



Special Audit Committee

Monday, March 8, 2021 at 8:00 a.m.

GLWater.org

Join by Microsoft Teams

Dial-In: 313-771-3116 Conference ID: 868 434 344#

[GLWA Audit Committee Meeting](#)

AGENDA

1. CALL TO ORDER
2. ROLL CALL
3. APPROVAL OF AGENDA
4. APPROVAL OF MINUTES
5. PUBLIC PARTICIPATION
6. OLD BUSINESS
 - A. Discussion Draft: FY 2022 & FY 2023 Biennial Budget and Five-Year Plan and Proposed FY 2022 Water and Sewer Service Charges (Page 2)
7. NEW BUSINESS
8. REPORTS
9. COMMUNICATIONS
10. LOOK AHEAD
 - A. Next Audit Committee Meeting: March 26, 2021 at 8:00 a.m.
11. OTHER MATTERS
12. ADJOURNMENT



Financial Services Audit Committee Communication

Date: March 5, 2021

To: Great Lakes Water Authority Audit Committee

From: Nicolette Bateson, CPA
Chief Financial Officer & Treasurer

Re: Proposed FY 2022 & FY 2023 Biennial Budget and FY 2022 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 in January.

At the December 18, 2020 Audit Committee, a discussion draft of the FY 2022 & FY 2023 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 15, 2021, staff provided additional analysis and a summary budget document to close open issues given that the budget is prepared in the second quarter of the fiscal year. The updates made within line items of the discussion draft budget (which did not change the total proposed O&M portion of the budget). A continuation of that budget review was scheduled for a special meeting of the Audit Committee on January 22, 2021. On January 27, 2021, the Board of Directors received a presentation related to the FY 2022 & FY 2023 Biennial Budget and Five-Year Plan and FY 2022 Charges.

On February 24, 2021 public hearings were held by the Board of Directors related to the proposed budget and related charges. After the public hearings were completed, the Board was asked to consider adoption of the proposed budget and charges. The Board voted to refer the budget and charges back to the Audit Committee to review a Board Member's request asking for the GLWA Administration to reconsider the proposed water system operations and maintenance (O&M) budget and opportunities for reduction of that budget (and related charges).

For reference, attached are the following as presented to the Board of Directors on February 24, 2021.

1. Summary budget and charges document
2. Proposed budget and charges resolutions



Financial Services Audit Committee Communication

Analysis: For purposes of this discussion:

- ✓ “Water System” represents the direct cost of water operations PLUS an allocation for centralized and administrative expense.
- ✓ “Category A – Water Operations” represents the direct cost of water operations only for which the Chief Operating Officer – Water & Field Services is responsible.

Points for consideration:

1. Clarification related to the amount of proposed Water System increase

The “adopted” FY 2021 water system O&M budget was \$137.1 million and the proposed budget for FY 2022 is \$145.3 which is an *increase of \$8.2 million* (all amounts are approximate).

The “amended” FY 2021 water system O&M budget is \$134.1 million and the proposed budget for FY 2022 is \$145.3 which is a *variance of \$11.2 million* (all amounts are approximate).

The Audit Committee is respectfully requested to consider the adopted budget as the baseline for the purpose of reviewing the FY 2022 budget. As you may recall, the Board amended the FY 2021 budget as of September 30, 2020 and again effective December 31, 2020 to provide charge relief for Member Partners as a result of the COVID-19 pandemic. The related expense reductions for the initial charge deferral focused on O&M expenses; in particular, wage and benefit adjustments related to merit were largely eliminated to hold Salaries & Wages at the FY 2020 rates. The second charge deferral was largely funded by reduced debt service due to a) timing of new debt as well as b) the successful refunding transaction that occurred late in FY 2020. The table on the next page summarizes the deferrals and their impact on different revenue requirement categories.

Enterprise-wide Core Group Categories

O&M Major Budget Categories (Core Groups)	FY 2021 Board Adopted Budget	Deferral 1 through 9/30/2020	Deferral 2 through 12/31/2020	Total 1st Quarter FY 2021 Amendments	FY 2021 Amended Budget	FY 2021 Activity Thru 7/31/2020
A Water System Operations	\$ 71,966,400	\$ (1,146,600)	\$ -	\$ (1,146,600)	\$ 70,819,800	\$ 5,820,822
B Wastewater System Operations	115,676,400	(701,300)	-	(701,300)	114,975,100	8,309,491
C Centralized Services	102,721,300	(2,382,900)	-	(2,382,900)	100,338,400	7,235,111
D Administrative & Other Services	31,709,300	(1,419,200)	-	(1,419,200)	30,290,100	1,868,612
Total	\$322,073,400	\$ (5,650,000)	\$ -	\$ (5,650,000)	\$ 316,423,400	\$23,234,036



Financial Services Audit Committee Communication

2. Current year (FY 2021) water system budget performance

The November 2020 closed financials were presented to the Audit Committee last month. Since November is the 5th month of the fiscal year, the simple budget performance benchmark is 41.7%. Actual performance was 41.1% for the water system while the Category A - water operations performance is at 42.4%. While it appears that the overall water system is close to being “on budget”, it is important to note that costly operational demands, such as alum sludge hauling, increase in the last quarter of the fiscal year.

The December 2020 closed financials will be presented to the Audit Committee later this month. The simple budget performance benchmark is 50.0%, the actual water system performance is at 48.1% while the Category A - water operations performance is at 51.1%.

Similarly, the January 2021 internal draft financials utilizes a simple budget performance benchmark of 58.3%, the water system is at 55.8% while the water operations Category A - performance is at 59.4%.

3. Unallocated Reserve is very lean – perhaps not sufficient as presently proposed

Unallocated reserve is the source of funding for wage and related benefit adjustments and source of funding for unforeseen expenses which generally fall into the repairs and maintenance category. GLWA uses unallocated reserve to eliminate the practice of using “cushions” that other organizations might include in other sections of their budget.

The Audit Committee is also asked to consider the many Board level conversations surrounding GLWA’s use of contractual services rather than staffing as GLWA’s compensation level for some job classifications is below market. It is expected that a compensation study will be performed over the course of the next year which will result in use of the unallocated reserve for compensation adjustments to realign with market. (See table on next page.)



Financial Services Audit Committee Communication

Categories	Unallocated Reserve	Proposed O&M Budget	Percent of Budget Category
A Water System Operations	\$ 1,798,800	\$ 4,813,000	2%
B Sewer System Operations	2,628,700	113,612,100	2%
C Centralized Services	828,900	105,205,200	1%
D Administrative Services	270,000	34,803,300	1%
Total	\$ 5,526,400	\$ 328,433,600	2%

4. Centralized and Administrative Services cost allocation considerations

The Centralized and Administrative categories for FY 2022 are roughly split on a 50/50 basis. This allocation is the outcome of an annual cost allocation effort which includes the review of operational activities as well as material vendor contracts which are the greatest source of fluctuation from year-to-year. For each 50 cents in reduction of the water budget, there is a corresponding decrease of \$1 in the centralized and administrative budgets.

5. Review of the proposed budget

The members of the Financial Planning & Analysis team worked closely with the Area Chiefs and budget teams to identify items that could either be cut or deferred in the proposed FY 2022 O&M budget. A total of \$3.2 million has been identified as potential cuts or deferrals. The tables, at the end of this memo, show how the potential cuts were taken from the Centralized and Administrative Services Categories and the impact they have on the Water and Sewer Systems.

Centralized Services

Potential Cuts (\$2.9 million)

- Information Technology: Reduction of licenses that have been determined not to be needed (\$721,000) – These licenses include Microsoft Desktop Operating System, Oracle Database, WAM, and SQL Server.
- Asset Management: Linear System Integrity Program (LSIP) (\$758,000) – The amount of the actual contract is coming in less than what was anticipated when the budget was prepared. This contract has a water component which is decreasing by \$958,000 and a sewer component which is increasing by \$200,000.
- Capital Improvement Planning: AECOM (\$700,000) – This cut is due to a reduction in the scope for task #6 (CIP Validation) and the elimination of task #10 (Technical/Planning Assistance).



Financial Services Audit Committee Communication

- Field Service Operations: Termination of OPS-002 MISS DIG (\$104,000) – This shared service agreement with DWSD (provider of the service) will terminate on June 30, 2021.
- Field Service Operations: The reduction of 1 position (\$104,000) – It has been determined that this position will no longer be needed.
- Energy, Research & Innovation (\$220,000) – The following projects have been identified as no longer being needed: Gas purchasing review & strategy, Facility lighting, Power quality – data analytics & strategy.
- System Operations Control (\$110,000) – Reduction to contractual services based on a review of the spending trends.

Administrative Services

Potential Cuts (\$331,000)

- Enterprise Risk Management (\$96,000) - Reduction in the estimated cost of the insurance renewal.
- General Counsel and Procurement Director (\$235,000) – A review of the Supplies & Other category resulted in a reduction to the proposed budget. Line items in this category include office and operating supplies, postage, travel, mileage/parking, memberships, and legal fees.

Potential Deferrals (\$143,000)

- Enterprise Risk Management (\$143,000) – Two positions (Environmental Health & Safety Coordinator and Professional Administrative Analyst) will be filled in the last quarter of FY 2022 instead of earlier in the year.

6. Budget and revenue challenges

It should be noted that there are some revenue losses that have become more apparent as we moved through the FY 2022 budget review process. This includes a revenue reduction for the City of Northville (approximately \$165,000) due to contractual demand adjustments, which we already reduced from the January 2021 draft budget to the Public Hearing budget document with an offset from the unallocated reserve; a potential reduction of approximately \$146,000 related to a pending water services model contract with Grosse Pointe Park; and ongoing services agreement conversations with the City of Dearborn which could further reduce revenues (roughly estimated at \$750,000).

Other challenges uncertainty surrounding FEMA reimbursement for COVID-19 expenses which are in excess of \$1 million.



Financial Services Audit Committee Communication

7. Regional water authority values

Discussion topics among stakeholders that preceded the creation of a regional water authority focused on sustainability and affordability.

In particular, a common theme was the extent to which there was deferred maintenance that put pressure on expensive asset replacement rather than maintenance and renewal. As GLWA has been stood up, those concerns are being addressed with a strong focus on condition assessment and operations and maintenance activities. This, in turn, places pressure on the O&M budget.

In addition, the founding documents formalized the 4% promise. Despite the shift in O&M to a proactive focus, the GLWA administration has continued to do significantly more with far less than a 4% request. The proposed budget was not presented lightly as the GLWA administration seeks to exceed expectations. The budget as proposed accepts that we may be in a position where we will *not* exceed expectations in operating budget performance. There are increasing inherent risks from operational needs and uncertain regulatory requirements.

8. Request to reduce Water System O&M Budget

- a. Baseline adjustment at 50% of \$8 million vs \$11 million results in revised target of \$4 million.
- b. Total O&M cuts and deferrals identified of \$3.2 million with \$2.2 million in water with an offset to FY 2022 Water Charges and \$1 million in sewer with an offset to Improvement & Extension fund contribution
- c. Potential water revenue losses of up to \$1 million to be addressed when resolved during FY 2022
- d. Note that the sum of b and c equal \$4.2 million
- e. The impact on water charges would be approximately 0.5%

Proposed Action: Audit Committee recommends that the Board of Directors adopts the FY 2022 & FY 2023 budget with a) \$2.2 million decrease to the FY 2022 water system operations and maintenance expenses with a corresponding impact on charges, b) \$1 million in sewer system operations and maintenance budget with an offset to Improvement & Extension fund contribution, and c) with the details of this action to be executed by the Chief Executive Officer or her designee.



Financial Services Audit Committee Communication

The following tables present the potential FY 2022 reductions to the Operations & Maintenance budget. A detailed listing of the reductions can be found in item # 5 – Review of the Proposed Budget.

Table 1 – Potential FY 2022 Budget Reductions by Category

Categories	Potential FY 2022 Budget Reductions
Centralized Services	\$ 2,717,300
Addition	(200,000)
Cut	2,917,300
Administrative Services	\$ 474,300
Cut	331,200
Deferral	143,100
Total	\$ 3,191,600

Table 2 – Potential FY 2022 Budget Reductions by Category

Categories	FY 2022 Requested Budget	Potential Budget Reductions	FY 2022 Adjusted Budget
A Water System Operations	\$ 74,813,000	\$ -	\$ 74,813,000
B Sewer System Operations	113,612,100	-	113,612,100
C Centralized Services	105,205,200	(2,717,300)	102,487,900
D Administrative Services	34,803,300	(474,300)	34,329,000
Total	\$ 328,433,600	\$(3,191,600)	\$ 325,242,000
System			
Water	\$ 145,333,800	\$ (2,184,500)	\$ 143,149,300
Wastewater	183,099,800	(1,007,100)	182,092,700
Total	\$ 328,433,600	\$(3,191,600)	\$ 325,242,000

Table 3 – Potential FY 2022 Budget Reductions by C/D Allocation

C/D Allocation:	FY 2022 Potential Reductions	Water	Wastewater
		50.4%	49.6%
C Centralized Services - Budget Reductions allocation			
Split between water & sewer	\$ 1,959,300	\$ 987,500	\$ 971,800
100% Water	958,000	958,000	-
100% Sewer	(200,000)	-	(200,000)
Total	\$ 2,717,300	\$ 1,945,500	\$ 771,800
D Administrative Services - Budget Reductions allocation			
Split between water & sewer	\$ 474,300	\$ 239,000	\$ 235,300
Total	\$ 474,300	\$ 239,000	\$ 235,300



FY 2022 & FY 2023
Biennial Budget
and
FY 2022 Schedule of Charges

February 17, 2021

February 17, 2021

Annually, in January, the Great Lakes Water Authority (GLWA) presents a proposed biennial budget and related schedule of charges for the upcoming fiscal year which begins on July 1, 2021. In addition, public hearings on the proposed budget and charges are scheduled for February each year. This year, the Public Hearings for the proposed FY 2022 and FY 2023 Biennial Budget and FY 2022 Water and Sewerage Service Charges are scheduled for the Board of Directors meeting at **2:00 p.m. on Wednesday, February 24, 2021**. To avoid the risk of infection associated with the COVID-19 pandemic, this year's meeting will be held via **Zoom**. **The public call-in number is 877-853-5247 (US Toll-Free) or 888-788-0099 (US Toll-Free). The meeting ID is 896 0276 4695. If you require 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.** Additional information regarding this telephonic meeting can be found in the Public Hearing Notices contained within this document.

This hearing will provide GLWA an opportunity to present the Authority's budget which encompasses the Capital Improvement Program (CIP), estimated sales volume and other factors that serve as the basis for the proposed revenue requirements and schedule of charges for FY 2022. This hearing also provides an opportunity for the public and our member partners to comment or submit questions in writing related to the proposed charges. All comments or questions raised during the hearing will receive a written response. Please note that the proposed budget and charges are subject to change after the public hearing and subsequent deliberation by the GLWA Board.

Our primary objective continues to be one of providing our member partners with wholesale water and wastewater services of unquestionable quality at fair and equitable charges. GLWA is committed to exceeding our member partners' expectations in the region. GLWA would like to remind our valued member partners of added services that we provide at no additional cost.

- ✓ Extensive training and development opportunities for your team members through the One Water Institute (OWI)
- ✓ Expanded local system water testing to meet new Michigan Department of Environment Great Lakes and Energy (EGLE) for all member partners.
- ✓ Public Communication materials related to the state of Michigan's new Lead and Copper Rule, educating the public about the perils of "flushable" wipes, and providing easy-to digest graphics regarding a range of emerging contaminants. These materials can be found at <https://www.glwater.org/members/member-partner-resources/>
- ✓ Community access videos designed to inform local elected officials, staff, and residents on GLWA's budget and service charges.

Introduction to GLWA Charges and Community Rates - <http://bit.ly/2Eg4l6l>

The ABC's of Water Charges - <http://bit.ly/2DFWnlh>

From Budgets to Customer Sewer and Water Charges - <http://bit.ly/2DCDkyy>



Comments or questions may be submitted in the following manner:

By E-Mail: You may provide written comments to the Board by emailing those comments to CEO@glwater.org on or before 3:00 p.m. on Tuesday, February 23, 2021. The opportunity to submit written comments by e-mail may remain open throughout the duration of the Public Hearing.

- For comments or questions regarding the proposed budget: You should reference “February 24, 2021 Public Hearing on proposed FY 2022 and FY 2023 biennial budget” in the subject line of the e-mail.
- For comments or questions regarding the proposed charges: You should reference “February 24, 2021 Public Hearing on service charges proposed for Fiscal Year 2022” in the subject line of the e-mail.

By U.S. Mail: You may provide written comments by United States mail addressed to Sue F. McCormick, Chief Executive Officer, Great Lakes Water Authority, 735 Randolph Detroit, Michigan, 48226. The opportunity to submit written comments by U.S. mail may remain open throughout the duration of the Public Hearing.

- For comments or questions regarding the proposed budget: You should reference “February 24, 2021 Public Hearing on proposed FY 2022 and FY 2023 biennial budget” in the letter.
- For comments or questions regarding the proposed charges: You should reference “February 24, 2021 Public Hearing on service charges proposed for Fiscal Year 2022” in the letter.

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Public Hearing Notice – FY 2022 & FY 2023 Proposed Biennial Budget

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One Pager Series – FY 2022 & FY 2023 Proposed Biennial Budget

FY 2022 Schedule of Charges

Public Hearing Notice – FY 2022 Proposed Schedule of Charges

FY 2022 Proposed Schedule of Charges

One Pager Series – FY 2022 Proposed Schedule of Charges



**GREAT LAKES WATER AUTHORITY
NOTICE OF PUBLIC HEARING
PROPOSED BIENNIAL BUDGET
For the Two-Year Period ended June 30, 2023 (FY 2022 and FY 2023)**

Notice is hereby given that the Great Lakes Water Authority Board of Directors will hold a Public Hearing on the proposed FY 2022 and FY 2023 biennial budget.

DATE: Wednesday, February 24, 2021

TIME: 2:00 p.m.

PLACE: Zoom Telephonic Meeting

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

Meeting ID: 896 0276 4695

The proposed biennial budget is scheduled to take effect on July 1, 2021.

The proposed biennial budget is available for public inspection online at <https://www.glwater.org/financials/>.

Individuals or groups wishing to make oral presentations or submit prepared statements pertaining to the proposed biennial budget may do so at the Public Hearing as outlined in this notice. Individuals or groups giving oral presentations are encouraged to also submit their presentations in writing. Oral presentations should be brief to allow all parties the opportunity to participate. A time limit will be imposed based upon registration at the hearing.

On October 14, 2020, the State of Michigan enacted certain amendments to Michigan's Open Meetings Act (SB1108), allowing remote telephonic and electronic participation in public meetings and hearings for public bodies subject to the Open Meetings Act during certain state or local emergencies. At this time, the State of Michigan, Department of Health and Human Services as well as other local health departments within the GLWA service area have declared emergencies related to the risk of infection associated with the COVID-19 pandemic.



The Public Hearing on the FY 2022 and FY 2023 biennial budget proposed by the Great Lakes Water Authority scheduled for February 24, 2021 at 2:00 p.m. will be held via Zoom and its telephonic capabilities. Members of the public who wish to attend this Public Hearing by telephone can do so in the following manner:

Public Call-In Number: 877 853 5247 US Toll-Free; or
888 788 0099 US Toll-Free
Meeting ID: 896 0276 4695

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

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 3:00 p.m. on Tuesday, February 23, 2021 and should reference “February 24, 2021 Public Hearing on proposed FY 2022 and FY 2023 biennial budget” 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:

Sue F. McCormick, Chief Executive Officer
Great Lakes Water Authority
735 Randolph
Detroit, Michigan, 48226

Written comments by U.S. mail should reference “February 24, 2021 Public Hearing on proposed FY 2022 and FY 2023 biennial budget” 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.

Great Lakes Water Authority
FY 2022 & FY 2023 Proposed Biennial Budget Summary
As of February 17, 2021

Schedule 1A – Water System Revenue Requirements Budget

	Current Year		Biennial Budget					
Water System Revenue Requirements	FY 2021 Adopted	FY 2021 Estimated	FY 2022 Requested	FY 2022 \$ Change	FY 2022 % Change	FY 2023 Requested	FY 2023 \$ Change	FY 2023 % Change
Revenues								
Revenues from Charges	\$336,807,600	\$335,060,200	\$344,206,000	\$ 7,398,400	2.2%	\$354,734,800	\$ 10,528,800	3.1%
Other Operating Revenue	-	175,000	175,000	175,000	0.0%	175,000	-	0.0%
Non-Operating Revenue	4,834,400	1,276,500	1,046,000	(3,788,400)	-78.4%	1,048,400	2,400	0.2%
Total Revenues	341,642,000	336,511,700	345,427,000	3,785,000	1.1%	355,958,200	10,531,200	3.0%
Revenue Requirements								
Operations & Maintenance (O&M) Expense	\$137,127,300	\$134,127,300	\$145,333,800	\$8,206,500	6.0%	\$149,545,300	\$4,211,500	2.9%
General Retirement System Legacy Pension	6,048,000	6,048,000	6,048,000	-	0.0%	6,048,000	-	0.0%
Debt Service	143,189,900	137,436,100	135,481,000	(7,708,900)	-5.4%	146,520,400	11,039,400	8.1%
General Retirement System Accelerated Pension	6,268,300	6,268,300	6,268,300	-	0.0%	6,268,300	-	0.0%
Water Residential Assistance Program Contribution	1,669,400	1,669,400	1,702,000	32,600	2.0%	1,779,800	77,800	4.6%
Lease Payment	22,500,000	22,500,000	22,500,000	-	0.0%	22,500,000	-	0.0%
Operating Reserve Deposit	876,600	-	-	(876,600)	-100.0%	-	-	0.0%
Improvement & Extension Fund Transfer Pending	23,962,500	28,462,600	28,093,900	4,131,400	17.2%	23,296,400	(4,797,500)	-17.1%
Annual Water System Revenue Requirements	\$341,642,000	\$336,511,700	\$345,427,000	\$ 3,785,000	1.1%	\$355,958,200	\$ 10,531,200	3.0%

Note: Revenues from Charges for FY 2022 above is comprised of the following

Regional System Wholesale Revenues – Suburban Wholesale Customers	\$322,391,400
Regional System Wholesale Revenues – Detroit Customers	<u>21,814,600</u>
Total Revenues from Charges	<u>\$344,206,000</u>

Great Lakes Water Authority
FY 2022 & FY 2023 Proposed Biennial Budget Summary
As of February 17, 2021

Schedule 1B – Sewer System Revenue Requirements Budget

	Current Year		Biennial Budget					
Sewer System Revenue Requirements	FY 2021 Adopted	FY 2021 Estimated	FY 2022 Requested	FY 2022 \$ Change	FY 2022 % Change	FY 2023 Requested	FY 2023 \$ Change	FY 2023 % Change
Revenues								
Revenues from Charges	\$481,162,100	\$475,904,100	\$475,805,700	\$ (5,356,400)	-1.1%	\$489,928,000	\$ 14,122,300	3.0%
Other Operating Revenue	-	400,000	400,000	400,000	0.0%	400,000	-	0.0%
Non-Operating Revenue	5,589,200	1,046,100	1,010,800	(4,578,400)	-81.9%	1,201,800	191,000	18.9%
Total Revenues	486,751,300	477,350,200	477,216,500	(9,534,800)	-2.0%	491,529,800	14,313,300	3.0%
Revenue Requirements								
Operations & Maintenance (O&M) Expense	\$184,946,100	\$182,296,000	\$183,099,800	\$ (1,846,300)	-1.0%	\$185,619,000	\$2,519,200	1.4%
General Retirement System Legacy Pension	10,824,000	10,824,000	10,824,000	-	0.0%	10,824,000	-	0.0%
Debt Service	209,739,900	201,780,500	207,209,500	(2,530,400)	-1.2%	204,566,500	(2,643,000)	-1.3%
General Retirement System Accelerated Pension	11,620,700	11,620,700	11,620,700	-	0.0%	11,620,700	-	0.0%
Water Residential Assistance Program Contribution	2,415,100	2,415,100	2,345,600	(69,500)	-2.9%	2,457,600	112,000	4.8%
Lease Payment	27,500,000	27,500,000	27,500,000	-	0.0%	27,500,000	-	0.0%
Operating Reserve Deposit	-	-	-	-	0.0%	-	-	0.0%
Improvement & Extension Fund Transfer Pending	39,705,500	40,913,900	34,616,900	(5,088,600)	-12.8%	48,942,000	14,325,100	41.4%
Annual Sewer System Revenue Requirements	\$486,751,300	\$477,350,200	\$477,216,500	\$ (9,534,800)	-2.0%	\$491,529,800	\$ 14,313,300	3.0%

Note: Revenues from Charges for FY 2022 above is comprised of the following

Regional System Wholesale Revenues – Suburban Wholesale Customers	\$286,424,400
Regional System Wholesale Revenues – Detroit Customers	<u>189,381,300</u>
Total Revenues from Charges	<u>\$475,805,700</u>

Great Lakes Water Authority
FY 2022 & FY 2023 Proposed Biennial Budget Summary
As of February 17, 2021

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

	Current Year		Biennial Budget					
Combined System Revenue Requirements	FY 2021 Adopted	FY 2021 Amended	FY 2022 Requested	FY 2022 \$ Change	FY 2022 % Change	FY 2023 Requested	FY 2023 \$ Change	FY 2023 % Change
Revenues								
Revenues from Charges	\$817,969,700	\$810,964,300	\$820,011,700	\$ 2,042,000	0.2%	\$844,662,800	\$ 24,651,100	3.0%
Other Operating Revenue	-	575,000	575,000	575,000	0.0%	575,000	-	0.0%
Non-Operating Revenue	10,423,600	2,322,600	2,056,800	(8,366,800)	-80.3%	2,250,200	193,400	9.4%
Total Revenues	828,393,300	813,861,900	822,643,500	(5,749,800)	-0.7%	847,488,000	24,844,500	3.0%
Revenue Requirements								
Operations & Maintenance (O&M) Expense	\$322,073,400	\$316,423,300	\$328,433,600	\$6,360,200	2.0%	\$335,164,300	\$6,730,700	2.0%
General Retirement System Legacy Pension	16,872,000	16,872,000	16,872,000	-	0.0%	16,872,000	-	0.0%
Debt Service	352,929,800	339,216,600	342,690,500	(10,239,300)	-2.9%	351,086,900	8,396,400	2.5%
General Retirement System Accelerated Pension	17,889,000	17,889,000	17,889,000	-	0.0%	17,889,000	-	0.0%
Water Residential Assistance Program Contribution	4,084,500	4,084,500	4,047,600	(36,900)	-0.9%	4,237,400	189,800	4.7%
Lease Payment	50,000,000	50,000,000	50,000,000	-	0.0%	50,000,000	-	0.0%
Operating Reserve Deposit	876,600	-	-	(876,600)	-100.0%	-	-	0.0%
Improvement & Extension Fund Transfer Pending	63,668,000	69,376,500	62,710,800	(957,200)	-1.5%	72,238,400	9,527,600	15.2%
Annual Revenue Requirements	\$828,393,300	\$813,861,900	\$822,643,500	\$ (5,749,800)	-0.7%	\$847,488,000	\$ 24,844,500	3.0%

Great Lakes Water Authority
FY 2022 & FY 2023 Proposed Biennial Budget Summary
As of February 17, 2021

The following schedule has not been included for purposes of this presentation.

Schedule 3 – Sources of Revenues and Use of Revenues – Flow of Funds Basis Consistent with the Master Bond Ordinance

Great Lakes Water Authority
FY 2022 & FY 2023 Proposed Biennial Budget Summary
As of February 17, 2021

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

Flow of Funds Basis		FY 2022 Water Fund	FY 2022 Sewer Fund	FY 22 Combined (Informational Only)	FY 2023 Water Fund	FY 2023 Sewer Fund	FY 23 Combined (Informational Only)
Revenues							
1	Regional System Wholesale Revenues	\$ 344,206,000	\$ 475,805,700	\$ 820,011,700	\$ 354,566,000	\$ 489,931,100	\$ 844,497,100
2	Local System Revenues	73,147,000	103,965,600	177,112,600	74,467,000	100,865,100	175,332,100
3	Miscellaneous Revenue (Local System)	6,428,400	6,810,800	13,239,200	6,436,500	6,819,200	13,255,700
4	Other Revenue (Regional System)	1,221,000	1,410,800	2,631,800	1,223,900	1,601,900	2,825,800
5	Total Revenues	<u>\$ 425,002,400</u>	<u>\$ 587,992,900</u>	<u>\$ 1,012,995,300</u>	<u>\$ 436,693,400</u>	<u>\$ 599,217,300</u>	<u>\$ 1,035,910,700</u>
Revenue Requirements							
Operations & Maintenance Expense							
6	Regional System Wholesale Expenses	\$ 145,333,800	\$ 183,099,800	\$ 328,433,600	\$ 149,545,300	\$ 185,619,000	\$ 335,164,300
7	Local System Expenses	34,648,600	69,233,000	103,881,600	35,721,600	71,388,100	107,109,700
8	GRS Pension allocable to Regional System	6,048,000	10,824,000	16,872,000	6,048,000	10,824,000	16,872,000
9	GRS Pension allocable to Local System	4,272,000	2,856,000	7,128,000	4,272,000	2,856,000	7,128,000
10	Total Operations & Maintenance Expense	<u>190,302,400</u>	<u>266,012,800</u>	<u>456,315,200</u>	<u>195,586,900</u>	<u>270,687,100</u>	<u>466,274,000</u>
11	Net Revenues after Operations & Maintenance Expense	<u>\$ 234,700,000</u>	<u>\$ 321,980,100</u>	<u>\$ 556,680,100</u>	<u>\$ 241,106,500</u>	<u>\$ 328,530,200</u>	<u>\$ 569,636,700</u>
Debt Service by Lien							
12	Senior Lien Bonds	124,309,700	133,195,700	257,505,400	132,433,500	148,824,800	281,258,300
13	Second Lien Bonds	46,840,400	51,893,000	98,733,400	47,200,100	36,738,500	83,938,600
14	SRF Junior Lien Bonds	6,695,200	53,921,600	60,616,800	10,265,300	51,511,900	61,777,200
15	Total Debt Service	<u>\$ 177,845,300</u>	<u>\$ 239,010,300</u>	<u>\$ 416,855,600</u>	<u>\$ 189,898,900</u>	<u>\$ 237,075,200</u>	<u>\$ 426,974,100</u>
Debt Service Coverage							
	Senior Lien Bonds (11)/(12)	1.89	2.42		1.82	2.21	
16	Second Lien Bonds (11)/[(12)+(13)]	1.37	1.74		1.34	1.77	
17	SRF Junior Lien Bonds (11)/(15)	1.32	1.35		1.27	1.39	

Local System information provided from Detroit Water & Sewerage Department (DWSD) as of February 17, 2021

Great Lakes Water Authority
FY 2022 & FY 2023 Proposed Biennial Budget Summary
As of February 17, 2021

Schedule 5A – Water Capital Financing Plan

Water Improvement & Extension Fund

	Current Year	Biennial Budget	
	FY 2021	FY 2022	FY 2023
Inflows & Outflows	Estimated	Requested	Forecast
Water Improvement & Extension Fund			
Water System Revenue Transfers	\$28,462,600	\$28,093,900	\$23,296,400
Receipt of DWSD Shortfall Loan Interest	-	-	-
Budgeted Capital Outlay	(17,892,000)	(17,006,600)	(14,078,600)
Minimum Transfer to Construction Fund	(11,455,900)	(13,658,100)	(15,055,100)
Additional Transfer to Construction Fund	(35,333,200)	(94,649,900)	(42,209,200)
Increase (Decrease) in I&E Reserves	(\$36,218,500)	(\$97,220,700)	(\$48,046,500)
Beginning Year Net Position	288,752,600	252,534,100	155,313,400
Projected Ending Net Position	\$252,534,100	\$155,313,400	\$107,266,900

Water Construction Fund

	Current Year	Biennial Budget	
	FY 2021	FY 2022	FY 2023
Inflows & Outflows	Estimated	Requested	Forecast
Water Construction Fund			
Bond Proceeds, Net	\$0	\$0	\$192,700,000
Bond Fund Earnings on Investments	62,600	-	202,300
Grant Revenues (DWRF Loans)	45,397,000	26,100,000	16,600,000
Transfers from I&E Fund	46,789,100	108,308,000	57,264,300
Project Expenditures	(113,055,000)	(134,408,000)	(150,535,000)
Increase (Decrease) in Construction Funds	(\$20,806,300)	\$0	\$116,231,600
Beginning Year Net Position	20,806,300	-	-
Projected Ending Net Position	\$0	\$0	\$116,231,600

Great Lakes Water Authority
FY 2022 & FY 2023 Proposed Biennial Budget Summary
As of February 17, 2021

Schedule 5B – Sewer Capital Financing Plan

Sewer Improvement & Extension Fund

	Current Year	Biennial Budget	
	FY 2021 Estimated	FY 2022 Requested	FY 2023 Forecast
Inflows & Outflows			
Sewer Improvement & Extension Fund			
Sewer System Revenue Transfers	\$40,913,900	\$34,616,900	\$48,942,000
Receipt of DWSD Shortfall Loan Interest	1,081,900	406,400	-
Budgeted Capital Outlay	(20,521,300)	(15,965,100)	(18,211,900)
Minimum Transfer to Construction Fund	(9,581,400)	(7,931,300)	(9,145,600)
Additional Transfer to Construction Fund	(39,255,700)	(39,614,700)	(27,213,400)
Increase (Decrease) in I&E Reserves	(\$27,362,600)	(\$28,487,800)	(\$5,628,900)
Beginning Year Net Position (a)	153,727,100	126,364,500	97,876,700
Projected Ending Net Position	\$126,364,500	\$97,876,700	\$92,247,800

(a) Net Position includes DWSD Loan Receivable

Sewer Construction Fund

	Current Year	Biennial Budget	
	FY 2021 Estimated	FY 2022 Requested	FY 2023 Forecast
Inflows & Outflows			
Sewer Construction Fund			
Bond Proceeds, Net	\$0	\$0	\$122,200,000
Bond Fund Earnings on Investments	69,800	-	128,300
Grant Revenues (CWRF Loans)	23,586,000	31,992,000	4,122,000
Transfers from I&E Fund	48,837,100	47,546,000	36,359,000
Project Expenditures	(95,804,000)	(79,538,000)	(92,393,000)
Increase (Decrease) in Construction Funds	(\$23,311,100)	\$0	\$70,416,300
Beginning Year Net Position	23,311,100	-	-
Projected Ending Net Position	\$0	\$0	\$70,416,300



The GLWA “revenue requirement budget” is the basis for establishing the annual charges for services. Nearly 52.5% of the FY 2022 budget of \$823 million are legal commitments such as debt service (42%), lease payment (6%), Water Residential Assistance Program (WRAP) (0.5%) and legacy liabilities (4%). Capital funding reserve for replacement is 7.5% of the total budget. The Operations & Maintenance (O&M) expense represents \$328 million, or 40%, of the total requirement and is the focus of this One Pager. O&M represents an increase of \$6.4 million, or 2.0%, over FY 2021. In subsequent years, the budgeted increase is 2.0%. Highlights for the upcoming year include:

Water Operations – increase of \$2.9 million
Factors increasing the budget include Personnel Costs (\$0.9 million) due to the addition of eight positions with the largest number being in the job classification of apprenticeship as well as increases in medical plan fringe benefits; Chemicals (\$1.6 million) due to increased pricing since the last 3-year contract renewal; and Utilities (\$0.5 million) based on historical trends.

Wastewater Operations – decrease \$2.1 million
Factors increasing the budget include Personnel Costs (\$1.4 million) due to the addition of five positions in the apprenticeship program to support workforce development as well as increased medical benefit costs; Chemicals for water treatment was (\$1.0 million) based on expected pricing increase as contracts are renewed; and, Supplies & Other (\$1.7 million) for equipment and facilities maintenance.

Factors decreasing the budget include Utilities for Gas & Water (\$1.4 million) due to operational changes and equipment maintenance; decreased need for Unallocated reserve (\$2.0 million) due to stabilizing efforts in operations; decreased reliance

on contractors (\$2.8 million) for skilled labor positions (focusing on direct hire) as well as the GLWA team assuming responsibility for an instrumentation maintenance contract thereby allowing the contract to be eliminated.

Centralized Services¹ – increase \$2.5 million
Factors increasing the budget include Information Technology (\$2.6 million) which includes a loss of \$1.4 million in shared service reimbursements as well as \$1.2 million increase for the investment in ERP subscription services and 4 FTEs to manage increasing technology needs. Facility Operations (\$1.1 million) for contractual services which fluctuate depending on equipment repair needs.

Factors decreasing the budget include reducing the Unallocated Reserve (\$0.8 million) for all centralized services in total. The Planning Services Area decreased both their total staffing plan and FTEs to realign with future priorities (\$0.4 million).

Administrative Services² – increase \$3.1 million
Factors increasing are Personnel Costs (\$1.6 million) in Financial Services with 7.75 FTEs for the Business Inclusion and Diversity (B.I.D.) program, expanded WRAP oversight, and expanded needs for a contract management team. The Administration & Compliance Officer Area is adding three positions to support organizational wellness and legal services; Supplies & Other (\$0.4 million) for the new warehouse; Contractual Services (\$1.0 million) for the projected increase in business insurance rates.

Staffing & Personnel – The staffing plan (number of positions) is at 1,240, an increase of 21 and full-time equivalents (FTEs) at 1,218.75, an increase of 19.25.

Questions? Contact the Office of the Chief Financial Officer at cfo@glwater.org

¹ Includes the Planning Services, Systems Operations Control; Facility and Fleet Operations; Field Service Operations; Energy, Research & Innovation; Information Technology; and Security & Integrity/HazMat.

² Includes the Board of Directors, Chief Executive Officer, Chief Administrative & Compliance Officer, Risk Management & Safety, General Counsel, Public Affairs, Organizational Development, and Financial Services



**GREAT LAKES WATER AUTHORITY
NOTICE OF PUBLIC HEARING
PROPOSED FY 2022 WATER AND SEWERAGE SERVICE CHARGES**

Notice is hereby given that the Great Lakes Water Authority Board of Directors will hold a Public Hearing on Water and Sewerage service charges proposed by the Great Lakes Water Authority for Fiscal Year 2022.

DATE: Wednesday, February 24, 2021

TIME: 2:00 p.m.

PLACE: Zoom Telephonic Meeting

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

Meeting ID: 896 0276 4695

The proposed service charges are scheduled to take effect on July 1, 2021.

The proposed schedule of charges is available for public inspection online at <https://www.glwater.org/financials/>.

Individuals or groups wishing to make oral presentations or submit prepared statements pertaining to the proposed service charges may do so at the Public Hearing as outlined in this notice. Individuals or groups giving oral presentations are encouraged to also submit their presentations in writing. Oral presentations should be brief to allow all parties the opportunity to participate. A time limit will be imposed based upon registration at the hearing.

On October 14, 2020, the State of Michigan enacted certain amendments to Michigan's Open Meetings Act (SB1108), allowing remote telephonic and electronic participation in public meetings and hearings for public bodies subject to the Open Meetings Act during certain state or local emergencies. At this time, the State of Michigan, Department of Health and Human Services as well as other local health departments within the GLWA service area have declared emergencies related to the risk of infection associated with the COVID-19 pandemic.



The Public Hearing on Water and Sewerage service charges proposed by the Great Lakes Water Authority for Fiscal Year 2022 scheduled for February 24, 2021 at 2:00 p.m. will be held via Zoom and its telephonic capabilities. Members of the public who wish to attend this Public Hearing by telephone can do so in the following manner:

Public Call-In Number: 877 853 5247 US Toll-Free; or
888 788 0099 US Toll-Free
Meeting ID: 896 0276 4695

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

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 3:00 p.m. on Tuesday, February 23, 2021 and should reference “February 24, 2021 Public Hearing on service charges proposed for Fiscal Year 2022” 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:

Sue F. McCormick, Chief Executive Officer
Great Lakes Water Authority
735 Randolph
Detroit, Michigan, 48226

Written comments by U.S. mail should reference “February 24, 2021 Public Hearing on service charges proposed for Fiscal Year 2022” 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.

Great Lakes Water Authority
Proposed FY 2022 Water Supply System Service Charges and Allocated Revenue Requirements
Proposed Effective Date: July 1, 2021

Line		Fixed Monthly	Commodity	Projected
No.	Customer	Charge (a)	Charge (a)	Revenue
		\$/mo	\$/Mcf	from Proposed
				Charges
				\$
1	Allen Park	126,800	7.85	2,536,600
2	Almont Village	12,600	10.63	252,200
3	Ash Township	44,000	8.31	880,300
4	Belleville	16,600	9.82	332,800
5	Berlin Township	38,500	11.59	770,300
6	Brownstown Township	191,300	11.12	3,824,600
7	Bruce Twp	16,700	61.65	334,800
8	Burtchville Twp	17,800	18.21	355,600
9	Canton Township	541,800	12.40	10,835,400
10	Center Line	24,600	6.34	493,000
11	Chesterfield Township	224,600	10.45	4,491,600
12	Clinton Township	400,300	7.95	8,008,200
13	Commerce Township	188,400	14.77	3,767,300
14	Dearborn	540,000	7.24	10,797,200
15	Dearborn Heights	194,000	7.86	3,879,600
16	Eastpointe	82,300	6.33	1,645,900
17	Ecorse	79,700	4.49	1,593,100
18	Farmington	53,200	9.55	1,064,300
19	Farmington Hills	467,300	10.60	9,345,200
20	Ferndale	54,300	6.22	1,085,800
21	Flat Rock	70,200	9.81	1,403,500
22	Flint (b)	566,400	9.47	11,330,100
23	Fraser	64,600	8.73	1,291,100
24	Garden City	88,400	8.74	1,767,900
25	Gibraltar	17,600	8.63	351,900
26	Grosse Ile Township	58,100	12.11	1,161,000
27	Grosse Pt. Park	78,500	11.31	1,570,800
28	Grosse Pt. Shores	34,900	13.81	697,800
29	Grosse Pt. Woods	67,900	7.52	1,357,700
30	Hamtramck	42,300	5.45	846,600
31	Harper Woods	42,600	7.16	852,000
32	Harrison Township	85,300	7.24	1,707,100
33	Hazel Park	39,000	6.16	779,100
34	Highland Park	61,300	4.64	1,227,100
35	Huron Township	77,800	10.33	1,556,500
36	Imlay City	77,500	13.54	1,548,800
37	Imlay Twp	800	43.13	16,500
38	Inkster	65,300	5.59	1,306,800
39	Keego Harbor	15,800	12.74	315,700
40	Lapeer	80,900	12.42	1,617,900
41	Lenox Township	15,700	8.41	313,700
42	Lincoln Park	121,400	6.06	2,427,600
43	Livonia	609,300	10.15	12,186,600
44	Macomb Township	671,600	16.29	13,431,600
45	Madison Heights	98,300	7.38	1,966,300
46	Mayfield Twp	2,500	24.81	49,600
47	Melvindale	34,300	6.42	685,100
48	New Haven, Village of	22,200	6.99	444,600
49	N O C W A	1,172,300	10.44	23,441,700
50	Northville	40,800	10.50	815,100
51	Northville Township	300,300	17.06	6,005,600
52	Novi	477,900	13.08	9,559,400
53	Oak Park	74,000	6.10	1,479,700
54	Oakland Co. Drain Comm.	4,300	3.53	85,800
55	Plymouth	57,200	10.38	1,144,200
56	Plymouth Township	234,900	11.61	4,698,500
57	Redford Township	167,600	8.35	3,352,600
58	River Rouge	36,000	7.61	720,400
59	Riverview	47,100	7.75	941,100
60	Rockwood	14,700	11.90	294,200
61	Romeo	13,600	18.10	271,800

Great Lakes Water Authority
Proposed FY 2022 Water Supply System Service Charges and Allocated Revenue Requirements
Proposed Effective Date: July 1, 2021

Line No.	Customer	Fixed Monthly Charge (a) \$/mo	Commodity Charge (a) \$/Mcf	Projected Revenue from Proposed Charges \$
62	Romulus	225,000	8.24	4,500,400
63	Roseville	142,700	6.01	2,853,700
64	Royal Oak Township	10,500	7.60	209,600
65	S O C W A	1,219,700	7.78	24,398,700
66	Shelby Township	753,700	14.92	15,073,600
67	South Rockwood	6,100	10.26	121,400
68	Southgate	116,700	8.15	2,333,600
69	St. Clair County-Greenwood Township	49,600	19.23	991,300
70	St. Clair Shores	162,300	6.83	3,246,700
71	Sterling Heights	807,300	11.18	16,148,500
72	Sumpter Township	35,800	9.67	714,900
73	Sylvan Lake	12,400	15.44	247,600
74	Taylor	245,600	7.48	4,911,400
75	Trenton	89,400	8.21	1,788,800
76	Troy	724,700	12.24	14,492,000
77	Utica	30,100	9.77	602,500
78	Van Buren Township	184,400	11.14	3,687,700
79	Walled Lake	42,300	11.04	846,500
80	Warren	547,100	6.97	10,943,800
81	Washington Township	122,100	12.42	2,442,700
82	Wayne	169,300	13.01	3,385,900
83	West Bloomfield Township	552,900	16.58	11,058,300
84	Westland	328,700	8.01	6,572,500
85	Wixom	131,000	13.99	2,619,900
86	Woodhaven	88,400	12.27	1,768,800
87	Ypsilanti Comm Util Auth	549,900	9.06	10,995,600
88	Total Wholesale Contract Member Partners			330,271,300
89	Adjustment to Flint Revenue Requirement for KWA Debt Service			(6,652,800)
90	Adjustment for Highland Park Bad Debt			(1,227,100)
91	Revenue from Wholesale Charges			322,391,400
Detroit Customer Class - \$				
92	Wholesale Revenue Requirement (c)			42,514,600
93	less: Ownership Benefit per Lease			(20,700,000)
94	Net Wholesale Revenue Requirement			21,814,600
95	Indirect Retail Revenue Requirements (d)			51,733,500
96	less: Use of Lease Payment for Debt Service			(6,806,700)
97	Net Indirect Retail Revenue Requirements (d)			44,926,800
98	Subtotal Subject to GLWA Board Approval (94) + (97)			66,741,400
99	Direct Retail Revenue Requirements (e)			34,648,600
100	Total Local System Revenue Requirement (97) + (99)			79,575,400
101	Total Requirement from Detroit Customer Class			101,390,000
102	Proposed Lead and Copper Rule Sample Testing Fee - \$/Sample			56.00

(a) Proposed effective date of July 1, 2021. Effective on all bills issued on or after August 1, 2021.

(b) Net fixed monthly charge will include \$554,400 monthly credits for KWA debt service.

(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) and I&E deposit. Not Subject to GLWA Board approval.

(d) & (e) Local System information provided from Detroit Water & Sewerage Department as of February 17, 2021

Great Lakes Water Authority
Proposed FY 2022 Sewage Disposal System Service Charges and Allocated Revenue Requirements
Proposed Effective Date: July 1, 2021

		Fixed Monthly Charge (a) \$/mo	Projected Revenue from Proposed Charges \$
	<u>Suburban Wholesale</u>		
1	OMID	5,875,500	70,506,000
2	Rouge Valley	4,622,400	55,468,800
3	Oakland GWK	3,842,300	46,107,600
4	Evergreen Farmington	2,988,900	35,866,800
5	SE Macomb San Dist	2,076,500	24,918,000
6	Dearborn	1,682,000	20,184,000
7	Grosse Pointe Farms	227,500	2,730,000
8	Grosse Pointe Park	157,900	1,894,800
9	Melvindale	130,000	1,560,000
10	Farmington	99,200	1,190,400
11	Center Line	86,100	1,033,200
12	Allen Park	70,100	841,200
13	Highland Park	447,800	5,373,600
14	Hamtramck	333,900	4,006,800
15	Grosse Pointe	74,500	894,000
16	Harper Woods	18,100	217,200
17	Redford Township	22,300	267,600
18	Wayne County #3	4,300	51,600
19	Subtotal "Regional Wholesale Revenues from Charges"		273,111,600
20	Industrial Specific Revenues		13,312,800
21	Subtotal "Regional Wholesale Revenues from Charges"		286,424,400
22	less: Highland Park Bad Debt		0
23	Total "Regional Wholesale Revenues" (a)		286,424,400
	* Wholesale charges will be effective July 1, 2020		
	Detroit Customer Class - \$		
24	<u>Wholesale</u> Revenue Requirement (c)		194,897,300
25	less: Ownership Benefit per Lease		(5,516,000)
26	<u>Net Wholesale</u> Revenue Requirement		189,381,300
27	<u>Indirect Retail</u> Revenue Requirements (d)		39,226,700
28	less: Use of Lease Payment for Debt Service		0
29	<u>Net Indirect Retail</u> Revenue Requirements (d)		39,226,700
30	Subtotal Subject to GLWA Board Approval (26) + (29)		228,608,000
31	<u>Direct Retail</u> Revenue Requirements (e)		71,549,700
32	Total Local System Revenue Requirement (29) + (31)		110,776,400
33	Total Requirement from Detroit Customer Class (a)		300,157,700

(a) Reserved

(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) and I&E deposit. Not Subject to GLWA Board approval.

(d) & (e) Local System information provided from Detroit Water & Sewerage Department as of February 17, 2021

Great Lakes Water Authority
Proposed FY 2022 Sewage Disposal System Industrial Specific Retail Charges
Proposed Effective Date: July 1, 2021

Industrial Waste Control Charges			Pollutant Surcharges	
<u>Meter Size - inches</u>	<u>Full Charge</u>	<u>Admin Only Chg</u>	<u>Pollutant</u>	<u>Charge</u>
	\$/mo	\$/mo		\$/lb
5/8	3.57	0.89	BIOCHEMICAL OXYGEN DEMAND (BOD)	
3/4	5.36	1.34	for concentrations > 275 mg/l	0.349
1	8.93	2.23		
1-1/2	19.64	4.91		
2	28.56	7.14	TOTAL SUSPENDED SOLIDS (TSS)	
3	51.77	12.94	for concentrations > 350 mg/l	0.479
4	71.40	17.85		
6	107.10	26.78		
8	178.50	44.63	PHOSPHORUS (P)	
10	249.90	62.48	for concentrations > 12 mg/l	6.407
12	285.60	71.40		
14	357.00	89.25		
16	428.40	107.10	FATS, OIL AND GREASE (FOG)	
18	499.80	124.95	for concentrations > 100 mg/l	0.112
20	571.20	142.80		
24	642.60	160.65		
30	714.00	178.50	SEPTAGE DISPOSAL FEE	
36	785.40	196.35	Per 500 gallons of disposal	36.00
48	856.80	214.20		



FY 2022 Service Charges Highlights

On February 24, 2021, the GLWA Board of Directors will hold a Public Hearing for the proposed schedule of charges for the fiscal year beginning July 1, 2021. The Board deliberation and action will occur after receiving public input.

Charges are Based on Four Key Elements.

1) Budget: The costs for the daily operations and maintenance activities (such as the people, services, utilities, chemicals, and parts to operate plants and maintain the pipelines), the lease payment for the regional system, Water Residential Assistance Program (WRAP) funding, debt service, legacy pension, and capital project funding. The budget is also known as the “revenue requirement”.

2) Capital Improvement Plan (CIP): Annually the GLWA’s engineers evaluate the physical improvement needs of the regional systems. Those needs are funded by a combination of cash on hand and debt.

3) Units of Service (UOS): Quantifies each community’s service needs based on engineering studies, metering data, and other criteria. For the water system, this includes the amount of water purchased each year. For the sewer system, each member partner is assigned a percentage “share.”

4) Cost of Service Study (COS): The inputs from the three sources above are applied to an agreed upon charges methodology to allocate the revenue requirement (i.e. budget) by functional categories (such as purification for the water system or sludge disposal for the sewer system) and then allocated to each customer. The outcome is the charge calculation for each member partner.

Looking for More Information? Visit us online at www.glwater.org

Proposed FY 2022 Water System Charges

The average system charge adjustment for water is a 2.0 percent increase. This is the result of 1) a proposed Water budget increase of 1.2 percent; 2) reduced investment earnings, creating the need for a one percent increase; and 3) an offset of 0.2 percent from increased estimated sales volumes. As a result of the 2019 Contract Alignment Process (CAP), the FY 2022 Units of Service changed for only 10 member partners. This has significantly improved charge stability among member partner communities. The proposed water charges reflect a uniform increase in common to all revenue requirements of 2.58 percent, with an average charge increase of 2.4 percent for the 78 member partners that did not have changes in contractual demand.

Proposed FY 2022 Sewer System Charges

The recently updated Sewer Shares, which were collaboratively established through the Sewer Charges Workgroup, were included in the calculations for all member partners for the proposed FY 2022 charges. The average wholesale sewer charges reflect no change from the existing charges, with the entire system charge adjustment being at 0.2 percent decrease. This outcome is the result of a proposed FY 2022 Sewer budget decrease of 2.0 percent which was offset by 1) the loss of a one-time revenue source in the prior year and 2) reduced investment earnings.

Average System Charge Adjustments

Year	Water	Sewer
2018	1.8%	-0.7%
2019	1.8%	0.1%
2020	0.6%	0.8%
2021	3.2%	2.0%
2022	2.0%	-0.2%
Five Year Average	1.9%	0.7%

Great Lakes Water Authority

Resolution 2021 - 056

Resolution Adopting the Biennial FY 2022 & FY 2023 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 GLWA Board is now adopting its sixth fiscal year budget demonstrating its ability to achieve and excel in meeting that commitment with a Regional Water System annual revenue requirement budget increase of 1.1% which equates to an average 2.2% increase in revenues from Water Service Charges and a Regional Sewer System annual revenue requirements budget decrease of 2.0% which equates to an average 1.1% decrease in revenues from Sewer Service Charges; 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 2022 is \$345,427,000 and for FY 2023 is \$355,958,200 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 2022 is \$477,216,500 and for FY 2023 is \$491,529,800 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 2022 is \$145,333,800 and for FY 2023 is \$149,545,300 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 2022 is \$183,099,800 and for FY 2023 is \$185,619,000 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 Regional Water System bonds and to restore any reserves therefore established in the Master Bond Ordinance is \$177,845,300 for FY 2022 and \$189,898,900 for FY 2023 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 Regional Sewer System bonds and to restore any reserves therefore established in the Master Bond Ordinance is \$239,010,300 for FY 2022 and \$237,075,200 for FY 2023 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 \$17,006,600 in FY 2022 and \$14,078,600 in FY 2023 for capital outlay in accordance with the 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 \$134,408,000 in FY 2022 and \$150,535,000 in FY 2023 for the capital improvement plan in accordance with the Schedule 5A – Water Capital Financing Plan: Water Construction Fund budget with those capital amounts reflecting a 75% Capital Spending Ratio applied to FY 2022 and FY 2023 as shown in the proposed FY 2022 through FY 2026 Capital Improvement Plan; and

WHEREAS The amounts necessary to fund the annual sewer system capital expenditures of \$15,965,100 in FY 2022 and \$18,211,900 in FY 2023 for the capital outlay in accordance with the 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 \$79,538,000 in FY 2022 and \$92,393,000 in FY 2023 for the capital improvement plan in accordance with Schedule 5B – Sewer Capital Financing Plan: Sewer Construction Fund budget with those capital amounts reflecting a 75% Capital Spending Ratio applied to FY 2022 and FY 2023 as shown in the proposed FY 2022 through FY 2026 Capital Improvement Plan; and

WHEREAS The GLWA Audit Committee began review of the budget and five-year financial plan document developed for FY 2022 through FY 2026 at its meeting on December 18, 2020; with updates at its meetings on January 15, 2021, and January 22, 2021; 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 24, 2021 at 2:00 p.m. 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; 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 24, 2021 to receive public comment regarding the proposed budget for the Fiscal Years 2022 and 2023; and be it further

RESOLVED That the GLWA Board approves the budget for Fiscal Years 2022 and 2023; 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.

Schedule 1A – Water System Revenue Requirements Budget

	Current Year		Biennial Budget					
	FY 2021 Adopted	FY 2021 Estimated	FY 2022 Requested	FY 2022 \$ Change	FY 2022 % Change	FY 2023 Requested	FY 2023 \$ Change	FY 2023 % Change
Water System Revenue Requirements								
Revenues								
Revenues from Charges	\$336,807,600	\$335,060,200	\$344,206,000	\$ 7,398,400	2.2%	\$354,734,800	\$ 10,528,800	3.1%
Other Operating Revenue	-	175,000	175,000	175,000	0.0%	175,000	-	0.0%
Non-Operating Revenue	4,834,400	1,276,500	1,046,000	(3,788,400)	-78.4%	1,048,400	2,400	0.2%
Total Revenues	341,642,000	336,511,700	345,427,000	3,785,000	1.1%	355,958,200	10,531,200	3.0%
Revenue Requirements								
Operations & Maintenance (O&M) Expense	\$137,127,300	\$134,127,300	\$145,333,800	\$8,206,500	6.0%	\$149,545,300	\$4,211,500	2.9%
General Retirement System Legacy Pension	6,048,000	6,048,000	6,048,000	-	0.0%	6,048,000	-	0.0%
Debt Service	143,189,900	137,436,100	135,481,000	(7,708,900)	-5.4%	146,520,400	11,039,400	8.1%
General Retirement System Accelerated Pension	6,268,300	6,268,300	6,268,300	-	0.0%	6,268,300	-	0.0%
Water Residential Assistance Program Contribution	1,669,400	1,669,400	1,702,000	32,600	2.0%	1,779,800	77,800	4.6%
Lease Payment	22,500,000	22,500,000	22,500,000	-	0.0%	22,500,000	-	0.0%
Operating Reserve Deposit	876,600	-	-	(876,600)	-100.0%	-	-	0.0%
Improvement & Extension Fund Transfer Pending	23,962,500	28,462,600	28,093,900	4,131,400	17.2%	23,296,400	(4,797,500)	-17.1%
Annual Water System Revenue Requirements	\$341,642,000	\$336,511,700	\$345,427,000	\$ 3,785,000	1.1%	\$355,958,200	\$ 10,531,200	3.0%

Schedule 1B – Sewer System Revenue Requirements Budget

	Current Year		Biennial Budget					
	FY 2021	FY 2021	FY 2022	FY 2022	FY 2022	FY 2023	FY 2023	FY 2023
Sewer System Revenue Requirements	Adopted	Estimated	Requested	\$ Change	% Change	Requested	\$ Change	% Change
Revenues								
Revenues from Charges	\$481,162,100	\$475,904,100	\$475,805,700	\$ (5,356,400)	-1.1%	\$489,928,000	\$ 14,122,300	3.0%
Other Operating Revenue	-	400,000	400,000	400,000	0.0%	400,000	-	0.0%
Non-Operating Revenue	5,589,200	1,046,100	1,010,800	(4,578,400)	-81.9%	1,201,800	191,000	18.9%
Total Revenues	486,751,300	477,350,200	477,216,500	(9,534,800)	-2.0%	491,529,800	14,313,300	3.0%
Revenue Requirements								
Operations & Maintenance (O&M) Expense	\$184,946,100	\$182,296,000	\$183,099,800	\$ (1,846,300)	-1.0%	\$185,619,000	\$2,519,200	1.4%
General Retirement System Legacy Pension	10,824,000	10,824,000	10,824,000	-	0.0%	10,824,000	-	0.0%
Debt Service	209,739,900	201,780,500	207,209,500	(2,530,400)	-1.2%	204,566,500	(2,643,000)	-1.3%
General Retirement System Accelerated Pension	11,620,700	11,620,700	11,620,700	-	0.0%	11,620,700	-	0.0%
Water Residential Assistance Program Contribution	2,415,100	2,415,100	2,345,600	(69,500)	-2.9%	2,457,600	112,000	4.8%
Lease Payment	27,500,000	27,500,000	27,500,000	-	0.0%	27,500,000	-	0.0%
Operating Reserve Deposit	-	-	-	-	0.0%	-	-	0.0%
Improvement & Extension Fund Transfer Pending	39,705,500	40,913,900	34,616,900	(5,088,600)	-12.8%	48,942,000	14,325,100	41.4%
Annual Sewer System Revenue Requirements	\$486,751,300	\$477,350,200	\$477,216,500	\$ (9,534,800)	-2.0%	\$491,529,800	\$ 14,313,300	3.0%

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

	Current Year		Biennial Budget					
	FY 2021 Adopted	FY 2021 Amended	FY 2022 Requested	FY 2022 \$ Change	FY 2022 % Change	FY 2023 Requested	FY 2023 \$ Change	FY 2023 % Change
Combined System Revenue Requirements								
Revenues								
Revenues from Charges	\$817,969,700	\$810,964,300	\$820,011,700	\$ 2,042,000	0.2%	\$844,662,800	\$ 24,651,100	3.0%
Other Operating Revenue	-	575,000	575,000	575,000	0.0%	575,000	-	0.0%
Non-Operating Revenue	10,423,600	2,322,600	2,056,800	(8,366,800)	-80.3%	2,250,200	193,400	9.4%
Total Revenues	828,393,300	813,861,900	822,643,500	(5,749,800)	-0.7%	847,488,000	24,844,500	3.0%
Revenue Requirements								
Operations & Maintenance (O&M) Expense	\$322,073,400	\$316,423,300	\$328,433,600	\$6,360,200	2.0%	\$335,164,300	\$6,730,700	2.0%
General Retirement System Legacy Pension	16,872,000	16,872,000	16,872,000	-	0.0%	16,872,000	-	0.0%
Debt Service	352,929,800	339,216,600	342,690,500	(10,239,300)	-2.9%	351,086,900	8,396,400	2.5%
General Retirement System Accelerated Pension	17,889,000	17,889,000	17,889,000	-	0.0%	17,889,000	-	0.0%
Water Residential Assistance Program Contribution	4,084,500	4,084,500	4,047,600	(36,900)	-0.9%	4,237,400	189,800	4.7%
Lease Payment	50,000,000	50,000,000	50,000,000	-	0.0%	50,000,000	-	0.0%
Operating Reserve Deposit	876,600	-	-	(876,600)	-100.0%	-	-	0.0%
Improvement & Extension Fund Transfer Pending	63,668,000	69,376,500	62,710,800	(957,200)	-1.5%	72,238,400	9,527,600	15.2%
Annual Revenue Requirements	\$828,393,300	\$813,861,900	\$822,643,500	\$ (5,749,800)	-0.7%	\$847,488,000	\$ 24,844,500	3.0%

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

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

Flow of Funds Basis		FY 2022 Water Fund	FY 2022 Sewer Fund	FY 22 Combined (Informational Only)	FY 2023 Water Fund	FY 2023 Sewer Fund	FY 23 Combined (Informational Only)
Revenues							
1	Regional System Wholesale Revenues	\$ 344,206,000	\$ 475,805,700	\$ 820,011,700	\$ 354,566,000	\$ 489,931,100	\$ 844,497,100
2	Local System Revenues	73,147,000	103,965,600	177,112,600	74,467,000	100,865,100	175,332,100
3	Miscellaneous Revenue (Local System)	6,428,400	6,810,800	13,239,200	6,436,500	6,819,200	13,255,700
4	Other Revenue (Regional System)	1,221,000	1,410,800	2,631,800	1,223,900	1,601,900	2,825,800
5	Total Revenues	\$ 425,002,400	\$ 587,992,900	\$ 1,012,995,300	\$ 436,693,400	\$ 599,217,300	\$ 1,035,910,700
Revenue Requirements							
Operations & Maintenance Expense							
6	Regional System Wholesale Expenses	\$ 145,333,800	\$ 183,099,800	\$ 328,433,600	\$ 149,545,300	\$ 185,619,000	\$ 335,164,300
7	Local System Expenses	34,648,600	69,233,000	103,881,600	35,721,600	71,388,100	107,109,700
8	GRS Pension allocable to Regional System	6,048,000	10,824,000	16,872,000	6,048,000	10,824,000	16,872,000
9	GRS Pension allocable to Local System	4,272,000	2,856,000	7,128,000	4,272,000	2,856,000	7,128,000
10	Total Operations & Maintenance Expense	190,302,400	266,012,800	456,315,200	195,586,900	270,687,100	466,274,000
11	Net Revenues after Operations & Maintenance Expense	\$ 234,700,000	\$ 321,980,100	\$ 556,680,100	\$ 241,106,500	\$ 328,530,200	\$ 569,636,700
Debt Service by Lien							
12	Senior Lien Bonds	124,309,700	133,195,700	257,505,400	132,433,500	148,824,800	281,258,300
13	Second Lien Bonds	46,840,400	51,893,000	98,733,400	47,200,100	36,738,500	83,938,600
14	SRF Junior Lien Bonds	6,695,200	53,921,600	60,616,800	10,265,300	51,511,900	61,777,200
15	Total Debt Service	\$ 177,845,300	\$ 239,010,300	\$ 416,855,600	\$ 189,898,900	\$ 237,075,200	\$ 426,974,100
Debt Service Coverage							
16	Senior Lien Bonds (11)/(12)	1.89	2.42		1.82	2.21	
17	Second Lien Bonds (11)/[(12)+(13)]	1.37	1.74		1.34	1.77	
18	SRF Junior Lien Bonds (11)/(15)	1.32	1.35		1.27	1.39	

Local System information provided from Detroit Water & Sewerage Department (DWSD) as of February 17, 2021

Schedule 5A – Water Capital Financing Plan

Water Improvement & Extension Fund

	Current Year	Biennial Budget	
	FY 2021	FY 2022	FY 2023
Inflows & Outflows	Estimated	Requested	Forecast
Water Improvement & Extension Fund			
Water System Revenue Transfers	\$28,462,600	\$28,093,900	\$23,296,400
Receipt of DWSD Shortfall Loan Interest	-	-	-
Budgeted Capital Outlay	(17,892,000)	(17,006,600)	(14,078,600)
Minimum Transfer to Construction Fund	(11,455,900)	(13,658,100)	(15,055,100)
Additional Transfer to Construction Fund	(35,333,200)	(94,649,900)	(42,209,200)
Increase (Decrease) in I&E Reserves	(\$36,218,500)	(\$97,220,700)	(\$48,046,500)
Beginning Year Net Position	288,752,600	252,534,100	155,313,400
Projected Ending Net Position	\$252,534,100	\$155,313,400	\$107,266,900

Water Construction Fund

	Current Year	Biennial Budget	
	FY 2021	FY 2022	FY 2023
Inflows & Outflows	Estimated	Requested	Forecast
Water Construction Fund			
Bond Proceeds, Net	\$0	\$0	\$192,700,000
Bond Fund Earnings on Investments	62,600	-	202,300
Grant Revenues (DWRP Loans)	45,397,000	26,100,000	16,600,000
Transfers from I&E Fund	46,789,100	108,308,000	57,264,300
Project Expenditures	(113,055,000)	(134,408,000)	(150,535,000)
Increase (Decrease) in Construction Funds	(\$20,806,300)	\$0	\$116,231,600
Beginning Year Net Position	20,806,300	-	-
Projected Ending Net Position	\$0	\$0	\$116,231,600

Schedule 5B – Sewer Capital Financing Plan

Sewer Improvement & Extension Fund

	Current Year	Biennial Budget	
	FY 2021	FY 2022	FY 2023
Inflows & Outflows	Estimated	Requested	Forecast
Sewer Improvement & Extension Fund			
Sewer System Revenue Transfers	\$40,913,900	\$34,616,900	\$48,942,000
Receipt of DWSD Shortfall Loan Interest	1,081,900	406,400	-
Budgeted Capital Outlay	(20,521,300)	(15,965,100)	(18,211,900)
Minimum Transfer to Construction Fund	(9,581,400)	(7,931,300)	(9,145,600)
Additional Transfer to Construction Fund	(39,255,700)	(39,614,700)	(27,213,400)
Increase (Decrease) in I&E Reserves	(\$27,362,600)	(\$28,487,800)	(\$5,628,900)
Beginning Year Net Position (a)	153,727,100	126,364,500	97,876,700
Projected Ending Net Position	\$126,364,500	\$97,876,700	\$92,247,800

(a) Net Position includes DWSD Loan Receivable

Sewer Construction Fund

	Current Year	Biennial Budget	
	FY 2021	FY 2022	FY 2023
Inflows & Outflows	Estimated	Requested	Forecast
Sewer Construction Fund			
Bond Proceeds, Net	\$0	\$0	\$122,200,000
Bond Fund Earnings on Investments	69,800	-	128,300
Grant Revenues (CWRF Loans)	23,586,000	31,992,000	4,122,000
Transfers from I&E Fund	48,837,100	47,546,000	36,359,000
Project Expenditures	(95,804,000)	(79,538,000)	(92,393,000)
Increase (Decrease) in Construction Funds	(\$23,311,100)	\$0	\$70,416,300
Beginning Year Net Position	23,311,100	-	-
Projected Ending Net Position	\$0	\$0	\$70,416,300

Great Lakes Water Authority

Resolution 2021-055

RE: Approval of FY 2022 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 2022, including the direct and indirect City of Detroit Revenue Requirements for the water and sewer systems, to support the FY 2022 water system and sewer system revenue requirements budget with an effective date of July 1, 2021; and

Whereas The FY 2022 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 2022 on February 24, 2021 at 2:00 p.m.; and

NOW THEREFORE BE IT:

RESOLVED The Great Lakes Water Authority Board approves the proposed:

- 1) FY 2022 wholesale water service schedule of charges;
- 2) FY 2022 wholesale sewer service schedule of charges;
- 3) FY 2022 City of Detroit allocated wholesale water revenue requirement of \$21,814,600, which is the net of \$42,514,600 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 2022 City of Detroit allocated wholesale sewer revenue requirement of \$189,381,300 which is the net of \$194,897,300 gross revenue requirement less the Ownership Equity Credit of \$5,516,000 in accordance with the WSSA;

- 5) FY 2022 City of Detroit allocated indirect water revenue requirement of \$51,733,500, in accordance with the Regional Water Supply System Lease;
- 6) FY 2022 City of Detroit allocated indirect sewer revenue requirement of \$39,226,700, 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.

Great Lakes Water Authority
Proposed FY 2022 Water Supply System Service Charges and Allocated Revenue Requirements
Proposed Effective Date: July 1, 2021

Line		Fixed Monthly	Commodity	Projected
No.	Customer	Charge (a)	Charge (a)	Revenue
		\$/mo	\$/Mcf	from Proposed
				Charges
				\$
1	Allen Park	126,800	7.85	2,536,600
2	Almont Village	12,600	10.63	252,200
3	Ash Township	44,000	8.31	880,300
4	Belleville	16,600	9.82	332,800
5	Berlin Township	38,500	11.59	770,300
6	Brownstown Township	191,300	11.12	3,824,600
7	Bruce Twp	16,700	61.65	334,800
8	Burtchville Twp	17,800	18.21	355,600
9	Canton Township	541,800	12.40	10,835,400
10	Center Line	24,600	6.34	493,000
11	Chesterfield Township	224,600	10.45	4,491,600
12	Clinton Township	400,300	7.95	8,008,200
13	Commerce Township	188,400	14.77	3,767,300
14	Dearborn	540,000	7.24	10,797,200
15	Dearborn Heights	194,000	7.86	3,879,600
16	Eastpointe	82,300	6.33	1,645,900
17	Ecorse	79,700	4.49	1,593,100
18	Farmington	53,200	9.55	1,064,300
19	Farmington Hills	467,300	10.60	9,345,200
20	Ferndale	54,300	6.22	1,085,800
21	Flat Rock	70,200	9.81	1,403,500
22	Flint (b)	566,400	9.47	11,330,100
23	Fraser	64,600	8.73	1,291,100
24	Garden City	88,400	8.74	1,767,900
25	Gibraltar	17,600	8.63	351,900
26	Grosse Ile Township	58,100	12.11	1,161,000
27	Grosse Pt. Park	78,500	11.31	1,570,800
28	Grosse Pt. Shores	34,900	13.81	697,800
29	Grosse Pt. Woods	67,900	7.52	1,357,700
30	Hamtramck	42,300	5.45	846,600
31	Harper Woods	42,600	7.16	852,000
32	Harrison Township	85,300	7.24	1,707,100
33	Hazel Park	39,000	6.16	779,100
34	Highland Park	61,300	4.64	1,227,100
35	Huron Township	77,800	10.33	1,556,500
36	Imlay City	77,500	13.54	1,548,800
37	Imlay Twp	800	43.13	16,500
38	Inkster	65,300	5.59	1,306,800
39	Keego Harbor	15,800	12.74	315,700
40	Lapeer	80,900	12.42	1,617,900
41	Lenox Township	15,700	8.41	313,700
42	Lincoln Park	121,400	6.06	2,427,600
43	Livonia	609,300	10.15	12,186,600
44	Macomb Township	671,600	16.29	13,431,600
45	Madison Heights	98,300	7.38	1,966,300
46	Mayfield Twp	2,500	24.81	49,600
47	Melvindale	34,300	6.42	685,100
48	New Haven, Village of	22,200	6.99	444,600
49	N O C W A	1,172,300	10.44	23,441,700
50	Northville	40,800	10.50	815,100
51	Northville Township	300,300	17.06	6,005,600
52	Novi	477,900	13.08	9,559,400
53	Oak Park	74,000	6.10	1,479,700
54	Oakland Co. Drain Comm.	4,300	3.53	85,800
55	Plymouth	57,200	10.38	1,144,200
56	Plymouth Township	234,900	11.61	4,698,500
57	Redford Township	167,600	8.35	3,352,600
58	River Rouge	36,000	7.61	720,400
59	Riverview	47,100	7.75	941,100
60	Rockwood	14,700	11.90	294,200
61	Romeo	13,600	18.10	271,800

Great Lakes Water Authority
Proposed FY 2022 Water Supply System Service Charges and Allocated Revenue Requirements
Proposed Effective Date: July 1, 2021

Line No.	Customer	Fixed Monthly Charge (a) \$/mo	Commodity Charge (a) \$/Mcf	Projected Revenue from Proposed Charges \$
62	Romulus	225,000	8.24	4,500,400
63	Roseville	142,700	6.01	2,853,700
64	Royal Oak Township	10,500	7.60	209,600
65	S O C W A	1,219,700	7.78	24,398,700
66	Shelby Township	753,700	14.92	15,073,600
67	South Rockwood	6,100	10.26	121,400
68	Southgate	116,700	8.15	2,333,600
69	St. Clair County-Greenwood Township	49,600	19.23	991,300
70	St. Clair Shores	162,300	6.83	3,246,700
71	Sterling Heights	807,300	11.18	16,148,500
72	Sumpter Township	35,800	9.67	714,900
73	Sylvan Lake	12,400	15.44	247,600
74	Taylor	245,600	7.48	4,911,400
75	Trenton	89,400	8.21	1,788,800
76	Troy	724,700	12.24	14,492,000
77	Utica	30,100	9.77	602,500
78	Van Buren Township	184,400	11.14	3,687,700
79	Walled Lake	42,300	11.04	846,500
80	Warren	547,100	6.97	10,943,800
81	Washington Township	122,100	12.42	2,442,700
82	Wayne	169,300	13.01	3,385,900
83	West Bloomfield Township	552,900	16.58	11,058,300
84	Westland	328,700	8.01	6,572,500
85	Wixom	131,000	13.99	2,619,900
86	Woodhaven	88,400	12.27	1,768,800
87	Ypsilanti Comm Util Auth	549,900	9.06	10,995,600
88	Total Wholesale Contract Member Partners			330,271,300
89	Adjustment to Flint Revenue Requirement for KWA Debt Service			(6,652,800)
90	Adjustment for Highland Park Bad Debt			(1,227,100)
91	Revenue from Wholesale Charges			322,391,400
Detroit Customer Class - \$				
92	Wholesale Revenue Requirement (c)			42,514,600
93	less: Ownership Benefit per Lease			(20,700,000)
94	Net Wholesale Revenue Requirement			21,814,600
95	Indirect Retail Revenue Requirements (d)			51,733,500
96	less: Use of Lease Payment for Debt Service			(6,806,700)
97	Net Indirect Retail Revenue Requirements (d)			44,926,800
98	Subtotal Subject to GLWA Board Approval (94) + (97)			66,741,400
99	Direct Retail Revenue Requirements (e)			34,648,600
100	Total Local System Revenue Requirement (97) + (99)			79,575,400
101	Total Requirement from Detroit Customer Class			101,390,000
102	Proposed Lead and Copper Rule Sample Testing Fee - \$/Sample			56.00

(a) Proposed effective date of July 1, 2021. Effective on all bills issued on or after August 1, 2021.

(b) Net fixed monthly charge will include \$554,400 monthly credits for KWA debt service.

(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) and I&E deposit. Not Subject to GLWA Board approval.

(d) & (e) Local System information provided from Detroit Water & Sewerage Department as of February 17, 2021

Great Lakes Water Authority
Proposed FY 2022 Sewage Disposal System Service Charges and Allocated Revenue Requirements
Proposed Effective Date: July 1, 2021

		Fixed Monthly Charge (a) \$/mo	Projected Revenue from Proposed Charges \$
	<u>Suburban Wholesale</u>		
1	OMID	5,875,500	70,506,000
2	Rouge Valley	4,622,400	55,468,800
3	Oakland GWK	3,842,300	46,107,600
4	Evergreen Farmington	2,988,900	35,866,800
5	SE Macomb San Dist	2,076,500	24,918,000
6	Dearborn	1,682,000	20,184,000
7	Grosse Pointe Farms	227,500	2,730,000
8	Grosse Pointe Park	157,900	1,894,800
9	Melvindale	130,000	1,560,000
10	Farmington	99,200	1,190,400
11	Center Line	86,100	1,033,200
12	Allen Park	70,100	841,200
13	Highland Park	447,800	5,373,600
14	Hamtramck	333,900	4,006,800
15	Grosse Pointe	74,500	894,000
16	Harper Woods	18,100	217,200
17	Redford Township	22,300	267,600
18	Wayne County #3	4,300	51,600
19	Subtotal "Regional Wholesale Revenues from Charges"		273,111,600
20	Industrial Specific Revenues		13,312,800
21	Subtotal "Regional Wholesale Revenues from Charges"		286,424,400
22	less: Highland Park Bad Debt		0
23	Total "Regional Wholesale Revenues" (a)		286,424,400
	* Wholesale charges will be effective July 1, 2020		
	Detroit Customer Class - \$		
24	Wholesale Revenue Requirement (c)		194,897,300
25	less: Ownership Benefit per Lease		(5,516,000)
26	Net Wholesale Revenue Requirement		189,381,300
27	Indirect Retail Revenue Requirements (d)		39,226,700
28	less: Use of Lease Payment for Debt Service		0
29	Net Indirect Retail Revenue Requirements (d)		39,226,700
30	Subtotal Subject to GLWA Board Approval (26) + (29)		228,608,000
31	Direct Retail Revenue Requirements (e)		71,549,700
32	Total Local System Revenue Requirement (29) + (31)		110,776,400
33	Total Requirement from Detroit Customer Class (a)		300,157,700

(a) Reserved

(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) and I&E deposit. Not Subject to GLWA Board approval.

(d) & (e) Local System information provided from Detroit Water & Sewerage Department as of February 17, 2021

Great Lakes Water Authority
Proposed FY 2022 Sewage Disposal System Industrial Specific Retail Charges
Proposed Effective Date: July 1, 2021

Industrial Waste Control Charges			Pollutant Surcharges	
<u>Meter Size - inches</u>	<u>Full Charge</u>	<u>Admin Only Chg</u>	<u>Pollutant</u>	<u>Charge</u>
	\$/mo	\$/mo		\$/lb
5/8	3.57	0.89	BIOCHEMICAL OXYGEN DEMAND (BOD)	
3/4	5.36	1.34	for concentrations > 275 mg/l	0.349
1	8.93	2.23		
1-1/2	19.64	4.91		
2	28.56	7.14	TOTAL SUSPENDED SOLIDS (TSS)	
3	51.77	12.94	for concentrations > 350 mg/l	0.479
4	71.40	17.85		
6	107.10	26.78		
8	178.50	44.63	PHOSPHORUS (P)	
10	249.90	62.48	for concentrations > 12 mg/l	6.407
12	285.60	71.40		
14	357.00	89.25		
16	428.40	107.10	FATS, OIL AND GREASE (FOG)	
18	499.80	124.95	for concentrations > 100 mg/l	0.112
20	571.20	142.80		
24	642.60	160.65		
30	714.00	178.50	SEPTAGE DISPOSAL FEE	
36	785.40	196.35	Per 500 gallons of disposal	36.00
48	856.80	214.20		