

Great Lakes Water Authority

Resolution 2023-232

Resolution Adopting the Budget Amendments through the Fourth Quarter of FY 2023

By Board Member: Brian Baker

WHEREAS The Great Lakes Water Authority (“GLWA” or the “Authority”) assumed the operation of the regional water and sewer systems on January 1, 2016 (the “Effective Date”) pursuant to Water System and Sewer System Lease Agreements between the GLWA and the City of Detroit dated June 12, 2015; and

WHEREAS In accordance with the by-laws of the GLWA, further defined by its budget amendment policy, the Board shall amend the budget as needed based upon a quarterly report from the Chief Financial Officer; and

WHEREAS The GLWA Board adopted the FY 2023 budget on February 23, 2022, for the twelve-month fiscal year beginning July 1, 2022;

WHEREAS Following a review of the budget amendment report through the FY 2023 Fourth Quarter, the appropriations established with the adoption of the general operating budget for the water system and the sewer system are amended as shown in the table below;

General Operating Appropriation Category	Water System		Sewer System	
	Adopted	Amended	Adopted	Amended
Revenues				
Suburban Wholesale Customer Charges	\$ 333,219,000	\$ 335,113,300	\$ 280,824,000	275,407,200
Less: Bad Debt	(1,257,000)	No Change	(5,420,500)	(500,000)
Retail Service Charges	22,985,900	22,834,300	191,042,200	No Change
Industrial Waste Control Charges	-	-	8,420,000	No Change
Pollutant Surcharges	-	-	4,950,800	No Change
Investment Earnings	948,700	9,670,200	1,155,600	13,532,100
Other Revenues	175,000	995,000	400,000	2,355,000
Total Revenues	<u>\$ 356,071,600</u>	<u>\$ 367,355,800</u>	<u>\$ 481,372,100</u>	<u>\$ 495,207,300</u>
Revenue Requirements				
Operations & Maintenance Expense	\$ 144,847,700	156,747,700	\$ 184,052,600	\$ 204,122,500
General Retirement System Legacy Pension	6,048,000	No Change	10,824,000	No Change
Debt Service	150,337,100	150,055,300	205,638,100	212,509,100
General Retirement System Accelerated Pension	6,268,300	No Change	11,620,700	No Change
Extraordinary Repair & Replacement Deposit	-	200,000	-	No Change
Water Residential Assistance Program Contribution	1,770,500	No Change	2,394,200	No Change
Regional System Lease	22,500,000	No Change	27,500,000	No Change
DWSD Budget Shortfall Pending	-	No Change	-	No Change
Improvement & Extension Fund Transfer	24,300,000	23,766,000	39,342,500	26,236,800
Total Revenue Requirements	<u>\$ 356,071,600</u>	<u>\$ 367,355,800</u>	<u>\$ 481,372,100</u>	<u>\$ 495,207,300</u>

WHEREAS Following a review of the budget amendment report through the FY 2023 Fourth Quarter, the appropriations established with the adoption of the amounts necessary to pay the principal of and interest on all Regional bonds and to restore any reserves therefore established in the Master Bond Ordinance for the water system and the sewer system are amended as shown in the table below;

Debt Service Coverage Calculation				
Appropriation Category	Water System		Sewer System	
	Adopted	Amended	Adopted	Amended
Debt Service by Lien				
Senior Lien Bonds	135,939,700	133,773,100	149,780,900	153,194,800
Second Lien Bonds	47,200,100	50,117,200	36,738,500	39,847,100
SRF Junior Lien Bonds	10,061,800	8,874,400	51,084,400	51,354,800
Total Debt Service	<u>\$ 193,201,600</u>	<u>\$ 192,764,700</u>	<u>\$ 237,603,800</u>	<u>\$ 244,396,700</u>

WHEREAS Following a review of the budget amendment report through the FY 2023 Fourth Quarter, the appropriations established with the adoption of the improvement and extension fund budget for the water system and the sewer system are amended as shown in the table below;

Improvement & Extension Fund				
Appropriation Category	Water System		Sewer System	
	Adopted	Amended	Adopted	Amended
Revenues				
Transfers In from General Operating	\$ 24,300,000	\$ 23,766,000	\$ 39,342,500	\$ 26,236,800
Receipt of DWSD Shortfall Loan	-	-	-	-
Earnings on Investments	-	2,768,700	-	3,395,700
Net Use of Reserves	19,888,000	(37,732,200)	5,549,500	(19,268,900)
Total Revenues	<u>\$ 44,188,000</u>	<u>\$ (11,197,500)</u>	<u>\$ 44,892,000</u>	<u>\$ 10,363,600</u>
Expenditures				
Water/Sewer System Revenue Transfers Out	\$ -	\$ 2,768,700	\$ -	\$ 3,395,700
Capital Spending - Other	-	3,503,400	-	7,748,000
Capital Outlay	15,452,600	5,570,100	18,447,100	6,630,700
Revenue Financed Capital - Opoerating				
Transfer to Construction Fund	28,735,400	(23,039,700)	26,444,900	(7,410,800)
Total Expenditures	<u>\$ 44,188,000</u>	<u>\$ (11,197,500)</u>	<u>\$ 44,892,000</u>	<u>\$ 10,363,600</u>

WHEREAS Following a review of the budget amendment report through the FY 2023 Fourth Quarter, the appropriations established with the adoption of the construction fund budget for the water system and the sewer system are amended as shown in the table below;

Construction Fund Appropriation Category	Water System		Sewer System	
	Adopted	Amended	Adopted	Amended
Revenues				
Transfer from Improvement & Extension Fund	\$ 28,735,400	(23,039,700)	\$ 26,444,900	(7,410,800)
Bond Proceeds	-	225,000,000	-	225,000,000
Grant Revenues (SRF Loans)	54,992,000	95,000,000	18,720,000	20,000,000
Earnings on Investments	128,800	4,565,800	86,200	4,803,800
Contributed Capital	-	-	-	2,176,000
Other Revenue - Sale of Assets	-	185,300	-	1,140,700
Net (Use) Increase of Reserves	71,644,800	(93,749,400)	49,197,900	(139,489,400)
Total Revenues	<u>\$ 155,501,000</u>	<u>\$ 207,962,000</u>	<u>\$ 94,449,000</u>	<u>\$ 106,220,300</u>
Expenditures				
Project Expenditures	\$ 194,376,000	207,962,000	\$ 125,932,000	106,220,300
Capital Spend Rate Adjustment	\$ (38,875,000)	-	\$ (31,483,000)	-
Total Expenditures	<u>\$ 155,501,000</u>	<u>\$ 207,962,000</u>	<u>\$ 94,449,000</u>	<u>\$ 106,220,300</u>
Capital Spending Ratio	80.0%	107.0%	75.0%	86.2%

WHEREAS The GLWA Audit Committee reviewed the budget amendments at its meeting on June 26, 2023; and

WHEREAS An affirmative vote of 5 Board Members is necessary for the adoption of this Resolution,

NOW THEREFORE BE IT:

RESOLVED That the GLWA Board approves the FY 2023 Fourth Quarter Budget Amendments; and be it finally

RESOLVED That 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 resolution.