



Legislation Text

File #: 2023-157, Version: 1

Resolution for the Detroit, Dearborn, and Highland Park Transmission Main Water Metering Project - FY2024 Drinking Water State Revolving Fund (DWSRF) Project Plan (CIP 170905 Detroit, Dearborn, and Highland Park Transmission Main Water Metering)

Agenda of: May 24, 2023

Item No.: **2023-157**

Amount: N/A

TO: The Honorable
Board of Directors
Great Lakes Water Authority

FROM: Suzanne R. Coffey, P.E.
Chief Executive Officer
Great Lakes Water Authority

DATE: May 24, 2023

RE: **Resolution for the Detroit, Dearborn, and Highland Park Transmission Main Water Metering Project - FY2024 Drinking Water State Revolving Fund (DWSRF) Project Plan (CIP 170905 Detroit, Dearborn, and Highland Park Transmission Main Water Metering)**

MOTION

Upon recommendation of Nicolette N. Bateson, Chief Financial Officer/Treasurer, the Board of Directors (Board) of the Great Lakes Water Authority (GLWA), **approves the attached Resolution to Adopt the Detroit, Dearborn, and Highland Park Transmission Water Metering Project FY 2024 Drinking Water State Revolving Fund (DWSRF) Project Plan (CIP 170905 Detroit, Dearborn, and Highland Park Transmission Main Water Metering);** and authorizes the CEO to take such action as may be necessary to accomplish the intent of this vote.

BACKGROUND

The Great Lakes Water Authority (the “GLWA”) has identified one water supply system project for submittal to the Michigan Department of Environment, Great Lakes, and Energy (EGLE) FY 2024 SRF financing program. The deadline for submitting all DWSRF project plans to EGLE is June 1, 2023. Prior to submitting the project plan, GLWA must hold a public hearing to present the project plan, which is scheduled for May 24, 2023, at 2:00 pm.

The FY 2024 DWSRF project plan and public hearing notice for the Detroit, Dearborn, and Highland Park Transmission Water Metering project will be posted on the [GLWA website](https://www.glwater.org/) [<https://www.glwater.org/>](https://www.glwater.org/). A summary of the project plan will be presented at the public hearing. After the public hearing is closed, a resolution for the project will be scheduled for action by the GLWA Board of Directors at its regularly scheduled meeting also on May 24, 2023. The resolution must be approved and signed to ensure the finalized project plan are assembled, printed, and submitted to the EGLE by the deadline of June 1, 2023.

The Project:

Detroit, Dearborn, and Highland Park Transmission Main Water Metering Project - The Great Lakes Water Authority (GLWA) provides potable water to approximately 3.9 million Member Partners across 127 municipalities in Southeast Michigan. Each potable water Member Partner has a metered connection which is used to establish the units of service and cost allocation, except for the cities of Detroit, Dearborn, and Highland Park, which are non-master metered communities. This project provides a means of accurately metering these cities. Water master meters are used to identify non-revenue water (NRW), wholesale water demand, help optimize water systems operations, and improve water and energy use efficiency. The total cost of this project this project is currently estimated at \$46.5 million.

JUSTIFICATION

GLWA is seeking low interest loan assistance through the DWSRF program for this project. Although the EGLE interest rate for FY 2024 will not be determined until October 2023, the current year's interest rates are 1.875% for 20-year and 2.125% for 30-year loans. Potential dollar savings are significant when comparing to municipal bond interest rates in a market-based transaction. By way of example, the ten-year financial plan utilizes an estimated rate of 5.0% for future debt. Comparing to the plan, potential interest savings with a 20-year SRF loan would be \$18.4 million and savings on a 30-year loan would be \$27.4 million. Another advantage of SRF is that interest costs are only incurred on the amount drawn from the SRF loans as project expenditures are being incurred, resulting in additional debt service savings early in the term of the loan compared to market-based transactions. Also, use of SRF funding as junior lien does not impact GLWA debt reserve requirements.

BUDGET IMPACT

Debt service interest payments on these projects would begin in the fall of FY 2025 and will be included as part of the FY 2025 financial plan.

COMMITTEE REVIEW

This matter was presented to the GLWA Audit Committee at its April 28, 2023 meeting. The Audit Committee unanimously recommends that the Great Lakes Water Authority Board of Directors approve the attached Resolution for the Detroit, Dearborn, and Highland Park Transmission Main Water Metering Project - FY2024 Drinking Water State Revolving Fund (DWSRF) Project Plan (CIP 170905 Detroit, Dearborn, and Highland Park Transmission Main Water Metering) at its regularly scheduled meeting on May 24, 2023.

SHARED SERVICES IMPACT

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