



Financial Services Audit Committee Communication

Date: April 28, 2023

To: Great Lakes Water Authority Audit Committee

From: Alicia Schwartz, Grants & Intergovernmental Relations Manager

Re: Shared Services Update

Background: The Great Lakes Water Authority (GLWA) and the Detroit Water and Sewerage Department (DWSD) are parties to a Shared Services Agreement (the Agreement) dated December 1, 2015. This agreement provides the framework for shared services for the efficient operation of both entities.

Invoices are prepared monthly. While the intent is for the monthly invoices to represent actual costs, the reality is that the timing of certain vendor invoices and accumulation of internal charges requires a “True-up” process. It is also the intent for the parties to transmit payment monthly utilizing estimates for service provided. Section 5.1 of the Agreement states, “Payments for services shall be payable monthly.”

Analysis: Following is a summary of the Shared Services that have outstanding issues or costs associated with them.

OPS-005 Security – Ongoing

- The Security Shared Service provided to DWSD by GLWA includes remote monitoring and perimeter security for all facilities in the system. The Security center is located at the Water Board Building and staffed 24 hours a day, 7 days a week. The Security team also manages all badge access for DWSD staff and facilities.
- DWSD has paid for services rendered in FY 2020 and FY 2021. GLWA and DWSD agree on FY 2022 OPS-005 final costs of service, resulting in a small overpayment based on estimated FY 2022 payments made to date. This overpayment will be resolved as part of ongoing discussions.

	FY 2020	FY 2021	FY 2022	Total
Final Cost of Service	200,326	194,297	160,354	554,977
Payments	(200,326)	(194,297)	(197,794)	(592,416)
Amount Due From DWSD	-	-	(37,440)	(37,440)

OPS-008 Systems Control Center – Ongoing

- The Systems Control Center Shared Service provided to DWSD by GLWA includes monitoring, operation and maintenance activities for the following facilities that serve the City of Detroit: Belle Isle Main Pump Station and Combined Sewer Overflow (CSO), Bluehill Pump Station, Fischer Pump Station, and Woodmere Pump Station.
- The GLWA Shared Services Team is preparing a proposal representing final cost of service to DWSD for FY 2020, FY 2021, and FY 2022. This will include an analysis of costs associated with the Systems Control Center in a more streamlined manner than provided in previous years.

	FY 2020	FY 2021	FY 2022	Total
Final Cost of Service	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 4,500,000
Payments	-	(712,682)	(751,561)	(1,464,243)
Amount Due From DWSD	\$ 1,500,000	\$ 787,318	\$ 748,439	\$ 3,035,757

ITS-009 IT Infrastructure – Ended June 30, 2021

- The IT Infrastructure Shared Service included services provided to DWSD from GLWA for datacenter usage and support, server usage and support, network usage and support, internet usage and support to disaster recovery services.
- DWSD is reviewing the final cost of service for FY 2020 previously provided by GLWA. The GLWA Shared Services team is currently working to finalize the FY 2021 final cost of service and anticipate this analysis will be complete by end of March 2023 to share with DWSD.

	FY 2021	Total
Final Cost of Service	\$ 2,400,000	\$ 2,400,000
Payments	(2,069,384)	(2,069,384)
Amount Due From DWSD	\$ 330,616	\$ 330,616

Public Finance – Ongoing

- The Public Finance Shared Service includes GLWA providing DWSD with State Revolving Fund (SRF) Revenue Bond issuance and SRF loan management support for DWSD State Revolving Fund projects. This Shared Service also includes revenue bond issuance costs for DWSD during periods in which these transactions occur.
- The GLWA Shared Services Team is preparing a final cost of service proposal for DWSD covering FY 2020, FY 2021, and FY 2022. This will include an analysis of costs associated with the Public Finance in a more streamlined manner than that provided in previous years.

	FY 2020	FY 2021	FY 2022	Total
Final Cost of Service	\$ 15,000	\$ 18,400	\$ 17,000	\$ 50,400
Payments	-	(16,550)	(17,666)	(34,216)
Amount Due From DWSD	\$ 15,000	\$ 1,850	\$ (666)	\$ 16,184

OPS-001 Fleet – Ended June 30, 2020

- The Fleet Shared Service provided by DWSD to GLWA was associated with the management and maintenance of all fleet and equipment for GLWA. This included passenger vehicles, dump trunks, combination loaders and vacuum trucks, and heavy equipment.
- The DWSD Shared Services Team is preparing a final cost of service proposal for GLWA covering FY 2019 and FY 2020. This will include an analysis of costs associated with the Fleet services in a more in a more streamlined manner than that provided in previous years.

	FY 2019	FY 2020	Total
Final Cost of Service	1,200,000	1,200,000	2,400,000
Payments	(750,000)	(750,000)	(1,500,000)
Amount Due To DWSD	450,000	450,000	900,000

OPS-006 Shared Facilities – Ongoing

- The Shared Facilities Shared Service provided by DWSD to GLWA is associated with building management, repair and maintenance, utilities, facilities improvements to shared spaces and contracted services. Contracted services include janitorial, grounds, rubbish removal, plumbing, fire suppression and elevator services.
- DWSD is preparing the final cost of service proposal for GLWA covering FY 2021. The DWSD Shared Services team will be working on preparing the final cost of service for FY 2022 in the upcoming months.

	FY 2021	FY 2022	Total
Final Cost of Service	\$ 2,500,000	\$ 2,600,000	\$ 5,100,000
Payments	(1,980,000)	(1,980,000)	(3,960,000)
Amount Due To DWSD	\$ 520,000	\$ 620,000	\$ 1,140,000

Proposed Action: Receive and file this report.