



Legislation Text

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Public Hearing for the Proposed FY 2019 & FY 2020 Biennial Budget

Agenda of: February 28, 2018
Item No.: **2018-628**
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 & FY 2020 Biennial Budget**

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 & FY 2020 Budget 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 10, 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 including the FY 2019 and FY 2020 Biennial Budget. Subsequently, the proposed schedule of customer charges and related analysis was presented the Board on January 24, 2018. On February 14, 2018, a revised Capital Improvement Plan (CIP) and related financial plan was presented to the Board. Similar presentations with a question and answer session were conducted in January and February with our member customers via the outreach program. Those sessions were well attended.

JUSTIFICATION

This public hearing is scheduled at a date that meets customer contractual commitments for a July 1, 2018 effective date (Financial Plan calendar with sources 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 & FY 2020 Biennial Budget is designed to meet revenue requirements in such a manner to provide for the operations and maintenance, debt service, and adequate contribution to the Improvement & Extension fund which also demonstrates a commitment to managing the system's financial obligations with sufficient debt service coverage.

Given a set of dynamic issues, it was recommended at the February 14, 2018 Board of Directors Meeting that adoption of the FY 2019 and FY 2020 Biennial Budget be held until the following items are further resolved.

1. Charges
 - a) Water System: Units of Service Phasing
 - b) Sewer System: New Concept - Customer Specific Cost Pools Carryover/Chargeback Program
2. Budget
 - a) Revenue requirement adjustment - overall presently proposed at 2%
 - b) Combined Sewer Overflow costs under review with largest shareholder in that cost pool
 - c) Memorandum of Understanding (MOU) to clarify and/or resolve lease implementation matters

COMMITTEE REVIEW

This initial budget was reviewed by the Audit Committee at its meeting on January 5, 2018, January 19, 2018, and February 9, 2018. Most recently, at the Audit Committee meeting on February 23, 2018, a briefing of the MOU was presented. While progress has been made, a draft MOU will not be ready until a later date in March 2018. The consensus was that it was prudent to pause the budget approval process until the next MOU update is received in March 2018.