



Financial Services Audit Committee Communication

Date: November 20, 2020

To: Great Lakes Water Authority Audit Committee

From: Alicia Haskin, Management Professional – Intergovernmental Relations

Re: Fiscal Year 2018 Shared Services True-Up Update, FY 2019 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.

Invoices are prepared monthly. While the intent is for the monthly invoices to represent actual costs, the reality is that the timing of certain vendor invoices and accumulation of internal charges requires a “True-up” process. It is also the intent for the parties to transmit payment monthly utilizing estimates for service provided. Section 5.1 of the Agreement states, “Payments for services shall be payable monthly.”

Analysis: The following is a summary of billings and payments to date as well as an update on the FY 2018 True-Up, FY 2019 True-Up Analysis, and activity beyond that point.

Summary of Shared Services Billings and Payments

GLWA and DWSD have been exchanging invoices for services since January 1, 2016, the start of the Agreement. A history of this activity and applicable payments is summarized in two tables. **Table 1 – GLWA as a Service Provider** reflects activity in which GLWA is the provider and is billing DWSD for services and **Table 2 – DWSD as a Service Provider** reflects activity in which DWSD is the provider and is billing GLWA for services.

In FY 2021 DWSD and GLWA are going to begin making monthly payments to one another. At this time there have been no payments made but in the next several weeks both sides hope to have the process in place to complete the first payments.

Table 1 – GLWA as Service Provider (FY 2021 Billings through September 30, 2020)

Year	Total Billings	True Up Amount Actual/Potential	Total Payments	Unpaid Amount
FY2016	\$ 4,781,194	\$ 3,311,838	\$ 8,093,032	\$ -
FY2017	\$ 9,378,922	\$ 3,076,854	\$ 12,455,776	\$ -
FY2018*	\$ 7,477,571	\$ 399,512	\$ 1,997,286	\$ 5,879,797
FY2019**	\$ 8,933,462	\$ (2,363,150)	\$ 298,445	\$ 6,271,867
FY2020***	\$ 5,012,664	\$ -	\$ 158,789	\$ 4,853,875
FY2021	\$ 1,133,126	\$ -	\$ -	\$ 1,133,126
Subtotals	\$ 36,716,940	\$ 4,425,054	\$ 23,003,329	\$ 18,138,666

* All True Up calculations have been provided to DWSD and the True Up Amount is indicated.

** There is one True Up calculation that is not complete representing less than 1% of the total True Up amount.

*** True Up not complete at this time.

Table 2 – DWSD as Service Provider (FY 2021 Billings through September 30, 2020)

Year	Total Billings	True Up Amount Actual/Potential	Total Payments	Unpaid Amount
FY2016	\$ 2,543,735	\$ 5,003,644	\$ 7,547,379	\$ -
FY2017	\$ 4,722,364	\$ (1,077,584)	\$ 3,644,780	\$ -
FY2018	\$ 5,308,539	\$ -	\$ -	\$ 5,308,539
FY2019	\$ 4,175,695	\$ -	\$ -	\$ 4,175,695
FY2020	\$ 4,677,356	\$ -	\$ -	\$ 4,677,356
FY2021	\$ 510,000	\$ -	\$ -	\$ 510,000
Subtotals	\$ 21,937,689	\$ 3,926,060	\$ 11,192,159	\$ 14,671,590

FY 2018 True-Up Status Update

The FY 2018 True-Up process has begun for both GLWA and DWSD Shared Services teams. GLWA has prepared and provided DWSD a True-Up for each Shared Service that GLWA provides. DWSD has provided GLWA two True-Ups.

Table 3 – FY 2018 GLWA as a Service Provider lists the status of each Shared Service based upon GLWA’s staff analysis. True-Ups are provided to DWSD as they are completed.

The update in **Table 3** represents the progress that GLWA as made on the True-Ups related to GLWA-provided services. DWSD and GLWA Shared Service Teams will continue to meet and work on a timeline for the completion of the FY 2018 True-Up. Meetings are held regularly to discuss the status of the completion and resolution of the True-Ups.

Table 4 – FY 2018 DWSD as a Service Provider lists the status of each Shared Service based upon information GLWA has received from DWSD.

Table 3 – FY 2018 GLWA as a Service Provider

GLWA Provider Shared Service Description	GLWA progress (1-3)	DWSD progress (4-7)	Date sent to DWSD OR expected date to be sent to DWSD
OPS-004 Water Quality	3	9	8/9/2019
OPS-005 Security	3	7	8/5/2019
OPS-005 Security Training	3	7	8/5/2019
OPS-008 Systems Control Center	3	8	11/15/2019
ITS-001 Retail AMR	3	9	10/29/2019
ITS-002 Customer Service Tech Suite	3	9	10/29/2019
ITS-003 See Click Fix	3	9	10/29/2019
ITS-004 WAM	3	6	10/29/2019
ITS-005 Mobile Work Force	3	9	11/6/2019
ITS-006 ESRI-GIS	3	9	10/29/2019
ITS-007 DADS	3	9	10/29/2019
ITS-008 TIBCO	3	9	10/29/2019
ITS-009 IT Infrastructure	3	6	11/6/2019
LS-001-A Joint Litigation and Defense, LS-001-B Environment, LS-002 Environment, LS-003 Contract Drafting	3	9	8/9/2019

Other items to bill not a defined shared service code			
DWSD-R Staff Training by GLWA	3	9	11/6/2019
Bank Fees	3	9	8/9/2019
Public Finance	3	9	11/4/2019

Table 4 – FY 2018 DWSD as Service Provider

DWSD/City of Detroit Provider Shared Service Description	DWSD progress (1-3)	GLWA Progress (4-7)	Date sent to GLWA OR expected date to be sent to GLWA
OPS-001 Fleet	3	8	9/24/2020
OPS-002 Miss Dig	3a		TBD
OPS-003 As Needed Field Services	3a		TBD
OPS-006 Facilities	1		TBD
DoIT-001 Financial Information Services	N/A	N/A	
DoIT-002 Radios	N/A	N/A	
DoIT-003 Customer Service Technology Suite	3a		TBD
Other items to bill not a defined shared service code			
Fuel	3a		TBD
WAM Invoices	3	8	10/30/2020

Provider status:	
True up calculation not completed by Shared Services team.	1
True up calculation completed by Shared Services team; under review by Executive Leadership team.	2
True up calculation provided to subscriber.	3
Low value - Methodology to be agreed upon to determine costs.	3a
Subscriber status:	
True up not yet reviewed by Shared Services team.	4
True up being reviewed by Shared Services Team.	5
True up reviewed by Shared Services team; questions sent to provider.	6
True up needs to be escalated due to differing opinions.	7
True up review completed by Shared Services team; under review by Executive Leadership team.	8
True up completed and amount agreed upon or agreed upon difference.	9
Shared Service not active at this time.	N/A

Fiscal Year 2019 and Beyond Update

The FY 2019 True-Up process is almost complete for the GLWA Shared Services team. GLWA has prepared and provided DWSD a True-Up for each Shared Service that GLWA provides. Although the True-Ups are provided as they are completed GLWA recognizes that the FY 2018 negotiations may impact the FY 2019 True-Ups. If this does happen, GLWA will make the appropriate changes to the FY 2019 True-Ups. DWSD has not provided any True-Ups for FY 2019 to date.

Table 5 – FY 2019 GLWA as a Service Provider lists the status of each Shared Service based upon GLWA’s staff analysis. True-Ups are provided to DWSD as they are completed.

The update in **Table 5** represents the progress that GLWA as made on the True-Ups related to GLWA-provided services. DWSD and GLWA Shared Service Teams will continue to meet and work on a timeline for the completion of the FY 2019 True-Up. Meetings are held regularly to discuss the status of the completion and resolution of the True-Ups.

Table 6 – FY 2018 DWSD as a Service Provider lists the status of each Shared Service based upon information GLWA has received from DWSD.

Table 5 – FY 2019 GLWA as Service Provider

GLWA Provider Shared Service Description	GLWA progress (1-3)	DWSD progress (4-9)	Date sent to DWSD OR expected date to be sent to DWSD
OPS-004 Water Quality	3	4	8/9/2019
OPS-005 Security	3	4	8/5/2019
OPS-005 Security Training	3	4	8/5/2019
OPS-008 Systems Control Center	2		11/15/2020
ITS-001 Retail AMR	3	4	10/29/2019
ITS-002 Customer Service Tech Suite	3	4	10/29/2019
ITS-003 See Click Fix	3	4	10/29/2019
ITS-004 WAM	3	4	10/29/2019
ITS-005 Mobile Work Force	3	4	11/6/2019
ITS-006 ESRI-GIS	3	4	10/29/2019
ITS-007 DADS	3	4	10/29/2019
ITS-008 TIBCO	3	4	10/29/2019
ITS-009 IT Infrastructure	2		11/15/2020
LS-001-A Joint Litigation and Defense, LS-001-B Environment, LS-002 Environment, LS-003 Contract Drafting	N/A		

Other items to bill not a defined shared service code			
DWSD-R Staff Training by GLWA	3	4	11/6/2019
Bank Fees	3	9	8/9/2019
Public Finance	3	4	11/4/2019

Table 6 – FY 2019 DWSD as Service Provider

DWSD/City of Detroit Provider Shared Service Description	DWSD progress (1-3)	GLWA Progress (4-7)	Date sent to DWSD OR expected date to be sent to DWSD
OPS-001 Fleet	1		1/15/2021
OPS-002 Miss Dig	3a		TBD
OPS-003 As Needed Field Services	3a		TBD
OPS-006 Facilities	1		1/15/2021
DoIT-001 Financial Information Services	N/A	N/A	
DoIT-002 Radios	N/A	N/A	
DoIT-003 Customer Service Technology Suite	3a		TBD
Other items to bill not a defined shared service			
Fuel	1		11/6/2020
WAM Invoices	1		10/30/2020

Table 7 – Shared Services Terminations and Updated Scope of Service lists the scope of each Shared Service based upon GLWA's analysis. There have been five Shared Services terminated and another five for which GLWA awaiting termination notices.

Table 7 – Shared Service Terminations and Updated Scope of Service

Shared Service	Description	Provider	Scope of Service
ITS-004	WAM	GLWA	**Termination TBD
ITS-005	Mobile Workforce Management	GLWA	**Termination TBD
ITS-007	DADS	GLWA	**Termination TBD
ITS-008	Tibco	GLWA	**Termination TBD
ITS-009	Infrastructure	GLWA	**Partial 3/1/19; Final TBD
OPS-005	Security and Integrity	GLWA	*Badging and Fusion Center
OPS-002	MISS DIG	DWSD	To terminate on 6/30/2021
OPS-003	As Needed Field Service	DWSD	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
ITS-002	Customer Service Tech Suite	GLWA	Terminated on 10/1/18
ITS-001	Retail AMR	GLWA	Terminated on 6/30/19
ITS-003	See Click Fix	GLWA	Terminated on 12/31/18
ITS-006	ESRI-GIS	GLWA	Terminated on 6/30/19
OPS-004	Water Quality	GLWA	Terminated on 6/30/19
OPS-001	Fleet	DWSD	Terminated on 6/30/2020
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.

Proposed Action: Receive and file this report.