



Financial Services Audit Committee Communication

Date: March 16, 2018

To: Great Lakes Water Authority Audit Committee

From: Jon Wheatley, Public Finance Manager

Re: Water Residential Assistance Program Update and Proposed Program Assistance Allocation Changes

Background: The Water Residential Assistance Program (“WRAP”) provides sustainable funding for qualifying low-income residents served by the Great Lakes Water Authority’s (“GLWA”) customer communities. The program is funded by GLWA at an amount equal to 0.5 percent of budgeted revenues with the initial FY 2016 funding level of \$4.5 million combined for water and sewer services, \$4.7 million in FY 2017 and \$4.9 million for FY 2018.

The scope of funding uses includes a) payment assistance and b) water audit and water conservation measures. Eligible residential customers with a past due bill and/or who are in active shut off can receive assistance with paying down arrears and receive \$25 toward monthly bill payment assistance annually up to \$1,000. High volume water users can receive a one-time home audit and home water conservation services up to \$1,000. Maximum annual assistance per household is \$2,000. To participate in WRAP, an applicant must have household gross incomes at or below 150% of the federal poverty income thresholds. Customers with water usage at or above 120% of the average residential usage are eligible to participate in a water audit and install water conservation measures. WRAP participants are also encouraged to participate in both financial coaching and water conservation workshops as well as other support services. The program is administered by Wayne Metro Community Action Agency (Wayne Metro), a nonprofit agency.

The WRAP began providing assistance to customers of GLWA on March 1, 2016 and has the potential to serve over 100 communities within the GLWA service area. In order to assist qualified households each community must opt into the program and sign a Memorandum of Agreement (MOA) with Wayne Metro. To date, 72 communities have opted into WRAP, with 7 more communities with MOAs in progress. A list of current participating communities is presented in **Table 1**.

Table 1- WRAP Participating Communities

Wayne County	Oakland County	Macomb County
Allen Park	Beverly Hills	Centerline
Brownstown Township	Bingham Farms	Chesterfield Township
Canton Township	Birmingham	Clinton Township
Dearborn	Clawson	Eastpointe
Dearborn Heights	Commerce Township	Fraser
Detroit	Farmington	Macomb Township
Ecorse	Farmington Hills	New Haven
Flat Rock	Ferndale	Shelby Township
Garden City	Hazel Park	St. Clair Shores
Gibraltar	Huntington Woods	Sterling Heights
Grosse Pointe Shores	Keego Harbor	Utica
Hamtramck	Lathrup Village	Warren
Harper Woods	Madison Heights	Washington Township
Inkster	Oak Park	
Lincoln Park	Orchard Lake	Lapeer County
Livonia	Orion Township	Almont
Melvindale	Oxford	Lapeer
Northville	Pleasant Ridge	
Plymouth	Pontiac	Washtenaw County
Redford Township	Royal Oak	Pittsfield Township
River Rouge	Royal Oak Township	Superior Township
Romulus	Southfield	Ypsilanti
Southgate	Sylvan Lake	Ypsilanti Township
Taylor	West Bloomfield Township	
Trenton		
Van Buren Township	Monroe County	
Wayne	Ash Township	
Westland		

WRAP Cashflow Update

Through December 31, 2017, WRAP has committed almost \$4.9 million in assistance funds and over \$1.4 million in conservation and repair funds across the GLWA service area. Over 6,600 households have been assisted, avoiding over 4,100 shut-offs. Below are cashflow updates for WRAP through the end of FY 2017 and through the end of the most recent period, December 2017.

1. FY 2017 WRAP Cashflow

Table 2 shows the WRAP cashflow of budgeted and committed funds in total and for each of the participating counties and the City of Detroit as of June 30, 2017. In total for FY 2017, over \$2.2 million in assistance funds were committed and over \$570,000 of conservation and repair dollars were spent. From March 1, 2016 to June 30, 2017, over \$8.0 million was budgeted for WRAP and almost \$4.3 million was utilized by WRAP participants during that time. As of June 30, 2017, the suburban counties still had uncommitted funds (combined assistance and conservation) of over \$1.9 million through June 30, 2017. The City of Detroit had uncommitted funds of over \$1.8 million due to the reallocation of the uncommitted FY 2016 suburban assistance funds.

2. FY 2018 WRAP Cashflow as of February 28, 2018

Table 3 shows the WRAP cashflow of budgeted and committed funds in total and for each of the participating counties and the City of Detroit as of February 28, 2018. From March 1, 2016 to February 28, 2018, over \$12.3 million was budgeted for WRAP (including the FY 2018 allocation) and over \$6.6 million was utilized by WRAP participants during that time.

Proposed Change to Program Requirements

In response to the feedback GLWA management has received from participating member communities, GLWA management is recommending changing the 2-year residential customer WRAP participation limit to a 3-year limitation. This will help eligible participants in WRAP to have the best chance at success by allowing an extra 12 months of bill assistance.

Wayne Metro Funding Recommendations

Based on the demonstrated usage of the WRAP funds since March 1, 2016 and the usage during FY 2017, Wayne Metro is recommending reallocation of currently uncommitted FY 2017 suburban WRAP funds and a reallocation of budgeted WRAP funds for FY 2019. Attached is Wayne Metro's letter (including referenced documents) dated March 9, 2018 which outlines their recommendations. Below is a summary of the recommendations:

- 1. Reallocation of Uncommitted FY 2017 Assistance Funds:** Similar to the demonstrated WRAP utilization in FY 2016, suburban counties had uncommitted assistance dollars of \$1,034,435, as of June 30, 2017. Wayne Metro is requesting a reallocation of those funds to the City of Detroit in the amount of \$604,720 and \$383,515 (\$307,515 for assistance and \$76,000 for conservation) to the City of Flint.

The remaining \$46,200 will remain in the county allocations for third year WRAP assistance to eligible participants.

2. **Reallocation of Uncommitted FY 2016 and 2017 Conservation Funds:** In addition to the uncommitted assistance funds, the suburban counties have underutilized the conservation funds in both FY 2016 and FY 2017. Wayne Metro is recommending that the \$446,089 in uncommitted FY 2016 conservation dollars be reallocated to the City of Detroit and the uncommitted \$202,249 FY 2017 conservation dollars be designated for the replacement of fixtures in the home that pre-date the lead-free plumbing code change.
3. **Need-Based Allocation of FY 2019 WRAP Funds:** Although WRAP is still a relatively new program and new communities are continuing to join WRAP, the utilization of suburban funding allocations is below those of the City of Detroit. In 2017, the GLWA Board reallocated over \$1.6 million to the City of Detroit and \$117,000 to the City of Flint from uncommitted FY 2016 WRAP allocations. A similar request is being made for a reallocation of uncommitted FY 2017 suburban funds. In order to address this continued gap in demonstrated utilization, Wayne Metro is requesting an allocation for FY 2019 WRAP funds based on a need-based formula, similar to the Community Development Block Grant (CDBG) program. A table of proposed need-based allocations is attached.

Budget Impact: None

Proposed Action: The Audit Committee recommends that the Great Lakes Water Authority Board 1) approve the proposed program change to WRAP to allow participants to remain in the program for 3 years, subject to approval by the representing Director; and 2) consider the proposed Wayne Metro funding reallocation recommendations.

Table 2

WRAP Fund Sources and Uses
(Unaudited)

TOTAL Activity March 1, 2016 to June 30, 2017

INCLUDES FY 2016 AND 2017 FUNDING

INCLUDES REALLOCATION OF FY 2016 UNCOMMITTED FUNDS BASED ON APRIL 26, 2017 BOARD ACTION

Row		Detroit	Out-Wayne County	Oakland County	Macomb County	Washtenaw County	St. Clair County	Lapeer County	Monroe County	Genesee County	City of Flint	Total
	Sources (Net Revenues)											
	FY 2016 Assistance Budget Allocation											
1	Bill and Arrearage Assistance	\$ 1,238,736	\$ 748,629	\$ 740,155	\$ 379,764	\$ 35,419	\$ 3,051	\$ 10,080	\$ 5,093	\$ 63,842	\$ -	\$ 3,224,769
2	Home Audit and Repairs	288,022	174,066	172,096	88,300	8,235	709	2,344	1,184	14,500	-	749,457
3	Total FY 2016 Assistance Budget Allocation	\$ 1,526,759	\$ 922,695	\$ 912,250	\$ 468,064	\$ 43,654	\$ 3,760	\$ 12,424	\$ 6,277	\$ 78,342	\$ -	\$ 3,974,226
4	Re-Allocation of Uncommitted Funds from FY 2016 (1)											
5	Bill and Arrearage Assistance Reallocated to Detroit	\$ 1,664,833	\$ (718,353)	\$ (591,163)	\$ (355,316)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
6	Bill and Arrearage Assistance Reallocated to Flint	-	-	-	-	(35,419)	(3,051)	(10,080)	(5,093)	(63,842)	117,485	-
7	Total Re-Allocation of Uncommitted Funds from FY 2016	\$ 1,664,833	\$ (718,353)	\$ (591,163)	\$ (355,316)	\$ (35,419)	\$ (3,051)	\$ (10,080)	\$ (5,093)	\$ (63,842)	\$ 117,485	\$ 0
8	FY 2017 Assistance Budget Allocation											
9	Bill and Arrearage Assistance	\$ 1,278,103	\$ 806,833	\$ 774,825	\$ 400,804	\$ 37,998	\$ 2,431	\$ 10,059	\$ 5,561	\$ -	\$ -	\$ 3,316,615
10	Home Audit and Repairs	297,856	188,029	180,570	93,406	8,855	578	2,344	1,296	-	-	772,934
11	Total FY 2017 Assistance Budget Allocation	\$ 1,575,960	\$ 994,862	\$ 955,395	\$ 494,209	\$ 46,853	\$ 3,009	\$ 12,403	\$ 6,858	\$ -	\$ -	\$ 4,089,549
12	NET FY 2016 and FY 2017 Assistance Available	\$ 4,767,551	\$ 1,199,204	\$ 1,276,482	\$ 606,957	\$ 55,089	\$ 3,718	\$ 14,747	\$ 8,042	\$ 14,500	\$ 117,485	\$ 8,063,774
13	Uses 3/01/2016 to 6/30/2017											
14	Investment Income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
15	Home Repairs	274,991	16,079	29,449	30,982	-	-	-	-	-	-	351,500
16	Home Audits	345,075	25,175	33,725	38,000	475	-	-	-	-	-	442,450
17	Bill Assistance	126,228	10,627	19,717	15,832	575	-	-	-	-	-	172,979
18	Arrearage Assistance	499,758	31,887	38,496	11,834	-	-	-	-	-	-	581,975
19	Total Uses 3/01/2016 to 6/30/2017	\$ 1,246,052	\$ 83,768	\$ 121,387	\$ 96,648	\$ 1,050	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,548,904
20	Net Funds Available for Future Assistance	\$ 3,521,500	\$ 1,115,436	\$ 1,155,095	\$ 510,310	\$ 54,039	\$ 3,718	\$ 14,747	\$ 8,042	\$ 14,500	\$ 117,485	\$ 6,514,870
21	Less: Committed Funds 3/01/2016 to 6/30/2017											
22	Bill Assistance	\$ 704,460	\$ 210,023	\$ 224,035	\$ 111,468	\$ 5,125	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,255,111
23	Arrearage Assistance	1,155,016	129,973	374,357	24,638	3,897	0	0	0	0	0	1,687,881
24	Breakage	(209,086)	(16,947)	0	0	0	0	0	0	0	0	(226,033)
25	Total Committed Funds 3/01/2016 to 6/30/2017	\$ 1,650,389	\$ 323,049	\$ 598,393	\$ 136,107	\$ 9,022	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,716,959
26	Total Expenditures/Committed Funds	\$ 2,896,440	\$ 406,817	\$ 719,780	\$ 232,754	\$ 10,072	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,265,864
27	Uncommitted Funds as of 6/30/2017	\$ 1,871,111	\$ 792,387	\$ 556,703	\$ 374,203	\$ 45,016	\$ 3,718	\$ 14,747	\$ 8,042	\$ 14,500	\$ 117,485	\$ 3,797,911

(1) Based on April 26, 2017 Board of Directors action

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Table 3

WRAP Fund Sources and Uses (Unaudited)

TOTAL Activity March 1, 2016 to February 28, 2018

INCLUDES FY 2016, 2017 & 2018 FUNDING

INCLUDES REALLOCATION OF FY 2016 UNCOMMITTED FUNDS BASED ON APRIL 26, 2017 BOARD ACTION

Row	Sources (Net Revenues)	Detroit	Out-Wayne County	Oakland County	Macomb County	Washtenaw County	St. Clair County	Lapeer County	Monroe County	Genesee County	City of Flint	Total
1	FY 2016 Assistance Budget Allocation											
2	Bill and Arreage Assistance	\$ 1,238,736	\$ 748,629	\$ 740,155	\$ 379,764	\$ 35,419	\$ 3,051	\$ 10,080	\$ 5,093	\$ 63,842	\$ -	\$ 3,224,769
3	Home Audit and Repairs	288,022	174,066	172,096	88,300	8,235	709	2,344	1,184	14,500	-	749,457
4	Total FY 2016 Assistance Budget Allocation	\$ 1,526,759	\$ 922,695	\$ 912,250	\$ 468,064	\$ 43,654	\$ 3,760	\$ 12,424	\$ 6,277	\$ 78,342	\$ -	\$ 3,974,226
5	Re-Allocation of Uncommitted Funds from FY 2016 (1)											
6	Bill and Arreage Assistance Reallocated to Detroit	\$ 1,664,833	\$ (718,353)	\$ (591,163)	\$ (355,316)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
7	Bill and Arreage Assistance Reallocated to Flint	-	-	-	-	(35,419)	(3,051)	(10,080)	(5,093)	(63,842)	117,485	-
8	Total Re-Allocation of Uncommitted Funds from FY 2016	\$ 1,664,833	\$ (718,353)	\$ (591,163)	\$ (355,316)	\$ (35,419)	\$ (3,051)	\$ (10,080)	\$ (5,093)	\$ (63,842)	\$ 117,485	\$ 0
9	FY 2017 Assistance Budget Allocation											
10	Bill and Arreage Assistance	\$ 1,278,103	\$ 806,833	\$ 774,825	\$ 400,804	\$ 37,998	\$ 2,431	\$ 10,059	\$ 5,561	\$ -	\$ -	\$ 3,316,615
11	Home Audit and Repairs	297,856	188,029	180,570	93,406	8,855	578	2,344	1,296	-	-	772,934
12	Total FY 2017 Assistance Budget Allocation	\$ 1,575,960	\$ 994,862	\$ 955,395	\$ 494,209	\$ 46,853	\$ 3,009	\$ 12,403	\$ 6,858	\$ -	\$ -	\$ 4,089,549
13	FY 2018 Assistance Budget Allocation											
14	Bill and Arreage Assistance	\$ 1,303,229	\$ 848,677	\$ 827,662	\$ 429,388	\$ 40,961	\$ 2,604	\$ 9,970	\$ 5,908	\$ 28,679	\$ -	\$ 3,497,078
15	Home Audit and Repairs	303,712	197,780	192,883	100,067	9,546	607	2,323	1,377	6,684	-	814,979
16	Total FY 2018 Assistance Budget Allocation	\$ 1,606,941	\$ 1,046,457	\$ 1,020,545	\$ 529,455	\$ 50,507	\$ 3,211	\$ 12,294	\$ 7,285	\$ 35,363	\$ -	\$ 4,312,057
17	NET FY 2016, FY 2017 & FY 2018 Assistance Available	\$ 6,374,492	\$ 2,243,661	\$ 2,297,027	\$ 1,136,412	\$ 105,596	\$ 6,929	\$ 27,040	\$ 15,327	\$ 49,863	\$ 117,485	\$ 12,375,831
18	Uses 3/01/2016 to 2/28/2018											
19	Investment Income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
20	Home Repairs	518,445	38,186	49,686	41,509	-	-	-	-	-	-	647,826
21	Home Audits	639,825	66,975	75,525	59,375	475	-	-	-	-	-	842,175
22	Bill Assistance	505,903	66,573	121,038	108,131	305	-	-	-	-	-	801,950
23	Arreage Assistance	1,300,895	171,188	311,240	43,692	784	-	-	-	-	-	1,827,798
24	Total Uses 3/01/2016 to 2/28/2018	\$ 2,965,068	\$ 342,922	\$ 557,488	\$ 252,708	\$ 1,564	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,119,750
25	Net Funds Available for Future Assistance	\$ 3,409,424	\$ 1,902,738	\$ 1,739,539	\$ 883,704	\$ 104,032	\$ 6,929	\$ 27,040	\$ 15,327	\$ 49,863	\$ 117,485	\$ 8,256,081
26	Less: Committed Funds 3/01/2016 to 2/28/2018											
27	Bill Assistance	\$ 681,657	\$ 315,425	\$ 183,236	\$ 62,527	\$ 7,495	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,250,341
28	Arreage Assistance	865,661	93,052	257,780	35,748	4,086	0	0	0	0	0	1,256,327
29	Breakage	0	0	0	0	0	0	0	0	0	0	0
30	Total Committed Funds 3/01/2016 to 2/28/2018	\$ 1,547,318	\$ 408,477	\$ 441,016	\$ 98,275	\$ 11,581	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,506,668
31	Total Expenditures/Committed Funds	\$ 4,512,386	\$ 751,399	\$ 998,504	\$ 350,984	\$ 13,145	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,626,418
	Uncommitted Funds as of 2/28/2018	\$ 1,862,106	\$ 1,494,261	\$ 1,298,523	\$ 785,429	\$ 92,451	\$ 6,929	\$ 27,040	\$ 15,327	\$ 49,863	\$ 117,485	\$ 5,749,414

(1) Based on April 26, 2017 Board of Directors action