |                    | 91.65%           | 96.21%             |                  |                    |                   |                    |
| Billing Adjustments (4)      |                     |                    | 8,009            | 109,342            |                  |                    |                   |                    |
|                              |                     |                    | 4,956,353        | 120,730,958        |                  |                    |                   |                    |
|                              |                     |                    | 100.29%          | 99.47%             |                  |                    |                   |                    |

(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) 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

(4) 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    |
| November                         | 30,903,329         | 25,265,770         | (25,265,770) | -100.00% |
| December                         | 34,298,469         | 25,302,369         | 8,996,100    | 35.55%   |
| January                          | 19,182,054         | 31,280,599         | (12,098,545) | -38.68%  |
| February                         | 26,553,529         | 24,919,847         | 1,633,682    | 6.56%    |
| March                            | 26,074,213         | 22,123,572         | 3,950,641    | 17.86%   |
| April                            | 20,940,451         | 21,726,941         | (786,490)    | -3.62%   |
| May                              | 29,265,308         | 27,717,969         | 1,547,339    | 5.58%    |
| June                             | 29,370,704         | 26,379,503         | 2,991,201    | 11.34%   |
| July                             | 22,645,008         | 14,435,092         | 8,209,916    | 56.87%   |
| 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%  |
| <b>Rolling 12-Month Total</b>    | <b>332,081,763</b> | <b>320,223,934</b> |              |          |
| <b>Rolling, 12-Month Average</b> | <b>27,673,480</b>  | <b>26,685,328</b>  |              |          |

All amounts are unaudited unless otherwise noted.

GLWA Audit Committee February 9, 2024

## 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 Contract  | 12        |
| Emergency       | 0         |
| Older Contracts | 6         |
| Total           | <u>18</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 October 31, 2023 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 slightly above the twelve-month period ending October 31, 2023.



**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              | 0          | N/A                |         | N/A               | 22,888,100  |
| December                | N/A             | 23,494,800  | N/A              | 0          | N/A                |         | N/A               | 22,888,100  |
| January                 | N/A             | 23,494,800  | N/A              | 0          | N/A                |         | N/A               | 22,888,100  |
| February                | N/A             | 23,494,800  | N/A              | 0          | N/A                |         | N/A               | 22,888,100  |
| March                   | N/A             | 23,494,800  | N/A              | 0          | N/A                |         | N/A               | 22,888,100  |
| April                   | N/A             | 23,494,800  | N/A              | 0          | N/A                |         | N/A               | 22,888,100  |
| May                     | N/A             | 23,494,800  | N/A              | 0          | N/A                |         | N/A               | 22,888,100  |
| June                    | N/A             | 23,494,800  | N/A              | 0          | N/A                |         | N/A               | 22,888,100  |
| <b>Total</b>            |                 | 281,937,600 |                  | 93,979,200 |                    | -       |                   | 274,657,200 |
| Subtotals ytd           |                 | 93,979,200  |                  | 93,979,200 |                    | -       |                   |             |
| 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   |
| November                         | 19,882,939         | 16,534,758         | 3,348,181   | 20.25%  |
| December                         | 18,314,222         | 21,765,958         | (3,451,736) | -15.86% |
| January                          | 17,636,972         | 26,436,258         | (8,799,286) | -33.28% |
| February                         | 33,102,769         | 23,937,258         | 9,165,511   | 38.29%  |
| March                            | 23,746,469         | 24,713,158         | (966,689)   | -3.91%  |
| April                            | 17,769,710         | 19,937,558         | (2,167,848) | -10.87% |
| May                              | 18,213,966         | 10,226,700         | 7,987,266   | 78.10%  |
| June                             | 38,287,549         | 29,659,245         | 8,628,304   | 29.09%  |
| 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%  |
| <b>Rolling 12-Month Total</b>    | <b>273,541,228</b> | <b>269,422,755</b> |             |         |
| <b>Rolling, 12-Month Average</b> | <b>22,795,102</b>  | <b>22,451,896</b>  |             |         |

## City of Highland Park Billings and Collections

The City of Highland Park is provided water service pursuant to an emergency service basis. Sewer service is provided pursuant to a 1982 amended contract which indicates that the parties are guided in their legal relationship by a Michigan Supreme Court decision from 1949. On October 25, 2023, the GLWA Board of Directors approved a term sheet that represents the initial step in implementing a proposed agreement between GLWA, the city of Highland Park, and the state of Michigan. This monthly financial report will reflect the impacts of that term sheet and agreement moving forward as implementation steps occur.

As of October 31, 2023, Highland Park had a delinquent balance of \$54.9 million, including \$40.5 million for wastewater treatment services, \$1.9 million for industrial waste control services, and \$12.5 million for water supply services.

**Table 5 - City of Highland Park Billings and Collections** provides a life-to-date balance summary of the billing and collection history for Highland Park with detail provided for fiscal year 2024 through October 31, 2023. Please note the numbers below reflect the month the billing was sent and not the month the service was provided. A life-to-date summary is provided as an appendix to this monthly financial report.

**Table 5 - City of Highland Park Billings and Collections**

|                            | Service Month  | Water      | Sewer       | IWC       | Total       |
|----------------------------|----------------|------------|-------------|-----------|-------------|
| October 31, 2022 Balance   |                | 11,377,376 | 41,910,676  | 1,834,220 | 55,122,272  |
| November 2022 Billing      | October 2022   | 106,221    | 451,700     | 4,026     | 561,947     |
| November 2022 Payments     |                | -          | (492,789)   | -         | (492,789)   |
| November 30, 2022 Balance  |                | 11,483,597 | 41,869,587  | 1,838,246 | 55,191,430  |
| December 2022 Billing      | November 2022  | 103,645    | 451,700     | 4,025     | 559,370     |
| December 2022 Payments     |                | -          | (641,773)   | -         | (641,773)   |
| December 31, 2022 Balance  |                | 11,587,242 | 41,679,514  | 1,842,271 | 55,109,027  |
| January 2023 Billing       | December 2022  | 99,260     | 451,700     | 3,997     | 554,957     |
| January 2023 Payments      |                | -          | (1,341,522) | -         | (1,341,522) |
| January 31, 2023 Balance   |                | 11,686,502 | 40,789,692  | 1,846,268 | 54,322,462  |
| February 2023 Billing      | January 2023   | 106,448    | 451,700     | 3,998     | 562,146     |
| February 2023 Payments     |                | -          | (434,682)   | -         | (434,682)   |
| February 28, 2023 Balance  |                | 11,792,950 | 40,806,710  | 1,850,266 | 54,449,926  |
| March 2023 Billing         | February 2023  | 99,164     | 451,700     | 3,889     | 554,753     |
| March 2023 Payments        |                | -          | (347,442)   | -         | (347,442)   |
| March 31, 2023 Balance     |                | 11,892,114 | 40,910,969  | 1,854,155 | 54,657,238  |
| April 2023 Billing         | March 2023     | 101,068    | 451,700     | 3,897     | 556,665     |
| April 2023 Payments        |                | -          | (358,010)   | -         | (358,010)   |
| April 30, 2023 Balance     |                | 11,993,182 | 41,004,659  | 1,858,052 | 54,855,893  |
| May 2023 Billing           | April 2023     | 98,870     | 451,700     | 3,906     | 554,476     |
| May 2023 Payments          |                | -          | (349,566)   | -         | (349,566)   |
| May 31, 2023 Balance       |                | 12,092,052 | 41,106,793  | 1,861,958 | 55,060,803  |
| June 2023 Billing          | May 2023       | 103,555    | 451,700     | 3,906     | 559,161     |
| June 2023 Payments         |                | (126,000)  | (1,261,249) | -         | (1,387,249) |
| June 30, 2023 Balance      |                | 12,069,607 | 40,297,244  | 1,865,864 | 54,232,714  |
| July 2023 Billing          | June 2023      | 107,088    | 451,700     | 3,906     | 562,694     |
| July 2023 Payments         |                | -          | (386,031)   | -         | (386,031)   |
| July 31, 2023 Balance      |                | 12,176,695 | 40,362,913  | 1,869,769 | 54,409,377  |
| August 2023 Billing        | July 2023      | 115,273    | 445,700     | 3,964     | 564,937     |
| August 2023 Payments       |                | -          | (387,766)   | -         | (387,766)   |
| August 31, 2023 Balance    |                | 12,291,968 | 40,420,847  | 1,873,733 | 54,586,548  |
| September 2023 Billing     | August 2023    | 116,724    | 464,200     | 3,964     | 584,888     |
| September 2023 Payments    |                | -          | (395,119)   | -         | (395,119)   |
| September 30, 2023 Balance |                | 12,408,692 | 40,489,928  | 1,877,697 | 54,776,316  |
| October 2023 Billing       | September 2023 | 116,104    | 464,200     | 4,028     | 584,332     |
| October 2023 Payments      |                | -          | (452,616)   | -         | (452,616)   |
| October 31, 2023 Balance   |                | 12,524,796 | 40,501,512  | 1,881,725 | 54,908,032  |

All amounts are unaudited unless otherwise noted.

GLWA Audit Committee February 9, 2024

## 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 6 - Wholesale Accounts Receivable Aging Report Summary** is a summary of the total, current and non-current receivables by category as of October 31, 2023.

**Table 7 - Wholesale Accounts Receivable Aging Report, Net of Highland Park** is the same summary *without* the past due balances for the City of Highland Park.

**Table 8 - Wholesale Accounts Receivable Aging Report, Net of Highland Park and Dearborn** is the same summary *without* the past due balances for the City of Highland Park and Dearborn. Six water accounts comprise the past due balances over 46 days. Two accounts make up a past due balance of \$124 thousand which were subsequently paid in October. One of the past due accounts is currently under review.

The Pollutant Surcharge past due balance consists of smaller account holders that GLWA staff continue to communicate with.

**Table 6 - Wholesale Accounts Receivable Aging Report Summary**

|                     | Total                    | Current                 | 46-74 Days             | 75-104 Days            | >105 Days               |
|---------------------|--------------------------|-------------------------|------------------------|------------------------|-------------------------|
| Water               | \$ 63,892,724.69         | \$ 45,060,431.72        | \$ 1,565,089.40        | \$ 1,079,718.46        | \$ 16,187,485.11        |
| Sewer               | \$ 59,140,082.06         | \$ 19,102,770.26        | \$ 464,200.00          | \$ 464,200.00          | \$ 39,108,911.80        |
| IWC                 | \$ 2,316,071.20          | \$ 447,655.45           | \$ 3,963.96            | \$ (5,317.60)          | \$ 1,869,769.39         |
| Pollutant Surcharge | \$ 619,486.59            | \$ 610,913.41           | \$ 4,798.66            | \$ 1,314.08            | \$ 2,460.44             |
| <b>Total</b>        | <b>\$ 125,968,364.54</b> | <b>\$ 65,221,770.84</b> | <b>\$ 2,038,052.02</b> | <b>\$ 1,539,914.94</b> | <b>\$ 57,168,626.74</b> |
|                     | 100.00%                  | 51.78%                  | 1.62%                  | 1.22%                  | 45.38%                  |

**Table 7 - Wholesale Accounts Receivable Aging Report, Net of Highland Park**

|                     | Total                   | Current                 | 46-74 Days             | 75-104 Days          | >105 Days              |
|---------------------|-------------------------|-------------------------|------------------------|----------------------|------------------------|
| Water               | \$ 51,367,928.58        | \$ 44,827,603.75        | \$ 1,449,816.36        | \$ 972,630.48        | \$ 4,117,877.99        |
| Sewer               | \$ 18,638,570.26        | \$ 18,638,570.26        | \$ -                   | \$ -                 | \$ -                   |
| IWC                 | \$ 434,346.23           | \$ 439,663.83           | \$ -                   | \$ (5,317.60)        | \$ -                   |
| Pollutant Surcharge | \$ 619,486.59           | \$ 610,913.41           | \$ 4,798.66            | \$ 1,314.08          | \$ 2,460.44            |
| <b>Total</b>        | <b>\$ 71,060,331.66</b> | <b>\$ 64,516,751.25</b> | <b>\$ 1,454,615.02</b> | <b>\$ 968,626.96</b> | <b>\$ 4,120,338.43</b> |
|                     | 100.00%                 | 90.79%                  | 2.05%                  | 1.36%                | 5.80%                  |

**Table 8 - Wholesale Accounts Receivable Aging Report, Net of Highland Park and Dearborn**

|                     | Total                   | Current                 | 46-74 Days           | 75-104 Days          | >105 Days          |
|---------------------|-------------------------|-------------------------|----------------------|----------------------|--------------------|
| Water               | \$ 43,426,454.15        | \$ 42,965,133.80        | \$ 461,320.35        | \$ -                 | \$ -               |
| Sewer               | \$ 18,638,570.26        | \$ 18,638,570.26        | \$ -                 | \$ -                 | \$ -               |
| IWC                 | \$ 434,346.23           | \$ 439,663.83           | \$ -                 | \$ (5,317.60)        | \$ -               |
| Pollutant Surcharge | \$ 619,486.59           | \$ 610,913.41           | \$ 4,798.66          | \$ 1,314.08          | \$ 2,460.44        |
| <b>Total</b>        | <b>\$ 63,118,857.23</b> | <b>\$ 62,654,281.30</b> | <b>\$ 466,119.01</b> | <b>\$ (4,003.52)</b> | <b>\$ 2,460.44</b> |
|                     | 100.00%                 | 99.26%                  | 0.74%                | -0.01%               | 0.00%              |

**Note:** percentages vary from 100% due to rounding.





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 four months of activity to date.

Water fund receipts exceeded required disbursements by 12% through October 31, 2023 compared to the four-year historical average ratio of required receipts exceeding disbursements by 9% since July 1, 2019.

Sewer fund receipts exceeded required disbursements by 3% through October 31, 2023 in line with the four-year historical average ratio of required receipts exceeding disbursements by 6% since July 1, 2019.

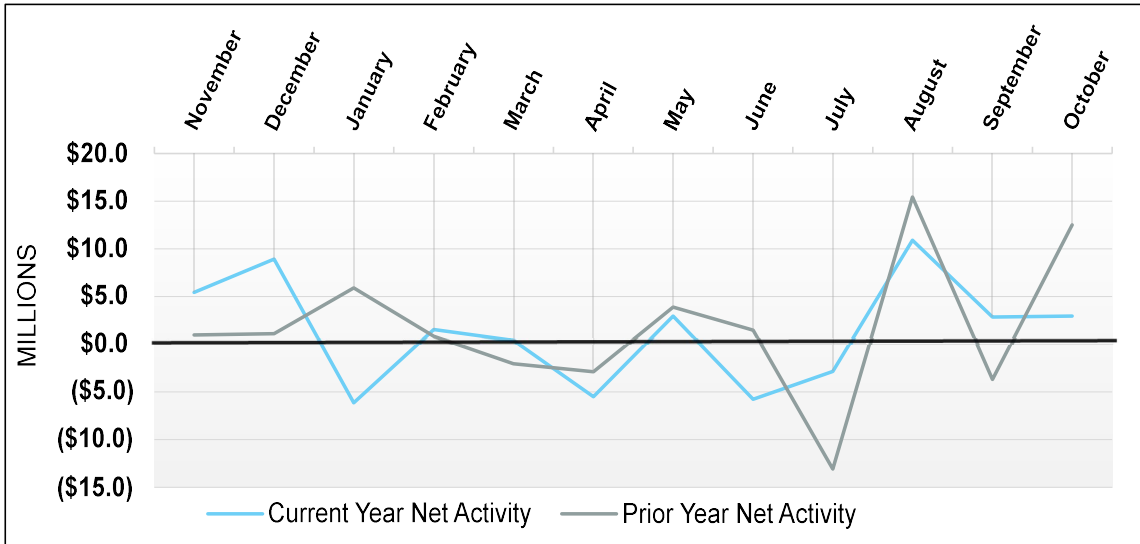
**Chart 1 – GLWA 12-Month Net Receipts – Water** outlines monthly cash receipt trends across two points of reference for the regional water system—current year and prior year. The black line at the zero highlights the minimum goal for net receipts.

**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.

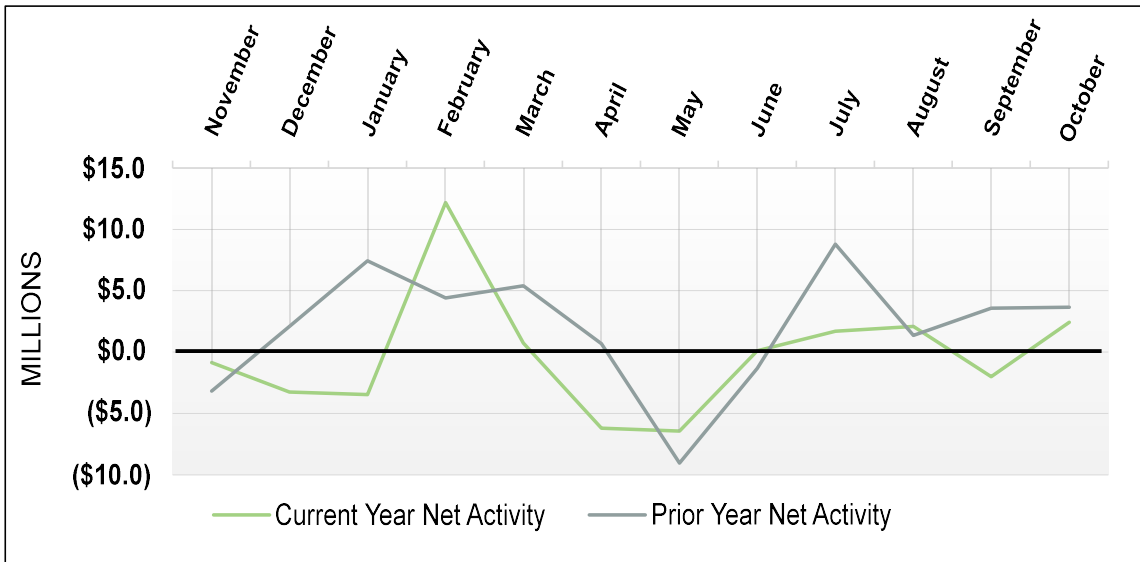
**Table 1 – GLWA Net Cash Flows from Trust Receipts & Disbursements**

|   | FY 2020        | FY 2021        | FY 2022         | FY 2023        | FY 2024 Thru<br>Oct 31 |
|---|----------------|----------------|-----------------|----------------|------------------------|
| <b>Water</b>  |                |                |                 |                |                        |
| 1 Receipts  | \$ 332,606,196 | \$ 336,642,021 | \$ 338,117,694  | \$ 363,335,474 | \$ 128,176,938         |
| 2 MOU Adjustments   | -              | -              | -               | -              | -                      |
| 3 Adjusted Receipts   | 332,606,196    | 336,642,021    | 338,117,694     | 363,335,474    | 128,176,938            |
| 4 Disbursements   | (296,190,425)  | (308,713,407)  | (316,495,360)   | (349,186,375)  | (114,337,948)          |
| 5 Receipts Net of Required Transfers                                    | 36,415,771     | 27,928,614     | 21,622,334      | 14,149,099     | 13,838,990             |
| 6 I&E Transfer  | (25,719,751)   | (31,991,687)   | (26,622,862)    | (9,898,100)    | (17,824,500)           |
| 7 Net Receipts  | \$ 10,696,020  | \$ (4,063,073) | \$ (5,000,528)  | \$ 4,250,999   | \$ (3,985,510)         |
| 8 <i>Ratio of Receipts to Required Disbursements (Line 3/Line 4)</i>    | 112%           | 109%           | 107%            | 104%           | 112%                   |
| <b>Sewer</b>  |                |                |                 |                |                        |
| 9 Receipts  | \$ 490,461,356 | \$ 472,871,853 | \$ 471,979,297  | \$ 498,888,416 | \$ 162,511,767         |
| 10 MOU Adjustments  | -              | -              | -               | -              | -                      |
| 11 Adjusted Receipts  | 490,461,356    | 472,871,853    | 471,979,297     | 498,888,416    | 162,511,767            |
| 12 Disbursements  | (445,604,952)  | (436,600,883)  | (450,701,751)   | (473,516,238)  | (158,292,430)          |
| 13 Receipts Net of Required Transfers                                   | 44,856,404     | 36,270,970     | 21,277,546      | 25,372,178     | 4,219,337              |
| 14 I&E Transfer   | (19,096,200)   | (40,504,727)   | (37,651,788)    | (26,766,200)   | -                      |
| 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) | \$ 4,219,337           |
| 18 <i>Ratio of Receipts to Required Disbursements (Line 11/Line 12)</i> | 110%           | 108%           | 105%            | 105%           | 103%                   |
| <b>Combined</b>   |                |                |                 |                |                        |
| 19 Receipts   | \$ 823,067,552 | \$ 809,513,874 | \$ 810,096,991  | \$ 862,223,890 | \$ 290,688,705         |
| 20 MOU Adjustments  | -              | -              | -               | -              | -                      |
| 21 Adjusted Receipts  | 823,067,552    | 809,513,874    | 810,096,991     | 862,223,890    | 290,688,705            |
| 22 Disbursements  | (741,795,377)  | (745,314,290)  | (767,197,111)   | (822,702,613)  | (272,630,378)          |
| 23 Receipts Net of Required Transfers                                   | 81,272,175     | 64,199,584     | 42,899,880      | 39,521,277     | 18,058,327             |
| 24 I&E Transfer   | (44,815,951)   | (72,496,414)   | (64,274,650)    | (36,664,300)   | (17,824,500)           |
| 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   | \$ 233,827             |
| 28 <i>Ratio of Receipts to Required Disbursements (Line 21/Line 22)</i> | 111%           | 109%           | 106%            | 105%           | 107%                   |

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



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



All amounts are unaudited unless otherwise noted.

## 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 four months of activity to date.

Water fund receipts fell short of required disbursements by 5% through October 31, 2023 compared to the four-year historical average ratio of required receipts exceeding disbursements by 2% since July 1, 2019.

Sewer fund receipts exceeded required disbursements by 7% through October 31, 2023 compared to the four-year historical average of required receipts exceeding disbursements by 3% since July 1, 2019.

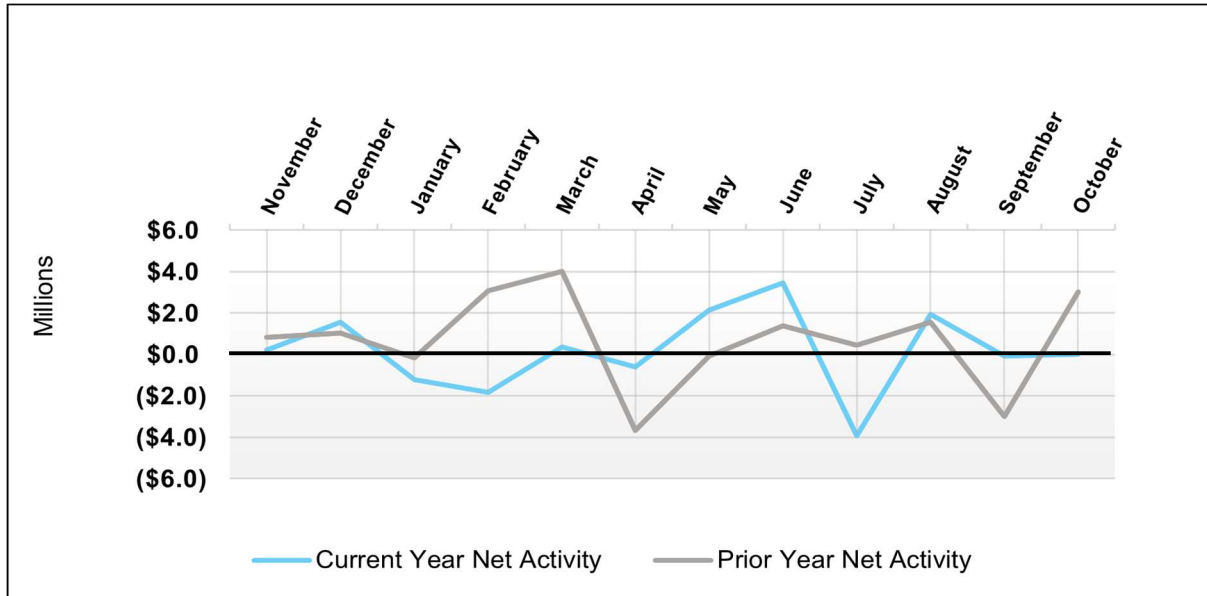
**Table 2 – DWSD Net Cash Flows from Trust Receipts & Disbursements**

|   | FY 2020         | FY 2021        | FY 2022        | FY 2023        | FY 2024 Thru<br>Oct 31 |
|---|-----------------|----------------|----------------|----------------|------------------------|
| <b>Water</b>  |                 |                |                |                |                        |
| 1 Receipts  | \$ 96,885,723   | \$ 102,067,423 | \$ 101,964,963 | \$ 123,766,624 | \$ 37,434,331          |
| 2 MOU Adjustments   | -               | -              | -              | -              | -                      |
| 3 Adjusted Receipts   | 96,885,723      | 102,067,423    | 101,964,963    | 123,766,624    | 37,434,331             |
| 4 Disbursements   | (97,823,097)    | (100,707,200)  | (94,495,601)   | (117,666,100)  | (39,496,100)           |
| 5 Receipts Net of Required Transfers                                    | (937,374)       | 1,360,223      | 7,469,362      | 6,100,524      | (2,061,769)            |
| 6 I&E Transfer  | -               | -              | -              | -              | -                      |
| 7 Net Receipts  | \$ (937,374)    | \$ 1,360,223   | \$ 7,469,362   | \$ 6,100,524   | \$ (2,061,769)         |
| 8 <i>Ratio of Receipts to Required Disbursements (Line 3/Line 4)</i>    | 99%             | 101%           | 108%           | 105%           | 95%                    |
| <b>Sewer</b>  |                 |                |                |                |                        |
| 9 Receipts  | \$ 264,689,559  | \$ 308,210,767 | \$ 291,280,896 | \$ 298,896,942 | \$ 102,921,186         |
| 10 MOU Adjustments  | -               | -              | -              | -              | -                      |
| 11 Adjusted Receipts  | 264,689,559     | 308,210,767    | 291,280,896    | 298,896,942    | 102,921,186            |
| 12 Disbursements  | (275,507,374)   | (295,100,771)  | (285,256,000)  | (283,095,100)  | (96,383,698)           |
| 13 Receipts Net of Required Transfers                                   | (10,817,815)    | 13,109,996     | 6,024,896      | 15,801,842     | 6,537,488              |
| 14 I&E Transfer   | -               | -              | -              | -              | -                      |
| 15 Shortfall Advance from GLWA  | -               | -              | -              | -              | -                      |
| 16 Net Receipts   | \$ (10,817,815) | \$ 13,109,996  | \$ 6,024,896   | \$ 15,801,842  | \$ 6,537,488           |
| 17 <i>Ratio of Receipts to Required Disbursements (Line 11/Line 12)</i> | 96%             | 104%           | 102%           | 106%           | 107%                   |
| <b>Combined</b>   |                 |                |                |                |                        |
| 18 Receipts   | \$ 361,575,282  | \$ 410,278,190 | \$ 393,245,859 | \$ 422,663,566 | \$ 140,355,517         |
| 19 MOU Adjustments  | -               | -              | -              | -              | -                      |
| 20 Adjusted Receipts  | 361,575,282     | 410,278,190    | 393,245,859    | 422,663,566    | 140,355,517            |
| 21 Disbursements  | (373,330,471)   | (395,807,971)  | (379,751,601)  | (400,761,200)  | (135,879,798)          |
| 22 Receipts Net of Required Transfers                                   | (11,755,189)    | 14,470,219     | 13,494,258     | 21,902,366     | 4,475,719              |
| 23 I&E Transfer   | -               | -              | -              | -              | -                      |
| 24 Shortfall Advance from GLWA  | -               | -              | -              | -              | -                      |
| 25 Net Receipts   | \$ (11,755,189) | \$ 14,470,219  | \$ 13,494,258  | \$ 21,902,366  | \$ 4,475,719           |
| 26 <i>Ratio of Receipts to Required Disbursements (Line 20/Line 21)</i> | 97%             | 104%           | 104%           | 105%           | 103%                   |

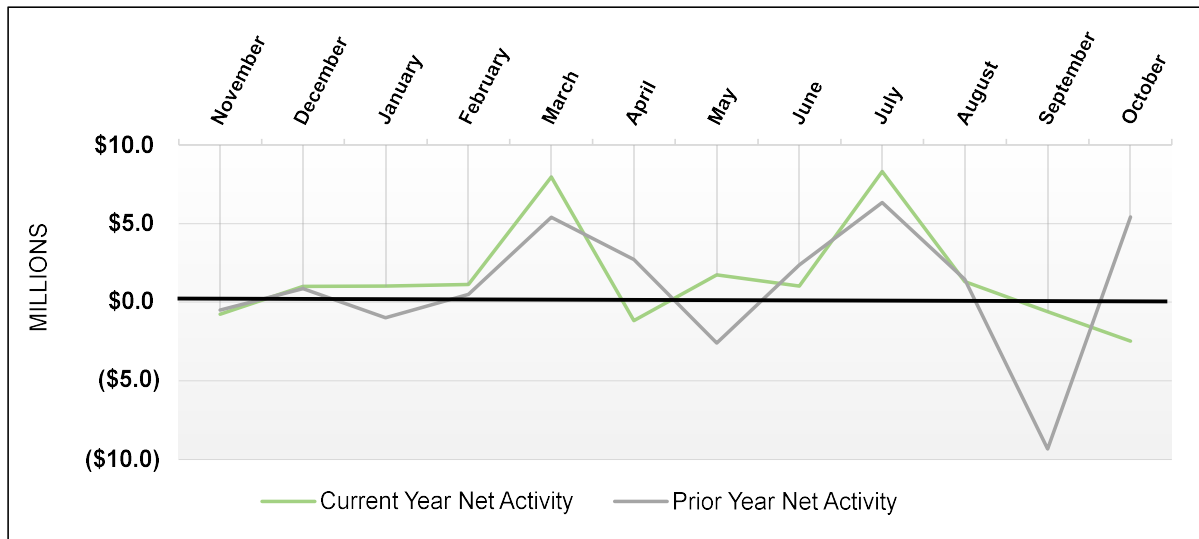
**Chart 3 – DWSD 12-Month Net Receipts – Water** outlines monthly activity trends across two points of reference for the local water system—current year and prior year. The black line at the zero highlights the breakeven goal for net receipts.

**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 four months of activity to date.

Water fund net receipts exceeded required disbursements by 8% through October 31, 2023 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 4% through October 31, 2023 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 Oct 31 |
|---|------------------|------------------|------------------|------------------|---------------------|
| <b>Water</b>  |                  |                  |                  |                  |                     |
| 1 Receipts  | \$ 429,491,919   | \$ 438,709,444   | \$ 440,082,657   | \$ 487,102,098   | \$ 165,611,269      |
| 2 MOU Adjustments   | -                | -                | -                | -                | -                   |
| 3 Adjusted Receipts   | 429,491,919      | 438,709,444      | 440,082,657      | 487,102,098      | 165,611,269         |
| 4 Disbursements   | (394,013,522)    | (409,420,607)    | (410,990,961)    | (466,852,475)    | (153,834,048)       |
| 5 Receipts Net of Required Transfers                                    | 35,478,397       | 29,288,837       | 29,091,696       | 20,249,623       | 11,777,221          |
| 6 I&E Transfer  | (25,719,751)     | (31,991,687)     | (26,622,862)     | (9,898,100)      | (17,824,500)        |
| 7 Net Receipts  | \$ 9,758,646     | \$ (2,702,850)   | \$ 2,468,834     | \$ 10,351,523    | \$ (6,047,279)      |
| 8 <i>Ratio of Receipts to Required Disbursements (Line 3/Line 4)</i>    | 109%             | 107%             | 107%             | 104%             | 108%                |
| <b>Sewer</b>  |                  |                  |                  |                  |                     |
| 9 Receipts  | \$ 755,150,915   | \$ 781,082,620   | \$ 763,260,193   | \$ 797,785,358   | \$ 265,432,953      |
| 10 MOU Adjustments  | -                | -                | -                | -                | -                   |
| 11 Adjusted Receipts  | 755,150,915      | 781,082,620      | 763,260,193      | 797,785,358      | 265,432,953         |
| 12 Disbursements  | (721,112,326)    | (731,701,654)    | (735,957,751)    | (756,611,338)    | (254,676,128)       |
| 13 Receipts Net of Required Transfers                                   | 34,038,589       | 49,380,966       | 27,302,442       | 41,174,020       | 10,756,825          |
| 14 I&E Transfer   | (19,096,200)     | (40,504,727)     | (37,651,788)     | (26,766,200)     | -                   |
| 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    | \$ 10,756,825       |
| 18 <i>Ratio of Receipts to Required Disbursements (Line 11/Line 12)</i> | 105%             | 107%             | 104%             | 105%             | 104%                |
| <b>Combined</b>   |                  |                  |                  |                  |                     |
| 19 Receipts   | \$ 1,184,642,834 | \$ 1,219,792,064 | \$ 1,203,342,850 | \$ 1,284,887,456 | \$ 431,044,222      |
| 20 MOU Adjustments  | -                | -                | -                | -                | -                   |
| 21 Adjusted Receipts  | 1,184,642,834    | 1,219,792,064    | 1,203,342,850    | 1,284,887,456    | 431,044,222         |
| 22 Disbursements  | (1,115,125,848)  | (1,141,122,261)  | (1,146,948,712)  | (1,223,463,813)  | (408,510,176)       |
| 23 Receipts Net of Required Transfers                                   | 69,516,986       | 78,669,803       | 56,394,138       | 61,423,643       | 22,534,046          |
| 24 I&E Transfer   | (44,815,951)     | (72,496,414)     | (64,274,650)     | (36,664,300)     | (17,824,500)        |
| 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    | \$ 4,709,546        |
| 28 <i>Ratio of Receipts to Required Disbursements (Line 21/Line 22)</i> | 106%             | 107%             | 105%             | 105%             | 106%                |

All amounts are unaudited unless otherwise noted.

GLWA Audit Committee February 9, 2024



## APPENDIX

## GLWA Aged Accounts Receivable- WATER ACCOUNTS

Balances as of 10/31/23

| Customer Name         | Total Due      | Current        | 46 - 74 Days | 75 - 104 Days | >105 Days      |
|-----------------------|----------------|----------------|--------------|---------------|----------------|
| ALLEN PARK            | \$218,545.01   | \$218,545.01   | \$0.00       | \$0.00        | \$0.00         |
| ALMONT VILLAGE        | \$21,021.80    | \$21,021.80    | \$0.00       | \$0.00        | \$0.00         |
| ASH TOWNSHIP          | \$74,702.04    | \$74,702.04    | \$0.00       | \$0.00        | \$0.00         |
| BELLEVILLE            | \$29,774.89    | \$29,774.89    | \$0.00       | \$0.00        | \$0.00         |
| BERLIN TOWNSHIP       | \$65,156.08    | \$65,156.08    | \$0.00       | \$0.00        | \$0.00         |
| BROWNSTOWN TOWNSHIP   | \$740,472.41   | \$740,472.41   | \$0.00       | \$0.00        | \$0.00         |
| BRUCE TOWNSHIP        | \$27,538.57    | \$27,538.57    | \$0.00       | \$0.00        | \$0.00         |
| BURTCHVILLE TOWNSHIP  | \$42,430.14    | \$42,430.14    | \$0.00       | \$0.00        | \$0.00         |
| CANTON TOWNSHIP       | \$2,261,419.98 | \$2,209,144.98 | \$52,275.00  | \$0.00        | \$0.00         |
| CENTER LINE           | \$92,460.59    | \$92,460.59    | \$0.00       | \$0.00        | \$0.00         |
| CHESTERFIELD TOWNSHIP | \$829,817.22   | \$829,817.22   | \$0.00       | \$0.00        | \$0.00         |
| CLINTON TOWNSHIP      | \$715,172.15   | \$715,172.15   | \$0.00       | \$0.00        | \$0.00         |
| COMMERCE TOWNSHIP     | \$688,650.14   | \$688,650.14   | \$0.00       | \$0.00        | \$0.00         |
| DEARBORN              | \$7,941,474.43 | \$1,862,469.95 | \$988,496.01 | \$972,630.48  | \$4,117,877.99 |
| DEARBORN HEIGHTS      | \$699,464.52   | \$699,464.52   | \$0.00       | \$0.00        | \$0.00         |
| EASTPOINTE            | \$141,661.90   | \$141,661.90   | \$0.00       | \$0.00        | \$0.00         |
| ECORSE                | \$100,902.61   | \$100,902.61   | \$0.00       | \$0.00        | \$0.00         |
| FARMINGTON            | \$93,865.42    | \$93,865.42    | \$0.00       | \$0.00        | \$0.00         |
| FARMINGTON HILLS      | \$1,785,567.41 | \$1,785,567.41 | \$0.00       | \$0.00        | \$0.00         |
| FERNDALE              | \$97,814.75    | \$97,814.75    | \$0.00       | \$0.00        | \$0.00         |
| FLAT ROCK             | \$136,798.73   | \$136,798.73   | \$0.00       | \$0.00        | \$0.00         |
| FLINT                 | \$381,196.27   | \$381,196.27   | \$0.00       | \$0.00        | \$0.00         |
| FRASER                | \$119,630.73   | \$119,630.73   | \$0.00       | \$0.00        | \$0.00         |

## GLWA Aged Accounts Receivable- WATER ACCOUNTS

Balances as of 10/31/23

| Customer Name                | Total Due       | Current      | 46 - 74 Days | 75 - 104 Days | >105 Days       |
|------------------------------|-----------------|--------------|--------------|---------------|-----------------|
| GARDEN CITY                  | \$325,579.23    | \$325,579.23 | \$0.00       | \$0.00        | \$0.00          |
| GENESEE COUNTY DRAIN COMM    | \$0.00          | \$0.00       | \$0.00       | \$0.00        | \$0.00          |
| GIBRALTAR                    | \$31,844.39     | \$31,844.39  | \$0.00       | \$0.00        | \$0.00          |
| GREATER LAPEER CUA           | \$0.00          | \$0.00       | \$0.00       | \$0.00        | \$0.00          |
| GREENWOOD TWP. (DTE)         | \$614,695.88    | \$390,066.64 | \$224,629.24 | \$0.00        | \$0.00          |
| GROSSE ILE TOWNSHIP          | \$117,902.90    | \$117,902.90 | \$0.00       | \$0.00        | \$0.00          |
| GROSSE POINTE FARMS          | \$0.00          | \$0.00       | \$0.00       | \$0.00        | \$0.00          |
| GROSSE POINTE PARK           | \$274,718.96    | \$274,718.96 | \$0.00       | \$0.00        | \$0.00          |
| GROSSE POINTE SHORES         | \$66,376.46     | \$66,376.46  | \$0.00       | \$0.00        | \$0.00          |
| GROSSE POINTE WOODS          | \$128,615.68    | \$128,615.68 | \$0.00       | \$0.00        | \$0.00          |
| HAMTRAMCK                    | \$161,516.85    | \$161,516.85 | \$0.00       | \$0.00        | \$0.00          |
| HARPER WOODS                 | \$86,271.10     | \$86,271.10  | \$0.00       | \$0.00        | \$0.00          |
| HARRISON TWP                 | \$161,042.08    | \$161,042.08 | \$0.00       | \$0.00        | \$0.00          |
| HAZEL PARK                   | \$143,180.34    | \$143,180.34 | \$0.00       | \$0.00        | \$0.00          |
| HIGHLAND PARK                | \$12,524,796.11 | \$232,827.97 | \$115,273.04 | \$107,087.98  | \$12,069,607.12 |
| HURON TOWNSHIP               | \$189,051.89    | \$189,051.89 | \$0.00       | \$0.00        | \$0.00          |
| IMLAY CITY                   | \$160,505.17    | \$160,505.17 | \$0.00       | \$0.00        | \$0.00          |
| IMLAY TOWNSHIP (CHAMPION BUS | \$908.79        | \$908.79     | \$0.00       | \$0.00        | \$0.00          |
| INKSTER                      | \$364,225.48    | \$241,294.15 | \$122,931.33 | \$0.00        | \$0.00          |
| KEEGO HARBOR                 | \$60,160.14     | \$60,160.14  | \$0.00       | \$0.00        | \$0.00          |
| LAPEER                       | \$148,611.38    | \$148,611.38 | \$0.00       | \$0.00        | \$0.00          |
| LENOX TOWNSHIP               | \$30,047.43     | \$30,047.43  | \$0.00       | \$0.00        | \$0.00          |

## GLWA Aged Accounts Receivable- WATER ACCOUNTS

Balances as of 10/31/23

| Customer Name             | Total Due      | Current        | 46 - 74 Days | 75 - 104 Days | >105 Days |
|---------------------------|----------------|----------------|--------------|---------------|-----------|
| LINCOLN PARK              | \$216,296.53   | \$216,296.53   | \$0.00       | \$0.00        | \$0.00    |
| LIVONIA                   | \$1,158,054.40 | \$1,158,054.40 | \$0.00       | \$0.00        | \$0.00    |
| MACOMB TWP                | \$2,541,923.23 | \$2,541,923.23 | \$0.00       | \$0.00        | \$0.00    |
| MADISON HEIGHTS           | \$233,658.42   | \$233,658.42   | \$0.00       | \$0.00        | \$0.00    |
| MAYFIELD TOWNSHIP (KAMAX) | \$5,015.83     | \$5,015.83     | \$0.00       | \$0.00        | \$0.00    |
| MELVINDALE                | \$59,789.17    | \$59,789.17    | \$0.00       | \$0.00        | \$0.00    |
| NEW HAVEN                 | \$42,913.76    | \$42,913.76    | \$0.00       | \$0.00        | \$0.00    |
| NOCWA                     | \$4,459,645.97 | \$4,459,645.97 | \$0.00       | \$0.00        | \$0.00    |
| NORTHVILLE                | \$74,914.70    | \$74,914.70    | \$0.00       | \$0.00        | \$0.00    |
| NORTHVILLE TOWNSHIP       | \$556,629.67   | \$556,629.67   | \$0.00       | \$0.00        | \$0.00    |
| NOVI                      | \$896,244.71   | \$896,244.71   | \$0.00       | \$0.00        | \$0.00    |
| OAK PARK                  | \$132,243.41   | \$132,243.41   | \$0.00       | \$0.00        | \$0.00    |
| OAKLAND CO DR COM         | \$6,029.66     | \$6,029.66     | \$0.00       | \$0.00        | \$0.00    |
| PLYMOUTH                  | \$107,071.06   | \$107,071.06   | \$0.00       | \$0.00        | \$0.00    |
| PLYMOUTH TOWNSHIP         | \$935,920.54   | \$920,420.54   | \$15,500.00  | \$0.00        | \$0.00    |
| REDFORD TOWNSHIP          | \$281,266.14   | \$281,266.14   | \$0.00       | \$0.00        | \$0.00    |
| RIVER ROUGE               | \$47,963.23    | \$47,963.23    | \$0.00       | \$0.00        | \$0.00    |
| RIVERVIEW                 | \$81,411.84    | \$81,411.84    | \$0.00       | \$0.00        | \$0.00    |
| ROCKWOOD                  | \$23,173.90    | \$23,173.90    | \$0.00       | \$0.00        | \$0.00    |
| ROMEO                     | \$19,303.58    | \$19,303.58    | \$0.00       | \$0.00        | \$0.00    |
| ROMULUS                   | \$351,353.74   | \$351,353.74   | \$0.00       | \$0.00        | \$0.00    |
| ROSEVILLE                 | \$493,305.48   | \$493,305.48   | \$0.00       | \$0.00        | \$0.00    |
| ROYAL OAK TOWNSHIP        | \$39,357.33    | \$39,357.33    | \$0.00       | \$0.00        | \$0.00    |

## GLWA Aged Accounts Receivable- WATER ACCOUNTS

Balances as of 10/31/23

| Customer Name             | Total Due      | Current        | 46 - 74 Days | 75 - 104 Days | >105 Days |
|---------------------------|----------------|----------------|--------------|---------------|-----------|
| SHELBY TOWNSHIP           | \$1,119,188.10 | \$1,119,188.10 | \$0.00       | \$0.00        | \$0.00    |
| SOCWA                     | \$4,796,647.05 | \$4,751,662.27 | \$44,984.78  | \$0.00        | \$0.00    |
| SOUTH ROCKWOOD            | \$11,016.12    | \$11,016.12    | \$0.00       | \$0.00        | \$0.00    |
| SOUTHGATE                 | \$197,481.57   | \$197,481.57   | \$0.00       | \$0.00        | \$0.00    |
| ST. CLAIR SHORES          | \$292,267.16   | \$292,267.16   | \$0.00       | \$0.00        | \$0.00    |
| STERLING HEIGHTS          | \$1,434,292.35 | \$1,434,292.35 | \$0.00       | \$0.00        | \$0.00    |
| SUMPTER TOWNSHIP          | \$67,130.20    | \$67,130.20    | \$0.00       | \$0.00        | \$0.00    |
| SYLVAN LAKE               | \$22,006.93    | \$22,006.93    | \$0.00       | \$0.00        | \$0.00    |
| TAYLOR                    | \$466,367.96   | \$466,367.96   | \$0.00       | \$0.00        | \$0.00    |
| TRENTON                   | \$164,887.25   | \$164,887.25   | \$0.00       | \$0.00        | \$0.00    |
| TROY (SEOC)               | \$1,336,733.94 | \$1,336,733.94 | \$0.00       | \$0.00        | \$0.00    |
| UTICA                     | \$118,826.29   | \$118,826.29   | \$0.00       | \$0.00        | \$0.00    |
| VAN BUREN TOWNSHIP        | \$665,069.42   | \$665,069.42   | \$0.00       | \$0.00        | \$0.00    |
| WALLED LAKE               | \$156,051.05   | \$155,051.05   | \$1,000.00   | \$0.00        | \$0.00    |
| WARREN                    | \$1,847,147.38 | \$1,847,147.38 | \$0.00       | \$0.00        | \$0.00    |
| WASHINGTON TOWNSHIP       | \$235,339.91   | \$235,339.91   | \$0.00       | \$0.00        | \$0.00    |
| WAYNE                     | \$172,208.60   | \$172,208.60   | \$0.00       | \$0.00        | \$0.00    |
| WEST BLOOMFIELD TWP (C-O) | \$2,125,170.16 | \$2,125,170.16 | \$0.00       | \$0.00        | \$0.00    |
| WESTLAND                  | \$579,308.39   | \$579,308.39   | \$0.00       | \$0.00        | \$0.00    |
| WIXOM                     | \$224,821.27   | \$224,821.27   | \$0.00       | \$0.00        | \$0.00    |
| WOODHAVEN                 | \$137,059.31   | \$137,059.31   | \$0.00       | \$0.00        | \$0.00    |
| YCUA                      | \$2,064,629.93 | \$2,064,629.93 | \$0.00       | \$0.00        | \$0.00    |

## GLWA Aged Accounts Receivable- WATER ACCOUNTS

Balances as of 10/31/23

| Customer Name        | Total Due       | Current         | 46 - 74 Days   | 75 - 104 Days  | >105 Days       |
|----------------------|-----------------|-----------------|----------------|----------------|-----------------|
| TOTAL WATER ACCOUNTS | \$63,892,724.69 | \$45,060,431.72 | \$1,565,089.40 | \$1,079,718.46 | \$16,187,485.11 |

## GLWA Aged Accounts Receivable- SEWER ACCOUNTS

Balances as of 10/31/23

| 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                  | \$102,700.00           | \$102,700.00           | \$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               | \$40,501,511.80        | \$464,200.00           | \$464,200.00        | \$464,200.00        | \$39,108,911.80        |
| 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                        | \$6,101,270.76         | \$6,101,270.76         | \$0.00              | \$0.00              | \$0.00                 |
| REDFORD TOWNSHIP            | \$0.00                 | \$0.00                 | \$0.00              | \$0.00              | \$0.00                 |
| ROUGE VALLEY                | \$4,789,300.00         | \$4,789,300.00         | \$0.00              | \$0.00              | \$0.00                 |
| SOUTHEAST MACOMB SANITATION | \$0.00                 | \$0.00                 | \$0.00              | \$0.00              | \$0.00                 |
| WAYNE COUNTY-AREA #3        | \$4,500.00             | \$4,500.00             | \$0.00              | \$0.00              | \$0.00                 |
| <b>TOTAL SEWER ACCOUNTS</b> | <b>\$59,140,082.06</b> | <b>\$19,102,770.26</b> | <b>\$464,200.00</b> | <b>\$464,200.00</b> | <b>\$39,108,911.80</b> |



## GLWA Aged Accounts Receivable- IWC ACCOUNTS

Balances as of 10/31/23

| 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)           | \$11,731.72 | \$11,731.72 | \$0.00       | \$0.00        | \$0.00    |
| AUBURN HILLS (C-O) ADMIN     | \$1,992.58  | \$1,992.58  | \$0.00       | \$0.00        | \$0.00    |
| AUBURN HILLS (E-F)           | \$404.04    | \$404.04    | \$0.00       | \$0.00        | \$0.00    |
| BERKLEY                      | \$3,235.96  | \$3,235.96  | \$0.00       | \$0.00        | \$0.00    |
| BEVERLY HILLS                | \$0.00      | \$0.00      | \$0.00       | \$0.00        | \$0.00    |
| BINGHAM FARMS                | \$0.00      | \$0.00      | \$0.00       | \$0.00        | \$0.00    |
| BIRMINGHAM (E-F)             | \$2,487.94  | \$2,487.94  | \$0.00       | \$0.00        | \$0.00    |
| BIRMINGHAM (SEOC)            | \$5,824.00  | \$5,824.00  | \$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                  | \$5,338.06  | \$5,338.06  | \$0.00       | \$0.00        | \$0.00    |
| CHARTER TOWNSHIP OF INDEPENI | \$0.00      | \$0.00      | \$0.00       | \$0.00        | \$0.00    |
| CHESTERFIELD TOWNSHIP        | \$13,391.56 | \$13,391.56 | \$0.00       | \$0.00        | \$0.00    |
| CITY OF FARMINGTON (E-F)     | \$205.66    | \$205.66    | \$0.00       | \$0.00        | \$0.00    |
| CITY OF FERNDALE             | \$9,388.20  | \$9,388.20  | \$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                      | \$6,340.89  | \$6,340.89  | \$0.00       | \$0.00        | \$0.00    |
| CLINTON TOWNSHIP             | \$27,800.50 | \$27,800.50 | \$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 10/31/23

| Customer Name            | Total Due      | Current       | 46 - 74 Days | 75 - 104 Days | >105 Days      |
|--------------------------|----------------|---------------|--------------|---------------|----------------|
| DEARBORN HEIGHTS         | \$ (3,794.47)  | \$ (3,794.47) | \$0.00       | \$0.00        | \$0.00         |
| DETROIT METRO WC AIRPORT | \$109.20       | \$109.20      | \$0.00       | \$0.00        | \$0.00         |
| EASTPOINTE               | \$13,106.09    | \$13,106.09   | \$0.00       | \$0.00        | \$0.00         |
| FARMINGTON               | \$4,153.24     | \$4,153.24    | \$0.00       | \$0.00        | \$0.00         |
| FARMINGTON HILLS         | \$0.00         | \$0.00        | \$0.00       | \$0.00        | \$0.00         |
| FRASER                   | \$0.00         | \$0.00        | \$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      | \$2,138.50     | \$2,138.50    | \$0.00       | \$0.00        | \$0.00         |
| GROSSE POINTE PARK       | \$1,210.30     | \$1,210.30    | \$0.00       | \$0.00        | \$0.00         |
| GROSSE POINTE SHORES     | \$349.44       | \$349.44      | \$0.00       | \$0.00        | \$0.00         |
| GROSSE POINTE WOODS      | \$3,048.50     | \$3,048.50    | \$0.00       | \$0.00        | \$0.00         |
| HAMTRAMCK                | \$8,546.72     | \$8,546.72    | \$0.00       | \$0.00        | \$0.00         |
| HARPER WOODS             | \$0.00         | \$0.00        | \$0.00       | \$0.00        | \$0.00         |
| HARRISON TWP             | \$0.00         | \$0.00        | \$0.00       | \$0.00        | \$0.00         |
| HAZEL PARK               | \$3,321.50     | \$3,321.50    | \$0.00       | \$0.00        | \$0.00         |
| HIGHLAND PARK            | \$1,881,724.97 | \$7,991.62    | \$3,963.96   | \$0.00        | \$1,869,769.39 |
| HUNTINGTON WOODS         | \$0.00         | \$0.00        | \$0.00       | \$0.00        | \$0.00         |
| INDEPENDENCE (C-O) ADMIN | \$1,349.80     | \$1,349.80    | \$0.00       | \$0.00        | \$0.00         |
| INKSTER                  | \$ (5,317.60)  | \$0.00        | \$0.00       | \$ (5,317.60) | \$0.00         |
| KEEGO HARBOR             | \$710.63       | \$710.63      | \$0.00       | \$0.00        | \$0.00         |
| LATHRUP                  | \$0.00         | \$0.00        | \$0.00       | \$0.00        | \$0.00         |

## GLWA Aged Accounts Receivable- IWC ACCOUNTS

Balances as of 10/31/23

| 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                    | \$42,193.06 | \$42,193.06 | \$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                 | \$3,599.96  | \$3,599.96  | \$0.00       | \$0.00        | \$0.00    |
| NEW HAVEN                  | \$629.72    | \$629.72    | \$0.00       | \$0.00        | \$0.00    |
| NORTHVILLE                 | \$2,387.84  | \$2,387.84  | \$0.00       | \$0.00        | \$0.00    |
| NORTHVILLE TOWNSHIP        | \$0.00      | \$0.00      | \$0.00       | \$0.00        | \$0.00    |
| NOVI                       | \$18,392.92 | \$18,392.92 | \$0.00       | \$0.00        | \$0.00    |
| OAK PARK                   | \$7,183.54  | \$7,183.54  | \$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)       | \$4,449.90  | \$4,449.90  | \$0.00       | \$0.00        | \$0.00    |
| ORION TOWNSHIP (C-O) ADMIN | \$517.76    | \$517.76    | \$0.00       | \$0.00        | \$0.00    |
| OXFORD TOWNSHIP            | \$1,068.34  | \$1,068.34  | \$0.00       | \$0.00        | \$0.00    |
| OXFORD VILLAGE             | \$0.00      | \$0.00      | \$0.00       | \$0.00        | \$0.00    |
| PLEASANT RIDGE             | \$280.28    | \$280.28    | \$0.00       | \$0.00        | \$0.00    |
| PLYMOUTH                   | \$0.00      | \$0.00      | \$0.00       | \$0.00        | \$0.00    |
| PLYMOUTH TOWNSHIP          | \$140.14    | \$140.14    | \$0.00       | \$0.00        | \$0.00    |
| REDFORD TOWNSHIP           | \$0.00      | \$0.00      | \$0.00       | \$0.00        | \$0.00    |
| ROCHESTER HILLS            | \$19,484.92 | \$19,484.92 | \$0.00       | \$0.00        | \$0.00    |
| ROMULUS                    | \$1,601.60  | \$1,601.60  | \$0.00       | \$0.00        | \$0.00    |
| ROSEVILLE                  | \$15,036.84 | \$15,036.84 | \$0.00       | \$0.00        | \$0.00    |

## GLWA Aged Accounts Receivable- IWC ACCOUNTS

Balances as of 10/31/23

| Customer Name                | Total Due   | Current     | 46 - 74 Days | 75 - 104 Days | >105 Days |
|------------------------------|-------------|-------------|--------------|---------------|-----------|
| ROYAL OAK                    | \$14,003.08 | \$14,003.08 | \$0.00       | \$0.00        | \$0.00    |
| ROYAL OAK TOWNSHIP           | \$29.12     | \$29.12     | \$0.00       | \$0.00        | \$0.00    |
| SHELBY TOWNSHIP              | \$15,293.46 | \$15,293.46 | \$0.00       | \$0.00        | \$0.00    |
| SOUTHFIELD (E-F)             | \$29,431.22 | \$29,431.22 | \$0.00       | \$0.00        | \$0.00    |
| SOUTHFIELD (SEOC)            | \$3,434.34  | \$3,434.34  | \$0.00       | \$0.00        | \$0.00    |
| ST. CLAIR SHORES             | \$12,408.76 | \$12,408.76 | \$0.00       | \$0.00        | \$0.00    |
| STERLING HEIGHTS             | \$32,951.10 | \$32,951.10 | \$0.00       | \$0.00        | \$0.00    |
| TROY (E-F)                   | \$393.12    | \$393.12    | \$0.00       | \$0.00        | \$0.00    |
| TROY (SEOC)                  | \$38,838.80 | \$38,838.80 | \$0.00       | \$0.00        | \$0.00    |
| UTICA                        | \$0.00      | \$0.00      | \$0.00       | \$0.00        | \$0.00    |
| VAN BUREN TOWNSHIP           | \$4,899.44  | \$4,899.44  | \$0.00       | \$0.00        | \$0.00    |
| VILLAGE OF FRANKLIN          | \$0.00      | \$0.00      | \$0.00       | \$0.00        | \$0.00    |
| VILLAGE OF LAKE ORION        | \$822.64    | \$822.64    | \$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 | \$3,281.01  | \$3,281.01  | \$0.00       | \$0.00        | \$0.00    |
| WAYNE                        | \$0.00      | \$0.00      | \$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)    | \$12,433.39 | \$12,433.39 | \$0.00       | \$0.00        | \$0.00    |
| WEST BLOOMFIELD TWP. (C-O) A | \$482.67    | \$482.67    | \$0.00       | \$0.00        | \$0.00    |
| WESTLAND                     | \$23,891.14 | \$23,891.14 | \$0.00       | \$0.00        | \$0.00    |

## GLWA Aged Accounts Receivable- IWC ACCOUNTS

Balances as of 10/31/23

| Customer Name      | Total Due      | Current      | 46 - 74 Days | 75 - 104 Days | >105 Days      |
|--------------------|----------------|--------------|--------------|---------------|----------------|
| TOTAL IWC ACCOUNTS | \$2,316,071.20 | \$447,655.45 | \$3,963.96   | \$(5,317.60)  | \$1,869,769.39 |

## GLWA Aged Accounts Receivable- POLLUTANT SURCHARGE ACCOUNTS

Balances as of 10/31/23

| 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       | \$1,667.08    | \$1,667.08 | \$0.00        | \$0.00        | \$0.00    |
| AACTRON                      | \$0.00        | \$0.00     | \$0.00        | \$0.00        | \$0.00    |
| ACADEMY PACKING CO.          | \$516.85      | \$516.85   | \$0.00        | \$0.00        | \$0.00    |
| ACME RUSTPROOF               | \$108.33      | \$71.96    | \$36.37       | \$0.00        | \$0.00    |
| ADORING PET FUNERAL HOME     | \$73.65       | \$73.65    | \$0.00        | \$0.00        | \$0.00    |
| ADVANCE ENGINEERING COMPANY  | \$0.00        | \$0.00     | \$0.00        | \$0.00        | \$0.00    |
| AEVITAS SPECIALITY SERVICES  | \$810.14      | \$810.14   | \$0.00        | \$0.00        | \$0.00    |
| ALEXANDER & HORNUNG          | \$0.00        | \$0.00     | \$0.00        | \$0.00        | \$0.00    |
| ALEXANDER & HORNUNG          | \$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       | \$149.70      | \$149.70   | \$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.             | \$3,639.82    | \$3,639.82 | \$0.00        | \$0.00        | \$0.00    |
| APPLIED TECHNOLOGY INDUSTRIE | \$1,123.89    | \$1,123.89 | \$0.00        | \$0.00        | \$0.00    |
| ATWATER IN THE PARK          | \$10.96       | \$10.96    | \$0.00        | \$0.00        | \$0.00    |
| AUTOMOTIVE FINISH            | \$3.33        | \$3.33     | \$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            | \$6.26        | \$6.26     | \$0.00        | \$0.00        | \$0.00    |
| BAFFIN BREWING COMPANY       | \$127.18      | \$127.18   | \$0.00        | \$0.00        | \$0.00    |
| BARON INDUSTRIES             | \$ (1,406.56) | \$0.00     | \$ (1,406.56) | \$0.00        | \$0.00    |

## GLWA Aged Accounts Receivable- POLLUTANT SURCHARGE ACCOUNTS

Balances as of 10/31/23

| Customer Name                | Total Due     | Current     | 46 - 74 Days | 75 - 104 Days | >105 Days     |
|------------------------------|---------------|-------------|--------------|---------------|---------------|
| BARTZ BAKERY                 | \$26.02       | \$26.02     | \$0.00       | \$0.00        | \$0.00        |
| BASTONE BREWERY              | \$0.00        | \$0.00      | \$0.00       | \$0.00        | \$0.00        |
| BATCH BREWING COMPANY        | \$105.02      | \$105.02    | \$0.00       | \$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       | \$19,299.57   | \$19,299.57 | \$0.00       | \$0.00        | \$0.00        |
| BLACK LOTUS BREWING CO.      | \$61.25       | \$0.00      | \$0.00       | \$0.00        | \$61.25       |
| BOZEK'S MARKET               | \$ (1,087.14) | \$0.00      | \$0.00       | \$0.00        | \$ (1,087.14) |
| BREW DETROIT                 | \$10,026.48   | \$6,364.55  | \$3,661.93   | \$0.00        | \$0.00        |
| BROADWAY MKT CORNED BEEF     | \$0.00        | \$0.00      | \$0.00       | \$0.00        | \$0.00        |
| BROOKS BREWING, LLC.         | \$35.62       | \$35.62     | \$0.00       | \$0.00        | \$0.00        |
| BROWN IRON BREWHOUSE         | \$0.00        | \$0.00      | \$0.00       | \$0.00        | \$0.00        |
| CADILLAC STRAITS BREWING CO. | \$28.52       | \$28.52     | \$0.00       | \$0.00        | \$0.00        |
| CANTON BREW WORKS            | \$0.00        | \$0.00      | \$0.00       | \$0.00        | \$0.00        |
| CAPITOL REPRODUCTIONS        | \$2.23        | \$0.00      | \$2.23       | \$0.00        | \$0.00        |
| CF BURGER CREAMERY           | \$26,734.12   | \$26,734.12 | \$0.00       | \$0.00        | \$0.00        |
| CHARTER TOWNSHIP OF CLINTON  | \$0.00        | \$0.00      | \$0.00       | \$0.00        | \$0.00        |
| CHIEFTAN COATING, LLC.       | \$2,136.58    | \$2,136.58  | \$0.00       | \$0.00        | \$0.00        |
| CHILANGO'S BAKERY            | \$223.07      | \$28.38     | \$16.56      | \$14.95       | \$163.18      |
| CINTAS CORP. - MACOMB TWP.   | \$32,280.76   | \$32,280.76 | \$0.00       | \$0.00        | \$0.00        |
| CINTAS CORPORATION           | \$0.00        | \$0.00      | \$0.00       | \$0.00        | \$0.00        |
| CINTAS CORPORATION           | \$0.00        | \$0.00      | \$0.00       | \$0.00        | \$0.00        |



## GLWA Aged Accounts Receivable- POLLUTANT SURCHARGE ACCOUNTS

Balances as of 10/31/23

| Customer Name                | Total Due  | Current    | 46 - 74 Days | 75 - 104 Days | >105 Days |
|------------------------------|------------|------------|--------------|---------------|-----------|
| CITY LAUNDRY, INC.           | \$5.74     | \$5.74     | \$0.00       | \$0.00        | \$0.00    |
| CLASSIC CONTAINER CORP.      | \$99.12    | \$99.12    | \$0.00       | \$0.00        | \$0.00    |
| CLEAN EARTH OF MICHIGAN, LLC | \$47.27    | \$47.27    | \$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. | \$261.53   | \$0.00     | \$261.53     | \$0.00        | \$0.00    |
| DANA CONTAINER, INC.         | \$521.21   | \$521.21   | \$0.00       | \$0.00        | \$0.00    |
| DARLING INGREDIENTS, INC.    | \$5,344.71 | \$5,344.71 | \$0.00       | \$0.00        | \$0.00    |
| DAVE'S SAUSAGE FACTORY 2     | \$296.27   | \$296.27   | \$0.00       | \$0.00        | \$0.00    |
| DEARBORN BREWING             | \$30.71    | \$30.71    | \$0.00       | \$0.00        | \$0.00    |
| DEARBORN SAUSAGE             | \$6,053.86 | \$6,053.86 | \$0.00       | \$0.00        | \$0.00    |
| DEARBORN SAUSAGE CO., INC.   | \$6,829.45 | \$6,829.45 | \$0.00       | \$0.00        | \$0.00    |
| DETROIT BEER CO.             | \$67.06    | \$67.06    | \$0.00       | \$0.00        | \$0.00    |
| DETROIT LINEN SERVICE        | \$0.00     | \$0.00     | \$0.00       | \$0.00        | \$0.00    |
| DETROIT METRO WC AIRPORT     | \$0.00     | \$0.00     | \$0.00       | \$0.00        | \$0.00    |
| DETROIT RIVERTOWN BREWERY CC | \$463.64   | \$463.64   | \$0.00       | \$0.00        | \$0.00    |
| DETROIT SAUSAGES CO INC      | \$39.15    | \$25.33    | \$13.82      | \$0.00        | \$0.00    |
| DETRONIC INDUSTRIES, INC.    | \$75.71    | \$75.71    | \$0.00       | \$0.00        | \$0.00    |
| DIFCO LABORATORIES, INC.     | \$0.00     | \$0.00     | \$0.00       | \$0.00        | \$0.00    |

## GLWA Aged Accounts Receivable- POLLUTANT SURCHARGE ACCOUNTS

Balances as of 10/31/23

| Customer Name                | Total Due  | Current    | 46 - 74 Days | 75 - 104 Days | >105 Days |
|------------------------------|------------|------------|--------------|---------------|-----------|
| DIVERSIFIED CHEM TECH. INC.  | \$139.16   | \$139.16   | \$0.00       | \$0.00        | \$0.00    |
| DOMESTIC UNIFORM RENTAL      | \$5,383.30 | \$5,383.30 | \$0.00       | \$0.00        | \$0.00    |
| DOMESTIC UNIFORM RENTAL      | \$2,487.59 | \$2,487.59 | \$0.00       | \$0.00        | \$0.00    |
| DOWNEY BREWING COMPANY       | \$14.51    | \$14.49    | \$0.00       | \$0.02        | \$0.00    |
| DUBOIS CHEMICALS, INC.       | \$0.00     | \$0.00     | \$0.00       | \$0.00        | \$0.00    |
| E & E MANUFACTURING CO, PLAN | \$290.80   | \$196.29   | \$94.51      | \$0.00        | \$0.00    |
| E & E MANUFACTURING CO, PLAN | \$96.73    | \$96.73    | \$0.00       | \$0.00        | \$0.00    |
| E.W. GROBBEL'S SONS, INC.    | \$3,984.38 | \$3,984.38 | \$0.00       | \$0.00        | \$0.00    |
| EASTERN MARKET BREWING COMP  | \$6.85     | \$6.85     | \$0.00       | \$0.00        | \$0.00    |
| ENVIROSOLIDS, L.L.C.         | \$0.00     | \$0.00     | \$0.00       | \$0.00        | \$0.00    |
| EQ DETROIT, INC.             | \$1,129.08 | \$1,129.08 | \$0.00       | \$0.00        | \$0.00    |
| EQ DETROIT, INC.             | \$2,344.64 | \$2,344.64 | \$0.00       | \$0.00        | \$0.00    |
| EQ DETROIT, INC.             | \$212.49   | \$212.49   | \$0.00       | \$0.00        | \$0.00    |
| EQ DETROIT, INC.             | \$(0.01)   | \$0.00     | \$0.00       | \$0.00        | \$(0.01)  |
| ETON ST BREWERY- GRIFFIN CL  | \$1,964.70 | \$1,964.70 | \$0.00       | \$0.00        | \$0.00    |
| EXTRUDE HONE CORPORATION     | \$116.95   | \$116.95   | \$0.00       | \$0.00        | \$0.00    |
| EXTRUDEHODE                  | \$0.00     | \$0.00     | \$0.00       | \$0.00        | \$0.00    |
| FARMINGTON BREWING COMPANY   | \$11.58    | \$11.58    | \$0.00       | \$0.00        | \$0.00    |
| FAYGO BEVERAGES, INC.        | \$3,810.76 | \$3,810.76 | \$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 | \$1,593.92 | \$1,593.92 | \$0.00       | \$0.00        | \$0.00    |

## GLWA Aged Accounts Receivable- POLLUTANT SURCHARGE ACCOUNTS

Balances as of 10/31/23

| 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                   | \$529.18   | \$529.18   | \$0.00       | \$0.00        | \$0.00    |
| FRESH-PAK                   | \$0.00     | \$0.00     | \$0.00       | \$0.00        | \$0.00    |
| GENERAL LINEN SUPPLY CO.    | \$4,206.39 | \$4,206.39 | \$0.00       | \$0.00        | \$0.00    |
| GENERAL MOTORS, LLC ROMULUS | \$2,145.05 | \$2,145.05 | \$0.00       | \$0.00        | \$0.00    |
| GLOBAL TITANIUM, INC.       | \$0.00     | \$0.00     | \$0.00       | \$0.00        | \$0.00    |
| GRANITE CITY FOOD & BREWERY | \$54.54    | \$37.63    | \$0.00       | \$16.91       | \$0.00    |
| GRANITE CITY FOOD & BREWERY | \$0.00     | \$0.00     | \$0.00       | \$0.00        | \$0.00    |
| GRANITE CITY FOOD & BREWERY | \$91.58    | \$51.97    | \$0.00       | \$39.61       | \$0.00    |
| GREAT BARABOO BREWING CO.   | \$91.11    | \$91.11    | \$0.00       | \$0.00        | \$0.00    |
| HACIENDA MEXICAN FOODS      | \$ (97.78) | \$ (97.78) | \$0.00       | \$0.00        | \$0.00    |
| HACIENDA MEXICAN FOODS      | \$1,062.01 | \$1,062.01 | \$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.        | \$3,415.85 | \$2,558.56 | \$857.29     | \$0.00        | \$0.00    |
| HEMIGROWN BREWING COMPANY   | \$44.18    | \$44.18    | \$0.00       | \$0.00        | \$0.00    |
| HOODS CLEANERS              | \$211.33   | \$0.00     | \$0.00       | \$0.00        | \$211.33  |
| HUNTINGTON CLEANERS         | \$178.78   | \$178.78   | \$0.00       | \$0.00        | \$0.00    |
| IDP, INC.                   | \$0.00     | \$0.00     | \$0.00       | \$0.00        | \$0.00    |
| INDUSTRIAL METAL COATING    | \$198.51   | \$198.51   | \$0.00       | \$0.00        | \$0.00    |
| INTRASTATE DISTRIBUTORS     | \$1,331.70 | \$1,331.70 | \$0.00       | \$0.00        | \$0.00    |
| ISLAMIC SLAUGHTER HOUSE     | \$203.04   | \$203.04   | \$0.00       | \$0.00        | \$0.00    |

## GLWA Aged Accounts Receivable- POLLUTANT SURCHARGE ACCOUNTS

Balances as of 10/31/23

| 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.            | \$24.66      | \$24.66      | \$0.00       | \$0.00        | \$0.00      |
| JELD-WEN, INC.               | \$1,643.86   | \$839.41     | \$204.11     | \$282.80      | \$317.54    |
| KAR NUT PRODUCTS             | \$0.00       | \$0.00       | \$0.00       | \$0.00        | \$0.00      |
| KOWALSKI SAUSAGES, CO.       | \$1,235.49   | \$1,235.49   | \$0.00       | \$0.00        | \$0.00      |
| KUHNHENN BREWING             | \$0.00       | \$0.00       | \$0.00       | \$0.00        | \$0.00      |
| LA MICHOACANA FLOUR TORTILLA | \$1,036.78   | \$1,036.78   | \$0.00       | \$0.00        | \$0.00      |
| LA MICHOACANA FLOUR TORTILLA | \$85.33      | \$85.33      | \$0.00       | \$0.00        | \$0.00      |
| LEAR CORPORATION DBA EAGLE C | \$217.36     | \$0.00       | \$217.36     | \$0.00        | \$0.00      |
| LIBERTY STREET PROD. BREWERY | \$0.00       | \$0.00       | \$0.00       | \$0.00        | \$0.00      |
| LILY'S SEAFOOD GRILL & BREWE | \$37.68      | \$37.68      | \$0.00       | \$0.00        | \$0.00      |
| LIQUID ENVIRONMENTAL OF ILLI | \$0.00       | \$0.00       | \$0.00       | \$0.00        | \$0.00      |
| LIQUID ENVIRONMENTAL SOLUTIC | \$ (461.06)  | \$0.00       | \$0.00       | \$0.00        | \$ (461.06) |
| MACDERMID, INC.              | \$344.39     | \$344.39     | \$0.00       | \$0.00        | \$0.00      |
| MCCLURE'S PICKLES            | \$643.91     | \$643.91     | \$0.00       | \$0.00        | \$0.00      |
| MCGEAN CHEMICALS             | \$294.64     | \$289.56     | \$5.08       | \$0.00        | \$0.00      |
| MCNICHOLS POLISHING & ANODIZ | \$ (31.54)   | \$0.00       | \$0.00       | \$0.00        | \$ (31.54)  |
| MELLO MEATS INC, - KUBISCH S | \$46.04      | \$46.04      | \$0.00       | \$0.00        | \$0.00      |
| METROPOLITAN BAKERY          | \$995.78     | \$995.78     | \$0.00       | \$0.00        | \$0.00      |
| MIBA HYDRAMECHANICA CORP.    | \$736.15     | \$736.15     | \$0.00       | \$0.00        | \$0.00      |
| MICHIGAN DAIRY               | \$195,135.62 | \$195,135.62 | \$0.00       | \$0.00        | \$0.00      |
| MICHIGAN PROD. MACHINING     | \$1,737.43   | \$1,737.43   | \$0.00       | \$0.00        | \$0.00      |

## GLWA Aged Accounts Receivable- POLLUTANT SURCHARGE ACCOUNTS

Balances as of 10/31/23

| 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                 | \$518.83    | \$518.83    | \$0.00       | \$0.00        | \$0.00    |
| MILTON CHILI CO.              | \$0.00      | \$0.00      | \$0.00       | \$0.00        | \$0.00    |
| MINNIE MARIE BAKERS, INC      | \$830.86    | \$830.86    | \$0.00       | \$0.00        | \$0.00    |
| MISTER UNIFORM & MAT RENTALS  | \$ (5.96)   | \$0.00      | \$0.00       | \$0.00        | \$ (5.96) |
| MOTOR CITY BREWING WORKS      | \$109.60    | \$109.60    | \$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    |
| NATIONAL CHILI COMPANY        | \$0.00      | \$0.00      | \$0.00       | \$0.00        | \$0.00    |
| ND INDUSTRIES, INC.           | \$897.36    | \$897.36    | \$0.00       | \$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 | \$259.62    | \$259.62    | \$0.00       | \$0.00        | \$0.00    |
| OAKWOOD BAKERY                | \$0.00      | \$0.00      | \$0.00       | \$0.00        | \$0.00    |
| OLIVER HATCH CONSTRUCTION     | \$0.00      | \$0.00      | \$0.00       | \$0.00        | \$0.00    |
| PARKEDALE PHARMACEUTICALS/PF  | \$152.71    | \$152.71    | \$0.00       | \$0.00        | \$0.00    |
| PARKER'S HILLTOP BREWER & SE  | \$61.51     | \$61.51     | \$0.00       | \$0.00        | \$0.00    |
| PELLERITO FOODS INC.          | \$90.18     | \$90.18     | \$0.00       | \$0.00        | \$0.00    |
| PEPSI COLA, INC.              | \$18,860.68 | \$18,860.68 | \$0.00       | \$0.00        | \$0.00    |
| PERDUE PREMIUM MEAT COMPANY   | \$10,287.98 | \$10,287.98 | \$0.00       | \$0.00        | \$0.00    |
| PERDUE PREMIUM MEAT COMPANY   | \$6,508.41  | \$6,508.41  | \$0.00       | \$0.00        | \$0.00    |
| PERDUE PREMIUM MEAT COMPANY   | \$316.92    | \$316.92    | \$0.00       | \$0.00        | \$0.00    |

## GLWA Aged Accounts Receivable- POLLUTANT SURCHARGE ACCOUNTS

Balances as of 10/31/23

| Customer Name                | Total Due   | Current     | 46 - 74 Days | 75 - 104 Days | >105 Days   |
|------------------------------|-------------|-------------|--------------|---------------|-------------|
| 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.        | \$47,230.31 | \$47,230.31 | \$0.00       | \$0.00        | \$0.00      |
| PLATING SPEC                 | \$0.00      | \$0.00      | \$0.00       | \$0.00        | \$0.00      |
| POWER VAC OF MICHIGAN, INC.  | \$0.00      | \$0.00      | \$0.00       | \$0.00        | \$0.00      |
| PREMIER PLATING, LLC         | \$615.51    | \$0.00      | \$615.51     | \$0.00        | \$0.00      |
| PREMIER PLATING- STERLING HE | \$0.00      | \$0.00      | \$0.00       | \$0.00        | \$0.00      |
| PRODUCTION SPRING, LLC.      | \$466.49    | \$269.79    | \$0.00       | \$196.70      | \$0.00      |
| QUAKER HOUGHTON - PLANT #2   | \$53.18     | \$53.18     | \$0.00       | \$0.00        | \$0.00      |
| QUAKER HOUGHTON - PLANT #2   | \$ (446.48) | \$0.00      | \$0.00       | \$0.00        | \$ (446.48) |
| QUAKER HOUGHTON - PLANT #2   | \$671.58    | \$671.58    | \$0.00       | \$0.00        | \$0.00      |
| QUALA SERVICES, LLC          | \$27.48     | \$27.48     | \$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 | \$140.36    | \$140.36    | \$0.00       | \$0.00        | \$0.00      |
| ROCHESTER MILLS PROD BREWERY | \$4,178.79  | \$723.64    | \$0.00       | \$703.57      | \$2,751.58  |
| ROYAL OAK BREWERY            | \$70.90     | \$70.90     | \$0.00       | \$0.00        | \$0.00      |
| RTT                          | \$0.00      | \$0.00      | \$0.00       | \$0.00        | \$0.00      |
| SEAFARE FOODS, INC.          | \$166.40    | \$166.40    | \$0.00       | \$0.00        | \$0.00      |
| SHERWOOD BREWING COMPANY     | \$38.36     | \$38.36     | \$0.00       | \$0.00        | \$0.00      |

## GLWA Aged Accounts Receivable- POLLUTANT SURCHARGE ACCOUNTS

Balances as of 10/31/23

| Customer Name                  | Total Due   | Current     | 46 - 74 Days | 75 - 104 Days | >105 Days  |
|--------------------------------|-------------|-------------|--------------|---------------|------------|
| SMITH-WATKINS, LLC             | \$0.00      | \$0.00      | \$0.00       | \$0.00        | \$0.00     |
| SPRAYTEK INC.- MADISON HEIGHTS | \$140.97    | \$0.00      | \$140.97     | \$0.00        | \$0.00     |
| SPRAYTEK, INC.                 | \$14.52     | \$0.00      | \$0.00       | \$0.00        | \$14.52    |
| SUPERNATURAL SPIRITS & BREWERY | \$24.15     | \$24.15     | \$0.00       | \$0.00        | \$0.00     |
| SWEETHEART BAKERY, INC.        | \$694.39    | \$140.95    | \$77.95      | \$74.75       | \$400.74   |
| THE CROWN GROUP-LIVONIA PLANT  | \$0.00      | \$0.00      | \$0.00       | \$0.00        | \$0.00     |
| THE DEBURRING COMPANY          | \$ (15.23)  | \$0.00      | \$0.00       | \$ (15.23)    | \$0.00     |
| THERMO FISHER SCIENTIFIC       | \$37,432.52 | \$37,432.52 | \$0.00       | \$0.00        | \$0.00     |
| TOM LAUNDRY CLEANERS           | \$0.58      | \$0.58      | \$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          | \$79,029.39 | \$79,029.39 | \$0.00       | \$0.00        | \$0.00     |
| U-METCO, INC.                  | \$497.05    | \$497.05    | \$0.00       | \$0.00        | \$0.00     |
| UNCLE RAYS SNACKS, LLC         | \$24,652.30 | \$24,652.30 | \$0.00       | \$0.00        | \$0.00     |
| UNCLE RAYS SNACKS, LLC         | \$1,403.98  | \$1,403.98  | \$0.00       | \$0.00        | \$0.00     |
| UNIQUE LINEN SERVICES, INC.    | \$0.00      | \$0.00      | \$0.00       | \$0.00        | \$0.00     |
| UNITED FISH DISTRIBUTORS       | \$1.50      | \$1.50      | \$0.00       | \$0.00        | \$0.00     |
| UNITED LINEN SERVICE, LLC.     | \$335.73    | \$335.73    | \$0.00       | \$0.00        | \$0.00     |
| UNITED MEAT & DELI             | \$0.00      | \$0.00      | \$0.00       | \$0.00        | \$0.00     |
| URBANREST BREWING COMPANY      | \$109.76    | \$109.76    | \$0.00       | \$0.00        | \$0.00     |
| US ECOLOGY MICHIGAN            | \$1,136.27  | \$1,136.27  | \$0.00       | \$0.00        | \$0.00     |
| US ECOLOGY ROMULUS, INC.       | \$898.05    | \$898.05    | \$0.00       | \$0.00        | \$0.00     |
| USHER OIL SERVICES             | \$384.92    | \$384.92    | \$0.00       | \$0.00        | \$0.00     |



## GLWA Aged Accounts Receivable- POLLUTANT SURCHARGE ACCOUNTS

Balances as of 10/31/23

| Customer Name                                 | Total Due           | Current             | 46 - 74 Days      | 75 - 104 Days     | >105 Days         |
|---|---------------------|---------------------|-------------------|-------------------|-------------------|
| VALICOR ENVIROMENTAL SERVICE                  | \$644.80            | \$644.80            | \$0.00            | \$0.00            | \$0.00            |
| VALICOR ENVIRONMENTAL SERVIC                  | \$556.64            | \$556.64            | \$0.00            | \$0.00            | \$0.00            |
| VAUGHAN INDUSTRIES, INC.                      | \$31.08             | \$31.08             | \$0.00            | \$0.00            | \$0.00            |
| VERNDALE PRODUCTS                             | \$7,335.08          | \$7,335.08          | \$0.00            | \$0.00            | \$0.00            |
| VERNDALE PRODUCTS, INC.                       | \$318.11            | \$318.11            | \$0.00            | \$0.00            | \$0.00            |
| WIGLEY'S MEAT PROCESS                         | \$432.72            | \$432.72            | \$0.00            | \$0.00            | \$0.00            |
| WINTER SAUSAGE MFG. CO.                       | \$282.77            | \$282.77            | \$0.00            | \$0.00            | \$0.00            |
| WINTER SAUSAGE MFG. CO.                       | \$143.90            | \$143.90            | \$0.00            | \$0.00            | \$0.00            |
| WOLVERINE PACKING CO                          | \$1,530.79          | \$1,530.79          | \$0.00            | \$0.00            | \$0.00            |
| WOLVERINE PACKING CO.                         | \$1,910.48          | \$1,910.48          | \$0.00            | \$0.00            | \$0.00            |
| WOLVERINE PACKING CO., PLANT                  | \$8,978.31          | \$8,978.31          | \$0.00            | \$0.00            | \$0.00            |
| WOODWARD AVENUE BREWERS                       | \$144.24            | \$0.00              | \$0.00            | \$0.00            | \$144.24          |
| X-R-I TESTING                                 | \$93.41             | \$93.41             | \$0.00            | \$0.00            | \$0.00            |
| <b>TOTAL POLLUTANT SURCHARGE<br/>ACCOUNTS</b> | <b>\$619,486.59</b> | <b>\$610,913.41</b> | <b>\$4,798.66</b> | <b>\$1,314.08</b> | <b>\$2,460.44</b> |

## City of Highland Park Billings and Collections

|                                       | Water                       | Sewer                       | IWC                        | Cumulative<br>Total         |
|---------------------------------------|-----------------------------|-----------------------------|----------------------------|-----------------------------|
| June 30, 2012 Balance                 | \$ -                        | \$ 10,207,956               | \$ 852,987                 | \$ 11,060,943               |
| FY 2013 Billings                      | 485,887                     | 4,987,635                   | 154,444                    | 5,627,966                   |
| FY 2013 Payments                      | <u>(65,652)</u>             | <u>(2,206,211)</u>          | <u>-</u>                   | <u>(2,271,863)</u>          |
|                                       |                             |                             |                            | -                           |
| June 30, 2013 Balance                 | \$ 420,235                  | \$ 12,989,380               | \$ 1,007,431               | \$ 14,417,046               |
| FY 2014 Billings                      | 1,004,357                   | 6,980,442                   | 161,951                    | 8,146,750                   |
| FY 2014 Payments                      | <u>-</u>                    | <u>(1,612,633)</u>          | <u>-</u>                   | <u>(1,612,633)</u>          |
|                                       |                             |                             |                            | -                           |
| June 30, 2014 Balance                 | \$ 1,424,592                | \$ 18,357,189               | \$ 1,169,382               | \$ 20,951,163               |
| FY 2015 Billings                      | 1,008,032                   | 5,553,123                   | 165,739                    | 6,726,894                   |
| FY 2015 Payments                      | <u>-</u>                    | <u>(1,444,623)</u>          | <u>-</u>                   | <u>(1,444,623)</u>          |
|                                       |                             |                             |                            | -                           |
| June 30, 2015 Balance                 | \$ 2,432,625                | \$ 22,465,689               | \$ 1,335,121               | \$ 26,233,435               |
| FY 2016 Billings                      | 1,157,178                   | 5,612,167                   | 106,431                    | 6,875,776                   |
| FY 2016 Payments                      | <u>-</u>                    | <u>(2,022,335)</u>          | <u>-</u>                   | <u>(2,022,335)</u>          |
|                                       |                             |                             |                            | -                           |
| June 30, 2016 Balance                 | \$ 3,589,803                | \$ 26,055,521               | \$ 1,441,551               | \$ 31,086,875               |
| FY 2017 Billings                      | 1,245,267                   | 5,802,000                   | 101,999                    | 7,149,265                   |
| FY 2017 Payments                      | <u>-</u>                    | <u>(2,309,186)</u>          | <u>-</u>                   | <u>(2,309,186)</u>          |
|                                       |                             |                             |                            | -                           |
| June 30, 2017 Balance                 | \$ 4,835,070                | \$ 29,548,335               | \$ 1,543,550               | \$ 35,926,954               |
| FY 2018 Billings                      | 1,277,179                   | 5,657,101                   | 80,472                     | 7,014,752                   |
| FY 2018 Payments                      | <u>-</u>                    | <u>(4,108,108)</u>          | <u>-</u>                   | <u>(4,108,108)</u>          |
|                                       |                             |                             |                            | -                           |
| June 30, 2018 Balance                 | \$ 6,112,248                | \$ 31,097,327               | \$ 1,624,022               | \$ 38,833,597               |
| FY 2019 Billings                      | 1,238,797                   | 5,617,100                   | 51,220                     | 6,907,117                   |
| FY 2019 Payments                      | <u>-</u>                    | <u>(5,241,583)</u>          | <u>-</u>                   | <u>(5,241,583)</u>          |
|                                       |                             |                             |                            | -                           |
| June 30, 2019 Balance                 | \$ 7,351,045                | \$ 31,472,844               | \$ 1,675,243               | \$ 40,499,132               |
| FY 2020 Billings                      | 1,182,639                   | 5,665,400                   | 47,097                     | 6,895,136                   |
| FY 2020 Payments                      | <u>-</u>                    | <u>(3,026,117)</u>          | <u>-</u>                   | <u>(3,026,117)</u>          |
|                                       |                             |                             |                            | -                           |
| June 30, 2020 Balance                 | \$ 8,533,684                | \$ 34,112,127               | \$ 1,722,340               | \$ 44,368,151               |
| FY 2021 Billings                      | 1,185,506                   | 5,702,000                   | 47,423                     | 6,934,929                   |
| FY 2021 Payments                      | <u>-</u>                    | <u>(2,783,552)</u>          | <u>-</u>                   | <u>(2,783,552)</u>          |
|                                       |                             |                             |                            | -                           |
| June 30, 2021 Balance                 | 9,719,190                   | 37,030,575                  | 1,769,763                  | 48,519,528                  |
| FY 2022 Billings                      | 1,222,260                   | 5,389,300                   | 48,322                     | 6,659,882                   |
| FY 2022 Payments                      | <u>-</u>                    | <u>(1,788,828)</u>          | <u>-</u>                   | <u>(1,788,828)</u>          |
|                                       |                             |                             |                            | -                           |
| June 30, 2022 Balance                 | \$ 10,941,450               | \$ 40,631,047               | \$ 1,818,085               | \$ 53,390,582               |
| FY 2023 Billings                      | 1,254,157                   | 5,415,100                   | 47,779                     | 6,717,035                   |
| FY 2023 Payments                      | <u>(126,000)</u>            | <u>(5,748,903)</u>          | <u>-</u>                   | <u>(5,874,903)</u>          |
|                                       |                             |                             |                            | -                           |
| June 30, 2023 Balance                 | \$ 12,069,607               | \$ 40,297,243               | \$ 1,865,863               | \$ 54,232,714               |
| FY 2024 Billings (4 Months)           | 455,189                     | 1,825,800                   | 15,861                     | 2,296,850                   |
| FY 2024 Payments (4 Months)           | <u>-</u>                    | <u>(1,621,532)</u>          | <u>-</u>                   | <u>(1,621,532)</u>          |
|                                       |                             |                             |                            | -                           |
| <b>Balance as of October 31, 2023</b> | <b><u>\$ 12,524,796</u></b> | <b><u>\$ 40,501,512</u></b> | <b><u>\$ 1,881,725</u></b> | <b><u>\$ 54,908,032</u></b> |



## Financial Services Audit Committee Communication

**Date:** February 9, 2024

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

**From:** Guy Belew, Charges Outreach and Modeling Management Professional

**Re:** Charges Outreach & Modeling Update

**Background:** The Charges Outreach & Modeling Team was established in Fiscal Year 2023 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:** This month we present an update on the initiatives the Charges Outreach & Modeling Team has been focused on, including charges rollout, work group meetings, and ongoing outreach efforts.

1. FY 2024 Charge Modifications: As of this date, there have been no charge modifications. There were no exceedances identified resulting from the 2023 Max Day/Peak Hour calculations.
2. FY 2025 Charges Rollout Update: Great Lakes Water Authority cross-functional teams have been working together to implement the Fiscal Year 2025 Charges Rollout Schedule.  
(Attendance data referenced below provided by GLWA Outreach)
  - a. Charges Rollout Meeting #1-CIP took place on Thursday, October 19, 2023, at 1:00 p.m. via Zoom. Attendance, excluding GLWA staff, included 52 individuals representing 36 Member Partners.
  - b. Charges Rollout #2 Units of Service took place on Tuesday, November 14, 2023, at 9:00 a.m. via Zoom. Attendance, excluding staff from GLWA, included 78 individuals representing 60 Member Partners. After presenting the proposed Unites of Service, Member Partners were invited to sign up for one-on-one discussions with the Charges Outreach & Modeling Team. The team met virtually with six Member Partners in scheduled one-on-one sessions as a follow-up to that meeting.
  - c. Charges Rollout Meeting #3- Proposed FY 2025 Revenue Requirement and Charges: Thursday, January 11, 2024, at 9:00 a.m. via Zoom. Attendance, excluding staff from GLWA, included 88 individuals representing 64 Member Partners. A copy of the presentation from that meeting is posted on the Member Partner Outreach Portal.
  - d. Charges Rollout One-on-Ones: Member Partners had the opportunity to have individual meetings, January 16, 2024, through January 22, 2024, to discuss charges in more detail. The Charges Outreach and Modeling Team met with seven Member Partners to discuss their charges.

3. Charges Rollout Meeting #4- Feedback on Service Charges and Review of Proposed FY 2025: January 18, 2024, at 9:00 a.m. Revenue Requirement. Attendance, excluding staff from GLWA, included 81 individuals representing 56 Member Partners. A copy of the presentation from that meeting is posted on the Member Partner Outreach Portal.
4. Additional Charges Outreach & Modeling updates include the following:
  - a. Matt Lane, GLWA Charges Outreach & Modeling Manager is currently out on leave until February 15, 2024. In his absence, Guy Belew, Management Professional, is managing all Charges Outreach & Modeling activities.

**Look Ahead:**

1. Water Charges Methodology and Wastewater (SHARE) Methodology to be reviewed and approved by GLWA Board of Directors at the same time as the GLWA Board review and approval of the FY 2025 and FY 2026 Biennial Budget and Five-Year Financial Plan.
2. One Water Partnership Meetings
  - a. The most recent was December 6, 2023, at Madonna University Schoolcraft College in Livonia. The next meeting is scheduled to take place in March 2024. GLWA Outreach will publish more information on time and location at a later date.
  - b. Charges and Feasibility Consultant Request for Proposal (RFP) Status - The Chief Financial Officer & Treasurer is meeting with the Outreach Co-Chairs on February 12, 2024 to discuss the upcoming process and ways for Member partners to engage in the selection process. Meetings have also occurred with the DWSD Chief Financial Officer to discuss transition of feasibility consultant services.

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



## Financial Services Audit Committee Communication

**Date:** February 9, 2024

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

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

**Re:** Affordability & Assistance Update

**Background:** In 2021, an Affordability & Assistance Team was created within GLWA's Financial Services Area. The team serves as the internal and external resource for strategic policies and programs related to water affordability and assistance.

**Analysis:** This month, we present an update on the initiatives the Affordability & Assistance Team has been focused on, including WRAP outreach materials, Service Delivery Partner engagement, and efforts related to sustainable water assistance funding.

### WRAP Outreach

The Affordability & Assistance team continues to work with our WRAP Service Delivery Partners to roll out the new BS&A WRAP tool. This new feature is designed for our Member Partners who utilize the BS&A billing systems. The tool automates the process of applying WRAP payments to the corresponding residential utility account. GLWA launched this project as part of our commitment to streamlining administrative processes to reduce the burden on Member Partners and increase Member Partner engagement. Service delivery partners have nearly completed converting all municipalities' monthly work papers to the new BS&A tool format. They also continue to review the program tool with the engaged communities to ensure successful implementation. We will continue to recommend those communities who use BS&A billing systems to utilize this tool for improved efficiency.

### Water Affordability State Legislation

The Affordability & Assistance team continues to play a supportive resource role in the work surrounding statewide water affordability and shutoff protection bill package developed by Senator Chang. I have also joined a subgroup focusing on inquiries and concerns presented by members of the Michigan section of the American Water Works Association.

### Other Updates:

GLWA has proven to be a leader in the efforts to make water more affordable for underserved populations in the region. We are continuing to explore ways to improve data collection. We are seeking to understand the impact of WRAP better, identify areas of

improvement, and assist with comprehensive change by telling the program's story. The Affordability and Assistance Team is working with our Service Delivery Partners, Plante Moran, and Public Sector Consultants to advance our collection of data and further develop our outreach efforts.

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



## Financial Services Audit Committee Communication

**Date:** February 9, 2024

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

**From:** Nick Simms, Grants Management Professional

**Re:** Grants, Gifts, and Other Resources Report Through December 31, 2023

**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.glwawa.org/Grants-Gifts-and-Other-Resources-Delegation-Policy).

**Analysis:** To ensure transparency and timely communication, this report is provided to the Board, no less than quarterly, documenting activities subject to the policy. The report will, at a minimum, include description, type of activity, dollar amount, compliance and/or performance requirements, if any, and status including, at a minimum, solicitation, acceptance, and close-out.

This report has been updated to align section titles with the grant lifecycle as found in best practice guidance and in the Workday system currently being implemented at GLWA. The grants lifecycle refers to the process required to secure, administer, and close out grant activity. These steps are broken down in three major phases: pre-award, award, and post award.

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 tables in each section of this report now reflect GLWA grant activity in each phase. As a grant moves through this lifecycle, it will be updated in the appropriate section of the report.

**Items highlighted in yellow** in the attached tables reflect changes from the prior report.

Highlights of this report through December 31, 2023, includes the following.

- ✓ **FEMA Project-Scoping Application** – GLWA is completing the intent to apply for an \$856 thousand grant through the Federal Emergency Management Agency. This grant supports project scoping activities primarily used to design and develop mitigation strategies. If awarded, this project scoping opportunity would be used to help offset the design costs of a dedicated microgrid for the Freud pump station to improved overall pump station resiliency.
- ✓ **PA 53 ARPA Grant** – GLWA officially signed the \$25 million grant agreement with the Michigan Department of Environment, Great Lakes, and Energy (EGLE) for Public Act 53 that was issued as American Rescue Plan funds. In addition to the signed grant agreement, GLWA has submitted its first reimbursement request to EGLE.
- ✓ This report presents the Grants, Gifts, and Other Resources across three tables.

**Table 1 – Pre-Award Programs** reflects open submissions for FY 2023 and FY 2024 to date. The summarized activity provided identifies nine FEMA Flood projects, one application submission, two letters of intent to support and collaborate with other entities, two letters of intent to apply by GLWA, two EPA Community Grants, and the I-94 Modernization Project grant in the National Environmental Policy Act (NEPA) process to identify any environmental impacts related to the grant activities.



**Table 2 - Awarded Programs** reflects all awarded grants from FY 2021 through FY 2024. Current month summarized activity below includes one State Revolving Fund American Rescue Plan Act Funding program in which there has been no disbursement activity to date, three award receipts related to local nonprofit apprenticeship grants, an American Rescue Plan Clean Water Infrastructure grant through the State of Michigan, and the Department of Energy grant in which only cost share has been accounted for to date.

**Table 3 - Post Award Programs** there is no current activity as of December 31, 2023, for Post Award Programs. Funds related to these programs have been received in full and the programs are in the process of being closed out, including any closeout reporting requirements.



## Financial Services Audit Committee Communication

**Table 1 – Pre-Award Programs** reflects open submissions for FY 2023 and FY 2024 to date. The Programs listed under this section do not have a grant agreement between the awarding agency and GLWA at this time, but the grant has been applied to or earmarked. The summarized activity provided identifies nine FEMA Flood projects, one application submission, two letters of intent to support and collaborate with other entities, two letters of intents to apply by GLWA, two EPA Community Grants, and the I-94 Modernization Project grant 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         | 7/1/2022     | FY2022 Environmental Protection Agency Community Grant – Detroit River Interceptor   | Federal Grant (Reimbursement Basis)              | \$2,000,000<br>(20% Cost Share) | Federal Audit Requirements                 | Earmark  |
| 2023-003         | 7/1/2023     | FY2023 Environmental Protection Agency Community Grant – PFAS Compounds remediations project                                 | Federal Grant (Reimbursement Basis)              | \$3,452,972<br>(20% Cost Share) | Federal Audit Requirements                 | Earmark  |
| 2023-012         | 4/4/2023     | Federal Emergency Management Agency (FEMA), June 25-26 Flood, DR-4607<br>Project 660110 – Obligated \$319,911<br>Fairview PS | Federal pass-through State (Reimbursement Basis) | \$319,911                       | Federal Audit Requirements                 | Funds are obligated but have not been received |

| Reference Number | Request Date | Program Description  | Type of Activity                                 | Amount to be Provided | Compliance and/or Performance Requirements | Status   |
|------------------|--------------|--|--|-----------------------|--|--|
| 2023-009         | 4/4/2023     | Federal Emergency Management Agency (FEMA), June 25-26 Flood, DR-4607<br>Project 660133 – Obligated \$80,129<br>Puritan Fenkell CSO                      | Federal pass-through State (Reimbursement Basis) | \$80,129              | Federal Audit Requirements                 | Funds are obligated but have not been received |
| 2023-010         | 4/11/2023    | Federal Emergency Management Agency (FEMA), June 25-26 Flood, DR-4607<br>Project 660118 – Obligated \$180,000<br>WRRF                                    | Federal pass-through State (Reimbursement Basis) | \$180,000             | Federal Audit Requirements                 | Funds are obligated but have not been received |
| 2023-011         | 8/30/2022    | Federal Emergency Management Agency (FEMA), June 25-26 Flood, DR-4607<br>Project 668672– Obligated \$43,031<br>System Wide Emergency Protective Measures | Federal pass-through State (Reimbursement Basis) | \$43,031              | Federal Audit Requirements                 | Funds are obligated but have not been received |
| 2023-018         |              | Federal Emergency Management Agency (FEMA), June 25-26 Flood, DR-4607<br>Project 673958<br>Detroit River Interceptor                                     | Federal pass-through State (Reimbursement Basis) | \$529,731             | Federal Audit Requirements                 | Grant Amount is Estimated                      |
| 2023-013         |              | Federal Emergency Management Agency (FEMA), June 25-26 Flood, DR-4607<br>Project 714729<br>Outfalls  | Federal pass-through State (Reimbursement Basis) | \$1,332,235           | Federal Audit Requirements                 | Grant Amount is Estimated                      |

| Reference Number | Request Date | Program Description   | Type of Activity                                 | Amount to be Provided | Compliance and/or Performance Requirements | Status   |
|------------------|--------------|---|--|-----------------------|--|--|
| 2023-022         |              | Federal Emergency Management Agency (FEMA), June 25-26 Flood, DR-4607 Project 660745 Conner Creek Sewer System              | Federal Grant (Reimbursement Basis)              | \$8,888,277           | Federal Audit Requirements                 | Grant Amount is Estimated  |
| 2023-014         |              | Federal Emergency Management Agency (FEMA), June 25-26 Flood, DR-4607 Project 664811 East Side Sewers                       | Federal pass-through State (Reimbursement Basis) | \$3,566,407           | Federal Audit Requirements                 | Grant Amount is Estimated  |
| 2023-015         |              | 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  |
| 2024-001         | 8/30/2023    | NFWF Coastal Resilience Challenge   | Letter of Intent by University of Michigan       | Unknown at this time  | Unknown at this time                       | Grant Amount is Estimated  |
| 2024-002         | 8/30/2023    | NOAA Climate Resilience Regional Challenge  | Letter of Intent by University of Michigan       | Min \$25,000,000      | Unknown at this time                       | Grant Amount is Estimated  |
| 2024-003         | 10/30/2023   | Workforce Development Opportunity Grant   | Application Submitted by GLWA                    | \$1,800,000           | Federal Audit Requirements                 | Grant Amount is Estimated and dependent on number of applicants EPA receives |

| Reference Number | Request Date      | Program Description  | Type of Activity   | Amount to be Provided | Compliance and/or Performance Requirements | Status                                 |
|------------------|-------------------|--|--|-----------------------|--|--|
| 2024-004         | 11/15/2023        | Climate Pollution Reduction Grants Program   | Letter of Intent to Apply by GLWA                                  | \$500,000,000         | Federal Audit Requirements                 | Grant Amount is Estimated              |
| <b>2024-005</b>  | <b>12/15/2023</b> | <b>Fiscal Year 2023 Building Resilient Infrastructure and Communities (BRIC) Project Scoping</b> | <b>Michigan State Police<br/>Letter of Intent to Apply by GLWA</b> | <b>\$856,000</b>      | <b>Federal Audit Requirements</b>          | <b>Grant Amount is Estimated</b>       |
| 2023-023         | 8/30/2023         | I-94 Modernization Project   | MDOT<br>Federal pass-through State (Reimbursement Basis)           | \$34,400,000          | Federal Audit Requirements                 | NEPA Review with the State of Michigan |

**Table 2 Awarded Programs** reflects all awarded grants from FY 2021 through FY 2024. These Projects have been awarded by the agency listed and an agreement is in place. Each grant is in process including compliance checks for all required administrative, financial, and programmatic requirements. Current month summarized activity below includes one State Revolving Fund American Rescue Plan Act Funding program in which there has been no disbursement activity to date, three award receipts related to local nonprofit apprenticeship grants, an American Rescue Plan Clean Water Infrastructure grant through the State of Michigan, and the Department of Energy grant in which only cost share has been accounted for to date.

**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<br>No activity as of date for FY 2024 |
| 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                                       | Ongoing<br>No activity as of date for FY 2024 |
| 2024-003         | 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      |
| 2023-005         | 4/1/2023          | Department Of Energy – Hydrothermal Liquification Project  | Federal Grant (Reimbursement Basis)                     | \$1,000,000         | Federal Audit Requirements                 | Awarded<br>Ongoing                            |
| <b>2023-017</b>  | <b>08/30/2023</b> | <b>American Rescue Plan PA-53 Clean Water Infrastructure Improvements</b>  | <b>Federal pass-through State (Reimbursement Basis)</b> | <b>\$25,000,000</b> | <b>Federal Audit Requirements</b>          | <b>Supplemental Budget Appropriation</b>      |
| 2023-019         | 3/3/2021          | American Rescue Plan – State Revolving Fund (ARP) Funded Project 7532-02 96 Inch Water Transmission Main Relocation Phase 2 EGLE | Federal pass-through State (Reimbursement Basis)        | \$16,057,500        | Federal Audit Requirements                 | No disbursement requests submitted to date    |

**Table 3 – Post Award Programs** there is no current activity as of December 31, 2023, for Post Award Programs. Funds related to these programs have been received in full and the programs are in the process of being closed out, including any closeout reporting requirements.

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



## Financial Services Audit Committee Communication

**Date:** February 9, 2024

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

**From:** Megan Savage, Vendor Outreach Coordinator

**Re:** Business Inclusion & Diversity Program Quarterly Update

**Background:** On November 25, 2020, the GLWA Board of Directors approved an amendment to the Procurement Policy allowing for the formation of a new Business Inclusion & Diversity (B.I.D.) Program within the Financial Services' Procurement Group. The B.I.D. Program Team, which includes internal GLWA Team Members as well as external consultants, executed a Phase I launch of the program on February 1, 2021 and a Phase II launch on July 1, 2021.

**Analysis:** This month we present tables to recap B.I.D. Program activity from the date of the program launch on February 1, 2021 through December 31, 2023 for procurements budgeted to exceed \$1 million.

### **Table 1: B.I.D. Eligible Procurements as of December 31, 2023**

Table 1 provides an overview of the total number of B.I.D. Program-eligible Procurements awarded, in evaluation, or advertised as active opportunities in GLWA's Bonfire Procurement Portal. Each vendor who submits a response to a B.I.D. Program-eligible procurement must also submit a Business Inclusion and Diversity Plan. The total number of Diversity Plans that GLWA has received for B.I.D. eligible procurements that have been awarded and that are in evaluation is also provided.

|   | Awarded | In Evaluation Phase | Active (Advertised) | Total |
|---|---------|---------------------|---------------------|-------|
| Procurements Requiring B.I.D. Submittals  | 80      | 11                  | 3                   | 94    |
| Total Number of Diversity Plans Submitted | 269     | 27                  | n/a                 | 296   |



**Table 2: Scored Criteria for Awarded Procurements**

Table 2 provides a breakdown of the percentage of B.I.D. Program-eligible procurements awarded thus far that met the B.I.D. Program scored criteria. This scored criteria is based on whether the vendor has a business presence in the state of Michigan, GLWA's Member Partner service area, or a disadvantaged municipality within GLWA's service area.

|                             | Procurements Awarded Meeting B.I.D. Criteria as a % of Total \$ Awards | Total Contract Amount (in millions) |
|-----------------------------|--|-------------------------------------|
| Michigan Location           | 90%  | \$842.6                             |
| Member Partner Service Area | 73%  | \$688.0                             |
| Disadvantaged Service Area  | 41%  | \$388.1                             |

**Table 3: Member Partner Communities**

Table 3 provides a breakdown of the number of awarded contracts to vendors located in GLWA's Member Partner Service area.

|                            | Total Contract Count | Total Contract Amount (in millions) | % of Total \$ Awarded |
|----------------------------|----------------------|-------------------------------------|-----------------------|
| City of Detroit            | 43                   | \$388.1                             | 41.26%                |
| City of Auburn Hills       | 5                    | \$76.7                              | 8.15%                 |
| City of Novi               | 3                    | \$94.4                              | 10.03%                |
| City of Livonia            | 3                    | \$59.6                              | 6.34%                 |
| City of Taylor             | 1                    | \$12.6                              | 1.34%                 |
| City of Troy               | 3                    | \$17.0                              | 1.81%                 |
| City of Southfield         | 2                    | \$6.3                               | 0.67%                 |
| City of Madison Heights    | 1                    | \$6.0                               | 0.64%                 |
| City of Warren             | 2                    | \$4.7                               | 0.50%                 |
| City of Wixom              | 2                    | \$5.1                               | 0.54%                 |
| City of Farmington Hills   | 2                    | \$6.5                               | 0.69%                 |
| City of Riverview          | 1                    | \$1.9                               | 0.20%                 |
| Harrison Township          | 1                    | \$1.0                               | 0.11%                 |
| Clinton Township           | 1                    | \$8.1                               | 0.86%                 |
| <b>Subtotal</b>            | <b>70</b>            | <b>\$688.0</b>                      | <b>73.13%</b>         |
| Other Michigan Communities | 4                    | \$154.7                             | 16.44%                |
| Out of State               | 6                    | \$98.0                              | 10.42%                |
| <b>Total</b>               | <b>80</b>            | <b>\$940.7</b>                      | <b>100.00%</b>        |

**Table 4: Economically Disadvantaged Communities**

Table 4 provides a breakdown of the number of awarded contracts to vendors who have a business presence in an economically disadvantaged GLWA service territory area. This means that the vendor is located in a municipality designated as having one of the five lowest median household incomes in that respective county as defined by the U.S. Census Bureau every five years.

|         | Total Contract Count | Total Contract Amount<br>(in millions) |
|---------|----------------------|--|
| Detroit | 43                   | \$388.1                                |

**Table 5: Non-Scored Criteria - Disadvantaged, Minority-owned, Women-owned, and Small Businesses**

Table 5 provides a breakdown of the percentage of B.I.D. Program-eligible procurements awarded thus far that met the B.I.D. Program Non-Scored Criteria. This Non-Scored Criteria refers to any diversity certifications that the vendor may hold as a Disadvantaged Business Enterprise (DBE), Minority-Owned Business Enterprise (MBE), Women-Owned Business Enterprise (WBE), or Small Business Enterprise (SBE).

|   | Procurements Awarded as a<br>% of Total \$ Awards | Total Contract Amount<br>(in millions) |
|---|---|--|
| Awarded to<br>Disadvantaged, Minority-<br>owned, Women-owned,<br>and Small Businesses | 37%   | \$346.8                                |

**Table 6: Diversity Certification Percentages**

Table 6 provides a breakdown of the vendors who met the certification criteria as SBE (Small Business Enterprise), DBE (Disadvantaged Business Enterprise), MBE (Minority-owned Business Enterprise), and/or WBE (Women-owned Business Enterprise). Note that some firms may have multiple certifications.

|   | SBE    | DBE     | MBE     | WBE    |
|---|--------|---------|---------|--------|
| Percentage of Awarded<br>Procurements to SBE,<br>DBE, MBE, and WBE<br>(based on total<br>number of contracts) | 9%     | 70%     | 39%     | 6%     |
| Total Contract Amount<br>(in millions)  | \$18.5 | \$333.6 | \$132.7 | \$65.2 |

**Table 7: Overall Contracts Awarded**

Table 7 provides a breakdown of overall dollars awarded under the B.I.D. Program thus far, distinguishing between firms that met the B.I.D. Program certification criteria (non-scored criteria) and firms that met the three B.I.D. Program geographic criteria (scored criteria).

|   | Total Contract Count | Total Contract Amount (in millions) | % of Total \$ Awarded |
|---|----------------------|-------------------------------------|-----------------------|
| Eligible Procurements   | 80                   | \$940.7                             | 100%                  |
| Firms that met the certification criteria (non-scored criteria) | 33                   | \$346.8                             | 37%                   |
| Firms that met the three geographic criteria (scored criteria)  | 43                   | \$388.1                             | 41%                   |

Other activities completed this month to expand awareness of the B.I.D. Program and to foster the development of effective diversity plans included the following.

- Continued attendance of the B.I.D. Program Liaison at all Pre-Bid and Pre-Proposal solicitation meetings to overview B.I.D. Program requirements and answer any questions from vendors/contractors.

Two tasks have been placed on hold for reasons specified below.

- The request remains open with Bonfire to provide options for tracking and reporting diversity certifications in the vendor database. Currently Bonfire does not have this on the list of planned upgrades.
- Continued evaluation of insurance and bonding requirements for small, minority-owned, and disadvantaged business enterprises. No solution has been identified but we do continue to explore the topic with potential resources.

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



## Financial Services Audit Committee Communication

**Date:** February 9, 2024

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

**From:** Nicolette N. Bateson, CPA, Chief Financial Officer & Treasurer

**Re:** Update: Economic Outlook Task Force

**Background:** In July 2021, the administration for the Great Lakes Water Authority (GLWA) began conversations with vendors, analysts, supply chain experts, and others to better understand the potential impact of global and economic conditions on GLWA's capital and operating budgets. In September 2021, Public Sector Consultants was engaged to work with the GLWA Procurement team, the GLWA Capital Improvement Planning team, and other stakeholders to conduct an economic analysis and identify impacts on the annual capital improvement plan. This effort is known as the Economic Outlook Task Force (EOTF). An outcome of that effort is to identify and facilitate cost- and risk-control strategies with other large utilities in the region.

Much of the EOTF's work occurred during calendar year 2022. In November 2022, the EOTF's work resulted in a Phase I report presented to the GLWA Board of Directors. The forecast scenarios presented in that report informed the budget, capital planning, and long-term financial forecast that was under development as well as laid out some management strategies to protect the utility during this era of escalating costs.

The EOTF continues to convene regularly monitor and recommend refinements to management strategies resulting from market changes when applicable. Representatives of the EOTF have presented two updates since that time to the GLWA Audit Committee in March 2023 and June 2023 as well as an update to the GLWA Board of Directors in September 2023.

**Analysis:** The latest update is attached. Results focus on 2023 market and economic trends with an eye to upcoming trends for 2024. Representatives of Public Sector Consultants will attend the Audit Committee to review the report.

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

# Economic Outlook Task Force Update

## GLWA Audit Committee

February 2024

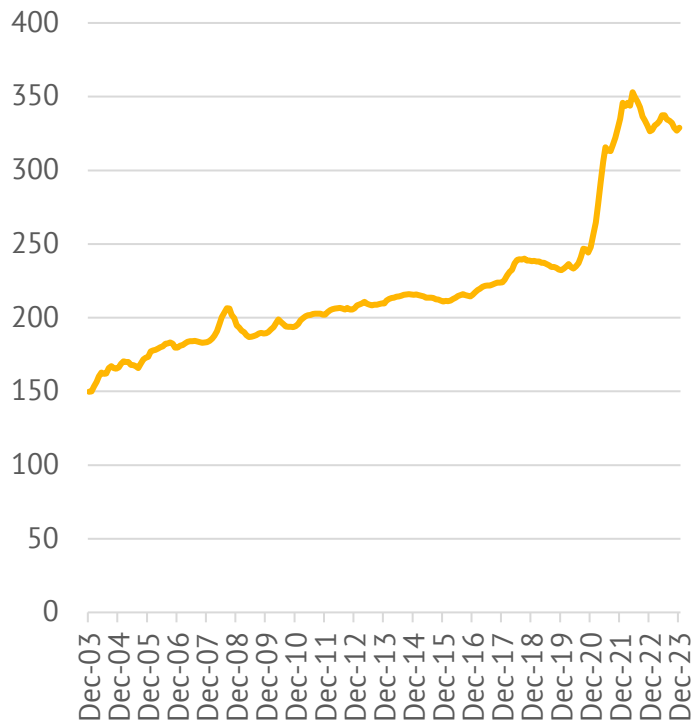
Public Sector Consultants

# Executive Summary

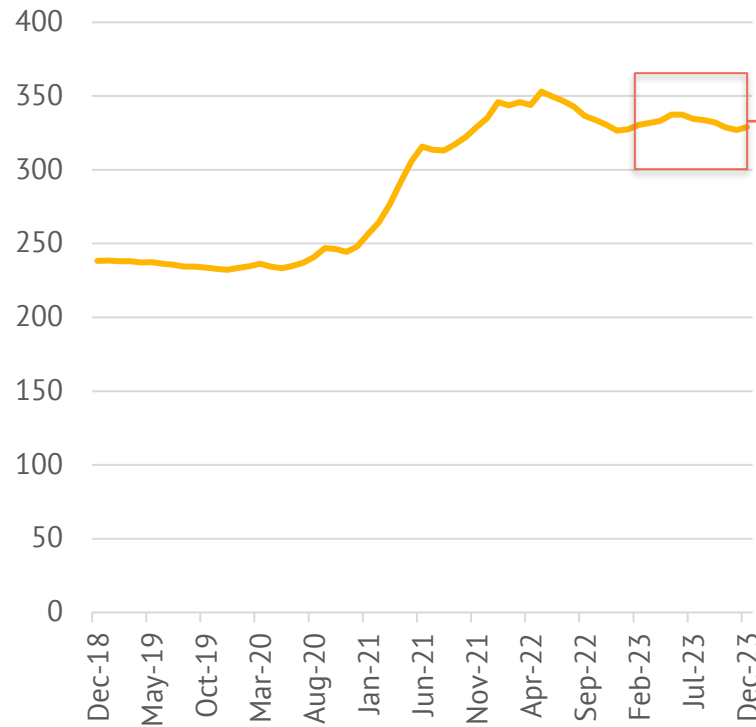
- In general, economic trends in 2023 were more positive than consensus projections
  - The U.S. economy avoided a recession
  - Unemployment held below 4% throughout the year
  - The Federal Reserve continued to increase interest rates through July, but declined to do so in Fall 2023
- After several years of extraordinary inflation, it fell below expectations in 2023
  - 2023 actual inflation ended the year within the 2023 projected base case
    - **2023 Forecasts:** January/August forecast projected 2023 12-month inflation at 4.2% and 3.6% respectively
    - **2023 Actuals:** Final 2023 12-month inflation was 3.4% (inside the base case margin of error)
- While the economy appears to have stabilized, risks remain
- Material and labor costs are no longer accelerating at the same remain rate, but they remain above pre-pandemic levels

# Construction Materials: Producer Price Index

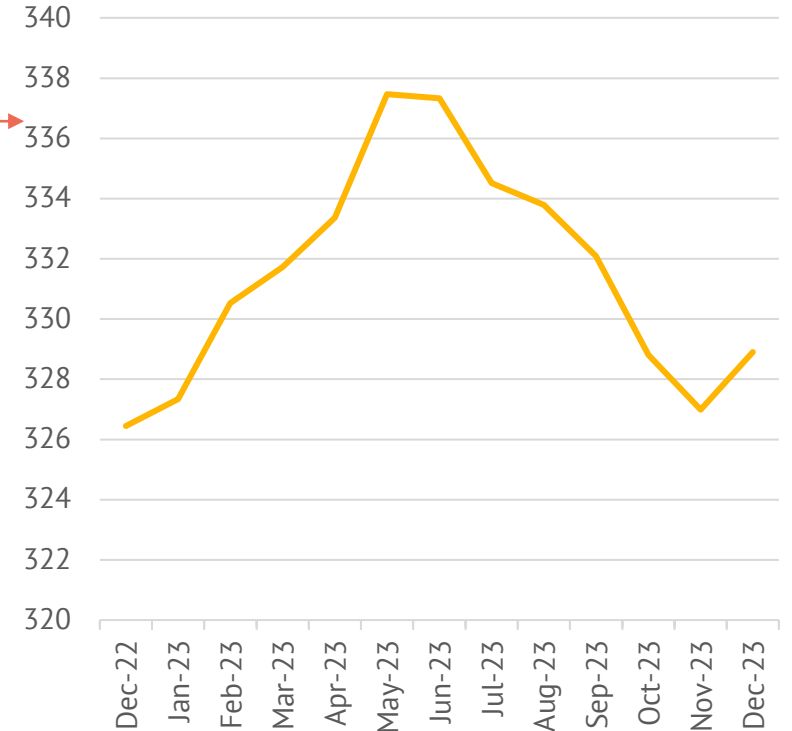
## 20 YR



## 5 YR



## 1 YR\*

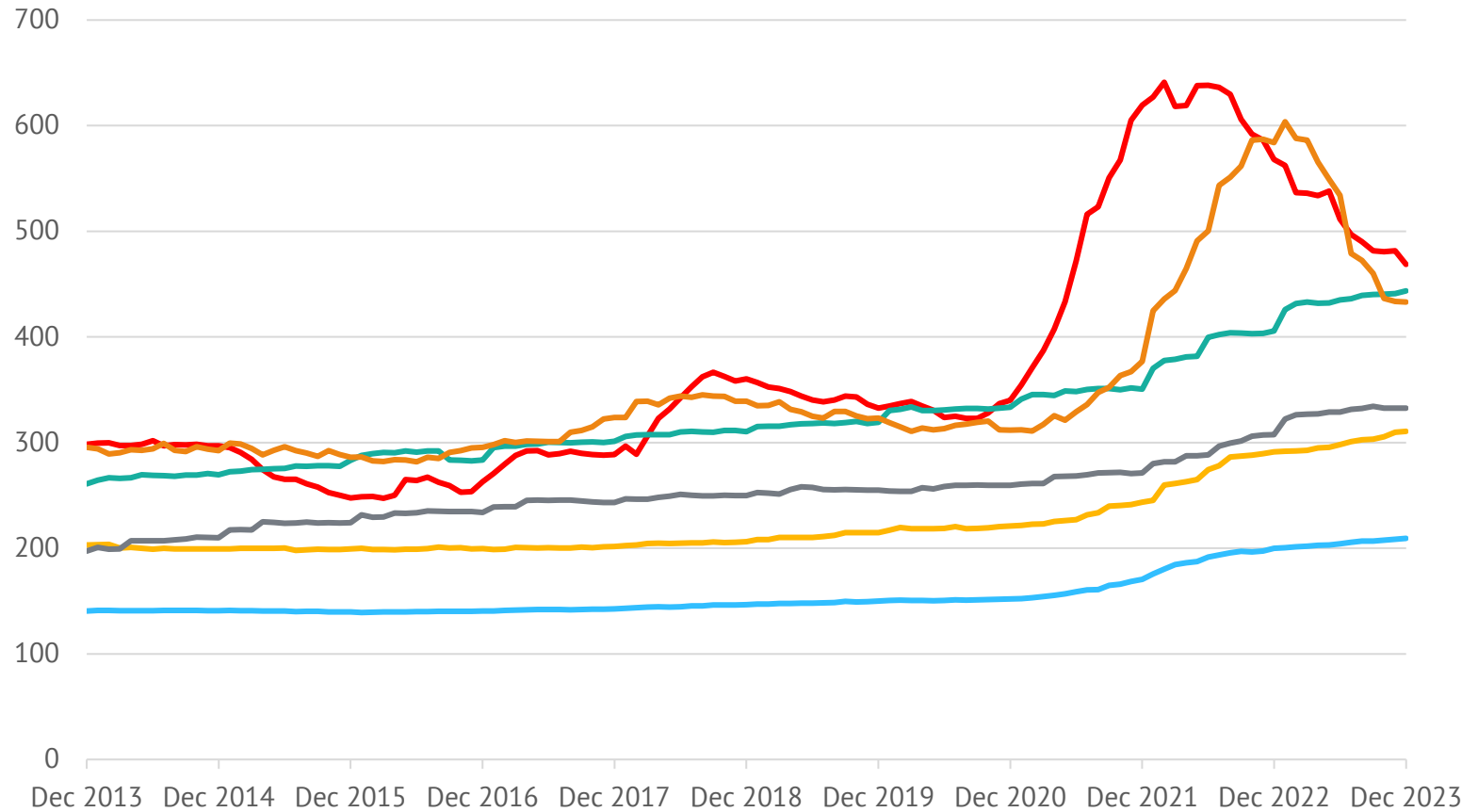


Source: Bureau of Labor Statistics, Producer Price Index

\*Note the different vertical axis for 1YR



# Priority Materials: Producer Prices



| Percent Change                        | 10YR | 5YR | 1YR  |
|---------------------------------------|------|-----|------|
| <b>Iron and Steel Pipes and Tubes</b> | 57%  | 30% | -18% |
| <b>Chlorine</b>                       | 47%  | 28% | -26% |
| <b>Aggregates</b>                     | 70%  | 43% | 16%  |
| <b>Cement</b>                         | 68%  | 33% | 16%  |
| <b>Electrical Switch Gear/Board</b>   | 53%  | 51% | 7%   |
| <b>Elect Equipment</b>                | 49%  | 43% | 5%   |



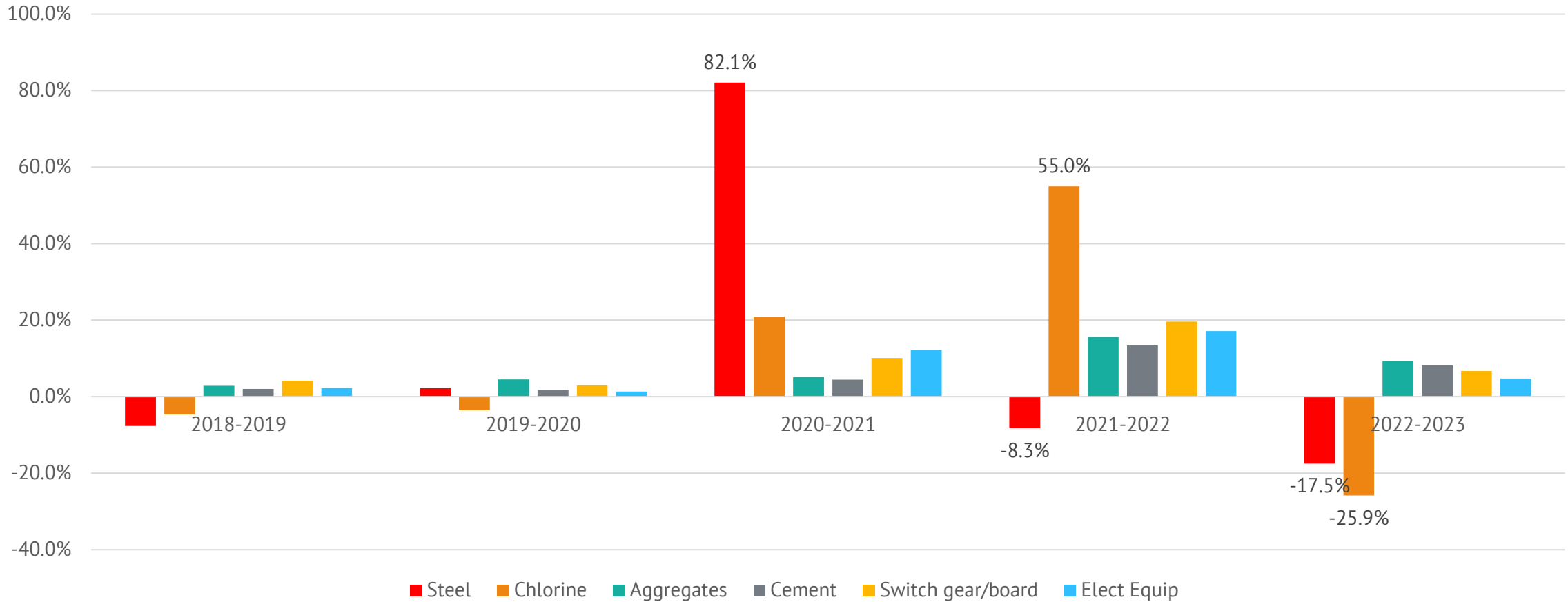
Source: Bureau of Labor Statistics, Producer Price Index





# Priority Materials: Producer Prices

## Annual Percent Change (Dec)

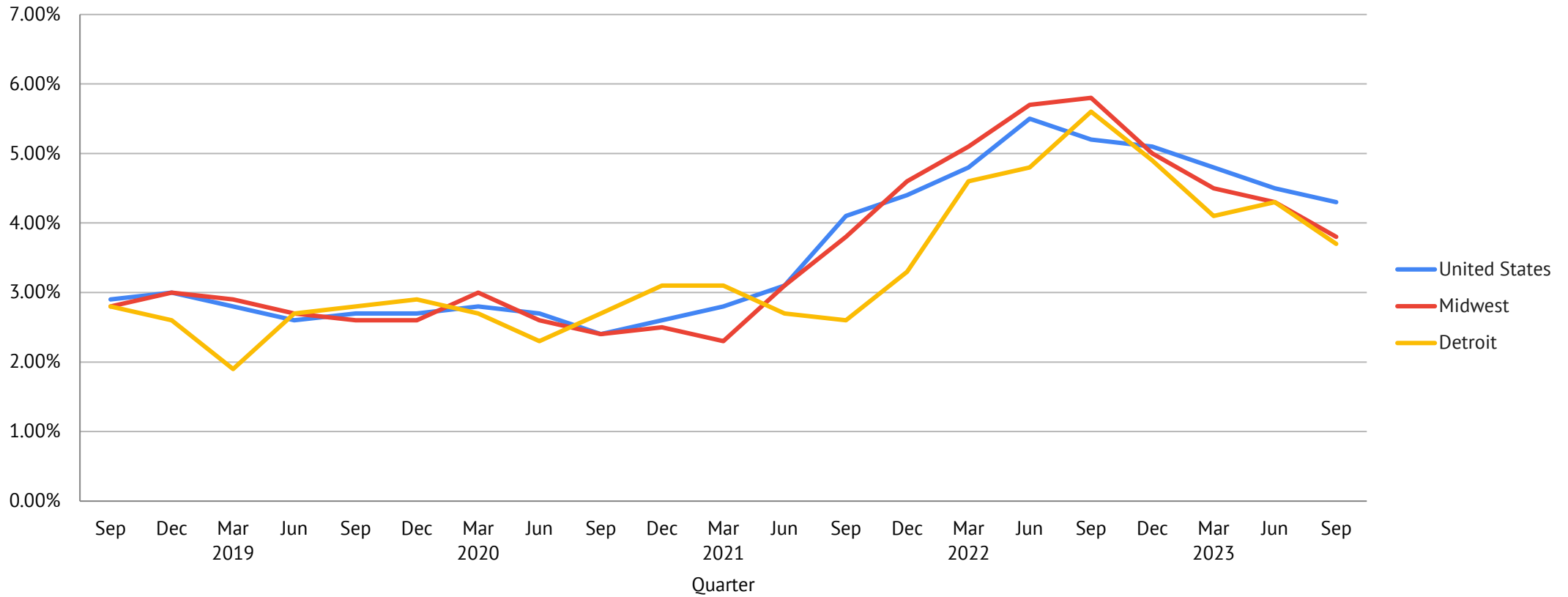


Source: Bureau of Labor Statistics, Producer Price Index



# Wages: Total Compensation

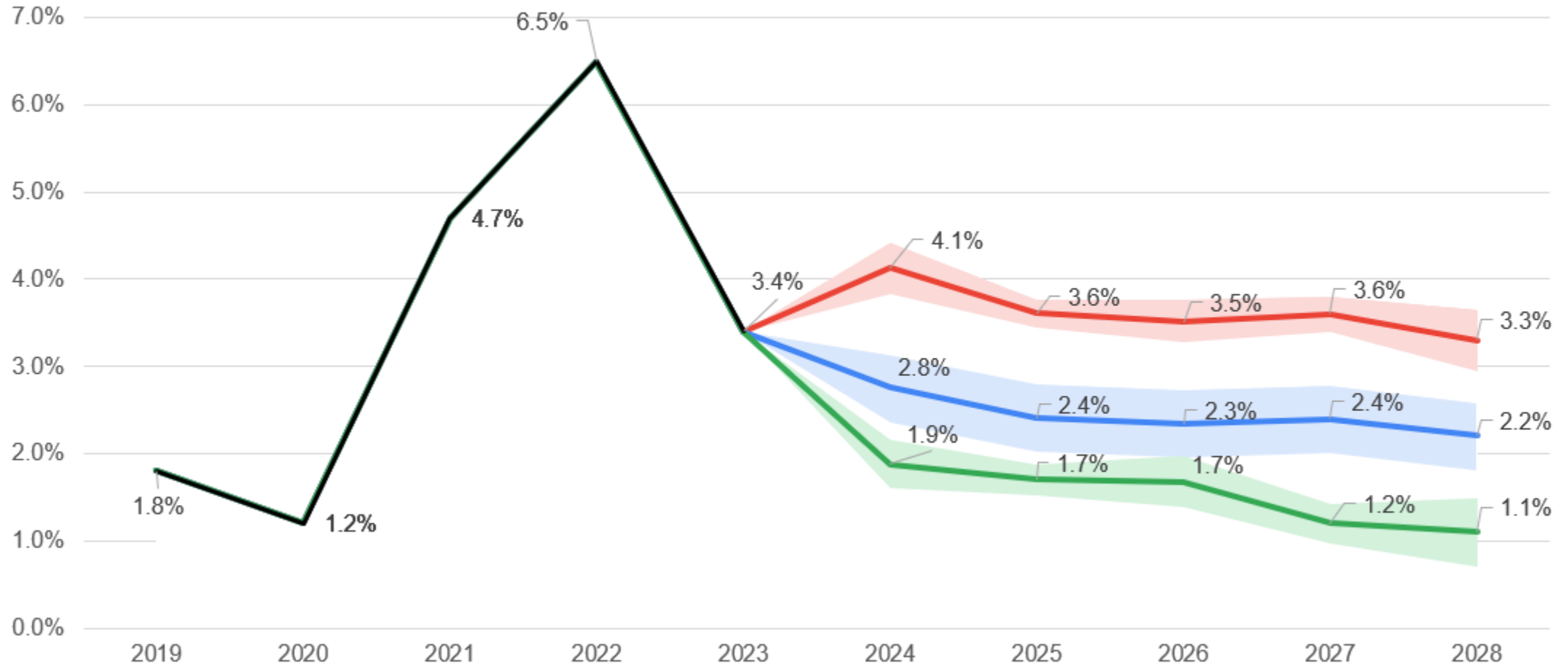
Total Compensation Percent Change: United States, Midwest and Detroit



Source: Employment Cost Index, Bureau of Labor Statistics (BLS)



# Southeast Michigan Inflation Forecast





## Financial Services Audit Committee Communication

**Date:** February 9, 2023

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

**From:** Guy Belew, Charges Outreach & Modeling Management Professional

**Re:** Annual Report – Proposed FY 2025 thru FY 2029 Capital Improvement Plan Cost Allocation Commentary

**Background:** There is no cost allocation impact on Member Partner charges for projects presented in the Capital Improvement Plan (CIP) for the Great Lakes Water Authority (GLWA) until funds are expended. The process of developing the CIP is designed to engage Member Partners early in the CIP development for many regional collaboration reasons as well as to foster early conversation about impacts on future charges. In some cases, further discussion and analysis is needed before a consensus is reached. To address those exceptions, a process was established in 2023 and presented to Member Partners on September 5, 2023 (attached).

**Analysis:** This year there are seven projects for which GLWA has received notification that Member Partners would like further discussion and analysis. The future cost pool designation in the CIP is therefore labeled “TBD” (for to be determined).

The projects in question are the following:

| CIP #  | Title   |
|--------|---|
| 222001 | Oakwood District Intercommunity Relief Sewer Modification at Oakwood District |
| 232002 | Freud & Conner Creek Pump Station Improvements                                |
| 260500 | CSO Outfall Rehabilitation (Program)  |
| 260508 | B-39 Outfall Rehabilitation   |
| 260510 | Conveyance System Repairs (Outfalls)  |
| 260700 | Sewer System Infrastructure Improvements and Pumping Stations (Program)       |
| 260701 | Conveyance System Infrastructure Improvements                                 |

After the FY 2025 charge season has concluded, GLWA will be establishing a small work group with interested Member Partners to review and evaluate these projects. The intent is to develop a consensus on the appropriate approach for allocating costs for these wastewater projects.

**Proposed Action:** The GLWA Audit Committee receives and files this report.



## GLWA's Wastewater Project Cost Allocation Communication and Member Feedback Process

Updated September 1, 2023

Presented at Charges Workgroup September 5, 2023

### Purpose of This Document

This document outlines the process by which GLWA will communicate wastewater project cost allocation information to Member Partners and engage Member Partners to obtain their feedback. This document also explains the wastewater cost pools that are used to allocate costs.

### Wastewater Capital Improvement Program (CIP) and Process for Providing Feedback on CIP Cost Allocations

The CIP is a five-year plan, including a 10-year outlook, that identifies GLWA's major capital projects and programs. The CIP provides descriptions; estimated schedules; and estimated costs for rehabilitation, replacements, and upgrades to the regional water and wastewater system infrastructure. GLWA reviews and, as needed, adjusts the CIP every year.

*\*Note that actual costs are generally not incurred until a project is begun as a result of a public procurement process. Often the project bid or proposal award is subject to Board approval in accordance with the GLWA Procurement Policy. This provides additional opportunities for Member Partner feedback before a project begins.*

The annual CIP review identifies new equipment, new facilities, and rehabilitation projects that must be undertaken to meet regulatory requirements, to operate reliably and cost-effectively, and/or to expand the system to meet future needs. As part of the CIP process going forward, GLWA will review each project and identify in the draft CIP documents a **primary** cost pool for each project in a "Cost Allocation" field. Given that the fiscal year (FY) 2024-2028 CIP did not include this field, there will be a different timeline for member engagement on the FY 2025-2029 CIP than the annual process that is being established.

The primary cost pool designation is intended to provide information on how facilities constructed as part of the CIP will be reflected in the GLWA fixed asset data that is used in the wastewater charge methodology, once the actual costs associated with an asset are incurred and reported as construction work-in-progress (CWIP). All parties should recognize that it is possible that CIP project execution results in assets that are booked to a primary cost pool that differs from the original project plan. Further, certain projects may have complexities that do not fit discretely into a primary cost pool. Some of those types of projects are discussed herein. In these cases, the CIP will include brief explanations in addition to the primary cost pool.

For the FY 2025-2029 CIP, Member Partners will notify GLWA of any cost allocations that it may contest by September 15, 2023 and will have until December 31, 2023 to formally contest the cost allocation assignment of any specific project.

For the FY 2026-2030 CIP and beyond, Member Partners will notify GLWA thirty (30) days from GLWA's publication of the CIP Draft #1 of any cost allocations that it may contest and will have until December 31st of that year to formally contest the cost allocation assignment of any new project added to the CIP.

In contesting a cost allocation assignment, the Member Partner shall communicate in writing to GLWA at outreach@glwater.org, clearly identifying which project is being challenged by name and CIP number, the published cost pool, to which cost pool it believes the project should be assigned, and the rationale for that proposed assignment. Further the rationale shall include any data or principles it is relying on to support its position and/or identify what additional data or information is needed to support its position. Should additional data or information be sought, the Member Partner will be responsible for all costs related to additional data and information collection needed to support its position.

The One Water Partnership or its designated work group shall review the data provided by the contesting Member Partner and any additional data it deems necessary to evaluate whether a different cost pool assignment is merited at the next available work group meeting, or within 30 days. Upon completion of its evaluation, attending First Tier Wastewater Members Partners and the City of Detroit will vote – by a show of hands or roll call vote of those in attendance at the meeting where the vote is called – to recommend a cost allocation assignment to GLWA.

Regardless of the vote outcome, GLWA administration will relay the vote results to the GLWA Board of Directors and make a recommendation to the Board as part of the charge-making process. The GLWA Board approves the outcome of cost allocation decisions as part of their approval of the CIP and charges.

### **Wastewater Cost Pools**

The Sewer SHAREs Methodology comprises three (3) primary cost pools\*:

1. **Water Resource Recovery Facility (WRRF) Cost Pool** – Costs incurred to treat wastewater at the WRRF are allocated based on:
  - 50% on Average Volume, and
  - 50% in Sanitary Volume.
2. **Conveyance Cost Pool** – Costs incurred to transport wastewater through the regional conveyance and collection system are allocated by each Member Partner's Average Volume.
3. **CSO Cost Pool** – Costs incurred for certain existing and future wet weather control facilities or projects are fixed at 83% for Detroit and 17% for other Member Partners, consistent with historical agreements as previously negotiated and memorialized in legal documents.

### **Cost Allocation as Relates to Shared Services with DWSD**

Regional assets operated by GLWA are identified and established through the Sewer Lease Agreement. Certain additional conveyance and CSO control assets that are DWSD

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\*The Sewer SHAREs Methodology also includes the following cost pools that recover costs but are not allocable across all Member Partners:

1. **OMID Specific:** Costs charged only to the Oakland-Macomb Interceptor Drain Drainage District (OMID)
2. **Industrial Waste Control (IWC):** WRRF costs charged to IWC users (industrial dischargers and high strength dischargers)

Local Sewer Facilities are operated and maintained by GLWA through a separate Shared Services or Intergovernmental Agreement (IGA) with DWSD.

The CIP includes projects that provide improvements performed at multiple facilities under a single contract. The following table provides example projects from the CIP that include regional facilities that are leased and operated by GLWA, as well as facilities that are not part of the Lease Agreement but operated by GLWA under a separate Shared Services or Intergovernmental Agreement with DWSD. The costs of improvements performed at the latter facilities are allocated entirely to DWSD. CIP projects that include a component of shared services or intergovernmental agreements are examples of projects that require special explanation beyond the primary cost pool designation.

| <b>CIP #</b> | <b>Project Description</b>   | <b>Cost Pool</b> |
|--------------|--|------------------|
| 260702       | Pump Station Assets Updates  | Conveyance       |
| 270006       | Control System Upgrades at Baby Creek and Belle Isle CSO Facilities  | CSO              |
| 270007       | Disinfection System Improvements at Baby Creek, Belle Isle, Conner Creek, and Puritan Fenkell CSO Facilities | CSO              |
| 270011       | HVAC Improvements at Conner Creek and Belle Isle CSO Facilities  | CSO              |

For example, CIP Project #270007 provides disinfection improvements at each of four separate CSO Control Facilities. At the Baby Creek, Conner Creek, and Puritan Fenkell CSO Facilities the assets will be assigned to the CSO cost pool as agreed to in the 1999 Rate Settlement Agreement. The Belle Isle CSO Facility improvements are addressed through the Shared Services Agreement and will be allocated entirely to DWSD.

The CIP also includes a project for a pump station that is not part of the Lease Agreement and is entirely addressed by the Shared Services Agreement.

| <b>CIP #</b> | <b>Project Description</b>                    | <b>Cost Pool</b> |
|--------------|---|------------------|
| 232004       | Condition Assessment at Bluehill Pump Station | Conveyance       |

CIP Project #232004, Condition Assessment at Bluehill Pump Station, provides for improvements at a facility entirely addressed via the Shared Services Agreement. This project will be allocated entirely to DWSD.

### **Cost Allocation and Collaboratively Funded Projects**

Under relatively rare circumstances, the CIP includes projects that are planned to be funded using a separate collaborative funding process. The CIP will document projects that are either fully or partially funded through a separate funding process, and will include a brief explanation of the separate funding sources.

For example, GLWA, DWSD, and MDOT have entered into a Memorandum of Agreement for the I-94 Modernization Project, Package 1 Drainage, wherein MDOT will provide approximately \$37 million for Alternative Compliance with the DWSD Stormwater Ordinance. The MDOT funds will be used for the design and construction of a demonstration project for long term CSO control that includes disposable netting facilities.

The \$37 million in funding was established based on the anticipated full cost to complete this project.

| <b>CIP #</b> | <b>Project Description</b> | <b>Cost Pool</b> |
|--------------|----------------------------|------------------|
| 270001       | Pilot CSO Netting Facility | CSO 83/17        |





Welcome to the December edition of *The Procurement Pipeline*, a monthly newsletter designed to provide updates on doing business with the Great Lakes Water Authority (GLWA).

### **Procurement Tip of the Month: Submitting a Complete Invoice – the Key to Faster Payment**

Timely and efficient payment of invoices is a top priority for GLWA. Submitting a complete and accurate invoice is the best way to ensure that your business receives its payments as promptly as possible. A complete invoice should conform to the following guidelines listed below:

1. Name the Great Lakes Water Authority (GLWA) in the “Bill To” area of the invoice and is addressed to GLWA.
2. Include a GLWA purchase order (PO) number.
3. Include your company’s invoice number and invoice date.
4. Include remittance information for payment by paper check.
5. Include [accountspayable@glwater.org](mailto:accountspayable@glwater.org) for invoice submission.
6. Comply with all the required purchase order/contract terms.
7. Provide a description of the services performed and/or the goods shipped.
8. Supply the date for the services performed and/or goods shipped.
9. Ensure invoice items and unit prices match purchase order items and unit prices.
10. Exclude a charge for sales tax. (The Exemption form is located [here](#). Please note that there are exceptions to GLWA tax-exempt status for construction contracts).
11. Add freight costs, if applicable.

Please note that every purchase order issued by the GLWA Procurement Team is assigned a unique seven-digit PO number. In order to pay an invoice, the invoice must match the PO in our system. Invoices without a PO number require research and

resubmittal – and delay the payment process. GLWA payment terms apply only to complete and properly submitted invoices. If asked to provide goods or services without a purchase order, please contact [procurement@glwater.org](mailto:procurement@glwater.org).

GLWA also encourages vendors to register for **GLWA Direct to You** to receive payment via ACH-Direct Deposit. In addition to improved cashflow, **Direct to You** offers a secure online vendor portal, identifies all invoices paid, and eliminates delays associated with lost or stolen checks.

For more information on submitting an invoice for payment, or any inquiries related obtaining the payment status of an invoice or registering for GLWA Direct to You, please contact [accountspayable@glwater.org](mailto:accountspayable@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 November 2023 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 December 2023

| Category  | CIP #        | Description/Project Title   | Budget Estimate |
|---|--------------|---|-----------------|
| <b>Water System (next four to nine months)</b>                                    |              |   |                 |
| Construction  | 122004       | 96-Inch Water Transmission Main Relocation - Phase III                        | \$90,000,000    |
| Construction- Pre-Purchase  | 122004       | 96-Inch Water Transmission Main Relocation - Phase III - Pre-Purchase Pipe    | \$2,300,000     |
| 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   | \$15,000,000    |
| Construction  | 211005.2     | WRRF Pump Station 2 VFD Replacements  | \$12,000,000    |
| Construction  | 222001       | NWI(Northwest Interceptor) to Oakwood CSO Sewer (NOCOS)                       | \$75,000,000    |
| Design  | 270001       | Pilot Netting and Disinfection Facilities at B03, B04, and B05                | \$8,000,000     |
| Design  | 270007       | CSO Facility Disinfection Improvements  | \$3,900,000     |
| <b>Water System (next three months)</b>   |              |   |                 |
| N/A   |              |   |                 |
| <b>Wastewater (next three months)</b>   |              |   |                 |
| N/A   |              |   |                 |
| <b>Projects moved to Procurement Team (Preparing for solicitation on Bonfire)</b> |              |   |                 |
| Professional Services   | O&M          | Water and Wastewater Services Charges Consultant                              | \$300,000       |
| Professional Services   | O&M          | Internal Auditor  | \$650,000       |
| Professional Services   | O&M          | Good Sewer Metering Practice Analysis & Support Services                      | \$2,710,000     |
| Professional Services   | O&M          | Environmental Health and Safety Assistance                                    | \$2,000,000     |
| Professional Services   | O&M          | Refuse and Recycling Waste Pickup and Disposal Services                       | \$655,000       |
| Professional Services   | 170506 & O&M | Water Transmission Main, Valves and Other Urgent Repairs                      | \$21,500,000    |
| Construction  | 211007       | Pump Station - 2 Bar Rack Replacement and Grit Collection System Improvements | \$110,000,000   |
| Professional Services   | 213009       | Biosolids Study   | \$2,500,000     |

Vendors should continue to monitor [Bonfire](#) for solicitation updates.

| <b>Acronyms</b>                        |                              |                            |
|--|------------------------------|----------------------------|
| WRRF: Water Resource Recovery Facility | CSO: Combined Sewer Overflow | WTP: Water Treatment Plant |



Welcome to the January edition of *The Procurement Pipeline*, a monthly newsletter designed to provide updates on doing business with the Great Lakes Water Authority (GLWA).

## New! Second Business Inclusion and Diversity (B.I.D.) Program Year-in-Review Report Now Available

In November 2020, the GLWA Board of Directors approved the Business Inclusion and Diversity (B.I.D.) Program which was launched in February 2021. The goal of this program is to maximize opportunities for small, minority-owned, and disadvantaged businesses as well as a focus on companies within GLWA's service area. The B.I.D. Program second Year-in-Review Report provides a comprehensive review of the program through the program's third year and is available on the [GLWA Vendor Webpage](#). To view the full report, please [click here](#). Highlights include:

- As of June 30, 2023, GLWA has awarded 70 contracts under the B.I.D. Program requirements totaling \$859.8 million.
- GLWA reviewed 245 vendor Diversity Plans outlining efforts to maximize the participation of small, minority-owned, and disadvantaged business enterprises in GLWA's procurement process.
- Of the 70 awarded B.I.D. procurements, 89% of vendors had a business presence in the state of Michigan, 71% in GLWA's service territory area, and 37% in an economically disadvantaged service area.
- Of the \$859.8 million total awarded dollars, \$607.9 million (71%) was awarded to companies located within GLWA's Member Partner Communities and \$322.3 million (37%) to vendors located in the City of Detroit.
- 34% of awarded Vendors held a diversity certification as a Disadvantaged Business Enterprise (DBE), Minority-owned

Business Enterprise (MBE), Woman-owned Business Enterprise (WBE), or Small Business Enterprise for a total of \$294.7 million.

In addition, the Year-in-Review Report outlines the efforts that GLWA has taken to refine business processes and to raise awareness of the B.I.D. Program. For a full overview of GLWA's B.I.D. Program and requirements, see the [B.I.D. Program Requirements](#) document on the [GLWA Vendor Webpage](#). Any questions about the second Year-in-Review report or the B.I.D. Program may be directed to [Michael Lasley](#) and [Megan Savage](#).

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## Upcoming Solicitations January 2024

| Category  | CIP #        | Description/Project Title  | Budget Estimate |
|---|--------------|--|-----------------|
| <b>Water System (next four to nine months)</b>                                    |              |  |                 |
| Construction  | 112008       | Northeast WTP Filter Rehabilitation  | \$85,550,000    |
| Construction  | 122004       | 96-Inch Water Transmission Main Relocation - Phase                         | \$90,000,000    |
| Construction- Pre-Purchase  | 122004       | 96-Inch Water Transmission Main Relocation - Phase III - Pre-Purchase Pipe | \$2,300,000     |
| 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  | 211005.2     | WRRF Pump Station 2 VFD Replacements                                       | \$12,000,000    |
| Design  | 270007       | CSO Facility Disinfection Improvements                                     | \$3,900,000     |
| <b>Water System (next three months)</b>   |              |  |                 |
| N/A   |              |  |                 |
| <b>Wastewater (next three months)</b>   |              |  |                 |
| Design  | 270001       | Pilot Netting and Disinfection Facilities at B03, B04, and B05             | \$8,000,000     |
| Construction  | 222001       | NWI (Northwest Interceptor) to Oakwood CSO Sewer (NOCSOS)                  | \$75,000,000    |
| <b>Projects moved to Procurement Team (Preparing for solicitation on Bonfire)</b> |              |  |                 |
| Supplies  | O&M          | Phosphoric Acid  | \$1,000,000     |
| Supplies  | O&M          | Ferric Chloride  | \$5,084,700     |
| Construction  | 170306       | Instrumentation and Control System Plant - wide SCADA Upgrade              | \$3,340,000     |
| Professional Services   | O&M          | Water and Wastewater Services Charges Consultant                           | \$300,000       |
| Professional Services   | O&M          | Internal Auditor   | \$650,000       |
| Professional Services   | O&M          | Good Sewer Metering Practice Analysis & Support Services                   | \$2,710,000     |
| Professional Services   | O&M          | Environmental Health and Safety Assistance                                 | \$2,000,000     |
| Professional Services   | O&M          | Refuse and Recycling Waste Pickup and Disposal Services                    | \$655,000       |
| Professional Services   | 170506 & O&M | Water Transmission Main, Valves and Other Urgent Repairs                   | \$21,500,000    |
| Professional Services   | O&M          | Fleet Management Services Including Leasing and Upfitting Vehicles         | \$14,667,500    |

Vendors should continue to monitor [Bonfire](#) for solicitation updates.

| Acronyms                                      |                                     |                                   |
|---|-------------------------------------|-----------------------------------|
| <b>WRRF:</b> Water Resource Recovery Facility | <b>CSO:</b> Combined Sewer Overflow | <b>WTP:</b> Water Treatment Plant |