



Nicolette N. Bateson, CPA
Chief Financial Officer/Treasurer
735 Randolph Street, Suite 1608
Detroit, Michigan 48226
Phone: 313-964-9201

Memorandum

Date: November 20, 2020

To: Audit Committee

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

RE: Monthly CFO Report

Follow-up from October 23, 2020 Audit Committee

Attached is a memo from Jon Wheatley, Public Finance Manager, related to the Water Residential Assistance Program, account delinquencies on the City of Dearborn's accounts receivable, and the evolution of the FY 2021 budget for debt service.

Charges Rollout Season is Underway!

Yesterday, On November 19, 2020, **Charges Rollout #2 – Units of Service** has held. The Key Takeaways from are presented below. Bart Foster, The Foster Group, will attend the Audit Committee to comment on matters that may be of particular interest to Board members.

Water System – Presentation by Bart Foster, The Foster Group, and Jon Wheatley, Public Finance Manager

- FY 2020 wholesale master metered water sales volumes were materially **higher** than FY 2019 due to increased use in “peak” months;
- Total FY 2022 projected master metered sales volumes are ~ 0.3% **higher** than the projected FY 2021 figures;
- All else being equal, this will create a **positive** budgeted revenue variance of ~ 0.2% (~ \$675,000) for FY 2022
 - ✓ *Commodity sales account for 40% of budgeted revenue*
- Contract Alignment Process (“CAP”) effective in FY 2020 does not create any modified “demand related” allocation of costs of service to most Member Partners
 - ✓ *5 Member Partners have negotiated new demands via out of sequence reopeners and/or to reflect contract exceedances in 2020*

Sewer System - Presentation by Bart Foster, The Foster Group, and Suzanne Coffey, Chief Planning Officer

- GLWA has worked collaboratively with Member Partners to propose a new SHAREs methodology to become effective with the FY 2022 Wholesale Sewer Charges
 - The new methodology embraces fundamental principles of stability and simplicity while not losing sight of cost causation
 - Impacts of proposed FY 2022 SHAREs on Member Partners are materially narrow
- ✓ *Impacts largely related to changes in flow contributions from various Member Partners*

On November 10, 2020, **Charges Rollout #1 – Capital Improvement Plan** was held. The presentation had over 100 slides with many pictures and graphics that were insightful for better understanding the capital needs of the system. As noted in the graphic below from that presentation, the GLWA team presented a plan with a 0% increase over the plan.

