



**Summary of Board Actions  
Pertaining to Adoption of the  
FY 2021 and FY 2022 Biennial Budget,  
FY 2021 Service Charges, and  
FY 2021 through FY 2025 Capital Improvement Plan  
as of March 11, 2020 for the  
Fiscal Period Beginning July 1, 2020**

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## Overview

The purpose of this document is to provide a synopsis of the actions taken by the Great Lakes Water Authority Board of Directors related to the financial plan with an effective date of July 1, 2020. Those action are reflected in the following three resolutions.

1. FY 2021 and FY 2022 Biennial Budget – Adopted on March 11, 2020
2. FY 2021 Schedule of Service Charges – Adopted on March 11, 2020
3. FY 2021 through FY 2025 Capital Improvement Plan – Adopted on February 26, 2020

This document summarizes those actions for reference by stakeholders.

It should be noted that, concurrently with the above actions, on March 11, 2020 , the World Health Organization declared a pandemic following the outbreak of COVID-19, a respiratory disease caused by a novel strain of coronavirus. On March 13, 2020, President Donald Trump declared a national emergency to unlock federal funds to help states and local governments fight the pandemic. On March 28, 2020, President Trump, at the request of Michigan Governor Gretchen Whitmer, declared that a major disaster exists in Michigan, thereby making federal funds available for this crisis.

On April 22, 2020, the GLWA Board approved a delay in the effective date of the approved Fiscal Year 2021 charges presented in this document from July 1, 2020 to October 1, 2020 to provide budget relief to Member Partner communities as a result of COVID-19 challenges. The GLWA budget will be amended in the first quarter of FY 2021 for this revenue reduction along with associated expense reductions which will be presented to the GLWA Board in June 2020.

Additional financial information related to the Great Lakes Water Authority may be found online at [www.glwater.org](http://www.glwater.org).

## Resolution 2020-082 Resolution Adopting the Biennial FY 2021 & FY 2022 Budget

By Board Member: Brian Baker

- 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% through the fiscal year ending June 30, 2025; and
- WHEREAS** The GLWA Board is now adopting its fifth fiscal year budget demonstrating its ability to achieve and excel in meeting that commitment with a Regional Water System annual revenue requirement budget increase of 0.6% which equates to an average 1.9% increase in revenues from Water Service Charges and a Regional Sewer System annual revenue requirements budget increase of 1.3% which equates to an average 2.0% increase in revenues from Sewer Service Charges; 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 2021 is \$341,642,000 and for FY 2022 is \$351,891,400 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 for FY 2021 is \$486,751,300 and for FY 2022 is \$501,353,700 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 2021 is \$137,127,300 and for FY 2022 is \$139,642,500 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 2021 is \$184,946,100 and for FY 2022 is \$188,934,600 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 \$184,938,100 for FY 2021 and \$185,670,700 for FY 2022 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 \$241,569,300 for FY 2021 and \$247,618,200 for FY 2022 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 \$110,673,000 in FY 2021 and \$134,939,000 in FY 2022 for the capital improvement plan in accordance with the Schedule 5C - Water Construction Bond Fund budget with those capital amounts reflecting a 75% Capital Spending Ratio applied to FY 2021 and FY 2022 as shown in the proposed FY 2021 through FY 2025 Capital Improvement Plan; and

**WHEREAS** The amounts necessary to fund the annual sewer system capital expenditures of \$82,979,000 in FY 2021 and \$84,568,000 in FY 2022 for the capital improvement plan in accordance with Schedule 5D - Sewer Construction Bond Fund budget with those capital amounts reflecting a 75% Capital Spending Ratio applied to FY 2021 and FY 2022 as shown in the proposed FY 2021 through FY 2025 Capital Improvement Plan; and

**WHEREAS** The amounts necessary to fund the annual water system capital expenditures of \$17,892,000 in FY 2021 and \$13,760,200 in FY 2022 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 \$20,481,100 in FY 2021 and \$15,794,700 in FY 2022 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 2021 through FY 2025 at its meeting on December 19, 2019; with updates at its meetings on January 27, 2020, and February 21, 2020; and

**WHEREAS** The GLWA Board conducted a 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 26, 2020 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/financials](http://glwater.org/financials); and

**WHEREAS** The public hearing carried through March 11, 2020, at 1:00 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 26, 2020, and continued that hearing on March 11, 2020, to receive public comment regarding the proposed budget for the Fiscal Years 2021 and 2022; and be it further

**RESOLVED** That the GLWA Board approves the budget for Fiscal Years 2021 and 2022; 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 2020 Adopted	FY 2020 Estimated	FY 2021 Requested	FY 2021 \$ Change	FY 2021 % Change	FY 2022 Requested	FY 2022 \$ Change	FY 2022 % Change
<b>Revenues</b>								
11 Revenues from Charges	\$ 330,580,000	\$ 326,215,000	\$ 336,807,600	\$ 6,227,600	1.9%	\$ 348,085,700	\$ 11,278,100	3.3%
10.1 Non-Operating Revenue	9,084,200	5,732,100	4,834,400	(4,249,800)	-46.8%	3,805,700	(1,028,700)	-21.3%
<b>Total Revenues</b>	<b>339,664,200</b>	<b>331,947,100</b>	<b>341,642,000</b>	<b>1,977,800</b>	<b>0.6%</b>	<b>351,891,400</b>	<b>10,249,400</b>	<b>3.0%</b>
<b>Revenue Requirements</b>								
1 Operations & Maintenance (O&M) Expense	\$131,490,500	\$131,490,500	\$137,127,300	\$5,636,800	4.3%	\$139,642,500	\$2,515,200	1.8%
2 General Retirement System Legacy Pension	6,048,000	6,048,000	6,048,000	-	0.0%	6,048,000	-	0.0%
3 Debt Service Allocation	137,557,600	137,581,000	143,189,900	5,632,300	4.1%	141,151,000	(2,038,900)	-1.4%
4 General Retirement System Accelerated Pension	6,268,300	6,268,300	6,268,300	-	0.0%	6,268,300	-	0.0%
5 Water Residential Assistance Program Contribution	1,698,300	1,698,300	1,669,400	(28,900)	-1.7%	1,759,500	90,100	5.4%
6 Lease Payment to Local System I&E Account	22,500,000	22,500,000	22,500,000	-	0.0%	22,500,000	-	0.0%
7 Improvement & Extension Fund Allocation	30,125,500	22,385,000	23,962,500	(6,163,000)	-20.5%	33,683,700	9,721,200	40.6%
8 Operating Reserve Deposit	3,976,000	3,976,000	876,600	(3,099,400)	-78.0%	838,400	(38,200)	-4.4%
9 Extraordinary Repair & Replacement Deposit	-	-	-	-	0.0%	-	-	0.0%
<b>Annual Budgeted Revenue Requirements</b>	<b>\$ 339,664,200</b>	<b>\$ 331,947,100</b>	<b>\$ 341,642,000</b>	<b>\$ 1,977,800</b>	<b>0.6%</b>	<b>\$ 351,891,400</b>	<b>\$ 10,249,400</b>	<b>3.0%</b>

Note: Revenues from Charges for FY 2021 above is comprised of the following

Regional System Wholesale Revenues – Suburban Wholesale Customers	\$314,252,200
Regional System Wholesale Revenues – Detroit Customers	22,555,400
<b>Total Revenues from Charges</b>	<b>\$336,807,600</b>

### Schedule 1B - Sewer System Revenue Requirements Budget

Sewer System Revenue Requirements	Current Year		Biennial Budget					
	FY 2020 Adopted	FY 2020 Estimated	FY 2021 Requested	FY 2021 \$ Change	FY 2021 % Change	FY 2022 Requested	FY 2022 \$ Change	FY 2022 % Change
<b>Revenues</b>								
11 Revenues from Charges	\$ 471,874,500	\$ 471,874,500	\$ 481,162,100	\$ 9,287,600	2.0%	\$ 496,004,300	\$ 14,842,200	3.1%
10.1 Non-Operating Revenue	8,730,800	5,051,500	5,589,200	(3,141,600)	-36.0%	5,349,400	(239,800)	-4.3%
<b>Total Revenues</b>	<b>480,605,300</b>	<b>476,926,000</b>	<b>486,751,300</b>	<b>6,146,000</b>	<b>1.3%</b>	<b>501,353,700</b>	<b>14,602,400</b>	<b>3.0%</b>
<b>Revenue Requirements</b>								
1 Operations & Maintenance (O&M) Expense	\$187,057,200	\$187,057,200	\$184,946,100	\$ (2,111,100)	-1.1%	\$188,934,600	\$3,988,500	2.2%
2 General Retirement System Legacy Pension	10,824,000	10,824,000	10,824,000	-	0.0%	10,824,000	-	0.0%
3 Debt Service	215,738,800	213,802,800	209,739,900	(5,998,900)	-2.8%	215,438,500	5,698,600	2.7%
4 General Retirement System Accelerated Pension	11,620,700	11,620,700	11,620,700	-	0.0%	11,620,700	-	0.0%
5 Water Residential Assistance Program Contribution	2,403,000	2,403,000	2,415,100	12,100	0.5%	2,506,800	91,700	3.8%
6 Lease Payment to Local System	27,500,000	27,500,000	27,500,000	-	0.0%	27,500,000	-	0.0%
7 Improvement & Extension Fund Allocation	25,461,600	23,718,300	39,705,500	14,243,900	55.9%	43,199,600	3,494,100	8.8%
8 Operating Reserve Deposit	-	-	-	-	0.0%	1,329,500	1,329,500	0.0%
9 Extraordinary Repair & Replacement Deposit	-	-	-	-	0.0%	-	-	0.0%
<b>Annual Budgeted Revenue Requirements</b>	<b>\$ 480,605,300</b>	<b>\$ 476,926,000</b>	<b>\$ 486,751,300</b>	<b>\$ 6,146,000</b>	<b>1.3%</b>	<b>\$ 501,353,700</b>	<b>\$ 14,602,400</b>	<b>3.0%</b>

Note: Revenues from Charges for FY 2021 above is comprised of the following

Regional System Wholesale Revenues – Suburban Wholesale Customers	\$291,050,000
Regional System Wholesale Revenues – Detroit Customers	190,112,100
<b>Total Revenues from Charges</b>	<b>\$481,162,100</b>



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

Combined System Revenue Requirements	Current Year		Biennial Budget					
	FY 2020 Adopted	FY 2020 Estimated	FY 2021 Requested	FY 2021 \$ Change	FY 2021 % Change	FY 2022 Requested	FY 2022 \$ Change	FY 2022 % Change
<b>Revenues</b>								
11 Revenues from Charges	\$ 802,454,500	\$ 798,089,500	\$ 817,969,700	\$ 15,515,200	1.9%	\$ 844,090,000	\$ 26,120,300	3.2%
10.1 Non-Operating Revenue	17,815,000	10,783,600	10,423,600	(7,391,400)	-41.5%	9,155,100	(1,268,500)	-12.2%
<b>Total Revenues</b>	<b>820,269,500</b>	<b>808,873,100</b>	<b>828,393,300</b>	<b>8,123,800</b>	<b>1.0%</b>	<b>853,245,100</b>	<b>24,851,800</b>	<b>3.0%</b>
<b>Revenue Requirements</b>								
1 Operations & Maintenance (O&M) Expense	\$318,547,700	\$318,547,700	\$322,073,400	\$3,525,700	1.1%	\$328,577,100	\$6,503,700	2.0%
2 General Retirement System Legacy Pension	16,872,000	16,872,000	16,872,000	-	0.0%	16,872,000	-	0.0%
3 Debt Service	353,296,400	351,383,800	352,929,800	(366,600)	-0.1%	356,589,500	3,659,700	1.0%
4 General Retirement System Accelerated Pension	17,889,000	17,889,000	17,889,000	-	0.0%	17,889,000	-	0.0%
5 Water Residential Assistance Program Contribution	4,101,300	4,101,300	4,084,500	(16,800)	-0.4%	4,266,300	181,800	4.5%
6 Lease Payment to Local System	50,000,000	50,000,000	50,000,000	-	0.0%	50,000,000	-	0.0%
7 Improvement & Extension Fund Allocation	55,587,100	46,103,300	63,668,000	8,080,900	14.5%	76,883,300	13,215,300	20.8%
8 Operating Reserve Deposit	3,976,000	3,976,000	876,600	(3,099,400)	-78.0%	2,167,900	1,291,300	147.3%
9 Extraordinary Repair & Replacement Deposit	-	-	-	-	0.0%	-	-	0.0%
<b>Annual Budgeted Revenue Requirements</b>	<b>\$ 820,269,500</b>	<b>\$ 808,873,100</b>	<b>\$ 828,393,300</b>	<b>\$ 8,123,800</b>	<b>1.0%</b>	<b>\$ 853,245,100</b>	<b>\$ 24,851,800</b>	<b>3.0%</b>

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

Flow of Funds Basis		FY 2021 Water Fund	FY 2021 Sewer Fund	FY 21 Combined (Informational Only)	FY 2022 Water Fund	FY 2022 Sewer Fund	FY 22 Combined (Informational Only)
<b>Revenues</b>							
1	Regional System Wholesale Revenues	\$ 336,807,600	\$ 481,162,100	\$ 817,969,700	\$ 348,085,700	\$ 496,004,300	\$ 844,090,000
2	Local System Revenues	72,508,900	100,125,100	172,634,000	74,426,400	111,413,300	185,839,700
3	Miscellaneous Revenue (Local System)	6,149,100	5,634,800	11,783,900	6,161,600	5,636,300	11,797,900
4	Non-Operating Revenue (Regional System)	4,834,400	5,589,200	10,423,600	3,805,700	5,349,400	9,155,100
5	<b>Total Revenues</b>	<b>\$ 420,300,000</b>	<b>\$ 592,511,200</b>	<b>\$ 1,012,811,200</b>	<b>\$ 432,479,400</b>	<b>\$ 618,403,300</b>	<b>\$ 1,050,882,700</b>
<b>Revenue Requirements</b>							
<b>Operations &amp; Maintenance Expense</b>							
6	Regional System Wholesale Expenses	\$ 137,127,300	\$ 184,946,100	\$ 322,073,400	\$ 139,642,500	\$ 188,934,600	\$ 328,577,100
7	Local System Expenses	35,833,900	69,915,700	105,749,600	37,186,700	72,429,900	109,616,600
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	<b>Total Operations &amp; Maintenance Expense</b>	<b>183,281,200</b>	<b>268,541,800</b>	<b>451,823,000</b>	<b>187,149,200</b>	<b>275,044,500</b>	<b>462,193,700</b>
11	<b>Net Revenues after Operations &amp; Maintenance Expense</b>	<b>\$ 237,018,800</b>	<b>\$ 323,969,400</b>	<b>\$ 560,988,200</b>	<b>\$ 245,330,200</b>	<b>\$ 343,358,800</b>	<b>\$ 588,689,000</b>
<b>Debt Service by Lien</b>							
12	Senior Lien Bonds	130,616,400	132,686,600	263,303,000	133,195,400	144,396,500	277,591,900
13	Second Lien Bonds	49,280,800	54,642,000	103,922,800	44,683,600	48,104,300	92,787,900
14	SRF Junior Lien Bonds	5,040,900	54,240,700	59,281,600	7,791,700	55,117,400	62,909,100
15	<b>Total Debt Service</b>	<b>\$ 184,938,100</b>	<b>\$ 241,569,300</b>	<b>\$ 426,507,400</b>	<b>\$ 185,670,700</b>	<b>\$ 247,618,200</b>	<b>\$ 433,288,900</b>
<b>Debt Service Coverage</b>							
16	Senior Lien Bonds (11)/(12)	1.81	2.44		1.84	2.38	
17	Second Lien Bonds (11)/[(12)+(13)]	1.32	1.73		1.38	1.78	
18	SRF Junior Lien Bonds (11)/(15)	1.28	1.34		1.32	1.39	



### Schedule 5A - Water Improvement & Extension Fund

	Current Year	Biennial Budget	
	FY 2020 Estimated	FY 2021 Requested	FY 2022 Forecast
<b>Inflows &amp; Outflows</b>			
<b>Water Improvement &amp; Extension Fund</b>			
Water System Revenue Transfers	\$22,385,000	\$23,962,500	\$33,683,700
Receipt of DWSD Shortfall Loan	-	-	-
Grant Revenues	-	-	-
Earnings on Investments, Net	-	-	-
Capital Outlay	(10,125,300)	(17,892,000)	(13,760,200)
Revenue Financed Capital - Strategic	(50,000,000)	(75,000,000)	(85,000,000)
Increase (Decrease) in I&E Reserves	(\$37,740,300)	(\$68,929,500)	(\$65,076,500)
Beginning Year Balance	264,584,900	226,844,600	157,915,100
<b>Projected Ending Balance</b>	<b>\$226,844,600</b>	<b>\$157,915,100</b>	<b>\$92,838,600</b>

### Schedule 5B - Sewer Improvement & Extension Fund

	Current Year	Biennial Budget	
	FY 2020 Estimated	FY 2021 Requested	FY 2022 Forecast
<b>Inflows &amp; Outflows</b>			
<b>Sewer Improvement &amp; Extension Fund</b>			
Sewer System Revenue Transfers	\$23,718,300	\$39,705,500	\$43,199,600
Receipt of DWSD Shortfall Loan	19,288,300	19,288,300	8,705,000
Grant Revenues	-	-	-
Earnings on Investments, Net	-	-	-
Capital Outlay	(20,122,200)	(20,481,100)	(15,794,700)
Revenue Financed Capital - Strategic	(25,000,000)	(42,500,000)	(35,000,000)
Increase (Decrease) in I&E Reserves	(\$2,115,600)	(\$3,987,300)	\$1,109,900
Beginning Year Balance	96,648,700	94,533,100	90,545,800
<b>Projected Ending Balance</b>	<b>\$94,533,100</b>	<b>\$90,545,800</b>	<b>\$91,655,700</b>

### Schedule 5C - Water Construction Bond Fund

Inflows & Outflows	Current Year	Biennial Budget	
	FY 2020 Estimated	FY 2021 Requested	FY 2022 Forecast
<b>Water Construction Bond Fund</b>			
Bond Proceeds, Net	\$0	\$0	\$0
Earnings on Investments, Net	1,131,300	820,400	376,100
Transfer from Improvement & Extension Fund	50,000,000	75,000,000	85,000,000
Contributions In Aid of Construction	-	-	-
Grant Revenues (DWRP Loans)	12,898,300	12,365,800	16,590,200
Project Expenditures	(83,829,000)	(110,673,000)	(134,939,000)
Increase (Decrease) in Construction Funds	(\$19,799,400)	(\$22,486,800)	(\$32,972,700)
Beginning Year Balance	92,331,900	72,532,500	50,045,700
<b>Projected Ending Balance</b>	<b>\$72,532,500</b>	<b>\$50,045,700</b>	<b>\$17,073,000</b>

### Schedule 5D - Sewer Construction Bond Fund

Inflows & Outflows	Current Year	Biennial Budget	
	FY 2020 Estimated	FY 2021 Requested	FY 2022 Forecast
<b>Sewer Construction Bond Fund</b>			
Bond Proceeds, Net	\$0	\$0	\$0
Earnings on Investments, Net	706,800	497,700	327,800
Transfer from Improvement & Extension Fund	25,000,000	42,500,000	35,000,000
Contributions In Aid of Construction	-	-	-
Grant Revenues (DWRP Loans)	40,505,000	33,200,000	15,112,000
Project Expenditures	(94,826,000)	(82,979,000)	(84,568,000)
Increase (Decrease) in Construction Funds	(\$28,614,200)	(\$6,781,300)	(\$34,128,200)
Beginning Year Balance	82,031,700	53,417,500	46,636,200
<b>Projected Ending Balance</b>	<b>\$53,417,500</b>	<b>\$46,636,200</b>	<b>\$12,508,000</b>



One Pager Series  
Biennial Budget & Five-Year Financial Plan  
Operations & Maintenance Budget  
FY 2021 through FY 2025  
Approved on March 11, 2020

The combined GLWA revenue requirement budget is the basis for establishing the annual charges for services. Much of the FY 2021 budget of \$828 million is fixed commitments such as debt service (42%), lease payment (6%), legacy liabilities (4%) as well as capital funding (8%), and other (1%). Operations & Maintenance (O&M) expense represents \$322 million, or 39%, of the total requirement for FY 2021 and is the focus of this One Pager. FY 2021 presents an increase of \$3.5 million, or 1.1%, over FY 2020. The second year of the biennial budget, FY 2022, increases 2%. Highlights for the upcoming year include:

***Water Operations – increase of \$5.9 million***

The majority of this net increase (\$5.2 million) is to the removal, hauling, and disposal of alum sludge at the water treatment plants. This mobile dredging & video piping program is a long-term maintenance effort that aligns with regulatory requirements.

***Wastewater Operations – decrease \$309 thousand***

Ongoing efforts to achieve operational efficiencies have resulted in budgeted reductions of \$548,000 in utilities and \$758,000 in chemicals. Additionally, increased production through the environmentally stable Biosolids Dryer Facility, which significantly reduces the high cost of material sent to landfills, contributed an additional \$1,469,000 in projected savings. These savings are being reinvested into a multi-year instrumentation and control systems upgrade program budgeted at \$742,000 for FY 2021.

***Centralized Services<sup>1</sup> – decrease \$4.2 million***

Factors that decreased the budget include a reduction of contractual services in the planning area (\$2.2 million) due to material completion of large consulting projects for asset management and the wastewater master plan in FY 2020. In

addition, the pace of spending for the new, annual Water Transmission System Pipe Integrity Program has been slowed to align with other operational demands and projects.

Also, the field services team expects a reduction of \$2.5 million of contracted sewer cleaning and investigation services. The facilities team expects a decrease of \$2 million dollars from improved pricing on snow removal (\$400,000), in-sourcing trade services (\$500,000), and lower facility costs based on historical review (\$1.1 million).

Factors increasing the budget are related to information technology (\$2.7 million). This includes a loss of \$1.2 million in information shared service reimbursements as well as implementation expenses for a new enterprise asset management system (\$1.6 million).

***Administrative Services<sup>2</sup> – increase \$2.1 million***

The administrative services budget is largely driven by personnel costs and contractual services for eight areas. Programs that are supported by these increases include One Water Institute, procurement strategic initiatives, internal audit, and government relations service.

***Staffing*** - If all positions were filled for the entire year, the full-time-equivalent (FTE) count would be 1,219, up by 12 positions from the prior year plan. Based on assumptions related to recruitment and turnover, the budget provides funding for 1,200 positions. Two positions are in water operations, four in wastewater operations, one in safety, two in organizational development, two in financial services and a partial allocation among other areas.

**Questions?** Contact the Office of the Chief Financial Officer at [cfo@glwater.org](mailto:cfo@glwater.org)

<sup>1</sup> Includes the Planning Services, Systems Operations Control; Facility and Fleet Operations; Field Service Operations; Energy, Research & Innovation; Information Technology; and Security & Integrity/HazMat.

<sup>2</sup> Includes the Board of Directors, Chief Executive Officer, Chief Administrative & Compliance Officer, Risk Management & Safety, General Counsel, Public Affairs, Organizational Development, and Financial Services

## Public Hearing Notice – Biennial Budget



**GREAT LAKES WATER AUTHORITY  
NOTICE OF PUBLIC HEARING  
PROPOSED BIENNIAL BUDGET  
For the Two-Year Period ended June 30, 2022  
(FY 2021 and FY 2022)**

Notice is hereby given that the Great Lakes Water Authority Board of Directors will hold a Public Hearing on the FY 2021 and FY 2022 Biennial budget.

**DATE: Wednesday, February 26, 2020**

**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, 2020. 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 <https://www.glwater.org/financials/>.

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

## **Resolution 2020-083 Approval of FY 2021 Schedule of Service Charges**

By Board Member: Gary Brown

**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 2021, including the direct and indirect City of Detroit Revenue Requirements for the water and sewer systems, to support the FY 2021 water system and sewer system revenue requirements budget with an effective date of July 1, 2020; and

**Whereas** The FY 2021 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 2021 on February 26, 2020 at 2:00 p.m.; and

### **NOW THEREFORE BE IT:**

**RESOLVED** The Great Lakes Water Authority Board approves the proposed:

- 1) FY 2021 wholesale water service schedule of charges;
- 2) FY 2021 wholesale sewer service schedule of charges;
- 3) FY 2021 City of Detroit allocated wholesale water revenue requirement of \$22,555,400, which is the net of \$43,255,400 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 2021 City of Detroit allocated wholesale sewer revenue requirement of \$190,112,100 which is the net of \$195,628,100 gross revenue requirement less the Ownership Equity Credit of \$5,516,000 in accordance with the WSSA;
- 5) FY 2021 City of Detroit allocated indirect water revenue requirement of \$46,830,400, in accordance with the Regional Water Supply System Lease;
- 6) FY 2021 City of Detroit allocated indirect sewer revenue requirement of \$36,245,300, in accordance with the Regional Sewage Disposal System Lease; and

**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 vote.

Great Lakes Water Authority  
Approved FY 2021 Water Supply System Allocated Revenue Requirements and Service Charges

Line No.	Customer	Fixed Monthly Charge (a) \$/mo	Commodity Charge (a) \$/Mcf	Annual Revenue Req'ts \$
1	Allen Park	122,400	7.80	2,448,300
2	Almont Village	12,200	10.52	244,200
3	Ash Township	42,400	8.28	848,300
4	Belleville	16,000	9.77	320,000
5	Berlin Township	37,400	11.41	748,800
6	Brownstown Township	187,400	10.82	3,748,700
7	Bruce Twp	15,900	68.40	318,700
8	Burtchville Twp	16,800	18.67	336,000
9	Canton Township	527,600	12.17	10,552,100
10	Center Line	23,900	6.23	478,600
11	Chesterfield Township	217,600	10.33	4,352,200
12	Clinton Township	390,100	7.79	7,801,400
13	Commerce Township	183,400	14.50	3,668,400
14	Dearborn	539,900	7.24	10,797,800
15	Dearborn Heights	189,200	7.70	3,783,300
16	Eastpointe	80,600	6.15	1,611,700
17	Ecorse	78,800	4.31	1,575,700
18	Farmington	52,300	9.24	1,046,100
19	Farmington Hills	460,900	10.20	9,218,900
20	Ferndale	52,300	6.19	1,045,000
21	Flat Rock	70,500	9.18	1,410,400
22	Flint (b)	572,300	8.76	11,445,300
23	Fraser	63,200	8.51	1,263,000
24	Garden City	87,900	8.30	1,757,500
25	Gibraltar	17,300	8.33	345,800
26	Grosse Ile Township	57,300	11.65	1,146,700
27	Grosse Pt. Park	76,700	11.04	1,533,200
28	Grosse Pt. Shores	33,900	13.60	677,400
29	Grosse Pt. Woods	73,700	9.13	1,474,400
30	Hamtramck	40,900	5.39	817,200
31	Harper Woods	42,500	6.76	850,800
32	Harrison Township	79,100	6.82	1,582,400
33	Hazel Park	38,200	5.98	764,200
34	Highland Park	60,300	4.61	1,206,300
35	Huron Township	76,000	10.09	1,520,200
36	Imlay City	74,600	13.52	1,492,800
37	Imlay Twp	800	39.44	16,700
38	Inkster	63,800	5.45	1,276,400
39	Keego Harbor	15,500	12.35	309,500
40	Lapeer	80,300	11.84	1,605,400
41	Lenox Township	15,300	8.21	306,000
42	Lincoln Park	115,900	6.12	2,317,900
43	Livonia	594,800	9.92	11,896,300
44	Macomb Township	653,000	16.03	13,059,300
45	Madison Heights	99,400	6.82	1,987,500
46	Mayfield Twp	2,500	23.10	49,400
47	Melvindale	33,600	6.23	671,000
48	New Haven, Village of	20,500	6.74	409,800
49	N O C W A	1,143,600	10.22	22,871,800
50	Northville	46,100	11.72	922,300
51	Northville Township	290,100	16.95	5,802,200
52	Novi	468,800	12.69	9,375,800
53	Oak Park	71,700	6.03	1,433,600
54	Oakland Co. Drain Comm.	4,300	3.29	86,800
55	Plymouth	55,500	10.24	1,110,300
56	Plymouth Township	229,900	11.31	4,597,800
57	Redford Township	165,300	8.04	3,305,200
58	River Rouge	34,800	7.54	696,700
59	Riverview	45,000	7.82	899,100
60	Rockwood	14,400	11.56	287,200

APPROVED FY 2021 CHARGES

3/11/2020



Great Lakes Water Authority  
Approved FY 2021 Water Supply System Allocated Revenue Requirements and Service Charges

Line No.	Customer	Fixed Monthly Charge (a) \$/mo	Commodity Charge (a) \$/Mcf	Annual Revenue Req'ts \$
61	Romco	13,000	18.18	259,600
62	Romulus	216,400	8.23	4,328,700
63	Roseville	138,700	5.91	2,774,800
64	Royal Oak Township	10,500	7.15	210,400
65	S O C W A	1,192,900	7.58	23,857,100
66	Shelby Township	724,600	15.15	14,491,100
67	South Rockwood	6,000	9.92	119,600
68	Southgate	114,600	7.90	2,291,500
69	St. Clair County-Greenwood Township	24,000	12.83	480,400
70	St. Clair Shores	158,300	6.68	3,165,400
71	Sterling Heights	785,000	10.99	15,700,400
72	Sumpter Township	34,500	9.64	689,600
73	Sylvan Lake	12,100	15.11	241,900
74	Taylor	241,400	7.24	4,827,900
75	Trenton	86,700	8.10	1,734,100
76	Troy	700,800	12.14	14,015,000
77	Utica	29,800	9.34	596,800
78	Van Buren Township	177,200	11.14	3,543,300
79	Walled Lake	41,700	10.64	833,500
80	Warren	530,000	6.89	10,599,900
81	Washington Township	116,900	12.49	2,337,200
82	Wayne	159,500	13.38	3,190,700
83	West Bloomfield Township	538,000	16.29	10,760,600
84	Westland	321,700	7.80	6,433,100
85	Wixom	127,600	13.73	2,551,500
86	Woodhaven	86,700	11.91	1,733,500
87	Ypsilanti Comm Util Auth	540,900	8.76	10,817,300
88	Total Wholesale Contract Customers			322,110,700
89	Adjustment to Flint Revenue Requirement for KWA Debt Service			(6,652,200)
90	Adjustment for Highland Park Bad Debt			(1,206,300)
91	Net Requirement from Wholesale Charges (agrees with GLWA Budget "Schedule 3A")			314,252,200
<b>Detroit Customer Class - \$</b>				
92	Wholesale Revenue Requirement (c)			43,255,400
93	less: Ownership Benefit per Lease			(20,700,000)
94	Net Wholesale Revenue Requirement			22,555,400
95	Indirect Retail Revenue Requirements (d)			46,830,400
96	less: Use of Lease Payment for Debt Service			(8,278,300)
97	Net Indirect Retail Revenue Requirements (d)			38,552,100
98	Subtotal Subject to GLWA Board Approval (94) + (97)			61,107,500
99	Direct Retail Revenue Requirements (e)			40,105,900
100	Total Local System Revenue Requirement (97) + (99)			78,658,000
101	Net Requirement from Detroit Customer Class (agrees with GLWA Budget "Schedule 3A")			101,213,400

(a) Reflects charges approved March 11, 2020.

(b) Net fixed monthly charge will include \$554,400 monthly 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.

APPROVED FY 2021 CHARGES

3/11/2020

Great Lakes Water Authority  
Approved FY 2021 Sewage Disposal System Allocated Revenue Requirements and Service Charges

	Fixed Monthly Charge \$/mo	Annual Revenue Requirement \$
<u>Suburban Wholesale</u>		
1 OMID	6,400,000	76,799,400
2 Rouge Valley	4,575,900	54,910,700
3 Oakland GWK	3,821,000	45,851,800
4 Evergreen Farmington	2,944,100	35,329,000
5 SE Macomb San Dist	2,097,000	25,164,500
6 Dearborn	1,646,200	19,754,700
7 Grosse Pointe Farms	232,300	2,787,700
8 Grosse Pointe Park	153,000	1,835,600
9 Melvindale	129,600	1,554,600
10 Farmington	97,200	1,166,900
11 Center Line	87,300	1,047,900
12 Allen Park	72,200	866,300
13 Highland Park	478,900	5,747,300
14 Hamtramck	337,000	4,044,200
15 Grosse Pointe	75,400	904,300
16 Harper Woods	18,500	222,100
17 Redford Township	22,300	267,500
18 Wayne County #3	4,300	51,500
19 <b>Subtotal "Regional Wholesale Revenues from Charges"</b>		278,306,000
20 Industrial Specific Revenues		14,038,200
21 <b>Subtotal "Regional Wholesale Revenues from Charges"</b>		292,344,200
22 less: Highland Park Bad Debt		(1,294,200)
23 <b>Total "Regional Wholesale Revenues" (a)</b>		291,050,000
<i>* Wholesale charges will be effective July 1, 2020</i>		
<b>Detroit Customer Class - \$</b>		
24 <b>Wholesale</b> Revenue Requirement (c)		195,628,100
25 less: Ownership Benefit per Lease		(5,516,000)
26 <b>Net Wholesale</b> Revenue Requirement		190,112,100
27 <b>Indirect Retail</b> Revenue Requirements (d)		36,245,300
28 less: Use of Lease Payment for Debt Service		(3,257,200)
29 <b>Net Indirect Retail</b> Revenue Requirements (d)		32,988,100
30 Subtotal Subject to GLWA Board Approval (26) + (29)		223,100,200
31 <b>Direct Retail</b> Revenue Requirements (e)		72,771,700
32 <b>Total Local System Revenue Requirement (29) + (31)</b>		105,759,800
33 <b>Net Requirement from Detroit Customer Class (a)</b>		295,871,900

(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.

APPROVED FY 2021 CHARGES

3/11/2020

Great Lakes Water Authority  
Approved FY 2021 Industrial Specific Retail Sewer Charges

Industrial Waste Control Charges		Pollutant Surcharges	
Meter Size - inches	Charge \$/mo	Pollutant	Charge \$/lb
5/8	3.45	BIOCHEMICAL OXYGEN DEMAND (BOD)	
3/4	5.18	for concentrations > 275 mg/l	<b>0.502</b>
1	8.63		
1-1/2	18.98		
2	27.60	TOTAL SUSPENDED SOLIDS (TSS)	
3	50.03	for concentrations > 350 mg/l	<b>0.51</b>
4	69.00		
6	103.50		
8	172.50	PHOSPHORUS (P)	
10	241.50	for concentrations > 12 mg/l	<b>7.519</b>
12	276.00		
14	345.00		
16	414.00	FATS, OIL AND GREASE (FOG)	
18	483.00	for concentrations > 100 mg/l	<b>0.484</b>
20	552.00		
24	621.00		
30	690.00	SEPTAGE DISPOSAL FEE	
36	759.00	Per 500 gallons of disposal	<b>48.00</b>
48	828.00		

APPROVED FY 2021 CHARGES

3/11/2020

Great Lakes Water Authority  
Proposed FY 2021 Industrial Specific Retail Sewer Charges

<b>Industrial Waste Control Charges- Administration Only</b>
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Meter Size - inches	Charge \$/mo
5/8	0.86
3/4	1.30
1	2.16
1-1/2	4.75
2	6.90
3	12.51
4	17.25
6	25.88
8	43.13
10	60.38
12	69.00
14	86.25
16	103.50
18	120.75
20	138.00
24	155.25
30	172.50
36	189.75
48	207.00

APPROVED FY 2021 CHARGES

3/11/2020



### **FY 2021 Service Charges Highlights**

On February 26, 2020, the GLWA Board of Directors will hold a Public Hearing for the proposed schedule of charges for the fiscal year beginning July 1, 2020. The Board approved the schedule of charges at its meeting on March 11, 2020.

#### **Charges are Based on Four Key Elements.**

**1) Budget:** The costs for the daily operations and maintenance activities (such as the people, services, utilities, chemicals, and parts to operate plants and maintain the pipelines), the lease payment for the regional system, Water Residential Assistance Program (WRAP) funding, debt service, legacy pension, and capital project funding. The budget is also known as the “revenue requirement”.

**2) Capital Improvement Plan (CIP):** Annually the GLWA’s engineers evaluate the physical improvement needs of the regional systems. Those needs are funded by a combination of cash on hand and debt.

**3) Units of Service (UOS):** Quantifies each community’s service needs based on engineering studies, metering data, and other criteria. For the water system, this includes the amount of water purchased each year. For the sewer system, each member partner is assigned a percentage “share.”

**4) Cost of Service Study (COS):** The inputs from the three sources above are applied to an agreed upon charges methodology to allocate the revenue requirement (i.e. budget) by functional categories (such as purification for the water system or sludge disposal for the sewer system) and then allocated to each customer. The outcome is the charge calculation for each community. Unique to FY 2021, the proposed charges are indexed from the previous year’s charges given a

concentrated effort to evaluate the charges methodology with our member partners.

### **Approved FY 2021 Water System Charges**

The average wholesale water charge increase is 3.0 percent with the entire system adjustment at 3.2 percent. This outcome is the result of 1) an approved FY 2021 Water budget increase of 0.6 percent, 2) reduced investment earnings, and 3) reduced estimated sales volumes which has the impact of increasing the unit cost. As a result of the 2019 Contract Alignment Process (CAP), the FY 2021 Units of Service were virtually unchanged from FY 2020. This has significantly improved charge stability among member partner communities. The increase will be applied uniformly to all member partners that did not have changes in contractual demand

### **Approved FY 2021 Sewer System Charges**

The average wholesale sewer charge increase is 2.25 percent with the entire system adjustment at 2.0 percent. This outcome is the result of 1) an approved FY 2021 Sewer budget increase of 1.3 percent and 2) reduced investment earnings. Since there were no changes made to the sewer shares for FY 2021, the increase will be applied uniformly to all member partners.

#### **Average System Charge Adjustments**

Year	Water	Sewer
2017	4.5%	8.3%
2018	1.9%	-0.7%
2019	1.6%	0.1%
2020	0.6%	0.8%
2021*	3.2%	2.0%
Five Year Average	2.4%	2.1%

\* Proposed

**For Additional Information: See [How GLWA Sets Charges Infographic](#) and visit us at [www.glwater.org](http://www.glwater.org)**

## Public Hearing Notice - Charges



### **GREAT LAKES WATER AUTHORITY NOTICE OF PUBLIC HEARING PROPOSED FY 2021 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 2021.

**DATE: Wednesday, February 26, 2020**

**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, 2020.

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 <https://www.glwater.org/financials/>.

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



## **Resolution 2020-056 Adopting the FY 2021 through FY 2025 Capital Improvement Plan**

By Board Member: Freman Hendrix

- 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 preparation of the FY 2021 through FY 2025 Capital Improvement Plan which encompassed engineering and operating unit personnel, business case evaluation preparation, scoring by the Capital Improvement Plan Development Review Committee members for each system, customer engagement, and review by the GLWA Board Capital Planning Committee on October 15, 2019, December 17, 2019 and February 25, 2020; and
- Whereas** The FY 2021 through FY 2025 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 2021 through FY 2025 Capital Improvement Plan identifies \$935.4 million of water system capital improvements and \$739.4 million of sewer system improvements; 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 are 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.