



**Office of the Chief Executive**

735 Randolph Street, Suite 1900  
Detroit, Michigan 48226

January 25, 2017

The Honorable  
Board of Directors  
Great Lakes Water Authority

Dear Chairman Daddow and Directors:

**Regarding: CEO's Report – January, 2017**

Today we are reviewing the status on the biennial budget development and preliminary proposed charges for FY18. I am pleased to report that both the Water and Sewer Funds contain revenue requirements well below the 4% promise contained in the GLWA founding agreements. For the Water fund, we are proposing NO increase in the revenue requirement. For the Sewer fund we are proposing a 2% increase in the revenue requirement. Controlling the revenue requirement well below the plan projection is further demonstration of the value the creation of the Authority brings together with the organizations ability to produce savings for the system. While there are other factors that impact how this translates to charges, the organization continues to demonstrate our ability to over deliver on the financial trajectory while accomplishing our financial and operational objectives.

The Great Lakes Water Authority water treatment facilities have a long history of providing some of the nation's best water. With specific operating practices that set targets for performance to overachieve the regulatory limits set by the State and Federal programs, GLWA water has been and continues to be of unquestionable quality.

On Wednesday, January 11, 2017, the GLWA Water Quality team began to receive customer complaints regarding taste and odor from several Downriver communities. Since the complaints were from Downriver communities, this pointed to the Southwest Water Treatment Plant as the facility where the taste and odor issue was originating. Though all water quality parameters for water leaving the plant were within normal operating ranges and well within regulatory standards, staff identified a basin cleaning operation as the source of higher than normal turbidity (concentration of fine particulate) at the start of the treatment process. At no time were there any health or safety concerns.

Throughout the entire taste and odor event, the GLWA Water Quality Team conducted not only standard bacteriological testing, but also additional testing for toxicity and volatile organic chemicals. In addition, GLWA sent customer samples to a third party laboratory for specialty testing related to taste and odor compounds. All GLWA test results confirm the water produced by GLWA met the EPA's Safe Drinking Water Act Regulatory standards.

GLWA has concluded that the SW Facility experienced a temporary spike in turbidity levels (water with a significant amount of particulates) in the water at the *beginning* of the treatment process associated with the normal cleaning of its settling basins. Once staff determined that the cleaning of the basins was the primary contributing factor to the taste and odor issues, the cleaning of the basins was immediately stopped (approximately noon on Thursday, January 12, 2017). However, some of the water treated during this timeframe left the plant and entered the distribution system with sulfurous tastes and odors. Plant staff then began feeding powdered activated carbon into the system to help mitigate the issue and begin to bring relief to our customer communities. Similarly, an in-system storage reservoir contained water treated during this time and it was taken off-line. This action resulted in a significant decrease in the number of complaints being received by GLWA. In order to assure complete mitigation of the issue, on Monday, January 16, 2017, GLWA began implementation of a systematic flushing plan to clear the remainder of the water treated during the cleaning of the settling basins from its system. Flushing of GLWA assets was achieved in two (2) days, concluding on January 18. The Authority has reached out to affected customer communities to offer assistance in flushing out their local systems where desired.

Approximately 938,000 people are served by the Southwest Water Treatment plant. As of Friday, January 20, 2017 we had received 119 complaints. Our customer communities received many more calls, with many of them seeking information due to social media comments. Though ultimately our analytical instruments could not measure the odor causing compounds, the experience our customer is not being called into question – it was real. It is well known and accepted that there is a small segment of the population that can detect taste and odor at levels well below the detection limits of analytical equipment.

Together with all of the expanded monitoring and testing, we have completed an extensive event analysis. That analysis, complete with all of our analytic test results is available to our customers on our webpage. In further demonstration of our commitment to transparency, we provided public notices of the reports of taste and odor throughout the event, we hosted a media roundtable and we met with our customer community leaders and their technical staff. In addition to our actions to prevent reoccurrence of an event such as this, we will work with our customer communities on improving sharing of information and consistent communication during such events in our shared responsibilities to our customers.

We exist in partnership with our customers to support healthy communities. We understand the importance of taste and odor which, even though not a health concern, can raise a question of quality. Given the experience of customers in Flint, any differential noted at the tap will raise concerns and we appreciate that. It is with our deepest regret this aesthetic event has caused even one customers to doubt our commitment or our ability to deliver water of exceptional quality to them every day.

No GLWA customer should find their water unpalatable. With the Great Lakes and tributaries as our source, all of our customers should expect that same great tasting water you have come to appreciate – every day.

## **PLANNING SERVICES**

### ***Asset Management and CIP Group***

The Asset Management and Capital Improvement Plan (CIP) Group, in conjunction with the Capital Management Group, are continuing to make modifications and improvements to the Draft FY 2018-2022 Capital Improvement Plan. Great feedback, suggestions and questions have been received by customers and stakeholders. Thank you very much for your effort in assisting us improve the document and process! In early

January, staff has formally documented the responses to 112 specific questions and comments that were received. A summary and the responses have been presented to the Asset Management and Capital Improvement Planning Work Group and the Capital Improvement Planning Committee of the Board. We are pleased to say that 96% of the suggestions have been or will be incorporated into the CIP. Modifications and improvements to the plan will continue over the next month as a result of several initiatives underway to ensure coordination of the CIP with the overall budget.

The Asset Management and Capital Improvement Plan Work Group's next scheduled meeting is February 28, 2017.

### ***Systems Planning Group***

There are two qualified firms that responded to the request for proposals for the Comprehensive Wastewater Master Plan project. Contract negotiations are targeted to begin in February and assuming successful negotiations, staff anticipates requesting Board approval of the contract in March or April. Again, as we get closer to finalizing the vendor and contract, future meetings of the Wastewater Master Plan Steering Committee will be scheduled.

### ***System Analytics and Meter Operations Group***

The proposals for "Units of Service for Non-Master Metered Customers and System Water Audit" contract have been evaluated. The vendor has been selected and the procurement group is in the final stages of awarding the contract. The work is expected to start this month. This contract includes four tasks: (1) Current and Future Units of Service for Non-Master Metered Customers (Detroit, Dearborn, and Highland Park); (2) Data Review; (3) Short-Term System Water Audit; and (4) Long-Term Water Audit. The Final Report is due in the summer of 2018. This contract will be managed by our System Analytics and Meter Operations team.

The West Side Sewer Monitoring and Modeling Program team has been performing field investigations to confirm the eastern boundary of the system. The field verification has confirmed the eastern boundary of the west side sewer system.

### **Overview of Responses**

<b>TYPE</b>	<b>Questions, Suggestions &amp; Comments</b>
<b>REPORT FORM:</b>	<b>53 (47%)</b>
<b>CIP PROCESS:</b>	<b>21 (19%)</b>
<b>ADDITION INFO:</b>	<b>21 (19%)</b>
<b>PROJECT SPECIFIC:</b>	<b>17 (15%)</b>
<b>TOTAL:</b>	<b>112</b>

## **PLANNING SERVICES** (continued)

The project team has a meeting scheduled January 26, 2017 to review data collected from the additional 74 monitoring devices installed. MDEQ is being provided regular updates. A project team meeting with MDEQ was scheduled January 23, 2017. The project is ongoing for the next two to three years.

System Analytics and Meter Operations kicked off an in-house project to integrate the Oracle Work Asset Management system with ServiceLink, the mobile Workforce Management system for Sewer Meter work order generation and processing. Our group has previously integrated the systems for tracking field work for wholesale water meter work orders. This will involve compiling Asset Specifications for the 46 customer and system sewer meters and developing work flows for routine, preventative and emergency maintenance work orders. Integrating the systems will allow field personnel to have the information necessary to resolve issues and customize the work flow depending on the meter type. Our completion target is May 1, 2017.

System Analytics met with the Customer Outreach team to plan the migration of the Outreach Portal from Project Innovations (consultant) to the Systems Analytics team. Modifications and improvements were considered, and the new Portal will be on a new platform. System Analytics is working with Information Technology to launch a server for testing and development. The new Outreach Portal will be launched in the spring.

Systems Analytics has been verifying water meters for the Great Lakes Water Authority (GLWA) facilities. These locations have been inspected and verified to assure that the locations and feeds are documented and the meters are working properly. Water use by GLWA is being evaluated by the team.

### ***Energy Management Group***

Energy Management has compiled energy consumption and corresponding billing data for our water and sewer facilities. This data will be used to establish a baseline which is an important step for not only Energy Management but for the entire organization. This will allow us to accurately forecast energy costs for annual budgets, determine the proper rate structure for each facility, develop, track and trend key performance indicators to improve operational performance, and understand the impact of future upgrades before implementation.

Energy Management has registered for the Water Utility Energy Challenge. It is a joint effort funded by the Great Lakes Protection Fund to reduce energy related pollution emissions in the Great Lakes Basin.

## **PLANNING SERVICES** (continued)

### ***Research and Innovation***

Members of the Research and Innovation team met with University of Michigan professors who are working in areas of interest to us. Two areas that were identified to immediately partner in are as follows:

- dynamic control of storm water, and
- detailed characterization of the aeration basins to optimize performance.

Outlines of proposals have been received, and the team is working on the Memorandum of understanding or other mechanisms to provide support to the graduate students performing the research.

Bill Creal, Director of Research and Innovation, attended the progress meeting on the ongoing UM Detroit River study regarding phosphorus loadings to Lake Erie. The study is making good progress and scheduled to be completed in 2018. They have concluded that the urban loadings on the US side are dominated by point sources, of which GLWA's is the biggest. But they acknowledge the loading decline evident since 2008, which is the baseline year for Lake Erie, also due mainly to reductions in the GLWA discharge. This project is funded by ERB Foundation, and dovetails very nicely with the two University of Michigan projects that are proposed for the next budget (aeration basin study and dynamic modeling of the wastewater infrastructure to better use existing facilities). Additional opportunities to expand our research partnership with Wayne State University to include wastewater research was also discussed at this meeting.

## **WASTEWATER OPERATIONS**

### ***Wastewater Operations and Compliance***

The Wastewater Treatment Plant was in compliance with all National Pollutant Discharge Elimination System and Michigan Department of Environmental Quality water quality permits in the month of December 2016.

### ***Wastewater Engineering***

#### ***Fire Remediation***

Remediation of the areas in Incinerator Complex II damaged by the March 2016 fire continues. The first incinerators are expected to be in operation by February 2017. Preliminary start-up burner and safety checks started on January 10, 2017, and staff is completing final incinerator equipment checks. Conveyor restoration continues, lighting restoration is underway, and wall panel rehabilitation is ongoing. The improved fire suppression system work is also ongoing.

## **WASTEWATER OPERATIONS** (continued)

### ***Biosolids Dryer Facility (BDF)***

The contractor has completed the design modifications for all four trains and completed the five-day demonstration test for trains 1, 2, and 3. Initial data shows that all three trains meet the throughput requirement. The five-day demonstration test for train 4 is ongoing. The contractor, New England Fertilizer Company (NEFCO) plans to complete performance testing of all trains by January 31, 2017. Pilot testing is complete for the ferric chloride addition to the sludge to reduce sulfur dioxide (SO<sub>2</sub>) air emissions. NEFCO plans to address all the SO<sub>2</sub> emission issues by March 2017. Discussions are ongoing for extending the Interim Operating Agreement (IOA).

### ***Rouge River Outfall Disinfection Project***

The isolation and dewatering of one of the main wastewater treatment plant discharge conduits continues. The dewatering effort includes producing sludge cake using portable belt filter presses.

The updated 60% cost estimate, scope of work description, schedule, value engineering report, change management log, risk register, and permitting plan remains under review. The contractor worked toward submittal of its guaranteed maximum price proposal on January 20, 2017.

### ***Industrial Waste Control (IWC)***

On December 23, 2016, the U.S. Environmental Protection Agency submitted a report for the April 2016 Laboratory Inspection. IWC is preparing the response which is due by February 6, 2017.

The Procurement Team is negotiating the final terms for the Pretreatment Information Management System and Laboratory Information Management System. The implementation of these systems in 2017 will provide flexibility and support staff's documentation efforts for these two highly regulated areas.

## **WATER OPERATIONS**

### ***Taste and Odor Issue that Impacted Several Downriver Communities***

On January 11, 2017, the GLWA Water Quality team began to receive customer complaints regarding taste and odor from several Downriver communities. Since the complaints were from Downriver communities and after investigative sampling, it was confirmed that the taste and odor issue was originating from the Southwest (SW) Water Treatment Plant. At no time were there any health or safety concerns. Throughout the entire taste and odor situation, the GLWA Water Quality Team has been conducting not only standard bacteriological testing, but also additional testing for toxicity and volatile organic chemicals. All test results have met the EPA's Safe Drinking Water Act Regulatory standards. GLWA has concluded that the SW Facility experienced a temporary spike in turbidity levels (water with a significant amount of particulates) in the water at the beginning of the treatment process associated with the normal cleaning of its settling basins.

## **WATER OPERATIONS** (continued)

Once staff determined that the cleaning of the basins was the primary contributing factor to the taste and odor issues, the cleaning of the basins was immediately stopped (approximately noon on Thursday, January 12, 2017). However, some of the water treated during this timeframe left the plant and entered the distribution system with sulfurous tastes and odors. Plant staff then began feeding powdered activated carbon into the system to help mitigate the issue and begin to bring relief to our customer communities. These actions have resulted in a significant decrease in the number of complaints being received by GLWA. In order to assure complete mitigation of the issue, on Monday, January 16, 2017, GLWA began implementation of a systematic flushing plan to clear the remainder of the water treated during the cleaning of the settling basins from its system. Flushing of GLWA assets was achieved in two (2) days, concluding on January 18.

The Authority is also reaching out to affected customer communities to offer assistance in flushing out their local systems. GLWA remains committed to providing our customer communities with water of unquestionable quality.

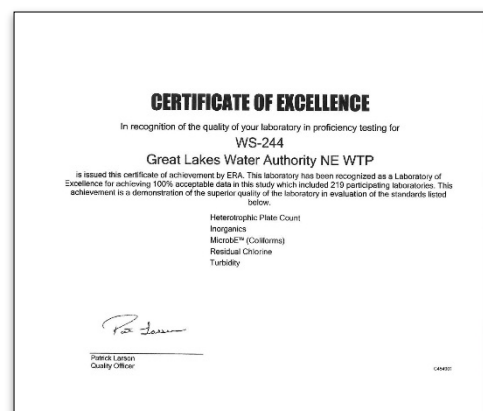
### ***Water Quality***

In March 2016, the GLWA's Surface Water Intake Protection Program (SWIPP) was approved for three water intakes. Public education was identified as a key component of the SWIPP programs. The SWIPPs are an extension of the Source Water Assessments Program (SWAPs) that were completed in 2004. The GLWA's Outreach Public Education Work Group was chosen as a resource to assist in the development of the SWIPP public education requirement.

The Public Education Work Group worked on making the connection between protecting our surface water as a source of drinking water in the current watershed protection messaging. Messaging emphasized how individual actions can impact our surface water quality and the link between surface water and drinking water. Activities completed for 2016 include three articles, a brochure posted on the GLWA's Customer Outreach Portal Operation Clean Water <https://outreach.glwater.org/Home/tabid/39/Default.aspx> and seven media posts through GLWA Facebook and Twitter. The articles include SWIPP's to Enhance Protection of Our Drinking Water, Safeguarding our Drinking Water Quality and Changing Personal Care Habits to Protect Our Drinking Water.

The ERA issued a certificate of achievement to recognize the Northeast Water Treatment Plant laboratory as a "Laboratory of Excellence" for achieving 100% acceptable data in a study which included 219 participating laboratories. This achievement is a demonstration of the superior quality of the laboratory in evaluation of the:

- Heterotrophic Plate Count
- Inorganics
- MicrobE™ (Coliforms)
- Residual Chlorine and Turbidity



## **WATER OPERATIONS** (continued)

### ***Northeast Water Treatment Plant Replacement of Light Fixtures***

Reducing energy use is one of GLWA's goals, and that process began at the Northeast Water Treatment plant. Under the energy conservation plan, contractors replaced the lighting and fixtures with energy efficient and environmentally friendly LED lights. The pictures (shown below) feature the new fixtures and lighting at the High Lift Main Floor, Low Lift, and the High Lift Header Galleries.



### ***Water Works Park Water Treatment Plant***

Stephanie Johnson from the State of Michigan, Department of Environmental Quality (MDEQ), Southeast Michigan District Office along with two (2) of her coworkers visited the Water Works Park plant on December 14, 2016, as part of a regular scheduled visit from MDEQ. They toured the chemical rooms and treatment process areas. Ms. Johnson and her coworkers had a positive impression of the plant and GLWA.

### ***Contract No. WW-538 (G) for “Miscellaneous Concrete Crack Repairs and Restoration***

Contract No. WW-538 started in late August 2016. All existing access roads have been reconstructed and all potholes throughout the plant have been patched, whereas, the Plant road re-pavement project has been a great relief to all Water Works Park staff and visitors.



## **WATER OPERATIONS** (continued)



*Administration Drive after repairs*



*Restoration of H Drive*

### ***Eastside Emergency Project Updates***

All sixteen storm pumps at Conner and Freud Pump Stations are available for service. Six (6) storm pumps at Conner pump station were tested during the last storm event. All of the pumps were able to prim with the installation of new weir.

### ***30" Water Main under Rouge River***

Construction of the 30" water main under the Rouge River started on January 19, 2017. First pilot directional boring is 85% complete as of mid-January. The pilot has commenced and the installation of pipe will begin on Friday.

## **INFORMATION TECHNOLOGY**

Single Sign On which eliminates the need for separate login was implemented for the BS&A application simplifying the process for all users.

The IT Infrastructure and Security Team has upgraded the AT&T Internet connection from 40 Mbps to 1 Gbps earlier this month. Users have noticed significantly quicker overall response times including shorter times to load applications and download files than prior to the upgrade.

The Performance Management Module in GLWA's HR system has been implemented and training is in progress.

The IT Enterprise Applications team has launched new sites (pages) in SharePoint for GLWA as progress continues to create separate content areas for GLWA and DWSD. Included are:

- New Organizational Development (OD) page
- GLWA calendar on home page
- GLWA Perks at Work page for employee discounts
- Operational Support Specialist site to share documents and calendar items.

## **INFORMATION TECHNOLOGY** (continued)

- GIS Program site for information about our GIS program including links, documents, plans, and more.

The GeoNexus Sketch tool for redlining maps on our website. This new feature makes it easy for GIS users to mark up (or redline) a map to send back to GIS to make corrections has been implemented. This will help us improve data accuracy on an ongoing basis. There is a Water Map and Sewer Map available with this software built in for piloting. A small pilot group is currently using it; and then it will be rolled out to all the map applications we have within the next several weeks.

We have been selected by ESRI (our GIS software vendor) to be a BETA tester for their Mobile App 'Explorer' redlining tool during 2017. This will afford our GIS Team the opportunity to influence the future direction of the GIS application and also enabled us to begin using new functionality before the product is available to all organizations.

Legistar is now fully implemented with all Board and Committee agendas, minutes, and documents online.

The Information Technology Security and Risk Management team, in order to better coordinate our IT security activities with other local units of government and law enforcement agencies, has become an active member in a number of information sharing organizations. These include the Department of Homeland Security Information Network (DHSIN), the Michigan State Police Cyber Command Center (MC3), FBI Infragard, the Water Information Sharing and Analysis Center (WaterISAC), the Multi-State Information Sharing and Analysis Center (MS-ISAC), and the West Michigan Cyber Security Consortium.

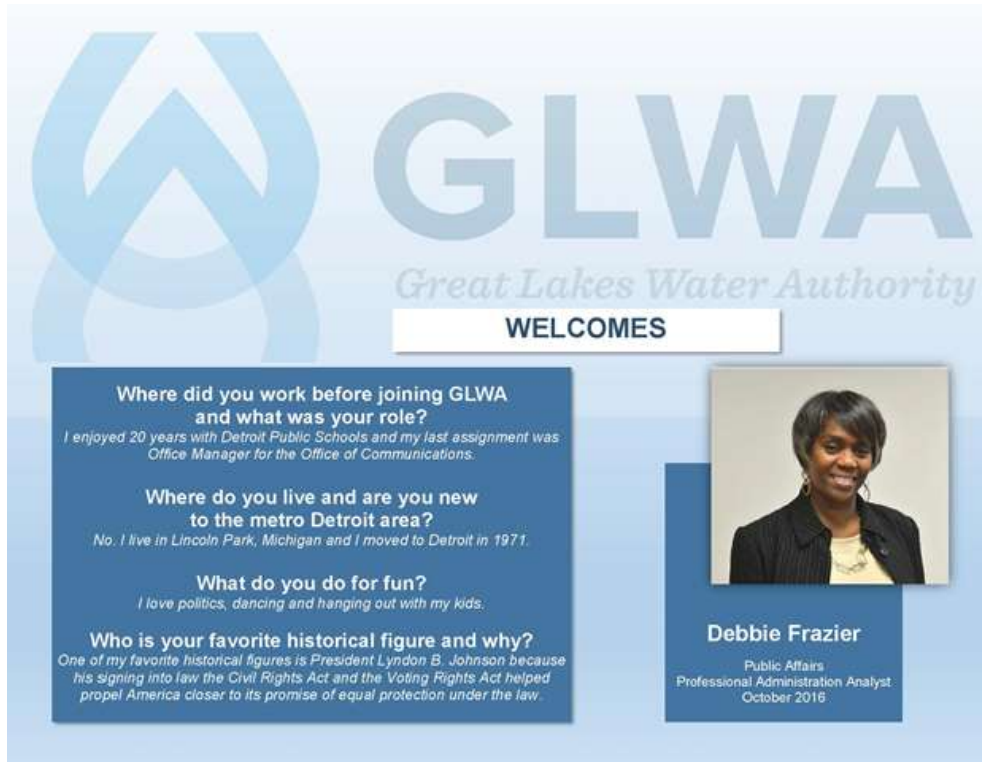
## **PUBLIC AFFAIRS GROUP**

To enhance GLWA team members' experience with Water Works Magazine, Public Affairs will be turning a number of articles from each quarterly magazine into video features. Already from Issue #2, there has been a feature story on GLWA Procurement Management Professional Tina Clinkscales receiving the "Manager of the Year" award from the Michigan Public Purchasing Officers Association, and a video that highlights all of GLWA's new team members that have joined the Authority since July 1, 2016. Next up is a feature story on Francine Duncan Martin, who is the subject of this edition's "Pulse Profile," which details her triumph over breast cancer. It's a truly inspiring story! Look for the next issue of Water Works Magazine to be published in early March.

Public Affairs, in partnership with Organization Development, is also welcoming new GLWA team members with a special "Get to Know You" profile. The profile, not only has the team member's photo, but also a few questions that will assist their colleagues in getting to know them.

## **PUBLIC AFFAIRS GROUP** (continued)

Below is an example that introduced Public Affairs' PAA Debbie Frazier:



## **SECURITY AND INTEGRITY**

During the month of January, the Security and Integrity Group participated in several extensive training efforts, such as Security Preparation for Emergency Response, First Aid and CPR, Report Writing Update and Staff and Command training.

## **ORGANIZATIONAL DEVELOPMENT**

### ***Talent Management***

Since January 1, 2016, the organization has hired 139 employees. The total number of FTE's to date is 810. There are 43 open recruitments across the organization which are posted on the GLWA website.

New Employee Orientation is currently being held each month at Water Works Park. To date, 213 employees have participated in the orientation. The next orientation is scheduled for January 27, 2017.

## **ORGANIZATIONAL DEVELOPMENT** (continued)

### ***Dayforce HCM***

Rollout of the Performance Management module was completed in December 2016. Leadership Team Member Training is on-going. IT's re-organization has been completed.

### ***Training***

- **Cornerstone Learning Management System Project** – The discovery phase has been completed. GLWA is now in the configuration phase of the project. Go-Live is targeted for February 20, 2017.
- **Apprenticeship Program** – Planning work is currently being done to rollout GLWA's Apprenticeship Program in partnership with Focus: Hope. It is anticipated that roll-out of the program will begin in February 2017.

## **LEGAL**

General Counsel's January Report is an attachment to the Chief Executive Officer's Report.

## **FINANCIAL SERVICES GROUP**

### ***Procurement***

In January, the Procurement team coordinated a cross-functional GLWA group to visit Milwaukee Water Works. A small group consisting of Ian Thompson P.E., Dionne Josey-Graves, and Sonya Collins of Procurement with Ronald Hayes, Water Operations Plant Manager, and Aaron Butler, Team Leader, toured the Milwaukee Water Works Plant. The goal was to view the Milwaukee Water Works system, which utilizes a similar chain and flight system, and to collaborate to increase efficiency at home. Milwaukee Water Works currently has a capacity of 100 million gallons per day. The team was able to walk through the Milwaukee Water Works system and items of note included that their system included cleaning cycles of one basin per year and efficiencies in their plant layout to make maintenance easier and safer for employees. During the discussions, each side was able to vet ideas regarding Zebra mussel eradication and concerns regarding the newly found Quagga mussels which Milwaukee is facing. It was also an opportunity for Milwaukee Water Works to solicit information regarding the team collaboration GLWA has inspired as well as staffing, shift changes and time management. The trip was indeed a success and a fantastic opportunity to network within our service sector. The Milwaukee Water Works team looks forward to visiting our facilities in the near future.

For the first six months of the current fiscal year (July 2016 through December 2016) we purchased 15,176 items from Grainger for \$452,561.52 against a published catalog price of \$723,478.39 achieving total savings of \$270,916.87 or 37.45%.

## **FINANCIAL SERVICES GROUP** (continued)

### ***Transformation***

On December 21, 2016, the first ever “Six Month Audit” was conducted for a completed Lean project at GLWA. The “Cost of Clean Water” project team at Water Works Park passed the audit with perfect scores. All completed Lean projects prepare a Control Plan to support the gains achieved and to set up an environment for even further improvements after the project is done. The audit is done six months after project completion to verify that the gains have been sustained and the Control Plan is working well. The Black Belt leader on the project is Balvinder Sehgal, Plant Manager at Water Works Park.

### ***Capital Management***

The Capital Management Group received the first draft Asset Valuation report from Duff & Phelps late last week. This report, once finalized, will provide the acquisition value for GLWA's beginning balances for fixed assets consistent with the terms of the lease agreement.

### ***Financial Reporting***

The Financial Reporting and Accounting team has been working on the following items:

- Inaugural GLWA W-2 Distribution to employees this week– An organization-wide memo has been generated to provide clarification on an employee’s W-2 statement. In addition to the box by box explanation, it also provides the employee with important numbers should they require additional assistance.
- Inaugural 1099 distribution to the vendor community.
- Capital Improvement Project renumbering to launch a new project accounting function in BS&A.
- Kick-off conference call and uploading of schedules ready for audit by Rehmann Robson for GLWA’s inaugural financial statement audit.

### ***Financial Planning & Analysis***

The Financial Planning & Analysis (FP&A) team has been working on the following items:

- General Ledger review – FP&A will be wrapping up the review and validation of all activity posted to the General Ledger for the first six months of FY 2017 by January 31, 2017. This was necessary due to conversion of all general ledger accounts as a result of the start-up of GLWA operations. This will allow for the ability to compare budget to actual costs, and will take us one step closer to producing meaningful financial statements by auditing general ledger account coding that begins with purchase order requisitions.

## **FINANCIAL SERVICES GROUP** (continued)

- The second round of the Personnel and Operations & Maintenance budgets have been completed. The expanded capabilities of the new financial system leads to greater analysis and review of cost center accountability and engagement with operations with an expanded level of detail and accuracy. The next step is final review and report drafting.
- This week launches the next iteration of Capital Outlay planning. Traditionally this had been an allowance program with a weak connection to facilities, fleet, and technology planning. Again, this is another area that lends itself to process improvement while we are developing the budget and five year plan with cross-functional teams consisting of Financial Services, Operations, Engineering, and others. This project will identify the GLWA assets that are not included in the Capital Improvement Plan, and will aid in forecasting both budget and cash needs for repairs and maintenance of existing assets as well as the replacement of these assets as they near the end of their useful lives.

### ***Internal Audit***

Significant progress was made this week in identifying slow moving inventory parts as “compliance parts”. This was due to the parts belonging to critical motors, pumps, conveyors or other equipment critical to the continuing operation of the Waste Water or Water Treatment Plants. Once our work was completed, it resulted in a final obsolete inventory figure of \$724.8K. Given the length of time since this type of in-depth analysis was presumed to have occurred, the amount of obsolescence was not expected.

Also, design of the process to upload WAM inventory movements into the BS&A general ledger, progressed with successful testing of the fixed length import process into BS&A. This will facilitate additional information being available on a reporting basis to staff when comparing actual expenditures against budgeted figures and an important improvement in internal control.

### ***WRAP Update***

The Water Residential Assistance Program (“WRAP”) began accepting applications for customer assistance on March 2, 2016. The first community to opt into WRAP was the City of Detroit. Subsequently, outreach meetings were held in Wayne, Oakland and Macomb Counties to educate GLWA customer communities on details of the WRAP and what was required to “opt-in” to the program. As of December 31, 2016, 58 communities have opted into the program.

Below is a summary of committed and spent WRAP funds as well as home audits and home repairs performed through December, 2016 for the City of Detroit and Suburban participants.

**FINANCIAL SERVICES GROUP** (continued)

<b>WRAP Funding Status As of December 31, 2016</b>			
	<u>Detroit</u>	<u>Suburban</u>	<u>Total</u>
Completed Applications	9,106	1,899	11,005
Households Assisted	2,954	954	3,908
Shutoffs Avoided	1,524	324	1,848
Home Audits	560	116	676
Number of Home Repairs	370	68	438
Amount of Home Repairs	\$238,702	\$41,282	\$279,984
Average Cost of Home Repair	\$645	\$607	\$639
Total Bill Assistance Committed	\$835,500	\$388,212	\$1,223,711
Total Arrearage Assistance Committed	\$1,705,795	\$252,543	\$1,958,338
Total Assistance Committed	\$2,541,294	\$640,755	\$3,182,049
FY 2016 & FY 2107 WRAP Funds Uncommitted	\$201,844	\$4,281,951	\$4,483,795
Total Bill and Arrearage Assistance Paid to Date:	\$205,786	\$40,328	\$246,114

**STAFF KUDOS and ACCOLADES**

The Lake Huron Water Treatment Plant team adopted a family during this year’s Christmas season via the Saint Clair Community Mental Health organization. They were given a family which consisted of a single mother with three children. Accordingly, the team worked together to provide the family with a very nice Christmas. The family was very appreciative, whereas, during the delivery, the mom could not stop crying and her children could not stop thanking the team. The Lake Huron team was very humbled by the experience and are looking forward to adopting a family next year. Good job to the Lake Huron Water Treatment Plant team!



As a result of the sinkhole in Fraser, on December 24, 2016, the Water Resource Recovery Facility (WRRF) experienced an unprecedented increase in the concentration of total solids coming into the facility. Unfortunately, a wet weather event occurred in the days that followed which further increased the solids loading at the WRRF. The increased solids concentrations resulted in serious operational challenges for the Dewatering, Primary and Residuals Process Teams.

**STAFF KUDOS and ACCOLADES** (continued)

These team members, with the leadership of Team Leaders Annette Vines and John Clark, Melvin Murphy and John Lokosis, Sanjay Patel and Richard Muntz, met the challenge and were able to keep the WRRF in compliance with regard to recycling of solids and solids inventory. To say that this event was very challenging does not give it its due emphasis.

This was truly an emergency situation as it relates to compliance and environmental stewardship. My sincerest thanks to all employees who worked on the Dewatering, Primary and Residuals Process Teams during this emergency situation. We are impressed and grateful for your quick thinking, dedication and hard work.

Respectfully submitted,



Sue F. McCormick  
Chief Executive Officer

SFM/dlr

Attachment (General Counsel's January Report)