



Office of the Chief Executive
735 Randolph Street, Suite 1900
Detroit, Michigan 48226

January 22, 2021

To Our Water Member Partners:

On behalf of the Great Lakes Water Authority (GLWA), we invite you to the Public Hearing for the proposed FY 2022 wholesale water service charges scheduled for the Board of Directors meeting on **2:00 p.m. on Wednesday, February 24, 2021 via Zoom Telephonic Meeting- Public Call-In Number: 877 853 5247 US Toll-Free (or 888 788 0099 US Toll-Free); Meeting ID: 896 0276 4695.**

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 2022. This hearing also provides an opportunity for 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.

Key Notes Related to the FY 2022 Charges and Financial Plan:

- ✓ You may recall that the Memorandum of Understanding (MOU), signed in September 2014, which created GLWA, established a fundamental goal to limit annual budget¹ increases to no more than 4 percent for each of the first 10 years of the Authority's operation. This commitment was carried forward into the subsequent 40-year lease agreement (Lease) between the City of Detroit and GLWA. For the fifth consecutive year, the FY 2022 Water budget increase is less than the 4 percent commitment with a proposed increase of 1.2 percent from the originally approved FY 2021 Budget.
- ✓ For FY 2022 GLWA is anticipating a significant reduction in investment earnings due to market conditions and a slight increase in estimated sales volumes as compared to FY 2021.
- ✓ Together, these considerations result in a proposed "system charge adjustment" to meet wholesale water revenue requirements of 2.0 percent.
- ✓ As a result of the Contract Alignment Process (CAP) that was undertaken in 2019, the FY 2022 Units of Service are only nominally changed from FY 2020 and FY 2021. Maximum Day and Peak Hour demands (the principal units of service elements in the water charge methodology) for FY 2022 are only changed for nine of the 88 Water Member Partners.
- ✓ GLWA is proposing to individually adjust charges to those nine Member Partners to reflect their specific units of service, and to uniformly adjust charges to the other 79 Member Partners whose demands are unchanged. This supports equity in charges for Member Partners that changed their demands and keeps charge stability for the remaining Member Partners.

¹ The annual budget (i.e. "revenue requirement") includes operation and maintenance expense, debt service, non-operating expenses and revenue financed capital.

Included is your organization's proposed service charges worksheet for FY 2021. GLWA staff is available to answer any questions by contacting the Financial Services Area at (313) 224-4771 or via email to Jon Wheatley, Public Finance Manager, at Jonathan.Wheatley@glwater.org. Please note that the proposed charges are subject to change after the public hearing and subsequent deliberation 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. We are committed to exceeding our member partners' expectations. GLWA would like to remind our valued member partners that we offer additional services at no additional cost.

- ✓ GLWA is offering a tool called 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. Contact outreach@glwater.org for more info.
- ✓ Extensive training and development opportunities for your team members through the One Water Institute (OWI). Email training@glwater.org to learn more.
- ✓ GLWA is piloting a 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. identified as areas of interest to them.
- ✓ Expanded local system water testing to meet new Michigan Department of Environment Great Lakes and Energy (EGLE) for all Member Partners.
- ✓ 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 access videos designed to inform local elected officials, staff and residents on GLWA's Budget and service charges

Introduction to GLWA Charges and Community Rates - <http://bit.ly/2Eg4I6I>

The ABC's of Water Charges - <http://bit.ly/2DFWnlh>

From Budgets to Customer Sewer and Water Charges - <http://bit.ly/2DCDkyy>

If you are unable to attend the Public Hearing you may alternately submit any comment or questions in writing via U.S. Mail or by E-Mail:

By U.S. Mail: Written comments should be mailed to the address below and should reference "February 24, 2021 Public Hearing on service charges proposed for Fiscal Year 2022" in the letter.

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

By E-Mail: Please email CEO@glwater.org on or before 3:00 p.m. on Tuesday, February 23, 2021 and should reference "February 24, 2021 Public Hearing on service charges proposed for Fiscal Year 2022" in the subject line of the e-mail.

We thank you for working collaboratively with GLWA in the wholesale member engagement process and look forward to your participation at the public hearing on February 24, 2021.

Sincerely,



Sue F. McCormick
Chief Executive Officer
Great Lakes Water Authority



**GREAT LAKES WATER AUTHORITY
NOTICE OF PUBLIC HEARING
PROPOSED FY 2022 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 2022.

DATE: Wednesday, February 24, 2021

TIME: 2:00 p.m.

PLACE: Zoom Telephonic Meeting

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

Meeting ID: 896 0276 4695

The proposed service charges are scheduled to take effect on July 1, 2021.

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 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.

On October 14, 2020, the State of Michigan enacted certain amendments to Michigan's Open Meetings Act (SB1108), allowing remote telephonic and electronic participation in public meetings and hearings for public bodies subject to the Open Meetings Act during certain state or local emergencies. 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 Hearing on Water and Sewerage service charges proposed by the Great Lakes Water Authority for Fiscal Year 2022 scheduled for February 24, 2021 at 2:00 p.m. will be held via Zoom and its telephonic capabilities. Members of the public who wish to attend this Public Hearing by telephone can do so in the following manner:

Public Call-In Number: 877 853 5247 US Toll-Free; or
888 788 0099 US Toll-Free
Meeting ID: 896 0276 4695

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

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 23, 2021 and should reference "February 24, 2021 Public Hearing on service charges proposed for Fiscal Year 2022" 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:

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

Written comments by U.S. mail should reference "February 24, 2021 Public Hearing on service charges proposed for Fiscal Year 2022" in the letter. The opportunity to submit written comments by e-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.

FY 2022 Suburban Wholesale Water Service Charge Schedule Calculation *
Lincoln Park

	(1)	(2)	(3)	(4)	(5)	
UPDATED 1/12/2021	FY 2022 CTA	Detroit	Flint KWA	Highland Park	FY 2022 TOTAL	
	Revenue	Ownership	Debt Service	Bad Debt	Revenue	
	Requirements	Adjustment	Adjustment	Adjustment	Requirements	
	\$	\$	\$	\$	\$	
Revenue Requirement Analysis Summary						
1 Proforma FY 2022 Revenue - Existing Charges	2,167,900	152,000	43,600	7,700	2,371,200	See Table 2
2 System Charge Adjustment - Index	2.00%	0.00%	0.00%	2.00%	1.84%	Unadjusted Charge Strategy
3 System Charge Adjustment - Amount	43,400	0	0	200	43,600	
4 Initially Allocated FY 2022 Revenue Requirements	2,211,300	152,000	43,600	7,900	2,414,800	
5 Cost of Service Adjustments - Index	0.58%	0.00%	1.61%	1.30%		(a)
6 Cost of Service Adjustments - Amount	12,500	0	700	100	13,300	
7 Final Allocated Revenue Requirements	2,223,800	152,000	44,300	8,000	2,428,100	
8 % Charge Adjustment	2.58%	0.00%	1.61%	3.90%	2.40%	
	CTA Rev Req't Adj Ties to Table 7			Overall Charge Adj Ties to Table 8		

FY 2022 Service Charge Schedule

9 Total Amount Required from Charges				2,428,100	
10 Fixed Monthly Charges @	60%		1,456,900	\$121,400	per month
11 Commodity Charges @	40%	160,200	971,300	\$6.06	per Mcf *

* Commodity Revenue Requirement adjusted to match 12 "rounded" monthly payments

(a) Cost of Service adjustments are specific for "Mod" Member Partners and reflect the class average for "No Mod" Member Partners. See below and Page 2.

	Existing Charges	Proposed Charges	Variance	% Variance	
Charge Comparison					
12 Fixed Monthly Charge - \$/month	115,900	121,400	5,500	4.75%	
13 Commodity Charge - \$/Mcf	6.12	6.06	(0.06)	-0.98%	
14 Projected FY 2022 Sales - Mcf	160,200	160,200	0	0.00%	
15 Projected FY 2022 Revenue - \$	2,371,200	2,427,600	56,400	2.38%	
16 Average Unit Cost - \$/Mcf	14.80	15.15	0.35	2.38%	(15) / (14) - matches Line 8
Units Comparison					
17 "No Mod" Sales Volume - Mcf	12,270,420	12,267,950	(2,470)	-0.02%	
18 "No Mod" Max Day Demand - mgd	594.57	594.57	0.00	0.00%	
19 "No Mod" Peak Hour Demand - mgd	758.16	758.16	0.00	0.00%	
20 All Member Partners Sales Volume - Mcf	17,891,990	17,775,330	(116,660)	-0.65%	
21 All Member Partners Max Day Demand - mgd	776.51	773.09	(3.42)	-0.44%	
22 All Member Partners Peak Hour Demand - mgd	993.66	990.83	(2.83)	-0.29%	
23 "No Mod" Sales Volume Share	68.58%	69.02%	0.44%	0.64%	
24 "No Mod" Max Day Share	76.57%	76.91%	0.34%	0.44%	
25 "No Mod" Peak Hour Share	76.30%	76.52%	0.22%	0.29%	

	Original FY 2021 Charge Design	Proforma FY 2022 Revenue	Variance	% Variance	
Impact of Sales Volume Variance					
26 Sales Volume - Mcf	12,270,420	12,267,950	(2,470)	-0.02%	
27 Revenue - \$	284,692,600	284,858,100	165,500	0.06%	Indicator of recovery of existing allocated COS

* The proposed charges in this document are preliminary in nature and are subject to change or modification by the Great Lakes Water Authority Board following a public hearing of the FY 2022 Financial Plan and service charge schedule for the System.
The public hearing is scheduled for February 24, 2021. The Notice of this Public Hearing can be found in the customer portal.

FY 2022 Suburban Wholesale Water Service Charge Schedule Calculation *

Lincoln Park**Cost of Service Analysis Summary**

Cost of Service Analysis Summary		Total	"No Mod" SHARE	UPDATED 1/12/2021
	Cost Pool	% Share	Allocation	
	\$	(a)	\$	
<u>Revenue Requirement Categories</u>				
1	Commodity	8,910,900	69.949%	6,233,100
2	Max Day Usage	156,688,300	76.881%	120,462,800
3	Peak Hour Increment	7,046,300	75.135%	5,294,300
4	Peak Hour Distance	85,580,400	81.328%	69,600,400
5	Commodity Distance-Elevation	18,454,200	80.835%	14,917,500
6	Max Day Distance-Elevation	12,818,700	85.038%	10,900,700
7	Peak Hour Distance-Elevation	41,397,500	83.925%	34,743,000
8	Peak Hour Increment Distance-Elevation	9,227,100	79.268%	7,314,200
9	Subtotal Common-To-All	340,123,400	79.226%	269,466,000
10	Suburban Only - Meter Related	4,246,000	95.897%	4,071,800
11	Subtotal FY 2022 CTA Revenue Requirements	344,369,400	79.432%	273,537,800
12	FY 2022 Proforma CTA Revenue @ Existing Charge Schedule			266,659,000
13	CTA Adjustment Required - \$			6,878,800
14	CTA Adjustment Required - %			2.58%
				Matches Line 8 on Page 1
<u>(a) Units / SHARE Calculations</u>		<u>Basis</u>	<u>Units</u>	<u>Applied Units</u>
		Mcf/day	Mcf/day ~	
15	Annual Sales - Mcf	12,267,950	33,610.7	Sales = 36 mo "hybrid" -> 9/20
16	Allocated Non-Revenue Water		5,320.2	Allocated share @ 15.8% of sales
17	Commodity Units		38,930.9	Ln 15 + Ln 16
18	Max Day Units - mgd	594.57	79,481.8	Contract or proxy + Ln 16
19	Peak Hour Units - mgd	758.16	101,351.8	Contract or proxy + Ln 16
20	Distance - miles	27.7		
21	Elevation - feet	707.4		
22	Dist-Elev Factor - miles	36.9		[Ln 15-610]/10.56 + Ln 20
<u>Cost Pool / Usage Category</u>		<u>No Mod Class</u>	<u>System</u>	<u>SHARE</u>
23	Commodity Units - Mcf	38,931	55,656	69.949% Ln 17
24	Max Day Units - Mcf/Day	84,802	110,304	76.881% Ln 18
25	Peak Hour Increment - Mcf/Day	21,870	29,107	75.135% Ln 19 - Ln 18
26	Peak Hour Distance - Mcf-miles/Day	2,802,723	3,446,217	81.328% Ln 19 x Ln 20
27	Commodity Distance-Elevation - Mcf-miles/Day	1,435,715	1,776,099	80.835% Ln 17 x Ln 22
28	Max Day Distance-Elevation - Mcf-miles/Day	3,139,792	3,692,241	85.038% Ln 18 x Ln 22
29	Peak Hour Distance-Elevation - Mcf-miles/Day	3,838,868	4,574,151	83.925% Ln 19 x Ln 22
30	Peak Hour Increment Dist-Elev - Mcf-miles/Day	699,075	881,909	79.268% [Ln 19 - Ln 18] x Ln 22
31	Suburban Equivalent Meters	64,403	67,158	95.898% Equivalent 5/8" meters
<u>CTA Summary by Major Category</u>				
32	CTA Commodity		77.288%	21,150,600
33	CTA Max Day		77.498%	131,363,500
34	CTA Peak Hour		81.641%	<u>116,951,900</u>
35	CTA Total Demand		79.395%	<u>248,315,400</u>
36	TOTAL CTA SHARE		79.226%	269,466,000

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