



Legislation Details (With Text)

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Sponsors: Nicolette Bateson
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Approval to Implement FY 2020 Lead & Copper Rule Sample Testing Fee for Member Partners

Agenda of: August 26, 2020
Item No.: **2020-201**

TO: The Honorable
Board of Directors
Great Lakes Water Authority

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

DATE: August 26, 2020

RE: Adoption of FY 2020 and FY 2021 Lead & Copper Rule Sample Testing Fee for Member Partners

MOTION

Upon recommendation of Nicolette Bateson, Chief Financial Officer/Treasurer, the Board of Directors (Board) of the Great Lakes Water Authority (GLWA), **approves the FY 2020 and FY 2021 Lead & Copper Rule Sample Testing Fee of \$61.88 per sample for Member Partners** and authorizes the CEO to take such other action as may be necessary to accomplish the intent of this vote.

BACKGROUND

The U.S. Environmental Protection Agency (EPA) now requires increased Lead and Copper Rule testing. This change significantly increased the volume of testing required by the Great Lakes Water Authority (GLWA) and its member partners, starting with the testing cycle beginning June 2019. Based on input from the GLWA Water Quality Work Group, GLWA's Water Quality Lab began offering Lead and Copper Rule water sample testing as an optional service to assist member partners. GLWA seeks reimbursement of Water Quality Lab direct costs incurred for this service. The GLWA Legal team has determined the GLWA Board of Directors is required to adopt this water sample testing fee for use; however, since this is an optional fee for service, a simple majority approval is required.

JUSTIFICATION

The LCR sample testing process and related fee concept was originally discussed with member partners at a February 27, 2018 Water Quality Work Group meeting. The preliminary fee shared at that time was \$59.17. That fee was based on the calculation used to determine the amount for LCR water sample testing charged to the Detroit of Water and Sewerage Department (DWSD) as part of the Water Quality shared service (OPS-004) for FY 2017.

Since that time, the Shared Services and Water Quality teams have finalized Shared Services charges for FY 2017 through FY 2019 utilizing that same basis of calculation. The calculated rate increased 2% for FY 2018 to \$60.51 and increased 2% again in FY 2019 to \$61.88.

For sampling completed in fiscal year 2020, GLWA staff proposes a per sample fee of \$61.88 basing the fee on the most current annual cost data available (that is, fiscal year 2019) and the calculation established by the Shared Services team to support the OPS-004 agreement.

This fee includes GLWA actual costs for sample preservation, preparation, analyses, administration, coordination, and reporting to the State of Michigan. This sample testing fee is based on actual costs incurred during the year. In FY 2020, sixty member partners participated in the sample testing process and 2,828 samples were tested. With the proposed fee of \$61.88 GLWA would recover the direct costs of \$175,000.

Sample testing invoices for services provided in FY 2020 will be processed and sent to member partners following approval of this fee. Moving forward, this fee will be presented Board of Directors for review annually with the schedule of charges. The lead and copper rule sample testing fee will be adjusted annually in an amount equal to the change in the GLWA Water Quality Lab budget with a detailed fee analysis conducted by the Financial Services Area (FSA) and the Water Quality Lab every five years.

For FY 2021, the Water Quality Lab budget changed by less than one half of one percent (0.34%). As a result, FSA proposes no increase in the LCR water sample testing fee for FY 2021.

BUDGET IMPACT

Implementation of this process will result in a positive budget variance for the water system as a result of the direct cost recovery as noted above. If the level of activity for the current year (FY 2021) is consistent with the prior year (FY 2020), that amount is \$175,000. This activity will be reviewed as part of the quarterly budget amendments.

COMMITTEE REVIEW

This matter was reviewed by the Audit Committee at its meeting on August 21, 2020. The Audit Committee unanimously recommended that the GLWA Board approve the water sample testing fee for this optional member partner service as presented.

SHARED SERVICES IMPACT

This item does not impact the shared services agreement between GLWA and DWSD.