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TO: COUNCIL MEMBERS

FROM: David Whitaker, Director 
Legislative Policy Division

DATE: March 13, 2020

RE: Detroit Water and Sewerage Department FY 2020-2021 Budget Analysis

Attached is our analysis regarding the Detroit Water and Sewerage Department Budget for the City's Fiscal Year 2020-2021.

Please be prepared to respond to the questions raised in our analysis during your scheduled hearing on **Thursday, March 26, 2020 at 2:00 p.m.** We would then appreciate a written response to the questions at your earliest convenience subsequent to your scheduled hearing. Please forward a copy of your responses to the Council members and the City Clerk's Office.

Please contact us if you have any questions regarding our analysis.

Thank you for your cooperation in this matter.

Attachments:

- Attachment I Water Fund FY 2020 and FY 2021 Budgets
- Attachment II Sewer Fund FY 2020 and FY 2021 Budgets
- Attachment III Public Hearing on DWSD FY 2021 Budget, dated January 15, 2020
- Attachment IV Preliminary Operating Budget FY 2021, dated December 4, 2019
- Attachment V December 2019 Review – DWSD Finance Committee

cc: Councilmembers
Gary A. Brown, Director, DWSD
Thomas Naughton, DWSD Chief Financial Officer
David Massaron, Chief Financial Officer
Auditor General's Office
Tanya Stoudemire, Budget Director
Stephanie Washington, Mayor's Office

Detroit Water and Sewerage Department
Analysis by the Legislative Policy Division for the City's FY 2020-2021 Budget

For Council's information, this report represents the Legislative Policy Division's (LPD) analysis regarding the Detroit Water and Sewerage Department's (DWSD) budget for Fiscal Year (FY) 2021.

The DWSD FY 2021 budget we reviewed was presented on January 15, 2020 (See Attachments III and IV). This budget is not the same as the "placeholder" FY 2021-2024 budget presented by the Mayor on March 6, 2020. The DWSD budgets we reviewed are the most current we have and are subject to change. They are just the operating budgets (Water Fund 5720 and Sewer Fund 5820) and don't include the Capital and Improvement & Extension (I&E) fund budgets. They are not in the same format as the placeholder budget, as the revenue and expense categories are different and not comparable. The FY 2021 Water and Sewer Fund operating budgets we reviewed totaled \$123.9 million and \$356.0 million, respectively. The City's "placeholder:" FY 2021 DWSD Water and Sewer operating budgets totaled \$123.4 million and \$375.1million, respectively.

FY 2021 is the fifth full fiscal year after the bifurcation of DWSD and GLWA (Great Lakes Water Authority). It was difficult to analyze and compare the budget data. The documents received from DWSD lacked the detail we normally see during the budget review process such as appropriation numbers and account detail. As a result, we could not fully and properly analyze the DWSD's Water and Sewer Funds' FY 2021 budgets.

As known by City council there is a conflict over governance of the DWSD rates and budget. The DWSD claims the Board of Water Commissioners have sole authority over rate setting and approval of the budget. Consequently, they will not present the DWSD budget to City Council for approval. The City Council's position, per the City Charter, is that it has authority over DWSD's rate setting and budget approval. As of the date of this report, the Board of Water Commissioner's (BOWC) has not approved the DWSD FY 2021-2024 budgets. When the BOWC approves the FY 2021 DWSD budget they will in effect be an amendment to the City's adopted budgets.

It is LPD's opinion that in accordance with the State of Michigan's Uniform Budgeting and Accounting Act and Detroit City Council v Stecher¹, the DWSD's BOWC approved amended FY 2021-2024 budgets require City Council approval.

¹ *Detroit City Council v Stecher*, 430 Mich 74; 421 NW2d 544 (1988)

§ 17 of the Uniform Budgeting and Accounting Act (UBAA), MCL 141.421 et seq., deals with midyear amendments required to ensure a balanced budget.

141.437 General appropriations act; amendment; reports; recommendations. Sec. 17.

(1) Except as otherwise provided in section 19, a deviation from the original general appropriations act shall not be made without amending the general appropriations act. Subject to section 16(2), the legislative body of the local unit shall amend the general appropriations act as soon as it becomes apparent that a deviation from the original general appropriations act is necessary and the amount of the deviation can be determined. An amendment shall indicate each intended alteration in the purpose of each appropriation item affected by the amendment. The legislative body may require that the chief administrative officer or fiscal officer provide it with periodic reports on the financial condition of the local unit.

(2) If, during a fiscal year, it appears to the chief administrative officer or to the legislative body that the actual and probable revenues from taxes and other sources in a fund are less than the estimated revenues, including an available surplus upon which appropriations from the fund were based and the proceeds from bonds or other obligations issued under the fiscal stabilization act, 1981 PA 80, MCL 141.1001 to 141.1011, or the balance of the principal of these bonds or other obligations, the chief administrative

Attachment I details the comparison of the Water Fund budgets for Fiscal Years 2020 and 2021. The total FY 2021 Water Fund budget increased \$3.9 million to \$123.9 million from the \$120.0 million for FY 2020. The Retail Sales revenues are budgeted at \$107.7 million for FY 2021, an increase of \$1.9 million or 1.8% from the \$105.8 million for FY 2020. The net direct expenses were up \$2.6 million for FY 2021. The WRAP (Water Residential Assistance Program) contribution did not change much.

Attachment II details the comparison of the Sewer Fund Budgets for Fiscal Years 2020 and 2021. The total FY 2021 Sewer Fund budget increased \$9.0 million to \$356.0 million from the \$347.0 million for FY 2020. Sewer retail sales revenue increased \$10.3 million or 3.2% to \$332.1 million from the prior year budget of \$321.8 million. This was primarily due to the \$9.9 million or 6.4% increase in drainage fees.

Sewer's compliance expenses increased by \$1.8 million or 8.5% to \$23.0 million for FY 2021 compared to the \$21.2 million for FY 2020. Wholesale charges from GLWA increased 2.6% or \$4.9 million to \$190.7 million for FY 2021 compared to \$185.8 million for FY 2020. Bad debt expense increased 3.8% or \$1.2 million to \$33.2 million for FY 2021 from the \$32.0 million for FY 2020. The WRAP contribution increased slightly in FY 2021.

Attachments III and IV are the DWSD's presentation on its FY 2020 and 2021 budget made on January 15, 2020 at its budget public hearing. The data in the presentation is our source for the budget data analyzed in this report. The highlights of this presentation are listed below:

- These are preliminary operating and maintenance budget recommendations for FY 2020 and FY 2021.
- Personnel costs increased due to the addition of 20 FTEs for Field Engineering transition from the AECOM Great Lakes, Inc. (Consultant) CIPMO (Capital Improvement Program Management Organization) contract. FTEs are also added for Community Outreach, Safety and Lead programs.
- The average monthly residential customer bill for FY 2021 is projected to be \$79 a 2.6% increase or \$1.99 more than the average for FY 2020. Sewer, water and drainage charges are up 2%, 2% and 4% respectively.
- FY 2020 projecting softness in volumes and revenues. Water volumes have been declining from FY 2011 through FY 2020.
- Sewer cash collections continue to lag budget estimates.
- Developing a Lead Service Line Replacement Program.
- Goal is to submit FY 2021 BOWC approved budget to GLWA by March 23, 2020.
- Water assumed rate increase of 2%. Effective water retail revenue increase of 1.8%.

officer or fiscal officer shall present to the legislative body recommendations which, if adopted, would prevent expenditures from exceeding available revenues for that current fiscal year. The recommendations shall include proposals for reducing appropriations from the fund for budgetary centers in a manner that would cause the total of appropriations to not be greater than the total of revised estimated revenues of the fund, or proposals for measures necessary to provide revenues sufficient to meet expenditures of the fund, or both. The recommendations shall recognize the requirements of state law and the provisions of collective bargaining agreements.

History: Add. 1978, Act 621, Eff. Apr. 1, 1980; Am. 1981, Act 77, Imd. Eff. June 30, 1981; Am. 1995, Act 41, Imd. Eff. May 22, 1995; Am. 2000, Act 493, Imd. Eff. Jan. 11, 2001.

- Sewer volumes declined 36% between 2009 and 2017. Volumes have flattened since 2017.
- Forecasting a decrease of 1.8% in billable impervious acres.
- Assumed sewer rate increases of 2%. Effective sewer retail revenue increase of 3.2%.
- Net increase of 19 positions to 669 from 650. The largest increase was 29 positions in the Field Engineering cost center. The largest decrease of 8 was in the Field Services cost center.
- For December 2019, DWSD reported 554 positions filled out of 650 budgeted. There were 96 vacancies or 14.8% of the total.
- DWSD reported for December 2019 a total of \$57.2 million in past due accounts receivable over 180 days for its residential customers.
- DWSD reported a 3 month rolling average collection rate of 94% for December 2019.

DWSD's Detroit customers have seen water and sewer rate increases over the last 20 years. Detroit residents have a greater level of poverty than the suburban residents served by GLWA, which limits their ability to pay for water and sewer services. The unfunded mandates like the "Lead & Copper Rule", will further drive up rates. Sewer and drainage rates for Detroit customers already exceed those charged to residents of the suburbs because of the unfair allocation of costs to City residents. Detroit customers, especially those in poverty, need relief from high water, sewer and drainage rates. The GLWA needs to take into consideration the ability to pay when setting water and sewer rates. The State and Federal Government need to consider the ability to pay when passing laws and requirements, which are unfunded mandates, such as the Clean Water Act and the Lead & Copper Rule.

LPD respectfully requests that DWSD representatives provide responses to the following questions that primarily relate to DWSD's FY 2021 proposed budget:

Issues and Questions

1. Does the DWSD plan on coming to City Council for approval of the FY 2021 rates and FY 2021 budget?
2. When will the GLWA wholesale charges be finalized? Will the FY 2021 budget be amended for the final charges?
3. Please explain the major proposed capital projects for FY 2021?
4. What are the major initiatives and focus for the DWSD FY 2021 Budget?
5. Please provide the most current draft of the FY 2020 and FY 2021 budgets in detail by appropriation and object for both the Water and Sewer Funds. Also, actual data from FY 2019 and FY 2020 by appropriation and object for comparison purposes would be appreciated. Please include the operating, capital, I&E and any other budget for both the Water and Sewer Funds. We would appreciate the draft DWSD budgets to be in the same detailed format as the City's budget for FY 2021-2024 submitted to City Council on March 6, 2020.
6. Please provide the budgeted position detail for both the Water and Sewer Funds for FY 2020 and FY 2021.

7. How much of the annual \$50 million Lease revenue due to DWSD is being applied to pay debt service in the FY 2021 budget?
8. What was the total WRAP/assistance to Detroit customers for FY 2019 and FY 2020 (to date) for the Water and Sewer Funds? How much WRAP assistance is included in DWSD's FY 2021 budget?
9. How many new residential accounts were added in calendar year 2019? How many residential accounts were deleted in calendar year 2019?
10. How many water shut-offs were there in calendar year 2019?
11. How many homeowner water service line replacements were made in calendar year 2019 under the State mandated "Lead & Copper Rule"? How were the costs of the replacements funded? What was the total cost? What is the number of service line replacements and cost projected for the FY 2021 Budget?
12. What is the FY 2021 revenue budget for fire hydrant maintenance that will be billed to the Detroit Fire Department?
13. How does DWSD's liquidity look for the Sewer Fund at January 31, 2020? What is the amount owed to GLWA as of January 31, 2020 for loans to DWSD?
14. What is the Revenue Financed Capital? Why did the Water Fund Revenue Financed Capital increase by \$2.6 million in FY 2021?
15. Why did drainage fee revenue increase \$9.9 million in FY 2021?
16. Why is the DWSD transitioning the CIPMO contract from the consultant AECOM to in-house staff in Field Engineering? Was AECOM performing satisfactory on the contract? What are the expected savings from this transition?
17. Why did the DWSD have 94 vacancies in December 2019? Is this due to cost and revenue constraints? What is the impact of the vacancies on maintenance and other DWSD services?
18. DWSD reported \$57.2 million in past due accounts receivable over 180 days in December 2019 for residential customers. In the same report the 3 month rolling average collection rate was 94%. With such a large amount of old delinquent receivables how is it that DWSD's collection rate is so high? Are the old receivables included in the calculation of the collection rate? If they are not why aren't they written off?

ATTACHMENT I**DWSD Water Fund**

	Adopted Budget	Proposed Budget	Difference
	FY 2020	FY 2021	
Commodity Sales	\$ 72,133,400	72,065,600	(67,800)
Service Charges	25,534,700	26,519,800	985,100
Firelines	3,124,200	3,707,000	582,800
Fees	1,593,300	3,505,300	1,912,000
Penalties and Other Revenue	3,365,500	1,893,800	(1,471,700)
Total Retail Revenue	105,751,100	107,691,500	1,940,400
GLWA Share of Pension and Notes	12,327,600	12,327,600	-
Revenue Financed Capital	(123,900)	2,507,200	2,631,100
Shared Service Revenue	2,020,000	1,361,000	(659,000)
Total Non-Retail Revenue	14,223,700	16,195,800	1,972,100
Total Revenue	\$ 119,974,800	123,887,300	3,912,500
Administration	\$ 1,334,000	1,295,900	(38,100)
Operations	21,124,500	22,093,200	968,700
Compliance	9,034,500	9,856,700	822,200
Finance	5,189,400	6,053,100	863,700
Customer Service	-	-	-
Stormwater Management	-	-	-
Net Direct Expenses	36,682,400	39,298,900	2,616,500
Wholesale Charges	21,295,500	22,333,400	1,037,900
Obligation to GLWA	33,438,800	33,438,800	-
Series B and C Notes	1,505,000	1,505,000	-
Legacy Pension	19,522,000	19,522,000	-
Bad Debt Expense	7,248,600	7,503,400	254,800
WRAP Contribution	282,500	285,800	3,300
Total Indirect Expenses	83,292,400	84,588,400	1,296,000
Total Expenses Water	\$ 119,974,800	123,887,300	3,912,500

ATTACHMENT II
DWSD Sewer Fund

	Adopted Budget	Proposed Budget	Difference
	FY 2020	FY 2021	
Commodity Sales	\$ 147,153,500	146,584,900	(568,600)
Service Charges	13,601,000	14,063,600	462,600
Drainage Fees	154,464,700	164,349,900	9,885,200
IWC Charges	1,700,000	1,481,100	(218,900)
Permits and Other Revenue	500,000	150,000	(350,000)
Penalties	4,419,700	5,484,700	1,065,000
Total Retail Revenue	321,838,900	332,114,200	10,275,300
Revenue Financed Capital	(336,200)	(562,172)	(225,972)
GLWA Share of Pension and Notes	22,460,100	22,460,100	-
Shared Service Revenue	3,030,000	1,974,000	(1,056,000)
Total Non-Retail Revenue	25,153,900	23,871,928	(1,281,972)
Total Revenue	\$ 346,992,800	355,986,128	8,993,328
Administration	\$ 3,112,700	3,023,600	(89,100)
Operations	35,945,600	36,920,500	974,900
Compliance	21,206,300	22,998,900	1,792,600
Finance	12,108,900	12,462,100	353,200
Net Direct Expenses	72,373,500	75,405,100	3,031,600
Wholesale Charges	185,817,100	190,735,428	4,918,328
Industrial Waste Charges	1,700,000	1,481,800	(218,200)
Obligation to GLWA	26,271,500	26,271,500	-
Series B&C Notes	2,505,000	2,505,000	-
Legacy Pension	25,877,600	25,877,600	-
Bad Debt Expense	31,963,900	33,196,400	1,232,500
WRAP Contribution	484,200	513,300	29,100
Total Indirect Expenses	274,619,300	280,581,028	5,961,728
Total Expenses Sewer	\$ 346,992,800	355,986,128	8,993,328

A Attachment III



PUBLIC HEARING ON DWSD FY2021 BUDGET

Presented on January 15, 2020



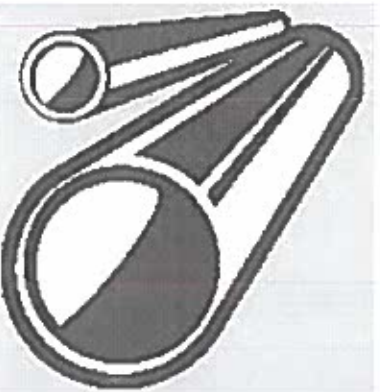
Who We Are



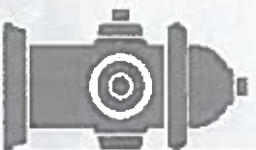
The Detroit Water and Sewerage Department (DWSD) is entrusted with supplying water, sewerage and drainage services to residents and businesses within the city of Detroit.

- Retail distribution of treated water purchased from the Great Lakes Water Authority (GLWA)
- A city enterprise department with a mayoral-appointed public body
- Federal court order states DWSD has financial and operational independence from city government in specific areas

270,466
Residential and
Nonresidential Accounts
175,000
Households



2,700 miles
Water Mains
3,000 miles
Sewer Collection Piping



30,178
Fire Hydrants



90,000
Catch Basins

Budget Considerations



The DWSD Executive Team considers these factors in developing the budget:

- ✓ **Affordability** – keep rate increases below 4% and support water conservation initiatives
- ✓ **Compassionate and responsive customer service**
- ✓ **Operations that support and preserve public health; meet or exceed all federal, state and local regulations**
- ✓ **Employee and asset safety**
- ✓ **Water and sewer upgrades (including lead service line replacement)**
- ✓ **Employee focus** – training, retention and recruitment



Revenue Requirement

Total Projected Annual Expenses

	Budget FY 2020 (millions)	Budget FY 2021 (millions)	Increase (Decrease) (millions)	% Change
Revenue Requirement				
Operations and Maintenance	\$ 143.2	\$ 147.1	\$ 3.9	2.7%
Wholesale Charges	209.6	214.3	4.7	2.2%
Debt and Capital	74.8	78.3	3.5	4.7%
Total Revenue Requirement	\$ 427.6	\$ 439.7	\$ 12.1	2.8%

Operations & Maintenance Expenses



Water & Sewerage
Department

	Budget FY 2020 (millions)	Budget FY 2021 (millions)	Increase (Decrease) (millions)	% Change
Operations and Maintenance Expenses				
Personnel	\$ 50.7	\$ 56.1	\$ 5.4	10.6%
Professional & Contractual Services	28.2	24.6	(3.6)	(12.8)%
Shared Services Expense	4.6	3.6	(1.0)	(21.7)%
Supplies & Other	20.5	21.3	0.8	3.9%
Bad Debt	39.2	40.7	1.5	3.8%
Utilities	5.0	4.2	(0.8)	(16.0)%
Total Operations and Maintenance Expenses	\$ 148.2	\$ 150.5	\$ 2.3	1.5%
Less: Shared Services Reimbursement	(5.0)	(3.4)	1.6	(32.0)%
Net Operations and Maintenance Expenses	\$ 143.2	\$ 147.1	\$ 3.9	2.7%

- Personnel costs increased due to addition of 20 FTEs for Field Engineering to transition from the AECOM CIPMO contract. FTEs are also added for Community Outreach, Safety and Lead programs
- Decrease in Contractual Services due to adjusting budgets for certain services based on historical usage and current information
- Decrease in Shared Services Expense due to transition of certain IT services from GLWA
- Reduced water utility budget by \$875K based on actual consumption history
- Shared Services Reimbursement decreased due to less DWSD services utilized by GLWA

GLWA Wholesale Charges



Water & Sewerage
Department

Water Fund		Budget FY 2020	Budget FY 2021	Increase (Decrease)	% Change
Wholesale Charges		(millions)	(millions)	(millions)	
DWSD Share of Cost Pool		\$ 42.0	\$ 42.8	\$ 0.8	1.9%
Equity Credit		(20.7)	(20.7)		
WRAP Contribution		0.3	0.3		
Total Wholesale Charges		\$ 21.6	\$ 22.4	\$ 0.8	3.7%
Sewer Fund		Budget FY 2020	Budget FY 2021	Increase (Decrease)	% Change
Wholesale Charges		(millions)	(millions)	(millions)	
DWSD Share of Common To All Cost Pool		\$ 191.3	\$ 195.4	\$ 4.1	2.1%
Equity Credit		(5.5)	(5.5)		
IWC Charges		1.7	1.5	(0.2)	(11.8)%
WRAP Contribution		0.5	0.5		
Total Wholesale Charges		\$ 188.0	\$ 191.9	\$ 3.9	2.1%
Total Wholesale (Water & Sewer) Charges		\$ 209.6	\$ 214.3	\$ 4.7	2.2%

Debt and Capital



Water & Sewerage
Department

	Budget FY 2020 (millions)	Budget FY 2021 (millions)	Increase (Decrease) (millions)	% Change
Debt and Capital				
Bond Debt Service	\$ 59.7	\$ 59.7		
Legacy Costs	49.4	49.4		
Revenue Financed Capital	0.5	4.0	3.5	700.0%
Total Debt and Capital	\$ 109.6	\$ 113.1	\$ 3.5	3.2%
Less: GLWA Share of Pension and Notes	(34.8)	(34.8)		
Net Debt and Capital	\$ 74.8	\$ 78.3	\$ 3.5	4.7%

Water Retail Revenue



Water & Sewerage
Department

	Budget FY 2020	Budget FY 2021	Increase (Decrease)	% Change
Commodity Sales				
Volume (Mcf)	2,862,438.0	2,804,110.0	(58,328.0)	(2.0)%
Rate per Mcf	\$ 25.20	\$ 25.70	\$ 0.50	1.9%
Total Commodity Sales (millions)	\$ 72.2	\$ 72.1	\$ (0.1)	(0.1)%
Service Charges				
5/8" Equivalent Meters	285,715.5	290,922.0	5,206.5	1.8%
Rate per Equivalent Meter	\$ 7.50	\$ 7.60	\$ 0.10	1.3%
Monthly Revenue (millions)	\$ 2.1	\$ 2.2	\$ 0.1	4.8%
Number of Months	12	12		
Total Service Charges (millions)	\$ 25.5	\$ 26.5	\$ 1.0	3.9%
Fireline Revenue				
6" Equivalent Meters	1,397.0	1,626.0	229.0	16.4%
Rate per Equivalent Meter	\$ 186.30	\$ 190.00	\$ 3.70	2.0%
Monthly Revenue (millions)	\$ 0.26	\$ 0.31	\$ 0.05	19.2%
Number of Months	12	12		
Total Fireline Revenue (millions)	\$ 3.1	\$ 3.7	\$ 0.6	19.3%
Fees, Permits and Penalties (millions)	\$ 5.0	\$ 5.4	\$ 0.4	8.0%
Total Retail Revenues (millions)	\$ 105.8	\$ 107.7	\$ 1.9	1.8%

Sewer Retail Revenue



Water & Sewerage
Department

	Budget FY 2020	Budget FY 2021	Increase (Decrease)	% Change
Commodity Sales				
Volume (Mcf)	2,630,559.6	2,568,960.0	(61,599.6)	(2.3)%
Rate per Mcf	\$ 55.94	\$ 57.10	\$ 1.16	2.0%
Total Commodity Sales (millions)	\$ 147.1	\$ 146.6	\$ (0.5)	(0.3)%
Service Charges				
Total Number of Meters	176,820.0	179,200.0	2,380.0	1.3%
Rate	\$ 6.40	\$ 6.54	\$ 0.14	2.2%
Monthly Revenue (millions)	\$ 1.1	\$ 1.2	\$ 0.1	9.1%
Number of Months	12	12		
Total Service Charges (millions)	\$ 13.6	\$ 14.1	\$ 0.5	3.7%
Drainage Charges				
Billable Impervious Acres	27,688.6	27,187.1	(501.5)	(1.8)%
Rate	\$ 602.00	\$ 626.00	\$ 24.00	4.0%
Monthly Revenue (millions)	\$ 16.7	\$ 17.0	\$ 0.3	1.8%
Transition Credit (millions)	\$ (3.8)	\$ (3.3)	\$ 0.5	13.1%
Net Monthly Revenue (millions)	\$ 12.9	\$ 13.7	\$ 0.8	6.2%
Number of Months	12	12		
Total Drainage Charges (millions)	\$ 154.5	\$ 164.3	\$ 9.8	6.3%
Permits, Penalties and IWC Charges (millions)	\$ 6.6	\$ 7.1	\$ 0.5	7.6%
Total Retail Revenues (millions)	\$ 321.8	\$ 332.1	\$ 10.3	3.2%

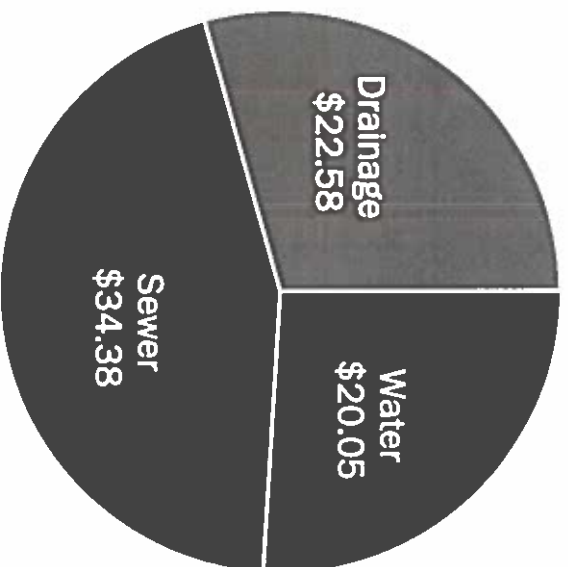


What This Means to Average Customer

The average monthly residential customer bill based on 0.5 Mcf consumption

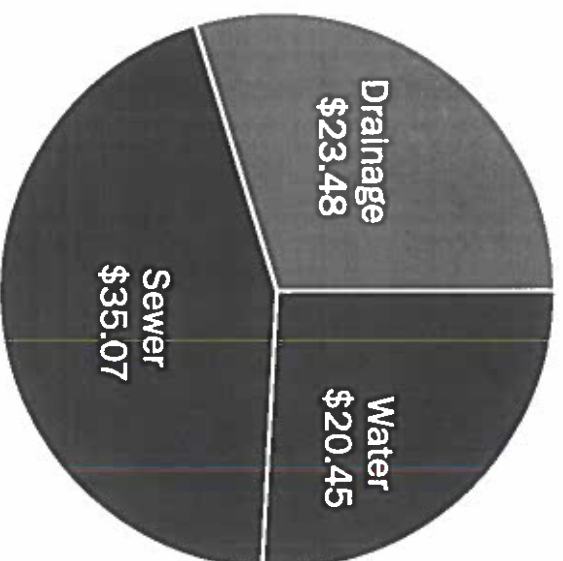
FY 2020

Average Monthly Bill \$77.01



FY 2021

Average Monthly Bill \$79.00





Appendices

Summary of Revenues and Expenses

Fiscal Year 2021



Appendix A

Summary of Revenue & Expenditures – Water Fund

	Budget FY 2020	Budget FY 2021	Increase (Decrease)	% Change
Retail Revenues	(millions)	(millions)	(millions)	
Commodity Sales	\$ 72.2	\$ 72.1	\$ (0.1)	(0.1)%
Service Charges	25.5	26.5	1.0	3.9%
Firelines	3.1	3.7	0.6	19.3%
Fees, Permits and Penalties	5.0	5.4	0.4	8.0%
Total Retail Revenues	\$ 105.8	\$ 107.7	\$ 1.9	1.8%
Non-Retail Revenues	14.3	13.6	(0.7)	(4.9)%
Total Revenues	\$ 120.1	\$ 121.3	\$ 1.2	1.0%
Net Revenue Requirement				
Departmental (Direct) Expenses				
Administration	\$ 1.3	\$ 1.2	\$ (0.1)	(7.7)%
Operations	21.1	21.6	0.5	2.4%
Compliance	9.1	9.3	0.2	2.2%
Finance	5.2	5.2		
Total Departmental (Direct) Expenses	\$ 36.7	\$ 37.3	\$ 0.6	1.6%
Non-Departmental (Indirect) Expenses	83.2	84.4	1.2	1.4%
Revenue Financed Capital	0.2	(0.4)	(0.6)	300.0%
Total Net Revenue Requirement	\$ 120.1	\$ 121.3	\$ 1.2	1.0%



Appendix B

Summary of Revenue & Expenses – Sewer Fund

	Budget FY 2020 (millions)	Budget FY 2021 (millions)	Increase (Decrease) (millions)	% Change
Retail Revenues				
Commodity Sales	\$ 147.1	\$ 146.6	\$ (0.5)	(0.3)%
Service Charges	13.6	14.1	0.5	3.7%
Drainage Fees	154.5	164.3	9.8	6.3%
Permits, Penalties and IWC Charges	6.6	7.1	0.5	7.6%
Total Retail Revenues	\$ 321.8	\$ 332.1	\$ 10.3	3.2%
Non-Retail Revenues	25.5	24.4	(1.1)	(4.3)%
Total Revenues	\$ 347.3	\$ 356.5	\$ 9.2	2.6%
Net Revenue Requirement				
Departmental (Direct) Expenses				
Administration	\$ 3.1	\$ 2.8	\$ (0.3)	(9.7)%
Operations	36.0	35.7	(0.3)	(0.8)%
Compliance	21.2	21.7	0.5	2.4%
Finance	12.1	12.2	0.1	0.8%
Total Departmental (Direct) Expenses	\$ 72.4	\$ 72.4		
Non-Departmental (Indirect) Expenses	274.6	279.8	5.2	1.9%
Revenue Financed Capital	0.3	4.3	4.0	1333.3%
Total Net Revenue Requirement	\$ 347.3	\$ 356.5	\$ 9.2	2.6%



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Detroit Water & Sewerage Department

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Attachment IV



PRELIMINARY OPERATING BUDGET

FISCAL YEAR 2021

December 4, 2019



Agenda

- Current Budget Environment
 - FY 2020 projecting softness in volumes and revenue
 - Sewer cash collections continue to lag budget estimates
 - GLWA wholesale charges unknown but debt refunding planned for early next year should help
 - CIPMO is transitioning from AECOM to Field Engineering
 - Building a DWSD Safety and Risk Management Team
 - Developing a Lead Service Line Replacement Program
- Preliminary Budget Calendar
 - Preliminary Revenue Forecasts
 - Revenue drivers and historical trends
 - Rate assumptions
 - Preliminary Operations and Maintenance Budgets
 - Departmental (Direct) Budgets
 - Non-Departmental (Indirect) Budgets



Preliminary Budget Calendar

December 4, 2019

- Present preliminary proposed operating budgets to the Finance Committee

February 5, 2020

- Present final proposed operating budgets to the Finance Committee

February 19, 2020

- BOWC Public Hearing on Budgets

March 2020

- Final Budget approvals by the BOWC
- Submit approved budget to GLWA by March 23

Water - Summary of Revenue & Expenditures



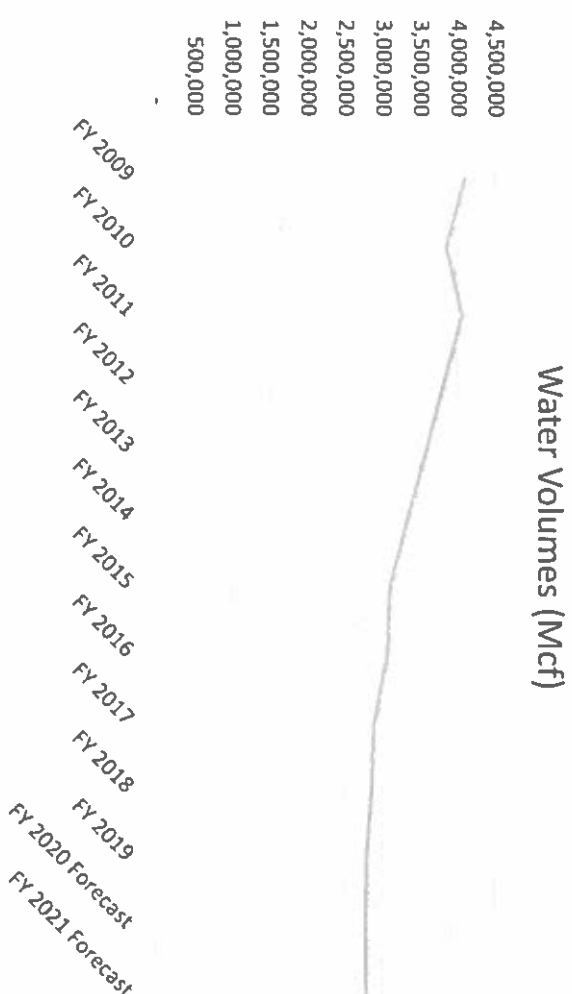
Detroit
Water & Sewerage
Department

	Preliminary		Increase (Decrease)	Change %
	FY 2020 Budget	FY 2021 Budget		
Retail Revenue				
Usage Charges	\$ 72,133,400	\$ 72,065,600	\$ (67,800)	-0.1%
Service Charges	25,534,700	26,519,800	985,100	3.9%
Firelines	3,124,200	3,707,000	582,800	18.7%
Fees	1,593,300	3,505,300	1,912,000	120.0%
Permits and Other Revenue	2,200,000	500,000	(1,700,000)	-77.3%
Penalties	1,165,500	1,393,800	228,300	19.6%
Total Retail Revenue	105,751,100	107,691,500	1,940,400	1.8%
Non-Retail Revenue				
GLWA Share of Pension and Notes	12,327,600	12,327,600	-	-
Shared Services	2,020,000	1,361,000	(659,000)	-32.6%
Total Non-Retail Revenue	14,347,600	13,688,600	(659,000)	-4.6%
Total Estimated Revenues	\$ 120,098,700	\$ 121,380,100	\$ 1,281,400	1.1%
Departmental (Direct) Expenses				
Adminstration	\$ 1,334,000	\$ 1,295,900	\$ (38,100)	-2.9%
Operations	21,124,500	22,093,200	968,700	4.6%
Compliance	9,034,500	9,856,700	822,200	9.1%
Finance	5,189,400	6,053,100	863,700	16.6%
Total Departmental (Direct) Expenses	36,682,400	39,298,900	2,616,500	7.1%
Non-Departmental (Indirect) Expenses	83,292,400	84,588,400	1,296,000	1.6%
Revenue Financed Capital	123,900	(2,507,200)	(2,631,100)	
Estimated Net Revenue Requirement	\$ 120,098,700	\$ 121,380,100	\$ 1,281,400	1.1%

Water Volumes (Mcf)



Water	Volumes (Mcf)
FY 2009	4,107,700
FY 2010	3,866,400
FY 2011	4,072,700
FY 2012	3,830,200
FY 2013	3,600,100
FY 2014	3,348,700
FY 2015	3,120,200
FY 2016	3,086,400
FY 2017	2,912,000
FY 2018	2,876,300
FY 2019	2,806,200
FY 2020 Forecast	2,797,100
FY 2021 Forecast	2,804,100



- Water volumes have been declining through FY2020
- FY2021 is projected at current forecast levels

Equivalent Water Meters



Detroit
Water & Sewerage
Department

	Actual 2018	Actual 2019	Budget 2020	Forecast 2020	Proposed 2021	% Change v. Budget
--	----------------	----------------	----------------	------------------	------------------	-----------------------

Domestic

Water 5/8" Equivalent Meters 285,533 291,279 285,716 290,581 290,922 1.8%

Fire Protection

Fireline 6" Equivalent Meters 1,614 1,605 1,397 1,623 1,626 16.3%

- FY2021 proposed based on current forecast
- Water Meters have increased since 2018
- Forecasting a slight increase in Water 5/8" Equivalent Meters of 1.8%

Water Revenue Summary



	Budget 2020	Forecast 2020	Proposed 2021	% Change v. Budget
Operating Revenues				
Commodity Sales	\$ 72,133,400	\$ 70,487,300	\$ 72,065,600	(0.1%)
Service Charges	25,534,700	25,969,600	26,519,800	3.9%
Fireline Charges	3,124,200	3,627,700	3,707,000	18.7%
Other Fees	1,593,300	5,426,200	3,505,300	120.0%
Penalties	1,165,500	1,393,800	1,393,800	19.6%
Permits and Other	2,200,000	405,700	500,000	(77.3%)
Total Retail Water Revenue	\$ 105,751,100	\$ 107,310,300	\$ 107,691,500	1.8%

- Assumed rate increases of 2%
- Effective water retail revenue increase of 1.8%

Sewer - Summary of Revenue & Expenditures



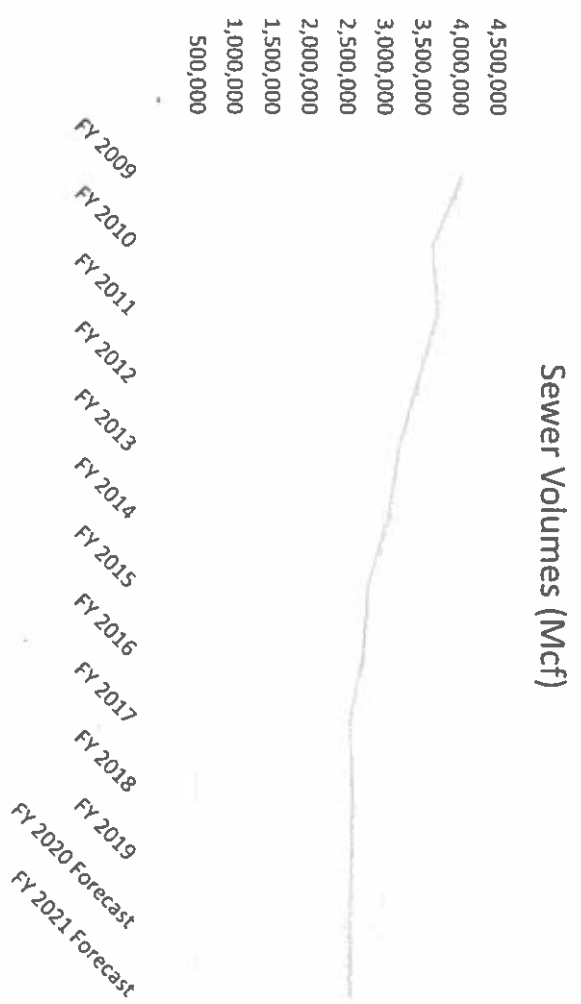
Detroit
Water & Sewerage
Department

	FY 2020		Preliminary FY 2021		Increase (Decrease)	%
	Budget	Budget	Budget	Budget		
Retail Revenue						
Usage Charges	\$ 147,153,500	\$ 146,584,900	\$ (568,600)	-0.4%		
Service Charges	13,601,000	14,063,600	462,600	3.4%		
Drainage Fees	154,464,700	164,349,900	9,885,200	6.4%		
IWC Charges	1,700,000	1,481,100	(218,900)	-12.9%		
Permits and Other Revenue	500,000	150,000	(350,000)	-70.0%		
Penalties	4,419,700	5,484,700	1,065,000	24.1%		
Total Retail Revenue	321,838,900	332,114,200	10,275,300	3.2%		
Non-Retail Revenue						
GLWA Share of Pension and Notes	22,460,100	22,460,100	-	0.0%		
Shared Services	3,030,000	1,974,000	(1,056,000)	-34.9%		
Total Non-Retail Revenue	25,490,100	24,434,100	(1,056,000)	-4.1%		
Total Estimated Revenues	\$ 347,329,000	\$ 356,548,300	\$ 9,219,300	2.7%		
Departmental (Direct) Expenses						
Administration	\$ 3,112,700	\$ 3,023,600	\$ (89,017)	-2.9%		
Operations	35,945,600	36,920,500	974,861	2.7%		
Compliance	21,206,300	22,998,900	1,792,592	8.5%		
Finance	12,108,900	12,462,100	353,164	2.9%		
Total Departmental (Direct) Expenses	72,373,500	75,405,100	3,031,600	4.2%		
Non-Departmental (Indirect) Expenses	274,619,300	280,581,028	5,961,728	2.2%		
Revenue Financed Capital	336,200	562,172	225,972			
Estimated Net Revenue Requirement	\$ 347,329,000	\$ 356,548,300	\$ 9,219,300	2.7%		

Sewer Volumes (Mcf)



Sewer	Volumes (Mcf)
FY 2009	4,049,200
FY 2010	3,666,000
FY 2011	3,734,000
FY 2012	3,469,500
FY 2013	3,218,900
FY 2014	3,084,900
FY 2015	2,816,700
FY 2016	2,752,500
FY 2017	2,566,100
FY 2018	2,604,000
FY 2019	2,602,300
FY 2020 Forecast	2,562,500
FY 2021 Forecast	2,569,000



- Sewer volumes declined 36% between 2009 and 2017
- Volumes have flattened since 2017



Billable Impervious Acres & Total Sewer Meters

Customer Class	Budget	Forecast	Proposed	Change (+/-)	% Change v.
	2020	2020	2021	v. Budget	Budget
Industrial	3,844	3,734	3,729	(115)	(3.0%)
Commercial	6,009	5,908	5,901	(109)	(1.8%)
Residential	11,477	11,136	11,122	(355)	(3.1%)
Tax Exempt	3,044	2,875	2,872	(172)	(5.7%)
Faith Based	557	811	810	253	45.5%
Highway Drainage	2,757	2,757	2,754	(3)	(0.1%)
Total Billable Impervious Acres	27,689	27,221	27,187	(501)	(1.8%)

- Forecasting a decrease of 1.8% in Billable Impervious Acres
- Currently updating fly-over data

Total Sewer Meters	Actual	Actual	Budget	Forecast	Proposed	% Change v.
	2018	2019	2020	2020	2021	Budget
	177,338	179,181	176,820	178,980	179,200	1.3%

- Forecasting an increase of 1.3% in Sewer Meters

Sewer Revenue Summary



	Budget 2020	Forecast 2020	Proposed 2021	% Change v. Budget
Operating Revenues				
Commodity Sales	\$ 147,153,500	\$ 143,347,400	\$ 146,584,900	(0.4%)
Service Charges	13,601,000	13,767,100	14,063,600	3.4%
Drainage Fees	154,464,700	151,891,900	164,349,900	6.4%
Penalties	4,419,700	5,484,700	5,484,700	24.1%
IWC Charges	1,700,000	1,481,100	1,481,100	(12.9%)
Other Revenue	500,000	127,200	150,000	(70.0%)
Total Retail Sewer Revenue	\$ 321,838,900	\$ 316,099,400	\$ 332,114,200	3.2%

- Assumed rate increases of 2%
- Effective sewer retail revenue increase of 3.2%



DEPARTMENTAL (DIRECT)

EXPENDITURES BUDGET FISCAL YEAR 2021



Operation and Maintenance -- Departmental Expense Summary

	Budget	Preliminary	Increase	% Change
	2020	2021	(Decrease)	
Summary by Fund				
Water Fund	\$ 36,682,400	\$ 39,298,900	2,616,500	7.1%
Sewer Fund	<u>72,373,500</u>	<u>75,405,100</u>	<u>3,031,500</u>	<u>4.2%</u>
Total O&M Appropriations	<u>\$ 109,055,900</u>	<u>\$ 114,704,000</u>	<u>5,648,000</u>	<u>5.2%</u>

Summary by Appropriation Unit				
BOWC and Administration				
Operations	\$ 4,446,700	\$ 4,319,500	(127,200)	-2.9%
Compliance	57,070,100	59,013,700	1,943,600	3.4%
Finance	30,240,800	32,855,600	2,614,800	8.6%
	<u>17,298,300</u>	<u>18,515,200</u>	<u>1,216,900</u>	<u>7.0%</u>
Total O&M Appropriations	<u>\$ 109,055,900</u>	<u>\$ 114,704,000</u>	<u>5,648,000</u>	<u>5.2%</u>

FTE Comparison



Cost Center	FY19-20	FY20-21	Increase/ (Decrease)
	Approved FTE	Preliminary FTE *	
Chief Executive Officer	7	7	0
BOWC	2	2	0
Dir of Field Services	4	4	0
Field Engineering	47	76	29
Facilities Operations	19	16	(3)
Fleet Operations	31	26	(5)
Field Services	221	213	(8)
Meter Operations	58	58	0
Stormwater Drainage	17	17	0
Security	33	32	(1)
Public Affairs	5	7	2
General Counsel	4	4	0
Org Development	12	15	3
Information Technology	28	27	(1)
Chief Financial Officer	5	5	0
Finance	15	15	0
Procurement	21	23	2
Treasury	5	4	(1)
Public Finance	2	2	0
Budget	3	2	(1)
Billing & Collections	20	20	0
Customer Service	91	94	3
DWSD TOTAL	650	669	19

* FTE count is tentative based on further discussion



Appropriation - Administration

	Budget FY 2020	Preliminary FY 2021	Increase (Decrease)	% Change
Administration Appropriation				
Salaries/Wages	\$ 1,143,000	\$ 1,208,300	65,300	5.71%
Employee Benefits (Fringes)	472,600	505,600	33,000	6.98%
Contractual Services	1,714,000	1,450,200	(263,800)	-15.39%
Shared Services Expense	250,000	150,000	(100,000)	-40.00%
Supplies & Other	867,100	1,005,400	138,300	15.95%
TOTAL APPROPRIATION	\$ 4,446,700	\$ 4,319,500	(127,200)	-2.86%

Includes CEO and BOWC cost centers

- Eliminated one consultant contract and added four summer interns in CEO cost center
- Eliminated OPS-4 Shared Services (Water Quality Sampling, Testing, Reporting). GLWA will include in wholesale charges in FY21 (\$250K)
- Added a CoD Shared Services budget for Sustainability Office (\$150K)
- Increase in membership dues in utility organizations

Appropriation - Operations



	Budget FY 2020	Preliminary FY 2021	Increase (Decrease)	% Change
Operations Appropriation				
Salaries/Wages	\$ 20,356,400	\$ 23,969,400	3,613,000	17.75%
Employee Benefits (Fringes)	8,247,000	9,793,700	1,546,700	18.57%
Contractual Services	13,987,900	14,388,900	401,000	2.87%
Shared Services Expense	800,000	800,000	-	0.00%
Supplies & Other	8,651,400	5,034,300	(3,617,100)	-41.81%
Utilities	5,027,400	5,027,400	-	0.00%
TOTAL APPROPRIATION	\$ 57,070,100	\$ 59,013,600	1,943,600	3.40%

Includes Field Services Director, Field Engineering, Field Services, Fleet, Facilities, Meter Operations and Stormwater Management Group cost centers

- Increase of 29 FTEs to offset work performed by the CIP contractor, AECOM
- Added minor plumbing repair assistance contracts (\$450,000)
- Increased budget for small equipment for day-to-day materials needed for meter installation

*Capital Improvement Program Management Organization
AECOM Great Lakes, Inc (cons. cost)*

Appropriation - Compliance



	Budget FY 2020	Preliminary FY 2021	Increase (Decrease)	% Change
Legal, Technology and Compliance				
Salaries/Wages	\$ 9,589,900	\$ 10,381,100	791,200	8.25%
Employee Benefits (Fringes)	3,954,400	4,329,700	375,300	9.49%
Contractual Services	5,626,500	6,148,000	521,500	9.24%
Shared Services Expense	3,294,800	2,495,000	(799,800)	-24.27%
Supplies & Other	7,775,200	9,501,800	1,726,600	22.21%
Claims and Judgements	-	-	-	0.00%
TOTAL APPROPRIATION	\$ 30,240,800	\$ 32,855,600	2,614,800	8.64%

Includes Security, Public Affairs, General Counsel, Organizational Development, Customer Service and Information Technology cost centers

- Increase in 8 FTEs in Public Affairs (2), Organizational Development (3) and Customer Service (3)
- Public Affairs added a contract for customer service surveys
- Added a contract for temporary hires for the call center (\$500K)
- Supplies & Other increased due to certain IT projects transitioning to maintenance phase requiring new maintenance and licensing agreements
- Shared services decreased due to partial cancelation of services

Appropriation - Finance



	Budget FY 2020	Preliminary FY 2021	Increase (Decrease)	% Change
Finance				
Salaries/Wages	\$ 4,908,400	\$ 5,219,700	311,300	6.34%
Employee Benefits (Fringes)	2,032,900	2,178,400	145,500	7.16%
Contractual Services	7,124,500	6,743,600	(380,900)	-5.35%
Shared Services Expense	40,000	270,000	230,000	575.00%
Supplies & Other	3,192,500	4,103,500	911,000	28.54%
TOTAL APPROPRIATION	17,298,300	18,515,200	1,216,900	7.03%

Includes CFO, Internal Audit, Controller, Procurement, Treasury, Public Finance, Budget and Billing and Collections cost centers

- Increase of two FTEs for Procurement and decrease of two FTEs in Treasury (1) and Budget (1)
- The supplemental Wayne Metro WRAP Assistance contract expired
- Increase in City staff services to include an allocation for Oracle Fusion
- Shared services expense increase is for bank fees with GLWA trust accounts
- Increased budget for DWSD bank fees



NON-DEPARTMENTAL (INDIRECT)

EXPENDITURES BUDGET

FISCAL YEAR 2021

Non-Departmental (Indirect) Expenditures



Water Fund				Sewer Fund			
	Preliminary	Increase	%		Preliminary	Increase	%
FY 2020	FY 2021	(Decrease)	Change	FY 2020	FY 2021	(Decrease)	Change
Budget	Budget			Budget	Budget		

Non-Departmental (Indirect) Expenses

Wholesale Charges	\$ 21,295,500	\$ 22,333,400	\$ 1,037,900	4.9%	\$ 185,817,100	\$ 190,735,428	\$ 4,918,328	2.6%
Industrial Waste Charges	-	-	-	-	1,700,000	1,481,800	(218,200)	-12.8%
Obligation to GLWA	33,438,800	33,438,800	-	-	26,271,500	26,271,500	-	0.0%
Series B and C Notes	1,505,000	1,505,000	-	-	2,505,000	2,505,000	-	0.0%
Legacy Pension	19,522,000	19,522,000	-	-	25,877,600	25,877,600	-	0.0%
Bad Debt Expense	7,248,600	7,503,400	254,800	3.5%	31,963,900	33,196,400	1,232,500	3.9%
WRAP Contribution	282,500	285,800	3,300	1.2%	484,200	513,300	29,100	6.0%
Total Non-Departmental (Indirect)	\$ 83,292,400	\$ 84,588,400	\$ 1,296,000	1.6%	\$ 274,619,300	\$ 280,581,028	\$ 5,961,728	2.2%

Thank You



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Attachment V



DECEMBER 2019 REVIEW

FINANCE COMMITTEE

February 5, 2020

Summary Financial Metrics



Month Ended	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20
Fiscal Quarter	2020:Q1	2020:Q1	2020:Q1	2020:Q2	2020:Q2	2020:Q2	2020:Q3	2020:Q3	2020:Q3	2020:Q4	2020:Q4	2020:Q4
Water Volumes	Target	286,871	288,810	246,846	228,814	217,031	228,259	225,150	222,601	215,049	230,957	254,554
	Actual	267,054	259,489	228,961	217,031	200,432	228,259	225,150	222,601	215,049	230,957	254,554
Total Active Meters	Target	178,000	178,000	178,000	178,000	178,000	178,000	178,000	178,000	178,000	178,000	178,000
	Actual	179,390	179,392	179,276	178,876	178,907	178,876	178,876	178,876	178,876	178,876	178,876
Billable Impervious Acreage	Target	27,688	27,688	27,688	27,688	27,688	27,688	27,688	27,688	27,688	27,688	27,688
	Actual	27,428	27,435	27,438	27,324	27,311	27,315	27,315	27,315	27,315	27,315	27,315
Days in Accounts Receivable - Residential	Target	200	200	200	200	200	200	200	200	200	200	200
	Actual	202	205	206	209	211	213	213	213	213	213	213
3-Month Rolling Average Collection Rate All Accounts	Target	91%	91%	91%	91%	91%	91%	91%	91%	91%	91%	91%
	Actual	92%	92%	89%	91%	87%	94%	91%	91%	91%	91%	91%
3-Month Rolling Average Collection Rate Residential	Target	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%
	Actual	90%	91%	88%	89%	84%	87%	90%	90%	90%	90%	90%
Operating Cash Days on Hand	Target	120	120	120	120	120	120	120	120	120	120	120
	Actual	158	140	151	154	133	128	120	120	120	120	120
Days Payable Outstanding	Target	45	45	45	45	45	45	45	45	45	45	45
	Actual	45	47	42	33	44	40	45	45	45	45	45
Headcount	Target	650	650	650	650	650	650	650	650	650	650	650
	Actual	545	549	560	559	556	554	554	554	554	554	554
O&M Spending	Target	9,087,992	9,087,992	9,087,992	9,087,992	9,087,992	9,087,992	9,087,992	9,087,992	9,087,992	9,087,992	9,087,992
	Actual	5,594,628	4,772,076	4,634,899	7,588,645	8,862,911	7,442,072	9,087,992	9,087,992	9,087,992	9,087,992	9,087,992

Account Receivable Aging - Combined

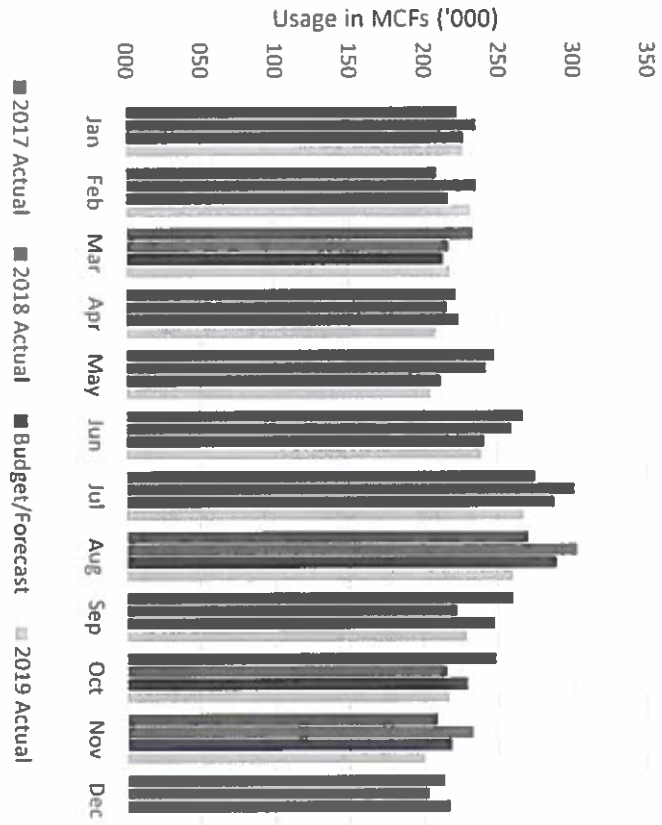


Sales Class	# of Accounts	Avg. Balance	Accounts Receivable					Balance
			Current	> 30 Days	> 60 Days	> 180 Days		
Residential	286,312	\$ 338.80	\$ 13,625,950 14.0%	\$ 7,406,461 7.6%	\$ 18,733,875 19.3%	\$ 57,236,064 59.0%	\$ 97,002,349 100.0%	
Commercial	28,345	1,459.82	8,535,389 20.6%	2,948,723 7.1%	7,931,291 19.2%	21,963,259 53.1%	41,378,663 100.0%	
Industrial	4,806	4,078.51	4,599,582 23.5%	1,540,408 7.9%	2,833,221 14.5%	10,628,094 54.2%	19,601,305 100.0%	
Tax Exempt Entities	7,969	1,782.19	1,813,757 12.8%	1,146,317 8.1%	2,362,633 16.6%	8,879,571 62.5%	14,202,278 100.0%	
Government Entities	3,093	1,991.78	1,125,669 18.3%	324,638 5.3%	1,041,259 16.9%	3,669,002 59.6%	6,160,568 100.0%	
Subtotal - Active Accounts	330,525	\$ 539.58	\$ 29,700,348 16.7%	\$ 13,366,547 7.5%	\$ 32,902,279 18.4%	\$ 102,375,990 57.4%	\$ 178,345,163 100.0%	
Inactive Accounts	274,741	87.73	120,499 0.5%	213,935 0.9%	(115,660) (0.5%)	23,884,153 99.1%	24,102,928 100.0%	
Total	605,266	\$ 334.48	\$ 29,820,847 14.7%	\$ 13,580,482 6.7%	\$ 32,786,619 16.2%	\$ 126,260,143 62.4%	\$ 202,448,091 100.0%	
% of Total A/R								
Water Fund	230,913	171.26	6,783,467	2,948,722	4,779,249	25,034,812	39,546,250	
Sewer Fund	288,653	564.35	23,037,380	10,631,760	28,007,370	101,225,332	162,901,841	
Total	605,266	334.48	29,820,847	13,580,482	32,786,619	126,260,143	202,448,091	

Retail Water Customers - Volumes



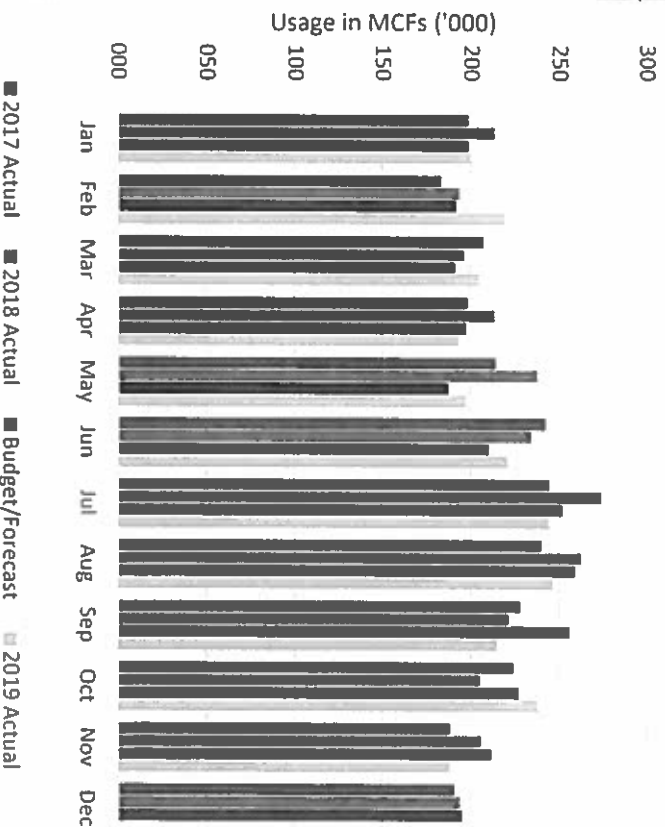
Month	Volume (Mcf)				
	Prior Year	Budget Current Year	Current Year	Variance (Mcf)	Variance (%)
July	300,613	286,871	267,054	(19,817)	(6.9%)
August	302,476	288,810	259,489	(29,322)	(10.2%)
September	221,531	246,846	228,961	(17,885)	(7.2%)
October	215,105	228,814	217,031	(11,783)	(5.1%)
November	232,770	218,154	200,432	(17,722)	(8.1%)
December	202,686	216,372			
January	227,697	228,259			
February	232,094	225,150			
March	218,435	222,601			
April	208,812	215,049			
May	204,605	230,957			
June	239,368	254,554			
Totals	2,806,192	2,862,438	1,172,967	(96,528)	(3.4%)
Subtotals YTD	1,272,495	1,269,496	1,172,967	(96,528)	(7.6%)



Retail Sewer Customers - Volumes



Month	Volume (Mcf)				
	Prior Year	Budget	Current Year	Variance (Mcf)	Variance (%)
July	273,862	251,738	244,810	(6,928)	(2.8%)
August	262,525	258,984	246,989	(11,995)	(4.6%)
September	221,660	255,527	215,119	(40,409)	(15.8%)
October	205,267	227,141	238,202	11,061	4.9%
November	205,806	211,617	188,779	(22,838)	(10.8%)
December	193,791	195,192			
January	201,171	197,099			
February	220,021	206,164			
March	205,424	200,672			
April	193,725	204,606			
May	197,705	203,480			
June	221,346	218,340			
Totals	2,602,305	2,630,560	1,133,899	(71,108)	(2.7%)
Subtotals YTD	1,169,120	1,205,007	1,133,899	(71,108)	(5.9%)



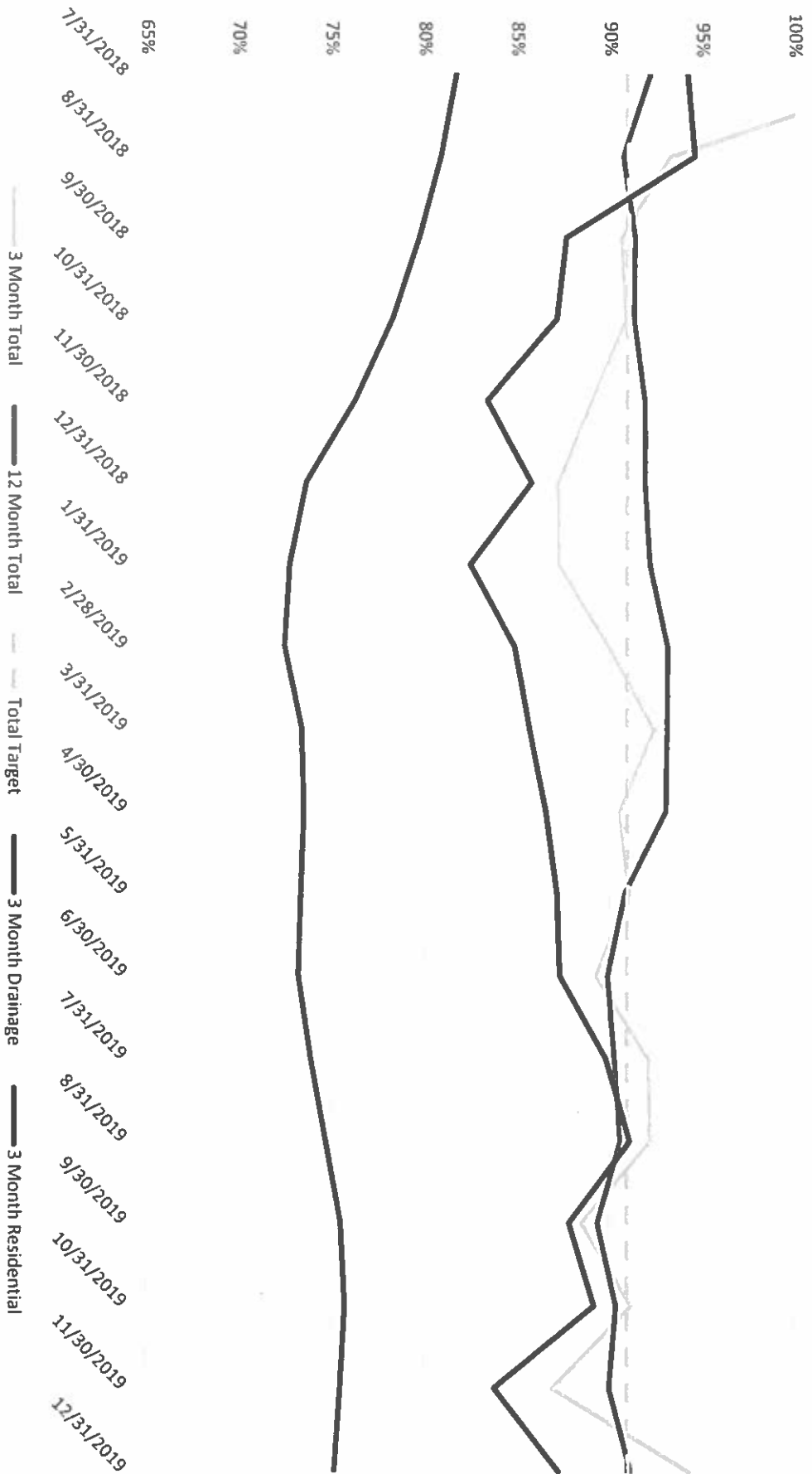
Retail Customers - Revenue



Month	Revenue (\$)					Variance (%)	Month	Revenue (\$)					Variance (%)
	Prior Year	Budget	Current Year	Variance (\$)	Variance (%)			Prior Year	Budget	Current Year	Variance (\$)	Variance (%)	
July	\$ 10,203,409	\$ 9,909,302	\$ 9,670,167	\$ (239,135)	(2.4%)	July	\$ 27,851,140	\$ 28,535,420	\$ 28,109,279	\$ (426,141)	(1.5%)		
August	9,833,149	9,698,584	9,504,240	(194,344)	(2.0%)	August	27,401,816	28,327,270	27,994,771	(332,499)	(1.2%)		
September	8,996,692	9,159,992	8,767,202	(392,790)	(4.3%)	September	25,552,254	26,788,442	26,457,358	(331,084)	(1.2%)		
October	8,010,524	8,288,490	8,535,614	247,125	3.0%	October	24,230,273	26,444,548	25,538,220	(906,328)	(3.4%)		
November	8,325,013	8,078,402	7,937,200	(141,202)	(1.7%)	November	24,314,979	25,759,684	24,984,723	(774,961)	(3.0%)		
December	7,659,930	7,975,070				December	23,925,500	25,905,017					
January	8,250,078	8,282,968				January	24,407,247	26,341,264					
February	8,649,072	8,294,177				February	25,593,281	26,312,394					
March	8,165,904	8,159,386				March	24,648,366	26,467,728					
April	8,014,291	8,120,879				April	23,882,510	25,894,612					
May	7,867,637	8,499,721				May	24,144,077	27,185,600					
June	8,628,374	9,084,129				June	25,367,765	27,376,921					
Totals	\$ 102,604,072	\$ 103,551,100	\$ 44,414,423	\$ (720,346)	(0.7%)	Totals	\$ 301,319,207	\$ 321,338,900	\$ 133,084,351	\$ (2,771,012)	(0.9%)		
Subtotals YTD	\$ 45,368,786	\$ 45,134,769	\$ 44,414,423	\$ (720,346)	(1.6%)	Subtotals YTD	\$ 129,350,461	\$ 135,855,363	\$ 133,084,351	\$ (2,771,012)	(2.0%)		



Collection Rates





Treasury Update

Nikole Howard-Whitett
December 2019

Cash Balance Summary



	Water Fund		Sewer Fund	
	6/30/2019	12/31/2019	6/30/2019	12/31/2019
Unrestricted				
Operating	\$ 21,445,600	\$ 5,290,133	\$ 29,311,394	\$ 33,062,570
Improvement and Extension	51,339,530	50,771,217	29,496,043	23,336,571
Pension	495	1,437,547	433	1,378,827
	<u>\$ 72,785,624</u>	<u>\$ 57,498,897</u>	<u>\$ 58,807,870</u>	<u>\$ 57,777,969</u>
Restricted				
Bond	15,603,119	2,239,419	92,214,940	79,905,378
Affordability	1,334,862	1,400,118	-	-
Retainage	4,665,490	5,698,931	3,500,334	4,042,579
Construction	564,950	506,651	500,748	316,371
	<u>\$ 22,168,420</u>	<u>\$ 9,845,119</u>	<u>\$ 96,216,023</u>	<u>\$ 84,264,329</u>
Total Cash	<u>\$ 111,028,895</u>	<u>\$ 67,344,016</u>	<u>\$ 80,929,561</u>	<u>\$ 142,042,297</u>

Bank Balances Insured



Banking Institution	Insured	Uninsured	Total
Comerica	\$ 85,189,297	\$ 79,905,385	\$ 165,094,682
First Independence	40,177,168	50,149	40,227,317
JP Morgan Chase	429,645	1,150,118	1,579,763
US Bank	313,346	2,172,010	2,485,356
Total Cash	\$ 126,109,456	\$ 83,277,662	\$ 209,387,118



Appendix:

Financial Statements

Six Months Ended December 31, 2019

City of Detroit Water Fund

Statement of Net Position

	June 30, 2019	December 31, 2019
Assets		
Cash and cash equivalents	\$ 72,739,306	\$ 57,499,125
Restricted - Cash and investments	24,109,516	11,845,833
Accounts receivable - Net of Allowance	19,906,203	24,277,854
Due from other funds	27,066,970	47,749,838
Inventory	3,895,401	3,895,401
Prepaid expenses	270,789	270,789
Receivables from Great Lakes Water Authority	474,838,845	472,336,855
Capital assets - net	550,326,504	556,926,821
Total assets	1,173,153,534	1,174,802,516
Deferred Outflows of Resources - Pensions	12,162,365	12,162,365

City of Detroit Water Fund

Statement of Net Position (Continued)

	June 30, 2019	December 31, 2019
Liabilities		
Current liabilities:		
Accounts and contracts payable	\$ 7,917,783	\$ 6,086,228
Due to other funds	38,594,699	39,320,831
Due to Great Lakes Water Authority	11,513,460	14,324,421
Accrued interest	1,901,626	1,901,626
Other liabilities	39,904,959	31,441,877
Accrued compensated absences	1,544,205	1,544,205
Long-term debt	501,055,492	494,119,317
Net pension liability	33,670,532	33,670,532
Total liabilities	636,102,756	622,409,037
Deferred Inflows of Resources - Pensions		
	5,868,773	5,868,773
Net Position		
Fund Balance - End of year	543,344,369	558,687,072
Total net position	\$ 543,344,369	\$ 558,687,072

City of Detroit Water Fund

Statement of Revenue, Expenses, and Changes in Fund Net Position

	Six Months Ended December 31, 2019	
	Accrual Basis	Contract Basis
Operating Revenue		
Retail sales - Detroit	\$ 49,755,065	\$ 49,755,065
Other fees	3,764,262	3,764,262
Other revenue	1,299,543	1,299,543
Total operating revenue	54,818,870	54,818,870
Operating Expenses		
Salaries, wages and benefits	12,530,164	12,530,164
Contractual Services	2,639,465	2,639,465
Other operating expense	2,689,063	2,689,063
Wholesale Charges	10,647,750	10,647,750
Depreciation	8,480,559	-
Total operating expenses	36,987,000	28,506,441
Operating Income	17,831,870	26,312,429
Nonoperating Revenue (Expenses)		
Investment income	487,666	487,666
Capital Lease	8,256,279	11,250,000
Capital Outlay/Acquisitions	493,687	493,687
Debt Service	(11,726,800)	(19,194,158)
Gain (loss) on sale of assets	-	-
Total nonoperating expenses - Net	(2,489,168)	(6,962,804)
Change in Net Position	\$ 15,342,703	\$ 19,349,625

City of Detroit Sewage Disposal Fund

Statement of Net Position

	June 30, 2019	December 31, 2019
Assets		
Cash and cash equivalents	\$ 58,748,162	\$ 57,777,969
Restricted - Cash and investments	101,716,016	89,764,339
Accounts receivable - Net of Allowance	78,409,700	90,381,967
Due from other funds	63,102,363	69,808,836
Inventory	842,877	842,877
Prepaid expenses	396,245	396,245
Receivables from Great Lakes Water Authority	594,201,648	584,080,663
Capital assets - net	518,477,294	522,549,658
Total assets	1,415,894,305	1,415,602,554
Deferred Outflows of Resources - Pensions	8,817,405	8,817,405

City of Detroit Sewage Disposal Fund

Statement of Net Position (Continued)

	June 30, 2019	December 31, 2019
Liabilities		
Current liabilities:		
Accounts and contracts payable	\$ 7,690,751	\$ 4,393,919
Due to other funds	94,871,337	94,132,149
Due to Great Lakes Authority	63,428,131	57,741,120
Accrued interest	3,169,374	3,169,374
Other liabilities	33,547,483	22,897,468
Accrued compensated absences	3,603,144	3,603,144
Long-term debt	457,265,745	450,285,369
Net pension liability	22,700,393	22,700,393
Total liabilities	686,276,358	658,922,936
Deferred Inflows of Resources - Pensions		
	5,985,593	5,985,593
Net Position		
Fund Balance - End of year	732,449,759	759,511,431
Total net position	\$ 732,449,759	\$ 759,511,431

City of Detroit Sewage Disposal Fund

Statement of Revenue, Expenses, and Changes in Fund Net Position

	Six Months Ended December 31, 2019	
	Accrual Basis	Contract Basis
Operating Revenue		
Retail sales - Detroit	\$ 144,828,710	\$ 144,828,710
Other fees	3,050,566	3,050,566
Other revenue	2,149,467	2,149,467
Total operating revenue	<u>150,028,744</u>	<u>150,028,744</u>
Operating Expenses		
Salaries, wages and benefits	16,546,269	16,546,269
Contractual Services	3,333,011	3,333,011
Other operating expense	4,644,784	4,644,784
Wholesale Charges	92,903,650	92,903,650
Depreciation	5,978,277	-
Total operating expenses	<u>123,405,992</u>	<u>117,427,715</u>
Operating Income	26,622,752	32,601,029
Nonoperating Revenue (Expenses)		
Investment earnings	1,108,781	1,108,781
Capital Lease	10,091,010	13,750,000
Capital Outlay/Acquisitions	57,334	57,334
Debt Service	(10,818,206)	(14,941,017)
Gain (loss) on sale of assets	-	-
Total nonoperating expenses - Net	<u>438,919</u>	<u>(24,901)</u>
Change in Net Position	<u>\$ 27,061,671</u>	<u>\$ 32,576,127</u>

Thank You



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[@DetroitWaterDep](https://twitter.com/DetroitWaterDep)



[@detroitwatersewerage](https://www.instagram.com/detroitwatersewerage)

David Whitaker

From: Stephanie Washington
Sent: Thursday, March 12, 2020 9:31 AM
To: Adrienne Zeigler; Afton Branche; Alexander Kay; Amy Aubry; Andre Spivey; Andrew Sokoly; Anne Marie Langan; Anthony Bradford; Ari Ruttenberg; Avery Peeples; Avery Peeples; Barry Blackwell; Bradleigh Merrill; Brenda Jones; Brian White; Caprice Jackson; Charles Young; Christopher LeFlore; Clarke Walker; Claudia Meeks; Dalaina Williams; David Teeter; David Whitaker; Deandree Watson; Dennis Black; Deonte Agee; Derrick Headd; Edwina King; Emberly Vick; Ericka Savage Whitley; Gabe Leland; Gail Fulton; Haley Daugherty; Hanan Yahya; Irvin Corley; James Tate; Janee Ayers; Jasmine Barnes; Jerline Simmons; Jones Legislative; Karl Stafford; Karriem Holman; Kathleen Quackenbush; Kayla Rice; Kerwin Wimberley; Kevin Shaughnessy; Kianga Moore; Kimberly Neisch; Kyle Tertzag; Larry Arreguin; Laura Sanchez; Laurie-Anne Sabatini; Linda Wesley; Lisa Jennings; Louise Jones; Lynore Foster; Margareta Venson; Mariana C. Martinez; Maricruz Moya; MARSHALLK; Mary Sheffield; Myles Miller; Nicole Vargas; Oscar Chapa; Paris Blessman; Paul Corbett; Paula Call; Raquel Castaneda-Lopez; Ray Duncan; Regina Rogers; Rick Silva; Roy McCalister; Sabrina Shockley; Scott Benson; Stacie Clayton; Stephanie Washington; Stephen Grady; Terry Catching; Thelma Brown; Theresa Thomas; Tiombe Nakenge; Tottionna Bushell; Vibha Venkatesha; Yolanda Lockett; Zachary Ormsby
Subject: Mayor Duggan, Chief Health Officer outline COVID-19 response plan



PRESS RELEASE
MAYOR'S OFFICE • Mike Duggan, Mayor

For Release: March 11, 2020

Media Contacts:

John Roach, Mayor's Office

313-244-7857, roachj@detroitmi.gov

Vickie Winn, Detroit Health Department

313-400-7107, vickie.winn@detroitmi.gov

Mayor Duggan, Chief Public Health Officer outline COVID-19 response plan

Detroit Mayor Mike Duggan and Chief Public Health Officer Denise Fair today outlined the City's plan to respond to recently confirmed cases of COVID-19 in Oakland and Wayne County.

The City of Detroit Health Department, in concert with the Wayne County and State Health Departments, have been in communication regarding the coronavirus (COVID-19). The current status in our geographic area remains at the lowest level. As reported cases increase, in addition to education of proper respiratory etiquette and good housekeeping practices there are increased methods of addressing the spread of COVID-19.

With the virus likely to continue to spread, the Mayor and Chief Fair are taking the following steps:

Emergency Operations Center

The Mayor also has partially activated its Emergency Operations Center to monitor the COVID-19 developments. At this time, the EOC is minimally staffed but will be ramped at such time there is a confirmed case in Detroit.

Public Events

In light of Gov. Whitmer's recommendation this afternoon that large public gatherings be canceled, the City has consulted with the organizers of the St. Patrick's Day parade, who have made the decision to cancel this year's parade to reduce the opportunity for anyone to be exposed to COVID-19.

Other upcoming large public gatherings are being reviewed, as well, to determine whether it is in the interest of public health and safety for them to be canceled or postponed.

Guidelines for anyone hosting large community events

- Share health messages and materials provided by credible public health sources such as those from the CDC that are attached to this email to encourage your event staff and participants to practice good personal health habits.
- Provide COVID-19 supplies at your events. Plan to have extra supplies on hand for event staff and participants, including sinks with soap, hand sanitizers, and tissues.
- Promote messages that discourage people who are sick from attending events. This should include messages requesting that people leave events if they begin to have symptoms of COVID-19. They should seek medical advice promptly by calling ahead to a doctor's office or emergency room to get guidance.
- Identify actions to take if you need to postpone or cancel events. Work closely with the Detroit Health Department to assess local capacities in the area. If possible, plan alternative ways for participants to enjoy the events by television radio, or online.
- More information can be found [here](#).

Public use of City facilities

- Individuals experiencing a fever or coughing are asked to not visit city offices until their symptoms have passed. If an individual visiting a city facility is exhibiting these symptoms, they may be approached by medical staff

City Employees – general precautions

- Employees who are ill, and exhibit symptoms are asked to seek the professional services of a health care provider and notify their immediate supervisor of absence as soon as possible. The symptoms are, acute respiratory illness (consistent coughing), shortness of breath, and fever of 100 degrees or greater.
- All employees who have been in contact with a person who has been exposed to COVID-19 are to contact the Detroit Health Department **immediately** for guidance, notify their supervisor and **do not report to work unless directed**.

City Employees who report to work with symptoms

- If an employee reports to work with concerns of COVID-19, a supervisor will contact a member of a medical response team to have the employee assessed. An internal hotline number has been established and will be manned 24 hours each day until the Pandemic is over.
- Until the arrival of the medical staff, the employee should be isolated from the work area or close proximity of other workers.
- Upon the conclusion of the assessment employees may be instructed to report to or transported to a healthcare provide for continued testing and follow-up

Work Location Signage and Preparation

- Ensure that employees are cleaning their work area with disinfectant at least twice during the work day.
- Janitorial staff will be instructed to focus on high touch points, such as water fountains, door knobs, commonly used counters, sinks and cabinets
- Ensure that city owned vehicles have disinfectant wipes available for employees to wipe the steering wheels and gear selectors before and after use.
- Place the provided signs conspicuously in all areas, including break rooms, rest rooms, work stations, and public gathering rooms and service areas

Stay informed

More information can also be found at the links below:

- [Steps to prevent illness](#)
- [What to do if you are sick](#)
- [Resources for Home preparedness](#)
- [Information for travel](#)
- [Resources for large community events and mass gatherings](#)
- [Resources for businesses and employers](#)

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Alton James
Chairperson
Lauren Hood, MCD
Vice Chair/Secretary

Marcell R. Todd, Jr.
Director

City of Detroit

CITY PLANNING COMMISSION
208 Coleman A. Young Municipal Center
Detroit, Michigan 48226
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Brenda Goss-Andrews
Damion Ellis
David Esparza, AIA, LEED
Gregory Pawlowski
Frederick E. Russell, Jr.
Angy Webb
Henry Williams

March 11, 2020

HONORABLE CITY COUNCIL

RE: Neighborhood Enterprise Zone Certificate Application for eleven newly constructed condominium units located at 4213, 4215, 4217, 4218, 4219, 4220, 4221, 4222, 4224, 4226, and 4228 Fourth Street in the Midtown Neighborhood Enterprise Zone area. (RECOMMEND APPROVAL)

The office of the City Planning Commission (CPC) has received eleven applications requesting a Neighborhood Enterprise Zone (NEZ) certificate forwarded from the office of the City Clerk for the new construction of three residential structures consisting of eleven condominium units located at 4213, 4215, 4217, 4218, 4219, 4220, 4221, 4222, 4224, 4226, and 4228 Fourth Street. These applications correspond to a qualified site that will facilitate the new construction.

The proposed development includes the construction of 27,850 square feet of new construction townhomes, within three buildings at 4213 through 4228 Fourth Street. On both the east and west sides of Fourth Street will be two townhome buildings. On the west side will be a 13,720 square foot building that will include five townhome condo units. On the east side will be an 8,232 square foot building that includes three townhome units. Each unit in these buildings will be four stories and will include a two-car garage. The units will contain two-bedrooms with an office, two full baths and three half-baths. The third building will be constructed on the east side with access from the public alley between Fourth and Third Streets. This building will include 5,898 square feet and three townhome units. This building will also be four stories and will include a single car garage. Each unit will have two bedrooms, and one-and-a-half bathrooms. The redevelopment includes the installation of new utilities (water, sewer, electricity, and natural gas), new drive aisles, and landscaping.

The subject properties have been confirmed as being within the boundaries of the Midtown NEZ and should be eligible for NEZ certificates under State Act 147 of 1992 as currently written. The estimated project cost for the development ranges from \$445,751.00 to \$662,147.00 per unit. The NEZ certificate applications appear to have been submitted prior to the issuance of any applicable building permits.

Please contact our office should you have any questions.

Respectfully submitted,



Marcell R. Todd, Jr., Director CPC
George A. Etheridge, City Planner, LPD

cc: Janice Winfrey, City Clerk

Alton James
Chairperson
Lauren Hood, MCD
Vice Chair/Secretary

Marcell R. Todd, Jr.
Director

City of Detroit

CITY PLANNING COMMISSION
208 Coleman A. Young Municipal Center
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Brenda Goss-Andrews
Damion Ellis
David Esparza, AIA, LEED
Gregory Pawlowski
Frederick E. Russell, Jr.
Angy Webb
Henry Williams

March 11, 2020

HONORABLE CITY COUNCIL

RE: Neighborhood Enterprise Zone Certificate Applications for the new construction of two residential buildings consisting of 8 condominium units located at 313 Watson Avenue and 3119 Brush Street in the Crosswinds (Woodward Place) Neighborhood Enterprise Zone area. (RECOMMEND APPROVAL)

The office of the City Planning Commission (CPC) has received two applications requesting a Neighborhood Enterprise Zone (NEZ) certificate forwarded from the office of the City Clerk for the new construction of two residential buildings consisting of 8 condominium units located at 313 Watson Avenue and 3119 Brush Street. These applications correspond to a qualified site which will accommodate the new construction of residential buildings. The project will include the new construction of 8 condominium units and a detached garage building for 10 vehicles. The condo units will be approximately 1,900 square feet. Each unit will contain a kitchen, living room, dining room, two bedrooms, two and a half bathrooms, and laundry. The units will also have a front courtyard space or roof-deck and rear patios. The garage will house one car per unit, with an additional outdoor parking space for one car per unit.

The subject property has been confirmed as being within the boundaries of the Crosswinds (Woodard Place) NEZ which was established by a vote of Council on July 17, 1996, and should be eligible for NEZ certificates under State Act 147 of 1992 as currently written. The anticipated cost new construction is approximately \$600,000.00. The applicant is seeking a 15 year tax abatement. The NEZ certificate application appears to have been submitted prior to the issuance of any applicable building permits.

Please contact our office should you have any questions.

Respectfully submitted,



Marcell R. Todd, Jr., Director CPC
George A. Etheridge, City Planner, LPD

cc: Janice Winfrey, City Clerk