

**BOWC/GLWA RETREAT**  
**January 9, 2015**  
**Meeting Minutes**

1. **Call to Order**

Chairman Fausone called the meeting to order at 10:00 A.M.

2. **Quorum Call**

Commissioners: James Fausone, Mary Blackmon, Fred Barnes, Linda Forte,  
J. Bryan Williams, Conrad L. Mallett, Jr.

Board Members: Robert Daddow, Brian Baker, Gary Brown, Edward Hood,  
Joseph Nardone

Absent: Commissioner Bradley Kenoyer and Board Member Isaiah  
McKinnon

3. **Approval of Agenda**

MOTION BY: COMMISSIONER BLACKMON  
SUPPORT: COMMISSIONER WILLIAMS  
ACTION: APPROVED

4. **Public Comment**

None

5. **Old Business**

Welcome from BOWC Chair/Desired Outcomes

Jim Fausone

Agenda Review/Participant Introductions/Process

Charlie Fleetham

Commissioner Mallett arrived at 10:10 A.M.

Review of Major Scheduled Milestones in Out Years

Jim Fausone

June 2015	Water Master Plan Update
July 2015	Callable Opportunity (\$600M)
March 2016	USEPA AQ Requirements for Mini Incinerators
March 2016	3 trains of Biosolids Dryer complete (\$17M/yr savings)
June 2016	Union CBAs (4) expire
July 2016	Callable Opportunity (\$725M)
October 2016	Biosolids Dryer Completed (4 <sup>th</sup> train)
July 2017	Callable Opportunity (\$74M)
2017	Recalibration of sewer customer shares

June 2020 Repurpose 1 Water Plant (\$47M/yr savings)  
2024 NPDES Permits (10 yr path green infrastructure/CSO Investment)

March 2036 Biosolids 20 yr contract ends

Review of DWSD Orientation Plan for GLWA Board

Sue McCormick

Director McCormick stated the workshops are an opportunity for the GLWA Board to identify those topics of interest for understanding. Staff will also offer individual briefings to board members regarding budget, rate development, and organizational optimization. The DWSD executives can provide information on their divisions and their challenges.

Board Member Baker arrived at 10:15 A.M.

Chairman Daddow - financial conditions of the water and sewer funds  
Board member Nardone - Assets  
Board member Hood - Progress of the Veolia Report timeline  
Board member Baker - Financial conditions and Forecast

6. **Discussion Topics**

I. **Appointments**

Two carryover members - Mary Blackmon; and James Thrower-replaced by Conrad L. Mallett, Jr.  
Two lawyers - James Fausone and J. Bryan Williams  
One banker - Linda Forte  
One engineer - Fred Barnes  
One corporate business - Bradley Kenoyer

BOWC Committees: Legal; Finance; Operations, Regulatory Compliance and Procurement (ORCAP); and Human Resources (HR)

BOWC Staff: Technical Advisor

Chairman Daddow requested a copy of the Finance Dashboard List.

II. **General Board Lessons**

Barnes: Committee Concepts  
Operations  
Procurement  
Field Services  
Contracts

Blackmon: Committee Structure  
Research  
Analyze  
Make Recommendations

Fausone: Reorganizational Process  
Obligations  
Challenges

III. First Impressions

Weak Bench Strength  
Outside Rate Consultant  
Historical Boards - No Demand Needs  
Court Control  
Board Duty Changes  
City Hall Control of Key Components - HR, Finance, and IT  
Contracts  
Outreach - Customer Involvement

IV. Status of Workforce

Previous Employees: 2400  
Current Employees: 1400  
Decrease through attrition, retirement and layoffs

Blackmon:  
Cross-training  
employee advancement  
organizational change improved the job specifications

Chairman Daddow asked about the funding for training. Director McCormick replied there is minimal outside training with most external training for Chemist classifications. Primary training in on-the-job training

Previous Unions: 24  
Current Unions: 17  
Unions with CBA's 8 Collective Bargaining Agreements (CBA)  
Settled Unions 8 have economic reopeners

Chairman Daddow requested that copies of the CBA's be provided to the GLWA Labor Attorney for review.

V. Rate Structure

FY July 1  
Capital Improvement Program (CIP)  
Budget  
Rates  
Rate structure approach  
Fixed Cost vs. commodity

Commissioner Forte suggested that the board refine the way rate setting and revenue requirements are conveyed to constituents.

Commissioner Williams added that the board provide a clear understanding of revenue requirements and rates.

VI. Finances

City's Audit (Delay)  
Pension Expenses  
Capital Assets  
Bonding Process (City controlled)  
Bond Advisor (No contact)  
Bad Debt Issue

VII. Information Technology

IT Infrastructure  
Security System

VIII. Operations

Water Master Plan  
DEQ Permit Requirements  
Biosolids  
Energy Audit

IX. Contracting

Capital intense business  
Limited contractors-bonding and experience issues  
Limited success in contractor expansion

Breakout Session

**Group 1- Baker, Hood, Nardone**

Q1. Flint loss-how much?

A1. Director McCormick-Flint exit system in April 2014 with revenue of \$12/\$13M/yr Genesee remains on the system under a 50/55 split. Genesee plan to exit by 2016. Total lost between the two communities is about \$25/\$26M/yr.

Q2. What action has been taken to attract new customers?

A2. Several communities identified as potential market opportunities. Discussion is on-going. There are conversations among consulting firms who are water master planning with communities.

Q3. Do you believe the revenue requirement is achievable?

A3. Fausone: Yes, must make capital decisions

Forte: Yes, must distinguish between revenue requirements and rate setting; will require setting priorities with expenditures

Mallett: Yes, will require a discipline and organized approach

Williams: Yes, must have a requirement

Q4. How has the Department handled identifying critical path analysis?

A4. Director McCormick replied that the critical path analysis has been applied through the staffing reorganizational efforts, and also around the interface of the customer outreach scheduling, in conjunction with the Board, during budget and rate development and major projects.

Q5. The veolia report referenced that there were disconnects with employees.

A5. Director McCormick replied that employees were engaged in the organizational changes. There were labor management meetings for union communication, including employee road shows. The director's monthly milestone report is provided to the employee and is available to the customer and on the Department's website.

**Group 2 – Daddow and Brown**

1. Administrative and staff communication solutions
2. Provide Informational Material: agendas, minutes, and board packet
3. Concern with rate cost
4. Detail discussion of IT at a workshop

**Group 3 – Forte, Blackmon, Fausone**

1. Pursue proactive work relationship with GLWA and Detroit Water and Sewerage Department Retail (DWSDR)
2. Develop outreach mechanism to include DWSDR
3. Work with Public Affairs - content, process, procedures and communication
4. Develop strategy to interact with City of Detroit’s political leadership (council, mayor)

**Group 4 – Williams, Barnes, Mallett**

1. Importance of Committee Structure
2. Establish a Procurement Process

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**Great Lakes Water Authority Meeting  
January 9, 2015**

1. **Call to Order**

Chairman Daddow called the meeting to order at 12:45 P.M.

2. **Quorum Call**

Present: Chairman Robert Daddow, Secretary Gary Brown, and Board Members Brian Baker, Edward Hood, and Joseph Nardone

Absent: Board Member Isaiah McKinnon

3. **New Business**

The Board was provided several logos with which to select one on a temporary basis. Selection 2 was unanimous.

MOTION BY: JOSEPH NARDONE

To approve selection 2 as the interim logo for the GLWA

SUPPORT: GARY BROWN  
ACTION: APPROVED

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**Adjournment**

MOTION BY: BRIAN BAKER  
SUPPORT: JOSEPH NARDONE  
ACTION: APPROVED

There being no further business, the meeting adjourned at 12:48 P.M.

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7. **Closing - Major Take Away**

**Board Members**

Baker: The BOWC has been a great change agent and is appreciative of all the efforts.

Hood: Echoes the previous comment and appreciates the smooth transition. It's an eye-opener and a lot of careful and thorough attention given to the issues. He is thankful for the opportunity.

Nardone: Thanks the BOWC for sharing such tremendous talent and its cooperation.

Daddow: Thanks the BOWC for its efforts. Appreciate moving the authority in the right direction. He looks forward to working with the BOWC over the next six months and beyond.

Chairman Daddow asked whether there have been awards and articles written in technical magazines that highlight DWSD's good work. Director McCormick replied that the Department has done several conference presentations and have been recipient of many awards across the country.

Brown: Thankful for those administering this meeting. He appreciates all the help in moving the GLWA forward in order to provide a great level of service at a very reasonable cost.


**Commissioners**

Barnes: Offers any assistance or suggestions. He encourages the Board to maintain customer outreach.

- Williams: It has been an honor to work with the BOWC and the quality of people that work for the Department. There is a lot to keep moving forward.
- Mallett: It is an exciting time for the GLWA to re-make of the organization that has an excellent group of working people with a good sense of history.
- Forte: It has been a delight to serve with the DWSD team. Thanks GLWA for being willing and open. She is confident that it will make a difference.
- Blackmon: Grateful to the BOWC Chair for orchestrating this meeting. She appreciates the opportunity in having this relationship. The Department has and had outstanding employees that need to be recognized.
- McCormick: Hopes this is one of many exchanges. She wishes for the ability of the team to work together. She encourages the GLWA to consider assigning a liaison for each of the committees.
- Fausone: Knows that the GLWA has the qualifications and skills to take on this challenge. If you devote yourself to this you have the ability to see the desired changes for the utility. He wishes all the best of luck.

The retreat ended at 1:03 P.M.

Prepared by:

  
Marian King-Bell, Board Secretary  
DWSD Board of Water Commissioners

Approved by:

  
Gary Brown, Interim Secretary  
Great Lakes Water Authority Board of Directors