

FY 2026 – FY 2030 Capital Improvement Plan Discussion Draft #1 -Cost Pool Allocation Report As of November 6, 2024 for the **Wastewater System**

Compiled by: Charges Outreach & Modeling Team Matt Lane, Manager Guy Belew, Management Professional

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Introduction

The Capital Improvement Plan (CIP) Discussion Draft 1 for FY 2026 to FY 2030 was presented to Member Partners at Charges Rollout Meeting #1 on October 17, 2024. This *Cost Pool Allocation Factor Report* is a companion communication that identifies the assigned cost pool allocations related to the projects in CIP Draft 1. For reference, the <u>Capital Improvement Plan Discussion Draft 1 for FY 2026 to FY 2030</u> is now available online. It includes detailed information for each project. The GLWA Capital Improvement Planning team has also recently launched the online and interactive <u>CIP Dashboard</u> in addition to a geographic information system based <u>GLWA Capital Projects Viewer</u>.

This companion report provides a further level of information by assigning a cost allocation pool category to each project in the CIP. The importance of this information is to convey GLWA's recommended cost allocation early in the CIP process to provide a transparent opportunity for Member Partner feedback and engagement.

Scope of Review – New CIP Projects

Given that most of GLWA's projects span two or more years, the entire list of capital projects and related cost pool assignments are provided for historical context. The scope of this year's effort, however, is limited to new projects in CIP Draft 1 and their cost pool assignment. Cost allocation assigned for projects presented in prior years is resolved unless noted otherwise.

Wastewater System New CIP Projects This Year

As presented at Charges Rollout #1 on October 17, 2024, there is one (1) new sewer system project added this year for the Water Resource Recovery Facility (WRRF).

CIP #	Description	Cost Pool
260803	WRRF Roof Improvements - Phase II	WRRF

Next Steps

Preliminary Feedback & Questions on New Wastewater CIP Projects

Member Partners are asked to provide written feedback, questions, or notification of contesting a cost pool for new projects within 30 days of the date of this report to <u>outreach@glwater.org</u> This year, the due date is **December 7, 2024**. Member Partners will receive confirmation that their response was received.

Cost Pool Reconsideration Requests

Requests by Member Partners to formally reconsider the cost pool assignments must be submitted by **December 31, 2024** to <u>outreach@glwater.org.</u> Members Partners will receive confirmation that their response was received. Absent any written requests by that date, the assigned cost pool remains as shown in this *Cost Pool Allocation Factor Report*.



It should be noted that the Next Steps outlined above are designed to be in alignment with the more detailed process outlined in a communication titled "GLWA's Wastewater Project Cost Allocation Communication and Member Partner Feedback Process – Updated September 1, 2023" which has remained in draft status. That document is included in this report as Appendix 3.



APPENDIX



Appendix 1 - Schedule of Wastewater CIP Cost Pool Allocations

The Schedule of Wastewater CIP Cost Pool Allocations on the next page is scaled to fit an 11x17 inch page setup.



FY 2026-2035 Schedule of Wastewater CIP Cost Pool Allocations

				Current Year						FY 2026 - 2035 CIP					
215 //					2024										10 Year CIP
CIP #	New to CIP?	Description	Primary Cost Pool	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	Total
211002	NO	WRRF PS No. 2 Pumping improvements - Phase 1 WPRE PS No. 2 Improvements Phase II	WRRF	1,242,900	3,400	7 042 900	5 069 200	696 500	42 700	2 061 500	2 542 900	1 526 000	5 502 000	9 576 200	3,400
211003	No	WRRF PS No. 2 Improvements	WRRF	18 878 900	1,790,700	13 621 800	12 459 400	12 382 600	43,700	2,001,500	3,343,900	1,520,000	5,502,000	9,370,200	74 991 100
211000	No	WRRF PS #2 Bar Racks Replacements and Grit Collection System Improvements	WRRF	4 956 900	6 451 300	20 347 400	39 364 900	39 257 400	39 075 100	34 043 000	24 282 900	20 501 600	5 915 000	-	229 238 600
211008	No	WRRF Rehabilitation of Ferric Chloride Feed System in PS-1 and Complex B Sludge Lines	WRRF	632,700	-		-	-	-	-			-	-	0
211009	No	WRRF Rehabilitation of the Circular Primary Clarifier Scum Removal System	WRRF	-	215,100	1,328,200	245,600	138,600	5,619,800	5,619,800	5,635,200	3,787,600	-	-	22,589,900
211010	No	Rehabilitation of Sludge Processing Complexes A and B	WRRF	-	-	-	1,689,400	763,900	2,320,000	3,076,000	3,084,500	3,076,000	-	-	14,009,800
211011	No	PS 1 Rack and Grit HVAC System Upgrade	WRRF	1,192,800	1,192,800	249,800	34,000	1,850,900	1,850,900	1,850,900	3,065,900	8,860,800	15,836,500	38,004,400	72,796,900
212008	No	WRRF Aeration Improvements 1 and 2	WRRF	8,980,700	12,042,600	24,223,000	27,251,900	35,486,900	35,486,900	35,486,900	26,373,500	120,200	120,200	12,500	196,604,600
212009	No	WRRF Aeration Improvements 3 and 4	WRRF	-	-	-	-	-	-	-	747,900	4,549,800	3,823,400	10,804,500	19,925,600
212010	No	WRRF Conversion of Disinfection of all Flow to Sodium Hypochlorite and Sodium Bisulfite	WRRF	-	-	-	-	441,000	441,000	179,400	232,100	763,800	1,424,100	1,399,900	4,881,300
213006	No	WRRF Improvements to Sludge Feed Pumps at Dewatering Facilities	WRRF	655,800	1,060,900	4,596,500	7,877,400	4,663,900	-	-	-	-	-	-	18,198,700
213007	No	WRRF Modification to Incinerator Sludge Feed Systems at Complex -II	WRRF	1,825,000	-	-	-	-	1 502 200	1 502 200		-	-	-	7 0 2 7 0 0 0
213008	No	WRRF Reliabilitation of the Ash Handling Systems	WDDE	1 1 4 9 2 0 0	342,200	545,500	273,000	32,000	1,593,200	1,595,200	1,597,500	1,060,700	72 729 200	124 220 000	7,037,900
215009	No	Rehabilitation of Various Sampling Sites and PS#2 Ferric Chloride System at WRRF	WRRF	232 000	1,380,900	010,000	204,800	204,000	204,000	7,100,800	17,056,500	27,389,400	72,728,300	124,229,900	231,497,400
216004	No	Assessment and Rehabilitation of WRRF vard nining and underground utilities	WRRF	13 016 400	8 583 800	2 764 000	1 612 000	1 607 500	-	-	-	-	-	-	14 567 300
216008	No	Rehabilitation of Screened Final Effluent (SFE) Pump Station	WRRF	3.040.900	11.430.400	24.848.800	24,797,200	17.386.000	75,900	75,900	8.100	-	-	-	78.622.300
216011	No	WRRF Structural Improvements	WRRF	3,408,000	3,408,000	1,708,700			-	-	-	-	-	-	5,116,700
222001	No	Oakwood District Intercommunity Relief Sewer Modification at Oakwood District	Other	3,961,200	22,902,400	30,547,100	21,385,600	6,051,600	-	-	-	-	-	-	80,886,700
222002	No	Detroit River Interceptor (DRI) Evaluation and Rehabilitation	Conveyance	15,152,300	14,717,500	9,778,400	159,700	159,300	2,208,700	4,292,100	4,303,800	4,292,100	4,292,100	2,516,400	46,720,100
222008	No	North Interceptor East Arm (NIEA) 7 Mile Road Diversion Structure	Conveyance	1,191,700	1,100,300	93,400	-	-	-	-	-	-	-	-	1,193,700
232001	No	Fairview Pumping Station - Replace Four Sanitary Pumps	Conveyance	-	-	-	-	-	-	-	-	-	-	-	0
232002	No	Conner Creek Pump Station Improvements	TBD	1,251,500	7,593,800	30,209,200	47,918,200	37,675,000	24,639,400	16,869,500	16,725,900	41,065,800	41,065,800	35,053,500	298,816,100
232005	No	Freud Pump Station Improvements	TBD	5,300,300	18,322,000	41,263,000	41,376,000	30,137,700	18,997,900	-	-	-	-	-	150,096,600
233003	No	Rouge River In-system Storage Devices	CSU 83/17	-	-	-	-	-	-	-	-	-	1,782,000	3,573,700	5,355,700
260200	NO	Sewer and Interceptor Renabilitation Program	Conveyance	-	19,100	19,100	19,100	19,100	19,100	19,100	19,100	19,100	19,100	-	1/1,900
260201	No	CON-149, Ellielgency Sewer Repair	Conveyance	9 157 300	16 018 400	-	-	-	-	-	-	-	-	-	16 018 400
260204	No	NWI Rehabilitation	Conveyance	3 321 300	-	_	-	-	-	_	-	-	-	-	10,010,400
260206	No	Conveyance System Renairs (Sewers)	Conveyance	4.297.100	15.286.800	15,438,400	439.600	383.100	-	-	-	-	-	-	31.547.900
260207	No	Rehabilitation of Woodward Sewer Systems	Conveyance	2,601,700	800		-		-	-	-	-	-	-	800
260209	No	Sewer Rehabilitation and Repair	Conveyance	7,306,700	4,465,900	-	-	-	-	-	-	-	-	-	4,465,900
260210	No	Rehabilitation of GLWA Sewers; Ashland Relief, Linwood, Lonyo, Second Avenue, and Shiawassee	Conveyance	273,400	2,221,700	13,368,500	20,664,000	5,104,400	44,400	44,100	-	-	-	-	41,447,100
260211	No	Emergency and Urgent Sewer Repair II	Conveyance	1,125,600	2,336,600	1,860,100	738,700	-	-	-	-	-	-	-	4,935,400
260500	No	CSO Outfall Rehabilitation	TBD	•	11,300	11,300	11,400	11,300	11,300	11,300	11,400	11,300	11,300	11,300	113,200
260508	No	B-39 Outfall Rehabilitation	TBD	522,600	· · ·	•	-	-	-	-	-	-	-	-	0
260510	No	Conveyance System Repairs (Outfalls)	TBD	6,707,000	7,300,000	6,153,400	-	-	-	-	-	-	-	-	13,453,400
260600	No	CSO Facilities Improvement Program	CSO 83/17	535,400	464,600	-	-	-	-	-	-	-	-	-	464,600
260614	NO	Structural Inspection & Structural Improvements	CSO 83/17	1,518,200	652,800	-	-	-	-	-	-	-	-	-	652,800
260619	No	Control System Hugrade - St Aubin Lieb & Mile	CSO 83/17	4 055 400	652,800	-	-	-	-	-	-	-	-	-	652,800
260622	No	CSO Emergency Cenerator Improvements	CSO 83/17	256 700				-	-			-	-	-	052,000
260623	No	CSO Baby Creek Screen Rehabilitation	CSO 83/17	5.200	-	-	-	-	-	-	-	-	-	-	0
260700	No	Sewer System Infrastructure Improvements and Pumping Stations	TBD	58,400	58,400	58,400	58,600	58,400	58,400	58,400	58,600	58,400	-	-	467,600
260701	No	Conveyance System Infrastructure Improvements	TBD	19,068,900	5,212,300	-	· -	· -	· -	· -	· -	-	-	-	5,212,300
260702	No	Pump Station Assets Updates	TBD		-	5,900	5,900	5,900	5,900	5,900	5,900	5,900	5,900	5,900	53,100
260800	No	WRRF Roof Replacement for Multiple Facilities Program	Conveyance	-	-	114,700	2,167,700	2,161,700	14,700	514,700	2,217,700	2,211,700	14,700	514,700	9,932,300
260802	No	2022 WRRF Roof Improvements Project	WRRF	3,316,900	953,400	9,900	-	-	-	-	-	-	-	-	963,300
260803	Yes	WRRF Roof Improvements - Phase II	WRRF	-	134,100	338,800	1,531,500	1,527,300	•				•	-	3,531,700
260900	No	WRRF Facility Optimization Program	WRRF	66,700	66,700	66,700	66,900	2,543,900	5,062,200	5,062,200	5,076,100	5,062,200	5,062,200	2,598,700	30,667,800
260901	No	Rehabilitation of HAZMAT Facility at WRRF	WRRF	568,100	-	-	-	-	-	-	-	-	-	-	0
260902	No	WRRF 4th Floor Renovation WRRF Front Entranco Dobabilitation	WRRF	-	1 250 400	-	-	-	-	-	-	-	-	-	1 250 400
200903	No	WRRF 3rd Floor Renovation	WRRF	4,403,000 78 800	3 816 500	4 579 900	- 790 500	-	-	-	-	-	-	-	1,239,400 Q 126 QAA
260904	No	WRRF Plumbing Shon Renovation - 260905	WRRF	1 628 700	1 900	9,500 800		-	-	-	-	-	-	-	2 700
261000	No	WRRF Rehabilitation of the Secondary Clarifiers	WRRF		-	-	-	37.400	37.400	37.400	37.600	1,612.300	9,086.000	11.849.200	22.697.300
261001	No	WRRF Rehabilitation of the Secondary Clarifiers Phase 1	WRRF	463,700	688,100	3,182,700	14,678,500	13,035,500	3,069,300	-	-	-,-10,000	-		34,654,100
270001	No	Pilot CSO Netting Facility	CSO 83/17	-	1,031,600	1,031,600	1,034,500	1,117,300	5,968,000	10,816,100	10,845,700	6,047,000	-	-	37,891,800
270002	No	Meldrum Sewer Diversion and VR-15 Improvements	CSO 83/17	-	-	870,700	1,255,100	2,407,100	2,407,100	2,407,100	6,600	-	-	-	9,353,700
270003	No	Long Term CSO Control Plan	CSO 83/17	2,367,600	-	-	-	-	-	-	-	-	-	-	0
270004	No	Oakwood and Leib CSO Facilities Improvement Project	CSO 83/17	669,400	2,465,600	11,004,400	17,233,000	14,953,500	8,258,500	-	-	-	-	-	53,915,000
270006	No	CSO Facilities Improvements II	CSO 83/17	489,800	3,411,200	8,174,600	6,442,900	-	-	-		-	-	-	18,028,700
270007	No	Disinfection System Improvements at Baby Creek, Belle Isle, and Puritan Fenkell CSO Facilities	CSO 83/17	10,400	842,500	1,196,800	2,790,200	5,838,700	4,309,100	1,484,700	8,600	-	-	-	16,470,600
270008	No	Flushing System Improvements at Conner Creek and St. Aubin CSO Facilities	CSO 83/17	-	-	59,400	324,400	323,500	162,400	1,198,800	1,772,100	1,767,200	1,462,200	-	7,070,000

FY 2026-2035 Schedule of Wastewater CIP Cost Pool Allocations

				Current Year	FY 2026 - 2035 CIP										
															10 Year CIP
CIP #	New to CIP?	Description	Primary Cost Pool	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	Total
270009	No	Site Improvements at St. Aubin, Belle Isle, and Baby Creek CSO Facilities	CSO 83/17	-	-	15,200	78,500	76,400	25,700	402,000	609,800	182,400	-	-	1,390,000
270010	No	HVAC Improvements at Puritan Fenkell and Seven Mile CSO Facilities	CSO 83/17	116,600	462,500	1,691,600	2,099,700	2,138,300	99,600	-	-	-	-	-	6,491,700
270011	No	HVAC Improvements at Conner Creek and Belle Isle CSO Facilities	CSO 83/17	-	-	-	-	-	-	72,200	249,300	2,112,400	3,369,900	-	5,803,800
270012	No	Control System Upgrades at Conner Creek, Oakwood, and Puritan Fenkell CSO Facilities	CSO 83/17	-	-	64,500	337,400	329,300	48,300	325,200	410,700	159,500	-	-	1,674,900
270013	No	Facility Improvements at Puritan Fenkell and Seven Mile CSO Facilities	CSO 83/17	-	-	-	18,200	91,200	57,300	295,600	296,500	143,400	-	-	902,200
270014	No	Conversion to Complete Capture Basin at Puritan Fenkell and Seven Mile CSO Facilities	CSO 83/17	-	-	-	39,400	205,300	205,300	101,400	772,300	1,120,400	1,120,400	917,800	4,482,300
273001	No	Hubbell Southfield CSO Facility Improvements	CSO 83/17	809,300	1,549,700	3,263,600	8,891,600	14,590,000	14,574,100	10,438,200	7,618,100	-	-	-	60,925,300
273002	No	CSO Hubbell Southfield VR-8 Gate Improvements	CSO 83/17	-	-	19,600	100,900	98,200	112,800	584,700	586,300	283,500	-	-	1,786,000
277001	No	Baby Creek Outfall Improvements Project	CSO 83/17	7,383,400	2,548,300	-	-	-	-	-	-	-	-	-	2,548,300
277002	No	Baby Creek CSO Facility Influent Flushing System	CSO 83/17	-	-	-	-	-	-	-	-	-	15,100	75,700	90,800
				\$ 171,173,100	\$ 200,328,700 \$	286,379,000 \$	313,596,600 \$	256,042,200 \$	189,541,800 \$	156,629,400 \$	137,262,100 \$	137,790,500 \$	172,656,200 \$	241,144,300 \$	2,091,370,800
															2,091,370,800
		Primary Cost Pool Summary													
			WRRF	\$ 70,812,200	\$ 68,679,800 \$	110,066,100 \$	138,006,300 \$	132,105,900 \$	107,313,800 \$	106,688,300 \$	90,743,700 \$	78,310,400 \$	119,497,700 \$	198,475,300 \$	1,149,887,300
			Conveyance	45,270,300	56,167,100	40,672,600	24,188,800	7,827,600	2,286,900	4,870,000	6,540,600	6,522,900	4,325,900	3,031,100	156,433,500
			CSO 83/17	18,220,700	14,081,600	27,392,000	40,645,800	42,168,800	36,228,200	28,126,000	23,176,000	11,815,800	7,749,600	4,567,200	235,951,000
			Subtotal	134,303,200	138,928,500	178,130,700	202,840,900	182,102,300	145,828,900	139,684,300	120,460,300	96,649,100	131,573,200	206,073,600	1,542,271,800
			Other	3,961,200	22,902,400	30,547,100	21,385,600	6,051,600	-	-	-	-	-	-	80,886,700
			TBD	32,908,700	38,497,800	77,701,200	89,370,100	67,888,300	43,712,900	16,945,100	16,801,800	41,141,400	41,083,000	35,070,700	468,212,300
			Total	\$ 171,173,100	\$ 200,328,700 \$	286,379,000 \$	313,596,600 \$	256,042,200 \$	189,541,800 \$	156,629,400 \$	137,262,100 \$	137,790,500 \$	172,656,200 \$	241,144,300 \$	2,091,370,800

"Other" denotes cost pools assignment of 50% Conveyance, 25% WRRF, and 25% Wet Weather (New Single-Use Cost Pool) as described in an August 26, 2024 memo to the GLWA Board of Directors. "TBD" denotes a project added to the prior year that has a cost pool under review with GLWA and Member Partners.

Appendix 2 - Status of Prior Year Sewer System CIP Reconsideration Requests

Written requests were received from member Partners in the prior year for a review of the cost pool assignment. Those projects are identified as To Be Determined (TBD) or Other and further described below.

Sewer System Projects Identified as TBD

As a carryover from the prior year CIP, there are eight (8) projects classified as TBD (To Be Determined). This is the direct result of Member Partner written request to review these projects in more detail. GLWA and Member Partners have met several times over the course of the past year with some Member Partners expressing an interest in developing alternate cost pool approaches. Those projects include the following.

CIP #	Description	Cost Pool
232002	Conner Creek Pump Station Improvements	TBD
232005	Freud Pump Station Improvements	TBD
260500	Combined Sewer Overflow (CSO) Outfall Rehabilitation	TBD
260508	B-39 Outfall Rehabilitation	TBD
260510	Conveyance System Repairs (Outfalls)	TBD
260700	Sewer System Infrastructure Improvements and Pumping	TBD
	Stations	
260701	Conveyance System Infrastructure Improvements	TBD
260702	Pump Station Assets Updates	TBD

Sewer System Projects Identified as Other

Also carried forward from the prior year CIP, is one project that was previously identified as TBD (To Be Determined). Over the course of the year, through an engaged dialog with GLWA and Member Partners, an alternative cost pool allocation emerged. This one-time, non-precedent setting cost pool assignment was presented to the GLWA Board of Directors on August 28, 2024 (Agenda Item 2024-237) and is now shown as "Other" on the CIP project cost pool assignment table. Other denotes a cost pool allocation of 50% Conveyance, 25% WRRF (Treatment), and 25% Wet Weather (New Single-Use Cost Pool).

CIP #	Description	Cost Pool
222001	Oakwood District Intercommunity Relief Sewer Modification	Other
	at Oakwood District	



Appendix 3 - GLWA's Wastewater Project Cost Allocation Communication and Member Partner Feedback Process – Updated September 1, 2023





GLWA's Wastewater Project Cost Allocation Communication and Member Feedback Process

Updated September 1, 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 costeffectively, 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 chargemaking 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.
- 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 Local Sewer Facilities are operated and maintained by GLWA through a separate Shared

^{*}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)

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.

CIP #	Project Description	Cost Pool
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.

CIP #	Project Description	Cost Pool
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.

CIP #	Project Description	Cost Pool
270001	Pilot CSO Netting Facility	CSO 83/17

Appendix 4 – GLWA Charges Manual Excerpt – "CIP Cost Pool Allocation Factors Overview"

What are cost pools and how do they impact charges for GLWA services?

A basic definition of a **cost pool** is a group of similar expenses. A **cost pool allocation factor** is related *data* that informs *how to allocate expenses* to achieve an equitable distribution of charges among Member Partners.

When, and how, does a project in the CIP begin to impact charge allocation?

There is no impact until <u>after</u> the first dollar is spent on the project. Even then, there is a timing delay because the asset is first recorded in accounting records. Then, those records are used, after the year-end close is completed, as a data source for the subsequent year's cost of service study. So, CIP expenditures in year one (e.g. FY 2025) initially impact charges in year three (e.g. FY 2027) and continue to do so for the remaining life of the asset.

Costs that are allocated among Member Partners based on the asset record data include debt service payments and funds set aside in the improvement and extension funds for future pay-as-you-go funding.

Water System - Capital Improvement Plan & Cost Allocation

During much of calendar years 2023 and 2024, a working group of Member Partners and GLWA set out to simplify the water charges methodology. The resulting simplified methodology established an allocation of ALL water costs (both operating and capital) of 10% to Commodity, 50% to Max Day, and 40% to Peak Hour. That simplified approach to allocate shares of water system budgeted costs was implemented with the FY 2025 charges. Core analysis supported that 10/50/40 allocation based on historic and forecasted data. The allocation categories are defined below.

<u>Commodity</u> is determined based on the amount of water a member uses – this element is primarily related to utilities, chemicals and other purchased commodities, and not to capital investments.

<u>Max Day</u> is the maximum amount of water the member is expected to use on the day that the regional system, in aggregate, is using the most water. Being able to meet Max Day demands is a driver of the <u>**Treatment**</u> function's operating and capital budget needs and a high priority service delivery performance measure.

<u>Peak Hour</u> is the maximum amount of water the member might use during the hour that the system as a whole is using the most water. Like Max Day, being able to meet Peak Hour demands, is a driver of <u>Delivery</u> function's operating and capital budget needs and a high priority service delivery performance measure.

Historically, the *default cost pools were* Treatment and Delivery and are defined below.

<u>Treatment</u> costs are associated with treating raw water at the five GLWA water treatment plants.



<u>Delivery</u> costs are associated with transporting water to each member partner, including transmission mains and booster pump stations.

The bottom line is that water system cost pool designation of individual CIP projects no longer impacts charges. That being said, GLWA's underlying asset records will continue to assign a cost pool to support future analysis.

Sewer System - Capital Improvement Plan & Cost Allocation

In 2019, the sewer "SHARES Think Tank Group" proposed a simplification of the Wastewater Charge methodology to move away from a complex allocation approach that included "strength of flow" to determine charges. The resulting charge methodology, implemented for FY 2022 charges identifies three basic cost pools of WRRF, Conveyance and CSO 83/17, and allocates costs based on contributed wastewater volumes.

- WRRF: All costs associated with wastewater treatment at the Water Resource Recovery Facility (WRRF). 50% of these costs are allocated to Member Partners based on total contributed volume and 50% based on contributed sanitary volume.
- Conveyance: All costs associated with conveyance of wastewater to the WRRF to be treated. All of these costs are allocated to Member Partners based on total contributed wastewater flow.
- CSO 83/17: The costs associated with specific combined sewer overflow (CSO) facilities identified in legal settlement agreements. Eighty-Three (83%) of these costs are assigned to the City of Detroit and seventeen (17%) to wholesale member partners based on these contractual agreements.

