



Financial Services Audit Committee Communication

Date: February 9, 2024

To: Great Lakes Water Authority Audit Committee

From: Nicolette N. Bateson, CPA, Chief Financial Officer & Treasurer

Re: Update: Economic Outlook Task Force

Background: In July 2021, the administration for the Great Lakes Water Authority (GLWA) began conversations with vendors, analysts, supply chain experts, and others to better understand the potential impact of global and economic conditions on GLWA's capital and operating budgets. In September 2021, Public Sector Consultants was engaged to work with the GLWA Procurement team, the GLWA Capital Improvement Planning team, and other stakeholders to conduct an economic analysis and identify impacts on the annual capital improvement plan. This effort is known as the Economic Outlook Task Force (EOTF). An outcome of that effort is to identify and facilitate cost- and risk-control strategies with other large utilities in the region.

Much of the EOTF's work occurred during calendar year 2022. In November 2022, the EOTF's work resulted in a Phase I report presented to the GLWA Board of Directors. The forecast scenarios presented in that report informed the budget, capital planning, and long-term financial forecast that was under development as well as laid out some management strategies to protect the utility during this era of escalating costs.

The EOTF continues to convene regularly monitor and recommend refinements to management strategies resulting from market changes when applicable. Representatives of the EOTF have presented two updates since that time to the GLWA Audit Committee in March 2023 and June 2023 as well as an update to the GLWA Board of Directors in September 2023.

Analysis: The latest update is attached. Results focus on 2023 market and economic trends with an eye to upcoming trends for 2024. Representatives of Public Sector Consultants will attend the Audit Committee to review the report.

Proposed Action: Receive and file this report.