



**Summary of Board Actions
Pertaining to Adoption of the
FY 2019 and FY 2020 Biennial Budget,
FY 2019 Service Charges, and
FY 2019 through FY 2023 Capital Improvement Plan**

Effective July 1, 2018

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Overview

On June 20, 2018 the Great Lakes Water Authority Board of Directors adopted three resolutions supporting the financial plan.

1. FY 2019 and FY 2020 Biennial Budget
2. FY 2019 Schedule of Service Charges
3. FY 2019 through FY 2023 Capital Improvement Plan

This document summarizes those actions for reference by stakeholders.

Additional financial information related to the Great Lakes Water Authority may be found online at www.glwater.org.

Resolution 2018-790 Resolution Adopting the Biennial FY 2019 & FY 2020 Budget

By Board Member: Abe Munfakh

- WHEREAS** The Great Lakes Water Authority (“GLWA” or the “Authority”) assumed the operation of the regional water and sewer systems on January 1, 2016 (the “Effective Date”) pursuant to Water System and Sewer System Lease Agreements between the GLWA and the City of Detroit dated June 12, 2015; and
- WHEREAS** In accordance with the by-laws of the GLWA, the Board shall adopt a two-year (Biennial) operating budget for the Regional Water and Sewer Systems; and
- WHEREAS** The Authority, through the terms of the Leases, committed to an annual increase in revenue requirement budget of no more than 4% though the fiscal year ending June 30, 2025; and
- WHEREAS** The GLWA Board is now adopting its third fiscal year budget demonstrating its ability to achieve and excel in meeting that commitment with a Regional Water System annual revenue requirement budget increase limited to 1.0% which equates to an average 0.7% increase in revenues from Water Service Charges and a Regional Sewer System annual revenue requirements budget increase of 1.0% which equates to an average 0.6% increase in revenues from Sewer Service Charges (prior to recognition of a contractual adjustment related to a Wholesale Bad Debt True Up analyses) and an average 0.4% increase in revenues from Sewer Service Charges, after consideration of the contractual Wholesale Bad Debt True Up adjustment; and
- WHEREAS** The budgeted expenses for each such Fiscal Year shall equal the sum of the Projected expenses and revenue requirements for the Regional Water System and the Regional Sewer System for each such Fiscal Year; and
- WHEREAS** The budgeted annual revenue requirements for the Regional Water System for FY 2019 is \$331,400,500 and for FY 2020 is \$344,656,500 as shown on “Schedule 1A – Water System Revenue Requirements” of the budget document; and
- WHEREAS** The budgeted annual revenue requirements for the Regional Sewer System (prior to recognition of a contractual adjustment related to a Wholesale Bad Debt True Up analyses) for FY 2019 is \$470,156,000 and for FY 2020 is \$488,962,200, and the adjusted (after consideration of the contractual Wholesale Bad Debt True Up) budgeted annual revenue requirements for the Regional Sewer System for FY 2019 is \$472,027,300 and for FY 2020 is \$490,833,500 as shown on “Schedule 1B – Sewer System Revenue Requirements” of the budget document; and
- WHEREAS** The operations and maintenance budget for the Regional Water System for FY 2019 is \$121,562,600 and for FY 2020 is \$123,993,900 as shown on “Schedule 1A – Water System Revenue Requirements” of the budget document; and

- WHEREAS** The operations and maintenance budget for the Regional Sewer System for FY 2019 is \$191,079,400 and for FY 2020 is \$194,901,000 as shown on Schedule 1B – Sewer System Revenue Requirements” of the budget document; and
- WHEREAS** The amounts necessary to pay the principal of and interest on all Regional Water System bonds and to restore any reserves therefore established in the Master Bond ordinance is \$170,961,800 for FY 2019 and \$180,606,200 for FY 2020 as shown on “Schedule 4 - Debt Service Coverage Calculations Consistent with the Master Bond Ordinance” of the budget document; and
- WHEREAS** The amounts necessary to pay the principal of and interest on all Regional Sewer System bonds and to restore any reserves therefore established in the Master Bond Ordinance is \$242,466,000 for FY 2019 and \$251,956,500 for FY 2020 as shown on “Schedule 4 - Debt Service Coverage Calculations Consistent with the Master Bond Ordinance” of the budget document; and
- WHEREAS** The amounts necessary to fund the annual water system capital expenditures of \$66,038,000 in FY 2019 and \$137,583,000 in FY 2020 for the capital improvement plan in accordance with the Schedule 5C - Water Construction Bond Fund budget; and
- WHEREAS** The amounts necessary to fund the annual sewer system capital expenditures of \$105,183,000 in FY 2019 and \$111,155,000 in FY 2020 for the capital improvement plan in accordance with Schedule 5D - Sewer Construction Bond Fund budget; and
- WHEREAS** The amounts necessary to fund the annual water system capital expenditures of \$22,133,400 in FY 2019 and \$18,763,000 in FY 2020 for capital outlay in accordance with the 5A - Water Improvement and Extension Fund budget; and
- WHEREAS** The amounts necessary to fund the annual sewer system capital expenditures of \$5,957,000 in FY 2019 and \$4,810,900 in FY 2020 for the capital outlay in accordance with the 5B - Sewer Improvement and Extension Fund budget; and
- WHEREAS** The GLWA Audit Committee began review of the budget and five-year financial plan document developed for FY 2019 through FY 2023 at its meeting on January 5, 2018, with monthly updates at its regularly scheduled meetings through June 15, 2018; and
- WHEREAS** Updates to the Audit Committee were summarized for the full Board given that this budget brings to close many long-term outstanding items related to: a) negotiation and subsequent implementation of a Memorandum of Understanding Term Sheet with the Detroit Water & Sewerage Department related to financial matters associated with the Lease for the Regional Water and Sewer Systems, b) implementation matters related to the 2017 Units of Services ; c) negotiation and approval of model contracts with two customers that had not been served by a model contract; and

WHEREAS GLWA’s focus to achieve charges stability is ongoing and encompasses a Combined Sewer Overflow Cost Center allocation program and acknowledges that the GLWA Administration is working with stakeholders to develop the program in FY 2019 which may reach back to costs incurred beginning July 1, 2018; and

WHEREAS The GLWA Board conducted public hearing on the proposed budget in accordance with the provisions of Public Act No. 43 of the Acts of the State Legislature of 1963 (“Budget Hearings of Local Governments”); and

WHEREAS A notice for the public hearing on the proposed budget scheduled for February 28, 2018 at 2:00 pm at the Water Board Building, 735 Randolph, Detroit, Michigan was published in The Detroit Legal News announcing a public hearing on the budget in addition to posting the notice and proposed budget on glwater.org; and

WHEREAS The public hearing continued June 20, 2018, at 12:30 p.m.; and

WHEREAS An affirmative vote of 5 Board Members is necessary for the adoption of this Resolution,

NOW THEREFORE BE IT:

RESOLVED That the GLWA Board conducted a public hearing on February 28, 2018, and continued that hearing on June 20, 2018, to receive public comment regarding the proposed budget for the Fiscal Years 2019 and 2020; and be it further

RESOLVED That the GLWA Board approves the budget for Fiscal Years 2019 and 2020; and be it finally

RESOLVED That the Chief Executive Officer, and the Chief Financial Officer/Treasurer are authorized to take such other action as may be necessary to accomplish the intent of this resolution.

Schedule 1A - Water System Revenue Requirements Budget

Water System Revenue Requirements	Current Year	Biennial Budget					
	FY 2018 Adopted	FY 2019 Requested	FY 2019 \$ Change	FY 2019 % Change	FY 2020 Requested	FY 2020 \$ Change	FY 2020 % Change
Revenues							
11 Revenues from Charges	\$ 325,150,400	\$ 327,563,900	\$ 2,413,500	0.7%	\$ 340,917,300	\$ 13,353,400	4.1%
10.1 Non-Operating Revenue	2,968,900	3,836,600	867,700	29.2%	3,739,200	(97,400)	-2.5%
Total Revenues	328,119,300	331,400,500	3,281,200	1.0%	344,656,500	13,256,000	4.0%
Revenue Requirements							
1 Operations & Maintenance (O&M) Expense	\$121,562,600	\$121,562,600	\$0	0.0%	\$123,993,900	\$2,431,300	2.0%
2 O&M Legacy Pension Allocation	6,048,000	6,048,000	-	0.0%	6,048,000	-	0.0%
3 Debt Service Allocation	135,464,400	134,214,600	(1,249,800)	-0.9%	143,810,900	9,596,300	7.1%
4 Accelerated Legacy Pension Allocation	6,268,300	6,268,300	-	0.0%	6,268,300	-	0.0%
5 Water Residential Assistance Program	1,678,600	1,673,400	(5,200)	-0.3%	1,723,300	49,900	3.0%
6 Lease Payment to Local System	22,500,000	22,500,000	-	0.0%	22,500,000	-	0.0%
7 Improvement & Extension Fund Allocation	32,821,200	39,133,600	6,312,400	19.2%	39,501,700	368,100	0.9%
8 Operating Reserve Deposit	323,700	-	(323,700)	-100.0%	810,400	810,400	NA
9 Extraordinary Repair & Replacement Deposit	1,452,500	-	(1,452,500)	-100.0%	-	-	NA
Annual Budgeted Revenue Requirements	\$ 328,119,300	\$ 331,400,500	\$ 3,281,200	1.0%	\$ 344,656,500	\$ 13,256,000	4.0%

Schedule 1B - Sewer System Revenue Requirements Budget

Sewer System Revenue Requirements	Current Year	Biennial Budget					
	FY 2018 Adopted	FY 2019 Requested	FY 2019 \$ Change	FY 2019 % Change	FY 2020 Requested	FY 2020 \$ Change	FY 2020 % Change
Revenues							
11 Revenues from Charges (prior to adjustment)	\$ 462,749,100	\$ 465,585,100	\$ 2,836,000	0.6%	\$ 484,830,800	\$ 19,245,700	4.1%
Regional Bad Debt True-Up Adjustment	2,810,600	1,871,300	(939,300)	-33.4%	1,871,300	-	0.0%
Subtotal Revenues from Charges	465,559,700	467,456,400	1,896,700	0.4%	486,702,100	19,245,700	4.1%
10.1 Non-Operating Revenue	2,751,000	4,570,900	1,819,900	66.2%	4,131,400	(439,500)	-9.6%
Total Revenues	468,310,700	472,027,300	3,716,600	0.8%	490,833,500	18,806,200	4.0%
Revenue Requirements							
1 Operations & Maintenance (O&M) Expense	\$191,079,400	\$191,079,400	\$ -	0.0%	\$194,901,000	\$3,821,600	2.0%
2 O&M Legacy Pension Allocation	10,824,000	10,824,000	-	0.0%	10,824,000	-	0.0%
3 Debt Service Allocation	207,615,500	214,600,700	6,985,200	3.4%	221,215,100	6,614,400	3.1%
4 Accelerated Legacy Pension Allocation	11,620,700	11,620,700	-	0.0%	11,620,700	-	0.0%
5 Water Residential Assistance Program	2,313,700	2,374,100	60,400	2.6%	2,444,800	70,700	3.0%
6 Lease Payment to Local System	27,500,000	27,500,000	-	0.0%	27,500,000	-	0.0%
7 Improvement & Extension Fund Allocation	11,922,100	12,157,100	235,000	2.0%	19,182,700	7,025,600	57.8%
8 Operating Reserve Deposit	341,600	-	(341,600)	-100.0%	1,273,900	1,273,900	NA
9 Extraordinary Repair & Replacement Deposit	2,283,100	-	(2,283,100)	-100.0%	-	-	NA
Annual Budgeted Revenue Requirements	465,500,100	470,156,000	4,655,900	1.0%	488,962,200	18,806,200	4.0%
I&E Fund Allocation - Regional Bad Debt True-Up Adj.	2,810,600	1,871,300	(939,300)	-33.4%	1,871,300	-	0.0%
Adjusted Annual Revenue Requirements	\$ 468,310,700	\$ 472,027,300	\$ 3,716,600	0.8%	\$ 490,833,500	\$ 18,806,200	4.0%

Schedule 1C - Combined Water and Sewer System Revenue Requirements Budget

	Current Year	Biennial Budget					
	FY 2018 Adopted	FY 2019 Requested	FY 2019 \$ Change	FY 2019 % Change	FY 2020 Requested	FY 2020 \$ Change	FY 2020 % Change
Sewer System Revenue Requirements							
Revenues							
11 Revenues from Charges (prior to adjustment)	\$ 787,899,500	\$ 793,149,000	\$ 5,249,500	0.7%	\$ 825,748,100	\$ 32,599,100	4.1%
Regional Bad Debt True-Up Adjustment	2,810,600	1,871,300	(939,300)	-33.4%	1,871,300	-	0.0%
Subtotal Revenues from Charges	790,710,100	795,020,300	4,310,200	0.5%	827,619,400	32,599,100	4.1%
10.1 Non-Operating Revenue	5,719,900	8,407,500	2,687,600	47.0%	7,870,600	(536,900)	-6.4%
Total Revenues	796,430,000	803,427,800	6,997,800	0.9%	835,490,000	32,062,200	4.0%
Revenue Requirements							
1 Operations & Maintenance (O&M) Expense	\$312,642,000	\$312,642,000	\$ -	0.0%	\$318,894,900	\$6,252,900	2.0%
2 O&M Legacy Pension Allocation	16,872,000	16,872,000	-	0.0%	16,872,000	-	0.0%
3 Debt Service Allocation	343,079,900	348,815,300	5,735,400	1.7%	365,026,000	16,210,700	4.6%
4 Accelerated Legacy Pension Allocation	17,889,000	17,889,000	-	0.0%	17,889,000	-	0.0%
5 Water Residential Assistance Program	3,992,300	4,047,500	55,200	1.4%	4,168,100	120,600	3.0%
6 Lease Payment to Local System	50,000,000	50,000,000	-	0.0%	50,000,000	-	0.0%
7 Improvement & Extension Fund Allocation	44,743,300	51,290,700	6,547,400	14.6%	58,684,400	7,393,700	14.4%
8 Operating Reserve Deposit	665,300	-	(665,300)	-100.0%	2,084,300	2,084,300	NA
9 Extraordinary Repair & Replacement Deposit	3,735,600	-	(3,735,600)	-100.0%	-	-	NA
Annual Budgeted Revenue Requirements	793,619,400	801,556,500	7,937,100	1.0%	833,618,700	32,062,200	4.0%
I&E Fund Allocation - Regional Bad Debt True-Up Adj.	2,810,600	1,871,300	(939,300)	-33.4%	1,871,300	-	0.0%
Adjusted Annual Revenue Requirements	\$ 796,430,000	\$ 803,427,800	\$ 6,997,800	0.9%	\$ 835,490,000	\$ 32,062,200	4.0%

Schedule 4 - Debt Service Coverage Calculations Consistent with the Master Bond Ordinance

Flow of Funds Basis		FY 2019 Water Fund	FY 2019 Sewer Fund	FY 19 Combined (Informational Only)	FY 2020 Water Fund	FY 2020 Sewer Fund	FY 20 Combined (Informational Only)
Revenues							
1	Regional System Wholesale Revenues	\$ 327,563,900	\$ 467,456,400	\$ 795,020,300	\$ 340,917,300	\$ 486,702,100	\$ 827,619,400
2	Local System Revenues	70,912,900	93,917,000	164,829,900	68,833,900	103,858,900	172,692,800
3	Miscellaneous Revenue (Local System)	6,600,300	5,464,600	12,064,900	6,600,300	5,464,600	12,064,900
4	Non-Operating Revenue (Regional System)	3,836,600	4,570,900	8,407,500	3,739,200	4,131,400	7,870,600
5	Total Revenues	\$ 408,913,700	\$ 571,408,900	\$ 980,322,600	\$ 420,090,700	\$ 600,157,000	\$ 1,020,247,700
Revenue Requirements							
Operations & Maintenance Expense							
6	Regional System Wholesale Expenses (a)	\$ 121,562,600	\$ 191,079,400	\$ 312,642,000	\$ 123,993,900	\$ 194,901,000	\$ 318,894,900
7	Local System Expenses	35,484,300	68,121,500	103,605,800	36,126,600	69,577,200	105,703,800
8	GRS Pension allocable to Regional System	6,048,000	10,824,000	16,872,000	6,048,000	10,824,000	16,872,000
9	GRS Pension allocable to Local System	4,272,000	2,856,000	7,128,000	4,272,000	2,856,000	7,128,000
10	Total Operations & Maintenance Expense	167,366,900	272,880,900	440,247,800	170,440,500	278,158,200	448,598,700
11	Net Revenues after Operations & Maintenance Expense	\$ 241,546,800	\$ 298,528,000	\$ 540,074,800	\$ 249,650,200	\$ 321,998,800	\$ 571,649,000
Debt Service by Lien							
12	Senior Lien Bonds	119,230,800	148,606,900	267,837,700	127,196,300	152,764,300	279,960,600
13	Second Lien Bonds	49,020,400	43,922,600	92,943,000	50,660,600	45,878,800	96,539,400
14	SRF Junior Lien Bonds	2,710,600	49,936,500	52,647,100	2,749,300	53,313,400	56,062,700
15	Total Debt Service	\$ 170,961,800	\$ 242,466,000	\$ 413,427,800	\$ 180,606,200	\$ 251,956,500	\$ 432,562,700
Debt Service Coverage (a)							
15	Senior Lien Bonds (11)/(12)	2.03	2.01		1.96	2.11	
16	Second Lien Bonds (11)/[(12)+(13)]	1.44	1.55		1.40	1.62	
17	SRF Junior Lien Bonds (11)/(15)	1.41	1.23		1.38	1.28	

Schedule 5A - Water Improvement & Extension Fund

Inflows & Outflows	Current Year	Biennial Budget		Forecast		
	Projected	FY 2019 Requested	FY 2020 Requested	FY 2021 Forecast	FY 2022 Forecast	FY 2023 Forecast
Water Improvement & Extension Fund						
Water System Revenue Transfers	\$32,556,000	\$39,133,600	\$39,501,700	\$40,681,800	\$53,032,700	\$52,161,700
Grant Revenues	-	-	-	-	-	-
Earnings on Investments, Net	-	-	-	-	-	-
Capital Outlay	(15,829,300)	(22,133,400)	(18,763,000)	(18,705,300)	(9,363,300)	(7,400,800)
Revenue Financed Capital - Specific	(14,936,000)	(13,172,000)	(11,209,000)	(12,565,000)	(11,280,000)	(12,007,000)
Revenue Financed Capital - Strategic	-	-	-	(80,000,000)	(20,000,000)	-
Increase (Decrease) in I&E Reserves	\$1,790,700	\$3,828,200	\$9,529,700	(\$70,588,500)	\$12,389,400	\$32,753,900
Beginning Year Balance	184,000,000	185,790,700	189,618,900	199,148,600	128,560,100	140,949,500
Projected Ending Balance	\$185,790,700	\$189,618,900	\$199,148,600	\$128,560,100	\$140,949,500	\$173,703,400

Schedule 5B - Sewer Improvement & Extension Fund (*)

Inflows & Outflows	Current Year	Biennial Budget		Forecast		
	Projected	FY 2019 Requested	FY 2020 Requested	FY 2021 Forecast	FY 2022 Forecast	FY 2023 Forecast
Sewer Improvement & Extension Fund						
Sewer System Revenue Transfers	\$18,333,100	\$14,028,400	\$21,054,000	\$35,038,900	\$37,728,100	\$57,554,000
Grant Revenues	-	-	-	-	-	-
Earnings on Investments, Net	-	-	-	-	-	-
Capital Outlay	(8,646,100)	(5,957,000)	(4,810,900)	(4,431,800)	(15,047,000)	(4,271,200)
Revenue Financed Capital - Specific	(3,758,000)	(8,312,000)	(10,882,000)	(13,659,000)	(10,852,000)	(12,280,000)
Revenue Financed Capital - Strategic	-	-	(5,000,000)	-	-	(5,000,000)
Increase (Decrease) in I&E Reserves	\$5,929,000	(\$240,600)	\$361,100	\$16,948,100	\$11,829,100	\$36,002,800
Beginning Year Balance	115,000,000	120,929,000	120,688,400	121,049,500	137,997,600	149,826,700
Projected Ending Balance	\$120,929,000	\$120,688,400	\$121,049,500	\$137,997,600	\$149,826,700	\$185,829,500

(*) Numbers shaded in salmon have been corrected since the issuance of Resolution 2018-790 to balance to Schedule 1B (FY 2019 through FY 2023)

Schedule 5C - Water Construction Bond Fund

	Current Year	Biennial Budget		Forecast		
Inflows & Outflows	Projected	FY 2019 Requested	FY 2020 Requested	FY 2021 Forecast	FY 2022 Forecast	FY 2023 Forecast
Water Construction Bond Fund						
Bond Proceeds, Net	\$ -	\$ -	\$145,000,000	\$ -	\$140,000,000	\$145,000,000
Earnings on Investments, Net	435,000	743,000	462,000	408,000	252,000	500,000
Transfer from Improvement & Extension Fund - Specific	14,936,000	13,172,000	11,209,000	12,565,000	11,280,000	12,007,000
Transfer from Improvement & Extension Fund - Strategic	-	-	-	80,000,000	20,000,000	-
Grant Revenues	-	-	-	-	-	-
Project Expenditures	(40,043,000)	(66,038,000)	(137,583,000)	(155,734,000)	(178,300,000)	(175,174,000)
Increase (Decrease) in Construction Funds	(24,672,000)	(52,123,000)	19,088,000	(62,761,000)	(6,768,000)	(17,667,000)
Beginning Year Balance	173,000,000	148,328,000	96,205,000	115,293,000	52,532,000	45,764,000
Projected Ending Balance	\$148,328,000	\$96,205,000	\$115,293,000	\$52,532,000	\$45,764,000	\$28,097,000

Schedule 5D - Sewer Construction Bond Fund

	Current Year	Biennial Budget		Forecast		
Inflows & Outflows	Projected	FY 2019 Requested	FY 2020 Requested	FY 2021 Forecast	FY 2022 Forecast	FY 2023 Forecast
Sewer Construction Bond Fund						
Bond Proceeds, Net	\$ -	\$ -	\$75,000,000	\$ 135,000,000	\$42,770,000	\$140,000,000
Earnings on Investments, Net	1,025,600	676,800	144,800	229,100	597,000	-
Transfer from Improvement & Extension Fund - Specific	3,758,000	8,312,000	10,882,000	13,659,000	10,852,000	12,280,000
Transfer from Improvement & Extension Fund - Strategic	-	-	5,000,000	-	-	5,000,000
Grant Revenues	45,965,000	42,197,000	30,061,000	13,493,000	10,187,000	1,603,000
Project Expenditures	(70,632,000)	(105,183,000)	(111,155,000)	(111,952,000)	(136,411,000)	(168,458,000)
Increase (Decrease) in Construction Funds	(19,883,400)	(53,997,200)	9,932,800	50,429,100	(72,005,000)	(9,575,000)
Beginning Year Balance	136,000,000	116,116,600	62,119,400	72,052,200	122,481,300	50,476,300
Projected Ending Balance	\$116,116,600	\$62,119,400	\$72,052,200	\$122,481,300	\$50,476,300	\$40,901,300

Resolution 2018-791 Approval of FY 2019 Schedule of Service Charges

By Board Member: Craig Hupy

Whereas The Great Lakes Water Authority ("GLWA") management and its consultant, The Foster Group, have developed the attached Schedule of Water Service Charges and Sewer Service Charges for FY 2019, including the direct and indirect City of Detroit Revenue Requirements for the water and sewer systems, to support the FY 2019 water system and sewer system revenue requirements budget with an effective date of July 1, 2018; and

Whereas The FY 2019 water and sewer revenue requirements reflect GLWA's commitment to work within the four percent limitation outlined in the Memorandum of Understanding; and

Whereas A Public Hearing was held for the Water Service Charges and Sewer Service Charges proposed by the GLWA for FY 2019 on February 28, 2018 at 2:00 p.m.; and

NOW THEREFORE BE IT:

RESOLVED The Great Lakes Water Authority Board approves the proposed:

- 1) FY 2019 wholesale water service schedule of charges;
- 2) FY 2019 wholesale sewer service schedule of charges;
- 3) FY 2019 City of Detroit allocated wholesale water revenue requirement of \$20,181,400, which is the net of \$40,881,400 gross revenue requirement less the Ownership Equity Credit of \$20,700,000 pursuant to the terms of the Water and Sewer Services Agreement (WSSA);
- 4) FY 2019 City of Detroit allocated wholesale sewer revenue requirement of \$181,159,300, which is the net of \$186,675,300 gross revenue requirement less the Ownership Equity Credit of \$5,516,000 in accordance with the WSSA.
- 5) FY 2019 City of Detroit allocated indirect water revenue requirement of \$41,561,400, in accordance with the Regional Water Supply System Lease;
- 6) FY 2019 City of Detroit allocated indirect sewer revenue requirement of \$31,419,800, in accordance with the Regional Water Supply System Lease; and be it finally

RESOLVED That the Chairperson, the Chief Executive Officer, and the Chief Financial Officer/Treasurer are authorized to take such other action as may be necessary to accomplish the intent of this action.

Great Lakes Water Authority
FY 2019 Water Supply System Allocated Revenue Requirements and Service Charges
1% Budget Increase

Line No.	Customer	Fixed Monthly Charge (a) \$/mo	Commodity Charge (a) \$/Mcf	Annual Revenue Req'ts \$
1	Allen Park	115,500	6.99	2,310,100
2	Almont Village	11,400	10.22	227,800
3	Ash Township	39,200	7.71	784,200
4	Belleville	14,800	9.60	295,700
5	Berlin Township	37,900	10.68	758,100
6	Brownstown Township	182,000	10.46	3,640,000
7	Bruce Twp	9,300	54.76	186,100
8	Canton Township	502,600	11.29	10,051,600
9	Center Line	22,500	5.72	450,200
10	Chesterfield Township	201,700	9.74	4,034,300
11	Clinton Township	409,400	8.03	8,185,800
12	Commerce Township	185,900	14.38	3,717,700
13	Dearborn (a)	533,600	5.95	10,671,100
14	Dearborn Heights	178,700	6.94	3,574,000
15	Eastpointe	76,400	5.38	1,527,400
16	Ecorse	73,300	4.07	1,466,100
17	Farmington	50,800	8.43	1,016,800
18	Farmington Hills	463,200	9.78	9,262,100
19	Ferndale	49,600	5.79	991,800
20	Flat Rock	63,800	7.51	1,277,000
21	Flint (b)	554,100	8.14	11,080,600
22	Fraser	59,700	7.69	1,193,900
23	Garden City	85,100	7.66	1,702,900
24	Gibraltar (a)	16,900	7.67	337,800
25	Grosse Ile Township	66,800	12.95	1,336,400
26	Grosse Pt. Park	72,600	9.66	1,451,800
27	Grosse Pt. Shores	31,600	12.50	631,700
28	Grosse Pt. Woods	75,400	9.43	1,507,400
29	Hamtramck	34,100	4.69	682,200
30	Harper Woods	44,700	6.28	894,400
31	Harrison Township	75,000	6.58	1,499,400
32	Hazel Park	35,700	5.52	714,300
33	Highland Park	69,300	3.66	1,385,400
34	Huron Township	74,400	9.57	1,488,100
35	Imlay City	57,400	11.92	1,147,700
36	Imlay Twp	700	41.14	14,200
37	Inkster (a)	61,100	5.30	1,221,300
38	Keego Harbor	15,400	11.96	308,000
39	Lapeer	72,000	10.44	1,440,300
40	Lenox Township	15,000	7.79	300,000
41	Lincoln Park	114,400	6.34	2,288,900
42	Livonia	707,300	11.28	14,147,900
43	Macomb Township	561,200	13.80	11,224,900
44	Madison Heights	103,000	6.07	2,059,700
45	Mayfield Twp	2,200	31.99	43,700

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PRELIMINARY

THE FOSTER GROUP

6/19/2018

Great Lakes Water Authority
FY 2019 Water Supply System Allocated Revenue Requirements and Service Charges
1% Budget Increase

46	Melvindale	34,300	6.22	685,900
47	New Haven, Village of	18,700	8.96	374,000
48	N O C W A	1,185,200	10.37	23,704,700
49	Northville	38,600	9.59	772,000
50	Northville Township	283,200	16.27	5,664,800
51	Novi	459,900	12.48	9,196,700
52	Oak Park	68,300	5.64	1,366,700
53	Oakland Co. Drain Comm.	3,300	3.16	65,800
54	Plymouth	52,800	9.97	1,056,300
55	Plymouth Township	222,900	10.33	4,458,800
56	Redford Township	157,600	7.25	3,152,000
57	River Rouge	35,200	6.16	703,300
58	Riverview	43,100	7.95	861,400
59	Rockwood	15,600	12.14	312,200
60	Romeo	12,800	18.05	256,500
61	Romulus	193,100	7.77	3,864,200
62	Roseville	130,000	5.47	2,599,300
63	Royal Oak Township	11,500	7.63	230,300
64	S O C W A	1,178,000	7.30	23,556,700
65	Shelby Township	700,700	14.05	14,014,400
66	South Rockwood	5,400	8.47	108,000
67	Southgate	112,800	7.43	2,256,300
68	St. Clair County-Burchville Twp	15,600	16.45	312,200
69	St. Clair County-Greenwood	21,300	13.36	426,600
70	St. Clair Shores	148,900	5.88	2,979,300
71	Sterling Heights	743,400	9.79	14,866,300
72	Sumpter Township	33,700	9.45	673,700
73	Sylvan Lake	11,900	14.17	237,700
74	Taylor	229,100	6.49	4,582,000
75	Trenton	110,800	10.02	2,216,400
76	Troy	682,500	11.55	13,650,800
77	Utica	28,100	9.00	562,200
78	Van Buren Township	165,200	10.51	3,305,600
79	Walled Lake	46,600	12.02	931,800
80	Warren	521,300	6.49	10,422,800
81	Washington Township	111,000	11.86	2,220,300
82	Wayne	145,200	12.67	2,904,200
83	West Bloomfield Township	534,000	16.14	10,681,900
84	Westland	312,400	7.81	6,245,700
85	Wixom	124,900	13.24	2,498,400
86	Woodhaven	81,400	10.71	1,628,000
87	Ypsilanti Comm Util Auth	513,600	8.20	10,270,600
88	Total Wholesale Contract Customers	181,300	0.40	315,407,600
89	Adjustment to Flint Revenue Requirement for KWA Debt Service			(6,639,700)
90	Adjustment for Highland Park Bad Debt			(1,385,400)
91	Net Requirement from Wholesale Charges (agrees with GLWA Budget "Schedule 3A")			307,382,500

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PRELIMINARY

THE FOSTER GROUP

6/19/2018

Great Lakes Water Authority
FY 2019 Water Supply System Allocated Revenue Requirements and Service Charges
1% Budget Increase

Detroit Customer Class		
92	Wholesale Revenue Requirement (c)	40,881,400
93	less: Ownership Benefit per Lease	(20,700,000)
94	Net Wholesale Revenue Requirement	20,181,400
95	Indirect Retail Revenue Requirements (d)	41,561,400
96	less: Use of Lease Payment for Debt Service	(3,949,200)
97	Net Indirect Retail Revenue Requirements (d)	37,612,200
98	Subtotal Subject to GLWA Board Approval (94) + (97)	57,793,600
99	Direct Retail Revenue Requirements (e)	39,756,300
100	Total Local System Revenue Requirement (97) + (99)	77,368,500
101	Net Requirement from Detroit Customer Class (agrees with GLWA Budget "Schedule 3A")	97,549,900

(a) Reflects "Scenario 2" originally presented on January 25, 2018, adjusted to reflect modified BUDGET, except for modifications for Dearborn, Gibraltar and Inkster - which were subsequently adjusted.

(b) Net fixed monthly charge will include credits for KWA debt service.

(c) Wholesale revenue requirements for the Detroit Customer Class.

(d) Local System revenue requirements related to Master Bond Ordinance (local debt service, etc.)

(e) Local System operating expenses (net of shared services reimbursement) and I&E deposit. Not Subject to GLWA Board approval.

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6/19/2018

Great Lakes Water Authority - FY 2019 Sewage Disposal System
Allocated Revenue Requirements and Service Charges @ 1% Budget Increase

	Fixed Monthly Charge \$/mo	Annual Revenue Requirement \$
Suburban Wholesale		
1 OMID	6,461,100	77,533,200
2 Rouge Valley	4,480,100	53,761,200
3 Oakland GWK	3,747,700	44,972,400
4 Evergreen Farmington	2,881,500	34,578,000
5 NE Wayne Co	2,056,000	24,672,000
6 Dearborn	1,614,400	19,372,800
7 Grosse Pointe Farms	227,300	2,727,600
8 Grosse Pointe Park	150,100	1,801,200
9 Melvindale	126,900	1,522,800
10 Farmington	95,300	1,143,600
11 Center Line	85,600	1,027,200
12 Allen Park	70,600	847,200
13 Highland Park	467,900	5,614,800
14 Hamtramck	330,200	3,962,400
15 Grosse Pointe	74,100	889,200
16 Harper Woods	18,200	218,400
17 Redford Township	21,700	260,400
18 Wayne County #3	4,100	49,200
19 Subtotal "Regional Wholesale Revenues from Charges"		274,953,600
20 Industrial Specific Revenues		14,123,500
21 Subtotal "Regional Wholesale Revenues from Charges"		289,077,100
22 less: Highland Park Bad Debt		(2,780,000)
23 Total "Regional Wholesale Revenues" (a)		286,297,100
* Wholesale charges will be effective July 1, 2018		
Detroit Customer Class		
24 Wholesale Revenue Requirement (c)		186,675,300
25 less: Ownership Benefit per Lease		(5,516,000)
26 Net Wholesale Revenue Requirement		181,159,300
27 Indirect Retail Revenue Requirements (d)		31,419,800
28 less: Use of Lease Payment for Debt Service		(4,864,000)
29 Net Indirect Retail Revenue Requirements (d)		26,555,800
30 Subtotal Subject to GLWA Board Approval (26) + (29)		207,715,100
31 Direct Retail Revenue Requirements (e)		70,977,500
32 Total Local System Revenue Requirement (29) + (31)		97,533,300
33 Net Requirement from Detroit Customer Class (a)		278,692,600

(a) Agrees with GLWA Budget "Schedule 3A"

(b) Reserved

(c) Wholesale revenue requirements for the Detroit Customer Class.

(d) Local System revenue requirements related to Master Bond Ordinance (local debt service, etc.)

(e) Local System operating expenses (net of shared services reimbursement) and I&E deposit. Not Subject to GLWA Board approval.

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PRELIMINARY

6/19/2018

Great Lakes Water Authority - FY 2019 Sewage Disposal System
Industrial Specific Retail Sewer Charges @ 1% Budget Increase

Industrial Waste Control Charges		Pollutant Surcharges	
<u>Meter Size - inches</u>	<u>Charge</u>	<u>Pollutant</u>	<u>Charge</u>
	\$/mo		\$/lb
5/8	3.55	BIOCHEMICAL OXYGEN DEMAND (BOD)	
3/4	5.34	for concentrations > 275 mg/l	0.483
1	8.89		
1-1/2	19.56		
2	28.44	TOTAL SUSPENDED SOLIDS (TSS)	
3	51.55	for concentrations > 350 mg/l	0.490
4	71.10		
6	106.64		
8	177.74	PHOSPHORUS (P)	
10	248.84	for concentrations > 12 mg/l	7.228
12	284.38		
14	355.48		
16	426.58	FATS, OIL AND GREASE (FOG)	
18	497.67	for concentrations > 100 mg/l	0.465
20	568.77		
24	639.86		
30	710.96	SEPTAGE DISPOSAL FEE	
36	782.06	Per 500 gallons of disposal	47.00
48	853.15		

PRELIMINARY

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6/19/2018

**Great Lakes Water Authority - FY 2019 Sewage Disposal System
Industrial Specific Retail Sewer Charges @ 1% Budget Increase**

Industrial Waste Control Charges		Pollutant Surcharges	
<u>Meter Size - inches</u>	<u>Charge</u> \$/mo	<u>Pollutant</u>	<u>Charge</u> \$/lb
5/8	3.55	BIOCHEMICAL OXYGEN DEMAND (BOD)	
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36	782.06	Per 500 gallons of disposal	47.00
48	853.15		

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6/19/2018

Resolution 2018-792 Adopting the FY 2019 - FY 2023 Capital Improvement Plan

- Whereas** The Great Lakes Water Authority (“GLWA” or the “Authority”) assumed the operation of the regional water and sewer systems on January 1, 2016 (the Effective Date”) pursuant to the Lease Agreements between the GLWA and the City of Detroit dated June 12, 2015; and
- Whereas** During the term of the Lease Agreements, the Authority shall be entitled to make such rehabilitation of and replacements and improvements to the Leased Water and Sewer Facilities as it determines to be necessary to keep the Leased Facilities in compliance with performance standards; and
- Whereas** In connection with the terms of the Lease Agreements, the Authority shall for each Fiscal Year prepare and approve a Capital Improvement Plan, which shall set forth the improvements to the Leased Sewer Facilities that the Authority proposes to undertake during the next five (5) Fiscal Years; and
- Whereas** The GLWA Planning Services staff facilitated the FY 2019 through FY 2023 Capital Improvement Plan which encompassed engineering and operating unit personnel, business case evaluation, scoring by the Capital Improvement Plan Development Review Committee members for each system, customer engagement, and final review by the GLWA Board Capital Improvement Planning Committee on February 6, 2018; and
- Whereas** The FY 2019 through FY 2023 Capital Improvement Plan and related financial plan has been prepared within the boundaries establish by the GLWA’s long-term financial strategy emphasizing effective capital delivery at the lowest cost of capital; and
- Whereas** The FY 2019 through FY 2023 Capital Improvement Plan identifies \$712.8 million of water system capital improvements and \$633.2 million of sewer system improvements;
- Whereas** The GLWA Audit Committee performed a final review the Capital Improvement Plan at its meeting on February 9, 2018 prior to a review by the Full Board on February 14, 2018; and
- Whereas** In accordance with its Articles of Incorporation, the GLWA is required to adopt a two year operating budget; and
- Whereas** The first two years of the Capital Improvement Program and hereby adopted as a capital budget to coincide with the two year operating budget; and
- Whereas** An affirmative vote of 5 Board Members is necessary for the adoption of this Resolution,

Public Hearing Notice – Budget



**GREAT LAKES WATER AUTHORITY
NOTICE OF PUBLIC HEARING
PROPOSED BIENNIAL BUDGET
For the Two-Year Period ended June 30, 2020
(FY 2019 and FY 2020)**

Notice is hereby given that the Great Lakes Water Authority Board of Directors will hold a Public Hearing on the FY 2019 and FY 2020 Biennial budget.

DATE: Wednesday, February 28, 2018

TIME: 2:00 p.m.

PLACE: 5th Floor Board Room
735 Randolph
Detroit, Michigan 48226

The proposed budget is scheduled to take effect on July 1, 2018. The budget is available for public inspection at the office of the Authority, Water Board Building, 735 Randolph, Detroit, Michigan 48226. A copy of the budget may also be found online at <http://glwater.org/finances/>.

Individuals or groups wishing to make oral presentations or submit prepared statements pertaining to the proposed budget may do so at the Public Hearing. Individuals or groups giving oral presentations are encouraged to have their presentations in writing, with a copy to be submitted for the record to the Great Lakes Water Authority Board of Directors. Oral presentations should be brief to allow all parties the opportunity to participate. A time limit may be imposed based upon registration at the hearing.

Interested parties who are unable to attend the Public Hearing may submit their comments in writing to:

Sue F. McCormick, Chief Executive Officer
Great Lakes Water Authority
735 Randolph
Detroit, Michigan, 48226

Public Hearing Notice - Charges



GREAT LAKES WATER AUTHORITY NOTICE OF PUBLIC HEARING PROPOSED FY 2019 WATER AND SEWERAGE SERVICE CHARGES

Notice is hereby given that the Great Lakes Water Authority Board of Directors will hold a Public Hearing on Water and Sewerage service charges proposed by the Great Lakes Water Authority for Fiscal Year 2019.

DATE: Wednesday, February 28, 2018

TIME: 2:00 p.m.

PLACE: 5th Floor Board Room
735 Randolph
Detroit, Michigan 48226

The proposed service charges are scheduled to take effect on July 1, 2018.

The proposed schedule of charges is available for public inspection at the office of the Authority, Water Board Building, 735 Randolph, Detroit, Michigan 48226. The proposed schedule of charges may also be found online at <http://glwater.org/finances/>.

Individuals or groups wishing to make oral presentations or submit prepared statements pertaining to the proposed service charges may do so at the Public Hearing. Individuals or groups giving oral presentations are encouraged to have their presentations in writing, with a copy to be submitted for the record to the Great Lakes Water Authority Board of Directors. Oral presentations should be brief to allow all parties the opportunity to participate. A time limit may be imposed based upon registration at the hearing.

Interested parties who are unable to attend the Public Hearing may submit their comments in writing to:

Sue F. McCormick, Chief Executive Officer
Great Lakes Water Authority
735 Randolph
Detroit, Michigan, 48226

Press Release – Budget and Charges



FOR IMMEDIATE RELEASE:

June 29, 2018

Media Contact:

Amanda Abukhader / M: 734-934-7868 / O: 313-324-7854 / amanda.abukhader@fleishman.com

GREAT LAKES WATER AUTHORITY BOARD APPROVES WATER AND SEWER BUDGET AND CHARGES FOR REGIONAL SYSTEM

Water and Sewer System budgets increased by only one percent, well within the four percent cap outlined in GLWA's founding documents

DETROIT— The Great Lakes Water Authority (GLWA) Board of Directors last week approved drinking water and sewer Budget and charges for its member partners for the 2019 Fiscal Year.

Annual increases in both the drinking water and sewerage Budgets will be only one percent, consistent with the Authority's commitment of a four percent maximum.

"I want to thank the GLWA Board of Directors and all of our member partners for their participation in the creation of this Budget, and their input into charge development," said GLWA CEO, Sue F. McCormick. "The Authority continues to demonstrate success in keeping costs below our budget cap thanks to continued strong financial management, our commitment to continuous operational efficiencies and our constant collaboration with member partners."

The drinking water and sewer service charges set by GLWA, which will vary by member community, cover all of the Authority's costs of providing water and sewer services. This includes pumping stations, transmission pipes, and treatment plant maintenance and renewal, as well as paying debt service on outstanding bonds issued to fund ongoing capital improvements to the system's vast infrastructure.

"I want to thank my fellow directors for continuing to embody the spirit of regional collaboration with which GLWA was founded. The Budget set last week ensures that the Authority will be able to continue operating, maintaining and improving the regional system, ensuring that our member partners receive water of unquestionable quality and effective and efficient sewer services," said GLWA Board Chairman Freman Hendrix. "The Administration's focus this Fiscal Year is on infrastructure management, and the budget we've set will allow progress to be made, especially on the water side with the use of groundbreaking technology that will be used in a pilot project to assess the section of transmission main that was involved in the break last year which affected

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a number of communities in Oakland County. It is through projects like these that the Authority will develop a roadmap for system sustainability and growth.”

With the action taken by the GLWA Board on June 20th, the 2019 Fiscal Year charges will be passed along to the Authority’s member partners. Each community must then determine what additional costs are necessary to provide service to their individual retail customers, taking operations and maintenance of their local system into consideration.

It is important to note that GLWA charges are only one element of what local residents and business owners see on their bill. Each municipality has its own added costs associated with maintaining its system, which can mean that GLWA’s charges may be a larger or smaller percentage of the total cost of a local community’s water expenses. Ultimately, each individual member partner sets the end-cost that is passed along to consumers in local rates.

Income-qualified residents in GLWA’s service area who are having trouble with their water bill have the opportunity to enroll in the Water Residential Assistance Program (WRAP), which will provide \$4.3 million in 2018 to qualified households in participating communities across southeast Michigan. WRAP funding can provide water bill payment assistance, arrearage assistance, water audits and water conservation education, and up to \$1,000 per home to fix leaks and other minor home plumbing repairs. Those interested can learn more about WRAP by visiting www.waynemetrol.org/WRAP, or by calling 313-386-9727.

“The Board’s action today demonstrates GLWA’s balanced approach to achieving near- and long-term financial sustainability,” said Nicolette Bateson, GLWA’s Chief Financial Officer & Treasurer. “This is achieved with controlled annual operating costs combined with a modest annual revenue adjustment dedicated to infrastructure investment and reduced reliance on debt.”

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About the Great Lakes Water Authority (GLWA)

The Great Lakes Water Authority (GLWA) is the provider of choice for water and wastewater services to 127 municipalities in seven Southeastern Michigan counties. With the Great Lakes as source water, the GLWA is uniquely positioned to provide its customers water of unquestionable quality. GLWA has capacity to extend its service to other Southeastern Michigan communities. The authority offers a Water Residential

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Assistance Program (WRAP) to assist low-income residential customers throughout the system. The GLWA board includes one representative each from Oakland, Macomb and Wayne counties as well as two representatives from the City of Detroit, and one appointed by the governor of Michigan to represent member partners outside the tri-county area.

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