



## Financial Services Audit Committee Communication

**Date:** December 19, 2019

**To:** Great Lakes Water Authority Audit Committee

**From:** Jon Wheatley, Public Finance Manager

**Re:** Independent Sewer Charges Methodology Consultant Report Closeout

**Background:** On April 26, 2019 the Great Lakes Water Authority (GLWA) engaged Raftelis Financial Consultants, Inc. (Raftelis) as an independent charges methodology consultant. The scope of the engagement was to accomplish the following objectives as it relates to sewer charges.

- 1) Review GLWA's existing cost allocation methodologies, including the units of service;
- 2) Meet with the sewer system member partners individually to identify their cost allocation concerns and create a list all concerns resulting from these meetings;
- 3) Prioritize the issues to be addressed as a part of this study and present the list to the member partners through the Sewer Shares Workgroup;
- 4) Identify which issues can be addressed before the next Sewer Shares update and which issues may require an extended time in which to transition those cost allocation solutions and participate in a member partner outreach meeting to develop a list of alternate solutions to the issues identified; and
- 5) Review each identified issue from the member partner interviews and provide alternative solutions or methodologies to address the concerns from the priority list and provide a final report with recommendations for potential cost allocation methodologies.

The recommendations in the Raftelis report informed member partners and was a key element that lead to the member partner discussions in the small SHAREs "Think Tank" group. A memo dated October 16, 2019 from the Think Tank was shared with the GLWA Board which presented a path forward for the Sewer Shares Methodology. The path presented embraces simplicity and stability consistent with recommendations from Raftelis. The Raftelis final report attached to this memo is a result of one-on-one meetings with 13 of the 19 sewer member partners and the list of concerns gathered in those meetings, four Sewer Shares Workgroup meetings, and meetings with GLWA management and staff.

**Budget Impact:** None.

**Proposed Action:** Receive and file the final Raftelis Report.