

Legislation Text

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Public Hearing for the Proposed FY 2019 Water and Sewer Service Charges

Agenda of: February 28, 2018
Item No.: **2018-627**
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: February 28, 2018

RE: Public Hearing for the Proposed FY 2019 Water and Sewer Service Charges

MOTION

Upon recommendation of Nicolette Bateson, Chief Financial Officer/Treasurer, The Board of Directors (Board) of the Great Lakes Water Authority (GLWA), **conducts the Public Hearing for the Proposed FY 2019 Water and Sewer Service Charges and holds the Public hearing open until such time as the matter is brought forward to the Board for proposed approval;** and authorizes the CEO to take such other action as may be necessary to accomplish the intent of this vote.

BACKGROUND

During its January 24, 2018 meeting, the Great Lakes Water Authority (GLWA) Board of Directors (Board) was presented the proposed FY 2019 through FY 2023 five-year financial plan and the proposed schedule of charges for the water and sewer systems. That presentation was the basis for the proposed water and sewer service charges shared with the customer members at the January 25, 2018 Charges Roll-out Meeting at Lathrup Village. Furthermore, those proposed charges were also mailed to the customer members on January 26, 2018 with a Notice of Public Hearing scheduled for February 28, 2018 at 2:00 p.m. The charges proposed on January 24, 2018 are the same being presented today.

Proposed FY 2019 Water Charges: The proposed FY 2019 water service charges reflect a 2 percent increase in the Revenue Requirement Budget as compared to the FY 2018 Budget. The proposed service charges also reflect the findings from the Black & Veatch Units of Service Study (UoS) which was conducted for the non-master metered customers. The effect of the UoS resulted in a reallocation of units of service among all GLWA water members. The GLWA is considering two approaches to implement the results of the UoS. As a result, the customer members were presented two alternative charge sheets for water service charges for FY 2019. The difference between the two alternatives is a one-year versus a two-year phase-in implementation of the UoS findings. The final implementation of the

UoS will be determined by the GLWA Board as part of the charges approval process. Changes in water service charges among customer members vary based upon their unique revenue requirements.

Proposed FY 2019 Sewer Charges: The proposed FY 2019 sewer service charges also reflect a 2 percent increase in the Revenue Requirement Budget as compared to the FY 2018 Budget. The proposed service charges also reflect the second-year phase-in of the Sewer Shares update that was implemented with the FY 2018 sewer service charges as approved by the Board. Changes in sewer service charges among customer members may vary in order to meet their unique revenue requirements.

JUSTIFICATION

The Great Lakes Water Authority ("GLWA") management and its consultant, The Foster Group, have developed a Schedule of Water and Sewer Service Charges for FY 2019 which supports the respective FY 2019 water system and sewer system revenue requirements. That schedule is attached.

Also attached is the public notice which was published in The Detroit Legal News on Friday, January 26, 2018.

BUDGET IMPACT

The proposed FY 2019 Schedule of Water and Sewer Service Charges as presented produces the necessary revenues to fund the proposed FY 2019 Water Budget and Sewer Budget, respectively, based on the projections made in the FY 2019 Water and Sewer Cost of Service Studies prepared by The Foster Group.

COMMITTEE REVIEW

This matter was reviewed by the Audit Committee at its meeting on January 19, 2018.