



Financial Services Audit Committee Communication

Date: May 21, 2021

To: Great Lakes Water Authority Audit Committee

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

Re: CFO Update

WRAP Update

See attached memo from Deirdre Henry, Treasury Manager who has graciously accepted the leadership role of this important initiative while we work through a staffing transition. Also attached is a presentation from Public Sector Consultants that was presented to the Member Partner Communications Work Group regarding the recent Board action on program amendments. A similar presentation will be provided at the upcoming One Water Partnership meeting. Finally, PSC has also provided an overall update on the WRAP improvement initiatives.

Federal COVID-19 Programs

We have engaged Public Sector Consultants to support GLWA in navigating through the many assistance programs and program guidelines. Attached is a presentation that was presented to the Executive Leadership Team and other team members as we position GLWA to optimize its use of these resources as well as engage with our Member Partners where there is opportunity to build on shared interests.

Proposed Action: Receive and file this report.



Financial Services Audit Committee Communication

Date: May 21, 2021

To: Great Lakes Water Authority Audit Committee

From: Deirdre Henry, Treasury Manager

Re: Water Residential Assistance Program Redesign Implementation Update

Background: The Great Lakes Water Authority (GLWA) engaged Public Sector Consultants (PSC) to serve as the WRAP Advisor to evaluate the current Water Residential Assistance Program (WRAP). PSC began work on July 6, 2020 and since that time has completed meetings with GLWA's Chief Financial Officer and Finance staff, Detroit Water and Sewerage Department's (DWSD) Chief Financial Officer and Finance staff, Wayne Metro, GLWA's Chief Executive Officer and DWSD's Director and their General Counsel, individual GLWA Board Members and a focus group for GLWA Member Partners. These meetings, and the feedback gathered, were the basis for PSC's report and recommendations which was presented at the October 23, 2020 Audit Committee meeting and to the GLWA Board on October 28, 2020.

Since the presentation of the final report, PSC has worked with the GLWA team to outline the seventeen recommendations from the report, develop an initial priority of the recommendations and to assign the corresponding stakeholders that will be essential to the implementation of each recommendation. This initial list was presented to representatives of Wayne Metro, Macomb County Community Action Agency (MCCAA) and to Oakland Livingston Human Services Agency (OLHSA) at the implementation kick-off meeting on December 9, 2020.

GLWA plans to extend its engagement with PSC through June 2022 to assist in the full implementation of all recommended program changes and support the transition of program responsibilities to the community action agencies and GLWA staff.

Analysis: GLWA and PSC continue to work with the community action agencies to transition WRAP service delivery activities to each agency. This transition will give the agencies more autonomy to provide services in their respective service territories. Monthly meetings are held with each organization to discuss 1) program communication and marketing, 2) community outreach, 3) program administration, and 4) conservation and water repair services. Additional details about the status of implementation activities can be found in the attached memo from PSC.

On May 13, 2021, PSC presented an update on the WRAP evaluation and program changes to the Member Outreach Communications and Education workgroup. The presentation is attached. GLWA and PSC will continue to work with Member Outreach to engage in opportunities to keep the member partners abreast in the WRAP program activities.

We will continue to provide monthly updates to the Audit Committee to track the implementation progress.

Proposed Action: Receive and file this report.

Memo

TO Great Lakes Water Authority – Audit Committee

FROM Maggie Pallone and Eric Pardini, Public Sector Consultants

DATE Friday, May 21, 2021

SUBJECT WRAP – Implementation Progress Report

Program Change Implementation Status

Public Sector Consultants (PSC) is continuing to support the Great Lakes Water Authority (GLWA) with implementing changes to the Water Residential Assistance Program (WRAP). This memo summarizes the status of implementation activities.

Program Delivery Updates

PSC and GLWA continue to work with Wayne Metro Community Action Agency (Wayne Metro), Macomb Community Action (MCA), and Oakland Livingston Human Services Agency (OLHSA) to transition WRAP service delivery activities to give individual community action agencies (CAA) more autonomy to provide services in their respective service territories. PSC and GLWA meet with each organization monthly to discuss ongoing activities.

Manage program communication and marketing

- OLHSA and MCA have taken initial steps to design and implement their own marketing and communication strategies for WRAP.
- OLHSA has established a dedicated phone number for WRAP customers in Oakland County. This number is being provided through updated communications materials.
- MCA has not yet established a new phone number but has had initial planning discussions with their internal communications team about enhancing WRAP communications.

Conduct outreach to member partner communities

- PSC has provided resources to support CAA with their outreach to member partner communities. This includes a database documenting community demographics and estimates for eligible populations.
- Wayne Metro, OLHSA, and MCA have identified non-participating communities and are taking steps to get non-participating communities to opt-in to WRAP.
- CAA's are providing GLWA with monthly updates regarding the status of outreach activities. Where necessary GLWA will engage to support these conversations.

Lead program intake and enrollment

- Wayne Metro has been supporting OLHSA and MCA with transitioning the intake and enrollment functions of WRAP.
- In April, OLHSA began performing intake and enrollment for WRAP on their own.

- MCA has still not fully transitioned WRAP intake and enrollment but has plans to add staff capacity before the new fiscal year to accommodate these new activities.

Provide Conservation and Water Repair Services

- Wayne Metro has been supporting OLHSA and MCA with transitioning the conservation and water repair functions of WRAP.
- OLHSA has stated they lack the capacity to take on conservation services at this time and asked Wayne Metro to continue providing conservation services through June 30, 2020. OLHSA is evaluating options for providing these services in the new program year.
- MCA has successfully transitioned conservation services from Wayne Metro, but continues to receive some support during this period. MCA has asked for greater direction from GLWA related to the design of WRAP conservation.
- PSC and GLWA will be engaging all CAAs to discuss necessary changes to the conservation program of WRAP for the new program year.
- PSC has also been meeting with DWSD to identify opportunities for improving the conservation program.

Program Oversight Updates

GLWA is taking steps to post for a manager to oversee WRAP. This process has been delayed as GLWA manages other staffing transitions.

Member Partner Community Outreach

At the request of GLWA, PSC attended the Member Partner Community Outreach Communications and Education workgroup on May 13, 2021 and provided an update on the WRAP evaluation and subsequent program changes (see attached presentation). PSC and GLWA will continue to engage with the Communications and Education workgroup to keep members abreast of ongoing program changes.

PSC and GLWA have also begun discussing opportunities to present about WRAP to a broader group of member partner communities through the One Water Partnership meetings.

Streamlining Payment Processing for Member Partner Communities

PSC and GLWA are continuing efforts to simplify the payment processing for member partner communities. GLWA's transformation team is leading this effort and has been engaging with CAA's to review and define existing processes.

Leveraging Other Forms of Assistance

All the CAA's supporting WRAP have been busy providing other forms of assistance to low-income residents provided through various federal relief packages. PSC and GLWA have emphasized the desire to help get customers enrolled in WRAP to provide sustainable assistance funding in addition to other federal benefits being offered.

Planning for Fiscal Year 2022

PSC and GLWA are beginning to outline contract and program requirements for the new program year starting in July 1, 2021. To ensure continuity of services during the ongoing public health crisis and to allow time for recent program changes to be implemented, GLWA has decided to continue working with the existing CAA partners to deliver WRAP for the next program year. These discussions are ongoing and will be finalized in the coming weeks.

Water Residential Assistance Program: Program Successes and Opportunities for Improvement

Maggie Pallone

Public Sector Consultants
Great Lakes Water Authority
Member Partner Outreach

Thursday, May 13, 2021



About Public Sector Consultants (PSC)

- Nonpartisan research and public policy consulting firm
- **Mission:** Improve the quality of life for residents of Michigan and beyond through the development and implementation of innovative, actionable public policies

Water Residential Assistance Program (WRAP)

- Provides sustainable funding for qualifying households with low-incomes throughout the Great Lakes Water Authority's (GLWA's) service territory
- Provides monthly bill payment assistance, arrearage payments, conservation education, and minor plumbing repairs for eligible customers
- Administered through partnership of southeastern Michigan community action agencies (CAAs)
 - Wayne Metro Community Action Agency (Wayne Metro), Macomb Community Action (MCA), Oakland Livingston Human Services Agency (OLHSA), and Genesee County Community Action Resource Department (GCCARD)

Project Overview

- GLWA engaged PSC to evaluate how effectively WRAP has met its goals and what changes are necessary to improve the program's delivery and impact
- PSC assessed WRAP, relying on an analysis of program reporting data, feedback from key stakeholders, and review of other relevant documents
- PSC summarized WRAP's successes and opportunities for improvement for GLWA's board of directors
- PSC is working with GLWA and CAAs to implement program changes

June 2020

Nov 2020

Jan 2021

April 2021

July 2021



WRAP Evaluation (June–November 2020)

Implementation Support (November 2020–July 2021)

**Phase 1
(November–December)**

- Expand Program Update and Adoption
- Improve Program Awareness
- Enhance GLWA Oversight

Phase 2 (January–March)

- Improve Data Collection and Reporting
- Develop Outcome Measures for Reporting
- Identify Performance Benchmarks
- Quantify Eligible Populations
- Simplify Eligibility Determination
- Foster Understanding of Property Tax Loophole
- Expand Funding for Customers with High Arrearages
- Establish Direct Services Option
- Prioritize Direct Conservation and Repair

Phase 3 (April–June)

- Reach Customers with the Greatest Need
- Address Immediate Crisis
- Leverage Other Forms of Assistance
- Increase Program Funding

Project Overview and Timeline

Phase One: WRAP Evaluation

Key Findings—Program Successes

- Program provides essential financial support to households with low incomes, reaching more than 22,000 households since 2016
- Customers stated that combining monthly assistance, arrearage payments, and conservation services is impactful
 - Incentivizes on-time bill payment
 - Helps customers struggling with large past-due balances
 - Reduces in-home water consumption
- Eligibility criteria is flexible and makes assistance accessible for low-income households
- Periodic program changes/updates have helped better serve customers

Key Findings—Opportunities for Improvement

- Program uptake and adoption has been limited in some communities
 - A one-size-fits-all approach to service delivery does not meet customer needs
 - There is limited program participation in Oakland and Macomb Counties as well as limited program awareness
 - Local oversight of program administration and delivery can help achieve program goals by providing tailored solutions for community engagement, marketing, and outreach

Key Findings—Opportunities for Improvement

- Program should be available to all GLWA customers, whether municipalities have opted in or not
 - There is need in every community, but customers in nonparticipating communities are not eligible
- Program structure may not be suitable for addressing all forms of household need
 - Program provides fixed monthly amount that may be insufficient for households with limited or no income
 - Existing structure does not offer options to serve households that may have immediate crisis or shorter-term need

Key Findings—Opportunities for Improvement

- Program reporting is insufficient to determine progress on desired outcomes
 - Reporting requirements should be based on desired performance measures and established benchmarks
- More can be done to support program expansion, administration, and reporting
 - GLWA can play a bigger role in program administration by:
 - Providing ongoing support to member partner communities (recruitment and retention)
 - Providing ongoing program performance monitoring
 - Developing stronger internal processes for reporting and oversight
 - Overseeing the implementation of program changes

Phase Two: Program Change Implementation Status

Decentralizing Program Delivery

- Work with Wayne Metro, MCA, and OLHSA to decentralize WRAP delivery
- Under decentralized delivery model, individual CAAs will play larger role in providing services throughout counties they serve
 - Manage program communications and marketing
 - Conduct outreach to member partner communities
 - Lead program intake and enrollment
 - Provide conservation and water repair services

Improving Program Reporting and Oversight

- Enhance GLWA program oversight
 - GLWA will hire a WRAP manager to provide dedicated support and oversight for the program
- Update outcomes and reporting measures
 - Updated measures align better with original program design, and simplified report format makes it easier to convey progress of WRAP commitments

Changing Program Design

- **Enable categorical eligibility for WRAP applicants**
 - Next step toward easing access for eligible households
 - Leverages applicants' eligibility and/or enrollment in other income-qualified programs as an automatic qualification for WRAP
- **Increase arrearage payment cap from \$700/year to \$1,200/year**
 - Would enable WRAP to pay off over 75 percent of arrearage balances in the first year and up to 92 percent after two years in the program

Next Steps

- Recruit nonparticipating member partner communities to opt in to WRAP
- Streamline payment process for member partner communities
- Enhance conservation and water repair services
- Leverage other forms of assistance
 - State and federal coronavirus (COVID-19) relief programs
- New WRAP fiscal year begins July 1, 2021

Questions?



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Federal COVID Assistance Programs

Maggie Pallone

Public Sector Consultants

May 11, 2021



Federal Stimulus Legislation

- Coronavirus Preparedness and Response Supplemental Appropriations Act
 - March 2020; \$8.6 billion
- Families First Coronavirus Response (FFCR) Act
 - March 2020; \$100 billion
- The Coronavirus Aid, Relief, and Economic Security (CARES) Act
 - March 2020; \$2 trillion
- Consolidated Appropriations Act
 - December 2020; \$900 billion
- American Rescue Plan (ARP) Act
 - March 2021; \$1.9 trillion

CARES Act

- Michigan's share: \$3 billion
- Funding was largely allocated for:
 - PPP loans (\$350 billion)
 - Direct payment to individuals (\$1,200 per individual + \$500 per child)
 - Unemployment benefits (\$250 billion)
 - Hospitals and healthcare (\$140 billion)
 - Loans to large corporations (\$500 billion)
 - State and local governments (\$150 billion)

CARES Act – Household Relief

- \$20 million went towards paying back water utilities for past due bills
- 116 water utilities in Michigan applied for funding
 - DWSD \$9.7 million
 - Flint \$1.9 million
- Up to \$700 could be applied to a customer's water AND sewer bill
- Eligibility criteria based on SNAP participation
 - Direct data matching with utilities and DHHS

Consolidated Appropriations Act (CAA)

- Primarily targeted to individuals and small businesses
- Funding was allocated for:
 - PPP Round 2 (\$285 billion)
 - Public health measures (\$70 billion)
 - Direct payment to individuals (\$600 per individual + \$600 per child)
 - Unemployment assistance (\$125 billion)
 - Transit and transportation (\$45 billion)
 - **Rental assistance program (\$25 billion)**

CAA- Coronavirus Emergency Rental Assistance (CERA)

In addition to rental assistance, the program can help pay utility bills (including water, sewer, heat and electricity). Eligibility based on household incomes up to 50-80% of the area median income (AMI).

CERA Maximum Utility Assistance

Household Size	Maximum Total One Time Utility Payment (Includes Future Payment)	Maximum Future Utility Payment as a Credit
1-2 persons	\$1,500	\$300
3-4 persons	\$2,000	\$500
5+ persons	\$2,500	\$500

Tenants up to 50% AMI are eligible for an additional \$500 if needed to fully pay utility arrears.

CAA – CERA Allocations

- \$622 million allocated to Michigan
 - Round one (CAA) funding needs to be spent by September 2022
 - Round two (ARP) funding needs to be spent by 2025 (not yet awarded)
- Oakland- TBD
- Wayne Metro
 - \$100 million (\$45 million for Detroit, \$55 million for out-Wayne)
- Macomb Community Action Agency
 - \$46 million (\$26 million direct allocation and \$20 million through MSHDA)
- Genesee County
 - Total TBD (\$12 million direct allocation)

American Rescue Plan (ARP)

- Michigan's share (state and local): \$11 billion (additional \$3.7 billion going directly to schools)
- Funds are available through **December 2024**
- **Water Assistance Program**- Michigan will receive about \$14.5 million
- **Rental Assistance Program**- Michigan will receive another \$535 million
- **Coronavirus State Fiscal Recovery Funds (Recovery Funds)**- It is estimated that the State of Michigan will receive more than \$5.6 billion.
 - Critical capital projects- additional \$249.8 million for this program
- Local Recovery Funds- Entitlement, non-entitlement communities, and counties will receive at least \$3.4 billion

ARP – Water Utility Assistance

- Low-Income Home Water Assistance Program (LIHWAP)
 - \$1.1 billion funded through CAA and ARP (\$14.5 million for Michigan)
 - State of Michigan needs to submit a plan to DHS to release state allocated funds.
 - State is required to solicit public input on the plan.
 - Funding will be dispersed through the LIHEAP model
 - Grantees must provide funds to owners or operators of public water systems or treatment works to reduce arrearages of and rates charged to such households for such services.
 - End of May for anticipated release of funds to states and tribe

ARP – State and Local Recovery Funds

- Treasury announced yesterday that states and local governments can start applying for funds
 - Responding to the COVID-19 public health emergency
 - Premium pay for essential workers
 - Providing government services to the extent of the reduction in revenue from the public health emergency
 - **Make necessary investments in water, sewer, and broadband**

ARP- Recovery Funds

- State collected feedback from stakeholders on how to spend the funds (GLWA submitted projects last week)
- State will need to use the appropriations process to distribute their share
- Entitlement communities (populations over 50,000) will receive direct allocation
- Non-entitlement communities' allocations will be appropriated through the state legislature

ARP – Local Funding to GLWA Communities

- Metro cities- \$1.3 billion
- Non-entitlement- \$257 million
- Counties- \$901 million

Total: \$2.5 billion

Local Fiscal Recovery Funds Estimates – Metropolitan Cities (Thousands of Dollars)	
Unit	Estimated Allocation
Battle Creek	\$30,905
Bay City.....	31,124
Benton Harbor.....	10,632
Canton Township.....	9,119
Clinton Township.....	15,243
Dearborn	48,704
Dearborn Heights.....	25,915
Detroit.....	879,590
East Lansing	12,267
Farmington Hills	8,916
Flint	99,331
Grand Rapids.....	94,052
Holland	8,113
Jackson.....	32,035
Kalamazoo	40,626
Lansing.....	50,989
Lincoln Park	20,201
Livonia.....	8,312
Midland.....	5,604
Monroe	11,441
Muskegon.....	24,799
Muskegon Heights	11,038
Niles	7,206
Norton Shores	3,528
Port Huron.....	19,587
Portage.....	5,529
Redford	23,325
Roseville.....	14,964
Royal Oak	29,765
Saginaw	53,899
Southfield.....	10,883
St. Clair Shores	22,069
Sterling Heights.....	20,232
Taylor	11,995
Warren	28,231
Waterford Township.....	9,093
Westland	27,880
Wyoming	14,428
Total.....	\$1,781,571

Source: Federal Funds Information for States estimates as of March 8, 2021.

ARP – County Funding

- Lapeer- \$17 million
- Macomb- \$170 million
- Monroe- \$29 million
- Oakland- \$244 million
- St. Clair- \$31 million
- Washtenaw- \$71 million
- Wayne- \$339 million

\$901 million to counties in GLWA's service territory

ARP – Critical Capital Projects

- Critical capital projects are dedicated to enabling work, education, and health monitoring in response to public health emergency
 - Focused on addressing inequalities and shortcomings in US infrastructure
 - Particular focus on broadband
 - Targeting low- and moderate-income communities and rural communities
- State will need to apply separately for the Critical Capital Projects fund

On the Horizon: American Jobs Plan

- \$111 billion towards water infrastructure and lead service line replacement
 - \$45 billion into the Drinking Water Revolving Fund and Water Infrastructure Improvement for the Nations Act (WIIN)
 - \$56 billion in grants and low-cost loans for drinking water, wastewater, and stormwater systems modernizations
 - \$10 billion to monitor and remediate PFAS and for rural water systems (wells and septic systems)

Recommendations

Now is the time to think about **transformational investments**. Much of this money will need to go towards one-time investments

- Create a GLWA wish list with needs across the service territory
- Develop the narrative and impact for the investments
- Set up a series of meetings
 - State coordinator for LIHEAP/LIHWAP
 - Dave Massaron to discuss water and sewer investments
- Coordinate investment strategy with townships and counties
- Work with CAAs on how to layer WRAP with CERA and LIHWAP
- Identify funding buckets- what could/should be funded through ARP or AJP?



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