

## MEMORANDUM

<b>To:</b>	Matt Lane, Guy Belew, Cindy Cezat, Nicolette Bateson
<b>From:</b>	Jeff McGarvey, Jason Gray, Kevin Burnett, Michael Cronan
<b>Date:</b>	January 3, 2025
<b>Client:</b>	Great Lakes Water Authority
<b>Project:</b>	FY 2026 Cost of Service Analysis
<b>Subject:</b>	Status of FY2026 Cost-of-Service Analysis

As you know, GLWA engaged Willdan Financial Services (Willdan) to transition the Authority's cost-of-service study and charge-related work from The Foster Group to Willdan. The transition has been ongoing since September with the requirement of providing an updated cost-of-service study with rates and charges for the FY2026 budget year.

As an update to Willdan's progress, as of the date of this memorandum, the tasks, financial models, and data needed to deliver charge sheets to Member Partners by the January 9 Charges Rollout #3 meeting are on track.

Our project team, including several GLWA team members and our Willdan team of four consultants has been working consistently through the transition since September. Bart Foster, GLWA's previous consultant for this work, has been available as necessary for background information and institutional knowledge.

Our focus in this first year of charges has been to deliver the charges to GLWA's Member Partners as close to the form and format as possible to what they have seen historically. Over time, we will continue to enhance the modeling and reporting tools to best suit stakeholder needs.

To date, we have recreated the primary cost-of-service financial models which produce the charge sheets for each Member Partner and have programed into our models the existing cost functionalization and allocation assumptions, volume assumptions, share calculations, and all other relevant components of the charges. We have tested our model with historical FY2025 data and have successfully reconciled all historical charges within our model. Additionally, we have incorporated draft versions of the FY2026 budget into the model and all reporting and charge sheet functionality is working as designed for the FY2026 data that we have. Willdan has provided these preliminary models to GLWA staff for their review and comment.

While the timing for this transition has been ideal from the perspective that sewer SHARES are unchanged for FY2026 and there is no significant movement in water methodology, GLWA's concurrent transition to Workday has required a substantial effort. Transitioning to any new ERP requires that we remap all previous budget, allocation, and functionalization codes from the previous financial system (which our FY2025 test data came from) to the Workday data tables and reports to receive the FY2026 budget data in a form that our financial model can read. While a daunting effort under any circumstances, this has been a particularly crucial element for us as Willdan is also developing our tailored models for the first time. Thankfully, GLWA staff has provided a comprehensive "data crosswalk" and critical support to us as any issues arose.

**MEMORANDUM**

Status of FY 2026 Charge Sheets

January 3, 2025

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This has proven to be invaluable to our collective efforts. We are pleased to report that the data mapping transition is complete and reconciles back to historical data. We are now focused intently on the revised capital asset reporting, which is also new from Workday, and its full incorporation into the models.

As the Authority continues through the budget process, the cost-of-service team is working together daily to ensure being able to produce familiar and accurate charge sheets to your Member Partners as part of the Charges Rollout #3 meeting on schedule. The financial models have been tested, sample charge sheets produced, and our quality assurance/quality control process continues to review each round for completeness and accuracy.