



Financial Services Audit Committee Communication

Date: January 18, 2019

To: Great Lakes Water Authority Audit Committee

From: Nicolette N. Bateson, CPA, Chief Financial Officer/Treasurer

Re: Proposed Amendment Oakland Macomb Interceptor Drainage District Agreement

Background: The Great Lakes Water Authority (GLWA) provides wastewater disposal services to the Oakland Macomb Interceptor Drainage District (OMIDD). The Authority's Northeast Sewer Pump Station (NESPS) serves only OMIDD yet it is also a key component in the continuing development of GLWA's comprehensive regional wastewater master planning efforts.

The 2009 OMIDD services agreement provided for sewage disposal services and contemplated further collaboration in the future, including the NESPS. Since 2017, representatives of OMIDD and GLWA have been meeting to explore those collaboration opportunities.

Analysis: On January 14, 2019, OMIDD and GLWA staff representatives reached an agreement on terms that both agreed to present to their respective boards before proceeding with a proposed amendment to the 2009 agreement. The next steps are for the outline of the terms to be brought forward to both the GLWA and OMIDD Boards for review.

Key aspects of the proposal address: 1) operations (control maintained by GLWA), 2) maintenance (OMIDD provides maintenance), 3) capital funding (OMIDD has authority to construct and finance), 4) annual fees, and 5) payout of debt associated with NESPS.

Attached is a simplified table that outlines the financial terms agreed to by the staff representatives of each entity. This information was pertinent to GLWA in calculating the FY 2020 charges for all member partners for next week's charges rollout meeting #4. This information will be referenced in other Audit Committee agenda items.

The next action is a review by the Board at a date to be determined by General Counsel.

Proposed Action: Receive and file.