



Financial Services Audit Committee Communication

Date: October 26, 2018

To: Great Lakes Water Authority Audit Committee

From: Jon Wheatley, Public Finance Manager

Re: Status Update: 2018 Contract Alignment Process and Wholesale Water Contract Reopeners

Background: The Great Lakes Water Authority (GLWA) model water contract currently provides for designated reopener dates in year 2, year 5 and every 5 years afterwards, until the end of the 30-year term of the contract. In the fall of 2017 the GLWA contract negotiation team met with 33 member communities which are served under the model contract for regularly scheduled reopeners, including one out-of-sequence reopener (Commerce Township) to renegotiate contract values. The next regularly scheduled reopener for most of these member communities is scheduled for 2022. The GLWA contract negotiation team will be meeting with 54 member communities throughout 2018 to reopen their model contracts as part of the Contract Alignment Process (CAP) for those that did not reopen their contracts in 2017.

In addition to the CAP reopeners, GLWA has negotiated water model contracts with the city of Inkster and the city of Gibraltar. Meetings with Dearborn, Grosse Ile and Trenton have also been held to discuss getting these member partners on model contracts.

What is the CAP?

As part of the 2017 customer outreach meetings, member communities asked GLWA to implement strategies to achieve goals of water charge stability and equity. As part of this strategy, members asked for alignment of the model contract reopener to a common schedule to minimize the annual charge volatility created by changing contract demands which come as a result of the contract amendments.

The CAP involves all model contract customers that did not have a scheduled reopener in 2017 and requests that those member communities reopen their model contracts in 2018 ("2018 reopeners") regardless of their current reopener schedule. As part of the 2018 reopener meetings, the contract reopener schedule within each customer contract is amended to change the next regularly scheduled reopener date to 2022 and every 4 years thereafter.

The CAP concept was presented by GLWA at the October 10th and October 26th Water Charges Workgroup meetings and was approved by the member communities at the December 20, 2017 One Water Partnership meeting.

CAP Progress

Between March 8, 2018 and October 19, 2018, the team has met with 52 of the 54 scheduled CAP reopeners plus 2 member partners previously on old contracts (Gibraltar and Inkster). As of October 19th, 47 contract amendments have been drafted and sent to the customer for its local approval. Of the contracts sent, 41 have been approved by the member partner's legislative body. **Table 1** shows the progress for each member partner as part of the CAP.

The deadline for the customers' legislative approval is January 11, 2019. Once the contract amendments are approved by the customer and returned to GLWA, the contract will come before the GLWA Board of Directors for approval.

Budget Impact: None

Proposed Action: Receive and File

Table 1
2018 Contract Alignment Process
Status Update
As of October 19, 2018

	Member Partner	Meeting Held	Contract Amendment Sent to Member Partner	Contract Amendment Approved by Member Partner	Contract Amendment Approved by GLWA Board
1	Almont, Village of	✓			
2	Ash Township	✓	✓	✓	
3	Berlin Township	✓	✓	✓	
4	Brownstown Township	✓	✓	✓	
5	Bruce Township	✓			
6	Chesterfield Township	✓	✓	✓	✓
7	Clinton Township	✓	✓	✓	✓
8	Commerce Township	✓	✓	✓	✓
9	Ecorse	✓	✓	✓	✓
10	Farmington City	✓	✓	✓	✓
11	Farmington Hills	✓	✓	✓	✓
12	Ferndale	✓	✓		
13	Flat Rock	✓			
14	Flint				
15	Garden City	✓	✓	✓	✓
16	Gibraltar	✓	✓	✓	✓
17	Grosse Pointe Shores	✓	✓	✓	✓
18	Grosse Pointe Woods	✓			
19	Hamtramck	✓	✓	✓	✓
20	Harper Woods	✓	✓	✓	✓
21	Harrison Township	✓	✓	✓	✓
22	Hazel Park	✓	✓	✓	✓
23	Huron Township	✓	✓	✓	✓
24	Imlay City	✓	✓		
25	Inkster	✓	✓	✓	✓
26	Keego Harbor	✓	✓	✓	
27	Lapeer	✓	✓		
28	Lenox Township	✓			
29	Lincoln Park	✓	✓	✓	✓
30	Livonia	✓	✓	✓	✓
31	Macomb Township	✓	✓	✓	✓
32	Madison Heights	✓	✓		
33	Mayfield	✓	✓		
34	Melvindale	✓	✓	✓	✓
35	New Haven, Village of	✓	✓	✓	✓
36	NOCWA	✓			
37	Novi	✓	✓	✓	✓
38	Oak Park	✓	✓	✓	✓
39	Oakland County Drain Comm.	✓	✓		
40	Plymouth Township	✓	✓	✓	✓
41	River Rouge	✓	✓	✓	✓
42	Riverview				
43	Rockwood	✓	✓	✓	
44	Romeo	✓	✓	✓	✓
45	Romulus	✓	✓	✓	✓
46	Royal Oak Township	✓			
47	Shelby Township	✓	✓	✓	✓
48	SOCWA	✓	✓	✓	✓
49	South Rockwood	✓	✓	✓	
50	Southgate	✓	✓	✓	✓
51	St. Clair County-Burtchville Township	✓	✓	✓	✓
52	Sumpter Township	✓	✓	✓	
53	Sylvan Lake	✓	✓	✓	
54	Walled Lake	✓	✓	✓	✓
55	Warren	✓	✓	✓	✓
56	Westland	✓	✓	✓	✓