



Financial Services Audit Committee Communication

Date: February 24, 2023
To: Great Lakes Water Authority Audit Committee
From: Matthew S. Lane, MPA, Charges Outreach and Modeling Manager
Re: Charges Outreach & Modeling Update

Background: The Charges Outreach & Modeling (CO&M) Team was established in Fiscal Year 2023 as part of the Financial Management & Planning Group to facilitate internal communication and external outreach with GLWA Member Partners as it relates to the charge methodology and charge-related financial matters. This team also serves as liaison between GLWA and third-party consultants in the development, maintenance and review of the annual water and sewer charges.

Analysis: This month we present an update on the initiatives CO&M has been focused on, including charges rollout, work group meetings, and ongoing outreach efforts.

1. FY 2023 Charge Modifications: As of this date, there have been no charge modifications. There were no exceedances identified resulting from the 2022 Max Day/Peak Hour calculations.
2. FY 2024 Charges Rollout Update: Great Lakes Water Authority cross-functional teams have **completed** the Fiscal Year 2024 Charges Rollout Schedule.
(Attendance data provided by GLWA Outreach)
 - a. Charges Rollout Meeting #1-CIP took place on Wednesday, October 19, 2022, at 1:00 p.m. via Zoom. Attendance included 47 individuals representing 32 Member Partners.
 - b. Charges Rollout #2 Units of Service took place on Wednesday, November 16, 2022 at 1:00 p.m. via Zoom. Attendance, excluding staff from GLWA, included 40 individuals representing 32 Member Partners. After presenting the proposed Unites of Service, Member Partners were invited to sign up for one-on-one discussions with CO&M. The team met virtually with six Member Partners.
 - c. Charges Rollout Meeting #3- Proposed FY 2024 Revenue Requirement and Charges: Thursday, January 12, 2023, at 9:00 a.m. via Zoom. Attendance, excluding staff from GLWA, included 101 individuals representing 64 Member Partners.
 - d. Charges Rollout One-on-Ones: Member Partners had the opportunity to have individual meetings, January 13, 2023, through January 18, 2023, to discuss charges in more detail. The Charges Outreach and Modeling Team met with 10 Member Partners to discuss their charges.
 - e. Charges Rollout Meeting #4- Feedback on Service Charges and Review of Proposed FY 2024 Revenue Requirement. Attendance, excluding staff from GLWA, included 50 individuals representing 37 Member Partners.

3. Contract Alignment Update: The Contract Alignment Process (CAP) has concluded. CAP is facilitated by a cross-functional negotiation team (CAP Team) led by the General Counsel's office. At the time of the drafting of this update, most member partner contracts have been settled, with exception of non-master metered member partners and a few who have not yet submitted official resolutions. The CAP Team has been working through the alignment process since March 2022. CO&M is represented on the CAP Team and supports CAP efforts in any capacity needed.
4. Professional Development/Outreach Activities: CO&M recently contributed a feature article to the Winter 2023 Edition of 'Water Works News', a publication distributed to water and sewer professionals across the state of Michigan by the Michigan Section of the American Water Works Association (AWWA). The team collaborated with GLWA Organization Development and Public Affairs on the article titled "*Water Workforce Resilience: Navigating a Silver Tsunami*" highlighting the efforts of both GLWA and the City of Grand Rapids to build a workforce of Water Warriors and help address the challenges of attracting and retaining talent in the water sector.
5. Additional CO&M updates include the following:
 - a. Worked as part of a cross-functional GLWA group that held one-on-one office hour sessions with thirteen Member Partners to discuss FY 2024 Proposed Charges in further detail between GLWA Charges Rollout meetings #3 and #4.
 - b. Completed the mailing of the FY 2024 water and wastewater charge sheets to each Member Partner by January 23, 2023 (actually completed January 20, 2023) with the assistance of other teams within the Financial Services Area in accordance with GLWA Wholesale Customer Model Water Contract Section 7.02, which states that, "[n]ot less than thirty calendar days prior to the hearing required by Act 279, the Board shall provide Customer with written notice of a proposed rate and the underlying data used to calculate the rate..."
 - c. Continued to support the Water Charges Methodology Review Subgroup and maintain a presence at both virtual and in-person meetings. The most recent meeting was held at the University of Michigan - Detroit Center.
 - d. Attended the service kick-off meeting with representatives from the City of Mount Clemens. Charges Outreach and Modeling will serve as the Financial Services Area representative on the cross-functional project team from GLWA assigned to assist the city as it pursues its transition to the GLWA regional system.
 - e. CO&M will begin regularly attending meetings of the Water Analytical Work Group, Wastewater Analytical Task Force and other Member Partner technical advisory committees, as needed.

Look Ahead:

1. Water Charges Work Group
 - a. This group is made up of Member Partners and staff from GLWA. It was established to review water charge methodology and to make recommendations regarding potential changes.

- i. There is also a Water Charges Methodology Review Subgroup (Subgroup) made up of interested volunteer Member Partners convened to work closely with GLWA on the technical analysis and provide input on charges scenarios. The Subgroup meets twice per month and reports its findings and updates to the Charges Work Group every other month. We received valuable feedback from Member Partners at-large during the Charges Rollout process that will help guide future discussions for this subgroup.
2. Other Member Partner Technical Advisory Committees
 - a. CO&M will begin regularly attending meetings of the Water Analytical Work Group, Wastewater Analytical Task Force and other Member Partner technical advisory committees, as-needed.
3. Water Charges Third-Party Rate Consultant
 - a. Interviews with benchmark utilities have wrapped up. Raftelis provided a benchmarking presentation to the subgroup at the in-person meeting on Friday, February 3, 2023 which was held at the University of Michigan- Detroit Center.
 - b. A follow-up discussion regarding the benchmark utilities was held at a virtual subcommittee meeting on Friday, February 17.
 - c. The next in-person meeting of the subgroup will be held on March 3, 2023 at the City of Sterling Heights Department of Public Works.
4. One Water Partnership Meetings
 - a. The most recent was November 29, 2022, at Schoolcraft College in Livonia. The next meeting is scheduled to take place in March 2023. GLWA Outreach will publish more information on time and location at a later date.

Proposed Action: Receive and file this report.