



Financial Services Audit Committee Communication

Date: December 21, 2018

To: Great Lakes Water Authority Audit Committee

From: Alicia Haskin, Management Professional – Intergovernmental Relations

Re: Update: GLWA and DWSD Shared Services True-Up Status FY 2017 and Beyond

Background: The Great Lakes Water Authority (GLWA) and the Detroit Water and Sewerage Department (DWSD) are parties to a Shared Services Agreement (the Agreement) dated December 1, 2015. This agreement provides the framework for shared services for the efficient operation of both entities.

On a monthly basis, an invoice is prepared based on an agreed upon annual budget. While the intent is for the monthly invoice to represent actual costs, the reality is that the timing of certain vendor invoices and accumulation of internal charges requires a “true-up” process. That being said, the intent is to condense the true-up timeline each fiscal year.

The Shared Service Agreement (Section 5.1) states that:

“Each invoice, whether for Services provided regularly or “as-needed,” shall itemize the costs and charges by Services provided under each Service Delivery Schedule, and shall provide sufficient detail to the Subscribing Party to identify the Services performed and the basis for the charges. A Performing Party may only charge the Service Costs for Services provided.”

In addition, the parties have come to realize that an exact itemization generates a level of detailed analysis that is not cost-effective to produce. The data and experience garnered from the first three years of the program are leading to a more efficient method of calculating costs while staying true to the intent of Section 5.1 above.

Analysis: The following is an update of the True-Up process by fiscal year.

Fiscal Year 2017 Update

The table below lists the status of each Shared Service based upon GLWA's staff analysis. As of the last meeting on December 18, 2018 between the GLWA and DWSD Shared Services Teams, there was no known issues identified by DWSD with the true-up materials submitted by GLWA for the items identified as "Resolved."

Legend for FY 2017 Status

Not Received	True-Up has not been received
In Process	True-Up calculation has been completed but waiting on management review/approval
Under Review	GLWA is reviewing DWSD prepared True-Up
Resolved	True-Up is completed and agreed to

FY 2017 Shared Service True-up Status

Shared Service	Description	Provider	Status
OPS-005	Security and Integrity	GLWA	In Process
OPS-008	Systems Control	GLWA	In Process
ITS-001	Retail AMR	GLWA	In Process
ITS-002	Customer Service Tech Suite	GLWA	In Process
ITS-003	See Click Fix	GLWA	In Process
ITS-004	WAM	GLWA	In Process
ITS-005	Mobile Workforce Management	GLWA	In Process
ITS-006	ESRI-GIS	GLWA	In Process
ITS-007	DADS	GLWA	In Process
ITS-008	Tibco	GLWA	In Process
ITS-009	Infrastructure	GLWA	In Process
Training	Training	GLWA	In Process
LS-001 - LS-003	Legal Services	Both	In Process
OPS-001	Fleet	DWSD	Not Received
OPS-003	As Needed Field Service	DWSD	Not Received
DoIT-001	Financial Information System	City of Detroit	Not Received
DoIT-002	Radios	City of Detroit	Not Received
DoIT-003	Customer Service Tech Suite	City of Detroit	Not Received
OPS-004	Water Quality	GLWA	Resolved
OPS-002	MISS DIG	DWSD	Under Review
OPS-006	Facilities	DWSD	Under Review
OPS-007	WWTP IWC Underground Storage Tank	N/A – not needed	
PRO-001	Applications Analyst	N/A – not needed	

The following list provides additional explanations for FY 2017 Shared Services.

OPS-002 – MISS DIG: Although this service was to be provided by DWSD, DWSD was unable to provide the level of service as stated in the agreement due to a staffing shortage. GLWA provided some of the service to DWSD on an interim basis. The GLWA True-Up has been provided to DWSD and is resolved; the DWSD analysis has been received and is under review by GLWA.

OPS-008 – Systems Control: In the process of completing the FY 2016 True-up for this Shared Service, the details regarding the allocation of facilities and sites was not available. GLWA staff attempted to recreate the allocation based upon best available information and shared the information with DWSD. No consensus was reached and the original allocation in the Shared Services Agreement was used.

There are also costs not identified in the Shared Services Agreement at the time of the bifurcation that need to be considered. The following is the status of these costs.

- Lakeshore Invoices – In Process
- Bank/Credit Card Fees - Resolved
- Public Finance – In Process

The following is a list of costs paid by DWSD and the related status.

- Fuel – Under Review
- WAM Licenses – Under Review

Next Steps FY 2017: As the True-Ups are completed they are provided to DWSD. Meetings are held at least monthly to discuss the status of the completion and resolution of the True-Ups. The next step is a presentation to the leadership for both entities in January 2019 to review the status and to propose cost-effective resolution.

Fiscal Year 2018 Status

The table below lists the status of each Shared Service based upon GLWA's staff analysis.

Shared Service	Description	Provider	Status
ITS-009	Infrastructure	GLWA	10% Complete
OPS-008	Systems Control	GLWA	15% Complete
ITS-001	Retail AMR	GLWA	25% Complete
ITS-003	See Click Fix	GLWA	25% Complete
ITS-004	WAM	GLWA	25% Complete
ITS-005	Mobile Workforce Management	GLWA	25% Complete
ITS-006	ESRI-GIS	GLWA	25% Complete
ITS-008	Tibco	GLWA	25% Complete
Training	Training	GLWA	25% Complete
OPS-004	Water Quality	GLWA	75% Complete
ITS-002	Customer Service Tech Suite	GLWA	75% Complete
ITS-007	DADS	GLWA	75% Complete
LS-001 - LS-003	Legal Services	Both	90% Complete
OPS-001	Fleet	DWSD	Not Received (% Complete not known)
OPS-002	MISS DIG	DWSD	Not Received (% Complete not known)
OPS-003	As Needed Field Service	DWSD	Not Received (% Complete not known)
OPS-006	Facilities	DWSD	Not Received (% Complete not known)
DoIT-001	Financial Information System	City of Detroit	Not Received (% Complete not known)
DoIT-002	Radios	City of Detroit	Not Received (% Complete not known)
DoIT-003	Customer Service Tech Suite	City of Detroit	Not Received (% Complete not known)
OPS-005	Security and Integrity	GLWA	75% Complete; *Badging and Fusion Center
OPS-007	WWTP IWC Underground Storage Tank	N/A - not needed	
PRO-001	Applications Analyst	N/A - not needed	

*OPS-005 Terminated on June 30, 2017. However, Badging and Fusion Center costs continue to be provided.

Next Steps FY 2018: GLWA and DWSD Shared Services Teams will continue to meet to discuss any open issues for both FY 2017 and FY 2018. The next step is a presentation to the leadership for both entities in January 2019 to review the status and to propose cost-effective resolution.

Fiscal Year 2019 and Beyond Update

The table below lists the scope of each Shared Service based upon GLWA's analysis.

Shared Service	Description	Provider	Scope of Service
ITS-009	Infrastructure	GLWA	**Partial 3/1/19; Final on 6/30/20
ITS-004	WAM	GLWA	**Terminating on 12/31/19
ITS-005	Mobile Workforce Management	GLWA	**Terminating on 12/31/19
ITS-006	ESRI-GIS	GLWA	**Terminating on 6/30/19
ITS-007	DADS	GLWA	**Terminating on 6/30/19
ITS-008	Tibco	GLWA	**Terminating on 6/30/20
OPS-005	Security and Integrity	GLWA	*Badging and Fusion Center
OPS-002	MISS DIG	DWSD	No changes
OPS-003	As Needed Field Service	DWSD	No changes
OPS-004	Water Quality	GLWA	No changes
OPS-006	Facilities	DWSD	No changes
OPS-008	Systems Control	GLWA	No changes
DoIT-001	Financial Information System	City of Detroit	No changes
DoIT-002	Radios	City of Detroit	No changes
DoIT-003	Customer Service Tech Suite	City of Detroit	No changes
Training	Training	GLWA	No changes
LS-001 - LS-003	Legal Services	Both	No changes
OPS-001	Fleet	DWSD	No changes
ITS-002	Customer Service Tech Suite	GLWA	Terminated on 10/1/18
ITS-001	Retail AMR	GLWA	Terminating on 6/30/19
ITS-003	See Click Fix	GLWA	Terminating on 1/1/19
OPS-007	WWTP IWC Underground Storage Tank	N/A – not needed	
PRO-001	Applications Analyst	N/A – not needed	

*OPS-005 Terminated on 6/30/17. However, Badging and Fusion Center costs continue to be provided.

**Formal termination notice has not been received. However, the DWSD CIO has provided these termination dates to GLWA CIO.

Changes in Services

Please see attached formal notification of termination of services received since January 1, 2018 received for the following.

- Termination Notice for Selected IT Shared Service Agreements dated April 3, 2018 with termination effective October 1, 2018.
 - ITS-001 Retail Automatic Meter Reading Technology Suite
 - ITS-002 Customer Service Technology Suite
 - ITS-003 See Click Fix (Improve Detroit)
- Termination Notice for Selected Elements of IT Shared Service Agreement ITS-009, IT Infrastructure dated August 31, 2018 with termination effective March 1, 2019.
 - Desktop usage and support
 - Printer and FAX usage and support
 - Mobile phone support
 - DWSD dedicated storage usage and support
 - DWSD dedicated server usage and support
 - DWSD dedicated disaster recovery services
 - DWSD dedicated VMWare usage and support
 - Administrative Support
- Extension of Service Request No. 1 dated September 13, 2018 with extension of termination date to January 1, 2019.
 - ITS-001 Retail Automatic Meter Reading Technology Suite
 - ITS-003 See Click Fix (Improve Detroit) – The Element titled “Third party support for See Click Fix (HP Staff)”
- Extension of Services Request No. 2 dated December 12, 2018 with extension of termination date to June 30, 2019.
 - ITS-01 Retail Automatic Meter Reading Technology Suite

Proposed Action: Receive and file report.