

Title

Approval of FY2016 Shared Services and Transition Costs True-up between the Detroit Water and Sewerage Department and the Great Lakes Water Authority

Body

Agenda of: June 13, 2018

Item No.: **2018-**

Amount: N/A

TO: The Honorable
Board of Directors
Great Lakes Water Authority

FROM: Sue F. McCormick
Chief Executive Officer
Great Lakes Water Authority

DATE: June 13, 2018

RE: Approval of FY2016 Shared Services and Transition Costs True-up between the Detroit Water and Sewerage Department and the Great Lakes Water Authority

MOTION

Upon recommendation of Nicolette Bateson, Chief Financial Officer/Treasurer (CFO) and Randal M. Brown, General Counsel, the Board of Directors (Board) of the Great Lakes Water Authority (GLWA):

1) Authorizes GLWA's Chief Executive Officer (CEO), CFO and General Counsel to finalize, and the CEO execute on behalf of the GLWA, the FY2016 Shared Services and Transition Costs True-Up Agreement between the Detroit Water and Sewerage Department (DWSD) and the GLWA;

2) GLWA and DWSD shall create at a minimum four (4) binders, including the FY2016 Shared Services and Transition Costs True-Up Agreement and supporting documentation. The binders shall be retained by both parties' CFOs and General Counsel and kept in their permanent storage; and

3) Authorizes the CEO and CFO to take such other action as may be necessary to accomplish the intent of this vote.

BACKGROUND

The concept of formation of a regional water authority arose as a part of the City of Detroit's Chapter 9 Bankruptcy. The formation of GLWA was discussed during mediation proceedings held as a part of the bankruptcy case. On June, 12, 2015, the City of Detroit and GLWA entered into a Regional Water Supply Lease, a Regional Sewage Disposal Lease (collectively the "Leases") and a Water and Sewer Services Agreement ("WSSA"). On January 1, 2016, the Leases and WSSA became effective and govern the relationship between GLWA and DWSD. In the course of operations, GLWA and DWSD determined that it would be in their mutual interest to provide certain services to each other these services are provided pursuant to the Shared Services Agreement. Further, there were transition costs associated with the bifurcation. Both, the shared services and transition costs for FY 2015-2016 have been reviewed and agreed upon by the parties.

JUSTIFICATION

The GLWA and DWSD administrations wish to finalize the FY2016 shared service and transition costs.

BUDGET IMPACT

The budget impact of the FY2016 Shared Services and Transition Costs True-Up Agreement is outlined in the attached memorandum and supporting documentation. The FY2016 Shared Services and Transition Costs True-Up Agreement does not adversely impact GLWA's ability to perform its current and proposed financial plan.

COMMITTEE REVIEW

This item is being presented directly to the full Board of Directors.

SHARED SERVICES IMPACT

This item brings closure to the shared services and transition costs for FY2016 between GLWA and DWSD.