



FY 2023 & FY 2024
Biennial Budget
and
FY 2023 Schedule of Charges

January 21, 2022

January 21, 2022

Annually, in January, the Great Lakes Water Authority (GLWA) presents a proposed biennial budget and related schedule of charges for the upcoming fiscal year which begins on July 1, 2022. In addition, public hearings on the proposed budget and charges are scheduled for February each year. This year, the Public Hearings for the proposed FY 2023 and FY 2024 Biennial Budget and FY 2023 Water and Sewerage Service Charges are scheduled for the Board of Directors meeting at **2:00 p.m. on Wednesday, February 23, 2022**. While this year's meeting can be attended in person, participation via **Zoom** is being encouraged because at this time the State of Michigan, Department of Health and Human Services, as well as other local health departments within the GLWA service area have declared emergencies related to the risk of infection associated with the COVID-19 pandemic. **The public call-in number is 877-853-5247 (US Toll-Free) or 888-788-0099 (US Toll-Free). The meeting ID is 889 6690 8345; the passcode is 546743. If you require accommodation due to a disability, please contact CEO@glwater.org or (844) 455-GLWA (4592) not less than 72 hours prior to the date of the meeting.** Additional information regarding this meeting can be found in the Public Hearing Notices contained within this document.

This hearing will provide GLWA an opportunity to present the Authority's budget which encompasses the Capital Improvement Program (CIP), estimated sales volume and other factors that serve as the basis for the proposed revenue requirements and schedule of charges for FY 2023. This hearing also provides an opportunity for the public and our member partners to comment or submit questions in writing related to the proposed charges. All comments or questions raised during the hearing will receive a written response. Please note that the proposed budget and charges are subject to change after the public hearing and subsequent deliberation and approval by the GLWA Board.

Our primary objective continues to be one of providing our member partners with wholesale water and wastewater services of unquestionable quality at fair and equitable charges. GLWA is committed to exceeding our member partners' expectations in the region. GLWA would like to remind our valued member partners of added services that we provide at no additional cost. These services include training programs and community education opportunities, local system water testing, access to leading technology through the Technology Approval Group (TAG) portal and workshops, and public communication materials related to topics such as the State of Michigan's Lead and Copper Rule and public education on the perils of "flushable" wipes. A complete listing of the services offered can be found in the Member Partner Hub Utility Services section of this document.

Comments or questions may be submitted in the following manner:

By E-Mail: You may provide written comments to the Board by emailing those comments to CEO@glwater.org on or before 3:00 p.m. on Tuesday, February 22, 2022. The opportunity to submit written comments by e-mail may remain open throughout the duration of the Public Hearing.

- For comments or questions regarding the proposed budget: You should reference “February 23, 2022 Public Hearing on proposed FY 2023 and FY 2024 biennial budget” in the subject line of the e-mail.
- For comments or questions regarding the proposed charges: You should reference “February 23, 2022 Public Hearing on service charges proposed for Fiscal Year 2023” in the subject line of the e-mail.

By U.S. Mail: You may provide written comments by United States mail addressed to Suzanne R. Coffey, P.E., Interim Chief Executive Officer, Great Lakes Water Authority, 735 Randolph Detroit, Michigan, 48226. The opportunity to submit written comments by U.S. mail may remain open throughout the duration of the Public Hearing.

- For comments or questions regarding the proposed budget: You should reference “February 23, 2022 Public Hearing on proposed FY 2023 and FY 2024 biennial budget” in the letter.
- For comments or questions regarding the proposed charges: You should reference “February 23, 2022 Public Hearing on service charges proposed for Fiscal Year 2023” in the letter.

Table of Contents

FY 2023 & FY 2024 Biennial Budget

Public Hearing Notice – FY 2023 & FY 2024 Proposed Biennial Budget

FY 2023 & FY 2024 Proposed Biennial Budget Summary

One Pager Series – FY 2023 Budget Analysis

FY 2023 Schedule of Charges

Public Hearing Notice – FY 2023 Proposed Schedule of Charges

FY 2023 Proposed Schedule of Charges

One Pager Series – FY 2023 Proposed Schedule of Charges

One Pager Series – Bad Debt Expense

Member Partner Hub Utility Services



**GREAT LAKES WATER AUTHORITY
NOTICE OF PUBLIC HEARING
PROPOSED BIENNIAL BUDGET
For the Two-Year Period ended June 30, 2024 (FY 2023 and FY 2024)**

Notice is hereby given that the Great Lakes Water Authority Board of Directors will hold a Public Hearing on the proposed FY 2023 and FY 2024 biennial budget.

DATE: Wednesday, February 23, 2022

TIME: 2:00 p.m.

PLACE: In person, Zoom Videoconferencing, and Telephonic Hearing

Join Zoom Meeting

<https://glwater.zoom.us/j/88966908345?pwd=Tkt3NTFodjEyZU44TzJQd0xweU0wUT09>

Meeting ID: 889 6690 8345

Passcode: 546743

In Person (subject to capacity)

Board Room, 5th Floor

735 Randolph Street

Detroit, Michigan 48226

Telephonic

Public Call-In Number: 877 853 5247 US Toll-Free

or 888 788 0099 US Toll-Free

Meeting ID: 889 6690 8345

Passcode: 546743

The proposed biennial budget is scheduled to take effect on July 1, 2022.

The proposed biennial budget is available for public inspection online at <https://www.glwater.org/financials/>.

Individuals or groups wishing to make oral presentations or submit prepared statements pertaining to the proposed biennial budget may do so at the Public Hearing as outlined in this notice. Individuals or groups wishing to make oral presentations may appear in person but are encouraged to participate via the Zoom as indicated in this notice.



Individuals or groups wishing to make oral presentations are encouraged to participate by Zoom because at this time the State of Michigan, Department of Health and Human Services as well as other local health departments within the GLWA service area have declared emergencies related to the risk of infection associated with the COVID-19 pandemic.

Individuals or groups giving oral presentations are encouraged to also submit their presentations in writing. Oral presentations should be brief to allow all parties the opportunity to participate. A time limit will be imposed based upon registration at the hearing.

The Public Hearing on the FY 2023 and FY 2024 biennial budget proposed by the Great Lakes Water Authority scheduled for February 23, 2022 at 2:00 p.m. will be held in person, through Zoom videoconferencing, and by telephone through Zoom's telephonic capabilities.

Members of the public may offer comment in the following manners:

By Zoom videoconferencing: Members of the public who wish to use Zoom videoconferencing to attend the meeting and/or offer public comment may utilize the following link to attend:

<https://glwater.zoom.us/j/88966908345?pwd=Tkt3NTFodjEyZU44TzJQd0xweU0wUT09>

During the portions of the hearing designated for public participation may "raise their hand" by using that feature within the software program.

In Person (subject to capacity): Members of the public who, subject to capacity, wish to attend the meeting and/or offer public comment in person may attend the meeting in the Board Room, 5th Floor, 735 Randolph, Detroit, MI 48226.

By Telephone: Members of the public who wish to attend the meeting and/or offer public comment by telephone should call in at the number indicated above, press *9 on their keypad to "raise their hand for public comment." During other portions of the meeting, members of the public are asked to mute their line by pressing *6 on their keypad to mute or unmute their line.

By E-Mail: Members of the public may provide written comments to the Board by emailing those comments to CEO@glwater.org on or before 3:00 p.m. on Tuesday, February 22, 2022 and should reference "February 23, 2022 Public Hearing on proposed FY 2023 and FY 2024 biennial budget" in the subject line of the e-mail. The opportunity to submit written comments by e-mail may remain open throughout the duration of the Public Hearing.

By U.S. Mail: members of the public may provide written comments by United States mail addressed to:

Suzanne R. Coffey P.E., Interim Chief Executive Officer
Great Lakes Water Authority
735 Randolph
Detroit, Michigan, 48226



Written comments by U.S. mail should reference “February 23, 2022 Public Hearing on proposed FY 2023 and FY 2024 biennial budget” in the letter. The opportunity to submit written comments by U.S. mail may remain open throughout the duration of the Public Hearing.

If a member of the public requires accommodation due to a disability, please contact CEO@glwater.org or (844) 455-GLWA (4592) not less than 72 hours prior to the date of the meeting.

Great Lakes Water Authority
FY 2023 & FY 2024 Proposed Biennial Budget Summary
As of January 21, 2022

Schedule 1A – Water System Revenue Requirements Budget

	Current Year		Biennial Budget					
Water System Revenue Requirements	FY 2022 Adopted	FY 2022 Amended	FY 2023 Requested	FY 2023 \$ Change	FY 2023 % Change	FY 2024 Requested	FY 2024 \$ Change	FY 2024 % Change
Revenues								
Revenues from Charges	\$342,808,200	\$340,408,200	\$354,946,100	\$ 12,137,900	3.5%	\$366,527,400	\$ 11,581,300	3.3%
Other Operating Revenue	175,000	175,000	175,000	-	0.0%	175,000	-	0.0%
Non-Operating Revenue	1,047,300	1,547,300	950,500	(96,800)	-9.2%	1,831,700	881,200	92.7%
Total Revenues	344,030,500	342,130,500	356,071,600	12,041,100	3.5%	368,534,100	12,462,500	3.5%
Revenue Requirements								
Operations & Maintenance (O&M) Expense	\$143,933,800	\$143,933,800	\$144,847,700	\$913,900	0.6%	\$148,707,300	\$3,859,600	2.7%
General Retirement System Legacy Pension	6,048,000	6,048,000	6,048,000	-	0.0%	-	(6,048,000)	-100.0%
Debt Service	135,481,000	135,121,000	150,337,100	14,856,100	11.0%	159,237,000	8,899,900	5.9%
General Retirement System Accelerated Pension	6,268,300	6,268,300	6,268,300	-	0.0%	3,647,500	(2,620,800)	-41.8%
Water Residential Assistance Program Contribution	1,705,500	1,705,500	1,770,500	65,000	3.8%	1,842,700	72,200	4.1%
Regional System Lease	22,500,000	22,500,000	22,500,000	-	0.0%	22,500,000	-	0.0%
Improvement & Extension Fund Transfer Pending	28,093,900	26,553,900	24,300,000	(3,793,900)	-13.5%	32,599,600	8,299,600	34.2%
Annual Water System Revenue Requirements	\$344,030,500	\$342,130,500	\$356,071,600	\$ 12,041,100	3.5%	\$368,534,100	\$ 12,462,500	3.5%

Note: Revenues from Charges for FY 2023 above is comprised of the following

Regional System Wholesale Revenues – Suburban Wholesale Customers	\$331,962,000
Regional System Wholesale Revenues – Detroit Customers	<u>22,985,900</u>
Total Revenues from Charges	<u>\$354,947,900 (*)</u>

(*) The \$1,800 difference in the total Revenues from Charges as shown in Schedule 1A above is due to a rounding variance. This variance will be absorbed within non-operating revenue. This schedule will be revised for the February 23, 2022 Public Hearing.

Great Lakes Water Authority
FY 2023 & FY 2024 Proposed Biennial Budget Summary
As of January 21, 2022

Schedule 1B – Sewer System Revenue Requirements Budget

	Current Year		Biennial Budget					
	FY 2022 Adopted	FY 2022 Amended	FY 2023 Requested	FY 2023 \$ Change	FY 2023 % Change	FY 2024 Requested	FY 2024 \$ Change	FY 2024 % Change
Sewer System Revenue Requirements								
Revenues								
Revenues from Charges	\$474,005,900	\$471,005,900	485,760,000	\$ 11,754,100	2.5%	\$496,787,900	\$ 11,027,900	2.3%
Other Operating Revenue	400,000	400,000	400,000	-	0.0%	400,000	-	0.0%
Non-Operating Revenue	1,023,300	1,523,300	1,154,900	131,600	12.9%	2,309,900	1,155,000	100.0%
Total Revenues	475,429,200	472,929,200	487,314,900	11,885,700	2.5%	499,497,800	12,182,900	2.5%
Revenue Requirements								
Operations & Maintenance (O&M) Expense	\$181,299,800	\$181,299,800	\$187,052,600	\$ 5,752,800	3.2%	\$192,419,100	\$5,366,500	2.9%
General Retirement System Legacy Pension	10,824,000	10,824,000	10,824,000	-	0.0%	-	(10,824,000)	-100.0%
Debt Service	207,209,500	204,984,500	205,638,100	(1,571,400)	-0.8%	220,662,100	15,024,000	7.3%
General Retirement System Accelerated Pension	11,620,700	11,620,700	11,620,700	-	0.0%	6,930,300	(4,690,400)	-40.4%
Water Residential Assistance Program Contribution	2,358,300	2,358,300	2,423,800	65,500	2.8%	2,497,500	73,700	3.0%
Regional System Lease	27,500,000	27,500,000	27,500,000	-	0.0%	27,500,000	-	0.0%
Improvement & Extension Fund Transfer Pending	34,616,900	34,341,900	42,255,700	7,638,800	22.1%	49,488,800	7,233,100	17.1%
Annual Sewer System Revenue Requirements	\$475,429,200	\$472,929,200	\$487,314,900	\$ 11,885,700	2.5%	\$499,497,800	\$ 12,182,900	2.5%

Note: Revenues from Charges for FY 2022 above is comprised of the following

Regional System Wholesale Revenues – Suburban Wholesale Customers	\$292,275,400
Regional System Wholesale Revenues – Detroit Customers	<u>193,487,900</u>
Total Revenues from Charges	<u>\$485,763,300 (*)</u>

(*) The \$3,300 difference in the total Revenues from Charges as shown in Schedule 1B above is due to a rounding variance. This variance will be absorbed within non-operating revenue. This schedule will be revised for the February 23, 2022 Public Hearing.

Great Lakes Water Authority
FY 2023 & FY 2024 Proposed Biennial Budget Summary
As of January 21, 2022

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

	Current Year		Biennial Budget					
Combined System Revenue Requirements	FY 2022 Adopted	FY 2022 Amended	FY 2023 Requested	FY 2023 \$ Change	FY 2023 % Change	FY 2024 Requested	FY 2024 \$ Change	FY 2024 % Change
Revenues								
Revenues from Charges	\$816,814,100	\$811,414,100	\$840,706,100	\$ 23,892,000	2.9%	\$863,315,300	\$ 22,609,200	2.7%
Other Operating Revenue	575,000	575,000	575,000	-	0.0%	575,000	-	0.0%
Non-Operating Revenue	2,070,600	3,070,600	2,105,400	34,800	1.7%	4,141,600	2,036,200	96.7%
Total Revenues	819,459,700	815,059,700	843,386,500	23,926,800	2.9%	868,031,900	24,645,400	2.9%
Revenue Requirements								
Operations & Maintenance (O&M) Expense	\$325,233,600	\$325,233,600	\$331,900,300	\$6,666,700	2.0%	\$341,126,400	\$9,226,100	2.8%
General Retirement System Legacy Pension	16,872,000	16,872,000	16,872,000	-	0.0%	-	(16,872,000)	-100.0%
Debt Service	342,690,500	340,105,500	355,975,200	13,284,700	3.9%	379,899,100	23,923,900	6.7%
General Retirement System Accelerated Pension	17,889,000	17,889,000	17,889,000	-	0.0%	10,577,800	(7,311,200)	-40.9%
Water Residential Assistance Program Contribution	4,063,800	4,063,800	4,194,300	130,500	3.2%	4,340,200	145,900	3.5%
Regional System Lease	50,000,000	50,000,000	50,000,000	-	0.0%	50,000,000	-	0.0%
Improvement & Extension Fund Transfer Pending	62,710,800	60,895,800	66,555,700	3,844,900	6.1%	82,088,400	15,532,700	23.3%
Annual Revenue Requirements	\$819,459,700	\$815,059,700	\$843,386,500	\$ 23,926,800	2.9%	\$868,031,900	\$ 24,645,400	2.9%

Great Lakes Water Authority
FY 2023 & FY 2024 Proposed Biennial Budget Summary
As of January 21, 2022

The following schedules have not been included for purposes of this presentation.

Schedule 3 – Sources of Revenues and Use of Revenues – Flow of Funds Basis Consistent with the Master Bond Ordinance

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

Great Lakes Water Authority
FY 2023 & FY 2024 Proposed Biennial Budget Summary
As of January 21, 2022

Schedule 5A – Water Capital Financing Plan

Water Improvement & Extension Fund

	Current Year	Biennial Budget	
	FY 2022 Estimated	FY 2023 Requested	FY 2024 Forecast
Inflows & Outflows			
Water Improvement & Extension Fund			
Water System Revenue Transfers	\$26,553,900	\$24,300,000	\$32,599,600
Receipt of DWSD Shortfall Loan Interest	-	-	-
Budgeted Capital Outlay	(17,006,600)	(15,452,600)	(13,403,600)
Transfer to Construction Fund	(106,836,800)	(28,735,400)	(18,221,400)
Increase (Decrease) in I&E Reserves	(\$97,289,500)	(\$19,888,000)	\$974,600
Beginning Year Net Position	207,475,000	110,185,500	90,297,500
Projected Ending Net Position	\$110,185,500	\$90,297,500	\$91,272,100

Water Construction Fund

	Current Year	Biennial Budget	
	FY 2022 Estimated	FY 2023 Requested	FY 2024 Forecast
Inflows & Outflows			
Water Construction Fund			
Bond Proceeds, Net	\$175,750,000	\$0	\$0
Bond Fund Earnings on Investments	67,500	128,800	365,900
Grant Revenues (DWRP Loans)	36,527,000	54,992,000	59,446,000
Transfers from I&E Fund	106,836,800	28,735,400	18,221,400
Project Expenditures	(143,368,000)	(157,354,000)	(182,214,000)
Increase (Decrease) in Construction Funds	\$175,813,300	(\$73,497,800)	(\$104,180,700)
Beginning Year Net Position	12,438,000	188,251,300	114,753,500
Projected Ending Net Position	\$188,251,300	\$114,753,500	\$10,572,800

Great Lakes Water Authority
FY 2023 & FY 2024 Proposed Biennial Budget Summary
As of January 21, 2022

Schedule 5B – Sewer Capital Financing Plan

Sewer Improvement & Extension Fund

	Current Year	Biennial Budget	
	FY 2022 Estimated	FY 2023 Requested	FY 2024 Forecast
Inflows & Outflows			
Sewer Improvement & Extension Fund			
Sewer System Revenue Transfers	\$34,341,900	\$42,255,700	\$49,488,800
Receipt of DWSD Shortfall Loan Interest	406,400	-	-
Budgeted Capital Outlay	(15,965,100)	(18,447,100)	(11,610,500)
Transfer to Construction Fund	(47,953,800)	(26,444,900)	(38,173,500)
Increase (Decrease) in I&E Reserves	(\$29,170,600)	(\$2,636,300)	(\$295,200)
Beginning Year Net Position	122,385,000	93,214,400	90,578,100
Projected Ending Net Position	\$93,214,400	\$90,578,100	\$90,282,900

Sewer Construction Fund

	Current Year	Biennial Budget	
	FY 2022 Estimated	FY 2023 Requested	FY 2024 Forecast
Inflows & Outflows			
Sewer Construction Fund			
Bond Proceeds, Net	\$137,750,000	\$0	\$0
Bond Fund Earnings on Investments	96,000	86,200	256,600
Grant Revenues (CWRF Loans)	14,149,000	18,720,000	10,247,000
Transfers from I&E Fund	47,953,800	26,444,900	38,173,500
Project Expenditures	(79,538,000)	(94,449,000)	(121,735,000)
Increase (Decrease) in Construction Funds	\$120,410,800	(\$49,197,900)	(\$73,057,900)
Beginning Year Net Position	11,473,000	131,883,800	82,685,900
Projected Ending Net Position	\$131,883,800	\$82,685,900	\$9,628,000

The GLWA “revenue requirement budget” is the basis for establishing the annual charges for services. Nearly 53% of the FY 2022 budget of \$843 million are legal commitments such as debt service (42%), lease payment (6%), Water Residential Assistance Program (WRAP) (0.5%) and legacy liabilities (4%). Capital funding reserve for replacement is 7.9% of the total budget. The Operations & Maintenance (O&M) expense represents \$332 million, or 39% of the total. This analysis focuses on O&M expense, as compared to the prior year, to provide insight into O&M expense increase of 2%, or \$6.7 million.

Staffing & Personnel The staffing plan (number of positions) is at 1,293 (increase of 54). Full-time Equivalents (FTE), which is the pro-rata hours that a position is budgeted is at 1,234.44 (increase of 18.19). Key changes are noted in this analysis.

Water Operations – increase of \$1.5 million Factors increasing the budget are mainly due to Personnel Costs (\$3.3 million) related to the staffing plan increase of 29 (24.25 FTEs), 25 positions are for the new Water Technician Apprenticeship Program, as well as increases in medical plan fringe benefits. Factors decreasing the budget include Contractual Services which decreased (\$1.7 million) due to the alum sludge removal, hauling, and disposal project for the Springwells, Northeast, and Southwest Water Treatment Plants.

Wastewater Operations – increase of \$2.8 million Factors increasing the budget are mainly due to Personnel Costs (\$1.8 million) which reflect an increase in base level wages for some classifications to recruit and retain personnel. Note that the staffing plan positions has increased by 2 but FTEs decreased by 9.56 due to the recruiting challenges. Increases

have also been recognized in the medical plan fringe benefits. Unallocated Reserves increased (\$1.1 million) to cover area of risk such as chemical price increases.

Centralized Services¹ – increase \$1.6 million Factors increasing the budget include the addition of 11 positions (6.25 FTEs) (\$1.9 million) in Planning Services primarily to support the Capital Improvement Plan with the completion of AECOM’s support in late FY 2023. Security is adding 3 security officers for (\$0.5 million) for expanded coverage. The Systems Operations Control support services contract increased (\$0.3 million); and Facility Operations increased (\$0.5 million) for a gate repair. Factors decreasing the budget are in the Planning Services Area in which project timelines adjusted for both the Linear System Integrity Program (LSIP) (\$1.2 million) and the Water Master Plan (\$0.4 million).

Administrative Services² – increase \$0.8 million Factors increasing are mainly due to Personnel Costs: Organizational Development is adding 5 positions (4 FTEs) to support onboarding and training (\$0.6 million); Procurement is adding 3 positions (1.5 FTEs) to manage increased workload (\$0.4 million); Financial Services, while decreasing 9 positions (9.75 FTE), has an overall increase to in costs due to the skill level for succession and in-sourcing as well as increases fringe benefits (\$0.6 million). Contractual Services increased (\$0.5 million) to support ERP implementation. Legal services contracts also increased (\$0.5 million). Factors decreasing are Unallocated Reserves (\$1.1 million) and Contractual services for the Board of Directors will be decreased (\$0.7 million) for a one-time project.

Questions? Contact the Office of the Chief Financial Officer at cfo@glwater.org

¹ Includes the Planning Services, Systems Control; Facility and Fleet Operations; Field Service Operations; Energy, Research & Innovation; Transformation; Information Technology; and Security & Integrity (includes HazMat).

² Includes the Board of Directors, Chief Executive Officer, Chief Administrative & Compliance Officer (includes Risk Management & Safety), General Counsel, Public Affairs, Organizational Development and Financial Services.



**GREAT LAKES WATER AUTHORITY
NOTICE OF PUBLIC HEARING
PROPOSED FY 2023 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 2023.

DATE: Wednesday, February 23, 2022

TIME: 2:00 p.m.

PLACE: In person, Zoom Videoconferencing, and Telephonic Hearing

Join Zoom Meeting

<https://glwater.zoom.us/j/88966908345?pwd=Tkt3NTFodjEyZU44TzJQd0xweU0wUT09>

Meeting ID: 889 6690 8345

Passcode: 546743

In Person (subject to capacity)

Board Room, 5th Floor
735 Randolph Street
Detroit, Michigan 48226

Telephonic

Public Call-In Number: 877 853 5247 US Toll-Free
or 888 788 0099 US Toll-Free

Meeting ID: 889 6690 8345

Passcode: 546743

The proposed service charges are scheduled to take effect on July 1, 2022.

The proposed schedule of charges is available for public inspection 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 as outlined in this notice. Individuals or groups wishing to make oral presentations may appear in person but are encouraged to participate via the Zoom as indicated in this notice.



Individuals or groups wishing to make oral presentations are encouraged to participate by Zoom because at this time the State of Michigan, Department of Health and Human Services as well as other local health departments within the GLWA service area have declared emergencies related to the risk of infection associated with the COVID-19 pandemic.

Individuals or groups giving oral presentations are encouraged to also submit their presentations in writing. Oral presentations should be brief to allow all parties the opportunity to participate. A time limit will be imposed based upon registration at the hearing.

The Public Hearing on FY 2023 Water and Sewerage service charges proposed by the Great Lakes Water Authority scheduled for February 23, 2022 at 2:00 p.m. will be held in person, through Zoom videoconferencing, and by telephone through Zoom's telephonic capabilities.

Members of the public may offer comment in the following manners:

By Zoom videoconferencing: Members of the public who wish to use Zoom videoconferencing to attend the meeting and/or offer public comment may utilize the following link to attend:

<https://glwater.zoom.us/j/88966908345?pwd=Tkt3NTFodjEyZU44TzJQd0xweU0wUT09>

During the portions of the hearing designated for public participation may "raise their hand" by using that feature within the software program.

In Person (subject to capacity): Members of the public who, subject to capacity, wish to attend the meeting and/or offer public comment in person may attend the meeting in the Board Room, 5th Floor, 735 Randolph, Detroit, MI 48226.

By Telephone: Members of the public who wish to attend the meeting and/or offer public comment by telephone should call in at the number indicated above, press *9 on their keypad to "raise their hand for public comment." During other portions of the meeting, members of the public are asked to mute their line by pressing *6 on their keypad to mute or unmute their line.

By E-Mail: Members of the public may provide written comments to the Board by emailing those comments to CEO@glwater.org on or before 3:00 p.m. on Tuesday, February 22, 2022 and should reference "February 23, 2022 Public Hearing on service charges proposed for Fiscal Year 2023" in the subject line of the e-mail. The opportunity to submit written comments by e-mail may remain open throughout the duration of the Public Hearing.

By U.S. Mail: members of the public may provide written comments by United States mail addressed to:

Suzanne R. Coffey P.E., Interim Chief Executive Officer
Great Lakes Water Authority
735 Randolph
Detroit, Michigan, 48226



Written comments by U.S. mail should reference “February 23, 2022 Public Hearing on service charges proposed for Fiscal Year 2023” in the letter. The opportunity to submit written comments by U.S. mail may remain open throughout the duration of the Public Hearing.

If a member of the public requires accommodation due to a disability, please contact CEO@glwater.org or (844) 455-GLWA (4592) not less than 72 hours prior to the date of the meeting.

Great Lakes Water Authority
Proposed FY 2023 Water Supply System Service Charges and Allocated Revenue Requirements
Proposed Effective Date: July 1, 2022

Line No.	Customer	Fixed Monthly Charge (a) \$/mo	Commodity Charge (a) \$/Mcf	Projected Revenue from Proposed Charges \$
1	Allen Park	137,300	7.54	2,745,400
2	Almont Village	13,100	10.81	261,000
3	Ash Township	45,300	8.57	905,300
4	Belleville	18,000	9.41	360,000
5	Berlin Township	40,000	11.80	799,800
6	Brownstown Township	196,400	11.52	3,927,000
7	Bruce Twp	18,700	56.74	374,200
8	Burtchville Twp	18,900	17.95	377,600
9	Canton Township	564,900	12.56	11,299,100
10	Center Line	25,700	6.39	514,200
11	Chesterfield Township	233,800	10.60	4,676,500
12	Clinton Township	410,900	8.23	8,217,000
13	Commerce Township	195,900	15.01	3,917,800
14	Dearborn	550,600	7.48	11,009,200
15	Dearborn Heights	199,900	8.10	3,996,900
16	Eastpointe	84,900	6.51	1,697,800
17	Ecorse	78,600	4.96	1,572,100
18	Farmington	54,800	9.84	1,096,500
19	Farmington Hills	479,800	10.98	9,595,100
20	Ferndale	56,500	6.31	1,131,100
21	Flat Rock	69,800	10.69	1,395,600
22	Flint (b)	579,200	9.88	11,586,100
23	Fraser	66,100	9.09	1,321,300
24	Garden City	89,900	9.19	1,798,400
25	Gibraltar	18,200	8.83	363,200
26	Grosse Ile Township	59,700	12.53	1,193,800
27	Grosse Pt. Park	73,000	10.64	1,460,100
28	Grosse Pt. Shores	35,200	14.70	704,600
29	Grosse Pt. Woods	68,900	7.95	1,378,500
30	Hamtramck	43,700	5.59	873,800
31	Harper Woods	43,700	7.42	874,600
32	Harrison Township	88,400	7.40	1,766,800
33	Hazel Park	40,000	6.38	800,300
34	Highland Park	62,900	4.76	1,257,000
35	Huron Township	81,100	10.46	1,621,700
36	Imlay City	80,100	13.88	1,602,500
37	Imlay Twp	800	46.00	16,500
38	Inkster	69,500	5.49	1,390,100
39	Keego Harbor	16,300	13.10	326,600
40	Lapeer	83,900	12.68	1,677,600
41	Lenox Township	15,800	8.98	315,300
42	Lincoln Park	126,700	6.13	2,533,700
43	Livonia	622,800	10.58	12,456,800
44	Macomb Township	684,400	17.06	13,685,600
45	Madison Heights	100,700	7.67	2,014,500
46	Mayfield Twp	2,200	34.31	43,900
47	Melvindale	35,100	6.68	702,400
48	New Haven, Village of	20,400	8.84	407,500
49	N O C W A	1,196,100	10.92	23,920,200
50	Northville	42,000	10.82	840,500
51	Northville Township	307,100	17.78	6,142,400
52	Novi	492,500	13.46	9,848,400
53	Oak Park	75,600	6.36	1,510,800
54	Oakland Co. Drain Comm.	4,400	3.67	88,400
55	Plymouth	59,200	10.62	1,184,100
56	Plymouth Township	241,500	12.00	4,828,800
57	Redford Township	171,900	8.67	3,437,900

Great Lakes Water Authority
Proposed FY 2023 Water Supply System Service Charges and Allocated Revenue Requirements
Proposed Effective Date: July 1, 2022

Line No.	Customer	Fixed Monthly Charge (a) \$/mo	Commodity Charge (a) \$/Mcf	Projected Revenue from Proposed Charges \$
58	River Rouge	37,100	7.84	742,300
59	Riverview	48,300	8.04	965,500
60	Rockwood	15,100	12.31	301,800
61	Romeo	14,100	18.48	281,900
62	Romulus	233,900	8.38	4,679,700
63	Roseville	146,000	6.26	2,919,500
64	Royal Oak Township	10,500	8.20	210,500
65	S O C W A	1,246,900	8.11	24,942,200
66	Shelby Township	783,700	15.19	15,673,300
67	South Rockwood	6,200	10.83	124,200
68	Southgate	119,000	8.53	2,380,800
69	St. Clair County Board of Public Works	71,700	22.82	1,433,200
70	St. Clair Shores	168,700	6.94	3,373,500
71	Sterling Heights	839,500	11.36	16,788,900
72	Sumpter Township	37,200	9.84	744,600
73	Sylvan Lake	12,800	15.86	255,100
74	Taylor	251,600	7.78	5,033,400
75	Trenton	91,900	8.50	1,837,200
76	Troy	741,300	12.75	14,824,400
77	Utica	30,200	10.48	604,500
78	Van Buren Township	191,700	11.32	3,834,300
79	Walled Lake	43,100	11.56	862,800
80	Warren	560,000	7.25	11,201,200
81	Washington Township	127,800	12.50	2,556,100
82	Wayne	175,300	13.30	3,505,400
83	West Bloomfield Township	569,500	17.09	11,390,200
84	Westland	336,200	8.35	6,723,100
85	Wixom	135,200	14.38	2,705,200
86	Woodhaven	91,200	12.61	1,824,500
87	Ypsilanti Comm Util Auth	565,300	9.37	11,307,400
88	Total Wholesale Contract Member Partners			339,870,600
89	Adjustment to Flint Revenue Requirement for KWA Debt Service (b)			(6,651,600)
90	Adjustment for Highland Park Bad Debt			(1,257,000)
91	Revenue from Wholesale Charges (agrees with "GLWA Budget Schedule 3")			331,962,000
Detroit Customer Class - \$				
92	Wholesale Revenue Requirement (c)			43,685,900
93	less: Ownership Benefit per Lease			<u>(20,700,000)</u>
94	Net Wholesale Revenue Requirement			22,985,900
95	Indirect Retail Revenue Requirements (d)			TBD
96	less: Use of Lease Payment for Debt Service			TBD
97	Net Indirect Retail Revenue Requirements (d)			TBD
98	Subtotal Subject to GLWA Board Approval (94) + (97)			TBD
99	Direct Retail Revenue Requirements (e)			TBD
100	Total Local System Revenue Requirement (97) + (99)			TBD
101	Total Requirement from Detroit Customer Class (agrees with "GLWA Budget Schedule 3")			TBD
102	Lead and Copper Rule Sample Testing Fee - \$/Sample			60.00
(a)	Proposed effective date of July 1, 2022. Effective on all bills issued on or after August 1, 2022.			
(b)	Net fixed monthly charge will include \$554,300 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.			
(d)&(e)	Local System information pending from Detroit Water & Sewerage Department as of January 18, 2022.			

Great Lakes Water Authority
Proposed FY 2023 Sewage Disposal System Service Charges and Allocated Revenue Requirements
Proposed Effective Date: July 1, 2022

	Fixed Monthly <u>Charge</u> \$/mo	Projected Revenue from Proposed <u>Charges</u> \$
<u>Suburban Wholesale</u>		
1 OMID	6,128,600	73,543,200
2 Rouge Valley	4,811,300	57,735,600
3 Oakland GWK	3,989,600	47,875,200
4 Evergreen Farmington	3,113,700	37,364,400
5 SE Macomb San Dist	2,156,600	25,879,200
6 Dearborn	1,746,200	20,954,400
7 Grosse Pointe Farms	236,400	2,836,800
8 Grosse Pointe Park	163,900	1,966,800
9 Melvindale	135,300	1,623,600
10 Farmington	103,100	1,237,200
11 Center Line	89,700	1,076,400
12 Allen Park	73,000	876,000
13 Highland Park	466,300	5,595,600
14 Hamtramck	347,700	4,172,400
15 Grosse Pointe	77,500	930,000
16 Harper Woods	18,800	225,600
17 Redford Township	23,200	278,400
18 Wayne County #3	4,500	54,000
19 Subtotal "Regional Wholesale Revenues from Charges"		284,224,800
20 Industrial Specific Revenues		13,537,100
21 Subtotal "Regional Wholesale Revenues from Charges"		297,761,900
22 less: Highland Park Bad Debt		(5,486,500)
23 Total "Regional Wholesale Revenues" (a)		292,275,400
* Wholesale charges will be effective July 1, 2022		
Detroit Customer Class - \$		
24 Wholesale Revenue Requirement (c)		199,003,900
25 less: Ownership Benefit per Lease		(5,516,000)
26 Net Wholesale Revenue Requirement		193,487,900
27 Indirect Retail Revenue Requirements (d)		TBD
28 less: Use of Lease Payment for Debt Service		TBD
29 Net Indirect Retail Revenue Requirements (d)		TBD
30 Subtotal Subject to GLWA Board Approval (26) + (29)		TBD
31 Direct Retail Revenue Requirements (e)		TBD
32 Total Local System Revenue Requirement (29) + (31)		TBD
33 Total Requirement from Detroit Customer Class (a)		TBD
(a) Agrees with "GLWA Budget Schedule 3"		
(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.		
(d)&(e) Local System information pending from Detroit Water & Sewerage Department as of January 18, 2022.		

Great Lakes Water Authority
Proposed FY 2023 Sewage Disposal System Industrial
Specific Retail Charges
Proposed Effective Date: July 1, 2022

Industrial Waste Control Charges		
Meter Size	Full Charge	Admin Only Chg
<i>inches</i>	<i>\$/mo</i>	<i>\$/mo</i>
5/8	3.63	0.91
3/4	5.45	1.36
1	9.08	2.27
1-1/2	19.97	4.99
2	29.04	7.26
3	52.64	13.16
4	72.60	18.15
6	108.90	27.23
8	181.50	45.38
10	254.10	63.53
12	290.40	72.60
14	363.00	90.75
16	435.60	108.90
18	508.20	127.05
20	580.80	145.20
24	653.40	163.35
30	726.00	181.50
36	798.60	199.65
48	871.20	217.80

Pollutant Surcharges	
<u>Pollutant</u>	<u>Charge</u>
	<i>\$/lb</i>
BIOCHEMICAL OXYGEN DEMAND (BOD) for concentrations > 275 mg/l	0.356
TOTAL SUSPENDED SOLIDS (TSS) for concentrations > 350 mg/l	0.488
PHOSPHORUS (P) for concentrations > 12 mg/l	6.527
FATS, OIL AND GREASE (FOG) for concentrations > 100 mg/l	0.114
SEPTAGE DISPOSAL FEE Per 500 gallons of disposal	37.00

Proposed FY 2023 Service Charges Highlights

Proposed FY 2023 Water and Sewer Service Charges have been established and submitted to the Audit Committee for review. The GLWA Board of Directors will hold a Public Hearing in late February for the proposed schedule of charges for the fiscal year beginning July 1, 2022.

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 member partner.

Looking for More Information? Visit us online at www.glwater.org

Proposed FY 2023 Water System Charges

The average system charge adjustment for water is a 3.7 percent increase. This is the result of 1) a proposed Water budget increase of 3.5 percent; and 2) reduced baseline revenues related to decreased estimated sales volumes, which adds 0.2 percent to the needed charge increase. As a result of the 2018 Contract Alignment Process (CAP), the FY 2023 Units of Service changed for only 4 member partners. This has significantly improved charge stability among member partner communities. The proposed water charges reflect a uniform increase in wholesale revenue requirements of 3.6 percent, with a uniform average charge increase of 3.4 percent for the 84 member partners that did not have changes in contractual or estimated demands.

Approved FY 2023 Sewer System Charges

The average system charge adjustment for sewer is also a 3.7 percent increase. This is the result of 1) a proposed Sewer budget increase of 2.5 percent; and 2) reinstitution of a bad debt surcharge related to Highland Park which adds 1.2 percent to the charge increase. The recently updated Sewer Shares, which were collaboratively established through the Sewer Charges Workgroup, were included in the calculations for the FY 2022 charges. This update continues with the proposed FY 2023 charges resulting in a uniform impact of charge adjustments for all member partners.

Average System Charge Adjustments

Year	Water	Sewer
2018	1.8%	-0.7%
2019	1.8%	0.1%
2020	0.6%	0.8%
2021	3.2%	2.0%
2022	1.5%	-0.6%
2023 proposed	3.7%	3.7%
6-Year Average	2.1%	0.9%

What is “Bad Debt Expense”?

In the normal course of providing water and sewer services, communities are billed for those services on a regular basis, typically monthly. For accounting purposes, each month an amount of revenue is recorded for service provided and the corresponding amount billed is recorded as an accounts receivable. Generally, communities pay their bill on a monthly basis.

For accounting purposes, if a community is unable or unwilling to pay their bill, generally accepted accounting principles require that GLWA recognize bad debt expense and a corresponding allowance for doubtful accounts. If the reason for the late payment is an inability to pay when the bill is due, GLWA works with the community to bring the account current over time with a payment plan. In the very rare instance where there is an unwillingness to pay, GLWA may need to pursue other means to collect the debt including legal action.

For accounting purposes, it is required to record the bad debt expense when the timely collection of an account becomes doubtful. For most organizations, including GLWA, bad debt expense is treated as an operating expense. That means that bad debt is treated like other system operating costs like chemicals, electricity, maintenance, and personnel.

For budget and charge setting purposes, GLWA first seeks available remedies to recover the amount owed before recognizing the bad debt expense in the costs of operating the system. GLWA and its Member Partners have worked diligently to establish fair and equitable methodologies to allocate the cost of providing service. When one community does not pay for their allocated cost of service, the cost shifts to the remaining communities in future years.

How is Bad Debt Expense Reported?

GLWA is transparent in identifying and reporting accounts with late payments in public monthly reports and presentations. It is important for stakeholders to be informed of financial matters that impact the system – and potentially their costs in the future.

Is GLWA Required to Allocate Bad Debt Expense in Calculating Charges?

Yes, the 2011 Order to Incorporate Rate Settlements into Wastewater Contracts and Dismiss All Prior Rate Settlements, requires GLWA to allocate the bad debt expense in its sewer charges. A similar approach has been applied to water charges.

Water System Bad Debt Expense Allocation

The bad debt expense is recovered from all customer classes.

Sewer System Bad Debt Expense Allocation

The 2011 Order requires bad debt expense recovery from “wholesale contract customers” be recovered from that same customer class.

Do Our Current Charges Include Bad Debt Recovery?

Unfortunately, there is one community that receives water and sewer service for which we have been unable to collect. We know this is frustrating. You have our commitment to continue to resolve the matter.

What if the Delinquent Bad Debt is Paid by the Community that received the Service?

GLWA maintains records that would provide an allocation credit back to the communities that funded the bad debt expense. Depending on the timing and amount, we would work with Member Partners to determine the preferred method(s) to address the credit.

Questions?

Please contact General Counsel Randal Brown via Randal.Brown@glwater.org.

The Great Lakes Water Authority, as a hub utility, provides these services for its Member Partners at no additional cost.

Water Quality Tool

AURA, a GIS-based smart water platform developed by Aquasight. The platform has built-in visualization, data analytics and artificial intelligence. It merges pressures, flows, water quality data, GIS files, hydraulic models and smart meter data where available.

Quality Training Programs

Extensive training and development opportunities for your team members through the One Water Institute (OWI). Email training@glwater.org to learn more.

Leading Technology Knowledge

Technology Approval Group (TAG) which is a collaborative technology assessment and vetting program for Member Communities intended to streamline efforts to identify, evaluate, and implement technologies. A technology portal and workshops offer the opportunity to learn about new technologies, pilot programs, research, etc. that members have identified as areas of interest to them.

Local System Water Testing

Local system water testing to meet Michigan Department of Environment Great Lakes and Energy (EGLE) operational requirements for all Member Partners.

Public Communications

Public Communication materials related to the state of Michigan's new Lead and Copper Rule, educating the public about the perils of "flushable" wipes, and providing easy-to digest graphics regarding a range of emerging contaminants. These materials can be found at <https://www.glwater.org/members/member-partner-resources/>.

Community Education

The [Member Partner Resources](#) page on the GLWA website provides a resources library for information and materials created to share with your communities. Topics include charges, water quality, lead and copper information, environmental matters and many others.

Contact outreach@glwater.org for more info on any of the above programs.



GLWA
Great Lakes Water Authority

Financial Services Area
735 Randolph Street
Detroit, Michigan 48226