

Great Lakes Water Authority

Resolution 2022-414

Resolution Adopting the Budget Amendments through the First Quarter of FY 2023

By Board Member: Brian Baker

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, further defined by its budget amendment policy, the Board shall amend the budget as needed based upon a quarterly report from the Chief Financial Officer; and

WHEREAS The GLWA Board adopted the FY 2023 budget on February 23, 2022, for the twelve-month fiscal year beginning July 1, 2022;

WHEREAS Following a review of the budget amendment report through the FY 2023 First Quarter, the appropriations established with the adoption of the general operating budget for the water system and the sewer system are amended as shown in the table below;

General Operating Appropriation Category	Water System		Sewer System	
	Adopted	Amended	Adopted	Amended
Revenues				
Suburban Wholesale Customer Charges	\$ 333,219,000	\$ 332,113,300	\$ 280,824,000	275,407,200
Less: Bad Debt	(1,257,000)	No Change	(5,420,500)	(2,400,000)
Retail Service Charges	22,985,900	22,834,300	191,042,200	No Change
Industrial Waste Control Charges	-	-	8,420,000	No Change
Pollutant Surcharges	-	-	4,950,800	No Change
Investment Earnings	948,700	6,869,900	1,155,600	8,771,200
Other Revenues	175,000	No Change	400,000	No Change
Total Revenues	<u>\$ 356,071,600</u>	<u>\$ 360,735,500</u>	<u>\$ 481,372,100</u>	<u>\$ 486,591,400</u>
Revenue Requirements				
Operations & Maintenance Expense	\$ 144,847,700	No Change	\$ 184,052,600	\$ 194,822,500
General Retirement System Legacy Pension	6,048,000	No Change	10,824,000	No Change
Debt Service	150,337,100	150,827,300	205,638,100	211,355,200
General Retirement System Accelerated Pension	6,268,300	No Change	11,620,700	No Change
Extraordinary Repair & Replacement Deposit	-	No Change	-	No Change
Water Residential Assistance Program Contribution	1,770,500	No Change	2,394,200	No Change
Regional System Lease	22,500,000	No Change	27,500,000	No Change
DWSD Budget Shortfall Pending	-	No Change	-	No Change
Improvement & Extension Fund Transfer	24,300,000	28,473,700	39,342,500	28,074,800
Total Revenue Requirements	<u>\$ 356,071,600</u>	<u>\$ 360,735,500</u>	<u>\$ 481,372,100</u>	<u>\$ 486,591,400</u>

WHEREAS Following a review of the budget amendment report through the FY 2023 First Quarter, the appropriations established with the adoption of the amounts necessary to pay the principal of and interest on all Regional bonds and to restore any reserves therefore established in the Master Bond Ordinance for the water system and the sewer system are amended as shown in the table below;

Debt Service Coverage Calculation				
Appropriation Category	Water System		Sewer System	
	Adopted	Amended	Adopted	Amended
Debt Service by Lien				
Senior Lien Bonds	135,939,700	133,773,100	149,780,900	151,530,700
Second Lien Bonds	47,200,100	50,117,200	36,738,500	39,847,100
SRF Junior Lien Bonds	10,061,800	9,802,900	51,084,400	51,975,700
Total Debt Service	<u>\$ 193,201,600</u>	<u>\$ 193,693,200</u>	<u>\$ 237,603,800</u>	<u>\$ 243,353,500</u>

WHEREAS Following a review of the budget amendment report through the FY 2023 First Quarter, the appropriations established with the adoption of the improvement and extension fund budget for the water system and the sewer system are amended as shown in the table below;

Improvement & Extension Fund				
Appropriation Category	Water System		Sewer System	
	Adopted	Amended	Adopted	Amended
Revenues				
Transfers In from General Operating	\$ 24,300,000	\$ 28,473,700	\$ 39,342,500	\$ 28,074,800
Receipt of DWSD Shortfall Loan	-	-	-	-
Earnings on Investments	308,300	1,888,200	247,700	2,016,500
Net Use of Reserves	19,888,000	4,478,900	5,549,500	13,872,300
Total Revenues	<u>\$ 44,496,300</u>	<u>\$ 34,840,800</u>	<u>\$ 45,139,700</u>	<u>\$ 43,963,600</u>
Expenditures				
Water/Sewer System Revenue Transfers Out	\$ 308,300	\$ 1,888,200	\$ 247,700	\$ 2,016,500
Capital Spending - Other	-	-	-	2,389,700
Capital Outlay	15,452,600	No Change	18,447,100	No Change
Revenue Financed Capital - Opoerating				
Transfer to Construction Fund	28,735,400	17,500,000	26,444,900	21,110,300
Total Expenditures	<u>\$ 44,496,300</u>	<u>\$ 34,840,800</u>	<u>\$ 45,139,700</u>	<u>\$ 43,963,600</u>

WHEREAS Following a review of the budget amendment report through the FY 2023 First Quarter, the appropriations established with the adoption of the construction fund budget for the water system and the sewer system are amended as shown in the table below;

Construction Fund Appropriation Category	Water System		Sewer System	
	Adopted	Amended	Adopted	Amended
Revenues				
Transfer from Improvement & Extension Fund	\$ 28,735,400	17,500,000	\$ 26,444,900	21,110,300
Bond Proceeds	-	225,000,000	-	225,000,000
Grant Revenues (SRF Loans)	54,992,000	126,830,000	18,720,000	50,037,000
Earnings on Investments	128,800	877,800	86,200	906,200
Net (Use) Increase of Reserves	71,644,800	(175,831,800)	49,197,900	(173,511,200)
Total Revenues	<u>\$ 155,501,000</u>	<u>\$ 194,376,000</u>	<u>\$ 94,449,000</u>	<u>\$ 123,542,300</u>
Expenditures				
Project Expenditures	\$ 194,376,000	No Change	\$ 125,932,000	123,542,300
Capital Spend Rate Adjustment	\$ (38,875,000)	-	\$ (31,483,000)	-
Total Expenditures	<u>\$ 155,501,000</u>	<u>\$ 194,376,000</u>	<u>\$ 94,449,000</u>	<u>\$ 123,542,300</u>
Capital Spending Ratio	80.0%	100.0%	75.0%	100.0%

WHEREAS The GLWA Audit Committee reviewed the budget amendments at its meeting on September 23, 2022; 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 approves the FY 2023 First Quarter Budget Amendments; 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.