



**DWSD & GLWA
Reconciliation Committee
May 6, 2019 at 10:00 a.m.**
Water Board Building
735 Randolph, Ste. 1606, Detroit, MI 48226



Summary

1) Review of Prior Meeting Notes from February 11, 2019

A. FY 2017 DWSD Budget Shortfall

- i. The Parties' CFOs agree that no formal note is deemed to be necessary since the MOU clearly defines the terms of the repayment by DWSD.
- ii. DWSD has made payments during FY 2019.
- iii. GLWA distributed an amortization schedule. It is attached as well.
- iv. GLWA will also include report on these payments at the next GLWA Audit Committee.

2) Status Report: Cash Held for the Benefit of DWSD

A. Tom Naughton, DWSD CFO, provided the following draft reports, dated 5/6/2019:

i. Accounts Receivable Rollforward – Water and Sewer Funds

1. Sales for the first five months of FY 2019 included Shared Services through November 30, 2018. Beginning in December 2018, Shared Services has been removed from Enquesta. See the highlighted sections to show this adjustment.
2. IWC has been removed from Sewer revenues.

ii. Retail Sales and Collections Forecasts – Water and Sewer Funds

1. DWSD assumed a 94% collection rate of was assumed.
 - a. DWSD is comfortable with water forecasts for next year's budget.
2. This draft report is based on billing months. There is a 60-day deferral for payments. 30 days for billing and another 30 days for payments.
3. The sewer budget is projected to be \$19M below budget. DWSD expects \$5M in highway receipts.
4. Impervious acreage adjustments had a \$5.5M negative impact on the budget.

iii. Cash @ GLWA – Cash Flow Forecasts – Water and Sewer Funds

1. Projected receipts are used in this draft report.
 - a. Water is at \$10.878M

b. Sewer is at negative \$47.458M.

2. DWSD expects the collections to improve to help mitigate the sewer shortfall.

iv. DWSD Monthly Financial Report – For the Nine Months Ended March 31, 2019

1. DWSD is working to clear interfunds and some of the current available cash will go to clearing these accounts.

2. DWSD does not expect a FY 2019 shortfall.

3. DWSD will continue to pay the 2017 note and then will begin payment on the 2018 note. It is expected that the 2017 note will be paid off in two years and the 2018 note the following year.

B. DWSD and GLWA will have a “check-in” call at the end of June 2019 to discuss the FY 2019 shortfall status, if any

3) Status Report: Watermain Arbitration/Transmission Main

A. Chlorination/Dechlorination arbitration is moving forward. All arbitrators have been identified. A 60-day timeframe is expected to see movement on this issue.

B. DWSD will provide a proposal for the allocation of water mains by June 6, 2019. DWSD will specify the following information:

i. Mains that DWSD agrees to be transferred/decommissioned

ii. Mains that DWSD does not agree with to be transferred/decommissioned

iii. Mains that DWSD believes need more research to make a determination on which entity is responsible for operation, maintenance and improvement costs

C. DWSD believes this is an important issue to resolve but want to make sure that it is right. It believes that the Parties need to discuss right sizing of the system. The Parties believe that the arbitration and the review of the mains can continue on parallel paths.

D. As the water main allocation issue continues, GLWA indicated that there needs to be a discussion regarding the allocation of the continued maintenance costs (i.e. water main breaks) that GLWA is paying.

4) Status Report: DWSD Retail Account Billings for GLWA Facilities

A. GLWA has submitted an initial group of requests for review of impervious acreage. DWSD has responded and has made these reviews a priority.

B. GLWA will submit additional requests for review. GLWA wanted to ensure that the proper information was being provided to DWSD to complete these reviews.

C. GLWA will have a better understanding of where the drainage accounts stand by the end of this fiscal year.

5) Status Report: Information Technology Shared Services Update

A. An internal draft for a Data Sharing Agreement is in process. This agreement will ensure all parties protect the information received from the other party.

B. DWSD has provided the following termination notices. The following Shared Services

termination notices have been received:

- i. ITS-001 Retail AMR. Extension #2 received ending June 30, 2019.
 - ii. ITS-006 ESRI-GIS. Termination received ending July1, 2019.
- C. OPS-004 Water Quality need to be redrafted as the laboratory costs will be included in costs of service after July 1, 2019.

6) Status Report: Shared Services FY 2017 True-Up

- A. It appears that an FY 2017 True-Up will be agreed to by May 20th (two weeks).
- B. Parties need to draft and agree to Standard Operating Procedure to simplify the process.

7) Scheduled Meetings:

May 6, 2019 10 am – 12 pm

~~July 19, 2019 10:30 am – 12 pm~~ – Rescheduled to July 31, 2019 10 am – 12 pm

October 18, 2019 10:30 am – 12 pm

Reconciliation Committee

Linda D. Forte, Board of Water Commissioners

Robert J. Daddow, Great Lakes Water Authority Board of Directors

Reconciliation Committee Participants

Gary Brown, Director, Detroit Water & Sewerage Department

Sue McCormick, Chief Executive Officer, Great Lakes Water Authority

Tom Naughton, Chief Financial Officer, Detroit Water & Sewerage Department

Nickie Bateson, Chief Financial Officer & Treasurer, Great Lakes Water Authority

Debra Pospiech, Chief Administrative Officer and General Counsel

Randal Brown, General Counsel, Great Lakes Water Authority