



Office of the Chief Executive

735 Randolph Street, Suite 1900
Detroit, Michigan 48226

June 28, 2017

The Honorable
Board of Directors
Great Lakes Water Authority

Dear Chairman Daddow and Directors:

Regarding: CEO's Report – June, 2017

The Budget and Charge development effort came to a close on June 7th when the GLWA Board of Directors adopted the Biennial Budget for FY 2018 and FY 2019, the 2018-2022 Capital Improvement Plan and Water and Sewer Charges effective July 1. Since announcement of preliminary proposed charges earlier this year, our efforts continued to address issues raised by the Board and by communities through GLWA's outreach process. The final charges adopted by the Board reflect several changes from those proposed earlier this calendar year.

Most notably for water, the 2018 BUDGET is now 1% less than the 2017 Budget due to a further decrease in debt service. In addition, associated with the anticipated service arrangements with Flint and the Genesee County Drain Commissioner (GCDC), retaining service to GCDC through the 1st quarter of the new fiscal year, resulted in a positive change in the revenue projection. The net result was to reduce the average charge adjustment for suburban wholesale communities from the earlier proposed 4% to 2%, the lowest increase this century.

Most notably for sewer, the changes resulted in a 2018 BUDGET that is a modest 0.3% increase over the 2017 BUDGET due to a decrease in debt service and an identified opportunity to delay planned debt issuance. The most significant change from charges proposed earlier was the decision to phase in the implementation of the reallocation of costs related to strength of flow. While the results of the technical study are being implemented in full as recommended, 50% of the impact is included in the final charges for 2018, and the remainder will be included in the 2019 charges. The Board also confirmed that with their action, the calculated SHARES will next be revisited for 2021 and that strength of flow peaking factors be considered for the 2021 SHARE update along with other considerations identified. The net result was to reduce the average charge adjustment from the earlier proposed 4.7% to 1.9% for FY 2018.

Over the balance of the calendar year we will be engaging our customer communities in conversation about seeking the appropriate balance of charge stability and equity as we look at our future strategic challenges and opportunities. As apparent in this summary, charge stability cannot be accomplished by expense reductions and fiscally responsible operations alone.

At today's meeting we have the opportunity to review the proposed Master Agreement to provide long-term service to Flint. GLWA is proud of this effort for the positive impact on our revenue and budget, the establishment of a new long-term customer relationship with Flint, for the cooperation for the state and regional partners including the Genesee County Drain Commissioner's office and the Karegnondi Water Authority. Above all, we are proud that Flint Mayor Weaver's decision to recommend GLWA as Flint's future long term source of water says how important our brand of promise is: "to deliver water of unquestionable quality to our customer communities".

During the month of June, I was honored by the American Society of Public Administration's Detroit Chapter with their Outstanding Public Service Award and recognized by the Michigan Water Environment Association with the 2017 James R. Rumsey Award for my keynote presentation on "Leadership in a Time of Change," at the group's 2016 annual conference. The award is given to the author of the best paper describing work in the field of the water environment.

I had the privilege of participating in the opening general session of the American Water Works Association Annual Conference in Philadelphia on June 12th. With two other 'legends' of the water sector, I was part of a guest panel in a late night talk show format, in place of the typical motivational keynote approach. The session received very positive feedback for both the format change and the content of the discussions. I truly enjoyed the experience; it was legendary!

PLANNING SERVICES

Asset Management and CIP Group

With the adoption of the Capital Improvement Plan (CIP) on June 7th, it represents over a year's worth of hard work to completely overhaul the document and process. Many internal staff, external customer representatives and consultants spent a great deal of time and effort helping shape this document. They provided substantive review comments and also helped to prioritize projects. We would like to extend a special "thank you" to Ms. Karen Mondora of the City of Farmington Hills, Director of Public Services and Mr. Navid Mehran of the Oakland County Water Resources Commissioners office, Chief Engineer for their consistent and active participation in the prioritization and project review of water and wastewater projects, respectively.

The full FY 2018-2022 Capital Improvement Plan can be found on the GLWA website at the link provided to the right. Updates to the information and map viewer located on the CIP tab within both the Water Automatic Meter Reading (WAMR) and the Greater Detroit Regional Sewer System (GDRSS) are currently underway to show the updated 2018-2022 projects and information in a geographic format.



Download the CIP at:

<http://www.glwater.org/about-us/capital-improvement-planning-committee/>

PLANNING SERVICES (continued)

During the Asset Management and Capital Improvement Plan Customer Outreach Work Group's next scheduled meeting later this month, discussions will continue regarding CIP project management and project execution.

Systems Planning Group

The Customer Outreach Team is currently reviewing the final results of a partnering survey that was sent out to all customers and select GLWA staff members. The outreach team is looking forward to sitting down with members of the Executive Team to review the results of the survey and identify and discuss appropriate process improvements to reflect the survey results.

In the spirit of partnership and regional collaboration, GLWA held a One Water Partnering Session on May 18, 2017 in place of a regularly scheduled Water Technical Advisory Committee and Wastewater Steering Team meeting. The purpose of the meeting was to refresh partnering agreements that had not been updated in many years. The partnering session focused on the results of the partnering survey noted above as well as discussion of content desired in a new partnering agreement.

The meeting spurred robust conversations about the future of GLWA and the region and how we intend to work together. Currently, the Customer Outreach Team is compiling the feedback provided during the partnering session and intends to sit down with the CEO and co-chairs to finalize a draft of the agreement for further consideration by the group.

The Wastewater Master Plan Steering Team continues to hold monthly meetings. The group is currently discussing and establishing overarching goals and discussing a first draft of a metering plan. The meetings have been well attended and the Steering Team is making good progress.

System Analytics and Meter Operations Group

This past month the System Analytics and Meter Operations (SA&MO) group, in conjunction with staff members from the Systems Control Center and Water Resource Recovery Facility (WRRF), evaluated the operational data generated at the Oakwood Combined Sewer Overflow (CSO) facility to determine if a new meter district could be delineated. Results from this analysis were reported out at the Wastewater Analytics Task Force (WATF) meeting held on June 2, 2017. The data is still being collected and analyzed. If found to be viable, the new district would reduce the size of the WRRF district and increase confidence in the metering network. Other action items that emerged from the June WATF meeting included the preparation of a list of pump stations and CSO Basins for potential data reviews which will help in sub-dividing the metering districts in D+ areas and forming a subcommittee to study/recommend expansion of D+ district metering. Both tasks will be helpful in the future sewer SHAREs calculations effort. A new "Customer Outreach Meeting Results" form was introduced and completed at the meeting.

PLANNING SERVICES (continued)

The “Units of Service for Non-Master Metered Customers and System Water Audit” project team held meetings with GLWA Water Operations, GLWA Finance and Detroit Water and Sewerage Department (DWSD) in an effort to collect the data for the study.

The team visited and interviewed staff at all five Water Treatment Plants and is collecting and evaluating plant production flow data. The project team also provided raw Retail Automatic Meter Reading (RAMR) system data to Black & Veatch on behalf of DWSD. The calculation of the current units of service for non-master metered customers is projected to be completed by November of this year.

The Group continues to make progress on the wholesale water meter upgrade program. So far this year the team has upgraded eight meter locations to magnetic meters. This will improve metering accuracy and provide better customer service. Last month the meters in the City of Farmington Hills, City of Hazel Park, and the City of Warren were upgraded.

The Group is rolling out the Wholesale Automatic Meter Reading portal (WAMR) enhancements that were requested by the WAMR user community. The Group presented the WAMR portal and some of its enhancements to the Downriver Community Conference DPW Directors Meeting earlier this month.

Energy Management Group

The Energy Management Group continues to work on a variety of programs to evaluate the feasibility of technology. Initial findings from the Aquasight Adams Road Booster station pilot program, the WRRF Wastewater Accelerator program and the solar feasibility were presented to the Energy Management team. The Aquasight recommendations, while promising, will require further testing before implementing. These test will continue to take place over the next few months. The solar feasibility study indicates that both solar and wind are technically feasible sources for energy at a number of GLWA facilities. The study also brings to light the impact of the current energy charge structure on implementing renewable projects, restricting energy production to levels that are no longer economically feasible to pursue. The next step will be to investigate how much renewable energy could be produced without the limitations of the energy rate structure. The goal is to quantify the impact for future discussions.

Research and Innovation

Research & Innovation (R&I) staff in conjunction with team members from the WRRF and University of Michigan launched the research investigation into the performance of the bioreactors (secondary treatment). This research into the bioreactors is designed to determine if biological phosphorous removal is occurring. With better understanding of the performance and operational characteristics, it is hoped that a basis for improving plant performance and reducing costs for oxygen, electricity and ferric chloride will be able to be provided.

PLANNING SERVICES (continued)

The detailed microbial analysis was received and indicates that the bioreactors do contain significant quantities of phosphorous accumulating organisms (PAOs) which opens the door to reduction in the use of ferric chloride once understanding of the conditions which are allowing PAOs to grow are better understood.

In early June, R&I staff attended the invitation only Department of Energy (DOE) workshop, “Biofuels and Bioproducts from Wet and Gaseous Feedstocks: Market Barriers and Opportunities.” This workshop was a continuation of DOE’s investigation into the techno-economic potential of wet and gaseous feedstocks, mostly biogenic in origin, to the potential non-fossil fuel energy profile of the country. The DOE’s work dovetails into the paradigm shift underway in the wastewater treatment community that wastewater should be viewed as a resource. As such, R & I staff members were invited to present and participate in a workshop designed to identify market barriers and next steps to increasing the use of these feedstocks for energy production.

WASTEWATER OPERATIONS GROUP

Wastewater Operations Group

The WRRF was in compliance with all National Pollutant Discharge Elimination System (NPDES) and Michigan Department of Environmental Quality (MDEQ) water quality permits in the month of May 2017 with one exception. One fecal coliform sample exceedance at Baby Creek Screening and Disinfection Facility occurred on May 25, 2017. Reasons for the exceedance are still being investigated.

Engineering & Maintenance Groups

Fire Remediation

The remediation of the area of Incinerator Complex II that was damaged by the March 2016 fire is nearly complete with all eight incinerators successfully passing air emissions testing. Six of eight incinerators are available for service, while capacity testing remains on two incinerators. Other systems supporting incineration are scheduled to be completed by September 2017. The older Complex I incinerators were decommissioned ahead of the regulatory deadline of June 30, 2017.

Biosolids Dryer Facility (BDF)

The BDF construction is starting its final phase. The BDF required performance testing has been completed and the BDF regularly meets production limits set by GLWA. The New England Fertilizer Company (NEFCO) intends to install sulfur dioxide scrubbers which are scheduled to arrive on site in August 2017. These scrubbers will improve the reliability of meeting permit required per-stack limits for sulfur dioxide.

WASTEWATER OPERATIONS GROUP (continued)

The scrubber installation will occur concurrently with previously scheduled recycle bin modification work. All recycle bin and scrubber installation work is scheduled to be completed by the end of the year.

Rouge River Outfall Disinfection Project

The contractor, CDM Constructors Inc., has started the Phase 2 work (design completion and construction) with a targeted construction completion date of April 1, 2019 as required by the NPDES permit. Current work efforts include excavation to determine location of buried utilities and fencing/parking structure modifications to allow for construction related short term parking access.

Maintenance

We are happy to announce that Mr. Mark Ragsdale has joined GLWA's WRRF team as Maintenance Manager. This is a position that has been open for quite some time and have interviewed many candidates. Mark comes to us from the City of Hamtramck where he was the Director of Public Works. In his position with GLWA, he is working with process area teams to improve maintenance performance, contractor/GLWA coordination during construction activities and increased management of vendor services.

Industrial Waste Control (IWC)

In April, IWC organized a meeting with the Michigan Brewers Guild to discuss the notice to place them on the surcharge billing rolls. Notices were sent to members of the Guild within our service area that included information from the April presentation plus a "Wastewater Volume Election Form". The election form allows each member to choose their preferred method of billing. They may have a separate wastewater meter installed, or they can choose to use the formula based on beer produced. A total of 12 election forms have been returned so far and IWC staff members are currently following up with the other facilities. Staff members from Public Finance (GLWA Billing) have initiated surcharge (high strength) bills based on the facility's election.

A number of staff members from GLWA's Wastewater Operations Group made a visit to the Stickney Plant in Chicago to participate in a facility peer review visit to observe the management, facilities and staffing at the Chicago facilities. The team participated in several workshops with a focus on their laboratory staffing and operations as we continue working on the move of the Analytical Laboratory and IWC operations to the WRRF administration building.

WASTEWATER OPERATIONS GROUP (continued)

During the past month, IWC staff members have worked with the vendor to develop the replacement Pretreatment Information Management System (PIMS) software to support the regulatory programs for IWC. On a related note, the selected vendor for the implementation of our Laboratory Information Management System (LIMS) has been working with GLWA's Information Technology staff members to load software onto GLWA servers. The system is undergoing verification and validation tests. The vendor was on-site for data collection and documentation and an initial round of training is anticipated to begin this month.

Seven (7) Water Supply Operation's team members attended the 2017 Short Course in Water Bacteriology held at MSU - East Lansing from May 9, 2017 through May 11, 2017. The Water Bacteriology Short Course is for water operators with duties associated with limited or complete water treatment plans and/or water laboratories. This course was designed to give background information regarding each procedure and to give practical experience with the demonstrated techniques. The course was valuable to employees new in the field and will serve as a refresher to those who have been doing the work for some time. Students earn 2.2 Technical Drinking Water CECs for attending this course.

WATER OPERATIONS

On May 24, two (2) Electrical Instrumentation Control Technicians from the Water Works Park facility attended Fluke Calibration Training in Plymouth, Michigan. The training presenters spoke on instruments that can be used in the workplace to measure and calibrate radio frequency (RF), electrical, temperature, pressure, and flow. Fluke instruments are designed to provide technicians or users accuracy in testing. Overall, the training was very informative and useful.

Field Engineering

Five (5) Engineering team members took a 5-day CAD off-site class the week of May 22 in the Detroit area. It was an introductory CAD class focused on CAD for civil works projects using AutoCAD. Eric Kuhn and Brian Dara have been preparing design drawings in AutoCAD over the past several months and have done well. This class will help to improve their computer aided design skills. Mark Smoot is being introduced to AutoCAD and will start using it to prepare in-house designs and as-built drawings for the GLWA facilities.

Systems Control

On May 15 and 16, ten (10) Systems Control Center staff attended Pipeline Assessment Certification Program/Manhole Assessment Certification Program (PACP/MACP) and successfully passed the certification. PACP is the North American Standard for pipeline defect identification and assessment, providing standardization and consistency to the methods in which pipeline conditions are identified, evaluated and managed. This certification will aid staff in better management of the GLWA sewer assets.

WATER OPERATIONS (continued)

Detroit River Interceptor

The Detroit River Interceptor (DRI) is one of the most important interceptors in the GLWA wastewater collection system. The DRI drains Conner Creek, Fox Creek, East Jefferson, and Central City districts. The DRI is about 10 miles long and parallels the Detroit River from the Water Resource Recovery Facility (WRRF) to the east City limits at Alter Road. The size of the interceptor ranges from 16 feet at the WRRF to 8 feet at Alter Road. The total area served within the City limits is about 85 square miles, or nearly 60 percent of the drainage area of Detroit.

The internal inspection of the DRI is complete and the rehabilitation projects are planned using Capital Improvement Program (CIP) funds.

Utica Pressure Reducing Valve

The Utica Pressure Reducing Valve (PRV) is located on the discharge side of the North Service Booster pump station. (*See figure 1.*) The purpose of this PRV is to reduce the discharge pressure from 150 psi to 110 psi, as the water main to Shelby Township and Utica is rated at 175 psi.

Due to the age and condition, the PRV was not functioning as designed. This PRV was upgraded under DWS-891 (PRV Rehabilitation) on May 12, 2017.

A large section of 54-inch main would have been out of service due to a faulty valve on the existing PRV vault. GLWA Field Engineering and Systems Control Center worked out an innovative solution to keep the 54-inch water main in service using a line stop and keeping the 54-inch and 84-inch main in service during a temporary shutdown. Without this measure, Rochester Hills, City of Troy and Pontiac meters on the 54-inch would have been out of supply for a minimum of seven (7) days. GLWA was able to reduce the risk and shorten the shutdown due to this solution. The project was completed on May 14, 2017.

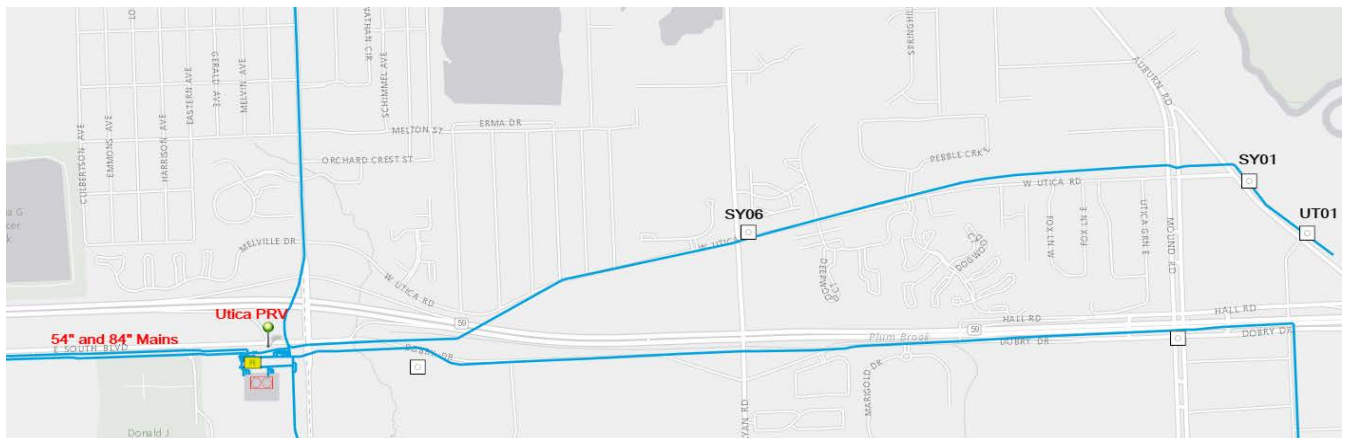


Figure 1: Utica PRV Location and Feeds

WATER OPERATIONS (continued)



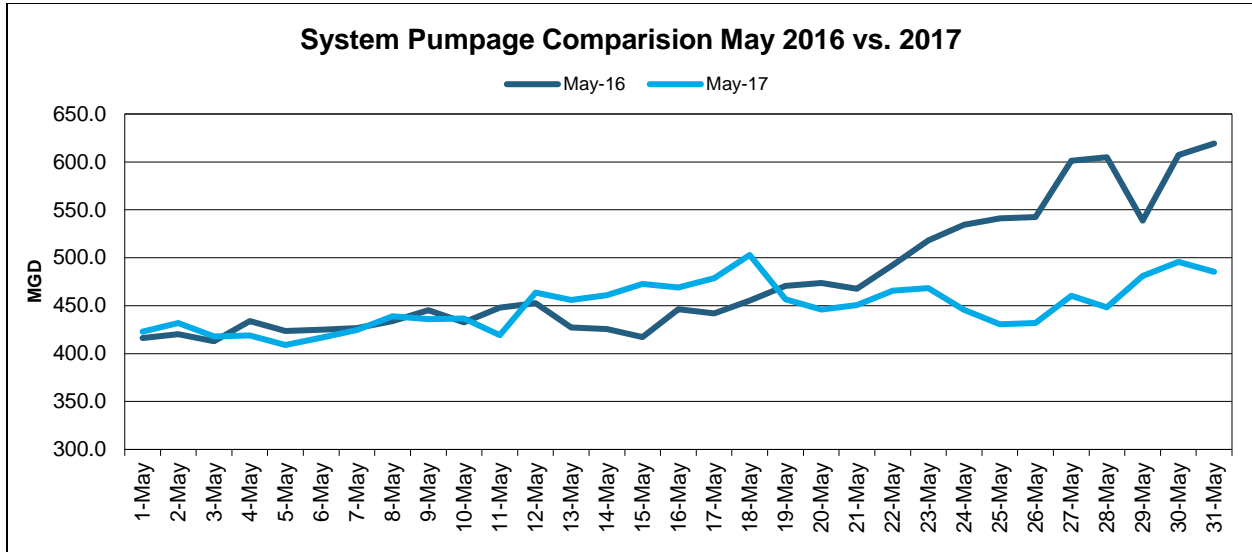
PRV Replacement Complete

Air Valve Leak on 42" Main

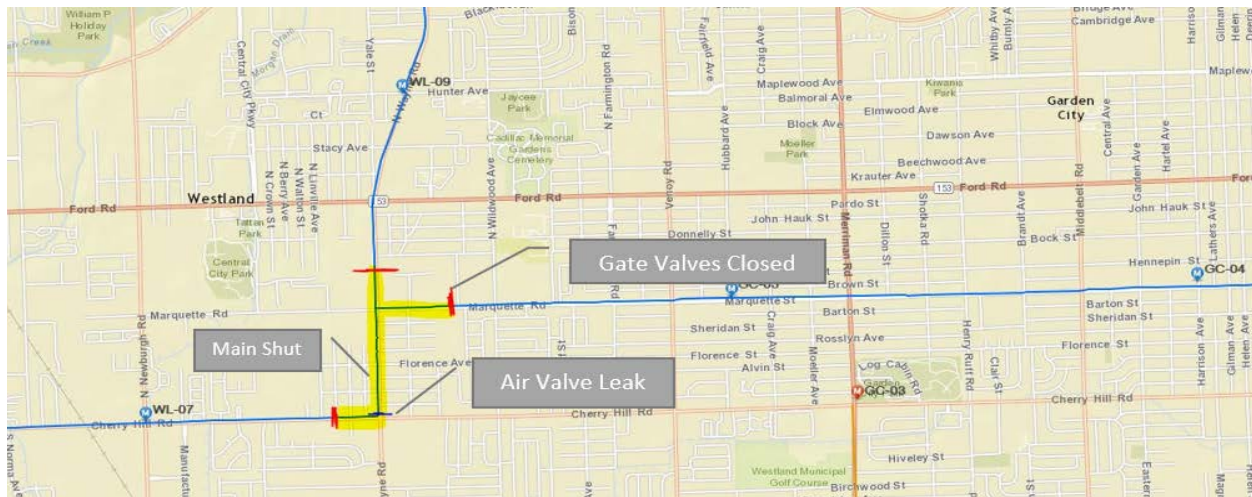
On May 22, 2017, GLWA became aware of a leaky air valve on Middle Belt Road. GLWA Field staff responded to the leak on May 22 and a plan was drafted to make the repairs so that there was minimal impact on the customer communities served by this 42" water main. The repair was successfully completed on June 15, 2017.

WATER OPERATIONS (continued)

Total pumpage for May 2017 was 5.8% lower than 2016. ***Note that the early increase in usage late in May 2016 was not repeated in 2017.*



A Wayne County contractor damaged an air valve on a GLWA main in Westland. This caused a 25 foot jet of water to burst through a manhole at the intersection of Cherry Hill and Wayne Roads. GLWA responded immediately and isolated the section. With the system changes, GLWA was able to keep the contractual pressures to all the wholesale meters while successfully implementing a repair.



Schematic of the area

INFORMATION TECHNOLOGY

The GLWA IT Security and Infrastructure teams have implemented an automated patching program for all supported Windows servers and workstations, and are working to decommission the last systems that can no longer be patched. The latest Symantec Endpoint Protection antivirus client is also being rolled out to all supported Windows servers and workstations, along with the Linux servers. These actions greatly reduce the security vulnerability on the GLWA network.

The GLWA IT Service Delivery team, in conjunction with Public Affairs, deployed a new desktop wallpaper to all GLWA laptops. To date, approximately 650 desktops and notebooks received the update, changing the logon screen and desktop background to display the new GLWA design.

GLWA's Enterprise Applications Manager, Sandy Jurek, participated in the Governor's Committee on 21st Century Infrastructure, representing GLWA along with Jody Caldwell, to map out an architecture for a statewide pilot program for asset management for future prioritization and funding efforts.

IT Enterprise Applications installed and Configured Data Warehouse and GIS Connectors for the Ovation Pi software system to integrate real-time data feeds from the process network. This will enable system data to be compiled with business data for more in-depth business intelligence, as well as provide the ability to analyze system data using the spatial tools available in GIS. The additional installation of the GIS GeoEvent Processor on the server-side enables functionality in GIS such as geo-fencing, real-time alerts and notifications, and asset tracking.

The PMO launched a formal project intake process on May 15th. Through the end of day June 15th, the PMO has received 15 project requests through the new intake process. The status of those requests is as follows:

- New: 3
- In process: 3
- Approved for prioritization: 6
- Not approved: 3

Approved projects will be scored for prioritization by the IT Steering Committee, which meets on July 10th.

The IT Business Applications team developed and tested GL Interface reports for GLWA's Financial Services Group which was deployed to production June 25th. The reports will provide two key benefits to Finance:

- Automate the weekly journal entry from WAM to BS&A's General Ledger, by providing a populated journal.
- Provide a report that shows the weekly roll forward of inventory.

INFORMATION TECHNOLOGY

The IT Administrative Services Team has developed an IT Procurement Scorecard that will be used to streamline and enhance existing procurement/contract management procedures currently in place. Key features of the scorecard include:

- A “green-yellow-red” categorical scoring methodology that indicates the status of contract procurements based on defined criteria related to expiration dates, budget availability, negotiation issues, etc.
- Target dates that alert IT staff when to initiate processing based on procurement type in order to avoid gaps in coverage
- Hyperlinks to relevant contract documents
- Up-to-date, centralized access to IT contract and procurement data for IT leadership staff to inform decision-making
- Scoring methodology allows for the ability to track metrics to measure improvement in processing actions
- Procurement status scoring to alert staff when there are issues occurring with a procurement that requires additional action

PUBLIC AFFAIRS GROUP

Working with key areas within GLWA, Public Affairs completed the Authority’s first application for the Association of Metropolitan Water Agencies’ (AMWA) annual Gold Award for Exceptional Utility Performance. AMWA is an organization of the largest publicly owned drinking water systems in the United States, and is the only policy-making organization solely for metropolitan drinking water suppliers. The Gold Award recognizes drinking water systems that exhibit high levels of performance in the areas of product quality, customer satisfaction, employee and leadership development, operational optimization, financial viability, community sustainability, enterprise resiliency, infrastructure strategy and performance, water sustainability and stakeholder understanding. These are the 10 Attributes of Effectively Managed Utilities that guide our monthly KPI report. It is expected that the winner of the award will be announced in August.

June is National Safety Month and the Public Affairs Team partnered with the Enterprise Risk Management Safety Team to promote safety best practices throughout GLWA. This year’s theme, “Committed to Safety,” was printed on safety banners for the GLWA Water and Wastewater Treatment Facilities. The banners, delivered to facilities during the first week of June, were presented to team members by Public Affairs’ Team Members Curtis Burris-White and Aftab Borka, and Marcus Askew from Risk Management -- who also spoke about the importance of safety in the workplace. A photo collage of team members holding their banners while wearing their personal protective equipment (PPE) was posted to GLWA’s social media channels and shared with all team members through a special safety message. Additionally, the Public Affairs team launched an employee recognition program, *Caught Being Safe*.

PUBLIC AFFAIRS GROUP (continued)

With this program, managers and team leaders were invited to “catch” or recognize team members who practiced safety procedures and processes with a GLWA water bottle and recognition note. The water bottles, an important safety item, promote hydration while working outdoors during hot weather conditions.



Photos of employees “caught being safe”

As a part of its ongoing internal communications efforts, on Thursday, June 8, 2017, the Public Affairs Team launched the Authority’s new bi-weekly e-newsletter, *One Water News*. The e-newsletter, which is also formatted for printing to distribute throughout our facilities, features GLWA news, information and announcements happening throughout the month. The first edition of the e-newsletter included information from Organizational Development, Planning Services, Wastewater Operations, Risk Management, and the Customer Outreach Team. Additionally, the e-newsletter includes a colleague-to-colleague recognition program “*Making BIG WAVES,*” which encourages all GLWA team members to nominate colleagues who demonstrate one or more of GLWA’s character traits; approachability, trustworthiness, reliability, determination/focus, effectiveness and efficiency. The program offers the opportunity for team members to nominate individuals or groups, cross-functionally or within their own area.

PUBLIC AFFAIRS GROUP (continued)

June also saw the publishing of Issue 4 of WaterWorks Magazine, GLWA's employee news magazine issued quarterly, created by employees for employees. Articles from this issue included, Think Safety First: A Look Inside Hazmat Training; GLWA Team Members' Impact on Student Lives at Local Science Fair; Ask Abul: WWWP Park Chemist Abul Ahmed answers questions about lawn and garden care needs; Employee Spotlight: Earl Hurling shares his secrets for successful leadership and a 5Questions profile of Board Chairman Bob Daddow.

Click here to read Issue 4:

<http://sp.dwsd.org/group/GLWA/PublicAffairs/WaterWorks%20Magazine/WaterWorks%20Magazine%20Issue%204%202017.pdf>.

Finally, as a wrap up on National Drinking Water Week (May 7-13), the Public Affairs team created original content for our social media audience which included a man-on-the-street style video and a fun fact animation on accessible drinking water. Both of the videos were seen nearly 500 times on Facebook, making it our top week this year for organic video views.

SECURITY AND INTEGRITY

During the month of June, the Security and Integrity Group is continuing discussions for a Security Forum Outreach Program. The group also continues to participate in several extensive training efforts where two officers graduated from the Northwestern School of Staff and Command training.

GLWA Security and Integrity continues to meet with DWSD's Security Division relative to the DWSD responsibility switchover.

ORGANIZATIONAL DEVELOPMENT

GLWA welcomed 12 new Apprentices for development as Electrical Instrumentation Control Technicians on June 12, 2017. These new apprentices have been assigned throughout the organization in our Water Operations, Wastewater Operations, Systems Control and System Analytics & Meter Operations Groups.

Efforts are continuing with the organization-wide Dependent Audit for health care benefits. The audit, being conducted by AonHewitt, began April 18, 2017 and is scheduled to conclude by the end of this month with changes effective July 1, 2017.

There have been 35 new hires since the April 2017 CEO Report. New Employee Orientation continues on the last Friday of each month. Our current staff count to date is 892.

Rollout of the Cornerstone Learning Management System (LMS) is scheduled for July 2017. The LMS will allow our organization to optimize how team members sign-up and take available training courses.

Hungry Leaders – Round 2 leadership development sessions began the first week of June.

ORGANIZATIONAL DEVELOPMENT (continued)

Legal Segment Series training sessions began in June 2017 for our leadership team. Topics include Sexual Harassment, Discrimination, Workplace Violence and the Legal Side of Leadership.

FINANCIAL SERVICES GROUP

Transformation

The Financial Services Area is conducting a survey of our internal GLWA customers. The survey was developed after hours of individual interviews with internal GLWA users of financial services. Responses were due June 22, 2017 with tabulation and analysis due for release in July. The results will provide a strategic foundation of development for the Financial Services Area for the foreseeable future.

Wave 2 of Lean training began on May 22nd at the Water Resources Recovery Facility. Six Green Belt candidates are in the process of launching improvement projects as they relate to safety, asset management, energy reduction as well as our customer outreach efforts.

Procurement

The following numbers represent the Construction & Contract Services activity through the month of May.

2017 YTD - Contracts Executed										
<i>(in 000's)</i>										
	January		February		March		April		May	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
Construction	1	\$ 995.0	-	\$ -	2	\$ 654.4	1	\$ 1,636.7	7	\$ 37,651.8
Consultant	9	2,512.1	8	1,773.5	7	3,213.6	2	68.5	6	8,637.1
Design/Build	1	3,590.0	-	-	1	320.9	1	-	1	100.0
Legal Services	2	750.0	1	250.0	1	50.0	-	-	-	-
Grand Total	13	\$7,847.1	9	\$2,023.5	11	\$4,238.9	4	\$1,705.2	14	\$46,389.0

May - Contracts in Process		
<i>(in 000's)</i>		
Type	Quantity	Value
Construction	15	\$ 85,164.5
Consultant	39	75,206.7
Design/Build	11	85,167.4
Lease Agreements	2	780.0
Legal Services	4	1,175.0
Grand Total	71	\$ 247,493.6

FINANCIAL SERVICES GROUP (continued)

The end of the fiscal year means that staff is conducting year-end inventory counts. Several new internal controls and process improvement have been put into place this year. All GLWA Finance teams participate in this effort to support a good system of checks and balances, but it also provides an opportunity for the teams to have greater insight into another aspect of the GLWA organization and its processes.

Save the Date! The Procurement Group is pleased to announce that GLWA’s 2nd Annual Vendor Outreach will be held on Monday, September 18th from 8:00 a.m. until 1:00 p.m. at the Shriners Silver Gardens Event Center in Southfield. Stay tuned, more information to come!

Financial Reporting and Accounting

The following numbers represent the Accounts Payable team activity for the month of May.

May 2017 - Accounts Payable Activity	
Checks Issued	1445
Vendors Paid	346
Dollar Amount Paid	\$30,716,835.25
Average # of Invoices Processed Per Day	73

The Accounts Payable team is committed to meeting and exceeding the standard 30 to 45 day payment terms with regard to vendor payments. They have committed to entering invoices within five (5) business days of receipt of an invoice. This includes all invoices received via the accounts payable mailbox and standard mailings. Invoices are then date stamped and uploaded to a file folder shared by all team members. These mailboxes are regularly monitored by the group to verify invoices are uploaded within the five day turnover and nothing is inadvertently missed by one individual.

The Payroll team has diligently worked hand in hand with our payroll administrators, Ceridian, over the last year to evaluate, train and identify work arounds for any challenges they may have encountered. We can now confidently report that while processing approximately 900 employees, and over \$2 million in total payroll per pay period, they are now averaging a correction rate of less than 1%!

We are pleased to confirm that the audit is running at a steady pace. The General Ledger team has worked together to develop and supply the external auditors with over 154 (or 81%) of the year-end work papers requested for the FY 2016 year-end audit as of June 20, 2017. The finalization of the remaining work papers is largely contingent on final review of asset valuation methodologies by the auditors with the valuation firm.

FINANCIAL SERVICES GROUP (continued)

Financial Planning & Analysis

In July, the team's efforts will shift to focusing on review of cost allocation methodologies and leveraging new systems to more efficiently support cost of service analysis. This will be a foundational baseline project for GLWA and subject to annual review and revision based upon the numerous planning initiatives underway.

Internal Audit and Data Analytics

The Internal Audit team is steadily making headway in the documentation of Shared Services Procedures. These procedures will encompass 22 areas of services shared between GLWA and DWSD. We are also in the process of making revisions to the P-Card procedure while developing an inventory write-off and disposal procedure. The team is also providing pre-assistance by calculating and supporting the shared services "true-up" documentation for numerous areas.

Treasury

The Treasury team continues to move forward in establishing standardized process and procedures to support the cash management requirements for GLWA. New PCard policies have been developed which outlines a new system for online processing and reconciliation of all transactions. This was developed to streamline both reporting and reconciliation while expediting the month-end closing process.

Treasury has been working closely with the DWSD team to coordinate the implementation of the receipts and disbursements in accordance with the lease agreement as well as the Master Bond Ordinance (MBO). In addition, GLWA Treasury supported DWSD in its efforts to implement Diversified Data (DivDat) to collect customer payments within the payment centers and at other locations. These self-serve kiosks provide quicker, accurate service to the customers, and by facilitating the effort with the US Bank Trustee pursuant to the MBO, can ensure customer payments are deposited accurately and in a timely manner.

WRAP Update

The Water Residential Assistance Program ("WRAP") has completed its first year of providing assistance to water and sewer customers within the GLWA service area. WRAP began accepting applications for residential customer assistance on March 2, 2016, with the first community to opt into WRAP being the City of Detroit.

FINANCIAL SERVICES GROUP (continued)

Subsequently, outreach meetings were held in Wayne, Oakland and Macomb Counties to educate GLWA customer communities on details on the WRAP and what was required to “opt-in” to the program. Since those meetings, Wayne Metro, along with the Community Action Alliance partners, have been working with individual communities to get them opted into the WRAP. As of April 30, 2017, 60 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 April 30, 2017 for the City of Detroit and Suburban participants.

**WRAP Funding Status
As of April 30, 2017**

	Detroit	Suburban	Total
Scheduled Appointments	11,599	3,134	14,733
Completed Pre-Applications	11,282	2,970	14,252
Households Assisted	2,920	1,580	4,500
Shutoffs Avoided	2,388	421	2,809
Home Audits	902	226	1,128
Number of Home Repairs	518	106	624
Amount of Home Repairs	\$322,944	\$64,658	\$387,602
Average Cost of Home Repair	\$623	\$610	\$621
Total Bill Assistance Committed	\$795,424	\$505,555	\$1,300,979
Total Arrearage Assistance Committed	\$1,657,985	\$487,730	\$2,145,715
Total Assistance Committed	\$2,453,409	\$993,285	\$3,446,694
FY 2016 & FY 2017 WRAP Funds Uncommitted	-\$102,084	\$3,795,763	\$3,693,679
FY 2016 Uncommitted Funds Reallocated to Detroit	\$1,664,833	-\$1,664,833	\$0
Net FY 2016 & FY 2017 Funds Uncommitted	\$1,562,749	\$2,130,930	\$3,693,679
Total Bill and Arrearage Assistance Paid to Date:	\$504,692	\$119,694	\$624,386

STAFF KUDOS

Great job to Majid Khan, Director – Wastewater Operations, for representing GLWA and our progress with the presentation of his paper titled “*Preliminary Investigations into the Adverse Effects of Low Phosphorous Levels on Settleability at the GLWA WRRF*” at his attendance earlier this month at the Michigan Water Environment Association’s Annual Conference. Thanks Majid for representing the organization!

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General Counsel's June Report will follow under separate cover from the Chief Executive Officer's Report.

Respectfully submitted,



Sue F. McCormick
Chief Executive Officer

SFM/dlr