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TO: COUNCIL MEMBERS

FROM: David Whitaker, Director *DW*  
Legislative Policy Division

DATE: July 8, 2020

RE: Financial Impact of COVID-19 on the Detroit Water and Sewerage Department

For City Council's information, on May 6, 2020, the Detroit Water and Sewerage Department (DWSD) made a presentation regarding the financial impact of COVID-19 on DWSD's operations to the Finance Committee of the Board of Water Commissioners (BOWC). Attachment I represents a copy of this presentation.

The Legislative Policy Division (LPD) reviewed this presentation and we felt it was important to provide major highlights regarding the impact of COVID-19 on DWSD's operations and what measures DWSD has put in place to address the impact of this pandemic. Council should note that the presentation focuses on the impact of COVID-19 on DWSD's operations through the end of FY 2020, or June 30, 2020.

Major highlights from the presentation (Attachment I) are as follows (page number reference of presentation is provided in parentheses):

- **The impact on retail collections since January – 31% decline.**
  - For fiscal year 2020 DWSD budget assumes cash collections of \$31 million each month (page 4).
  - In March 2020, collections dropped to \$26.5 million, and projections for April, May and June 2020 dropped further to \$22.6 million due to impact of COVID-19 (page 15).
  - Early collection shortfalls were offset by credit transfers of O&M (Operations and Maintenance) budget savings in December 2019 and February 2020 amounting to \$7.1 million (page 4).
  - DWSD retail cash collections have dropped 31% since January through April forecast month (page 5).

- **New costs DWSD is incurring in response to the pandemic.**
  - Additional costs have been incurred such as the COVID-19 Restart Program – water service restorations, personal protective equipment (PPE), emergency plumbing repairs, facility cleaning, employee symptom scanning, remote office technologies, and communications with the public (page 6).
- **Identification of potential cost savings.**
  - Opportunities for cost savings were identified as a workforce savings plan that would reduce personnel costs by \$900,000 per month through furloughs, employees on Work Share and pay cuts<sup>1</sup>; certain O&M contractual expenses were suspended; supplies and other operating expenses were reduced; nonessential Improvement & Extension contracts have been deferred; GLWA delayed fiscal year 2021 wholesale rate increases to October 1, 2020<sup>2</sup>; and consideration of permanently closing Customer Service Centers (page 8).
  - The cost saving measures identified above could result in cash flow savings of \$3 – 4 million each month through June 2020 to help address the impact of COVID-19 on DWSD’s operations (page 11).
- **Commitments sought for grant funding and other cost reimbursements.**
  - Wayne Metro has committed \$3 million CARES act assistance by June 30, 2020; Michigan Department of Environment, Great Lakes, and Energy (EGLE) - \$500,000 grant for water turn-ons; the Kresge Foundation - \$125,000 matching grant for water turn-ons; and to-be-determined amounts from the CARES Act allocation for the City of Detroit and the Federal Emergency Management Administration (FEMA), to be announced (pages 9 and 10).
- **The cash deficit to GLWA is expected to be approximately \$19 million by June 30, 2020.**
  - Because of the lower monthly cash collections from March 2020 until June 2020, the cash deficit to GLWA is expected to be approximately \$19 million (page 15).
  - Note: Any cash shortage that DWSD incurs must be financed by GLWA per the Master Bond Ordinance and the lease agreement, augmented by the June 2020 MOU between GLWA and DWSD. Any shortfall must be repaid to GLWA at an interest rate based on the three-year U.S. Treasury rate (2.63%), plus 150 basis points. This equates to a rate of 4.13%, to be paid over a period of 3 years.

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<sup>1</sup> DWSD followed the City of Detroit’s workforce savings plan: furloughed employees work 10% hours/get 10% pay, get state and federal unemployment benefits and receive health care; Work Share employees work 80% hours/get 80% pay, get state workshare and federal unemployment benefits and receive health care; a group of employees work 100% hours/get 100% pay, retain health and retirement benefits and receive no pay increase July 1, 2020; and a group of executives and senior management earning more than \$125,000 will take a 5% pay reduction until July 1, 2021.

<sup>2</sup> GLWA wholesale charges increasing by 2.95% for Water and 2.25% for Sewer were initially scheduled to start on July 1, 2020. GLWA’s postponement for the rate increases until October 1, 2020 was done to provide budget relief to DWSD to help the department address increased expenses and/or cash flow needs due to the COVID-19 pandemic. According to GLWA, DWSD’s Water Fund will save approximately \$315,000 and the Sewer Fund \$1,075,000 for a total of \$1.39 million due to the postponement of the wholesale charge rate increase until October 1, 2020. Source: GLWA memo entitled “COVID-19 Pandemic-Financial Update” dated April 21, 2020 from Nicolette N. Bateson, GLWA’s chief financial officer and treasurer.

- **DWSD Water and Sewer Capital Improvement Project (CIP) will both remain intact.**
  - The Five-Year CIP programs will remain intact and will continue as proposed (pages 17 and 18).

Since May 6, 2020, it should be noted that DWSD has implemented changes because of the COVID-19 crisis. DWSD Management has been monitoring on a daily basis, and a DWSD representative informed the Legislative Policy Division (LPD) that since May 6, 2020, collections have greatly increased and should be more in line with the budgeted monthly cash collection figures.

On May 15, 2020, at a Great Lakes Water Authority (GLWA) Audit Committee meeting, it was stated that since May 6<sup>th</sup>, the DWSD and GLWA financial teams have met and their collective COVID-19 operating scenarios continue to evolve. Since there are no leading indicators for the above-mentioned scenario, the approach taken by DWSD to be conservative in the forecasts is a sound approach. The GLWA Board will be asked to approve a reallocation of revenue requirements via a budget amendment in June 2020 to the extent the shortfall continues. The GLWA meeting dates are June 19, 2020 for the GLWA Audit Committee meeting, and June 24, 2020, for the GLWA Board meeting.

At the same May 15, 2020 GLWA Audit Committee meeting it was announced that GLWA refinanced over \$360 million of their existing bonds at a lower interest rate, and they issued \$85 million par value of new tax-exempt bonds which will provide \$100 million in bond proceeds for the DWSD water system. This money will be used for capital improvements by DWSD.

The percentage of cash collections for drainage fees have lagged well below the cash collection percentage for water bills. DWSD management recently met with the Mayor, and will begin shortly taking aggressive legal action against customers with past due balances.

On May 20, 2020, DWSD's Board of Water Commissioners approved the fiscal year 2021 budget for DWSD. This budget includes a 3.5% increase for water, and a 2.0% increase for sewer. These new rates will go into effect July 1, 2020, and will be partially used to support payments for the \$100 million additional debt incurred.

Based on the above analysis, LPD respectfully asks that DWSD representatives provide responses to the following questions:

1. According to GLWA, DWSD's Water Fund will save approximately \$315,000 and the Sewer Fund \$1,075,000 for a total of \$1.39 million due to the postponement of the wholesale charge rate increase until October 1, 2020. Is there a possibility that the postponement in the wholesale charge rate increases gets extended beyond October 2020 if the COVID-19 pandemic continues to impact DWSD's operations at that time?
2. Due to the furloughs and reductions in operations and maintenance expenses, there will be deferred maintenance on the water and sewer systems in the City. This deferral of maintenance of both systems will potentially add to the capital expenditures required down the road. Citizens have complained for years about street and basement flooding due to the lack of cleaning and maintenance of the City's sewer systems. With the layoffs and reduction of operating expenses due to COVID-19, what plans does DWSD have in place to minimize the deferral of cleaning and maintenance of the City's sewer systems?

3. DWSD has identified several cost saving measures (such as workforce savings, suspension of O&M contractual expenses, and reduction of supplies and other operating expenses) to generate \$3-4 million in cash flow savings each month through June 2020 to help address the impact of COVID-19 on DWSD's operations. Is it DWSD's plan to continue these cost saving measures into FY 2021 starting in July 2020?
4. DWSD identifies the closure of service centers as another potential cost saving measure but does not quantify how much the closures result in savings each month. Has DWSD now determined how much in savings each month would be generated as a result of closing service centers? What is the current total number of service centers and how many could be closed? What is DWSD's plan to minimize the impact on customer service from the closure of service centers?
5. DWSD is seeking cost reimbursements through FEMA, but does not quantify how much in cost reimbursements could be generated due to ambiguity of reimbursable expense guidelines. Does DWSD now have more clarity of which additional cost borne by DWSD due to COVID-19 is reimbursable by FEMA? If so, what type of additional cost could be reimbursed and how much?
6. The City of Detroit through the Office of Chief Financial Officer has hired Guidehouse, LLP to help the City maximize the receipt of federal and state dollars for COVID-19 related expenditures; and the Mayor's Office has hired Squire Patton Boggs, a federal lobbyist, to help the City advocate for more federal dollars to help address the impact of COVID-19 on the City's operations. If DWSD hasn't done so already, could DWSD explore the opportunity to also work with these firms to increase the department's chances to receive more federal and state dollars to mitigate the impact of COVID-19 on its operations?
7. Regarding State dollars, on July 1, 2020 Governor Gretchen Whitmer approved Public Act 123 of 2020. Under this Act, \$25 million is allocated for water utility assistance, including the creation of a residential utility relief program to provide direct payment assistance for water and wastewater utilities designed to help households retain water service to help mitigate the spread of COVID-19; payments will be made to water utility providers to reimburse them for arrearages and fees for bill forgiveness and for providing a 25% discount on total water bills for eligible customers through December 2020; arrearage forgiveness up to \$700 per customer during state of emergency; and suspends shut off to eligible customers for 90 days beyond date customer receives assistance (section 404 of PA 123 of 2020). How much of the \$25 million allocation does DWSD anticipate receiving and how soon? How does the passage of this legislation augment and supplement the current Water Restart Program? When will the Water Restart Program end?
8. What additional plans is DWSD contemplating to provide a water affordability program for Detroit residents who are impoverished and could face water shut offs post-COVID-19?
9. Because of projected lower monthly cash collections from March 2020 until June 2020, DWSD estimates a cash deficit of approximately \$19 million owed to GLWA. Does DWSD anticipate entering into a note with GLWA to pay this off, or could it utilize other measures to address the shortfall?

10. LPD understands that since May 6, 2020, DWSD collections have greatly increased and should be more in line with the budgeted monthly cash collection figures, which hopefully could help address the \$19 million shortfall. Which DWSD customer classes are generating greater collections and does DWSD have an idea as to why?
11. The recent GLWA water and sewer bond refinancings generated \$103 million in cash flow savings on April 30, 2020, according to a GLWA press release dated May 1, 2020 on the refinancings. How much of these savings inure to the benefit of DWSD's operations to help mitigate the impact of COVID-19 on DWSD's operations?
12. GLWA recently sold \$100 million in new money bonds for DWSD's Water Fund. Does DWSD anticipate GLWA facilitating a new money bond sale for its Sewer Fund in FY 2021?
13. DWSD anticipates spending approximately \$117.4 million on the sewer line replacement program over the next five years according the Sewer Capital Improvement Program (page 18 of the Attachment I). What is the current estimate of the total cost of the sewer line replacement program? Are there any federal and state dollars available to help pay for this program?
14. Has DWSD prepared a cash flow statement for FY 2021 that shows how cost saving measures will continue to help mitigate the impact of the COVID-19 pandemic on its operations? Will a budget amendment be presented to the BOWC to maintain a balanced budget for FY 2021? If so, when?
15. Gary Brown director's report dated June 17, 2020 indicates that DWSD's Revenue Recovery Unit has postponed most of its in-person investigations due to the Governor's Stay Home, Stay Safe Order for the COVID-19 pandemic. Since August 2017, the unit, in collaboration with customer service/billing, has identified more than \$12 million in services owed by primarily commercial customers. Has DWSD increased investigations since the Governor has lifted some of the Executive Order restrictions?

LPD will continue to review the operations of DWSD and will keep your Honorable Body informed.

#### Attachment

cc: Gary A. Brown, Director, DWSD  
Thomas Naughton, DWSD Chief Financial Officer  
Dave Massaron, Chief Financial Officer  
Auditor General's Office  
Tanya Stoudemire, Budget Director  
Avery Peoples, Mayor's Office



Attachment I

Presentation on the Financial Impact of COVID-19 on DWSD Operations







**PRESENTATION TO THE FINANCE COMMITTEE OF THE BOWC**

# **FINANCIAL IMPACT OF COVID-19**

**May 6, 2020**

# State of Emergency



- March 9: Water Restart Plan (Governor Whitmer & Mayor Duggan)
- March 10: State of Emergency Declared (Governor Whitmer)
- March 11: Worldwide Pandemic Declared (World Health Organization)
- March 13: National Emergency Declared (President Trump)
- March 23: Nonessential Activities Suspended in Michigan (Governor Whitmer)
- March 28: Michigan Disaster Declared (President Trump)
- March 28: Water Service Restoration Ordered for Occupied Residences (Governor Whitmer)

# Within weeks, Detroit and Michigan were facing record unemployment



## Average Weekly Unemployment Claims in Michigan (3/20 – 4/20)

Last Year	(2019):	5,000
Recent Recession	(2009):	28,000
Covid-19	(2020):	235,000

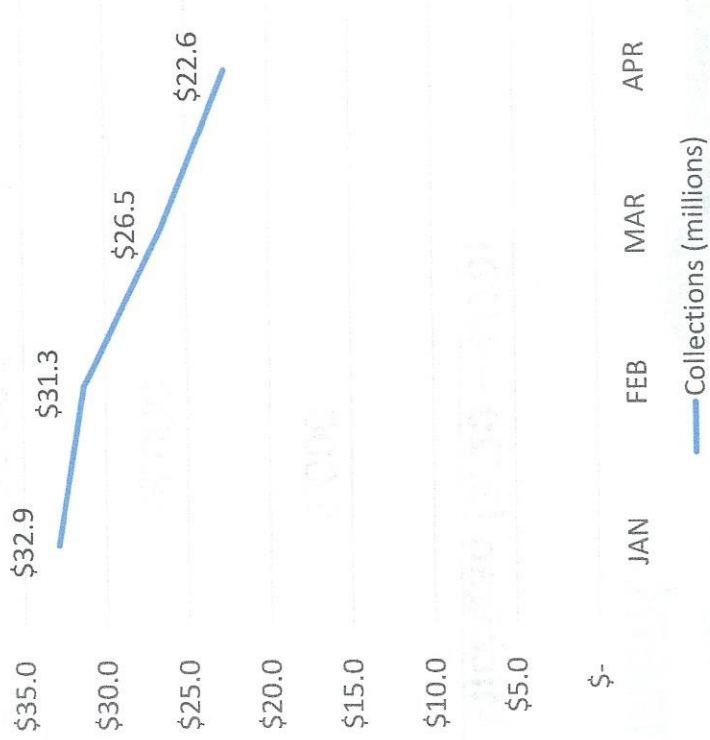
(Sources, U.S. Dept of Labor @ <https://oui.doleta.gov/unemploy/wkclaims/report.asp>, and State of Michigan @ [https://www.michigan.gov/leo/0,5863,7-336-78421\\_97241\\_90031-527111--,00.html](https://www.michigan.gov/leo/0,5863,7-336-78421_97241_90031-527111--,00.html))

# Within days, DWSD retail collections began to fall



- DWSD Rates and Budgets assume average monthly collections of \$31 million to meet all financial obligations
- Actual billed retail revenues for FY 2020 have been trending 1.5% below budget year-to-date
- Early collection shortfalls were offset by credit transfers of O&M budget savings in December and February (\$7.1 million)
- April 2020 collections are estimated to drop \$10 million from January levels and \$9 million below budget requirement (\$31.3 million)

**DWSD Retail Collections**  
January - April



# DWSD retail cash collections have dropped 31% since January



Customer Class	Retail Collections (\$ millions)				% Decline
	Jan Actual	Feb Actual	Mar Actual	April Forecast	
RESIDENTIAL	\$ 14.2	\$ 15.0	\$ 11.8	\$ 12.9	9.5%
COMMERCIAL	8.5	8.2	6.9	4.9	42.4%
INDUSTRIAL	4.4	3.6	3.6	2.7	39.3%
TAX EXEMPT	0.5	0.5	0.4	0.3	33.5%
GOVERNMENT	2.4	1.4	1.9	0.3	89.2%
DRAINAGE	2.8	2.7	1.9	1.5	46.0%
<b>Total Collections</b>	<b>\$ 32.9</b>	<b>\$ 31.3</b>	<b>\$ 26.5</b>	<b>\$ 22.6</b>	<b>31.4%</b>

## **In addition, DWSD began to incur new costs in responding to the pandemic**



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- Covid-19 Restart Program – Water service restorations
- Personal Protective Equipment
- Emergency plumbing repairs
- Facility cleaning
- Employee symptom scanning
- Remote office technologies
- Communications with public

# DWSD controls less than 27% of the budget (Direct Expense = \$104.5 million)



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## NET RETAIL REVENUE

RETAIL REVENUES			
Commodity sales	\$ 394,896,500	101.7%	
Industrial Waste	1,700,000	0.4%	
Service charges	25,534,700	6.6%	
Penalties and fees	2,758,800	0.7%	
Miscellaneous revenue	2,700,000	0.7%	
<b>Total Retail Revenue</b>	<b>427,590,000</b>	<b>110.1%</b>	
LESS: Bad Debt Expense	(39,212,500)	-10.1%	

**NET RETAIL REVENUES**      **\$ 388,377,500**      **100.0%**

## NET REVENUE REQUIREMENT

DIRECT EXPENSE			
Salaries and Wages	\$ 35,997,700	9.3%	
Employee Benefits	14,706,900	3.8%	
Contractual Services	28,452,900	7.3%	
Operating Supplies	12,823,000	3.3%	
Operating Services	17,535,500	4.5%	
Less: Shared Service Revenue	(5,050,000)	-1.3%	
<b>Total Direct Expense</b>	<b>104,466,000</b>	<b>26.9%</b>	

## INDIRECT EXPENSE

DWSD Wholesale Charges	209,579,300	54.0%
DWSD Debt Service	59,710,300	15.4%
Net Legacy Costs	14,621,900	3.8%

**Total Indirect Expense**      **283,911,500**      **73.1%**

**NET REVENUE REQUIREMENT**      **\$ 388,377,500**      **100.0%**

DWSD's average monthly budget for **Direct Expenses** is only **\$ 8.7 million**



## Management began to identify potential opportunities for cost savings...

- Workforce Savings Plan will reduce personnel costs by \$900,000 per month (including payroll tax savings)
  - 212 Employees furloughed
  - 124 Employees on Work Share
  - Highly compensated essential employees take 5% pay cut
- Certain O&M contractual services were suspended
- Supplies and other operating expenses were reduced
- Nonessential I&E Contracts have been deferred
- GLWA delayed FY 2021 rate increases to October 1, 2020
- Considering permanent closures of Customer Service Centers
- **NOTE: Bond-funded construction projects can continue as planned**



## And sought commitments for Grant funding and other cost reimbursement



- Wayne Metro has committed \$3 million CARES Act assistance by June 30
- Michigan Department of Environment, Great Lakes, and Energy (EGLE)
  - Grant for water Turn-ons (\$500,000)
- The Kresge Foundation – Matching Grant for Water Turn-Ons (\$125,000)
- CARES Act allocation for the City of Detroit (\$TBD)
- Federal Emergency Management Administration (\$TBD)



# Federal Emergency Management Agency

## **FEMA Reimbursement**

- Certain costs may be eligible under the *Federal Disaster Reimbursement Program*
- Reimburses up to 75% of specific direct expenses related to a disaster
- Reimbursable Expense Guidance is unclear due to the rarity of a medical emergency. The program typically reimburses for Natural Disasters such as tornados or floods
- Audit of Documentation is stringent is possibly 3-5 years later

# The resulting Cash Flow Savings Plan will save \$3-4 million per month



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## COVID-19 CASH FLOW SAVINGS PLAN

Line	Cash Flow Savings Plan	APRIL	MAY	JUNE
Federal and State Assistance:				
1	CARES Act Funding	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000
2	FEMA Reimbursement	TBD	TBD	TBD
Work Force Savings:				
3	Furlough	-	689,700	689,700
4	Work Share	-	145,200	145,200
5	O&M Contractual Service Savings	1,297,600	1,212,500	503,100
6	O&M Supplies and Other Operating Savings	1,186,000	1,064,900	817,800
7	Service Center Closures	TBD	TBD	TBD
<b>Total Monthly Savings</b>		<b>\$ 3,483,600</b>	<b>\$ 4,112,300</b>	<b>\$ 3,155,800</b>

# DWSD is participating in the City's Work Force Savings Plan



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	Work Force Savings Plan		Work Share (20% Savings)	
	Furlough (90% Savings)		FTEs	Base Payroll
Administration	-	\$ -	3	\$ 214,641
Compliance	2	103,696	15	902,765
Technology	-	-	13	951,303
Customer Service	19	850,815	8	420,894
Operations	183	7,767,317	52	3,814,568
Finance	8	474,815	33	2,406,451
<b>Totals</b>	<b>212</b>	<b>\$ 9,196,643</b>	<b>124</b>	<b>\$ 8,710,622</b>
<b>Savings per Month</b>		<b>\$ 689,700</b>		<b>\$ 145,200</b>

**Affected employees will continue to participate in benefit plans.**



# O&M nonessential contract spending will be reduced through the end of the year

O&M Contractual Services						
	Average Monthly Budget	YTD				June Forecast
		Average Monthly Spending	April Forecast	May Forecast	June Forecast	
Administration	\$ 142,800	\$ 79,400	\$ 46,100	\$ 66,100	\$ 66,100	\$ 66,100
Compliance	300,900	92,500	90,000	90,000	90,000	268,100
Technology	119,600	100,400	95,600	95,600	95,600	259,300
Customer Service	48,400	-	-	-	-	-
Operations	1,165,700	632,400	650,600	565,700	856,300	856,300
Finance	572,500	242,400	170,000	320,000	397,000	397,000
<b>Totals</b>	<b>\$ 2,349,900</b>	<b>\$ 1,147,100</b>	<b>\$ 1,052,300</b>	<b>\$ 1,137,400</b>	<b>\$ 1,846,800</b>	

**Monthly Budget Savings**      **\$ 1,202,800**      **\$ 1,297,600**      **\$ 1,212,500**      **\$ 503,100**



# Spending for supplies and other operating expenses will also be reduced

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## O&M Supplies and Other

	Average Monthly Budget	YTD Average Monthly Spending	April Forecast	May Forecast	June Forecast
Operating Supplies	\$ 94,100	\$ 189,000	\$ 64,000	\$ 77,200	\$ 90,400
Other Operating	1,954,700	1,122,200	862,700	982,200	1,211,100
Training, Tuition and Travel	77,300	21,900	1,000	1,800	6,800
Claims and Settlements	-	13,300	12,400	-	-
Capital Expense	-	400	-	-	-
<b>Totals</b>	<b>\$ 2,126,100</b>	<b>\$ 1,346,800</b>	<b>\$ 940,100</b>	<b>\$ 1,061,200</b>	<b>\$ 1,308,300</b>
<b>Monthly Budget Savings</b>	<b>\$</b>	<b>\$ 779,300</b>	<b>\$ 1,186,000</b>	<b>\$ 1,064,900</b>	<b>\$ 817,800</b>

# The Cash @ GLWA deficit is expected to approximate \$19 million by June 30



	ACTUALS				FORECAST			
	Six Months Ended Dec-19	Month Ended Jan-20	Month Ended Feb-20	Month Ended Mar-20	Month Ended Apr-20	Month Ended May-20	Month Ended Jun-20	
<b>Deposits</b>								
Retail Receipts	\$ 186,507	\$ 32,589	\$ 30,965	\$ 26,262	\$ 22,575	\$ 22,575	\$ 22,575	
<b>Wayne Metro CARES Allocation</b>	-	-	-	-	<b>1,000</b>	<b>1,000</b>	<b>1,000</b>	
Trust Interest	35	4	4	5	5	5	5	
DWSD Lease Deposit (Debt Service)	4,290	715	715	715	715	715	715	
<b>Transfer Budget Savings (incl. Covid-19)</b>	2,600	-	4,500	-	<b>2,484</b>	<b>3,112</b>	<b>2,156</b>	
<b>Total Deposits</b>	<b>193,432</b>	<b>33,308</b>	<b>36,184</b>	<b>26,982</b>	<b>25,779</b>	<b>26,407</b>	<b>25,451</b>	
<b>Transfers from Trust</b>								
GLWA Wholesale	(103,551)	(17,259)	(17,259)	(17,259)	(17,259)	(17,259)	(17,259)	
DWSD IWC	(712)	(116)	(124)	(124)	(124)	(124)	(124)	
DWSD O&M	(51,003)	(7,667)	(7,667)	(7,667)	(7,667)	(7,667)	(7,667)	
DWSD Debt Service	(34,380)	(5,730)	(5,730)	(5,730)	(5,730)	(5,730)	(5,730)	
DWSD Pension O & M	(3,564)	(594)	(594)	(594)	(594)	(594)	(594)	
DWSD Non-Operating Pension	(3,747)	(625)	(625)	(625)	(625)	(625)	(625)	
DWSD WRAP	(383)	(64)	(64)	(64)	(64)	(64)	(64)	
<b>Total Transfers</b>	<b>(197,342)</b>	<b>(32,054)</b>	<b>(32,062)</b>	<b>(32,062)</b>	<b>(32,062)</b>	<b>(32,062)</b>	<b>(32,062)</b>	
<b>Increase (Decrease) in Trust</b>	<b>(3,910)</b>	<b>1,254</b>	<b>4,122</b>	<b>(5,080)</b>	<b>(6,283)</b>	<b>(5,655)</b>	<b>(6,611)</b>	
Balance at Beginning of Period	2,796	(1,113)	140	4,262	(817)	(7,101)	(12,755)	
<b>Balance at End of Period</b>	<b>\$ (1,113)</b>	<b>\$ 140</b>	<b>\$ 4,262</b>	<b>\$ (817)</b>	<b>\$ (7,101)</b>	<b>\$ (12,755)</b>	<b>\$ (19,367)</b>	

(Amounts in 1,000's)



# Improvement & Extension cash balances may be used to mitigate the deficit

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## IMPROVEMENT & EXTENSIONS CASH FLOWS

	April Forecast	May Forecast	June Forecast
GLWA Lease Deposits	\$ 3,451,700	\$ 3,451,700	\$ 3,451,700
GLWA Note Repayment Forecast Project Spending:	(1,570,200)	(1,570,200)	(1,570,200)
O&M-Water	(5,000)	(5,000)	(5,000)
O&M-Sewer	-	-	-
I&E-Water	(934,300)	(1,738,000)	(1,790,100)
I&E-Sewer	(1,047,800)	(1,422,400)	(1,276,100)
Total I&E Spending	(3,557,300)	(4,735,600)	(4,641,400)
<b>Net Increase (Decrease) in I&amp;E Cash</b>	<b>\$ (105,600)</b>	<b>\$ (1,283,900)</b>	<b>\$ (1,189,700)</b>



# The Water CIP remains intact



## Capital Improvement Plan - Water Improvements and Extensions (I&E) Detroit Water and Sewerage Department

DRAFT 03/11/2020

	Fiscal Year Ending June 30,				
	Estimated 2020	2021	2022	2023	2025
GLWA Lease Receipts	\$ 22,500,000	\$ 22,500,000	\$ 22,500,000	\$ 22,500,000	\$ 22,500,000
Less: Post-Bifurcation Debt Service	(3,421,800)	(3,929,900)	(4,147,900)	(4,140,900)	(4,148,400)
Existing Bond and DWRF Debt Service	(754,400)	(4,526,300)	(6,347,200)	(6,347,200)	(6,347,200)
Future Revenue Bond Debt Service	-	(403,700)	(2,731,200)	(2,731,200)	(2,731,200)
Future DWRF Bond Debt Service	-	-	-	-	-
Net Lease Deposits to I&E Fund	18,323,800	13,640,100	9,273,700	9,280,700	9,273,200
Planned Revenue Bond Proceeds	100,000,000	-	-	-	-
Planned DWRF Loan Proceeds	-	57,500,000	-	-	-
Water Revenue Financed Capital	446,600	149,600	608,100	1,487,700	9,241,900
<b>Net Deposits to I&amp;E and Construction Funds</b>	<b>118,770,400</b>	<b>71,289,700</b>	<b>9,881,800</b>	<b>10,768,400</b>	<b>18,515,100</b>
<b>Bond and DWRF Construction Projects</b>					
Construction Program Management	7,002,000	6,461,200	4,544,900	1,750,000	750,000
Water Mains	33,111,000	46,599,200	28,249,000	21,000,000	15,000,000
<b>Other I&amp;E Projects</b>					
Repair and Maintenance Projects	12,069,000	10,443,000	11,000,000	11,800,000	7,720,000
Meters and Fire Hydrant Replacement	2,000,000	8,530,000	8,701,000	1,000,000	1,000,000
Fleet and Equipment Acquisition	257,000	3,568,600	2,000,000	2,000,000	2,000,000
Facility Improvement Allowance	1,704,000	6,236,000	2,000,000	1,000,000	1,000,000
Information Technology Projects	1,251,500	4,244,000	1,787,500	1,617,500	750,000
Total Planned Construction and I&E Spending	57,394,500	86,082,000	58,282,400	40,167,500	28,220,000
Net Change in Available Cash	61,375,900	(14,792,300)	(48,400,600)	(29,399,100)	(9,704,900)
Available Cash, Beginning of Year	67,500,000	128,875,900	114,083,600	65,683,000	23,858,700
<b>Available Cash, End of Year</b>	<b>\$ 128,875,900</b>	<b>\$ 114,083,600</b>	<b>\$ 65,683,000</b>	<b>\$ 36,283,900</b>	<b>\$ 14,153,800</b>

# As does the Sewer CIP



## Capital Improvement Plan - Sewer Improvements and Extensions (I&E)

Detroit Water and Sewerage Department

DRAFT 03/11/2020

	Fiscal Year Ending June 30,				
	Estimated 2020	2021	2022	Forecast 2023	2025
GLWA Lease Receipts	\$ 27,500,000	\$ 27,500,000	\$ 27,500,000	\$ 27,500,000	\$ 27,500,000
Less: Post-Bifurcation Debt Service	(4,988,000)	(5,357,700)	(5,353,900)	(5,346,300)	(5,341,000)
Existing Bond and SRF Debt Service	-	-	-	-	-
Future Revenue Bond Debt Service	-	(80,000)	(457,200)	(890,000)	(1,188,900)
Future DWRf Bond Debt Service	(18,841,700)	(18,841,700)	(8,441,500)	-	-
GLWA Note Repayment	3,670,300	3,220,600	13,247,400	21,263,700	20,970,100
Net Lease Deposits to I&E Fund	-	-	-	-	-
Revenue Bond Proceeds	-	8,000,000	10,000,000	8,628,000	-
SRF Loan Proceeds	-	2,290,900	10,934,100	7,422,400	8,146,200
Sewer Revenue Financed Capital	-	-	-	-	-
<b>Net Deposits to I&amp;E and Construction Funds</b>	<b>3,670,300</b>	<b>13,511,500</b>	<b>34,181,500</b>	<b>37,314,100</b>	<b>31,163,400</b>
<b>Bond and DWRf Construction Projects</b>	<b>8,997,000</b>	<b>4,140,000</b>	<b>2,795,000</b>	<b>2,000,000</b>	<b>2,000,000</b>
Construction Program Management	24,294,000	26,503,000	24,256,000	18,450,000	12,000,000
Sewer Line Replacement	-	-	-	-	-
<b>Other I&amp;E Projects</b>	<b>1,539,000</b>	<b>2,741,000</b>	<b>1,200,000</b>	<b>1,200,000</b>	<b>1,000,000</b>
Repair and Maintenance Projects	4,195,000	12,480,000	11,568,000	10,483,000	9,995,000
Green Infrastructure	257,000	3,569,000	2,000,000	2,000,000	2,000,000
Fleet and Equipment Acquisition	3,408,000	6,236,000	2,000,000	2,000,000	2,000,000
Facility Improvement Allowance	2,503,000	4,244,000	1,787,500	1,617,500	1,500,000
Information Technology Projects	-	-	-	-	-
Total Planned Construction and I&E Spending	45,193,000	59,913,000	45,606,500	37,750,500	30,495,000
Net Change in Available Cash	(41,522,700)	(46,401,500)	(11,425,000)	(436,400)	668,400
Available Cash, Beginning of Year	122,200,000	80,677,300	34,275,800	22,850,800	22,285,300
<b>Available Cash, End of Year</b>	<b>\$ 80,677,300</b>	<b>\$ 34,275,800</b>	<b>\$ 22,850,800</b>	<b>\$ 22,414,400</b>	<b>\$ 22,953,700</b>

**Thank You**



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