



Legislation Details (With Text)

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Title: Resolution Regarding Approval of FY 2019 Schedule of Water Service Charges

Sponsors: Nicolette Bateson

Indexes: Finance

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Attachments: 1. Approved GLWA FY 2019 Water and Sewer Charges

Date	Ver.	Action By	Action	Result
6/20/2018	1	Board of Directors	Approved	Pass

Resolution Regarding Approval of FY 2019 Schedule of Water Service Charges

Agenda of: June 20, 2018
Item No.: **2018-791**
Amount: N/A

TO: The Honorable
Board of Directors
Great Lakes Water Authority

FROM: Sue F. McCormick
Chief Executive Officer
Great Lakes Water Authority

DATE: June 20, 2018

RE: Resolution Regarding Approval of FY 2019 Schedule of Water Service Charges

MOTION

Upon recommendation of Nicolette Bateson, Chief Financial Officer/Treasurer, the Board of Directors (Board) of the Great Lakes Water Authority, **approves the following actions, which require a supermajority affirmative vote of at least five (5) members of the Board, and the attached Resolution 2018-791 with an effective date of July 1, 2018:**

- 1) **FY 2019 wholesale water service schedule of charges;**
- 2) **FY 2019 wholesale sewer service schedule of charges;**
- 3) **FY 2019 City of Detroit allocated wholesale water revenue requirement of \$20,181,400,**

which is the net of \$40,881,400 gross revenue requirement less the Ownership Equity Credit of \$20,700,000 pursuant to the terms of the Water and Sewer Services Agreement (WSSA);

- 4) FY 2019 City of Detroit allocated wholesale sewer revenue requirement of \$181,159,300, which is the net of \$186,675,300 gross revenue requirement less the Ownership Equity Credit of \$5,516,000 in accordance with the WSSA.
- 5) FY 2019 City of Detroit allocated indirect water revenue requirement of \$41,561,400, in accordance with the Regional Water Supply System Lease;
- 6) FY 2019 City of Detroit allocated indirect sewer revenue requirement of \$31,419,800, in accordance with the Regional Water Supply System Lease; and
- 7) authorizes the Chief Executive Officer to take such other action as may be necessary to accomplish the intent of this vote.

BACKGROUND

Pursuant to the water system and sewer system leases signed between the Great Lakes Water Authority (GLWA/Authority) and the City of Detroit, the GLWA began operations of the regional water supply and sewage disposal system on January 1, 2016. Consistent with the terms of those leases, the Authority shall, for each fiscal year fix and approve rates and charges to its customers in an amount that is expected to produce revenues sufficient to satisfy the Authority revenue requirement. The attached, proposed schedule of charges meets that requirement.

Leading up to this charge recommendation, staff presented an analysis of proposed water and sewer system charges on January 24, 2018. The proposed FY 2019 and 2020 Biennial Budget and five-year financial plan for FY 2019 to 2023 were presented to the Board at its meeting on February 14, 2018. A Public Hearing was opened for the FY 2019 Water Service Charges and Sewer Service Charges on February 28, 2018. An update of the proposed FY 2019 Budget and financial plan was presented at the May 9, 2018 Board meeting.

JUSTIFICATION

Great Lakes Water Authority (“GLWA”) management and its consultant, The Foster Group, developed a Schedule of Water Service Charges and Sewer Service Charges for FY 2019 including the City of Detroit Revenue Requirement for the water and sewer systems. These charges support the proposed FY 2019 water system revenue requirements budget and the proposed FY 2019 sewer system revenue requirements, respectively. The FY 2019 water and sewer revenue requirements reflect GLWA’s commitment to not only work within, but perform beyond, the four percent revenue requirement budget limitation outlined in the September 9, 2014 Memorandum of Understanding that resulted in the establishment of the Great Lakes Water Authority. The proposed wholesale customer charges and revenue requirements for the City of Detroit are the result of significant customer engagement in the charge setting process to evaluate the appropriate allocation of revenue requirements.

BUDGET IMPACT

The recommended FY 2019 Schedule of Water Service Charges and Sewer Service Charges as presented produces the necessary revenues to fund the FY 2019 Water System and Sewer System Budget.

COMMITTEE REVIEW

The Audit Committee has reviewed the FY 2019 financial plan, including charge setting matters, at its meetings on January 19, 2018, February 9, 2018, and March 16, 2018.

SHARED SERVICES IMPACT

This item does not impact the Shared Services Agreement between the GLWA and the City of Detroit.

Great Lakes Water Authority **Resolution 2018-791** **RE: Approval of FY 2019 Schedule of Water Service Charges**

By Board Member: Craig Hupy

Whereas The Great Lakes Water Authority (“GLWA”) management and its consultant, The Foster Group, have developed the attached Schedule of Water Service Charges and Sewer Service Charges for FY 2019, including the direct and indirect City of Detroit Revenue Requirements for the water and sewer systems, to support the FY 2019 water system and sewer system revenue requirements budget with an effective date of July 1, 2018; and

Whereas The FY 2019 water and sewer revenue requirements reflect GLWA’s commitment to work within the four percent limitation outlined in the Memorandum of Understanding; and

Whereas A Public Hearing was held for the Water Service Charges and Sewer Service Charges proposed by the GLWA for FY 2019 on February 28, 2018 at 2:00 p.m.; and

NOW THEREFORE BE IT:

RESOLVED The Great Lakes Water Authority Board approves the proposed:

- 1) FY 2019 wholesale water service schedule of charges;
- 2) FY 2019 wholesale sewer service schedule of charges;

- 3) FY 2019 City of Detroit allocated wholesale water revenue requirement of \$20,181,400, which is the net of \$40,881,400 gross revenue requirement less the Ownership Equity Credit of \$20,700,000 pursuant to the terms of the Water and Sewer Services Agreement (WSSA);
- 4) FY 2019 City of Detroit allocated wholesale sewer revenue requirement of \$181,159,300, which is the net of \$186,675,300 gross revenue requirement less the Ownership Equity Credit of \$5,516,000 in accordance with the WSSA.
- 5) FY 2019 City of Detroit allocated indirect water revenue requirement of \$41,561,400, in accordance with the Regional Water Supply System Lease;
- 6) FY 2019 City of Detroit allocated indirect sewer revenue requirement of \$31,419,800, in accordance with the Regional Water Supply System Lease; and be it finally

RESOLVED That the Chairperson, the Chief Executive Officer, and the Chief Financial Officer/Treasurer are authorized to take such other action as may be necessary to accomplish the intent of this action.